



## ASIAN INDUSTRIAL PROPERTY MARKET FLASH

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EXECUTIVE SUMMARY

Overseas investor interest in the logistics sector continued throughout the fourth quarter, with acquisitions by both existing and new entrants to the Japanese market. Domestic capital was also active and October saw the launch of a new J-REIT, the Industrial & Infrastructure Fund (IIF) sponsored by Mitsubishi Corporation and UBS. Leasing demand for high-specification logistics facilities remained robust in prime areas. However, with a strong development pipeline, overall rents are expected to remain flat except for the best situated properties.

In Singapore, rental levels and occupancy improved for all industrial space, indicating continued strong demand. The year also saw the award of several business park sites, the launch of a fourth industrial REIT and 10 industrial sites awarded to developers and manufacturers under the government land sales (GLS) programme. In addition, Ascendas announced that Singapore Science Park will undergo a S\$400-million renovation.

In Hong Kong, the sustained growth of external trade combined with new players entering the records management and mini-warehouse storage business placed increased demand on industrial properties in the fourth quarter of 2007. The overall vacancy rate of industrial warehouses dropped to one of the lowest levels in over a decade.

Market demand continued to increase and prices in Beijing's industrial real estate market showed steady growth. The average quoted rental for industrial space reached RMB 4.93 psf per month, a 0.2% rise q-o-q, and 5.3% y-o-y. The price of industrial land was RMB 113.6 psf, a 0.8% rise q-o-q, and 7.2% y-o-y. The growth of industrial land prices can be attributed to increasingly strong demand and the limited land supply.

The Shanghai land authorities released 138 industrial and logistics plots for public bidding. The total site area of those plots reached 5.5 million sm (59.2 million sf), 50% of the total released for public bidding during the whole of 2007. With the tight land supply easing off a bit, Shanghai industrial land prices continued to grow, but at a reduced pace, rising by 3.1% to RMB 1,071.7 psm (RMB 99.6 psf). The average rent for industrial facilities increased by 2.1% to RMB 34.3 psm (RMB 3.19 psf), while rents for factory, R&D and warehouse facilities all achieved steady increases.

Guangzhou's industrial property market remained stable in the fourth quarter. Rents for R&D facilities remained firm, while manufacturing and warehouse facilities recorded minor rental increases of 0.7% and 0.9% q-o-q, respectively. The average industrial land price increased by 1.5% q-o-q. Mature and well-operated national-level industrial parks continued to be sought after, while newly established zones struggled. Turning to west China, Chengdu's industrial rent continued to rise in the fourth quarter, rising by 3.2% q-o-q to RMB 1.8 psf, while average rents for R&D facilities increased by a significant 7.4% q-o-q.

In Manila, market sentiment in the industrial sector remained high with a number of major investments recorded during the quarter. Most notably, Hanjin Heavy Industries announced that it will build a shipbuilding facility in the Phividec Industrial Estate in Misamis Oriental, Mindanao.

In Bangkok, the surge in the total value of Board of Investment (BOI) approved projects has improved prospects for the industrial property market. The BOI approved THB 744.5 billion in 2007, an increase of 99.5% y-o-y. However FDI in the industrial sector from January-October was down 10% y-o-y, at US\$2.897 billion. FDI is expected to increase following the return of democratic rule.

In Ho Chi Minh City, the industrial growth rate increased to 13.6% y-o-y from 12.3% in the third quarter and the city revised plans to develop seven new industrial parks and adjust the area of nine existing parks. In Hanoi, average rent in industrial parks soared in the third quarter as supply remained limited. The majority of parks were at full occupancy in the period under review.

