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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

RECLAMATION – TIME IS THE ESSENCE, NOT JUST A QUANTITY

Our Hong Kong Foundation released its research report on the topic of “Re-imagining Hong Kong with a Game-Changer: Enhanced East Lantau Metropolis” earlier in August. Based on the East Lantau Metropolis (ELM) proposed in “Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030”, which is a comprehensive strategic study yet to be completed, Foundation has proposed to increase the reclamation area of the ELM from 1,200 ha to 2,200 ha.

The serious disparity between the property prices and residents’ incomes, along with the diminishing living area per capita, has caused detrimental impacts to the social stability. Not only is the phenomenon of rising property prices posing deleterious impacts to the business sector, developers are also facing with higher investment risk. It is true that we need sizable land for sustainable urban planning and design, as well as an effective solution to the current housing supply issues. And scalable reclamation appears to be the best solution.

In fact, the eventual scale of the reclamation is still to be finalized by a cogent research result. However, a small act could affect everything. For the property market, the scale of the reclamation is, beyond doubt, a factor to be considered. The timetable of it, however, is an even more essential factor. As shown in recent reports, citizens could accept large-scaled reclamation if it centers at providing public housing. If the citizens are in support of reclamation for increasing housing supply, less controversial and opposing voices may in turn be heard in the Legislative Council. Henceforth, instead of finishing it in twenty years’ time, there is indeed possibility for it to be completed in around ten years’ time.

Strategic Investment Advisory & Agency

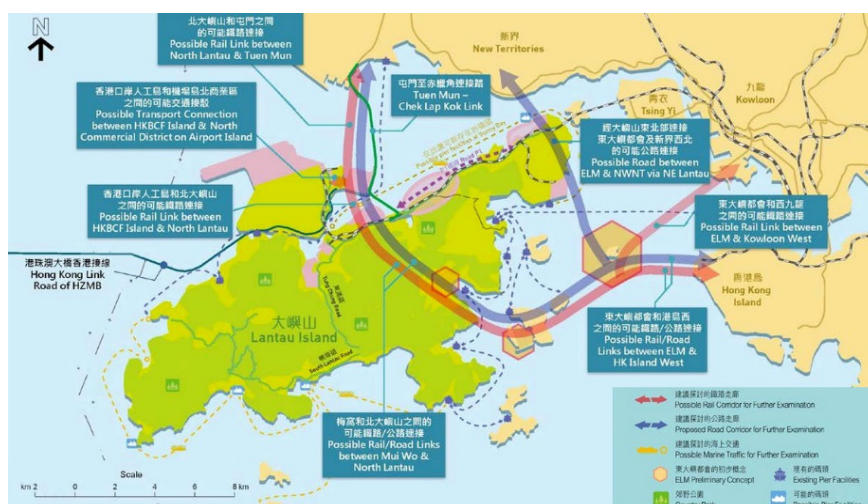
- Provide Market Research and Analysis
- As a Matching Platform to Source Opportunities

Strategic Investment Advisory & Agency

- Negotiation between Transaction Parties
- Provide Transaction Advisory Services

Time is the essence. As the controversy brought within reclamation is reduced, other controversial plans like development of brownfields and remote agricultural lands could all be discussed thoroughly with more time. It will undoubtedly affect the land development in the New Territories in the long run. Meanwhile, accelerating the reclamation could also create another opportunity: moving the land for special uses in the urban area like oil depot, shipyards, container terminal and even cruise terminal during the large-scaled reclamation, which in turn could free up urban area and restore the public spaces or offers replacement flats to facilitate urban renewal. All of these benefit the consistency in property prices, ameliorate urban congestion and tackle the safety concerns brought by urban decay.

Yet, these are still futuristic visions. In the short-term objectives, the Hong Kong Government must still consider all the plans on the plate in a bid to bolster land supply and sooth the citizens' agitation towards high property prices.



East Lantau Metropolis (ELM) in "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" by the Planning Department, under research

Forward Planning and Solution

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

HONG KONG SNAPSHOTS

Bleaker Second Hand Housing Estate Market

Due to various external uncertainties and the new housing policies, the housing estates second hand market has been very sluggish in these recent months. Transaction has rarely been recorded in blue chips housing estates while asking prices have been declining. According to the agencies information, a flat at high floor level in Whampoa Garden, Hung Hom, with a saleable area of about 639 sq.ft was sold for HK\$10.48million, a HK\$1million reduction was offered compare with the original asking price. On the other hand, the asking price of a 3-room flat in Kingswood Villa, Tin Shui Wai, has been cut for about HK\$0.5 million, but still, no potential buyers were attracted.

