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OFFICE MARKET



OVERALL RENTS WENT DOWN FURTHER BY 1.8% IN OCTOBER & NOVEMBER

Rents are expected to remain under pressure in 2024 amid high availability

Submarkets	Apr 19 (Peak)	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23*	Q-o-Q Δ	YTD Δ	2024 Forecast
Prime Central	$165.2	$106.3	$105.2	$102.5	$101.6	$99.2	-2.4%	-6.7%	-6 ~ -8%
Greater Central	$138.5	$92.0	$90.7	$88.6	$87.3	$85.4	-2.2%	-7.2%	-7 ~ -9%
Wanchai / Causeway Bay	$78.6	$52.8	$52.3	$52.1	$51.2	$50.1	-2.2%	-5.1%	-6 ~ -8%
Hong Kong East	$56.3	$44.3	$43.3	$41.4	$40.4	$39.5	-2.4%	-10.8%	-7 ~ -9%
Hong Kong South	$36.3	$28.2	$27.9	$28.1	$28.1	$27.3	-2.9%	-3.5%	-4 ~ -6%
Greater Tsimshatsui	$68.2	$46.3	$45.5	$44.5	$43.6	$43.4	-0.6%	-6.4%	-6 ~ -8%
Kowloon East	$36.9	$28.1	$27.4	$26.8	$26.3	$26.0	-1.0%	-7.3%	-7 ~ -9%
Kowloon West	$44.2	$32.9	$32.9	$32.6	$31.9	$31.5	-1.2%	-4.4%	-9 ~ -11%
All Districts Average	**$75.9**	**$52.0**	**$51.2**	**$50.0**	**$49.1**	**$48.2**	**-1.8%**	**-7.2%**	-7 ~ -9%

Unit: Net effective rent, HK$ / sf / month

**Note: Q4 2023 is based on data as of end-Nov 2023*

Prime Central: *12 prime office buildings in Greater Central*

Greater Central*: Admiralty, Central and Sheung Wan including Prime Central*

Hong Kong East*: North Point, Quarry Bay and Tai Koo Shing*

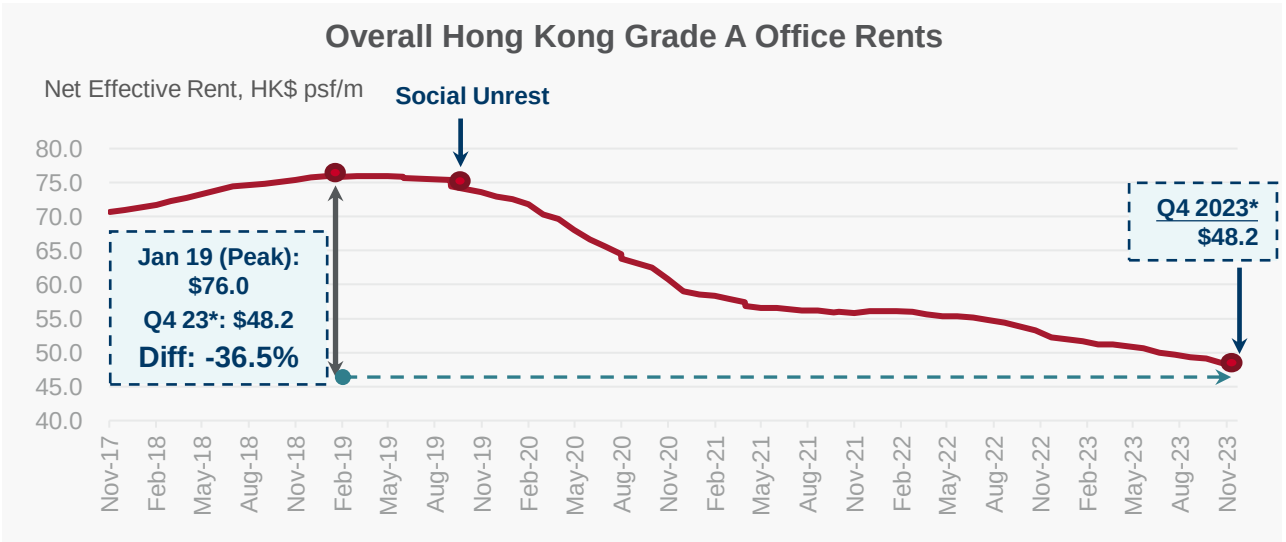
Hong Kong South*: Wong Chuk Hang and Pok Fu Lam*

Greater Tsimshatsui*: Tsimshatsui, Tsimshatsui East, Hung Hom and Kowloon Station*

Kowloon East*: Kwun Tong, Ngau Tau Kok, Kowloon Bay and Kai Tak*

Kowloon West*: Kowloon Tong, Mongkok, Cheung Sha Wan, Kwai Chung and Tsuen Wan*

Note: Rents are based on NFA, exclusive of air conditioning & management fees, and gov. rates



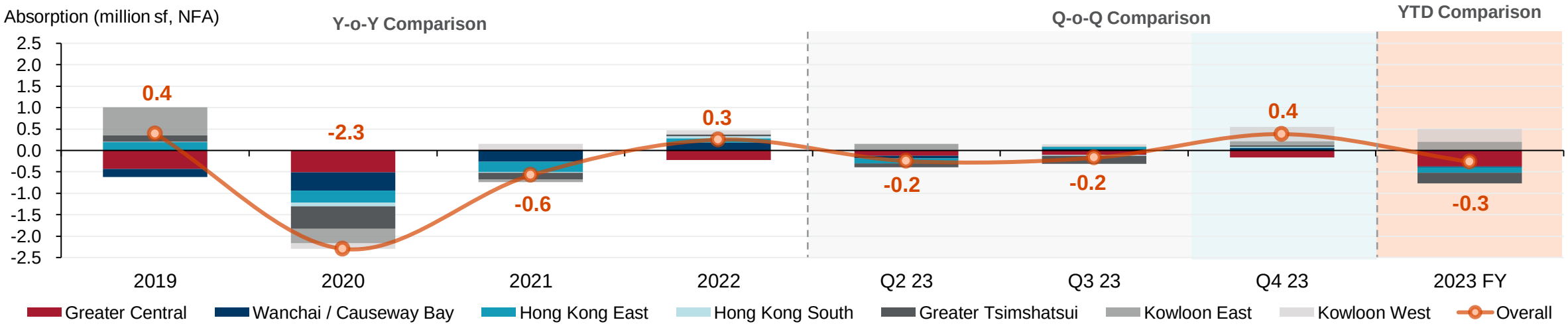
Source: Cushman & Wakefield Research

NET ABSORPTION REBOUNDED TO 379,700 SF

Activities picked-up across the submarkets, except for Greater Central

Submarkets	2019	2020	2021	2022	Q2 23	Q3 23	Q4 23*	2023 YTD
Greater Central	-427,700	-507,600	10,400	-224,400	-107,600	27,100	-166,900	-367,100
Wanchai / Causeway Bay	-187,100	-429,500	-261,700	181,300	26,200	-44,800	58,400	-24,000
Hong Kong East	195,700	-279,400	-241,500	105,400	57,300	-62,200	3,200	-125,000
Hong Kong South	11,100	-82,400	-20,800	46,900	-20,000	-1,700	18,400	10,100
Greater Tsimshatsui	149,300	-532,200	-152,500	37,400	-186,700	-24,500	47,400	-252,600
Kowloon East	645,700	-334,000	-59,300	1,500	6,300	-37,900	85,100	194,100
Kowloon West	3,500	-130,000	146,800	102,400	51,900	-82,000	334,200	297,400
Overall	**390,500**	**-2,295,200**	**-578,700**	**250,600**	**-172,700**	**-225,900**	**379,700**	**-267,100**

Note: Data as of mid-Nov 2023



Source: Cushman & Wakefield Research

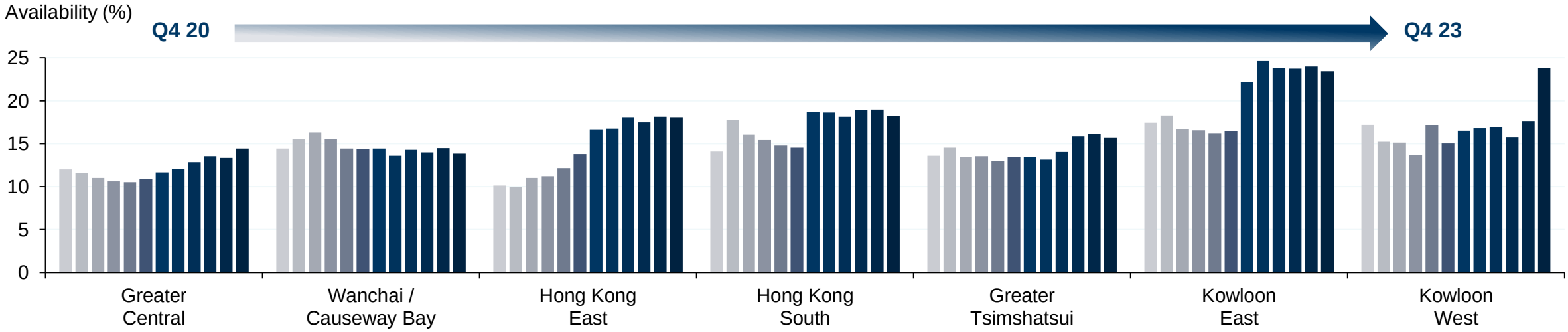
OVERALL AVAILABILITY RATE TRENDED UP MILDLY

Wanchai / Causeway Bay and Hong Kong South improved the most

Submarkets	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Greater Central	12.0%	11.6%	11.0%	10.6%	10.5%	10.9%	11.6%	12.1%	12.8%	13.5%	13.4%	14.4%
Wanchai / Causeway Bay	14.4%	15.5%	16.3%	15.5%	14.4%	14.4%	14.4%	13.6%	14.3%	14.0%	14.5%	13.8%
Hong Kong East	10.1%	10.0%	11.0%	11.2%	12.2%	13.8%	16.6%	16.8%	18.1%	17.5%	18.1%	18.1%
Hong Kong South	14.1%	17.8%	16.1%	15.4%	14.8%	14.5%	18.7%	18.7%	18.1%	18.9%	19.0%	18.3%
Greater Tsimshatsui	13.6%	14.5%	13.4%	13.5%	13.0%	13.4%	13.4%	13.1%	14.0%	15.9%	16.1%	15.6%
Kowloon East	17.4%	18.3%	16.7%	16.5%	16.2%	16.4%	22.1%	24.6%	23.8%	23.8%	24.0%	23.5%
Kowloon West	17.2%	15.2%	15.1%	13.6%	17.1%	15.0%	16.5%	16.8%	16.9%	15.7%	17.7%	23.8%
Overall Availability*	**14.0%**	**14.4%**	**13.9%**	**13.6%**	**13.6%**	**13.8%**	**16.1%**	**16.7%**	**17.1%**	**17.3%**	**17.7%**	**18.0%**

