

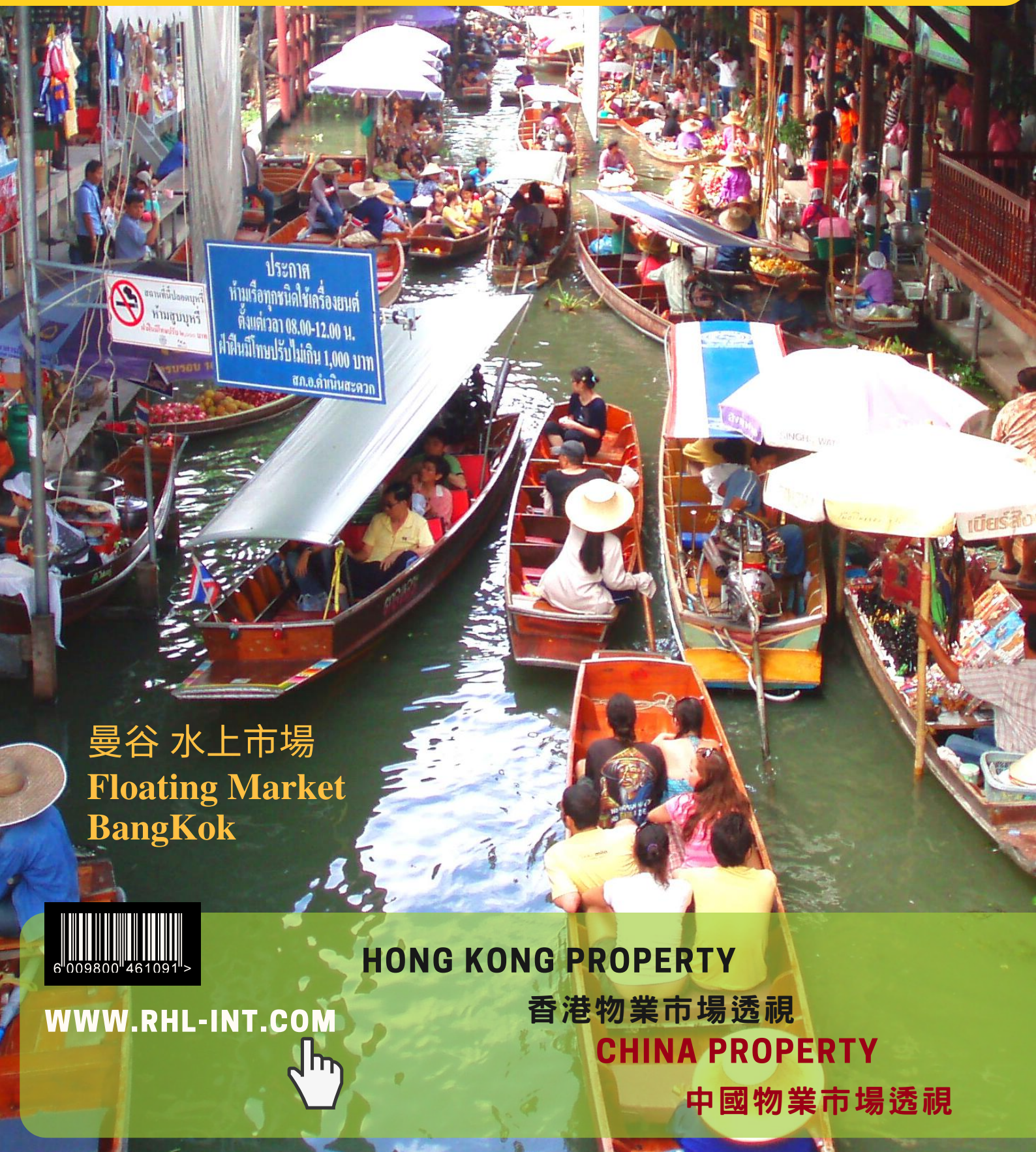
RHL International

JAN 2021

ISSUE NO.241

MARKET EXPRESS

房地產市場快訊



曼谷 水上市場
Floating Market
BangKok



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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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- Multiple Cities' Office Market Continues to Slump



HONG KONG PROPERTY- MARKET WATCH

**Looks Forward to
Future Opportunities**

HONG KONG PROPERTY - MARKET WATCH

Looks Forward to Future Opportunities

Not unexpected, the number of untraceable cases resurged in December and stayed at high level in Hong Kong. This so called “the fourth wave of infections” again induced tough measures hoping to curb the COVID-19 pandemic. Work from home and celebrate from home have become the norm and probably to last beyond this year end. Just slightly before Christmas, the world is stranded with the new variant of the virus in UK. We believe it may impact the transaction volume of the local property market in these several weeks and to the extent of early Q1 of this year, unless the newly-launched vaccine is able to resist the new variant.

Grabbing Opportunities from Changes

Pandemic brings a lot of changes and has become a catalyst of IT development.

Smart City is not a new idea and major cities are competing to be the leader.

Innovation and Technology Bureau released the Smart City Blueprint for Hong Kong 2.0 (Blueprint 2.0) (www.smartcity.gov.hk) on December 10 with more than 130 smart city initiatives. Smart investors should always keep an eye on the change of living and working habits as well as demand on space to identify the future best property investment opportunities.

