

RHL International

# Property Market Express

## 房地產市場快訊

MAY 2024

ISSUE NO.281



(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**

[www.rhl-int.com](http://www.rhl-int.com)

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

- **The Regularization of Standard Rates of Land Premium** P.4-7

## Hong Kong Snapshots

- **Properties Controlling Measures Lifted: Flat in Yuen Long Appreciated by 9% in 4 Months** P.8
- **88WL: Whole Commercial Block in Sheung Wan Transacted for HK\$750M** P.9

## Latest Retail Property Market Update

 P.10-12

## China Snapshot

- **Implementation of ‘Guangzhou Urban Village Renovation Regulation’** P.14
- **Columbarium Flats in Cities Face Legal and Morality Risk** P.15-16
- **Residential Price Index of Major Cities (Mar 2024)** P.17
- **Major Land Transaction (Apr 2024)** P.18-19



## **HONG KONG PROPERTY- MARKET WATCH**

### **The Regularization of Standard Rates of Land Premium**

---

# HONG KONG PROPERTY-MARKET WATCH

## The Regularization of Standard Rates of Land Premium

The arrangement for charging land premium at standard rates for lease modifications for redevelopment of industrial buildings (“IBs”) constructed before 1987 (“pre-1987 IBs”) with the scope expanded to cover IBs for special industrial use is officially regularized, and pilot scheme is introduced to be applicable to agricultural land in the New Territories (“NT”) outside new development areas (“NDAs”).

Under the established conventional mechanism, land premium for lease modifications is assessed by the Lands Department (LandsD) on a case by case basis (i.e. difference in the land value between the new lease after modification (After Value) and the existing lease prior to modification (Before Value)). The standard rates approach is first introduced in 2021 and further been applied to the development of NDAs under the Enhanced Conventional New Town Approach (“ECNTA”).

Under the standard rates approach, land premium is calculated by the deduction of land value between the ones before and after lease modification while the land value is based on the standard rates adopted by the Development Bureau (“DevB”) for the district multiplied by the area designated for the lease specified uses, minus the construction costs for the building of any governmental facilities.

With the pilot scheme regularized, prescription of standard rates is based on 5 geographical regions, with refinements taking into account stakeholders’ views and implementation experience. Staying within the confines of pre-1987 IBs, the scheme is expanded to cover pre-1987 IBs for special industrial uses, i.e. IBs held under leases for special industries (e.g. leather tanning, garment manufacturing, food production etc.).

---

*"Professional Practice in Land and Planning Matter"*

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

According to the latest released new standard rates by the Lands Department after revision for the first time, the Before Value for industrial premises is between HK\$1,486/sq.ft. and HK\$2,880/sq.ft., a drop of 20% to 23% since March 2023. The land value for special industrial uses remains to be 70% of the ordinary industries' land value.

For the After Value, land value of commercial or modern industrial uses are down by 20%, the overall unit rates across each district range from HK\$2,230/sq.ft. to HK\$5,574/sq.ft. while the one for domestic use is diminished by about 38% to the unit rates from HK\$3,159/sq.ft. to HK\$7,479/sq.ft..Recording an obvious drop in after value for domestic use than industrial use, the land premium payable for changing an industrial plot into domestic use would be down by at least 40%.

Following the regularization, all the standard rates would be reviewed once a year instead of once in a two-year time in relation to the latest market development. We believe that such arrangement can ensure every application submitted in different moments to be handled fairly with a land premium close to the market conditions and provide a certainty to applicants.

The authority's information reveals that, the pilot scheme for IB redevelopment has noticeably boosted the number of completed cases and shortened the processing time: a total of 13 redevelopment projects with premium concluded at standard rates over 2 years with time for premium assessment reduced to 1 month. We anticipate that, as the examination process becomes smoother and applied to a wider scope, the transformation of IBs must be speeded and a new environment shall be brought to the industrial areas and more way outs to different market participants.

---

*"Professional Practice in Land and Planning Matter"*

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

In addition, the government is yearning to develop Northern Metropolis, pilot scheme is also launched to NT agricultural land outside NDAs. The first phase will cover the existing new town areas within 3 districts, namely Yuen Long, North, and Tuen Mun, as well as areas in the vicinity of existing or proposed railway stations (i.e. within 1-kilometre radius) within these 3 districts. The applicable scope will be divided into 10 zones.

