



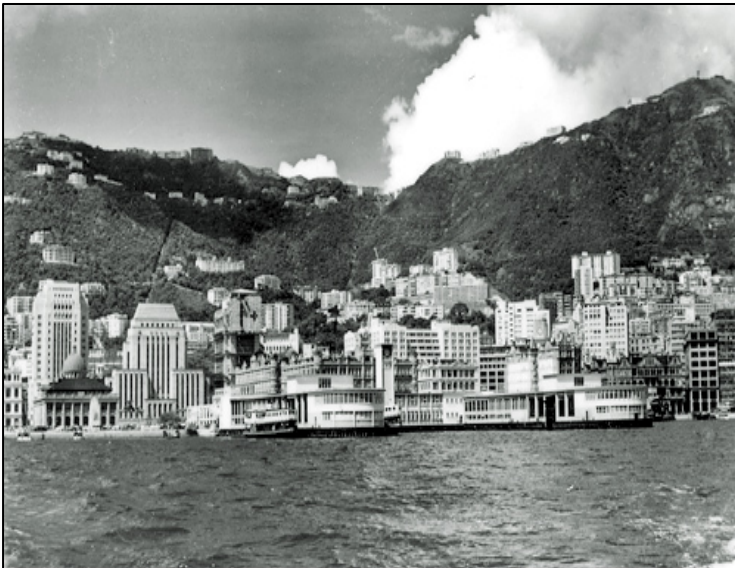
MTR - A Catalyst for Satellite Office Hubs

Thomas Ho
Property Director, MTR Corporation
12 March 2011

Driving Forces for New Office Hubs

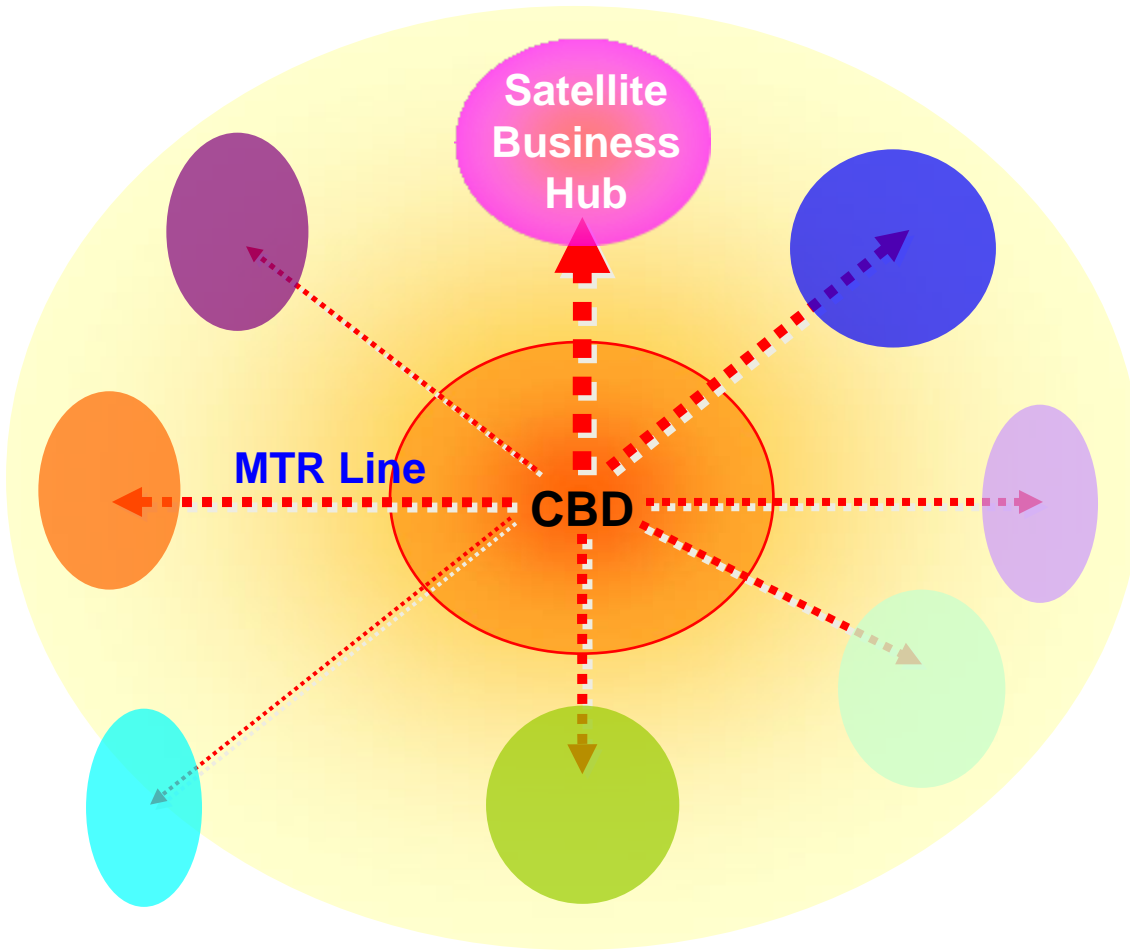


Growth of CBD



CBD has not moved but its functions upgraded

Satellite Business Hubs Created by Economic Force



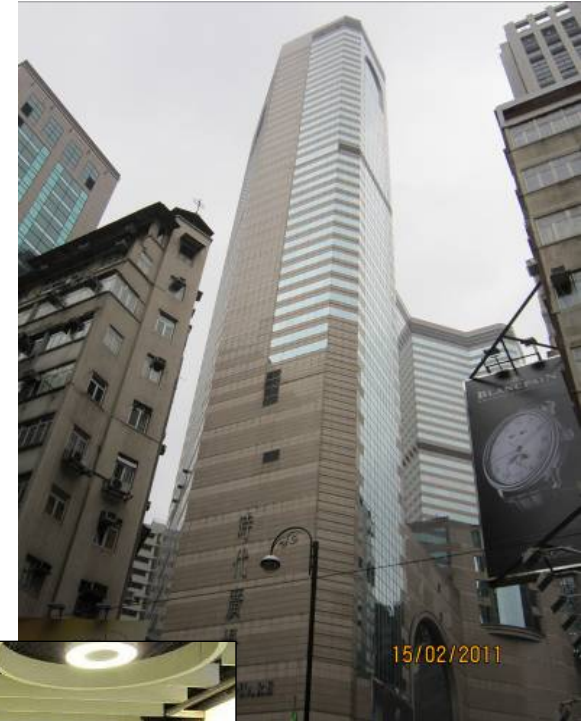
- CBD as the nucleus
- Some business functions leave CBD
- Satellite hubs rely on CBD to survive
- Distance from CBD determines the trades
- MTR as critical link

