



**ASIAN OFFICE MARKET FLASH**

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**PRC - Beijing**

The office leasing business in the first quarter of 2008 was relatively slack, as is usual during the Chinese holiday season. Take-up dropped 37% q-o-q to 1.47 million sf. The 3.42 million sf of new supply coming on stream during the quarter saw vacancy rise 1.8 percentage points q-o-q to 17.9%. Rental growth slowed to 1.4% q-o-q; average rent ending the first quarter at RMB 200.4 psm (US\$2.66 psf) per month. Capital values recorded a 1.5% rise q-o-q to RMB 23,616 psm (US\$312.9 psf).

**PRC - Shanghai**

During the first quarter of 2008, Shanghai's office market remained buoyant with a high level of new supply and take-up. Starting the year with a substantial amount of new supply, the quarter witnessed the launch of seven new office premises, adding a total of 3.5 million sf of space to the market. Driven by keen demand from both the service and manufacturing sectors, active pre-leasing has cushioned the impact of the surge in supply. As the only new Grade A building to come on stream along Nanjing Road West since the end of 2006, Park Place was launched with an impressively high pre-commitment rate of about 90%.

**PRC - Guangzhou**

Relocation and expansion to newly launched quality buildings dominated leasing activities in the Guangzhou prime office market over the first quarter of 2008. Approximately 2.59 million sf of prime office space, contributed by two Grade A and one Grade B premises, was added to the existing stock, driving the overall vacancy rate to 19.4%. The China International Center set records for building height and rental level in the Yuexiu district.

**PRC - Hong Kong**

Though volatility and uncertainty continued in global capital markets, two factors are likely to prevent a major correction in Hong Kong Grade A office rents. These are the robust underlying fundamentals in the Grade A office market, with limited quality stock, minimal vacancy and a notable crunch in new supply on Hong Kong Island

over the next three years; and the increasing importance of China and Asia to financial institutions due to the region's comparatively robust growth prospects in the current economic environment.

**Taiwan - Taipei**

In view of the new government inaugurated in May 2008, the trend of a landlords' market is expected to continue for the foreseeable future as Taiwan is likely to embrace a closer economic relationship with Mainland China, boosting demand for prime office space in Taipei. The trend favouring landlords has been reinforced by the fact that the stock of Grade A space has remained unchanged for ten consecutive quarters. Significant tenant movements in the first quarter included ING occupying 47,025 sf in Taipei 101 and Panasonic occupying 35,045 sf in the President International Building, both of which are located in the premier Xinyi-Jilong Area.

**Japan - Tokyo**

The first quarter of 2008 saw the average prime office rent (exclusive of common area management fees) ease 0.8% q-o-q to JPY 59,000 per tsubo (US\$16.66 psf) per month. With global business sentiment deteriorating in the face of continuing US subprime woes, a number of larger occupiers put expansion plans on hold and the Grade A vacancy rate increased 0.3 percentage points q-o-q to 1.5%. Nevertheless, the single Grade A building completed during the period, which provided 1.1 million sf of net leasable space, opened with full occupancy.

**South Korea - Seoul**

The annual rent adjustment at the beginning of the year and competition for space in the tight office market accelerated the pace of rental growth during the first quarter. Average Grade A office rent soared 4.56% q-o-q and reached KRW 22,118 psm (US\$2.07 psf). Though vacancy in the Gangnam sub-market increased due to new supply, the average vacancy rate dropped to another record low. The lack of available Grade A office space in most sub-markets amid rising expansionary demand is expected to drive further rental increases.

**India - New Delhi**

Prime office rentals remained stable in the first quarter of 2008 and are expected to remain at current levels or increase marginally next quarter. CBD rentals are expected to remain firm as new supply continues to be dismal. The only substantial new supply expected in Delhi is in the Secondary Business District (SBD) of Jasola where over 500,000 sf of space is expected to come on stream late in the second quarter. Significant levels of supply are also set to enter the market in the peripheral areas of Gurgaon and Noida.

**India - Mumbai**

A number of leases in the CBD expired in the first quarter, with most tenants unable to renew at the prevailing rentals. A number of these occupiers moved to more affordable areas. Although the precinct witnessed a number of new leases, the vacancy rate rose to 2.28% as at the end of the quarter, after remaining below 1% during the last three quarters of 2007. While this has not yet impacted rentals, the Nariman Point CBD is unlikely to witness substantial growth in rents through the rest of 2008.

**India - Bangalore**

Supply remained tight in Bangalore's CBD, and the situation is expected to persist throughout 2008, although a significant quantum of space will become available due to tenant relocations to other micro-markets. Rental and capital values in the precinct are expected to continue to increase. In mid-sized transactions, both Morgan Stanley and Nokia Siemens Networks took space in the CBD. Salarpuria Group's Salarpuria Cambridge, offering approximately 110,000 sf of space on Lavelle Road, was the most notable new project ready for occupancy during the quarter.

**Indonesia - Jakarta**

The office market began 2008 on a positive note as local and international companies expanded their business and sought additional office space, especially in the CBD, despite a surge in energy prices that heightened uncertainty regarding the economy. Newly completed buildings are particularly sought after by companies aiming to expand or relocate. Several office buildings are expected to enter operation in the CBD in 2008. City Tower in Jl. MH Thamrin will be strata-titled, and buildings to be offered for lease include the Grand Indonesia Office Tower and Thamrin Nine, both located on Jl. MH Thamrin, as well as Graha Energi, located on Jl. Jend Sudirman.

**Malaysia - Kuala Lumpur**

Only one office building was completed during the period under review. The prime office leasing market continued its positive momentum during the quarter, with several large-scale leasing

activities. Major leasing deals included Fisheries Development Authority of Malaysia and Hap Seng Consolidated Berhad taking up approximately 107,000 sf and 65,000 sf in Menara Olympia and Menara Hap Seng, respectively.

**Philippines - Manila**

The office market remained strong across Manila's various sub-markets in the first quarter of 2008. Prime office rents in the CBD increased 2.0% to PHP 1,250 psm (US\$2.78 psf), while average Grade A rents rose 5.1% q-o-q.

New buildings in Quezon City, Alabang and the emerging Bay Area district of Pasay City added approximately 1.4 million sf of Grade A office space to the market. Several sub-markets saw significant rental increases, due to strong demand and their cost advantages relative to the Makati CBD.

**Singapore**

The office leasing market remained active in the first quarter of 2008, with renewals and relocations dominating activity. Banks and financial institutions continued to show keen appetite for expansion and business support and professional services entities such as law and IT firms are also growing.

Demand again exceeded available space and landlords commanded high rents on rent reviews/lease renewals due to the absence of alternatives for occupiers. This could possibly serve to maintain rents at artificially high levels for the next 12-18 months, and further rent upside is likely in selected buildings.

**Thailand - Bangkok**

Sentiment improved slightly towards the end of the first quarter of 2008, with indications of a tentative recovery in demand, primarily from local companies with renewed confidence in the local economy. No new space was released to the market in the period under review, helping to support office rents. An estimated 2.44 million sf of space is scheduled for completion over the remainder of 2008 and the new supply is likely to increase vacancy and exert downward pressure on rents.

