

RHL International

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MARKET EXPRESS

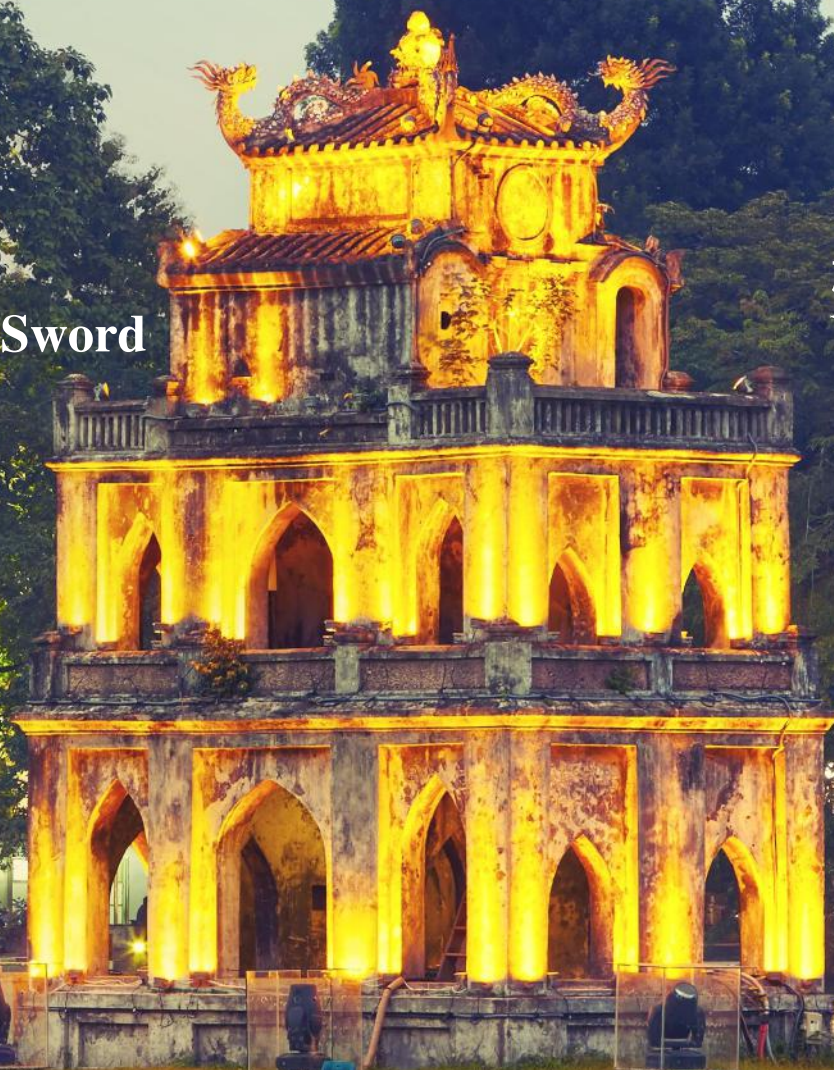
房地產市場快訊

還劍湖

Lake of the Restored Sword
(Hoan Kiem Lake)

越南

Vietnam



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

The Discouraging July

HONG KONG PROPERTY - MARKET WATCH

The Discouraging July

There have been more disappointing news in July and we regret to say that more challenges are expected to come.

The talk of the town at the beginning of July is the speedy enactment of the National Security Law in Hong Kong. While it is still attracting diverged debates of its pros and cons, actions taken by some western countries who claim to protect Hong Kong are seen, such as US's announcement to end Hong Kong separate customs treatment from the Mainland. Unfortunately, it is more than an action to "downgrade" and damage Hong Kong's position to be an international financial hub.

