

PROPERTY

Long wait for investors in Kowloon East project

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"So given the circumstances, who would move to Kowloon East? If the government did not want to move its headquarters there, why would other firms do so?" Sun said.

The city government said it would move 11 departments to Kowloon East in 2014.

Sun warned that the lack of convenient transportation, hotels and infrastructure did not make Kowloon East an attractive spot for investors.

Agents, however, said the government's plan to transform the area into a new CBD could stimulate the industrial investment and leasing sectors.

"We have received enquiries from investors who are interested in buying whole office floors or industrial buildings in Kwun Tong and Kowloon Bay since the government announcement last Wednesday," said Isaac Wai, senior marketing manager at Ricacorp Properties' commercial, industrial and retail department.

He said investors had begun "treasure-hunting" for industrial buildings in San Po Kong in Kowloon, where rental prices were cheaper than other areas.

Compared with prevailing transaction prices of HK\$6,000 to HK\$8,000 per sq ft for new buildings or buildings less than 10 years old, prices in San Po Kong were around HK\$4,000 per sq ft.

"Investors believe they can achieve a greater upside potential," said Wai, who forecast transaction volumes of industrial buildings in the Kowloon area to increase by 10 per cent in coming months.

He also said rents for grade-A offices in Kwun Tong and Kowloon Bay would edge up by as much as 15 per cent over the same period. Rental prices for prime Kwun Tong and Kowloon Bay office spaces average HK\$30 per sq ft, compared with HK\$60 per sq ft in Central.

"Rents at Kwun Tong and Kowloon Bay will catch up with Causeway Bay in coming years as the infrastructure in Kowloon East is improved," Wai said.

expanding into the mainland. Photo: SCMP Pictures

market share will bring the US\$470 (Motel 168, and prising 45,669 deal to be final-arter of this year. ter of this year, he budget hotels barged average nt to, or below, night. But Hans-the overall qual-ave been there, may be brand-awful." s of continued ist and business and will see the

company building budget hotels in second- and third-tier cities such as Chongqing, Dalian and Kunming, and Hansing expects the first hotel deal will be announced by the end of the first or second quarter of next year. With hotel investment, cash flow was very important, he said.

The company is looking for an investment return of 20 per cent on capital deployed.

In view of the growing hospitality industry, design firm Blink Design Group also plans to expand into China, opening its first mainland office in Shanghai. The company plans a rapid expansion into the high-end resort sectors. It has provid-

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The number of budget hotels market leader Home Inns operates on the mainland

ed designs for Conrad and Double Tree properties in Sanya, with work in progress on Regent Sanya, the Westin, and Le Meridien in Xishuangbanna and Marriott Xiangshui Bay. The company has designed hotels, resorts, restaurants, clubs, spas and homes for global brands.