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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.

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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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HONG KONG PROPERTY- MARKET WATCH

**Are Shopping Malls in
Hong Kong Stuffy?**

HONG KONG PROPERTY - MARKET WATCH

Are Shopping Malls in Hong Kong Stuffy?

With all the social and border restrictions lifted for more than half year, the life of citizens in Hong Kong went back to the time before the pandemic. Gatherings and entertainment activities resumed, as well as the pace for going abroad for travel and consumption. Many people have wished to see the city becoming as vibrant as the past, nonetheless, these few years under COVID-19 has changed many of the Hong Kong locals' consumption and entertainment patterns, especially when loads of people chosen to go northbound for the shopping malls in Shenzhen. So are those big shopping arcades in Hong Kong attractive?

From the data of the Census and Statistics Department, since February 2023 when the border reopened, the monthly number of Hong Kong citizens heading mainland via Lo Wu, Lok Ma Chau and other control points rises every month. In June, at least 4.08 million of northbound passenger traffic has been recorded and the figure has further rose to 4.95 million in July, the Immigration Department's data unveils. Within the 4 days of Mid-Autumn Festival, its subsequent day, October 1 National Day and its next day, at least 853,000 passenger traffic going north has been observed, more than the incoming southbound figure.

Mixc World in Shenzhen
(Source of Photo: RHL Photo Base)



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- *Consultancy Services in Greater Bay Area*

Hong Kong locals heading north to various shopping malls for consumptions are ascribed to a series of reasons. Except the freshness of places and finding for any excursion experiences, more importantly is that, the malls there are omnipresent, spacious, with more choices of restaurants and services, and offering more diversified activities, all these allow patronage spending a whole day at one spot.

Oppositely in Hong Kong, the big shopping arcades are all led by commercial activities. Together with the very convenient location and concentration of various shops, although the aim of shopping in malls is vivid and sharp, they cannot retain the pool of local customers. As in 1980s and 1990s, the big arcades knew that special facilities could catch the eyes and heart of shoppers, such as the music fountain show at New Town Plaza in Shatin, Tuen Mun Town Plaza and Grand Century Place in Mong Kok. Yet, these have been demolished following renovation works in recent years. Instead, the nearly the same interior and space designs with a similar tenant mix of chained shops, including clothes, electrical appliances, sports wears, restaurants, etc. are somehow boring to those lovers of ever-changing products and environment in the city.



A music fountain was originally erected at the Grand Century Place in Mong Kok which has then been converted as a restaurant during the mall's renovation work.

(Source of Photos: Online and RHL Photo Base)

"Strategic Investment Advisory & Agency"

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

Despite some newly-built sized arcades have started to include some new elements into the malls, such as arts, culture, small shops, outdoor spaces for photo-taking, they are not competitive enough with those one-stop experience developed in the Mainland, ranging from massage, library, indoor amusement park, to skiing facilities.

It is an observable fact from the past few years that Hong Kong people are no longer satisfied with the existing single-themed consumption spot within the city. Some small-sized malls or spots converted from the industrial buildings, such as D2 Place in Lai Chi Kok, are particularly famous among the youngsters. There are dominated by small shops, and providing various themed event spaces or elements. Running without any chained shops can still be benefiting the malls to pull a group of customers visiting. Malls in Hong Kong may not be as bad as we think.

Being a locally-born and locally-grown up Hong Kong citizen, the writer understands that it could be picky and not workable for turning the spaceless shopping arcades in such a small city into a giant shopping and entertainment complex where land is scarce and valuable. The writer only hopes that the landlords of those big shopping arcades to learn the design and operational patterns from other malls abroad and some newly-growing local spots, to bring new experiences to customers in the city. Shopping in Hong Kong is undoubtedly convenient. Remembering the past years when many cities from China were making their references to our shopping malls' designs and operations, and nowadays, how the locals relinquished them, to a certain extent, the major shopping arcades should build up their own characteristics and attract more new customers, to avoid the malls being themed too single too narrow.



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MARKET WATCH

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HONG KONG SNAPSHOTS

Tai Kok Tsui Aged Property Coveted by Mainland Talent to Rent

Aged buildings can be welcomed by professional's tenants. A mid-level flat of saleable area of 320 sq.ft., at Tai Wing Building, Cosmopolitan Estate in Tai Kok Tsui, has lately been let for a monthly rent of HK\$13,000, within one day after its first put onto the market. The flat is newly-renovated and the tenant is a financial-industry talent from the mainland, according to the information from the agent. Without adequate property for rent in the district, this new tenant has decided to make an offer immediately after property viewing. The building was completed in 1974 while the current owner acquired the property in May 2021 at a cost of HK\$4.23 million, enjoying a 3.7% yield today.



