

RHL International

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MARKET EXPRESS

房地產市場快訊

HONG KONG BACK GARDEN



CLEAR WATER BAY

Eyeing from TUNG LUNG CHAU

HONG KONG PROPERTY

香港物業市場透視

CHINA PROPERTY

中國物業市場透視



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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

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HONG KONG PROPERTY

**HONG KONG
PROPERTY MARKET
UNDER THE GROWTH
OF GBA**

HONG KONG PROPERTY - MARKET WATCH

HONG KONG PROPERTY MARKET UNDER THE GROWTH OF GBA

The jointly signed the "Deepening Guangdong-Hong Kong-Macao Cooperation to Promote the Construction of the Greater Bay Area Framework Agreement" by the National Development and Reform Commission and the Governments of Guangdong, Hong Kong and Macao in July 2017 has officially led all walks of life to think about how to participate in the development of the Greater Bay Area ("GBA"). GBA has been identified as having an important strategic position in the overall development of the country. The market expects that the Central Government will give all-rounded policies to enhance the flow of people, logistics, capital flow and information in the GBA in order to create a quality living environment that is suitable for working, living and tourism. Under the economic and political haze of the Western powers led by the United States and China, the market expects that the promotion and development of the GBA will bring huge business opportunities to the region.

The Central Committee of the Communist Party of China and the State Council had issued "The Outline of the Development Plan for the Greater Bay Area of Guangdong, Hong Kong and Macao" in February. "The Outline" stated that Hong Kong must *"consolidate and enhance Hong Kong's status as international financial, transportation and trade centres as well as an international aviation hub, strengthen its status as a global offshore Renminbi (RMB) business hub and its role as an international asset management centre and a risk management centre, promote the development of high-end and high value-added financial, commercial and trading, logistics and professional services, etc., make great efforts to develop the innovation and technology industries, nurture emerging industries, establish itself as the centre for international legal and dispute resolution services in the Asia-Pacific region, and develop into an international metropolis with enhanced competitiveness."*

"Strategic Investment Advisory & Agency"

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

In principle, Hong Kong's existing advantageous industries have retained in the city and is expected to further “consolidate and upgrade”, while the development of “innovation and technology industries” and nurturing “emerging industries” have been added.

With the support of the Central government and the investment in infrastructures, it is foreseeable that Hong Kong will further attract more talents from the mainland and overseas who are more competitive and expertise in the related industries.

Local talents must continue to actively upgrade their capabilities to avoid lagging behind this opportunities.

Because of the under supply of housing in the city, the market will naturally observe those tenants who can afford higher rents to displace tenants who failed to do so. In addition to the housing policy of the SAR Government to allocate more developable land for subsidized housing, middle class residents who does not own their home will face an even increasing living expenses to stay in Hong Kong.

Meanwhile, with the improvement of the traffic connections in the GBA, especially the opening of the high-speed rail and Hong Kong-Zhuhai-Macao Bridge connecting Hong Kong to the Mainland, and the favorable policies launched by nearby Shenzhen, Zhuhai and Nansha, etc. to promote innovation and attract entrepreneurs, more young people, particularly those who are unable to buy a home in Hong Kong, are looking for opportunities to develop their careers, and to strive for the opportunities and equip to enhance their capabilities are attracted to move to GBA. It is therefore and also possible to forecast that more people would have more choices to live outside Hong Kong.



"Strategic Investment Advisory & Agency"

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

For those Hong Kong developers, they care who can afford to pay the price instead of where the buyers come from.

The development of the GBA should help Hong Kong property prices to remain stable at the current "unreachable" level. Hong Kong residents moving to GBA will also help branded Hong Kong developers to explore wider market in the GBA.

For the HKSAR Government, under the competition of more non-Hong Kong residents, the voice of Hong Kong people seeking assistance in buying property will continue to increase. However, it is even more important to provide sufficient land that is suitable for the development of the industries in a timely manner. Otherwise, the excessively high cost will fundamentally restrict the consolidation and upgrading opportunities of the expected industries under the Outline.



