Hong Kong Property Market

Monthly Digest

Vigers Research | Oct 2022

LAND SALES RESULTS

Lot No.	Location	Usage	Site Area	GFA	Price	A.V.	Winner(s) / Remark
			(sq ft) (approx.)	(sq ft) (approx.)	(HK$M)	(HK$ psf)	
Tuen Mun Town Lot No. 561	Castle Peak Road - Tai Lam, Tuen Mun, New Territories	Residential	33,713	1,306,392	4,601	3,522	CK asset holdings

Sources: Lands Department and Vigers Research

UPCOMING TENDER PROJECTS

Lot No.	Location	Usage	Site Area	Max. GFA	Tender closing date
			(sq ft) (approx.)	(sq ft) (approx.)	
NKIL 6649	Kai Tak Area 2A Site 4, Site 5(B) and Site 10, Kai Tak, Kowloon	Residential	214,408	1,417,963	16 December 2022

Sources: Lands Department, market information and Vigers Research

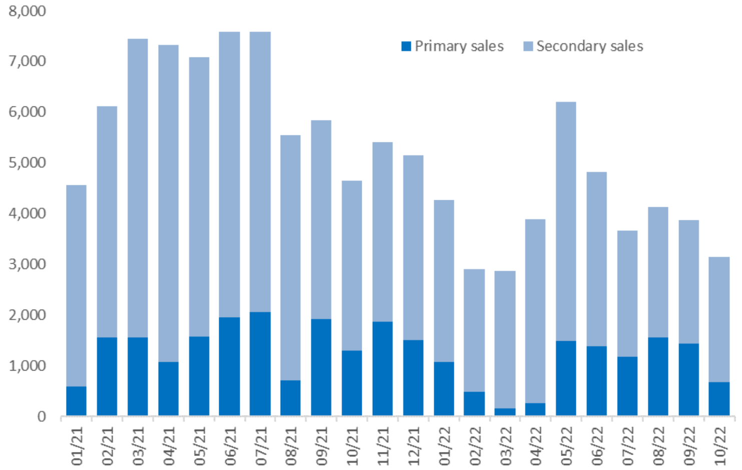
KEY ECONOMIC INDICATORS

Indicator		Latest	(Period)
Real GDP growth (in chained 2020 dollars)	(% change y-o-y)	-4.5	(Q3/2022)
Composite consumer price index growth	(% change y-o-y)	+1.8	(Oct)
Unemployment rate (seasonally adjusted)	(%)	3.8	(Aug-Oct)
Retail sales (value index)	(% change y-o-y)	+0.2	(Sep)
Visitor arrivals	(% change y-o-y)	+568	(Sep)

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

672 cases ↓ *53%* m-o-m Total S&P Volume (Primary market)	**2,476** cases ↑ *1%* m-o-m Total S&P Volume (Secondary market)
352.4 pts ↓ *2.41%* m-o-m Price Index (Oct 22)	**179.5** pts ↑ *0.28%* m-o-m Rental Index (Oct 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)
Garden duplex on G/F & 1/F, Tower 2, Mount Regalia	Sha Tin	3,360	105.84	31,500
The Terrace House 5, The Bloomsway	Tuen Mun	2,861	81.54	28,501
Flat E, 39/F, Tower 3, The Avenue	Wan Chai	440	11.8	26,818

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.19 Shing Fung Road	Kai Tak	Pending (Phase 1, 2, 3)	Henderson, Wheelock, NWD & China Overseas	1,590
No. 29 Ko Chiu Road	Yau Tong	Chill Residence	Poly Property & L'Avenue	634
No.1 Chung Hau Street	Ho Man Tin	In One (Phase 1A & 1B)	Chinachem & MTR	630
No.2 Shing Fu Lane (Provisional)	Kai Tak	Pano Harbour	CR Land (Overseas) & Poly Property	582
No.3 Ko Ling Road	Kwun Tong	KOKO HILLS (Phase 3A)	Wheelock	392

Sources: The Lands Department, Market Sources and Vigers Research

RESIDENTIAL PROPERTY

Mass & Luxury

The performance of residential sector was fragile amid the rising interest rate. A total of 3,148 transactions were registered in October, slumped 19% m-o-m to a 7-month low.

