Q3 2006

ASIAN INDUSTRIAL PROPERTY MARKET FLASH

CBRE RESEARCH

CBRE
CB RICHARD ELLIS

TABLE OF CONTENTS

NORTH ASIA

Japan - Capital investment continued to increase amid strong corporate earnings attributed to export driven production growth during the third quarter. The steady demand for Japanese fuel-efficient automobiles in the US, and the growing popularity of Japanese food products in Asia helped to drive exports up by approximately 15.3% y-o-y in September, marking 34 consecutive months of increases. The bullish trade performance has encouraged capital spending, particularly in the area of supply chain management and facility optimisation as cost efficiency continued to be a top priority for many warehouse occupiers. In the investment sales market, prime logistics property remained highly sought after due to its attractive yield spread premium of circa 200 basis points over prime office space.

CHINA

PRC-Beijing - In August the State Council issued policy directives requiring that industrial land be transferred through bidding, tendering and auction, and at a price not lower than a minimum standard set by the government. Transferring land at a price lower than the minimum standard, or offering allowances or refunds in any form is prohibited. Following the new policies, land prices in various Beijing industrial parks rose 8.8% q-o-q to US$12.8 psf (gross) in the third quarter. Rents of quality industrial premises remained stable, while research centre and office rents in quality industrial parks continued to rise.

PRC-Shanghai - Impacted by the Central Government's new policy directives related to the industrial land market, industrial land prices in Shanghai rose by 14.5% q-o-q to the level of US$9.8 psf (gross) in the third quarter. If these two policies operate effectively they should lead to further increases in industrial land prices and significantly improve transparency in the industrial land market, which has been dominated by transfers through private contracts at undervalued prices.

PRC-Hong Kong - The Hong Kong economy remained buoyant in the second quarter, with GDP rising 5.2% y-o-y. In the first nine months of 2006 total exports rose 8.5% y-o-y in real terms, while the value of domestic exports increased by a robust 13.4% y-o-y. Industrial property owners remained optimistic towards the market, mainly on the back of the limited supply of industrial properties, especially high quality investment grade premises. The rise of asking rentals and prices was particularly evident in Kwun Tong, where the recent news that the Urban Renewal Authority plans to redevelop 5.3 hectares of land into a commercial and retail hub has further raised landlord expectations.

PRC-Guangzhou - Industrial output in Guangzhou continued to increase rapidly in the third quarter. In the first eight months of 2006 industrial output rose 46% y-o-y to US$3 billion. Output value in the automobile and petrochemical industries provided the most support for the increase, with the former up 110% y-o-y to US$1 billion and the latter rising 130% y-o-y to US$386 million in the first eight months of 2006. In July, R&F commenced construction of its Jingangcheng project in Jingu Industrial Park. Covering a land area of 14 million sf, the project will cater mainly to logistics companies.

PRC-Chengdu - Of the three projects outlined in the municipal government's 2005 logistics development plan, the Chengdu Aviation Logistics Park, adjacent to Shuangliu International Airport, has made the most progress. By the third quarter the main section of the International and Domestic Freight Terminal had been completed and was being fitted-out. The largest airfreight terminal in southwest China, it is expected to enter operations in November. International logistics giant DHL will build 107,600 sf of warehouse facilities in the park, and UPS and FedEx are also in negotiations with the park.

SOUTHEAST ASIA

Singapore - In the third quarter, rents and capital values for warehouse and factory space held firm while high-tech rents rose by 5.4% q-o-q. The quarter saw the award of two industrial sites as well as the introduction of new sites on the confirmed and reserve lists. With limited yield-accretive properties for sale, REIT managers made fewer transactions. As such, REIT players are looking to purchase overseas properties to expand their portfolio. The outlook for the remaining quarter of the year is positive, with healthy demand for industrial space. Manufacturers are still looking for space to expand their operations, and rents, especially for high-tech space, should see moderate growth before the end of the year.

Philippines - Export earnings from January to August 2006 increased by 16.9% y-o-y to approximately US$31 billion. Despite this strong growth, activity in the country's industrial parks continued to be mixed and relatively neutral during the third quarter, with transactions of space generally limited to expansions of existing occupiers. However, many traditional parks continue to report more inquiries from Japanese and Singaporean companies seeking to diversify their manufacturing operations, even as an increasing number of industrial parks and developers position themselves to attract high-tech and higher value-added tenants such as logistics and IT companies.

