Hong Kong Property Market

Monthly Digest

Vigers Research | November 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)	
-	-	-	-	-	-	-	-

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

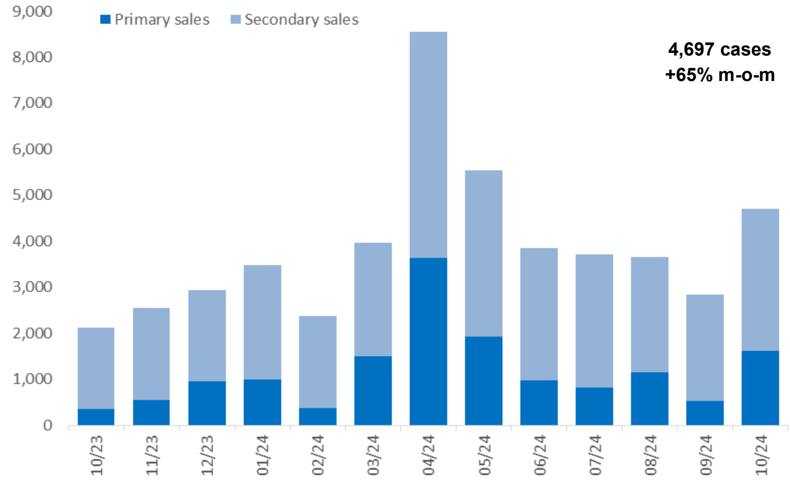
KEY ECONOMIC INDICATORS

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)	+ 1.4	(Oct)
Unemployment rate (seasonally adjusted)	(%)	3.1	(Aug-Oct)
Retail sales (value index)	(% change y-o-y)	- 4.9	(Oct)
Visitor arrivals	(% change y-o-y)	+ 10.5	(Sep)

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

1,161 cases
↑ *209%* m-o-m
Total S&P Volume
(Primary market)

3,086 cases
↑ *33%* m-o-m
Total S&P Volume
(Secondary market)

290.1 pts
↑ *0.62%* m-o-m
Price Index
(October 2024)

194.9 pts
↓ *0.31%* m-o-m
Rental Index
(October 2024)

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

ISSUED PRESALE CONSENT FOR RESIDENTIAL DEVELOPMENT

Location	District	Project Name	Developer(s)	No. of Units
No. 16 Shing Fung Road	Kai Tak	Victoria Blossom (Phase 1)	CK Asset	307
No. 188 Lung Cheung Road	Kowloon Tong	Pending (Phase 1)	Wharf	73
No. 188 Lung Cheung Road	Kowloon Tong	Pending (Phase 2)	Wharf	14
No. 188 Lung Cheung Road	Kowloon Tong	Pending (Phase 3)	Wharf	46
No. 1 Lohas Park Road	Tseung Kwan o	Phase XIIIA of LOHAS Park	Sino, Kerry Properties, K Wah International, China Merchants Land	1,284
No. 1 Lohas Park Road	Tseung Kwan o	Phase XIIIB of LOHAS Park	Sino, Kerry Properties, K Wah International, China Merchants Land	1,266
No.10 Concorde Road	Kai Tak	Pending (Phase 2)	SHKP	584
No.19 Ma Wo Road	Tai Po	Pending (Phase 2)	Vanke	682
No.19 Ma Wo Road	Tai Po	Pending (Phase 3)	Vanke	565
No. 2 Muk Chun Street	Kai Tak	Pending (Phase 2)	Hong Kong Housing Society	700

Sources: The Lands Department, Market Sources and Vigers Research

RESIDENTIAL PROPERTY

Mass & Luxury

The Hong Kong residential market showed signs of recovery in October, with a total of 4,697 transactions recorded across both the primary and secondary markets. This represents a substantial 65% increase compared to September, indicating a rebound from the previous downturn.

In the primary market, new home sales recorded 1,611 cases, reflecting a remarkable 209% month-on-month increase. This surge can be attributed to a rise in new project launches and improved market sentiment. Meanwhile, the secondary market also experienced growth, with 3,086 transactions, an increase of 33% from the previous month.

Accompanying the rebound in transaction volumes, the Rating and Valuation Department reported a corresponding increase in private home prices. The price index ascended to 290.1 in October, marking the first increase since May and breaking a five-month consecutive decline. In contrast, the rental index for October reported at 194.9, reflecting a month-on-month decline of 0.31%, marking the first decrease since March. However, this figure has increased by 4.8% over the first ten months of this year.

The Hong Kong Monetary Authority announced the results of its survey on residential mortgage loans in negative equity as of the end of the third quarter. The number of such mortgage loans reached 40,713 cases, representing a 34.4% increase from the previous quarter's figure of 30,288. This is the highest level since the fourth quarter of 2003, when there were 67,575 cases, marking the highest level in nearly 21 years. Additionally, the aggregate value of residential mortgage loans in negative equity has surpassed HK$200 billion.

The Lands Department announced that ten pre-sale consents for residential developments involving 5,521 residential units were issued in November. This represents an increase of 3,888 units, or a 2.4-fold increase compared to 1,633 units in October. The largest projects among these are Phase XIIIA and Phase XIIIB of LOHAS Park, which contributed 1,284 and 1,266 units, respectively.

Looking ahead, the recent surge in transactions suggests a potential recovery phase for the residential market as sentiment improves. However, the anticipated influx of new housing supply may exert downward pressure on prices due to competitive pricing among new projects. Additionally, while further interest rate cuts could enhance affordability and stimulate demand, ongoing challenges such as high levels of negative equity must be addressed to sustain long-term growth.

