

# COLLIERS INTERNATIONAL Office Snapshot

HONG KONG

May 2009

## Economic Indicators

	Measure	2Q 2008	3Q 2008	4Q 2008	1Q 2009	Latest	Note
<b>GDP</b>	% year-on-year	4.3%	1.7%	-2.5%	-7.8%	-	-
<b>HSBC's Best lending rate</b>	% per annum	5.25%	5.25%	5.00%	5.00%	5.00%	Apr-09
<b>3-month interbank rate</b>	% per annum	2.15%	3.50%	0.89%	0.76%	0.52%	18-May-09
<b>Unemployment rate</b>	% rate	3.3%	3.4%	4.1%	5.2%	-	Mar-09
<b>Composite consumer price index</b>	% year-on-year	6.1%	3.0%	2.1%	1.2%	-	Mar-09

Source: HKSAR Government, HSBC, Local press

- The conditions in the macro-economic environment remained challenging for the local office market in April 2009. The recent foreign economic data showed a leveling off from what not too long ago seemed a plunge into the abyss. New data were consistent only with a slowing pace of contraction rather than a return to meaningful growth.
- Against the backdrop of the sustained economic consolidation, most companies in the private sector continued to find ways of reducing costs including office rentals. More tenants with their leases due expiry shortly have strategically leveraged the plentiful stock available in non-core locations such as Kowloon East with their landlords.
- Office rentals declined further in April 2009 but the pace of downward adjustment slowed down. According to the monthly survey conducted by Colliers International (Hong Kong) Limited, the average Grade A effective office rental fell 4.4% month-on-month (MoM) to HK\$43.03 per sq ft per month in April 2009, compared with 5.3% MoM decline in March 2009.
- Office capital values showed signs of stabilization in April thanks to the continued inflow of capital and the significant improvement of market sentiment. In Central/Admiralty, the average office capital values post a mild increase of 0.4% month-on-month to HK\$14,271 per sq ft in April 2009.

## Sub-market Breakdown

	3 Years	1 Year	3 Months	1 Month	Current Month (Apr 2009)
<b>Grade A Effective Office Rentals (HK\$ / sq ft / month)</b>					
<b>Overall</b>	<b>\$43.87</b>	<b>\$67.10</b>	<b>\$50.08</b>	<b>\$45.03</b>	<b>\$43.03</b>
Central/Admiralty	\$61.87	\$111.10	\$81.79	\$71.73	\$68.72
Wan Chai/Causeway Bay	\$36.97	\$53.80	\$42.47	\$38.19	\$36.65
North Point/Quarry Bay	\$25.69	\$31.97	\$30.51	\$29.22	\$26.69
Tsim Sha Tsui	\$36.02	\$44.32	\$33.61	\$32.51	\$31.17
Kwun Tong/Kowloon Bay	\$25.05	\$27.47	\$18.47	\$16.68	\$16.66
<b>% Change</b>					
<b>Overall</b>	<b>-1.9%</b>	<b>-35.9%</b>	<b>-14.1%</b>	<b>-4.4%</b>	<b>-</b>
Central/Admiralty	11.1%	-38.2%	-16.0%	-4.2%	-
Wan Chai/Causeway Bay	-0.9%	-31.9%	-13.7%	-4.0%	-
North Point/Quarry Bay	3.9%	-16.5%	-12.5%	-8.7%	-
Tsim Sha Tsui	-13.5%	-29.7%	-7.3%	-4.1%	-
Kwun Tong/Kowloon Bay	-33.5%	-39.4%	-9.8%	-0.1%	-

On net floor basis

N/A: information not available

Source: Colliers International (Hong Kong) Limited

	3 Years	1 Year	3 Months	1 Month	Current Month (Apr 2009)
<b>Grade A Office Capital Values (HK\$ / sq ft)</b>					
Central / Admiralty	\$12,847	\$24,397	\$14,944	\$14,213	\$14,271
<b>% Change</b>					
Central / Admiralty	11.1%	-41.5%	-4.5%	0.4%	-

On net floor basis

Source: Colliers International (Hong Kong) Limited

## Key Leasing Transactions

Building	District	Tenant	Area (sq ft)
Kwun Tong 223	Kwun Tong	Energy Company	30,600
International Commerce Centre	West Kowloon	Business Centre Operator	15,200
Millennium City Phase 5	Kwun Tong	Technology Company	12,800
Kowloon Commerce Centre	Kwai Chung	Electronics Company	9,300

Source: Colliers International (Hong Kong) Limited

## Key Sale Transactions

Building	District	Purchaser	Consideration (HK\$ million)	Area (sq ft)
Cheong Tai Building	Sheung Wan	Local Investor	\$42	7,000
Unit B, 26/F, United Centre	Admiralty	Undisclosed	\$44	6,917
Unit 1, 17 and 18, 31/F, Shun Tak Centre	Sheung Wan	Undisclosed	\$43	5,052
19/F, Convention Plaza Office Tower	Wan Chai	Undisclosed	\$198	16,518
8/F, New Mandarin Plaza Tower A	Tsim Sha Tsui	Sunrich Traders Ltd	\$80	19,980

Source: Local press; EPRC; Colliers International (Hong Kong) Limited

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