Rating and Valuation Department

Hong Kong Property Review 2025

Preliminary Findings

Definition of Terms

To facilitate interpretation of the findings, the terms used are explained as follows:

- **Completions** refer to premises issued with an Occupation Permit.
- **Take-up** represents the net increase in the number of units or floor area occupied in the year under review. The figures are computed by adding the completions in that year to the vacancy figures at the beginning of the year, and then subtracting the year's demolition and the year-end vacancy figures (with figures for wholesale conversion, if any, already reflected).
- **Vacancy** indicates the number of units or floor area not physically occupied at the time of conducting the survey at the end of the year. Some vacant domestic units are not yet issued with Certificate of Compliance or Consent to Assign after obtaining the Occupation Permit. Units under decoration are classified as vacant.
- The **take-up** and **vacancy** figures bear **no** relationship with the number of units sold by developers (i.e. primary market transactions) or still retained by them (the unsold stock).
- Completions, take-up and vacancy figures **exclude** village houses.

PRIVATE DOMESTIC

Private domestic completions in 2024 soared to 24 260 units, 75% more than those in 2023. In the year, 48% of the completions were in the New Territories, 45% in Kowloon and 7% on Hong Kong Island. At district level, Kowloon City was the top supplier, followed by Yuen Long and Tuen Mun, altogether accounting for 66% of the overall completions.

Take-up, at 17 310 units, was 10% higher than that of the last year. Vacancy at 2024 year-end was 4.5% of the total stock, equivalent to 57 900 units. Among these vacant units, about 14 260 units were not yet issued with Certificate of Compliance or Consent to Assign after obtaining the Occupation Permit.

The forecast completions in 2025 and 2026 are 20 860 and 20 100 units respectively. In 2025, 46% of the completions will come from Kowloon, of which Kowloon City alone will provide 26% of the total anticipated completions. In 2026, the New Territories will be the major supplier providing 69% of the total completions, with Sai Kung contributing 27% and Tai Po providing another 16%.

The cancellation of all demand-side management measures in the first quarter of 2024 injected short-lived impetus to the domestic sales market, as prices thereafter resumed their downward trend during the year amid cautious sentiments due to uncertain external economic outlook and tight financial liquidity. However, the sales market was stabilised in the last quarter following a number of successive interest rate cuts together with the adjustments to the maximum loan-to-value ratio and the debt servicing ratio limit. In the end, domestic prices fell for the past three consecutive years, with a 7.2% year-on-year decrease by December 2024, but trading volume surged by 23% in 2024 from the preceding year. This was mainly attributed to the competitive pricing strategies adopted by developers to boost primary sales against a backdrop of pent-up demand from buyers. Buoyed by the influx of talents arising from various talent admission schemes implemented by the Government and a shifting trend from home purchase to leasing, the rental market outperformed the sales market with rents registering a year-on-year growth of 3.3% by December 2024.

PRIVATE OFFICE

Office completions decreased slightly to 147 000 m^2 in 2024, with the vast majority being Grade A completions equivalent to 146 000 m^2, of which 62 000 m^2 were from the Central and Western district. There were no Grade B completions in 2024 and only an insignificant amount of Grade C completions of about 1 000 m^2.

The office sector recorded an overall negative take-up of 59 000 m^2 in the year, comprising 4 000 m^2, 26 000 m^2 and 29 000 m^2 for Grade A, Grade B and Grade C offices respectively. The overall year-end vacancy rate rose to 16.3%, amounting to 2 166 000 m^2. The respective vacancy rates of Grade A, Grade B and Grade C offices were 17.4%, 15.6% and 11.0%, whereas the vacancy rates for Grade A offices in all sub-districts ranged from 11.5% to 17.7%.

Forecast completions in 2025 will surge to 309 000 m^2, but plummet to 116 000 m^2 in 2026. In 2025, Yau Tsim Mong will become the major supplier of new Grade A completions, accounting for 62% of the total anticipated completions of 289 000 m^2. In 2026, Wan Chai and the Central and Western district will altogether provide the entire Grade A completions of 102 000 m^2. Grade B completions in 2025 and 2026 will be 20 000 m^2 and 14 000 m^2 respectively. While Grade C completions in 2025 will be insignificant, there will be no completions in 2026.

The weak local demand for offices due to an uncertain external environment, heightened geopolitical tensions and changing work patterns, together with an ample supply of office space in the past few years put continued pressure on the office market. While trading volume in 2024 shrank by 7%, office prices dropped by 22.6% between the fourth quarters of 2023 and 2024, with Grade A, Grade B and Grade C office prices falling by 24.5%, 19.5% and 19.7% respectively. During the same period, office rents declined by 5.0%, with Grade A, Grade B and Grade C office rents recording decreases of 4.8%, 5.2% and 5.3% respectively.

PRIVATE COMMERCIAL

Completions of commercial premises in 2024 declined to 69 000 m^2 from 2023, with Kowloon and Hong Kong Island altogether contributing the vast majority of completions at 90%. A negative take-up of 124 000 m^2 was recorded in the year and the year-end vacancy rate was 11.8%, amounting to 1 400 000 m^2.

In 2025, completions are projected to rebound to 109 000 m^2, of which Yau Tsim Mong will be the major supplier, accounting for 54% of the expected completions. In 2026, completions will fall to 62 000 m^2, with Wan Chai providing the most at 27% of the total.

Despite the recovery of inbound tourism and improved consumer sentiment, the retail property market performed poorly as the consumption pattern of residents and visitors changed over the year. Prices of retail premises registered a decrease of 18.2% between the fourth quarters of 2023 and 2024, while rents fell by 6.5% over the same period.

PRIVATE FLATTED FACTORIES

Completions of flatted factories plunged to 23 000 m^2 in 2024, all coming from Sham Shui Po. Take-up remained negative at 212 000 m^2. Vacancy rate at the year-end rose further to 7.0% at 1 130 000 m^2.

Completions in 2025 and 2026 are anticipated to increase to 50 000 m^2 and 77 000 m^2 respectively.

The sales market for flatted factories in 2024 was in doldrums. Prices fell by 16.2% between the fourth quarters of 2023 and 2024, while the trading volume shrank by 13% in the year. Rents also recorded a decline but at a modest rate of 2.8% comparing the fourth quarters in 2023 and 2024.

