

Office Market Review

Hong Kong

Market Movement / Demand **Leasing activity emerged from temporary lull**

The office leasing market has rediscovered its impetus and a positive net take-up towards the end of last year indicates leasing activity has emerged from a temporary lull, earlier in the second half of last year. Leasing activity in the CBD (Sheung Wan, Central/Admiralty/Wan Chai) is still being led by expansion by PRC financial services (banks, brokers and asset managers), either expanding or relocating.

Many of the new leases in the prime sector are medium size around 3 - 5,000 sq ft and focus on the premium buildings such as International Finance Centre One and Two IFC, Cheung Kong Center, AIA Central and Exchange Square. Some of the few larger leasing transactions include Industrial Bank leasing 56,000 sq ft in One IFC, China Minsheng Bank taking several units in AIA Central and China Huarong Asset Management taking two floors in Bank of China Tower (23,000 sq ft).

The new schemes just completed (or soon to be completed) such as Lee Garden Three (fka Sunning Plaza), Causeway Bay (340,000 sq ft) and One Taikoo Place, Quarry Bay (778,000 sq ft) have attracted strong interest and have already achieved over 50% pre-commitment.

One Taikoo Place in particular, has attracted several large multinational companies looking to decentralize and major pre-lets here include Simmons and Simmons (One Pacific Place) and Baker MacKenzie (Hutchison House). Facebook will also be relocating there from nearby One Island East.

One Taikoo Place has attracted several large multinational companies

Central Property/private equity firm Pengrui Hong Kong has leased space in Bank of China Building and so has asset management company China Sichuan International Investment. The Consulate of Hungary has moved into ICBC Tower, Three Garden Road from St John's Building. Tenants moving into St John's Building include firms such as adventure travel company Kayak Asia Pacific and Hong Kong Securities of Public Offerings Systems. Club Lusitano Building has attracted several new tenants including Ovata Capital and Arisaig Partners from The Centre.

Sheung Wan has seen increased activity from co-working operators with UCommune (fka UR Work) leasing a floor in 181 Queen's

Road Central and Amsterdam-based co-work operator Spaces (part owned by Regus) committing to taking up a substantial part (approx. 77,000 sq ft) of the newly refurbished Sun House. Also, Naked Hub, the Shanghai-based co-working startup, landed in Hong Kong in the second half of 2017, unveiling its first centre in the city's Sheung Wan area taking up a total of 16 floors at Bonham Circus, providing hot desks, open offices and private rooms for over 800 people. In addition, Sun Growth Securities has leased a whole floor at Infinitus Plaza, while China Fortune Financial Group has leased 22,500 sq ft in Cosco Tower.

Wan Chai always attracts a variety of industries. JS Financial has moved into Capital Centre (fka AXA Centre). MassMutual Tower has been one of the busiest buildings in this district with The Consulate of The Philippines taking up two whole floors. Other new tenants here include Gobee.bike.com, human resource firm PTGM and Capital Union Investments. Co-work operator Garage Society has leased some 16,500 sq ft in Beverly House.

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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 / April 2018

Sheung Wan / Central West

1 Des Voeux Road West	\$25
69 Jervois Street	\$30 - \$32
135 Bonham Strand Trade Centre	\$29.50
181 Queens Road Central	\$45 - \$57
235 Wing Lok Street Trade Centre	\$22 - \$24
238 Des Voeux Road Central	Full
299 Queen's Road Central	Full
Bangkok Bank Building	\$30
Beautiful Group Tower	\$49 - \$57
BOC Group Life Assurance Building	\$40
Bonham Circus	\$43 - \$65
Bonham Trade Centre	\$29 - \$32
Central 88	Full
Centre Mark II	\$32 - \$35
Chao's Building	\$28
China Insurance Group Building	Full
China Merchants Building	Full
Chu Kong Shipping Tower	Full
Cosco Tower	\$65
Far East Consortium Building	Full
FWD Financial Centre	\$52 - \$54
Fu Fai Commercial Centre	\$30 - \$31
Golden Centre	\$55 - \$58
Guangdong Investment Building	Full
Hing Yip Commercial Centre	Full
Hollywood Centre	On Hold
Hong Kong Trade Centre	Full
Infinitus Plaza	\$60
Ka Wah Bank Centre	\$35
Kai Tak Commercial Building	\$28 - \$38
Li Po Chun Chambers	Full
Nan Fung Tower	Full
OfficePlus@Sheung Wan	\$45 - \$53
Ovest	\$36 - \$40
Pacific Plaza (Sai Wan)	\$22 - \$25
Shun Tak Centre	\$65 - \$72
New York House	\$35
Teda Building	\$36
Tern Centre 1 & 2	Full
The L Plaza	\$32 - \$34
The Pemberton	\$42
The Wellington	Full
Tung Hip Commercial Centre	Full
V. Heun Building	Full
Wing On Cheong Building	\$26
Wing On Centre	\$56 - \$60
Workington Tower	\$26
Yardley Commercial Building	Full

