

**MAY 2023**

**RHL International**

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# **PROPERTY MARKET EXPRESS**

## **房地產市場快訊**

**Kai Tak Cruise Terminal**  
**啓德郵輪碼頭**



**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.

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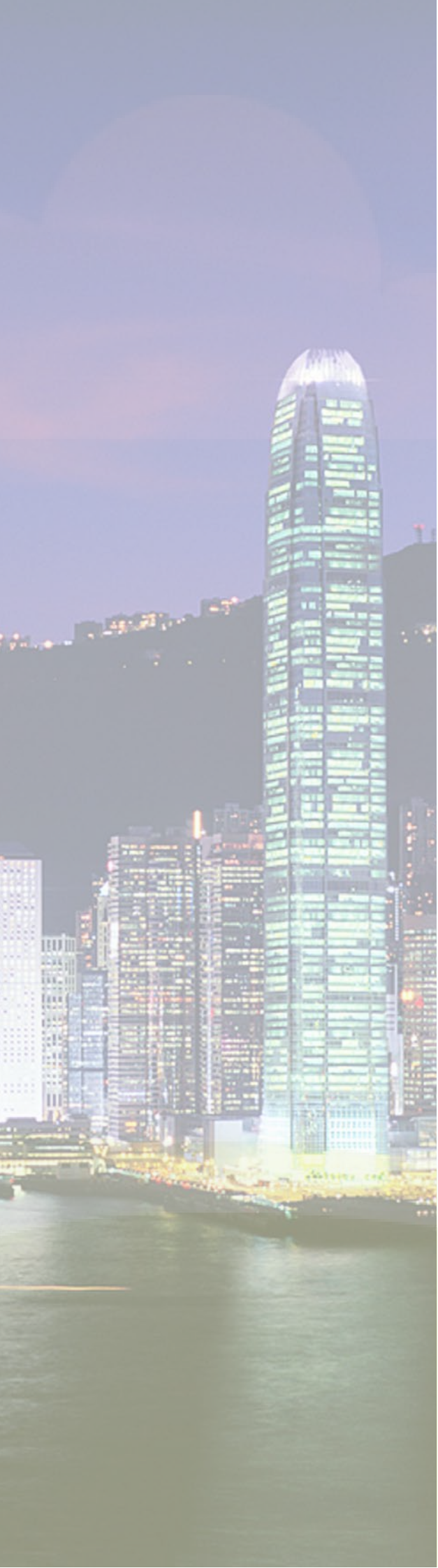
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## **HONG KONG PROPERTY- MARKET WATCH**

**Podium Arcades at  
Residential Estates Became  
New Favourite of the  
Market**

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## HONG KONG PROPERTY - MARKET WATCH

### Podium Arcades at Residential Estates Became New Favourite of the Market

Retail shops market has continued, among them, arcades of domestic buildings or podium arcades beneath a residential development has become a new favourite of the market due to its sustainable leasing needs, and sufficient floor space with diversified investment directions available for the investors. Since last year, the market has recorded a number of transactions of podium shopping malls, reflecting that investors are relatively optimistic about this type of property, and thus purchasing for rental investment purposes.

Following the opening of Tuen Ma Line and extension of East Rail Line to Admiralty, connectivity of Kowloon City and To Kwa Wan has greatly been improved. With more investors digging the 'hidden treasures' in the district, at least 2 podium arcades have been transacted since last year.

The latest one was at One Kai Tak at Kai Tak station. Consolidating sources, the developer has sold the property, including the podium arcades at Nos.2 and 8 Muk Ning Street, for HK\$600 million. For No.2 Muk Ning Street, it includes G/F and 1/F with an area of about 17,360 sq.ft. where G/F mainly occupied by property agencies and 1/F by a restaurant. For No.8 Muk Ning Street, the G/F and 1/F provides a floor area of about 17,780 sq.ft. with agencies and clinics on G/F, and restaurant and supermarket on 1/F. Both arcades attract a total of about HK\$2.74 million of monthly rental, with the total 35,000 sq.ft., unit rate of this transaction was about HK\$17,000/sq.ft. at a yield of 5.5%.

