

RHL International

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# MARKET EXPRESS

## 房地產市場快訊

Manila Bay, The Philippines  
馬尼拉灣，菲律賓



HONG KONG PROPERTY

香港物業市場透視

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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.

- Industry Market Research & Analysis
- Project Feasibility Study and Advisory
- Financial Analysis
- Investment Advisory
- Due Diligence
- Valuation (including Real Estate, Business Valuation, Plant & Machinery)
- Real Estate Solutions and Surveying Practice

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## **HONG KONG PROPERTY- MARKET WATCH**

### **Subdivided Unit Rent Control Set, Better than Nothing**

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# HONG KONG PROPERTY - MARKET WATCH

## Subdivided Unit Rent Control Set, Better than Nothing

The Landlord & Tenant (Consolidation) (Amendment) Ordinance 2021 has been effective on January 22 to regulate tenancies of subdivided units (“SDUs”).

Under the ordinance, a regulated cycle of tenancies for a SDU is to comprise two consecutive regulated tenancies, each for a term of two years; a tenant of a first term tenancy is entitled to be granted a second term tenancy, thus enjoying security of four-year tenure; and rent increase during the term of a regulated tenancy is not allowed.

The rate of rent increase for the second term tenancy of a regulated cycle must not exceed the percentage change of the citywide rental index published by the department and is capped at 10%; a landlord of a regulated tenancy commits an offence if requiring the tenant to pay any non-permitted money or reimbursement of charges for specified utilities and services; and a landlord of a regulated tenancy must, within 60 days after the term of the tenancy commences, submit a notice of tenancy to the department.

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- 

The Rating and Valuation Department (“The Department”) is responsible for the ordinance's implementation and has set up a new section to promote public awareness of the new regulatory regime, handle enquiries, provide free advisory and mediatory services on tenancy matters, publish the reported rent data of SDUs after the ordinance's implementation and take enforcement action as appropriate.

Additionally, the Government has engaged non-governmental organizations to set up six district service teams with the aim of helping the department to promote the new legislation to implement the tenancy control on SDUs.

Although the ordinance is now under effects, prior to that, some of the SDUs owners had signed new tenancy agreements with the tenants to avoid being scrutinized by the ordinance. There have been some reports that, with the requirements for the endorsement of tenancy agreements under the new rules, some landlords had been raising the rents during the signature of agreements, which inactively increased the base rent of an SDU and shun away from the possible impacts from the ordinance in the future. As such, without any base rent standards set, it is anticipated that the burden of tenants is still depends on the first term tenancy which decision is used to be dominated by the landlords, even the pace for rent increase in second term tenancy has been restricted.

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Meanwhile, the implementation of the prohibition of non-permitted money or reimbursement of charges and other mediatory services shall be provided by the Department, the Rent Officers are in fact lacking power. When mediation failed among landlords and tenants, the Officers will advise tenants to go through the process in the Lands Tribunals or Small Claims Tribunals. Facing the financially-incapability and time-consuming procedure, tenants are used to relinquish their rights.

Even the tenant side cannot be fully benefited from the ordinance, it may be the same picture for the landlord side. As the ordinance allows the entitled second term tenancy for the tenants, under the conditions that a tenant is in arrears of rents or bad behaviour which affects other tenants, the landlord may not be able to have repossession of the SDU in a short term, except in the way of normal repossession procedure.

The new ordinance comes together with discrepancies among the landlords and tenants, yet, it is better than nothing. With its just started implementation, we wish the authority can review the ordinance in due time and bring a balance between both sides.



**CALVIN PANG**  
WRITER- HONG KONG  
MARKET WATCH

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## HONG KONG SNAPSHOTS

### HOS Secondary Market Transaction Volumes Enhanced, Unit Price Fell in 2021

Market statistics reveals that, in 2021, due to the new supply under the White Form Secondary Market Scheme and the reduction of asking prices from some sellers, transaction volumes under Home Ownership Scheme (HOS) Secondary Market without payment of premium increased while the overall unit price dropped.

