RESEARCH

MARKET IN MINUTES

Hong Kong Office Leasing

Office – Hong Kong – Q3 2026

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Central Tightens Further, Recovery Gathers Pace

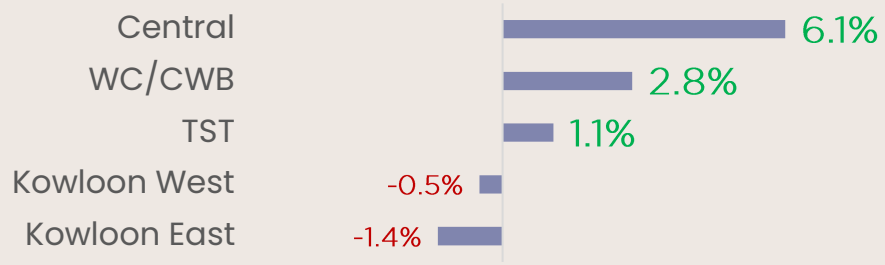
In Q3 2026, next-wave hedge and quant funds drove Central vacancy down to 7.7%, while record IPO activity, Five-Year Plan initiatives and scarce new supply broadened support across core districts.

Do you know?

337k sq. ft.

NET TAKE-UP IN HONG KONG, Q3 2026

Grade A rental change by district, Q3 2026 (QoQ)



Q4 2026 RENTAL FORECAST

Prime office in Central*

5% to 7%

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

Tsim Sha Tsui / West Kowloon

3% to 5%

Rest of HK

0% to -5%

> Demand now extends beyond Prime Central: alongside the first movers, a next wave of fund managers is expanding, driving Central vacancy lower and underpinning a broader rental recovery across the district.

Source Savills Research & Consultancy

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KEY STATS

6.1%
CENTRAL RENT GROWTH IN Q3 2026

7.7%
CENTRAL VACANCY DOWN FROM 9.4% IN Q2

HK$387.9bn
Q1-Q3 2026 IPO FUND RAISED ACROSS 116 IPOS

337k sq ft
HONG KONG NET TAKE-UP IN Q3 2026

Demand Broadens Beyond Prime Central, Extending Recovery

KEY TAKEAWAYS

- A next wave of hedge and quant funds is following the first movers into Central, with 28 deals totalling 149,000+ sq ft in 2026, lifting Central rents 6.1% QoQ and cutting vacancy to 7.7%.
- As prime Central nears full occupancy, demand is extending into the wider Central submarket and other core districts, benefiting Central buildings that still carry higher vacancy.
- The First Five-Year Plan's "Finance+" and commodity trading pillars add policy-backed demand from banks, asset managers, traders and professional firms through 2030.
- A record HK$387.9bn IPO year and sustained high-income talent inflows are generating derived demand from professional services, family offices and education providers. IGC is also benefiting, drawing major investment banks, commercial banks and wealth managers.

CORE OFFICE MARKET TIGHTENS AS NEXT-WAVE FUNDS FOLLOW THE TREND

The Q3 story is no longer confined to the FOMO-led expansion of the largest hedge funds and quant funds. A next wave of fund managers is now following those first movers, committing to prime Central space while contiguous, high-quality floorplates are still available. Recent transactions illustrate the breadth of this demand: Susquehanna (51,762 sq ft) and Jupiter Research Capital (17,254 sq ft) at Cheung Kong Center II, IMC Trading at Two IFC (18,349 sq ft) and Arrowpoint's expansion at Six Pacific Place (7,347 sq ft).

28 leasing transactions from next-wave hedge and quant funds have been recorded in 2026, totalling more than 149,000 sq ft, with around 79% involving new lettings or expansions rather than renewals. Drawing on a wider pool of fund occupiers, Hong Kong registered 337,000 sq ft of net take-up in Q3, cutting Central vacancy from 9.4% to 7.7% and lifting rents 6.1% QoQ. Leasing momentum is becoming increasingly self-reinforcing: each new commitment further narrows the remaining prime options, heightening the urgency for funds yet to commit.

DEMAND SPILLS OVER AS CENTRAL LANDLORDS PUSH RENTS

Robust fund demand is no longer lifting prime Central alone. As IFC, Chater House and The Henderson approach full occupancy, requirements are spilling over into the wider Central submarket and other core districts, where occupiers are willing to trade address for availability and value. Law firms, fund administrators and advisers are also following their clients into nearby buildings.

