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HONG KONG PROPERTY

香港物業市場透視

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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

ESG and the Green Office Towers

HONG KONG PROPERTY - MARKET WATCH

ESG and the Green Office Towers

In recent years, more new-built Grade A office towers have been accredited with the green building certificate to attract occupants, some have even obtained the temporary certificate before its completion, or even a 40-year-old building upgrading as a green one. Why green building certificates have become an important milestone for commercial towers? Why those green buildings are now such a great magnet for different corporations or multinational corporations?

In general, green building certification is a practice to accredit and look at each stage of the life-cycle of new construction from siting to design, construction, operation, maintenance, renovation, and demolition; optimizing the efficient use of resources, and reducing wastes and pollution. All these are targeted to reduce the environmental impact of buildings and enhance the health and well-being of building occupants. Those relatively renowned accreditations include BEAM Plus, LEED, BREEAM, etc..

Market research revealed that, until July 2022, in Hong Kong, the saleable area of Grade A offices that granted with a green building certificate was nearly 28.3 million sq.ft., accounting for 38% of the overall Grade A office supply in the market. Among the new-built office towers, 70% of them had been granted a temporary accreditation in 2022, and the figure is estimated to be rising to more than 80% between 2023 and 2026.

"Strategic Investment Advisory & Agency"

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

Why are there more constructions of Grade A office towers relinquishing the less costly traditional building practices and aiming at obtaining the green building certificates? This is absolutely a complement of sustainability and the idea of ESG. ESG is a new norm and rising framework to assess a corporation and its investments, rather than the long-established standards relying on the financial performance or costs examinations of the companies. Corporates' current operations and future developments will be assessed in conjunction with Environmental, Social and Governance, but how the performance of a company correlates with the office towers?

In order to fulfil the notion of ESG, except those as simple as the daily operations, costs and expenditures aspects, many corporations have already applied ESG onto its management procedures from siting of office, space design and daily operations. As staff is a treasure of every company, office environment will do the best to care about the staff. Companies can decide its internal design of the office, but nil for the hardware of the office buildings where the offices stationed. Only with the assistance from the developers or landlords to create a better environment with specially-designed equipment and diversified property management services, including energy and water saving facilities, filter-equipped air-conditioning system, solar panels and solar energy, wastes recycle system, greenery of common area, regular community activities for the occupants, professional trainings or workshops, etc., both tangible and intangible values will then be generated for the corporations.

In other words, the idea of ESG has been infiltrated into the office buildings market. Solely the green buildings can attract those sustainable- and ESG-aimed corporations, powering them to become the locomotive of the rental demands for the new-built commercial towers. Research unveiled that, until July 2022, the vacancy rate of Grade A office building with a green certificate was 4.3% lower than the average among the other 38 buildings from the same district. Rental of green office buildings were also 5% to 25% higher than those unaccredited. By then we can see that, most of the corporations pursuing a better performance tend to embrace and occupy the certified green commercial buildings, leading to a lower vacancy rate and higher rental of the green towers.

There is also a rising concept of “Green Leases” in the market recently. The landlord has the responsibility for capital investment to upgrade and provide a sustainable environment while the beneficiary is the tenant. Although the rentals would be relatively increased, the related extra costs for rental could be lower than the costs for the occupants himself installing equipment to fulfil ESG. More importantly, with the capital investments injected by the landlords and other sustainability-related facilities being in operations, the future long-term extra rental income to be generated could be optimistic. The green leases are expected to bring a win-win-situation to both the landlords and the occupants.

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- *Premium Assessment*
- *Temporary Waiver Application*

To cater for the rising demand of green office buildings, to maintain its market competitiveness, it is believed that landlords or developers will continue their aims with the construction of green buildings and upgrading existing buildings into a green-certified.



To cater for the market trends of the rising ESG idea, more developers have started to upgrade the existing office towers' facilities or construct new towers to green certified standards.

(Source of Photo: Online Photos, RHL Edits)



CALVIN PANG
WRITER- HONG KONG
MARKET WATCH

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HONG KONG SNAPSHOTS

70-Year-Tenement Flat at Robinson Road Inflated 274 Times After Half Century Ownership

A low floor unit with a saleable area of about 1,736 sq.ft. at No.109C Robinson Road has earlier been transacted at a price of HK\$27.5 million or a unit rate of HK\$15,841/sq.ft.. The original owner acquired the property in 1966 at the price of HK\$100,000, media reports. After 57 years of ownership, the property has generated a profit of HK\$27.4 million today, with the value surged by 274 times.

