Q1 2006

ASIAN OFFICE MARKET FLASH

Office Leasing Market Quarterly Bulletin

CBRE RESEARCH

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CB RICHARD ELLIS

REGIONAL MARKET OVERVIEW

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PRC-Beijing - The Finance Street office sub-market has witnessed fundamental change as its role shifts from being a hub exclusively catering to domestic financial organisations to a destination for foreign financial giants as well. Numbering amongst the first batch of overseas institutions committing to set up offices in this area, Royal Bank of Canada and UBS moved into Finance Street in the first quarter of 2006 following China's progressive liberalisation of control over the domestic financial industry. At the same time, the emergence of greater interest in the office precinct is partly a result of the government's incentive policy to provide subsidies to foreign financial firms which lease or purchase office space in the Finance Street area.

PRC-Shanghai - The approach of the full opening of China's financial sector is ushering in a heightened level of leasing activity by financial institutions, particularly within the Lujiazui CBD. For its expansion in China, Standard Chartered acquired four office floors and the naming rights of an office building to be developed by Lujiazui Finance and Trade Zone Development Co Ltd for US$40 million. Shanghai is hastening its steps towards attaining its goal of being a regional financial centre. Both overseas and domestic banks have established numerous operational centres and data processing back offices in the city.

PRC-Guangzhou - The heightened interest from companies in prime offices in Pearl River New City, Guangzhou's planned new CBD, provided support for appreciation in both rentals and prices in the precinct in the first quarter of 2006 to US$12.87 psm (US$1.20 psf) per month and US$1,578 psm (US$146.60 psf), respectively. A number of high quality office projects completed in Pearl River New City in 2005 have generally experienced a rapid rate of leasing absorption. Office demand in the Pearl River New City area from the financial sector is expected to be further boosted by the implementation of the city government's latest incentive scheme to financial institutions.

PRC-Hong Kong - The SAR's positive economic performance and its continued employment growth fuelled top-tier office demand in the city. Law firms and financial players with large space requirement were again witnessed to be active in the market. In the expectation of further tightening of supply in Hong Kong's CBD, they took the first quarter as an opportunity to expand their operations. In the period under review, US legal firms Skadden Arps and Jones Day have leased a combined total of three entire floors in Edinburgh Tower. Also within the period under review, two major financial services providers committed to a combined total of 108,000 sf. Lehman Brothers took two floors in Man Yee Building, while UBS opted for 90,000 sf in Exchange Square and The Landmark.

Taiwan-Taipei - The overall office leasing market registered a fairly upbeat level of activity in the first quarter of 2006 with demand stemming from financial, IT and consulting-related industries. Given the higher level of demand in evidence, the Taipei Grade A office market witnessed a notable increase in net absorption from 479,00 sf in Q4 2005 to 672,600 sf in Q1 2006, pushing Grade A office vacancy rate down from 16.66% to 16.45% within the quarter. A number of older office buildings, mainly Grade B buildings in Chongshan East Road District and Nanjing East Road District, are actively refurbishing their exteriors and upgrading their internal facilities in order to increase their competitiveness in the rental market.

Japan-Tokyo - Notwithstanding a new supply of 1.43 million sf of leaseable office space in this quarter, improved economic conditions and bullish market sentiment have further intensified the demand for office upgrades and compressed the prime office vacancy rate to 0.8%. These extremely tight market conditions have triggered a surge in rents as well as aggressive pre-commitment to developments as far forward as the 2007 and 2008 schemes. Major landlords are already stating intentions to hike rents by an average of 5% to 10% commencing the second quarter. Meanwhile, the average rent, excluding common area charges, for Grade A office accommodation increased by 4.6 % to JPY 39,500 per tsubo (JPY 1,110 psf) per month in first quarter of 2006.

South Korea-Seoul - Grade A office rents were generally revised upwards during the first quarter as many landlords conducted rent review at the beginning of the year. Active leasing activities were recorded during the first quarter in all three office sub-markets, especially in Yeouido area. Vacancy rate of Yeouido, which was once as high as 8.3% in the second quarter of 2005, declined to 3.3% as at the end of the first quarter, driven by strong office space demand on the part of financial companies. Low vacancy rates in all three business districts and sustained demand for quality office space from companies expanding their office operations or upgrading premises are expected to continue throughout 2006, sparking further rental appreciation.

India-New Delhi - The first quarter of 2006 witnessed significant activity in virtually every segment of the real estate industry, as continued buoyancy in the office market was fuelled by the expectation of the commencement of a new round of development projects, following the government's recent land auction. While demand for office space remains buoyant, Grade A office facilities are still in tight supply in core districts. Meanwhile, Gurgaon and Noida continue to maintain their leading position in attracting IT and ITES companies as the two districts offer sufficient supply of Grade A office space to meet the ever-rising level of demand.

India-Mumbai - The year 2006 began on a high note for Mumbai' s real estate market with Mumbai Metropolitan Region Development Authority, or MMRDA, auctioning nine plots at the prime Bandra Kurla Complex at landmark prices. These plots consisted of five commercial, three residential and one star-category hotel sites. The bids received for these plots exceeded market expectations by nearly 30% on average.

India-Bangalore - The CBD remains the preferred destination for companies. Although a few companies moved away from the CBD during the quarter, the vacant space was quickly absorbed by others who are keen on occupying quality space which becomes available in the precinct. Strong demand was also manifest in the intensity of pre-commitment leasing activity as a number of pre-lease transactions were settled within the quarter; the most significant of which saw Citibank pre-lease about 100,000 sf in UB City.

Indonesia-Jakarta - The surge in electricity prices, resulting from the government's cut in subsidies, and jitters on the exchange rate led to a more volatile economic environment. Although rentals and service charges quoted in Rupiah for office buildings in Jakarta remained largely unchanged over the previous quarter, leasing activity was quite limited to small-scale expansion and relocation of foreign banks and financial institutions in the CBD.