Note: Availability includes confirmed leasing stock that is currently vacant or becoming vacant over the next 12 months

Note: Data as of Nov 2023

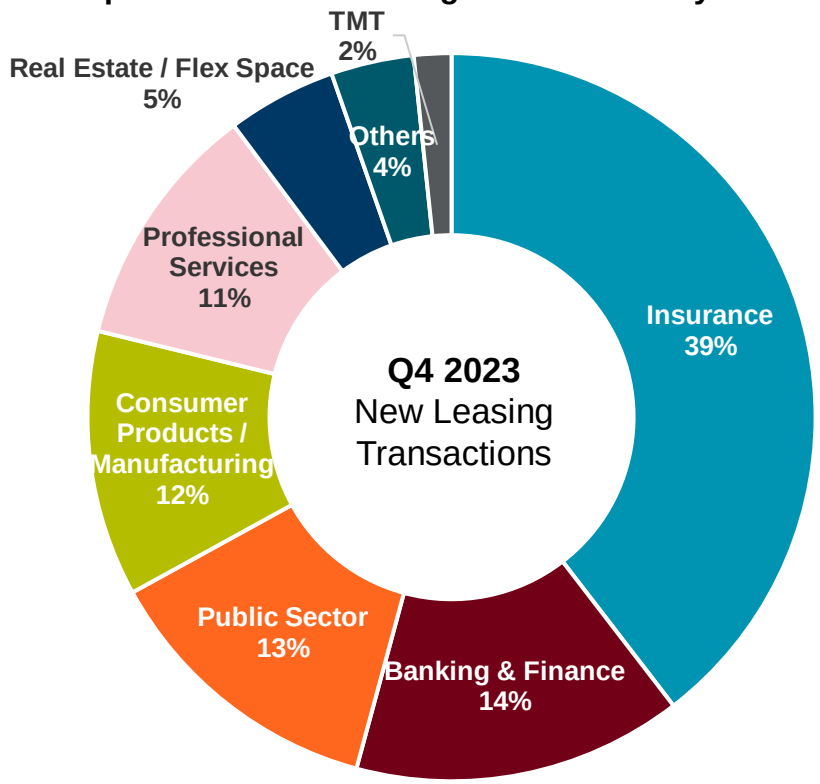


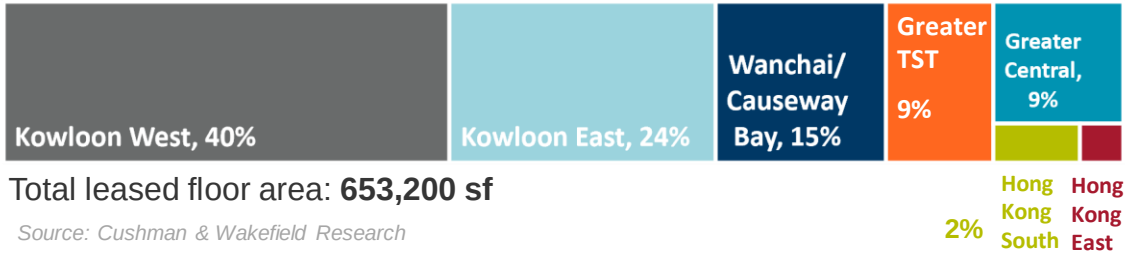
Source: Cushman & Wakefield Research

NEW LETTING DRIVEN BY INSURANCE DUE TO A LARGE-SIZED DEAL

Banking & finance, public sector, consumer products, and professional services all recorded double digit shares

% Proportion of New Leasing Transactions by NFA sf





Total leased floor area: **653,200 sf**

Source: Cushman & Wakefield Research

Insurance

- FTLife 富通保險 — 83 King Lam St, 185,300 sf
- 宏利 Manulife — The Gateway Tower 5, 10,100 sf
- 阳光保险集团 Sunshine Insurance Group — Two IFC, 5,100 sf

Banking & Finance

- Fidelity International — 3PP, 27,900 sf
- 香港按揭證券有限公司 The Hong Kong Mortgage Corporation Limited — ICC, 25,600 sf
- Principal Asset Management℠ — Sun Hung Kai Centre, 13,200 sf

Public Sector

- 香港特別行政區政府 選舉事務處 — Millennium City 1, Standard Chartered Twr, 32,400 sf
- The Hong Kong Investment Corporation Limited (HKIC) — 1PP, 9,400 sf

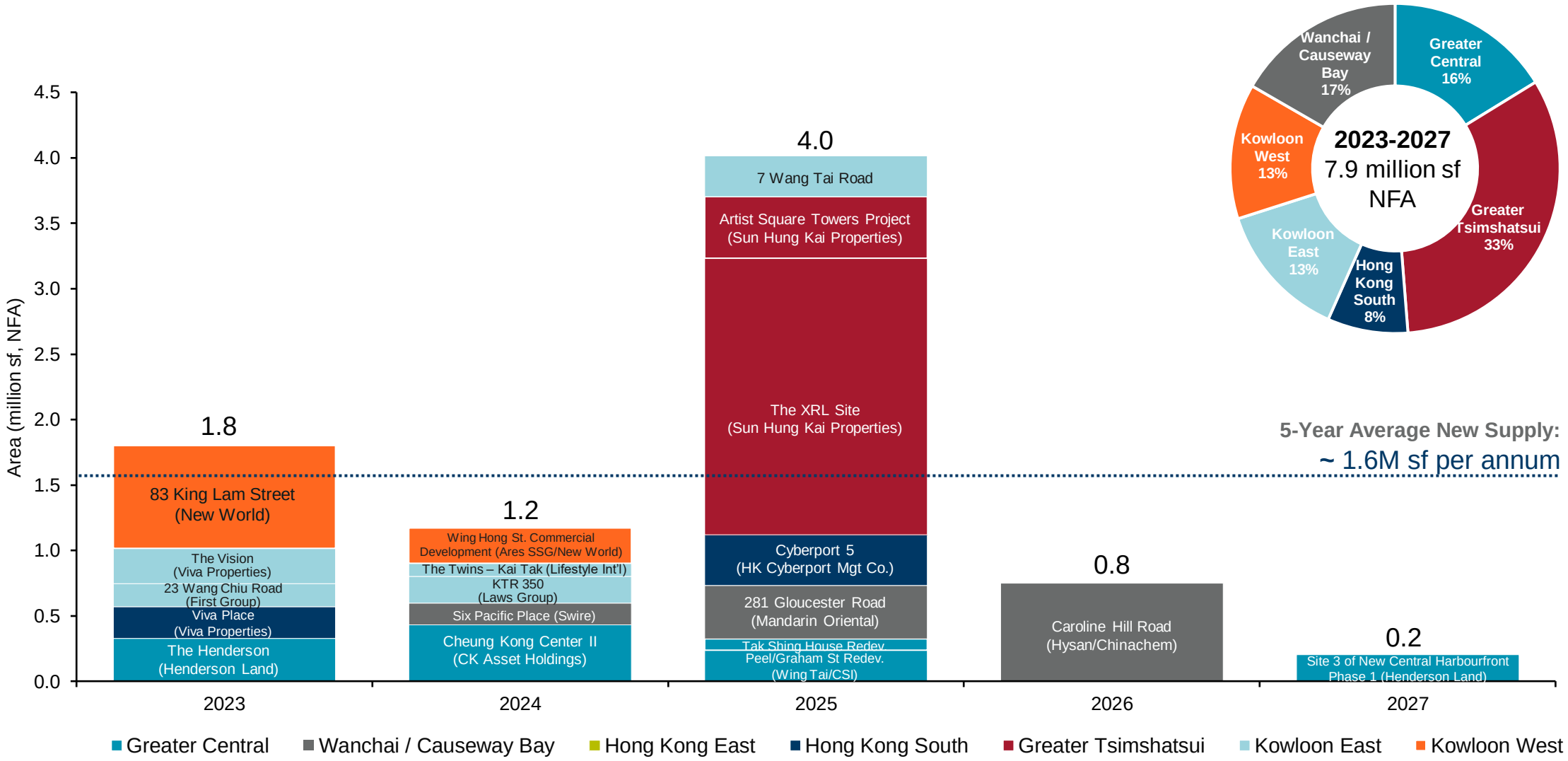
Consumer Products / Manufacturing

- PUMA — Airside, 27,000 sf
- AS Watson — Two Harbourfront, 26,500 sf

Professional Services

- MinterEllison — Hopewell Centre, 13,300 sf
- HAN KUN 汉坤律师事务所 Han Kun Law Offices — Gloucester Tower, 11,600 sf

FUTURE SUPPLY PIPELINE



Source: Cushman & Wakefield Research



2023 Office Market Review and 2024 Outlook

Key Takeaways

1. Overall net absorption rebounded to +379,700 sf in Q4, driven by a newly completed building in Kowloon West. However, the YTD absorption remained at -267,100 sf.

2. Most submarkets recorded improvements in availability rate, except for Greater Central and Kowloon West

3. A mega size deal in the insurance sector became the spotlight for the quarter, while non-core submarkets stayed attractive for cost-saving occupiers.

4. We expect rents to remain in correction phase by -7 to -9% range in 2024, weighed by the high availability rate and economic uncertainty.