Central / Admiralty

1 Duddell Street	\$79
8 Queen's Road Central	Full
8 Wyndham Street	\$65 - \$69
9 Queen's Road Central	Full
33 Des Voeux Rd Central	Full
100 Queen's Road Central	\$80
122 Queen's Road Central	Full
Abdoolally House	Full
Admiralty Centre 1 & 2	Full
Agricultural Bank of China Tower	Full
AIA Central	\$165+
Alexandra House	\$160
Asia Standard Tower	\$50 - \$55
Bank of America Tower	\$95 - \$130
Bank of China Tower	\$115 - \$145
Baskerville House	\$77
CCB Tower	Full
Chater House	\$180
Central Building	Full
Central Tower	\$120
Century Square	\$60+
Cheung Kong Centre	\$170
China Building	\$87
Chinachem Central 1 & 2	Full
Chinachem Tower	\$40
Crawford House	\$73 - \$75
CITIC Tower	Full
Chiya Bank Building	Full
Chuang's Tower	\$65
Club Lusitano Building	\$68
Edinburgh Tower	\$150
Entertainment Building	\$83 - \$98
Euro Trade Centre	\$65 - \$66
Fairmont House	Full
Far East Finance Centre	Full
Fung House	\$53
Gloucester Tower	\$145 - \$150
Henley Building	Full
Hip Shing Hong Centre	Full
Hong Kong Diamond Exchange Centre	Full
Hutchison House	\$70 - \$80
Jardine House	Full
Kinwick Centre	Full
LHT Tower	\$103
Li Dong Building	\$38 - \$42
Lippo Centre	\$55 - \$78

LKF 29 (Onfem Tower)	Full
Lucky Building	\$41
Lyndhurst Tower	Full
Man Yee Building	\$118
New Henry House	Full
New World Tower 1 & 2	\$79 - \$82
Nexus Building	\$93
One / Two Exchange Square	\$165 - \$170
Three Exchange Square	\$160
One / Two IFC	\$170 - \$230
On Hing Building	\$45 - \$47
Pacific House	\$65
Pacific Place One & Two	\$155+
Parker House	\$60 - \$62
Prince's Building	\$135
Printing House	\$74 - \$87
Prosperity Tower	\$87 - \$95
Prosperous Building	\$45 - \$47
Regent Centre	Full
Ruttonjee Centre / Dina House	\$78 - \$80
Shanghai Commercial Bank Tower	Full
Silver Fortune Plaza	Full
Somptueux Central	\$48
Southland Building	Full
Shun Ho Tower	\$40
St George's Building	Full
St John's Building	Full
The Center	\$75 - \$98
The Centrium	\$52 - \$55
The Chinese Bank Building	\$40
The Hong Kong Club Building	Full
The Workstation	\$37 - \$43
Three Garden Road	\$128 - \$130
Two Chinachem Plaza	\$33
Unicorn Trade Centre	\$39 - \$41
Universal Trade Centre	\$37
United Centre	Full
Wellington Place	Full
World Wide House	\$87 - \$89
Wheelock House	\$110+
Wilson House	Full
Wincome Centre	Full
Wing On House	Full
Winsome House	Full
Winway Building	Full
Wyndham Place	\$48
York House	\$165 - \$175

