

RHL International

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房地產市場快訊



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HONG KONG PROPERTY

香港物業市場透視

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CHINA PROPERTY

中國物業市場透視

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

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HONG KONG PROPERTY

**LONG TERM HOUSING
STRATEGY ANNUAL
PROGRESS REPORT:
ANY INDICATION ON
COMING PROPERTY
MARKET?**

HONG KONG PROPERTY - MARKET WATCH

LONG TERM HOUSING STRATEGY ANNUAL PROGRESS REPORT: ANY INDICATION ON COMING PROPERTY MARKET?

Transport and Housing Bureau has released the Long Term Housing Strategy ("LTHS") Annual Progress Report 2018 ("the Annual Report") in December.

To echo the commitment to allocating 70% of housing units on the government's newly developed land to public housing development (i.e. Public Rental Housing/ Green Form Subsidized Home Ownership Scheme and other Subsidized Sale Flats ("SSFs")) under the 2018 Policy Address, the assessment of supply targets for public and private housing under this Annual Report is also based on the revised public/private split from 60:40 to 70:30.

Indeed, since the Government formulated and announced LTHS in December 2014, it is already anticipated that the government has the intention to increase the percentage of public housing supply.

In June 2018, the Government has also decided to make SSFs more affordable by revising the affordability test. It is obvious that the Government wishes to release the general public from the hardship derived from paying high price/ high rent in the private domestic sector.

Regret that this Annual Report indeed revealed the reality of significant discrepancy between actual supply and projected demand.

"Strategic Investment Advisory & Agency"

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

The Annual Report stated clearly that, assuming all sites identified can be smoothly delivered on time for housing development, those sites, still, are only good for the construction of about 248,000 public housing units for the 10-year period from 2019-29, which lags behind the public housing supply target of 315,000 units. Besides, with reference to the projection on 10 years housing demand due to households displaced by redevelopment, the Government has anticipated a very slow progress on urban renewal. Those measures to expedite/ increase overall housing land supply are more or less close to the recommendations from Task Force on Land Supply, which mean no surprise to provide sufficient land to meet the short to medium term demand. Therefore, it would still be a remotest dream to buy affordable home.

The messages from the Annual Report is simply over demand and under supply which shall support the property price to stay high with less room for substantial reduction. We would further anticipate that:

i. More eligible residents shall join the waiting list and even cautious to maintain their eligibility so as retain the rare chance to buy their affordable home. This group of residents are likely to rent private flats and support the leasing market.

ii. Due to the slow progress of urban renewal, the problem from double ageing (both the housing stocks and population) will further intensify.

To cater for the needs and prepare for ageing in place, elderly with spending capacity shall be pushed to consider replacement of their ageing home to age friendly home.



"Strategic Investment Advisory & Agency"

- *Negotiation between Transaction Parties*
- *Provide Transaction Advisory Services*

Without sufficient land for development, any policy to increase public housing must mean a displacement effect on private housing supply in the medium to long term. Nevertheless, the supply of first hand private residential property for the coming years are said to be above the recent years average. With the likely downturn adjustment on worldwide economy performance and hence the possibility on property price cut, it may attract those who are not falling into the eligible limit for public housing to buy. Regret that there are always people who are “sandwich class”, that is not eligible to enjoy the subsidy but also not capable to settle the down payment of their dream home. In such an M-Shaped society, they may be forced to leave Hong Kong for their dream home. Great Bay Area, in this regards, may be the home of our middle class elite.

Probably Lantau Tomorrow Vision is the solution to address the housing issue, facilitate and speed up the urban renewal, and provide better economic and living environment. Unfortunately, it is an over ten year’s proposal and is yet to be confirmed with. Therefore, small to medium sized private units, particularly from the first hand market, are still popular, as predicted.



