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MARKET EXPRESS

房地產市場快訊

RAILWAY MUSEUM



TAI PO MARKET



HONG KONG PROPERTY

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香港物業市場透視

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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CONTENTS

HONG KONG PROPERTY- MARKET WATCH 5-6

- Reaction under the Vision

HONG KONG SNAPSHOTS 7-8

- Another Residential Site at Kai Tak Runway Area Tendered
- Year 2019/20 Ratable Value: Increases Slowing Down
- Shop at Star House Leased Out for HK\$2 Million Per Month
- All Around 18 Districts: Tai Po District **9**
- Hong Kong Transactions Overview **10**

CHINA PROPERTY- MARKET WATCH 11-13

- Land Bubble Index of Residential Land for Selected Cities (Q4 2018)
- Market Activity Level and Financial Liquidity Index for Selected Cities (Q4 2018)

CHINA SNAPSHOT 14-15

- First-Tier Cities' New Commercial Residential Housings Transaction Area Fell by 48% M-o-M: February
- Beijing's Collective Land Leased Housing has been supplied to 72 hectares



HONG KONG PROPERTY

REACTION UNDER THE VISION

HONG KONG PROPERTY - MARKET WATCH

REACTION UNDER THE VISION

Just at the beginning of this year, the government and many commentators had commented that there was still room for further downward adjustment on the property price even though there had been a price drop in Hong Kong of about 10% since July last year. In the short period of three months, however, property prices have stopped falling and there are signs of recovery.

The recent news which may cause property prices stop falling but to rebound are that the apparent deferment to raise interest rates in the United States, the optimistic-estimation on the settlement of Sino-US trade disputes, and the promotion on the benefits to Hong Kong economy and people's livelihood to be brought with under the development of Greater Bay Area (GBA) by the government and media and so on. The messages of the former two, indeed, are changing almost everyday, and the development of the GBA takes time for the stakeholders in the region to collaborate and explore the opportunities.

Nevertheless, as the future supply and demand in the property market cannot be presented objectively, scientifically and rationally, a lot of purchasers may only rely on those subjective factors and market sentiment to make their home purchase decisions.

The SAR Government has repeatedly mentioned that one of the core causes of high property prices in recent years is due to the insufficient supply. Coupled with the double aging challenges to Hong Kong, that is, the population ageing and building aging, and the potential opportunities that can be brought about by GBA, the Government has emphasized that land supply must be increased as soon as possible. The Secretary for Development has further published information on the Lantau Tomorrow Vision in a recent press conference, including the provision of very preliminary costs and the estimation of the revenues mentioned by the professional institute, hoping that the Legislative Council will grant funding for detailed study.

"Strategic Investment Advisory & Agency"

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

Unfortunately, for the general public, these messages can only still be understood as the Government would need to spend huge amount in the future. In the absence of comparison, the lay public has no idea on whether the cost is high or low and whether it is worthwhile. Besides, the Government has not yet able to clear the concern of many people who questioned why the opening up of the New Territories brownfields cannot replace such a large-scale reclamation. In fact, the Government has just applied for funding for the resumption of land and works in the first phase of the North east New Territories New Development Area (NENT NDA).

Probably the Government can present the figures to the public and compare the benefits and disadvantages of land reclamation and land resumption in the New Territories.

No matter what, the general public seems to have ignored the factors that can cause property prices to fall. It is becoming more clearer to the public that the Government has no sufficient land supply in the next 10 years and the Government will not be able to control the population increase. If the GBA develops smoothly, the future property prices will only continue to stay high and even more expensive. For many people, if they can take the advantage of today's full and secure employment situation, they shall consider buying a home. Otherwise, they would be frightened of the unaffordable heavy rents in the future.



