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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

URBAN LAND FROM GOVERNMENT TENDER VS NT LAND VIA PAYMENT OF MODIFICATION PREMIUM

Strategic Investment Advisory & Agency

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

To determine the land tender price, developers should base on their judgement on the future selling price of the developed units.

However, to ensure there is sufficient land bank to continue their development businesses, they need to consider the prevailing market competition.

In January, two pieces of urban residential lots were sold by the Government. The land lot which located at the junction of Lung Cheung Road and Lion Rock Tunnel Road was sold at a record high in the locality, came close to an accommodation value of HK\$28,500/sq.ft.. Another lot was the first piece of land being sold in the Anderson Road Quarry (ARQ) site with the accommodation value being achieved at HK\$12,000/sq.ft.. The transacted prices can only be supported under the assumption that residential property price shall continue to rise and/or developer can accept a lower profit margin. Such aggressive consideration, however, may come from the fact that some developers who are cash rich and lack of land bank must determine to take up the higher risk behind.

Unfortunately, in view of the slow and complicated urban renewal process, government land sale is the only major source of developable land. As mentioned in our last article, urban residential property price will be well supported by the government due to the need to speed up urban renewal. As a result, it appears likely that the land accommodation value at Kowloon district will stand at HK\$12,000/sq.ft. or above.

Strategic Investment Advisory & Agency

- Negotiation between Transaction Parties
- Provide Transaction Advisory Services

Source of developable land in the New Territories, apart from government land sales, is relied on the successful rezoning and lease modification of agricultural land which are in the hands of private sector.

In the past, the rezoning cum lease modification processes is similarly slow as compared with urban renewal. Meanwhile, higher pressure is now on the government to facilitate the rezoning and lease modification process, particularly for those cases of which rezoning has been approved, in order to expedite the housing supply. With reference to the recent lease exchange transaction at Ma Sik Road in Fanling, the result is equivalent to approximately HK\$4,150/sq.ft. of maximum allowable GFA.

It is well acknowledged that such result has already reflected a significant rise in land value in the locality. Nevertheless, such unit rate, on its face, still sound more attractive as compared with the price spent on direct purchase of land from the government. Yet, the reality is that there is a lot of hidden costs and risks in the acquisition of agricultural land, not to mention the uncontrollable time to spend.

As a result, this game may only allow those traditional Hong Kong big developers to participate in, and those small to medium sized developers are being pushed to compete with the giant in the government land tenders or urban site acquisition exercises.

Forward Planning and Solution

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

HONG KONG SNAPSHOTS

HK\$2.5 Billion of Land Premium for Residential Lot in Fanling

Recently, a number of land lots have been approved for the land premium settlement. One of the land lots was located in Ma Shi Po in Fanling with a land premium settlement of HK\$2.531 billion.

The site area is around 174,000 sq.ft.. According to the building plan approved in 2016, the developer will build five 16 to 21-storey high-rise residential buildings and one 2-storey residential recreational facilities and residential buildings above a 1-storey basement. It amounts a total GFA of more than 609,800 sq.ft. and a unit rate of HK\$4,151/sq.ft. per land premium.

Transaction of Residential Car Parking Space in Tung Chung Stroke High

Benefiting from the prospective of the complete of Hong Kong-Zhuhai-Macau Bridge, both the number of transaction and the price of the residential parking spaces recorded high in Tung Chung. According to the market information, there were more than 30 transactions made in recent months which exceed the average monthly transaction amount. The car parking space transaction price in Caribbean Coast, Coastal Skyline and Tung Chung Crescent went up to HK\$1.738 million, HK\$1.9 million and HK\$1.85 million respectively. In addition, a residential unit owner has disposed his unit in Coastal Skyline at nearly HK\$10 million for acquiring 8 car parking spaces in several developments in Tung Chung. These reveal the optimistic market atmosphere towards the car park market in Tung Chung.