This tenement building is completed in 1955 and providing 4 flats in total. Tracing back the transaction history of this 68-year-old building, another 1,744 sq.ft. flat from the low level had also been sold at a cost of HK\$28.5 million or a unit rate of HK\$16,342/sq.ft. in March this year.



The whole block at No.109C Robinson Road provides 4 domestic flats only.
(Source of Photo: Online Photo)

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

HONG KONG SNAPSHOTS

One Month After Rejecting First Offer, Shop at Tai Wai Sold with HK\$17M Higher

The owner of a ground floor shop at Chik Fuk Street in Tai Wai, which has been owning for nearly 5 decades, has turned down an offer of only HK\$35 million, 40% lower than the asking price in February. One month later in March, the owner had received another offer at HK\$52 million by another buyer. The property's value has appreciated by 172 times in 47 years.

The shop at Shop C, ground floor of Kam Fai Building, Nos.68-74 Chik Fuk Street, Tai Wai, has an area of about 1,200 sq.ft. with a permitted cockloft of 500 sq.ft.. The sales of this shop had been suspended during last year's pandemic, and resumed at the end of the same year when the market conditions started to improve with borders expected to be reopened. The asking price was HK\$58 million.

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The original owner bought the property at a price of HK\$300,000 in 1976, according to reports. With the current transaction price of HK\$52 million, the shop's value has climbed by 172 times. It is currently tenanted at a monthly rent of HK\$120,000 by a restaurant until the end of April 2024. The new buyer is anticipated to enjoy a yield of 2.77%



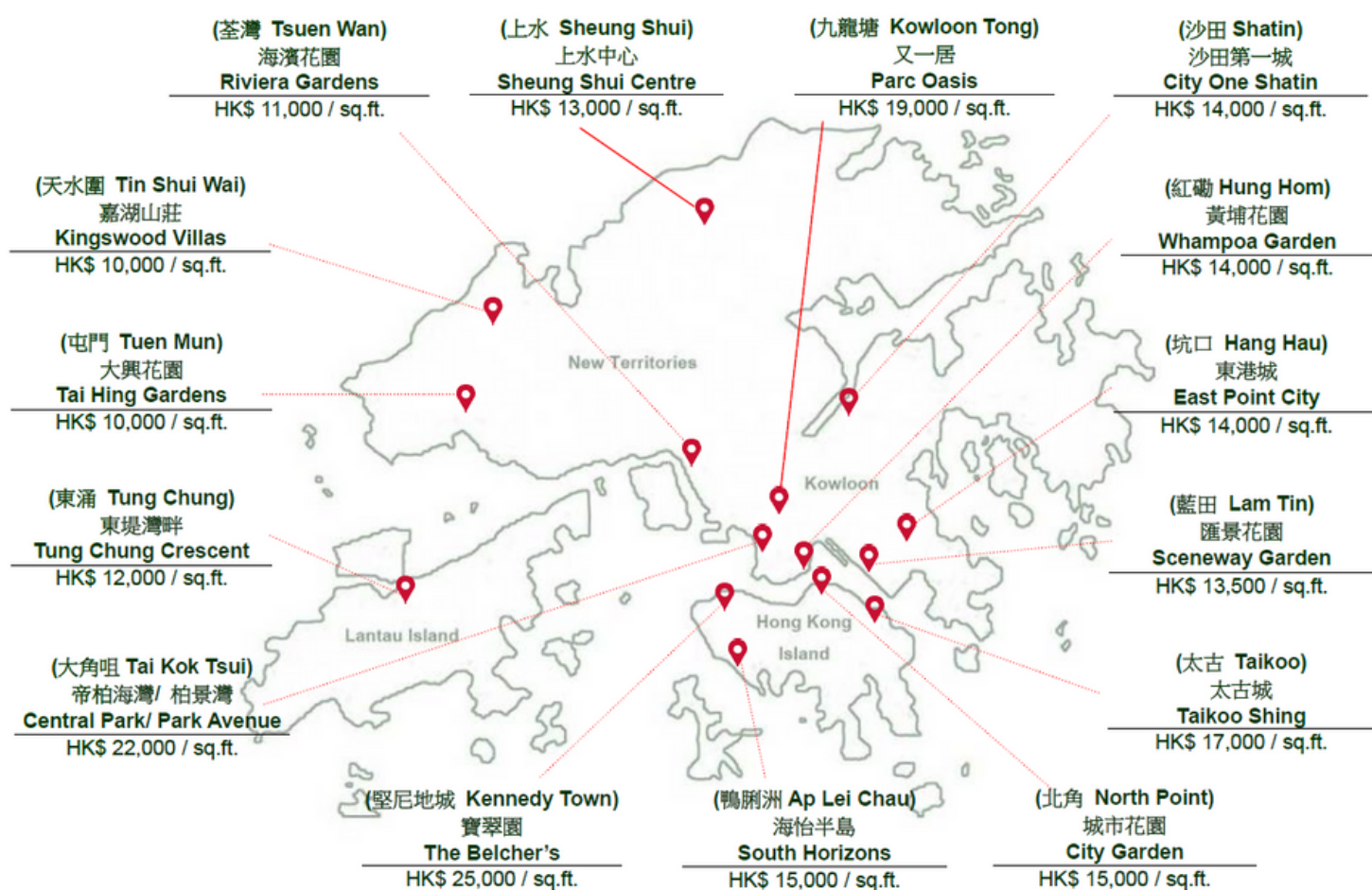
The restaurant is the dominating business type along Chik Fuk Street in Tai Wai while the transacted shop is also currently tenanted by a restaurant.
(Source of Photo: RHL Photo Base)