With reference to the latest premium payable level issued by the Lands Department, the After Value for domestic use at the areas within Yuen Long town centre, Hung Shui Kiu Station, Kam Sheung Road Station, Tin Shui Wai Station, San Tin Station, Ngau Tam Mei Station, Au Tau Station, Fanling/ Sheung Shui town centre, Kwu Tung Station ranges from HK\$2,369/sq.ft. to HK\$3,159/sq.ft..

Before Value of “Agricultural”, “Domestic” or “Non-domestic” uses are available within the above 10 zones. All agricultural use in these 10 zones are unanimously set at HK\$418/sq.ft. while house lot ranges from HK\$1,951/sq.ft. to HK\$2,462/sq.ft..

Although the choice of zoning can guide the market to concentrate resources on agricultural land with better transportation facilities, community planning and supporting facilities to implement high-density development, release land potential and speed up the supply of land and housing, however, we hope that the authorities should remain flexible when implementing the plan. Comprehensive and timely review of the applicable scope shall be carried out regularly to prevent the development of areas outside the 10 zones from falling behind or even being ignored.



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

---

*"Strategic Investment Advisory & Agency"*

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

## HONG KONG SNAPSHOTS

### Properties Controlling Measures Lifted: Flat in Yuen Long Appreciated by 9% in 4 Months

A property owner has disposed her property which acquired within half year, after the announcement of the suspension of all “Demand-side Management Measures for Residential Properties” in the latest “Budget”, according to market information. Without any bargain, the property was sold with a value increased by 9%.

The transacted property was Flat A on the mid-floor of Hing Fat House at Kau Yuk Road in Yuen Long. The flat was a 2-bedroom apartment with a saleable area of 339 sq.ft.. Slightly one week after the listing of the property in the market, a first-time buyer had purchased the flat with no bargain at the price of HK\$3.05 million, at a unit rate of HK\$8,997/sq.ft..

The seller had only bought the property at a price of HK\$2.8 million in December 2023 for self-occupancy. Subsequent to the policy changes, she decided to dispose the property in less than 4 months’ time, a profit in book value of HK\$250,000 is recorded and property value inflated by 9%.



A property owner had successfully disposed her flat within 4 months since her acquisition with a value inflated by 9%.  
(Source of Photo: RHL Photo Base)

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

- *Consultancy Services in Greater Bay Area*

## HONG KONG SNAPSHOTS

### 88WL: Whole Commercial Block in Sheung Wan Transacted for HK\$750M

According to media reports, large value transaction of commercial building have been recorded lately. The entire commercial building, 88WL, in Wing Lok Street, Sheung Wan, held by a fund was recently sold at a price of HK\$750 million.

The 24-storey building is with an area of approximately 3,988 to 4,253 sq.ft. per floor. The 7th to 10th floors on the lower floors are mainly used for restaurants and fitness centres. The upper floors are divided into 6 units used for traditional office spaces due to the relatively open views. Based on a total floor area of about 90,199 sq.ft., the average unit rate is HK\$8,315/sq.ft.. The property has been put on sale for more than a year, and the intended price was lowered from the original HK\$1.39 billion to HK\$900 million. The property was then successively negotiated and been accepted at a consideration of about HK\$750 million.

Occupation Permit of the building has been issued in 2022; current occupancy rate is about 50% with the average unit rental of about HK\$40/sq.ft..



