

PROPERTY & CONSTRUCTION
HONG KONG AND CHINA

SALARY SURVEY 07/08

Michael Page
INTERNATIONAL

WELCOME

Welcome to the Michael Page Property & Construction Salary Survey for 2007/2008.

The survey provides employers and candidates with useful insights into employment conditions, business confidence levels and recruitment trends in Hong Kong and China.

Our commentary is based on both quantitative and qualitative research across the property and construction sector.

We wish to thank everyone who contributed to this year's survey and trust you find it helpful and informative. We welcome your feedback and encourage you to contact us for further information or specific market advice.

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INTRODUCTION

The property and construction sector is flourishing due to new project developments and business expansion. Unprecedented levels of economic growth and construction activity in China, Macau and the Middle East are creating additional demand for property and construction professionals. As a result, business confidence is high and there is intense competition for professionals in this sector.

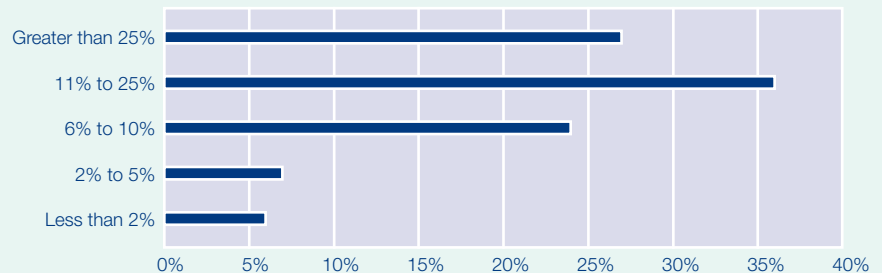
The booming hotel and gaming industry in Macau, the growing number of multinational companies expanding to China and the need for infrastructure in developing Asian countries are all driving demand for property and construction professionals. China's hosting of the Beijing Olympics (2008) and Shanghai World Expo (2010) will also accelerate demand for candidates over the coming year to help develop new infrastructure, hotels and restaurants.

In Hong Kong, the shortage of available land for development is creating a significant challenge for developers. As a result, there has been an increase in the number of residential and commercial properties being upgraded or refurbished. This is creating demand for experienced architects and interior designers in Hong Kong.

Competition for candidates is intense and it is increasingly difficult for Asian employers to retain talent. Developers in the Middle East are offering lucrative salaries and the opportunity to work on some of the world's biggest projects. To secure talent, employers are becoming more flexible and considering candidates from overseas, particularly the UK, Canada and Australia. There has also been an increase in temporary placements due to the shortage of permanent candidates on the market.

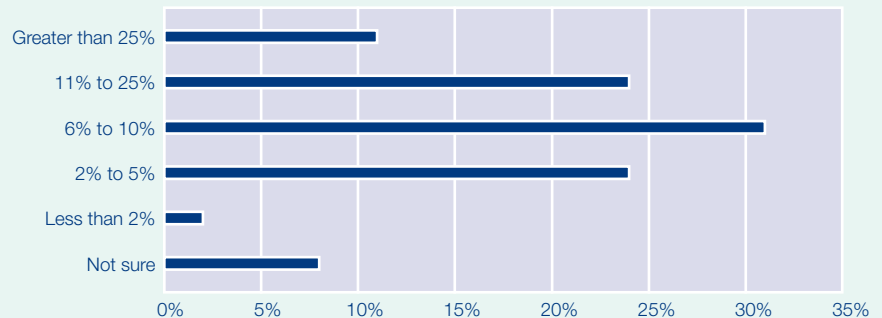
PERCENTAGE OF SALARY GIVEN FOR MOST RECENT BONUS

Three-quarters of respondents had a bonus component as part of their salary package. When asked about their last bonus payment, 27% reported a payment greater than 25% of their base salary.



WHAT PERCENTAGE INCREASE WOULD YOU EXPECT WITH YOUR NEXT SALARY REVIEW?

The majority of respondents were optimistic in terms of salary expectations, with almost one-quarter expecting a rise of between 11% and 25%.