Thailand - Following the 19 September military coup the Board of Investment (BOI) informed the international investment community that BOI investment policies, incentives and services remained unchanged. However, the coup clearly affected investor confidence: the quarter saw drops in both FDI from Japan (Thailand's largest trading partner) and overall FDI, and prices of both land and factories for rent remained static. Total projects approved by the BOI, a leading indicator for the industrial market, increased 1% y-o-y, while total investment dropped 37% y-o-y in the third quarter. However, confidence in the industrial market should be bolstered by falling oil prices. It is expected that the new government and a clearer policy direction should also help restore investor confidence.

Vietnam-Ho Chi Minh City - In the first nine months of 2006, Ho Chi Minh City's industrial output reached approximately US$13. 4 billion, a y-o-y increase of 13.7%. The export turnover of HCMC enterprises in the first three quarters rose 16.4% y-o-y to US$10.5 billion. In spite of tough competition, the export turnover of garments, footwear and aquatic products continued to increase. At present, the HCMC municipal government is restructuring four of the city's industries, namely machinery, chemicals, food and foodstuffs, and electronics and information technology, anticipating that by 2010 these four industries will account for 55% of HCMC's total industrial output value.

Vietnam-Hanoi - In the first nine months of 2006 the output value of Hanoi's industrial sector increased 18.3% y-o-y, with the non-state industrial sector growing 27.3% versus the same period last year. Foreign and domestic enterprises in local industrial and export processing zones were the main drivers of this strong growth. Space is tight in Hanoi's four industrial parks, with the North Thang Long, Sai Dong B and Noi Bai industrial parks being almost fully occupied. There are some vacancies in the Hanoi-Dai Tu Industrial Park, which is attempting to focus on IT tenants.

ECONOMIC INDICATORS

	Real GDP Growth (%) (Q2 06)	Total Exports (US$ billion)	Total Imports (US$ billion)	Container Throughput ('000 TEUs*)	Air Cargo Throughput ('000 Tonnes)	Exchange Rate to US$ (29-Sept-06)
NORTH ASIA						
Japan	2.50%	163.372 (Q3 06)	145.895 (Q3 06)	3,871.22 (Q3 05)	518.51 (Q2 06)	118.07
CHINA						
Beijing	12.20% (Q3 06)	10.070 (Q3 06)	33.450 (Q3 06)	n.a.	n.a.	7.90
Shanghai	12.60%	65.644 (Jul-Aug 06)	47.050 (Jul-Aug 06)	3,878.00 (Jul-Aug 06)	410.00 (Jul-Aug 06)	7.90
Hong Kong	5.20%	85.414 (Q3 06)	88.781 (Q3 06)	6,439.00 (Q3 06)	904.31 (Q3 06)	7.79
Guangzhou	14.20%	5.660 (Jul-Aug 06)	5.642 (Jul-Aug 06)	1,067.70 (Jul-Aug 06)	203.43 (Q2 06)	7.90
Chengdu	13.50%	2.890 (Jan-Sep 06)	2.110 (Jan-Sep 06)	n.a.	214.00 (Q3 06)	7.90
SOUTHEAST ASIA						
Singapore	7.20% (Q3 06)	112.170 (Q3 06)	99.616 (Q3 06)	6,528.00 (Q3 06)	482.00 (Q3 06)	1.59
Philippines	5.50% (Q3 06)	3.580 (Q2 06)	3.781 (Q2 06)	n.a.	n.a.	50.19
Thailand	4.90% (Q3 06)	22.770 (Jul-Aug 06)	22.720 (Jul-Aug 06)	501.83 (Jul-Aug 06)	120.83 (Q3 06)	37.59
Vietnam	7.84% (Q3 06)#	29.400 (Jan-Sep 06)	32.750 (Jan-Sep 06)	n.a.	n.a.	16,054.50

** TEU refers to Twenty-Foot Equivalent Units (based on a standardised container size of 20 ft x 8 ft x 8 ft).*
#provisional

JAPAN

A major driving force behind Japan's accelerating economic expansion in recent quarters has been overseas demand for Japanese automobiles. Brisk export sales, coupled with weaker-than-expected yen exchange rates, provided an earnings boost to many automobile companies, which now expect to outperform profit projections for fiscal 2006.

The current bullish sentiment has prompted many companies to make bold capital investments in production-related facilities and technology upgrades withheld during the deflationary period. NSK Ltd, Japan's largest bearing manufacturer and a specialist in automotive bearings, was one such company, reinvesting some of its earnings in the construction of a new production plant for the first time in 70 years. The new plan is expected to boost NSK's production capacity and reduce the company's heavy order backlog.

