

RHL International

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# MARKET EXPRESS

## 房地產市場快訊

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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.

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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.

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- 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- MARKET WATCH**

**Acting with Caution**

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# HONG KONG PROPERTY - MARKET WATCH

## Acting with Caution

Following the receipt of the first and ever application under the Land Sharing Pilot Scheme, the Government has further announced in early August that two more applications were received, one in Yuen Long and one in Tai Po. The site at Ho Chau Road, Yuen Long (near Tung Shing Lei), covers private lots and adjoining government land that are currently zoned "Residential (Group D)".

The application involves about 2,616 public housing or Starter Homes units with supporting facilities and 1,474 private housing flats. Another application is a site at She Shan Road and Lam Kam Road, Tai Po (near Lam Tsuen), covering private lots and adjoining government land zoned "Agriculture" and "Government, Institution or Community". The application shall involve about 8,484 public housing or Starter Homes units with supporting facilities and 3,636 private housing flats

Although the Scheme was launched since May last year and the first application was submitted in July this year followed by another 2 applications shortly, is the Scheme unable to attract private developers or there is natural flaw in it and dissuade developers?

Financially, the costs injected by the private sectors for land formation, infrastructures, construction of social facilities, and the land value for the portion taken for public housings can be deducted from the land premium. Nonetheless, the ratio for distributing the new developments on the land for public and private housings of 70:30 from the hands of private developers could be in question.

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

Up to this moment, whether the 70:30 housing split is monetarily feasible to a developer is still unjustifiable. No explanation or evidence has been given by the Government in determining such public to private housing split, not to mention the costs and revenue estimations of the developers. Such public-private cooperation could be riskier than a normal private development.

Temporally, it is no doubt that the procedure under the Scheme must be longer than any ordinary developments by the private sector. Currently, private sector starts its development over its lots usually in conditions that such development is allowed by the Outline Zoning Plan without any planning permission needed from the Town Planning Board, or permission has already been obtained from the Town Planning Board, so that application for lease modification and premium assessment can be submitted to the District Lands Officer immediately. From our experiences, new land lease can be finalized in 2 to 3 years with constructions kick off accordingly.

However, if private sector is going with the Scheme, application is required through the Land Sharing Office with different technical reports to support in advance, including traffic and environment. Without any decision either to approve or to reject the application, and agreement with the Government, no lease modification procedure shall be commenced. It is already 2 to 3 years in estimation for such pre-lease modification step. Counting the later track for lease modification and premium assessment, in our estimation, from handing in the application to the Land Sharing Office till the commencement of construction works, a double-up of time of normal private development is required.

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In addition, in many of the lease modification applications by private sectors, owners of the lots can negotiate its developments' scheme and conditions with the authority, which is mainly bilaterally. Under the Scheme, it is expected that more comments, negotiations and even compromises are required in order to fulfill the demands and requests from the Government for future infrastructures, land formation, sewage disposal, road designs, transport facilities, etc. where public housings are to be included. The way to go ahead with this step is becoming more complicated and not limited to a bilateral negotiation.

Even the land value of the public housing portions with the cost expenditures for infrastructure (excluding any inflation effects) can be deducted from the future land premium payment, the unclear financial situations caused by the public- private 70:30 split, together with the long procedure and time-consuming ways to push forward the development of a site could be monetarily- and practically- inefficient to a commercial society. We are not surprising to see that developers are taking their steps with caution.