Malaysia-Kuala Lumpur - The office leasing market in first quarter 2006 was rather subdued. One of the quarter's most notable deals saw 30,000 sf of office space taken up by Scan Associates Bhd at Menara Naluri. Considerable tenant movement was observed as occupiers were able to take up space that had previously undergone rennovation. These included VS Optima (M) Sdn Bhd taking 4,000 sf at Menara Citibank and Keywest Global Telecommunications Bhd taking 3,900 sf at Menara IGB.

Philippines-Manila - Owners of both older Grade A and Grade B buildings in good CBD locations are increasingly opting to refurbish their buildings in order to attract quality tenants willing to pay higher rents. One example is Insular Life Building located at the heart of the Makati CBD. After being refurbished, the entire building was reported to have been fully leased out as of the end of the first quarter of 2006.

Singapore - The Singapore office market continued to witness buoyant leasing momentum during the first quarter of 2006. Demand improved particularly for premier stock and for sizeable floor plate within large-scale schemes and this led prime and Grade A rents to head north in the first quarter. Single-digit vacancies prevailed in many prime offices in the Marina Centre, City Hall and Orchard Road micromarkets. In some decentralised areas, vacancies are even lower, hovering around the level of 2% in the first quarter. As such, the limited supply of quality space is beginning to compromise tenants' expansion/relocation options, while strengthening the bargaining position of landlords in renewals.

Thailand-Bangkok - A large quantum of prime office space was released to the market during the first quarter of 2006 with the completion of Exchange Tower, Q House Lumpini and The Column in the CBD. This quantum of stock, providing an aggregate of 1.35 million sf of office space, resulted in a 10.7% increase in total prime office stock in Bangkok. Despite the uptick in new supply, average office rentals nevertheless continued to experience upward pressure, as they registered a 3.8%, q-o-q, rise to THB 704 psm (THB 65.4 psf) per month, on the back of strong demand for quality office accommodation.

Vietnam-Ho Chi Minh City - After the completion of Diamond Plaza in 1999, no new Grade A office stock has come onto the market in Ho Chi Minh City. This situation will persist over the short-term, as no new supply is expected to come on stream until 2008, with the completion of Sailing Tower, a multi-purpose building in District 1 which just commenced construction in March 2006. Due to the shortage of Grade A office supply and the continued influx of foreign investment into the city, all Grade A office buildings remain fully occupied.

REGIONAL MARKET OVERVIEW

SUMMARY OF PRIME OFFICE RENTS (AS AT Q1 2006)

COUNTRY	CITY	MARKET RENT local currency/measure	MARKET RENT US$ psf	Quarter-on-Quarter Change	Year-on-Year Change
GREATER CHINA	**Beijing***				
	Jianguomen	US$24.55 psm(1)	2.28	0.0%	4.7%
	Zhongguancun	US$17.48 psm(1)	1.62	1.5%	-5.8%
	Finance Street	US$23.32 psm(1)	2.17	1.7%	9.6%
	Shanghai*				
	Pudong	US$23.89 psm(1)	2.22	5.3%	16.9%
	Puxi	US$23.74 psm(1)	2.21	3.3%	22.4%
	Guangzhou*	US$11.34 psm(1)	1.05	2.3%	6.0%
	Hong Kong*	HK$38.71 psf (3)	4.99	10.5%	55.0%
	Taipei*	NT$2,269 pping(2)	1.96	0.9%	3.4%
JAPAN	**Tokyo**	JPY 39,500 ptsubo(3)	9.40	4.6%	21.5%
SOUTH KOREA	**Seoul**				
	CBD	KRW 84,035 ppyung(1)	2.43	1.6%	1.6%
	Gangnam	KRW 67,321 ppyung(1)	1.95	2.3%	3.4%
	Yeouido	KRW 52,751 ppyung(1)	1.53	0.5%	1.4%
INDIA	**New Delhi**				
	Connaught Place	Rs 150 psf(1)	3.37	15.4%	66.7%
	Gurgaon	Rs 38 psf(1)	0.85	5.6%	18.8%
	Mumbai				
	Nariman Point	Rs 210 psf(1)	4.71	31.3%	90.9%
	Bandra Kurla Complex	Rs 135 psf(1)	3.03	8.0%	42.1%
	Bangalore	Rs 54 psf(1)	1.21	3.8%	12.5%
INDONESIA	**Jakarta**	US$ 7.86 psm(5)	0.73	8.0%	19.1%
MALAYSIA	**Kuala Lumpur**	RM 4.5 psf(4)	1.22	1.1%	4.7%
PHILIPPINES	**Manila**	PHP 610 psm(3)	1.11	6.1%	35.6%
SINGAPORE	**Singapore**	S$5.60 psf(4)	3.46	7.7%	20.4%
THAILAND	**Bangkok**	THB 704 psm(4)	1.72	3.8%	19.7%
VIETNAM	**Ho Chi Minh City**	US$30.00 psm(6)	2.79	3.5%	4.9%

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

** The CB Richard Ellis office databases in these cities have been adjusted to better reflect the office market conditions.*

EXCHANGES RATE TO US$ (AS AT 31 MAR 2006)

PRC	8.02	Japan	117.99	Indonesia	9,087.00	Singapore	1.62
Hong Kong	7.76	South Korea	971.65	Malaysia	3.68	Thailand	38.90
Taiwan	32.45	India	44.57	Philippines	51.16	Vietnam	15,925.00

PEOPLE's REPUBLIC OF CHINA BEIJING

MONTHLY RENTAL - CBD: US$ 24.55 psm (+0.0%, Q-o-Q)
- Zhongguancun: US$17.48 psm (+1.5%, Q-o-Q)
- Finance Street: US$ 23.32 psm (+1.7, Q-o-Q)

VACANCY RATE - 13.7% (-1.9% pts, Q-o-Q)

NEW SUPPLY - NIL (Q1 06)

Following 2005 in which a series of office completions was met by an equally substantial quantum of demand, the Beijing office market entered into a more quiet period in the opening months of 2006. No new office property was completed within the quarter under review while the market is still digesting pockets of vacancy in the current stock. Given these relatively quiet market conditions, rentals only showed a small increment as they inched up 0.7% over the previous quarter to US$21.4 psm (US$1.99 psf) per month. However, rental performance varied between different business districts. Rental levels in the CBD remained largely unchanged in the first quarter while rental levels in the other two business districts, namely Zhongguancun and Finance Street, recorded respective upticks of 1.5% and 1.7%, q-o-q, to US$ 17.48 psm (US$1.62 psf) and US$23.32 psm (US$2.17 psf) per month.