Companies including Mitsubishi Electric Corporation are consolidating old distribution centres and investing in new high-tech facilities to enhance operational profitability. By consolidating the company's 12 nationwide distribution centres into six core bases and four hub facilities by the end of 2007, Mitsubishi Electric expects to save JPY 2 billion per annum in distribution costs. Meanwhile, efforts to reduce costs by investing in IT infrastructure related to inventory and supply chain management appeared to gain increasing popularity amongst retailers such as Maruetsu and AEON.

Logistics properties continued to generate considerable investor interest due to their attractive yield premium over other asset types. New City Corporation announced the launch of three private real estate funds which will include investments in the redevelopment of logistics and commercial facilities.

SELECTED LEASING TRANSACTIONS IN Q3 2006

District	Property	Type	Size (sf)	Tenant
Atsugi, Kanagawa	Atsugi Distribution Centre	Logistics	498,000	Sugimura Warehouse
Kashiwa, Chiba	Logi Port Kashiwa	Logistics	249,000	Hitachi Transport System
Koshigaya, Saitama	Prologis Parc Koshigaya	Logistics	213,500	Iwaya Butsuryu
Itabashi, Tokyo	Itabashi Distribution Centre	Logistics	53,250	Vanfu Inc

SINGAPORE

The average monthly rent for high-tech space grew by 5.4% q-o-q to S$1.95 psf. With strong government support for the development of high-tech industries, demand for high-tech space should continue to increase. As such, the average monthly rent for the limited high-tech space is likely to rise to S$2 psf by year-end.

The average month rents for prime factory space stayed at S$1.25 psf and S$1 psf for ground and upper floor units respectively in the third quarter. Likewise average monthly prime warehouse rents remained at S$1.25 psf for ground floor units and S$1.05 psf for upper floor units.

In July, the URA revealed the confirmed and reserve lists for the second half of 2006. On the confirmed list are sites located in Changi North Street 1, Serangoon North Avenue 4 and Woodlands Industrial Park E5 (Parcel A). The sites on the reserve list are in Tampines Street 92/Simei Avenue, Tuas Bay Drive/Tuas South Avenue 3 and Sin Ming Lane.

The tender for the Serangoon North Avenue 4 site was awarded in September to Orion-One Development Pte Ltd for S$22.8 million (S$29 psf/plot ratio). Sim Lian Development Pte Ltd was awarded the site in Ubi Avenue 4/Ubi Link with the top bid of almost S$40 million (S$38 psf/plot ratio).

During the quarter, MapletreeLog bought the Jurong Logistics Hub at 31 Jurong Port Road for S$168 million (S$125 psf) while A-REIT bought a logistics and distribution centre at Pioneer Walk for S$22.5 million (S$109 psf).

The outlook for the rest of the year is positive, with healthy demand for industrial space from manufacturers. As such, rents should see moderate growth by year-end.

SELECTED LEASING TRANSACTIONS IN Q3 2006

District	Property	Type	Size (sf)	Tenant
14	Techview	High-tech	21,030	Bio-Rad
22	The Synergy	Business Park	32,000	Research In Motion

PRC-BEIJING

A limited number of industrial projects entered the market during the quarter, including the Beijing DRC Industrial Design & Creation Base, located in Desheng Technology Park. The GFA of the project's first phase is 45,640 sf. The Macro Link Industrial Park in the Beijing OOTO-Mechanics Industry Base also came on stream. It has a total floor area of 906,160 sf.

In the leasing market, a parts supplier for Mercedes-Benz rented 45,210 sf in the Beijing Economic and Technological Development Zone, while Ebara of Japan leased 19,375 sf in the Daxing Biological and Medical Industry Base.

In the quarter's biggest transaction, the Singapore National Printing (SNP) Group entered into an agreement with Beijing Optic Valley Technology Park Development and Construction Ltd to purchase land to construct the head office of the SNP China Business Division and North Printing Service Centre. The projected total floor area of this project is around 667,370 sf.

The average rent of quality industrial premises rose 0.32% q-o-q to US$4.64 psm (US$0.43 psf) per month in the quarter, while the average rent of research centres and office space in quality industrial parks rose 5.3% to US$10.33 psm (US$0.96 psf) per month.

