

RHL International

# Property Market Express

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**HONG KONG PROPERTY**  
香港物業市場透視

**MAINLAND CHINA PROPERTY**  
中國內地物業市場透視

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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**

### **Acquiring Lands with Loyalty**

# HONG KONG PROPERTY-MARKET WATCH

## Acquiring Lands with Loyalty

The land sales market continues to be inactive this year. Mr Christopher Hui, the Secretary for Financial Services and the Treasury, responded to a question from the member of the Legislative Council earlier and said that the total land revenue from land sold through tenders this financial year, as well as the income from land transactions involving private treaties, lease modifications, land exchanges, etc., as of the end of October this year, was only about HK\$3.7 billion, only about 11% of the HK\$33 billion in land premium revenue proposed in the budget. In the past year, no matter whether the government land sales, MTR or Urban Renewal Authority tender projects were rejected or withdrawn due to different factors. As the author writes this article, the MTR Corporation once again solicits expressions of interest for the first phase of the Tung Chung East Station project, which failed to tender a year ago. In addition, the government recently announced the preliminary development plan for Ngau Tam Mei in the northern metropolitan area. What will be the future of Hong Kong's land sale market like?

Last year, the first phase of the Tung Chung East Station project was ultimately rejected because it did not receive any tender documents. This time, in order to increase developers' interest in bidding, the MTR has relaunched the "subdivided" project on the market, reducing the bulk of development by more than half. There is only about 322,900 sq.ft. of residential floor space available to provide about 600 units without shopping spaces. Although project investment costs are expected to be significantly reduced, the overall property market sentiment has not improved obviously after the interest rate cut. In addition, there will be a lot of new lands in Tung Chung in the future. Even if the project scale is reduced, it is conservative for developers to place their tenders for the project.



A conceptual diagram of the  
Tung Chung East development area.  
( Source of Photo: news.gov.hk )

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At the same time, the Development Bureau announced the preliminary development plan for Ngau Tam Mei, where is located in the "Innovation and Technology Zone" in the Northern Metropolis. The overall plan involves 127 hectares of development land, one-third of which is allocated for the development of a university town, and an additional 18 hectares of land shall be used for residential development projects, with 12,000 to 13,000 units built, mainly private domestic buildings. It is estimated that about 32,000 to 36,000 new population will be accommodated in the area. Judging from the current residential transactions and leasing in areas around other universities in Hong Kong, it is believed that residential properties near the new university town will also be popular among students or investors in the future. Hence, it is expected that developers will have greater interest in residential lands of this area.

However, just imagine that you were the decision-maker of a developer, although the epidemic has been overcome and property market control measures have been withdrawn, the economic outlook is uncertain, middle-class population left the city, and interest rate cuts are not helping the market to recover, in addition, the U.S. President-elect Trump's policy attitudes towards China, it is believed that there will be some scruples in land investments in the short term. The market will undoubtedly pour scorn on the Tung Chung East project when the government vigorously promotes the development of the Northern Metropolis.

