

RHL International

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MARKET EXPRESS

房地產市場快訊

Lion Rock
獅子山



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

Uncertainties Pose both Risks and Opportunities

HONG KONG PROPERTY -MARKET WATCH

Uncertainties Pose both Risks and Opportunities

It is not a surprising message when the Financial Secretary Mr. Paul Chan wrote in his blog post that tourist arrivals in the city declined almost 40% in August from a year earlier. What the market looking for is the medium to long term prospect. In this regards, two pieces of news in September are worthy to consider.

Firstly, the Rating (Amendment) Bill 2019 (the 'Bill') was gazette on September 13. This Bill is said to aim at implementing the proposed Special Rates announced by the Chief Executive on June 2018 with a view to encouraging a more timely supply of first-hand private residential units. The proposal has been opposed and challenged strongly by the developers in the past. However, under the background of the recent serious social unrest, there are increasing voices to support the Government to take a bold step to increase housing supply.

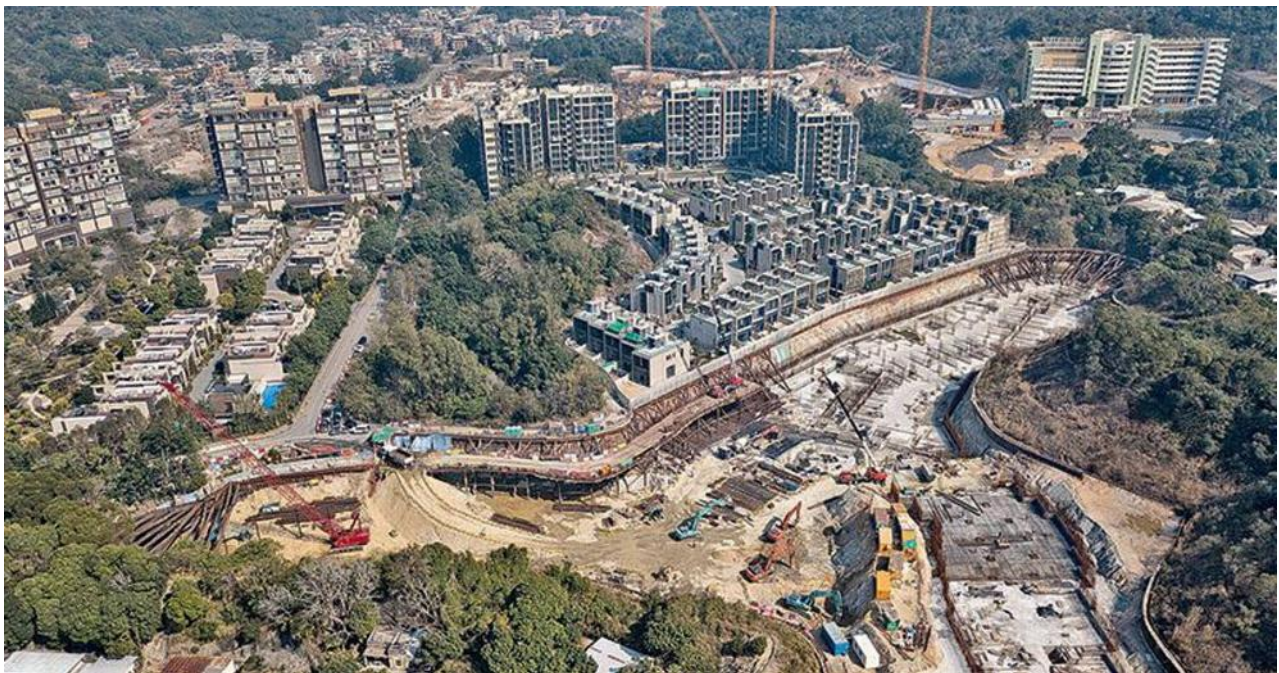
In fact, there are also the proposal by politician to request the Government to extensively exercise the power of Land Resumption Ordinance to resume land lots in the New Territories, regardless the usual defense by land owners on private right, to speed up the provision of public housing. The gazettal of the Bill appears to reveal the Government's determination to move on in the expense of major land holders and developers. It is therefore an expectation to the coming CE's Policy Address to introduce important policy direction and changes on land and housing matters .

