

RHL International

# Property Market Express

## 房地產市場快訊

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**HONG KONG PROPERTY**  
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.

## 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**

### **Boosting of the Large Lump Sum Transactions in the Non-Domestic Property Markets**

# HONG KONG PROPERTY-MARKET WATCH

## Boosting of the Large Lump Sum Transactions in the Non-Domestic Property Markets

By the end of 2023, large lump sum transactions have been recorded in the local industrial, commercial and retail property markets. Consolidating different market sources, under the current high interest rate conditions, it is believed that the market is lately led by the users itself, rather than investors.

Large transaction lump sum has been revealed in the industrial, office and shop premises market earlier, which accounts for at least HK\$7 billion. In the factory market, the situation of rare whole block industrial building transaction has been broken by a logistics firm which acquired the godown building at No.39 On Lok Mun Street at On Lok Tsuen in Fanling. The 6-storey premises provides a total floor area of about 259,000 sq.ft.. The transaction price was about HK\$1 billion at a unit rate of around HK\$3,800/sq.ft., media reports.

The property's owner had tried to put the building onto the market in 2022 as well, and a real estate fund had even approached the owner for acquisition but then in vain.

Meanwhile, the logistic firm as the purchaser has been intaking various godown blocks from the same developer since May 2022, including the ones in Shatin and Chai Wan which provides a floor area of about 400,000 sq.ft. and 520,000 sq.ft. respectively, at a price of about HK\$2.33 billion and HK\$2.29 billion; and following these transactions was the Sheung Shui godown at a cost of HK\$1.6 billion. Including the Fanling premises in this lately deal, this logistic company has injected HK\$7.2 billion into the market within 1.5 years, locating across Hong Kong Island and the New Territories.

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For the office premises market, the Securities and Futures Commission (SFC) has spent HK\$5.4 billion acquiring 12 office floors of about 296,000 sq.ft. from the developer of One Island East, at a unit rate of about HK\$18,000/sq.ft.. The floors will be the SFC's permanent office. From the market information, SFC had been renting Cheung Kong Centre in Central as its office in early times and further moved to One Island East in 2019 subject to tenancies, even so, capital had been spared by the SFC for future possible acquisition of office at that moment. The acquisition of SFC office could become the largest amount of transaction in the stratified commercial building section in 2023.



One Island East located at Quarry Bay of  
Hong Kong Island.  
(Source of Photo: RHL Photo Base)

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In final, user entering the retail premises market had also been observed. The premises, opened for offer under tender, was the theatre portion, ground floor, first to sixth floors and roof of Kiu Fai Mansion, Nos. 413- 423 King's Road in North Point which is also known as the Sunbeam Theatre. The property was lately disposed at a cost of about HK\$800 million, sources said. The premises occupies an area of 96,000 sq.ft. and the unit rate was about HK\$8,300/sq.ft.. Although the location is prime in North Point district and the premises accounts for about 77.41% of the building's total undivided shares, market believed that the new owner shall be a church or religious institution. The high ceiling height shall be more suitable for church self-uses.

Tracing the information, large transaction sum acquisition was rare in the first 3 quarters in 2023. These few transactions had in final boosted HK\$8 billion in the market. Under the high interest rate environment, it is predicted the action of the investors will mostly be delayed due to the costly lending considerations and market shall be led by users in the future.



Premises at Kiu Fai Mansion in North Point which is also known as the Sunbeam Theatre was lately disposed at a cost of about HK\$800 million in a tender, sources said.  
(Source of Photo: RHL Photo Base)



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## HONG KONG SNAPSHOTS

### 3-Bedroom Flat De-Valued by HK\$2.1 Million in 3 Years: Charming Garden

A 3-bedroom flat of saleable area of 592 sq.ft. at Block 16 of Charming Garden has lately been transacted in the open market at a price of HK\$6.5 million, sources from the property agencies. The vendor started to put the property onto the market since March 2023 at a price of HK\$8.2 million which had already been HK\$0.4 million cheaper than the acquisition price. With the final transacted price reduced by HK\$1.7 million to HK\$6.5 million, the unit rate was about HK\$10,980/sq.ft., which still falls within the recent market average.

The vendor bought the property in the open market in February 2020 for HK\$8.6 million, and 3 years later today, the property's book value has dropped by HK\$2.1 million, at a rate of 24%. Tracing back the information, this transaction was crowned the most expensive one from the same block.

In fact, Charming Garden, in Tai Kok Tsui, had recorded the first ever HOS flat sold at a price over HK\$10 million in the open market across the city in 2018. The property was the 592 sq.ft.-Flat A at Block 17. This 3-bedroom unit was sold at HK\$10.65 million at a unit rate of HK\$17,989/sq.ft., breaking the most-valued HOS development and single unit record from the open market.



