

**SEP 2023**

**RHL International**

**ISSUE NO.273**

# **PROPERTY MARKET EXPRESS 房地產市場快訊**



**HONG KONG PROPERTY**

**香港物業市場透視**

**WWW.RHL-INT.COM**



**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.4-7**

- **The Predicament of WKCD Authority**

## **Hong Kong Snapshots** **P.8-9**

- **Listed Financial Corporation Acquired 5 Storeys with Building's Naming Rights for HK\$300 Million of a Central Ginza-type Commercial Tower**
- **Ownerships United at a Price of HK\$966 Million: Dragon Court at Beacon Hill**

## **Hong Kong Transactions Overview** **P.10**

## **China Snapshot** **P.11-16**

- **Shanghai Office Market: High Vacancy Rate and Downshift of Rental Level**
- **Baoan District, Shenzhen: 3 Residential Developments under Planning including Indemnificatory Housing**
- **Beijing: Alibaba's Headquarters Completing by End of December**
- **Residential Price Index of Major Cities (July 2023)**
- **Major Land Transaction (July 2023)**





# **HONG KONG PROPERTY- MARKET WATCH**

## **The Predicament of WKCD Authority**



---

# HONG KONG PROPERTY - MARKET WATCH

## The Predicament of WKCD Authority

The Chairman of the Board of the West Kowloon Cultural District Authority (“the Authority”) has lately expressed that, there was not much improvement of the financial situation of the Authority even it has been tightening the expenditure in the past few years. Cultural and art facilities can barely self-financing and the capital chain is anticipated to be broken in 2025. Without any costs to be cut further, each museum in the WKCD will be unable to hold any event. The Authority thus submitted proposal to the government suggesting to make use of the land resources in the area in exchange for operational capital, media reports.

According to the agreement between the government and the Authority, ownerships of commercial developments within the WKCD cannot be disposed to developers while sites for domestic developments occupy for 20% of total area. Such plots, located next to Tsimshatsui within the WKCD, shall be developed into 2 low-density groups, one consists of 20- 30 coastal villas while another one with 12 blocks of apartment buildings. The Authority is said to have handed-in proposals of short-, mid- and long-term targets to arrive at a self-financeable and sustainable prospect, including allowing the disposal of domestic properties ownerships to developers in the future project tendering procedures for Sites 2A, 2B and 4.

---

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

- *Consultancy Services in Greater Bay Area*
- 

Although the government and even the MTR have long been crowned by the considerable land sale revenue as an important way of financing for daily operation, land for domestic developments in WKCD is limited. Concurrently with the weakened property market lately, developers tend to be conservative in the acquisition of land. It is highly unforeseeable that if the land sale revenue can bring a huge benefit to the Authority. Even if the writer's concern is over pessimistic, such capital injection is just a one-off and how could it provide a financial-sustainable development to the Authority in long-run? Why not retain the ownership of these properties and gain rental income from the future, though amount may not be generous, at least it is "sustainable".

The writer has before read an article discussing why most of the museums globally are in fiscal deficit and their ways to finance. Obviously, low-income level is the crux of the problem. To attract as many as public to enjoy these valuable social resources, most of the museums are priced at the lowest cost level rather than targeting its total costs back.

Summarizing from different countries' experiences, capitals of museums mainly come from 3 sectors: one is the government subsidies, another one is the enterprise-like operations, and the final one is policy support by the government for either private- or corporation- sponsored museums.

Looking back to WKCD, the way of capital injection in the past was relatively-narrow, including government subsidization, low admission fees, membership system, shops, festive products, merchandise, private or corporate sponsorships, etc.. Yet, to achieve a long-term financial-supportable development, museums overseas would also run with many other wider-choices including the artistic license, themed and commercial curation, charity donation events, and museum financial tools such as bonds, funds, trusts, foundation, etc..

The Metropolitan Museum of Art (“MMoA”) in New York is one the relatively successful examples of the museum financing. Its fundings encompass only less than 20% from the government while the rest of the 80% is from admission fees, retails incomes, private subsidies, returns from trust and bonds, artistic assets, investments, etc.. Part of the museums in the United States would also issue taxable bonds and raise their own capitals to pay for the costs of construction and acquisition of new collections, and cope with any needs from financial risks and loan repayments.