From the middle of July, Hong Kong government had to levy its most stringent restrictions since March to manage the surprisingly serious resurgence of coronavirus infections in this densely-populated city. It is now well-acknowledged that the resurgence of coronavirus cases was inevitable. Frequent disruption of business operations, which does not come with a concrete end date by this year, will eliminate a lot of business entities, even with the support of latest governmental measures. Although it is possible that the Hong Kong government can still afford another round of ten billion dollars measures to support employment, its attractiveness and effectiveness are left doubted. Indeed, any further huge spending may also shift the attention again to the topics of undermining the Hong Kong dollar's peg. Bearing in mind that, this year the Hong Kong government will receive less revenue from land sale and land modification/ exchange premium, as well as the deferred of vacancy tax which originally may generate an alternative source of income.

Last but not least, the unexpected order by U.S government on 22nd July to close the Chinese consulate in Houston revealed the further deterioration of relationship between the two world economic powerhouses.

"Strategic Investment Advisory & Agency"

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

While both price and rent for non-residential properties are experiencing downward adjustment pressure, residential property price level seems to be still and stay at what it had been before the COVID-19. Some of the explanations from market are as follows:

- (1) New Hong Kongers: Concrete demand from Permanent Residents-to be, who have been staying in Hong Kong to work over seven years, are optimistic and believe opportunities are still in Hong Kong.
- (2) Younger generation who have financial support from parents: Their demands come from that they believes mainland buyers will still flood to Hong Kong afterward and is time to buy for either investment or self-use purpose.
- (3) Investors who love residential properties: Though enterprises may cease business operations to mitigate their loss, people still need accommodation to stay. The deteriorating economic situation may push up the household size to support the current rental level.
- (4) Low supply level: While demand may be reduced in quantity, supply also stays at low level to maintain the current price equilibrium. As at the date of this article, it appears that most of the owners and developers are not under pressure to dispose their holdings at bargained price.

Nevertheless, we would expect the residential property price to fall, matching with the global trend in anticipation of the global recession. Besides, with the resurgence of the current wave of infections, both 1st and 2nd hand residential property market will probably be frozen for at least a month. Developers who need to fulfill sale target may have more pressure to dispose their units via price cutting or offer more subsidies.

"Strategic Investment Advisory & Agency"

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

Meanwhile, investors are not yet attracted by the current bargain sale of non-residential properties. One of the observations is that due to uncertainties in the investment market, money would all go to short term liquid asset. Indeed, quick money has already shown its vote to the share market and to the so-called “new economy” businesses. It is commonly believed that mainland China together with the Asian countries will be recovered sooner and hence attract inflow of hot money to this region. The question on whether the quick money will eventually look back to flow to traditional asset such as property indeed depends on the attractiveness of the price level. Obviously, the current price level is not attractive enough.



"Strategic Investment Advisory & Agency"

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

HONG KONG SNAPSHOTS

Media: Eldo Court Shops Disposed by Local Bank for HK\$130M

Local media reports, shop nos. G16, G39 and G40 at Ground Floor of Eldo Court in Tuen Mun which have been owned by a local bank was recently sold through tender for the price of HK\$133.8million on a vacant possession basis. Tracing the developer's sales brochure, this bundle occupies a gross floor area of 4,995 sq.ft. or a saleable area of 3,515 sq.ft.. The transacted unit rate in terms of saleable area is HK\$38,065/sq.ft.. The bank has been holding the shops for 33 years since 1987 when the development completes. The return of the shops is about 12 times. The purchaser is reported to be an experienced investors who is the founder of a frozen food market and his related persons.



📌 The shops have been left vacant.
(Source: Online Photo)

"Professional Practice in Land and Planning Matter"

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

HONG KONG SNAPSHOTS

Hong Kong's Super Luxury Property Market Leads the World

The global economy is plagued by the COVID-19 epidemic, which leads to a fall of transactions in the property markets. According to a recent market report, there were only 281 transactions of super luxury homes all over the world (value over US\$10 million or HK\$78 million) in the first half of this year, a 53% drop from 594 transactions by the same period last year.