PRIVATE INDUSTRIAL/OFFICE

There were no industrial/office completions in 2024. The take-up turned positive to 3 000 m^2. Vacancy rate remained at 11.9%, amounting to 59 000 m^2.

It is anticipated to have no new completions in 2025 and 2026.

PRIVATE DOMESTIC

ALL UNITS

COMPLETIONS, TAKE-UP AND VACANCY

No. of units

	2020	2021	2022	2023	2024	2025	2026
Completions#	20 890	14 390	21 170	13 850	24 260	[20 860]	[20 100]
Take-up*	12 550	14 110	14 010	15 670	17 310		
Vacancy	52 370	50 160	54 970	52 150	57 900		
%✰	4.3	4.1	4.4	4.1	4.5		

"Private domestic" excludes flats built under the Home Ownership, Private Sector Participation, Buy or Rent Option, Tenants Purchase, Urban Improvement, Flat-For-Sale and Sandwich Class Housing Schemes, etc.

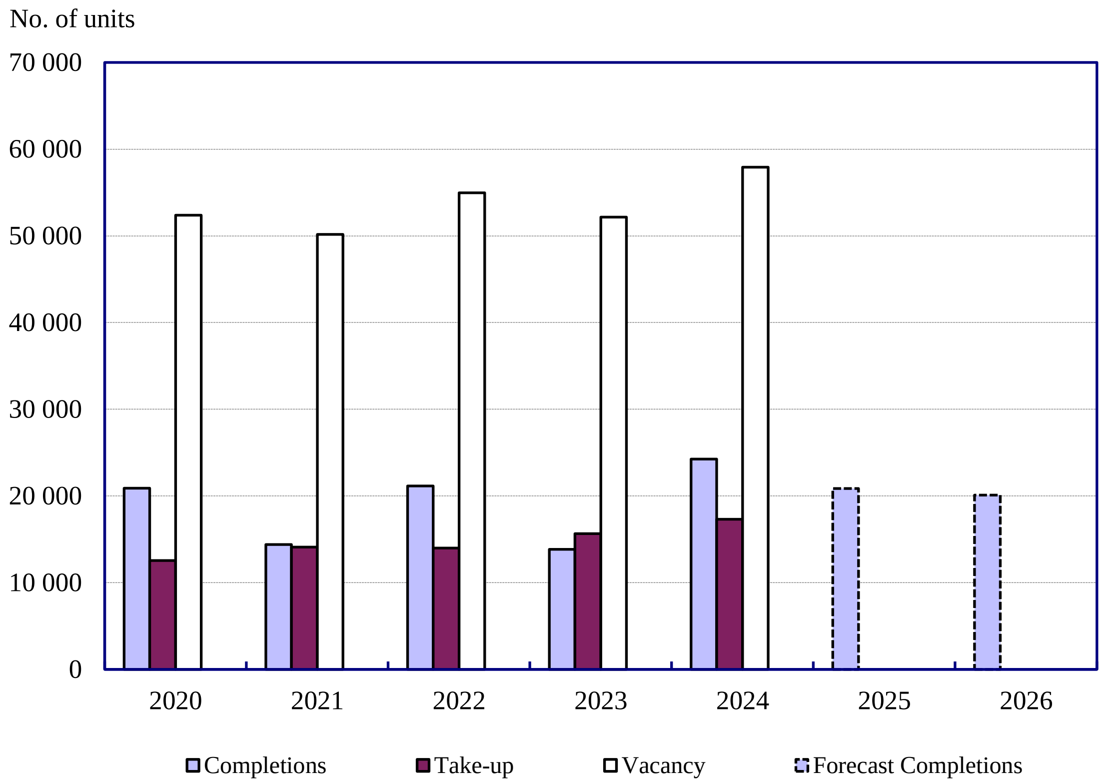
Figures exclude village houses.

Forecast completions from 2025 onwards include subsidised sale flats to be completed under the Starter Homes for Hong Kong Residents (SH) projects.

* Take-up represents the net increase in the number of units occupied in the year under review. The figures are computed by adding the completions in that year to the vacancy figures at the beginning of the year, and then subtracting the year's demolition and the year-end vacancy figures (with figures for wholesale conversion, if any, already reflected).

✰ Vacancy at the end of the year as a percentage of stock.

[ ] Forecast figures



PRIVATE DOMESTIC

SMALL / MEDIUM UNITS (Saleable Area less than 100 m^2)

COMPLETIONS, TAKE-UP AND VACANCY

No. of units

	2020	2021	2022	2023	2024	2025	2026
Completions#	19 750	14 020	19 600	13 530	22 780	[20 010]	[19 630]
Take-up*	10 790	14 100	13 100	17 510	13 950		
Vacancy	45 260	42 860	47 080	42 280	49 940		
%✫	4.0	3.8	4.1	3.6	4.2		

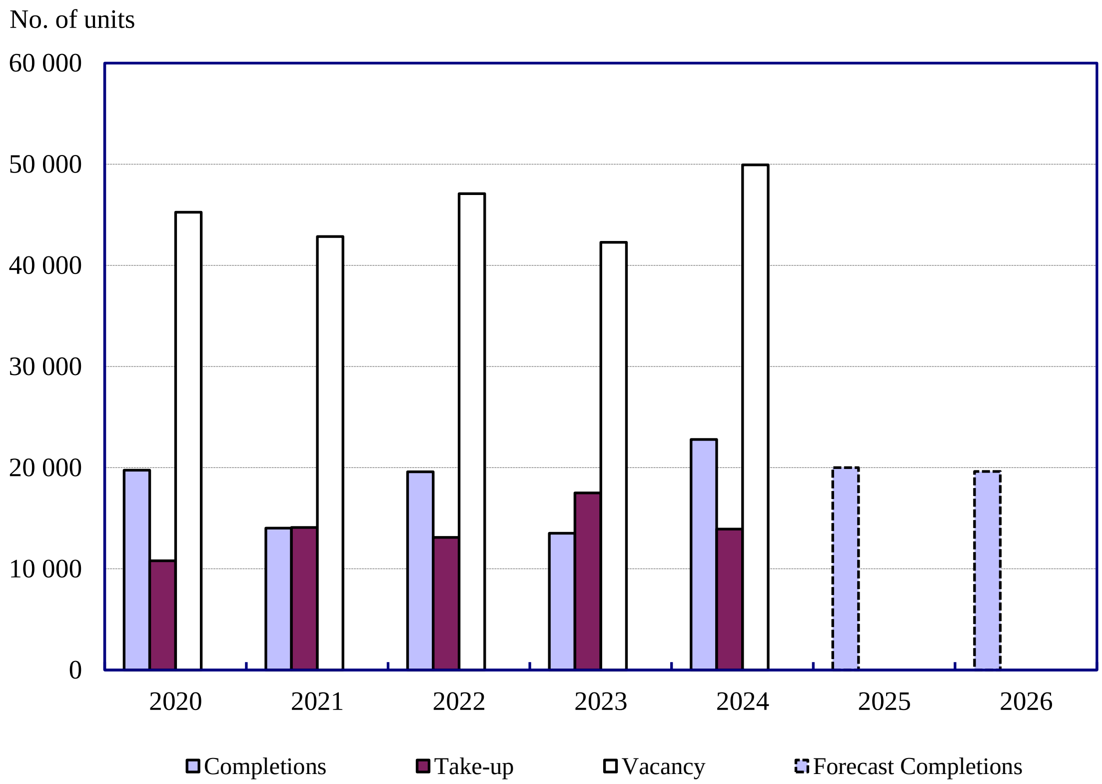
Figures exclude village houses.