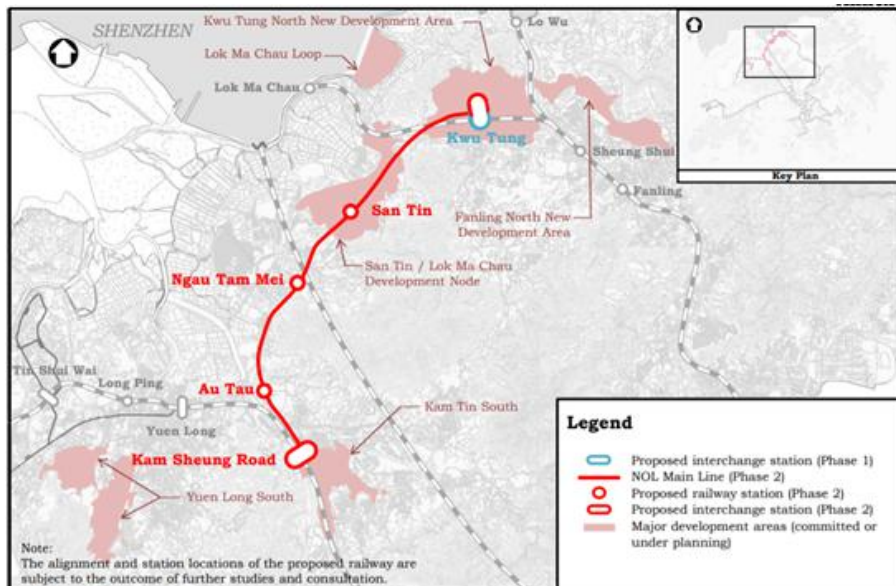
Going with the Infrastructures

Long Term Housing Strategy Annual Progress Report 2020 (for the 10-year Period from 2021-22 to 2030-31) was released on December 16. As stated in point 16: “... Our core strategy is to promote Government-led planning and infrastructure provision as well as resumption of brownfields and agricultural land in the New Territories for housing development pursuant to the Lands Resumption Ordinance (Cap.124). In the meantime, we will, through the proposed Kau Yi Chau (KYC) Artificial Islands and near-shore reclamation outside Victoria Harbour, explore reclamation on a suitable scale to form new land for holistic planning, so as to create room for housing and other developments.”

"Strategic Investment Advisory & Agency"

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

Investment opportunities normally come with where the government money is to be spent. Apart from the Hong Kong International Airport - SKYCITY and Hong Kong-Zhuhai-Macao Bridge, that is, the Hong Kong Boundary Crossing Facilities (“HKBCF”) Island Development Plan, the speed of comprehensive development in the northern New Territories is increased. On the same date, the Government announced to invite the MTR Corporation Limited to proceed with the detailed planning and design of the Northern Link (NOL) project, which is one of the seven recommended railway schemes in the Railway Development Strategy 2014. It is expected that the construction of NOL Phase 1 (Kwu Tung station) may commence in 2023 for completion in 2027. For NOL Phase 2 (route from Kam Sheung Road station to Kwu Tung station), it is expected that the construction may commence in 2025 for completion in 2034.



The proposed Northern Link (Phase 1 and 2) (Source of Map: LegCo Panel Paper)

"Strategic Investment Advisory & Agency"

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

Land Sale to Reveal Developers' Investment Confidence

The Lands Department announced on December 2 that the tender for a site, New Kowloon Inland Lot No. 6603 at Kai Tak Area 4E Site 1, in Kowloon, has been awarded to company related to China Overseas Land & Investment Limited at a premium of HK\$4.2728 billion, which is equivalent to an accommodation value of around HK\$13,000/sq.ft.. In view of the location and aspect etc , such price level is close to the adjoining sites tendered last year which appears to reveal a steady land price level in the city area during the year. Meanwhile, the Lands Department has lately granted the piece of sumptuous residential plot at Nos.2-8 Mansfield Road on the Peak for HK\$12 billion with a record-high accommodation value in the city of about HK\$46,272/sq.ft.. The big investment lump sum and the pleasantly surprised range of the accommodation value shows the confidence in the market from developers.

2020 was an extraordinary tough year the world ever faces in decades. On behalf of RHL International, we wish the coming COVID-19 vaccine brings us back to a normal life and everyone stays happy, healthy and prosperous.



(Source : Online Photo)

"Strategic Investment Advisory & Agency"

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

HONG KONG SNAPSHOTS

Great Retail Rent Reduction in Causeway Bay under COVID-19

Due to the Forth wave of COVID-19 epidemic, the retail property market has suffered from the recession. According to the market information, a ground floor shop located at No.511 Lockhart Road in Causeway Bay was tenanted with a monthly rental of about HK\$108,000, which is even lower than the one of HK\$150,000 in 1995. The area of the said shop is about 1,000 sq.ft., the unit rate is about HK\$108/sq.ft.. In 2017, the rental of the same shop was as high as HK\$280,000 per month. Other than that, another ground floor shop located at No. 499 Lockhart Road has just let at a monthly rental of about HK\$100,000, while it is reduced half from HK\$200,000 of the asking price in June.