Following the huge supply pressure, which pushed rentals down by 5.8% in 2005, Zhongguancun's office leasing market condition improved and this halted the downtrend in this precinct's rentals, while the pick up in space absorption also pushed vacancy down to 24.3% in the precinct.

As no new supply came onto the market in the first quarter while significant take-up was witnessed, the overall vacancy rate declined 1.9 percentage points to 13.7% within the period under review, supporting the recent mild uptrend in Beijing prime office rentals. Meanwhile, the favourable performance of the leasing market combined with the relatively stable rate of return drove the office sales price in Beijing to edge up to an average of US$2,325 psm (US$216 psf), 0.7% higher than the previous quarter. The ratio of properties acquired for investment as opposed to self-use in the office sales transaction market is gradually increasing, indicating a fundamental shift in the nature of the Beijing office sales market. Projects in prime locations are currently the focus of the strongest attention among investors.

MAJOR LEASING TRANSACTIONS IN Q1 2006

Property	District	Size (sf)	Tenant
Beijing Oriental Plaza	Dongcheng	4,800	London Development Agency
Beijing Fortune Plaza	Chaoyang	7,300	Blue Ridge Caymans
LG Twin Tower	Chaoyang	5,800	Cleary Gottlieb Steen & Hamilton LLP

PEOPLE's REPUBLIC OF CHINA SHANGHAI

MONTHLY RENTAL - Pudong: US$ 23.89 psm (+5.3%, Q-o-Q)
- Puxi: US$ 23.74 psm (+3.3%, Q-o-Q)

VACANCY RATE - 5.9% (+0.7% pts, Q-o-Q)

NEW SUPPLY - 1,990,010 sf (Q1 06)

Shanghai's prime office leasing market saw further hardening of average rentals in the first quarter of 2006. Prime office rent increased by 3.7%, q-o-q, to US$23.74 psm (US$2.21 psf) per month. Within the period under review, four office projects came on stream, all of Grade B quality gradation. Collectively, they provided new office space of over 180,000 sm (about 1.99 million sf), these completions, in turn, fuelled a 70 basis-point rise in this quarter's overall vacancy, which was recorded at 5.9%. However, vacancy of higher quality Grade A office buildings remained on a downtrend, with pockets of vacancy which resulted from new supply released in the fourth quarter of 2005 being actively absorbed. The total take-up within the period under review was recorded at 136,300 sm (1.47 million sf).

In the strata-title sales market, the continuous rental growth helped support a rise in capital values. In the first quarter, average price of office properties in Puxi edged up by 0.5%, q-o-q, to US$3,129 psm (US$291 psf), while the price in Pudong remained unchanged at an average of US$2,853 psm (US$265 psf).

On the back of Shanghai's continued strong economic growth and the city's plan to develop service-oriented industries, investors continued to display strong optimism about the future of the Shanghai office market and remained active in office building development. In the first quarter, CITIC Pacific entered into a joint venture to develop the Shanghai Shipyard land parcel in Lujiazui, which is projected to require a total investment of US$2.71 billion. In the meantime, US-based developer Hines formed a joint venture with the China Everbright Group and Hotel Properties Limited to resume the development of the 21st Century Tower project suspended since 1997.

In the second quarter of 2006, 45-storey Huaihai Plaza situated on Huaihai Middle Road in Puxi is slated to come on stream, providing about 43,000 sm (462,900 sf) of new Grade A office space.

MAJOR LEASING TRANSACTIONS IN Q1 2006

Property	District	Size (sf)	Tenant
Azia Centre	Pudong	25,800	Bank of America
Azia Centre	Pudong	18,300	PWC Zhong Tian
Xinmei Union Square	Pudong	6,800	Fujitsu General (Shanghai) Co Ltd

PEOPLE's REPUBLIC OF CHINA GUANGZHOU

MONTHLY RENTAL - US$11.34 psm (+2.3%, Q-o-Q) | **VACANCY RATE - 16.3% (-3.0% pts, Q-o-Q)** | **NEW SUPPLY - NIL (Q1 06)**

Guangzhou's ongoing robust economic expansion as well as the government's recent strategy to attract financial institutions to the city will cumulatively work to create a better business environment in the city and further support growth in prime office demand. This fact is being demonstrated by the continued influx of overseas enterprises and the further operational expansion of existing corporate tenants.

In the first quarter of 2006, demand for Guangzhou prime office space remained strong, driven by the rapid expansion of MNCs as well as large-scale domestic private enterprises. Carrefour, 3M China and global media company Mindshare were all witnessed expanding their office operation in Tianhe District. Among different sectors, finance players have recently been witnessed as displaying renewed interest in extending their operations into the city in the wake of the planned opening of China's financial industry under its WTO commitments. In February 2006, Italy's Monte dei Paschi di Siena set up its third China representative office in Guangzhou. It is expected that the influx of more banks and financial institutions will further drive demand for prime office space.

As a result of the heightened level of demand and the fact that no new supply came onto the market, the overall vacancy rate for prime office buildings recorded a decrease of 3.0 percentage points to 16.3% within the first quarter, ending the upward trend in vacancy in the previous three quarters which had resulted as a consequence of the large quantum of new supply released during 2005. Prime office rentals increased by 2.3%, q-o-q, to US$11.34 psm (US$1.05 psf) while office capital value also appreciated by 1.1% within the quarter. A higher level of investment interest in Guangzhou office properties has been witnessed recently on the back of their attractive yields, ranging from 7% to 9%, with newly completed high-quality projects being the most sought after investment target.

