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MARKET EXPRESS

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HONG KONG PROPERTY

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香港物業市場透視

CHINA PROPERTY

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GROUP INTRODUCTION

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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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CONTENTS

Hong Kong Property-Market Watch	P.4-7
<ul style="list-style-type: none">• Highlights of HK's Property Market in 2021	
Hong Kong Snapshots	P.8-10
<ul style="list-style-type: none">• URA's Project in To Kwa Wan Tendered for HK\$5.59 billion• Retail Shops at Russell Street has had it's Day	
Hong Kong Transactions Overview	P.11
Belt And Road Initiative: Cambodia	P.12-14
China Snapshot	P.15-22
<ul style="list-style-type: none">• 35 Cities' Housing Rental Price Index Released: More Than 80% of Rental Prices Fell• Guangzhou's New Standard Land Price Implemented, Average Land Price of Residential Land: RMB 15,372/sq.m.• Centralized Land Supply in Chengdu, Xiamen Ends, Low Premiums Become the Main Theme	



HONG KONG PROPERTY- MARKET WATCH

Highlights of HK's Property Market in 2021

HONG KONG PROPERTY - MARKET WATCH

Highlights of HK's Property Market in 2021

The Hong Kong's property market continues to be active in 2021, except the highest price index point being reached, rebuilding of new development under construction, and other events have shocked the market. Which one you remember the most?

Demolish and Rebuild due to Structures below Standards: The Pavilia Farm

The developer of the Pavilia Farm (Block 1 and 8 of Phase 3) above the MTR Tai Wai Station announced to demolish and rebuild the questioned towers in July because of the walls' standard-below concrete testing results which is the city's first and ever development under construction being demolished and started over again. About 845 units have been affected. 4 major compensation schemes have been provided to those affected purchasers who can gain about HK\$ 1 million the most, including special allowances and interest compensation.

By the end of December, the Building Department had also revealed and allowed strengthening works to be carried out at Block 2 and 3 of Phase 1 of the same development where about 5% of the concrete being tested had a strength level lower than the stated figures on the approved plans. Up to the moment, more than hundred transactions of the development had been cancelled.

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

Consent to Pre-Sell being Cancelled: Grand Homm

The Lands Department had cancelled the Consent to Pre-Sale of Grand Homm, a new development in Ho Man Tin under construction. The spokesperson of the authority explained that, when the development costs exceed for at least 10%, the developer is required to submit evidences to allow the Director of Lands to believe and accept that such developer is financially-subsistence within a specific period of time; otherwise the sales of properties should be suspended. However, in this event, no solid evidence had been provided to the Department and thus Consent to Pre-Sale was cancelled in final, becoming one of the rare precedent cases with Consent to Pre-Sale being cancelled in recent years.

Ever Highest Land Premium: Commercial Land at Central New Harbourfront

The commercial land at the Central New Harbourfront had become the most expensive one in the government land sale programme. Tender procedure carried out for half year since December 2020, 6 tender documents had been received by the government which were all submitted by major developers. In November, the land had finally tendered at a premium of HK\$50.8 million to a single developer, breaking the record of the most expensive land premium in land sale programme ever; accommodation value reaching HK\$31,462/sq.ft..

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- *Provide Transaction Advisory Services*

Historical Highest Price Index Point

Property price peaked again in 2021. The price index recorded by the Rating and Valuation Department had reached 397.7 in July, 0.2% higher than 396.9, the highest point ever, in May 2019. Nonetheless, the figure had dropped to 397.1 in August, ended the 7-month rising trend; and at a fiercer falling pace by 0.4% and 0.85% in September and October respectively. Overall in the first ten months of 2021, a 3.92% increase in price index had been revealed.

