

Future Cities

# The Evolution of the Hong Kong Grade A Office Market

REPORT

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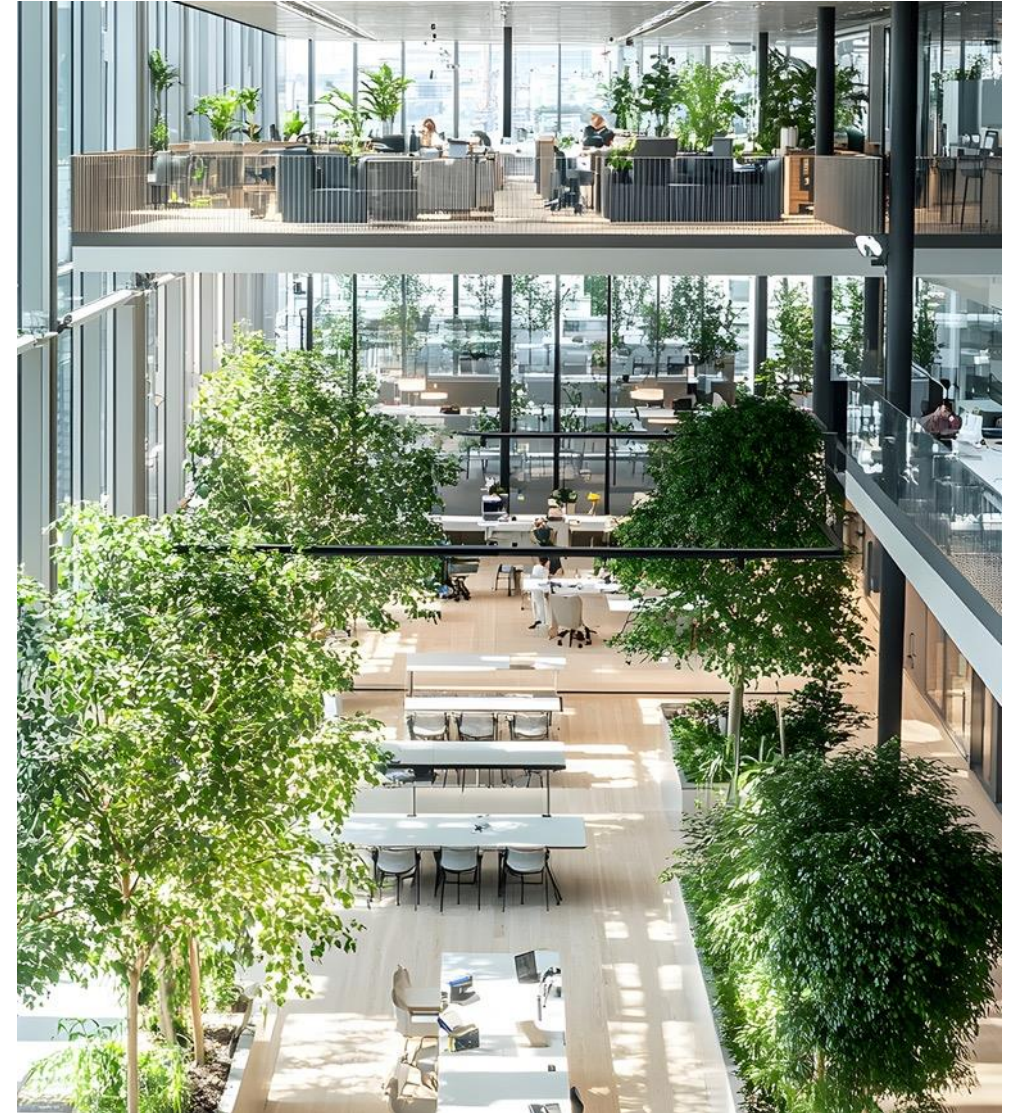
A Telescopic  
Analysis | 2025

CBRE RESEARCH  
October 2025



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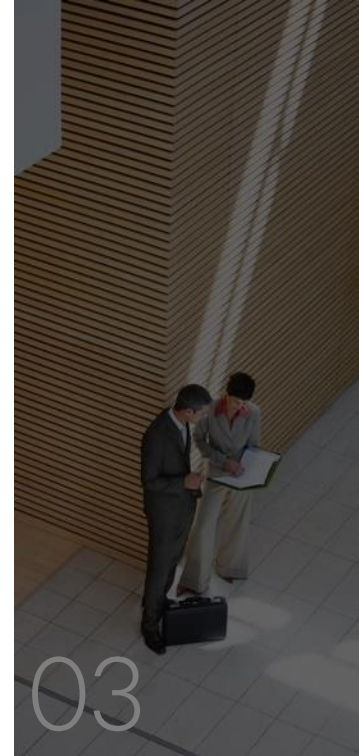




# Executive Summary



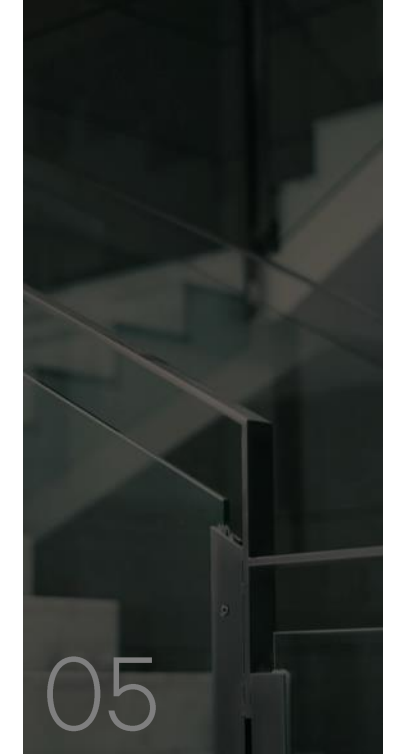
## Introduction



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# Executive Summary

Hong Kong's Grade A office market is currently in the sixth year of a prolonged downturn. With vacancy rates continuing to rise, a substantial volume of office space is set to remain unused for an extended period. Many businesses remain cautious after recent trade conflict led to heightened global economic uncertainty.

Since the last version of this report series was published in 2022, Hong Kong's Grade A office market has undergone significant change, driven mainly by corporates adjusting their operations and office footprint in response to the COVID-19 pandemic. While many traditional office-using sectors have continued to downsize, some emerging sectors have displayed a stronger demand for office space. This has led to a rise in total occupancy.

With Hong Kong's economic fundamentals expected to improve through 2028, business confidence and support for operational expansion will strengthen. Stricter return-to-office mandates will boost face-to-face interaction and gradually reinforce demand for office space.

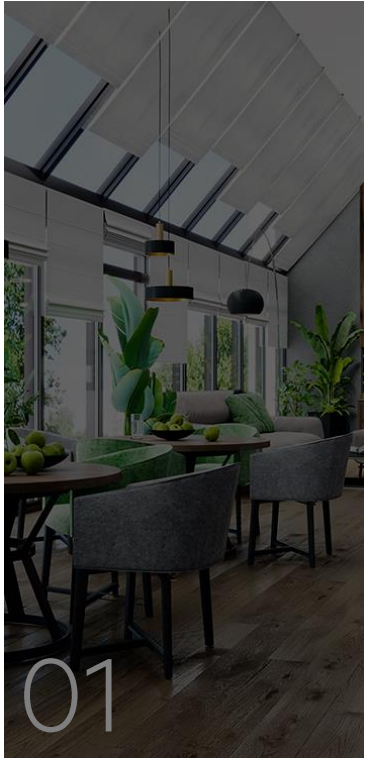
Overhead management will remain key, with corporates requiring a careful balance between space needs and overhead management. Workplace technology will become an important tool to drive work efficiency. While these and other trends will lead to net growth in office space demand over the next three years, it is likely to be milder than historical levels.

## Key observations, 2022-2025

1. P. 10-11 Total occupancy resumes growth, although many traditional sectors are still experiencing contraction.
2. P. 12 Emerging sectors show a faster-growing trend.
3. P. 13 Demand from new occupiers decreases.
4. P. 14-15 There is a contrast in office footprint change, with local occupiers expanding but multinationals downsizing.
5. P. 16-17 The pace of decentralisation decelerates.
6. P. 18 Landlords turn more active in retrofitting buildings to meet green standards.
7. P. 19 More office tenants become owners.
8. P. 20-21 Absorption of new buildings slows amid a supply boom.
9. P. 22 The shared office sector undergoes downsizing.

## Future trends, 2026-2028

1. P. 26 Companies will adjust their workplace strategies for the new normal.
2. P. 27 Competition will vary across different submarkets.
3. P. 28 The leasing market will enter a space-digestion period.
- 4.&5. P. 29 Building conversions and end-user purchases will boost relocation/upgrading demand.
6. P. 30 The financial sector will drive a recovery in Central.
7. P. 31 Tsim Sha Tsui West will become a key area in Tsim Sha Tsui.
8. P. 32 Stock growth will stabilise in decentralised regions.
9. P. 33 Landlords will provide more flexible leasing options.



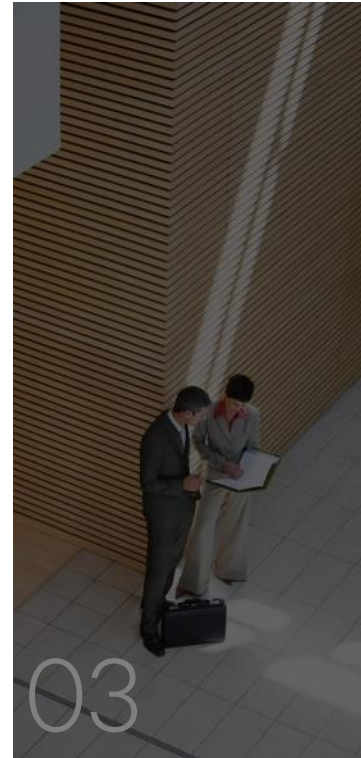
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# About the study

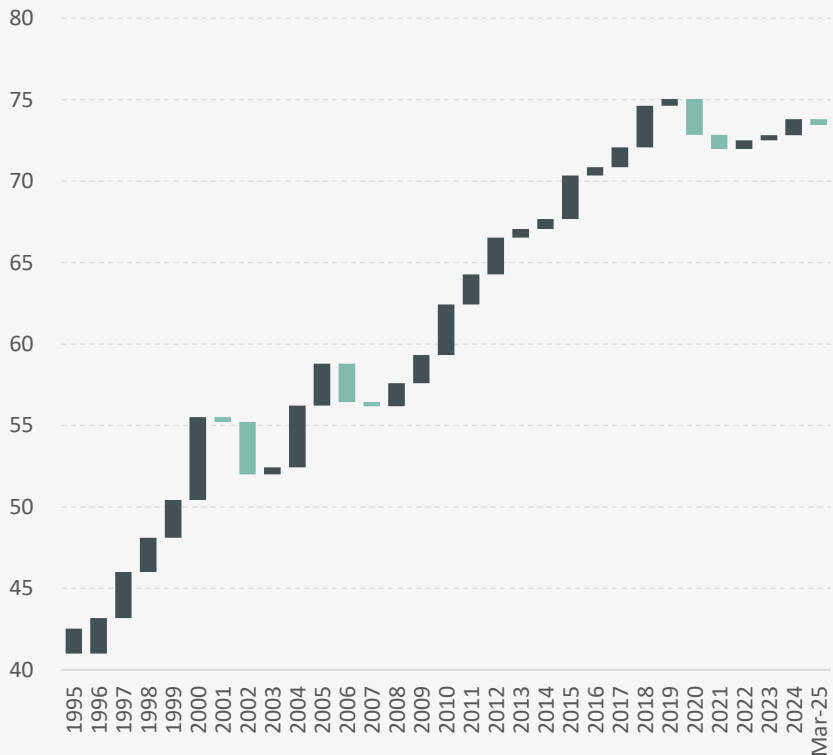
This fourth edition of "The Evolution of the Hong Kong Grade A Office Market – A Telescopic Analysis" tracks changes in the status of individual occupiers, categorising them by occupier industry sector, company origin, submarket, and size.

Data was primarily collected from building stacking plans compiled by CBRE, supplemented by desktop research. For this edition, CBRE re-audited occupier industry sectors to identify additional micro trends. All period-over-period analyses are based on the most recent classifications. With more information becoming available during this reporting period, some of the 2022 data has been re-audited and reclassified.

CBRE's findings identify trends and implications for both office landlords and occupiers, helping them evaluate their current position relative to their peers. Using the latest economic and property market data, the office supply pipeline, and workplace patterns, this report forecasts office occupancy trends for the next three years.

Figure 1: Hong Kong Grade A Office Occupied Space – Citywide

(mil sq. ft. NFA)



Note: The stock basket has been adjusted over time. Changes in occupied space do not exactly match the annual net absorption figures presented elsewhere.

Source: CBRE Research, October 2025

2025 (4<sup>th</sup> Edition)

2022 (3<sup>rd</sup> Edition)

275



Grade A office buildings

252

10,181



companies

10,007

89.0

million sq. ft.



total stock (NFA)

81.9

million sq. ft.

19,400+



premises

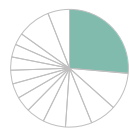
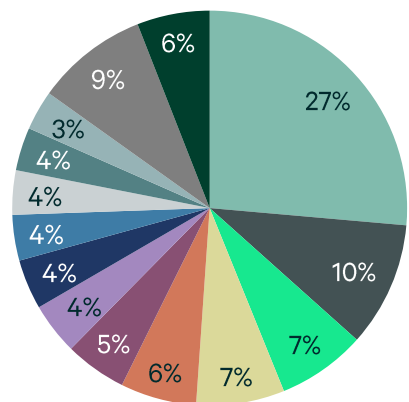
18,000+

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# Occupier Sector Classification

Figure 2

Citywide Total Occupied Space  
73.4 mil sq. ft.



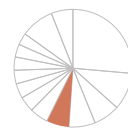
**Banking and Finance**  
19.4 mil sq. ft.

- Banking
  - Investment Banks
  - General Banks
  - Virtual Banks
- Financial Services
  - Asset Management
  - Private Wealth
    - Private Wealth Management
    - Family Office
  - Investment Funds
    - Hedge Funds
    - Pension Funds
    - Other Funds
  - Private Capital
    - Private Equity
    - Venture Capital
    - Other Investment Firms
  - Brokerage and Trading
  - Fintech
    - Blockchain & Crypto
    - Digital Finance
  - Other Financial Services
    - Lending
    - Other Financial Services



**Real Estate and Construction**  
7.5 mil sq. ft.

- Architectural
- Construction & Engineering
- Developers
- Real Estate Consultancy & Property Management
- Real Estate Investment
- Shared Office Operators

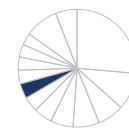


**Manufacturing**  
4.6 mil sq. ft.



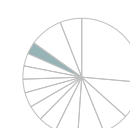
**IT, Tech and Telecom**  
3.7 mil sq. ft.

- Technology
  - Hardware
  - Software Applications
  - Tech and R&D
- Telecommunications
- IT Services



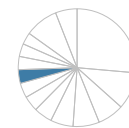
**Government and Regulators**  
3.0 mil sq. ft.

- Government
- Regulatory Bodies



**Accounting and Business Services**  
2.4 mil sq. ft.

- Accounting
- Business Services



**Education, Healthcare and Medical**  
2.7 mil sq. ft.

- Education
- Healthcare & Medical



**Miscellaneous**  
6.7 mil sq. ft.

- Hospitality
- Consulate General & Foreign Govts.
- Arts, Cultural & Entertainment
- Utilities
- Other smaller industries



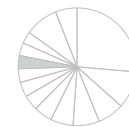
**Wholesale, Retail and F&B**  
5.3 mil sq. ft.

- Retail
- F&B
- E-commerce
- Wholesale

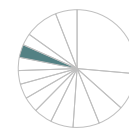


**Trading and Sourcing**  
3.1 mil sq. ft.

- Trading
- Sourcing



**Legal**  
2.7 mil sq. ft.

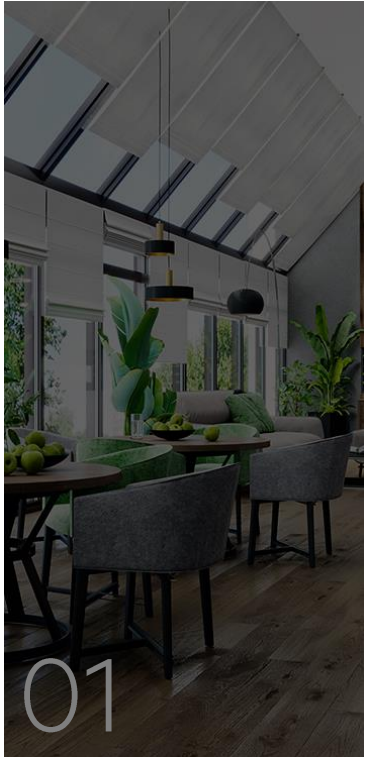


**Logistics and Transportation**  
2.6 mil sq. ft.



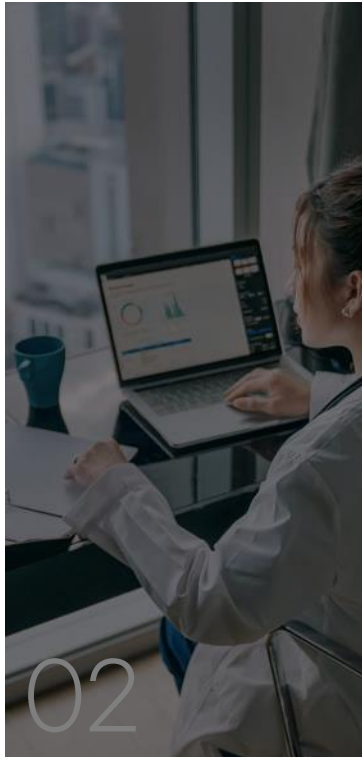
**Unidentified**  
4.4 mil sq. ft.

Source: CBRE Research, October 2025  
(data as of March 2025)



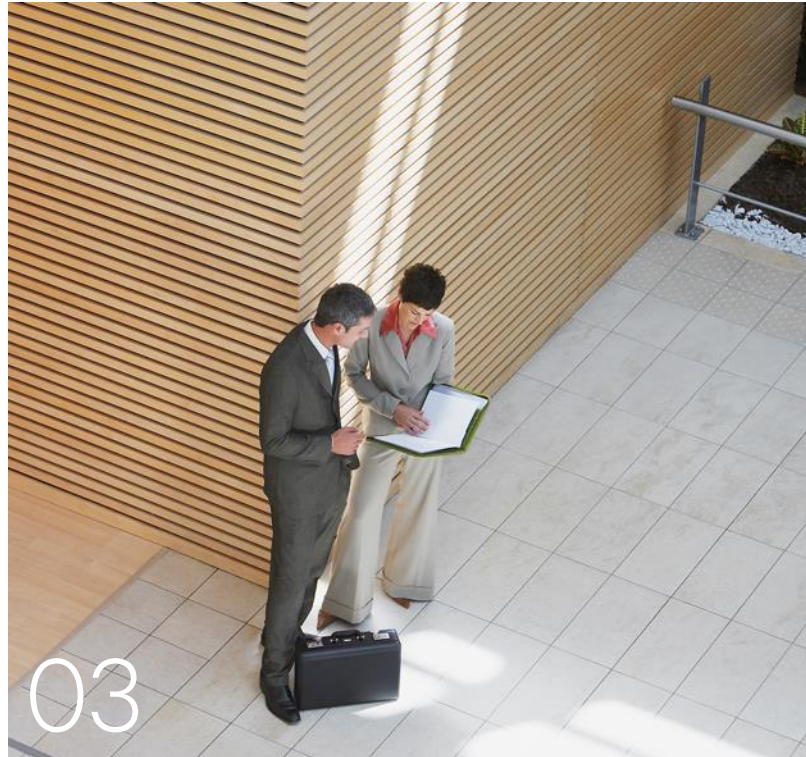
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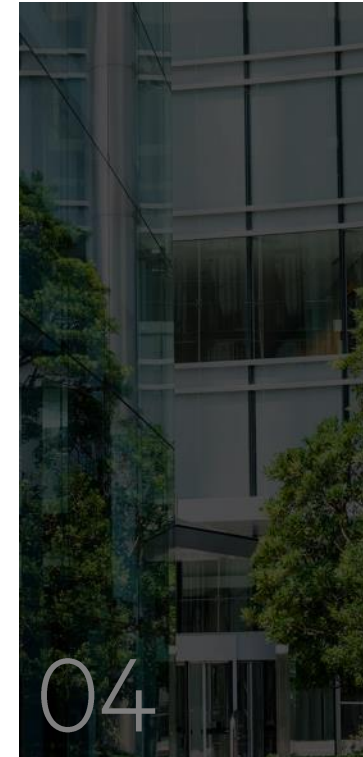
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# Market Highlights 2022-2025

Sustained geopolitical tension, the rise of remote working, and an increase in supply continued to create headwinds for Hong Kong's Grade A office landlords during the study period from April 2022 to March 2025.



## Occupier Footprint

- Despite the strong focus on cost-saving, some sectors expanded their office footprint. This pushed up total occupied space by 1.1 million sq. ft..
- Growth was partly driven by non-traditional occupier sectors that are typically less active in the Grade A office market. Many key industries remained in contraction mode.



## Vacancy

- Despite the rise in occupancy, a significant supply boom caused citywide vacancy rates to nearly triple from the level seen immediately prior to the COVID-19 pandemic. Vacancy now stands at an all-time high of over 17%.



## New Supply

- Seven million sq. ft. of new Grade A office space was added during the study period, a figure 2.3x greater than that seen in the previous study period from April 2019 to March 2022.
- Such a high level of new supply, measured on a three-year rolling basis, has not been seen for 15 years.
- Take-up of new space has been slow. 55% of stock completed during the study period remains unleased, contributing 3.9 million sq. ft. to citywide vacancy.



## Leasing Momentum

- Despite the increase in stock, total new leasing volume edged up by just 3% from the previous study period, averaging 987,000 sq. ft. per quarter.
- This figure is 22% lower than that recorded by the same study conducted by CBRE during the market peak from April 2016 to March 2019.



## Rental Performance

- Increased vacancy pressure has resulted in a prolonged decline in rents.
- Rents fell by another 17% during the study period, a slower decrease compared to the 27% drop observed in the previous study period from April 2019 to March 2022.

