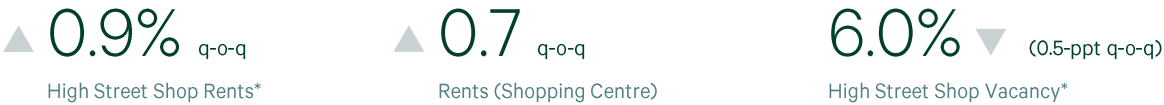


FIGURES | HONG KONG RETAIL | Q3 2026

Low space availability tempers leasing volume despite strong fundamentals



(*) High street shops in core shopping districts, which include Central, Causeway Bay, Tsim Sha Tsui and Mong Kok.

Executive Summary

- Activity in core districts slowed after a strong Q2 2026, which was the third most active quarter on record. Leasing volume fell by 22% q-o-q to 290,000 sq. ft. this quarter, bringing y-t-d volume to 883,000 sq. ft., or 77% of the total for 2025.
- F&B accounted for over one-third of quarterly leasing volume. The fitness sector was the second most active industry with 50,000 sq. ft., marking its highest ever quarterly leasing volume. Most leases signed this quarter were for upper-level space due to the lack of sizable street-level shops.
- Activity by fashion brands was confined to Hong Kong Island. International brands continued to express an interest in entering the SAR, while mainland Chinese brands were quiet in core locations.
- High street shop vacancy in core districts decreased by 0.5-ppt q-o-q to 6.0%, marking the second-lowest level since Q4 2019. This contributed to a 0.9% q-o-q increase in rents, marking the seventeenth consecutive quarterly gain, and bringing y-t-d growth to 2.7%.

The Backdrop

- Overall consumption sentiment improved in Q3 2026, reflected by rising tourist arrivals and retail sales, although both measures grew at a slower pace. Domestic demand remained stable despite a slight increase in the unemployment rate due to fresh graduates entering the labour market.
- Visitor arrivals rose by 2.6% y-o-y, following an 8.7% increase in Q2 2026. During the National Day Golden Week, arrivals reached 1.1 million, up 7.3% y-o-y.
- Retail sales rose by 5.1% y-o-y in July-August, boosting y-t-d growth to 22.6% y-o-y. Watch and jewellery sales registered the strongest quarterly growth at 15.7% y-o-y. Clothing and footwear sales declined by 1.0% y-o-y, reversing growth seen in H1 2026.
- Online retail sales increased by 9.8% y-o-y in July-August, following 25.3% y-o-y growth in Q2 2026. Despite slower growth, online retail sales grew y-o-y for a fifth consecutive month.
- The latest quarterly data indicates that total restaurant receipts edged up by 0.4% y-o-y, marking the fourth consecutive quarter of growth.
- The reduced availability of street-level shops constrained leasing activity this quarter, with about 60% of new letting volume involving non-street-level premises.

Leasing Trends

Retail leasing momentum moderated in Q3 2026 following a strong second quarter. New leasing volume in core districts decreased by 6% q-o-q to 289,800 sq. ft., bringing the y-t-d total to 883,700 sq. ft., equivalent to 77% of the total volume for 2025.

The F&B sector accounted for 37% of total leasing volume. Notable transactions included high-end Chinese restaurant QUAN leasing 9,300 sq. ft. in CCB Tower in Central. Also in and around the CBD, Italian restaurant Il Presidente leased 4,600 sq. ft. in Baskerville House, while Boston-based Emack & Bolio committed to a unit at 47 Hollywood Road, marking its return to the SAR after leaving in 2021.

