

RHL International

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MARKET EXPRESS

房地產市場快訊



啟德站
KAI TAK STATION



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

EARLY SUMMER VACATION

HONG KONG PROPERTY -MARKET WATCH

EARLY SUMMER VACATION

Stepping into the second half of 2019, the society in Hong Kong has become more and more dignified. The situation of the conflict between the police and the people after the peaceful demonstrations continued. Some of the actions were even challenging the "one country, two systems" principle. What was the most frightening to the public was that the crowded railway stations and shopping malls had turned into "battlefields" and touched on the personal safety!

Generally speaking, only upon entering into the middle of July, which is the beginning of the summer vacation of the school, the economic activity of the property market as well as other industries shall start to slow down and relatively flat during the summer period. However, the statistics regarding Agreements for Sale and Purchase of Building Units Received for Registration in the Land Registry revealed that the trading volume has already dropped as early as June this year. It seems that both buyers and sellers have already having their "early summer vacation".

Number and Consideration (nearest HK\$ million) of Agreements for Sale and Purchase of Building Units received for registration

	Urban	New Territories	Total Number	Urban	New Territories	Total Consideration (HK\$ million)
April	5,858	5,394	11,252	\$51,234	\$35,657	\$86,891
May	5,156	5,934	11,090	\$48,359	\$41,957	\$90,316
June	3,143	3,454	6,597	\$30,578	\$23,240	\$53,818

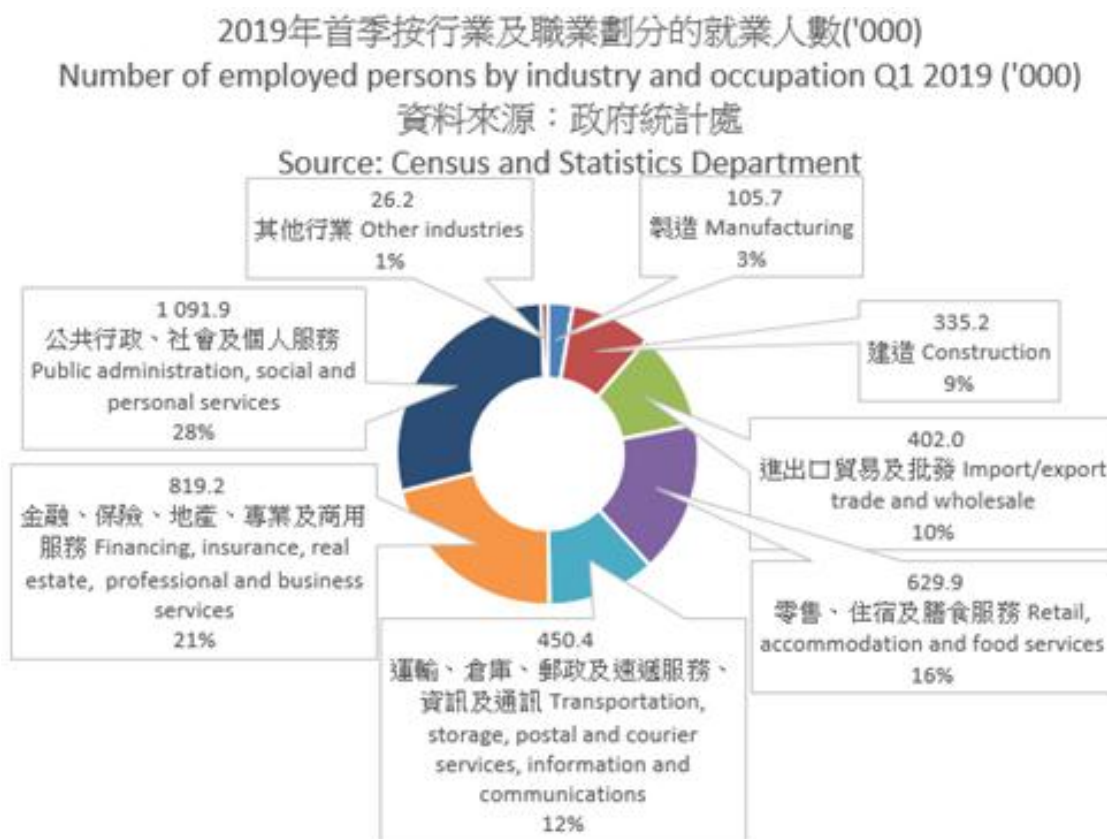
Source: The Land Registry

"Strategic Investment Advisory & Agency"

