



Hong Kong Property Market **Monthly Digest**

Vigers Research | November 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

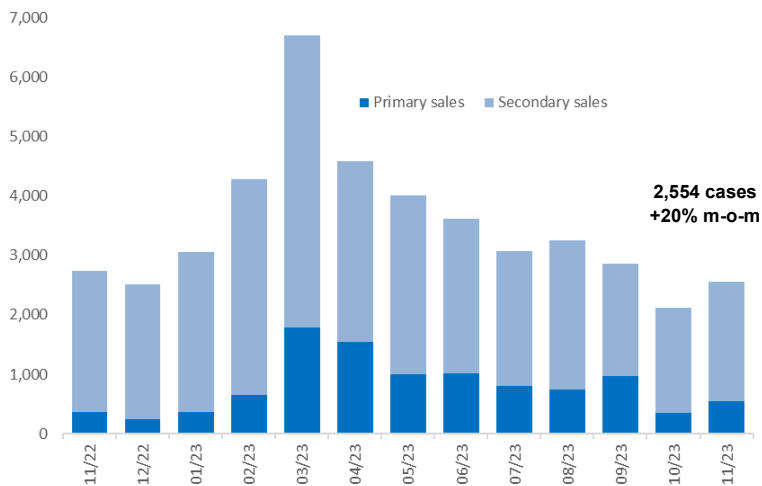
KEY ECONOMIC INDICATORS

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)	+ 2.6	(Nov)
Unemployment rate (seasonally adjusted)	(%)	2.9	(Sep-Nov)
Retail sales (value index)	(% change y-o-y)	+ 2.6	(Nov)
Visitor arrivals	(% change y-o-y)	+ 28 times	(Nov)

Sources: Census & Statistics Department and Vigers Research

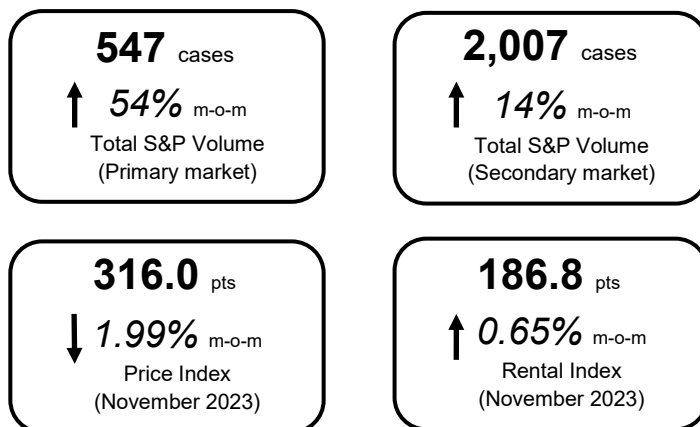
RESIDENTIAL SALES & PURCHASES AGREEMENTS

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.)	Unit Price (HK\$ psf)
House 2, Aura, No. 146 Waterloo Road	Kowloon Tong	5,183	210	40,517
Plumeria Avenue 1, Crown of St. Barths	Ma On Shan	3,089	81.3	26,319
Flat A, High-floor, Tower 1, The Southside Phase 2 La Marina	Wong Chuk Hang	1,420	68.87	48,500

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. 1 Chung Hau Street	Ho Man Tin	Ho Man Tin Station Property Development (Phase IIB)	MTRC, Great Eagle	572
No. 1 Chung Hau Street	Ho Man Tin	Ho Man Tin Station Property Development (Phase IIA)	MTRC, Great Eagle	418
No. 111 Tai Tong Road	Yuen Long	Pending	Kerry Properties, Top Spring	82

Sources: The Lands Department, Market Sources and Vigers Research

RESIDENTIAL PROPERTY Mass & Luxury

The residential market relieved after the relaxation of 'spicy cooling measures' announced in Policy Address 2023. A total of 2,554 cases for both primary and secondary markets was registered in November 2023, representing a 20% monthly rebound, but still hovering near the bottom of the barrel. Of these, 2,007 cases were specifically for the second-hands, indicating a 14% increase from a month earlier and a 3-month high.

