



**ASIAN INDUSTRIAL/HI-TECH FACILITIES/LOGISTICS
PROPERTY MARKET FLASH**

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NORTH ASIA

Japan - With a further decline in manufacturing as evidenced by a sharper than expected fall in output, it was requirements from the logistics sector that continued to drive demand for warehouse premises during the first quarter of 2005. Demand in the first quarter was focused on large, efficient and well-located facilities in the major cities of Tokyo, Osaka and Nagoya, which resulted in modest rental growth in the period under review. This in turn has stimulated investor interest and encouraged developers to break ground on new schemes. Demand for traditional Japanese style warehouse/industrial properties, which comprise the majority of stock, remains weak and rental levels for the industrial sector as a whole are generally flat.

GREATER CHINA

Beijing - During the first quarter of 2005, the Beijing industrial market was less active in terms of both leasing and investment activities as the period encompassed the quiet Lunar New Year festival in February. In addition, as measures controlling the conversion of agricultural land for development-related purposes remain in place, the tightened supply conditions of land parcels available for industrial use seen in the latter half of 2004 maintained in the period under review. The level of land transactions witnessed in the city's major industrial zones has declined considerably as a result of continuous tightening in available stock. Yet while the opportunities for industrial development are decreasing, because of government intervention in the market, we are witnessing continued firm levels of demand for industrial space in Beijing.

Shanghai - Continuing a trend witnessed in 2004, the market for logistics and storage warehousing in Shanghai began the year with a large amount of activity. Recently several industrial zones in greater Shanghai have completed new groups of standard factory buildings which they have developed on spec. In addition, several private developers have completed their own industrial properties. However, these areas are typically in slightly less developed locations than other more prominent industrial zones. Yet given the strength of the market, these decentralised developments are nevertheless continuing to draw heavy interest. Meanwhile, the first quarter witnessed a firming in interest levels from large international investment funds seeking to invest in China's burgeoning industrial property market. Influenced by strong market fundamentals, both the average rental level for standard industrial facilities and industrial land values saw a steady rise during the quarter.

Hong Kong - The continued spike in re-export volume, together with the expansion of CEPA* (Phase II) as of 1 January 2005, acted to spur warehouse space demand by logistics end-users in the first quarter, thereby putting downward pressure on vacancy rates whilst pushing rental and capital values upwards at the same time. As a result, a number of logistics players turned their attention to factory buildings. This trend was particularly evident in Kwai Chung and Tsuen Wan, which are in close proximity to the container terminal and the airport. Such properties generally fulfill the major criteria of logistics operators in their provision of large space (an average area over 100,000 sf) and direct access from truck parking and loading/unloading points.

Guangzhou - The demand for industrial land in Guangzhou continued to firm in the first quarter of 2005 as manufacturers continued to locate their operations to the city. The Guangzhou Economic and Technological Development Zone (ETDZ) and Tianhe Software Park recorded close to full occupancy within the quarter. The newly completed Gao Tang Industrial Estate, located in close proximity to Tianhe Software Park, acted to absorb overflow created by the strength of demand now being witnessed in Guangzhou. The first phase of the new park, providing a GFA of 829,000 sf of industrial space to the market, was released in the first quarter, with asking rents at RMB0.9-1.4 psf per month. With demand for industrial space in Guangzhou outstripping supply, the Guangzhou ETDZ, in the first quarter, revealed plans to expand from the present 215.5 sq km it covers to 360 sq km. The State Council is currently reviewing the proposed plan.

SOUTH & SOUTHEAST ASIA

Singapore - In the first quarter 2005, market sentiment improved due to the stronger growth in the manufacturing sector in 2004. As a result, there were more leasing enquiries from selected industries such as engineering, printing, logistics and courier services. However, landlords in general remained cautious about raising rentals. Instead, they offered non-monetary concessions to retain existing tenants at their premises. The industrial sales market saw Ascendas Real Estate Investment Trust (A-REIT) remain a key investor in the first quarter. Looking forward, we expect overall demand in the industrial property market to remain moderate due to the current surplus of industrial stock. Meanwhile, investment sales activity will stay at a healthy level as institutional investors and REITs continue to search for stable income-producing properties.

