Intelligent Investment

Smart Growth: The Education Sector as a New Catalyst for Real Estate Demand

VIEWPOINT

HONG KONG

CBRE RESEARCH
SEPTEMBER 2026

Executive Summary

Hong Kong's education sector is undergoing a significant transformation across both the pre-tertiary and tertiary level and is rapidly emerging as a key driver of real estate demand. This shift, which is being fuelled by policy adjustments and a steady influx of non-local students rather than local demographic growth, is seeing the education sector establish itself as a vital economic growth pillar for the city.

At the pre-tertiary level, rising migration will add over 15,000-20,000 international school students by 2030; a figure that could potentially reach 30,000-40,000 by 2035. This increase will necessitate the creation of up to 40-50 new school campuses in the next decade. Amid a declining local youth population, the focus is shifting toward non-local families, reinforcing Hong Kong's status as a regional education hub.

The tertiary sector is undergoing even more rapid expansion, with policy changes accelerating the inflow of more non-local students. CBRE projects there will be an increase of 100,000–150,000 students by 2035, particularly at the postgraduate level. This growth will require 15–23 million sq. ft. of academic space and 74,000 additional student accommodation beds, indicating a critical supply shortage.

To address this demand, CBRE anticipates there will be a shift toward the adaptive reuse of existing buildings, such as offices and hotels. This will create repositioning opportunities for Hong Kong's landlords, as long-term education leases represent stable demand. The student accommodation sector is also emerging as an attractive investment strategy on the back of high demand from non-local students.

Education-related real estate offers investors a blend of income resilience and growth potential, ranging from stabilised assets to value-add conversions, while ensuring multiple exit strategies. CBRE foresees the education sector establishing itself as a fundamental demand driver of Hong Kong's property market, reshaping the city's real estate landscape and presenting a compelling long-term investment opportunity.

30,000-40,000	100,000-150,000	15-23m	74,000
STUDENTS	STUDENTS	SQ. FT.	BEDS
Additional international school enrolments by 2035	Projected growth in total tertiary demand by 2035, led by postgraduates	Additional academic GFA required by the tertiary sector by 2035	Additional student housing demand by 2035

01

Structural Drivers of Mainland Chinese Student Demand

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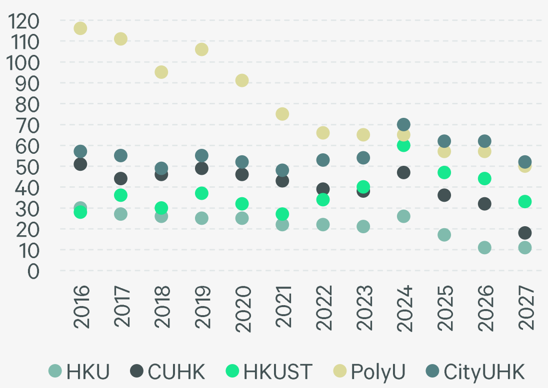
Quality of Education

Hong Kong's post-secondary education sector has traditionally prioritised quality over quantity. This is evident in its tightly controlled university admissions, a predominantly local student population, and strong public funding support. However, starting in the mid-2010s, this approach began to shift as the government increasingly recognised higher education as a strategic tool for talent development, international positioning, and enhancing economic competitiveness.

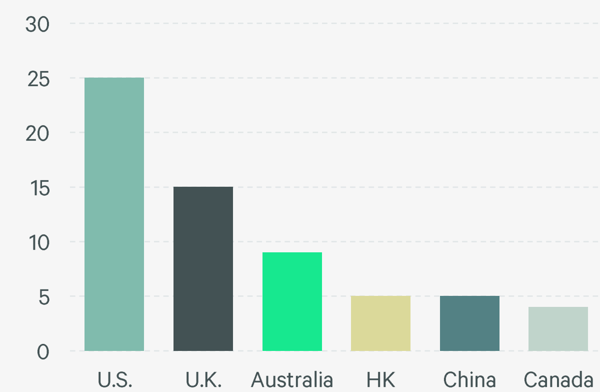
Hong Kong is home to five universities featured in the QS World University Rankings for 2027, with the University of Hong Kong and the Chinese University of Hong Kong both ranked among the Global Top 20. In Asia, Hong Kong boasts five universities within the Top 10 of the same rankings. Additionally, eight universities from Hong Kong are included in the Times Higher Education Asia University Rankings for 2026, with five making it into the Top 20 list. This high level of recognition, combined with the city's proximity to Chinese Mainland and proficiency in Putonghua, provides Hong Kong with a compelling offering for mainland Chinese students and their families.

Figure 1: Hong Kong's Top Five Universities in QS World University Rankings



Source: QS World University Rankings, September 2026.

Figure 2: Number of Top 100 Universities in QS World University Rankings 2027



Source: QS World University Rankings, September 2026.

Other Benefits of Studying in Hong Kong

Hong Kong offers a range of practical advantages for mainland Chinese students and their families, particularly amid rising geopolitical concerns surrounding education in North America and Europe. Key factors influencing student choice extending beyond traditional academic rankings include:

Geographic Proximity and Cultural Familiarity

Hong Kong's geographical proximity to the mainland, supported by efficient rail and air transportation systems as well as road access for students living in nearby cities within the Greater Bay Area, reduces the risks associated with social and psychological adjustment. Compared to long-haul destinations in the West, students experience a smoother transition due to cultural similarities and immediate engagement with familiar environments.

Linguistic Advantages with Global Application

The biliterate and trilingual educational framework in Hong Kong facilitates fluency in Putonghua, English, and Cantonese. This linguistic proficiency not only supports integration into Chinese Mainland's socio-economic landscape but also equips students with essential skills for global academic and professional contexts. This unique combination appeals to mainland families seeking prestigious credentials without the challenges of linguistic or cultural dislocation.

Mitigation of Geopolitical Risk

Sustained geopolitical volatility has created concerns among families in Chinese Mainland regarding stricter entry and visa policies in Western countries, as well as increased scrutiny of Chinese students and scholars. Hong Kong is now viewed as a safer and more geopolitically stable option for education.

Defined Pathway to Residency

The Immigration Arrangements for Non-local Graduates offers non-local university graduates in Hong Kong a clear and credible pathway to residency. Graduates are immediately eligible for employment without needing employer sponsorship, allowing for greater flexibility in early career transitions. They can also apply for permanent residency in Hong Kong after seven years. This is in contrast to the increasingly restrictive post-graduation options faced by many students in educational institutions in the West.

Enhanced Career and Income Potential

Hong Kong's job market offers a higher concentration of lucrative and globally competitive positions compared to most cities in Chinese Mainland. Many roles in Hong Kong provide greater exposure to regional and even global opportunities, making them attractive to highly skilled talent. This is especially evident in high-earning sectors such as finance, insurance, professional and legal services. Professional salaries in Hong Kong are also significantly higher than typical urban incomes in Chinese Mainland.

What's Driving The Influx?

Policy & Admission Reform

wider non-local quotas and talent schemes

Global Gateway & Connectivity

a preferred city for scholars and students

Rising Global Rankings

Hong Kong universities climbing QS / THE tables

Talent Inflow & Family Migration

the primary source of non-local demand

Government Support for Hong Kong as an Education Hub

Hong Kong's emergence as a leading education destination for mainland Chinese students is being driven not just by its academic rankings and the qualitative advantages it offers, but also by the government's efforts to promote the city as an international hub. Over the past three years, the government has deliberately and strategically promoted higher education as a growth pillar through branding, coordinated policies, funding, and capacity expansion. This systematic approach has fostered sustainable demand and growth opportunities for education-related businesses in Hong Kong.

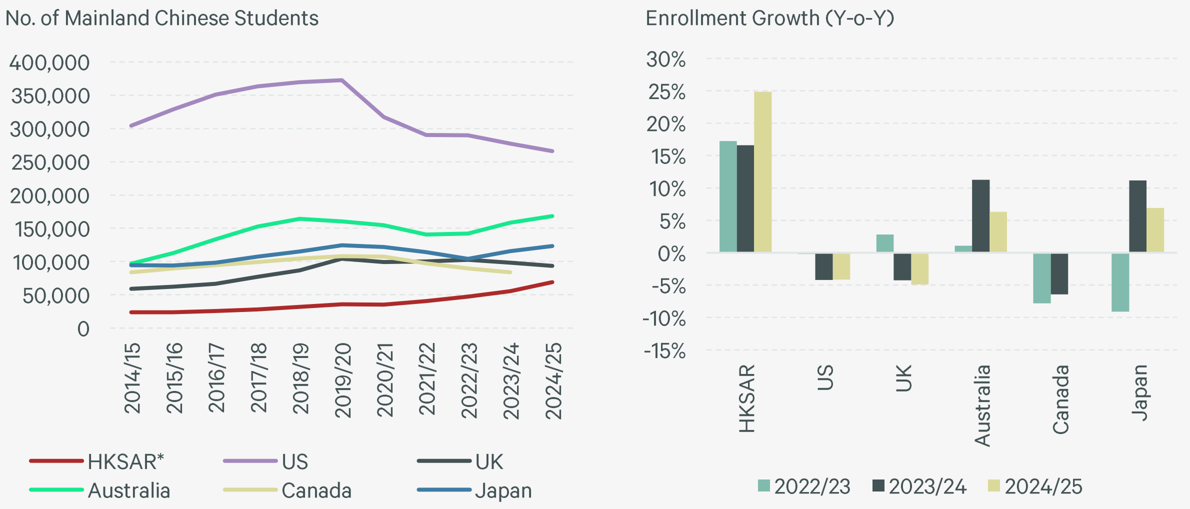
Table 1: Key Education Policy Initiatives

Policy Category	Key Policies and Measures
Destination-level Positioning and Branding	• Officially positioning Hong Kong as a premier "international post-secondary education hub". • Unifying university promotions under one master brand: "Study in Hong Kong." • Establishing a dedicated Task Force to unify branding, capacity expansion, student recruitment, and talent-retention policies under a single destination-level education strategy.
Non-local Student Intake Capacity	• Expanding non-local undergraduate intake at University Grants Committee-funded (UGC-funded) universities from 20% to 40% in 2024/25, and up to 50% by 2026/27. This means one non-local student for every two locals, boosting numbers from around 3,000 to 7,500 annually. • Allowing research postgraduate programmes to over-enrol from 100% to 120% of funded places, enabling a 20% increase in non-local research students without needing extra public funding. • Continued growth of self-financing programs lets Hong Kong universities increase non-local undergraduate and postgraduate enrolment beyond public quotas, driving faster and more demand-driven growth. • Trial expansion of non-local intake at Direct Subsidy Scheme (DSS) primary and secondary schools to capture mainland students earlier, enhancing capacity and flexibility before tertiary education.
Financial Subsidies and Scholarships	• HK$1 billion new injection into the HKSAR Government Scholarship Fund, effective from 2024/25. • HK$100 million injection into the Funding Scheme for Mainland & Global Engagement and Student Learning Experience from 2023/2024. • Belt and Road Scholarship quota increased from 100 to 150 places per year. • Hong Kong PhD Fellowship Scheme quota increased from 300 to 400 places per year.
Student Accommodation and Land Resources	• Introduction of the Hostels in the City Scheme in 2025, allowing the conversion of hotels and commercial buildings into student hostels without rezoning and with plot-ratio retention. • Provision of additional hostel sites and actively facilitate private-sector development to ensure a consistent supply of student accommodation. • Development land earmarked for the development of University Town in the Northern Metropolis, ensuring land resources for teaching, research and student housing over the medium to long term.
Post-study Stay and Talent Retention	• Continued operation of Immigration Arrangements for Non-local Graduates (IANG) visa scheme, allowing non-local graduates to remain in Hong Kong for 12 months without employer sponsorship, with subsequent extensions tied to employment. • Clear pathway toward Hong Kong permanent residency after seven years of stay.