(Source : Online Photo)

"Professional Practice in Land and Planning Matter"

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

HONG KONG SNAPSHOTS

Barker Road House Sold for HK\$530M with a Profit Loss

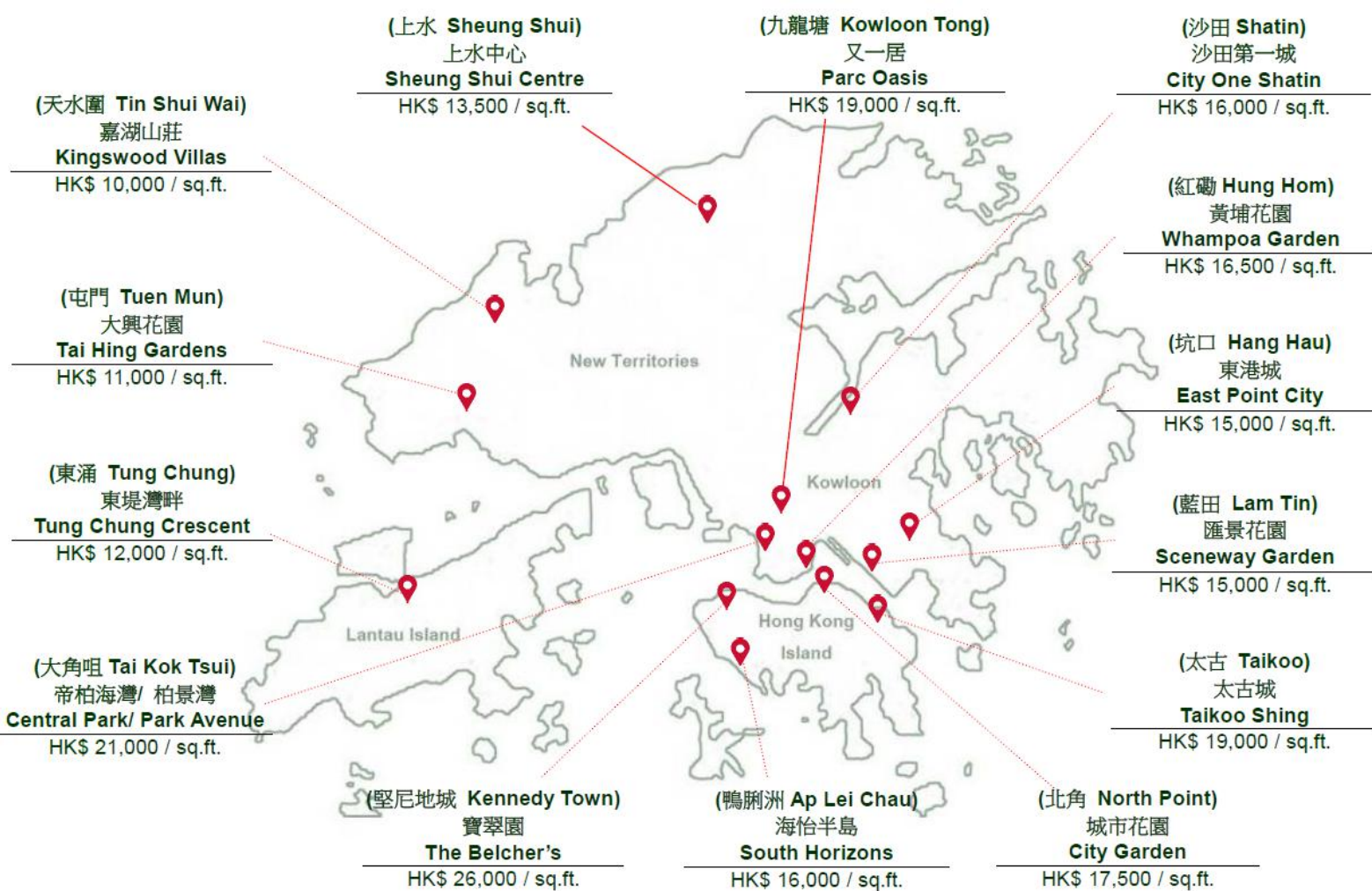
High-ended residential properties are being sold at lower price recently in the market place as there are property owners selling their property with loss on its book value.

A house at No.28 Barker Road of the Peak had recently been sold with the price of HK\$530 million. The price has been cut by HK\$300 million from HK\$830 million. The transacted price is about HK\$93,000/sq.ft.. Book value of the property has decreased by HK\$12 million compared with that in 2015, on HK\$542 million when the original owner bought this house. After deducting the estimated HK\$23 million stamp duty to be paid and several millions dollar agent's commission, the original owner was expected to have a loss of HK\$40 million in the transaction.

According to the references, the floor area of the abovementioned property is about 5,700 sq.ft. with two car parking spaces, thousand sq.ft. of garden and thousand sq.ft. of flat roof. A swimming pool with sea view on the rooftop area is available for private enjoyments and a passenger lift is also installed for accessing each floor.

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

Thailand locates at the center of the Indochinese Peninsula with 76 provinces. It is a founding member of ASEAN and bordered with other ASEAN members, including Myanmar, Laos and Cambodia. The economic development of Thailand has been moderate in recent years and hence its Human Development Index in 2019 is 0.765, which is deemed as 'high' in the world.

