

November 2013

**CORPORATE  
LOCATIONS**

Hong Kong | Singapore

# The Office

A review of the Hong Kong office market

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One Island East, Quarry Bay

**\*All rents quoted are estimated target 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)**



**\$15 - \$17 psf\***

Units from 1,188 – 6,868 sq ft (G)



**Pacific Plaza** 410 Des Voeux Road West, Western District



**\$22 psf\***

Units from 1,465 – 7,200 sq ft (G)

**E-Trade Plaza** 24 Lee Chung Street, Chai Wan



**\$19 psf\***

Units from 1,000 – 9,216 sq ft (G)

**Hollywood Centre**  
233 Hollywood Road, Sheung Wan



**\$26 psf\***

Units from 1,400 – 4,100 sq ft (G)

**88 Hing Fat Street**  
North Point



**\$27 psf\***

Units from 2,011 – 4,088 sq ft (G)

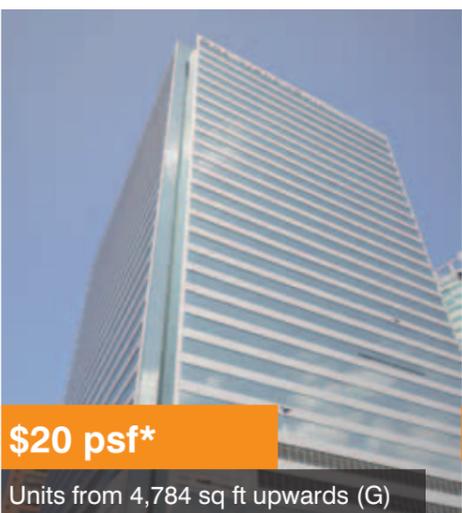
**Cigna Tower**  
482 Jaffe Road, Causeway Bay



**\$18+ psf\***

Units from 4,000 – 20,000 sq ft (G)

**Cyberport 2**  
100 Cyberport Road, Pokfulam



**\$20 psf\***

Units from 4,784 sq ft upwards (G)



**One Island South** 2 Heung Yip Road, Aberdeen

## Sizes between 2,000 sq ft and 3,000 sq ft



\$36 psf 2,470 sq ft (G)

Allied Khajima Building 134-143 Gloucester Road



\$29 psf 2,340 sq ft (G)

China Online Centre 333 Lockhart Road



\$38 psf 2,224 sq ft (G)

Onfem Tower Wyndham Street



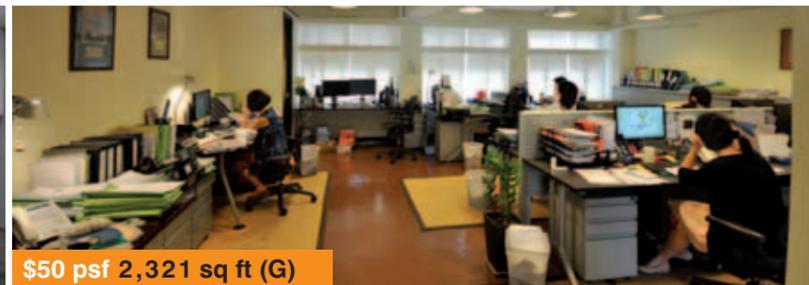
\$48 psf 3,092 sq ft (G)

Club Lusitano Building 16 Ice House Street



\$42 psf 2,253 sq ft (G)

Cosco Tower Grand Millennium Plaza



\$50 psf 2,321 sq ft (G)

Chuang's Tower 30-32 Connaught Road Central



\$63 psf 3,414 sq ft (G)

100 QRC 100 Queen's Road Central

## Sizes between 3,000 sq ft and 5,000 sq ft



\$25 - \$30 psf 3,457 sq ft (G)

EIB Centre Bonham Strand East



\$42 psf 4,919 sq ft (G)

AIA Tower 183 Electric Road

## Large units



\$38 psf 20,000sq ft (G)

United Centre 95 Queensway



\$55 psf 12,108 sq ft (G)

Lippo Centre Tower 1 89 Queensway



\$30+ psf 10,500 sq ft (G)

633 King's Road Northpoint

## Demand: A summary of the most popular buildings in 2013 so far

Demand has been patchy over the last 6 months - some companies have taken advantage of a weak prime market to upgrade, but for the most part demand has been driven by cost savings and consolidation. Many large space users renewed their leases faced with a lack of alternative choices and many landlords, knowing how fragile the market is, have been more competitive on their rates for such users.

In the high end market, law firms have been particularly busy. Harney Westwood & Riegler has relocated from International Commerce Centre in Kowloon West to **Two Exchange Square**. Another new tenant to Exchange Square is Harbin Bank. Debevoise Plimpton has moved from Entertainment Building to **AIA Central** and Squire Sanders & Dempsey relocated from Central Tower to **Edinburgh Tower**.

Earlier in the year Ontario Teachers Pension Fund leased half a floor at **Alexandra House**. **Chater House** may have lost The Securities and Exchange Commission as one of its anchor tenants, but the landlord wasted no time in leasing part of this space (30,000 sq ft) to principal anchor tenant JP Morgan for expansion and a further two floors (36,800 sq ft) to Pictet Asia (also expansion). China Travel Finance & Investment and Paulson Asia have moved into **Two IFC**. Serviced office space operator Compass has leased one whole floor at **Citibank Plaza**. New tenants to move into **CCB Tower** include

Vision Fame International and New China Asset Management.

Other buildings in Central that have been busy include **Man Yee Building**. Marianna Capital set up their new Hong Kong office here earlier in the year, both Nasdaq OMX and RRJ Management expanded within the building and Robecco Hong Kong has just relocated here from Li Po Chun Chambers. Cheung Kong Center has seen several smaller tenants relocate including Flag Squadron who moved to **St George's Building** and Harmony Asset Management who moved to **Bank of America Tower**. Regilare Capital has relocated from Two Exchange Square to **Henley Building** and Interactive Data consolidated from 3 floors at Onfem Tower into **The Center**. Silverhorn Investment Advisors has expanded to lease a whole floor at **100 Queen's Road Central** and design firm RMJM have moved from Warwick House to **The Centrum**.

Wan Chai and Admiralty have been popular locations because these are cost competitive districts, but supply is becoming more limited. Law firm Lu Lai & Li moved from Gloucester Tower to **Admiralty Centre Tower 1** and China Environment Investment moved from Bank of America Tower to **United Centre**. In Wan Chai T-Systems moved from Central Plaza to **Harcourt House** and I.P. Global have also moved to Harcourt House from 88 Gloucester Road. Education group Kaplan

is moving out of a floor at Harcourt House and relocating to Etech Centre on Hennessy Road on the border with Causeway Bay. Asia Satellite Communications moved out of 2 floors in Sunning Plaza to lease one whole floor in **Harbour Centre, 28 Hennessy Road** has proved popular with Liquidnet leasing one

floor moving from 8 Queen's Road Central, Primavera Capital leasing a floor moving from Two IFC and Shenyn Wanguo (HK) leasing two floors moving from Admiralty. The Bank of New York Mellon has leased an extra 16,000 sq ft in **Three Pacific Place**. LinkedIn leased the last remaining floor at **Hysan Place**.

