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房地產市場快訊



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.

- 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

“Lands Resumption Ordinance” to be Modified

HONG KONG PROPERTY - MARKET WATCH

“Lands Resumption Ordinance” to be Modified

Paper has been submitted to the Legislative Council by the Development Bureau, to set measures to modify several development-related ordinances, to expedite the land development process.

The ordinances to be reviewed including “Town Planning Ordinance”, “Lands Resumption Ordinance”, “Foreshore and Sea-bed (Reclamations) Ordinance”, “Roads (Works, Use and Compensation) Ordinance”, “Railways Ordinance”, and “Environmental Impact Assessment Ordinance”, targeting at streamlining and shortening certain statutory time limits, avoiding repetitively executing procedures of a similar nature, providing an express mandate for government departments to proceed with different procedures in parallel, rationalising obsolete or ambiguous arrangements, and streamlining miscellaneous processes for more effective usage of public resources.

Having the commencements of several new development areas coming, including the Northern Metropolis, this article will focus on the measures to be taken on the “Lands Resumption Ordinance” (hereinafter referred to as “The Ordinance”), in particular to those relating to the compensation arrangements for our readers to be aware of in the future possible land resumption.

Currently, The Ordinance does not specify the timing at which Government can commence resumption and clearance for a project and make payment for compensation to the affected persons. As an administrative practice, Government usually proceeds with land resumption, clearance and compensation only upon obtaining funding approval for the associated capital works.

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However, the statutory approval to pursue a particular use is usually secured under the applicable statutory regimes for town planning or works at a much earlier time. The lead time between then and the juncture of approaching Legislative Council for funding approval of the capital works is largely attributable to technical studies to finalize the details and the funding estimates, which could span for years. Being restricted by The Ordinance, affected parties may unable be compensated in advance and move out.

Hence, the paper shows that, there will be a clear mandate that the Government may commence land resumption and payment of compensation without the need to wait for approval of funding for the relevant works projects, the completion of resumption and clearance process maybe in advance by around 18 months. This means any affected parties could receive their compensation and move out from the land earlier.

To give the persons who may be affected an opportunity to make representations before a decision is made, objections to a scheme under The Ordinance are invited which allow those who do not have any legal interest or standing in the projects. Considerable time are spent on handling objections.

To handle the objectives, yet, the Ordinance does not specify the processes and time limits for consultation, objection handling and obtaining authorization for land resumption. Government follows an established administrative practice to consult the relevant parties, handle their objections and present any unresolved objections to the Chief Executive in Council when seeking authorization for land resumption.



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No matter to the affected parties or the Government, the lacking of any statutory timetable has led to a prolonged procedure. Thus, the Bureau is considering institutionalizing requirements under The Ordinance for publication of the land resumption proposal, receipt and handling of objections, and seeking authorization by prescribed timeframes.

For the objections received on compensation matters. Relevant Ordinances stipulate that compensation is a consequential follow-up after the scheme or the land resumption proposal is authorized, and the compensation offer is to be made and negotiated with the affected persons individually. The Bureau also stated that, this statutory process was designed to deal with the decision to resume rather than compensation, which are governed by a separate appeal regime (with the Lands Tribunal acting as the ultimate authority). It is therefore inappropriate to digress to compensation matters.

To cope with this, the Government may explore whether it can specify in the law that objections would be invalid if the affected parties could not describe the legal interest of the objector and the manner in which the objector alleges he would be affected. For instance, for a land resumption proposal, those opposing should be confined to owners and/or occupants of the land to be resumed. Objections on ground of dissatisfaction with compensation should not be treated as valid objections for the purposes of seeking authorization for the scheme or the land resumption proposal.

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The understanding is that such matters should be dealt with in accordance with the promulgated policy on compensation and rehousing. Therefore, if our readers need to make an objection, remember not to provide any reason relating to the compensation, but a solid and reasonable ground.

In addition, the Bureau is considering to empower the Government to use the resumed/ acquired land for a public purpose different from the original purpose of resumption subject to suitable safeguards.

Although the review could expedite the future land development and the moving out of affected parties, from our past experiences dealing with similar cases, the procedures require a lot of information and evidences to be submitted to certify that the compensation requests by the claimants are reasonable. Hence, we wish to remind that, anyone who is submitting a compensation claim should seek advices and assistances from independent and qualified professionals, to allow a smooth and efficient procedure of claim.

One point to note that, under the Ordinance, costs or remuneration reasonably incurred in employing persons to act in a professional capacity in connection with claims for statutory compensation are reimbursable in appropriate circumstances while professional fee is not paid as a matter of course. Therefore, whenever a land or property is being resumed under the Ordinance, related parties shall pay attention to their rights to claims. If further advices are required, we welcome your enquiries.



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MARKET WATCH

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HONG KONG SNAPSHOTS

Blue-Chip Estates Transaction Recorded with Profit Loss

Blue-chip housing estates were consistently considered as the safe bet. However, affected by the fifth wave of the pandemic in Hong Kong, there are some property owners of the housing estates selling their flats with 3% to 15% loss on the book value this month.