MTR as a Catalyst

- Quick access to CBD
- Highly reliable service
- Affordable transportation costs
- Attracts investment for office development at locations with potential

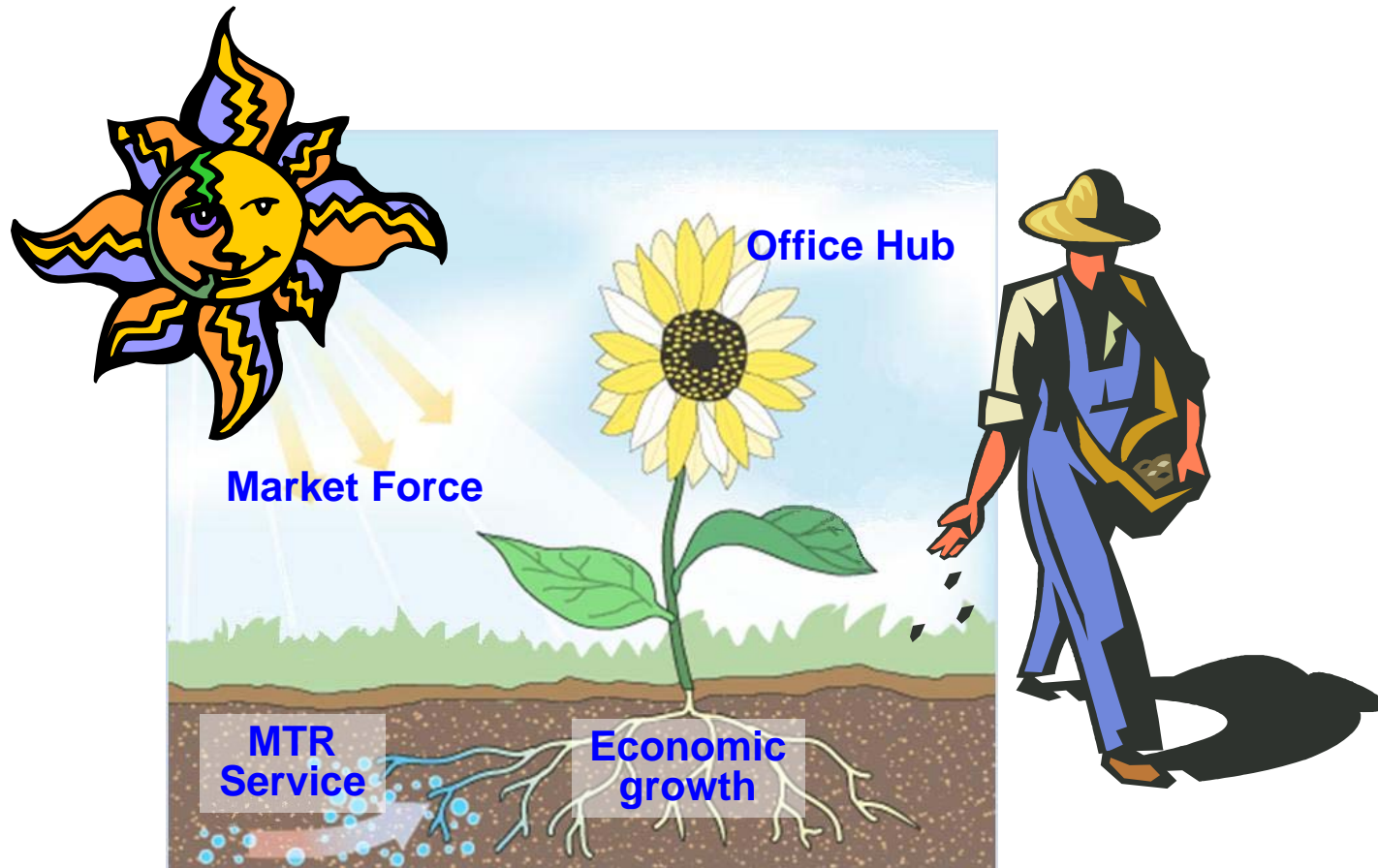


Importance of the Last Mile



Causeway Bay
– Times Square

Need Someone to Sow the Seeds



Deliberate Efforts at IFC and ICC

- New railway drives the extension of the Central CBD
- Iconic building with specially designed trading floors at IFC attracts top financial institutions
- ICC – 3 minutes from Central CBD and attractive super-quality 118-storey landmark building



