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MARKET EXPRESS

房地產市場快訊

上海海關大樓
Shanghai Custom House



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

All are Relativity

HONG KONG PROPERTY - MARKET WATCH

All are Relativity

While the local protests appears cooling down during the last month of the year of Pig, there were ad hoc worldwide and regional issues affecting our investment sentiment before the beginning of the year of Rat. To name a few, mysterious pneumonia outbreak in the central Chinese city of Wuhan which raised fears hinting a potential epidemic similar to the outbreak of SARS in 2003, and a further and sudden increase in tension in the middle East after the killing of Iran's top general by the US etc.. On the other hand, challenges of global economic slowdown appears suddenly addressed, at least in the short term, with the eventually signing off of the phase one trade deal between China and the US.

Frankly speaking, with the swift communication and disclosure of news, whether true or fake, investors nowadays are facing massive and instant conflicting messages. The reality is that there are trade disputes among major economies, geopolitical uncertainties, destructive technological innovations, and deepening political and social divisions everywhere. It is probably one of the arguments held by optimistic investors who believe Hong Kong's investment prospect is indeed relatively superior than other destinations, or from other angles, overseas situation is even worse.

As mentioned in Charles Li Direct, Mr. Charles Li, Chief Executive of HKEX group observes that Hong Kong has its unique and significant contributions to the development of China's financial markets, and that there is strong likelihood that these will be further enhanced in the years ahead, "this increasing polarization means that our world needs more and better connections, and not fewer. As such, Hong Kong's role as the connector between East and West will only become more vital".

"Strategic Investment Advisory & Agency"

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

While we need more positive thinking, we need more instant solutions, at least to address the current housing concerns. Recently, Secretary for Transport and Housing, Mr. Frank Chan said he wanted to build temporary homes on a reserved vacant 60-hectare patch of land, which Hong Kong Disneyland holds an option for future expansion under the agreement dated back to the early 2000s. With the changing demand pattern on leisure and recreation facilities and the fierce competition of entertainment theme parks within the region, there are already voices to permanently convert the said land parcel for housing purposes for years. At the same time, our Ocean Park is seeking funding from the Government to “reposition” this home-grown theme park. It is time for the government to holistically review the allocation of land resource.

On January 13, a site in Castle Peak Bay of Tuen Mun was awarded to a PRC background developer at a premium of HK\$3.5billion. Instead of concerning the price level, which indeed echoes a down turning trend, there was discussion on the coming back of mainland developers. Taking reference from the list of tenders for the past years, it is revealed that local and mainland background developers are always in the market. We believe, major local developers have recently obtained sufficient land bank from the government tender market and, may, as well, wish to retain resources to cater the coming “land sharing programme”, where opportunities are coming back for small to medium sized developers, including those with mainland background, to win the tender(s).

"Strategic Investment Advisory & Agency"

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

HONG KONG SNAPSHOTS

Falling of Selling Prices in Private Residential Units

Selling prices of second-hand domestic units continue its fall recently. A 3-bedroom unit as Unit 9 of Block D (low- to medium-floor) at Kornhill in Quarry Bay was sold after a 9% price cut. The flat, with a saleable area of 596 sq.ft., was sold for HK\$9.85 million or at a unit rate of HK\$16,527/sq.ft.. Compared to its original asking price 2 months ago as HK\$10.8 million, there was a price cut of HK\$950,000.

And according to market information, a low-level unit of Block 7 at The Coronation in Yau Ma Tei, with a saleable area of 492 sq.ft., has been sold for about HK\$8.2 million. The unit rate was about HK\$16,667/sq.ft. which reached the lowest record for the estate in the last 2 recent years.