At Phase 1 of Mei Foo Sun Chuen in Lai Chi Kok, a middle level Flat A was recently sold at HK\$12.688 million, which was 15% lower than the purchasing price in August 2018. At Monte Vista, Ma On Shan, a high level Flat F with a saleable area of 757 sq.ft. in Block 9, was sold at HK\$11.06 million this March, which recorded a loss of about 11% compared to the acquisition price of HK\$12.438 million in June 2018.

Besides, a high-rise unit at Tang Kung Mansion in Taikoo Shing was sold at HK\$9.8 million, which was only HK\$50,000 higher than the purchasing price in 2019. After deducting agency fees and tax, the seller was expected to lose up to HK\$500,000.



*Ma On Shan residential district
(Source of Picture: Canva)*

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HONG KONG SNAPSHOTS

To Kwa Wan: Locomotive of Urban Redevelopment

Following the announcement of tender result of Hung Fook Street / Ngan Hon Street Development Project in To Kwa Wan, the Urban Renewal Authority has lately announced in March that the tender of the combined development of four projects located at Hung Fook Street, Kai Ming Street and Wing Kwong Street in To Kwa Wan at HK\$5.996 billion. Commencing acquisition between 2013 and 2017, the four projects amounted to an aggregate site area of about 58,500 sq.ft. with a projected provision of a maximum gross floor area of approximate 526,800 sq.ft. upon completion, thereby contributing to an accommodation value of about HK\$11,382/sq.ft..

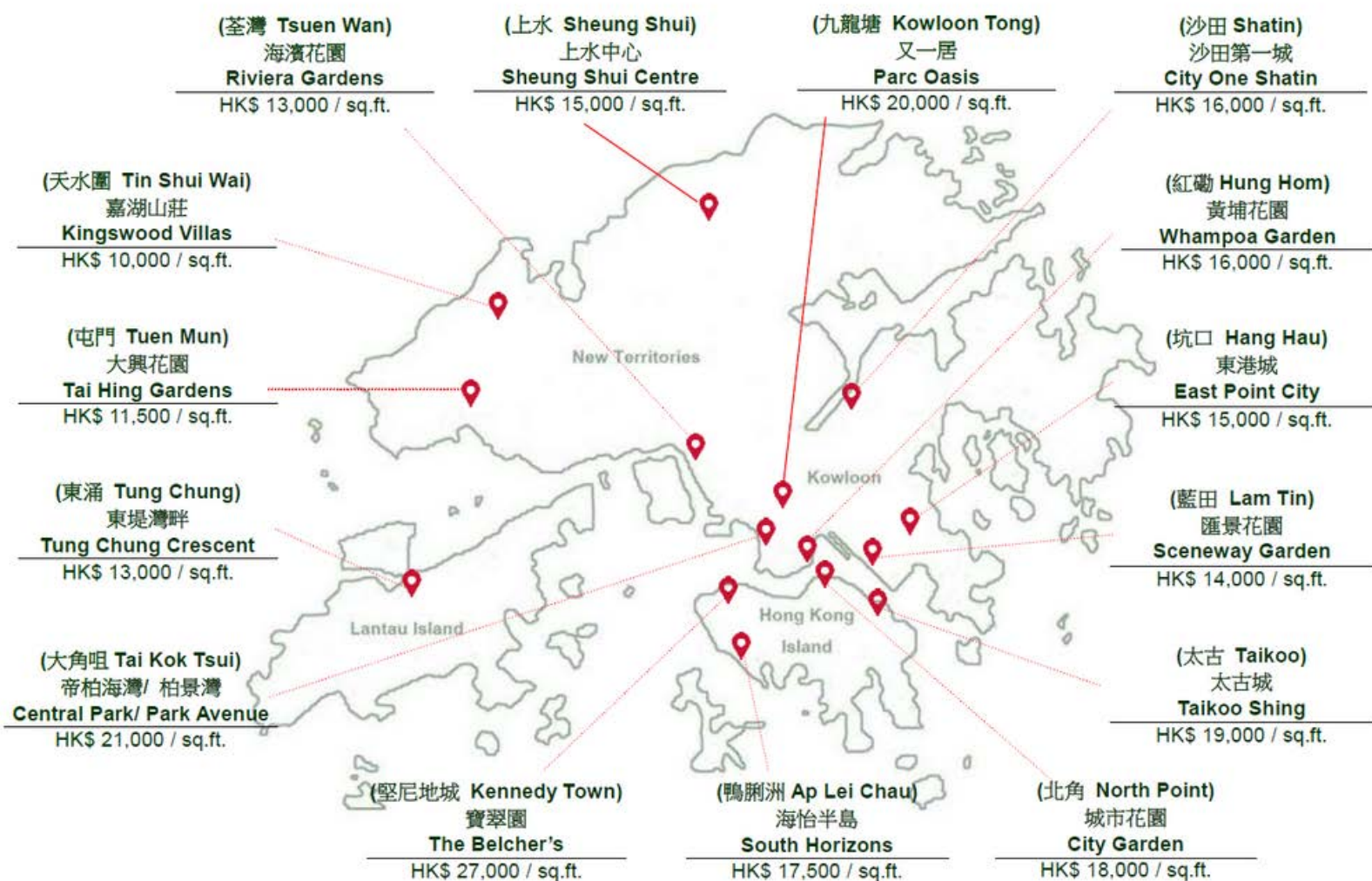
Moreover, an 8-storey tenement block spanning 14-16 Ha Heung Road, 1-7 Lai Wa Street and 2-8 Mei Wa Street in To Kwa Wan was sold at a reserve price of HK\$925million in an auction subsequent to the application of compulsory sale. A redevelopment scheme of erecting a 25-storey composite building with a total gross floor area of about 83,000 sq.ft. is anticipated, resulting in an accommodation value of about HK\$11,148/sq.ft., which is similar to that of the redevelopment projects tendered by the Urban Renewal Authority earlier.