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

At present, the market still generally believes that social instability should only have a short-term psychological impact on investors. However, it should not be overlooked that impacts from related demonstrations and even shocks have spread to the retail tourism industry. In addition, the loss of work in the trade and construction industry has already appeared, which will have a greater impact on the employment environment in Hong Kong.

After all, construction, import and export trade, wholesale and retail, accommodation and catering services account for 35% of the total employed population.



"Strategic Investment Advisory & Agency"

- Negotiation between Transaction Parties
- Provide Transaction Advisory Services

If the government can solve or control the current unstable social situation within this summer vacation period, the impact on the economy should still within an affordable level. Otherwise, the image of the rule of law and safe city in Hong Kong will be difficult to rehabilitate and will quickly jeopardize the economy and people's livelihood. In fact, some shocks have now been directed to developers and the New Territories. On July 24, the Lands Department announced that there were only four companies participated in the tender for land sale in Kai Tak Area. The transaction price was lower than originally expected by the market, which more or less reflecting that developers have been scrupulous about the current social situation. The conflict developments in the New Territories may also directly or indirectly affect the land resumption of the North East New Territories New Development Areas project, which will further defer the land supply.

At this moment, we sincerely hope that all sectors of the community can "stop, rethink, and take a break". Meanwhile, the top officials of the government shall relinquish their summer vacation and cease the situation from deteriorating!



We believe that everyone who loves Hong Kong would like to see Hong Kong to overcome the current social instability.

"Forward Planning and Solution"

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

HONG KONG SNAPSHOTS

HK\$19K per sq.ft., Fung Tak Estate the Most Expensive Public Housing Estate

A low-floor unit at Tsz Fung House, Fung Tak Estate Diamond Hill was sold for HK\$2.98 million in the free market earlier. Each foot of this saleable area 155 sq.ft. unit worths the most expensive unit rate among all public housing estates in the city at about HK\$19,226/sq.ft.. The property's value had surged by almost 70% in 4 years.



A low-floor unit at Tsz Fung House, Fung Tak Estate Diamond Hill was sold at the most expensive unit rate among all public housing estates in the city.
(Source: RHL Photo Base)

"Professional Practice in Land and Planning Matter"

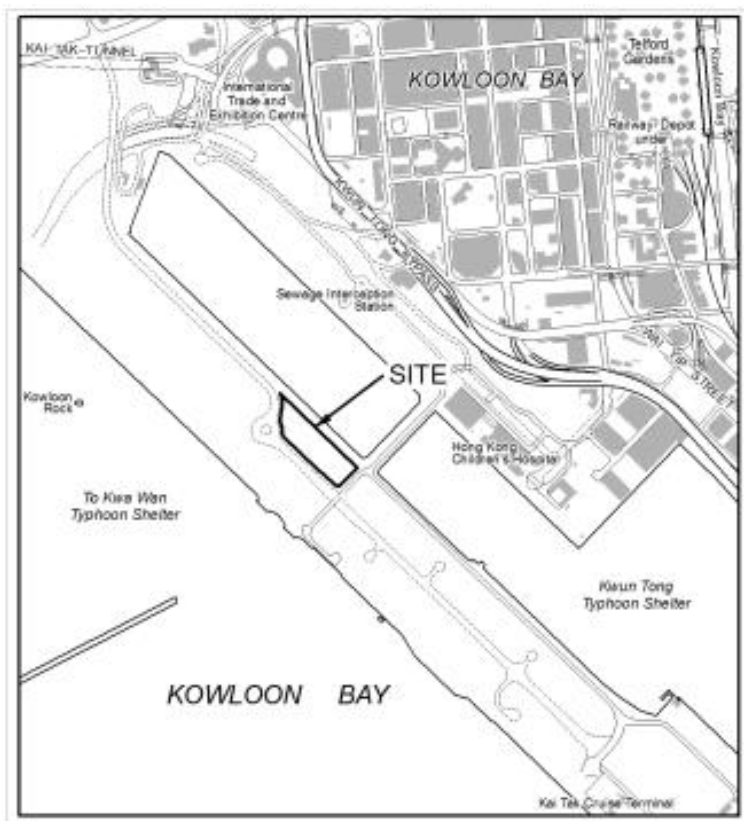
- Lease Modificaition / Land Exchange
- Premium Assessment
- Temporary Waiver Application