Capital : Bangkok
Largest City : Bangkok
Official Language : Thai
Official Word : Thai
Currency : Baht (THB)
Surface Area : 513,120 square kilometers
Population : 69,800,000 (Population in 2020, World Population Review)
Political System : Constitutional Monarchy



Gross Domestic Product

(World Bank Data in 2019)
543.65 (USD in billion)



Economic Structure

(GDP Composition in 2019)
Services (58.6%) Industry (33.4%)
Agriculture (8.0%)



House Price Index (Commercial Bank Mortgage Loan) for Condominium

(Figure from Bank of Thailand for first half year of 2020):
190.1 (Jan 2009 = 100)

Bangkok

Bangkok had a small trading post during the Ayutthaya Kingdom in the 15th century. Bangkok was at the heart of the modernization of Siam, later renamed Thailand, during the late-19th century, as the country faced pressures from the West. The city, incorporated as a special administrative area under the Bangkok Metropolitan Administration in 1972, grew rapidly during the 1960s through the 1980s.

The Asian investment boom in the 1980s and 1990s led many multinational corporations to locate their regional headquarters in Bangkok. The city is now a regional force in finance and business. It is an international hub for transport and health care, and has great performance for the aspects of arts, fashion, and entertainment.



Population in 2020

10,539,415

(World Population Review, 2020)



Population Density per km2 in 2019

3,611.39

(National Statistics Office of Thailand, 2020)



Number of Houses in Bangkok in 2019

3,041,115

(National Statistics Office of Thailand, 2020)



The Use of Land

Area of Bangkok in 2018

1,568.74 km²

(National Statistics Office of Thailand, 2020)

Land and Building Transactions Nationwide
(Millions of Baht) in 2019

1,110,021.64

(Source from Bank of Thailand, 2020)

Construction Areas Permitted Nationwide
('000sq.m.) in 2019

(Bangkok Metropolis and Vicinity)

20,646.56

(Source from Bank of Thailand, 2020)

Number of Newly Launched
Condominium Units at the Beginning of Q2 2020

3,451 units

(Figure from CBRE Report in Q2 2020)



Special Urban Planning /
Purposes in the City

1

The newest CBD will be in

Bang Na

2

The former Ministry of Information and Communication Technology (MICT) had carried out the government's policy and strategy of the "SMART THAILAND 2020" using the Information and Communication Technology (ICT) significantly to create Thailand's better future in 2014.

大灣區前瞻

Greater Bay Area Special

The Guangzhou-Hong Kong-Macau Greater Bay Area also referred as Greater Bay Area (GBA), is a megalopolis, consisting of two special administrative regions of Hong Kong and Macau, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Dongguan, Zhongshan, Jiangmen, Huizhou and Zhaoqing in Guangdong Province. GBA- with a total area of 56,000 km², and with a total population of approximately 72 million people at end 2019, is the largest and the richest economic region in South China. The GDP is USD 1,679.5 billion and GDP per capita is USD 23,371. GBA also is the largest and most populated urban area and is among the 5th largest bay areas in the world, comparable with the bay areas of London, New York, San Francisco, and Tokyo.

The development of the GBA is accorded the status of key strategic planning in the country's development blueprint. The objectives are to further deepen cooperation amongst Guangdong, Hong Kong and Macau, fully leverage the composite advantages of the three places, facilitate in-depth integration within the region, and promote coordinated regional economic development, with a view to developing an international first-class bay area ideal for living, working and traveling.

SHENZHEN

Shenzhen is a major sub-provincial city on the east bank of the Pearl River estuary on the central of southern Guangdong province, PRC. Also, the city is known as one of the the first-tier cities and the international commercial center in China.

The city is a leading global technology hub, dubbed by media China's Silicon Valley. It forms part of the Pearl River Delta megalopolis, bordering Hong Kong to the south, Huizhou to the northeast and Dongguan to the northwest.

Total Area : 1,997km²

Permanent Residents : 13.438 million

GDP: RMB 2,692.7 billion

GDP Per Head: RMB 204,000

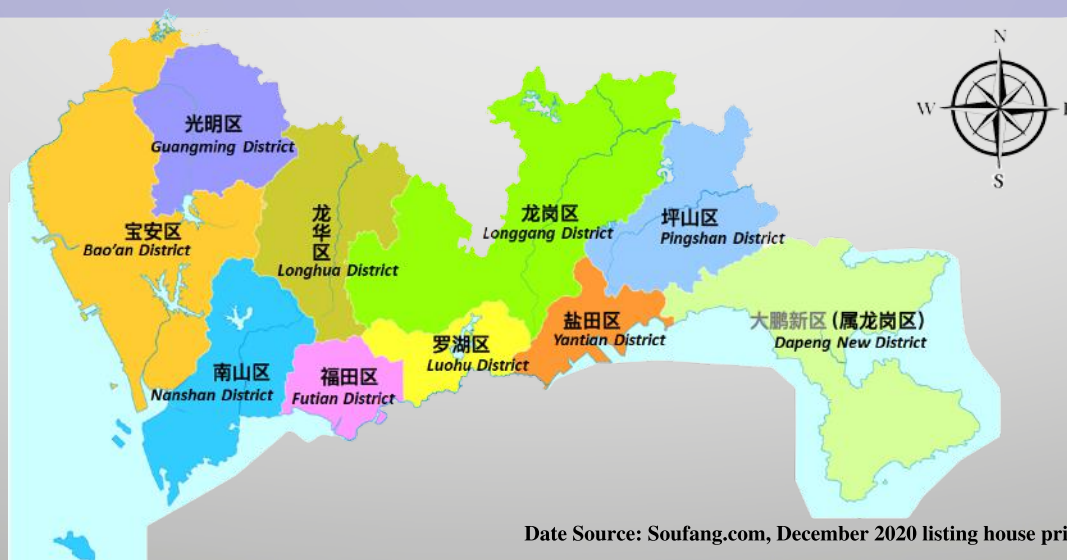
Handling Capacity For Port Cargo : 260 million tons