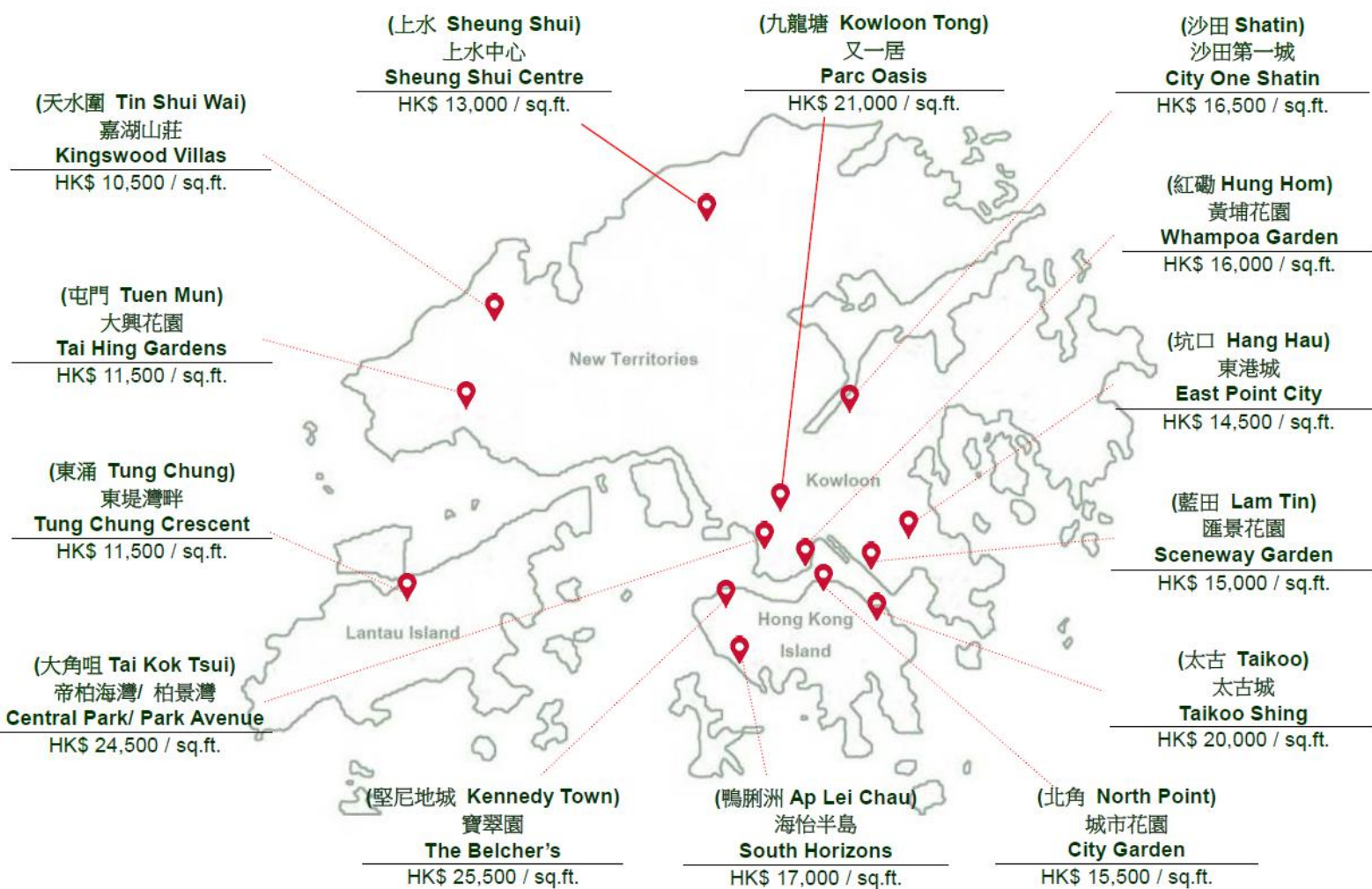
However, the transaction volume and total transaction value in Hong Kong's super luxury housing market are still performing the best in the world. 60 transactions were recorded in the first half of 2020, with a transaction value of US\$1.2 billion (approximately HK\$9.36 billion) in Hong Kong. In terms of transaction volume, the top 3 markets are Hong Kong, Los Angeles, and New York. Meanwhile, the average value of those super luxury property was US\$20.7 million (HK\$161 million), 15% more expensive than last March to June when averaged at US\$18 million (HK\$140 million).



