



# Hong Kong Property Market **Monthly Digest**

Vigers Research | October 2023



## 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
TCTL 55	Area 106B, Tung Chung, New Territories	Residential	114,615	401,153	-	-	Tender Cancelled

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
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

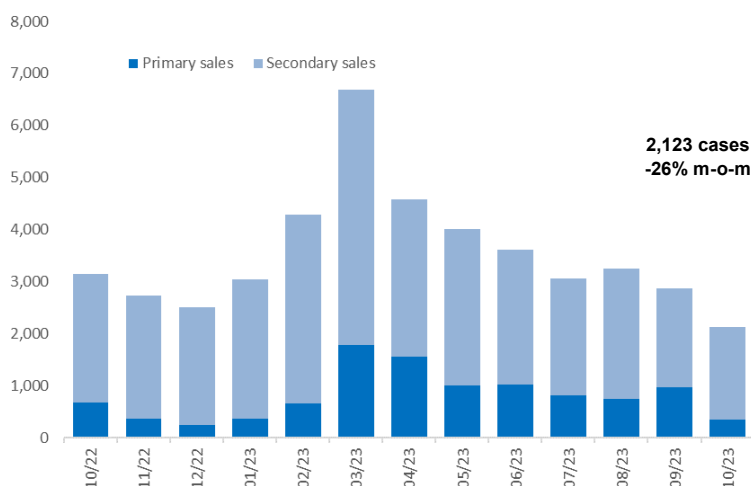
## KEY ECONOMIC INDICATORS

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)	+2.7	(Oct)
Unemployment rate (seasonally adjusted)	(%)	2.9	(Aug-Oct)
Retail sales (value index)	(% change y-o-y)	+2.7	(Oct)
Visitor arrivals	(% change y-o-y)	+43 times	(Oct)

Sources: Census & Statistics Department and Vigers Research

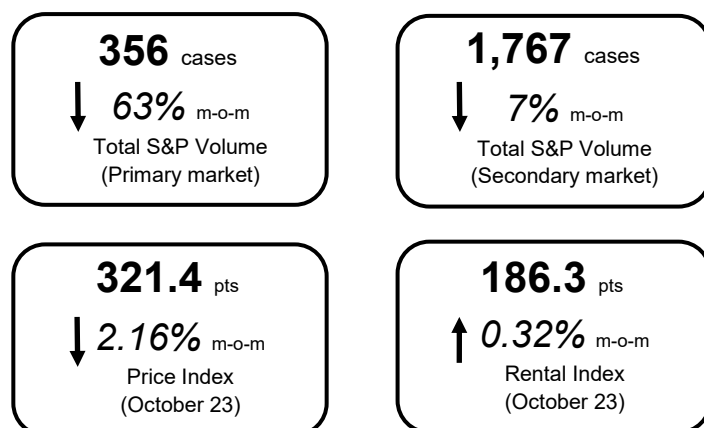
## RESIDENTIAL SALES &amp; PURCHASES AGREEMENTS

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.)	Unit Price (HK\$ psf)
Flat A, 50/F, Block 2, Phase 4, Island South, Bel-Air On the Peak (with four parking spaces)	Pok Fu Lam	4,527	216.8	47,890
Unit A, 38/F, Block 8, Pano Harbour (with a parking space)	Kai Tak	2,792	167.436	61,354
Unit B, 72/F, Block 1, The Harbour-side (with two parking space)	South West Kowloon	1,690	95.8	56,686

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. 39 Shap Pat Heung Road	Yuen Long	Pending	Kerry Properties, Top Spring	594
Nos. 86A, 86B, 86C, 86D, 86E, 86F and 86G Pok Fu Lam Road	Mid-Levels West	MOUNT POKFULAM	Wang On	7

Sources: The Lands Department, Market Sources and Vigers Research

RESIDENTIAL PROPERTY  
Mass & Luxury

Due to the elevated uncertainties cloud global economic outlook, coupled with the wait-and-see sentiment, only 2,123 cases was recorded in October, marking a decrease of 26% over the month ago. Among them, 1,767 cases were specifically for the secondary market, indicating a 7% decrease from a month earlier. The number of deals in the primary market with only 356 transactions registered in October, representing a significant drop of 63% m-o-m.

