

RHL International

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*Residential Properties
Controlling Measures Lifted,
Property Prices Rise?*

(Source of Photo: Online Photo)

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.

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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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- 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

**Residential Properties
Controlling Measures
Lifted, Property Prices
Rise?**

HONG KONG PROPERTY-MARKET WATCH

Residential Properties Controlling Measures Lifted, Property Prices Rise?

Following the latest "Budget" announcement of the suspension of all "Demand-side Management Measures for Residential Properties", which include all residential property transactions will no longer needed to pay additional stamp duty, buyer's stamp duty and new residential stamp duty with instant effect and at the same time, instructions to banks have also been issued by the Hong Kong Monetary Authority with the suspension of stress tests, and further relaxation of mortgage loan-to-value ratios, the Hong Kong property market immediately became active. Both the first-hand and second-hand property market transaction volumes have rebounded, but does the increased activity in the property market mean that property prices can rebound immediately? Although the current market sentiment is relatively optimistic, how should everyone pay attention to the future market developments?

Looking at the first-hand market first, the Financial Secretary had mentioned that under the current economic and market conditions, relevant measures are no longer necessary. With interest rates rising and the external environment full of uncertainty, Hong Kong property prices have fell by 7% last year, and transaction volume fell by 5% to a low level of 43,000. Just after the suspension of relevant measures was announced, the Hong Kong property market responded positively and purchasing power explosively returned to the market. According to market data, in the first ten days of March, more than 1,500 first-hand transactions were recorded, a 4.5-fold increase from the 270 transactions in February. There are also situations that new developments are immediately oversubscribed by 31 times, and same buyer purchases multiple units of new projects at the same time.

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According to the supply and demand theory learned in economics class, when purchasing power and demand are suddenly released, without any increase in supply, there should be a chance for the price of new-built being raised by developers. Could it be that if you don't enter the market now, you will "lose the execution"? But the fact is that, developers did not take the opportunity to raise prices today, and projects are still being launched at prices relatively close to the market level. Some new projects were even started at a unit rate cheaper than those in the same district two years ago. This was due to the already too adequate potential supply of new units in the market. According to the Housing Bureau, as of the end of December 2023, the potential supply of first-hand private housing in the next three to four years will be approximately 109,000 units, an increase of 2,000 units quarter-on-quarter, which is a historical high level. The unsold units of completed projects have also increased to 20,000 units.

At present, the property market is gradually picking up, and various developers are gearing up to take advantage of the improvement in the atmosphere to sell properties. However, rashly raising the prices of new properties will only push the desired buyers to another developer. We must know that in the past few years, amid the epidemic and shrinking property market, developers have become very cautious, and some companies have even sounded the alarm on their cash flow. Now is the fastest time to recoup funds. To seize the opportunity as early as possible, developers are believed to maintain the mentality of "asking for money but not goods" and will not increase prices but speed up sales of new properties.

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On the contrary, in the second-hand property market, the suspension of all "Demand-side Management Measures for Residential Properties" is a great news for property owners. It is as expected for owners to counter-price or even close the sale. After the measures were lifted, cases of owners counter-bid and successfully sold properties were recorded in various districts. However, there are also cases where the owner's counter-offering failed and the price was reduced or even lost. The main cases of loss of property are that the property was purchased in recent years, when property prices were on the decline. Even if the counter-offer is successful now, it will inevitably not help too much.

Referring to the Rating and Valuation Department's Price Index for Private Domestic Properties, the index for property with a salable area of less than 1,075 sq.ft. or Class ABC has fallen by more than 23% from the highest point in July 2021 to the current level. If it is now the chance for a rise in the second-hand property prices, this can only be said to be a small part of the past decline being recovered. But up is better than down. In the absence of other measures to control the property market or a sharp increase in interest rates, it is expected that both second-hand property prices and the property market will continue to improve.

But having said that, with the loosening of the property market and the absence of stress tests, it has become easier to buy a property. However, citizens should still act according to their ability and not rush into the market. Even if they do enter the market, they should make their own plan carefully.



