ARCADIS

Construction Cost Handbook

China & Hong Kong 2026

Arcadis Hong Kong Limited

Electronic Cost Handbook

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The following handbook of information relating to the construction industry has been compiled by:

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The information contained herein should be regarded as indicative and for general guidance only. Whilst every effort has been made to ensure accuracy, no responsibility can be accepted for errors and omissions, however caused.

If advice concerning individual projects is required, we would be happy to assist.

Unless otherwise stated, costs reflected in this handbook are Hong Kong costs at 4th Quarter 2025.

Arcadis Hong Kong Limited would like to acknowledge the assistance of Knight Frank and Baker McKenzie FenXun in providing additional data and information for this publication.

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ARCADIS HONG KONG LIMITED

ABOUT US

Arcadis stands as the premier global Design & Consultancy firm for natural and built assets, distinguished by our deep market expertise and integrated services across design, consultancy, engineering, and project management. In Hong Kong, our Cost & Commercial Management (CCM) business is renowned for delivering exceptional, sustainable project outcomes throughout the asset lifecycle.

With a legacy dating back to 1949, when we established our first office in Hong Kong, Arcadis has played a pivotal role in shaping the region's cost management landscape. Our expertise has helped clients achieve competitive advantages, exceed project requirements, and realize long-term value. Over the decades, we have expanded our CCM capabilities across Greater China, entering the Mainland market in 1984 and introducing best-in-class cost management techniques to the rapidly evolving construction sector. Initially serving Hong Kong and international developers investing in China, our client base now includes leading state-owned enterprises and local developers.

Arcadis Hong Kong continues to drive innovation in cost management, embracing new disciplines such as whole-life costing and supporting clients throughout Asia as they pursue opportunities worldwide. Our operating model fosters knowledge transfer and the sharing of best practices, ensuring clients benefit from our most effective resources and tailored solutions—delivered efficiently and cost-effectively to meet their unique needs.

OUR CORE VALUES

People First
We care for each other and create a safe and respectful working environment where our people can grow, perform, and succeed.

Integrity
We always work to the highest professional and ethical standards and establish trust by being open, honest and responsible.

Client Success
We are passionate about our clients' success and bring insights, agility, and innovation to co-create value.

Collaboration
We value the power of diversity and our global capabilities and deliver excellence by working as One Arcadis.

Sustainability
We base our actions for clients and communities on environmental responsibility and social and economic advancement.

1 CONSTRUCTION COST DATA

CONSTRUCTION COSTS FOR HONG KONG

BUILDING TYPE	HK$/m² CFA		
	BUILDING	SERVICES	TOTAL
DOMESTIC			
Apartments, high rise, public authority standard	10,060 - 11,750	2,140 - 2,550	12,200 - 14,300
Apartments, high rise, average standard	20,880 - 23,070	4,320 - 5,730	25,200 - 28,800
Apartments, high rise, high end	27,020 - 30,400	5,280 - 6,800	32,300 - 37,200
Terraced houses, average standard	29,900 - 33,850	4,700 - 5,650	34,600 - 39,500
Detached houses, high end	43,400up	6,700up	50,100up
OFFICE / COMMERCIAL			
Medium/high rise offices, average standard	18,670 - 20,660	6,430 - 7,640	25,100 - 28,300
High rise offices, prestige quality	22,910 - 25,540	6,790 - 8,160	29,700 - 33,700
Out-of-town shopping centre, average standard	18,410 - 21,670	6,290 - 7,130	24,700 - 28,800
Retail malls, high end	24,910 - 28,550	6,890 - 8,150	31,800 - 36,700
HOTELS			
Budget hotels - 3-star, mid market	23,600 - 24,200	7,900 - 9,100	31,500 - 33,300
Business hotels - 4/5-star	24,230 - 27,430	8,270 - 9,770	32,500 - 37,200
Luxury hotels - 5-star	29,400 - 32,140	8,400 - 9,860	37,800 - 42,000
INDUSTRIAL			
Owner operated factories, low rise, light weight industry	16,130 - 19,880	2,770 - 3,520	18,900 - 23,400
OTHERS			
Underground/basement car parks (<3 levels)	25,430 - 28,800	3,070 - 3,900	28,500 - 32,700
Multi storey car parks, above ground(<4 levels)	13,930 - 15,830	2,770 - 3,670	16,700 - 19,500
Schools (primary and secondary)	18,040 - 18.800	3,260 - 4,100	21,300 - 22,900
Students' residences	19,000 - 21,060	5,100 - 6,040	24,100 - 27,100
Sports clubs, multi purpose sports/leisure centres (dry sports) with a/c and including FF&E	25,050 - 27,450	6,350 - 7,850	31,400 - 35,300
General hospitals - public sector	30,260 - 32,320	9,140 - 10,980	39,400 - 43,300

The above costs are at **4th Quarter 2025** levels.

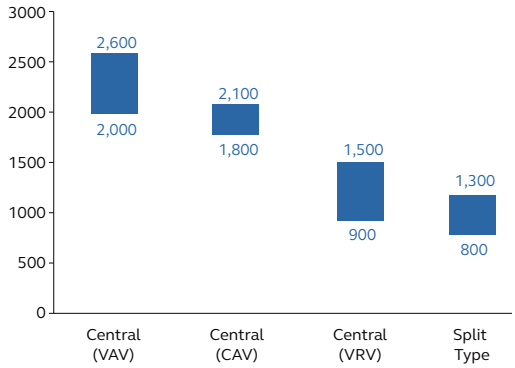
M&E COSTS FOR HONG KONG

BUILDING TYPE	HK$/m² CFA					
	MECHANICAL SERVICES	ELECTRICAL SERVICES	FIRE SERVICES	LIFTS/ ESCALATORS	HYDRAULIC SERVICES	TOTAL SERVICES
DOMESTIC						
Apartments, high rise, public authority standard	N/A	730 - 850	170 - 220	300 - 340	940 - 1,140	2,140 - 2,550
Apartments, high rise, average standard	940 - 1,180	1,190 - 1,380	420 - 660	440 - 730	1,330 - 1,780	4,320 - 5,730
Apartments, high rise, high end	1,280 - 1,570	1,430 - 1,720	450 - 710	540 - 830	1,580 - 1,970	5,280 - 6,800
Terraced houses, average standard	1,380 - 1,670	1,480 - 1,770	100 - 200	N/A	1,740 - 2,010	4,700 - 5,650
Detached houses, high end	2,150 up	2,450 up	100 up	N/A	2,000 up	6,700 up
OFFICE / COMMERCIAL						
Medium/high rise offices, average standard	2,070 - 2,370	2,320 - 2,760	650 - 790	695 - 890	695 - 830	6,430 - 7,640
High rise offices, prestige quality	2,160 - 2,640	2,440 - 2,840	650 - 790	845 - 1,060	695 - 830	6,790 - 8,160
Out-of-town shopping centre, average standard	2,160 - 2,360	1,940 - 2,260	650 - 790	845 - 890	695 - 830	6,290 - 7,130
Retail malls, high end	2,250 - 2,600	2,360 - 2,800	650 - 890	890 - 1,080	740 - 780	6,890 - 8,150
HOTELS						
Budget hotels - 3-star, mid market	2,420 - 2,740	2,310 - 2,540	690 - 880	600 - 690	1,880 - 2,250	7,900 - 9,100
Business hotels - 4/5-star	2,570 - 2,850	2,450 - 2,750	690 - 880	600 - 830	1,960 - 2,460	8,270 - 9,770
Luxury hotels - 5-star	2,570 - 2,850	2,570 - 2,840	690 - 880	600 - 830	1,970 - 2,460	8,400 - 9,860
INDUSTRIAL						
Owner operated factories, low rise, light weight industry	350 - 500	840 - 990	600 - 730	490 - 650	490 - 650	2,770 - 3,520
OTHERS						
Underground/basement car parks (<3 levels)	790 - 980	890 - 1,080	550 - 690	345 - 450	495 - 700	3,070 - 3,900
Multi storey car parks, above ground (<4 levels)	490 - 750	890 - 1,080	550 - 690	345 - 450	495 - 700	2,770 - 3,670
Schools (primary and secondary)	790 - 990	1,080 - 1,280	600 - 790	250 - 350	540 - 690	3,260 - 4,100
Students' residences	850 - 1,040	1,770 - 1,980	700 - 890	350 - 450	1,430 - 1,680	5,100 - 6,040
Sports clubs, multi purpose ports/leisure centres (dry sports) with a/c and including FF&E	2,450 - 2,950	2,070 - 2,650	790 - 950	350 - 450	690 - 850	6,350 - 7,850
General hospitals - public sector	3,160 - 3,950	2,950 - 3,360	850 - 990	500 - 700	1,680 - 1,980	9,140 - 10,980

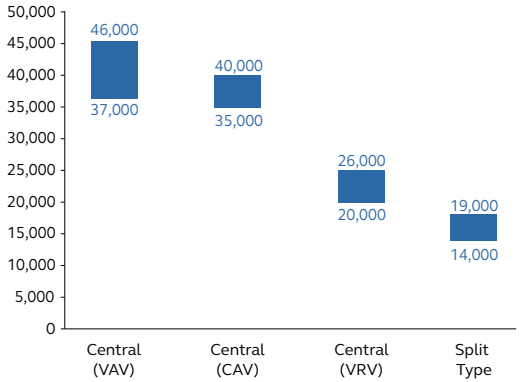
The above costs are at **4th Quarter 2025** levels.

ACMV COSTS FOR VARIOUS DESIGNS AND DEVELOPMENTS IN HONG KONG

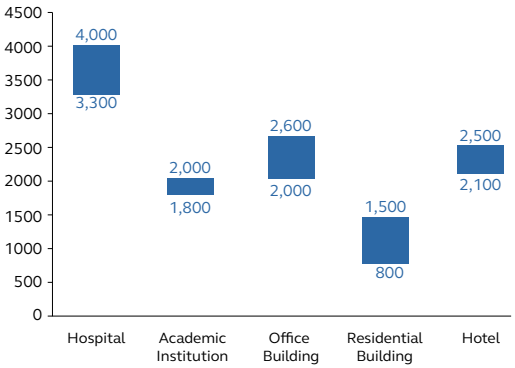
HK$/m2 of Construction Floor Area



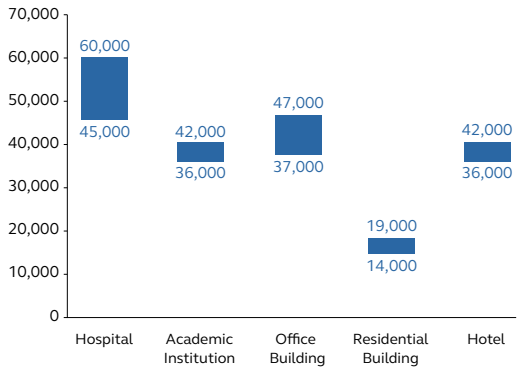
HK$/Tonne of Refrigeration



HK$/m2 of Construction Floor Area



HK$/Tonne of Refrigeration



FIT-OUT COSTS FOR HONG KONG

BUILDING TYPE	HK$/m²
HOTELS	
Public Areas (Front of House) :	
3-star Hotel	11,400 - 16,800
4-star Hotel	16,800 - 23,700
5-star Hotel	23,700 up
Guest Rooms :	
3-star Hotel	9,400 - 11,000
4-star Hotel	11,400 - 14,800
5-star Hotel	15,300 up
Notes : 1. *Includes furniture, floor, wall and ceiling finishes, drapery, sanitary fittings and light fittings.* 2. *Excludes partitioning, M&E works, building shell, chandeliers, operational items and equipment (e.g. cutlery, crockery, linen, television, refrigerator etc.), opening expenses, stage equipment and computer systems.*	
OFFICES	
General office	7,400 - 11,400
Executive office	12,300 - 15,300
Prestige office	15,300 up
Notes : 1. *Local/PRC furniture allowed for general offices.* 2. *Includes furniture, partitioning, electrical work, minor alteration to air-conditioning, fire services and suspended ceiling to suit layout.* 3. *Excludes telephones, data cabling, office equipment (e.g. computers, photocopiers, fax machines, UPS, etc).*	

The above costs are at **4th Quarter 2025** levels.

BUILDING TYPE	HK$/m2
DEPARTMENT STORES	
General department store	9,500 - 14,500
Prestige department store	15,500 up
Notes : 1. *Includes electrical work, additional FCU and minor alteration of fire services to suit layout.* 2. *Excludes facade modification, data cabling, operational items and equipment (e.g. computers, P.O.S., office equipment) and opening expenses.*	
RESTAURANTS	
General dining restaurant	13,300 - 20,700
Fine dining restaurant	24,600 up
Notes : 1. *Includes furniture, floor, wall and ceiling finishes, electrical work, minor alteration to air-conditioning and fire services installation to suit layout.* 2. *Excludes exhaust flue, operational items (e.g. cutlery, crockery, linen, utensils, etc.).*	

The costs per square meter are based on fit-out area measured to the inner face of the perimeter wall.

UNIT COSTS FOR ANCILLARY FACILITIES FOR HONG KONG

DESCRIPTION	UNIT	HK$
SQUASH COURTS		
Single court with glass backwall including associated mechanical and electrical services but excluding any public facilities (enclosing structure not included).	per court	800,000
TENNIS COURTS		
Single court on grade with acrylic surfacing and complete with chain link fence.	per court	1,800,000
Single court on grade with artificial turf surfacing and complete with chain link fence.	per court	2,000,000
Extra for lighting.	per court	700,000
SWIMMING POOLS		
Half Olympic (25m x 10.50m) outdoor swimming pool built on-grade, fully tiled; complete with 5m wide deck and associated pool equipment and ozone system.	per pool	11,400,000
PLAYGROUND EQUIPMENT		
Outdoor playground equipment comprising various activities.	per set	350,000 to 840,000
SAUNAS		
Sauna room for 4-6 people complete with all accessories (enclosing structure not included).	per room	340,000
STEAM BATHS		
Steam bath for 4-6 people complete with all accessories (enclosing structure not included).	per room	340,000
GOLF COURSES		
(Based on average cost of an 18-hole golf course) Excluding associated buildings and equipment.	per hole	8,000,000 to 14,000,000
GREEN ROOF		
Proprietary lightweight green roof system; with automatic irrigation system (roofing and roof structure not included).	per m2	2,000 to 5,000
VERTICAL GREEN		
Vertical green system; wire frame type, with automatic irrigation system (background supporting wall not included).	per m2	5,000 to 10,000

The above costs are at **4th Quarter 2025** levels.

CONSTRUCTION COSTS FOR SELECTED ASIAN CITIES

BUILDING TYPE	US$/m² CFA			
	SHANGHAI	BEIJING	GUANGZHOU/ SHENZHEN	CHONGQING/ CHENGDU
DOMESTIC				
Apartments, high rise, average standard	678 - 747	597 - 655	552 - 634	565 - 655
Apartments, high rise, high end	1,531 - 1,669	1,446 - 1,646	897 - 1,023	913 - 1,119
Terraced houses, average standard	937 - 1,020	854 - 926	837 - 1,001	776 - 911
Detached houses, high end	1,647 - 1,747	1,642 - 1,713	1,605 - 1,881	987 - 1,122
OFFICE / COMMERCIAL				
Medium/high rise offices, average standard	870 - 1,149	851 - 1,147	783 - 895	894 - 1,027
High rise offices, prestige quality	1,117 - 1,528	1,383 - 1,883	1,146 - 1,441	1,127 - 1,498
Out-of-town shopping centre, average standard	N/A	N/A	N/A	N/A
Retail malls, high end	1,181 - 1,592	1,151 - 1,584	1,116 - 1,617	1,075 - 1,484
HOTELS				
Budget hotels - 3-star, mid market	952 - 1,160	942 - 1,160	1,006 - 1,140	971 - 1,186
Business hotels - 4/5-star	1,533 - 2,076	1,604 - 2,118	1,626 - 2,393	1,742 - 2,154
Luxury hotels - 5-star	2,073 - 2,478	2,042 - 2,629	2,188 - 2,486	2,145 - 2,550
INDUSTRIAL				
Industrial units, shell only (Conventional single storey framed units)	268 - 328	263 - 320	299 - 367	442 - 550
Owner operated factories, low rise, light weight industry	414 - 519	508 - 582	N/A	N/A
OTHERS				
Underground/basement car parks (<3 levels)	711 - 991	727 - 799	522 - 854	408 - 565
Multi storey car parks, above ground (<4 levels)	364 - 509	438 - 442	372 - 421	325 - 397
Schools (primary and secondary)	543 - 686	506 - 654	420 - 545	431 - 475
Students' residences	398 - 542	358 - 506	387 - 493	302 - 432
Sports clubs, multi purpose sports/leisure centres (dry sports)	917 - 1,126	867 - 875	719 - 815	680 - 746
General hospitals - public sector	1,400 - 1,805	1,140 - 1,428	1,089 - 1,404	1,087 - 1,346
Exchange Rate Used : US$1 =	RMB 7.02	RMB 7.02	RMB 7.02	RMB 7.02

The above costs are at **4th Quarter 2025** levels, inclusive of preliminaries but exclusive of contingencies.

