

November 2012

**CORPORATE
LOCATIONS**

Hong Kong | Singapore

The Office

A review of the Hong Kong office market

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The information in this publication should be regarded as a general guide only. Whilst every effort has been made to take care in its preparation, no representation is made or responsibility accepted for its accuracy.

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Overall vacancy rate at historic low

The overall average vacancy rate for Hong Kong has fallen to an historic low of around 4%. Central however, which has around one third of all available space, has the highest vacancy rate of approximately 5.75%. Buildings like Cheung Kong Center for instance have 7 whole floors available providing 22,000 sq ft each. There is ample space in Two IFC, Citibank Plaza, CCB Tower, Man Yee Building, and more coming available in Chater House later next year.

Besides the current low vacancy rate, there is very little new supply coming on stream over the next four years, with only 400,000 sq ft of new office space scheduled for completion on Hong Kong Island up until the end of 2014 – so it is just as well demand has been modest.

The obvious lack of new office developments in the pipeline should be a concern as this could be the catalyst for another significant rental spike in the future once the global economy does eventually recover or even before then.

Average prime rates in **Central** have now dropped to around \$104 per sq ft, with top Grade A buildings averaging around \$120 to \$130 per sq ft effective. In **Sheung Wan** supply is very limited indeed and rates have firmed to average between \$35 and \$55 per sq ft.

In **Admiralty**, rates have generally been stable and range between \$40 and \$65 per sq ft, but supply here is also becoming more limited.

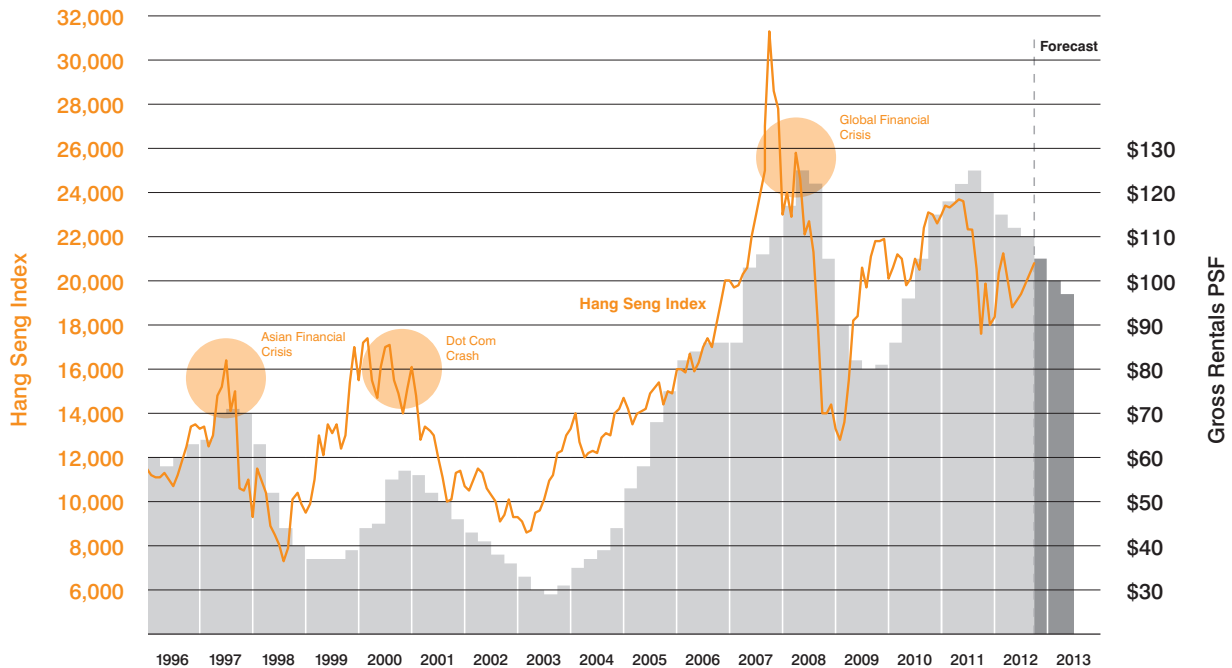
In **Wan Chai** the lower tier buildings range from \$30 to \$40 per sq ft and the upper tier from \$50 to \$60 per sq ft and supply is patchy. **Causeway Bay** has quite a variety of space available from the very impressive Hysan Place at around \$70 per sq ft to East Exchange Tower at around \$28 per sq ft, but most buildings average \$35 - \$45 per sq ft effective.

North Point is the most competitive between \$20 and \$30 per sq ft and Quarry Bay has firmed to around \$35 - \$45 per sq ft.

Stock Inventory - in sq ft

Prime Central 7,380,000 sq ft	Vacant 7%
Greater Central excluding Prime Central 7,719,000 sq ft	Vacant 5.75%
Wan Chai / Causeway Bay 7,932,000 sq ft	Vacant 3.25%
Hong Kong East 7,292,000 sq ft	Vacant 2.5%
Total - Hong Kong Island 30,323,000 sq ft / 4.5% Vacant	
Tsim Sha Tsui 8,200,000 sq ft	Vacant 2%
Kowloon East 8,900,000 sq ft	Vacant 4.5%
Kowloon Others 3,332,000 sq ft	Vacant 1.5%
Total - Kowloon 20,442,000 sq ft / 3% Vacant	
GRAND TOTAL 50,766,000 sq ft / 4% Vacant	

A History of Hong Kong Office Rental Rates



OVERVIEW / FORECAST

Majority of tenants move within their current locations

After a slow start to 2012 leasing activity has gathered momentum as landlords have become more competitive with their rates. The general perception that many companies are still moving out of Central to secure cost savings is not entirely correct. It is true that a significant number of companies are moving to cut costs, but it is interesting to note the majority of tenants are moving within their current location. There have been some high profile relocations from Central such as KPMG

moving to Hysan Place, Aon Insurance moving to Times Square and several large banks moving to ICC in Kowloon.