**Vietnam - Ho Chi Minh City**

In the first quarter of 2008 Ho Chi Minh City saw the completion of a number of new office developments with a total GFA of 892,680 sf. With the exception of the Grade B Sacombank Building (total GFA 165,550 sf), the new developments were small Grade C buildings with floor plates below 3,300 sf. In the second half of 2008, Ho Chi Minh City is expected to see 1.01 million sf of Grade B or B+ office space come on stream in the CBD.

**SUMMARY OF PRIME OFFICE RENTS (AS AT Q1 2008)**

COUNTRY	CITY	MARKET RENT		Quarter-on-Quarter Change	Year-on-Year Change
		local measure/month	US\$ psf/month		
GREATER CHINA	<b>Beijing</b>				
	Jianguomen	RMB 227.8 psm <sup>(1)</sup>	3.02	1.0%	5.9%
	Zhongguancun	161.6	2.14	2.5%	5.2%
	Finance Street	208.1	2.76	0.1%	6.0%
	<b>Shanghai</b>				
	Pudong	RMB 264.3 psm <sup>(1)</sup>	3.50	4.9%	15.3%
	Puxi	242.1	3.21	4.1%	14.7%
	<b>Guangzhou</b>	RMB 108.9 psm <sup>(1)</sup>	1.44	2.3%	12.6%
	<b>Hong Kong</b>	HK\$71.7 psf <sup>(3)</sup>	9.22	9.1%	33.6%
<b>Taipei</b>	NT\$2,400 pping <sup>(2)</sup>	2.23	2.0%	2.9%	
<b>JAPAN</b>	<b>Tokyo</b>	JPY 59,000 ptsubo <sup>(3)</sup>	16.66	-0.8%	16.3%
SOUTH KOREA	<b>Seoul</b>				
	CBD	KRW 26,152 psm <sup>(1)</sup>	2.45	4.1%	5.3%
	Gangnam	23,195	2.18	6.6%	11.2%
	Yeouido	17,006	1.60	2.6%	4.7%
INDIA	<b>New Delhi</b>				
	Connaught Place	INR 320 psf <sup>(1)</sup>	7.98	0.0%	16.4%
	Gurgaon	90	2.24	0.0%	20.0%
	<b>Mumbai</b>				
	Nariman Point	INR 450 psf <sup>(1)</sup>	11.22	9.8%	40.6%
	Bandra Kurla Complex	425	10.59	11.8%	49.1%
<b>Bangalore</b>	INR 95 psf <sup>(1)</sup>	2.37	5.6%	26.7%	
<b>INDONESIA</b>	<b>Jakarta</b>	IDR 78,850 psm <sup>(6)</sup>	0.80	0.1%	2.5%
<b>MALAYSIA</b>	<b>Kuala Lumpur</b>	RM 6.0 psf <sup>(4)</sup>	1.88	7.1%	15.4%
<b>PHILIPPINES</b>	<b>Manila</b>	PHP 1,250 psm <sup>(3)</sup>	2.78	2.0%	38.9%
<b>SINGAPORE</b>	<b>Singapore</b>	S\$16.0 psf <sup>(4)</sup>	11.61	6.7%	86.0%
<b>THAILAND</b>	<b>Bangkok</b>	THB 743 psm <sup>(4)</sup>	2.19	0.5%	0.3%
<b>VIETNAM</b>	<b>Ho Chi Minh City</b>	US\$70.0 psm <sup>(5)</sup>	6.50	11.1%	94.4%

(1) Gross rent excluding service charges / management fees

(2) Gross rent including property taxes but excluding service charges / management fees

(3) Net rent excluding service charges / management fees and property taxes

(4) Net rent including service charges / management fees and property taxes

(5) Net rent including service charges / management fees but excluding VAT

(6) Semi-gross rent excluding service charges / management fees and property taxes

**EXCHANGE RATE TO US\$ (AS OF END-MARCH 2008)**

PRC	7.012	Japan	99.535	Indonesia	9,205	Singapore	1.378
Hong Kong	7.783	South Korea	990.35	Malaysia	3.199	Thailand	31.485
Taiwan	30.38	India	40.12	Philippines	41.77	Vietnam	16,110

## PEOPLE'S REPUBLIC OF CHINA

## BEIJING

**MONTHLY RENTAL :** - CBD: RMB 227.8 psm (+1.0%, Q-o-Q)  
 - Zhongguancun: RMB 161.6 psm (+2.5%, Q-o-Q)  
 - Finance Street: RMB 208.1 psm (+0.1%, Q-o-Q)

**VACANCY RATE :**  
 17.9% (+1.8% pts, Q-o-Q)

**NEW SUPPLY :**  
 3,416,000 SF (Q1 08)

In the first quarter of 2008, the CBD remained Beijing's most active office market, seeing several new projects and strong demand. PricewaterhouseCoopers rented 53,800 sf of office space in Prosper Centre and Sun Microsystems rented 37,660 sf in China Central Place. In addition to these major transactions, many international financial services, consulting and environmental firms entering Beijing are actively seeking space in this precinct. These new entrants generally seek small amounts of high quality space. The average quoted rent for offices in the CBD ended the quarter at RMB 227.8 psm (US\$3.02 psf) per month, a 1% rise q-o-q. Over the past six months, nearly 5.29 million sf of office space has come on stream in the CBD, driving the vacancy rate to 32%. On the other hand, companies seeking space have been delighted with their expanded array of choices.

No new projects were completed in the Finance Street or Zhongguancun areas during the period under review. Demand in these areas remains

high, however the lower vacancy rate and lack of new options limited the number of prime office leasing transactions. At the end of the quarter the average quoted rental for offices in the Finance Street area was RMB 208.1 psm (US\$2.76 psf) per month, a 0.1% rise q-o-q; while the vacancy rate stood at 5.4%. The average rental quotation for offices in the Zhongguancun area was RMB 161.6 psm (US\$2.14 psf) per month, a 2.5% rise q-o-q, and the vacancy rate ended the period under review at 3.8%.

Six prime office projects are expected to be completed in the second quarter, supplying approximately 4.52 million sf of space, which will be scattered across Beijing. In addition to the CBD, Finance Street and Lufthansa areas, projects will be completed in the Asian Games Village, Anzhen and Xuanwumen areas. Nevertheless, the market focus will remain in the CBD. Despite increasing supply, new projects' high quality and market recognition should keep overall rents stable.

### MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
Prosper Center	Chaoyang	53,800	PricewaterhouseCoopers
China Central Place	Chaoyang	37,660	Sun Microsystems

## PEOPLE'S REPUBLIC OF CHINA

## SHANGHAI

**MONTHLY RENTAL :** - Pudong: RMB 264.3 psm (+4.9%, Q-o-Q)  
 - Puxi: RMB 242.1 psm (+4.1%, Q-o-Q)

**VACANCY RATE :**  
 4.3% (+1.0% pts, Q-o-Q)

**NEW SUPPLY :**  
 3,498,400 SF (Q1 08)

In the first quarter of 2008, Shanghai's office market continued to see strong rental growth, with average rents rising by 4.4% q-o-q, Grade A rents growing by 4.5% q-o-q and Grade B rents rising by 1.6% q-o-q. At the end of the quarter, average monthly rents in Puxi and Pudong stood at RMB 242 psm (US\$3.21 psf) and RMB 264 psm (US\$3.50 psf), respectively.