Scale and Distribution of Non-local Enrolment Growth

Geopolitical volatility and stricter visa policies have resulted in a decline or slower growth in higher education enrolment among mainland Chinese students in major English-speaking countries. In contrast, Hong Kong's improving educational reputation and stable socio-political environment are providing reassurance to parents and students from Chinese Mainland.

Figure 3: Mainland Chinese Students Higher Education Enrollment Trends



*Assuming 75% of non-local students are mainland Chinese students.
Source: Education Bureau, UK HESA, US NCES, Statistics Canada, Australia Department of Education, Japan National Statistics Center, September 2026.

Hong Kong has made significant strides in expanding its education sector, particularly at the tertiary level. Recent policy changes have resulted in a noticeable increase in enrollment of non-local students. Currently, about 75% of non-local first-year undergraduates are from Chinese Mainland, while the remaining 25% primarily come from Southeast Asia. A small percentage of non-local students originate from Japan, Korea, and some Western nations.

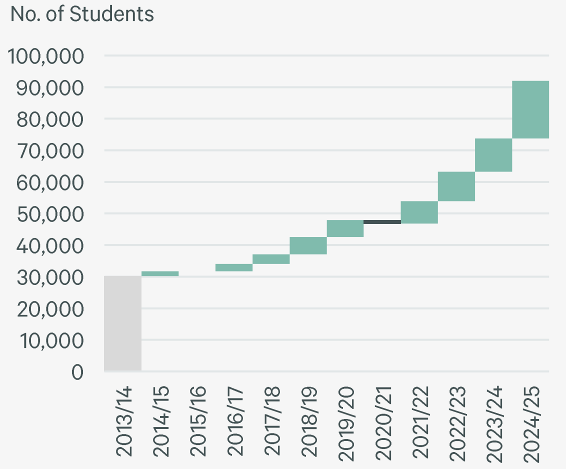
Broad-Based Growth in Non-Local Tertiary Students

The government's decision to double the non-local intake ceiling at publicly funded universities starting in the 2024/25 academic year has resulted in a swift rise in enrollments. Across the eight UGC-funded universities:

- The first-year non-local undergraduate intake increased by nearly 50% y-o-y in 2024/25, exceeding 5,500 students.
- The total number of non-local undergraduates rose to 17,161 in 2024/25, which accounts for approximately 23% of local undergraduate placements, compared to just under 20% the previous year. This figure further increased to nearly 20,100 students in 2025/26, representing a 17% y-o-y growth and 26% of total undergraduate enrollment.

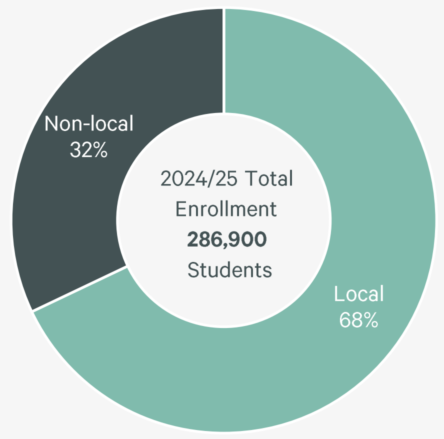
Despite these notable increases, overall non-local student enrollment still falls below the current ceiling of 40% of local enrollment, suggesting that while demand is being unlocked, there is still potential for further growth.

Figure 4: Non-local Tertiary Student Enrollment



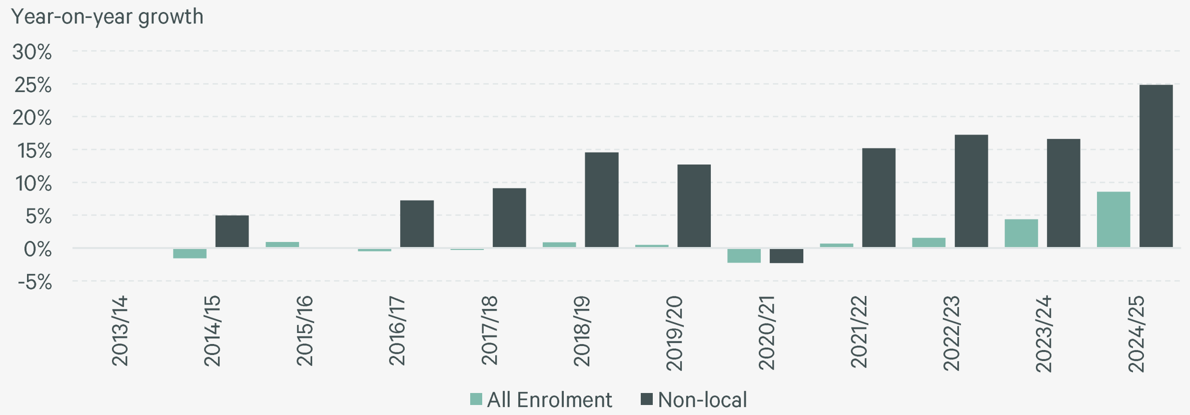
Source: Committee on Self-financing Post-secondary Education, September 2026.

Figure 5: Tertiary Student Origin



Source: Committee on Self-financing Post-secondary Education, September 2026.

Figure 6: Growth of Tertiary Enrollment



Source: Committee on Self-financing Post-secondary Education, September 2026.

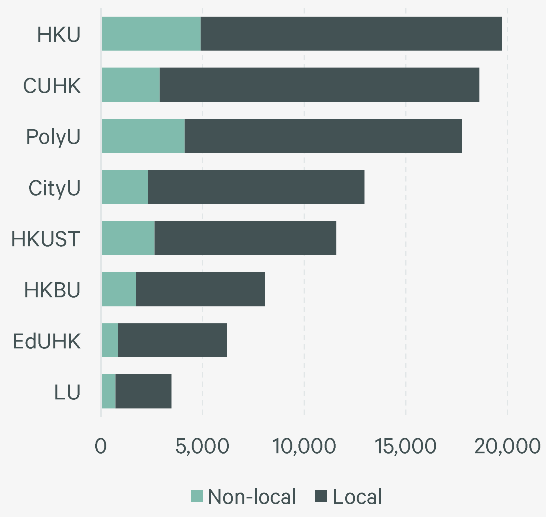
Market Share of Universities

The distribution of non-local students in Hong Kong universities is uneven, with a few institutions hosting most of them, reflecting variations in brand strength and admission capacities. The University of Hong Kong (HKU) and The Hong Kong Polytechnic University (PolyU) collectively accounted for 45% of the 20,000 non-local undergraduate enrolments in UGC-funded universities in the 2025/2026 academic year.

Highlights

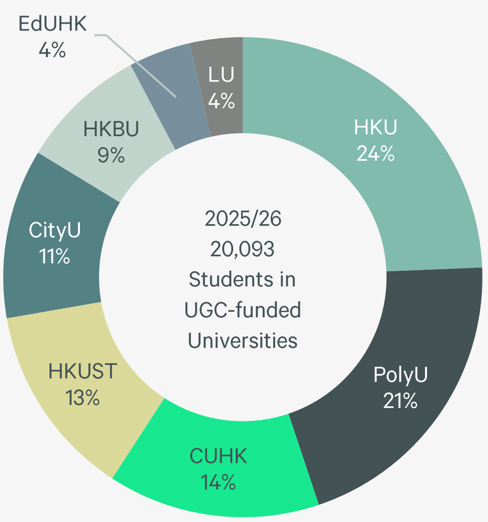
- In the 2025/26 academic year, HKU enrolled approximately 4,900 non-local undergraduates, which is around 33% of its local undergraduate base. This makes HKU the largest host of non-local students and one of the most internationally oriented institutions in the publicly funded sector.
- PolyU is the second major institution, with roughly 4,100 non-local undergraduates, accounting also for about 30% of its local undergraduate enrollment. PolyU's large non-local cohort reflects a combination of scale and breadth, as it has one of the largest overall undergraduate intakes and has historically maintained a strong presence among international students.
- The Chinese University of Hong Kong (CUHK) and the Hong Kong University of Science and Technology (HKUST) occupy a slightly different position. CUHK enrolled approximately 2,900 non-local undergraduates in 2025/26, less than 20% of its local undergraduate enrollment, while HKUST enrolled about 2,600 non-local undergraduates, about one-quarter of its local undergraduate base.
- Despite their relatively small base, both Hong Kong Baptist University (HKBU) and Education University of Hong Kong (EdUHK) have doubled their intake of non-local undergraduates in the most recent three academic years.
- In addition to the UGC-funded sector, self-financing universities and degree-awarding institutions also accommodate a meaningful population of non-local students and provide an increasingly important source of capacity growth.

Figure 7: UGC-funded Universities Total Undergraduate Enrolment 2025/2026



Source: UGC Secretariat, September 2026.

Figure 8: Distribution of Non-local Undergraduate Students



Source: UGC Secretariat, September 2026.

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Addressing Education Needs Beyond Universities

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While demand for tertiary degrees in Hong Kong is increasing, the need for primary and secondary education is also growing, despite a steep drop in local births.

Since the mid-2010s, live births in Hong Kong have sharply declined from over 60,000 annually to 31,100 in 2025, a drop of 50%. The crude birth rate is now at 4.1 per 1,000 people, with the total fertility rate below replacement level. Despite a brief increase in 2024, the decline resumed sharply in 2025. Projections indicate that the number of 12-year-olds in Hong Kong will fall from about 58,800 in 2025 to under 50,000 by 2031, highlighting a significant reduction in local school-age children.

