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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

A RISE TO SUPERSTITION

Hong Kong property prices have muscled its way up from the stage of "A Rise to Disbelief" to "A Rise to Superstition", claimed by local newspaper. The trigger points of this phenomenon are perceived to be the continual economic growth and the solid truth that the unemployment rate in Hong Kong is sinking to the record low. What truly unveils the fact that Hong Kong is experiencing severe land shortage in the short and medium term, however, is the public consultation being carried out by the Task Force of Land Supply. Land in shortage does not only refer to residential land, but for the needs of public utilities, infrastructures and economic production.

With the menace of upsurging property prices and rents vividly felt by the citizens everyday, many have also noticed the not-so-far-fetched picture depicting a future where the phenomenon of land and residential units' shortage remains unchanged. Little imagination is needed to understand why the air in Hong Kong is fumigated with the urgency of home ownership. Property prices reflect the purchasing ability, supply and demand. Under the Free Economic Market, there lies a cruel truth - the subject matter goes to the highest bidder. With the callous truth spoken, in a bid to successfully purchase a property in the exceedingly competitive market, one can only play along with the prices, leading us to the prevalent trend of purchasing the "pricy", "tiny" and "cramped" Nano units.

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

However, the recent property price level and the global trade war have indeed brought increasing risks to developers, buyers and the government. As developers invest huge funds into land purchase and construction, they must take heed of the global economics and changes in the market liquidity. In the next-half year, the amount of land disposed by the government shall increase, and the property development rights at MTR Wong Chuk Hang Station of South Island Line shall also be announced in the coming few months. Henceforth, developers' views on the future market can be reflected in whether the urban land prices will still maintain at the record high.

Apart from tolerating the extortionate prices of the flat, cramped living environment and inadequate recreation area, those new flat owners must also face the risk of diminishing liquidity as the transaction volume of the second-hand market encounters its historical low level. So, while the government encourages residents to own a flat, they inevitably face political risks as well. If the prices of the Subsidized Sale Flats (SSFs) are too low, more qualified residents will squeeze into the waiting list and more grumbling voices will be heard from those who could not get into the scheme; if the prices are too high, the government will face denouncement, being condemned that they are too high-sounding; if the mechanism to assess modification premium to release the restriction on alienation is to change, antipathy from the middle-class who are not qualified to receive the subsidies will be incited. In fact, the property market has its cycle, every boom must be accompanied by a bust in the short term. When the decrease in property prices is seen, complaints may arise again.

The impacts brought by the Sino-US Trade War and the normalization of Global Interest rates are not to be underestimated. Be it the expansion of the domestic market in Mainland China, or the economic potential of the Guangdong-Hong Kong-Macao Greater Bay Area, they both need time to process and could not compensate the potential risk of global economic downturn in a short period of time.

Forward Planning and Solution

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

HONG KONG SNAPSHOTS

Central's Office Rental Ranked World's Top for 3 Years

According to a property consultant's report, office rentals in the Central and Kowloon districts of Hong Kong have crowned the world's most expensive and fourth highest at an average of US\$307/sq.ft. and US\$190/sq.ft. per year among the globe. Concurrently, rental level in the core area of Central has been the highest in the world for 3 consecutive years, and is 30% higher than the second place of West End in London.

Fanling's On Lok Tsuen Industrial Site: Tender Invitation

Tender invitation period kicks off for the industrial lot at On Chuen Street, On Lok Tsuen in Fanling until July 20. The site is of an area about 40,526 sq.ft. with a maximum gross floor area of 202,632 sq.ft.. According to the Conditions of Sale, purchaser of land is required to construct, maintain and operate a 58-space public car park.