Seven new buildings were completed during the quarter, adding 3.5 million sf of office space to the market. Of the new supply, about 74% of the space was contributed by four Grade A buildings: Dawning Centre in Changning, Park Place in Jing'an, Standard Chartered Tower in Lujiazui, and Chamtime International Financial Centre in Zhuyuan.

The vacancy rate rose one percentage point q-o-q to 4.3% and net take-up in the quarter reached 2.7 million sf. Underpinned by strong demand from the banking and securities sectors, professional services firms and the manufacturing sector, the average pre-commitment rate of the newly

launched buildings reached 66%, while the rate for Grade A buildings was even higher, at 72%. Buoyant pre-leasing activities alleviated the upward pressure on the vacancy rate which normally results from significant levels of new supply.

On the occupier side, there has been sustained demand from financial and other professional services firms. In One Lujiazui, OCBC Bank pre-leased 32,920 sf, and A.T. Kearney and United Securities leased approximately 21,530 sf and 10,760 sf, respectively, at the pre-leasing stage. In Puxi, Orrick occupied 26,910 sf in Park Place and Beijing Zion Consulting leased about 15,070 sf in Plaza 336.

Manufacturing tenants demonstrated a clear preference to remain in downtown locations. In Pudong, American Automotive and Samsung Engineering pre-leased office space in One Lujiazui. In Puxi, Hakuto Enterprises and Exide Technologies leased offices in Plaza 336.

### MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
One Lujiazui	Pudong	32,920	OCBC Bank
Park Place	Jing'an	26,910	Orrick
K. Wah Centre	Xuhui	20,340	International Paper

PEOPLE'S REPUBLIC OF CHINA

GUANGZHOU

**MONTHLY RENTAL :**  
RMB 108.9 psm (+2.3%, Q-o-Q)

**VACANCY RATE :**  
19.4% (+1.0% pts, Q-o-Q)

**NEW SUPPLY :**  
2,587,500 SF (Q1 08)

Pent-up relocation to quality and expansionary demand from MNCs continued to be absorbed by the supply peak of 9.26 million sf in Guangzhou's prime office market last year. In the first quarter of 2008, prime office rent increased by 2.3% q-o-q to RMB 108.9 psm (US\$ 1.44 psf) per month, largely driven by relocation and expansion activities in lease-only premium buildings. Major deals included Avon Products and Sina leasing 47,360 and 23,680 sf, respectively in Teem Tower; Sun Hung Kai and ANZ Bank taking up 21,530 and 10,760 sf in International Finance Place, and Intech and Chinese Mercantile Bank taking up 15,070 sf and 6,460 sf, respectively, in R&F Centre.

highest and boosted the average rent in Yuexiu District to RMB 95 psm (US\$1.26 psf) per month. Victory Plaza, situated west of Tianhe Sports Centre and opposite Teem Tower, added 909,500 sf of office space to the market. One Grade B tower, Morgan Business came on stream during the period under review. The three new completions were around 60-80% absorbed, and the overall vacancy rate in the prime office market increased only 0.5 percentage points q-o-q to 19.4% over the quarter.

Two Grade A office schemes, China International Center in Yuexiu and Victory Plaza in Tianhe Sports Centre, both developed by local players, were completed during the first quarter. The former, the highest building in Yuexiu District, provides approximately 1.28 million sf of prime office space. Its monthly rent of RMB 130 psm (US\$1.72 psf) is the district's

However, the market is likely to experience slight oversupply in 2008, even as ongoing upgrade demand from MNCs drives further increases in rents in the best quality buildings. With around 5.38 million sf of additional new supply scheduled to come on stream this year, take-up is anticipated to lag new supply, and average prime office rent is expected to level off in 2008.

MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
Teem Tower	Tianhe	47,360	Avon Products
Teem Tower	Tianhe	23,680	Sina
International Finance Place	Tianhe	21,530	Sun Hung Kai

PEOPLE'S REPUBLIC OF CHINA

HONG KONG

**MONTHLY RENTAL :**  
HK\$71.7 psf (+9.1%, Q-o-Q)

**VACANCY RATE :**  
2.2% (-0.7% pts, Q-o-Q)

**NEW SUPPLY :**  
732,000 SF (Q1 08)

Hong Kong's Grade A office market maintained positive momentum in the first quarter of 2008, though growth slowed somewhat. Given the consensus that Asia's emerging markets are likely to outperform mature economies in 2008, many financial institutions are stepping up investment in Hong Kong, driving strong, albeit somewhat less robust, demand.

With most Grade A office space on Hong Kong Island fully occupied, competition for the limited space available in decentralised locations was fierce, and the recently completed One Island East in Quarry Bay was quickly filled with pre-commitments. A growing number of tenants are also considering Kowloon Bay and Kwun Tong as relocation options, due to their competitive costs and the quality of recent projects. The Kowloon market saw record high rental transactions and widespread contractions in vacancy during the quarter. The approximately 732,000 sf of net floor space from the first phase of the International Commerce Centre was fully pre-committed.

Though growth slowed, overall prime office rent still surged 9.1% q-o-q to HK\$71.74 psf (net effective, as are all rentals quoted) per month. Average rents in Central rose 9.4% q-o-q to HK\$124.05 psf, while CBD fringe locations also performed well in the quarter. Sheung Wan registered the strongest growth, with rents rising 11.8% q-o-q to HK\$62.56 psf. However rental gaps between non-CBD locations and Central remained wide, especially as Central's Grade A1 buildings such as One & Two ifc, AIG Tower and York House, are fast achieving unit rentals above HK\$170 psf, highlighting the esteemed position these buildings hold for uncompromising occupiers.

With broad-based expansionary demand and vacancy in prime locations falling to 2.2% from 2.9% in the previous quarter, landlords continued to raise rents, especially in Central. However, tenant resistance has begun to emerge, with some occupiers implementing space-saving initiatives instead of committing to additional space at current rents.

MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
One Exchange Square	Central	13,000	Wellington Global Investment Mgt Ltd
Central Plaza	Wan Chai	38,800	Samsung Electronics HK Company Ltd
One Island East	Quarry Bay	12,300	Tiffany

TAIWAN

TAIPEI

**MONTHLY RENTAL :**  
NT\$2,400 pping (+2.0%, Q-o-Q)

**VACANCY RATE :**  
8.0% (-1.5% pts, Q-o-Q)

**NEW SUPPLY :**  
NIL (Q1 08)

In the first quarter of 2008, Taipei saw 310,215 sf of Grade B office space come on stream. The new building, AEGON Life Insurance Headquarters, was purchased by Citadel at NT\$5.2 billion in the third quarter of 2007, AEGON signing a 15-year lease for the entire property. AEGON will sub-lease only 58,000 sf of the long hoped for new supply.

