



## May 2025: Hong Kong Residential Monitor

# Sales market activity remains stagnant while the near-term outlook appears to be deteriorating once again

- Headline Confidence Index reflects cautious outlook
- Buyer demand largely flat
- House prices continue to decline with this downward trend expected to persist

The feedback for the May 2025 RICS-Spacious Hong Kong Residential Property Monitor continues to depict a flat picture for demand across the sales market, although forward-looking indicators deteriorated slightly in the latest results. In line with this, the Headline Confidence Index dipped to -35% from -24% as shown in Chart 1.

### Buyer demand continues to stabilise but near-term outlook still cautious

At the aggregate level, the new buyer enquiries metric posted a slightly less negative reading of -3% in May, improving marginally from -6% last month. While still flat overall, the data suggests that buyer demand is stabilising following a period of sharply negative readings earlier in the year. A breakdown by buyer type - mainland buyers, investors, and owner-occupiers, shows a particularly negative monthly trend in demand is still apparent from investors (net balance -26%). That said for mainland buyers, the net balance fell from a surprisingly positive +16% last month to -11% in May 2025, returning to negative territory.

Moving over to agreed sales, the net balance for this series was -14%, marginally down from -11% in April. Looking ahead, the overall reading for sales expectations weakened further, falling from -6% last month to -23% in the latest data. However, the picture is mixed at the regional level. In the New Territories, sentiment dropped sharply from +4% to -47%, indicating a significant deterioration. By contrast, Kowloon saw a notable improvement, with expectations rising from -21% to +9%. Back at the aggregate level, over a twelve-month time horizon, the outlook appears to be brighter as evidenced by a small uplift in the headline sales expectations net balance from +12% to +18%.

### Dip in house prices continues

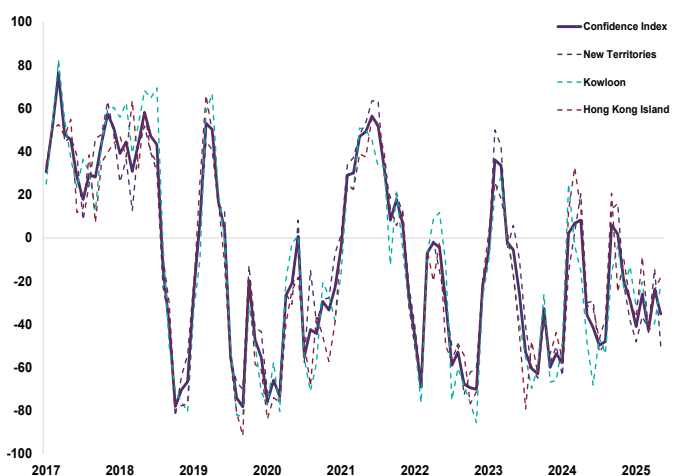
The decline in house prices continues, with a net balance of -49% of contributors reporting a drop. This is broadly in line with last month's -55% and consistent with recent reports. Short-term expectations remain pessimistic, reflected in a net balance of -48% for the three-month outlook. While the twelve-month projection is somewhat less negative at -24%,

the overall sentiment suggests that house prices are expected to remain on a prolonged downward trajectory.

### Lettings market remains resilient albeit slightly cooled

Conditions across the letting market remain solid, even if signs of a modest cooling have emerged. Tenant demand continues to rise according to a net balance of +23% of respondents, albeit this has softened from +33% last month. On the supply side, landlord instructions remain in positive territory, though the net balance has declined to +14%, down from +30% previously. Rental prices continue to show solid growth, with a net balance of +24% of survey participant noting an increase. However, this is notably more moderate than readings recorded from Q3 2024 through Q1 2025, potentially reflecting the somewhat less buoyant trend in tenant demand growth. Looking ahead, rental growth expectations have also moderated, with the three-month outlook easing from +31% to +20%.

Chart 1: Confidence Index



\*The Confidence Index is a composite measure capturing overall market momentum, encompassing variables on short-term price and sales expectations.

