



ASIAN INDUSTRIAL PROPERTY MARKET FLASH

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EXECUTIVE SUMMARY

The ripple effect of the US economic slowdown has reached the Asian industrial sector; this quarter saw the market sentiment soften in many parts of Asia. However, demand for industrial space remained largely robust and industrial rents continued to rise further. The industrial market conditions are expected to remain challenging in the rest of the year, given pressing pressure on commodity prices and more cautious spending among corporations and individuals.

Major domestic and international investors in the **Japanese** logistics market remained active during the quarter. LaSalle Investment Management, J-REITs and Mitsui & Co. Realty Management were among those making purchases. Meanwhile, a number of new development plans in the Kyushu and Tohoku regions were unveiled by ProLogis, AMB and Commercial RE. Partly due to scarcity of land availability in the greater Tokyo and Osaka regions, investors seemed to be increasingly eyeing the growth potential of regional cities as new/alternative logistics hubs.

Singapore saw continued robust demand for high-tech space in the quarter. Rents for high-tech space continued to grow at a healthy pace, though growth in rents for factory and warehouse space moderated due to generally more cautious business sentiment and the less-than-ready availability of funding. According to a business expectations survey released by the Economic Development Board, only 2.0% of manufacturers surveyed expect favourable conditions for the first half of 2008, citing increased business costs and uncertainty in global economic conditions as the biggest perceived drawbacks to their business. However, given the continued shortage in office supply, rents and occupancy levels for industrial space are still expected to grow in 2008, albeit at a more moderate pace.

In **Hong Kong**, the pace of growth in the industrial market has moderated in the face of the slowdown in the US economy and the global ripple effects, including a decline in China's exports, which may affect Hong Kong's industrial and logistics players. The possible launch of direct cross-strait trade and transport links between China and Taiwan could pose challenges to Hong Kong's entrepot role, affecting demand for industrial properties in the long run. However, industrial properties still have considerable support amid the prevailing uncertainties.

In China, demand for industrial space in **Beijing** continued to rise, with average monthly rental rates for industrial property and logistics warehouse space recording a q-o-q increase of 0.2% and 5.7% to RMB 4.95 psf and RMB 2.9 psf respectively, the latter being driven by a new supply of high quality warehouses. **Shanghai's** average industrial land prices and property rents edged slightly upward, deriving their momentum from the continued starvation of land supply and the expectations surrounding the debut of the Shanghai Land Transaction Market in early March. **Guangzhou's** overall industrial property market remained relatively stable during the

quarter, with rental rates recording a 1.2% q-o-q increase across sectors. Industrial property leasing in **Chengdu** has been buoyed by an influx of IT and manufacturing firms that began in 2007. Factory rents were pushed up by 7.6% q-o-q to RMB 1.25 psf per month.

In the **Philippines**, industrial activity is concentrated in industrial parks and SEZs accredited by the Philippine Economic Zone Authority, such as Subic Bay Freeport and the Clark Special Economic Zone. Activity is picking up in these areas, with companies announcing plans to enter the parks and several existing occupiers announcing expansion programmes. Infrastructure improvements are underway to accommodate planned and future expansions in these areas. The Subic-Clark section of the Subic-Clark-Tarlac Expressway was opened in March and is expected to lead to further growth in the region.

The recently launched Eco-Car Initiative continued to spur investment in **Thailand's** industrial sector. By virtue of this programme, the Board of Investment (BOI) has granted tax incentives to six overseas automakers for the construction of assembly lines and manufacturing plants, thereby unleashing a new wave of industrial expansion and a probable spate of clustering of auto suppliers around these plants, as well as an increasing appetite for both serviced industrial land plots (SILPs) and ready-built factories (RBFs).

Although **Indonesia's** economic growth could be tempered by the US slowdown and high inflationary pressure, investment activities in manufacturing remained strong. The Indonesia Investment Coordinating Board has recorded many cooperation agreements and direct investment projects in industrial production committed by foreign investors. Absorption in industrial estates remained brisk in the first quarter, especially in the Bekasi Area while the market also saw significant interest in industrial land in the Jabodetabek area. Industrial property prices and rental levels remained stable in the local currency but jitters in exchange rates caused some fluctuations in US dollar terms.