Grade A stock remained unchanged for the tenth consecutive quarter. The lack of new supply, accompanied by increased take-up, saw Grade A vacancy reach a new low of 8.0% in the period under review. Following a lackluster fourth quarter of 2007, net take-up of Grade A space surged to 232,380 sf in the first quarter, representing an increase of 255% q-o-q. Notable tenant movements included ING occupying 47,025 sf and Google leasing 33,425 sf in Taipei 101, and the British Trade & Cultural Office occupying 23,865 sf and Panasonic 35,045 sf in the President International Building.

With the significant leasing activity in prime buildings, the Grade A

vacancy rate fell below that for Grade B space for the first time in six years. The Nanjing-Songjiang Area registered no vacancy in Grade A buildings while the Xinyi-Jilong Area (XJA), the favoured location for MNCs, saw its vacancy rate decrease 4.5 percentage points y-o-y (2.5 percentage points q-o-q) to 13.4% in the first quarter.

The market has been bullish following the legislative and presidential elections and landlords have adjusted asking rentals upward in expectation of an improved economic climate. In the period under review, Grade A office rents rose 2% q-o-q to NT\$2,400 pping (US\$2.23 psf) per month. Grade A properties in the XJA again topped the rental list with achievable rents averaging NT\$2,590 pping (US\$2.4 psf) per month. Rents surged 3.9% q-o-q in the Minsheng-Dunhua Area, reaching NT\$2,276 pping (US\$2.1 psf) per month in the quarter. Although some landlords reportedly raised asking rentals by 10% after the presidential election, rental escalation is expected to unfold gradually over the next 12 months.

MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
Taipei 101	Xinyi-Jilong Area	47,025	ING
Taipei 101	Xinyi-Jilong Area	33,425	Google
President Int'l Building	Xinyi-Jilong Area	35,045	Panasonic

JAPAN

TOKYO

**MONTHLY RENTAL :**  
JPY 59,000 ptsubo (-0.8%, Q-o-Q)

**VACANCY RATE :**  
1.5% (+0.3% pts, Q-o-Q)

**NEW SUPPLY :**  
1,064,000 SF (Q1 08)

Market conditions remained tight during the first quarter. However, special circumstances such as temporary large-scale vacancies created by several relocations pushed Grade A vacancy up by 30 basis points to 1.5% during the quarter. At the same time, a general deterioration in business sentiment following further US subprime woes encouraged some occupiers to put expansion plans on hold, and the take-up of secondary vacancy was slower than expected. Nevertheless, Grade A vacancy remained below the 2% level, as it has since the second quarter of 2005. Vacancy for all-grade office buildings in Tokyo's Central Five Wards also rose slightly over the quarter, increasing 20 basis points to 1.9%.

It has become apparent that some Grade A buildings are taking longer to fill vacancies, and prospective tenants now enjoy a stronger negotiating position than during recent years. While landlords in prime office districts continue to hold bullish views on rental growth amid tight supply

conditions, the past few quarters have shown signs of a slowdown in the rate of rental growth, and the first quarter of 2008 saw some sub-markets record rental declines. Average Grade A rents in the Roppongi/Azabu and Shiodome sub-markets dropped 6.6% q-o-q to JPY 45,750 per tsubo (US\$12.92 psf) per month (exclusive of CAM) and 8.7% q-o-q to JPY 44,500 per tsubo (US\$12.57) per month (exclusive of CAM) respectively.

The supply of new Grade A space in 2008 is expected to be substantially below the six million sf released in 2007. The first quarter saw only one Grade A completion, Akasaka Biz Tower in Minato-ku, which provided 1.1 million sf of net leasable space to the market. An additional two Grade A buildings are scheduled for completion during the remainder of 2008, with 680,000 sf of net leasable space expected to come on stream in Tokyo's Central Five Wards.

MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
Akasaka Biz Tower	Minato-ku	30,410	Hitachi, Ltd.
Pacific Century Marunouchi Place	Chiyoda-ku	16,700	Bridgestone
Sunshine City Culture Center	Toshima-ku	13,600	Advanced Media

SOUTH KOREA

SEOUL

**MONTHLY RENTAL :** - CBD: KRW 26,152 psm (+4.1%, Q-o-Q)  
 - Gangnam: KRW 23,195 psm (+6.6%, Q-o-Q)  
 - Yeouido: KRW 17,006 psm (+2.6%, Q-o-Q)

**VACANCY RATE\* :**  
 0.6% (-0.2% pts, Q-o-Q)

**NEW SUPPLY\* :**  
 1,232,600 SF (Q1 08)

Seoul's office market remained brisk due to robust leasing activity and the annual rent adjustment. Expansionary demand especially from the financial services sector remained strong. The shortage of new supply persisted in most sub-markets and overall Grade A rent jumped 4.56% q-o-q, the largest quarterly increase in several years.

The CBD saw rent rise 4.06% q-o-q, while vacancy dropped to a record low of 0.14%. The commencement of work to retrofit the Kyobo Building and Daewoo Center increased pressure on the already tight market. The removal of this space (for three years and 18 months, respectively) helped drive strong leasing activity in the Grade B market. Kookmin Bank, for example, relocated from the Daewoo Center to the Grade B Kolon Building.

Leasing activity in the Gangnam Business District (GBD) remained strong as relocations and the addition of three new buildings (two Grade A, one Grade B) provided an aggregate of 1.23 million sf of office space. Average rent in GBD increased 6.64% q-o-q, on the district's positive outlook.

Various Samsung affiliates continued to relocate their headquarters to Samsung Town, while PCA relocated its headquarters from the CBD to the new PCA Tower in the GBD.

Vacancy increased in GBD due to the new supply and Samsung Life Insurance's cancelled relocation to Samsung Town. In the YBD, expansionary demand from the financial sector dragged the vacancy of Grade A premises to a record low of 0.05%.

The tight competition is unlikely to subside in the near future. Most of the anticipated 3.8 million sf of new supply over the rest of 2008 will be owner-occupied, and the impact on vacancy levels will be negligible. Space vacated by companies moving into new buildings is expected to be quickly absorbed given the strength of demand and low vacancy. Furthermore, conditions are expected to remain buoyant until 2010 when a spate of office buildings will begin to come on stream.

MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
PCA Life Tower	GBD	206,910	PCA Life Insurance
Tongyang Securities bldg	YBD	81,780	Tongyang Fund
Daeryung Seocho Tower	GBD	27,115	Richard Morgan

\* The figures refer to Grade A office markets in the three major office districts in Seoul, including CBD in Chung Gu, Gangnam and Yeouido.  
 Note: The office rental basket was revised in the first quarter of 2008.

INDIA

NEW DELHI

**MONTHLY RENTAL :** - CBD: INR 320 psf (0.0%, Q-o-Q)  
 - Gurgaon: INR 90 psf (0.0%, Q-o-Q)

**VACANCY RATE\* :**  
 2.0% (+0.0% pts, Q-o-Q)

**NEW SUPPLY\* :**  
 NIL (Q1 08)

In an emerging trend in the CBD, the owners of a number of older buildings made noticeable infrastructure improvements in their premises in an attempt to cash in on the tightness of supply and higher rentals in the CBD.

