

SEP 2020

RHL International

ISSUE NO.237

# MARKET EXPRESS

## 房地產市場快訊

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Singapore Changi Airport



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HONG KONG PROPERTY

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**

# **In Seek of New Opportunities in Changes**

# HONG KONG PROPERTY - MARKET WATCH

## In Seek of New Opportunities in Changes

The latest seasonally adjusted unemployment rate released by the Census and Statistics Department in mid-August is 6.1%. The phenomenon of consistently high unemployment rate but low gross domestic product ("GDP") is not unique to Hong Kong. According to reports, the GDP of developed countries such as the United States, which showed a negative growth of 5% in the first quarter of this year, has then contracted by 31.7% in the second quarter; France's economy negatively grew by 13.8% quarter-on-quarter in the previous quarter, and Germany by 10.1%.

Although the Mainland has regained its momentum, it only shifted from a negative 6.8% in the first quarter to a 3.2% year-on-year GDP growth in the second quarter.

All figures show that it is difficult to defend themselves in all parts of the world.

Unless smart funds see substantial discounts in property prices, they may choose to temporarily retreat from the hard-to-transfer, rigid property market.

The Hong Kong government has begun to implement various levels of restrictions on gatherings since the end of March (Table 1), and at the end of July, measures to prohibit dining in restaurants were implemented (Table 2).

Table 1. Maximum Number of Persons for Restriction of Group Gathering and its Effective Dates for Implementation

Maximum Persons for Group Gathering	Effective Date		Number of Days Elapsed
	Start	End	
4	29 <sup>th</sup> March	7 <sup>th</sup> May	40
8	8 <sup>th</sup> May	16 <sup>th</sup> June	40
50	19 <sup>th</sup> June	14 <sup>th</sup> July	26
4	15 <sup>th</sup> July	28 <sup>th</sup> July	14
2	29 <sup>th</sup> July	27 <sup>th</sup> August	30*
Total			150

Table 2. Effective Date for Implementation of 'No Dine-in' Restriction

Time for 'No Dine-in'	Effective Date		Number of Days Elapsed
	Start	End	
Dinner (from 6 p.m.)	15 <sup>th</sup> July	27 <sup>th</sup> August	44
Dinner (from 9 p.m.)	28 <sup>th</sup> August	No announced date	Not applicable
24-Hour	29 <sup>th</sup> July	30 <sup>th</sup> July	2

\*Note: Up to the latest announced date under Cap. 599F Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation

Source: News.gov.hk (2020)

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



When restrictions on gatherings and masks-wearing had become the "new normal", many traditional industries such as catering, transportation, tourism, clothing, store retailing, etc. have been profoundly impacted, yet meanwhile the measures have also created and accelerated the rise and development of the "home economy". The opening of online stores does not only foster and support the further development of IT-related industries, but also promotes opportunities for express delivery and online entrepreneurship. The short-term demand shocks faced by physical stores and workplaces are from poly restrictions, but the vaccine will eventually be launched to solve the pandemic. However, in the medium and long term, online stores are becoming "alternatives" to physical stores, increasing supply and competition in another way.

Yet after all, the cost will still dominate the future use trend. When the rental cost of the physical space is reduced to a reasonable level, the vacancy will naturally diminish, rather than be replaced. After all, there is little supply in well-located stores, and prices are also experiencing a significant decline. On August 19, the Hong Kong Monetary Authority also liberalized the countercyclical macro-prudential supervision measures for mortgage loans for non-residential properties.

The upper limit of the applicable mortgage ratio was raised by 10 percentage points, that is to say, the upper limit for general cases would be raised from 40% to 50%.

Although this measure does not currently support non-residential property prices, it is a good sign for potential buyers.

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- *Provide Transaction Advisory Services*

In face of the “home economy” environment, the Lands Department announced the tender prices of other tenderers for the Fo Tan industrial land, which was previously acquired by a related company of China Mobile for HK\$5.6 billion, showing that it was nearly 56% higher than the second price. Knowing that the other tenderers were solely developers, and that this land is the largest official industrial land in the past 20 years, it is reflected that there is indeed strong demand for industrial land with suitable scale due to global network telecommunications and data storage requirements. It is also reflected that these industries can afford higher land prices.

In the residential market, the number of rental listings can be taken as one of the reference indicators. Although the number of listings for sale increases, most landlords are not in a hurry to offer for sale if the landlord is using it for their own use or still has stable rental income. Therefore, the trend of increase or decrease in the number of rental listings will be able to better assess the pressure on the landlord, and thus the strength of future property prices. At present, the positive factor for the residential property market is the reduction in supply, and the government can still reduce the price when necessary to lower the chance of a sudden drop in property prices. But with the weakening global economy, it is believed that residential prices can only follow and maintain a relatively stable trend downwards.

