

FIGURES | HONG KONG INDUSTRIAL | Q3 2026

Warehouse rents continue to decline as landlords focus on supporting occupancy



Executive Summary

- Aggregate trade increased by 51% y-o-y in July-August 2026, adding to Q2 2026’s 44.7% increase. In a shift from recent trends, container throughput improved by 9.9% y-o-y in July-August, but air cargo throughput declined by 1.6% y-o-y during the same period.
- New industrial leasing volume amounted to 672,000 sq. ft. in Q3 2026, a drop of 59% q-o-q from the previous quarter’s high base. Leasing volume reached 3.1 million sq. ft. y-t-d, rising 40% y-o-y compared with the first three quarters of 2025 and already accounting for 94% of full-year 2025 volume.
- The electronics sector continued to expand, driven by robust demand for AI-related products. Major deals were led by Chinese electronics logistics provider YHG International Logistics’ 77,000 sq. ft. lease at Hutchison Logistics Centre in Kwai Chung for expansion.
- Warehouse vacancy dropped by 0.2-ppt q-o-q to 11.3%, indicating positive net absorption of 116,100 sq. ft..
- With warehouse landlords lowering asking rents to entice tenants, warehouse rents fell by a further 0.7% q-o-q. This marked the eleventh consecutive quarterly rental decline and brought the total contraction from the peak achieved in Q4 2023 to 16.2%.

The Backdrop

- Aggregate trade extended its strong performance y-t-d amid robust demand for AI-related electronic products. The external environment remained uncertain, however, given the ongoing Middle East conflict and continued protectionist trade measures implemented in major advanced economies.
- Diverging from recent trade patterns, air cargo throughput moderated this quarter due to regulatory hurdles in major overseas markets and high fuel costs, while container throughput improved over the same period owing to congestion spillover at rival container ports.
- In August, the Hung Shui Kiu Pilot Area in the Northern Metropolis was awarded to a consortium of China Overseas Land and Investment, China Merchants Land, China Resources Land, China Tourism Group, JD Group and Sino Land with an accepted tender price at HK\$1.03 billion. The consortium will be responsible for forming and developing three residential sites and a smart modern logistics centre on an Enterprise and Technology Park (E&TP) site of GFA up to 548,400 sq. ft..
- JD Group will occupy the logistics centre and commence operations with no less than 164,700 sq. ft. by March 2031. The consortium will complete the site formation of the other two E&TP sites within the pilot area and hand them back to the government, which will grant them directly to Hung Shui Kiu Industry Park Company Limited for development of superstructure and operation. This marks the first tender project under large-scale land disposal in the Northern Metropolis.

Leasing Trends

New industrial leasing volume amounted to 672,000 sq. ft. in Q3 2026, a drop of 59% q-o-q from the previous quarter's high base. Leasing volume reached 3.1 million sq. ft. y-t-d, rising 40% y-o-y compared with the first three quarters of 2025 and already accounting for 94% of full-year 2025 leasing volume.

The electronics sector continued to expand, driven by robust demand for AI-related products. In a major transaction, Chinese electronics logistics provider YHG International Logistics leased 77,000 sq. ft. at Hutchison Logistics Centre in Kwai Chung for expansion.

Brownfield occupiers displaced by the government's ongoing land resumption exercises in the Northern Metropolis generated a steady stream of demand for purpose-built warehouses during the quarter. A notable relocation involved local logistics company Kin Keung Transportation securing 66,800 sq. ft. at ATL Logistics Centre in Kwai Chung.