Jasola reported significant leasing activity in the quarter, as many buildings reached completion. Rentals in the area ranged between INR 170 to INR 190 (US\$4.24 - 4.74) psf, but are expected to remain stable given the significant supply to be completed in the second quarter, including the Salcon and DLF Towers. Notable transactions reported in Jasola included Saipen leasing 22,000 sf in Elegance Tower, and Porsche and Hansgrohe leasing 14,000 sf and 23,000 sf of space respectively in Splendor Forum.

Saket witnessed higher rentals than Jasola due to its location advantage as well as the paucity of office space. In a significant transaction in Saket, ICICI Prudential leased 10,000 sf in Salcon Rasvilas.

Rentals in Gurgaon exhibited no sign of softening in the first quarter. Transactions were reported on the Mehrauli-Gurgaon (MG) Road for rentals upward of INR 135 (US\$3.36) psf and on the Golf Course Road at over INR 125 (US\$3.12) psf. Significant pre-commitment remained a feature in DLF Cybercity, where rentals ranged from INR 70 - 105 (US\$1.74 - \$2.62) psf. Rentals are expected to remain stable in the second quarter on the Golf Course Road and MG Road as substantial supply is expected to enter the market.

Noida continues to attract IT/ITeS companies, primarily as a location for back office operations. Rentals in the area increased marginally during the period under review, but are expected to remain stable in the second quarter with significant supply entering the market. Nevertheless, the absorption rate of commercial space in Noida is expected to increase considerably this year due to the area's improved infrastructure and affordable rentals as compared to other areas in the NCR.

MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
SP IT Park	Gurgaon	200,000	Li & Fung
DLF Cybercity	Gurgaon	70,000	Deloitte
Green Boulevard	Noida	200,000	Sapient

\* The figures refer to the Connaught Place CBD area only

INDIA

MUMBAI

**MONTHLY RENTAL :** - CBD: INR 450 psf (+9.8%, Q-o-Q)  
- Bandra Kurla: INR 425 psf (+11.8%, Q-o-Q)

**VACANCY RATE :**  
2.3% (+2.1% pts, Q-o-Q)

**NEW SUPPLY :**  
NIL (Q1 08)

With financial institutions the key demand drivers for office space in Mumbai, it remains to be seen what impact the financial turmoil is likely to have on the city's office market. Developers and investors have adopted a wait-and-see attitude, as reflected in the recent auction of government land in Bandra Kurla Complex (BKC), where two of the three commercial plots failed to receive a single bid. This is in contrast to the auctions held last quarter, when BKC commercial plots were sold at record rates.

The secondary and peripheral micro-markets continued to witness transactions as tenants unable to afford rents in the CBD, the Extended Business District of Prabhadevi, Worli and Lower Parel or the Alternate Business District of BKC shifted to cheaper locations.

With companies showing an increased preference for new developments in Central Mumbai and BKC over the older buildings in the CBD, there has been a concerted effort to improve infrastructure and amenities in the Nariman Point CBD. The owners of several buildings are also renovating

their properties' facades and lobbies.

Active slum rehabilitation continued in Central and Northern Mumbai. In addition to the expected supply of former mill land in Central Mumbai, this micro-market is likely to see about one million sf of new office space in 2010/11 following the slum rehabilitation process. A number of projects are under way in the Slum Rehabilitation Area (SRA) in Northern Mumbai. One prominent SRA project is Delhi-based developer Unitech's integrated development project in Santacruz (East) along the Western Express Highway. In close proximity to BKC, the project will comprise approximately 10 million sf of commercial, residential and retail space. The first phase, three million sf of office space, is scheduled for completion by 2012.

Work on the first phase of the Mumbai Metro Rail Project is in full swing and the railway, which will run between the Western and Central suburbs, is expected to be operational by 2010.

MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
Mindspace SEZ	Airoli	300,000	Capgemini
Aker Kvaerner	Kanjurmarg	230,000	iThink IT Park
Perna Studios	Goregaon East	110,000	Kotak Tower, Infinity

\* The figures refer to the Nariman Point CBD area only.

INDIA

BANGALORE

**MONTHLY RENTAL :**  
INR 95 psf (5.6%, Q-o-Q)

**VACANCY RATE :**  
4.3% (+2.0% pts, Q-o-Q)

**NEW SUPPLY :**  
242,000 SF (Q1 08)

A wave of new prime office space, with a mix of both SEZ and non-SEZ developments, is scheduled for completion in late 2008 and into early 2009. Corporates have been actively pre-committing to this space across the Peripheral Business Districts, Outer Ring Road and North Bangalore micro-markets.

The CBD, Outer Ring Road and North Bangalore sub-markets witnessed approximate rental increases of 5% y-o-y during the first quarter, while rents remained flat in the Non-CBD, South Bangalore and Whitefield micro-markets.

Due to its central location, the CBD remains the preferred location for banks and financial services companies, IT start-ups, recruitment firms and retailers with small to mid-size space requirements, a trend that is likely to continue through 2008. However supply remains limited in comparison to other micro-markets, driving rental increases. Proposed projects in the CBD consist primarily of mixed-use (retail cum office

space) developments.

The Non-CBD micro-market continues to draw companies wanting to be in close proximity to the city centre. Coupled with the low supply situation, this should continue to drive rents upward. The Outer Ring Road and North Bangalore micro-markets have continued to generate significant interest, with large pre-commitments including options for future expansion. Absorption in the Peripheral Business Districts continues to be limited in spite of substantial supply in the Hosur Road and Whitefield micro-markets. Many projects in these districts have remained vacant since their completion 6-12 months ago and rents have remained flat.

The vacancy rate in the CBD market is at approximately 2.5%-3.5% and available supply consists predominantly of space re-entering the market. Vacancy rates in the non-CBD micro-markets are slightly higher than in the CBD, and are highest in the Peripheral Business Districts due to the current over-supply situation.

MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
The Estate	CBD	18,500	Nokia Siemens Networks
RMZ Millenia	CBD	12,000	Morgan Stanley
HM Towers	CBD	10,500	Asian Age / Deccan Chronicle

## INDONESIA

## JAKARTA

**MONTHLY RENTAL :**  
IDR 78,850 psm (+0.1%, Q-o-Q)

**VACANCY RATE :**  
14.0% (-0.2% pts, Q-o-Q)

**NEW SUPPLY :**  
322,900 SF (Q1 08)

Demand for office space in the CBD and secondary office areas remained robust as companies displayed additional requirements for expansion. Tenants have also become more selective in choosing office facilities, demanding not only prime locations but also comprehensive facilities and superior building quality and management.

Despite stronger demand and increases in operational expenses, landlords were restrained from increasing rents as competition between buildings remained tight amid expectations of significant future supply over the rest of the year. Prime office rentals ended the quarter at IDR 78,850 psm (US\$0.8 psf) per month, compared to IDR 78,800 psm (US\$0.78 psf) per month in the final quarter of 2007.

