ARCADIS

Construction Cost Handbook

China & Hong Kong 2025

Arcadis Hong Kong Limited

Electronic Cost Handbook

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The following handbook of information relating to the construction industry has been compiled by:

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The information contained herein should be regarded as indicative and for general guidance only. Whilst every effort has been made to ensure accuracy, no responsibility can be accepted for errors and omissions, however caused.

If advice concerning individual projects is required, we would be happy to assist.

Unless otherwise stated, costs reflected in this handbook are Hong Kong costs at 4th Quarter 2024.

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ARCADIS HONG KONG LIMITED

ABOUT US

Arcadis is the leading global Design & Consultancy for natural and built assets. Applying our deep market sector insights and collective design, consultancy, engineering and project management services we work in partnership with our clients to deliver exceptional and sustainable outcomes throughout the life cycle of their natural and built assets.

Arcadis has a long history of leading expertise in providing Cost Management capabilities that ensure our clients' projects are delivered with a competitive advantage, exceed project requirements and deliver sustainable outcomes. Our Cost Management heritage is particularly strong in Greater China having set-up our first office in Hong Kong back in 1949. We entered the Mainland China market in 1984, introducing modern Cost Management techniques to its newly evolving construction market. Our initial commissions were from Hong Kong and foreign developers investing in China, however since then our client base has grown to include state-owned enterprises and local developers.

We are committed to further extending our professional expertise to include new areas like whole-life costing, and supporting the growing number of clients in Asia who are looking for high quality Cost Management solutions as they embark on projects in other parts of the world. Furthermore, we have aligned our operating models to facilitate innovation, ease knowledge transfer and enable the sharing of best practices. We work to ensure clients have access to our best resources, delivering the most appropriate solutions, at a cost that meets their requirements.

OUR CORE VALUES

People First
We care for each other and create a safe and respectful working environment where our people can grow, perform, and succeed.

Integrity
We always work to the highest professional and ethical standards and establish trust by being open, honest and responsible.

Client Success
We are passionate about our clients' success and bring insights, agility, and innovation to co-create value.

Collaboration
We value the power of diversity and our global capabilities and deliver excellence by working as One Arcadis.

Sustainability
We base our actions for clients and communities on environmental responsibility and social and economic advancement.

1 CONSTRUCTION COST DATA

CONSTRUCTION COSTS FOR HONG KONG

BUILDING TYPE	HK$/m² CFA		
	BUILDING	SERVICES	TOTAL
DOMESTIC			
Apartments, high rise, public authority standard	10,050 - 11,830	2,150 - 2,570	12,300 - 14,400
Apartments, high rise, average standard	21,130 - 23,480	4,370 - 5,820	25,500 - 29,300
Apartments, high rise, high end	27,450 - 30,980	5,350 - 6,920	32,800 - 37,900
Terraced houses, average standard	30,350 - 34,450	4,750 - 5,750	35,100 - 40,200
Detached houses, high end	44,000up	6,800up	50,800up
OFFICE / COMMERCIAL			
Medium/high rise offices, average standard	18,900 - 20,950	6,500 - 7,750	25,400 - 28,700
High rise offices, prestige quality	23,300 - 26,050	6,900 - 8,350	30,200 - 34,400
Out-of-town shopping centre, average standard	18,650 - 22,050	6,350 - 7,250	25,000 - 29,300
Retail malls, high end	25,300 - 29,100	7,000 - 8,300	32,300 - 37,400
HOTELS			
Budget hotels - 3-star, mid market	24,000 - 24,700	8,000 - 9,300	32,000 - 34,000
Business hotels - 4/5-star	24,600 - 27,950	8,400 - 9,950	33,000 - 37,900
Luxury hotels - 5-star	29,800 - 32,750	8,500 - 10,050	38,300 - 42,800
INDUSTRIAL			
Owner operated factories, low rise, light weight industry	16,300 - 20,150	2,800 - 3,550	19,100 - 23,700
OTHERS			
Underground/basement car parks (<3 levels)	25,700 - 29,250	3,100 - 3,950	28,800 - 33,200
Multi storey car parks, above ground(<4 levels)	14,100 - 16,000	2,800 - 3,700	16,900 - 19,700
Schools (primary and secondary)	18,300 - 19,050	3,300 - 4,150	21,600 - 23,200
Students' residences	19,250 - 21,300	5,150 - 6,100	24,400 - 27,400
Sports clubs, multi purpose sports/leisure centres (dry sports) with a/c and including FF&E	25,450 - 27,850	6,450 - 7,950	31,900 - 35,800
General hospitals - public sector	30,650 - 32,700	9,250 - 11,100	39,900 - 43,800

The above costs are at **4th Quarter 2024** levels.

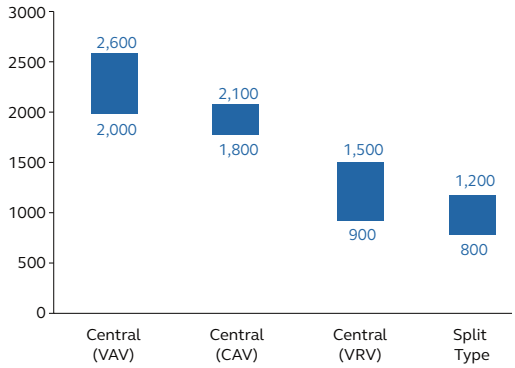
M&E COSTS FOR HONG KONG

BUILDING TYPE	HK$/m² CFA					
	MECHANICAL SERVICES	ELECTRICAL SERVICES	FIRE SERVICES	LIFTS/ ESCALATORS	HYDRAULIC SERVICES	TOTAL SERVICES
DOMESTIC						
Apartments, high rise, public authority standard	N/A	730 - 850	170 - 220	300 - 350	950 - 1,150	2,150 - 2,570
Apartments, high rise, average standard	950 - 1,200	1,200 - 1,400	420 - 670	450 - 750	1,350 - 1,800	4,370 - 5,820
Apartments, high rise, high end	1,300 - 1,600	1,450 - 1,750	450 - 720	550 - 850	1,600 - 2,000	5,350 - 6,920
Terraced houses, average standard	1,400 - 1,700	1,500 - 1,800	100 - 200	N/A	1,750 - 2,050	4,750 - 5,750
Detached houses, high end	2,200 up	2,500 up	100 up	N/A	2,000 up	6,800 up
OFFICE / COMMERCIAL						
Medium/high rise offices, average standard	2,100 - 2,400	2,350 - 2,800	650 - 800	700 - 900	700 - 850	6,500 - 7,750
High rise offices, prestige quality	2,200 - 2,700	2,500 - 2,900	650 - 800	850 - 1,100	700 - 850	6,900 - 8,350
Out-of-town shopping centre, average standard	2,200 - 2,400	1,950 - 2,300	650 - 800	850 - 900	700 - 850	6,350 - 7,250
Retail malls, high end	2,300 - 2,650	2,400 - 2,850	650 - 900	900 - 1,100	750 - 800	7,000 - 8,300
HOTELS						
Budget hotels - 3-star, mid market	2,450 - 2,800	2,350 - 2,600	700 - 900	600 - 700	1,900 - 2,300	8,000 - 9,300
Business hotels - 4/5 -star	2,600 - 2,900	2,500 - 2,800	700 - 900	600 - 850	2,000 - 2,500	8,400 - 9,950
Luxury hotels - 5-star	2,600 - 2,900	2,600 - 2,900	700 - 900	600 - 850	2,000 - 2,500	8,500 - 10,050
INDUSTRIAL						
Owner operated factories, low rise, light weight industry	350 - 500	850 - 1,000	600 - 750	500 - 650	500 - 650	2,800 - 3,550
OTHERS						
Underground/basement car parks (<3 levels)	800 - 1,000	900 - 1,100	550 - 700	350 - 450	500 - 700	3,100 - 3,950
Multi storey car parks, above ground (<4 levels)	500 - 750	900 - 1,100	550 - 700	350 - 450	500 - 700	2,800 - 3,700
Schools (primary and secondary)	800 - 1,000	1,100 - 1,300	600 - 800	250 - 350	550 - 700	3,300 - 4,150
Students' residences	850 - 1,050	1,800 - 2,000	700 - 900	350 - 450	1,450 - 1,700	5,150 - 6,100
Sports clubs, multi purpose ports/leisure centres (dry sports) with a/c and including FF&E	2,500 - 3,000	2,100 - 2,700	800 - 950	350 - 450	700 - 850	6,450 - 7,950
General hospitals - public sector	3,200 - 4,000	3,000 - 3,400	850 - 1,000	500 - 700	1,700 - 2,000	9,250 - 11,100

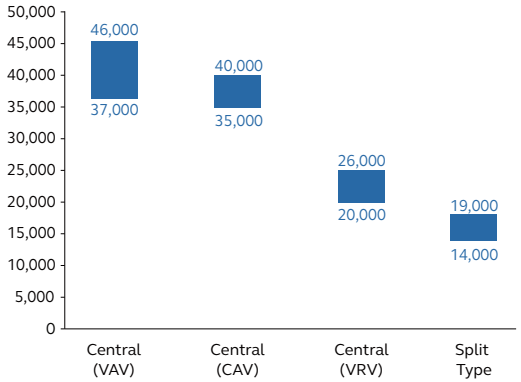
The above costs are at **4th Quarter 2024** levels.

ACMV COSTS FOR VARIOUS DESIGNS AND DEVELOPMENTS IN HONG KONG

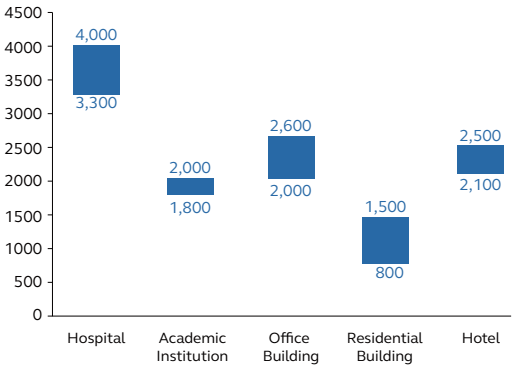
HK$/m2 of Construction Floor Area



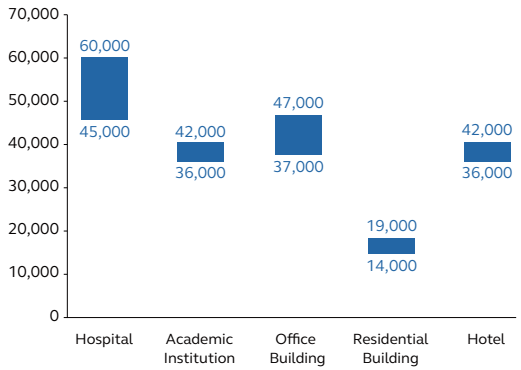
HK$/Tonne of Refrigeration



HK$/m2 of Construction Floor Area



HK$/Tonne of Refrigeration



FIT-OUT COSTS FOR HONG KONG

BUILDING TYPE	HK$/m²
HOTELS	
Public Areas (Front of House) :	
3-star Hotel	11,500 - 17,000
4-star Hotel	17,000 - 24,000
5-star Hotel	24,000 up
Guest Rooms :	
3-star Hotel	9,500 - 11,200
4-star Hotel	11,500 - 15,000
5-star Hotel	15,500 up
Notes : 1. *Includes furniture, floor, wall and ceiling finishes, drapery, sanitary fittings and light fittings.* 2. *Excludes partitioning, M&E works, building shell, chandeliers, operational items and equipment (e.g. cutlery, crockery, linen, television, refrigerator etc.), opening expenses, stage equipment and computer systems.*	
OFFICES	
General office	7,500 - 11,500
Executive office	12,500 - 15,500
Prestige office	15,500 up
Notes : 1. *Local/PRC furniture allowed for general offices.* 2. *Includes furniture, partitioning, electrical work, minor alteration to air-conditioning, fire services and suspended ceiling to suit layout.* 3. *Excludes telephones, data cabling, office equipment (e.g. computers, photocopiers, fax machines, UPS, etc).*	

The above costs are at **4th Quarter 2024** levels.

BUILDING TYPE	HK$/m2
DEPARTMENT STORES	
General department store	9,500 - 14,500
Prestige department store	15,500 up
Notes : 1. *Includes electrical work, additional FCU and minor alteration of fire services to suit layout.* 2. *Excludes facade modification, data cabling, operational items and equipment (e.g. computers, P.O.S., office equipment) and opening expenses.*	
RESTAURANTS	
General dining restaurant	13,500 - 21,000
Fine dining restaurant	25,000 up
Notes : 1. *Includes furniture, floor, wall and ceiling finishes, electrical work, minor alteration to air-conditioning and fire services installation to suit layout.* 2. *Excludes exhaust flue, operational items (e.g. cutlery, crockery, linen, utensils, etc.).*	

The costs per square meter are based on fit-out area measured to the inner face of the perimeter wall.

UNIT COSTS FOR ANCILLARY FACILITIES FOR HONG KONG

DESCRIPTION	UNIT	HK$
SQUASH COURTS		
Single court with glass backwall including associated mechanical and electrical services but excluding any public facilities (enclosing structure not included).	per court	800,000
TENNIS COURTS		
Single court on grade with acrylic surfacing and complete with chain link fence.	per court	1,800,000
Single court on grade with artificial turf surfacing and complete with chain link fence.	per court	2,000,000
Extra for lighting.	per court	700,000
SWIMMING POOLS		
Half Olympic (25m x 10.50m) outdoor swimming pool built on-grade, fully tiled; complete with 5m wide deck and associated pool equipment and ozone system.	per pool	11,400,000
PLAYGROUND EQUIPMENT		
Outdoor playground equipment comprising various activities.	per set	350,000 to 840,000
SAUNAS		
Sauna room for 4-6 people complete with all accessories (enclosing structure not included).	per room	340,000
STEAM BATHS		
Steam bath for 4-6 people complete with all accessories (enclosing structure not included).	per room	340,000
GOLF COURSES		
(Based on average cost of an 18-hole golf course) Excluding associated buildings and equipment.	per hole	8,000,000 to 14,000,000
GREEN ROOF		
Proprietary lightweight green roof system; with automatic irrigation system (roofing and roof structure not included).	per m2	2,000 to 5,000
VERTICAL GREEN		
Vertical green system; wire frame type, with automatic irrigation system (background supporting wall not included).	per m2	5,000 to 10,000

The above costs are at **4th Quarter 2024** levels.

CONSTRUCTION COSTS FOR SELECTED ASIAN CITIES

BUILDING TYPE	US$/m² CFA			
	SHANGHAI	BEIJING	GUANGZHOU/ SHENZHEN	CHONGQING/ CHENGDU
DOMESTIC				
Apartments, high rise, average standard	659 - 726	580 - 636	536 - 615	549 - 637
Apartments, high rise, high end	1,487 - 1,621	1,405 - 1,599	872 - 994	887 - 1,087
Terraced houses, average standard	910 - 991	830 - 899	813 - 972	754 - 885
Detached houses, high end	1,600 - 1,697	1,595 - 1,664	1,559 - 1,827	959 - 1,089
OFFICE / COMMERCIAL				
Medium/high rise offices, average standard	845 - 1,116	827 - 1,114	761 - 869	868 - 997
High rise offices, prestige quality	1,085 - 1,484	1,344 - 1,829	1,114 - 1,400	1,094 - 1,455
Out-of-town shopping centre, average standard	N/A	N/A	N/A	N/A
Retail malls, high end	1,147 - 1,546	1,118 - 1,539	1,084 - 1,571	1,044 - 1,441
HOTELS				
Budget hotels - 3-star, mid market	924 - 1,127	915 - 1,127	977 - 1,108	943 - 1,152
Business hotels - 4/5-star	1,489 - 2,016	1,558 - 2,058	1,579 - 2,324	1,692 - 2,093
Luxury hotels - 5-star	2,014 - 2,407	1,984 - 2,553	2,125 - 2,415	2,083 - 2,477
INDUSTRIAL				
Industrial units, shell only (Conventional single storey framed units)	260 - 319	255 - 311	290 - 357	430 - 534
Owner operated factories, low rise, light weight industry	402 - 504	494 - 566	N/A	N/A
OTHERS				
Underground/basement car parks (<3 levels)	690 - 963	706 - 776	507 - 829	396 - 549
Multi storey car parks, above ground (<4 levels)	354 - 494	425 - 429	361 - 409	316 - 386
Schools (primary and secondary)	528 - 666	492 - 635	408 - 530	419 - 461
Students' residences	386 - 527	348 - 492	376 - 479	293 - 419
Sports clubs, multi purpose sports/leisure centres (dry sports)	890 - 1,093	842 - 850	699 - 792	661 - 724
General hospitals - public sector	1,360 - 1,754	1,107 - 1,387	1,058 - 1,364	1,056 - 1,308
Exchange Rate Used : US$1 =	RMB 7.30	RMB 7.30	RMB 7.30	RMB 7.30

The above costs are at **4th Quarter 2024** levels, inclusive of preliminaries but exclusive of contingencies.