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The site at Ho Chau Road, Yuen Long (near Tung Shing Lei)  
(Source: Government's Press Release)



The site at She Shan Road and Lam Kam Road, Tai Po (near Lam Tsuen)  
(Source: Government's Press Release)

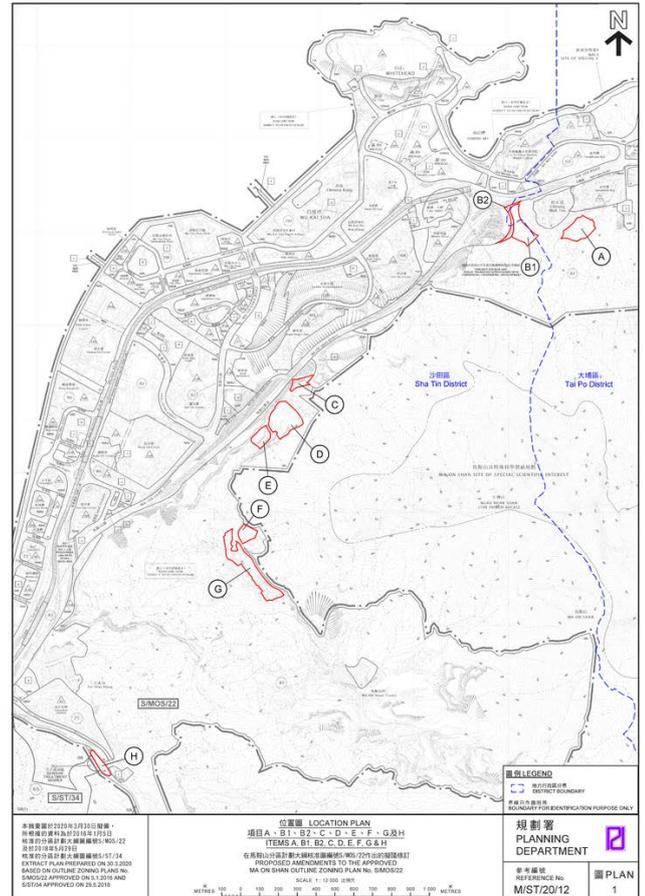
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# HONG KONG SNAPSHOTS

## Town Planning Board Approved 3 Sites Rezoning in Ma On Shan

According to the "Draft Ma On Shan Outline Zoning Plan", the Planning Department had proposed to rezone 4 green belt sites into residential use. Three of the rezoning sites being approved by the Town Planning Board are located at east of Cheung Muk Tau Village (as marked ① on the plan), west of Cheung Muk Tau Village (as marked ② on the plan), and the lower end of Ma On Shan Tsuen Road (as marked ④ on the plan) respectively. However, the other site which located at the upper end of Ma On Shan Tsuen Road has been rejected. The three approved plots would be rezoned as "Residential (Group A11)" with areas of 1.46, 1.38 and 2.26 hectares respectively at the highest plot ratios of 6.8. The rezoning is estimated to provide about 6,180 public housing units.



(Source of Picture: Ma On Shan Outline Zoning Plan (Amendment to approved Plan No. S/MOS/22))

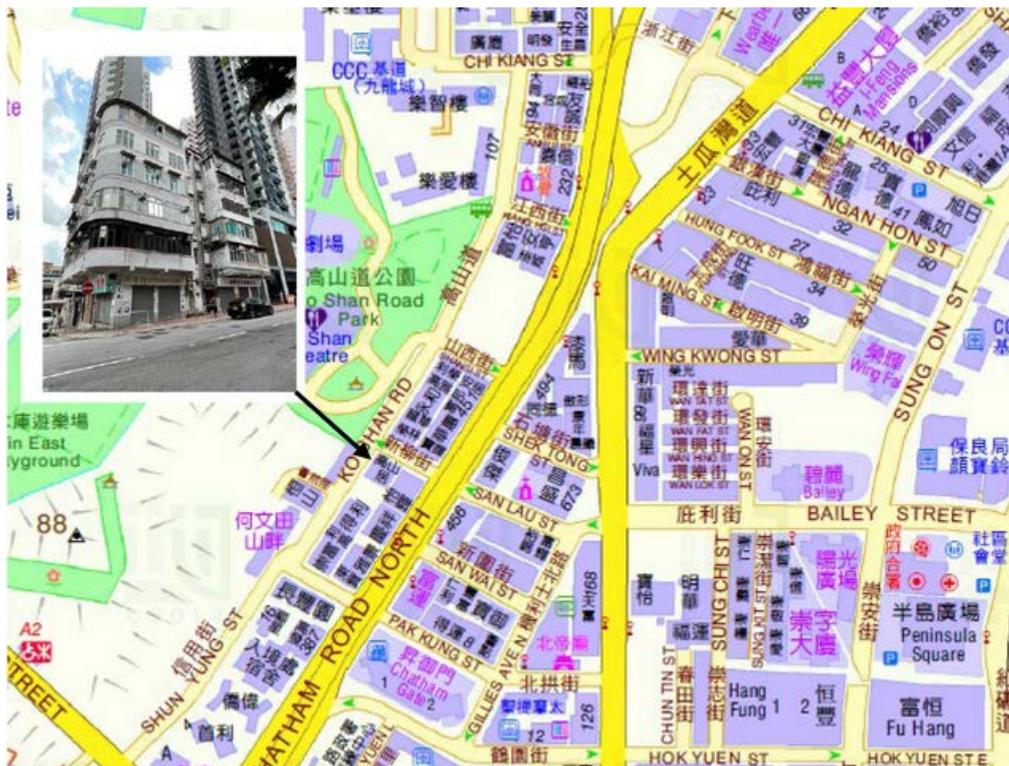
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## HONG KONG SNAPSHOTS