Among the 15 popular HOS developments in the city, the transaction volumes all grew by around 4.3% to 2.1 times, but the average unit rate of 12 fell by about 0.1% to 7% year-on-year. In Tsz Oi Court, Tsz Wan Shan, there were 46 transactions last year with a growth rate of 31.4%, but the unit rate declined by 7% to about HK\$9,200/sq.ft.. Meanwhile, the number of transactions in Kwong Ming Court in Tseung Kwan O also rose by more than 1.6 times last year with the average unit price dropped by about 4.6% to about HKD 8,800/sq.ft..



*Room 9 on the low level of Block B at Yu Tung Court, Tung Chung, with a saleable area of about 646 sq.ft. was sold at HK\$3.9 million with a unit rate of HK\$6,037/sq.ft. earlier which has recorded a 9.3% price reduction from its initial asking price of HK4.3 million. (Source of Picture: RHL Photo Base)*

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## HONG KONG SNAPSHOTS

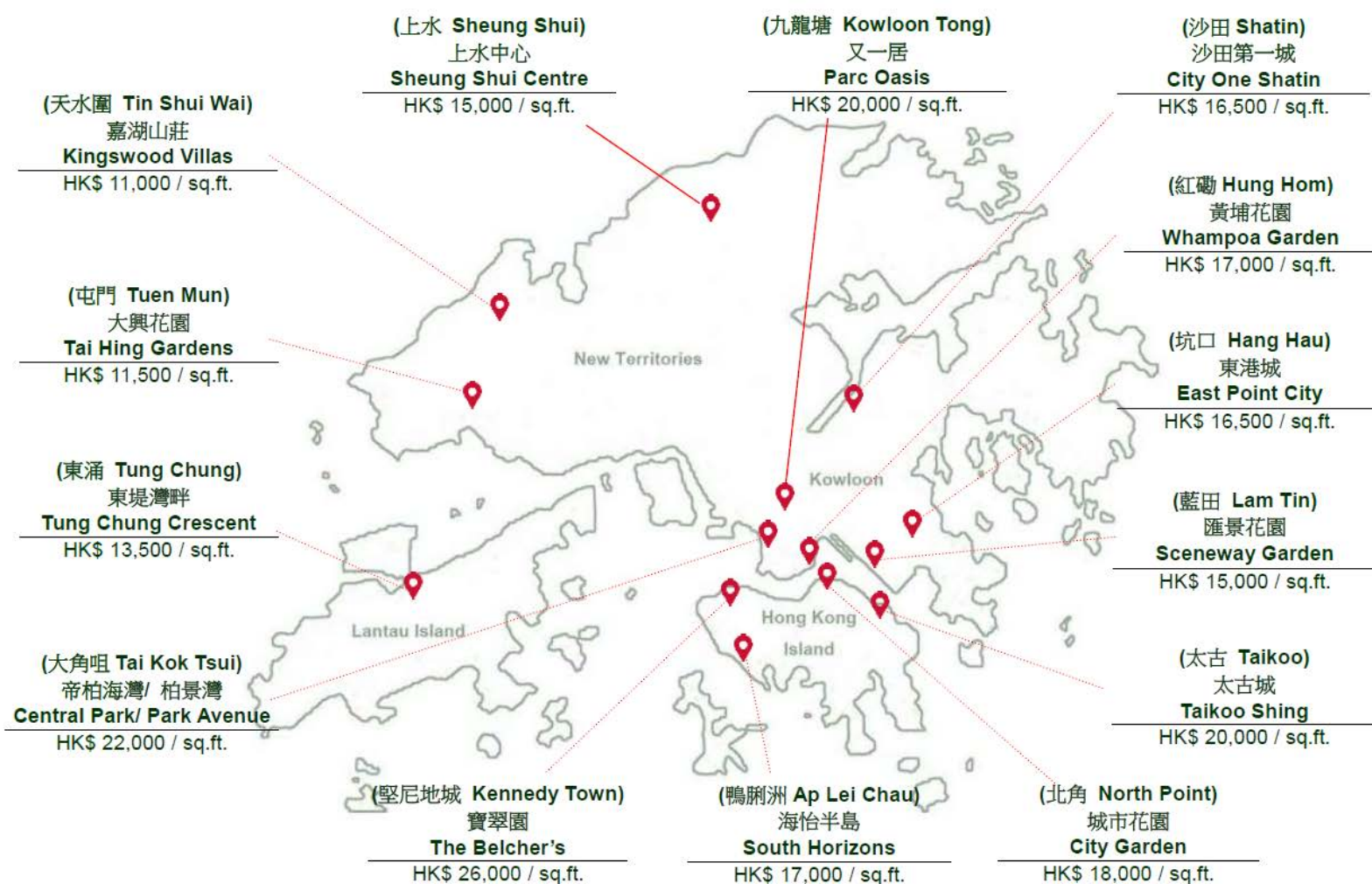
### **Whole Block Transaction Recorded at Kotewall Road in the Mid-Levels West**