CONSTRUCTION COSTS FOR SELECTED ASIAN CITIES (Cont'd)

BUILDING TYPE	US$/m² CFA			
	HONG KONG	MACAU	SINGAPORE ♣	KUALA LUMPUR #
DOMESTIC				
Apartments, high rise, average standard	3,230 - 3,690	2,395 - 2,929	2,075 - 2,425	360 - 715 ►
Apartments, high rise, high end	4,140 - 4,760	3,344 - 5,108	3,425 - 4,655	815 - 1,710
Terraced houses, average standard	4,430 - 5,060	4,078 - 4,867	2,655 - 2,960	255 - 420 ▲
Detached houses, high end	6,415 up	4,975 - 6,473	3,345 - 4,460	870 - 1,180
OFFICE / COMMERCIAL				
Medium/high rise offices, average standard	3,210 - 3,620	2,755 - 3,558	2,730 - 3,075	680 - 905
High rise offices, prestige quality	3,800 - 4,310	3,558 - 3,892	3,075 - 3,310	1,070 - 1,540
Out-of-town shopping centre, average standard	3,160 - 3,690	2,594 - 3,892	2,925 - 3,230	500 - 755
Retail malls, high end	4,070 - 4,700	4,078 - 4,922	3,230 - 3,500	790 - 1,205
HOTELS				
Budget hotels - 3-star, mid market	4,030 - 4,260	3,626 - 4,106	3,385 - 3,690	1,150 - 1,695
Business hotels - 4/5-star	4,160 - 4,760	4,922 - 5,883	3,690 - 4,655	1,505 - 2,645
Luxury hotels - 5-star	4,840 - 5,380	5,883 - 6,955	4,310 - 5,000	2,205 - 2,960
INDUSTRIAL				
Industrial units, shell only (Conventional single storey framed units)	N/A	N/A	1,230 - 1,425	370 - 520
Owner operated factories, low rise, light weight industry	2,420 - 3,000	N/A	N/A	485 - 620
OTHERS				
Underground/basement car parks (<3 levels)	3,650 - 4,190	2,152 - 3,156	1,460 - 1,885	355 - 630
Multi storey car parks, above ground (<4 levels)	2,140 - 2,500	1,189 - 1,566	925 - 1,345	230 - 405
Schools (primary and secondary)	2,730 - 2,930	2,381 - 2,755	2,115 - 2,730	290 - 375
Students' residences	3,090 - 3,470	1,885 - 2,193	2,500 - 2,655	345 - 435
Sports clubs, multi purpose sports/leisure centres (dry sports)	4,020 - 4,520	N/A	3,040 - 3,230	685 - 870
General hospitals - public sector	5,040 - 5,540	N/A	4,270 - 4,460	945 - 1,380
Exchange Rate Used : US$1 =	HK$ 7.81	MOP 7.80	S$ 1.30	RM 4.13

The above costs are at **4th Quarter 2025** levels, inclusive of preliminaries but exclusive of contingencies.

♣ Rates are nett of GST

► 6 - 12 units per floor, 46m² - 83m² per unit, exclude air-conditioning, kitchen cabinets and home appliances.

▲ Terraced houses exclude air-conditioning, kitchen cabinets and home appliances.

\# Rates are nett of GST.

Source of data: ***Singapore*** *- Global Infrastructure Solutions Inc.* ***Kuala Lumpur*** *- JUBM Group.*

CONSTRUCTION COSTS FOR SELECTED ASIAN CITIES (Cont'd)

BUILDING TYPE	US$/m² CFA				
	MANILA Ω	INDIA ₲	BANGKOK #	HO CHI MINH #	JAKARTA #
DOMESTIC					
Apartments, high rise, average standard	960 - 1,242	743 - 881	773 - 959	582 - 722	838 - 951
Apartments, high rise, high end	1,240 - 2,246	1,184 - 1,453	1,237 - 1,701	844 - 1,138	1,155 - 1,305
Terraced houses, average standard	821 - 1,004	521 - 571	619 - 773	562 - 653	442 - 577
Detached houses, high end	1,590 - 2,707	664 - 743	773 - 1,082	815 - 917	1,210 - 1,352
OFFICE / COMMERCIAL					
Medium/high rise offices, average standard	846 - 1,111	536 - 588	773 - 928	687 - 787	827 - 917
High rise offices, prestige quality	1,229 - 1,575	614 - 780	1,082 - 1,392	873 - 1,175	1,303 - 1,442
Out-of-town shopping centre, average standard	717 - 887	539 - 600	742 - 990	637 - 779	711 - 788
Retail malls, high end	987 - 1,400	704 - 830	990 - 1,175	796 - 973	783 - 849
HOTELS					
Budget hotels - 3-star, mid market	1,061 - 1,313	1,032 - 1,097	1,299 - 1,392	1,195 - 1,445	1,442 - 1,703
Business hotels - 4/5-star	1,217 - 2,021	1,465 - 1,827	1,701 - 2,010	1,377 - 1,666	1,967 - 2,123
Luxury hotels - 5-star	1,775 - 3,248	1,992 - 2,340	2,165 - 2,474	1,783 - 2,116	2,086 - 2,291
INDUSTRIAL					
Industrial units, shell only (Conventional single storey framed units)	476 - 612	468 - 573	557 - 742	309 - 385	394 - 427
Owner operated factories, low rise, light weight industry	638 - 811	442 - 577	N/A	351 - 459	426 - 469
OTHERS					
Underground/basement car parks (<3 levels)	556 - 719	349 - 401	680 - 928	639 - 753	589 - 726
Multi storey car parks, above ground (<4 levels)	512 - 692	287 - 338	371 - 557	412 - 446	382 - 416
Schools (primary and secondary)	625 - 860	363 - 424	619 - 928	568 - 694	N/A
Students' residences	699 - 905	377 - 464	464 - 619	541 - 687	N/A
Sports clubs, multi purpose sports/leisure centres (dry sports)	1,053 - 1,529	702 - 794	N/A	1,092 - 1,335	1,211 - 1,816
General hospitals - public sector	1,264 - 1,478	798 - 914	N/A	N/A	N/A
Exchange Rate Used : US$1 =	PHP 58.81	INR 83.41	BAHT 32.34	VND 26,378	IDR 16,681

The above costs are at **4th Quarter 2025** levels, inclusive of preliminaries but exclusive of contingencies.

Ω Rates include 12% VAT.

₲ Rates are based on projects in Bangalore and are nett of GST. Mumbai costs are generally 9% higher.

\# Rates are nett of VAT.

Source of data: ***India*** *- Arkind LS Private Limited.* ***Bangkok*** *- Mentabuild Limited.* ***Ho Chi Minh*** *- DLS Consultant Company Limited.* ***Jakarta*** *- PT Lantera Sejahtera Indonesia.*

M&E COSTS FOR SELECTED ASIAN CITIES

BUILDING TYPE	SHANGHAI	BEIJING	GUANGZHOU/ SHENZHEN	CHONGQING/ CHENGDU
	RMB/m² CFA	RMB/m² CFA	RMB/m² CFA	RMB/m² CFA
MECHANICAL SERVICES				
Offices	711 - 877	782 - 1,212	744 - 1,105	753 - 1,017
Industrial *	157 - 258	169 - 277	150 - 276	145 - 236
Hotels	899 - 1,139	960 - 1,211	1,028 - 1,310	973 - 1,331
Shopping Centres	696 - 818	798 - 979	693 - 883	890 - 1,014
Apartment	284 - 366	141 - 455	148 - 398	150 - 296
ELECTRICAL SERVICES				
Offices	558 - 610	519 - 938	509 - 763	503 - 713
Industrial **	281 - 384	352 - 497	310 - 446	279 - 377
Hotels	609 - 753	793 - 1,041	693 - 922	625 - 875
Shopping Centres	486 - 591	530 - 761	480 - 669	557 - 711
Apartment	236 - 335	271 - 425	276 - 485	240 - 354
HYDRAULIC SERVICES				
Offices	100 - 143	98 - 144	102 - 177	90 - 124
Industrial	80 - 112	96 - 141	86 - 120	93 - 127
Hotels	337 - 449	380 - 485	378 - 485	368 - 489
Shopping Centres	126 - 164	141 - 206	111 - 163	106 - 155
Apartment	154 - 201	172 - 231	146 - 272	103 - 181
FIRE SERVICES				
Offices	208 - 283	256 - 330	228 - 337	244 - 294
Industrial	144 - 233	152 - 238	139 - 264	136 - 235
Hotels	265 - 345	236 - 379	276 - 412	280 - 375
Shopping Centres	236 - 342	232 - 387	241 - 371	267 - 379
Apartment	52 - 94	71 - 136	76 - 288	62 - 114
LIFTS / ESCALATORS				
Offices	257 - 496	291 - 571	280 - 491	305 - 561
Industrial	124 - 352	143 - 396	145 - 423	153 - 355
Hotels	201 - 446	229 - 515	241 - 461	254 - 437
Shopping Centres	299 - 446	323 - 515	288 - 451	309 - 461
Apartment	152 - 262	173 - 286	125 - 433	142 - 246

The above costs are at **4th Quarter 2025** levels, exclusive of contingencies.

* Generally without A/C.
** Excludes special power supply.

M&E COSTS FOR SELECTED ASIAN CITIES (Cont'd)

BUILDING TYPE	HONG KONG	MACAU	SINGAPORE ♣	KUALA LUMPUR *
	HK$/m² CFA	MOP/m² CFA	S$/m² CFA	RM/m² CFA
MECHANICAL SERVICES				
Offices	2,070 - 2,640	N/A	225 - 355	410 - 580
Industrial *	350 - 500	N/A	42 - 165	110 - 215
Hotels	2,420 - 2,850	2,680 - 3,080	294 - 386	390 - 695
Shopping Centres	2,160 - 2,600	2,400 - 3,000	198 - 336	390 - 560
Apartment	940 - 1,570	940 - 1,240	127 - 235	155 - 235
ELECTRICAL SERVICES				
Offices	2,320 - 2,840	N/A	208 - 382	375 - 540
Industrial **	840 - 990	N/A	71 - 180	195 - 225
Hotels	2,310 - 2,840	2,680 - 3,180	378 - 510	390 - 620
Shopping Centres	1,940 - 2,800	2,670 - 3,030	214 - 420	375 - 530
Apartment	1,190 - 1,720	1,080 - 1,370	146 - 318	145 - 245
HYDRAULIC SERVICES				
Offices	695 - 830	N/A	36 - 76	60 - 80
Industrial	490 - 650	N/A	24 - 49	60 - 70
Hotels	1,880 - 2,460	1,800 - 2,210	169 - 237	225 - 315
Shopping Centres	695 - 830	600 - 800	60 - 112	50 - 55
Apartment	1,330 - 1,970	1,500 - 2,000	108 - 199	70 - 110
FIRE SERVICES				
Offices	650 - 790	N/A	39 - 93	80 - 100
Industrial	600 - 730	N/A	29 - 65	70 - 80
Hotels	690 - 880	950 - 1,160	35 - 74	80 - 110
Shopping Centres	650 - 890	670 - 860	48 - 72	70 - 90
Apartment	420 - 710	310 - 360	27 - 86	30 - 40
LIFTS / ESCALATORS				
Offices	695 - 1,060	N/A	89 - 175	175 - 410
Industrial	490 - 650	N/A	56 - 147	70 - 195
Hotels	600 - 830	610 - 820	71 - 115	145 - 335
Shopping Centres	845 - 1,080	460 - 720	77 - 124	120 - 135
Apartment	440 - 830	460 - 610	58 - 161	80 - 120

The above costs are at **4th Quarter 2025** levels, exclusive of contingencies.

* Generally without A/C.
** Excludes special power supply.
♣ Rates are nett of GST, excluding BAS
* Rates are nett of GST.

Source of data: ***Singapore*** *- Global Infrastructure Solutions Inc..* ***Kuala Lumpur*** *- JUBM Group.*

M&E COSTS FOR SELECTED ASIAN CITIES (Cont'd)

BUILDING TYPE	MANILA Ω	INDIA ₲	BANGKOK #	HO CHI MINH #	JAKARTA #
	PHP/m² CFA	INR/m² CFA	BAHT/m² CFA	VND/m² CFA	IDR/m² CFA
MECHANICAL SERVICES					
Offices	4,200 - 8,600	6,150 - 8,530	3,450 - 3,900	2,897,000 - 4,118,000	1,083,000 - 1,248,000
Industrial *	800 - 1,600	2,875 - 5,451	1,550 - 1,700	N/A	491,000 - 784,000
Hotels	3,500 - 13,850	7,100 - 8,590	3,800 - 5,200	N/A	1,117,000 - 1,450,000
Shopping Centres	3,240 - 8,060	6,279 - 8,720	2,800 - 3,200	3,251,000 - 3,292,000	953,000 - 1,145,000
Apartment	1,750 - 5,700	3,224 - 4,600	2,800 - 3,400	2,167,000 - 2,974,000	1,066,000 - 1,353,000
ELECTRICAL SERVICES					
Offices	3,500 - 8,712	5,571 - 8,458	4,400 - 4,900	2,942,000 - 3,523,000	875,000 - 1,117,000
Industrial **	2,000 - 3,500	3,348 - 6,080	1,950 - 2,200	N/A	619,000 - 773,000
Hotels	4,900 - 11,781	6,187 - 9,290	4,600 - 5,800	N/A	902,000 - 1,243,000
Shopping Centres	3,060 - 7,004	5,297 - 7,890	4,600 - 4,800	2,666,000 - 3,333,000	761,000 - 959,000
Apartment	4,057 - 7,560	2,800 - 4,040	4,300 - 4,500	2,494,000 - 3,151,000	1,005,000 - 1,172,000
HYDRAULIC SERVICES					
Offices	1,260 - 2,410	920 - 1,580	780 - 990	424,000 - 793,000	220,000 - 311,000
Industrial	820 - 1,440	640 - 1,225	750 - 800	N/A	147,000 - 225,000
Hotels	2,310 - 7,470	4,845 - 8,120	1,400 - 2,200	N/A	1,055,000 - 1,243,000
Shopping Centres	1,250 - 1,640	1,385 - 2,815	790 - 990	350,000 - 629,000	209,000 - 322,000
Apartment	2,310 - 4,960	2,200 - 3,350	1,200 - 1,520	858,000 - 994,000	1,066,000 - 1,263,000
FIRE SERVICES					
Offices	1,220 - 2,070	1,450 - 2,090	780 - 890	821,000 - 1,352,000	741,000 - 924,000
Industrial	1,180 - 3,000	657 - 1,004	730 - 790	N/A	158,000 - 225,000
Hotels	1,320 - 2,630	1,671 - 2,390	780 - 930	N/A	349,000 - 435,000
Shopping Centres	1,310 - 2,080	1,375 - 1,770	780 - 890	749,000 - 917,000	293,000 - 343,000
Apartment	1,140 - 1,990	769 - 1,015	750 - 930	664,000 - 823,000	333,000 - 361,000
LIFTS / ESCALATORS					
Offices	1,800 - 5,170	1,170 - 1,560	1,200 - 1,500	781,000 - 1,500,000	468,000 - 1,122,000
Industrial	0 - 730	800 - 1,010	N/A	N/A	N/A
Hotels	1,800 - 3,540	1,700 - 2,537	800 - 1,200	N/A	745,000 - 1,161,000
Shopping Centres	1,600 - 2,480	2,000 - 2,600	500 - 700	1,599,000 - 2,246,000	343,000 - 925,000
Apartment	850 - 4,760	1,016 - 1,350	600 - 800	885,000 - 1,295,000	756,000 - 942,000

The above costs are at **4th Quarter 2025** levels, exclusive of contingencies.

* Generally without A/C.

** Excludes special power supply.

Ω Transformer, included in Electrical Services.

Bangkok: Based upon nett enclosed area and nett of VAT

\# Rates are nett of VAT.

₲ Rates are based on projects in Bangalore and are nett of GST. Mumbai costs are generally 8% higher.

Source of data: ***India*** *- Arkind LS Private Limited.* ***Bangkok*** *- Mentabuild Limited.* ***Ho Chi Minh*** *- DLS Consultant Company Limited.* ***Jakarta*** *- PT Lantera Sejahtera Indonesia.*

MAJOR RATES FOR SELECTED ASIAN CITIES

DESCRIPTION	UNIT	SHANGHAI	BEIJING	GUANGZHOU/ SHENZHEN	CHONGQING/ CHENGDU
		RMB	RMB	RMB	RMB
1. Excavating basement ≤ 2.00m deep	m^3	30	35	39	36
2. Excavating for footings ≤ 1.50m deep	m^3	30	40	39	36
3. Remove excavated materials off site	m^3	300	160	160	65
4. Hardcore bed blinded with fine materials	m^3	210	220	195	180
5. Mass concrete grade 15	m^3	560	600	520	500
6. Reinforced concrete grade 30	m^3	620	710	570	530
7. Mild steel rod reinforcement	kg	5.2	5.8	4.9	5.5
8. High tensile rod reinforcement	kg	5.2	6.5	5.2	5.5
9. Sawn formwork to soffits of suspended slabs	m^2	95	100	95	75
10. Sawn formwork to columns and walls	m^2	90	90	75	75
11. 112.5mm thick brick walls	m^2	100**	85	80	80
12. "Kliplok Colorbond" 0.64mm profiled steel sheeting	m^2	N/A	N/A	N/A	N/A
13. Aluminium casement windows, single glazed	m^2	780	800*	700	760*
14. Structural steelwork - beams, stanchions and the like	kg	10	11.5	12	10
15. Steelwork - angles, channels, flats and the like	kg	8.5	11	10	9
16. 25mm cement and sand (1:3) paving	m^2	35	34	35	34
17. 20mm cement and sand (1:4) plaster to walls	m^2	35	34	35	34
18. Ceramic tiles bedded to floor screed (measured separately)	m^2	160	155	160	150
19. 12mm fibrous plasterboard ceiling lining	m^2	160	162	170	150
20. Two coats of emulsion paint to plastered surfaces	m^2	40	34	35	35
Average expected preliminaries	%	6 - 12	8 - 15	6 - 12	5 - 12

The above costs are at **4th Quarter 2025** levels and are based on lump sum fixed price contract rates exclusive of preliminaries and contingencies.

* Rates for double glazed window.