"Strategic Investment Advisory & Agency"

- *Negotiation Between Transaction Parties*
- *Provide Transaction Advisory Services*

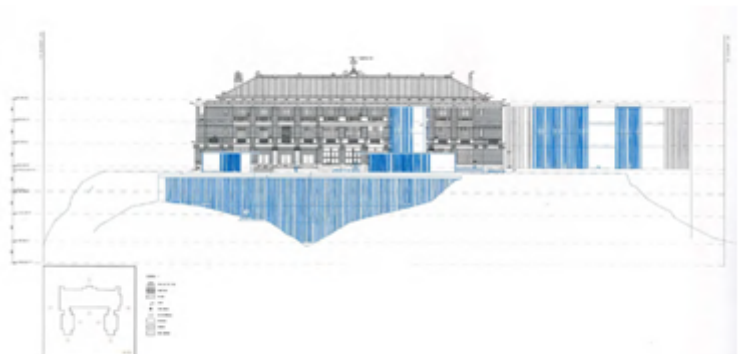
HONG KONG SNAPSHOTS

GREEN LIGHTS FOR RESIDENTIAL DEVELOPMENT AT MARYKNOLL HOUSE IN STANLEY: TPB

Town Planning Board has agreed the proposal of Maryknoll House in Stanley, the Grade One historical building, to be rezoned from "Government, Institution or Community" to "Residential (Group C) 2" or "Other Specified Uses" annotated "Residential Development with Historic Building Preserved". Irrespective of the proposed 8 domestic units from 2,600 sq.ft. to 5,500 sq.ft., as reiterated by the applicant that most of the external walls would be retained with guided tours for the public, such proposal was considered tally with the official heritage conservation policy. A green light for this rezoning application was given.



Existing Maryknoll House
(Picture: Ad Majorem Dei Gloriam)

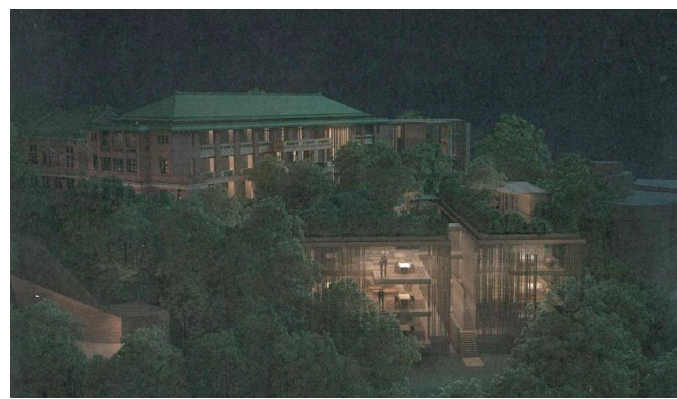


Portion of the existing House (southern side) will be demolished, according to the application. (Source: TPB)

Among the 8 newly-built domestic buildings, 2 are underneath the existing House. (Source: TPB)



Illustrative design concept of the site. (Source: TPB)



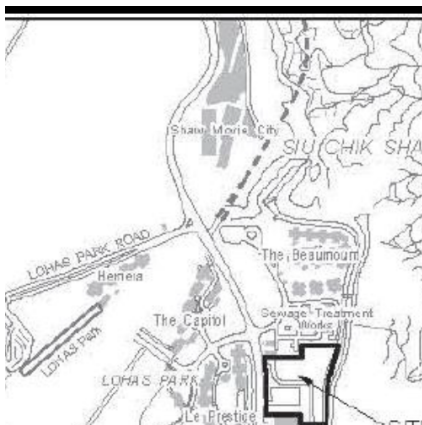
HONG KONG SNAPSHOTS

PROPERTY TRANSACTIONS VOLUME FELL MORE THAN 20% BY MONTH

The Land Registry announced that the number of property registration in December has reached the lowest record since February 2016 as of 3,038. The volume fell by 23.1% in a month, and a decrease of about 58% from the same period in 2017. This reflects the apparent decline in the property market in November that potential buyers are holding a wait-and-see attitude and developers are also suspending the launch of new orders.