Hong Kong Station

Office GFA: 254,000m²



Kowloon Station

Office GFA: 231,000m²



Deliberate Efforts at IFC and ICC

Two IFC

Office Tower



Hong Kong Station

Kowloon Station



In town
Check-in
Facilities

Retail

Railway
station

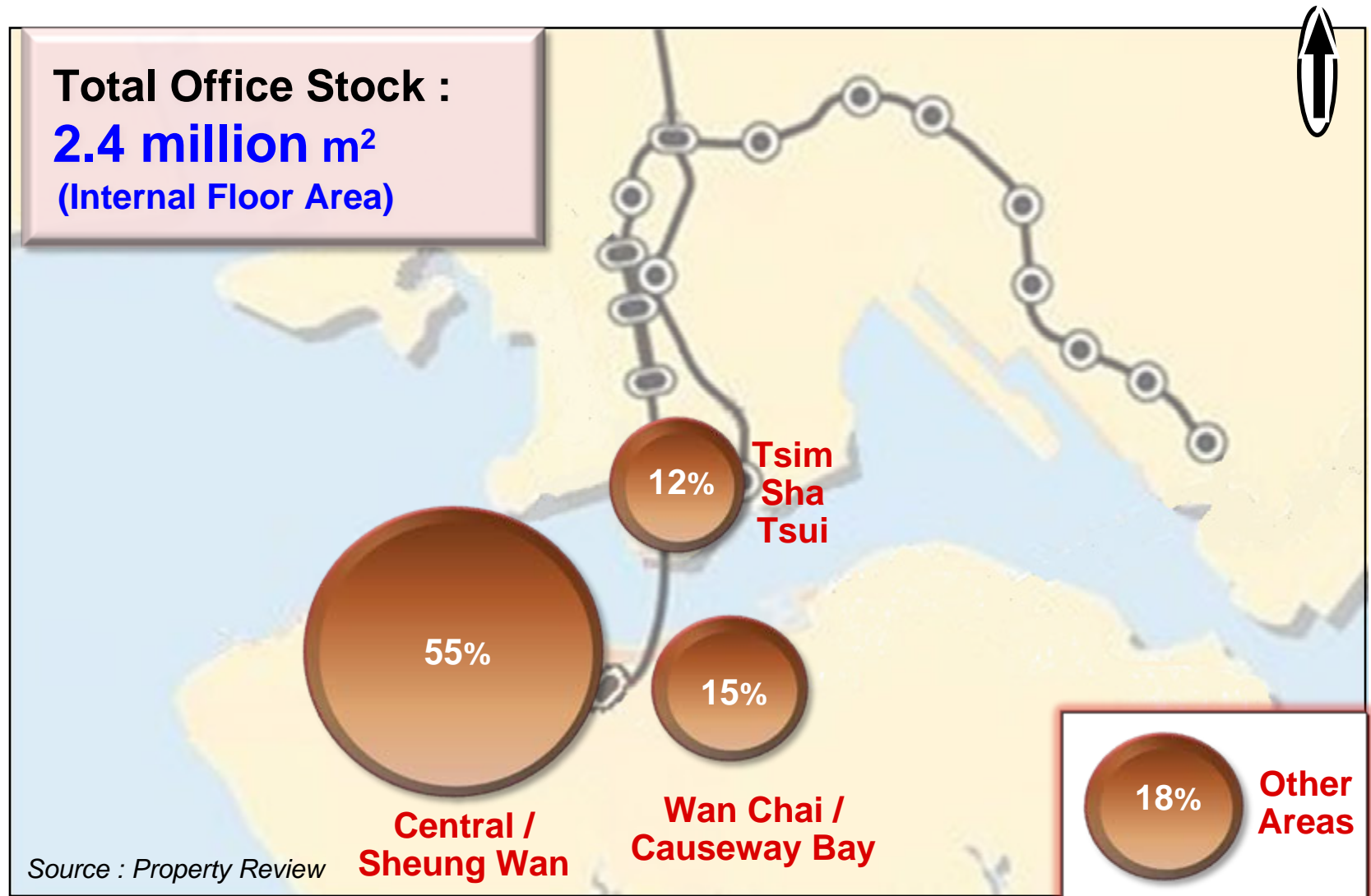
Carpark



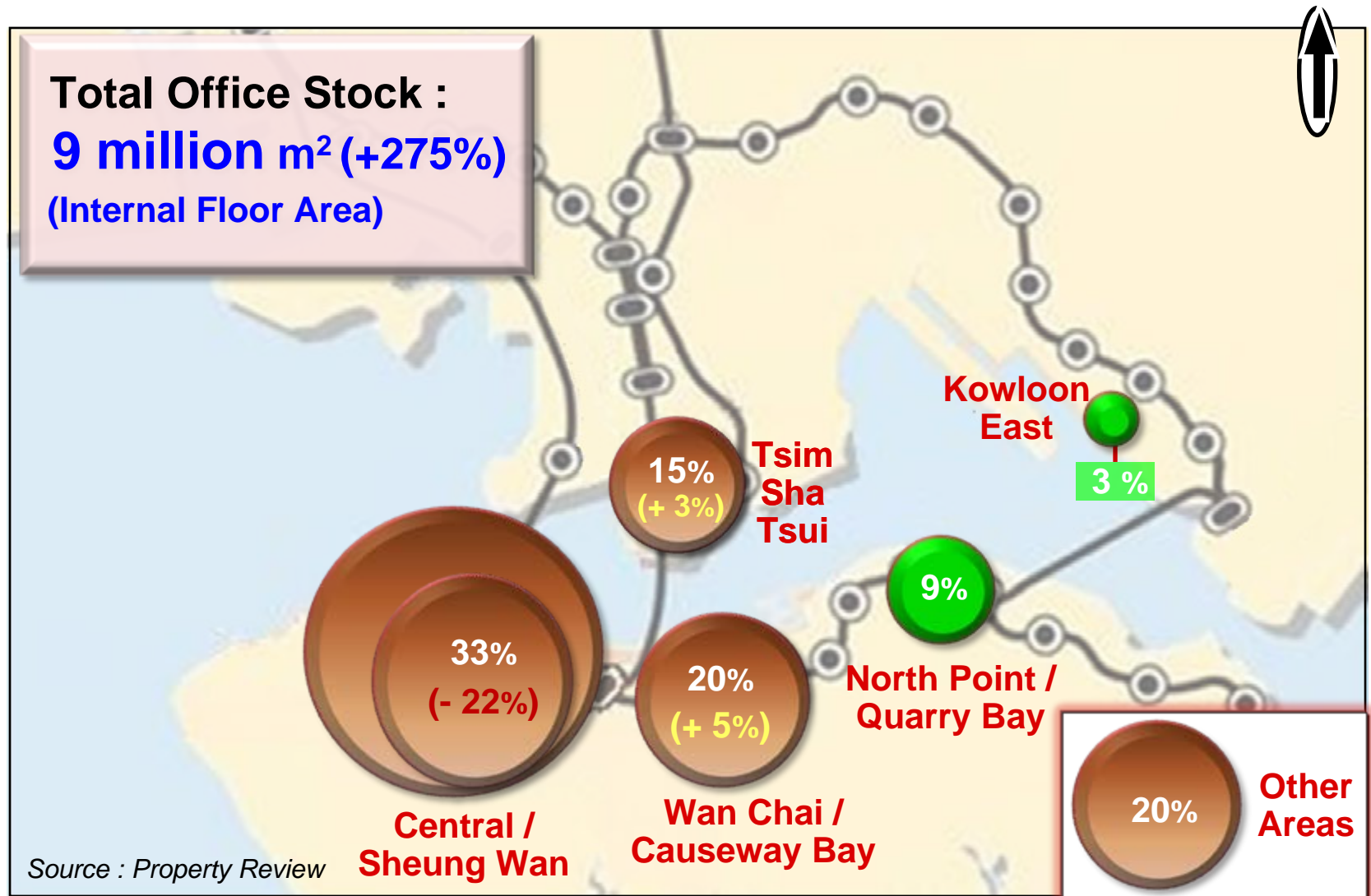
How has MTR helped in the past?