In **Ho Chi Minh City**, the quarter saw a slowdown in economic activity coupled with a less rapid industrial growth of 1.3% q-o-q due to a surge in oil and raw material prices and a bulge in labour costs as well as interest rate hikes. There was little change in **Hanoi's** industrial market in the first quarter of 2008. With only 64,584 sf of space available and no new stock, land lease prices remained stable. Although most new industrial park (IP) projects are located outside the city, the government recently announced a US\$1 billion biotech park in Tu Liem District. A major change in the market will occur with the National Assembly's expected approval of the city's expansion plan, which will triple Hanoi's size, thereby incorporating many of the IPs in the surrounding provinces.

INDICATIVE LAND VALUES

Country	City	Industrial Park	Indicative Land Values (psf)		Forex (31 Mar 08)	
			Local currency	US\$ equivalent		
GREATER CHINA						
PRC	Beijing	Zhongguancun Life Science Park	RMB	147.8	21.1	7.012
		BDA		51.1	7.3	
		Beijing Tianzhu Airport Industrial Zone		97.6	13.9	
	Shanghai	Waigaoqiao Free Trade Zone		278.8	39.8	
		Kangqiao Industry Zone		97.6	13.9	
		Qingpu Industrial Zone		49.3	7.0	
	Guangzhou	Yonghe Economic Zone		55.7	7.9	
		Science City		55.7	7.9	
		Nansha Development Zone		42.2	6.0	
		Airport Economic Zone		26.8	3.8	
	Chengdu	Chengdu High-Tech Development Zone (South)		50.1	7.1	
		Chengdu Economic & Technological Development Zone		36.2	5.2	
	SOUTHEAST ASIA					
Singapore		60-year leasehold land	S\$	80	58.0	1.38
Thailand	Bangkok	Amata Nakorn Industrial Estate, Chonburi	THB	232.2 - 255.4	7.4 - 8.1	31.485
		Eastern Seaboard Industrial Estate, Rayong		145.1	4.6	
		Wellgrow Industrial Estate, Chachoengsao		348.3 - 435.4	11.1 - 13.8	
		Rojana Industrial Park, Ayutthaya		174.2 - 203.2	5.5 - 6.5	
		Nava Nakorn Industrial Zone, Pathumthaini		290.3 - 319.3	9.2 - 10.1	

INDICATIVE INDUSTRIAL RENTAL VALUES

Country	City	Type of Space	Indicative Rental Values (psf)		Forex (31 Mar 08)	
			Local currency	US\$ equivalent		
GREATER CHINA						
PRC	Hong Kong	Factory	HK\$	7.4	0.95	7.7829
		Warehouse		6.8	0.88	
SOUTHEAST ASIA						
Singapore	Singapore	Factory Space	S\$	1.25-1.50	0.80-0.98	1.38
		Warehouse		1.20-1.50	0.83-1.05	
Thailand	Bangkok	Factory Space	THB	20.4	0.65	31.485
Philippines	Manila	Lima Technology Center	PHP	8.6	0.21	41.275
		Carmelray Industrial Park I (Factory)		14.0 - 16.0	0.34 - 0.39	
		Filinvest Technology (Factory)		10.3	0.25	
		Calamba Premier International Park (Factory)		12.8 - 15.9	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-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

- J-REITs remained active and February saw Industrial & Infrastructure Fund acquire Haneda Airport Maintenance Center 1 & 2 (883,000 sf combined NLA) for JPY 42.2 billion at an estimated NOI yield of 4.6%.
- Japan Logistics Fund (JLF) acquired Urayasu-Chidori Logistics Center II (66,700 sf NLA over 5 storeys) for JPY 1.6 billion at an estimated NOI yield of 5.3%. JLF also acquired Ichikawa Logistics Center (201,000 sf NLA over 4 storeys) from Commercial RE for JPY 4.6 billion at an estimated NOI yield of 5.3%.
- March saw Orix J-REIT acquire Toda Park Logistics Center (389,000 sf NLA) from its sponsor Orix Corporation for JPY 9.6 billion at an estimated NOI yield of 5.0%.
- ProLogis opened four multi-tenant distribution centres in the greater Tokyo and Kansai regions. The largest among the four was ProLogis Parc Tosu I (786,200 sf GFA). ProLogis also unveiled plans to develop three additional distribution centres during 2008-2009 in the cities of

Iwanuma in Miyagi Prefecture, Kiyama in Saga Prefecture and Zama in Kanagawa Prefecture.