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Shops at One Kai Tak mainly include restaurants, property agencies, clinics.  
(Source of Photo: RHL Photo Base)

In August, a developer has also utilized HK\$425 million acquiring the arcade beneath Horae Place in To Kwa Wan, which covers 2 basement levels, G/F and 1/F to 2/F with 46 shops. The arcade is currently neighbourhood-business related, with chained fast-food shops and optical shops on G/F and education centres and beauty salons on upper floors. The buyer planned to refurbish the mall. It is estimating that the return of investing this about 40,000 sq.ft. arcade with 42 parking spaces will be at least 4% and unit rate of around HK\$8,500/sq.ft. after deducting the portion of parking spaces.

Except eyeing on the downtown section of Tuen Ma Line, other neighbourhood areas along the railway have also been coveted by investors. In March, the arcade at Artisan House in Sai Ying Pun has been sold for HK\$70.28 million. Information reveals that, the G/F and 1/F shopping floors provide a gross floor area of 2,790 sq.ft. and 3,291 sq.ft. respectively. Calculating by the total 6,081 sq.ft., unit rate of the property was about HK\$11,600/sq.ft..

Returning back to Tuen Mun at the western end of the Tuen Ma Line, Agreement for Sales and Purchase had been signed by the buyer this February at a cost of HK\$440 million for the mall of Coo Residence at No.8 Kai Fat Path. The property encompasses 3 shopping floors of basement, G/F and 1/F with a number of signages. With a total floor area of about 17,230 sq.ft., the unit rate was about HK\$25,500/sq.ft.. The businesses mainly dominated by local shops such as home goods and convenient stores. Generating a monthly rental of HK\$1.4 million, the yield rate is about 3.8%.

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Apart from these transactions, there are several arcades beneath developments put onto the market earlier, including the 3/F, 5/F, 6/F and 3 parking spaces of Harbourfront Landmark in Hung Hom, T Plus in Tuen Mun, Park Summit and Park Ivy in Tai Kok Tsui.

In fact, most of the arcades that situate at domestic developments with other residential buildings nearby are the major spots for spending. The guaranteed customer flows can lead to a positive rental return to some extent. Moreover, the floor area of these malls is sufficient for the new buyer to achieve a new tenant mix and higher value of the property. However, more attention should be paid before making a deal if the property was sold with vacant possession which could mean that the property was not having a good rental condition.



Having a relatively higher return, many investors have eyed on the podium shopping arcade. The one as shown is "West 9 Zone", the arcade at Florient Rise of Olympic Station, which transacted earlier.

(Source of Picture: RHL Photo Base)



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MARKET WATCH

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## HONG KONG SNAPSHOTS

### Hang Seng Bank Seeks for Tenants for its 3-storey Office Floors at Kowloon Bay Back-Office Headquarters

Work-from-Home and office mixed working pattern has been a growing trend in the post-COVID era. Apart from the multi-national corporations reducing their office floors in the Central, a local bank owning an office tower has also planned to lease out its 3 office floors within its back-office headquarters.

According to media, after reviewing the existing floor use, Hang Seng Bank has decided to invite tenants to take up its 3-office floors among its 10 self-owned floors in at least 2-decade times at Hang Seng Tower, the bank's Kowloon district back-office headquarters.

These 3 floors are now being put onto the market through property agency for a whole floor leasing arrangement. Each floor provides an area of 26,000 sq.ft. from low, middle and high levels. Due to the security reason, the bank has requested that each floor can only be rented to 1 tenant only. As office supply in Kowloon East continues to exceed its overall demand, with the requirement for the whole floor rental, it is believed that the rental level could not be easily reaching back to the level before the pandemic.



The Hang Seng Bank is leasing out 3-office floors at its Kowloon back-office headquarters in Kowloon Bay (the glass curtained building on the left), media reports.  
(Photo Source: RHL Photo Base)

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- *Planning & Development Consultancy*



## HONG KONG SNAPSHOTS

### Cases of Application for Compulsory Sales Dropped by At Least 20% in 3 years

According to the Land Tribunals' information, in 2022, there were only 22 compulsory sales applications received, 24% lower than the average figure of 29 for the years from 2019 to 2021.

Even though the number of ageing buildings is rising, there is a slow down on the pace of compulsory sales in recent year. This was due to the lowering confidence of developers under the instable market situation and strategy to reduce risks. A developer had even stopped its acquisition plan taken for years earlier. At the same time, as many of the aged buildings properties owners are the elderly which are reluctant to move out and accept low acquisition price, it is therefore not surprising to observe a falling number of compulsory sales.

