

RHL International

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MARKET EXPRESS

房地產市場快訊

Cheung Chau

長洲



HONG KONG PROPERTY

香港物業市場透視

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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 **P. 4-7**

Ray of Hope in the Dark

HONG KONG SNAPSHOTS **P. 7-8**

- Tai Hang Residential Plot Tendered at HK\$3.2 Billion
- Mong Kok Short Term Shop Rental: 10% of Originals
- Rent Reduction at CBD's Grade A Offices

ALL AROUND 18 DISTRICTS: Islands District **P. 9**

HONG KONG TRANSACTIONS OVERVIEW **P. 10**

CHINA PROPERTY-MARKET WATCH **P. 12-14**

- Shenzhen Cancels the Mansion Tax in Large Scale

CHINA SNAPSHOT **P. 15-16**

- Residential Price Index of CAAD (Nov 2019)
- Commercial Property Index of CAAD (Nov 2019)



HONG KONG PROPERTY

Ray of Hope in the Dark

HONG KONG PROPERTY - MARKET WATCH

Ray of Hope in the Dark

While anticipating a worsened unemployment and business performance particularly in the consumption- and tourism-related segments (viz. retail, accommodation and food services sectors) locally in the coming months, the interim settlement message of the economic and trade agreement between China-US and the UK parliament's pass on Prime Minister Johnson's Brexit bill in December may help give a temporary relief to the world financial market.

Nevertheless, we would expect an obvious increase in office and retail spaces' vacancy, after the year-end festival holiday season, and in the beginning of the year 2020. Until we reach the end of investigation which identifies and finds ways to solve "Deep rooted conflicts and problems", it remains certain that local protests would become a "norm". How the local retailing and hospitality sectors move forward to accommodate the new local and overseas spending pattern will eventually determine the rental level of related properties in different districts.

It is indeed also certain that the current China-US relations still face many conflicts and that the mainland is still subject to economic revolution and challenges. Again, these are now part of the "norm" and enterprises are busy in modifying their business strategies, including the re-consideration of the location and scale of production plants and/or head/ regional quarters to anticipate the potential risks. There may be query on whether Hong Kong is still a suitable business hub to stay. However, we believe that Hong Kong has solid software and hardware financial and business infrastructures and still shall benefit by being located within the Great Bay Area. Potential downward adjustment on rental level should be able to maintain existing or attract new businesses to stay.

"Strategic Investment Advisory & Agency"

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

For the short-term outlook, unemployment rate, which is an important indicator to short-term price trend as it is related to buyers' affordability to current price level, is expected to deteriorate significantly. In this regard, downward price adjustment is unavoidable. Yet, the government tender for the residential site at No. 135 Tai Hang Road, Tai Hang, which had attracted 25 tenderers, was awarded at a premium of HK\$3.2 billion on December 18. The result appears to signal developers' consensus on coming price drop but also indicates that developers remain their strong interests in the local market.

It is probably that the Long Term Housing Strategy Annual Progress Report 2019 ("Report") released in December has spoken for the reason.

As mentioned in the Report, although the assumption that all sites identified for public and subsidized housing can be smoothly delivered on time for housing development is showcased, it still falls short of meeting the public housing supply target. Obviously, both public and private sectors are competing for scarce land resources. It is a regret that significant breakthrough in increasing the land supply is still yet to be found.

"Strategic Investment Advisory & Agency"

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

Currently, we may draw the attention to the funding applications for Hung Shui Kiu/ Ha Tsuen New Development Area, concerning the first phase of site clearance and formation for a total of about 17 hectares of land and the second phase which concerns the detailed design and related studies of a propose site clearance and formation of about 251 ha of land. As claimed by the Government, NDA projects in the New Territories form a core part of the multi-pronged land supply strategy in the medium to long term, which is positioned as a regional hub in the NWNT supplying 61,000 housing and provides land for diversified economic uses creating about 150,000 jobs. Meanwhile, we are pessimistic about the popularity of the Land Sharing Pilot Scheme, as well as the funding approval for studies related to artificial islands in the Central Waters.



