



Opus Property Advisers

# Hong Kong Commercial Property Outlook 2025



**The Hong Kong commercial market is poised for a moderate acceleration in transactions during the Year of the Snake, which begins on January 29th.**

## INCREASED ACTIVITY



- More transactions in the coming year led by bargain purchasers taking advantage of some investors needing to revalue, refinance, or sell their assets.
- Examples include:
  - > The purchase of 152 Queens Road Central by a Southeast Asian F&B conglomerate for HK\$1.1B.
  - > The en-bloc forced sale by a receiver of Cheung Kei HQ, Hung Hom to the HK Metropolitan University for HK\$2.64B, a 42% discount off 2016 pricing.

## TENANT DEMAND



- The overall market remains sluggish, however demand is slowly rising from the following sources:
  - > Mainland insurance, fintech and new IPO entrants.
  - > Southeast Asian firms establishing operations in Hong Kong and the GBA.
  - > Expansion in AI and global family offices.
  - > Hedge Fund expansion - Point72, Millennium, Abrdn & others.
  - > Successful local & PRC companies such as Webank, Preface, BYD, Xiaomi, AIA, Bakehouse, MTR, Casetfy, Midea, and Maison Fashion Brands will lead the way for future retail and office space expansion.
- Continued signs of growth in the office or retail footprint of these type of firms will bode well for the Hong Kong commercial property.
- Demand from the West, especially large US and European corporate entities will continue to be moderate.

## MARKET PRESSURE



- We see a further rental decline of 10%, under the continuous pressure of rising supply.
- There is a noticeable shift among tenants towards higher-quality Grade A properties with reduced rentals.
- A prime example is The Henderson which will be 70% occupied by Q1 2025.
- Flight to quality will create a domino effect, further accelerating rental declines in Grade B & C buildings as vacancy continues to rise to 20%+.

**SUPPLY IS EXPECTED TO OUTPACE DEMAND UNTIL EARLY 2027. UNTIL THIS SHIFTS LANDLORDS WILL CONTINUE TO FACE A CHALLENGING ENVIRONMENT.**

**FOR BUYERS AND LESSEES, THE MARKET WILL CONTINUE TO SOFTEN THROUGHOUT 2025 PROVIDING POCKETS OF EXCEPTIONAL VALUE - MUCH NEEDED FOR HONG KONG TO COMPETE IN ASIA AND AGAIN ON A GLOBAL SCALE.**

Analysis reveals a complex landscape in the Hong Kong commercial investment and leasing market, characterized by broad challenges with many snippets of opportunity for investors and tenants. While landlords and holding investors face a tough road ahead, some positive signs are emerging for late 2025 and into 2026 as the conditions of a further market rebalance are worked through.

Any questions? Please contact us at +852 2891 3826 / +852 6071 1718

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