COMMERCIAL PROPERTY

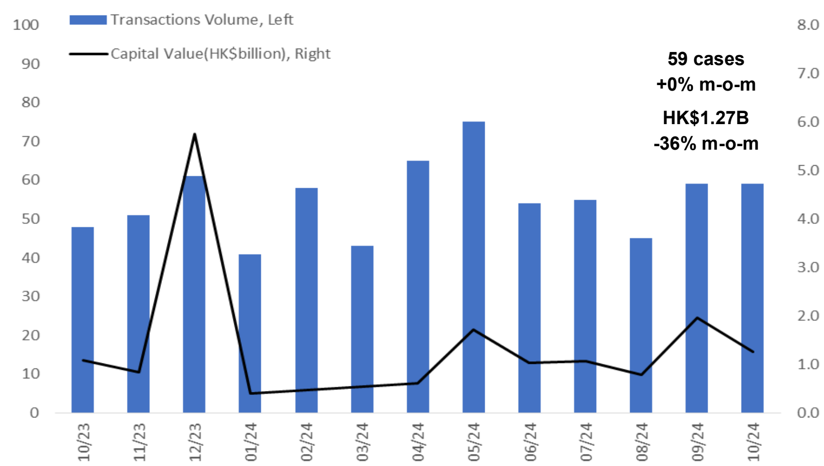
Office Market

Hong Kong's office market experienced a challenging month in October, with 59 transactions recorded, reflecting no change compared to September. However, the capital value saw a decline, totalling HK$1.27 billion, which represents a 36% decrease month-on-month.

Further evidence of the market's struggles comes from data provided by the Rating and Valuation Department, which reported a continued decline in the office price index, falling by 1.88% month-on-month. A notable transaction involved the sale of units 01 and 13 on the 27th floor of The Center, owned by the King of Minibus, Ma Ya-muk, which sold for approximately HK$104 million, or HK$20,500 sq ft. This sale reflects a decline of nearly 38% from the average acquisition price of HK$33,000 sq ft in 2017.

Looking ahead, while the current stability in transaction volumes may suggest a temporary reprieve for the office market, significant challenges remain due to high vacancy rates and declining capital values. Investors are likely to adopt a cautious approach amid uncertainties surrounding economic conditions.

OFFICE PROPERTY SALES AND CAPITAL VALUE



Sources: The Land Registry, Market Sources and Vigers Research

SNAPSHOT OF OFFICE PROPERTY

Price Index– Overall (October 2024)	Rental Index– Grade A (October 2024)	Rental Index– Overall (October 2024)
350.4 pts	213.5 pts	215.4 pts
↓ *1.88%* m-o-m	↓ *0.09%* m-o-m	↓ *0.14%* m-o-m

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

COMMERCIAL PROPERTY

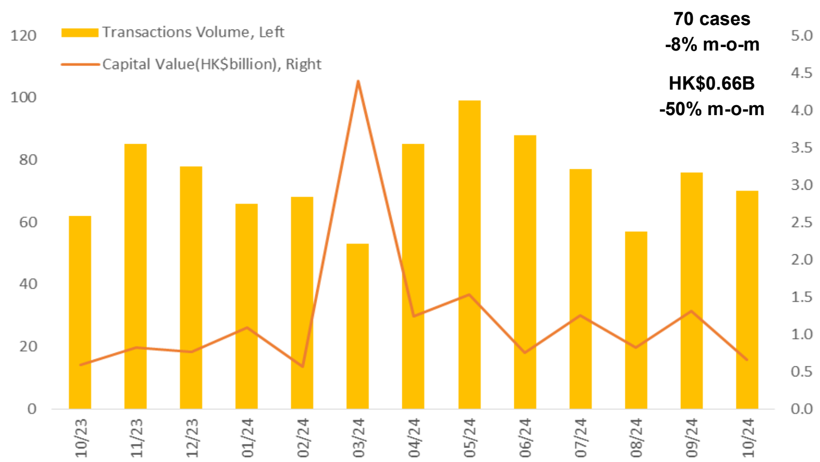
Retail Market

The retail property market in Hong Kong faced a downturn in October, with 70 transactions recorded, representing an 8% decrease from the previous month. Additionally, the total capital value fell to HK$0.66 billion, reflecting a significant 50% decline month-on-month.

However, despite these challenges, recent market information indicates that Vanke has completed the sale of the retail podium of The Campton in Cheung Sha Wan for HK$104 million, achieving over HK$9,400 per square foot. When combined with the earlier sale of their commercial parking floor, total transactions reached HK$188 million.

From January to October 2024, Hong Kong welcomed approximately 36.68 million international tourists, a 37% year-on-year increase. Mainland China contributed 28.38 million visitors, up 32.8%. While the retail property market faces challenges from declining transaction volumes and capital values, potential stabilization is on the horizon due to tourism recovery and a shift towards experiential shopping. The anticipated increase in tourist arrivals could boost retail activity, however, landlords may need to adopt flexible leasing strategies and offer competitive rental rates to attract tenants amid ongoing economic uncertainties.

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)
Retail Podium, Phase 1B, The Campton	Cheung Sha Wan	11,059	104.6	9,460
Shops A1 & A2, 87 Hennessy Road	Wan Chai	337	25	74,184
Leasing Transactions	District	Area	Rent	Unit Rent
		(sq ft) (approx.)	(HK$/month) (approx.)	(HK$ psf/ month)
Shop 6, G/F, 50-58 Chuen Lung Street	Tsuen Wan	330	60,000	181.8
Shop A1, G/F, 25-29 Hankow Road	Tsim Sha Tsui	450	65,000	144.4
Unit E, G/F, 719 Nathan Road	Mongkok	175	21,500	122.9

Sources: The Land Registry, Market Sources and Vigers Research

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