The report discusses the potential Chinese mainland businesses to enter Hong Kong market due to the GBA development, and identifies three emerging office hubs in Kowloon that have greater potential to reap the benefits.

Knight Frank

Greater Bay Area Development – Emerging Office Hubs in Kowloon set to reap the benefits

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PREFACE

The Greater Bay Area (GBA) is a key strategic region in China's national development blueprint, whose aim is to build a globally competitive metropolis by 2035 by connecting the two SARs of Hong Kong and Macau and Guangdong's nine municipalities. Since the GBA concept was unveiled, the GBA region has undergone rapid development, particularly in infrastructure and transportation network enhancement, which has substantially facilitated the free flow of people, logistics and business activity. Meanwhile, Hong Kong's strategic positioning as a super connector that bridges the Chinese mainland and global markets has been strengthened in recent years, especially through capital flows improvement and deepening financial cooperation between the Chinese mainland, Hong Kong and Macau. This paper discusses the potential Chinese mainland businesses to enter the Hong Kong market due to the GBA development, and identifies three emerging office hubs in Kowloon – (1) Kai Tak Development Node, (2) Cheung Sha Wan - Lai Chi Kok and (3) CBD1.5-XRL Station – that have great potential to reap the benefits brought by the development of the GBA.

CBD1.5-XRL Station refers to the emerging office hub consisting of the West Kowloon Cultural District (WKCD) and the XRL topside commercial development.

LATEST DEVELOPMENTS IN THE GBA

Since the GBA concept was unveiled, the GBA region has undergone rapid development, particularly in infrastructure and transportation network enhancement. Key new infrastructure completed within GBA in recent years include: the completion of The Hong Kong Section of the Guangzhou–Shenzhen–Hong Kong Express Rail Link, the opening of the Hong Kong–Zuhai–Macau Bridge, the relaxation of the Hong Kong–Guangdong cross-boundary vehicle quota, the commencement of the new land boundary control point between Hong Kong and Shenzhen – the Liantang/Heung Yuen Wai Boundary Control Point, etc (Exhibit 1).

Meanwhile, as an international financial centre and the world's largest offshore RMB business hub, Hong Kong provides professional services to help Chinese mainland enterprises to "go global". With government's supporting policies in various aspects to boost regional cooperation and integration within GBA, the pull factors to attract Chinese companies to locate in Hong Kong keep getting stronger.

In particular, Chapter Six of the Outline Development Plan for GBA issued by the Central government in February 2019 highlights the goal to build a globally competitive modern industrial system, mainly covering finance, professional services and real estate sectors. One of the key themes that stands out in this chapter of the Outline Development Plan is the Chinese government's commitment to improve access to financial markets throughout the GBA. This shows a commitment to improving capital flows throughout the region, which will potentially encourage more Chinese mainland companies to expand their footprints to Hong Kong, and access to international capital markets through setting up offices in Hong Kong.

Most recently, the launch the Cross boundary Wealth Management Connect Pilot Scheme ("Cross-boundary WMC") in 2021 to promote financial opening and deepen the financial cooperation between the Chinese mainland, Hong Kong and Macau is a breakthrough jointly taken forward by the governments. An important feature of the scheme is that it allows eligible Chinese mainland, Hong Kong and Macau residents in the GBA to invest in wealth management products distributed by banks in each other's market. The Cross-boundary WMC will create new business opportunities for the financial and professional services sectors in the three places, facilitate cross-boundary investment and circulation of capitals.

Amid the sweeping changes in the global political, economic and social landscape, brought on by the China–U.S. trade conflict and the COVID-19 pandemic, China's economy has been significantly disrupted. Nonetheless, given the solid economic fundamentals in the GBA and the support measures from the Chinese government to cut red tape, encourage start-ups and facilitate the movement of talent, huge opportunities remain for businesses in the GBA region to find relevance and new ways to develop international trade, as well as the domestic market.

While Hong Kong has faced the issue of excessive uniformity in its industrial structure in the past decade, the GBA can help generate new areas of growth for the Hong Kong economy and foster the diversified development of the economy and industry.