CONSTRUCTION COSTS FOR SELECTED ASIAN CITIES (Cont'd)

BUILDING TYPE	US$/m² CFA			
	HONG KONG	MACAU	SINGAPORE ♣	KUALA LUMPUR #
DOMESTIC				
Apartments, high rise, average standard	3,280 - 3,770	2,463 - 3,012	1,990 - 2,330	330 - 655 ►
Apartments, high rise, high end	4,220 - 4,870	3,439 - 5,254	3,310 - 4,510	750 - 1,575
Terraced houses, average standard	4,510 - 5,170	4,194 - 5,006	2,555 - 2,855	235 - 385 ▲
Detached houses, high end	6,530 up	5,117 - 6,657	3,235 - 4,325	800 - 1,085
OFFICE / COMMERCIAL				
Medium/high rise offices, average standard	3,260 - 3,690	2,834 - 3,659	2,630 - 2,970	625 - 830
High rise offices, prestige quality	3,880 - 4,420	3,659 - 4,003	2,970 - 3,195	980 - 1,415
Out-of-town shopping centre, average standard	3,210 - 3,770	2,668 - 4,003	2,820 - 3,120	460 - 695
Retail malls, high end	4,150 - 4,810	4,194 - 5,062	3,120 - 3,385	725 - 1,110
HOTELS				
Budget hotels - 3-star, mid market	4,110 - 4,370	3,729 - 4,223	3,270 - 3,570	1,060 - 1,560
Business hotels - 4/5-star	4,240 - 4,870	5,062 - 6,051	3,570 - 4,510	1,385 - 2,430
Luxury hotels - 5-star	4,920 - 5,500	6,051 - 7,153	4,175 - 4,850	2,030 - 2,725
INDUSTRIAL				
Industrial units, shell only (Conventional single storey framed units)	N/A	N/A	1,205 - 1,390	340 - 480
Owner operated factories, low rise, light weight industry	2,460 - 3,050	N/A	N/A	450 - 570
OTHERS				
Underground/basement car parks (<3 levels)	3,700 - 4,270	2,213 - 3,246	1,430 - 1,840	325 - 580
Multi storey car parks, above ground (<4 levels)	2,170 - 2,530	1,223 - 1,611	900 - 1,315	215 - 375
Schools (primary and secondary)	2,780 - 2,980	2,449 - 2,834	2,030 - 2,630	270 - 345
Students' residences	3,140 - 3,520	1,939 - 2,255	2,405 - 2,555	315 - 400
Sports clubs, multi purpose sports/leisure centres (dry sports)	4,100 - 4,600	N/A	2,930 - 3,120	630 - 800
General hospitals - public sector	5,130 - 5,630	N/A	4,135 - 4,325	870 - 1,270
Exchange Rate Used : US$1 =	HK$ 7.78	MOP 8.04	S$ 1.33	RM 4.48

The above costs are at **4th Quarter 2024** levels, inclusive of preliminaries but exclusive of contingencies.

♣ Rates are nett of GST

► 6 - 12 units per floor, 46m² - 83m² per unit, exclude air-conditioning, kitchen cabinets and home appliances.

▲ Terraced houses exclude air-conditioning, kitchen cabinets and home appliances.

\# Rates are nett of GST.

Source of data: ***Singapore*** *- Asia Infrastructure Solutions Singapore Pte. ltd.* ***Kuala Lumpur*** *- JUBM Group.*

CONSTRUCTION COSTS FOR SELECTED ASIAN CITIES (Cont'd)

BUILDING TYPE	US$/m² CFA				
	MANILA Ω	INDIA ₲	BANGKOK #	HO CHI MINH #	JAKARTA #
DOMESTIC					
Apartments, high rise, average standard	970 - 1,259	689 - 827	731 - 907	562 - 697	872 - 989
Apartments, high rise, high end	1,253 - 2,270	1,100 - 1,380	1,170 - 1,609	816 - 1,099	1,202 - 1,357
Terraced houses, average standard	830 - 1,016	485 - 539	585 - 731	500 - 639	461 - 601
Detached houses, high end	1,611 - 2,744	613 - 685	731 - 1,024	797 - 896	1,259 - 1,406
OFFICE / COMMERCIAL					
Medium/high rise offices, average standard	854 - 1,123	507 - 562	731 - 878	667 - 763	829 - 923
High rise offices, prestige quality	1,246 - 1,594	588 - 744	1,024 - 1,316	846 - 1,140	1,322 - 1,466
Out-of-town shopping centre, average standard	727 - 900	516 - 572	702 - 936	617 - 755	741 - 822
Retail malls, high end	993 - 1,411	670 - 788	936 - 1,112	772 - 944	815 - 884
HOTELS					
Budget hotels - 3-star, mid market	1,075 - 1,331	981 - 1,056	1,229 - 1,316	1,165 - 1,409	1,502 - 1,774
Business hotels - 4/5-star	1,233 - 2,048	1,391 - 1,771	1,609 - 1,902	1,342 - 1,624	2,046 - 2,209
Luxury hotels - 5-star	1,799 - 3,283	1,908 - 2,228	2,048 - 2,340	1,739 - 2,063	2,168 - 2,381
INDUSTRIAL					
Industrial units, shell only (Conventional single storey framed units)	482 - 621	446 - 551	527 - 702	300 - 373	411 - 446
Owner operated factories, low rise, light weight industry	647 - 811	416 - 550	N/A	340 - 444	444 - 490
OTHERS					
Underground/basement car parks (<3 levels)	564 - 729	332 - 386	644 - 878	616 - 726	616 - 758
Multi storey car parks, above ground (<4 levels)	519 - 692	274 - 324	351 - 527	398 - 431	398 - 434
Schools (primary and secondary)	633 - 872	346 - 404	585 - 878	549 - 671	N/A
Students' residences	709 - 914	359 - 443	439 - 585	524 - 665	N/A
Sports clubs, multi purpose sports/leisure centres (dry sports)	1,064 - 1,550	667 - 754	N/A	1,056 - 1,291	1,259 - 1,887
General hospitals - public sector	1,281 - 1,498	754 - 871	N/A	N/A	N/A
Exchange Rate Used : US$1 =	PHP 58.01	INR 85.04	BAHT 34.18	VND 25,498	IDR 15,820

The above costs are at **4th Quarter 2024** levels, inclusive of preliminaries but exclusive of contingencies.

Ω Rates include 12% VAT.

₲ Rates are based on projects in Bangalore and are nett of GST. Mumbai costs are generally 9% higher.

\# Rates are nett of VAT.

Source of data: ***India*** *- Arkind LS Private Limited.* ***Bangkok*** *- Mentabuild Limited.* ***Ho Chi Minh*** *- DLS Consultant Company Limited.* ***Jakarta*** *- PT Lantera Sejahtera Indonesia.*

M&E COSTS FOR SELECTED ASIAN CITIES

BUILDING TYPE	SHANGHAI	BEIJING	GUANGZHOU/ SHENZHEN	CHONGQING/ CHENGDU
	RMB/m² CFA	RMB/m² CFA	RMB/m² CFA	RMB/m² CFA
MECHANICAL SERVICES				
Offices	773 - 953	782 - 1,212	744 - 1,105	753 - 1,017
Industrial *	171 - 280	169 - 277	150 - 276	145 - 236
Hotels	977 - 1,238	960 - 1,211	1,028 - 1,310	973 - 1,331
Shopping Centres	757 - 889	798 - 979	693 - 883	890 - 1,014
Apartment	309 - 398	141 - 455	148 - 398	150 - 296
ELECTRICAL SERVICES				
Offices	606 - 663	494 - 893	509 - 763	503 - 713
Industrial **	305 - 417	335 - 473	310 - 446	279 - 377
Hotels	662 - 819	755 - 991	693 - 922	625 - 875
Shopping Centres	528 - 642	505 - 725	480 - 669	557 - 711
Apartment	256 - 364	266 - 417	276 - 485	240 - 354
HYDRAULIC SERVICES				
Offices	109 - 155	98 - 144	102 - 177	90 - 124
Industrial	87 - 122	96 - 141	86 - 120	93 - 127
Hotels	366 - 488	380 - 485	378 - 485	368 - 489
Shopping Centres	137 - 178	141 - 206	111 - 163	106 - 155
Apartment	167 - 218	172 - 231	146 - 272	103 - 181
FIRE SERVICES				
Offices	226 - 308	186 - 273	228 - 337	244 - 294
Industrial	157 - 253	152 - 227	139 - 264	136 - 235
Hotels	288 - 375	225 - 379	276 - 412	280 - 375
Shopping Centres	257 - 372	221 - 387	241 - 371	267 - 379
Apartment	56 - 102	71 - 136	76 - 288	62 - 114
LIFTS / ESCALATORS				
Offices	271 - 522	291 - 571	280 - 491	305 - 561
Industrial	131 - 371	143 - 396	145 - 423	153 - 355
Hotels	212 - 469	229 - 515	241 - 461	254 - 437
Shopping Centres	315 - 469	323 - 515	288 - 451	309 - 461
Apartment	160 - 276	173 - 286	125 - 433	142 - 246

The above costs are at **4th Quarter 2024** levels, exclusive of contingencies.

* Generally without A/C.
** Excludes special power supply.

M&E COSTS FOR SELECTED ASIAN CITIES (Cont'd)

BUILDING TYPE	HONG KONG	MACAU	SINGAPORE ♣	KUALA LUMPUR *
	HK$/m² CFA	MOP/m² CFA	S$/m² CFA	RM/m² CFA
MECHANICAL SERVICES				
Offices	2,100 - 2,700	N/A	225 - 349	410 - 580
Industrial *	350 - 500	N/A	42 - 160	110 - 215
Hotels	2,450 - 2,900	2,650 - 3,050	291 - 380	390 - 695
Shopping Centres	2,200 - 2,650	2,370 - 2,960	198 - 332	390 - 560
Apartment	950 - 1,600	910 - 1,210	124 - 230	155 - 235
ELECTRICAL SERVICES				
Offices	2,350 - 2,900	N/A	208 - 376	375 - 540
Industrial **	850 - 1,000	N/A	71 - 180	195 - 225
Hotels	2,350 - 2,900	2,650 - 3,150	372 - 495	390 - 620
Shopping Centres	1,950 - 2,850	2,640 - 3,000	214 - 414	375 - 530
Apartment	1,200 - 1,750	1,050 - 1,340	143 - 312	145 - 245
HYDRAULIC SERVICES				
Offices	700 - 850	N/A	36 - 76	60 - 80
Industrial	500 - 650	N/A	24 - 49	60 - 70
Hotels	1,900 - 2,500	1,800 - 2,210	163 - 229	225 - 315
Shopping Centres	700 - 850	600 - 800	60 - 110	50 - 55
Apartment	1,350 - 2,000	1,500 - 2,000	108 - 193	70 - 110
FIRE SERVICES				
Offices	650 - 800	N/A	39 - 93	80 - 100
Industrial	600 - 750	N/A	29 - 65	70 - 80
Hotels	700 - 900	950 - 1,160	35 - 74	80 - 110
Shopping Centres	650 - 900	640 - 830	48 - 72	70 - 90
Apartment	420 - 720	280 - 330	27 - 86	30 - 40
LIFTS / ESCALATORS				
Offices	700 - 1,100	N/A	86 - 170	175 - 410
Industrial	500 - 650	N/A	56 - 141	70 - 195
Hotels	600 - 850	610 - 820	68 - 112	145 - 335
Shopping Centres	850 - 1,100	460 - 720	77 - 122	120 - 135
Apartment	450 - 850	460 - 610	55 - 153	80 - 120

The above costs are at **4th Quarter 2024** levels, exclusive of contingencies.

* Generally without A/C.
** Excludes special power supply.
♣ Rates are nett of GST, excluding BAS
* Rates are nett of GST.

Source of data: ***Singapore*** *- Asia Infrastructure Solutions Singapore Pte. ltd.* ***Kuala Lumpur*** *- JUBM Group.*

M&E COSTS FOR SELECTED ASIAN CITIES (Cont'd)

BUILDING TYPE	MANILA Ω	INDIA ₲	BANGKOK #	HO CHI MINH #	JAKARTA #
	PHP/m² CFA	INR/m² CFA	BAHT/m² CFA	VND/m² CFA	IDR/m² CFA
MECHANICAL SERVICES					
Offices	4,000 - 8,600	6,124 - 8,540	3,450 - 3,900	2,858,000 - 4,062,000	1,067,000 - 1,229,000
Industrial *	800 - 1,600	2,875 - 5,451	1,550 - 1,700	N/A	484,000 - 772,000
Hotels	3,500 - 13,850	7,094 - 8,548	3,800 - 5,200	N/A	1,100,000 - 1,428,000
Shopping Centres	3,240 - 7,790	6,249 - 8,706	2,800 - 3,200	3,207,000 - 3,247,000	939,000 - 1,128,000
Apartment	1,650 - 5,700	3,224 - 4,600	2,800 - 3,400	2,128,000 - 2,921,000	1,050,000 - 1,333,000
ELECTRICAL SERVICES					
Offices	3,500 - 8,712	5,501 - 8,409	4,400 - 4,900	2,918,000 - 3,495,000	862,000 - 1,100,000
Industrial **	2,000 - 3,500	3,238 - 5,977	1,950 - 2,200	N/A	610,000 - 761,000
Hotels	4,900 - 11,220	6,101 - 9,251	4,600 - 5,800	N/A	888,000 - 1,224,000
Shopping Centres	3,060 - 6,800	5,244 - 7,801	4,600 - 4,800	2,645,000 - 3,306,000	750,000 - 945,000
Apartment	3,957 - 7,200	2,774 - 4,040	4,300 - 4,500	2,458,000 - 3,105,000	990,000 - 1,154,000
HYDRAULIC SERVICES					
Offices	1,260 - 2,410	917 - 1,556	780 - 990	426,000 - 796,000	217,000 - 306,000
Industrial	820 - 1,440	632 - 1,214	750 - 800	N/A	145,000 - 222,000
Hotels	2,310 - 7,470	4,830 - 8,000	1,400 - 2,200	N/A	1,039,000 - 1,224,000
Shopping Centres	1,250 - 1,640	1,376 - 2,735	790 - 990	351,000 - 631,000	206,000 - 317,000
Apartment	2,310 - 4,880	2,179 - 3,315	1,200 - 1,520	853,000 - 988,000	1,050,000 - 1,244,000
FIRE SERVICES					
Offices	1,190 - 2,070	1,438 - 2,081	780 - 890	821,000 - 1,352,000	741,000 - 924,000
Industrial	1,080 - 3,000	657 - 1,004	730 - 790	N/A	156,000 - 222,000
Hotels	1,320 - 2,630	1,671 - 2,373	780 - 930	N/A	344,000 - 428,000
Shopping Centres	1,310 - 2,080	1,375 - 1,764	780 - 890	749,000 - 917,000	289,000 - 338,000
Apartment	1,140 - 1,990	769 - 1,015	750 - 930	661,000 - 819,000	328,000 - 356,000
LIFTS / ESCALATORS					
Offices	1,800 - 5,170	1,126 - 1,500	1,100 - 1,400	787,000 - 1,512,000	461,000 - 1,105,000
Industrial	0 - 730	749 - 990	N/A	N/A	N/A
Hotels	1,800 - 3,540	1,688 - 2,500	1,100 - 1,400	N/A	734,000 - 1,144,000
Shopping Centres	1,600 - 2,480	1,974 - 2,575	500 - 700	1,612,000 - 2,264,000	338,000 - 911,000
Apartment	850 - 4,760	1,014 - 1,350	600 - 800	887,000 - 1,297,000	745,000 - 928,000

The above costs are at **4th Quarter 2024** levels, exclusive of contingencies.

* Generally without A/C.
** Excludes special power supply.
Ω Transformer, included in Electrical Services.

\# Rates are nett of VAT.
₲ Rates are based on projects in Bangalore and are nett of GST. Mumbai costs are generally 9% higher.

Source of data: ***India*** *- Arkind LS Private Limited.* ***Bangkok*** *- Mentabuild Limited.* ***Ho Chi Minh*** *- DLS Consultant Company Limited.* ***Jakarta*** *- PT Lantera Sejahtera Indonesia.*

MAJOR RATES FOR SELECTED ASIAN CITIES

DESCRIPTION	UNIT	SHANGHAI	BEIJING	GUANGZHOU/ SHENZHEN	CHONGQING/ CHENGDU
		RMB	RMB	RMB	RMB
1. Excavating basement ≤ 2.00m deep	m^3	30	35	39	36
2. Excavating for footings ≤ 1.50m deep	m^3	30	40	39	36
3. Remove excavated materials off site	m^3	300	160	160	65
4. Hardcore bed blinded with fine materials	m^3	210	220	195	180
5. Mass concrete grade 15	m^3	580	600	550	500
6. Reinforced concrete grade 30	m^3	650	710	600	530
7. Mild steel rod reinforcement	kg	5.2	5.6	5.1	5.5
8. High tensile rod reinforcement	kg	5.2	5.8	5.4	5.5
9. Sawn formwork to soffits of suspended slabs	m^2	95	90	90	75
10. Sawn formwork to columns and walls	m^2	90	85	70	75
11. 112.5mm thick brick walls	m^2	105**	80	80	80
12. "Kliplok Colorbond" 0.64mm profiled steel sheeting	m^2	N/A	N/A	N/A	N/A
13. Aluminium casement windows, single glazed	m^2	780	800*	700	760*
14. Structural steelwork - beams, stanchions and the like	kg	10	12.5	12	10
15. Steelwork - angles, channels, flats and the like	kg	8.5	11.5	10	9
16. 25mm cement and sand (1:3) paving	m^2	35	34	35	34
17. 20mm cement and sand (1:4) plaster to walls	m^2	35	34	35	34
18. Ceramic tiles bedded to floor screed (measured separately)	m^2	160	155	160	150
19. 12mm fibrous plasterboard ceiling lining	m^2	160	162	170	150
20. Two coats of emulsion paint to plastered surfaces	m^2	40	34	35	35
Average expected preliminaries	%	6 - 12	5 - 15	6 - 12	5 - 12

The above costs are at **4th Quarter 2024** levels and are based on lump sum fixed price contract rates exclusive of preliminaries and contingencies.

* Rates for double glazed window.