In April 2021, the reputable credit rating of the Museum of Modern Art (“MoMA”) in New York has brought a low-interests coupon bonds for itself to cater for the loss due to the closure of museum during the pandemic in 2020. As early as in 2015, MMoA had issued a US\$250 million-worth bonds in the market for the museum’s decade-long construction and refurbishment purposes to attract more visitors and sponsorships.

No matter what, the notion of running a museum is different from an ordinary company. This does not necessarily mean that it is non-profitable or “shed blood like water”. Making reference to various overseas experiences, it tells us that flexible adoption of various



The Authority should make use of other countries’ experiences to consider other financing methods rather than just to dispose its land resources.

(Source of Photo: WKCD website)

means of financing and wider promotion in the local society for regular new elements of the museums could help a lot. As land sale is not a concrete and sustainable financing method, the Authority should consider other financing methods rather than just to dispose its scarce land resources, which shall form a long-run sustainable return from the property rental income. We wish a quick way out revealed for the Authority.



**CALVIN PANG**  
WRITER - HONG KONG  
MARKET WATCH

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

• *Consultancy Services in Greater Bay Area*



## HONG KONG SNAPSHOTS

### Listed Financial Corporation Acquired 5 Storeys with Building's Naming Rights for HK\$300 Million of a Central Ginza-type Commercial Tower

Large-sum transaction of a new commercial tower revealed in Central, including 5 floors and the building's rights of naming. A listed financial corporation has announced its acquisition for 5 top floors of a newly-built commercial tower with its naming rights at No.92 Wellington Street in Central. The 5-storey involves nearly 11,600 sq.ft. area where the unit rate was about HK\$25,300/sq.ft..



The corporation is a first-time investor in the city's commercial property market, considering that the commercial property price in the city has been fallen by more than 20%, values of privileged assets could rise from now onwards. The incorporation's headquarters is expected to be moving into the building once it is completed in 2024.

The construction of this new commercial tower at No.92 Wellington Street is estimated to be completed in next year.  
(Photo Source: RHL Photo Base)

*"Professional Practice in Land and Planning Matter"*

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

## HONG KONG SNAPSHOTS

### Ownerships United at a Price of HK\$966 Million: Dragon Court at Beacon Hill

The undivided shares of all ownership at Dragon Court, No.6 Eastbourne Road of Beacon Hill in Kowloon Tong, have recently been united. Following the compulsory sales procedure, the site has been acquired by a Mainland's real estate developer at a price of HK\$966 million.

