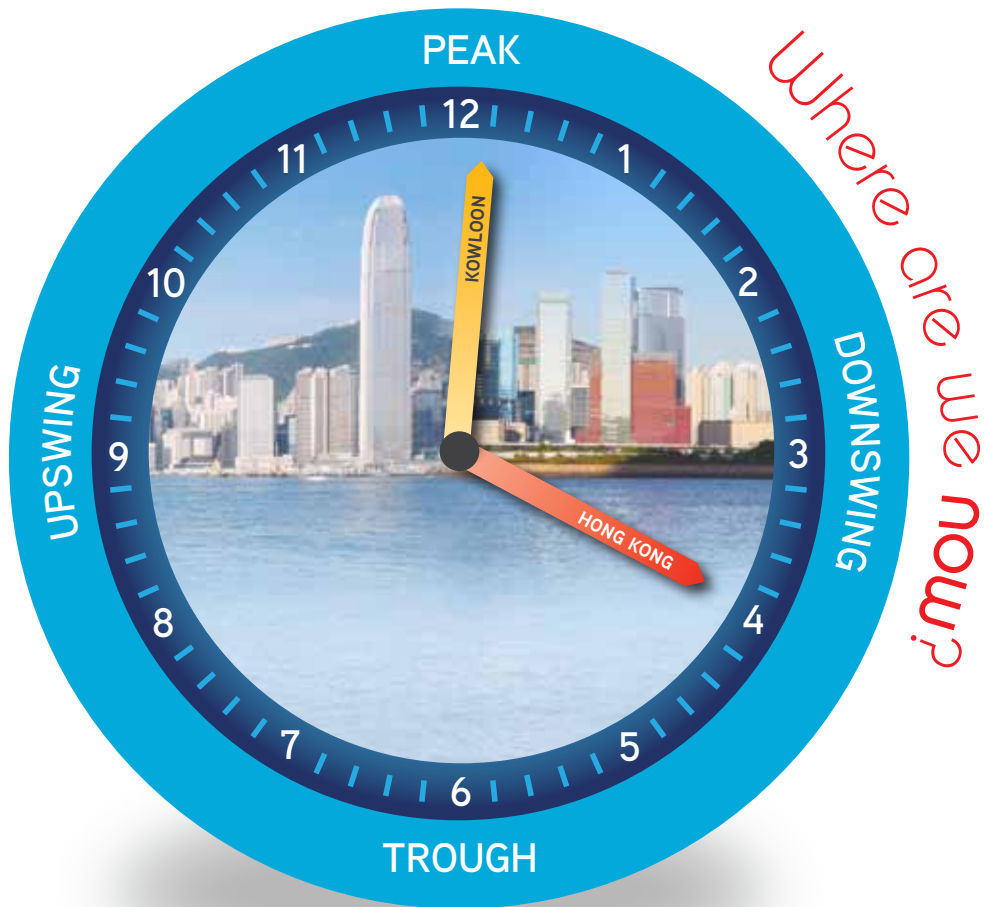


HONG KONG EDITION

2Q 2012

movingtimes

Hong Kong Commercial Real Estate at Your Fingertips



Is the tipping point closer than we think?

The best of the best

A comprehensive portfolio showcasing premier office leasing opportunities across Hong Kong

Market outlook

Trends from 1Q 2012 and beyond

Property market revival

An overview of current office developments

Accelerating success.



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KEY TO PROPERTY ICONS



Parking



Close to Public Transport



Seaview



Mountain View



Raised Floor



Fitted-out



24-hour Air-conditioning

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Welcome

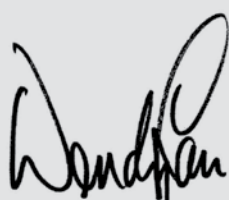
With the second quarter upon us, it marks a good point in time to measure the market's overall performance in the past quarter from an office leasing perspective.

Recent events in 1Q 2012 have given clear indications that the dark shadows cast by the gloomy global economy is still imposing threats to the local economy, with Grade A office rents on a decline since 4Q 2011.

Key themes observed from the past quarter such as the tight supply of quality Grade A office premises and the relocation of tenants from core areas to decentralised districts are anticipated to continue. Across the harbour and in non-core areas however, vacancy rates will decline due to decentralisation paving way for rents in these non-traditional sub-markets to remain resilient.

Looking forward, we expect the current rental correction to be shorter this time around as compared to previous downward cycles, as leasing growth from newcomers remained strong thus creating a balance to overall market demand. This is also backed by the current scenario in Central and Admiralty where demand is back on the rise, largely fuelled by an increase in interest from professional services firms and the SMEs of the financial sector, who remain aggressive in their hiring activities thus leading to expectations for rents to stabilise in the near future.

As always, we welcome feedback from you and hope that Moving Times is able to provide you with the best possible information as you navigate the property cycle.



