

HONG KONG

PROPERTY NEWS AND VIEWS



February 2005

OFFICE SERVICES

Central Continues Rise

© The big news in February saw reports that Central's biggest commercial landlord, Hongkong Land, has agreed terms with a financial services tenant for the last remaining single floor of approximately 18,000 sq ft in Chater House. In a signal that bodes very well for Central's largest commercial landlord, as well as other players in the territory's financial hub, the deal is understood to have been struck at a very impressive face rental of \$60 per sq ft net.

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RESIDENTIAL SERVICES

Back to Business after Holidays

© With the traditionally quiet Christmas and western new year already a distant memory, the start to the Year of the Rooster in early February saw Hong Kong's residential leasing market head into a busier period. Demand was seen high within the period, stemming from both new arrivals who had postponed coming to Hong Kong until after Chinese New Year and from internal relocations following the holiday period. Supply is on the slide as existing units are being taken up and no new luxury developments being released to the market for lease. The sales market continued to be busy and attracted first time purchasers in developments that provide attractive mortgage rates.

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RETAIL SERVICES

Auspicious Rooster Off to a Plucky Start

© Retail sentiment started off with a bang in the Year of the Rooster as shoppers from overseas and the mainland flocked to the city to celebrate the new year. Hong Kong's retail revolution was seen continuing in February with many retailers registering double-digit retail sales growth in the period. Key shopping centres have put on traditional Chinese New Year performances to lure shoppers. Langham Place had their grand opening this month and foot traffic has been on the up. In leasing transactions, cosmetics retailer, Red Earth leased a G/F shop of about 500 sq ft at Hong Kong Mansion in Causeway Bay, while Carlson Watch leased the highly centralised, prime G/F shop of about 1,100 sq ft currently occupied by 3G in Aon China Building on Queen's Road Central.

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INDUSTRIAL & LOGISTICS SERVICES

Industrial Market on Ice in February

© While some real estate segments saw a return to heightened activity levels following Chinese New Year, the industrial market maintained a more subdued state, impacted by the Lunar New Year holidays. However, two industrial buildings were transacted en bloc in February, including No. 68 How Ming Street in Kwun Tong with a total GFA of 41,000 sq ft gross which was sold for \$641 per sq ft gross, and No. 119 Wo Yi Hop Road in Kwai Chung with a total GFA of 158,040 sq ft gross, which was sold with tenancies for over \$500 per sq ft gross.

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INVESTMENT PROPERTIES

Auction Fever Continues

© Hong Kong's first land auction for a commercial site in over three years was held at the end of February reflecting the bullish outlook of developers in the territory. Sino Land won the February 22 auction with an unexpectedly high bid of three times the reserve price. The forecast-breaking commercial site in Kowloon Bay fell under the hammer at a closing bid of \$1.82 billion, equivalent to an accommodation value of just under \$3,000 per sq ft. Developers are keen to build up their land banks under a record-low interest rate environment and historically high liquidity levels in both finance and equity markets, particularly as it is uncertain when the next auction will be held.


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INVESTMENT & PROJECT MARKETING

Investor Confidence Up on Auction

© Office capital values were up following the government land auction which acted as a clear indication of the level of confidence prevalent in the market. CBRE concluded the sale of 6/F Wing On Plaza for a consideration of \$150 million with a unit rate equivalent to \$6,850 per sq ft gross. In overseas projects, CBRE has been appointed by Sentosa Cove Development Corporation (a Singapore quasi-government entity) to market land parcels at Sentosa Cove. Sales exhibitions will be held in Hong Kong during 18th-20th March at the Ritz-Carlton Hotel.

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