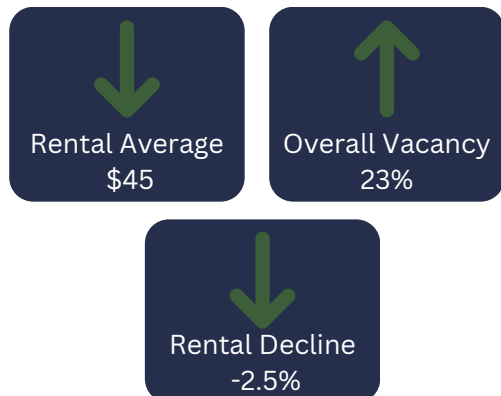


# Q4 Office Market Brief

## OVERALL TRENDS

### HK & Kowloon overall trends



### Key Economic Indicators

3.2%	GDP Growth	2.6%	CPI Growth
5.875%	HSBC Lending Rate	2.9%	Unemployment Rate

## MAJOR NEW LETTINGS & RENEWALS

HKSAR Registration and Electoral Office	<ul style="list-style-type: none"><li>Millennium City 1, Kowloon East</li><li>32,400 sq ft</li></ul>
Fidelity International	<ul style="list-style-type: none"><li>Three Pacific Place, Admiralty</li><li>27,900 sq ft</li></ul>
Puma	<ul style="list-style-type: none"><li>AIRSIDE, Kowloon East</li><li>27,000 sq ft</li></ul>
The Hong Kong Mortgage Cooperation	<ul style="list-style-type: none"><li>ICC, Tsim Sha Tsui</li><li>25,600 sq ft</li></ul>

## THE MARKET

### Office Market Review Q4, 2023

- Office rentals continued to decline as leasing momentum remained sluggish in Q4.
- The pressure on landlords has encouraged them to become more lenient. Offering more flexible lease terms, providing capital expenditure, and accommodating renovation works.
- Tepid demand from PRC occupiers, which is expected to be the main driver within the HK market for 2024.
- MNCs and US Banks continue to take a cautious approach, with geopolitical tensions slightly easing.
- Completion of New World Developments, 83 King Lam Street added 784,000 sq ft to the grade A office market in Q4. FTLife Insurance occupies 20% of the space.
- The SFC bought 12 floors in One Island East, Quarry Bay for 5.4 billion.
- In Q4, insurance firms, finance companies and the public sector stood out as the most prominent sectors in leasing activity.

**Tenants are in a favourable position with an excellent opportunity to secure lower, long-term rents and consider renewing their leases or relocating to new Grade-A spaces.**

## GOVERNMENT INITIATIVES



- Hong Kong's quasi-government entities have taken up the majority of leased space throughout 2023.

## FUTURE TRENDS



- Office rents will continue to fall by a further 10-15% in 2024.
- The expected pipeline will maintain the pattern of increasing vacancy rates.

## GREEN SHOOTS



ESG requirements  
*Beginning in April, all sectors will be required to pay charges based on the quantity of waste they dispose of.*



## SUPPLY

New supply  
1.7 million sq ft (2024)



## ON THE UP

Positives  
*The abundance of Grade A stock at low rentals is ideal for tenants.*

More questions? Please contact us

Dick Casey, email: [dcasey@opusadviser.com](mailto:dcasey@opusadviser.com), Mob: +852 6071 1718,  
Catriona Zimmern, email: [czimmern@opusadviser.com](mailto:czimmern@opusadviser.com), Mob: +852 9133 9036,  
Keith Hemshall, email: [khemshall@opusadviser.com](mailto:khemshall@opusadviser.com), Mob: +852 9545 1553,  
Website: [www.opusadviser.com](http://www.opusadviser.com)