

RHL International

SEP 2019

ISSUE NO.225

# MARKET EXPRESS

## 房地產市場快訊

Guangzhou  
廣州



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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**HONG KONG PROPERTY**

**WILL PROPERTY  
PRICE COLLAPSE?**

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# HONG KONG PROPERTY -MARKET WATCH

## WILL PROPERTY PRICE COLLAPSE?

The market has been worried about whether Hong Kong's economy and people's livelihood are facing a “perfect storm”. Meanwhile, market participants are also mindful of the “opportunity” along with the “danger”.

In August, China and the United States continued to have a series of mutual boycotts and attacks under the economic and trade perspectives. During the period, news such as Washington further announced to impose tariffs on Chinese goods, Yuan ‘Breaks 7’, and the United States designated China as a currency manipulator have further brought the warning of global economic recession.

Simultaneously, in the face of external troubles, Hong Kong is also facing serious internal worries: the continuous conflicts between police and people in the downtown areas as well as the serious disruption of airport operations have hit the retail and tourism industries; project grants are seriously lagged behind due to the administrative and legislative opposition, which has hit the ecology of the construction industry; and coupled with global trade and financial warfare which has also threatens Hong Kong’s core trade and financial employment. In 2014, property prices had not been suppressed by the "Occupy Central" movement. Will a perfect storm be formed under the double attack of internal conflicts and global trade conflicts? Hong Kong's property rentals and prices have always been at the forefront of the world. In addition to the slow pace of urban renewal and shortage of new supply, one of the main reasons is based on its unique role in finance and trade market in the region.

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*"Strategic Investment Advisory & Agency"*

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

High property prices are what most residents and the SAR government do not want to see. Yet, the society is even more reluctant to see the resurgence of the financial turmoil, the loss of regional pivotal role of finance and trade, and any sudden and excessive downward pressure on the property market. Regrettably, how to effectively increase land supply is still under debate in the society. The battle for global trade between China and the United States seems to have become a desire and a growing intensification. Without mainland China, a major regional as well as global economic locomotive, Hong Kong's financial and trade center will lose its function. How can Hong Kong's property prices continue to be high globally then?

It is used to believe that Hong Kong is so densely populated and hence physical stores shall not be easily replaced by online shops. However, the most prosperous streets and shopping malls in the city were the most affected places in the recent social movement. Business is sensitive to any impact on its operation cash flow, and it is anticipated that reducing economic activities would cause quick downward adjustment on rental level but increase in vacancy. Although residential property prices are always difficult to fall sharply when demand outweighs supply, adjustment is inevitable as the economy shrinks and the unemployment rate rises. Recently, more news on the cutting of asking price in the second-hand market are heard. Meanwhile, it appears even more in the news that the for sale property have been turned into a for rent purpose. There is still also news of a price increase for some first-hand property sales. That is, the owners are still adopting a wait-and-see attitude. Yet, potential purchasers may now also turn to pause their buying action, pending for the opportunity to a long-expected price cutting market.

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*"Strategic Investment Advisory & Agency"*

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



## HONG KONG SNAPSHOTS

### More Retail Shops Rents Cut in Yuen Long

Due to the uncertainty of Sino-US trade war and the social unrest in Hong Kong recently, retail market is estimated to be turning downwards.

According to media reports, at least 3 rent reductions of the retail shops along the main streets in Yuen Long were observed. A tenant of a coffee shop, of an area about 2,000 sq.ft at Castle Peak Road- Yuen Long with a rent of about HK\$100,000 per month currently, has requested and being admitted by the owner to have a short-term rent cut between August and October for about 15%. On the other hand, a tenant of a food industry has extended its tenancy for a 1,000 sq.ft shop along Hong Lok Road at a renewed monthly rental of about HK\$110,000, about 15% lower than the existing one. Another tenant has also extended and renewed its tenancy for 2 more years with a 12% cut in monthly rental for a 500 sq.ft. shop at Kau Yuk Road.



➤ Castle Peak Road- Yuen Long is the busiest street in the district. (Online Photo)

*"Professional Practice in Land and Planning Matter"*

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

## HONG KONG SNAPSHOTS

### Agency Firm: Transaction Volume of 10 Major Residential Developments Remain at Low Level

Due to the sustained unrest circumstances in Hong Kong, only 6 property transactions had been recorded in one of the weeks in August, an agency firm claimed. Such low-level single digit transaction volume had been lasting for 14 weeks. Besides the transactions recorded in South Horizons (3), Mei Foo Sun Chuen (1) and Kingswood Villas (2), the rest 7 major residential estates had no transaction including Tai Koo Shing, Kornhill, Laguna City in Lam Tin, Whampoa Garden in Hung Hom, Metro City in Tseung Kwan O, City One Shatin and Caribbean Coast in Tung Chung.