## INDICATIVE LAND VALUES

Country	City	Industrial Park	Indicative Land Values (psf)		Forex (31 Dec 07)	
			Local currency	US\$ equivalent		
<b><u>GREATER CHINA</u></b>						
PRC	Beijing	Zhongguancun Life Science Park	RMB	147.8	20.2	7.3041
		BDA		51.1	7.0	
		Beijing Tianzhu Airport Industrial Zone		97.6	13.4	
	Shanghai	Zhangjiang Hi-tech Park		167.2	22.9	
		Jinqiao Export Processing Zone (South)		167.2	22.9	
		Qingpu Industrial Zone		48.3	6.6	
	Guangzhou	Yonghe Economic Zone		55.7	7.6	
		Science City		55.7	7.6	
		Nansha Development Zone		42.2	5.8	
		Airport Economic Zone		26.8	3.7	
	Chengdu	Chengdu High-Tech Development Zone (South)		50.7	6.9	
		Chengdu Economic & Technological Dev. Zone		36.2	5.0	
	<b><u>SOUTHEAST ASIA</u></b>					
Singapore		60-year leasehold land	S\$/plot ratio	46 -52	32 - 36.1	1.44
Thailand	Bangkok	Amata Nakorn Industrial Estate, Chonburi	THB	255.5	7.6	33.685
		Eastern Seaboard Industrial Estate, Rayong		145.2	4.3	
		Wellgrow Industrial Estate, Chachoengsao		267.0	7.9	
		Rojana Industrial Park, Ayutthaya		174.2	5.2	
		Nava Nakorn Industrial Zone, Pathumthaini		290.0	8.6	

## INDICATIVE INDUSTRIAL RENTAL VALUES

Country	City	Type of Space	Indicative Rental Values (psf)		Forex (31 Dec 07)	
			Local currency	US\$ equivalent		
<b><u>NORTH ASIA</u></b>						
Japan	Tokyo	Medium to large distribution centre	JPY	161.05	1.44	111.715
<b><u>GREATER CHINA</u></b>						
PRC	Hong Kong	Factory	HK\$	7.4	0.95	7.7974
		Warehouse		6.5	0.84	
<b><u>SOUTHEAST ASIA</u></b>						
Singapore	Singapore	Factory Space	S\$	1.20 - 1.45	0.80 - 0.97	1.4395
		Warehouse		1.15 - 1.45	0.80 - 1.01	
Thailand	Bangkok	Factory Space	THB	17.6 - 20.4	0.52 - 0.61	33.685
Philippines	Manila	Lime Technology Centre	PHP	8.57	0.21	41.275
		Carlmelray Industrial Park I (Factory)		14-16	0.34 - 0.39	
		Filinvest Technology (Factory)		10.35	0.25	
		Calamba Premier International Park (Factory)		12.07 - 15.95	0.29 - 0.39	
Vietnam	HCMC	Tan Thuan EPZ*			0.025	16015.5
		Hiep Phuoc Industrial Zone*			0.015	
		Tan Tao Industrial Zone*			0.016	
Hanoi	Hanoi	Hanoi-Dai Tu IP*			0.041	
		Sai Dong B IP*			0.018	
		North Thang Long IP*			0.016	
		Noi Bai IP*			0.009	

\* Land sites

JAPAN

TOKYO

- Overseas interest in the logistics sector continued, with acquisitions by existing investors and new entrants.
- Domestic capital was also active, October seeing the launch of the Industrial & Infrastructure Fund (IIF) J-REIT, sponsored by Mitsubishi Corporation and UBS. The listing has signaled a growing appetite for industrial investment outside the logistics sector.
- The Japan Logistics Fund acquired the Komaki Logistics Center in Komaki, Aichi Prefecture at an estimated NOI yield of 5.2%. The property is occupied under a lease expiring in 2014. J-REP acquired J-REP Logistation Mizuecho in Kawasaki City, Kanagawa, scheduled for completion in November 2008.
- ProLogis will develop three distribution centres in 2008: Prologis Park (PP) Koriyama I in Fukushima Prefecture (GFA 25,400 sm); PP Misato II in Misato, Saitama (GFA 61,300 sm) and PP Iwatsuki in Iwatsuki, Saitama (GFA 31,840 sm).
- In its market entrance, the Singapore-listed MacarthurCook Industrial REIT purchased the Mediceo Medical Omiya Logistics Center in Saitama at an estimated NOI yield of 5.3%.
- Leasing demand for high-specification facilities remained robust in prime areas, though rents in all but the best situated properties are likely to remain flat due to the strong development pipeline.
- The rising number of funds targeting the logistics sector should continue to boost transaction activity in regional cities.

SELECTED LEASING TRANSACTIONS IN Q4 2007

District	Property	Type	Size (sf)	Tenant
Sugito-cho, Saitama	ProLogis Park Sugito II	Distribution Centre	427,000	Planet Logistics
Matsudo, Chiba	Matsudo Logistics Centre	Distribution Centre	499,000	Kokuyo Logitem, Asahi Logistics
Ichikawa, Chiba	CRE Ichikawa Tajiri Logistics Centre	Distribution Centre	213,500	Tokyo System Transportation

The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.