CALVIN PANG
WRITER- HONG KONG
MARKET WATCH

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HONG KONG SNAPSHOTS

Arcade at Tsuen Wan Discovery Park Sold for HK\$4.02B, the Largest Transaction of Malls in Years

Eye-catching property transaction had been recorded again in the city. D-PARK, the shopping arcade at Discovery Park in Tsuen Wan, had lately been acquired by another developer at a cost of HK\$4.02 billion, which is the largest mall transaction in recent years. The development with the mall was developed by the New World Development and another developer, and New World united all the shares of the arcade in 2010 at a price of HK\$1.378 billion.

Basing on the latest transaction price, the mall has been inflated by HK\$2.64 billion; meanwhile as at 2010, the year when the shares being united, the arcade was estimated to be HK\$2.76 billion-worth in the market. The value of the shopping centre is therefore up by HK\$1.3 billion or 45%.

Both parties had signed the commercial property sale and purchase agreement for the transaction of all shares of the shopping mall and car park. The mall includes a total floor area of 630,000 sq.ft. and 1,000 parking spaces. The deal shall be completed in April.



D-PARK, the shopping mall at podium of Discovery Park in Tsuen Wan, has lately been acquired at a price of HK\$4.02 billion.

(Source of Photo: RHL Photo Base)

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HONG KONG SNAPSHOTS

Large Value Transaction Recorded at International Enterprise Center III in Tsuen Wan

In January, International Enterprise Center III (IEC3), 18 Tai Chung Road in Tsuen Wan, had recorded a large value transaction. The transaction includes Units 1 to 7 on 21/F with a salable area of 5,043 sq.ft.. The transaction price of the property was approximately HK\$89.01 million and the unit rate in saleable area is about HK\$17,650/sq.ft.. Reviewing the market data, the unit rate of IEC3 is in general at least 10% higher than other new commercial buildings with building age less than 5 years across Tsuen Wan district.

As reported by media, the property was acquired by Hong Kong-Zhuhai-Macao Bridge Shuttle Bus (Hong Kong) Company Limited (“HZM Bus”) which office is currently in Tsuen Wan.



International Enterprise Center III (IEC3) had recorded a large value transaction in January.
(Source of Photo: RHL Photo Base)

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Latest Industrial Property Market Update

Industrial Property Purchase and Rental Transactions in the Market

Kwai Hing



Address:	Unit A on 2/F, Kwai Fong Industrial Building, Nos.9-15 Kwai Cheong Road, Kwai Hing (with 1 car parking space)
Transaction Price: (at February 2024)	HK\$18.8 million
Saleable Area:	6,270 sq.ft.
Unit Rate in Saleable Area:	HK\$2,998/sq.ft.
Last Transaction as at August 2023	
Price Change from Last Transaction:	+44.6%
Overall Market Change from Last Transaction:	-5.0% (Private Flatted Factories- Price Index by RVD)

Kwun Tong



Address:	Unit A3 on 12/F of Block A, Mai Hing Industrial Building, Nos.16-18 Hing Yip Street, Kwai Hing
Transaction Price: (at February 2024)	HK\$8.08 million
Saleable Area:	1,438 sq.ft.
Unit Rate in Saleable Area:	HK\$5,619/sq.ft.
Last Transaction as at June 2018	
Price Change from Last Transaction:	-16.8%
Overall Market Change from Last Transaction:	-10.3% (Private Flatted Factories- Price Index by RVD)

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Latest Industrial Property Market Update

Industrial Property Purchase and Rental Transactions in the Market

Chai Wan



Address:	Units 11-14 on 19/F, Honour Industrial Centre, No.6 Sun Yip Street, Chai Wan
Monthly Rental from November 2023:	HK\$102,890
Saleable Area:	5,245 sq.ft.
Unit Rental in Saleable Area:	HK\$19.6/sq.ft.
Last Tenancy since November 2021	
Rental Compared with Last Tenancy:	-13.4%
Overall Market Change from Last Tenancy:	+3.4% (Private Flatted Factories - Rental Index by RVD)

Tsuen Wan



Address:	Unit B on 12/F, Goodman Tsuen Wan Centre, No.68 Wang Lung Street, Tsuen Wan
Monthly Rental from March 2024:	HK\$66,462
Saleable Area:	3,635 sq.ft.
Unit Rental in Saleable Area:	HK\$18.3/sq.ft.
Last Tenancy since March 2021	
Rental Compared with Last Tenancy:	+15.8%
Overall Market Change from Last Tenancy:	+9.5% (Private Flatted Factories - Rental Index by RVD)

