



CB Richard Ellis Reports That Continued Expansion Of Retailers In Asia Spurs Robust Retail Property Demand

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PR9.NET September 29, 2007 - Hong Kong - The second quarter of 2007 saw continued expansion by both local and international retailers in most major Asian cities. Driven by rising consumer and tourist spending, developers in the first-tier cities of China, the Philippines and India remained keen on building prime shopping centres. The major exception to this trend was Bangkok, where activity remains lackluster amid weak market sentiment.

With major brands expanding operations, demand for well-located Tokyo retail units remained competitive and the lack of available prime retail space in newly fashionable locations saw rents continue to increase.

In Greater China, international retailers aggressively opened shops in prime shopping districts while local retailers were also actively looking for prime premises in light of strong domestic spending and stable growth in tourism.

Four new department store openings in the second quarter brought Beijing's prime retail stock to 38.5 million square feet. Amid strong demand, rents for ground floor mall locations increased 0.9 per cent quarter on quarter to RMB 28.5 per square meter per day (US\$10.6 per square feet per month), a record high. Renovation and tenant restructuring are ongoing in several Shanghai retail hubs as facilities compete for quality retailers and consumers. In Nanjing Road East, the opening of Hongyi Plaza and Phase II of Brilliance Shimao International Plaza in the first half of 2007 injected new life into the traditional retail district. Guangzhou's prime retail market maintained its steady growth in the second quarter, with rents for ground floor space in prime retail properties registering an increase of 1.4 per cent quarter on quarter to RMB 35.7 per square meter per day (US\$13.3 per square foot per month).

Hong Kong's retail leasing market remained robust across the board in the second quarter of 2007. A growing number of global luxury brands were eager to open stores at prominent locations in prime shopping districts in a bid to capitalise on the increasing demand for high-end merchandise from Mainland tourists.

In Taipei, the majority of leasing transactions took place in the Zhongxiao Road area, where the average achievable rent reached NT\$544 per square feet per month. Several renowned retailers, including Marks & Spencer and Hankyu entered Taiwan in the second quarter, exerting upward pressure on rents in the already competitive retail market.

Efforts to reinforce status of Orchard Road in Singapore as a premiere shopping destination are beginning to pay off and rents are fast approaching the 1996 peak seen before the Asian financial crisis.

In Seoul, consumer sentiment improved in the second quarter of 2007 on the back of the robust stock market, solid export growth and strong domestic demand. Rents in large shopping malls slid further and vacancy continued to increase due to oversupply.

The retail market is emerging as the second biggest driver of India's economy after the IT sector, attracting enormous investments from domestic and international retailers. Domestic players have large-scale expansion plans, while international brands continue to enter New Delhi.

Bangkok's retail market remained lacklustre in the second quarter of 2007 and mall operators offered deeper discounts and longer operating hours to attract shoppers. In the Philippines, developers are tapping into the growing demand for modern retail space in areas outside Metro Manila. Jakarta's Blok M Square, scheduled for completion in late 2008, is the only standalone shopping mall under development following a series of completions. However several mixed-use projects are being developed by major developers.

Ho Chi Minh City's retail growth has made the city a top destination for international retailers and demand for retail space is expected to continue to increase for the foreseeable future. Retail demand also continued to rise in Hanoi, especially from highend and luxury brands, and the fashion sector continued to dominate available retail space. An increasing number of hypermarkets and supermarkets are entering Hanoi.

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