SINGAPORE

SINGAPORE

- Rents and occupancy improved for all industrial space, indicating continued strong demand. Industrial rents, especially in high-tech buildings and business and science parks, are expected to continue to increase.
- Increased demand from office tenants seeking alternative space due to the steep rise in office rents saw average rent for high-tech space rise 7.8% q-o-q and 37.5% y-o-y to S\$2.75 psf. Vacancy declined steadily, ending 2007 at 7.2%.
- Average rents and capital values also increased for factory and warehouse space, with capital values for freehold factories increasing about 31.0% y-o-y.
- Several business park developments were announced: Ascendas will develop facilities in Changi Business Park and the International Business Park. The expected completion date for both facilities is 2009.
- Ascendas will also invest S\$400 million to renovate Singapore Science Park. The first phase will involve two new developments, total GFA 86,600 sm (932,162 sf).
- United Engineers will construct the 72,500-sm (780,390-sf) Centric Singapore in Changi Business Park (projected completion date 2011).
- Ten industrial sites were awarded under the government land sales programme in 2007. The most noteworthy was the 30-year leasehold Commonwealth Drive/Lane site, awarded to WHB Pte Ltd in November for a record high of S\$171 psf/plot ratio. The other sites fetched from S\$23-S\$72 psf/plot ratio.

SELECTED LEASING TRANSACTIONS IN Q4 2007

District	Property	Type	Size (sf)	Tenant
27	Northtech	High-tech	33,000	Illumina Singapore Pte Ltd
27	Northtech	High-tech	15,000	Macroscience Technology and Schmidt Electronics

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## PEOPLE'S REPUBLIC OF CHINA

## BEIJING

- Increasing demand and limited land supply saw prices for industrial facilities edge upward. The average quoted rent for industrial space reached RMB 4.93 psf per month, a rise of 0.2% q-o-q, and 5.3% y-o-y. Industrial land prices rose by 0.8% q-o-q, and 7.2% y-o-y to RMB 113.6 psf.
- China Merchants Logistics will open a 645,600-sf logistics facility in Tongzhou Logistics Park (TLP) in 2008. TLP will also be the site of ProLogis second Beijing project, ProLogis Tongzhou Logistics Park, also scheduled to open in 2008. The new facilities are expected to further increase activity in the industrial market.
- TLP is adjacent to the Beijing Economic and Technological Development Zone, and has attracted numerous logistics occupiers, predominantly domestic companies, and leasing prices remain relatively low. However recent developments have made TLP increasingly attractive to international logistics companies. The ProLogis park will include

premium warehouses (322,920-sf) and corresponding office facilities and is expected to raise TLP to international standards.

- Investment in logistics real estate has become an important aspect of the Beijing industrial real estate market, and in addition to ProLogis, leading industrial property developers and investors such as AMB, Mapletree Investments and Treasury Holdings are seeking investment opportunities.
- Domestic investors such as Zhujiang Real Estate Development, Hopson, R&F Properties and others are also increasingly trying to enter the market. However the current shortage of land has shifted investor attention to the purchase of completed facilities.

### SELECTED LEASING TRANSACTIONS IN Q4 2007

District	Property	Type	Size (sf)	Tenant
Daxing	Kangsheng Industrial Park	Factory	46,285	Toyota Motor Corporation
Daxing	Kangsheng Industrial Park	Factory	30,139	Jin Tai Yang Electronics

The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.

## PEOPLE'S REPUBLIC OF CHINA

## SHANGHAI

- Land authorities released 138 industrial and logistics plots (total site area 59.2 million sf) for public bidding in the fourth quarter, 50% of all industrial sites released during 2007.
- With the increased land supply, growth in land prices eased to 3.1% q-o-q, to RMB 1,071.7 psm (RMB 99.6 psf). The average industrial rent increased by 2.1% q-o-q to RMB 34.3 psm (RMB 3.19 psf).
- Support from the municipal government and the shortage of modern logistic facilities continued to benefit the logistics sector. Warehouse rents climbed 3.2% q-o-q, exceeding rental growth in factories (0.9%) and R&D facilities (2.6%).
- Take-up was active in the Waigaoqiao Bonded Logistics Zone, with Sankai, Shanghai No. 2 Bonded Commodities Market Co Ltd and Shanghai WGQ Logistics Park Trade Services Co Ltd leasing a combined 278,378 sf in the New City logistics warehouse, raising the occupancy level to 80%.