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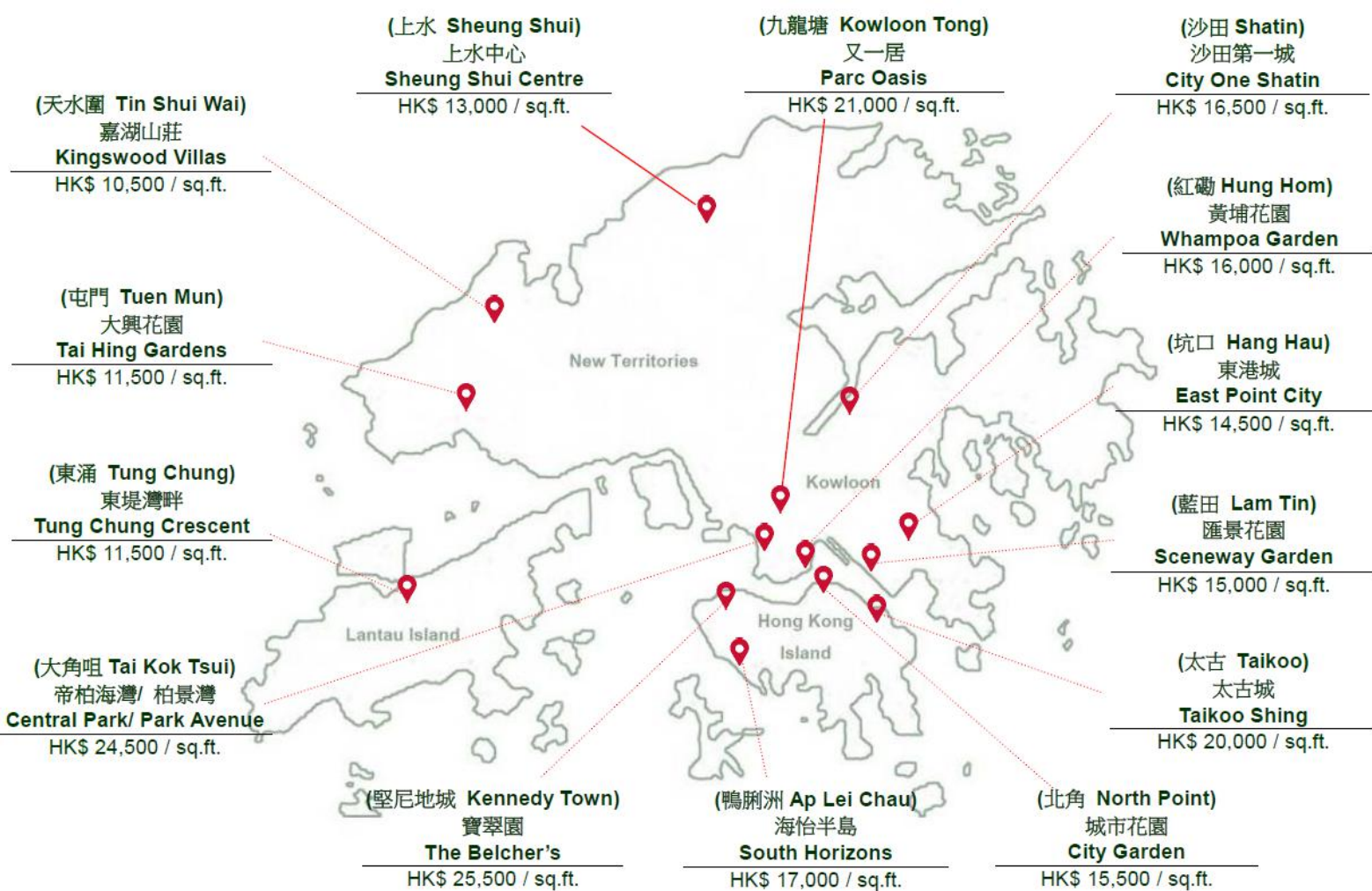






# HONG KONG

## 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

Singapore locates at Southeast Asia and it is one of the members for ASEAN, WTO, APEC and UN. Its economy expanded quickly during 1980s as one of the Four Asian Tigers. In addition, it is ranked ninth on the UN Human Development Index and has the seventh-highest GDP per capita in the world.

