Hong Kong Property Market

Monthly Digest

Vigers Research | October 2024

LAND SALES RESULTS

Lot No.	Location	Usage	Site Area	Max. GFA	Price	A.V.	Winner(s) / Remark
			(sq ft) (approx.)	(sq ft) (approx.)	(HK$M)	(HK$ psf)	
STTL 625	Junction of Sha Tin Wai Road and Siu Lek Yuen Road, Siu Lek Yuen, Sha Tin	Residential	60,838	304,188	1,021.17	3,357	Chinachem Group

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	349,181	1,738,372	21 March 2025
HSKTL 10	Areas 39A and 39B, Hung Shui Kiu and Ha Tsuen, Yuen Long	Industrial	836,754	4,183,771	21 March 2025

Sources: Lands Department, market information and Vigers Research

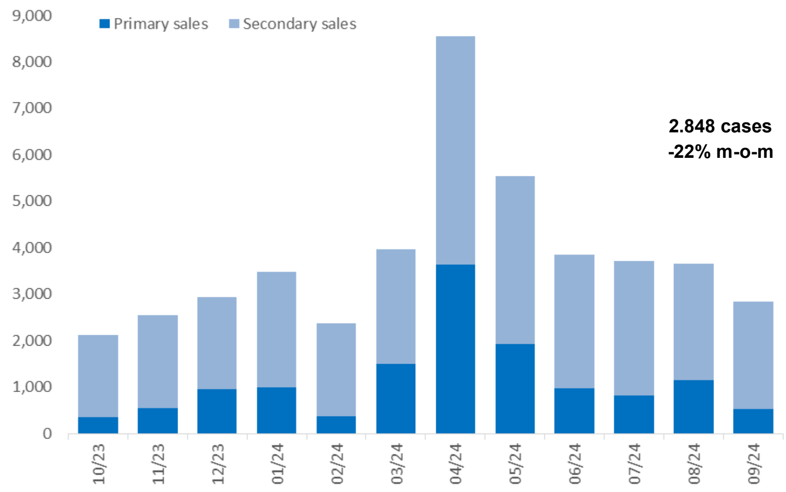
KEY ECONOMIC INDICATORS

Indicator		Latest	(Period)
GDP (Year-on-year % change in real terms)	(% change y-o-y)	+ 1.8	(Q3/2024)
Composite consumer price index growth	(% change y-o-y)	+ 2.2	(Sep)
Unemployment rate (seasonally adjusted)	(%)	3.0	(Jul-Sep)
Retail sales (value index)	(% change y-o-y)	- 8.7	(Sep)
Visitor arrivals	(% change y-o-y)	+ 9.2	(Aug)

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

521 cases
↓ *-55%* m-o-m
Total S&P Volume
(Primary market)

2,327 cases
↓ *7%* m-o-m
Total S&P Volume
(Secondary market)

287.9 pts
↓ *1.67%* m-o-m
Price Index
(September 2024)

196 pts
↑ *0.05%* m-o-m
Rental Index
(September 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 at 28 Peak Road	The Peak	8,910	1,050	117,845
House at No.15 Shouson	Shouson Hill	12,073	845	69,991
Flat A, Mid-floor, St George's mansion (including one parking space)	Ho Man Tin	2,087	88.5	42,405

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. 663 Fan Kam Road	Fanling	CLOUDVIEW	Wing Tai	765
No. 26 Shing Fung Road	Kai Tak	Pending	Sun Hung Kai Properties	43
No. 11 Heung Yip Road	Wong Chuk Hang	THE SOUTHSIDE (Phase 5A)	MTRC	447
No. 11 Heung Yip Road	Wong Chuk Hang	THE SOUTHSIDE (Phase 5B)	MTRC	378

Sources: The Lands Department, Market Sources and Vigers Research

RESIDENTIAL PROPERTY

Mass & Luxury

Hong Kong residential market experienced a notable downturn. A total of 2,848 transactions were recorded across both the primary and secondary markets in September, reflecting a significant 22% decrease from August and marking a seven-month low.

The primary market saw a steep decline, with only 521 new home sales, a 55% drop month-on-month. This sharp decline can be attributed to reduced new project launches and prevailing market uncertainty. Secondary home sales were also affected, totalling 2,327 transactions, down 7% from the previous month.

According to the Rating and Valuation Department, private home prices continued their downward trend in September, falling by 1.67% month-on-month to 287.9, the lowest in 97 months. This year-to-date decline of 7.52% reflects persistent challenges facing the market. Conversely, the rental market demonstrated resilience, with the rental index rising slightly by 0.05% month-on-month to 196, marking a 60-month high. Rental rates have increased by 5.38% this year, driven by a steady influx of talent and seasonal demand.

In the wake of the 2024 Policy Address released on 16 October by The Chief Executive, Mr. John Lee, Hong Kong's property market is set for adjustment. The relaxation of mortgage loan-to-value ratios to 70% aims to restore market normalcy and boost confidence among first-time buyers. Additionally, the New Capital Investment Entrant Scheme, which allows high-net-worth individuals to invest in residential properties priced at HK$50 million or above, is expected to increase liquidity for both end-users and investors while attracting foreign capital to support the luxury market.

The government's efforts to legalize and safeguard subdivided units (SDUs) also aim to improve living conditions and expand the availability of affordable housing options, further supporting demand in the residential sector.

Looking ahead, recent interest rate cuts and the measures outlined in the policy address are anticipated to provide relief by enhancing borrowing accessibility and boosting buyer sentiment. This trend suggests a gradual recovery in the residential property sector. We can expect a more stable market environment in the coming months, although external economic factors may also play a significant role.