Exibit 1. Key transportation infrastructure within GBA completed in recent years

POTENTIAL MAINLAND BUSINESSES TO ENTER HONG KONG MARKET

With improving capital flows throughout the GBA region, the Banking & Finance sector, as well as the Insurance industry have been revisiting their business footprints within the GBA. Apart from these sectors, we have identified four new potential Chinese mainland businesses to come to the Hong Kong market. These potential businesses are generated from reference from our in-house data, interviews from landlords, as well as information from tenants and agency practitioners.

Exibit 2. Potential Chinese mainland businesses to enter Hong Kong market

Biochemicals

The Outline Development Plan for the Guangdong-Hong Kong-Macau Greater Bay Area calls for the closer cooperation in quality medical and health resources within the GBA. This has fostered the growth of biomedical industry including biomedicine, high-end medical equipment and DNA genetic testing in the area.

Among the GBA cities, Shenzhen has a strong biomedical development foundation, a total of five specialised parks including Pingshan National Biological Industry Base and Baguang International Bio Valley were established. Shenzhen is home to 21 publicly listed biotech companies in 2021. Many leading AI enterprises such as Tencent Healthcare and Ping An Technology's Smart Healthcare are expanding their footprints in biomedical sector, using AI and medical technology to improve screening and diagnosis. Hong Kong has a pool of biotech talents with strong R&D capabilities, reputable medical-service system and have obtained the certification of the relevant supervisory institutions in countries and regions. As such, Hong Kong can strengthen the clinical collaboration and research exchanges with foreign partners and international scientific institutes, by playing an intermediary role between Chinese mainland and overseas countries in medical technology applications and medical data. An example of GBA biochemicals companies entering the Hong Kong market is Cenova Capital, who have invested in a new office in H Zentre in Tsim Sha Tsui. Landlords are also focused on this sector. K&K Property, with its development at 21 Ashley Road, is positioned specifically for medical and biomedical tenants. In addition, Kailong Group has also partnered with EC Healthcare to develop a medical building in Cameron Road, demonstrating the growing demand for medical real estate in Hong Kong.

Family office

The latest rollout of the Cross-boundary WMC has enticed more wealthy individuals and family offices from Chinese mainland to establish operations in Hong Kong. Given Hong Kong's unique advantages with abundant supply of professional services and talent, Hong Kong is a good fit for family office businesses. Is it expected that Hong Kong will draw higher interest from Chinese mainland family offices and financial companies with family office businesses following the launch of the Cross-boundary WMC, and become a family office hub within the GBA, serving Chinese mainland and the rest of the world.

According to the report published by the investment group Hurun, the number of ultra-high-net-worth households (UHNWHs) with US$30 million in Shenzhen and Guangzhou recorded 3,900 households and 2,840 households in 2021 respectively. The two major GBA cities' growing rate of UHNWHs reached 6.3% and 4.8% respectively, suppressing the overall growing rate of 2.8% in China.

Nonetheless, the concept of family office in Chinese mainland and Asia Pacific is still relatively new. Wealth managed by private banks in Asia only accounting for about 5% of the assets managed, compared with 40% in the US and 26% in Europe, according to the data from the Family Office Association Hong Kong. The new Cross-boundary WMC will further consolidate Hong Kong's status as an offshore RMB centre and boost the city's importance in the GBA development blueprint.

TMT

GBA initiatives have driven rapid growth in the Technology, media and telecom (TMT) sector, leading to a strong leasing demand and absorption in Grade A office markets in key cities such as Shenzhen and Guangzhou in the past few years. In Hong Kong, the TMT sector was also the most active sector for the dual listing application in 2021, according to Ernst & Young. A total of 114 companies TMT sectors turned to Hong Kong for a dual listing following a US initial public offering, representing more than half of such companies.