Tai Wing Building of Cosmopolitan Estate in Tai Kok Tsui was completed in 1974.
(Source of Photo: RHL Photo Base)

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

HONG KONG SNAPSHOTS

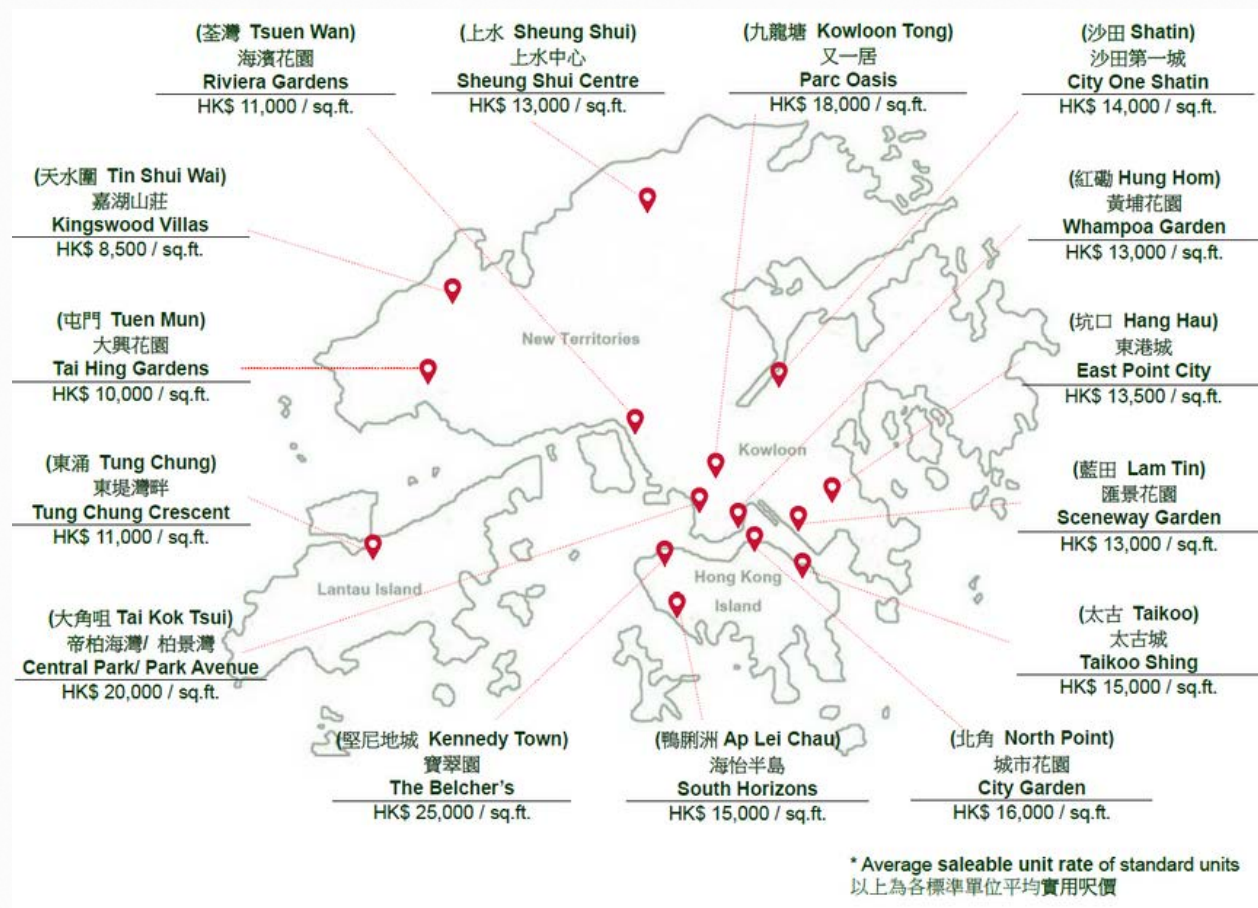
Subsidized Housing Secondary Market Transaction Volume Down by 45% in Q3

Information from the Housing Authority reveals that, there was only 80 transactions made in the secondary market from the subsidized housing sector. Compared with the 177 deals in August, the figure has dropped by 97 numbers or 55%; the figure was also the lowest one since February 2022 which was 100 numbers. Overall, in Q3 2023, a total of 465 transactions were recorded, about 382 numbers reduced or a fall by 45%.