Mr. Michael Wong, the Secretary for Development (second right), and other departments have held a press conference to introduce the Lantau Tomorrow Vision.
(Source: Development Bureau)

"Strategic Investment Advisory & Agency"

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

HONG KONG SNAPSHOTS

ANOTHER RESIDENTIAL SITE AT
KAI TAK RUNWAY AREA TENDERED

The residential site at Site 1 of Area 4B in Kai Tak was awarded at a premium of HK\$9.893 billion, Lands Department announced. With the maximum gross floor area of about 722,000 sq.ft., the accommodation value was HK\$13,702/sq.ft., the premium was close to the market estimated figure. The residential land, of about 103,151 sq.ft., was located at the rear part of the Runway Area which faces Kowloon Bay Business Area, with a general city view, hence the price is lower than those sites with full sea view.



➡ The tendered site situates at the Runway Area.
(Source: Lands Department)

YEAR 2019/20 RATABLE VALUE:
INCREASES SLOWING DOWN

The Rating and Valuation Department has announced the latest rateable value of all properties for the Year 2019/20. The overall rateable value which includes residential, industrial, office and shop premises has increased by 4.1%, with a slightly dropped rise compared with 4.4% of Year 2018/19. The increase for private residential has been narrowed from 6.1% in 2018/19 to 5.3% in 2019/20. The surge in private residential unit with saleable area 752 sq.ft. or below and 753 sq.ft. to 1,075 sq.ft. has narrowed whereas the rise for 1,076 sq.ft. or above has widened. Among the top 10 residential estates, 6 estates with increase narrowed, 2 with flat increase and 2 with increase widened.

Changes in Rateable Value among various size residential units

Type of residential unit (Saleable area in terms of sq.ft.)	Year 2018/19	Year 2019/20	Increasing Rate
752 or below	7.2%	6.3%	Narrowing
753-1,075	5.9%	4.7%	Narrowing
1,076 or above	2.7%	2.8%	Greater

HONG KONG SNAPSHOTS

SHOP AT STAR HOUSE LEASED OUT FOR HK\$2 MILLION PER MONTH

Portion of the former Chinese Arts & Crafts shop at Star House, Tsim Sha Tsui, has been let to a cosmetics retailing group for a rent of HK\$2 million per month. That portion of the shop occupies a floor area of about 4,000 sq.ft. on ground and first floors. Although the frontage of the shop faces the bus terminal with a high pedestrian flow, the new transacted unit rent is about \$500/sq.ft..

Compared with the last monthly rental of HK\$6.5 million for at least 10,000 sq.ft. offered to an international fashion boutique, the new unit rental has now been slumped by at least 20%.



The shop is now under renovation.
(Source: RHL Photo Base)

"Forward Planning and Solution"

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

All Around 18 Districts: Tai Po District

Total Area : about 14,800 hectares

Location : Northeast part of the New Territories

Districts include : Tai Po and Sai Kung North.

Population : about 303,700 (Population and Household Statistics analysed by District Council District 2017)

Median Monthly Household Income : HK\$28,000 (results of the Population and Household Statistics analysed by District Council District 2017)



**Source: Tai Po District Council*

太和
Tai Wo

大埔墟
Tai Po Market

Tai Po's Hot Pick: Tai Po Centre

The estate is divided into 6 phases, Phases 1, 2, 4, 5 and 6: North of Lam Tsuen River Phase 3: South of Lam Tsuen River

Completion Years:
1985- 1987.

Number of Blocks:
22 (all 6 phases,
omitted Block No.13)

Number of Units: 4,080

Facilities:
Swimming Pool, Badminton Court,
Children's Playground,
Recreational Garden,
Car Park, Shopping Arcade.