## Highlights

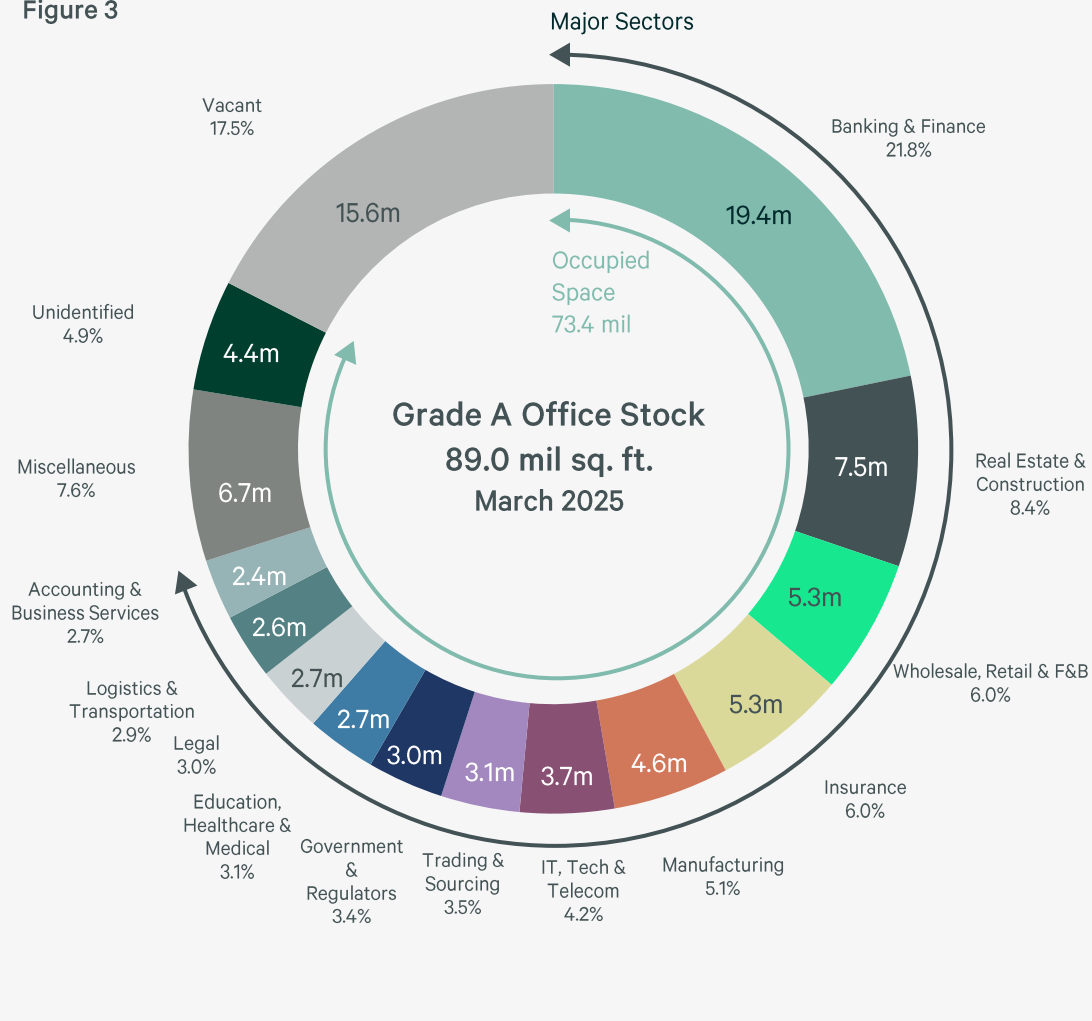
CBRE has identified several transformative trends that have emerged in the Hong Kong Grade A office market over the past three years. **These are:**

1. Resumption of growth in total occupancy
2. Accelerated growth of emerging sectors
3. Reduced presence of new occupiers
4. Shift in corporate footprint: local growth vs. multinational contraction
5. Slower pace of decentralisation
6. Growth in green footprint
7. Increased ownership demand
8. Slower absorption of new buildings during a supply boom
9. Downscaling of the shared office sector

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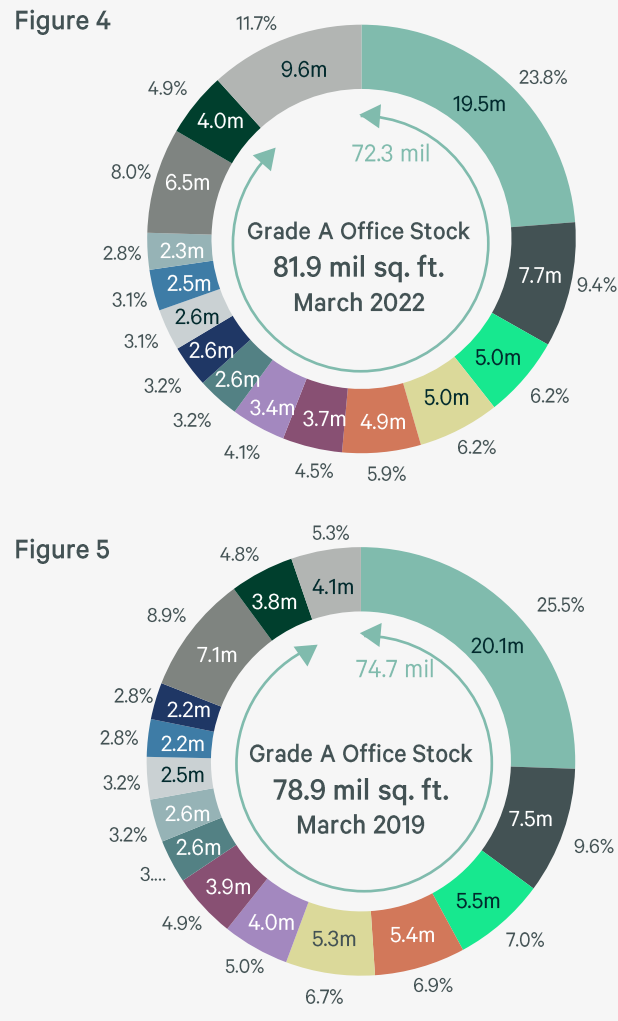
# 1. Resumption of Growth in Total Occupancy

Figure 3



Source: CBRE Research, October 2025

Figure 4

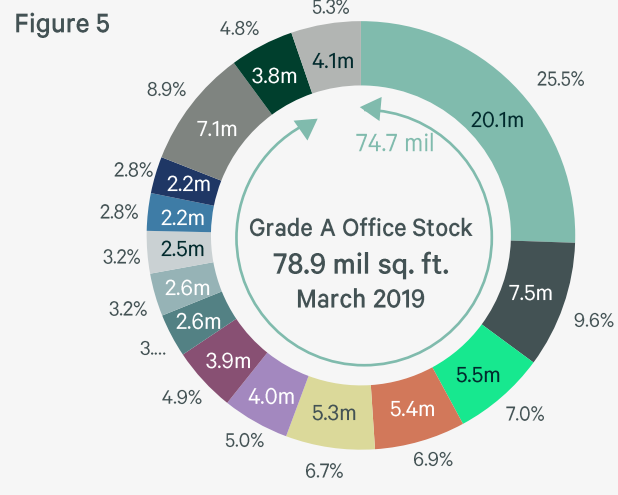


Source: CBRE Research, October 2025

## Highlights

- Total occupied space increased by 1.1 million sq. ft., reversing the 2.3 million sq. ft. of contraction recorded in the previous three-year period.
- The ranking of the top seven sectors remains unchanged.
- The growth in office footprint of the seven expanding major sectors surpassed the reduced footprint of the five contracting major sectors by 58% (+1.4 million sq. ft. vs. -900,000 sq. ft.).
- Total Grade A office stock increased by 7.1 million sq. ft., more than double the increment registered for 2019-2022 (3.1 million sq. ft.).
- Citywide vacant space climbed by 6.0 million sq. ft., accelerating from the 5.4 million sq. ft. rise in the previous three-year period.
- The significant rise in total stock and vacant space was due mainly to the increase in new supply, which rose by 7.1 million sq. ft. (see Page 20).

Figure 5



Source: CBRE Research, October 2025

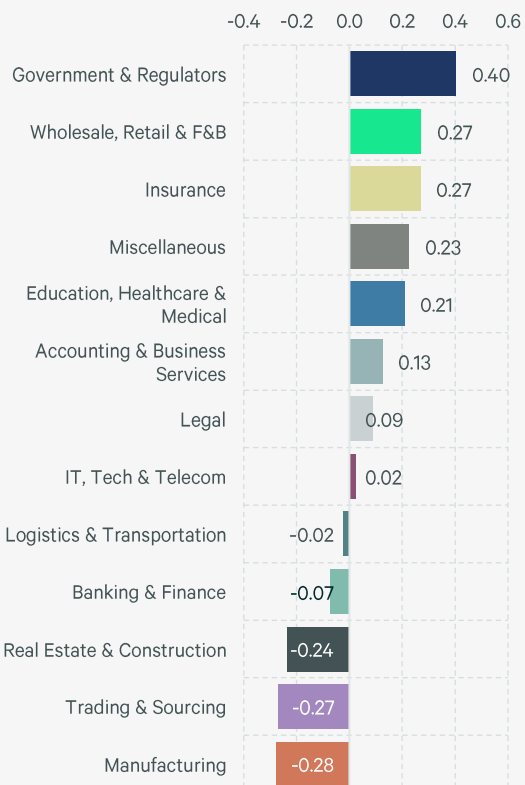
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# 1. Resumption of Growth in Total Occupancy

Figure 6

2025 v.s. 2022

Change in Office Footprint (mil sq. ft. NFA)

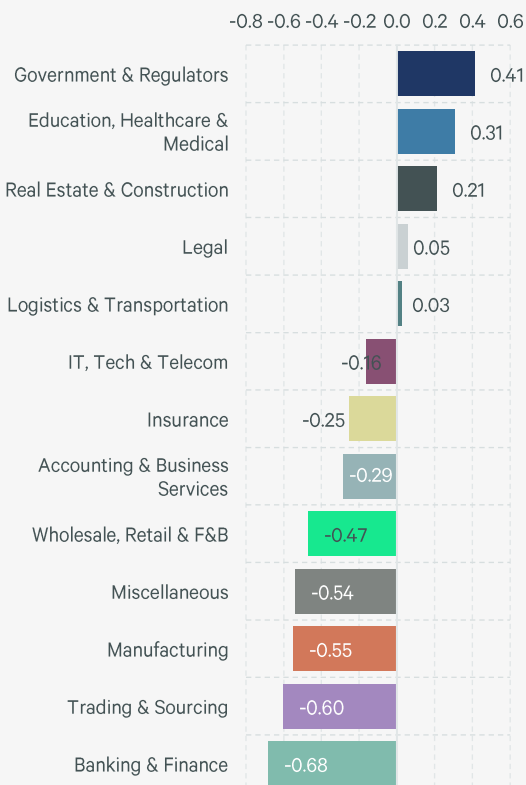


Source: CBRE Research, October 2025

Figure 7

2022 v.s. 2019

Change in Office Footprint (mil sq. ft. NFA)

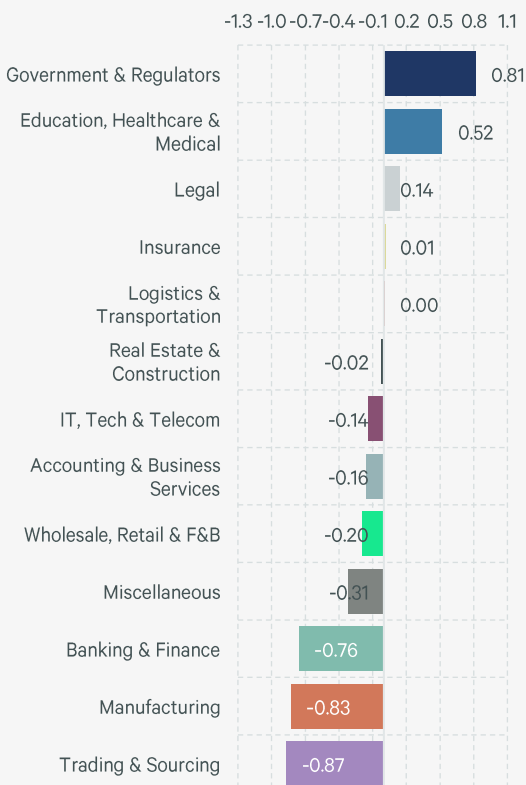


Source: CBRE Research, October 2025

Figure 8

2025 v.s. 2019

Change in Office Footprint (mil sq. ft. NFA)



Source: CBRE Research, October 2025

## Highlights

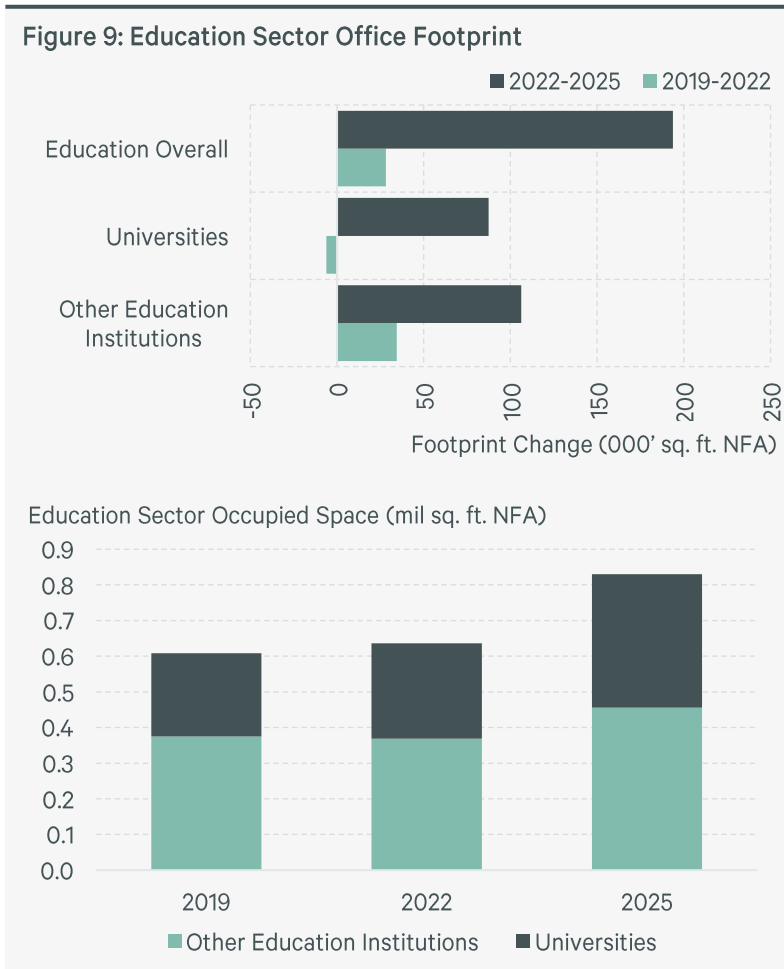
- The public sector, which includes government bodies and regulators, has seen the most significant increase in office space compared to both the 2022 and 2019 studies.
- Among the traditional pillar industries, the insurance, wholesale, retail and F&B, as well as accounting and business services sectors, have experienced the most substantial growth, reversing the decline observed between 2019 and 2022.
- The legal sector has continued to expand its office footprint over the past three years, registering the largest increase among traditional pillar industries compared to 2019.
- Emerging sectors such as education, healthcare, and medical have gained a foothold in the Grade A office market. Other smaller sectors grouped under miscellaneous have also expanded their office space.
- Conversely, among the pillar industries, the banking and finance sector continued to downsize, after registering a significant 680,000 sq. ft. of contraction in 2019-2022.

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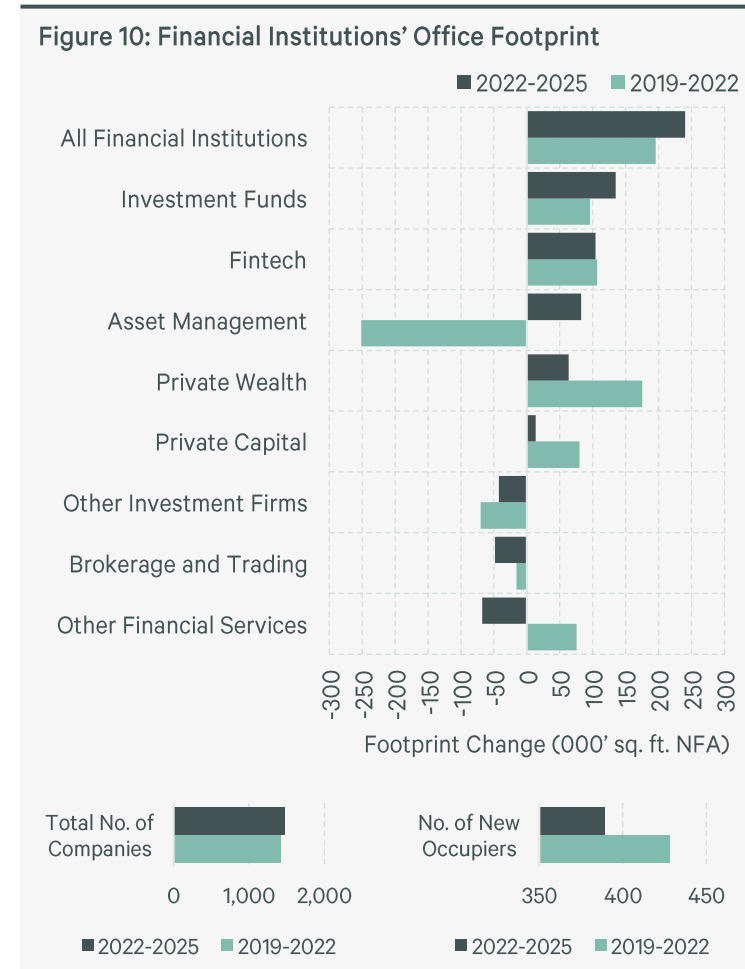
# 2. Accelerated Growth of Emerging Sectors

## Highlights

- While many traditional office occupying sectors are downsizing their footprint, various emerging industries have rapidly increased their office presence in recent years.
- Education institutions and emerging financial companies were key drivers of growth during the study period, expanding their presence by 434,000 sq. ft.
  - The government's push to make Hong Kong an international education hub has led to the significant growth of the education sector, which added 194,000 sq. ft. as schools and universities expanded their facilities.
  - Hong Kong's drive to enhance its global financial standing has spurred growth in emerging financial sectors, despite traditional banks downsizing.
  - Investment funds expanded their occupied space by 135,000 sq. ft., primarily driven by the growth of hedge funds, which increased by 121,000 sq. ft., 2.8x the growth registered from 2019 to 2022.
  - Private wealth, which includes wealth management and family offices, expanded by a smaller yet notable 64,000 sq. ft., after seeing a 175,000 sq. ft. of expansion in 2019-2022.
  - Fintech, which encompasses blockchain, cryptocurrencies, and digital finance, increased its footprint by an additional 104,000 sq. ft., following a rise of 106,000 sq. ft. between 2019 and 2022.



Source: CBRE Research, October 2025



Source: CBRE Research, October 2025

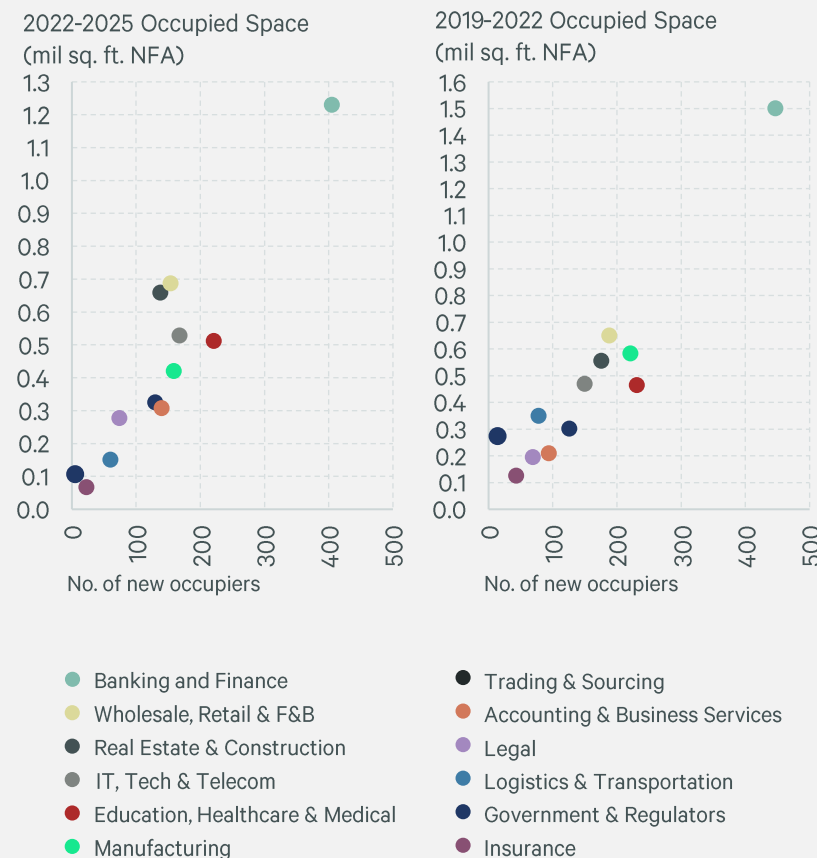
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# 3. Reduced Presence of New Occupiers

## Highlights

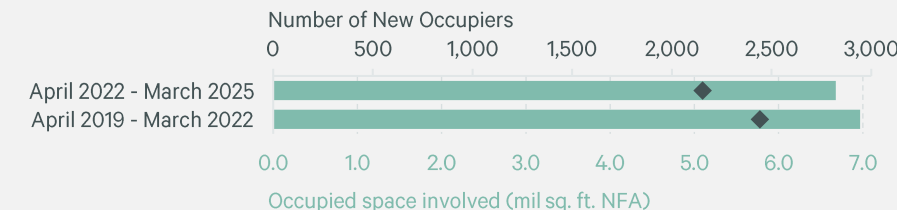
- New setups during the study period included newly established companies and companies upgrading from non-Grade A office buildings.
- The period saw a 12% decrease in the number of new occupiers in the Grade A office market. The 2,154 companies involved occupied 6.7 million sq. ft. of space, representing a 4.1% decline from the previous study period.
- The banking and finance sector attracted the most new occupiers, totaling 405, and generated the greatest demand for space, at 1.2 million sq. ft.. Of these companies, 95% are non-bank financial services firms.
- Accounting and business services firms saw the largest increase in both the number of new firms (+49%) and the space involved (+47%), compared with the previous study period.
- Greater Central attracted the largest share of new demand, primarily due to the needs of emerging financial firms.
- The average size of new occupiers was 3,100 sq. ft., an 8.7% increase from the scale observed in the 2019-2022 study period.

Figure 11: New Grade A Office Occupier Footprint Growth by Industry



Source: CBRE Research, October 2025

Figure 12: New Grade A Office Occupiers



Distribution of New Grade A Office Occupiers by Sector and Submarket (mil sq. ft. NFA)

	Central	ADM/ SW	WC/ CWB	HKE	WCH	TST	KLNE	KLNO	NT	Sector Total
Banking & Finance										22.9%
Insurance										1.3%
Real Estate & Construction										12.5%
Legal										5.3%
Wholesale, Retail & F&B										13.1%
Trading & Sourcing										6.2%
Logistics & Transportation										2.9%
IT, Tech & Telecom										10.2%
Manufacturing										8.0%
Accounting & Business Services										5.9%
Education, Healthcare & Medical										9.7%
Government & Regulators										2.0%
<b>Submarket Total</b>	<b>17.1%</b>	<b>11.5%</b>	<b>14.6%</b>	<b>7.9%</b>	<b>2.3%</b>	<b>17.2%</b>	<b>15.9%</b>	<b>10.0%</b>	<b>3.5%</b>	<b>100.0%</b>

ADM/SW = Admiralty & Sheung Wan; WC/CWB = Wan Chai & Causeway Bay; HKE = Hong Kong East; KLNE = Kowloon East; KLNO = Kowloon Others; NT = New Territories

Source: CBRE Research, October 2025

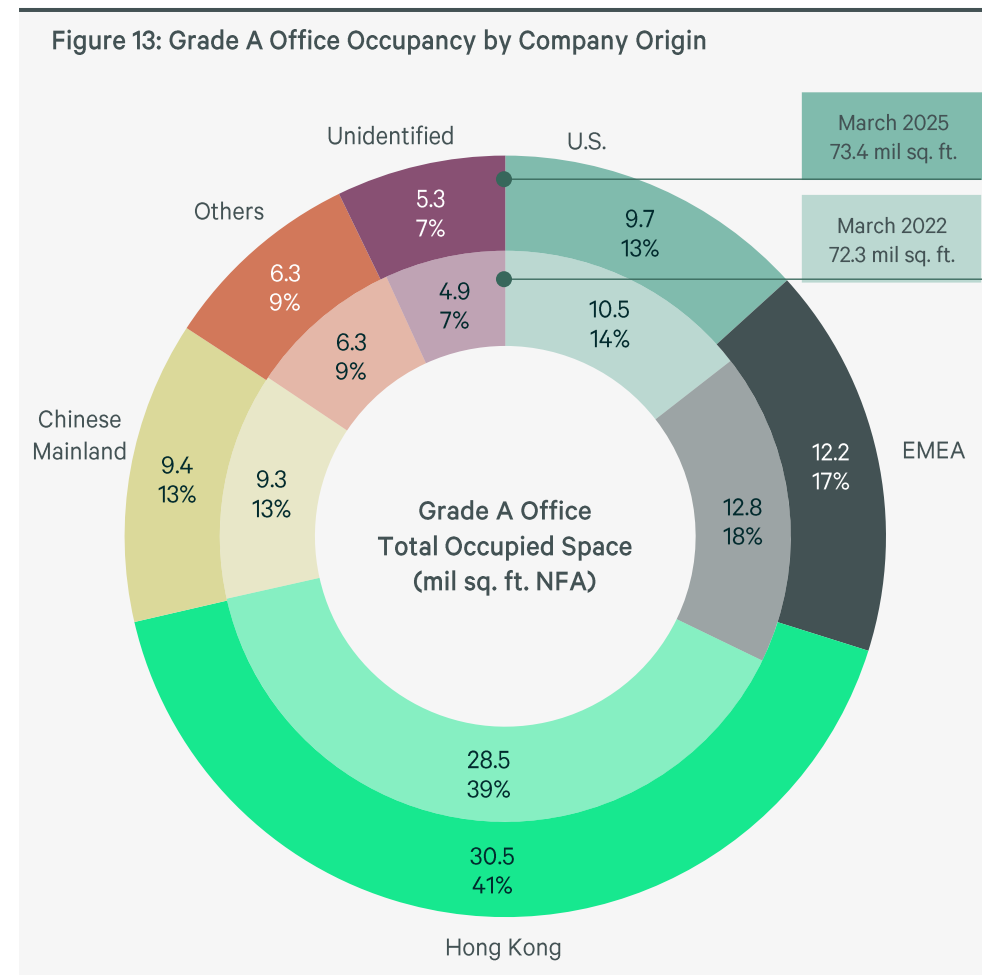
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# 4. Shift in Corporate Footprint: Local Growth vs. Multinational Contraction

## Highlights

- The total number of foreign companies in Hong Kong has reversed the decline that first emerged in the early 2020s.
  - Their number increased by nearly 11% from 8,978 in 2022 to 9,960 in 2024, the highest figure ever recorded.
  - However, this has not led to an increase in foreign companies' overall footprint in the Grade A office market.
- There is a clear difference in changes to the office footprint of foreign, local, and mainland Chinese companies.
  - U.S. and EMEA companies:
    - U.S. and EMEA companies reduced their total footprint by 1.3 million sq. ft., a smaller decline than the 2.7 million sq. ft. drop seen from 2019 to 2022.
    - 10 of 12 sectors from the U.S. and EMEA reduced their footprint during the period.
    - This decline was led by investment banks, which reduced their total footprint by 260,000 sq. ft..