- The quarter also saw Commercial RE commence the development of CRE Logi Square Tosu II (51,400 sf GFA over 2 storeys). Slated for completion in June 2008, the build-to-suit facility is located in the proximity of two major highways providing good transportation connections.
- J-REP opened two large-scale distribution centres in Fukuoka Prefecture in March: J-REP Logi-Station Fukuoka (287,900 sf GFA) and J-REP Logi-Station Fukuoka II (475,100 sf GFA).
- LaSalle Investment Management and Inui Tatemono unveiled a joint project to develop a large-scale logistics facility (1.6 million sf GFA over 5 storeys) in Hakata Bay. They have acquired a 471,500 sf site from the City of Fukuoka for approximately JPY 5.6 billion.

SELECTED LEASING TRANSACTIONS IN Q1 2008

District	Property	Type	Size (sf)	Tenant
Yokohama, Kanagawa	Daiwa Corporation Shinyamashita Center	Distribution Centre	604,900	Nitori, Kobayashi Enterprise
Itabashi-ku, Tokyo	Landport Itabashi	Distribution Centre	587,100	Askul
Ichikawa, Chiba	Ichikawa Futamata Shinmachi Logistics Center	Distribution Centre	427,000	SRI Logistics
Funabashi, Chiba	Daiwa Corporation Minamikaijin Center	Distribution Centre	427,000	Senko Co Ltd

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

SINGAPORE

SINGAPORE

- Average rents for high-tech space rose by 7.3% q-o-q to S\$2.95 psf. Vacancy tightened 1.3 percentage points q-o-q to 5.9% as the office supply crunch and rental increases prompted moves to high-tech space. Spillover demand should continue to drive rents upward, albeit less dramatically.
- HansaPoint@CBP (NLA 16,640 sm / 179,110 sf) came on stream in Changi Business Park. Tenants include Rohde & Schwarz and Credit Suisse, and both Citibank and Standard Chartered Bank will reportedly relocate some of their operations to the project.
- Growth in factory and warehouse rents moderated, increasing by 3.4% q-o-q for ground floor units in both sectors, and climbing 4.2% and 4.3%, respectively, for upper floor units.
- Logistics player CWT Limited opened Logistics Hubs 1 and 2, which together offer 78,970 sm (850,000 sf) of warehouse space and port

terminals providing easy access to Jurong Island and storage facilities for hazardous chemical goods.

- The Government Land Sales Programme for the first half of 2008 comprises one Confirmed List site (Woodlands Industrial Park E5) with a maximum GFA of 42,000 sm (452,090 sf) and seven Reserve List sites.
- One 60-year leasehold industrial site was awarded during the quarter. Trio Link Development, a Sim Lian subsidiary, won the Playfair Road site with a bid of S\$33.0 million (S\$142 psf/plot ratio), a record for the area.
- Tighter credit conditions saw acquisition activity by industrial REITs decline. However A-REIT still acquired seven properties for a total of S\$264.6 million and MapletreeLog paid a combined S\$122.1 million for four properties.

SELECTED LEASING TRANSACTIONS IN Q1 2008

District	Property	Type	Size (sf)	Tenant
22	Corporation Place	High-Tech	12,000	Rockwell Corporation
27	Northtech	High-Tech	5,400	LTC International

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PEOPLE'S REPUBLIC OF CHINA

BEIJING

- The Controlling Index for Industrial Projects as newly revised by the Ministry of Land and Resources may open the way for increased utilisation of industrial land, particularly in terms of higher construction quotiety (at least 30%), lower percentage of supporting facilities (not to exceed 7% of the total acreage of industrial projects) and more stringent control of greening percentage in industrial premises.
- The period under review saw increased attention by industrial property operators to prime logistics facilities, partly as a result of the recent expansion in the logistics market and the continued scarcity of new suitable sites.
- Auto parts supplier Delphi expanded its operations to Beijing by taking a new lease on 59,180 sf of factory space at the East Zone of Beijing Economic & Technological Development Area (BDA). Among the latest tenants at BDA were biomedical and high-tech corporates.
- A total of seven industrial land plots, mostly in the Bioengineering & Pharmaceutical Industrial Park in the Daxing District, were transacted in the public market at the range of RMB 36.2 - 92.0 psf.