HK-Zhuhai-Macao Bridge has been opened earlier.
(Source: Online photo)

"Strategic Investment Advisory & Agency"

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

HONG KONG SNAPSHOTS

CORE AREA STREET SHOPS IN KOWLOON: 10%+ VACANT

According to the property agency's information, street shops vacancy rates of 2 core districts in Kowloon, Tsim Sha Tsui and Mong Kok, were over 10% in December 2018. The vacancy rate for Tsim Sha Tsui street shop was about 11.36%, which figure over 11% for the past 15 consecutive months.

From our on-site observation, at Park Hotel in Tsim Sha Tsui, there are already 4 shops being untenanted among those street shops facing Cameron Road, and several vacant opposite to them.

4 shops have been vacant in a short distance along Cameron Road near Chatham Road South in Tsim Sha Tsui. (Source: RHL Photo Base)

Meanwhile, the rate for Mong Kok street shop was about 10.65%, which is over 10% for the past 18 consecutive months. Cross the Harbour in Hong Kong Island, the vacancy rates of street shops for Central and Causeway Bay in December 2018 were about 1.91% and 4.17% respectively. The figures were far lower than the Kowloon ones.



A 3-storey premises with at least 5,000 sq.ft. floor area at the corner of Carnarvon Road and Granville Road in Tsim Sha Tsui has not been covered by any long-term tenants for the past 21 months. Owner of the premises could only let the premises to short-term tenants intermittently, market information. (Source: RHL Photo Base)

HONG KONG SNAPSHOTS


SIGNIFICANT REDUCTION IN RESIDENTIAL LAND SALE IN THE COMING FISCAL YEAR

The 2019-20 Land Sale Programme comprises 15 residential sites, a significant decrease from the 27 residential sites of this fiscal year, the Development Bureau announces. These 15 sites will provide around 8,850 units, together with the railway project, the URA project and the private development or redevelopment project, a total of 15,540 units will be potentially generated in the coming fiscal year. The figure is only about 2,000 units above the annual supply target of 13,500 units, reflecting that the land supply in the short to medium term is still tight.

PRIVATE DOMESTIC PRICE INDICES ENDED 5-MONTH DECLINE

According to the Rating and Valuation Department, the latest private domestic price indices for January in 2019 was about 0.1% higher than December in 2018 which ended its 5-month decline. The price index for all classes domestic unit was 359.5, 0.08 % up from December. In terms of saleable area, price index of each unit class has raised by a range from about 0.03% to 1.46%. In particular for the units at least 1,722 sq.ft, index has been raised by about 1.46%. Beyond the ended decline of price index, the rental index for all domestic unit classes was 192.3, 0.7% down from December.

"Forward Planning and Solution"

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

All Around 18 Districts: Sai Kung District

Total Area : about 13,632 hectares

Location : Eastern part of the New Territories

Districts include : Sai Kung, Hang Hau rural area, Tseung Kwan O and Clear Water Bay Peninsula.

Population : about 461,864 (Population By-Census 2016)

Median Monthly Household Income : HK\$33,500 (results of the Population and Household Statistics analysed by District Council District 2016)



**Source: Sai Kung District Council*



Sai Kung's Hot Pick: Metro City

The estate is divided into three phases, Phase 1, Phase 2 and Phase 3 (The Metropolis).

Completion Years: 1996- 1999

Number of Blocks: 21 (all 3 phases)

Number of Units: 6,768

Phase 1: 2,048

Phase 2: 3,344

Phase 3: 1,376

Facilities:

Club House, Playground,
Car Park, Shopping Arcade.