Company	Size sq ft	Moved to
Debevoise Plimpton	13,000 sq ft	AIA Central
Compass Serviced Offices	14,000 sq ft	Citibank Plaza
Shenyn Wanguo (HK)	8,800 sq ft	28 Hennessy Road
McCann World Group	22,500 sq ft	Hysan Place
LinkedIn	16,000 sq ft	Hysan Place
Yahoo.com	31,000 sq ft	Caroline Centre
Cigna Insurance	12,500 sq ft	The Lee Gardens
Buspak Advertising	10,500 sq ft	The Lee Gardens
J.P. Morgan	30,000 sq ft	Chater House (expansion)
Pictet Asia	16,000 sq ft	Chater House (expansion)
Bank of New York Mellon	16,000 sq ft	Three Pacific Place
Asia Satellite Communications	15,000 sq ft	Harbour Centre
Lidl Hong Kong	8,500 sq ft	Miramar Tower
Friesland Campina	12,800 sq ft	Langham Place
GA Operation HK	27,000 sq ft	The Gateway Tower 2, TST
China Trust Commercial Bank	14,000 sq ft	Exchange Tower, Kowloon Bay
Kate Spade Regional HQ	8,000 sq ft	The Gateway
Debenhams	12,500 sq ft	Skyline Tower, Kowloon Bay
Autotoll	12,500 sq ft	Billion Centre, Kowloon Bay

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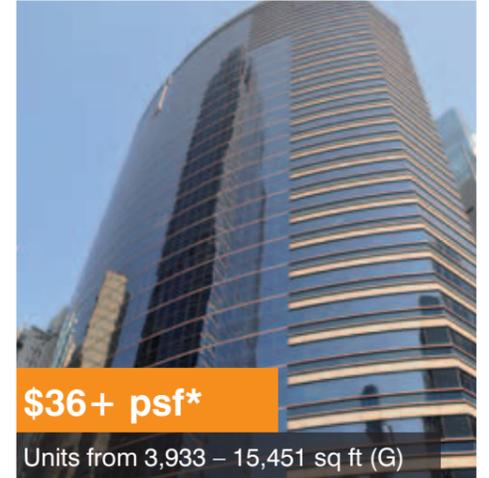
\$48 - \$70 psf\*

Units from 1,620 – 26,183 sq ft (G)

**The Center** 99 Queen's Road Central

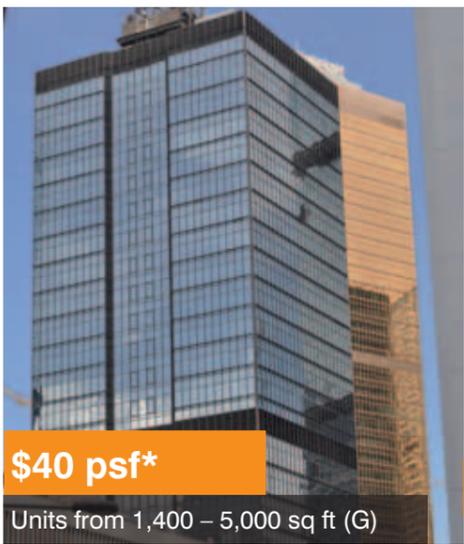


**181 Queen's Road Central**  
Grand Millennium Plaza



\$36+ psf\*

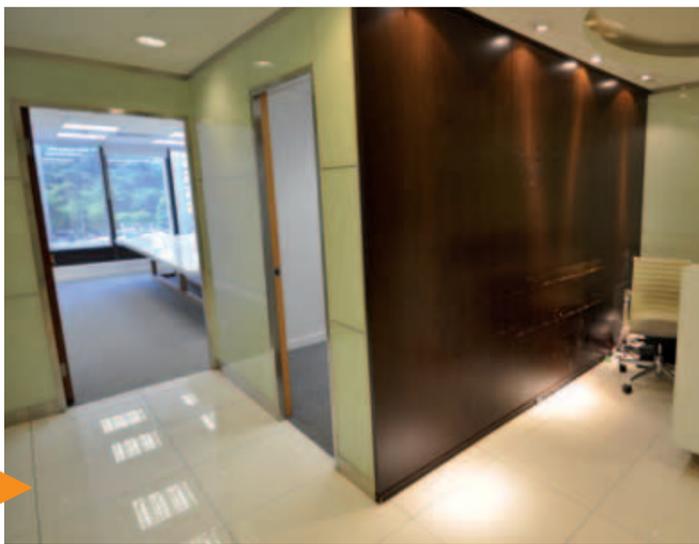
Units from 3,933 – 15,451 sq ft (G)



\$40 psf\*

Units from 1,400 – 5,000 sq ft (G)

**Admiralty Centre Tower 1**  
18 Harcourt Road



\$34 - \$38 psf\*

Units from 5,300 – 20,498 sq ft (G)

**United Centre** 95 Queensway



**Demand** *(continued)*

Island East is one of the most attractive locations on Hong Kong Island in terms of rental rates and demand has been strong here resulting in a major contraction of supply. Demand was bolstered by tenants from Stanhope House (now known as AIA Hong Kong Tower) needing to relocate and many of these refugees preferred to stay in the same location. For instance Ohtori and Zenfields both moved to K.Wah Centre and Instone moved to **Citicorp Centre**. Vaford has also leased a whole floor at Citicorp Centre and Boardroom relocated from The Lee Gardens to lease a floor at **148 Electric Road, 101 Kings Road** has attracted Officelink and Boardroom Concepts as new tenants here.

Activity in Kowloon is still healthy but the rental gap between Hong Kong Island East continues to narrow. More tenants are now relocating within Kowloon when previously movement was dominated by companies from Hong Kong Island looking to save costs. Several tenants in the more expensive buildings in Tsim Sha Tsui are moving to Kowloon East generally seeing cost savings of around \$30 to \$45 per sq ft.

Some of the larger leasing transactions have taken place in Kowloon Bay but supply is now becoming tight and we expect Kwun Tong to see higher levels of activity because of greater supply.

**Supply** Overall vacancy rate is approximately 4.2%

The overall vacancy rate is approximately 4.2% and the supply situation for tenants is just getting tougher all the time, with the budget sector of the market being the most challenging. Tenants looking in this sector will find their choices significantly limited but there will still be opportunities around. It is sometimes a matter of either acting very swiftly or delaying a move and waiting for a known unit to come available. In **Central West**, The Center still has the widest choice and offers high quality space although the efficiency rate is not generous.

In the core of **Central**, 33 Des Voeux Road Central is one the most exciting new developments to come on stream for a long

time, but with a floor plate ranging from 3,421 sq ft to 4,679 sq ft this scheme will only suit small to medium size space requirements. There are some 19 floors being released onto the market and the developer is offering very competitive rates between \$65 - \$70 per sq ft effective to offload the space as quickly as possible. This is superb value for a brand new development in the heart of central directly above an MTR entrance.

Elsewhere in Central, Citibank Plaza has the widest choice of space at around \$75 - \$80 per sq ft effective. The Centrium is still one of the most competitive leasing options around with a wide variety of sizes at rates starting at circa \$37.00 per sq ft effective.

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\$37 - \$42 psf\*

Units from 1,000 – 6,141 sq ft (G)

**The Centrium** 60 Wyndham Street



\$30 - \$33 psf\*

Units from 1,000 – 3,900 sq ft (G)

**Unicorn Trade Centre**  
127-131 Des Voeux Road Central



**Club Lusitano Building**  
16 Ice House Street



\$44 - \$48 psf\*

Several floors each 3,092 sq ft (G)



\$38 psf\*

Units from 1,440 – 2,224 sq ft (G)

**Onfem Tower**  
29 Wyndham Street



**Supply (continued)**

In **Wan Chai**, Shui On Centre has a wide variety of small to medium sized units with sea views at rates around \$42 - \$52 effective, whilst 28 Hennessy Road offers the highest quality space in this location at effective rates ranging from \$53 - \$60 per sq ft. Tau Yau and Tai Tung Buildings provide good quality space at a fair rates between \$32 and \$40 per sq ft. Causeway Bay is very tight with Hysan Place now full and the widest choice can be found in Ace Tower and Times Square. Island East has seen some of the strongest demand with Kerry Centre now full and the widest choice can be found in Oxford House and DCH Commercial Centre.

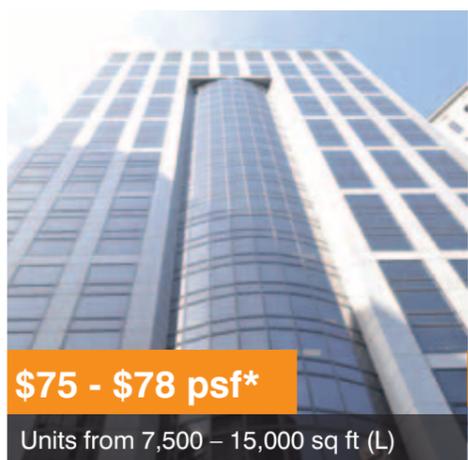
In Kowloon we are seeing an increase in supply in Tsim Sha Tsui with some tenants relocating to Kowloon East. There is also more space coming available in International Commerce Centre with some of the original leases not being renewed and several more break-lease cases. There is ample supply coming on stream in Kwun Tong with 181 Hoi Bun Road and Pioneer Place releasing a combined area of around 500,000 sq ft for lease over the next 6 months. Supply will be boosted further with around 300,000 sq ft of industrial space scheduled for refurbishment to be used as offices in this location. In Kowloon West, Kowloon Commerce Centre Tower 2 and Billion Plaza 2 are releasing a total of around 700,000 sq ft but the latter is only for sale.