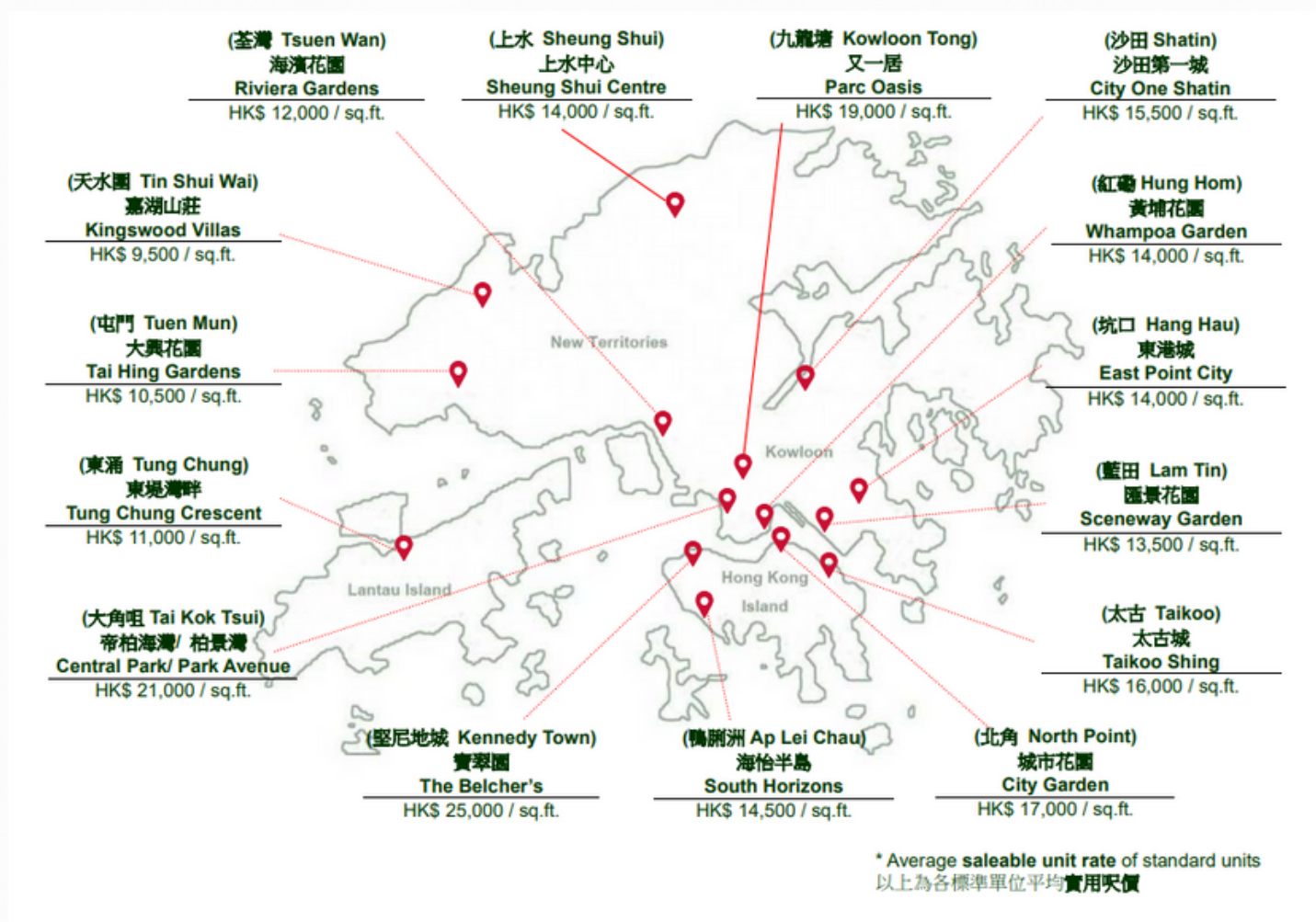
The 5-storey development was completed in 1967 providing 44 flats. The estate occupies a site area of 21,640 sq.ft.. If the site is to be redeveloped at a plot ratio of 1.8 times, the total gross floor area will be about 38,592 sq.ft.. Based on the transaction price, the accommodation value will be HK\$24,800/sq.ft..

---

*"Professional Practice in Land and Planning Matter"*

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

# HONG KONG TRANSACTIONS OVERVIEW







## CHINA SNAPSHOT

- **Shanghai Office Market:  
High Vacancy Rate and  
Downshift of Rental Level**
- **Baoan District, Shenzhen:  
3 Residential Developments  
under Planning including  
Indemnificatory Housing**
- **Beijing: Alibaba's  
Headquarters Completing  
by End of December**
- **Residential Price Index of  
Major Cities (July 2023)**
- **Major Land Transaction  
(July 2023)**

---

## CHINA SNAPSHOT

### Shanghai Office Market: High Vacancy Rate and Downshift of Rental Level

The Shanghai office vacancy rate started climbing from the second quarter of 2023 owing to the oversupply of office units in the market, the atrophy of educational and Peer-to-Peer financial industries as well as the global economic slump.

Based on the high office vacancy rate, despite of the usual rental levels remained at few of the landmark buildings such as Shanghai Tower, Shanghai World Financial Center and Jin Mao Tower, which are around RMB 11 to 15 per sq.m., the other submarkets are observed evident downward sloping in rental levels. Most of the owners of those office properties are embracing pessimistic view towards the upcoming market, so they would rather lease out the premises with a relatively low rent lest them vacant. One of the conspicuous examples is located at between Lujiazui and Dahongqiao with over 50% of rental discount even offered.

Although the conventional office buildings are suffering from unideal occupancy rate, the transformative serviced offices seem to have the opposite performance. Their rental levels in the submarkets are even rising. For instance, the Yangtze River Delta Digital Technological Innovation Center located in Hongqiao District is recorded with a high occupancy rate.