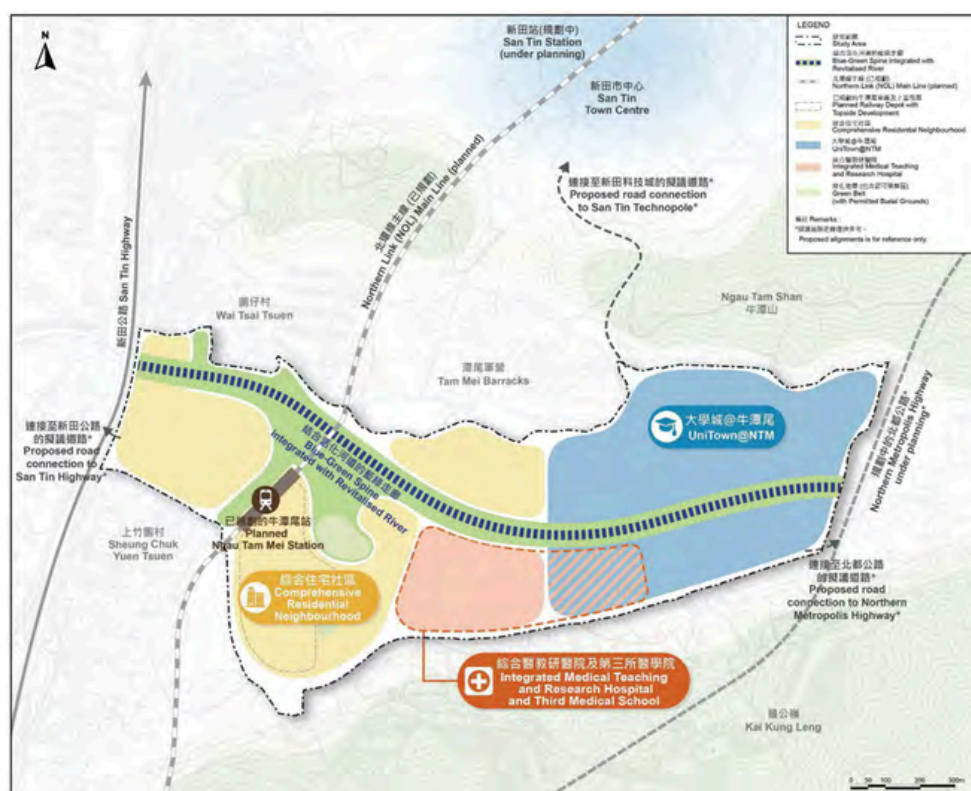
The writer believes that comparing Tung Chung East and Ngau Tam Mei is a bit extreme. As the Northern Metropolis has an important political task in the planning vision for Hong Kong and even accelerating the integration of Hong Kong with the mainland. On the contrary, the Tung Chung New Town expansion plan, including Tung Chung East and Tung Chung West, is just embracing another very different planning vision to further develop the original Tung Chung New Town into a comprehensively planned new town to accommodate a larger population and provide adequate district and territorial community facilities. What the writer wants to express is that the grand planning vision of a region has, to some extent, established the prospects for land investment in the region.

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Having said that, the writer still sees a relatively stable improvement in the future land sales situation in Hong Kong after the central officials headed south and met with Hong Kong's business community earlier and made multiple demands to them, including requiring them to continue to be the main force in promoting economic development, firmly support the Hong Kong government in implementing its long-term development plan, adhere to corporate social responsibilities, and contribute more to improving people's livelihood and well-being. Being a Hong Kong's based developer and looking north to the Mainland, after receiving these instructions, it is believed that developers will show their support to the central and SAR governments through actions.



Future development distribution plan of Ngau Tam Mei.  
(Source of Photo: Paper from the Legislative Council Panel on Development.)



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

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## HONG KONG SNAPSHOTS

### 1-Bedroom Flat Depreciated by 30% in 5 Years: Cullinan West, Nam Cheong Station

Second-hand property prices continue to be under pressure. A one-bedroom unit of Cullinan West at Nam Cheong Station was sold earlier for HK\$6.6 million, at the unit rate of HK\$18,857/sq.ft.. The original owner purchased the unit 5 years ago. The current transaction loss is approximately HK\$2.702 million, and the property has been depreciated by nearly 30%.

Based on market information, the property is Flat F on the middle floor of Tower 3B of Cullinan West at Nam Cheong Station, which has a saleable area of 350 sq.ft. and a bedroom. The original owner put it on the market more than a year ago with an asking price of HK\$8 million. The asking price has been lowered since then.

According to estimation, the current market rent of the property is approximately HK\$21,000 per month, and the new buyer is expected to enjoy a rental return of approximately 3.8%.

