

RHL International

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# MARKET EXPRESS

## 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**

**OUTLOOK: 2019 HK  
PROPERTY MARKET**



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# HONG KONG PROPERTY - MARKET WATCH

## OUTLOOK: 2019 HK PROPERTY MARKET

Mainly affected by the Sino-US trade conflict, the mainland China's economic growth finally slowed down to 6.6% year-on-year in 2018. Under this background, the market's recent concern is that in anticipation of the near completion of the 10 major infrastructural projects as well as the slowdown of construction work for new buildings due to the limited supply of developable land, activities from construction industry has already slowed down. If industries which are closely related to the Mainland economy also being affected, such as tourism and international trade, etc., local unemployment rate is no way but expected to rise, further exerting a downward pressure to the property market.

Meanwhile, according to an international housing affordability survey conducted by Demographia, Hong Kong is still the most unaffordable market among the researched cities, with a median multiple (median house price divided by median household income) of 20.9, well above the second least affordable city of Vancouver (12.6). In this regards, we believe that the Government is pleased to see a steady downward adjustment of the property prices.

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*"Strategic Investment Advisory & Agency"*

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



In recent years, the overall transaction volume of the property market has kept at a relatively low level with the transactions mainly coming from the first hand market and sales of small sized units. The overall property price would therefore be affected by the huge supply of first hand properties within specific location and their respective sales strategies. Referring to Private Domestic –Rental Indices and Price Indices by Class published by the Rating and Valuation Department, both the rental and price of all classes of domestic units have more or less commenced a downward adjustment continuously since last August. Nevertheless, with reference to the past data, it is worth noting that there has been a similar degree of correction between the end of 2015 to the beginning of 2016 and thereafter the rental and price have resumed their upward trend. In this regards, it is still early to confirm that the property market is on a downward cycle.

For those who are interested to buy their homes, there is still time to wait and see. However, developers, on one hand, must anticipate the coming reduced supply of developable land due to the commitment by the Government to allocate 70% of housing units on the Government's newly-developed land to public housing development as stated in the 2018 Policy Address, and consider an aggressive land acquisition strategy. On the other hand, they are facing the uncertain economic prospect. It is believed that small- and medium-sized developers would face the pressure to contract their business. Yet, what will be the business strategies of those larger developers? Any insight from the recent acquisition of \$11.26 billion seaview land at Kai Tak area by Sun Hung Kai Properties?



*"Strategic Investment Advisory & Agency"*

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

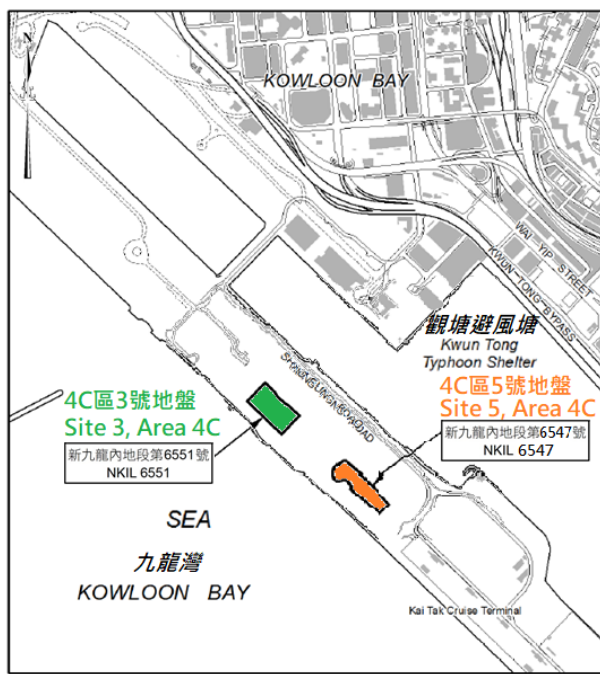


## HONG KONG SNAPSHOTS

# KAI TAK RUNWAY AREA LAND TENDER RESULTS DIFFER, HK\$10 BILLION+ FOR RESIDENTIAL SITE BUT BIDS CANCELLED FOR COMMERCIAL/ HOTEL SITE

The residential site at Site 3 of Area 4C in Kai Tak was awarded at a premium of HK\$11.26 billion, Lands Department announced. With the maximum gross floor area of about 648,600 sq.ft., the accommodation value was HK\$17,360/sq.ft., which has achieved a historically high price of pure residential site within the area. This is the first ever Victoria Harbour-facing residential site at the Runway Area of Kai Tak with the enjoyment of a full panorama picturesque sea view, and hence attracted developers to compete. In addition, the premium was close to the market estimated accommodation value.