➤ Super luxury property market has been plagued by COVID-19.
(Source: Online Photo)

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

一帶一路

BELT & ROAD



Vietnam locates at Southeast Asia and it is one of the members for ASEAN, WTO, APEC, International Organization of La Francophonie and NEXT Eleven.

Capital : Hanoi

Largest City : Ho Chi Minh City

Official Language : Vietnamese

Official Word: Vietnamese alphabet, (National (language) script)

Currency : đồng (₫) (VND)

Surface Area : 330,967 square kilometers

Population : 96,208,984 (Population Census in 2019)

POLITICAL SYSTEM : SOCIALISM



Gross Domestic Product

World Bank Data in 2018)
245.2 (USD in billion)



Economic Structure

(GDP Composition in 2018)

Services (41.2%) Industry (34.23%)
Agriculture (14.6%) Others (10.0%)



Annual Change of Consumer Price Index (Housing and Building Materials)

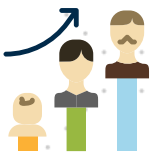
(Figure from VinaCapital in 2019): 5.1%



Hanoi

Hanoi is the industrial and cultural center of Vietnam, as well as the ancient capital in Vietnam's history, and the city has a history of more than 1,000 years. The property market in Vietnam is driven by a number of favorable factors. Hanoi is the current capital of Vietnam, coupled with the opening of the first subway line in the future, the value of local properties will have the potential for appreciation.

Vietnam's economy will be benefited from the relocation of factories and the flux of employees from foreign companies after the epidemic. The huge demand and shortage of supply for housing are good points for the prospects of the property market. In addition, the price per square foot in Hanoi is lagging behind and Hanoi will be more benefited from the government policies. It is expected that the growth of property price in Hanoi will be better off in this year when compared to that of Ho Chi Minh City.



Population (2018)
7,520,700



Number of Administrative Areas

12 Urban Districts ((Quận)
17 Rural Districts
1 Town



Proportion of City's GDP in terms of National GDP in 2018
21.8%



The Use of Land

Total Area of the city
3,359 sq. km

The Average Housing Price for a Mid-end Unit
Approx. US\$1,365 per m2
(CBRE figure in Q1 2020)

New supply will be concentrated in
The West, and the East
(Gia Lam or Van Giang District)
(Source from CBRE Report in Q1 2020)

Number of Residential Units Sold in Q1, 2020
Approx. 2,500 units
(Figure from CBRE Report in Q1 2020)



Special Urban Planning /
Purposes in the City

1

The newest CBD is in
Nam Tu Liem

2

The Smart City Project in
Nhat Tan-Noi Bai

Was announced in October 2018 and the completion would be expected in 2028.



CHINA PROPERTY

50 Cities' "Land Sale" Revenue Rises by 17% in the first half 2020

CHINA PROPERTY - MARKET WATCH

50 Cities' "Land Sale" Revenue Rises by 17% in the first half 2020

In the first half of 2020, after overlapping short pauses due to the impact of the epidemic, the Chinese land market has quickly recovered. In recent months, the land supply in many cities have significantly accelerated, high-quality land has been concentrated put into the market and the land market has become more popular.

Statistic shows that in the first half of 2020, the total land revenue of China's top 50 medium-sized cities with the highest income from land sales is 2.29 trillion Renminbi (RMB, the same below) which increased by 17.3%. Among the 50 cities, there are 33 cities' land sales income growth in advance.

4 cities including Hangzhou, Shanghai, Beijing and Guangzhou had the highest land sales revenue, and the average land sales revenue exceeded RMB 100 billion. Among them, Hangzhou ranks the first, with land sales revenue exceeding RMB 180 billion.

Among the 50 cities, 38 cities had more than RMB 20 billion in land revenue and all 50 cities' land sales revenue exceeded RMB 15 billion.