The original owner purchased the property at a price of HK\$9.302 million in June 2019 and held it for about 5 years. The book loss from today's transaction is about HK\$2.702 million with a depreciation of 29% during the period.

The property is Flat F on the middle floor of Tower 3B of Cullinan West at Nam Cheong Station, enjoying an urban building view.  
(Source of Photo: RHL Photo Base)



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## HONG KONG SNAPSHOTS

### Transaction Price of a Single-Bedroom Flat Down By 22% in 6 Years: Royal Peninsula, Hung Hom

A one-bedroom unit at Royal Peninsula in Hung Hom was recently sold for HK\$6.15 million. The original owner recorded a book loss of HK\$1.78 million or 22% after 6-year of ownership. This unit is a Flat B on the low-level of Block 2, with a saleable area of 493 sq.ft.. This single-bedroom unit faces north over the old district of Hung Hom. Based on the transaction price of HK\$6.15 million, the unit rate of the property is HK\$12,475/sq.ft..

According to reports, the new buyer is a mainland professional who has been in Hong Kong for a few months. Seeing the interest rate cuts from major banks in Hong Kong, the cost of home ownership has dropped slightly, and with the newly-renovated condition of the flat, the buyer has decided to purchase the property for own use within 3 days of viewing the property.

The original owners purchased the property for HK\$7.93 million in February 2018 and held it for 6 years. The property was now resold with a loss of HK\$1.78 million and depreciated by 22%.

The transacted property is Flat B on the low-level of Block 2 at Royal Peninsula in Hung Hom, and its transaction price has dropped by 22% in 6 years.

(Source of Photo: RHL Photo Base)



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# Latest Office Property Market Update

*Office Property Purchase and Rental Transactions in the Market*

## Admiralty



Address:	Unit 3, 33/F, Tower 1, Lippo Centre, No.89 Queensway, Admiralty
Transaction Price: (at October 2024)	HK\$42.174 million
Saleable Area:	2,110 sq.ft.
Unit Rate in Saleable Area:	HK\$19,988/sq.ft.
Last Transaction as at June 2006	
Price Change from Last Transaction:	+64.6%
Overall Market Change from Last Transaction:	+111.7% (Grade A Private Offices- Price Index by RVD)

## Kowloon Bay



Address:	Office 1, 25/F (with Flat Roof), First Group Centre, No. 23 Wang Chiu Road, Kowloon Bay
Transaction Price: (at August 2024)	HK\$100.359 million
Saleable Area:	7,248 sq.ft.
With Flat Roof:	1,560 sq.ft.
Unit Rate in Saleable Area:	HK\$13,846/sq.ft.
*First Hand Property Transaction	

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# Latest Office Property Market Update

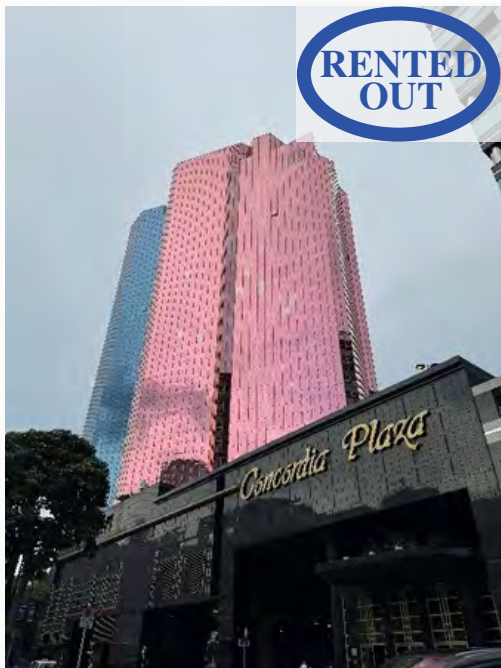
*Office Property Purchase and Rental Transactions in the Market*

## Wan Chai



Address:	Whole Floor of 23/F, Six Pacific Place, Nos.48-56 Queen's Road East, Wan Chai
Monthly Rental from September 2024:	HK\$514,300
Saleable Area:	7,347 sq.ft.
Unit Rental in Saleable Area:	HK\$70/sq.ft.

