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HONG KONG PROPERTY
香港物業市場透視

MAINLAND CHINA PROPERTY
中國內地物業市場透視

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GROUP INTRODUCTION

RHL International is one of the pioneering professional valuation and real estate consultants in Asia. Established since 1972, our group offers high quality professional services on Corporate Valuation & Advisory and Real Estate Solution & Surveying Practice. As an active participant in exchanging ideas and experience with regulators, government institutions and corporations, our group maintains vigilant to the dynamic changes in the market. Leveraging our extensive track record, technical resources and market intelligence, we are dedicated to provide tailored services to meet with the unique needs of our clients.

PROFESSIONAL TEAM

Our team comprises of professionals who have finance and/or real estate related academic background and internationally recognized qualifications, such as CPA, FRM, registered professional surveyors, and with diverse experience and up-to-date knowledge of the current market environment. We committed to provide our clients with high standard services. The Group is committed to provide high standard of professional services in compliance with international standard and Government Statutory requirements.

CORPORATE & VALUATION ADVISORY

Our experience in operating businesses in the mainland China and cooperating with overseas parties has become our competitive advantage in offering comprehensive client solution to overseas as well as mainland clients. We cover real estate as well as other industries such as natural resources, green energy and finance area.

- Industry Market Research & Analysis
- Project Feasibility Study and Advisory
- Financial Analysis
- Investment Advisory
- Due Diligence
- Valuation (including Real Estate, Business Valuation, Plant & Machinery)
- Real Estate Solutions and Surveying Practice

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HONG KONG PROPERTY- MARKET WATCH

**New Mechanism for
Land Lease Extension
Came into Effects**

HONG KONG PROPERTY-MARKET WATCH

New Mechanism for Land Lease Extension Came into Effects

Many of the land leases in Hong Kong need to be renewed and extended after the handover since 1997. In July 1997, the HKSAR Government promulgated the land policy, which states that leases not containing a right of renewal (excluding Short Term Tenancies (STTs) and Special Purpose Leases (SPLs)), may, upon expiry, be extended at the sole discretion of the Government for a term of 50 years without payment of any additional premium, but an annual government rent equivalent to 3% of the prevailing rateable value of the property at the time of assessment of government rent shall be charged. Matters related to the extension of STTs and SPLs upon expiry are to be handled according to the established policies. To streamline the procedures for extending these leases, the authority had introduced a bill to the Legislative Council last year and the Extension of Government Leases Ordinance (the Ordinance) has now been effective since July 5, 2024, providing a new statutory mechanism for extension of leases.

The Ordinance provides an ordinary statutory mechanism for handling lease extension matters for general purposes leases, including general residential, commercial, industrial leases which do not contain a right of renewal and expire on or after July 5, 2024 in batches.

The Director of Lands will continue to exercise the sole discretion of the Government and extend the relevant land leases by publishing an "Extension Notice" in the Government Gazette six years before the expiry of each batch of applicable leases. The "Extension Notice" will specify that applicable leases that are due to expire in a specified period will be extended for 50 years without payment of additional premium but subject to payment of annual government rent equivalent to 3% of the rateable value of the relevant land as annually assessed, except those specified on the "Non-extension List" published on the same day for those lands having public interest considerations against extension of any particular lease such as serious lease breach unpurged despite repeated warnings.

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Through the "Extension Notice" under the new mechanism, the encumbrances, interests and rights under the original lease (such as mortgages) will be carried forward to the extended lease term without being affected. Owners do not have to perform any procedures, hence obviating the need for owners to undergo cumbersome procedures such as executing lease extension documents with the Government individually, re-arranging the mortgages, etc. as in the past.

The first "Extension Notice" covered applicable leases expiring in less than six years, referring to leases expiring between July 5, 2024 and December 31, 2030. The land leases of this batch of 376 lots have all been extended, involving 309 situated in Kowloon mainly in Yau Tsim Mong district and 67 lots on the Hong Kong Island. Meanwhile, in accordance with the requirement under the Ordinance to give six years' prior notice, the government will publish the next "Extension Notice" at the end of 2024, which shall cover land leases expiring in 2031.



