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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

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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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- Project Feasibility Study and Advisory
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- 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

Compensation Arrangements under Land Resumption and Clearance Projects of the Government to be Enhanced

HONG KONG PROPERTY - MARKET WATCH

Compensation Arrangements under Land Resumption and Clearance Projects of the Government to be Enhanced

There is a saying that “failure is the mother of success”. If we apply it to the road of Hong Kong’s future development, it would possibly become “land resumption is the mother of the New Territories’ development”. Following the announcement of the Development Bureau to introduce the option for charging land premium at standard rates for lease modification applications within the New Development Areas (“NDAs”) in a bid to attract private market’s participation in the development, the Bureau has recently suggested to enhance the compensation arrangements for landowners and business operators affected by land resumption and clearance projects.

In respect of the ex-gratia compensation for landowners, to merge the four zones under the "Ex-gratia Zonal Compensation System" (“Zonal System”) into two zones, namely the "Tier One zone" which is applicable to land required for development uses, such as New Development Areas (NDAs), residential, economic development uses, and related public facilities with the compensation amount set at the Zone A rate under the existing system, and the "Tier Two zone" which is applicable to land required for non-development uses, including rural improvement and conservation uses with the compensation amount set at half of that of the "Tier One zone".

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In respect of ex-gratia allowance (“EGA”) for outdoor business operators, to modify the minimum operation duration required of a business operator under the "EGA for Open-air/Outdoor Business Undertakings" from not less than seven years preceding the date on which the Government conducted the freezing survey to not less than two years, and to remove the payment ceiling on open areas that could be taken into account in calculating the EGA amount (currently each business undertaking may receive EGA for open areas not exceeding 5,000 sq.m.), but the Lands Department would reserve its right to deduct the area which is not genuinely used for operation when calculating the EGA amount in dubious cases in future.

Under the two-tier Zonal System in future, owners of land resumed for development uses outside NDAs will receive the same Tier One rate as in development projects within NDAs, representing a 60% increase over the Zone B rate normally receivable for development projects outside NDAs before the merging of the compensation zones. Owners of land resumed for non-development uses will receive Tier Two rate, representing a 20% rise over the Zone C rate normally receivable for rural improvement works in the past.

The proposed enhancements should be able to improve the unfairness in the current compensations arrangement and time-consuming situation. As the existing compensations were carried out by four zones under the Zonal System which based on the location the piece of land stands, those situated outside the NDAs but required for development uses will only be compensated as Zones B, C or even D, which is far cheaper than Zone A. It is therefore no wonder that land owners always argue with the authority on the amount of compensation, not only time-wasting, but aggravating the works of the authority, and delaying the receipt of compensations of landowners.

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For outdoor business operators, the shortened minimum operation duration preceding the date of the freezing survey to align with the minimum residence duration applicable to squatter households for receiving cash EGAs facilitate the operators easier to be qualified; and removing the payment ceiling on open areas shall reflect the current situation. The payment ceiling on open areas is unfair to those outdoor business operators who used to occupy a huge land area, and like taking away part of the private property without paying. The writer considers the enhancement this time is correcting the past. Even though the arrangements are beneficial to the operators, the Government should carefully avoid people from deceiving for any compensation as what to pay is what we paid.

In final, all these proposed enhancements shall help the affected parties from leaving the land and improve the future development of the New Territories.



CALVIN PANG
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MARKET WATCH

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HONG KONG SNAPSHOTS

Transaction of Detached House in Hong Lok Yuen Broke Record High

A large transaction was recorded at Hong Lok Yuen in Tai Po in the early May. House No. 1 at Hong Long Yuen Ninth Street, situating on a site area of about 36,000 sq.ft., was sold at about HK\$291 million. The property has an existing saleable area of about 9,280 sq.ft., contributing to a saleable unit rate exceeding HK\$31,000/sq.ft.. Being a detached house positioned on the fringe of the development at a high spot, which possesses the largest internal floor area and garden area of the development, together with an outdoor swimming pool and private garage as ancillary facilities, this lavish property enjoys an extraordinary degree of privacy. This transaction broke the record of both the transaction price and unit rate in Hong Lok Yuen.



