RESEARCH

MARKET IN MINUTES

Hong Kong Office Leasing

Office – Hong Kong – Q1 2026

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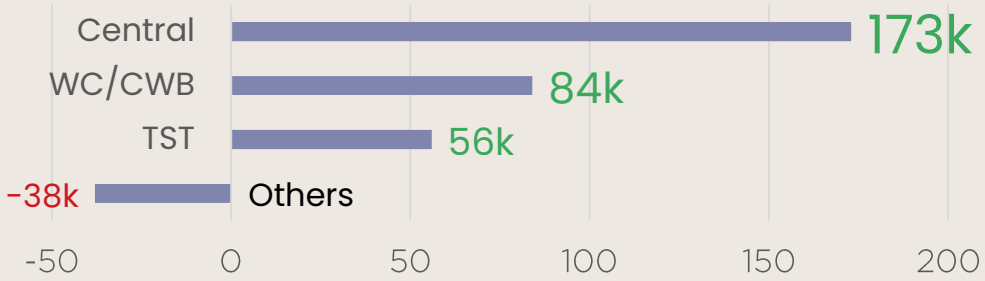
Core Hubs Drive Q1 Office Uptick

Q1 2026 saw overall Grade A rents stabilise and core vacancies improve, but recovery remained uneven and heavily skewed toward prime, transit-oriented CBD.

Do you know?

275k sq. ft.

NET POSITIVE TAKE UP, Q1 2026



2026 RENTAL FORECAST

Prime office in Central & Tsim Sha Tsui*

5% to 7%

* Prime office buildings in Central & TST include: One & Two IFC, Chater House, AIA Central, The Henderson & ICC

Rest of Central, Wanchai / Causeway Bay

3% to 5%

Rest of HK

-5%

> Hong Kong's office market is moving from broad-based weakness to selective stabilisation, as constrained core supply, a reviving IPO cycle and resilient financial demand steadily swing the pendulum back toward prime landlords.

Source Savills Research & Consultancy

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KEY STATS

275k
SQ FT NET TAKE UP

$109.9B
IPO FUND RAISED IN Q1 - #1 WORLD

2.0M
SQ. FT. OF NEW GRADE A OFFICE SUPPLY IN 2026

15%
OVERALL VACANCY RATE, SLIGHTLY DECLINE QOQ

Core Hubs Drive Q1 Office Uptick

KEY TAKEAWAYS

- Q1 2026 saw overall Grade A rents stabilise and core vacancies improve, but recovery remained uneven and heavily skewed toward prime, transit-oriented CBD.
- Net take-up reached about 275,000 sq ft in Q1, driven by positive absorption in Central, Wanchai/Causeway Bay and Tsim Sha Tsui, while most decentralised districts continued to record negative take-up.
- Central and the Kowloon Station/West Kowloon cluster captured major leases from global financial institutions, insurers and Mainland groups, reinforcing Central's hub role and Kowloon Station's emergence as a new financial node.
- Mainland "going abroad" strategies and enhanced corporate treasury centre tax incentives are drawing more banks, corporates and tech/consumer leaders to base treasury, headquarters and overseas management teams in Hong Kong Grade A offices.
- New CSRC guidelines on red-chip structures may trim near-term demand from offshore counsel, for core offices but Hong Kong is still expected to remain China's primary international IPO platform.
- A slowing Grade A supply pipeline and limited future stock in true CBD locations should gradually tighten prime space, supporting a selective rental uplift concentrated in best-in-class assets on both sides of the harbour.