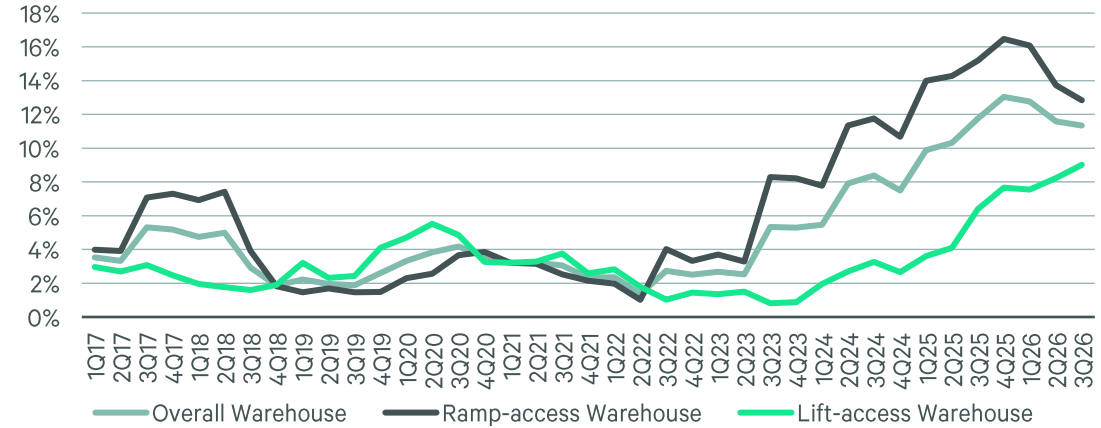
Occupiers from mainland China remained active, accounting for 28% of total quarterly leasing volume, their highest share since Q4 2024. Highlights included a Chinese logistics company taking 72,000 sq. ft. at China Resources International Logistics Centre in Kwai Chung.

Sustained e-commerce growth underpinned steady logistics space requirements, as evidenced by local e-commerce operator YOHO committing to 29,000 sq. ft. at Hou Feng Industrial Building in Kwai Chung.

Warehouse vacancy dropped by 0.2-ppt q-o-q to 11.3%, indicating positive net absorption of 116,100 sq. ft. during the quarter. Excluding the considerable amount of vacant space at Cainiao Smart Gateway on the city's outskirts, the vacancy rate for the rest of the market stood at 7.7%.

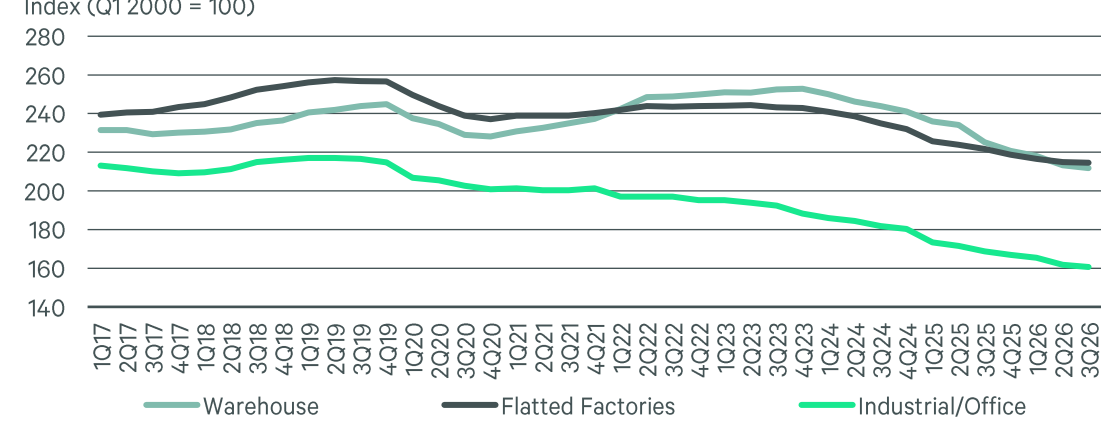
With warehouse landlords lowering asking rents to entice tenants, warehouse rents fell by a further 0.7% q-o-q, marking the eleventh consecutive quarterly rental decline and bringing the total contraction from the peak achieved in Q4 2023 to 16.2%. Rents for ramp-access warehouses declined by 1.1% q-o-q, while those for lift-access facilities remained flat q-o-q. Flatted factory and I/O building rents continued to experience downward pressure owing to the narrowing rental gap with offices in decentralised locations, falling by 0.2% and 0.7% q-o-q, respectively.

FIGURE 1: Warehouse Vacancy



Source: CBRE Research, Q3 2026.

FIGURE 2: Rental Index



Source: CBRE Research, Q3 2026.

Outlook

Sustained global demand for AI-related electronics will continue to stimulate Hong Kong’s merchandise trade and support warehouse occupancy in the coming months. The high value, physical fragility and environmental sensitivity of these electronic products are generating highly specific requirements for modern logistics space. The sector is projected to expand further, thereby driving increased new leasing activity.