- As office rents rise, manufacturing and high-tech companies are increasingly looking to establish headquarters or R&D centres in industrial parks.
- In Zhangjiang Hi-tech Park, local enterprise management software company Kingdee has completed Phase II of Kingdee Software Park (total GFA about 134,550 sf). Kingdee will gradually move its R&D centre and other operations into the park. Momentive has installed its Greater China headquarters and R&D operations in Zhangjiang.
- Bosch will build its China regional headquarters in Hongqiao Linkong Economic Zone (HLEZ), building on a 307,850-sf site. Cartelo has completed its 292,243 sf headquarters in HLEZ.

### SELECTED LEASING TRANSACTIONS IN Q4 2007

District	Property	Type	Size (sf)	Tenant
Pudong	Waigaoqiao Bonded Logistics Zone	Warehouse	69,966	Shanghai No. 2 Bonded Commodities Market Co Ltd
Pudong	Waigaoqiao Bonded Logistics Zone	Warehouse	104,196	Shanghai WGQ Logistics Park Trade Services Co Ltd
Pudong	Waigaoqiao Bonded Logistics Zone	Warehouse	104,196	Sankai

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## PEOPLE'S REPUBLIC OF CHINA

- The sustained growth of external trade combined with new players entering the records management and mini-warehouse storage business placed increased demand on industrial properties in the fourth quarter of 2007, the vacancy rate of warehouses dropping to one of the lowest levels in over a decade.
- The increasing demand for storage is expected to push up both rental and capital values for industrial properties in 2008, though at a measured pace.
- The July opening of the Hong Kong-Shenzhen Western Corridor further facilitated cross-boundary traffic in the northwest New Territories and should prove beneficial to the logistics sector, though the effects were not immediately apparent in the area's industrial property market. However sustainable trade growth with China, the continued tightening in vacancy and competitive rents in Tuen Mun and Yuen Long should boost leasing activity in these districts in 2008.

## HONG KONG

- Office occupiers seeking to minimise rental costs drove a new demand stream in the fourth quarter - mini-warehouses for document and record storage. Clustered in Hong Kong East, these operations contributed to the district's low vacancy rate of 0.3% in the fourth quarter (overall vacancy stood at 1.6%).
- Industrial properties again offered Hong Kong's highest yields, ranging between 5%-7%. Although the trade environment is somewhat uncertain, capital values are expected to increase 10%-15%, and rents are expected to rise 5%-10% in 2008, growth supported by increasing demand, trade between China and other emerging markets in Southeast Asia and promising yields.
- Bare industrial sites changed hands in November in the industrial districts of Tsuen Wan and Kwai Chung for HK\$72 million and HK\$116 million, respectively. These transactions reflect the investor and developer eagerness to take advantage of the prevailing supply crunch in quality industrial properties.

### SELECTED LEASING TRANSACTIONS IN Q4 2007

District	Property	Type	Size (sf)	Tenant
Kwai Chung	Ever Gain Plaza Tower 1	I/O	22,819	Canon Electronic Business Machines
Tsuen Wan	Kong Nam Industrial Building	Industrial	26,410	Kendrion Safety Functions Co Ltd
Shatin	Tai Sang Shatin Warehouse 2	Industrial	13,241	Bausch & Lomb (HK) Ltd
Fo Tan	Sun Hung Kai Logistics Centre	Industrial	129,272	PCCW

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## PEOPLE'S REPUBLIC OF CHINA

- The industrial property leasing market remained stable in the fourth quarter. Rental for R&D facilities remained unchanged, while rents for manufacturing and warehouse facilities rose by 0.7% and 0.9% q-o-q, respectively. Industrial land prices increased 1.5% q-o-q to RMB 452 psm (US\$5.75 psf).
- Mature, well-operated national-level industrial zones such as sub-parks in Guangzhou Development District (GDD) remained popular, while newly established zones struggled.
- Ground was broken on several R&D and manufacturing facilities in well-established parks, and a number of manufacturers have contracted to move in. JATCO Ltd and Frigoglass agreed to set up their first China operations in GDD, and Basell Polyolefins began construction of a production base in Nansha Development Zone.

