

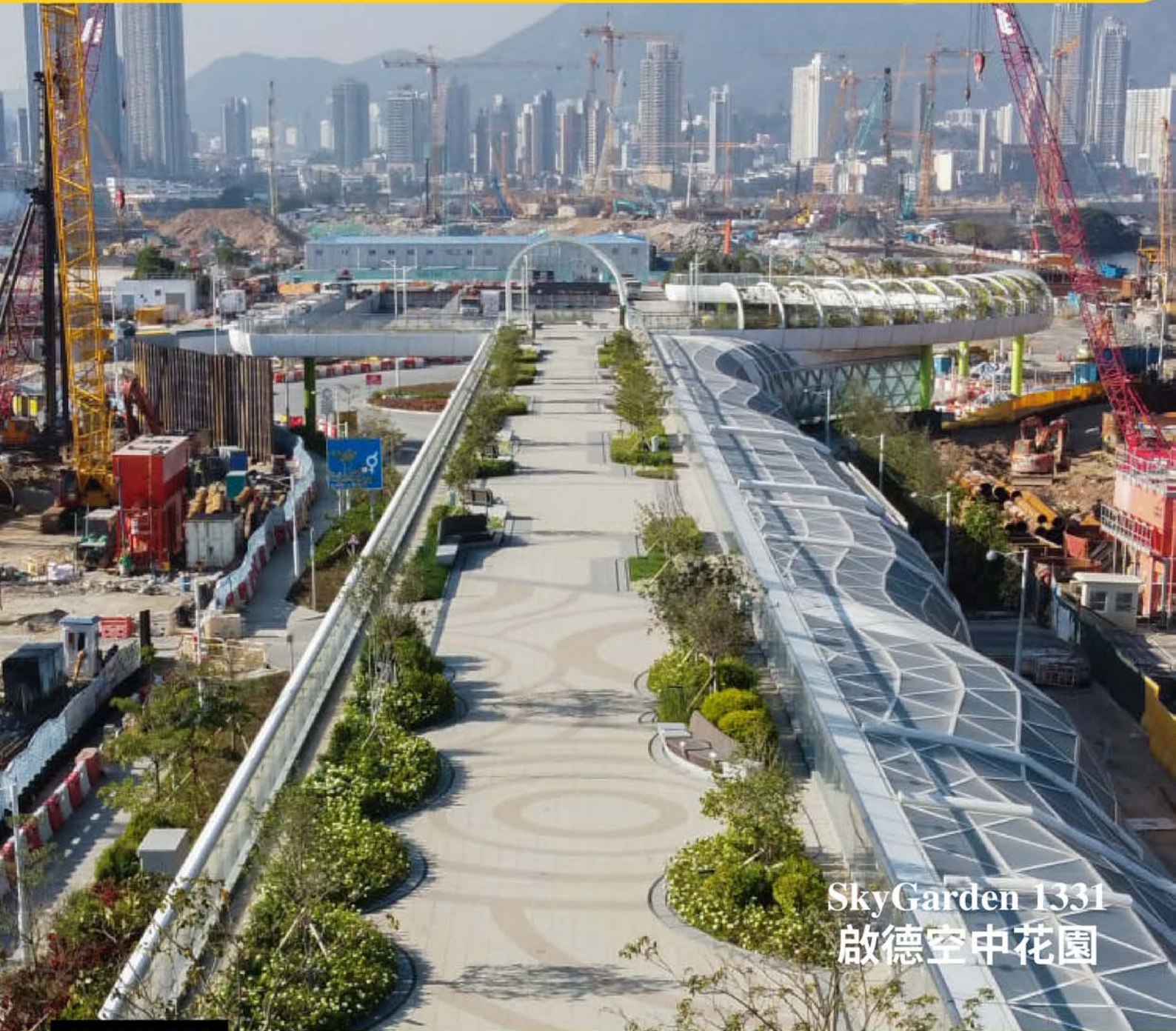
RHL International

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# MARKET EXPRESS

## 房地產市場快訊



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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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- Valuation (including Real Estate, Business Valuation, Plant & Machinery)
- Real Estate Solutions and Surveying Practice

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# CONTENTS

## **Hong Kong Property-Market Watch** **P.4-9**

- From Kowloon East, We Glance at the Hong Kong's Planning Vision (Part 1)

