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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

Prospect of the 2019 Hong Kong's Property Market

Market sentiments, as expected, have become more negative during the last several months. It is, however, not a situation specific to Hong Kong only, and certainly related to not only the property market. There are certain regional and global economic and political events, such as the trade dispute between US and China which poses uncertainty to worldwide business and provides the excuse for asset price adjustments. Meanwhile, since the liquidity of a property is weak but the transaction cost is high, property investment, be it for investment purpose or self-use, should always be considered as a medium for long term investment and should not be focused on short time market fluctuation.

Nevertheless, the hesitation to buy now would pose pressure to sellers and undoubtedly, the future is always full of uncertainty. Whether there is sufficient pressure for sellers to cut their prices obviously is yet to be seen.

Looking forward to the prospect of the year 2019 property market, it appears that there shall not be many changes on the current supply situation. The demand side, however, is always sensitive to the economic changes. Whether the US-Mainland China trade conflict would further escalate has become one of the major factors which affect our short term demand sentiment.

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

MARKET EXPRESS



Meanwhile, we would suggest paying attention to the following local events. Although the details of which may pose medium to long term impacts to the market, they will certainly affect the short term market sentiment:

1. The report from the Task force on Land Supply to be released by the end of December – although it is commonly perceived that the government will draw the most attention to the reclamation in Lantau Island East regardless of the observations from the Task Force, attention should still be paid on any newly-added workable suggestion to improve the short to medium term land supply.
2. The findings from the District Study for Yau Ma Tei and Mong Kok (“Yau Mong District Study”) by Urban Renewal Authority to be released in early 2019 – the scale and speed on urban renewal would definitely affect the property market in the coming years.
3. Long Term Housing Strategy Annual Progress Report 2018 to be released by end of December – the Chief Executive has mentioned in her Policy Address in October that she may not maintain the public / private split of 60:40 for the supply of new housing units. Besides, there are queries on the underestimation of the demand on future housing space, and one of the strong arguments is that allowance should be made to cater for the public aspiration to increase the living area per capita. How the long term housing strategy shall be adjusted and the rationales behind are expected to be mentioned in this report.

Strategic Investment Advisory & Agency

- Negotiation between Transaction Parties
- Provide Transaction Advisory Services

4. Promulgation of Hong Kong 2030+, which is expected to be released by 2019, shall provide the updated territorial development strategy for Hong Kong. There is fast and on-going change in public aspiration and government policies on spatial requirement and hence the strategy may subject to amendments from time to time.

Nevertheless, the availability of a broad brush spatial framework can help determine future investment decision

5. Various decisions within the Legislative Council, concerning the topics such as the implementation of vacancy tax, budget for investigation/ study on potential major infrastructure projects such as Eastern Lantau Metropolis and extension, various strategic transport infrastructure. Such decisions shall bring impacts on the investment return, as well as the local employment prospect respectively.

No matter how the market sentiments fluctuate, RHL International wishes our readers have a joyful festival!



Forward Planning and Solution

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

HONG KONG SNAPSHOTS

Private Domestic Rental Indices Rise against the Market

According to the Rating and Valuation Department, the latest private domestic rental indices for October was about 0.1% higher than September which continues its 30-month uptrend, meanwhile the price index for all classes domestic unit was 380.3, 2.4% down from September. Beyond its downtrend of price index, the rental index for all domestic unit classes was 197.1, 0.1% up from September. In terms of saleable area, except price index of units larger than 1,722 sq.ft. has remain unchanged, the price indices of other sizes units have raised at a range from about 0.05% to 0.18%.

3 floors of Convention Plaza Office Tower bought in

3 floors mortgage foreclosure on 21/F, 22/F and 23/F, Convention Plaza Office Tower Wan Chai commissioned to auction. The gross floor area of each floor is about 16,518 sq.ft, with the opening prices ranging from HK\$478 million to HK\$482 million per floor, at a total of HK\$1.44 billion, the unit prices set between HK\$28,938/sq.ft. and HK\$29,180/sq.ft.. In final, the 23/F premises did not receive any bid while the 21/F and 22/F offices received one bid only, with all 3 floors being bought in due to the below-reserve price bidding price.

