

RHL International

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MARKET EXPRESS

房地產市場快訊

仰光 皇家湖

Yangon

Kandawgyi Lake



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

Rebound and Recovery

HONG KONG PROPERTY - MARKET WATCH

Rebound and Recovery

Policy Address and Dance cluster

- The deferred Policy Address was eventually delivered on 25th November under the backdrop of obvious pandemic rebound. “Dance cluster” and “forth wave” are now the talk of the town which have overshadowed importance messages from Policy Address.
- The expected effect to lift up the local economy via "Return2hk - Travel Scheme for Hong Kong Residents returning from Guangdong Province or Macao without being subject to quarantine under the Compulsory Quarantine of Certain Persons Arriving at Hong Kong Regulation (Cap. 599C)" and Air Travel Bubble arrangement which aims at resuming cross-border people-to-people flow between the two places in a safe and progressive manner were deferred due to the rebound of newly diagnosed cases to at least the end of this year.
- As expected, no immediate shining stimulants to help the quick recovery of the local economy were found under the Policy Address, probably due to the concern on the quickly reducing financial reserve. Besides various piece-meal local measures and policies, the major focus is on various establishments of soft and hardware infrastructures to facilitate the integration and to strive for opportunities within the Great Bay Area.
- Concerning the real estate market, immediate abolishment of Doubled Ad Valorem Stamp Duty on Non-residential Property Transactions may help to stabilize the free-falling retail property price.
- Probably the first-time introduction of “Invigorating Island South” under the Policy Address, which may stimulate and revitalize this area, incorporate with the Ocean Peak, into an important tourism district.
- Attention may also be placed on the progress of the proposed MTR Northern Link and the South Island Line (West) project proposal, which shall energize the investment activities within the districts.

"Strategic Investment Advisory & Agency"

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

The year forward

- Labour market conditions remain difficult as the seasonally adjusted unemployment rate remains at 6.4% in August - October 2020. Further deterioration is expected due to the fourth wave and the most difficult period would be this quarter and the 1st quarter of 2021.
- Recovery of retailing, air transportation, food & beverage and hotel industries must rely on the effective application of successful vaccines so as to bring the society back to normalcy. Although several types of vaccines have been reported on a satisfactory progress which gives rise to hope of earlier recovery of the economy. The overall understanding for a true physical wake-up of the world economy will be met at the end of next year or beyond.
- Meanwhile, to turn the threat into opportunity, we have already noted the opening up of a lot of business opportunities in public health, testing and services in support of the new form of business model and trading pattern in the post-pandemic era. New business opportunities may help fill up part of the loss of commercial space demand and to stabilize the fall in prices of commercial spaces.
- Indeed, bargained sales or even forced sales may be found in the coming months, which are good opportunities for investors and business operators to buy and lease respectively.
- The residential site, Rural Building Lot No. 1211 at Nos. 2, 4, 6 and 8 Mansfield Road, the Peak will be disposed by public tender. The tender invitation for the lot has been commenced on November 20 and will be closing on December 18. This price of rare luxury residential site at such prominent Peak area will reflect the confidence in developers of the market forward. So let us wait and see the result.

"Strategic Investment Advisory & Agency"

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

Certainty

- After the US presidential election, president-elect, Joe Biden, is expected to press on with the United States' tough policies against China. It is a certain message for Hong Kong companies to quickly adjust their business strategies regarding the Sino-US cum Sino-western countries relationship.
- The 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives through the Year 2035 is stressing the need to step up the building of the new development pattern of "dual circulation" in the next five years. Hong Kong companies should grasp the opportunities generated from this certain message
- The signing and launching of the Regional Comprehensive Economic Partnership (RCEP), which should help contain the escalating trade conflicts, is an important milestone for economic integration in the region. It is definitely favorable to Hong Kong who embraces free trade. No doubt that our government has expressed Hong Kong's strong interest in joining the Partnership.
- Ant Group's US\$37 billion listing has been suspended in both Shanghai and Hong Kong two days before what was set to be the world's largest-ever stock market debut, but more Sino-background companies are expected to come from the US market, which pose certain continued support to our local financial sector.

History repeated

- As follow-up actions in the aftermath of the fatal fire incident on Canton Road in Yau Ma Tei, the Fire Services Department and the Buildings Department will again inspect old buildings and request property owners or occupants to rectify irregularities. Until and unless there is sufficient supply of spaces to facilitate the urban renewal process, deadly fire incidents in highly-dense ageing communities will unfortunately and inevitably happen again and again.

