

The Office

A review of the Hong Kong office market

The chronic lack of supply in the prime Central Business District continues to distort rental levels, which have been boosted by scarcity value and allows landlords to take advantage of the limited alternative options available.

Prime rate now surpass the previous high in 2008 prior to global crash

Go to page 7 for full [market forecast](#)

Most Recent Clients

Able Fine Investment Chung Nam Building
Acerinox Pacific Austin Plaza
Avaloq HK Ltd Hip Shing Hong Centre
Captiare Ltd On Hing Building
Cosmos Shipping Kwi Hung Holdings Centre

First Page Ltd 69 Jervois Street
Fluid HK Ltd / PCCW East Town Building
Meltwater News HK Ltd AIA Tower
Redhorse Holdings Millennium City
Sedona Hong Kong Limited 69 Jervois Street

Smolensk Diamonds Asia On Hing Building
SWM Asia Kinwick Centre
Treasury Wine Estates Sunlight Tower
Wentromic Asia Pacific 9 Chong Yip Street

Disclaimer

The information in this publication should be regarded as a general guide only. Whilst every care is taken in its preparation, no representation is made or responsibility accepted for its accuracy or completeness. The rentals mentioned are neither asking rentals nor rentals agreed by property owners, but only represent the writers views on estimated rentals and is intended as reference only.

Hong Kong Island

Asking Rates / Oct 2017

Sheung Wan / Central West

69 Jervois Street	\$30 - \$32
135 Bonham Strand Trade Centre	\$27 - \$29
181 Queens Road Central	\$50 - \$55
235 Wing Lok Street Trade Centre	Full
238 Des Voeux Road Central	Full
299 Queen's Road Central	\$28.60
Bangkok Bank Building	\$28
Beautiful Group Tower	\$56
BOC Group Life Assurance Building	\$40
Bonham Circus	\$45 - \$55
Bonham Trade Centre	\$29 - \$34
Central 88	\$57
Centre Mark II	\$32
Chao's Building	\$28
China Insurance Group Building	Full
China Merchants Building	Full
Chu Kong Shipping Tower	Full
Cosco Tower	\$60 - \$73
Far East Consortium Building	Full
FWD Financial Centre	\$52 - \$54
Fu Fai Commercial Centre	\$29
Golden Centre	\$55 - \$58
Guangdong Investment Building	Full
Hing Yip Commercial Centre	Full
Hollywood Centre	\$25+
Hong Kong Trade Centre	Full
Infinitus Plaza	\$58+
Ka Wah Bank Centre	\$36
Kai Tak Commercial Building	\$28+
Li Po Chun Chambers	Full
Nan Fung Tower	\$60 - \$65
Ovest	\$36 - \$42
Pacific Plaza (Sai Wan)	\$19 - \$23
Shun Tak Centre	\$60 - \$72
New York House	Full
Teda Building	Full
Tern Centre 1 & 2	Full
The L Plaza	\$32 - \$35
The Pemberton	\$42
The Wellington	\$50
Tung Hip Commercial Centre	\$40
V. Heun Building	Full
Wing On Centre	\$56
Yardley Commercial Building	Full

Central / Admiralty

1 Duddell Street	\$68
8 Queen's Road Central	Full
8 Wyndham Street	\$60 - \$69
9 Queen's Road Central	\$78 - \$82
33 Des Voeux Rd Central	Full
100 Queen's Road Central	\$90 - \$95
Abdoollally House	Full
Admiralty Centre 1 & 2	\$48+
Agricultural Bank of China Tower	Full
AIA Central	Full
Alexandra House	Full
Asia Standard Tower	\$55
Bank of America Tower	\$88
Bank of China Tower	\$110 - \$145
Baskerville House	\$73 - \$75
CCB Tower	Full
Chater House	\$180
Central Building	Full
Central Tower	\$113
Century Square	\$60 - \$61
Cheung Kong Center	\$170
China Building	\$80 - \$87
Chinachem Central 1 & 2	Full
Chinachem Tower	Full
CTIC Tower	\$93 - \$95
Chiyu Bank Building	Full
Chuang's Tower	\$65 - \$75
Club Lusitano Building	\$65
Edinburgh Tower	\$180
Entertainment Building	\$83 - \$98
Euro Trade Centre	\$65 - \$68
Fairmont House	Full
Far East Finance Centre	Full
Fung House	\$53
Gloucester Tower	\$145+
Henley Building	Full
Hip Shing Hong Centre	\$48
Hong Kong Diamond Exchange Centre	Full
Hutchison House	\$70 - \$82
Jardine House	\$160
Kinwick Centre	\$43 - \$46
LHT Tower	\$110
Li Dong Building	\$36 - \$38
Lippo Centre	\$55 - \$78