\# Forecast completions from 2025 onwards include subsidised sale flats to be completed under the Starter Homes for Hong Kong Residents (SH) projects.

* Take-up represents the net increase in the number of units occupied in the year under review. The figures are computed by adding the completions in that year to the vacancy figures at the beginning of the year, and then subtracting the year's demolition and the year-end vacancy figures (with figures for wholesale conversion, if any, already reflected).

✫ Vacancy at the end of the year as a percentage of stock.

[ ] Forecast figures



PRIVATE DOMESTIC

LARGE UNITS (Saleable Area 100 m^2 or above)

COMPLETIONS, TAKE-UP AND VACANCY

No. of units

	2020	2021	2022	2023	2024	2025	2026
Completions#	1 140	370	1 570	320	1 480	[850]	[470]
Take-up*	1 760	10	910	- 1 840	3 350		
Vacancy	7 110	7 300	7 890	9 870	7 960		
%✩	7.3	7.5	8.0	10.0	8.0		

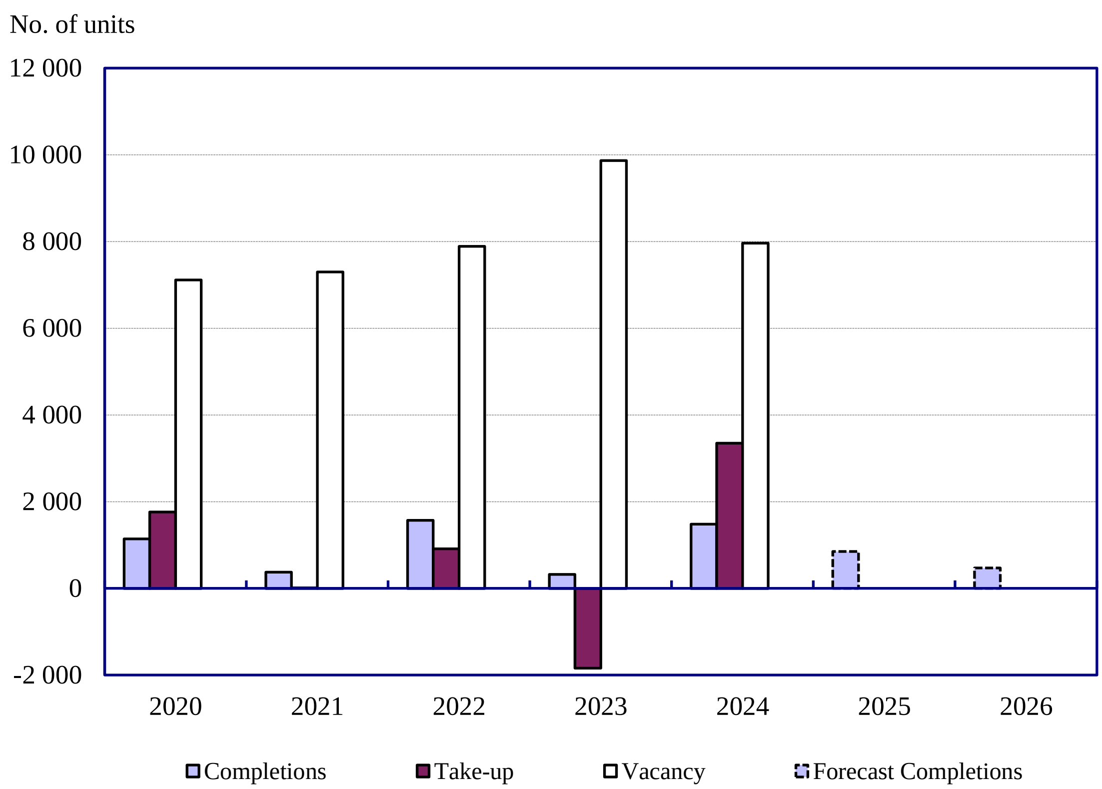
Figures exclude village houses.

Forecast completions from 2025 onwards include subsidised sale flats to be completed under the Starter Homes for Hong Kong Residents (SH) projects.

* Take-up represents the net increase in the number of units occupied in the year under review. The figures are computed by adding the completions in that year to the vacancy figures at the beginning of the year, and then subtracting the year's demolition and the year-end vacancy figures (with figures for wholesale conversion, if any, already reflected). A negative figure indicates a net decrease in occupied unit.

✩ Vacancy at the end of the year as a percentage of stock.