Forward Planning and Solution

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

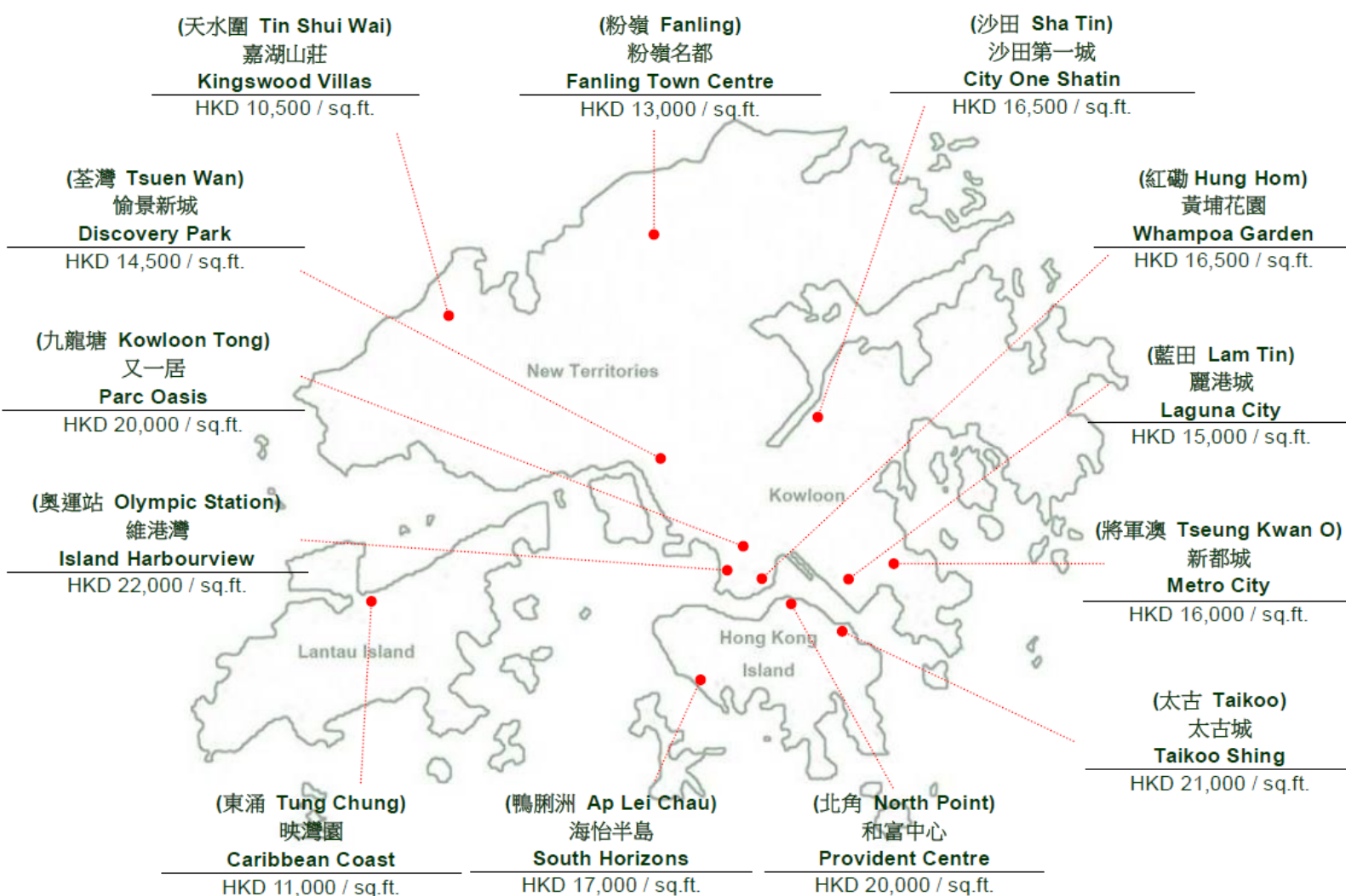
Residential Car Parking Spaces Hit High

Along with the active transaction of property estates, the transaction volume and price of residential car parking spaces in several residential estates soar. In Kingswood Villas, Tin Shui Wai, over 30 parking space transactions were recorded. One of the transactions made was for HK\$1.62 million, as one of the most expensive car parking transactions in the district. Other than that, in City One Shatin, Shatin and Charming Garden, Tai Kok Tsui, record-breaking prices of its own estate were also recorded at HK\$1.43 million and HK\$2.2 million respectively.

Subsidized Housing Market Stay Active after Announcement of New Housing Policy

In spite of the recently announced revamp of the pricing policy on the subsidized sale flats by the Government, subsidized housing market remains active and transaction prices recorded are continuously high. In Tin Shing Court, Tin Shui Wai, a unit with saleable area of 650 sq.ft on high level was sold for HK\$5.479 million (premium unpaid), which hit the high spot of surrounding subsidized housing estates. On the other hand, two transactions in Hoi Fu Court, Tai Kok Tsui and Kam Ying Court, Ma On Shan revealed have broken its estate's record with a price of HK\$6.8 million (premium unpaid) and HK\$5.45 million (premium unpaid) respectively.