5. The new supply pipeline may further push availability up to over 19%, a new record high after Q1 2004 (18.1%).

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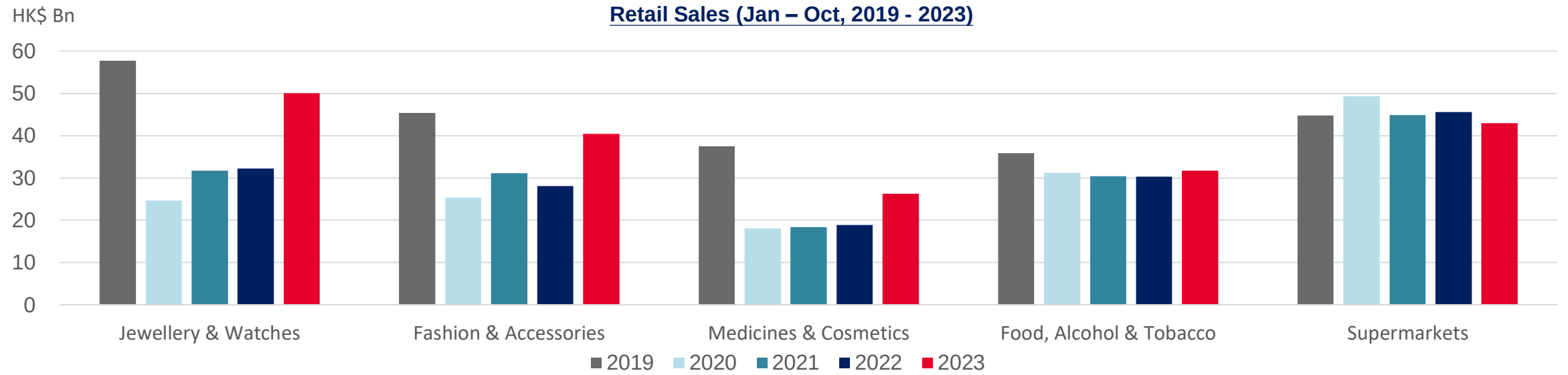
RETAIL MARKET



RETAIL SALES CONTINUED TO REBOUND

Led by tourist-related retail trades

Retail Sales (HK$ Bn)	Jan – Oct					
	2019	2020	2021	2022	2023	Y-o-Y Δ
Jewellery & Watches	57.69	24.60	31.78	32.26	50.00	55.0%
Fashion & Accessories	45.39	25.31	31.11	28.12	40.43	43.8%
Medicines & Cosmetics	37.44	18.06	18.33	18.85	26.31	39.6%
Food, Alcohol & Tobacco	35.86	31.23	30.45	30.31	31.71	4.6%
Supermarkets	44.72	49.32	44.87	45.56	42.94	-5.7%
Total	**365.06**	**266.38**	**288.91**	**286.79**	**336.06**	17.2%

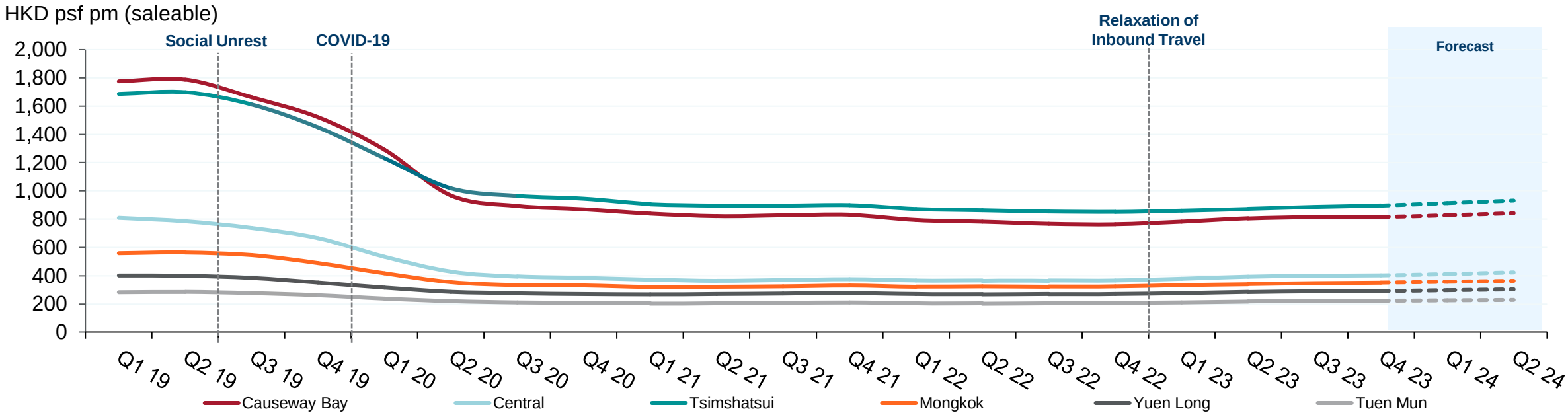


Source: Hong Kong Census & Statistics Department; Cushman & Wakefield Research

HIGH STREET RENTS ACROSS DISTRICTS CONTINUED TO GAIN SUPPORT

All districts recorded mild rental growth q-o-q, rising in a 5-10% range y-o-y

Districts	2019	2020	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q-o-Q Δ	Y-o-Y Δ	1H 2024 Forecast
Causeway Bay	$1,520	$870	$831	$764	$783	$805	$815	$816	0.2%	6.8%	2 ~ 4%
Tsimshatsui	$1,448	$944	$900	$851	$860	$872	$886	$896	1.2%	5.3%	5 ~ 7%
Central	$667	$384	$376	$366	$378	$392	$399	$402	0.6%	9.7%	4 ~ 6%
Mongkok	$491	$331	$332	$323	$333	$341	$347	$350	0.9%	8.4%	3 ~ 5%
Yuen Long	$352	$271	$278	$271	$277	$285	$290	$292	0.6%	7.7%	3 ~ 5%
Tuen Mun	$263	$207	$211	$207	$211	$217	$221	$221	0.3%	7.0%	2 ~ 4%

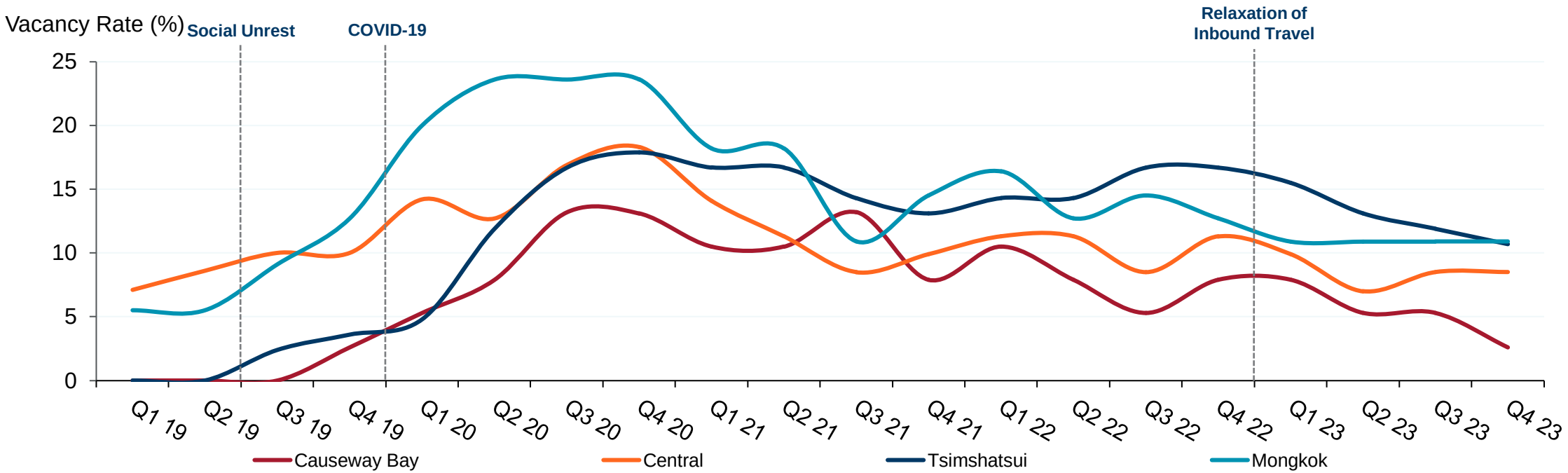


Source: The Land Registry; Market Info; Cushman & Wakefield Research

OVERALL VACANCY RATE CONTINUED TO DROP

Leasing activities have been more active in Causeway Bay and Tsimshatsui

Districts	2019	2020	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Causeway Bay	2.6%	13.1%	7.9%	7.9%	7.9%	5.3%	5.3%	2.6%
Central	10.0%	18.3%	9.9%	11.3%	9.9%	7.0%	8.5%	8.5%
Tsimshatsui	3.6%	17.9%	13.1%	16.7%	15.5%	13.1%	11.9%	10.7%
Mongkok	12.7%	23.6%	14.5%	12.7%	10.9%	10.9%	10.9%	10.9%

