



Hong Kong Property Market **Quarterly Digest**

Vigers Research | Q3 2023



LAND SALES RESULTS

Lot No.	Location	Usage	Site Area (sq ft) (approx.)	Max. GFA (sq ft) (approx.)	Price (HK\$M)	A.V. (HK\$ psf)	Winner(s) / Remark
IL 9094	Junction of Sai Ning Street and Victoria Road, Kennedy Town, Hong Kong	Residential	24,327	243,266	1,720	7,070	Wheelock Properties
TWTL 430	Yau Kom Tau, Tsuen Wan, New Territories	Residential	-	-	-	-	Tender Cancelled on 23 August 2023
NKIL 6590	Kai Tak Area 2A Site 2 and Site 3, Kai Tak, Kowloon	Residential	145,303	992,279	5,350	5,392	Sino, China Overseas, Great Eagle, Chinese Estates

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
TCTL 55	Area 106B, Tung Chung, New Territories	Residential	114,615	401,153	27 October 2023
Lot 722 in DD 332	Tung Chung Road, Cheung Sha, Lantau Island, New Territories	Residential	204,516	81,806	15 December 2023

Sources: Lands Department, Market information and Vigers Research

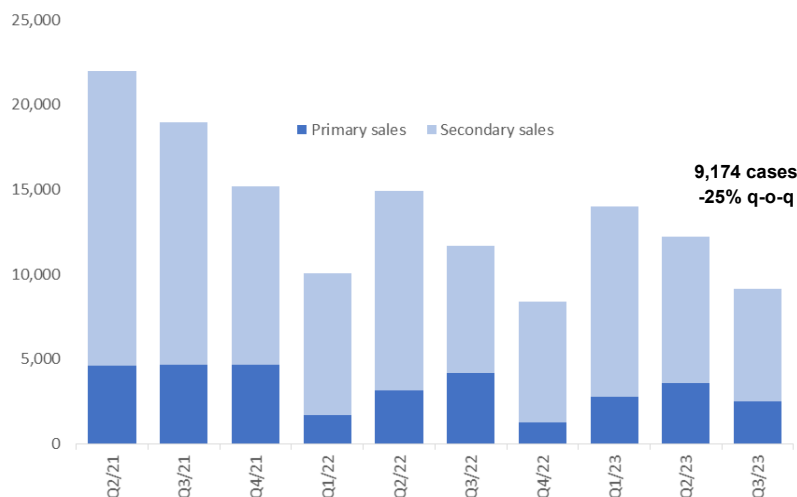
KEY ECONOMIC INDICATORS

Indicator		Latest	(Period)
Real GDP growth (in chained 2021 dollars)	(% change y-o-y)	+4.1	(Q3/2023)
Composite consumer price index growth	(% change y-o-y)	+2.0	(Sep)
Unemployment rate (seasonally adjusted)	(%)	2.8	(Jul-Sep)
Retail sales (value index)	(% change y-o-y)	+13	(Sep)
Visitor arrivals	(change y-o-y)	+41 times	(Sep)

Sources: Census & Statistics Department and Vigers Research

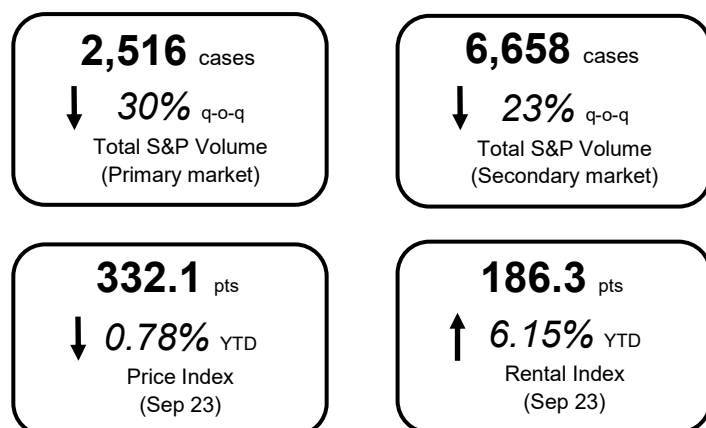
RESIDENTIAL SALES & PURCHASES AGREEMENTS

Unit: Number of transactions



Sources: The Land Registry, Market Sources and Vigers Research

SNAPSHOT OF RESIDENTIAL PROPERTY



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

SELECTED RESIDENTIAL PROPERTY SALES TRANSACTIONS

LUXURY RESIDENTIAL	District	S.A. (sq ft) (approx.)	Price (HK\$M)(approx.)	Price (HK\$ psf)
5/F, Opus Hong Kong, 53 Stubbs Rd (with two car parking lots)	Happy Valley	5,154	418	81,102
Unit A, 7/F, High Peak, 23 Po Shan Road	Mid-Level	4,143	270	65,170
Unit B, 27/F, Tower 2, The Austin, 8 Wui Cheung Road (with two car parking lots)	West Kowloon	3,306	200	60,496