TMT companies got strong leasing demand to support Guangzhou and Shenzhen markets. In terms of the leased area, the TMT sector was the largest tenant sector over 2021, occupying 24% of the overall leasing market in Guangzhou. Meanwhile, the sector remains the pillar of the Shenzhen office leasing market, over 50% of the new letting transactions were from TMT companies in 2022 Q1. Several TMT companies were expanding their footprints in Houhai Nanshan District, for instance Einstein Technology leased 3,400 sqm while OPPO rented 4,000 sqm in recent quarters. In Hong Kong, Tencent expanded to take whole of 37/F in Gateway Tower 5 in Tsim Sha Tsui in 2021; and Honor Information Technology expanded in K11 Atelier Tsim Sha Tsui for about 5,000 sq ft in 2022.

Emerging and high-growth Chinese companies

With the rapid development of GBA, we expect some new and emerging industries which have fast potential growth will treat Hong Kong as a springboard for them to propel into the global arena. Given Hong Kong's strategic position and strengths, many Chinese start-ups and companies from the new industries may target to seek IPO or dual listing in Hong Kong, and set up offices in the city in order to quicken their pace of going global. For instance, Bilibili, a Nasdaq-listed short video platform based in Shanghai, expects to convert its secondary listing status in Hong Kong into a dual primary listing by Q3 in 2022. The company was listed in Hong Kong in March 2021 through a secondary listing. Other examples include, Taikang Insurance took up 39/F of Gateway Tower 5 in Tsim Sha Tsui in 2022; OneConnect (Ping An's new setup as a virtual bank) also leased 31,500 sq ft in NEO in 2020.

As a blooming industry in Chinese mainland, the livestreaming industry is an example of high-growth industry which has strong potential to enter the Hong Kong market. During the Singles' Day online shopping festival, the total gross merchandise value (GMV) of China's e-commerce platforms hit a record of RMB965 billion in 2021, among which the livestreaming sales accounted for 14% and reached RMB131.9 billion, surging 81% YoY, according to data provider Syntun. Recently, ByteDance has changed the name of its subsidiary from ByteDance (HK) to Douyin Group (HK), showing the company's consideration to spin off the unit for a separate listing in Hong Kong.

The burgeoning "designer toy" industry is also another emerging industry. The concept of designer toys and blind box toys are gaining popularity in China market, especially among Generation Z who are more willing to spend for a better consumer experience. Total number of designer toy companies in China reached 27,000 in 2021, experiencing the annual growth rate of 42.6%. Around 4,000 designer toy companies were gathered in Guangdong, and 90% of the designer toys are manufactured in GBA cities. According to MobTech, a data intelligence technology platform, China's blind box market will exceed RMB30 billion by 2024. Pop Mart, one of the major players in the market, recorded 50% revenue growth over 2019 despite the pandemic disruptions. It raised US$674 million through an initial public offering in Hong Kong in 2020. The company has quicken the pace of going global since its IPO in Hong Kong, with stores opening in South and Southeast Asia, US and Europe, etc.

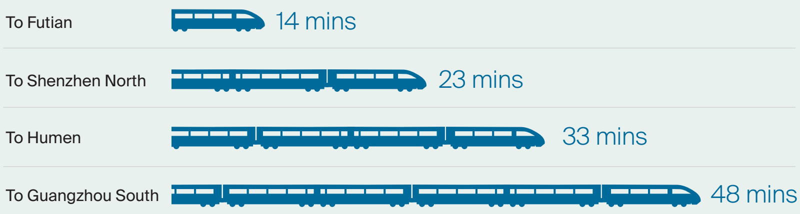
SMALL RENTAL GAP BETWEEN GBA LEADING CITIES AND KOWLOON

Apart from the high accessibility from GBA cities to Kowloon by XRL, we believe the small rental gap between the leading GBA cities and Kowloon is a pull factor to attract GBA companies to choose Kowloon when they expand their footprints to the Hong Kong market, or via Hong Kong to the international markets. Currently, the average rents for Grade A offices in Guangzhou and Shenzhen are the highest among GBA mainland cities, averaging HK$17–20 (US$2.2–2.5) per sq ft and HK$18–55 (US$2.3–7) per sq ft on net effective basis. The average rents in the other GBA mainland cities are much lower, ranging from only HK$2 to HK$15 (US$0.3–1.9) per sq ft.