Transportation: Shenzhen Bao'an International airport , shipping, Intercity High-Speed Rail

Port: With largest number of ports in China

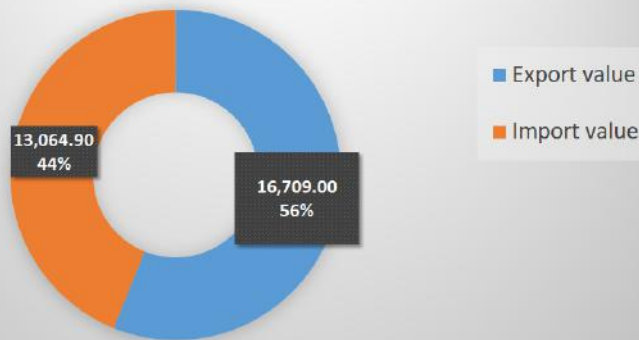
Number of Tourists : 12.17 million

Development Zone : Six national development zones, China (Guangdong) Pilot Free Trade Zone

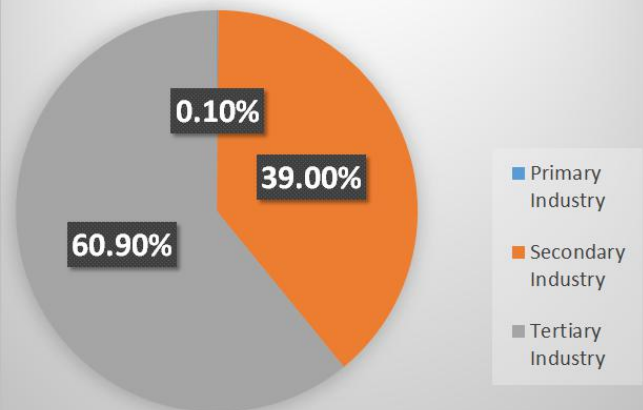


SHENZHEN REAL ESTATE OVERVIEW

Total value of import and export:
RMB 2,977.39 billion



Industrial Structure In Shenzhen



Shenzhen Land Market

In 2020, markets in Shenzhen go abnormally, because of more consumers who were willing to purchase houses at high prices. In addition, more scarce land entered the market, which resulted in both supply and demand increasing. Concerning land supply and transaction volume, both of them were two times more than that of last year. Mainly because of land for residence under the policy, most houses were purchased by real estate developers who serve talents.

Residential Land Transaction

Time	Sold Quantity (parcels)	Transaction Area (m²)	Average Transaction Price (RMB/m²)	Floor Price (RMB/m²)
2020-07	1	20,110.00	6,066.63	1,838
2020-06	6	313,771.02	31,478.37	9,553
2020-05	2	68,317.26	198,048.05	30,434
2020-04	3	71,464.87	23,941.83	5,791
2020-03	4	96,707.06	48,869.23	10,377



Industrial Land Transaction

Time	Sold Quantity (parcels)	Transaction Area (m²)	Average Transaction Price (RMB/m²)	Floor Price (RMB/m²)
2020-09	10	274,669.43	2,085.78	614
2020-08	5	297,246.20	1,275.04	641
2020-07	3	83,584.58	3,714.80	834
2020-06	2	16,650.12	4,372.34	905
2020-05	2	22,051.7	3,695.86	904
2020-03	2	19,449.08	2,503.97	609
2020-01	1	21,021	566.1	189