Wan Chai

3 Lockhart Road	\$42 - \$47
28 Hennessy Road	Full
60 Gloucester Road	Full
80 Gloucester Road	Full
88 Gloucester Road	\$45
88 Lockhart Road	Full
Allied Kajima Building	\$53
BEA Harbour View Centre	\$50
Beverly House	\$28 - \$30
CC Wu Building	\$34 - \$35
Caltex House	\$27
Capital Centre	\$42
Centre Point	\$40 - \$44
Central Plaza	\$80 - \$90
China Evergrande Centre	\$55 - \$60
China Hong Kong Tower	\$29 - \$32
China Online Centre	\$34 - \$44
China Overseas Building	\$45
China Resources Building	\$72
Chinachem Century Tower	\$36
Chinachem Johnson	\$29
Chung Nam Building	Full
CKK Commercial Centre	\$27 - \$28
CNT Tower	Full
Convention Plaza Office Tower	\$90
Dominion Centre	Full
East Town Building	\$31 - \$33
Emperor Group Centre	Full
Everbright Centre	\$68
Fortis Tower	Full
Generali Tower	Full
Great Eagle Centre	Full
Guardian House	\$36
Harbour Centre	\$75 - \$78
Harcourt House	\$45 - \$50
Hopewell Centre	\$55 - \$66
Jubilee Centre	\$44
Lucky Centre	\$30+
Luk Kwok Centre	\$64
Mass Mutual Tower	\$53 - \$55
Methodist House	\$28 - \$30
Neich Tower	\$36 - \$39
One Capital Place	\$31 - \$35
Overseas Trust Bank	\$45
Pico Tower	Full
Sang Woo Building	\$33 - \$38
Shanghai Industrial Investment Building	\$32 - \$34
Shui On Centre	\$58 - \$65
Sing Ho Finance Building	\$30
Siu On Centre	\$36
Sun Hung Kai Centre	Full
Sunlight Tower	\$40 - \$48
Sunshine Plaza	Full
Tai Tung Building	\$37 - \$45
Tai Yau Building	\$40 - \$45
Tai Yip Building	\$31 - \$34

Tesbury Centre	Full
The Hennessy	\$38 - \$40
The Phoenix	Full
The Sun's Group Centre	\$39
Times Media Centre	Full
Trust Tower	\$28
Tung Wai Commercial Building	Full
W Square	\$40
Wu Chung House	\$38 - \$40
Yam Tze Commercial Building	\$25 - \$28
Yue Xiu Building	Full

Causeway Bay

68 Yee Wo Street	\$48
Bartlock Centre	\$38 - \$50
Capitol Centre	\$38
Causeway Bay Plaza 1 & 2	\$41 - \$44
China Taiping Tower 1 & 2	\$45
Chinachem Leighton Plaza	\$32
Chinawell Centre	\$35.75
Cigna Tower	\$33
Cofco Tower (Top Glory)	\$56 - \$58
East Exchange Tower	\$38
East Point Centre	Full
Eton Tower	\$48
Guardian House	\$36
Guangdong Tours Centre	Full
Honest Building	\$34+
Hysan Place	Full
Island Beverley	Full
Jardine Centre	\$40
Lee Garden One	\$72 - \$85
Lee Garden Two	\$65
Lee Garden Five	\$58+
Lee Garden Six	Full
Leighton Centre	\$48 - \$50
Lippo Leighton Tower	\$40
One Hysan Avenue	Full
Park Commercial Centre	\$33 - \$38
Plaza 2000	\$48
Sino Plaza	\$58 - \$60
Soundwill Plaza	\$53 - \$65
Soundwill Plaza II Midtown	\$48
The Goldmark	\$43 - \$45
Times Square Tower 1 & 2	\$65 - \$78
Tower 535	Full
Windsor House / Chubb Tower	\$50 - \$52
World Trade Centre	\$68
Zoroastrian Building	\$36

Fortress Hill / North Point

88 Hing Fat Street	\$35
101 King's Road	\$32 - \$35
148 Electric Road	\$39
@Convoy Electric Road	\$38 - \$45
AT Tower	Full
AIA Tower	\$54 - \$60
China United Centre	Full
Citicorp Centre	\$32 - \$40
Island Place Tower	Full
Jupiter Tower	\$25
KP Tower	Full
K.Wah Centre	\$31
Loong Wan Building	\$24
Olympia Plaza	\$28 - \$31
Parkview Centre	\$27
Sea View Estate Blk A	Full
Two Chinachem Exchange Square	\$21 - \$23
Union Park Tower	\$33