Philippines - The industrial property market registered moderate performance within the first quarter of 2005. The main trends in the market saw logistics operators in facilities expansion, while SMEs and IT companies were witnessed to be taking up warehouse-commercial space. While the expansion initiatives of BPOs and call centres continue to figure in industrial demand, increased demand from SMEs has by and large moved the market for warehouse-type buildings suitable for light and small-scale manufacturing. Further to this, the expansionary activities of multinational logistics firms in Clark Special Economic Zone have firmed demand for container facilities and increasingly strengthened the economic zone as a top regional logistics hub within Asia.

Thailand - Thailand's industrial market in the first quarter of 2005 sustained the uptrend in levels of activity witnessed in the previous quarter with new investment from companies setting up businesses in Thailand seen driving the expansion. The market for industrial real estate is expected to continue to develop in step with the country's economic growth and various industrial segments are expected to expand over the next few years. Looking forward, some companies consolidating their operations are expected to make Thailand their regional manufacturing centre or headquarters for selected products or business lines, which would act to sustain the buoyancy of present industrial market conditions. 2004 saw Thailand seal a comprehensive bilateral free trade agreement with Australia, its first with a developed nation. The Thai-Australia Free Trade Area (TAFTA), which took effect in January 2005, is expected to provide a real boost to industrial goods exporters located in Thailand.

*Closer Economic Partnership Arrangement

Vietnam - A number of HCMC's Export Processing Zones (EPZs) and Industrial Parks (IPs) are losing their competitive edge due to an increasing scarcity of available land for new industrial development, high rental levels and a weak tax incentive structure. The supply of industrial plots in Tan Binh IP, Vinh Loc IP, Tan Thuan EPZ and Linh Trung EPZ has been progressively tightening since year-end 2002 and land is now only available when new projects become defunct or when companies opt to sell their industrial facilities. Secondly, the competitiveness of these export processing zones is on the wane. It is reported that land rents within some EPZs are higher than in the areas that they border on and that tax rates applied in the EPZs are at levels almost equivalent to rates in areas which are beyond the boundaries of these zones. These factors are seen to be discouraging foreign investors, some of whom have elected to locate their industrial facilities outside of HCMC, in neighbouring provinces such as Binh Duong and Dong Nai.

India - Industrial real estate development in Bangalore has taken a back seat to the boom in commercial and residential development that has accompanied the city's economic rise of recent years. Karnataka Industrial Area Development Board is still aggressively promoting industrial locations such as Bidadi, Attibele and Doddballpur. However, local government's primary focus lies in the promotion of IT-related developments in the popular ITES and BPO destination. Rapid growth in commercial and residential development in Bangalore has pushed new industrial development further into the fringes of the city, at least six to 10 km from existing industrial zones. Old industrial sites have been cleared and are being expeditiously re-zoned for commercial or residential end-use. Examples of property site conversion include Electronics City, Whitefield, Mahadevapura and Peenya. There has been a marginal increase in the demand for warehouse space due to the rapid growth of the city's retail sector, however, there exists sufficient supply to meet the rise in need.