Developers are eager to acquire sites with old buildings erected thereon located in lavish district in view of the continuously recorded high-price transactions of luxurious properties. According to the information from the Land Registry, a local developer have spent HK\$1.3 billion on two adjoining old buildings aged 74 situated at Nos. 1 & 1A Kotewall Road in the Mid-Levels West. Two buildings comprise altogether 10 units with an existing area of 15,424 sq.ft.. Calculating on this basis, the unit rate of acquisition hits HK\$84,000/sq.ft..

Market supply of sites in the Mid-Levels has been limited, thereby contributing to their redevelopment potentials and values. Market information revealed that the two buildings were erected on a site of 11,490 sq.ft.. As stipulated in the corresponding Outline Zoning Plan, the site falls into Residential (Group B) with a maximum permitted plot ratio of 5. Calculating on the basis of maximum permitted floor area of 57,450 sq.ft., the unit rate of acquisition exceeded HK\$22,000/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





## **Metro Manila Dream Plan**

### **Metro Manila, The Philippines**

#### **Location:**

- Metro Manila: 16 cities and 1 municipality
- Mega Manila: Metro Manila, Bulacan, Rizal, Laguna, Cavite
- Greater Capital Region (GCR): Mega Manila, Region III, Region IV-A

#### **Area:**

- Metro Manila: 633 square kilometers

#### **Population:**

- From around 12.6 million people in 2014 to around 14 million people in 2021
- The world's most densely populated city with 42,857 people per square kilometer in 2021



(Source: Technical Assistance from the Japan International Cooperation Agency (JICA), 2014)

#### **Issues Related to Metro Manila:**

The constant increase of Manila's population brings three major urban problems in the city and its surrounding areas:

- Traffic congestions
- A series of natural disasters (flood, earthquake, typhoon, landslide, etc.)
- Lack of affordable housing, yet plenty of slum/squatter areas





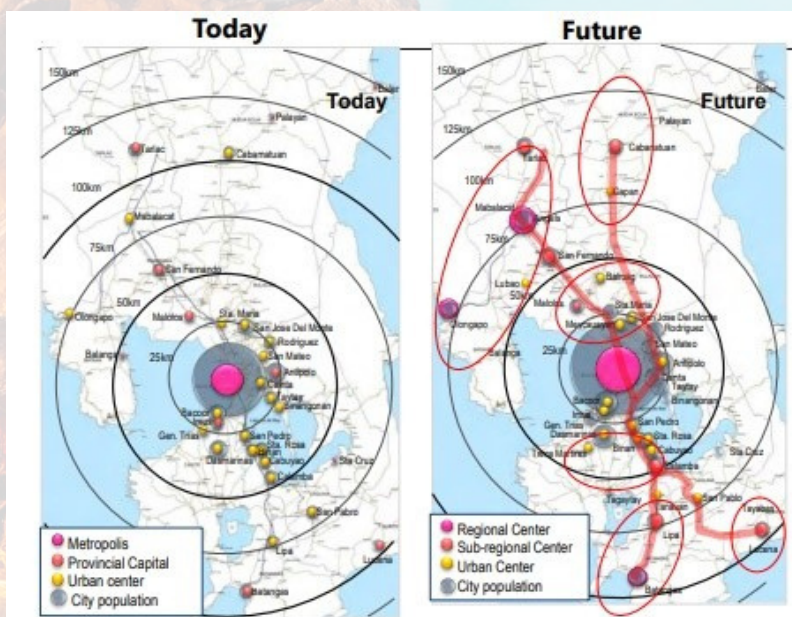
## Metro Manila Dream Plan (Roadmap for Transport Infrastructure Development for Metro Manila and its Surrounding Areas)

### Vision and Approach to Dream Plan:

- The dream plan was created to formulate “Transportation Infrastructure Roadmap” for sustainable development of Metro Manila and its surrounding areas (Region III and IV-A) and address the problems of traffic congestion, land use, and environmental risks
- Metro Manila’s problems can no longer be solved within Metro Manila.
- Region III and Region IV-A must work out effective ways to maximize positive impacts of Metro Manila and contribute to mitigate Metro Manila’s problems.