"Strategic Investment Advisory & Agency"

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

Another piece of news is the plan released in last August by the Communist Party of China Central Committee and the State Council, to embracing a new role as “a pilot demonstration area of socialism with Chinese Characteristics” for Shenzhen, and to support the city in building a comprehensive State-level science center, as well as innovation incubators in the fields of 5G, AI, internet science and technology, life information and biomedicine. That is said to be the strategic move since the issue of Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area in February, which listing Shenzhen, along with Guangzhou, Hong Kong and Macao, as the “four engines” to build the area into a Chinese version of Silicon Valley.

While there are diverge concerns and views on the consequence of the regional convergence, investors are looking for the prospect of financial return and business opportunities. Hong Kong position and capability to complement the changes in Shenzhen is uncertain but again pose risk and opportunity.



"Strategic Investment Advisory & Agency"

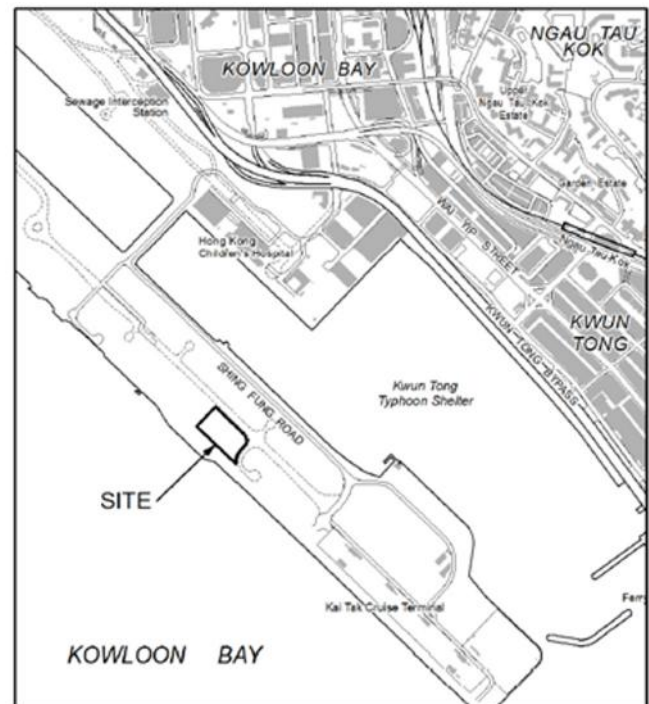
- *Negotiation between Transaction Parties*
- *Provide Transaction Advisory Services*

HONG KONG SNAPSHOTS

Re-tendering of Kai Tak Commercial & Hotel Land Failed

The commercial & hotel site at Site 4 Area 4C in Kai Tak (New Kowloon Inland Lot No.6546), which transaction was being relinquished in June, was re-tendered with 5 interested tenderers, according to the Lands Department. However, no prices could reach the intended price of the Department and tender failed in final. The market has lowered the land value this time earlier with the relatively-conservative tender prices expected. It is not only due to the economic and social unrests in recent months, but also due to the land itself. At least half of the floor area shall be used as hotel has lengthened the capital return period of the developers. Meanwhile, the transport network and commercial activities in the area were not mature, and population within the vicinity is yet to support any giant retail and commercial developments as well.

The site was tendered to Goldin Financial at a cost of HK\$11.12billion in May.



➤ Site 4 Area 4C situates at the runway area of Kai Tak.
(Source: Lands Department)

"Professional Practice in Land and Planning Matter"

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

HONG KONG SNAPSHOTS

T Plus: The Newest but Cheapest Unit Rent of All New Developments

A record-breaking low rental of a private housing was recorded at T Plus in Tuen Mun. A studio flat on the lower floor has been rented out at a HK\$6,000 per month. The unit, measuring a saleable area of 128 sq.ft., was rented at a unit rate of HK\$47/sq.ft., which has become the cheapest rented private housing unit among all new housing developments in Hong Kong.



