

RHL International

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MARKET EXPRESS

房地產市場快訊

Sheung Shui,
Sheung Yue River
上水 雙魚河



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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(Mar 2022)**



HONG KONG PROPERTY- MARKET WATCH

Standard Land Premium Rates Arrangement for Lease Modifications Extended to New Development Areas

HONG KONG PROPERTY - MARKET WATCH

Standard Land Premium Rates Arrangement for Lease Modifications Extended to New Development Areas

Earlier, the Development Bureau has announced to introduce the option for charging land premium at standard rates for lease modification applications within the New Development Areas (“NDAs”). In the light of the positive feedback of the two-year pilot scheme to facilitate the redevelopment of industrial buildings constructed before 1987 by providing an option for charging land premium at standard rates for lease modification applications since March 2021, the Development Bureau thus decided to extend the use of standard rates in land premium assessment to lease modification applications in NDAs, including Kwu Tung North, Fanling North and Hung Shui Kiu/ Ha Tsuen NDAs.

The Lands Department has set the standard rates for premium payable and relevant details within the Remaining Phase of Kwu Tung North and Fanling North NDAs. According to the information from the Lands Department, in Kwu Tung North, the applicable standard rates for the current agricultural use is about HK\$372/sq.ft., while after lease modification applications, the rates for residential and non-residential use would become HK\$5,574/sq.ft. and HK\$3,252/sq.ft. respectively, marking a surge of the land value of each use by at least 14 times and 8 times respectively.

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

In Fanling North, the applicable standard rates for the current agricultural use remains the same at about HK\$372/sq.ft.. Though the standard rates after lease modification would be relatively lower than Kwun Tung North where the rates for residential and non-residential use would become HK\$5,110/sq.ft. and HK\$2,782/sq.ft. respectively, a surge of land value of each use by at least 13 times and 6 times respectively can still be observed.

For NDA projects implemented through the "Enhanced Conventional New Town Approach", landowners are allowed to apply for lease modifications to develop the sites planned for private development before the government commences land resumption, in condition that specified criteria and conditions have been met.

With reference to our past experiences for handling clients' lease modifications at eligible industrial buildings, choosing the option for standard rates of premium payable can save unnecessary troubles and time for the applicants. Such option is able to provide a certainty in land premium, so as to facilitate early conclusion of more lease modification applications, allowing the applicants an in advance financial arrangement forecast.

Even though the standard rates will be an alternative option to the conventional mechanism for premium assessment rather than a compulsory one, the extended arrangement into NDAs allows leveraging private initiatives to expedite the implementation of NDA projects through private sector's participation, showing the authority's intention to speed up the development of the Northern Metropolis.

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- *Provide Transaction Advisory Services*

Nonetheless, the standard rates are just a reference for all potential land developments within the areas, each of the developments could subject to different future development conditions to cater for the local community growth, and some deductible expenditures might be included, such as the construction costs for a public transport interchange. Hence, the standard rates are somehow not always uniform and applicable to all applications.

In final, we welcome the land owners' enquiries on the scheme or applications submissions.



CALVIN PANG
WRITER- HONG KONG
MARKET WATCH

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HONG KONG SNAPSHOTS

American Fund Stepped In Hong Kong's Data Centre Market

Internet development has entered into an era of big data, alongside with the gaining popularity of online shopping and work from home, there has been a surge in demand for data centre. According to the market information, whole block of Cargo Consolidation Complex located at No. 43 Container Port Road in Kwai Chung, which is currently used as data centre by a telecommunication company, was acquired by an American fund for a consideration of HK\$2.88 billion. Calculating on the basis of gross floor area of about 266,200 sq.ft., the unit rate exceeded HK\$10,000/sq.ft.. The previous owner was a sophisticated local investor, who purchased the property at about HK\$2 billion in August 2018, enjoyed a profit of 44%.



*The Cargo Consolidation Complex located at No. 43 Container Port Road in Kwai Chung.
(Source of Photo: RHL Photo Base)*

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- *Lease Modification / Land Exchange*
- *Premium Assessment*
- *Temporary Waiver Application*

HONG KONG SNAPSHOTS

The Hong Kong Housing Society's Fanling Project Land Premium: More Than HK\$ 1 Billion

The Hong Kong Housing Society (HKHS)'s project on Jockey Club Road, Fanling has completed land premium of over HK\$1 billion with the unit rate around HK\$2,872/sq.ft.. The plot has a site area of around 54,600 sq.ft. and could yield a total gross floor area approximately 360,000 sq.ft.. Expected to be completed in 2025 to 2028, the development would eventually provide 640 units of Subsidized Sales Housing and Homes for the Aged.