** Rate for 120mm thick concrete block walls

MAJOR RATES FOR SELECTED ASIAN CITIES (Cont'd)

DESCRIPTION		HONG KONG	MACAU	SINGAPORE ♣	KUALA LUMPUR *
	UNIT	HK$	MOP	S$	RM
1. Excavating basement ≤ 2.00m deep	m^3	240	150	35	20 - 38
2. Excavating for footings ≤ 1.50m deep	m^3	220	180	35	20 - 38
3. Remove excavated materials off site	m^3	310[δ]	150	37.8 - 46.8[♣♣♣]	21 - 40
4. Hardcore bed blinded with fine materials	m^3	935	1,300	69.5	78 - 125
5. Mass concrete grade 15	m^3	1,200	1,500	298 - 313[♣♣]	290 - 380
6. Reinforced concrete grade 30	m^3	1,250	1,400	186 - 193	380 - 440
7. Mild steel rod reinforcement	kg	10.5	7.5	1.8 - 1.9	3.7 - 4.7
8. High tensile rod reinforcement	kg	10.5	7.5	1.8 - 1.9	3.7 - 4.7
9. Sawn formwork to soffits of suspended slabs	m^2	400	280	58	45 - 58
10. Sawn formwork to columns and walls	m^2	400	280	58	45 - 58
11. 112.5mm thick brick walls	m^2	440	450	45 - 50	54 - 68
12. "Kliplok Colorbond" 0.64mm profiled steel sheeting	m^2	1,180	N/A	59[#]	81 - 116[**]
13. Aluminium casement windows, single glazed	m^2	4,600	4,000	400[##]	430 - 720
14. Structural steelwork - beams, stanchions and the like	kg	28	35	6.3 - 7.1	7.5 - 13.0
15. Steelwork - angles, channels, flats and the like	kg	40	50	6.3 - 7.1	7.5 - 13.0
16. 25mm cement and sand (1:3) paving	m^2	165	120	31	22 - 32
17. 20mm cement and sand (1:4) plaster to walls	m^2	170	150	32	25 - 38
18. Ceramic tiles bedded to floor screed (measured separately)	m^2	430	500	92	81 - 125
19. 12mm fibrous plasterboard ceiling lining	m^2	580	650	40	41 - 56
20. Two coats of emulsion paint to plastered surfaces	m^2	160	250	5.0 - 5.5	3.6 - 5.7
Average expected preliminaries	%	10 - 15	10	15 - 18	6 - 15

The above costs are at **4th Quarter 2025** levels and are based on lump sum fixed price contract rates exclusive of preliminaries and contingencies.

♣ Rates are nett of GST
♣♣ Rate for lean concrete blinding.
♣♣♣ Rate including dumping charges.
δ Rates including dumping charges.
⋆ Rates are nett of GST.
Rate for 120mm thick brick walls.
** Kuala Lumpur: "Kliplok Colorbond" 0.53mm profiled steel sheeting
Rates for double glazed windows.

Source of data: ***Singapore*** *- Global Infrastructure Solutions Inc..* ***Kuala Lumpur*** *- JUBM Group.*

MAJOR RATES FOR SELECTED ASIAN CITIES (Cont'd)

DESCRIPTION	UNIT	MANILA	INDIA₲	BANGKOK #	HO CHI MINH #	JAKARTA #
		PHP	INR	BAHT	VND	IDR
1. Excavating basement ≤ 2.00m deep	m^3	300 - 450	283	125 - 160	91,010	70,000
2. Excavating for footings ≤ 1.50m deep	m^3	550	269	150 - 190	91,010	100,000
3. Remove excavated materials off site	m^3	350 - 700	N/A	125 - 160	106,480	50,000
4. Hardcore bed blinded with fine materials	m^3	1,400 - 1,800	5,226 - 5,513	680 - 790	865,560	653,000
5. Mass concrete grade 15	m^3	4,500	7,085	2,300 - 2,700	1,914,650	1,162,000
6. Reinforced concrete grade 30	m^3	6,500 - 7,500	8,789	2,800 - 3,470	2,368,100	1,263,000
7. Mild steel rod reinforcement	kg	56 - 60	79	28 - 31	21,410	15,000
8. High tensile rod reinforcement	kg	56 - 60	73 - 76	28 - 31	20,920	15,000
9. Sawn formwork to soffits of suspended slabs	m^2	1,150 - 1,500	738 - 781	450 - 500	262,140	251,000
10. Sawn formwork to columns and walls	m^2	1,200 - 1,500	838 - 861	450 - 500	316,760	221,000
11. 112.5mm thick brick walls	m^2	N/A	1,327 - 1,370	650 - 890	363,910	277,000
12. "Kliplok Colorbond" 0.64mm profiled steel sheeting	m^2	1,500 - 1,800	2,032 - 2,075	1,200	473,200 - 666,550	379,000
13. Aluminium casement windows, single glazed	m^2	16,000Ω	6,780 - 7,320	7,600	7,125,730	1,908,000
14. Structural steelwork - beams, stanchions and the like	kg	180	155	55 - 80	50,730	42,000
15. Steelwork - angles, channels, flats and the like	kg	160	155	55 - 80	50,730	44,000
16. 25mm cement and sand (1:3) paving	m^2	450 - 700	590 - 652	220 - 275	120,130	125,000
17. 20mm cement and sand (1:4) plaster to walls	m^2	550 - 700	516 - 555	250 - 295	164,620	122,000
18. Ceramic tiles bedded to floor screed (measured separately)	m^2	1,900 - 2,500	1,980 - 2,010	1,200	688,130	252,000
19. 12mm fibrous plasterboard ceiling lining	m^2	1,500 - 1,950	1,618 - 1,788	850 - 950	256,790	222,000
20. Two coats of emulsion paint to plastered surfaces	m^2	500 - 1,200	230 - 257	140 - 180	115,170	41,000
Average expected preliminaries	%	15 - 18	9 - 13	12 - 18	8 - 12	8 - 10

The above costs are at **4th Quarter 2025** levels and are based on lump sum fixed price contract rates exclusive of preliminaries and contingencies.

\# Rates are nett of VAT.

Ω Rate for aluminium with anodized finish; 6mm thick.

₲ Based on projects in Bangalore and are nett of GST. Mumbai costs are generally 8% higher.

Source of data: ***India*** *- Arkind LS Private Limited.* ***Bangkok*** *- Mentabuild Limited.* ***Ho Chi Minh*** *- DLS Consultant Company Limited.* ***Jakarta*** *- PT Lantera Sejahtera Indonesia.*

Construction COST SPECIFICATION

BUILDING TYPE	OUTLINE SPECIFICATION
DOMESTIC	
Apartments, high rise, average standard	Apartment units with fit-out, including air-conditioning, kitchen cabinets and home appliances, but excluding decorative light fittings and loose furniture
Apartments, high rise, high end	Apartment units with good quality fit-out, including air-conditioning, kitchen cabinets and home appliances, but excluding decorative light fittings and loose furniture
Terraced houses, average standard	Houses with fit-out, including air-conditioning, kitchen cabinets and home appliances, but excluding decorative light fittings, loose furniture, garden and parking
Detached houses, high end	Houses with good quality fit-out, including air-conditioning, kitchen cabinets and home appliances, but excluding decorative light fittings, loose furniture, garden and parking
OFFICE / COMMERCIAL	
Medium/high rise offices, average standard	RC structure, curtain wall/window wall, including public area fit-out, tenant area with screeded floor, painted wall and ceiling
High rise offices, prestige quality	RC structure, curtain wall, including public area fit-out, tenant area with raised floor, painted wall and false ceiling
Out-of-town shopping centre, average standard	Including public area fit-out and M&E, but excluding shop fit-out
Retail malls, high end	
HOTELS	
Budget hotels - 3-star, mid market	1) Including interior decoration, furniture (fixed and movable), and special light fittings (chandeliers, etc.) 2) Excluding Operating Supplies and Equipment (OS&E).
Business hotels - 4/5-star	
Luxury hotels - 5-star	
INDUSTRIAL	
Industrial units, shell only (Conventional single storey framed units)	RC structure with steel roof and M&E to main distribution, but excluding a/c, and tenant fit-out
Owner operated factories, low rise, light weight industry	RC structure, including ancillary office with simple fit-out and M&E, but excluding a/c

Construction COST SPECIFICATION (Cont'd)

BUILDING TYPE	OUTLINE SPECIFICATION
OTHERS	
Underground/basement car parks (<3 levels)	RC structure
Multi storey car parks, above ground (<4 levels)	RC structure, natural ventilation, no facade enclosure
Schools (primary and secondary)	Government standard and provisions
Students' residences	University standard
Sports clubs, multi purpose sports/leisure centres (dry sports)	Dry sports (no swimming pool) and are for 'leisure centre' type schemes including main sports hall, ancillary sports facilities, changing and showers, restaurant / cafe, bar, etc. Costs include a/c, Furniture, Fittings and Equipment (FF&E)
General hospitals - public sector	Excluding medical and operating equipment

Notes:

1. The costs for the respective categories given above are averages based on fixed price competitive tenders. It must be understood that the actual cost of a building will depend upon the design and many other factors and may vary from the figures shown.
2. The costs per square metre are based on Construction Floor Areas (CFA) measured to the outside face of the external walls / external perimeter including lift shafts, stairwells, balconies, plant rooms, water tanks and the like.
3. The costs include foundation and substructure.
4. All buildings are assumed to have no basements (except otherwise stated) and are built on flat ground, with normal soil and site conditions. The costs exclude site formation works, external works, land cost, professional fees, finance and legal expenses.
5. The standard for each category of building varies from region to region and do not necessary follow that of each other.
6. Fluctuation in exchange rates may lead to changes in construction costs expressed in U.S. dollars.

2 GENERAL CONSTRUCTION DATA

2026 OUTLOOK

CHINESE MAINLAND

In the fourth quarter of 2025, Chinese Mainland's economy demonstrated resilience, with GDP expanding by 5.0% according to the National Bureau of Statistics. This growth was primarily driven by the continued expansion of the industrial and manufacturing sectors. In contrast, the real estate sector's contribution to the nation's GDP has been declining year after year, reflecting ongoing structural shifts within the Chinese economy.

By the end of 2025, the impact on real estate investment was significant, with a year-on-year decline of 17.2%. The sales of commercial buildings also fell sharply, down 12.6% compared to the previous year. The completed area for housing construction decreased by 20.4%, while the area for new project commencements dropped by 18.1%. Despite steady growth in infrastructure construction, these declines led to a 6.9% overall reduction in the gross output value of the construction industry for the year.

The pressures facing the industry are reflected in the financial results of listed construction enterprises. For example, China State Construction Engineering Corporation (CSCEC) reported a 6.6% decrease in revenue and a substantial 24.1% decline in net profit in the third quarter of 2025, compared to the same period last year. Local construction enterprises have faced even more acute challenges. Shanghai Construction Group Co., Ltd., for instance, saw its operating revenue drop by 26.1% during January to September 2025, with net profit also falling by 20.1% year-on-year.

The contraction in total construction output has created a temporary oversupply situation in the domestic construction materials market. With the exception of commodities like copper and aluminium—whose prices are closely tied to global bulk commodity markets—most construction materials have experienced sustained price declines since 2023. The prices of key inputs such as cement, sand and gravel, concrete, and ordinary steel have fallen back to levels last seen in January 2020, before the pandemic. For some categories, prices are now hovering near the cost threshold for producers.

Year-on-year price changes for basic construction materials in 2025 are as follows: steel at -8%, rebar at -4%, concrete at -5%, cement at -6%, copper at +23%, and aluminium at +9%.

China's Consumer Price Index (CPI) has remained stable throughout the year, and the labor market has not exhibited upward pressure on wages. Consequently, construction wages have remained steady, providing further cost predictability for projects. Tender prices also recorded a modest decrease of 1% in 2025, reflecting the overall downward trend in construction costs.

2026 OUTLOOK

Despite the recent price declines, there are signs that the market has reached its lowest point. Policy direction and industry development logic both indicate that prices will gradually stabilize and enter a phase of moderate recovery. In September 2025, six ministries—including the Ministry of Industry and Information Technology—jointly issued the Work Plan for Stabilizing Growth of the Building Materials Industry (2025–2026), which emphasizes strict regulation of production capacity.

Previous policy measures, such as the elimination of outdated production capacity, implementation of production capacity replacement, and the strengthening of environmental constraints in key sectors (steel, coal, cement), have enhanced industry concentration, expedited the clearance of inefficient producers, and optimized the market supply structure. Current price competition in the sand, gravel, and concrete sectors is forcing small and medium-sized enterprises out of the market, alleviating overcapacity and laying the groundwork for price stabilization.

On the demand side, signs of recovery are emerging. Continuous growth in infrastructure investment and policy optimization in the real estate sector are providing solid support for demand. Coupled with strict supply-side constraints imposed by capacity reduction policies, the imbalance between supply and demand is expected to improve.

As the industry moves toward equilibrium, and as raw material costs are passed through to end users, higher industry concentration will enhance pricing power. The prices of construction materials not linked to international markets are expected to move beyond the current period of decline and enter a steady recovery phase, with a gradual improvement in industry profitability.

Looking forward, the growing signs of demand recovery will further accelerate the achievement of supply-demand balance. Stable infrastructure investment and progressive real estate policies are anticipated to provide tangible support for the construction sector. With construction wages expected to remain steady and material prices at lower levels, overall construction costs are forecast to remain stable throughout 2026.

Despite significant declines in real estate and construction output during 2025, the Chinese construction materials market is poised for price stabilization and moderate recovery, underpinned by strict regulatory controls and growing infrastructure demand. Construction costs for 2026 are anticipated to remain stable, providing a predictable environment for project budgeting and tendering.

2026 OUTLOOK

HONG KONG

Hong Kong's economy strengthened in 2025, with quarterly GDP growth ranging from 3.1% to 3.8%, resulting in an average annual growth rate of 3.5%. This represents a clear improvement from 2.6% in 2024 and 3.1% in 2023. Inflation continued to ease, with the Composite Consumer Price Index (CPI) rising 1.4% in 2025, following 1.7% in 2024 and 2.1% in 2023.

Construction activity in the private and public sectors

Construction in Hong Kong is expected to slow down throughout 2025. According to data published by the Census and Statistics Department (C&SD) for Q3 2025, the total gross value of works performed over the preceding four quarters reached approximately $292 billion, representing a 2.7% increase compared to the same period in the previous year. This growth was underpinned by an 18.5% increase in public-sector works, which offset declines of 13% in private-sector activity and 1.4% in works performed at locations other than sites.

Over the 12 months to December 2025, the total gross floor area for private works with consent to commence and the areas with notifications of commencement fell by 3.7% and 3.3% year-on-year, respectively. The total gross floor areas completed for private works dropped by 12.2% over the same period.

Comparing the most recent six months to the preceding six-month period reveals a further downturn in the private sector.

The gross floor area for private works with consent to commence dropped by 9.4%, and the areas with notifications of commencement declined more sharply fell by 21.9%. Meanwhile, the area of private works completed rose significantly by 61.2% during this recent 6-month period.

Funding for public works is expected to moderate. The Legislative Council approved HK$66 billion from the Capital Works Reserve Fund for 2025, a substantial 52.2% reduction from 2024 levels. The cut signals a shift toward greater fiscal discipline amid ongoing budget deficits, with implications for the scale and timing of upcoming infrastructure programmes.

Housing and land supply

The 2025 Policy Address reaffirms the government's commitment to assisting grassroots families in achieving home ownership by steadily increasing the supply of public rental housing. Between 2026/27 and 2030/31, the government aims to deliver 189,000 public housing units, including Light Public Housing. This production target remains consistent with the previous goal set for the five-year period from 2025/26 to 2029/30. Efforts to streamline processes have reduced the average waiting time for public rental housing to 5.1 years, moving closer to the target of 4.5 years by 2026/27.

2026 OUTLOOK

HONG KONG

Under the Long Term Housing Strategy released in September 2025, the 10-year private housing supply target is set at 126,000 units. Sufficient land reserves have been secured, to be released in an orderly manner through government land sales, railway property development, Urban Renewal Authority projects, and private redevelopment.

Cost of material and labour

Arcadis' Tender Price Index (TPI) reflected a 1.5% year-on-year decline in 2025, indicating softening construction costs amid moderate demand. C&SD data in October 2025 reported year-on-year price decreases across several key materials—including high tensile steel bars, plywood, portland cement, sand, and concrete blocks—with sand prices falling by roughly 10%. Diesel fuel was a notable exception, rising 6% year-on-year.

Labour inflation showed mixed trends. According to C&SD's November 2025 figures, trades such as concretors, bricklayers, bar benders and fixers, and carpenters and joiners saw wage declines of 1.0% to 5.7%. By contrast, general workers, welders, plumbers, plasterers, painters, and electrical and mechanical fitters recorded increases ranging from 0.1% to 5.6%.

Looking forward

Arcadis expects public-sector projects to remain the primary driver of construction activity in 2026. Private-sector activity is likely to stay subdued, consistent with late-2025 contractions in GFA with consent to commence and notifications of commencement. The prolonged downturn in private development is contributing to excess industry capacity, sustaining strong competition in tendering and putting downward pressure on prices.

The timing of a broader recovery remains uncertain and will depend on the stabilisation of economic sentiment, market conditions, and policy measures. Against this backdrop, Arcadis forecasts a moderate decline of around 1.5% in construction costs for 2026, driven by reduced demand and continued competitive pressures.

2026 OUTLOOK

MACAU

Macao's economy is expected to grow by 2–5% in 2026, reaching around MOP435 billion (about 93% of 2019 levels), according to a forecast from the Macao Economic Association at its December 2025 Economic Forum. This aligns with the "1+4 Diversification Strategy", which the Macao SAR Government announced for implementation in November 2023. The strategy will serve as the core guideline for guiding the economy toward high-quality, diversified development.

In this setting, the construction industry will be a key driver of growth, supported by both public and private investment. Public projects include the "Macao-Hengqin International Education (University) Town", "Macao International Integrated Cultural and Tourism Zone", "Macao Pearl River West Bank International Air Transport Hub (Port)" and "Macao Technology Research and Industrial Park". On the private side, gaming companies will spend MOP118.8 billion on non-gaming projects, and there will also be more high-end residential building development.

An uptick in construction project volume will drive up demand for construction labour, thereby pushing construction labour cost upward at the same time.

Steady growth in building materials costs is anticipated, driven by improved logistics links with Chinese Mainland that will stabilize supply chains and reduce exposure to global material price volatility.

Information from the Statistics and Census Services (DSEC) also indicated that the Composite CPI for November 2025 rose by 0.72% year-on-year and 0.11% month-on-month.

Notwithstanding the above, several challenges will stop construction costs from rising too fast. A key challenge is the 2025 gaming sector slowdown: according to data from Macao's Gaming Inspection and Coordination Bureau, while full-year 2025 gambling revenue rose 8.0% cumulatively by October 2025, December 2025's figure fell 0.9% month-on-month and missed market expectations.

