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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.

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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

**Will the HKMA's
Good Intentions
Lead to a
Prosperous Market?**

HONG KONG PROPERTY-MARKET WATCH

Will the HKMA's Good Intentions Lead to a Prosperous Market?

The Hong Kong Monetary Authority (“HKMA”) has issued guidelines to banks earlier on the introduction of a one-off special scheme that allows for a relaxation of the supervisory requirements on the maximum loan-to-value (LTV) ratio and debt servicing ratio (DSR) limit for property mortgage loans. The special scheme aims to allow banks to assist homebuyers who bought uncompleted residential properties during 2021 to 2023 using stage payment plans to complete their property transactions. So what is the implication of this special guideline and how does it affect the market?

As stated by HKMA, the residential property price indices by the Rating and Valuation Department fell by over 25% from their peak three years ago. Some stage payment homebuyers of uncompleted residential properties may find the property valuation at the time of mortgage application to be lower than the purchase price, and hence face difficulty in securing extra funds for the down payment. Meanwhile, some banks have expressed to the HKMA their willingness to help these homebuyers in genuine hardship if the associated risk is manageable.

After considering various aspects, the HKMA considers that a one-off special scheme can be introduced to assist stage payment homebuyers who bought uncompleted residential properties during the peak of the property market, while continuing to ensure the proper risk management of banks' property mortgage lending business. Under this special scheme, banks may provide mortgage loans with a maximum LTV ratio of 80% to eligible homebuyers and the DSR limit is adjusted to 60%. Yet, the special scheme covers uncompleted residential properties for self-occupation where the provisional sale and purchase agreements were signed only during the period from 1 January 2021 to 31 December 2023 and the buyers had opted for stage payment plans, and the date of the mortgage application of the relevant property is today or subsequently. Furthermore, the property valuation at the time of mortgage application should be lower than the purchase price.

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In other words, banks can still consider providing them with property mortgage loans even if the current property valuation has dropped compared to the purchase price at that time for users who purchase first-hand residential properties within that specified period and choose to pay during the construction period. After relaxing the upper limit of the DSR, it will be easier for buyers to pass the means test, and relaxing the maximum LTV will also help buyers to pass the test easily, reducing their pressure, which will undoubtedly have a certain positive effect on the market.

However, no one should ignore the hidden concerns behind helping buyers to realize their home ownership dreams. If the current housing prices fall sharply, causing a large number of units purchased at high prices several years ago to be undervalued, and banks are unable to approve mortgage loans, the dream of home ownership will not be spoiled only, but at that time the market will see a large number of properties transaction being terminated with deposit forfeited. The cases ordered will have a serious negative impact on the overall sentiment of the property market and will seriously undermine citizens' confidence in buying homes.



Some stage payment homebuyers of uncompleted residential properties may find the property valuation at the time of mortgage application to be lower than the purchase price, and hence face difficulty in securing extra funds for the down payment.

(Source of Photo: Canva Photo Base)

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At the same time, when more than half of a buyer's income is spent on mortgage payments, they will have to bear a lot of financial risks. Especially when the current property market still shows no signs of significant improvement, it is difficult to use administrative means to allow buyers who can barely afford mortgage payments to own their properties. Such phenomenon of continuing to purchase homes is not healthy, and it is inevitable that there is some self-deception in creating a high home ownership rate.

What we have to be reminded is that, if the market value of the uncompleted residential property falls below the purchase price, banks will use the property valuation at the time of mortgage application to calculate the mortgage loan amount. As a result, the loan amount approved by the banks may be lower than the originally planned, and the property will be considered as a “negative equity”.

In summary, although the new guidelines have both advantages and disadvantages, we hope that they will not lead to bad results with good intentions. At the same time, we hope that the property market will improve soon in 2025 and no special measures are needed.