In addition, in March 2022, HKHS has also completed its land premium for the project in Kai Tak with an amount around HK\$4.6 billion. Calculating on the basis of the total gross floor area about 1.01 million sq.ft., the land premium is near HK\$4,558/sq.ft.. The construction site would provide 1,790 units of Subsidized Sales Housing.



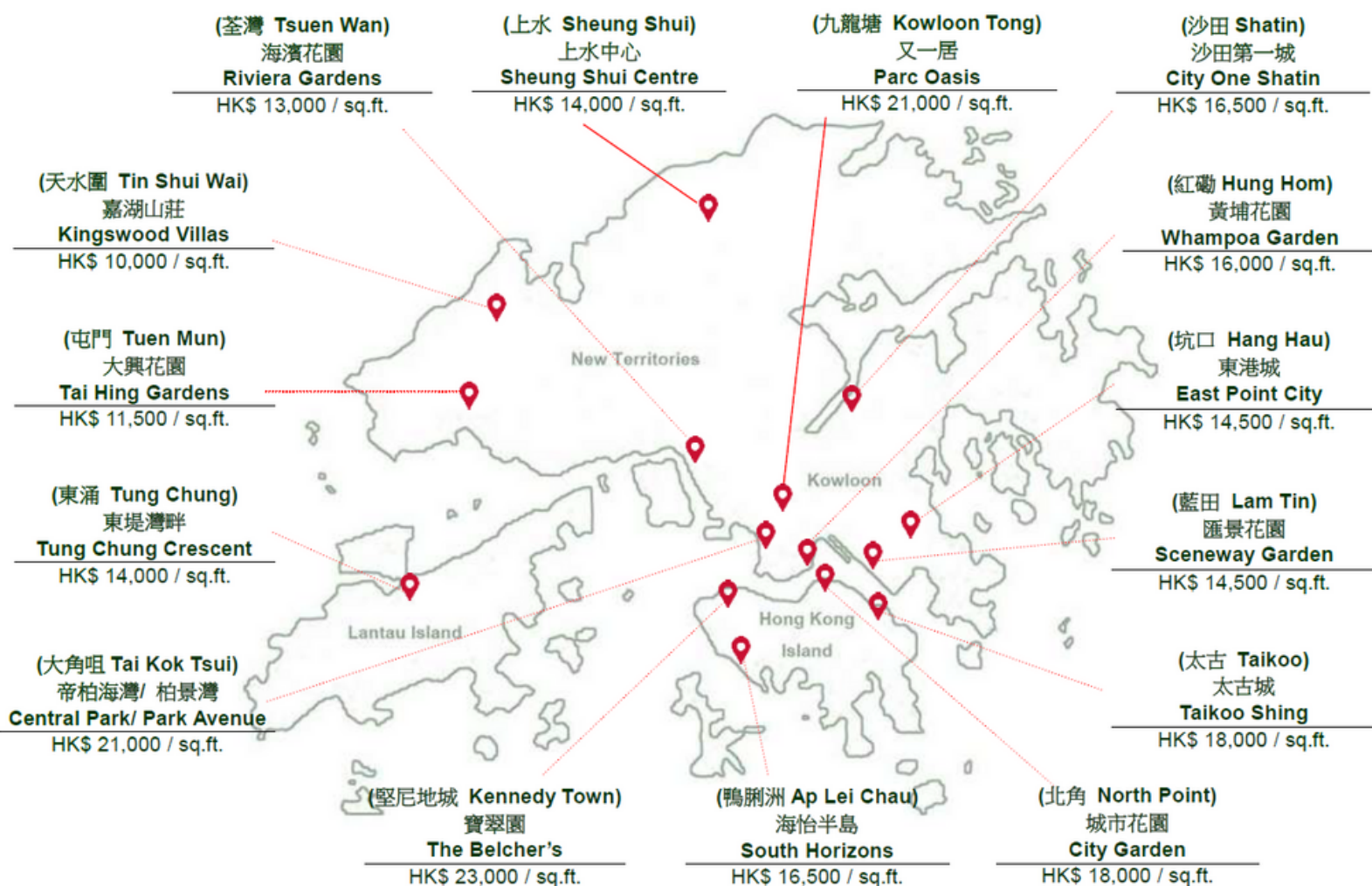
The plot was located on Jockey Club Road, Fanling and next to Fanling Law Courts Building.

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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

**55 Cities Personal Housing
Rental Gradually Returns
Back to Rationality**

CHINA SNAPSHOT

55 Cities Personal Housing Rental Gradually Returns Back to Rationality

According to CRIC's rental and sales monitoring data, in the first quarter of 2022, the rent of individual housing in 55 cities across the country was RMB 33.02/sq.m per month, down 0.72% month-on-month and up 1.6% year-on-year. Compared with 2021 as a whole, the rent increasing pace decreased significantly. From October 2021 to March 2022, rents showed a downward trend for six consecutive months.