** Rate for 120mm thick concrete block walls

MAJOR RATES FOR SELECTED ASIAN CITIES (Cont'd)

DESCRIPTION		HONG KONG	MACAU	SINGAPORE ♣	KUALA LUMPUR *
	UNIT	HK$	MOP	S$	RM
1. Excavating basement ≤ 2.00m deep	m^3	240	150	33	20 - 37
2. Excavating for footings ≤ 1.50m deep	m^3	220	180	33	20 - 37
3. Remove excavated materials off site	m^3	310δ	150	32 - 39	21.5 - 40
4. Hardcore bed blinded with fine materials	m^3	950	1,300	69.5	75 - 115
5. Mass concrete grade 15	m^3	1,200	1,500	295 - 310♣♣	280 - 355
6. Reinforced concrete grade 30	m^3	1,250	1,400	184 - 191	320 - 395
7. Mild steel rod reinforcement	kg	12	7.5	1.80 - 1.90	3.9 - 4.9
8. High tensile rod reinforcement	kg	12	7.5	1.80 - 1.90	3.9 - 4.9
9. Sawn formwork to soffits of suspended slabs	m^2	430	280	58	42 - 56
10. Sawn formwork to columns and walls	m^2	430	280	58	42 - 56
11. 112.5mm thick brick walls	m^2	440	450	45 - 50	54 - 67
12. "Kliplok Colorbond" 0.64mm profiled steel sheeting	m^2	1,200	N/A	58	80 - 115
13. Aluminium casement windows, single glazed	m^2	4,600	4,000	390	420 - 700
14. Structural steelwork - beams, stanchions and the like	kg	28	30	6.3 - 7.1	7.8 - 14.0
15. Steelwork - angles, channels, flats and the like	kg	40	40	6.3 - 7.1	7.8 - 14.0
16. 25mm cement and sand (1:3) paving	m^2	170	120	31	21.5 - 28.5
17. 20mm cement and sand (1:4) plaster to walls	m^2	175	150	32	22 - 37
18. Ceramic tiles bedded to floor screed (measured separately)	m^2	430	450	91.5	80 - 130
19. 12mm fibrous plasterboard ceiling lining	m^2	580	650	40	42 - 56
20. Two coats of emulsion paint to plastered surfaces	m^2	160	200	5.0 - 5.5	3.7 - 5.8
Average expected preliminaries	%	10 - 15	10	14 - 18	6 - 15

The above costs are at **4th Quarter 2024** levels and are based on lump sum fixed price contract rates exclusive of preliminaries and contingencies.

♣ Rates are nett of GST

♣♣ Rate for lean concrete blinding.

δ Rates including dumping charges.

⋆ Rates are nett of GST.

Source of data: ***Singapore*** *- Asia Infrastructure Solutions Singapore Pte. ltd.* ***Kuala Lumpur*** *- JUBM Group.*

MAJOR RATES FOR SELECTED ASIAN CITIES (Cont'd)

DESCRIPTION	UNIT	MANILA	INDIA₲	BANGKOK #	HO CHI MINH #	JAKARTA #
		PHP	INR	BAHT	VND	IDR
1. Excavating basement ≤ 2.00m deep	m^3	300 - 450	281	125 - 160	80,540	70,000
2. Excavating for footings ≤ 1.50m deep	m^3	538	267	150 - 190	80,540	100,000
3. Remove excavated materials off site	m^3	350 - 700	N/A	125 - 160	94,230	50,000
4. Hardcore bed blinded with fine materials	m^3	1,400 - 1,800	5,200 - 5,480	680 - 790	727,670	650,000
5. Mass concrete grade 15	m^3	4,500	7,038	2,300 - 2,700	1,866,130	1,150,000
6. Reinforced concrete grade 30	m^3	6,500 - 7,500	8,737	2,800 - 3,470	2,221,480	1,250,000
7. Mild steel rod reinforcement	kg	52 - 55	78	28 - 31	20,990	15,000
8. High tensile rod reinforcement	kg	52 - 55	72 - 75	28 - 31	20,550	15,000
9. Sawn formwork to soffits of suspended slabs	m^2	950 - 1,200	735 - 774	450 - 500	255,750	250,000
10. Sawn formwork to columns and walls	m^2	1,200 - 1,400	832 - 850	450 - 500	309,030	220,000
11. 112.5mm thick brick walls	m^2	N/A	1,316 - 1,360	650 - 890	313,040	275,000
12. "Kliplok Colorbond" 0.64mm profiled steel sheeting	m^2	1,500	2,006 - 2,059	1,200	459,420 - 647,140	375,000
13. Aluminium casement windows, single glazed	m^2	16,000Ω	6,720 - 7,205	7,600	7,055,180	1,850,000
14. Structural steelwork - beams, stanchions and the like	kg	180	154	55 - 80	49,250	43,000
15. Steelwork - angles, channels, flats and the like	kg	160	154	55 - 80	49,250	45,000
16. 25mm cement and sand (1:3) paving	m^2	450 - 700	582 - 642	220 - 275	116,350	120,000
17. 20mm cement and sand (1:4) plaster to walls	m^2	500 - 700	514 - 550	250 - 295	159,440	120,000
18. Ceramic tiles bedded to floor screed (measured separately)	m^2	1,900 - 2,500	1,966 - 1,998	1,200	668,090	250,000
19. 12mm fibrous plasterboard ceiling lining	m^2	1,400 - 1,700	1,605 - 1,772	850 - 950	248,590	220,000
20. Two coats of emulsion paint to plastered surfaces	m^2	500 - 800	229 - 255	140 - 180	102,530	40,000
Average expected preliminaries	%	12 - 18	9 - 13	12 - 18	8 - 12	8 - 10

The above costs are at **4th Quarter 2024** levels and are based on lump sum fixed price contract rates exclusive of preliminaries and contingencies.

Ω Rate for aluminium with anodized finish; 6mm thick.

₲ Based on projects in Bangalore and are nett of GST. Mumbai costs are generally 9% higher.

\# Rates are nett of VAT.

Source of data: ***India*** *- Arkind LS Private Limited.* ***Bangkok*** *- Mentabuild Limited.* ***Ho Chi Minh*** *- DLS Consultant Company Limited.* ***Jakarta*** *- PT Lantera Sejahtera Indonesia.*

CONTRUCTION COST SPECIFICATION

BUILDING TYPE	OUTLINE SPECIFICATION
DOMESTIC	
Apartments, high rise, average standard	Apartment units with fit-out, including air-conditioning, kitchen cabinets and home appliances, but excluding decorative light fittings and loose furniture
Apartments, high rise, high end	Apartment units with good quality fit-out, including air-conditioning, kitchen cabinets and home appliances, but excluding decorative light fittings and loose furniture
Terraced houses, average standard	Houses with fit-out, including air-conditioning, kitchen cabinets and home appliances, but excluding decorative light fittings, loose furniture, garden and parking
Detached houses, high end	Houses with good quality fit-out, including air-conditioning, kitchen cabinets and home appliances, but excluding decorative light fittings, loose furniture, garden and parking
OFFICE / COMMERCIAL	
Medium/high rise offices, average standard	RC structure, curtain wall/window wall, including public area fit-out, tenant area with screeded floor, painted wall and ceiling
High rise offices, prestige quality	RC structure, curtain wall, including public area fit-out, tenant area with raised floor, painted wall and false ceiling
Out-of-town shopping centre, average standard	Including public area fit-out and M&E, but excluding shop fit-out
Retail malls, high end	
HOTELS	
Budget hotels - 3-star, mid market	1) Including interior decoration, furniture (fixed and movable), and special light fittings (chandeliers, etc.) 2) Excluding Operating Supplies and Equipment (OS&E).
Business hotels - 4/5-star	
Luxury hotels - 5-star	
INDUSTRIAL	
Industrial units, shell only (Conventional single storey framed units)	RC structure with steel roof and M&E to main distribution, but excluding a/c, and tenant fit-out
Owner operated factories, low rise, light weight industry	RC structure, including ancillary office with simple fit-out and M&E, but excluding a/c

CONTRUCTION COST SPECIFICATION (Cont'd)

BUILDING TYPE	OUTLINE SPECIFICATION
OTHERS	
Underground/basement car parks (<3 levels)	RC structure
Multi storey car parks, above ground (<4 levels)	RC structure, natural ventilation, no facade enclosure
Schools (primary and secondary)	Government standard and provisions
Students' residences	University standard
Sports clubs, multi purpose sports/leisure centres (dry sports)	Dry sports (no swimming pool) and are for 'leisure centre' type schemes including main sports hall, ancillary sports facilities, changing and showers, restaurant / cafe, bar, etc. Costs include a/c, Furniture, Fittings and Equipment (FF&E)
General hospitals - public sector	Excluding medical and operating equipment

Notes:

1. The costs for the respective categories given above are averages based on fixed price competitive tenders. It must be understood that the actual cost of a building will depend upon the design and many other factors and may vary from the figures shown.
2. The costs per square metre are based on Construction Floor Areas (CFA) measured to the outside face of the external walls / external perimeter including lift shafts, stairwells, balconies, plant rooms, water tanks and the like.
3. The costs include foundation and substructure.
4. All bulidings are assumed to have no basements (except otherwise stated) and are built on flat ground, with normal soil and site conditions. The costs exclude site formation works, external works, land cost, professional fees, finance and legal expenses.
5. The standard for each category of building varies from region to region and do not necessary follow that of each other.
6. Fluctuation in exchange rates may lead to changes in construction costs expressed in U.S. dollars.

2 GENERAL CONSTRUCTION DATA

2025 OUTLOOK

MAINLAND CHINA

Data from the National Bureau of Statistics showed that, in Q4 2024, China's GDP expanded by 5.0%. This growth is mainly attributed to the expansion of industry and manufacturing sectors, with construction contributing 6.7% to the overall GDP. The growth in construction is 3.9% in 2024.

By the end of 2024, real estate investment and the sales of commercial buildings had declined by 10.6% and 17.1% year-on-year, respectively. According to the National Bureau of Statistics, the completed housing construction area decreased by 27.7%, while the area of new commencements fell by 23%. However, construction output in 2024 experienced growth of 3.9%, primarily driven by infrastructure construction in transportation and industry.

On September 29th, 2024, the People's Bank of China, together with the National Financial Regulatory Administration, introduced four financial policies to support a stable real estate market. These policies comprehensively contribute to the stable development of the real estate market in terms of mortgage interest rates, down payment ratios, re-loans for social housing, and the extension of the terms for real estate financial policies.

The aim is to stimulate housing consumption and alleviate the short-term debt repayment pressure on real estate companies, providing them with more time to improve their operating conditions and optimize their debt structures. This represents a further step in supporting the stability of the real estate market through financial policies, following a series of easing measures regarding real estate purchase restrictions in 2023. After the policies were released, the market showed a positive response, with real estate sales in the fourth quarter increasing compared to the previous year.

There are development opportunities for the construction industry in 2025. This year is crucial for the "14th Five-Year Plan". The construction industry is moving towards a high-quality development stage under the guidance of various policies. The successive implementation of policies such as the "Implementation Opinions on Green and Low-Carbon Development of Urban and Rural Construction" and the "Action Plan for Smart Cities and Digital Buildings" has clarified the core transformation goals of prefabricated and green buildings, promoted the improvement of industry standards, and enhanced market competitiveness.

2025 OUTLOOK

MAINLAND CHINA

Driven by these policies, public infrastructure projects such as new urbanization, the expansion of transportation networks, and improvements to the rural living environment are continuously emerging, providing strong support for the construction market. It is expected that the total output value of China's construction industry will accelerate its growth in 2025.

The construction wages have remained stable. Year on year, the prices of basic construction products have fluctuated, with steel at -12.0%, rebar at -14%, concrete at -10%, cement at -7%, copper at +8%, and aluminium at +8%. Additionally, tender prices recorded a decrease of 2% in 2024.

The growth of construction wages is anticipated to remain stable in the coming year due to a stable consumer price index. In addition, material prices have fallen to a lower price level. However, many real estate companies are still facing debt risks, which may lead them to proceed with caution. Therefore, we anticipate that construction costs will remain stable in 2025.

2025 OUTLOOK

HONG KONG

The quarterly Gross Domestic Product (GDP) growth in 2024 fluctuated between 1.9% and 3.1%, reflecting a slower pace compared to the second half of 2023, which achieved a year-on-year growth rate of 4.2%. Meanwhile, the annual Composite Consumer Price Index in 2024 registered a modest year-on-year increase of 1.7%, down from 2.1% in 2023.

Construction activity in the private and public sectors

According to data published by the Census and Statistics Department (C&SD), overall, construction activity maintained its growth momentum in 2024, driven primarily by contributions from the public sector. Based on data from Q3 2024, the total gross value of works performed in the preceding four quarters is around $282 billion, marking the highest level in recent years. Both the public and private sectors saw increases of 16.9% and 5.7%, respectively. However, works performed at locations other than sites experienced a decline of 6.4% during this period.

For the 12 months ending November 2024, the total gross floor area for private works with consent to commence saw a significant year-on-year decrease of 43%. In addition, the areas with notifications of commencement and completion declined by 19% and 17%, respectively.

The downturn in the private sector became evident and further worsened in the last quarter of 2024. Given the current status of the property market, the outlook for construction activity in the private sector in 2025 appears rather bleak.

The Hong Kong Legislative Council approved a total of HK$139 billion from the Capital Works Reserve Fund to support planned public works in 2024. This represented a 43% and 73% increase compared to the approved funding in 2023 and 2022, respectively. However, with mounting pressure from the budget deficit, the government may face pressure to curb expenditure, including scaling back the number of infrastructure projects or postponing the construction of non-urgent works.

Housing and land supply

In the 2024 Policy Address, the Chief Executive announced plans to supply a total of 189,000 public housing units (including Public Rental Housing, Light Public Housing, Green Form Subsidised Home Ownership Scheme and Home Ownership Scheme flats) over a five-year period from 2025/26 to 2029/30. This target represents a 10% increase compared to the previous target for the five-year period from 2024/25 to 2028/29. Over the past two years, the average waiting time for public rental housing has decreased by six months to 5.5 years. The government is committed to further reducing the waiting time to 4.5 years in 2026/27, leveraging the introduction of Light Public Housing units.

2025 OUTLOOK

HONG KONG

In the Long-Term Housing Strategy Annual Progress Report, released in October 2024, the government set a private housing supply target of 132,000 units for the 10-year period from 2025/26 to 2034/35. Through land sales and railway property developments, the anticipated supply in the first-hand private residential property market is approximately 108,000 units over the next three to four years. However, given recent failures in land tender exercises and a subdued property market, the government is expected to adopt a more cautious approach to land production.

Cost of material and labour

Arcadis' Tender Price Index (TPI) showed a mild increase of 0.5% in tender prices in 2024. Based on data from October 2024 published by the C&SD, prices of major construction materials declined compared to the previous year. These included high tensile steel bars, plywood, Portland cement, sand, concrete blocks, and UPVC pipes. In particular, the prices of sand and steel both fell by around 10%. Diesel fuel prices, however, remained relatively stable throughout 2024.

Regarding labour wages, data from November 2024 published by the C&SD indicated yearly wage inflation ranging from 1.7% to 10.4% across 11 trades and general workers, compared to last year, with the exception of bricklayers, which experienced a drop of 7.3%.

The most significant wage growth was observed among general workers, carpenters (formwork), painters, and mechanical fitters. In October 2024, the Hong Kong Construction Industry Employees General Union proposed new daily payroll rates for workers in 16 major trades, recommending a salary freeze for 14 trades and an approximate 3% increase for metal scaffolders and excavators. Additionally, the unemployment rate in the construction sector hovered between 4.1% and 4.5% in 2024, higher than the rates in the second half of 2023, which ranged from 3.7% to 3.9%.

Looking forward

Arcadis is cautiously optimistic about the level of construction activity in the public sector, which will continue to be supported by projects funded in recent years. Meanwhile, ongoing challenges in the property market persist, leaving the public sector as the sole driver of growth. The adoption of innovative construction methods and prefabrication may alleviate some of the labour supply shortage issues. It is anticipated that the trend in material and labour costs will remain stable in the coming year. However, due to the shrinkage in the private sector, competition in tender prices is expected to become more intense, and construction costs are projected to decline by 2% in 2025.

2025 OUTLOOK

MACAU

In 2024, Macao's economy is recovering, primarily due to the resurgence of cross-border tourism and the increase in the investment of non-gaming-related projects by the six concessionaires. According to data from DSEC (Macao Government Statistics and Census Service), the total number of visitors in the first three quarters of 2024 was 25.9 million, a year-over-year (YOY) increase of 30.1%.

According to the report of Economic Outlook of Macao from DSEC, Macao's Gross Domestic Product (GDP) for the first three quarters of 2024 recorded MOP 300.97 billion, an increase of 11.5% compared to the same period in 2023. Among these, the gaming services sector recorded a year-on-year increase of 28.4%, serving as a major driving force behind Macao's GDP.

In the third quarter of 2024, Macao's overall unemployment rate was 1.7%, with the unemployment rate among local residents at 2.3%. These figures represent a decrease of 0.7% compared to the same period in the previous year, returning to the levels seen in the same period in 2019. This support the notion that Macao's employment environment and market conditions are recovering.

Regarding the construction industry, the overall price of construction materials slightly decreased by 0.56% YOY. According to the data from the DSEC, the wages of construction workers decreased by 2.4% YOY.

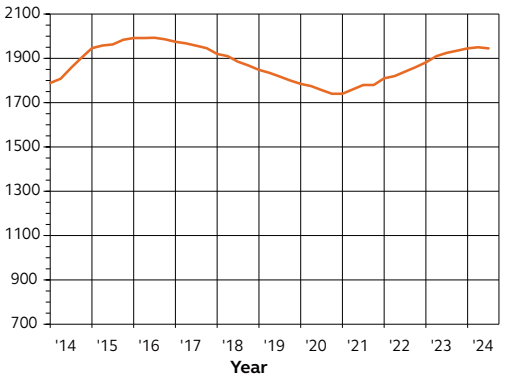
Notwithstanding the above, the Macao government continued various temporary subsidies and tax incentives from 2022, expanding public works investments and initiating projects in public infrastructure, public housing, and other categories of construction. Various small and large-scale public works projects are being continuously introduced. As for the casino and hotel resorts projects, with Macao's gaming revenue is steadily increasing, many hotels and casinos have expanded their establishment and investment in alteration and additions (A&A) projects. In addition, on the 25th anniversary of Macao's return, the Chinese government implemented a series of policies favourable to Macao's economic revitalization.

