# HONG KONG RESIDENTIAL MARKET

Q3 2022

CUSHMAN & WAKEFIELD
戴 德 梁 行

# Content

## Q3 2022 Residential Market Overview

- **Residential S&Ps** – 22% q-o-q drop from Q2
- **Prices** – Price softened across different residential market segments as transactions slowed

**Year-end:**

- **Home prices** – down 5-8% on yearly basis
- **Transaction volume** – to drop ~35% annually

# Total Residential S&Ps Dropped in Q3

## Expecting circa 11,600 cases in Q3, a quarterly decrease of 22%

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| Month | 2003 | … | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Y-o-Y Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jan | 6,187 | … | 5,430 | 4,488 | 6,412 | 2,045 | 3,286 | 5,270 | 4,543 | 2,762 | 4,562 | 4,275 | -6% |
| Feb | 3,649 | … | 6,307 | 3,159 | 6,027 | 1,807 | 4,079 | 5,482 | 4,089 | 3,572 | 6,125 | 2,912 | -52% |
| Mar | 4,550 | … | 4,534 | 3,141 | 4,329 | 2,369 | 5,856 | 4,263 | 5,231 | 3,870 | 7,444 | 2,869 | -61% |
| Apr | 5,373 | … | 3,427 | 4,781 | 4,549 | 4,494 | 7,060 | 6,646 | 7,822 | 4,102 | 7,325 | 3,897 | -47% |
| May | 4,130 | … | 4,276 | 5,270 | 5,168 | 4,586 | 5,732 | 5,522 | 8,208 | 5,984 | 7,084 | 6,202 | -12% |
| Jun | 4,833 | … | 3,740 | 5,960 | 5,776 | 4,620 | 6,100 | 6,713 | 4,627 | 6,987 | 7,591 | 4,826 | -36% |
| Jul | 6,525 | … | 3,986 | 7,792 | 5,393 | 4,243 | 3,515 | 6,091 | 4,805 | 6,133 | 7,579 | 3,671 | -52% |
| Aug | 6,559 | … | 3,407 | 6,212 | 3,896 | 5,821 | 4,014 | 4,822 | 4,084 | 4,358 | 5,546 | 4,137 | -25% |
| Sep | 5,632 | … | 3,686 | 5,958 | 4,263 | 7,826 | 5,629 | 3,500 | 3,447 | 5,024 | 5,844 | 3,800* | -35% |
| Oct | 9,360 | … | 3,426 | 6,189 | 3,300 | 6,601 | 5,289 | 4,243 | 4,001 | 4,951 | 4,643 | - | - |
| Nov | 7,811 | … | 3,790 | 4,848 | 2,826 | 6,739 | 5,694 | 2,635 | 5,756 | 6,070 | 5,409 | - | - |
| Dec | 6,967 | … | 4,667 | 6,009 | 4,043 | 3,550 | 5,337 | 2,060 | 3,184 | 6,067 | 5,145 | - | - |
| **Total** | **71,576** | … | **50,676** | **63,807** | **55,982** | **54,701** | **61,591** | **57,247** | **59,797** | **59,880** | **74,297** | - | - |
| **Jan-Sep** | **47,438** | … | **38,793** | **46,761** | **45,813** | **37,811** | **45,271** | **48,309** | **46,856** | **42,792** | **59,100** | **36,589*** | -38% |

