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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

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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

Highlights of HK's Property Market in 2022

HONG KONG PROPERTY - MARKET WATCH

Highlights of HK's Property Market in 2022

The Hong Kong's property market continues to go downwards in 2022, except the lowest price index point unveiled in 5 years, how the new government expedites developments across the city have empowered the market. Which one you remember the most?

Property Price Index Point Back to the Level in 2017

The local property market has been pressured throughout the year. As at the article-writing date, the price index for private domestic properties recorded by the Rating and Valuation Department has been falling for 5 months to the 5-year lowest point at 352.4, the lowest level since December 2017. The accumulated price fall has reached 10.5% already. The continuous pressure on the property price is mainly ascribed to the increase in interest rates, more citizens disposing properties and migrating to other countries, and also the pandemic situation in most of the time in 2022. All these have lowered the incentives of potential buyers to enter the market.

Proposed Amendment of Application Threshold for a Compulsory Sale

The new Chief Executive John Lee has suggested to lower the application threshold in his "Policy Address" under "Land (Compulsory Sale for Redevelopment) Ordinance" (Chapter 545): threshold for private buildings of an age between 50 and 70 shall be lowered to 70% from 80% while aged 70 or above shall become 60%. Factory buildings at non-industrial zone with an age of at least 30 shall have the threshold of 70% of the total share. A lower application threshold could allow developers or consortium easier to apply for a compulsory sale order while property owners could have more opportunities to have their properties being acquired.

"Strategic Investment Advisory & Agency"

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

The Gazette of Bill to Simplify Development Procedure

“The Development (Town Planning, Lands & Works) (Miscellaneous Amendments) Bill 2022” gazette. The Bill covers the amendments of the statutory procedures of several development-related ordinances including Town Planning, Lands Resumption, Foreshore and Sea-bed (Reclamations), Roads (Works, Use and Compensation) and Railways works. By 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, the duration to form a spade-ready land from a primitive site would be shortened to 4 years from 6 years while large scale project like new development areas would be sped up to 7 years from 13 years.

Amount of Licenced Property Agents: The Fewest in 15 months

The city’s biggest property agencies have been seriously affected by the poor market situation. The big 4 agencies have announced to cut their staff and branch numbers, the scale of shop-cutting ranges from 10% to half of the total existing branches. According to the latest information from the Estate Agents Authority, by the end of November 2022, number of licenced agents was 41,239 which was the lowest figure in 15 months, and compared with the largest-pool recorded in February 2022, at least 1,000 agents have left this path.



CALVIN PANG
WRITER- HONG KONG
MARKET WATCH

"Strategic Investment Advisory & Agency"

- *Negotiation between Transaction Parties*
- *Provide Transaction Advisory Services*

HONG KONG SNAPSHOTS

Rental Level of Metroplaza Office Back to 2008

Christmas and Lunar New Year have always been a low season for the office rental market. Reducing demand for office rental has empowered the bargaining space for potential tenants. Consolidating information from market sources and media, a mid-level office unit that has been abandoned for at least 1 year at Metroplaza, next to MTR Kwai Fong station, has recently been let at a monthly rent of HK\$29,000. The unit rent of this transaction for HK\$19.8/sq.ft. has unveiled the rental level of the building back in 2018.

This new rental transaction is Unit 08 at mid-level of Tower 2. This 1,461 sq.ft. unit is now let to a logistics company for HK\$29,000 per month at a unit rent of HK\$19.8/sq.ft.. The unit has been listed onto the market since February 2021 at a unit rent of HK\$25/sq.ft.. Although it has been let out in final, the new rental is nearly 20% below its initial asking one. Tracing the rental market history of the building, the last rental transaction that recorded a unit rent less than HK\$20/sq.ft. was in August 2008, the about 1,465 sq.ft. office Unit 12 on high-level of the building.



An office unit of Metroplaza in Kwai Fong has recently been rented at a unit rent of less than HK\$20/sq.ft., back to the year of 2008's rental level of the building.

(Source of Photo: RHL Photo Base)

"Professional Practice in Land and Planning Matter"

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

HONG KONG SNAPSHOTS

Luxurious Site at Mount Cameron Road on the Peak Sold at HK\$1 Billion

Located at No.5 Mount Cameron Road on the Peak, Rural Building Lot No. 326, together with the three houses erected thereon, was recently sold at HK\$1 billion. Named as Cameron Lodge, the site accommodates three two-storey houses, each with a saleable area of about 3,506 sq.ft., aggregating to a total saleable area of about 10,518 sq.ft.. According to the information from local agents, portion of the property is tenanted, while portion is occupied by company seniors. With reference to the existing area, the unit rate hit HK\$95,000/sq.ft.

Moreover, information from the Buildings Department revealed that the plans of redeveloping the subject site into two two-storey houses over one basement level were approved in September this year. Calculating on the basis of gross floor area of about 10,589 sq.ft., the accommodation value reached HK\$94,000/sq.ft., branding the site as the one with the highest accommodation value transacted this year. Having the site acquired at HK\$81 million in 1993, the owner earns a profit of over HK\$900 million.