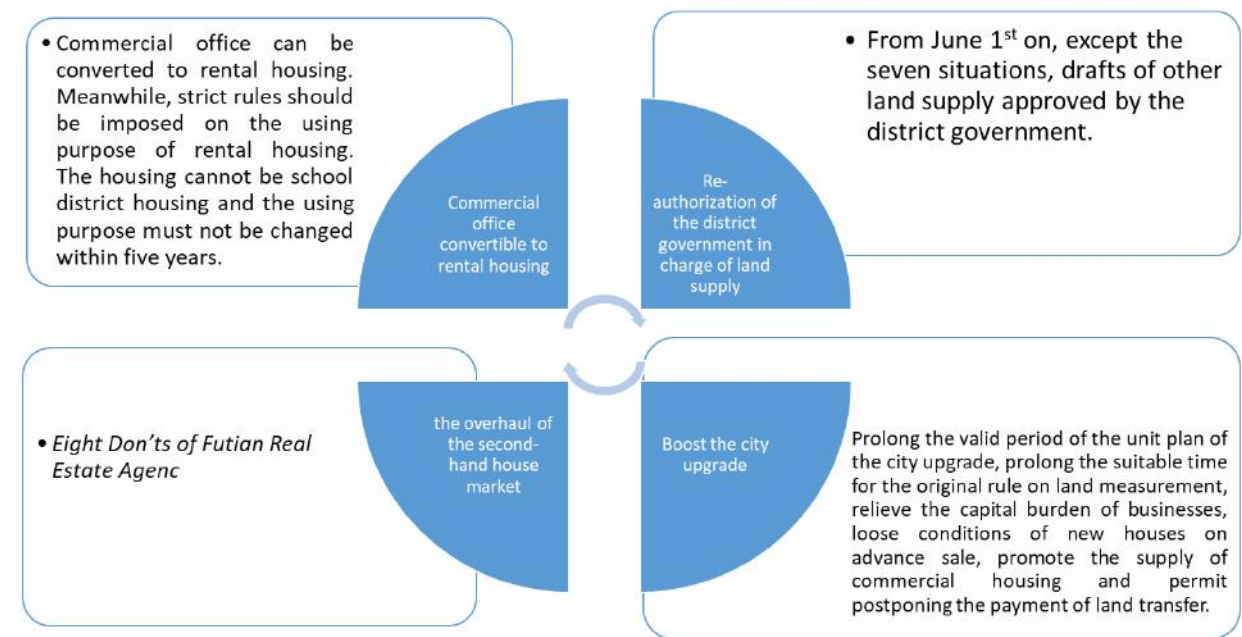
Commercial Land Transaction

Time	Sold Quantity (parcels)	Transaction Area (m²)	Average Transaction Price (RMB/m²)	Floor Price (RMB/m²)
2020-09	1	4,596.65	162,292.10	21,254
2020-08	1	5,535.00	56,910.57	6,941
2020-07	1	12,570.48	12,250.92	3,501
2020-06	1	4,091.88	264,426.13	17,284
2020-05	2	21,366.01	202,611.53	25,099
2020-03	1	4,808.17	149,121.18	16,445
2020-02	2	5,923.75	338,636.84	21,876
2020-01	1	296,615	2,440.87	1,074

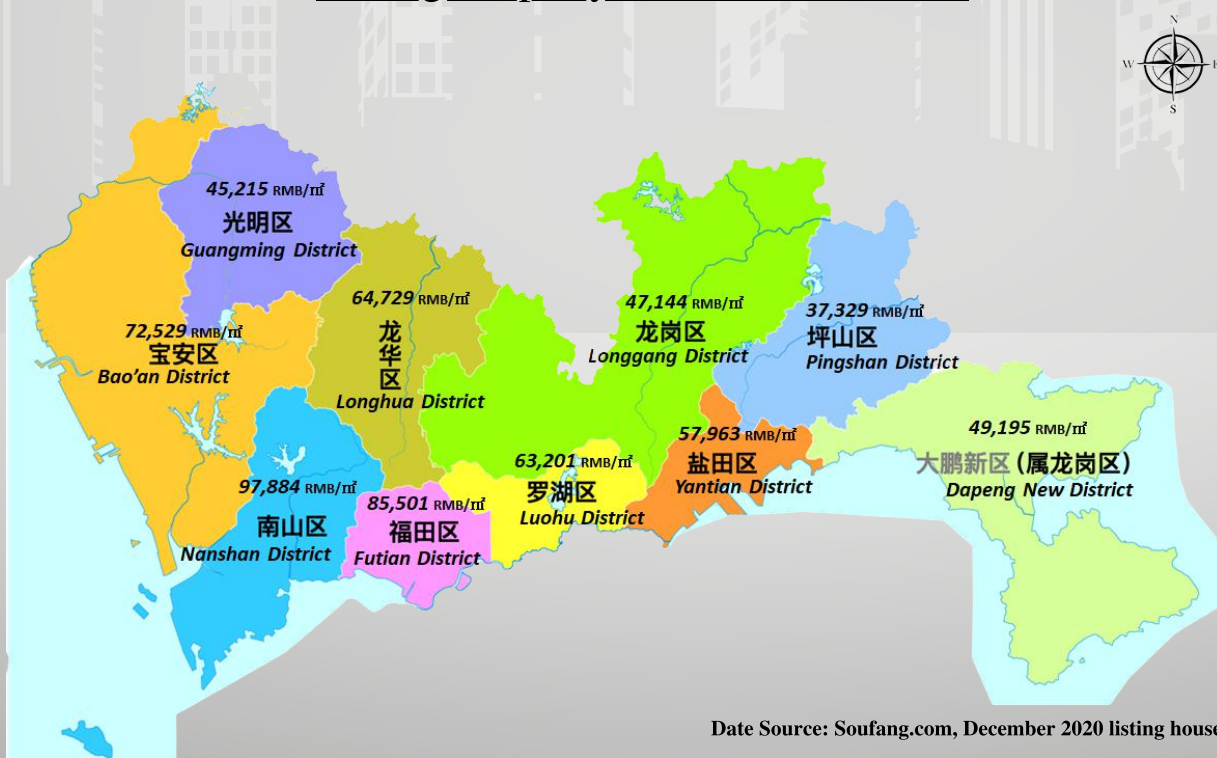


SHENZHEN REAL ESTATE OVERVIEW

According to the statistics on second-hand houses released by the website of house prices of China, it suggests that second-hand houses of Shenzhen reached the average price at RMB 74.6 thousand per square meter, increased by 27.08% y-o-y, so the price-rise got the second place in China. On 15th of July, Shenzhen City Live Built Bureau joined hands with the other 7 departments published An Notice on Further Promoting the Steady and Healthy Development of the City's Real Estate Market, which pulled the price back to the reasonable, yet still at the high position. The transaction number of second-hand houses of Shenzhen experienced from downs to ups. The implementation of the new policy in Shenzhen have cause an effect on the trade structure, because the transaction price of second-hand houses in December increased by 6.75% month on month with the average price at RMB 74,596/square metre.