Quarry Bay / Others

625 King's Road	\$35+
633 King's Road	Full
1063 King's Road	\$42 - \$44
AIA Hong Kong Tower	Full
Berkshire House	\$48
Cambridge House	\$50+
Chinachem Exchange Square	\$27 - \$28
Cityplaza 1 - 4	\$48 - \$50
Devon House	Full
Dorset House	\$50
Kerry Centre	\$58
Kodak House 1 & 2	\$23
Lincoln House	Full
Marina House	\$19 - \$21
One Island East	\$60 - \$68
Oxford House	\$48 - \$50
PCCW Tower	Full
Prosperity Millennia Plaza	\$29+

Wang Chuk Hang

41 Heung Yip Road	\$23 - \$34
AXA Southside	\$38
Cyberport	\$26
Global Trade Square	\$25
Genesis	\$19 - \$22
One Island South	\$30
The Factory	Full
Vertical Square	Full

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

Kowloon / New Territories

Asking Rates / April 2018

Tsim Sha Tsui

8 Observatory Road	Full
10 Knutsford	\$26 - \$29
17-19 Ashley Road	Full
26 Nathan Road	\$68
Ashley Nine	Full
Cameron Plaza	Full
Carnarvon Plaza	\$42
China Hong Kong City	\$29 - \$38
China Insurance Building	\$26 - \$28
China Minmetals Tower	\$36
Chinachem Cameron Centre	Full
Chinachem Golden Plaza	\$31 - \$32
Concordia Plaza	\$38 - \$39
Empire Centre	\$45 - \$46
Energy Plaza	\$38
Hon Kwok Jordan Centre	Full
International Commerce Centre	\$100
K-11 Atelier	\$85 - \$100
Lippo Sun Plaza	\$40 - \$45
Mira Place Tower A	\$60
Mirror Tower	Full
New East Ocean Centre	Full
New Mandarin Plaza	\$35+
Ocean Centre	\$41 - \$48
One Peking	Full
Silvercord Tower 1 & 2	\$42 - \$43
South Seas Centre Tower 1 & 2	Full
Star House	\$36 - \$38
The Gateway Tower 1 & 2	\$45 - \$60
The Gateway - Sun Life	Full
The Gateway - Prudential Tower	\$65 - \$68
The Gateway II Tower 6	\$60 - \$66
The Peninsula Hotel Office Tower	Full
Tsim Sha Tsui Centre	\$45+
Wing On Plaza	Full
Yes & Right House	\$27

Mongkok / Jordan

Austin Plaza Jordan	\$27
Grand Century Place Towers	\$46 - \$49
Grand Plaza One & Two	\$43 - \$52
Hollywood Plaza	Full
HSH Kowloon Centre	Full
Langham Place	\$50
Ocean Building	\$26
Omega Plaza	\$25+
Park-In Commercial Centre	\$35 - \$37
Pioneer Centre	\$36 - \$38
Prince Edward Lamma Centre	\$40
Sino Centre	Full
Skyway House	\$16
Wai Fung Plaza	Full
Wing On Kowloon Centre	\$34 - \$38

Hung Hom

Cheung Kei Centre	\$46+
Harbourfront Landmark	Full
One & Two Harbourfront	\$34 - \$46
Peninsula Square	\$25
The Metropolis Tower	\$36 - \$42

Kowloon Bay

Billion Centre	Full
Chevalier Commercial Centre	Full
Enterprise Square Tower 1 - 3	\$18+
Enterprise Square Two	Full
Enterprise Square Three	Full
Enterprise Square Five	\$30
Exchange Tower	\$35
Goldin Financial Global Centre	\$29 - \$45
Hong Kong Pacific Tower	\$33 - \$42
KITEC	\$21 - \$24
Kingston Place	\$32 - \$36
Manhattan Place	\$33+
OCTA Tower	\$22 - \$30
One Kowloon	Full
Skyline Tower	\$21+
Telford House	\$29

