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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

## NEW PACE FOR LAND ACQUISITION IN NEW YEAR

Strategic Investment  
Advisory & Agency

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

2018-19 Budget, which has been recently presented, did not have any eye-catching initiatives or measures on land resource and housing issues. As the Financial Secretary talked to the media, we shall wait and see until the Task Force (on Land Supply) who is going to launch a public engagement exercise probably in April, and by the end of this year the findings to the Government.

Without any measures but the optimistic economic prospects for 2018 and medium term outlook, it appears no reason for the adjustment of property price in short term. Nevertheless, it is always worth to note that, if there is lacking reasonable increase in transaction volume, achieved by selling “Nano” flats, the rise in unit rate of property is certainly not a healthy market signal. With reference to the price indices from the Rating and Valuation Department, small size units have experienced a price and rental growth well over than the large size units. Meanwhile, the extent of rental growth is well lag behind the price growth and appears stabilized in recent months.

January 2018 – Provisional figure, Private Domestic– Territory-Wide (1999=100)

	Class A – saleable area less than 40 m <sup>2</sup>	Class B - saleable area of 40 m <sup>2</sup> to 69.9 m <sup>2</sup>	Class C - saleable area of 70 m <sup>2</sup> to 99.9 m <sup>2</sup>	Class D - saleable area of 100 m <sup>2</sup> to 159.9 m <sup>2</sup>	Class E - saleable area of 160 m <sup>2</sup> or above
Price Indices	393.5	339.5	320.2	314.6	319.4
Rental Indices	207.3	184.9	161.3	155.3	144.4

Source: Rating and Valuation Department

## Strategic Investment Advisory & Agency

- Negotiation between Transaction Parties
- Provide Transaction Advisory Services

Financial Secretary also mentioned that he has noticed that there was an increase in number of unsold units in completed developments. Such increase may due to the developers' selling strategy, but may also unveil the affordability of the potential buyers in reaction to the listing sell price.

Having no new measure to the property market in the Budget, the focus is now on Development Bureau's land sale programme. It is noted that some of the lots are still subject to planning approval and hence cannot be released to the market at the first half of the year. Also, the estimated total number of units to be generated, including those units coming from MTR, URA, private sector's urban renewal and lease exchange / modification projects, will be lesser than the previous years. Last but not least, the government will now publish all offers tendered for the lot rather than just the winning figure.

Although competitions from mainland developers may be reduced due to their difficulties in transferring capital overseas, local medium sized developers who do not hold sufficient developable sites are still required to compete with each other in the tender exercise.

Developers may face the dilemma that on one hand the affordability of the general buyers may have already reached a limit as the size of units now being sold are really "Nano" to compensate the high unit rate. While on the other hand, since the last Government land sale at Anderson Road which achieved an accommodation value of \$12,000/sq.ft., another major land transactions were recorded afterwards. In February and early-March, HNA Group had sold its 3 residential plots in Kai Tak, namely NKIL 6562, NKIL 6565 and NKIL 6564, to 2 different local developers, at the average accommodation value of lot around HK\$15,000/sq.ft..

When the inner Kai Tak lots are sold at an accommodation value of HK\$15,000/sq.ft., what should we expect the developers to place their bid for those coming Kai Tak lots that have a full sea view or lots located in urban area?



## Forward Planning and Solution

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

## HONG KONG SNAPSHOTS

### Land Sale Tenders Go Transparent

Land prices continue to hit high. Market suggests that the government to uncover the “second highest bid” to increase the transparency of the land sales tender. As planned, starting from April 2018, the Development Bureau will publish the tender amounts of all the unsuccessful submissions four weeks after all transaction procedures for the successful bid are completed, which could avoid the chance of winning bid being broken on the same day of announcement of tender result.

### Prices at Blue Chip Housing Estates Keep Rising

Numerous record-high priced transactions made in the top 10 blue chips private housing estates in the first 2 months of 2018. An apartment with a rooftop area, saleable area of 284 sq.ft., in City One Shatin was sold at a high price of HK\$5.5 million which unit rate went up to HK\$19,000/sq.ft., reaching the unit rate level of Taikoo Shing. On the other hand, the transaction of a medium floor unit with an area of 1,373 sq. ft. in Mei Foo Sun Chuen also recorded the second highest of that estate. It was sold for HK\$21.1 million with a unit rate of HK\$15,368/sq.ft..

## Forward Planning and Solution

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

### Central Industrial Building in Kwai Chung sold for HK\$720 Million

According to market sources, the whole block of Central Industrial Building, 57-61 Ta Chuen Ping Street Kwai Chung, with the current total gross floor area about 173,000 sq.ft. was sold for HK\$720 Million at a unit rate of HK\$4,162/sq.ft..