**Schemes Under Construction**

2012	Address	Size sq ft	Expected Completion
33 Des Voeux Road Central	Central	85,000 sq ft	Q4 / 2013
Forum, Exchange Square	Central	40,700 sq ft	Q4 / 2013
Global Trade Square	Aberdeen	340,000 sq ft	Q3 / 2014
12 Canon Street	Causeway Bay	170,000 sq ft	Q4 / 2015
181 Hoi Bun Road	Kwun Tong	240,000 sq ft	Q4 / 2013
Rykaden Capital Tower	Kowloon Bay	155,000 sq ft	Q4 / 2013
1 Sheung Yeut Street	Kowloon Bay	212,000 sq ft	Q4 / 2013
Billion Plaza II	Kwun Tong	260,000 sq ft	Q2 / 2014
Pioneer Place	Kwun Tong	220,000 sq ft	Q2 / 2014
52-56 Tsun Tip Street	Kwun Tong	306,000 sq ft	2015
15-17 Chong Yip Street	Kwun Tong	226,000 sq ft	2015
180 Wai Yip Street	Kwun Tong	407,000 sq ft	2015
One Bay East	Kowloon East	1,000,000 sq ft	2016
Goldin Towers	Kowloon Bay	680,000 sq ft	2016

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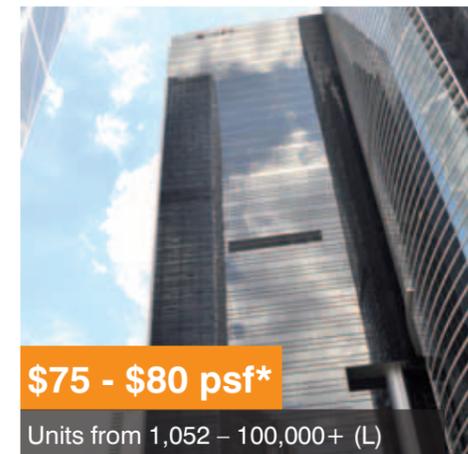
\$75 - \$78 psf\*

Units from 7,500 – 15,000 sq ft (L)



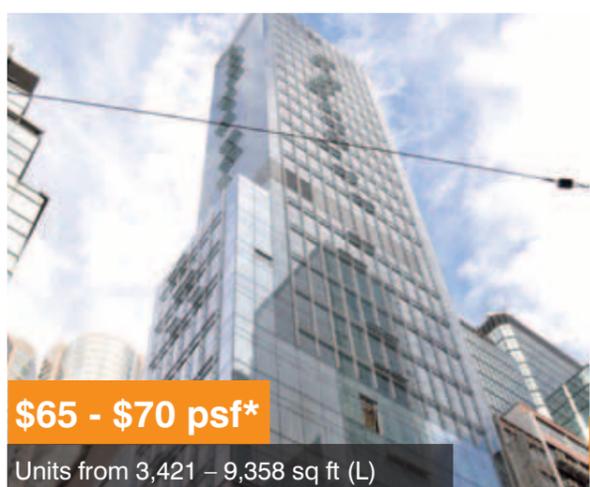
Central Tower 28 Queen's Road Central

Citibank Plaza  
3 Garden Road



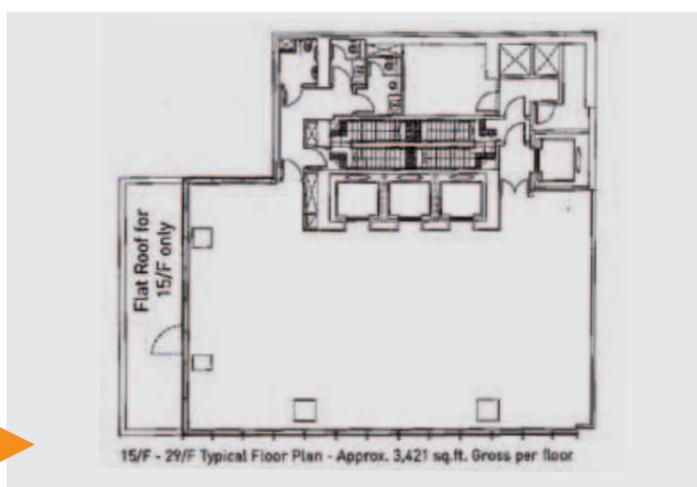
\$75 - \$80 psf\*

Units from 1,052 – 100,000+ (L)

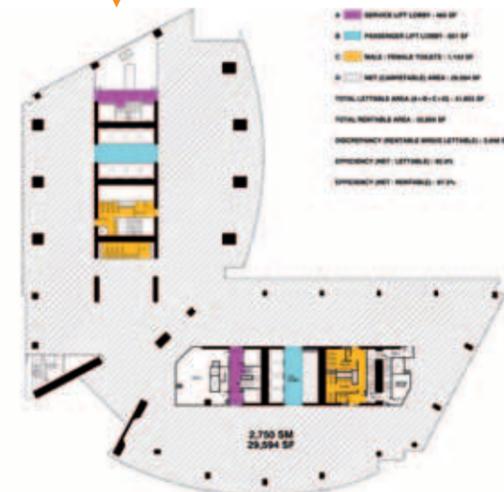


\$65 - \$70 psf\*

Units from 3,421 – 9,358 sq ft (L)



15/F - 29/F Typical Floor Plan - Approx. 3,421 sq ft. Gross per floor

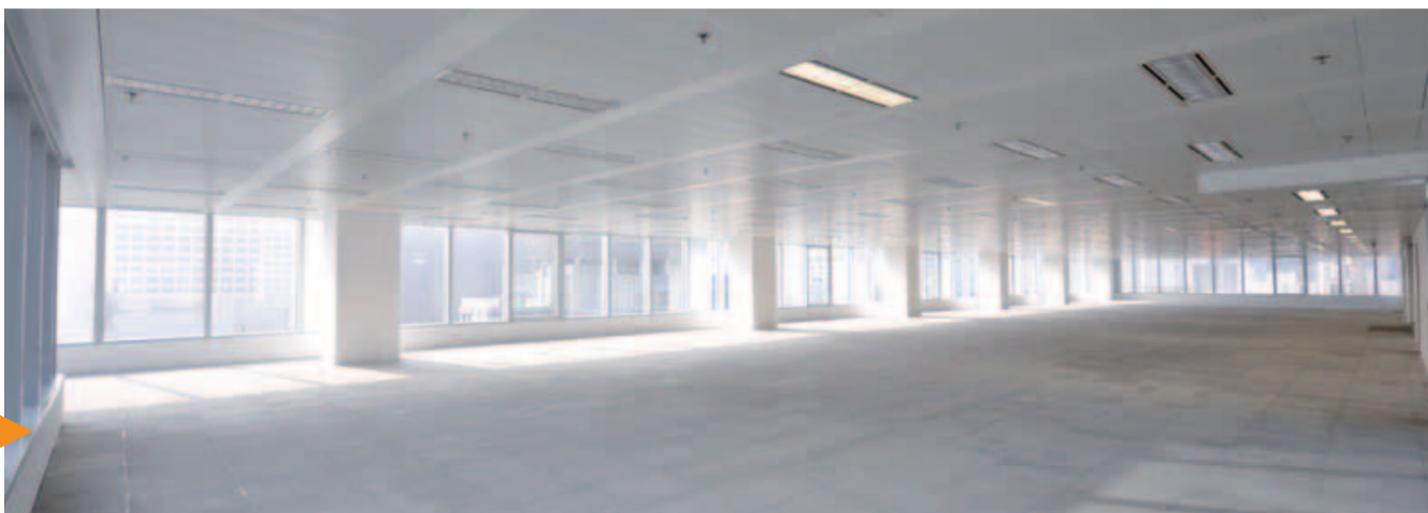


33 Des Voeux Road Central



\$63 - \$70 psf\*

Units from 1,730 – 10,545 sq ft (L)