The imagined Hung Shui Kiu/ Ha Tsuen NDA shall create about 150,000 jobs.

(Source: Government Press Release)

Frankly speaking, experienced investors are indeed waiting for the golden opportunity for a best buy under this foreseeable down turning property market. As long as the effective demand is still surpassing the supply, reasonable profit margin shall still attract developers to participate.

"Strategic Investment Advisory & Agency"

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

HONG KONG SNAPSHOTS

Tai Hang Residential Plot Tendered at HK\$3.2 Billion

The residential lot at No.135 Tai Hang Road was recently tendered at a price of HK\$3.2 billion. This land had attracted 25 bidders. The subject plot was a former non-departmental quarters with a site area about 42,900 sq.ft. and classed as “Residential (Group B)” by the Town Planning Board (TPB).

With a plot ratio of around 3.0, the total gross floor area is expected to be about 128,000 sq.ft.. Deducing from the tendered price, the accommodation value is HK\$24,836/sq.ft. which slightly higher than the market expectation. The higher level of the upcoming development is expected to enjoy a far sea view of the Victoria Harbour.



➤ No.135 Tai Hang Road was a former non-departmental quarters.
(Online Photo)

"Professional Practice in Land and Planning Matter"

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

HONG KONG SNAPSHOTS

Mong Kok Short Term Shop Rental: 10% of Originals

About 9 vacant shops have been observed at Sai Yeung Choi Street South, the main shopping spot in Mong Kok. Among them, 2 adjacent shops on G/F and 1/F to 3/F shop at Pakpolee Commercial Centre with an area of approximately 19,217 sq.ft., which received monthly rental of HK\$2.63 million before, was recently let out. The shop was left vacant since September 2019 and asked for a monthly rental of HK\$2 million. Until December 2019, it was rented by a local fashion group on a short-term lease of a monthly rent of HK\$300,000, only up to 12% of the original long-term lease. This short term lease is even cheaper than the ordinary short-term rental for about 30% of general lease.



▲ A giant shop at Pakpolee Commercial Centre is finally let to a short term tenant at a rent worth 12% of the original rental.. (Source of Photo: RHL Photo Base)

Rent Reduction at CBD's Grade A Offices

Due to the social unrest in the recent months in Hong Kong, rent of the Grade A offices in the core district soften and numerous rent reductions were recorded. According to the market information, an office unit at Bank of American Tower in the Central was cut by nearly 46% compared to last year. The area of the leased office is about 3,778 sq.ft. and tenanted with a monthly rent of HK\$223,000. On the other hand, a low rent transaction was also revealed at West Tower, Shun Tak Centre in Sheung Wan. The area of the leased office is about 1,402 sq.ft. and tenanted with a monthly rent of HK\$71,500.

All Around 18 Districts: Islands District

Territory include : The Islands District consists of more than twenty islands of various sizes. The larger ones are Lantau Island, Lamma Island, Cheung Chau, Peng Chau and Po Toi.



Land Area : 17,600 hectares.

Population : about 160,300 (Population and Household Statistics analysed by District Council District 2017), accounting for 2.2% of the territorial population.

Population Distribution : Majority reside in the Tung Chung New Town, while the rest live in Cheung Chau, Peng Chau, Lamma Island, Tai O, Mui Wo, Tung Chung, South Lantau and Discovery Bay, etc.

Median Monthly Household Income : HK\$37,100 (results of the Population and Household Statistics analysed by District Council District 2017).

District Highlights: Giant Buddha in Po Lin Monastery, Tung Chung Fort, AsiaWorld-Expo, Ngong Ping Market, Tai O Fishing Village, Hong Kong Disneyland, Ngong Ping 360 and Hong Kong Olympic Trail, etc.

*Source: Islands District Council



Source :Online Photos

Hot Pick of the District: Caribbean Coast

Completed by 5 phases in 2002-2007.

Number of Blocks: **13**

Number of Houses: **56**

Facilities:

Overall landscaped and recreational facilities
Around 610,000sq.ft., the most intensive one in HK.
3 club houses are provided with a resort theme.

