

RHL International

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MARKET EXPRESS

房地產市場快訊

沙田城門河

Sha Tin Shing Mun River



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

When Hong Kong is no longer named as the most Safety City

HONG KONG PROPERTY -MARKET WATCH

When Hong Kong is no longer named as the most Safety City

Eventually the 2019 District Council election had been held peacefully and smoothly. It is the society's wish that chaos which began in June and the escalated violence actions in November would cease afterwards.

Nevertheless, the query on whether Hong Kong is still a safety home and business hub has been raised. How such continuous events would affect the property market?

In general, the immediate feedback is that, continuous serious social unrest may deter existing and incoming overseas and local talents of an area which may weaken the competitiveness and economic growth. However, history do let us aware that even a lot of family may select to move aboard or overseas expat will become cautious, breadwinners may still need to stay if eventually all other places cannot offer better opportunities. Hong Kong used to claim as one of the most safety city. The question is if it is no longer the safest, is it still relatively safe? At this moment, both the Hang Seng Index, the various property price/ rental indices and transaction volume seems to provide an answer of yes, not to mention that Alibaba's public listing and Sun Hung Kai Properties has paid HK\$42.23 billion to secure a commercial site atop the West Kowloon high-speed rail terminus. indeed are votes of confidence in HK economy.

"Strategic Investment Advisory & Agency"

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

Nevertheless, price downward pressure is obvious which reflected by the latest land sale result. New Kowloon Inland Lot No. 6554 at Kai Tak Area 4A Site 2, Kai Tak, Kowloon, has been awarded to the highest tenderer with parent company being a joint venture of China Overseas Land & Investment Limited, Henderson Land Development Company Limited, K. Wah International Holdings Limited and Wharf Development Limited at a premium of HK\$15,952,900,000. After adjustments on the size and cost to provide various Government/ Institute/ Community services accommodation, it is an over 20% adjustment comparing with the transacted unit rate of the adjoining parcel of land in July.

Yet, without further deterioration of the local social situation and/or world political and economic matters, further big adjustment seems unlikely to take place. It is simply because the fundamental factor on supply side have not been changed as we do not receive any further message and tender any hope for any out of the box ideas from the existing government. No out of the box mindset and courage has been found from the government to facilitate the private owners to develop/ redevelop their parcel of land.

Obviously, the Sharing scheme can only applicable, not to mention if it is effective, to encourage the big developers and big landowners to develop.

No positive action is made to help to facilitate the amalgamation of under-utilized brownfields which are indeed mostly owned by individual landlords. What the government, unfortunately, able to focus on is their 300 “Government, Institution or Community” sites as mentioned in this year’s Policy Address.

"Strategic Investment Advisory & Agency"

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

For short to medium term, we would anticipate that firms would increase their effort to explore the use of technology, aiming at development and implementation of the strategic moves on e-commerce, home office and/or decentralization from CBD etc. to mitigate the future potential disruption of office operation. Core retail and CBDs' owners are the major victims of the latest social unrest in term of increasing vacancy and decrease in rental level. Yet, we should know that the fast advancement of technology have already posed challenges to traditional form of operation under the destructive construction way. The current incidents only speed up the revolution. The outstanding questions are whether one day firms still prefer to have their physical offices within Hong Kong's territorial boundaries or shall move to other cities or even virtualization with small physical office? Can the lowering of rental level able to attract new brands and tenant and make the market more healthier?

Lastly, please bear in mind that the assumption of the above "without further deterioration of the local social situation and/or world political and economic matters" in deed is very challenging.



What will the market go after the finish of District Council election and the sale of commercial land at High Speed Rail West Kowloon Station?
(Online Photos, edited by RHL)

"Strategic Investment Advisory & Agency"

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

HONG KONG SNAPSHOTS

Grade A Offices Rental Recorded the Largest Monthly Decline in a Decade

According to a market research, the overall Grade A offices rents was fell by 1.6% to HK\$74.30/sq.ft., which is the biggest decrease since August 2009.

Since multinational corporates downsized and mainland Chinese firms retreated from Hong Kong, the Central was the most significant area affected where rents fell by 2.3% while vacancy rate upraised for over 3% last month.

The analysis also found that the leasing demands are all focused in the non-Central-Business-District (non-CBD) where accounted for 70% of the total leasing transactions.