SELECTED LEASING TRANSACTIONS IN Q3 2006

District	Property	Type	Size (sf)	Tenant
Tongzhou	Lian Dong Industrial City	Factory	44,130	Arcelor-Shougang
Tongzhou	Lian Dong Industrial City	Factory	32,290	Beijing Tongyizhong Specialty Fibre Technology & Development Co Ltd
Haidian	Zhongguancun Life Science Park	Factory	21,530	A US bio-technology company
Huairou	Beijing Yanqi Industrial Development Zone	Factory	29,060	Beijing Kai Long San
Daxing	Zhongguancun Daxing Science & Pharmaceutical Industrial Park	Factory	19,375	Ebara Corporation

PRC-SHANGHAI

The municipal government's strong desire to develop Shanghai's logistics industry and the surge in demand for high-quality logistics and warehouse properties foreseeable in the next five years has stimulated foreign investment in this sub-market.

After successfully developing Prologis Park Northwest and Prologis Park Lingang, Prologis is planning to build another logistics centre in Songjiang, southwest of Shanghai. The project will be constructed on a 7.6 million-sf site in the Songjiang Industrial Zone. After completion in 2008, the logistics and warehouse properties will be occupied by companies including Parkson, Michelin, Maersk, DHL, TNT and FedEx.

The Modern Service Complex in Caohejing finished its resident resettlement and site clearance during the quarter. One of the 20 modern service industry hubs planned by the municipal government and scheduled to be developed during 2006-2010, the Caohejing project has a total planned GFA of 8.6 million sf. Construction of the 1.1 million sf GFA phase one will commence by the end of this year, and is scheduled to be completed by the end of 2007.

Some industrial zones began to raise their land price quotations following the announcement of the new policies concerning industrial land sales. This led to strong growth in average land prices, which increased 14.5% q-o-q to US$9.77 psf. Average rent of industrial facilities also continued to rise, increasing by approximately 5% q-o-q to US$4.78 psm (US$0.44 psf) per month.

SELECTED SALES TRANSACTIONS IN Q3 2006

District	Property	Type	Size (sf)	Tenant
Baoshan	A13, Baoshan Industrial Zone	Factory	47,360	Seil Seres Co Ltd
Nanhui	17, Jushuo, Kangqiao Industrial Zone	Factory	17,460	Coffee Queen
Jiading	Jiading Industrial Zone	Factory	64,580	Taikyu
Jiading	Jiading Industrial Zone	Factory	26,910	Desheng Moulding

CBRE CB RICHARD ELLIS

PRC-HONG KONG

At 8.1%, warehouse properties continued to offer the highest yields of Hong Kong's three industrial sub-sectors in the third quarter. Demand for warehouses, particularly those with large floor plates located near highway networks, remained at a positive level thanks to the robust export performance. On the back of the increasing demand and limited supply the warehouse vacancy rate fell to 2.5% in the quarter.

Demand for factory premises was also upbeat, with Buildings Department research showing that an increasing number of factory operators plan to expand their factories, a phenomenon largely attributed to the further expansion of CEPA*. Most acquisitions of factory space involved areas of less than 10,000 sf, with end-users rather than investors dominant in the market.

In the industrial/office (I/O) sector both capital values and rental showed more restrained growth, with both increasing 3.7% q-o-q in the third quarter. The slower rental and capital value growth was attributed mainly to the large supply of decentralised office space slated for the market. The significant quantum of new supply in Kowloon is expected to exert further pressure on I/O properties by increasing options for tenants who had relocated to I/O buildings in order to save costs. This should result in rental competition between landlords. The rental transaction highlighted within the third quarter was the 53,000 sf industrial space located at Tins Plaza, Tuen Mun, which was leased at HK$3.2 psf per month.

SELECTED LEASING TRANSACTIONS IN Q3 2006

District	Property	Type	Size (sf)	Tenant
Tai Po	Tai Ping Industrial Park Block A	Industrial	13,970	SKK (HK) Co Ltd
Tuen Mun	Tins Plaza	Industrial	53,000	Edward Keller
Shatin	Meeco Industrial Building	Industrial	12,630	Lion Home Products (Int'l) Ltd
Kwun Tong	No.1 Hung To Road	Industrial	12,610	Blyth Asia Ltd
Kwai Chung	Riley House	Industrial	14,440	Consumer Testing Laboratories (Far East) Ltd

** Closer Economic Partnership Agreement*

PRC-GUANGZHOU

Foreign enterprises continue to establish manufacturing bases and research and development centres in Guangzhou. In July, 3M (Guangzhou) invested US$30 million in a high-tech facility in Guangzhou Development District (GDD) and in August, LG Philips announced that it will invest US$95 million in its LCD factory located in GDD. On 27 September, the Otis Global Escalator Engineering Centre was opened in Baiyun District.