Expect rates to firm outside Central

However, the Supply/Demand sections in this review show which buildings have been the most popular/with whom, and companies in Central have often relocated within Central. The same story is true within Wan Chai and

other districts, which shows tenants often stick with the areas they are used to. We expect rates to soften still further in Central with the most expensive buildings having the most available space. Options to relocate to cheaper space in the same area will become even more restricted so we anticipate greater movement from Central, even though rates are falling. Most of the other locations will either be stable or see modest increases because supply will not be able to match demand.

Sheung Wan / Central West

Supply / Demand

Available space in this location is becoming increasingly limited as this area has been a popular choice for companies looking for value for money and still be situated on the fringe of Central. Many of the buildings in this district are completely full. Buildings such as **Infinitus Plaza** now boasts 100% occupation, with Lee Kum Lee leasing one whole floor, Huawei Technology Investments moving here from Golden Centre and Haitong International Securities leasing the last two remaining floors - 24,000 sq ft. **Nan Fung Tower** has been active and recent new tenants here include Octa Capital, law firm Ng Lie Lai & Chu moving from Wing On Centre, and SEEC from Cosco Tower. Qilu International Holdings moved into **Li Po Chun Chambers** and this building is now full also. Stockwell Securities have just moved from Lippo Centre to take the last available floor at **V Huen Building**. **The Center** has the widest choice of space but it comes at a price for this kind of location. The quality is very good and rates are still significantly cheaper than equivalent buildings in prime Central, at around \$54 - \$70 per sq ft. Companies which moved to this building recently include Veolia Water (which has just moved back

here from DCH Commercial Centre), Hua Sheng Resources, Buttonwood Legal Capital, Chongqing Yufu and GR8 Global Ventures (from Club Lusitano Building).

Asking Rates per sq ft

122 Queen's Road Central	\$35	ING Tower	\$38-40
69 Jervois Street	\$20	Kai Tak Commercial Bldg	\$26
181 Queen's Road Central	\$36-44	Li Po Chun Chambers	Full
Beautiful Group Tower	\$37-40	Nan Fung Tower	\$40-46
BOCG Insurance Building	Full	Pacific Plaza	\$16-20
China Insurance Grp Building	\$32	Shun Tak Centre	\$55
Cosco Tower	\$45-55	Sun House	\$32
EIB Centre	\$25-27	The Center	\$62-85
Golden Centre	\$31-38	Unicorn Trade Centre	\$34
Guandong Invest. Building	Full	V. Heun Building	TBC
Hollywood Centre	\$20	Wing On Centre	\$52
Infinitus Plaza (Vicwood)	\$48 TBC	Yardley Commercial Building	\$26



\$33 - \$40 psf*

181 Queen's Road Central
Grand Millennium Plaza
Units from 4,000 - 15,451 sq ft (G)



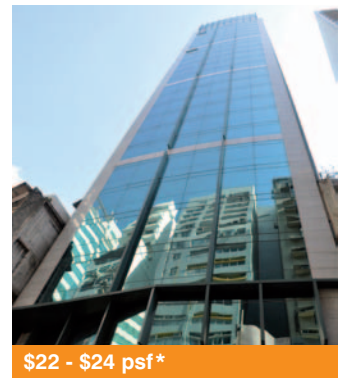
\$54 - \$70 psf*

The Center
99 Queen's Road Central
Units from 1,620 - 26,183 sq ft (G)



\$30 psf*

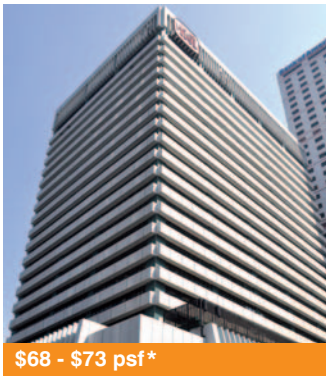
Sun House
181 Des Voeux Road Central
Units from 1,586 - 3,230 sq ft (G)



\$22 - \$24 psf*

EIB Building
40-44 Bonham Strand East
Units from 2,063 - 3,500 sq ft (G)

Admiralty



\$68 - \$73 psf*

Hutchison House
10 Hardcourt Road
Units from 1,430 - 20,293 sq ft (G)



\$36 - \$46 psf*

Admiralty Centre Tower 1
18 Hardcourt Road
Units from 3,147 - 18,469 sq ft (G)



\$44 - \$54 psf*

Lippo Centre Towers 1 & 2
89 Queensway
Units from 1,509 - 17,173 sq ft (G)

Asking Rates per sq ft

Admiralty Centre T1 & T2	\$40-55
Bank of America Tower	\$56-70
CITIC Tower	\$75-78
Far East Finance Centre	\$57-68
Fairmount House	\$50
Hutchison House	\$80-85
Lippo Centre Tower 1 & 2	\$47-60
One & Two Pacific Place	\$115
Three Pacific Place	\$100
United Centre	\$35-44

Supply / Demand

Much of the movement in Admiralty has involved companies relocating within the same district or even the same building. For instance Northern Trust and AMP Capital have both moved from One Pacific Place to **Two Pacific Place**. Neo Derm has just leased two floors in this building. Ten Cents Holdings / MIH Ming He Holdings moved from Far East Finance Centre to **Three Pacific Place**. Tokio Marine Investment Services moved from Two Pacific Place to Lippo Centre. China Minsheng Banking Corporation has expanded to take another half floor in **Bank of America**

Tower. New tenants to **Fairmont House** include China Bocam Insurance and Skywork Capital. New tenants to **Hutchison House** include Sibbe and Tong Yang Securities who relocated from Alexandra House. The most recent new tenant to **Citic Tower** is Banca Monte dei Paschi Di Siena SPA who moved in earlier this year from One IFC. The bulk of the available supply in this area is limited to just four buildings (highlighted above) with properties such as One Pacific Place, Fairmont House and United Centre all close to full occupancy.