## **Hong Kong Snapshots** **P.10-11**

- Large Shop Subdivided for Letting in Wan Chai under the Pandemic
- Green Light for the Development of Data Centre at South China Cold Storage Industrial Building in Kwai Chung

## **Hong Kong Transactions Overview** **P.12**

## **China Snapshot** **P.13-17**

- Huizhou: The Minimum Down Payment Ratio for Commercial Personal Housing Loans Reduced to 20%
- Construction of the New Project of Hangzhou Gongshu Smart Net Valley Town Started, to Build as a Smart Energy Industry Base
- Beijing Jingnan Yufa Town to be a Cultural Tourism Resort with a Total Land Area of about 393.12 hectares
- Residential Price Index of Major Cities (July 2022)



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

### **From Kowloon East, We Glance at the Hong Kong's Planning Vision (Part 1)**



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## HONG KONG PROPERTY - MARKET WATCH

### From Kowloon East, We Glance at the Hong Kong's Planning Vision (Part 1)

Following the moving out of the Kai Tak Airport from the urban, our manufacturing base to the Mainland, and the continuous growth in Hong Kong's financial and service sectors as well as large numbers of regional headquarters and regional offices of multi-national companies setting foot in Hong Kong, the demand for quality office space can no longer be satisfied by the city's traditional Central Business District (CBD). Hence, in the 2011-12 Policy Address, the Chief Executive at the time Mr. Donald Tsang announced the adoption of a visionary, coordinated and integrated approach to transform Kowloon East district into an additional attractive CBD to sustain Hong Kong's economic development. This initiative was reiterated in the subsequent Policy Addresses. Specifically, this involves land use reviews, enhanced urban design, and improvement to connectivity and the associated infrastructure. No doubt, most of the lights have been shed on the future developments at Kai Tak.

From the urban planning aspect, the Kai Tak Development Area has long been planned as a business centre with tourism and relaxation elements, and public and private housings. From the transport planning aspect, to facilitate the district's evolution, lands have been reserved and analyzes carried out by the government for the building of the Kowloon East elevated monorail to link up the runway area with the Kowloon Bay and Kwun Tong industrial-commercial areas, and the MTR Kwun Tong Line and Tuen Ma Line. However, the authority has modified the plan and infrastructures in recent years. Can this CBD2 be perfectly growth?

The government has amended the Approved Kai Tak Outline Zoning Plan last year, by rezoning 2 development sites at the former north apron area and 3 sites abutting Shing Fung Road at the former runway area, around the cruise terminal, from commercial to residential uses. Among them, 3 including Sites 4B5, 4C4, 4C5 have been successfully rezoned. Even so, the writer considers this amendment could not be an all-rounded one, its contribution to the housing problem is limited while from planning perspective is not a good one as well.

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As mentioned by the Secretary for Development, this amendment was attributed by the continuous demand for housing by the society. No wonder that the current housing supply is still under shortage, but if we further dig into considerations, which group of people from the society is owing an opportunity for housing more? The grassroot or the middle-class or above? While the new properties at the Kai Tak runway area sold at a range of unit rates between HK\$25,000/sq.ft. and HK\$32,100/sq.ft., are we still believing that the lay public would be moving into this area easily? Do not forget that there are other relatively affordable districts, or even a number of New Development Areas available for choosing in our city.



The 3 successfully-amended plots locate next to the Kai Tak Cruise Terminal.  
(Source of Picture: TPB's Statutory Planning Portal)

Reading the information from the Energizing Kowloon East Office, the Kwun Tong and Kowloon Bay Business Areas sustained our economic growth by contributing an overwhelming majority of new office supply in the past decade since implementation of the Energizing Kowloon East initiative. There are now about 2.9 million sq.m. of commercial/ office floor space in Kowloon East and it will increase to about 3.9 million sq.m. in the coming few years, taking into account projects under construction or approved. Together with another floor space from the Kwun Tong and Kowloon Bay areas that has been expected to provide, commercial/ office floor space in Kowloon East will be comparable to the scale of the CBD in Central.

