

Contacts

Industry / Market Research and Feasibility Studies

Serena Lau
serena@rhl-int.com
(852) 3408 3398

Land & Planning Matters, Surveying Practice

Keith Siu
keith@rhl-int.com
(852) 3408 3338

Hong Kong Property Valuation

Tony Wong
tony@rhl-int.com
(852) 3408 3188

Mainland China, Macau and Overseas Property Valuation

Jessie Chen
jessie@rhl-int.com
(852) 3408 3302

Business Valuation

Alexander Lau
alex@rhl-int.com
(852) 3408 3328

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

SAR GOVERNMENT, A NEW POWER TO
THE SUB-DIVIDED UNITSStrategic Investment
Advisory & Agency

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

The Secretary for Transport and Housing Mr. Frank Chan Fan told at a media-session that the Government is advocating non-governmental organizations, including subsidized social welfare and non-profit making organizations, to rent domestic units at tenement buildings, convert them into the “lawful sub-divided units”, and let to those Public Rental Housing applying families at a cost-rental. As far as we learnt, the “lawful sub-divided units” is in the sense either similar to those sub-divided units already exist in the society, but of a bigger and more hygienic environment, or with kitchen and bathroom being shared by several families. Chan also said he was contacting some charity groups, small-to-medium scale developers and owners holding vacant tenement blocks units, hoping to have a hundred of these hundred-sq.ft. units being launched in this year.

Whether the idea is effective is yet to conclude. Irrespective of the legitimacy of the units, we can look at the notion of the idea itself.

Capital is a prime to every business, but for this “lawful sub-divided unit”, supply of flats is the key to the project. The target supply of flats mainly comes from the tenement buildings. Although many of them situate in the urban area, following to the upsurge of property market in the past few years, lots of the target units have been in the hands of developers. Redevelopment of tenement blocks is in full speed. So there is no easy way to persuade the developers offering their golden eggs for receiving rental incomes instead of making billion-money from selling new flats.

Strategic Investment Advisory & Agency

- Negotiation between Transaction Parties
- Provide Transaction Advisory Services

Dilapidating conditions of tenement blocks is an undeniable and uncontroversial fact. To convert those units into a “lawful sub-divided units” requires extra alterations or additional works to the existing structures, including floor slab and sewage pipes, etc. that would exert further pressure to a building’s structures. Money can solve all the problems? Safety issue always goes first. If the safety of a building’s structure is being neglected, thousands of city’s bombs would be shrouded into the community. Even a building is modifiable, operators have to follow the relevant ordinances and departmental examinations which is time-consuming. By targeting the launch of the first batch of such units within this year is apparently to be hurry.



Tenement Buildings in urban Kowloon

Unless there are individuals or socially-caring entrepreneurs congenial to the project, otherwise, the supply of flats and injection of capital would hinder the effectiveness of the project.

Because of paper’s length limit, we further discuss in the next edition.

Forward Planning and Solution

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

HONG KONG SNAPSHOTS

HOS Secondary Market Unit Prices Reach Over HK\$10K

Home Ownership Scheme (HOS) Secondary Market serves as a subsidy to low-and middle-income families to achieve their home ownership planning. The increasing values of residential properties however boosts up the price of HOS Secondary Market units. According to the information from the Housing Authority, 8 units from the urban HOS estates under the secondary market were transacted at unit prices more than HK\$10,000/sq.ft. in the first six months in 2017, while no unit was able to reach the unit rate of HK\$10,000 before 2017. HOS estate such as Yau Chui Court even has no secondary market property listed at unit rate below HK\$10,000/sq.ft., sources suggest.

New Record for Residential Land in Ma On Shan

The last coastal plot for residential use in Pak Shek Ma On Shan had been tendered at a price of HK\$1.383 billion, Lands Department announced. The site area is about 49,729 sq.ft. and the maximum gross floor area is about 119,400 sq.ft., based on the figures, the accommodation value of the site is HK\$11,587/sq.ft., a boost of 78% compared with the last land sale record of the same area in 2015. Moreover, it has broken the most expensive unit land price record of a Kau To Shan land in 2013 as HK\$10,884/sq.ft. among the Shatin and Ma On Shan area.