Wendy Lau

Executive Director
Office Services | Hong Kong

(E-141423)



Fiona Ngan

General Manager
Office Services | Kowloon

(E-197789)

CENTRAL

ADMIRALTY

SHEUNG WAN

WAN CHAI

CAUSEWAY BAY

ISLAND EAST



Hong Kong Island



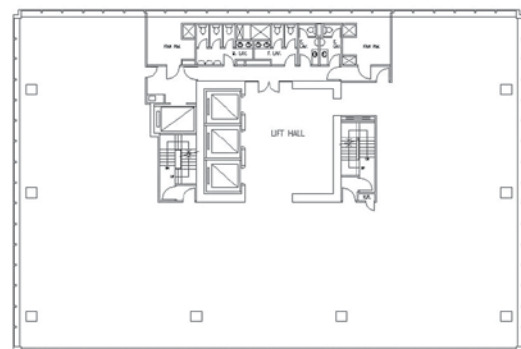
Special Stock

AON China Building

29 Queen's Road Central



- › Approx. area: from 1,551 to 18,500 sq ft gross
- › Located in the heart of core Central
- › Directly above the Central MTR station which is linked up with the Hong Kong Station of the Airport Express Line
- › Well served by all modes of public transportation
- › Modern shopping arcades, first class restaurants & five-star hotels in close vicinity
- › Immediately available



Typical floor plan
(For identification purpose only)



Office Services - Hong Kong

852 2822 0668
offices.hongkong@colliers.com

Special Stock

Building for Lease in Thriving North Point

King's Road

- › Approx. area: 9,000 – 20,000 sq ft gross
- › Full harbour view
- › Fully fitted
- › Close to North Point MTR station
- › Estimated achievable effective rent (HKD psf/m):
\$23.00 – \$24.00
- › Immediately available



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Special Stock

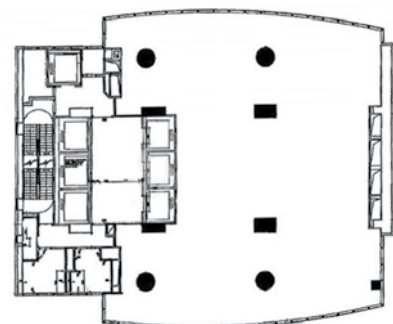
Core Central Office Building for Lease

Queen's Road Central

- › Approx. area: from 5,400 to 16,600 sq ft gross
- › Conveniently located in core Central
- › Well served by all modes of transportation
- › Raised floor system
- › Availability: 3Q 2012



Office Services - Hong Kong

852 2822 0668
offices.hongkong@colliers.comTypical floor plan
(For identification purpose only)

Sole Agent

Landmark Office Building in the Hub of Admiralty

Queensway



- › Surrender space
- › Approx. area: 4,225 to 15,000 sq ft lettable
- › Bare shell condition
- › 150mm (6") raised floor
- › 2.75m (9') clear floor to ceiling height
- › Dedicated 24-hour chilled water supply
- › Dual busduct risers & emergency power system
- › Immediately available



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Hot Listings

8 Wyndham Street

8 Wyndham Street



Approx. Area (sq ft)
1,793 - 5,929 (G)

Estimated Effective Rent
(HKD psf)
\$50 - \$68

50 Connaught Road Central

50 Connaught Road Central



Approx. Area (sq ft)
1,704 - 6,565 (L)

Estimated Effective Rent
(HKD psf)
\$88 - \$140

100 Queen's Road Central

100 Queen's Road Central



Approx. Area (sq ft)
2,160 - 12,354 (G)

Estimated Effective Rent
(HKD psf)
\$69 - \$75

AIA Central

1 Connaught Road Central



Approx. Area (sq ft)
7,001 - 40,107 (L)

Estimated Effective Rent
(HKD psf)
\$120 - \$130

Cheung Kong Center

2 Queen's Road Central



Approx. Area (sq ft)
3,552 - 130,587 (L)

Estimated Effective Rent
(HKD psf)
\$100 - \$120

Citibank Plaza - Citibank Tower

3 Garden Road



Approx. Area (sq ft)
1,870 - 62,548 (L)

Estimated Effective Rent
(HKD psf)
\$85 up

Citibank Plaza - ICBC Tower

3 Garden Road



Approx. Area (sq ft)
1,194 - 15,992 (L)

Estimated Effective Rent
(HKD psf)
\$85 up

CITIC Tower

1 Tim Mei Avenue



Approx. Area (sq ft)
3,844 - 52,313 (L)

Estimated Effective Rent
(HKD psf)
\$60 up

Estimated effective rent (HK\$ per sq ft) is calculated by deducting incentives for a 36-month term from the face rental and is NOT the landlord's quoted figure.

(G) = Gross (L) = Lettable (N) = Net

Office Services - Hong Kong

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Hot Listings

Entertainment Building

30 Queen's Road Central



Approx. Area (sq ft)
658 - 10,638 (L)

Estimated Effective Rent
(HKD psf)
\$62 - \$72

LHT Tower

31 Queen's Road Central



Approx. Area (sq ft)
2,141 - 5,842 (L)

Estimated Effective Rent
(HKD psf)
\$72 - \$95

Lippo Centre

89 Queensway



Approx. Area (sq ft)
870 - 17,764 (G)

Estimated Effective Rent
(HKD psf)
\$40 - \$60

Man Yee Building

60-68 Des Voeux Road Central



Approx. Area (sq ft)
1,466 - 36,478 (L)

Estimated Effective Rent
(HKD psf)
\$73 - \$85

Nan Fung Tower

84-86 Connaught Road Central



Approx. Area (sq ft)
1,093 - 18,163 (G)

Estimated Effective Rent
(HKD psf)
\$29 - \$38

One International Finance Centre

1 Harbour View Street



Approx. Area (sq ft)
2,543 - 19,854 (L)

Estimated Effective Rent
(HKD psf)
\$120 - \$140

Prosperity Tower

39 Queen's Road Central



Approx. Area (sq ft)
5,300 up (G)

Estimated Effective Rent
(HKD psf)
\$46 up

Two International Finance Centre

8 Finance Street



Approx. Area (sq ft)
4,026 - 45,962 (L)

Estimated Effective Rent
(HKD psf)
\$120 - \$160

Estimated effective rent (HK\$ per sq ft) is calculated by deducting incentives for a 36-month term from the face rental and is NOT the landlord's quoted figure.