*S&Ps: Sales & Purchase Agreements*

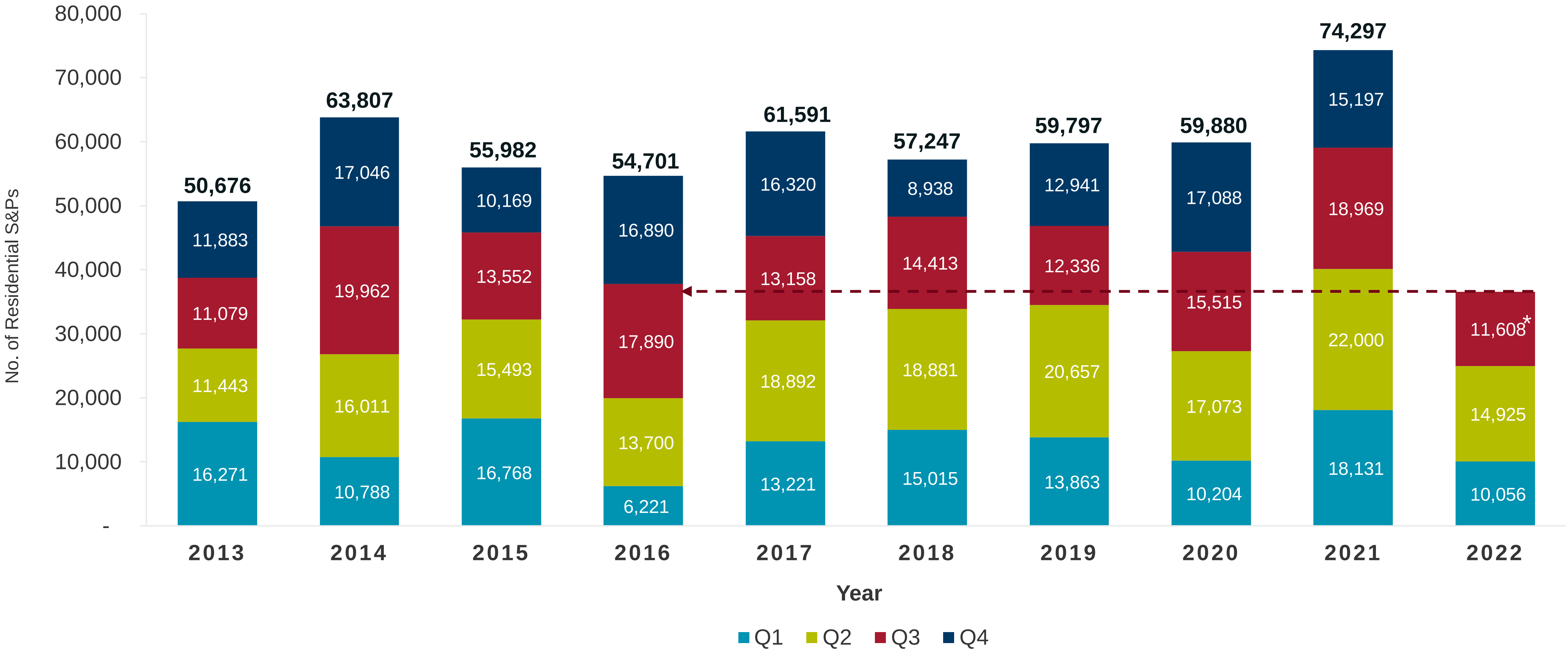
** Estimated by Cushman & Wakefield, rounded to the nearest hundred*

Q3 22 vs. Q2 22 (-22% QoQ)
Q3 22 vs. Q3 21 (-39% YoY)