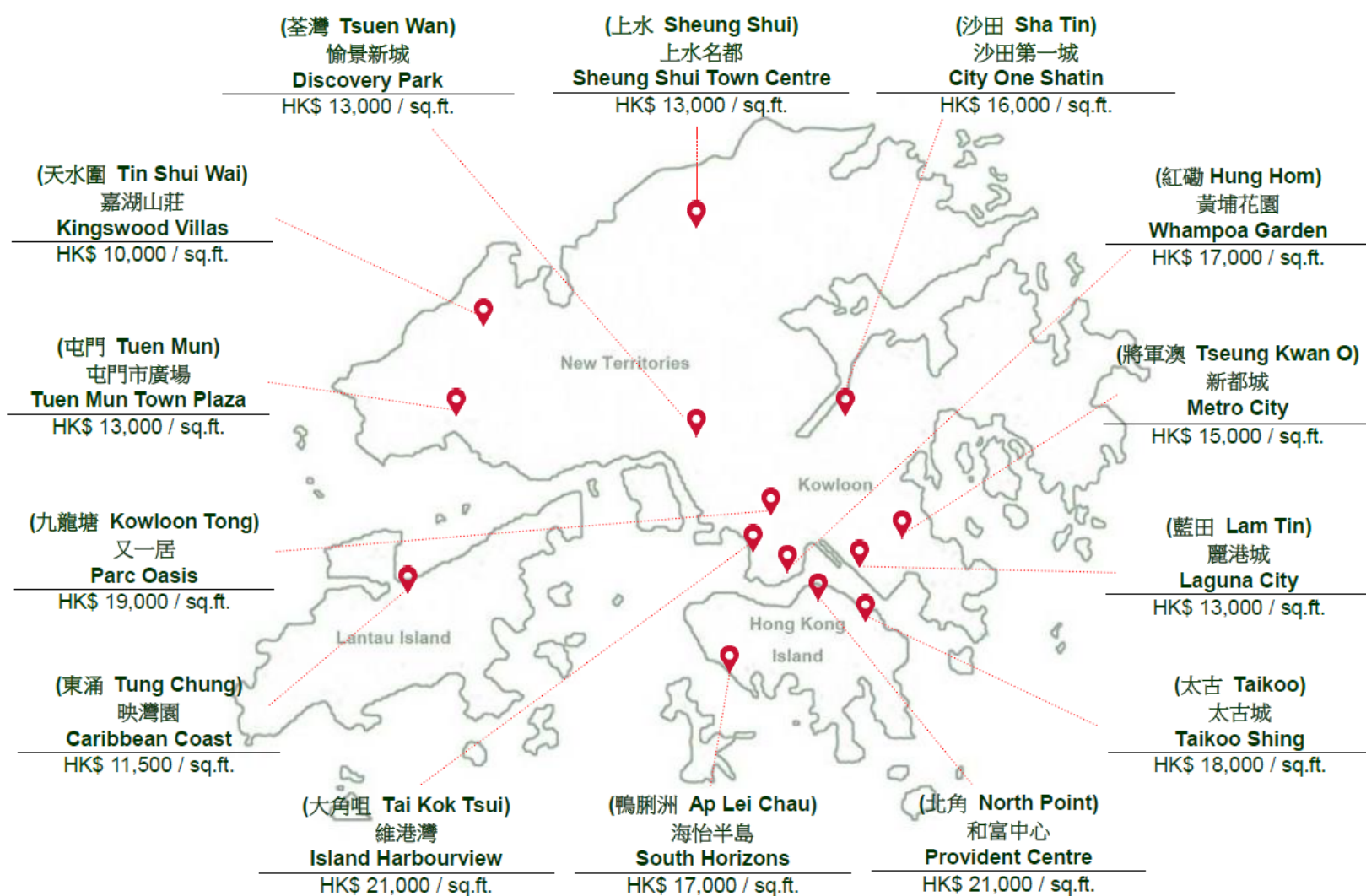
Forward Planning and Solution

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

The Lowest and Awarded Bid of Lam Tei Residential Site: 80% Difference

The Lands Department has uncovered each of the bid for the residential site at Fuk Hang Tsuen Lane in Lam Tei Tuen Mun. The 18,800 sq.ft. site was awarded at a premium of HK\$83.19 million earlier, with the maximum gross floor area of 10,160 sq.ft., the accommodation value of the site was about HK\$8,188/sq.ft.. It is worth noting that the minimum bid of the same site was as low as HK\$18 million, 20% of the highest bid only.

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

1. Residential Price Index of CAAD (Oct 2018)

Y-o-Y Changes: -0.9% Average Price: RMB 21,610
 M-o-M Changes: -2.5% Median Price: RMB 13,981

117.5

City	Index	City	Index
Beijing	118.7	Zhengzhou	112.7
Shanghai	101.7	Qingdao	195.3
Shenzhen	120.2	Xi'an	185.1
Guangzhou	144.2	Xiamen	115.1
Hangzhou	152.2	Taiyuan	143.4
Nanjing	100.0	Shijiazhuang	125.4
Chengdu	153.0	Kunming	100.0
Chongqing	158.6	Hefei	101.9
Wuhan	146.9	Nanchang	136.2
Changsha	136.7	Nan'ning	145.9

Rise m-o-m
 Decline m-o-m
 Stable m-o-m

1. Residential Index Reference Base Period

The base period is January 2017, representing the base index of 100.

2. Data Sources

Property database of China Appraisal Association Database ('CAAD').