## GUANGZHOU

- Microsoft broke ground on its 3.23 million-sf software industrial base in Guangzhou Science City. It will serve as the comprehensive technology, business and outsourcing centre for southern China. Completion is expected in October 2008.
- The story was similar in the land market: most industrial sites offered in Guangzhou Science City and the Nansha Development Zone were transferred, while all sites in the emerging Jiulong Industrial Park failed to sell at auction.
- An auto industry belt is taking shape in eastern Guangzhou. Of the 20 industrial projects that broke ground on manufacturing facilities in Guangzhou Eastern Industry Base, 18 are auto manufacturers. Most will commence production in late 2008, contributing an estimated US\$1.23 billion to industrial output value annually.

### SELECTED SALES TRANSACTIONS IN Q4 2007

District	Property	Type	Size(sf)	Buyer
Tianhe	Guangshan Road Site	Site	4,590,850	China Mobile
Nansha	Longxue Island 07 NGY-1	Site	371,920	Guangzhou Haixin Frozen Warehouse Co, Ltd
Luogang	Science City KXCN-F-6	Site	322,920	Guangzhou Yinghui Light & Electricity Co, Ltd

The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.

## PEOPLE'S REPUBLIC OF CHINA

## CHENGDU

- Industrial rent continued to increase in the fourth quarter, rising by 3.2% q-o-q to RMB 1.8 psf per month. R&D facility rents increased a significant 7.4%. Average industrial land prices rose by 14.7% q-o-q to RMB 33.1 psf, led by the Jinjiang Industrial Development Zone.
- Accenture will launch its fifth Chinese operation centre in Tianfu Software Park. Wipro will be the first Indian software company to enter Chengdu, developing an information service centre in Tianfu Software Park.
- The Chengdu High-tech Development Zone (CHDZ) saw significant activity. Agilent will build an R&D and production base (GFA 301,280 sf) in CHDZ's south park. BOE HYDIS will invest RMB 3.1 billion in the west park to construct an LCD assembly line.
- China Insurance Group and Taikang Life Insurance are developing back-office facilities integrating data/call processing, training and disaster recovery functions, also in CHDZ.
- Chengdu Aviation Logistics Park was also active: Kerry EAS Logistics plans an RMB 50 million logistics centre, including 258,240 sf of warehousing. Sichuan Huiyuan Investment Co will invest RMB 960 million to build China's largest auto and auto parts logistics centre (total area 8.6 million sf).
- China Geely Group will invest RMB 2 billion to build an auto production base in Chengdu Economic and Technological Development Zone. The first phase will cover a site area of approximately 5.0 million sf, with 1.9 million sf of GFA.

### SELECTED LEASING TRANSACTIONS IN Q4 2007

District	Property	Type	Tenant
Gaoxin	Chengdu High-Tech Development Zone	Outsourcing Centre	Accenture
Gaoxin	Chengdu High-Tech Development Zone	Information service centre	Wipro
Shuangliu	The Southwest Airport Economic Development Zone	Logistics	Kerry EAS Logistics Co Ltd
Shuangliu	The Southwest Airport Economic Development Zone	Logistics	Sichuan Huiyuan Investment Co Ltd

The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.

## PHILIPPINES

## MANILA

- Hanjin Heavy Industries will build a US\$2 billion shipbuilding facility in the Phividec Industrial Estate in Misamis Oriental, Mindanao. The facility is expected to be twice the size of Hanjin's facility in Subic. Hanjin also won the PHP 7.85 billion contract to construct the Laguindian Airport in Misamis Oriental.
- Rapid growth in the property sector has strained the power grid, and the quarter saw a series of power plant construction and expansion/upgrading plans.
- The Aboitiz Group will expand its 232 MW power plant in the Phividec Industrial Estate (jointly owned with Evonik Industries and State Investment Trust) to support the Hanjin facility.
- Salcon Power and Kepco Philippines will build a 200 MW coal-fired facility in Naga City, Cebu.
- Global Power Corp and Formosa Heavy Industries will construct 246 MW and 164-MW facilities in Toledo City (Cebu) and Iloilo, respectively.
- DMCI will construct a 29 MW thermal plant and a 15 MW diesel project, both in Masbate.
- FedEx's exit from the Subic Bay Freeport Zone was tempered by news that TNT will take over the 300,000-sf FedEx facility and DHL will establish distribution centres in the Freeport and the Clark Special Economic Zone.
- The Subic-Clark-Tarlac Expressway (SCTEx) linking the two zones is nearing completion. It will significantly decrease travel time.
- The SCTEx and plans to designate Diosdado Macapagal International Airport as the country's primary international airport will support plans to make Subic and Clark the Philippines' major logistics hubs.