NATIONAL EMPLOYMENT SURVEY

The National Employment Survey is conducted on an annual basis and measures employment conditions, business confidence levels and recruitment trends. The survey for 2007 was completed by 1454 employees and 503 employers from a variety of professional sectors in Hong Kong and China.

A selection of key findings is listed throughout this publication. The survey results, which form the quantitative component of the broader research project, are supplemented with qualitative insight derived from our extensive involvement with white collar employers and job seekers across Hong Kong and China.

KEY FINDINGS FROM THIS STUDY:

Employer Trends

- 98% of employers surveyed predicted their staff numbers would remain constant or increase in the next 12 months, an increase of 40% from our last survey.
- At 32% and 25% respectively, organic growth and new projects were listed as the main areas of focus for employers in the year ahead.
- Over the past 12 months, 65% of companies experienced difficulty in retaining staff.
- 84% of companies see staff retention as another important focus for the next 12 months.
- When asked which retention strategies employers would consider over the next year, career promotion, training and development and bonus schemes were the three most common responses.

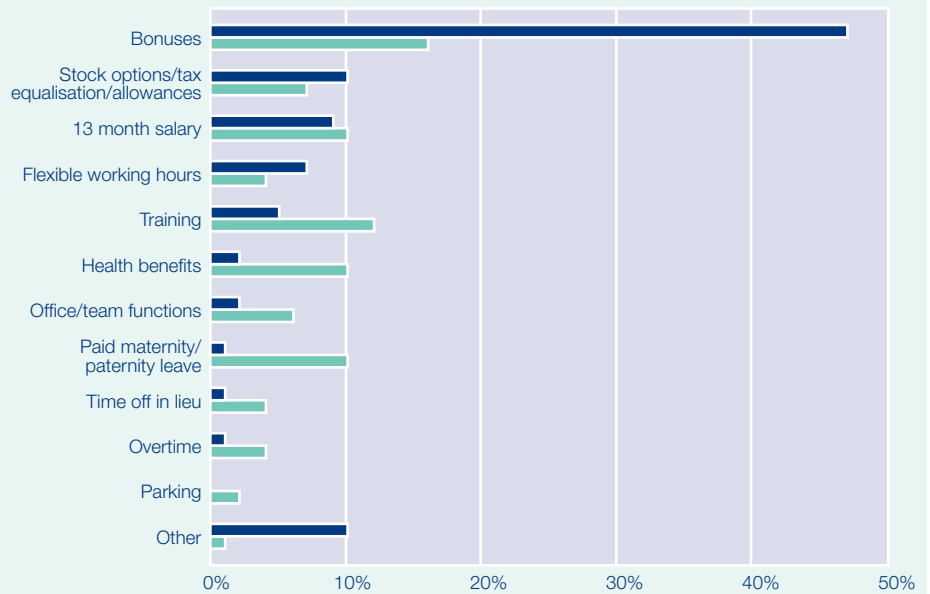
Employee Trends

- 47% of respondents cited career advancement as the primary motivator for their last job change. Only 7% nominated more money as the main reason.
- 76% of respondents rated their company's training and career development opportunities as average or below average.
- Half of the respondents surveyed have worked overseas and of those 76% would consider doing it again.
- When asked what their salary expectations were for the year ahead, one third of the respondents expected a salary increase greater than 11%.
- Close to half of the respondents surveyed expect a bonus of 11% to 25% of their salary, with one third of respondents seeking a minimum of 25%.

ACTUAL INCENTIVES VS PREFERRED INCENTIVES

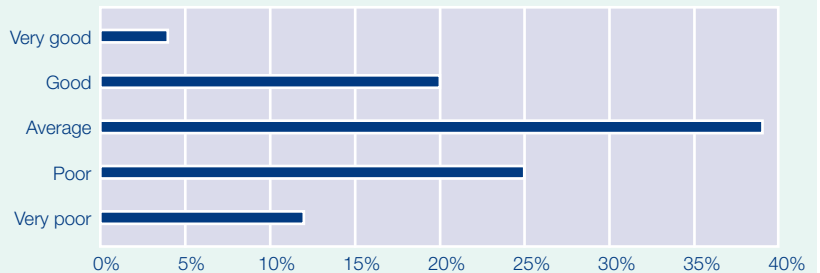
The survey showed there was disparity between the incentives employees wanted and those their employers were providing. Bonuses and stock options/tax allowances were the most preferred incentives by employees.