### Strategies:

- To refine the spatial structure of Metro Manila by shifting from radial/ circumferential to ladder form and constructing an integrated urban mass-transit network.



(Source: Technical Assistance from the Japan International Cooperation Agency (JICA), 2014)

- To integrate the regional development clusters with north-south transport backbones
- To develop the hierarchical centers/ clusters and improve connectivity
- To create the Dream Plan that consists of a list of short term priority projects and medium to long-term projects lasting up to 2030





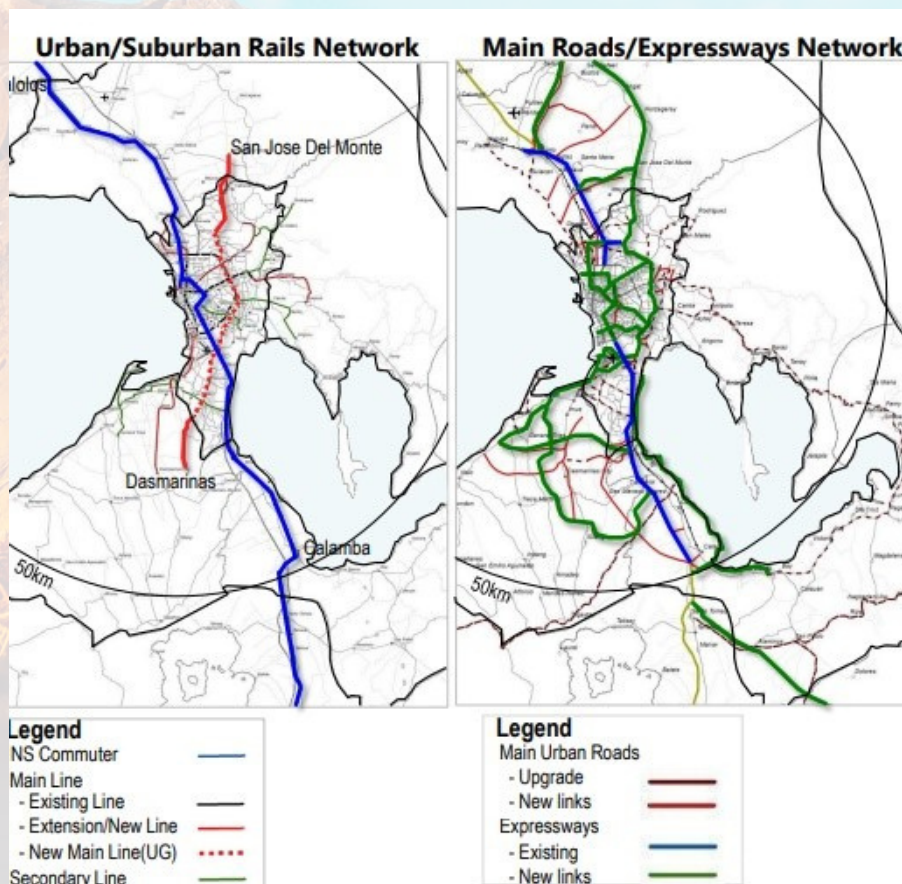
### Plan

#### Budget and Funding:

- A requirement of P2.61 trillion (US\$65.3 billion) in investment
- Fund via the public-private partnerships, the national government, the official development assistance from China, and Japan International Cooperation Agency

#### Major Project:

- At-grade roads (or the missing links of Circumferential Road 3, C5, bridges and others, 137-kilometer new roads, flyovers, sidewalks, pedestrians, among others);
- Expressways (426-kilometer intercity expressway and 78-kilometer urban expressway);
- Urban/Suburban rails (six 246-kilometer main lines, five 72-kilometer secondary lines and other integrated and improved lines);
- The improvement of bus/Jeepneys;
- The improvement of traffic management