Banking and financial institutions remained the major demand drivers for prime office leasing. Notable examples include Indonesia's private banking group BCA moving to Grand Indonesia Office Tower and Manulife Financial's planned move to Sampoerna Strategic Square.

The Permata Kuningan building, offering 322,900 sf of new space, came on stream during the quarter. PT Murinda Iron Steel, the contractor which constructed the building, occupied 90% of the space; the remainder was taken up by a bank, a travel agent and other tenants.

A number of significant projects are under construction in the South Jakarta district of TB Simatupang, a leading alternative office area. Office projects nearing completion include the Talavera Office Park, Menara 165, Trakindo Tower 2, Oleos Tower and Arcadia Office Park Tower F. These projects will be completed over 2008 or in early 2009.

Overall occupancy of prime office space in the CBD remained stable. The vacancy rate edged downward 0.19 of a percentage point to end the first quarter at 14%. However, competition for tenants is expected to intensify further as a significant quantum of new buildings will come on stream in 2008 and landlords have begun to offer more flexible terms and incentives to retain tenants.

### MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
Grand Indonesia Office Tower	Central	303,180	BCA
Satrio Tower	South	53,820	Star-ANTV
The East	South	8,610	MITRAKOM

## MALAYSIA (This section is contributed by CH Williams Talhar & Wong)

## KUALA LUMPUR

**MONTHLY RENTAL :**  
RM 6.0 psf (+7.1%, Q-o-Q)

**VACANCY RATE :**  
6.1% (-0.6% pts, Q-o-Q)

**NEW SUPPLY :**  
102,000 SF (Q1 08)

The prime office leasing market remained active during the first quarter of 2008, with several large-scale leasing commitments. Major leasing activities during the quarter included Hap Seng Consolidated Berhad taking up approximately 65,000 sf of the newly refurbished Menara Hap Seng, where Honeywell and Apex Communications also took up approximately 40,000 sf and 20,000 sf, respectively. The Fisheries Development Authority of Malaysia leased approximately 107,000 sf in Menara Olympia. Net take-up in the quarter registered at 255,000 sf.

One new office building was released onto the market during the period under review, becoming the first new supply of 2008. One Residency (Office Tower) added 102,000 sf of net leasable area to the market in central Kuala Lumpur. Four office buildings, providing net lettable area of 1,312,000 sf, are scheduled to come on stream in the remainder of 2008.

The services sector continued to be the major demand driver in the prime office market through expansion and relocation by MNCs and other occupiers. Maintaining the 2007 trend, the vacancy rate continued to tighten, dipping to 6.1% during the quarter from 7.5% in the final quarter of 2008.

With demand anticipated to be steady and new supply limited over the course of the year, the market continued to show positive rental and capital value growth in the period under review. With the exception of the Petronas Twin Towers, which are leasing at a higher rental level, average prime office monthly rent rose 7.14% q-o-q and 15.38% y-o-y, to about RM 6.00 psf (US\$1.88 psf) per month. Prime capital values increased significantly, rising by 13.7% q-o-q and 33.9% y-o-y, to RM 830 psf (US\$259.5 psf).

### MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
Menara Olympia	Kuala Lumpur	107,000	Fisheries Development Authority of Malaysia
Menara Hap Seng	Kuala Lumpur	65,000	Hap Seng Consolidated Berhad
Menara Hap Seng	Kuala Lumpur	40,000	Honeywell

## PHILIPPINES

## MANILA

### MONTHLY RENTAL\* :

PHP 1,250 psm (+2.0%, Q-o-Q)

### VACANCY RATE\* :

1.4% (+0.4% pts, Q-o-Q)

### NEW SUPPLY\* :

NIL (Q1 08)

The market remained strong, with vacancy levels across all sub-markets remaining in the single digits, though the metropolitan vacancy rate increased to 2.4% from around 1% at end 2007 as approximately 1.4 million sf of space came on stream. New buildings included the One e-Comm Center in the Bay Area, e-Commerce Plaza in Eastwood, i-Hub1 in Alabang and Building A in the UP North Science and Technology Park.

Average Grade A rents rose 5.1% q-o-q, indicating the strength of demand prevailing in the market. In the CBD, prime/Grade A rents increased 2.0% q-o-q to PHP 1,250 psm/month (US\$2.78 psf/month). The increase in rents has led several companies to relocate to lower grade buildings in the CBD or to other districts. No new supply is scheduled to come on stream in Makati until late 2008.

In Ortigas, vacancy increased 0.5 percentage points to 1.5%. However Grade A rents increased 22.6% q-o-q to PHP 634 psm/month (US\$1.41

psf/month). The spike in rents was driven by intensifying demand.

In Fort Bonifacio Global City (FBGC) the vacancy rate increased to 5.9% from 2.4% at the end of 2007 due to a large vacancy in one building. FBGC continues to emerge as an alternative to Makati, and Grade A rents jumped 8.7% q-o-q due to the strength of demand.

In Alabang, the vacancy rate increased to 2.8% from 1.3%, as new space came on stream. Rents in the district increased by 6.4% as the area, and Northgate Cyberzone in particular, remained a much sought after location for BPO companies.

The UP North Science and Technology Park and Eastwood City are the leading business districts in Quezon City. The addition of 346,360 sf over the quarter drove the vacancy rate to 4.7%, up from 2.1%. Grade A rents in both areas are similar, and increased 13.8% q-o-q.

## MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
Two World Square & Three World Square	McKinley Hill Taguig City	122,825.40	Hewlett Packard

\* The figures refer to the Makati CBD area only.

## SINGAPORE

### MONTHLY RENTAL :

S\$16.0 psf (+6.7%, Q-o-Q)

### GRADE A VACANCY RATE :

0.6% (+0.4% pts, Q-o-Q)

### GRADE A NEW SUPPLY :

NIL (Q1 08)

The office leasing market remained active in the first quarter, dominated by renewals and relocations. Prime rents averaged S\$16.0 psf per month, reflecting an increase of 6.7% q-o-q in the first quarter. The rate of rental increase moderated compared with the quarterly increases seen in 2007 (e.g. 19.0% in the fourth quarter).

There was keen interest for expansion space from banks and financial institutions as well as business support and professional service providers such as IT consultants and law firms.

Rising rents and CBD space limitations led some occupiers to relocate to refurbished state properties, business parks or fringe developments such as Scotts Spazio. Pre-leasing momentum held strong in decentralised markets as MNCs sought to reduce occupancy costs, and there was strong interest in the Tampines, Changi and Alexandra/Harbourfront micro-markets. In prime areas, pre-commitment activity was largely focused on Marina Bay Financial Centre (MBFC).

According to the government, islandwide office stock was reduced by 53,820 sf in 2007 due to redevelopment and the conversion of office buildings to other uses. Demand again exceeded available space and landlords were able to command high rents on rent reviews/lease renewals due to the absence of alternatives for occupiers. This could serve to maintain rents at high levels for the next 12-18 months, and further rent upside is likely in selected buildings.