Official Language : English, Malay, Mandarin, Tamil

Currency : Singapore Dollar (S\$) (SGD)

Surface Area : 724.2 square kilometers

Population : 5,703,600 (Year 2019)

Political System : Constitutional Republic

## Singapore



新加坡



**Gross Domestic Product**  
(World Bank Data in 2019)  
**372.1** (USD in billion)



**Economic Structure**  
(GDP Composition in 2019)  
Services (**70.38%**)  
Industry (**24.49%**)  
Agriculture (**0.03%**)



**Number of Community Development Council Districts**  
**5**

From a market report, Singapore has the greatest potential for the growth of property market for investment. It ranks as the first country among Asia-Pacific countries because the office sector has largely absorbed the oversupply, and with vacancies at an all-time low and limited supply in the pipeline

Despite of the positive prospect for offices, property prices in the private residential market in Singapore was falling due to the impact of the pandemic. In April 2020, housing sales fell to point of a six-year low. Some market participants even forecasted that prices of private residential property would fall by 3% to 5% throughout the year.

## Households in Singapore



**Home Ownership Rate**  
(2019)  
**90.4%**



**Proportion of Resident Households Living in Flats Provided by Housing Development Board (2019)**  
**78.6%**



**Proportion of Resident Households Living in Other Dwellings (2019)**  
**21.2%**



The Use of Land

### Private Residential Property Index (Base Quarter 2009-Q1 = 100)

**152.1**  
(Q1 2020 by Urban Redevelopment Authority of Singapore)

### New supply for private residential market in first two quarters in 2020

**3,945 units**  
(Figure from CBRE Report in Q2 2020)

### Number of Residential Units Sold in May 2020

**487 units**  
(Figure from CBRE Report in Q2 2020)



Special Urban Planning /  
Purposes in the City

1

One of the most densely populated industrial areas

Jurong Industrial Park

2

The science park in Queenstown, **Singapore Science Park 1** was established in 1980 by the Singapore Government.





**CHINA PROPERTY**

# **National Land Market Transaction Volume and Prices Fell in July**

## CHINA PROPERTY - MARKET WATCH

### National Land Market Transaction Volume and Prices Fell in July

After entering July, individual hotspot cities have tightened land control and many second-tier cities also used the supply side control policy to slow down the pace of high-quality land entering the market to reduce market enthusiasm. Under the effects by this, the national land market has cooled, and transactions have shown a pattern of falling volume and price. The premium rate has also continued the downward trend of June, with a slight decrease from the previous month for two consecutive months.

In terms of supply, data show that the total construction area of operational land in the national land market was 264.63 million sq.m., a decrease of 10% from the previous month and a year-on-year decrease of 8%. In terms of the performance of each tier city, the land supply in the first-, third- and fourth-tier cities has shrunk compared to June, while the number of land listings in the second-tier cities has increased from June.

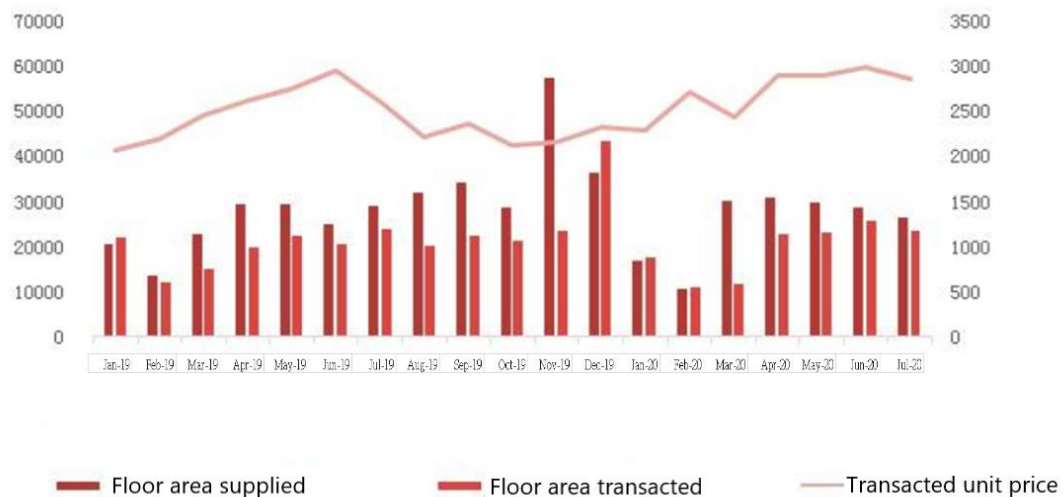
In terms of transactions, affected by the decrease in land supply in the past two months, the national land market transaction volume showed a downward trend in July.


