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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

THE IMPACT OF “STARTER HOMES” TO THE PROPERTY MARKET

In the 2017 Policy Address, Chief Executive Mrs. Carrie Lam has introduced, on top of Home Ownership Scheme (HOS), affordable “Starter Homes” for Hong Kong middle-class families. A pilot scheme using a residential site at Anderson Road, Kwun Tong on the Government’s Land Sale Programme to provide about 1,000 residential units has been proposed.

If no material change on land supply and development density, the introduction of “Starter Homes” to the current housing ladder is indeed a significant move on re-allocation of public resource, because of its likely impact on re-distribution of land resources between public and private sectors, and also re-allocation of resources between public rental housing and subsidy sale flat. Besides, it may be a signal of government’s move to raise the percentage of subsidized housing against the total housing stock. All the above moves may have the following impacts to the private housing market:

1. From the supply side:

Obviously, land for the “Starter Home” can only come from those originally plan for the private sector, if not to touch with the land for public housing. Therefore, reduction of private housing supply should be anticipated. It is worthwhile to note that land for private housing can also come from lease modification of private land already held by developers. However, the application for lease modification and settlement of additional premium is not controllable by the Government.

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

It is expected that land for “Starter Home” can also come from the cooperation with developers who have sites in the New Territories.

Meanwhile, it should be cautious that most of the land lots would subject to planning application for rezoning, and usually such applications attract great concerns on environmental and social aspects. Whether the inclusion of “Starter Home” in private development projects would be counted as a planning merit and thereafter enhance the chance for granting of approval would become a new supply source affecting the future supply for private housing.

2. From the demand side:

Those Hong Kong residents who are not eligible to the “Starter Home” will need to compete with wealthier Hong Kong residents as well as overseas buyers, who may have better spending capacity, in the likely contracted market. Would this hypothesis lead to a “buy now” action?

Certainly the above situations are based on the assumption that the supply of “Starter Homes” would become significant enough to create impact.

The continuous surging of property prices and rents is the major reason to drive the home purchasing wishes of Hong Kong people. Housing issues used to be linked with economic consideration but it is now view as social needs by the government. In this regards, the government will take the long term mission to increase support to Hong Kong residents to acquire their stable home. If the “house- price to income ratios” is to maintain at the current undisable level and government has yet to increase the subsidy housing stock to meet the demand, we would see the government good intention to take measures to compress the price and rental levels so as to relief the pressure to those middle class residents who has yet to fall into subsidy bracket.

Forward Planning and Solution

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

HONG KONG SNAPSHOTS

Shop Rental in Causeway Bay Slumps for Almost 50%

A 2,500 sq.ft. ground to first floor shop at Kai Chiu Road, Causeway Bay currently tenanted with a monthly rental of HK\$2.3 million. Current tenant opts out from renewing the tenancy that expires on November 2017. According to the market information, the shop will be let at a new monthly rental for about HK\$1.2 million with a unit rent of HK\$480/sq.ft., a slump for nearly 50%.

Tender Result of Peel Street Commercial Land Redevelopment

Urban Renewal Authority (URA) announced that the consortium of 2 local developers outbid 8 other local bidders including the leading Hong Kong developers for the tender of Peel Street commercial land redevelopment project. The site area is about 28,901 sq.ft. with the maximum gross floor area of about 433,516 sq.ft., will include office, hotel and retail space. The successful bidder has to return some retail portion to URA and preserve the Grade I historical building, the pre-war tenement building - Wing Woo Grocery within the redevelopment site.