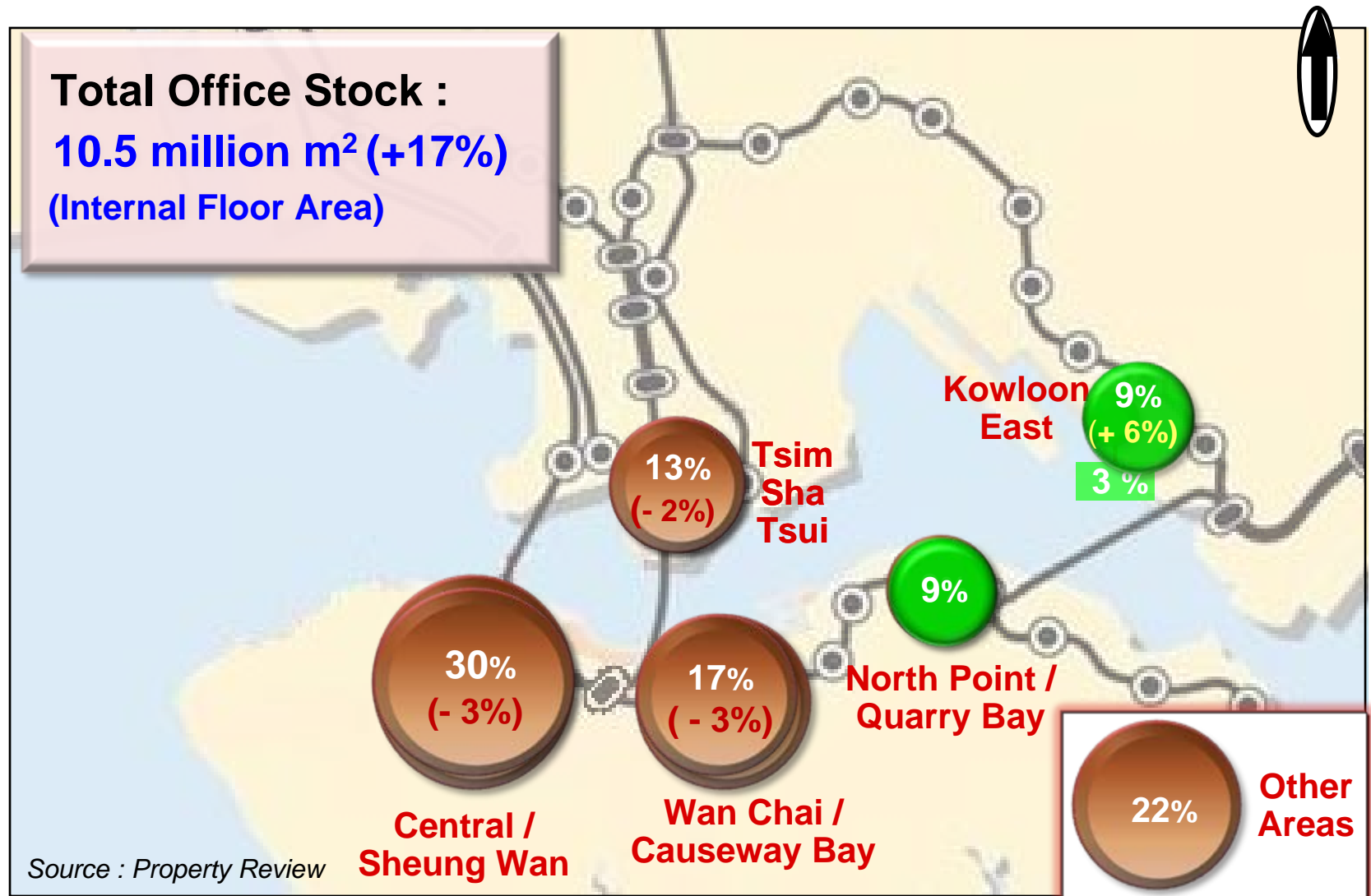
1980 – 3 Office Hubs



2000 – 2 New Hubs Along MTR Lines



2009 – Further Growth of Satellite Hubs



What is ahead of us?



Sustained Economic Growth

- GDP annual growth (2006-2010):
Hong Kong **3.8%** v World **2.2%**

(Source: C&SD, IMF)



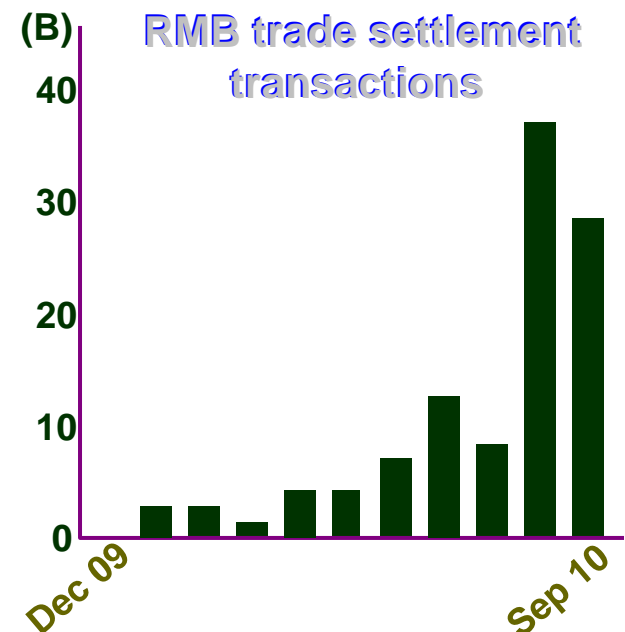
- Regional headquarters
increased 33%
from 2003 to 2010

(Source: C&SD)



