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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

Strategic Investment Advisory & Agency

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

HONG KONG PROPERTY

Market Watch

HIGH LAND PRICE FOR DEVELOPERS?

Although Government has kept on reminding the public that the actual residential unit supply has been increased significantly recently and has expressed concerns on the potential interest rate escalation, our Property price as well as Land price still cannot be stabilized. Developers cannot rely on only the signal of willing to buy but must ascertain that such potential demand is coming from capable buyers. We believe one of the major reasons for developers to feel comfortable to bid at higher price for urban land is due to the urban decay situation. Hong Kong is facing serious ageing problem for the urban building blocks but the urban redevelopment progress is well lag behind to manage such risk. To increase the speed of urban renewal, Government will be forced to become the able buyer in the market.

Refer to the published meeting papers of the Task Force on Land Supply dated 6th September ("the Paper"), the following figures speaks for itself:

- "In projecting the future housing demand over the next 10 years, Hong Kong 2030+ has adopted the housing demand between 2016/17 and 2025/26 as estimated in the LTHS Annual Progress Report 2015, i.e. 460,000 units which include about 38,000 units arising from the number of households in private housing units to be displaced by redevelopment." (in this regards, it is an average of 4,222 units per year)
- "Hong Kong 2030+ has further assessed the land requirement over the long run, including demand for housing land arising from redevelopment, based on the age profile of existing buildings and taking into account the past trend of demolition of private housing buildings by age cohorts. It is estimated that the demolition and redevelopment of private housing units between 2026 and 2046 would give rise to housing demand of about 258,000 units. This implies redevelopment of about 13,000 private housing units per year on average....."

Strategic Investment Advisory & Agency

- Negotiation between Transaction Parties
- Provide Transaction Advisory Services

- “...(compared with the average demolition of just 1,900 units per year in five years from 2010 to 2014)”
- “Even at this assumed rate of redevelopment, it is estimated that there would still be about 250,000 private housing units aged 70 or above by 2046 (compared with about 326,000 by 2046 assuming no demolition).”

Because of the public aspiration, financial arrangement and other reasons, Government attaches importance to the maintenance of old buildings instead of redevelopment to address the immediate safety concern. However, physical building life can never be extended without limit and as at today, near 160,000 units, with the building age of 50 to 59, have been accumulated. It is foreseeable that Government will need to acquire large number of very ageing units to speed up the urban renewal progress regardless the price level.

Displacement of households arising from redevelopment projects will generate immediate housing demand. The Paper reflects Government projection, from the past average yearly 1,900 units, to 4,222 units yearly for the next nine years, and jump to 13,000 units thereafter!

Without an obvious increase in land supply and hence the new housing supply, the speeded up acquisition of urban units to facilitate the urban revitalization as well as redevelopment under the “7-years rule” acquisition policy would push up the demand within the very limited supply urban localities. Whatever the price level, the payment is to be settled by our wealthy Government Treasurer! The risk for Developers certainly is reduced.

The slower the urban redevelopment progress, and without the change of “7-years rule”, the acquisition price in the future will only rise to a higher level.

Forward Planning and Solution

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

HONG KONG SNAPSHOTS

Apartments at the Peak set the Asia's record

Apartments of a luxury housing development at the Peak were tendered previously. The 2 adjoining apartments on 12/F with saleable area 4,242 sq.ft. and 4,579 sq.ft. were sold at a combined HK\$1.16 billion to a single buyer, with the average unit rate about HK\$132,000/sq.ft.. The transaction was 26% higher than the record of a high level apartment with unit rate HK\$105,000/sq.ft. at the Mid-Levels and set as Asia's new record.

Most Expensive Residential Land Comes!

Result of the tender for a coastal residential land at Hing Wah Street West, Cheung Sha Wan was announced. The land was tendered at HK\$17.288 billion to the consortium of 5 developers outbid 10 sole proprietorship developers. The site area is about 208,000 sq.ft., and the maximum gross floor area is over 980,000 sq.ft. at an accommodation value of HK\$17,501/sq.ft. as the most expensive residential land in Hong Kong.