Home buying sentiment remained sluggish, with the housing prices in November falling for the seventh consecutive month to their lowest level in almost seven years, according to the data from the Rating and Valuation Department.

The official price index stood at 316 points in November, the lowest level since February 2017 and a 2% sharp drop from 322.4 in October. In the first 11 months of 2023, property prices fell by 5.59%.

Nevertheless, a 5,183-sq ft luxury detached house at No. 146 Waterloo Road in Kowloon Tong was sold for a lofty HK\$210 million or HK\$40,517 per sq ft. Besides, a 1,420-sq ft apartment flat at The Southside Phase 2 La Marina in Wong Chuk Hang was reportedly transacted at HK\$68.87 million or HK\$48,500 per sq ft.

On the other hand, the rental index has increased for the tenth consecutive month, reaching 186.8 points in November, a monthly gain of 0.65% and the highest level in almost four years. Overall private flat rents have risen by 6.44% for the first 11 months of 2023.

Land bidders adopted a more conservative approach in view of the flagging market. In November, the Lands Department withdrew the tender for a residential site in Tung Chung on the grounds that the bid premium did not meet the government's reserve price. There have been five unsuccessful land auctions in 2023.

Looking ahead, we maintain a conservative outlook on the residential market due to the expectation that mortgage rates will remain high for some time, which is likely to undermine demand.

Coupled with the mediocre performance of the capital markets and the economy, which has dampened sentiment in the property market. As a result, we predict that house prices will continue to decline in December 2023, could lead to a second consecutive year of negative housing price growth.

COMMERCIAL PROPERTY Office Market

Despite a brief respite in registered office transactions, which edged up 6% month-on-month to 51 in November, market sentiment remains weighed down by a slow economic recovery on the mainland and elevated interest rates in Hong Kong. The vacancy rate for Grade A office rose to 10.5% in November, up 0.2 percentage points from 10.3% in October. The persistent high vacancy rate has led to a 2.73% decrease in rents for the first 11 months of 2023.

However, it is worth noting that PUMA, a leading sports brand, leased around 37,500 sq ft of floor space at Kai Tak AIRSIDE for a monthly rent of HK\$30/sq ft. Besides, twelve office floors at One Island East in Quarry Bay were acquired by the Securities and Futures Commission of Hong Kong for a consideration of HK\$5.4 billion or HK\$18,200/sq ft.

Looking ahead, the office sector still lacks positive factors to support an obvious rebound in prices and transaction volumes. Given the higher borrowing costs and economic headwinds, we anticipate that the office market will continue to underperform other property sectors for the foreseeable future.

COMMERCIAL PROPERTY Retail Market

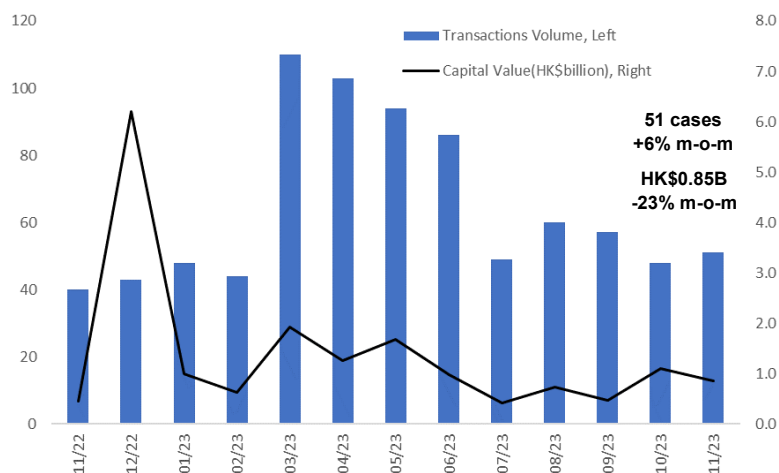
The retail property market rebounded sharply in November, with the number of registered transactions leaping by 37% m-o-m to 85, while the total value jumped 40% to HK\$830 million.

