

Hong Kong Property Market Quarterly Digest

Vigers Research | Q4 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
TCTL 55	Area 106B, Tung Chung, New Territories	Residential	114,615	401,153	-	-	Tender Cancelled on 1 November 2023
Lot 722 in DD 332	Tung Chung Road, Cheung Sha, Lantau Island, New Territories	Residential	204,516	81,806	203.89	2,492	Sino Group

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
-	-	-	-	-	-

Sources: Lands Department, Market information and Vigers Research

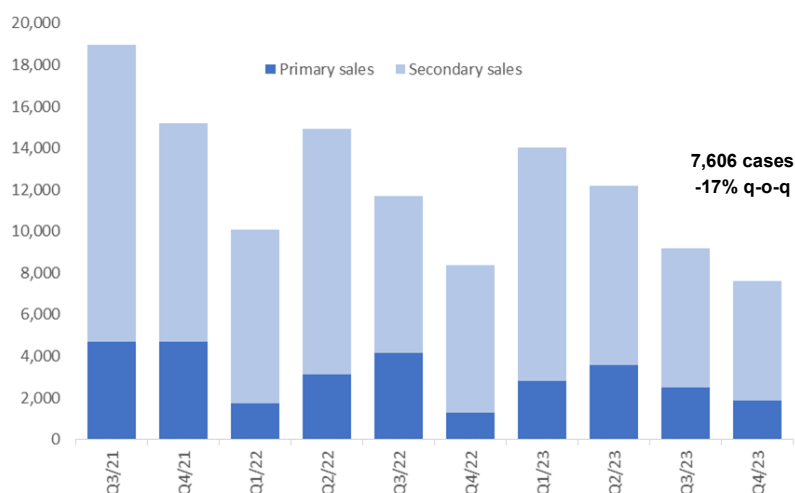
KEY ECONOMIC INDICATORS

Indicator		Latest	(Period)
Real GDP growth (in chained 2021 dollars)	(% change y-o-y)	+4.3	(Q4/2023)
Composite consumer price index growth	(% change y-o-y)	+2.4	(Dec)
Unemployment rate (seasonally adjusted)	(%)	2.9	(Oct-Dec)
Retail sales (value index)	(% change y-o-y)	+7.8	(Dec)
Visitor arrivals	(change y-o-y)	+23.5 times	(Dec)

Sources: Census & Statistics Department and Vigers Research

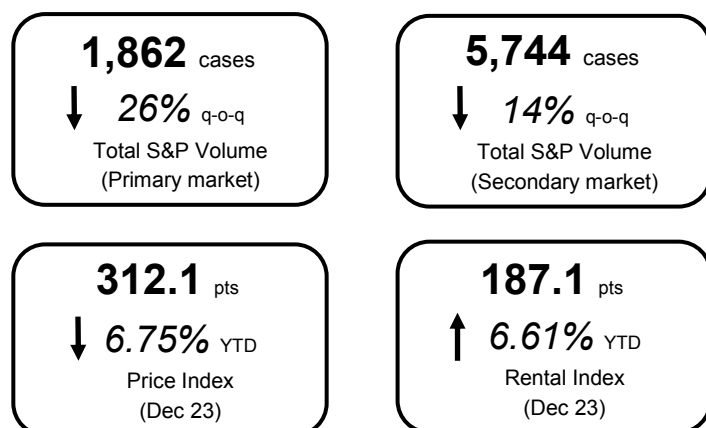
RESIDENTIAL SALES & PURCHASES AGREEMENTS

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)
Unit A, High Floor, Block 2, University Heights, 42 Kotewall Road (with three car parking lots)	Mid-Level West	3,237	254.3	78,560
Unit B, High Floor, Tower 2, Star Tower, The Arch, 1 Austin Road West (with one car parking lot)	West Kowloon	2,682	219.9	82,000
Unit A, High Floor, Tower 2, Phase 4, Bel-Air on the Peak, 68 Bel-Air Peak Ave (with four car parking lots)	Pok Fu Lam	4,527	216.8	47,890