# Old Building in To Kwa Wan Granted for Compulsory Sale with Reserved Price of HK\$136 million

The old building at No. 26 Ko Shan Road and Nos.2A and 2B San Lau Street, To Kwa Wan, was recently granted by the Lands Tribunal for a Land Compulsory Sale Application with a reserved price of HK\$136 million. The site is adjacent to Ko Shan Theatre and close to MTR To Kwa Wan Station, with convenient transportation and value for redevelopment.



The tenement building granted with a Land Compulsory Sale Order is at No. 26 Ko Shan Road and Nos.2A and 2B San Lau Street, To Kwa Wan.

(Source: RHL Photo Base)

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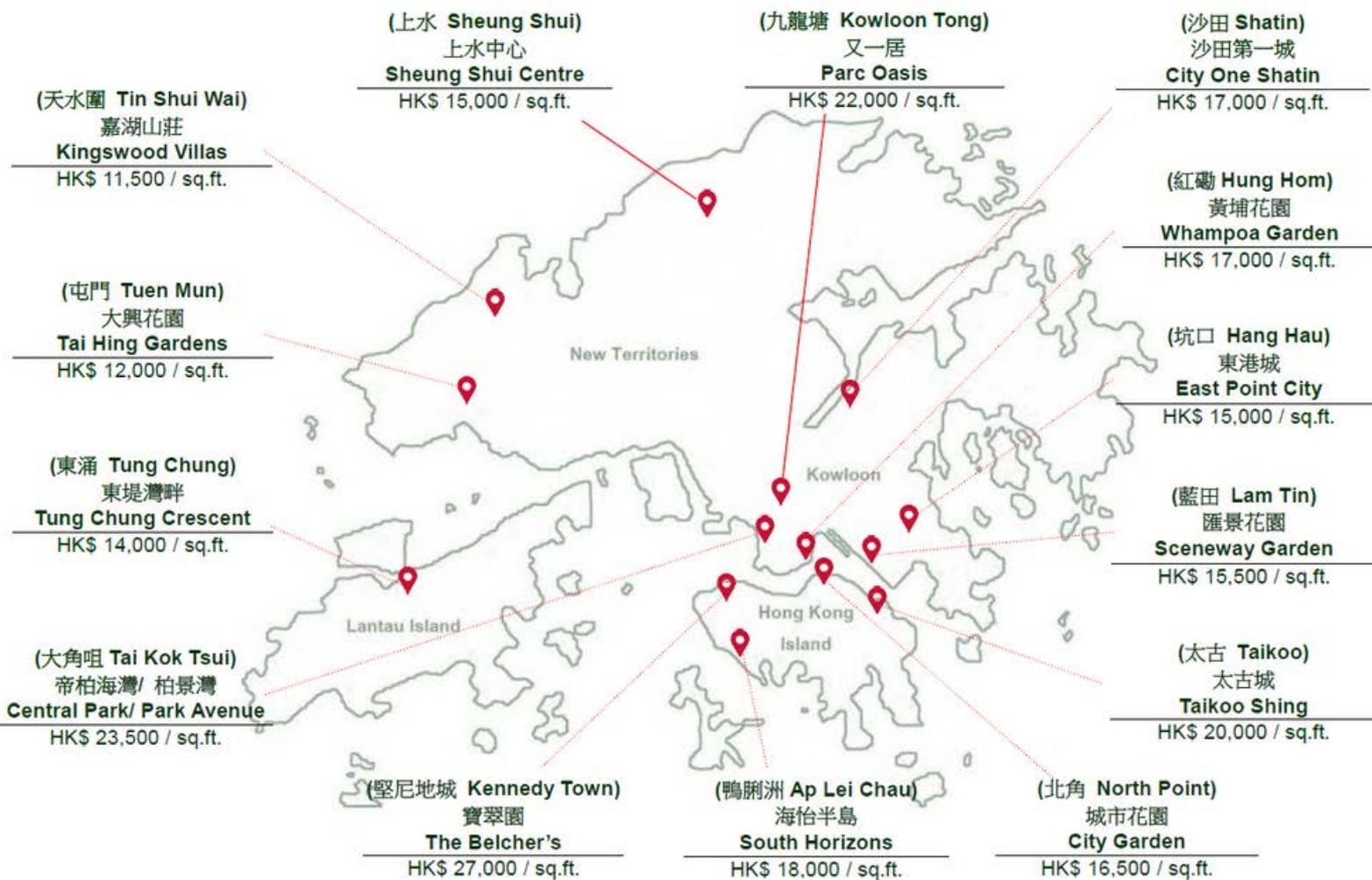
## HONG KONG SNAPSHOTS