MARKET STABILISATION AMID GEOPOLITICAL HEADWINDS

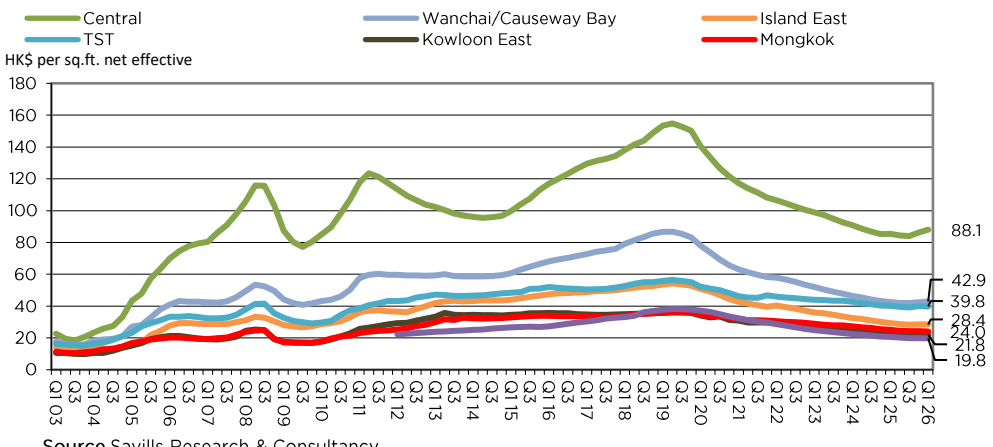
Hong Kong's Grade A office market showed clearer signs of stabilisation in Q1 2026, with overall rents edging up and core vacancies improving, but performance remained highly polarised across districts as geopolitical and structural forces continued to reshape demand. In the near term, the US–Iran conflict has intensified global market volatility, driven oil prices higher and reinforced expectations of a "higher-for-longer" interest-rate environment, pushing up corporate operating costs and increasing earnings uncertainty for many multinational occupiers. As a result, a number of corporates in Hong Kong have considered delaying relocations, expansions and longer-term renewals in favour of a wait-and-see approach, with Q1 transaction patterns showing good momentum in January and February but a noticeable slowdown in March as some expansion plans were deferred to later in 2026.

Q1 TAKE-UP CONFIRMS SELECTIVE RECOVERY

Against this macro backdrop, Q1 take-up data underline the emerging, but highly selective, nature of the recovery. Overall net take-up reached about 275,000 sq ft in Q1, driven almost entirely by positive absorption in core and quasi-core locations, notably Central (approximately 173,000 sq ft), Wanchai/Causeway Bay (around 84,000 sq ft) and Tsim Sha Tsui (about 56,000 sq ft), while most other decentralised submarkets continued to record negative take-up. This divergence is consistent with rental and vacancy trends:

Central and Wanchai/Causeway Bay registered modest quarter-on-quarter rental growth and falling vacancy, whereas several fringe districts still struggled with elevated vacancies, highlighting an entrenched flight-to-quality as tenants use the down-cycle to upgrade into discounted prime space. Tsim Sha Tsui's vacancy rate has also begun to edge lower alongside renewed leasing interest, reinforcing its transition toward a more finance- and services-oriented tenant mix anchored by the Kowloon Station cluster.

Change In Grade A Office Rental Levels, Q1/2003 To Q1/2026



Source Savills Research & Consultancy

CENTRAL, WEST KOWLOON AND TST AS CORE BENEFICIARIES

Major new leases in Q1 reaffirmed Central's position as the region's premier financial and asset-management hub. A series of renewals and expansions by leading financial institutions, private equity managers and Mainland financial groups in flagship towers such as IFC, Exchange Square, Cheung Kong Center 2 and The Center highlighted continued confidence in core Central as the preferred address for capital-markets, wealth-management and advisory functions. At the same time, Tsim Sha Tsui/West Kowloon continued its evolution into an emerging financial hub: anchor transactions at International Gateway Centre by global insurers, together with J.P. Morgan's long-term commitment of around 250,000 sq ft at Artist Square Towers in the West Kowloon Cultural District, are consolidating the Kowloon Station cluster as a true extension of the CBD, leveraging excellent rail connectivity and new cultural amenities. These high-profile commitments underscore that the strongest recovery is increasingly concentrated in a narrow band of prime, transit-oriented assets on both sides of the harbour.

Change In Grade A Office Vacancy Rates, March 2026 vs December 2025

Districts	Mar 2026	Dec 2025	Change (QoQ)
Central	10.2	11.3	-1.1
WC/CWB	12.3	13.1	-0.8
Island East	13.5	12.6	+0.9
Island South	25.2	24.5	+0.7
Tsim Sha Tsui	14.3	14.8	-0.5
Kowloon East	23.0	23.3	-0.3
Kowloon West	16.4	15.6	+0.8
Overall	*15.2*	*15.5*	-0.3