- Local companies:
  - Local companies increased their occupied space by 2.0 million sq. ft., following growth of 1.4 million sq. ft. seen from 2019 to 2022.
  - Expansion was mainly driven by government departments and regulators, local insurance firms, and educational institutions.
- Mainland Chinese companies:
  - The footprint of mainland Chinese companies increased slightly by 98,000 sq. ft., reversing the 197,000 sq. ft. decline seen from 2019 to 2022.
  - Expansion was mainly driven by tech, legal, and accounting and business services firms.
  - The footprint of mainland Chinese financial firms contracted by 122,000 sq. ft. after expanding by 87,300 sq. ft. in 2019-2022. Real estate companies have been decreasing their presence, with a total reduction of 165,000 sq. ft. over the past six years.
  - The number of new occupiers from mainland China has declined, falling from 298 in 2019-2022 to 284 in 2022-2025.

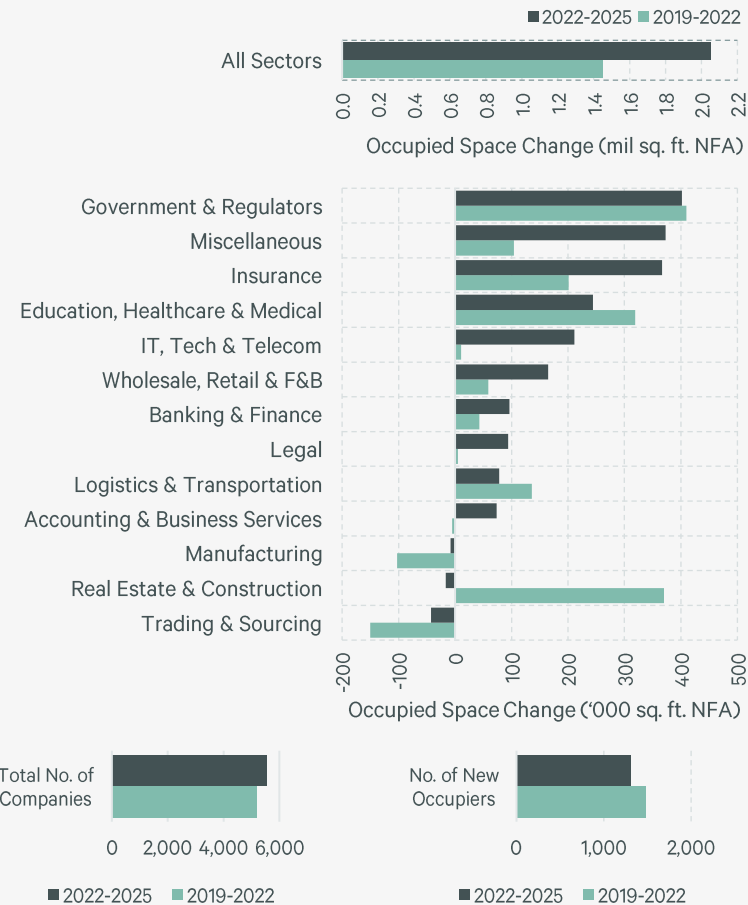


Source: CBRE Research, October 2025

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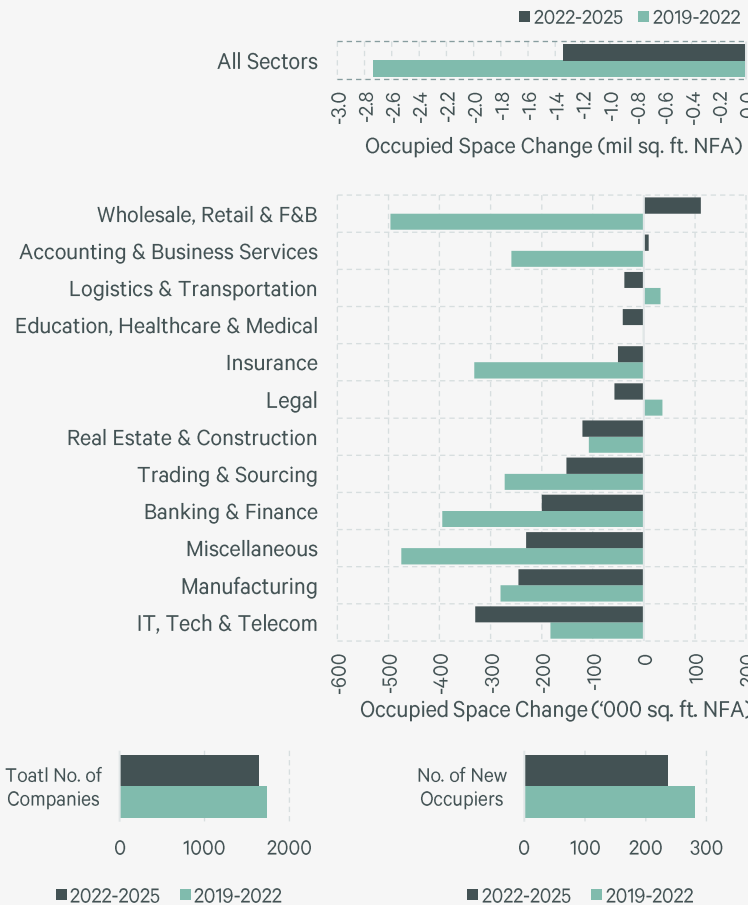
# 4. Shift in Corporate Footprint: Local Growth vs. Multinational Contraction

**Figure 14: Change in Office Footprint (local companies)**



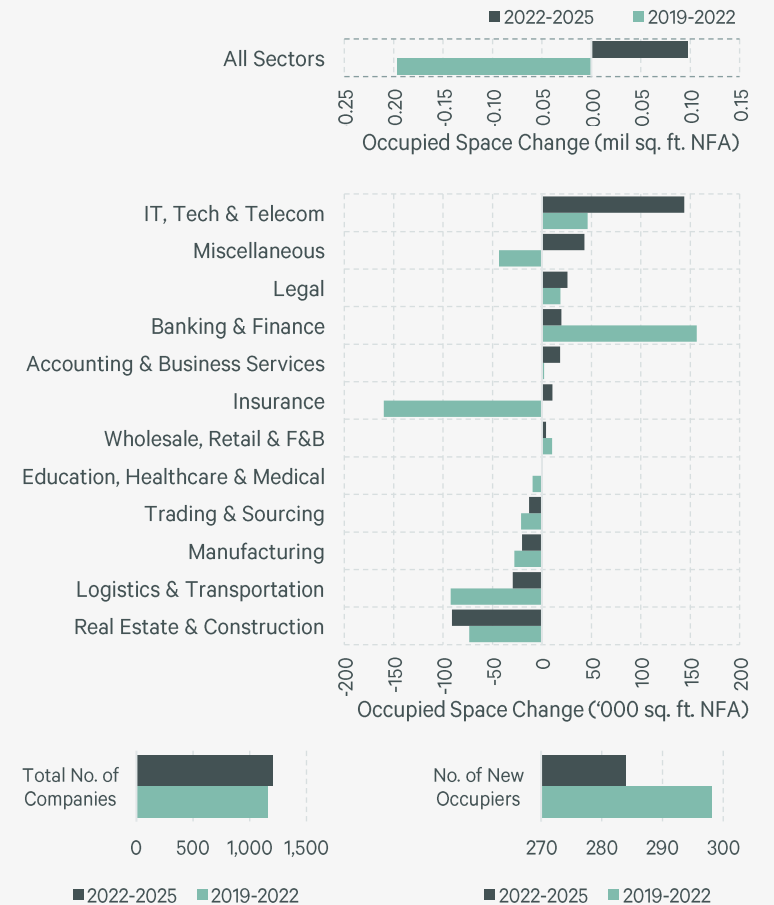
Source: CBRE Research, October 2025

**Figure 15: Change in Office Footprint (U.S. and EMEA companies)**



Source: CBRE Research, October 2025

**Figure 16: Change in Office Footprint (mainland Chinese companies)**



Source: CBRE Research, October 2025



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# 5. Slower Pace of Decentralisation

Figure 18: Occupier Flow – Core to Decentralised Submarkets

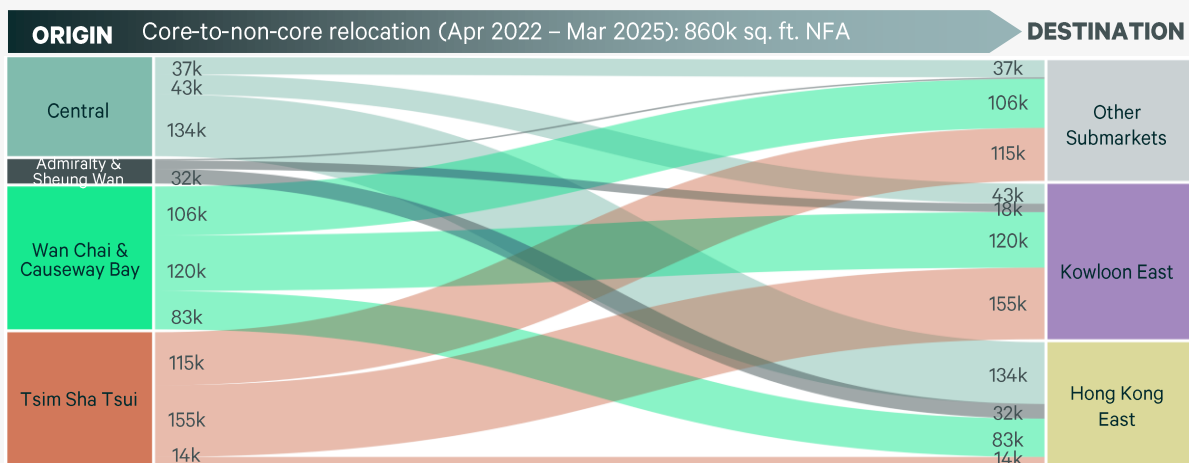
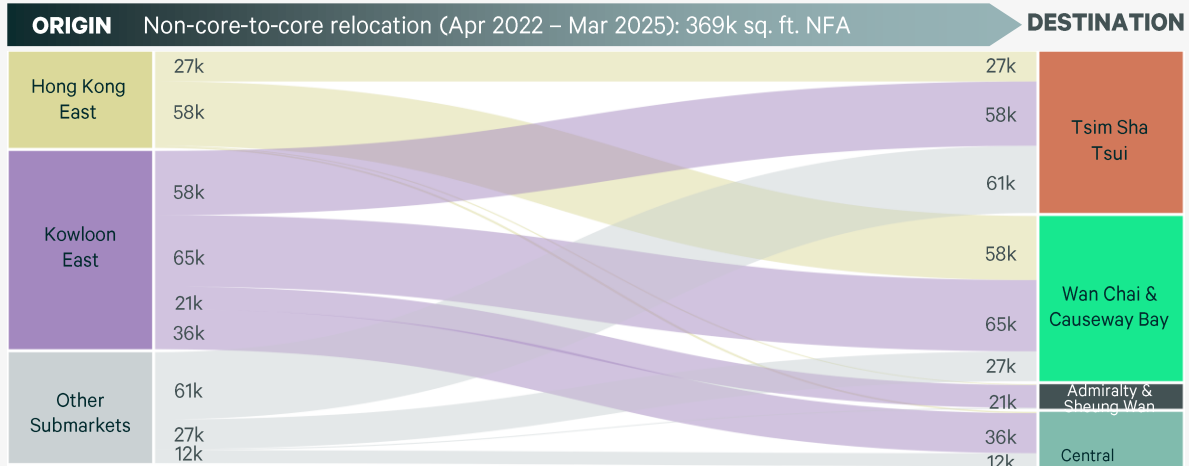


Figure 19: Occupier Flow – Decentralised to Core Submarkets



Source: CBRE Research, October 2025

Figure 20: Total Occupier Flow – Core to Decentralised

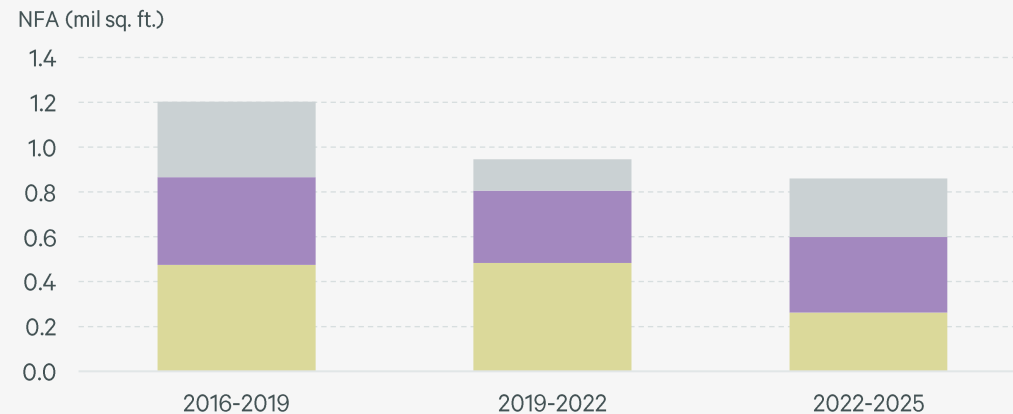
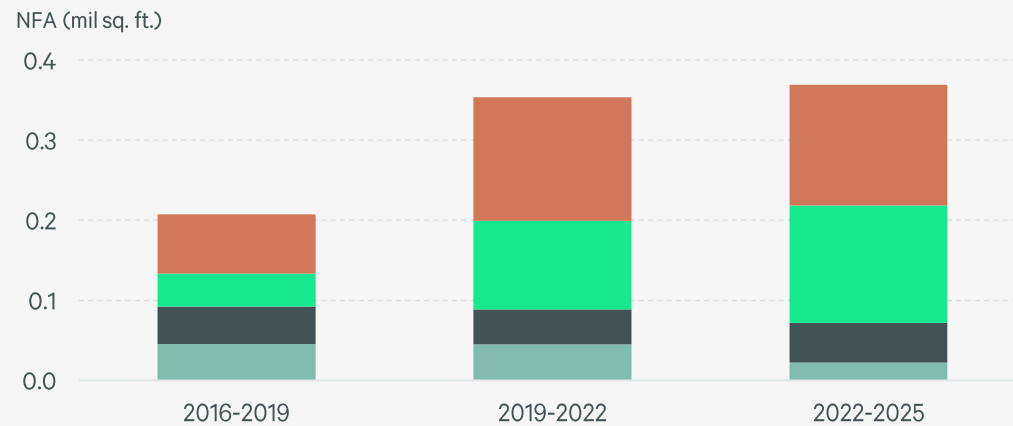


Figure 21: Total Occupier Flow – Decentralised to Core



Source: CBRE Research, October 2025

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# 6. Growth in Green Footprint

## Highlights

- The volume of green space in Hong Kong’s Grade A office market increased by 19.4 million sq. ft. (58%) during the study period to a total of 52.3 million sq. ft.:
  - Out of the 22 newly completed buildings, 16 received green certificates, covering 5.6 million sq. ft. of space.
  - Retrofits enabled 39 existing buildings to achieve green certification, involving 13.8 million sq. ft. of space.
- The significant increase in green secondary space has led to a noticeable rise in the green footprint across various occupier sectors:
  - Banking and finance saw the biggest jump in green footprint, increasing by 28% to 14.2 million sq. ft..
  - Eight of the 12 major sectors now have over half of their footprint in green buildings.
  - Banking and finance, insurance, and legal have the highest green space ratios, each above 70%.
- There is no significant difference in occupancy rates between buildings that are green certified and those that are not.

Figure 22: Citywide Green Grade A Office Stock

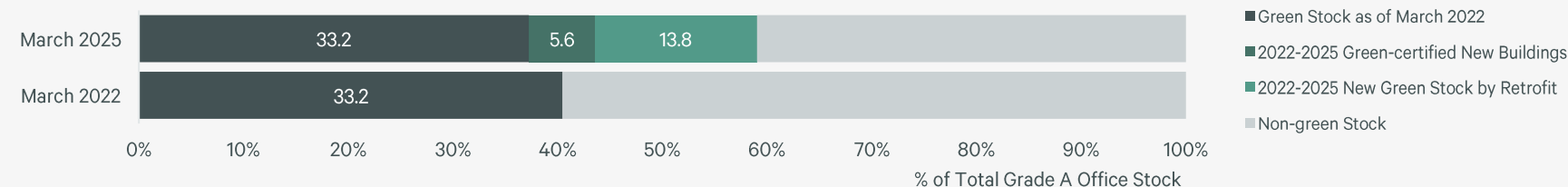
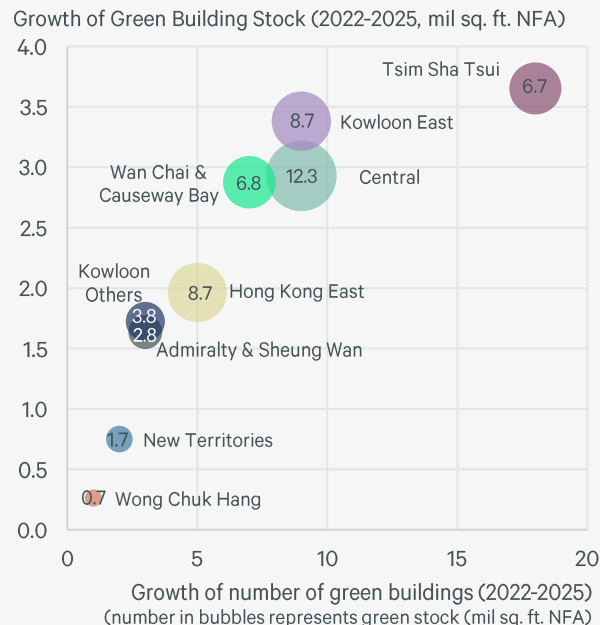
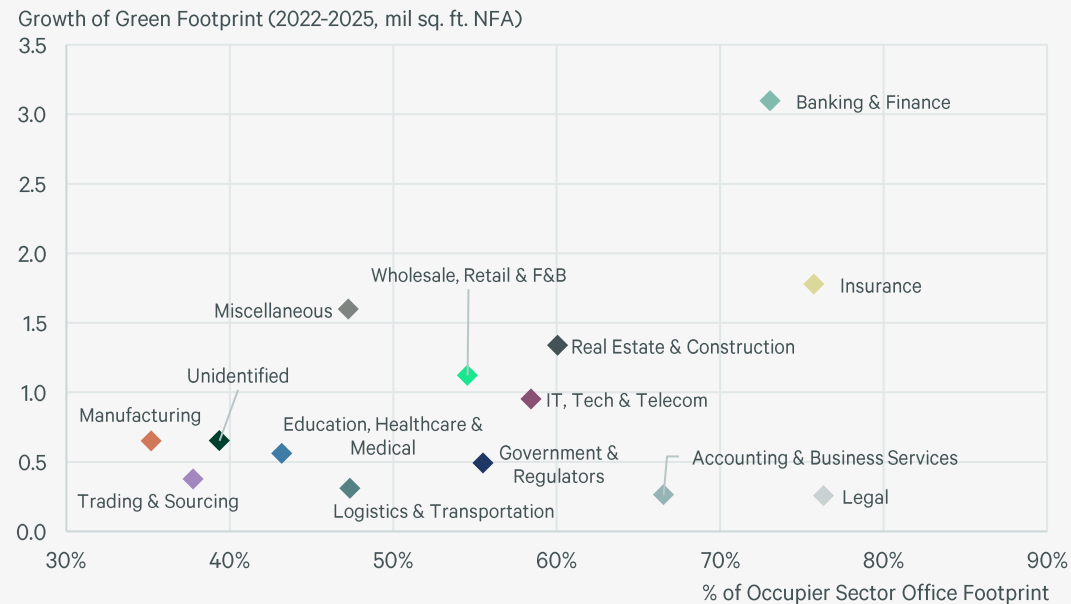


Figure 23: Green Building Stock by Submarket



Source: CBRE Research, October 2025

Figure 24: Green Office Footprint by Occupier Sector



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# 7. Increased Ownership Demand

## Highlights

- During 2022-2025, the stock of owner-occupied space increased by 1.1 million sq. ft., to 12.8 million sq. ft., representing 17.4% of total occupied space.
  - Of this increase, 58%, or 0.6 million sq. ft., was in brand new buildings.
  - Most end-users bought strata-titled floors for self-use, with two en-bloc purchases completed by Hong Kong Metropolitan University and mainland Chinese sports brand Li Ning.
  - Regulators, such as the Securities and Futures Commission and the Protection of Wages on Insolvency Fund Board, also acquired offices for self-use. The Hong Kong Stock Exchange’s partial acquisition of One Exchange Square in April 2025 is not included as it was not completed until after the end of the study period.
  - The completion of AIA’s self-developed group headquarters on Stubbs Road also contributed to the rise in self-use Grade A office space.
  - Property developers occupied additional space in their buildings, which contributed to the overall growth in self-use space.