## Tsim Sha Tsui



Address:	Units 2 and 3, 20/F, Concordia Plaza, No.1 Science Museum Road, Tsim Sha Tsui
Monthly Rental from September 2024:	HK\$50,000
Saleable Area:	1,719 sq.ft.
Unit Rental in Saleable Area:	HK\$29.1/sq.ft.

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# Latest Office Property Market Update

## Office Property Purchase and Rental Transactions in the Market

Statistics on Office Property Transaction Registered by the Land Registry	
Volume of Registered Transaction in 2024 Q2	180
Volume of Registered Transaction in 2024 Q3	129
Transaction Value of Office Property in September	About HK\$1.992 billion
Transaction Value of Office Property in October	About HK\$1.308 billion
Monthly Change in Transaction Value	-30.7%
Source of Information: Land Registry and Centaline Property Market Big Data	

Summarizing the market statistics from the Land Registry and Centaline Property Market Big Data, although the transaction volume of the office property has been increased in Q2 of this year, it then fell again in Q3 while transaction value continues to rise slowly. Yet, the rental level is continuing its down arrow. According to the Grade A Private Offices Rental Index published by the Rating and Valuation Department (“RVD”), the latest index has dropped to 215.2, falling from the highest point in June 2019 for the consecutive 5 years. Meanwhile, price index keeps on its track to dive to the level dated back to the year 2012. We believe that, with the relative sufficient supply of Grade A office and fewer demands than before, the rental level could be hard to rebound shortly.





## **MAINLAND CHINA SNAPSHOT**

- **Shenzhen's Residential Property Transactions in October Hit a Three-year High**
- **China Cuts Property Deed Tax and Unveils New Tax Breaks to Boost Real Estate Market**
- **Residential Price Index of Major Cities (October 2024)**
- **Major Land Transaction (November 2024)**

## MAINLAND CHINA SNAPSHOT

# Shenzhen's Residential Property Transactions in October Hit a Three-year High

According to statistics, Shenzhen logged 4,675 pre-sale new home transactions in October 2024, soaring 99.5% MoM or 43.3% YoY. Among them, 4,153 were online residential transactions, a surge of 146.3% MoM and reaching a 35-month high.

In addition, Shenzhen also performed well in the second-hand property market, and the transaction volume of second-hand homes on the market has shown a continuous growth trend recently. Shenzhen recorded 8,269 second-hand home transactions in October, with an uptick of 117% MoM or 122.5% YoY, hitting a 45-month high. Among them, the transfers reached 6,118 units with an uptick of 91.7 MoM, reaching a new high in nearly 43 months.

In terms of residential demand, transactions for properties smaller than 90 square meters accounted for 61.7% of the total transactions in October, increased 1.7% from the previous month. The transaction share in areas such as Bao'an, Longgang, and Pingshan has also risen. It also suggests that the increase in the number of transactions for smaller homes away from the city center is helping to release the pressure on housing in city centers such as Luohu District and Nanshan District.



Conceptual image of a new housing development in Shenzhen.  
(Source of Photo: Online Photo)

Policy adjustments such as lowering the downpayment ratio and shortening the VAT period boosted buyers' confidence. Transactions in both the new and second-hand property markets grew significantly, reaching record highs, reflecting not only the strong recovery of Shenzhen's property market, but also the increased confidence of homebuyers in the market.

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## MAINLAND CHINA SNAPSHOT

# China Cuts Property Deed Tax and Unveils New Tax Breaks to Boost Real Estate Market

According to a guideline jointly issued by several central government departments on 13 November, China has cut property taxes in another round of measures aimed at shoring up the country's beleaguered real estate market. The tax cuts, which will be active in December, are the latest move to support the Chinese property market.