COMMERCIAL PROPERTY

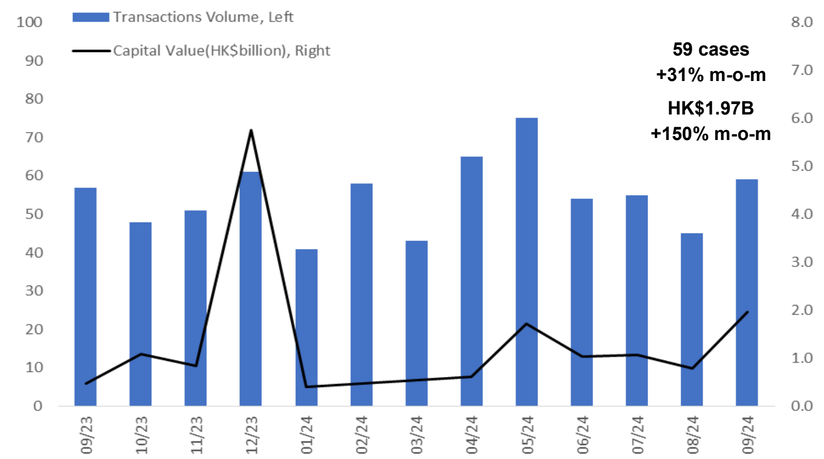
Office Market

Hong Kong's office market demonstrated significant improvement, with registered transactions increasing to 59, marking a 31% rise compared to August. Additionally, capital value surged to HK$1.97 billion, reflecting a remarkable 150% month-on-month growth.

Nevertheless, the office market faces challenges. According to the Rating and Valuation Department, the office price index continued to drop, decreasing by 2.62% m-o-m. A significant transaction involved the sale of an entire floor of The Center for HK$700 million, covering saleable area of approx.18,335 sq ft, which translates to HK$38,178 per sq ft. This price reflects a 24% decline compared to a transaction in the same building in 2021.

The 2024 Policy Address aims to enhance the office property market by encouraging global and Mainland firms to establish regional headquarters and extending multiple-entry visas for expatriates. These measures are expected to stabilize demand and reduce high vacancy rates. Looking ahead, they are likely to create a more dynamic office sector, helping to mitigate ongoing challenges and paving the way for a more resilient market.

OFFICE PROPERTY SALES AND CAPITAL VALUE



Sources: The Land Registry, Market Sources and Vigers Research

SNAPSHOT OF OFFICE PROPERTY

357.1 pts
↓*2.62%* m-o-m
Price Index– Overall
(September 2024)

215.2 pts
↓*0.42%* m-o-m
Rental Index– Grade A
(September 2024)

216.0 pts
↓*0.55%* m-o-m
Rental Index– Overall
(September 2024)

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

COMMERCIAL PROPERTY

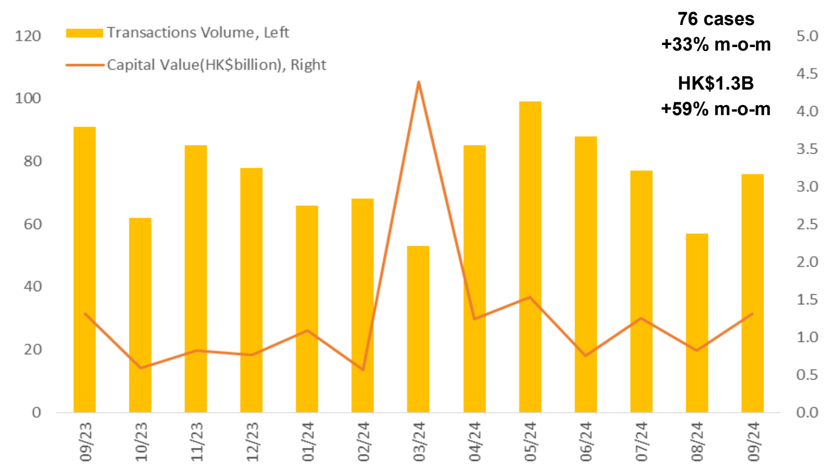
Retail Market

The retail property market experienced a positive shift in September, with 76 registered transactions, which represents a 33% increase from the previous month. Additionally, the total capital value rose to HK$1.3 billion, reflecting a remarkable 59% month-on-month growth.

A notable transaction occurred at Shop D, Ground Floor, 4 Sai Yeung Choi Street South in Mong Kok, was sold for HK$63.8 million, translating to HK$110,957 sq ft. The previous owner acquired the property for HK$138 million in 2008, indicating a significant loss of HK$74.2 million, or 53% over 16 years.

The 2024 Policy Address outlines several initiatives aimed at enhancing tourism, which is expected to have beneficial impact on the retail property market. By promoting the development of sports, cultural and creative industries, improving infrastructure, and revitalizing key tourist attractions such as the West Kowloon Cultural District and Kai Tak Sports Park, the government aims to attract more visitors and encourage higher consumer spending in retail sectors. This increase in foot traffic from tourists is likely to drive demand for retail space, potentially stabilizing or even elevating rental prices in prime shopping districts.

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)
Shop D, G/F shop at 4 Sai Yeung Choi Street South	Mong Kok	575	63.8	110,957
G/F shop at 106 Des Voeux Road Central	Central	920	47.3	51,413
Leasing Transactions	District	Area	Rent	Unit Rent
		(sq ft) (approx.)	(HK$/month) (approx.)	(HK$ psf/ month)
G/F, 16 Peking Road	Tsim Sha Tsui	255	168,000	658.8
Shop N, G/F, Glamour Garden	Tai Wai	325	108,000	332.3
Unit B3, G/F, Kwong Sang Hong Building	Wan Chai	1,050	95,000	90.5

Sources: The Land Registry, Market Sources and Vigers Research

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