MAJOR LEASING TRANSACTIONS IN Q1 2006

Property	District	Size (sf)	Tenant
Development Centre Plaza	Tianhe	43,100	Mindshare
Development Centre Plaza	Tianhe	21,500	Carrefour
Grand Tower	Tianhe	19,400	3M China

PEOPLE's REPUBLIC OF CHINA HONG KONG

MONTHLY RENTAL - HK$38.71 psf (+10.5%, Q-o-Q) | **VACANCY RATE - 5.0% (+0.1 pts, Q-o-Q)** | **NEW SUPPLY - NIL (Q1 06)**

The Grade A office rents in Hong Kong continued rising in the first quarter of 2006, following the flattening out of rentals witnessed in November and December 2005. While rental levels crept up by just 1%, m-o-m, in the year's final two months, the market saw greater upward movement in the opening months of 2006.

No new prime-located space came on stream in the first quarter of 2006. With Hong Kong's prime office market undergoing considerable compression, the upcoming release of just 119,000 sf in 2006 from York House in Central is not expected to ease the level of pent-up demand witnessed in the sector. Vacancy in the overall prime office market was meanwhile registered at 5% at the end of the first quarter of 2006.

The continued strength of Hong Kong's economy, while providing companies with business expansion potential, is at the same time exerting added financial pressure on those operating in Hong Kong. With the rise in employment figures, a rise in wages is expected in the near to medium-term as companies compete for the best talent. This will act in conjunction with the rise in rentals to increase the operating costs of employers in the city. Rising costs are leading companies to make savings by opting for more creative space use solutions. Adopting more economical office options in decentralised areas is seen as a way to push down the fixed cost impact of rent on their bottom line. As the phenomenon of hardened rentals filters through the market, the trend of relocating for cost-driven reasons has been growing. In one example of such a move, Hallmark Cards relocated from the Gateway in Tsim Sha Tsui to Harbourfront Landmark in Hung Hom. Indeed the market is witnessing a strong wave of interest with respect to decentralised Kowloon. This is a trend not only being observed amongst occupiers in Kowloon, but also tenants in business precincts on Hong Kong Island, such as Wan Chai and Causeway Bay.

MAJOR LEASING TRANSACTIONS IN Q1 2006

Property	District	Size (sf)	Tenant
Exchange Square and The Landmark	Central	90,000	UBS
Man Yee Building	Central	18,000	Lehman Brothers
Harbourfront Landmark	Hung Hom	29,000	Hallmark Cards

MONTHLY RENTAL - NT$ 2,269 pping (+0.9%, Q-o-Q) **VACANCY RATE - 16.5% (-0.2% pts, Q-o-Q)** **NEW SUPPLY - NIL (Q1 06)**

Taipei's real estate market witnessed strong levels of office demand and tightening of supply within the first quarter of 2006. Besides office lease renewal activities, financial and IT-related industries were the primary sources of demand for leasing high quality office space, as companies in these sectors implemented office upgrade plans or corporate expansion strategies within the period under review.

Continued market demand drove Grade A office take-up to a robust level of 18,893 pings (672,600 sf) within the first quarter of 2006, dominated by office upgrading activities. The leasing of approximately 14,200 sf in C.E.C Tun Nan Building, a Grade A office building in Dun-Renai District, by major financial player CLSA was a clear demonstration of the positive market conditions. In addition, both Australian Commerce and Industry Office and US-based Nu Skin skin-care company upgraded their premises by relocating to the Uni-President Building in Xinyi District, with both players respectively occupying approximately 47,700 sf.

To cope with the demand for higher quality space, a number of older office buildings, mainly Grade B buildings in Zhongxiao East Road District and Nanjing East Road District, are actively refurbishing their exteriors and upgrading their internal facilities. It is expected that this will increase their competitiveness in the leasing market.

Looking forward, the majority of new office space in buildings to be completed within the year, including Yuanta HQ (447,900 sf), AIG HQ (323,200 sf) and Walsin Lihwa HQ (625,500 sf), will be held for self-use, leaving only a limited amount of new space to be released onto the leasing market.

MAJOR LEASING TRANSACTIONS IN Q1 2006

Property	District	Size (sf)	Tenant
Uni President Building	Xinyi	47,700	Nu Skin
Uni President Building	Xinyi	47,700	Australian Commerce and Industry Office
C.E.C Tun Nan Building	Dun Nan	14,232	CLSA

JAPAN TOKYO

MONTHLY RENTAL - JPY 39,500 ptsubo (+4.6%, Q-o-Q) **VACANCY RATE - 0.8% (-0.3% pts, Q-o-Q)** **NEW SUPPLY - 1,434,550 sf (Q1 06)**

Having a prestigious office address in a central location is increasingly seen by companies as a necessity for corporate public relations and to attract and retain good talent. The intense demand for high quality space is reflected in the further lowering of the Grade A office vacancy rate to 0.8%, a decline of 30 basis points from the last quarter. The three Grade A buildings which came on stream within the quarter, namely Kudan-Kita Project, Akasaka Garden City and Akihabara UDX Building, providing a combined floor area of 1.43 million sf (net), were all near full occupancy at the time of opening and failed to ease the market pressure.

In light of current market adsorption capacity and low foreseeable volume of supply, the persistent strength of office demand is giving landlords the upper hand in most leasing negotiations for prime space. Major landlords of prime offices in the Central Five Wards (CFW) are leading the way in rental increases. Mitsubishi Estate is reported to be in negotiation with tenants this spring for tenancy renewals featuring upward escalation in rent in the range of 5% to 10%. Sumitomo Realty & Development is similarly negotiating for an average of 10% rise on contract renewals.

The tightening outlook of the office market has left many occupiers no choice but to lock in advance deals in order to secure required space, with pre-commitment being made as far ahead of 2007 and 2008 schemes. Mitsubishi Estate's Shin-Marunouchi Building, scheduled for completion in April 2007, has already achieved approximately 80% pre-commitment despite quoting rents of up to JPY 60,000 per tsubo (JPY 1,685 psf) per month.

With growth and expansion being the two topics atop the corporate agenda, the Tokyo prime office shortage phenomenon is likely to intensify throughout 2006.