### The Most Expensive First-Hand Parking Space: Ultima

A basement car parking space at Phase 2 of Ultima, Ho Man Tin was lately sold for HK\$5.88 million, a new high price in the first-hand parking space market in Hong Kong. Earlier in May, a parking space on the 1st floor of Phase 1 of the same estate was sold for HK\$6 million as the most expensive second-hand residential car park in town.

Meanwhile, the most expensive parking space in town is the one on the B2 floor of The Centre, Central which worth HK\$6.3 million in June.



A parking space at Phase 2 of Ultima in Ho Man Tin had been the most valued first-hand parking space transaction in the city. (RHL Photo Base)



## All Around 18 Districts: Tsuen Wan District



Total Area : about 6,000 hectares

Location : Tai Mo Shan to the north, Shing Mun Country Park and Texaco Road to the east, NE Lantau Island to the south and Tsing Lung Tau to the west.

Districts include : Tsuen Wan Town Centre, Chuen Lung, Chai Wan Kok, Tsing Lung Tau, Sham Tseng, Ting Kau, Ma Wan Island and NE Lantau.

Population : about 313,600 (Population and Household Statistics analysed by District Council District 2017), accounting for 4.3% of the territorial population.

Median Monthly Household Income : HK\$36,000 (results of the Population and Household Statistics analysed by District Council District 2017).

*\*Source: Tsuen Wan District Council*

### Hot Pick of the District: Luk Yeung Sun Chuen

Nos.22-66 Wai Tsuen Road, Development over MTR Tsuen Wan Station and Depot; Completed in between 1983 and 1984, Disciplined Services Quarters at floors below 20 of Block L and most of the units of Block M.

**Number of Blocks:** 17

**Number of Units:** about 4,100

**Facilities:**

Basketball Courts,  
Tennis Courts, Playground,  
Landscaped  
piazza, podium garden