The above-mentioned tenement building is more than 60 years old. The Court ruling pointed out that the property is in dilapidated condition and the cost of refurbishment is about HK\$8.5 million, which is 36% of the construction cost of the entire reconstruction. As the applicant has taken reasonable steps to acquire all the undivided shares in the Lot, the Court issued a Land Compulsory Sale Order that the land will be sold by way of a public auction.

The project's site area is approximately 1,900 sq.ft., and estimate to be redeveloped as a 20-storey commercial and residential composite building. The base price is about HK\$136 million, based on a plot ratio of 9, the accommodation value is about HK\$8,000/sq.ft..

# 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



## **Kuala Lumpur Structure Plan (KLSP2040)**

**Year published:** 2020

**Promoted by:** Kuala Lumpur City Hall as a development plan at Federal Level

### **Objectives:**

- To provide an integrated planning framework for ensuring that all policies, strategies and development programmes are implemented towards achieving Kuala Lumpur's vision by 2040
- To be a "City for All", with the principles of equitable, resilient, sustainable and stimulating growth

### **Goals to Achieve:**

6 major goals, including

1. Innovative and Productive
2. Inclusive and Equitable
3. Healthy and Vibrant
4. Climate Smart and Low Carbon
5. Efficient and Environmentally Friendly Mobility
6. Integrated and Sustainable Development

- Each goal has different numbers of strategic directions and actions for a translating into the urban management plan and the spatial management plan in future. When the strategic directions are designed, they are specifically matched with the objectives of the Sustainable Development Goals proposed by United Nations for addressing global challenges and issues.

### **Spatial Management Plan:**

There are 3 key components including

1. Special Area Management Zone
2. Biodiversity Protection Zone
3. Transport Zone and Corridor

### **Special Area Management Zone:**

- It comprises 2 main clusters, namely the Economic Catalytic Cluster and the Urban Regeneration Cluster: the prior one is to emphasize on enhancing Kuala Lumpur's economic competitiveness while the latter one will encourage integrated planning and development for a sustainable land management.





