Hong Kong Property Market

Monthly Digest

Vigers Research | January 2025

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 651	Mei Tin Road, Tai Wai, Sha Tin, New Territories	Residential	38,750	193,750	606	3,127	Sun Hung Kai Properties Limited

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.)	
TCTL 55	Area 106B, Tung Chung, New Territories	Residential	114,614	401,149	14 February 2025
YLTL 545	Fuk Wang Street and Wang Lee Street, Yuen Long	Industrial	349,181	1,738,370	21 March 2025
HSKTL 10	Areas 39A and 39B, Hung Shui Kiu and Ha Tsuen, Yuen Long	Industrial	836,753	4,183,766	21 March 2025

Sources: Lands Department, Market information and Vigers Research

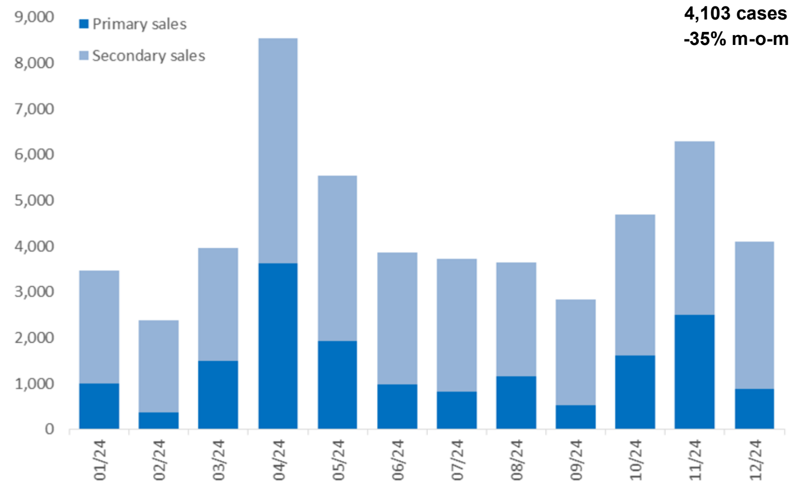
KEY ECONOMIC INDICATORS

Indicators		Latest	(Period)
Real GDP growth (Year-on-year % change in real terms)	(% change y-o-y)	+2.4	(Q4/2024)
Composite consumer price index growth	(% change y-o-y)	+1.4	(Dec)
Unemployment rate (seasonally adjusted)	(%)	3.1	(Oct-Dec)
Retail sales (value index)	(% change y-o-y)	-11.5	(Dec)
Visitor arrivals	(change y-o-y)	+8.5%	(Nov)

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

887 cases
↓ *64%* m-o-m
Primary S&P Volume
(Dec 2024)

3,216 cases
↓ *15%* m-o-m
Secondary S&P Volume
(Dec 2024)

289.1 pts
↓ *0.65%* m-o-m
Price Index
(Dec 2024)

193.2 pts
↑ *0.36%* m-o-m
Rental Index
(Dec 2024)

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

SELECTED RESIDENTIAL PROPERTY SALES TRANSACTIONS

LUXURY RESIDENTIAL	District	S.A.	Price	Price
		(sq ft) (approx.)	(HK$M)(approx.)	(HK$ psf)
Unit 3, 15/F, Block 3 & 5, 21 Borrett Road	Mid-Level	2,193	156	71,135
Apartment No. F, 4/F, Block EF, Grenville House	Mid-Level	3,347	127.5	38,094
Flat A, 18/F, Tower 1, Cullinan Harbour	Kai Tak	2,196	119.3	54,330

Sources: The Land Registry, Market Sources and Vigers Research

VILLA	District	S.A.	Price	Price
		(sq ft) (approx.)	(HK$M)(approx.)	(HK$ psf)
77C Peak Road	The Peak	6,257	500.6	80,000
House B, 31 Barker Road	The Peak	3,203	266	83,047
House H, Overthorpe, 24-28 Mount Austin Road	The Peak	2,050	200	97,561

Sources: The Lands Department, Market Sources and Vigers Research

RESIDENTIAL PROPERTY

Mass & Luxury

In December, the residential property market experienced a notable slowdown, with a total of 4,103 registrations, representing a 35% m-o-m decline. Both the primary and secondary markets experienced significant drops in activity. Primary market transactions fell sharply to 887 cases, reflecting a 64% m-o-m decrease, while the secondary market recorded 3,216 transactions, down 15% from the previous month.