LKF 29 (Onfem Tower)	\$46
Lucky Building	\$34 - \$38
Lyndhurst Tower	\$45
Man Yee Building	\$83 - \$88
New Henry House	Full
New World Tower 1 & 2	\$75 - \$78
Nexus Building	\$78
One / Two Exchange Square	\$165
Three Exchange Square	Full
One / Two IFC	\$170+
On Hing Building	Full
Pacific House	Full
Pacific Place One & Two	\$145
Parker House	Full
Prince's Building	\$135
Printing House	\$70 - \$73
Prosperity Tower	Full
Prosperous Building	\$40 - \$46
Regent Centre	Full
Ruttonjee Centre / Dina House	\$50 - \$83
Shanghai Commercial Bank Tower	Full
Silver Fortune Plaza	Full
Somptueux Central	\$48
Southland Building	Full
Shun Ho Tower	Full
St George's Building	Full
St John's Building	Full
The Center	\$68 - \$90
The Centrum	\$52+
The Chinese Bank Building	\$40
The Hong Kong Club Building	\$118
The Workstation	\$38.50+
Three Garden Road	\$125+
Two Chinachem Plaza	\$36
Unicorn Trade Centre	\$39 - \$41
Universal Trade Centre	\$37
United Centre	\$45
Wellington Place	\$40
World Wide House	\$70 - \$85
Wheelock House	Full
Wilson House	\$43
Wincome Centre	Full
Wing On House	Full
Winsome House	\$38 - \$40
Winway Building	Full
Wyndham Place	\$45
York House	\$160 - \$165

Wan Chai

3 Lockhart Road	\$42 - \$45
28 Hennessy Road	Full
60 Gloucester Road	Full
80 Gloucester Road	\$43 - \$45
88 Gloucester Road	\$45
88 Lockhart Road	\$45
Allied Kajima Building	\$53
AXA Centre	\$42 - \$49
BEA Harbour View Centre	Full
Beverly House	\$30
CC Wu Building	\$34
Caltex House	Full
Centre Point	\$40 - \$43
Central Plaza	\$65 - \$80
China Evergrande Centre	\$53 - \$55
China Hong Kong Tower	\$29+
China Online Centre	\$34 - \$42
China Overseas Building	\$43 - \$46
China Resources Building	\$67 - \$72
Chinachem Century Tower	Full
Chung Nam Building	\$35
CNT Tower	Full
Convention Plaza Office Tower	\$57+
Dominion Centre	Full
East Town Building	\$31 - \$33
Emperor Group Centre	\$41
Everbright Centre	\$68
Fortis Tower	\$46
Generali Tower	Full
Great Eagle Centre	Full
Guardian House	\$36
Harbour Centre	\$75 - \$78
Harcourt House	\$45 - \$50
Hopewell Centre	\$55 - \$66
Jubilee Centre	\$49
Lucky Centre	\$26+
Luk Kwok Centre	\$62
Malaysia Building	Full
Mass Mutual Tower	\$48 - \$53
Methodist House	\$28 - \$30
Neich Tower	\$35 - \$38
One Capital Place	\$26+
Overseas Trust Bank	\$38
Pico Tower	Full
Sang Woo Building	\$33
Shanghai Industrial Investment Building	\$28
Shui On Centre	\$55 - \$62
Sing Ho Finance Building	\$30+
Siu On Centre	\$38
Sun Hung Kai Centre	\$65+

Sunlight Tower	\$38 - \$43
Sunshine Plaza	Full
Tai Tung Building	\$45
Tai Yau Building	\$40 - \$45
Tai Yip Building	\$32 - \$34
Tesbury Centre	Full
The Hennessy	\$33
The Phoenix	\$38
The Sun's Group Centre	\$38 - \$40
Times Media Centre	\$33
Trust Tower	\$26 - \$28
Tung Wai Commercial Building	\$30
W Square	\$38
Wu Chung House	Full
Yam Tze Commercial Building	\$25 - \$28