➤ T Plus situates at Tseng Choi Street in Tuen Mun.
(Source of Picture: Online photo)

The Gazette of Rating (Amendment) Bill 2019

Following discussions about the ‘Vacancy Tax’ for first hand property in the society, the “Rating (Amendment) Bill 2019” was gazetted on September 13 by the Government. It is scheduled to make the debates for first and second reading after the resumption of the meetings of Legislative Council in October. However, different opinions are still being heard including delays for implementation in response to an economic downturn. Yet, the exact date of implementation for such ‘Vacancy Tax’ (i.e. Special Rate) still hinges on various factors as the society has been in a plight in terms of current political and economic struggles.

All Around 18 Districts: Wong Tai Sin District

Total Area : about 9.26 sq.km.



Location : Bounded by the Lion Rock Mountain and the Tate's Cairn to the north; the Kowloon Peak to the east; New Clear Water Bay Road and Prince Edward Road East to the south; and Junction Road and the Lion Rock Tunnel to the west.

Districts include : Chuk Yuen, Wong Tai Sin, Ngau Chi Wan, Diamond Hill, Tsz Wan Shan, Hammer Hill, Lok Fu, San Po Kong.

Population : about 420,600 (Population and Household Statistics analysed by District Council District 2017), accounting for 5.8% of the territorial population.

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

District Highlights: The only administrative district without a coastline; 85% of the population in the District live in public rental housing, home ownership flats; while 15% live in private housing.

**Source: Wong Tai Sin District Council*

Hot Pick of the District: The Galaxia



No. 3 Lung Poon Street, at MTR Diamond Hill Station, completed in 1998.

Number of Blocks: 5

Number of Units: about 1,684

Facilities: Gymnasium, mini-theatre, children playroom, Multi-function room, outdoor swimming pool, sauna, tennis courts, squash court, snooker room, lounge, etc.

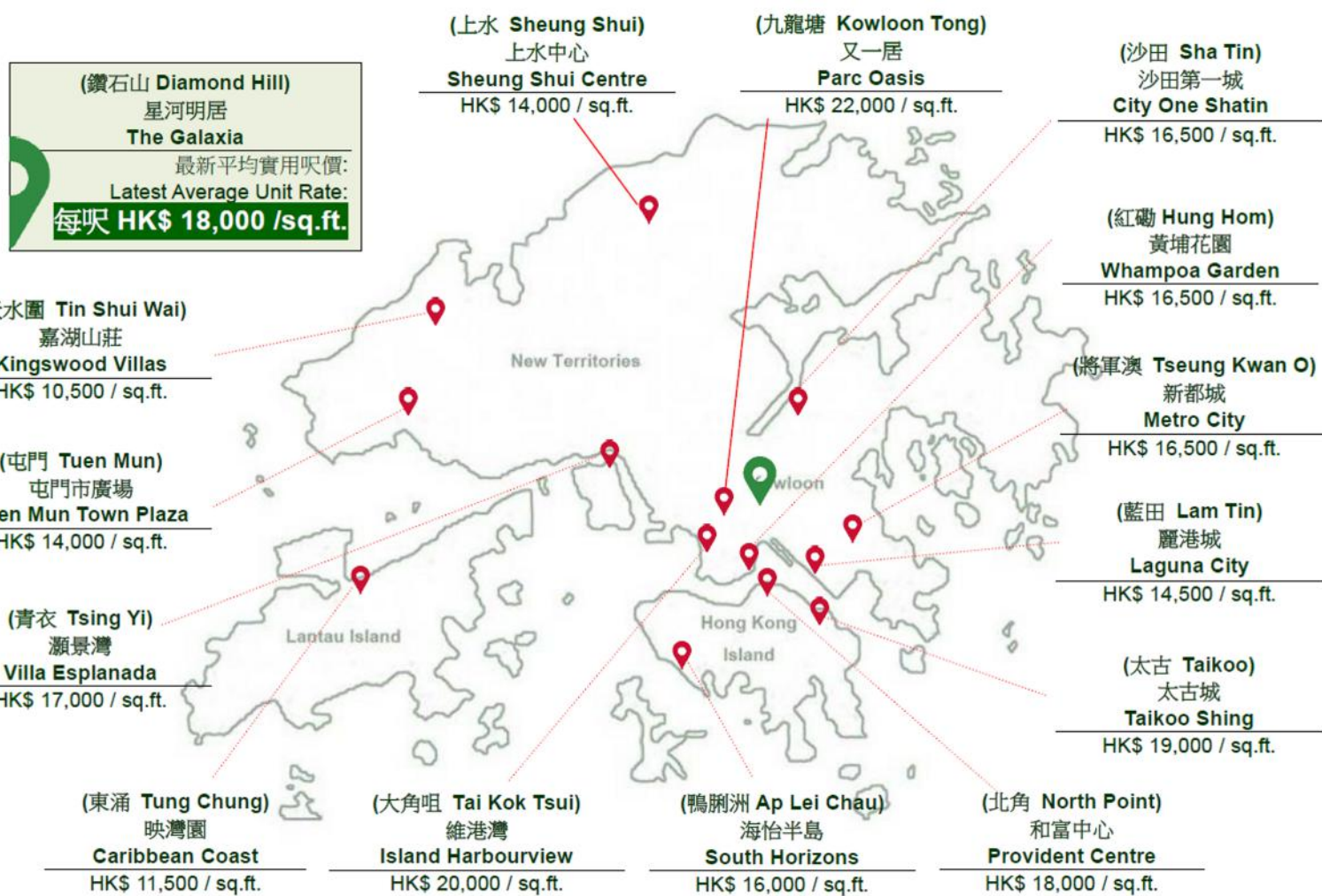
Other:

Car Park, Shopping Arcades



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

China's Leasing Market Enters Into Off-peak Season

Residential Rent Level of 20 Major Cities Continues to Fall

CHINA PROPERTY - MARKET WATCH

China's Leasing Market Enters Into Off-peak Season Residential Rent Level of 20 Major Cities Continues to Fall

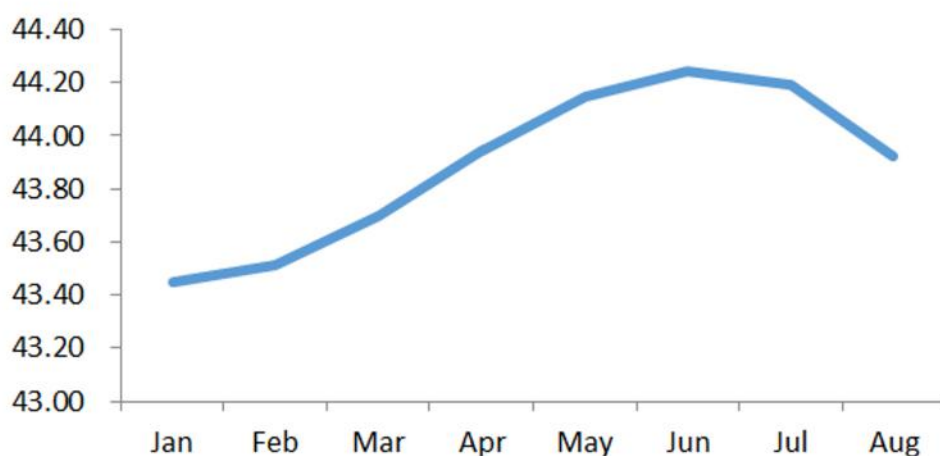
According to "Report of 20 Major Cities' Rent Level in August 2019", the average residential rental of 20 major cities was 43.92 RMB/sqm/month in August, representing a Y-o-Y change of -0.61%. The number of cities with falling rents was continued to exceed the number of cities with rising rent. The average increasing trend of the rising cities was narrowed notably, while the average decreasing trend of the falling cities enlarged further and the market was declined. It seems that China's rental market is cooling. As the rental boom brought by the graduation season faded, the average rental of those large and medium-sized cities in China stop rising to fall. In August, the rent value continued to fall and the decline was widening, The rental market is entering the traditional low season. It is expected that the rents will continue to fall in September.

The average residential rental of those first-tier cities was 92.9 RMB/sqm/month which the Y-o-Y changes decreased 0.53% compared. The average rental of those key second-tier cities was 35.81 RMB/sqm/month which the Y-o-Y changes decreased dropped 0.64%. The price declined of the first-tier city is slightly lower than the key second-tier city. By looking at the trend, the rent decline trend in first-tier cities is less than the key second-tier cities for three consecutive months. The rents in first-tier cities are more firmer, mainly because of the richer in industrial resources and more attractive in population in the first-tier cities than those key second-tier cities.