Man Yee Building 68 Queen's Road Central

Rental Guide - Summary of Target Effective Rates

Sheung Wan / Central West

69 Jervois Street	\$21
135 Bonham Strand Trade Centre	\$20
181 Queen's Road Central	\$35 - \$40
235 Wing Lok Street Trade Centre	\$15
Beautiful Group Tower	\$35 - \$39
BOCG Insurance Building	Full
Bangkok Bank Building	\$18
Centre Mark II	\$23
China Insurance Group Building	\$40
China Merchants Building	\$22
Chu Kong Shipping Tower	\$30
Cosco Tower	\$41 - \$55
FWD Financial Centre (ING)	\$34
Fu Fai Commercial Centre	\$24
Golden Centre	\$35
Guandong Investment Building	Full
Hollywood Centre	\$19
Hong Kong Trade Centre	\$26
Infinitus Plaza	\$42 - \$45
Kai Tak Commercial Building	\$29
Li Po Chun Chambers	\$52
Nan Fung Tower	\$36 - \$43
Pacific Plaza	\$17
Shun Tak Centre	\$43 - \$55
Teda Building	\$26

Tern Centre 1 & 2	\$16
The Center	\$43 - \$75
Unicorn Trade Centre	\$30 - \$35
V. Heun Building	Full
Wing On Centre	\$46
Yardley Commercial Building	Full
<b>Central / Admiralty</b>	
8 Queen's Road Central	\$78 - \$83
8 Wyndham Street	Full
9 Queen's Road Central	\$62 - \$65
33 Des Voeux Central	\$65 - \$70
100 Queen's Road Central	\$63
Agricultural Bank of China	\$88 - \$90
AIA Central	Full
Alexandra House	Full
Bank of America Building	\$45 - \$67
Bank of China Tower	\$82 - \$87
Baskerville House	Full
CCB Tower	\$98 - \$115
CITIC Tower	\$65
Central Building	Full
Central Tower	\$75 - \$78
Cheung Kong Center	\$110+
China Building	\$60
Chuang's Tower	\$50

Citibank Plaza	\$75 - \$80
Chater House	TBC
Club Lusitano Building	\$43 - \$48
Dina House / Ruttonjee Centre	\$40 - \$52
Edinburgh Tower	Full
Entertainment Building	\$65 - \$75
Euro Trade Centre	\$44
Fung House	\$40
Gloucester Tower	TBC
Henley Building	Full
Hip Shing Hong Centre	\$41
Hong Kong Diamond Exchange Centre	Full
Hutchison House	\$55 - \$65
Jardine House	TBC
Kinwick Centre	\$40
LHT Tower	Full
Lippo Centre T1 & 2	\$42 - \$54
Man Yee Building	\$65 - \$78
Nexus Building	\$72
New Henry House	\$68
New World Tower 1 & 2	\$57 - \$62
One & Two Exchange Square	TBC
Three Exchange Square	TBC
One IFC	\$125 - \$135
Two IFC	\$125 - \$135
One Pacific Place	\$100 - \$110
Two Pacific Place	\$100 - \$110

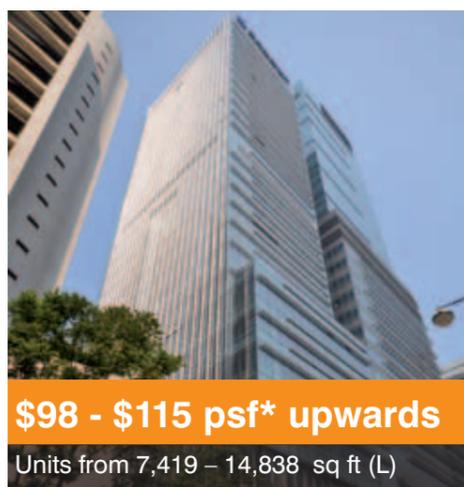
Three Pacific Place	\$83 - \$93
Onfem Tower	\$38
On Hing Building	\$34
Prince's Building	TBC
Printing House	\$59
Prosperity Tower	\$60 - \$65
Shun Ho Tower	\$40
St George's Building	\$87
St John's Building	\$48 - \$52
The Centrium	\$37+
The Hong Kong Club Building	\$95
Universal Trade Centre	\$33
World Wide House	\$45 - \$60
Wheelock House	\$70+
Wing On House	\$45
Wyndham Place	\$36
York House	TBC

Wan Chai

8 Queen's Road East	Full
28 Hennessy Road	\$50 - \$59
80 Gloucester Road	\$34
88 Gloucester Road	\$30
248 Queen's Road East	\$30 - \$33

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\$98 - \$115 psf\* upwards

Units from 7,419 – 14,838 sq ft (L)

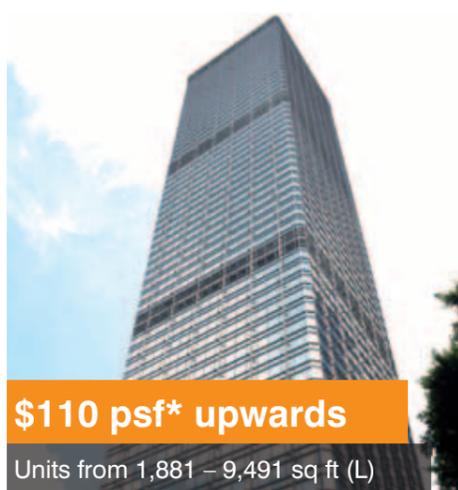


**CCB Tower**  
3 Connaught Road Central



\$125 - \$135 psf\*

Units from 2,457 – 23,000 sq ft (L)



\$110 psf\* upwards

Units from 1,881 – 9,491 sq ft (L)



**Two International Finance Centre**  
8 Finance Street

**Cheung Kong Center**  
2 Queen's Road Central

Allied Khajima Building	\$36
Asia Orient Tower	\$32
AXA Centre	\$40
BEA Harbour View Centre	\$38 - \$40
CC Wu Building	\$26
Central Plaza	\$52 - \$60
China Hong Kong Tower	\$23
China Online Centre	\$29
China Overseas Building	\$38
China Resources Building	\$50 - \$57
Chinachem Century Tower	Full
Convention Plaza Office Tower	\$50 - \$52
Dah Sing Financial Centre	\$58 - \$60
Fortis Tower	Full
Great Eagle Centre	\$65 - \$74
Harbour Centre	\$57 - \$60
Harcourt House	\$33 - \$35
Hopewell Centre	\$45 - \$52
Jubilee Centre	\$36 - \$41
Luk Kwok Centre	Full
Mass Mutual Tower	\$36 - \$45
Methodist House	Full
Neich Tower	\$37
Overseas Trust Bank Building	\$24 - \$32
Shanghai Industrial Investment Building	\$30
Shui On Centre	\$42 - \$55
Sing Ho Finance Building	Full

Siu On Centre	\$29
Sun Hung Kai Centre	\$50 - \$62
Sunshine Plaza	\$33
Tai Tung Building	\$38 - \$40
Tai Yau Building	\$32 - \$37
Tesbury Centre	\$36
The Hennessy	\$27 - \$29
The Sun's Group Centre	TBC
Tung Wai Commercial Building	Full
W Square	\$38
Wing Hang Finance Centre	\$30 - \$32
Wu Chung House	\$30 - \$32

**Causeway Bay**

18 Hysan Avenue	\$47
68 Yee Wo Street	\$36
111 Leighton Road	\$40
Caroline Centre	\$47 - \$50
Causeway Bay Plaza 1 & 2	\$27 - \$36
China Taiping Tower 1 & 2	\$32
Chinachem Leighton Plaza	Full
Cigna Tower	\$27
East Exchange Tower	Full
Guardian House	\$27
Hang Lung Centre	\$50

Hysan Place	Full
The Lee Gardens	\$50 - \$61
Leighton Centre	\$41
Lippo Leighton Tower	Full
One Hysan Avenue	\$38 - \$40
Sino Plaza	\$40 - \$42
Times Square Tower 1 & 2	\$45 - \$52
Top Glory Tower	\$42
Windsor House / Ace Tower	\$36 - \$43
World Trade Centre	\$47 - \$50

**Fortress Hill / North Point**

88 Hing Fat Street	\$27
101 King's Road	\$27
148 Electric Road	\$24
169 Electric Road	\$30 - \$36
AIA Tower	\$40 - \$42
China United Centre	Full
Citicorp Centre	\$27 - \$30
Island Place Tower	Full
K. Wah Centre	\$25
Olympia Plaza	\$25
Two Chinachem Exchange Square	\$18