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Office Services - Hong Kong

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Hot Listings

Grand Millennium Plaza, COSCO Tower

183 Queen's Road Central



Approx. Area (sq ft)
1,047 - 10,422 (G)

Estimated Effective Rent
(HKD psf)
\$39 up

One8One Queen's Road Central

181 Queen's Road Central



Approx. Area (sq ft)
3,061 - 5,105 (G)

Estimated Effective Rent
(HKD psf)
\$34 - \$39

Infinitus Plaza

199 Des Voeux Road Central



Approx. Area (sq ft)
2,007 - 23,798 (G)

Estimated Effective Rent
(HKD psf)
\$37 - \$48

ING Tower

308 Des Voeux Road Central



Approx. Area (sq ft)
969 - 2,840 (G)

Estimated Effective Rent
(HKD psf)
\$30 - \$35

The Center

99 Queen's Road Central



Approx. Area (sq ft)
1,620 - 30,570 (G)

Estimated Effective Rent
(HKD psf)
\$55 - \$76

the L. Place

139 Queen's Road Central



Approx. Area (sq ft)
4,113 - 4,186 (G)

Estimated Effective Rent
(HKD psf)
\$37 - \$40

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Office Services - Hong Kong

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Hot Listings

8 Queen's Road East

8 Queen's Road East

Approx. Area (sq ft)
3,930 up (L)

Estimated Effective Rent
(HKD psf)
Negotiable



28 Hennessy Road

28 Hennessy Road

Approx. Area (sq ft)
4,935 up (L)

Estimated Effective Rent
(HKD psf)
Negotiable



248 Queen's Road East

248 Queen's Road East

Approx. Area (sq ft)
1,749 - 6,652 (G)

Estimated Effective Rent
(HKD psf)
\$25 - \$29



China Resources Building

26 Harbour Road

Approx. Area (sq ft)
880 - 41,422 (L)

Estimated Effective Rent
(HKD psf)
\$45 - \$60



Dah Sing Financial Centre

108 Gloucester Road

Approx. Area (sq ft)
3,192 - 5,426 (L)

Estimated Effective Rent
(HKD psf)
\$57



Great Eagle Centre

23 Harbour Road

Approx. Area (sq ft)
1,515 - 8,200 (L)

Estimated Effective Rent
(HKD psf)
\$55 - \$68



Harbour Centre

25 Harbour Road

Approx. Area (sq ft)
1,200 - 15,929 (G)

Estimated Effective Rent
(HKD psf)
\$50 - \$65



Hopewell Centre

183 Queen's Road East

Approx. Area (sq ft)
966 - 4,852 (L)

Estimated Effective Rent
(HKD psf)
\$35



Shui On Centre

6-8 Harbour Road

Approx. Area (sq ft)
1,297 - 4,229 (G)

Estimated Effective Rent
(HKD psf)
\$38 - \$50



Sun Hung Kai Centre

30 Harbour Road

Approx. Area (sq ft)
3,191 - 14,826 (L)

Estimated Effective Rent
(HKD psf)
\$50 - \$58



Estimated effective rent (HK\$ per sq ft) is calculated by deducting incentives for a 36-month term from the face rental and is NOT the landlord's quoted figure.

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Office Services - Hong Kong

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Hot Listings

68 Yee Wo Street

68 Yee Wo Street



Approx. Area (sq ft)
1,407 - 6,940 (G)

Estimated Effective Rent
(HKD psf)
\$30 - \$32

Causeway Bay Plaza

489 Hennessy Road / 463 Lockhart Road



Approx. Area (sq ft)
1,000 - 5,291 (G)

Estimated Effective Rent
(HKD psf)
\$30 - \$35

Hysan Place

500 Hennessy Road



Approx. Area (sq ft)
16,000 up (L)

Estimated Effective Rent
(HKD psf)
\$60 - \$65

Leighton Centre

77 Leighton Road



Approx. Area (sq ft)
807 - 16,858 (L)

Estimated Effective Rent
(HKD psf)
\$30 - \$32

Sunning Plaza

10 Hysan Avenue



Approx. Area (sq ft)
2,651 - 15,906 (L)

Estimated Effective Rent
(HKD psf)
\$40

Times Square

1 Matheson Street



Approx. Area (sq ft)
1,410 - 19,510 (G)

Estimated Effective Rent
(HKD psf)
\$45 - \$58

Top Glory Tower

262 Gloucester Road



Approx. Area (sq ft)
1,728 - 6,352 (G)

Estimated Effective Rent
(HKD psf)
\$35 - \$42

Windsor House, ACE Tower

311 Gloucester Road



Approx. Area (sq ft)
1,197 - 13,385 (G)

Estimated Effective Rent
(HKD psf)
\$30 - \$38

Estimated effective rent (HK\$ per sq ft) is calculated by deducting incentives for a 36-month term from the face rental and is NOT the landlord's quoted figure.