DATA CENTRE SITE IN TSEUNG KWAN O AWARDED FOR HK\$5.45 BILLION

The Lands Department has awarded the data centre site in Tseung Kwan O to a tenderer at a premium of HK\$5.45 billion, among all the 9 tenderers, which is much higher than the market estimated figure of HK\$3.75 billion. The site area is about 295,407 sq.ft, with a maximum gross floor area of about 1.21 million sq.ft., the accommodation value of the site reaches about HK\$4,487/sq.ft.. The subject site is located near the junction of Wan Po Road and Shek Kok Road, opposite to Phase 2, Lohas Park. The awarded tenderer can build not more than 30% of the total usable floor area for ancillary office use with the prior written approval of the Director of Lands.



Location of the Site.

(Source: Lands Department)

"Forward Planning and Solution"

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

All Around 18 Districts: the Eastern District

Total Area : about 1,900 hectares

Location : Northeastern part of Hong Kong Island

Districts include : Fortress Hill, North Point, Quarry Bay, Shau Kei Wan, Chai Wan and Siu Sai Wan

Population : about 550,800, around 8% of the entire Hong Kong population (2016 figures)

Median Monthly Household Income : HK\$31,300 (results of the Population and Household Statistics analysed by District Council District 2016)

*Source: Eastern District Council



Eastern's Hot Pick: Taikoo Shing

The estate was once the site of Taikoo Dock, completed in 1907 until late 1970s.

Completion Years:
1976- 1987.

Number of Blocks:61

Number of Units:12,698

Number of Parking Spaces: about 2,000

Facilities:

Swimming Pool, Tennis and Badminton Courts, Parks, Playground, Table Tennis, Podium Gardens, Shopping Arcade, Adjacent to Quarry Bay Park and Island East Sports Centre



"Forward Planning and Solution"

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

HONG KONG

TRANSACTIONS OVERVIEW

(太古 Taikoo)
太古城 Taikoo Shing

最新平均實用呎價:
Latest Average Unit Rate:
每呎 HK\$ 18,000 /sq.ft.

(荃灣 Tsuen Wan)
愉景新城
Discovery Park
HK\$ 12,000 / sq.ft.

(上水 Sheung Shui)
上水名都
Sheung Shui Town Centre
HK\$ 12,500 / sq.ft.

(沙田 Sha Tin)
沙田第一城
City One Shatin
HK\$ 15,000 / sq.ft.

(紅磡 Hung Hom)
黃埔花園
Whampoa Garden
HK\$ 15,000 / sq.ft.

(將軍澳 Tseung Kwan O)
新都城
Metro City
HK\$ 15,000 / sq.ft.

(藍田 Lam Tin)
麗港城
Laguna City
HK\$ 13,000 / sq.ft.

(北角 North Point)
和富中心
Provident Centre
HK\$ 17,000 / sq.ft.

(鴨脷洲 Ap Lei Chau)
海怡半島
South Horizons
HK\$ 17,000 / sq.ft.

(大角咀 Tai Kok Tsui)
維港灣
Island Harbourview
HK\$ 19,000 / sq.ft.

(九龍塘 Kowloon Tong)
又一居
Parc Oasis
HK\$ 18,000 / sq.ft.

(東涌 Tung Chung)
映灣園
Caribbean Coast
HK\$ 10,000 / sq.ft.

(屯門 Tuen Mun)
屯門市廣場
Tuen Mun Town Plaza
HK\$ 14,000 / sq.ft.

(天水圍 Tin Shui Wai)
嘉湖山莊
Kingswood Villas
HK\$ 9,500 / sq.ft.



* Average saleable unit rate of standard units
以上為各標準單位平均實用呎價



CHINA PROPERTY

**RESIDENTIAL PRICE
INDEX OF CAAD
(NOVEMBER 2018) &
COMMERCIAL
PROPERTY INDEX OF
CAAD
(OCTOBER 2018)**

INTRODUCTION OF THE REVAMPED CHINA'S MARKET EXPRESS

RHL is working with our Mainland allied institution, China Appraisal Association (“CAA”), to introduce the latest Chinese real estate market data provided by CAA Database in our Market Express.

China Appraisal Association is one of dominant property valuation and consultancy service alliances in China. Its database provides data covering 190 mainland cities from different sectors including residential, office, retail, factory and land etc..