Figure 25: Owner-Occupied Grade A Office Stock

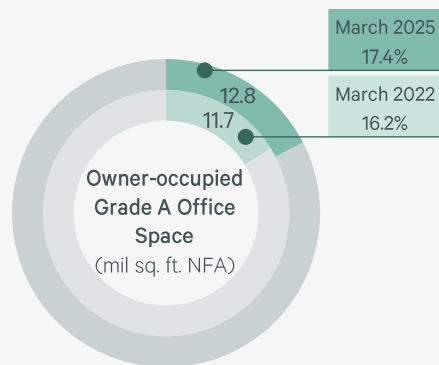
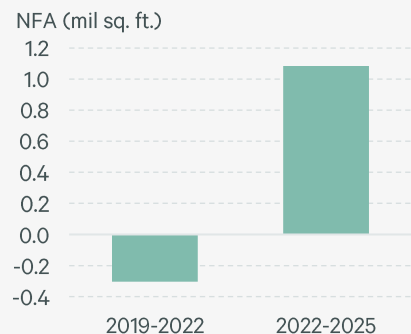


Figure 26: Change in Owner-Occupied Grade A Office Stock



Source: CBRE Research, October 2025

Figure 27: Owner-Occupied Grade A Office Space by Occupier Origin

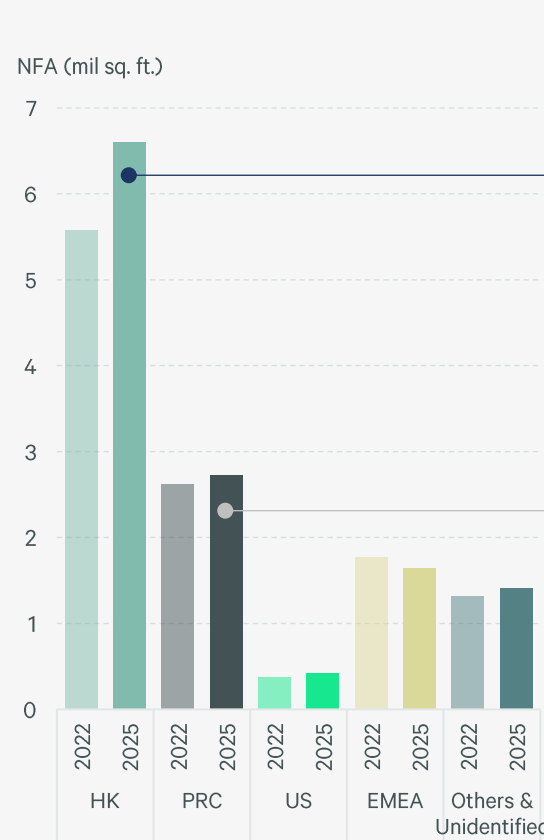
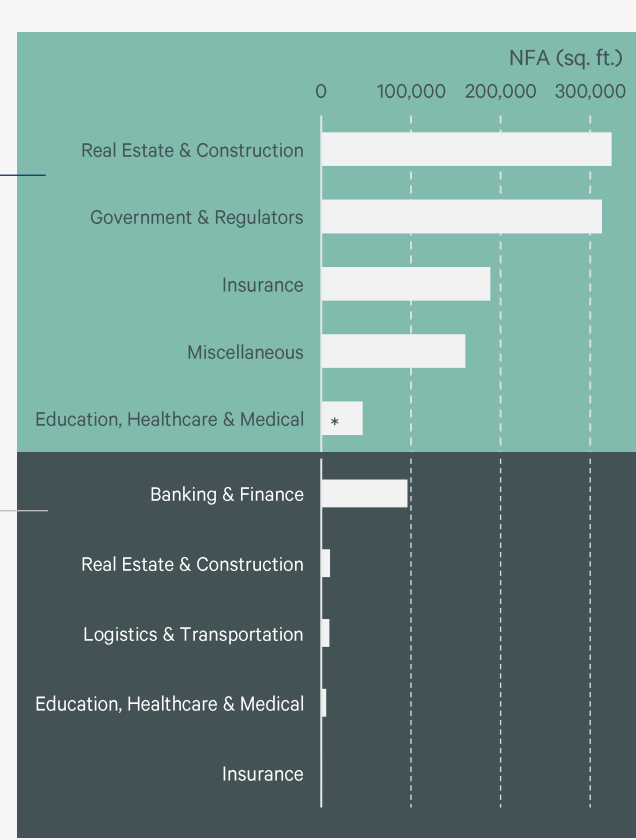


Figure 28: Change in Owner-Occupied Grade A Office Space by Occupier Sector

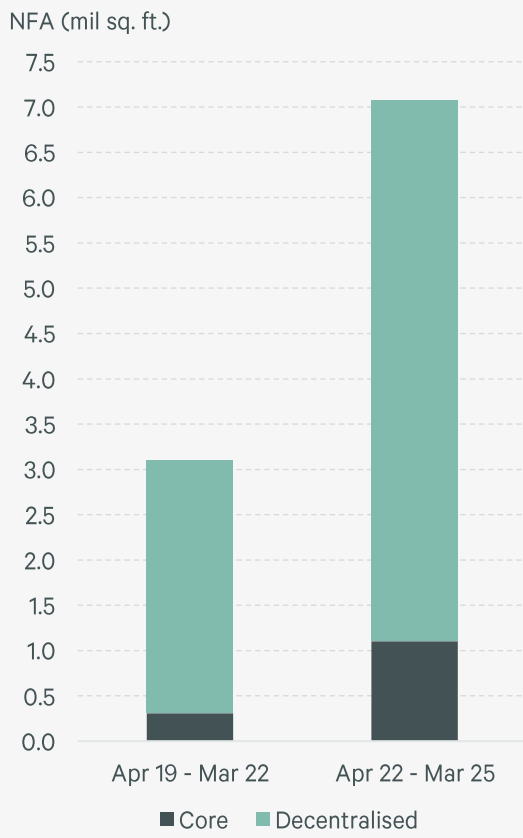


\* Part of the space acquired by Hong Kong Metropolitan University will remain tenant-occupied until lease expiry.

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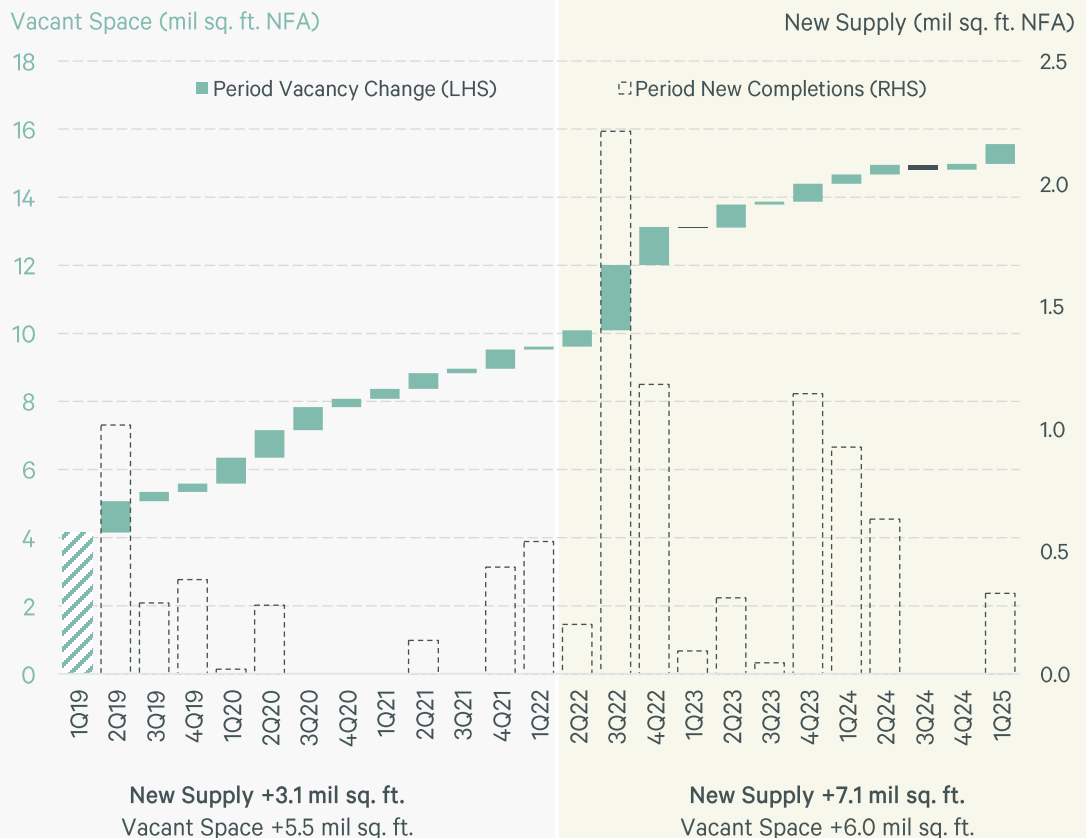
# 8. Slower Absorption of New Buildings During a Supply Boom

Figure 29: New Grade A Office Supply



Source: CBRE Research, October 2025

Figure 30: New Grade A Office Supply vs. Vacancy



Source: CBRE Research, October 2025

### Highlights

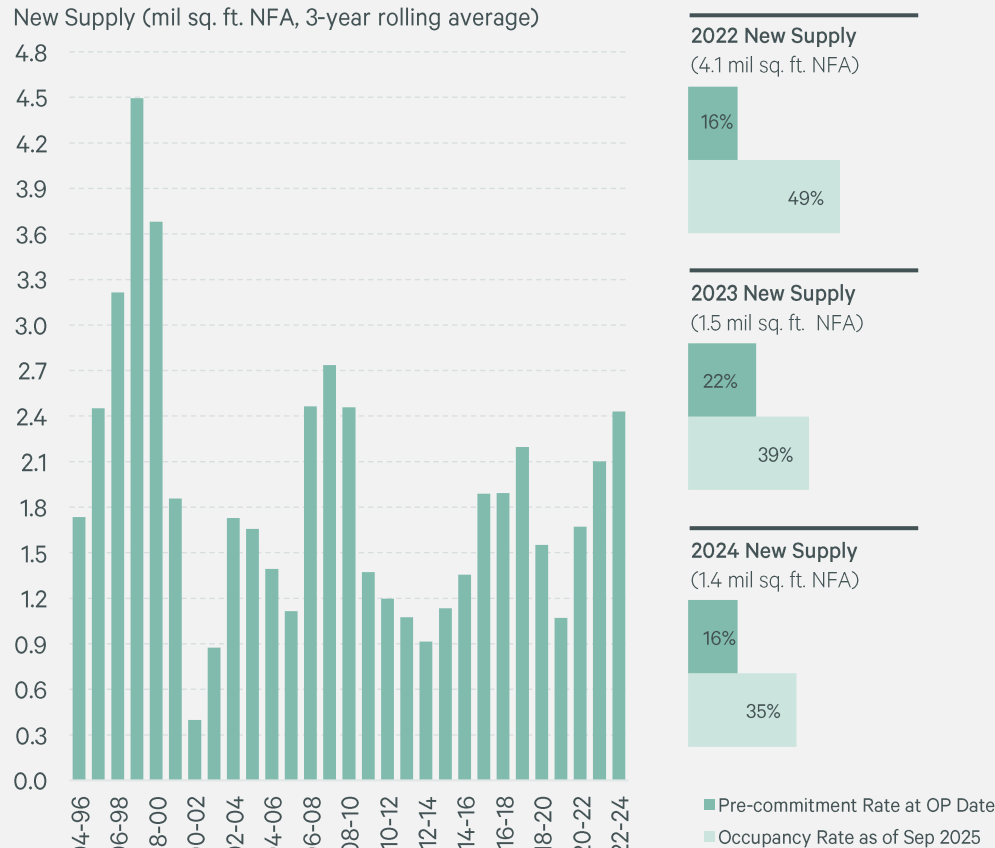
- New supply increased significantly during the study period, reaching 7.1 million sq. ft. between April 2022 and March 2025, more than double the 3.1 million sq. ft. recorded in the previous three-year period.
  - A total of 22 projects were completed between Q2 2022 and Q1 2025, a figure double the 11 projects added between Q2 2019 and Q1 2022.
- Citywide vacancy increased by 62%, rising from 9.6 million sq. ft. in March 2022 to 15.6 million sq. ft. in March 2025, a 3.8x increase from 4.1 million sq. ft. six years ago.
  - Of the 11.4 million sq. ft. increase, 44% or 5.0 million sq. ft. is from new developments.
  - As of September 2025, 21% of vacant space was in buildings less than three years old, totalling 3.2 million sq. ft.
- Out of the 12 quarters between Q2 2022 and Q1 2025, vacancy declined in just two quarters, with the most significant increase occurring in H2 2022.

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# 8. Slower Absorption of New Buildings During a Supply Boom

- Despite higher net absorption and an increase in occupied space, a substantial portion of space in buildings completed during the study period was left vacant due to high relocation costs and competitive lease renewal offers from existing landlords seeking to retain tenants.
- Pre-commitment for new buildings before completion (Occupation Permit date) were generally low.
  - The average pre-commitment rate for projects that received an occupation permit between 2022 and 2024 was 17%.
  - Only two buildings achieved 50% occupancy upon completion. Some of this occupancy was due to tenants relocating from other buildings within the same landlord's portfolio.
  - Out of 23 new projects completed between 2022 and 2024, nine were fully vacant upon completion, while 15 projects achieved a pre-commitment rate in the single digits.
- Out of the 21 new buildings (excluding two self-use projects), only six had achieved an occupancy rate above 50% by mid-2025. Among these, just two projects reached over 70% occupancy.
- Of the 7.0 million sq. ft. of new space added (excluding two self-use projects), only 40% is currently occupied.

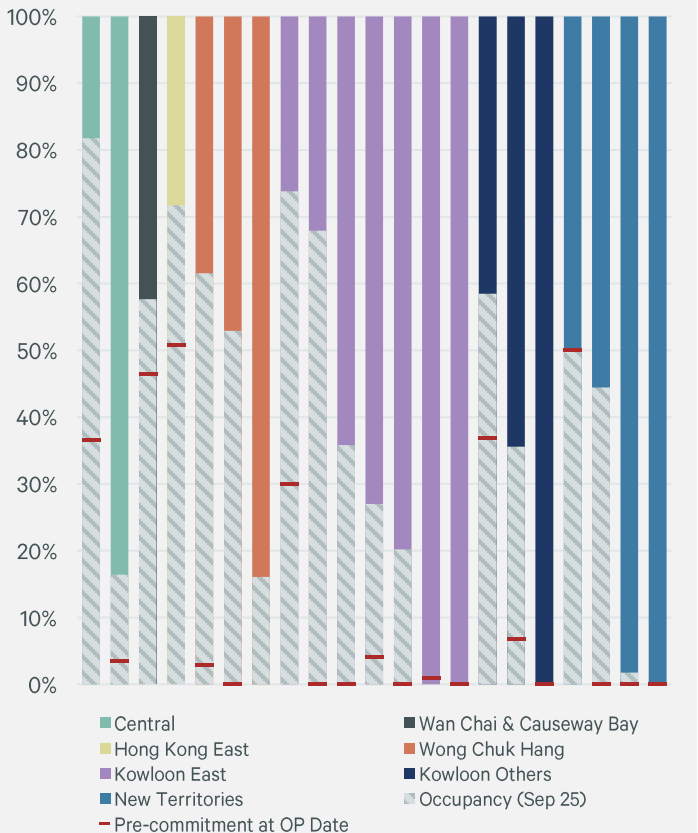
Figure 31: Grade A Office Building Supply



Source: CBRE Research, October 2025

Figure 32: Occupancy in 2022-2024 New Supply

Pre-commitment Rate / Occupancy Rate (as of Sep-2025)  
(each bar represents one building, excluding self-use projects)



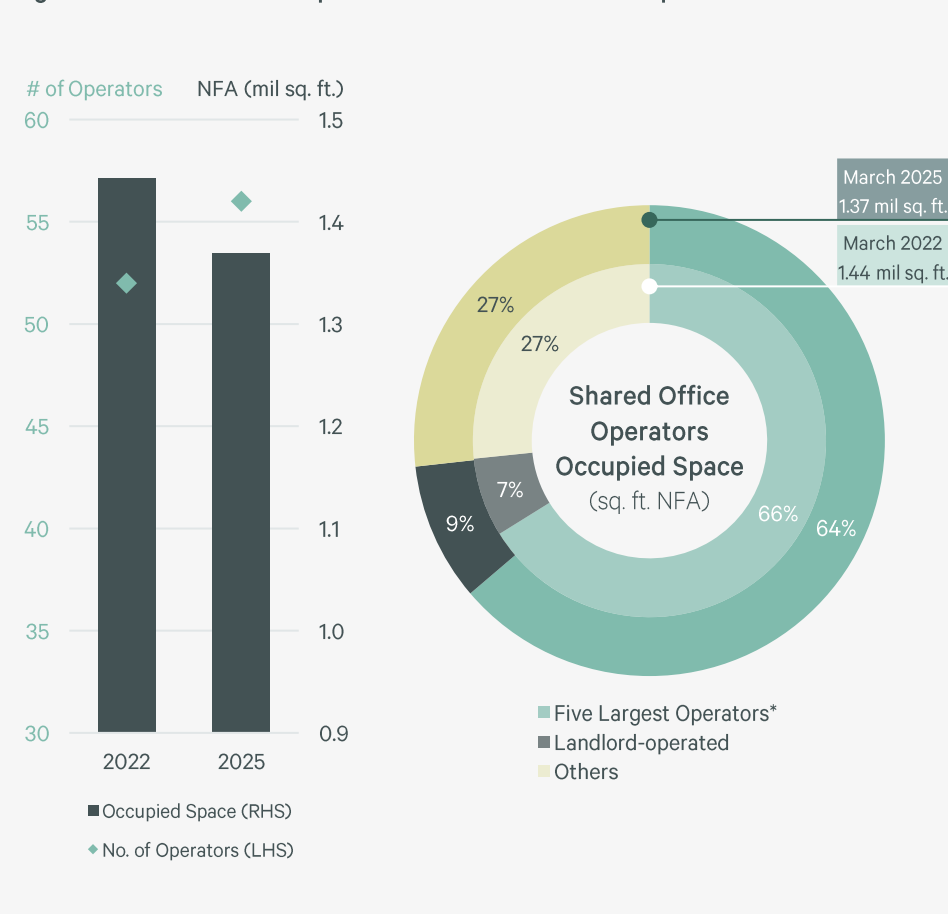
03 | Market Highlights 2022-2025

# 9. Downscaling of the shared office sector

## Highlights

- Lower rents, increased space availability, and the growing adoption of remote working failed to spur expansion by the shared office sector during the study period.
  - Total occupied space by shared office operators in the Grade A office market decreased by 73,500 sq. ft., bringing the total to 1.37 million sq. ft.. The number of operators, however, increased from 52 to 56, indicating heightened competition.
  - An additional 1.3 million sq. ft. of shared office space exists outside the Grade A office market, down by 149,000 sq. ft. from three years ago.
- The market remains dominated by big players, with the five largest operators\* making up 64% of the sector’s footprint in the Grade A office market, a slight decline from the last study.
  - They have collectively reduced their total footprint by 37,000 sq. ft., with the expansion of four operators offset by one operator's decline.
- Landlords operate 130,000 sq. ft. of shared office space independently, largely unchanged compared to three years ago.

Figure 33: Shared Office Operators' Grade A Office Footprint



Source: CBRE Research, October 2025  
\* by total Grade A office footprint in Hong Kong

Figure 34: Grade A Office Footprint Change of Five Largest\* Shared Office Operators

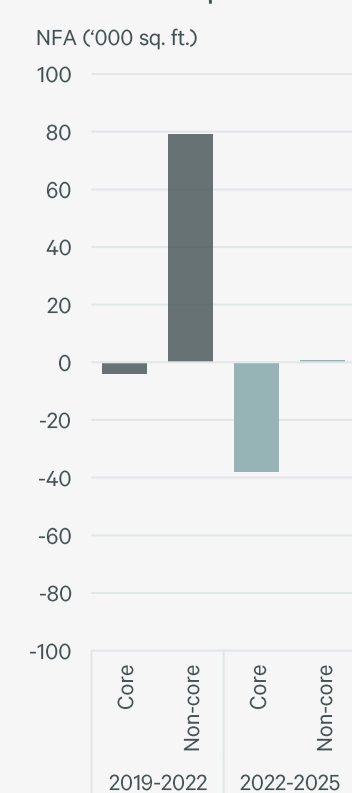
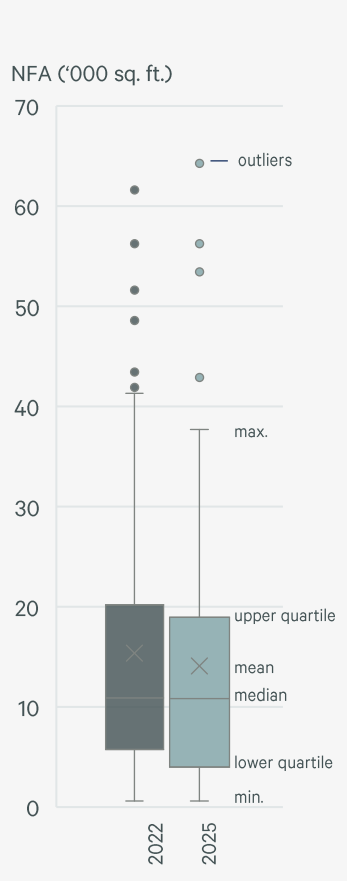
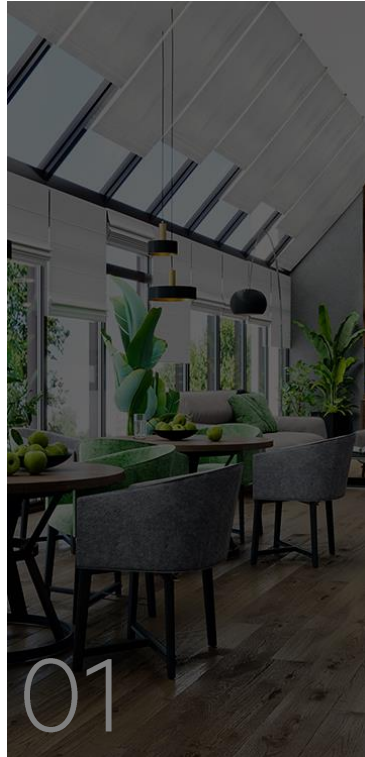


Figure 35: Scale of Shared Office Centres





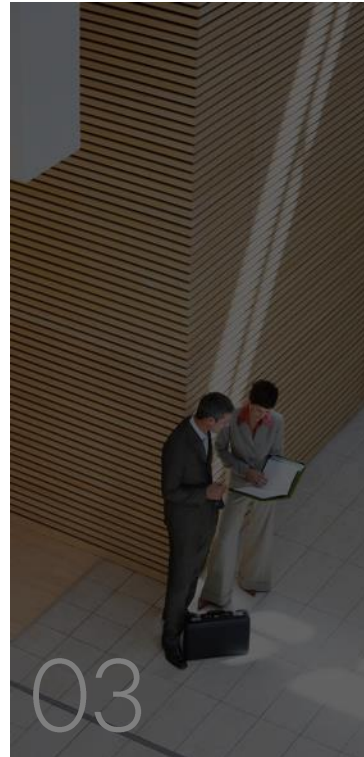
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Industry Occupancy

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# Improving Economic Prospects in 2026-2028

Despite ongoing challenges stemming from geopolitical tension and other short-term obstacles, the government projects that Hong Kong's GDP will grow by 2.9% per year from 2026 to 2029. If achieved, this would surpass the annual average growth rate of the past decade.

Hong Kong's recent improvements in various global rankings have bolstered confidence in the economy, enhancing the city's fundamentals and extending its capacity to attract global businesses, capital, and talent across multiple sectors.

Economic momentum will primarily be fuelled by the government's initiatives to support new industries, which will work alongside the steady growth of the city's traditional pillar industries.

Challenges will remain, however, particularly for sectors that are experiencing ongoing disruption due to structural change.

CBRE expects future economic growth to be propelled by ten key factors:

<p><b>01</b></p> <p>Further internationalisation of the financial sector, leveraging the world's largest offshore Renminbi pool and Hong Kong's global leadership in asset management.</p> 	<p><b>02</b></p> <p>Recovery in the capital markets, as Hong Kong's IPO and wealth management sectors gain momentum.</p> 	<p><b>03</b></p> <p>Benefiting from the expansion of domestic demand and monetary easing in China.</p> 	<p><b>04</b></p> <p>Utilising China's opening policies to access markets in the Global South.</p> 	<p><b>05</b></p> <p>Hong Kong's role as a super connector for Chinese enterprises exploring overseas markets</p> 
<p><b>06</b></p> <p>Commercialisation of innovation and technology.</p> 	<p><b>07</b></p> <p>Hong Kong's initiative to embrace fast-emerging industries.</p> 	<p><b>08</b></p> <p>Continued recovery in inbound tourism and efforts to boost the events economy.</p> 	<p><b>09</b></p> <p>Retail market recovery, driven by an increase in tourist footfall and the inflow of talent and students.</p> 	<p><b>10</b></p> <p>Economic momentum generated by the accelerated development of the Northern Metropolis</p> 

## 04 | Future Trends

# Key Office Market Trends in 2026-2028

Improving economic conditions are expected to lead to a recovery in Hong Kong office demand in the coming years. Leasing activity is anticipated to increase over the next three years compared to the period from 2022 to 2025. Growth will be driven by:

- The continuous recovery and steady growth of traditional service industries.
- An uptick in mainland Chinese enterprises establishing a presence in Hong Kong.
- Emerging demand from new economic sectors.
- Occupiers upgrading to office space in newly developing strategic locations.