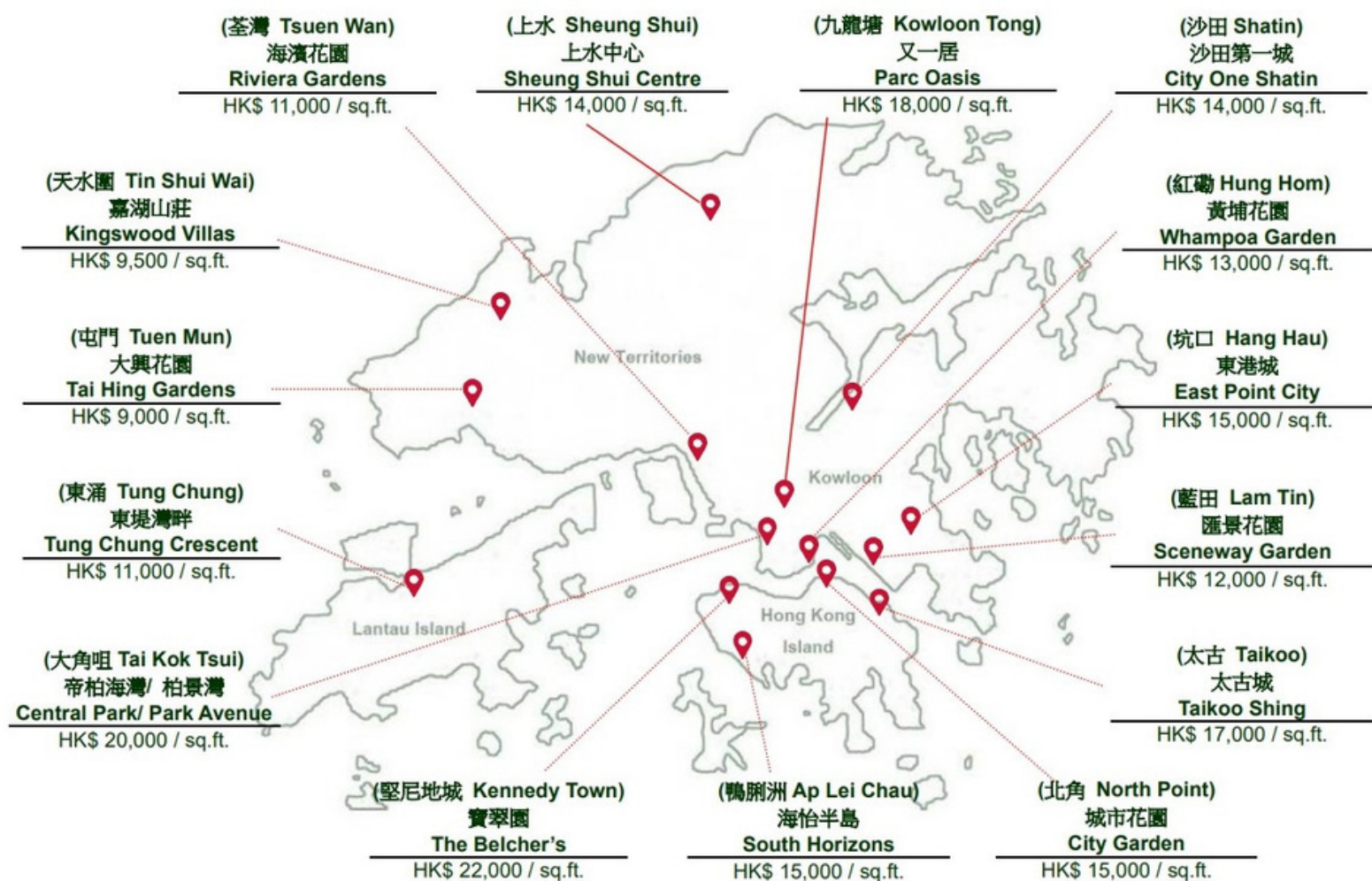
Luxurious Site at Mount Cameron Road.
(Source of Picture: Online Database)

"Professional Practice in Land and Planning Matter"