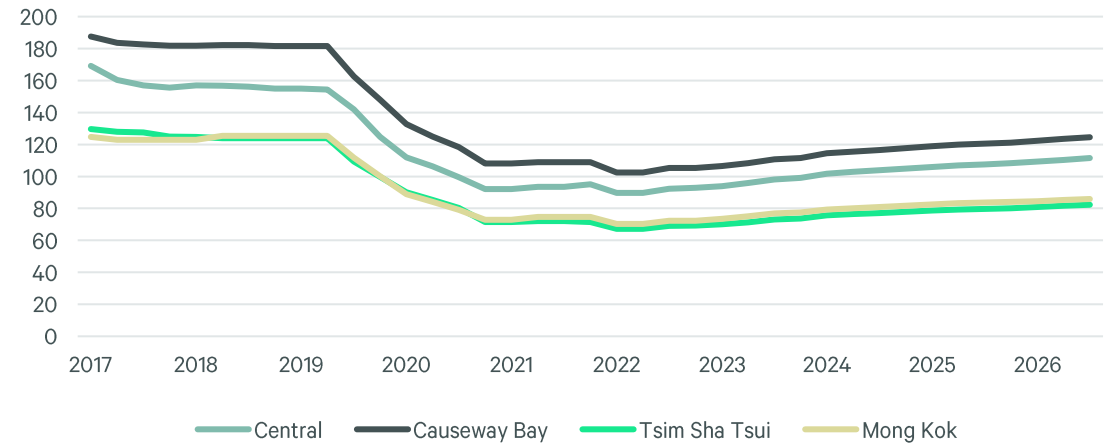
Fitness centres leased a record-high 49,700 sq. ft. this quarter, although most activity involved upper floors. Highlights included 24-hour fitness centre EFX24 taking 18,700 sq. ft. in Hollywood Plaza in Mong Kok and 11,300 sq. ft. at Hong Kong Pacific Centre in Tsim Sha Tsui. Fitness centres are increasingly diversifying their offering beyond traditional gyms, with Re:set by PURE expanding by 5,000 sq. ft. in California Tower in Central this quarter.

Activity among fashion brands was primarily concentrated in Central and Causeway Bay. Highlights included Levi's leasing 8,600 sq. ft. in Leighton Centre in Causeway Bay, and U.S. womenswear brand SKIMS committing to 4,000 sq. ft. in Times Square for its first Asia flagship store.

The medical sector leased 18,000 sq. ft. this quarter, primarily contributed by local pharmacy expansion, with Lung Fung leasing over 11,000 sq. ft. across Tsim Sha Tsui and Mong Kok. Watsons also opened new locations in both Causeway Bay and Mong Kok in Q3 2026.

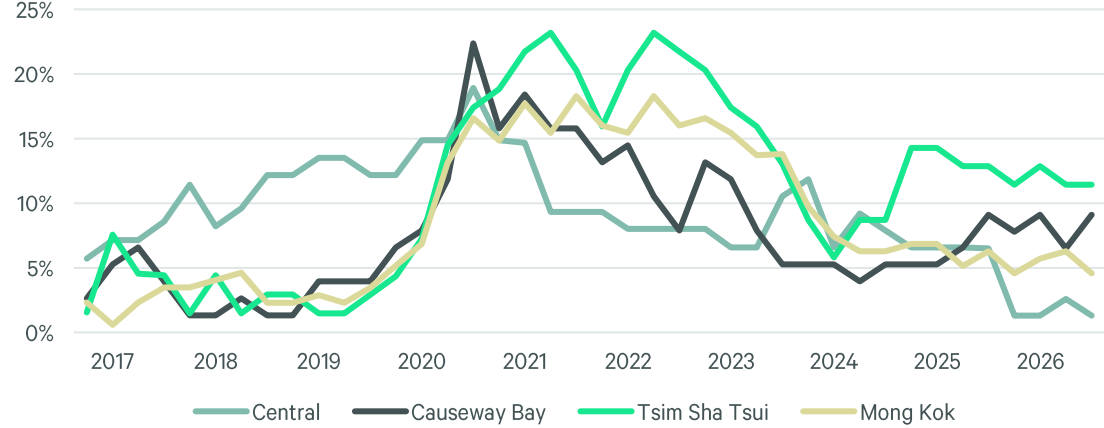
High street shop vacancy rates decreased by 0.5-ppt q-o-q to 6.0%. Vacancy rates in Central fell by 1.3-ppt to 1.3%, while Mong Kok vacancy dropped by 1.7-ppt to 4.6%. The vacancy rate in Tsim Sha Tsui remained unchanged, whereas that in Causeway Bay rose 2.6-ppt, returning to 9.1% as recorded at the end of Q1 2026. Low vacancy underpinned steady rental growth of 0.9% q-o-q, bringing y-t-d growth to 2.7%. Central, which has the lowest vacancy rate, reported a y-t-d rental increase of 3.0%, the fastest growth among core districts.