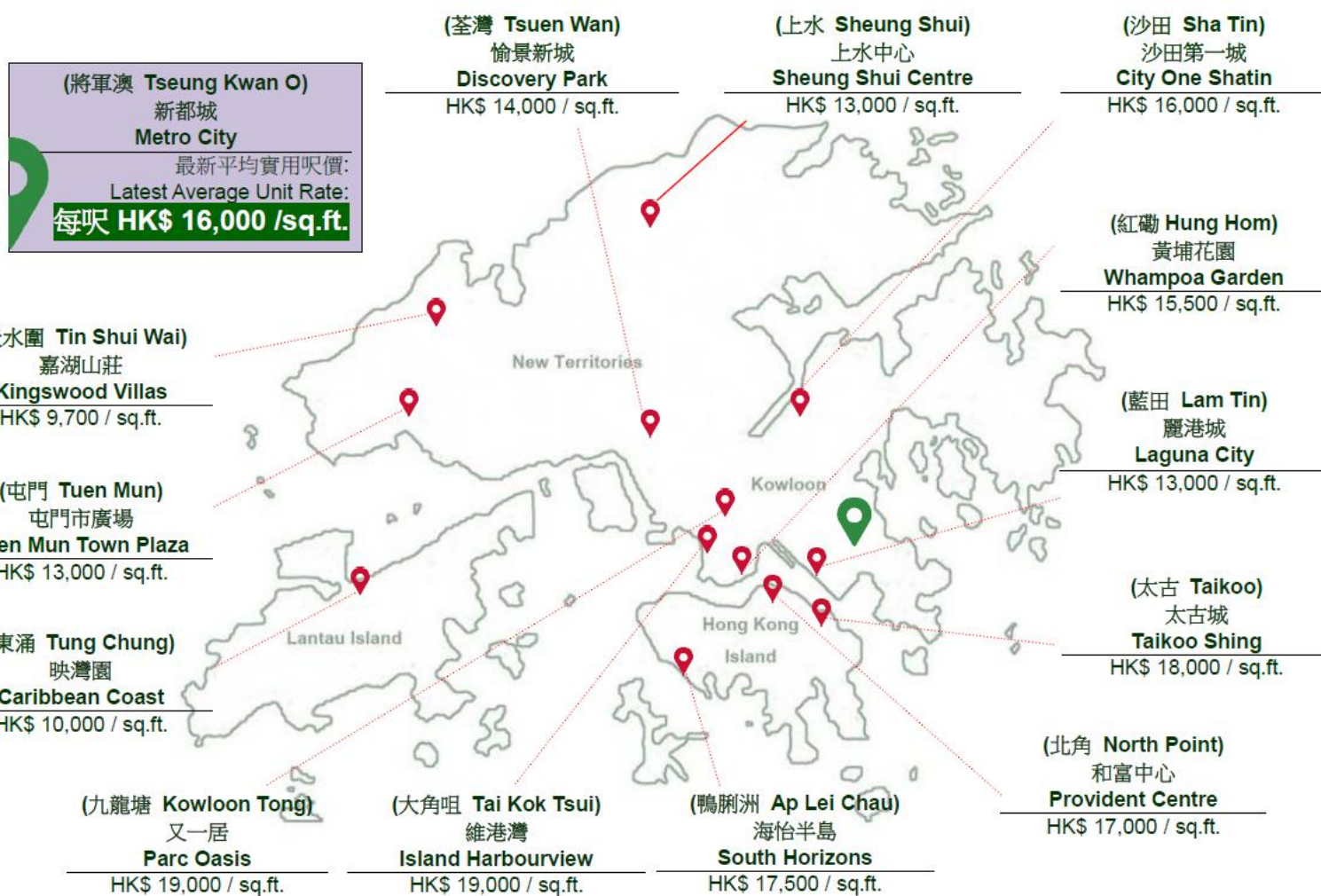
**Source: Online Photo*

"Forward Planning and Solution"

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

HONG KONG

TRANSACTIONS OVERVIEW



* 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
(FEBRUARY 2019)
&
COMMERCIAL
PROPERTY INDEX OF
CAAD
(FEBRUARY 2019)**

CHINA PROPERTY - MARKET WATCH

RESIDENTIAL PRICE INDEX OF CAAD (FEBRUARY 2019)

128.9

Y-o-Y Changes: 3.9%

Average Price: RMB 23,710/sq.m.

M-o-M Changes: 0.1%

Median Price: RMB 15,071/sq.m.