"Strategic Investment Advisory & Agency"

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

HONG KONG SNAPSHOTS

Sub-Divided Shop of The Capital Depreciated for 94%

The volatile outbreak of COVID-19 disease leads to a severe setback to retail industry, in particular the sub-divided arcade shops suffered great capital loss.

According to market information, a mini-scaled arcade shop at The Capital in Tsim Sha Tsui was sold at about HK\$245K recently. The shop of 16 sq. ft. saleable area was bought by the original owner in 2013 with the price at HK\$3.783 million which loss about 93.5% on the book after 7 years.

Tracing the records, the previous transaction of sub-divided arcade shop which recorded a great loss in the city was in 2017. That shop was at T. Mark, Tsuen Wan with a 42 sq. ft. saleable area, it was sold at HK\$300K and suffered from a 92.5% loss in value after 5 years from 2012.



The Capital in Tsim Sha Tsui. 
(Source: RHL Photo base)

"Professional Practice in Land and Planning Matter"

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

HONG KONG SNAPSHOTS

Former Fanling Theatre Site Sold for HK\$140 Million

Recently, a developer has purchased the former Fanling Theatre site, No.1 Luen Fat Street, in Fanling for HK\$140 Million. The site area is about 6,780 sq.ft.. As the site is zoned for “Commercial/ Residential”, if it is being redeveloped into a non-domestic building, with a plot ratio of 9.5 and the maximum gross floor area of about 64,410 sq.ft., the accommodation value of the site will be about HK\$2,173/sq.ft. excluding the premium. If it is going to be redeveloped into a domestic development, with the gross floor area of about 33,900 sq.ft., the accommodation value of the site will reach about HK\$4,130/sq.ft. excluding the premium. The subject site is located at the junction of Luen Fat Street, Luen Fu Street and Luen Yick Street. Moreover, this developer has also purchased No.3 On Kui Street and No.7 On Fuk Street in Fanling for about HK\$356 Million in the early months.