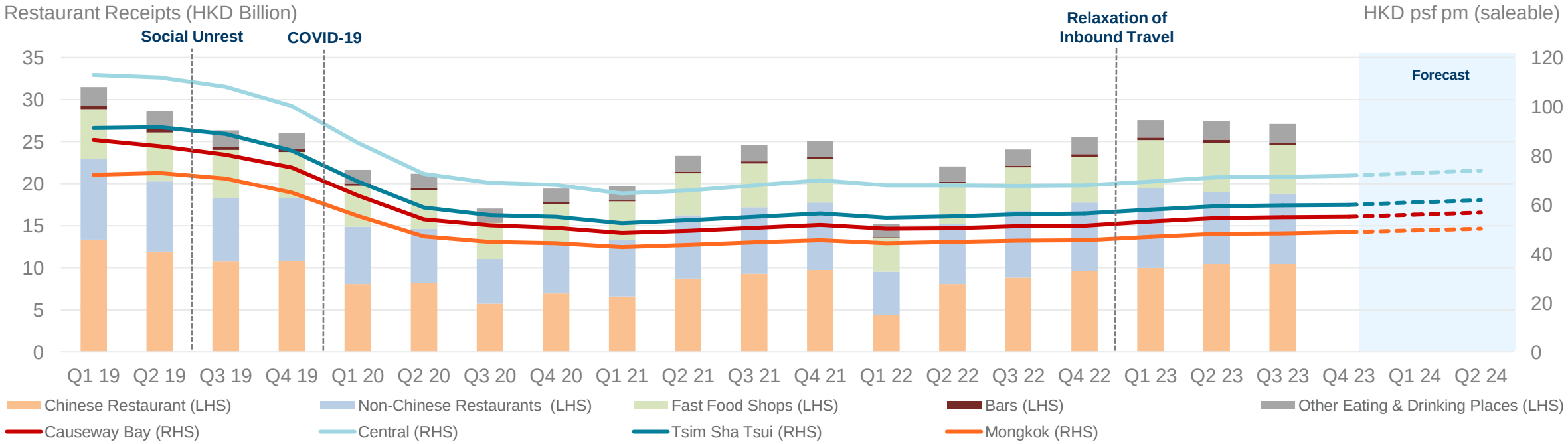


Source: The Land Registry; Market Info; Cushman & Wakefield Research

F&B RENTS EDGED UP STEADILY

Local F&B operators remained cautious when formulating expansion strategies

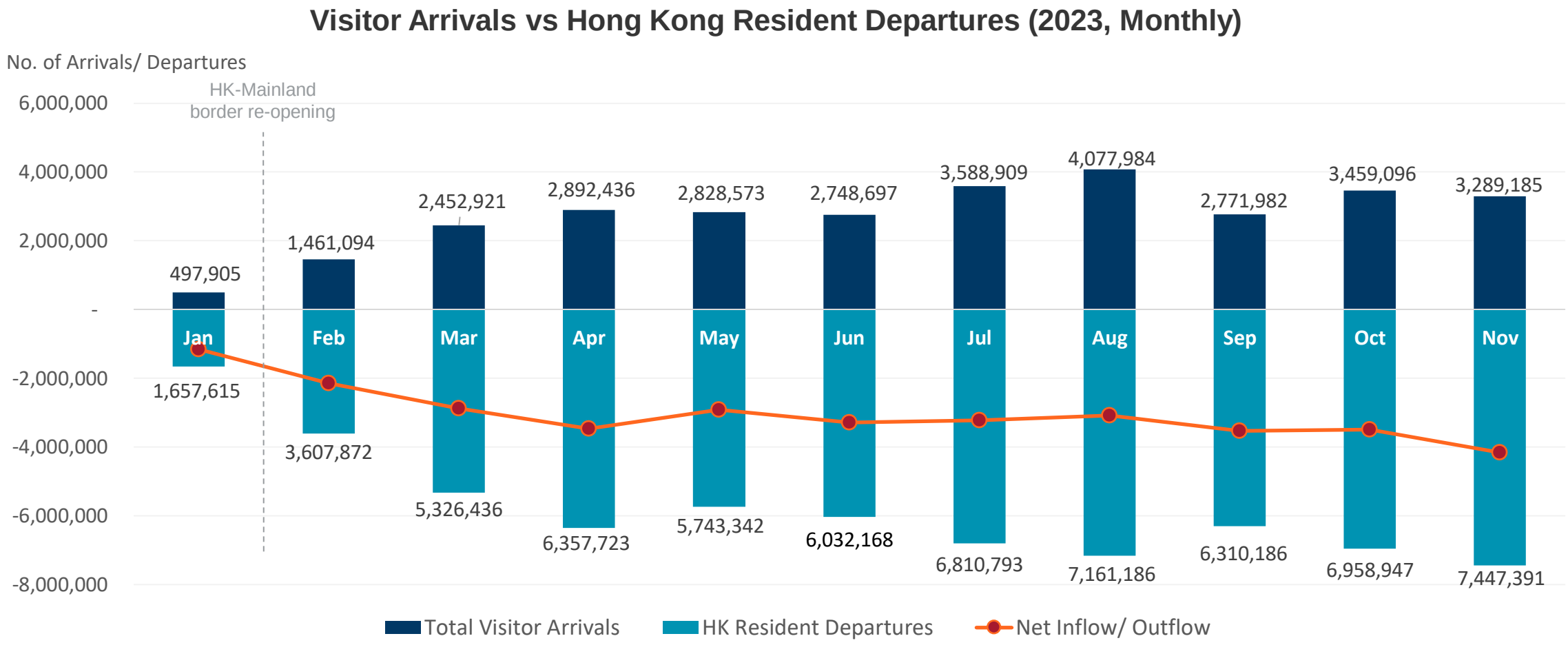
Districts	2019	2020	2021	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q-o-Q Δ	Y-o-Y Δ	1H 2024 Forecast
Causeway Bay	$75.1	$50.6	$51.8	$51.5	$53.2	$54.6	$54.8	$55.1	0.5%	7.0%	2 ~ 4%
Central	$100.3	$68.1	$69.9	$67.9	$69.5	$71.2	$71.3	$71.8	0.8%	5.8%	3 ~ 5%
Tsimshatsui	$82.1	$55.0	$56.4	$56.5	$58.0	$59.5	$59.7	$60.0	0.5%	6.1%	2 ~ 4%
Mongkok	$65.0	$44.3	$45.5	$45.6	$46.9	$48.2	$48.4	$48.8	1.0%	7.0%	1 ~ 3%



Source: The Land Registry; Market Info; Cushman & Wakefield Research

NET OUTFLOW OF TRAFFIC HAS BEEN RECORDED SINCE BORDER REOPENING

Expected to continue in 1H 2024

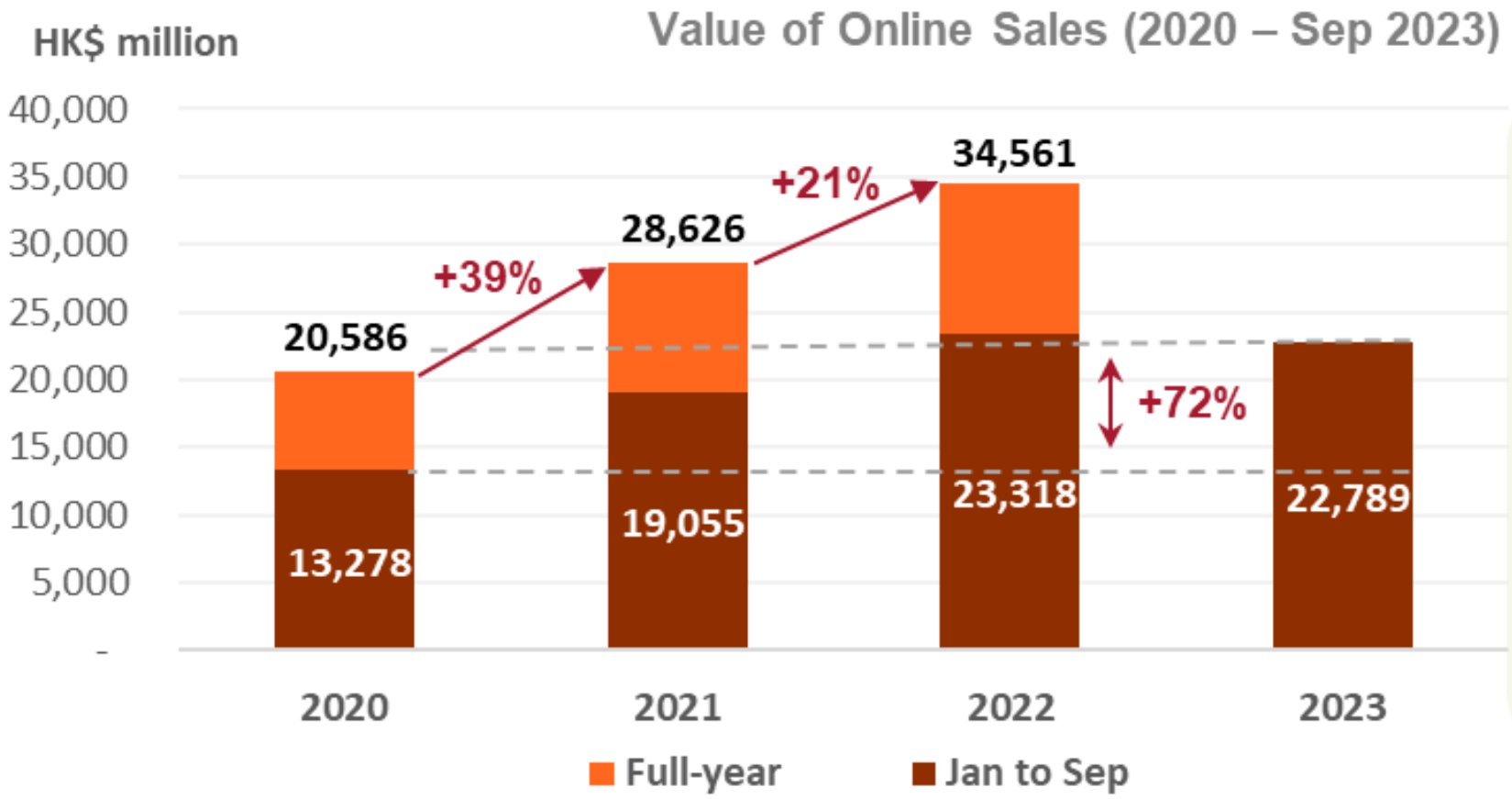


Note: The above analysis includes passenger traffic of all land and sea boundary control points

Source: Cushman & Wakefield Research, Immigration Department

SHOPPING ONLINE AS THE “NEW NORMAL” DURING THE COVID-19 PERIOD

Traditional physical stores need to think out-of-the box to attract footfall and sales





Source: Cushman & Wakefield Research, Census & Statistics Department



Retail Market 2023 Review & 2024 Outlook

Key Takeaways

1. The Hong Kong retail market gradually recovers, yet international brands remained cautious on expansion

2. Jewelry & watches shops and pharmacies are still expanding, most of them took chance to secure prime locations when rents are still relatively attractive

3. Both high street and F&B rents recorded mild q-o-q growth across districts, up 5-10% for the year in 2023

4. PRC brands to be the key drivers of leasing activities next year; 1H 2024 rents are forecasted to go up by +2 to 7%

5. Retailers to provide more “experiential” offerings at physical stores to attract footfalls; more consolidation activities are expected

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RESIDENTIAL MARKET



RESIDENTIAL TRANSACTIONS CONTINUED TO SLOW, DROPPED 17% QOQ

High-rate environment has weighed on buying sentiment

Month	2003	…	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Y-o-Y Change
Jan	6,187	…	4,488	6,412	2,045	3,286	5,270	4,543	2,762	4,562	4,275	3,051	-29%
Feb	3,649	…	3,159	6,027	1,807	4,079	5,482	4,089	3,572	6,125	2,912	4,282	47%
Mar	4,550	…	3,141	4,329	2,369	5,856	4,263	5,231	3,870	7,444	2,869	6,690	133%
Apr	5,373	…	4,781	4,549	4,494	7,060	6,646	7,822	4,102	7,325	3,897	4,583	18%
May	4,130	…	5,270	5,168	4,586	5,732	5,522	8,208	5,984	7,084	6,202	4,003	-35%
Jun	4,833	…	5,960	5,776	4,620	6,100	6,713	4,627	6,987	7,591	4,826	3,613	-25%
Jul	6,525	…	7,792	5,393	4,243	3,515	6,091	4,805	6,133	7,579	3,671	3,065	-17%
Aug	6,559	…	6,212	3,896	5,821	4,014	4,822	4,084	4,358	5,546	4,137	3,247	-22%
Sep	5,632	…	5,958	4,263	7,826	5,629	3,500	3,447	5,024	5,844	3,875	2,862	-26%
Oct	9,360	…	6,189	3,300	6,601	5,289	4,243	4,001	4,951	4,643	3,148	2,123	-33%
Nov	7,811	…	4,848	2,826	6,739	5,694	2,635	5,756	6,070	5,409	2,731	2,554	-6%
Dec	6,967	…	6,009	4,043	3,550	5,337	2,060	3,184	6,067	5,145	2,507	2,900*	16%
Total	**71,576**	…	**63,807**	**55,982**	**54,701**	**61,591**	**57,247**	**59,797**	**59,880**	**74,297**	**45,050**	**42,973***	**-5%**