The transacted detached house is at No.1 Hong Long Yuen Ninth Street, enjoying an extraordinary degree of privacy.

(Source of Photo: Lands Department)

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HONG KONG SNAPSHOTS

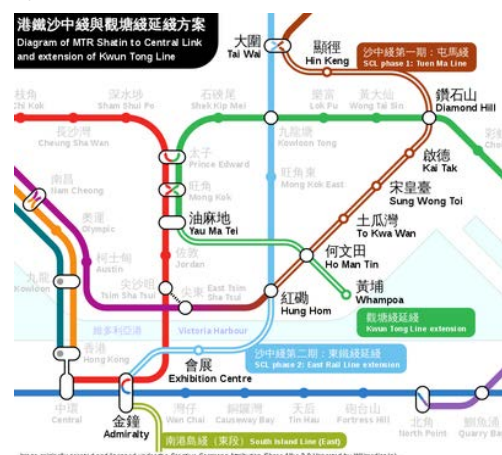
Housing Rents Expect to be Supported as East Rail Line Extends Across Harbour

The cross-harbour extension of the MTR East Rail Line, with Hung Hom, Exhibition Centre and Admiralty stations, has finally commenced its services in Mid-May, connecting Hong Kong Island, Kowloon and the New Territories directly on the same line. The dwelling time between Sha Tin and Admiralty shortened by around 12 minutes. Hence, many areas along Sha Tin to Central Link like Sha Tin, Hung Hom and Kai Tak have become more attractive to tenants and it has been pointed out that some property owners in the said areas refused to cut rents already.

At Upper Riverbank in Kai Tak, a high-level floor unit with a saleable area of 479 sq.ft. was recently leased at a monthly rental of HK\$18,000 without bargaining allowed. At Shatin Centre, a middle-level Flat F with a saleable area of 296 sq.ft. was rented out at HK\$12,000 per month this May with a monthly rent of HK\$40.5/sq.ft..

Overall, benefiting from the harbour-crossing East Rail Line, it is expected that rental levels in the New Territories East, especially Sha Tin, Tai Wai, and Ma On Sha would have greater potential to rise.

The cross-harbour section of East Rail Line was part of the MTR Sha Tin to Central Link project. (Source of Photo: MTR)

