

Hong Kong Property Market **Monthly Digest**

Vigers Research | January 2024



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.) | |
| YLTL 545 | Fuk Wang Street and Wang Lee Street, Yuen Long | Industrial | 349,765 | 1,748,825 | 28 June 2024 |

Sources: Lands Department, market information and Vigers Research

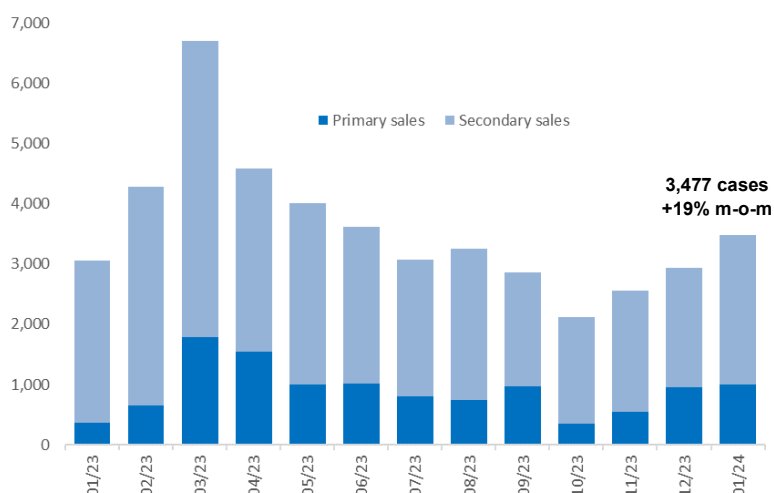
KEY ECONOMIC INDICATORS

| 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) | + 1.7 | (Jan) |
| Unemployment rate (seasonally adjusted) | (%) | 2.9 | (Nov-Jan) |
| Retail sales (value index) | (% change y-o-y) | + 0.9 | (Jan) |
| Visitor arrivals | (% change y-o-y) | + 6.7 times | (Jan) |

Sources: Census & Statistics Department and Vigers Research

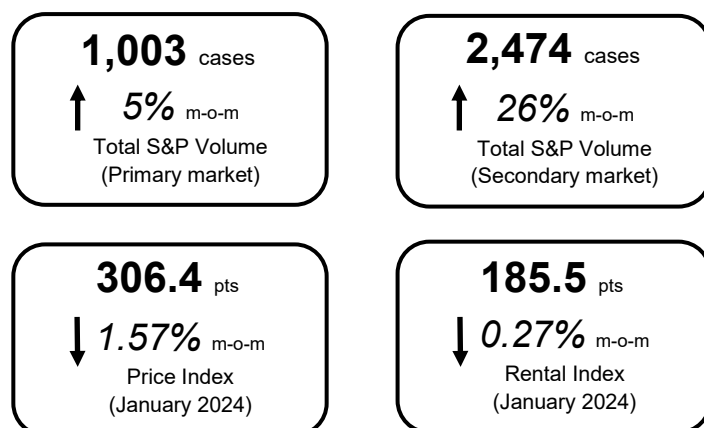
RESIDENTIAL SALES & PURCHASES AGREEMENTS

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) |
|---|-----------------|---------------------------|---------------------------|--------------------------|
| Flat A, Low-floor, Tower 2, Mont Verra (with a garden and a parking space) | Kowloon Tong | 4,431 | 208.5 | 47,055 |
| Duplex unit, High-floor, Tower 1, The Legend (including 2 parking spaces) | Mid-Levels East | 2,442 | 118 | 48,443 |
| Lily Avenue house at Crown of St Barths (with a garden and a parking space) | Ma On Shan | 2,727 | 60.8 | 22,296 |

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 Lohas Park Road | Tseung Kwan O | Phase 12C of LOHAS Park | Wheelock, MTRC | 650 |
| No.19 Ma Wo Road | Tai Po | Pending (Phase 1) | Vanke Hong Kong | 403 |

Sources: The Lands Department, Market Sources and Vigers Research

RESIDENTIAL PROPERTY
Mass & Luxury

The residential market has continued to rally since October of last year. In January 2024, a total of 3,477 cases was registered for both primary and secondary markets, representing a 19% monthly increase. This marks the third consecutive monthly rise and a seven-month high.