The Nansha Development District has become the focus of industrial investment, with heavy industrial projects including steel mills, shipbuilding, petrochemical plants, and ports opening or under construction.

Recent activities include the opening of the Guangzhou Toyota factory in Nansha, Guangzhou Paper Making Group starting construction of its newsprint production base in July, and the completion of the largest specialty petrochemical dock in the Pearl River Delta on Nansha's Xiaohu Island.

COSCO Pacific and APM Dock Ltd have signed an agreement with Guangzhou Port Group Ltd to construct and manage six deep-water container berths in Nansha Harbour Phase Two. The spate of construction is likely to attract downstream manufacturers to Nansha, further increasing the demand for industrial properties.

SELECTED SALES TRANSACTIONS IN Q3 2006

District	Property	Type	Size (sf)	Price (RMB)
Liwan	Liwan Longxi Avenue plot	Site	506,690	51,270,000
Haizhu	North of Xingang Road East	Site	225,500	2,304,400
Tianhe	GDD - East District Jiebigang Yangmeiling	site	2,029,260	10,956,500

PRC-CHENGDU

As the base of western China's software industry Chengdu's unique resources and cost advantages have made it increasingly attractive to multinational IT and telecommunications enterprises. After only a year in Chengdu the Nokia Research & Development Centre expanded and relocated from Digital Entertainment Software Park to the Tianfu Software Park in the Chengdu South High-Tech Zone. The new centre occupies a land area of 113,000 sf and is set to become one of Nokia's 3G R&D centres. In August, MiTAC International Corporation and SYNNEX Information Technologies signed investment agreements with the Chengdu South High-Tech Zone; both companies will establish wholly foreign-owned companies in Tianfu Software Park. SYNNEX will initially invest US$3.5 million and has leased 32,290 sf of space in Tianfu. The Chengdu subsidiary of NEC (China) has leased over 8,600 sf of space in the same park.

Chengdu has a solid foundation in the aviation precision components industry, and more projects are being established in the Chengdu High-Tech Zone. On 31 August, Sigma Precision Components from the UK officially established their site in Chengdu West High-Tech Zone's Export Processing Zone. Sigma has invested US$5 million in building a 32,290-sf factory that will employ a staff of 120. Production at the factory is expected to commence by the end of 2006.

SELECTED LEASING TRANSACTIONS IN Q3 2006

District	Property	Type	Size (sf)	Tenant
High-Tech Zone (West)	Chengdu Export Processing Zone (West)	Factory	32,290	Sigma Precision Components (Chengdu)
High-Tech Zone (South)	Tianfu Software Park	Office (BPO)	8,600	NEC (China)
High-Tech Zone (South)	Tianfu Software Park	R&D	32,290	SYNNEX
High-Tech Zone (South)	Tianfu Software Park	R&D	113,000	Nokia
Shuangliu	Chengdu Aviation Logistics Zone	Warehouse	107,600	DHL

PHILIPPINES

Activity in most of the country's major industrial parks continued to be mixed, with a limited number of major sales and lease transactions being reported in the third quarter. Lot sales and lease transactions of building space in industrial parks were mainly expansions of existing occupiers.

One of the bright spots for the sector was the approval of the construction of an access road between the Clark Special Economic Zone and the Subic-Tarlac-Clark Expressway, which is under construction and scheduled to open in November 2007. The Bases Conversion and Development Authority has approved the budget of PHP 500 million for the interchange project, which is likely to spur investment in both the zone and the surrounding communities.

Also in the quarter, the Subic Bay Metropolitan Authority signed agreements with 18 companies with combined investments of US$9.6 million, and is presently in discussions concerning a US$1 billion expansion project by a Korean shipbuilder in the Subic Bay Freeport.

Even as industrial parks continue to report increased leasing inquiries from traditional manufacturing companies, some industrial parks and developers are expected to continue to attract high-tech and high-value added occupants such as logistics companies, call centres/BPOs, and IT companies. Meanwhile, exporters are more upbeat about their outlook in spite of fears about the "China factor". The outlook for the sector remains cautiously optimistic.