Additionally, 11 satellite casinos and 3 "mocha casinos" closed out by 31 December 2025, as required by the government's 2022 Gaming Law (Law 7/2022) transition period.

VIP lounge gaming revenue also remained weak, recovering only to 24% of 2019 levels by 2025 Q4, according to a report from China International Capital Corporation Limited (CICC), a leading investment bank, citing DICJ's official gaming statistics. These developments made private investors more cautious.

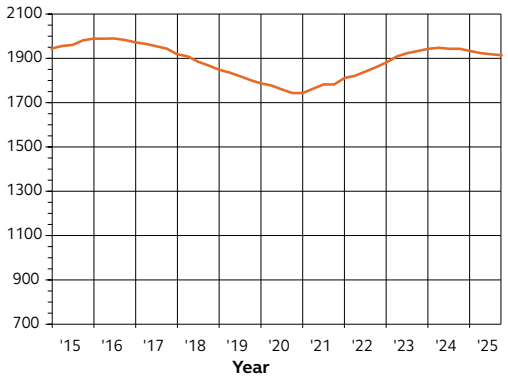
In considering the mix of cost pressures and limiting factors as stated above, and assuming that the public projects stay on schedule and there are no sudden visa limits for foreign workers, we expect that the construction costs will increase by 2% in 2026 and 2.5% in 2027, matching the city's high-quality development goals.

CONSTRUCTION COST TREND PREDICTION

REGION	2025	2026	2027
Chinese Mainland	(-)1%	0%	(+)2%
Hong Kong	(-)1.5%	(-)1.5%	(+)2%
Macau	(+)1.5%	(+)1.5%	(+)2.5%

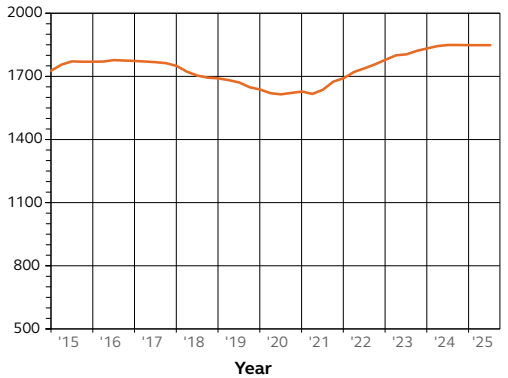
BUILDING COST TRENDS IN HONG KONG

Arcadis Tender Price Index



YEAR	INDEX (Base = 100, at Q1 1970)			
	Q1	Q2	Q3	Q4
2012	1511	1552	1595	1632
2013	1688	1713	1747	1786
2014	1789	1808	1857	1903
2015	1946	1958	1963	1984
2016	1992	1992	1993	1986
2017	1975	1968	1957	1946
2018	1920	1910	1885	1868
2019	1848	1835	1818	1800
2020	1785	1775	1757	1740
2021	1740	1760	1780	1780
2022	1810	1820	1840	1860
2023	1882	1910	1925	1935
2024	1945	1950	1945	1945
2025	1935	1925	1920	1915

ArchSD Building Works Tender Price Index

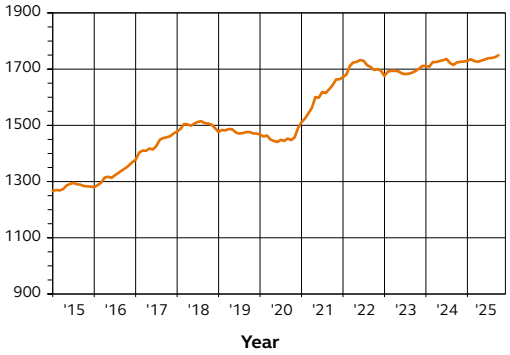


YEAR	INDEX (Base = 100, at Q1 1970)			
	Q1	Q2	Q3	Q4
2012	1414	1438	1467	1496
2013	1516	1532	1559	1590
2014	1621	1648	1679	1703
2015	1732	1761	1777	1775
2016	1775	1776	1783	1781
2017	1779	1776	1773	1768
2018	1755	1727	1708	1698
2019	1695	1686	1675	1652
2020	1641	1623	1618	1625
2021	1631	1620	1640	1679
2022	1696	1726	1744	1763
2023	1785	1806	1811	1828
2024	1840	1851	1856	1856
2025	1855	1855	1855	

Source : Architectural Services Department, Hong Kong, SAR
Refer to www.archsd.gov.hk for further information.

BUILDING COST TRENDS IN HONG KONG

Highways Department Construction Cost Index

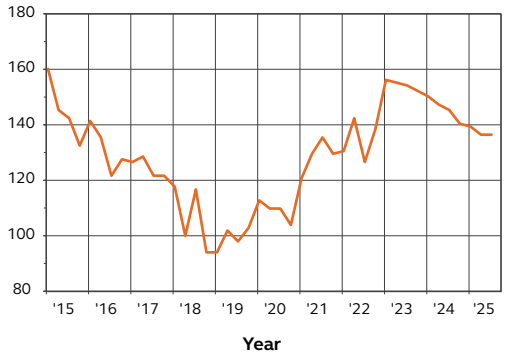


YEAR	HyD CONST. COST INDEX (Base = 100, at Nov 1975)
2012	1127
2013	1191
2014	1256
2015	1282
2016	1323
2017	1429
2018	1501
2019	1477
2020	1455
2021	1597
2022	1707
2023	1690
2024	1723
2025*	1736

* 1/25 to 11/25 only

Source : Civil Engineering and Development Department, Hong Kong, SAR
Refer to www.cedd.gov.hk/eng/publications/standards-spec-handbooks-cost/index.html for further information.

CEDD Civil Engineering Works Tender Price Index



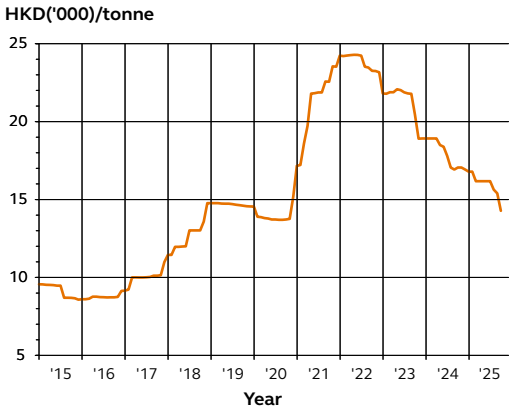
YEAR	CEDD CIVIL ENGINEERING WORKS TENDER PRICE INDEX (Base = 100, at Q1 2010)			
	Q1	Q2	Q3	Q4
2012	132	133	131	148
2013	134	135	140	137
2014	143	142	146	154
2015	161	146	143	133
2016	142	136	122	128
2017	127	129	122	122
2018	118	100	117	94
2019	94	102	98	103
2020	113	110	110	104
2021	121	130	136	130
2022	131	143	127	139
2023	157	156	155	153
2024	151	148	146	141
2025	140	137	137*	

* Provisional

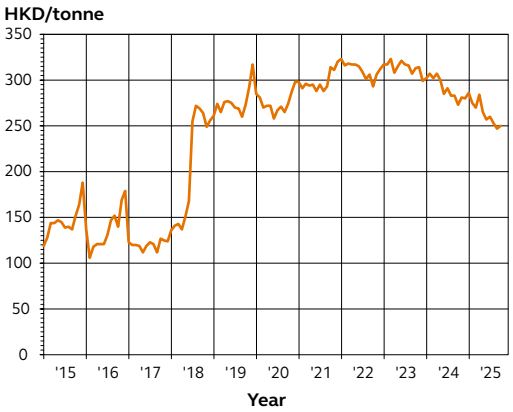
Source : Civil Engineering and Development Department, Hong Kong, SAR
Refer to www.cedd.gov.hk/eng/publications/standards-spec-handbooks-cost/index.html for further information.

MATERIAL PRICES IN HONG KONG

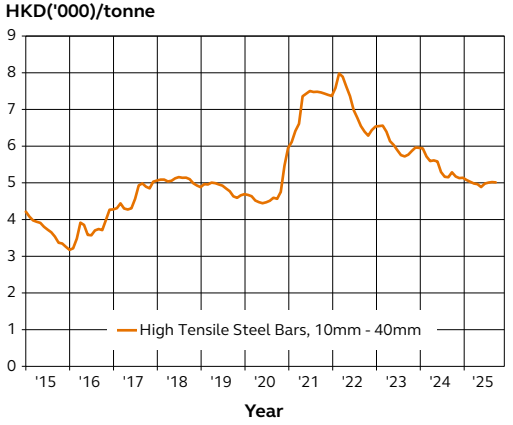
GALVANIZED MILD STEEL PLATE



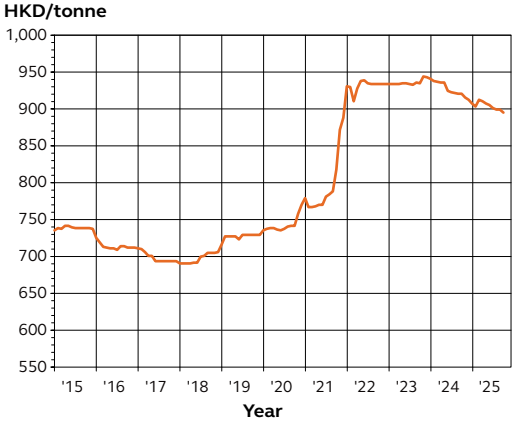
SAND



REBAR



ORDINARY PORTLAND CEMENT

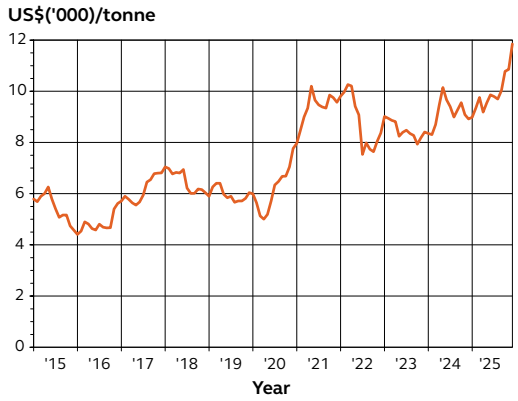


Source: Census and Statistics Department, Hong Kong, SAR
Refer to www.censtatd.gov.hk for further information.

Source: Census and Statistics Department, Hong Kong, SAR
Refer to www.censtatd.gov.hk for further information.

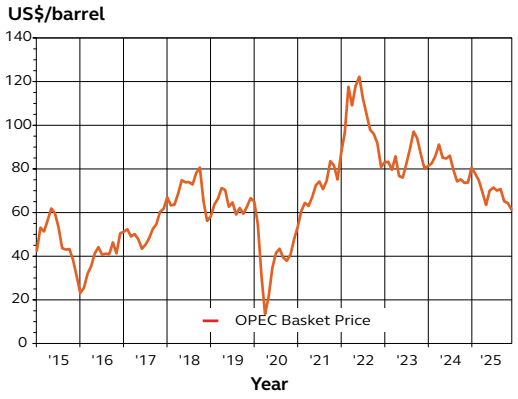
MATERIAL PRICES IN HONG KONG

COPPER GRADE A



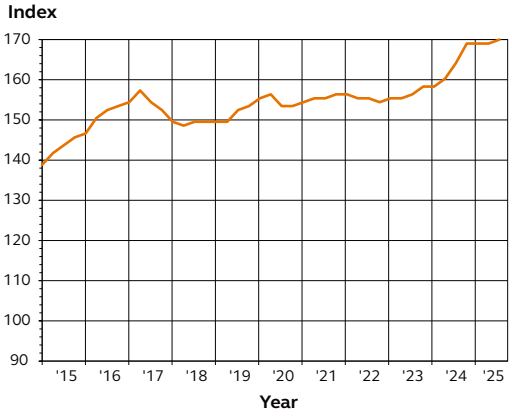
Source: International Monetary Fund
Refer to www.imf.org for further information.

CRUDE OIL



Source: Organization of the Petroleum Exporting Countries (OPEC)
Refer to www.opec.org for further information.

LABOUR INDEX IN HONG KONG

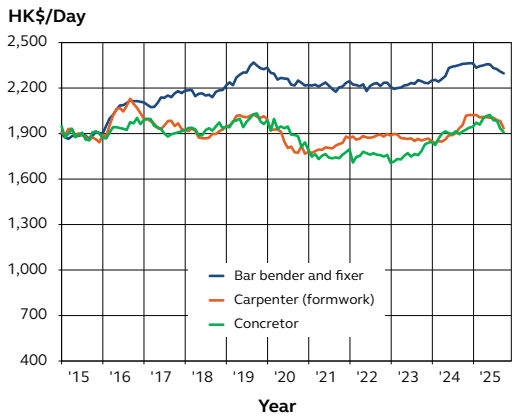


YEAR	INDEX (Base = 100, at April 2003)			
	Q1	Q2	Q3	Q4
2012	95	95	96	102
2013	109	111	113	115
2014	117	121	126	133
2015	138	141	143	145
2016	146	150	152	153
2017	154	157	154	152
2018	149	148	149	149
2019	149	149	152	153
2020	155	156	153	150
2021	154	155	155	156
2022	156	155	155	154
2023	155	155	156	158
2024	158	160	164	169
2025	169	169	170	

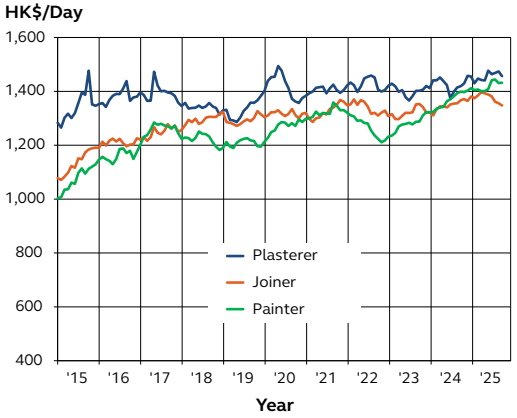
Source: Census and Statistics Department, Hong Kong, SAR
Refer to www.censtatd.gov.hk for further information.

LABOUR WAGES IN HONG KONG

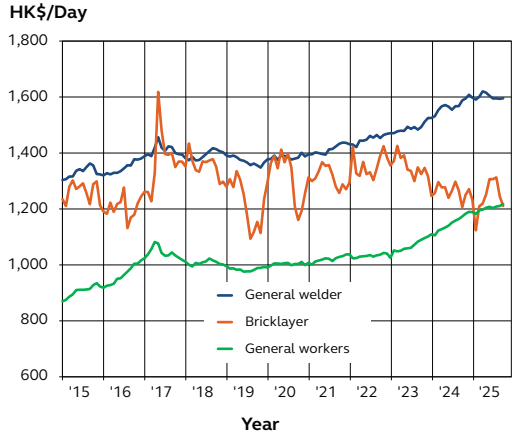
STRUCTURAL



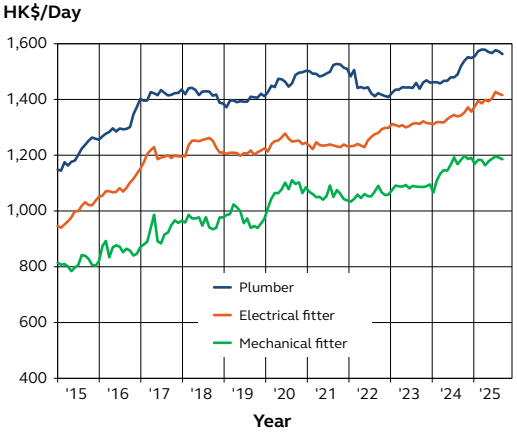
ARCHITECTURAL - DECORATIVE WORKS



ARCHITECTURAL - BASIC WORKS



M&E



Source: Census and Statistics Department, Hong Kong, SAR
Refer to www.censtatd.gov.hk for further information.

Source: Census and Statistics Department, Hong Kong, SAR
Refer to www.censtatd.gov.hk for further information.

ESTIMATING RULES OF THUMB AND DESIGN NORMS

HONG KONG

CFA To GFA Ratio

Building Type	CFA : GFA
Residential	1.15 to 1.25 : 1
Office / Commercial	1.15 to 1.25 : 1
Hotel	1.30 to 1.45 : 1

The above ratios do not include any associated car parking area.

Functional Area Distribution in 5-Star Hotels

Functional Area	% of Total Hotel CFA
Front of House	15 - 20%
Guest room Floors	50 - 60%
Back of House	25 - 30%

Dimensions of Typical Grade A Office Space

Component	Dimension
Distance from curtain wall to core wall	9 - 13 m
Population	9 m^2 usable floor area/person
Average waiting interval for lifts	30 - 40 seconds

Density of Basic Materials for Structure

Material	Density
Concrete	2,400 kg/m^3
Cement	1,450 kg/m^3
Sand	1,600 kg/m^3
Aggregate	1,600 kg/m^3
Steel	7,843 kg/m^3

Average Loads Volume

Lorry (24 ton)	10.0 m^3
Concrete truck (24 ton)	5.5 m^3
Barge	200 - 1,450 m^3

HONG KONG (Cont'd)

Average Piling Ratio - Bored Piles

Building Type	m^2 CFA / m^2 cross section area of piles
Residential	200 - 330
Office / Commercial	200 - 300
Hotel	200 - 330

Average Piling Ratio - Driven H-Piles

Building Type	m^2 CFA / No. of piles
Residential	60 - 120
Office / Commercial	60 - 110
Hotel	60 - 120

Average Piling Ratio - Pre-Bored H-Piles

Building Type	m^2 CFA / No. of piles
Residential	70 - 150
Office / Commercial	70 - 140
Hotel	70 - 150

All pile ratios are for high-rise buildings with normal soil conditions.

Building Structure - Concrete Ratio

Concrete/floor area	0.4 m^3/m^2 to 0.5 m^3/m^2
Formwork/floor area	2.2 m^2/m^2 to 3.0 m^2/m^2
Reinforcement	200 kg/m^3 to 300 kg/m^3

Average External Wall/Floor Ratio

Residential Apartments	1.2 m^2/m^2
Office, Hotel	0.4 m^2/m^2
Industrial	0.4 m^2/m^2

ESTIMATING RULES OF THUMB AND DESIGN NORMS

HONG KONG (Cont'd)

Average Internal Wall/Floor Ratio

Residential Apartments	1.0 m^2/m^2
Office	0.5 m^2/m^2
Hotel	1.5 m^2/m^2

The above ratios are indicative and for reference purposes only. They do not account for buildings with special shapes, configurations or particularly small foot prints.