Chart 2: Current price and agreed sales

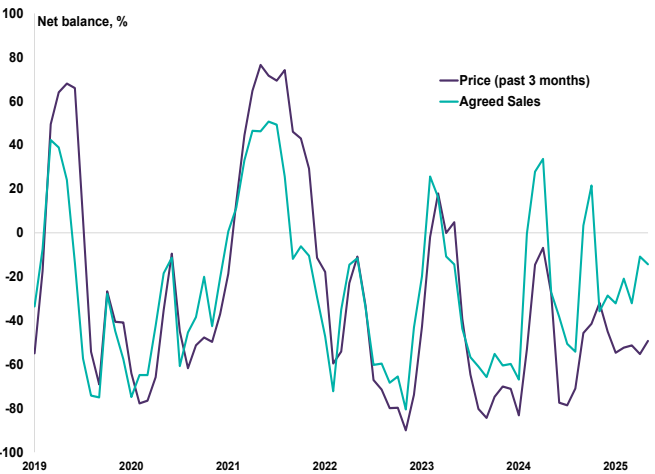


Chart 3: Buyer enquiries and instructions to sell

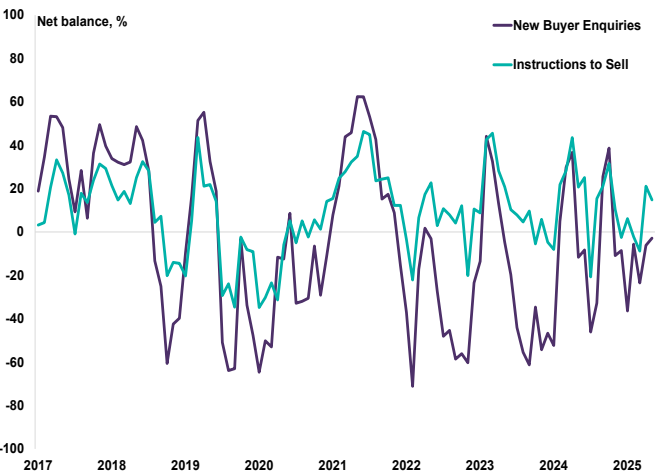


Chart 4: New buyer enquiries by type

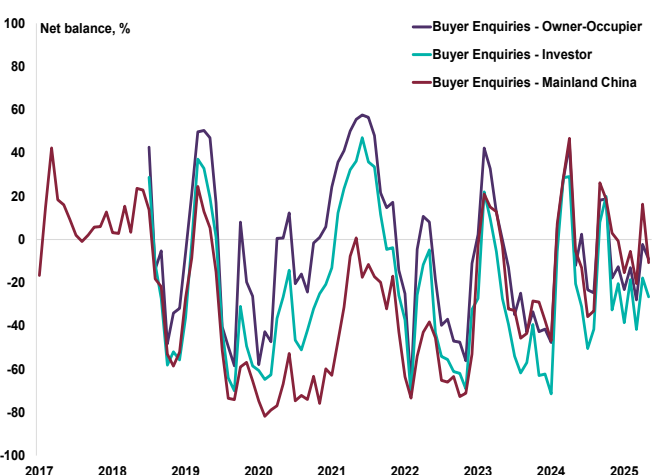


Chart 5: 3-month rent/price/sales expectations

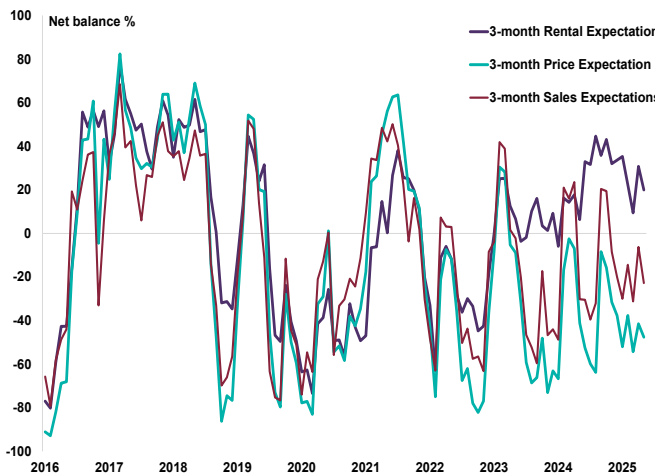


Chart 6: Tenant demand and landlord instructions

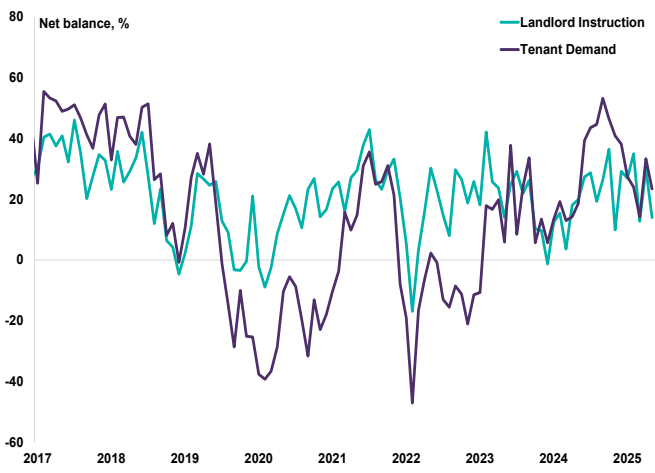


Chart 7: 12-month expectations



## Comments from survey participants in Hong Kong

Interest rate changes, mortgage policies, and inventory reduction speed. - The New Territories

Poor local governance. - The New Territories

Timing of public holidays, unseasonable weather, government measures. - The New Territories

USA government policy. - The New Territories

Global economic uncertainty - Kowloon

Piles of negative-asset-value property and high unemployment rate weaken further local market.  
- Kowloon

Slow economic recovery still has impact on confidence of potential buyers. - Kowloon

Banks continue to call mortgage loans from investors on commercial properties. - Hong Kong Island

Chinese economy. - Hong Kong Island

Economic uncertainty and downturn due to political instability especially the US's tariffs policy. - Hong Kong Island

US tariff uncertainties impact the market development. - Hong Kong Island

Wars, Tariffs war, recession, interest rate. - Hong Kong Island

# Information

## Hong Kong Residential Monitor:

RICS-Spacious Hong Kong Residential Monitor is a monthly guide to the trends in Hong Kong's housing market. The report is available from the RICS website [www.rics.org/economics](http://www.rics.org/economics) along with other surveys covering global housing, commercial and land markets, as well as construction activity.