HONG KONG SNAPSHOTS

Domestic Site at Kai Tak Sold at Price Below Market Expectation

Lands Department announced that Site 1 Area 4A at Kai Tak has been tendered at a premium of nearly HK\$12.74 billion, lower than the market expectation. The site of 176,368 sq.ft. is capable for a maximum gross floor area of 1,075,840 sq.ft.. With this tendered premium, the accommodation value of the site is about HK\$11,842/sq.ft.. Comparing to an adjacent plot sold four months ago, this time, the bid was 13.6% lower.

According to the information of the Lands Department, only 4 tenders were received although this is the biggest residential land at Kai Tak area. The site situates at the rear part of the runway area with a relatively inferior view.



Site 1 Area 4A at Kai Tak located at the rear part of the runway area with a relatively inferior view. (Source of Picture: Lands Department)

HONG KONG SNAPSHOTS

2019/20 Land Sale Programme

In earlier days, the Development Bureau announced the land sales plan for 2019-2020. During this period of time, there will be 15 sites available for private residential developments. With other means of land supplies, the forecast number of private residential units available is about 15,540 in 2019-2020. For commercial and hotel uses, there are 7 available sites which are expected to provide approximately 814,600 sq.m. of gross floor area. It is anticipated that the market participants are particularly concerned for the sites at Mansfield Road, the Peak, in the list of residential roll-over sites and the commercial site above the High Speed Rail West Kowloon Station.

"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*

All Around 18 Districts: Kowloon City District

Total Area : about 1,000 hectares

Location : Central part of Kowloon, with Junction Road, Tung Tau Tsuen Road, Tung Tsing Road to the east; Victoria Harbour to the south, East Rail embankment to the west and Lion Rock to the north.

Districts include : Kowloon City, Kowloon Tong, Ho Man Tin, Ma Tau Wai, Ma Tau Kok, Kai Tak, To Kwa Wan, Hung Hom.

Population : about 417,800 (Population and Household Statistics analysed by District Council District 2017), accounting for 5.7% of the territorial population.

Median Monthly Household Income : HK\$34,200 (results of the Population and Household Statistics analysed by District Council District 2017).

**Source: Kowloon City District Council*



Hot Pick of the Kowloon City: Whampoa Garden

Site of the former Whampoa Dockyards; Estate developed by 12 phases, between 1986-1991.

Number of Blocks: 88

Number of Units: 10,431

Facilities:

Children's Playroom, Podium Garden,
Outdoor Badminton and Basketball
Courts,

Other:

Car Park, Shopping Arcades.



Source: Online Photo

HONG KONG

TRANSACTIONS OVERVIEW

(紅磡 Hung Hom)
黃埔花園
Whampoa Garden
最新平均實用呎價:
Latest Average Unit Rate:
每呎 HK\$ 17,000 /sq.ft.

(上水 Sheung Shui)
上水中心
Sheung Shui Centre
HK\$ 15,000 / sq.ft.

(荃灣 Tsuen Wan)
愉景新城
Discovery Park
HK\$ 15,000 / sq.ft.

(沙田 Sha Tin)
沙田第一城
City One Shatin
HK\$ 16,000 / sq.ft.

(九龍塘 Kowloon Tong)
又一居
Parc Oasis
HK\$ 22,000 / sq.ft.

(將軍澳 Tseung Kwan O)
新都城
Metro City
HK\$ 16,000 / sq.ft.

(藍田 Lam Tin)
麗港城
Laguna City
HK\$ 14,500 / sq.ft.