The entire commercial building 88WL in Sheung Wan was recently sold at a price of HK\$750 million. (Source of Photo: RHL Photo Base)

*"Professional Practice in Land and Planning Matter"*

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

# Latest Retail Property Market Update

*Retail Property Purchase and Rental Transactions in the Market*

## Mong Kok



Address:	Shop F2 on 1/F, Sin Tat Plaza, No.83 Argyle Street
Transaction Price: (at March 2024)	HK\$1.98 million
Saleable Area:	72 sq.ft.
Unit Rate in Saleable Area:	HK\$27,500/sq.ft.
Last Transaction as at January 2011	
Price Change from Last Transaction:	-76.4%
Overall Market Change from Last Transaction:	+53.0% (Private Retail- Price Index by RVD)

## Sheung Wan



Address:	Shop No.7 on G/F, Kai Fung Building, Nos. 189-205, 195A-203A Queen's Road Central, Sheung Wan
Transaction Price: (at February 2024)	HK\$10.48 million
Saleable Area:	174 sq.ft.
Unit Rate in Saleable Area:	HK\$60,230/sq.ft.
Last Transaction as at April 2006	
Price Change from Last Transaction:	+125.4%
Overall Market Change from Last Transaction:	+189.9% (Private Retail- Price Index by RVD)

*"Professional Practice in Land and Planning Matter"*

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

# Latest Retail Property Market Update

*Retail Property Purchase and Rental Transactions in the Market*

## Causeway Bay



Address:	Shop 1 on G/F, Gold Swan Commercial Building, Nos.438-444 Hennessy Road, Causeway Bay
Monthly Rental from March 2024:	HK\$65,000
Saleable Area:	493 sq.ft.
Unit Rental in Saleable Area:	HK\$131.8/sq.ft.
Last Tenancy since March 2021	
Rental Compared with Last Tenancy:	0%
Overall Market Change from Last Tenancy:	+2.8% (Private Retail - Rental Index by RVD)

## Yuen Long



Address:	Shop 4 on G/F and Cockloft, Campbell House, No.9 Kik Yeung Road, Yuen Long
Monthly Rental from February 2024:	HK\$74,000
Saleable Area:	750 sq.ft.
Cockloft Area:	664 sq.ft.
Unit Rental in Saleable Area:	HK\$98.7/sq.ft.
Last Tenancy since January 2020	
Rental Compared with Last Tenancy:	-15.9%
Overall Market Change from Last Tenancy:	-2.5% (Private Retail - Rental Index by RVD)

*"Strategic Investment Advisory & Agency"*

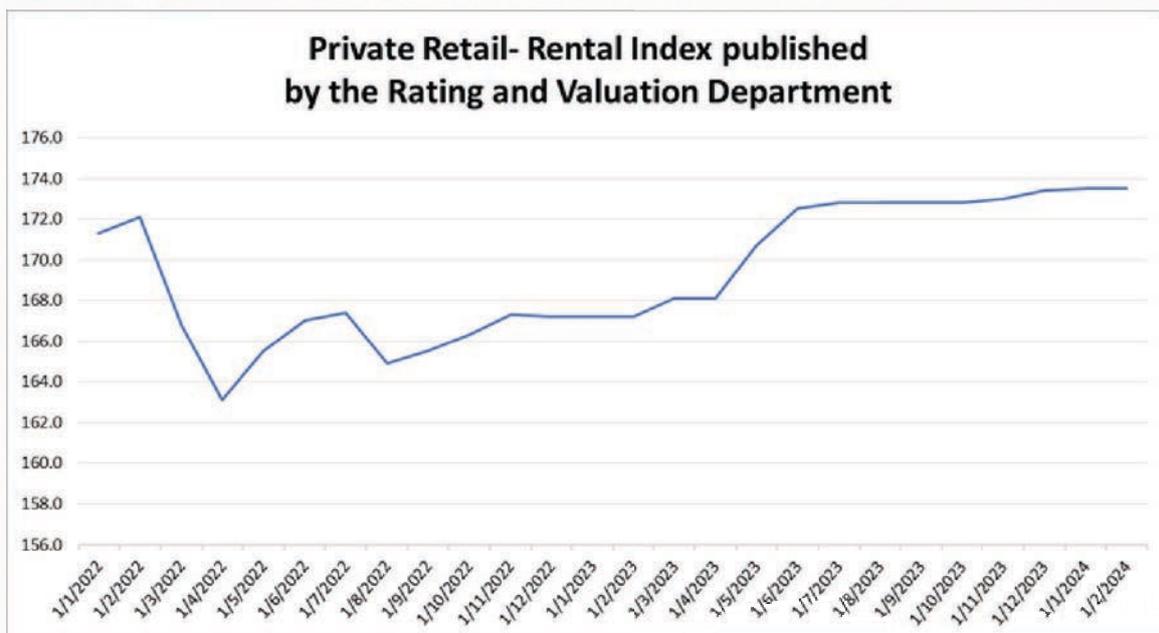
- *Negotiation between Transaction Parties*
- *Provide Transaction Advisory Services*