*All rents quoted are estimated average effective rates subject to negotiations and are not the landlords quoted figure

Area Definitions: G - Gross (70% efficiency), L - Lettable (80 - 85% efficiency), N - Net (100% efficiency)

Central

Asking Rates per sq ft

1 Duddell Street	\$60	LHT Tower	\$92-110
8 Queen's Road Central	\$80	Lucky Building	\$33
8 Wyndham Street	\$46-58	Lyndhurst Tower	Full
9 Queen's Road Central	\$75	Man Yee Building	\$72-85
100 Queen's Rd Central	\$68	Nexus Building	\$82
ABC Tower (50 CRC)	TBC	New Henry House	\$80
AIA Central	\$140	New World Tower 1	\$73-80
Alexandra House	Full	One Exchange Square	\$145
Aon China Building	\$75	Two Exchange Square	\$155
Bank of China Tower	\$110-120	Three Exchange Square	TBC
Baskerville House	\$65	One IFC	\$150-160
CCB Tower	\$140	Two IFC	\$160-185
Chater House	\$175	Onfem Tower	\$42
Central Building	\$78	On Hing Building	\$40
Central Tower	\$95	Pacific House	\$46
Cheung Kong Center	\$150	Prince's Building	\$120
Chuang's Tower	\$48-52	Printing House	\$60
Citibank Twr/ICBC Tower	\$90-105	Prosperity Tower	\$55-70
Club Lusitano Building	\$55-57	Shun Ho Tower	Full
Dina House/Ruttonjee Ctr	\$52-57	St George's Building	\$98
Edinburgh Tower	Full	St John's Building	\$55
Entertainment Building	\$75-85	The Centrium	\$48-59
Euro Trade Centre	\$52	The HK Club Bldg	Full
Fung House	Full	Universal Trade Centre	\$31
Gloucester Tower	Full	World Wide House	\$60
Henley Building	\$60-75	Wheelock House	\$70-78
Hip Shing Hong Centre	Full	Wing On House	\$45
HK Diamond Exch. Centre	Full	Wyndham Place	\$30
Jardine House	TBC	York House	\$140-155
Kinwick Centre	\$40		

Central / Economy Range



\$37 psf*

On Hing Building

1-9 On Hing Terrace
Units from 1,000 - 4,580 sq ft (G)



\$32 psf*

122 QRC Tower

Queen's Road Central
Units from 2,400 - 4,800 sq ft (G)



\$27 - \$30 psf*

Wilson House

19 Wyndham Street
Units from 1,460 - 3,714 sq ft (G)



\$40+ psf*

8 Wyndham Street

Wyndham Street
Units from 3,586 - 5,939 sq ft (G)

Central / Upper Range



\$65 - \$82 psf*

Man Yee Building

60 - 68 Des Voeux Building
Units from 2,200 - 15,954 sq ft (L)



\$72 - \$95 psf*

LHT Tower

31 Queen's Road Central
Units from 2,000 - 10,000 sq ft (L)



\$80 - \$85 psf*

Citibank Plaza

3 Garden Road
Units from 1,415 - 48,000 sq ft (L)



\$85 psf*

Central Tower

28 Queen's Road Central
Units from 2,562 - 15,000 sq ft (L)

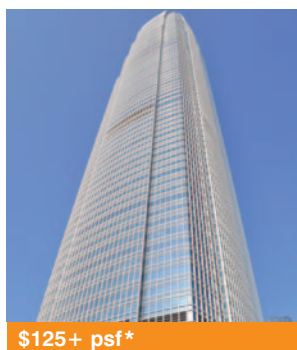
Central / Premium



\$100 psf*

Cheung Kong Centre

2 Queen's Road Central
Units from 3,553 - 86,961 sq ft (L)



\$125+ psf*

Two IFC

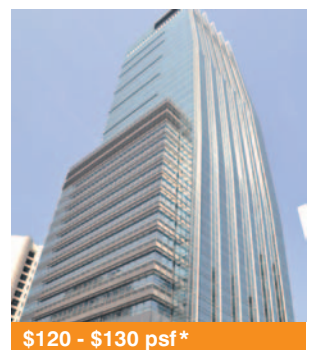
8 Finance Street
Units from 3,714 - 45,962 sq ft (L)



\$120 - \$140 psf*

CCB Tower

3 Connaught Road Central
Units from 6,905 - 14,838 sq ft (L)



\$120 - \$130 psf*

AIA Central

1 Connaught Road Central
Units from 7,000 - 20,000 sq ft (L)

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Central

Supply / Demand

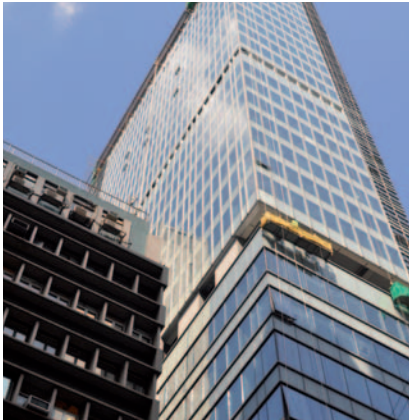
The market in Central has been more active since landlords started offering more competitive rental packages and the overall motivation for relocating remains cost savings in an uncertain economic environment. A clear example of this is **Aon China Building** where two companies have just moved to from Gloucester Tower, namely RGE who leased the top two floors and Quam Securities who leased a further two floors. Financial services company Somerley has also leased a

floor here relocating from The Hong Kong Club Building. Other examples include Arrow Ship Management and Vodafone Global Enterprise who both moved out of Jardine House into **Printing House** and **St Georges Building** respectively.