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

Professional Practice
in Land and Planning
Matter

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

**SHENZHEN'S NEW HOUSING POLICY:
INCREASING SUPPLY OF POLICY-
SUPPORTED AND PUBLIC RENTAL
HOUSING TO 60%**

A new policy on reforms of the housing system was released by the Shenzhen Municipal Government on June 5. To meet the needs of different income groups, Shenzhen will divide the housing system into three categories: market commodity housing, policy-supported housing and public rental housing.

Shenzhen Municipal Government plans to build an additional 1.7 million housing units by 2035, of which not less than 1 million units will be policy-supported housing or public rental housing. The detail proportions of these new housing supply are as below:

- 1) Market commodity housing for high-income people will account for 40% of housing supply, which mainly consists of small- and medium-sized commodity flats;
- 2) Policy-supported housing comprises of talents housing and affordable housing, each of them will account for 20% of the total housing supply and will be available for both lease and sale. The gross floor area of most talents housing will be less than 90 sq.m., and its rental and price will be about 60% of the nearby commodity housing market price. On the other hand, affordable housing will be offered to Shenzhen residents who meet the income standards. This type of housing usually has an area of 70 sq.m. or less and are leased and sold at around 50% of the market price.

Professional Practice in Land and Planning Matter

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

3) Public rental housing, which accounts for 20% of total housing, will be supplied to low-income residents, basic public service providers (including bus drivers, metro drivers and street cleaner, etc.), and advanced manufacturing workers. Each flat will have an area of 30-60 sq.m., and the rent will be 30% of the market rental. More importantly, the underprivileged with special hardship can receive up to 90% discount on rentals.

It is important to note that the purchasers of policy-supported housing can only obtain the full ownership under certain criteria – either have paid for 15 years of social insurance in Shenzhen after purchase or have reached the age of 60 after 10 years of purchase. Besides, certain ratio of premium will be charged for full title. Otherwise, such policy-supported housing will be transferred to other qualified applicants. This innovative measurement not only conforms to the situation of land shortage in Shenzhen, but also helps to solve the problem of housing difficulties of low-incoming families.

As commented by local media, this would be a second reform of the housing system in Shenzhen after the first reform in 1998.



Shenzhen's Night View/ Source: Internet

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

Rectification of the Real Estate Market in 30 Cities Is Set Off

Ministry of Housing and Urban-Rural Development together with other six government departments have recently announced that, actions will be taken to rectify the disorder of real estate market in 30 cities during July to December this year. This series of combating actions mainly focus on four aspects including real estate speculations, non-disciplined agents, illegal developers and false advertisement.

The 30 cities on list include: Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Nanjing, Suzhou, Wuxi, Hangzhou, Hefei, Fuzhou, Xiamen, Jinan, Zhengzhou, Wuhan, Chengdu, Changsha, Chongqing, Xi'an, Kunming, Foshan, Xuzhou, Taiyuan, Haikou, Ningbo, Yichang, Ha'erbin, Changchun, Lanzhou and Guiyang.

Beijing First-hand Market's Volume Decreases with Price Stable, Second Hand Market's Volume Rise but Price Drop: First Half of 2018

According to the Research Department of the agency company Wo Ai Wo Jia, during the first half of 2018, the registered transaction of new commodity housing units (excluding indemnificatory housing) in Beijing has decreased by 23.34% compared with the second half of last year and has reduced by 31.86% y-o-y. The averaged transacted price of new houses is RMB43,198 /m2, which has dropped by 5.84% compared with the second half of last year, but has increased by 4.78% y-o-y. There is a trend of decrease in volume with price stable for the first-hand market in Beijing from last year to this year.

In the meanwhile, during the first half of 2018, the registered transaction of second-hand residential has risen by 57.6% compared with the second half of last year but has declined by 10.9% y-o-y. The averaged transacted price of second-hand residential has dropped by 2.1% and has fallen by 9% y-o-y.



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