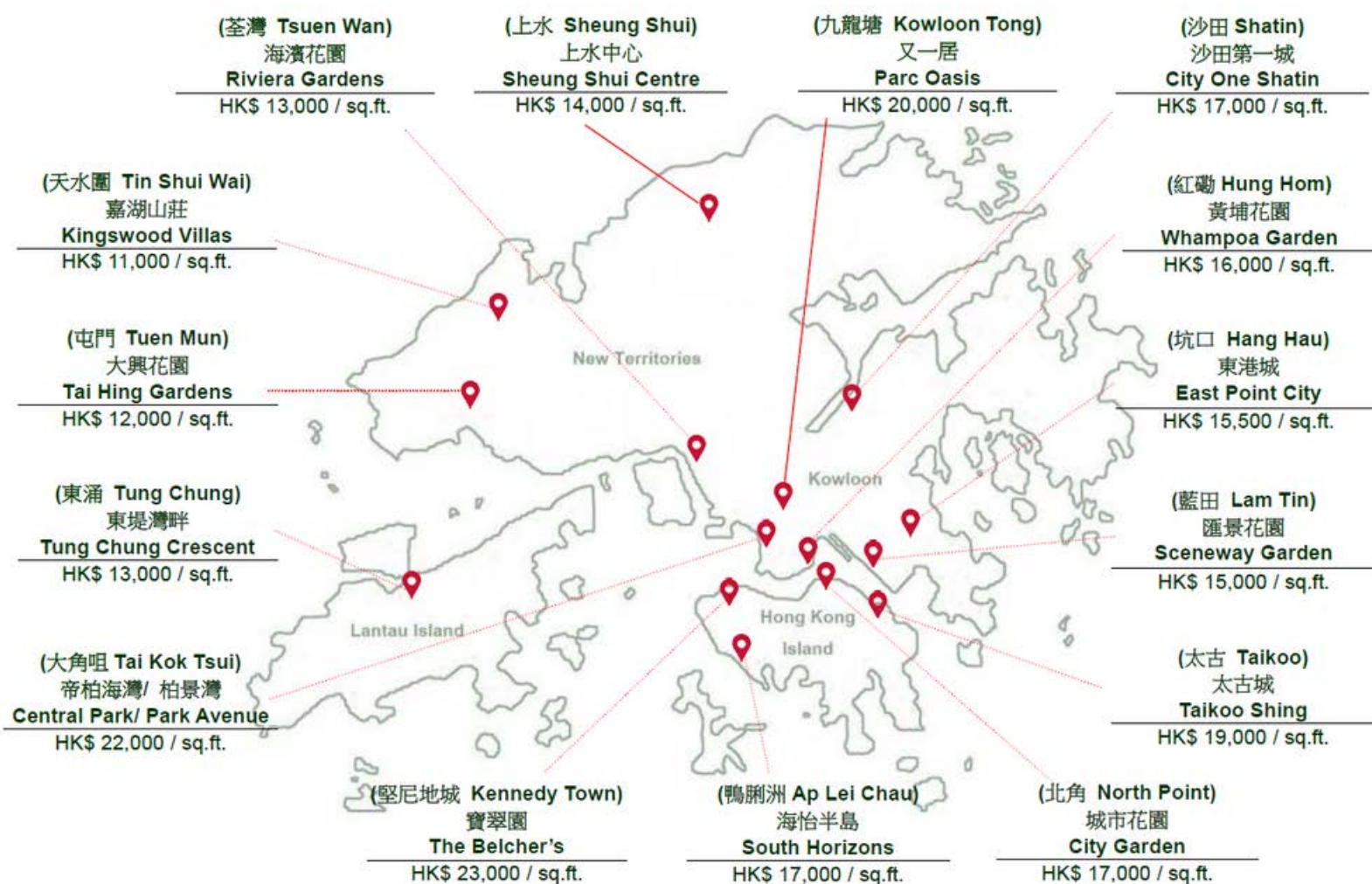


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HONG KONG

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

**Mortgage Rates Cut and
Approvals Speed Up in
Many Cities**

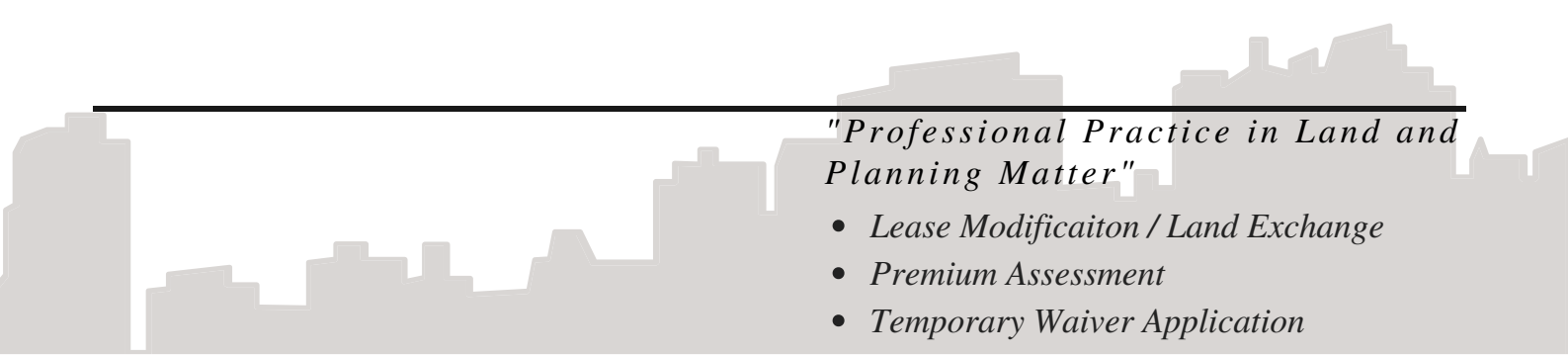
CHINA SNAPSHOT

Mortgage Rates Cut and Approvals Speed Up in Many Cities

Recently, many places across the country have lowered mortgage interest rates to speed up lending, including Shanghai, Guangzhou, Suzhou and other cities, where the first home loan interest rate is lower than 5%. In addition to falling interest rates, the mortgage lending cycle is also shortening. According to the survey, lending speed of banks in Beijing, Shanghai, Hangzhou and other cities has accelerated significantly. Among them, Beijing has further accelerated the loan cycle from 4-6 months to 1-2 months at the end of 2021, and some banks can lend within a week. The approval cycle for housing loan issuance in Shanghai has also been shortened from more than 4 months to 2 months at the end of 2021, which has been further accelerated to 2-3 weeks. Individual banks in Guangzhou and Hangzhou, like Beijing, can also lend as soon as a week.

From the perspective of sales data, from January to February 2022, the sales area of commercial housing was 157.03 million sq.m., a year-on-year decrease of 9.6%; the sales of commercial housing was RMB 1,545.9 billion, a decrease of 19.3%. The growth rate of the two was the second lowest in seven years since 2016, only higher than that in January-February 2020.

Besides, some banks in Shanghai have not emphasized bank flow, and only proof of income is enough. If the mortgage is less than RMB 500,000, it can be approved in seconds.



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CHINA SNAPSHOT

Shenzhen Houses Transacted Close to the Reference Price and Buyers Expect it to be More Accurate

The second-hand housing reference price with the most powerful regulation has finally changed many people's expectations that the Shenzhen property market will only rise and not fall. According to the market data, the actual transaction price of second-hand housing is getting closer and closer to the reference price.

