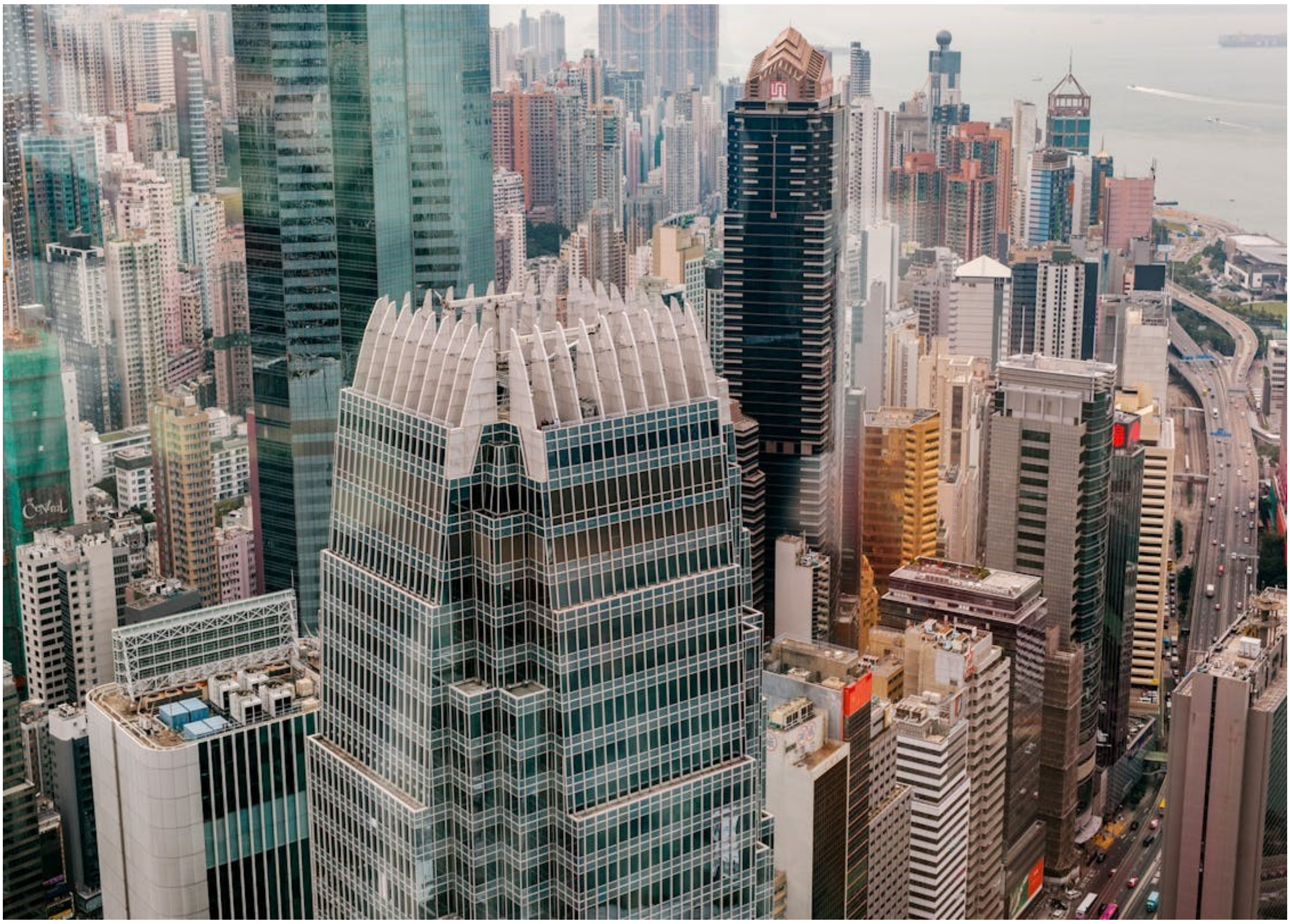
Hong Kong Property Market

Monthly Digest

Vigers Research | April 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

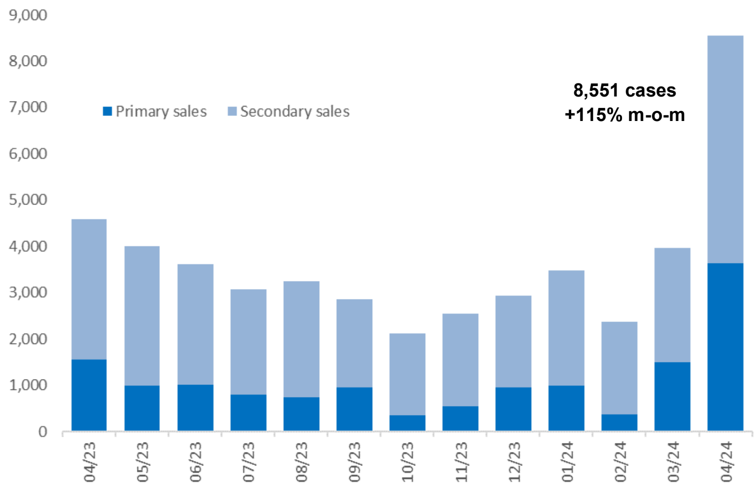
KEY ECONOMIC INDICATORS

Indicator		Latest	(Period)
Real GDP growth (in chained 2021 dollars)	(% change y-o-y)	+ 2.7	(Q1/2024)
Composite consumer price index growth	(% change y-o-y)	+ 1.1	(April)
Unemployment rate (seasonally adjusted)	(%)	3.0	(Feb-April)
Retail sales (value index)	(% change y-o-y)	- 14.7	(April)
Visitor arrivals	(% change y-o-y)	+ 17.3	(April)

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

3,636 cases ↑ *143%* m-o-m Total S&P Volume (Primary market)	**4,915** cases ↑ *99%* m-o-m Total S&P Volume (Secondary market)
308.7 pts ↑ *0.29%* m-o-m Price Index (April 2024)	**186.9** pts ↑ *0.92%* m-o-m Rental Index (April 2024)

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

SELECTED RESIDENTIAL PROPERTY SALES TRANSACTIONS

LUXURY RESIDENTIAL	District	S.A.	Price	Unit Price
		(sq ft) (approx.)	(HK$M)(approx.)	(HK$ psf)
House B, Mont Verra, 3 Lung Kui Road (with a 15,397-sq ft garden)	Beacon Hill	11,589	1,000	86,289
Skyplex, Tower 5, Cullinan Harbor, Phase 1	Kai Tak	3,156	230.388	73,000
Flat 1, 10/F, 21 Borrett Road, phase 1 (with two parking spaces)	Mid-levels East	2,945	218	74,024

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. 72 Pak Wo Road	Fanling	Pending (Phase 2)	Hong Kong Housing Society	696

Sources: The Lands Department, Market Sources and Vigers Research

RESIDENTIAL PROPERTY

Mass & Luxury

Following the removal of all property cooling measures, the residential market saw a sharp rebound in April, with a total of 8,551 transactions recorded across the primary and secondary markets. This represents a 115% surge from the previous month and marks the highest number of transactions since October 2012, a 11.5-year high.

Of these, new home sales shot up by 143% to 3,636 units in April, reaching a record high in 211 months (more than 17.5 years) after 3,924 cases in September 2006. This performance came on the back of favourable market sentiment and developers' attractive discounts on new projects, which led to an influx of buyers to the market.