However, improving leasing momentum and a decline in new supply will not necessarily lead to a strong recovery in occupancy rates and rents. This is due to the following reasons:

- Owing to advanced but disruptive workplace technologies and modern workplace strategies, net growth in office space demand is likely to be milder than historical trends.
- A faster decline in vacancy rates would require a significant increase in net absorption that exceeds the levels seen before the market downturn began in 2019.
- The excess availability of space in the secondary market will continue to benefit tenants, creating ongoing challenges for landlords over the next three years.
- While citywide vacancy will stay high for longer, the performance of individual buildings and submarkets will depend on the balance between local demand and supply.

Locally, various geographical and sectoral trends will impact the Hong Kong Grade A office market through early 2028.

**CBRE expects the following trends to characterise the Hong Kong Grade A office market in the next three years:**

1. Rethinking workplace strategies to align with the new normal
2. Divergent submarket landscape
3. Onset of a space-digestion period
- 4&5. Diversifying tenant mix / forced relocation and upgrading demand
6. Financial sector-led recovery in Central
7. Emergence of Tsim Sha Tsui West
8. Stabilising stock growth in decentralised submarkets
9. More accommodative landlords

## 04 | Future Trends

# 1. Rethinking Workplace Strategies to Align with the New Normal

Demand for office space is expected to increase as global workplace strategies continue to evolve.

Over the past three years, many companies have adjusted their office operations in response to changes brought about by the COVID-19 pandemic, resulting in significant downsizing.

In the coming years, larger corporations are likely to refine their workplace strategies to align with the new normal. This will involve incorporating AI and other technologies to meet ongoing ESG goals and enhance work efficiency.

While remote work will remain a key trend to accommodate modern lifestyles and promote a better work-life balance, management is likely to emphasise direct communication to accelerate business growth. This shift may lead companies to reassess their office footprint, potentially resulting in an increase in demand for office space compared to the previous three years.



## Return to office

- Many global CEOs have called for an end to work-from-home policies. While Hong Kong's office attendance rates are currently high, such a change in global practices could foster more face-to-face interaction and gradually reinforce demand for office space.
- Big financial and professional services firms are likely to spearhead this change, as they were previously leaders in implementing work-from-home policies.
- Corporates that have implemented hybrid working may need to either increase their office space or reorganise it to enhance density. This will require a careful balance between space needs and overhead management.



## Office configurations

- Office configurations are expected to remain structured to promote effective communication and collaboration.
- Return-to-office policies will not hinder corporates from prioritising employee wellness. Corporates will continue to invest in green office features that promote occupational health and social well-being.
- Outsourcing office operations to shared office operators has proven unpopular. While shared offices may suit emerging businesses, established companies are likely to grow in their own premises.
- Technology will transform facility and building management, enhancing office efficiency. The Internet of Things will increasingly be used to measure performance and improve workplace strategies.



## Wider use of AI and big data

- In the coming years, AI integration in the workplace is expected to accelerate, significantly enhancing productivity and transforming how companies and employees use their space.
- In Hong Kong, workplace AI is likely to improve customer service, reduce costs, and increase sales, rather than resulting in a large-scale reduction of jobs.
- Both landlords and tenants will increasingly rely on big data to shape their asset management and workplace policies.
- Data sharing will be encouraged to enhance coherence between landlords and tenants.

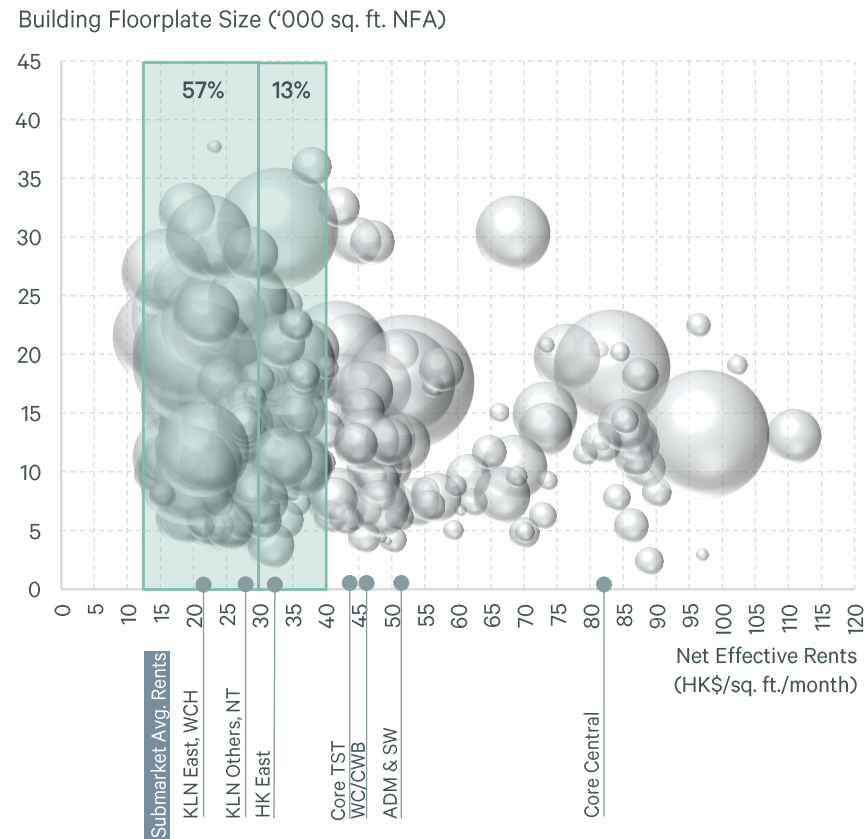
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# 2. Divergent Submarket Landscape

The supply overhang will ensure the market remains in favour of occupiers over the next three years. However, vacancy pressure will not be uniform and will vary across submarkets:

- Competition will be most intense in low-rental segments.
  - As of September 2025, more than 70% of vacancy is concentrated in buildings leasing at HK\$40 per sq. ft. per month (net effective) or below. This is likely to increase as rents continue to decline.
  - Most of these buildings are located in Kowloon decentralised submarkets, which will contribute to further rental declines.
  - Buildings leasing at HK\$60 per sq. ft. per month and above will experience less competition, indicating a greater likelihood of stabilising rents.

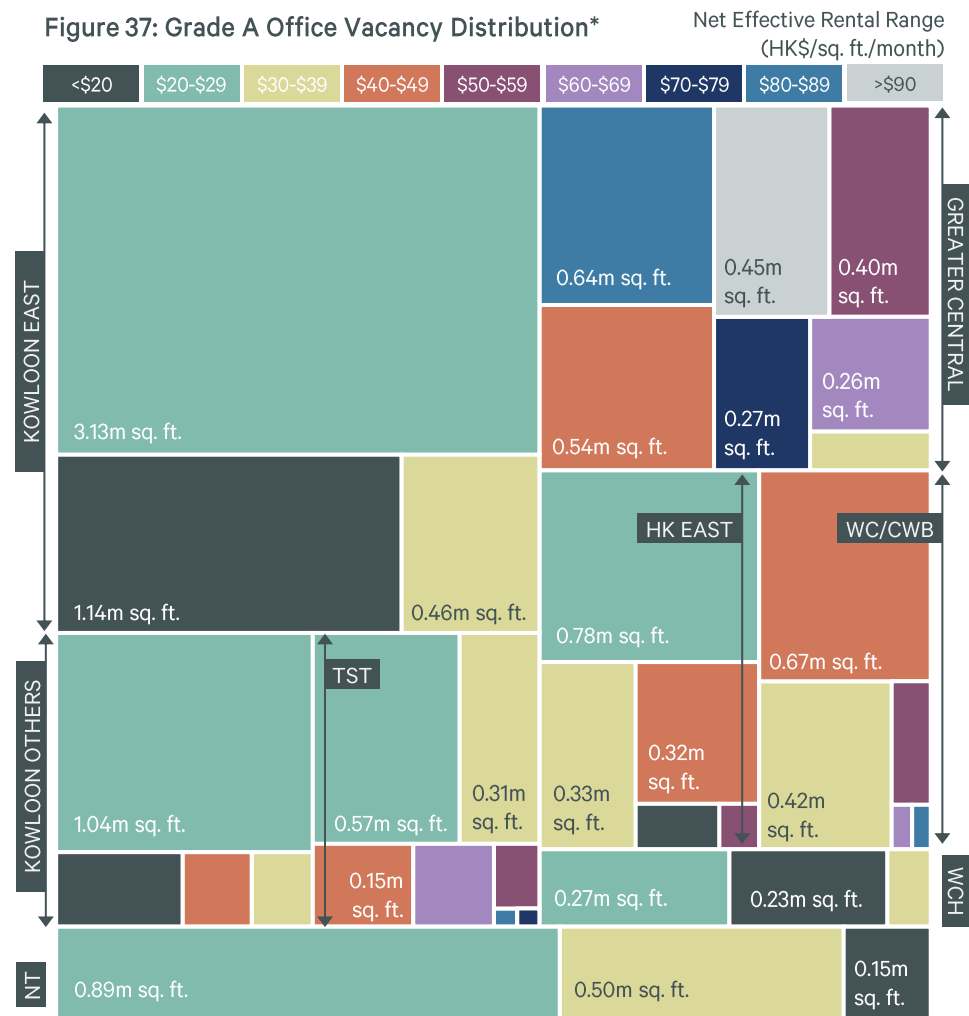
Figure 36: Citywide Grade A Office Vacancy Pressure\*



\* data as of September 2025

Source: CBRE Research, October 2025

Figure 37: Grade A Office Vacancy Distribution\*



Source: CBRE Research, October 2025

\* data as of September 2025

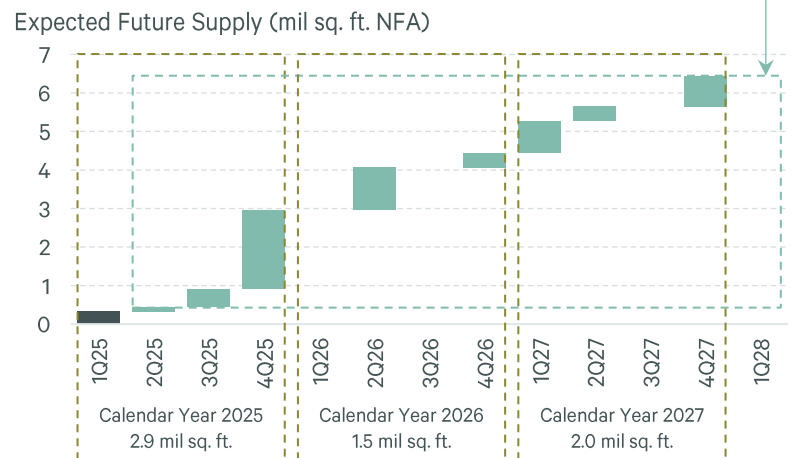
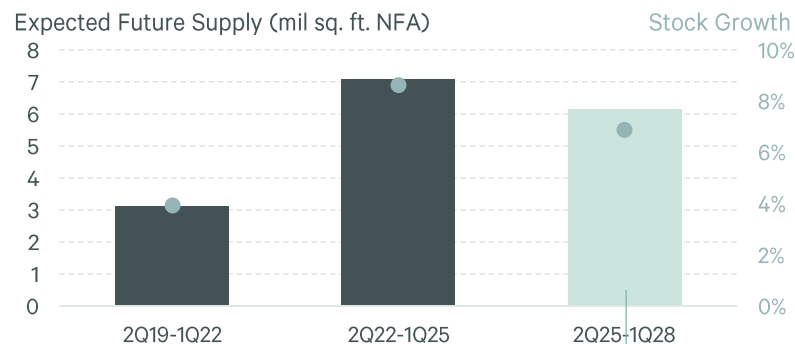
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# 3. Onset of a Space-Digestion Period

Following the 62% rise in total vacant space observed between Q1 2022 and Q1 2025, the next three years will see Hong Kong’s Grade A office market enter a period of space digestion. This will be achieved mainly by:

- A reduced level of new supply:
  - 6.0 million sq. ft. of supply is due for completion between Q2 2025 and Q1 2028. This represents a 6.8% increase in stock, a relative slowdown from the 8.6% jump observed in the current study period.
  - The bulk of new space will be completed between late-2025 and mid-2026. Thereafter, new supply will start to lose momentum in each subsequent quarter.
  - Nearly 80% of space will be in core submarkets. About 1/3 of all new space scheduled for the three-year period will come from International Gateway Centre, atop the XRL Terminus.
  - By number of projects, only 15 schemes will come on stream, down from 22 in the current study period. Ten of the 15 projects will be in core submarkets.

Figure 38: Grade A Office Future supply



Source: CBRE Research, October 2025

- Further recovery in new and expansionary demand:
- Growth momentum will come mainly from selected traditional pillar industries with a positive business outlook and fast-emerging sectors backed by macro trends. Examples include:
  - Private wealth management, driven by:
    - Inflow of HNWIs and high-earners
    - Hong Kong’s goal of becoming the world’s largest wealth management hub by 2028.
  - Insurance, driven by:
    - Talent inflow
    - Hong Kong’s aging population
    - Spillover demand from mainland Chinese
  - Fintech and tech, driven by:
    - Blockchain and digital finance development
    - Hong Kong’s expanded role as a leading tech hub
  - Education, driven by:
    - Hong Kong’s ambition to establish an international education hub
  - Healthcare and wellness, driven by:
    - Hong Kong’s aging population
    - Growing spending on healthcare and wellness
  - Arts and cultural
    - Hong Kong’s tax advantage and policy support on art trading

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# 4 & 5. Diversifying Tenant Mix / Forced Relocation and Upgrading Demand

## Diversifying tenant mix

Consistently high vacancy rates will encourage office landlords to think creatively and consider diversifying the use of non-core portfolio buildings. Such an approach is especially relevant for lower-tier properties that are struggling to improve occupancy rates. Focus areas will include:

- Wholesaling or partially converting buildings to capitalise on the rapid growth of emerging industries.
- Combining accommodation, workspaces, and social amenities within the same building to cater to the lifestyle preferences of younger generations.
- Merging office space with retail, event and exhibition areas.

Despite the sound reasons for these conversions, landlords will strive to keep the capital expenditure associated with any changes to a minimum.

## An increase in forced relocation and upgrading demand

Leveraging recent policy changes to convert underutilised office spaces into student hostels could be a viable solution for specific office buildings:

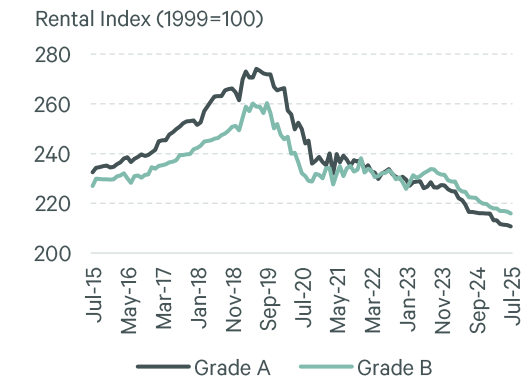
- Buildings with smaller floor areas are best for conversion, according to CBRE’s “Vertical Urban Ecosystems – Reinvigorating Hong Kong’s Office Buildings” report.
  - About 8 million sq. ft. in 186 Grade A office buildings can be converted, along with some of the 5 million sq. ft. of vacant Grade B office space.
  - Buildings in less popular office areas near schools may increase in value after conversion.
- Should some buildings undertake these conversions, this could create increased demand for upgrading Grade A office space, especially among lower-rental cohorts.
- Other trends affecting office demand and relocations will include:
  - The increase in company registrations seen in recent years may lead to growth needs, whether they are currently in or seeking to enter the Grade A office market.
  - The rental gap between Grade B and low-tier Grade A offices is closing, which may push some SMEs to upgrade.
  - Growing end-user investment demand may force some office occupiers to relocate.

Figure 39: New Company Registrations



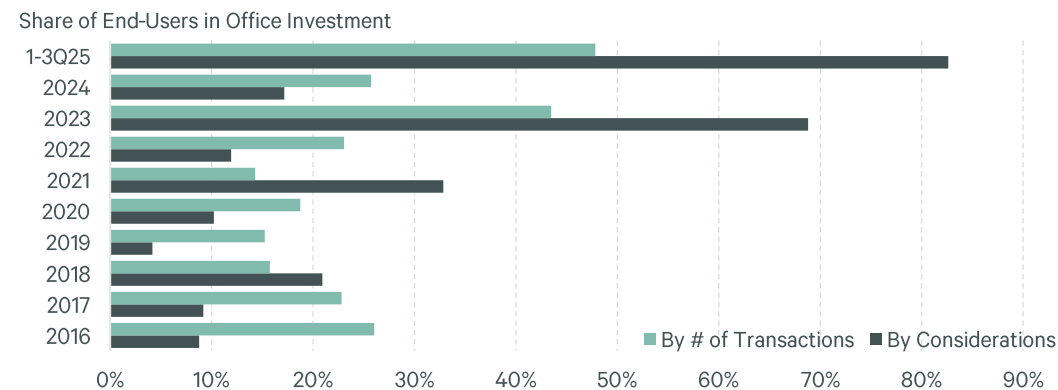
Source: Company Registry, October 2025.

Figure 40: Office Rental Trends



Source: Rating and Valuation Department, October 2025.

Figure 41: Office End-User Demand



Source: CBRE Research, October 2025.

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# 6. Financial Sector-Led Recovery in Central

Anticipated improvements in demand are unlikely to shift the balance of power in the leasing market, ensuring tenants maintain their advantageous position.

Market vacancy rates are expected to remain relatively high, likely establishing a new normal for an extended period.

Leasing momentum is expected to differ across submarkets, with Central likely to see occupancy rates increase due to several factors:

- Hong Kong's advantages in expanding its advisory and capital-raising services for mainland Chinese enterprises looking to go global.
  - Banks, investment firms, and legal and tax advisors will lead the way in advising mainland Chinese firms. These traditional Central-based occupiers will contribute to increased demand for office space in the area.
- Heightened scrutiny from U.S. regulators, along with a desire for closer proximity to their home market, will encourage more mainland Chinese enterprises to consider Hong Kong for their listings.
  - This trend will result in a surge of new company formations and boost office demand from banks and professional services firms involved in IPOs, many of which are headquartered in Central.

- Hong Kong's goal of becoming the world's largest wealth management hub by 2028.
  - In addition to the continuously growing mainland Chinese market, Hong Kong is also working to expand into Southeast Asia and the Middle East, which will lead to an increase in private wealth assets under management from these emerging markets.
  - With more talented professionals and HNWIs relocating to Hong Kong, demand for wealth management services is evident.
  - Central is one of the preferred locations for private wealth management companies.

### Emerging flight-to-quality options for Central occupiers

Despite the upcoming office cluster set to emerge in Tsim Sha Tsui (see Page 30), the narrowing rental gap between Central and Tsim Sha Tsui is likely to prevent a mass migration across the harbour.

However, Grade A office buildings in Central will be an average of 34 years old by 2028, with 34% of buildings being over 40 years old. While leading landlords have made significant investments to upgrade their properties, sophisticated multi-floor occupiers may consider new supply in Tsim Sha Tsui for flight-to-quality relocations.

Figure 42: – Rental Gap – Central vs. Tsim Sha Tsui

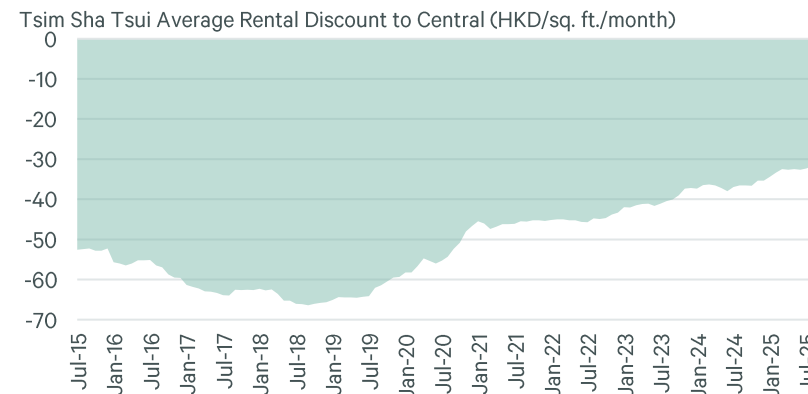
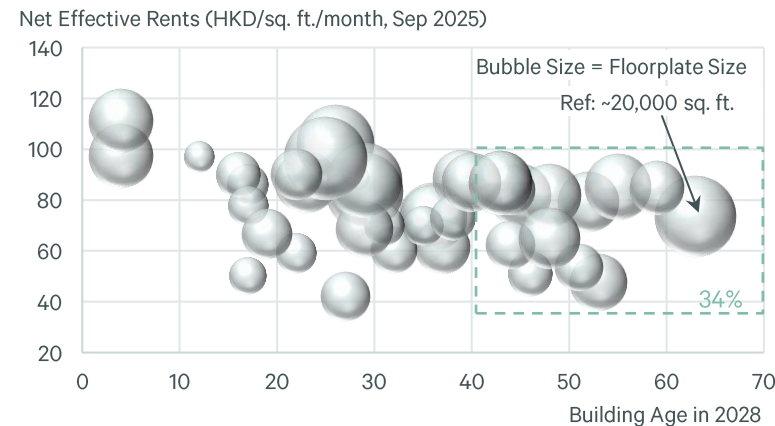


Figure 43: – Building Age and Rental Range of Central Buildings



Source: CBRE Research, October 2025

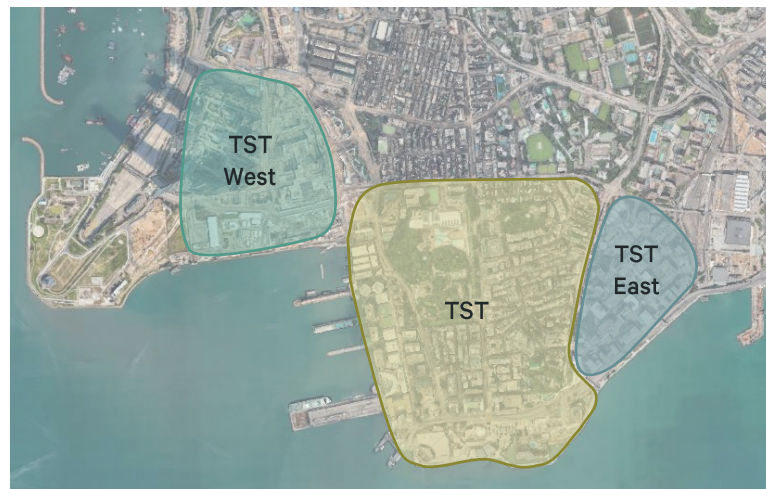
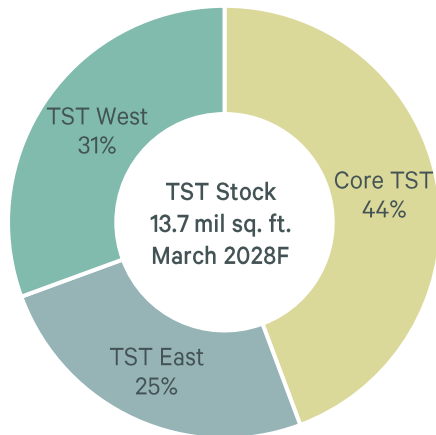
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# 7. Emergence of Tsim Sha Tsui West

The next three years are expected to see significant stock growth in Tsim Sha Tsui (TST). The western side of TST (TST West) is set to develop into a new sub-segment of the market:

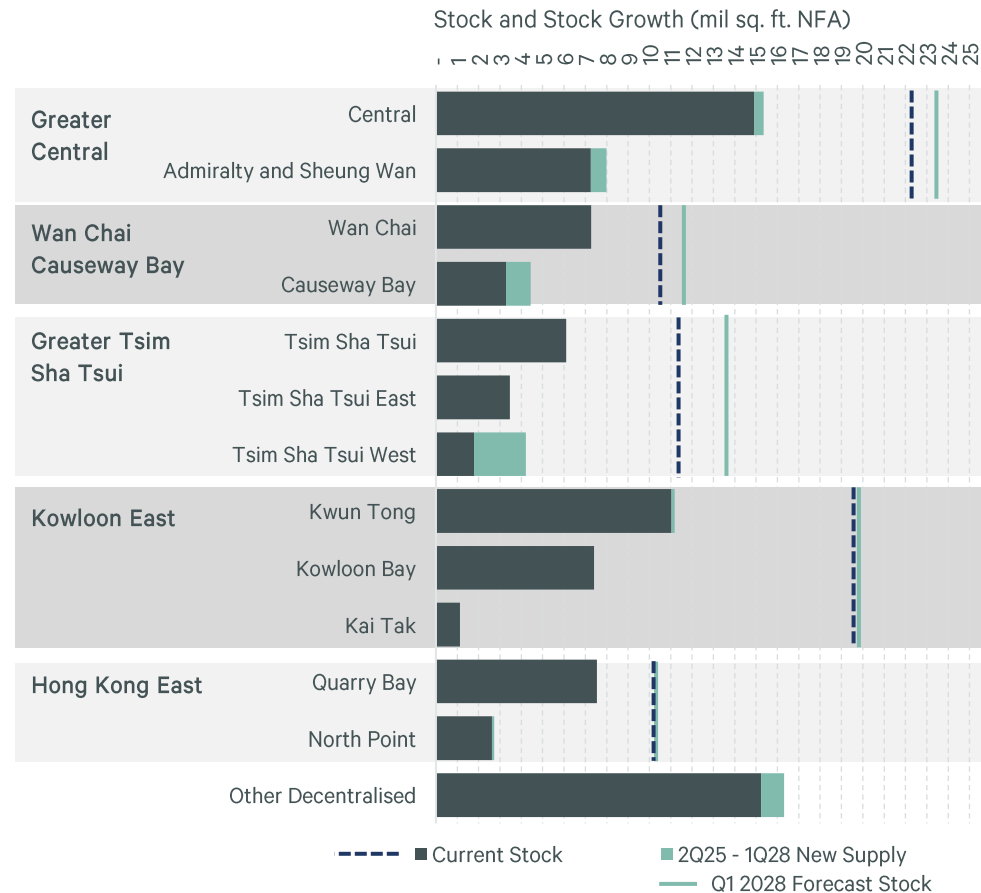
- Currently, this area features only the International Commerce Centre (ICC). However, TST West will see the addition of International Gateway Centre (IGC) and Artist Square Tower in late 2025 and 2026, respectively.
- These two developments will add 2.4 million sq. ft. NFA to TST West, increasing its total size to 4.2 million sq. ft..
- As a result, TST West will surpass TST East, which has 3.4 million sq. ft., and will be comparable in size to Causeway Bay, which is projected to reach 4.4 million sq. ft. by 2028.
- With several investment banks already located in TST West, this area has the potential to become a hub for multi-floor bank headquarters. However, Central will remain the key cluster for financial services, investment, and legal firms.
- The area’s proximity to the high-speed train station will also attract companies that require frequent travel to the mainland for their clients and staff.