The Largest Non-Domestic Property Transaction: HK\$10 billion Acquisition of KITEC

The most eye-catching transaction of non-domestic property in 2021 should be the acquisition of the Kowloonbay International Trade & Exhibition Centre (KITEC). A consortium had acquired the KITEC at a cost of HK\$10 billion, the most valued single transaction in the year. The consortium had expressed the plan to redevelop the site into a Grade A iconic office building with a capital of HK\$20 billion. The comprehensive development of KITEC occupies a site area of 239,800 sq.ft., the current 1.775 million sq.ft. total floor area provides performance venues, conventional and exhibition halls, restaurants, offices, commercial and car parks. Production studios of ViuTV is also stationed there.



CALVIN PANG
WRITER - HONG KONG
MARKET WATCH

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URA's Project in To Kwa Wan Tendered for HK\$5.59 billion

The Urban Renewal Authority has declared the tender result for its redevelopment project at Hung Fook Street/ Ngan Hon Street in To Kwa Wan. The tender amount was HK\$5.5878 billion, with the total maximum gross floor area of 444,000 sq.ft. of the development to be, the accommodation value is about HK\$12,590/sq.ft.. The Project covers a site area of 49,300 sq.ft. which can provide 665 residential units and the area of 74,000 sq.ft. for commercial use upon completion. It is worth noting that compared with the development project of To Kwa Wan Bailey Street/Wing Kwong Street, which was awarded in last September for about HK\$11,414/sq.ft., the unit price is around 10% higher than it was three months ago.



(Source: Urban Renewal Authority)
The developer of this project is responsible for constructing the development in compliance with the requirements of the master design control of To Kwa Wan district in Kowloon City as stated in the agreement and adopting place-making and smart initiative to enhance the livability of the district.

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HONG KONG SNAPSHOTS

Retail Shops at Russell Street has had it's Day

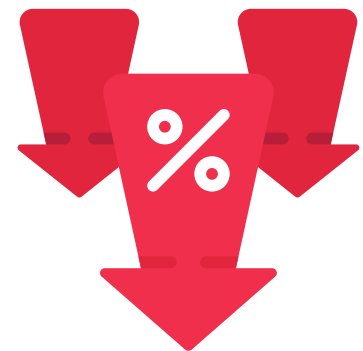
Experiencing a persistent pandemic for almost two years along with the recent emergence of assorted variants of virus, the luxury retail market has no manifestation of recovery. Russell Street in Causeway Bay, once the most expensive commercial street in the world, has tenants expressing their exit decisions again.

Market information revealed that Burberry, a British luxury brand, has decided not to renew the tenancy of its 3-storey 5,200 sq.ft. flagship store in Soundwill Plaza after the expiration of tenancy early next year, marking itself the third brand forgoing its flagship store in Russell Street since the outbreak of virus. Situating in the middle of Russell Street, a golden section facing the Times Square, the shop had its monthly rent hit HK\$8.8 million at the peak. A watch shop, with an area of 900 sq.ft. located on the ground floor of the same building, also plans to exit after the termination of tenancy early next year, symbolizing a rise in vacancy rate of shops in Russell Street.