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Office Services - Hong Kong

852 2822 0668

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Hot Listings

169 Electric Road

169 Electric Road



Approx. Area (sq ft)
1,570 - 10,226 (G)

Estimated Effective Rent
(HKD psf)
\$26 - \$29

1063 King's Road

1063 King's Road



Approx. Area (sq ft)
1,784 - 5,302 (L)

Estimated Effective Rent
(HKD psf)
\$32 - \$35

China United Centre

28 Marble Road



Approx. Area (sq ft)
10,963 - 21,926 (G)

Estimated Effective Rent
(HKD psf)
\$20

Citicorp Centre

18 Whitfield Road



Approx. Area (sq ft)
2,169 - 2,600 (G)

Estimated Effective Rent
(HKD psf)
\$23 - \$26

DCH Commercial Centre

25 Westlands Road



Approx. Area (sq ft)
2,339 - 20,737 (L)

Estimated Effective Rent
(HKD psf)
\$26 - \$32

Kerry Centre

683 King's Road



Approx. Area (sq ft)
6,748 - 33,734 (L)

Estimated Effective Rent
(HKD psf)
\$33 - \$38

Prosperity Millennia Plaza

683 King's Road



Approx. Area (sq ft)
567 - 2,333 (G)

Estimated Effective Rent
(HKD psf)
\$20 - \$26

Best Building in Island East

Island East



Approx. Area (sq ft)
3,543 - 85,744 (L)

Estimated Effective Rent
(HKD psf)
\$50 - \$62

Estimated effective rent (HK\$ per sq ft) is calculated by deducting incentives for a 36-month term from the face rental and is NOT the landlord's quoted figure.

(G) = Gross (L) = Lettable (N) = Net

Office Services - Hong Kong

852 2822 0668

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Recent Leasing Transactions

CENTRAL / ADMIRALTY

Building	Approx Area (sq ft)	Deal Type	Business Nature of Tenant	Monthly Face Rent (HKD psf)
50 Connaught Road Central	6,600 (L)	New Lease	Banking & Finance	\$135.00
8 Queen's Road Central	3,000 (L)	Renewal	Banking & Finance	\$88.00
8 Wyndham Street	3,600 (G)	New Lease	Banking & Finance	\$65.00
AON China Building	9,400 (G)	Renewal	Organization	\$62.00
Entertainment Building	2,300 (L)	Renewal	Beauty	\$60.00
Henley Building	2,700 (L)	New Lease	Banking & Finance	\$74.00
Kinwick Centre	6,100 (G)	New Lease	Banking & Finance	\$37.00
LHT Tower	5,400 (L)	New Lease	Banking & Finance	\$75.00
LHT Tower	5,400 (L)	New Lease	Banking & Finance	\$76.00
LHT Tower	5,700 (L)	New Lease	Electronic Products	\$92.00
Li Po Chun Chambers	19,100 (L)	New Lease	Banking & Finance	\$75.00
The Center	10,200 (G)	Renewal	Natural Resources	\$78.00
Two IFC	3,600 (L)	New Lease	Trading	\$158.00
United Centre	6,200 (G)	New Lease	Legal	\$44.00
World-Wide House	3,300 (G)	Renewal	Medical & Health	\$58.00
World-Wide House	10,400 (G)	New Lease	Banking & Finance	\$55.00

WAN CHAI

Building	Approx Area (sq ft)	Deal Type	Business Nature of Tenant	Monthly Face Rent (HKD psf)
248 Queen's Road East	7,200 (G)	New Lease	Transportation & Logistics	\$28.00
Convention Plaza, Office Tower	2,700 (G)	New Lease	Trading	\$51.00
Dah Sing Financial Centre	10,200 (L)	Renewal	Trading	\$58.00
Fortis Tower	6,400 (G)	New Lease	Hardware	\$35.00
Great Eagle Centre	4,900 (G)	New Lease	Banking & Finance	\$70.00
Harbour Centre	14,100 (G)	Renewal	Natural Resources	\$57.00
Sun Hung Kai Centre	1,900 (L)	Renewal	Legal	\$55.00
The Hennessy	3,500 (G)	Renewal	I.T.	\$32.00
The Hennessy	3,500 (G)	Renewal	Management Consulting	\$30.00

ISLAND EAST

Building	Approx Area (sq ft)	Deal Type	Business Nature of Tenant	Monthly Face Rent (HKD psf)
625 King's Road	5,700 (G)	New Lease	Medical & Health	\$25.00
625 King's Road	7,900 (G)	Renewal	Medical & Health	\$25.00
633 King's Road	10,000 (G)	New Lease	Organization	\$20.00
AIA Tower	1,000 (L)	New Lease	Pharmaceutical	\$33.00
AIA Tower	1,800 (L)	New Lease	Banking & Finance	\$39.00
Stanhope House	15,800 (G)	New Lease	Government Department	\$23.50

TSIM SHA TSUI

Building	Approx Area (sq ft)	Deal Type	Business Nature of Tenant	Monthly Face Rent (HKD psf)
International Commerce Centre (ICC)	9,100 (G)	New Lease	Banking & Finance	\$72.00