Central landlords have turned noticeably more assertive in response, raising asking rents on available prime floors, trimming incentive packages and pricing renewals and expansions closer to market levels. With vacancy now at 7.7% and minimal new supply in the core CBD, owners hold the stronger negotiating hand. It is expected that further rental gains across the wider Central area, with buildings that still carry higher vacancy set to benefit.

NEXT WAVE | HEDGE / QUANT FUNDS LEASING

Prime Central demand broadens beyond top-tier FOMO-driven occupiers

LEASING CASES	SQ FT LEASED	NEW LETTING/ EXPANSION
28 deals	**149k+**	**79%**
Recorded in 2026	Total space committed	~22 of 28 deals
~5.3k sq ft avg. per deal	Largest: SIG, 51,762 sq ft	

Selected Leasing Cases

Susquehanna Int'l Cheung Kong Center II	SIG SUSQUEHANNA	**51,762 sf** *New Letting*
Jupiter Research Capital Cheung Kong Center II	JUPITER RESEARCH	**17,254 sf** *Relocation*
IMC Trading Two IFC	imc	**18,349 sf** *New Letting*
Arrowpoint Six Pacific Place	ARROWPOINT INVESTMENT PARTNERS	**7,347 sf** *Expansion*

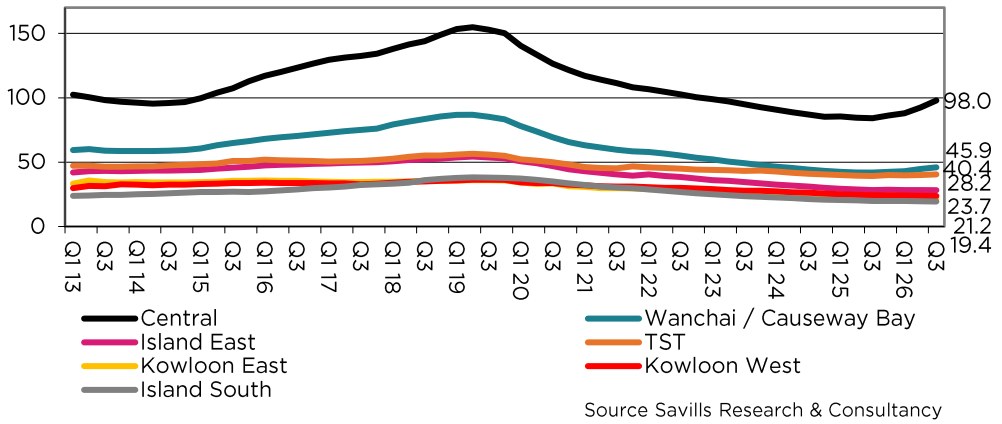
Source Savills Research & Consultancy

MARKET PERFORMANCE AND SEGMENTATION

Hong Kong's Grade A office recovery gathered pace in Q3 2026. Central again led the market, with rents rising 6.1% quarter on quarter and vacancy tightening from 9.4% to 7.7%, while Wanchai / Causeway Bay extended its rebound with 2.8% rental growth and Tsim Sha Tsui edged up 1.1%. By contrast, Kowloon East and Kowloon West recorded further declines of 1.4% and 0.5%, confirming that the upturn, while widening, remains concentrated in better-located, higher-quality offices.

Change in Grade A Office Rental Levels, Q1/2013 to Q3/2026

HK$ per sq.ft. net effective



Source Savills Research & Consultancy

FIVE-YEAR PLAN: POLICY TAILWINDS FOR CORE OFFICE DEMAND

Hong Kong's First Five-Year Plan (2026–2030), announced on 16 September 2026, sets out to "Strengthen the Four Centres". Within the International Financial Centre chapter, two pillars stand out for office demand: "Take Forward 'Finance+' to Serve the Real Economy" and "Develop a Commodity Trading Ecosystem". Both extend finance beyond capital markets into technology, trade, maritime, gold and metals, broadening the occupier base that underpins Grade A demand.

Under "Finance+", the Plan channels financial resources into technology, trade, green finance, intellectual property, maritime and livelihood sectors. Each new use case generates fee-based mandates in financing, fund management, insurance, legal and advisory services, encouraging banks, asset managers, insurers and professional firms to deepen their Hong Kong platforms and add headcount, supporting steady take-up of quality office space.

On commodities, the Plan makes an international gold trading market its entry point. As HKEX gold and metals contracts, central clearing, storage and the metal delivery network mature, backed by a half-rate commodity trading tax, traders, refiners and clearing banks should scale up local teams, adding durable office demand through 2030.