📍 The Coronation in Yau Ma Tei. (Source of Photo: Online Photo)

"Professional Practice in Land and Planning Matter"

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

HONG KONG SNAPSHOTS

Fitness Centres Expanding in Countercurrent

Social unrest has led to a glacial period of large sum retail premises rental transaction. Until recent, at least 2 rental transactions had been made by fitness groups. A 12-branch fitness centre in the city has decided to rent a 20,000 sq.ft. shop at One Hennessy in Wan Chai at a monthly rental of HK\$1.2 million. Simultaneously, another fitness centre has pre-rented portion of the upper ground floor, first and second floors at V Heun Building in Central for HK\$1.71 million per month. The premises occupies an area of 22,434 sq.ft., the unit rental would be about HK\$76/sq.ft..

Slowing Down of Office Rental Market

A latest report on the office rental market composed by a property consultant has unveiled that, in Q4 of 2019, rentals at all districts had recorded a negative increase. Overall rental has been down by 1.5% quarterly, slightly larger than Q3's figure. Wan Chai or Causeway Bay area had recorded the biggest decrease of -2.5%, followed by -1.7% in Central and -1.6% in Tsim Sha Tsui. It is pointed out that, although new supply will be limited, the outbreak of coronavirus in Wuhan, Sino-US trade war and the socio-political unrest that persists over half year would continue hinder the growth of the office market, and hence deepen the downside of all districts office rental.

All Around 18 Districts: Sham Shui Po District

Territory covers : Bounded by the Lion Rock Country Park to the north, the East Rail Line of the Mass Transit Railway to the east, Boundary Street to the south, and the waterfront area and Stonecutters Island to the west, including, Mei Foo, Lai Chi Kok, Cheung Sha Wan, Central Sham Shui Po, Shek Kip Mei, Yau Yat Chuen and West Kowloon Reclamation Area.



Area : 1,047 hectares.

Population : about 333,600[^], accounting for 4.6% of the territorial population.

Median Monthly Household Income : HK\$28,000[^].

District in Evolution: One of the earliest industrial and commercial centres in Hong Kong. Wholesale and retail businesses of mainly textile and clothing, apparels, piece goods and non-staple food are concentrated in Cheung Sha Wan and Lai Chi Kok. With the relocation of industrial activities to the Mainland, factories in the district have been changed to commercial, exhibition and logistics purposes, bringing vitality to the early developed area. The district is also a distribution centre for computer and electronic goods with famous computer shopping centres.

*Source: Sham Shui Po District Council

[^]Results of the Population and Household Statistics analysed by District Council District 2017



Hot Pick of the District: Mei Foo Sun Chuen

Completed by 8 phases in 1968-1978;
Estate with the most building blocks in the city,
newest community facilities at the time:
walled-wire, central LPG system, etc..