[ ] Forecast figures



PRIVATE OFFICE

ALL GRADES
COMPLETIONS, TAKE-UP AND VACANCY

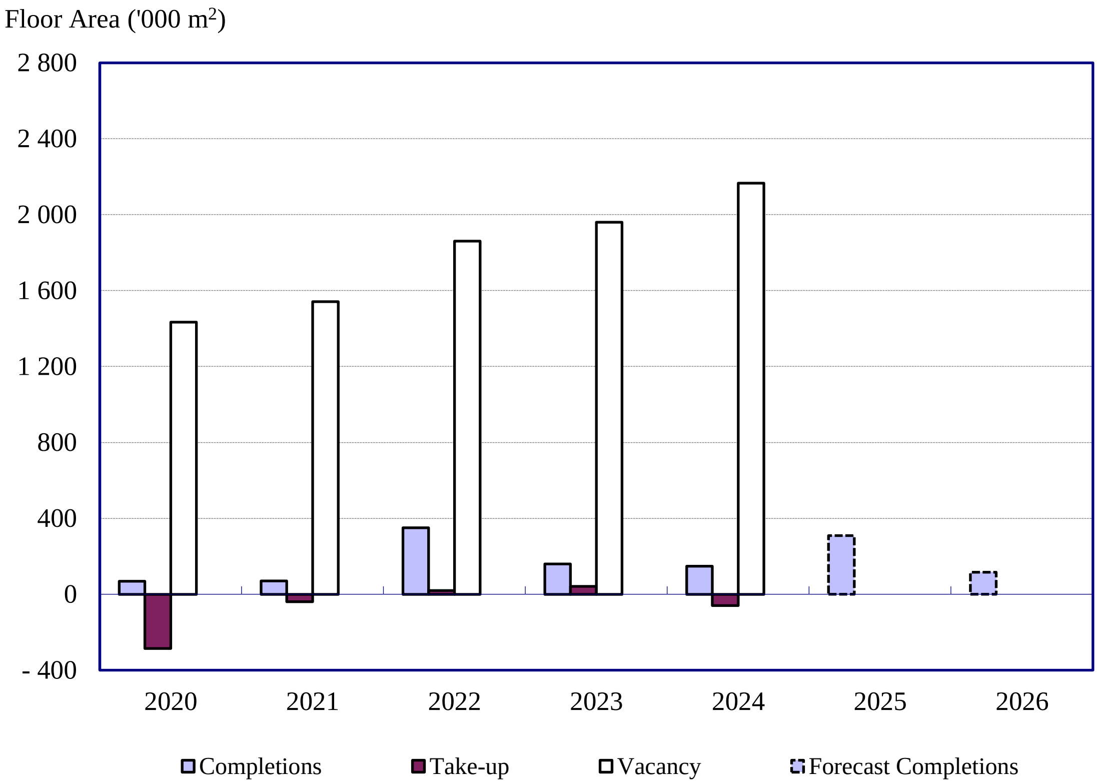
	2020	2021	2022	2023	2024	2025	2026
Completions ('000 m^2)	69	70	351	159	147	[309]	[116]
Take-up* ('000 m^2)	- 286	- 40	19	41	- 59		
Vacancy ('000 m^2)	1 434	1 541	1 860	1 960	2 166		
%✩	11.5	12.3	14.4	14.9	16.3		

* Take-up represents the net increase in the floor area occupied in the year under review. The figures are computed by adding the completions in that year to the vacancy figures at the beginning of the year, and then subtracting the year's demolition and the year-end vacancy figures (with figures for wholesale conversion, if any, already reflected). A negative figure indicates a net decrease in occupied floor space.

✩ Vacancy at the end of the year as a percentage of stock.

[ ] Forecast figures

N.B. Office grades are determined in accordance with criteria which principally reflect the qualities of construction, finishes, facilities and management. Location is not a criterion.



PRIVATE OFFICE

GRADE A
COMPLETIONS, TAKE-UP AND VACANCY

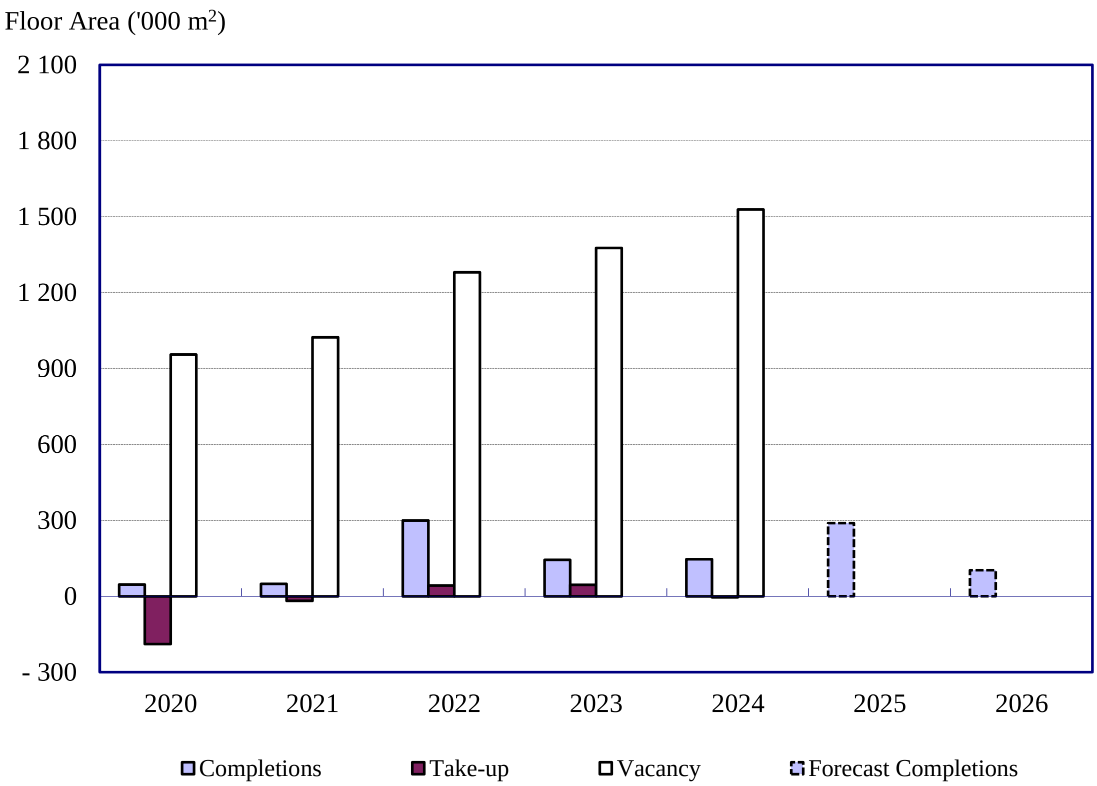
	2020	2021	2022	2023	2024	2025	2026
Completions ('000 m^2)	46	49	299	144	146	[289]	[102]
Take-up* ('000 m^2)	- 189	- 18	42	45	- 4		
Vacancy ('000 m^2)	955	1 023	1 280	1 377	1 528		
%✰	11.8	12.5	15.1	16.0	17.4		

* Take-up represents the net increase in the floor area occupied in the year under review. The figures are computed by adding the completions in that year to the vacancy figures at the beginning of the year, and then subtracting the year's demolition and the year-end vacancy figures (with figures for wholesale conversion, if any, already reflected). A negative figure indicates a net decrease in occupied floor space.