It is anticipated that Macao's market conditions, economy, and construction will continue to move towards optimistic development. We expect that the construction costs will slightly increase by 1.5% in 2025.

CONSTRUCTION COST TREND PREDICTION			
REGION	**2024**	**2025**	**2026**
Mainland China	(-)2%	0%	(+)2%
Hong Kong	(+)0.5%	(-)2%	(+)2%
Macau	(+)1.5%	(+)1.5%	(+)2%

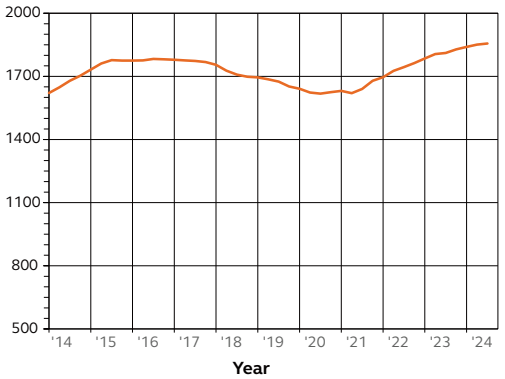
BUILDING COST TRENDS IN HONG KONG

Arcadis Tender Price Index



YEAR	INDEX (Base = 100, at Q1 1970)			
	Q1	Q2	Q3	Q4
2011	1385	1425	1452	1491
2012	1511	1552	1595	1632
2013	1688	1713	1747	1786
2014	1789	1808	1857	1903
2015	1946	1958	1963	1984
2016	1992	1992	1993	1986
2017	1975	1968	1957	1946
2018	1920	1910	1885	1868
2019	1848	1835	1818	1800
2020	1785	1775	1757	1740
2021	1740	1760	1780	1780
2022	1810	1820	1840	1860
2023	1882	1910	1925	1935
2024	1945	1950	1945	1945

ArchSD Building Works Tender Price Index

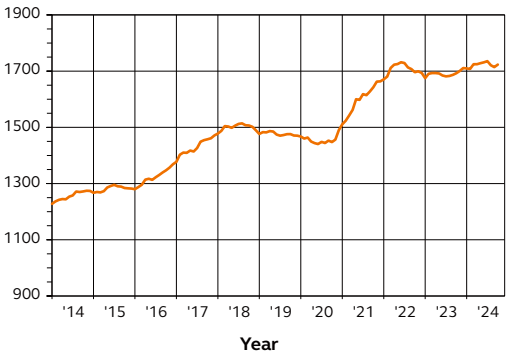


YEAR	INDEX (Base = 100, at Q1 1970)			
	Q1	Q2	Q3	Q4
2011	1273	1320	1369	1408
2012	1414	1438	1467	1496
2013	1516	1532	1559	1590
2014	1621	1648	1679	1703
2015	1732	1761	1777	1775
2016	1775	1776	1783	1781
2017	1779	1776	1773	1768
2018	1755	1727	1708	1698
2019	1695	1686	1675	1652
2020	1641	1623	1618	1625
2021	1631	1620	1640	1679
2022	1696	1726	1744	1763
2023	1785	1806	1811	1828
2024	1840	1851	1856	

Source : Architectural Services Department, Hong Kong, SAR
Refer to www.archsd.gov.hk for further information.

BUILDING COST TRENDS IN HONG KONG

Highways Department Construction Cost Index

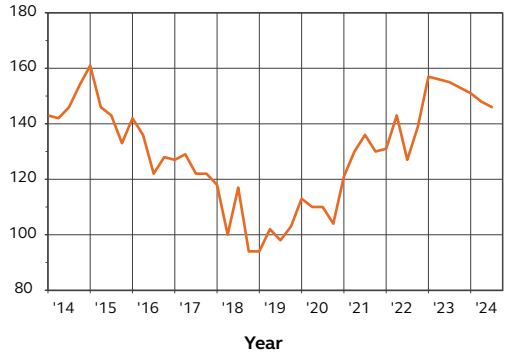


YEAR	HyD CONST. COST INDEX (Base = 100, at Nov 1975)
2011	1075
2012	1127
2013	1191
2014	1256
2015	1282
2016	1323
2017	1429
2018	1501
2019	1477
2020	1455
2021	1597
2022	1707
2023	1690
2024*	1722

* 1/24 to 10/24 only

Source : Civil Engineering and Development Department, Hong Kong, SAR
Refer to www.cedd.gov.hk/eng/publications/standards-spec-handbooks-cost/index.html for further information.

CEDD Civil Engineering Works Tender Price Index



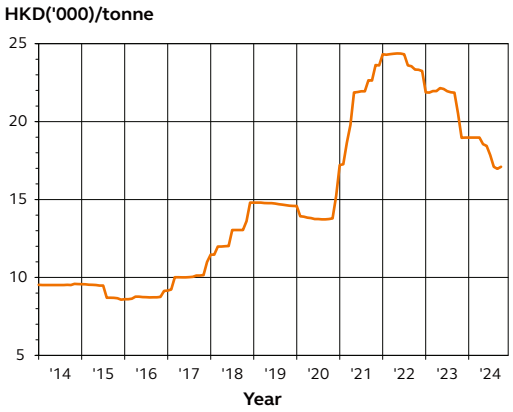
YEAR	CEDD CIVIL ENGINEERING WORKS TENDER PRICE INDEX (Base = 100, at Q1 2010)			
	Q1	Q2	Q3	Q4
2011	129	129	111	104
2012	132	133	131	148
2013	134	135	140	137
2014	143	142	146	154
2015	161	146	143	133
2016	142	136	122	128
2017	127	129	122	122
2018	118	100	117	94
2019	94	102	98	103
2020	113	110	110	104
2021	121	130	136	130
2022	131	143	127	139
2023	157	156	155	153
2024	151	148	146*	

* Provisional

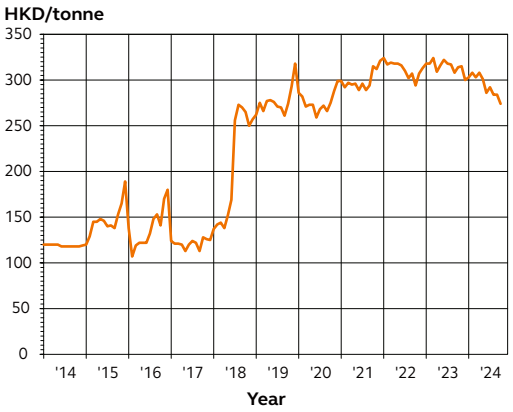
Source : Civil Engineering and Development Department, Hong Kong, SAR
Refer to www.cedd.gov.hk/eng/publications/standards-spec-handbooks-cost/index.html for further information.

MATERIAL PRICES IN HONG KONG

GALVANIZED MILD STEEL PLATE



SAND



REBAR

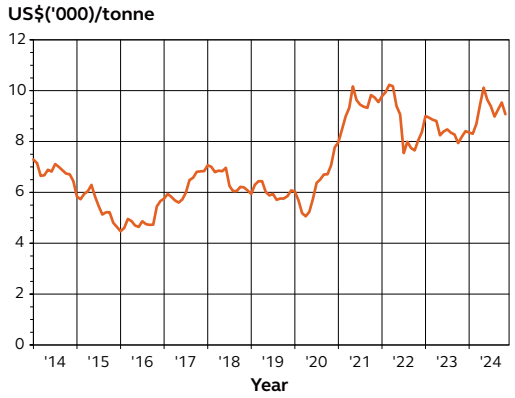
Source: Census and Statistics Department, Hong Kong, SAR
Refer to www.censtatd.gov.hk for further information.

ORDINARY PORTLAND CEMENT

Source: Census and Statistics Department, Hong Kong, SAR
Refer to www.censtatd.gov.hk for further information.

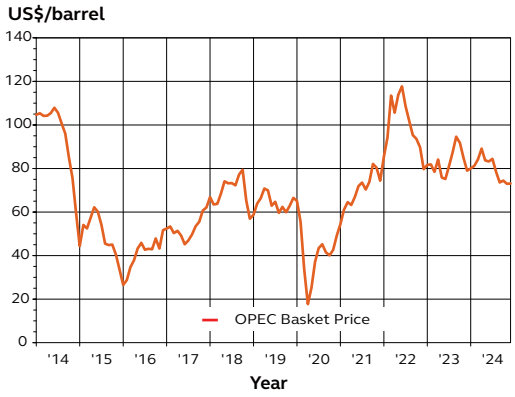
MATERIAL PRICES IN HONG KONG

COPPER GRADE A



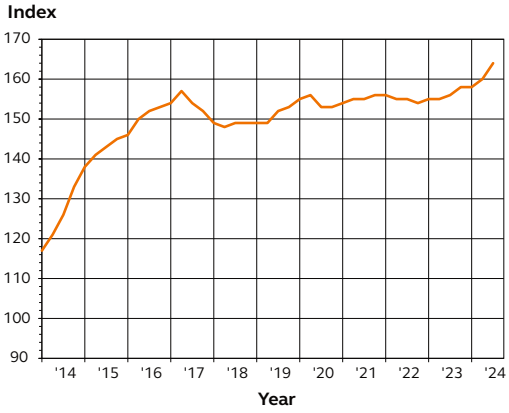
Source: International Monetary Fund
Refer to www.imf.org for further information.

CRUDE OIL



Source: Organization of the Petroleum Exporting Countries (OPEC)
Refer to www.opec.org for further information.

LABOUR INDEX IN HONG KONG

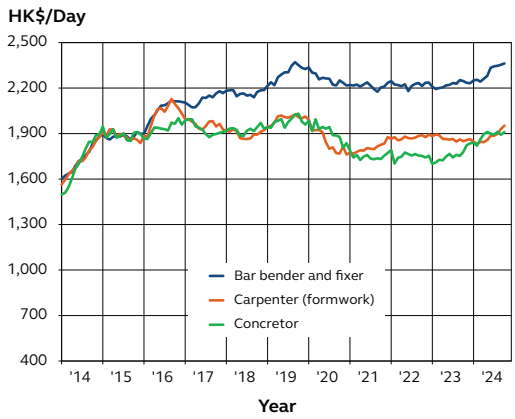


YEAR	INDEX (Base = 100, at April 2003)			
	Q1	Q2	Q3	Q4
2011	90	90	91	94
2012	95	95	96	102
2013	109	111	113	115
2014	117	121	126	133
2015	138	141	143	145
2016	146	150	152	153
2017	154	157	154	152
2018	149	148	149	149
2019	149	149	152	153
2020	155	156	153	150
2021	154	155	155	156
2022	156	155	155	154
2023	155	155	156	158
2024	158	160	164	

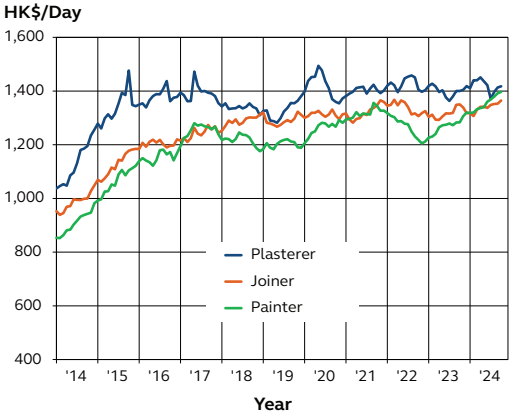
Source: Census and Statistics Department, Hong Kong, SAR
Refer to www.censtatd.gov.hk for further information.

LABOUR WAGES IN HONG KONG

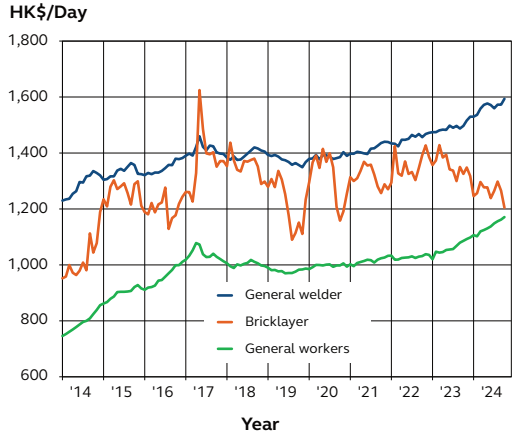
STRUCTURAL



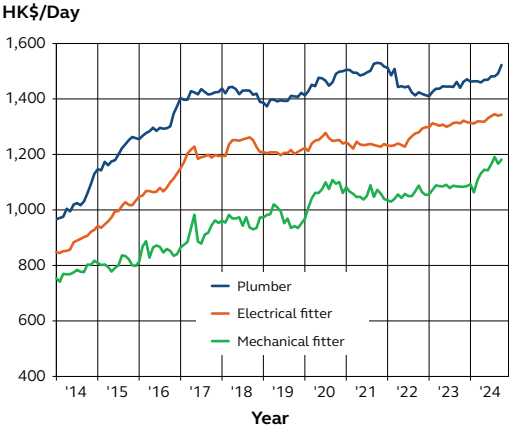
ARCHITECTURAL - DECORATIVE WORKS



ARCHITECTURAL - BASIC WORKS



M&E



Source: Census and Statistics Department, Hong Kong, SAR
Refer to www.censtatd.gov.hk for further information.

Source: Census and Statistics Department, Hong Kong, SAR
Refer to www.censtatd.gov.hk for further information.

ESTIMATING RULES OF THUMB AND DESIGN NORMS

HONG KONG

CFA To GFA Ratio

Building Type	CFA : GFA
Residential	1.15 to 1.25 : 1
Office / Commercial	1.15 to 1.25 : 1
Hotel	1.30 to 1.45 : 1

The above ratios do not include any associated car parking area.

Functional Area Distribution in 5-Star Hotels

Functional Area	% of Total Hotel CFA
Front of House	15 - 20%
Guest room Floors	50 - 60%
Back of House	25 - 30%

Dimensions of Typical Grade A Office Space

Component	Dimension
Distance from curtain wall to core wall	9 - 13 m
Population	9 m^2 usable floor area/person
Average waiting interval for lifts	30 - 40 seconds

Density of Basic Materials for Structure

Material	Density
Concrete	2,400 kg/m^3
Cement	1,450 kg/m^3
Sand	1,600 kg/m^3
Aggregate	1,600 kg/m^3
Steel	7,843 kg/m^3

Average Loads Volume

Lorry (24 ton)	10.0 m^3
Concrete truck (24 ton)	5.5 m^3
Barge	200 - 1,450 m^3

HONG KONG (Cont'd)

Average Piling Ratio - Bored Piles

Building Type	m^2 CFA / m^2 cross section area of piles
Residential	200 - 330
Office / Commercial	200 - 300
Hotel	200 - 330

Average Piling Ratio - Driven H-Piles

Building Type	m^2 CFA / No. of piles
Residential	60 - 120
Office / Commercial	60 - 110
Hotel	60 - 120

Average Piling Ratio - Pre-Bored H-Piles

Building Type	m^2 CFA / No. of piles
Residential	70 - 150
Office / Commercial	70 - 140
Hotel	70 - 150

All pile ratios are for high-rise buildings with normal soil conditions.

Building Structure - Concrete Ratio

Concrete/floor area	0.4 m^3/m^2 to 0.5 m^3/m^2
Formwork/floor area	2.2 m^2/m^2 to 3.0 m^2/m^2
Reinforcement	160 kg/m^3 to 250 kg/m^3

Average External Wall/Floor Ratio

Residential Apartments	1.2 m^2/m^2
Office, Hotel	0.4 m^2/m^2
Industrial	0.4 m^2/m^2

ESTIMATING RULES OF THUMB AND DESIGN NORMS

HONG KONG (Cont'd)

Average Internal Wall/Floor Ratio

Residential Apartments	1.0 m^2/m^2
Office	0.5 m^2/m^2
Hotel	1.5 m^2/m^2

The above ratios are indicative and for reference purposes only. They do not account for buildings with special shapes, configurations or particularly small foot prints.

Average Lighting Level

Building Type	Lux
Residential	300
Office	500
Retail	400
Hotel	300
School	300 - 500

Average Power Density

Building Type	VA/m^2 CFA
Residential	80 - 100
Office	70
Retail	300 - 400
Hotel - Accommodation	30
Hotel - F&B Area	550
School	50

Average Cooling Load

Building Type	m^2 Cooling Area/RT
Residential	18 - 23
Office	14 - 18
Retail	12-14
Hotel	23
School	23

HONG KONG (Cont'd)

Dimensions of Parking Spaces

Type of Vehicle	Length	Width	Minimum Headroom
Private Cars and Taxis	5 m	2.5 m	2.4 m
Light Goods Vehicles	7 m	3.5 m	3.6 m
Medium/Heavy Goods Vehicle	11 m	3.5 m	4.7 m
Container Vehicles	16 m	3.5 m	4.7 m
Coaches and Buses	12 m	3.5 m	3.8 m
Light buses	8 m	3 m	3.3 m

Minimum headroom means the clearance between the floor and the lower most projection from the ceiling including any lighting units, ventilation ducts, conduits or similar.

Indicative Dimensions for Sports Grounds

	Length	Width
Tennis Court	40 m	20 m
Squash Court	10 m	6.4 m
Basketball Court	34 m	20 m
Volleyball Court	36 m	20 m
Badminton Court	20 m	10 m
Ice Rink	61 m	26 m
Soccer Pitch	120 m	90 m

The above dimensions are for a single court with appropriate clearance. No spectator seating or support area has been allowed.