**Quarry Bay / Island East**

625 King's Road	\$27 - \$29
633 King's Road	\$32
1063 King's Road	Full
AIA Hong Kong Tower	TBC
Cambridge House	\$40 - \$42
Chinachem Exchange Square	\$22
Cityplaza 1	\$43
Cityplaza 3	Full
Cityplaza 4	\$42 - \$43
Cornwall House	Full
E-Trade Plaza	\$22
DCH Commercial Centre	\$38 - \$40
Devon House	\$39 - \$42
Dorset House	Full
Kerry Centre	Full
Kodak House 2	\$20
Lincoln House	Full
One Island East	\$55 - \$62
Oxford House	\$43
PCCW Tower	\$40 - \$42
Prosperity Millennia Plaza	\$29
Warwick House	Full

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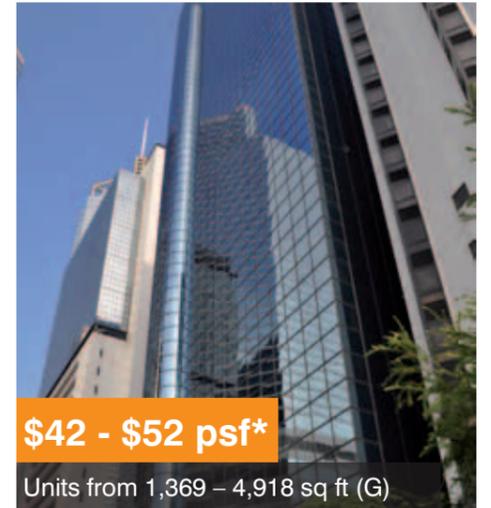
\$32 - \$37 psf\*

Units from 966 – 10,830 sq ft (G)

**Tai Yau Building** 181 Johnson Road

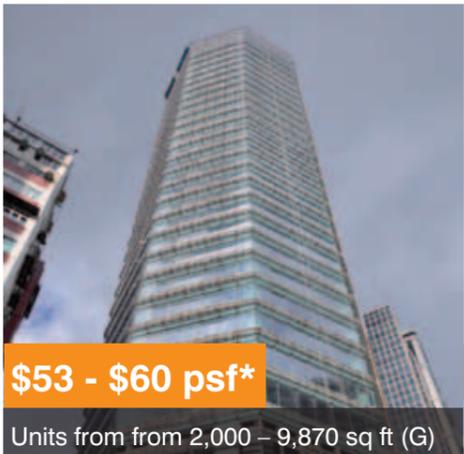


**Shui On Centre** 6-8 Harbour Road



\$42 - \$52 psf\*

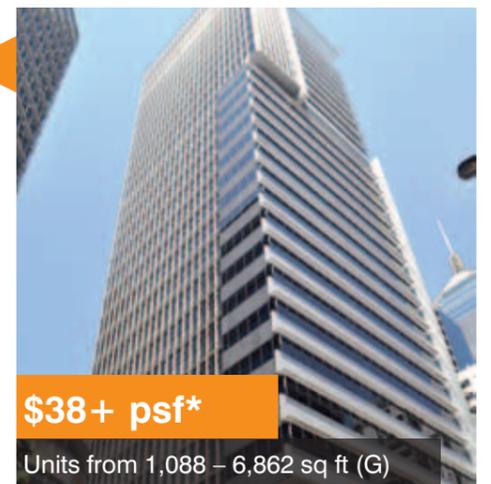
Units from 1,369 – 4,918 sq ft (G)



\$53 - \$60 psf\*

Units from from 2,000 – 9,870 sq ft (G)

**28 Hennessy Road**



\$38+ psf\*

Units from 1,088 – 6,862 sq ft (G)

**Tai Tung Building** Fleming Road

## Rentals

It is just as well demand has not been strong because the shortage of supply would definitely have driven rents up across the board. Prime office rates are bottoming out to average around \$98 per sq ft.

**Prime office rates are bottoming out to average around \$98 per sq ft**

The most expensive AAA Grade buildings are still achieving effective rates between \$110 and \$130 per sq ft, but the number of new transactions is thin. Most of the good quality mid-range offices in Central command rates between \$65 and \$80 per sq ft and there is very little available in Central in the economy range less than \$37 per sq.

Central West / Sheung Wan ranges from \$30 to \$50 per sq ft and Admiralty (excluding Pacific Place) ranges from \$40 to \$60 per sq ft. Wan Chai has a wide range from \$30 to \$55 per sq ft because there is such a mixture of buildings in this location. Causeway Bay has firmed to between \$38 and \$55 per sq ft and Island East ranges from \$25 to \$45 per sq ft.

Rents in Tsim Sha Tsui range from \$25 to \$60 per sq ft but most of the quality buildings average around \$45 per sq ft. Rates in Kowloon East range from \$25 to \$35 per sq ft and rates in Kowloon West (excluding ICC) range from \$20 to \$30 per sq ft.

Many of the new strata titled owners are finding it more difficult to arrange subsequent sales and more are turning to leasing their space instead.

**More strata title owners are likely to offer their space for lease due to the slowdown in the sales market**

Often such individual owners can offer significant rental discounts compared to whole building owners, up to 15% in some cases, but tenants need to be wary that private owners could eventually sell their units to potential owner-occupiers.

## Forecast

Demand for top of the range space is expected to remain weak so rates in this sector should be static. Supply in the mid-tier market is beginning to contract and demand is reasonable so we anticipate a modest uplift of maybe 5% to 7% in this sector over the next 12 months.

It is however the economy range where most of the demand is focused and we predict rates in this sector could rise by around 10% in the next 12 months taking into account it is coming from a relatively low base level.

**Prime rates will be static but the budget sector could see a 10% uplift**

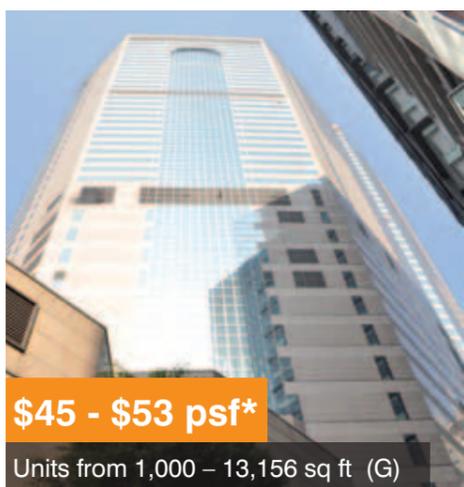
Tenants will still be able to find space to suit their needs but they will have nothing like the choice they have been used to and some may need to be far more flexible in terms of location to achieve any significant cost savings. Provided the building is convenient for staff with easy access to an MTR station and reasonable amenities close by including shops and eateries, more tenants are likely to begin to consider less fashionable locations.

As such we foresee a pick-up in demand in Kowloon West and some other locations in the New Territories that are near to an MTR. High quality schemes can be found here at rates ranging from \$16 to \$25 per sq ft.

**Sales market likely to be flat but could be good opportunity for potential owner-occupiers**

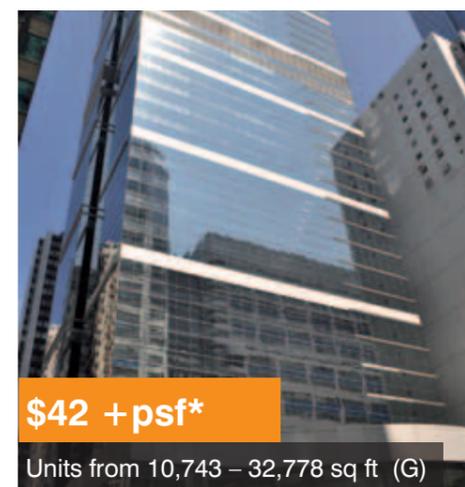
The sales market is likely to be flat for the foreseeable future. This is not only because of the anti-speculation measures now in place but because there is ample supply coming on-stream over the next few years particularly in Kowloon that will saturate the market.

However, this is probably the time that potential owner occupiers should perhaps reconsider entering the market because competition from speculators has dropped off, prices are still reasonable in locations like Kowloon East or Kowloon West and the former location is an area designated as the next new 'CBD 2' with all the new infrastructure and Government funded facilities in the pipeline.