Source Savills Research & Consultancy

MAINLAND "GO ABROAD" DEMAND AS STRUCTURAL SUPPORT

Chinese corporates' accelerated "going abroad" strategy is emerging as a structural support for Hong Kong's Grade A office market, both through financial-sector demand and a broader "go-global" industry chain. In recent years, an increasing number of Mainland banks, securities firms and large corporates have located their group treasury management, cross-border settlement and offshore RMB cash pools in Hong Kong, leveraging the city's mature banking system and deep professional-services base as a platform for outbound investment and M&A. The 2026 Budget's enhancement of corporate treasury centre tax incentives—broadening qualifying income and easing geographical restrictions—is expected to draw more Mainland groups to migrate, consolidate or upgrade global and regional treasury functions into prime Hong Kong offices. Over the next one to three years, as cross-border RMB usage and RMB-denominated commodity trade expand, more energy, shipping and Belt-and-Road-related enterprises are likely to establish or enlarge treasury hubs here, generating steady, higher-quality demand in Central, Admiralty, Tsim Sha Tsui and the Kowloon Station precinct. In parallel, a new wave of Mainland technology leaders (AI, Robotics), e-commerce platforms and consumer brands has begun to base regional headquarters and overseas business management teams in Hong Kong, either through long leases in Grade A towers or via owner-occupation to lock in occupancy costs. The substantial compliance, legal, accounting, investment-banking and asset-management work that underpins these "go-global" strategies is also driving expansion among related professional-services firms in core Central and Tsim Sha Tsui assets, further reinforcing the city's role as the primary command centre for Chinese capital and enterprises going overseas.

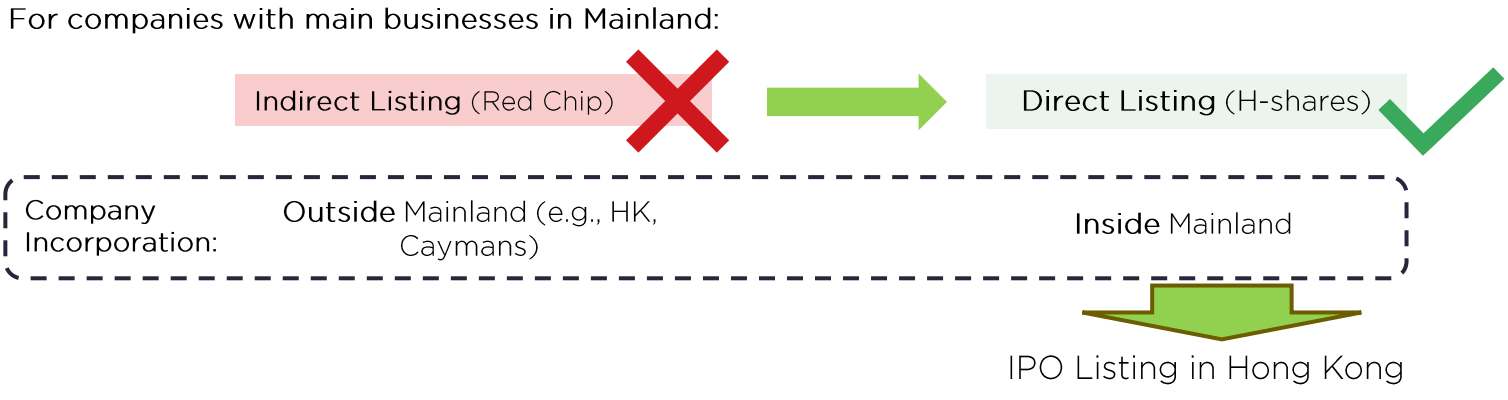


IPO PIPELINE AND REGULATORY SHIFTS

IPO-related and regulatory developments are also set to play a larger role in shaping demand patterns. New CSRC guidance steering Mainland issuers (in particular those with main businesses in Mainland) away from complex offshore red-chip frameworks toward more standardised onshore H-share–type structures may, in the near term, reduce structurally recurring work for some offshore legal and corporate-services firms and temper their expansion appetite in Central. This guidance does not apply to Mainland corporates that have already expanded overseas and established sizable offshore operations. Over the medium to long term, however, if policy effectively results in "same venue, different structure"—with Hong Kong remaining the primary offshore listing and trading platform but under closer alignment with onshore rules—the city should retain its core role as China's international IPO hub, with occupier demand gradually tilting away from offshore structuring work towards treasury, investor-relations, research and capital-markets functions that continue to underpin high-quality requirements in prime CBD locations.