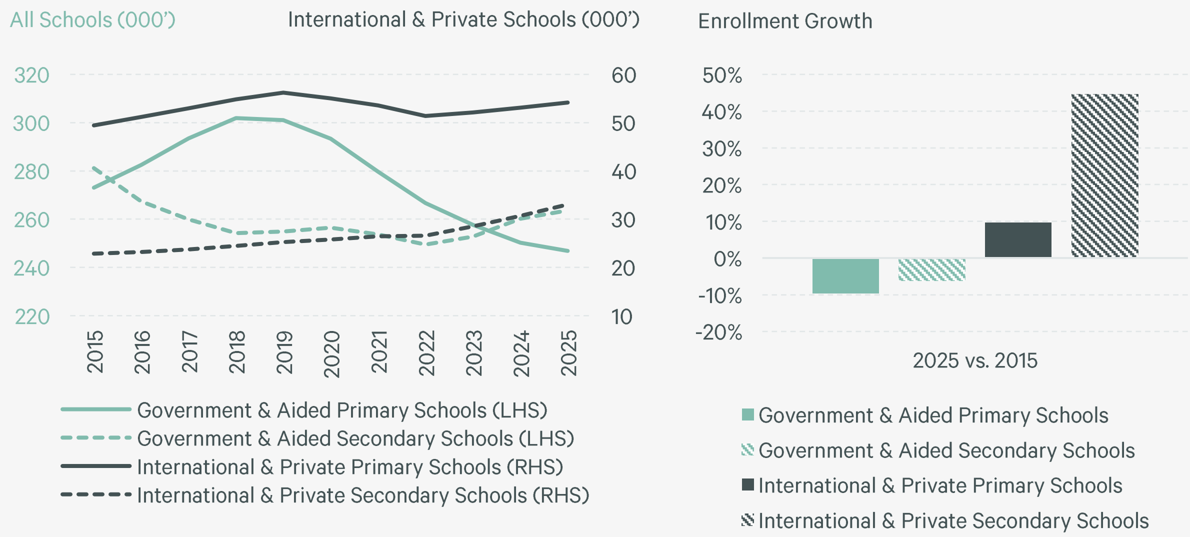
Primary school enrolments have already been affected by the declining birth rates, which have fallen for seven consecutive years since peaking in 2018. While secondary schools may begin to feel this pressure later, immigration has been driving demand for secondary school placements. This is largely due to government talent schemes launched in 2022, which have increased the number of dependent children among immigrants.

Diverging trend between private schools and government schools

Enrolments in private and international schools have been steadily growing, even prior to the implementation of the government's various talent schemes to attract skilled overseas workers. This trend continued despite a small decline during the COVID-19 pandemic. Since 2023, there has been a sizable increase in enrolments, driven by demand from the children of immigrant families.

Immigrants in Hong Kong favour international schools for their language accessibility and global curriculums, which include frameworks such as the International Baccalaureate (IB) and British GCSEs. These schools make it easier for children in transient families to adapt while also enhancing placement in global universities, as they must admit at least 70% non-local students.

Figure 9: Hong Kong Primary and Secondary School Enrollment Trends



Source: Education Bureau, September 2026.

03

Implications for Real Estate

Implications for Real Estate

Current Landscape

Pre-tertiary

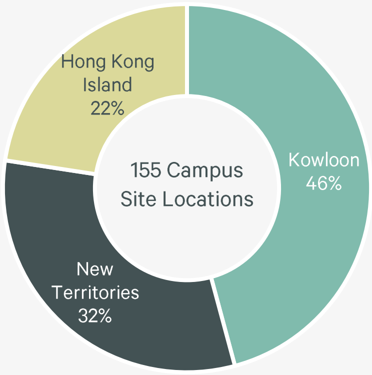
Hong Kong has a well-structured pre-tertiary education system supported by a wide network of facilities, including both primary and secondary education levels. The system features a diverse array of publicly funded schools, complemented by a select number of private and international institutions. In terms of school types, there are nearly 920 public-sector school campuses, around 70 Direct Subsidy Scheme (DSS) school campuses, approximately 80 private school campuses, and 64 international school campuses throughout the city.

The distribution of schools in Hong Kong closely matches the city's population geography. Many primary and secondary schools are situated in the New Territories, where over half of the city's population lives. This trend is expected to continue along with the development of the Northern Metropolis, which is projected to increase the New Territories' share of the city's population from 55% to 57% by the end of the decade. At the district level, schools are organised into catchment-based "school nets," reinforcing the connection between supply and demand and linking school capacity to residential distribution.

~920	~70	~80	53	64
public sector school campuses	Direct Subsidy Scheme (DSS) school campuses	private school campuses	international school brands operating across	campuses

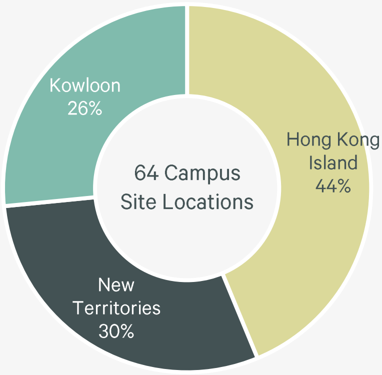
Note: the number of campuses is based on unique physical locations, irrespective of school divisions, language streams, or curriculum variants.

Figure 10: Distribution of Private and DSS Schools



Source: Education Bureau, September 2026.

Figure 11: Distribution of International Schools



Source: Education Bureau, September 2026.

Public sector schools are generally located in suburban and new town areas, while private and DSS schools are spread throughout urban locations.

Although international schools are limited in number, they are primarily found in low-density, higher-income districts such as Island South and The Peak. However, in recent years, these schools have started to expand into selected areas of Kowloon and the New Territories, where larger sites and campus-style developments are more feasible.

International schools typically operate from four main types of campuses:

Purpose-Built Campuses

These are custom-designed educational facilities that often include integrated sports and specialised amenities. Many of them are located in Kowloon or the New Territories, which offer superior land resources.

Government-Allocated School Sites

These sites are released by the government through tender or expressions of interest (EOI). They often consist of former local schools or designated educational land.

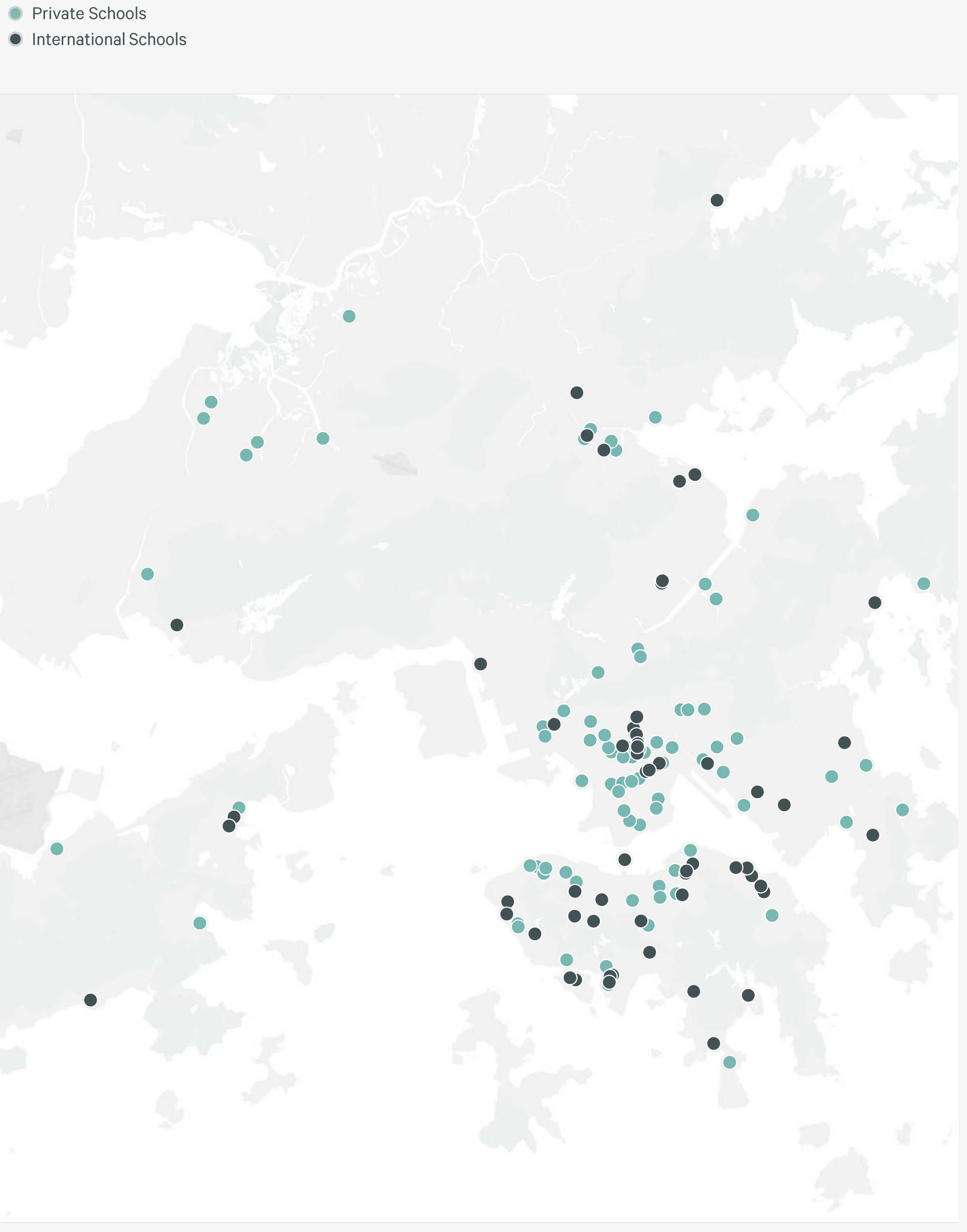
Commercial Revitalisation

This involves transforming retail podiums or other low-rise non-residential buildings into vertical school environments, a practice common in urban areas.

Temporary / Shared Campuses

These are short-term or interim facilities used during periods of expansion, redevelopment, or when entering new markets.

Figure 12: Distribution of Private and International Schools



Source: Education Bureau, CBRE Research, September 2026.

Several international schools that lack access to purpose-built campuses and government-allocated school sites are partnering with commercial landlords. These schools operate from private premises through turnkey solutions or lease options, with recent transactions indicating that effective rental rates generally fall within the HKD 10 to HKD 20 per sq. ft. range.

Some schools have invested in commercial properties for educational and administrative purposes, with total acquisition volume reaching HKD 1.0 billion over the past five years. The demand for these properties primarily comes from existing schools, which account for 50% of the transactions. This includes schools looking to expand, a school that is acquiring its currently leased premises, and another school that is purchasing office floors for its new headquarters.