Despite the same Runway Area with similar view, the bid for the commercial/ hotel plot at Site 5 Area 4C was, however, being cancelled by the Government, following the 9 below-government-expected-bids. The site was about 102,000 sq.ft. with a maximum gross floor area of about 612,300 sq.ft., and subject to a non-alienation clause. According to the current practice, the Government is able to cancel a bid if there is no tenderer placing a bid at the lowest estimated land value assessed by the Government. The official will re-launch the sale of the same lot at an appropriate time, Government's spokesman.



◀ Both situating at the Runway Area, the sites face a full Victoria Harbour's view, only the residential site was tendered successfully. (Source: Lands Department and RHL's edit)



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## HONG KONG SNAPSHOTS

### THE CENTRE: BUYER INCREASES HOLDINGS AT UNIT RATE LOWER THAN HK\$30,000/SQ.FT.

According to market information, a whole floor of 24,980 sq.ft. at low-mid level of The Centre in Central with urban and partial sea view has been sold for HK\$737 million lately, with the unit rate about HK\$29,500/sq.ft.. It was the first transacted unit rate of The Centre lower than \$30,000/sq.ft. in the past 9 years. The buyer had also acquired a whole low level office floor with an area of about 24,592 sq.ft. for HK\$762 million in August 2018 at a unit rate about HK\$31,000/sq.ft. The latest unit rate was fell by around 5% compared with the previous transaction.

A buyer had increased his holdings of The Centre at a 9-year low unit rate.  
(Source: RHL's Photo Base)



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*"Forward Planning and Solution"*

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

## HONG KONG SNAPSHOTS

# RETAIL PROPERTIES TRANSACTION VOLUME: SECOND LOWEST SINCE 1996

According to the market and Land Registry information, there were about 1,683 retail properties transactions registration recorded in 2018 which was the second smallest figure since 1996.

The number of transaction in 2018 had decreased for about 11.4% compared with previous year. Because of the uncertain global economic outlook and the Sino-US trade war, there was only 66 retail transactions recorded in December 2018 which hit the lowest level since August 2016. Overall volume recorded for properties valued between HK\$3million and HK\$10million had even been shrank by 20.3% to 35.4%.



- Overall retail properties transactions registration recorded in 2018 was the second lowest level since 1996.  
(Source: Online Photo)

*"Forward Planning and Solution"*

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



## All Around 18 Districts: Kwun Tong District

Total Area : about 1,130 hectares

Location : Eastern part of the Kowloon Peninsula  
(from Lion Rock in the north to Lei Yue Mun in the south, and from the Kowloon Peak in the east to the north coast of Kai Tak runway in the west)

Districts include : Kowloon Bay, Ngau Tau Kok, Shun Lee, Kwun Tong, Sau Mau Ping, Lam Tim, Cha Kwo Ling, Yau Tong and Lei Yue Mun.

Population : about 639,900

Median Monthly Household Income : HK\$21,100 (results of the Population and Household Statistics analysed by District Council District 2016)



\*Source: Kwun Tong District Council



### Kwun Tong's Hot Pick: Laguna City

Location: 99 Cha Kwo Ling Road, Lam Tin

The site was once of Shell Asiatic Petroleum Company Oil Depot until late 1980s.

Completion Years:  
1990- 1994.

Number of Blocks:38

Number of Units:8,072

Number of Parking Spaces: about 1,500

Facilities:  
Club House, Tennis and Basketball Courts,  
Soccer Pitch, Parks, Playground, Car Park, Shopping Arcade.