## Kuala Lumpur Structure Plan (KLSP2040) (continue)

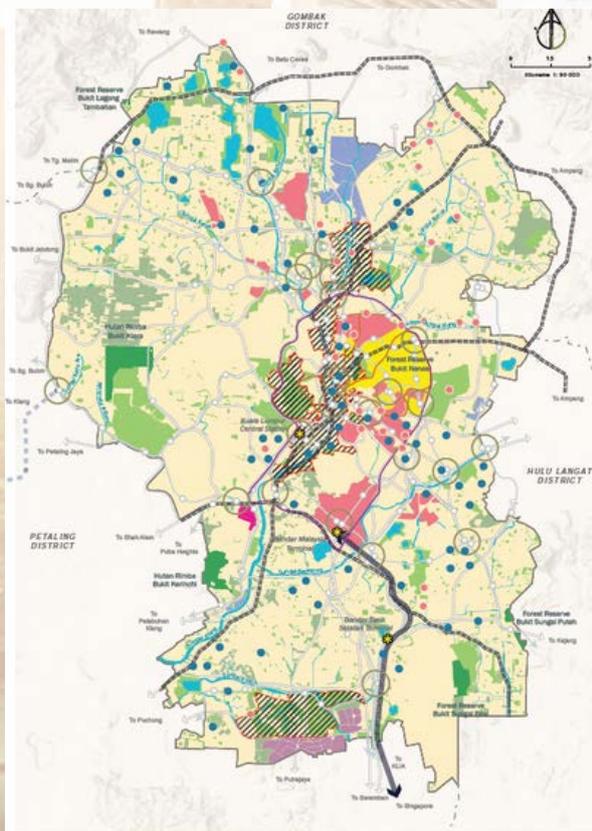
### Biodiversity Protection Zone:

- It aims at protecting the city's biodiversity assets, such as protecting the existing permanent forest, field and recreational land and water bodies.

### Transport Zone and Corridor:

- It emphasizes the public transport networks as the backbone of the integrated transport system in the city, enhances local accessibility to drive sustainable development. The transport networks include network of highways and roads, street network and public rail station, city tram route and bus transit route.

### Map



Source: Draft Kuala Lumpur Structure Plan 2040: A City for All

### Strategies for tackling with limited availability of land:

As the city continues to prosper, facing a limited supply of land in the urban area, the KL Government proposes to:

1. Manage undeveloped land optimally and productively by introducing more flexible concept of land use activities;
2. Encourage infill development in high demand areas by promoting upgrading use of activities on the land;
3. Regeneration of old areas;
4. Integration of land development and public transport; and
5. Sharing of spaces

# 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 km<sup>2</sup>, 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.

## HUIZHOU CITY

Huizhou, an important hub gateway on the east coast of the Guangdong-Hong Kong-Macao Bay Area which has convenient transportation conditions. It is building a 10-million-class trunk airport with a port capacity of more than 100 million tons. The Xiamen-Shenzhen high-speed railway, the Guangzhou-Shantou high-speed railway and the Ganzhou-Shenzhen high-speed railway passing through Huizhou. It has a total highway mileage of 732 kilometers. Huizhou has distinctive industrial features. The Daya Bay Petrochemical Zone ranks first in the country in terms of the scale of refining and chemical integration. Zhongkai High-tech Zone is an important electronic information industry base in China, and is building two trillion-level industrial clusters of petrochemical energy and new materials and electronic information.

Positioning : National Manufacturing Innovation Center

Permanent Residents : 6.04 million

Total Area : 11,347 sq.km.