THE FIRST FIVE-YEAR PLAN: **FINANCE+**

+ Tech Innovation
HK$40bn+
Govt HK$10bn + private ≥HK$30bn to back technology firms
Plus HK$2.5bn venture scheme → ≥HK$7.5bn for start-ups

+ Trade
Project Cargo X
Faster, cheaper trade financing for SMEs
Lower borrowing costs already achieved via HKMA data platform

+ Green
~40%
of Asia's green bonds arranged in Hong Kong
Next: build an international carbon trading market

+ Intellectual Property
IP Financing
Companies can borrow against patents & trademarks
Opens a new funding channel for innovative firms

+ Maritime
7% by 2030
of HK-registered ships to use green fuel, backed by ship finance
More ship finance, marine insurance and RMB settlement

+ Livelihood
Inclusive
Easier access to financial services for residents & small firms
Better pension products; Payment Connect; SME funding

THE FIRST FIVE-YEAR PLAN: **GOLD & COMMODITY TRADING ECOSYSTEM**

Oct 2026	HKEX plans to launch the LME Steel HRC Shanghai contract
Within 2026	HKEX to announce details of the physically settled gold futures RMB contracts
Q1 2027	Hong Kong's central clearing and settlement system for gold officially launches
2027	HKEX striving to launch a tokenised warehouse-receipt financing pilot
2026–2030	Increase the city's overall gold storage capacity and refining capability

HALF-RATE TAX CONCESSION

16.5% → 8.25%

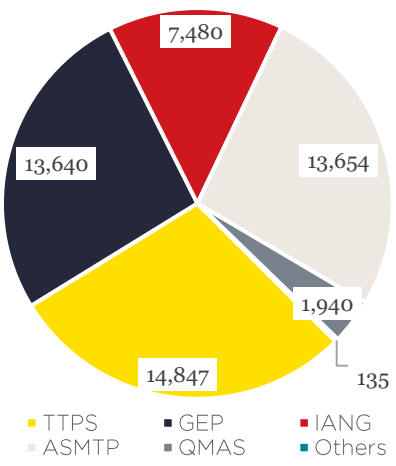
For physical commodity trading, to be implemented. Qualifying corporations may elect to have commodity trading profits taxed at a concessionary 8.25%.

TALENT INFLOWS: HIGH-INCOME ARRIVALS AND NEW EDUCATION DEMAND

Hong Kong's talent admission schemes continue to attract strong interest. In January–June 2026, around 51,700 applications were approved across the major schemes, with the Top Talent Pass Scheme (TTPS) the largest channel at 14,847. Under the TTPS, Category A applicants (i.e. persons with annual income reaching HK$2.5 million or above in the year immediately preceding the date of application) accounted for 40.0% of the applications approved in 2026 (Jan-Jun), up from 32.4% in 2025.

By industry/sector of applicants, the share of Commerce and trade rose from 16.6% in 2025 to 21.4% in 2026 (Jan-Jun), while that of Innovation and technology increased from 15.2% to 17.6%, deepening the pool of senior, office-based professionals.

The inflow is also reshaping education demand, as many families relocate for their children's schooling and better access to higher education. This is drawing non-university education providers into commercial space: TianLi Education (Hong Kong) has leased about 36,400 sq ft at Tower B, China Life Center in Hung Hom for a new international education campus on a five-year term.



Source HKSAR Government (Hong Kong's First Five-Year Plan), Immigration Department, Savills Research & Consultancy