The financial services sector has still been by far the most active user in the market in Central but the sizes have not been large

100 Queen's Road Central has been one of the most popular buildings and new tenants here include Silverhorn Investment Advisors (upgrading from Queens Centre), Clough Capital, PDT Partners and new set ups Mesiro Financial, Simon Reid Kay Associates and Asiya Investments. Babson Capital has moved into **St Georges Building** as have Vodafone Global Enterprise who both moved out of Jardine House. New China Capital moved into **St John's Building**. Glory Sky Capital has leased a whole floor at **Worldwide House**. Financial Partners moved from The Center to lease a floor at **Kinwick Centre**.

Central / Mid Range



\$52 - \$65 psf*

Prosperity Tower

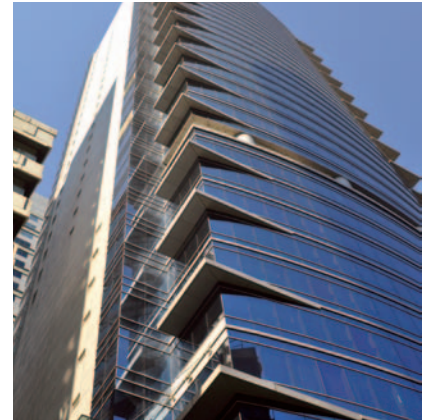
39 Queen's Road Central
Units from 2,500 - 10,966 sq ft (G)



\$65 - \$75 psf*

Henley Building

5 Queen's Road Central
Units from 1,200 - 5,500 sq ft (L)



\$42 - \$49 psf*

The Centrium

60 Wyndham Street
Units from 1,000 - 3,344 sq ft (G)



Prosperity Tower

>
50 Connaught Road Central (now called **ABC Tower** after the acquisition by the Agricultural Bank of China), had already attracted quite a few asset management companies and the latest companies to move here include Millennium Capital, MS Capital and Tech Full Electric. Athos Capital moved into **8 Queen's Road Central** earlier this year.

The new schemes in Central such as **LHT Tower** and Prosperity Tower seem to have had mixed fortunes. LHT Tower is nearly full and new tenants here include SLS Capital, Taconic Capital Advisers, Alix

Partners and Harry Winston. **Prosperity Tower** on the other hand still has a significant number of floors available and interestingly it appears that the low rise floors have been leased out first. Still the building has been active and demand healthy. New tenants here include Doric Capital (from Henley Building), Zheng He, The Tourism Authority of Thailand (from Jardine House), Tora Trading (from The Centre), CPA Global and Bell Potter. Elsewhere in Central new tenants to **Henley Building** include Cowen & Company, Palm Capital Partners and Lime Tree Capital Advisors (from The Center).

In the 'high end' sector Vanke Property/ Winsor Property leased a floor in **Bank of China Building**, New tenants to **Cheung Kong Center** include Tybourne Capital Management, Topaz Group, Beijing auction house Rongbaozhai, and Bain Capital has expanded in the same building. Infiniti Global leased a whole floor (17,000 sq ft) in **Citibank Tower**.

Pine River Capital has moved from One Exchange Square to **TWO IFC**. **Alexandra House** has been a busy building - Houlihan Lokey has moved here from Two Exchange Square, as have Wilson Sonsini Goldrich & Rosali. Weil Gotshal & Manges moved here from Gloucester Tower and Cordells Solicitors have also leased space in the same building.

DLA Piper has expanded to lease a whole floor at **York House**. First Advisory Group relocated from Exchange Square to **Jardine House**. **AIA Central** has leased space to AEA Investors and Beijing Capital Land (moving from Two IFC).

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Wan Chai / Economy Range



\$32 - \$38 psf*

248 Queen's Road East
Queen's Road East
Units from 1,750 - 11,148 sq ft (G)



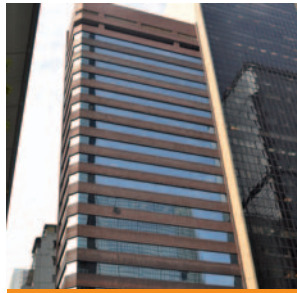
\$35 psf*

Tai Tung Building
8 Fleming Road
Units from 1,344 - 6,862 sq ft (G)



\$32 psf*

Jubilee Centre
18 Fenwick Street
Units from 1,094 - 13,825 sq ft (G)



\$27 - \$30 psf*

Wing Hang Finance Centre
60 Gloucester Road
Units from 1,500 - 8,000 sq ft (G)

Asking Rates per sq ft

28 Hennessy Road	\$65-\$70	Harcourt House	\$42-45
80 Gloucester Road	\$34-37	Hopewell Centre	\$45-55
88 Gloucester Road	\$35	Jubilee Centre	\$36-38
248 Queen's Rd East	\$36-41	Luk Kwok Centre	Full
Allied Khajima Building	\$40	Mass Mutual Tower	\$43
Asia Orient Tower	\$25-30	Neich Tower	\$35
AXA Centre	\$28-30	Overseas Trust Bank Bldg	Full
BEA Harbour View Ctre	\$30-38	Shanghai Inds.Invmt.Bldg	\$27-28
CC Wu Building	\$26	Shui On Centre	\$45-55
Central Plaza	\$56-63	Siu On Centre	\$27
China Hong Kong Tower	\$30	Sun Hung Kai Centre	\$58
China Online Centre	\$30-32	Sunshine Plaza	\$28
China Overseas Bldg	\$35-38	Tai Tung Building	\$37-40
China Resources Bldg	\$60-72	Tai Yau Building	\$33-44
Chinachem Century Twr	Full	Tesbury Centre	\$35
Convention Pl Off. Twr	\$57-68	The Hennessy	\$34-36
Dah Sing Financial Ctre	\$63-65	The Sun Group's Centre	\$30
Fortis Tower	\$33-35	W Square	\$38
Great Eagle Centre	\$65-80	Wing Hang Finance Ctre	\$32-35
Harbour Centre	\$50-68	Wu Chung House	Full