MAJOR LEASING TRANSACTIONS IN Q1 2006

Property	District	Size (sf)	Tenant
Shinagawa Seaside East Tower	Shinagawa-ku	67,400	SJ Holdings
Olinas Tower	Sumida-ku	37,700	SBS Group
Shinagawa Intercity A	Minato-ku	15,700	Vedior Career

SOUTH KOREA SEOUL

MONTHLY RENTAL - CBD: KRW 84,035 ppyung (+1.6%, Q-o-Q)
- Gangnam: KRW 67,321 ppyung (+2.3%, Q-o-Q)
- Yeouido: KRW 52,751 ppyung (+0.5%, Q-o-Q)

VACANCY RATE* - 3.3% (-0.2% pts, Q-o-Q)

NEW SUPPLY *- 248,900 sf (Q1 06)

Gangnam is emerging as the centre for insurance companies as a number of insurers are relocating into this precinct from the CBD and Yeouido. Within the quarter, LIG Insurance (formerly known as LG Insurance) relocated from the CBD to its newly constructed headquarters building in Gangnam, which was the only new office property completion during the period under review and is wholly retained for self-use.

To compete with quality office buildings in Gangnam and Yeouido, some office towers built in the 70s in the CBD are undergoing renovation so as to substantially upgrade their quality and some are slated to be redeveloped in their entirety. KORCHAM Building and Myeongdong Tower completed refurbishment in the fourth quarter of 2005 and are now in the midst of releasing space back into the leasing market. Since the deregulation of redevelopment in 2004 following the implementation of the City Environment Reform Act, a series of reconstruction projects in the CBD has been kicked off and will ensure the provision of sufficient office supply within the next four years in the CBD.

Meanwhile, due to the shortage of sizable land for office development in the CBD, Gangnam and Yeouido, the prime office market is expected to expand to Seoul's fringe areas, including Sangam Digital Media City (DMC) and Incheon Songdo New City, where a number of large-scale prime office projects are slated to be launched, including Landmark Building in Sangam DMC, Lotte World 2 in Jamsil and Twin Building in Incheon Songdo New City.

As the economy remains buoyant, a higher level of office demand is expected to surface in upcoming quarters and is not expected to be satisfied by the limited new office supply in prime locations. These circumstances are working to exert upward pressure on office rent.

MAJOR LEASING TRANSACTIONS IN Q1 2006

Property	District	Size (sf)	Tenant
LG Fire Insurance Building	CBD	247,200	DSME
KORCHAM Building	CBD	39,100	Horizon Law Group
Hansol Building	Gangnam	30,300	WIA Corporation

** The figures refer to the three major office districts in Seoul, including CBD in Chung Gu, Gangnam and Yeouido.*

INDIA NEW DELHI

MONTHLY RENTAL - CBD: INR 150 psf (+15.4%, Q-o-Q)
- Gurgaon: INR 38 psf (+5.6%, Q-o-Q)

VACANCY RATE* - 13.8% (+1.6% pts, Q-o-Q)

NEW SUPPLY* - 217,500 sf (Q1 06)

Investment interest in real estate development in central New Delhi and the area surrounding the National Capital Region (NCR) continued unabated in the first quarter. The region has witnessed significant activity with respect to all real estate segments, including commercial, retail, residential and infrastructure.

In the first quarter of 2006, Grade A office demand in the NCR market remained on an upswing with significant local demand for expansion. The launch of Eros Corporate Tower during the quarter provided 217,500 sf office space to the market in the Delhi region. In addition, the quarter saw a record number of government auctions for commercial development parcels, with most of the plots transacted at levels far above the reserve price. The new supply triggered by such land deals is expected to come to market within approximately two years, and is forecast to achieve substantial pre-commitment due to the prevailing buoyancy of demand.

In the peripheral office markets of the NCR; Gurgaon and Noida, IT and ITES companies remain the major driver for office demand. Gurgaon remains the most desired location for such companies that are looking for better facilities, due to its proximity to the international airport. Major leasing transactions in Gurgaon within the first quarter saw IBM and Satyam taking up around 100,000 sf and 40,000 sf, respectively.

Delhi and Gurgaon sub-markets witnessed an upward trend in both rental and capital values over the first quarter. Rental values in New Delhi CBD exhibited growth of 15.4%, q-o-q, reaching INR 150 psf per month whereas Gurgaon witnessed growth of 5.6%, q-o-q, touching INR 38 psf per month. Correspondingly, capital values for both regions grew at a rate of 15.4% and 8.7%, q-o-q, respectively.

MAJOR LEASING TRANSACTIONS IN Q1 2006

Property	District	Size (sf)	Tenant
DLF Building 8	Gurgaon	100,000	IBM
DLF Building 8	Gurgaon	70,000	PWC
DLF Infinity Towers	Gurgaon	82,000	ABN AMRO

** The figures refer to Connaught Place CBD area only.*

MONTHLY RENTAL - CBD: INR 210 psf (+31.3%, Q-o-Q)
- Bandra Kurla: INR 135 psf (+8.0%, Q-o-Q)

VACANCY RATE* - 12.7% (+2.7% pts, Q-o-Q)

NEW SUPPLY* - 110,000 sf (Q1 06)

In the first quarter of the year, Bandra Kurla Complex (BKC) was the focus of the market following the transaction of nine plots (five of which were commercial) at prices beyond market expectations which took the Mumbai property sector by surprise. Looking to leverage on this positive performance, BKC is positioning itself to provide stiffer competition to Nariman Point, with BKC clearly enjoying a competitive edge with respect to quality of built-up space. Transaction values of these land plots exceeded market expectations by nearly 30% with developers collectively bidding a robust sum of US$266.33 million. In another bid, Reliance Industries (RIL) emerged as the highest bidder for a 18.5-acre plot earmarked for a convention, exhibition and commercial complex in BKC, quoting US$247.11 million against MMRDA's reserve price of US$107.43 million.

This quarter also witnessed a landmark decision by the Supreme Court which gave the go-ahead to developers with their development plans on NTC mill land, which was brought under Mumbai High Court consideration in the last quarter leading to a stay order. With this development, areas of Lower Parel and Lalbagh in Central Mumbai are likely to emerge as new hot business destinations.

