Hong Kong Property Market

# Monthly Digest

Vigers Research | April 2023

## 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) | |
| - | - | - | - | - | - | - | - |

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.) | |
| IL9094 | Junction of Sai Ning Street and Victoria Road, Kennedy Town, Hong Kong | Residential | 24,326.6 | 243,266 | 30 June 2023 |

Sources: Lands Department, market information and Vigers Research

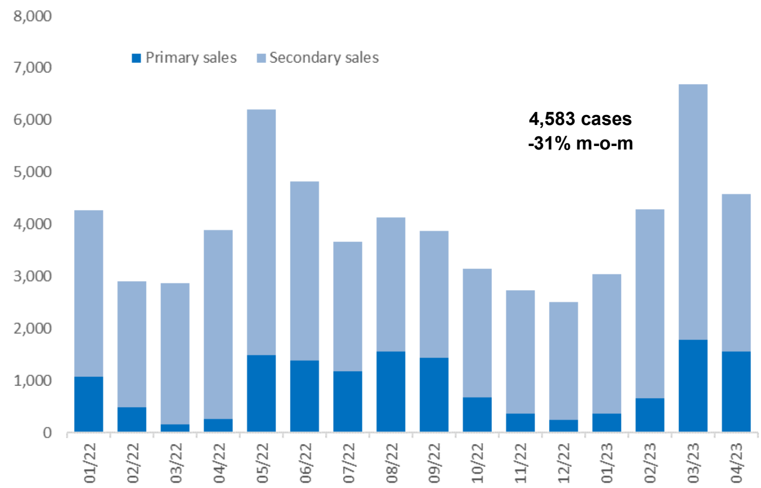
## KEY ECONOMIC INDICATORS

| Indicator | | Latest | (Period) |
|---|---|---|---|
| Real GDP growth (in chained 2021 dollars) | (% change y-o-y) | +2.7 | (Q1/2023) |
| Composite consumer price index growth | (% change y-o-y) | +2.1 | (Apr) |
| Unemployment rate (seasonally adjusted) | (%) | 3.0 | (Feb-Apr) |
| Retail sales (value index) | (% change y-o-y) | +15.0 | (Apr) |
| Visitor arrivals | (% change y-o-y) | +615 times | (April) |

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

**1,550** cases
*13%* m-o-m
Total S&P Volume
(Primary market)

**3,033** cases
*38%* m-o-m
Total S&P Volume
(Secondary market)

**354.2** pts
*0.54%* m-o-m
Price Index
(Apr 23)

**178.2** pts
*1.42%* m-o-m
Rental Index
(Apr 23)

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

## SELECTED RESIDENTIAL PROPERTY SALES TRANSACTIONS

| LUXURY RESIDENTIAL | District | S.A. | Price | Unit Price |
|---|---|---|---|---|
| | | (sq ft) (approx.) | (HK$M)(approx.) | (HK$ psf) |
| House 12, phase 1 of Mount Nicholson (including two car parking spaces) | The Peak | 7,042 | 577.44 | 81,937 |
| Manor B, 5/F, Alpex III of Phase 1 Central Peak (including one car parking space) | Mid-levels East | 2,080 | 177 | 85,096 |
| Flat B, High-floor, Ming Wai Garden (including two car parking spaces) | Repulse Bay | 1,583 | 59.8 | 37,776 |

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. 26 Shing Fung Road | Kai Tak | Cullinan Harbour (Phase 1) | SHKP | 256 |

Sources: The Lands Department, Market Sources and Vigers Research

RESIDENTIAL PROPERTY

# Mass & Luxury

The housing market cooled off in April as the large number of outbound traveling during the long Easter and Ching Ming holiday, with total residential transactions dropped 31% from a month earlier to 4,583 cases. Of these, new home sales fell 13% m-o-m to 1,550 cases, while secondary market deals slumped 38% m-o-m to 3,033 in April.