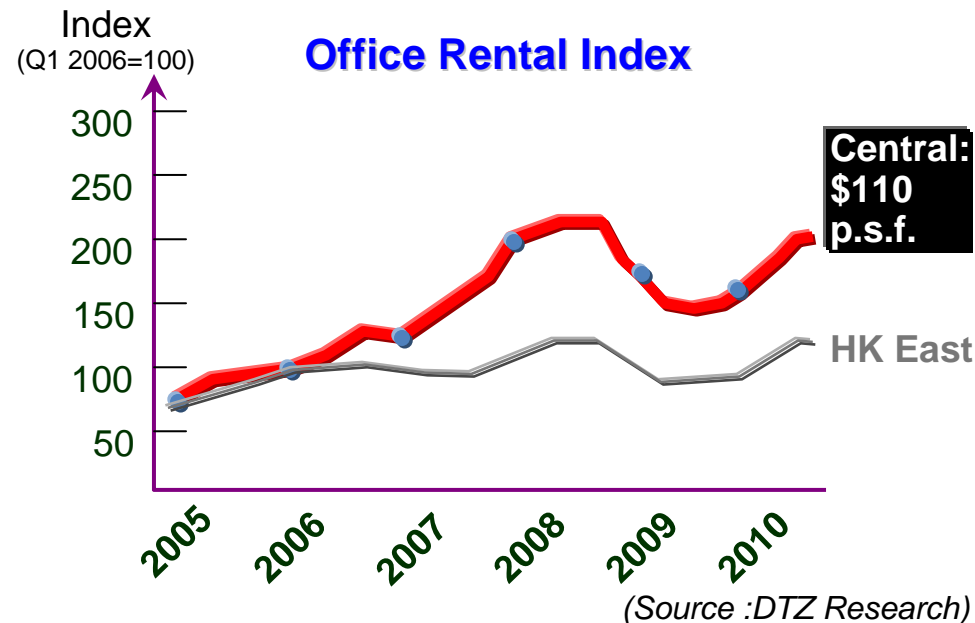
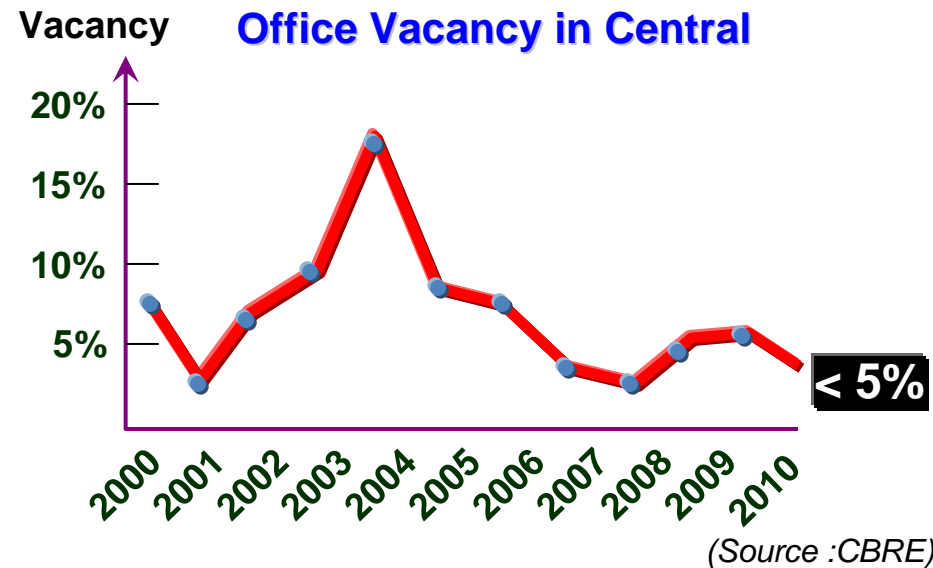
New Growth Engines

- Individual Visit Scheme
 - **HK\$16.1 billion** in value-added & created **over 50,000** jobs in 2009
(Source: FS's Office)
- Offshore RMB Centre
 - RMB trade settlement transactions soared since 2010
(Source: FSTB)
- Hong Kong established as Asset Management Centre
 - Assets under management **US\$ 1 trillion in 2009, 45% increase** over 2008
(Source: FSTB)



Great Demand and Short Supply in CBD

- Low vacancy & high rent in CBD
- Companies competing for limited office space in CBD
- Further office decentralisation from CBD



How can MTR help?