Sources: The Land Registry, Market Sources and Vigers Research

VILLA	District	S.A. (sq ft) (approx.)	Price (HK\$M)(approx.)	Price (HK\$ psf)
House, Altissimo, 11 Yiu Sha Road	Ma On Shan	5,129	214.3	41,779
House, The Aura, 146 Waterloo Road	Kowloon Tong	5,183	210	40,517
House, Shatin Lookout, Nos. 2-10 Ma On Path	Sha Tin	2,835	96	33,862

Sources: The Lands Department, Market Sources and Vigers Research

RESIDENTIAL PROPERTY
Mass & Luxury

The Hong Kong residential market continues to experience a slowdown as the high interest rates persistently weigh on the market. A total of 7,606 cases was recorded in Q4, representing a 17% q-o-q decrease. Among them, the sales of new homes saw a substantial 26% q-o-q decrease to 1,862 while the secondary market saw 5,744 transactions, fell by 14% from Q3.

Housing prices continue to face downward pressure due to the cost of residential buying under high interest rate environment, leading to an increasing demand for rental housing. Overall home price index fell to 312.1pts in December, representing a decline by 6.75% year-to-date and back to the level in February 2017. The rental index surged up by 6.61% year-to-date, according to data from the Rating and Valuation Department.

Hong Kong's supply of new private homes reached a record high due to buyer reluctance. In 2024, a total of 38,000 new homes available; and 23,000 units had been completed and remained unsold, which climbed to the highest since 2004. The launch of first-hand properties in the primary market continues to be a focal point after Chief Executive, John Lee Ka-chiu announced the relaxation of stamp duty measures in his Policy Address. Developers are accelerating sales to clear unsold units, including offering incentives such as flexible mortgage plans and discount to enhance their competitiveness in the challenging market.

Among the notable transactions that were noted for the month included a 5,129 sq ft (s.a.) house at Altissimo in Ma On Shan was transacted at HK\$214.3 million or HK\$ 41,779 per sq ft. Besides, a 3,237 sq ft (s.a.) high floor unit in Tower 2, University heights in Mid Level West was sold for HK\$254.3 million or HK\$78,560 per sq ft.

Looking ahead to 2024, overall market sentiment will gradually improve due to anticipated reductions in interest rates in the coming months. The government's relaxed cooling measures and the influx of Mainland talent are also predicted to contribute to an increase in transaction volume. Going forward, we expect home prices could have a slightly correction, and leasing momentum will continue to pick up in light of growing demand from returning expats and newcomers.

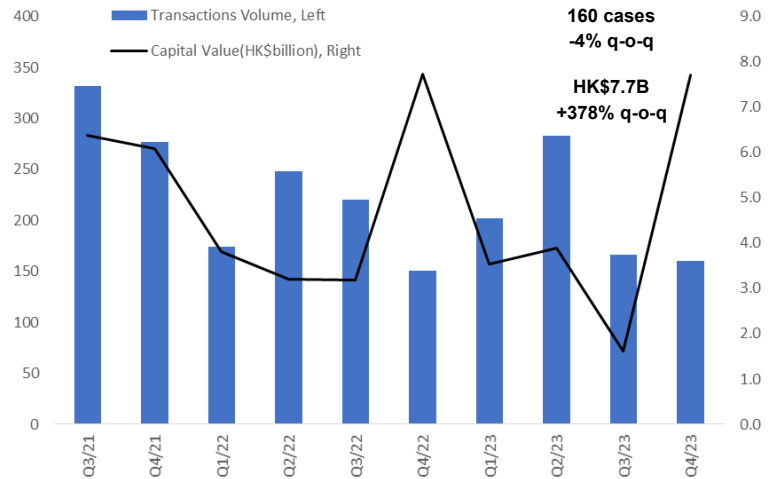
COMMERCIAL PROPERTY Office Market

In the final quarter of 2023, a total of 160 cases was registered in the office market, about 4% less than the previous quarter. The total consideration soared nearly 38-fold q-o-q to HK\$7.7 billion, propped up by the Securities and Futures Commission's HK\$5.4 billion One Island East deal registered in November. The Hong Kong market regulator SFC purchased 12 floors of the One Island East office tower for approximately HK\$18,240 per sq ft.