Average Lighting Level

Building Type	Lux
Residential	300
Office	500
Retail	400
Hotel	300
School	300 - 500

Average Power Density

Building Type	VA/m^2 CFA
Residential	80 - 100
Office	70
Retail	300 - 400
Hotel - Accommodation	30
Hotel - F&B Area	550
School	50

Average Cooling Load

Building Type	m^2 Cooling Area/RT
Residential	18 - 23
Office	14 - 18
Retail	12-14
Hotel	23
School	23

HONG KONG (Cont'd)

Dimensions of Parking Spaces

Type of Vehicle	Length	Width	Minimum Headroom
Private Cars and Taxis	5 m	2.5 m	2.4 m
Light Goods Vehicles	7 m	3.5 m	3.6 m
Medium/Heavy Goods Vehicle	11 m	3.5 m	4.7 m
Container Vehicles	16 m	3.5 m	4.7 m
Coaches and Buses	12 m	3.5 m	3.8 m
Light buses	8 m	3 m	3.3 m

Minimum headroom means the clearance between the floor and the lower most projection from the ceiling including any lighting units, ventilation ducts, conduits or similar.

Indicative Dimensions for Sports Grounds

	Length	Width
Tennis Court	40 m	20 m
Squash Court	10 m	6.4 m
Basketball Court	34 m	20 m
Volleyball Court	36 m	20 m
Badminton Court	20 m	10 m
Ice Rink	61 m	26 m
Soccer Pitch	120 m	90 m

The above dimensions are for a single court with appropriate clearance. No spectator seating or support area has been allowed.

ESTIMATING RULES OF THUMB AND DESIGN NORMS

CHINA AND HONG KONG

Minimum Imposed Loads for Building Design (Uniformly distributed load; kPa)

Building Type	Chinese Mainland@	Hong Kong*
DOMESTIC		
Apartments	2.0	2.0
OFFICE / COMMERCIAL		
Office	2.0	3.0
Shopping Arcade	3.5	5.0
HOTELS		
Hotel	2.0	2.0
INDUSTRIAL		
Industrial, light duty	4.0	5.0
OTHERS		
Carpark, private cars	4.0	3.0
School	2.5	3.0
Theatre, Sports Hall, etc.	3.5 - 4.5	5.0
Hospital	2.0	2.5

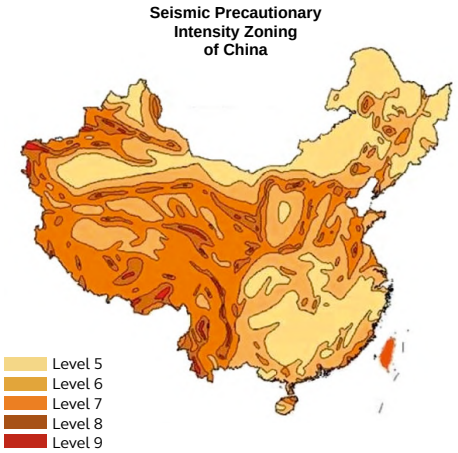
Source :

@ *Load Code for the Design of Building Structures, GB 50009-2022, Ministry of Housing and Urban-Rural Development, PRC*

* *Code of Practice for Dead and Imposed Loads 2011 (2021 Edition), Buildings Department, HKSAR*

Seismic Precautionary Intensity Zoning

As stipulated in PRC National Standard GB 50011-2010 (Code for Seismic Design of Buildings) 2024, geographic regions which are classified as Level 6 or above in Seismic Precautionary Intensity Classification should incorporate seismic measures in the design of the structure and foundations.

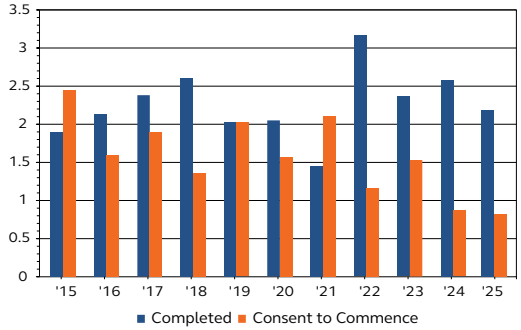


Geographic Regions	Intensity Level	Geographic Regions	Intensity Level
Beijing	8	Hong Kong	7
Changsha	6	Macau	7
Chengdu	7 - 8	Qingdao	6 - 7
Chongqing	6 - 7	Shanghai	7
Dalian	6 - 8	Shenyang	6 - 7
Foshan	7	Shenzhen	7
Guangzhou	6 - 7	Suzhou	6 - 7
Haikou	8	Tianjin	7 - 8
Hangzhou	6 - 7	Wuhan	6 - 7
Hengqin	7	Xi'an	8

Source : China Earthquake Data Center (data.earthquake.cn)

CONSTRUCTION ACTIVITY IN HONG KONG

Gross Floor Area (Million m2)



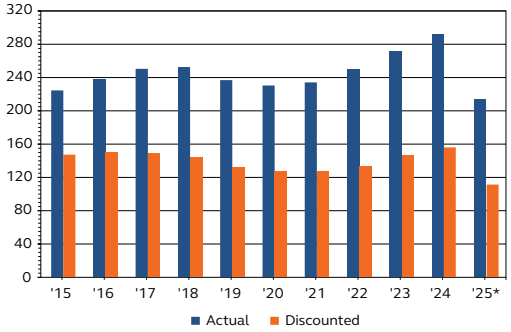
YEAR	COMPLETED m^2	CONSENT TO COMMENCE m^2#
2012	2,507,000	2,343,000
2013	1,472,000	1,437,000
2014	1,908,000	1,679,000
2015	1,897,000	2,445,000
2016	2,134,000	1,597,000
2017	2,379,000	1,900,000
2018	2,600,000	1,358,000
2019	2,028,000	2,020,000
2020	2,048,000	1,572,000
2021	1,445,000	2,104,000
2022	3,162,000	1,156,000
2023	2,363,000	1,528,000
2024	2,570,000	870,000
2025*	2,175,000	824,000

* 1/25 to 11/25 only
\# First Submission only

Source: Census and Statistics Department, Hong Kong, SAR
Buildings Department, Hong Kong , SAR
Refer to www.censtatd.gov.hk and www.bd.gov.hk for further information.

CONSTRUCTION VALUE IN HONG KONG

Gross Value of Construction Work Performed (HK$ Millions)



YEAR	VALUE IN NOMINAL TERMS HK$ MILLIONS	VALUE IN CONSTANT (2000) MARKET PRICE HK$ MILLIONS
2012	161,449	126,414
2013	176,575	129,868
2014	199,737	138,285
2015	223,947	146,978
2016	236,491	149,973
2017	249,919	148,943
2018	252,176	143,136
2019	236,437	131,111
2020	229,869	127,146
2021	233,721	126,606
2022	249,108	132,589
2023	270,903	145,709
2024	290,610	154,853
2025*	213,638	110,485

* *Up to Q3 figures and are provisional only*

Source: Census and Statistics Department, Hong Kong, SAR
Refer to www.censtatd.gov.hk for further information.

HONG KONG GENERAL CONSTRUCTION INSURANCE

This section provides general information regarding construction insurance arrangements in Hong Kong.

It is common place for Hong Kong construction contracts to contain provisions as to insurances such as Employees Compensation Insurance, Third Party Liability Insurance, Works Insurance and, on occasion, Professional Liability Indemnity Insurance. For employers, the insurance placement ensures that the contractual indemnities are backed by a financial institution that can afford to pay. For contractors, it provides a certain degree of protection to ensure that he has the means to pay in the event of mishaps.

The insurances may be effected by the contractor (Contractor Controlled Insurance Programme or CCIP) or be taken out by the employer (Employer Controlled Insurance Programme or ECIP). CCIP tends to be the most common insurance arrangement in Hong Kong, since the contractor is in control of all site operations and in a better position to manage its own site safety / risk. As a poor safety record will count against the contractor in premiums negotiation in the procurement of insurance, CCIP provides an incentive for better safety / risk management. On the other hand, ECIP placement leaves the control of the insurance programme in the hands of the employer, thereby offering the advantage of providing comprehensive insurance coverage on a project-wide basis and hence minimizing overlaps and gaps in insurance coverage.

Employees Compensation

Section 40(1) of the Employees Compensation Ordinance states that no employer shall employ any employee unless there is a policy of Employees Compensation Insurance in place. The maximum penalty for failing to comply with this provision is two years in jail and a maximum fine of HK$100,000.

Under the Ordinance, the principal contractor shall take out insurance for his employees and all of the employees of subcontractors with a limit of indemnity of HK$200 million per event (or HK$100 million if the number of employees is less than 200).

Since an injured worker could attempt to sue the employer, the employer will want to ensure the contractor has taken out insurance in joint names with the employer.

Contractors' All Risks Insurance

A Contractors' All Risks policy generally comprises (i) Third Party Insurance which covers injury to persons (except the Contractor's own workmen) or damage to property (other than the Works), due to the carrying out of the Works which may or may not be caused by a default of the contractor. The policy is normally subject to a maximum reimbursement per incident but unlimited in the number of incidents, (ii) Contract Works Insurance which covers damage caused to the Works itself by risks not excluded from the policy and (iii) Plant & Equipment Insurance which covers the contractor's plant and equipment used in the Works. Plant & Equipment Insurance is not normally required under the contract conditions and is voluntarily purchased by the contractor.

Professional Indemnity Insurance

For construction contracts involving contractor's design, it is not uncommon for the employer to require the contractor and his design consultants and independent checking engineers to obtain insurance to cover their liability for design. For Government Contracts, the Professional Indemnity Insurance shall cover the contractor's liability for design generally for the construction period and a further 6 years.

SPECIFIED FORMS FOR BUILDINGS ORDINANCE OR REGULATIONS FOR HONG KONG

FORM NO.	PURPOSE	RELEVANT SECTION OF REGULATION
BA1	Application for inclusion in the authorized persons' register / structural engineers' register / geotechnical engineers' register / inspector's register.	BOs 3(6)
BA1A	Application for retention of name in the authorized persons' register / structural engineers' register / geotechnical engineers' register / inspectors' register.	BOs 3(9B)
BA1B	Application for restoration of name in the authorized persons' register / structural engineers' register / geotechnical engineers' register / inspectors' register.	BOs 3(12)
BA2	Application for registration as a general building contractor / specialist contractor.	BOs 8B
BA2A	Application for renewal of registration as a registered general building contractor / registered specialist contractor.	BOs 8C(2)
BA2B	Application for restoration of name to the register of general building contractors / specialist contractors.	BOs 8D(2)
BA2C	Application for approval of technical director / other officer / person appointed to act for the purposes of the Buildings Ordinance for a registered general building contractor / registered specialist contractor.	BOs 8B
BA4	Notice of appointment of authorized person and/or registered structural engineer and/or registered geotechnical engineer.	BOs 4, B(A)R 23
BA5	Application for approval of plans of building works and/or street works and certificate of preparation of plans.	BOs 14(1)(a), B(A)R 29 & 18A
BA6	Stability certificate of authorized person and/or registered structural engineer.	B(A)R 18
BA7	Notice of urgent works required as a result of accident or emergency.	BOs 19, B(A)R 28
BA8	Application for consent to the commencement and carrying out of building works or street works.	BOs 14(1)(b), B(A)R 31
BA8A	Application for concurrent consent to the commencement of building works.	BOs 14(1)(b), B(A)R 31
BA9	Application for renewal of consent to the carrying out of building works or street works.	BOs 20
BA10	Notice of appointment of registered contractor, notice of commencement of building works or street works and undertaking by registered contractor.	B(A)R 20, BOs 9
BA11	Notice from a registered contractor on ceasing to be appointed in respect of building works or street works and certificate in respect of that part of the building works or street works carried out by the registered contractor.	B(A)R 24
BA12	Certificate on completion of building works resulting in a new temporary building, a new building or part of a new building and application for temporary occupation permit in respect of such building or part.	B(A)R 25, BOs 21
BA13	Certificate on completion of building works resulting in a new building and application for permit to occupy such building.	B(A)R 25, BOs 21
BA14	Certificate on completion of building works not resulting in a new building or of street works.	B(A)R 25 & 26
BA14A	Certificate on completion of demolition works.	B(A)R 25
BA14B	Certificate on completion of demolition works (streamlined procedure).	B(A)R 25
BA14C	Certificate on completion of building works not resulting in a new building (streamlined procedure)	B(A)R 25

Source : Buildings Department, Hong Kong, SAR. Refer to www.bd.gov.hk for further information.

SPECIFIED FORMS FOR BUILDINGS ORDINANCE OR REGULATIONS FOR HONG KONG

FORM NO.	PURPOSE	RELEVANT SECTION OF REGULATION
BA15	Notice of intended material change in the use of a building.	BOs 25, B(A)R 47
BA16	Application for modification of and/or exemption from the provisions of the Buildings Ordinance and/or Regulations made thereunder.	BOs 42
BA17	Application for permit to erect a temporary building.	B(P)R 51
BA18	Application for permit to erect a contractor's shed.	B(P)R 53
BA19	Application for permit to erect hoardings, covered walkways or gantries.	B(P)R 64
BA20	Notice of technically competent person or persons appointed to supervise demolition works.	B(DW)R 8
BA21	Notice of nomination by authorized person or registered structural engineer or registered geotechnical engineer to temporary act in his stead.	BOs 4(2), B(A)R 23(2)
BA22	Application for authorization to carry out and/or maintain groundwater drainage works.	BOs 28B(1)
BA23	Application for grant/renewal of licence for an oil storage installation.	B(OSI)R 6(1) & 7(3)
BA24	Notification of change of business address / Contact Information.	B(A)R 45
BA25	Application for registration as a registered minor works contractor (company).	B(MW)R 10(1)(b)
BA25A	Application for renewal of registration of registered minor works contractor (company).	B(MW)R 14(1)
BA25B	Application for restoration of name to the register of minor works contractors (company).	B(MW)R 18(1)
BA25C	Application for registration of additional class and /or type of minor works for registered minor works contractor (company).	B(MW)R 21(2)
BA25D	Application for approval of nomination of additional authorized signatory/technical director of registered minor works contractor (company).	B(MW)R 24(1)
BA25E	Application for review of decision of the Building Authority or recommendation of the Minor Works Contractors Registration Committee in respect of registration of minor works contractor (company).	B(MW)R 26
BA26	Application for registration as a registered minor works contractor (individual).	B(MW)R 10(1)(a)
BA26A	Application for renewal of registration of registered minor works contractor (individual).	B(MW)R 14(1)
BA26B	Application for restoration of name to the register of minor works contractor (individual).	B(MW)R 18(1)
BA26C	Application for registration of additional items of Class III minor works for a registered minor works contractor (individual).	B(MW)R 21(1)
BA26D	Application for review of decision of the Building Authority or recommendation of the Minor Works Contractors Registration Committee in respect of registration of minor works contractor (individual).	B(MW)R 26

Source : Buildings Department, Hong Kong, SAR. Refer to www.bd.gov.hk for further information.

SUMMARY OF BUILDING REGULATIONS FOR HONG KONG

DESCRIPTION	NUMBER OF REGULATIONS
Administration	48
Appeal	13
Construction	46
Demolition Works	14
Energy Efficiency	5
Minor Works	96
Minor Works (Fees)	20
Inspection and Repair	35
Oil Storage Installations	15
Planning	74
Private Street and Access Roads	28
Refuse Storage and Material Recovery Chambers and Refuse Chutes	30
Standards of Sanitary Fitments, Plumbing, Drainage Works and Latrines	97
Ventilating Systems	8

Source: Buildings Ordinance, Hong Kong, SAR
Refer to www.legislation.gov.hk for further information.

PERCENTAGE SITE COVERAGE AND PLOT RATIOS FOR HONG KONG

DEFINITION

Class A Site : Not being a class B or class C site, that abuts on one specified street not less than 4.5 m wide or on more than one such street.

Class B Site : A corner site that abuts on 2 specified streets neither of which is less than 4.5 m wide.

Class C Site : A corner site that abuts on 3 specified streets none of which is less than 4.5 m wide.

OPEN SPACE ABOUT DOMESTIC BUILDINGS		
Item	**Class of site**	**Open space required**
1.	Class A site	Not less than one-half of the roofed-over area of the building
2.	Class B site	Not less than one-third of the roofed-over area of the building
3.	Class C site	Not less than one-quarter of the roofed-over area of the building

Source: Buildings Ordinance, Hong Kong, SAR
Refer to www.legislation.gov.hk for further information.

PERCENTAGE SITE COVERAGE AND PLOT RATIOS FOR HONG KONG

Height of Building in metres	DOMESTIC BUILDINGS					
	Percentage site coverage			Plot Ratio		
	Class A site	Class B site	Class C site	Class A site	Class B site	Class C site
Not over 15 m	66.6	75	80	3.3	3.75	4.0
15 m to 18 m	60	67	72	3.6	4.0	4.3
18 m to 21 m	56	62	67	3.9	4.3	4.7
21 m to 24 m	52	58	63	4.2	4.6	5.0
24 m to 27 m	49	55	59	4.4	4.9	5.3
27 m to 30 m	46	52	55	4.6	5.2	5.5
30 m to 36 m	42	47.5	50	5.0	5.7	6.0
36 m to 43 m	39	44	47	5.4	6.1	6.5
43 m to 49 m	37	41	44	5.9	6.5	7.0
49 m to 55 m	35	39	42	6.3	7.0	7.5
55 m to 61 m	34	38	41	6.8	7.6	8.0
Over 61 m	33.33	37.5	40	8.0	9.0	10.0

NON-DOMESTIC BUILDINGS					
Percentage site coverage			Plot Ratio		
Class A site	Class B site	Class C site	Class A site	Class B site	Class C site
100	100	100	5	5	5
97.5	97.5	97.5	5.8	5.8	5.8
95	95	95	6.7	6.7	6.7
92	92	92	7.4	7.4	7.4
89	90	90	8.0	8.1	8.1
85	87	88	8.5	8.7	8.8
80	82.5	85	9.5	9.9	10.2
75	77.5	80	10.5	10.8	11.2
69	72.5	75	11.0	11.6	12.0
64	67.5	70	11.5	12.1	12.6
60	62.5	65	12.2	12.5	13.0
60	62.5	65	15	15	15

Source: *Buildings Ordinance, Hong Kong, SAR*
Refer to www.legislation.gov.hk for further information.