SELECTED LEASING TRANSACTIONS IN Q1 2008

District	Property	Type	Size (sf)	Tenant
Daxing	Yizhuang	Factory	59,180	Delphi

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PEOPLE'S REPUBLIC OF CHINA

SHANGHAI

- Anticipating the pledged improvements in market transparency and efficiency following the launch of the Shanghai Land Transaction Market, average industrial facility rents jumped by 3.8% q-o-q to RMB 3.3 psf per month, and average industrial land prices saw a slight q-o-q increase of 1.6% to RMB 101.2 psf. Factory and warehouse rents were up by over 4%, while the rental rates for R&D facilities held stable with 0.9% growth.
- One noteworthy development was the anticipated construction of more multi-storey industrial facilities in response to the Central Government's recent decision to call for higher plot ratios and more intensive use of industrial land.
- Global industrial property group Goodman continued its portfolio expansion with two more purchases in Nanhui and Pudong, with the intention of building approximately 230,000 sm (2.48 million sf) of warehouse space for lease.
- Raychem, a subsidiary of Tyco Electronics, launched its 13,500-sm (145,310-sf) R&D centre at Caohejing High-tech Park. Healthcare packaging manufacturer West Pharmaceutical Services was given the green light for developing its 24,110-sm (259,540-sf) regional facility in Qingpu Industrial Zone with an initial investment of US\$20 million and an aggregate budget of US\$80 million for this and a second forthcoming facility in Shanghai. Design software company Autodesk, having acquired China-based Hanna Strategies, announced its plan to merge its R&D centre in Shanghai with Hanna's to become the largest Autodesk development centre worldwide.

SELECTED LEASING TRANSACTIONS IN Q1 2008

District	Property	Type	Size (sf)	Tenant
Pudong	Waigaoqiao Free Trade Zone	Warehouse	32,280	Tyco Electronic
Nanhui	Lingang New Economic Zone	Warehouse	25,824	Volvo
Xuhui	Caohejing High-Tech Park	Factory	16,140	Swatch
Pudong	Zhangjiang High-Tech Park	R&D	64,560	HP

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PEOPLE'S REPUBLIC OF CHINA

- The slowdown in the US economy and its global ripple effects, coupled with rising manufacturing costs on the back of RMB appreciation, surging fuel prices and wage increases, are starting to impact China's exports, posing some challenges for both Hong Kong industrialists, who may consider closing or relocating their factories in the Pearl River Delta, and Hong Kong logistics players.
- The establishment of direct links between mainland China and Taiwan could pose further challenges. If cross-strait trade and transport links become a reality, Hong Kong's entrepot role could suffer, leading to softer demand for industrial properties in the long run.
- Potential buyers therefore tended to adopt a "wait-and-see" attitude. The factory sub-market registered slight quarterly drops of 0.1% and 1.8%, respectively, in rental and capital values.
- Nevertheless, Hong Kong's industrial market still has considerable

HONG KONG

- support. Hong Kong's exports to Asia, including India and Vietnam, registered considerable growth, and demand from logistics players adding capacity to serve these emerging economies has helped offset declining exports to the US. Warehouse rents and capital values remained firm, rising 5.1% and 2.6% q-o-q, respectively.
- The Government is encouraging hotel development, including hotels in former industrial areas emerging as business districts, and demand for industrial properties with hotel redevelopment potential will be strong in the short- to medium-term.
- A local individual investor paid HK\$36.06 million (approximately HK\$2,500 psf) for the CCT Telecom Building, an I/O property in Sha Tin District. I/O properties registered q-o-q growth of 2% and 4.2%, respectively, in rental and capital values.