Causeway Bay

68 Yee Wo Street	\$45
Bartlock Centre	Full
Causeway Bay Plaza 1 & 2	\$41 - \$44
China Taiping Tower 1 & 2	Full
Chinachem Leighton Plaza	Full
Chinaweal Centre	Full
Cigna Tower	\$33+
Cofco Tower (Top Glory)	\$45 - \$55
East Exchange Tower	\$38
East Point Centre	Full
Eton Tower	\$45+
Guangdong Tours Centre	Full
Honest Building	\$34+
Hysan Place	Full
Island Beverley	Full
Jardine Centre	\$43
Lee Gardens One	\$70 - \$85
Lee Gardens Two	\$65
Lee Gardens Five	\$58 - \$59
Lee Gardens Six	\$48
Leighton Centre	\$46 - \$50
Lippo Leighton Tower	\$40
One Hysan Avenue	Full
Park Commercial Centre	\$33 - \$45
Plaza 2000	\$48
Sino Plaza	\$48 - \$53
Soundwill Plaza	\$53+
The Goldmark	\$43+
Times Square Tower 1 & 2	\$63 - \$70
Tower 535	\$60
Windsor House / Chubb Tower	\$50 - \$52
World Trade Centre	\$59
Zoroastrian Building	\$33

Fortress Hill / North Point

88 Hing Fat Street	\$35
101 King's Road	\$32+
148 Electric Road	\$32+
@Convoy Electric Road	\$36 - \$38
AT Tower	Full
AIA Tower	\$54+
China United Centre	Full
Citicorp Centre	\$30 - \$36
Island Place Tower	Full
Jupiter Tower	Full
KP Tower	Full
K.Wah Centre	\$31 - \$34
Olympia Plaza	\$26 - \$31
Sea View Estate Blk A	\$22+
Two Chinachem Exchange Square	\$20+

Quarry Bay / Others

625 King's Road	\$35
633 King's Road	Full
1063 King's Road	\$42+
AIA Hong Kong Tower	Full
Berkshire House	\$48
Cambridge House	\$50
Chinachem Exchange Square	\$26 - \$28
Cityplaza 1 - 4	\$49 - \$53
Devon House	Full
Dorset House	\$45 - \$48
Kerry Centre	Full
Kodak House 1 & 2	\$23
Lincoln House	Full
Marina House	\$17+
One Island East	\$68+
Oxford House	\$48+
PCCW Tower	\$50+
Prosperity Millennia Plaza	\$29 - \$33

Wang Chuk Hang

41 Heung Yip Road	\$23 - \$32
AXA Southside	\$27 - \$31
Global Trade Square	Full
Genesis	\$20 - \$22
One Island South	Full
The Factory	\$17.86
Vertical Square	\$31

Kowloon / New Territories

Asking Rates / Oct 2017

Tsim Sha Tsui

8 Observatory Road	Full
10 Knutsford	\$25+
17-19 Ashley Road	Full
26 Nathan Road	\$68
Ashley Nine	\$36
Cameron Plaza	\$38
China Hong Kong City	\$29 - \$38
China Insurance Building	\$26 - \$28
China Minmetals Tower	\$37
Chinachem Cameron Centre	\$31
Chinachem Golden Plaza	\$31
Concordia Plaza	\$38 - \$39
Empire Centre	\$40 - \$42
Energy Plaza	Full
International Commerce Centre	Full
Lippo Sun Plaza	\$40 - \$43
Mira Place Tower A	\$54 - \$59
Mirror Tower	Full
New East Ocean Centre	Full
New Mandarin Plaza	\$30+
Ocean Centre	\$39 - \$45
One Peking	Full
Silvercord Tower 1 & 2	\$45
South Seas Centre Tower 1 & 2	Full
Star House	\$30
The Gateway Tower 1 & 2	\$45 - \$53
The Gateway - Sun Life	\$63
The Gateway - Prudential Tower	\$62
The Gateway II Tower 6	\$47 - \$64
The Peninsula Hotel Office Tower	Full
Tsim Sha Tsui Centre	\$40
Victoria Dockside	\$85
Wing On Plaza	\$40
Yes & Right House	\$27

Mongkok / Jordan

Austin Plaza Jordan	\$26 - \$27
Grand Century Place Towers	\$46 - \$49
Grand Plaza One & Two	\$50 - \$52
Hollywood Plaza	\$35
HSH Kowloon Centre	Full
Langham Place	\$45 - \$48
Ocean Building	\$26+
Omega Plaza	\$26
Park-In Commercial Centre	\$34 - \$36
Pioneer Centre	\$36 - \$38
Prince Edward Lamma Centre	\$36

Sino Centre	Full
Skyway House	\$18
Wai Fung Plaza	Full
Wing On Kowloon Centre	\$34 - \$38

Hung Hom

Cheung Kei Centre	\$42 - \$55
Harbourfront Landmark	\$28
One & Two Harbourfront	\$28 - \$36
The Metropolis Tower	\$35 - \$40