Of these, 2,474 cases were specifically for the second-hand market, indicating a 26% increase from a month earlier and a 5-month high. The ongoing strength has been in evidence since the announcement of the easing of the 'spicy measures' in the 2023 Policy Address.

In a high-interest-rate environment, investment sentiment in the property market remains subdued. The home price index has fallen for nine consecutive months, resulting in a cumulative drop of 13.5%, marking the longest downturn in more than 20 years. Since reaching its peak in September 2021, the home prices have fallen by 23%.

In January, a 4,431-sq ft flat at Mont Verra in Kowloon Tong was reportedly sold for a lofty HK\$208.5 million or HK\$47,055 per sq ft. Besides, a house at Crown of St Barths in Ma On Shan, measuring 2,727 sq ft (S.A), was reportedly transacted at HK\$60.8 million or HK\$22,296 per sq ft.

Meanwhile, rental price stood at 185.5 in January, a decrease of 0.27% from the previous month and the first month-on-month decline in almost a year, according to the data from the Rating and Valuation Department. The rental market in Hong Kong was boosted by the influx of foreign talent.

This month, the Lands Department granted two presale consents for residential development, involving Phase 12C of LOHAS Park (650 units) and the project at No.19 Ma Wo Road in Tai Po (403 units).

We expect the residential sector to gradually recover following the Government's announcement in February to remove all property cooling measures. Additionally, the anticipated interest rate cuts by the US Fed this year are expected to provide momentum to the market. However, the number of transactions registered on the primary and secondary markets is likely to be lower in February as buyers and sellers celebrate or travel during the Lunar New Year.

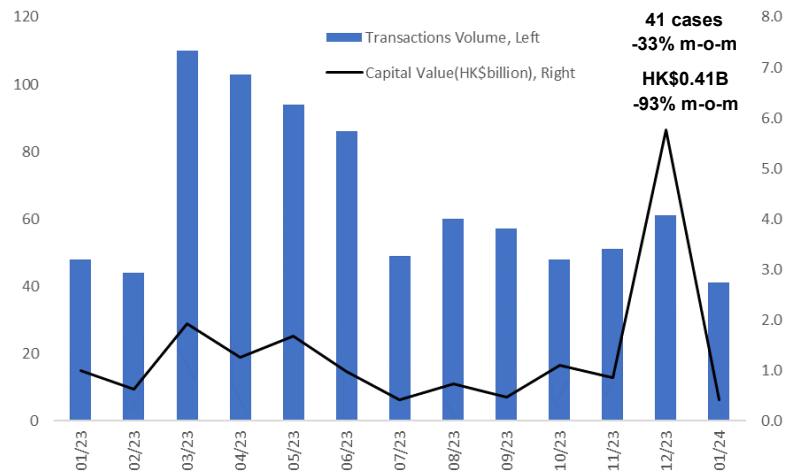
COMMERCIAL PROPERTY Office Market

In January, there were only 41 office transactions registered, a 14-month low and a 33% decrease from the previous month. The total transaction value was HK\$410 million, a significant 93% decrease compared to the December 2023 figure of HK\$5.8 billion. This significant decrease stemmed from the comparatively high base, which was propped up by the Securities and Futures Commission's HK\$5.4 billion One Island East deal.

The vacancy rate for Grade A office space remained high at 10.6% in January, resulting in a 1.5% decrease in first-month rents in 2024. However, lower office rental prices have enticed tenants to relocate for upgrades or expansions, for instance, a beauty group Per Face has leased an entire floor (approx. 15,000 sq ft) at Lee Gardens II in Causeway Bay at a monthly rent of HK\$50 per sq ft.