Developers retained a conservative pricing strategy for new homes to attract buyers, projects including 'Grand Jete' Phase 2 in Tuen Mun, 'In One' atop Ho Man Tin Station and 'After the rain' in Yuen Long all had good sales results with over 830 units sold in total.

The home price index rose for four consecutive months to a seven-month high, with an increase of 0.54% over the previous month to 354.2 in April. Home price has risen approximately 6% this year, showing a strong rebound after a 15% plunge in 2022.

On the other hand, the rent index rose 1.42% to 178.2 in April and is up 1.54% year-to-date, according to the statistics of the Rating and Valuation Department.

Major transactions during the month of April included a 7,042 sq ft house at 'Mount Nicholson' phase 1 was sold for HK$577 million or HK$81,937 per sq ft, S.A. Besides, a famous Hong Kong business tycoon bought a 1,583 sq ft apartment at 'Ming Wai Garden' in Repulse Bay for HK$59.8 million or HK$37,776 per sq ft, indicating an uptrend of the luxury residential market.

Kai Tak runway area project 'Cullinan Harbour' phase 1 was approved for presale, which could provide 256 units upon completion, the only project that was granted for pre-sale in April. Data from the Lands Department also showed that there were no government land tenders during the month.

Looking ahead, enthusiasm for purchasing second-hand flats seems to have dampened by the fact that many new developments being sold at low prices and the specter of interest rate hikes. Coupled with homeowners' reluctance to cut prices, we expect a tug-of-war to drag down transaction volumes while home prices will see a slowdown.

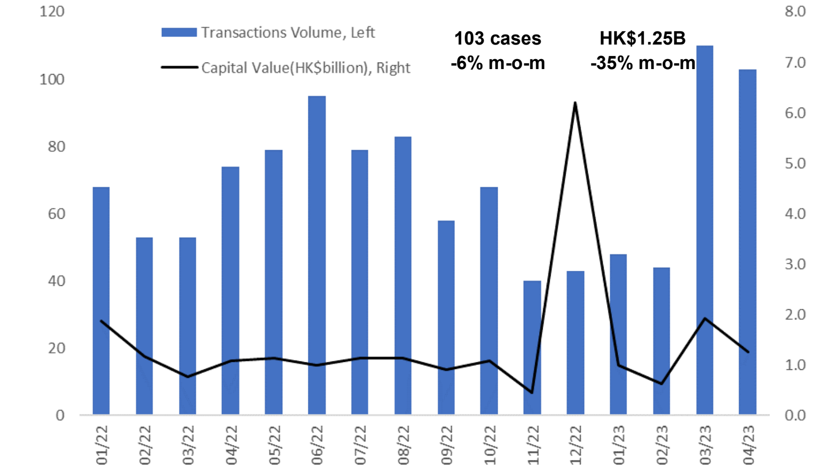
COMMERCIAL PROPERTY
# Office Market

With the full reopening of Hong Kong's border with mainland China in early February, local economic activity and market sentiment saw a positive turnaround. The office property transactions slightly dipped by 6% m-o-m to 103 cases in April, but still reaching the second highest in 17 months.

Firms from the mainland particular IT, insurance and finance sectors to give hope to office market revival. ByteDance, the parent of TikTok, has taken up approximately 20,000 sq ft of prime space in One International Finance Centre at a monthly rent of HK$120 per sq ft. Meanwhile, HSTC, a Chinese financial firm, extended its footprint at The Center by occupying another floor of about 27,000 sq ft.

Despite this, the Grade A office vacancy rates remained high at 10.3% while the Rating and Valuation Department's office rental index fell by 0.44% m-o-m to 226.7 in April. Looking ahead, we expect that overall office rents in second half of 2023 may continue to suffer from a glut of space and China's economy sputters.