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Mathematically, such amendment of plan does not impose negative impact to the growth and supply of the commercial floor space of the district, the writer does agree with the situation that the district's existing supply is still relatively adequate. Nonetheless, to become what the Conceptual Master Plan 6.0 of the Energizing Kowloon East proposed as a "premier CBD providing quality spaces and attracting a wide spectrum of businesses (from start-ups to headquarters of multi-national corporations) to set up here", this amendment was like taking away the scarce urban golden commercial lands which are able to provide clustering and synergy effects to the society. This unveils how shortsighted and contradicting planning vision of the authority.

A CBD that can become a CBD relies on the evolutions of focused commercial activities and infrastructures in a district. The writer is not denying the existence of residential properties in a CBD where domestic buildings can be found in the Central and Sheung Wan districts. The crux is on the proportion of supply among them, the supply of commercial buildings should be undeniably more than residential buildings. If there are more domestic properties than commercial/ office buildings in an area, will you consider this as a commercial area? If such an area cannot be treated as a commercial area, can it be even called a CBD, or even attract the stationing of a wide spectrum of businesses there? Taking the Pacific Place in Quarry Bay as an example, without the commercial/ office buildings expansion in the past decades, can we expect the extension and concentration of commercial activities in the district today? Only a few scattered commercial buildings would be unable to attract a lot of multi-national corporations entering the area.



The Taikoo Place has now been developed as a comprehensive commercial hub with 9 office buildings at the Island East.

(Source of Picture: Developer's Website)

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Of course, some readers may think it is too fast to conclude that the authority is shortsighted by the small change in its plan where CBD2 covers the old Kai Tak Airport, Kwun Tong, and Kowloon Bay commercial area, but the writer does wish our readers understand that lands at Kai Tak runway area are rare and more superior to Kwun Tong and Kowloon Bay. Due to its unique isolated but concentrated location, together with the neighbouring commercial activities and infrastructures at the cruise terminal, these commercial lands and activities must be a highly centralized and complementary way to each other. Hence, in the long term, commercial lands in the area are indispensable.

Although the chaotic landscape in the district has slightly improved with a number of old factory buildings converted or redeveloped into new commercial buildings in recent years, the shares of these buildings are scattered. To reshape the area by redeveloping these buildings in the short to medium term in this way would take time. If we rely on this long-way-to-go industrial/ commercial area to grow as a CBD2, it is better to expedite and attract the commercial developments at these runway commercial lands and shape them as the locomotive and icon of the district, and speed up the evolution of the whole district further.



The Energizing Kowloon East scheme has brought some changes to the urban landscape in Kwun Tong and Kowloon Bay.  
(Source of Picture: Development Bureau)

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Amendment on the zoning according to the city's development is unavoidable, but it should stick to the district's overall function in the city. If the long-term planning vision of a place can easily be amended without taking into consideration the way to achieve a place's best development direction, it would just reduce the confidence of the public in the development and determinations of the CBD2.

With the limited spaces, let's continue with our discussion in the next publication.



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

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## HONG KONG SNAPSHOTS

### Large Shop Subdivided for Letting in Wan Chai under the Pandemic

As the retail market has not yet been substantially improved under the pandemic, an escalating number of huge shops are subdivided before letting. An investor spent approximately HK\$275 million on acquiring the ground floor of No.138 Johnston Road in Wan Chai in January 2022. The property, which occupies an area of 2,831 sq.ft., was originally rented to a sportswear specialized shop at a monthly rent of HK\$630,000, resulting in an average unit rate of about HK\$222/sq.ft.. It has recently been subdivided into four units, two of them, namely shop nos. 1 and 2, were let to a Japanese chained beef bowls shop at a monthly rent of HK\$380,000.

The tenancy lasts for three years with an option to renew for two years. Occupying an area of 1,502 sq.ft., the rented shops have an average unit rate of about HK\$253/sq.ft.. Assuming a beef bowl is sold at HK\$29, it is anticipated that 13,100 beef bowls every month, or equivalently, 437 beef bowls every day, need to be sold in order to repay the rent.

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## HONG KONG SNAPSHOTS

### Green Light for the Development of Data Centre at South China Cold Storage Industrial Building in Kwai Chung

The Planning Department has recently no objection to the application for the development of a 20-storey data centre (including a basement floor) at Nos.13- 17 Wah Sing Street, Kwai Chung. The site occupies an area of about 19,100 sq.ft., stands on the “Industrial” zone. The applicant has earlier applied for a relaxation of plot ratio to 11.4 and the estimated completion year of the building is 2025. The developer of the building has also applied for the building of a 27-storey new industrial building in situ with total floor area maintains at 218,100 sq.ft.

