Hong Kong Property Market

Monthly Digest

Vigers Research | Aug 2022

LAND SALES RESULTS

Lot No.	Location	Usage	Site Area (sq ft) (approx.)	GFA (sq ft) (approx.)	Price (HK$M)	A.V. (HK$ psf)	Winner(s) / Remark
1078 in Survey District No. 3	Off Anderson Road, Kwun Tong Kowloon	Commercial	63,292.32	139,243	766.0	5,501	Link REIT

Sources: Lands Department and Vigers Research

UPCOMING TENDER PROJECTS

Lot No.	Location	Usage	Site Area (sq ft) (approx.)	Max. GFA (sq ft) (approx.)	Tender closing date
STTL 643	Hin Wo Lane, Shatin, New Territories	Residential	14,890	89,339	16 September 2022
TMTL 561	Castle Peak Road – Tai Lam, Tuen Mun, New Territories	Residential	362,887	1,306,392	30 September 2022

Sources: Lands Department, market information and Vigers Research

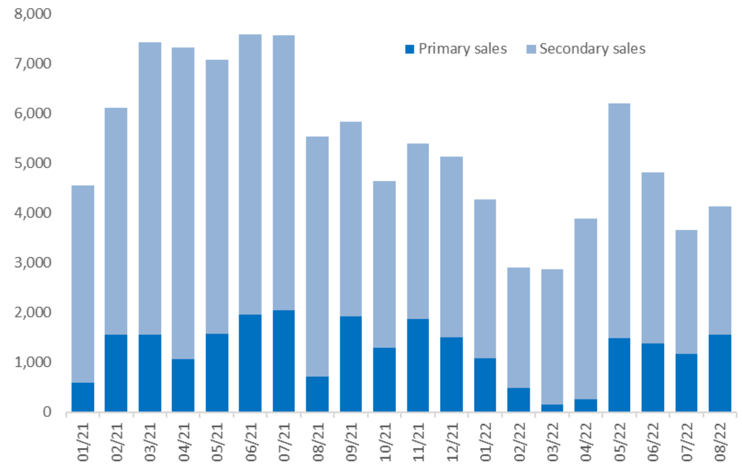
KEY ECONOMIC INDICATORS

Indicator		Latest	(Period)
Real GDP growth (in chained 2020 dollars)	(% change y-o-y)	-1.3	(Q2/2022)
Composite consumer price index growth	(% change y-o-y)	+1.9	(Jul)
Unemployment rate (seasonally adjusted)	(%)	4.1	(Jun-Aug)
Retail sales (value)	(% change y-o-y)	+4.1	(Jul)
Visitor arrivals	(% change y-o-y)	+454	(Jul)

Sources: Census & Statistics Department and Vigers Research

RESIDENTIAL SALES & PURCHASES AGREEMENTS

Unit: Number of transactions



Sources: The Land Registry, Market Sources and Vigers Research

SNAPSHOT OF RESIDENTIAL PROPERTY

1,564 cases
↑ *33%* m-o-m
Total S&P Volume
(Primary market)

2,573 cases
↑ *3%* m-o-m
Total S&P Volume
(Secondary market)

376.1 pts
↓ *1.65%* m-o-m
Price Index
(July 22)

178.9 pts
↑ *0.62%* m-o-m
Rental Index
(July 22)

Sources: The Land Registry, Rating and Valuation Department, Vigers Research

SELECTED RESIDENTIAL PROPERTY SALES TRANSACTIONS

LUXURY RESIDENTIAL	District	S.A.	Price	Price
		(sq ft)	(HK$M)	(HK$ psf)
House 11, No.15 Shouson, No. 15 Shouson Hill Road West	Shouson Hill	4,759	435	91,406
Unit A, High-floor, Tower 20, The Cullinan	Tsim Sha Tsui	1,451	121.442	83,695
Unit B, Low-floor, Tower 1, Harbour Glory	North Point	1,537	52.5	34,157

