



April 2024: Hong Kong Residential Monitor

Market sentiment remains generally positive albeit the picture is more mixed at the district level

- Headline confidence index remains positive at the aggregate level
- Sales recovery continues but price trends still appear soft in some areas
- Regional variation evident across the lettings market

The results of the RICS-Spacious Hong Kong Residential Property Monitor for April 2024 indicate a gradual recovery in the sales market. Shown in Chart 1, the headline confidence index registered a reading of +8, similar to +7 in March. However, the situation varies at the district level. Hong Kong Island continues to see improvements in sales activity, while prices remain stagnant. At the same time, the house price indicator in Kowloon remains negative. In contrast, responses in the New Territories are more altogether more upbeat, suggesting the recovery is gaining traction. The lettings market performance mirrors that of the sales market, with stronger demand seen in Hong Kong Island and the New Territories.

Sales market demand continues to pick up

At the aggregate level, an increase in sales market activity is visible this month. As seen from Charts 2&3, the new buyer enquiries metric improved from a net balance of +30% previously to +37% in April, while the agreed sales indicator rose from +28% to +34%. Moreover, as illustrated in Chart 5, the short-term sales expectations metric hit a thirteen-month high, posting a net balance of +24%. The long-term sales expectations series also edged higher, with the net balance increasing from +33% to +40%.

When looking at buyer demand, there remains variation across different categories. For instance, mainland buyers showed significant interest in Hong Kong Island and the New Territories, registering net balances of +61% and +50% respectively. Alongside this, the reading in Kowloon is comparatively more modest, returning a net balance of +32%. On the other hand, Hong Kong Island is attracting a higher level of interest from investors, as indicated by a net balance of +42%. Conversely, the New Territories has the lowest net balance reading for investor enquiries among the three districts, at +25%.

Different pace of recovery at the district level

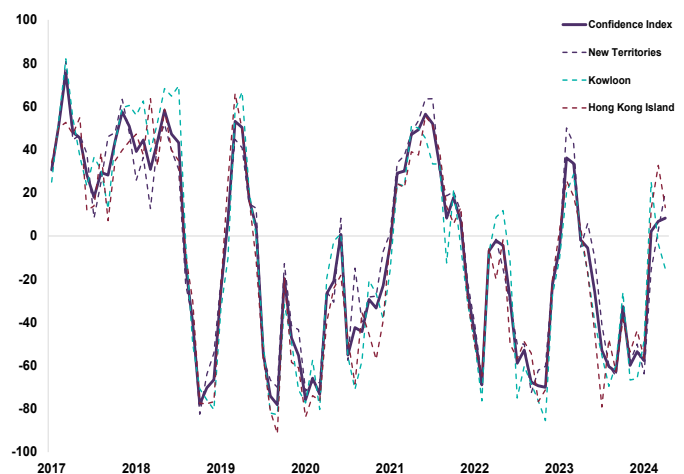
Although headline sales appeared to gather momentum this month, upon closer inspection, the recovery looks somewhat uneven. The sales metrics in Hong Kong Island remain solid, with its near-term sales expectations series recording a net balance of +32%. However, the outlook for prices is rather stagnant, as the short-term price expectations

gauge registered a negative net balance reading of -5%. The feedback from Kowloon indicates a similar but more downcast price trend. While short-term sales forecast remain neutral, at a net balance of +4%, the price projection is decidedly negative at -35% (in net balance terms). In contrast, the New Territories sales numbers were more upbeat, yielding a net balance of +37% for agreed sales and +32% for the sales outlook. This optimism also comes through when looking at the twelve-month price expectations series, which registered a net balance of +23%.

Mixed picture in the lettings market

Shown in Chart 6, at the headline level, tenant demand increased according to a net balance of +14% of respondents. When disaggregated, the tenant demand measure remains solid in Hong Kong Island, with net balances consistently coming in around +24% of late. Meanwhile, the New Territories witnessed an acceleration in tenant demand growth in April, with its net balance rising from -5% to +19%. Conversely, Kowloon saw tepid feedback regarding the tenant demand metric, as the net balance fell from +28% to zero.

Chart 1: Confidence Index



*The Confidence Index is a composite measure capturing overall market momentum, encompassing variables on short-term price and sales expectations.

