VIGERS
威格斯

Hong Kong Property Market
Monthly Digest

Vigers Research | Nov 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)	
Inland Lot No. 9096	Sai Ning Street and Victoria Road, Kennedy Town, Hong Kong	Residential	5,780	46,242	439.299	9,500	Grand Harvest (HK) Development
KCTL 515	Lai Kong Street, Kwai Chung, New Territories	Residential	41,764	250,586	1,100	4,390	CITIC Pacific
Lot No. 1077 in SD 3	Off Anderson Road, Kwun Tong, Kowloon	Commercial	57,372	110,288	296	2,684	SHKP

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.)	
RBL 1204	Cape Road, Stanley, Hong Kong	Residential	257,260	480,236	6 January 2023

Sources: Lands Department, market information and Vigers Research

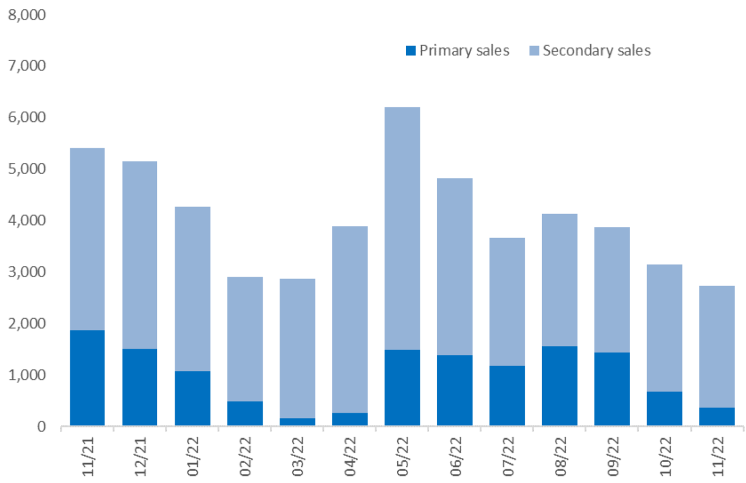
KEY ECONOMIC INDICATORS

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	(Nov)
Unemployment rate (seasonally adjusted)	(%)	3.7	(Sep-Nov)
Retail sales (value index)	(% change y-o-y)	-4.2	(Nov)
Visitor arrivals	(% change y-o-y)	+761	(Oct)

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

365 cases ↓ *46%* m-o-m Total S&P Volume (Primary market)	**2,366** cases ↓ *4%* m-o-m Total S&P Volume (Secondary market)
339.4 pts ↓ *3.33%* m-o-m Price Index (Nov 22)	**175.2** pts ↓ *1.35%* m-o-m Rental Index (Nov 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)
Villa No. 1, Mont Rouge, No. 9 Lung Kui Road	Beacon Hill	7,171	508	70,841
Flat A, Low-floor, Tower 2, Mont Verra, No. 3 Lung Kui Road	Beacon Hill	4,451	258.158	58,000
Flat A, High-floor, Tower 5, Phase 4 of Bel-Air	Pokfulam	1,798	57	31,702

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. 11 Heung Yip Road	Wong Chuk Hang	The Southside (Phase 4A)	Sino, Kerry, Swire and MTRC	432

Sources: The Lands Department, Market Sources and Vigers Research

RESIDENTIAL PROPERTY

Mass & Luxury

The number of transactions for residential property in November reached the lowest level since February 2020 amid rising mortgage rates and bleak economic outlook, dropped 13% m-o-m to only 2,731 cases and hit the third consecutive straight month fall. In November, secondary home deals edged down 4% m-o-m to 2,366 registrations while sales in primary market sank 46% to only 365 transactions.

Along with the depressed sentiment, the private domestic price index declined 3.33% on a monthly basis to 339.4 in Nov, fall for the sixth consecutive month and marking the biggest drop since November 2008. Lived-in home price has fallen 13.84% in the first 11 months of 2022, according to the statistics of the Rating and Valuation Department.

Meanwhile, the rental index retreated 1.35% from October to 175.2 in November, marking the third consecutive month of decline. For this year, private housing rental price has dropped 4.11%.

However, sentiment remains positive in luxury property market, a 4451-sq ft flat at Mont Verra in Beacon Hill was sold for HK$ 258.16 million or HK$58,000 per sq ft, S.A. Besides, the national security office bought a three-storey villa of Mont Rouge measuring 7,171 sq ft with five bedrooms, a rooftop, a garden and three parking spaces for HK$508 million or HK$70,841 per sq ft - the highest among first-hand properties in Kowloon.

Regarding the land sales, two parcels were tendered out in November in context of the economic downturn. Of which, the site at Sai Ning Street and Victoria Road in Kennedy Town was awarded for HK$439.3 million or around HK$9,500 per buildable sq ft, much lower than market estimates. Besides, during the month, the Lands Department granted presale consent for phase 4A of The Southside in Wong Chuk Hang with a total of 432 flats.

The Hong Kong economy will likely see a boost as China prepares to reopen its borders at the beginning of January 2023. Despite the local home price may fall further, market sentiment invigorates among the rally in Hong Kong equity market and the slowed pace of the U.S. rate rises. As a result, it is estimated that the number of transactions to bottom out in coming months, but home prices could fall 3% to 5% further.

