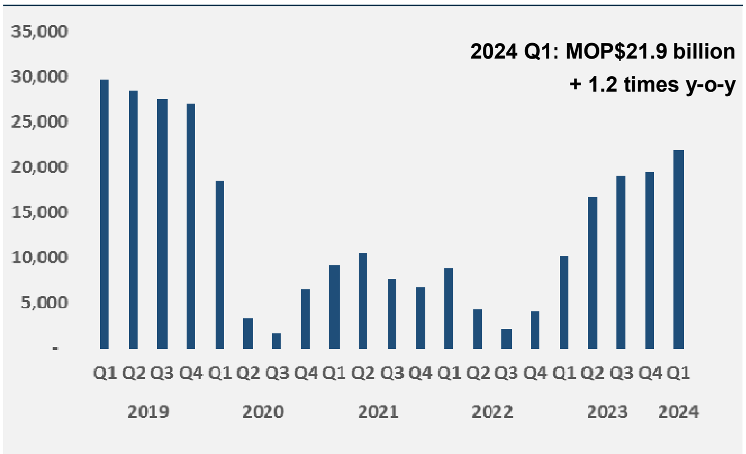
Macau Market Snapshot

Vigers Research | May 2024

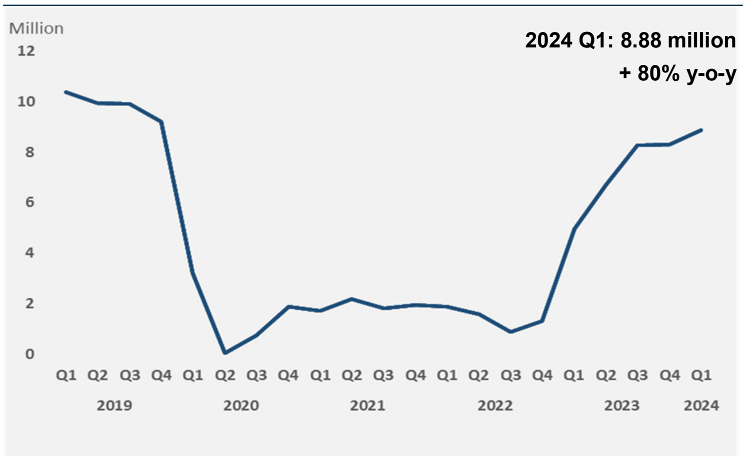
Macau's economy shows momentum of accelerated recovery: Gaming revenue and visitor arrivals are rebounding

Gaming Revenue (MOP$ Million)



Sources: Macau Statistics and Census Service, Market Sources and Vigers Research

Visitor Arrivals (Million)



Sources: Macau Statistics and Census Service, Market Sources and Vigers Research

Diversification policies drive increased investment

After the relaxation of border controls last year, Macau's economy has been steadily recovering. In the first quarter of 2024, Macau's real GDP recorded a 25.7% year-on-year growth, already reaching 87% of the same period in 2019. Macau's gaming industry has demonstrated a sustained recovery, with Q1 gaming tax revenue reaching MOP$21.9 billion, a 1.16x year-on-year increase and 26% of the government's full-year budget of MOP$83.6 billion; March saw a 77% growth to MOP$7.13 billion.

However, Macau is promoting economic diversification, aiming to reduce gaming's GDP share to 40% by 2028, with non-gaming elements reaching 60%. The focus is on developing areas like conventions, tourism, finance, and tech innovation. Tourism has rebounded rapidly, with visitor arrivals in Q1 reaching 8.88 million, an 80% increase year-on-year, and has recovered to 90% of the pre-pandemic 2019 level. Total visitor spending, excluding gaming, increased 35.9% to MOP$20.35 billion, surpassing 2019 levels.

The overall unemployment rate has gradually fallen back to 2%, and with the return of visitors providing support, we estimate that Macau's economy can continue to recover. The government's diversification policies are expected to drive increased investment in non-gaming sectors in the coming years.