Specifically, in January and February this year, due to the return of the population during the Spring Festival, the rental market was relatively cold. Entering March, as a traditional peak rental season, and due to factors such as repeated epidemics in many places in China, the rent level also declined, down 0.73% month-on-month, and the year-on-year increase was lower than 0.5%.

CRIC believes that in the first quarter of 2022, the average rent in 55 cities across the country fell slightly, the year-on-year growth rate slowed down significantly, and the rental market gradually returned to rationality. The leasing market has been affected by the epidemic and fluctuated greatly, but the impact of the epidemic on the leasing market is in a short-term after all. Only by increasing the supply of rental housing, alleviating the contradiction between housing supply and demand, strengthening supervision, and guiding the standardized development of the rental market can fundamentally stabilize the rental.

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CHINA SNAPSHOT

Suzhou: Second-Hand Houses Sales Restrictions Period Relaxed from 5 Years to 3 Years

The sales restrictions in Suzhou have been relaxed since April 11, and the sales restrictions period on second-hand houses have been shortened to 3 years from 5 years.

According to the "Opinions on Further Improving the Steady and Healthy Development of the City's Real Estate Market" issued by the Suzhou Government on July 24, 2019, the 6 districts of Suzhou City will limit the sale of new houses for 3 years and second-hand houses for 5 years.

The above-mentioned "Work Opinions" shows that, starting from July 25, for commercial housing projects that have newly obtained pre-sale (sales) licenses within the urban area of Suzhou (including projects that have already obtained pre-sale licenses but have not yet started to sign online). The purchaser can transfer it after 3 years from the date of obtaining the real estate ownership certificate; the second-hand housing can be transferred after 5 years after the newly obtained real estate ownership certificate through market transactions. It will help release the demand for house replacement, increase market supply, and promote a virtuous circle of new and second-hand houses.

Suzhou
(Source of Picture: Canva)



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CHINA SNAPSHOT

Vacancy Rate of Grade A Office Buildings in Shenzhen Increased to 22%

In 2021, Shenzhen's Grade A office buildings have experienced a strong rebound, and the vacancy rate has narrowed. However, in the first quarter of this year, affected by seasonal factors and epidemic prevention and control, in addition to reducing rents, many large-scale developers have started to dispose their office buildings. Activities of Shenzhen's Grade A office market has declined to a certain extent.

Recently, a number of institutions have released statistics on the Shenzhen office market, and all the results showed a slowdown in office rental demand. According to the latest data, the net absorption of Grade A office buildings in Shenzhen in the first quarter of this year was about 110,000 sq.m., a decrease of more than 60% month-on-month and year-on-year. Another data also revealed that the vacancy rate of Grade A office buildings in the city rose to 22.2% in the first quarter, up 2.9 percentage points from the previous quarter.

Combined with the pressure on the demand side, the vacancy rate of Grade A office buildings in Shenzhen is expected to rise in the short term. Nonetheless, instead of cutting rent, more preferential measures may be reflected in the extension of rent-free period and decoration subsidies.



Grade A Office Buildings in Shenzhen
(Source of Picture: Canva)

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CHINA SNAPSHOT

Residential Price Index of Major Cities
(Mar 2022)

| City | Sample Average Price(RMB/sq. m.) | M-o-M Change(%) | City | Sample Average Price(RMB/s q.m.) | M-o-M Change(%) |
|-----------|---|--------------------|----------|---|--------------------|
| Shanghai | 51,539 | 0.02 | Beijing | 44,347 | 0 |
| Chongqing | 11,799 | 0.08 | Tianjin | 15,022 | 0.28 |
| Guangzhou | 24,614 | 0.22 | Shenzhen | 54,171 | 0.03 |
| Nanjing | 24,483 | 0 | Hangzhou | 29,104 | 0 |
| Chengdu | 12,564 | 0.20 | Wuhan | 13,258 | -0.33 |
| Dalian | 13,855 | 0.10 | Suzhou | 18,073 | 0.16 |
| Xi'an | 11,938 | 0.30 | Xiamen | 29,189 | 0.06 |
| Ningbo | 19,313 | 0.34 | Changsha | 9,349 | 0.09 |
| Wuxi | 14,176 | -0.09 | Dongguan | 19,397 | 0.25 |
| Shenyang | 9,977 | -0.14 | Fuzhou | 17,185 | -0.02 |

Source: Fangtianxia Hundred City Price Index

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