(太古 Taikoo)
太古城
Taikoo Shing
HK\$ 21,000 / sq.ft.

(北角 North Point)
城市花園
City Garden
HK\$ 18,000 / sq.ft.

(鴨脷洲 Ap Lei Chau)
海怡半島
South Horizons
HK\$ 18,000 / sq.ft.

(大角咀 Tai Kok Tsui)
維港灣
Island Harbourview
HK\$ 22,000 / sq.ft.

(東涌 Tung Chung)
映灣園
Caribbean Coast
HK\$ 11,500 / sq.ft.

(青衣 Tsing Yi)
瀝景灣
Villa Esplanada
HK\$ 18,000 / sq.ft.

(屯門 Tuen Mun)
屯門市廣場
Tuen Mun Town Plaza
HK\$ 14,500 / sq.ft.

(天水圍 Tin Shui Wai)
嘉湖山莊
Kingswood Villas
HK\$ 10,500 / 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

Vacancy Rate of Office Buildings in First-tier Cities Rises

CHINA PROPERTY - MARKET WATCH

Vacancy Rate of Office Buildings in First-tier Cities Rises

Since the second half of 2018, real estate market in Beijing and some first-tier cities began to show sluggishness. The number of visitors, rent and occupancy rate of some office buildings continue to decline. Some experts pointed out that, since the second half of 2018, under the influence of financial deleverage and internet bubble, the biggest impact on the office market in the first-tier cities is to regulate the taxation order of the entertainment industry, internet financial rectification and joint office contraction.

Among them, the development of joint office companies, although less concerned than the former two factors, has a greater impact on the office market. Taking Beijing as an example, the data of the “Building Market Monitoring System” of the office market shows that the vacant area of the Lize business circle has risen sharply from 24% in Q4 of last year to 33.1% in Q1 of this year due to the joint office leaseback.

In terms of the whole market, the current vacancy rate of Grade A office buildings in Shenzhen has reached 23%, compared with 13.6% in the same period last year. At the end of the first half of this year, vacancy rate of Grade A office buildings in Beijing has reached 11.5% which is the highest value in 8 years

CHINA PROPERTY - MARKET WATCH

Increase in Residential Land Price Stabilized in Key Cities in Q2 2019

According to the related data, the overall growth rate of land price m-o-m has been increased and the growth rate has been slowed down y-o-y in Q2 2019.

Among the main monitoring cities, the growth rate of residential land prices in first- and third-tier cities has increased from the downward trend, and the growth rate of residential land prices in second-tier cities has continued to rise m-o-m. The growth rate of industrial land prices in various cities has declined m-o-m.

In the first-tier cities, compared with the previous quarter, the growth rate of residential land prices in Beijing, Shanghai and Shenzhen increased. The growth rate of residential land prices in Beijing and Shenzhen increased y-o-y, and the growth rate of residential land prices in Shanghai and Guangzhou slowed down y-o-y.