Figure 44: Composition of Grade A Office Stock in TST



Source: CBRE Research, Google Map, October 2025

Figure 45: Current and Future Grade A Office Stock by Major Submarket



Source: CBRE Research, October 2025

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# 8. Stabilising Stock Growth in Decentralised Submarkets

Vacancy pressure in decentralised submarkets will start to ease as future supply in leading decentralised submarkets will be limited.

- Stock growth in the East (Hong Kong East and Kowloon East combined) is projected to be the lowest in two decades.
- Only 252,000 sq. ft. of new supply from two projects is expected to be delivered between 2026 and 2028, increasing current stock by just 0.8%.

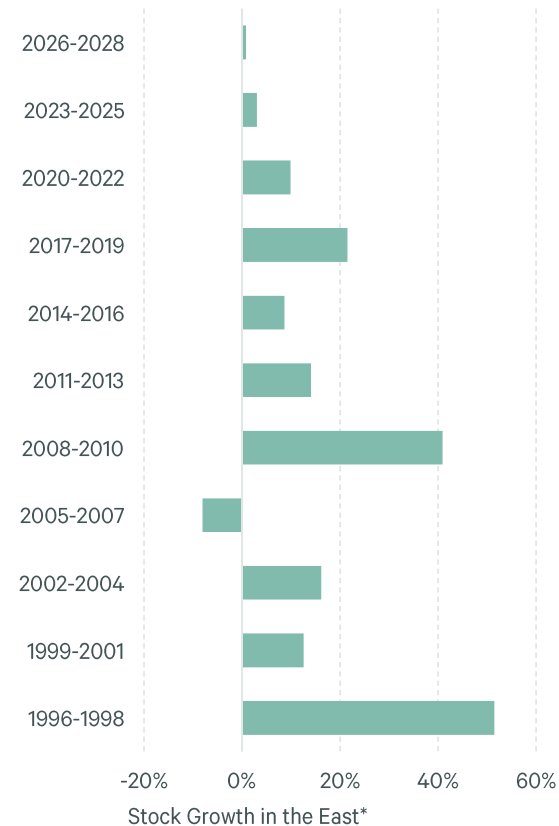
Similar trends are expected to emerge in other decentralised submarkets:

- The New Territories will experience the highest volume of new supply. However, only two projects will be available: one in Tung Chung and one in Tin Shui Wai.

Limited new supply indicates that decentralised submarkets may see fewer flight-to-quality relocations, contributing to lower net absorption for the city compared to prior years.

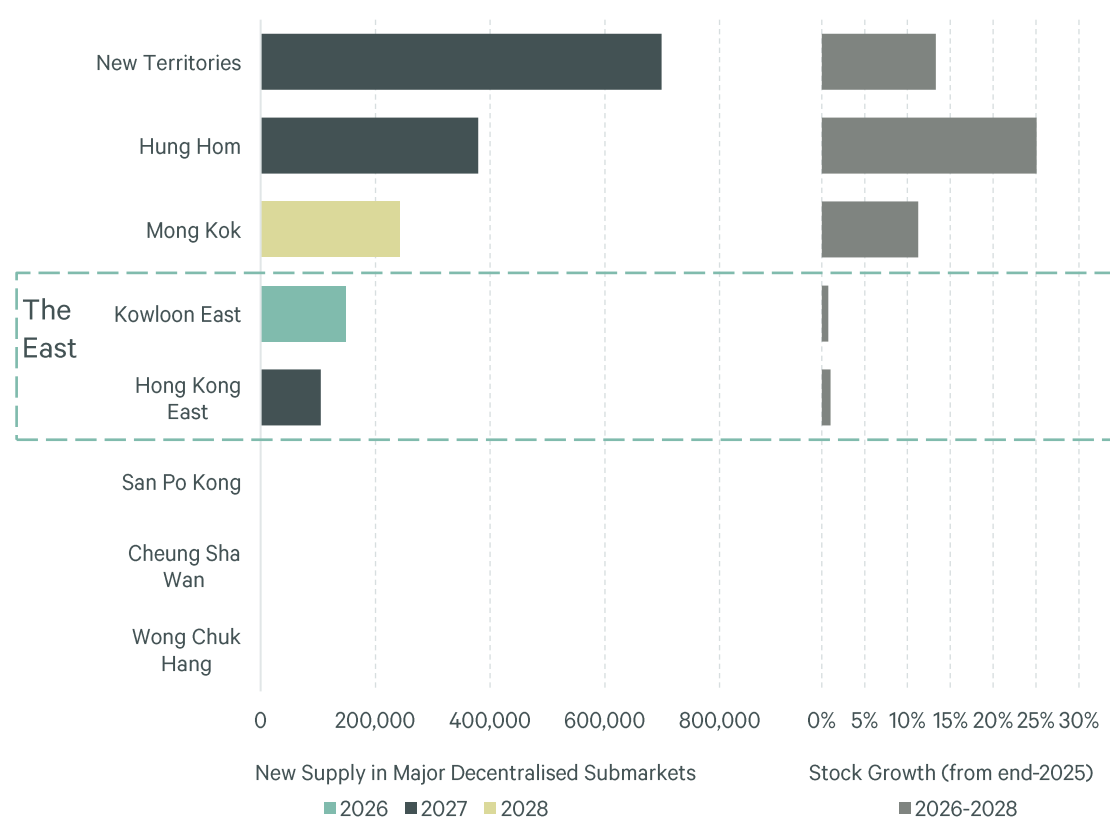
Despite stabilising stock growth, high existing vacancy in these decentralised submarkets will hinder any recovery in rents.

Figure 46: Grade A Office Stock Growth in the East\*



\* Hong Kong East and Kowloon East combined.  
Source: CBRE Research, October 2025

Figure 47: Grade A Office New Supply and Stock Growth by Submarket



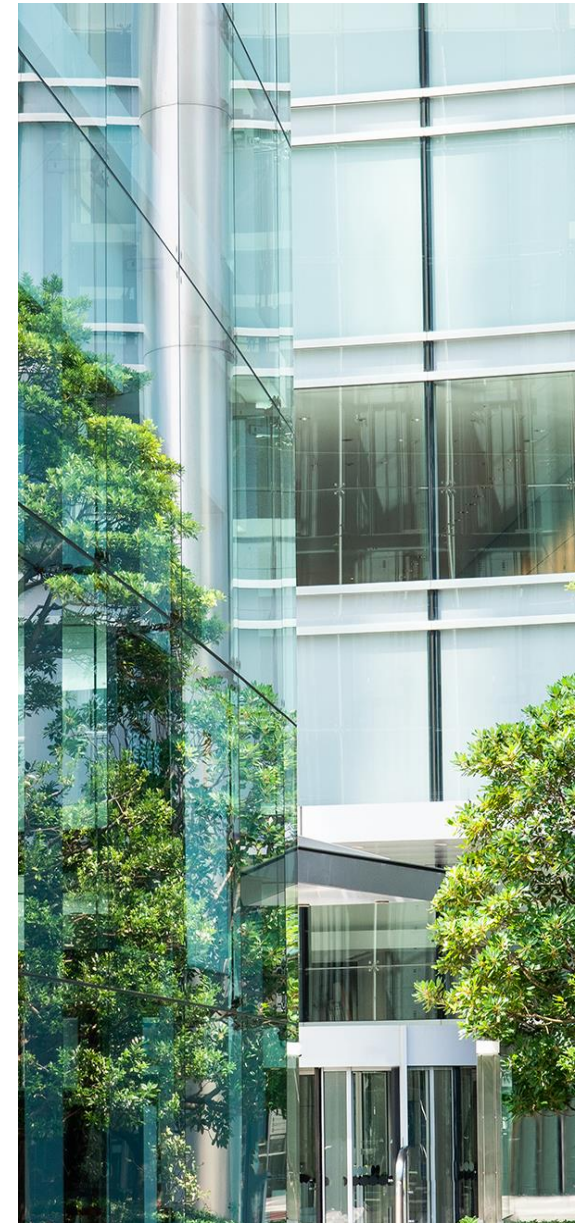
Source: CBRE Research, October 2025

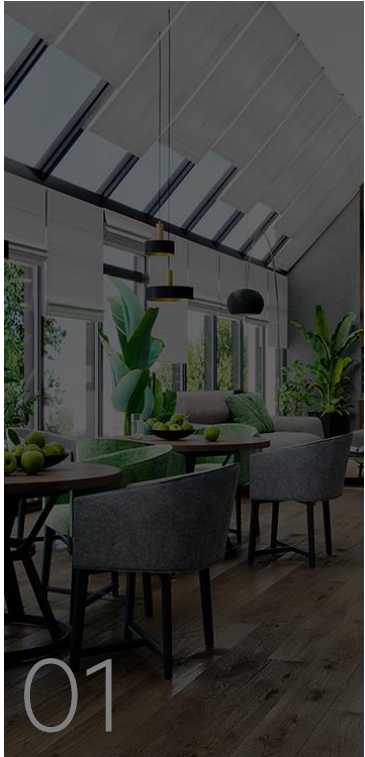
## 04 | Future Trends

# 9. More Accommodative Landlords

For landlords who primarily focus on maintaining their buildings for office use, or who own properties not suitable for student and talent accommodation, merely offering low effective rents may not be sufficient to address the challenges posed by high vacancy and tenants seeking cost-saving solutions. CBRE believes it is increasingly important for landlords to enhance the appeal of these buildings and improve their financial viability for smaller tenants, especially when the locations are not ideal. Potential strategies could include:

- Provision of shared amenities
  - In-house offerings of on-demand shared facilities, such as coffee shops, dining options, event spaces, wellness centres, and childcare and pet care services will enable tenants to utilise space within their own premises more efficiently.
  - These amenities are particularly beneficial for buildings that lack direct access to shops and F&B, as well as for mixed-use developments where the retail tenant mix does not align with the needs of office occupiers.
  - This approach also encourages communication among occupants and fosters a sense of community within the building portfolio.
- Ready-to-move-in package deals
  - While fit-out subsidies will continue to be popular as the mainstream option, ready-to-move-in solutions are emerging as an alternative for smaller tenants and buildings that are not targeting larger occupiers.
  - Smaller occupiers generally have fewer (if any) office design protocols to follow compared to larger global companies. This creates an opportunity for landlords to provide standardised offices with limited customisation options.
  - Standardised turnkey solutions can minimise the effort required for office fit-outs compared to tenants who choose custom fit-outs, ultimately saving on initial investment and improving cash flow.
  - Standardised offices also help minimise or even eliminate fit-out periods. This is particularly suitable for new start-up companies, providing them with an alternative to shared spaces offered by co-working centres.
- The rise of green leases
  - Corporate sustainability goals and increasing investor interest in ESG initiatives will drive the evolution of the green real estate agenda. This shift will evolve from establishing building standards to growing demand for green leases.
  - The transition will be gradual. Landlords are expected to provide financial incentives, such as management fee rebates, and include lease clauses that encourage tenants to improve energy efficiency, reduce waste, and adopt sustainable practices instead of imposing strict requirements.
  - To facilitate these goals, building management systems, including dashboards for monitoring energy and water consumption, will become more prevalent. These systems will enable data exchange between landlords and tenants and may incorporate gamification, rewarding top-performing tenants.





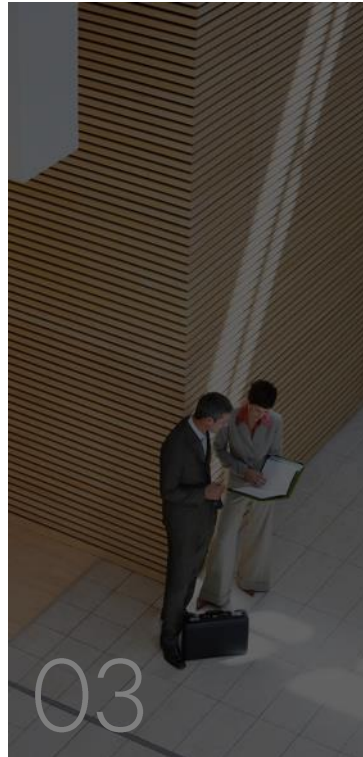
01

Executive  
Summary



02

Introduction



03

Market Highlights  
2022-2025



04

Future Trends

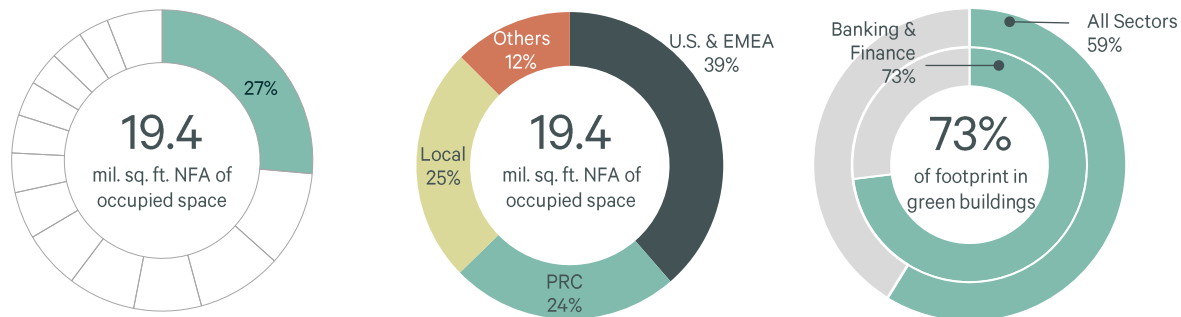


05

**Appendix -  
Industry Occupancy**

05 | Appendix - Industry Occupancy

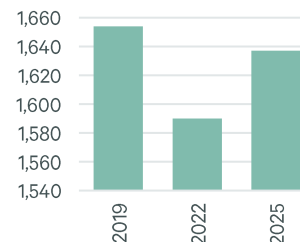
# Banking & Finance



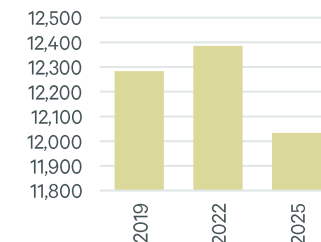
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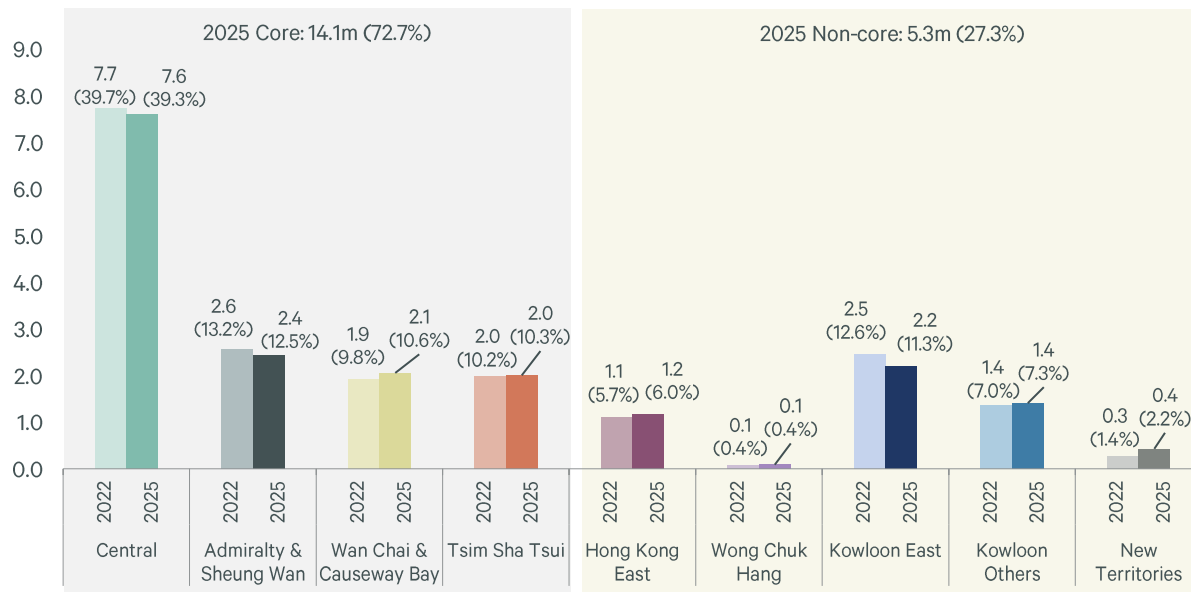
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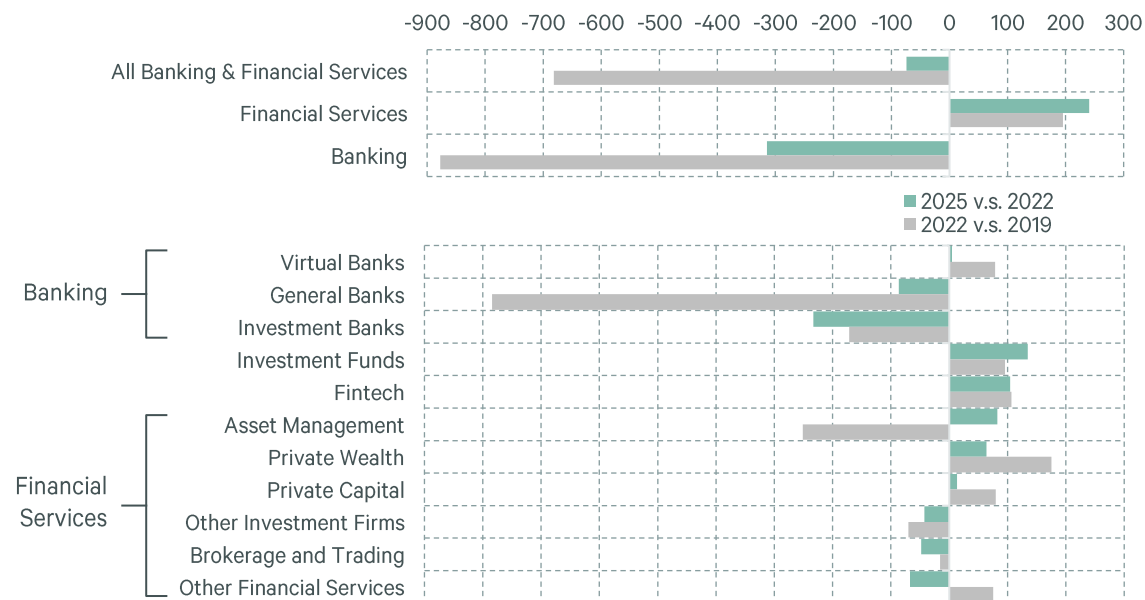
Average Footprint (sq. ft. NFA)



Occupied Space (mil sq. ft., NFA)



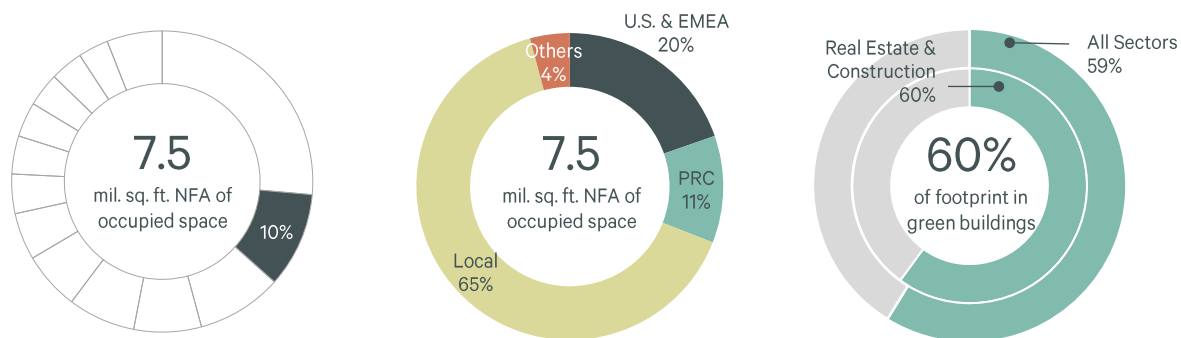
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Source: CBRE Research, October 2025