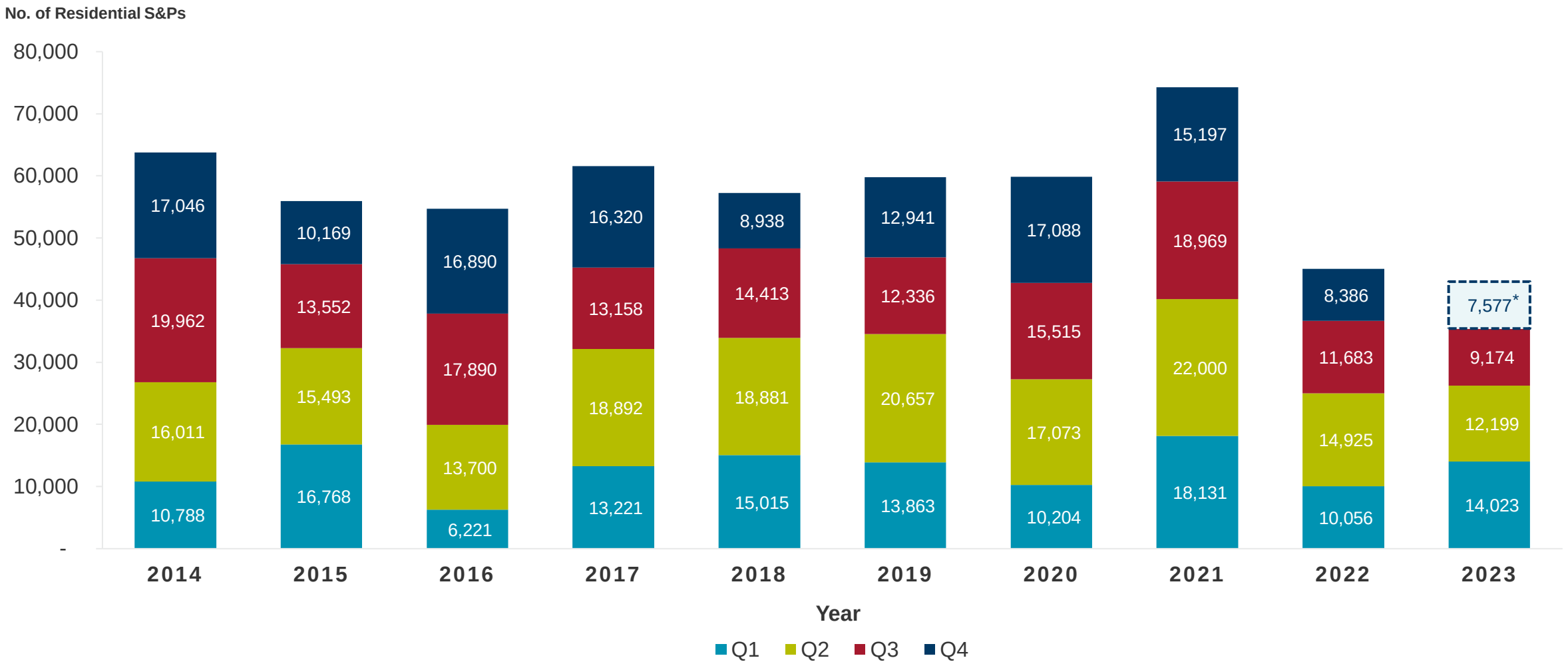
** Actual data up to Nov 2023, Q4 number includes estimation of Dec 2023 number by Cushman & Wakefield*

Q4 23 vs. Q3 23 (-17% QoQ)
Q4 23 vs. Q4 22 (-10% YoY)

Source: Land Registry; Cushman & Wakefield Research

TOTAL RESIDENTIAL S&Ps – HISTORICAL COMPARISON

Expected to record ~7,580 cases in Q4, down 17% q-o-q and 10% y-o-y



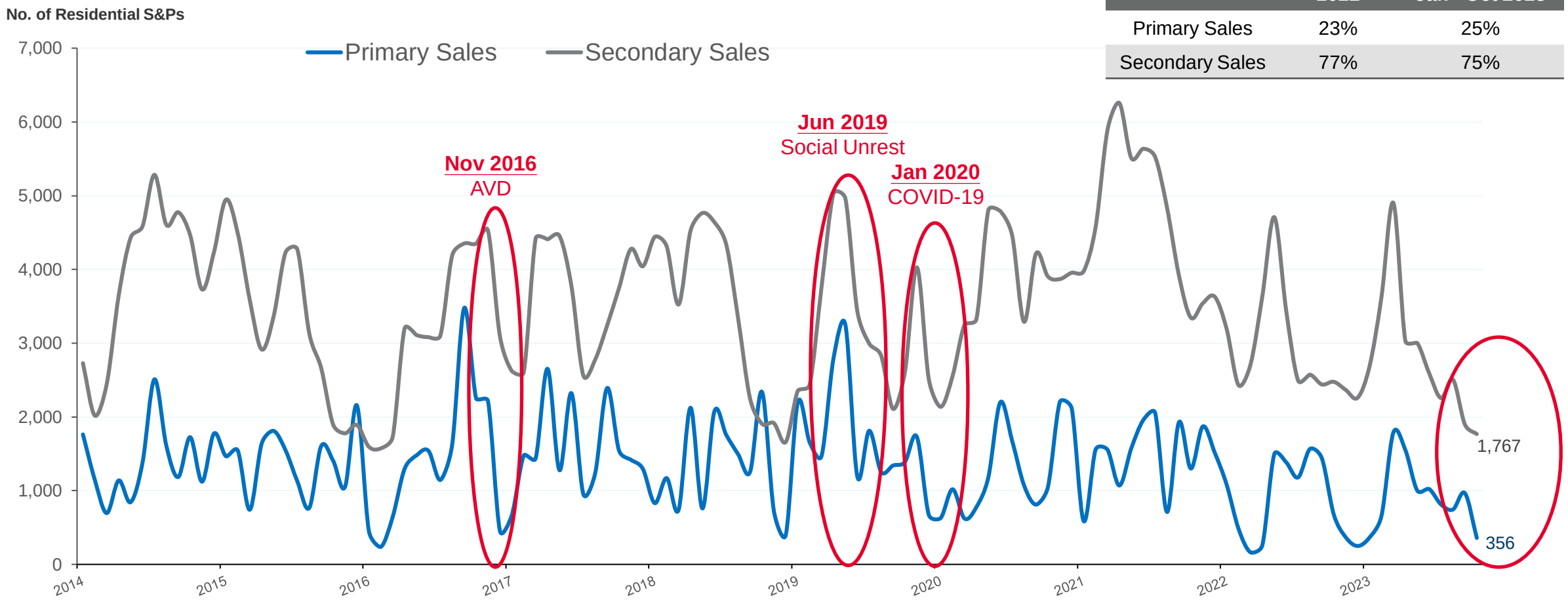
** Actual data up to Nov 2023, Q4 number includes estimation of Dec 2023 number by Cushman & Wakefield*
Note: S&Ps: Sales & Purchase Agreements
Source: Land Registry; Cushman & Wakefield Research

BOTH PRIMARY AND SECONDARY SALES DROPPED IN Q4

Developers relaunch sales of new projects after Policy Address

Breakdown of Residential Sales (%)

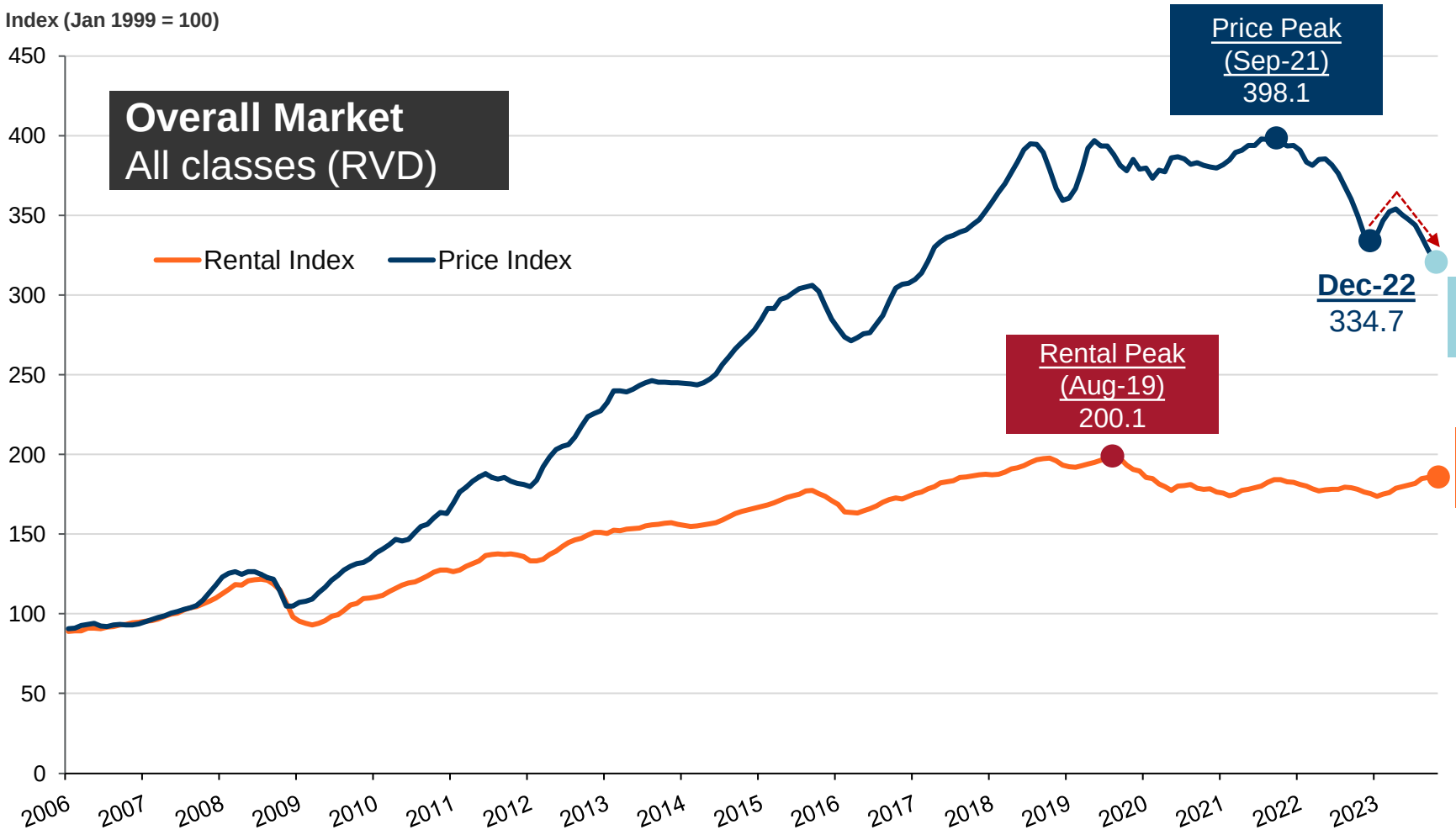
	2022	Jan - Oct 2023
Primary Sales	23%	25%
Secondary Sales	77%	75%