Forward Planning and Solution

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

Transaction Price of Residential Car Park Continues its Surge

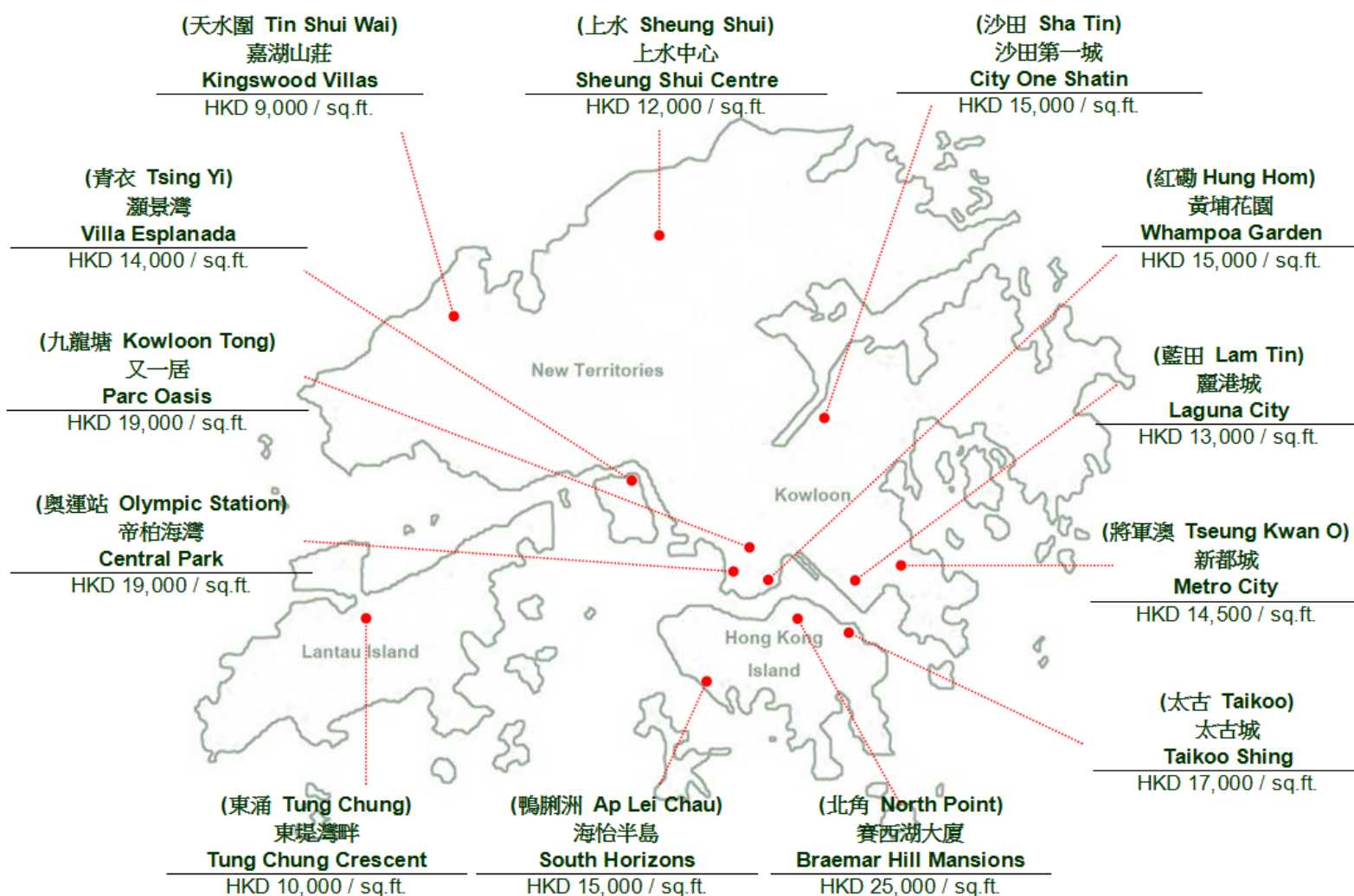
According to the market statistics, a remarkable increase in the number of residential car parking spaces over HKD 2million was revealed. The volume in the first 10 months this year has been upsurged by at least 90% over the last year's overall figure. Due to the limited car parking unit supply in some of the developments, prices of parking spaces in these developments continue to rise.