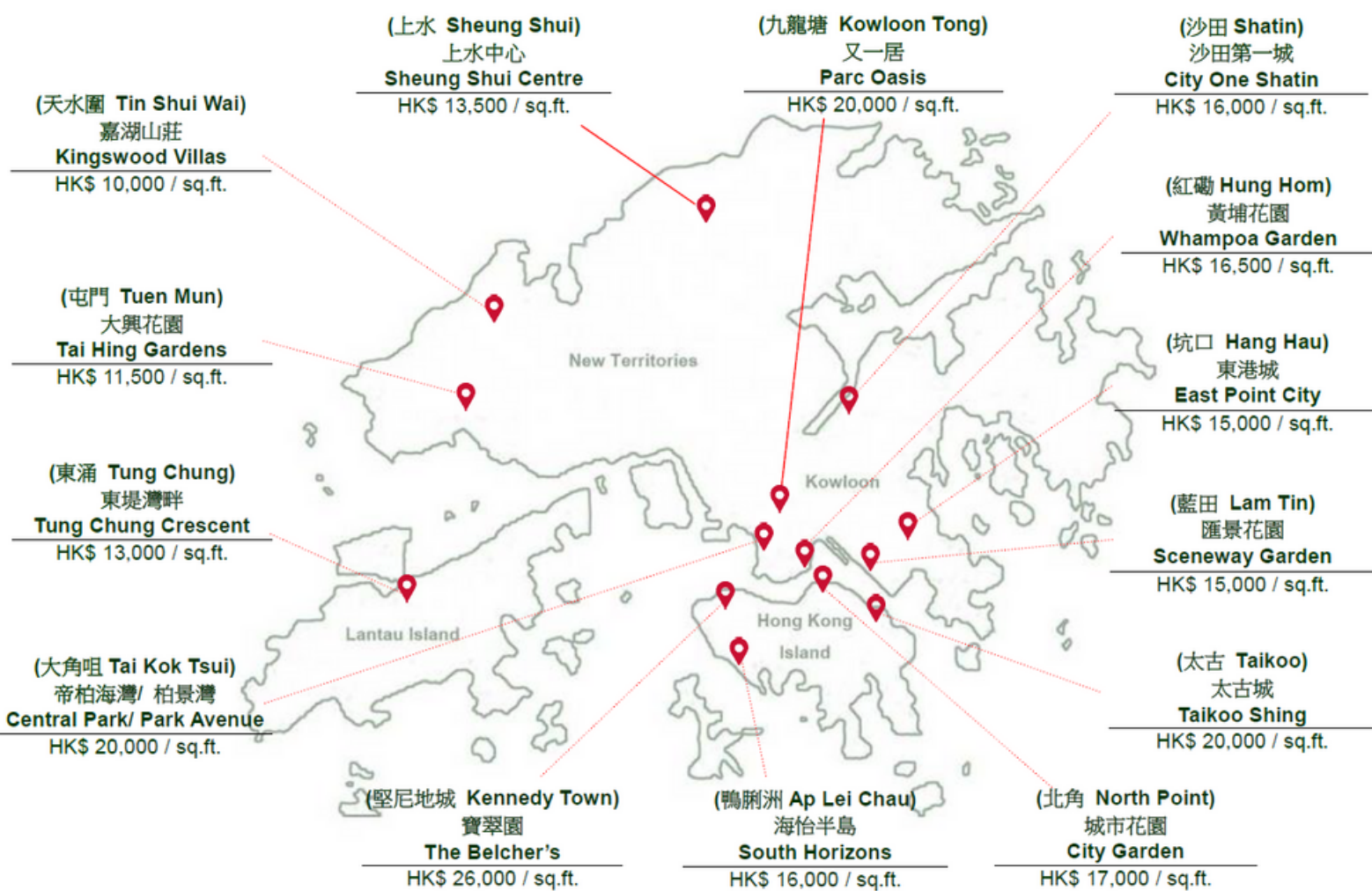


"Professional Practice in Land and Planning Matter"

- Rate & Government Rent Appeal
- Compensation Claim
- Assessment
- Planning & Development Consultancy

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

Myanmar is the largest country in Mainland Southeast Asia and the 10th largest in Asia by area.

Myanmar is a member of ASEAN but it is not a member of the Commonwealth of Nations even though it was a colony of Britain. The country is rich in jade and gems, oil, natural gas and other mineral resources.

Capital : Naypyidaw

Largest City : Yangon

Official Language : Burmese

Official Word: Burmese Script

Currency : Kyat (K)

Surface Area : 676,578 square kilometers

Population : 54,045,420 (World Bank, 2019)

Political System : Constitutional Republic



Gross Domestic Product

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



Economic Structure

(GDP Composition in 2018)

Services (40.7%) Industry (24.8%)
Agriculture (21.4%) Others (13.1%)



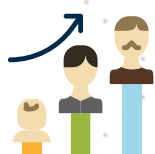
Inflation Rate in Myanmar (2019)

(Figure from World Bank):
8.83%

Yangon

Yangon boasts the largest number of colonial-era buildings in Southeast Asia, and has a unique colonial-era urban core that is remarkably intact. Yet, Yangon and other cities in Myanmar suffers deeply from inadequate infrastructure, especially compared to other major cities in Southeast Asia. Though many historical residential and commercial buildings have been renovated throughout central Yangon, most satellite towns that ring the city continue to be profoundly impoverished and lack basic infrastructure.

Selected Development Indicators for Myanmar in World Bank



Access to Electricity
(% of population) (2018)
66.3%



Literacy Rate, Adult Total
(% of people ages 15 and above) (2016)
75.6%

Forecast Stock of Office in Yangon (2020)
about 570,000 meter square
(Colliers Quarterly for Office in Yangon, Q3 2020)

Citywide Office Occupancy Level in Q3 2020
about 65%
(Colliers Quarterly for Office in Yangon, Q3 2020)



The Use of Land

Average Rental Rate for Retail in Q3 2020
USD 23.4/ sq.m./ month
(Colliers Quarterly for Retail in Yangon, Q3 2020)

Citywide Retail Occupancy Level in Q3 2020
about 84%
(Colliers Quarterly for Retail in Yangon, Q3 2020)



CHINA PROPERTY

Policy Pushes Demand: The Ideal Homes for Two-Child Families

CHINA PROPERTY - MARKET WATCH

Policy Pushes Demand: The Ideal Homes for Two-Child Families

With the implementation of “Two-child policy” for nearly 5 years, there are more and more two-child families. A study found that, economic factors are the primary issue to the two-child fertility rate; more than 30% of the respondents have to replace their houses for the second child. RMB 2 million to RMB 5 million are the dividing lines for the purchase of a "second-child house"; the ideal "second-child house" is not only about a large area but also pays attention to the living space and community facilities; as the education needs of second-child families increase, the economic burden becomes the primary factor to the willingness to give a second birth.

RMB 2 million to RMB 5 million: Dividing lines for purchase of a "second-child house"

With the changes of family structure, small-sized housing can hardly fulfill the living needs of big family, changing house become the rigid choice for many second-child families. According to the research data, more than 30% of respondents have to replace their houses for their second child. The mainstream would choose to sell one and buy one, nearly 50% of the respondents would purchase their new home with more than RMB 2 million.