05 | Appendix - Industry Occupancy

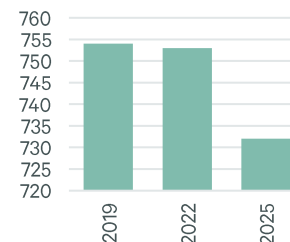
# Real Estate & Construction



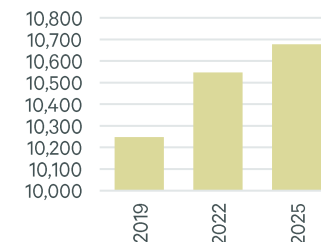
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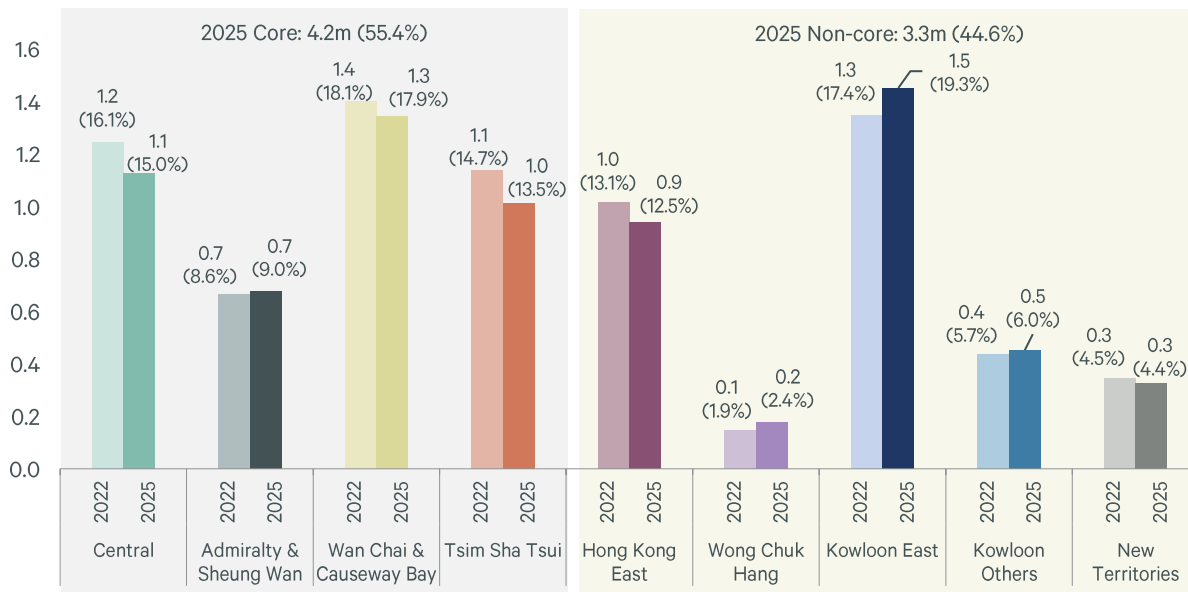
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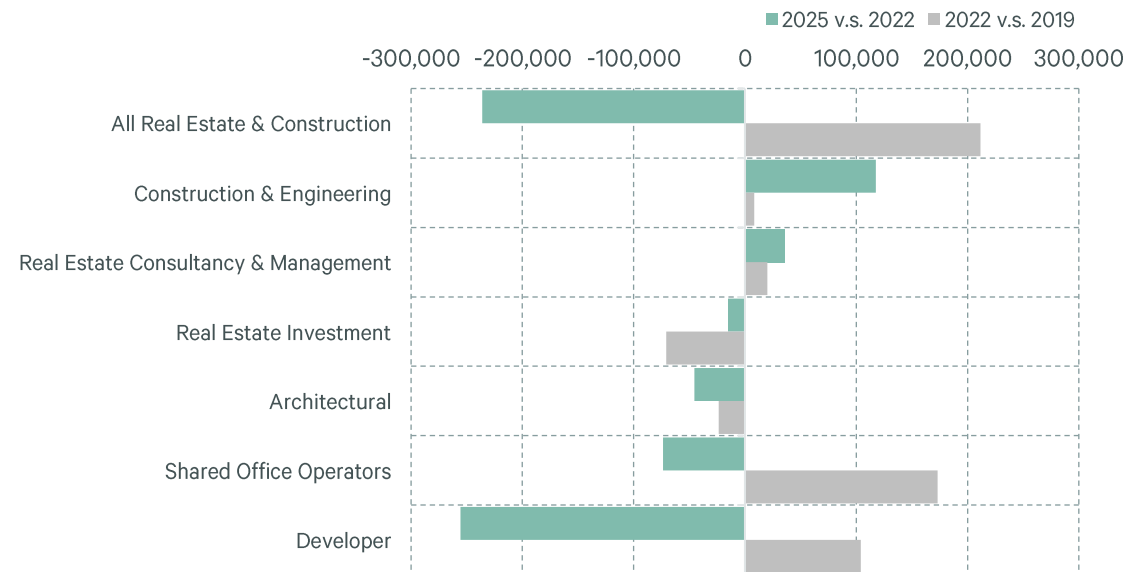
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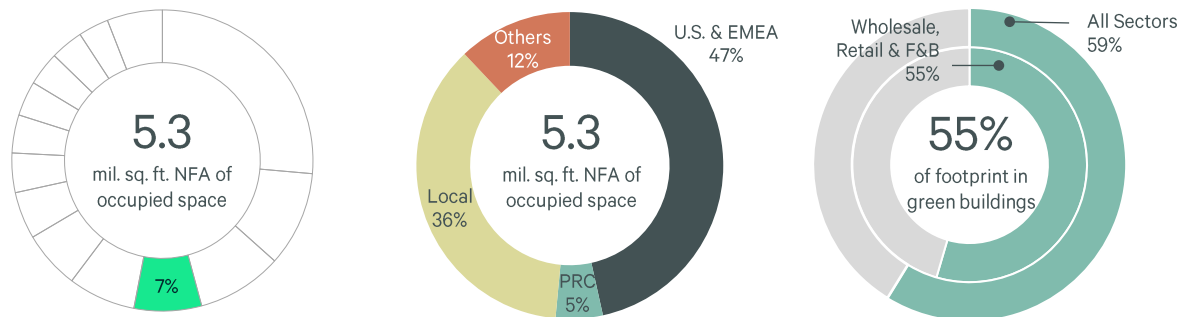
Change in Occupied Space (sq. ft. NFA)



Source: CBRE Research, October 2025

05 | Appendix - Industry Occupancy

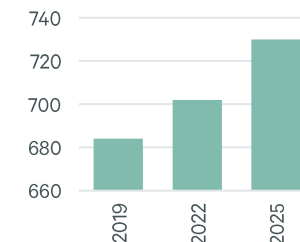
# Wholesale, Retail & F&B



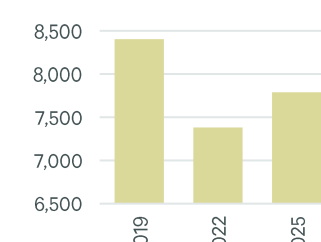
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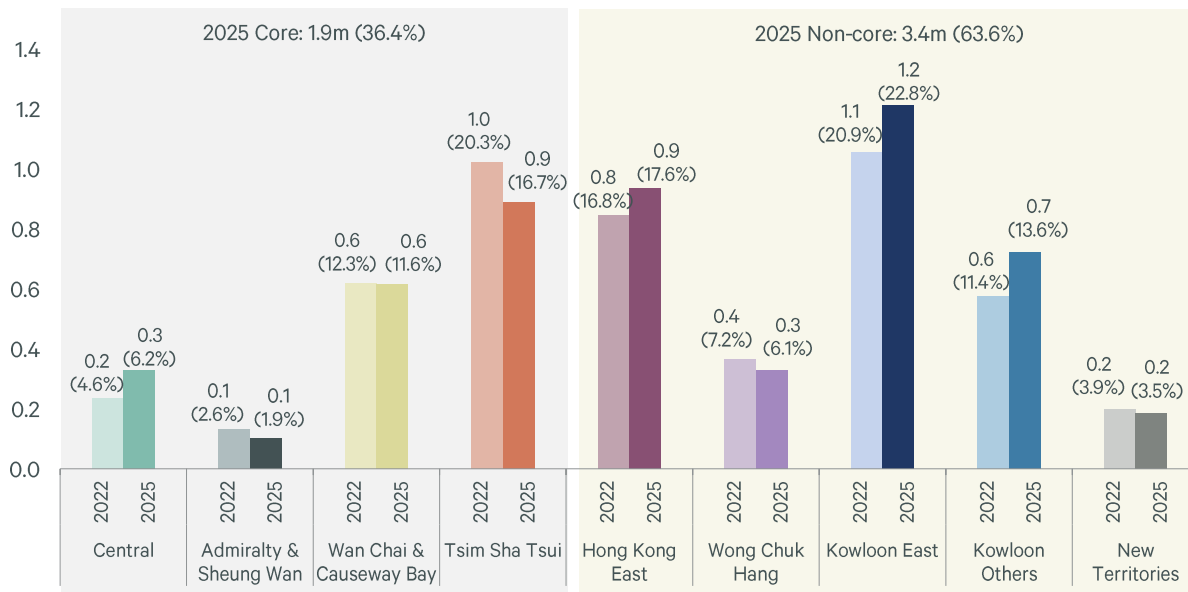
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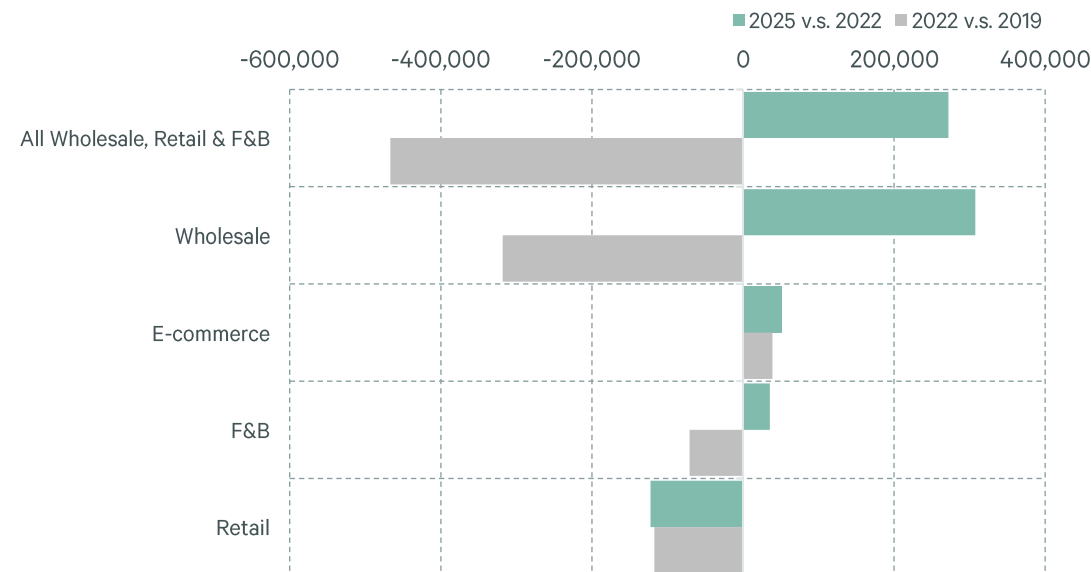
Average Footprint (sq. ft. NFA)



Occupied Space (mil sq. ft., NFA)



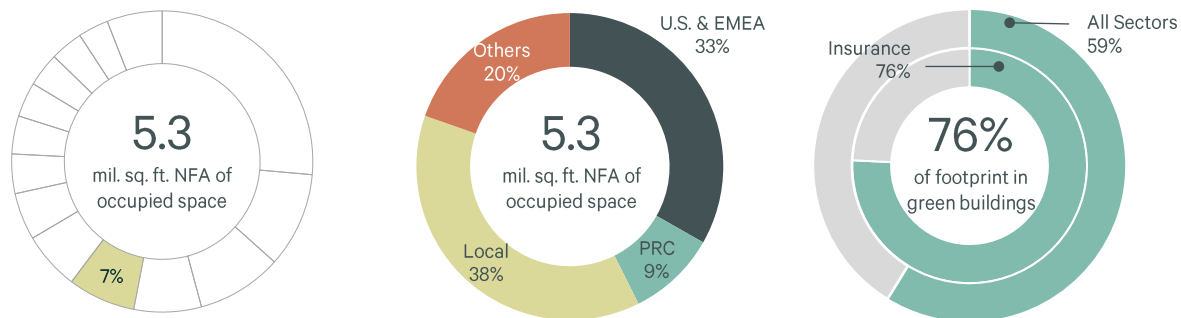
Change in Occupied Space (sq. ft. NFA)



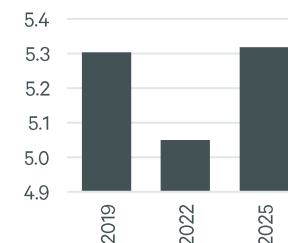
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05 | Appendix - Industry Occupancy

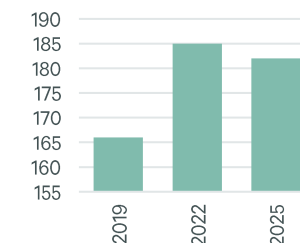
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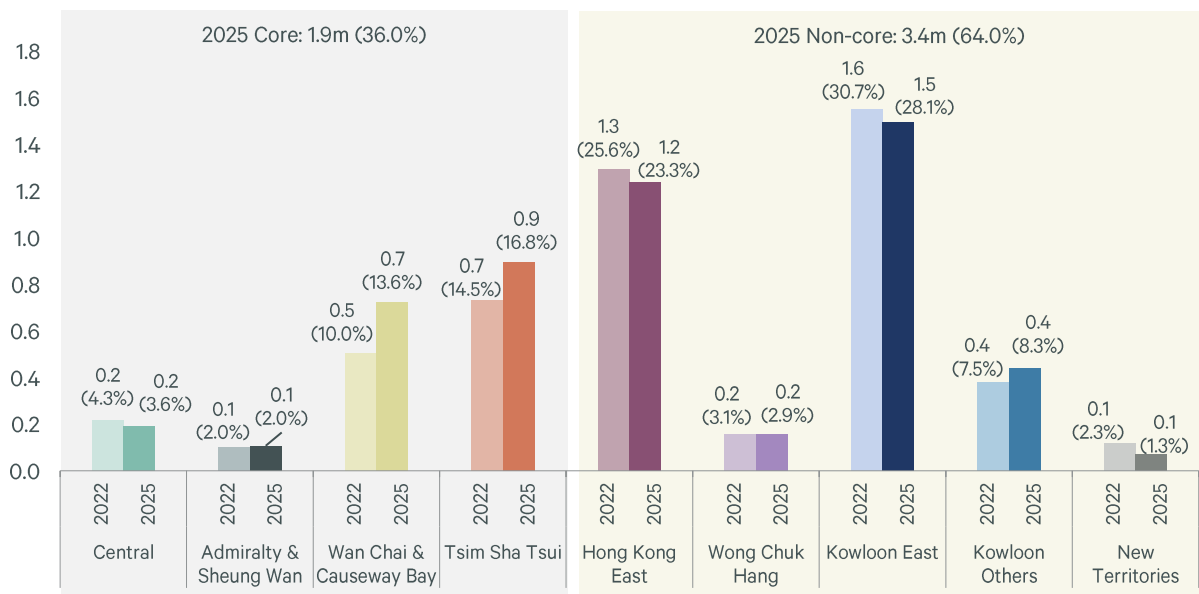
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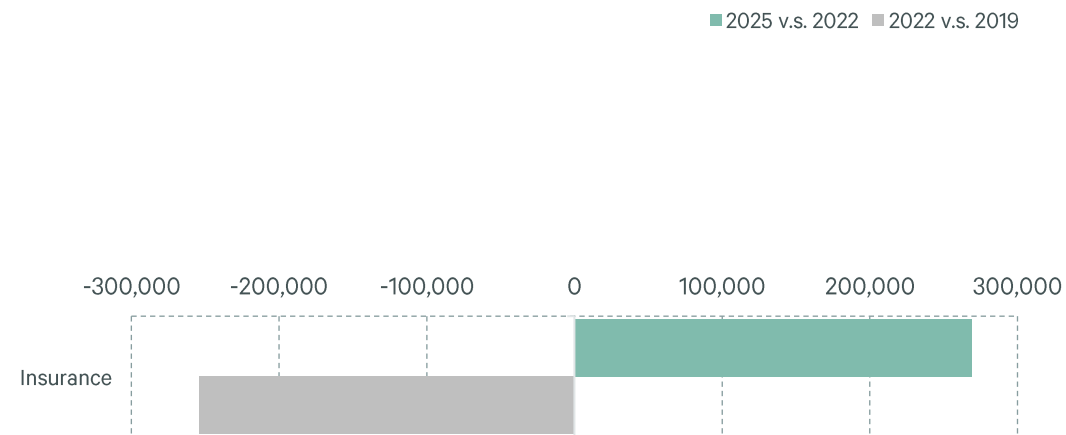
Average Footprint (sq. ft. NFA)



Occupied Space (mil sq. ft., NFA)



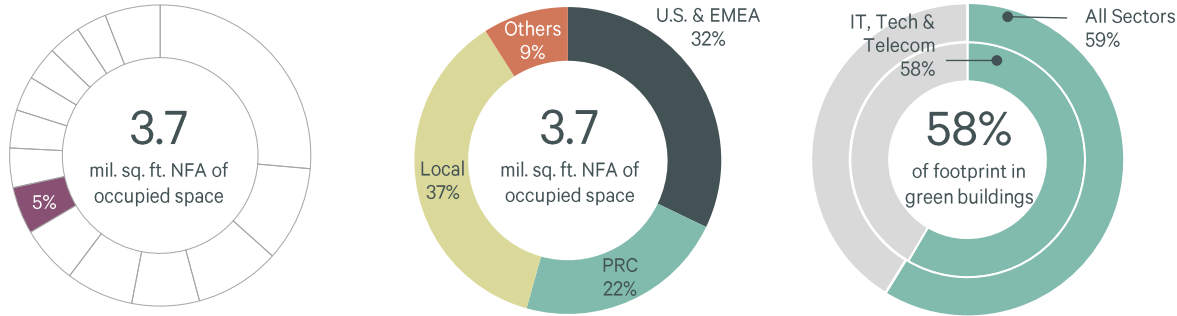
Change in Occupied Space (sq. ft. NFA)



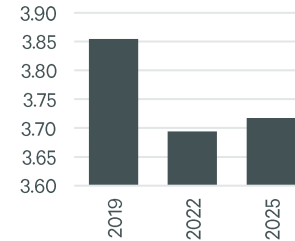
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05 | Appendix - Industry Occupancy

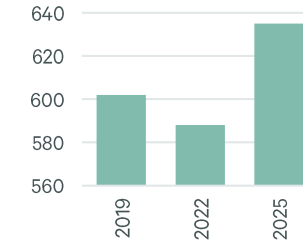
# IT, Tech & Telecom



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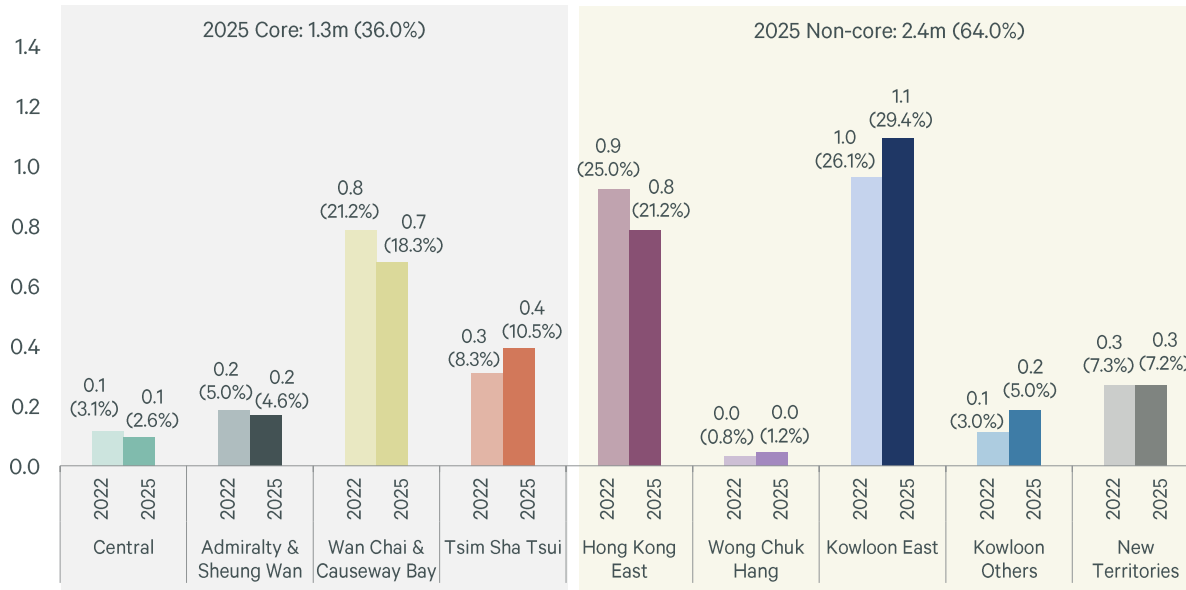
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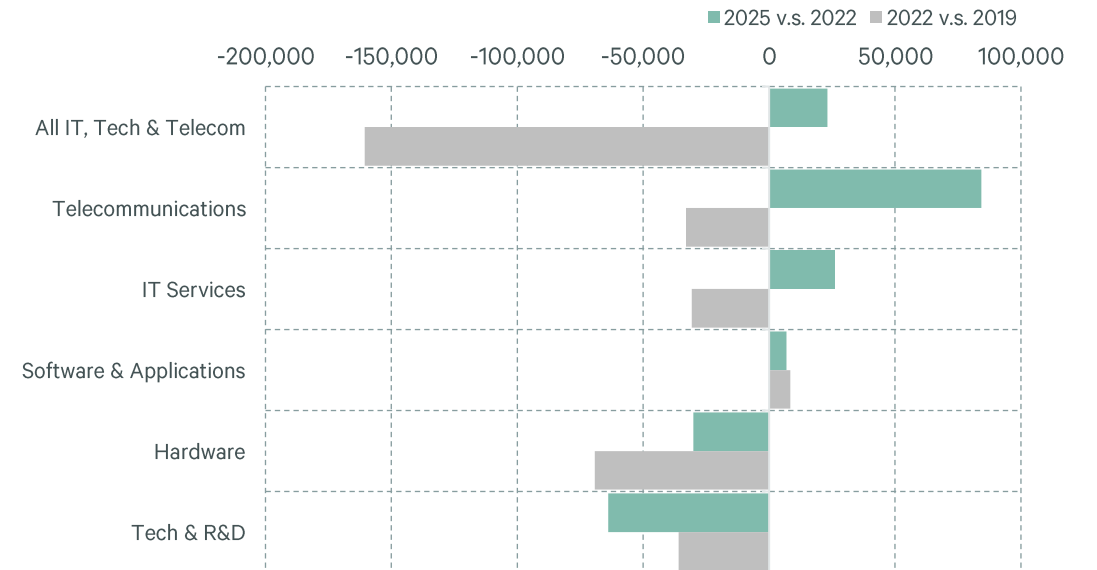
Average Footprint (sq. ft. NFA)



Occupied Space (mil sq. ft., NFA)



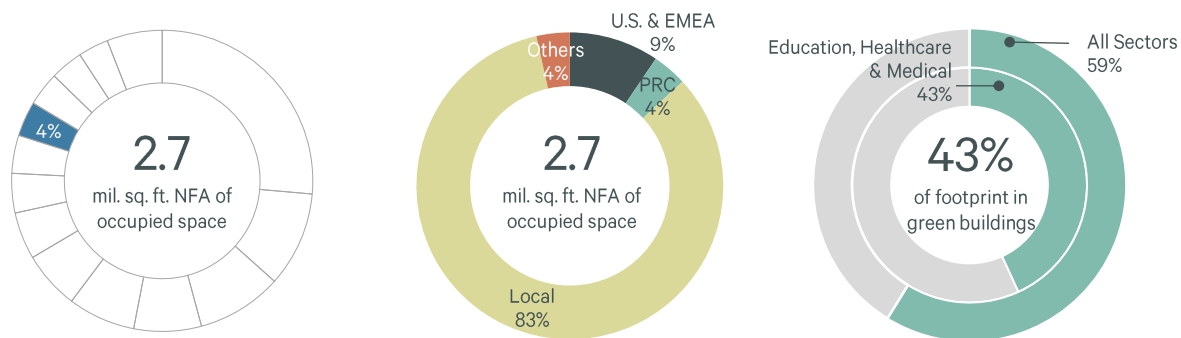
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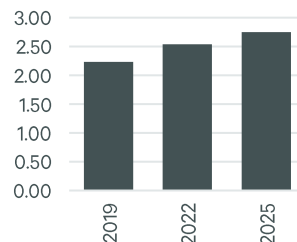
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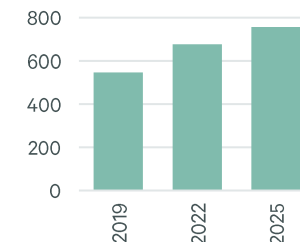
# Education, Healthcare & Medical