SELECTED LEASING TRANSACTIONS IN Q3 2006

District	Property	Type	Size (sf)	Tenant
Calamba Premiere	Land	Factory	29,570	Elfyu Property Ventures, Inc International Park
Calamba Premiere	Land	Factory	18,070	Undisclosed
Cebu Light Industrial Park	Land	Warehouse	172,160	Undisclosed
First Cavite	Building	Office	10,760	Best Teamquest Technology Industrial Estate

THAILAND

Industrial land sales in the third quarter were expected to be around 600 rai (10 million sf), a 9% increase q-o-q. Development within the period under review was being driven by small and medium enterprises (SMEs).

The Manufacturing Production Index from January to August 2006 was up 11.4% y-o-y, and the Industrial Capacity Utilisation rates for the automotive and electronics industries (historically the two largest purchasers of serviced industrial land plots) have reached 80%, indicating a possible period of expansion ahead which would in turn imply more demand for land and factories in the near future.

The market for ready-built factories (RBFs), factories built on industrial land for rent or sale, remains strong, and has been less affected by the ongoing political uncertainty than other sectors. Major players such as TICON, Hemaraj, Amata and Pinthong launched more RBFs, driving 30% q-o-q growth in the number of newly completed factories.

The increasing number of net BOI approvals for SMEs, and the drop in foreign investor confidence following the coup tend to support the RBF business since many smaller manufacturers prefer to rent rather than own their factories, and any political uncertainty reinforces this preference.

Amata Corporation, a major Thai developer, expanded two existing industrial estates during the quarter. Amati City, in Chonburi, added 2,100 rai (36 million sf) and the Amata Nakorn Industrial Estate in Rayong added 1,385 rai (24 million sf).

SELECTED LEASING TRANSACTIONS IN Q3 2006

District	Property	Type	Size (sf)	Tenant
Bangkok	Industrial Building	Industrial	37,670	M-ISWACO
Bangkok	Warehouse	Logistics	7,000	Kerry Logistics
Ayutthaya	Industrial Building	Industrial	10,760	IDS Logistics

VIETNAM - HO CHI MINH CITY

The third quarter witnessed strong growth in investment in logistics and steel production. In early July, UK-based P&O Ports, one of the world's largest shipping companies, received approval to enter into a JV partnership with Tan Thuan Industrial Promotion Co (also the investor in the Hiep Phuoc Industrial Park) to develop a container port in HCMC's Nha Be District. In addition, the joint venture between SSA Holding International Vietnam of the US and Saigon Port has received approval to develop a container terminal in Vung Tau Province. The 6.5 million-sf port will be able to accommodate ships of 50,000-80,000 DWT, and have the capacity to handle 1.35 million TEUs a year. Saigon Port has also submitted proposals to the Ministry of Planning and Investment concerning JV ports with Maersk A/S and the Port of Singapore Authority.

Mitsui O.S.K Lines is implementing a large-scale investment plan in Vietnam that includes shipping services, crew recruitment and training, warehouse construction, ship repair and logistics services.

The world's leading steel groups have been actively investing in large-scale projects in Vietnam. The government recently granted Tycool Worldwide Steel a licence permitting it to invest in a US$1 billion project with an output capacity of five million tons a year in Quang Ngai Province. Phase one, a steel billet refinery with an output capacity of three million tons per year, will involve US$556 million in investment capital. Also this quarter, Korea's Fosco, the world's fourth largest steel group, announced a steel mill project with an output capacity of three million tons per year in Vung Tau City.

SELECTED LEASING TRANSACTIONS IN Q3 2006

District	Property	Type	Size (sf)	Tenant
Quang Ngai	Dung Quat Industrial Park	Industrial	48,437,600	Tycool Worldwide Steel
Quang Ngai	Dung Quat Economic Zone	Logistics	3,444,450	Gemadept
Vung Tau	Cai Mep Port	Logistics	6,517,550	SSA Holding
Nha Be	Hiep Phuoc Industrial Park	Logistics	4,305,560	P&O
Binh Duong	My Phuoc Industrial Park	Industrial	4,305,560	Kumho Tyres
Long An	Tan Duc Industrial Park	Industrial	5,382,000	Milky US

VIETNAM - HANOI

The average occupancy rate in Hanoi's four centralised industrial parks, North Thang Long, Noi Bai, Hanoi-Dai Tu and Sai Dong B was 91% in the third quarter. In September, there were 95 projects with a total registered investment capital of US$1.3 billion in these parks.

North Thang Long's second phase, completed in 2005, is almost fully occupied. The third phase, expected to come on stream in the second quarter of 2007, will add 89 hectares of leasable space to the market. All tenants operating in North Thang Long industrial parks are Japanese enterprises.