Meanwhile, Hong Kong's private home prices have risen for the second consecutive month, reaching the highest level since December last year. In April, prices increased by 0.3% to 308.7, representing a slower rate of growth than in March, when prices rose by 1.8%.

In fact, the residential property price has declined by 0.83% year-to-date and has fallen by 22.5% since reaching its peak in September 2021, according to data from the Rating and Valuation Department.

The figures also showed that the rental index rose for the second month in a row, reaching a 52-month high since January 2020. The index stood at 186.9 in April, up 0.92% over the previous month. For the year to date, rents have risen by 0.48%, partly due to the influx of talent boosting the leasing market.

The luxury market demonstrated continued resilience during the month, with a 11,589 sq ft (S.A.) detached house at Mont Verra on Beacon Hill selling for a whopping HK$1 billion or HK$86,289 per sq ft by tender, setting a record high for first hand property transactions in Kowloon. In addition, a 3,156 sq ft penthouse at Cullinan Harbour Phase 1 in Kai Tak was reportedly sold for HK$230.4 million or HK$73,000 per sq ft.

We anticipate a decline in transaction volumes in the near term as the mindset of homebuyers in the market returns to a more rational approach. Home prices are likely to remain at a low level, with limited room for a rebound, as developers adopt an aggressive pricing strategy to attract home buyers to switch to new homes.

COMMERCIAL PROPERTY

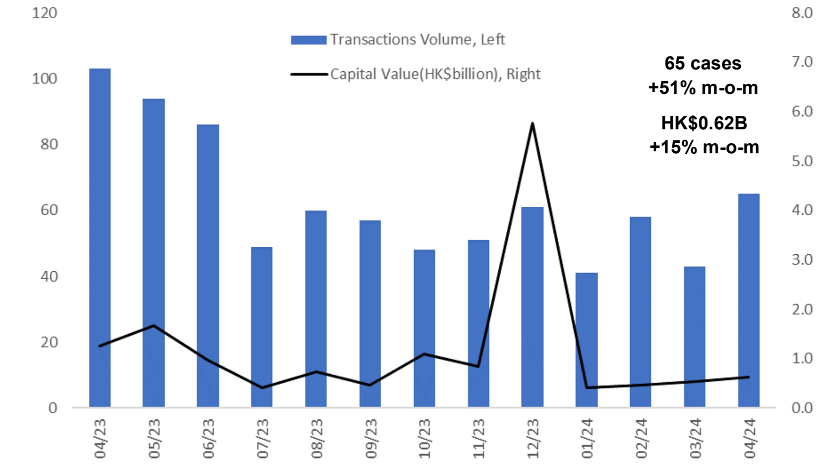
Office Market

Distressed office properties provided opportunities for capital to step in, leading to a 51% month-on-month increase in the number of registered transactions to 65 in April, reaching a 10-month high. For instance, A 1,652-sq ft office unit at Billion Centre Tower A in Kowloon Bay, with a view of Victoria Harbour, was sold for only HK$10.33 million, or HK$6,253 per square foot, after a significant price reduction.