Table 2: Property Transactions Involving Private or International Schools

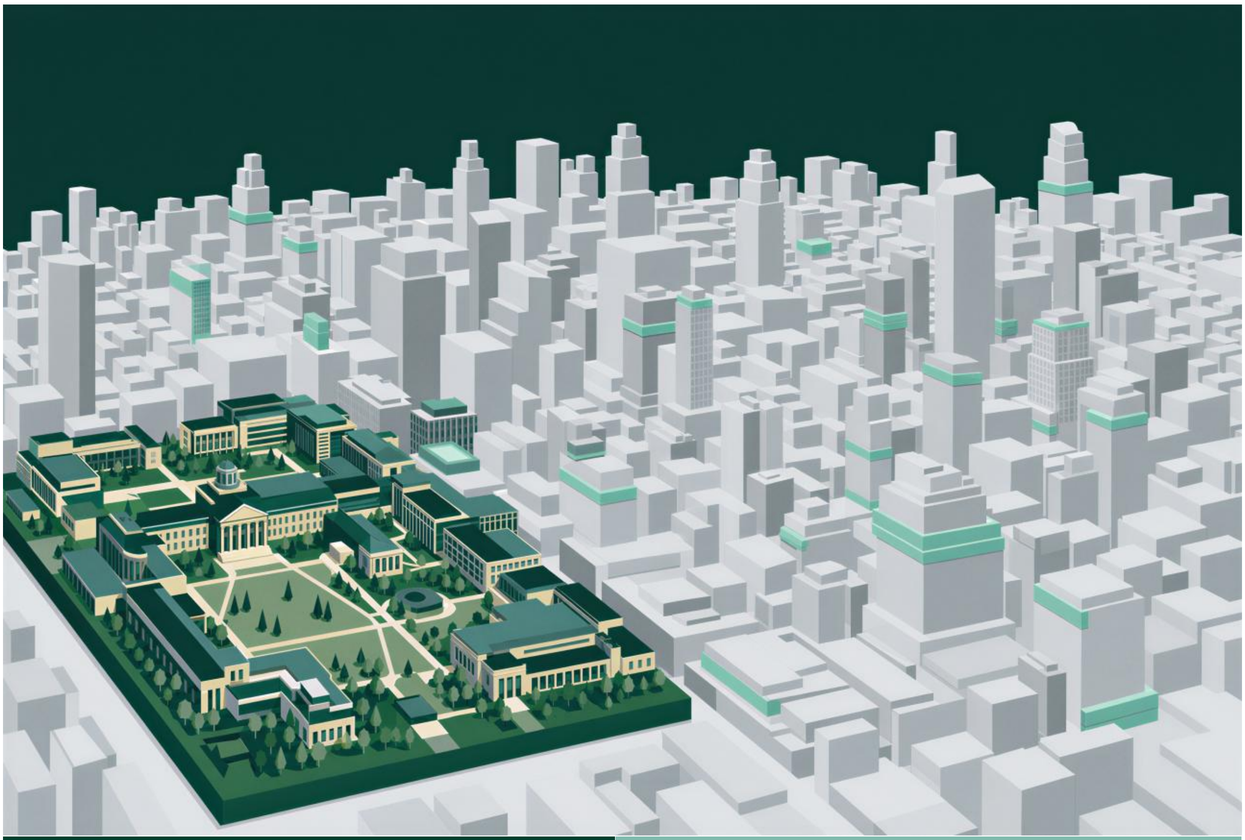
Date	Premises	Price (HKD)	Buyers / Tenants
Feb 2016	25 Man Fuk Road, Ho Man Tin	673 mil	Stamford American School*
Apr 2017	~22,000 in Cheung Kei Center, Tower A	Lease	Mount Kelly School
Mar 2019	~20,000 in Savannah Place	Lease	Yew Chung International School
Sep 2019	~37,000 sq. ft. in Hing Man Shopping Centre	Lease	Invictus International School
Feb 2021	3 Cumberland Road, Kowloon Tong	168 mil	Funful Kindergarten School
Jan 2025	12/F & 13/F, Island Place Tower, North Point	323 mil	English Schools Foundation
Mar 2025	~50,000 sq. ft. in Billionnaire Royale	Lease	Wycombe Abbey School
Apr 2025	~95,000 sq. ft. in Imperial Cullinan	Lease	Stamford American School
Jul 2025	~45,000 sq. ft. in The Bay Hub, Kowloon Bay	Lease	Kellett School
Sep 2025	~77,000 sq. ft. in Harbourfront Landmark	Lease	Nord Anglia International School
Oct 2025	~35,000 sq. ft. in Maya, Yau Tong	Lease	YK Pao School
Nov 2025	~12,000 sq. ft. in The Parkside, Tseung Kwan O	Lease	Box Hill International Kindergarten
Jan 2026	~20,000 sq. ft. in 83 King Lam Street	Lease	Christian Alliance International School
Feb 2026	En-bloc, Fugro Development Centre	122 mil	Harrow International School
Mar 2026	~88,000 sq. ft., 10 Tat Chee Avenue	Lease	Foshan Zhongshan Whampoa Star-raise School
May 2026	~70,000 sq. ft. in The Coronation, Tai Kok Tsui	Lease	St Bees Hong Kong
May 2026	G/F-4/F, Kao Shan Terrace, Taikoo Shing	400 mil	DSC International School
Aug 2026	~36,000 sq. ft. in China Life Centre, Tower B	Lease	an international school

*later sold to a local investment company on a sale-and-leaseback basis in 2022 for HK$1.34 billion.

Source: CBRE Research, September 2026.

Tertiary

At the tertiary level, Hong Kong is home to 22 degree-awarding institutions, including eight UGC-funded universities and four private universities, which contribute to a compact yet diverse higher education sector. Collectively, these universities manage about 40 major campuses and operate over 50 teaching and research sites, highlighting a multi-nodal spatial structure. These institutions are strategically distributed across the territory, with many occupying expansive and integrated main campuses. Additionally, they maintain a widespread network of satellite campuses, resulting in a varied and dynamic real estate footprint for tertiary education.



MAIN CAMPUSES	SATELLITE CAMPUSES
expansive and integrated main campuses	a widespread network of urban facilities

	INCLUDING		ABOUT	OVER
22	8	4	40	50
degree-awarding institutions	UGC-funded universities	Private universities	major campuses	teaching and research sites

In recent years, several universities in Hong Kong have started leasing and purchasing commercial real estate to develop and expand their postgraduate programmes. Since 2020, they have collectively acquired 1.2 million sq. ft. of commercial GFA, totaling HKD 12.3 billion in capital investment. This is in addition to nearly 420,000 sq. ft. of leased space committed during the period. Their interests include both en-bloc and strata-title office buildings, as well as retail podiums.

As of mid-2026, universities occupied a total of 400,000 sq. ft. in Hong Kong's Grade A office market. This figure is expected to increase to 700,000 sq. ft. in 2027 when a new building in Sheung Wan, recently sold to the University of Hong Kong, is completed, and City University takes possession of the office floors in Festival Walk.

Table 3: Major Property Transactions Involving Universities

Date	Premises	Price (HKD)	Buyers / Tenants
Jun 2020	1/F, retail podium of Novum West	459.6 mil	The University of Hong Kong
Sep 2020	Multiple floors, Billionnaire Royale	457 mil	Community College of CityUHK
Apr 2021	5/F, 888 Lai Chi Kok Road	293 mil	HKU SPACE
Jan 2022	~32,000 sq. ft. in NEO	Lease	Hong Kong Metropolitan University
May 2022	~24,000 sq. ft. in NCB Innovation Centre	Lease	HKU SPACE
Jul 2022	~16,000 sq. ft. in NEO	Lease	Hong Kong Metropolitan University
Jan 2023	~13,000 sq. ft. in NCB Innovation Centre	Lease	HKU SPACE
Apr 2024	~40,000 sq. ft. in The Millennity, Tower 1	Lease	The Hong Kong University of Science and Technology
Jun 2024	En-bloc, Urbanwood Hotel in Hung Hom	1 bil	Hong Kong Metropolitan University
Mid-2024	~17,000 sq. ft. in Exchange Tower	Lease	HKU SPACE
Mid-2024	~20,000 sq. ft. in Sheung Shui Spot	Lease	HKU SPACE
Oct 2024	~31,000 sq. ft. in Manulife Financial Centre	Lease	The Hong Kong University of Science and Technology
Nov 2024	~23,000 sq. ft. in Kingston International Centre	Lease	HKU SPACE
Nov 2024	En-bloc, Cheung Kei Center	2.65 bil	Hong Kong Metropolitan University
Dec 2024	Toyo Mall, Inter-Continental Plaza	880 mil	City University of Hong Kong
Jul 2025	Multiple units, B/F, T Plus	117 mil	Lingnan University
Aug 2025	4/F, United Centre	354.4 mil	The Hong Kong University of Science and Technology
Nov 2025	~21,000 sq. ft. in The CENDAS	Lease	HKU SPACE
Nov 2025	11/F, Metropole Square	90 mil	The Hang Seng University of Hong Kong
Dec 2025	Office Portion, Festival Walk	1.96 bil	City University of Hong Kong
Jan 2026	~11,000 sq. ft. in Admiralty Centre, Tower 2	Lease	HKU SPACE
Feb 2026	~18,000 sq. ft. in CITIC Tower	Lease	HKU SPACE
Mar 2026	En-bloc, 92-103A Connaught Road West	3.93 bil	The University of Hong Kong
Apr 2026	12/F, Metropole Square	115 mil	The Hang Seng University of Hong Kong
Apr 2026	~40,000 sq. ft. Le Billionaire	Lease	Lingnan University
Jul 2026	~113,000 sq. ft. in Grand Central Plaza, Tower 2	Lease	The Chinese University of Hong Kong

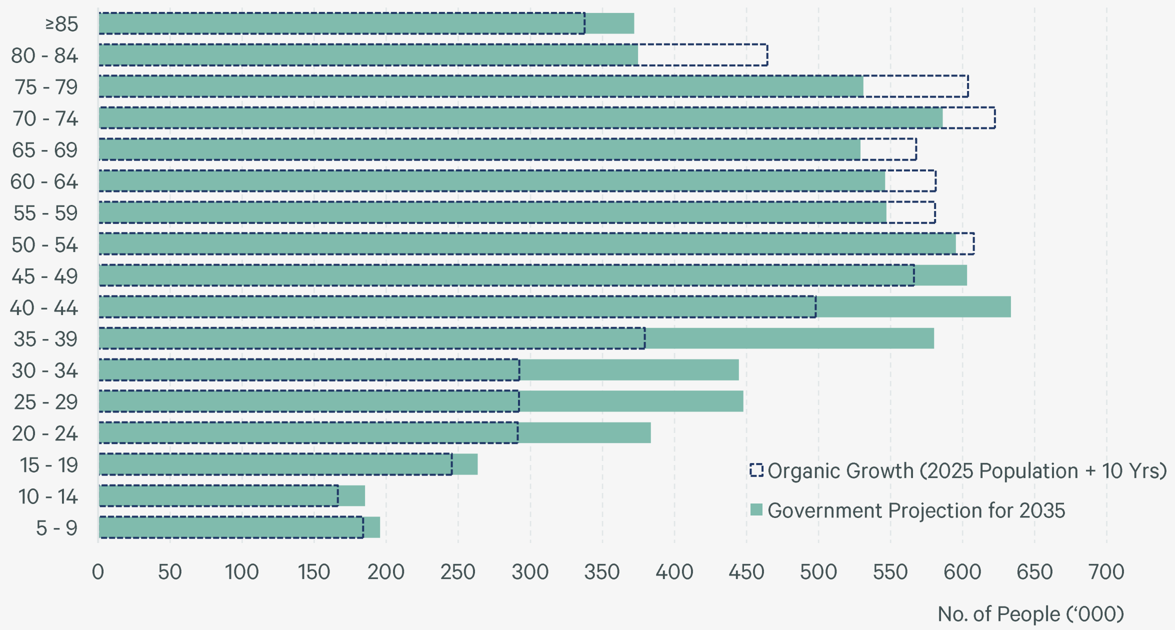
Source: CBRE Research, September 2026.