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- 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

- **Regulation on Real Estate Sale Advertisement First Launched in Zhuhai**
- **Urban Regeneration Scheme in Shenzhen's Futin District**
- **Residential Price Index of Major Cities (April 2023)**
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CHINA SNAPSHOT

Regulation on Real Estate Sale Advertisement First Launched in Zhuhai

On April 19, to better regulate the real estate market as well as protect the legal interest of the consumers, The State Administration of Market Regulation in Zhuhai implemented the 'Real Estate Sale Advertisement Rule', which is targeting to prevent any misleading information on the property sales brochure. It specifically stated that the developers or agents shall not take 'School District Houses', 'Household Registration System' as their selling points to attract potential buyers. Any alludation or guarantee of employment or studying opportunities are also forbidden on the advertisement. Nevertheless, even the messages of the property investment yield or property appreciation expectation are banned to put on the advertisement simultaneously.

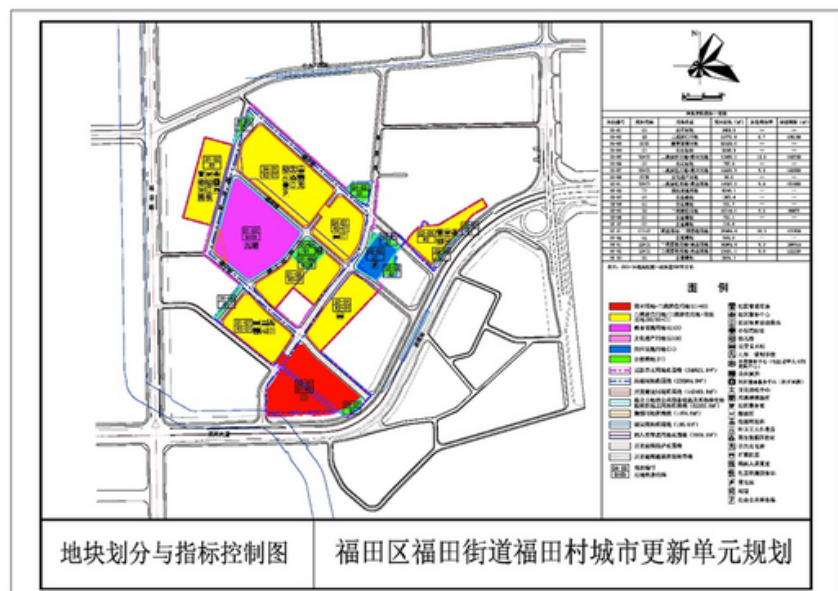
The legislation is expected to diminish most of the misleading information on the real estate market. All actual sale prices should be listed explicitly and evidently without any deceptive or ambiguous news or prices. Pre-sale or sale of any housing is required to obtain official permission. This rule is firstly excuted in Zhuhai, which is seen as a testing place to verify the effectiveness of this policy. It can be forseen that the whole country is going to follow Zhuhai's execution.

