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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.

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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.

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- 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
• Land Sale Plan in the Year of Dragon	
Hong Kong Snapshots	
• Ownerships of Champagne Court Block B Unified at HK\$1.7 Billion	P.8
• Price of Car Parking Space at The Regent in Tai Po Fell by 20% in 3 Years	P.9
Latest Retail Property Market Update	P.10-12
China Snapshot	
• The Prosperous Housing Market in Changsa owing to the Relaxation Policy	P.14-15
• Accommodation Value of Guangzhou Tianhe Milk Factory Lots Sale Program is Expected to Reach RMB 50,000/sq.m.	P.16
• Residential Price Index of Major Cities (Dec 2023)	P.17
• Major Land Transaction (Jan 2024)	P.18-19



HONG KONG PROPERTY- MARKET WATCH

Land Sale Plan in the Year of Dragon

HONG KONG PROPERTY-MARKET WATCH

Land Sale Plan in the Year of Dragon

In the latest land sale scheme, the government announced that no commercial and residential lands shall be put onto the market in the coming season except the only piece of industrial plot in Yuen Long. Hong Kong's economy has been worsened and property market being moving on a downside, developers are reluctant to acquire any land from the government. Last year, the government, MTR and the Urban Renewal Authority have placed several commercial and domestic lands onto the market for tender which many of them had failed to be attractive. Being the main landlord of the city, there is neither way for the government selling a land at a very cheap price nor launching any land to the market randomly. Slowing down the land sale pace by the authority is understandable and necessary. However, land supply is now controlled by the government, in such a market full of uncertainties, by continuously carrying out its land creation plan, how will the city's land market evolve in the future?

In addition to be a promoter of land supply, the government is also an important player in land creation. With the blessing of the National Security Law, the firm governance direction and stable social condition have confirmed that the land creation plans under the "Northern Metropolis" and "Kau Yi Chau Artificial Islands" will not be obstructed by any party in the society. The government can perfectly and fully be a responsible land builder.


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However, when Hong Kong's land supply may become slightly more abundant in the future, the global economic downturn, high interest rate environment, and the local property market continue to be under pressure. The Rating and Valuation Department's property price indices have fell to its lowest point in nearly 6.5 years. In addition to the land bank and backlog units of developers, the continuous land sale now will only accelerate the decline of property prices and even land prices.

As the property market weakens and construction costs increase, developers' willingness to invest in land naturally diminishes. Last year, the government together with the MTR and the URA have launched a total of 12 land tenders, half of which failed, and some projects had even received nothing from the market. The situation is grim. Even if a developer bids for a project, the bid price is generally low, let alone the winning bid price. Standing still and waiting to see what happens is the best strategy for major developers at the moment. They do not invest in land, do not opt for the payment of land premiums, and even give up the land development rights in the New Territories that they have worked hard to collect for many years in exchange for land resumption compensation of only HK\$1,267/sq.ft.. Obviously, developers currently cannot see the future at all.

In other words, land can be created whenever there is no land, but having land does not mean that someone wants it. Even if someone wants it, the previous high land prices may no longer be feasible. The government or some citizens have always believed that all the costs of developing artificial islands can be easily recovered and a lot of money can be made when the land is put onto the market in the future. However, judging from the current market conditions, this dream may not come true. Of course, we are not trying to stop the government's land-building plan, because no one can stop it.