Chart 2: Current price and agreed sales

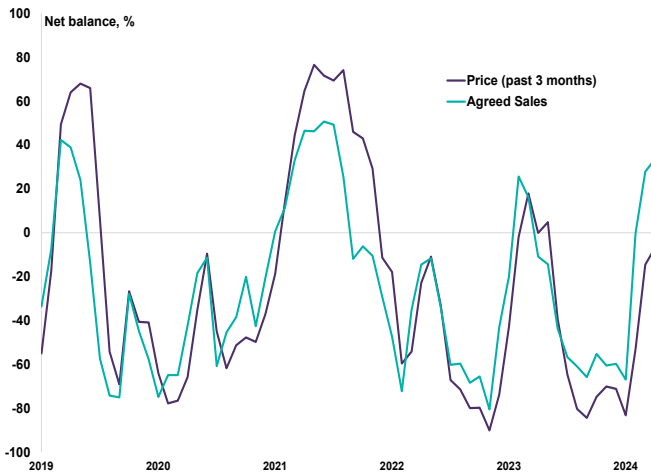


Chart 3: Buyer enquiries and instructions to sell

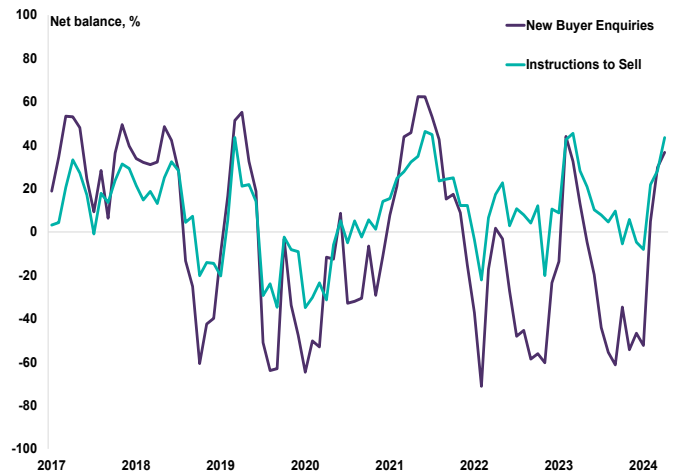


Chart 4: New buyer enquiries by type

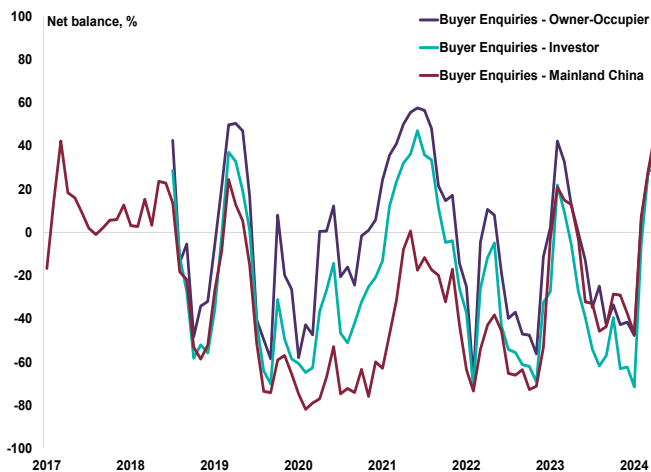


Chart 5: 3-month rent/price/sales expectations

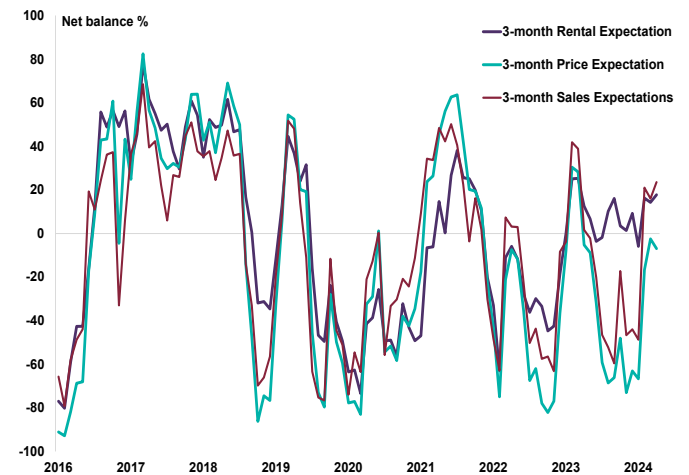


Chart 6: Tenant demand and landlord instructions

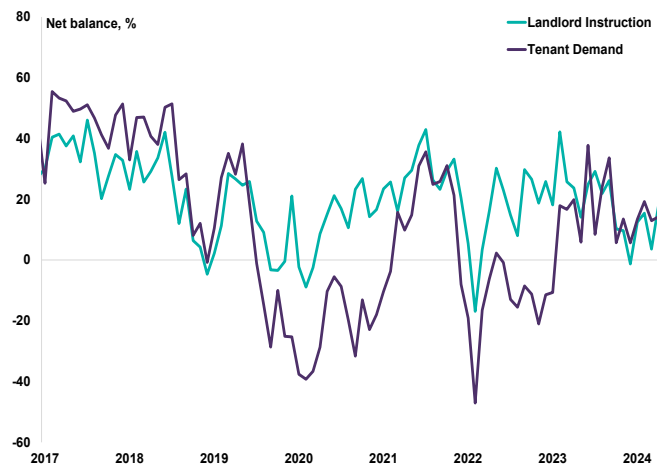
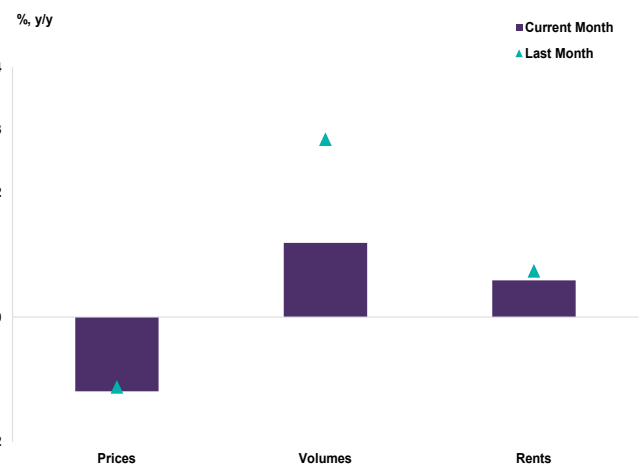


Chart 7: 12-month expectations



Comments from survey participants in Hong Kong

Hong Kong

1. Property loan interest rates; 2. Government further relaxation on stamp duty. - Hong Kong Island

Global economic and Mainland China index. - Hong Kong Island

Economic atmosphere unstable. - Hong Kong Island

Government measures. - Hong Kong Island

China policy. - Hong Kong Island

Recovery is slowing down owing to uncertain economic outlook and high interest rate environment. - Kowloon

Today the property market is suffering a big change and plunge down mainly due to the politics. - The New Territories

The governance of HKSAR. - The New Territories

Information

Hong Kong Residential Monitor:

RICS-Spacious Hong Kong Residential Monitor is a monthly guide to the trends in Hong Kong's housing market. The report is available from the RICS website www.rics.org/economics along with other surveys covering global housing, commercial and land markets, as well as construction activity.

About RICS:

RICS is a global professional body that promotes and enforces the highest professional qualifications and standards in the valuation, management and development of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards - bringing confidence to the markets we serve.

About Spacious:

Spacious is the highest quality online real estate platform in Hong Kong. Spacious is capturing data from real estate searchers and inventory holders and augmenting it with additional data sets to generate real-time, independent, and actionable insights. Spacious' vast property and demographics data can deliver valuable insights for your organization. Contact Spacious to learn more about how your organization can gain additional access to Spacious data.