\$45 - \$53 psf\*

Units from 1,000 - 13,156 sq ft (G)

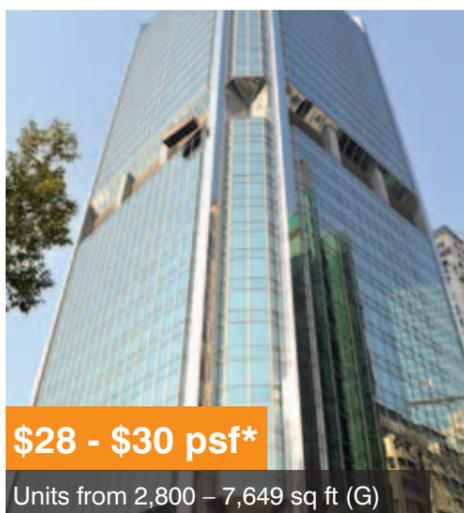


\$42 + psf\*

Units from 10,743 - 32,778 sq ft (G)

**Times Square Towers 1 & 2** 1 Matheson Street

**Oxford House** Taikoo Place



\$28 - \$30 psf\*

Units from 2,800 - 7,649 sq ft (G)



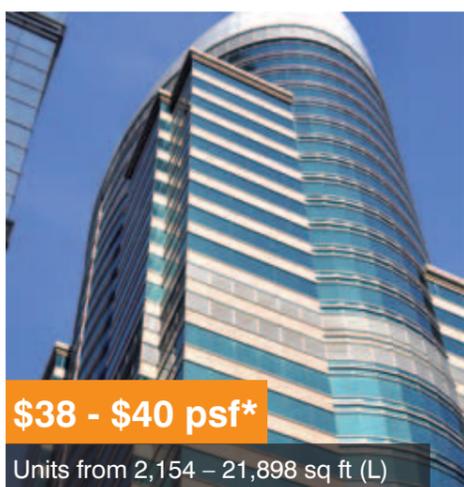
**Ace Tower, Windsor House**  
311 Gloucester Road



\$37 - \$43 psf\*

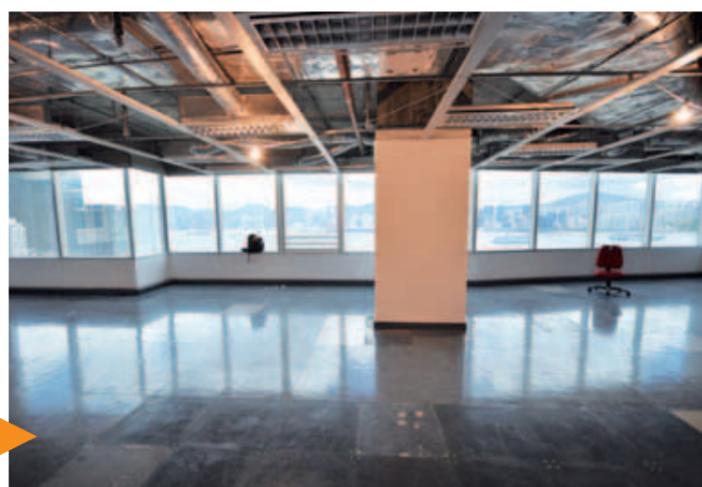
Units from 1,222 - 19,987 sq ft (G)

**Citicorp Centre** 18 Whitfield Road



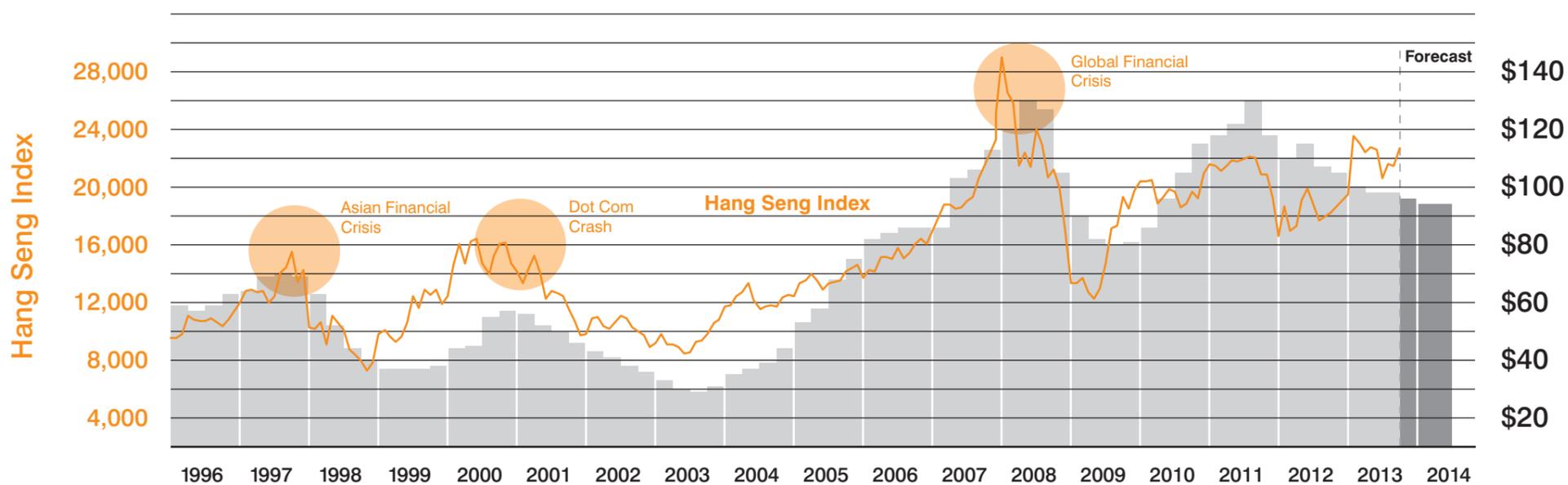
\$38 - \$40 psf\*

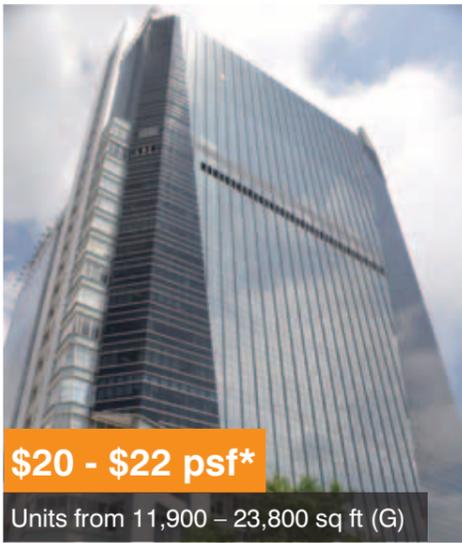
Units from 2,154 - 21,898 sq ft (L)



**DCH Commercial Centre** Taikoo / Quarry Bay

**History of Average Prime Grade A Office Rents**





\$20 - \$22 psf\*

Units from 11,900 – 23,800 sq ft (G)

\*All rents quoted are estimated target 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)



**OCTA Tower** 8 Lam Chak Street, Kowloon Bay

**Manulife Financial Centre**

223 Wai Yip Street, Kwun Tong



\$25 - \$29 psf\*

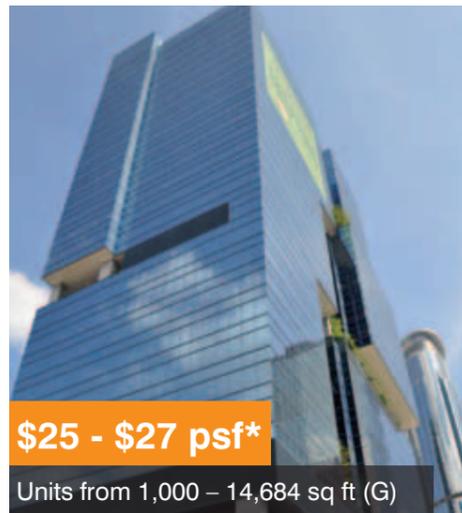
Units from 1,244 – 16,907 sq ft (G)



\$20 - \$27 psf\*

Units from 4,237 – 23,750 sq ft (G)

**Elite Centre** 22 Hung To Road, Kwun Tong



\$25 - \$27 psf\*

Units from 1,000 – 14,684 sq ft (G)