Kowloon Bay

Billion Centre	Full
Chevalier Commercial Centre	\$21
Enterprise Square Tower 1 - 3	\$20
Enterprise Square Two	Full
Enterprise Square Three	Full
Enterprise Square Five	\$30
Exchange Tower	\$35
Goldin Financial Centre	\$35
Hong Kong Pacific Tower	\$33 - \$42
KITEC	\$21 - \$24
Lam Lee Street	TBC
Manhattan Place	\$34 - \$35
OCTA Tower	\$20 - \$25
One Kowloon	Full
Skyline Tower	\$21+
Telford House	\$27

Kwun Tong

9 Chong Yip Street	\$22 - \$24
78 Hung To Road	Full
Apec Plaza	\$17 - \$21
Bamboos Centre	\$18 - \$20
C-Bons International Centre	\$32 - \$36
Crocodile Centre	\$35
EGL Tower	\$23
Elite Centre	Full
Fullerton Centre	\$16 - \$17
Fun Tower	Full
Futura Plaza	\$22 - \$23
Hong Kong Pacific Tower	\$33 - \$42
Infotech Centre	\$17
King Palace Plaza	Full
Kin Sang Commercial Centre	\$26
KOHO	\$25 - \$27
Kwun Tong View	\$32
Legend Tower	\$24
Lu Plaza	\$18.50+
Landmark East AXA Tower	\$32+
Landmark East - AIA	\$30 - \$34
Manulife Financial Centre	\$30 - \$35
Mapletree Bay Point	\$30 - \$40

MG Tower	\$20 - \$29
Millennium City 1 - Tower 1	\$32 - \$35
Millennium City Standard Chartered	\$35
Millennium City 2	\$28 - \$31
Millennium City 3	Full
Millennium City 5 - BEA	\$43
Millennium City 6	\$36 - \$38
Nanyang Plaza	Full
One Harbour Square	Full
One Pacific Centre	\$31+
Paul Y Centre	\$21.80
Pioneer Place	\$21
Prosperity Centre	\$19
Prosperity Place	\$23
The Mark	Full
The Rays	\$17
Westin Centre	\$16 - \$18
Westley Centre	\$17 - \$18

Cheung Sha Wan

9 Wing Hong Street	\$19 - \$22
909 Cheung Sha Wan Road	\$29 - \$31
CEO Tower	Full
Cheung Sha Wan Plaza	\$25+
Clifford Centre	\$23
Edward Wong Tower	Full
Grandion Plaza	Full
King's Tower	Full
Laws Commercial Plaza	\$22+
Peak Castle (Park Building)	\$22 - \$26
Peninsula Tower	\$21 - \$23
Saxon Tower	\$25 - \$28
Tins Enterprise Centre	\$20+
Trade Square	\$22+
Trendy Centre	\$20+

New Territories

Shatin

Delta House	\$20
Grand Central Plaza Towers	\$35+
Shatin Galleria	\$18 - \$19

Kwai Chung / Tsuen Wan

(Koulor) City Landmark	\$35+
Ever Gain Plaza	\$18.50
Grand City Plaza	\$21+
KC100	\$28 - \$30
Kowloon Commerce Centre	\$32 - \$36
Landmark North	\$26+
Metroplaza Tower 1 & 2	\$36 - \$40
Nina Tower	\$21
The Octagon	\$18 - \$23

All rents quoted are asking rental rates and subject to change without prior notice

Market Movement / Demand What's happening in Central?

Leasing activity in Central continues to be stifled by lack of supply and PRC companies have led the way in taking up space, partly due to the Bond Contract launched in May 2017. Industrial Bank Co. Ltd has expanded to lease a further 34,000 sq ft. China Securities International has leased an additional floor in Two Exchange Square (13,200 sq ft).

JP Morgan has committed to some 41,000 sq ft in One Exchange Square. New tenants to 8 Wyndham Street include New Page Financial Press and Art De Vivre Group. Spencer Stuart & Associates has leased half a floor in Man Yee Building and Bank of Communications has also leased a floor here. Finance Channel has leased a floor in Bank of China Tower.

New tenants to Three Garden Road include Melli Bank, Royal China International Holdings and Hong Kong E.G. Investments. Industrial Bank Co. Ltd has also expanded in this building. Cheung Kong Center has secured

Hong Kong Zhenyu International and HPS Investment Partners as new tenants.

Who is moving in Sheung Wan?

Sheung Wan has seen increased activity from PRC security firms, primarily because of the lack of supply in Central. The Center on the Sheung Wan/Central border has been one of the busiest buildings in this location and new tenants here include Lunar Capital, BOB Scotia International Asset Management, Kingford Link and Future Land Resources.

The Center has been one of the busiest buildings in this location

Futu Securities leased 2 floors in Bangkok Bank Building, Best Fortune Hong Kong Investment leased a floor in 299 Queen's Road Central. GoAnimate has expanded to lease a whole floor in FWD Centre and Flexigo/Swoop has leased a floor in 69 Jervois Street.