Existing brownfield occupiers in the Northern Metropolis subject to government land resumption will provide a reliable source of ongoing demand for purpose-built warehouses. While forced relocation demand will help mitigate warehouse vacancy, these occupiers remain constrained by budgetary limitations, requiring incentivised rental structures to render relocation financially viable.

Mainland Chinese occupiers are expected to account for a larger share of leasing volume in the coming quarters, driven by Hong Kong’s strategic position as the launchpad for mainland enterprises to go global. As e-commerce platforms expand their citywide footprint to capitalise on growing online retail sales, demand for modern logistics facilities capable of integrating advanced automation technologies will accelerate.

With no new warehouse supply slated for completion until 2028, vacancy in this segment is projected to decline gradually over the coming quarters as available space is absorbed by organic expansion and forced relocation. Pre-leasing activity in upcoming logistics projects will bolster total new leasing volume as tenants increasingly prioritise high-specification assets with strong transport connectivity.

The external macroeconomic environment is anticipated to remain volatile, with geopolitical tension, trade policies and inflationary pressure acting as primary headwinds. Logistics occupiers are therefore likely to remain highly cost-sensitive and cautious towards real estate planning and requirements. To entice tenants, warehouse landlords are recommended to adopt an accommodative stance by offering flexible and competitive leasing packages. Reflecting these market conditions, overall warehouse rents are forecasted to decline by up to 5% over the course of full-year 2026.

FIGURE 3: Selected Leasing Transactions

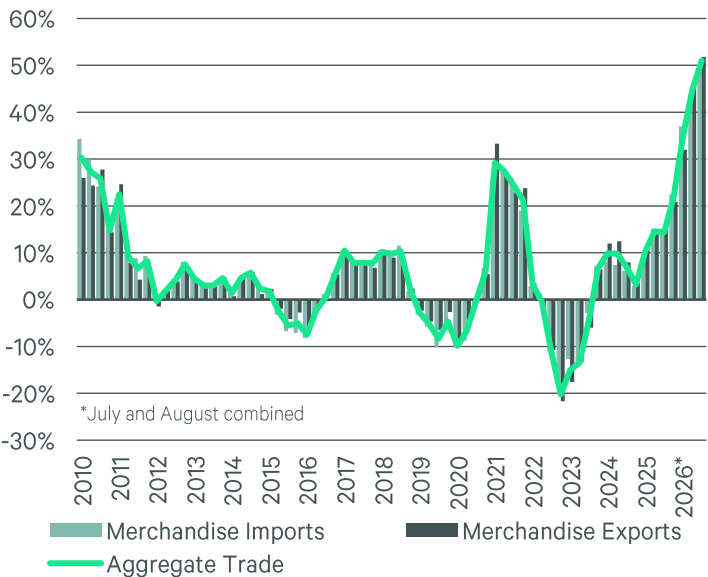
Premises	Location	Size (GFA sq. ft.)	Tenant
Goodman Westlink	Tuen Mun	85,400	CEVA Logistics
Hutchison Logistics Centre	Kwai Chung	77,000	YHG International Logistics
China Resources International Logistics Centre	Kwai Chung	72,000	A Chinese logistics company
ATL Logistics Centre	Kwai Chung	66,800	Kin Keung Transportation
ATL Logistics Centre	Kwai Chung	50,000	Trimco Group
Ever Gain Building	Shatin	38,700	A beverage company
Hou Feng Industrial Building	Kwai Chung	29,000	YOHO

Source: CBRE Research, Q3 2026.

Appendix

FIGURE 4: Merchandise Trade

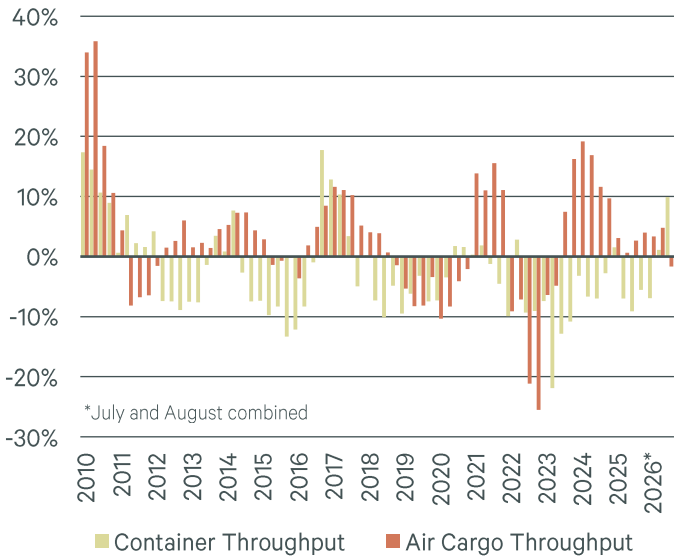
Y-o-Y change (quarterly)