The average rent for Grade A offices in Hong Kong is much higher than most of the GBA mainland cities, except for Guangzhou and Shenzhen. The bulk of office Grade A office buildings on Hong Kong Island attract a far higher rental tone then Kowloon. Central Premium Grade A rents are at an average of HK$135 (US$17.2) while traditional rents are at the level of HK$104 (US$13.2). Rents for Grade A offices in Wanchai are at HK$54 (US$6.9) while the rents of Taikoo, in the East of Hong Kong Island record HK$51 (US$6.5). In general, Wong Chuk Hang is the only area on Hong Kong Island offering Grade A office space at below HK$30 (US$3.8) per sq ft. Kowloon has more areas offering Grade A office space at below HK$30 (US$3.8) per sq ft, including Cheung Sha Wan–Lai Chi Kok, Kowloon Bay, Kwun Tong and Kwai Chung–Tsuen Wan. These areas currently have similar average office rents to those in Guangzhou and Shenzhen. Key examples of Grade A buildings in Kowloon with rent below HK$30 per sq ft net include Manulife Financial Centre, AIA Financial Centre, Harbourfront and The Octagon.

With the Guangzhou–Shenzhen–Hong Kong Express Rail Link (XRL) now directly connecting various business districts in Guangzhou and Shenzhen to West Kowloon within 48 minutes, some enterprises headquartered in GBA cities on the Chinese mainland see this as an opportunity to expand their business to Hong Kong. The XRL also significantly shortens the travel time between the GBA cities in the Chinese mainland and other business areas in Kowloon. The impact will become more noticeable when the border reopens.

Exhibit 3. Travel time from West Kowloon



The Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) has brought attention primarily to Kowloon, and together with a competitive rent positioning, Kowloon market becomes a spotlight for many new entries from Chinese mainland.

Patrick Mak
Executive Director, Head of Kowloon Office Strategy & Solutions & Head of Tenant Representation, Greater China

Table 1. Rental gap between GBA leading cities an Hong Kong

City	Grade A Office Average Rents (HK$ / sq ft / month, net effective)	(US$ / sq ft / month, net effective)
Guangzhou	HK$17-20	US$2.2–2.5
Shenzhen	HK$18-55	US$2.3–7
Dongguan	HK$5-9	US$0.6–1.1
Zhuhai	HK$5-15	US$0.6–1.9
Zhongshan	HK$2-5	US$0.3–0.6
Zhaoqing	HK$2-5	US$0.3–0.6
Foshan	HK$3-5	US$0.4–0.6
Jiangmen	HK$3-5	US$0.4–0.6
Huizhou	HK$5-10	US$0.6–1.3
Kowloon Premium Grade A	**HK$88-107**	**US$11.2-13.6**
Kowloon Grade A	**HK$40-45**	**US$5.1-5.7**
Kowloon Grade B	**HK$22-36**	**US$2.8-4.6**

KEY AREAS OF KOWLOON OFFICE MARKET

In the past couple of years, given the relatively smaller rental gap between key GBA cities and Kowloon, we have seen a rising leasing demand from Chinese mainland enterprises in key areas of Kowloon office markets, such as Tsim Sha Tsui and CBD2.

Tsim Sha Tsui

Total number of Grade A office supply in Tsim Sha Tsui was 11.3 million sq ft in 2022, accounting for 13.2% of the overall Grade A office space in Hong Kong. Major Grade A office buildings in the area include Gateway Towers, One Peking and K11 Atelier, the net effective rent ranging from HK$33–95 (US$4.2–12.1) per sq ft. Due to the location advantage, Tsim Sha Tsui already attracted several sizable Chinese mainland enterprises to start their footprints in the area, for instance, Huawei rented 75,000 sq ft in Gateway Tower 6 and China Unicom occupied 30,000 sq ft in Gateway Tower 1. Unlike other business areas, as Tsim Sha Tsui is also one of the core shopping districts in Hong Kong, instead of providing prime office spaces, more landlords are converting office properties into semi-retail or Ginza-style towers, targeting tenants from F&B and medical sectors in order to achieve a higher occupancy.

