



EMPLOYMENT MARKET OVERVIEW

Staffing levels in white-collar markets are stabilising after the fall in hiring activity that commenced in the second half of 2008. Our annual employment survey, which this year includes responses from 250 senior managers from leading organisations in the corporate, financial services and public sectors in Hong Kong, reveals 51% of respondents believe their headcount will remain stable over the coming 12 months. A further 34% predict their staff numbers will increase, with only 15% saying more cuts are likely.

These figures substantiate the view that most white-collar employers have already made their deepest staff cuts and are now looking to increase or at least maintain headcount. Business confidence is also increasing and 63% of employers surveyed think trading conditions will improve further by the end of the 2009.

We have seen staffing levels stabilise in recent months as a sense of cautious optimism returns to the market. Most recruitment activity is for replacement hires but we are also seeing new jobs being created, particularly within new and established companies that are focused on business opportunities in mainland China. Multinationals are still recruiting in Hong Kong and activity levels are improving

in sectors such as financial services and consumer products. The frustration for job seekers is that many of the final hiring decisions are made outside of Hong Kong, in global headquarters located in the United States and Europe. This trend has prolonged the recruitment process and job seekers are having to wait longer for the final decision to be made.

Most demand is for permanent staff but there has been a slight increase in contract opportunities, primarily at the administrative level in accounting and for specialist technical skills in marketing, engineering, procurement and supply chain. People who accept contracts in the current market may be offered their roles on a permanent basis as business conditions improve. We respect that employers will want to retain these valuable skills to position themselves for growth during the upturn.

The retention of skills has remained an important consideration despite the deterioration in business conditions over the last 12 months. To avoid staff cuts many companies have pursued alternate strategies of payroll cost reduction. Our employment survey reveals 48% of companies have frozen salaries, 13% have reduced their office rental costs and 7% have reduced working hours.

While employers have been strategic in their approach to retention, many are operating under a misconception when it comes to the ease with which new staff can be recruited. The pool of active job seekers may have increased but in the majority of situations the most talented and well regarded professionals have been retained. These workers remain cautious about changing jobs despite early signs of market stabilisation. To attract them, employers need to offer competitive salaries and demonstrate the role is secure with the opportunity for career growth.

Our forecast for the next 12 months is for a steady increase in hiring activity rather than a sharp recovery. Employment tends to be a lagging indicator and jobs growth will only occur after sustained improvement in consumer and business confidence. The second half of the year is likely to see moderate improvement off a stable base, with new job creation a more realistic proposition for early 2010.

We anticipate salary levels will remain constant or increase marginally for people who remain in their roles. Those who change jobs can expect an average increase of 5-10% although the stability of the role and opportunity for progression are also key consideration points.

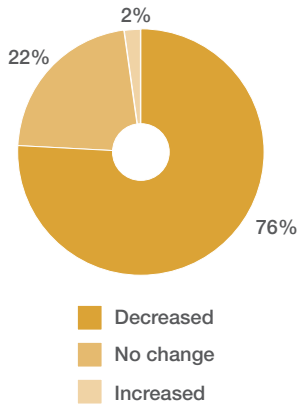
SECTOR TRENDS – PROPERTY & CONSTRUCTION

- Hiring has slowed considerably in 2009 as major construction projects have been put on hold. This has led to a substantial decrease in the recruitment of designers and project managers.
- Employment is stable for roles related to 'finished products', in particular property managers and facilities managers, where the focus on maintaining high levels of service to tenants has become a priority to property portfolio investors. Many clients in the luxury retail sector are also looking to take advantage of lower property prices to spur on expansion plans. Contract management positions are also in demand, as disputes are more common within the current climate.
- While 2009 has seen a reduction investment, confidence is gradually returning as the market begins to recover, spurred on by increased activity on new Government projects and initiatives: notably rail, water and road investments. However, with the slowdown of investment from private enterprise, fewer major projects are commencing and as a consequence there has been a reduced demand for senior managers.
- There is increased activity in the contract market in some cases as a result of restrictions for additional headcount approval. In light of this, a mix of both permanent and contract positions are expected to be offered for the remainder of the year.
- Salary levels have held steady in project management with the exception of senior roles, where we have seen a reduction of around 20% across the market. Junior to mid level project managers have seen salaries reduced for new roles by 20% or more in some cases.
- Bonuses have been affected but in general not withdrawn as employers within the property sector still need to retain their best staff for the return to a buoyant market. Incentives and bonuses are still expected for middle to senior management roles, however these will be lower in comparison to 2008 bonus levels.