SELECTED LEASING TRANSACTIONS IN Q1 2008

District	Property	Type	Size (sf)	Tenant
Chai Wan	Safety Godown Industrial Building	Industrial	41,500	Triumph Int'l (HK) Ltd
Tsuen Wan	QPL Industrial Building	Industrial	21,080	Shibusawa (Hong Kong) Ltd
Wong Chuk Hang	Remex Centre	Industrial	10,540	Wise-Kids Dev Ltd
Sha Tin	Unison Industrial Centre	Industrial	11,850	Tai Luen Coffee Co Ltd

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PEOPLE'S REPUBLIC OF CHINA

- Growth in Guangzhou's industrial sector slowed during the first two months of 2008, with its three backbone industries (automobiles, petrochemicals and electronics) and the high-tech sector showing y-o-y growth of 6.5% and 9.6% respectively in output values, both 16.8 percentage points down from last year's figures. This lack of strength in the backbone industries was probably driven by a slowdown in the automobile market.
- Driven by strong demand for space at the Tianhe Software Park, rental rates for industrial office space maintained a moderate uptrend, showing a q-o-q increase of 4.5% as against the mere 0.3% rise in rents for logistics premises.
- The Guangzhou Development Zone (GDZ) continued to attract MNCs, becoming the home of luxury clothing maker Vasto's China headquarters. Nippon Express and Nestle also moved into the GDZ.
- The 538,200-sf Guangzhou Steel Trading Centre was opened in

GUANGZHOU

- Guangzhou Science City with the pledge of becoming the largest of its kind in southern China or even China as a whole.
- A total of 16 industrial sites - ten in Luogang District and six in Nansha District - were transferred and sold at prescribed minimum prices. Overall, the industrial land price remained the same as last quarter.
- A recent decision by the Ministry of Land and Resources to hike the minimum plot ratio for industrial development by an average of 0.2 may improve the utilisation of industrial land in Guangzhou.

SELECTED LEASING TRANSACTIONS IN Q1 2008

District	Property	Type	Size (sf)	Tenant
Luogang	Yonghe District YH-H4-3	Site	611,860	Guangzhou Stanley Co Ltd
Nansha	Pearl River Management District Auto Park, B Sector, NGY08-01	Site	627,720	Dongguan Hongtu Die Casting Co Ltd

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PEOPLE'S REPUBLIC OF CHINA

CHENGDU

- Chengdu has attracted much attention from IT companies. Following its debut at Tianfu Software Park (TSP), joint venture Huawei-Symantec Inc was planning to move to the West Park of the Chengdu High-Tech Development Zone (CHDZ) where there was a more plentiful supply of land, whereas its parent Symantec was developing a four-building cluster next to the TSP compound with a GFA of 1 million sf.
- Despite a very full take-up, the TSP continued to buzz with eventful news. IT services provider TietoEnator rented a whole floor next to the Nokia Siemens Networks Building, continuing its established R&D ties with both parents of the JV. An additional GFA of 6 million sf will come on stream with the completion of the park's second phase by 2009.
- Among the latest members of the Financial Back Office Service Centre at CHDZ are China Pacific Insurance, which purchased 3.4 hectares of land in the South Park, upping the number of financial institutions

there to 11. The next two to three years will see the Centre double in size with the addition of another 100 hectares of land.

- Chengdu's increasingly important role as a regional distribution centre continued to attract logistics operations. International fast-food operator Yum!Brands launched a logistics facility in Longquanyi District to service its two restaurant chains - KFC and Pizza Hut - in southwestern China. Chinese electronics retailer Suning is also developing a 20-ha logistics facility there, scheduled for completion in 2009, with an investment of RMB 300 million.

SELECTED LEASING TRANSACTIONS IN Q1 2008

District	Property	Type	Size (sf)	Tenant
Gaoxin	Tianfu Software Park	R&D	120,000	Symantec
Gaoxin	Tianfu Software Park	R&D	30,000	TietoEnator
Gaoxin	Chengdu High-Tech Development Zone	Back office	215,000	CPIC
Longquanyi	Xihe County Economic & Technological Development Zone	Logistics	45,700	Yum!