CHINA: GREEN BUILDINGS, CLIMATE CHANGE AND REGULATORY DEVELOPMENTS

Overview

China promulgated its first national green building evaluation standard in 2014. In promoting green buildings, China and all other countries share the same underlying sustainability goals, namely, environmental protection, reduction of wastes, well-being of building users, conservation of energy, adapting and mitigating climate change impacts. Now that climate change is a forefront issue for all governments and businesses worldwide, decarbonisation and adapting to renewable energies are becoming the measurements, drivers and direction of the development of green buildings in China.

For a number of years China has been the world's largest emitter of carbon dioxide and other greenhouse gases. Hence it was a very significant moment for the global climate change movement that President Xi Jinping of China announced at the 75th Session of the UN General Assembly in September 2020 that China will target to peak its carbon emissions by 2030 and to attain carbon neutrality by 2060. In fact, historically, China has always been highly proactive and supportive of international developments in climate change and decarbonisation. When the three most important international conventions for climate change were agreed and promulgated by the United Nations, namely, the 1992 *UN Framework Convention on Climate Change*, the 1997 *Kyoto Protocol* and the 2015 *Paris Agreement*, China formally acceded to them within one year of their promulgation.

Since China's public announcement of its 2030/2060 decarbonisation commitments, China has issued a series of national policy documents to implement and fulfil its commitments, such as:

- the *Outline of the 14th Five-Year Plan and the Long-Range Objectives Through the Year 2035* (中华人民共和国国民经济和社会发展第十四个五年规划和2035年远景目标纲要) (March 2021)
- the *Opinions on Full Implementation of Decarbonisation* (关于完整准确全面贯彻新发展理念做好碳达峰碳中和工作的意见) (September 2021)
- the *Action Plan for Peaking Carbon Emissions before 2030* (2030年前碳达峰行动方案) (October 2021)
- the *National Climate Change Adaptation Strategy 2035* (国家适应气候变化战略 2035) (May 2022)
- the *Guidelines for Establishing Carbon Peaking and Carbon Neutrality Standards* (碳达峰碳中和标准体系建设指南) (April 2023)
- the *Opinions on Comprehensively Advancing the Construction of a Beautiful China* (关于全面推进美丽中国建设的意见) (January 2024)

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CHINA: GREEN BUILDINGS, CLIMATE CHANGE AND REGULATORY DEVELOPMENTS

In connection with these macro decarbonisation policy documents, a number of national policy documents have been issued to actively implement decarbonisation in the building and construction sectors, such as:

- the *2020 Green Building Promotion Action Plan* (2020年绿色建筑创建行动方案) (July 2020)
- the *Opinions on Driving Green Developments in Urban and Rural Areas* (关于推动城乡建设绿色发展的意见) (October 2021)
- the *Working Plan to Accelerate Energy Saving and Decarbonization in Building Sector* (加快推动建筑领域节能降碳工作方案) (March 2024)
- the *Implementation Plan for the Construction of Beautiful Cities* (美丽城市建设实施方案) (January 2025)
- the *Plan for Establishing a National Standards System for Addressing Climate Change* (国家应对气候变化标准体系建设方案) (May 2025)
- the *Opinions on Promoting Green and Low-Carbon Transition and Strengthening the Development of the National Carbon Market* (关于推进绿色低碳转型加强全国碳市场建设的意见) (May 2025)

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In February 2023, the Supreme People's Court issued the *Opinions on Complete, Accurate and Comprehensive Implementation of the New Development Concept and Providing Judicial Services for Active and Steady Promotion of Carbon Peaking and Carbon Neutrality* (最高人民法院关于完整准确全面贯彻新发展理念 为积极稳妥推进碳达峰碳中和提供司法服务的意见), to provide guidance to local courts on adjudication of cases relating to carbon emission, green building and green finance.

On 1 January 2025, the *Energy Law of the People's Republic of China* (中华人民共和国能源法) came into effect. While China has dozens of industry directives (such as the Electric Power Law and the Renewable Energy Law), this is the first overarching energy legislation that sits atop all the industry directives. The new energy law is expected to serve as a cornerstone for promoting high-quality energy development, ensure national energy security, and promoting green and low-carbon transformation and sustainable development of the economy and society.

Green Building Certifications and Green Building Regulations

Energy conservation and efficiency performance is naturally the initial focus of China's green building regime. China has established its national legal framework in this area through *1997 Energy Conservation Law* (节约能源法) and the *2008 Civilian Buildings Energy Conservation Regulations* (民用建筑节能条例). All civil buildings are required to meet the relevant mandatory energy conservation standards and specifications for building materials, equipment and techniques, failing which local construction authorities shall not grant relevant approvals at the building design, planning, work commencement or completion stage.

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CHINA: GREEN BUILDINGS, CLIMATE CHANGE AND REGULATORY DEVELOPMENTS

Specifically, in June 2023, the *Measures for the Energy Conservation Review of Fixed Asset Investment Projects* (固定资产投资项目节能审查办法) came into effect and requires developers of fixed asset investment projects to obtain the energy conservation review opinions issued by the energy conservation review authority at specific stages. Any project that is not reviewed for energy conservation in accordance with the Measures or fails to pass the energy conservation review shall not be commenced by the developer and shall not be put into production or use if the project is built. A Measures for the Energy Conservation Review of Fixed Asset Investment Projects (Draft for Comment) (固定资产投资项目节能审查办法(征求意见稿)) was issued in August 2024 for consultation until 20 September 2024. The amendments were targeted to establish a new mechanism for the comprehensive transition to dual control of the amount and intensity of carbon emissions and to facilitate the carbon peaking and carbon neutrality goal. In September 2025, the *Measures for the Energy Conservation Review and Carbon Emission Assessment of Fixed Asset Investment Projects* (固定资产投资项目节能审查和碳排放评价办法) was issued, repealing the *Measures for the Energy Conservation Review of Fixed Asset Investment Projects* (固定资产投资项目节能审查办法).

Residential and commercial buildings are major source of carbon emissions due to the huge amount of electricity (and fossil fuel for heat generation in the colder regions of China) consumed for living and economic activities which take place in buildings. To address such operational carbon emission of buildings, China promulgated its first Green Building Action Plan in 2013 and then promulgated its first national *Green Building Evaluation Standard* scheme in 2014. The latest *Green Building Evaluation Standard* (绿色建筑评价标准) (GB-T50378-2019) was issued in 2019 and partially updated in 2024.

It provides technical standards for different types of civil buildings. A building can obtain green building rating of Basic-Grade, One-Star, Two-Star to Three-Star (being the highest rating). Similar to other international rating systems, China green building rating is granted in two stages: initially, a tentative rating at the design stage, and then a formal rating after completion of construction.

Currently only limited types of buildings are mandatorily required to achieve a certain green building rating. Pursuant to the 2024 *Working Plan to Accelerate Energy Saving and Decarbonization in Building Sector* (加快推动建筑领域节能降碳工作方案) and other policy documents, China targets that all new buildings in urban areas in China shall attain a green building rating starting from 2025.

Concurrent with various mandatory requirements to attain green building ratings, local authorities have also been granting financial incentives for green buildings, such as exemption of gross floor area used to construct green building facilities in calculating project plot ratio as well as cash subsidies for projects which can attain higher green building ratings.

All regions in China now have green building regulations of varying degree of sophistication, e.g. the *Shenzhen Green Building Regulations* (深圳经济特区绿色建筑条例) (March 2022) and the *Shanghai Green Building Regulations* (上海市绿色建筑条例) (September 2024).

In response to the ever-rising climate change awareness internationally and in China, some major landlords and tenants of commercial real estate have started to adopt green lease. However, there is yet any government regulatory requirements or incentives for adoption of green lease in leasing of real estate.

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CHINA: GREEN BUILDINGS, CLIMATE CHANGE AND REGULATORY DEVELOPMENTS

Green Construction Materials

From the perspective of the whole life cycle of a building, the carbon emission "embedded" in construction phase of a building is often much more than the carbon emission during the operational phase of a building. In November 2022 the *Action Plan on Peaking Carbon Dioxide Emissions in the Building Materials Industry* (建材行业碳达峰实施方案) was issued to address the embedded carbon emission of construction materials. The Action Plan stipulates measures to enhance the regulatory framework for certification and use of green building materials, promotes green building technology development, and supports the use of renewable energy in production of construction materials.

In this connection, the *Circular on Extending the Implementation Scope of Policies on Government's Procurement of Green Building Material to Improve Building Quality* (关于扩大政府采购支持绿色建材促进建筑品质提升政策实施范围的通知) (October 2022), the *Circular on Issuing the Implementation Guide to the Projects under the Policy for Supporting Green Building Materials through Government Procurement and Promoting Construction Quality Improvement* (关于印发政府采购支持绿色建材促进建筑品质提升政策项目实施指南的通知) (March 2023), the *Catalogue of Industries for Encouraging Foreign Investment* (2022 Version) (鼓励外商投资产业目录 (2022年版)), the *Outline for Building a Quality Powerhouse* (质量强国建设纲要) (February 2023) and the *Implementation Plan for the High-quality Development of Green Building Material Industry* (绿色建材产业高质量发展实施方案) (December 2023) were issued to provide incentives for investment in and use of green construction materials.

Furthermore, in August 2023, the *Work Plan for Stable Growth of the Building Construction Materials Industry* (建材行业稳增长工作方案) was issued. This plan outlines various steps to promote green construction materials, including conducting activities to introduce green construction materials in rural areas, expanding the promotion and application of green construction materials in urban areas and enhancing the certification system for green construction materials.

Carbon Emissions of Buildings

Following China's accession for the *Kyoto Protocol* in 1998, in 2011 China has set up seven local carbon emissions trading exchanges in Beijing, Tianjin, Shanghai, Chongqing, Guangdong, Hubei and Shenzhen. Certain building and hotel projects have been selected to participate in the local carbon emissions trading exchanges in Beijing, Shanghai and Shenzhen on a trial basis.

In 2019, the *Building Carbon Emissions Computation Standard* (GB/T51366-2019) (建筑碳排放计算标准) was promulgated. The *General Rules for Building Energy Conservation and Use of Renewable Energies* (建筑节能与可再生能源利用通用规范) (GB 55015-2021) was further issued in September 2021. These General Rules are highly significant in several respects:

- the energy efficiency and carbon emission standards for all building types will be raised quite significantly and mandatorily with effect from 1 April 2022
- national and local authorities will start to set up online platforms to collect, analyse and report carbon emissions data of buildings.

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CHINA: GREEN BUILDINGS, CLIMATE CHANGE AND REGULATORY DEVELOPMENTS

Based on the experience of these local exchanges, China issued the *Management Measures for Trading of Carbon Emission Rights (Trial Implementation)* (碳排放权交易管理办法(试行)) in 2020 to set up the China National Carbon Emissions Trading Scheme (ETS) in Shanghai. Trading on the China Carbon Emission Trade Exchange (CCETE) started in July 2021 while trading on the local exchanges continues. Initially, only the major electricity power generation companies were mandated to participate to trade the carbon emissions quotas at the National ETS Exchange. In March 2025, with the issuance of the *Work Plan for Covering the Iron and Steel, Cement, and Aluminium Smelting Industries under the National Carbon Emissions Trading Market* (全国碳排放权交易市场覆盖钢铁、水泥、铝冶炼行业工作方案), sectors including iron, steel, cement, and aluminium smelting industries were also mandated to participate in the CCETE.

On 1 May 2024, the *Provisional Regulation on the Administration of Trading of Carbon Emission Permits* (碳排放权交易管理暂行条例) came into effect. The *Provisional Regulation* for the first time clarified the carbon emission rights trading system in the form of an administrative regulation, providing a legal basis for the operation of China's carbon market and marking a new step in the construction of China's carbon market legal system. Compared with the *Management Measures for Trading of Carbon Emission Rights (Trial Implementation)* (碳排放权交易管理办法(试行)), the *Provisional Regulation* increased the penalties on non-compliance activities of the trading market participants.

Apart from the mandatory trading market, on 22 January 2024, the National Voluntary Greenhouse Gas Emission Reduction Trading Market was launched. This followed the release of the *Measures for the Administration of Voluntary Greenhouse Gas Emission Reduction Trading (Trial)* (温室气体自愿减排交易管理办法(试行)) in October 2023 and certain other policies, regulations, and technical specifications providing guidance on relevant processes and elements for participating entities.

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The voluntary trading market supplements the CCETE and facilitates society-wide participation in greenhouse gas emission reduction.

Green Finance for Buildings

China is well aware of the important role of finance in achieving its climate change transition goals. In 2016, the People's Bank of China and various other national ministries issued the *Guiding Opinions on Creating the Green Finance Framework* (关于构建绿色金融体系的指导意见) to set up a supportive policy framework for promoting green finance in China. Since then many national and local regulations and policy documents have been issued in support of green finance in China, e.g. the 2021 *Huzhou Green Finance Promotion Regulations* (湖州市绿色金融促进条例), the 2021 *Shenzhen Green Finance Regulations* (深圳经济特区绿色金融条例), *the 2023 Notice on Accelerating the Coordinated Development of the Green Building Industry and Green Finance* (关于加快推动绿色建筑产业与绿色金融协同发展的通知), the 2024 *Guiding Opinions on Further Strengthening the Financial Support for Green and Low-Carbon Development* (关于进一步强化金融支持绿色低碳发展的指导意见) and the 2024 *Opinions on Leveraging the Role of Green Finance to Serve the Construction of Beautiful China* (关于发挥绿色金融作用服务美丽中国建设的意见). China is one of the world's largest economies in terms of quantity of green finance, with an aggregate of RMB 4.98 trillion green bond issuance up to end of the third quarter of 2025 and a total of RMB 43.51 trillion green loan outstanding as of the end of the third quarter of 2025.

In all these national and local regulations, green building is always included as one of the specific sectors to receive green finance support. A principal way for a building project to prove that it can meet the green financing criteria set by regulations and lenders is that it has obtained the required national or local green building rating.

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PROCUREMENT STRATEGIES AND FORM OF CONTRACTS

General

A host of contract procurement approaches have emerged in the past decade. Each procurement approach has characteristics, benefits and restrictions peculiar to it. There is no single approach that fits all situations. The key to a successful procurement arrangement lies in marrying the right procurement approach with the particular contract in question. This calls for a systematic identification of client's requirements and evaluation of the decision criteria relating to the procurement strategy.

Common criteria for procurement selection

Speed – Fast-tracking projects generally favor arrangements that offer opportunities to overlap the design and construction processes e.g. design & build contracting and management contracting.

Cost certainty – Reliability of budgets is one of the prime concerns of most clients. Traditional lump sum bills of quantities and design & build contracting offer the highest degree of price certainty.

Complexity – Projects which are technologically advanced or highly serviced generally favor the use of traditional contracting where the design will be well developed prior to the tendering stage. Procurement arrangements such as construction management and management contracting that allow early involvement of management contractor are also considered suitable for complex projects.

Responsibility – For projects using traditional contracting, the contractor is employed to build what the client's design team has documented. Therefore, any dispute as to quality of works has to be resolved into a design or workmanship issue in the very first place. By contrast, design & build contracts offer the clearest division of responsibility where the design & build contractor will be the sole point of responsibility.

Common standard form of contract in Hong Kong

In 2005, the Hong Kong Institute of Architects, the Hong Kong Institute of Construction Managers and the Hong Kong Institute of Surveyors jointly published a new standard form of building contract which is designed particularly for private projects where bills of quantities are provided.

In 2006, the three institutes published another standard form of building contract tailored for private projects without bills of quantities.

For public works, the conditions of contracts are often based on one of the following standard forms:

The Government of the HKSAR, General Conditions of Contract for Building Works 1999 Edition

The Government of the HKSAR, General Conditions of Contract for Civil Engineering Works 1999 Edition

The Government of the HKSAR, General Conditions of Contract for Electrical and Mechanical Engineering Works 1999 Edition

The Government of the HKSAR, General Conditions of Design and Build Contracts 1999 Edition

New Engineering Contract (NEC)

NEC is the abbreviation for "New Engineering Contract" which is a suite of contracts published by the Institute of Civil Engineers in the United Kingdom. The Hong Kong Government used to have its own standard forms of contract but now the NEC forms have become increasingly popular in the public sector of Hong Kong. The Development Bureau continually advocated "collaborative partnership" in delivering public works projects in Hong Kong by way of introducing the "New Engineering Contract" (NEC) form aiming to enhance risk management, optimize claim management and enhance cost effectiveness.

According to the Secretary for Development, the ratio of the NEC contracts to all public works contracts has been increasing, from 22 per cent in 2017 to 47 per cent in 2022. Over 90 per cent of the large-scale public works projects commenced in year 2022 have adopted the NEC form.

NEC form have also been adopted by non-public clients such as Airport Authority HK, CLP, MTR, etc.

PROCUREMENT STRATEGIES AND FORM OF CONTRACTS

New Engineering Contract (NEC) (Cont'd)

The NEC form continues to have a significant impact by its extensive usage in different works categories (including building works, civil engineering works etc.) by the Hong Kong Government. The NEC contract suites cover not only construction and engineering contracts between employers and contractors but also professional service contracts for employers to engage consultants or other suppliers under NEC contracts.

The Engineering & Construction Contract (ECC) of the NEC family of contracts contains standard options that cover lump sum contracts, target cost contracts, cost reimbursable contracts and management contracts. The ECC contract claims are radically different to traditional construction contracts in that it facilitates good management and encourages collaborative working. For instance, both the Project Manager and the Contractor are obliged to give early warnings and to hold early warning meetings to mitigate the effects of change in contract scope. Great emphasis is also given to the programme which has to be accepted by the Project Manager and to be kept updated by the Contractor. The Project Manager is to maintain a Risk Register to record risks that have arisen during the contract and the decisions of how to deal with them.