Affected by the structural impact of core land parcel transactions, the accommodation value of residential land transactions across the country increased. Overall, the accommodation value of residential land in 300 cities in China in the first half of the year was RMB 5,154/sq.m., a year-on-year increase of 16.5%, and the average premium rate was 16.5%.

CHINA PROPERTY - MARKET WATCH

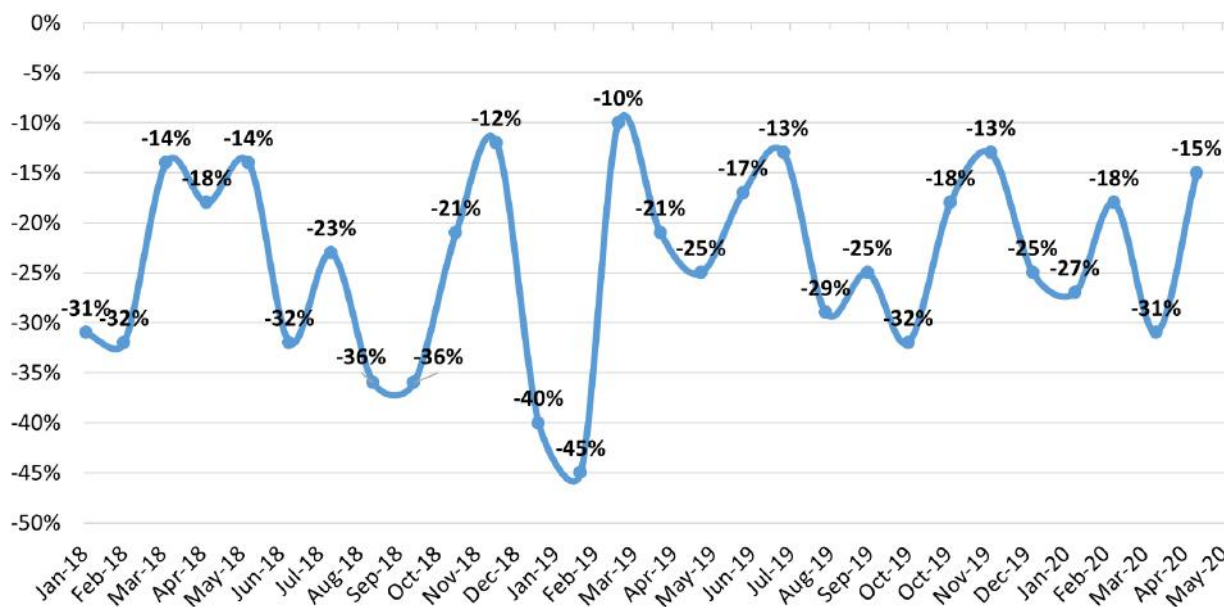
China Top 10 City's Land Transfer Fee from January to June 2020

Rank	City	Fee (100 million RMB)	Year-on-Year
1	Hangzhou	1,756.9	23%
2	Shanghai	1,350.5	97%
3	Beijing	1,143.7	22%
4	Guangzhou	1,049.4	79%
5	Nanjing	793.8	37%
6	Wuhan	688.0	-27%
7	Fuzhou	658.1	51%
8	Chongqing	643.4	4%
9	Suzhou	603.2	9%
10	Foshan	599.7	48%

Data Sources: Property database of China Appraisal Association Database ('CAAD').

CHINA SNAPSHOTS

The Average Trend of CLBI for Sale of Residential Land in Key Cities



Data Sources: Property database of China Appraisal Association Database ('CAAD').

Land Market Bubble Index (LBI)

Land Market Bubble Index, LBI for short reflects the land price bubble through the degree of deviation between the real land price of the land sold and the equilibrium market land price. The greater the degree of deviation between the real land price and the equilibrium market land price, the greater the land price bubble reflected in the plot, and the greater the risk of development.

$$LBI = \text{real floor price} / \text{equilibrium market floor price} - 1$$

In May, the average value of CLBI in key cities was -15%, which was in the negative region for the 30th consecutive month. Overall, the current housing market in key cities remains stable.

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Source: Land Registry, CAAD and RHL Research Department

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