



December 2023: Hong Kong Residential Monitor

## Sentiment in sales market stuck in negative mood, while rental market shows firmer trend

- Headline confidence index stays in negative territory
- The sales market is marked by low price and sales expectations
- Lettings market remains steady

The results for the December 2023 RICS-Spacious Hong Kong Residential Property Monitor point to continuing negative sentiment in the sales market, while the lettings market shows a more stable trend. As depicted in Chart 1, the headline confidence index registered a negative reading at -54, comparable to the -60 recorded in November. At the district level, broadly similar negative headline indices are visible, indicating a subdued atmosphere across the region. Meanwhile, the lettings market sentiment holds steady across districts.

### Both sales volume and price both remain subdued

At the aggregate level, as illustrated in Chart 2, the 3-month price expectations series remains negative with a reading of -63% in December. Concurrently, the three-month sales expectation is also stuck in the negative region at -44%. Over the longer term, the 12-month price and sales expectations series continue to point to further weakness with a estimated fall of just over 4% in both cases. The subdued expectations are partly attributed to the poor performance in both price and sales in recent months. As seen from Chart 5, the net balances for price and agreed sales continue to be negative, hovering around the level of -70% and -40% since July 2023.

When disaggregated, similar subdued confidence in each district can be seen. For instance, on Hong Kong Island, the price expectations series recorded a net balance of -54% in the short term and -21% over the longer time horizon. A similar picture is seen in Kowloon, with the 3-month and 12-month price expectations readings at net balances of -80% and -52%, respectively. The New Territories numbers are broadly aligned, with a net balance of -57% for the short term and -39% for the longer term.

### Buyer demand remains weak despite tax cuts

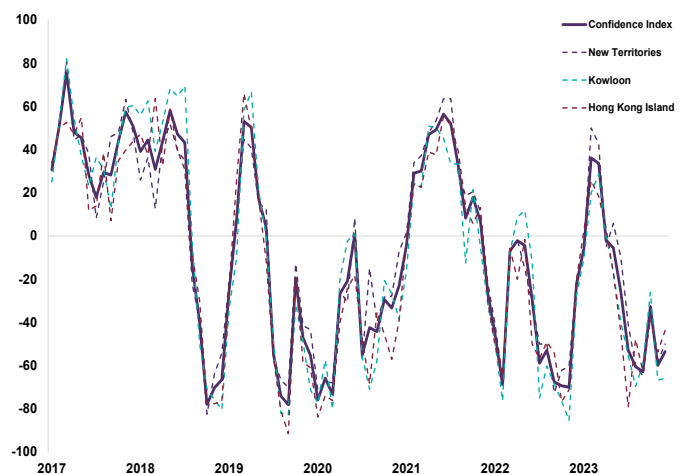
Charts 3 and 4 further highlight the downbeat trend in new buyer enquiries. At the aggregated level, new buyer enquiries remains subdued, with a negative net balance at -47%, similar to the level at -54% in November.

Examining different buyer categories, the measure for mainland buyer demand registered further decline, dropping from -29% to -38% in net balance terms, defying the property tax cut for foreign buyers. Meanwhile, the owner-occupier enquiries and investor enquiries metrics are impacted by the high mortgage rate.

### Steady picture in the lettings market

As shown in Chart 2, at the headline level the three-month rental expectations reading remains positive, registering a net balance of +9%. Drilling deeper, the reading for New Territories has turned positive, registering a net balance of +9%. Meanwhile, in Hong Kong Island, the reading has improved from 0% to +13%. Similarly, the Kowloon rental market records a net balance of +8% for the near-term rental expectation. On the demand side, tenant demand across all districts shows similar positive trends, indicating a stable demand scenario.

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: 3-month rental and price expectations