Retail Market

High street shop rents are expected to increased gradually

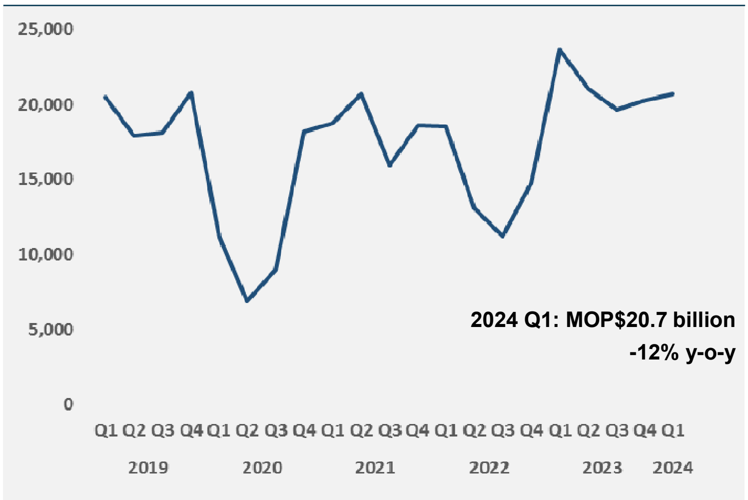
While visitor arrivals have rebounded, Macau's retail sales in Q1 declined 12.5% y-o-y to MOP$20.7 billion, primarily due to the release of pent-up consumer demand. However, retail sales were increased 1.2% compared to Q1 2019 pre-pandemic levels.

The "Macau Vehicles Heading North" policy has significantly increased consumption in mainland China, leading to a sharp drop in footfall in non-core tourist areas, and sluggish business for local retailers. Macau will continue its "Wealth Partaking Scheme", providing MOP$10,000 to each permanent resident starting in July, which should boost retail sales in the second half year.

In Q1, there were 81 commercial property transactions recorded, increased 21% y-o-y, with a total value of MOP$801 million, a decrease of 7% compared to the same period last year. With the return of tourists, shop rents have recovered to 50-70% of pre-pandemic levels. During the Labour Day holiday, Macau recorded 605,000 visitors, a 23.2% increase compared to the same period. The daily average number of visitors reached 121,000.

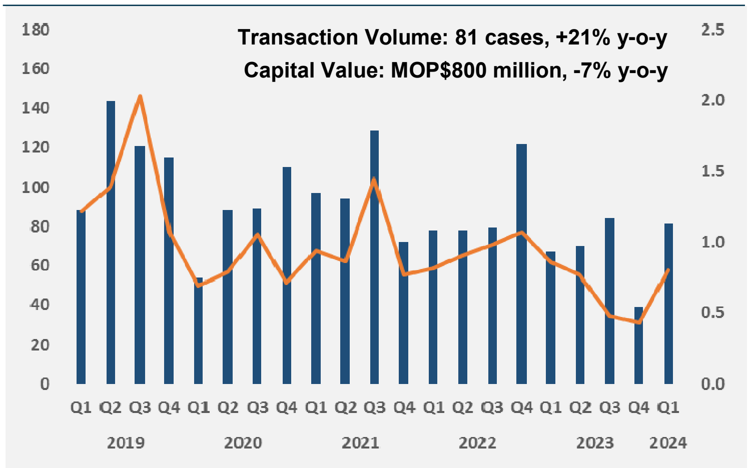
With the new measures easing travel between mainland China and Macau, visitor numbers and spending are expected to increase, benefiting the retail market. From a macro perspective, the series of policies introduced in the Mainland to stabilise the economy will continue to support the recovery of the retail property market.

