

RHL International

FEB 2023

ISSUE NO.266

MARKET EXPRESS

房地產市場快訊



Victoria Harbour
維多利亞港



HONG KONG PROPERTY

WWW.RHL-INT.COM



香港物業市場透視

CHINA PROPERTY

中國物業市場透視

Industry / Market Research and
Feasibility Studies

Serena Lau

serena@rhl-int.com

(852) 3408 3398

Land & Planning Matters,
Surveying Practice

Keith Siu

keith@rhl-int.com

(852) 3408 3338

Hong Kong Property Valuation

Tony Wong

tony@rhl-int.com

(852) 3408 3322

Mainland China, Macau and
Overseas Property Valuation

Jessie Chen

jessie@rhl-int.com

(852) 3408 3302

Business Valuation

Alexander Lau

alex@rhl-int.com

(852) 3408 3328

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

CONTENTS

Hong Kong Property-Market Watch **P.4-6**

- 2023, Brisk Like a Rabbit

Hong Kong Snapshots **P.7-8**

- Thriving Second-Hand Market During the Lunar New Year: Agencies Statistics
- Shopping Arcade at Florient Rise in Tai Kok Tsui Sold

Hong Kong Transactions Overview **P.9**

China Snapshot **P.10-13**

- Shenzhen: The Dismal of Second-Hand Residential Market Aspires to End along with the Positive Prospects of Pandemic
- Long-Rent Apartment is Hot in Capital Market
- Commercial Office Building at G-Park, Beijing Sold at RMB 960M
- Residential Price Index of Major Cities (December 2022)



HONG KONG PROPERTY- MARKET WATCH

2023, Brisk Like a Rabbit

HONG KONG PROPERTY - MARKET WATCH

2023, Brisk Like a Rabbit



Ring in the Year of Rabbit in 2023, the pandemic situation continues to relieve in the city, most of the social distancing measures have been lifted while the sea, land and air borders reopened gradually, daily life of citizens started to resume normal. Although there are some shops in the prime districts still being vacated or let for a short-term only, the market atmosphere, to some extent, improved.

Looking back the property market in the Year of Tiger in 2022 is unforgettable as the market of either first-hand or second-hand was abnormally tranquil. Under the pressure of COVID-19 and continuous rise in interest rate, the launching of sale programmes of new property developments has been affected. There was less than 10,000 new property transactions recorded in the past year, a drop of more than 40% than the 17,000 nos. in 2021. Consolidating different sources, the overall sale rate of new property was below 60% with 5 new urban developments less than 10%; and there was even no new development in Hong Kong Island listed with a price list.

It was even more quiet for the second-hand market. According to the Land Registry, there was only 37,000 second-hand transactions revealed, a drop of 40% compared with the 60,000 plus transactions in 2021, the figure was also the lowest since the handover of the city in 1997. Facing this abnormal calm market situation and migration continues, many owners in need have disposed their properties with a price cut, pressuring the property market to go downwards. According to the private domestic price index of the Rating and Valuation Department, in the last year, the overall property price has down by 10% to 15%; with some urgent property disposal recording a price drop of about 20% to 30%.

*"Super Connector Professional Services
Provision, Facilitation And Consultation"*

• *Consultancy Services in Greater Bay Area*

Nonetheless, stepping into 2023 has been a sign of positivity for the retail, stock and property markets. Retail market and tourist industry started to be empowered, unemployment rate fell, public's consumption wants raised, all these have brought optimistic growth to the local economy. Stock market surged again in 2023, as at the date of writing, the Heng Sang Index has been climbed for nearly 10% since the last transaction date of the stock market in 2022.

Definitely, the warming of retail and stock markets does not necessarily mean the same for the property market. The recovery of property market needs time to realize. Luckily, property sales had been picked up again in 2023. The average daily transaction volume has been increased obviously and quickly to at least 10 nos. compared to the single-digit daily record in December, agency statistics unveiled. A little market boom even took place during the Lunar New Year holiday.

More importantly, what to do to boom the transaction volume is to stimulate the first-hand property market and keep the second-hand market active, attracting the potential buyers entering the market naturally. With the recent normalcy-resuming actions by the authority which optimized the general market, it is believed that developers shall resume their new property sale programmes after the Lunar New Year holidays. Counting with the affected developments halted for sale last year due to the pandemic situation, and also the planned new properties to be put onto the market this year, media estimates that there shall be nearly 40 new developments with about 40,000 units added in this year, across Hong Kong Island, Kowloon and the New Territories.

Having been staying quiet for a year, with the market demands remain giant without any sign of further possible rise in interest rates, the property market shall pick up from the lowest point once the transaction volume regains.

We wish everyone stays healthy and lives in peace and works happily.



CALVIN PANG
WRITER - HONG KONG
MARKET WATCH

"Strategic Investment Advisory & Agency"

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

HONG KONG SNAPSHOTS

Thriving Second-Hand Market During the Lunar New Year: Agencies Statistics

The little market boom has been revealed during the long weekend of the Lunar New Year, according to the statistics from the two local major property agencies. In the Lunar New Year holiday, one of the main agencies has recorded 20 second-hand transactions in the 10 main property developments, breaking the traditional low-season record and also marking another record of Lunar New Year holiday with most transactions in the past 12 years since 2011 with 22 transactions; in the last day last Lunar Year and the first day of this Lunar Year, 14 deals have been revealed. For the another property agency, there has been 18 transactions made at the 10 main property developments, mostly taken places at Taikoo Shing and City One Shatin with 5 records for each development.