Among, only 672 transactions were recorded in the primary market, plunged 53% m-o-m to a 6-month low as developers put new launches on hold before the announcement of Policy Address. On the other side, the secondary market hovered at a low level, with a slightly rise of 1% m-o-m to 2,476 transactions in Oct.

As market sentiment was hurt by rising interest rates, the private domestic price index in Oct declined by 2.41% on a monthly basis to 352.4, making the biggest drop since November 2018 and hit the fifth consecutive straight month fall. The home price has fallen 10.5% in the first ten months of this year, according to the statistics of the Rating and Valuation Department. In contrast, the rental index was solid in Oct, recorded an increase of 0.28% m-o-m to 179.5 points.

Among notable sales transactions in October, a garden duplex on G/F & 1/F of Tower 2 at Mount Regalia in Sha Tin was sold for HK$105.84 million or HK$31,500 per sq, SA. Also, a house at The Terrace of The Bloomsway in Tuen Mun has a saleable area of 2,861 sq ft, was sold for HK$81.54 million or HK$28,501 per sq ft.

During the period, the Lands Department granted presale consents for five newly residential projects with a total of 3,828 units, involving projects at No.19 Shing Fung Road in Kai Tak (1,590 units), Chill Residence in Yau Tong (634 units), phase 1A & 1B of In One in Ho Man Tin (630 units), Pano Harbour in Kai Tak (582units) and Phase 3A of KOKO HILLS in Lam Tin (392 units).

With the local mortgage rates raised to the highest levels in 14 years, plus a bleak economic outlook has deepened pessimism among markets, homeowners are likely to defer their plans. The number of residential transactions in November is estimated to drop by 10%, while the home prices would fall by 3% to 4% in the remainder of this year as sellers are slashing prices.

COMMERCIAL PROPERTY

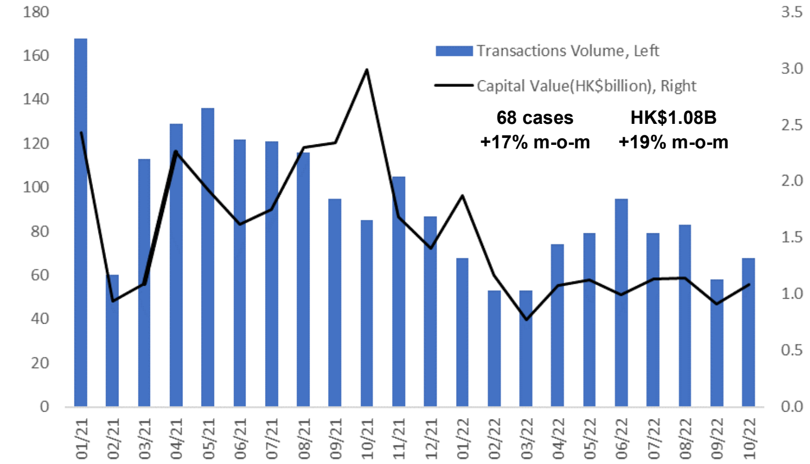
Office Market

In October, a total of 68 office transactions were registered, amounting to HK$1.08 billion of total value, up 17% m-o-m and 19% m-o-m respectively. Mainly propped by a new commercial launch - Phase 3 of International Enterprise Centre in Tsuen Wan, contributed for nearly a half of the total volume.

However, leasing demand has been in the doldrums for a past few months under a bleak economic outlook, ensured the RVD's rental index in Oct fell by 0.44% m-o-m to the lowest since June in 2015. Meanwhile, vacancy rate of Grade A office climbed to 10.2% by 0.2ppt. Among the leasing cases, UBS preleased nearly 250,000 sq ft of office space in the tallest tower of the West Kowloon terminus project.

Looking ahead, further relaxation on China to downgrade its management of COVID-19, office demand from mainland will potentially return in coming months. Boosted market sentiment will drive a pick-up in office leasing activities while rents are expected to turn steady after grievously declined for several months.