Office leasing activity this quarter in BKC was limited due to supply constraints while a number of transactions involving a total of 50,000 sf of space are now at the final stage of negotiation. Further, Central Mumbai this quarter witnessed a subdued level of activity on account of the limited supply of office facilities available in Lower Parel, creating strong demand for space in the CBD. The only large transaction concluded was the take-up of 44,000 sf of office space at Peninsula Corporate Park by Pantaloon Group. Mumbai CBD witnessed heavy demand for office space from a number of financial institutions, banks and high-end manpower consultants.

MAJOR LEASING TRANSACTIONS IN Q1 2006

Property	District	Size (sf)	Tenant
Peninsula Corporate Park	Lower Parel	44,000	Pantaloon
Free Press House	Nariman Point	11,500	AK Capital
Express Towers	Nariman Point	3,500	Pantaloon

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

INDIA BANGALORE

MONTHLY RENTAL - INR 54 psf (+3.8%, Q-o-Q)

VACANCY RATE - 4.8% (-1.3% pts, Q-o-Q)

NEW SUPPLY - 40,000 sf (Q1 06)

Although Bangalore has been constantly subject to criticism about its infrastructural bottlenecks and the impeding effect that these have made on its real estate market, the city has proven the critics wrong, as its property markets have been consistently buoyed by robust demand for leasing office space. This has caused both rentals and prices in the city to follow an upward trajectory. Furthermore, in order to meet the city's high demand levels, a significant quantum of commercial space is presently under development and slated to come on stream in 2006.

In the first quarter of 2006, buoyant leasing activity was witnessed throughout Bangalore, but especially in the CBD. The main drivers for office space within the quarter were IT and retailing operators. In this quarter, Reliance, Adidas and GE all leased over 10,000 sf of space in the CBD. Strong pre-commitment demand was recorded with Citibank pre-leasing 100,000 sf in UB City, in what was the largest transaction of this kind, while the banking and financial institution UTI and motorcycle maker Kawasaki also pre-committed over 10,000 sf office space within the quarter under review.

Rentals in Bangalore CBD appreciated by 3.8% within the quarter on the back of the pressure of limited supply. The strong demand also reduced the vacancy rate in the CBD to 4.8%, down from 6.1% in the last quarter. The rate of occupancy is expected to rise further in the second quarter as the market will not witness an immediate increase in supply. However, with several new projects expected to come on stream in the second half of 2006, helping to bridge the gap between supply and demand, rental levels are expected to remain basically unchanged for the rest of the year. The majority of quality office projects under development have witnessed upbeat pre-commitment, demonstrating the market's continued strong appetite for absorbing new space.

MAJOR LEASING TRANSACTIONS IN Q1 2006

Property	District	Size (sf)	Tenant
The Estate	CBD	18,000	Reliance
Touch Stone	CBD	14,000	Adidas
The Millennia	CBD	12,000	GE

MONTHLY RENTAL - US$ 7.86 psm (+8.0%, Q-o-Q) **VACANCY RATE - 13.2% (-0.05% pts, Q-o-Q)** **NEW SUPPLY - NIL (Q1 06)**

After having attained a high level of activity in 2005 with upbeat take-up witnessed in the year, activity in the office leasing market quieted down substantially in the first quarter of 2006, especially in the CBD area, impacted by the volatile condition of the domestic economy. This was spurred as the cost of power surged after the government cut subsidies which had lowered the price of fuel and electricity. The business confidence of some entrepreneurs and companies has weakened somewhat and some were observed holding back their plans for office expansion and relocation. This resulted in a contraction of demand in prime office space in Jakarta.

On the other hand, office leasing transactions in the city's secondary areas, namely TB Simatupang and Kelapa Gading, remained active, indicating a robust level of office demand for low-cost alternatives outside the CBD area that are still easily accessible.

Looking forward, a number of office buildings in the Jakarta CBD have been slated for completion within 2006, including Menara Karya, The East, Sanayan City, Grand Indonesia, Satrio Tower and One Pacific Place. Developers remain quite positive on the office market outlook despite the current uncertainty on the country's economy.

Meanwhile, the development of low-rise office buildings has emerged as a new trend in the central CBD area to provide alternatives to tenants seeking increased privacy and lower density. Projects which have been developed along this concept include Sudirman Plaza, which comprises two ten-storey office buildings, and the seven-floor Sahid Office Boutique. Both are expected to complete in 2006.

MAJOR LEASING TRANSACTIONS IN Q1 2006

Property	District	Size (sf)	Tenant
Wisma Standard Chartered Bank	Sudirman Area	21,500	U-Finance
Bursa Efek Jakarta Tower II	Sudirman Area	8,300	World Bank
Wisma GKBI	Sudirman Area	7,100	Korea Exchange Bank

MALAYSIA (THIS SECTION IS CONTRIBUTED BY CH WILLIAMS TALHAR & WONG) KUALA LUMPUR

MONTHLY RENTAL - RM 4.5 psf (+1.1%, Q-o-Q) **VACANCY RATE - 11.3% (-0.2% pts, Q-o-Q)** **NEW SUPPLY - NIL (Q1 06)**

The prime office leasing market was fairly quiet in the first quarter of 2006 with very limited large-scale activity witnessed in the market aside from the movement of tenants into their new premises following the completion of office fit-out. Overall vacancy saw a slight decline of 0.2 of a percentage point to 11.3% within the quarter. Excluding Petronas Twin Tower, which is leasing at higher-than-market rental level ranging between RM 9 and RM 12 psf per month, average prime office monthly rent saw a q-o-q increase of 1.1% to the level of about RM 4.50 psf per month as a result of the limited supply of prime office space. Prime capital values remained stable at RM 600 psf.

No new supply of prime office space in Kuala Lumpur came on stream during the first quarter of 2006. Only three prime office projects are expected to be completed within the year, namely Menara LTAT, Plaza Sentral (Blocks 1 & 2) and Plaza Cygal (Tower 2), providing an aggregate total of 1.26 million sf net lettable area. Among them, Menara Commerce will be entirely occupied by its owner, further limiting the quantum of prime space to be released onto the leasing market.