(G) = Gross (L) = Lettable (N) = Net



KWAI CHUNG

KWUN TONG

HUNG HOM

MONG KOK

SAN PO KONG

TSIM SHA TSUI

TSUEN WAN

Kowloon

Sole Agent

Millennium City 3

370 Kwun Tong Road, Kwun Tong



- › Approx. area: 8,140 sq ft
- › 3 minutes walking distance to Ngau Tau Kok MTR station
- › Whole floor available
- › Sun Hung Kai development



Murphy Chung (E-216220)

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Glory Fock (S-304603)

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Sole Agent

Nina Tower

8 Yeung Uk Road, Tsuen Wan

TSUEN WAN



- > Approx. area: 7,554 – 21,000 sq ft
- > Full seaview
- > Whole floor available
- > 3 minutes walking distance to Tsuen Wan West MTR station & bus terminus
- > 3-in-1 complex development with office, shopping mall & hotel



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Joint Sole Agent

Nanyang Plaza

57 Hung To Road, Kwun Tong



- › Approx. area: 1,700 - 10,541 sq ft
- › High quality industrial / office building
- › Good accessibility and within 7 minutes walking distance to Kwun Tong MTR station
- › Close to F&B, banking and other facilities



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Hot Listings

AIA Financial Centre

712 Prince Edward Road East, San Po Kong



- > Approx. area: 3,075 - 11,000 sq ft
- > Brand new office completed in 2009
- > Panoramic seaview
- > Highly efficient floor plan
- > Shuttle bus services to Diamond Hill MTR station



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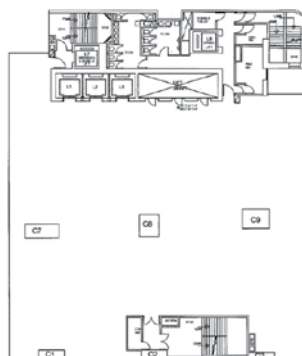
Hot Listings



One Pacific Centre

414 Kwun Tong Road, Kwun Tong

- > Approx. area: 9,000 sq ft
- > 2 minutes walking distance to Kwun Tong MTR station
- > Proposed footbridge linkage to APM shopping mall
- > Scheduled for completion in Q3 2012
- > Sub-divisible

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Ivan Wong (E-241525)

852 2117 3308

ivan.wong@colliers.com

Hot Listings



Paul Y Centre

51 Hung To Road, Kwun Tong

- > Approx. area: 900 – 16,000 sq ft
- > Multiple whole floors available
- > 7 minutes walking distance to Kwun Tong MTR station
- > Close to F&B, banking and other facilities

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Ivan Wong (E-241525)

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Hot Listings

One Kowloon

1 Wang Yuen Street, Kowloon Bay

- > Approx. area: 16,096 – 23,235 sq ft
- > Close to MTR station
- > High efficient floor plan
- > Close to Megabox shopping mall



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Wang Cheung (E-242098)
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KOWLOON BAY

Hot Listings

Metroplaza Tower 1

223 Hing Fong Road, Kwai Fong

- > Approx. area: 746 – 15,000 sq ft
- > Multiple whole floors available
- > Direct bridge linkage to Kwai Fong MTR station
- > In-house shopping centre
- > Open view



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KWAI FONG

Hot Listings

Exchange Tower

33 Wang Chiu Road, Kowloon Bay



Approx. Area (sq ft)
1,000 – 26,000

Estimated Effective Rent
(HKD psf)
\$22 – \$25

King Palace Plaza

55 King Yip Street, Kwun Tong



Approx. Area (sq ft)
12,600

Estimated Effective Rent
(HKD psf)
\$23 – \$27

KITEC

1 Trademark Drive, Kowloon Bay



Approx. Area (sq ft)
1,300 – 27,000

Estimated Effective Rent
(HKD psf)
\$14 – \$16

Kwun Tong View

410 Kwun Tong Road, Kwun Tong



Approx. Area (sq ft)
6,779 – 13,558

Estimated Effective Rent
(HKD psf)
\$20 – \$22

Legend Tower

7 Shing Yip Street, Kwun Tong



Approx. Area (sq ft)
2,400 – 17,000

Estimated Effective Rent
(HKD psf)
\$20 – \$26

Manhattan Place

23 Wang Kwong Road, Kowloon Bay



Approx. Area (sq ft)
8,000

Estimated Effective Rent
(HKD psf)
\$30 – \$32

Manulife Financial Centre

223-231 Wai Yip Street, Kwun Tong



Approx. Area (sq ft)
1,700 – 11,000

Estimated Effective Rent
(HKD psf)
\$23 – \$25

MG Tower

133 Hoi Bun Road, Kwun Tong



Approx. Area (sq ft)
1,400 – 12,000

Estimated Effective Rent
(HKD psf)
\$15 – \$20

Estimated effective rent (HK\$ per sq ft) is calculated by deducting incentives for a 36-month term from the face rental and is NOT the landlord's quoted figure.