The first "Extension Notice" covered applicable leases expiring in less than six years. The land leases of this batch of 376 lots have all been extended.

(Source of Photo: Online Photo)

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The Ordinance is not applicable to Special Purpose Leases (SPLs), including lots for the purposes of petrol filling station, education, recreation, public utility, welfare, special industries, etc.. For those 244 nos. of SPLs expiring within the same period, the government will issue letter to all the concerned lessees and make an "SPL identification note" in the Land Registry register of the relevant land leases on the same day. This will identify the SPLs for handling of their lease extension matters in accordance with the original administrative procedures outside the Ordinance.

The new arrangement shall bring the least effects to either the government itself and the public with the highest efficiency. It saves the manpower of the authority in handling the complex procedure including document-checking, and also allowing the market knowing the foundation of the authority in extending leases. At the same time, the mechanism does not require the endorsement of the new extended leases by all owners from the same multi-owned lands, saves the time and costs for all parties.



CALVIN PANG
WRITER - HONG KONG
MARKET WATCH

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HONG KONG SNAPSHOTS

Yau Ma Tei: Whole Tenement Block at Portland Street Sold

Owned by the family of the former veteran investor in retail premises, a whole block tenement building at Nos.46- 52 Portland Street in Yau Ma Tei has lately been sold at a price of HK\$235 million, estimating a HK\$100 million loss to the family, market resources unveiled.

The property is an 8-storey tenement block which is built in 1959 with a site area of about 4,000 sq.ft.. The building is now providing 23,000 sq.ft. or thereabouts floor area with 4 street shops and 28 domestic units. Assuming the site to be redeveloped into a 50,000 sq.ft. building, the accommodation value of the site is about HK\$4,800/sq.ft..

As reported, the property has been put onto the market in 2021 at an asking price of HK\$500 million without any price cut until June this year by at least 40% to HK\$280million; and consequently, sold at HK\$235 million.



The reported sold tenement block is 1-minute walk away from the MTR station, occupying a very convenient location.

(Source of Photo: RHL Photo Base)

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HONG KONG SNAPSHOTS

Kwai Hing: Ownership of The Venus Industrial Building Unified

A consortium has successfully unified the ownership of The Venus Industrial Building in Kwai Hing at the reserve price of HK\$633 million by auction in July, becoming a rare completed transaction by means of compulsory sale.

The 7-storey industrial building, located at Nos.45- 51 Tai Lin Pai Road in Kwai Hing, is built in 1972, occupying a site area of 23,570 sq.ft. or thereabouts.

The Town Planning Board has given a planning permission to the site for relaxing its plot ratio by 20% to 11.4 times, allowing it to be redeveloped into a 22-storey data centre.



A planning permission has been given by the Town Planning Board for a plot ratio relaxation and redevelopment of a 22-storey data centre in original position.

(Source of Photo: RHL Photo Base)

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Latest Retail Property Market Update

Retail Property Purchase and Rental Transactions in the Market

Kwun Tong



Address:	Shop B on G/F, Kwong Sen Mansion, Nos. 23- 33 Shui Wo Street, Kwun Tong
Transaction Price: (at May 2024)	HK\$33 million
Saleable Area:	452 sq.ft.
Unit Rate in Saleable Area:	HK\$73,009/sq.ft.
Last Transaction as at April 2005	
Price Change from Last Transaction:	+91.9%
Overall Market Change from Last Transaction:	+192.9% (Private Retail- Price Index by RVD)

Tsuen Wan



Address:	Shop B on G/F, On Lok House, Nos. 31- 33 Chuen Lung Street, Tsuen Wan
Transaction Price: (at June 2024)	HK\$25 million
Saleable Area:	383 sq.ft.
Unit Rate in Saleable Area:	HK\$65,234/sq.ft.
Last Transaction as at December 1970	
Price Change from Last Transaction:	337 times

*Original owner acquired the property since first-hand in December 1970

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- Premium Assessment
- Temporary Waiver Application

