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房地產市場快訊

南生圍
NAM SANG WAI



HONG KONG PROPERTY

香港物業市場透視

CHINA PROPERTY

中國物業市場透視

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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

Don't Expect a Revengeful Recovery

HONG KONG PROPERTY - MARKET WATCH

Don't Expect a Revengeful Recovery

While there is a green light of relaxation of restrictions on group gatherings in public places since May in Hong Kong, the “suppress and lift” strategy to fight against the invisible worldwide enemy – Coronavirus shall discourage the full pick up of the economy. In fact, market focus is on whether there is a permanent loss of certain market segment and whether there is substitution of new economic engine that comes in time.

The fact that real GDP contracted sharply by 8.9% in the first quarter from a year earlier, as well as the phenomenon that seasonally adjusted unemployment rate increased further from 4.2% in January– March 2020 to 5.2% in February- April 2020, are just confirmation messages of a worsened version of the past situation . Nevertheless, the number of unemployed people (not seasonally adjusted) is reaching 202,500 and the number of underemployed people is reaching 118,600, both of which are indeed alarming phenomena which may cause serious social unrest. We shall now wait to see whether the various measures such as Employment Support Scheme, the Special 100% loan guarantee under the SME Financing guarantee scheme etc. are effective enough to prevent further deterioration of the unemployment situation in the next two months.

"Strategic Investment Advisory & Agency"

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

The Lands Department had rejected tenders received for the purchase of a commercial land, being New Kowloon Inland Lot No. 6615 at Kai Tak Area 2A Site 4, Site 5(B) and Site 10, of Kai Tak for the reason that the tendered premiums did not meet the Government's reserve price. Indeed, akin to the Ocean Park issue as mentioned below, the Government must now critically review the coming spending habit and demand on retail and tourist-related properties. If physical retail spaces in the future shall turn to mainly offering physical experience in support of online shops or with those services which must require face-to-face arrangement, what should be the affordable and reasonable rental level a business operator can pay?

It is not only for the Government to think about the reserve price but to go back to think about the users of the future land supply.

Our homegrown Ocean Park is seeking Finance Committee of the Legislative Council for a HK\$5.4 billion bailout to prevent its closure.

Ocean Park has been facing with the loss of non-local tourists who support the Park to afford discount tickets for local visitors. Reasons probably due to its loss of competitiveness in the regional market, then the hard hit by social unrest last year, and further dampened by the COVID-19. Indeed, the whole tourism landscape, both locally, across the boundary and globally is undergoing major changes. Without sufficient profit margin, the Park shall no longer support its current scale. Obviously, the mitigation plan is to reduce its scale and sell off its asset. The society should think of how to build smarter and smaller to let it survive and to preserve the animals and plants.

"Strategic Investment Advisory & Agency"

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

Under the backdrop of potential loss of its international or regional strategic role due to de-globalization promoted by the US, or precisely the conflict between Western countries and China, the first parcel of land designated for Starter Homes for Hong Kong Residents pilot project at Anderson Road in Kwun Tong through public land sale was sold. There were 9 tenderers in total and we believe that developers are attracted since in the future the purchasing power of local residents may remain weak and demand on this kind of “subsidized” housing will be guaranteed.

Even with the sudden decision by National People’s Congress (NPC) on establishing and improving the legal system and enforcement mechanisms for the Hong Kong Special Administrative Region to safeguard national security, which may pose immediate social and economic unrest, we believe that there will have a short term pick up of transaction volume because most of the developers were unable to promote their units since February. Besides, with the message of quantitative easing (QE) again, a lot of younger buyers may recall their experience of continuous price rising after financial tsunami in 2008. To them, they have no feeling or memory regarding the market collapse after the financial crisis in 1997.

Monthly transaction volume with Sale and Purchase Agreements of residential units

<i>Period</i>	<i>Average monthly figure</i>
Jan – April 2020	3,576
2019	4,983
2018	4,770
2017	5,133

Source: The Land Registry and RHL research

To let the transaction volume maintain at the past years “new norm” level, the coming May to December shall achieve an average of around 5,700 transacted cases.