According to statistics, the floor space sold in July fell to 235.28 million sq.m., a decrease of 9% month-on-month and a slight decrease of 2% year-on-year. Among them, the first-tier cities had the largest month-on-month decline, as high as 19.

## CHINA PROPERTY - MARKET WATCH

In terms of price, due to the significant decline in the supply of high-quality land in many hot second- and third-tier cities. The average land price in July fell structurally to RMB 2,863/sq.m., a 4% drop from the previous month, but still higher than the same period last year. Among them, first-tier cities, driven by the concentration of many scarce high-quality homesteads in Beijing and Shanghai, have seen a significant increase in land prices from the previous month, an increase of 63%; second-tier cities are due to major land supply areas such as Nanjing and Ningbo. Moving to non-hot spots such as suburbs, the average transaction price dropped significantly from last month to RMB 4,528/sq.m., a decrease of 11% from the previous month; third- and fourth-tier cities were also due to high land prices such as Wuxi, Dongguan and other hot third- and fourth-tier transactions. The average land price fell to below RMB 2,000/sq.m., and the average floor price in July was RMB 1,911/sq.m., a 10% drop from the June.

Trend of National Land Market Monthly Transaction Volume and Prices by CRIC (Units: ' 00000 sq. m. and RMB/sq. m.)



 (Data Source: Online)



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## CHINA SNAPSHOTS

### **Hefei City Planned to Invest More Than RMB200 Billion in New Infrastructure, Implement 200 Major Projects**

Recently, Hefei City has officially released the planning of new infrastructure (2020-2022), which clearly stated that it will implement no less than 200 major projects with a total investment of more than RMB200 billion.

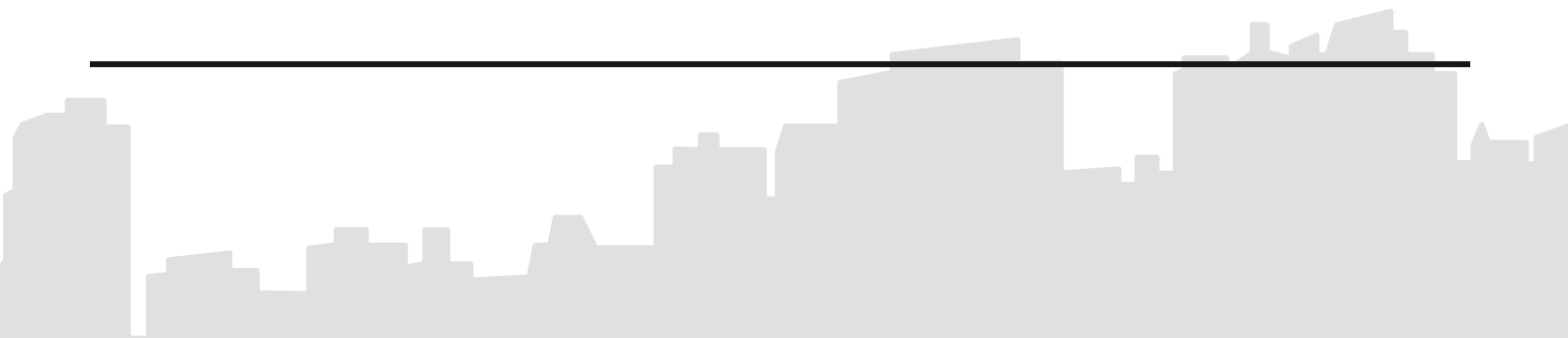
The new infrastructure will focus on key areas such as information, energy, health and environment to build the '1+4+10+N' System, representing 1 national-grade laboratory, 4 large-scale comprehensive research platforms, 10 major scientific and technological foundation facilities, and multiple industrial and innovation platforms, helping Hefei to become a global innovation centre.

### **July's Real Estate Market Review: 59 Cities' New Residential House Prices Rose Month-On-Month**

On August 14, the National Bureau of Statistics released the latest data on "Sales Price Changes of Commercial and Residential Properties in 70 Large and Medium-sized Cities in July 2020".

A total of 59 cities have seen price increases for the newly-built commercial residential properties. For the 4 major first-tier cities, Beijing, Shanghai, Guangzhou and Shenzhen, the sales price of newly-built commercial and residential properties rose by an average of 0.5% month-on-month, an increase of between 0.3% and 0.8%. The sales price of second-hand residential properties rose by an average of 0.7% month-on-month. Meanwhile, Beijing remained no growth compare to June and Guangzhou has a 1.6% of increase.

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Source: Land Registry, CAAD and RHL Research Department

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