CBD2

In the 2011-12 Policy Address, the Chief Executive announced the transformation of Kowloon East into an additional attractive CBD to sustain Hong Kong's economic development. This initiative was reiterated in the 2017 Policy Agenda, the Energizing Kowloon East initiative was extended to San Po Kong, with particular focus on enhancing connectivity, improving the environment and diversified development. In 2022, a total of 19.8 million sq ft of Grade A office was in Kowloon East, taking up 13.2% of the overall Grade A office space in Hong Kong. Millennium City, Landmark East, Manulife Financial Centre and Enterprise Square.

With the larger floor plate offered and the affordable net effective rent ranging from HK$20–37 (US$2.5–4.7) per sq ft, more tenants are relocated from Hong Kong Island for the purpose of cost-saving and business consolidation, the CBD2 becomes a preferable alternative for multi-national and Chinese mainland companies seeking for office optimization or setting up their regional offices in Hong Kong. For example, the financial institution China Merchant Securities relocated from Exchange Square in Central to a 37,500 sq ft office in AIRSIDE while the UK insurance company Bupa consolidated their business in Quarry Bay and Kowloon Bay by leasing 90,000 sq ft in Kwun Tong, for an office upgrade.

MARKETS TO WATCH

We foresee more office leasing demands in Hong Kong will be generated along with GBA's latest development, as GBA companies tend to be:

More cost-sensitive. Instead of locating in CBD, we expect these companies to look for quality office buildings in non-core areas, given a smaller rental gap between these non-core areas and the leading GBA cities.

Looking for locations directly connected to the GBA mainland. In view of opportunities in Hong Kong, and particularly in Kowloon peninsula where it connects to GBA physically.

Emerging districts. Emerging office hubs with high quality office buildings are set to have high potential to be the chosen office destinations.

Kai Tak Development Node

Cheung Sha Wan–Lai Chi Kok

CBD1.5-XRL Station

Kai Tak Development Node

Following the relocation of the airport to Chek Lap Kok in 1998, the government made a huge effort to investigate the best alternative use of the previous airport site in Kai Tak, as it was one of largest new development areas in the city centre. Spanning a total planning area of over 320 hectares, the Kai Tak Development Node is expected to be an integrated development area, comprising housing, community facilities, commercial space and tourism facilities. It is also planned to be a key component of CBD2 in Hong Kong in 2028.

Currently, there are about 850 commercial establishments employing about 8,500 workers in the Kai Tak new development area. Most of them are in the import/export, wholesale and retail sectors, according to the Census and Statistics Department. There is limited Grade A office space in the area, as most of the existing Grade A office buildings in Kowloon Bay are right outside the development node, including the Enterprise Square towers, Skyline Tower, Neo and The Quayside.

The tenant mix for the Grade A offices in the surrounding area has become more diversified in recent years. There were fewer than 10 establishments in the finance and insurance sector a decade ago, but this has increased to about 600 establishments now. The number of professional services establishments has also increased from about 80 to about 800 in 10 years. Notable office tenants in these Grade A office buildings in the surrounding area include government departments, Link REIT, Adidas, JP Morgan Chase, BUPA and FTLife Insurance.

Notable features of the Kai Tak Development Node

With the commencement of the Shatin to Central Link (SCL), Kai Tak Development Node will be directly connected from Kai Tak MTR Station to Hung Hom MTR Station, which is also connected to various cities in GBA via the Intercity Through Train. Nanfung's landmark office development AIRSIDE is scheduled to open in 2022, bringing a total of 1.2 million sq ft Grade A office GFA to the area. Apart from AIRSIDE, there will be about another 472,000 sq ft office GFA provided by Lifestyle International and New World-Far East Consortium by 2025, China Light and Power Company is expected to relocate its headquarters to the commercial portion of the project upon completion. Over a longer term, there could be another 2.2 million sq ft commercial GFA being available on the ex-airport runway, subject to the amendments of the Kai Tak Outline Zoning Plan. Facilities-wise, the completion of Kai Tak Sports Park by 2023 will bring the largest sports venue in Hong Kong to the Kai Tak Development Node.