Will the myth of “bust-free” continue in the 2020s?

"Strategic Investment Advisory & Agency"

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

HONG KONG SNAPSHOTS

Rejection of Tenders for Kai Tak Commercial Land

The Lands Department announced that 4 tenders received for the commercial site at Kai Tak Area 2A Site 4, Site 5(B) and Site 10, Kowloon (the Site) were rejected as the offered premiums did not reach the government's reserve price for the Site. The Site consists of 3 sites originally with a total site area is about 213,000 sq.ft., and a maximum gross floor area of approximately 1.16 million sq.ft.. In addition, developers are required to build an underground shopping street with a gross floor area of not less than 11,000 sq.ft., and connecting it with MTR Kai Tak Station, a public housing in the area and another commercial land. Moreover, social welfare facilities have also to be built by the developer.



- 📍 Kai Tak Area 2A Site 4, Site 5(B) and Site 10 close to Kowloon City.
(Source: Land Sale Document from the Lands Department)

"Professional Practice in Land and Planning Matter"

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

HONG KONG SNAPSHOTS

Second Hand Bags Specialty Shop Relinquishes Central's Stronghold

A second hand bags specialty shop has recently said goodbye to Central, given up its shop that let for 10-year-plus at the corner of Wellington Street and D'Aguilar Street. The shop, of an area about 630 sq.ft., is close to Lan Kwai Fong. From the market sources, the last monthly rental of the shop was HK\$160,000, which was 58% plunged from its highest during the peak of retail industry in 2011 for HK\$380,000 per month. In fact, under the pandemic, travelers volume fell sharply, tenants of core retail areas have been giving up their shops accordingly. With reference to market statistics, shop rentals at core areas have been dropped by season, 20% for the Central and 15% for Causeway Bay, Tsim Sha Tsui and Mong Kok.



The 10-year-plus operated second hand bags specialty shop in Central located at the corner of Wellington Street and D'Aguilar Street.

(Source: RHL Photo Base)

All Around 18 Districts: Yuen Long District



Area Covers: Northwest of the New Territories surrounded by hills on three sides, covering Ping Shan Heung, Ha Tsuen Heung, Kam Tin Heung, Pat Heung, San Tin Heung, Shap Pat Heung, Yuen Long Town and Tin Shui Wai.

Area : Around 14,430 hectares.

Population : about 625,000[^], accounting for 8.6% of the territorial population.

Median Monthly Household Income : HK\$30,000[^].

District in Evolution: The earliest significant settlements can be traced back to the Sung Dynasty (960- 1279 A.D.). Many traditional ceremonies and rituals are still observed by residents in Yuen Long, such as Tin Hau Festival, Tai Ping Ching Chiao and basin meal. The district is also renowned for its abundance of antiquities, monuments and historic buildings such as Yuen Long Old Market, the oldest market in Hong Kong, and Ping Shan Heritage Trail, the first of its kind in Hong Kong, Kam Tin Tree House, Tai Fu Tai and Kat Hing Wei, etc.; and eco-tourist spots, the Hong Kong Wetland Park, Nan Sang Wai and Mai Po Natural Reserve.

*Source: Yuen Long District Council

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

Hot Pick of the District: Kingswood Villas



Completed by 7 phases from 1991 to 1999;
Covered with 4 million sq.ft. of floor spaces and
3.6 million sq.ft. of greenery spaces,
the largest greenery spaces in all estates in HK.

Number of Blocks: 58

Number of Units: about 15,880

Facilities include: 2 residences' club houses .

Other Facilities: Hotel, shopping malls, car park.

HONG KONG TRANSACTIONS OVERVIEW

(天水圍 Tin Shui Wai)
嘉湖山莊
Kingswood Villas
最新平均實用呎價:
Latest Average Unit Rate:
每呎 HK\$ 10,500 /sq.ft.

(上水 Sheung Shui)
上水中心
Sheung Shui Centre
HK\$ 14,000 / sq.ft.

(九龍塘 Kowloon Tong)
又一居
Parc Oasis
HK\$ 20,000 / sq.ft.