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

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

- **Second-Hand Housing Guidance Prices Exist only in Name in 13 Cities Embracing Tier 1 Metropolitans like Beijing and Guangzhou**
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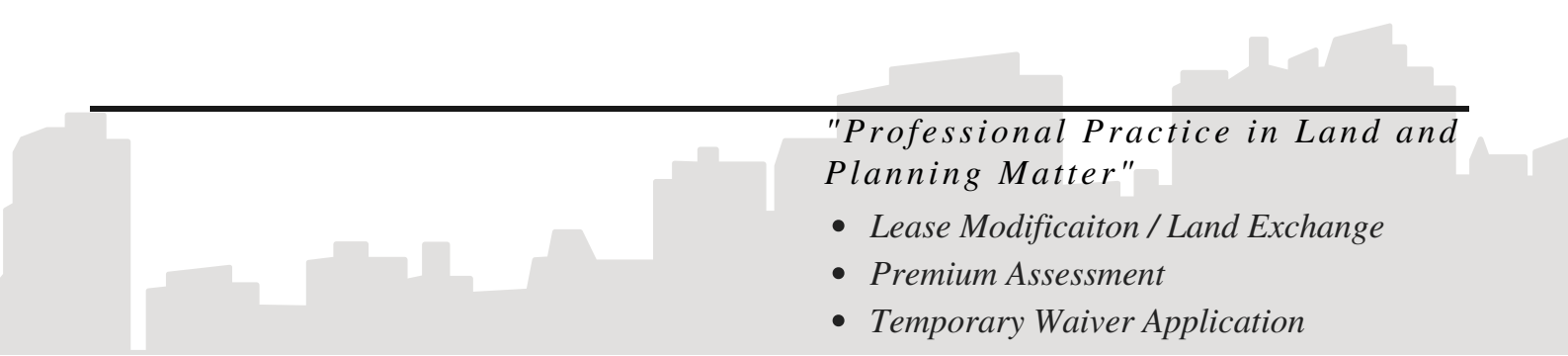
CHINA SNAPSHOT

Second-Hand Housing Guidance Prices Exist only in Name in 13 Cities Embracing Tier 1 Metropolitans like Beijing and Guangzhou

The Second-Hand Housing Guidance Price was a policy issued by the Chinese Government in 2021. This instrument was implemented to prevent the overheating of the second-hand housing market and provide more transparency for the buyers. The Guidance Price was the major reference for bank mortgage approval.

However, in a factor of the downward pressure of the property transaction market, particularly the second-hand dwellings, 13 out of 15 cities which initially legislated with Guidance Price have gradually modified or even abandoned this application as this measurement will undoubtedly become an obstacle to market fluidity, especially under this gloomy property market dynamic. On June 17, Xi'an was the first to suspend the Guidance Price to recover the housing market, while Shanghai and Shenzhen are still strictly enforcing this application to control the second-hand housing market.

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

CHINA SNAPSHOT

Core Cities' Rally in Land Tendering Market due to the Increasing Land Supply at the End of 2022

Different from the routine in which three batches of centralized land supply were carried out in various cities in 2021, many cities have launched the fourth, fifth or even sixth batch of land supply at last quarter of 2022. In most of the tier 1 metropolitans gained positive reaction from the market. In Beijing, there were 80% of plots transacted in with premium while in Shenzhen, 60% of plots also recorded premium in the transaction. The most tremendous recovery was seen in the 5th Centralized Land Supply in Suzhou. Compared to the last land supply, the prime plots in Suzhou Industry Park drew 20 developers' attention to compete for, which constituted 3 transactions tapped premium.

And local private enterprises showed enthusiasm to go back to the game. In Hangzhou, 92% of tendering capital that was paid by them.



Suzhou Industry Park.
(Source of Picture: Online Database)

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

CHINA SNAPSHOT

China Industrial and Logistical Real Estates Keep Fascinating Overseas Funding

In 2022, the overall Chinese real estate investment markets including commercial office, retail and residential sectors jointly faced a slump, which could be mirrored by the downward pressure in rental income and yield. However, the industrial and logistical properties embraced storage facilities, logistic parks as well as factories etc. outperformed the conventional property investment market. In tier-1 core metropolitans, the industrial and logistical real estate could bring in 6% to 8% of net yield which transcended the commercial and residential properties, which could only generate 4% and 2% respectively. Thereby, the strong resilience and risk resistance capability expressed by the logistic assets were further considerable, particularly during the pandemic and gloomy economy across the globe. In this context, increasing capital from international investors was flooding into the Chinese industrial and logistical property market. The total capital amount exceeds RMB 28.3 billion. For instance, a Singapore-based real estate group launched onshore RMB funds specifically investing in industrial parks in China. Meanwhile, a multinational asset management firm has also undergone an acquisition for modern storage in the Greater Bay Area.

"Professional Practice in Land and Planning Matter"

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

CHINA SNAPSHOT

Residential Price Index of Major Cities (November 2022)

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	51,004	0	Beijing	44,700	0.03
Chongqing	11,751	-0.05	Tianjin	14,948	-0.07
Guangzhou	24,673	-0.07	Shenzhen	54,266	-0.18
Nanjing	24,743	-0.09	Hangzhou	29,449	0.12
Chengdu	12,731	0.10	Wuhan	13,252	-0.15
Dalian	13,794	-0.51	Suzhou	18,382	0.03
Xi' an	12,160	0.03	Xiamen	29,234	-0.01
Ningbo	19,834	0.18	Changsha	9,495	0.15
Wuxi	14,362	-0.10	Dongguan	19,442	-0.50
Shenyang	9,905	-0.17	Fuzhou	17,187	-0.01

Source: Fangtianxia Hundred City Price Index

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