With the application and the planning intention of the current land use zoning the same, considering the new data centre can satisfy the market demand for such type of premises, and green facilities to be provided by the applicant, without adverse impacts identified by the technical assessments to the surrounding traffic, sewage and environment, the Planning Department has no objection to the application.



Green features will be provided at the Ground Floor of the new-built data centre.

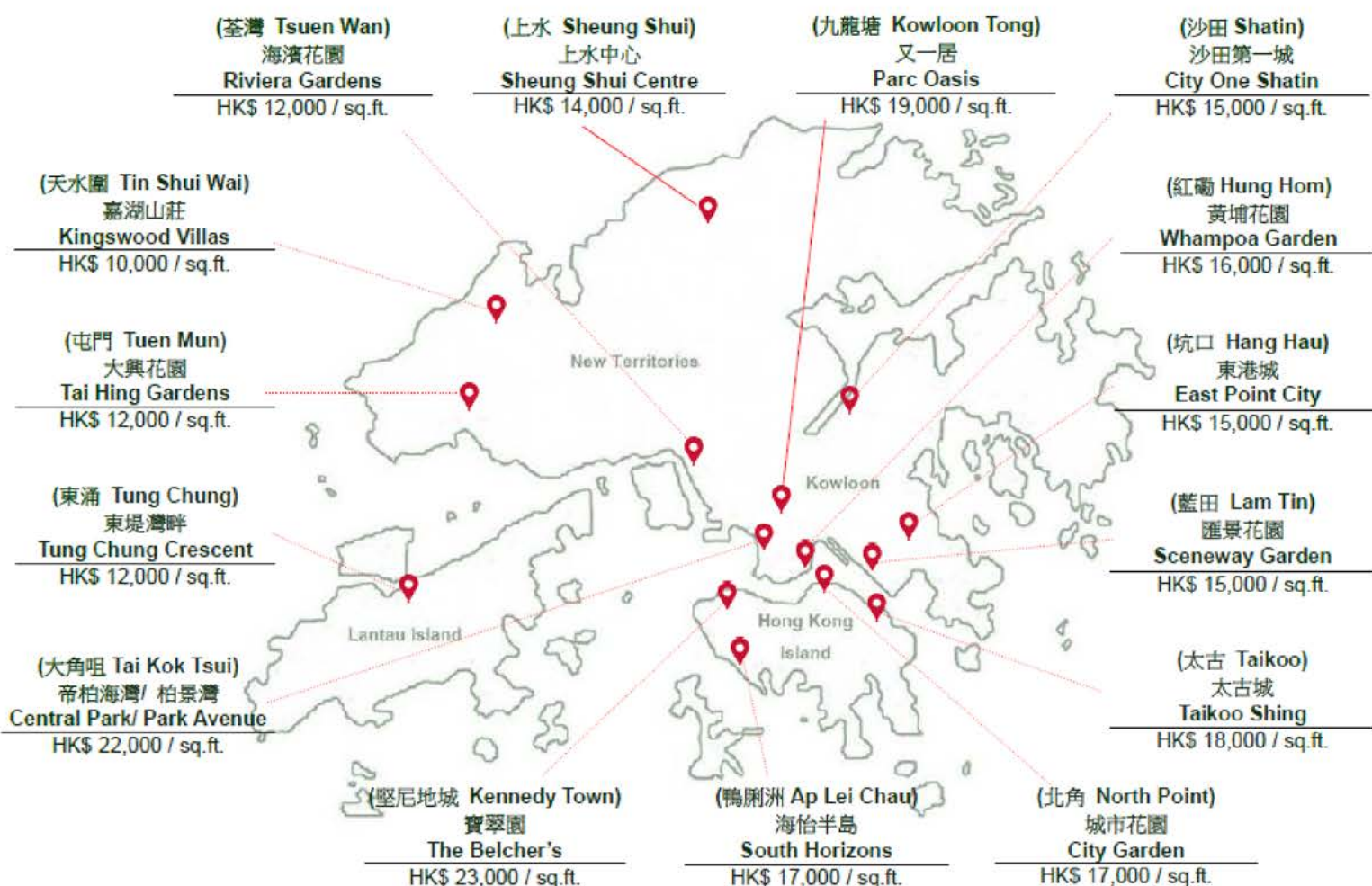
(Source of Picture: TPB's Statutory Planning Portal)