Kwun Tong

9 Chong Yip Street	\$22+
78 Hung To Road	\$36
Apec Plaza	\$19
Bamboos Centre	\$20
C-Bons International Centre	Full
Crocodile Centre	\$35
EGL Tower	Full
Elite Centre	Full
Fullerton Centre	\$16+
Fun Tower	Full
Futura Plaza	\$23
Gravity	\$22 - \$24
Infotech Centre	\$18
King Palace Plaza	Full
Kin Sang Commercial Centre	Full
KOHO	\$27
Kwun Tong Harbour Place	Full
Kwun Tong View	\$32
Legend Tower	\$25
Lu Plaza	\$19+
Landmark East AXA Tower	\$31+
Landmark East - AIA	\$29 - \$36
Manulife Financial Centre	\$31 - \$38
Mapletree Bay Point	\$30 - \$40
MG Tower	Full
Millennium City 1 - Tower 1	\$30 - \$35
Millennium City Standard Chartered	\$35
Millennium City 2	\$27 - \$31
Millennium City 3	Full
Millennium City 5 - BEA	\$43
Millennium City 6	\$36 - \$38
Nanyang Plaza	Full
One Harbour Square	\$28
One Pacific Centre	\$29 - \$35

Paul Y Centre	\$23
Pioneer Place	\$19
Prosperity Centre	\$20+
Prosperity Place	\$24 - \$26
Remington Centre	\$17+
The Mark	\$22
The Rays	\$20
Two Harbour Square	\$23 - \$28
Westin Centre	\$16+
Westley Square	\$17+

Cheung Sha Wan

9 Wing Hong Street	\$19 - \$22
909 Cheung Sha Wan Road	\$31 - \$33
CEO Tower	Full
Cheung Sha Wan Plaza	\$24 - \$26
Clifford Centre	\$24
Edward Wong Tower	\$23+
Global Gateway Tower	\$21+
Grandion Plaza	Full
King's Tower	Full
Laws Commercial Plaza	\$25 - \$26
Peninsula Tower	\$21+
Saxon Tower	\$27 - \$32
Tins Enterprise Centre	\$17 - \$19
Trade Square	\$22.50
Trendy Centre	\$22 - \$23

New Territories

Shatin

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

Kwai Chung / Tsuen Wan

CITIC Telecom Tower	\$14+
(Kolour) City Landmark	\$34
Ever Gain Plaza	\$18.50
Grand City Plaza	\$22 - \$25
KC100	\$28
Kowloon Commerce Centre	\$31
Landmark North	\$26 - \$28
Manhattan Centre	\$19
Metroplaza Tower 1 & 2	\$34 - \$40
Millennium Trade Centre	\$24+
Nina Tower	\$22
The Octagon	\$17 - \$24

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Rental / Forecasts Top prime rates now ranging from HK\$145 to HK\$200 psf

Overall prime rates in Central advanced marginally last quarter by around 1.4% QOQ and despite the low vacancy rate that rate of growth has slowed. This is because rents are already at record highs, with top prime rates ranging from HK\$145 to HK\$200 per sq ft per month, net effective. Trading initiatives such as the Shanghai - Hong Kong and Shenzhen-Hong Kong Connect Schemes will encourage demand in Central from PRC financial firms.

The best value for money is still found in Island East and Island South

In general, prime rates in Greater Central (CBD) average around \$125 per sq ft. This drops off to around \$70 per sq ft average for the premium buildings in Wan Chai/ Causeway Bay. The best value for money is still found in Island East and Island South,

where the better quality buildings average around \$47.00 per sq ft and \$32.00 per sq ft respectively.

Kowloon East has been surprisingly resilient over the past few quarters, given the amount of supply and remains stable at around \$30.00 per sq ft. The main competition to Kowloon East is still Island East but because this location has comparatively low vacancy rates, the rental gap continues to be around \$20.00 per sq ft, making Kowloon East 40% more competitive.

The vacancy rates in the three core office districts (Central/ Admiralty/Sheung Wan) are already at record lows and are expected to tighten still further in 2018. With continued demand in the Central Business District from PRC financial firm expected to remain

unabated, we foresee rates could advance around 7% in the Greater Central area and around 4% overall. The banking and financial sectors and the TMT sector (Technology / Media / Telecom) will continue to be the strongest influences on rental growth.