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

HONG KONG TRANSACTIONS OVERVIEW





CHINA SNAPSHOT

- **Land Resumption Led to the Closure of the Shenzhen Golf Club, Futian District**
- **Guangzhou Property Transaction Heat During Golden Week**
- **Residential Price Index of Major Cities (Sep 2023)**
- **Major Land Transaction (Sep 2023)**

CHINA SNAPSHOT

Land Resumption Led to the Closure of the Shenzhen Golf Club, Futian District

On 7th October, 2023, owing to the Shenzhen Metro development, the 38-year-old, Shenzhen Golf Club & Training Centre announced that it will be shut down in early November 2023. The golf club is situated on plot B115-0038, one of the prime locations in Futian District. The total site area 1.33 sq.km. is the aggregation of all the area of community parks of Futian District in the past 5 years.

In 2018, the land resumption project of the golf club had kicked off as the land grant lease of the plot B115-0038 should come to an end on 17th February 2015 (30 years) with no leasehold extension. Regarding the compensated rates and the supplementary valuation proceedings, there was a dispute regarding the tenure of the villas that was constructed within the golf club. The 'Gold Card' holders of the golf club should have the right to use, transfer and inherit the villas without commercial use purposes. However, the villas were located on a plot that was planned for administrative use rather than residential use. Meanwhile, related government departments claimed that the 70 villas should have no commercial value (market value) as no real estate certificates were officially designated. Thus, they failed to be sold in an open market. Nevertheless, the masterplan of Shenzhen Metro construction had embraced the golf club land despite any related dispute. The land plot was designated as the construction area of a new metro route at first. The following development has having potential to plan a city park or cooperate with the urban planning & design of the adjacent community, Xiangmi Lake.

CHINA SNAPSHOT

Guangzhou Property Transaction Heat During Golden Week

Throughout the 8-days “Super Golden Week” in Mainland China, the continuously sluggish property market showed signs in recovery in various cities like Guangzhou. Most real estate developers launched or promoted their new residential projects, totally 20 first-hand housing estates, which was 2,709 flats was listed on the market. The hot sale was crutched by larger extend of discount together with gifts issued by developers. For instance, a relatively longer installment payment period offer, the waiver of property management fees or gifts regarding brand-named home appliances. Only the attractive promotion with evident discount in property prices could help developers win from the fierce and stiff competition owing to the high homogeneities of each estate in regards of either layout, facilities or environment.

Due to the cancellation of house limited purchase policy in Panyu and Huangpu districts, the transaction amount increased 41% and 61% respectively. Not only did the local Guangzhou residents choose entering these two submarkets, but also the new immigrants and foreign buyers flooded into this vigorous property wave. The alteration of property policy and orientations can attract more people moved into Guangzhou City, which can stimulate the fragile market in short-run. Accordingly, if appropriately utilizing the population growth factor with well-planned urban structures, the premises of sub-urban areas can become supplementary prime investment assets in a long-run.

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

CHINA SNAPSHOT

Residential Price Index of Major Cities (Sep 2023)

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	51,200	0.03	Beijing	44,837	0.13
Chongqing	11,659	-0.06	Tianjin	14,919	0.11
Guangzhou	24,628	-0.02	Shenzhen	53,453	0.01
Nanjing	24,782	0.07	Hangzhou	29,528	0.23
Chengdu	12,886	0.18	Wuhan	13,181	0.02
Dalian	13,756	0.07	Suzhou	18,442	0.20
Xi'an	12,270	0.01	Xiamen	29,269	0.00
Ningbo	19,939	0.14	Changsha	9,520	-0.01
Wuxi	14,257	-0.06	Dongguan	19,257	-0.20
Shenyang	9,815	-0.41	Fuzhou	17,173	0.01

Source: Fangtianxia Hundred City Price Index

Source: Fangtianxia Hundred City Price Index

CHINA SNAPSHOT

Major Land Transaction (Sept 2023)

Beijing- R2 Residential Land	
Transaction Date:	27-09-2023
Address:	Changping District Plot
Consideration:	RMB 5,415,000,000
Usage:	R2 Residential and A8 Community Service Facilities Usage
Site Area:	107,181 sq.m.
GFA:	219,497 sq.m.
Plot Ratio:	2.5
Accommodation Value/ GFA sq.m.	RMB 24,670
Wuhan- Cultural and Commercial	
Transaction Date:	28-09-2023
Address:	East Lake New Technology Development Zone
Consideration:	RMB 159,600,000
Usage:	Cultural and Commercial
Site Area:	58,362 sq.m.
GFA:	145,200 sq.m.
Plot Ratio:	2.49
Accommodation Value/ GFA sq.m.	RMB 1,099
Zhengzhou- Hotel Land	
Transaction Date:	02-09-2023
Address:	Gongyi Plot
Consideration:	RMB 25,390,000
Usage:	Hotel Usage
Site Area:	30,732 sq.m.
GFA:	76,830 sq.m.
Plot Ratio:	2.5
Accommodation Value/ GFA sq.m.	RMB 330

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