The car parking spaces in The Wings and Phase II Tseung Kwan O Plaza in Tseung Kwan O were sold at HKD3 million and HKD2.15 million respectively, which broke the record in Tseung Kwan O. Other than that, parking space in Century Gateway in Tuen Mun was also sold for HKD2.2 million recently, the highest valued parking space.

Several Shops in Yau Tsim Mong Sold in Red Figures

Due to the uncertain and inactive investment atmosphere, a number of shop transactions were recorded in a loss. One of the shop transaction in Mong Kok was sold with an enormous reduction. According to the information from the Land Registry, a shop located at the ground floor of Golden Hill Commercial Building with a saleable area of about 300 sq.ft. was sold at HKD31.88 million, a 29% drop from its last transaction price of HKD45 million in 2013. On the other hand, a ground floor shop at No.202 Temple Street in Jordan was also sold below its purchase price of HKD15.68 million in 2012 at today's price of HKD14.35 million.

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 GOVERNMENT APPOINTED 13 CITIES FOR PILOT OF BUILDING RENTAL HOUSING ON COLLECTIVE LAND

Recently, the Ministry of Land and Resources, and the Ministry of Housing and Urban-Rural Construction have further confirmed 13 cities for pilot of building rental housing on collective land.

The cities selected for the trial include Beijing, Shanghai, Nanjing, Hangzhou, Xiamen, Wuhan, Hefei, Zhengzhou, Guangzhou, Foshan, Zhaoqing, Shenyang and Chengdu.

There are several reasons for this move. At first, this move could replenish supply of low-end housing in property rental market, which is currently being depressed. According to the statistics from the Ministry of Housing and Urban-Rural Construction, there are approximately 160 million people living in rental housing of urban area, accounting for 21% of the urban resident population and mainly consisting of fresh-graduate and migrant workers. These people are not only suffering from high home prices, but also subject to the unbalanced and underdevelopment housing rental market. Secondly, it will help bringing into play the value of such collective construction land, narrowing the boundary of urban villages and generating additional revenue for collective economy and peasants. Thirdly, the regulated housing rental market and abundant supply may help to reduce houses with limited property rights. Fourthly, this move aims to build a harmonized community environment in a unified way and set up the foundation for follow-up urban planning.



Professional Practice in Land and Planning Matter

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

MARKET EXPRESS



According to the analysis of the insiders, building rental housing on collective land of the selective cities means that a large number of low-cost land will enter into the market in the future. On one hand, rental housing can be built on low-cost land parcels instead of expensive state-owned land parcels which usually be obtained by tenders, auction and listing, thus reduce the building and operating cost of such housing, in order to provide lower rent level for end-users.

On the other hand, rental housings built on collectively-owned land have many restrictions on lease conditions, such as giving preference to low and medium-income families and non-local university graduates to improve their housing conditions. For example, in Zhengzhou, eligible tenants may apply for a residence permit in accordance with the law and enjoy the provisions of the municipal treatment of citizens and the social security system after living for 3 years.

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

Newly-built Home Price Index of the 100 Selected Cities rose 0.49% in November

According to the data released by China Index Academy, the newly-built home price index of 100 selected cities rose 0.49% in November m-o-m. Nantong (2.71%) and Zibo (-1.57%) represent for the highest increase rate and largest decrease rate respectively. 75 cities have witnessed an upward change while 19 cities have going through a downward adjustment, the remaining 6 cities keep still for the moment. Beijing, Shanghai, Shenzhen and Guangzhou showed 0.84%, 0.88%, - 0.20% and 1.63% m-o-m respectively.

Guangzhou to Adjust the Benchmark Accommodation Value

Recently, the Land Resources and Planning Commission of Guangzhou held a hearing to get feedback about the preliminary benchmark accommodation value of state-owned construction land in Guangzhou in 2017 (the "Planned BAV").

It is understood that the planned BAV for commercial, office, residential and industrial lands will be higher than the current BAV (January 1, 2015). The Planned BAV for commercial land (ground-floor), office land, residential land and industrial land is RMB 10,602/sq.m., RMB 4,356/sq.m., RMB 7,938/sq.m. and RMB 988/sq.m. respectively, increased by 27.38%, 16.97%, 33.86%, 6.24% compared to the current BAV.

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