Going forward, some 10.3 million sf of net office space should be completed between 2008 and 2012, with the bulk coming on stream in 2010/2011. The government has been stressing long-term plans to meet expansion demand. It announced that the Marina Bay financial district will double to 30.35 million sf over the next 15 years, while a series of high density, mixed-use development parcels will be released in the Ophir-Rochor area over the next 10-15 years. Given the significant supply coming on stream in the next few years, some landlords are expected to begin to moderate rental expectations.

## MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
6 Battery Road	Raffles Place	3,000	Varde Partners
United Square	River Valley	6,500	McAfee
OUB Centre	Raffles Place	3,800	Korea Investments and Security Singapore

THAILAND

BANGKOK

**MONTHLY RENTAL :**  
**THB 743 psm (0.5%, Q-o-Q)**

**VACANCY RATE :**  
**8.0% (-1.1% pts, Q-o-Q)**

**NEW SUPPLY :**  
**NIL (Q1 08)**

Net take-up of Grade A office space in the CBD increased 17% q-o-q to 75,890 sf in the first quarter of 2008, driven by recovering consumer and business confidence in the domestic economy. Most of the activities in the office were largely driven by deals which only contain a small office area, while foreign demand for the Grade A office spaces in the CBD area were still more active than domestic companies. Rental rates edged 0.5% upward q-o-q to THB 743 psm (US\$2.19 psf) in the period under review, after remaining flat over the second half of 2007.

With no new supply, the prime office vacancy rate tightened to 8% in the first quarter from 9.1% in the fourth quarter of 2007. The vacancy rate is likely to increase in the second quarter when two Grade A projects, Chamchuri Square (968,000 sf) and Interchange 21 (484,000 sf), are expected to be completed in the CBD.

Athenee Tower, the first new Grade A supply since 2006 when it entered the market last quarter, is seeking to build a premium image. One floor

has now been occupied, and there have been numerous enquiries about the building.

In the non-CBD market net take-up eased 18% q-o-q, but Grade A vacancy declined to 3.2%. Leasing activity in the Northern Corridor remained brisk, with demand mostly from expanding local companies seeking Grade A space at lower rents.

The market faces more challenges in 2008 as resurgence in office demand will be dependent on multiple factors including Thailand's political and economic situation as well as the performance of the global economy. Many MNCs are looking very carefully at costs, and receiving approval to expand or establish new offices or businesses is likely to become increasingly difficult. However a final government decision on policies related to foreign ownership of Thai companies could spark a recovery in demand.

MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
Exchange Tower	Klong Toei	14,130	Hanesbrands (Thailand) Ltd
Capital Tower (All Seasons Place)	Lumpini	8,470	TMF Thailand Ltd

VIETNAM

HO CHI MINH CITY

**MONTHLY RENTAL :**  
**US\$70.0 psm (11.1%, Q-o-Q)**

**VACANCY RATE :**  
**0 (+0 pts, Q-o-Q)**

**NEW SUPPLY :**  
**NIL (Q1 08)**

In the first quarter of 2008, prime office rents continued to increase despite several new projects coming on line. Rare space becoming available in Grade A office buildings was quoted at US\$65-\$70 psm (US\$6-\$6.5 psf) per month on gross floor area (excluding service charge and VAT) by the end of March, a rise of 11% q-o-q. The CBD continues to be the preferred location, and asking rents are 30% higher than those in other districts.

The overall vacancy rate remained below 2%, even as significant new supply of over 861,000 sf came on stream. However none of the new projects were Grade A buildings in the CBD and prime CBD space remained fully occupied.

The continued rental increases and limited available space in prime locations have driven tenants to consider decentralised locations. District 3 has continued to be the most active sub-market due to its proximity to the CBD. Except for the new Grade B Sacombank Building, most office

buildings in District 3 offer smaller floor plates (less than 3,300 sf) and fail to adequately fulfill tenant requirements in terms of parking facilities and tenant services. However, given the tight market conditions most new supply has been occupied. Tenants looking for large floor plates are waiting for upcoming buildings which are expected to be completed by the end of 2008.

In the second half of the year, 1.01 million sf of Grade B or B+ office space is expected to come on stream in the CBD. Even with asking rents of about US\$40-60 psm (US\$3.7-5.6 psf) per month on gross floor area (US\$4.9-\$7.5 psf per month on net floor area), most prime office space under construction has been already committed. As prime office supply in the CBD will remain tight over the short- to medium-term, average prime office rent is expected to increase further, and may breach the US\$80 psm level within the year.

MAJOR LEASING TRANSACTIONS IN Q1 2008

Property	District	Size (sf)	Tenant
Sacombank Building	3	133,258	Sacombank Head Office
Fubong Bank (Taiwan)	Binh Thanh	5,533	194 Building

**PRIME OFFICE PROPERTIES**

Modern office facilities with exceptional accessibility and a definite market presence along with high-quality standard finishes; state-of-the-art systems, flexible layout and large floor plates; effective central air-conditioning; good management and parking facilities are normally available.

**TOTAL OCCUPANCY COST**

Total occupancy cost reflects all costs of occupancy, including base rent and other occupancy-related expenses such as service charges/management fees, property taxes and the opportunity cost of any large deposit paid to landlords on the commencement of the lease term. This corresponds to "inclusive" rents in most of the Asian markets or "gross" rents in the Australia/New Zealand markets. For comparison purposes and taking into the account the differences in space measurement and rent quotation in various markets in the Asia Pacific region, the total occupancy cost figures in our publication are calculated on a net lettable area basis and are quoted in terms of US dollars per square foot on a per month basis.

**RENT - LOCAL CURRENCY / MEASURE**

The rent quoted is usually the typical "achievable" rent for a unit in a Grade A office building in a prime location. **Rents are expressed as headline rent, without accounting for any tenant incentives which may be necessary to achieve it.**

Rents are stated in the local currency and prevailing unit of measure, as well as in those terms - gross or net, inclusive (including management fees and/or property taxes) or exclusive (excluding management fees and property taxes) - that are customarily employed in the respective market.

**GROSS FLOOR AREA**

Gross Floor Area shall include all areas contained within the external walls at each floor level and the whole thickness of the external walls.

In general, mechanical and electrical services rooms, refuse chambers and rooms, water tanks, car parking floors and all lifts and staircases passing through these floors shall be excluded from the Gross Floor Area calculation.

**INTERNAL FLOOR AREA**

Internal Floor Area shall be measured to the internal finish of structural, external and / or party walls. All common areas such as toilets, lift lobbies, plant rooms, stairs and corridors are excluded.

**LETTABLE AREA**

The Lettable Area of whole floors shall include toilets and lift lobbies but exclude common areas such as lift shafts, stairs, plant rooms and smoke lobbies.

Lettable Area for sub-divided units shall be the Saleable Area of that unit plus a proportionate share of the communal toilets, lift lobbies and passageways among sub-divided units on that floor.

**SALEABLE AREA**

The Saleable Area of a unit is measured up to the centre line of the wall separating adjoining units. The full thickness of the walls separating the units from common areas, lift shafts, light wells, staircases, etc. is included.