As future supply is expected to trail behind the fairly robust level of financial sector demand seen in the market, the outlook for the office sector in the next six months is stable to optimistic. Prime office rental, which has been rather stable during the previous years, is expected to continue to face upward pressure. Some movement of financial institutions is also expected over the next several quarters as a result of the government's liberalisation with regard to banks in Malaysia expanding their branch networks.

MAJOR LEASING TRANSACTIONS IN Q1 2006

Property	District	Size (sf)	Tenant
Menara Naluri	Kuala Lumpur	30,000	Scan Associates Bhd
Kenanga International	Kuala Lumpur	16,500	Asian Financial Bank
Menara PMI	Kuala Lumpur	15,000	PM Securities Sdn Bhd

MONTHLY RENTAL - PHP 610 psm (+6.1%, Q-o-Q) | **VACANCY RATE - 4.3% (-0.6% pts, Q-o-Q)** | **NEW SUPPLY - NIL (Q1 06)**

As at the end of the first quarter of 2006, rents for Grade A Makati CBD office space averaged at PHP 610 psm (PHP 56.67 psf), a 6.1% increase from the level of PHP 575 psm (PHP 53.42 psf) seen in the previous quarter. However, rental rates in some prime office buildings are already testing the PHP 700 psm (PHP 65.03 psf) level, while a leasing transaction in the PhilamLife Tower was concluded at PHP 770 psm (PHP 71.53 psf) within the quarter.

Demand for office space remained strong, pushing the vacancy rate down by 60 basis points, from 4.9% to 4.3%, q-o-q. Some prime office buildings such as PBCom continue to report 100% occupancy. No new office space came on stream during the first quarter of 2006 and no new completion is projected over the coming few quarters. Thus, the vacancy rate of Grade A office buildings should remain at the single digit level for the foreseeable future while rents will continue to appreciate.

In light of these trends, office properties situated in alternative prime business districts and business park areas are gaining in popularity as alternative office accommodation options. In the conversion of a facility located in the SM Business Park, Dell opened a 14,000 sm (150,700 sf) call centre occupying converted parking garage space in the Mall of Asia during the first quarter of 2006. Additional new supply is slated to come on stream within this business park. The first new building in the park will be OneE-comCentre, a 10-storey building that will offer 67,900 sm (730,900 sf) of state-of-the-art space for technology-based companies by no later than the third quarter of 2007.

Meanwhile, Convergys and HSBC have recently completed build-to-suit facilities in Alabang's Northgate Cyberzone in a move to economise on occupancy costs, which will reduce operating cost by 30%, as compared with the expense of the Makati CBD.

MAJOR LEASING TRANSACTIONS IN Q1 2006

Property	District	Size (sf)	Tenant
Enterprise Center	Makati CBD	21,108	Deutsche Bank
Insular Life	Makati CBD	16,100	Cencor
Insular Life	Makati CBD	16,100	BBDO

SINGAPORE SINGAPORE

MONTHLY RENTAL - S$ 5.60 psf (+7.7%, Q-o-Q) | **VACANCY RATE - 4.9% (-2.6% pts, Q-o-Q)** | **NEW SUPPLY - NIL (Q1 06)**

Robust economic performance, the return of business confidence and tenants' expansion activities contributed to the tightening availability of office space.

Strong leasing momentum at One George Street contributed to the higher take-up in Grade A space. As a result, Grade A vacancy dipped to below 5% in the first quarter of 2006, a level not seen since the first quarter of 2002. The current Grade A vacancy of 4.9% reflects an improvement over the 5.9% in the first quarter 2005 and is lower than the 7.5% reported last quarter.

Leasing activities continued to be dominated by the financial and banking sector this quarter. The Royal Bank of Scotland took up an area of approximately 29,000 sf at One George Street while CLSA reportedly leased 12,000 sf at Suntec City Tower 4. New pre-commitment leases at One Raffles Quay in the first quarter included the letting of premises to Barclays, Reuters and Norton Rose. It was noted that One Raffles Quay led rental growth this quarter, with asking rents of about S$8.50 psf per month. As at the end of March, average prime rents rose to S$5.60 psf per month. This reflected an increase of 7.7%, q-o-q, and a rise of 40% above the lowest point in the trough, which was recorded in early 2004. Grade A rents grew moderately by 5.3 %, q-o-q, to average S$6.00 psf per month. In view of the current market conditions, CBRE projects that average monthly prime and Grade A rents will rise to S$6.50 psf and S$7.20 psf by end-2006.

Average prime capital value inched up to S$1,050 psf in the first quarter of 2006, from S$1,000 psf at the end of 2005. However, because the rise in rents was slightly faster than the increase in capital values, prime office yield rose from 4.5% in the previous quarter to 4.7% in the first quarter of 2006. Given the robust leasing market, we are likely to see further upside in prime office rents and yield levels.

MAJOR LEASING TRANSACTIONS IN Q1 2006

Property	District	Size (sf)	Tenant
One Raffles Quay	Raffles Place	38,000	Barclays
One Raffles Quay	Raffles Place	18,000	Reuters
One Raffles Quay	Raffles Place	22,000	Norton Rose

THAILAND — BANGKOK

MONTHLY RENTAL - THB 704 psm (+3.8%, Q-o-Q) | **VACANCY RATE - 11.8% (+7.0% pts, Q-o-Q)** | **NEW SUPPLY - 1,354,103 sf (Q1 06)**

Despite the release onto the market of a substantial quantum of newly completed facilities (1.35 million sf) within the first quarter, growing requirements for prime office accommodation in Bangkok fuelled the continued upward movement of office rentals during the period under review, a trend expected to be maintained during the remainder of 2006.

During the first quarter of 2006, the expansion of IT-related operators and insurance companies was the main driver of demand behind the majority of office expansion. Strong IT sector requirement was demonstrated by the take-up of 38,000 sf of office space by the Japanese IT firm Fujitsu Systems in the newly-completed Exchange Tower. In the overall market, meanwhile, net take-up was recorded at a high level of 307,700 sf during the first quarter.