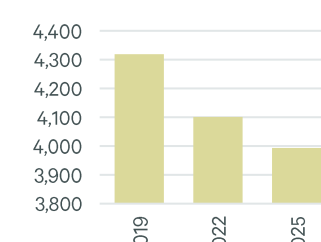
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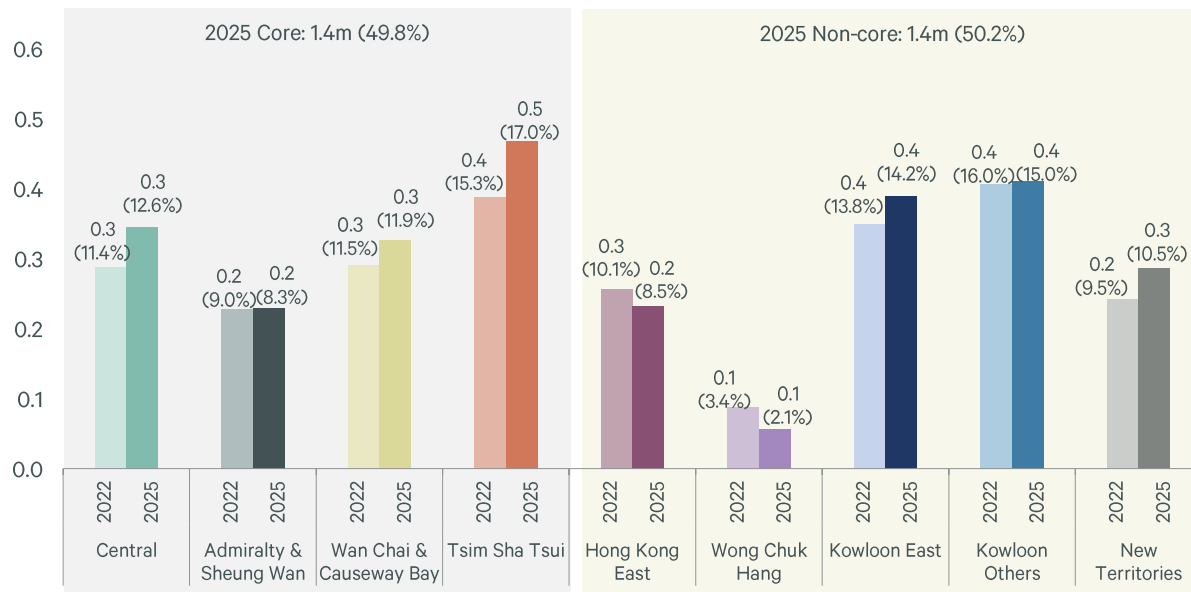
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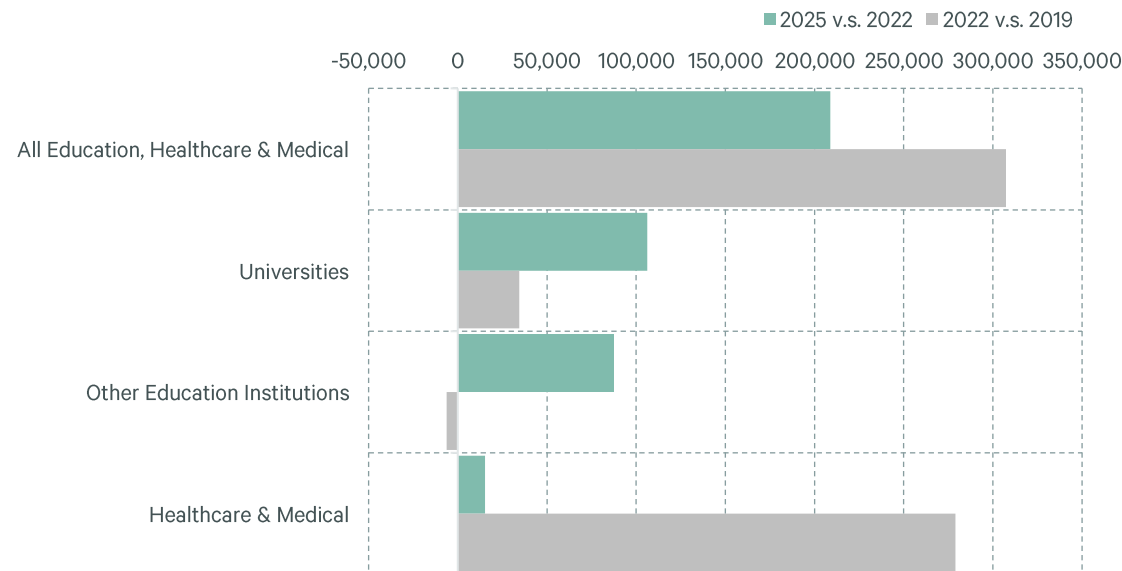
Average Footprint (sq. ft. NFA)



Occupied Space (mil sq. ft., NFA)



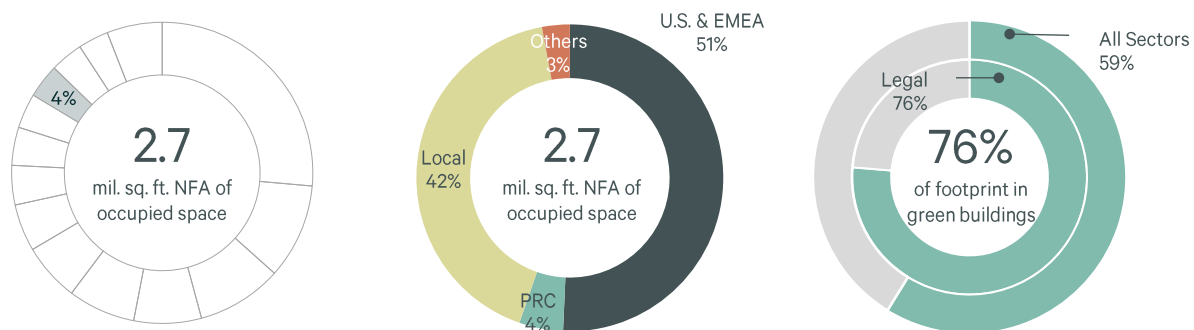
Change in Occupied Space (sq. ft. NFA)



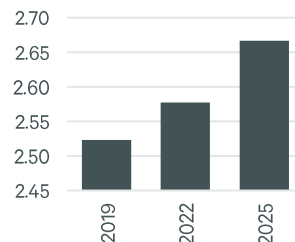
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05 | Appendix - Industry Occupancy

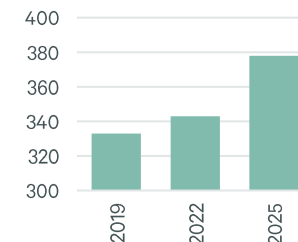
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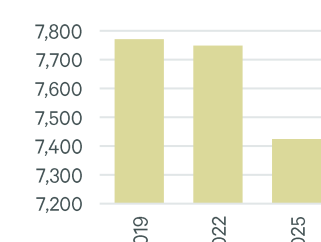
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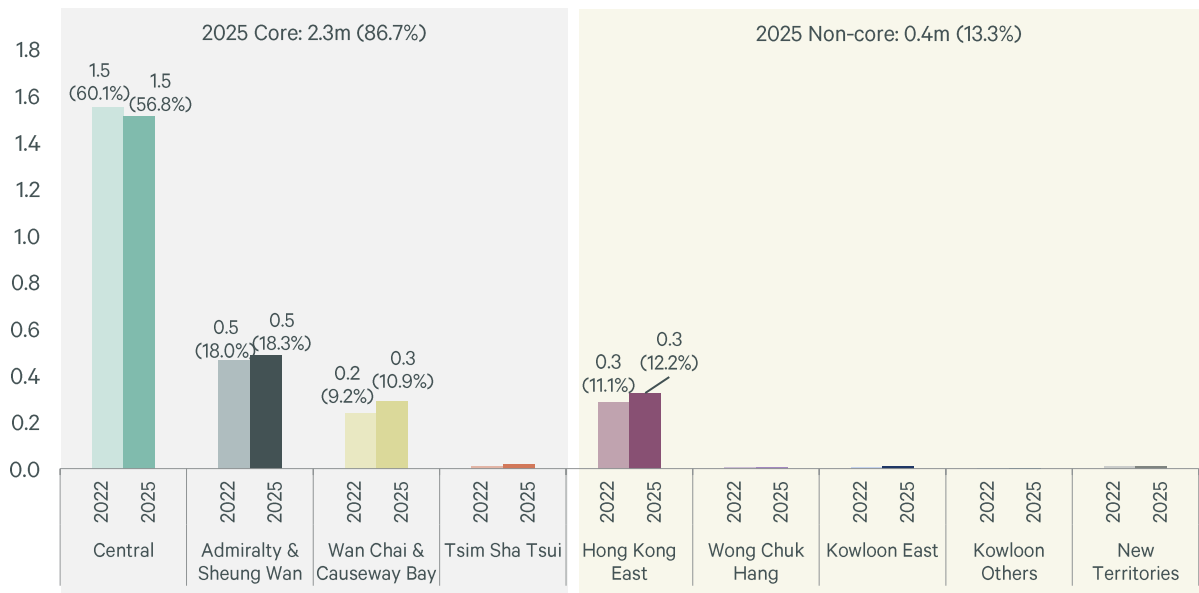
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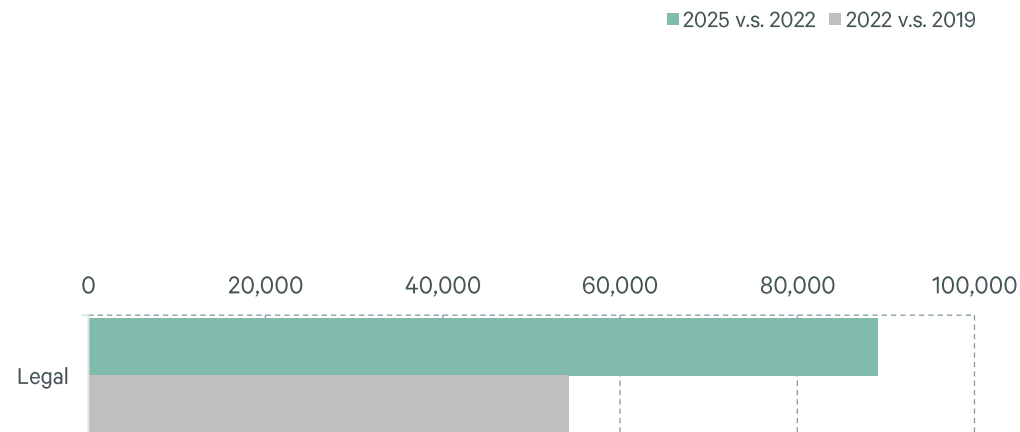
Average Footprint (sq. ft. NFA)



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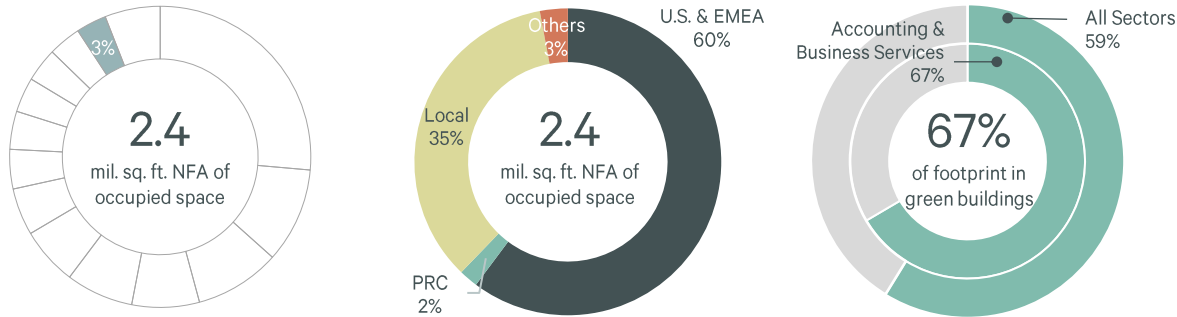
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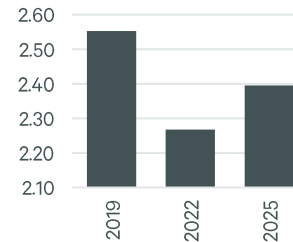
Source: CBRE Research, October 2025

05 | Appendix - Industry Occupancy

# Accounting & Business Services



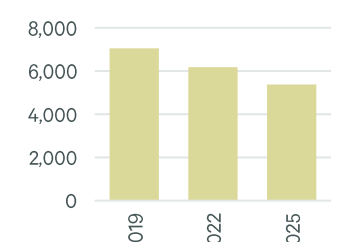
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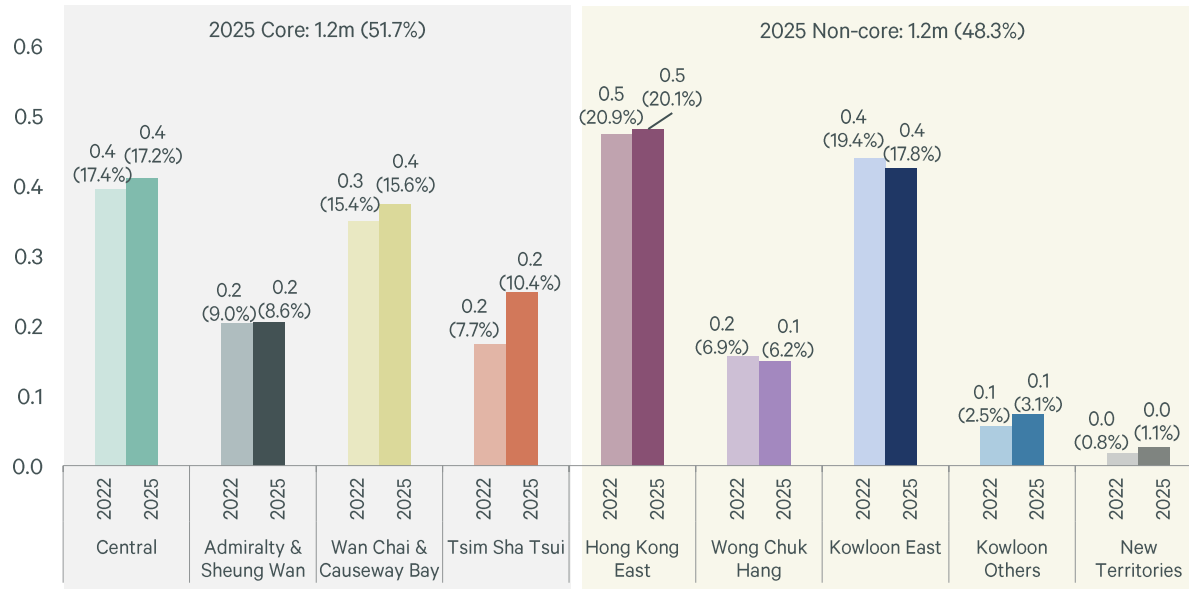
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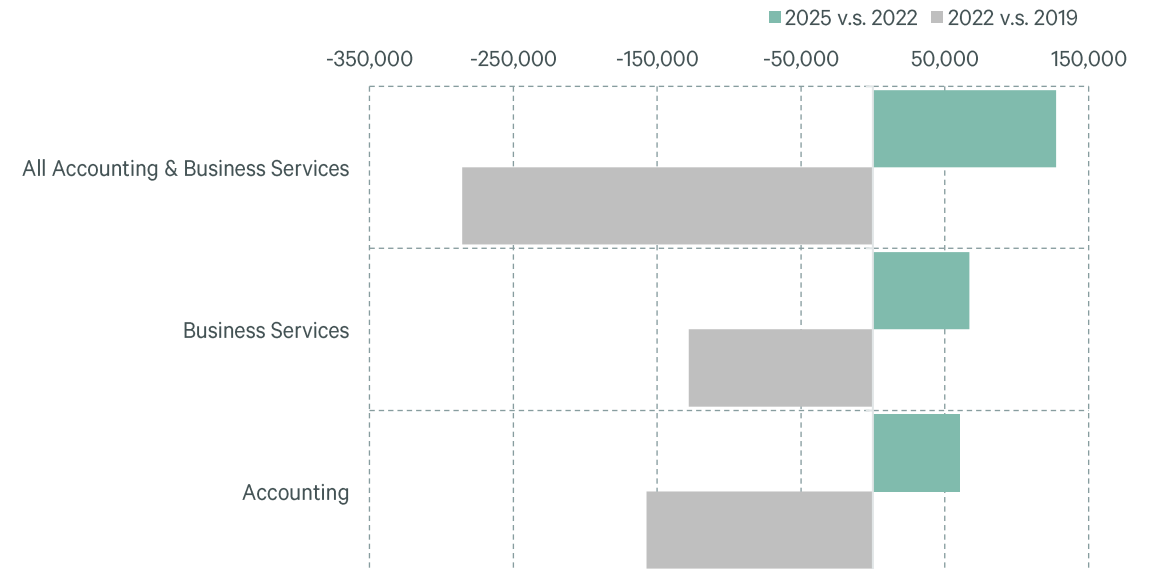
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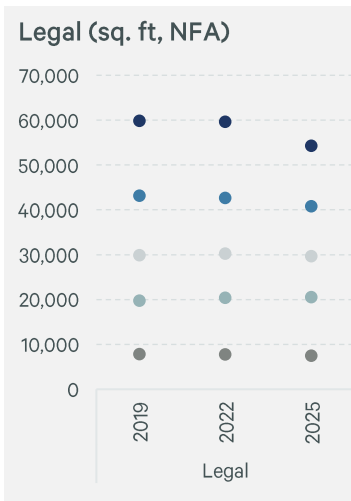
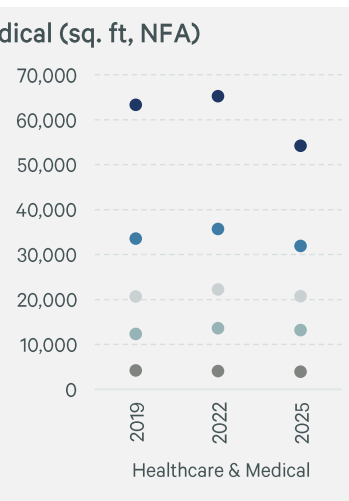
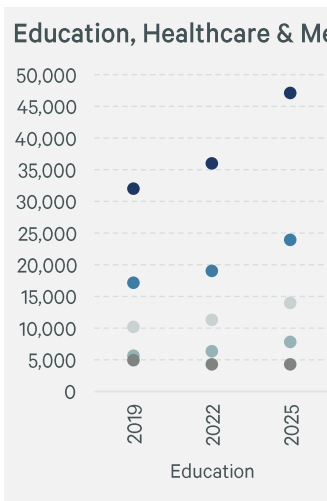
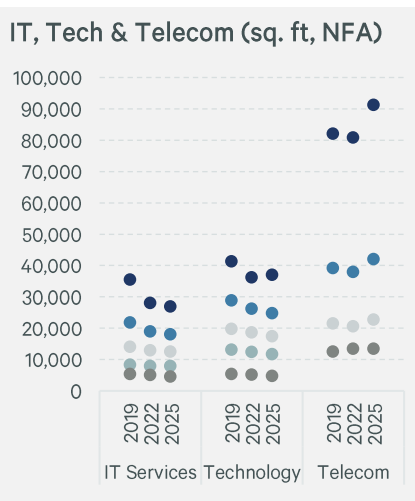
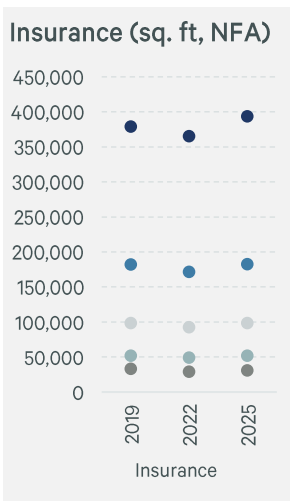
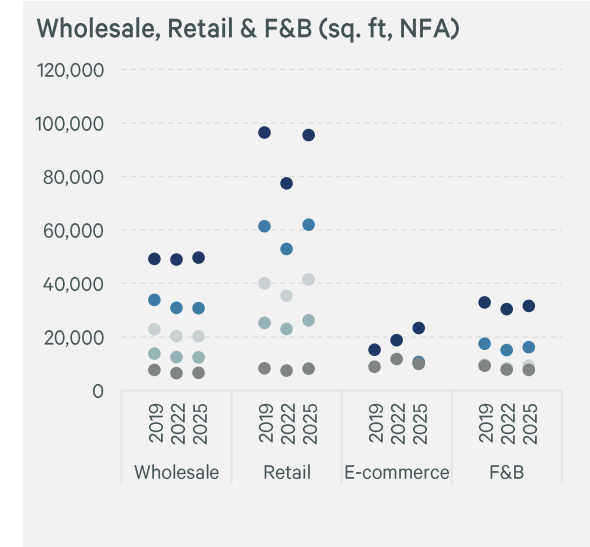
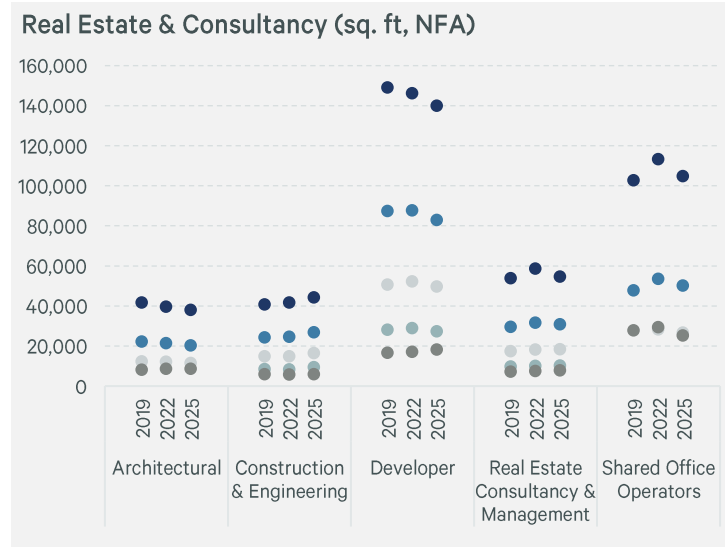
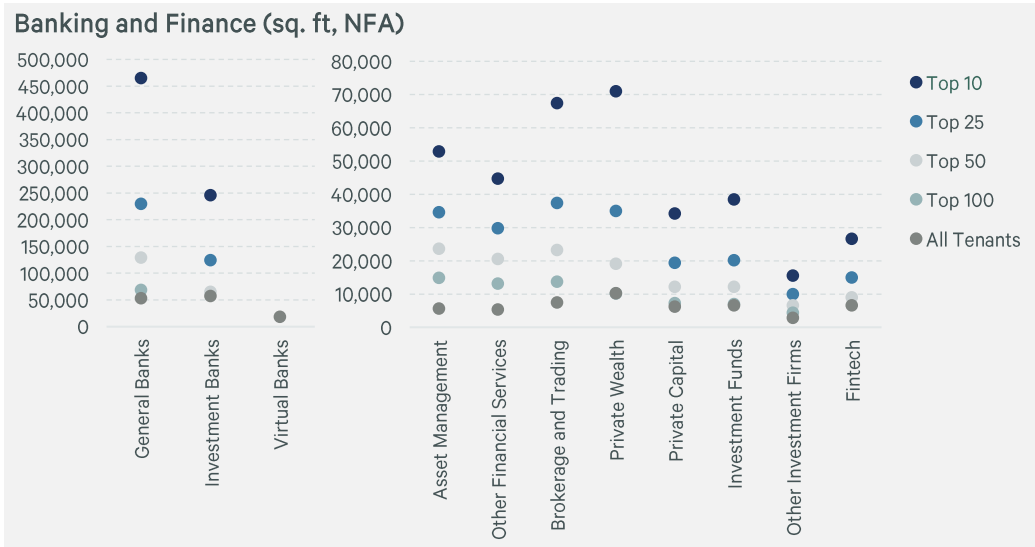
Change in Occupied Space (sq. ft. NFA)



Source: CBRE Research, October 2025

05 | Appendix - Industry Occupancy

# Average Tenant Size



Source: CBRE Research, October 2025

# Contacts

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