✰ Vacancy at the end of the year as a percentage of stock.

[ ] Forecast figures

N.B. Office grades are determined in accordance with criteria which principally reflect the qualities of construction, finishes, facilities and management. Location is not a criterion.



PRIVATE OFFICE

GRADE B

COMPLETIONS, TAKE-UP AND VACANCY

	2020	2021	2022	2023	2024	2025	2026
Completions ('000 m^2)	23	21	50	14	0	[20]	[14]
Take-up* ('000 m^2)	- 57	- 22	- 32	- 2	- 26		
Vacancy ('000 m^2)	340	380	450	450	475		
%✫	11.9	13.1	15.1	14.9	15.6		

* Take-up represents the net increase in the floor area occupied in the year under review. The figures are computed by adding the completions in that year to the vacancy figures at the beginning of the year, and then subtracting the year's demolition and the year-end vacancy figures (with figures for wholesale conversion, if any, already reflected). A negative figure indicates a net decrease in occupied floor space.

✫ Vacancy at the end of the year as a percentage of stock.

[ ] Forecast figures

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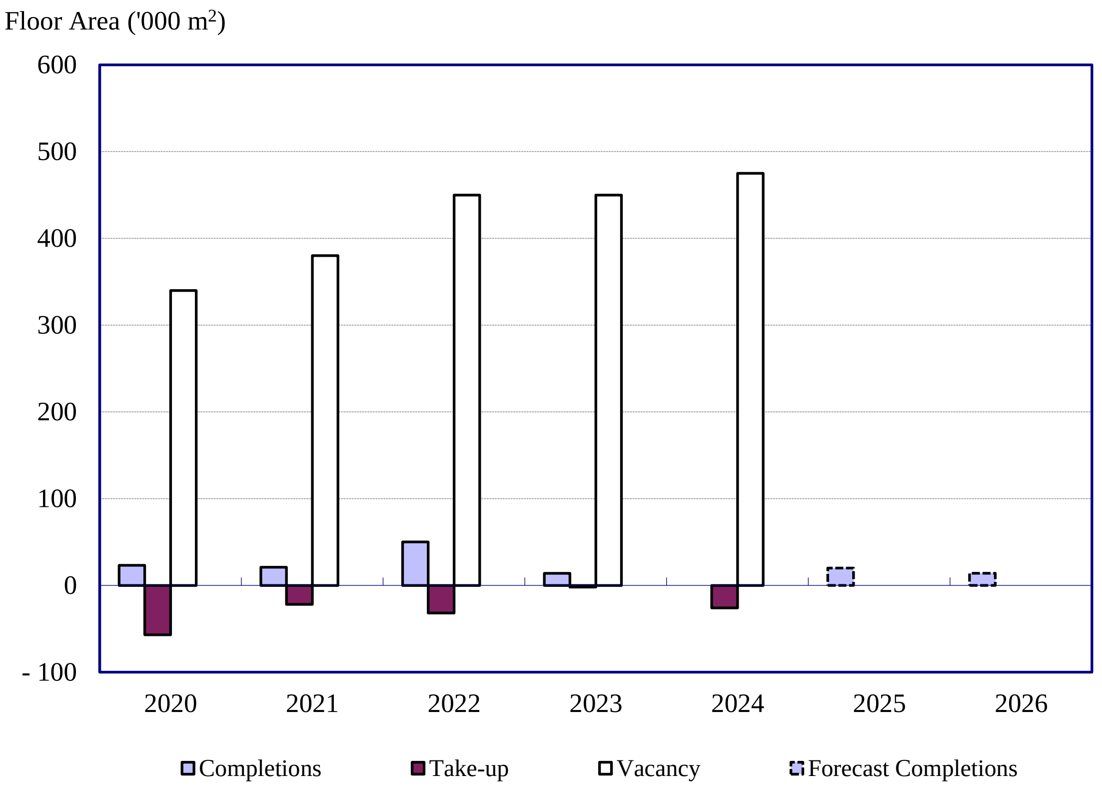

PRIVATE OFFICE

GRADE C
COMPLETIONS, TAKE-UP AND VACANCY

	2020	2021	2022	2023	2024	2025	2026
Completions ('000 m^2)	0	0	2	1	1	[0]	[0]
Take-up* ('000 m^2)	- 40	0	9	- 2	- 29		
Vacancy ('000 m^2)	139	138	130	133	163		
%✩	9.4	9.3	8.8	9.0	11.0		

* Take-up represents the net increase in the floor area occupied in the year under review. The figures are computed by adding the completions in that year to the vacancy figures at the beginning of the year, and then subtracting the year's demolition and the year-end vacancy figures (with figures for wholesale conversion, if any, already reflected). A negative figure indicates a net decrease in occupied floor space.

✩ Vacancy at the end of the year as a percentage of stock.