GDP : RMB 422.2 billion

GDP per Head : RMB 70,000

Total Merchandise Trade : RMB 248.91 billion

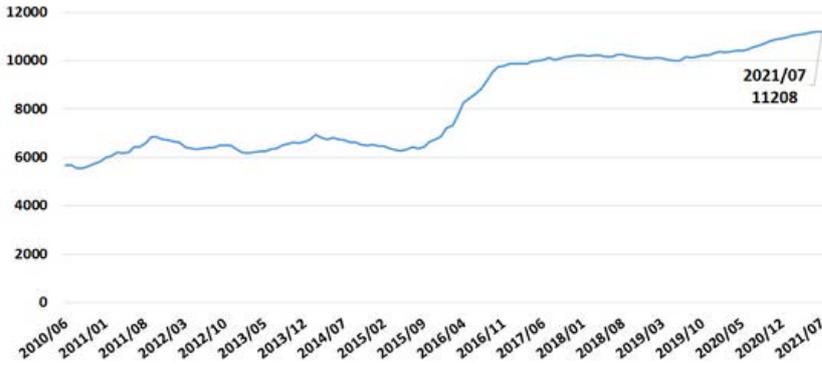
Export Value : RMB 168.81 billion

Import Value : RMB 80.10 billion

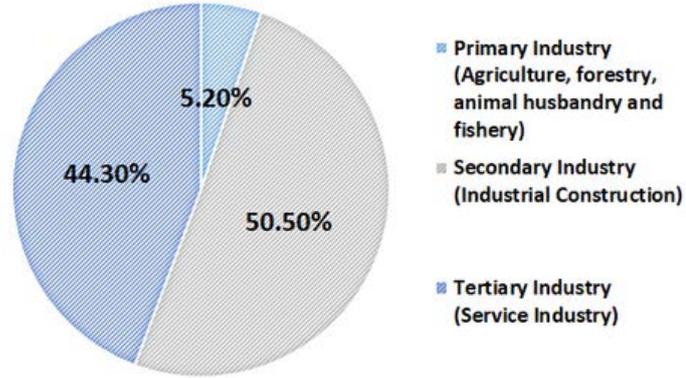
# HUIZHOU CITY REAL ESTATE OVERVIEW

## Residential Housing Price Trend

Average Residential Sample Price in Huizhou (RMB/sq.m.)



## Industry Structure



## Land Sales Status

### Residential Land Use

Month	No. of Transaction	Transaction Area (sq.m.)	Average Transaction Price (RMB/sq.m.)	A.V. (RMB/sq.m.)
2020-12	26	686,083.16	6,815.65	2,429
2021-01	4	285,871.21	6,798.97	2,280
2021-02	5	151,841.00	10,466.61	3,456
2021-03	9	313,128.12	10,540.54	3,579
2021-04	4	111,205.42	14,540.57	4,597
2021-05	9	201,271.84	13,896.83	4,838

### Industrial Land Use

Month	No. of Transaction	Transaction Area (sq.m.)	Average Transaction Price (RMB/sq.m.)	A.V. (RMB/sq.m.)
2020-12	30	2,176,394.91	689.30	300
2021-01	12	292,840.54	734.77	292
2021-02	24	731,348.93	892.75	270
2021-03	32	1,764,942.65	736.68	472
2021-04	20	1,058,384.74	681.28	251
2021-05	11	473,247.91	1,010.06	343

# HUIZHOU CITY REAL ESTATE OVERVIEW

## Youth Innovation Entrepreneurship Bases

- Youth entrepreneurship base for Hong Kong and Macao youths in the Zhongkai high-tech industrial development zone commenced operation in 2016. Located in the core of the Huizhou Zhongkai High-Tech Industrial Development Zone, the base can make good use of the location advantage of the industrial development zone as well as entrepreneurial resources from Hong Kong and Macao. It is the first national technology business incubator in Pearl River Delta region especially developed for youths of Hong Kong and Macao.
- A demonstration base on innovation and entrepreneurship in Daya Bay has commenced planning and construction in 2017, aiming at developing a national level coworking space and incubator. The base has established cooperation with well-known education institutions such as Sun Yat-sen University, Guangdong University of Technology, Shantou University, Huizhou University, and Huizhou Economics and Polytechnic College. It has attracted start-up teams from education institutions to settle in Daya Bay and fostered commercialisation of research results. It focuses on emerging industries including Internet of Things (IoT), new energy, energy conservation, cultural and creative industries, information technology, and applications of artificial intelligence.



