

RHL International

APR 2023

ISSUE NO.268

MARKET EXPRESS

房地產市場快訊



昂船洲及葵涌貨櫃碼頭
STONECUTTERS ISLAND
AND KWAI CHUNG
CONTAINER TERMINALS



HONG KONG PROPERTY

香港物業市場透視

CHINA PROPERTY

中國物業市場透視

WWW.RHL-INT.COM



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.4-7

- **Only an Outstanding Talent Can Recognize Current Trends**

Hong Kong Snapshots P.8-9

- **Ratio for Private Domestic Property Transaction with Profit on Book Back to 4-month Highest in February: Agency's Statistics**
- **Kowloon Bay Whole Floor Office Devalued by 11% After 9 Years of Possession**

Hong Kong Transactions Overview P.10

China Snapshot P.11-15

- **Canton Tower Plaza: Guangzhou New Landmark Expected to Open in 2024**
- **The Resurgence of Property Market in Most of the Major Chinese Cities**
- **Residential Price Index of Major Cities (February 2023)**
- **Major Land Transaction (February 2023)**



HONG KONG PROPERTY- MARKET WATCH

**Only an Outstanding
Talent Can Recognize
Current Trends**

HONG KONG PROPERTY - MARKET WATCH

Only an Outstanding Talent Can Recognize Current Trends

In the first 2 months of 2023, 3 pieces of residential and commercial lands in Stanley, Oyster Bay (Siu Ho Wan), Kwun Tong town centre listed by the Lands Department, MTR and the Urban Renewal Authority have been retrieved from the tenders due to the unreached base price of each land. Although it could have been an exciting result for the former Water Supplies Department and Food and Environmental Hygiene Department site in Mong Kok being tendered lately, the land price was somehow being considered as a “Super affordable price” by the market, which is a totally contrast to what the government has said not to dispose land at a very cheap price. Is the government slapping his own face?

This centrally-located with high accessibility Mong Kok site is a privilege one which land price has long been seen high. However, the final tendered price was only HK\$4.73 billion with an accommodation value of HK\$3,103/sq.ft.. The price was 16% lower than the lowest market estimated price of HK\$5.64 billion lately, and even worse yet 80% devalued within 1 year from the highest estimation of HK\$22.8 billion in 2022. As many have worried that this low tender price would induce more coming low prices offered by the developers in the future and leading to a new trend of low land prices.

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

• *Consultancy Services in Greater Bay Area*

No doubt, Chan Mo-po, Paul, the Financial Secretary, has said that the government might adjust the land price for those lands that failed from its first launch in the market. But we need to be clear is that every piece of land is unique, including its location, development scale, lease terms, etc., all these can generate a very different market picture. Dating back to February this year, the residential land at Po Fung Road, Yau Kom Tau in Tsuen Wan had been awarded at the price near the market estimated high side with a relatively fierce competition, and the price was further more expensive than the one in Kwai Chung awarded in November last year.

On the other hand, the land sale conditions and terms are relatively sophisticated for the Mong Kok site. Developer is not only required to construct a community hall, public transport interchange, cross-border bus station, public carpark, toilets, a number of footbridge and to preserve 3 banyan trees, but also to reserve the distances between buildings so as to keep the air flow unaffected at the streets behind the site. The newly-built development is also subject to non-alienation terms. Facing the varying office market in the post-pandemic era, demands for office have been limited. It is foreseeable that the way for the developer to gain costs back from the office rents would be longer in the future. These difficulties to develop and constructions of public infrastructure all shall have pushed up the development costs massively. That is why the Mong Kok site has in final come to a low land price which the market should not be too pessimistic at the possibility of land being sold cheaply.

As mentioned in the Budget, land sale revenue in this fiscal year is only HK\$71.1 billion, dropped by half annually. Since land sale and premium payment is the major revenue for the treasury which accounts for 25% in sum, such landslide in income has exposed the fact that the government is lacking money. Except the levy of extra Betty Duty and increase in Cigarette Tax, to boom the revenue, a persisted low land sale price in the future may not be helpful to the treasury. In addition, a low land price does not mean a low selling price of the property in the future but definitely a diminished land revenue for the government.

As far as our land is scarce and valuable, the time, location, price and terms for a land sale are all decided by the government. The market can only act and let the authority knowing their interests by competing in the sale or not. From the 3 lands that failed in tenders earlier, the large development scale, land sale conditions and the constructions of public facilities have affected the attractiveness of the sites. If the government is the only outstanding talent that can recognize the current trends, no more failure in land tender shall be in consequences: not to adding too much harsh land sale conditions, and more importantly, be a trustful one. No one wishes to experience again of what happened in Kai Tak today that the initial prime infrastructure of the monorail system being laid aside after a certain growth of the area by the developers, and the ever-changing planning in the area with more public housing squeezing in. Considering these situations, we believe that the developers would continue be competitive in the coming land tenders.