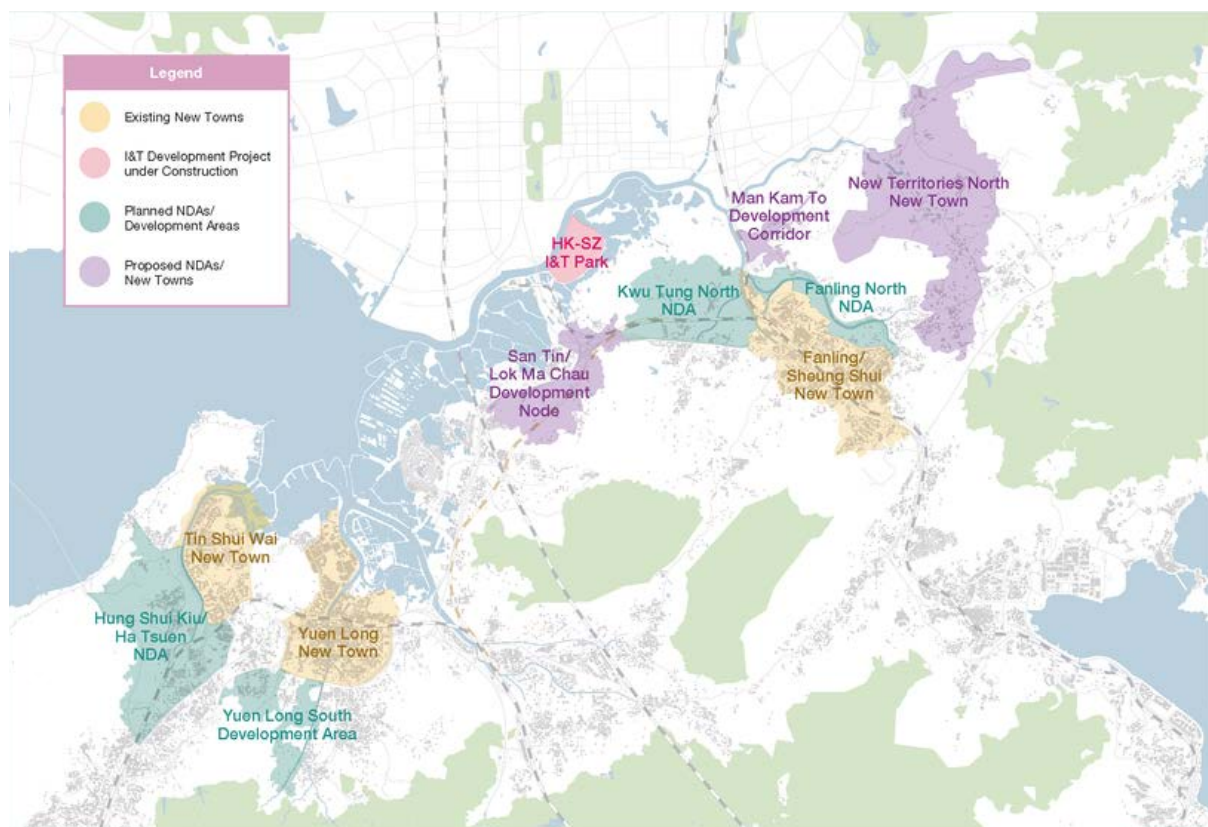


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In order to improve the market sentiment, especially developers' willingness to invest in land, the authorities can allow greater flexibility in land development when promoting land, such as reducing the conditions attached to the land grant, or even subdividing the land into a number of smaller plots to reduce the investment costs. Apart from attracting more small- and medium-sized developers participating in the land tenders, it will also help stimulate the overall atmosphere and activity during land investment, which everyone is happy to observe.

Without the guidance of a crystal ball, everyone can only cross the river by feeling for the stones. We hope that everyone is just over pessimistic now. Hong Kong's economy will become more vibrant in the Year of Dragon and everyone can live and work in peace and contentment.



Source from: HKSAR GOV The Chief Executive's 2021 Policy Address Northern Metropolis Development Strategy Report



CALVIN PANG
WRITER- HONG KONG
MARKET WATCH

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HONG KONG SNAPSHOTS

Ownerships of Champagne Court Block B Unified at HK\$1.7 Billion

Following the award of a Compulsory Sale Order for Block B of the 66-year Champagne Court in Tsim Sha Tsui in last November with a reserved price of HK\$1.728 billion, the procedure for compulsory sale had finally been completed in January with a bidding price the same as the reserved one. Summarizing all market information and media reports, the acquisition of Block B of Champagne Court had been launched for 13 years by a consortium since 2011.

Block B occupies a site area of about 12,200 sq.ft., adjacent to The Mira. The building provides street shops on the street level, ancillary shopping arcade at the lower ground, and commercial units on 1/F while domestic units are from 2/F to 8/F. The site is currently zoned for “Commercial”. Assuming the site to be redeveloped with Block A at its maximum plot ratio of 12, total gross floor area of the new development could reach about 280,000 sq.ft..