Latest Retail Property Market Update

Retail Property Purchase and Rental Transactions in the Market

Causeway Bay



Address:	G/F, No. 501 Lockhart Road, Causeway Bay
Monthly Rental from April 2024:	HK\$140,000
Saleable Area:	638 sq.ft.
Unit Rental in Saleable Area:	HK\$219.4/sq.ft.
Last Tenancy in February 2017	
Rental Compared with Last Tenancy:	-33.3%
Overall Market Change from Last Tenancy:	-8.3% (Private Retail - Rental Index by RVD)

Yuen Long



Address:	Shops 1 and 2 on G/F, Fuk Tak Building, Nos. 234-342 Castle Peak Road- Yuen Long, Yuen Long
Monthly Rental from May 2024:	HK\$109,000
Saleable Area:	1,485 sq.ft.
Unit Rental in Saleable Area:	HK\$73.4/sq.ft.
Last Tenancy since July 2019	
Rental Compared with Last Tenancy:	-23.8%
Overall Market Change from Last Tenancy:	-13.1% (Private Retail - Rental Index by RVD)

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Latest Retail Property Market Update

Retail Property Purchase and Rental Transactions in the Market

Statistics on Retail Property Transaction Registered by the Land Registry	
Total Registered Transaction Volume in 2024 Q1	182
Volume of Registered Transaction in 2024 Q2	258
Transaction Value of Industrial Property in June	About HK\$1.238 billion
Transaction Value of Industrial Property in May	About HK\$1.478 billion
Monthly Change in Transaction Value	-16.2%
Source of Information: Land Registry and Centaline Property Market Big Data	

Travelling and spending northbound to the Mainland China during a weekend has been a trend of Hong Kong citizens while visitors coming from aboard could not fully energize the local retail industry, flow of shoppers is sparse nowadays. After reaching the highest point in June last year, retail properties' rental level started to go down since January this year. According to the Private Retail- Rental Index published by the Rating and Valuation Department, the latest figure is 165.9, 4% down from the highest point. Expecting the retail market is lacking improvements in the short term, it is believed that shops' rentals are facing a downward pressure. Although the transaction volume in Q2 has been increased obviously from Q1, transaction value, however, fell by at least 15%, showing the pessimistic overview towards the retail property market.



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MAINLAND CHINA SNAPSHOT

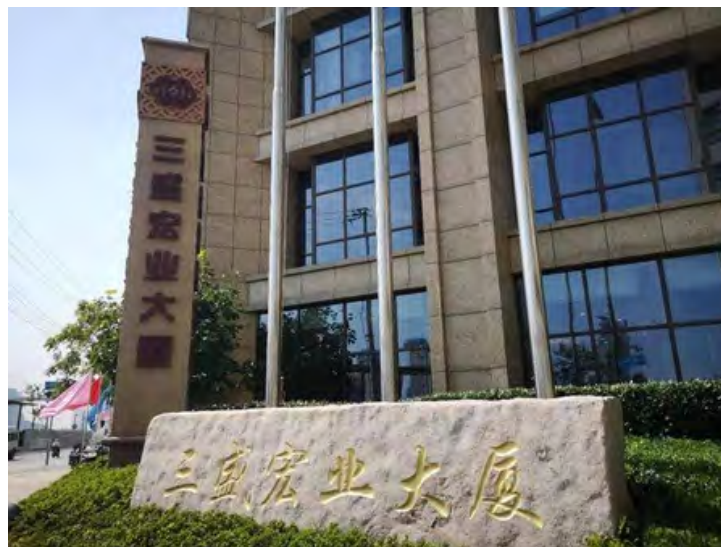
- **Shanghai: Sansheng Hongye Building Sold at RMB 830 Million by Auction**
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- **Major Land Transaction (July 2024)**

MAINLAND CHINA SNAPSHOT

Shanghai: Sansheng Hongye Building Sold at RMB 830 Million by Auction

By referencing to the news reported on 17th July, Sansheng Hongye Building situated along the Shanghai Huangpu River was sold in the second auction at RMB 830.72 million, which is RMB 22 million higher than the starting price of RMB 808 million in the first auction.