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Causeway Bay again remains a popular, busy location with co-working operators. Local firm Campfire has leased 9 floors at V-Point (approx. 39,000 sq ft) and this will be their 10th co-working outlet in Hong Kong. The Desk CWB has leased a floor at Leighton Centre and Spaces are opening another facility in Lee Garden Three (fka Sunning Plaza). In other leasing activity Service Now has just opened an office in Lee Garden One and other recent tenants there include Wisdom Education and Vipshop Holdings. Sinewing Financial Advisors leased space in Sino Plaza and CCB Frontier Capital has moved into Cofco Tower. Recent tenants to Hysan Place include China SCE Property Holdings and Siemens. Otsuka Pharmaceuticals has just leased a floor in East Exchange Tower.

Island East North Point/Quarry Bay still offers superb value for money. One of the largest deals in this district is BNP Paribas leasing some 110,000 sq ft in Lincoln House, Quarry Bay. FTI Consulting is moving into Oxford House relocating from The Center. WeWork has secured 48,500 sq ft in Citiplaza Three in Taikoo Shing. In North Point, Aurecon Hong Kong has relocated from Island Place Tower to 169 Electric Road (@Convoy) and Eisai have moved here as well. Recent tenants to move into Citicorp Centre include Scan Global Logistics and Rich Plan International. Bauhina International and Interspace have moved into 101 King's Road.

Summary of Large Space Relocations

Tenant	Building	District	Approx. Floor Area
<i>Hong Kong Island</i>			
China Huarong Management	Bank of China Tower	Central	23,000 sq ft
Industrial Bank Co.	One IFC	Central	54,500 sq ft
China Merchants Securities	Cosco Tower	Sheung Wan	31,000 sq ft
Spaces	Sun House	Sheung Wan	77,000 sq ft
The Consulate of Philippines	MassMutual Tower	Wan Chai	16,000 sq ft
Garage Society	Beverley House	Wan Chai	16,500 sq ft
Campfire	V-Point	Causeway Bay	39,000 sq ft
Spaces	Lee Garden Three	Causeway Bay	22,000 sq ft
The Desk CWB	Leighton Centre	Causeway Bay	12,000 sq ft
BNP Paribas	Lincoln House	Quarry Bay	110,000 sq ft
FTI Consulting	Oxford House	Quarry Bay	TBC
Bayer Pharmaceuticals	Oxford House	Quarry Bay	TBC
WeWork	Citiplaza Three	Quarry Bay	48,500 sq ft
Simmons and Simmons	One Taikoo Place	Quarry Bay	TBC
Baker McKenzie	One Taikoo Place	Quarry Bay	109,000 sq ft
Facebook	One Taikoo Place	Quarry Bay	103,500 sq ft
CNN	41 Heung Yip Road	Wong Chuk Hang	35,000 sq ft
<i>Kowloon</i>			
VF Corporation	Mapletree Bay Point	Kwun Tong	107,000 sq ft
Sainsbury's	Mapletree Bay Point	Kwun Tong	36,500 sq ft
Mott McDonald	Mapletree Bay Point	Kwun Tong	36,500 sq ft
WeWork	Mapletree Bay Point	Kwun Tong	71,500 sq ft
Naked Hub	Two Harbour Square	Kwun Tong	56,000 sq ft
Lazybug	Two Harbour Square	Kwun Tong	30,000 sq ft
Now TV / PCCW	Goldin Financial Global C.	Kowloon Bay	93,000 sq ft
Otis Elevator	Goldin Financial Global C.	Kowloon Bay	69,000 sq ft
5.11 Sourcing	Goldin Financial Global C.	Kowloon Bay	17,800 sq ft



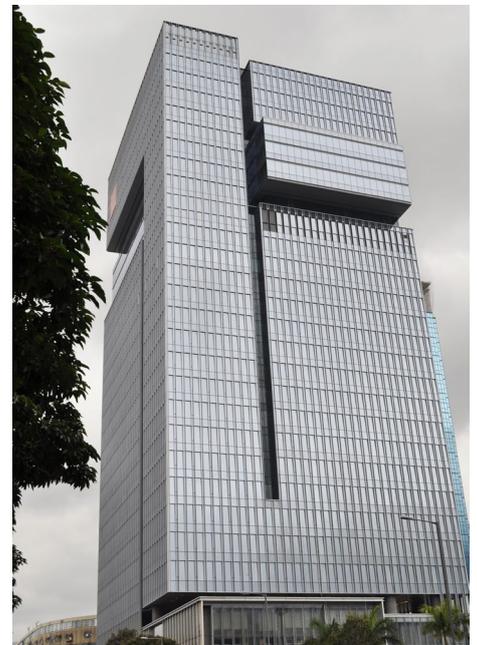
One Taikoo Place
Quarry Bay

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	\$70.00 per sq ft



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

Building Height	25 storeys (offices 20)
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