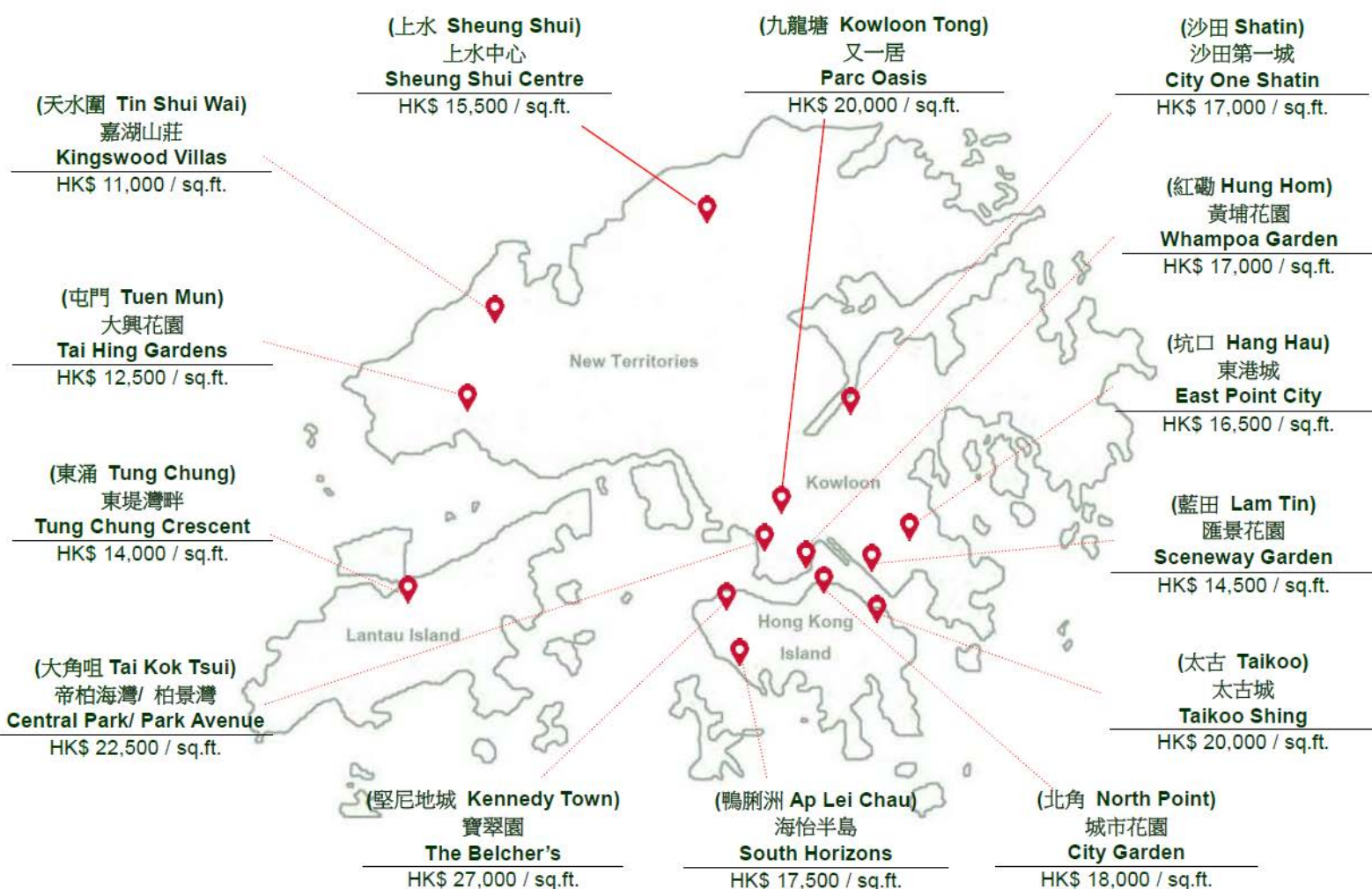
HONG KONG SNAPSHOTS

Besides, market information revealed that a short term tenancy at HK\$100,000 for a term of 2 months from a red pockets retailer was recorded in a 1,000 sq.ft. shop on the ground floor of No.26 Russell Street, with a unit rent of merely HK\$100/sq.ft.. Contrasting with the previous tenant, a Swiss watch brand once spent HK\$1.52 million monthly on renting the property, a substantial rental decrease of 93% was noticed. Ground floor of No.18 Russell Street, with an area of 1,000 sq.ft., received a short term tenancy at HK\$100,000 per month for 5 months from a face masks manufacturer, with a unit rent of barely HK\$100/sq.ft.. Drawing a comparison with the preceding tenant, a cosmetics store renting the shop at HK\$700,000 per month with a unit rent of HK\$700/sq.ft., the new rent declined drastically for 86%.