Duplex Shop Rental in Central Fell by 40%

Rental in the core district descends in the recent month. According to the market information, there is a rent transaction for the shop units at Loke Yew Building earlier. The shop units include ground floor, first floor and second floor which have a total area of 6,500 sq.ft. The new monthly rental is about HK\$2million with the unit rental is about HK\$308/sq.ft.. Based on the latest transaction, rental received from the shops was 40% lower than the last one. The shop is located at the core of Queen's Road Central and is a rare duplex shop unit transacted in the past 2 years.

Forward Planning and Solution

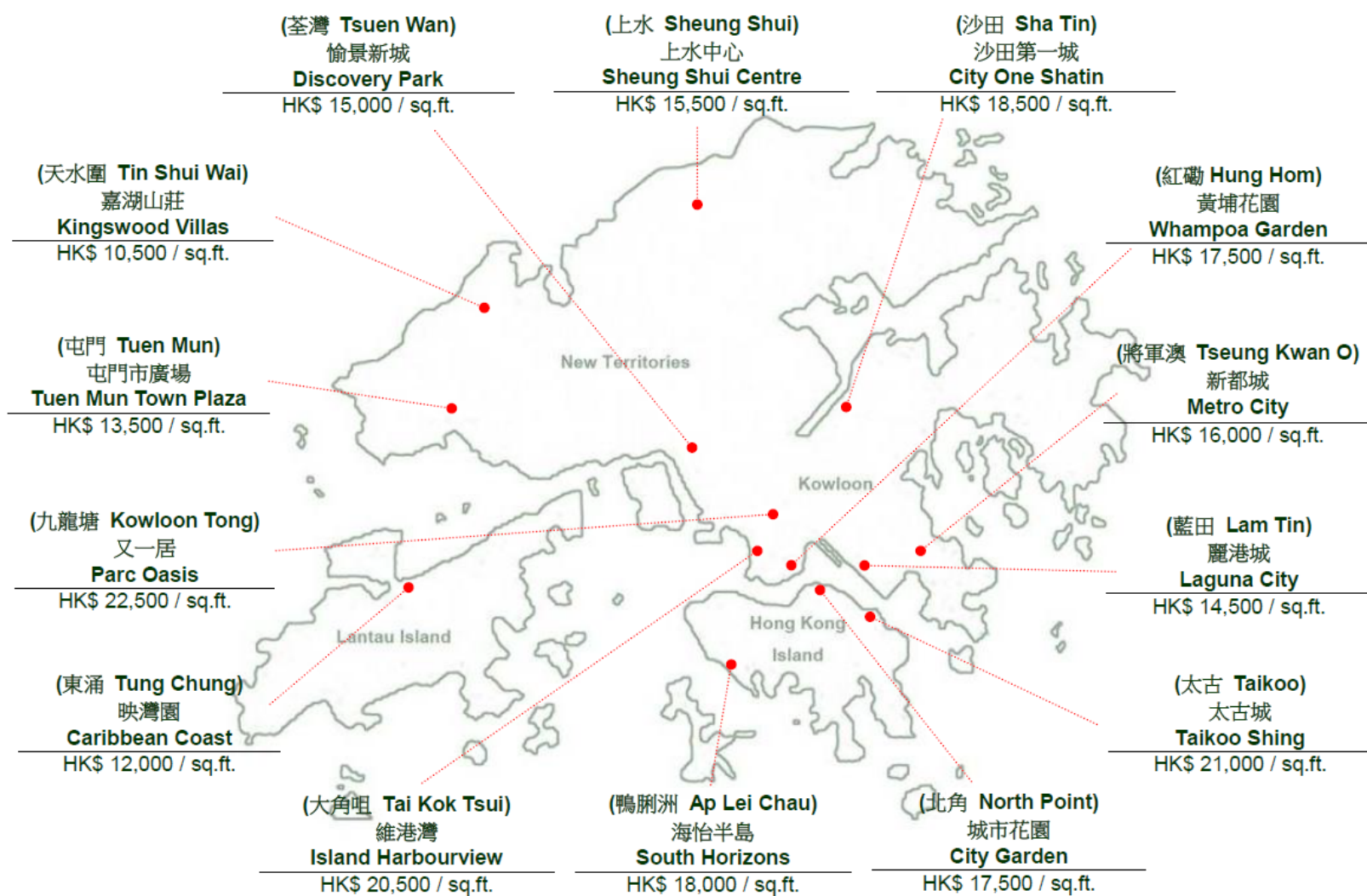
- Financial Feasibility and Economic Viability Assessment
- Value-added and Reliable Implementation Scheme

Developers Turn Cautious as a Result of Market Uncertainties

With the uncertainties of external economic environment, developers have turned cautious on land market. The Yau Tong Ko Chiu Road residential site was awarded at a premium of HK\$3.3 billion, Lands Department announced. The site is about 39,612 sq.ft., with the maximum gross floor area of 356,503 sq.ft., the accommodation value was about HK\$9,257/sq.ft. which is slightly higher than the lowest market estimated accommodation value of HK\$9,000/sq.ft..