Future Demand

Influx of younger generations

Since the rollout of the government's various talent admission schemes in 2023, over 170,000 dependent children have been approved entry to Hong Kong. This influx has increased demand for school placements, particularly in international and leading local institutions, compensating for the decline in local birth rates. Meanwhile, over 230,000 student visas were approved in 2023-2025, a figure double the previous three-year period, as the government raised the quota for non-local students in higher education.

Figure 13: Population Projection by Age Band



Source: Census and Statistics Department, September 2026.

CBRE comparison of the organic growth of the city's current population with the government's projections indicates there will be a continuous influx of younger generations into Hong Kong. If the city's current population is projected forward by ten years, there will be 1.2 million people in the 5-29 age group, which is 300,000 fewer than the government's forecast for 2035. This discrepancy suggests a potential inflow over the next decade and signals the need for additional campuses and student accommodations to support educational growth. The sizable gap in the 20-29 age cohort highlights not only demand for tertiary education, but also future need for schools, as some of these individuals may eventually opt to establish careers in Hong Kong and eventually form households in the city.

The future of Hong Kong's education system is expected to gradually shift from being primarily locally driven to increasingly relying on migrants and overseas students. This trend will become more prominent as China, and consequently Hong Kong, deepens its engagement with the Belt & Road countries and as the Study in Hong Kong campaign gains traction. This pattern presents an opportunity for the city's educational institutions and emphasises the need for more school campuses, support offices for teachers and academics, and student accommodation.

Pre-tertiary

Recent migration patterns and conservative estimates suggest that demand for pre-tertiary international school places from non-local families will be around 3,000 to 4,000 students per year, assuming annual approvals of dependent visas for children will diminish from the peak of 50,000+ in 2023-2024 when the talent schemes were implemented to 25,000-30,000 per year (Figure 14). Over the long term, this could result in an **additional 15,000 to 20,000 students by 2030 and 30,000 to 40,000 students by 2035**, assuming a baseline scenario. This increase would represent 18% to 40% of current system capacity. These estimates are based solely on the inflow of permanent migrants and expatriate workers, and do not account for additional demand from purely non-local educational enrolment or organic demand from local families.

Figure 14: Potential Demand for International Schooling

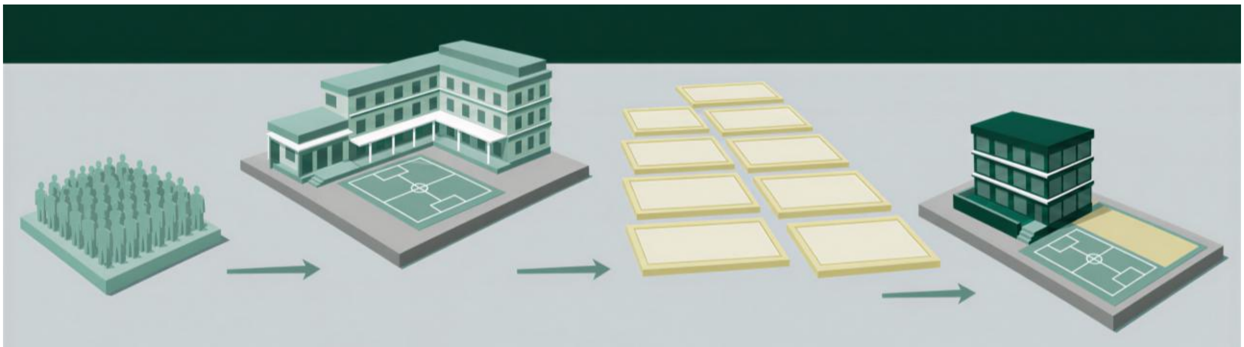
25,000 – 30,000
new dependent
children per year

50%
study in HK
(12,500 – 15,000
new demand per year)

25%
opt for international schools
(3,000 – 4,000)

15,000 – 20,000
cumulative new demand
by 2030

30,000 – 40,000
cumulative new demand
by 2035

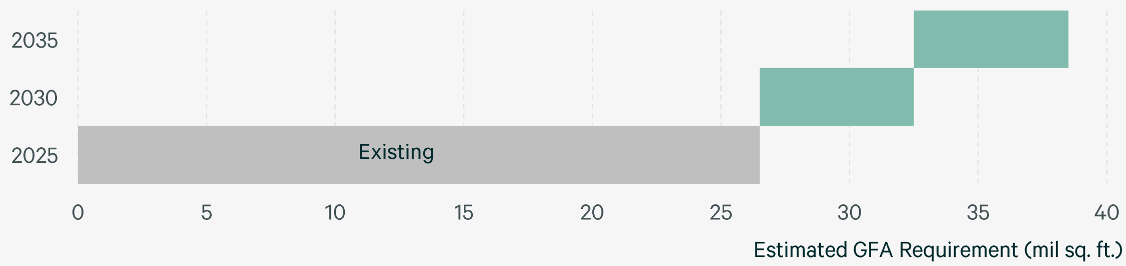


STUDENTS	CAMPUSES	SITE AREA	GFA
	roughly 800 students per campus	100-200 sq. ft of site area per student	a plot ratio of 1.5
an additional 15,000 to 20,000 students by 2030 and 30,000 to 40,000 students by 2035	an additional 20-25 campuses by 2030 and 40-50 campuses by 2035	this requirement would need 1.5 to 4.0 mil sq. ft. of site by 2030 and 3.0 to 8.0 mil sq. ft. by 2035	up to 6 mil sq. ft. school GFA by 2030 and up to 12 mil sq. ft. school GFA by 2035

Most purpose-built international schools operate at a scale of around 600 to 1,000 students, with a midpoint of roughly 800 students per campus for a typical full-through K–12 institution. Outliers stretch to 300–600 students at the lower end and 1,200-1,500 at the upper end. If these parameters are applied to the earlier demand projections of 15,000–20,000 additional students by 2030 and 30,000–40,000 by 2035, this implies **a requirement for roughly 20–25 additional campuses by 2030 and 40–50 by 2035** under base case assumptions. Given low vacancy in existing international schools, much of this new demand will need to be addressed through the establishment of new schools.

Purpose-built international schools in Hong Kong typically occupy sites ranging from 1 to 2 hectares (approximately 100,000 to 200,000 sq. ft.), which is roughly equivalent to 100–200 sq. ft. of site area per student. If demand for 15,000 to 20,000 additional student places arises by 2030, this would require 1.5 to 4.0 million sq. ft. of site area. By 2035, should cumulative demand reach 30,000 to 40,000 students, this requirement would increase to 3.0 to 8.0 million sq. ft.. CBRE's findings indicate that many modern international schools are constructed with a plot ratio of 1.5. Such a format **could yield up to 6 million sq. ft. of campus GFA by 2030 and up to 12 million sq. ft. by 2035.**

Figure 15: Pre-tertiary Campus Demand*



*Private and international schools only; based on a site area of 200 sq. ft. per student and a plot ratio of 1.5.
Source: CBRE Research estimate, September 2026.

Tertiary

Hong Kong's tertiary education sector is expected witness substantial expansion, primarily driven by non-local demand rather than domestic demographic growth. The government estimates that the population of individuals aged 20 to 29 in Hong Kong will increase by approximately 138,000 by 2035. However, this projection reveals a significant discrepancy compared to the current population of those aged 10 to 19, suggesting that the increase will largely result from a net inflow of immigrants.

The expansion of the non-local admission cap to 50% at publicly funded universities aims to counter the decline in enrolment, with non-local students expected to make up one-third of undergraduates in four years.

Non-UGC funded programmes already account for over 60% of total tertiary enrolment, primarily driven by 20% annual growth in non-local enrolment in taught postgraduate programmes, which face no government quotas. Despite potential slowdowns due to limited resources, this segment is projected to dominate enrolment, even with a reduced growth rate of 10%.

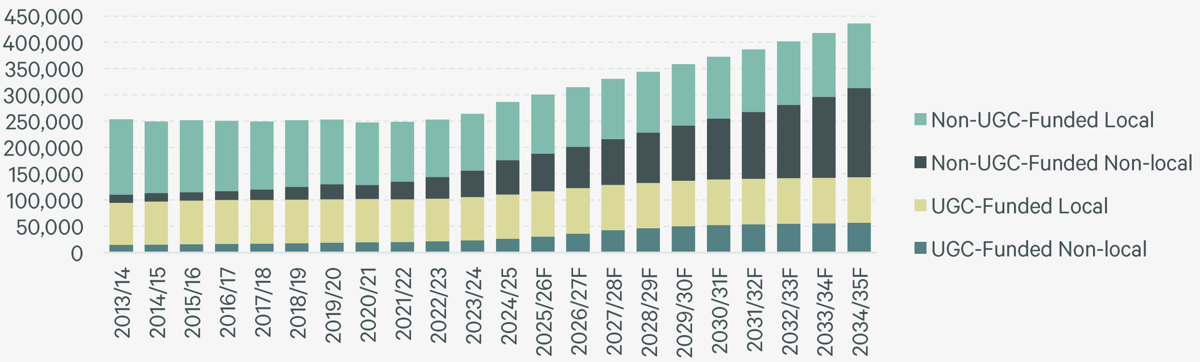
In contrast, local student enrolment has decreased by 2% annually over the last five years. However, the rise in children of immigrant families becoming local students could lead to modest growth in local enrolment starting in the 2024/25 academic year.

Figure 16: Sensitivity of Non-UGC Tertiary Enrolment Growth on Additional Tertiary Enrolment by 2035

CAGR of Non-UGC **Local Students** \ CAGR of Non-UGC **Non-local Students**	6%	8%	10%	12%	14%
-2%	65k	89k	117k	151k	190k
-1%	74k	98k	127k	160k	200k
0%	85k	109k	138k	171k	210k
1%	97k	121k	**149k**	183k	222k
2%	109k	133k	162k	195k	235k

Source: CBRE Research estimate, September 2026.

Figure 17: Total Tertiary Enrolment



Assumptions: UGC-funded enrolments incorporate generic growth and additional non-local enrolments from the expanded 20% to 50% quota. Non-UGC-funded enrolments apply a 1% CAGR for local students and a 10% CAGR for non-local students.
Source: Committee on Self-financing Post-secondary Education, September 2026.