	Number of IPOs	Fund Raised via IPO
2023	73	HK$46.4 billion
2024	71	HK$83.4 billion
2025	119	HK$285.8 billion
2026 Q1	40	HK$109.9 billion

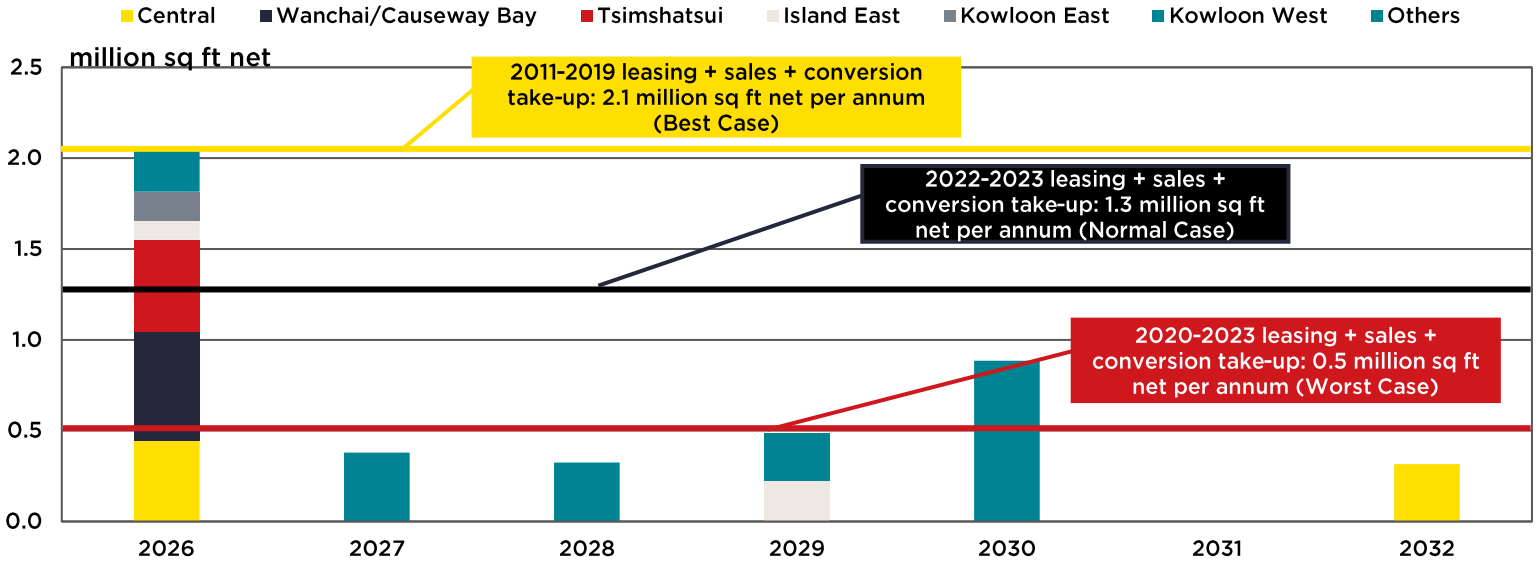
Source Savills Research & Consultancy



OUTLOOK: SUPPLY DOWNSHIFT AND SELECTIVE UPLIFT

Looking ahead through the rest of 2026, a downshift in new Grade A supply, combined with steady structural demand from financial institutions, funds, family offices, Mainland corporates and Middle East-related companies using Hong Kong as a springboard for global expansion, should gradually tighten the best-located stock. While the overall market recovery is likely to remain selective and uneven – favouring prime office buildings in Central, Wan Chai/Causeway Bay and West Kowloon over older and decentralised stock – conditions are gradually being put in place for a more sustained rental upturn, particularly amid the current macroeconomic uncertainty and geopolitical volatility, as an increasing number of multinational corporations are expected to choose Hong Kong as their regional hub given its relatively higher level of safety and security.

Grade A Office New Supply by District, 2026F to 2032F



Source Savills Research & Consultancy

Major Office Leasing Transactions, Q1/2026

Date	Company Name	Property	Unit	Area (sq.ft.)	Type of Transaction	Effective Rent (HK$psf)
Mar-26	J.P. Morgan	Artist Square Towers East & West Towers	Top 6 connected floors	250,000	New letting	Confidential
Mar-26	AXA	International Gateway Centre	Tower One - Two and a half floor	90,000	New letting	Confidential
Jan-26	Huatai Financial Holdings (Hong Kong) Ltd	The Center	62/F	26,356	Renewal	$70
Jan-26	Standard Chartered (Wealth Management)	One Causeway Bay	17/F	21,345	New Letting	Confidential

Source Savills Research & Consultancy

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