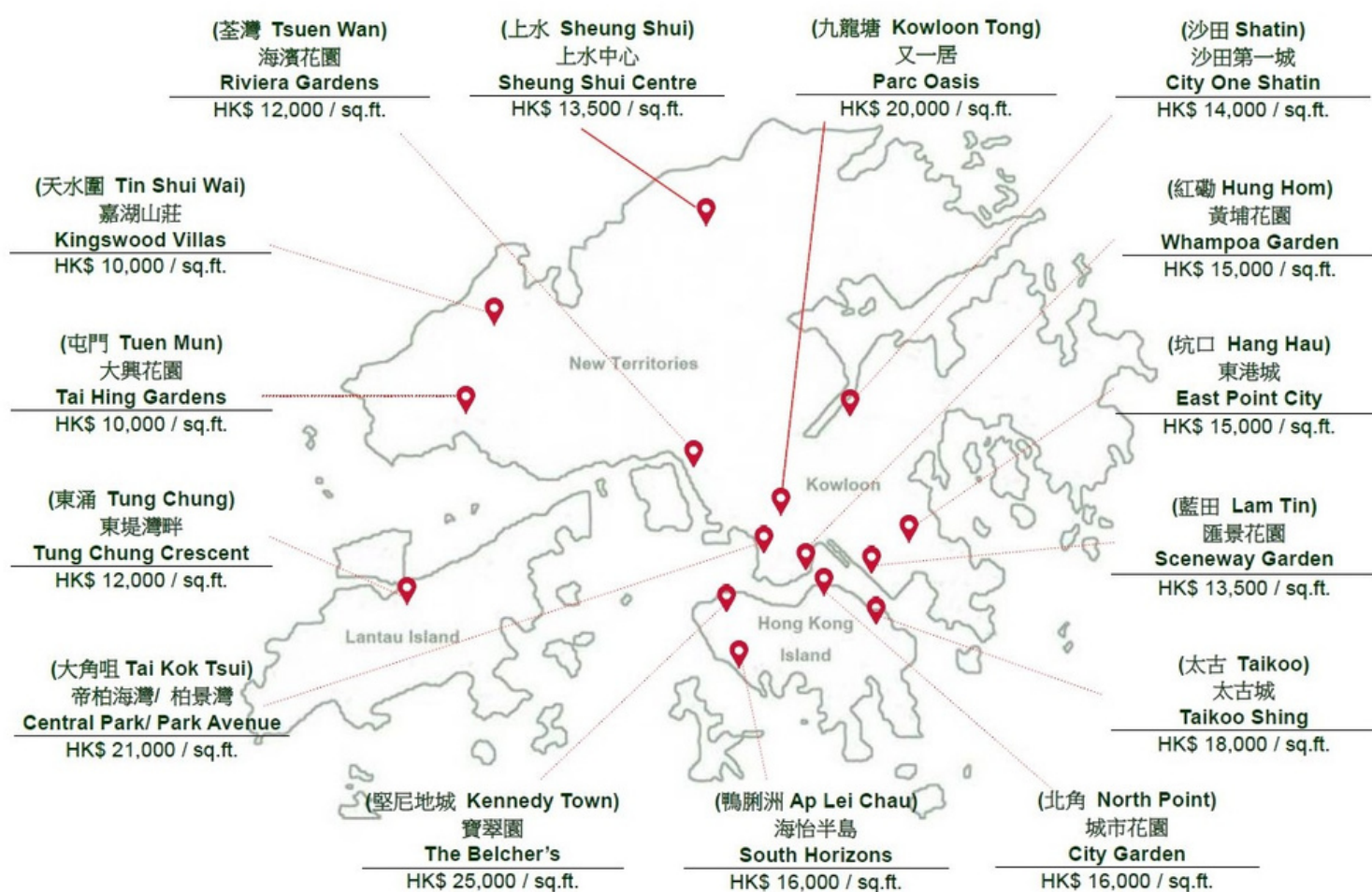
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- *Lease Modificaiton / Land Exchange*
- *Premium Assessment*
- *Temporary Waiver Application*