As a result of the major quantum of new supply released to the market, average vacancy rose by 7 percentage points to 11.8%. However, as Bangkok's CBD will not see any further Grade A office completion until 2007, when Athenee Tower and C.U. Hi-Tech Square are slated to come on stream, the strong level of demand currently witnessed for prime office space in Bangkok is expected to lead to a rapid absorption of available stock. Under the current favourable market condition, the level of vacancy is expected to trend downwards during the remainder of 2006.

During the first quarter of 2006, average rents for prime offices in Bangkok's CBD rose by 3.8%, q-o-q, to THB 704 psm (THB 65.4 psf) per month, which represents a 19.7% increment over the same period a year earlier. As demand for office space remains strong, rentals are expected to further appreciate in 2006.

MAJOR LEASING TRANSACTIONS IN Q1 2006

Property	District	Size (sf)	Tenant
Exchange Tower	Klongtoey	38,000	Fujitsu Systems
U Chu Liang Building	Bangrak	12,000	QBE Insurance

VIETNAM — HO CHI MINH CITY

MONTHLY RENTAL - US$ 30.0 psm (+3.5%, Q-o-Q) | **VACANCY RATE - 0.0% (-0.4% pts, Q-o-Q)** | **NEW SUPPLY - NIL (Q1 06)**

The market observed higher interest in office building development as developers took note of the very positive office market conditions and made plans to build more office towers.

Although some large-scale projects, such as Vietcombank Tower, SPN Tower, Times Square, are expected to commence construction within 2006, their completion can only be expected as early as 2008. The current stock will be insufficient to satisfy continuous growth in demand, at least over the next three years.

Meanwhile, there are a number of small-scale projects with lettable area below 3,200 sf per floor under construction in HCMC which will collectively provide space to ease some of the pent up demand witnessed in the market at present. Until the completion of Grade A office buildings which are still under construction, these smaller office buildings with shorter construction periods will remain the only choice for companies seeking new office space.

Due to the imbalance in supply and demand, it is forecast that rental rates will continue to grow and may go as high as US$35 psm (US$3.25 psf) per month in 2008, but after hitting this peak they may well enter into a period of correction, if all of the Grade A office projects scheduled to come on stream at this time are completed on time. As all Grade A offices are presently fully occupied, the first quarter of 2006 recorded no major office leasing transactions.

No major leasing transactions were recorded in Ho Chi Minh City during the first quarter of 2006.

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 pates; effective central air-conditioning; good management and parking facilities are normally available.

TOTAL OCCUPANCY COST

Total occupancy costs reflects all costs of occupancy, including base rent and other occupancy-related expenses such as service charge/management fee, property taxes and opportunity cost of any large amount of deposit being paid to landlord 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 purpose and taking into the account the difference of space measurement and rent quotation in various markets in the Asia Pacific region, the total occupancy cost figure in our publication is calculated on a net lettable area basis and is quoted in the term of US dollar 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 fee and/ or property tax) or exclusive (excluding management fee and property tax) - 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 lobby, plant rooms, stairs and corridors are excluded.

LETTABLE AREA

Lettable Area of whole floor 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

Saleable Area of the 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. are 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 lobby for each relevant floor.

TAKE-UP

Take-up figures represent the net increase in occupied floor space in the period. The figures are arrived at:

Take-up = New Completions
+ Vacancy figures at the beginning of period
– Demolition
– Vacancy figures at period-end

CBRE
CB RICHARD ELLIS

LOCAL MARKET INFORMATION

	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.	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 gross floor area basis, in Rupees psf per month, exclusive of service charges.
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	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.	
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 semi-gross floor area basis (90% efficiency), in US$ psm per month, excluding monthly service charges and government taxes. Prices are quoted on 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 and are calculated on 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 comprise 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 Peso 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, comprising 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 China cities are quoted in US$ psm per month, excluding management fees/service charges as well as incentives offered by the landlord. 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 Yuexiu and Tianhe districts where they are clustered along Huanshi East Road, Tianhe East Road, Tianhe North Road, Zhongshan First Road and Dongfeng East Road.	
Shanghai	Prime office properties are found in both 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 Zhuyuan Commercial and Trade Zone.	
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 either on 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 in psf on gross basis.

	Definition of Prime Office Markets	Leasing Practices in Local Office Markets
SINGAPORE	Singapore comprises an islandwide office market of which 90% of office space is located in the Central Region, with the remaining 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$1.30 psf per month. Most leases provide that the service charge may be adjusted at any time during the lease term if the cost of providing the specified services to the building increases.
SOUTH KOREA Seoul	There are three major office districts in Seoul, including CBD in Chung Gu, Gangnam and Yeouido.	Rents are quoted in Won per pyung per month, measured on net floor area basis. "Pyung", which is the same as "tsubo" and "ping", is equivalent to 3.3 sm (i.e.35.58 sf). The typical efficiency of Grade A office buildings is around 65%. Usually, a substantial rental deposit is payable at the commencement of the lease and this may impact on the effective rent.
TAIWAN Taipei	In Taipei, prime office sub-markets are situated in areas near the Taipei Railway Station (TMS), along Chung Chan North Road (CSN), and in Nanking-Sung Chiang (NK-SC), Min Sheng-Tun Hwa North (MS-THN) and Hsin Yi-Keelung areas (HY-KL) in central Taipei City.	Local unit of measurement is "ping", the same as "tsubo", which is equivalent to 3.3 sm. Rents and prices are quoted in local currency on gross floor area basis, respectively.
THAILAND Bangkok	The central business district in Bangkok incorporates the Silom, Sathorn, early Sukhumvit and Lumpini sub-markets.	Rents are quoted in Baht psm per month on internal floor area basis, including service charges and household taxes. Prices are also quoted on internal floor area basis in local currency.
VIETNAM Ho Chi Minh City	The Central Business District in Ho Chi Minh City is District 1.	Rents are quoted in US$ psm per month on the net floor area, including service & management charges but excluding 10% VAT.

ASIAN OFFICE MARKET FLASH

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