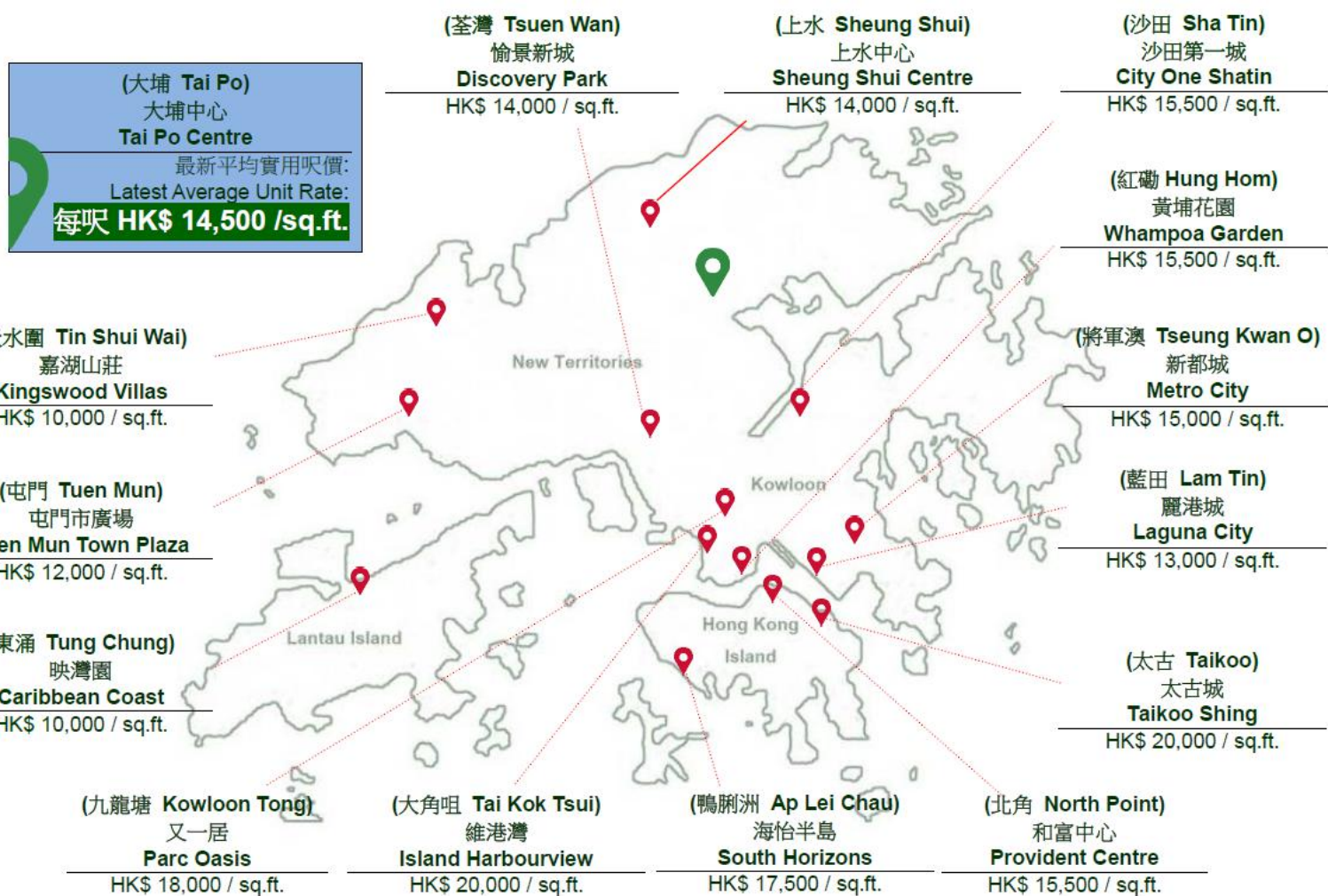
**Source: Online Photo*

"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

**LAND BUBBLE INDEX OF
RESIDENTIAL LAND FOR
SELECTED CITIES
(Q4 2018)**

&

**MARKET ACTIVITY LEVEL
AND FINANCIAL
LIQUIDITY INDEX FOR
SELECTED CITIES
(Q4 2018)**

CHINA PROPERTY - MARKET WATCH

LAND BUBBLE INDEX OF RESIDENTIAL LAND FOR SELECTED CITIES (Q4 2018)

Selected Cities (Right to Left):

Tianjin
Qingdao
Shijiazhuang
Taiyuan
Lanzhou
Nanjing
Zhengzhou
Xi'an
Shanghai
Jiaxing
Hefei
Wuhan
Chengdu
Changsha
Chongqing
Xiamen
Shenzhen
Guangzhou
Zhuhai
Kunming