Notes: AVD is short for Ad Valorem Stamp Duty
Source: Land Registry; Cushman & Wakefield Research

HOME PRICES DROPPED FOR SIX CONSECUTIVE MONTHS BY 9.3%

Rents continued to rise while downward trend of home prices persisted



Price Changes (%) Oct 2023*	
YTD	-4.0%
Y-o-Y	-8.2%
From Sep-21 (Historical Peak)	-19.3%

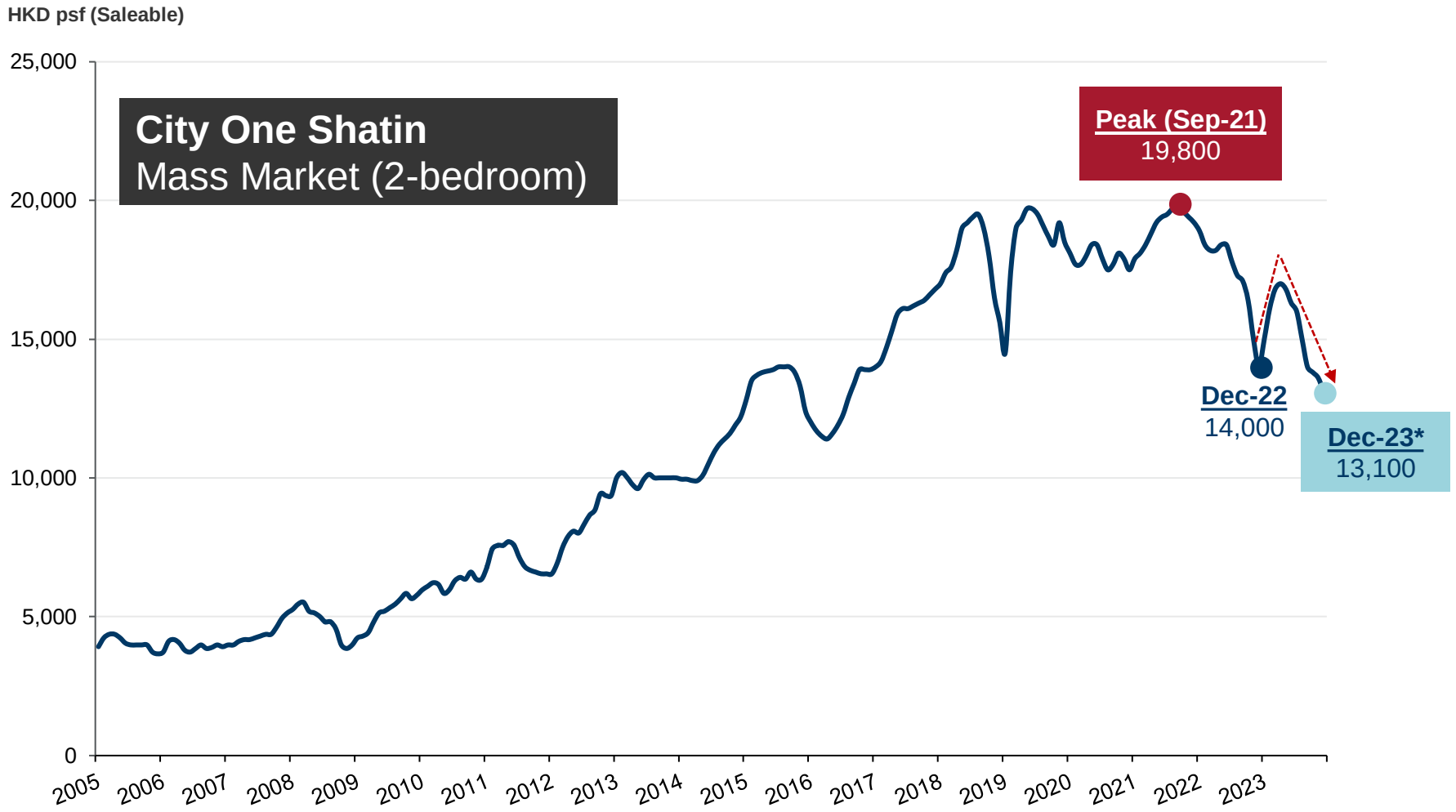
Rental Changes (%) Oct 2023*	
YTD	+6.2%
Y-o-Y	+4.7%
From Aug-19 (Historical Peak)	-6.9%

** Preliminary figure from Rating & Valuation Department as of Oct 2023*

Source: Rating & Valuation Department; Cushman & Wakefield Research

MASS MARKET RESIDENTIAL PRICE

Prices at City One Shatin (Phase 4) decreased by 6.4% q-o-q

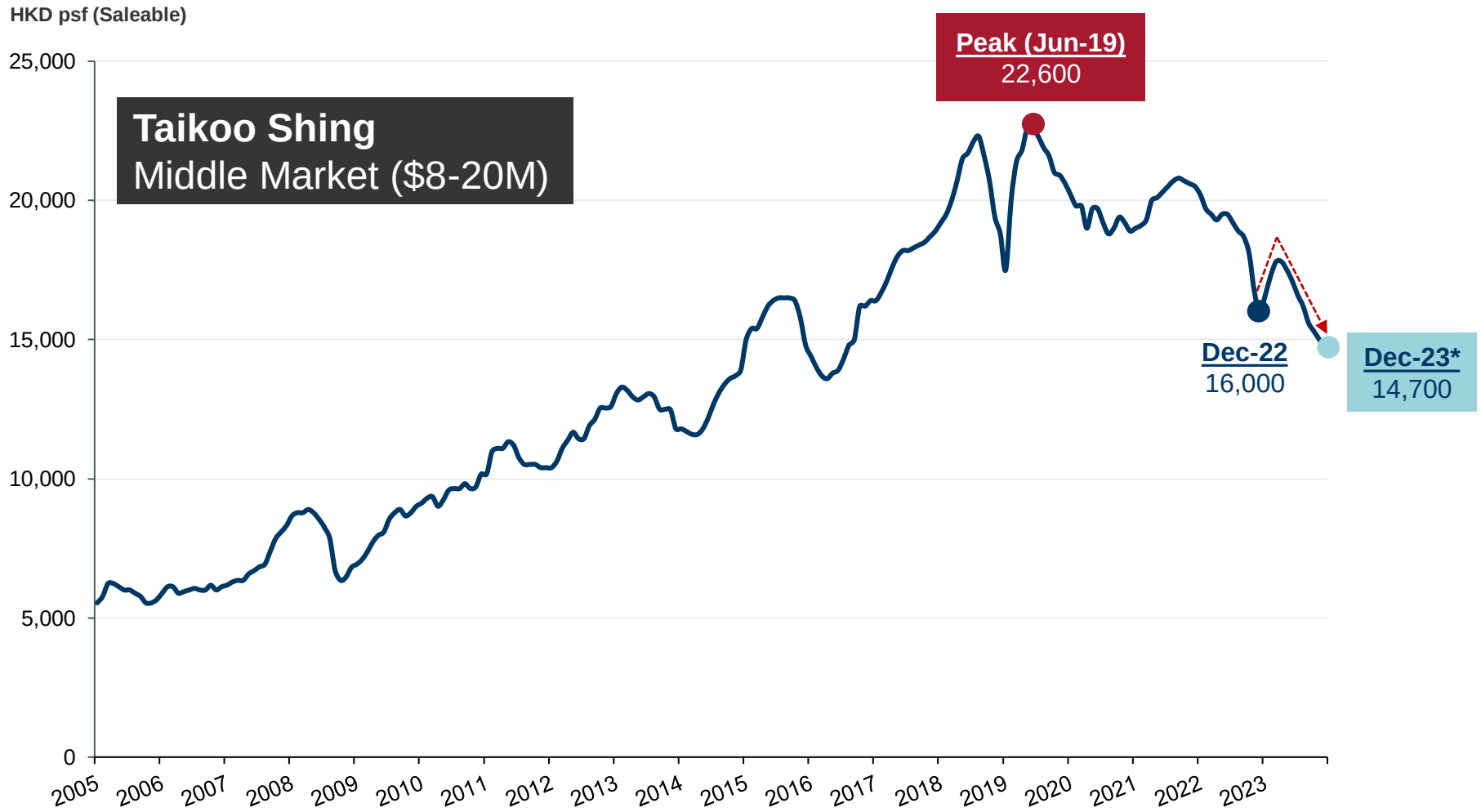


Residential Price Changes (%) Dec 2023*	
Q-o-Q	-6.4%
Y-o-Y	-6.4%
From Sep-21 (Historical Peak)	-33.8%

