

## Contacts

### Industry / Market Research and Feasibility Studies

Serena Lau

serena@rhl-int.com

(852) 3408 3398

### Land & Planning Matters, Surveying Practice

Keith Siu

keith@rhl-int.com

(852) 3408 3338

### Hong Kong Property Valuation

Tony Wong

tony@rhl-int.com

(852) 3408 3188

### Mainland China, Macau and Overseas Property Valuation

Jessie Chen

jessie@rhl-int.com

(852) 3408 3302

### Business Valuation

Alexander Lau

alex@rhl-int.com

(852) 3408 3328

## GROUP INTRODUCTION

RHL International is one of the pioneering professional valuation and real estate consultants in Asia. Established since 1972, our group offers high quality professional services on Corporate Valuation & Advisory and Real Estate Solution & Surveying Practice. As an active participant in exchanging ideas and experience with regulators, government institutions and corporations, our group maintains vigilant to the dynamic changes in the market. Leveraging our extensive track record, technical resources and market intelligence, we are dedicated to provide tailored services to meet with the unique needs of our clients.

## PROFESSIONAL TEAM

Our team comprises of professionals who have finance and/or real estate related academic background and internationally recognized qualifications, such as CPA, FRM, registered professional surveyors, and with diverse experience and up-to-date knowledge of the current market environment. We committed to provide our clients with high standard services.

The Group is committed to provide high standard of professional services in compliance with international standard and Government Statutory requirements.

## CORPORATE & VALUATION ADVISORY

Our experience in operating businesses in the mainland China and cooperating with overseas parties has become our competitive advantage in offering comprehensive client solution to overseas as well as mainland clients. We cover real estate as well as other industries such as natural resources, green energy and finance area.

- Valuation (including Real Estate, Business Valuation, Plant & Machinery)
- Real Estate Solutions and Surveying Practice
- Industry Market Research & Analysis
- Project Feasibility Study and Advisory
- Financial Analysis
- Investment Advisory
- Due Diligence
- Portfolio, Asset and Facilities Management

## HONG KONG PROPERTY

Market Watch

### SHORT TERM PROPERTY MARKET UNDER 3-LOWS

#### Strategic Investment Advisory & Agency

- Provide Market Research and Analysis
- As a Matching Platform to Source Opportunities

This May, one of the major concerns is whether property price shall now turn downward, worrying the “cheap” lending environment is over after the yield on the U.S.10-year Treasury note topped 3% at end of April for the first time since 2014. Another concern is the commencement of the 5-month public engagement by Task Force on Land Supply, aiming at the way forward to speed up the land supply.

In general, if money is to leave the market and there is an increase in land supply, which shall mean a reduction in demand and increase in supply, the property price shall then drop. These are negative messages for the high-pricing Hong Kong property market. However, U.S. interest rate increases or “Rate Normalization” is anticipated and is based on strong economic performance. Besides, asset reallocation shall only be triggered until such interest rate increase has reached certain level.

With the implementation of the Linked Exchange Rate System, Hong Kong shall eventually follow the pattern of U.S. interest rate changes. However, Task Force on Land Supply reminded us the fact that land shortage in the short to medium term is particularly acute. In this regards, being a self-use property market, coming increase in interest rate should affect the affordability test result for some borrowers. If Hong Kong continues its economic growth, maintains its nearly full employment situation with interest rate rises gradually, the impact is in the sense of a psychological feeling for being spent more. Thus, any factor which may affect the employment market, that is to reduce the ability to pay back, is even more important, for example, the latest Sino-U.S. trade disputes.

## Strategic Investment Advisory & Agency

- Negotiation between Transaction Parties
- Provide Transaction Advisory Services

In fact, it is a common vision to improve the living environment. Facing the challenges of double ageing problem for both the population and buildings, and the “Pricy”, “Tiny” and “Cramped” living conditions, sufficient developable land supply is necessary to speed up the production of home with suitable size and facilities, and to accommodate the additional transition demand due to urban renewal.

For the recent period, trend of the property price shall depend on the 3-low figures: low unemployment rate, low supply and low borrowing rate. For medium term, our focus is whether sufficient land supply is available and the global economic performance.

## Forward Planning and Solution

- Macro-economical Analysis
- Social and Economic Trend Monitoring
- Market Forecast

### HONG KONG SNAPSHOTS

#### King of HOS unit in NT: HK\$8.43 million

A high level 3-bedroom Home Ownership Scheme (HOS) residential unit with a saleable area of 646sq.ft. at Kam Fung Court, Ma On Shan was sold for HK\$8.43 million in open market, at a unit rate of HK\$13,054/sq.ft., being the new leader of HOS unit in New Territories. The unit rate has been increased by 1.6% compared with the previous record from the same development in last December at the unit rate of 12,828/sq.ft..

#### Residential CPS in NT: HK\$4.8 million

A LG/F residential car parking space in Dragons Range, Shatin was sold at HK\$4.8 million, as the most expensive car parking space in the New Territories. The original owner bought for HK\$1.35 million in 2016, and now sold with a profit of 2.6 times or about HK\$3.45 million.