■ Preferred incentive
■ Actual incentive



HOW WOULD YOU RATE YOUR COMPANY'S TRAINING AND CAREER DEVELOPMENT OPPORTUNITIES?

76% of respondents rated their company's training and career development opportunities as average or below average.



PROPERTY & CONSTRUCTION

HONG KONG MARKET REVIEW

The property and construction market in Hong Kong is facing some challenges with a number of major development projects coming to an end and available land at a premium. As a result, the number of candidates leaving Hong Kong to take up job opportunities in high growth areas like China and the Middle East has increased, creating intense competition for talent.

Employers in China, Macau and the Middle East are aggressively targeting candidates from Hong Kong to meet their ambitious growth plans. There is a trend in Hong Kong residents taking up opportunities in these regions for career advancement and exposure to some of the world's biggest projects, making it increasingly difficult for Hong Kong employers to retain talent.

To address the local skills shortage, Hong Kong employers are becoming more flexible in their recruitment strategies and more open to considering candidates from the UK, Canada and Australia. Temporary recruitment has also increased due to the lack of permanent candidates in the local market.

Although there has been a decrease in recruitment activity on the construction side, demand for interior designers, architects and leasing and transaction professionals has increased. This is due to the shortage of land which is forcing many residents and businesses to upgrade their existing premises. There is heightened competition for residential and commercial property leading to the expansion of real estate agencies which are seeking transaction and leasing candidates with an ability to negotiate rates and benefits.

EMPLOYMENT FORECAST

We expect salaries to continue to increase over the next 12 months as the candidate shortage puts pressure on Hong Kong employers to compete with growing economies like China and Macau.

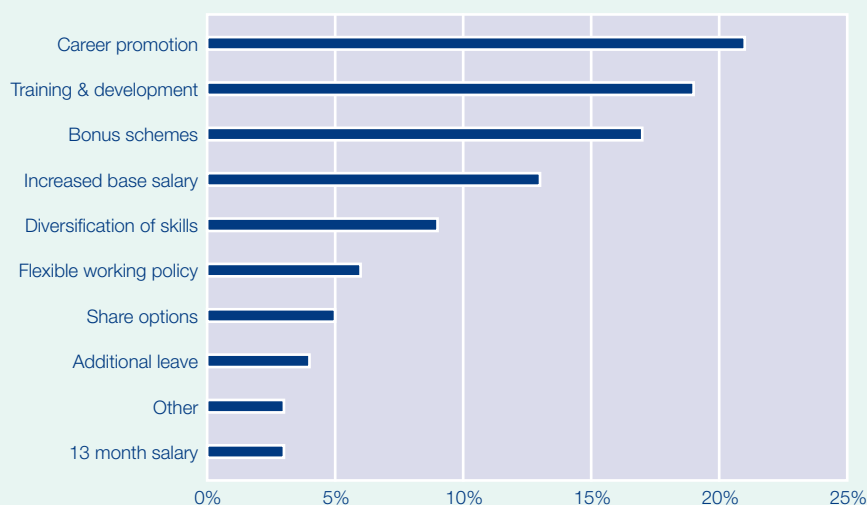
Our prediction is for a 15% to 20% salary increase for junior to middle management positions and up to 30% for senior roles. Candidates with strategic investment and development, can expect increases greater than 30%.

TOP FIVE ROLES IN DEMAND

- Property and Facility Manager
- Architect
- Interior Designer
- Leasing and Transaction Manager
- Project Manager

WHICH RETENTION STRATEGIES DO YOU THINK YOUR COMPANY WILL CONSIDER OVER THE NEXT 12 MONTHS?

84% of companies see staff retention as an important focus for the year ahead. When asked which retention strategies they would consider over the next 12 months, career promotion and training & development were the most common responses.