The commercial land in the city centre of Mong Kok was awarded at a low price in final.
(Source of Photo: RHL Photo Base)



CALVIN PANG
WRITER - HONG KONG
MARKET WATCH

"Strategic Investment Advisory & Agency"

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

HONG KONG SNAPSHOTS

Ratio for Private Domestic Property Transaction with Profit on Book Back to 4-month Highest in February: Agency's Statistics

In February, among the 2,547 second-hand private property transactions with the past purchasing price revealed, there were 2,138 transactions recorded with a profit on book, or 83.9% of the total. The figure has climbed by 1.8% and reached back to the 4-month highest level from the January's 82.1%, the lowest rate in the past 13 and a half years.

Analyzing by districts, the performance in the New Territories went to a lead at the rate of 86.1% on Hong Kong Island and Kowloon. The rate for Hong Kong Island was 84% while Kowloon was only 79.1%. Sorting with the property price, premises sold at between HK\$8.01 million and HK\$10 million had the highest rate with profit of 87.9% while properties of price ranging from HK\$6.01 million to HK\$8 million had a rate with profit of 87.8%.

"Professional Practice in Land and Planning Matter"

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

HONG KONG SNAPSHOTS

Kowloon Bay Whole Floor Office Devalued by 11% After 9 Years of Possession

The 32/F office floor at YHC Tower, Sheung Yuet Road Kowloon Bay, has been transacted earlier in mid-February at a price of HK\$110 million, market transaction data. Calculating with its saleable area of about 8,800 sq.ft., the unit rate of this premises was about HK\$12,500/sq.ft., the record-lowest unit rate of the building in the years.



Tracing the history, the former owner acquired this first-hand premises in 2014 for HK\$124 million. Following its 9 years ownership, the property devalued for about HK\$14 million by 11%. Throughout last year, transactions of the building revealed mainly were partitioned office units, with saleable areas ranging from 1,100 sq.ft. to 1,500 sq.ft., the average unit rates were between HK\$18,000/sq.ft. and HK\$21,000/sq.ft.. As the vacancy rate of Grade-A office in Kowloon East is above average, and the floor area involved in this transaction was relatively large, the transacted unit rate in this deal was much lower than the others.

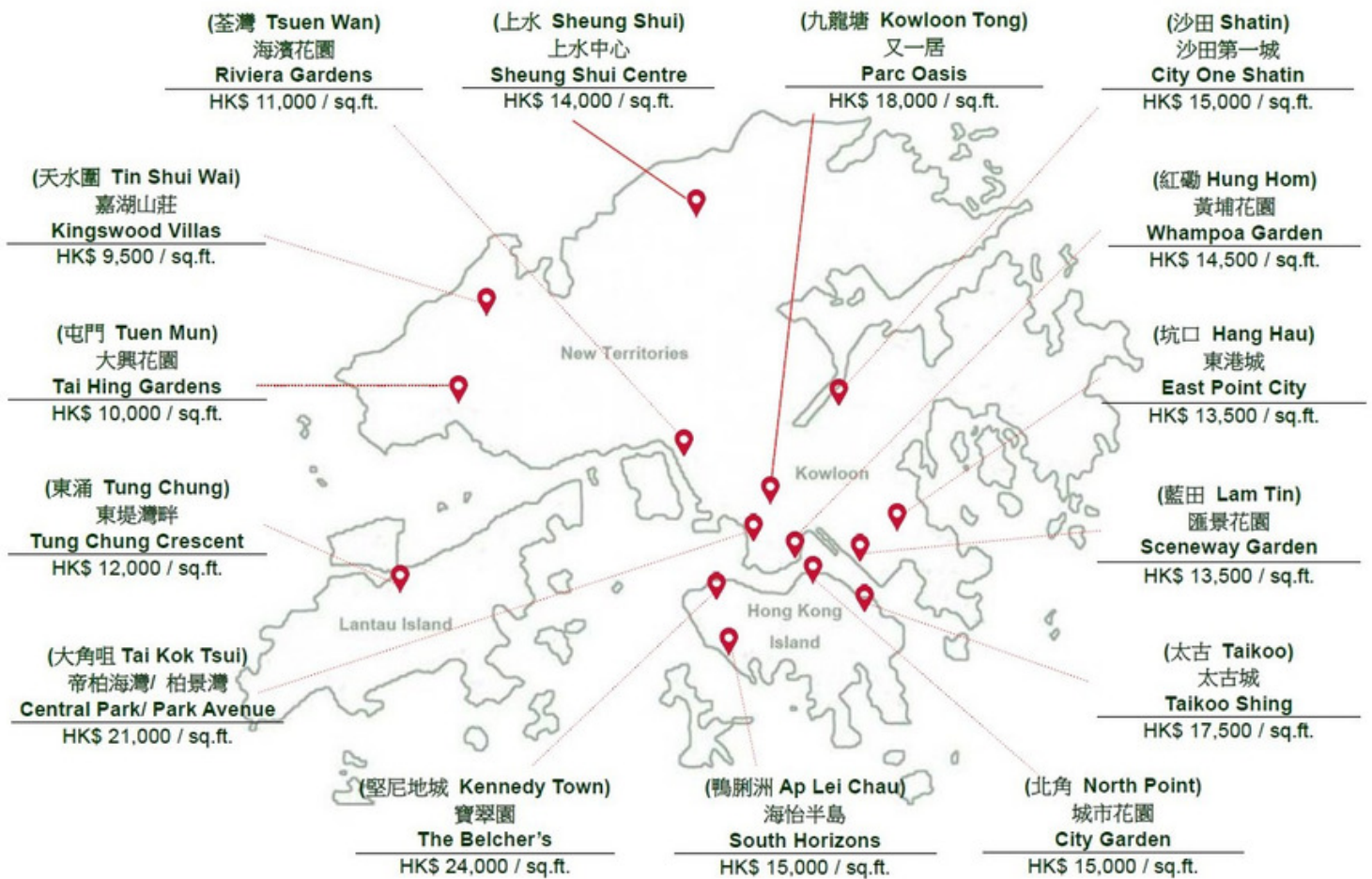
The office floor on 32/F of YHC Tower in Kowloon Bay has recently been disposed with a 11% devaluation after 9 years of possession.