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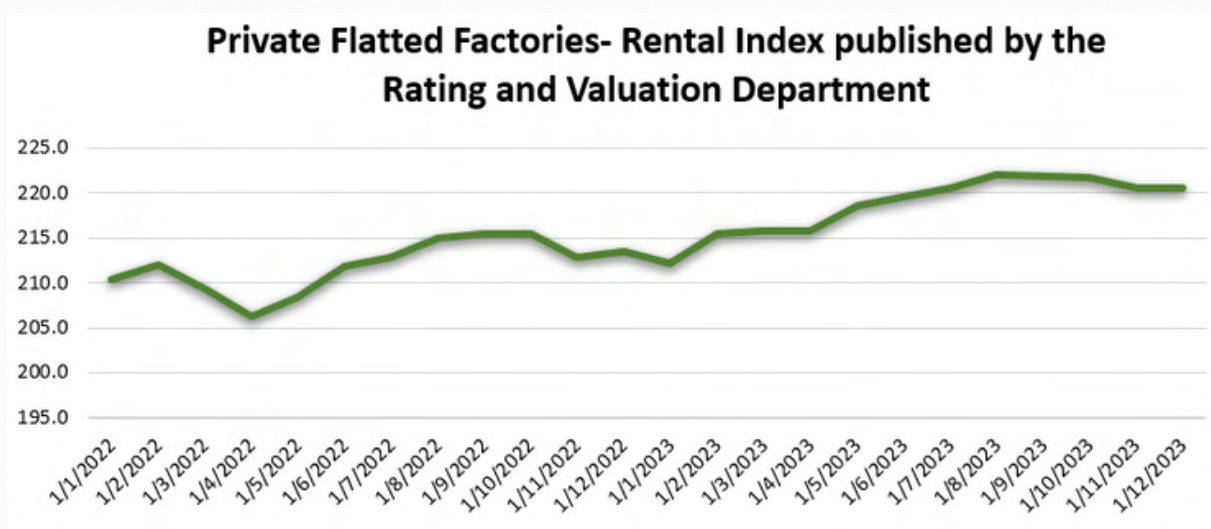
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Latest Industrial Property Market Update

Industrial Property Purchase and Rental Transactions in the Market

Statistics on Industrial Property Transaction Registered by the Land Registry	
Total Registered Transaction Volume in 2023 Q4	374
Volume of Registered Transaction in Jan and Feb	245
Transaction Value of Industrial Property in February	About HK\$1.517 billion
Transaction Value of Industrial Property in January	About HK\$1.107 billion
Monthly Change in Transaction Value	+37.0%
Source of Information: Land Registry and Centaline Property Market Big Data	

As revealed from the statistics by the Land Registry and Rating and Valuation Department, as in the first two months of 2024, there were 245 nos. of transaction registered with the transaction value increased by 37%. However, price index continues to fall. According to the Private Flatted Factories- Price Index, the index has been falling since the highest point reached in 2022 in recent years. In contrast, the latest rental index has reached 220.6, the sixth consecutive month lingering at the record-ceiling figure. We estimate that, benefiting from the coming innovation and technology corporations and the expanding business scales of the industry, the demand for the factory premises shall be supported and thus the rental level in the long run. Without any serious industrial policies changes under the high interest rate environment, pressure on transaction price is anticipated.



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CHINA SNAPSHOT

- **3 Neighborhoods Urban Planning Alteration and Plot Use Adjustment Approved: Kadin District, Shanghai**
- **Urban Villages Regeneration Across the Country Obtains RMB 1 Trillion of Financial Support**
- **Residential Price Index of Major Cities (Feb 2024)**
- **Major Land Transaction (Mar 2024)**

CHINA SNAPSHOT

3 Neighborhoods Urban Planning Alteration and Plot Use Adjustment Approved: Kadin District, Shanghai

February 28, Shanghai Kadin District Planning Bureau approved the plan for Shanghai Kadin Xincheng Juyuan New District JDC1-0403, JDC1-0404 Units with the details of 'Neighborhood 20, 27 and 50'. The three neighbourhoods of total 24.04 hectares.