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



Phnom Penh Land Use for 2035

Location:

- In the south-central region of Cambodia
- At the confluence of the Basāk (Bassac), Sab, and Mekong river systems

Area:

- 386 square kilometers in 2006
- 695.49 square kilometers including 14 districts and 105 sub-districts in 2021



(Source: Top Asia Tour, n.d.)

Population:

- 1.6 million in 2013
- 2.28 million in 2020

Features:

- Phnom Penh acts as the most populous and fastest growing city in the country, serves as the gateway to the global economy, and generates around approximately 70% of the national revenue.
- Although Phnom Penh is situated 290 km from the sea, it is a major port of the Mekong River valley, since it is linked to the South China Sea via Vietnam by the Hau Giang channel of the Mekong delta.

Issues Related to Phnom Penh:

- It is expected that Cambodia's population will continue to explode, and most of the population will live in urban areas in the future 10 years.
- High demographic dividend in Cambodia in the future 30 years results in growing housing demand from emerging middle class.
- The lack of green spaces and well-planned infrastructure are increasingly serious issues within the city.



Phnom Penh's 2035 master plan

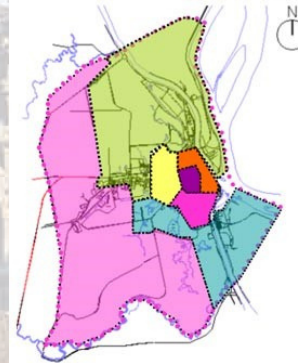
Area:

- An expanded radius of 100 km by 2035
- Including 7 districts, 76 communes, and 637 villages

Plan:

Aims & Visions:

- To make Phnom Penh become a sustainable and international metropolis
- To develop major infrastructure, improve the drainage system, increase the number of green zones and conserve municipal heritage for meeting the challenges posed by the population growth in the capital city
- To become a competitive political, economic, business and cultural center of Cambodia



(Source: Sithi.org, n.d.)

Major Construction:

- To improve Phnom Penh's streets and sidewalks
- To improve the connectivity and traffic including a solid public transport network and water taxi services
- To construct the Hun Sen boulevard and four major ring roads that extend the centre of Phnom Penh
- To build the New Phnom Penh International Airport and the largest amusement park in Asia
- To expand the distribution of water supply and provide the comprehensive flood protection and wastewater treatment

The development is split into two phases.

- **Phase 1 (2015-2020):** To build Phnom Penh as a pre-modern city with an area of 375 square kilometers and a population of 3 million.
- **Phase 2 (2020-2035):** To make Phnom Penh become an international metropolis with an area of 675 square kilometers and a population of 5 million.

Timeline:

- 2015: "Phnom Penh Land Use for 2035" was completed with the assistance of the French government, approved by the Council of Ministers, and released to the public
- March 2019: The construction of the first highway in Cambodia from Phnom Penh to Sihanoukville started
- February 2021: The Cambodian Prime Minister announced that Phnom Penh will extend to Akrei Ksatr and Levea Em of Kandal
- 2022: The highway from Phnom Penh to Sihanoukville is expected to open and it will reduce the commuting time by three hours



Advantages:

- To make Phnom Penh become an international-standard and metropolitan city balanced with upgraded social services and a special provision to preserve its cultural heritage
- To improve city infrastructure and social quality such as road networks, flood mitigation, waste management, and poverty alleviation
- To support and accelerate more projects of public infrastructure, affordable housing, urban parks and other recreational and cultural projects
- To improve its satellite cities in the northern and western areas
- To become the investment destination due to the Cambodian government's open economic policy

Emerging Issues & Concerns:

- The master plan had been drafted without having been adequately consulted from the private sector and other stakeholders.
- The city's ambitious Master Plan 2035 lacks coordination among departments and agencies, a corresponding detailed land use plan, phasing plans, supporting infrastructure improvements, and accompanying regulatory framework to support implementation.
- Financial resources for meeting the city's need over the longer term like urban management, services, and infrastructure are limited.