CAA China
Appraisal
Association

中
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"Professional Practice in Land and Planning Matter"

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

CHINA PROPERTY - MARKET WATCH

RESIDENTIAL PRICE INDEX OF CAAD (NOVEMBER 2018)

129

Y-o-Y Changes: 8.3%

Average Price: RMB 23,730/sq.m.

M-o-M Changes: 1.0%

Median Price: RMB14,550/sq.m.

City	Index	City	Index
Beijing	118.4	Zhengzhou	113.3
Shanghai	100	Qingdao	194.5
Shenzhen	120.1	Xi'an	182
Guangzhou	145.5	Xiamen	111.7
Hangzhou	151.9	Taiyuan	143.7
Nanjing	118.6	Shijiazhuang	100
Chengdu	148.2	Kunming	139.4
Chongqing	156.9	Hefei	102.1
Wuhan	143.4	Nanchang	136.7
Changsha	137.1	Nan'ning	147.9

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

1. Residential Price 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

CHINA PROPERTY - MARKET WATCH

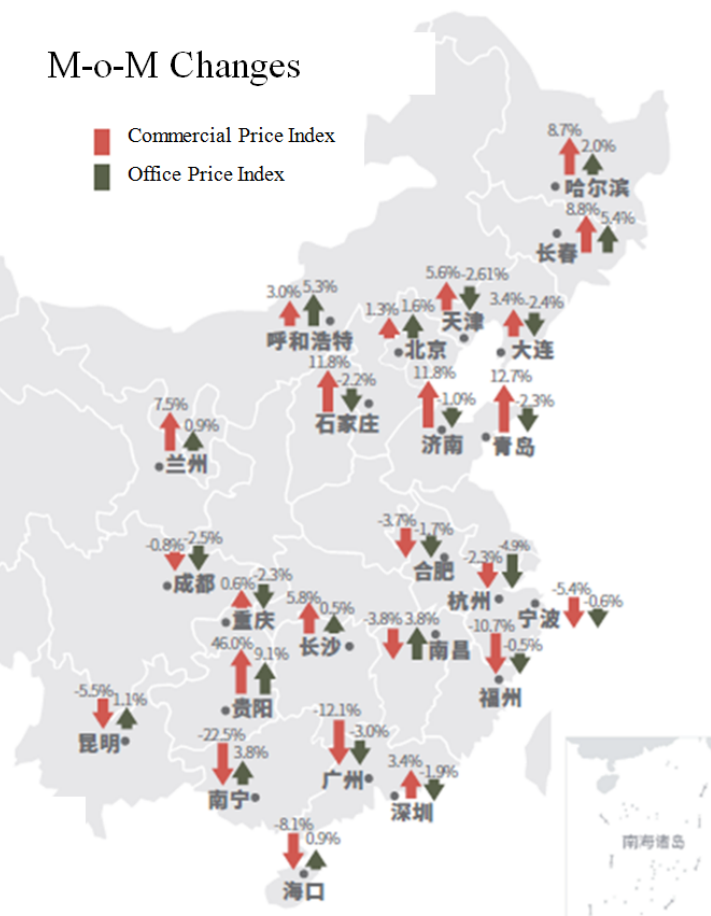
COMMERCIAL PROPERTY INDEX OF CAAD (OCTOBER 2018)

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



Retail : **173.0**

M-o-M Changes: 1.24%

Retail : **115.0**

M-o-M Changes: 1.24%

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"