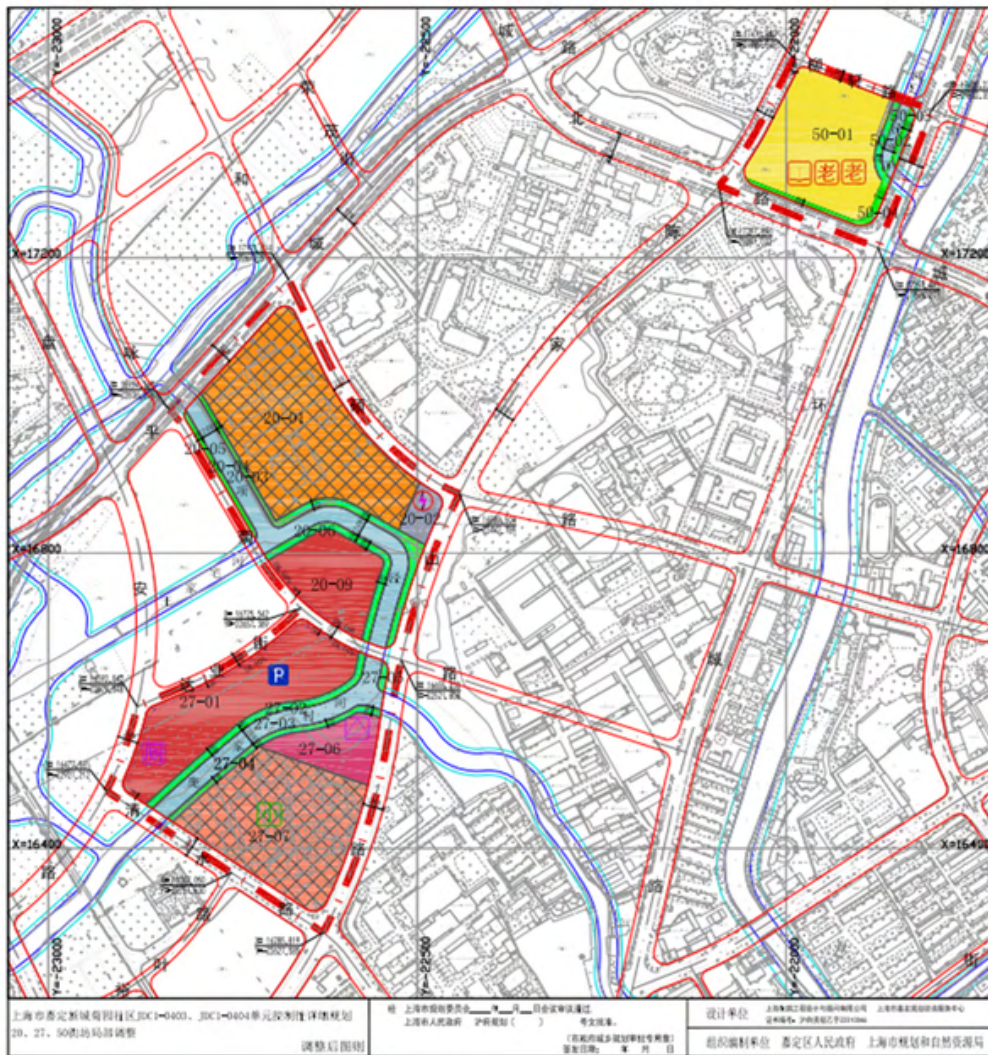
In 'Neighborhood 50', there are a total of 2 lots undergoing adjustment. 50-01 lot is going to adjust from a commercial mixed residential use lot into an R3 residential use land. The total gross floor area will slightly decrease but the height limit is relaxed. A healthcare centre and elderly activity rooms will be added to the development. For the 50-04 lot, it is planned for public green space and the site area will be enlarged.

Regarding 'Neighborhood 20 and 27', overall there are 3 lots that will undergo adjustment. Lot 20-09 will be combined by 2 plots and it is designated as commercial service and office mixed-use land. In 'Neighborhood 27', lot 27-06 has been altered from commercial service use land to cultural use land that includes a technological cultural centre and post office. Lot 27-06 will remain unchanged, as primary schools use land.