ESTIMATING RULES OF THUMB AND DESIGN NORMS

CHINA AND HONG KONG

Minimum Imposed Loads for Building Design (Uniformly distributed load; kPa)

Building Type	Mainland China@	Hong Kong*
DOMESTIC		
Apartments	2.0	2.0
OFFICE / COMMERCIAL		
Office	2.0	3.0
Shopping Arcade	3.5	5.0
HOTELS		
Hotel	2.0	2.0
INDUSTRIAL		
Industrial, light duty	4.0	5.0
OTHERS		
Carpark, private cars	2.5	3.0
School	2.5	3.0
Theatre, Sports Hall, etc.	4.0	5.0
Hospital	2.0	2.5

Source :

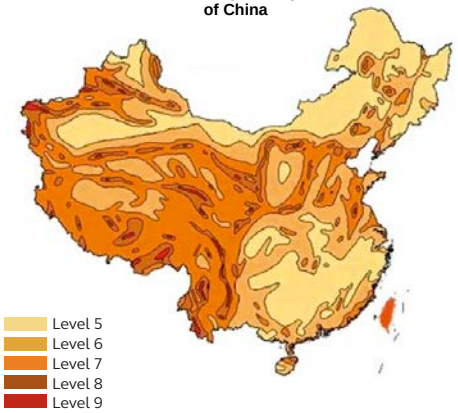
@ *Load Code for the Design of Building Structures, GB 50009-2012, Ministry of Housing and Urban-Rural Development, PRC*

* *Code of Practice for Dead and Imposed Loads 2011 (2021 Edition), Buildings Department, HKSAR*

Seismic Precautionary Intensity Zoning

As stipulated in PRC National Standard GB 50011-2010 (Code for Seismic Design of Buildings) 2024, geographic regions which are classified as Level 6 or above in Seismic Precautionary Intensity Classification should incorporate seismic measures in the design of the structure and foundations.

Seismic Precautionary Intensity Zoning of China

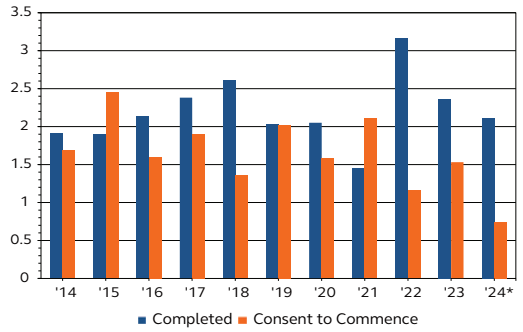


Geographic Regions	Intensity Level	Geographic Regions	Intensity Level
Beijing	8	Hong Kong	7
Changsha	6	Macau	7
Chengdu	7-8	Qingdao	6-7
Chongqing	6-7	Shanghai	7
Dalian	6-8	Shenyang	6-7
Foshan	7	Shenzhen	7
Guangzhou	6-7	Suzhou	6-7
Haikou	8	Tianjin	7-8
Hangzhou	6-7	Wuhan	6-7
Hengqin	7	Xi'an	8

Source : China Earthquake Data Center (data.earthquake.cn)

CONSTRUCTION ACTIVITY IN HONG KONG

Gross Floor Area (Million m2)



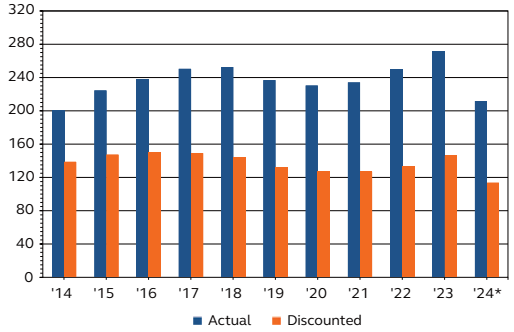
YEAR	COMPLETED m^2	CONSENT TO COMMENCE m^2#
2011	1,650,000	1,232,000
2012	2,507,000	2,343,000
2013	1,472,000	1,437,000
2014	1,908,000	1,679,000
2015	1,897,000	2,445,000
2016	2,134,000	1,597,000
2017	2,379,000	1,900,000
2018	2,600,000	1,358,000
2019	2,028,000	2,020,000
2020	2,048,000	1,572,000
2021	1,445,000	2,104,000
2022	3,162,000	1,156,000
2023	2,363,000	1,528,000
2024*	2,111,000	743,000

* 1/24 to 11/24 only
\# First Submission only

Source: Census and Statistics Department, Hong Kong, SAR
Buildings Department, Hong Kong , SAR
Refer to www.censtatd.gov.hk and www.bd.gov.hk for further information.

CONSTRUCTION VALUE IN HONG KONG

Gross Value of Construction Work Performed (HK$ Millions)



YEAR	VALUE IN NOMINAL TERMS HK$ MILLIONS	VALUE IN CONSTANT (2000) MARKET PRICE HK$ MILLIONS
2011	128,535	108,263
2012	161,449	126,414
2013	176,575	129,868
2014	199,737	138,285
2015	223,947	146,978
2016	236,491	149,973
2017	249,919	148,943
2018	252,176	143,136
2019	236,437	131,111
2020	229,869	127,146
2021	233,721	126,606
2022	249,108	132,589
2023	270,903	145,709
2024*	211,241	113,175

* *Up to Q3 figures and are provisional only*

Source: Census and Statistics Department, Hong Kong, SAR
Refer to www.censtatd.gov.hk for further information.

HONG KONG GENERAL CONSTRUCTION INSURANCE

This section provides general information regarding construction insurance arrangements in Hong Kong.

It is common place for Hong Kong construction contracts to contain provisions as to insurances such as Employees Compensation Insurance, Third Party Liability Insurance, Works Insurance and, on occasion, Professional Liability Indemnity Insurance. For employers, the insurance placement ensures that the contractual indemnities are backed by a financial institution that can afford to pay. For contractors, it provides a certain degree of protection to ensure that he has the means to pay in the event of mishaps.

The insurances may be effected by the contractor (Contractor Controlled Insurance Programme or CCIP) or be taken out by the employer (Employer Controlled Insurance Programme or ECIP). CCIP tends to be the most common insurance arrangement in Hong Kong, since the contractor is in control of all site operations and in a better position to manage its own site safety / risk. As a poor safety record will count against the contractor in premiums negotiation in the procurement of insurance, CCIP provides an incentive for better safety / risk management. On the other hand, ECIP placement leaves the control of the insurance programme in the hands of the employer, thereby offering the advantage of providing comprehensive insurance coverage on a project-wide basis and hence minimizing overlaps and gaps in insurance coverage.

Employees Compensation

Section 40(1) of the Employees Compensation Ordinance states that no employer shall employ any employee unless there is a policy of Employees Compensation Insurance in place. The maximum penalty for failing to comply with this provision is two years in jail and a maximum fine of HK$100,000.

Under the Ordinance, the principal contractor shall take out insurance for his employees and all of the employees of subcontractors with a limit of indemnity of HK$200 million per event (or HK$100 million if the number of employees is less than 200).

Since an injured worker could attempt to sue the employer, the employer will want to ensure the contractor has taken out insurance in joint names with the employer.

Contractors' All Risks Insurance

A Contractors' All Risks policy generally comprises (i) Third Party Insurance which covers injury to persons (except the Contractor's own workmen) or damage to property (other than the Works), due to the carrying out of the Works which may or may not be caused by a default of the contractor. The policy is normally subject to a maximum reimbursement per incident but unlimited in the number of incidents, (ii) Contract Works Insurance which covers damage caused to the Works itself by risks not excluded from the policy and (iii) Plant & Equipment Insurance which covers the contractor's plant and equipment used in the Works. Plant & Equipment Insurance is not normally required under the contract conditions and is voluntarily purchased by the contractor.

Professional Indemnity Insurance

For construction contracts involving contractor's design, it is not uncommon for the employer to require the contractor and his design consultants and independent checking engineers to obtain insurance to cover their liability for design. For Government Contracts, the Professional Indemnity Insurance shall cover the contractor's liability for design generally for the construction period and a further 6 years.

SPECIFIED FORMS FOR BUILDINGS ORDINANCE OR REGULATIONS FOR HONG KONG

FORM NO.	PURPOSE	RELEVANT SECTION OF REGULATION
BA1	Application for inclusion in the authorized persons' register / structural engineers' register / geotechnical engineers' register / inspector's register.	BOs 3(6)
BA1A	Application for retention of name in the authorized persons' register / structural engineers' register / geotechnical engineers' register / inspectors' register.	BOs 3(9B)
BA1B	Application for restoration of name in the authorized persons' register / structural engineers' register / geotechnical engineers' register / inspectors' register.	BOs 3(12)
BA2	Application for registration as a general building contractor / specialist contractor.	BOs 8B
BA2A	Application for renewal of registration as a registered general building contractor / registered specialist contractor.	BOs 8C(2)
BA2B	Application for restoration of name to the register of general building contractors / specialist contractors.	BOs 8D(2)
BA2C	Application for approval of technical director / other officer / person appointed to act for the purposes of the Buildings Ordinance for a registered general building contractor / registered specialist contractor.	BOs 8B
BA4	Notice of appointment of authorized person and/or registered structural engineer and/or registered geotechnical engineer.	BOs 4, B(A)R 23
BA5	Application for approval of plans of building works and/or street works and certificate of preparation of plans.	BOs 14(1)(a), B(A)R 29 & 18A
BA6	Stability certificate of authorized person and/or registered structural engineer.	B(A)R 18
BA7	Notice of urgent works required as a result of accident or emergency.	BOs 19, B(A)R 28
BA8	Application for consent to the commencement and carrying out of building works or street works.	BOs 14(1)(b), B(A)R 31
BA8A	Application for concurrent consent to the commencement of building works.	BOs 14(1)(b), B(A)R 31
BA9	Application for renewal of consent to the carrying out of building works or street works.	BOs 20
BA10	Notice of appointment of registered contractor, notice of commencement of building works or street works and undertaking by registered contractor.	B(A)R 20, BOs 9
BA11	Notice from a registered contractor on ceasing to be appointed in respect of building works or street works and certificate in respect of that part of the building works or street works carried out by the registered contractor.	B(A)R 24
BA12	Certificate on completion of building works resulting in a new temporary building, a new building or part of a new building and application for temporary occupation permit in respect of such building or part.	B(A)R 25, BOs 21
BA13	Certificate on completion of building works resulting in a new building and application for permit to occupy such building.	B(A)R 25, BOs 21
BA14	Certificate on completion of building works not resulting in a new building or of street works.	B(A)R 25 & 26
BA14A	Certificate on completion of demolition works.	B(A)R 25
BA14B	Certificate on completion of demolition works (streamlined procedure).	B(A)R 25
BA14C	Certificate on completion of building works not resulting in a new building (streamlined procedure)	B(A)R 25

Source : Buildings Department, Hong Kong, SAR. Refer to www.bd.gov.hk for further information.

SPECIFIED FORMS FOR BUILDINGS ORDINANCE OR REGULATIONS FOR HONG KONG

FORM NO.	PURPOSE	RELEVANT SECTION OF REGULATION
BA15	Notice of intended material change in the use of a building.	BOs 25, B(A)R 47
BA16	Application for modification of and/or exemption from the provisions of the Buildings Ordinance and/or Regulations made thereunder.	BOs 42
BA17	Application for permit to erect a temporary building.	B(P)R 51
BA18	Application for permit to erect a contractor's shed.	B(P)R 53
BA19	Application for permit to erect hoardings, covered walkways or gantries.	B(P)R 64
BA20	Notice of technically competent person or persons appointed to supervise demolition works.	B(DW)R 8
BA21	Notice of nomination by authorized person or registered structural engineer or registered geotechnical engineer to temporary act in his stead.	BOs 4(2), B(A)R 23(2)
BA22	Application for authorization to carry out and/or maintain groundwater drainage works.	BOs 28B(1)
BA23	Application for grant/renewal of licence for an oil storage installation.	B(OSI)R 6(1) & 7(3)
BA24	Notification of change of business address / Contact Information.	B(A)R 45
BA25	Application for registration as a registered minor works contractor (company).	B(MW)R 10(1)(b)
BA25A	Application for renewal of registration of registered minor works contractor (company).	B(MW)R 14(1)
BA25B	Application for restoration of name to the register of minor works contractors (company).	B(MW)R 18(1)
BA25C	Application for registration of additional class and /or type of minor works for registered minor works contractor (company).	B(MW)R 21(2)
BA25D	Application for approval of nomination of additional authorized signatory/technical director of registered minor works contractor (company).	B(MW)R 24(1)
BA25E	Application for review of decision of the Building Authority or recommendation of the Minor Works Contractors Registration Committee in respect of registration of minor works contractor (company).	B(MW)R 26
BA26	Application for registration as a registered minor works contractor (individual).	B(MW)R 10(1)(a)
BA26A	Application for renewal of registration of registered minor works contractor (individual).	B(MW)R 14(1)
BA26B	Application for restoration of name to the register of minor works contractor (individual).	B(MW)R 18(1)
BA26C	Application for registration of additional items of Class III minor works for a registered minor works contractor (individual).	B(MW)R 21(1)
BA26D	Application for review of decision of the Building Authority or recommendation of the Minor Works Contractors Registration Committee in respect of registration of minor works contractor (individual).	B(MW)R 26

Source : Buildings Department, Hong Kong, SAR. Refer to www.bd.gov.hk for further information.

SUMMARY OF BUILDING REGULATIONS FOR HONG KONG

DESCRIPTION	NUMBER OF REGULATIONS
Administration	48
Appeal	13
Construction	46
Demolition Works	14
Energy Efficiency	5
Minor Works	96
Minor Works (Fees)	20
Inspection and Repair	35
Oil Storage Installations	15
Planning	74
Private Street and Access Roads	28
Refuse Storage and Material Recovery Chambers and Refuse Chutes	30
Standards of Sanitary Fitments, Plumbing, Drainage Works and Latrines	97
Ventilating Systems	8

Source: Buildings Ordinance, Hong Kong, SAR
Refer to www.legislation.gov.hk for further information.

PERCENTAGE SITE COVERAGE AND PLOT RATIOS FOR HONG KONG

DEFINITION

Class A Site : Not being a class B or class C site, that abuts on one specified street not less than 4.5 m wide or on more than one such street.

Class B Site : A corner site that abuts on 2 specified streets neither of which is less than 4.5 m wide.

Class C Site : A corner site that abuts on 3 specified streets none of which is less than 4.5 m wide.

OPEN SPACE ABOUT DOMESTIC BUILDINGS		
Item	**Class of site**	**Open space required**
1.	Class A site	Not less than one-half of the roofed-over area of the building
2.	Class B site	Not less than one-third of the roofed-over area of the building
3.	Class C site	Not less than one-quarter of the roofed-over area of the building

Source: Buildings Ordinance, Hong Kong, SAR
Refer to www.legislation.gov.hk for further information.

PERCENTAGE SITE COVERAGE AND PLOT RATIOS FOR HONG KONG

Height of Building in metres	DOMESTIC BUILDINGS					
	Percentage site coverage			Plot Ratio		
	Class A site	Class B site	Class C site	Class A site	Class B site	Class C site
Not over 15 m	66.6	75	80	3.3	3.75	4.0
15 m to 18 m	60	67	72	3.6	4.0	4.3
18 m to 21 m	56	62	67	3.9	4.3	4.7
21 m to 24 m	52	58	63	4.2	4.6	5.0
24 m to 27 m	49	55	59	4.4	4.9	5.3
27 m to 30 m	46	52	55	4.6	5.2	5.5
30 m to 36 m	42	47.5	50	5.0	5.7	6.0
36 m to 43 m	39	44	47	5.4	6.1	6.5
43 m to 49 m	37	41	44	5.9	6.5	7.0
49 m to 55 m	35	39	42	6.3	7.0	7.5
55 m to 61 m	34	38	41	6.8	7.6	8.0
Over 61 m	33.33	37.5	40	8.0	9.0	10.0

NON-DOMESTIC BUILDINGS					
Percentage site coverage			Plot Ratio		
Class A site	Class B site	Class C site	Class A site	Class B site	Class C site
100	100	100	5	5	5
97.5	97.5	97.5	5.8	5.8	5.8
95	95	95	6.7	6.7	6.7
92	92	92	7.4	7.4	7.4
89	90	90	8.0	8.1	8.1
85	87	88	8.5	8.7	8.8
80	82.5	85	9.5	9.9	10.2
75	77.5	80	10.5	10.8	11.2
69	72.5	75	11.0	11.6	12.0
64	67.5	70	11.5	12.1	12.6
60	62.5	65	12.2	12.5	13.0
60	62.5	65	15	15	15

Source: Buildings Ordinance, Hong Kong, SAR
Refer to www.legislation.gov.hk for further information.

CHINA: GREEN BUILDINGS, CLIMATE CHANGE AND REGULATORY DEVELOPMENTS

Overview

China promulgated its first national green building evaluation standard in 2014. In promoting green buildings, China and all other countries share the same underlying sustainability goals, namely, environmental protection, reduction of wastes, well-being of building users, conservation of energy, adapting and mitigating climate change impacts. Now that climate change is a forefront issue for all governments and businesses worldwide, decarbonisation and adapting to renewable energies are becoming the measurements, drivers and direction of the development of green buildings in China.

For a number of years China has been the world's largest emitter of carbon dioxide and other greenhouse gases. Hence it was a very significant moment for the global climate change movement that President Xi Jinping of China announced at the 75th Session of the UN General Assembly in September 2020 that China will target to peak its carbon emissions by 2030 and to attain carbon neutrality by 2060. In fact, historically, China has always been highly proactive and supportive of international developments in climate change and decarbonisation. When the three most important international conventions for climate change were agreed and promulgated by the United Nations, namely, the 1992 *UN International Intergovernmental Panel on Climate Change*, the 1997 *Kyoto Protocol* and the 2015 *Paris Agreement*, China formally acceded to them within one year of their promulgation.