Champagne Court located at the heart of Tsim Sha Tsui, next to The Mira hotel and shopping mall. (Source of Photo: RHL Photo Base)

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HONG KONG SNAPSHOTS

Price of Car Parking Space at The Regent in Tai Po Fell by 20% in 3 Years

At The Regent in Tai Po, an even-number parking space had been sold at a value-losing price earlier. This parking space had initially put onto the market at a price of HK\$1.9 million, without any approach, the owner then lowered the asking price and sold after bargain at HK\$1.688 million later. The space was acquired by the original owner in 2021 at a consideration of HK\$2.132 million and as at today, the property has been devalued by at least HK\$440,000 at a rate of 20%.

Tracing the transaction information, the developer had disposed the parking spaces within the estate in the year end of 2020, with the prices range from HK\$1.98 million to HK\$2.418 million. Similarly, an even-number parking space of the estate had been transacted at a price of HK\$1.8 million in October last year, recording a HK\$0.18 million loss or about 9.1% value-reduction.

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Latest Retail Property Market Update

Retail Property Purchase and Rental Transactions in the Market

Mong Kok



Address:	Basement, G/F and 1/F, Hanley House, Nos.776- 778 Nathan Road, Mong Kok
Transaction Price: (at December 2023)	HK\$86 million
Total Saleable Area:	6,973 sq.ft. (with Flat Roof: 176 sq.ft.)
Unit Rate in Saleable Area:	HK\$12,333/sq.ft.
Last transaction as at January 2004	
Price Change from Last Transaction:	+ 130.9%
Overall Market Change from Last Transaction:	+ 376.2% (Private Retail- Price Index by RVD)

Central



Address:	Shop B on LG/F, Ming Hing House, Nos.52- 56 Staunton Street, Central
Latest Transaction Price:	HK\$25 million
Saleable Area:	400 sq.ft.
Unit Rate in Saleable Area:	HK\$62,500/sq.ft.
Last transaction as at May 2011	
Price Change from Last Transaction:	-30.2%
Overall Market Change from Last Transaction:	+ 49.5% (Private Retail- Price Index by RVD)

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Latest Retail Property Market Update

Retail Property Purchase and Rental Transactions in the Market

Causeway Bay



Address:	G/F, Plaza 2000, Nos.2- 4 Russell Street, Causeway Bay
Latest Monthly Rental:	About HK\$300,000
Lettable Area:	1,576 sq.ft.
Unit Rental in Lettable Area:	HK\$190/sq.ft.
Last Tenancy since July 2014	
Rental Compared with Last Tenancy:	-68%
Overall Market Change from Last Tenancy:	-0.2% (Private Retail- Rental Index by RVD)

Tsuen Wan



Address:	G/F, On Yue Building, No.122 Tsuen Wan Market Street, Tsuen Wan
Monthly Rental from November 2023:	HK\$120,000
Saleable Area:	899 sq.ft.
Unit Rental in Saleable Area:	HK\$133/sq.ft.
Last Tenancy since November 2021	
Rental Compared with Last Tenancy:	0%
Overall Market Change from Last Tenancy:	-2.1% (Private Retail- Rental Index by RVD)

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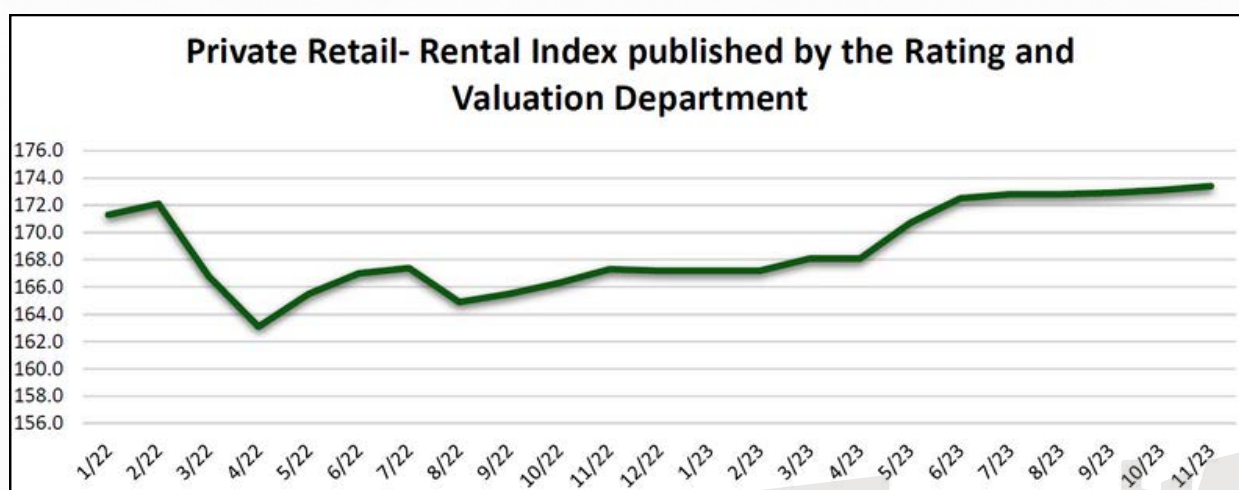
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Latest Retail Property Market Update