Limited activity in Admiralty

Admiralty has seen patchy activity. SPDB International has leased space in One Pacific Place. Huarong has expanded in Two Pacific Place. New tenants to Lippo Centre include Shanghai Electric Group and Sanan International Holdings. Far East Finance Centre has attracted AIM Investment Group and China Merchant Bank as new occupiers.

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Wan Chai has been one of the busiest locations because of greater choice of supply. Shui On Centre has attracted the Consulate of Angola and Daohe Global as new tenants. China Overseas Building has leased space to Roma Appraisals. Central Plaza has leased space to Shun Heng Securities and King Wai. State Energy Group International Asset has

moved into Everbright Centre (previously Dah Sing Financial Centre). Lloyds Register has leased a floor in Hopewell Centre. Equiom has taken up a while floor in China EverGrande Centre. Harbour Centre has attracted Pacific Challenge Securities, NetDragon Websoft and Hong Kong Sailing Capital as new occupiers. Tugu Insurance relocated to China Online

Centre. Cybernaut has moved into AXA Centre. Luxasia has relocated from Jubilee Centre to occupy a floor in Overseas Trust Bank Building. New tenants to The Hennessy include Dwellworks and Cundall Hong Kong. China Resources Building has secured China Innovation Finance, WeAre and Grand Asset Management as new occupiers.

Summary of Large Space Relocations

Tenant	Building	District	Approx. Floor Area
China Securities	Two Exchange Square	Central	13,000 sq ft
Industrial Bank Co.	Three Exchange Square	Central	34,000 sq ft
J.P. Morgan	One Exchange Square	Central	41,000 sq ft
Bank of Communications	Man Yee Building	Central	10,000 sq ft
SFund	Bank of China Tower	Central	10,000 sq ft
CMB Int'l Capital Corp	Three Garden Road	Central	30,000 sq ft
Huarong	Two Pacific Place	Admiralty	18,700 sq ft
SPDB International	One Pacific Place	Admiralty	10,000 sq ft
Willis Towers Watson	Lee Garden Three	Causeway Bay	37,000 sq ft
Cathay United Bank	Lee Garden Three	Causeway Bay	17,000 sq ft
Bank Sinopec	Lee Garden Three	Causeway Bay	11,000 sq ft
Regus	Lee Garden Three	Causeway Bay	29,500 sq ft
BNP Paribas	Lincoln House	Taikoo Place	49,000 sq ft
AXA Insurance	AXA Southside	Wong Chuk Hang	57,500 sq ft
Valentino	41 Heung Yip Road	Wong Chuk Hang	18,000 sq ft
Equal Opportunity Com	41 Heung Yip Road	Wong Chuk Hang	57,500 sq ft
Independent Insurance Auth	41 Heung Yip Road	Wong Chuk Hang	45,000 sq ft
China Mobile	Kowloon Commerce Ctr	Kwai Chung	33,000 sq ft
Taipei Fubon Bank	Atelleir – K11	Tsim Sha Tsui	21,000 sq ft

Healthy take-up in Causeway Bay

Causeway Bay remains a popular location but most of the supply is limited to a few buildings. Lee Garden Three (previously Sunning Plaza) is scheduled for completion in Q4 2017 and is beginning to fill out, with over 94,500 sq ft pre-committed. Two floors have been reserved for two regional banks, Cathay United Bank and Bank Sinopec; and Willis Towers Watson is leasing some 40,000 sq ft.

Causeway Bay remains a popular location but most of the supply is limited to a few buildings.

Garuda Airlines has moved in Lee Garden Six, FXCM Global Services has moved into Lee Garden Two and Diamond Generating Asia has moved into Lee Garden One. Pepsico have moved into Times Square along with Kosie International Trade, Taochina and Quan Ding. New occupiers to Cofco Tower include Oova Partners, Air New Zealand, Haitong Futures and L & K Group Holdings. Chubb Tower has secured Goldpac Datacard Solutions and Junefield Holdings as new tenants.