This record was also the most thriving one in the past. It is believed that this market boom was contributed by the reopening of the border of the city with the Mainland and the lifting of epidemic measurements which help releasing the purchasing power of the market.



Market activities at Taikoo Shing has been active during the Lunar New Year holiday.
(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

Shopping Arcade at Florient Rise in Tai Kok Tsui Sold

Along with improving market sentiment, a Real Estate Investment Trust (REIT) seized the opportunity to invest in properties for recurrent rental returns. “West9Zone”, a 3-storey shopping arcade with a lettable area of about 58,836 sq.ft. located at Florient Rise, No. 38 Cherry Street at Olympic Station in Tai Kok Tsui, was recently sold together with 8 external wall advertising spaces and 17 commercial car parking spaces at about HK\$748 million. Market information revealed that the monthly rental of this educational institution majored shopping arcade is HK\$2.835 million, while the monthly rental of the car parking spaces is HK\$67.6 thousand, contributing to an overall occupancy rate of 90.7%. The previous owner gained a profit of approximate HK\$118 million after holding the property for 11 years.



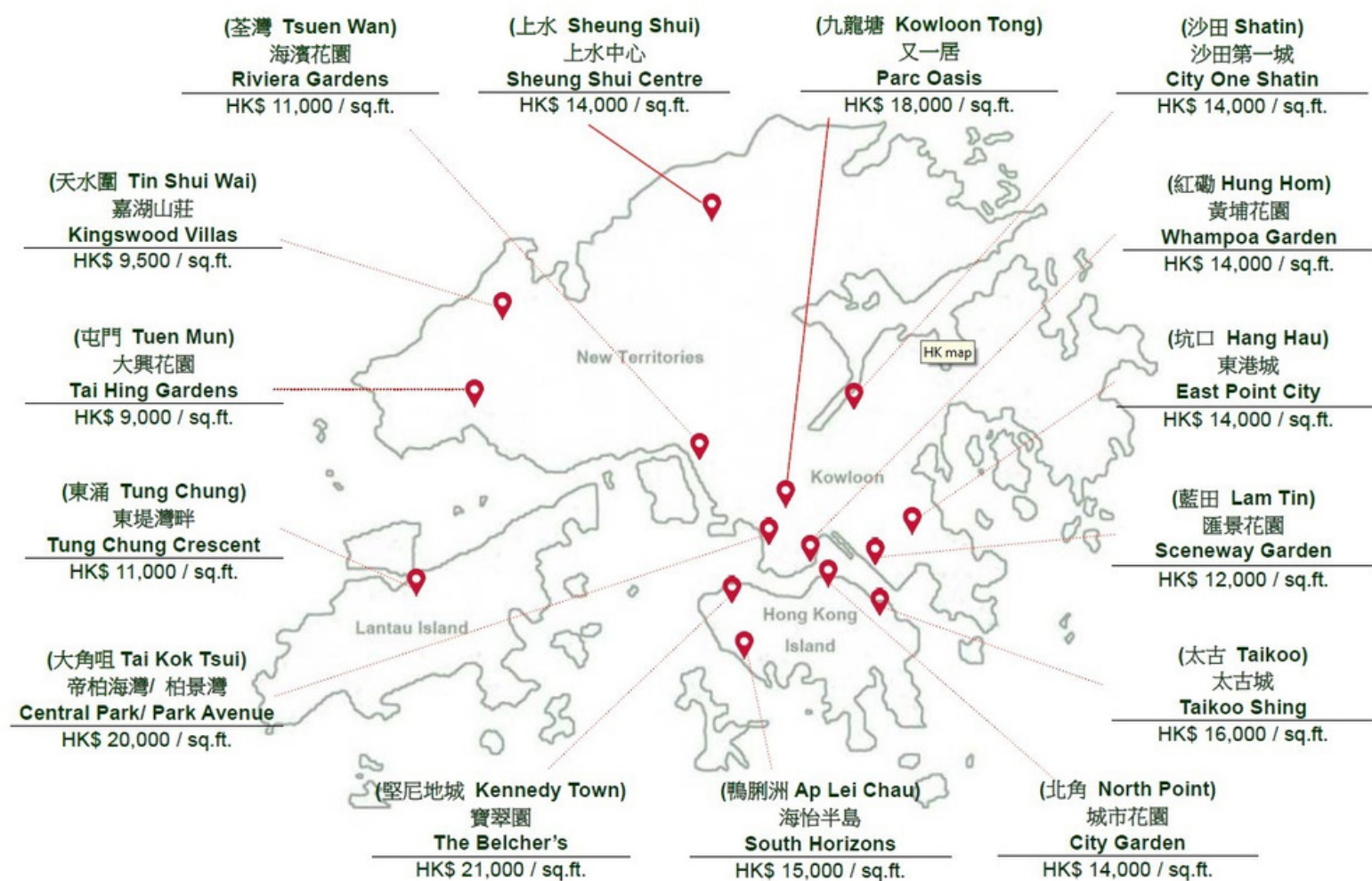
The shopping arcade at the podium of Florient Rise at Olympic Station in Tai Kok Tsui is educational institutions majored.
(Source of Photo: RHL Photo Base)