Retail Property Purchase and Rental Transactions in the Market

Statistics on Retail Property Transaction Registered by the Land Registry	
Total Registered Transaction Volume in 2023 Q4:	211
Volume of Registered Transaction in December:	80
Transaction Value of Retail Property in December:	HK\$1.156 billion
Transaction Value of Retail Property in November:	About HK\$770 million
Monthly Change in Transaction Value:	+50.1%
Source of Information: Land Registry and Centaline Property Market Big Data	

Following the return of foreign visitors choosing Hong Kong as their travel destination, with the festive season, even though the locals started to leave the city during weekends or holidays, the retail property market has stayed active in December. Apart from the surge of total transaction value by nearly 50% from November, the rental has seen to be supported by the market. According to the Private Retail- Rental Index published by the Rating and Valuation Department, the latest index has reached 173.4, the highest point since April 2022 when the index grounded on the lowest level. Although the figure is still 9.1% lag-behind from the peak in 2019, based on the current situation, we estimate that the retail property market shall follow this pace to steadily improve, and a single-digit increasing rate on the shop rental is expected for the first quarter of this year.



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CHINA SNAPSHOT

- **The Prosperous Housing Market in Changsa owing to the Relaxation Policy**
- **Accommodation Value of Guangzhou Tianhe Milk Factory Lots Sale Program is Expected to Reach RMB 50,000/sq.m.**
- **Residential Price Index of Major Cities (Dec 2023)**
- **Major Land Transaction (Jan 2024)**

CHINA SNAPSHOT

The Prosperous Housing Market in Changsha owing to the Relaxation Policy

Under the transformation of the demand and supply relationship in China's real estate market, Changsha joined the majority and lifted the house-buying restrictions. Simply, residents can buy up to two houses under their names with no more constraints.

After the implementation of the relaxation policy on house purchasing, though in December 2023, the average RMB per sq.m. on a month-to-month basis still recorded a slight drop 0.09%, if we keep tracking with the 3-year trend, the extent in appreciation could be up to 30%, which increased RMB 3,200 per sq.m. since December 2020. In December 2023, more than 1,642 first-hand houses were listed on the market. Large-scale estate projects with higher proximity to outstanding secondary education institutions performed excellently. The demand is far higher than the supply. These examples embodied Changsha properties and were mainly targeting buyers with families. Additionally, Chengsha as the most prosperous metropolitan in Hunan Province, has a better economic outlook with infrastructure development than the whole province and even to the neighbouring areas like Jiangxi together with Guizhou Province. In the past decade, the net increase in population in Chengsha is up to 3 million and 80% of them are young people. Thus, the population structure is beneficial to the local real estate market.

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Regarding plot tendering, one of the land sales in Changsa even broke the record of that city (Accommodation Value/ GFA sq.m.) while the land market was recognized as a trough or recession under a countrywide scale. This residential mixed commercial service usage plot experienced 37 rounds of bidding by 5 developers and eventually transacted with an AV of RMB 14,968 per sq.m., 36% premium than the reserved price. It is predicted that the sale price per sq.m. can be up to RMB 40,000 especially since this plot is situated at a prime location. The average sale price per sq.m. in some new development districts out of Zone 3 is also anticipated RMB 13,500 in the coming years.