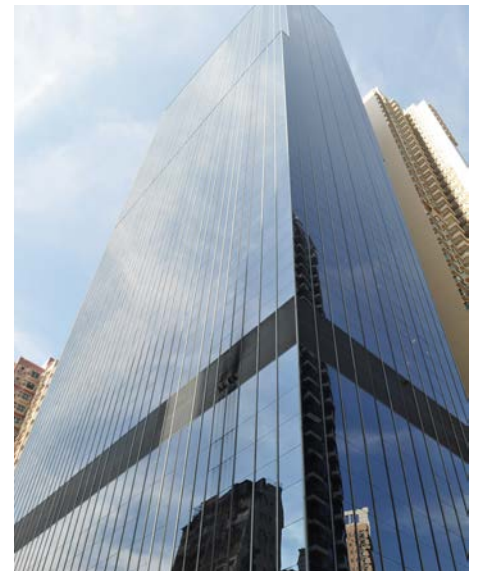
Lee Gardens Three (previously Sunning Plaza)
18 Hysan Avenue, Causeway Bay

Building Height	25 storeys (20 for offices)
Average Floor Plate	17,600 sq ft
Total Building Size	467,000 sq ft
Completion	Q4 2017
Nearest MTR	Causeway Bay
Rental	\$75.00 per sq ft



Hopewell Centre
183 Queen's Road East, Wanchai

Building Height	64 storeys
Average Floor Plate	15,800 sq ft
Total Building Size	494,000 sq ft
Nearest MTR	Wanchai (7 mins)
Rental	\$55.00+ per sq ft



Sunlight Tower
248 Queen's Road East, Wanchai

Building Height	42 storeys
Average Floor Plate	10,500 sq ft
Total Building Size	445,000 sq ft
Nearest MTR	Wanchai (6 mins)
Rental	\$38 - \$43 per sq ft



Vertical Square
28 Heung Yip Road, Wong Chuk Hang

Building Height 33 Storeys
Average Floor Plate 7,050 sq ft
Total Building Size 183,300 sq ft
Nearest MTR Wong Chuk Hang (3 mins)
Rental \$31.00 per sq ft



41 Heung Yip Road
41, Heung Yip Road, Wong Chuk Hang

Building Height 37 Storeys
Average Floor Plate 11,744 sq ft
Total Building Size 434,528 sq ft
Nearest MTR Wong Chuk Hang (5 - 7 mins)
Rental \$23 - \$32 per sq ft



AXA Southside
38 Wong Chuk Hang Road, Wong Chuk Hang

Building Height 28 Storeys
Average Floor Plate 7,050 sq ft
Total Building Size 197,400 sq ft
Nearest MTR Wong Chuk Hang (3 mins)
Rental \$27 - \$31 per sq ft

North Point / Quarry Bay has seen healthy activity.

BNP Paribas has expanded leasing some 49,000 sq ft in Lincoln House. 101 Kings Road has leased space to Commtech Asia and Noble Apex Advisors. Convoy has expanded in 169 Electric Road.

New tenants to AIA Tower include Meltwater News and Alba Intergrated Water Solutions. New tenants to 625 Kings Road include Crosstec International, Spirent Communications, Shang Peng Gao Ke and CC Consortium Asia.

The exodus to Kwun Tong continues for many Island East locations.

Kowloon Update

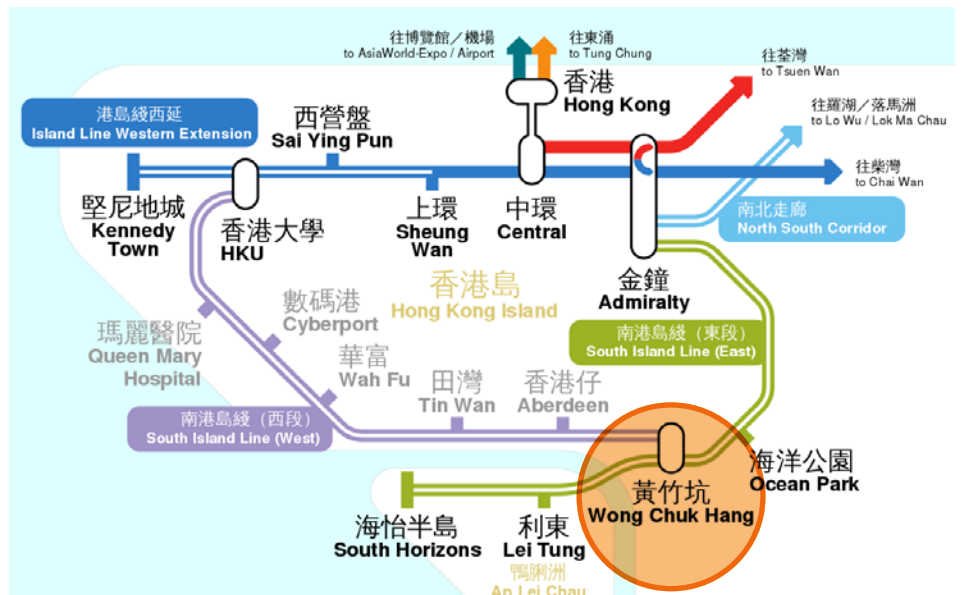
The exodus to Kwun Tong continues for many Island East locations. SGS Asia Pacific relocated from Cornwall House Taikoo Place to Westley Square. Agilent Technologies moved from 169 Electric Road (Convoy) to AXA Tower in Kwun Tong. W.T. Partnership relocated from 625 kings Road to Pioneer Place. Publicis moved from 1063 King's Road to AIA Kowloon Tower and ZTE (H.K.) has relocated from China Resources Building to Landmark East in Kwun Tong.