Forward Planning and Solution

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

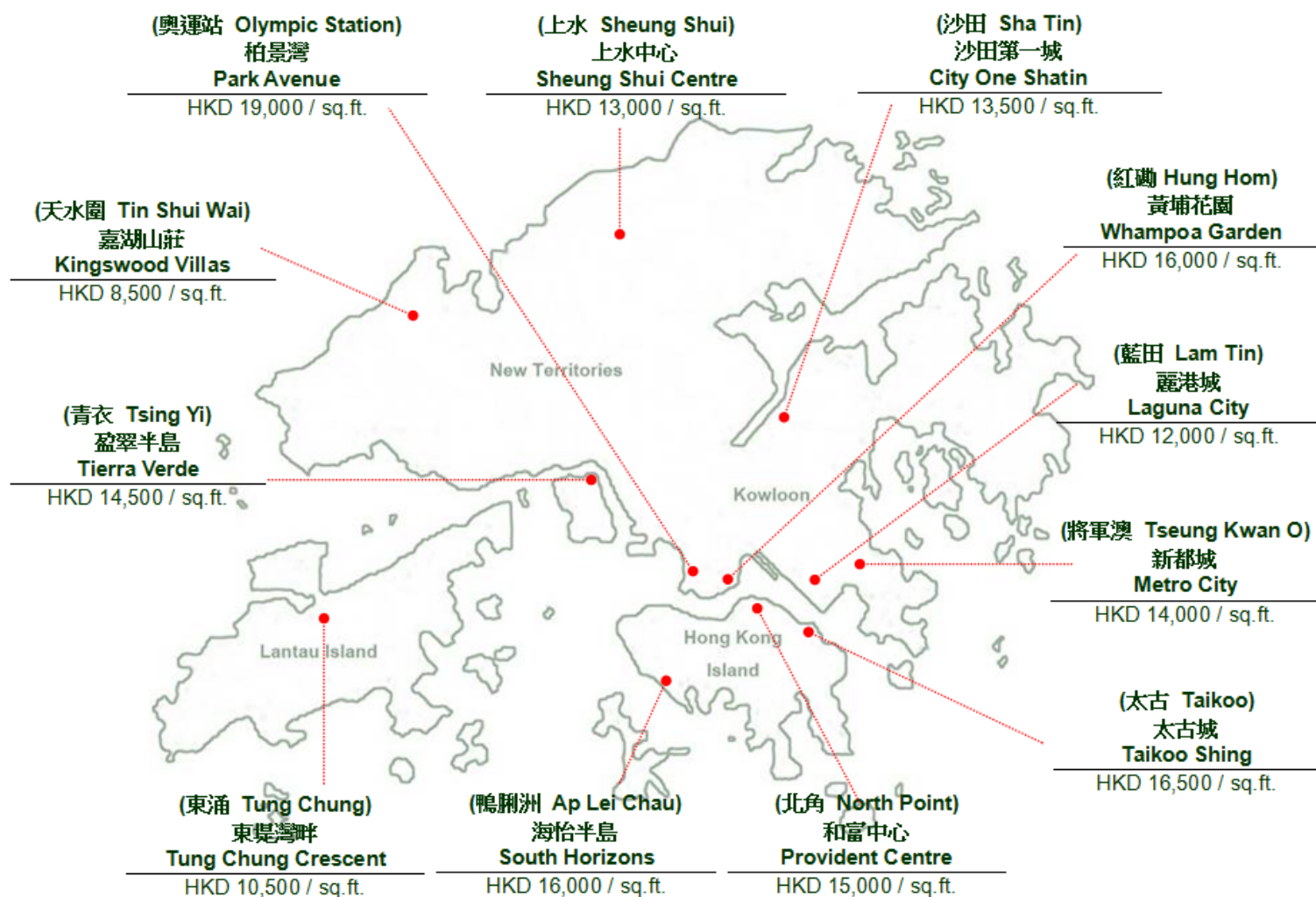
New Regulation to Restrict Sub-divided Non-Residential Premises

In recent, numerous of shopping malls and industrial building have sub-divided the units for sales, which were welcomed by the market. However, disputes were also aroused from it. Last year, the Estate Agents Authority received 84 complaints involving non-residential properties, which were 1.9 times higher than the previous year's figures. To restrict the trading or leasing of non-residential premises, the Authority has decided to set up regulations in 4 aspects, including floor area, the usage of a property, legitimacy of the cockloft (mezzanine) and the details of non-completed sub-divided unit. The regulation is expected to be effective from October 1.

Transaction of Grade B office keep booming

According to market sources, a whole office floor unit of Bangkok Bank Building (Central) was sold for HK\$56.4 million which marked a record high unit rate of the building with the floor area of about 2,350 sq.ft and transacted at a unit rate of about HK\$24,000/sq.ft. Other than that, 2 office units on 14/F of Lippo Sun Plaza in Tsim Sha Tsui had also been sold for HK\$36.896 million subject to an existing tenancy. The units of area about 2,306 sq.ft. were transacted at a unit rate of about HK\$16,000/sq.ft. with a 3 % yield rate.