**Exchange Tower** 133 Wang Chiu Road, Kowloon Bay



**Kowloon Rental Table**

**Tsim Sha Tsui**

Austin Plaza, Jordan	\$24
Cameron Plaza	\$27
China Hong Kong City	\$28 - \$33
China Minmetals Tower	\$26
Chinachem Golden Plaza	\$25 - \$28
Concordia Plaza	\$35
Empire Centre	\$36
Energy Plaza	\$24 - \$27
Harbour City Old Blocks	TBC
Hong Kong Pacific Centre	\$42
International Commerce Centre	\$88
Lippo Sun Plaza	\$30
Miramar Tower	\$32 - \$38
New East Ocean Centre	TBC
Ocean Centre	\$33 - \$38
One Peking	Full
Silvercord Tower 1 & 2	\$27 - \$35
South Seas Centre T1 & 2	\$28
Star House	\$30 - \$35
TAL Building, Jordan	\$23 - \$25
The Cameron	\$28 - \$39
The Gateway Tower 1 & 2	\$38 - \$48
The Gateway - Sun Life	\$42
The Gateway - Prudential Tower	\$50
The Gateway II Tower 6	\$39 - \$53
Tower Jordan	\$34
Tsim Sha Tsui Centre	\$35

**Mong Kok**

Grand Century Place Towers	\$36
Grand Plaza Tower 1 & 2	\$30 - \$36
Hollywood Plaza	\$34
Kowloon Building	\$27 - \$30
Langham Place	\$33 - \$38
Park In Commercial Centre	\$24 - \$29
Pioneer Centre	\$36
Wing On Kowloon	\$32

**Hung Hom**

One Harbourfront	\$27
Two Harbourfront	\$23 - \$28
The Metropolis Tower	\$33

**Kowloon Bay**

Billion Centre	\$23
Chevalier Commercial Centre	\$18
Enterprise Square Tower 1-3	\$20
Enterprise Square Two	Full
Enterprise Square Three	\$25 - \$33
Enterprise Square Five	\$32 - \$38
Exchange Tower	\$26 - \$30
Manhattan Place	\$33
OCTA Tower	\$20 - \$22
One Kowloon	\$30
Skyline Tower	\$23
Telford House	\$20

**Kwun Tong**

9 Chong Yip Street	\$20
78 Hung To Road	Full
181 Hoi Bun Road	\$27
AIA Kowloon Tower Landmark	\$33
AXA Tower Landmark East	\$30
C-Bons International Centre	\$28 - \$32
Crocodile Centre	\$28
EGL Tower	\$18
Elite Centre	\$20 - \$27
Fun Tower	TBC
Futura Plaza	\$20
Kin Sang Comm Centre	\$18 - \$24
King Palace Centre	\$18 - \$20
Kwong Tong View	\$20
Legend Tower	\$20
Manulife Financial Centre	\$25 - \$29
MG Tower	\$15 - \$20
Millennium City 1 - Tower 1	\$26 - \$30
Millennium City Standard Chartered	\$33
Millennium City 2	\$25 - \$27
Millennium City 3	\$23
Millennium City 5 - BEA	\$37
Millennium City 6	\$32
One Pacific Centre	\$33+
Paul Y Centre	\$16
Pioneer Centre	\$20+
Prosperity Place	\$18

**Cheung Sha Wan**

9 Wing Hong Street	\$16 - \$19
909 Cheung Sha Wan Road	\$24 - \$29
CEO Tower	TBC
Cheung Sha Wan Plaza	\$20 - \$22
Edward Wong Tower	\$17
Ford Glory Plaza	\$14
Kings Tower	TBC
Laws Commercial Plaza	\$16
Park Building	\$18

**Shatin**

Delta House	\$17 - \$18
Grand Century Plaza	\$24 - \$30
Shatin Galleria	\$13 - \$14

**New Territories**

City Landmark	\$20
Ever Gain Plaza	\$17 - \$20
Grand City Plaza	\$18
Kowloon Commerce Centre	\$28 - \$33
Landmark North	\$20 - \$23
Metroplaza Tower 1 & 2	\$27 - \$31
Nina Tower	\$18 - \$19



**\$17 - \$20 psf\***

Units from 1,727 – 22,543 sq ft (G)



**Ever Gain Plaza Tower 2** 88 Container Port Road, Kwai Chung



**\$16 - \$19 psf\***

Units from 3,304 – 11,871 sq ft (G)

**9 Wing Hong Street**  
Cheung Sha Wan



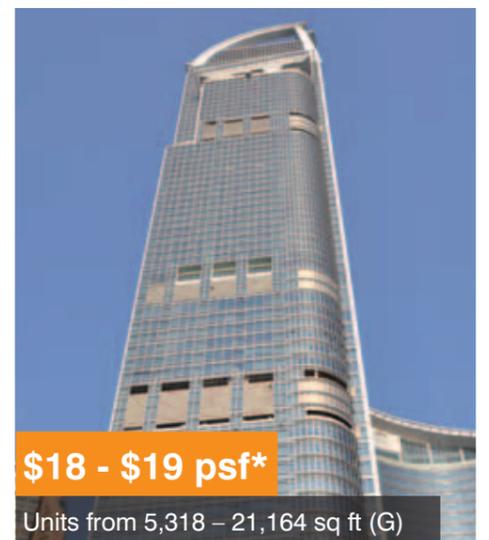
**\$28 psf\***

Units from 1,736 – 8,484 sq ft (G)

**909 Cheung Sha Wan Road**



**Nina Tower** Tsuen Wan



**\$18 - \$19 psf\***

Units from 5,318 – 21,164 sq ft (G)



**\$28+ psf\***

Units from 4,237 – 100,000 sq ft (G)

**Kowloon Commerce Centre 1 & 2** 51 Kwai Cheong Road, Kwai Chung



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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.

Generally the strata title sales market has slowed considerably, with yields in Central dropping to around 2.5% taking into account the decline in rental rates over the last 12 months. However, in locations such as Wan Chai prices have firmed with rents moving forward and prices more affordable than prime Central. Activity has been slow not just due to the introduction of double stamp duty for the first time on commercial property, but also by the lowering of the loan-to-value ratio making it increasingly difficult to secure finance at attractive rates. This has led to a softening of demand from investors and the market will be led by prospective owner-occupiers.

This is because they are long term investors and many who are currently tenants are concerned that the lack of new supply for rent in the next 5 years will inevitably cause another spike in rental rates.

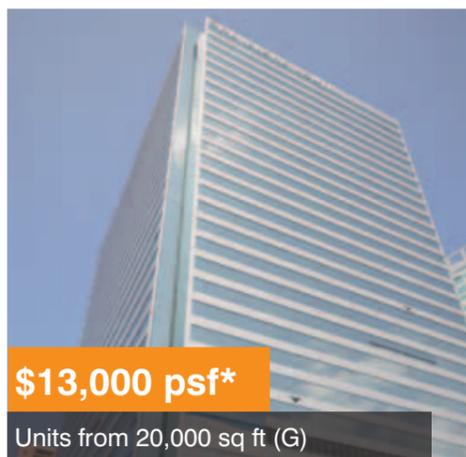
There have been 3 major office property investment transactions so far this year and they have all been in the Kowloon area. The largest single acquisition this year was the purchase by Manulife of the West Wing in One Bay East in Kowloon Bay (510,000 sq ft). The twin tower scheme (1,025,000 sq ft) currently being developed by Wheelock Properties will be ready for occupation in 2016.

The West Wing was purchased for approximately HK\$4.5B (US\$580M) and will be renamed Manulife Tower. Hang Seng (both the banking and insurance arms) was involved in the other two investments, namely 7 floors at Exchange Tower in Kowloon Bay for HK\$1.56B (US\$201M) and a 30-storey office tower at 113 Argyle Street in Mong Kok for HK\$2.9B (US\$374M).

Kowloon East has seen more strata title sales because prices are lower and the choice is wider. Newly completed schemes command prices between \$11,000 and \$12,000 per sq ft. There are 10 office developments

scheduled for completion between now and 2016, with 9 out of 10 of these earmarked for sale on a strata title basis. The only exception at this stage is Goldin Towers in Kowloon Bay (680,000 sq ft) which will be available for lease. We expect prices to remain stable in the Kowloon East area for the medium term because there is ample supply of strata titled space in the pipeline and demand from investors will be more subdued. The holding power of many individual owners means that there will not be many forced sales, thus avoiding a collapse in prices, but more will be considering leasing out their property for the medium term.