Office markets	Kai Tak Development Node
Characteristics	• As the only new development area in the city centre • Part of CBD2 (2028) • Close proximity to several tourism attractions e.g. Kai Tak Sports Stadium, Cruise Terminal etc.
Existing office rents (net effective)	HK$36-48 (US$4.6–6.1) per sq ft
Estimated office rents in 2035 (Net effective)	HK$62-85 (US$7.9–10.8) per sq ft
Planning stage	Implementation phase
Time to maturity	5-10 years

There is still a big room to grow in CBD 2. With Kai Tak area joining the plan, infrastructure becomes more mature and businesses can have a well developed alternative choice in Hong Kong for business accommodation.

Steve Ng
Senior Director
Kowloon Office Strategy & Solutions

Cheung Sha Wan – Lai Chi Kok

Like Kowloon East CBD2, Cheung Sha Wan–Lai Chi Kok area was once an industrial area. With the deindustrialization of Hong Kong and the move northward of the industrial area in the 1980s, some old industrial buildings in the area became the ancillary offices for mainland factories in Hong Kong, while others were converted into self-storage warehouses, industrial warehouses, and wholesale fashion outlets.

According to the Census and Statistics Department, there are currently about 14,900 commercial establishments in the Cheung Sha Wan–Lai Chi Kok area, with about 103,700 employees. Compared to 10 years ago, these two figures have increased by more than 22% and 18%, respectively. Today, the commercial activity in the area involves mainly the import/export, wholesale and retail sectors, which account for 55% of all commercial establishments in Cheung Sha Wan, down from 69% a decade ago. The professional services sector has grown the most in the past decade, becoming the second-largest industry in Cheung Sha Wan. The area has about 1,400 professional services organizations, more than double that a decade ago.

Organizations from other industries have also moved into the area in recent years. Some of the better-known organizations include Dairy Farm Group, the School of Professional and Continuing Education of The University of Hong Kong (HKU SPACE), K-Mart, UPS, etc.

> **The upcoming new Grade A offices by New World Development in Cheung Sha Wan will transform the area into a preferred location in western Kowloon, in particularly for businesses who look to capture GBA opportunities and enjoy an easy access to the container terminals and airport.**

Murphy Chung
Director
Kowloon Office Strategy & Solutions

Notable features of the Cheung Sha Wan–Lai Chi Kok area

Although the existing Grade A office cluster scale for the Cheung Sha Wan-Lai Chi Kok area stands at 1.3 million sq ft of GFA, it will expand to 2.8 million sq ft by 2025. The upcoming notable new supply will be led by New World Development's PORTAS and Wing Hong Street Development, together provide a total Grade A office GFA of over 1.3 million sq ft, emerging to be one of the largest Grade A office clusters in western Kowloon. As most of the major pipeline projects are close to completion, the area would be the first to mature among the emerging Kowloon office sub-markets and will be the first available for new demand from GBA. Recently, 888 Lai Chi Kok Road has made a success and have been pre-sold or pre-leased with good response before the building was officially completed, showing the huge potential of the area.

Office markets	Cheung Sha Wan – Lai Chi Kok
Characteristics	• Quick transformation in recent years with a new variety of economic activity • Well connected to GBA via infrastructure • Renewed regional positioning and new gathering hub for young generation
Existing office rents (net effective)	HK$32-40 (US$4.1–5.1) per sq ft
Estimated office rents in 2035 (Net effective)	HK$55-68 (US$7–8.7) per sq ft
Planning stage	Transformation phase
Time to maturity	< 5 years