Supply / Demand

One of the highest profile leasing transactions in Wan Chai this year was the letting of the entire building at **8 Queen's Road East** to Italy's largest insurance group BSI Generali who is moving from Times Square. Wan Chai generally has seen significant activity this year but surprisingly the majority of movers are not relocating from Central as might be expected but from within Wan Chai. Some of the exceptions include Comgest Far East, who is the first whole floor tenant for **28 Hennessy Road** (relocating from Chater House), and China NT Pharma have just purchased a floor at **Bank of East Asia Harbour View Centre** (relocating from Henley Building early next year).

Many of the moves were from companies already in Wan Chai needing larger or cheaper space. Aeroflot Russian Airlines have expanded and moved from Shui On Centre to **Jubilee Centre**. Premiere Conferencing have leased a whole floor at **China Online Centre**. Ingersol Rand moved earlier this year from China Overseas Building to take a whole floor at **Fortis Tower**. Jetco moved from Wing Hang Financial Centre to lease a whole floor at **248 Queen's Road East**. AIG United Guarantee also moved into 248 Queen's Road East from Times Square and another new tenant here is Goodmark Asia. Cheng & Cheng expanded to lease another whole floor at **Allied Khajima Building**.

Arquitectonica is moving from Bank of East Asia Harbour View Centre (where several floors have been sold to owner occupiers) and will relocate to a high floor at **Tai Tung Building**. Henley Business School has also moved here from Hopewell Centre, as have Taylor Rafferty from Cosco Tower. Sunrise Brokers are moving from The Center to **Asia Orient Tower** and Williams Lea has also moved from The Center to **Harcourt House**. Other new tenants to Harcourt House include Teruma China and Mitsubishi Logistics. Wolters Kluwer has leased a floor in **W Square**. Pico Zeman Asset Management has expanded and leased space at **China Resources Building** and another new tenant here includes CNC Holdings.

China Hover Dragon Group has moved into **Sun Hung Kai Centre** and Northcroft has leased a whole floor at **Overseas Trust Bank Building**. New tenants to AXA Centre include Blake's Ltd, Oak Maritime and Hong Kong Red Cross. There have been quite a few new companies to Hong Kong that have moved into **Central Plaza** including Asia Steel Resources, Kazakhmys, Wison, CMG Shipping, CGN Mining and China Automobile Group. SMBC Friends Securities has also moved from The Center to Central Plaza. Xing Rong Xi International Trade and Synergy Group have both leased a whole floors at **Malaysia Building**.

Wan Chai / Upper Range



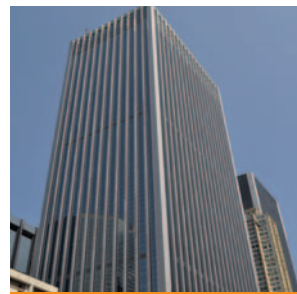
\$58 - \$62 psf*

28 Hennessy Road
Hennessy Road
Units from 2,600 - 9,870 sq ft (L)



\$48 - \$58 psf*

Central Plaza
18 Harbour Road
Units from 1,224 - 5,700 sq ft (L)



\$50 - \$65 psf*

China Resources Building
26 Harbour Road
Units from 1,332 - 10,322 sq ft (L)



\$41 - \$50 psf*

Shui On Centre
6-8 Harbour Road
Units from 1,350 - 12,500 sq ft (G)

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Causeway Bay

Supply / Demand

Demand in this location is usually healthy and this year has been no exception. The two landmark leasing transactions in this area in 2012 have been the relocation of Aon Insurance who moved from Aon China Building in Central to Times Square, and KPMG who relocated from Alexandra House to lease 5 floors in the brand new development Hysan Place. Another new tenant to **Hysan Place** include Chinese alcoholic beverage company Wuliangye Group (which trades as Silver Base Group) in Hong Kong having sold the floor they occupied in The Sun's Group Building.

Accountants Crowe Haworth moved from The Lee Garden Manulife Tower to take a whole floor in **Leighton Centre**. Kaiser Securities has also moved here from Wing On Centre. Recent companies to move into **The Lee Gardens** include shoe retailer Tod's who relocated from Three Pacific Place and Methanix Asia

Pacific who moved from Two Pacific Place. Suez Environment has moved from Central Plaza to lease one and a half floors at **Sunning Plaza** and another new tenant here includes The Net-A-Porter Group. H3C Technologies has moved from Lippo Leighton Centre to Caroline Centre. Two whole floors have been leased in **Guardian House**, one to data storage company Cido and another to Hsin Yioh Architects.

Top Glory Tower has attracted several new tenants including Zhongchuan International Mining, Porticus and Chinarise Capital who moved from Sun Hung Kai Centre. Honda Motors have leased 6,000 sq ft in **Times Square**. Moving from Times Square is Baccarat Pacific who relocated to 111 Leighton. Earlier this year Taylor Nelson Sofres moved from Sun Hung Kai Centre to take a whole floor at **ACE Tower**.