Since China's public announcement of its 2030/2060 decarbonisation commitments, China has issued a series of national policy documents to implement and fulfil its commitments, such as:

- the *Outline of the 14th Five-Year Plan and the Long-Range Objectives Through the Year 2035* (中华人民共和国国民经济和社会发展第十四个五年规划和2035年远景目标纲要) (March 2021)
- the *Opinions on Full Implementation of Decarbonisation* (关于完整准确全面贯彻新发展理念做好碳达峰碳中和工作的意见) (September 2021)
- the *Action Plan for Peaking Carbon Emissions before 2030* (2030年前碳达峰行动方案) (October 2021)
- the *National Climate Change Adaptation Strategy 2035* (国家适应气候变化战略 2035) (May 2022)
- the *Guidelines for Establishing Carbon Peaking and Carbon Neutrality Standards* (碳达峰碳中和标准体系建设指南) (April 2023)
- the *Opinions on Comprehensively Advancing the Construction of a Beautiful China* (关于全面推进美丽中国建设的意见) (January 2024)

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CHINA: GREEN BUILDINGS, CLIMATE CHANGE AND REGULATORY DEVELOPMENTS

In connection with these macro decarbonisation policy documents, a number of national policy documents have been issued to actively implement decarbonisation in the building and construction sectors, such as:

- the *2020 Green Building Promotion Action Plan* (2020年绿色建筑创建行动方案) (July 2020)
- the *Opinions on Driving Green Developments in Urban and Rural Areas* (关于推动城乡建设绿色发展的意见) (October 2021)
- the *Working Plan to Accelerate Energy Saving and Decarbonization in Building Sector* (加快推动建筑领域节能降碳工作方案) (March 2024)

In February 2023, the Supreme People's Court issued the *Opinions on Complete, Accurate and Comprehensive Implementation of the New Development Concept and Providing Judicial Services for Active and Steady Promotion of Carbon Peaking and Carbon Neutrality* (最高人民法院关于完整准确全面贯彻新发展理念 为积极稳妥推进碳达峰碳中和提供司法服务的意见), to provide guidance to local courts on adjudication of cases relating to carbon emission, green building and green finance.

On 1 January 2025, the *Energy Law of the People's Republic of China* (中华人民共和国能源法) came into effect. While China has dozens of industry directives (such as the Electric Power Law and the Renewable Energy Law), this is the first overarching energy legislation that sits atop all the industry directives. The new energy law is expected to serve as a cornerstone for promoting high-quality energy development, ensure national energy security, and promoting green and low-carbon transformation and sustainable development of the economy and society.

Green Building Certifications and Green Building Regulations

Energy conservation and efficiency performance is naturally the initial focus of China's green building regime. China has established its national legal framework in this area through *1997 Energy Conservation Law* (节约能源法) and the *2008 Civilian Buildings Energy Conservation Regulations* (民用建筑节能条例). All civil buildings are required to meet the relevant mandatory energy conservation standards and specifications for building materials, equipment and techniques, failing which local construction authorities shall not grant relevant approvals at the building design, planning, work commencement or completion stage.

Specifically, in June 2023, the *Measures for the Energy Conservation Review of Fixed Asset Investment Projects* (固定资产投资项目节能审查办法) came into effect and requires developers of fixed asset investment projects to obtain the energy conservation review opinions issued by the energy conservation review authority at specific stages. Any project that is not reviewed for energy conservation in accordance with the Measures or fails to pass the energy conservation review shall not be commenced by the developer and shall not be put into production or use if the project is built. A Measures for the Energy Conservation Review of Fixed Asset Investment Projects (Draft for Comment) (固定资产投资项目节能审查办法(征求意见稿)) was issued in August 2024 for consultation until 20 September 2024.

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CHINA: GREEN BUILDINGS, CLIMATE CHANGE AND REGULATORY DEVELOPMENTS

The amendments were targeted to establish a new mechanism for the comprehensive transition to dual control of the amount and intensity of carbon emissions and to facilitate the carbon peaking and carbon neutrality goal. Further progress on the amendments are yet to be announced.

Residential and commercial buildings are major source of carbon emissions due to the huge amount of electricity (and fossil fuel for heat generation in the colder regions of China) consumed for living and economic activities which take place in buildings. To address such operational carbon emission of buildings, China promulgated its first Green Building Action Plan in 2013, and then promulgated its first national *Green Building Evaluation Standard* scheme in 2014. The latest *Green Building Evaluation Standard* (绿色建筑评价标准) (GB-T50378-2019) was issued in 2019 and partially updated in 2024. It provides technical standards for different types of civil buildings. A building can obtain green building rating of Basic-Grade, One-Star, Two-Star to Three-Star (being the highest rating). Similar to other international rating systems, China green building rating is granted in two stages: initially, a tentative rating at the design stage, and then a formal rating after completion of construction.

Currently only limited types of buildings are mandatorily required to achieve a certain green building rating. Pursuant to the 2024 *Working Plan to Accelerate Energy Saving and Decarbonization in Building Sector* (加快推动建筑领域节能降碳工作方案) and other policy documents, China targets that all new buildings in urban areas in China shall attain a green building rating starting from 2025.

Concurrent with various mandatory requirements to attain green building ratings, local authorities have also been granting financial incentives for green buildings, such as exemption of gross floor area used to construct green building facilities in calculating project plot ratio as well as cash subsidies for projects which can attain higher green building ratings.

All regions in China now have green building regulations of varying degree of sophistication, e.g. the *Shenzhen Green Building Regulations* (深圳经济特区绿色建筑条例) (March 2022) and the *Shanghai Green Building Regulations* (上海市绿色建筑条例) (September 2024).

In response to the ever-rising climate change awareness internationally and in China, some major landlords and tenants of commercial real estate have started to adopt green lease. However, there is yet any government regulatory requirements or incentives for adoption of green lease in leasing of real estate.

Green Contruction Materials

From the perspective of the whole life cycle of a building, the carbon emission "embedded" in construction phase of a building is often much more than the carbon emission during the operational phase of a building. In November 2022 the *Action Plan on Peaking Carbon Dioxide Emissions in the Building Materials Industry* (建材行业碳达峰实施方案) was issued to address the embedded carbon emission of construction materials. The Action Plan stipulates measures to enhance the regulatory framework for certification and use of green building materials, promotes green building technology development, and supports the use of renewable energy in production of construction materials.

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CHINA: GREEN BUILDINGS, CLIMATE CHANGE AND REGULATORY DEVELOPMENTS

In this connection, the *Circular on Extending the Implementation Scope of Policies on Government's Procurement of Green Building Material to Improve Building Quality* (关于扩大政府采购支持绿色建材促进建筑品质提升政策实施范围的通知) (October 2022), the *Circular on Issuing the Implementation Guide to the Projects under the Policy for Supporting Green Building Materials through Government Procurement and Promoting Construction Quality Improvement* (关于印发政府采购支持绿色建材促进建筑品质提升政策项目实施指南的通知) (March 2023), the *Catalogue of Industries for Encouraging Foreign Investment (2022 Version)* (鼓励外商投资产业目录 (2022年版)), the *Outline for Building a Quality Powerhouse* (质量强国建设纲要) (February 2023) and the Implementation Plan for the High-quality Development of Green Building Material Industry (绿色建材产业高质量发展实施方案) (December 2023) were issued to provide incentives for investment in and use of green construction materials.

Furthermore, in August 2023, the *Work Plan for Stable Growth of the Building Construction Materials Industry* (建材行业稳增长工作方案) was issued. This plan outlines various steps to promote green construction materials, including conducting activities to introduce green construction materials in rural areas, expanding the promotion and application of green construction materials in urban areas and enhancing the certification system for green construction materials.

Carbon Emissions of Buildings

Following China's accession for the *Kyoto Protocol* in 1998, in 2011 China has set up seven local carbon emissions trading exchanges in Beijing, Tianjin, Shanghai, Chongqing, Guangdong, Hubei and Shenzhen. Certain building and hotel projects have been selected to participate in the local carbon emissions trading exchanges in Beijing, Shanghai and Shenzhen on a trial basis.

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In 2019, the *Building Carbon Emissions Computation Standard* (GB/T51366-2019) (建筑碳排放计算标准) was promulgated. The General Rules for Building Energy Conservation and Use of Renewable Energies (建筑节能与可再生能源利用通用规范) (GB 55015-2021) was further issued in September 2021. These General Rules are highly significant in several respects:

- the energy efficiency and carbon emission standards for all building types will be raised quite significantly and mandatorily with effect from 1 April 2022
- national and local authorities will start to set up online platforms to collect, analyse and report carbon emissions data of buildings.

Based on the experience of these local exchanges, China issued the Management Measures for Tra*ding of Carbon Emission Rights (Trial Implementation)* (碳排放权交易管理办法(试行)) in 2020 to set up the China National Carbon Emissions Trading Scheme (ETS) in Shanghai. Trading on the China Carbon Emission Trade Exchange (CCETE) started in July 2021 while trading on the local exchanges continues. At this stage only the major electricity power generation companies are mandated to participate to trade the carbon emissions quotas at the National ETS Exchange. Other sectors with heavy carbon emissions (such as steel, cement (and other construction materials) and chemicals) will also be mandated to participate in the CCETE gradually.

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CHINA: GREEN BUILDINGS, CLIMATE CHANGE AND REGULATORY DEVELOPMENTS

On 1 May 2024, the *Provisional Regulation on the Administration of Trading of Carbon Emission Permits* (碳排放权交易管理暂行条例) came into effect. The *Provisional Regulation* for the first time clarify the carbon emission rights trading system in the form of an administrative regulation, providing a legal basis for the operation of China's carbon market and marking a new step in the construction of China's carbon market legal system. Compared with the *Management Measures for Trading of Carbon Emission Rights (Trial Implementation)* (碳排放权交易管理办法(试行)), the *Provisional Regulation* increased the penalties on non-compliance activities of the trading market participants.

Apart from the mandatory trading market, on 22 January 2024, the National Voluntary Greenhouse Gas Emission Reduction Trading Market was launched. This followed the release of the *Measures for the Administration of Voluntary Greenhouse Gas Emission Reduction Trading (Trial)* (温室气体自愿减排交易管理办法(试行)) in October 2023 and certain other policies, regulations, and technical specifications providing guidance on relevant processes and elements for participating entities. The voluntary trading market supplements the CCETE and facilitates society-wide participation in greenhouse gas emission reduction.

Green Finance for Buildings

China is well aware of the important role of finance in achieving its climate change transition goals. In 2016, the People's Bank of China and various other national ministries issued the *Guiding Opinions on Creating the Green Finance Framework* (关于构建绿色金融体系的指导意见) to set up a supportive policy framework for promoting green finance in China. Since then many national and local regulations and policy documents have been issued in support of green finance in China, e.g. the 2021 *Huzhou Green Finance Promotion Regulations* (湖州市绿色金融促进条例), the 2021 *Shenzhen Green Finance Regulations* (深圳经济特区绿色金融条例), *the 2023 Notice on Accelerating the Coordinated Development of the Green Building Industry and Green Finance* (关于加快推动绿色建筑产业与绿色金融协同发展的通知), the 2024 *Guiding Opinions on Further Strengthening the Financial Support for Green and Low-Carbon Development* (关于进一步强化金融支持绿色低碳发展的指导意见) and the 2024 Opinions on Leveraging the Role of Green Finance to Serve the Construction of Beautiful China (关于发挥绿色金融作用服务美丽中国建设的意见). China is one of the world's largest economies in terms of quantity of green finance, with an aggregate of RMB 3.9 trillion green bond issuance up to end of the third quarter of 2024 and a total of RMB 35 trillion green loan outstanding as of the end of the third quarter of 2024.

In all these national and local regulations, green building is always included as one of the specific sectors to receive green finance support. A principal way for a building project to prove that it can meet the green financing criteria set by regulations and lenders is that it has obtained the required national or local green building rating.

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PROCUREMENT STRATEGIES AND FORM OF CONTRACTS

General

A host of contract procurement approaches have emerged in the past decade. Each procurement approach has characteristics, benefits and restrictions peculiar to it. There is no single approach that fits all situations. The key to a successful procurement arrangement lies in marrying the right procurement approach with the particular contract in question. This calls for a systematic identification of client's requirements and evaluation of the decision criteria relating to the procurement strategy.

Common criteria for procurement selection

Speed – Fast-tracking projects generally favor arrangements that offer opportunities to overlap the design and construction processes e.g. design & build contracting and management contracting.

Cost certainty – Reliability of budgets is one of the prime concerns of most clients. Traditional lump sum bills of quantities and design & build contracting offer the highest degree of price certainty.

Complexity – Projects which are technologically advanced or highly serviced generally favor the use of traditional contracting where the design will be well developed prior to the tendering stage. Procurement arrangements such as construction management and management contracting that allow early involvement of management contractor are also considered suitable for complex projects.

Responsibility – For projects using traditional contracting, the contractor is employed to build what the client's design team has documented. Therefore, any dispute as to quality of works has to be resolved into a design or workmanship issue in the very first place. By contrast, design & build contracts offer the clearest division of responsibility where the design & build contractor will be the sole point of responsibility.

Common standard form of contract in Hong Kong

In 2005, the Hong Kong Institute of Architects, the Hong Kong Institute of Construction Managers and the Hong Kong Institute of Surveyors jointly published a new standard form of building contract which is designed particularly for private projects where bills of quantities are provided.

In 2006, the three institutes published another standard form of building contract tailored for private projects without bills of quantities.

For public works, the conditions of contracts are often based on one of the following standard forms:

The Government of the HKSAR, General Conditions of Contract for Building Works 1999 Edition

The Government of the HKSAR, General Conditions of Contract for Civil Engineering Works 1999 Edition

The Government of the HKSAR, General Conditions of Contract for Electrical and Mechanical Engineering Works 1999 Edition

The Government of the HKSAR, General Conditions of Design and Build Contracts 1999 Edition

New Engineering Contract (NEC)

NEC is the abbreviation for "New Engineering Contract" which is a suite of contracts published by the Institute of Civil Engineers in the United Kingdom. The Hong Kong Government used to have its own standard forms of contract but now the NEC forms have become increasingly popular in the public sector of Hong Kong. The Development Bureau continually advocated "collaborative partnership" in delivering public works projects in Hong Kong by way of introducing the "New Engineering Contract" (NEC) form aiming to enhance risk management, optimize claim management and enhance cost effectiveness.

According to the Secretary for Development, the ratio of the NEC contracts to all public works contracts has been increasing, from 22 per cent in 2017 to 47 per cent in 2022. Over 90 per cent of the large-scale public works projects commenced in year 2022 have adopted the NEC form.

NEC form have also been adopted by non-public clients such as Airport Authority HK, CLP, MTR, etc.

PROCUREMENT STRATEGIES AND FORM OF CONTRACTS

New Engineering Contract (NEC) (Cont'd)

The NEC form continues to have a significant impact by its extensive usage in different works categories (including building works, civil engineering works etc.) by the Hong Kong Government. The NEC contract suites cover not only construction and engineering contracts between employers and contractors but also professional service contracts for employers to engage consultants or other suppliers under NEC contracts.

The Engineering & Construction Contract (ECC) of the NEC family of contracts contains standard options that cover lump sum contracts, target cost contracts, cost reimbursable contracts and management contracts. The ECC contract claims are radically different to traditional construction contracts in that it facilitates good management and encourages collaborative working. For instance, both the Project Manager and the Contractor are obliged to give early warnings and to hold early warning meetings to mitigate the effects of change in contract scope. Great emphasis is also given to the programme which has to be accepted by the Project Manager and to be kept updated by the Contractor. The Project Manager is to maintain a Risk Register to record risks that have arisen during the contract and the decisions of how to deal with them.

In 2017, the NEC4 contract suite was published built upon updates to NEC3 contract suite. The NEC3 contracts are updated by taking account on the constructive feedback from users and industry experts with amendments for improvement in flexibility, clarity and ease of contract administration. The Hong Kong Government has started using NEC4 since 2018.

In 2023, a NEC ECC Hong Kong Edition was launched, which introduce measures that meet specific requirements of Hong Kong governance procedures and legislation. The Hong Kong Edition of NEC Term Service Contract (TSC) standard template was launched on 28 November 2024 for appointing contractors over fixed periods to provide maintenance, repair or other services on operational assets. The Secretary for Development also stated that the Hong Kong Edition will be completed in 2026.

The three key objectives in drafting the NEC ECC Hong Kong Edition are to
(1) enhance NEC's relevancy in Hong Kong
(2) provide consistency in document preparation across Hong Kong public/private works contracts
(3) inspire increased confidence in the use of NEC in Hong Kong so others benefit from better project delivery.

Arcadis was the NEC Advisor for Fuk Man Road Nullah Improvement Works – the very first NEC pilot project in Hong Kong. Our work with the project team for that pilot project reveals that it is not only the form of the NEC that brings about the advantages of flexibility and promotion of good project management. The success lies in a change in mindset and attitudes and the establishment of mutual trust among project stakeholder.