## OFFICE PROPERTY SALES AND CAPITAL VALUE




Sources: The Land Registry, Market Sources and Vigers Research

## SNAPSHOT OF OFFICE PROPERTY

**10.3%**
*Unchanged* m-o-m
Vacancy Rate
(Grade A office)

**477.2**pts
↑ *0.53%* m-o-m
Price Index
(April 23)

**226.7**pts
↓ *0.44%* m-o-m
Rental Index
(April 23)

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

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# Retail Market

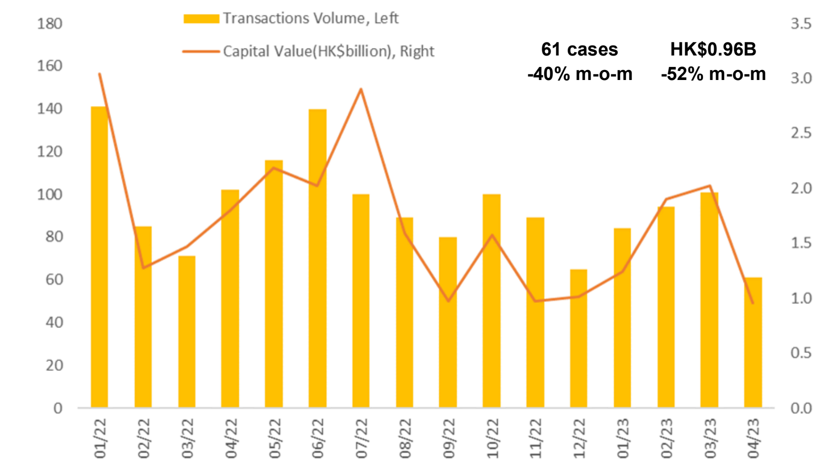
The retail property market cooled off fiercely in April, with the total of registered transaction plunged 40% m-o-m to only 61, while the total consideration down 52% from the month earlier to HK$0.96 billion. Nevertheless, 'Hello Hong Kong' campaign brought tourists back, with the number of visitor arrivals to Hong Kong surged 615 times y-o-y to nearly 2.9 million in April, amounting to about 43% of pre-pandemic levels.

Market sentiment has been improved, for instance, entire floor of 20/F in Emperor Watch and Jewellery Centre on Russell Street in Causeway Bay was transacted at HK$96.28 million or HK$20,407 per sq ft.

Besides, French multinational luxury fashion brand Christian Dior leased approximately 4,550 sq ft of retail space at Wplace on Wyndham Street in Centre for a monthly rent of HK500,000 or HK$110 per sq ft.

With the increasing visitor numbers and the return of retailers, particularly in the pharmaceutical and cosmetic sectors, shop leasing momentum is expected to remain solid. We believe that rents on the core streets are likely to see a moderate growth in Q2.

## RETAIL PROPERTY SALES AND CAPITAL VALUE




Sources: The Land Registry, Market Sources and Vigers Research

## SELECTED RETAIL PROPERTY TRANSACTIONS

| **Sales Transactions** | District | Area | Price | Unit Price |
|---|---|---|---|---|
| | | (sq ft) (approx.) | (HK$M) (approx.) | (HK$ psf) |
| Shop A, G/F, Nos.45 & 47 Fa Yuen Street | Mong Kok | 2,000 | 115 | 57,500 |
| 20/F, Emperor Watch and Jewellery Centre, No. 8 Russell Street | Causeway Bay | 4,718 | 96.28 | 20,407 |
| Shop A with cockloft, G/F, Nos.77-81a Hollywood Road | Central | 1,597 | 35.5 | 22,229 |
| **Leasing Transactions** | District | Area | Rent | Unit Rent |
| | | (sq ft) (approx.) | (HK$/month) (approx.) | (HK$ psf/ month) |
| Shops 3A,3B,4 & 15, Star House, Salisbury Road | Tsim Sha Tsui | 2,500 | 650,000 | 260 |
| G/F-3/F, Wplace, No. 52 Wyndham Street | Central | 4,550 | 500,000 | 110 |

Sources: The Land Registry, Market Sources and Vigers Research

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