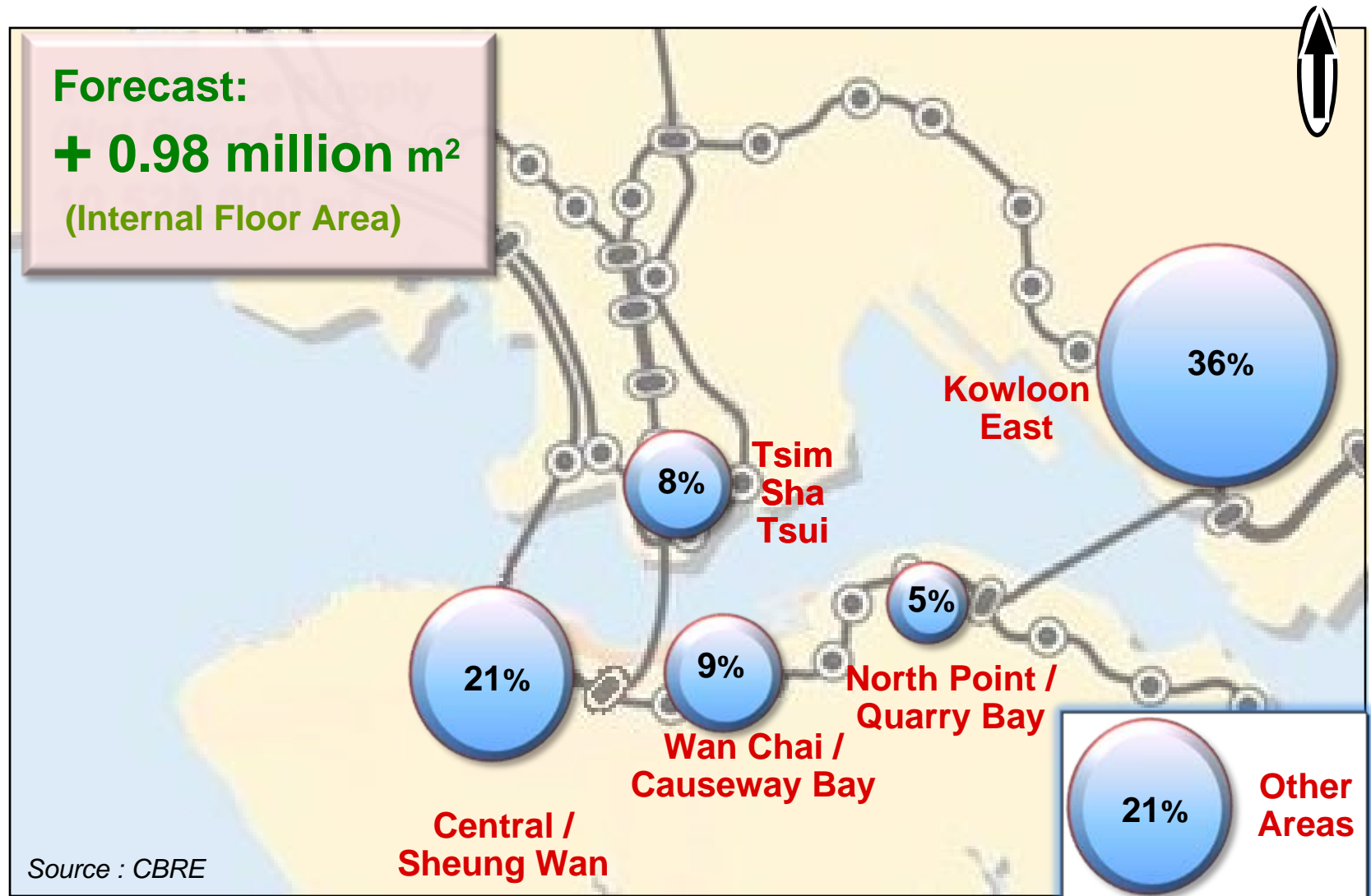
-Existing Lines

-New Lines

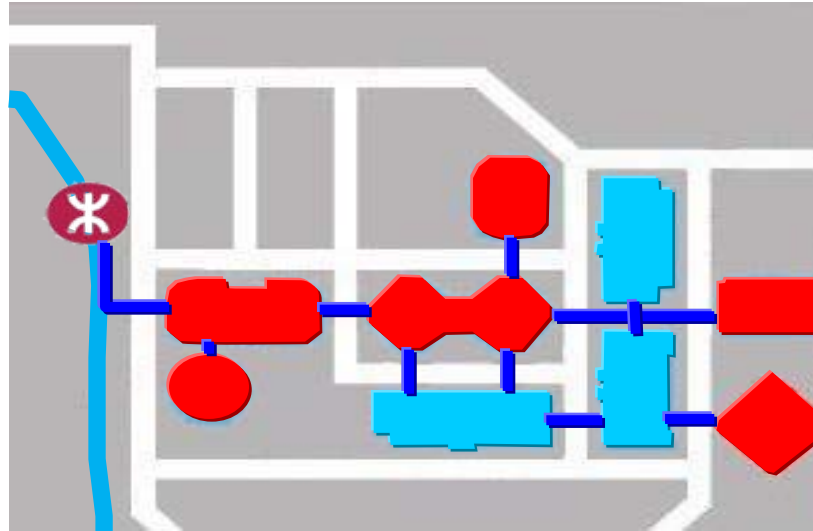
New Office Supply Along Existing MTR Lines