Forward Planning and Solution

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

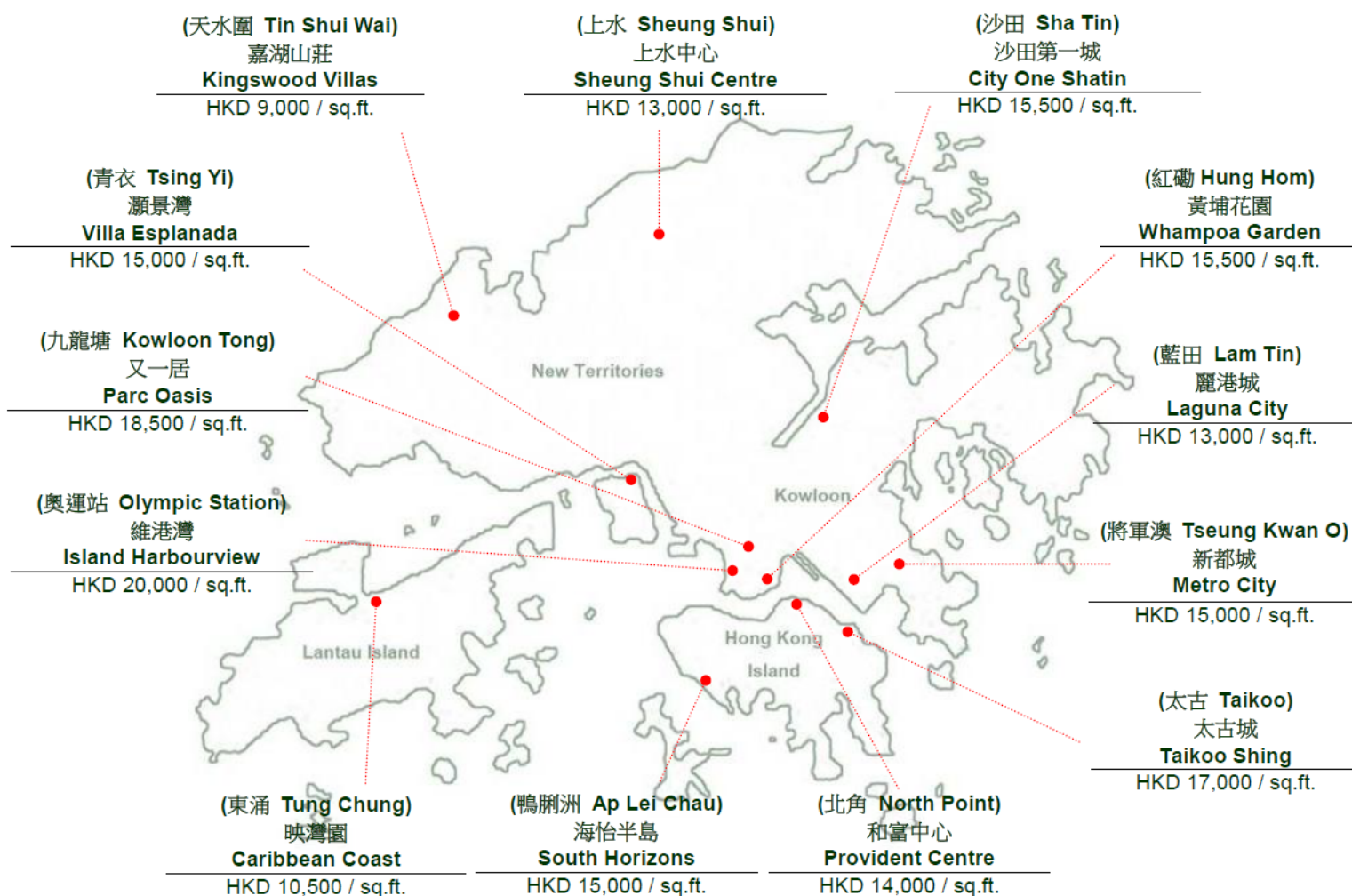
Office Building in Sheung Wan Sold for a Profit of HK\$700 Million in 2 Years

A 29-storey Grade B office building, on Bonham Strand, Sheung Wan, which has a total gross floor area of about 88,000 sq.ft., has been sold for HK\$1.7 billion at a unit rate of around HK\$19,000/sq.ft., according to media reports. The original owner had purchased the building at HK\$1 billion in August 2016 and renovated its lobby and exterior subsequently and rented out half of the building to a co-working space operator. This transaction is making a profit of HK\$700 million to the owner in less than two years.