CALVIN PANG
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MARKET WATCH

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HONG KONG SNAPSHOTS

Confirmor Made Profit of about 55% in 1 Month: Shop at Sincere Podium, Mongkok

Although the retail market is weak and the value of shops is not as good as in the early years, there have been few short-term profit-making cases in some shops in recent days. A shop at Sincere Podium in Mongkok was recently sold for HK\$480,000, with a unit rate in saleable area of HK\$10,000/sq.ft.. The speculator held the premises for only a month and made a quick profit of HK\$170,000, a profit margin of up to 55%.

Based on different market sources, the shop is Shop S62 on the second floor of Sincere Podium, with a saleable area of approximately 48 sq.ft.. After acquiring the shop for HK\$310,000 in mid-September in 2024, the investor immediately sold it in October for a transaction price of HK\$480,000. In other words, the speculator held the stock for about one month and made a book profit of HK\$170,000, or a price surge of about 55%.

The original owner of this shop purchased the property in 2000 for HK\$1.028 million. Based on the earlier selling price of HK\$310,000, the book loss was HK\$718,000, a depreciation of up to 70%.



An investor has made a profit of about 55% by selling a shop at Sincere Podium in Mongkok in October, only one month after his acquisition in September.

(Source of Photo: RHL Photo Base)

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HONG KONG SNAPSHOTS

Compulsory Sale Order Approved for Wing Fat Building in Tai Kok Tsui

A developer continues to expand its development scope in Tai Kok Tsui district. A developer has just received a compulsory auction order from the Lands Tribunal to acquire Wing Fat Building at Fuk Chak Street. The reserve price of the building is HK\$286 million, the site is likely to become part of the development of Square Mile.

Wing Fat Building, completed in 1964, is located at Nos. 24 to 30 Fuk Chak Street. The site is in-between Eltanin Square Mile, Aquila Square Mile, Cetus Square Mile; and next to Upper West. It covers a site area of about 5,600 sq.ft. including two 6-storey tenement buildings. According to media reports, when the developer submitted the application in October 2023, the ownership collected was approximately 93.75%, which has now increased to about 97.92%.

The site is zoned Residential (Group A). If the site is to be developed purely for domestic use, plot ratio of 8.5 shall be applied; if it is developed partly for commercial and partly for domestic development, the plot ratio shall be 9. The maximum floor area is approximately 47,600 sq.ft. or 50,400 sq.ft. respectively.

Wing Fat Building situated in-between several new domestic developments.

(Source of Photo: RHL Photo Base)



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Latest Industrial Property Market Update

Industrial Property Purchase and Rental Transactions in the Market

Kowloon Bay



Address:	Workshop No.4, 3/F, Wing Fat Industrial Building, No. 12 Wang Tai Road, Kowloon Bay
Transaction Price: (at November 2024)	HK\$6 million
Saleable Area:	1,416 sq.ft.
Unit Rate in Saleable Area:	HK\$4,237/sq.ft.
Last Transaction as at May 2012	
Price Change from Last Transaction:	+20%
Overall Market Change from Last Transaction:	+46.5% (Private Flatted Factories- Price Index by RVD)

Kwai Fong



Address:	Workshop U, 7/F, Goldfield Industrial Building, Nos.144-150 Tai Lin Pai Road, Kwai Fong
Transaction Price: (at November 2024)	HK\$2.15 million
Saleable Area:	510 sq.ft.
Unit Rate in Saleable Area:	HK\$4,216/sq.ft.
Last Transaction as at August 2006	
Price Change from Last Transaction:	+396.5%
Overall Market Change from Last Transaction:	+315.8% (Private Flatted Factories- Price Index by RVD)

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Latest Industrial Property Market Update

Industrial Property Purchase and Rental Transactions in the Market

Fo Tan



Address:	Unit D, 14/F, Unison Industrial Centre, Nos.27-31 Au Pui Wan Street, Fo Tan, Shatin
Monthly Rental from September 2024:	HK\$93,500
Saleable Area:	5,216 sq.ft.
Unit Rental in Saleable Area:	HK\$17.9/sq.ft.