Furthermore, Lai Sun Development has agreed to sell its 10% stake in the AIA Central office building in Central to AIA Group in return for HK$1.4 billion. It is important to note that the office market remains in a challenging position, with the vacancy rate of Grade A offices remaining at double digits for an extended period. In April, the rental of Grade A offices decreased by 1.1% compared with March, and the year-to-date rate has decreased by 2.3%.

Looking ahead, the office sector is not yet in a position for a rebound in prices and rents. Given the higher borrowing costs and economic challenges, we expect the office market to continue to lag behind other property sectors for some time to come.

OFFICE PROPERTY SALES AND CAPITAL VALUE



Sources: The Land Registry, Market Sources and Vigers Research

SNAPSHOT OF OFFICE PROPERTY

Vacancy Rate (Grade A office)	Rental Index– Grade A (April 2024)	Rental Index– Overall (April 2024)
10.9% ↑ *0.1 ppts* m-o-m	**221.9** pts ↓ *2.3%* YTD	**221.4** pts ↓ *2.7%* YTD

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

COMMERCIAL PROPERTY

Retail Market

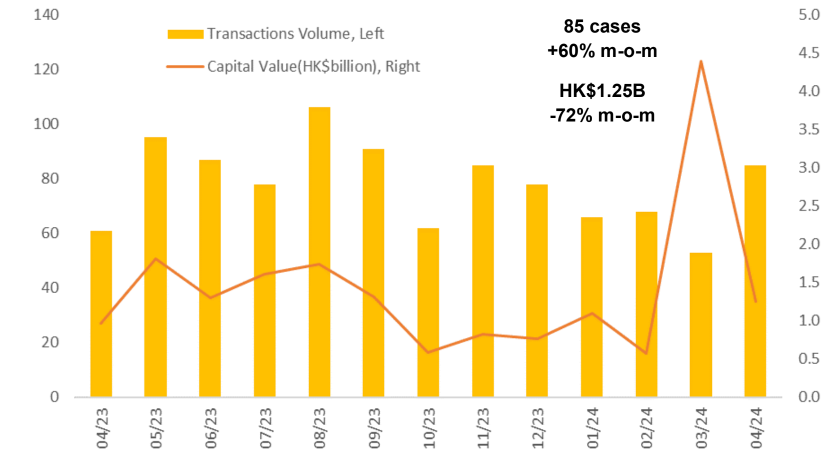
The revival in market sentiment, coupled with bottom-fishers continued to seek distressed sales, led to a rebound in retail property transactions. In April, 85 transactions were recorded, amounting to a total of HK$1.25 billion.

Notably, a ground floor shop at 34 Haiphong Road in Tsim Sha Tsui, with a total area of 1,660 sq ft, were sold for HK$130 million or around HK$78,310 per sq ft.

Meanwhile, a ground floor shop at 49 Carnarvon Road in Tsim Sha Tsui, with area of 495 sq ft, was leased out at a reported monthly rent of HK$140,000 or HK$283 per sq ft.

Looking ahead, the Individual Visit Scheme has been expanded to cover eight additional Mainland cities, bringing the total number of cities covered to 59 across the country. The 8 newly added cities have a combined population of over 33 million, implying high incomes and spending power would benefit the Hong Kong retail industry. However, the trend of Hong Kong residents travelling north to spend will have a negative impact on the recovery of retail sector.

RETAIL PROPERTY SALES AND CAPITAL VALUE



Sources: The Land Registry, Market Sources and Vigers Research

SELECTED RETAIL PROPERTY TRANSACTIONS

Sales Transactions	District	Area	Price	Unit Price
		(sq ft) (approx.)	(HK$M) (approx.)	(HK$ psf)
Shops D, G/F, 34 Haiphong Road	Tsim Sha Tsui	1,660	130	78,310
G/F, 292-294 Portland Street	Mong Kok	1,330	67	50,380

Leasing Transactions	District	Area	Rent	Unit Rent
		(sq ft) (approx.)	(HK$/month) (approx.)	(HK$ psf/ month)
Shop G, G/F, 49 Carnarvon Road	Tsim Sha Tsui	495	140,000	283
G/F, 53 Hankow Road	Tsim Sha Tsui	1,000	220,000	220
G/F, 163-165 Castle Peak Road Yuen Long	Yuen Long	2,000	360,000	180

Sources: The Land Registry, Market Sources and Vigers Research

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