ECONOMIC INDICATORS

	Real GDP Growth (%)	Total Exports (US\$ billion)	Total Imports (US\$ billion)	Container Throughput ('000 TEUs*)	Air Cargo Throughput ('000 Tonnes)	Exchange Rate to US\$ (24-Mar-05)
NORTH ASIA						
Japan	0.80%(Q4 04)	154.38 (Q4 04)	126.59 (Q4 04)	3,706.88 (Q2 04)	595.36(Q4 04)	106.33
GREATER CHINA						
Beijing	13.20%(2004)	6.55 (Q1 05)	11.62 (Feb 05)	n.a.	n.a.	8.28
Shanghai	13.60%(2004)	66.45 (Q1 05)	51.27 (Q1 05)	3,972.00 (Q1 05)	260.00 (Q1 05)	8.28
Hong Kong	7.10%(Q4 04)	70.23 (Q4 04)	71.44 (Q4 04)	5,595.00 (Q4 04)	880.00 (Q4 04)	7.80
Guangzhou	15.00%(2004)	3.37 (Jan-Feb 05)	3.34 (Jan-Feb 05)	33.29 (Jan-Feb 05)	n.a.	8.28
SOUTH & SOUTHEAST ASIA						
Singapore	7.90%(Q4 04)	53.90 (Q4 04)	43.85 (Q4 04)	5,525.70 (Q4 04)	465.40 (Q4 04)	1.64
Philippines	6.10%(2004)	6.26 (Jan-Feb 05)	3.11 (Jan 05)	729.11 (Q4 04)	n.a.	54.20
Thailand	5.10%(Q4 04)	15.62 (Jan-Feb 05)	17.49 (Jan-Feb 05)	603.02 (Jan-Feb 05)	303.54 (Q4 04)	38.93
Vietnam	6.60%(Q4 04)	9.81 (2004)	5.64 (2004)	1,534.12 (2003)	n.a.	15,825.00
India	6.20%(Q4 04)	80.00 (Apr-Dec 04)	105.00 (Apr-Dec 04)	n.a.	n.a.	43.69

TOKYO

Despite expectations of a sustained economic recovery, the manufacturing sector remains in decline and the prevailing trend is one of rationalisation and flat to falling rental levels. In contrast, demand for state-of-the-art logistics properties is strong, boosted by demand from 3PL operators, increased freight volumes and a gradual transition of occupiers from older, less efficient facilities. Interest remains focused on the major cities, with evidence of moderate rental growth for prime warehouse premises in Tokyo, Osaka and Nagoya. In the prime Tokyo Bay area, average asking rents for modern logistics facilities now range from JPY1,900 to JPY2,760 psf per annum.

Foreign developers such as ProLogis and AMB continue to be active in Japan. In the first quarter alone, ProLogis committed a further US\$375 million to new development starts, including a four-storey, 504,755-sf

build-to-suit distribution facility for Seiyu/Walmart in Misato City, part of greater Tokyo metropolitan area.

Research by the Ministry of Land, Infrastructure and Transport reveals that the price of land in semi-industrial zones is continuing to decrease, but that the rate of decline has slowed and shows signs of stabilising. In Tokyo, where the scarcity of large plots and difficulty in obtaining permission for a re-zoning of land use is a particular problem, the construction of new distribution/warehouse schemes in areas such as Ichikawa City and Urayasu City, Chiba and Kawasaki City, Kanagawa has seen the emergence of new logistics centres. With businesses keen to minimise distribution costs, there is evidence that demand for even the best facilities is sensitive to rental level, and these new centres, which benefit from good transport connections but lie outside the city core, are expected to become increasingly attractive to occupiers.

SELECTED LEASING TRANSACTIONS IN Q1 2005

District	Property	Type	Size (sf)	Tenant
Tsurumi-ku, Yokohama	ProLogis Parc Yokohama	Warehouse	938,880 <small>(total area as leased to 3 unrelated occupiers)</small>	Bridgestone Sports STS (Shinkai Group) Nikon
Koto-ku, Tokyo	Shinkiba Park Logistics Centre	Warehouse	170,815	Kokuyo Logitem
Toda-shi, Saitama	Toda Park Logistics Centre	Warehouse	416,360	Keiyo Ryutsu Soko

SINGAPORE

The industrial sector saw some positive signs in the first quarter of 2005. Market sentiment improved due to the stronger 13.9% growth in the manufacturing sector last year. As a result, we noted more leasing enquiries from selected industries such as engineering, printing, logistics and courier services. Although sentiment has improved, landlords remained cautious in raising their rentals and offered non-monetary concessions to retain existing tenants in their premises. As a result, average monthly rent for prime, conventional flatted factory space remained at S\$1.20 psf for ground floor and S\$0.95 psf for upper floors. Rents for hi-tech space also stayed at S\$1.75 psf per month. Similarly, prime capital values for freehold flatted factory averaged at S\$325 psf (ground floor) and S\$265 psf (upper floors). For prime 60-year leasehold space, capital values remained at S\$220 psf (ground floor) and S\$160 psf (upper floors) respectively.