In addition to the centralised industrial parks, Hanoi also has 18 industrial zones designated for small and medium enterprises, covering a total of 555 hectares.

The Hanoi municipal authority expects that local industrial production will attract 37% of total FDI in Hanoi in 2006, and it has thus concentrated on developing the technical infrastructure in Hanoi's industrial parks and processing zones in order to meet investors' demand and requirements.

Mercedes-Benz has completed construction of its management office in Hanoi-Dai Tu Industrial Park , and its factory will be operational by the end of the year. In June the Japanese stationery manufacturer Sigra Vietnam Co Ltd also signed a lease to build a workshop in Hanoi-Dai Tu Industrial Park.

Looking ahead, the South Thang Long and Sai Dong A industrial parks are under construction, and the municipal authority is developing two others, Soc Son and Dong Anh. The 230-hectare Soc Son project was approved in August 2003. Hanoi Construction and Investment Corporation, the project developer, is now working on site clearance and construction is scheduled to start soon. The 300-hectare Dong Anh project is still in the planning stage.

SELECTED LEASING TRANSACTIONS IN Q3 2006

District	Property	Type	Size (sf)	Tenant
Long Bien	Hanoi - Dai Tu Industrial Park	Stationery manufacturer	n.a.	Sigra Vietnam Co Ltd
Long Bien	Hanoi - Dai Tu Industrial Park	Auto body and automobile assembly factory	n.a.	Mercedes - Benz Vietnam Co Ltd

FOR ADDITIONAL INFORMATION, PLEASE FEEL FREE TO CONTACT:

GREATER CHINA			
Beijing	Fabian Poh	(86) 10 5820 9288	fabian.poh@cbre.com.cn
Shanghai	Andrew Hatherley	(86) 21 2401 1200	andrew.hatherley@cbre.com.cn
Guangzhou	Alvin Lau	(86) 20 2883 9200	alvin.lau@cbre.com.cn
Chengdu	Loh Siang Huei	(86) 28 8667 0022	sianghuei.loh@cbre.com.cn
Hong Kong	Roy Chan	(852) 2820 2800	roy.chan@cbre.com.hk
NORTH ASIA			
Japan	Ben Duncan	(81) 3 6230 1188	ben.duncan@cbre.co.jp
SOUTH & SOUTHEAST ASIA			
Singapore	Bernard Goh	(65) 6224 8181	bernard.goh@cbre.com.sg
Philippines	Trent Frankum	(632) 752 2580	trent.frankum@cbre.com
Thailand	James Pitchon	(66) 2654 1111	james.pitchon@cbre.com
Vietnam	Marc Townsend	(848) 824 6125	marc.townsend@cbre.com

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 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 10 districts throughout the Hong Kong Special Administrative Region, with Kwun Tong, Cheung Sha Wan, Shum Shui Po, Kwai Tsing and Sha Tin, accounting for 80% of the total space.

Factory

This category comprises flatted factories and ancillary office accommodations. It includes flatted factory space with planning permission for industrial/office use for which government lease modification has not yet been completed. 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 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 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 Science Park, International Business Park, Changi Business Park and Biopolis.

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

Q3 2006

Hong Kong
34/F Central Plaza
18 Harbour Road, Wanchai
Hong Kong
Telephone: (852) 2820 2800
Facsimile: (852) 2810 0830

Suite 2109-12, 21/F
Sun Life Tower, The Gateway
15 Canton Road, Tsimshatsui
Kowloon, Hong Kong
Telephone: (852) 2820 8100
Facsimile: (852) 2521 9517

Beijing
People's Republic of China
Suite 1203-1205, 12/F
Beijing Fortune Plaza, Tower A
7 Dong San Huan Zhong Road
Chaoyang District, Beijing 100020
People's Republic of China
Telephone: (86) 10 5820 9288
Facsimile: (86) 10 5820 9088/9188

Shanghai
People's Republic of China
Suite 3201, 3203-3206
32F, K. Wah Center
1010 Huai Hai Middle Road
Shanghai 200031
People's Republic of China
Telephone: (86) 21 2401 1200
Facsimile: (86) 21 5403 7519

Guangzhou
People's Republic of China
Suite 1401-1402, Guangzhou
International Electronics Tower
403 Huanshi Road East
Guangzhou 510095
People's Republic of China
Telephone: (86) 20 2883 9200
Facsimile: (86) 20 2883 9248