Firstly, China has decided to lower the home purchase deed tax to as low as 1% for first and second homes in a bid to boost activity in the housing market. Previously, first-time buyers in most Chinese cities had to pay a 1.5% deed tax when buying a property with more than 90 square meters. Starting in December, first-time home buyers across the country will now be charged a deed tax of only 1% when purchasing a property with a floor space of up to 140 square meters, and above 140 square meters will be 1.5% for the first homes and 2% for second homes. Especially for people planning to buy second homes in first-tier cities — Beijing, Shanghai, Guangzhou and Shenzhen — will enjoy the most significant benefit from the new policy, as anyone purchasing a second home in the first-tier cities must now pay a 3% deed tax.

Meanwhile, homeowners will now be exempt from VAT when selling any property that they have owned for more than two years, including homes previously classified as “non-ordinary dwellings.” (such as mansions or luxury flats) according to the new policy. Previously, the sales of properties deemed ‘non-ordinary dwellings’ were subject to 5% VAT, which often cost owners lots of money.

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Recently, the country's central bank has cut mortgage rates and lowered down payment requirements for purchases of second properties, which already have a tangible impact on the market. The newly announced tax cuts will likely provide a direct stimulus to sales of medium to large size homes, which will help households purchase rigid properties and upgrade their living conditions. The changes will also boost the real estate markets of first-tier cities like Shanghai, help developers release their inventories, and alleviate financial difficulties.



One of the general offices of the State Taxation Administration.  
(Source of Photo: Online Photo)

## MAINLAND CHINA SNAPSHOT

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

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	55,270	1.09	Beijing	45,562	0.28
Chongqing	11,645	0.05	Tianjin	15,199	0.11
Guangzhou	24,687	0.09	Shenzhen	52,755	0.05
Nanjing	25,225	0.29	Hangzhou	30,515	0.41
Chengdu	13,663	0.66	Wuhan	13,230	-0.04
Dalian	13,629	-0.07	Suzhou	18,741	-0.08
Xi'an	12,852	0.23	Xiamen	29,150	-0.48
Ningbo	20,028	-0.20	Changsha	9,600	0.24
Wuxi	14,358	-0.03	Dongguan	18,999	0.22
Shenyang	9,820	0.16	Fuzhou	17,271	0.02



## MAINLAND CHINA SNAPSHOT

### Major Land Transaction (November 2024)

Beijing- Residential Land	
Transaction Date:	05-11-2024
Address:	R2 Type II Residential Land, Parcel HD-GDS-002 Renovation Project, Penghu Area, Gongde Temple, Hiandian District, Beijing
Consideration:	RMB 6,382,500,000
Usage:	R2 Residential
Site Area:	42,463 sq.m.
GFA:	89,173 sq.m.
Plot Ratio:	2.1
Accommodation Value/ GFA sq.m.	RMB 71,574

Guangzhou- Industrial Land	
Transaction Date:	31-10-2024
Address:	East of Zhong Chuan East Road, North of Bin He Road,Sui Gang Intelligent Manufacturing Base, Dagang Town, Nansha District
Consideration:	RMB 176,380,000
Usage:	M1 Industrial
Site Area:	188,236 sq.m.
GFA:	752,944 sq.m.
Plot Ratio:	4
Accommodation Value/ GFA sq.m.	RMB 234

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## MAINLAND CHINA SNAPSHOT

### Major Land Transaction (November 2024)

Shanghai- Commercial Land	
Transaction Date:	31-10-2024
Address:	Lot 2E8-17, Block C000101, Meiyuan Community, Pudong District
Consideration:	RMB 3,440,530,000
Usage:	Office
Site Area:	9,635 sq.m.
GFA:	125,251 sq.m.
Plot Ratio:	13
Accommodation Value/ GFA sq.m.	RMB 27,469

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