## Forward Planning and Solution

- Financial Feasibility and Economic Viability Assessment
- Value-added and Reliable Implementation Scheme

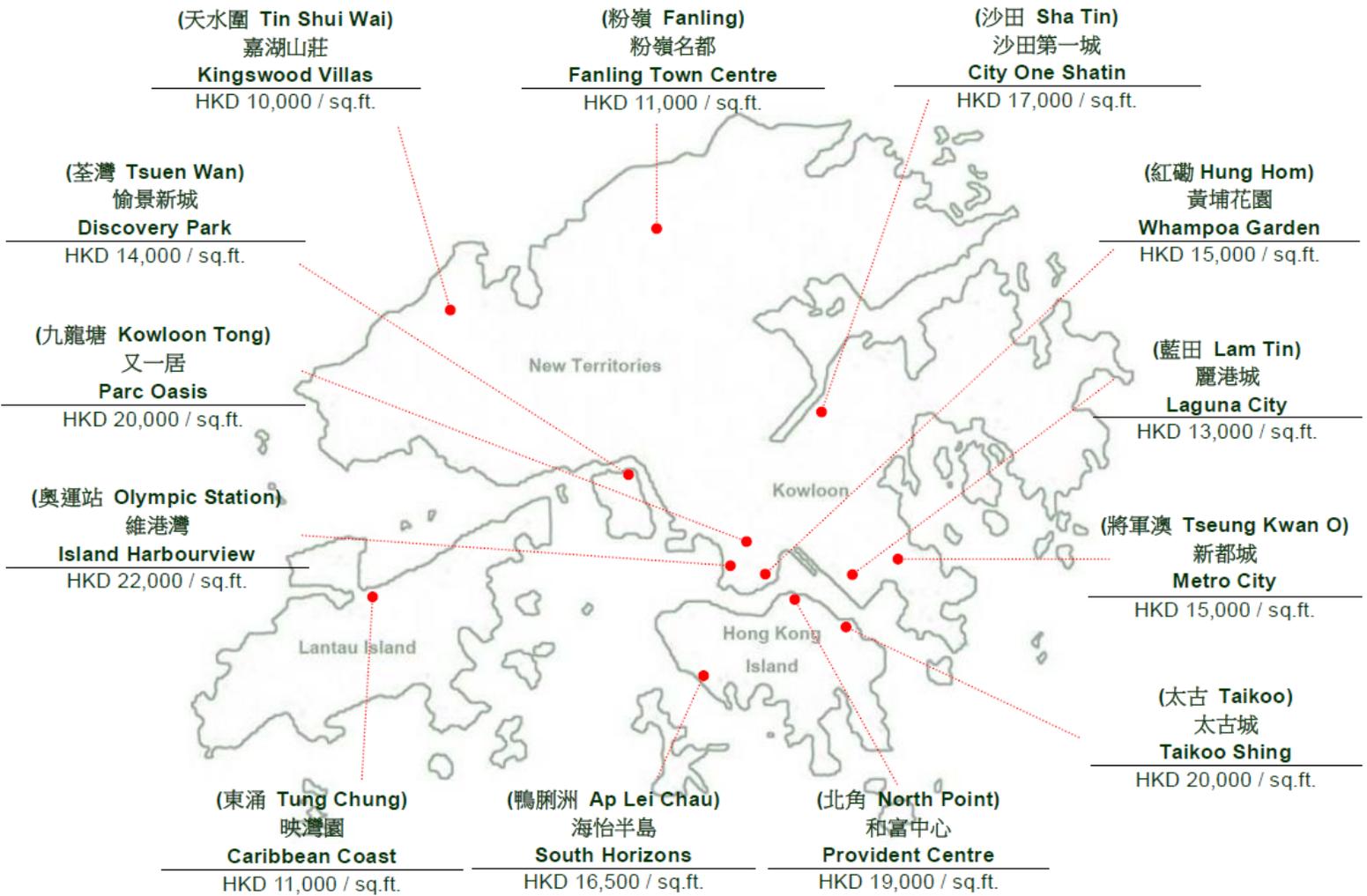
### First Phase Completion: New Composite Development in Kowloon

The brand-new composite development, Victoria Dockside, in Tsim Sha Tsui is expected to fully complete in 2019. Meanwhile, the first phase office session, K11 Atelier, among the 15 floors of the building, has been opened in April with around 1,000 staff moved in already. The lately occupancy rate of the office is about 70% with the average unit rental of about HK\$95/sq.ft.. The 8th Floor of the office session will accommodate a 27,500 sq.ft. area for trans-national co-working space.



Victoria Dockside will offer Grade A office space, hotel, service-apartment (Left), and retail spaces. The office floors have been opened in April.