[ ] Forecast figures

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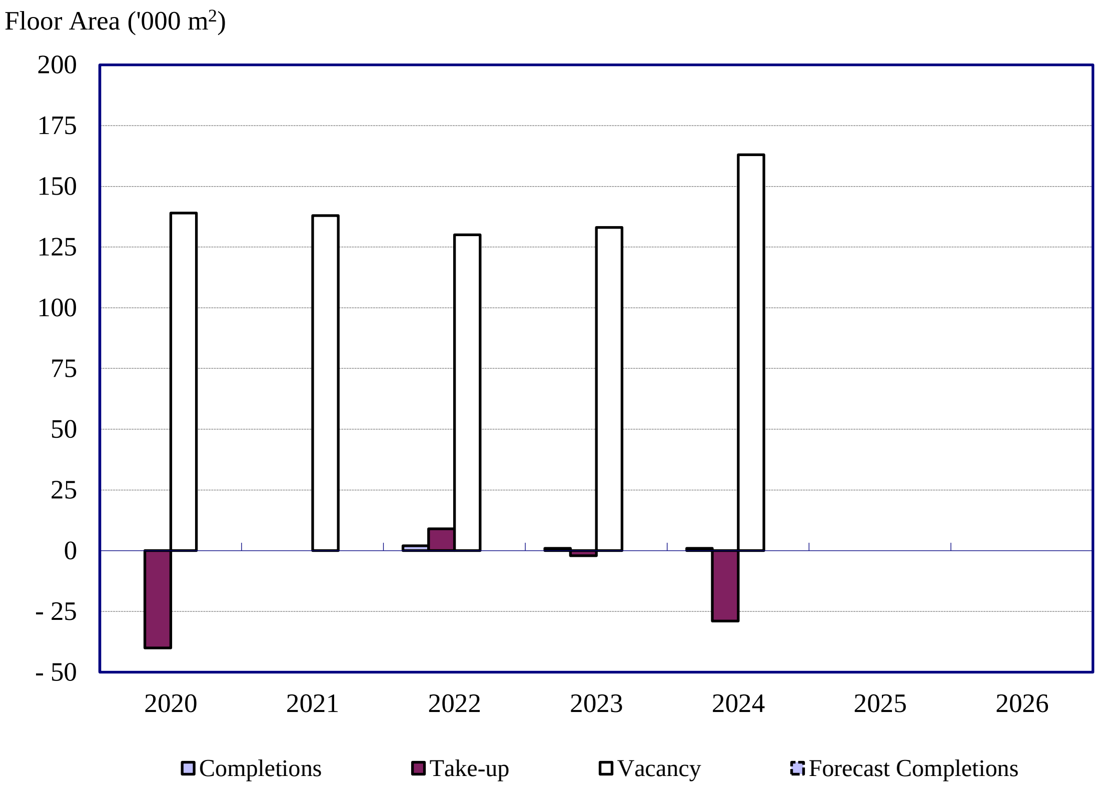


PRIVATE COMMERCIAL

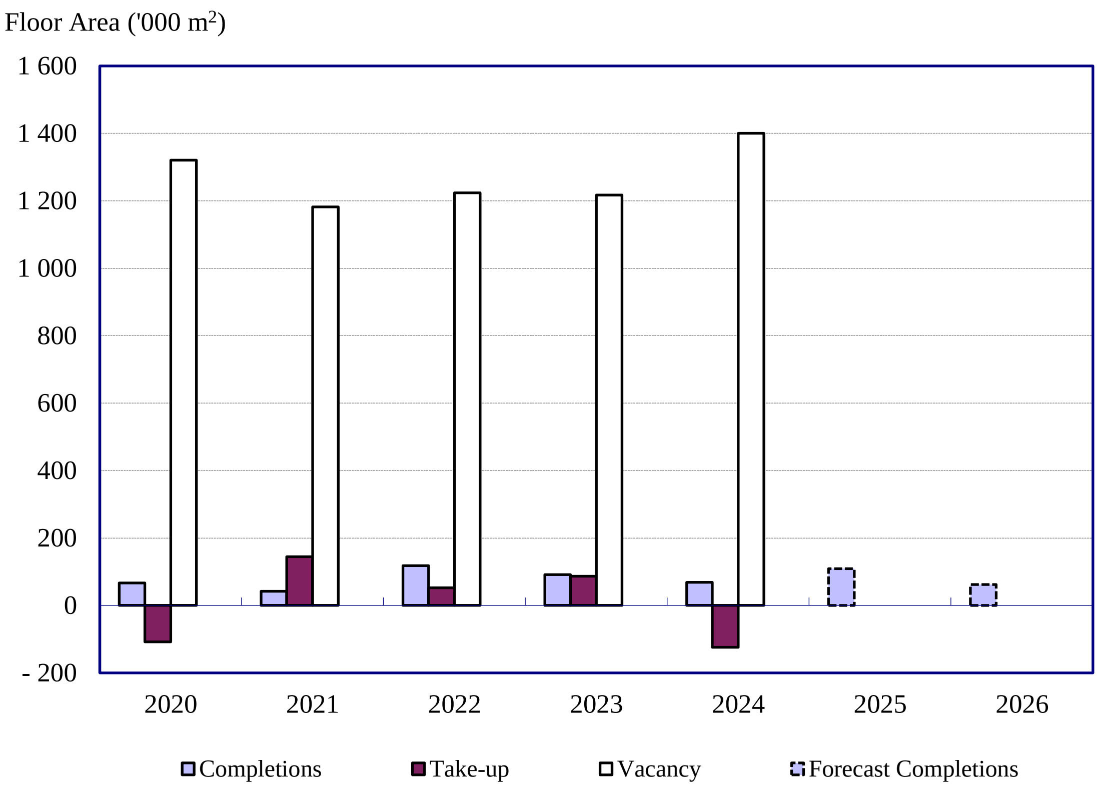
COMPLETIONS, TAKE-UP AND VACANCY

	2020	2021	2022	2023	2024	2025	2026
Completions ('000 m^2)	67	42	118	91	69	[109]	[62]
Take-up* ('000 m^2)	- 108	145	52	87	- 124		
Vacancy ('000 m^2)	1 321	1 182	1 224	1 217	1 400		
%✰	11.4	10.2	10.5	10.3	11.8		

* Take-up represents the net increase in the floor area occupied in the year under review. The figures are computed by adding the completions in that year to the vacancy figures at the beginning of the year, and then subtracting the year's demolition and the year-end vacancy figures (with figures for wholesale conversion, if any, already reflected). A negative figure indicates a net decrease in occupied floor space.

✰ Vacancy at the end of the year as a percentage of stock.

