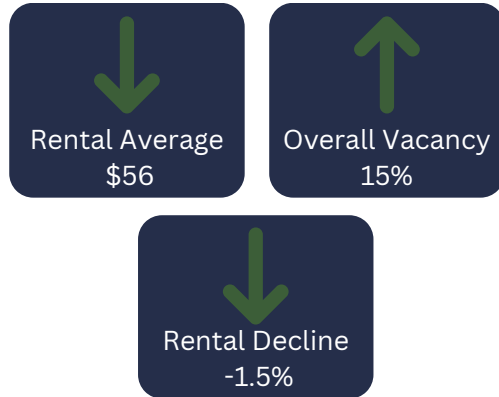


Q1 Office Market Brief

OVERALL TRENDS

HK & Kowloon overall trends



Key Economic Indicators

2.9%	GDP Growth	1.9%	Composite CPI Growth
5.625%	HSBC Lending Rate	3.1%	Unemployment Rate

MAJOR NEW LETTINGS & RENEWALS

BNP Paribas

- Tai Koo Place, Quarry Bay
- 100,000 sq ft

Mitsubishi UFJ Bank

- Airside, Kai Tak
- 86,000 sq ft

Deloitte

- The Millennity, Kwun Tong
- 38,800 sq ft

ByteDance

- Two IFC, Central
- 20,000 sq ft

Pinebridge Investments

- Pacific Place 6, Admiralty
- 7,000 sq ft

THE MARKET

Office Market Review Q1, 2023

- The office leasing market supply in Q1 is still under pressure on account of the lack of demand paired with an abundance of Grade A office space.
- Market sentiment has improved slightly due to the long-awaited travel normalization.
- There has been an increase in flight-to-quality from Grade B to Grade A office spaces. The demand for higher office quality at lower rent is particularly apparent for upgrades into fitted spaces and serviced offices.
- Alongside flight-to-quality office upgrades, office renewals and rent reviews have become increasingly attractive from a tenant's standpoint due to continued favourable terms being offered by landlords.
- Although the re-opening of travel and China's border in January created optimism, there was a lower net absorption during this month because of limited leasing momentum over the Chinese New Year period. However, in February the market reported an overall positive net absorption.
- The completion of 3.2m sq ft of office space is expected in 2023, this combined with the current vacancy will lead to record vacancy in the overall market since 2005.
- The demand for office space in Kowloon gradually increased during Q1, with the shift of decentralization continuing. Particular interest has been shown for smaller office spaces (below 5,000 sq ft) by Chinese Mainland companies, mainly on Kowloon side, with interest in larger units lacking.
- ByteDance, among the largest Technology companies, is consolidating to one of Hong Kong's most reputable locations, IFC.

RETAIL TREND



Demand for retail stores rise
Expect a fast rental increase
in retail stores.
More than a million monthly
visitors for the first time in 3
years.



SUPPLY

New supply
3.2 million sq ft (NFA)
(in 2023)



FUTURE TRENDS

Market prospect
Momentum and improvement in
market sentiment should
become more apparent in Q3.

More questions? Please contact us

Dick Casey, email: dcasey@opusadviser.com, Mob: +852 6071 1718,
Catriona Zimmern, email: czimmern@opusadviser.com, Mob: +852 9133 9036,
Keith Hemshall, email: khemshall@opusadviser.com, Mob: +852 9545 1553,
Website: www.opusadviser.com