Grade A Office Supply in Next 5 Years



Quarry Bay – Further Growth



Warwick House

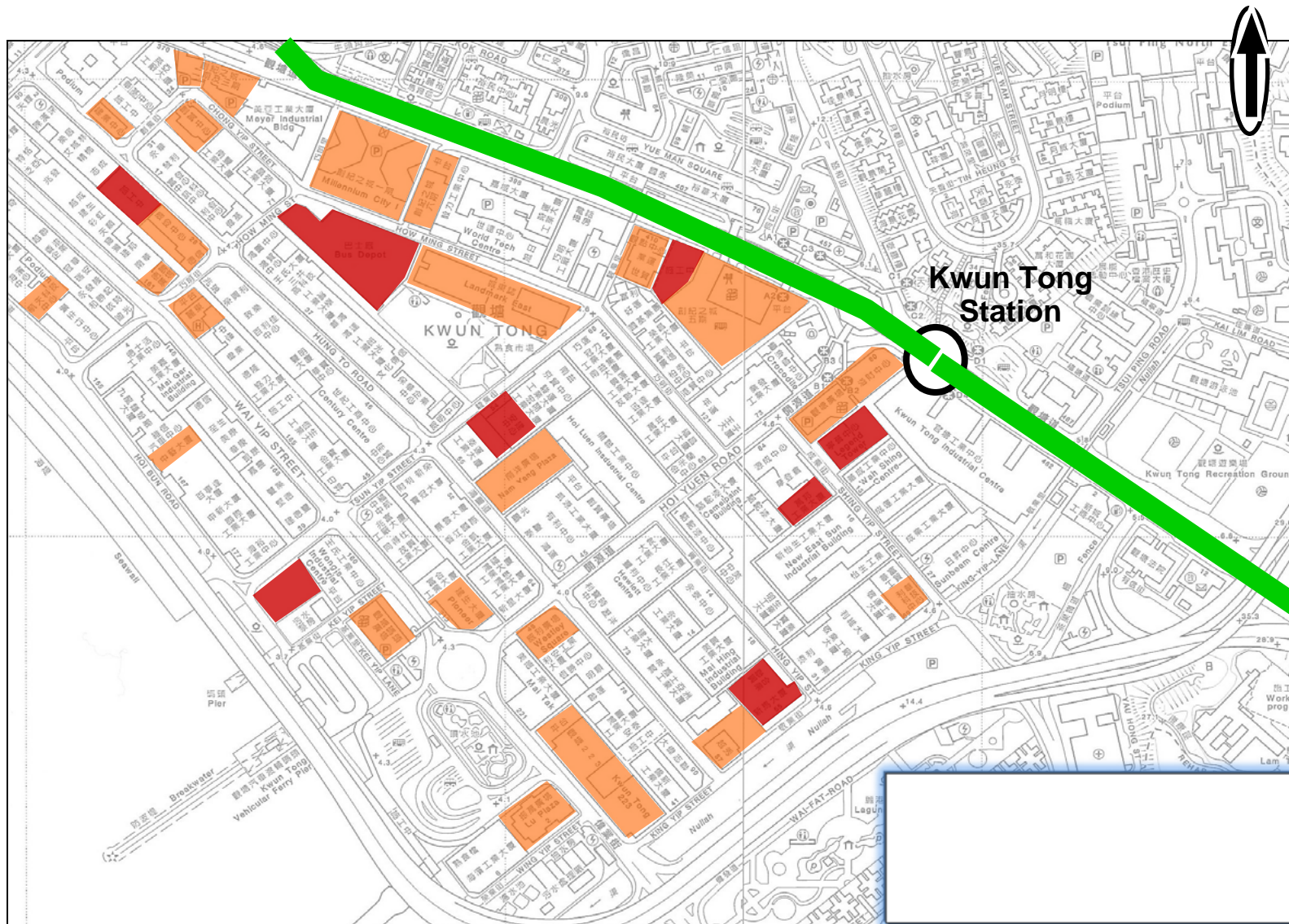


Cornwall House



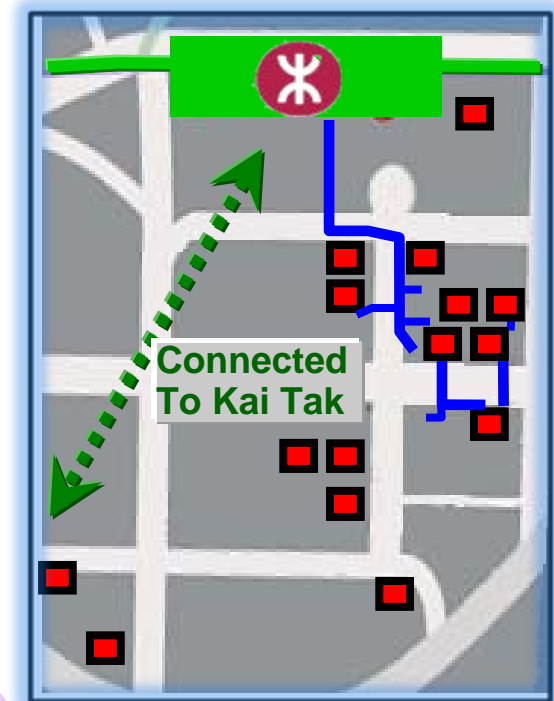
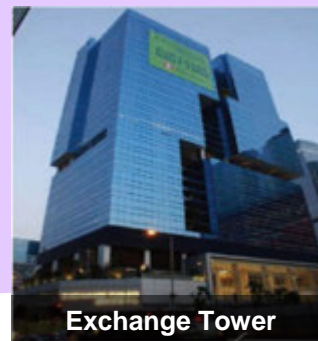
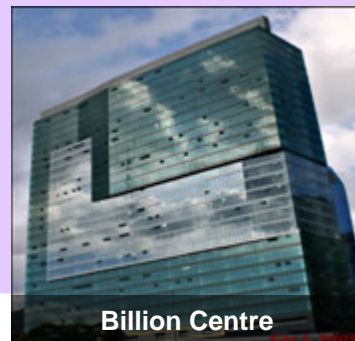
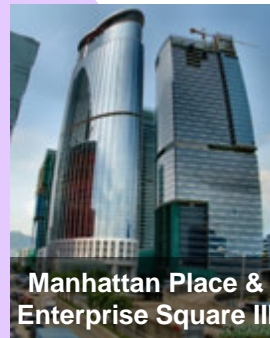
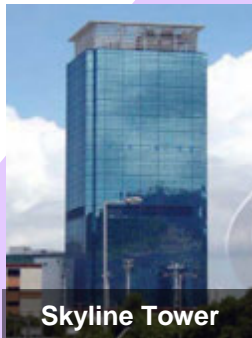
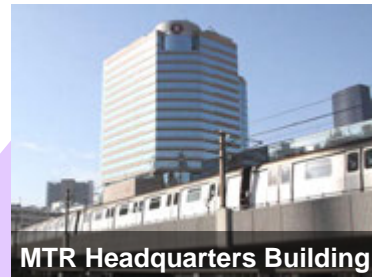
Somerset House

Kwun Tong – Further Growth



Kowloon Bay – Further Growth by Improved MTR Connectivity

Kowloon Bay Station



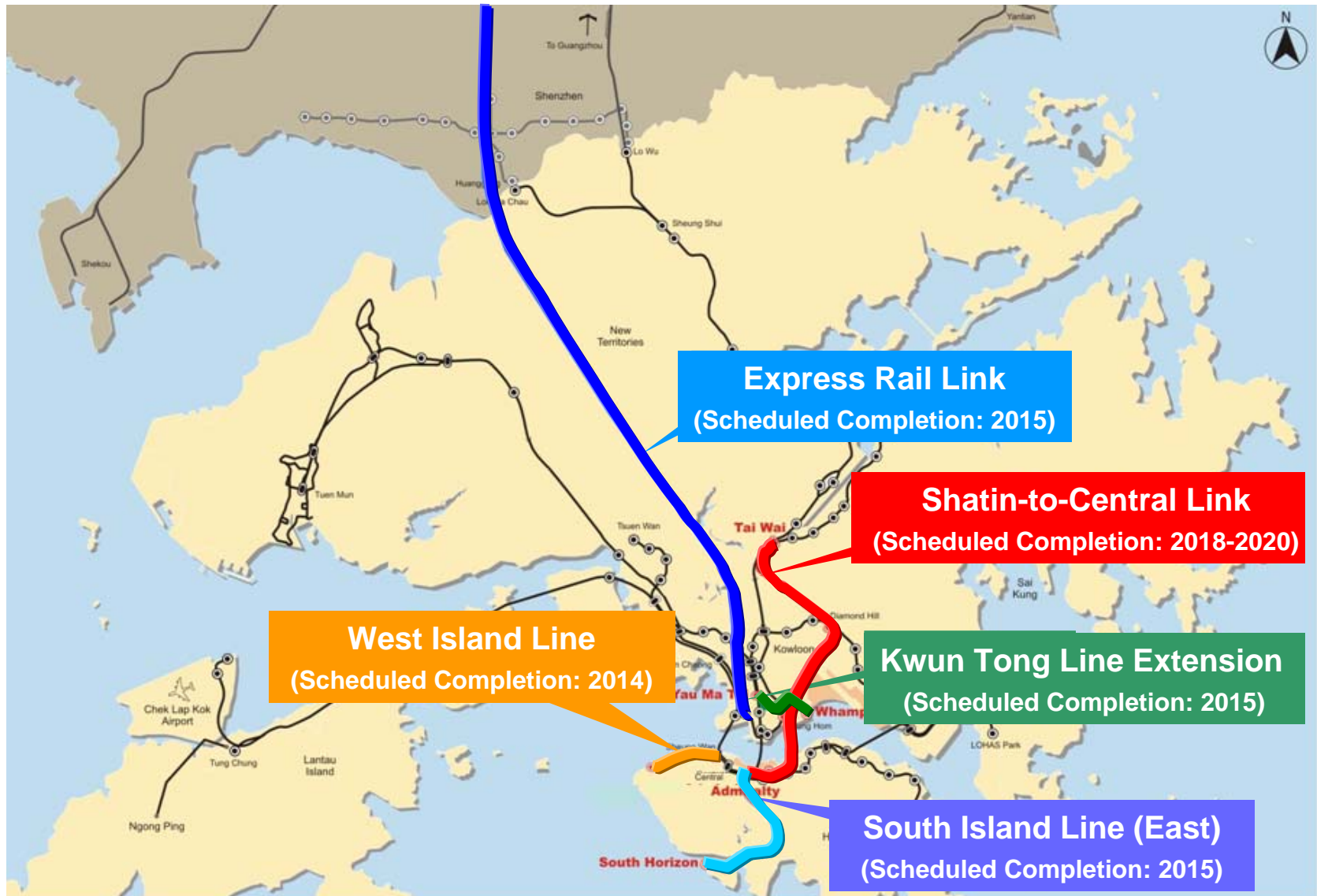
New elevated
walkways

Environmentally
Friendly Transport
System (under study)