In the investment sales market, A-REIT was the main purchaser. Altogether, it announced the acquisition of six properties for a total of S\$349.30 million within the first quarter. These included AEM-Evertech Building, Telepark, Kim Chuan Telecommunications Complex, KA Place, KA Centre and Hyflux Building. As competition for yield-accretive industrial properties grows, more intense jostling between institutional investors is expected to emerge.

In the months ahead, we expect overall demand in the industrial property market to remain moderate given the anticipated slowdown in the global demand for electronics and the current surplus supply. Meanwhile, investment sales activity will stay at a healthy level as institutional investors and REITs continue to search for stable income-producing properties.

SELECTED LEASING TRANSACTIONS IN Q1 2005

District	Property	Type	Size (sf)	Tenant
5	The Cavendish	Hi-Tech	4,800	AT&T Singapore Pte. Ltd.
22	Nordic European Centre	Hi-Tech	12,917	Taiyo Yuden Singapore Pte. Ltd.
22	The Signature	Hi-Tech	40,000	Lucasfilm Ltd.
22	The Signature	Hi-Tech	3,300	DDI Asia Pacific International Ltd.
22	The Strategy	Hi-Tech	18,000	Dell Computer

BEIJING

Following the relaxation of control over foreign investment in nine industrial sectors on 11 December 2004, in accordance with the commitments China made to the WTO, foreign participation in the mainland market across these industries has been rising rapidly. The market opening commitments Beijing made on its accession to membership in the trade body encompassed the liberalisation of the logistics sector, a regulatory change that has fuelled the pace of establishment and expansion of logistics operations in Beijing.

ProLogis, the world's biggest distribution facilities and services provider, early in 2005 announced expansionary plans for its China operations. The company has signed an agreement for a freight base development project with Beijing Airport Logistics Park Development Centre. Prologis

plans to develop over one million sf of logistics and warehousing facilities within the Beijing Airport Logistics Park, comprising a total investment value of US\$35 million. This is the most notable industrial news of the quarter as it is the largest logistics facility development project in the city of Beijing. Moreover, Mercedes-Benz opened its new production plant in the Beijing Development Area in December 2004, which was established as part of Beijing Benz-DaimlerChrysler Automotive Corporation, a new joint venture between DaimlerChrysler and Beijing Automotive Industry Holding Company. Following the launch of Mercedes-Benz's plant, a number of companies manufacturing associated products began searching for available space in close proximity to the German automotive manufacturer's location within this development area, which is in the southeast of Beijing. These latest developments highlight the continued demand for conventional industrial space in Beijing.

SELECTED LEASING TRANSACTIONS IN Q1 2005

District	Property	Type	Size (sf)	Tenant
Shunyi	Beijing Tianzhu Airport Industrial Zone	Factory	12,900	Beijing Saiteng Konggang Airport Equipment Co. Ltd.
Shunyi	Beijing Tianzhu Airport Industrial Zone	Factory	4,300	Sanya Gefusen Gift Co. Ltd.

SHANGHAI

Demand for industrial land and existing buildings at the start of 2005 remained extremely high, continuing the rising trend witnessed throughout 2004. A large influx of new entrants into the market has resulted in the rapid take-up of many of the city's more attractive standard developments in areas such as Anting, Songjiang and Xinzhuang. The effects of Central Government macroeconomic controls placed on the market midway through 2004 continued to impact on the market in the first quarter, as industrial zones are required to reach higher capital investment density levels on their remaining land resources before being entitled to apply for new land plots for development. This scenario presents significant difficulties for medium-sized companies seeking to purchase land plots for the construction of their own facilities, as they are increasingly being "out-bid" by large multinational companies which typically possess significantly larger financial clout.