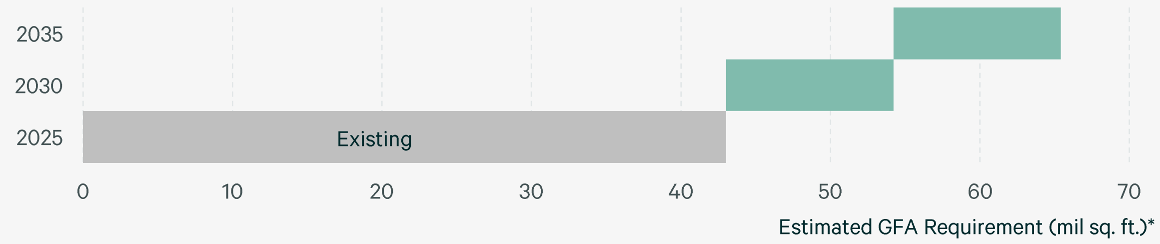
The postgraduate segment is expected to be the main driver of growth, fuelled by strong regional demand, particularly from mainland China, along with the scalability of taught master's programmes. Conservative assumptions of sustained growth indicate **postgraduate enrollment could increase by 7%-8% p.a. and hence 70,000 to 100,000 students by 2035, leading to total growth in tertiary demand of 100,000 to 150,000 students.**

This surge in external demand will **generate approximately 30-40 million sq. ft. of total space requirements by 2035, with 45% driven by the need for student accommodation.**

Campus Requirements

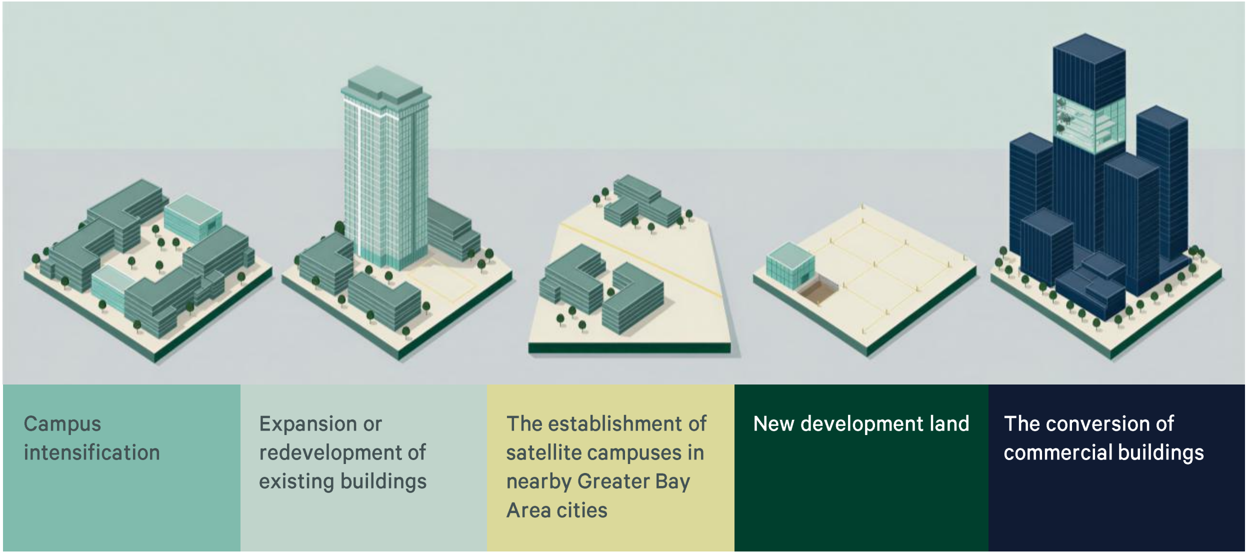
Universities typically require around 100 to 150 sq. ft. for each undergraduate student and 120 to 200 sq. ft. for each postgraduate student, reflecting differences in teaching intensity and research needs. Assuming an average of 150 sq. ft. per student, **the projected increase in enrollment could generate demand for approximately 15 to 23 million sq. ft. of additional academic GFA by 2035.**

Figure 18: Tertiary Campus Demand



*based on 1% CAGR for non-UGC local students, 10% CAGR for non-UGC non-local students, and 150 sq. ft. GFA per student.
Source: CBRE Research estimate, September 2026.

Some of this demand could be met through campus intensification, expansion or redevelopment of existing buildings, and the establishment of satellite campuses in nearby Greater Bay Area cities. Remaining requirements would necessitate new development land, primarily in the Northern Metropolis and the conversion of commercial buildings. The latter approach is especially suitable for postgraduate programmes, as many students are already employed in commercial districts.



Student Accommodation

The accommodation needs of students must be addressed, especially as the number of non-local students is expected to significantly increase in the coming years. Based on projected enrollment figures, **total demand for student housing is estimated to reach around 140,000 by 2030 and around 175,000 beds* by 2035, widening the demand-supply gap to nearly 74,000 beds in 2030. This demand translates to a requirement for approximately 14 million sq. ft. of accommodation GFA by 2030 and 17.5 million sq. ft. by 2035.** The private residential market is currently below frictional levels and lacks sufficient capacity to meet additional demand.

To meet this demand, the government has launched the Hostels in the City scheme, which aims to enhance accommodation for non-local students by converting underutilised commercial properties into hostels. Additionally, the government is streamlining planning processes and encouraging universities to partner with the private sector to create more off-campus housing options. Efforts are also underway to identify suitable government sites for Purpose-Built Student Accomodation (PBSA).

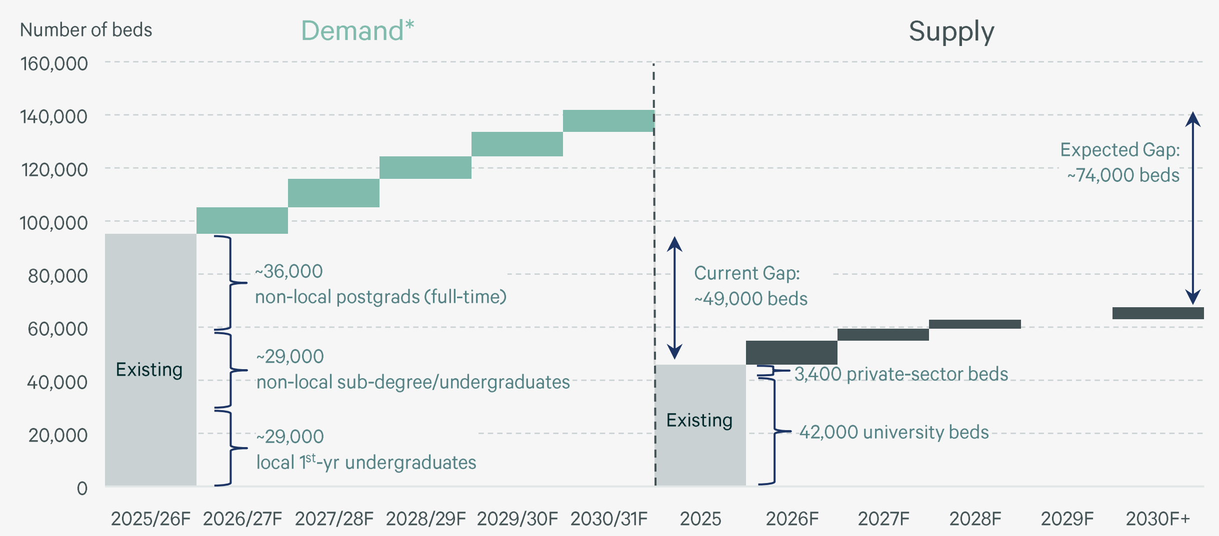
These policies facilitate the entry of private investors into the PBSA market by encouraging projects such as conversions of hotels and office buildings. The government is promoting a shift toward a market-driven model, where more accommodation will be provided by private investors. However, while these measures will partially satisfy current robust demand for student housing, they will not fully resolve the current shortage. This ongoing undersupply is likely to keep PBSA occupancy rates high and rents growing.

As of mid-2026, there are around 9,500 private PBSA beds in Hong Kong. An additional 4,500 beds are in the pipeline but still awaiting approval under the Education Bureau's Hostels in the City Scheme. The government has also designated three sites for potential student hostel development, which, if tendered, could provide an additional 4,500 beds.

This pipeline supply should ensure total stock of student beds reaches 66,000 by 2030; a level still far from meeting estimated demand. While some universities may have sufficient resources to construct on-campus dormitories, remaining demand, which is likely to be considerable, will need to be met by the private market.

* assuming first-year local undergraduate students and all full-time non-local students will stay in student accommodation.

Figure 19: Supply-Demand Gap in PBSA

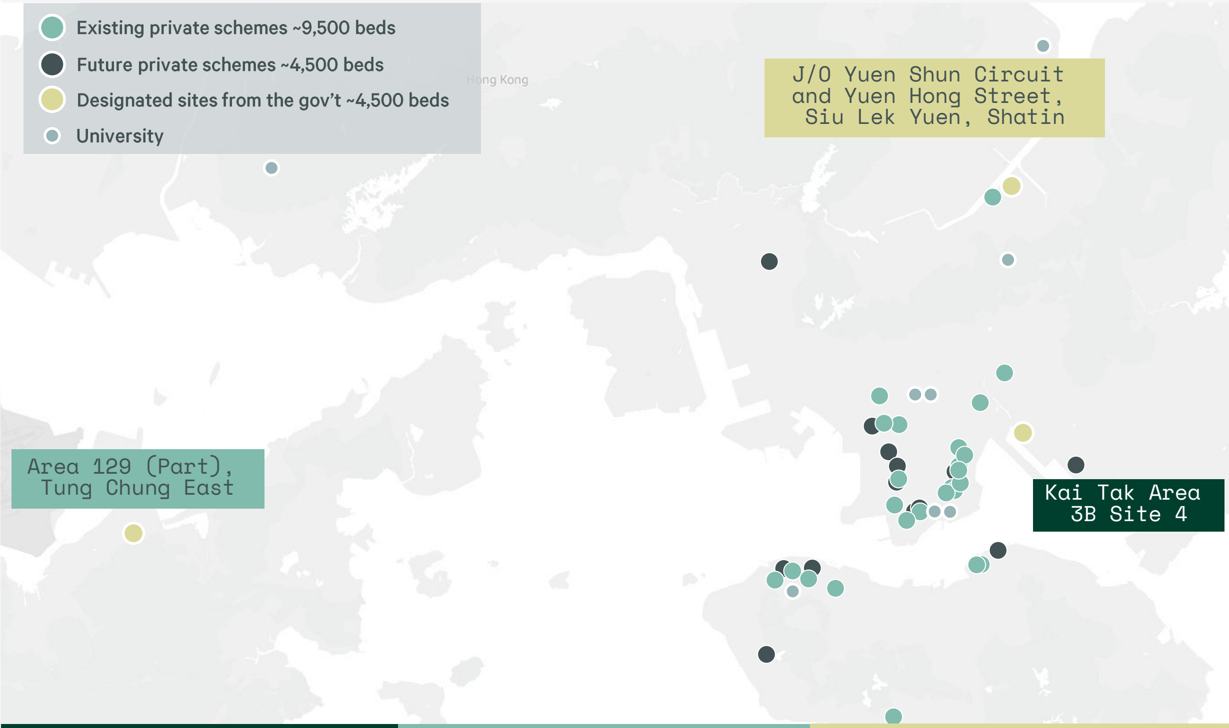


Source: CBRE Research estimate, September 2026.