### SELECTED LEASING TRANSACTIONS IN Q4 2007

District	Property	Type	Size(sf)	Tenant
Misamis Oriental	Phividec Industrial Estate	Site	47,344,000	Hanjin Heavy Industries Corporation

The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.

## THAILAND

- The Board of Investment's (BOI) approval of tax privileges for eco-car manufacturers has driven activity in the automotive sector. Honda, Toyota, Nissan, Suzuki and Ford-Mazda have signified their intention to produce eco-cars in Thailand.
- The Japan-Thailand Economic Partnership, signed in 2007, is likely to boost Thai exports. The Ministry of Commerce expects exports to Japan to increase by 12% in 2008, as tariffs on food, jewellery, textiles, petrochemicals and plastics are eliminated.
- The surge in the total value of BOI-approved projects has improved prospects for the industrial property market. The BOI approved THB 744.5 billion in 2007, an increase of 99.5% y-o-y. However FDI in the industrial sector from January-October was down 10% y-o-y, at US\$2.897 billion. FDI is expected to increase following the return of democratic rule.

## BANGKOK

- Prices of serviced industrial land plot (SILPs) increased slightly, while average factory rent remained at US\$0.50-\$0.60 psf per month (THB 17.6 - 20.4 psf per month). Prices and rents vary depending on developer and location.
- TICON Logistics Park Company began work on its third logistics project, located in Wangnoi, north of Bangkok. The first phase will consist of warehouses, including a cold storage warehouse, scheduled for completion in mid-2008.
- Ford-Mazda will invest more than US\$500 million to increase production by at least 100,000 cars per year in 2009.

**NO MAJOR TRANSACTIONS WERE RECORDED IN BANGKOK IN THE FOURTH QUARTER OF 2007.**

## VIETNAM

- In the fourth quarter of 2007 manufacturing sectors such as automobiles, construction materials, electronics and plastics posted higher growth rates due to increased demand associated with the end of the year. The industrial growth rate increased to 13.6% y-o-y from 12.3% in the third quarter.
- The city has revised the plan for developing seven more industrial parks and adjusting the area of nine existing parks. The new parks will have a total area of 1,422 hectares. Once completed, the city will have 22 Export Processing Zones and Industrial Parks, with a total area of 7,042 hectares.
- Demand for industrial space in HCMC and surrounding provinces has continued to increase. Many industrial parks began operations in late 2007, while others started construction. Numerous developers are planning to expand existing parks or build new parks.

## HO CHI MINH CITY

- Ascendas (Singapore) and state-owned Protrade Corp broke ground on an industrial park in Binh Duong Province, 50 km north of HCMC. The 500-hectare Ascendas-Protrade Industrial Park will target the precision engineering, electronics, pharmaceutical and logistics industries.
- Thanh Binh has received an investment license and will invest US\$200 million to develop Phu My III Industrial Park. With a total area of approximately 1,000 hectares, it will be the largest park in southern Vietnam. Located in Vung Tau Province, 80 km south-east of HCMC, it will target high-tech industries and heavy industries including building materials, chemicals and energy.

### SELECTED LEASING TRANSACTIONS IN Q4 2007

District	Property	Type	Size (sf)	Tenant
Dong Thap	Se Dec Industrial Park	Processing	n.a.	Cargill
Dong Nai	Long Thanh Industrial Park	Manufacturing	322,917	Thien Long (VN)
Dong Nai	Long Thanh Industrial Park	High-tech manufacturing	n.a.	Olympus

*The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.*

VIETNAM

HANOI

- In 2007, Hanoi saw the opening of South Thang Long IP, Thang Long IP (third phase), and Noi Bai IP (second phase). In addition, Noi Bai has also applied for a further 1.72 million sf (16 hectare) expansion.
- Occupancy rates in industrial parks have reached nearly 100%. Land lease rates are high, especially in Hanoi - Dai Tu Industrial Park, at about US\$18.58 psf. In the third quarter the rate was US\$13.90 psf. The remaining lease term is 38 years to 2045. Rents in other industrial parks also increased.
- Thang Long IP and Hanoi - Dai Tu IP have just 215,280 sf (two hectares) and 129,168 sf (1.2 hectares) of land left, respectively. Both parks tend to build standard factories for lease, and rental rates (excluding public service charges), are about US\$0.60 psf per month and US\$0.28 psf per month respectively.
- The Hanoi Authority for Industrial Parks and Export Processing Zones granted 61 Certificates of Investment to investors in 2007. Total registered

investment capital increased 53% y-o-y to US\$244.87 million.