Similarly, the market for logistics providers to purchase land and build their own warehouse facilities still remains extremely tight. Given the relatively low returns that such operations provide to the industrial zones, they are increasingly being turned down in favour of projects that provide higher tax returns. The area of the market that remains the most vibrant at this stage is undoubtedly that for hi-tech/R&D space. Numerous business park style developments throughout the city are nearing completion, providing the required space to meet the large demand for this type of facility. Much of the demand for these buildings is coming from the expansion of many large multinational companies that have been in operation in Shanghai for five to 10 years. These companies are seeking to move out of high-cost downtown office buildings to areas that provide lower rental rates and a more pleasant working environment. Together with the tax advantages that being located within an approved hi-tech park affords, such facilities are receiving more and more attention from many of the city's larger hi-tech or research-oriented companies.

SELECTED LEASING TRANSACTIONS IN Q1 2005

District	Property	Type	Size (sf)	Tenant
Jiading	Jiading Industrial Zone	Factory	41,000	Michelin
Songjiang	Songjiang Export & Processing Zone	Factory	51,000	Bao Shi Le
Minhang	Caohejing Hi-Tech Park	R&D/Office	40,000	Cisco
Minhang	Caohejing Hi-Tech Park	R&D centre	100,000	China Yidong Co.
Pudong	Zhangjiang Hi-Tech Park: Riverfront Harbour Phase II	R&D centre	200,000	China Foreign Currency Exchange Centre

HONG KONG

Benefiting from the buoyancy in merchandise trade activities, the warehouse market continued to perform strongly in the first quarter of 2005 as more and more existing facilities are approaching full capacity, thus leading to a hardening in both rental and capital values. In particular, the upward spike in warehouse capital values, recorded at 20.3% in the period under review, was largely a result of the imbalance of demand and supply resulting from the continued strengthening of logistics operations. However, the increase of the "Gate Charge" at many warehouse facilities took its toll on rental demand as some players refocused their attention on alternative industrial buildings with a view to minimising operational costs. As a result of this cost

initiated flight, rental hardening was limited to approximately 5% in the first quarter of 2005. The factory segment maintained its star performer ranking for the second quarter in succession in the period under review, mainly at the expense of warehouse properties as tenants vacated the latter for cost reasons. This situation was particularly evident in Kwai Chung/Tsuen Wan and Tuen Mun where the container terminal, the airport and the river trade terminal are all in close proximity, and increasingly in areas abutting the railway route from Shatin to Sheung Shui. Viewed overall, average factory rental and capital values in the first quarter rose by 8.4% and 30.8%, respectively, registering the best performance amongst all industrial property sub-sectors.

SELECTED LEASING TRANSACTIONS IN Q1 2005

District	Property	Type	Size (sf)	Tenant
Kwun Tong	Units 1-11, 33/F No. 1 Hung To Road	Factory	11,361	Risesun Corporation Ltd.
Tuen Mun	15/F YKK Building Phase 3	Factory	32,916	Financial Sec. Inc.
San Po Kong	13/F Perfect Industrial Building	Factory	12,406	Gennon Ent. Ltd.
Shatin	Units 3 & 5, 5/F Grandtech Centre	Warehouse	28,190	Tsingtao Beverage
Kwai Chung	Unit A, G/F Marvel Industrial Block A	Warehouse	11,396	CTI Logistics (HK) Co. Ltd.

GUANGZHOU

Guangzhou is fast becoming the largest centre for automobile production in southern China as growing numbers of auto and auto-related manufacturers are witnessed establishing centres of production in the city. The establishment of a Honda Motors' manufacturing operation in Guangzhou in late 2004 was seen to have had a knock-on effect as three additional auto components and parts companies opened facilities in Guangzhou within the first quarter of 2005, two of which are wholly Japanese owned and one a Sino-Japanese joint venture. Furthermore, Japan's other major car manufacturing outfit, Toyota, established its Sino-joint venture, Guangzhou Toyota Motors, in Guangzhou's Nansha Economic and Technological Development Zone within the period under review. This too led to a snowballing of

production facility establishments as a further five Japanese spare part manufacturers set up operations in the Nansha ETDZ. According to local sources, actual FDI in Guangzhou reached US\$2.4 billion in 2004, up 64.4% y-o-y. The auto manufacturing industry in the city accounted for approximately 11% of this amount.