*Source: Land Registry; Cushman & Wakefield Research*

# Total Residential S&Ps – Historical Comparison

## Q1 – Q3 transaction is expected to be similar to 2016 level




*S&Ps: Sales & Purchase Agreements*

** Estimated by Cushman & Wakefield*

# Proportion of Primary Sales Picked Up

## Secondary market turned more quiet whilst developers launched new projects with market prices

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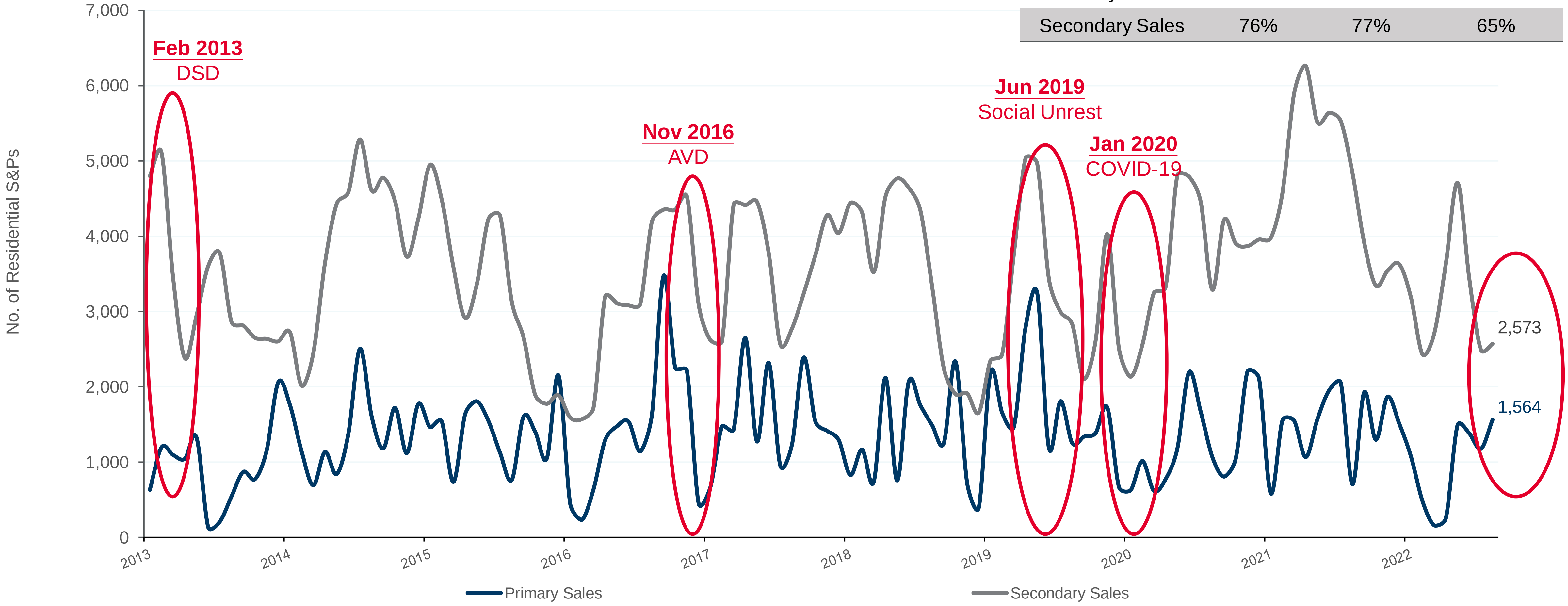
**Breakdown of Residential Sales (%)**

| | 2021 | 2022 YTD* | Jul-Aug 2022 |
|---|---|---|---|
| Primary Sales | 24% | 23% | 35% |
| Secondary Sales | 76% | 77% | 65% |