Methodology:

National (headline) data are a regionally-weighted aggregation of three regions: New Territories, Kowloon and Hong Kong Island. Data is not seasonally adjusted.

Net balance = Proportion of respondents reporting a rise in prices minus those reporting a fall. For example, if 30% of respondents report a rise and 5% report a fall, the net balance will be 25%.

The net balance measures breadth (how widespread e.g. price falls or rises are on balance), rather than depth (the magnitude of e.g. price falls or rises). Net balance data is opinion based; it does not quantify actual changes in an underlying variable.

Therefore, a -100 reading implies that no respondents are seeing increases (or no change), and a +100 reading implies that no respondents are seeing decreases (or no change).

The Home Price Perceptions Index measures the perceived monthly change in home prices as reported by survey participants, where March 2015=100. The Rent Perceptions Index measures the perceived monthly change in rents as reported by survey respondents, where March 2019=100.

Survey release dates:

May survey: 20 June 2024

Contact details

This publication has been produced by RICS. For all economic enquiries, including participation in the monitor please contact: economics@rics.org

James Fisher

Spacious COO & Head of Market Analysis and Analytics
+65 68128179
james@spacious.hk

Simon Rubinsohn

RICS Chief Economist
+44(0)20 7334 3774
srubinsohn@rics.org

Tarrant Parsons

RICS Senior Economist
+44(0)20 7695 1585
tparsons@rics.org

Donglai Luo

RICS Senior Economist
+65 8030 4177
dluo@rics.org

Adib Munim

RICS Economist
amunim@rics.org

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Americas, Europe, Middle East & Africa
aemea@rics.org

Asia Pacific
apac@rics.org

United Kingdom & Ireland
contactrics@rics.org



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