HONG KONG
PROPERTY NEWS AND VIEWS

January 2005

OFFICE SERVICES

2005 - Outlook

◎The dominant factor in the marketing of core Central office space in 2005 will be supply or more specifically, the lack of it. With AIG Tower being the only new space to hit the market in 2005 and the continuing appetite for space currently witnessed in the market we will see further upward pressure on rentals. The battle for space in Central will also have a significant effect on decentralised markets. Central tenants being squeezed out by price and/or lack of available options will look to Admiralty/Wan Chai and Island East for their office space requirements.

Supply ↔
Rent ↑
Demand ↑
Vacancy ↓

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RESIDENTIAL SERVICES

erba to be Released in February

◎Although the leasing market was generally quiet in the post-Christmas period, we have witnessed greater-than-usual activity from tenants looking to secure properties within the coming months. Interest has been generated by new arrivals as well as existing tenants looking to relocate. The serviced apartment sector remains very active with most developments recording high levels of occupancy, and rentals appearing to be set to increase. erba, an exciting new development from the creators of ovolo will be released in February; it enjoys the advantage of being centrally located and featuring both studios and one-bedroom apartments with rentals starting from just $15,000 per month.

Supply ↔
Rent ↔
Demand ↔
Vacancy ↔

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RETAIL SERVICES

Retailers Generate Unseasonable January Heat

◎The retail property market was vibrant in January, despite this traditionally being the quiet month for leasing activities. This was reflected in the level of keenness generated in the market in response to the potential release of hot stock. In an example of this heightened level of interest, many landlords in Parklane Shopper's Boulevard put their premises onto the market six months prior to the actual expiration of the leases in order to test retailer reaction so as to achieve the best possible terms given the present buoyancy of market conditions. The responses from retailers were generally very quick and positive. Shop G23, Site D of Parklane, currently occupied by Levi's, has been leased.

Supply ↔
Rent ↑
Demand ↑
Vacancy ↓

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CBRE
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INDUSTRIAL & LOGISTICS SERVICES

Industrial Market Kicks Off 2005 on Bullish Note

◎Stepping into 2005, each sub-sector in the industrial market is still showing signs of bullishness. In the warehouse segment, the vacancy rate along Container Port Road is below 2% with MTL fully let, while only two units in HIDC and a few small modules in ATL lying vacant. In the I/O segment, the average price of subdivided units at Prosperity Centre in Kwun Tong has been raised from $2,500 to $2,700 per sq ft gross, which is close to the price of decentralised offices. In the industrial sales market, G/F-6/F of Hung Hsin Factory Building in Cheung Sha Wan was sold for $40 million.

Supply ↓
Rent ↑
Demand ↑
Vacancy ↓

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INVESTMENT PROPERTIES

Industrial Sales Demand Remained Strong

◎CB Richard Ellis concluded the sale of Tin's Plaza, No. 2 Tin Hau Road, Tuen Mun, for over $280 million in January. Located next to the KCR West Rail Tuen Mun Station, Tin's Plaza has a gross area of more than 1.3 million sq ft, half of which is now occupied by electronic warehouse users. "Following the sale of Global Gateway (lower portion) at $750 million in December 2004, the transaction of Tin's Plaza in January 2005 signified a continuation of the previously established trend of strong demand for industrial properties " said Mr. Tony Ng, Director of Investment Properties, CB Richard Ellis.

Capital Values ↑
Demand ↑

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INVESTMENT & PROJECT MARKETING

Outlook Bright for Strata-title Offices

◎Market sentiment in the commercial sector remained positive in January as rents continued to head north. Shun Tak Centre recorded a transaction price of around $7,000 per sq ft gross. Meanwhile, transactions in Lippo Centre stayed active with prices ranging from $7,500 to $9,000 per sq ft gross. CB Richard Ellis concluded the sale of 38/F, Lippo Centre Tower 1 for a consideration of $126 million.

Capital Values ↑
Demand ↑

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