Number of Blocks: 99

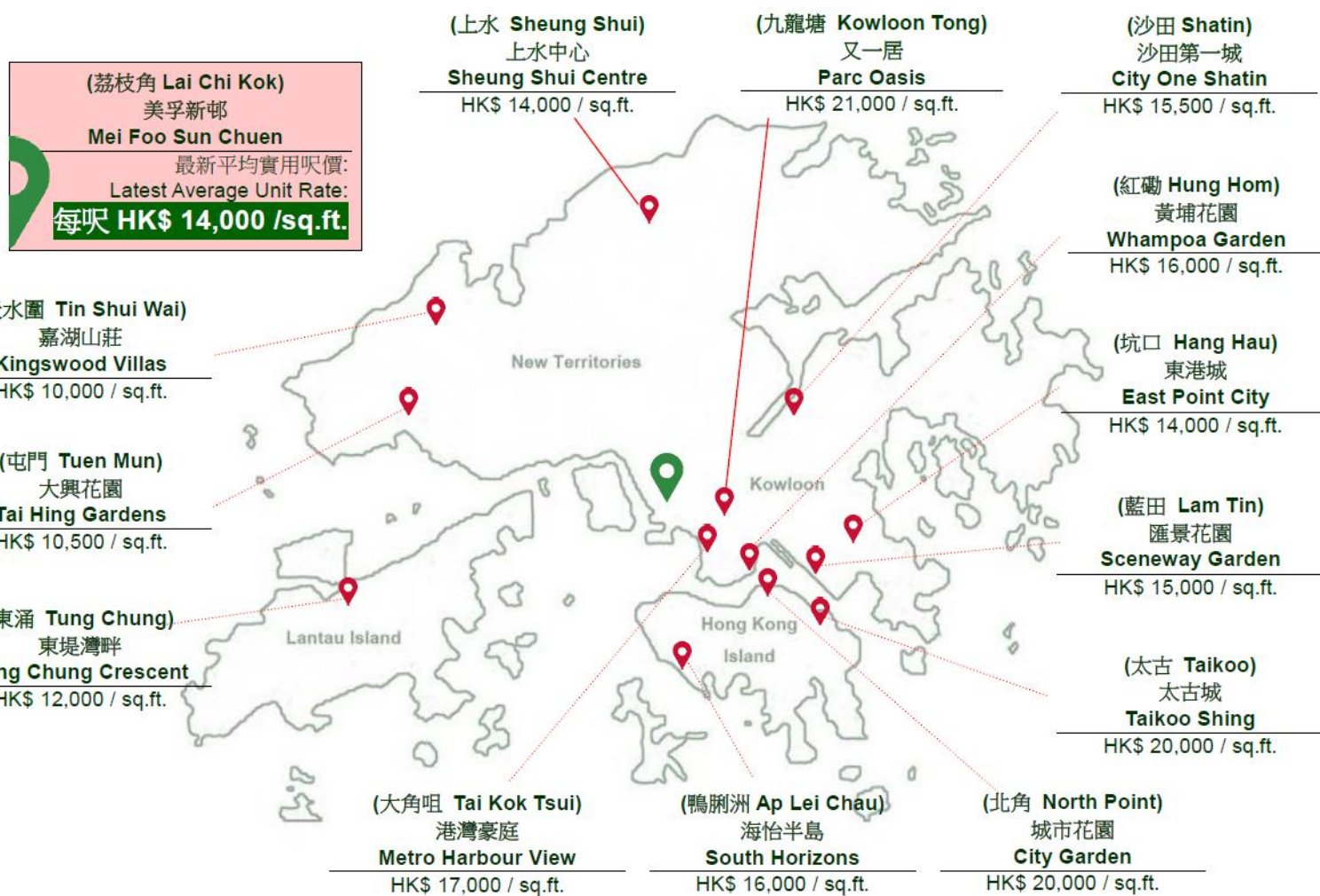
Facilities:

No club house is provided,
adjacent to public library, indoor sports centre and
Lai Chi Kok Park, shopping malls and car parks.

Source of Picture: RHL Photobase

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 Real Estate Market in 2019

CHINA PROPERTY - MARKET WATCH

China's Real Estate Market in 2019

In 2019 Q1, a slight rebound has been observed in China's real estate market along with housing prices rose rapidly in major cities due to the loosen regulation policies started from January 2019. In 2019 Q2 and Q3, the term "House is for living not speculating" was highly emphasized by the national government and has caused a series of shrink both in real estate financing and in the size of housing market. The developers turned prudent in land bidding which leads to a cooling land market.

1. Tightening regulation policy

In 2019, China's government has tightened the regulation policy environment for controlling the real estate market while local governments have customized deviation policies, together contribute to the completion of real estate operation system.