Central Business District. (Source: Online Photo)

"Professional Practice in Land and Planning Matter"

- *Lease Modificaiton / Land Exchange*
- *Premium Assessment*
- *Temporary Waiver Application*

HONG KONG SNAPSHOTS

Deposits-Compensated, Price-Raised, Re-sale, Seek-Tenant: Studio Flat at The Hermitage

Changes in the second-hand property market were observed following the announcement of relaxed mortgage insurance measures. An owner of a flat at The Hermitage, Olympic Station, had cancelled the transaction for a resale but there were no offers from the market. Currently, the flat is asking for a rent. The studio unit of a saleable area of 300 sq.ft. on high level of Block 6 was sold at HK\$6.788 million, local agent's source. However, expecting that the second-hand market would become more active due to the favourable change in mortgage application, the transaction was cancelled and the owner compensated for the deposits for a resale.

Yet, the flat has not been offered by others so the owner decided to ask for a rent instead. The asking monthly rent is HK\$18,000 at a unit rent of HK\$60/sq.ft..



The Hermitage at Olympic Station, Tai Kok Tsui. (Source: RHL Photo Base)

Devalued by 80% in 6 Years: Maxibase Mall Tiny Shop

Tiny sub-divided shop unit is always relatively cheaper to acquire, but no one shall overlook its potential depreciation in the market. According to the Land Registry's information, 2 adjacent tiny shops at Maxibase Mall, North Point, of a saleable area of 103 sq.ft. had been transacted at HK\$0.95 million and HK\$9,223/sq.ft. in terms of the saleable area. The price is with an 82% or about HK\$4.311 million cut in value compared with the purchasing price in 2013 of HK\$5.261 million.

All Around 18 Districts: Sha Tin District



Total Area : 6,940 hectares.

Districts include : Tai Wai, Sha Tin, Fo Tan and Ma On Shan areas.

Population : about 677,600 (Population and Household Statistics analysed by District Council District 2017), accounting for 9.3% of the territorial population.

Median Monthly Household Income : HK\$35,000 (results of the Population and Household Statistics analysed by District Council District 2017).

District Highlights: The most populous administrative district in Hong Kong and a well developed new town. It comprises mainly residential areas with over 60% of the population living in public housing, which includes public rental estates, Tenants Purchase Scheme and Home Ownership Scheme courts. Besides, there about 29,000 people living in some 48 indigenous villages.

**Source: Sha Tin District Council*

Hot Pick of the District: City One Shatin

Completed by 7 phases in 1981- 1987.

Number of Blocks: 52

Number of Units: about 10,642

Facilities:

Swimming pool, table tennis courts, squash courts, air-conditioned market, library, basketball courts, playgrounds and tennis courts.

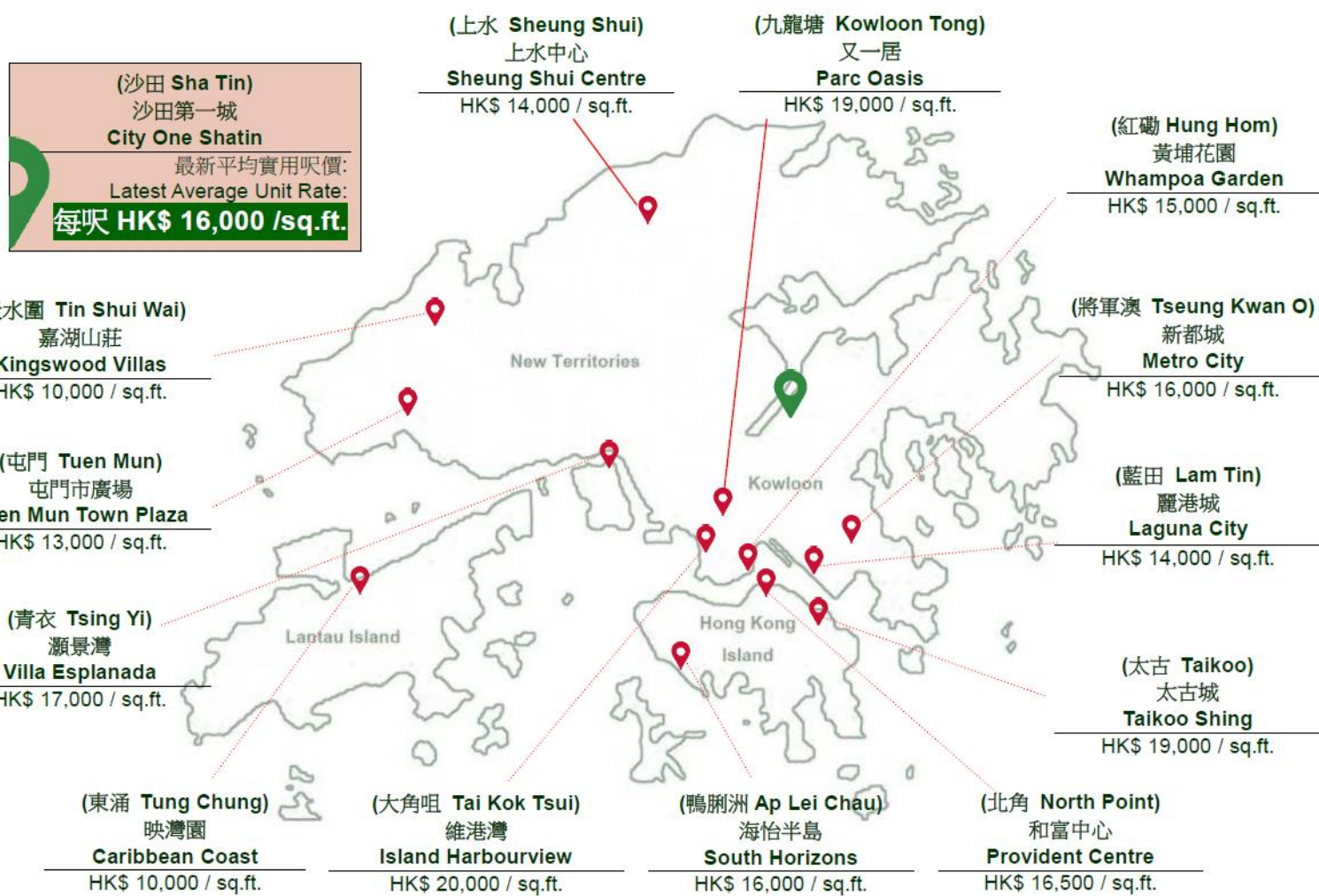
Other: Shopping malls, car park and petrol station