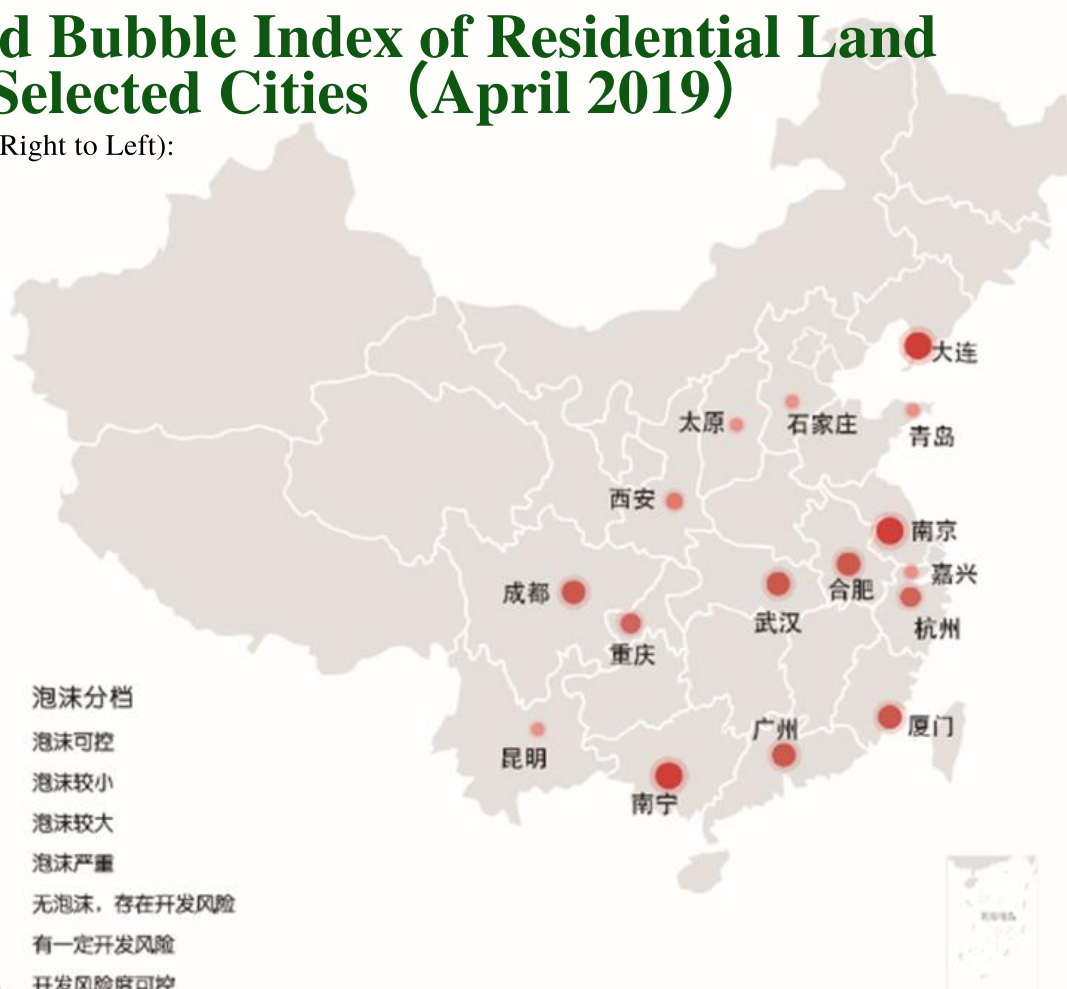


CHINA SNAPSHOTS

Land Bubble Index of Residential Land
for Selected Cities (April 2019)

Selected Cities (Right to Left):

Dalian
Qingdao
Shijiazhuang
Taiyuan
Nanjing
Xi'an
Hefei
Wuhan
Chengdu
Chongqing
Jiaxing
Hangzhou
Xiamen
Guangzhou
Nanning
Kunming



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.

CHINA SNAPSHOTS

Market Activity Level and Financial Liquidity Index for Selected Cities (April 2019)

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

 Market Activity Level
 Financial Liquidity Index

15.3%
 11.0%
 •乌鲁木齐

-50.4%
 -50%
 呼和浩特

4.2%
 -10.5%
 •北京

23.4%
 19.0%
 大连

-22.2%
 -16.4%
 •石家庄

5.2%
 7.7%
 青岛

37.7%
 50.3%
 兰州

-40.4%
 -37.3%
 太原

28.3%
 25.3%
 郑州

11.9%
 15.7%
 14.8%
 上海

-18.9%
 -17.3%
 西安

13.0%
 13%
 合肥

7.1%
 11.9%
 南京

43.2%
 19.8%
 杭州

0.4%
 -1.4%
 •成都

39.6%
 34.4%
 武汉

14%
 -33.8%
 -37.8%
 福州

17.6%
 10.3%
 11.3%
 18.6%
 广州

18.9%
 15.3%
 重庆

17.6%
 10.3%
 11.3%
 18.6%
 深圳

22.7%
 18.9%
 18.6%
 厦门

11.2%
 8.5%
 昆明

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.

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

3. Financial Liquidity Index

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

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

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Source: Land Registry, CAAD and RHL Research Department