Aside from auto industry-related investment, demand for industrial land was boosted by the further expansion of the Closer Economic Partnership Arrangement (CEPA) between mainland Chinese cities and Hong Kong, which saw investment funds from Hong Kong flow into logistics and exhibition facilities in Guangdong. Given the current keen demand for the establishment of industrial facilities in Guangdong, it is expected that the price level for industrial land will remain buoyant.

SELECTED LEASING TRANSACTIONS IN Q1 2005

District	Property	Type	Size (sf)	Tenant
Huangpu	Yonghe ETDZ	Industrial lot	398,270	ProLogis(Guangzhou) Development Corporation
Tianhe	Guangzhou Scientific City	Industrial lot	86,110	Guangzhou Jinghua Communication Tech Ltd.
Tianhe	Guangzhou Scientific City	Industrial lot	75,350	Guangzhou Harris Communication Ltd.

PHILIPPINES

The market for industrial property in the Philippines witnessed a moderate pick up in the first quarter of 2005 on the back of a series of expansionary moves by end-users and investors in industrial property. The level of activity in the BPO sector was fuelled by industrial property investors and developers in the first three months taking a bullish outlook over the expansion of outsourcing companies to locations outside of Metro Manila, gauging by the number of IT parks and buildings which have been developed and/or transformed to date. Also in the first quarter, expansion and investment in industrial real estate was viewed as desirable by manufacturers and logistics operators, who are increasingly optimistic over future opportunities in the region.

Outsourcing remains common among the major locators in ecozones, IT parks and buildings not only in Metro Manila but increasingly across key cities in the Philippines. Among the major outsourcing investments locating in industrial ecozones and parks during the quarter included Melamark Net Services at the PhilExcel Business Park at the Clark Special Economic Zone (CSEZ), SPI Technologies at the AsiaTown IT Park in Mactan, Cebu, and Link2Support's call centre facility at the Pueblo de Oro IT Park in Cagayan de Oro City. Logistics companies continued to upgrade and expand their facilities with UPS increasing its 24,760-sf container facility to 64,580 sf with additional space take-up at the CSEZ while DHL and Delbros Logistics likewise have taken in new lease or sub-lease agreements at the PhilExcel and Berthaphil Business Park, respectively.

SELECTED LEASING TRANSACTIONS IN Q1 2005

District	Property	Type	Size (sf)	Tenant
Taguig, Metro Manila	Food Terminal Inc	Warehouse	172,220	20+ SMEs
Sto Tomas, Batangas	First Philippine Industrial Park	Industrial lot	452,090	Honda Philippines Inc (motorcycle plant)
Clark Special Economic Zone	Building 21 Berthaphil Business Park	Industrial building	11,110	Meisei Electric (PHILS.) Corporation

THAILAND

Demand for Serviced Industrial Land Plot (SILP) in the best quality estates and parks continued to strengthen in the first quarter. The major players are building up their land banks in preparation for further industrial estate development and expansion. The market for leased ready-built factories (RBFs) is also expected to grow, particularly in Ayutthaya and on the Eastern Seaboard as foreign companies seek to relocate or set up new production facilities in Thailand. Increased supply is anticipated from the largest developers like TICON, Thai Factory Development (TFD) and Hemaraj. During the quarter, Hemaraj announced the acquisition of KK-JTCI (Thailand), a Thai-Singaporean development company, as well as 25% of the shares of SIL Industrial

Land Co. (with an option to buy the remainder), two companies with significant industrial site holdings in Rayong and Chonburi. In addition to further parcels of land purchased by Hemaraj, these latest deals give the company about 15,000 rai (6,000 acres) of industrial development site along the Eastern Seaboard, making them the dominant industrial estate developer in Rayong.

There has been no change in the asking prices at most industrial estates q-o-q. However, prices of SILP are expected to increase in 2005 in some projects where developers have purchased additional land for expansion at a higher price.

SELECTED LEASING TRANSACTIONS IN Q1 2005

District	Property	Type	Size (sf)	Tenant
Bangpa-In	n.a.	Warehouse	32,725	Ajinomoto Co. (Thailand) Ltd.
Theparak	n.a.	Warehouse	21,670	HelmMahaboon Ltd.
Bangpa-In	n.a.	Warehouse	17,220	IDS Logistics (Thailand) Ltd.
Bangkapi	n.a.	Warehouse	12,595	Allies Metals (Thailand) Ltd.
Bangpa-In	n.a.	Warehouse	7,750	ZENTAC Co. Ltd.