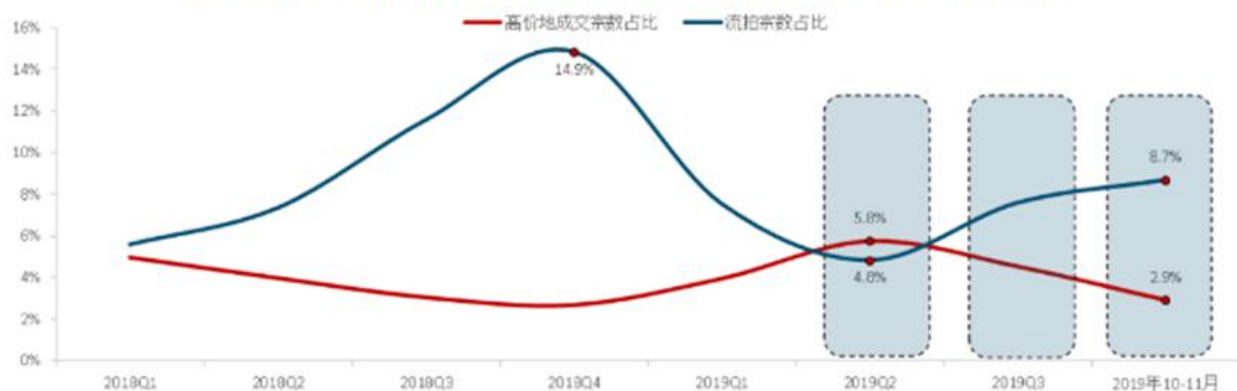
China's government has been aware of the financial risk in current real estate market, insisted on the slogan that "House is for living not speculating", refused to use real estate as a short-term stimulation method, and tightened the real estate financing.

CHINA PROPERTY - MARKET WATCH

2. The land market turns to be cool

The land market has turned to be cool in 2019 Q3. According to the data, the rate of failed land bidding in the second half the year increased to about 8%.

图：2018年至2019年全国300个城市住宅用地高价地及流拍地块宗数季度占比情况



注：高价地定义为成交总价超10亿元&溢价率超100%和总价超20亿元的住宅用地；

流拍宗数占比=流拍宗数/（流拍宗数+成交宗数）

数据来源：CREIS中指数据，fdc.fang.com

(Source: Online Photo)

The pattern of supply and demand for various types of land in more than 300 cities remained same level y-o-y. There was a slight increase in residential land release and transaction area.

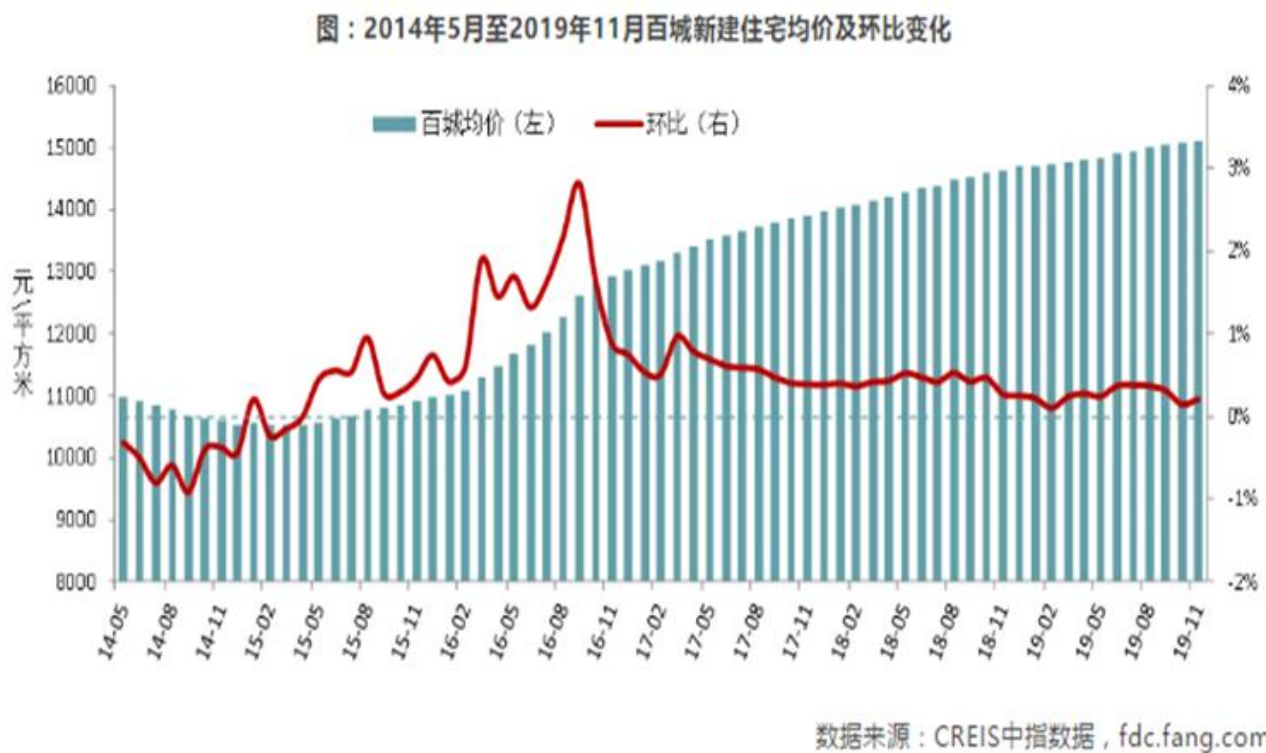
In 2019, the floor price of various types of land use in 300 cities was 2,527 RMB/sq.m., which increased by 17.9% y-o-y. In particular, the residential land transaction floor price was 4,409 RMB/sq.m., rose by 13.9% y-o-y. As for the average premium rate, the average premium rate for various types of land use in 300 cities was 13.9%, which remained the same low level compared with 2018.

