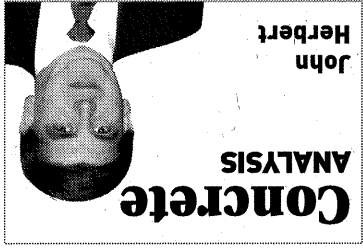


Green future begins with definition of terms

Hong Kong needs to establish clearly what constitutes an environmentally friendly building before it can offer a green reit



Concrete ANALYSIS
John Herbert

Property lever is back with a vengeance but this time with an addition to the lexicon. The humble reit (real estate investment trust) is the talk of the town and has been hogging newspaper headlines. But what of the future? In a market packed with an assortment of reits, differentiation will become its own added value, and before long the concept of a value-added "green reit" will emerge.

And here's where the problem starts. Long before reits arrived on the property landscape, green buildings, or perhaps better still, sustainable buildings were taking tentative steps to reconcile consumer acceptance with the commercial world. But to a large extent, they are still crawling. So, before we unleash the

building as one that increases the Wikipedia defines a green building as one that increases the efficiency with which buildings and their sites use and harvest energy, water and materials, and impact on human health and the environment, through better siting, design, construction, responsible buildings that are both profitable and healthy can be developed. And most importantly, we must work out who will pay the increased cost - for going in the right direction. I propose a simple solution, based on this definition: a green building is one that has been independently certified through a qualified environmental assessment method. In Hong Kong, the most widely

"We need to step in and establish a clear green building labelling strategy"

developed. And most importantly, we must work out who will pay the increased cost - for going in the right direction. I propose a simple solution, based on this definition: a green building is one that has been independently certified through a qualified environmental assessment method. In Hong Kong, the most widely

accepted certification is HK-BEAM (Hong Kong Building Environmental Assessment Method) - a qualified scheme widely accepted in the construction industry having more than 100 buildings assessed, covering a staggering 62 million sq ft of accommodation, comprising institutional, commercial and residential properties. Now, at least, defining the portfolio of a green reit is simpler: an investment vehicle with a property bank comprised of certified green buildings. Establishing a definition today is a big step towards creating greener buildings and a greener reit.

John Herbert is chairman of the Hong Kong Sustainable Development Forum

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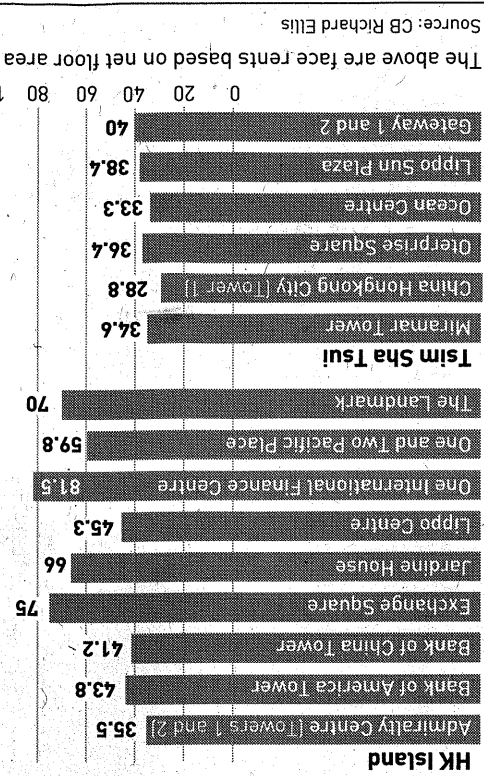
| District | Estate | Sq ft | Age (years) | Area (sq ft) | Price (\$m) | Price |
|--------------|----------------------|-------|-------------|--------------|-------------|-------|
| Mid-Levels | Academic Terrace | 17 | 620 | 2.90 | 4.677 | 161.7 |
| Wan Chai | Southern Garden | 18 | 667 | 3.20 | 4.798 | 149.9 |
| Lai Hang | Illumination Terrace | 13 | 899 | 4.35 | 6.421 | 147.1 |
| North Point | Provident Centre | 18-20 | 944 | 4.99 | 5.286 | 106.7 |
| Quarry Bay | Lai Kok Shing | 19-29 | 708 | 3.90 | 5.508 | 141.2 |
| Quarry Bay | Heng Fa Chuen | 16-20 | 1135 | 5.16 | 4.576 | 88.5 |
| Ap Lei Chau | South Horizons | 12-15 | 760 | 3.05 | 4.013 | 131.6 |
| Kennedy Town | University Heights | 10 | 1048 | 5.73 | 5.658 | 100.8 |
| Pokfulam | Chi Fu Fa Yuen | 25-28 | 518 | 1.93 | 3.726 | 193.1 |
| Happy Valley | Beverly Hill | 18 | 1735 | 12.45 | 7.176 | 57.7 |
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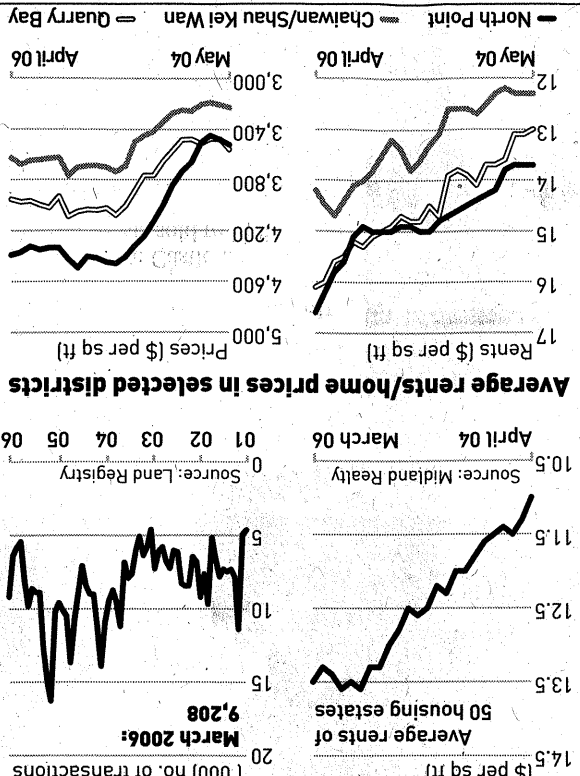
Prime office indicative rents (HK\$ per sq ft)