In the latest 2023 Policy Address, Chief Executive John Lee announced the ease market-cooling measures relaxation on residential properties, however, the market sentiment did not improve immediately. The home price index swiftly dropped to 321.4 pts in October, representing a decline of 2.16% month-on-month and reaching a 79-month (6.5-year) low.

The rental prices, in contrast, remained robust with an upward trend driven by expatriates from mainland China and overseas students. Also, more potential homebuyers have put their purchasing plans on hold under the sluggish housing market, which has stimulated rental demand. Rental prices raised by 0.32% m-o-m in October, the ninth consecutive monthly increase and by a cumulative 6.15% over the first ten months.

Nevertheless, the sales market still recorded some big-ticket transactions. During the month, a 4,527 sq ft (s.a.) duplex unit at Tower 2, Phase 4 of Residence Bel-Air, in Pokfulam, was transacted at HK\$216.8 million or HK\$47,890 per sq ft. Besides, a 2,792 sq ft (s.a.) apartment unit at Pano Harbour in Kai Tak was sold for HK\$167.43 million or HK\$61,354 sq ft.

The Lands Department approved a total of 601 new flats for pre-sale in two developments including No. 39 Shap Pat Heung Road in Yuen Long and 'MOUNT POKFULAM' in Mid-levels West. About the land sale, the Lands Department rejected the tender received for the sale of a residential site at Area 106B in Tung Chung as the tendered premium did not meet the Government's reserve price.

Looking ahead, we expect the market-cooling measures would not stop property prices from going downward in short term. Home prices of second-hand properties are not likely to lift while developers have been launching heavily discounted projects. Nevertheless, we see the sustained demand in leasing market would bring a resilient growth.



## COMMERCIAL PROPERTY Office Market

The investment demand for office space remained subdued as the US interest rates are unlikely to drop much in 2024, dragging the number of registered transactions dwindled 16% m-o-m to 48 in October. Leasing momentum has slightly improved but not sufficient to reverse the downward trend of rents. The Grade A office rental index down by 1.95% in the first ten months even as its vacancy rate eased slightly to 10.2% in October.

In October, a 1,135 sq ft office unit at Lippo Centre Tower 2, Admiralty was leased out for a monthly rent of only HK\$34 per sq ft, marking the lowest unit price so far this year. Besides, children's clothing brand Moody Tiger leased about 6,000 sq ft of floor space at The Quayside in Kwun Tong to expand its business at a reported monthly rent of HK\$25 per sq ft.

Looking ahead, office rents may remain under pressure for a long time due to abundant supply as well as sluggish demand. Higher borrowing costs and economic headwinds will also certainly dampen investment sentiment. As such, we believe the office sector will remain lacklustre.

## COMMERCIAL PROPERTY Retail Market

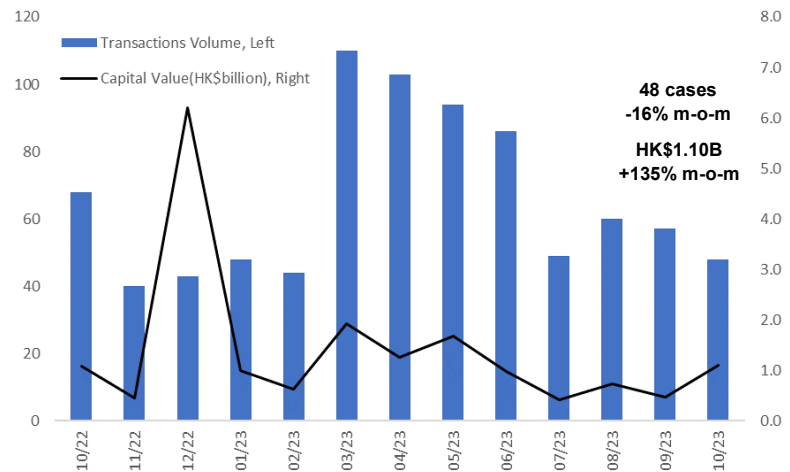
The retail property market cooled off in October, with the number of registered transactions falling by 32% to 62, a six-month low, while the total consideration slumped by 55% m-o-m to only HK\$590 million, hitting the lowest level since February 2003.