IPO BOOM FUELS DERIVED OFFICE DEMAND

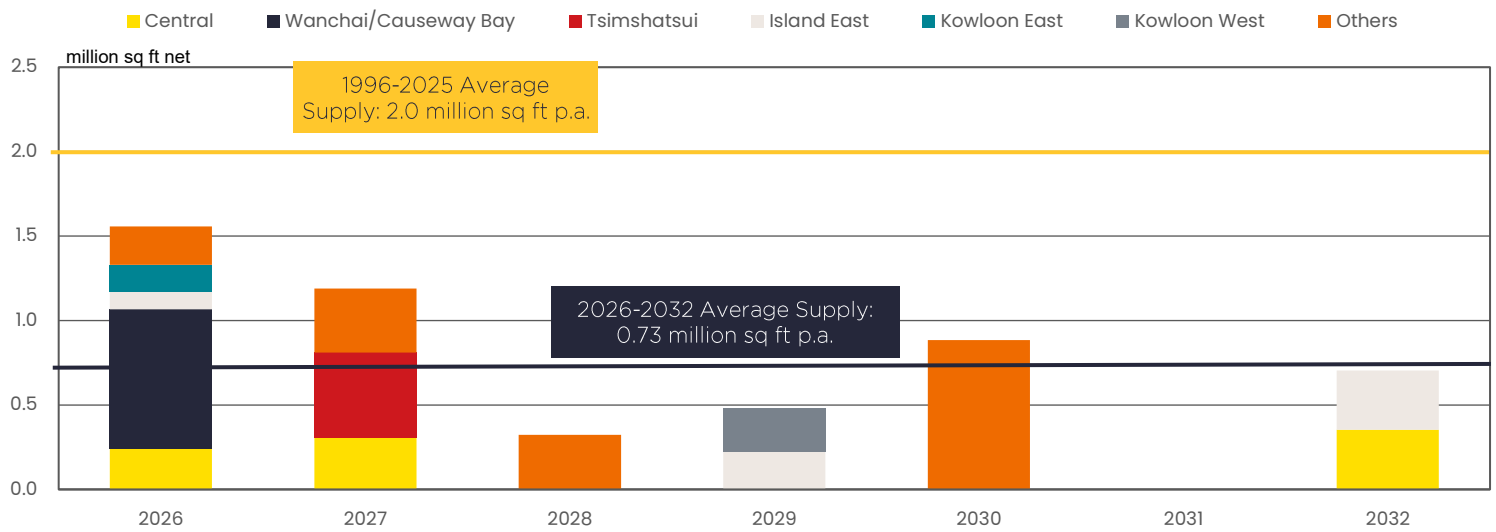
Hong Kong's IPO market has extended its rally. In the first three quarters of 2026, 116 listings raised about HK$388 billion, more than doubling year on year and setting a nine-month record. Alongside A+H dual listings, Mainland AI, hard-tech and TMT issuers have been a key engine: Specialist Technology (Chapter 18C) listings surged, and three of the year's ten largest global IPOs, spanning AI hardware, advanced electronics and AI-computing circuit boards, listed in Hong Kong.

Beyond their own leasing needs, these issuers generate substantial derived demand. Each listing, and the follow-on placements, M&A and research coverage that come after, drives mandates for investment banks, brokers, law firms, auditors and other professional services firms, many of which are expanding to IGC. Newly created wealth is also fuelling family office formation, as listed companies and their founders set up Hong Kong platforms to manage proceeds, adding a further layer of demand for quality space in core districts.

Family Office	Cool River Venture	BLUE POOL CAPITAL	Lochpine
Related Party	ByteDance 字节跳动	Joseph Tsai Alibaba	CATL 宁德时代
Building	Two IFC	Hysan Place	CITIC Tower
Area	3,033 sq ft	16,027 sq ft	4,278 sq ft

Source Savills Research & Consultancy

Grade A office new supply by district, 2026F to 2032F



** 2032 Island East includes the proposed Swire Properties / Chinachem redevelopment project at Taikoo, net area is estimated.*

Source Savills Research and Consultancy

OUTLOOK: SCARCE CENTRAL SUPPLY TO LIFT CORE RENTS

Hong Kong's office recovery is set to gain traction, reinforced by a thin supply pipeline. New Grade A completions are projected to average only about 0.7 million sq ft per annum over 2026–2032, little more than a third of the 2.0 million sq ft long-term average,

and Central is tighter still: only about 0.9 million sq ft across three completions, led by the two phases of Henderson Land's Central Yards (2027 and 2032), with no new Central supply between 2028 and 2031.

As this limited stock is absorbed, vacancy in Central and other core districts should tighten further, pushing prime rents higher over the next two to three years.

Following its sizeable pre-commitment at Central Yards Phase 1, Jane Street has taken up a further one floor in Tower 2, underscoring how quickly new prime Central space is being absorbed ahead of completion.

Recovery elsewhere stays more gradual, as non-core districts absorb a larger share of the remaining pipeline.

Grade A office rental forecast

Submarket	Q4 2026 rental forecast
Prime offices in Central and Tsim Sha Tsui	+5% to +7%
Rest of Central, Admiralty and Tsim Sha Tsui	+3% to +5%
Rest of Hong Kong	0% to -5%
Market-wide Grade A	0% to +5%

Source Savills Research & Consultancy

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