(沙田 Shatin)
沙田第一城
City One Shatin
HK\$ 17,000 / sq.ft.

(紅磡 Hung Hom)
黃埔花園
Whampoa Garden
HK\$ 16,000 / sq.ft.

(坑口 Hang Hau)
東港城
East Point City
HK\$ 15,000 / sq.ft.

(藍田 Lam Tin)
匯景花園
Sceneway Garden
HK\$ 15,000 / sq.ft.

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

(北角 North Point)
城市花園
City Garden
HK\$ 15,500 / sq.ft.

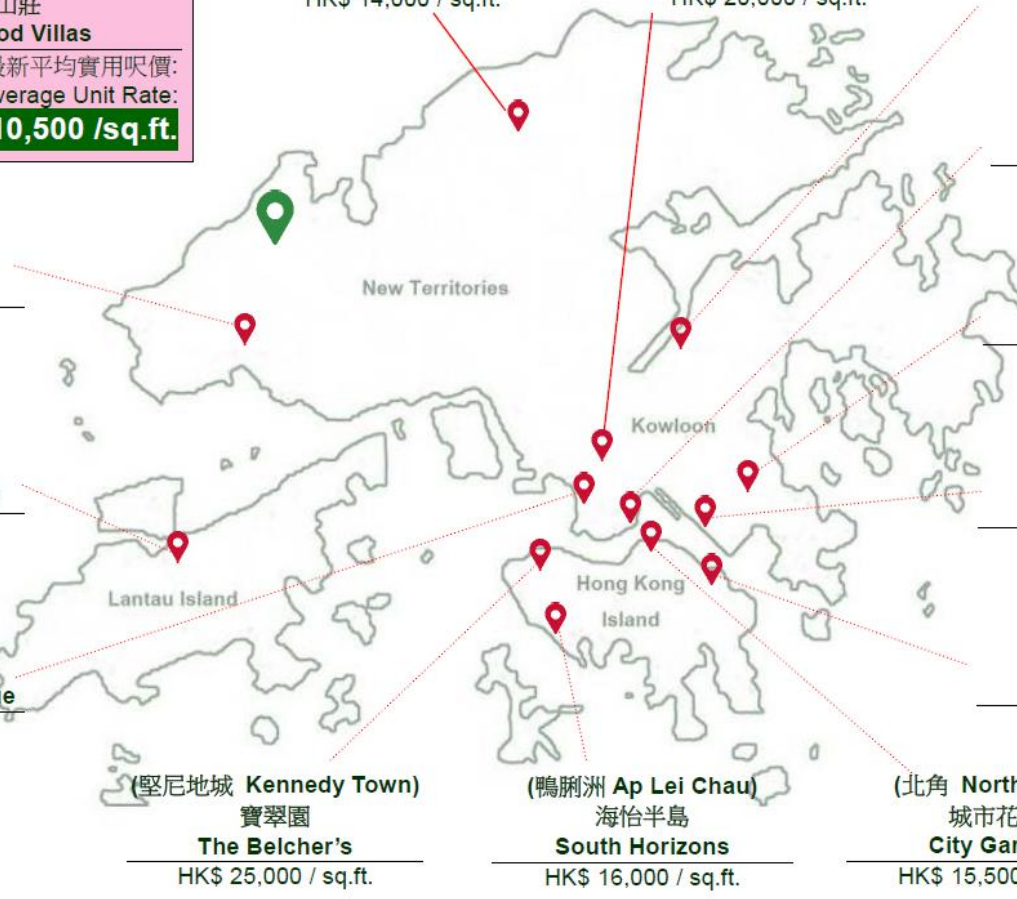
(鴨脷洲 Ap Lei Chau)
海怡半島
South Horizons
HK\$ 16,000 / sq.ft.

(堅尼地城 Kennedy Town)
寶翠園
The Belcher's
HK\$ 25,000 / sq.ft.

(屯門 Tuen Mun)
大興花園
Tai Hing Gardens
HK\$ 11,500 / sq.ft.

