

HK offices top most costly list in the world

Short Description:

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HONG KONG (July 18): Hong Kong's Central maintained its ranking as the most expensive place in the world to rent a top-grade office in the first quarter of the year ? despite a fall in rents in the district.

A survey of rental charges for a 10,000 sq ft grade A office in 133 prime commercial locations worldwide by commercial property consultancy CBRE found that a premier office rent in Central was the world's priciest, at US\$249 (RM787) per sq ft per year as at the end of the first quarter.

Although the rent declined about 17% from a year ago, it was still 13% higher than the top rent fetched by a similar-sized office in the West End of central London, which was ranked the second most expensive location in the world.

Tokyo, where prime office space fetched a rent of around US\$186.49 per sq ft a year, placed third in the global rankings. Beijing's Jianguomen area took fourth spot with US\$181 per sq ft.

"Hong Kong's appearance at top of the rankings reflects the lack of supply feeding into the office market," said Rhodri James, CBRE's executive director of office services.

But Central rents had fallen considerably from peak levels by the end of the first quarter, James noted in the report, and this made the city relatively more competitive and attractive to international tenants.

Hong Kong's West Kowloon district, where rents of grade A offices were about US\$159 per sq ft per year, was ranked as the seventh most expensive office location in the world, the report said.

"We are also seeing strong interest in other decentralised areas of Kowloon, such as East Kowloon, where rental levels are more than 65% below those of West Kowloon and almost 75% less than the top rents in Central," James said.

Of the 133 markets, 80 reported a rise in grade A office rent year-on-year, led by rent rises in Beijing's Jianguomen and Finance Street of nearly 50% and 42% respectively. A total of 24 markets saw declines in office rents, including Hong Kong's Central, Abu Dhabi (-16.7%), and Thessaloniki in Greece (-16.3%).

According to property consultancy Knight Frank, monthly rents of premium offices in Central fell 7.1% from March to HK\$140 (RM57.04) per sq ft in June, while rents for non-premium office space fell 3.8% to HK\$109 per sq ft.

Rents in Quarry Bay and East Kowloon rose 4.4% and 0.6% respectively to HK\$51.60 and HK\$33.90 per sq ft a month. A report from property consultancy Jones Lang LaSalle noted that the rise in yuan deposits in Hong Kong was instrumental in driving growth in yuan trade settlements, wealth management, and capital-raising activity, thus boosting office demand in the city.

Marcos Chan, Jones Lang LaSalle's head of research for the Greater Pearl River Delta region, said an estimated 40,000 staff would be added to the banking and finance sector due to the expansion of yuan business in Hong Kong, translating into demand for up to an additional six million sq ft of office space by 2020. ? SCMP

- By The Edge Property

Source: <http://www.theedgeproperty.com/global-market-watch/10310-hk-offices-top-most-costly-list-in-the-world.html>

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