

## **Citigroup buys RM2.25 billion Asia HQ in record Hong Kong office deal**

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Citigroup will pay HK\$5.425 billion (RM2.25 billion) for its new Hong Kong headquarters, in the largest ever purchase of a single-block office building in the Asian financial hub, the US bank said today.

A unit of developer Wheelock and Co Ltd is building the twin One Bay East towers in Hong Kong's Kowloon district, with Citi taking the East Tower and insurer Manulife (International) Limited already the West.

The 21-storey building will become Citi's new hub for all its businesses in Hong Kong, where the US bank said it employs almost 5,000 people, making it the biggest employer among foreign banks in the city.

Citi becomes the fourth major global bank to move its Hong Kong headquarters out of the city's increasingly expensive Central district, to the Kowloon area across the harbour.

Credit Suisse Group AG, Deutsche Bank AG and Morgan Stanley have all moved from Central to the 118-floor International Commerce Centre in Kowloon in the last four years amid rising rents in Central.

Owning the building outright will help Citi protect itself against Hong Kong's notoriously volatile property market, Citi Hong Kong Chief Executive Weber Lo said in an internal memo to staff seen by Reuters.

"Our decision to purchase the East Tower of One Bay East underlines our belief and confidence in Hong Kong's continued growth as a leading global financial centre," said Stephen Bird, Citi's chief executive for Asia Pacific in a statement today.

Hong Kong's government said on May 22 it had no intention of easing property cooling measures in the city, where prices have surged nearly 120% since 2008 due to an ultra-low interest rate environment, tight supply and abundant liquidity.

Citi will move into the new One Bay East building in the second half of 2016 following completion of construction in the third quarter of next year, it said.

– Reuters, June 17, 2014.

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