\*Source: Online Photo

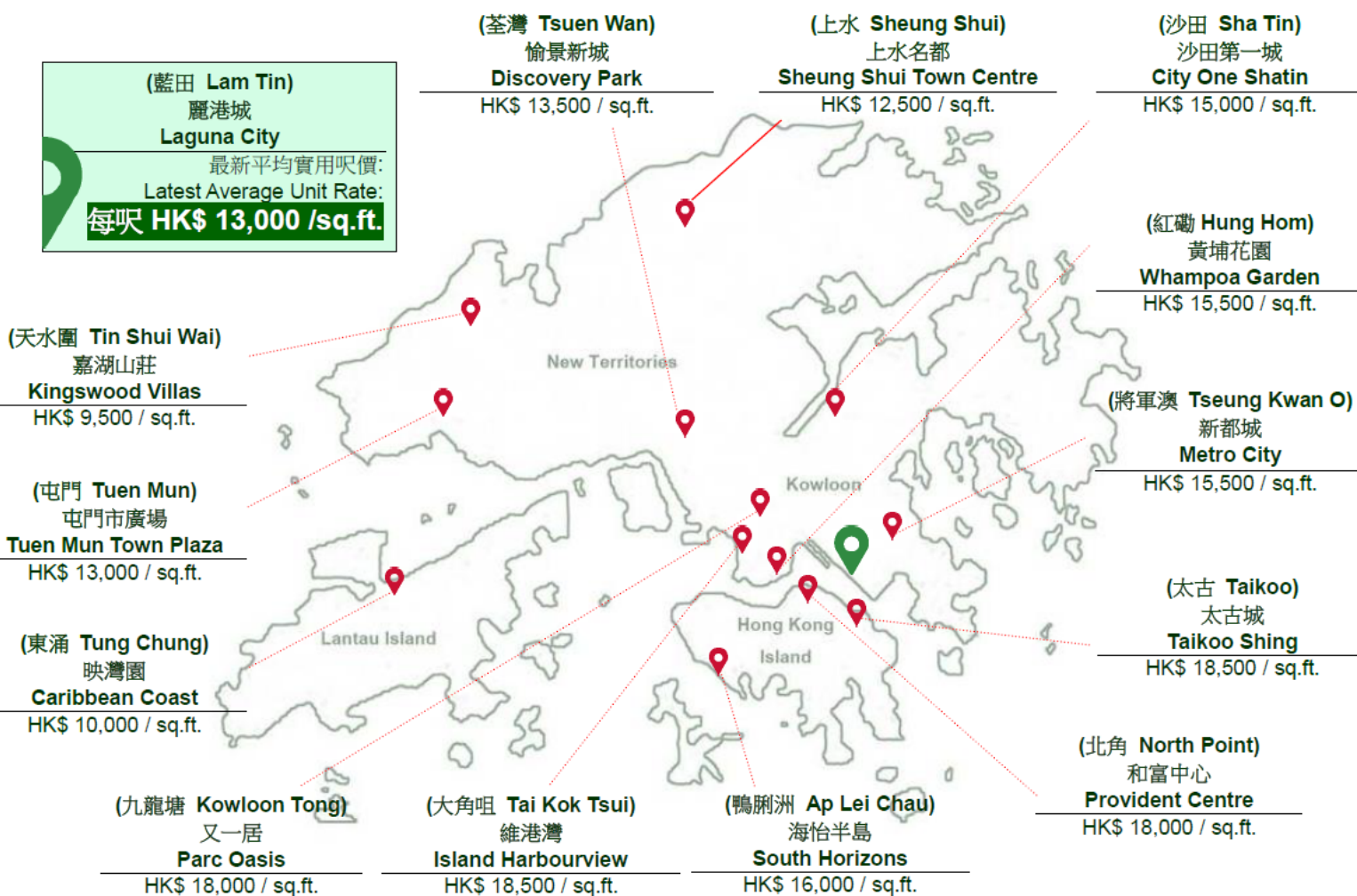
### "Forward Planning and Solution"

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

# HONG KONG

## TRANSACTIONS OVERVIEW

(藍田 Lam Tin)  
麗港城  
Laguna City  
最新平均實用呎價:  
Latest Average Unit Rate:  
**每呎 HK\$ 13,000 /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  
(DECEMBER 2018)  
&  
COMMERCIAL  
PROPERTY INDEX OF  
CAAD  
(DECEMBER 2018)**

# CHINA PROPERTY - MARKET WATCH

## RESIDENTIAL PRICE INDEX OF CAAD (DECEMBER 2018)

**125.9**

Y-o-Y Changes: 5.3%  
Average Price: RMB23,169/sq.m.  
M-o-M Changes: -2.4%  
Median Price: RMB14,822/sq.m.