The home price index recorded a marginal decline, reaching 289.1 points, a 0.65% m-o-m decrease and a 7.13% y-t-d drop. This decline was driven by developers continuing to offer competitive pricing to stimulate demand, with secondary market homeowners also adjusting prices to attract buyers.

In contrast, the rental market remained relatively stable, with the rental index edging up slightly to 193.2 points, a 0.36% m-o-m increase. The index closed the year with a cumulative 3.87% y-t-d rise, supported by government initiatives to attract talent and influx of mainland students.

The market continues to grapple with high supply levels. The potential supply of first-hand private residential units in the next three to four years is estimated at approximately 107,000 units as of the fourth quarter of 2024. This represents a decrease of 1,000 units from the previous quarter, marking the third consecutive quarterly decline. The number of private residential units that commenced construction also decreased, reaching 1,800 units in Q4, a reduction of 2,100 units compared to the previous quarter.

The complete removal of property cooling measures, combined with the relaxation of mortgage loan ratios, has already stimulated market activity. Primary market transactions reached approximately 17,000 units in 2024, nearly 60% increase y-o-y and the highest level in three years. Further, potential interest rate cuts in 2025 could encourage more tenants to become homeowners, increasing demand in both primary and secondary markets.

Looking ahead to 2025, the market is expected to continue its mild recovery. This positive outlook is supported by favorable government policies, sustained demand from both local and international buyers, and planned new project launches by developers. An anticipated improvement in the absorption of unsold inventory is expected to further stabilize property prices, reducing the backlog of unsold units and promoting a healthier market environment.

COMMERCIAL PROPERTY

Office Market

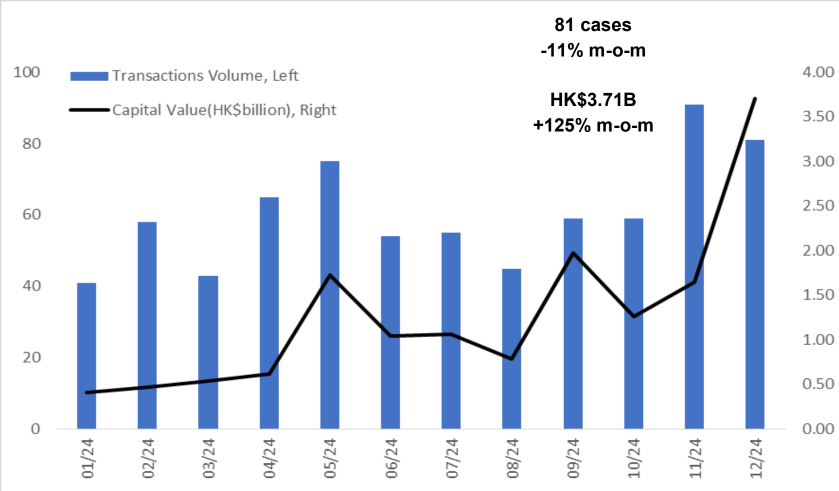
In December, the office property market recorded 81 transactions, reflecting an 11% m-o-m decline in activity. However, the total transaction value surged significantly to HK$3.71 billion, representing a 125% m-o-m increase. This sharp rise in capital value highlights the continued demand for high-value office properties, despite the slowdown in transaction volume.