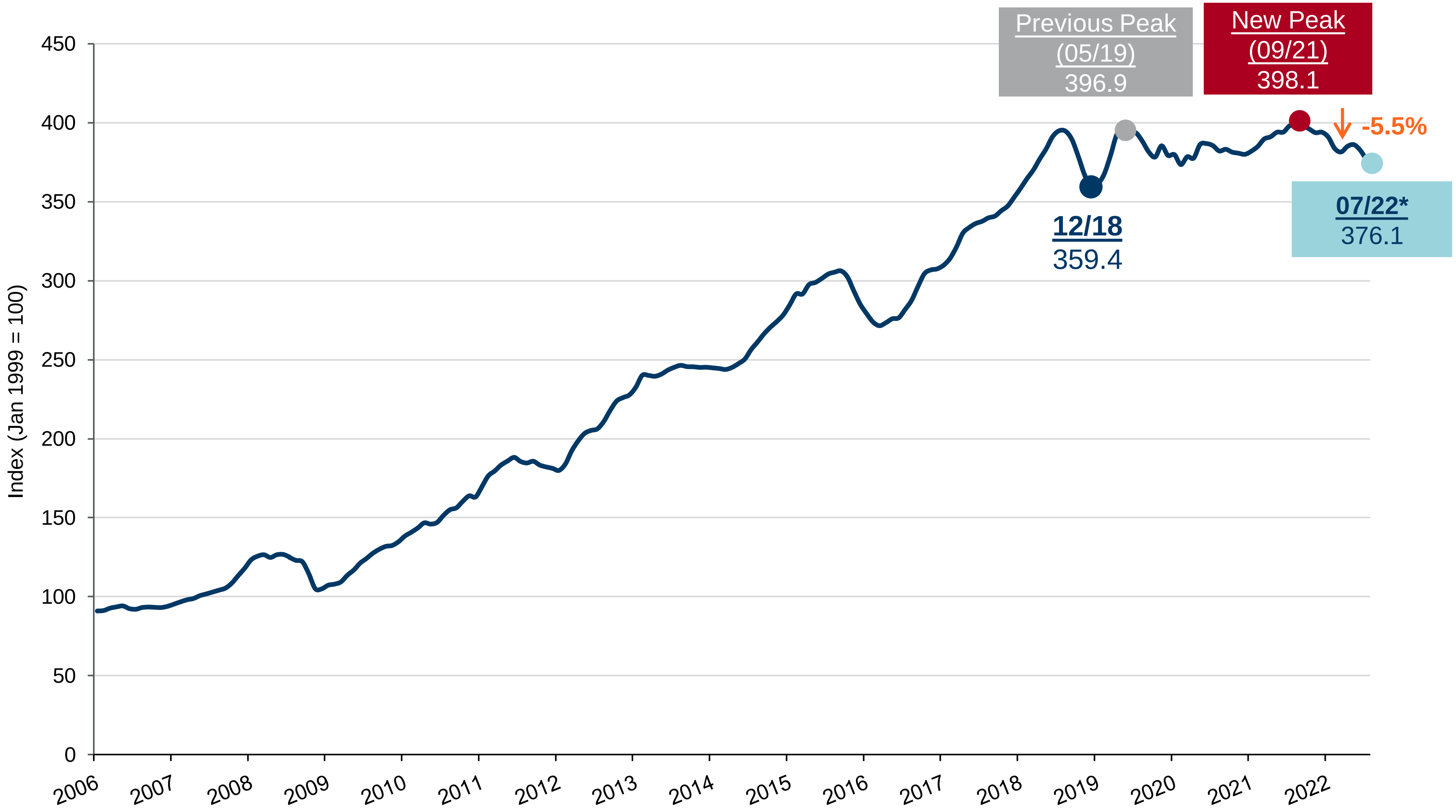



*Notes: DSD is short for Double Stamp Duty*
*AVD is short for Ad Valorem Stamp Duty*
**YTD refers to Jan to Aug*