Potential Office Hubs Along New MTR Lines

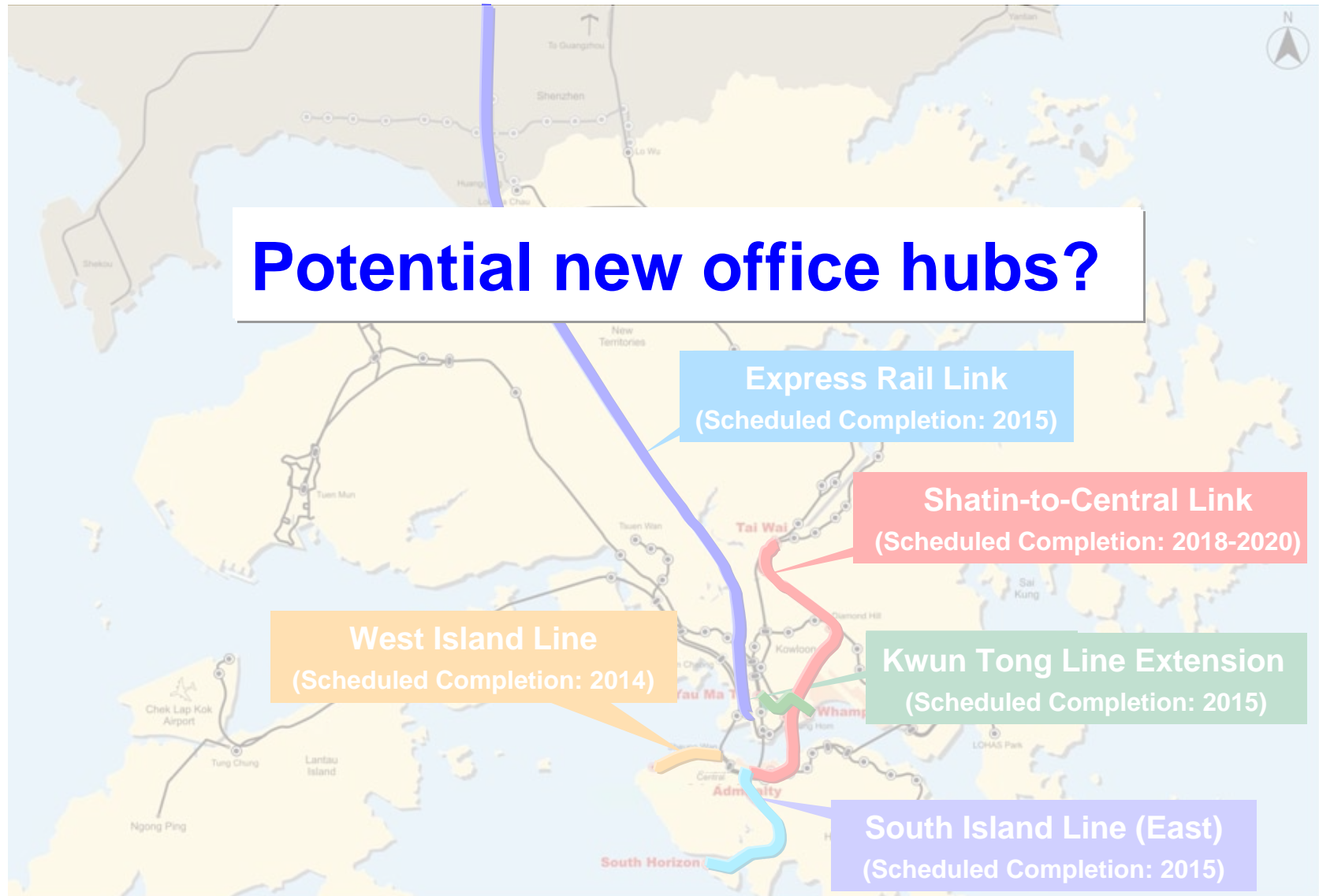


New Railway Lines



New Railway Lines

Potential new office hubs?



South Island Line (East) – Wong Chuk Hang

- 10 minutes to Admiralty
- Catalysts by Government – area improvements; pedestrian connections
- Incentives for development as a construction professional office hub?



Express Rail Link – West Kowloon



- Transport hub of 3 railway lines and 3 minutes to Central CBD
- ICC as a magnet with critical mass of over 0.5 million m²
- Specialised trades related to finance, China trade and cultural / creative industries
- Quality of offices above XRL terminus critical to success



Shatin-to-Central Link – Kai Tak

Opportunities:

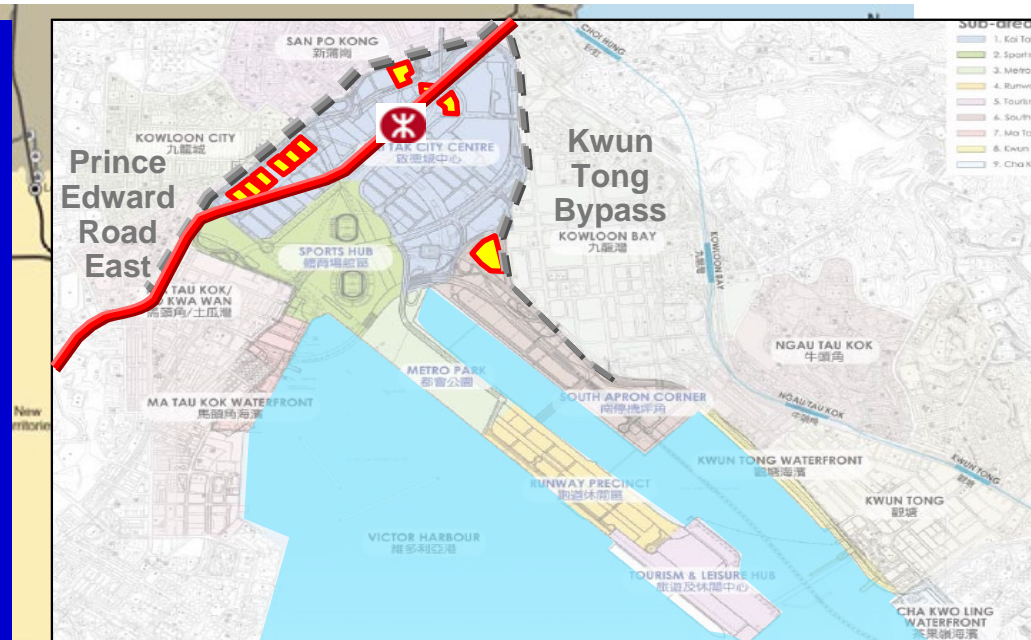
- 20 mins to Admiralty

Constraints:

- Fragmented commercial zonings
- Segregated from surrounding districts by major roads

Catalyst:

- More government offices to bring in other office developments?



Potential Hubs Along Planned MTR Lines



Future Northern Link and Western Express Link



Kwu Tung & Hung Shui Kiu
- Possible business hubs for cross-border visitors & trades



Kam Tin – Possible regional medical / health care hub

Concluding Remarks

- CBD has little room for expansion to meet fast growing demand
- Government can help by sowing the seeds for a new generation of special purpose office hubs along new railway lines
- CBD further upgraded and specialised as an international financial centre
- MTR provides critical linkage between new office hubs and CBD

A wide-angle photograph of the Hong Kong skyline, featuring numerous skyscrapers and the Victoria Harbour in the foreground. The text "Thank You!" is overlaid on the left side of the image.

Thank You!

A horizontal blue line with six white circles spaced evenly along it, spanning the width of the slide.

 **caring** for life's journeys

 **MTR**