VIETNAM

HCMC's EPZs and IPs have recently been facing increased competition from bordering provinces such as Binh Duong and Dong Nai in attracting foreign investors. However, to differentiate the capital from nearby provinces, the HCMC government has initiated a series of measures to realign foreign investor interest in the city in 2005, with a particular focus on new hi-tech parks in District 9. The new scheme has attracted some investors to switch to investing in hi-tech related industries in order to enjoy the improved tax benefits on offer. The first quarter saw Renesas invest US\$13 million in chip design, a new industry in Vietnam. Nidec Corporation of Japan, meanwhile, pledged an investment of US\$200 million in HCMC's Saigon Hi-Tech Park to manufacture semiconductor chips for automobiles and personal computers as well as other digital devices.

Due to a shortage of land in some of HCMC's EPZs and IPs, the government is trying to expedite negotiation with landowners in order to acquire more land for expanding the boundaries of some of these industrial zones. There are plans to expand Le Minh Xuan Industrial Park with the addition of 275 hectares of space by 2006. Vinh Loc Industrial Park, on the other hand, will have added an additional 20 hectares of land by the end of April 2005. As a result of the squeeze on available space, EPZs and IPs in HCMC tend to spillover into industrial zones located within nearby provinces, a trend witnessed primarily in Long An and Tay Ninh. Recent examples saw Tan Thoi Hiep IP in HCMC invest in Duc Hoa IP in Long An Province while Trang Bang IP invested in Tay Ninh Province. Also within the quarter, Tan Thuan EPZ set up a new industrial facility, Tan Thuan III, in Trang Bang, located in Tay Ninh Province.

INDICATIVE LAND VALUES IN Q1 2005

District	Industrial Park	Indicative Land Values (US\$/sf)
Tan Binh District	Tan Binh	7.90
Binh Tan District	Vinh Loc	7.43
Binh Chanh District	Le Minh Xuan	6.04
District 7	Tan Thuan	10.03
Nha Be District	Hiep Phuoc	4.18
Cu Chi District	Tay Bac Cu Chi	4.64

BANGALORE

Most industrial areas in Bangalore were developed between 1970 and as recently as 2001 on relatively centrally located sites allotted to them by government authorities. The only exceptions to this include Bommasandra Phase IV and Whitefield EPIP, which were developed by the Karnataka Industrial Area Development Board (KIADB) in locations clear of commercial and residential developments. However, with the rolling expansion of the city, we are starting to witness the swallowing of many industrial sites by the city of Bangalore. As a result of the engulfing of these sites by expanding urban sprawl, we are beginning to see city-based developers acquiring industrial facilities for the purposes of redevelopment into commercial and residential space. While such

properties were valued at Rs 400 to 450 psf in 2003, they were registered at between Rs 800 and 1,000 psf in the last quarter, providing a clear indication of the increased level of redevelopment demand in Bangalore.

Some industrial areas such as Jigani and Attibele, although not witnessing rental and capital value hardening on the same scale as other industrial sites, have seen steady increases in price and rents. Furthermore, the Karnataka Industrial Area Development Board has increased its asking prices for industrial land located in Bangalore. The sale of sites by KIADB, at a proposed technology park in Doddaballpur, were witnessed in the first quarter as ranging between Rs 2.8 million to 3.5 million per acre.

INDICATIVE LAND VALUES IN Q1 2005

District	Property	Indicative Land Values (Rs/sf)	Asking Rents (Rs/sf/month)
Bangalore	Electronics City	500-800	10-14
Bangalore	Whitefield	900-1,500	12-16
Bangalore	Jigani Industrial Area	150-175	8-12
Bangalore	Peenya Industrial Area	400-500	10-14
Bangalore	Attibele	175-250	8-12



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AREA MEASUREMENT

Measurement unit	Square metres	Square feet
1 acre	4,000	43,056
1 hectare	9,884	106,391
1 rai	1,600	17,216
1 square metre	-	10.764
1 square kilometre	988,400	10,639,138
1 tsubo	3.306	35.58

PEOPLE'S REPUBLIC OF CHINA

Industrial properties in the PRC include data centres, factories, logistics warehouses as well as hi-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 an inducement offered in the form of an abatement of taxes 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.