LBI值	泡沫分档
0-30%	泡沫可控
30%-70%	泡沫较小
70%-100%	泡沫较大
>100%	泡沫严重
-10%-0	无泡沫, 存在开发风险
-30%--10%	有一定开发风险
-70%--30%	开发风险度可控
<-70%	无开发风险度



1. Data Sources

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

2. LBI :

Land Bubble Index is to reflect the difference between Transacted Land Price and Land Price in Balanced Market.

$$LBI = \frac{\text{Transacted Land Price}}{\text{Land Price in Balanced Market}} - 1$$

In which :

Transacted Land Price is the actual transacted land prices which have deducted the influence of Non-commodity Residential Properties (such as Affordable Housings, Public Rental Housings, etc.)

Land Price in Balanced Market is the balanced land price assuming a Perfectly Competitive Land Market. The balanced land prices are calculated by Residual Method with reference to the current home prices.

"Professional Practice in Land and Planning Matter"

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

CHINA PROPERTY - MARKET WATCH

MARKET ACTIVITY LEVEL AND FINANCIAL LIQUIDITY INDEX FOR SELECTED CITIES (Q4 2018)

Selected Cities (Right to Left):

Urumqi
Dalian
Beijing
Hohhot
Shijiazhuang
Qingdao
Taiyuan
Zhengzhou
Lanzhou
Shanghai
Nanjing
Hefei
Xi'an
Hangzhou
Nanchang
Wuhan
Changsha
Chongqing
Chengdu
Fuzhou
Xiamen
Shenzhen
Guangzhou
Kunming



1. Data Sources

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

2. Market Activity Level

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

MAL=

$$\text{MAL} = \frac{\text{Current transaction volume of the certain city}}{\text{Current transaction volume of the PRC}} \div \frac{\text{Base period transaction volume of the certain city}}{\text{Base Period transaction volume of the PRC}} * 100 * 100\%$$

3. Financial Liquidity Index

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

$$\text{FLI} = \frac{\text{Current transaction price of the certain city}}{\text{Current transaction price of the PRC}} \div \frac{\text{Base period transaction price of the certain city}}{\text{Base Period transaction price of the PRC}} * 100 * 100\%$$

"Professional Practice in Land and Planning Matter"

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

CHINA SNAPSHOTS

FIRST-TIER CITIES' NEW COMMERCIAL RESIDENTIAL HOUSINGS TRANSACTION AREA FELL BY 48% M-O-M: FEBRUARY

- According to media reports, transaction area of new commercial residential housings in 40 typical cities decreased by 39% m-o-m and decreased by 13% y-o-y in February 2019. Among these cities, transaction of the four first-tier cities was down by 48% but up by 33% y-o-y; transaction area of the 18 second-tier cities decreased by 41% and also decreased by 12% y-o-y; and transaction area of the 18 third-and-fourth-tier cities shrank by 30% and 20% m-o-m and y-o-y respectively.
- There were some expert analyses that, having considered the internal environment and the complex external international environment, the national regulation and control policy will not be adjusted in the short term. It is expected that the cumulative growth rate of the 40 cities in 2019 will continue to decline after the sharp fall at the beginning of the year.



"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

BEIJING'S COLLECTIVE LAND LEASED HOUSING HAS BEEN SUPPLIED TO 72 HECTARES

- The use of collective land to build rental housing not only eases the pressure on land supply for the construction of affordable housing, but also facilitates the intensive use of collective land.
- In terms of the 2018 annual situation, the land supply for collective land leased housing in Beijing was 209.2 hectares, with a completion rate of 105%. It is reported that this year, the city's collective land leased housing project has achieved 72.19 hectares, mainly located in Tongzhou district, accounting for 36% of the annual land supply task. Most of the lands that have been supplied are adjacent to the industrial park, transportation hub and the new city, which makes work-life balance achievable to the residents.



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

- *Consultancy Services in Greater Bay Area*

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