Sources: The Land Registry, Market Sources and Vigers Research

ISSUED PRESALE CONSENT FOR RESIDENTIAL DEVELOPMENT

Location	District	Project Name	Developer(s)	No. of Units
No.1 Wetland Park Road	Yuen Long	Wetland Season Bay (Phase 3)	SHKP	384
No.8 Yan Po Road	Tuen Mun	Novo Land (Phase 1B)	SHKP	800
No.15 Shing Fung Road (Provisional)	Kai Tak	—	K Wah, Wheelock & China Overseas	1,121

Sources: The Lands Department, Market Sources and Vigers Research

RESIDENTIAL PROPERTY

Mass & Luxury

Primary market is flourishing as several newly projects launch, supported to the residential sector. In Aug, a total of 4,137 transactions were registered in the residential market, rebounded 13% m-o-m. Among, a total of 1,564 transactions were recorded in the primary market, surged 33% m-o-m to a 9-month high as developers adopted competitive pricing strategies and successfully captured purchasing power. Newly projects 'Novo Land' and 'One Innovale' have achieved decent sales, accounting for nearly 67% of total home purchases in the first-hand market.

The secondary market slightly increased by 3% m-o-m to 2,573 transactions in Aug, remained at a certain low level as upwards pressure on local interest rates. With a weak market sentiment, the private domestic price declined by 1.65% m-o-m to 376.1 points in July and reached a 29-month low. The home price slipped by 4.52% this year, according to the statistics of the Rating and Valuation Department. However, private domestic rental indices recorded an increase of 0.62% m-o-m to 178.9 points in July, making the second consecutive straight month rise.

Among notable sales transactions in Aug, a luxury house at 'No.15 Shouson' in Shouson Hill was sold for HK$435M or HK$91,406 per sq ft, SA. While a high floor flat at The Cullinan above Kowloon Station was sold for HK$121.442M or HK$83,695 per sq ft, SA.

The Lands Department granted three presale consents for newly residential project with a total of 2,305 units in Aug, involving phase three of Wetland Season Bay in Tin Shui Wai (384 units), Phase 1B of Novo Land in Tuen Mun (800 units) and project at No. 15 Shing Fung Road in Kai Tak (1,121 units).

Although weaker market sentiment amid local epidemic remains severe and major local banks have raised their prime rates by 0.125 percentage points for the first time in four years to 5.25%, homeowners are willing to cut listing prices plus government announced to end hotel quarantine measures for arrivals, could bring support for a sluggish property market. Thus, the number of residential transactions in September is estimated to edge up by 5% while the home prices are likely to continue to fall.

COMMERCIAL PROPERTY

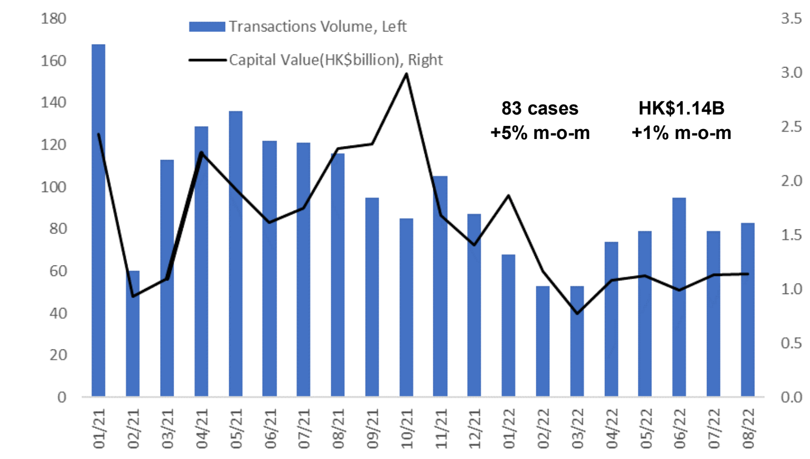
Office Market

A decent sales for commercial project 'One Vista Summit' in Tuen Mum spurred office property market. A total of 83 transactions were registered in the office market, amounting to HK$1.14 billion of total value in Aug, slightly up 5% m-o-m and 1% m-o-m respectively.

For office leasing market, the rental index in Jul dropped by 0.18% m-o-m, based on RVD latest figure. Companies downsize lead to weaker leasing activity will continue to drag on the recovery momentum. Tightened quarantine restrictions continue to limit new set-up demand from Chinese and multinational corporations. The vacancy rate of Grade A office climbed to 9.9% by 0.1ppt in Aug, according to the market information.