[ ] Forecast figures



PRIVATE FLATTED FACTORIES

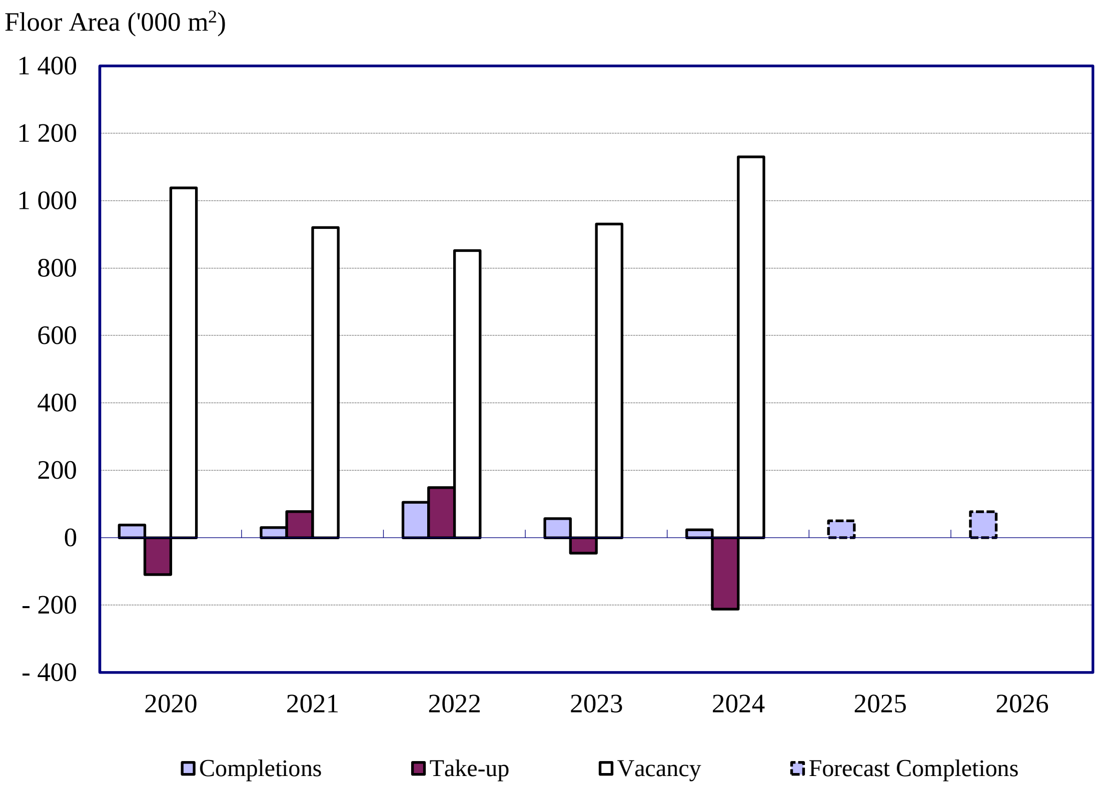
COMPLETIONS, TAKE-UP AND VACANCY

	2020	2021	2022	2023	2024	2025	2026
Completions ('000 m^2)	38	30	105	57	23	[50]	[77]
Take-up* ('000 m^2)	- 110	77	149	- 46	- 212		
Vacancy ('000 m^2)	1 038	920	852	931	1 130		
%✫	6.4	5.7	5.3	5.7	7.0		

* Take-up represents the net increase in the floor area occupied in the year under review. The figures are computed by adding the completions in that year to the vacancy figures at the beginning of the year, and then subtracting the year's demolition and the year-end vacancy figures (with figures for wholesale conversion, if any, already reflected). A negative figure indicates a net decrease in occupied floor space.

✫ Vacancy at the end of the year as a percentage of stock.

[ ] Forecast figures



PRIVATE INDUSTRIAL/OFFICE

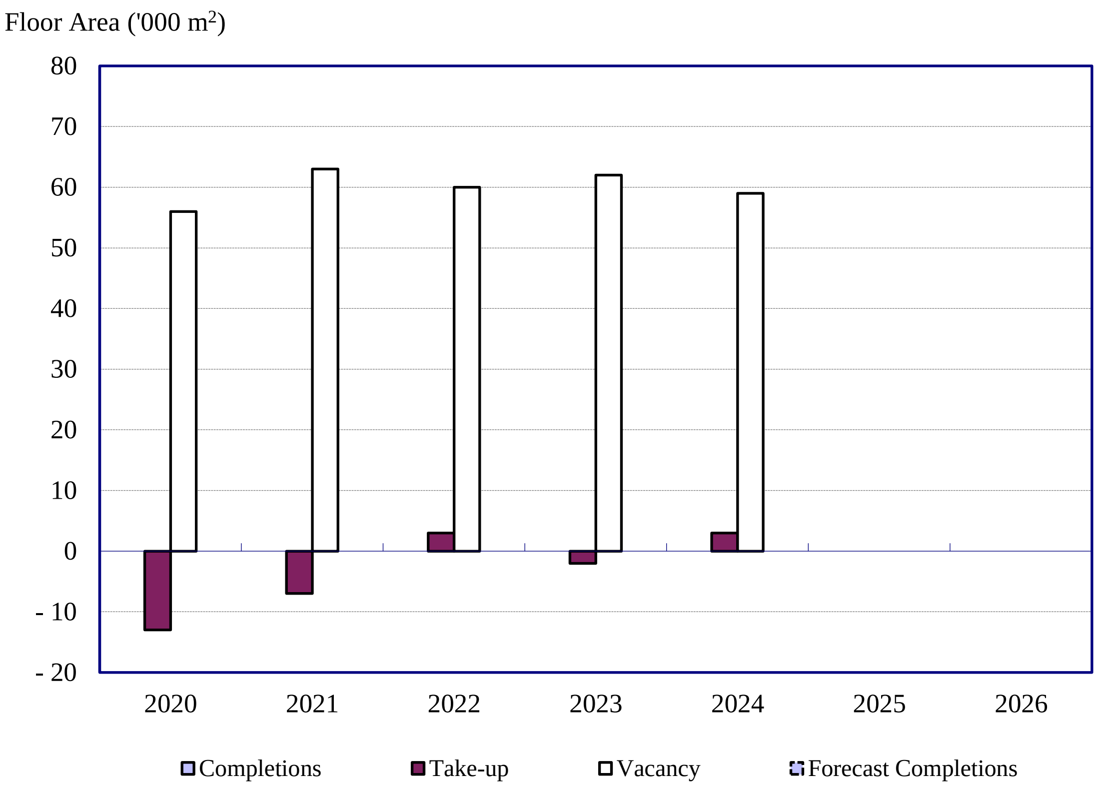
COMPLETIONS, TAKE-UP AND VACANCY

	2020	2021	2022	2023	2024	2025	2026
Completions ('000 m^2)	0	0	0	0	0	[0]	[0]
Take-up* ('000 m^2)	- 13	- 7	3	- 2	3		
Vacancy ('000 m^2)	56	63	60	62	59		
%✰	10.2	11.5	11.3	11.9	11.9		

* Take-up represents the net increase in the floor area occupied in the year under review. The figures are computed by adding the completions in that year to the vacancy figures at the beginning of the year, and then subtracting the year's demolition and the year-end vacancy figures (with figures for wholesale conversion, if any, already reflected). A negative figure indicates a net decrease in occupied floor space.