Goldin Financial Global Centre
17 Kai Cheung Road, Kowloon Bay

Building Height	27 storeys
Average Floor Plate	31,500 sq ft
Total Building Size	852,000 sq ft
Completion	Q4 2016
Nearest MTR	Kowloon Bay (shuttle bus)
Rental	\$40.00 per sq ft

The lack of supply in the Central Business District has long been a cause of concern for tenants, which in turn has been driving rents up for the wrong reason i.e. not necessarily phenomenal demand, but simply a lack of any alternatives to move to.

The re-development of Murray Road Car Park in Central / Admiralty by Henderson Land will provide much needed relief to the stock shortage in this location (adding supply by some 465,000 sq ft), but this is only scheduled for completion in 4 years. The redevelopment of Asian House in Wan Chai by Chinachem, now to be called One Hennessy is the only new office scheme scheduled to come on line in the CBD next 12 months.

In Causeway Bay Lee Garden Three, 340,000 sq ft (fka Sunning Plaza) is scheduled for completion in a few months and is already over 50% pre-leased. Swire Developments also have two important office schemes on Hong Kong Island scheduled for completion later this year, namely One Taikoo Place, Quarry Bay (779,000 sq ft) and 8-10 Wong Chuk Hang, Island South (382,000 sq ft).

The total amount of new space on Hong Kong Island in the next 12 months will be around 1.7 Million sq ft.

18 King Wah Road, which has recently been sold by Henderson Land to China Create Capital, has ample new space available, although the rental rates are looking quite rich.

Kowloon East will see substantial new supply in the next 12 months, with 4 new schemes

adding a further 2.3M sq ft of quality stock to the market. The two largest schemes due for completion in this area in the next 12 months are **Mapletree Bay Point** and **The Quayside**, 77 Hoi Bun Road (2019). This will further help to stabilize rates as a whole and may even cause rates to soften in the Kowloon area. In fact, The Quayside has already implemented a pre-lease of more than 220,000 square feet of floor space to JPMorgan Chase.

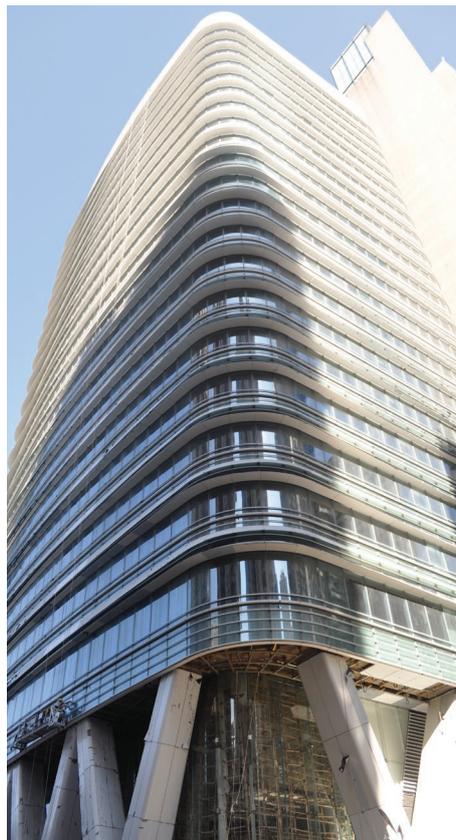
Summary of Office Developments 2018 - 2019

Development	Location	Estimated Size	Completion Date
2018			
Hong Kong Pacific Tower	Kowloon Bay	225,000	Q1 2018
Mapletree Bay Point	Kwun Tong	683,000	Q1 2018
Lee Garden Three	Causeway Bay	340,000	Q2 2018
One Taikoo Place	Quarry Bay	779,000	Q4 2018
8-10 Wong Chuk Hang Rd	Wong Chuk Hang	382,000	Q4 2018
2019			
One Hennessy	Wan Chai	236,000	Q1 2019
The Quayside	Kwun Tung	884,000	Q2 2019
8 Bay East	Kwun Tong	534,000	Q3 2019