CHINA PROPERTY - MARKET WATCH

3. The growth rate of house prices has begun to drop

Refer to the housing price, the growth rate of house prices has experienced fluctuation from rising to dropping in 2019. The new housing price has remained stable and the second-hand housing prices in key cities have fallen.

Specifically, the increase in the housing price in first-tier cities has rose slightly due to the regulation of supply and demand and low demand for houses. The increase of the housing price in second-,third-,and fourth-tier cities has continued to decline, especially in cities with high price and less population. The price of second-hand houses has dropped dramatically with increasing supply of new houses in hot cities.



CHINA PROPERTY - MARKET WATCH

4. Housing market to be oversupplied

The transaction scale has slightly adjusted: the transaction scale of key cities has slightly dropped while the scale of third-tier representative cities has decreased sharply y-o-y. The sales area of first-tier cities rebounded sharply y-o-y and the sales area of second-tier cities recovered somewhat. However, the sales area of third- and fourth-tier cities has begun to drop.

The demand for low-priced houses in first-tier cities has increased. At the same time, under the influence of policies such as sales restriction and loan restriction, large-sized houses are no longer popular.

In 2019, the real estate market has reversed to oversupply and the market is expected to be cool further in 2020, with tightening demand-side regulatory. Meanwhile, large numbers of new housing are forecast to enter the market, which means that potential supply is sufficient.

CHINA SNAPSHOTS

Residential Price Index of CAAD (December 2019)

City	Index	City	Index
Beijing	115.7	Zhengzhou	144.0
Shanghai	98.6	Qingdao	197.4
Shenzhen	127.8	Xi'an	184.1
Guangzhou	144.7	Xiamen	116.5
Hangzhou	166.4	Zhuhai	99.7
Nanjing	122.8	Shijiazhuang	115.8
Chengdu	156.1	Kunming	142.0
Chongqing	160.8	Tianjin	94.1
Wuhan	137.2	Nanchang	140.7
Changsha	142.4	Nan'ning	161.3
Fuzhou	150.0	Suzhou	144.0

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

Y-o-Y Changes: 15.5% **Average Price: RMB 26,758 /sqm**
M-o-M Changes: -23.7% **Median Price: RMB 22,148 /sqm**

145.5

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')**.