The above are face rents based on net floor area

Source: CB Richard Ellis

Rents for homes



Average rents/home prices in selected districts

Prices (\$ per sq ft)

Source: Midland Realty

| Project | Price | End-Apr | Price change |
|-------------------|---------|---------|--------------|
| Laquna City | \$3,545 | \$3,545 | 0.0% |
| Sceneway Garden | \$3,882 | \$3,882 | 0.0% |
| Kowloon East | \$2,651 | \$2,651 | -1.2% |
| Wong Tai Sin | \$3,242 | \$3,242 | 0.9% |
| Beacon Hill | \$4,880 | \$4,880 | 0.5% |
| Ho Man Tin | \$3,778 | \$3,778 | 0.1% |
| Cheung Sha Wan | \$2,384 | \$2,384 | 4.1% |
| Mei Foo Sun Chuen | \$3,044 | \$3,044 | -0.8% |
| Tai Kok Tsui | \$2,023 | \$2,023 | -0.9% |
| Yau Ma Tei | \$3,278 | \$3,278 | 1.5% |
| Whampoa Garden | \$4,317 | \$4,317 | 1.6% |
| Hung Hom | \$3,620 | \$3,620 | 2.9% |

Transaction prices and rents of mass-residential flats (Kowloon)

| Project | Price | End-Apr | Price change |
|--------------------------|---------|---------|--------------|
| Tsuen Wan 0 | \$3,310 | \$3,310 | 1.9% |
| Tsuen Wan | \$2,745 | \$2,745 | -1.6% |
| Kwai Chung | \$2,796 | \$2,796 | 2.0% |
| Tsing Yi | \$3,288 | \$3,288 | -0.5% |
| Sham Tseng | \$2,234 | \$2,234 | 2.5% |
| Yuen Long | \$2,500 | \$2,500 | 2.1% |
| Royal Palms | \$3,780 | \$3,780 | -0.3% |
| Palms Springs | \$3,417 | \$3,417 | 4.2% |
| Fairview Park | \$3,450 | \$3,450 | -0.9% |
| Sha Tin | \$3,254 | \$3,254 | 1.3% |
| Ma On Shan | \$3,470 | \$3,470 | 0.3% |
| Tai Po | \$2,567 | \$2,567 | 2.6% |
| Fanling | \$2,315 | \$2,315 | -0.3% |
| Europa Garden | \$2,700 | \$2,700 | 0.0% |
| Discovery Bay (Building) | \$2,960 | \$2,960 | -0.7% |
| Discovery Bay (House) | \$6,330 | \$6,330 | 0.5% |

Transaction prices and rents of mass-residential flats

(price and rent \$ per square foot)

Source: Midland Realty