(東涌 Tung Chung)
東堤灣畔
Tung Chung Crescent
HK\$ 11,500 / sq.ft.

(大角咀 Tai Kok Tsui)
帝柏海灣/ 柏景灣
Central Park/ Park Avenue
HK\$ 21,000 / 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 Plans To Build 63,000 Commercial Housing and Supply 40,000 Comfortable Housing in 2020

CHINA PROPERTY - MARKET WATCH

Shenzhen Plans To Build 63,000 Commercial Housing and Supply 40,000 Comfortable Housing in 2020

On April 22, the Shenzhen Housing and Construction Bureau issued the “Shenzhen Housing Development 2020 Implementation Plan.”. It proposes that, in 2020, the plan will arrange 125 hectares of land supply for commercial housing, including 50 hectares of new supply land, and 75 hectares of renewed reserve land. The planned land supply plans to build 63,000 sets of commercial housing with a construction area of 5.63 million sq.m.. Among them, new supply land are planned to be built with 25,000 housing units, with a construction area of about 2.25 million sq.m.. It is planned to renovate and prepare 38,000 housing units with a construction area of about 3.38 million sq.m..

Also, the plan will arrange 168.2 hectares land supply for public housing. It plans to construct 81,000 comfortable housing unit which basically complete (including completion), about 22,800 comfortable housing unit. It is planned to supply as total 40,000 comfortable housing unit.

According to the plan, Shenzhen has a large population base, high density and rapid growth which housing demand continues to grow. In order to alleviate the long-term tight supply and demand relationship, it is still necessary to further accelerate the transfer of new residential land in 2020, to achieve the annual target of 50% of residential land transfer in the first half of the year. By effectively and timely to increase supply of commercial housing, real estate market is ensured to be a steady and healthy development.

CHINA PROPERTY - MARKET WATCH

2020 Q1 Accommodated Value Rose 15.67% Year-on-Year in China

The number of sales of housing declined in Q1 of 2020 as affected by the epidemic. Both the supply and demand of the land market declined in Q1 with the number of transaction.

According a data research in Q1 of 2020, 162 bidding cases were unsuccessful across the country with a rate of 7.65% which decreased in March but keep rising recently. On April 3, 3 parcels of land in Zhengzhou were listed for sale online, with a total sale area of 171,700 sq.m.. 2 parcels of land were transacted successfully while one parcel of land in the Central district wasn't.

Land price has not decreased because of the increase in the number of high-quality land parcels, the accommodated value ("AV") has increased 15.67% year-on-year, in particular, Beijing has recorded an AV exceeding RMB70,000/sq.m..

In Q1, the AV of major prefecture-level cities is RMB4,504/sq.m., rose 15.67% year-on-year in 1,546 transactions, a year-on-year decrease of 20.02% in number of transaction. There were 82 land transactions in the first-tier cities and 578 land transactions in second-tier cities respectively. Among them, the AV of first-tier cities was RMB17,006/sq.m., a year-on-year increase of 17.57%, beyond the average. The land premium rate of major prefecture-level cities was 12.16%, rose 3.51% month-on-month in Q1 of 2020.

Taking Beijing as an example, more parcels of pure commercial land on the market leads to overpriced transactions with high premium rates. On the TOP10 list of land transactions of major prefectures in Q1 of 2020, among 6 records of Beijing which are on the list, 3 parcels have a premium rate of more than 25% with 2 parcels even exceeded 34%. Experts believe that the premium rate will continue to rise with the high-quality land parcels in the future.

CHINA SNAPSHOTS

Residential Price Index of CAAD
(Feb 2020)

City	Index	City	Index
Beijing	115.9	Suzhou	149.4
Shanghai	98.0	Qingdao	188.5
Shenzhen	131.0	Xi'an	181.9
Guangzhou	144.8	Dalian	137.6
Hangzhou	166.3	Zhuhai	100.1
Nanjing	122.8	Shijiazhuang	114.1
Fuzhou	150.0	Zhengzhou	118.8
Xiamen	116.9	Tianjin	88.8
Quanzhou	149.6	Nanchang	140.7
Changsha	142.7	Nan'ning	161.3

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

Y-o-Y Changes: 14.1% Average Price: RMB27,224/sqm
 M-o-M Changes: -3.4% Median Price: RMB16,330/sqm

148.0

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')**.