It is acknowledged that the premise was designed with a total height of 81 metres with 20 floors, which was completed in 1996. This auction involves the ground floor, the second to the sixth floors, Rooms 701 to 711 on the seventh floor, the eighth to tenth floor, Rooms 1101 to 1111 on the eleventh floor, and the twelfth to eighteenth floor. Also, the second floor of the basement, the eastern part of the No. 974 Outer Road, together with car parking spaces 1 to 18, 31 to 38 are also included in the scope of this auction. The total gross floor area is 21,051.86 square metres for the entire asset.



Sansheng Hongye Building was sold in the second auction at RMB 830.72 million.

(Source of Photo: Online Photo)

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MAINLAND CHINA SNAPSHOT

Shenzhen: Mortgage Payments will not be Released Until Real Estate is Capped

Starting from July 5, a number of commercial banks in Shenzhen announced a new regulation that personal housing mortgage loans can only be officially released after the superstructure is capped and the main structural construction is completed.

The requirement that mortgage loans can only be granted after capping was introduced as early as 2003. However, due to the subsequent exuberance of the property market and the relatively low non-performing loan ratio, bankers failed to strictly follow this requirement in order to compete in the mortgage market.

The mortgage loans by banks are enforced to be disbursed only after the superstructure has been capped, will help reducing the risk of housing decay, protecting the interests of homeowners, and safeguarding the security of bank loans. In addition, the buyer can postpone the repayment of the loan. While waiting for the release of funds, if the interest rate goes downwards, they can also enjoy the latest lower mortgage interest rates. For real estate developers, it is expected that the cash inflow and refund via the pre-sale scheme will be antagonistically influenced. As the bank loan collection time will be delayed for more than half a year, it is going to be a grim and severe challenge to developers' cash flow running and capital savings.



Personal housing mortgage loans can only be officially released after the superstructure is capped and the main structural construction is completed.
(Source of Photo: Canva Photo Base)

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- *Temporary Waiver Application*

MAINLAND CHINA SNAPSHOT

Residential Price Index of Major Cities (June 2024)

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	53,358	0.53	Beijing	45,482	-0.11
Chongqing	11,679	0.12	Tianjin	15,156	0.32
Guangzhou	24,769	0.08	Shenzhen	53,113	-0.04
Nanjing	25,187	0.03	Hangzhou	30,158	0.03
Chengdu	13,457	0.13	Wuhan	13,254	0.39
Dalian	13,649	0.70	Suzhou	18,753	0.66
Xi'an	12,684	0.80	Xiamen	29,303	-0.10
Ningbo	20,274	0.11	Changsha	9,644	-0.09
Wuxi	14,372	0	Dongguan	19,209	-0.26
Shenyang	9,802	-0.04	Fuzhou	17,265	0.40

Source: Fangtianxia Hundred City Price Index

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MAINLAND CHINA SNAPSHOT

Major Land Transaction (July 2024)

Nanjing- Residential Land	
Transaction Date:	31-07-2024
Address:	Plot in Jiangbei New District
Consideration:	RMB 628,000,000
Usage:	Residential Land
Site Area:	24,233 sq.m.
GFA:	33,926 sq.m.
Plot Ratio:	1.4
Accommodation Value/ GFA sq.m.	RMB 18,511

Hangzhou- Retail Commercial and Financial Commerce Land	
Transaction Date:	30-07-2024
Address:	Plot in Yuhang District
Consideration:	RMB 984,280,000
Usage:	Retail Commercial and Financial Commerce Land
Site Area:	57,451 sq.m.
GFA:	201,079 sq.m.
Plot Ratio:	3.5
Accommodation Value/ GFA sq.m.	RMB 4,895

MAINLAND CHINA SNAPSHOT

Major Land Transaction (July 2024)

Beijing- Residential and Retail Commercial Land	
Transaction Date:	25-07-2024
Address:	Plot in Haidian District, Beijing
Consideration:	RMB 8,901,000,000
Usage:	R2 Residential Land and Retail Commercial Land
Site Area:	85,585 sq.m.
GFA:	162,895 sq.m.
Plot Ratio:	2.0; 1.7
Accommodation Value/ GFA sq.m.	RMB 54,643

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