Value of retail sales (MOP$ Million)



Sources: Macau Statistics and Census Service, Market Sources and Vigers Research

Retail Property Sales and Capital Value (MOP$ Billion)



Sources: Macau Statistics and Census Service, Market Sources and Vigers Research

Sales/ Rental	Location	District	GFA (sq ft)	Price (MOP$M)	Unit Price (MOP$ psf)
Sales	Connected shop at Rua de S. João 生央街相連地舖	Cidade e Hipódromo da Taipa 氹仔舊城及馬場區	1,208	3,800	31,457
Rental	G/F shop at at R. de São Paulo 大三巴街地舖	Patane e São Paulo 大三巴區	1,080	19	176

Sources: Market Sources and Vigers Research

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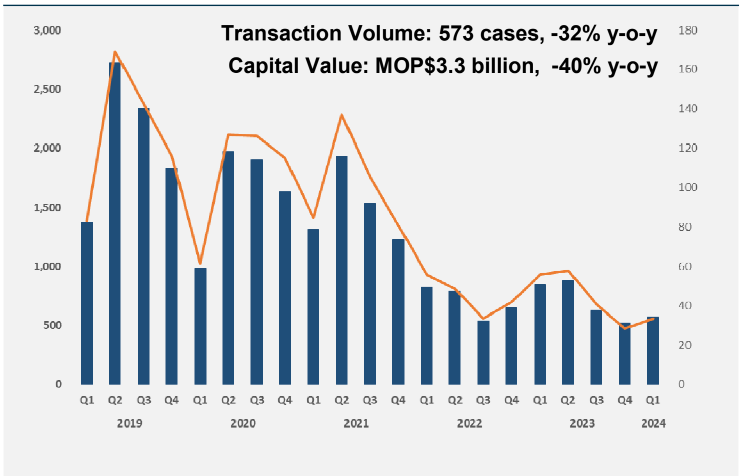
Residential Property

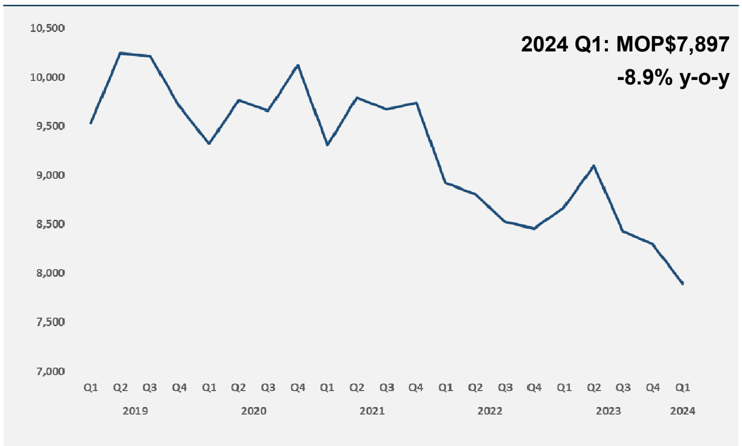
Withdrawal of all property cooling measures to drive market rebound

Residential Property Sales and Capital Value (MOP$ Billion)



Sources: Macau Statistics and Census Service, Market Sources and Vigers Research

Unit Price on Salable Area (MOP$)



Sources: Macau Statistics and Census Service, Market Sources and Vigers Research

The Macau property market remains under pressure, with transaction volume hovering at low levels for 3 consecutive quarters. In Q1, there were 573 transactions, declined 32% year-on-year. The total transaction amount was MOP$3.33 billion , a 40% year-on-year decline. This is mainly due to the pandemic's impact on the economy and high-interest rates dampening buyer sentiment. The current residential rental yields of 1-2% are not very attractive to investors, therefore, transactions are expected to be centered on the owner-occupied new developments.

To boost market confidence, the Macau government fully removed the restrictions in April, cancelling stamp duties on residential, non-residential, and parking space properties. They also removed the countercyclical mortgage restrictions for non-residents and suspended the 2-percentage point interest rate stress test requirement. These measures are expected to increase market confidence and housing demand.

Property prices declined nearly 9% year-on-year to around MOP$7,900 per sq ft in Q1, after a cumulative 23% drop from the 2019 peak. Ending property cooling measures are expected to help stabilise prices in the short term.

Location	District	GFA (sq ft)	Price (MOP$M)	Unit Price (MOP$ psf)
Flat B, Block 6, High Zone, One Centeral Residences	ZAPE 新口岸區	2,347	2,018	8,598
Flat B, Block 6, Mid Zone, Nova Grand	Baixa da Taipa 氹仔中心區	1,690	1,280	7,574

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