COMMERCIAL PROPERTY

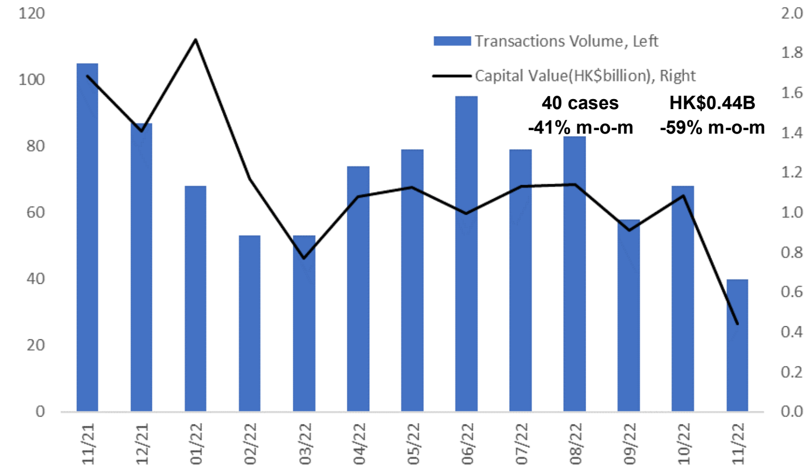
Office Market

On the ground of contraction for office space demand, transaction volume trimmed by 41% to 40 cases in November, amounting to HK$0.44 billion of total value, tumbled 59% from the previous month.

Clouded by the risk of global economic downturn, developers still stay prudent in land bidding. A commercial site located at Off Anderson Road in Kwun Tong was awarded for HK$296 million or HK$2,684 per sq ft, around 20% below the lower end of market expectations. While SHKP was the lone bidder for the commercial plot - The Artist Square Tower Project in The West Kowloon Cultural District.

Besides, the RVD's office rental index fell by 0.39% to 228.3 in November, the lowest level since August 2015. Looking ahead, despite office demand could benefit from the unsealing of Hong Kong's border with the mainland, an upcoming supply boom will ensure high vacancy rate for longer which likely to curb office rents to resurge.

OFFICE PROPERTY SALES AND CAPITAL VALUE



Sources: The Land Registry, Market Sources and Vigers Research

SNAPSHOT OF OFFICE PROPERTY

10.2%	462.4 pts	228.3 pts
unchanged m-o-m	↓ *2.94%* m-o-m	↓ *0.39%* m-o-m
Vacancy Rate (Grade A office)	Price Index (Nov 22)	Rental Index (Nov 22)

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

COMMERCIAL PROPERTY

Retail Market

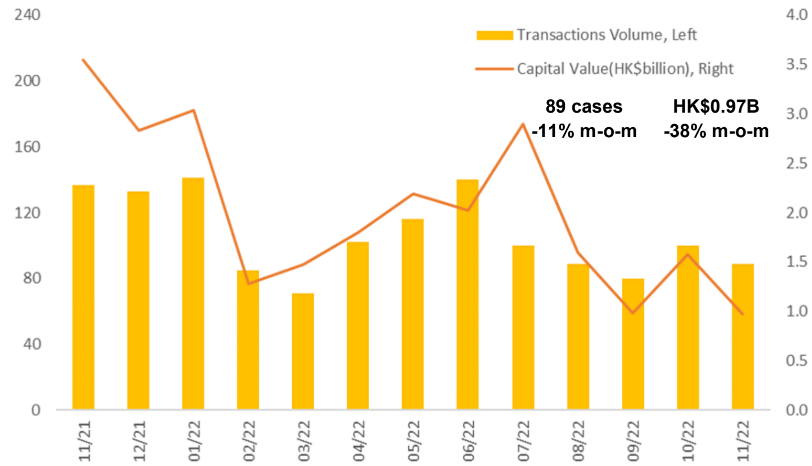
Retail shop transactions have hovered between 80 and 100 cases in the past five months, underpinned by experienced investors acquire assets actively in the discounted property market.

Notably, an investor purchased approximately 9,072 sq ft of retail space of Dundas Square in Mongkok for HK$118.68 million or HK$13,082 per sq ft.

Besides, large firms expand its footprint in prime location amid the depressed market, Nanyang Commercial Bank committed to a 2,500 sq ft shop on Canton Road in Tsim Sha Tsui for HK$720,000 per month, 78% lower than the market peak of HK$3.3 million in 2014 paid by cosmetic chain Bonjour.

The border reopening with mainland could be the catalysts for the domestic economy to revive. With an expected increase in economic activities and tourist arrivals, the prices and rents of retail shops in core areas will show a sign of recovering.

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)
1/F-3/F whole floor, Dundas Square	Mongkok	9,072	118.68	13,082
Shop B & D, G/f, Sunwise Building, Nos. 112-114 Wellington Street	Central	2,150	78	36,279
Shop, G/f, No. 91 Wellington Street	Central	750	31	41,333

Leasing Transactions	District	Area	Rent	Rent
		(sq ft)	(HK$/month)	(HK$ psf/ month)
Shop, G/f, No. 68-80 Canton Road	Tsim Sha Tsui	1,940	720,000	371
Shop, G/f, Nos. 67-69 Argyle Street	Mongkok	3,800	400,000	105

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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