Source :Online Photos

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

Hainan Province's First “Intellectual Price Contribution” Land Transaction

CHINA PROPERTY - MARKET WATCH

Hainan Province's First “Intellectual Price Contribution” Land Transaction

Noticed from the Department of Natural Resources and Planning of Hainan Province, Hainan Qiang Sheng Oil & Gas Co., Ltd. has won the bid of the right to use land for commercial construction in Wenchang City Wenji Construction Test (2018)-29 lot in Hainan Province at a price of RMB2,127,965 (equivalent to RMB1,141/sq.m.). Since Wenchang City, Hainan Province was listed as a national collective land to enter the market, this was the first time of adopting the “Intellectual Price Contribution” method to enter the market for collective construction and also the first successful case of using such method to bid the right to use the land for construction in Hainan Province.

The “Intellectual Price Contribution” collectively-operated construction land is located in Lantian Village, north of Binhai Tourism Expressway, Dongjiao Town, Wenchang City, Hainan Province, with an area of 1,865 sq.m.. The land use is for retail commercial land and the investment period is 40 years.

CHINA PROPERTY - MARKET WATCH

“Intellectual Price Contribution” refers to the landowners in accordance with the law, evaluate land use rights for a certain period of time as shares, and jointly establish businesses with others in form of cooperation and joint ventures. “Interim Measures for the Pilot Project of Rural Collective Management Land Use in Wenchang City” clear that the right to use rural collectively-operated construction land can be entered into the land market by way of capital contribution (shareholding).



(Source: Online Photo)

CHINA PROPERTY - MARKET WATCH

Land Transfer Income Beyond RMB100 Billion in 9 Chinese Cities in 2019

Although the land market has “regressed” since the third quarter, the overall income from land sales in large- and medium-sized cities in China has maintained a rapid growth.

According to statistics, the total revenue of “selling land” in China's 50 large- and medium-sized cities has reached RMB 3.33 trillion, increased by 18% year-on-year.

Among them, there are 9 cities with land transfer income exceeding RMB100 billion. These cities include: Hangzhou (RMB238.3 billion), Suzhou (RMB143.1 billion), Shanghai (RMB140.7 billion), Wuhan (RMB139.6 billion), Beijing (RMB133.1 billion), Nanjing (RMB129.8 billion), Tianjin (RMB121.7 billion), Ningbo (RMB119.3 billion) and Chongqing (RMB115.4 billion).

In general, compared with the policy that was too strict in 2018, in recent months, some localities have adjusted their land policies, and restrictions have been relatively reduced, including land price limits, land security funds, and land support housing in some cities. All have been adjusted, coupled with the fine-tuning of new city housing prices, the developer's enthusiasm for land has improved.