Core Area Shops in Central Worth HK\$900 Million

4 retail shop units on the Ground Floor and a basement with total floor area of 7,500 sq.ft. at The Galleria, Queen's Road Central owned by an international luxury brand was sold for HK\$900 million, according to market sources. The brand has been buying up the units in succession since 2002 for a total of HK\$190 million and self-used it as its flagship store until 2017. The transacted value was 40% cheaper than the previous indicative price of HK\$1.5 billion.

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

URBAN AND RURAL HOUSING WORK CONFERENCE TO FORMULATE 2018 MARKET REGULATION

Professional Practice in Land and Planning Matter

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

Hubei, Sichuan, Ningxia and other cities have recently held meetings for housing issues in urban-rural area. In the meeting, it was mentioned that by 2018, the regulation and control of real estate market will improve the long-term development of real estate market steadily. At the same time, it should maintain a continuous and stable control policy to curb speculation in housing developments and focus on the establishment of a diversified housing supply pattern and rental housing supply. In the future residential housing market, commercial housing, government guaranteed housing, rental housing and co-ownership housing property will be the main supply.

In 2018, the regulatory policies will also restrict the market more precisely. Take Lanzhou City as an example. The adjustment of this policy is the implementation of classification control and regional policy. On the higher housing prices main urban areas, they strictly regulate the foreign families from other cities to only purchase one housing property with extra limitations on social insurance and tax.

For non-centralized areas, the policy changes from the original restriction on the purchase to restriction to sale within three years after purchase.

In addition, there is a housing provident fund assist first time of housing buyers. The first purchase of housing provident fund loans down payment must be at least 30%, the purchase of second set of down payment must be more than 50%.

Professional Practice in Land and Planning Matter

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

In addition to maintaining the previous restrictions on property market, the real estate market regulation will also start with the increasing supply from different directions. In the meantime, it is also important to stabilize the housing prices and to solve the housing needs.

In respect of rental housing, meetings in Fujian, Sichuan and Guangzhou are all aimed at promoting and supporting the rental housing market, encouraging long-term leasing and starting from increasing supply so as to increase more available housing units in the existing market. Even releasing housing only for rental purpose but not selling purpose was proposed. At the same time, they also support leasing of private housing development and explore the establishment of a multi-supplier system. In terms of government-guaranteed housing, Guangzhou also aims to increase the reserve and transfer of residential land and complete the construction of 16,000 affordable housing units to increase the proportion of public rental housing.

In terms of co-ownership property, it is a kind of property that buyers and government own the property together and government sacrifices part of profit from land sales to lower the price of the property and help the potential qualified willing buyer. A contract will be signed for the buyers and the local governments to formulate the share of the property rights for both parties and the rules for guaranteeing the future listing and trading of the property. Therefore, the property rights of this kind of housing are jointly owned by the government and the public, each accounting for a certain percentage.

Currently Beijing, Shanghai, Nanjing, Fuzhou and Yantai have such property ownership scheme. In 2017, Beijing completed the supply of 38 parcels of land for co-ownership property scheme, with a land area of about 207 hectares and a planned building size of about 4.03 million sq.m., providing nearly 40,000 condominium ownership rooms.

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

Co-ownership property not only effectively reduces the protection costs of the government, but also reduces the acquisition threshold of housing and imposes restrictions on resale. It is a concept of pure residential property for living, which directly address the housing needs.

In 2017, the price of housing has also been stabilized under the control of the government. With the new corresponding policies, regarding to new supply in 2018, the demand for housing is expected to ease gradually while ensuring healthy development of the real estate market.

CHINA SNAPSHOTS

Pilot Scheme for Rental Housing on Collective Construction Land in 11 Cities Approved

In order to meet the current housing demand, the Ministry of Land and Resources in 11 cities including Shenyang, Nanjing and Hangzhou have agreed to develop collectively owned land into residential properties for leasing. To realize the integration of urban and rural development, the scheme explicitly requires the pilot areas to aim at solving the housing problem and establish a sustainable system in which both leasing and transactions play a vital role.

The scheme aims to improve the contract performance supervision and rent monitoring system so that the rent of leasing projects can be maintained at a reasonable level while establishing an open and transparent rent fluctuation platform to support long-term leases and protect the rights of tenants. Furthermore, financial institutions can be encouraged to participate in the pilot construction and provide peripheral financial products and services.

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