City	Index	City	Index
Beijing	115.9	Zhengzhou	114.2
Shanghai	98.2	Qingdao	200.5
Shenzhen	119.6	Xi'an	172.1
Guangzhou	144.1	Xiamen	106.5
Hangzhou	151.5	Taiyuan	139.9
Nanjing	120.9	Shijiazhuang	115.8
Chengdu	140.3	Kunming	140.3
Chongqing	152.6	Hefei	101.2
Wuhan	140.1	Nanchang	137.2
Changsha	140.9	Nan'ning	153.3

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
(FEBRUARY 2019)Retail : **171.0**

M-o-M Changes: -6.0%

Retail : **111.0**

M-o-M Changes: 0.2%

Category City Name	Retail		Office	
	Index	M-o-M Changes	Index	M-o-M Changes
Beijing	169.1	0.4%	101.6	0.2%
Shanghai	204.0	-3.0%	106.7	-2.6%
Guangzhou	184.7	-21.3%	107.0	5.3%
Shenzhen	248.7	6.9%	105.7	6.5%
Tianjin	179.8	5.4%	115.8	8.6%
Chongqing	194.3	12.5%	100.0	-5.1%
Changchun	130.8	-5.4%	119.6	-4.1%
Chengdu	273.0	-15.0%	113.7	0.0%
Changsha	149.2	-11.0%	140.8	0.5%
Dalian	153.8	-7.3%	102.8	-7.9%
Fuzhou	153.5	-10.2%	115.7	-1.4%
Guiyang	107.3	-46.3%	117.3	1.1%
Harbin	120.3	5.3%	105.5	5.0%
Hefei	212.5	-6.7%	103.7	-2.3%
Hohhot	132.9	16.3%	111.9	0.0%
Haikou	147.0	-7.6%	117.0	-12.3%
Hangzhou	168.2	-1.7%	111.5	-1.6%
Jinan	212.6	14.1%	116.7	1.5%
Kunming	214.7	-13.9%	126.0	1.1%
Lanzhou	148.2	-4.2%	114.8	4.3%
Ningbo	122.3	-6.7%	100.0	-3.0%
Nanchang	94.0	7.9%	101.3	-1.2%
Nanjing	203.3	-14.2%	101.5	-2.2%
Nan'ning	186.9	-12.3%	131.5	-1.8%
Qingdao	161.6	-9.2%	104.3	-2.0%
Shijiazhuang	169.3	13.3%	96.0	-1.2%

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

SOLICIT OPINIONS OF MINISTRY OF HOUSING AND URBAN-RURAL DEVELOPMENT: RESIDENTIAL PROPERTY IS PLANNED TO BE TRADED BASED ON THE INNER USABLE AREA

- A new regulation draft published by the Ministry of Housing and Urban-Rural Development shows that residential property should be transferred based on the inner usable area, which means real estate transactions will officially bid farewell to “shared area” and the phenomenon of “buying 100 square meters of houses with only 70 square meters for using” is expected to end.
- At present, the calculation method of residential area in China mainly adopts the gross floor area or the inner building area. In order to improve the consistency of China's engineering construction standards and international practices, it is proposed to calculate the area of residential transactions according to the area used in the set. On the one hand, the action will address the issue that the inner building area is the same but the households use different areas, on the other hand, it is conducive to solving the problem of opaque use of households.



"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

TRANSACTION VOLUME OF LAND MARKET KEPT DECLINED IN FEBRUARY 2019

- According to the land transaction data of the first week after the Chinese New Year, the overall supply of the national land market has increased by nearly 90%, mostly in the second and third tier cities. Among the first tier cities, there are transactions of residential plots only in Shanghai. The overall supply of second-tier cities increased by 80% after the Chinese New Year. The total transaction volume fell, and the total transaction value of commercial housing decreased by nearly 30%.
- It is worth to mention that, since 2019, the volume of land market transactions has begun to decline periodically. In the first-tier cities, after the large-scale land supply in the end of 2018, the land supply was tightened, resulting in a year-on-year decline in the volume of transactions in January. However, the supply of high-quality land in cities such as Beijing and Shanghai drove the land prices to rise sharply, and the premium rate also bottomed out; The city's land transaction volume in January increased by 21% year-on-year; the volume of third- and fourth-tier cities did not change much compared with last year.

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

- *Consultancy Services in Greater Bay Area*

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