OFFICE PROPERTY SALES AND CAPITAL VALUE



Sources: The Land Registry, Market Sources and Vigers Research

SNAPSHOT OF OFFICE PROPERTY

10.2%	489.9 pts	226.9 pts
↑ 0.2ppt m-o-m	↓ 0.2% m-o-m	↓ 0.44% m-o-m
Vacancy Rate (Grade A office)	Price Index (Oct 22)	Rental Index (Oct 22)

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

COMMERCIAL PROPERTY

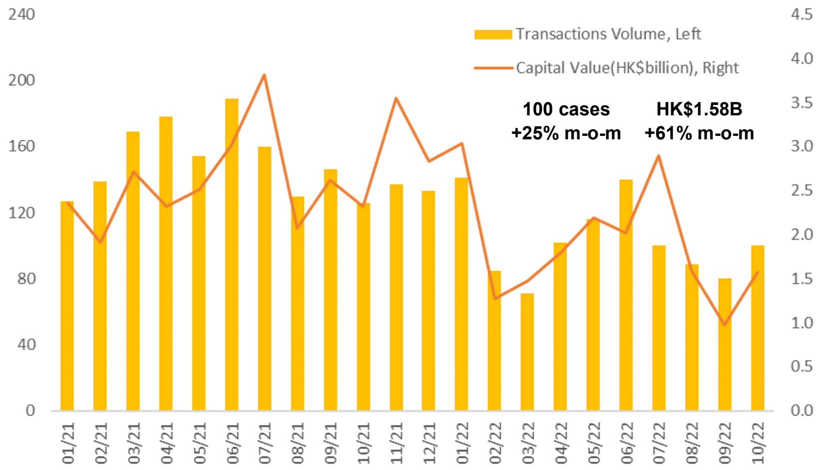
Retail Market

As a result of relaxed social distancing and visitor arrival restrictions, a resurgence of transactions for retail properties in October, jumped 25% on a monthly basis to 100 cases with amount surged by 68% m-o-m to HK$1.58 billion.

The continuous correction in property prices has attracted investors to hunt for opportunities, for instance, a property on 19/F, Emperor Watch & Jewellery Centre, No. 8 Russell Street, Causeway Bay, with an area of 4,718 sq ft was changed hand for HK$111 million or HK$23,315 per sq ft. while a 150-sq ft street shop at Hong Kong Mansion on Yee Wo Street was leased for HK$120,000 per month.

Despite the government downgraded forecast for Hong Kong's economy this year to a 3.2% contraction, market sentiment has improved following the rehabilitation of tourist arrivals and retail activities. Shop leasing momentum is expected to invigorate in coming months.

RETAIL PROPERTY SALES AND CAPITAL VALUE



Sources: The Land Registry, Market Sources and Vigers Research

SELECTED RETAIL PROPERTY TRANSACTIONS

Sales Transactions	District	Area	Price	Price
		(sq ft)	(HK$M)	(HK$ psf)
Shop on 19/F, Emperor Watch & Jewellery Centre, No. 8 Russell Street	Causeway Bay	4,718	110	23,315
Shop C1D & C1E on G/F China Insurance Group Building 141 Des Voeux Road	Central	720	47	65,278
Shop on G/F, No. 152 Prince Edward Road West	Prince Edward	420	55	130,952
Leasing Transactions	**District**	**Area**	**Rent**	**Rent**
		(sq ft)	(HK$/month)	(HK$ psf/ month)
Shop 19 on G/F, Good Hope Building	Mongkok	2,700	400,000	148
Shop L1 on G/f, Hong Kong Mansion, Yee Wo Street	Causeway Bay	150	120,000	800

Sources: The Land Registry, Market Sources and Vigers Research

CONTACT US AT VIGERS

VIGERS RESEARCH

T : +852 6309 5880

E : vigersresearch@vigers.com

W : www.vigers.com

Business Scopes	Contact	Tel	@vigers.com
Appraisal & Consulting	David Cheung	+852 6308 0085	davidc
Building Consultancy	Stephen Fung	+852 6309 9100	stephenfung
Hospitality Consultancy	David Cheung	+852 6308 0085	davidc
Property Management	Calvin Lui	+852 6309 2973	calvinlui
Security	Norman Wai	+852 6126 6587	normanwai
Media Inquiry	Kris Leung	+852 6309 5880	krisleung

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