In 2017, the NEC4 contract suite was published built upon updates to NEC3 contract suite. The NEC3 contracts are updated by taking account on the constructive feedback from users and industry experts with amendments for improvement in flexibility, clarity and ease of contract administration. The Hong Kong Government has started using NEC4 since 2018.

In 2023, a NEC ECC Hong Kong Edition was launched, which introduce measures that meet specific requirements of Hong Kong governance procedures and legislation. The Hong Kong Edition of NEC Term Service Contract (TSC) standard template was launched on 28 November 2024 for appointing contractors over fixed periods to provide maintenance, repair or other services on operational assets. The Secretary for Development also stated that the Hong Kong Edition will be completed in 2026.

The three key objectives in drafting the NEC ECC Hong Kong Edition are to
(1) enhance NEC's relevancy in Hong Kong
(2) provide consistency in document preparation across Hong Kong public/private works contracts
(3) inspire increased confidence in the use of NEC in Hong Kong so others benefit from better project delivery.

Arcadis was the NEC Advisor for Fuk Man Road Nullah Improvement Works – the very first NEC pilot project in Hong Kong. Our work with the project team for that pilot project reveals that it is not only the form of the NEC that brings about the advantages of flexibility and promotion of good project management. The success lies in a change in mindset and attitudes and the establishment of mutual trust among project stakeholder.

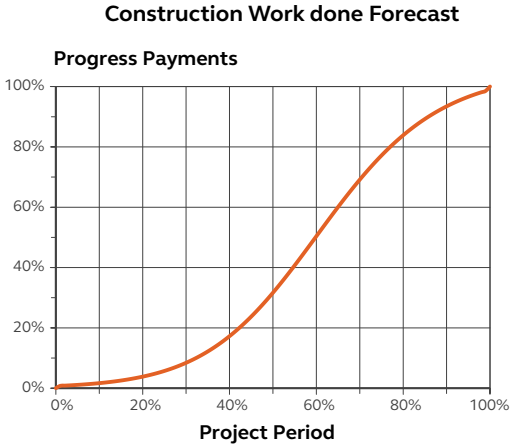
Procurement Strategy Table

PROJECT CRITERIA			RELATIVE DEGREE OF APPROPRIATENESS			
Parameter	Objectives	Traditional	Management Contracting	Construction Management	Design and Construct
Timing	Early Completion	Low	High	High	High
Cost	Pre construction price certainty	High	Low	Low	High
Quality	Design prestige	High	High	High	Low
Variations	Avoid prohibitive cost of change	High	Moderate	Moderate	Low
Complexity	Technically advance or highly complex building	Moderate	High	High	Low
Responsibility	Single contractual link	Low	Low	Low	High
Professional Responsibility	Need for design team to report to sponsor	High	High	High	Low
Risk Avoidance	Desire to transfer complete risk	Low	Low	Low	High
Damage Recovery	Facility to recover costs direct from contractor	Moderate	Low	Low	High
Buildability	Contractor input to economic construction	Low	High	High	High

CONSTRUCTION WORK DONE FORECAST

The following graph and table are an indication of the rate of expenditure for construction projects.

The rate of expenditure is an average rate and will vary from project to project when specific project circumstances are taken into account.



CONTRACT PERIOD	CUMULATIVE WORK DONE	CONTRACT PERIOD	CUMULATIVE WORK DONE
5%	1%	55%	41%
10%	2%	60%	50%
15%	3%	65%	60%
20%	4%	70%	69%
25%	6%	75%	77%
30%	8%	80%	84%
35%	12%	85%	89%
40%	17%	90%	93%
45%	24%	95%	97%
50%	32%	100%	100%

3 PROPERTY

PROPERTY COMMENTARY 2026

Economy

Hong Kong's economy has navigated a complex landscape shaped by global and regional dynamics in 2025. Amid the persistent uncertainties in the global economy, Hong Kong demonstrated its recovery, with the GDP grew by 3.5% year-on-year in 2025. Full-year GDP growth forecast for 2026 is between 2.5% and 3.5%.

The global economy demonstrated considerable resilience in the whole year of 2025, although lingering trade tensions continued to affect individual economies to varying degrees. In 2025, total exports and imports of goods both recorded strong year-on-year growth, rising 12% and 12.6% respectively, driven by robust demand for electronic-related products and vibrant regional trade flows across Asia. Moreover, private consumption and investment expenditure grew by 1.7% and 4.3% year-on-year in 2025, reflecting ongoing consumption recovery and economic expansion.

The unemployment rate from November 2025 to January 2026 rose to 3.9%, 0.8 percentage points or 28,300 persons higher than a year earlier. Finance, insurance, real estate, and professional and business services sector saw a smaller rise from 2.6% to 3.1%. In contrast, construction sector rose from 4.5% to 6.8%, while the retail, accommodation, and food services sector went up from 4.5% to 5.3%. Slower growth in the property market and shifts in tourist and local expenditure led to the steeper unemployment rises in these affected sectors.

Hong Kong IPO market recorded a massive rebound in 2025, with total proceeds on HKEX reaching HK$280.0 billion, hits the second-highest level in last five years. Hong Kong continued to attract international capital, while southbound funds saw a notable acceleration. In the final quarter of 2025, with the US Federal Reserve having begun the rate-cutting cycle, more capital inflow to Hong Kong is anticipated. This momentum is expected to strengthen into 2026, underpinned by sustained policy support, improving sentiment and deep liquidity.

In 2025, the US Federal Reserve implemented three interest rate reductions, leading to a fall in the 1-month HIBOR from approximately 4.2% at the beginning of the year to 3.1% by year-end. Looking ahead, further declines in interest rates are expected, which should provide a supportive environment for both capital market and real estate investment in 2026.

Moving forward, Hong Kong is expected to see continued steady growth in the near term, underpinned by resilient financial market, strong market liquidity, solid exports growth and recovering domestic demand and inbound tourism. Nevertheless, external headwinds and the slower pace of interest rate cuts may affect economic growth.

Provided by : Knight Frank

Provided by : Knight Frank

PROPERTY COMMENTARY 2026

Residential

Hong Kong's residential market is showing recovery momentum. According to the Rating and Valuation Department (RVD), private residential prices rose 3.7% in 2025, marking a rebound from multi-year declines.

Transaction activity has improved in 2025, all-year total transactions reached 62,832 units, up 18% compared to last year. Looking to 2026, we anticipate continued growth in both primary and secondary market transactions, with total volumes projected to range between 65,000 and 68,000 units. Primary sales will continue to account for 30-40% of the total sales, as developers focus on clearing unsold inventory and launching new projects through additional incentives and more flexible financing options to stimulate buyer interest. Well-located and competitively priced projects continue to achieve strong market responses and high sell-through rates.

Favorable financing conditions further support market sentiment. The one-month HIBOR in 2025 dropped to recent-year lows, pushing down mortgage rates and easing borrowing costs. A further interest rate cut is anticipated, which should improve affordability and support the residential market.

On the leasing front, both mass and luxury market continued to outperform. RVD's rental index rose 4.1% YoY in 2025, driven by strong non-local students and young professionals. Leasing demand from expatriates in finance and corporate sectors recovered. Meanwhile, Knight Frank's luxury residential rental index showed 7.3% year-on-year increase in 2025, supported by sustained demand from Chinese Mainland families and professionals.

Looking ahead, the residential market is expected to further improve in 2026. Mass residential prices are forecast to rise by 5% to 8% in 2026, while rental demand is expected to strengthen due to strong talent inflows and non-local students, with rents projected to increase by 3% to 5%, potentially reaching record highs.

Luxury prices are expected to grow by around 5% given interests from Chinese Mainland and overseas buyers. Luxury leasing demand will remain robust, and luxury rentals are anticipated to rise by 3% to 5% in 2026.

Provided by : Knight Frank

Provided by : Knight Frank

PROPERTY COMMENTARY 2026

Office

Office leasing activities in the second half of 2025 improved, with Central and Tsim Sha Tsui outperformed due to their prime locations and quality buildings. However, other submarkets continue to face challenges from elevated vacancies. Demand for Premium Grade-A office spaces in Central improved, with a marginally positive growth of 0.05% in 2025. Overall, rentals on Hong Kong Island fell by 5.3% year-over-year in 2025, whereas Kowloon saw a 4.7% decrease.

In 2025, we observed resilient office demand from finance sector, underpinned by strong stock market and IPO performance. Several large leasing transactions by quant fund, hedge funds and wealth management were observed, with a trend of upgrading or expanding into Premium Grade-A buildings in Central. PRC law firms and professional services specializing in IPOs have seen increased office demand, while co-working spaces have expanded to support start-ups and new PRC businesses.

The insurance sector also exhibited notable growth in 2025. Offices in Tsim Sha Tsui benefited from their proximity to Kowloon Station and connections to Mainland clients, leading to multiple insurance companies expanding their locations in the area.

Another trend anticipated to persist in 2026 is the shift of occupiers becoming owners. As the interest rate cut schedule continues and office asset values remain significantly discounted from the peak, buyers with substantial liquidity and PRC businesses are seizing the opportunity to acquire office properties for both self-use and long-term investment.

Provided by : Knight Frank

Office (Cont'd)

Looking forward, Premium buildings in Central are projected to outperform in 2026 with rental growth of 0-8%, driven by resilient demand and falling vacancy. Other submarkets are expected to remain lackluster, as high vacancies in existing buildings and upcoming abundant supply weigh on overall performance. For the broader market, Hong Kong Island is expected to see rental growth range from flat to -5%, while Kowloon from -4% to -6%.

Retail

Hong Kong's retail market is showing signs of rebound, with total retail sales reaching HK$380 billion in 2025, marking a marginal growth of +1.0% over the same period last year. Monthly retail sales returned to positive year-on-year growth since May after a 14-month consecutive decline.

Beyond this short-term improvement, the market is undergoing structural changes fuelled by e-commerce growth and shifting cross-border spending patterns. Local online sales surged from HK$20.6 billion in 2020 to consistently exceed HK$30 billion annually between 2021 and 2024 (about 8-10% of total sales) and reached HK$35.8 billion by end-2025, underscoring the growing dominance of digital channels.

Provided by : Knight Frank

PROPERTY COMMENTARY 2026

Competitive pressure from cross-border shopping, where similar goods are often available at lower prices in Chinese Mainland, has contributed to store closure and falling sales of certain retail segments. For instance, Furniture and fixture recorded -14.4% and -13.9% year-on-year growth in 2024 and 2025, while wearing apparel recorded -10.7% and -3.5% in both years. This underscores the growing challenge for local retailers to remain competitive amid shifting consumer preferences and persistent price gaps.

Tourist spending has also shifted toward more budget-conscious options. In Q3 2025, tourism spending among Chinese Mainland overnight visitors per capita spending was $4,857, representing a 14.9% decline compared to the pre-COVID level of $5,708 in Q4 2019.

Looking ahead, Knight Frank projects a distinct divergence in rental performance by 2026. Prime street shops are expected to post growth of 5% to 10%, driven by strong visibility, advertising appeal for new entrants from Chinese Mainland, and limited availability. Similarly, prime shopping malls are likely to see modest rental growth of 0% to 5%. In contrast, non-core malls may face rental declines of up to 5% as online shopping and northbound spending may impact the sales of anchor tenants of neighbourhood malls to a larger extent.

Provided by : Knight Frank

Industrial

Throughout 2025, the industrial leasing market has demonstrated a notable lack of activity, remaining subdued to date. Persistent uncertainties in the global economy, including fluctuating trade dynamics, have prompted tenants to adopt a conservative approach, prioritizing lease renewals over new commitments.

Rental rates have generally declined, while landlords have increasingly offered extended rent-free periods and other concessions to maintain occupancy levels. Overall rent decreased by 3.8% for the entire year of 2025 compared to the previous year. Overall industrial vacancy rate stands at 10.7% by the end of 2025, up from 8.1% a year earlier.

The industrial leasing market remains subdued as consumer demand shifts from traditional retail channels to e-commerce platforms, leading to a transformation in warehouse demand. As the connections with Chinese Mainland grow stronger, traditional retailers are optimising their inventory and costs, thus reducing their warehouse space in Hong Kong and moving to Shenzhen to lower costs.

A significant trend observed in the market is the continued expansion of Chinese state-owned enterprises and private firms, particularly those from the electronics and semiconductor manufacturing sectors. These entities have emerged as a dominant force in the tenant landscape, driven by strong financial resources and close alignment with national industrial policies.

Provided by : Knight Frank

PROPERTY COMMENTARY 2026

Despite the difficulties faced by the general industrial and modern logistics leasing market, large tenants with strong business prospects are pursuing market opportunities due to increasingly attractive rental rates.

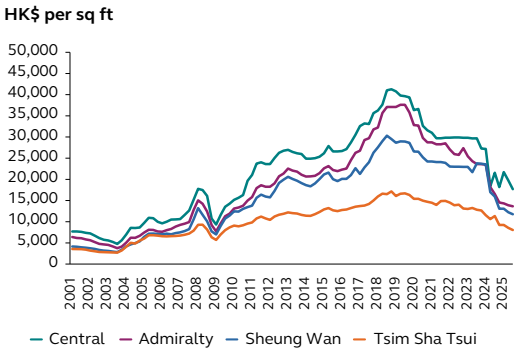
Nevertheless, uncertainties in the external environment remain elevated. Recent tariff hikes and trade disruptions are expected to exert pressure on global trade flows, contributing to an ongoing downtrend in the industrial and logistics markets. While short-term export spikes may offer temporary relief, sustained recovery hinges on resolving external tensions and enhancing Greater Bay Area integration, with a cautious outlook projected through 2026.

Provided by : Knight Frank

Provided by : Knight Frank

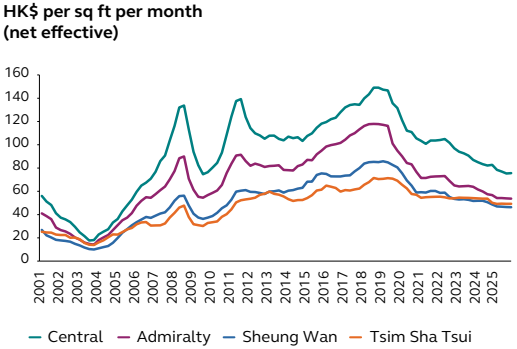
PROPERTY INDICATORS

HONG KONG GRADE-A OFFICE PRICE



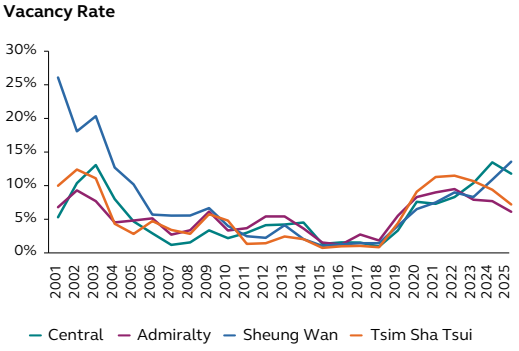
Source: Knight Frank Research

HONG KONG GRADE-A OFFICE RENTAL VALUES



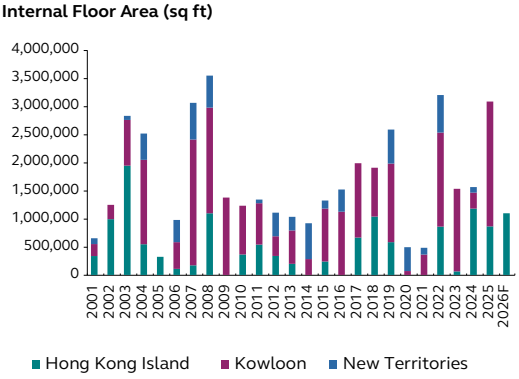
Source: Knight Frank Research

HONG KONG GRADE-A OFFICE VACANCY RATES



Source: Knight Frank Research

HONG KONG GRADE-A OFFICE SUPPLY



GROSS FLOOR AREA (GFA) CALCULATIONS IN HONG KONG

FEATURE	BUILDING (PLANNING) REGULATION	REMARKS
General floor area	Accountable	Area within outer surface of external walls.
Basement	Accountable	
Balcony *	Accountable	Non-accountable subject to following major conditions: 1. Only applicable to residential buildings; 2. Location of the balcony is restricted to the living room, dining room or bedroom; 3. Not more than 50% of the area of the balcony is to be exempted from GFA and SC calculations; 4. Other conditions specified in Joint Practice Note No. 1.
Utility platform *	Accountable	Non-accountable subject to following major conditions: 1. Only applicable to residential buildings; 2. Not more than 50% of the area of the utility platform is to be exempted from GFA and SC calculations; 3. The maximum area to be exempted for such platform including portion of such platform per residential unit is 0.75m2; 4. Other conditions specified in Joint Practice Note No. 2.
Curtain wall / cladding	Non-accountable	non-accountable subject to conditions: 1. The curtain wall system itself does not form part of the structural system of the parent building; 2. The system does not result in any additional floor area at a floor level by providing a reinforced concrete dwarf perimeter wall not less than 300mm high measured from the floor level; 3. The projection of the system from the outer face of the structural elements does not exceed 200mm for a domestic building and 250mm for non-domestic building; 4. The external reflectance of the glass used in the system does not exceed 20%.
External wall	Accountable	
Precast Facade *	Non-accountable	Maximum thickness of non-structural precast facade to be exempted is 150mm.
Plant rooms (Non-mandatory or non-essential plantroom *)	Non-accountable	Subject to justification with reasonable plant layouts.
Staircases and lift shafts	Accountable	Except staircases and lift shafts solely serving non-accountable areas.
Covered private and public carparking space#	Non-accountable	100% area can be exempted for: 1. Underground car space; 2. Above ground car space up to two levels From the third above-ground car space and onward, 50% area exemption can be applied to each additional level.
Wider common corridor or lift lobby *	Accountable	For residential buildings, concession may be granted for lift lobbies subject to conditions.
Refuge floor	Non-accountable	
Loading and unloading bay	Non-accountable	Applicable if required under local standard/lease and built on ground floor or below ground. Only 50% area can be exempted for loading/unloading above ground level. Area above ground can only be 100% exempted under for the following circumstances: Aboveground - under circumstances that site constraints is making underground car parks technically infeasible, or posing no adverse environmental or visual impact. OR Aboveground - required to be provided under lease for and as part of the GA. OR Aboveground - required to be provided under lease for subsidised sale/rental flats as accepted by the Government, to be provided by HKHS or URA.
Refuse storage chambers, refuse storage, refuse chutes, refuse hopper rooms	Non-accountable	
Covered area on roof-tops	Accountable	Non-accountable for plant rooms and staircases serving non-accountable area only.
Recreational facilities *	Accountable	Non-accountable subject to conditions.
Spaces for watchmen and management staff *	Accountable	Non-accountable subject to conditions.
Modular Integrated Construction	Accountable	Concession maybe granted to 10% of the MiC floor area upon submission of an application.