** Data as of Dec 5, 2023*
Source: Cushman & Wakefield

MIDDLE MARKET RESIDENTIAL PRICE

Prices at Taikoo Shing (Kao Shan Terrace) dropped further by 5.8% q-o-q

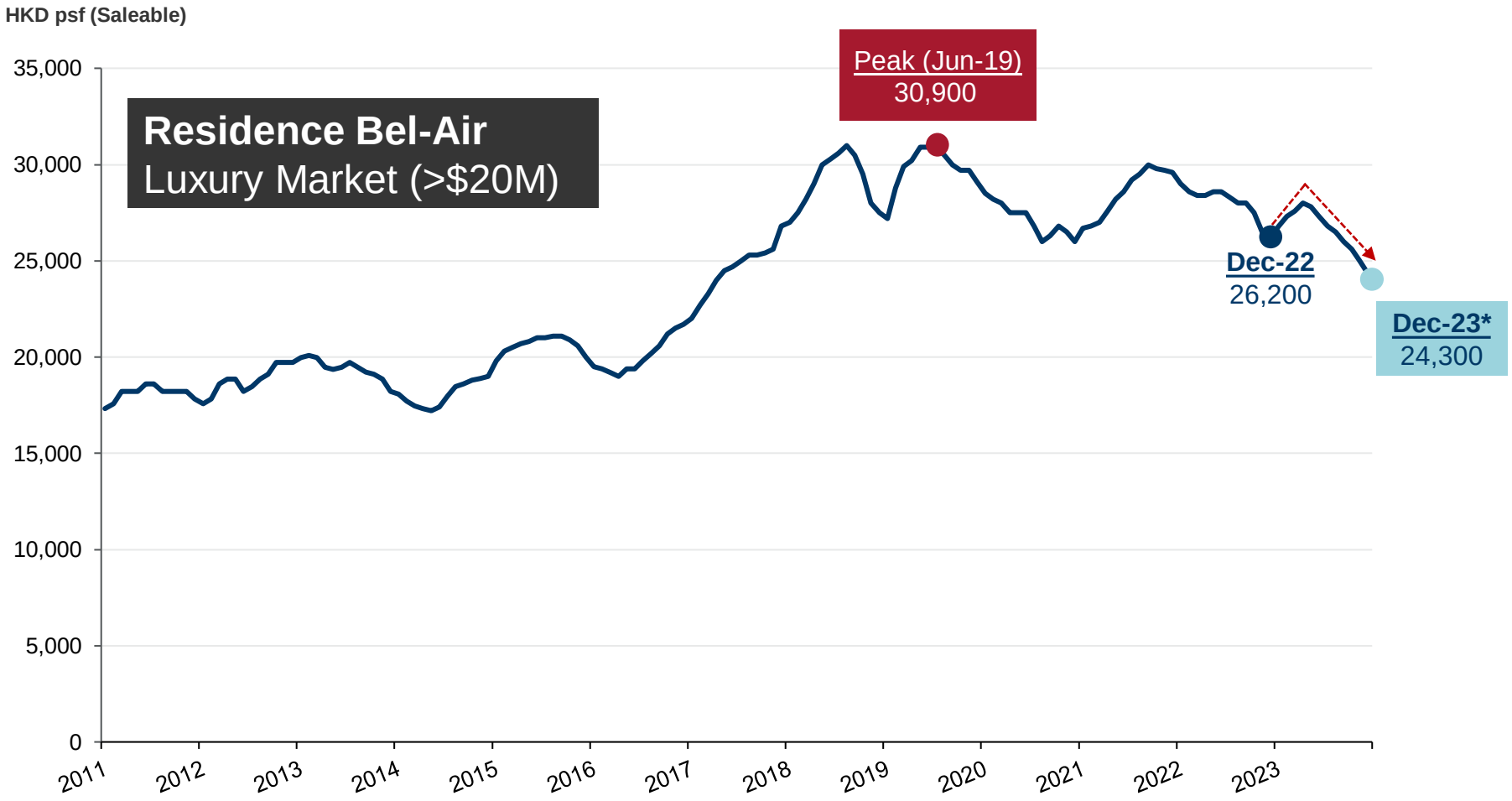


Residential Price Changes (%) Dec 2023*	
Q-o-Q	-5.8%
Y-o-Y	-8.1%
From Jun-19 (Historical Peak)	-35.0%

** Data as of Dec 5, 2023*
Source: Cushman & Wakefield

LUXURY MARKET RESIDENTIAL PRICE

Prices at Residence Bel-Air (Phase 2) dropped 6.5% q-o-q



Residential Price Changes (%) Dec 2023*	
Q-o-Q	-6.5%
Y-o-Y	-7.3%
From Jun-19 (Historical Peak)	-21.4%

** Data as of Dec 5, 2023*

Source: Cushman & Wakefield



Residential Market 2023 Review & 2024 Outlook

Key Takeaways

1. Hong Kong residential market continued to slow amid the high-rate environment, with 2023 total number of residential S&Ps expected to decline by 5% annually

2. According to C&W data, overall home prices retreated 5% from 2022 level; the price corrections were seen among different residential segments

3. The high-rate environment and poor stock market performance have deterred buying sentiment, some people have turned to the leasing market instead

4. 2024 transaction volume: up around 20% y-o-y to circa 50,000 to 53,000 units

5. 2024 home prices: to drop 0-5% in 1H

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LIFE IS WHAT
WE MAKE IT

INVESTMENT MARKET

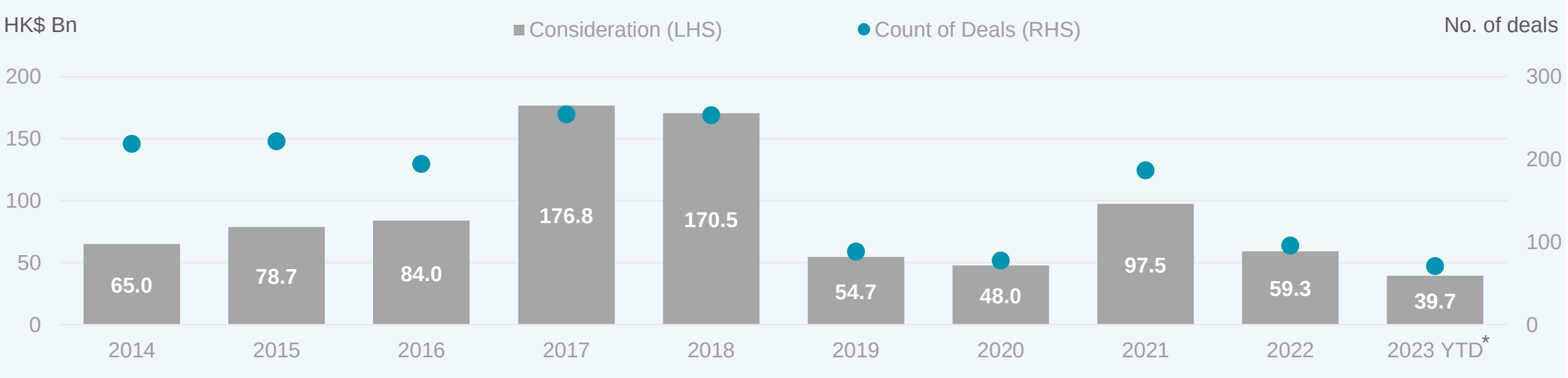


OVERALL INVESTMENT ACTIVITIES REMAINED SLOW

2023 YTD total investment volume reached HK$39.7 billion

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 YTD*
Deal count	219	222	195	256	254	89	78	187	96	71
Consideration (HK$ Bn)	65.0	78.7	84.0	176.8	170.5	54.7	48.0	97.5	59.3	39.7
Avg deal size (HK$ Mn)	297	355	431	691	671	615	615	522	617	559

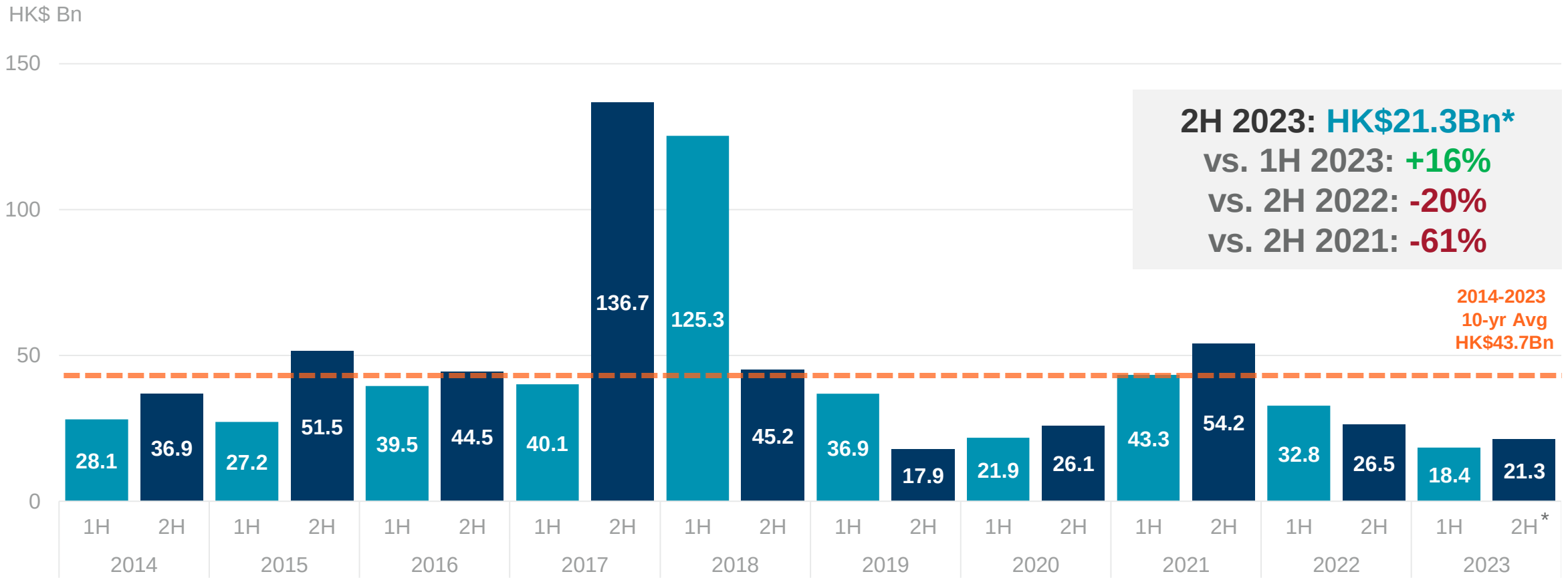
Note: Transactions with deal size >HK$100M were recorded, covering office, retail, industrial, hotel, mixed-used, car parks and private site transactions
** 2023 YTD data as of Dec 5*