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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**

- **Huizhou: The Minimum Down Payment Ratio for Commercial Personal Housing Loans Reduced to 20%**
- **Construction of the New Project of Hangzhou Gongshu Smart Net Valley Town Started, to Build as a Smart Energy Industry Base**
- **Beijing Jingnan Yufa Town to be a Cultural Tourism Resort with a Total Land Area of about 393.12 hectares**
- **Residential Price Index of Major Cities (July 2022)**

## CHINA SNAPSHOT

# Huizhou: The Minimum Down Payment Ratio for Commercial Personal Housing Loans Reduced to 20%

From August 15, the Huizhou real estate market began to implement a new house purchase policy: the minimum down payment ratio for commercial personal housing loans was lowered, and the down payment for households purchasing ordinary housing for the first time was reduced to 20%.

According to the "Resolution on Adjusting the Minimum Down Payment Ratio of Commercial Personal Housing Loans in Huizhou City" issued on August 15, in order to cooperate with Huizhou City to adjust the real estate market policy, in accordance with the principle of "implementing policies according to the city", combined with changes in the real estate market situation in Huizhou City and according to the government regulation requirements, the housing credit working group of the Guangdong market interest rate pricing self-discipline mechanism has formed a resolution. From August 15, the minimum down payment ratio for commercial personal housing loans for households purchasing ordinary housing for the first time will be adjusted to 20%. For commercial personal housing loans for households purchasing non-ordinary housing for the first time, the minimum down payment ratio shall be implemented according to the original policy, that is, not less than 30%.

Huizhou City  
(Source of Photo: Canva Photo Base)



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## CHINA SNAPSHOT


### Construction of the New Project of Hangzhou Gongshu Smart Net Valley Town Started, to Build as a Smart Energy Industry Base

Recently, the construction of the Hangzheng Gongchu No. 19 Plot Project, Wisdom Net Valley Town, Gongshu District, started. It is planned to build a smart energy industry base, aiming to create an innovative industrial model in the north of the city. The total investment of the project exceeds RMB 1 billion yuan.

The land is an innovative industrial land located in the north of the Smart Net Valley Town. The project has a total land area of 30,200 sq.m. and a total construction area of 129,800 sq.m., of which the ground area is 90,500 sq.m.. It is planned to be completed in March 2025.

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## CHINA SNAPSHOT

### **Beijing Jingnan Yufa Town to be a Cultural Tourism Resort with a Total Land Area of about 393.12 hectares**


Earlier, the Beijing Municipal Commission of Planning and Natural Resources announced the "Announcement of the Results of the Comprehensive Implementation Plan of the Beijing Jingnan Cultural Tourism Resort (Announcement Period 30 Days)."

The project site is located in the middle of Yufa Town, Daxing District, with a total land area of about 393.12 hectares, including about 117.14 hectares of construction land and a building scale of about 615,200 sq.m..

It is reported that Beijing Jingnan Cultural Tourism Resort is a large-scale cultural tourism service industry cluster integrating theme parks, duty-free shops, theme hotels, commercial offices, convention and exhibition centers and performing arts theaters. As the area covers the Beijing Wildlife Park, the project may create a holiday scenic spot with animals as the theme, integrating food, housing, shopping, travel, entertainment and leisure.

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## CHINA SNAPSHOT

### Residential Price Index of Major Cities (July 2022)

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	51,208	-0.50	Beijing	44,591	0.27
Chongqing	11,798	-0.01	Tianjin	15,011	-0.18
Guangzhou	24,655	0.05	Shenzhen	54,428	-0.02
Nanjing	24,695	0.29	Hangzhou	29,253	0.20
Chengdu	12,710	0.04	Wuhan	13,309	0.31
Dalian	13,869	-0.04	Suzhou	18,361	0.00
Xi' an	12,117	0.40	Xiamen	29,205	0.10
Ningbo	19,614	0.70	Changsha	9,410	0.03
Wuxi	14,305	0.13	Dongguan	19,517	0.05
Shenyang	9,921	0.10	Fuzhou	17,184	0.03

Source: Fangtianxia Hundred City Price Index

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