# 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**

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- **Rent of and Demand for Grade A Office Recorded a Downshift in Q1 of 2023: Beijing**
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## CHINA SNAPSHOT

# Share-Ownership Residential Dwellings are Proposed for Launching: Shenzhen

The Shenzhen Municipal Planning Bureau announced the joint property housing plan for the new community project. The construction cost of co-ownership housing is jointly funded by the government and home buyers. The obligations and equity of the house will be allocated according to the amount of funds invested by all parties, and the share of the house buyer should not be less than 50% in principle. If the signing of the sales contract is less than 5 years and needs to be withdrawn, the government shall designate an institution to apply for repurchase; if the signing of the sales contract has been completed for 5 years, the buyer can transfer the house to a qualified object.

The first co-ownership project in Shenzhen is "Jiayu Fashion Garden", which is located on the east side of Bao'an Avenue, Xinqiao Street, Bao'an District, adjacent to Tangwei Station of Metro Line 11. Jiayu Fashion Garden includes ordinary residential units and common property houses, with construction areas of 218,138 sq.m. and 125,336 sq.m. respectively. There are a total of 1,730 condominiums with shared property rights, all of which have a built-up area of less than 90 square meters.

Renderings of "Jiayu Fashion Garden".  
(Photo Source: Online Database)



## CHINA SNAPSHOT

### Rent of and Demand for Grade A Office Recorded a Downshift in Q1 of 2023: Beijing

The absorption rate of the Beijing Grade A office in the 2023 first quarter became negative, which was -61,000 sq.m.. Chung Kwan Village and CBD submarkets recorded -33,000 sq.m. and -22,000 sq.m. respectively. The Grade A office's average effective rent was RMB 328.8/sq.m., which was -0.7% on a Month-to-Month basis.

The reason for the decline in demand is that major Internet companies have consolidated office buildings, resulting in a large area of vacant space in the market in a short period of time, and financial companies and foreign companies are not willing to expand.

The only positive performance was recorded in the industrial park office submarket as the absorption amount turned to +37,000 sq.m..

The long-tail impact of the epidemic is still there. Companies are becoming more cautious in selecting locations, and price considerations have become the main factor.

Beyond geographical location, building conditions and other factors, trading price for volume is still the mainstream of the market.

## CHINA SNAPSHOT

**Residential Price Index of Major Cities  
(March 2023)**

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	51,101	0.11	Beijing	44,708	0.04
Chongqing	11,717	-0.06	Tianjin	14,906	0.01
Guangzhou	24,624	0.02	Shenzhen	53,998	-0.02
Nanjing	24,748	0.08	Hangzhou	29,536	0.06
Chengdu	12,802	0.23	Wuhan	13,211	-0.06
Dalian	13,756	-0.02	Suzhou	18,393	0.01
Xi'an	12,176	0.04	Xiamen	29,237	0.02
Ningbo	19,874	0.02	Changsha	9,515	0.03
Wuxi	14,296	0.02	Dongguan	19,331	-0.05
Shenyang	9,868	-0.03	Fuzhou	17,167	0.02

Source: Fangtianxia Hundred City Price Index

Source: Fangtianxia Hundred City Price Index



## CHINA SNAPSHOT

### Major Land Transaction (March 2023)

Beijing- Industrial Land	
Transaction Date:	23-3-2023
Address:	Pinggu District Plot
Consideration:	RMB 283,000,000
Usage:	Industrial and Logistical
Site Area:	67,804 sq.m.
GFA:	122,047 sq.m.
Plot Ratio:	1.8
Accommodation Value/ GFA sq.m.	RMB 2,319

Shanghai- Scientific Land	
Transaction Date:	29-03-2023
Address:	Jinshan District Plot
Consideration:	RMB 221,840,000
Usage:	Scientific
Site Area:	98,594 sq.m.
GFA:	252,375 sq.m.
Plot Ratio:	2.56
Accommodation Value/ GFA sq.m.	RMB 879

Chongqing- Residential Land	
Transaction Date:	27-03-2023
Address:	Tongliang District Plot
Consideration:	RMB 200,230,000
Usage:	Residential
Site Area:	52,686 sq.m.
GFA:	131,715 sq.m.
Plot Ratio:	2.5
Accommodation Value/ GFA sq.m.	RMB 1,520

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