For Immediate Release

Transformation of Kowloon West offers a new way forward for occupiers and investors

HONG KONG, 14 June 2022 – Leading diversified professional services and investment management company Colliers (NASDAQ and TSX: CIGI) has today released a Rediscovering Kowloon West research report, which outlines upcoming development areas and infrastructures on the western side of Hong Kong and identifies related opportunities for occupiers and investors.

Two government-initiated mega projects, Lantau Tomorrow Vision and Northern Metropolis, are expected to pave the way for different office clusters to develop around Kowloon Station, Cheung Sha Wan and the New Development Areas (NDAs) in the New Territories. As a result, 29% of the next five-year Grade A office supply (2022-26) is in Kowloon West with the total size of such supply in the district expected to increase from 6 million sq feet in March 2022 to 9 million sq feet by 2026. Meanwhile, 11% of Hong Kong's Grade A office stock will be in Kowloon West by 2026, a figure similar to that of Island East.

"The focus of the city's future developments is going to shift from the East to the West over the next two decades amidst the bigger integration within the Greater Bay Area (GBA) development. We believe the emerging office clusters in Kowloon West will become alternative flight-to-quality locations, supported by the relatively low rents compared with the CBD and the new supply of high-quality buildings," said **Rosanna Tang, Head of Research, Hong Kong & Greater Bay Area.**

New office clusters emerging in the West

While its office stocks were relatively scattered compared to decentralized areas in eastern Hong Kong over the last decade, Kowloon West is set to become one of the fastest-growing Grade A office submarkets as new office space is completed in the coming years. Together with New Territories West, it will account for 36% of the next five years' total new supply.

In particular, new office clusters are expected to emerge around Kowloon Station and Cheung Sha Wan. Currently, there is only one Grade A office building in the Kowloon Station Area, which is strategically located at the junction of the Tung Chung Line, Tuen Ma Line and cross-border XRL. In the next five years, however, it will supply the second-highest amount of new Grade A office facilities (2.4 million sq ft) after Kowloon East, equivalent to 17% of the total new Grade A supply in Hong Kong between now and 2026.

"Hong Kong has always been the springboard for mainland firms looking to expand internationally, as well as a super connector for overseas companies planning to establish their businesses in mainland China. We expect to see this future cluster to capture more occupiers from the banking, finance, wealth management and insurance field, greatly influencing Hong Kong's office market in the next decade. Sizable occupiers looking for large floorplates can explore options in the new supply projects while firms with cross-border needs can consider the area around the XRL Terminus," said **Chris Hui, Executive Director, Office Leasing at Colliers Hong Kong.**

In Cheung Sha Wan, a former industrial district that has witnessed remarkable changes over the last decade, some 2.6 million sq ft total GFA has already been approved for wholesale conversion or redevelopment through the revitalization scheme. Apart from the revitalized commercial buildings, Cheung Sha Wan is also seeing more new and quality Grade A offices to establish in the area, with the submarket expecting to see a total of 1.9 million sq ft GFA of Grade A office spaces by 2023. Looking ahead, whilst cost-optimization and light-to-quality will remain the key themes for office occupiers in the foreseeable future, we believe Cheung Sha Wan is set to evolve into a diversified commercial cluster that favors both occupiers and investors who are eyeing to capture the GBA and Northern Metropolis opportunities.

Growing importance of the New Development Areas

While the government has in the past developed residential new towns and industrial estates in the New Territories, total office stock has lagged behind Kowloon and Hong Kong Island. That is set to change with the Northern Metropolis plan. Not only will the western part of Hong Kong become more important due to its strategic location and infrastructures that connect with the

GBA, but developers are also gearing up to build residential clusters and new office projects in the New Development Areas (NDAs).

Upcoming near-term major new office supply in NDAs in Tuen Mun, Yuen Long and North District could provide a potential of more than 1.9 million sq ft NFA of new office spaces over the 5 years or so, exceeding the existing office stocks of 1.4 million sq ft in these areas. It is believed that these NDAs will become the go-to destinations for start-ups and occupiers focusing on innovative technology and the new economy, while the newly planned Hong Kong-Shenzhen Western Rail Link should also attract more mainland firms to set up around the Hung Shui Kiu and Yuen Long South area.

"Developers with landbanks in NDAs could be more active in pursuing the public-private partnership to expedite the development of the NDAs, as private sector involvement is crucial to the overall progress and success of the Northern Metropolis initiative. New office spaces eligible for strata-sale in Cheung Sha Wan will provide more options for owner-occupiers. Owners holding aged buildings in the cluster areas can also unlock their asset's long-term potential from the improving vicinity and nearby infrastructures while en-bloc investment opportunities could also be increasing around these emerging clusters," said **Thomas Chak, Executive Director, Capital Market & Investment Services at Colliers Hong Kong.**

-End-

Media Contact:
Alex Kaihau
Director, Marketing & Communications, Hong Kong
Alex.Kaihau@colliers.com
+852 2822 0692

Nora Wong
Senior Manager, Marketing & Communications
nora.wong@colliers.com
+852 6105 1336

About Colliers

Colliers is a leading diversified professional services and investment management company. With operations in 62 countries, our 17,000 enterprising professionals work collaboratively to provide expert real estate and investment advice to clients. For more than 27 years, our experienced leadership with significant inside ownership has delivered compound annual investment returns of 20% for shareholders. With annual revenues of $4.3 billion and more than $57 billion of assets under management, Colliers maximizes the potential of property and real assets to accelerate the success of our clients, our investors and our people. Learn more at corporate.colliers.com, Twitter @Colliers or LinkedIn.