Sources: The Land Registry, Market Sources and Vigers Research

VILLA	District	S.A. (sq ft) (approx.)	Price (HK\$M)(approx.)	Price (HK\$ psf)
Unit 3, Severn 8, No. 8 Severn Road	The Peak	3,736	300	80,300
House B, La Villa De La Salle, 32-38 La Salle Road	Kowloon Tong	7,083	254.8	35,973
Unit 6, Villa Lucca, 1-11 Lucca Ave	Tai Po	5,281	145.6	27,571

Sources: The Lands Department, Market Sources and Vigers Research

RESIDENTIAL PROPERTY
Mass & Luxury

Housing market is experiencing a further deceleration in the third quarter this year. A total of 9,174 cases was recorded over the period, representing a 25% q-o-q decrease. Among them, the secondary market saw 6,658 transactions which indicating a fall by 23% from a quarter earlier. New home sales saw a substantial 30% q-o-q decrease to 2,516 registered contracts. The number of deals in both markets hit a 3-quarter low.

The ease market-cooling measures relaxation, i.e. relaxation of stamp duty on home purchases are unveiled in the 2023 Policy Address and it is expected to increase supply and turnover in the secondary property market. The adjustment of mortgage insurance programme is announced in September which is intended to boost buyer sentiment in the primary property market. Still, the measures take time to react under the high interest rate environment.

Due to the interest rates showed no signs of decline and the substantial unsold inventory in the market, the current barriers inhibiting buying decisions will persist. Housing prices will continue to face downward pressure in the short term, leading to an increasing number of individuals opting to rent instead of making purchases in the prevailing market conditions. The home price index swiftly dropped to 332.1pts in September, representing a decline by 0.78% year-to-date and reaching a new low since April 2017. The rental index surged up by 6.15% year-to-date, according to data from the Rating and Valuation Department.

Amid the uncertain market conditions, sporadic big-ticket sales were recorded in the luxury segment. During the quarter, a 3,736 sq ft (s.a.) detached house at Severn 8, was transacted at HK\$300 million or HK\$80,300 per sq ft. Besides, a 5,154 sq ft (s.a.) apartment unit at Opus Hong Kong in Happy Valley was sold for HK\$418 million or HK\$ 81,102 sq ft.

The government actively reviewed and proposed property policy measures with the aim to enhance stability in the residential market and restore market confidence during the downward cycle. Nevertheless, given the prevailing influences of rising interest rates and global economic uncertainty, property prices are expected to remain volatile this year.

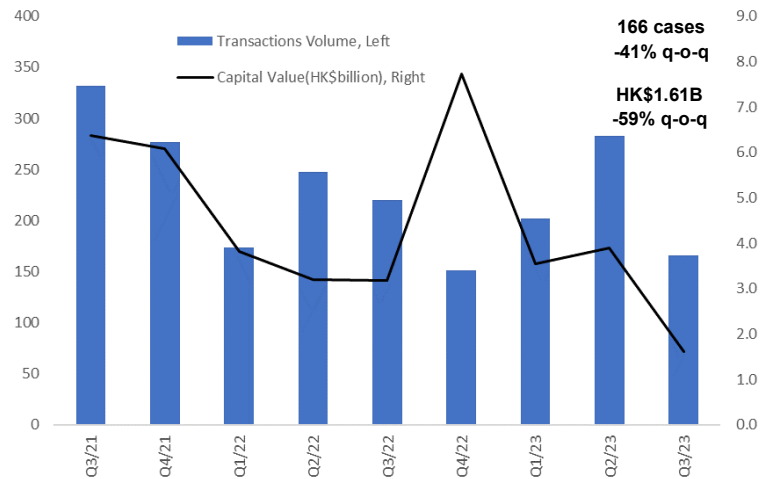
COMMERCIAL PROPERTY Office Market

The capital market suffered from elevated interest rates and subdued market sentiment, with the number of registered office property transactions plummeted by 41% q-o-q to only 166 in the third quarter, a three-quarter low. Total consideration was HK\$1.61 billion, down 59% q-o-q and the lowest since Q2 2020.

Faltering economy continued to weigh on market outlook despite the HKMA lifted the maximum LTV ratio for non-residential properties from 50% to 60% in early-July. The vacancy of grade A office remained persistently high of 10.5% at the end of the quarter. However, appealing rental costs have prompted companies to expand, for instance, MTRC committed over 135,000 sq ft of floor space at One North Tower 2 in Yuen Long for a reported monthly rent of about HK\$18.5 per sq ft.

Office market has yet to see a notable rebound as firms are cautious about taking new space. We believe currently high vacancy rates and an upcoming supply boom are likely to build pressure on overall office rents in final quarter. A depressed market outlook remains the norm in the office sector.