Investment Opportunities:

- Given Cambodia's relatively early stage of urbanization, it is expected to be with rapid economic growth.
- Aeon Mall, Chip Mong Mall and Borey Peng Houth Shopping Mall have invested around Hun Sen blvd since October 2020.
- The large-scale development projects have driven the soaring of land prices especially in Chbar Ampov with around 15% increase in 2020.
- There are foreign direct investments leading to large-scale private housing and commercial real estate developments in Phnom Penh, much of it aimed at the growing middle and upper class.



CHINA SNAPSHOT

**35 Cities' Housing
Rental Price Index
Released: More Than
80% of Rental Prices
Fell**

CHINA SNAPSHOT

35 Cities' Housing Rental Price Index Released: More Than 80% of Rental Prices Fell

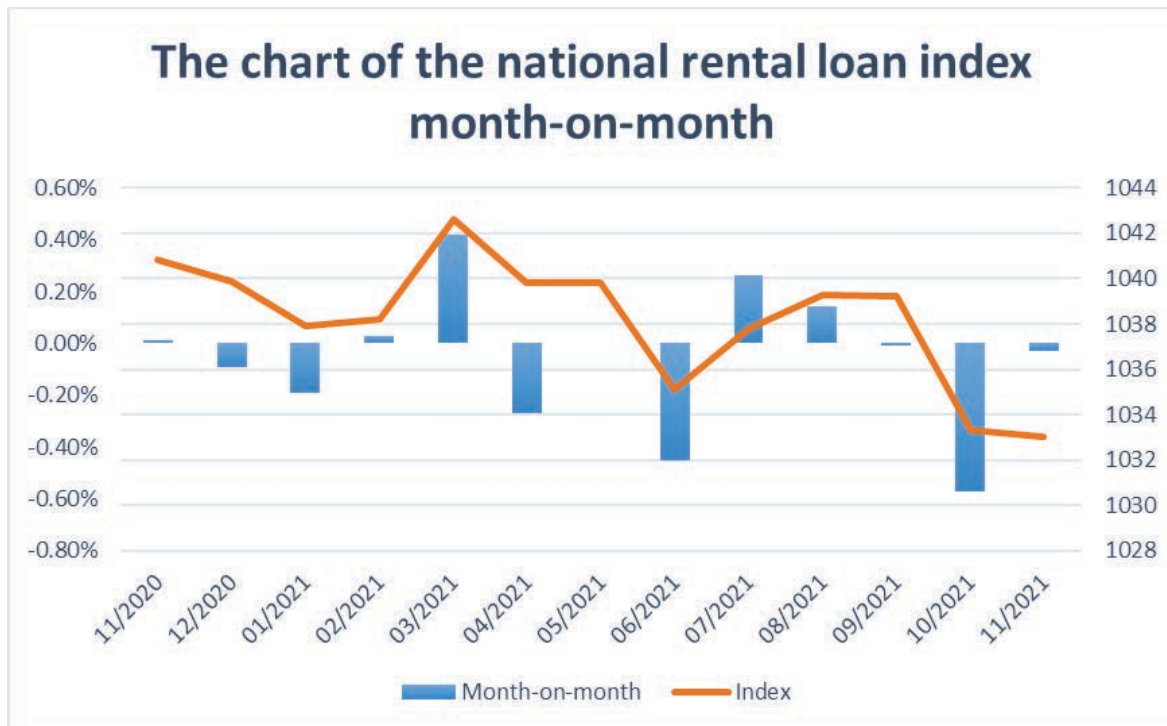
Recently, the "China Urban Housing Rental Price Index Report" showed that, in November 2021, China's urban rental price index was 1033.0 points, down 0.03% month-on-month and 0.75% year-on-year.