**Other:**

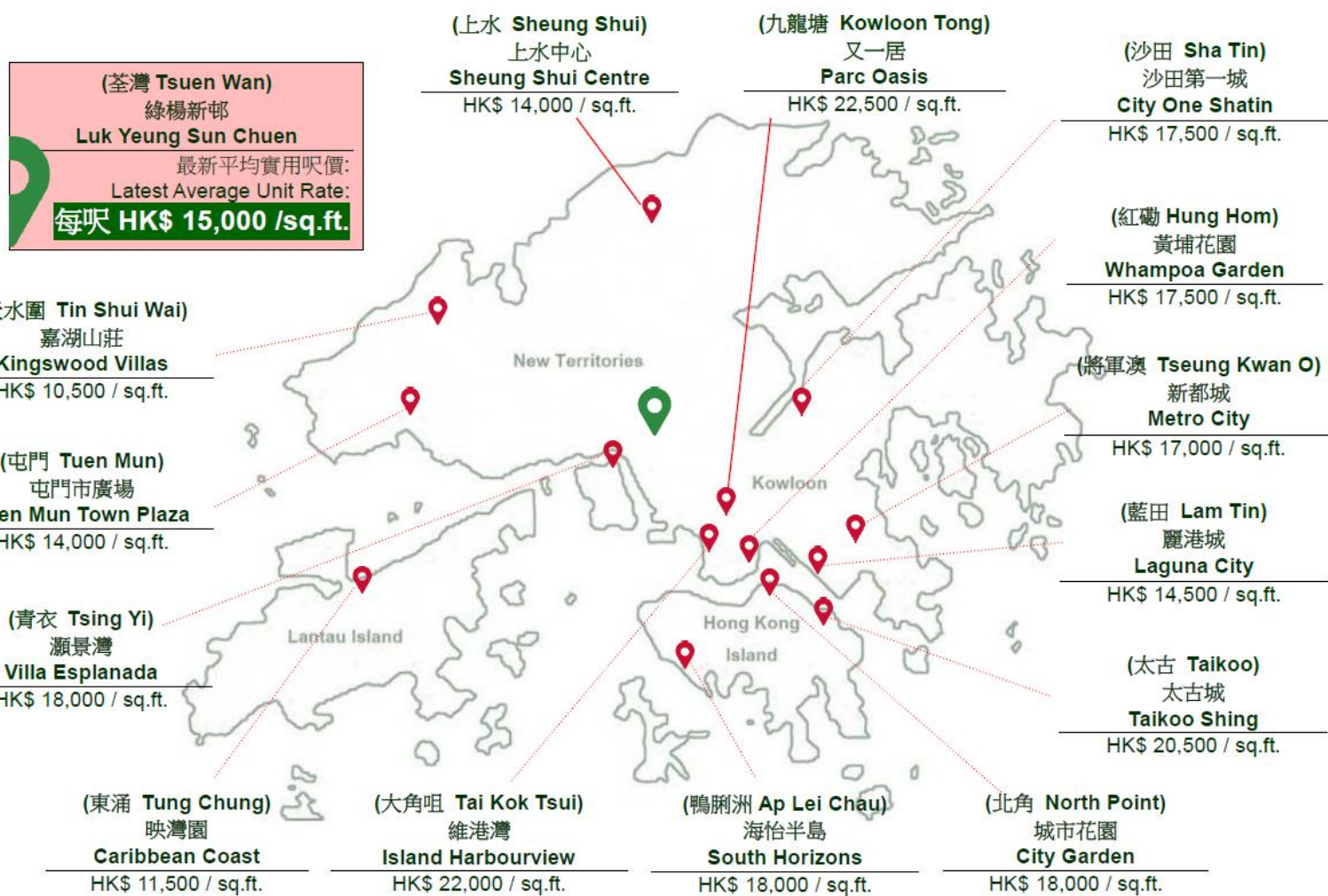
Car Park, Shopping Arcades



Source: Online Photo

# 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**

**Shenzhen has built more than 500,000 sets of affordable housing and talent rooms**

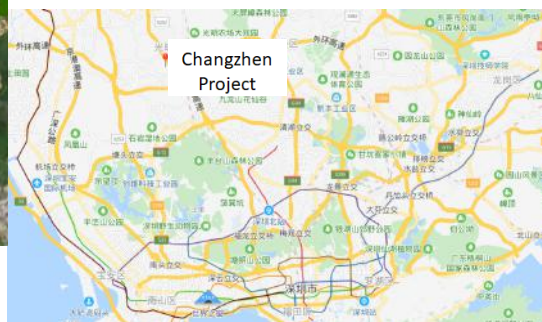


## CHINA PROPERTY - MARKET WATCH

### Shenzhen has built more than 500,000 sets of affordable housing and talent rooms

According to public information, the Changzhen project as the largest public housing construction project in Shenzhen will provide 9,500 sets of affordable houses and talented houses after the completion of the first phase. In the second phase, about 5,000 affordable housing units will be built, totaling 14,500 sets. Since 2007, Shenzhen has continuously increased the supply of affordable housing. By the end of 2018, the city had built a total of 506,200 sets of affordable housing and talented housing.

In terms of rental and sale prices, the rent level of public rental housing is about 30% of the housing rent of the same type of market in the same region. Among them, for low-income person and low-income families, the rent is determined according to 10% of the rent of public rental housing. The rent and price of the housing-type commercial housing are about 50% of the rent and price of the same type of market in the same region. The rent and price of the talents housing are about 60% of the rent and price of commercial housing in the same type of market in the same region.



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## CHINA PROPERTY - MARKET WATCH

### Failed Land Bidding Increased in second half of 2019

As the corporate financing environment tightened again, companies are more cautious about bidding land. The number of failed land bidding in July increased significantly compared with June, and the increase in the number of failed land bidding has continued in August. From August 1 to 11, there were already 26 land plots failed on bidding in key cities, which was almost twice the land bidding failure in the same period in July.

In terms of the distribution of cities where land bidding failed, the overall distribution is scattered, and there are fewer failed land bidding in third- and fourth-tier cities. In addition, failed land bidding also happened in hot cities such as Kunming, Chengdu, Hefei, Qingdao, Taiyuan, Xi'an and Zhengzhou and mainly took place in Kunming and Chengdu. The most important reason for land bidding failures is that the bidding price of real estate development companies has not reached the reserve bidding price .



## CHINA SNAPSHOTS

Residential Price Index of CAAD  
(May 2019)

City	Index	City	Index
Beijing	116.3	Zhengzhou	112.9
Shanghai	98.8	Qingdao	199.9
Shenzhen	119.4	Xi'an	181.2
Guangzhou	144.8	Xiamen	115.9
Hangzhou	151.5	Taiyuan	149.6
Nanjing	121.7	Shijiazhuang	115.8
Chengdu	153.3	Kunming	140.3
Chongqing	158.3	Hefei	101.2
Wuhan	138.8	Nanchang	139.9
Changsha	142.4	Nan'ning	155.3

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

Y-o-Y Changes: 3.2%

Average Price: RMB23,835/sq.m.

M-o-M Changes: 2.9%

Median Price: RMB15,076/sq.m.

**129.6****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').



## CHINA SNAPSHOTS

Commercial Property Index of CAAD  
(May 2019)

Selected Cities (Right to Left):

Harbin  
Changchun  
Dalian  
Tianjin  
Beijing  
Hohhot  
Qingdao  
Jinan  
Shijiazhuang  
Lanzhou  
Hefei  
Ningbo  
Hangzhou  
Nanchang  
Changsha  
Chongqing  
Chengdu  
Fuzhou  
Guiyang  
Shenzhen  
Guangzhou  
Nanning  
Kunming  
Haikou

## 重点城市商办价格环比指数

■ 商业价格指数  
■ 办公价格指数

**Retail: 171.0**

M-o-M Changes: -2.24%

**Office: 111.0**

M-o-M Changes: 1.41%

## 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').

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Source: Land Registry, CAAD and RHL Research Department