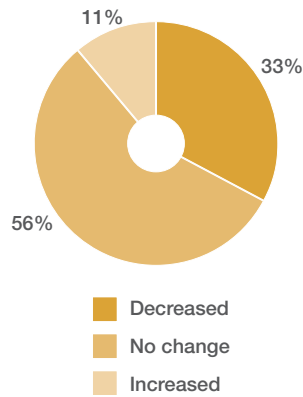


MARKET RESEARCH RESULTS

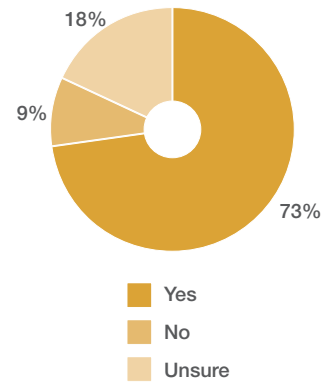
Over the last six months, how has your headcount been impacted by the global economic downturn?



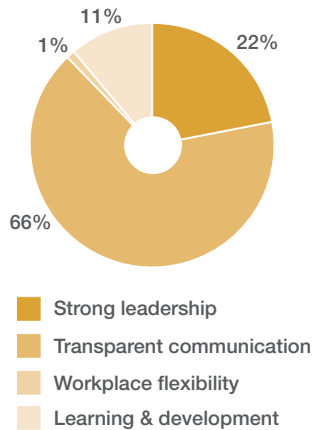
In the next 12 months, how do you see your headcount being impacted?



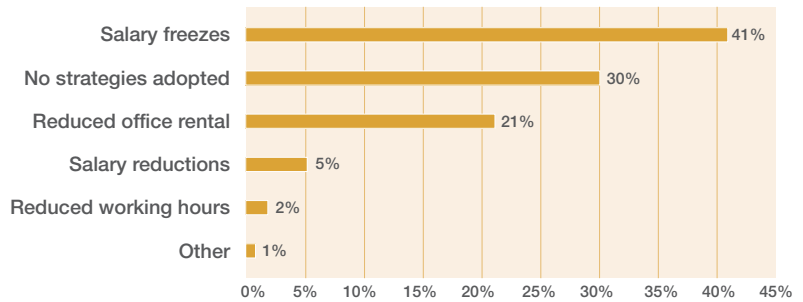
Do you anticipate business conditions will start to improve by the end of 2009?



What employee engagement strategies are proving most effective in the current environment?



What strategies has your organisation implemented to avoid job cuts?





SALARY TABLE

Role	Experience	HK\$'000
CORPORATE REAL ESTATE		
Building Services Engineer	3-7 years	390-540
Facilities Manager	3-7 years	420-550
Project Manager	5-7 years	420-780
Leasing Manager	7-10 years	480+
Chief Engineer	7-10 years	600-780
Country Head of Facilities	7-10 years	720-1 million
Country Head of Security	7-10 years	780-1 million
Regional Head of Facilities	10+ years	840-1.3 million
Regional Head of Projects/Design	10+ years	1.02-1.6 million
Regional Head of Security	10+ years	1.02-1.6 million
Regional Head of Engineering	10+ years	1.02-1.6 million
Country Head of Real Estate	10+ years	1.08-1.35 million
Regional Head of Strategy/Transactions	10+ years	1.14-1.6 million
Regional Head of Corporate Real Estate	10+ years	1.6-2.4 million
DEVELOPER		
Project Engineer	3-5 years	300-420
Contracts Administrator/Quantity Surveyor	3-5 years	360-480
Leasing Manager	5-7 years	420+
Property Manager	5-7 years	420+
Contracts Manager	7-10 years	480-900
Operations Manager/Construction Manager	5-7 years	480-900
Project Manager	5-7 years	540-900
Design Manager	5-7 years	540-900
Property Director	15+ years	840-1.2 million
Head of Development	10+ years	1.2-2.5 million
Project Director	20+ years	1-3 million+
CONSULTANCY		
Project Engineer	3-5 years	240-300
Contracts Administrator/Quantity Surveyor	3-5 years	300-480
Property Manager	5-7 years	360-720
Leasing Manager	5-7 years	360+
Project Manager	5-7 years	480-780
Operations Manager/Construction Manager	5-7 years	420-780
Contracts Manager	5-7 years	480-900
Design Manager	5-7 years	480-900
Property Director	10+ years	720-960
Project Director	15+ years	840-2 million+

Please note:

- Salaries indicated are based on an annual basic salary, excluding bonus/incentive schemes.
- Market rates are becoming much less uniform. While we have taken great care, these salary ranges can only be approximate guides, as there are often specific circumstances relating to individual companies. Please call us for additional information.



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