Notable transactions during the month included the sale of three ground-floor shops (including flat roof and a portion of external wall) at The Java in North Point was changed hands for about HK\$85.5 million or HK\$19,278 per sq ft. Besides, a shop measuring 932 sq ft at Kings Wing Plaza 2 in Shek Mun was sold at HK\$17.2 million, equivalent to HK\$18,635 per sq ft.

Following a raft of government campaigns dedicated to attract visitors, tourist arrivals surged nearly 43-folds y-o-y to 3.46 million in October, reaching about 59% of pre-epidemic levels.

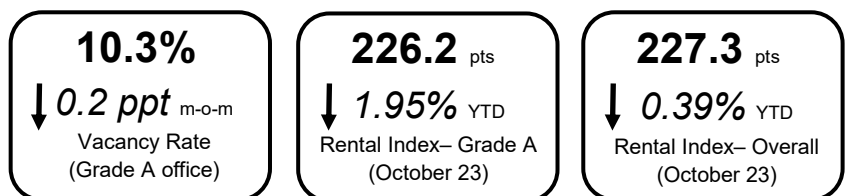
However, the fact that residents spend their weekends in Shenzhen instead of spending locally has posed a new challenge to Hong Kong's economic recovery. The recent shift in traffic patterns has dampened retail sales and foot traffic in neighbourhoods, which may put pressure on the upward rental trend.

## OFFICE PROPERTY SALES AND CAPITAL VALUE



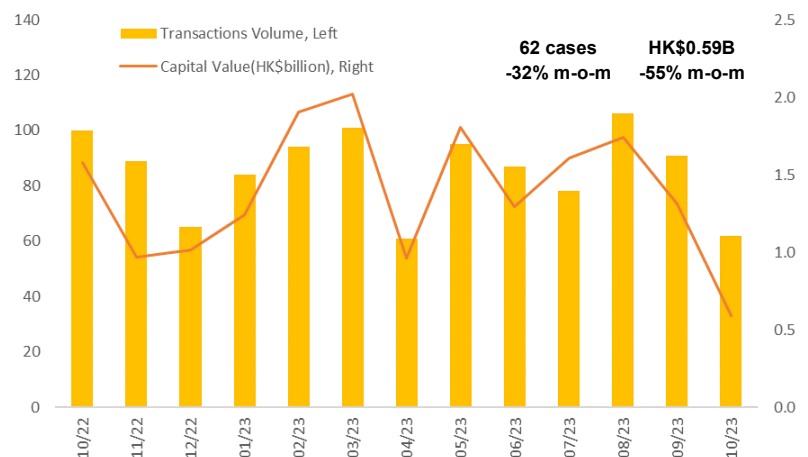
Sources: The Land Registry, Market Sources and Vigers Research

## SNAPSHOT OF OFFICE PROPERTY



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

## RETAIL PROPERTY SALES AND CAPITAL VALUE



Sources: The Land Registry, Market Sources and Vigers Research

## SELECTED RETAIL PROPERTY TRANSACTIONS

Sales Transactions	District	Area (sq ft) (approx.)	Price (HK\$M) (approx.)	Unit Price (HK\$ psf)
Shop 1-3, G/f, 98 Java Road (including flat roof on 2/f and a portion of external wall)	North Point	4,435	85.5	19,278
Ground-floor shop at 33 Graham Street	Central	800	40	50,000
Shop G35, G/f, Kings Wing Plaza 2	Shek Mun	932	17.2	18,635
Leasing Transactions	District	Area (sq ft) (approx.)	Rent (HK\$/month) (approx.)	Unit Rent (HK\$ psf/month)
Shop A1 & B, G/f, Sun Wing Building, 48 Tsun Yip Street	Kwun Tong	3,700	250,000	68
Ground-floor shop at 42 Sai Yeung Choi Street South	Mong Kok	900	230,000	255

Sources: The Land Registry, Market Sources and Vigers Research

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## COMMERCIAL PROPERTY

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