(Source: Technical Assistance from the Japan International Cooperation Agency (JICA), 2014)

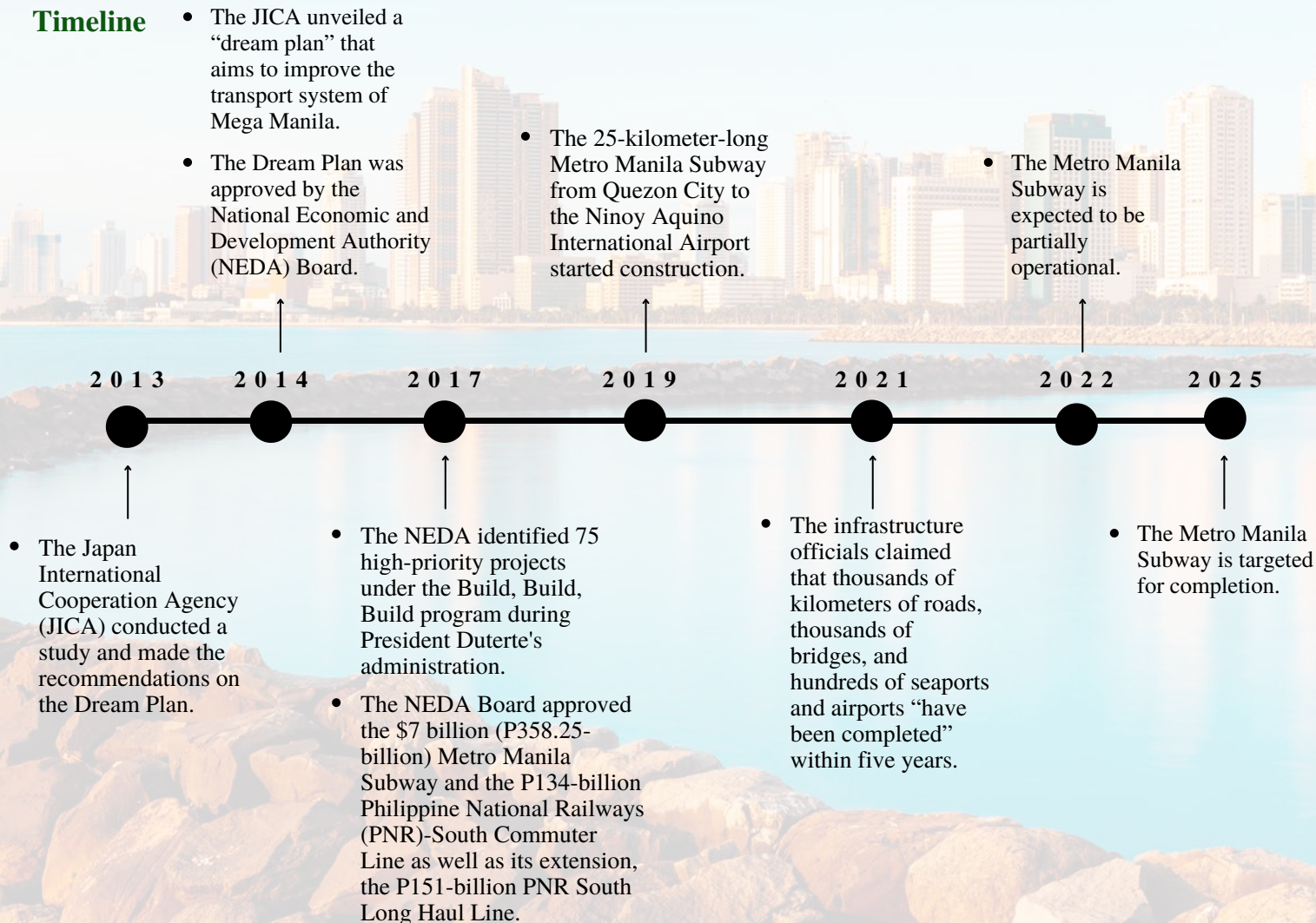


# 一帶一路 BELT & ROAD

## THE PHILIPPINES



### Timeline



### Advantages:

- The traffic situation will be significantly improved, the transport cost will be reduced, and the air pollution will be mitigated.
- Environmental hazards impacts will be minimized since the new residential areas will enable to relocate people living in unsafe areas.
- The Dream Plan generates significantly positive economic, social and environmental impacts, which balances the development of agriculture, manufacturing and services for improved food security, decongests the hazard risk areas, provides more affordable housing for low income groups, and promotes the regional growth centers.