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

FAVOURED POLICIES FOR THE PRC RESIDENTIAL RENTAL MARKET

In these years, the housing market in the PRC has been developing rapidly. Many citizens are feeling hopeless to own their home in viewing the skyrocketing housing prices. For those large- and middle-size cities with net population inflow, rental demands are strong and the residential rental market has a great potential, but the overall supply is insufficient. Compared with the sales market, the residential rental market has unstandardized market order and uncompleted supporting policy system.

On 18 July, the Ministry of Housing and Urban-Rural Construction together with other eight national ministries released a notice titled “the Notice of Accelerating the Development of Residential Rental Market in the Large- and Middle-scale Cities with Net Population Inflow” (建房(2017)153 號) (the “Notice”), in order to accelerate and to standardize the development of residential rental markets.

Highlights of the Notice include: 1) encouraging the institutionalizing and scaling of residential rental companies, and supporting the transformation of related state-owned enterprises into residential rental businesses. 2) setting up a governmental platform for home leasing, so as to ensure the transparency of leasing information, standardize the process of home leasing, and to monitor and analyze the rental market more easily. 3) for one thing, encouraging each region to build tenanted houses through newly supplied lands, and to affiliate tenanted residential properties with newly constructed commodity housing projects; for another, to fully utilize stock houses for leasing, it is encouraged to revitalize vacant or low-efficient state-owned factories and commercial properties into residential for lease. 4) encouraging financial institutions to increase the credit support for home leasing projects on the premise of controllable risk and sustainable business.

Professional Practice in Land and Planning Matter

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

Just right on the day before the announcement of the Notice (i.e. 17 July), the Guangzhou government also release "A Notice on the Proposal of Speeding Up the Development of Residential Rental Market in Guangzhou", which sets a goal to build Guangzhou city into a modern leasing industrial headquarter economy. Particulars of the measurements are as follows: bringing land use for residential leasing into the annual land supply plan; permitting commercial properties reverting into tenanted residential properties of which water, electricity and gas will be charged by civil standards; providing preferential taxes to enterprises and individuals who are engaged in home leasing business; giving public services to qualified tenants such as the rights to enjoy nearby education resources; and raise the ratio of drawing money from personal housing funds for renting a home, etc..

For the moment, a pilot program is launched in twelve cities including Guangzhou, Shenzhen, Nanjing, Hangzhou, Xiamen, Wuhan, Chengdu, Shenyang, Hefei, Zhengzhou, Foshan, Zhaoqing, so that tracking study can be done and continuous improvement can be made to update the measurements for residential rental market. Such supportive policies for residential rental market are propitious to adjust the structure of housing supply in the near future.



Source : <http://www.fang.com/news/2017-07-24/25814159.htm>

CHINA SNAPSHOTS

Guangdong Reduce the Land Use Term of Industrial Land to 20 Years

As the average lifespan of the Chinese enterprises is much lower than the grant term of industrial land, the Guangdong government will reduce the land use term of industrial land from 50 years to 20 years from September this year. By doing so, not only can the initial land cost of an enterprise be lowered, but the land use efficiency can also be boosted. Besides, to encourage the lease instead of the purchase of land, for those rented industrial land in the open market, all buildings, structures and ancillaries erected thereon can be sublet and mortgaged within the lease term. What is more, industrial land can be first leased then transferred in terms of "2+3+N". The land will be leased for construction for the first two-year period, for production for the latter three years, and then be granted to the enterprise for remaining years. The total term is no more than 20 years in principle. When the land use term expire, the industrial land shall be evaluated before another term to be re-granted.

Accommodation Value in Land Auction Dropped Slightly in Chengdu

On 18 July, Chengdu government sold 6 pieces of land, in a total of 560 acres by auctions, with a slight drop in accommodation value ("AV") compared to the auctions earlier this year. The AV of each piece of land is under ten thousand yuan. The highest one is a land parcel of 73 acres for commercial and residential use in Cujin Neighbourhood in Wuhou District with an AV of about RMB9,870 per square metre. While another parcel known as Lot No.B1 of No.5 Erxianqiao land project in Chenghua District, which is also for both commercial and residential use, is transacted at an AV of around RMB8,260 per square metre. Specially, the commercial portion to be built on this land parcel is requested to be 100% self-sustained, in other words, not for sale.

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

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MARKET EXPRESS



Room 1010, Star House,
3 Salisbury Road,
Tsimshatsui, Hong Kong



(852) 3408 3188
(852) 2730 6212
(852) 5307 9925 (Whatsapp)



info@rhl-int.com



www.rhl-int.com

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