Table 4: Major Future Supply of PBSA Schemes

District	Scheme	No. of Beds	Investor/Operator	Year
Southern	Middleton Towers	1,350	University of Hong Kong	2028
Kwai Chung	Hotel COZi · Oasis	900	CR Longdation/iRent	2026
Kowloon East	LT Tower	517	Lai Tak Group	2027
Yau Tsim Mong	Hotel Ease · Mong Kok	299	Wang On Group & Angelo Gordon	2026
Yau Tsim Mong	The Bauhinia Hotel	147	Man Wah Holdings	2026
Yau Tsim Mong	Office Plus @ Mongkok	276	Hip Shing Hong	2027
Yau Tsim Mong	One Bedford Place	500	Wee Hur	2028
Hong Kong East	M1 Hotel North Point	138	LINKo Living	2026

Figure 20: Current and Future Supply of PBSA



Kai Tak Area 3B Site 4

Zoning:	C(1)
Site Area:	0.74 ha
Plot Ratio:	5.8
Height Restriction:	80mPD
Est. GFA (sq. ft.)	462,848
EOI Invitation	Q1 2026
Expected Tender	2026-27

Area 129 (Part), Tung Chung East

Zoning:	C(1)
Site Area:	0.25 ha
Plot Ratio:	9
Height Restriction:	160mPD
Est. GFA (sq. ft.)	247,570
EOI Invitation	Q1 2026
Tender	2026-27

J/O Yuen Shun Circuit and Yuen Hong Street, Siu Lek Yuen, Shatin

Zoning:	C(1)
Site Area:	0.11 ha
Plot Ratio:	9.5
Height Restriction:	120mPD
Est. GFA (sq. ft.)	107,639
EOI Invitation	Q1 2026
Expected Tender	2026-27

Source: Development Bureau, CBRE Research, September 2026.

04

Strategic Advice for Educational Institutions, Commercial Landlords and Investors

Strategic Advice for Educational Institutions, Commercial Landlords and Investors

The education sector is poised to grow significantly in Hong Kong in the coming years, establishing itself as a key driver of real estate demand and emerging as one of the most attractive investment themes. This presents a unique opportunity for institutional investors to gain exposure to a long-term growth sector while enabling landlords to reposition underutilised assets and stabilise income.

Educational institutions in Hong Kong, such as international schools and universities, often require significant space, prefer long leases, and exhibit strong financial stability. Unlike traditional commercial tenants, the education sector is less impacted by economic fluctuations and aligns closely with government policy and demographic trends, making educational properties akin to a quasi-infrastructure asset class. For landlords, this offers the chance for stable, long-term income while reducing exposure to cyclical leasing risks.

Options for Education Institutions

With limited land available in Hong Kong, a significant portion of future demand will need to be addressed through the revitalisation of existing real estate assets rather than by developing new properties. This situation presents clear opportunities for repositioning across various asset classes, including:

Office buildings

Many non-Grade A or decentralised office spaces can be converted into satellite university campuses or continuing education centres, taking advantage of their building features and easy accessibility in established commercial areas. With the appropriate scale and building specifications, some of these buildings can also foster an ecosystem that integrates teaching, administration and living function for universities.

Retail podiums

Retail podiums, particularly neighbourhood assets where sales are declining, can be repurposed into international school campuses or early education and extracurricular facilities. These properties benefit from larger floor plates and their proximity to residential communities.

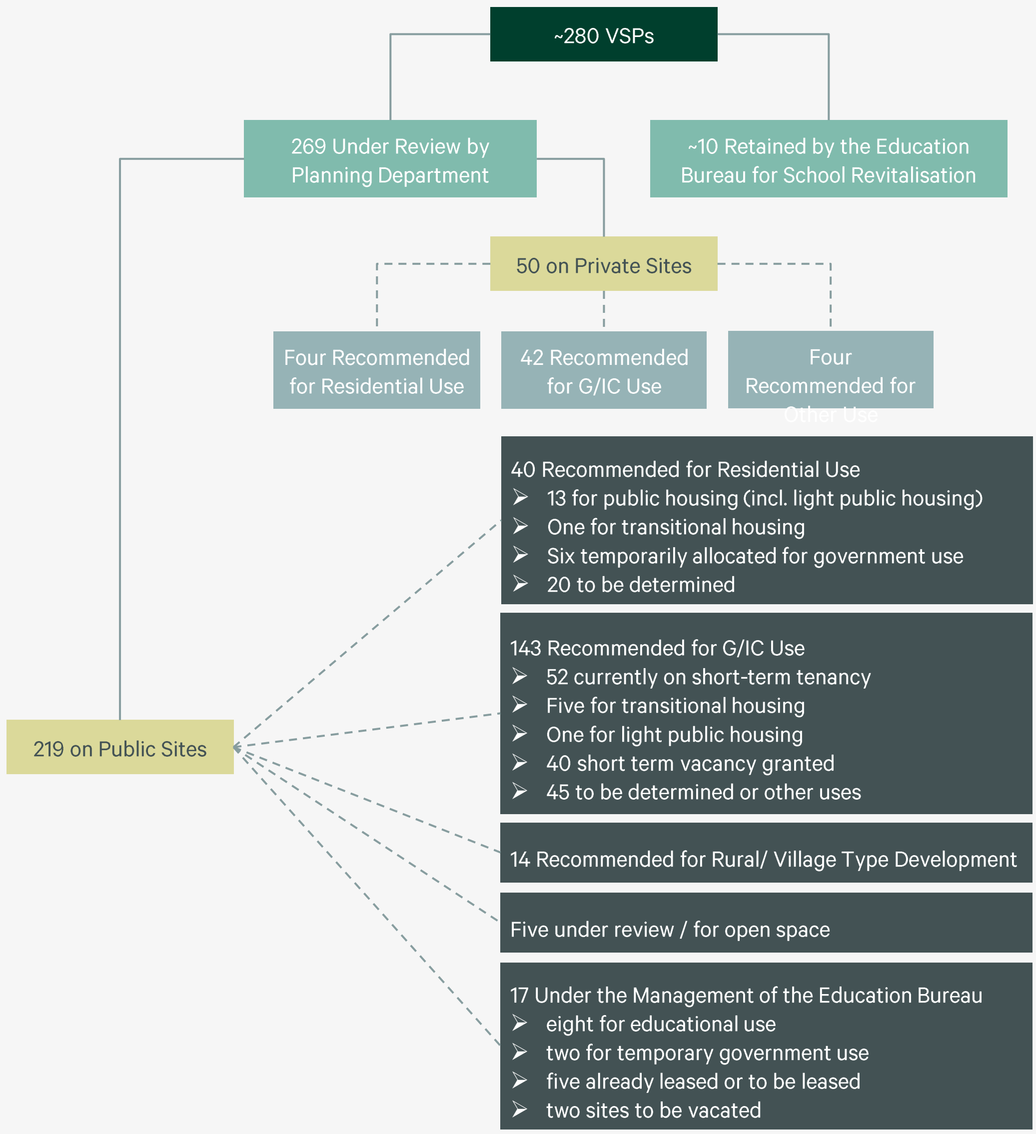
Hotels and single-owned residential blocks

These two asset classes offer the most immediate and scalable opportunities for conversion into PBSA. Their existing room layouts, service infrastructure, relatively short conversion timelines, and lower capital expenditure requirements make this transition feasible.

Redundant school sites

In recent years, many local schools have closed due to declining enrollment, leaving around 280 vacant buildings. The Planning Department is reviewing their future use, with most properties expected to be repurposed into non-educational use. While the Education Bureau may lease some buildings to operators at low rents, most have been allocated to publicly-funded schools rather than privately-run international schools.

Figure 21: Current State of Vacant School Premises (VSPs)



Source: Planning Department, Education Bureau, CBRE Research, September 2026.

Although Hong Kong's limited land resources can complicate public land acquisition for schools, the vacancy challenges faced by some retail landlords offer opportunities. While regional malls are in demand, smaller shopping arcades in decentralised neighbourhood areas often struggle with weak occupancy. This enables schools to negotiate favourable terms for utilising commercial podiums, either partially or in their entirety.

While demand for office leasing in the CBD is showing signs of recovery, high vacancy in other commercial districts continues to create a favourable environment for tenants. This presents strategic opportunities for universities seeking to expand their satellite campuses for postgraduate programmes, as landlords are incentivised to offer competitive rents and fit-out subsidies to attract stable, long-term tenants. Universities with adequate capital are also positioned to consider property acquisitions, capitalising on market conditions that currently favour end-users and potentially enhancing their long-term operational stability.

Execution Strategy for Investors

As highlighted in CBRE's *Vertical Urban Ecosystems: Reinvigorating Hong Kong's Office Buildings* report published in 2025, the future of commercial real estate in Hong Kong depends on reconfiguring single-use buildings into integrated, multi-functional ecosystems that adapt to changes in demand. Education possesses particularly valuable anchor use, capable of transforming underutilised commercial properties into vibrant, vertically integrated education ecosystems. Instead of viewing education tenants as traditional occupiers, landlords should adopt a platform-oriented approach, creating buildings that play host to holistic environments that foster teaching, living, and community interaction, all within a single asset.

Platform-Oriented Approach to Asset Management

This approach requires property owners to move beyond passive leasing to actively designing and managing buildings as vertical campuses. In these ecosystems, academic space, student accommodation, and lifestyle amenities coexist in a layered configuration. Lower floors could feature lecture theatres, classrooms, or training facilities; mid-level floors might include administrative and collaborative spaces; and upper floors could serve as student residences or co-living units, supported by shared amenities such as dining, fitness, and social areas. This strategy enhances value not only through tenancy but also by promoting the interaction of complementary uses that increase demand and utilisation.

UPPER FLOORS

student residences or co-living units

MID-LEVEL FLOORS

administrative and collaborative spaces

SHARED AMENITIES

dining, fitness, and social areas

LOWER FLOORS

lecture theatres, classrooms, or training facilities

This model requires early-stage collaboration with education providers, enabling landlords to tailor spatial design and operational features to meet institutional requirements. This includes optimising floor plate configuration for educational use, integrating building services to support academic activities, and designing residential components that cater to the needs of the non-local student population. By incorporating these elements at the outset, these assets become essential components of the education value chain, increasing tenant retention and enabling longer lease durations with lower vacancy risk.