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

Professional Practice in Land and Planning Matter

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

CHINA PROPERTY

Market Watch

CHINA'S Q1 REAL ESTATE DEVELOPMENT GROWTH RATE INCREASES SPEED UP, CENTRAL AREA TAKES THE LEAD

Driven by residential investment, China's real estate development investment in the first quarter increased by 10.4% year-on-year, a three-year high. From January to March 2018, the real estate development investment in China was RMB 2,212.9 billion, a nominal increase of 10.4% year-on-year, and the growth rate was 0.5 percentage points higher than that in January and February. Among them, residential investment was RMB 1,470.5 billion, an increase of 13.3%, and the growth rate was 1%. Residential investment accounted for 69.1% of real estate development investment. It is worth noting that in the context of the current dual-track system of real estate, the importance of sales to investment is weakening, and affordable housing and rental housing have become a strong support for real estate investment.

Currently, the growth rate of investment in central China is the highest among the four major sectors, west, central, east and northeast regions, in the country. Taking the data of 2018's first seven months of the National Bureau of Statistics as an example, among the top ten counties with the fastest investment rate, there are four provinces in the central part, namely Anhui, Jiangxi, Hubei, and Hunan. The investment growth rate is double digits. However, the areas with slower investment growth are in provinces, municipalities and autonomous regions in the northeastern, western and eastern regions.

Professional Practice in Land and Planning Matter

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

In the 11 regions where the investment grew negatively from January to July this year, there were 3 in the east, 2 in the northeast, 5 in the west, and only 1 in the middle. According to the National Bureau of Statistics, the growth rate of investment in the central region from January to July this year was 9.3%, higher than 5.8% in the east, 2.3% in the west, and 3.3% in the northeast, ranking first in the country. This also shows that the investment in the central region will perform well in the coming days in August and beyond.

In the long term, the central region is the most motivated and interested region to be invested in the future projects. From January to July 2018, among the top ten increased number of potential investment, there are three in the central region, namely Jiangxi, Henan and Hubei. The other regions with fast growth are Tianjin, Shandong and Shanghai in the east and Heilongjiang and Jilin in the northeast. In the west, there are Chongqing and Shaanxi.

During this period, the growth rate in the east has been slowed down, meanwhile the growth rate in the central region accelerated. In recent years, the shifting towards central and western regions of manufacturing industry was because of the high housing prices in eastern region. The central region is now entering the production period. In the current eastern region, only high-tech industries and real estate record fast-growth and general manufacturing investment has shown negative growth.

However, although there is a better advantage of shifting productions to the west due to a lower labour costs, no hot spots can be found in the traditional manufacturing industries that have invested in the local area. The investment infrastructure is also short of money due to debt problems. So many places actually still rely on land sales and small scale real estate development to gain profit.



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

Updates of Draft Civil Code Submitted for Renewal of Residential Land Use Right

The drafts of the Civil Code were submitted to the Standing Committee of the National People's Congress for deliberation by the end of August. In the draft of the property rights, there was a question about the renewal of use of residential construction land. Before the deliberation, a principle has been made that if the term of usage of the residential construction land expires, it will be automatically renewed, and the renewal fee shall be paid or reduced in accordance with the provisions of laws and administrative regulations. This is the first discussion about whether the renewal is subject to fees or not. Yet it has not indicated whether it will be charged and the direction of the charges. At present, it is only the stage of proposal. After the review, to have a clear enforcement, it is necessary to follow up the law and regulations whether there is a renewal fee or tax.

Housing Rents in Large and Medium-Sized Cities Rise from Capital Boost

Recently, rents in large and medium-sized cities have risen tremendously, with rents in Beijing, Shanghai and Shenzhen rising the most. Some communities in Beijing have been rising all the way from the end of last year. As of July 30, the increase has been nearly 40%. In July, Chengdu's rent rose by 31% year-on-year, with Guangzhou at 30.7% and Shenzhen at 30.5%. A number of housing companies have been heavily involved in the long-term rental market and the new business direction will make up for the negative impact of the development business subject to regulation and strengthening. The skyrocketing rents will force local property market to have strong expectations.



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