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

2. Commercial Property Index of CAAD (October 2018)

Retail : **171.0**

Y-o-Y Changes: 4.80%

M-o-M Changes: 10.94%

Office : **114.0**

Y-o-Y Changes: 17.75%

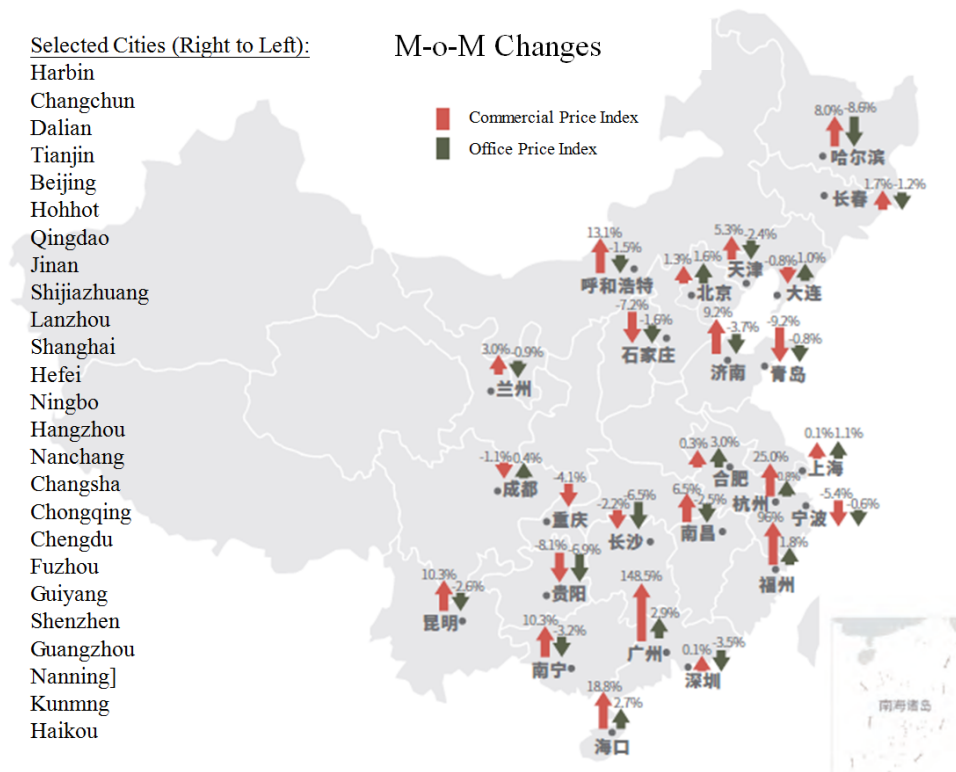
M-o-M Changes: 1.56%

Selected Cities (Right to Left):

Harbin
Changchun
Dalian
Tianjin
Beijing
Hohhot
Qingdao
Jinan
Shijiazhuang
Lanzhou
Shanghai
Hefei
Ningbo
Hangzhou
Nanchang
Changsha
Chongqing
Chengdu
Fuzhou
Guiyang
Shenzhen
Guangzhou
Nanning
Kunming
Haikou

M-o-M Changes

■ Commercial Price Index
■ Office Price Index



1. Residential Index Reference Base Period

The base period is January 2017, representing the base index of 100.

2. Data Sources

Property database of China Appraisal Association Database ('CAAD').

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

Implementation of Changsha's New Regulations: Underground Parking Spaces and Garages Should First Meet the Needs of the Owners

The Changsha Municipal Government recently issued relevant regulations stating that the underground parking spaces and garages for the construction of real estate development projects for parking cars should first meet the needs of the owners and must not be suspended or changed without authorization. It is also emphasized that the independent underground space parking lot for social public services may not be divided, transferred, sold or rented as a whole, and may not be suspended or changed.

The underground space involved in the regulation refers to the space below the surface, including rivers and lakes, within the urban area of Furong District, Tianxin District, Yuelu District, Kaifu District, Yuhua District and Wangcheng District of Changsha City, including the construction underground space and independent underground space. Effective date of the regulations was December 1 2018.

Super Connector
Professional Provision,
Facilitation And
Consultation

- Consultancy Services in
Greater Bay Area

CHINA SNAPSHOTS

First 11 Months in 2018, the Number of Failed Residential Land Bidding in First- and Second-Tier Cities Increased by More Than 140%

The failure of land bidding in the first 11 months of this year has set a new record. The data shows that as of November 29, there were 282 failures of residential land bidding in first- and second-tier cities, a year-on-year increase of 143%, and the highest in the past six years. Since October, the failures of residential land bidding in first- and second-tier cities have remained high, and the residential land that has been sold has basically been sold at the reserve price.

According to market analysis, the reason for the flow label is that under the circumstances of credit tightening, the pressure on the capital chain of real estate enterprises is increasing and the auction of land is cautious. On the other hand, there are more and more requirements for land transfer, especially for various supporting facilities. Construction requirements and price restrictions on home sales have further increased the pressure on developers to pay back.

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