* Total concessions of these areas are subject to a cap of 10% of the total GFA and prerequisites with sustainability designs.

\# Provided that the car parking spaces are EV charging-enabling except those installed with automated parking systems.

Disclaimer : GFA calculations are subject to various legislation and practice notes.All cases of accountable or non-accountable GFA are subject to individual conditions. The above presents a brief summary only and users are advised to seek professional advice from authorized persons. Arcadis herewith disclaims any liability that may arise from unsolicited use of the information given above.

GROSS FLOOR AREA (GFA) CALCULATIONS IN CHINESE MAINLAND

FEATURE	NATIONAL STANDARD - STANDARD MEASUREMENT FOR CONSTRUCTION AREA OF BUILDING (GB/T 50353-2025)	REMARKS FOR BEIJING, SHANGHAI AND GUANGZHOU
General floor area	Accountable	Area within outer surface of external insulation.
Basement	Accountable	1. Beijing: Non-accountable 2. Shanghai : Non-accountable. 3. Guangzhou : Accountable for GFA except where the floor space is solely for plant rooms or carpark.
Balcony / utility platform	Accountable	
Curtain wall / cladding	Accountable	Except decorative type of curtain wall.
External wall finishes (including bay windows)	Non-accountable	
Plant rooms	Accountable	
Staircases and lift shafts	Accountable	
Covered public carparking space	Accountable	
Covered private carparking space	Accountable	
Lobby	Accountable	
Canopy	Accountable	Non-accountable subject to width of the canopy not exceeding 2.1m.
Refuge floor	Accountable	1. Shanghai : Non-accountable. 2. Guangzhou : Only refuge areas on refuge floor are non-accountable.
Space below elevated ground floor	Accountable	Non-accountable for GFA if for the usage of walkway, green, public amenities or similar public function.
Covered walkways	Accountable	
Loading and unloading bay	Accountable	Non-accountable if not roofed over.
Refuse storage chambers, refuse storage, refuse chutes, refuse hopper rooms	Accountable	Non-accountable if not roofed over.
Floor space inside sloping roof	Accountable	Non-accountable if clear height does not exceed 1.2m.
Covered area on roof-tops	Accountable	1. Shanghai : Non-accountable if the area of the construction on roof-top does not exceed 1/8 of the area of the typical floor. 2. Guangzhou: Staircase, lift lobby and water tank room on roof-tops are exempted from GFA
Recreational facilities	Accountable	
Spaces for watchmen and management staff	Accountable	
External staircases	Accountable	Non-accountable if not roofed over.

Disclaimer : GFA calculations are subject to various legislation and practice notes. All cases of accountable or non-accountable GFA are subject to individual conditions. The above presents a brief summary only and users are advised to seek professional advice from authorized persons. Arcadis herewith disclaims any liability that may arise from unsolicited use of the information given above.

CONSTRUCTION FLOOR AREA (CFA) DEFINITION

The construction floor area measured from drawings is defined as covered floor areas fulfilling the functional requirements of the building measured to the outside face of the external walls or external perimeter.

It includes floor areas occupied by:

- partitions
- columns
- stairwells
- lift shafts
- plant rooms
- water tanks
- balconies
- utilities platforms
- vertical ducts
- service floors higher than 2.2m and the like

But excludes floor areas occupied by:

- bay windows
- planters projecting from the building, and
- the areas covered by canopies, roof eaves and awnings

Sloping surfaces such as staircases, escalators and carpark ramps are to be measured flat on plan.

The measurement of construction floor area is as defined by Arcadis.

4 OTHER INFORMATION

UTILITY COSTS FOR SELECTED ASIAN CITIES

CITY	EXCHANGE RATE	ELECTRICITY		WATER		FUEL		
		DOMESTIC	COMMERCIAL/ INDUSTRIAL	DOMESTIC	COMMERCIAL/ INDUSTRIAL	DIESEL	LEADED	UNLEADED
	US$1=	US$/kWh	US$/kWh	US$/$m^3$	US$/$m^3$	US$/litre	US$/litre	US$/litre
Hong Kong	HK$ 7.775	0.12	0.14	0.83	0.59	3.64	N/A	3.72
Macau	MOP8.01	0.18	0.18	0.56-0.91	0.76	2.07	N/A	1.88
Shanghai	RMB 7.05	0.139 (peak) / 0.044 (normal)	3.617 Basic Tarriff 0.081 (Non-Summer) / 0.093 (Summer)	0.574-1.247	0.85	0.92	N/A	1.027
Beijing	RMB 7.05	0.069-0.112	0.181-0.191 (peak) / 0.108-0.116(normal)	0.709-1.277	1.277-1.348	1.033	N/A	1.162
Guangzhou	RMB 7.05	0.083-0.125	0.105-0.115	0.363-1.090	0.627	0.905	N/A	1.007
Chongqing	RMB 7.05	0.074-0.117	0.081-0.124	0.423-0.922	0.63	0.94	N/A	1.069

The above costs are at **4th Quarter 2025** levels.

Basis of Charges in Hong Kong, China

- **Electricity** (Based on tariff scheme of CLP Holdings Limited)
  Domestic *(bi-monthly consumption)* :
  0-400kWh =US$ 0.12/kWh;400-1,000kWh=US$ 0.13/kWh;
  1,000-1,800kWh= US$ 0.15/kWh; 1,800-2,600kWh=US$ 0.19/kWh;
  2,600-3,400kWh= US$ 0.22/kWh;3,400-4,200kWh=US$ 0.24/kWh;
  Above 4,200kWh = US$ 0.24/kWh
- **Water** - Domestic :
  0-12m^3 =Free of charge;12-43m^3 =US$ 0.54/m^3;
  43-62m^3 =US$ 0.83/m^3; Above 62m^3 =US$ 1.16/m^3
- **Fuel -** Both diesel and unleaded fuel are based on pump price (before walk-in discount)

Basis of Charges in Macau, China

- **Electricity**
  Electricity tariffs are a composition of demand charges, consumption charges, fuel clause adjustment and government tax.
- **Water -** Domestic :
  Consumption charge = US$ 0.56/m^3 for 28m^3 or below; US$0.64/$m^3$ for 29m^3 to 60m^3; US$0.75/$m^3$ for 61m^3 to 79m^3 and US$0.90/$m^3$ for 80m^3 or above.
  Other charges (Depending on meter size 15mm-200mm) :
  Meter rental = US$0.34-57.64/month
- **Water -** Commercial/Industrial :
  Charges for ordinary users (e.g. Business, government buildings, schools, associations, hospitals and others) only. Special users (e.g. gaming industries, hotels, saunas, golf courses, construction, public infrastructure and other temporary consumption) are excluded.

Basis of Charges in Chongqing, China

- **Unleaded Fuel** = Unleaded fuel rate is for unleaded 95#

Basis of Charges in Shanghai, China

- **Electricity -** Domestic (Charge on yearly consumption) :
  0-3,120kWh =US$ 0.108/kWh (peak) / US$ 0.043/kWh (normal);
  3,120-4,800kWh =US$ 0.119/kWh (peak) / US$ 0.060/kWh (normal);
  Above 4,800kWh =US$ 0.136/kWh (peak) / US$0.086/kWh (normal)
- **Electricity -** Commercial/Industrial (Charge on yearly consumption):
  In dual tariff system; and in rate of 10 kVa
- **Unleaded Fuel** = Unleaded fuel rate is for Unleaded 95#

Basis of Charges in Beijing, China

- **Electricity -** Domestic (below 1kV) :
  1-240kWh = US$0.060/kWh; 241-400 kWh = US$0.084/kWh;
  Above 400kWh = US$0.098/ kWh
- **Electricity -** Commercial/Industrial (1-10kV) :
  Central Districts: US$0.171/kWh(peak); US$0.107/kWh(normal)
  Other Districts= US$0.169/kWh(peak); US$0.105/kWh(normal)
- **Water -** Domestic: (Charge on yearly consumption) :
  1-180m3 = US$0.617/$m^3$; 181-260m3 = US$1.094/m^3
  Above 261m^3 = US$1.112/$m^3$
- **Water -** Commercial/Industrial :
  Central Districts: US$1.172/$m^3$; Other Districts= US$1.112/m^3
  Unleaded Fuel = Unleaded fuel rate is for unleaded 95#

Basis of Charges in Guangzhou, China

- **Unleaded Fuel** = Unleaded fuel rate is for Unleaded gasoline 92#
  Unleaded 95# = US$ 1.23/litre
  Unleaded 98# = US$ 1.05/litre

UTILITY COSTS FOR SELECTED ASIAN CITIES

CITY	EXCHANGE RATE	ELECTRICITY	
		DOMESTIC	COMMERCIAL/ INDUSTRIAL
	US$1=	US$/kWh	US$/kWh
Singapore	S$ 1.29	0.21	0.21
Kuala Lumpur	RM 4.13	0.101-0.135	0.116-0.126
Bangkok	BAHT 32.34	0.073-0.137**	0.096-0.098
Manila	PHP 58.805	0.229-0.243	0.243
Ho Chi Minh	VND 26,401	0.127	0.109/0.069
Bangalore	INR 83.412	0.11-0.134	0.17-0.23
New Delhi	INR 83.412	up to 0.142	0.25
Jakarta	IDR 16,681	0.081-0.102	0.06-0.087

WATER		FUEL		
DOMESTIC	COMMERCIAL/ INDUSTRIAL	DIESEL	LEADED	UNLEADED
US$/$m^3$	US$/$m^3$	US$/litre	US$/litre	US$/litre
2.51/ 3.40	2.51	2.06	N/A	2.77
0.157-0.850	0.850-0.927	0.741/0.521#	N/A	0.639/ 0.482##
0.315-0.656	0.564-1.005	0.972	N/A	1.391*
0.45-0.584	2.457-2.513	1.019	N/A	1.181
0.239	0.807/ 0.458	0.687	N/A	0.743
0.9-1.0	1.95	1.010	N/A	1.010
0.11-0.89	0.75-3.1	0.980	N/A	0.980
0.06-1.199	0.409-1.379	1.274	N/A	0.764

The above costs are at **4th Quarter 2025** levels.

Basis of Charges in Singapore *(All rates are nett of GST)*

- Electricity tariff is based on low tension power supply.
- Domestic water tarrif effective from 1 July 2018. Rate includes water conservation tax, water-borne fee, sanitary appliance fee and is an average for the 1st 40m3
- Domestic water tariff effective from 1 July 2018. Rate includes water conservation tax, water borne fee, sanitary appliance fee and is an average for the usage after the 1st 40m3
- Non-domestic water tariff effective from 1 July 2018. Rate includes water conservation tax, water-borne fee,and sanitary appliance fee
- Diesel fuel = as at 27 October 2021.
- Unleaded Fuel = 98 Unleaded petrol as at 27 October 2021.

Basis of Charges in Kuala Lumpur, Malaysia

- Fuel: Rates for 11-17 December 2025. Unleaded = Petrol Ron 95.
- Fuel: #Rate for Sabah, Sarawak and Labuan. ## Subsidised rate.

Water: Data Centre flat rate at US$1.286/$m^3$
Electricity (Domestic): Rates refer to General tariff & Time of Use tariff
Electricity (Commercial/Industrial): Rates refer to low voltage General tariff & Time of Use tariff

Basis of Charges in Bangkok, Thailand

- *Unleaded = Gasohol 95
- **For normal tariff with consumption not exceeding 150 kWh per month

Basis of Charges in Ho Chi Minh, Vietnam (All rates are VAT inclusive)

- **Electricity**
  Domestic = Rate for level 5 (301÷400kWh per month)
  Industrial = Rate for voltage 22÷110kV at normal time.
  Commercial = Rate for voltage 22kV & above at normal time.
- **Water**
  Domestic = Rate for level up to 4m^3/ person / month

Basis of Charges in Manila, Philippines

- **Electricity**
  Domestic : 50kWh-652kWh
  Commercial/Industrial : 34,351kWh
- **Water**
  Domestic : 11m^3-17m^3
  Commercial/Industrial : 30m^3-50m^3

Basis of Charges in Jakarta, Indonesia

- Domestic group in Indonesia covers residence, religious building, non-profit organization building and government hospital
- Commercial group in Indonesia covers luxury residence, apartment, offices, hotel, commercial building and factories.

Source of data: ***Singapore*** *- Global Infrastructure Solutions Inc.* ***Kuala Lumpur*** *- JUBM Group.* ***Bangkok*** *- Mentabuild Limited.* ***Ho Chi Minh*** *- DLS Consultant Company Limited.* ***Bangalore / New Delhi*** *- Arkind LS Private Limited.* ***Jakarta*** *- PT Lantera Sejahtera Indonesia.*

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HEALTH & SAFETY MANAGEMENT SYSTEM


DNV

MANAGEMENT SYSTEM CERTIFICATE

This is to certify that the management system of
Arcadis Asia Limited
has been found to conform to the Occupational Health and Safety Management System standard
ISO 45001:2018
This certificate is valid for the following scope:
Provision of Built Asset Consultancy including: Asset Performance and Cost and Commercial Management, Programme and Project Management, Strategy & Transformation Consultancy; Quantity Surveying, Construction Cost Consultancy; Health, Safety, Environmental and Risk Management Consultancy Services

In alignment with ISO 45001 international standards, we have implemented a Health and Safety Management System as part of our Integrated Management System. Following our successful Health & Safety accreditation in Hong Kong in 2012, we expanded this system to our offices across Greater China. Each Arcadis office in these regions has a dedicated H&S coordinator responsible for planning, implementing, monitoring, and reporting health and safety matters.

Our approach to health and safety is underpinned by positive decision-making and the right behavioral outcomes, values that are promoted and reinforced at every level of the organization. We foster a supportive culture where staff are encouraged to proactively identify internal and external H&S risks and conditions that may impact, or be impacted by, our operations. Employees are also empowered to discuss their mental health and well-being, with access to the Arcadis Employee Assistance Programme (EAP).

Arcadis is committed to providing a safe, healthy, and sustainable workplace. We continually strive for zero incidents in all our activities, ensuring the health, safety, and well-being of our people and stakeholders. We are dedicated to maintaining and continuously improving our processes, procedures, and systems to uphold the highest standards in health and safety performance.

QUALITY MANAGEMENT SYSTEM


DNV

MANAGEMENT SYSTEM CERTIFICATE

Arcadis Asia Limited

ISO 9001:2015

Provision of Built Asset Consultancy including; Asset Performance and Cost and Commercial Management, Programme and Project Management, Strategy & Transformation Consultancy; Quantity Surveying, Construction Cost Consultancy; Health, Safety, Environmental and Risk Management Consultancy Services; Environmental Sustainability, Development Management and Water Solutions Consultancy Services

Arcadis launched its Quality Management System (QMS) in the Hong Kong office in 1993. In 2018, we successfully transitioned to the ISO 9001:2015 Standard. This accreditation has since been extended to our offices in Macau and Chinese Mainland.

To consistently meet or exceed client expectations, Arcadis sets annual quality objectives. Performance against these objectives is reviewed through quarterly audits. Our quality management documents are also regularly reviewed and updated as needed to maintain the effectiveness of our system.

In pursuit of greater operational efficiency, we are currently focused on digitalizing workflows and processes related to quality management activities and documentation.

An effective Quality Management System is essential for any business. At Arcadis, we are committed to delivering not only quantity surveying services but also the highest quality solutions to fulfill our clients' requirements.

ENVIRONMENTAL MANAGEMENT SYSTEM


DNV

MANAGEMENT SYSTEM CERTIFICATE

Arcadis Asia Limited

ISO 14001:2015

Provision of Built Asset Consultancy including; Asset Performance and Cost and Commercial Management, Programme and Project Management, Strategy & Transformation Consultancy; Quantity Surveying, Construction Cost Consultancy; Health, Safety, Environmental and Risk Management Consultancy Services; Environmental Sustainability, Development Management and Water Solutions Consultancy Services

As a socially responsible company, Arcadis is dedicated to protecting the environment and ensuring that all our operations are conducted in an environmentally friendly manner. Our management system is certified to ISO 14001:2015, reflecting our commitment to reducing our carbon footprint in alignment with the goal of limiting global warming to 1.5°C and achieving net zero emissions by 2035.

In 2020, we established the Asia Core Sustainability Team to lead the implementation of our Asia Sustainability Strategy across our regional markets. This year, we have hosted a series of Sustainability Knowledge Café sessions, where topics such as waste management and climate change were discussed, inviting all interested staff to participate via Teams.

To further demonstrate our commitment, we now treat environmental data with the same level of importance as financial data, and an external audit of this data will be carried out at the end of the year.

At Arcadis, environmental protection and resource conservation are top corporate priorities. We continually develop and implement more sustainable standards and practices to maximize our positive impact on the environment.

About Arcadis

Arcadis is the world's leading company delivering data-driven sustainable design, engineering, and consultancy solutions for natural and built assets. We are around 34,000 architects, data analysts, designers, engineers, project planners, water management and sustainability experts, all driven by our passion for improving quality of life. As part of our commitment to accelerating a planet positive future, we work with our clients to make sustainable project choices, combining digital and human innovation, and embracing future-focused skills across the environment, energy and water, buildings, transport, and infrastructure sectors. We operate in over 30 countries, and reported €4.8 billion in gross revenues for 2025.
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