- Projects with larger investment capital included Machino Company (US\$16.7 million), Yamaha (US\$14.7 million) and Nippo Seiki (US\$9.4 million).
- Total turnover for enterprises in the five centralised industrial parks in Hanoi reached US\$2.1 billion in 2007, an increase of 24% y-o-y. Total exports by enterprises in IPs reached US\$1.36 billion in 2007, an increase of 20.4% y-o-y.

SELECTED LEASING TRANSACTIONS IN Q4 2007

District	Property	Type	Size (sf)	Tenant
Long Bien	Dai Tu Industrial Park	Industrial	16,146	Sai Dong Garment JSC
Dong Anh	Thang Long Industrial Park	Industrial	32,292	Daiichi Kinzuku Co Ltd
Soc Son	Noi Bai Industrial Park	Warehouse	215,280	Vietnam Vestal Industrial Co Ltd
Tu Liem	South Thang Long Industrial Park	Industrial	57,232	Ha Phat Printing Company

The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.

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## AREA MEASUREMENT

Measurement unit	Square metres	Square feet
1 acre	4,000	43,056
1 hectare	10,000	107,640
1 rai	1,600	17,216
1 square metre	-	10.764
1 square kilometre	1,000,000	10,764,000
1 tsubo	3.306	35.58

## PEOPLE'S REPUBLIC OF CHINA

Industrial properties in the PRC include data centres, factories, logistics warehouses and high-tech and research facilities. Economic and Technological Development Zones (ETDZs) or industrial parks are areas designed and zoned for manufacturing and associated activities. Incentives associated with taxes, such as tax abatement are often provided for manufacturers in these industrial zones. Usually, tax shelters, abatements and incentives are offered to attract enterprises. Tax shelters provide an allowance for a postponement or elimination of a tax liability.

High-tech facilities refer to those factories designed for the manufacturing of products requiring high technology, such as computer parts or bioengineering related products. Most of these high-tech facilities are build-to-suit premises and only a minority are constructed for lease by private developers.

In Beijing, high-tech facilities are commonly found in Zhongguancun in Haidian District. In Shanghai, these facilities are clustered in Zhangjiang High-Tech Park (Pudong New District), Caohejing High-Tech Park and Zizhu High-Tech Park (Minhang District). In Guangzhou, high-tech facilities are mostly located in Tianhe District.

## HONG KONG

### Warehouse

This category comprises premises designed or adapted for use as godowns or cold stores and includes ancillary offices. Premises located within the container terminals are also included. About 80% of the stock is located in the New Territories, with Kwai Tsing alone accounting for 40%.

### Industrial/Office (I/O)

This category comprises floor space in developments with planning permission and lease modifications for industrial/office use and certified for occupation as such. The stock is distributed in 11 districts throughout the Hong Kong Special Administrative Region, with Kwun Tong, Shum Shui Po and Kwai Tsing, accounting for more than 70% of the total floor space.

### Factory

This category comprises flatted factories and ancillary office accommodations. It includes flatted factory space that has received

planning permission for industrial/office use but has not yet completed the government lease modification. Also included in this category is strata-title floor space with temporary planning permission for industrial/office use and short-term waivers of government lease restrictions. It should also be noted that much of the flatted factory space completed in recent years has been built to a high standard with good finishes. Although many factory buildings are occupied as offices, showrooms, or a mixture of these uses and light industrial purposes, they should be distinguished from buildings with proper industrial/office status. The majority of the stock is distributed in four districts of Hong Kong, namely Kwun Tong, Tsuen Wan, Kwai Tsing and Tuen Mun, which account for 60% of the total supply.

## JAPAN

### Warehouse

This category comprises premises that are designated as logistics centres where commodities are stocked and shipped to retailers. This usually includes a small office for employees working there. Such offices do not conduct business with customers, but are solely for the general operation of the associated warehouse. In greater Tokyo, properties categorised as warehouses are concentrated in or near Narita Airport, Port of Chiba, Port of Tokyo and Port of Kanagawa, as well as the suburban fringe areas of Tokyo.