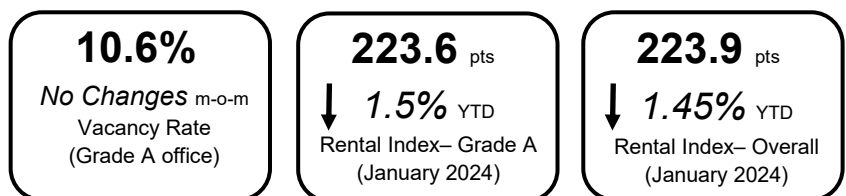
The future outlook for the office sector does not yet have the right ingredients for an upturn in prices and transactions. Considering the elevated borrowing costs and economic challenges, we expect the office market to continue to lag behind other property sectors in the near future.

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

COMMERCIAL PROPERTY Retail Market

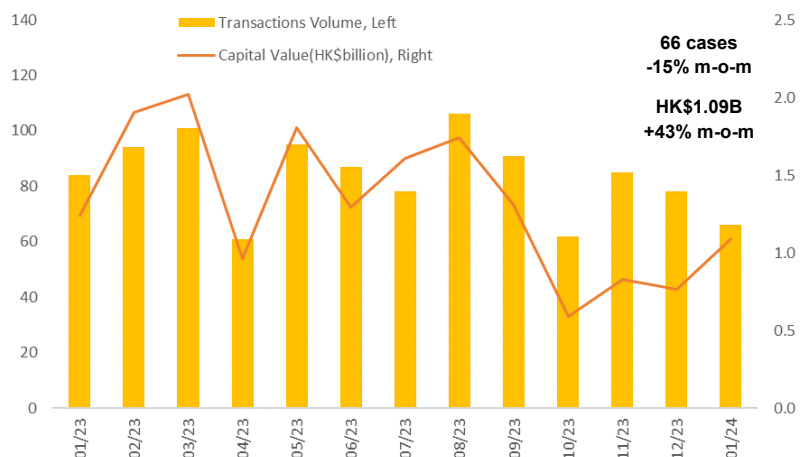
Despite a 15% month-on-month drop in transactions to 66 in January this year, the sentiment in the retail property market continues to improve as tourist arrivals returned to about 70% of the pre-pandemic levels. In the first month of 2023, a total of 3.8 million tourists arrived in Hong Kong, of which 78% were from Mainland China.

The correction in property prices presented an opportunity for investment. China Resources acquired four retail floors at KF88 in Kwai Fong, measuring 21,664 sq ft in total, for HK\$310 million or HK\$14,309 per sq ft, at an estimated initial yield of 6%.

Furthermore, an increasing number of restaurant and tea chains from mainland China are expanding into Hong Kong. For instance, Hop Fu Noodle has agreed to lease a 2,583 sq ft ground floor shop at Plaza 2000 in Causeway Bay for its initial Hong Kong restaurant at a reported rent of HK\$300,000 per month.

With the government stepping up its efforts to attract tourists to Hong Kong, we anticipate a gradual improvement in retail vacancy rates and a moderate increase in rents.

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) |
|--|---------------|------------------------------|-----------------------------------|-------------------------------|
| Four retail floors at KF88, 41-43 Shing Fong Street | Kwai Fong | 21,664 | 310 | 14,309 |
| Shop 4, G/F, Fung Choy House, Yuen Long New Street | Yuen Long | 800 | 52.68 | 65,850 |
| Shop 2A, G/F, Yau Kwong Building, 418-430 Hennessy Road | Wan Chai | 560 | 36.3 | 64,821 |
| Leasing Transactions | District | Area (sq ft) (approx.) | Rent (HK\$/month) (approx.) | Unit Rent (HK\$ psf/month) |
| Shop at New Mandarin Plaza, 14 Science Museum Road (with Basement floor) | Tsim Sha Tsui | 56,000 | 1,400,000 | 25 |
| G/F shop unit at Plaza 2000 | Causeway Bay | 1,576 | 300,000 | 190 |

Sources: The Land Registry, Market Sources and Vigers Research

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