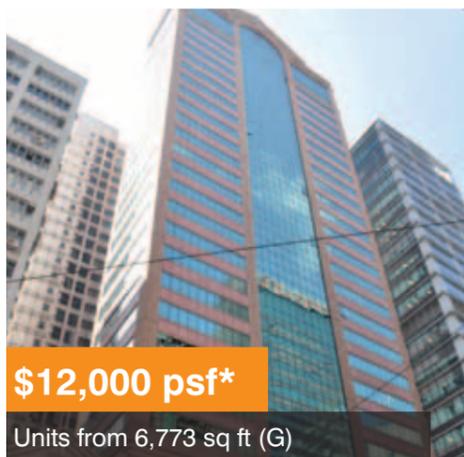
## Hong Kong Island



**\$13,000 psf\***

Units from 20,000 sq ft (G)

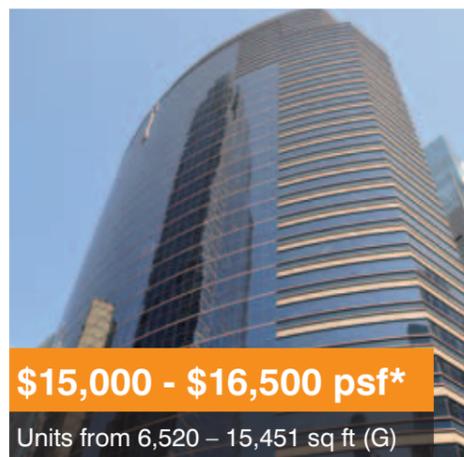
**One Island South**  
Aberdeen



**\$12,000 psf\***

Units from 6,773 sq ft (G)

**CNT Tower**  
Wan Chai



**\$15,000 - \$16,500 psf\***

Units from 6,520 - 15,451 sq ft (G)

**181 Queen's Road Central**  
Sheung Wan

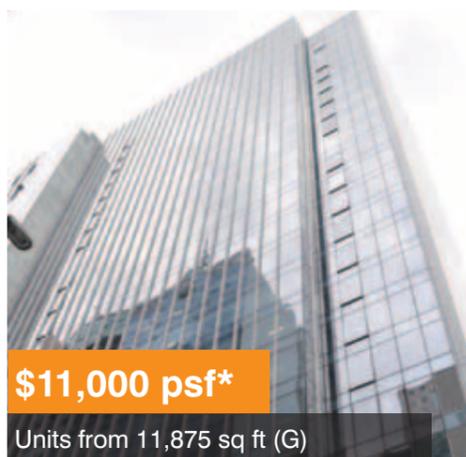


**\$9,500 - \$11,000 psf\***

Units from 1,345 - 9,700 sq ft (G)

**Global Trade Tower**  
Aberdeen (Q3 - 2014)

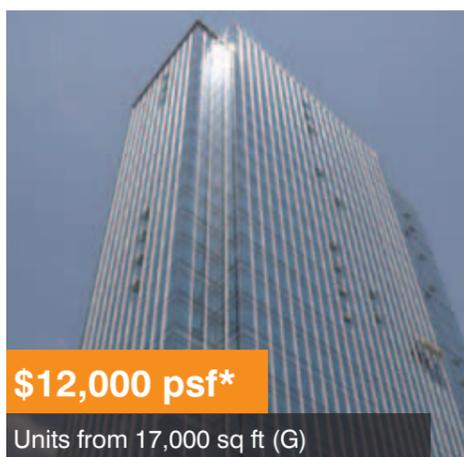
## Kowloon



**\$11,000 psf\***

Units from 11,875 sq ft (G)

**Elite Centre**  
Kwun Tong



**\$12,000 psf\***

Units from 17,000 sq ft (G)

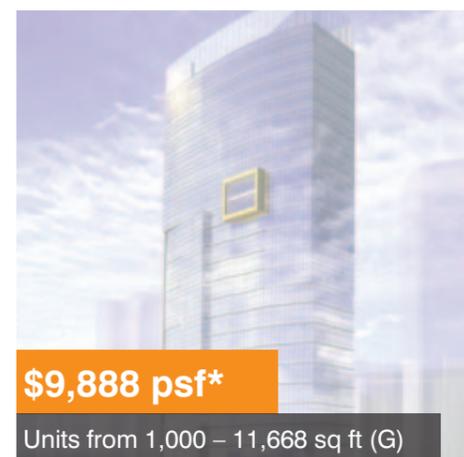
**181 Hoi Bun Road**  
Kwun Tong



**\$9,800 psf\***

Units from 1,000 - 6,603 sq ft (G)

**King's Palace Plaza**  
Kwun Tong



**\$9,888 psf\***

Units from 1,000 - 11,668 sq ft (G)

**Billion Plaza II**  
Cheung Sha Wan (Q3 - 2014)

## Estimated Guide Prices: Availability to be confirmed

HONG KONG ISLAND	Size sq ft	Guide Price
181 Queen's Road Central	6,520 - 15,457	\$15,000 - \$16,500
Admiralty Centre Tower	13,200 - 8,949	\$20,000 - \$22,000
Admiralty Centre Tower 2	10,600	\$25,000
AXA Centre	14,500	\$15,300
Bank of America Tower	3,110 - 6,355	\$25,000 - \$30,000
CNT Tower	6,773	\$12,000
Caltex House	3,547	\$8,500
China Insurance Group Building	3,300 - 9,400	\$14,000 - \$15,000
Chinaweal Centre	3,616	\$9,200
Citicorp Centre	16,257	\$10,800
Cosco Tower	3,517 - 20,000	\$22,000 - \$23,500
E-Trade Centre	6,520 - 15,457	\$7,600
Emperor Group Centre	3,200 - 8,949	\$21,500
Fairmont House	10,600	\$20,000
Far East Consortium Building	14,500	\$13,500
Far East Finance Centre	3,110 - 6,355	\$25,000 - \$28,000
Fortis Bank Tower	6,350	\$15,000 - \$16,500
Harbour Centre	3,719 - 7,359	\$24,500 - \$29,000
Hong Kong Diamond Exchange Building	4,250	\$22,000
Hong Kong Trade Centre	3,449 - 5,448	\$11,000 - \$15,000
Island Place Tower	3,752-20,090	\$12,500
Lippo Centre Towers 1 & 2	3,000 - 15,000	\$25,000 - \$30,000
Lyndhurst Terrace	4,005	\$14,200
Overseas Trust Bank Building	6,984	\$16,500
Shun Tak Centre	3,000 - 8,000	\$18,000 - \$19,500
Silver Fortune Plaza	4,400	\$16,000 - \$18,000
Tesbury Centre	4,100	\$15,000 - \$17,000
The Sun's Group Centre	7,388	\$14,000

Times Tower	3,500	\$15,000 - \$17,500
United Centre	5,732	\$17,000
Wing On House	5,912 - 11,000	\$17,000
Wing's Building	3,393	\$15,000 - \$18,500
Wyndham Place	3,480	\$16,500
Yardley Commercial Building	3,550	\$15,800

KOWLOON	Size sq ft	Rate
181 Hoi Bun Road	16,000 - 18,000	\$12,000
Billion Centre 2	11,668	\$9,880
C-Bons International Centre	3,600 - 16,824	\$14,000 - \$15,000
Concordia Plaza	3,600 - 13,875	\$13,000 - \$16,000
EGL Tower	3,416 - 3,539	\$9,500 - \$10,000
Elite Centre	11,875	\$9,500 - \$12,000
Empress Plaza	4,400	\$11,300
Enterprise Square 2 & 3	Various	\$8,000
Houston Centre	4,580 - 11,700	\$11,500 - \$13,000
King Palace Plaza	3,715 - 6,603	\$9,000 - \$11,000
Legend Tower	4,109	\$12,000
Lippo Sun Plaza	4,727	\$14,000
MG Tower	4,000 - 29,475	\$8,500
Millennium Plaza 3	4,000 - 8,000	\$11,000 - \$13,000
New Mandarin Plaza	4,414 - 19,980	\$8,700 - \$12,000
Peninsula Centre	3,200 - 6,400	\$11,500 - \$12,000
Railway Plaza	3,450 - 10,880	\$10,000 - \$12,000
Rykadan Capital Tower	12,195	\$9,000 - \$12,000
South Seas Centre T 1 & 2	4,256 - 14,542	\$9,000 - \$11,000
Wing On Plaza	4,620 - 6070	\$22,000