Notably, the Cheung Kei Center in Hung Hom, previously owned by Mainland tycoon Chen Hongtian, was foreclosed and repeatedly listed for sale before being sold for approximately HK$2.65 billion, translating to a transaction price of around HK$9,500 per square foot.

The leasing demand for Grade A office space remains subdued, with declining rents and persistently high vacancy rates. This trend reflects economic uncertainties and cautious leasing strategies. Additionally, the anticipated completion of 3.5 million square feet of new supply in 2025 is expected to further pressure rental levels.

The office market will likely face continued challenges. With elevated vacancies and ongoing new supply, landlords are expected to offer substantial rental discounts and incentives to attract tenants.

OFFICE PROPERTY SALES AND CAPITAL VALUE



Sources: The Land Registry, Market Sources and Vigers Research

SNAPSHOT OF OFFICE PROPERTY

335.5 pts
↓ *1.81%* m-o-m
Price Index– Overall
(Dec 2024)

214.8 pts
0.00% m-o-m
Rental Index– Grade A
(Dec 2024)

215.2 pts
↓ *0.23%* m-o-m
Rental Index– Overall
(Dec 2024)

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

COMMERCIAL PROPERTY

Retail Market

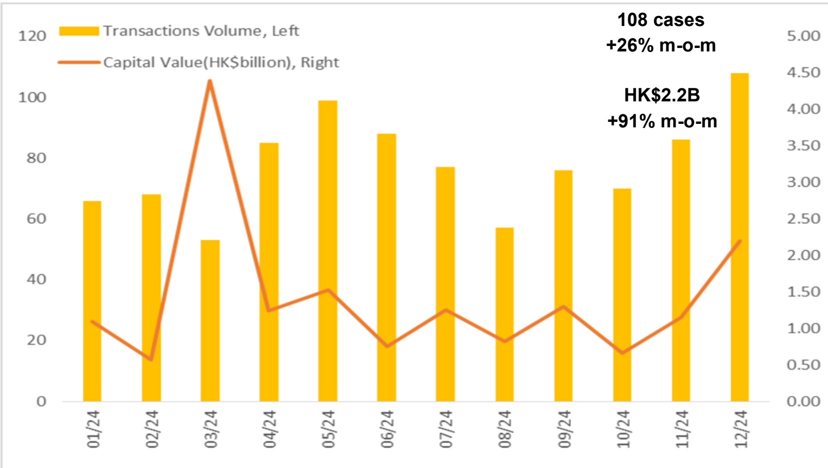
The retail property market is showing signs of recovery. In December, the market saw a positive uptrend with a 26% month-on-month increase in transaction volume, totalling 108 transactions. This increase was accompanied by a significant surge in total transaction value, which rose 91% month-on-month to HK$2.2 billion.

The recovery in the tourism sector is a key contributing factor, particularly with the introduction of the Multiple-Entry Individual Visit Endorsement for Shenzhen residents. This policy facilitates unlimited entries into Hong Kong within a year, boosting the potential for increased visitor spending.

However, local consumption habits have shifted as more residents opt to travel to the Mainland for shopping and dining, leading to a decline in local retail shopping.

Looking ahead, the market is expected to remain steady as it adapts to evolving consumer behaviours, while also benefiting from ongoing government support for tourism initiatives, though long-term growth depends on adapting to new consumer trends.

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$M) (approx.)	Price (HK$ psf)) (approx.)
Shop 27, G/F, Allied Plaza	Mong Kok	243	21.5	88,477
Shop A1 & A2, G/F, 87 Hennessy Road	Wan Chai	337	25	74,184

Leasing Transactions	District	Area (sq ft) (approx.)	Rent (HK$/month) (approx.)	Rent (HK$ psf/ month)
Shop A, G/F, Po Lun Building, 175-181 Portland Street	Mong Kok	610	135,000	221.3
Shop 1, G/F, Conwell House, 34-38 Stanley Street	Central	924	144,900	156.8

Sources: The Land Registry, Market Sources and Vigers Research

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