

# HONG KONG

## PROPERTY NEWS AND VIEWS



June 2005

### OFFICE SERVICES

#### ***Sustained Demand Drive Rents Upwards***

© Sustained demand for prime Grade A space in Central continues to drive rents upwards as financial institutions in particular, bring expansion plans forward in order to secure growth space. An increase in new market entrants has also contributed to this price push as face rents now exceed of \$70 psf lettable in prime buildings. AIG Tower has recently announced the signing of two major tenants, Bank of Tokyo-Mitsubishi and The Royal Bank of Scotland, taking the building's commitment level over 80% with further announcements expected shortly.

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### RESIDENTIAL SERVICES

#### ***Four Seasons Hits Market***

© With the approach of the summer holidays, demand for luxury residential properties remains active. Most activity is derived from internal relocation with existing tenants hoping to move in to a new place before leaving for the summer holidays and new arrivals in search for a home before the new school term starts in August. For new developments, suites at Four Seasons Place are now available for lease. Asking rentals for studios range from \$27,600 per month and up; one bedroom suites move from \$43,300 per month and up; and two bedroom suites start at \$66,300 per month.

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### RETAIL SERVICES

#### ***Cosmetic Shops Strive for Good Locations***

© Cosmetic chain stores leased prime street shops aggressively in June. Sa Sa cosmetics committed on Sai Yeung Choi Street with 60% rental increment when compared with the previous restaurant lease. Meanwhile, a Korean skin-care retailer leased a street shop at the junction of Argyle Street and Sai Yeung Choi Street at the monthly rate of 140% higher than the ex-tenant. The trend is expected to continue throughout the year, particularly in trades popular with tourists. The opening of Disneyland in third and fourth quarters will further reinforce this upward trend.

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Supply ↓

Rent ↑

Demand ↑

Vacancy ↓

Supply ↓

Rent ↑

Demand ↑

Vacancy ↓

Supply ↔

Rent ↑

Demand ↑

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CB RICHARD ELLIS  
世邦魏理仕

## **INDUSTRIAL & LOGISTICS SERVICES**

### ***Warehouse Purchases Intensified by Foreign Capital***

© On the back of the booming logistics industry, increasing container throughput and historic low vacancy of godowns along Container Port Road, warehouse transactions intensified in June despite several rate hikes as players endeavoured to cash in on the hot sector. Transactions included Hutchison's sale of 20% of HIT and 10% of Cosco-HIT to PortCapital Ltd for a consideration of \$7.2 billion. In addition, the Evagain portfolio, consisting of approximately 700,000 sf gross in Shatin and Tsuen Wan was sold to Mapletree for \$745 million.

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## **INVESTMENT PROPERTIES**

### ***Tight supply Vs Rising Interest Rate***

© To a certain extent, the rising interest rate cycle has acted to dampen market sentiment despite the positive surrounding economic environment. Nevertheless, the tight land supply has maintained developers' keen interest in building up land banks, especially in the acquisition of developable land from individual owners. Within June CB Richard Ellis arranged a public tender of No. 116 Waterloo Road, which was closed on the 29<sup>th</sup> of the month. The site has an area close to 8,000 sf zoned for residential (Group B) purposes, allowing a residential plot ratio of 5. Such opportunities are comparatively attractive to local developers.

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## **INVESTMENT & PROJECT MARKETING**

### ***Sustained Investor's Confidence - En Bloc Office Transactions***

© Although there was a slight rise in interest rate, market sentiment in the commercial sector remained strong as evident in various en bloc and strata-title office transactions, which include Vicwood Plaza of about 400,000 sf sold at \$2.4 billion, the Bank of East Asia Harbour View Centre (about 114,000 sf) for \$529 million, 46/F of Far East Finance Centre (about 10,800 sf) for \$140 million and 36/F-37/F of Wu Chung House (about 50,000 sf) for \$207 million. CBRE has been appointed as the Sole Agent to dispose of the whole of 14/F, Bank of America by Public Tender. The property was well-received as the availability of whole-floor, sea view office for sale in Core Central is very limited.

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Supply ↓

Rent ↑

Demand ↑

Vacancy ↓

Capital Values ↑

Demand ↑

Capital Values ↑

Demand ↑

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