Other:

Shopping mall and car park.

HONG KONG TRANSACTIONS OVERVIEW

(東涌 Tung Chung)
映灣園
Caribbean Coast
最新平均實用呎價:
Latest Average Unit Rate:
每呎 HK\$ 11,000 /sq.ft.

(上水 Sheung Shui)
上水中心
Sheung Shui Centre
HK\$ 13,000 / sq.ft.

(九龍塘 Kowloon Tong)
又一居
Parc Oasis
HK\$ 21,000 / sq.ft.

(沙田 Shatin)
沙田第一城
City One Shatin
HK\$ 17,500 / sq.ft.

(紅磡 Hung Hom)
黃埔花園
Whampoa Garden
HK\$ 16,500 / sq.ft.

(天水圍 Tin Shui Wai)
嘉湖山莊
Kingswood Villas
HK\$ 10,000 / sq.ft.

(屯門 Tuen Mun)
屯門市廣場
Tuen Mun Town Plaza
HK\$ 14,000 / sq.ft.

(青衣 Tsing Yi)
瀨景灣
Villa Esplanada
HK\$ 16,500 / 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\$ 14,000 / sq.ft.

(太古 Taikoo)
太古城
Taikoo Shing
HK\$ 19,000 / sq.ft.

(大角咀 Tai Kok Tsui)
維港灣
Island Harbourview
HK\$ 20,000 / sq.ft.

(鴨脷洲 Ap Lei Chau)
海怡半島
South Horizons
HK\$ 17,000 / sq.ft.

(北角 North Point)
和富中心
Provident Centre
HK\$ 16,500 / 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

**Shenzhen Cancels the
Mansion Tax in
Large Scale**

CHINA PROPERTY - MARKET WATCH

Shenzhen Cancels the Mansion Tax in Large Scale

The Shenzhen Municipal Bureau of Housing and Urban-Rural Affairs confirmed that starting from November 11 onwards, houses with a plot ratio above 1.0 and building area less than 144 square meters in the Shenzhen Municipality (including the Shen-Shan Special Cooperation Zone) will be adjusted to normal housing which can enjoy the exemption from VAT after the first two year.

As early as 2015, the normal housing issued by Shenzhen stipulated the price standards of normal housing in 10 regions, such as the total price of Nanshan below RMB 4.9 million, the total price of Futian below RMB 4.7 million, etc.. If the total housing price in the area exceeds the price standard, the listings are all luxury housing. At the same time, the normal housing standard specifies that normal housing must meet three conditions below as to enjoy preferential policies:

1. The building plot ratio of the residential quarter is above 1.0;
2. The build-up area of a single housing unit is less than 120 square meters or the building area of a single housing is less than 144 square meters;
3. The actual cost price is lower than the normal housing standards in the listed 10 areas.

CHINA PROPERTY - MARKET WATCH

The intention for Shenzhen to adjust the standard of ordinary commodity housing and the “Mansion Tax” is to reduce the transaction cost of stock houses. To a certain extent, this move will indeed stimulate local transaction volume in Shenzhen. However, from the actual situation, under the background of high housing prices and strict property market regulation and control policies, the current market demand for housing replacement is still relatively weak.



(Source: Online Photo)

CHINA SNAPSHOTS

Residential Price Index of CAAD (Nov 2019)

City	Index	City	Index
Beijing	116.3	Suzhou	144.0
Shanghai	99.8	Qingdao	197.4
Shenzhen	126.1	Xi'an	184.1
Guangzhou	144.5	Xiamen	120.1
Hangzhou	164.3	Zhuhai	100.9
Nanjing	122.8	Shijiazhuang	116.0
Chengdu	156.1	Kunming	142.0
Chongqing	160.8	Tianjin	94.5
Wuhan	137.2	Nanchang	140.7
Changsha	143.2	Nan'ning	161.2

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

Y-o-Y Changes: 23.6% Average Price: RMB28,062/sqm

M-o-M Changes: 3.5% Median Price: RMB32,040/sqm

156.7

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').