*Source: Land Registry; Cushman & Wakefield Research*

# Rising Interest Rates & Economic Uncertainties Weighed on Price Performance

## Declined by 4.5% YTD*, or 5.5% from the last peak



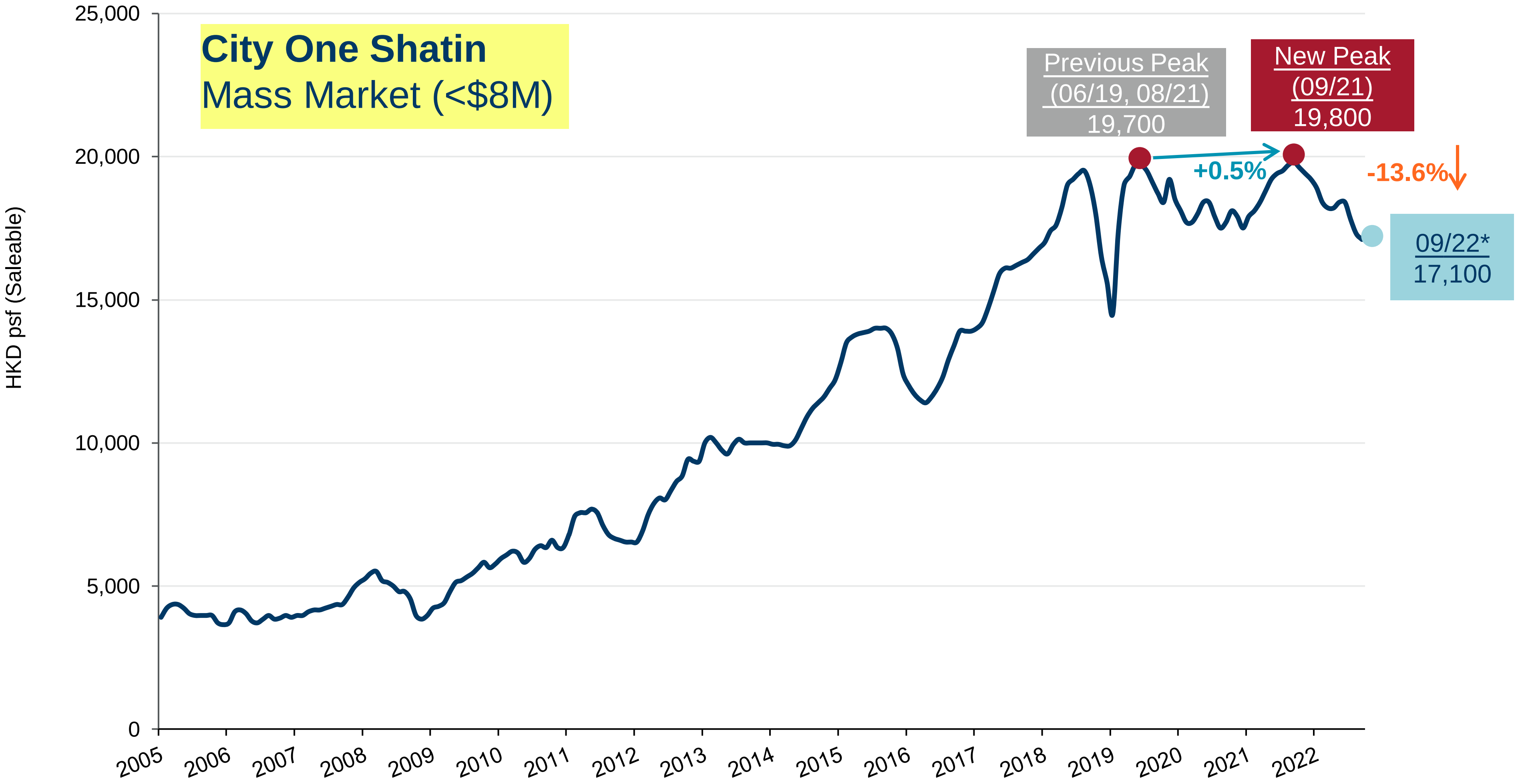

| Residential Price Changes (%) Jul 2022* | |
|---|---|
| **YTD** | -4.5% |
| **Y-o-Y** | -5.5% |
| **From Sep 21 (historical peak)** | -5.5% |
| **From Dec 18 (last trough)** | 4.6% |