Forward Planning and Solution

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

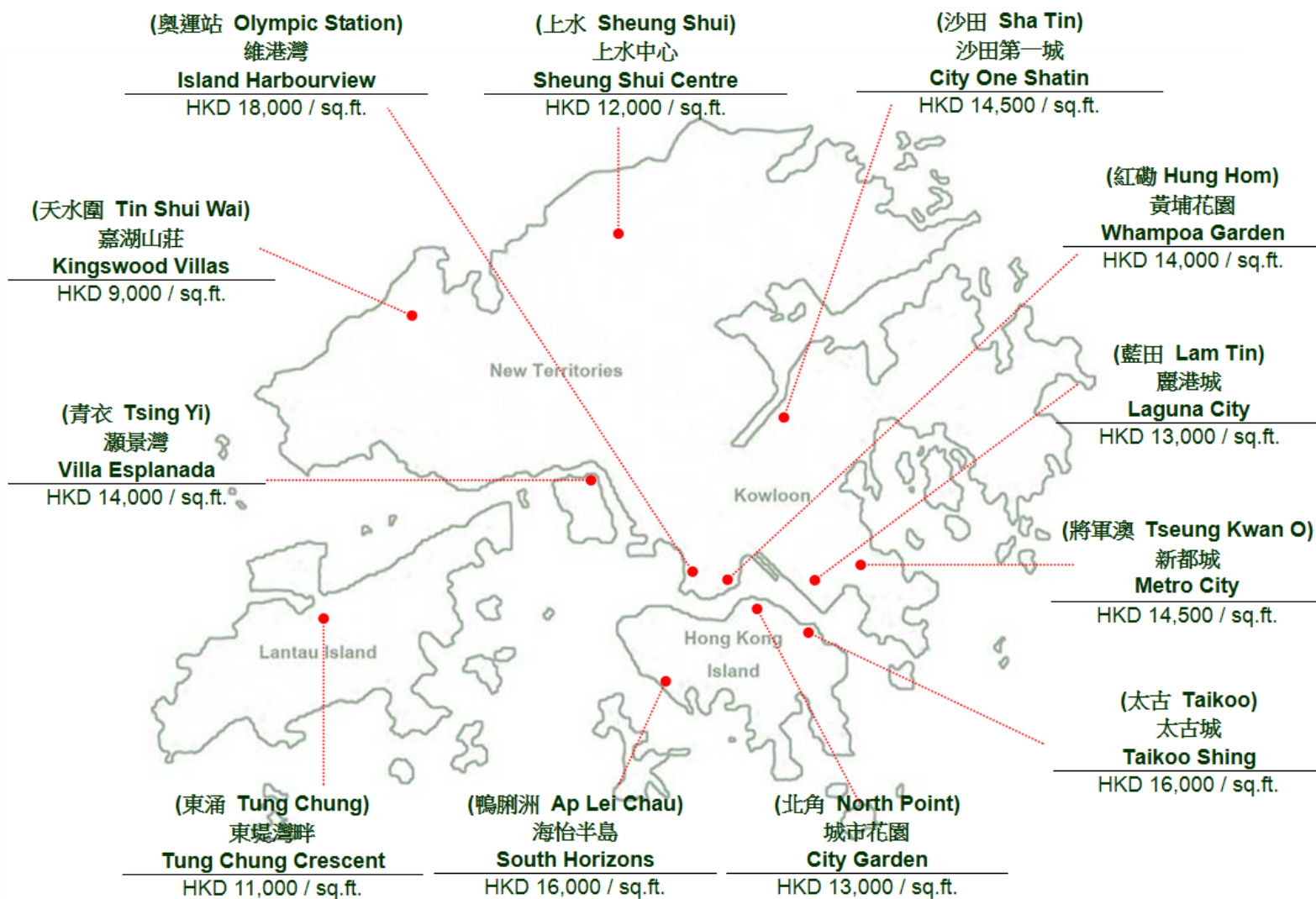
The Open Market of Public Housing Hitting the High Spot

In recent months, several transactions of the public housing estate (after paying premium) in the Open Market have broken the record again. According to the market information, one of transactions was made with HK\$5.3 million in Hin Keng Estate, Tai Wai. The subject property is on the high level with saleable area of about 453sq.ft., and the unit rate of about HK\$11,700/sq.ft.. This transaction price has set the record highest in the public housing open market. On the other hand, Yiu On Estate in Ma On Shan also recorded a transaction of HK\$3.28 million with a unit rate of HK\$9,140/sq.ft. in the open market. The flat is located on low level with a saleable area of about 407 sq.ft. These transactions shown the competitiveness of the Public Housing.

Most Expensive Hotel Site Born

The government has announced the tender result of the hotel site at Hing Wah Street West in Cheung Sha Wan. The site is granted for HK\$5.06 billion, with the maximum gross floor area is of 374,271 sq.ft., the accommodation value is about HK\$13,520/sq.ft.. The site is near Nam Cheong Station. The transaction price has broken the record of the highest priced hotel site in the territory, HK\$4.4 billion for the revitalizing the Murray House in Central in 2013. The land grant requires the developer to construct a waterfront promenade for public use.