The site is about 20,000 sq.ft which has previously been approved for commercial redevelopment of a total gross floor area of about 237,200 sq.ft.. Based on the figure, this transaction accounts for an accommodation value of HK\$3,035/sq.ft..

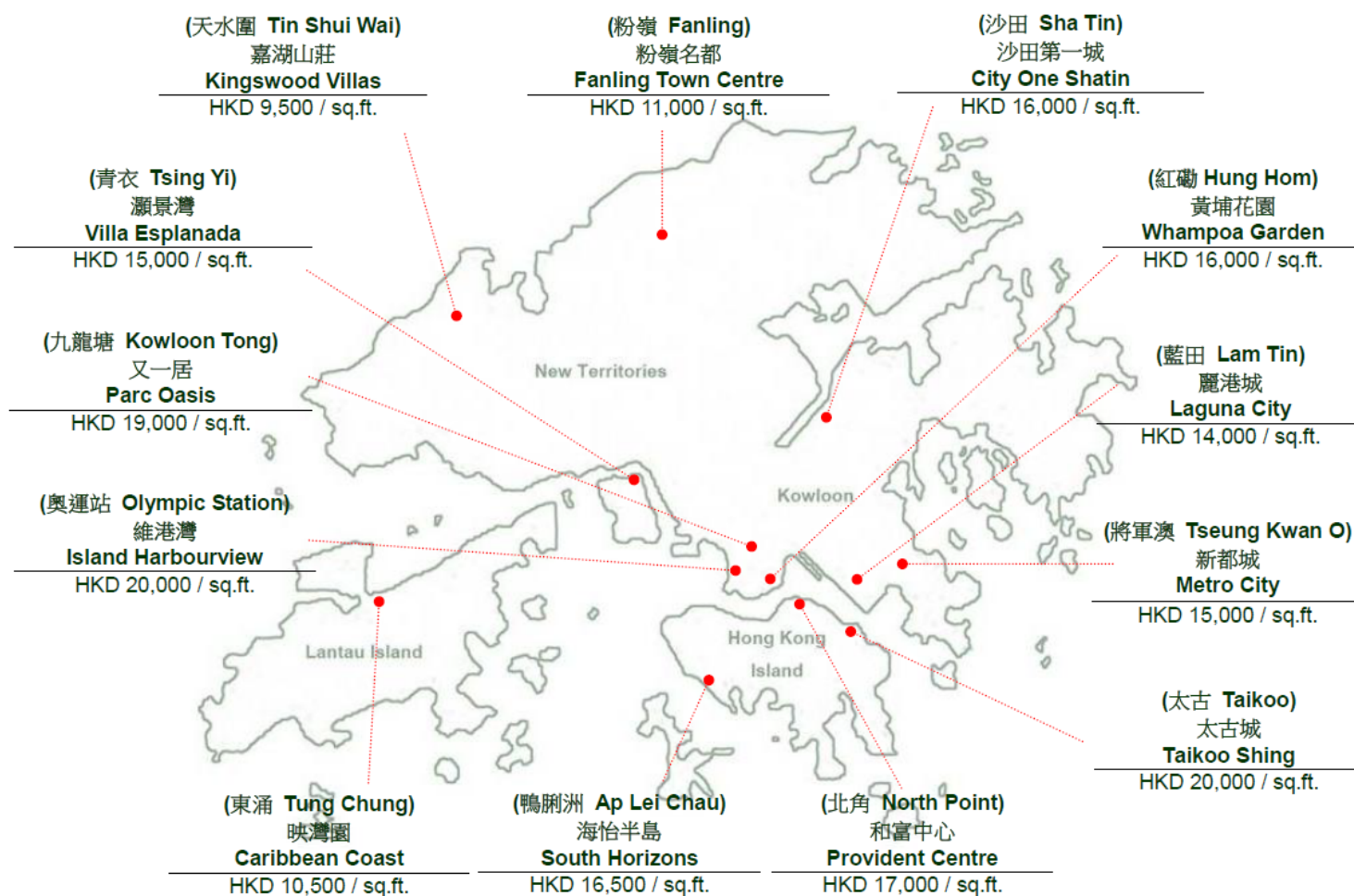


### Hsin Kuang Centre Arcade Portion Sold After 32 Years



According to the Land Registry's information, shopping centre portion of Hsin Kuang Centre in Wongtaisin, including ground floor entrance and 1/F to 4/F together with 37 car parking spaces, was sold for HK\$906 million. The total gross floor area of the premises is about 95,000 sq.ft., with the transacted unit rate at about HK\$9,500/sq.ft.. The property has been upvalued by 22 times in 32 years, compared with its last transacted price of HK\$38.72 million in 1986.