FIGURE 1: High-street Shop Rental Index (1996 Q1 = 100)



Source: CBRE Research, Q3 2026.

FIGURE 2: High-street Shop Vacancy Rate



Source: CBRE Research, Q3 2026.

Outlook

The Hong Kong economy remains robust, with the government recently revising up its full-year GDP forecast from 2.5-3.5% to 3.5-4.5%. Despite the city’s strong economic fundamentals, potential interest rate hikes and indications of rising unemployment could affect consumer confidence in the coming months. Other potential headwinds include the performance of the Hong Kong Dollar, which, should it strengthen, may push up cost for visitors.

Recent reports indicate that the trend for northbound consumption is starting to plateau; a trend attributed to rising consumer prices and fading excitement surrounding the post-pandemic border re-opening. While northbound spending has largely concentrated on food, beverages, and experiential leisure, traditional shopping in Hong Kong still ranks as a top priority for southbound travellers. However, economic challenges on the mainland may weigh on visitors' spending power in Hong Kong over the coming quarters.

Growth in visitor arrivals continues to ensure Hong Kong remains an attractive location for overseas brands and mainland Chinese retailers. High-street rents are still significantly discounted compared to historical peaks, making them appealing to new retail entrants. Consumer preferences for fast-fashion or casual apparel are slowly shifting towards mid-tier, affordable luxury fashion and lifestyle concepts that effectively bridge the value-for-money gap. Overseas F&B operators are also showing renewed interest in returning to Hong Kong's prime entertainment districts.

Despite these tailwinds, the conversion of active interest into leasing transactions will be constrained by the limited availability of prime space in core districts. New leasing momentum is expected to increase modestly from last year's levels, reaching approximately 1.2 million sq. ft. for the entire year.

Strong demand for high-street shops will ensure vacancy remains low, supporting rental stability. Rental growth is anticipated to remain modest, with high-street rents in core shopping districts likely to register a similar q-o-q performance in Q4 2026. With low vacancy and stable leasing demand set to persist in 2027, CBRE forecasts retail rents to rise by 3% to 5% for the full year.

TABLE 1: Selected Leasing Transactions in Q3 2026

Tenant	District	Property	Address	Size (sq. ft., GFA)
Hong Kong Trading Card Game Center	Tsim Sha Tsui	2/F, I-Square	63 Nathan Road	26,000
EFX24	Tsim Sha Tsui	B/M, HK Pacific Centre	28 Hankow Road	11,300
Lung Fung Pharmacy	Tsim Sha Tsui	G/F, Silvercord	30 Canton Road	3,700
QUAN	Central	5/F, CCB Tower	3 Connaught Road Central	9,300
The LAB by ONYX	Central	B/M, Haleson Building	1-3 Jubilee Street	5,700
Re:set by PURE	Central	14/F, California Tower	30-32 D'Aguilar Street	5,000
Il Presidente	Central	M2/F, Baskerville House	13 Duddell Street	4,600
SC Cuisine	Causeway Bay	2/F, Crown Plaza Hotel	8 Leighton Road	10,700
Levis	Causeway Bay	G/F, Leighton Centre	77 Leighton Road	8,600
Salomon	Causeway Bay	G/F, 1/F, Kingston Building	2-4 Kingston Street	4,100
SKIMS	Causeway Bay	G/F, Times Square	1 Matheson Street	4,000
EFX24	Mong Kok	2/F, Hollywood Plaza	610 Nathan Road	18,700
Sa Sa	Mong Kok	G/F, Nathan Centre	580G-K Nathan Road	2,400
Lung Fung Pharmacy	Mong Kok	G/F, 54-56 Sai Yeung Choi Street South	54-56 Sai Yeung Choi Street South	2,000
Longbridge	Mong Kok	G/F, Orient House	24-26 Argyle Street	1,800

Source: CBRE Research, Q3 2026.