After the introduction of the second-hand housing reference price in February 2021, the proportion of houses that are close to the reference price has increased month by month. In September last year, nearly 40% of the listings were sold at close to the reference price, and in December last year, nearly half of the listings were sold at close to the reference price. By March of this year, more than half of the houses were sold close to the reference price. However, due to the formulation of the second-hand reference price, the same housing estate is regarded as one price, which cannot accurately reflect the differences in the floor, landscape, area and other conditions of different houses. The market expects the reference price to be more accurate.

At the same time, there is also news that the Shenzhen government is preparing to raise the reference price by about 3%-5%. This information is subject to verification.



Shenzhen
(Source of Photo: Canva)

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CHINA SNAPSHOT


Warehouse Land in Zhuhai High-Tech Zone Listed for Lease of 3 Years

On May 11, the Zhuhai government issued a land announcement to publicly lease a piece of state-owned construction land by way of online listing.

It is understood that the plot is located in the north of Qingqiu North Road, Houhuan, GaoXin District. The storage-nature land occupies an area of 14,932.64 sq.m.. The lease term of the lot is 3 years, with the plot ratio of 1.0, the starting price is about RMB 1.493 million, and the bidding deposit RMB 450,000.

The listed rental objects are domestic enterprises or organizations (unless otherwise stipulated by laws, regulations and policies); individuals and joint bidding are not accepted. The online listing period is from May 31 to June 9, 2022.

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CHINA SNAPSHOT

Residential Price Index of Major Cities
(April 2022)

City	Sample Average Price(RMB/sq .m.)	M-o-M Change(%)	City	Sample Average Price(RMB/sq .m.)	M-o-M Change(%)
Shanghai	51,539	0	Beijing	44,405	0.13
Chongqing	11,811	0.10	Tianjin	15,031	0.06
Guangzhou	24,630	0.06	Shenzhen	54,151	-0.04
Nanjing	24,507	0.10	Hangzhou	29,120	0.06
Chengdu	12,592	0.23	Wuhan	13,283	0.18
Dalian	13,866	0.08	Suzhou	18,287	0
Xi'an	11,968	0.25	Xiamen	29,177	-0.04
Ningbo	19,350	0.19	Changsha	9,367	0.19
Wuxi	14,224	0.34	Dongguan	19,438	0.21
Shenyang	9,956	-0.21	Fuzhou	17,185	0

Source: Fangtianxia Hundred City Price Index

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