A flat at Block 16 of Charming Garden was sold lately in the open market with its value dropped by 24% in 3 years. (Source of Photo: RHL Photo Base)

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## HONG KONG SNAPSHOTS

### Unit Rate of High Floor Office Dropped by 15% in Half Decade: The Center

An investor has disposed a whole floor on high floor zone of The Center in Central, at a unit rate of saleable area about HK\$40,000/sq.ft.. The lately transacted is the whole 67/F of The Center with a saleable area of 18,335 sq.ft., enjoying a full harbour view, according to market sources. Portion of the floor was acquired with tenancy. The transaction price was HK\$750 million or a unit rate of HK\$40,905/sq.ft.. Comparing with the unit rate acquired by the investor in 2018 of about HK\$49,000/sq.ft., the property has been depreciated by 15%, running on a similar trend to the city's Grade A Private Office Price Index by the Rating and Valuation Department.

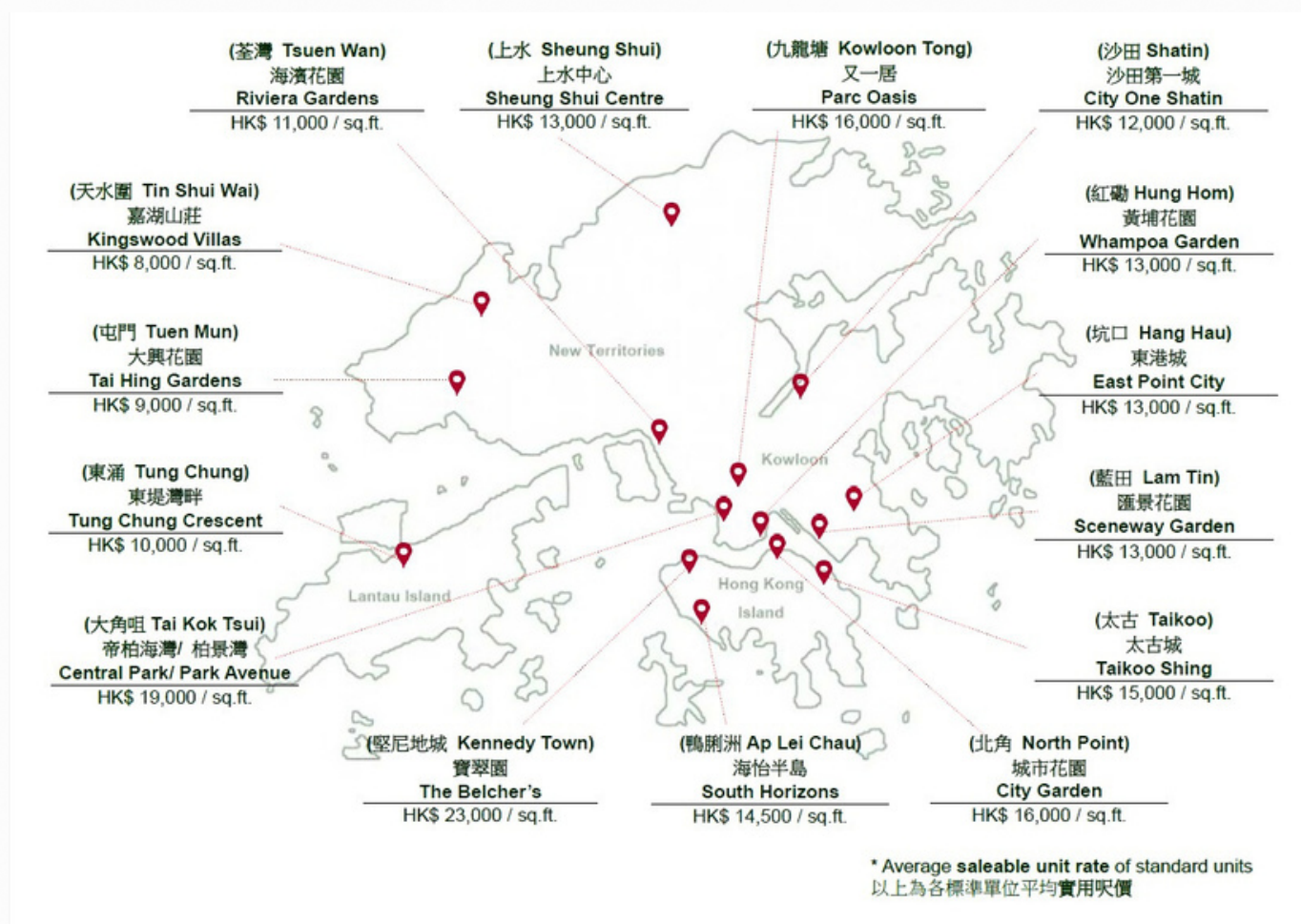


An investor has disposed the whole floor of 67/F of The Center lately.  
(Source of Photo: RHL Photo Base)

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# HONG KONG TRANSACTIONS OVERVIEW