However, no longer need to undergo hotel quarantine for all visitors, could help revive as an international financial hub. Once the quarantine requirements switch to a "0+0" scheme, office market will see light at the end of tunnel.

OFFICE PROPERTY SALES AND CAPITAL VALUE



Sources: The Land Registry, Market Sources and Vigers Research

SNAPSHOT OF OFFICE PROPERTY

9.9% ↑ *0.1* ppt m-o-m Vacancy Rate (Grade A office)	**505.8** pts ↑ *1.63%* m-o-m Price Index (July 22)	**228.1** pts ↓ *0.18%* m-o-m Rental Index (July 22)

Sources: Rating and Valuation Department, Market Sources and Vigers Research

COMMERCIAL PROPERTY

Retail Market

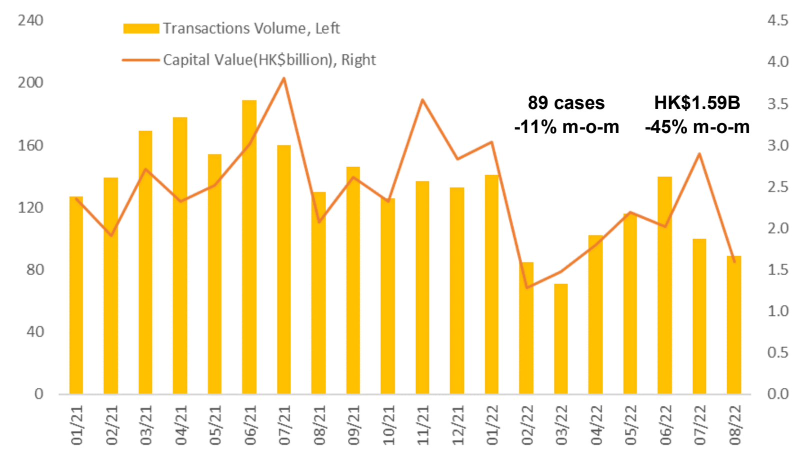
Retail property transactions were cold in Aug, only 89 cases registered and amounting to 1.59 billion, dropped by 11% m-o-m and 45% m-o-m respectively, both reached to a five-month low.

However, the outlook for shop market is remained optimistic as some investors and large shop funds are getting back into the game recently. The "0+3" quarantine arrangement for inbound travelers is rolled out to let Hong Kong return to normality, while a complete reopening could stimulate retail market for a huge rebound.

Among notable sales transactions in Aug, a shop on G/F of 'LADDER Dundas' in Mong Kok, with an area of 2,083 sq ft, was sold for HK$106.233 million or HK$51,000 per sq ft.

Regarding the land sale, a non-office commercial-use land was transacted in Aug. Land Lot 1078 in Survey District No.3, off Anderson Road, Kwun Tong, Kowloon has been awarded to Link REIT at HK$766 million, which near the middle of market expectations. With the maximum GFA of 139,243 sq ft, the accommodation value was about HK$ 5,501 per sq ft.

RETAIL PROPERTY SALES AND CAPITAL VALUE



Sources: The Land Registry, Market Sources and Vigers Research

SELECTED RETAIL PROPERTY TRANSACTIONS

Sales Transactions	District	GFA (sq ft)	Price (HK$M)	Price (HK$ psf)
Shop on G/F, LADDER Dundas, NO. 575 Nathan Road	Mong Kok	2,083	106.233	51,000
Shop G7 on G/F & shop 4 on 1/F, Site D, Park Lane Shopper's Boulevard	Tsim Sha Tsui	2,033	63	30,989
Shop G22,G31 & G32, G/F, Kings Wing Plaza 2	Sha Tin	2,079	44.5	21,405

Leasing Transactions	District	GFA (sq ft)	Rent (HK$/month)	Rent (HK$ psf/ month)
Basement, 41 lockhart Road	Wan Chai	7,050	700,000	99
Shop 614B, Good Hope Building, Nathan Road	Mong Kok	1,960	350,000	179

Sources: The Land Registry, Market Sources and Vigers Research

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