However, 47% of respondents admitted that they would not consider to change their houses even if they had a second child because the cost would be so much higher than they expected. According to a survey, the cost of changing a house in Hangzhou, Nanjing and Xi'an are all around RMB 400,000 while Beijing and Shanghai may even fetch up to more than RMB 1 million.

CHINA PROPERTY - MARKET WATCH

The ideal “second-child house” is not just large in size

When the second child appeared, improving housing conditions became an urgent need for those second-child families. Insufficient living space is a serious problem faced by those second-child families. A survey shows that nearly 40% of the respondents complained about their small living space, nearly 90% of the respondents would choose large-houses with three bedrooms as the "second-child house" and 80% of the respondents shows that the ideal area of the "second-child house" would be about 90 to 150 sq.m..

Those second-child families have a stronger demand to housing quality than its area. Among them, storage room, cloakroom with sufficient space and children's entertainment rooms have become the most desirable and key issues for second-child families to consider before buying as their new homes; the south-facing apartments with good lighting and large area may ensure the comfort of the living space, becoming the key issue of their selection.



CHINA SNAPSHOTS

Total Land Transactions in First Three Quarters Exceeded RMB 4 Trillion

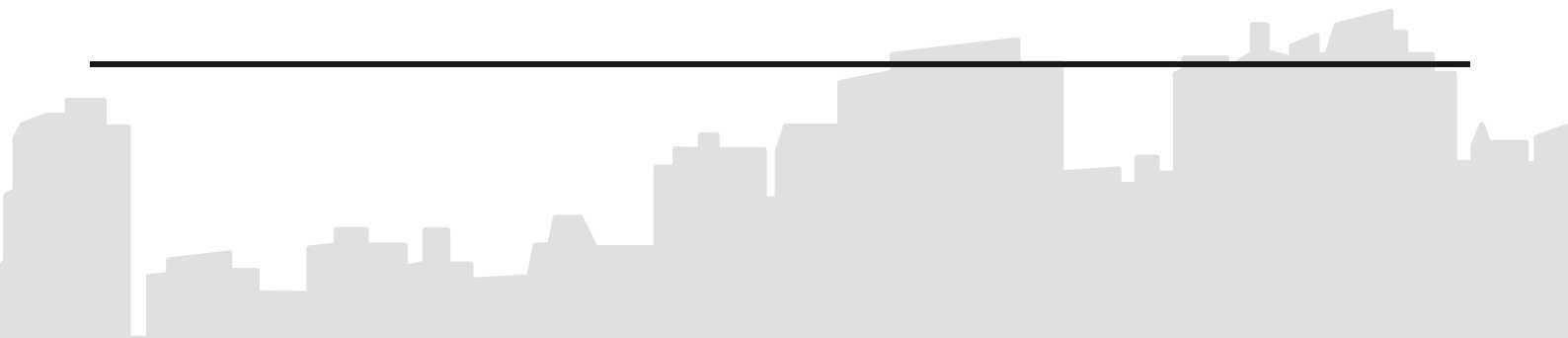
Statistics show that in the first three quarters of this year, the cumulative transaction volume of overall residential land in 351 cities exceeded RMB 4 trillion, and the cumulative transaction volume increased by 10% year-on-year. Hangzhou, Shanghai and Beijing ranked the top three in terms of transaction volume.

However, after the third quarter, due to the adjustment and tightening of financing policies, including the decrease in the supply of high-quality land, the land price is expected to fall.

With the advent regulation and control, it is expected that the transaction volume of the land market in 2020 will be the same as last year. In 2019, the value of land transactions exceeded RMB 5 trillion.

The new housing market also showed a sustained recovery in the third quarter. In the third quarter of this year, the total number of units transacted in the new housing market in 66 cities increased by 2.0% year-on-year and 0.8% month-on-month; the transacted floor area increased by 1.1% year-on-year and 0.1% month-on-month.

Although the market has warmed up, under the influence of government regulation and market expectations, the traditional "Golden Nine" of the property market has not appeared. In the third quarter, intensive control measures were introduced, credit easing gradually bottomed out, market demand contraction and expected declines led to an overall cooling in the second-hand housing market.



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Market data from CAA (China Appraisal Association) is undergoing system reformulation. It is expected that PRC market express of **2020.9-2020.12** will be effected by the reformulation and cannot provide such data as before. However, more market updates will be presented for your perusal during the aforesaid period. Sorry for any inconveniences caused.

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