"Professional Practice in Land and Planning Matter"

- *Rate & Government Rent Appeal*
- *Compensation Claim Assessment*
- *Planning & Development Consultancy*

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

- **Shenzhen: The Dismal of Second-Hand Residential Market Aspires to End along with the Positive Prospects of Pandemic**
- **Long-Rent Apartment is Hot in Capital Market**
- **Commercial Office Building at G-Park, Beijing Sold at RMB 960M**
- **Residential Price Index of Major Cities (December 2022)**

CHINA SNAPSHOT

Shenzhen: The Dismal of Second-Hand Residential Market Aspires to End along with the Positive Prospects of Pandemic

In 2022, the second-hand residential market in Shenzhen experienced a trough. According to the statistics of the Shenzhen Real Estate Intermediary Association, the transaction volume of second-hand residential dwellings was the lowest since 2018. The number of transaction was only 26,853 which was 39.5% less than 2021. Also, the transaction was lower than first-hand property for two consecutive years. However, in 2023, the Shenzhen second-hand residential market is expected to recover gradually along with the improvement of Covid-19 pandemic. In January, the transaction of second-hand residential dwelling recorded 587, which is 19.3% higher on a month-to-month basis.

Long-Rent Apartment is Hot in Capital Market

The uncertainties of the Covid-19 pandemic and economic depression led to the gloomy property investment market. However, juxtaposed with conventional offices, shopping arcades and hotels, the rental apartment sector embodied a relative resilience since 2020. The transaction amount of the long-rent apartment exceeded the total amount of the past 5 years. The most significant investment activities took places in Shanghai and Beijing. In Shanghai, the transaction amount was expected to exceed RMB 3 billion this year. Other than preference from investors, government also shows support from allowing mutual fund to issue REITS based on affordable rental residential, which to be the catalysts of prosperous speculation of long-rent apartments.

*"Super Connector Professional Services
Provision, Facilitation And Consultation"*

• Consultancy Services in Greater Bay Area



CHINA SNAPSHOT

Commercial Office Building at G-Park, Beijing Sold at RMB 960M

Recently, Zhi Gu Building located in Zhongguan Science Park (G-Park), Beijing was transacted with RMB 960 million. The new owner is a well-known software firm acquiring the building for self-use.

This building, as part of G-Park, completed in January 2022, is a complex that combines office and business storage, which provides a gross floor area of around 26,583.4 m² in total. The ancillary car parking spaces are taking up another 4,239.05 m². G-Park has a total site area of 13,000 m² and total GFA of 70,000 m². The distance between the park and the metro Daoxianghu Lu station along Line 16, is just around 300m.

In 2016, the developer bided the land at a consideration of RMB 1.41 billion, also at an accommodation value of RMB 30,200/m². Despite the conventional office market being less attractive to investors, the properties like industrial parks, long-rented apartments together with logistical real estate, properties with price advantage and potentially high returns in contrasts magnets more and more speculation from the market.



G-Park
(Source of Photo: Online Database)

CHINA SNAPSHOT

Residential Price Index of Major Cities (December 2022)

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	51,001	0.01	Beijing	44,681	-0.04
Chongqing	11,732	-0.16	Tianjin	14,917	-0.21
Guangzhou	24,645	-0.11	Shenzhen	54,107	-0.29
Nanjing	24,714	-0.06	Hangzhou	29,466	0.06
Chengdu	12,722	-0.07	Wuhan	13,237	-0.11
Dalian	13,766	-0.20	Suzhou	18,384	0.01
Xi'an	12,156	-0.03	Xiamen	29,237	0.01
Ningbo	19,849	0.08	Changsha	9,498	0.03
Wuxi	14,314	-0.34	Dongguan	19,360	-0.42
Shenyang	9,885	-0.20	Fuzhou	17,184	-0.02

Source: Fangtianxia Hundred City Price Index

CONTACT

(852) 3408 3188

(852) 2730 6212

(852) 5307 9925 (Whatsapp)



EMAIL

info@rhl-int.com



WEBSITE

www.rhl-int.com



WECHAT

永利行評值



微信公众号
永利行評值

This document / publication is prepared by professionals in RHL International Ltd and /or its subsidiaries (RHL) for information only. Its application to specific situations will depend on the particular circumstances involved accordingly.

It does not constitute formal advice or commitment by RHL. Whilst all reasonable care has been exercised in preparing this document / publication. RHL recommends that readers should seek appropriate professional advice before making any decision or taking any action that may affect their finance or business. RHL accepts no responsibility for any loss whatsoever sustained by any person who relies in this document / publication.

Source: Land Registry, CAAD and RHL Research Department

Photo credit : CANVA and RHL Library

©2023 All right reserved by RHL.