The tenement block which stands in-between Ha Heung Road, Lai Wa Street and Mei Wa Street in To Kwa Wan has been acquired at the reserve price in the compulsory sale auction. (Source of Picture: RHL Photo Base)

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



CHINA SNAPSHOT

**Tourism Green Book:
China has Become the
World's Most Important
Theme Park Market**

CHINA SNAPSHOT

Tourism Green Book: China has Become the World's Most Important Theme Park Market

The "Green Book" focuses on the theme of "New Development Pattern of Tourism". Through a main report and more than 20 special reports, it provides a perspective and prospect of China's tourism development from 2021 to 2022. The book proposes that China has become the most important theme park market in the world. According to the "Green Book", according to incomplete statistics, China has developed a total of nearly 3,000 theme park tourist spots, of which more than 300 are large-scale theme parks, including large and extra-large theme parks, with a total area of 600 mu or more or 93 companies with a total investment of RMB 1.5 billion and above.

It is understood that according to the data released in the past five years, the growth rate of the number of large-scale theme park market entities in China leads the rest of the world, and the growth rate of passenger flow is high. Combined with the relevant indicators of the "14th Five-Year Plan", it is predicted that the large-scale theme park market in China will further expand. At the same time, the consumption quality of Chinese theme park tourists has been continuously upgraded, and the experience requirements have been continuously improved.

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According to the "Green Book", among the top ten theme park groups in the world, Chinese companies OCT, Fantawild, and Chimelong rank among them, occupying three seats; from the perspective of tourist growth rate, Chinese theme parks rank among the top three. Outstanding performance. Although the epidemic has caused China's theme parks to experience closures, management and control, and the suspension of projects under construction, China's good control of the epidemic and policy support for domestic economic cycles have made China the most dynamic theme park market in the world. Chinese theme parks Unleashing huge potential.



Source From Official Website)



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CHINA SNAPSHOT

Considerations for Optimizing the Pre-Application Mechanism for 9 Parcels of Land in Beijing's RMB18.7 Billion Push

On March 14, Beijing released 9 pre-application announcements for residential land, with a total site area of about 50 hectares, a total construction scale of about 880,000 square meters, and a total land price of about RMB 18.7 billion.

It is worth noting that the working mechanism has been optimized this time. The 11 pre-application announcements for residential land that have been released have been cancelled simultaneously, and the rules have been improved according to the new mechanism. According to the document issued by the Self-regulation Commission, Beijing's optimization of the pre-application mechanism this time is as follows:

First, after the pre-applied enterprises bid for the land, they should pay all the government land transfer proceeds and 50% of the land development and construction compensation within 30 calendar days after the transaction. Pay in full within one month (the specific payment time is subject to the time agreed in the corresponding contract and agreement). Second, for enterprises that participated in the pre-application and participated in the auction of the parcel but did not win the parcel in the end, the pre-application deposit and interest will be refunded.

The third is that the parcel of land receives multiple bidders to participate in the pre-application, and the participating bidders have the same rights after winning the land.

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CHINA SNAPSHOT

February Housing Prices: Market Differentiated, Beware of Rapid Cooling in Third- and Fourth-Tier Cities

"Changes in the sales price of residential properties in 70 large and medium-sized cities" shows that in February 2022, the prices of newly completed residential properties in 70 large and medium-sized cities increased month-on-month in 27 cities, fell in 40 cities month-on-month, and remained unchanged in 3 cities month-on-month. Last month the numbers were 28, 39 and 3, respectively. In terms of second-hand market, 10 cities showed a month-on-month increase, 57 cities showed a month-on-month decline, and 3 cities remained unchanged. The numbers were 10, 55, and 5 last month, respectively.

According to the calculation of E-House Research Institute, the price index of newly completed residential properties in 70 cities across the country in February increased by -0.1% month-on-month and 1.2% year-on-year; the second-hand housing sales price index increased by -0.3% month-on-month and -0.3% year-on-year. The analysis of E-House Research Institute believes that the current signal and trend of housing prices are clear. Although the policy continues to release, there is a slight resistance to change the downward trend of price index. The year-on-year growth rate has continued to narrow, which is dragged by the downward trend of month-on-month index in the second half of last year, especially in the fourth quarter. Similarly, the second-hand market was affected by the month-on-month decline for 6 consecutive months also the first year-on-year decline since October 2015, indicating that the second-hand housing is under great downward pressure.

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