Leasing momentum also improved as many were upgrading to premium buildings across the core business district amid fall in rents. For instance, Franklin Templeton, a US-based asset management firm, has moved into larger offices at Two IFC to expand its business at a monthly rent of HK\$130 per sq ft, a drop of nearly one-third from the peak rent.

The Grade A office rental index for the fourth quarter was 226.7, fell 1.6% from a year earlier as vacancies lingered in double digits, settling at 10.6% in December. We anticipate the office sector to remain subdued in 2024, with flat or potentially negative rental growth as a result of weak market demand and oversupply.

OFFICE PROPERTY SALES AND CAPITAL VALUE



Sources: The Land Registry, Market Sources and Vigers Research

SNAPSHOT OF OFFICE PROPERTY

10.6%

Vacancy Rate
(Grade A office)

226.7 pts

↓ **1.6%** Y-O-Y
Rental Index– Grade A
(Q4 2023)

227.2 pts

↓ **0.6%** Y-O-Y
Rental Index– Overall
(Q4 2023)

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

COMMERCIAL PROPERTY Retail Market

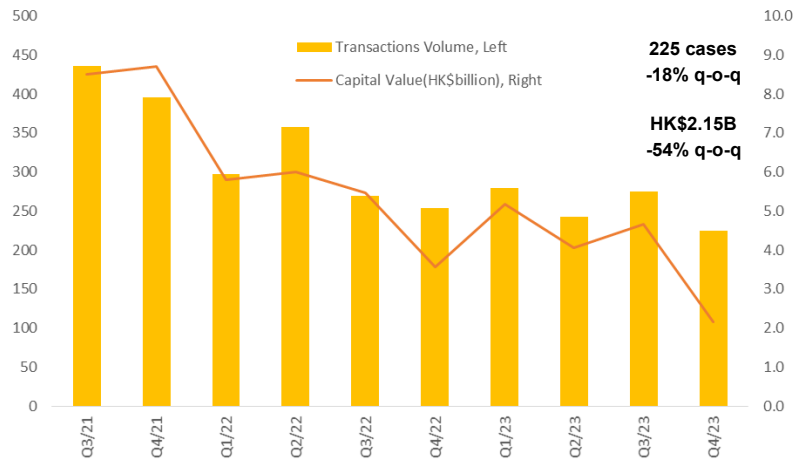
As the market lacks momentum, the total retail sales value in Q4 was decreased by 54% q-o-q to HK\$2.15 billion. Also, there are only 225 registered transactions, representing a quarterly decrease of 18%.

The fourth quarter is a typical holiday season, encompasses Christmas and New Year's preparations. However, a large number of Hong Kong residents would head north or travel overseas for the vacation. According to the Immigration Department, the number of outbound trips undertaken by residents during the Christmas holiday weekend was 1.32 million, which triple the count of visitor arrivals.

The retail leasing market continued to experience a moderate recovery. A 3,652-sq-ft ground floor shop in Far East Bank Mongkok Building was leased at HK\$274 per sq ft per month.

Overall, we anticipate a comparatively sluggish pace of recovery in the retail market and it will continue to face unparalleled challenges as it strives to redefine the identity amidst intense competition from shopping malls in the Mainland.

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.)
Shop G, G/F, Pun Tak Building, 478-484 Lockhart Road	Wan Chai	1,158	81.8	70,639
Shop B, G/F, Tung Hey Building, 18 Queen's Road East	Wan Chai	2,095	74	35,322
Leasing Transactions	District	GFA (sq ft) (approx.)	Rent (HK\$/month) (approx.)	Rent (HK\$ psf/ month)
Shops 1-2, G/F, Far East Bank Mongkok Building, 240-244 Portland Street	Mong Kok	3,652	450,000	274
Shop, G/F, No. 4 Pak Sha Road	Causeway Bay	1,150	200,000	174
Shop C, LG/F, Ho Lee Commercial Building, 40 D'Agilar Street	Central	2,903	300,000	103

Sources: The Land Registry, Market Sources and Vigers Research

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COMMERCIAL PROPERTY

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