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

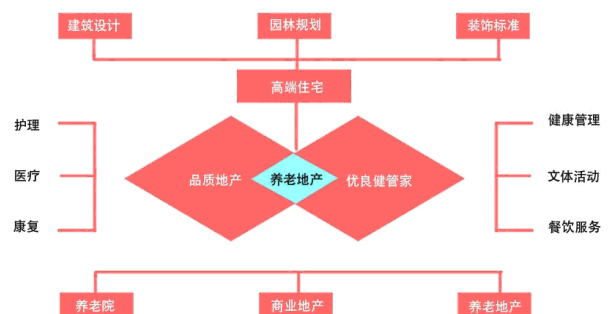
Market Watch

PENSION REAL ESTATE - NEW POWER OF CHINA'S REAL ESTATE DEVELOPMENT

With the impact of China's aging population problem and family planning, pension real estate is no longer an unheard and unfamiliar real estate development model. Back to September 2013, State Council of People's Republic of China published "Opinions on Accelerating the Development of Pension Services", to promote the development of pension service industry for the community. So you may wonder what exactly pension real estate is?

Pension Real Estate is the combination of traditional real estate development and butler service. From the nursing, medical, rehabilitation, health management, cultural and sports activities, catering services, etc., pension real estate enhances quality of the facilities and management team. From the design concept stand point, unlike normal residential real estate, pension real estate mainly emphasizes on low- storey residential buildings with elevator. For the interior design, lower placement of buttons, higher placement of sockets and equipped electronic security systems and indoor emergency call systems are elderly-friendly for easier living. For the outdoor area of development, they design a barrier free and green recreational environment for elders as well.

Other than developing an elderly-based community, pension real estate also develops around existing social public facilities, such as medical institutions, commercial facilities or other welfare facilities, to make good use of the existing social resources we have. Moreover, under the pension real estate development, related services such as home care, food delivery, bathing service, etc. can also be introduced to well-developed community.



Professional Practice in Land and Planning Matter

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

In terms of the developer's point of view, what factors lead to the development of pension real estate and profit? Apart from the demand of the development, the pension project has different business model for developers to get return from.

The most straight forward way is direct marketing, which is not so much of a difference from traditional housing development that recoups funds and gains profits in a short term right after development. Apart from this, membership system can be utilized in a way that the elderly purchases membership cards by mortgage payments which grant them the rights of residence in return. Moreover, reverse mortgage mode of purchase can also be implemented that the elderly signs contract with the developers. In this way, developers will be giving out alimony monthly as the elderly's property is mortgaged. When the elderly's life finally comes to an end, the principle balance will be returned and the rights of usage of the property will be recalled by the developers.



Even though Senior Care Market is one of the fresh concepts available in the real estate market, it is a feasible and collaborative development direction that caters for the needs of future social development and structural change in the population. As a matter of fact, currently, there are a number of development projects with the idea of Senior Care being carried out in major cities like Beijing and Hangzhou. Yet, in long term, such a concept remains a steadily rising mode of development in the real estate market.

(To be continued)

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

Beijing's Annual Lands Turnover Surpasses RMB 200 Billion

In the end of October, 3 pieces of residential lands in Beijing have been launched to the market. Among these, two are located in the Beijing Economic-Technological Development Area while one is in Dongsanqi Village of Changping District with a total opening price of RMB5.01 billion. Before this, the lands turnover for the year has already rocketed RMB195.955 billion, which implies a rapid growth of 318% and that the annual land turnover is to exceed RMB 200 billion. Speaking from the prospective land supply, as government policy emphasizes acceleration and increase in effective supply of rental housing, the quota supply and demand structure of the leasing market is to be alleviated.

Proposal Puts Forwards 8 Strategic Measures: Shapes the Leasing Market Structure of Shenzhen

Recently, the General Office of the People's Government of Shenzhen Municipality announced "The Opinion on Implementation of Enhancing the Leasing Residential Property Market". 8 key measures have been finalized to boost the development of the metropolitan's leasing market, for instance, encouraging different parties to engage in leasing, increasing land supply for leasing, drafting innovative forms of subsidy, granting more rights to individual tenants, diversifying types of leasing, standardizing existing residential housing, guiding the formation of urban villages and reinforcement of housing leasing. It is believed that such actions can propel the supply-side structural reform of the city's housing and real estate industry.

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