Chengdu
People's Republic of China
Suite 2906, Building A, Times Plaza
No. 2, Zong Fu Road
Chengdu 610016
People's Republic of China
Telephone: (86) 28 8667 0022
Facsimile: (86) 28 8667 2121

Tianjin
People's Republic of China
Room 903, Office Tower A
The Exchange
189 Nanjing Road
Heping District, Tianjin 300051
People's Republic of China
Telephone: (86) 22 8319 2178
Facsimile: (86) 22 8319 2180

Taipei, Taiwan
7/F Cosmos Building
134 Sec. 3
Minsheng East Road
Taipei, Taiwan
Telephone: (886) 2 2713 2266
Facsimile: (886) 2 2712 3065

Singapore
6 Battery Road, #32-01
Singapore 049909
Telephone: (65) 6224 8181
Facsimile: (65) 6225 1987

Tokyo, Japan
5/F, Shuwa Daiichi
Hamamatsucho Bldg
2-2-12 Hamamatsucho
Minato-ku
Tokyo 105-0013, Japan

28/F, Izumi Garden Tower
1-6-1 Roppongi, Minato-Ku
Toyko 106-6028, Japan
Telephone: (81) 3 6230 1188
Facsimile: (81) 3 6230 1177

Seoul, Korea
12/F, SC First Bank Building
100 Kongpyung Dong
Jongro-ku, Seoul
Korea 110-702
Telephone: (822) 2170 5800
Facsimile: (822) 2170 5899

New Delhi, India
Ground Floor
4 Parliament Street
Press Trust of India Building
New Delhi 110 001, India
Telephone: (91) 11 4239 0200
Facsimile: (91) 11 2331 7670

Mumbai, India
9A, 2nd Floor
Laxmi Tower, C-25, G Block
Bandra Kurla Complex
Bandra (E)
Mumbai 400 051, India
Telephone: (91) 22 2652 7628/7665
Facsimile: (91) 22 2652 7655

Bangalore, India
3rd Floor, The Hulkul
81/37, Lavelle Road
Bangalore 560 001, India
Telephone: (91) 80 5112 1240-49
Facsimile: (91) 80 5112 1239

Chennai (Madras), India
2C&D, Gee Gee Emerald
151 Village Road, Nungambakkam
Chennai 600 034, India
Telephone: (91) 44 2821 4599
Facsimile: (91) 44 2821 4607

Hyderabad, India
Eden Garden 8-2-595/3/5
Road No. 10, Banjara Hills
Hyderabad 500 034, India
Telephone: (91) 40 2335 8887
Facsimile: (91) 40 2335 8886

Pune, India
CB Richard Ellis South Asia Pvt. Limited
Row House No. 33, Hermes Heritage
Phase I, Nagar Road
Shashtri Nagar, Pune 411006, India
Telephone: (91) 20 2661 6733
Facsimile: (91) 20 2661 6734

Jakarta, Indonesia
7th Floor, Permata Bank Tower I
Jalan Jenderal Sudirman Kav. 27
Jakarta 12920, Indonesia
Telephone: (62) 21 523 7337
Facsimile: (62) 21 523 7227

Manila, Philippines
Suite 1003-1005
10/F Ayala Tower One &
Exchange Plaza, Ayala Avenue
1226 Makati City, Philippines
Telephone: (632) 752 2580
Facsimile: (632) 752 2571

Bangkok, Thailand
46/F, CRC Tower
All Seasons Place, 87/2 Wireless Road
Lumpini, Pathumwan
Bangkok 10330, Thailand
Telephone: (66) 2 654 1111
Facsimile: (66) 2 685 3300-1

Phuket, Thailand
12/9 Moo 4, Thepkrasattri Road Koh Kaew,
Amphur Muang
Phuket 83000, Thailand
Telephone: (66) 76 239 967
Facsimile: (66) 76 239 970

Hanoi, Vietnam
Unit 12A, Vincom City Tower
191 Ba Trieu Street
Hanoi, Vietnam
Telephone: (844) 220 0220
Facsimile: (844) 220 0210

Ho Chi Minh City, Vietnam
Unit 1301, Me Linh Point Tower
2 Ngo Duc Ke Street, District 1
Ho Chi Minh City, Vietnam
Telephone: (848) 824 6125
Facsimile: (848) 823 8418

11, Thao Dien, An Phu
District 2, Ho Chi Minh City Vietnam
Telephone: (848) 744 2621/22
Facsimile: (848) 744 2620

CB RICHARD ELLIS