OFFICE PROPERTY SALES AND CAPITAL VALUE



Sources: The Land Registry, Market Sources and Vigers Research

SNAPSHOT OF OFFICE PROPERTY

10.5%

Vacancy Rate
(Grade A office)

462.8 pts

↓ **3.4%** YTD
Price Index
(Q3 23)

227.8 pts

↓ **0.2%** YTD
Rental Index
(Sep 23)

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

COMMERCIAL PROPERTY Retail Market

The retail property market improved slightly in the third quarter with 275 registered transactions, representing a quarterly increase of 13%, following a series of government campaigns to boost the economy and re-energise flagging nightlife sector.

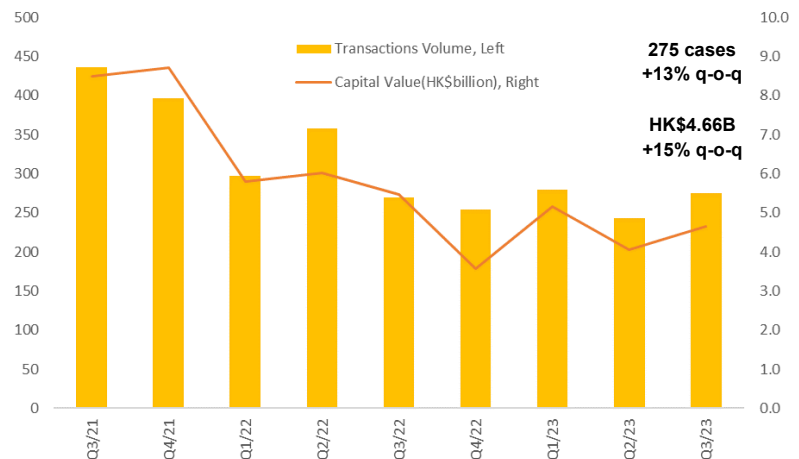
Visitor arrivals for the third quarter amounted to 10.4 million, reaching about 65% of pre-pandemic levels. Among the visitors, over 8.5 million were from the mainland, driving a sustained recovery in retail sales.

A drugstore operator rented approximately 1,500 sq ft space at 4 Kai Chiu Road in Causeway Bay to expand its business, with a reported monthly rent of HK\$600,000 or HK\$400 per sq ft.

Still, the retail market faces challenges to recover, such as more and more citizens tended to spend their money in Shenzhen or other cities in China on the weekends instead of staying in Hong Kong.

Mortgage rates remain elevated and rental yields muted also keep the investors away. Therefore, we expect the pace of recovery in the retail property market to be relatively slow.

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) (approx.)	Price (HK\$M) (approx.)	Price (HK\$ psf) (approx.)
Entire retail podium at The Henley	Kai Tak	26,277	528	20,094
G/F & Basement floor, Cheong K Building, 84-86 Des Voeux Road	Central	7,363	370	50,251
Leasing Transactions	District	GFA (sq ft) (approx.)	Rent (HK\$/month) (approx.)	Rent (HK\$ psf/ month)
Shops G4,G5, 105-106, 207-209, Silver- cord, Canton Road	Tsim Sha Tsui	10,140	2,000,000	197
Shop, G/F, No. 4 Kai Chiu Road	Causeway Bay	1,500	600,000	400
Shops at 2/F & 3/F, Hing Wai Building, No. 36 Queen's Road Central	Central	8,500	500,000	59

Sources: The Land Registry, Market Sources and Vigers Research

CONTACT US AT VIGERS

VIGERS RESEARCH

	Business Scopes	Contact	Tel	@vigers.com
T : +852 6309 5880	Appraisal & Consulting	David Cheung	+852 6308 0085	davidc
E : vigersresearch@vigers.com	Building Consultancy	Stephen Fung	+852 6309 9100	stephenfung
W : www.vigers.com	Hospitality Consultancy	David Cheung	+852 6308 0085	davidc
Also follow us on:	Property Management & Security	Calvin Lui	+852 6309 2973	calvinlui
	Media Inquiry	Kris Leung	+852 6309 5880	krisleung



COMMERCIAL PROPERTY

E-mail privacy

Vigers Appraisal and Consulting Limited allows our report recipients to opt out of receiving e-mail from us with a simple request. To opt out of our mailing list you can send a request to remove your address from the list to vigersresearch@vigers.com.

By signing up you verify that you would like to be added to our distribution list and that you will now allow the Vigers to send periodic information pertaining to special Vigers news and reports. Please remember that you can unsubscribe at any time.

Legal disclaimer

The information contained in this research report does not constitute an offer to sell properties or the solicitation of an offer to buy, or recommendation for investment in, any properties in Hong Kong, Macau, PRC and/or any other regions it covers. The information and opinions herein are not intended as investment advice, which only constitute a judgement as at the date indicated. Although every care has been taken in compiling this report, it is subject to change and Vigers cannot be held responsible for any liability whatsoever or for any loss howsoever arising from or in reliance upon the whole or any part of this research report.