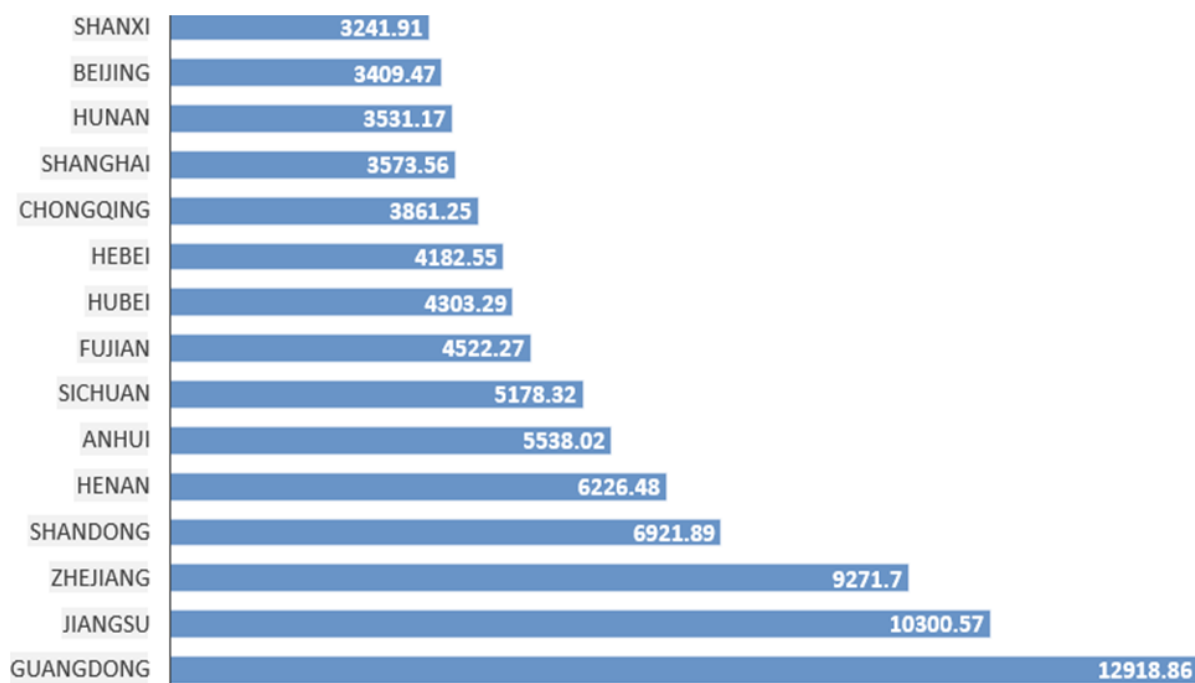
- Rate & Government Rent Appeal
- Compensation Claim
- Assessment
- Planning & Development
- Consultancy

CHINA SNAPSHOTS

GUANGDONG AND JIANGSU'S REAL ESTATE DEVELOPMENT INVESTMENT: EXCEEDED RMB 1 TRILLION

According to the National Bureau of Statistics, in November 2018, real estate development investment in 31 provinces has reached RMB 11,008.3 billion, which exceeded the annual investment in 2017 (RMB 10,979.9 billion).

In 2017, only Guangdong's real estate development investment exceeded RMB 1 trillion, and as of November 2018, Guangdong and Jiangsu provinces had exceeded RMB 1 trillion, and Zhejiang Province ranked third with RMB 927.1 billion.



"Revitalization of Industrial Buildings"

- 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

GUANGZHOU MUNICIPAL CONSTRUCTION AND CONSTRUCTION COMMITTEE: LAND, APARTMENTS, SHOPS TRANSFERRED BEFORE “330” NEW DEAL CAN BE SOLD TO INDIVIDUALS

In order to further optimize the business environment in Guangzhou, the Guangzhou Municipal Construction and Construction Committee has issued the “Notice of the General Office of the Guangzhou Municipal People's Government on Further Strengthening the Regulation of the Real Estate Market” on December 19, 2018. The newly issued notice stipulates that all the transaction of land transfer's real estate development, by contract signing, the confirmation of transaction or announcement of transaction date on or before March 30 2017, the sales of commercial property will no longer be regulated and restricted.

The commercial property owned by individuals will be able to transfer after obtaining the real estate certificate for 2 years.

After this 'untightened' new policy, it is expected that the sales of eligible apartment projects will be able to get rid of the previous downturn. The volume of high-quality developments is expected to have an outbreak in the short term. It is not excluded that prices of some well-sold apartment developments will be adjusted upwards.

*"Super Connector Professional
Provision, Facilitation And
Consultation"*

- Consultancy Services in Greater Bay Area

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Source: Land Registry, CAAD and RHL Research Department