** Preliminary figure from Rating & Valuation Department as of July 2022*

*Source: Rating & Valuation Department; Cushman & Wakefield Research*

# Price Corrections Across Different Market Segments

## Prices at City One Shatin (Phase 4) are expected to drop by 7.1% q-o-q



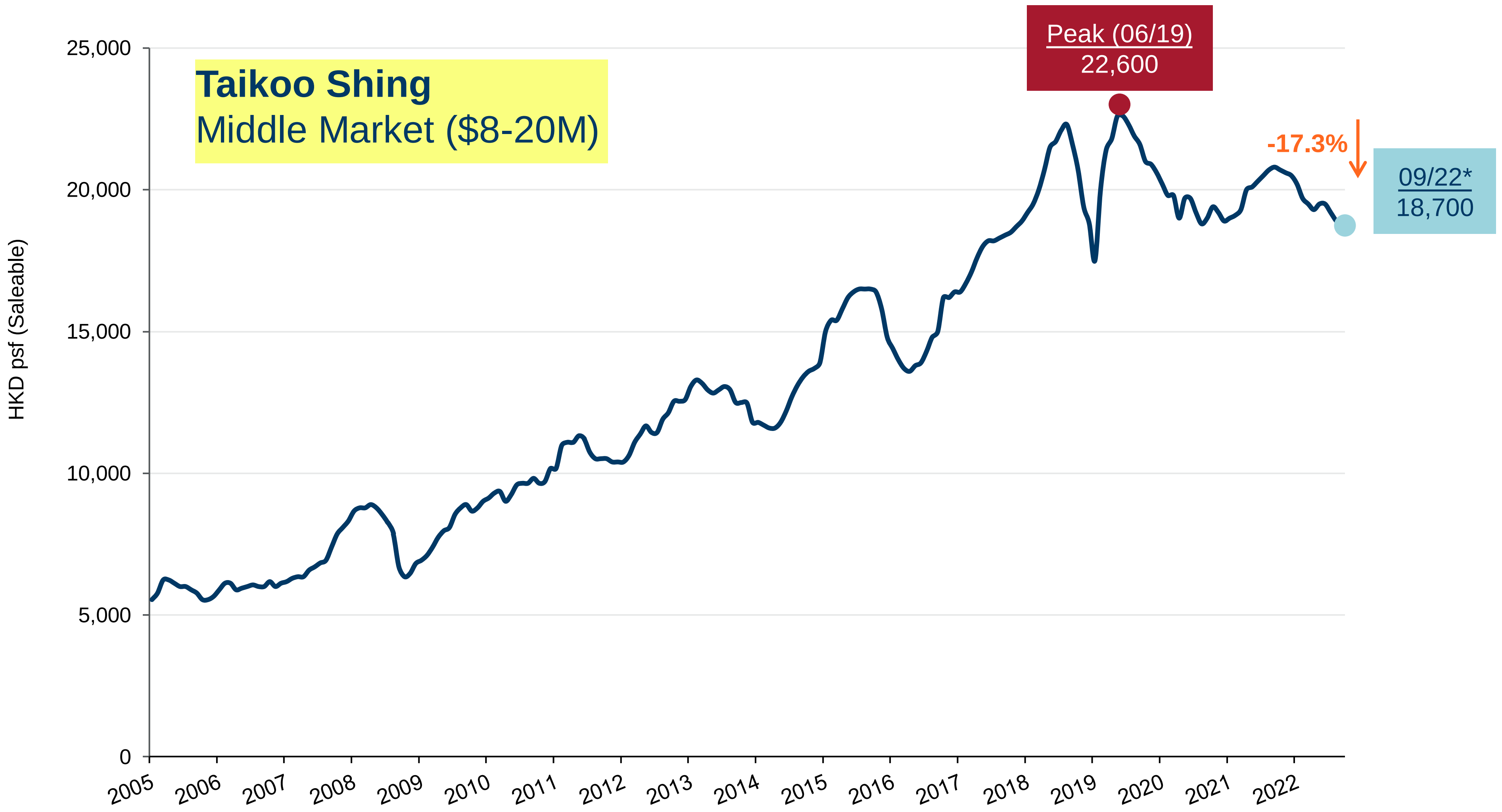

| Residential Price Changes (%) Sep 2022* | |
|---|---|
| **Q-o-Q** | -7.1% |
| **YTD** | -10.9% |
| **Y-o-Y** (From Historical Peak) | -13.6% |