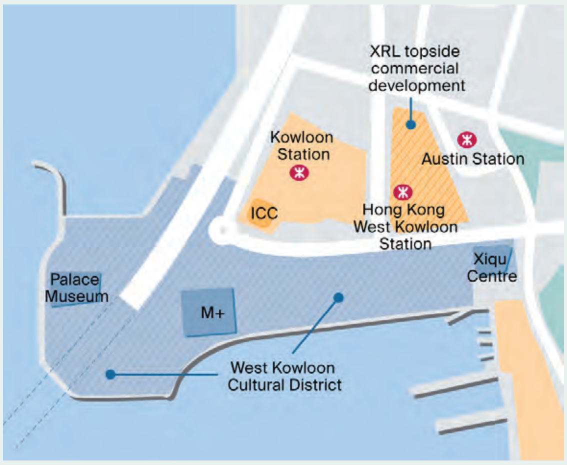
CBD1.5-XRL Station

Announced as one of the 10 major infrastructure projects in the 2007-2008 Policy Address, the West Kowloon Cultural District (WKCD), upon completion, is positioned as a 40-hectare world-class integrated cultural zone, with a mix of retail, dining and entertainment facilities, performing art venues, cultural attractions, offices, hotels, and public open space of 23 hectares.

The WKCD is within walking distance of the XRL West Kowloon station. It is also located in close proximity to Kowloon Station topside developments, including Elements, the International Commerce Centre (ICC) and the upcoming commercial development owned by Sun Hung Kai Properties. In 2020, Ping An Life has agreed to pay HK$11.27 billion for 30% of the office portion of such development, showing that this area will be of huge market attention upon the project completion.

According to the Census and Statistics Department, there are currently over 600 commercial establishments in the CBD1.5-XRL Station, a 50% increase from fewer than 400 a decade ago. It has also led to a significant jump in terms of the size of the labour force working in the area, from about 6,600 10 years ago to 12,300 now, an increase of 86%. Among office tenants, the finance and insurance sector is the largest sector of all commercial establishments currently in the CBD1.5, with 160 establishments employing close to 7,000 workers, compared to only 70 establishments and 3,300 workers a decade ago. The number of professional organizations, the second largest sector in the area, has also increased significantly by 125%, from 40 to 90 establishments during the same period.

Notable office tenants in the CBD1.5-XRL Station include Morgan Stanley, Deutsche Bank, ABN AMRO, CITIC Bank and China Renaiss .

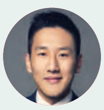


Notable features of the CBD1.5-XRL Station

As CBD1.5-XRL Station is a new developed area, most of the office tenants are gathered at ICC, which supplies a total Grade A office GFA of 2.5 million sq ft. Over the next five years, there will be more Grade A office completion in the area, including the XRL topside commercial development by Sun Hung Kai Properties and the office components in WKCD by the WKCD Authority, combine to provide a total office GFA of 2.9 million sq ft. Given the established transport infrastructure in place with the expected commencement date by 2028, the XRL topside project is expected to transform the office market in TST after five years. Being an extension of Central with close proximity to Tsim Sha Tsui, the WKCD area together with ICC and the XRL topside project will become the "CBD1.5-XRL Station", an important up-and-coming office hub in Hong Kong.

Office markets	CBD1.5-XRL Station
Characteristics	• Located in close proximity to the matured TST district • Directly connected to GBA via XRL and rail connecting to HKIA • Strategic position in HK for tourism and culture
Estimated existing office rents (net effective)	HK$85-107 (US$10.8–13.6) per sq ft
Estimated office rents in 2035 (net effective)	HK$164-208 (US$20.9–26.5) per sq ft
Planning stage	Conceptual phase
Time to maturity	10-15 years

With a lack of new land supply in the central part of Kowloon, CBD1.5-XRL Station area is surely a guaranteed future attention with its unique location, massive scale, special positioning and its proximity to the XRL station.



Remus Yu
Director
Kowloon Office Strategy & Solutions

CONCLUSION

Supported by strong connectivity with the extensive transport network, we believed that the three emerging office hubs that we discussed above - Kai Tak Development Node, Cheung Sha Wan - Lai Chi Kok and CBD1.5-XRL Station will further strengthen their unique positioning as up-and-coming commercial hubs in Hong Kong. While occupiers are looking for space that meets the needs of the future, these areas should become their top priority. On top of that, if occupiers are looking for opportunities to invest for the future, these emerging business hubs will serve the purpose with the largest amount of potentials.
Looking ahead, GBA will continue to gather momentums to develop into a world-class city cluster, and we expect that leasing demand from Chinese Enterprises to rebound and keep rising upon the reopening of the border.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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