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The whole planning adjustment and alteration targets to further satisfy residents' daily needs and improve their livelihood.



3 Neighborhoods Urban Planning Alteration and Plot Use Adjustment Approved in Kadin District, Shanghai.
(Source of Photo: Online Photo)

CHINA SNAPSHOT

Urban Villages Regeneration Across the Country Obtains RMB 1 Trillion of Financial Support

Starting from 2024, the loan granting for urban villages refiguration and alteration for 28 main big cities across the country had speeded up. The credit limit for a total 371 projects had almost reached RMB 1 trillion.

Urban villages are seen as ‘the villages located in the heart of a city’, which is the heritage of the rapid urbanization and industrialization of China. Usually metropolitans like Beijing, Shanghai, Guangzhou, Shenzhen and Chengdu still consist of some large-scale urban villages. Through these villages provide accommodation for many citizens especially those lower-income groups like migrant workers, however different latent risks exist including the aspects of fire safety, security, public order and hygiene and residents’ quality of life. Also, the inconsistency in urban design and city outlook between urban villages and the new developments are contributing to the acceleration of loan granting for urban villages transformation.

Other than reforming and upgrading the city, by investing in early and elderly care, education, property management and fitting-out consumption etc, these can bring positive growth to the economy in the long run.

Currently, there are a few undergoing remarkable plans and the required loan has approved like the ‘Urban Village Renovation Project in Baishigang Area, Dapeng New District, Shenzhen’, ‘Urban Village Reconstruction Project for Xiaowan Village, Muer Village and Other Plots in Tang Town, Pudong New Area, Shanghai’ as well as ‘Urban Village Regeneration Project in Tancun City, Luochongwei Area, Baiyun District, Guangzhou’. The first part of the loan is mainly utilized for expropriation compensation, land resumption and other preliminary work.

It is expected that there will be 1 billion sq.m. of investment scale for the coming 5 years, which embrace private ownership housing and also affordable housing like shared ownership and affordable rental homes.

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CHINA SNAPSHOT

Residential Price Index of Major Cities (Feb 2024)

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	51,739	0.26	Beijing	45,131	0.17
Chongqing	11,664	0.16	Tianjin	15,088	0.65
Guangzhou	24,731	0.11	Shenzhen	52,825	-0.28
Nanjing	25,080	-0.04	Hangzhou	29,942	0.77
Chengdu	13,176	0.73	Wuhan	13,209	-0.05
Dalian	13,564	-0.05	Suzhou	18,542	-0.01
Xi'an	12,451	0.45	Xiamen	29,150	0.02
Ningbo	20,043	0.02	Changsha	9,595	0.04
Wuxi	14,314	0.02	Dongguan	19,286	-0.05
Shenyang	9,799	-0.02	Fuzhou	17,108	0

Source: Fangtianxia Hundred City Price Index

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CHINA SNAPSHOT

Major Land Transaction (Mar 2024)

Guangzhou- Industrial Land	
Transaction Date:	11-03-2024
Address:	Huangpu District YH-Q1-5 Plot
Consideration:	RMB 166,400,000
Usage:	M1 Industrial Use
Site Area:	128,392 sq.m.
GFA:	513,568 sq.m.
Plot Ratio:	4
Accommodation Value/ GFA sq.m.	RMB 324

Ningbo- Retail Commercial and Financial Land	
Transaction Date:	08-03-2024
Address:	Beilun District BLXB04-02-04-01 Plot
Consideration:	RMB 55,150,000
Usage:	Retail Commercial and Financial Use
Site Area:	13,366 sq.m.
GFA:	35,532 sq.m.
Plot Ratio:	2.6
Accommodation Value/ GFA sq.m.	RMB 1,552

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CHINA SNAPSHOT

Major Land Transaction (Mar 2024)

Changsha- Industrial Land	
Transaction Date:	06-03-2024
Address:	Chengdu- Commercial Service and Residential Land
Consideration:	RMB 716,790,000
Usage:	Commercial Service and R2 Residential Land
Site Area:	37,333 sq.m.
GFA:	74,668 sq.m.
Plot Ratio:	2
Accommodation Value/ GFA sq.m.	RMB 9,599

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