(G) = Gross (L) = Lettable (N) = Net

Office Services - Kowloon

852 2117 3300

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Hot Listings

Millennium City 1

388 Kwun Tong Road, Kwun Tong



Approx. Area (sq ft)
1,000 – 4,000

Estimated Effective Rent
(HKD psf)
\$23 – \$26

Millennium City 6

392 Kwun Tong Road, Kwun Tong



Approx. Area (sq ft)
3,370 – 17,000

Estimated Effective Rent
(HKD psf)
\$26 – \$28

Octa Tower

8 Lam Chak Street, Kowloon Bay



Approx. Area (sq ft)
11,900 – 35,500

Estimated Effective Rent
(HKD psf)
\$14 – \$18

Skyline Tower

39 Wang Kwong Road, Kowloon Bay



Approx. Area (sq ft)
1,400 – 28,300

Estimated Effective Rent
(HKD psf)
\$15 – \$17

Texwood Plaza

6 How Ming Street, Kwun Tong



Approx. Area (sq ft)
750 – 11,000

Estimated Effective Rent
(HKD psf)
\$8 – \$9

Two Landmark East & AXA Tower

100-102 How Ming Street, Kwun Tong



Approx. Area (sq ft)
4,300 – 15,000

Estimated Effective Rent
(HKD psf)
\$25 – \$33

Westley Square

48 Hoi Yuen Road, Kwun Tong



Approx. Area (sq ft)
1,700 – 13,000

Estimated Effective Rent
(HKD psf)
\$12 – \$14

Yen Sheng Centre

64 Hoi Yuen Road, Kwun Tong



Approx. Area (sq ft)
1,700 – 10,000

Estimated Effective Rent
(HKD psf)
\$14 – \$16

Estimated effective rent (HK\$ per sq ft) is calculated by deducting incentives for a 36-month term from the face rental and is NOT the landlord's quoted figure.

(G) = Gross (L) = Lettable (N) = Net

Office Services - Kowloon

852 2117 3300

offices.kowloon@colliers.com

Hot Listings

1 Chatham Road South

1 Chatham Road South,
Tsim Sha Tsui



Approx. Area (sq ft)
4,006 (G)