# 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 2024 Q1	182
Transaction Value of Retail Property in March	About HK\$4.389 billion
Transaction Value of Retail Property in February	About HK\$0.571 billion
Monthly Change in Transaction Value	+668.7%
Source of Information: Land Registry and Centaline Property Market Big Data	

During the past Easter holidays, many of the citizens have chosen to travel abroad and heading north to the mainland China has been a top choice. Customers flow at shops in Hong Kong turned to be low. Even so, according to the Private Retail- Rental Index published by the Rating and Valuation Department, the latest index has reached 173.5, the highest point since April 2022 when the index grounded on the lowest level. Although the figure is still lagging-behind from the peak in 2019, as Easter holiday is one of the major travel seasons for Hong Kong citizens, based on the current rebounding tourists industry, we estimate that the retail property market shall follow this pace to improve steadily.



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

• *Consultancy Services in Greater Bay Area*



## **CHINA SNAPSHOT**

- **Implementation of ‘Guangzhou Urban Village Renovation Regulation’**
- **Columbarium Flats in Cities Face Legal and Morality Risk**
- **Residential Price Index of Major Cities (Mar 2024)**
- **Major Land Transaction (Apr 2024)**

## CHINA SNAPSHOT

# Implementation of 'Guangzhou Urban Village Renovation Regulation'

On 29th March, Guangdong Provincial Department of Housing and Urban-Rural Development Website approved the implementation of 'Guangzhou Urban Village Renovation Regulations'. Like the common issues of the major metropolitan in China, the urban villages in Guangzhou encountered issues in environmental, transportation, public service and fire safety aspects. However, these issues always fail to be resolved fundamentally if no significant alteration or regeneration is going to be adopted. To facilitate the process, this regulation pinpointed in the aspects of collectively-owned-land resumption, expropriation compensation standards, land acquisition compensation & resettlement plans together with affordable housing construction etc..

Regarding the qualification of proposal launching, the regulation stated that before the demolition of urban villages, the local government will organize a consultation regarding the resident's intentions. Only by gaining the consent of both 66.6% of residents above 18 years old and 66% of agricultural collective economic organization members in the subject urban village, the regeneration plan shall be launched.

For the land resumption progress, the policy explained the land will be first compensated by market value on a fair and reasonable basis according to the on-site surveying of the location, tenure, usage classes, site area, and the superstructures that have been erected together with the crops. After that, will relocate the villagers to other places like temporary housing to resettle them in a short time. To assist the regeneration, the right to use collectively-owned land will be recaptured by the government in paying compensation in fair basis. The compensation standard will be formulated by the local council and published publicly with no single organization or person to adjust.

It is quite widespread that illegal and unauthorized non-residential class properties and ancillary superstructures are built inside the urban village, based on the continuous use by villagers and their livelihoods, the government will consult viewpoints from various parties and digest them to adopt possible discretionary methods to tackle those issues.

---

*"Professional Practice in Land and Planning Matter"*

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

---

## CHINA SNAPSHOT

# Columbarium Flats in Cities Faces Legal and Morality Risk

Funeral and interment, a mandatory topic for all of the people, however, the related assets are facing the issue of high grave prices, high management fees, short lease terms and remote locations etc. These created a lot of obstacles for the relatives to settle the cinerary caskets.

The people in tier 1 and 2 cities struggle the most with the above situation, which leads to the spring of 'Columbarium' in residential estates. Those commodity estates that are located relatively remoted with lower prices are gradually becoming the hidden gems to settle the cinerary caskets.