CHINA SNAPSHOT

Urban Regeneration Scheme in Shenzhen's Futin District

Chinese Developer, Shenzhen Haian Group is going to undergo an urban development project in Futin District, Shenzhen. There are 7 residential land planned by the government in total, which embraces 2 purely residential lands as well as 5 hybrid residential & commercial lands. The land area for these 7 lands is around 155,979.6 sq.m. , which can bring up to 1,020,000 sq.m. for the gross floor area (GIA). One of the mixed-use lands is even planned with 20.3 as a plot ratio, which can be built up to GIA 537,830 sq.m.. Besides, one educational usage, one facility & cultural heritage usage land are included in the masterplan as ancillary.

The urban regeneration project is proposed with 25 residential blocks with 135 to 180 metres as their height ranges. The most remarkable spot is that a 490 metres high commercial office will be constructed along with the scheme. To provide supplementary service to the future residents, 3 kindergartens are also planned along with.



The project is located near to metro station, Chiwei, which is along line 7. The superior location can be reflected by the promixity to Futian CBD, Huaqiang North, Hetao area, Futian Port together with Huanggang Port.

However, the scheme is facing certain levels of difficulites regarding the area measurement & surverying as well as the hubbub along with the demotition compensation etc. Therby, some industry professionals expect the scheme may encounter a long development timeframe.

地块控制指标一览表					
地块编号	用地代码	用地性质	用地面积 (㎡)	规划容积率	规划容积 (㎡)
01-01	G1	公园绿地	1068.9	—	—
01-02	R2	二类居住用地	15776.8	6.7	105180
01-03	GIC5	教育设施用地	32425.0	—	—
01-04	G1	公园绿地	3568.9	—	—
01-05	R2+C1	二类居住用地+商业用地	15498.5	10.6	163720
01-06	G1	公园绿地	787.0	—	—
01-07	R2+C1	二类居住用地+商业用地	15431.3	9.3	143300
01-08	GIC8	文化遗产用地	38.0	—	—
02-01	R2+C1	二类居住用地+商业用地	14563.2	9.0	131680
02-02	U1	供应设施用地	6249.1	—	—
02-03	G1	公园绿地	1263.4	—	—
02-04	G1	公园绿地	831.7	—	—
02-05	R2	二类居住用地	10344.0	6.5	66875
02-06	G1	公园绿地	764.4	—	—
02-07	G1	公园绿地	249.8	—	—
03-01	C1+R2	商业用地+二类居住用地	26484.4	20.3	537830
03-02	G1	公园绿地	904.0	—	—
04-01	R2+C1	二类居住用地+商业用地	30964.4	9.3	288445
04-02	R2+C1	二类居住用地+商业用地	13401.4	9.0	121220
04-03	G1	公园绿地	1934.3	—	—

备注：在01-04地块配建一处祠堂300平方米。

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CHINA SNAPSHOT

Residential Price Index of Major Cities
(April 2023)

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	51,127	0.05	Beijing	44,419	0.02
Chongqing	11,720	0.03	Tianjin	14,913	0.05
Guangzhou	24,621	-0.01	Shenzhen	53,962	-0.07
Nanjing	24,751	0.01	Hangzhou	29,539	0.1
Chengdu	12,823	0.16	Wuhan	13,221	0.08
Dalian	13,748	-0.06	Suzhou	18,397	0.02
Xi'an	12,188	0.10	Xiamen	29,232	-0.02
Ningbo	19,883	0.05	Changsha	9,518	0.03
Wuxi	14,298	0.01	Dongguan	19,334	0.01
Shenyang	9,864	-0.04	Fuzhou	17,163	-0.02

Source: Fangtianxia Hundred City Price Index

CHINA SNAPSHOT

Major Land Transactions (April 2023)

Shanghai- Industrial Land	
Transaction Date:	20-4-2023
Address:	China (Shanghai) Pilot Free Trade Zone
Consideration:	RMB 178,560,000
Usage:	Industrial Land
Site Area:	148,653 sq.m.
GFA:	297,305 sq.m.
Plot Ratio:	2
Accommodation Value/ GFA sq.m.	RMB 601

Beijing- Residential Land	
Transaction Date:	28-4-2023
Address:	ChaoYang District
Consideration:	RMB 4,040,000,000
Usage:	R2 Residential Land
Site Area:	61,455 sq.m.
GFA:	92,183 sq.m.
Plot Ratio:	1.5
Accommodation Value/ GFA sq.m.	RMB 43,826

Guangzhou- Commercial and	
Transaction Date:	20-4-2023
Address:	Panyu District
Consideration:	RMB 1,796,000,000
Usage:	Commercial land
Site Area:	84,744 sq.m.
GFA:	240,000 sq.m.
Plot Ratio:	2.83
Accommodation Value/ GFA sq.m.	RMB 7,483

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