\$58 - \$64 psf*

The Lee Garden Manulife PI
33 Hysan Avenue
Units from 3,441 - 16,544 sq ft (L)



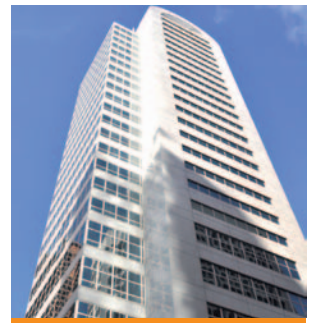
\$50 - \$60 psf*

Times Square
1 Matherson Road
Units from 1,410 - 19,510 sq ft (G)



\$40 psf*

Sunning Plaza
10 Hysan Avenue
Units from 2,060 - 7,953 sq ft (L)



\$27 psf*

East Exchange Tower
38 Leighton Road
Units from 5,683 - 11,366 sq ft (G)



\$65 - \$70 psf*

Hysan Place
500 Hennessy Road
Units from 7,500 - 16,433 sq ft (L)

Asking Rates per sq ft

18 Hysan Avenue	\$46-48	Hysan Place	\$75-80
68 Yee Wo Street	\$37	Lee Gardens Manulife PI	\$65-70
111 Leighton Road	\$45	Leighton Centre	\$35-37
ACE Twr/ Windsor Hse	\$38-42	Lippo Leighton Tower	\$40
Cigna Tower	Full	One Hysan Avenue	\$38-42
China Taiping Tower	Full	Sino Plaza	\$45-50
Caroline Centre	\$45-53	Sunning Plaza	\$45
Causeway Bay PI 1&2	\$35-40	Times Square Tower 1	\$54-65
Chinachem Leighton Place	Full	Times Square Tower 2	\$56
East Exchange Tower	\$30	Top Glory Tower	\$45
Hang Lung Centre	\$45	World Trade Centre	\$53-59

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North Point / Quarry Bay - Island East

Supply / Demand

North Point and Quarry Bay have again proved one of the most popular choices for companies looking to save costs and there is quite a wide range of industries that have moved to this location. In North Point, Cook Asia has moved from Tung Tai Building to **AIA Tower** and Takeda Pharmaceuticals has also moved here from Bank of East Asia Harbour View Centre. New tenants to move into **169 Electric Road** include Lighthouse Services, Harmonic Strait Financial and Ping An of China Securities relocating from Worldwide House in Central. Shanghai Tunnel (HK) has moved into **Prosperity Millenia Tower** and Dentsu Media relocated from 625 King's Road to move into **Stanhope House**.

In Quarry Bay **DCH Commercial Centre** has been one of the busiest buildings. After leasing four floors to The Canadian High Commission earlier this year, other tenants to move here include Saatchi & Saatchi (relocated from Tai Tung Building), **ERM** (relocated from Oxford House), Tata Consulting (relocated from Sino Plaza) and new set-up Hyva Holdings. **Kerry Centre** is nearly full now with only one whole floor remaining for lease. Giorgio Armani leased two whole floors here relocating from Island Place Tower and Swatch also leased a floor relocating from 169 Electric Road.

Elsewhere Loro Piana expanded and moved from Two Pacific Place to **Dorset House**. Bulgari leased a whole floor at **Oxford House** relocating from Entertainment Building and Euro RSCG moved from Two Exchange Square to Warwick House. Joining them in Warwick House is Starcom Worldwide who moved from 1063 King's Road.

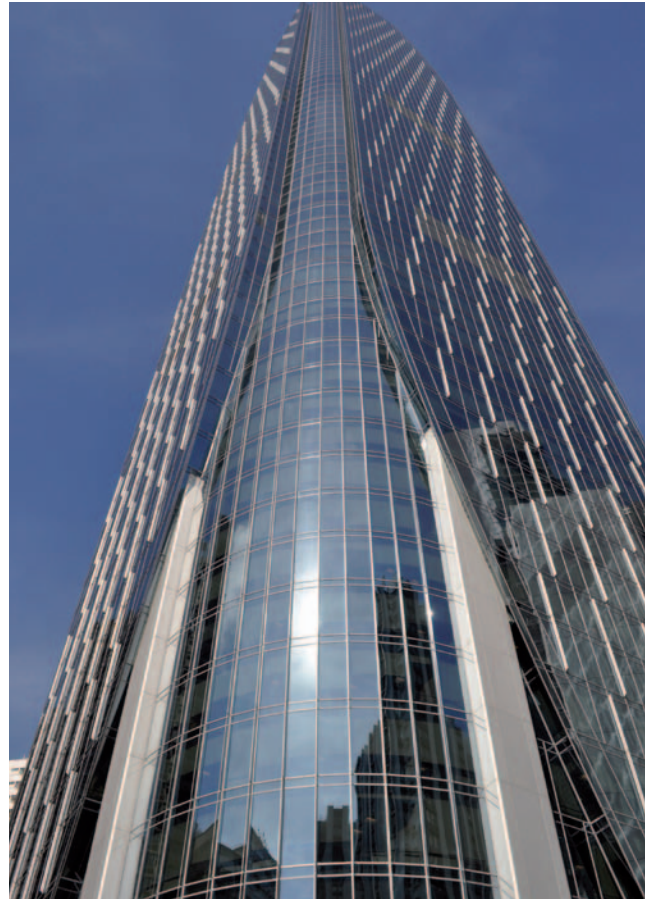
Asking Rates per sq ft

Fortress Hill / North Point

101 King's Road	\$20-25	Citicorp Centre	\$32-34
148 Electric Road	\$28-32	Island Place Tower	\$26
169 Electric Road	\$31-33	K. Wah Centre	\$25
AIA Tower	\$45	Olympia Plaza	\$23
China United Centre	\$24	Two Chinachem Ex Square	\$20