However, this trend is illegitimate as it breached the land usage stated in 'Code for Classification of Urban Land Use and Planning Standards of Development Land' which was implemented in 2011. Commodity housing is categorized as classes R1 or R2 while residential units changed to situating loads of cinerary caskets belongs to class H3. Meanwhile, owing to the traditions, to avoid the sunlight shining on the caskets, all of the windows inside the 'columbarium flats' will be bricked and blocked without any gap left. This violated the residential building regulation in enjoying enough sunshine and fresh air to the indoor environment. Fire safety is another concern as the relatives may perform some etiquettes including burning offers or oblations to pay homage to ancestors.

Other than the breach of law, the 'columbarium flats' are also harmful to social harmony and the neighbourhood's living quality. Based on the conventional Chinese culture, it was unideal and unfortunate to live near the graves or related assets. The residents who live in the subject developments or nearby may face some psychological concern which can further constitute emotional anguish. Under this situation, the residents can request restoration of initial land use and compensation for mental damage solatium via legal means.

---

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

• *Consultancy Services in Greater Bay Area*

In the valuation professionalism aspect, the premises that had altered into columbarium flats had perpetrated the property law and associated regulation, which can prohibit any mortgage and even open public transaction. Despite the reconfiguration of houses back to the initial purely residential use, the market values must deteriorate as it can be classified as 'haunted'. This will be treated the same as the residence where unnatural death embraces suicide and murder. The market value must need to embody a discount. The next door flats may also face the drop in value simultaneously. The participating parties including agents, potential buyers, valuers and bankers should have the right to know before any transaction is going to occur. The sellers and agents are responsible for reporting the history of utilizing the flats for funeral usage to prevent any legal consequences and moral risk. The relevant bureaus shall undertake prompt legislative means to tackle the current issue.



Those commodity estates that are located relatively remoted with lower prices are gradually becoming the hidden gems to settle the cinerary caskets.

(Source of Photo: Online Photo)

## CHINA SNAPSHOT

### Residential Price Index of Major Cities (Mar 2024)

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	52,305	1.09	Beijing	45,259	0.28
Chongqing	11,660	-0.03	Tianjin	15,105	0.11
Guangzhou	24,706	-0.10	Shenzhen	52,911	0.16
Nanjing	25,106	0.10	Hangzhou	30,063	0.40
Chengdu	13,284	0.82	Wuhan	13,217	0.06
Dalian	13,554	-0.07	Suzhou	18,606	0.35
Xi'an	12,455	0.03	Xiamen	29,149	0
Ningbo	20,121	0.39	Changsha	9,590	-0.05
Wuxi	14,342	0.19	Dongguan	19,279	-0.04
Shenyang	9,796	-0.03	Fuzhou	17,116	0.05

*Source: Fangtianxia Hundred City Price Index*

*"Professional Practice in Land and Planning Matter"*

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

## CHINA SNAPSHOT

### Major Land Transaction (Apr 2024)

Hangzhou- Commercial and Financial Use Land	
Transaction Date:	18-04-2024
Address:	Hangzhou City, Xiaoshan District Plot
Consideration:	RMB 1,135,730,000
Usage:	Commercial and Financial Use Land
Site Area:	58,694 sq.m.
GFA:	264,123 sq.m.
Plot Ratio:	4.5
Accommodation Value/ GFA sq.m.	RMB 4,300

Shanghai- Residential Land	
Transaction Date:	16-04-2024
Address:	Shanghai Minhang District
Consideration:	RMB 2,555,930,000
Usage:	Residential Land
Site Area:	50,294 sq.m.
GFA:	60,353 sq.m.
Plot Ratio:	1.2
Accommodation Value/ GFA sq.m.	RMB 42,350

*"Professional Practice in Land and Planning Matter"*

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

## CHINA SNAPSHOT

### Major Land Transaction (Apr 2024)

Shanghai- Industrial Land	
Transaction Date:	27-03-2024
Address:	Shanghai Fengxian District Industrial Development Zone 07A-02A-03 Plot
Consideration:	RMB 124,560,000
Usage:	Industrial Land
Site Area:	69,196 sq.m.
GFA:	138,393 sq.m.
Plot Ratio:	2
Accommodation Value/ GFA sq.m.	RMB 900

*"Strategic Investment Advisory & Agency"*

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



## 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

©2024 All right reserved by RHL.