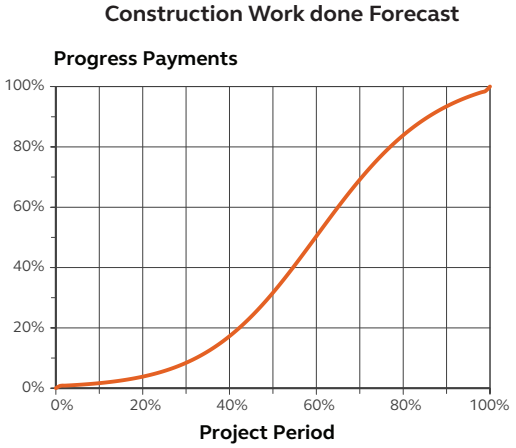
Procurement Strategy Table

PROJECT CRITERIA			RELATIVE DEGREE OF APPROPRIATENESS			
	Parameter	Objectives	Traditional	Management Contracting	Construction Management	Design and Construct
	Timing	Early Completion	Low	High	High	High
	Cost	Pre construction price certainty	High	Low	Low	High
	Quality	Design prestige	High	High	High	Low
	Variations	Avoid prohibitive cost of change	High	Moderate	Moderate	Low
	Complexity	Technically advance or highly complex building	Moderate	High	High	Low
	Responsibility	Single contractual link	Low	Low	Low	High
	Professional Responsibility	Need for design team to report to sponsor	High	High	High	Low
	Risk Avoidance	Desire to transfer complete risk	Low	Low	Low	High
	Damage Recovery	Facility to recover costs direct from contractor	Moderate	Low	Low	High
	Buildability	Contractor input to economic construction	Low	High	High	High

CONSTRUCTION WORK DONE FORECAST

The following graph and table are an indication of the rate of expenditure for construction projects.

The rate of expenditure is an average rate and will vary from project to project when specific project circumstances are taken into account.



CONTRACT PERIOD	CUMULATIVE WORK DONE	CONTRACT PERIOD	CUMULATIVE WORK DONE
5%	1%	55%	41%
10%	2%	60%	50%
15%	3%	65%	60%
20%	4%	70%	69%
25%	6%	75%	77%
30%	8%	80%	84%
35%	12%	85%	89%
40%	17%	90%	93%
45%	24%	95%	97%
50%	32%	100%	100%

3 PROPERTY

PROPERTY COMMENTARY 2024

Economy

Hong Kong's economy has navigated a complex landscape shaped by global and regional dynamics in 2024. Driven by robust commodity trade, the economy of Hong Kong continued its trajectory of recovery, with an expected annual growth rate of 2.5%. Hong Kong recorded 69 IPOs that collectively raised HK$87.6 billion in 2024, representing an 89% increase in funds raised compared to 2023. Meanwhile, the property market remains under significant pressure as the three-month HIBOR has remained above 4.3% for most of 2024.

In November 2024, the value of Hong Kong's total exports and imports of goods both experienced YoY increases, at 2.1% and 5.7% respectively. Looking ahead, the heightened global economic uncertainties and the escalation of trade conflicts are poised to challenge Hong Kong's export performance. However, various measures implemented by the Mainland government to stimulate its economy should provide some support.

The seasonally adjusted unemployment rate in Hong Kong stood at 3.1% from September to November, reflecting a slight increase of 0.2 percentage points compared to the same period last year. This rise in the unemployment rate primarily stems from challenges faced in the construction industry, as well as in the retail, accommodation, and food services sectors.

Considering the initial eleven months of 2024, the Composite Consumer Price Index (CPI) rose by 1.8% compared to the previous year. Overall inflation is expected to remain mild in the short term. Domestic costs could experience some slight upward pressures, as the Hong Kong economy continues its growth trajectory.

Provided by : Knight Frank

Conversely, external price pressures are anticipated to ease broadly, although uncertainties from the external environment have intensified.

The total number of visitor arrivals in 2024 reached 44.5 million, marking a 31% increase from the previous year but still down 34.1% from the peak observed with 65 million total arrivals in 2018. Moreover, air freight and passenger traffic are rebounding back to pre-pandemic levels, with some operators claiming they will reach their peak capacity in early 2025. However, the strength of the Hong Kong Dollar is incentivizing locals to travel abroad while deterring inbound tourists due to currency disadvantages.

In early 2024, the Buyer's Stamp Duty was entirely abolished to promote increased transactions in the residential market. In the fourth quarter of 2024, Hong Kong benefitted from a long-awaited rate cut of 100 basis points, reducing the rate to 4.75%. Although the market anticipates further rate cuts throughout 2025, the degree of uncertainty regarding the pace of these cuts arises from factors such as the presidential inauguration, inflation rates, and unemployment figures in the United States. Sales of residential units will continue to confront substantial pressure due to overwhelming supply, while distressed assets are expected to drive transactions within the commercial property sector.

Looking forward, prevailing market headwinds—including high interest rates, a decline in consumer spending by tourists, and rising local outbound travel—are likely to persist into 2025.

Provided by : Knight Frank

PROPERTY COMMENTARY 2024

Economy (Cont'd)

Furthermore, the macroeconomic conditions necessary for Hong Kong's economic revival remain uncertain. While merchandise trade and tourism are projected to improve further, the finance and property sectors will likely depend on the direction in which the global political and economic landscape evolves.

Residential

The year 2024 represented a crucial turning point for the housing market, characterized by the elimination of all cooling measures, the Hong Kong Monetary Authority's relaxation of the maximum loan-to-value (LTV) ratio, and reductions in interest rates. These initiatives led to a 23.4% YoY increase in home sales in 2024. However, they did not prevent housing prices from declining an additional 6.6% YTD as of November 2024, as ongoing uncertainties and a surplus of supply continued to exert downward pressure on home prices.

With a high level of unsold inventory, developers are tasked with clearing this stock. The first-hand market thrived, with a total 16,912 transactions, 57% YoY driven primarily by mainland Chinese buyers pursuing long-term leasing investment strategies. Luxury homes also experienced a rise in market activity. For properties priced at HK$78 billion (US$10 million) or above, the number of transactions increased by 31% QoQ in Q4 to 72 cases, with total consideration increasing by 3.9% QoQ.

In October, the Chief Executive announced a relaxation in the loan-to-value ratio cap for all property mortgages to 70%. Under the new initiative and lower interest rates, the positive impact of the abolition of all cooling measures earlier this year will be more pronounced. We expect mid-to-high-end residential properties valued at HK$15-30 million in the market will benefit. It will boost the upgrade demand from end-users and facilitate related transactions. More high-income local and overseas professionals will enter the market.

Meanwhile, the leasing market remained robust, government statistics showed overall rental edged up by 0.07% MoM in November, up for two straight months. Due to a shortage of available units, tenants are willing to pay higher rents. Moreover, supported by demand from talent schemes and the high-income groups, with mass residential rents projected to rise by 3-5%, potentially reaching record levels.

Looking ahead, we project that the Hong Kong property market will remain largely stable, driven by a recovering economy, low unemployment rates, and falling interest rates. We expect developers to expedite unloading unsold inventory and launch new projects, which should boost market activity in 2025. Home prices may potentially rise by 5%. First-hand and second-hand transactions are expected to increase slightly to 55,000-58,000 units, reflecting a YoY increase of approximately 10-15%. First-hand sales are expected to constitute 35-40% of this total, potentially marketing the highest number of first-hand transactions since 2004.

Provided by : Knight Frank

Provided by : Knight Frank

PROPERTY COMMENTARY 2024

Office

The demand for leasing Grade A offices remained sluggish in 2024, with rents continuing to decline and vacancy rates staying at historically high levels. This situation highlights market concerns regarding economic uncertainty, leading companies to adopt a more cautious approach to their leasing decisions. According to Knight Frank Research, rents on Hong Kong Island and Kowloon recorded a drop of 4.4% and 7.0% YoY, respectively in 2024.

Despite this, there has been a growing demand for high-quality, prime office spaces as international banking and finance institutions expand. These institutions often seek prime locations on Hong Kong Island that offer modern amenities and strong infrastructure. Additionally, non-banking and finance firms from mainland China, particularly in the Technology, Media, and Telecommunications (TMT) sectors, have been increasing their presence in Hong Kong, attracted by its strategic location as a gateway to international markets.

The trend of "flight-to-quality" persisted in 2024, with tenants actively seeking office upgrades at affordable rents in prime locations. Meanwhile, many financial institutions are also prioritizing sustainability, opting for buildings with green certifications and implementing energy-efficient practices to align with Environmental, Social and Governance (ESG) criteria.

The current high vacancy rate, along with an expected additional supply of over 7 million sq ft on both Hong Kong Island and Kowloon between 2025 and 2026, will challenge the market's absorption capacity.

Provided by : Knight Frank

Office (Cont'd)

While these new office buildings may attract business looking to upgrade or relocate, it will take time to absorb this extra supply, exerting further pressure on office rentals. As a result, we forecast a decline of 0% to 3% in Grade A office rentals on Hong Kong Island and a drop of 2% to 4% in Kowloon in 2025.

Overall, the office market will face a mix of challenges and opportunities in 2025, with shifts in corporate demand, rising market supply, and ongoing economic and political instability significantly influencing rental trends. Landlords and investors must closely monitor market dynamics to adapt effectively to the evolving environment.

Retail

The path to recovery in the retail market is taking longer than expected, as indicated by the disappointing data on retail sales in 2024. The total retail value dropped to HK$344 billion in the first eleven months of 2024, reflecting a 7.1% decrease compared to the same period in 2023. The transformation in the retail landscape has become increasingly unavoidable due to changing local consumption patterns and spending habits of Mainland tourists. Coupled with an aging population and shifts in labor force dynamics, the retail sector must adapt to this evolving business climate.

Multiple market headwinds have contributed to the decline in retail sales in 2024. The number of Hong Kong locals departing through the airport was 22.6% higher than in 2023, significantly impacting non-discretionary retail sales, particularly in food and supermarkets.

Provided by : Knight Frank

PROPERTY COMMENTARY 2024

Retail (Cont'd)

Luxury retail sales, including department stores and jewelry, experienced double-digit declines due to a slow rebound in Chinese Mainland visitors and a strong Hong Kong dollar. However, medicines and cosmetics, categorized under other consumer goods, showed more resilience, recording a 5.1% increase in the first eleven months in 2024 compared to the same period in 2023.

Restaurants have been hit hard by locals traveling north, leading to reduced dining demand in Hong Kong, especially on weekends. The downgrading consumption from tourists is also reflected by the restaurants' revenue. While total restaurant receipts in value remained stable compared to last year, fast food shops and miscellaneous eating and drinking places recorded 7.4% and 2.5% growth, while Chinese restaurants and non-Chinese restaurants recorded a decline of 4.6% and 0.7% respectively in the first three quarters in 2024 compared with the previous year. With the alcohol tax being relaxed, bar revenue is expected to continue to struggle in 2025.

Shopping mall landlords have shown more flexibility in rent negotiations to secure high occupancy. New retail supply poured in Q4 2024, including Hopewell Centre II, Wan Chai, The Twins, Kai Tak, and Kai Tak Sports Park Mall, but these developments face points of difference compared to traditional shopping malls with similar shopping experiences. Prime street shops are also reducing rents to fill up the spaces rather than leaving them vacant.

Significant investment transactions mainly occurred in retail podiums located in neighborhoods, which provide steadier rental returns.

While retail sales are expected to remain steady in 2025, many retailers in Hong Kong are taking a cautious approach to expansion. As a result, retail rents will continue to face pressure in the year ahead. Traditional retail practices will continue to face challenges, but new opportunities are emerging for alternative retail players, including community services, health and wellness, sports entertainment, arts and culture, and various non-governmental organizations. Overall, retail rents are expected to remain flat in 2025.

Provided by : Knight Frank

Provided by : Knight Frank

PROPERTY COMMENTARY 2024

Industrial

Overall, the industrial leasing market in Hong Kong saw a slowdown in momentum, as economic activity in Hong Kong remained lacklustre. The overall vacancy remained high of 8.1%. Vacancy rates for Modern Logistics facilities and general industrial buildings increased to 9.2% (up from 8.2% in Q4 2023) and 6.7% (up from 3.5% in Q4 2023), respectively. This increase was primarily due to Third-Party Logistics (3PLs) scaling back operations amid economic uncertainty, coupled with a downturn in the retail and F&B sectors, which weakened leasing demand. Rent levels for both Modern Logistics and General Industrial properties fell slightly in 2024, by 4.0% and 1.3% YoY, respectively.

The demand for cold storage facilities has been shrinking, with a handful of surrender cases of cold storage reported in 2024. For instance, a 10,000-sq ft-unit with fully furnished temperature-controlled facilities at Goodman Shatin Logistics Centre went vacant, and a newly renovated cold storage unit in Kwai Chung failed to attract suitable tenants. We believe that this decline is partly attributed to the high costs associated with maintaining these facilities and the growth of grocery shopping in mainland China, which has negatively impacted demand for cold storage.

Despite the overall soft market sentiment, some expansion cases were recorded during the year, mainly driven by e-commerce. For example, YesAsia, a Hong Kong-based online retailer, occupied 140,000 sq ft of space at Maple tree Logistics Hub in Tsing Yi; YesAsia also renewed two units at Tsing Yi Industrial centre, for spaces 28,676 sq ft and 12,566 sq ft respectively. Additionally, Buy and Ship, an online platform for shopping and shipping, occupied 90,000 sq ft at Big Orange in Tai Wai. Cainiao also secured several warehouses across Hong Kong Island, Kowloon and New territories as distribution centres for its expansion.

Looking forward, we anticipate weak demand in the industrial and logistics sectors, with rents for Modern Logistics and flatted factories projected to drop by 2% to 3% in 2025. The overall demand for industrial space has not been strong enough to drive significant rental growth. On a positive note, following the US cutting interest rates of 0.25% in November, six major Hong Kong lenders also lowered their prime lending rates by the same margin for a second time in 2024. Additionally, supportive measures announced in the Policy Address aimed at easing mortgage loan requirements for non-residential properties may boost overall investment market momentum and lead to a rebound in transaction activity in the near term.

Provided by : Knight Frank

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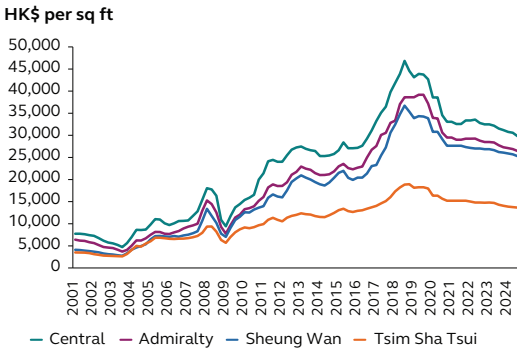
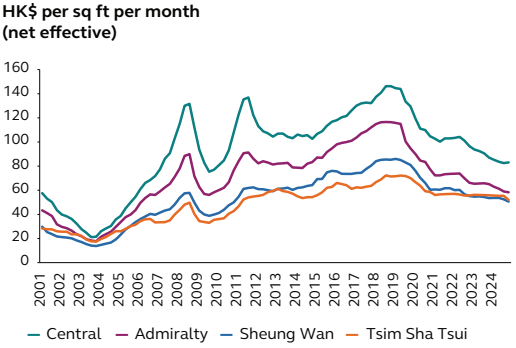
PROPERTY INDICATORS

HONG KONG GRADE-A OFFICE PRICE



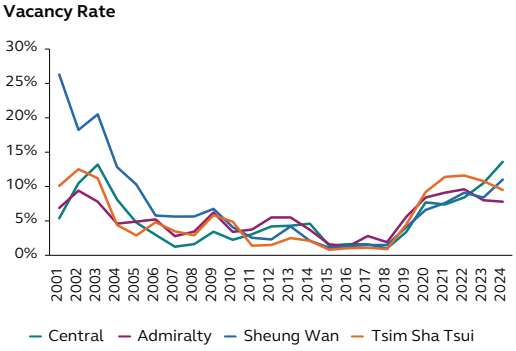
Source: Knight Frank Research

HONG KONG GRADE-A OFFICE RENTAL VALUES



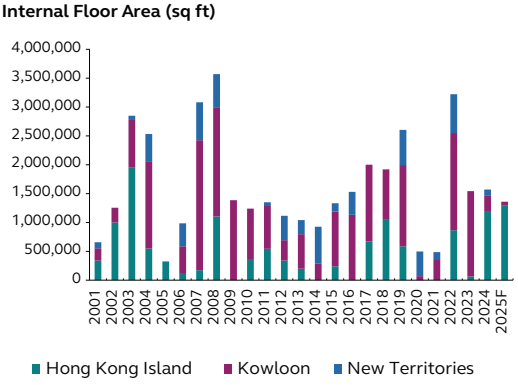
Source: Knight Frank Research

HONG KONG GRADE-A OFFICE VACANCY RATES



Source: Knight Frank Research

HONG KONG GRADE-A OFFICE SUPPLY



GROSS FLOOR AREA (GFA) CALCULATIONS IN HONG KONG

FEATURE	BUILDING (PLANNING) REGULATION	REMARKS
General floor area	Accountable	Area within outer surface of external walls.
Basement	Accountable	
Balcony *	Accountable	Non-accountable subject to following major conditions: 1. Only applicable to residential buildings; 2. Location of the balcony is restricted to the living room, dining room or bedroom; 3. Not more than 50% of the area of the balcony is to be exempted from GFA and SC calculations; 4. Other conditions specified in Joint Practice Note No. 1.
Utility platform *	Accountable	Non-accountable subject to following major conditions: 1. Only applicable to residential buildings; 2. Not more than 50% of the area of the utility platform is to be exempted from GFA and SC calculations; 3. The maximum area to be exempted for such platform including portion of such platform per residential unit is 0.75m2; 4. Other conditions specified in Joint Practice Note No. 2.
Curtain wall / cladding	Non-accountable	non-accountable subject to conditions: 1. The curtain wall system itself does not form part of the structural system of the parent building; 2. The system does not result in any additional floor area at a floor level by providing a reinforced concrete dwarf perimeter wall not less than 300mm high measured from the floor level; 3. The projection of the system from the outer face of the structural elements does not exceed 200mm for a domestic building and 250mm for non-domestic building; 4. The external reflectance of the glass used in the system does not exceed 20%.
External wall *	Non-accountable	Non-structural precast facades may, subject to conditions, be excluded from GFA calculation.
Plant rooms (Non-mandatory or non-essential plantroom *)	Non-accountable	Subject to justification with reasonable plant layouts.
Staircases and lift shafts	Accountable	Except staircases and lift shafts solely serving non-accountable areas.
Covered public carparking space#	Accountable	Underground public car space can be exempted. OR Aboveground - required to be provided under lease for and as part of the GA. OR Aboveground - required to be provided under lease for subsidised sale/rental flats as accepted by the Government, to be provided by HKHS or URA.
Covered private carparking space#	Non-accountable	Underground public car space can be exempted. Only 50% area can be exempted if above ground. Area above ground can only be 100% exempted under for the following circumstances: Not more than one aboveground floor - on the condition that a minimum of two underground carparking floors which fully utilise the site are provided; OR Aboveground - under circumstances that site constraints is making underground car parks technically infeasible, or posing no adverse environmental or visual impact. OR Aboveground - required to be provided under lease for and as part of the GA. OR Aboveground - required to be provided under lease for subsidised sale/rental flats as accepted by the Government, to be provided by HKHS or URA.
Wider common corridor or lift lobby *	Accountable	Concession may be granted for lift lobbies subject to conditions.
Refuge floor	Non-accountable	
Loading and unloading bay	Non-accountable	Applicable if required under local standard/lease and built on ground floor or below ground. Only 50% area can be exempted for Not more than one aboveground floor - on the condition that a minimum of two underground carparking floors which fully utilise the site are provided. Area above ground can only be 100% exempted under for the following circumstances: Aboveground - under circumstances that site constraints is making underground car parks technically infeasible, or posing no adverse environmental or visual impact. OR Aboveground - required to be provided under lease for and as part of the GA. OR Aboveground - required to be provided under lease for subsidised sale/rental flats as accepted by the Government, to be provided by HKHS or URA.
Refuse storage chambers, refuse storage, refuse chutes, refuse hopper rooms	Non-accountable	
Covered area on roof-tops	Accountable	Non-accountable for plant rooms and staircases serving non-accountable area only.
Recreational facilities *	Accountable	Non-accountable subject to conditions.
Spaces for watchmen and management staff *	Accountable	Non-accountable subject to conditions.
Modular Integrated Construction	Accountable	Concession maybe granted to 10% of the MiC floor area upon submission of an application.