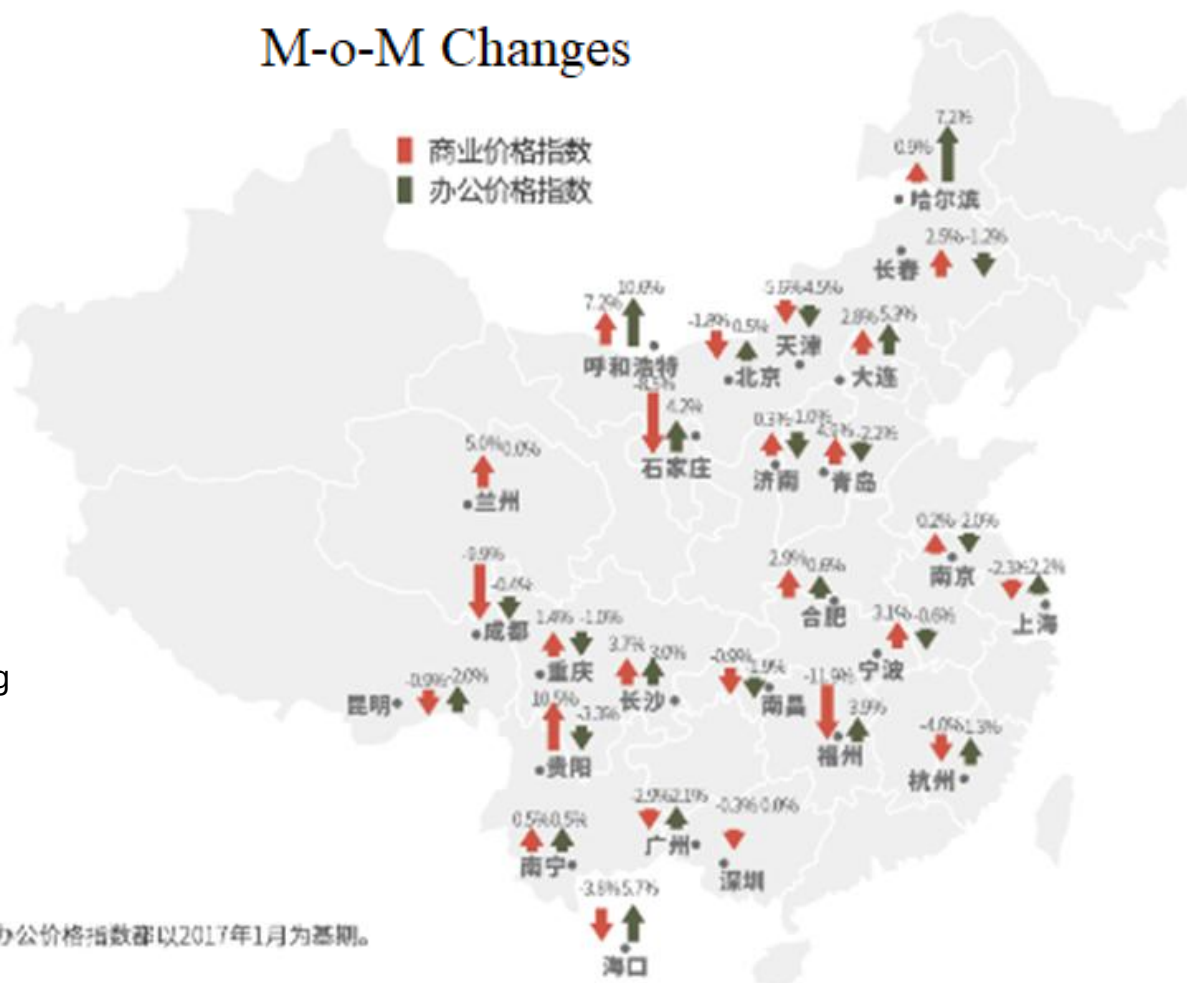
CHINA SNAPSHOTS

Commercial Property Index of CAAD (December 2019)

Selected Cities (Right to Left):

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

M-o-M Changes



Office: **107**

M-o-M Changes: 1.06%

Retail: **169**

M-o-M Changes: -0.75%

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

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