Listing Property Prices in Shenzhen



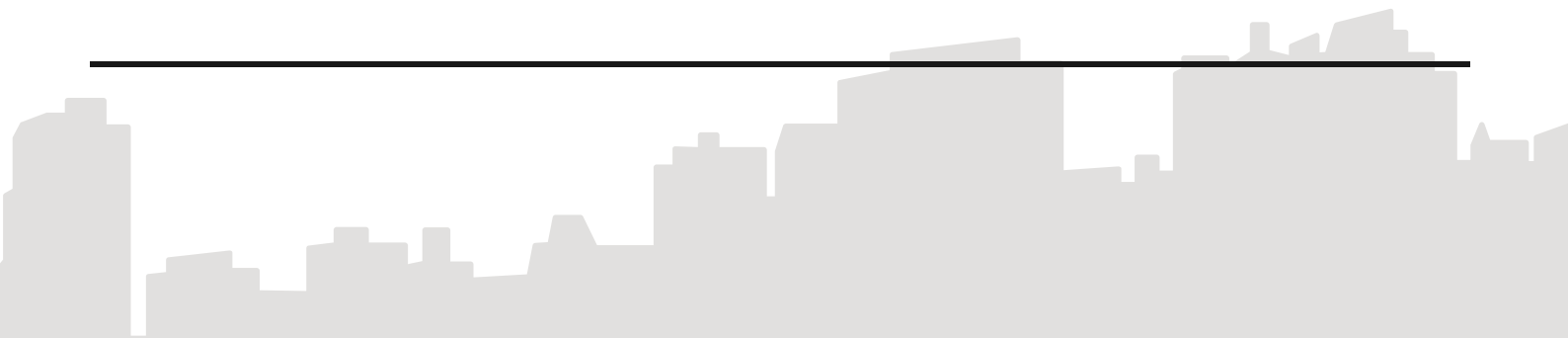
CHINA SNAPSHOTS

Land Income of 50 Cities Reached RMB3.67 Trillion, Increased by More Than 20% Y-O-Y: First 11 Months 2020

The impact of COVID-19 on the Chinese real estate market has gradually disappeared and the land market continues to recover. In the first 11 months in 2020, the value of land transaction of 50 major cities has reached RMB 3.67 trillion, an increase of 20.8% year-on-year, and both revenue and growth rate broke historical records.

Specifically, from January to November 2020, among the 50 cities, Shanghai, Hangzhou, and Guangzhou ranked the top three in transaction value which all exceeded RMB 200 billion. In addition, the value of land transaction of 8 cities including Nanjing, Beijing, Wuhan, Ningbo, Foshan, Suzhou, Chengdu, and Chongqing reached RMB 100 billion. Meanwhile, more than 30 cities exceeded RMB 50 billion, all breaking historical records.

Economic recovery and the loose financial environment are attracting housing companies to bid land, which has led to the recurrence of high-premium land transactions in many cities. In particular, the land with the highest value of more than RMB 10 billion in history were transferred in Xia'men and other cities, which has made the land market continuously warm up.



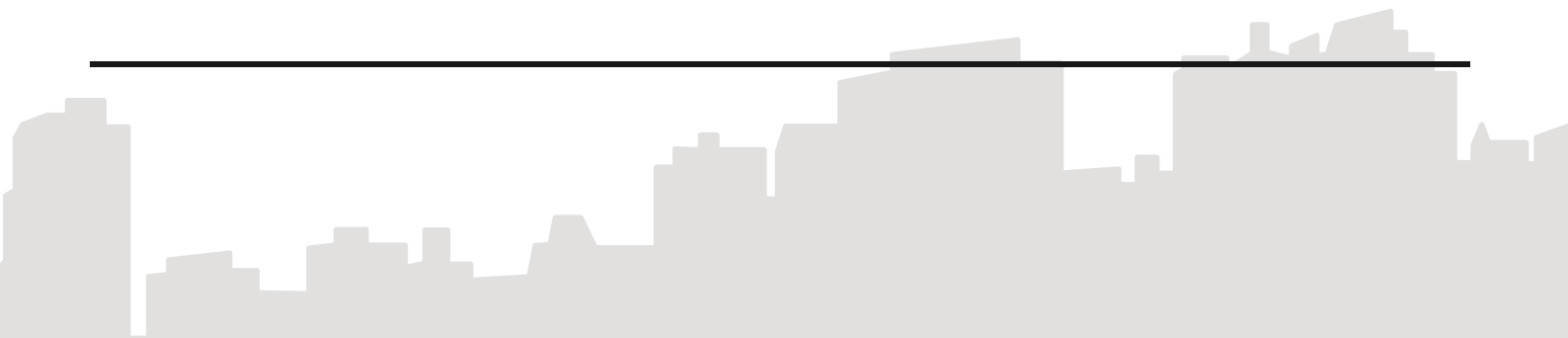
CHINA SNAPSHOTS

Multiple Cities' Office Market Continues to Slump

Affected by multiple factors such as the pandemic last year and the beginning of the economic downturn in 2019, the office market in various regions continued to be sluggish and the vacancy rate continued to rise, with individual locations even exceeding 30%. Office buildings in Beijing, Shanghai, Shenzhen, Tianjin and other places have found problems with high vacancy rates and long vacancy periods.

