

GLOBAL SPOTLIGHT

Hong Kong, China



Hong Kong maintains a highly capitalist economy built on a policy of free market, low taxation and government non-intervention.

- Demand for office space in Hong Kong's CBD has been very strong demand in the last several quarters, leading to asking rents as high as HK\$153/SF/month. Rentals have been supported by a lack of visible supply in Central district and continued demand from existing and new financial tenants who remain willing to pay for the premium location. Vacancies in Central remain below 4%.
- These strong supply-demand forces are compensating for the trend towards decentralization, where larger existing tenants are looking to move back-office operations to neighboring areas to reduce costs. Approximately 5.5 million SF of new Class A office space will come online in 2007 and 2008, with 90% located in secondary districts.
- The economic outlook remains positive in Hong Kong, and both a recent government survey and private poll indicated optimism from Hong Kong entrepreneurs.
- Industrial rentals increased slightly in Q1 2007 as economic growth was balanced by the continued industrial migration to Southern China. However, industrial investments remain highly sought-after by developers and international funds looking to convert industrial properties to commercial or residential use.
- The retail sector remains healthy, buoyed by retail sales growth of 7.3% in 2006 and 9.4% year-over-year- growth in Q1 2007. Consequently, this has increased visitor arrivals both from mainland China and international locations.
- Four recent en-bloc transactions of malls this year indicate increased interest by foreign funds for investment in this asset class.

Hong Kong At A Glance

Population	6,980,412 (July 2007 est.)
Location	Eastern Asia, bordering the South China Sea and China
GDP	\$187.1 billion (2006 est.)
Inflation	2.2% (2006 est.)
Unemployment	4.9% (2006 est.)
Exchange Rate:	\$1 = 7.8186 HK\$

Property	HK\$ Rent/SF/Month Low	High	Effective Avg.
Grade A CBD	\$43	\$153	N/A
Suburban Office	\$30	\$60	N/A
Industrial Bulk Warehouse	\$6	\$10	N/A
Core Retail	\$300	\$800	N/A

NAI Asia Pacific Properties, Ltd. offers local market expertise in Hong Kong.

About NAI Global:

NAI Global is one of the world's leading providers of commercial real estate services. We bring together people and resources wherever needed to deliver outstanding results for our clients.

At A Glance

350	Offices
45	Countries
5,000	Professionals
\$40 billion	Annual Transaction Volume
200	MSF of Property Management

For more information about NAI Global please visit www.naiglobal.com or call 1.609.945.4000



Commercial Real Estate Services, Worldwide.

Build on the power of our network.™