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PHILIPPINES

MANILA

- The designation of the Diosdado Macapagal International Airport (DMIA) as the primary future international gateway to the Philippines and the March completion of the Subic-Clark section of the Subic-Clark-Tarlac Expressway (SCTEx) are widely expected to boost the industrial sector in both the Subic and Clark SEZs.
- The decreased travel time between the two SEZs will further enhance their viability as major transportation and logistics hubs.
- Additional manufacturing, logistics and storage facilities are being planned in response to anticipation of increased demand once the DMIA and the SCTEx become fully operational.
- Two major investments in the Clark Special Economic Zone (CSEZ) were announced during the period, involving the acquisition of long-term leases for sizeable properties in the DMIA Civil Aviation Complex (DMIA-CAC).
- Kuwait and Gulf Link Investments will invest US\$1 billion to develop a logistics complex in Industrial Estate Five, a 130-hectare lot in the 2,500 hectare DMIA-CAC.
- Singapore Airlines Engineering Company invested US\$250 million to develop an aircraft maintenance, repair and overhaul facility in a 10-hectare property, also in the DMIA-CAC.
- LTX Corp, a major supplier to Texas Instruments (TI), is currently expanding its operations in the Baguio City Economic Zone, located near TI's first manufacturing facility, and is considering constructing a facility in the CSEZ, where a second TI plant announced in 2007 will be developed.
- Overall lease rates have remained relatively unchanged, with major transactions concentrated in the large SEZs. Sale prices in these accredited zones have likewise been stable.

SELECTED LEASING TRANSACTIONS IN Q1 2008

District	Property	Type	Size (sf)	Tenant
CSEZ	DMIA Civil Aviation Complex	Lot	13,988,000	Kuwait and Gulf Link (KGL) Investments
CSEZ	DMIA Civil Aviation Complex	Lot w/ Hangar	1,076,000	Singapore Airlines Engineering Company

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THAILAND

BANGKOK

- The past quarter saw a continued boom in the automotive sector, with three more companies - Mitsubishi, Toyota, and Tata - having been awarded tax benefits for their commitment to manufacture, through a minimum investment of THB 5 billion (US\$159 million), at least 100,000 fuel-efficient and Euro 4-compliant automobiles by the fifth year of production.
- Following the go-ahead given by Board of Investment to its THB 9.5 billion (US\$302 million) investment plan for eco-car production, Suzuki purchased 412 rai (667,730 sm) of land in the Hemaraj Eastern Seaboard Industrial Estate (Hemaraj-ESIE) in Rayong from industrial estate developer Hemaraj Land and Development, the country's largest industrial estate developer. It was the largest industrial land transaction in the first quarter of 2008.
- To meet increasing demand in the same vicinity Hemaraj planned to invest US\$ 149 million in developing the extension phase of the Hemaraj-ESIE.

- The government slashed the Land Transfer Fee from 2% to 0.01% of assessed value, while cutting the Special Business Tax to 0.11% from 3.3% on the government's appraised value or the selling price of the property, whichever is higher.
- SILP prices increased slightly, rising 2% y-o-y, ranging between US\$0.66-1.30 psf per month for the eastern provinces of Chonburi and Rayong, while average rents for RBFs remained at US\$0.5-0.6 psf per month. Prices and rents varied depending on developer and location.

SELECTED LEASING TRANSACTIONS IN Q1 2008

District	Property	Type	Size (sf)	Tenant
Chonburi	Amata Nakorn Industrial Estate	Factory	37,680	n.a.
Bangkok	Sukhumvit 105	Warehouse	15,500	n.a.

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INDONESIA

JAKARTA

- Car and motorcycle sales recorded y-o-y growth of 54% and 36%, respectively, in January, and the trend is expected to support demand for industrial property and land, since manufacturers of automotive spare parts and related products are the dominant industry in major industrial areas.
- Other manufacturing industries, such as building construction materials, are also expanding. The first quarter saw a ceramics company acquire approximately 5,200 sm of land to an existing factory. The factory is located in the Jl. Raya Serang, Cilegon area and the company will invest approximately US\$125 million in the project.
- Yamaha Motor Kencana Indonesia announced plans to expand its factory in Karawang International Industrial City. It will build an annex to its manufacturing plant and vehicle yard, involving approximately 4,500 sm of land area.

- The Modern Cikande Industrial Estate (MCIE) and the Krakatau Industrial Estate Cilegon, located in the Serang-Cilegon area, recorded significant sales in 2007. In early 2008 around 40 hectares of land were added to the MCIE.
- Industrial land prices in major industrial estates remained stable in the period under review. The average price varied according to location: Bekasi area, IDR 595,000 psm; Karawang area, IDR 380,000 psm; Bogor, IDR 580,000 psm; Serang, around IDR 390,000 psm, and around IDR 610,000 psm in Tangerang. Property management fees remained flat at IDR 600 psm per month.
- Three proposed industrial estates, MM2100 IE (100 hectares), Greenland IE (300 hectares), and Delta Silicon IE (200 hectares) are expected to enter the Bekasi market over 2008 and 2009.