PROPERTY & CONSTRUCTION SALARY TABLE

Experience	5-7+ years	7-8+ years	10+ years
Salary	HK\$'000	HK\$'000	HK\$'000
BANKING & FINANCE			
Engineering	500-700	650-950	1-1.8 million
Property Services	400-600	600-900	1-1.5 million
Project Management	500-750	650-950	900-1.5 million
Real Estate	500-780	650-950	900-1.5 million
Security	450-700	750-1 million	1-1.5 million
Asset Management	500-750	750-1.1 million	1.1 million+
COMMERCE & INDUSTRY			
Development	500-750	750-1.1 million	1.1 million+
Project Management	500-750	550-900	900-1.8 million
Quantity Surveying	450-550	550-850	850-1.5
Valuation	500-600	600-900	900-1.2M
Facilities Management	400-600	600-900	1-1.5 million

Notes:

1. The above table is based on basic salary, excluding bonus/incentive schemes.
2. 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.

PROPERTY & CONSTRUCTION

CHINA & MACAU MARKET REVIEW

The property and construction sector is performing strongly due to the continued expansion of multinational companies into China and increased building activity in Macau. Business confidence is high and companies are increasing headcount to meet aggressive growth plans.

Macau's booming hotel and gaming industry is a major contributor to employment growth. A large number of new casino hotels are scheduled to open over the next few years creating demand for construction professionals. The influx of multinational companies expanding operations to China is also having an impact on the industrial, commercial and residential markets, driving demand for candidates with transaction and leasing, project management and building experience.

The news is positive for employers in China as junior and middle level candidates are increasingly seeking opportunities in high growth areas to advance their careers. However, there is a shortage of senior candidates on the market. As a result, employers are providing generous incentives such as housing allowances, schooling and relocation costs to attract senior talent.

A major challenge for employers is the long-term retention of staff, as many candidates see positions in Macau and China as short-term career development opportunities. Upon completion of the region's major projects, we predict a mass return of candidates to Hong Kong, unless employers can provide ongoing training, career advancement and attractive incentives to retain their top performers.

EMPLOYMENT FORECAST

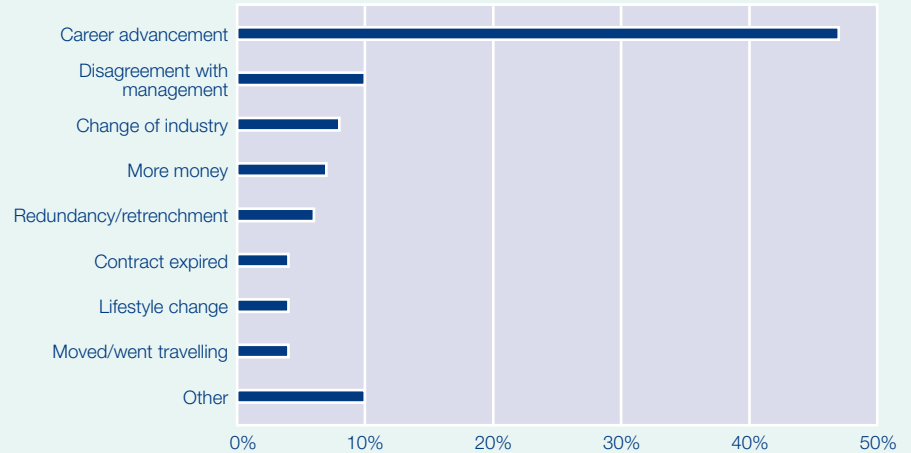
Our prediction is for continued employment growth in China over the next 12 months as new projects and business operations are established. The skills shortage will place upwards pressure on salaries. We anticipate an increase of 5% to 10% for junior to middle level roles with up to 30% for senior positions.

TOP FIVE ROLES IN DEMAND

- Construction Project Manager
- Investment/Development Manager
- Quantity Surveyor
- Building Services Staff
- Leasing Manager

WHAT WAS THE MAIN REASON FOR YOUR LAST JOB CHANGE?

Almost half of respondents cited career advancement as the primary motivation for their last job change.



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