Source: Census and Statistics Department, Q3 2026.

FIGURE 5: Cargo Movement

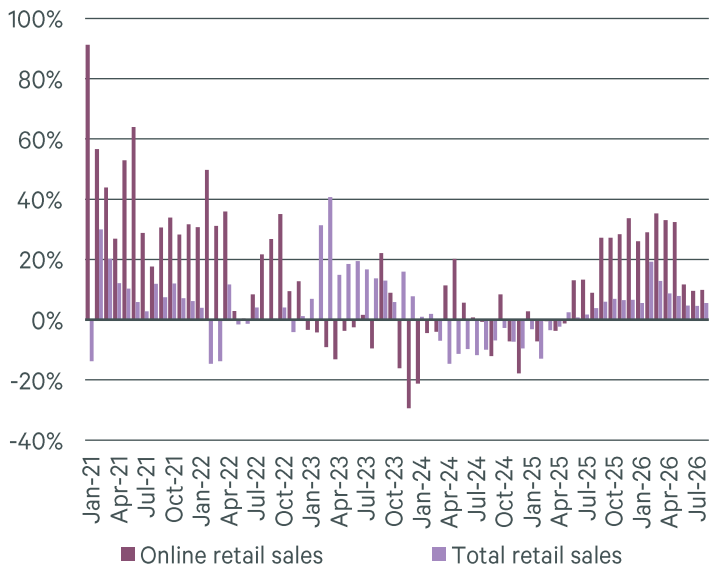
Y-o-Y change (quarterly)



Source: Marine Department, Civil Aviation Department, Q3 2026.

FIGURE 6: Online Retail Sales

Y-o-Y change (monthly)



Source: Census and Statistics Department, Q3 2026.

% Change	July-August 2026 (y-o-y)	Q2 2026 (y-o-y)	2026 YTD	3 years	5 years
Merchandise Imports	+50.3%	+43.9%	+43.2%	+86.6%	+55.3%
Merchandise Exports	+51.8%	+45.6%	+42.5%	+90.5%	+57.6%
Aggregate Trade Values	+51.0%	+44.7%	+42.8%	+88.5%	+56.4%
Container Throughput	+9.9%	+1.1%	+0.2%	-3.8%	-23.8%
Air Cargo Throughput	-1.6%	+4.8%	+2.5%	+15.9%	-0.5%
Total / Online Retail Sales	+5.1% / +9.8%	+7.1% / +25.3%	+8.5% / +23.0%	-3.7% / +21.8%	+13.1% / +34.1%

Market Area Overview



Definitions

Warehouse: This category comprises premises designed or adapted for use as godowns or cold stores and includes ancillary offices. Premises located within the container terminals are also included. About 88% of the stock is located in the New Territories, with Kwai Tsing/Tsuen Wan alone accounting for circa 60%.

Factory: This category comprises flatted factories and ancillary office accommodations. It includes flatted factory space that has received planning permission for industrial/office use but has not yet completed the government lease modification. Also included in this category is strata-title floor space with temporary planning permission for industrial/office use and short-term waivers of government lease restrictions. The majority of the stock is found in four districts of Hong Kong, namely Kwun Tong, Tsuen Wan, Kwai Tsing and Tuen Mun, which account for 60% of the total supply.

Industrial/Office (I/O): This category comprises floor space in developments with planning permission and lease modification for industrial/office use and certified for occupation as such. The stock is distributed in 11 districts throughout the territory, with Kwun Tong, Sham Shui Po and Kwai Tsing accounting for about 74% of the total floor space.

All monetary values are presented in Hong Kong dollars unless otherwise specified.

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