Hong Kong Pacific Tower
18 Sheung Yuet Road, Kowloon Bay

Building Height	23 Storeys
Average Floor Plate	16,200 sq ft
Total Building Size	340,000 sq ft
Target Completion	Q4 2017
Nearest MTR	Kowloon Bay
Rental	\$33 - \$42 per sq ft



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	\$65.00+ per sq ft



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 per sq ft

Co-working Space – Overview

The proliferation of co-working space operators is a new facet of the office market that has never been witnessed before in many established markets, including Hong Kong. It seems that the demand for such space has gone far beyond a passing fad and this concept of using office space demonstrates how working lifestyles have changed dramatically, often suiting the creative culture of millennials, requiring mobility and connectivity, as well as MNCs needing flexible workspace solutions.

It seems that the demand for such space has gone far beyond a passing fad

One wonders where all these start-ups are coming from? They couldn't all be coming from serviced offices/business centres. Indeed not, although a significant number of these users did move from such locations, to save further costs. Many of the new tenants to co-working space are existing members from other co-work locations abroad.

Another important source of co-workspace users are the major multi-national companies. Those MNCs who assemble teams for 'special projects' often want to avoid locking into a standard 3 year lease in conventional office

space, preferring the flexibility of a co-work environment. Large corporations such as HSBC, Deutsche Bank, Softbank and Microsoft all use co-working space facilities.

WeWork, the world's leading co-working operator, has only just started to make inroads into the Hong Kong market and what we see now is just the tip of the iceberg. They are already one of the largest single occupiers of office space in London. They have just secured a 100,000 sq ft location in Japan, with Softbank pre-committing to half that space, although Softbank do happen to be a majority shareholder of WeWork. They are planning to grow their Singapore operations to total 300,000 sq ft over the next 2 years.

This is clearly a major shift in the culture of office leasing globally

Currently in Hong Kong they are only located in Tower 535 in Causeway Bay (their original office) as well as MassMutual Tower in Wanchai and LKF Tower in Central. They have preleased some 71,500 sq ft of office space in Mapletree Bay Point in Kwun Tong and also just secured two floors (48,500 sq ft) in Cityplaza Three, Taikoo Shing. Their space is usually full within 12 weeks of opening a

location, which goes to show how successful this concept really is. This is clearly a major shift in the culture of office leasing globally.

The substantial amount of space these flexible workplace operations take up, will have a significant effect on the occupancy rates of many locations.

There are several other major players in this market including Regus (operating as Spaces), The Executive Centre and local firm Campfire. Other operators include Garage Society, Naked Hub and UCommune. New players in the market include Atlas Workbase who has just leased 47,000 sq ft of office space in Tsim Sha Tsui, and Tencent which will open its first Makerspace in 2018 to accommodate 200 start-ups.

We also expect several developers to get in on the act, with some landlords planning to provide such space directly within their own new schemes. This has been the case in Singapore where most major landlords now provide such facilities, either stand alone or as a JV with experienced operators. With so many competing centres in the market one questions when saturation point will be reached, but there is a long way to go before that happens.



6 Reasons to Use Corporate Locations For Your Office Search

- 1 Not all agents are the same** – We offer total transparency
 - We introduce all options, disregarding fee incentives, and co-broking with third party agents is no problem.
 - Every opportunity introduced, even those units owned by your current landlord.
- 2 Market Knowledge** – Total Coverage
 - Many agents rely only on Landlord's listings, which are incomplete.
 - Our direct marketing gives us first-hand knowledge who is moving out from what space before anyone else.
- 3 Trust** – We are problem solvers
 - Companies rely on us to find the solution to their most challenging requirements.
 - We deliver answers to tenants needs.
- 4 Open Appointment** – No need to appoint an exclusive agent, this is not in your interest.
 - Informal preferred acting status is all we seek.
 - Safeguards that every opportunity can be introduced by any agent.
- 5 Independent Office Specialists** – We are truly impartial
 - Unbiased towards any particular building or landlord.
 - Conflict-free presentation of all competing schemes.
 - We specialize in just one market - Office Space
- 6 Mindset** – We are tenants too
 - What would we do in your situation?
 - All our advice backed up with thorough analysis.

Finding Office Space For You, With You

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LOCATIONS**



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