### About RICS:

RICS is a global professional body that promotes and enforces the highest professional qualifications and standards in the valuation, management and development of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards - bringing confidence to the markets we serve.

### About Spacious:

Spacious is the highest quality online real estate platform in Hong Kong. Spacious is capturing data from real estate searchers and inventory holders and augmenting it with additional data sets to generate real-time, independent, and actionable insights. Spacious' vast property and demographics data can deliver valuable insights for your organization. Contact Spacious to learn more about how your organization can gain additional access to Spacious data.

### Methodology:

National (headline) data are a regionally-weighted aggregation of three regions: New Territories, Kowloon and Hong Kong Island. Data is not seasonally adjusted.

Net balance = Proportion of respondents reporting a rise in prices minus those reporting a fall. For example, if 30% of respondents report a rise and 5% report a fall, the net balance will be 25%.

The net balance measures breadth (how widespread e.g. price falls or rises are on balance), rather than depth (the magnitude of e.g. price falls or rises). Net balance data is opinion based; it does not quantify actual changes in an underlying variable.

Therefore, a -100 reading implies that no respondents are seeing increases (or no change), and a +100 reading implies that no respondents are seeing decreases (or no change).

The Home Price Perceptions Index measures the perceived monthly change in home prices as reported by survey participants, where March 2015=100. The Rent Perceptions Index measures the perceived monthly change in rents as reported by survey respondents, where March 2019=100.

### Survey release dates:

**May survey:** 19 June 2025

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