✰ Vacancy at the end of the year as a percentage of stock.

[ ] Forecast figures



Appendix A

MONTHLY PRICE INDICES FOR PRIVATE DOMESTIC PROPERTIES
(1999 = 100)

Year	Month	Small / Medium	Large	Overall
1997	Oct (Peak)	172.3	183.4	172.9
2023	Jan	339.6	303.3	338.3
	Feb	348.3	305.7	346.8
	Mar	353.7	309.8	352.3
	Apr	355.7	314.3	354.2
	May	351.9	308.7	350.4
	Jun	349.0	304.4	347.3
	Jul	345.5	302.9	344.0
	Aug	338.4	297.1	337.0
	Sep	330.5	292.1	329.1
	Oct	323.3	286.7	322.0
	Nov	316.9	282.1	315.6
	Dec	312.6	280.5	311.3
2024	Jan	308.6	278.0	307.3
	Feb	303.7	274.2	302.4
	Mar	309.4	278.8	308.1
	Apr	311.0	282.2	309.6
	May	306.8	278.8	305.5
	Jun	303.7	277.7	302.5
	Jul	298.9	273.7	297.6
	Aug	293.2	269.0	292.0
	Sep	289.2	264.7	287.9
	Oct	292.3	266.4	291.0
	Nov*	292.7	267.5	291.4
	Dec*	290.2	266.4	288.9

* Provisional - liable to change as further data becomes available for analysis.

Technical Notes :

(i) Small / Medium units are those with saleable area less than 100 m^2. Large units are those with saleable area 100 m^2 or above.

(ii) The indices are based on an analysis of prices paid for completed properties sold in the secondary market. Date of sale is the date on which an Agreement for Sale and Purchase is signed. Provisional agreement is generally reached 2-3 weeks earlier.

Appendix B

PRICE INDICES

(1999 = 100)

Private Domestic Properties	**2023**	**2024**			
	4Q	**1Q**	**2Q**	**3Q**	**4Q***
Small / Medium Units (Saleable Area less than 100 m^2)	317.6	307.2	307.2	293.8	291.7
Large Units (Saleable Area 100 m^2 or above)	283.1	277.0	279.6	269.1	266.8
Overall	**316.3**	**305.9**	**305.9**	**292.5**	**290.4**

Non-Domestic Properties		**2023**	**2024**			
		4Q	**1Q**	**2Q**	**3Q**	**4Q***
Offices :	Grade A	(426.1)@	(397.3)	(359.8)@	(339.6)	321.6
	Grade B	(453.6)	(436.8)~	(406.7)	381.9	365.0
	Grade C	441.8	420.9	395.8	371.8	354.8
	Overall	**441.8@**	**421.5~**	**386.2@**	**365.1**	**342.1**
Retail Premises :		472.9	458.1	435.2	408.3	386.6
Flatted Factories :		805.2	760.7	738.0	698.3	674.8

* Provisional - liable to change as further data becomes available for analysis.

( ) Indicates fewer than 20 transactions.

@ Price indices for the fourth quarter of 2023 excluding Oct and Dec 2023;
Price indices for the second quarter of 2024 excluding Apr 2024.

~ Price indices for the first quarter of 2024 excluding Feb 2024.

Technical Notes :

The indices are based on an analysis of prices paid for completed properties sold in the secondary market. Premises of all ages and in all locations are included. Where appropriate, the date of agreement is taken as the date of sale.

Appendix C

RENTAL INDICES

(1999 = 100)

Private Domestic Properties	**2023**	**2024**			
	4Q	**1Q**	**2Q**	**3Q**	**4Q***
Small / Medium Units (Saleable Area less than 100 m^2)	189.2	188.6	193.6	198.7	195.9
Large Units (Saleable Area 100 m^2 or above)	146.2	144.8	147.4	149.6	147.4
Overall	**185.6**	**184.9**	**189.8**	**194.7**	**192.1**

Non-Domestic Properties		**2023**	**2024**			
		4Q	**1Q**	**2Q**	**3Q**	**4Q***
Offices :	Grade A	227.0	225.1	221.0	216.4	216.1
	Grade B	231.8	228.9	225.1	222.3	219.8
	Grade C	222.6	216.3	213.6	212.6	210.7
	Overall	**227.6**	**224.8**	**220.9**	**217.5**	**216.3**
Retail Premises :		172.8	169.1	166.1	164.3	161.5
Flatted Factories :		220.5	217.5	215.7	215.7	214.3

* Provisional - liable to change as further data becomes available for analysis.

Technical Notes :

The indices are based on an analysis of rentals paid for completed properties. Premises of all ages and in all locations are included. Where appropriate, the commencement date of a tenancy agreement is adopted as the effective date. However, rents are normally agreed earlier (1/2-1 month earlier for fresh lettings and 1-3 months for lease renewals). Rent-free periods are taken into account if known.

Appendix D

PRICE AND RENTAL MOVEMENTS IN 2024

(based on Appendices B & C)

Private Property Category (Territory-wide)		% Change* 4Q 2024* / 4Q 2023	
		Price	**Rental**
Domestic Premises :	Small / Medium Units (Saleable Area less than 100 m^2)	-8.2	3.5
	Large Units (Saleable Area 100 m^2 or above)	-5.8	0.8
	Overall	**-8.2**	**3.5**
Offices :	Grade A	-24.5	-4.8
	Grade B	-19.5	-5.2
	Grade C	-19.7	-5.3
	Overall	**-22.6**	**-5.0**
Retail Premises :		-18.2	-6.5
Flatted Factories :		-16.2	-2.8

* Provisional - liable to change as further data becomes available for analysis.