**NET FLOOR AREA**

Net Floor Area shall exclude all common areas such as common corridors, stairs, lift lobbies, toilets and plant room. It shall be measured from the centre of the enclosing external and /or party walls.

**SEMI-GROSS FLOOR AREA**

Semi-Gross Floor Area equates to Net Floor Area plus proportion of the common areas and lift lobbies for each relevant floor.

**Net TAKE-UP**

Net take-up figures represent the net increase in occupied floor space in the period. The figures are arrived at using the following method:

$$\begin{aligned} \text{Net take-up} &= \text{New Completions} \\ &+ \text{Vacancy figures at the beginning of period} \\ &- \text{Demolition} \\ &- \text{Vacancy figures at period-end} \end{aligned}$$

Definition of Prime Office Markets

Leasing Practices in Local Markets

**INDIA**

**Bangalore** The Bangalore CBD refers to the City of Bangalore which comprises MG Road and its immediate environs including Residency Road, Richmond Road, Ulsoor, St. Marks Road and K.B. Road.

**Mumbai** The traditional office sub-markets are situated in South Mumbai around Nariman Point and Ballard Estate, but new office sub-market areas are emerging in Bandra Kurla Complex, Malad and Andheri.

**New Delhi** The central New Delhi CBD area comprises all commercial developments in and around Connaught Place, which is the traditional prime office sub-market. New office sub-markets are emerging in suburban areas like Gurgaon.

The market practices in these three Indian cities are generally the same. The efficiency rate of Grade A office properties in India is around 75%. Rents are quoted on a gross floor area basis, in Rupees psf per month, exclusive of service charges.

**INDONESIA**

**Jakarta** The central business district, namely Jakarta's Golden Triangle, comprises five major sub-markets, including Jl. MH Thamrin, North Jl. Jend. Sudirman, South Jl. Jend. Sudirman, Jl. HR Rasuna Said and Jl. Gatot Soebroto.

Rents are quoted on a semi-gross floor area basis (85% efficiency), in IDR psm per month, excluding monthly service charges and government taxes. Prices are quoted on a saleable floor area basis.

**JAPAN**

**Tokyo** The Central Five Wards, where the majority of prime office property in Tokyo is located, are collectively referred to as the central business district of Tokyo, comprising Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku and Shibuya-ku.

The market covered in this publication refers to the Central Five Wards of Tokyo. Rents in the Tokyo office market are asking rents quoted by landlords to brokers or the public. The rents are quoted in local currency per tsubo per month excluding consumption tax and are calculated on an internal floor basis. One "tsubo" is equal to approximately 3.3 sm (i.e. 35.58 sf), which is equivalent to two tatamis. Service charges are referred to as "common area maintenance fees" and they are usually paid in addition to the base rent.

**MALAYSIA**

**Kuala Lumpur** The Kuala Lumpur office market is defined by the Kuala Lumpur Central Area (KLCA) and Kuala Lumpur Metropolitan (KLM). The KLCA comprises areas generally within the central business district while the KLM comprises major suburban areas located at the city fringe areas.

Rents are quoted in RM psf per month on net lettable area, including services charges and property taxes.

**PHILIPPINES**

**Manila** The premier central business district in Manila is Makati, which is one of the two major business districts in Metro Manila.

Rents are quoted in PHP psm per month on lettable area basis. Prices are based on saleable floor area.

**PRC**

**Beijing** Prime office properties in Beijing are concentrated in four main districts: the Jianguomenwai CBD in Chaoyang; Wangfujing/Chang'an East Avenue in Dongcheng; Zhongguancun in Haidian and the Fuchengmenwai/Fuxingmen Finance Street areas in Xicheng.

Office rents in these three Chinese cities are quoted in RMB psm per month, excluding management fees/service charges as well as incentives offered by the landlord.

**Shanghai** Prime office properties are found in both the Puxi and Pudong areas. In Puxi, prime office properties are concentrated in the Huangpu, Jingan and Luwan districts along Nanjing West and Huai Hai Middle roads. In Pudong, prime office properties are mainly clustered in Lujiazui, Shanghai Commercial City and the Zhuyuan Commercial and Trade Zone.

In Beijing, Shanghai and Guangzhou rents and prices are quoted in terms of gross floor area.

**Guangzhou** Prime office properties in Guangzhou are concentrated in the Tianhe and Yuexiu districts. In Tianhe, prime office properties are located in both Tianhe Sports Centre and Pearl River New City. In Yuexiu, prime office properties are clustered along Huanshi East Road, Dongfeng Road and Zhongshan Road.

**Hong Kong** Prime office districts in Hong Kong are situated along both sides of Victoria Harbour, comprising Central, Wan Chai, Causeway Bay and Tsim Sha Tsui.

In the general market, rents are quoted in HK\$ psf per month on either net, lettable or gross basis, excluding management fees, taxes, government rents and incentives. For the purpose of publication, rental figures provided in this report are based on net floor area. Prices are quoted psf on a gross basis.

**Definition of Prime Office Markets**

**Leasing Practices in Local Markets**

**SINGAPORE** Singapore comprises an islandwide office market of which 90% of office space is located in the Central Region, with the remainder located in the city's outlying regional centres.

The gross rent, based on the net floor area, comprises the base rent plus service charge and is payable either monthly or quarterly in advance. The service charge is an amount to be paid by the tenant to the landlord for providing specified services to the premises including lift maintenance, common area cleaning, security and air-conditioning during normal office hours, just to name a few. The amount varies from building to building. For office buildings, the service charge ranges between S\$1.00 and S\$1.30 psf per month.

Most leases provide that the service charge may be adjusted at any time during the lease term if the cost of providing the specified services to the building increases.

**SOUTH KOREA** There are three major office districts in Seoul, including CBD in Chung Gu, Gangnam and Yeouido.

Rents are quoted in KRW per square meter per month, measured on a gross floor area basis. The typical efficiency of Grade A office buildings is around 65%. Usually, a substantial rental deposit is payable at the commencement of the lease and this may impact on the effective rent.

**TAIWAN** In Taipei, prime office sub-markets are situated in areas near the Taipei Main Station (TMS), along Zhongshan North Road (ZNR), and in Nanjing-Songjiang Area (NJA), Minsheng-Dunhua Area (MDA), Dunhua-Renai Area (DRA), and Xinyi-Jilong Area (XJA) in central Taipei City.

The local unit of measurement is the "ping", which is the same as "tsubo" and "pyung", and is equivalent to 3.3 sm. Rents and prices are quoted in NT\$ on a gross floor area basis.

**THAILAND** The Central Business District in Bangkok incorporates the Silom, Sathorn, early Sukhumvit and Lumpini sub-markets.

Rents are quoted in THB psm per month on internal floor area basis, including service charges and household taxes. Prices are also quoted on an internal floor area basis in local currency.

**VIETNAM** The Central Business District in Ho Chi Minh City is District 1.

Rents are quoted in US\$ psm per month on the net floor area, including service and management charges but excluding 10% VAT.

# ASIAN OFFICE MARKET FLASH

Q1 2008



## HONG KONG

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