Hi-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 hi-tech facilities are built-to-suit premises and only a minority are constructed for lease by private developers.

In Beijing, hi-tech facilities are commonly found in Zhongguancun in Haidian District. In Shanghai, these facilities are clustered in Zhangjiang Hi-tech Park (Pudong New District), Caohejing Hi-tech Park and Zizhu Hi-tech Park (Minhang District). In Guangzhou, hi-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. Also, premises located within container terminals are included. About 80% of the stock is located in the New Territories, with Kwai Tsing alone accounting for 40%.

Industrial/Office

This category comprises floor space in developments with planning permission and lease modification for industrial/office use and certified for occupation as such. The stock is distributed in 10 districts throughout the Hong Kong Special Administrative Region, with predominance in Kwun Tong, Cheung Sha Wan, Shum Shui Po, Kwai Tsing and Sha Tin, which together account for 80% of the total space.

Factory

This category comprises flatted factories and ancillary office accommodation. This includes flatted factory space with planning

permission for industrial/office use, but for which government lease modification has not yet been completed. Also included in this category is strata-titled 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 mix of these and light industrial uses, they should be distinguished from buildings with proper industrial/office status. A majority of the stock is distributed in four districts, 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 affiliates a small office for employees working there. The purpose of the office is, however, not for conducting business with customers, but solely for the general operation of the warehouse. In greater Tokyo, those categorised as warehouses are concentrated in Narita Airport, Port of Chiba, Port of Tokyo, 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 where goods are made. 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 the 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 at Tuas and Jurong. Pockets of industrial factories can also be found along Sungei Kadut, Mandai, Woodlands East, Kaki Bukit, Eunos and Ayer Rajah among others.

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

1. Multiple-User Factory

This usually refers to a factory building where it is subdivided into individual strata-titled 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 the purpose 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 Science Park, International Business Park, Changi Business Park and Biopolis.

Warehouse

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

Hi-tech industrial

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

THAILAND

Industrial Estates

An industrial estate in Thailand resembles an industrial town or industrial city providing complete infrastructure necessary for industrial operations such as ample electricity, water supply, flood protection, waste water treatment, solid waste disposal, etc. It is accessible to seaports, airports and other transportation centres. Besides providing communication facilities and security systems, an industrial estate also contains 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:

- 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)
- 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 the location of industries manufacturing for domestic and/or export consumption. EPZs are areas reserved for the location of industries manufacturing for export only. FTZs are areas reserved for industries manufacturing for both domestic and export consumption and a Customs office is located within the area, enabling manufacturers to deal with the Customs Department directly. The minimum export scheme is not applied to FTZs, unlike in EPZs, the former classification used by the BOI where manufacturers are required to export at least 80% of the 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 with lower start-up costs. They can quickly mobilise operations once they get orders from a customer. Most factories are single storey with mezzanine level offices, and are detached, with each unit separated from other units with security railing walls. Factory sizes range mainly between 8,600 and 32,300 sf.

HO CHI MINH CITY

Enterprises operating within industrial zones are depending on the specifics of their businesses, 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.

INDIA

Warehouse

The warehouse segment comprises premises designed for godowns/stores with basic infrastructure, high ceilings, huge floor plates and good access. Most warehouse parks are located on highways or in close proximity to highways for better access. For logistics purposes, such parks are generally located in close proximity to container depots.

Industrial/Office

This category comprises facilities used in manufacturing as well as supporting assembly activities. Considerations made in locating such facilities include infrastructural matters such as proximity of container depots and availability of human resources. These buildings are designed with high ceilings (approximately 20 ft plus), large floor plate and good access.

Asian Industrial/Hi-Tech Facilities/Logistics Property

Market Flash

Q1 2005



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