National Rental Loan Transaction Price Index Table			
Date	Index	Month on Month	Year on Year
2020.11	1040.8	0.01%	-0.26%
2020.12	1039.9	-0.09%	-0.37%
2021.01	1037.9	-0.19%	-0.58%
2021.02	1038.2	0.03%	-0.55%
2021.03	1042.6	0.42%	-0.16%
2021.04	1039.8	-0.27%	-0.43%
2021.05	1039.8	0.00%	-0.43%
2021.06	1035.1	-0.45%	-0.75%
2021.07	1037.8	0.26%	-0.48%
2021.08	1039.3	0.14%	-0.26%
2021.09	1039.2	-0.01%	-0.23%
2021.10	1033.3	-0.57%	-0.71%
2021.11	1033.0	-0.03%	-0.75%

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From a month-on-month perspective, among the 35 monitored cities, Qingdao (1.46%), Nanjing (0.94%), Shanghai (0.27%), Xining (0.17%) and Yinchuan (0.06%) saw an increase in the rental price index. The number of rising cities increased by 4 from October. There are 29 cities, including Hohhot, Guiyang, Urumqi, Fuzhou, etc., showing varied degrees of decline in the rental price index. However, the number of cities that fell was 5 less than in October.

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Month-on-month change in the rental price index of each city in November									
Province	City	Index	Month- on Month	Year-on-year	Province	City	Index	Month- on Month	Year-on-year
Municipality	Beijing	1183.6	-0.63%	1.52%	Shandong	Jinan	853.9	-0.30%	-4.88%
	Tianjin	998	-0.71%	-1.68%		Qingdao	986.9	1.46%	-1.11%
	Shanghai	1169.9	0.27%	2.87%	Henan	Zhengzhou	907.4	-0.40%	-3.91%
	Chongqing	1024.3	-0.41%	-2.26%	Hubei	Wuhan	973.5	-1.43%	-2.18%
Hebei	Shijiazhuang	979.7	-0.37%	1.13%	Hunan	Changsha	923.3	-0.38%	-3.25%
Shanxi	Taiyuan	915.7	-0.66%	-5.04%	Guangdong	Guangzhou	1098.5	-1.10%	0.19%
Inner Mongolia	Hohhot	996.2	-0.02%	-1.02%		Shenzhen	1051.6	-0.23%	-1.80%
Liaoning	Shenyang	934.4	-0.39%	-3.01%	Guangxi	Nanning	929	-0.50%	-4.77%
	Dalian	1042.3	-0.33%	-2.86%	Hainan	Haikou	957.8	-0.22%	-2.93%
Jilin	Changchun	960.8	0.00%	-2.64%	Sichuan	Chengdu	1041.2	-0.83%	-2.22%
Heilongjiang	Harbin	950.7	0.94%	-2.07%	Guizhou	Guiyang	916.1	-0.10%	-2.16%
Jiangsu	Nanking	1020.8	-1.14%	1.70%	Zero South	Kunming	958.4	-0.39%	-3.31%
Zhejiang	Hangzhou	1068.7	-0.22%	-3.45%	Shaanxi	Xian	966.1	-0.40%	-1.62%
	Ningbo	960.5	-0.25%	-3.34%	Gansu	Lanzhou	902.7	-0.75%	-5.95%
Anhui	Hefei	927.8	-0.25%	-3.34%	Qinghai	Xining	1011.7	0.17%	2.64%
Fujian	Fuzhou	992.3	-0.18%	-1.32%	Ningxia	Yinchuan	976.4	0.06%	-1.07%
	Xiamen	953.4	-0.54%	-2.10%	Xinjiang	Urumqi	1055.7	-0.13%	-1.25%
Jiangxi	Nanchang	951.1	-0.52%	-2.21%					

From a year-on-year perspective, the rental price index of five cities, including Shanghai (2.87%), Xining (2.64%), Hangzhou (1.70%), Beijing (1.52%) and Guangzhou (0.19%), continued to show an upward trend. The rental price indices of the remaining 30 cities all fell to varying degrees. Among them, Lanzhou had the largest decline with -5.95%, followed by Taiyuan, Jinan and Nanning, with declines of -5.04%, -4.88% and -4.77%, respectively.