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## CHINA SNAPSHOT

- **Xian: New-Built Residential Price Ascension Outperforming the Country**
- **Nanchang: Reserved Land Usage Classification and Transformation**
- **Residential Price Index of Major Cities (Nov 2023)**
- **Major Land Transaction (Nov 2023)**



## CHINA SNAPSHOT

### **Xian: New-Built Residential Price Ascension Outperforming the Country**

Under the norm of sluggish property market, both new-built and second hand residential properties in most cities had recorded price downlifts in the past 11 months. Even the traditional cities like Shenzhen and Wuhan encountered several times of price decreasing waves for the new-built houses in 2023. However, Xian, as a new first-tier city, has not observed any price decline since January 2023 which is a rare phenomenon across the country. To narrow down the record period, since May, there were 3 times that the price increase extends in Xian led the whole country while there was a month just ranked behind Shanghai, ranked second.

The driving force of the robust new-built houses price levels in Xian could be categorized as the synergistic effect of ‘Population Clustering’ and ‘Policy Alteration’. Owing the geographical advantage of Xian, it is the only metropolitan in north-west area and it is the provincial capital of Shannxi Province, the people from surroundings choose moving into Xian because of the better job opportunities, city infrastructures, education institutions and medical support etc. Meanwhile, since 2017, Xian released settlement conditions a few times, one of it is that the university students can use their student cards and identity cards to settle in Xian. By 2022, the increase in population had already reached 2.5 million in 5 years. The net increase in population with better education and high-income potential undoubtedly becomes the purchasing power of new homes and boosts the house price level in Xian.

## CHINA SNAPSHOT

### Nanchang: Reserved Land Usage Classification and Transformation

On 1 December 2023, Nanchang Planning and Land Resources Bureau implemented the "Nanchang City District Reserve Land Temporarily Utilizing Land Classification and Standard Rental Rate", which is the first similar planning policy in Jiangxi Province.

This instruction is set by reference to the leasing conditions of the reserve land in Nanchang city centre in recent years, the surveying considers the market rental level and how it affects to the "standard rental rate" of the reserve lands. The rental standard was alighted and managed dynamically, which fundamentally shares the same principles like "standard land value", renewing every 3 years. The temporary usages of reserve lands are categorized into 4 classes which are "other commercial service usage", "car parking usage", "construction & engineering usage" together with "public administrative & public service usage" in East Lake District, West Lake District, Qingyunpu District, as well as Qingshan Lake District.

The update and implementation of this policy altered the previous problems of non-classification in usages, rental level together with locations for temporary use of reserve lands. The well- distinguished and step-wised system can efficiently reduce discretionary decisions on land allocation and rental in-flow, which simultaneously prevents any integrity and corruption risks. The more reasonable, flexible and public interest orientated policy is issued can better make use of governmental reserve lands to form a conducive business environment and resolve some social matters like car parking space shortage in city centre etc.

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## CHINA SNAPSHOT

### Residential Price Index of Major Cities (Nov 2023)

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	51,360	0.10	Beijing	44,912	0.06
Chongqing	11,631	-0.04	Tianjin	14,934	0.03
Guangzhou	24,667	0.14	Shenzhen	53,075	-0.59
Nanjing	24,940	0.39	Hangzhou	29,510	0.01
Chengdu	12,948	0.20	Wuhan	13,185	-0.17
Dalian	13,724	-0.02	Suzhou	18,494	0.26
Xi'an	12,303	0.06	Xiamen	29,363	0.19
Ningbo	19,956	0.10	Changsha	9,546	0.07
Wuxi	14,263	0.02	Dongguan	19,266	-0.12
Shenyang	9,810	-0.03	Fuzhou	17,107	-0.07

Source: Fangtianxia Hundred City Price Index

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## CHINA SNAPSHOT

### Major Land Transaction (Nov 2023)

Shanghai- Commercial Land	
Transaction Date:	04-12-2023
Address:	Huangpu District Plot
Consideration:	RMB 1,232,000,000
Usage:	Commercial and Office Usage
Site Area:	4,407 sq.m.
GFA:	16,219 sq.m.
Plot Ratio:	3.68
Accommodation Value/ GFA sq.m.	RMB 75,963

Chongqing City- Residential Land	
Transaction Date:	04-12-2023
Address:	Dianjiang County Plot
Consideration:	RMB 256,470,000
Usage:	R2 Residential Usage
Site Area:	65,762 sq.m.
GFA:	13,152 sq.m.
Plot Ratio:	2
Accommodation Value/ GFA sq.m.	RMB 1,950

Ningbo- Industrial Land	
Transaction Date:	29-11-2023
Address:	Jiangning District Plot
Consideration:	RMB 20,990,000
Usage:	Industrial Land
Site Area:	33,313 sq.m.
GFA:	83,282 sq.m.
Plot Ratio:	2.5
Accommodation Value/ GFA sq.m.	RMB 252

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