(Source of Photo: RHL Photo Base)

"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

- **Canton Tower Plaza:
Guangzhou New Landmark
Expected to Open in 2024**
- **The Resurgence of Property
Market in Most of the Major
Chinese Cities**
- **Residential Price Index of
Major Cities (February 2023)**
- **Major Land Transaction
(February 2023)**

CHINA SNAPSHOT

Canton Tower Plaza: Guangzhou New Landmark Expected to Open in 2024

One of the signature world-class landmarks, Canton Tower Plaza located in Pazhou Commercial District is proposed to start operation in the first half of 2024. This project is designated to become a one-stop shopping mall which provides both fashion shopping and cultural experience to visitors.

The project is adjacent to Canton Tower, Guangzhou Museum of Art together with Guangdong Science Center. This is a three-storey arcade that is constituted by GFA 1.14 million sq.m. (Commercial Area: 570,000 sq.m.) and 532 parking spaces. The mall is supposed to bring in tenants from high-end dietary, luxury retail brands, cutting-edge technological giants together with boutique supermarkets etc.. There is a Canton Tower Opera House designed inside the plaza as a multifunctional space to principally provide drama or other cultural performances which are ancillary to commercial advertisement purposes.



Interior picture of Canton Tower Plaza.
(Source of Photo: Online Database)

CHINA SNAPSHOT

The Resurgence of Property Market in Most of the Major Chinese Cities

The recovery of the residential property market reflects the convalescence of the Chinese economy. 80% out of the 70 main cities in Mainland China turned positive since September 2021 in property price index, which reflected the resuscitation of the property market. In February 2023, the new-built first-hand dwelling price index, together with the second-hand dwelling price index, simultaneously uplifted on a month-to-month basis. The most astonishing phenomenon is that the second-hand property market generally performs better than the first-hand dwelling market. This result may be contributed by the abolishment of second-hand housing asking price limitation in some cities, the high quality of housing supply as well as the speeding up of the transaction process. The most significant increase in second-hand dwelling prices occurred in Shanghai, Wuxi and Chengdu, which are 1% on average respectively. But still, the market has concerns and keep a wait-and-see attitude.

"Strategic Investment Advisory & Agency"

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



CHINA SNAPSHOT

Residential Price Index of Major Cities (February 2023)

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	51,043	0.03	Beijing	44,692	0.78
Chongqing	11,724	-0.56	Tianjin	14,904	-0.51
Guangzhou	24,620	0.25	Shenzhen	54,008	-0.27
Nanjing	24,729	1.101	Hangzhou	29,517	1.42
Chengdu	12,772	1.87	Wuhan	13,219	-0.62
Dalian	13,759	-0.59	Suzhou	18,391	0.67
Xi'an	12,171	2.26	Xiamen	29,231	0.21
Ningbo	19,871	3.24	Changsha	9,512	1.83
Wuxi	14,293	0.73	Dongguan	19,341	-0.04
Shenyang	9,871	-1.20	Fuzhou	17,164	-0.14

CHINA SNAPSHOT

Major Land Transaction (February 2023)

Beijing - Residential Land	
Transaction Date:	08-02-2023
Address:	Chaoyang District XHM-15 Plot
Consideration:	RMB 1,426,000,000
Usage:	Residential
Site Area:	12,060 sq.m.
GFA:	30,150 sq.m.
Plot Ratio:	2.5
Accommodation Value/ GFA sq.m.	RMB 47,297

Suzhou- Residential Land	
Transaction Date:	23-02-2023
Address:	Gaoxin District Plot
Consideration:	RMB 428,070,000
Usage:	Residential
Site Area:	13,826 sq.m.
GFA:	24,887 sq.m.
Plot Ratio:	1.8
Accommodation Value/ GFA sq.m.	RMB 17,201

Hangzhou- Commercial Land	
Transaction Date:	21-02-2023
Address:	Lin Ping New City Core Area C-5-01 Plot
Consideration:	RMB 185,250,000
Usage:	Commercial and Retail
Site Area:	13,838 sq.m.
GFA:	51,201 sq.m.
Plot Ratio:	3.7
Accommodation Value/ GFA sq.m.	RMB 3,618

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.