Quarry Bay

625 King's Road	\$38	Dorset House	\$45
633 King's Road	\$29	Kerry Centre	\$37-\$43
1063 King's Road	\$38	Lincoln House	Full
Cambridge House	\$47	One Island East	\$60-70
Chinachem Exchange Sq	Full	Oxford House	\$47
Cityplaza 1	\$45	PCCW House	\$45
Cityplaza 3	\$45	Prosperity Millennia Plaza	\$32
Cityplaza 4	\$45	Somerset House	Full
Cornwall House	Full	Stanhope House	\$28
DCH Commercial Ctr	\$38-41	Warwick House	\$28
Devon House	\$45		



\$50 - \$60 psf*

One Island East

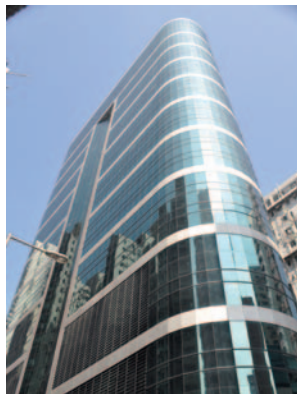
18 Westlands Road, Quarry Bay
Units from 3,543 - 42,000 sq ft (L)



\$34 - \$40 psf*

Kerry Centre

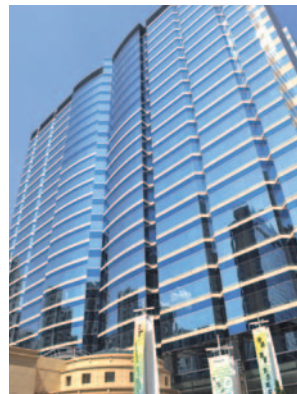
683 Kings Road, Quarry Bay
Units from 5,489 - 16,690 sq ft (L)



\$20 psf*

China United Centre

28 Marble Road, North Point
Units 10,963 - 21,926 sq ft (G)



\$40 psf*

Cityplaza 1

1111 King's Road, Quarry Bay
Units from 2,407 - 14,037 sq ft (L)



\$27 psf*

Citicorp Centre

18 Whitfield Road, North Point
Units from 2,169 - 6,600 sq ft (G)

*All rents quoted are estimated average effective rates subject to negotiations and are not the landlords quoted figure

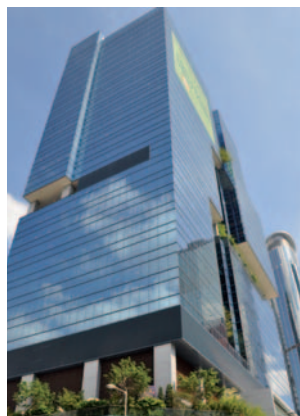
Area Definitions: G - Gross (70% efficiency), L - Lettable (80 - 85% efficiency), N - Net (100% efficiency)

Kowloon Bay / Kwun Tong

Table of New Developments / Kowloon 2013 - 2014

2013	Timing	Address	Size sq ft	Developer
135 Hoi Bun Road	Q1	Kwun Tong	190,000	Rykadan Capital
35 Hung To Road	Q1	Kwun Tong	108,000	First Group Holdings
Kowloon Commerce Centre - Phase 2	Q2	Kwai Chung	366,000	Sun Hung Kai Properties
181 Hoi Bun Road	Q2	Kwun Tong	262,500	Sun Hung Kai Properties
49 King Yip Street	Q2	Kwun Tong	80,000	Sun Hung Kai Properties
10 Cheung Yue Street	TBC	Cheung Sha wan	176,000	Billion Development
2014				
52-56 Tsun Yip Street	Q4 TBC	Kwun Tong	306,000	Billion Development
6 Wang Kwong Road	Q4 TBC	Kowloon Bay	225,000	Billion Development
10 Shing Yip Street	Q4 TBC	Kwun Tong	210,000	Billion Development

Kowloon Bay



\$25 psf*

Exchange Tower
33 Wing Chiu Road
Units from 1,000 – 14,091 sq ft (G)



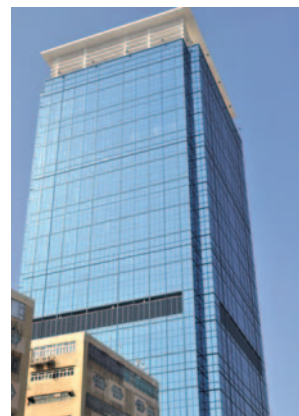
\$17 psf*

Enterprise Square Twrs 1-3
9 Sheung Yuet Road
Units from 2,650 – 5,216 sq ft (G)



\$27 psf*

OCTA Tower
8 Lam Chak Street
Units from 6,000 – 23,800 sq ft (G)



\$18 psf*

Skyline Tower
39 Wang Kwong Road
Units from 1,000 – 7,481 sq ft (G)

Kwun Tong



\$28 - \$30 psf*

One Pacific Centre
414 Kwun Tong Road
Units from 9,000 + sq ft (G)



\$24 psf*

Manulife Financial Centre
222-231 Wai Yip Street
Units from 1,778 – 6,247sq ft (G)



\$21 psf*

Kwun Tong View
410 Kwun Tong Road
Units from 6,779 – 17,742 sq ft (G)



\$18 - \$20 psf*

King Palace Plaza
55 King Yip Street
Units from 1,000 – 12,682 sq ft (G)

*All rents quoted are estimated average effective rates subject to negotiations and are not the landlords quoted figure

Area Definitions: G - Gross (70% efficiency), L - Lettable (80 - 85% efficiency), N - Net (100% efficiency)

Kowloon – Tsim Sha Tsui / Mong Kok

Supply / Demand

Kowloon East and Tsim Sha Tsui have seen the majority of leasing activity as this is where the bulk of available space is and has contributed to rent growth of around 4% in the last quarter. Much of the demand has come from insurance companies, retailers and trading companies. Samsonite is relocating from AXA Centre in Wan Chai and has leased a whole floor in **The Gateway** in Tsim Sha Tsui. Bally has also expanded and upgraded in Tsim Sha Tsui.