(Photo Source: Online)

# HUIZHOU CITY REAL ESTATE OVERVIEW

## New Infrastructure: Ganshen High Speed Rail

- July 22, China Railway Four Bureau of Construction Company to ensure the opening of the pledge mobilization meeting held in Dongguan City, Tangxia Town, Ganzhou-Shenzhen Railway Dongguan South Station. The purpose is to further promote the speed and quality of construction to ensure that the Ganesh railroad opened for use at the end of 2021 as scheduled.
- For Huizhou, the Ganzhou-Shenzhen high-speed rail opening is of great significance. The Gangshen high-speed railway Huizhou North Station is the largest integrated transportation hub in Huizhou. In the current stage, Shenzhen-Huizhou city rail construction is not yet a clear timetable, Ganzen high-speed rail to Shenzhen and Huicheng city core tandem, so that Huizhou and Shenzhen city space and time distance for the first time into 30 minutes or less.
- With the opening of the Ganzhou-Shenzhen high-speed railway, Huizhou will add three new high-speed railway stations: Boluo North Station, Huizhou North Station and Zhongkai Station. In addition to Xiamen-Shenzhen high-speed rail station in Huizhou South and Huidong station. Huizhou will have a total of five high-speed rail stations throughout the territory.



(Photo Source: Online)

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## CHINA SNAPSHOT

### Wuhan Real Estate Control New Policy: Buy House with "House Ticket"

On 28 July 2021, the Wuhan Housing Authority issued new restrictions on home purchases:

One, in order to buy a house in the restricted area of Wuhan, buyers have to apply in advance for the qualification to buy a house. After the examination and approval, buyers will get a "housing ticket", which is valid for 60 days and expires afterwards.

Second, the housing ticket can only be used once. During the validity period, the buyers can only participate in one property subscription which will lock the qualification. Buyers cannot participate in another property registration. If the buyers give up the purchase of this suite, they need to wait until the opening of the subscription project, in order to choose another property.

Third, the violation of the operation of the house ticket will be punished. Buyers who fraudulently obtain "housing tickets" through means will be disqualified from purchasing a home and cannot apply again within one year; if the agency and other related institutions or enterprises together with the customers forged home purchase qualifications, they will also be included in the black list of practitioners.

The new policy aims at reducing the false fire in the property market and suppressing speculation: first, a housing ticket only subscribe to a property which reducing the blind registration of hot properties and the false fire in the property market; second, the cost of speculators to buy a house increased which losing the opportunity to repeat speculation.

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

## CHINA SNAPSHOT

### Hot Cities Second Houses May Enter Into the Era of Comprehensive Control

Since this year, the hot spot city property market regulation policy intensive landing. Many places will have a new round of property market regulation focus to the second-hand house reference price mechanism.

Date	City	Policy Content
26/7/2021	Wuxi	Based on the price of second hand housing online registration records forming a reference price for second-hand transactions in some residential areas.
8/7/2021	Xian	The reference price will be established by reference to the second-hand housing transaction price and evaluation price for the residential area as a unit.
28/5/2021	Chengdu	Establish a mechanism to publish reference prices for second-hand housing transactions. On July 8, the reference price for second-hand housing transactions in 268 residential areas was announced.
27/4/2021	Ningbo	When real estate agents and homeowners post listing information, they will be synchronized with the recent online prices of similar properties in the area where they are located.
8/2/2021	Shenzhen	By dividing city's 3,595 residential areas as different regional grid unit, based on the second-hand residential transaction price, reference to the surrounding primary housing prices, to implement the reference price.