### Emerging Issues & Concerns:

- The list of priority infrastructure projects and foreign funding were constantly revised, which resulted in the postponed completion for many projects.
- Some China-funded projects have been met with criticisms, especially the Chico River and Kaliwa Dam projects, as these loan deals have provisions that could make the Philippines give up assets in case of loan default.



## **CHINA SNAPSHOT**

**The End of the  
Centralized Land  
Supply in 2021:  
Shanghai, Hangzhou  
and Guangzhou Win  
the Top Three**



## CHINA SNAPSHOT

# The End of the Centralized Land Supply in 2021: Shanghai, Hangzhou and Guangzhou Win the Top Three

According to agency statistics, during the centralized land supply period in 2021, a total of 2,064 residential lands have been sold in 22 cities, with a planned construction area of about 244 million square meters, and a total of over RMB 2 trillion has been transferred.

Throughout the year, central enterprises have become the main force in land acquisition; urban investment companies are also actively acquiring land, among which urban investment companies in Wuxi, Shenzhen, Suzhou and other cities accounted for more than 70% of the land. The quite active private enterprises were depressed in the land market in 2021.

Judging from the current ranking of land transaction value, Shanghai, Hangzhou, and Guangzhou have won the top three, with RMB 314.2 billion, RMB 313.5 billion, and RMB 244.6 billion respectively. The total transaction value in Beijing was RMB 190.6 billion.



**Shanghai**  
(Source From Canva)



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## CHINA SNAPSHOT

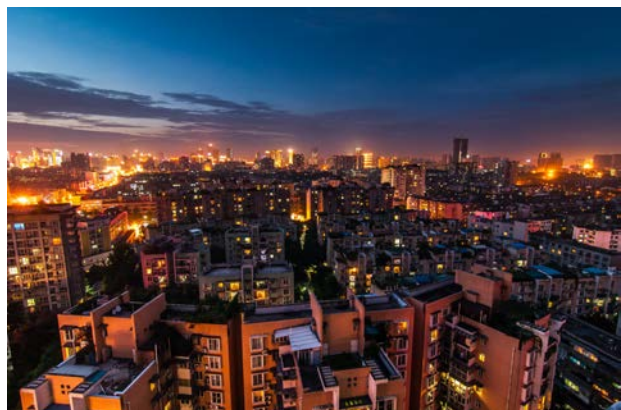
### Average Price of Second-Hand Housing in 7 Cities Fell Month-on-Month

Market data shows that in December 2021, the average online price of new houses in the 65 key cities across the country was RMB 17,608 /sq.m., and the average online listing price of second-hand houses was RMB 16,829 /sq.m..

It is worth noting that the effect of control policy that implementing the second-hand housing reference price system is obvious. Among them, the average price of second-hand housing listings in seven cities including Ningbo, Chengdu, Sanya, Xi'an, Wenzhou, Hefei and Beijing decreased month-on-month.



**Housing in Beijing**  
(Source from Canva)



**Housing in Chengdu**  
(Source from Canva)

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## CHINA SNAPSHOT

### National Bulk Property Transactions Pick Up

In 2021, there were 264 large-scale property transactions across the country, with a total value of over RMB 260 billion. Judging from the transaction situation, high-quality core assets in first-tier cities are very popular, and the transaction volume in the four cities of "Beijing, Shanghai, Guangzhou and Shenzhen" accounts for over 80%.

In addition to chasing high-quality core assets in first-tier cities, many institutions had also focused on "new infrastructure" projects such as logistics warehousing, pharmaceutical industrial parks, and data centers.

As for buyers, being affected by the "closed border" of the epidemic, foreign investment amount has decreased, and the market was dominated by domestic capital.



Beijing, Shanghai, Guangzhou and  
Shenzhen (Source From Canva)

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