CBRE believes this ecosystem approach can enable landlords to tap into multiple sources of demand within a single asset, enhancing income diversity and resilience. It creates a self-reinforcing demand cycle, where the presence of academic institutions boosts residential occupancy, and vice versa.

This evolution indicates a shift toward platform-based real estate strategies. In this model, value is generated not only from individual properties, but also from integrating portfolios of education-linked assets. Landlords and investors which successfully adapt their properties into these ecosystems can unlock operational efficiencies and increase their valuations, while also aligning with the government's broader policy objective of augmenting its status as a regional education hub.

In this context, transitioning from a traditional landlord to a platform provider is not merely a tactical response to vacancy; it represents a strategic repositioning towards a new urban model where education is a central driver of asset relevance and long-term performance.

Investment Implications

Education-linked assets enhance portfolio diversification and show lower correlation with traditional office or retail markets, improving investment resilience. In Hong Kong, investing in education-linked real estate offers compelling opportunities for various investors, aligned with their risk-return objectives.

Core and Income-Focused Investors

For core and income-focused investors such as pension funds and insurance capital, stabilised campus assets or PBSA portfolios offer long-duration, predictable cash flows, backed by strong institutional demand. These assets typically exhibit high and stable occupancy rates (usually over 90%) and develop a defensive income profile that benefits from recurring demand cycles.

Core-Plus Investors

Core-plus investors can tap into growth by targeting operational student housing platforms. These investments allow for the potential of higher yields and gradual rental uplift, driven by the increasing enrollment of non-local students, who have a significant need for housing. Properties located close to campuses, particularly those with direct MTR access, are best positioned to capture this demand.

Value-Add and Opportunistic Investors

For value-add and opportunistic investors, there are substantial opportunities to capitalise on underperforming office, retail, or hotel assets by repurposing them for educational use. This strategy enables investors to arbitrage between depressed entry pricing and stabilised long-term value. The repositioning process enhances performance through consistent income resilience and capital appreciation. Education users typically engage in long lease tenures, while student housing benefits from frequent leasing cycles and high occupancy, ensuring stable cash flow even during economic downturns.

CORE AND INCOME-FOCUSED

stabilised campus assets or PBSA portfolios

CORE-PLUS

operational student housing platforms

VALUE-ADD AND OPPORTUNISTIC

repurposing underperforming office, retail, or hotel assets for educational uses

Exit Strategies and Future Outlook

Education real estate offers flexible exit pathways that enhance investment liquidity. Value-add investors can stabilise repositioned assets and sell to core buyers in search of defensive income streams.

Multiple assets can also be aggregated into larger portfolios or platforms, especially in student housing, to attract institutional capital or strategic buyers. As the sector matures, opportunities for securitisation (e.g. REIT) or other portfolio-level exits may emerge, mirroring trends seen in more developed student housing markets globally.

A key concern for potential investors in Hong Kong's emerging PBSA sector is the viability of exit strategies post-development. Although this is still a new asset class locally, experience from abroad indicates that this worry will lessen as the market matures. In established markets such as the UK, Australia, Europe, and North America, PBSA has transitioned from a niche offering to a recognised institutional asset class, attracting significant capital from various investors such as private equity firms and pension funds.

These mature markets exhibit numerous exit options, ranging from single asset sales to large-scale platform transactions. Value creation also extends beyond the buildings themselves, with investors acquiring operating platforms, management expertise, and networks of assets in university cities. This allows sponsors to enhance value through portfolio aggregation, which is particularly promising for Hong Kong, given the robust long-term demand for PBSA.

Table 5: Recent Transactions Involving PBSA in Major University Markets

Year	Market	Assets/Platforms	Investors	Consideration
2020	UK	iQ Student Accommodation (~30,000 beds)	Blackstone	~GBP 4.6 bil
2021	UK	Nido Portfolio (~2,200 beds)	Greystar	~GBP 291 mil
2022	US	American Campus Communities (~110,000 wholly-owned beds and ~31,000 managed beds)	Blackstone	~US$ 12.8 bil
2023	Australia	Student One (~2,300 beds)	Blackstone	~AUD 500 mil
2025	Australia	Accolade Portfolio (~4,000 beds)	Greystar	~AUD 1.6 bil
2025	Spain	Livensa Living (9,000+ beds)	Nido Living	EUR 1.2 bil

Source: various sources, CBRE Research, September 2026.

Singapore-listed developer Wee Hur Holdings was among the first to recognise the potential of PBSA in Asia. Through Wee Hur Capital and various partnerships, the company built a significant portfolio of student accommodation in Australia, positioning itself as a leading PBSA investor. Instead of focusing on quick sales of individual properties, Wee Hur adopted a platform-building strategy, assembling a portfolio of assets across multiple university cities to enhance scale and operational efficiencies. This strategy illustrates that value in PBSA is best realised through portfolio assembly and institutionalisation rather than trading single assets.

CBRE believes the ideal long-term exit strategy in Hong Kong may be creating education-living platforms that attract regional and global investors looking to tap into the city's growing education sector. With the projected demand and supply gap for student accommodation expected to reach 74,000 additional beds by 2030 and potentially even more by 2035, the market offers significant opportunities for portfolio development and institutional investment. As more assets become available and operational expertise grows, the pool of potential buyers will likely broaden beyond local investors to include specialist PBSA operators and global investment firms. Hong Kong is at a position where Australia or parts of Europe were a decade ago, where the focus is not if liquidity will emerge, but how quickly a critical mass of assets can be assembled.

In summary, education-linked assets in Hong Kong not only provide attractive in-place returns but also present multiple avenues for capital realisation, making them an important strategic investment allocation within the evolving property landscape.

Other Considerations

While education-linked real estate in Hong Kong presents a compelling investment opportunity, potential buyers must carefully navigate a range of structural and execution risks that could impact both demand realisation and asset performance.

Policy Dependency

Demand in this sector largely hinges on favourable government policies, particularly regarding university placements, which significantly rely on non-local students. Any alterations in immigration policies, visa regulations, or student admission quotas could dramatically affect the inflow of students. Additionally, while geopolitical tensions may act as a push factor, Hong Kong faces stiff competition from other education hubs such as Singapore and Australia. These markets are enticing international students through favourable policies and institutional expansions, which could further influence demand dynamics in the medium term.

Regulatory Compliance

From an asset management perspective, the conversion and operational risks associated with transforming office, retail, or hotel properties into educational facilities are crucial considerations. This repositioning often necessitates securing planning approvals and adhering to stringent building, fire safety, and educational facility standards. Such requirements frequently lead to significant capital expenditure and can introduce uncertainty regarding project timelines and return on investment.

Strategic Alliance

Success in the student accommodation segment is not only contingent on location but also on achieving economies of scale and operating effectively. Operational outcomes and returns can vary considerably between managing individual assets and a portfolio of properties or between direct ownership operations and engaging professional operators. If external operators are involved, their quality can significantly influence the overall reputation of the portfolio.

While education-linked real estate in Hong Kong exhibits promising long-term fundamentals, it carries inherent risks. Investors should adopt a disciplined underwriting approach, prioritising prime locations near established education clusters. Collaborating with reputable operators or institutions and maintaining flexibility in asset use are vital strategies to mitigate these risks. Investors who can manage these challenges effectively are likely to benefit from the sector's structural growth and resilience, while those who underestimate these factors may encounter significant hurdles in execution and stabilisation.

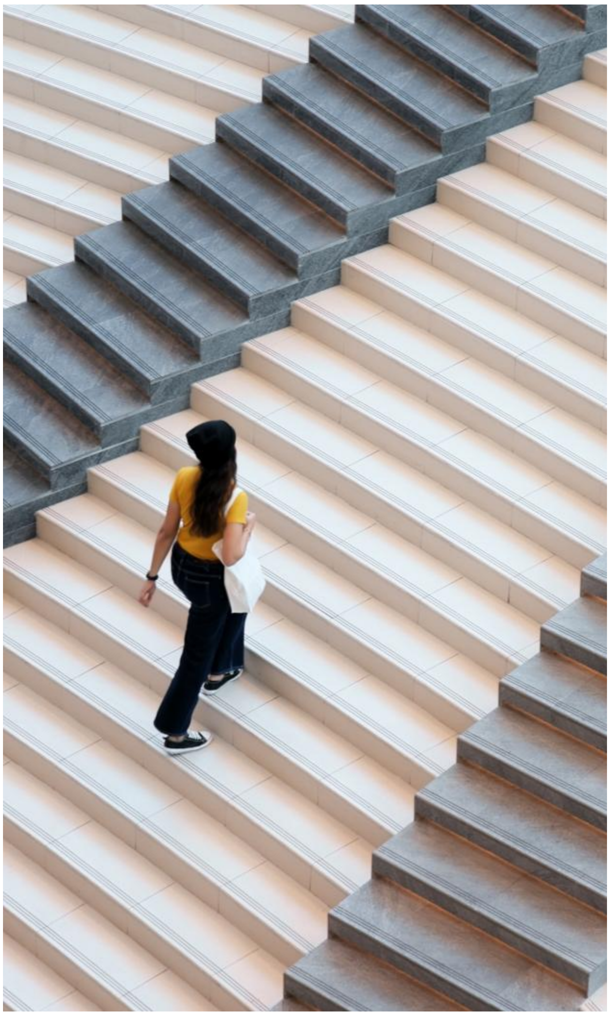
05

Conclusion

Conclusion

Hong Kong's education sector is at a turning point, transitioning from a traditional domestic system to a globally oriented, policy-driven growth engine. Demand across both pre-tertiary and tertiary education segments is increasingly supported by non-local population inflows, talent mobility, and strategic positioning as a regional education hub, rather than being driven by local demographics. This transition is reshaping not only the education landscape but also the underlying demand structure of the real estate market, creating sustained requirements for campuses, academic spaces, and student accommodation.

CBRE's demand projections for these resources, compared to available land and existing supply pipelines, indicates a structural imbalance that is unlikely to be fully resolved in the medium term. This scenario supports long-term occupancy and rental resilience for well-positioned assets.



Meeting this demand will require a coordinated and multi-faceted approach. On the supply side, both the public and private sectors will need to accelerate delivery through adaptive reuse, intensified land utilisation, and new development in emerging areas, such as the Northern Metropolis. On the demand side, continued policy support, especially regarding non-local student intake and talent migration, will be essential to sustaining momentum.

For landlords and investors, success will hinge on the ability to shift from traditional leasing models to platform-based strategies, aligning asset design, location, and operations with the evolving needs of educational occupiers.

Ultimately, the goal should be not just to accommodate growth, but to redefine how education interacts with the built environment. Players who act promptly to reposition assets, partner with educational institutions, and develop scalable platforms will be best positioned to maximise value.

In this context, education is set to play a central role in the next phase of Hong Kong's real estate evolution, offering a unique blend of structural growth, income stability, and transformative potential.

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