FIGURE 3: Visitor Arrivals (million, quarterly)



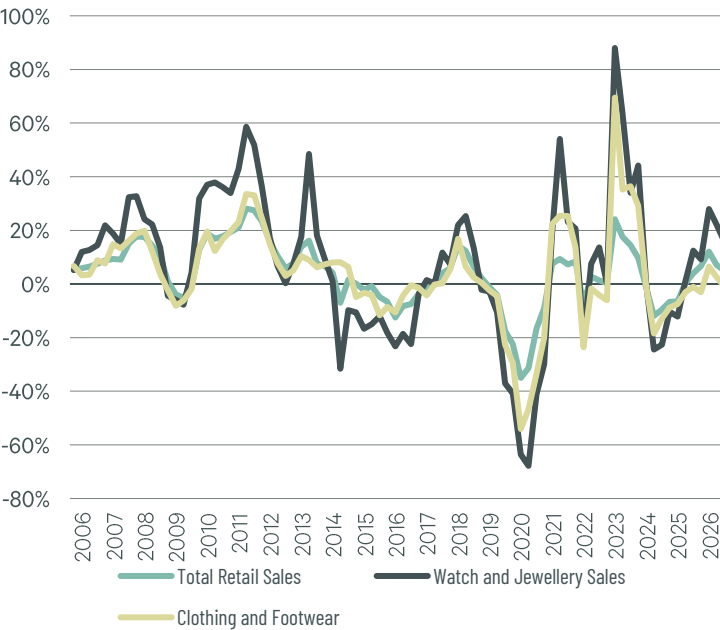
Source: Hong Kong Tourism Board, Q3 2026.

TABLE 2: Economic Indicators

Indicators	Jul-Aug 2026	Jul-Aug 2026 (y-o-y change)	Jan-Aug 2026	Jan-Aug 2026 (y-o-y change)
Visitor Arrivals	9,960,162	+4.4%	36,672,650	+10.5%
Visitor Arrivals (from mainland China)	8,176,478	+5.7%	28,731,564	+12.6%
Total Retail Sales (HK\$ mil.)	63,079	+5.1%	266,075	+8.5%
Watches and Jewellery Sales (HK\$ mil.)	10,037	+15.7%	41,103	+22.6%
Clothing and Footwear Sales (HK\$ mil.)	6,889	-1.0%	29,759	+3.2%
Restaurant Receipts (HK\$ mil.)*	28,358	+0.4%	55,568	+0.8%

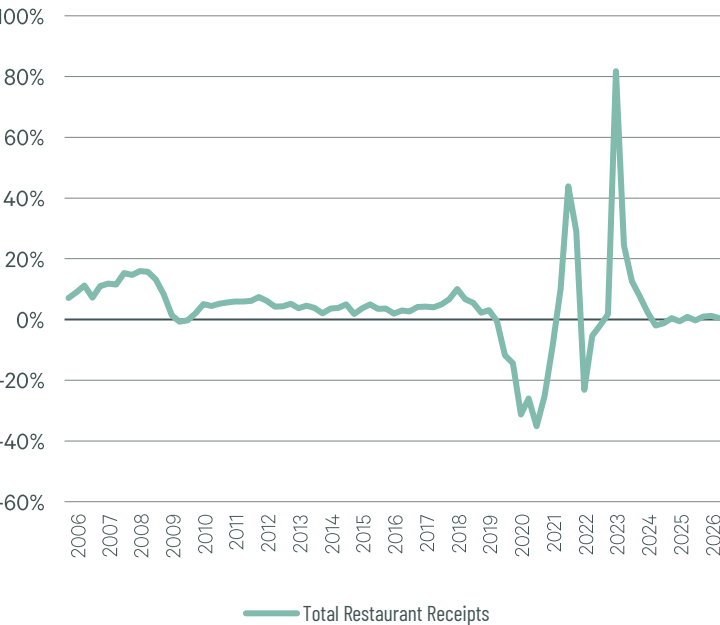
Source: Census and Statistics Department.
*Q2 2026.

FIGURE 4: Retail Sales (y-o-y, quarterly)



Source: Census and Statistics Department, Q3 2026.

FIGURE 5: Restaurant Receipts (y-o-y, quarterly)



Source: Census and Statistics Department, Q3 2026.

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