City	Index	City	Index
Beijing	118.0	Zhengzhou	113.6
Shanghai	98.7	Qingdao	194.0
Shenzhen	120.0	Xi'an	179.2
Guangzhou	144.4	Xiamen	108.4
Hangzhou	151.8	Taiyuan	144.1
Nanjing	120.3	Shijiazhuang	116.1
Chengdu	145.1	Kunming	140.3
Chongqing	153.6	Hefei	102.0
Wuhan	141.2	Nanchang	136.7
Changsha	137.2	Nan'ning	149.0

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  
(DECEMBER 2018)

Category	Retail		Office	
City Name	Index	M-o-M Changes	Index	M-o-M Changes
Beijing	179.8	3.3%	100.6	0.8%
Shanghai	214.2	0.3%	108.8	-1.9%
Guangzhou	217.1	-5.1%	103.8	0.3%
Shenzhen	233.0	0.1%	104.1	-1.7%
Tianjin	174.0	-3.4%	104.8	-5.9%
Chongqing	167.0	-9.0%	110.6	-3.3%
Changchun	154.2	-6.6%	125.4	-1.7%
Chengdu	287.0	44.3%	117.8	0.0%
Changsha	162.4	-6.1%	136.9	-1.4%
Dalian	160.3	2.0%	108.3	-3.4%
Fuzhou	158.4	-21.4%	118.9	0.0%
Guiyang	128.7	-27.6%	117.3	-4.7%
Harbin	121.8	-3.6%	100.0	-2.9%
Hefei	212.5	7.4%	109.2	4.7%
Hohhot	147.2	16.2%	107.6	-9.3%
Haikou	171.6	20.3%	144.0	-1.7%
Hangzhou	161.0	-4.2%	111.5	-3.6%
Jinan	156.3	-28.0%	114.4	-3.4%
Kunming	241.9	20.5%	126.0	0.5%
Lanzhou	138.6	7.7%	106.7	-4.3%
Ningbo	122.3	-2.3%	99.4	-3.0%
Nanchang	97.2	3.4%	102.5	-2.4%
Nanjing	232.1	6.4%	100.4	-1.1%
Nanning	219.1	27.9%	129.0	-4.6%
Qingdao	160.0	0.7%	106.9	-2.7%
Shijiazhuang	151.1	8.1%	100.0	-1.7%

Retail : **176.0**  
M-o-M Changes:1.7%

Retail : **112.0**  
M-o-M Changes:-2.6%

## 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

### RECORD-HIGHEST: 2018 TOTAL TRANSACTION VOLUME AND TRANSACTION VALUE OF COMMERCIAL HOUSING

- According to the data released by the National Bureau of Statistics, in 2018, the total transaction volume of commercial housing has reached approximately 1.72 Billion sq.m., representing an increase of 1.3% compared with the previous year. The total transaction value of commercial housing was RMB14,997 Billion, increased 12.2% y-o-y.
- The upward trending of such transaction volume and transaction value was led by third-tier cities. As a whole picture, the rising market could be attributed to two major reasons: on one hand, the rebuilt of rundown urban areas has still been undergoing during the 2018, especially for second and third-tier cities; on the other hand, the destocking of several cities, especially those located in central/western regions, has not been finished.
- In 2019, the real estate development investment in PRC is expected to enter into a new phenomenon, feathering falls of transaction volume, slow down of market expanding, stabilization of land premium and increase in participants' confidence.



#### *"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 REVISED LAND USE RIGHTS: INDUSTRIAL LAND USE RIGHT CAN BE LEASED BEFORE TRANSFERRED

- The Guangzhou Municipal Government recently announced that the land use rights of industrial lands are permitted to be leased before transferred and to be transferred for a flexible period.
- According to the announcement, the land use rights of industrial land is permitted to be leased to the land user for a contracted original lease term. Upon expiring of the original lease term, the land user could apply for further transferred of the land use right by meeting related requirements and paying land premium.
- The total lease term, including original lease term and transferred term, shall be no more than 50 years.



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Provision, Facilitation And  
Consultation"*

- Consultancy Services in Greater Bay Area

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Source: Land Registry, CAAD and RHL Research Department