---

## CHINA SNAPSHOT

### **Baoan District, Shenzhen: 3 Residential Developments under Planning including Indemnificatory Housing**

On 31st July 2023, the Shenzhen Planning Authority announced 3 residential developments in Baoan District and one of them is planned as affordable housing. The three developments can provide 2,569 flats, which includes 1,916 units of affordable housing.


The site area of the first project is 9,852.89 sq.m. with a 5.43 plot ratio, which can provide a Gross Floor Area of 53,440 sq.m.. There are 305 ordinary commodity housings and the remaining 280 units will become affordable housing.

The second project takes 17,953 sq.m. as site area and offers 338 units of indemnificatory housing and the 348 ordinary commodity housings will be released on the market in August.

The last project occupies 23,000 sq.m. as site area and provides 160,000 sq.m. GFA and all of the 1,298 residential units are planned as indemnificatory housing.

---

*"Professional Practice in Land and Planning Matter"*

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



---

## CHINA SNAPSHOT

# Beijing: Alibaba's Headquarters Completing by End of December

It is learnt that the Alibaba Beijing's Headquarters Park is now in the renovation stage and is expected to be completed in October and delivered by the end of December.

The Headquarters Park will be one of the "Beijing + Hangzhou" dual headquarters after completion, which accommodates over 19,000 employees to have research, conference and training. After that, the Group will start the construction of the second phase of the Beijing Headquarters Park, which introduces artificial intelligence and AI research institutes.

The park is located in the Chaoyang Park of Zhongguancun, occupying 186 acres of land, with a total construction area of 470,000 sq.m.. The development consists of 12 monolithic buildings that costs RMB 6.4 billion. It is anticipated that the project will attract a large number of employees to live along Cui Ge of Metro Line 15, which will boost the economy, business and urbanization development of those districts.

As we all know, Shelchi, Beijing is the conventional hub that clusters a large number of Internet and Information technology firms' group headquarters. The new set up of Ali's headquarters avoids the dense Shelchi and roots in Chaoyang Park of Zhongguancun, it will turn Wangjing to be an emerging technology highland of Beijing in recent years.

---

*"Professional Practice in Land and Planning Matter"*

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

## CHINA SNAPSHOT

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

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	51,180	0.02	Beijing	44,767	0.04
Chongqing	11,671	-0.26	Tianjin	14,920	0.01
Guangzhou	24,659	0.03	Shenzhen	53,650	-0.13
Nanjing	24,758	-0.05	Hangzhou	29,454	0.04
Chengdu	12,858	0.05	Wuhan	13,193	-0.04
Dalian	13,747	0.02	Suzhou	18,403	0.02
Xi'an	12,224	0.06	Xiamen	29,260	0
Ningbo	19,898	0.05	Changsha	9,531	0.03
Wuxi	14,268	0.02	Dongguan	19,290	-0.15
Shenyang	9,854	-0.06	Fuzhou	17,168	0.02

Source: Fangtianxia Hundred City Price Index

Source: Fangtianxia Hundred City Price Index

## CHINA SNAPSHOT

### Major Land Transaction (July 2023)

Beijing- Residential Land	
Transaction Date:	25-7-2023
Address:	Shunyi District Plot
Consideration:	RMB 2,282,000,000
Usage:	R2 Residential Use
Site Area:	63,103 sq.m.
GFA:	107,666 sq.m.
Plot Ratio:	1.8
Accommodation Value/ GFA sq.m.	RMB 21,195

Guangzhou- Commercial Land	
Transaction Date:	31-7-2023
Address:	Huangpu District
Consideration:	RMB 416,810,000
Usage:	B1/B2 Commercial Land
Site Area:	15,975 sq.m.
GFA:	71,888 sq.m.
Plot Ratio:	4.5
Accommodation Value/ GFA sq.m.	RMB 5,798

Shanghai- Industrial Land	
Transaction Date:	01-08-2023
Address:	Qingpu District
Consideration:	RMB 39,830,000
Usage:	Industrial
Site Area:	23,968 sq.m.
GFA:	47,935 sq.m.
Plot Ratio:	2
Accommodation Value/ GFA sq.m.	RMB 810



## 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.