## 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

**SOARING TRANSFERRING FEES OF  
STATE-OWNED LAND USE RIGHTS  
EXPECTED TO CARRY ON IN 2018**

According to data from the China Index Academy, in 2017, the transferring fee for land use rights in 300 cities nationwide totaled RMB 4,012.3 billion, representing an increase of 36% year-on-year. Among them, Beijing and Hangzhou have land grants of more than RMB 200 billion, at RMB 279.6 billion and RMB 219 billion respectively. In addition, land transferring fees in Nanjing, Wuhan, Shanghai, Chongqing, Tianjin, Chengdu and Guangzhou all exceeded RMB 100 billion.

In 2018, the country's 300 urban land supply rebounded slightly. The hotspot cities continued to increase land supply. As land transferring fees rose, the rise in average accommodation value also narrowed compared with the last year while the average premium rate was controlled. Specifically, land transferring fees in first-tier cities have increased by nearly half from last year, which is expected to ease the pressure on land supply. Land transferring payments in second-tier cities rose steadily from last year, and the year-on-year increase was narrower than last year. After experiencing a surge in house prices in 2016 and 2017, the value-depressed cities are revalued; and land supply and demand in such cities were slightly more cautious than before. In the third and fourth tier cities, the demand spillovers from the first and second tier cities have brought about a year-on-year increase in land prices and transferring fees.

**Professional Practice  
in Land and Planning  
Matter**

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

## Professional Practice in Land and Planning Matter

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

The reason why the land transferring fee has upsurged substantially is the increase in land supply for local governments. On the other hand, the sales of the property market are still good, and the demand of land from real estate companies is relatively strong. Specifically, as Beijing and Guangzhou increase their land supply, the market for land auctions is hot and land sales money has risen. Due to the periodic adjustment of Shanghai and Shenzhen, land transferring fees have declined. The strong second-tier cities such as Hangzhou, Wuhan, and Chengdu have benefited from the high home prices in 2017, which stimulated housing companies to take land and thus pushed up land prices.

It is worth mentioning that 19 third- and fourth-tier cities were selected for this ranking, and Foshan performed particularly well. Thanks to the influence of the concepts of Guangzhou-Foshan City, Intercity Metro and Guangdong-Hong Kong-Macao Bay Area, the property market in Foshan has been hot in 2017. The land market of Foshan will be affected by benevolence and the transferring price is expected to reach RMB 92 billion.

Recently, the relevant government departments has announced "2018 Government Fund Budget Revenue Estimates and Expenditure Arrangements" and estimated that in 2018 the transferring of state-owned land use rights will increase by 5% on the basis of 2017. This also indicates that the land market will continue to develop steadily in 2018.

2017年全国主要城市土地出让金排行榜TOP30		
微信公众号: 商业排行榜 (askplan) 官方网站: <a href="http://top.askci.com">http://top.askci.com</a>		
排名	城市	土地出让金 (亿元)
1	北京	2796
2	杭州	2190
3	南京	1699
4	武汉	1524
5	上海	1472
6	重庆	1250
7	天津	1228
8	成都	1189
9	广州	1173
10	苏州	939
11	佛山	920
12	济南	871
13	郑州	831
14	深圳	809
15	合肥	570
16	宁波	517
17	昆明	429
18	无锡	429
19	厦门	416
20	温州	415
21	珠海	391
22	福州	390
23	青岛	345
24	西安	344
25	南通	331
26	徐州	318
27	南昌	314
28	湖州	311
29	南宁	295
30	乌鲁木齐	291



## 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

### Property Market in Dongguan City Stay Stabilized for 15 Months

It is analysed that growth rate of house price in Dongguan remained 7% for several years by December 2015 and has then gone through a continuous pullback after a whole package of regulation policies implemented by the local government since January 2016. It is expected that the local government aims to keep the home price in Dongguan as stable as possible. Currently, average home prices in Dongguan is between RMB16,000/sq.m. and RMB17,000/sq.m..

### Housing rent in Shenzhen rose by 10% at most in February

According to the data provided by agencies, the housing rent in Shenzhen increased by 3% to 10% m-o-m in February 2018. The central urban area, such as Shaibu Area, even witnessed that the shortage of housing supply met the rising of housing rent. The most popular housings were usually located in downtown area along the subway line and rose the most. According to Qfang, in February 2018, housing rent of Futian District is RMB98.85/sq.m. per month, climbed by 6.52% that January; while figures for Nanshan District is RMB96.58/sq.m. per month, 2.11% and for Luohu District is RMB78.77/sq.m. per month, 0.53%..

**VOL.207**

2018

# MARKET EXPRESS



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Source: Land Registry and RHL Research Department  
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