

# COLLIERS INTERNATIONAL Office Snapshot

HONG KONG

OCTOBER 2008

## Economic Indicators

	Measure	4Q 2007	1Q 2008	2Q 2008	3Q 2008	Latest	Note
<b>GDP</b>	% year-on-year	6.9%	7.3%	4.2%	-	-	
<b>HSBC's Best lending rate</b>	% per annum	6.85%	5.56%	5.25%	5.25%	5.25%	Sep-08
<b>3-month interbank rate</b>	% per annum	3.31%	1.90%	2.15%	3.50%	4.34%	15-Oct-08
<b>Unemployment rate</b>	% rate	3.4%	3.4%	3.3%	-	3.2%	Aug-08
<b>Composite consumer price index</b>	% year-on-year	3.8%	4.2%	6.1%	-	4.6%	Aug-08

Source: HKSAR Government, HSBC, Local press

- According to the monthly survey conducted by Colliers International (Hong Kong) Limited, the average Grade A office rental fell further by 3.7% month-on-month (MoM) to HK\$66.79 per sq ft per month in September 2008. Rentals in Central/Admiralty slipped 2.4% MoM since strata-title landlords made significant reduction on their asking rentals.
- Meanwhile, hiring expectations staged a major decline from 42% in 3Q 2008 to 32% in 4Q 2008 – the lowest level since the end of SARS in 4Q 2003. Notwithstanding a number of companies has become more cautious in taking on new staff, the majority of them remained optimistic on their business prospects in 2009.
- The volume of sale transactions remained thin in September 2008. The average Grade A capital values decreased 5.4% MoM since individual short-term traders started leveraging down their positions during the period. One of the major transactions was the sale of 41/F at Lippo Centre Tower I for HK\$170 million, representing a unit price of HK\$15,146 per sq ft.
- After the recent turmoil of the global financial markets, a number of business entities might put their expansion plans on hold due to the prospective global economic slowdown. Individual cost-conscious tenants might be tempted to relocate from the traditional business districts to inexpensive property alternatives in non-core areas in order to cut back on their total rental outgoings.

## Sub-market Breakdown

	3 Year	1 Year	3 Months	1 Month	Current Month (Sept 2008)
<b>Grade A Effective Office Rentals (HK\$ / sq ft / month)</b>					
<b>Overall</b>	<b>\$37.58</b>	<b>\$53.34</b>	<b>\$68.94</b>	<b>\$69.36</b>	<b>\$66.79</b>
Central/Admiralty	\$52.16	\$87.60	\$114.53	\$114.67	\$111.93
Wan Chai/Causeway Bay	\$30.49	\$40.36	\$54.63	\$55.53	\$55.01
Island East	\$19.05	\$26.02	\$34.74	\$36.04	\$35.65
Tsim Sha Tsui	\$30.54	\$32.49	\$43.83	\$44.10	\$44.16
Kowloon East	N/A	\$20.85	\$27.29	\$26.18	\$23.91
<b>% Change</b>					
<b>Overall</b>	<b>77.7%</b>	<b>25.2%</b>	<b>-3.1%</b>	<b>-3.7%</b>	
Central/Admiralty	114.6%	27.8%	-2.3%	-2.4%	-
Wan Chai/Causeway Bay	80.4%	36.3%	0.7%	-0.9%	-
Island East	87.1%	37.0%	2.6%	-1.1%	-
Tsim Sha Tsui	44.6%	35.9%	0.8%	0.1%	-
Kowloon East	N/A	14.7%	-12.4%	-8.7%	-

On net floor basis

Source: Colliers International (Hong Kong) Limited

	3 Year	1 Year	3 Months	1 Month	Current Month (Sept 2008)
<b>Grade A Office Capital Values (HK\$ / sq ft)</b>					
Central	\$14,218	\$19,813	\$30,268	\$30,661	\$29,006
Admiralty	\$11,053	\$14,142	\$21,604	\$21,884	\$20,703
<b>% Change</b>					
Central	104.0%	46.4%	-4.2%	-5.4%	-
Admiralty	87.3%	46.4%	-4.2%	-5.4%	-

On net floor basis

Source: Colliers International (Hong Kong) Limited

## Key Leasing Transactions

Building	District	Tenant	Area (sq ft)
Somersset House	Quarry Bay	Retailer	24,300
Chater House	Central	Legal Firm	5,900
Entertainment Building	Central	Financial Company	5,800
W Square	Wan Chai	Human Resource Company	5,100

Source: Colliers International (Hong Kong) Limited

## Key Sale Transactions

Building	District	Purchaser	Consideration (HK\$ million)	Area (sq ft)
41/F, Lippo Centre Tower I	Central	King Global Invs Ltd	\$170	11,191

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

## Colliers International (Hong Kong) Limited

Suite 5701 Central Plaza  
18 Harbour Road  
Wanchai Hong Kong  
Tel 852 2828 9888  
Fax 852 2828 9899  
Company Licence No. C-006052

**Piers Brunner**  
Chief Operating Officer - Asia,  
Managing Director, Hong Kong  
Tel 852 2822 0727  
Fax 852 2810 5970  
Email Piers.Brunner@colliers.com  
Estate Agent's Licence No. E-183614

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