Cheung Sha Wan



Address:	Unit No.3, 2/F, Lai Cheong Factory Building, Nos.479-479A Castle Peak Road, Cheung Sha Wan
Agreement made in August 2024 at a Monthly Rental from March 2024:	HK\$116,000
Saleable Area:	8,369 sq.ft.
Unit Rental in Saleable Area:	HK\$13.9/sq.ft.

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Latest Industrial Property Market Update

Industrial Property Purchase and Rental Transactions in the Market

Statistics on Office Property Transaction Registered by the Land Registry	
Volume of Registered Transaction in 2024 Q2	491
Volume of Registered Transaction in 2024 Q3	450
Transaction Value of Industrial Property in October	About HK\$0.724 billion
Transaction Value of Industrial Property in November	About HK\$1.387 billion
Monthly Change in Transaction Value	+91.6%
Source of Information: Land Registry and Centaline Property Market Big Data	

As revealed from the statistics by the Land Registry and Rating and Valuation Department, as in Q3 2024, there were 450 nos. of transaction registered, reduced by 8.4% compared with Q2 2024; and transaction value in November was up by at least 90%. However, price index is lacking support and continue its fall. According to the Private Flatted Factories- Price Index, the index has been falling since the highest point reached in 2022 in recent years. Meanwhile, 2024 seems to be a plateau period for the rental index. Without any rise, the factory premises rental level is apparently being supported by the market users who wish to use the workshop as an office legally where rental level is in general cheaper than those office buildings. From the current situation, we anticipate that the overall change in rental level of factory premises in 2024 shall fall between the range of -1% and -3%.



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MAINLAND CHINA SNAPSHOT

- **Central Government Initiates the Regeneration Scheme for 1 Million of Urban Villages in China**
- **China's Logistics Index Rises Slightly in November 2024**
- **Residential Price Index of Major Cities (November 2024)**
- **Major Land Transaction (December 2024)**

MAINLAND CHINA SNAPSHOT

Central Government Initiates the Regeneration Scheme for 1 Million of Urban Villages in China

On 17th October 2024, Ministry of Housing and Urban-Rural Development announced the city renewal masterplan for around 1 million urban villages and dilapidated houses across the country. The targeted assets are mostly located within the 35 major cities with better ancillary facilities and higher demand.

In the past, the financing problem was the mainly difficulty in urban renewal projects. And the government's solutions to this problem include allowing financial institutions to grant loans for various specific projects after appraising the risks. The local governments can also issue bonds for the local urban renewal projects to raise funds. Additionally, there will be a taxation discount offered to related parties.

These policies are dedicated to comprehensively supporting the financial feasibility of the urban villages regeneration. It is believed that via the monetary conduit, it is beneficial to the residents to choose the suitable houses according to their preferred locations and apartments' layout etc.. The residents can freely choose the properties in the market rather than build new resettlement housing, which is conducive to the residential market's sale process. Meanwhile, public safety issue like fire danger and hygienic matters shall be eliminated to further improve the city's image, living standards and design.



To mirror the above masterplan in urban village renewal, on 28th November 2024, the central government granted a loan to support the project in New Central Axis Haizhu Area, Guangzhou. The first loan instalment was RMB 50.5 million. The regeneration area was around 281.75 hectares, encompassing 2 villages, 8 old towns, and 20 old industrial factories.

Urban Villages in Guangzhou.
(Source of Photo: Online Photo)

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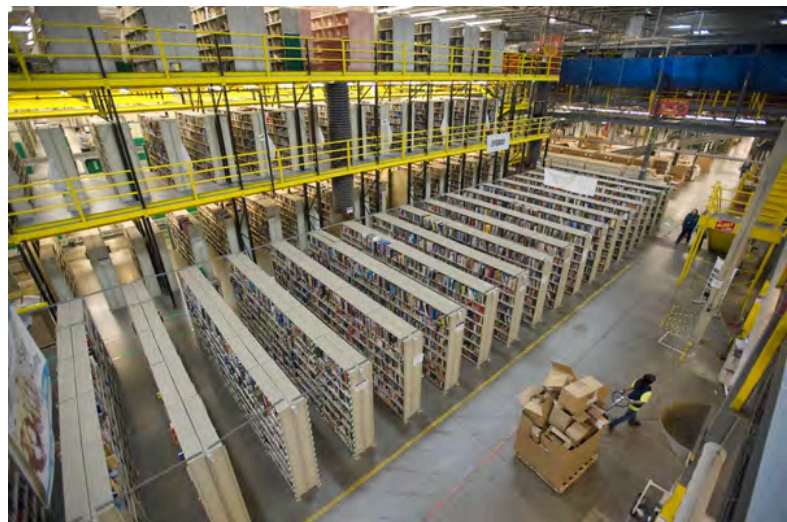
MAINLAND CHINA SNAPSHOT