According to a report, the vacancy rate of Grade A office buildings in Shanghai rose to 21.9% in the third quarter of last year. At the same time, Shenzhen's office vacancy rate is still rising. The vacancy rate in the third quarter fell slightly by 0.92 percentage points from the second quarter to 24.52%. In Tianjin, vacant situations of office buildings are also not optimistic. Statistics show that in the first half of last year, the office vacancy rate in Tianjin was 36.1%. Therefore, many office building operators have also taken the initiative to reduce rents to maintain the current occupancy rate. In an office building in Zhongguancun, Beijing, property landlord promised to a company if the company renewed the lease for another year, the rent would be reduced by 25% whose main business is international study tour which was hard hit by the pandemic.

The pandemic affected leasing activities hardly. According to another data, among the 18 sample cities including the four first-tier cities of Beijing, Shanghai, Guangzhou and Shenzhen and 14 second-tier cities including Hangzhou, Chengdu, and Wuhan, 16 cities' office rents in these cities have fallen for more than a year, excluding Nanjing and Suzhou.



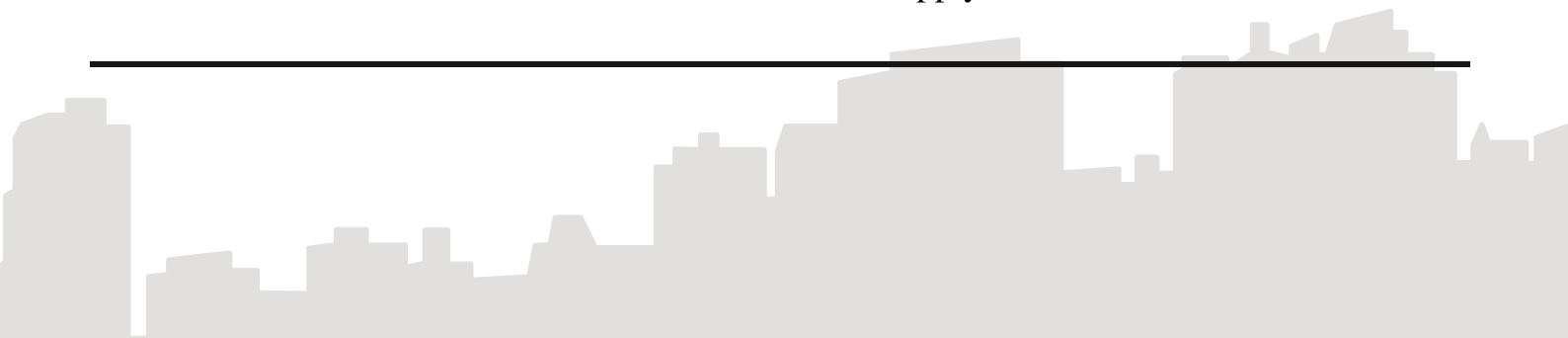
CHINA SNAPSHOTS

However, due to the market's recovery in office leasing demand and the effective control of pandemic, according to another report, the rents in Beijing and the five core business districts continued to decline in the third quarter, but the rate of decrease was somewhat higher than in the second quarter. In Shanghai, Grade A office rents fell by 0.97% month-on-month, and the rate of decline also narrowed from the second quarter.

In addition to the market downturn, there is also a problem of oversupply of office buildings. In the first half of last year alone, Shenzhen has absorbed about 140,000 sq.m. of office space in Grade A office buildings, exceeding the gradual absorption in 2019. At the same time, under the downward pressure of the economy, investors maintained a wait-and-see attitude, and sales of office buildings in second- and third-tier cities were cold. According to a research data, from January to August 2020, a total of 479,000 sq.m. of office space sold in 6 urban areas of Nanning City, 271,000 sq.m. were sold, with a transaction rate of 56.5%.

In recent years, the supply of Grade A office buildings in many places has grown rapidly but the growth rate of corporate demand has obviously not caught up with the growth rate of office supply. With the oversupply of office resources, last year's pandemic has exacerbated the market's destocking pressure.

Li Yujia, assistant to the director of the Housing Policy Research Center of the Guangdong Provincial Urban and Rural Planning and Design Institute, believes that it is not realistic to rely on high-end office buildings to gain market favour. All regions should rationally formulate urban development routes and adjust land supply ideas. According to Wang Cefei, deputy director of the Shenzhen Municipal Bureau of Planning and Natural Resources, in view of the excessive supply of office buildings caused by the imbalance of the land supply structure, in order to optimize the land use structure, Shenzhen has reduced the supply of commercial land in 2020.



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