SELECTED LEASING TRANSACTIONS IN Q1 2008

District	Property	Type	Size (sf)	Tenant
Karawang	Karawang International Industrial City	Warehouse (Annex)	48,440	Yamaha Motor Kencana Indonesia
Serang	Vacant Land	warehouse	56,000	Doulton Indonesia
Cibitung	MM2100	Warehouse	32,300	AKS Precision Factory
Cikarang	Delta Silicon II	Warehouse	21,530	Bali Post Printing
Cibitung	MM2100	Warehouse	64,600	Asahi Denso

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VIETNAM

HO CHI MINH CITY

- By virtue of its revised Master Plan up to 2020, the city plans to have 21 industrial parks (IPs) with a combined area of 6,170 ha, a drop of 1,400-ha compared to the previous plan. While some parks (e.g. Le Minh Xuan and Vinh Loc IPs) have been cleared for further expansion, the land where other parks (e.g. Tan Tao, Phong Phu, Tan Binh and Phu Huu) currently sit would be earmarked for residential or other uses.
- Investment continued to pour into the logistics sector. Vietnam's first-ever express cargo centre, right next to the Tan Son Nhat International Airport, began construction in March. The 45,000-sm (484,380-sf) facility, when completed by year-end, would include four express cargo storage modules and a five-storey office building, with the capacity to handle about 100,000 tons of cargo a year for businesses in the city and other southern provinces.
- Construction of the Lotus-Gemadep Port, located in the Cai Mep-Thi Vai port and logistics zone, kicked off during the quarter. With a total area of 55 ha (7 ha for the port and 48 ha for logistics facilities), the project would complete the first phase by 2010 with a capacity of 2 million tons per year.

SELECTED LEASING TRANSACTIONS IN Q1 2008

District	Property	Type	Size (sf)	Tenant
Binh Duong	My Phuoc 5 Industrial Park	Manufacturing	5,382,000	KyungBang (Korea)
Binh Duong	Vietnam-Singapore Industrial Park	Manufacturing	465,151	Perstima

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VIETNAM

HANOI

- Little change occurred in the industrial park (IP) market. The Noi Bai, Thang Long, South Thang Long, and Sai Dong IPs remained at full occupancy. However, 64,584 sf of space remained available for lease at Hanoi-Dai Tu IP.
- Land lease rates held steady during the quarter, with Hanoi-Dai Tu rates remaining high at last quarter's level of US\$18.58 psf, and other IPs at rates that were only one-third of the former.
- Rental rates indicated quite the opposite: Thang Long recorded a monthly rental rate of US\$13.94 psf and US\$0.65 psf for its office and workshop space respectively, both being double the corresponding rates at Hanoi-Dai Tu.
- A proposed expansion in Noi Bai would provide an additional 1.08 million sf of land for lease by early 2009. More IPs are in the pipeline for the Soc Son District, although they are still in the early planning phases.
- A more eventful market was seen in the surrounding provinces due to greater volume of transactions and more new supply coming on the market.
- The Government issued Decree No. 29/2008/ND-CP in March to limit unnecessary IPs. The main thrust is that a new IP can be established in a province only if at least 60% of the total industrial land area of existing IPs has been leased or subleased to registered investment projects. The decree also sets threshold requirements for developing IPs, including sufficient park land areas, attractiveness to both domestic and foreign investors, an adequate local workforce, and the compliance of location plans with local defence and security planning.

SELECTED LEASING TRANSACTIONS IN Q1 2008

District	Property	Type	Size (sf)	Tenant
Dong Anh	Thang Long Industrial Park	Industrial	215,280	Aikawa Co., Ltd (Japanese)

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

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

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 Estate

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 Plot

Serviced industrial land plots (SILPs) 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).

INDONESIA

Industrial Estate

An industrial estate typically provides basic infrastructure and utilities such as internal roads, electricity, telephone lines, domestic and industrial water, drainage and waste water treatment facilities.

Market Area

This refers to Jakarta and the municipalities of Bogor, Tangerang, Bekasi, Serang and Karawang.

Serviceable Land/Area

This refers to industrial space to be developed for lease or sale.

Standard Factory Building (SFB)

This category refers to standard buildings within industrial estates with permits for industrial and warehouse use.

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.

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Q1 2008



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