However, the current prosperous housing market in Changsa is mainly relying upon the opportunity of a housing relaxation policy, the rigid demand of the residents and the comparatively low house price level than the other tier 1 cities. Therefore, these factors can act as the driving forces to stimulate the transaction even under economic downturn. However, the rigid demand for the houses should act as the majority to promote house price level developing stably so as to attract more younger generation population staying at Changsa.

CHINA SNAPSHOT

Accommodation Value of Guangzhou Tianhe Milk Factory Lots Sale Program is Expected to Reach RMB 50,000/sq.m.

In late December, there were 2 lots (Shijie Daguan Phase 2 & Jishan Cang Phase 2) launched in Tianhe Milk Factory and the official cancellation of Tianhe residential lot tender price ceiling may push up the land value of this sub-district. It was acknowledged that various groups including national enterprises, state-owned enterprises and private corporations hold keen interests to these 2 lots.

There are several reasons that causing Tianhe Milk Factory lots become the hotcakes in land sale program. First, there are 2 developments led by 2 main state-owned enterprises, Yuexiu Group and China Resources Land Limited in this Milk Factory district, which had established the fundamental community facilities and amenities for this area. In the meantime, they demonstrated the market reaction of this zone which provided more confidence to the following developers to further invest here.

Besides, the Milk Factory District is expected to be the international community in Guangzhou. The base camps of those high-ended and contemporary industries like financial-technologies and scientific research & development are clustering around the south side of Milk Factory District. Thus, it is predicted that higher-income groups, foreign experts and professionals will choose to accommodate at this area. The concentration on developing low-rise residential estates which can attract those buyers who are pursuing quality living with high privacy, healthy and green environment elements.

Being at the prime location in the City Centre, together with the international community and luxurious setting, plus the cancellation of residential lot tender price ceiling, these two lots are expected to be transacted with an accommodation value of RMB 50,000/sq.m., which owns the potential to become the spot of land sale program in 2024.

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CHINA SNAPSHOT

Residential Price Index of Major Cities (Dec 2023)

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	51,490	0.25	Beijing	44,900	0.17
Chongqing	11,636	0.04	Tianjin	14,944	0.07
Guangzhou	24,674	0.03	Shenzhen	52,907	-0.32
Nanjing	25,027	0.35	Hangzhou	29,516	0.02
Chengdu	13,009	0.47	Wuhan	13,191	0.05
Dalian	13,571	-1.11	Suzhou	18,518	0.13
Xi'an	12,335	0.26	Xiamen	29,356	-0.02
Ningbo	20,016	0.30	Changsha	9,575	-0.09
Wuxi	14,276	0.09	Dongguan	19,280	0.07
Shenyang	9,802	-0.08	Fuzhou	17,112	0.03

Source: Fangtianxia Hundred City Price Index

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CHINA SNAPSHOT

Major Land Transaction (Jan 2024)

Shanghai- Residential, Commercial, Cultural & Sport and Transportation Land	
Transaction Date:	10-01-2024
Address:	Songjiang District Plot
Consideration:	RMB 5,250,800,000
Usage:	Residential, Commercial, Cultural & Sport and Transportation Land
Site Area:	129,625 sq.m.
GFA:	297,765 sq.m.
Plot Ratio:	14-01 Plot: 2.0 16-02 Plot: 2.6 17-07 Plot: 2.5
Accommodation Value/ GFA sq.m.	RMB 17,634

Chengdu- Commercial Land	
Transaction Date:	03-01-2024
Address:	Eastern New District (Future Technology City) Plot
Consideration:	RMB 31,800,000
Usage:	Commercial Land
Site Area:	20,787 sq.m.
GFA:	37,417 sq.m.
Plot Ratio:	1.8
Accommodation Value/ GFA sq.m.	RMB 850

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CHINA SNAPSHOT

Major Land Transaction (Jan 2024)

Changsha- Industrial Land	
Transaction Date:	11-01-2024
Address:	Wangcheng District Plot
Consideration:	RMB 9,340,000
Usage:	M2 Industrial Land
Site Area:	13,334 sq.m.
GFA:	33,335 sq.m.
Plot Ratio:	2.5
Accommodation Value/ GFA sq.m.	RMB 280



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