## SINGAPORE

Factory space is broadly defined as the space used or intended to be used for the production of goods. It generally consists of buildings or part of buildings which are designed to accommodate activities such as printing and publishing, food and beverages, aerospace, machinery, fabricated metals, electronic industries, chemicals, manufacturing and assembly. About three quarters of Singapore's industrial factories are privately owned, with the public sector taking up the rest. Typically, the factories are located at the western end of the island, in Tuas and Jurong. Pockets of industrial factories can also be found along Sungei Kadut, Mandai, Woodlands East, Kaki Bukit, Eunos and Ayer Rajah.

Factory buildings can be further subdivided into multi-user factories and single-user factories, depending on the usage and types of occupation.

### 1. Multiple-User Factory

This usually refers to a factory building subdivided into individual strata-title units. This results in multiple ownership of the factory building.

### 2. Single-User Factory

A single-user factory generally refers to a building that has a single occupier and is used solely for purposes related to that occupier.

### Business Park

This refers to areas for non-pollutive industries and businesses that cater mainly to the needs of new industries in high value-added and knowledge-

based activities. It includes Singapore Science Park, International Business Park, Changi Business Park and one-north.

### Warehouse

Warehouse refers to covered space used for the storage of goods or raw materials. The West region, which is traditionally an industrial area, accounts for more than 50% of the total warehouse stock.

#### High-tech industrial

This category refers to industrial spaces that are fitted with high-tech features such as building management automation and security systems as well as advanced telecommunication facilities and master antenna television systems.

## THAILAND

### Industrial Estates

An industrial estate in Thailand resembles an industrial town or industrial city, providing the complete infrastructure necessary for industrial operations, including electricity, water, flood protection, waste water treatment, solid waste disposal, etc. They are accessible to seaports, airports and other transportation centres. In addition to providing communication facilities and security systems, industrial estates also contain commercial banks and a post office. Some have customs offices, schools, hospitals, shopping centres and other facilities needed for investors and workers. Such areas are self-contained communities.

Industrial estates in Thailand are generally classified into three types:

- Those wholly owned and managed by the Industrial Estate Authority of Thailand (IEAT) (i.e. IEAT industrial estates)
- Joint ventures between IEAT and the private sector (i.e. industrial estates)
- Those wholly owned and managed by the private sector (i.e. industrial parks and industrial zones)

### Serviced Industrial Land Plots

Serviced industrial land plots (SILP) are industrial land plots located within an industrial estate, park or zone, and include general industrial zones (GIZs), export processing zones (EPZs) and free trade zones (FTZs). A GIZ is the area reserved for industries manufacturing goods for domestic and/or export consumption. EPZs are reserved for industries manufacturing goods for export only. FTZs are reserved for industries manufacturing goods for both domestic and export consumption, and include a Customs office, enabling manufacturers to deal directly with the Customs Department. Unlike the former EPZ classification used by the BOI the minimum export scheme is not applied in FTZs, and manufacturers in FTZs are not required to export at least 80% of their total production.

### Warehouse

This category comprises premises designed for use as godowns and includes ancillary offices. The majority of the stock is located in the Bangkok Metropolitan Region (BMR).

### Factory

This category comprises buildings with permits for industrial use. The majority of the stock is distributed in two areas, namely the northern and eastern parts of the Bangkok Metropolitan Region (BMR).

Ready built factories (RBFs) are designed for small- to medium-sized companies and have lower start-up costs. They can quickly mobilise operations once they receive orders from a customer. Most factories consist of single storey with mezzanine level offices. They are detached, with each unit separated from other units by security railing walls. Factory sizes range mainly between 800 and 3,000 sm (8,600 and 32,300 sf).

## VIETNAM

Depending on the specifics of their businesses, enterprises operating within industrial zones are subject to full payment of import and export duties and other taxes and fees as stipulated by law.

In an Export Processing Zone (EPZ), goods exported or imported by export processing enterprises (including goods imported for the purposes of capital construction of the enterprises, goods imported for production purposes and goods for export) are exempted from export and import duties. However, the exchange of goods between domestic enterprises and export processing enterprises is considered a form of export-import activity that is subject to the provisions of Vietnamese laws on export-import activities. For products produced by export processing enterprises that are sold in the domestic market of Vietnam, import duties and other relevant taxes shall be paid.

In the case of goods processed by export processing enterprises for Vietnamese enterprises, the Vietnamese enterprises shall pay import duties upon delivery of the processed goods. In the case of goods processed by Vietnamese enterprises for export processing enterprises, the Vietnamese enterprises shall pay export duties upon delivery of the processed goods.

# ASIAN INDUSTRIAL PROPERTY MARKET FLASH

Q4 2007



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