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Overall, among the monitored key cities, 26 cities have both declined month-on-month and year-on-year. Among them are Chengdu, Chongqing, Zhengzhou, etc., which decreased by 3 compared with October. Only Shanghai and Xining both showed an upward trend.

Specific to first-tier cities, only Shanghai (0.27%) rental price index rose month-on-month, while Guangzhou, Beijing and Shenzhen rental price indexes all fell, with declines of -1.10%, -0.63% and -0.23% respectively. In terms of year-on-year, only Shenzhen's rental price index fell, and its decline narrowed to -1.80%. The rental price index in Shanghai, Beijing and Guangzhou is still on the rise, but the increase is lower than that in October.

Overview of the performance of the rental price index in first-tier cities			
City	Index	Chain	Year-on year
Beijing	1183.6	-0.63%	1.52%
Shanghai	1169.9	0.27%	2.87%
Guangzhou	1098.5	-1.10%	0.19%
Shenzhen	1051.6	-0.23%	-1.80%



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SNAPSHOT**

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CHINA SNAPSHOT

Guangzhou's New Standard Land Price Implemented, Average Land Price of Residential Land: RMB 15,372/sq.m.

The new version of the marked land price under "Guangzhou City 2021 Urban State-owned Construction Land Marked Land Price Update Results" has been implemented from December 1, 2021. The average land price of mixed commercial, office and residential land reached RMB 22,369/sq.m..

In this update, the valuation date had been updated from January 1, 2020 to January 1, 2021. 638 marked areas have been announced, an increase of 6% over the previous round; the public area is 694.97 square kilometers, an increase of 9% over the previous round.

According to the weighted statistics of the net land area of standard parcels, the average land price for mixed commercial, office and residential land is RMB 22,369 /sq.m., the average land price for commercial land is RMB 18,456/sq.m., and the average land price for commercial and residential mixed land is RMB 16,966/sq.m.. The average land price for residential land is RMB 15,372/sq.m.; price for commercial and office land is RMB 13,572/sq.m., the one for office land is RMB 8,821/sq.m., and the average for public service land (category 1) is RMB 3,050/sq.m.. The average land price of industrial land is 1201/sq.m. (ground land price), and the average land price of public service land (category 2) is RMB 826 /sq.m. (ground land price).

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Centralized Land Supply in Chengdu, Xiamen Ends, Low Premiums Become the Main Theme

On December 9, the third day of the third batch of centralized land supply in Chengdu, a total of 7 plots were sold and 2 plots were unsold. The total net land area was 504.8 mu, and the total transaction price was RMB 3.793 billion.

In the first two days, 26 plots were transacted, with a total transaction value of RMB 29.888 billion. Based on this calculation, the third batch of Chengdu's centralized land supply had sold a total of 33 plots of land, totaling about 2,131 mu with a total transaction volume about RMB 32.871 billion.

Looking back the three batches of centralized land supply in Chengdu in 2021, the first batch of 40 transactions had recorded a total transaction value of RMB 35.486 billion and the second batch of 52 transactions with a total transaction value of RMB 44.847 billion, there was a total of 125 land transactions being made through centralized auctions throughout the year. The total transaction area is about 9244 mu, with a total transaction value of RMB 113.204 billion.



Chengdu
(Photo From Canva)

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On December 9, the third batch of centralized land supply in Xiamen ended. A total of 14 plots, which contribute to a construction area of 1.438 million sq.m., had a total starting price of RMB 35.64 billion. In final, 7 transactions were made, of which 5 were at the reserve price and 2 were at a low premium. The highest transacted accommodation value was RMB 43,419 RMB/sq.m., and the total transaction amount was RMB 25.975 billion. Overall in 2021, Xiamen has sold a total of 23 plots in three rounds of centralized land supply, and collected RMB 79.385 billion.



Xiamen
(Photo From Canva)

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