The decrease in property prices presents an opportunity for investors to engage in bottom fishing. Notably, the Bayview Garden Shopping Mall in Tsuen Wan (approx. 61,847 sq ft in total) was changed hands at HK\$180 million or HK\$2,910/sq ft. In addition, a chain gymnasium operator has reportedly leased a 19,000-sq ft basement shop unit at Central Building in Central for a monthly rent of HK\$1.9 million, or HK\$100 per sq ft, about half the peak rent.

The recent trend of many Hong Kong consumers travelling north during the weekends has hampered the recovery of the city's retail market, even though the number of arrivals has returned to nearly 60% of pre-pandemic levels after a raft of government campaigns dedicated to attract visitors.

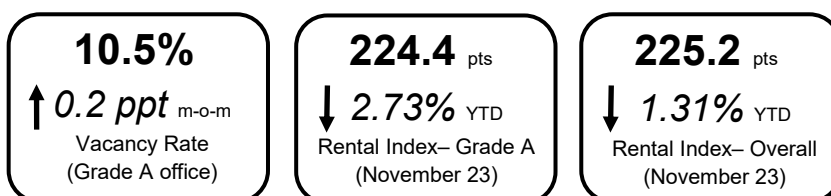
As Hong Kong people become more familiar with Mainland F&B brands, an increasing number of chain restaurants and tea shops from mainland are venturing into Hong Kong. These expansions are expected to stabilise the vacancy rate of high street shops, and we anticipate a moderate increase in shop rentals.

OFFICE PROPERTY SALES AND CAPITAL VALUE



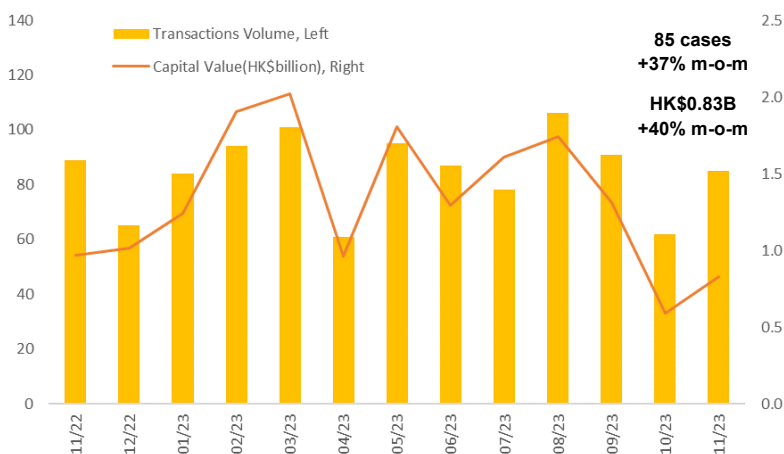
Sources: The Land Registry, Market Sources and Vigers Research

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)
Bayview Garden Shopping Mall	Tsuen Wan	61,847	180	2,910
Shops G & H, G/f, Po Wing Building, 69 Lee Garden Road	Causeway Bay	1,800	98.68	54,822
Shop A, G/f, No. 154 Tung Choi Street	Mong Kok	1,050	49	46,666
Leasing Transactions	District	Area (sq ft) (approx.)	Rent (HK\$/month) (approx.)	Unit Rent (HK\$ psf/month)
Basement floor, Central Building, 1-3 Pedder Street	Central	19,000	1,900,000	100
Ground-floor shop at The ONE	Tsim Sha Tsui	1,500	450,000	300

Sources: The Land Registry, Market Sources and Vigers Research

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