(Photo Source: Online)

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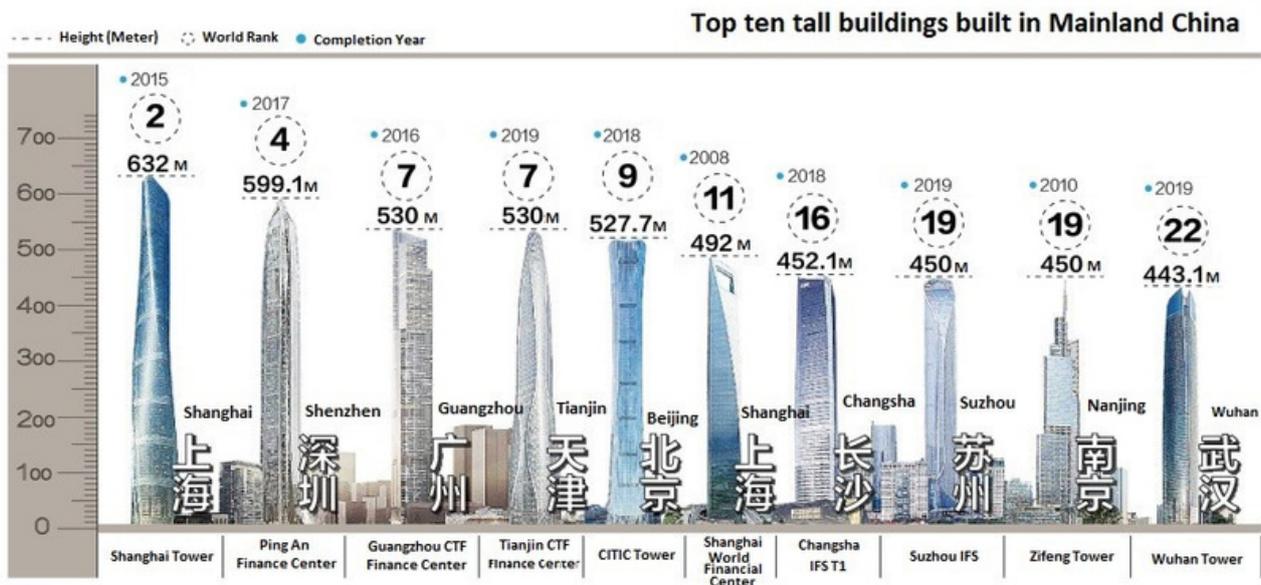
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## CHINA SNAPSHOT

### Say Goodbye to the Era of Skyscrapers: No Construction for Buildings Over 500 Meters

On July 6, the National Development and Reform Commission proposed to strengthen the examination and gate-keeping of infrastructure construction projects, strict review of ultra-high-story buildings. The public building, super tall building and key lot building major urban construction projects to manage.

Among them, height more than 100 meters building should be strictly enforced super high-rise building project seismic design and approval system which appropriate to the size and spatial scale of the city, and match the fire rescue capabilities; strictly limit the new height 250 meters above the building, for those really need to build must combined with the fire and other thematic demonstration of the building program review, and reported to the Ministry of Housing and Urban-Rural Development for the record; no more height 500 meters above ultra-high floor buildings should be built.



(Photo Source: Council on Tall Buildings and Urban Habitat)

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## CHINA SNAPSHOT

## Residential Price Index of Major Cities (July 2021)

City	Sample Average Price(RMB/sq.m.)	M-o-M Change(%)	City	Sample Average Price(RMB/sq.m.)	M-o-M Change(%)
Shanghai	51,622	0.89	Beijing	44,023	0.19
Chongqing	11,681	0.55	Tianjin	15,015	0.17
Guangzhou	24,212	0.26	Shenzhen	54,439	-0.26
Nanjing	24,457	0.23	Hangzhou	29,007	0.08
Chengdu	12,312	0.3	Wuhan	13,262	0.04
Dalian	13,841	0.44	Suzhou	18,073	0.16
Xi'an	11,383	1.47	Xiamen	29,156	0.14
Ningbo	18,954	0.45	Changsha	9,229	0.28
Wuxi	14,002	0.44	Dongguan	19,188	0.39
Shenyang	9,983	0.46	Fuzhou	17,123	0.05

Source: Fangtianxia Hundred City Price Index



(Source of Picture: Canva Photo Base)

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