Estimated Effective Rent (HKD psf)
\$21 - \$23

China Hong Kong City

33 Canton Road,
Tsim Sha Tsui



Approx. Area (sq ft)
1,300 - 10,000

Estimated Effective Rent (HKD psf)
\$25- \$28

China Minmetals Tower

79 Chatham Road South,
Tsim Sha Tsui



Approx. Area (sq ft)
1,181 - 5,793

Estimated Effective Rent (HKD psf)
\$25 - \$26

Chinachem Golden Plaza

77 Mody Road,
Tsim Sha Tsui



Approx. Area (sq ft)
1,300 - 22,890

Estimated Effective Rent (HKD psf)
\$25 - \$27

Harbour City Old Block

5-17 Canton Road,
Tsim Sha Tsui



Approx. Area (sq ft)
1,000 - 18,000

Estimated Effective Rent (HKD psf)
\$29 - \$35

Kowloon Centre

29-43 Ashley Road,
Tsim Sha Tsui



Approx. Area (sq ft)
2,000 - 9,300

Estimated Effective Rent (HKD psf)
\$22 - \$24

Miramar Tower

1-23 Kimberley Road,
Tsim Sha Tsui



Approx. Area (sq ft)
800 - 10,000

Estimated Effective Rent (HKD psf)
\$36 - \$43

The Gateway Tower 1-2

25 Canton Road,
Tsim Sha Tsui



Approx. Area (sq ft)
2,000 - 18,000

Estimated Effective Rent (HKD psf)
\$38 - \$47

The Gateway Tower 3-6

9-21 Canton Road,
Tsim Sha Tsui



Approx. Area (sq ft)
1,600 - 10,000

Estimated Effective Rent (HKD psf)
\$40 - \$55

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Hot Listings

9 Wing Hong Street

9 Wing Hong Street, Cheung Sha Wan



Approx. Area (sq ft)
1,000 – 9,500

Estimated Effective Rent
(HKD psf)
\$14 – \$17

909 Cheung Sha Wan

909 Cheung Sha Wan Road, Cheung Sha Wan



Approx. Area (sq ft)
1,200 – 2,900

Estimated Effective Rent
(HKD psf)
\$25 – \$27

Cheung Sha Wan Plaza

833 Cheung Sha Wan Road, Cheung Sha Wan



Approx. Area (sq ft)
1,000 – 7,400

Estimated Effective Rent
(HKD psf)
\$13 – \$15

Ever Gain Plaza

88 Container Port Road, Kwai Chung



Approx. Area (sq ft)
2,200 – 20,000

Estimated Effective Rent
(HKD psf)
\$14 – \$16

Excel Centre

483A Castle Peak Road, Cheung Sha Wan



Approx. Area (sq ft)
5,900

Estimated Effective Rent
(HKD psf)
\$18 – \$21

Kowloon Commerce Centre

51-53 Kwai Cheong Road, Kwai Chung



Approx. Area (sq ft)
1,400 – 18,305

Estimated Effective Rent
(HKD psf)
\$24 – \$26

Laws Commercial Plaza

788 Cheung Sha Wan Road, Cheung Sha Wan



Approx. Area (sq ft)
1,600 – 7,700

Estimated Effective Rent
(HKD psf)
\$16 – \$18

Manhattan Centre

8 Kwai Cheong Road, Kwai Chung



Approx. Area (sq ft)
1,200 – 15,800

Estimated Effective Rent
(HKD psf)
\$12 – \$14

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Office Services - Kowloon

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Hot Listings

Langham Place

8 Argyle Street, Mong Kok



Approx. Area (sq ft)
1,300 - 17,000

Estimated Effective Rent
(HKD psf)
\$33 - \$45

Pioneer Centre

750 Nathan Road, Mong Kok



Approx. Area (sq ft)
1,000 - 23,000

Estimated Effective Rent
(HKD psf)
\$33 - \$35

Grand Century Place

193 Prince Edward Road West, Mong Kok



Approx. Area (sq ft)
1,200 - 21,000

Estimated Effective Rent
(HKD psf)
\$31 - \$33

Grand Central Plaza

138 Sha Tin Rural Committee Road, Sha Tin



Approx. Area (sq ft)
1,200 - 4,400

Estimated Effective Rent
(HKD psf)
\$24 - \$26

Skyway House

3 Sham Mong Road, Tai Kok Tsui



Approx. Area (sq ft)
16,000

Estimated Effective Rent
(HKD psf)
\$14 - \$15

Stelux House

698 Prince Edward Road East, San Po Kong



Approx. Area (sq ft)
1,800 - 6,000

Estimated Effective Rent
(HKD psf)
\$11 - \$14

The Harbourfront

18-22 Tak Fung Street, Hung Hom



Approx. Area (sq ft)
1,400 - 10,400

Estimated Effective Rent
(HKD psf)
\$22 - \$24

The Metropolis Tower

10 Metropolis Drive, Hung Hom



Approx. Area (sq ft)
850 - 20,000 (G)

Estimated Effective Rent
(HKD psf)
\$32 - \$35

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Recent Leasing Transactions

TSIM SHA TSUI

Building	Approx Area (sq ft)	Deal Type	Business Nature of Tenant	Monthly Effective Rent (HKD psf)
China Hong Kong City Tower 3	7,348 (G)	New Letting	Sourcing	\$25.00
The Gateway Prudential Tower	8,200 (G)	New Letting	Others	\$54.00
The Gateway Tower 2	17,909 (G)	New Letting	Banking and Finance	\$44.00
The Gateway Tower 1	2,003 (G)	New Letting	Others	\$35.00
Ocean Centre	1,787 (G)	New Letting	Sourcing	\$33.00

KOWLOON EAST

Building	Approx Area (sq ft)	Deal Type	Business Nature of Tenant	Monthly Effective Rent (HKD psf)
Millennium City 1	9,584 (G)	New Letting	Shipping / Logistics	\$25.00
Octa Tower	11,900 (G)	New Letting	Sourcing	\$16.00
Manulife Financial Centre	4,994 (G)	New Letting	Others	\$24.80
Two Landmark East	19,821 (G)	Renewal	Garment	\$27.00
Manhattan Place	10,170 (G)	New Letting	Garment	\$27.00

KOWLOON WEST

Building	Approx Area (sq ft)	Deal Type	Business Nature of Tenant	Monthly Effective Rent (HKD psf)
Cheung Sha Wan Plaza 2	14,065 (G)	Renew	Manufacturing	\$12.00
Ever Gain Plaza Tower 2	2,072 (G)	New Letting	Others	\$15.50
Metroplaza Tower 1	5,953 (G)	Renew	Shipping / Logistics	\$25.00
Metroplaza Tower 2	10,095 (G)	New Letting	Shipping / Logistics	\$20.50
Manhattan Centre	15,815 (G)	New Letting	Others	\$12.00

OTHERS

Building	Approx Area (sq ft)	Deal Type	Business Nature of Tenant	Monthly Effective Rent (HKD psf)
Langham Place	10,073 (G)	New Letting	Consumer Products	\$37.00
Grand Century Place	21,116 (G)	New Letting	Others	\$25.50
Grand Central Plaza	1,089 (G)	New Letting	Others	\$27.00

(G) = Gross (L) = Lettable (N) = Net

HONG KONG'S

Heart BEAT

Is the tipping point closer than we think?

The unresolved Eurozone debt crisis which has plagued the global economy continues to cast a dampener over Hong Kong effectively affecting Grade A office leasing demand during the quarter. The overall take-up witnessed its first quarterly contraction since 3Q 2009, declining from 70,249 sq ft in 4Q 2011 to -38,854 sq ft in 1Q 2012. The slowdown was most noticeable in Central, where net take up deteriorated from -73,570 sq ft in 4Q 2011 to -228,373 sq ft in 1Q 2012 due to softened leasing demand from the banking and finance industries. Elsewhere in Island East and Tsim Sha Tsui, a negative net take-up was also tracked, releasing 28,000 sq ft and 60,500 sq ft of office stock to the Grade A office market respectively.

“New set ups from Asia continued to show strong interest in starting their business in Hong Kong”

In contrast, Wan Chai and Causeway Bay recorded strong net take-up, from 6,300 sq ft in the preceding quarter to 82,000 sq ft in 1Q 2012 as with Kowloon East which surged to 463,000 sq ft due to continued demand from tenant relocation.

NEW SET UPS ARE THE SAVING GRACE

Even against a gloomy economic backdrop, new set ups such as private equities, small hedge funds, property companies, banking and financial firms from Asia continued to show strong interest in starting their business in Hong Kong. This proved to be the saving grace for leasing demand in 1Q 2012 although in totality, overall leasing demand still experienced a softening as a bulk of companies have put their business expansion plans on hold or have downsized their current office space.