* Total concessions of these areas are subject to a cap of 10% of the total GFA and prerequisites with sustainability designs.

\# Provided that the car parking spaces are EV charging-enabling.

Disclaimer : GFA calculations are subject to various legislation and practice notes.All cases of accountable or non-accountable GFA are subject to individual conditions. The above presents a brief summary only and users are advised to seek professional advice from authorized persons. Arcadis herewith disclaims any liability that may arise from unsolicited use of the information given above.

GROSS FLOOR AREA (GFA) CALCULATIONS IN MAINLAND CHINA

FEATURE	NATIONAL STANDARD - STANDARD MEASUREMENT FOR CONSTRUCTION AREA OF BUILDING (GB/T 50353-2013)	REMARKS FOR BEIJING, SHANGHAI AND GUANGZHOU
General floor area	Accountable	Area within outer surface of external insulation. Shanghai : External insulation is exempted from calculation of plot ratio.
Basement	Accountable	1. Beijing: Non-accountable 2. Shanghai : Non-accountable. 3. Guangzhou : Accountable for GFA except where the floor space is solely for plant rooms or carpark.
Balcony / utility platform	Accountable	
Curtain wall / cladding	Accountable	Except decorative type of curtain wall.
External wall finishes (including bay windows)	Non-accountable	
Plant rooms	Accountable	
Staircases and lift shafts	Accountable	
Covered public carparking space	Accountable	
Covered private carparking space	Accountable	
Lobby	Accountable	
Canopy	Accountable	Non-accountable subject to width of the canopy not exceeding 2.1m.
Refuge floor	Accountable	1. Shanghai : Non-accountable. 2. Guangzhou : Only refuge areas on refuge floor are non-accountable.
Space below elevated ground floor	Accountable	Non-accountable for GFA if for the usage of walkway, green, public amenities or similar public function.
Covered walkways	Accountable	
Loading and unloading bay	Accountable	Non-accountable if not roofed over.
Refuse storage chambers, refuse storage, refuse chutes, refuse hopper rooms	Accountable	Non-accountable if not roofed over.
Floor space inside sloping roof	Accountable	Non-accountable if clear height does not exceed 1.2m.
Covered area on roof-tops	Accountable	1. Shanghai : Non-accountable if the area of the construction on roof-top does not exceed 1/8 of the area of the typical floor. 2. Guangzhou: Staircase, lift lobby and water tank room on roof-tops are exempted from GFA
Recreational facilities	Accountable	
Spaces for watchmen and management staff	Accountable	
External staircases	Accountable	Non-accountable if not roofed over.

Disclaimer : GFA calculations are subject to various legislation and practice notes. All cases of accountable or non-accountable GFA are subject to individual conditions. The above presents a brief summary only and users are advised to seek professional advice from authorized persons. Arcadis herewith disclaims any liability that may arise from unsolicited use of the information given above.

CONSTRUCTION FLOOR AREA (CFA) DEFINITION

The construction floor area measured from drawings is defined as covered floor areas fulfilling the functional requirements of the building measured to the outside face of the external walls or external perimeter.

It includes floor areas occupied by:

- partitions
- columns
- stairwells
- lift shafts
- plant rooms
- water tanks
- balconies
- utilities platforms
- vertical ducts
- service floors higher than 2.2m and the like

But excludes floor areas occupied by:

- bay windows
- planters projecting from the building, and
- the areas covered by canopies, roof eaves and awnings

Sloping surfaces such as staircases, escalators and carpark ramps are to be measured flat on plan.

The measurement of construction floor area is as defined by Arcadis.

4 OTHER INFORMATION

UTILITY COSTS FOR SELECTED ASIAN CITIES

CITY	EXCHANGE RATE	ELECTRICITY		WATER		FUEL		
		DOMESTIC	COMMERCIAL/ INDUSTRIAL	DOMESTIC	COMMERCIAL/ INDUSTRIAL	DIESEL	LEADED	UNLEADED
	US$1=	US$/kWh	US$/kWh	US$/$m^3$	US$/$m^3$	US$/litre	US$/litre	US$/litre
Hong Kong	HK$ 7.78	0.12	0.14	0.83	0.59	3.21	N/A	3.33
Macau	MOP8.00	0.18	0.18	0.56-0.91	0.76	1.99	N/A	1.82
Shanghai	RMB 7.30	0.134 (peak) / 0.042 (normal)	4.66 Basic Tarriff 0.081 (Summer) / 0.076 (Non-Summer)	0.472-0.799	0.681	0.968	N/A	1.079
Beijing	RMB 7.30	0.059-0.097	0.167-0.169 (peak) / 0.104-0.106(normal)	0.609-1.097	1.097-1.156	0.978	N/A	1.085
Guangzhou	RMB 7.30	0.081-0.121	0.040-0.252	0.271-0.542	0.474	0.973	N/A	1.107
Chongqing	RMB 7.30	0.072-0.112	0.089-0.205	0.414-0.879	0.6	0.97	N/A	1.085

The above costs are at **4th Quarter 2024** levels.

Basis of Charges in Hong Kong, China

- **Electricity** (Based on tariff scheme of CLP Holdings Limited)
  Domestic *(bi-monthly consumption)* :
  0-400kWh =US$ 0.11/kWh;400-1,000kWh=US$ 0.13/kWh;
  1,000-1,800kWh= US$ 0.15/kWh; 1,800-2,600kWh=US$ 0.19/kWh;
  2,600-3,400kWh= US$ 0.22/kWh;3,400-4,200kWh=US$ 0.23/kWh;
  Above 4,200kWh = US$ 0.23/kWh
- **Water** - Domestic :
  0-12m^3 =Free of charge;12-43m^3 =US$ 0.53/m^3;
  43-62m^3 =US$ 0.83/m^3; Above 62m^3 =US$ 1.16/m^3
- **Fuel -** Both diesel and unleaded fuel are based on pump price (before walk-in discount)

Basis of Charges in Macau, China

- **Electricity**
  Electricity tariffs are a composition of demand charges, consumption charges, fuel clause adjustment and government tax.
- **Water -** Domestic :
  Consumption charge = US$ 0.56/m^3 for 28m^3 or below; US$0.64/$m^3$ for 29m^3 to 60m^3; US$0.75/$m^3$ for 61m^3 to 79m^3 and US$0.90/$m^3$ for 80m^3 or above.
  Other charges (Depending on meter size 15mm-200mm) :
  Meter rental = US$0.34-57.64/month
- **Water -** Commercial/Industrial :
  Charges for ordinary users (e.g. Business, government buildings, schools, associations, hospitals and others) only. Special users (e.g. gaming industries, hotels, saunas, golf courses, construction, public infrastructure and other temporary consumption) are excluded.

Basis of Charges in Chongging, China

- **Unleaded Fuel** = Unleaded fuel rate is for unleaded 95#

Basis of Charges in Shanghai, China

- **Electricity -** Domestic (Charge on yearly consumption) :
  0-3,120kWh =US$ 0.108/kWh (peak) / US$ 0.043/kWh (normal);
  3,120-4,800kWh =US$ 0.119/kWh (peak) / US$ 0.060/kWh (normal);
  Above 4,800kWh =US$ 0.136/kWh (peak) / US$0.086/kWh (normal)
- **Electricity -** Commercial/Industrial (Charge on yearly consumption):
  In dual tariff system; and in rate of 10 kVa
- **Unleaded Fuel** = Unleaded fuel rate is for Unleaded 95#

Basis of Charges in Beijing, China

- **Electricity -** Domestic (below 1kV) :
  1-240kWh = US$0.060/kWh; 241-400 kWh = US$0.084/kWh;
  Above 400kWh = US$0.098/ kWh
- **Electricity -** Commercial/Industrial (1-10kV) :
  Central Districts: US$0.171/kWh(peak); US$0.107/kWh(normal)
  Other Districts= US$0.169/kWh(peak); US$0.105/kWh(normal)
- **Water -** Domestic: (Charge on yearly consumption) :
  1-180m3 = US$0.617/$m^3$; 181-260m3 = US$1.094/m^3
  Above 261m^3 = US$1.112/$m^3$
- **Water -** Commercial/Industrial :
  Central Districts: US$1.172/$m^3$; Other Districts= US$1.112/m^3

Basis of Charges in Guangzhou, China

- **Unleaded Fuel** = Unleaded fuel rate is for Unleaded gasoline 92#
  95# = US$ 1.23/litre

UTILITY COSTS FOR SELECTED ASIAN CITIES

CITY	EXCHANGE RATE	ELECTRICITY	
		DOMESTIC	COMMERCIAL/ INDUSTRIAL
	US$1=	US$/kWh	US$/kWh
Singapore	S$ 1.36	0.21	0.21
Kuala Lumpur	RM 4.48	0.049-0.127	0.085-0.114
Bangkok	BAHT 33.965	0.069-0.130	0.091-0.093
Manila	PHP 58.014	0.210-0.227	0.250
Ho Chi Minh	VND 25,498	0.138	0.108/0.075
Bangalore	INR 85.043	0.11-0.145	0.132-0.196
New Delhi	INR 85.043	up to 0.142	0.25
Jakarta	IDR 15,820	0.085-0.107	0.063-0.107

WATER		FUEL		
DOMESTIC	COMMERCIAL/ INDUSTRIAL	DIESEL	LEADED	UNLEADED
US$/m³	US$/m³	US$/litre	US$/litre	US$/litre
2.16/ 2.90	2.16	1.91	N/A	2.63
0.145-0.587	0.603-0.656	0.658	N/A	0.458
0.300-0.624	0.500-0.956	0.971	N/A	1.3201
0.501-0.519	2.69	1.029	N/A	1.201
0.289	0.919-0.522	0.731	N/A	0.777
0.84-0.96	1.95	1.053	N/A	1.065
0.11-0.89	0.75-3.1	1.047	N/A	1.058
0.066-0.471	0.431-2.465	1.195	N/A	0.765

The above costs are at **4th Quarter 2024** levels.

Basis of Charges in Singapore *(All rates are nett of GST)*

- Electricity tariff is based on low tension power supply.
- Domestic water tarrif effective from 1 July 2018. Rate includes water conservation tax, water-borne fee, sanitary appliance fee and is an average for the 1st 40m3
- Domestic water tariff effective from 1 July 2018. Rate includes water conservation tax, water borne fee, sanitary appliance fee and is an average for the usage after the 1st 40m3
- Non-domestic water tariff effective from 1 July 2018. Rate includes water conservation tax, water-borne fee,and sanitary appliance fee
- Diesel fuel = as at 27 October 2021.
- Unleaded Fuel = 98 Unleaded petrol as at 27 October 2021.

Basis of Charges in Kuala Lumpur, Malaysia

- Fuel = Rates for 12-18 December 2024. Unleaded petrol Ron 95.
- Water (Domestic): Rates for residential with individual meter.
- Electricity (Commercial/Industrial): Low voltage

Basis of Charges in Bangkok, Thailand

- Unleaded Fuel = Gasohol 95
- For normal tariff with consumption not exceeding 150 kWh per month

Basis of Charges in Ho Chi Minh, Vietnam (All rates are VAT inclusive)

- **Electricity**
  Domestic = Rate for level 5 (301÷400kWh per month)
  Industrial = Rate for voltage 22÷110kV at normal time.
  Commercial = Rate for voltage 22kV & above at normal time.
- **Water**
  Domestic = Rate for level up to 4m³/ person / month

Basis of Charges in Manila, Philippines

- **Electricity**
  Domestic : 72kWh-469kWh
  Commercial/Industrial : 10,995kWh
- **Water**
  Domestic : 14m³-19m³
  Commercial/Industrial : 4m³

Basis of Charges in Jakarta, Indonesia

- Domestic group in Indonesia covers residence, religious building, non-profit organization building and government hospital
- Commercial group in Indonesia covers luxury residence, apartment, offices, hotel, commercial building and factories.

Source of data: ***Singapore*** *- Asia Infrastructure Solutions Singapore Pte. ltd.* ***Kuala Lumpur*** *- JUBM Group.* ***Bangkok*** *- Mentabuild Limited.* ***Ho Chi Minh*** *- DLS Consultant Company Limited.* ***Bangalore / New Delhi*** *- Arkind LS Private Limited.* ***Jakarta*** *- PT Lantera Sejahtera Indonesia.*

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HEALTH & SAFETY MANAGEMENT SYSTEM


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Certificate of Registration

OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM

OHS 685472

„making excellence a habit.“

Based on the recognized international standards of ISO 45001, We have implemented a Health and Safety Management System which is part of our Integrated Management System. Following the success of our Health & Safety accreditation in Hong Kong in 2012, we had rolled out the system across China and Macau, where an H&S coordinator is assigned in each of our Arcadis offices to assist in planning, implementing, monitoring and reporting health and safety issues.

Positive decision making and the right behavioural outcomes underpin our approach to Health & Safety, an ethos which is promoted and reinforced across all levels of our organisation as a priority. Being enveloped in a supportive culture, our staff is encouraged to not only actively identify the H&S related internal and external factors and conditions that could affect, or be affected by, us, but also feel empowered to talk about their mental health and well-being by reaching out to the Arcadis employee assistance programme (EAP).

Committed to making our business a safe, healthy and sustainable place to work, Arcadis strives to excel ourselves to achieve zero incidents in everything we do ensuring the health, safety and well-being of our staff and stakeholders. We also continue to ensure processes, procedures and systems of work are maintained to achieve the highest standards, and continual improvement, in our health and safety performance.

QUALITY MANAGEMENT SYSTEM


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The Quality Management System was launched in our Hong Kong office in 1993, and have completed our conversion to the ISO 9001:2015 Standard in 2018. The System and the accreditation of ISO 9001 has also been extended to Macau as well as our eighteen China offices.

Arcadis has set annual objectives to ensure client's expectations to be met or exceeded. Performance against these objectives is reviewed while carrying out audits quarterly. The quality management documents are also reviewed regularly and shall be updated as necessary to achieve the ongoing effectiveness of the system. To strive for operation with greater efficiency, we now focus on digitalizing the workflows and processes associated with the documents and quality activities.

Nowadays an effective Quality Management System is one of the core elements in any kind of business. Arcadis makes every effort to provide not merely quantity surveying services but also the highest quality services to meet our clients' requirements.

ENVIRONMENTAL MANAGEMENT SYSTEM


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As a socially responsible company, we care about our environment and are committed to conducting all our activities in an environmental friendly manner. With our management system certified to ISO 14001:2015, we have an ambition of reducing our operations' carbon footprint in alignment with limiting global warming to 1.5°C and even achieve net zero by 2035.

In 2020, we set up an Asia Core Sustainability Team to help drive and implement the Asia Sustainability Strategy in each of our markets in Asia. This year a series of Sustainability Knowledge Café sessions, sharing environmental topics such as waste management and climate change, have already been held by inviting all interested staff to join via Teams Meeting. To show our concern over environment, our environmental data is now treated at the same level of importance as our financial data and a year-end external audit for such data will be carried out.

For Arcadis, environmental protection and resource conservation are our high-priority corporate goals. To do our best towards saving the environment, we continue to devise more environment friendly standards and practices to make the most of every opportunity we get.

About Arcadis

Arcadis is the world's leading company delivering data-driven sustainable design, engineering, and consultancy solutions for natural and built assets. We are more than 35,000 architects, data analysts, designers, engineers, project planners, water management and sustainability experts, all driven by our passion for improving quality of life. As part of our commitment to accelerating a planet positive future, we work with our clients to make sustainable project choices, combining digital and human innovation, and embracing future-focused skills across the environment, energy and water, buildings, transport, and infrastructure sectors. We operate in over 30 countries, and reported €5.0 billion in gross revenues for 2024.

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