## HONG KONG TRANSACTIONS OVERVIEW



\* Average saleable unit rate of standard units  
 以上為各標準單位平均實用呎價

## CHINA PROPERTY

Market Watch

### RESIDENTIAL LEASE HOUSING ASSET SECURITIZATION POLICY, A STIMULATION TO HOUSING RENTAL MARKET

#### Professional Practice in Land and Planning Matter

- Lease Modification /  
Land Exchange
- Premium Assessment
- Temporary Waiver  
Application

The China Securities Regulatory Commission and the Ministry of Housing and Urban-Rural Development jointly issued a policy on the promotion of the securitization of residential lease assets. The policy clarified the basic conditions, priority, and key support areas for the development of housing lease asset securitization. It improves the working procedures for the securitization of housing lease assets and proposed strengthening housing's supervision and management of leasing asset securitization.

The content of the policy shows that it mainly supports large- and medium-sized cities, Xiong'an New District and other national policy supporting areas and uses the collective construction land to build leased housing pilot cities for housing leasing projects for asset securitization. In the meantime, it also supports home-equity leasing companies to issue equity-based asset securitization products with their property holdings as their underlying assets and actively promote multiple types of asset-backed asset securitization products and pilots real estate investment trust funds (REITs).

The development of the housing leasing market is driven by policies is expected to provide a large number of alternative basic assets for asset securitization. The asset securitization financing model shall also help apartment operators to quickly withdraw the funds. Various incentives can help attracting companies and developers to invest in the rental market.

## Professional Practice in Land and Planning Matter

- Rate & Government Rent Appeal
- Compensation Claim Assessment
- Planning & Development Consultancy

Starting from the second half of 2017, approval of residential lease securitization products increases a lot, including light-asset operating companies and traditional developers. By issuing REITs, it makes full use of social funds and promotes capital entry into the leasing market and finally increases the number of housing leases through multiple channels.

Experts suggest that local governments should explore changes in land supply methods to reduce operating costs for rental housing and increase investment rates of such projects. At the same time, targeted tax measures should also be considered for securitized products in order to achieve balanced development in the future.

As a matter of fact, this policy is the first one concerning the simultaneous support of hire purchases by the capital market. The policy uses asset securitization to provide innovative financing channels and investment exit routes for enterprises. It is helpful to establish a housing system that provides multi-subject supply, multi-channel guarantees and hire-buying simultaneously in order to build a good foundation for future development.

## Revitalization of Industrial Buildings

- 30-minute free consultation
- Coordinate with other professionals
- Submitting an application to the Town Planning Board for our client
- Submitting a "Temporary Waiver" or "No Objection Letter" application to the Lands Department

## CHINA SNAPSHOTS

### Zhuhai to Promote Gifted Housing Subsidies

A number of measures on the implementation of the "Zhuhai Talents Program" to speed up the gathering of talents for innovation and entrepreneurship in the new era were formally announced on April 24 at the Talent New Deal Conference. This program does not only give Zhuhai 50% of the housing property rights of the people, which is the first in the country, but it also provides innovation and entrepreneurship teams with up to RMB100 million in subsidies, and to those who hold bachelor degree or above.

It is reported that high-level talents can choose to receive housing subsidies ranging from RMB1 million to 6 million in Zhuhai. In addition to the above subsidy, the top people can also choose to stay in a 200 sq.m. talent housing and receive the house after full-time work for 8 years. The first, second and third categories of talents can apply for purchases of shared-property houses with an area of 160, 120 and 100 sq.m. respectively, with the government accounting for 50% of the total. After 10 consecutive years of work, they will receive the remaining half of the property rights from the government for free.

Other measures include the implementation of the "first settled employment" policy for those who have completed full-time undergraduate or higher education and come to work in Zhuhai within 3 years of graduation. The undergraduates, postgraduates and technicians will be granted a total of RMB26,000 or RMB38,000 of renting and living allowances for 2-year to ease the daily living burden of talents.

## Beijing Plans to Promote "Enrollment in Rented Land", Benefiting Non-Property Owner Households

According to the "Opinions on Enrollment in the Compulsory Education Stage in 2018" issued on April 25, Beijing plans to launch a "rental place enrollment" program for the first time, permitting school-aged children of households without housing in Beijing to meet relevant requirements.

The establishment of the policy was intended to give more choices to the young generation without a property in Beijing, so that their children can be taken to nearby schools for compulsory education. To enjoy the relevant treatment, non-property owner households must meet the following conditions:

1. Long-term work and residence in non-household locations;
2. Continue to rent separately in the same area and have actually resided for three years and have been registered on the housing leasing supervision platform;
3. The spouse's legal and stable employment in the district for three years

Given that the programme is still in the preliminary exploration stage, the specific implementation method will be formulated after the district governments have evaluated the actual situation. In order to avoid the occurrence of policy speculation, the municipalities will formulate more detailed rules to achieve the purpose of promoting education fairness.

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Room 1010, Star House,  
3 Salisbury Road,  
Tsimshatsui, Hong Kong



(852) 3408 3188

(852) 2730 6212

(852) 5307 9925 (Whatsapp)



info@rhl-int.com



www.rhl-int.com