Supply though is beginning to become limited and even the most expensive office building in Kowloon, namely **International Commerce Centre** (ICC - quoting \$88 psf) has leased out over 50,000 sq ft of space since the beginning of the year and is nearly full. Rental rates in Tsim Sha Tsui range from \$25 to \$55 psf but average around \$35-\$40 per sq ft.

A significant amount of new supply in Kowloon East was sold off floor by floor and in many cases to owner occupiers. Buildings that fit into this category include **MG Tower**, **King Palace Plaza**, and **Elite Centre**. However, some floors were sold to investors who are now looking for tenants so there are still leasing opportunities here.

OCTA Tower has been particularly successful as the rates were very competitive indeed and the vacancy rate for this development dropped from 60% to just 10% since the beginning of the year. The building has just increased its rates significantly because there is only one whole floor remaining for lease. Asking rates in this area range from \$20 to \$30 per sq ft and the gap in rental rates between this location and Hong Kong Island East has narrowed considerably.

Asking Rates per sq ft

Tsim Sha Tsui

26 Nathan Road	\$55
China Hong Kong City	\$30
Concordia Plaza	\$36
Empire Centre	Full
Harbour City Old Blocks	\$38
Int'l Commerce Centre	\$88
Lippo Sun Plaza	\$35-38
Miramar Tower	\$44
New East Ocean Centre	\$30
Ocean Centre	\$35-40
One Peking Road	Full
Railway Plaza	\$23
Silvercord Tower 1 & 2	\$31-35
The Gateway Tower 1	\$40-44
The Gateway Tower 2	\$48
The Gateway - Sun Life	\$48
The Gateway - Pru Tower	\$58
The Gateway II Tower 6	\$43
Tsim Sha Tsui Centre	\$35-38

Others

Kowloon Commerce Centre	\$27
Metroplaza Tower 1 & 2	\$28
Nina Tower	\$19

Mongkok

113 Argyle Street	\$30
Grand Century Pl T1&T2	\$36
Langham Place	\$36-40
Pioneer Centre	\$36

Kwun Tong

Billion Centre	\$20
Enterprise Square T1-3	\$16-20
Enterprise Square Two	Full
Enterprise Square Three	\$27
Enterprise Square Five	Full
Exchange Tower	\$29-31
Manhattan Place	\$32
One Kowloon	Full
OCTA Tower	\$30
Skyline Tower	\$22

Kwun Tong

C-Bons International Ctre	Full
Crocodile Centre	Full
King Palace Plaza	\$18-24
Kwun Tong View	\$19-22
Landmark Es Twr 2/AXA	\$28-38
Manulife Financial Ctre	\$27-28
MG Tower	\$16-18
Millennium City 1 - T1	\$26-30
Millennium City Stan Ch	Full
Millennium City 2	\$27
Millennium City 3	\$26
Millennium City 5 - BEA	\$36
Millennium City 6	Full
One Pacific Centre	\$32-35

Hung Hom

One Harbourfront	\$30-32
Two Harbourfront	\$29
The Metropolis Tower	\$35-38

Tsim Sha Tsui



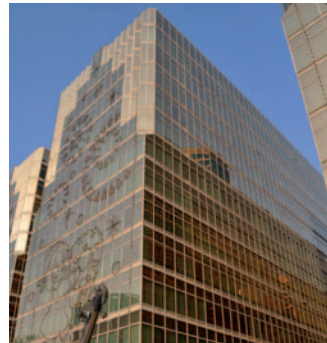
\$38 - \$50 psf*

The Gateway - Tower 1 & 2
25 Canton Road
Units from 2,000 – 18,719 sq ft (G)



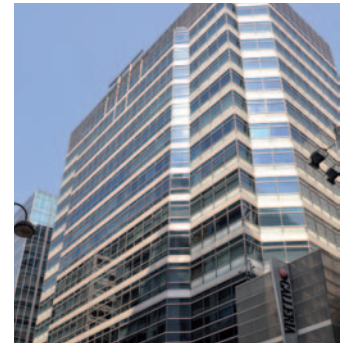
\$28 - \$35 psf*

Ocean Centre
5 Canton Road
Units from 1,110 – 4,670 sq ft (G)



\$25 - \$27 psf*

Hong Kong China City Towers
33 Canton Road
Units from 1,405 – 5,867 sq ft (G)



\$28 - \$33 psf*

Lippo Sun Plaza
28 Canton Road
Units from 1,095 – 18,900 sq ft (G)

Mong Kok



\$32 - \$35 psf*

Langham Place
8 Argyle Street
Units from 5,274 – 17,398 sq ft (G)



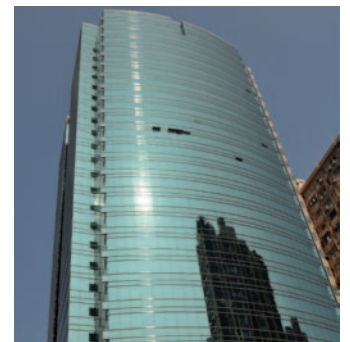
\$28 - \$35 psf*

Grand Century Place
93 Prince Edward Road West
Units from 1,237 – 8,522 sq ft (G)



\$30 psf*

Pioneer Centre
750 Nathan Road
Units from 1,000 – 26,419 sq ft (G)



\$24 psf*

113 Argyle Street
Argyle Street
Units from 1,000 – 7,769 sq ft (G)

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