New Kid on the block Wong Chuk Hang is booming

Finally on Hong Kong Island, Wong Chuk Hang has seen **significant activity** after the opening of the MTR station, with many tenants preferring this location to Kowloon East, as access to the Central district is much easier now.

Valentino leased 18,200 sq ft in 41 Heung Yip Street. Independent Insurance Authority has also leased 45,200 sq ft in this building, and will be joined by the Equal Opportunities Commission also leasing some 57,500 sq ft here. Pacific Basin relocated from Hutchison House to One Island South and AXA Insurance has consolidated into 54,00 sq ft in AXA Southside (38 Southside).

MTR Island Line western extension and South Island Lines



The lack of supply in the Central Business District has been the main inhibitor of growth for most businesses and only those with deep pockets have been able to find the additional space they need. In most cases, this has had to be expansion within their current building, as relocation options were very limited.

The re-development of Murray Road Car Park by Henderson Land will provide much needed relief to the stock shortage in this location but this is only scheduled for completion in four years and will provide a total gross area for commercial office space of 465,000 sq ft. There are few other new developments in the meantime and it will be interesting to see the take-up of new space in Asian House on the Wan Chai / Admiralty border, which is scheduled to come on-line in Q4 2018.

Available stock in and around Central is restricted to the smaller units between 1,500 and 5,000 sq ft.

For the large units/floors Three Garden Road probably offers the best choice. Further out from the CBD Lee Garden Three is leasing out well and still has ample high quality stock available. 18 King Wah Street has been surprisingly slow by comparison but this is also high quality space with good sea views and it will not be long before this scheme takes off. It is encouraging that there is good supply

in the pipeline for Taikoo Place and there is ample choice in Wong Chung Hang.

Kowloon East will see a significant amount of new supply, with 3 new schemes adding a further 1.5m sq ft of quality stock to the market in the next 12 months and this will further help to stabilize rates as a whole and may even cause rates to soften in the Kowloon area.

One of the anomalies of this location is the surplus of new developments with large floor plates, a feature which is desperately lacking in the CBD.

However, the problem is that some of these larger floor plates are not that easy to subdivide, so matching the more popular smaller requirements is not that simple.

Summary of Office Developments 2017 - 2018

Development	Location	Estimated Size	Completion Date
2017			
18 King Wah Road	Northpoint / Fortress Hill	300,000	Q1 2017
Atelier-k11	Tsimshatsui	376,000	Q3 2017
650 Cheung Sha Wan Road	Lai Chi Kok	225,000	Q3 2017
Lam Lee Street	Kowloon Bay	550,000	Q4 2017
Hong Kong Pacific Tower	Kowloon Bay	340,000	Q4 2017
Mapletree Bay Point	Kwun Tong	683,000	Q4 2017
Lee Garden Three	Causeway Bay	340,000	Q4 2017
2018			
One Taikoo Place	Quarry Bay	1,020,000	Q4 2018
Asian House	Wan Chai	236,000	Q4 2018
8 Bay East	Kwun Tong	534,000	Q4 2018
8-10 Wong Chuk Hang Rd	Wong Chuk Hang	382,000	Q4 2018
77 Hoi Bun Road	Kwun Tung	884,000	Q4 2018



18 King Wah Road

Northpoint / Fortress Hill

Building Height	26 Storeys
Average Floor Plate	15,000 sq ft
Total Building Size	300,000 sq ft
Completion	Q1 2017
Nearest MTR	Fortress Hill
Rental	\$62.00+ per sq ft



One Taikoo Place

Quarry Bay

Building Height	46 Storeys
Average Floor Plate	30,000 sq ft
Total Building Size	1,020,000 sq ft
Target Completion	Q4 2018
Nearest MTR	Quarry Bay
Rental	\$TBC



Mapletree Bay Point

384 Kwun Tong Road, Kwun Tong

Building Height	19 Storeys
Average Floor Plate	36,000 sq ft
Total Building Size	683,000 sq ft
Target Completion	Q4 2017
Nearest MTR	Ngau Tau Kok
Rental	\$30 - \$40 psf

Market Forecast

The chronic lack of supply in the prime Central Business District continues to distort rental levels, which have been boosted by scarcity value and allows landlords to take advantage of the limited alternative options available.