Source: Cushman & Wakefield Research

INTEREST RATE HIKES CONTINUED TO IMPACT INVESTMENT SENTIMENT

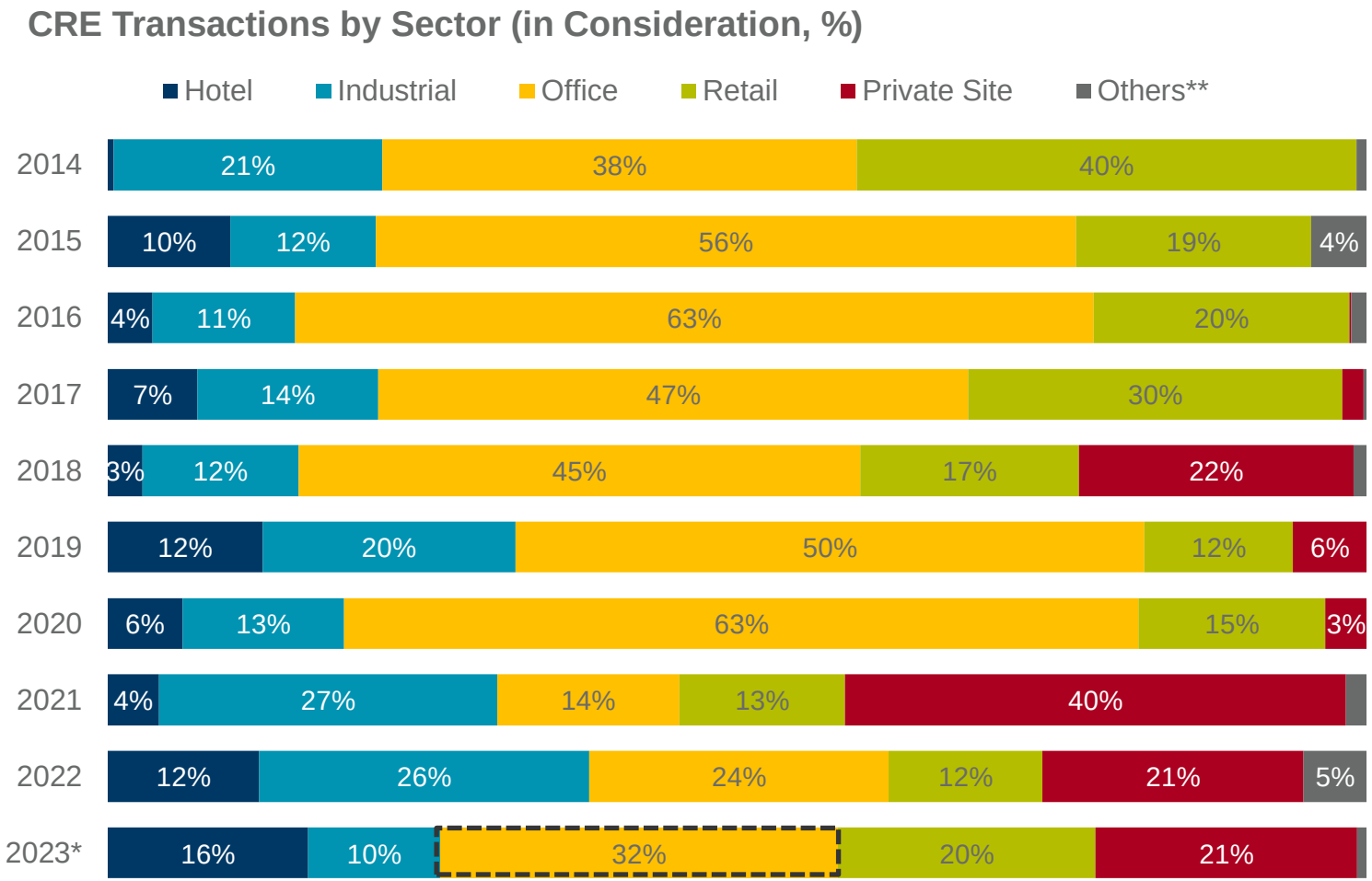
2H performed slightly better than 1H

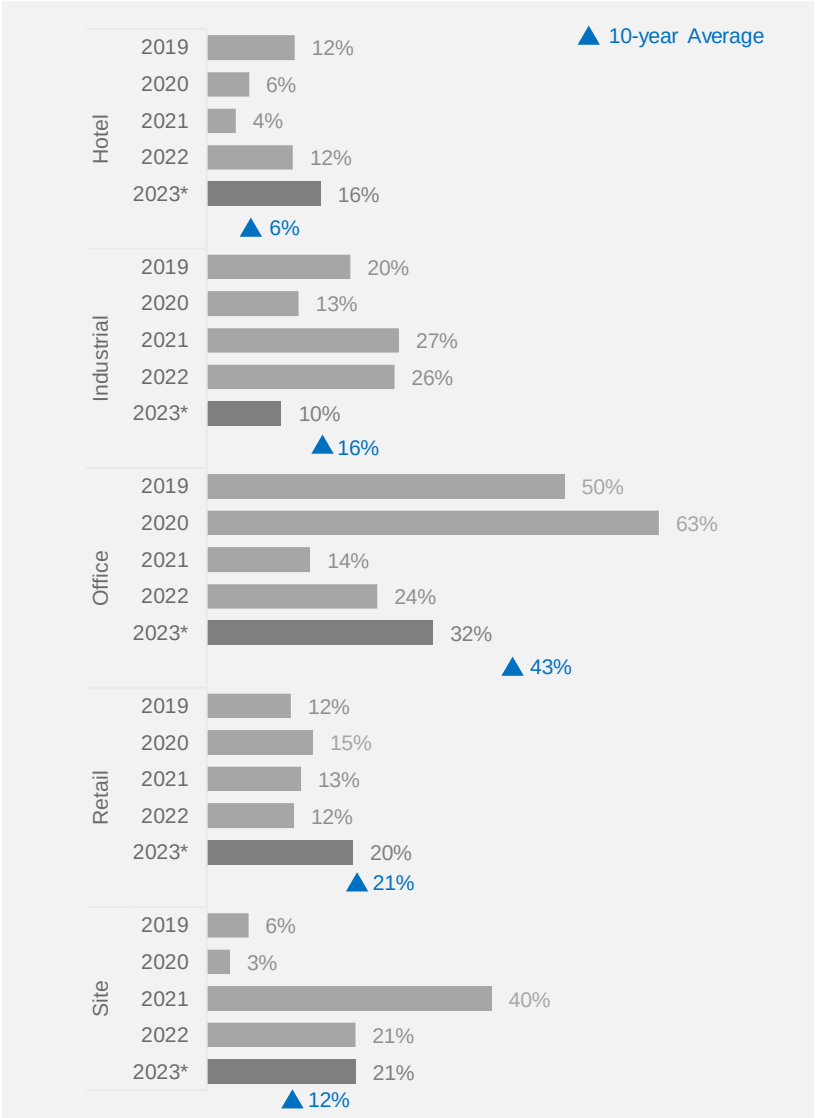


** 2H 2023 as of 5 Dec 2023*

OFFICE ASSETS REGAINED INTERESTS AS SUPPORTED BY DEMAND FROM END-USERS

Hotels remained hot with the increasing number of tourists and incoming talents





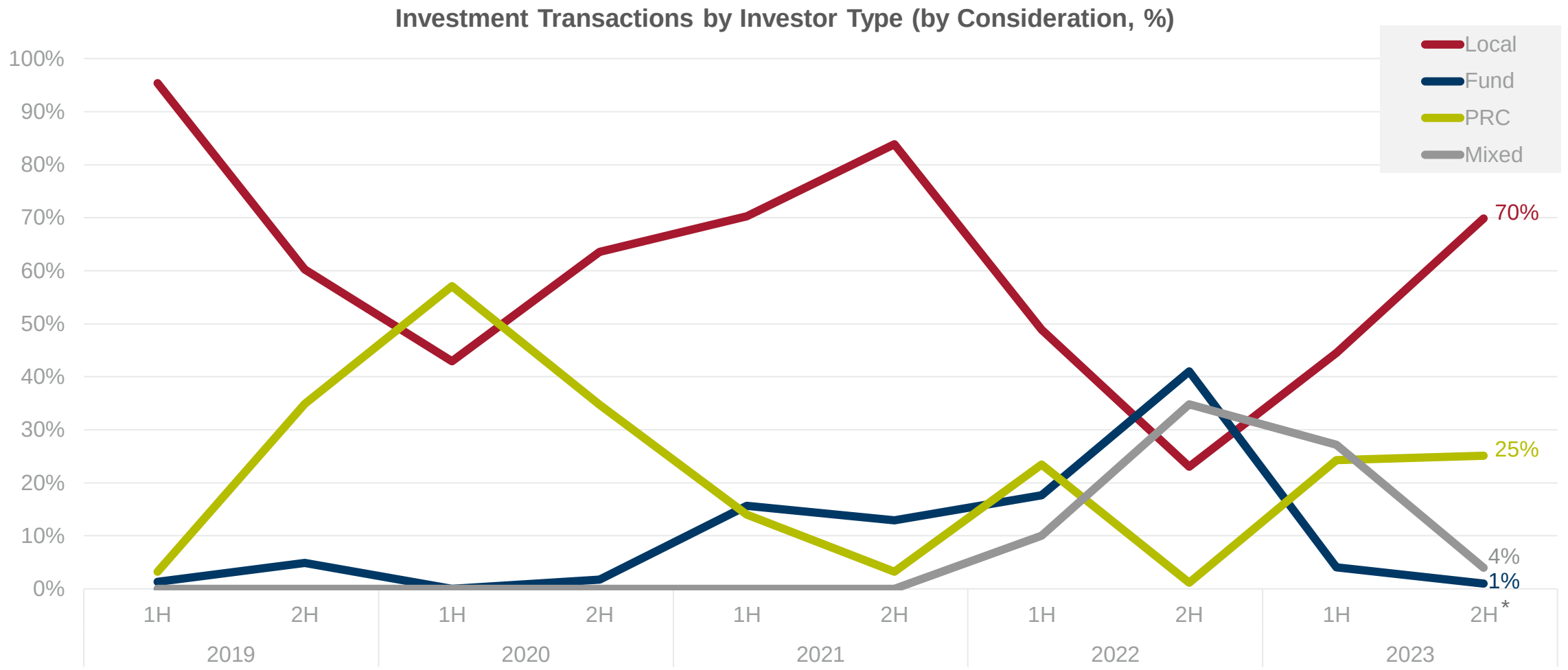
** 2023 data as of Dec 5*

*** "Others" includes mixed-use assets and carparks*

Source: Cushman & Wakefield Research

LOCAL INVESTORS AS THE MAJOR SOURCE OF CAPITAL

PRC buyers also active in purchasing self-occupied assets



** 2H 2023 as of Dec 5*

Source: Cushman & Wakefield Research



Investment Market 2023 Review & 2024 Outlook

Key Takeaways

1. Total consideration stands at HK$39.7 billion year-to-date (as of 5 Dec 2023), down 33% from 2022 full-year amount

2. Local and PRC capital have been relatively more active; end-users have been driving market transactions

3. The high-rate environment is expected to continue to weigh on investment sentiment in 2024

4. Supported by demand from incoming talent, rental housing assets are likely to be sought after in 2024

5. More large-sized or en-bloc distress sales to come; 2024 total investment volume forecasted to reach HK$50 billion

Q&A Session

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