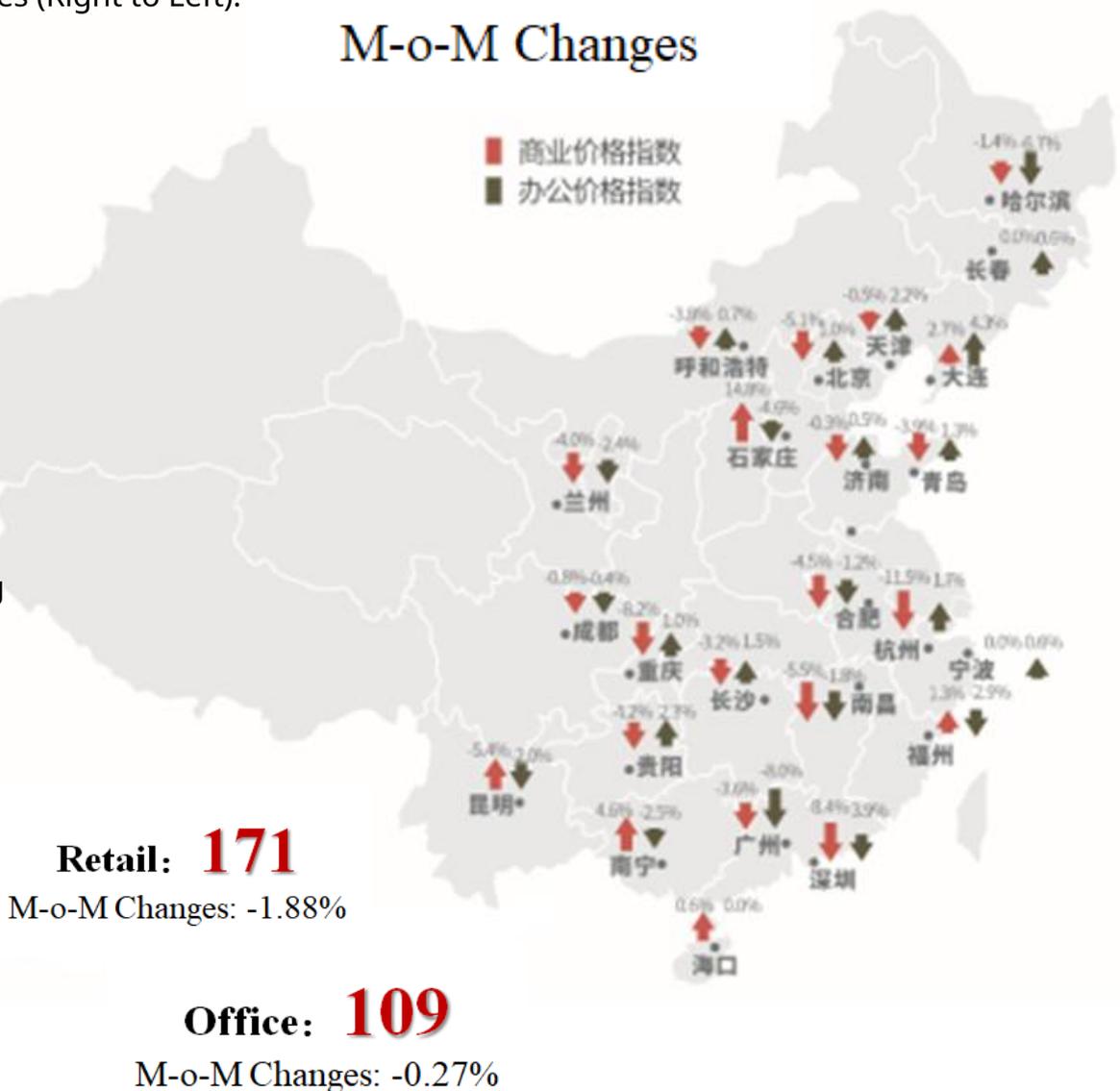
CHINA SNAPSHOTS

Commercial Property Index of CAAD (Nov 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



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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