LACK OF LARGE OFFICE SPACE DETERS RELOCATION

As business conditions continued along bumpy paths, more and more tenants have chosen to relocate from Central / Admiralty to other sub-districts in an effort to save costs. However, tenants specifically looking to relocate to Wan Chai / Causeway Bay or across the harbour to Tsim Sha Tsui or Kowloon East encountered challenges in securing office premises larger than 100,000 sq ft, as supply for office stock of such size was extremely tight in those districts.

NEW OFFICE BUILDINGS DOES LITTLE TO EASE TIGHT SUPPLY SITUATION

Even with the additional net office floor area of over 237,000 sq ft provided by Hysan Place, the new building on the block in Causeway Bay, and the redevelopment of The Ritz-Carlton and 414 Kwun Tong Road - projected to be completed in 2Q 2012 - overall supply of Grade A office remains tight in 2012 at about 52% below the long-term average of 2.2 million sq ft.

Hysan Place, Causeway Bay



Supply situation of Grade A office in 2013 also shows no improvement, as the projected volume of new office supply will largely depend on the successful completion of six Grade A office buildings - four located in the sub-district of Kowloon East - which makes up 60% of the total stock. The four projects are 181 Hoi Bun Road (262,650 sq ft net), 135-137 Hoi Bun Road (189,765 sq ft net), 6 Wang Kwong Road (224,645 sq ft net) and 10 Shing Yip Street (209,368 sq ft net).



135-137 Hoi Bun Road,
Kowloon East

414 Kwun Tong Road,
Kowloon East



CBD²



Source: CEDD, HKSAR Government

“ The overall Grade A office rent is forecast to undergo an 8% downward correction over the next 12 months ”

SUPPLY IN 2014 AND BEYOND

Looking forward to 2014, there will be extremely limited new Grade A office stock to be released to the private office market – only 572,019 sq ft of net floor area – which is significantly lower than the volume of new supply in 2012 and 2013.

Beyond 2014, four redevelopment projects – the existing Hutchison House, Crawford House, Prince's Building as well as Manning House in Central – will provide a total net floor area of about 1.3 million sq ft. Considering the government's initiative to transform Kowloon East and the former Kai Tak Airport into the city's second CBD, the quantity of office stock in Kowloon East will continue to increase. Potential new supply in Kowloon East will include 6 development projects with a combined total floor area of 3.5 million sq ft.

VACANCY HITS HISTORICAL AVERAGE OF 5% IN 1Q 2012

Consistent with our prediction in the last issue, the overall vacancy rate of Grade A office buildings was virtually 5% in 1Q 2012, a movement of 40 basis points from 4.6% in 4Q 2011 to the historical average of 5%. Along with the considerable decrease in net take-up, Central, Island East and Tsim Sha Tsui reported increases in vacancy rates, while the sub-markets of Sheung Wan, Wan Chai / Causeway Bay and Kowloon East saw falling vacancy rates due to the relocation of cost-sensitive tenants.

For the remaining of 2012, vacancy rates in Central / Admiralty are projected to rise further, as concerns still abound on the fate of the global economy. Office tenants, especially those from the banking and finance sector, see ongoing pressure to reduce their office size commitment upon lease expiry or opt

for lease surrender. However, the relocation of cost-sensitive tenants to less costly districts will push vacancy rates down in non-core districts, thus stabilising the overall market performance. Average vacancy rate for the first half of 2012 is projected to hover around 5%.

CENTRAL RENTS TOOK THE HARDEST HIT

In line with the current antagonistic outlook, Hong Kong's Grade A office rents saw another quarter of negative growth, dropping 5.5% QoQ in 1Q 2012 after falling 0.4% QoQ in 4Q 2011. Grade A office rental growth in Central saw the deepest deceleration in 1Q 2012, falling from -0.4% in 4Q 2011 to -8.9% in 1Q 2012.

At the same time, top-tier office buildings in Central experienced increasing downward pressure on rents, as tenants failed to justify the wide gap between premium rents and their allocated budgets. This led to more flexibility in rent negotiations from landlords although there remains a small percentage of landlords who kept their asking rents, especially for Grade A office buildings where vacancy rates were low.

Elsewhere in Wan Chai / Causeway Bay and Island East, rents also fell 2.8% QoQ and 3.7% QoQ respectively in 1Q 2012. Even Kowloon East with all its extra edge was not spared the rental growth decline, tapering from 4.8% QoQ in 4Q 2011 to 0.6% QoQ in 1Q 2012.

Amidst all these dwindling growth, the sub-district of Tsim Sha Tsui emerged as the only district that displayed rising rental growth, albeit at a slow rate.

RENTAL FORECAST

Gripped by growing concerns over the external environment, the local office market is predicted to undergo a cyclical downturn in 2012, with rents in Central expected to stage further downward adjustment over the next 12 months because of a further decrease in the rental affordability of financial sector tenants.

However, according to our research, the anticipated continuation of tenant relocation from Central / Admiralty to decentralised sub-markets and the projected limited supply of Grade A office stock would add a slight stabilisation to the overall Grade A office rental performance. With this in mind, the overall Grade A office rent is forecast to undergo an 8% downward correction over the next 12 months.



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