Prime rates now surpass the previous high in 2008 prior to global crash

Average prime rates in Central have reached around \$130 per sq ft which surpasses the previous high set just before the Global Financial Crisis in 2008. We expect rates to advance further over the next 12 months by around 3% - 5%.

The 'knock on' effect of rising rates in Central has caused rents to firm in Wanchai. What was \$45.00 psf here last year is now around \$55.00 psf. Causeway Bay is also growing steadily and averages around \$60 - \$70 psf. Island East remains stable. Island South is the up and coming location with most tenants comparing the benefits of this location to Kowloon East and rates have firmed from \$22.00 psf last year to around \$28.00 - \$30.00 psf now.

Across the water, rates in Hung Hom have advanced 12% in the last 12 months, competing directly with Tsim Sha Shui, which is still 20% more expensive despite most buildings here being older stock. Kowloon East is still coming to terms with the flood of new supply, the challenges of leasing extra-large floor plates and competition from Wong Chuk Hang. Hence we expect rates to soften by around 5% over the next 12 months.

Table of Fitting Out Costs

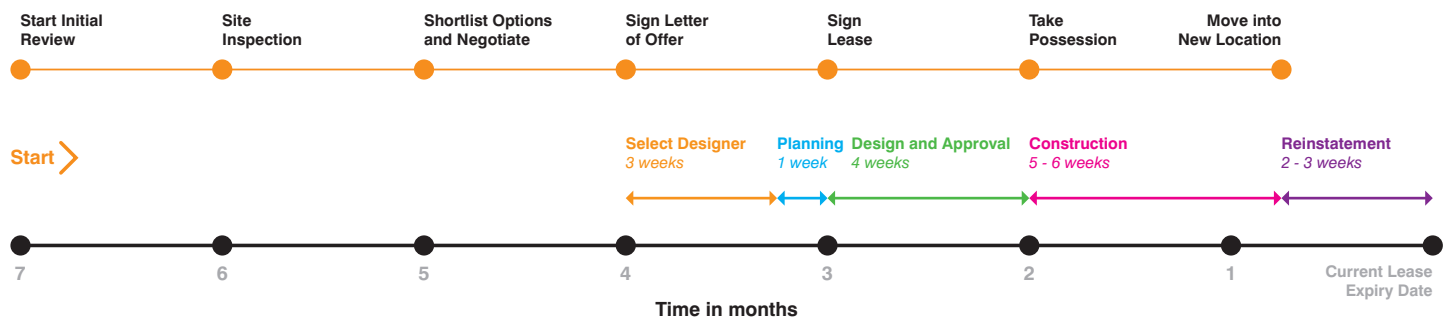
Guide To Basic Fitting Out Costs	Economy	Mid-Range	Premium
General Construction	<i>Per sq ft</i>	<i>Per sq ft</i>	<i>Per sq ft</i>
Preliminaries / Insurance	\$30	\$35	\$40
Carpets / Floor finishes	\$25	\$35	\$45
Wall Finishes	\$20	\$33	\$65
Ceiling finishes	\$25	\$36	\$48
Partitions including door (glass or gypsum board)	\$48	\$53	\$58
Window Blinds	\$12	\$18	\$24
Total	\$160	\$210	\$280
System Furniture / Fixtures and Fittings	<i>Per sq ft</i>	<i>Per sq ft</i>	<i>Per sq ft</i>
Custom and system furniture	\$110	\$180	\$255
F & F including filing and storage cabinets			
Conference table and presentation cabinet	\$40	\$50	\$65
Total	\$150	\$230	\$320
M & E Services	<i>Per sq ft</i>	<i>Per sq ft</i>	<i>Per sq ft</i>
Electrical Works & Networking	\$60	\$70	\$90
Fire Protection System	\$18	\$20	\$25
Air-conditioning Works	\$42	\$60	\$75
Total	\$120	\$150	\$190
Miscellaneous	<i>Per sq ft</i>	<i>Per sq ft</i>	<i>Per sq ft</i>
Signage	\$17	\$22	\$27
Plumbing Works (wet pantry)	\$16	\$16	\$16
Security	\$17	\$22	\$27
GRAND TOTAL	\$480	\$650	\$860

Reinstatement Costs

Tenants should note that reinstatement costs (to strip out everything a tenant puts in), depends upon the quality of the building and building management requirements, as well as the extent of works the tenant undertook at the beginning.

General reinstatement costs average between \$80 - \$300 per sq ft.

Typical project timeline for standard 5,000 sq ft office move



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