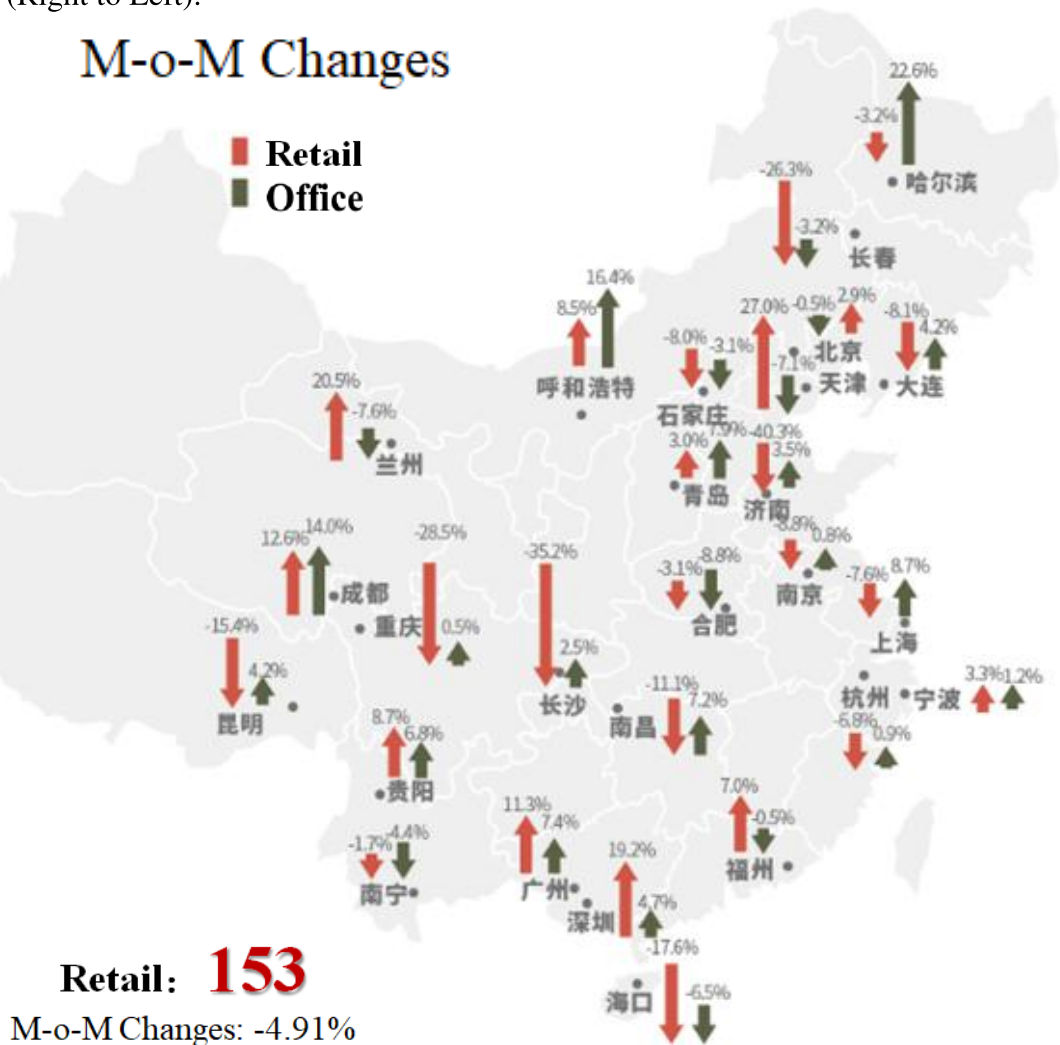
CHINA SNAPSHOTS

Commercial Property Index of CAAD (Feb 2020)

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').

Office: 108
M-o-M Changes: 2.75%

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