(Source: Online Photo)

CHINA SNAPSHOTS

Residential Price Index of CAAD (Oct 2019)

| City | Index | City | Index |
|-----------|-------|--------------|-------|
| Beijing | 116.5 | Zhengzhou | 94.2 |
| Shanghai | 100.3 | Qingdao | 197.4 |
| Shenzhen | 124.6 | Xi'an | 184.1 |
| Guangzhou | 144.4 | Xiamen | 117.6 |
| Hangzhou | 164.3 | Taiyuan | 151.5 |
| Nanjing | 122.6 | Shijiazhuang | 116.0 |
| Chengdu | 143.2 | Kunming | 142.0 |
| Chongqing | 160.8 | Hefei | 101.2 |
| Wuhan | 137.2 | Nanchang | 140.7 |
| Changsha | 143.2 | Nan'ning | 160.8 |

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

Y-o-Y Changes: 19.4% Average Price: RMB27,847/sqm

M-o-M Changes: 1.3% Median Price: RMB22,130/sqm

151.4

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').

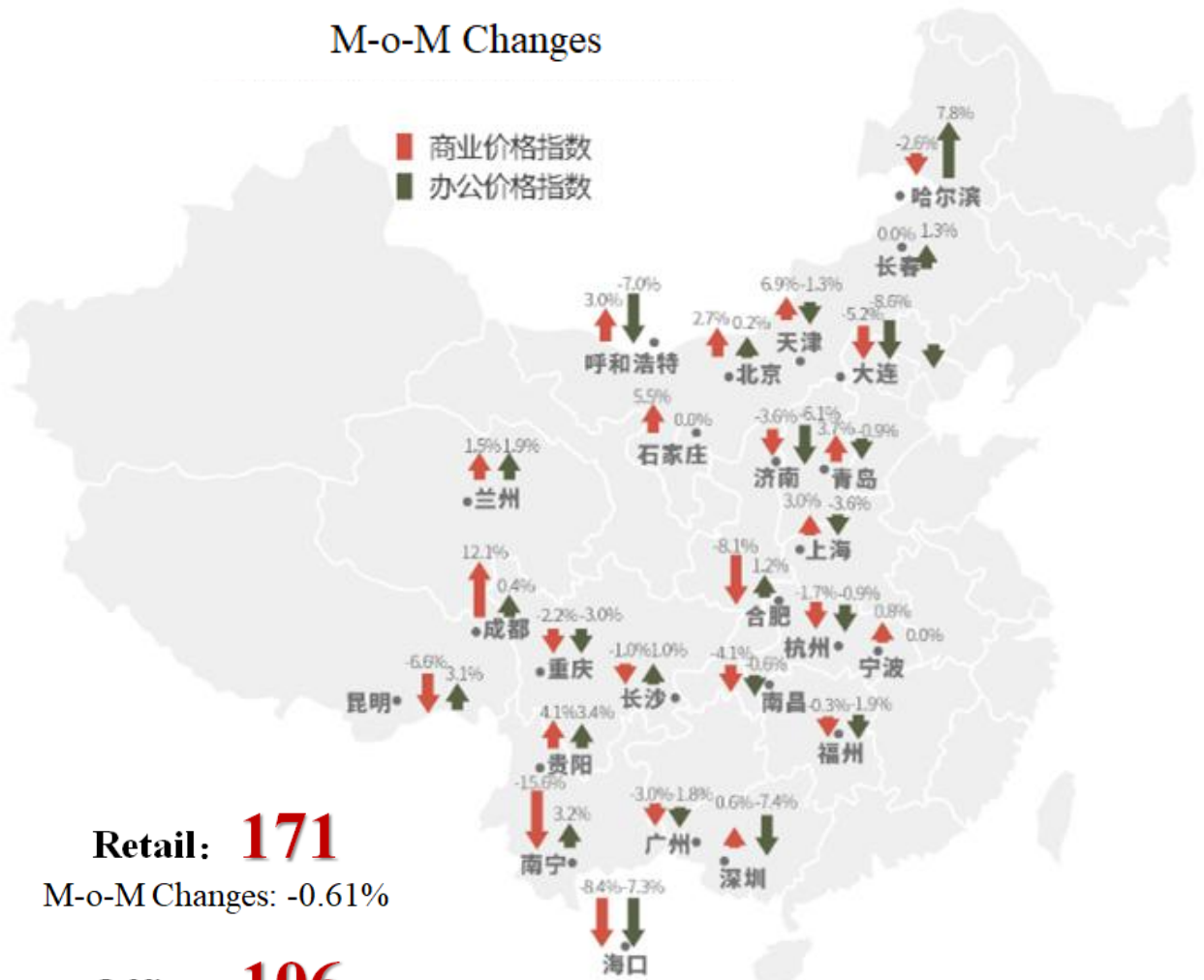
CHINA SNAPSHOTS

Commercial Property Index of CAAD (Oct 2019)

Selected Cities (Right to Left):

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

M-o-M Changes



Retail: 171

M-o-M Changes: -0.61%

Office: 106

M-o-M Changes: -1.23%

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