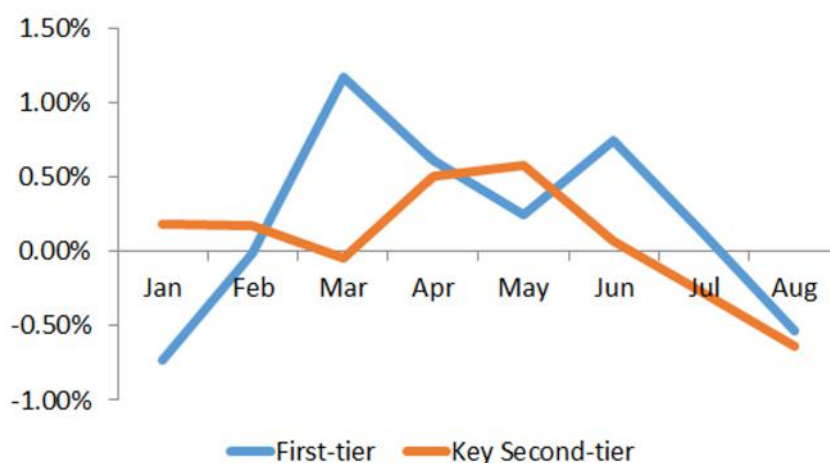
CHINA PROPERTY - MARKET WATCH

City Level	July 2019 (RMB/sqm/month)	August 2019 (RMB/sqm/month)	Y-o-Y Changes
Overall of 20 cities	44.19	43.92	-0.61%
First-tier city	93.39	92.90	-0.53%
Key second-tier city	36.04	35.81	-0.64%

Monthly average rental value of China's large and medium-sized cities in 2019



Average rental value of different level cities in 2019



(Note: First-tier cities only count Beijing, Shanghai, Shenzhen) Source: Report of 20 Major Cities' Rent Level in August 2019

"Super Connector Professional
Provision, Facilitation And
Consultation"

- Consultancy Services in Greater Bay Area

CHINA PROPERTY - MARKET WATCH

Rural pilot – Allowance of Rural Collectively-Owned Commercial Construction Land Entering the Market

On August 25, the National People's Congress proposed to authorize the State Council to temporarily adjust and implement the Land Administration Law and the relevant provisions of the Urban Real Estate Management Law on Rural land acquisition, rural collectively-owned commercial construction land enter the market and house site management system. The draft intends to temporarily suspend the provisions of the Land Administration Law on the non-concession of the rural collectively-owned commercial construction land, allow those land to enter the market and increase the proportion of the land-sharing income of those land-expropriated farmers.

The draft contains three important elements:

1. Allowing those rural collectively-owned commercial construction land entering the market which can enjoy the rights of listing transactions, financing mortgages and so on.
2. Increasing the proportion of the income of land-expropriated farmers through using the land value-added income to increase social security subsidies and special hardship funds for people with financial difficulties in rural areas.
3. Preventing urban people from buying land in rural areas to build houses, which would lead to the problem of de-urbanization. Acquirer of rural collective construction land is limited to those within the collective economic organization.



CHINA SNAPSHOTS

Residential Price Index of CAAD
(Jun 2019)

City	Index	City	Index
Beijing	116.9	Zhengzhou	115.3
Shanghai	99.3	Qingdao	199.8
Shenzhen	120.2	Xi'an	184.5
Guangzhou	144.9	Xiamen	116.5
Hangzhou	163.9	Taiyuan	150.1
Nanjing	122.6	Shijiazhuang	115.8
Chengdu	156.1	Kunming	142
Chongqing	159.6	Hefei	101.2
Wuhan	138.5	Nanchang	142.2
Changsha	142.5	Nan'ning	155.7

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

Y-o-Y Changes: 2.7% **Average Price: RMB23,733/sq.m.**
M-o-M Changes: 8.4% **Median Price: RMB13,746/sq.m.**

129.0

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
(Jun 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

M-o-M Changes

商业价格指数
办公价格指数



Retail: 175.0
M-o-M Changes: 0.30%

Office: 119.0
M-o-M Changes: -1.63%

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