China's Logistics Index Rises Slightly in November 2024

Industry data showed that Greater China's logistics grew steadily in November 2024, with the logistics index reaching 52.4%, up 3% from October. And the new orders index, at 54%, rose sharply by 6.2 % MoM, ending the downward trend of the previous five consecutive months and reaching a new high since April, indicating an apparent recovery in demand for warehousing business.

The rebound in the indicators was related to the impact of e-commerce promotional activities such as Singles' Day, Black Friday and Christmas. Meanwhile, cross-border e-commerce exports from mainland China hit a record high in 2024, which also positively impacted the rebound of the logistics index.

The development of the logistics industry will drive the demand for industrial properties. The supply of logistic properties has already reached a high level in 2023, with some cities experiencing more intense competition, benefiting from the expansion of cross-border e-commerce. The vacancy rate of logistics properties is expected to decrease accordingly, and the rents will also stabilize in the future.



Cross-border e-commerce exports from Mainland China hit a record high in 2024.
(Source of Photo: Online Photo)

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MAINLAND CHINA SNAPSHOT

Residential Price Index of Major Cities (November 2024)

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	56,000	1.32	Beijing	45,547	-0.03
Chongqing	11,623	-0.19	Tianjin	15,149	-0.33
Guangzhou	24,683	-0.02	Shenzhen	52,684	-0.13
Nanjing	25,353	0.51	Hangzhou	30,560	0.15
Chengdu	13,837	1.27	Wuhan	13,300	0.53
Dalian	13,632	0.02	Suzhou	18,872	0.70
Xi'an	12,842	-0.08	Xiamen	29,188	0.13
Ningbo	20,297	1.34	Changsha	9,602	0.02
Wuxi	14,322	-0.25	Dongguan	18,871	-0.67
Shenyang	9,825	0.05	Fuzhou	17,264	-0.04

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MAINLAND CHINA SNAPSHOT

Major Land Transaction (December 2024)

Ningbo - Residential Land	
Transaction Date:	10-12-2024
Address:	Xincheng River 37-A plot, Baisha Road Subdistrict
Consideration:	RMB 907,870,000
Usage:	R2 Residential Land
Site Area:	64,228 sq.m.
GFA:	109,188 sq.m.
Plot Ratio:	1.7
Accommodation Value/ GFA sq.m.	RMB 8,315

Xiamen - Commercial Land	
Transaction Date:	10-12-2024
Address:	Southwest of the intersection of Jinbian Road and Wuyuanwan Road, Huli District, Hubian Reservoir Area
Consideration:	RMB 980,000,000
Usage:	Commercial & Financial Uses Land
Site Area:	101,185 sq.m.
GFA:	225,643 sq.m.
Plot Ratio:	2.23
Accommodation Value/ GFA sq.m.	RMB 4,343

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MAINLAND CHINA SNAPSHOT

Major Land Transaction (December 2024)

Huizhou - Industrial Land	
Transaction Date:	09-12-2024
Address:	Plot JBD91-02-01-03, Northern Industrial Zone, Ruhu Central District, Huizhou City
Consideration:	RMB 24,300,000
Usage:	M1 Industrial Land
Site Area:	24,252 sq.m.
GFA:	60,630 sq.m.
Plot Ratio:	2.5
Accommodation Value/ GFA sq.m.	RMB 401

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