* Sep 2022 figure estimated by Cushman & Wakefield

Source: Cushman & Wakefield

# Price Corrections Across Different Market Segments

## Prices at Taikoo Shing (Kao Shan Terrace) are expected to fall 4.1% from last quarter



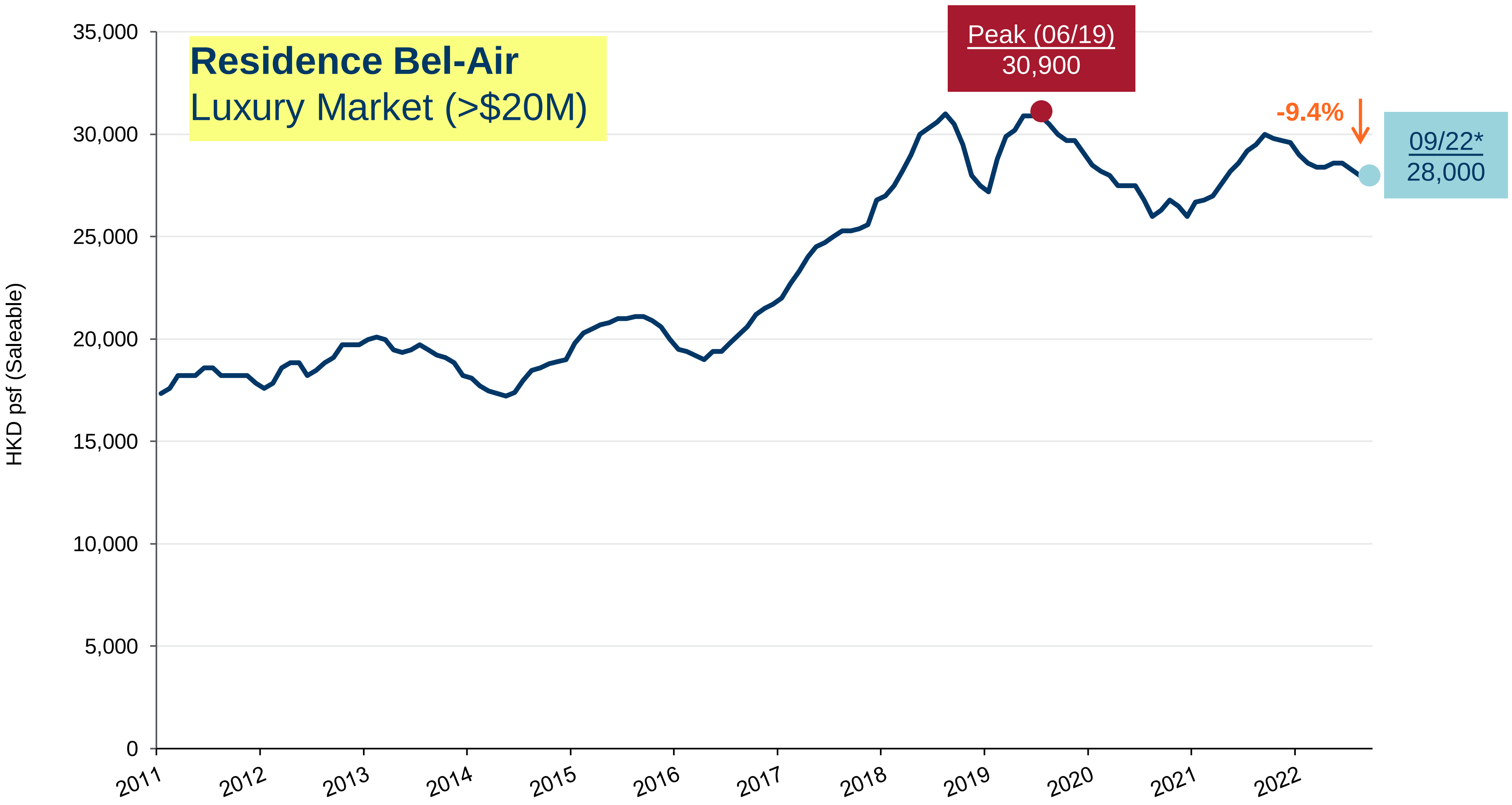

| Residential Price Changes (%) Sep 2022* | |
|---|---|
| Q-o-Q | -4.1% |
| YTD | -8.8% |
| Y-o-Y | -10.1% |
| From Jun-19 (Historical Peak) | -17.3% |

** Sep 2022 figure estimated by Cushman & Wakefield*

*Source: Cushman & Wakefield*

# Price Corrections Across Different Market Segments

## Prices at Residence Bel-Air (Phase 2) are expected to drop by 2.1% quarterly




| Residential Price Changes (%) Sep 2022* | |
|---|---|
| Q-o-Q | -2.1% |
| YTD | -5.4% |
| Y-o-Y | -6.7% |
| From Jun-19 (Historical Peak) | -9.4% |

** Sep 2022 figure estimated by Cushman & Wakefield*

*Source: Cushman & Wakefield*

# Hong Kong Residential Market Overview

Key Takeaways

1. Number of residential S&Ps in Q3 2022 is estimated to fall by 22% q-o-q and 39% y-o-y
2. Home buyers turned wait-and-see amid rising interest rates and economic uncertainties
3. Home prices are expected to consolidate in both mass and luxury markets, by -5 to -8% annually for the overall market
4. We expect full-year residential transaction volume to drop by 35% annually
5. With COVID cases expected to peak in September, home prices could bottom out in September or October, and to stabilize in Q4 2022

# HK Residential Market Overview

## The Panel

**Rosanna Tang**
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# Q&A Session

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