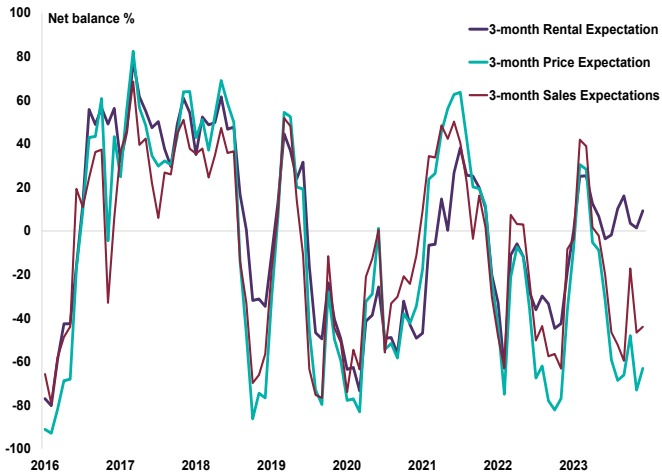


Chart 3: Buyer enquiries and instructions to sell

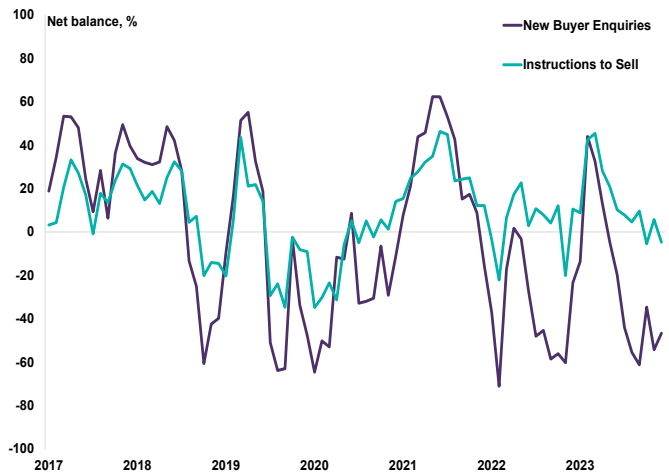


Chart 4: New buyer enquiries by type

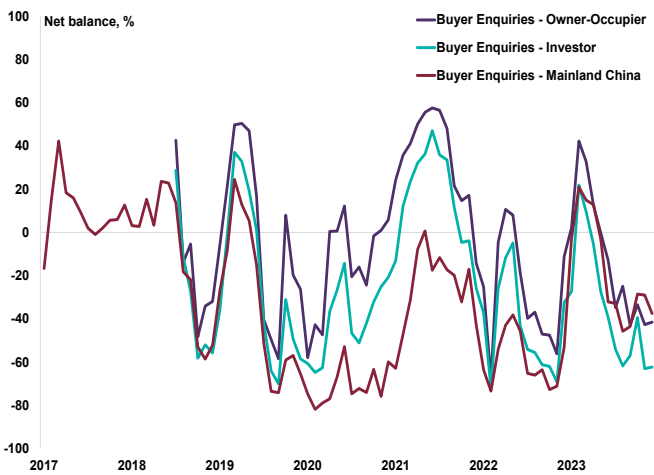


Chart 5: Current Price and Agreed Sales

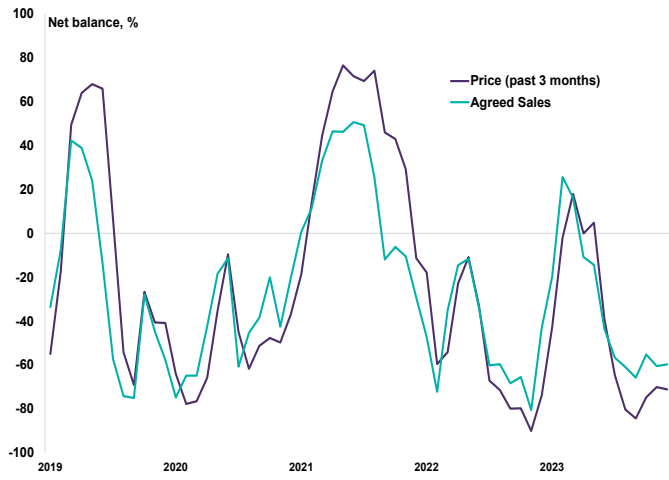


Chart 6: Tenant demand and landlord instructions

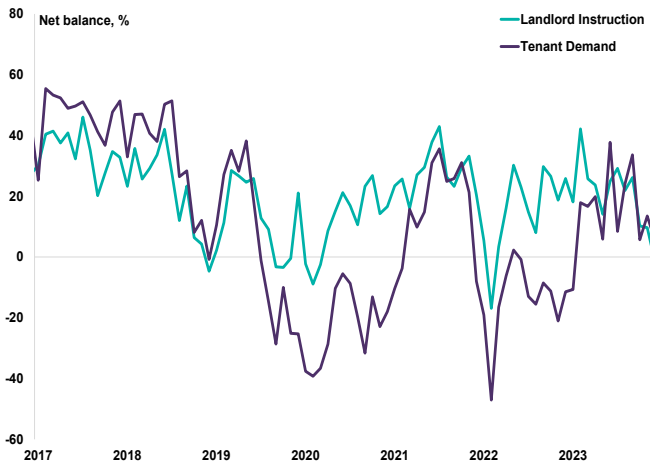
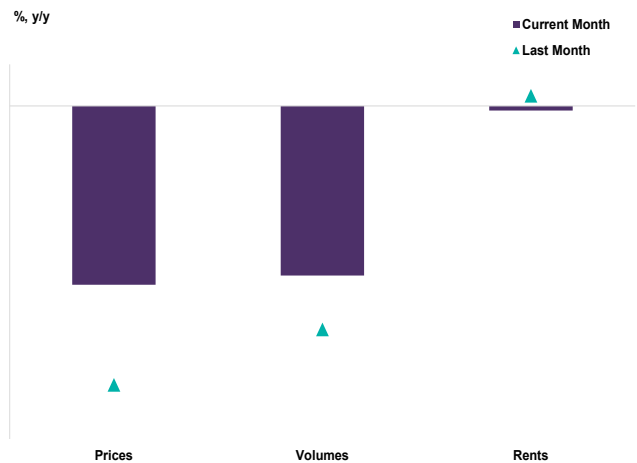


Chart 7: 12-month expectations



## Comments from survey participants in Hong Kong

### Hong Kong

Government relaxation on property double stamp duty and property loan interest rate. - Hong Kong Island

Global economic slowdown still having impact on Hong Kong property market. - Hong Kong Island

Foreign policies have an strong impact on HK economy. - Hong Kong Island

Economic environment. - Hong Kong Island

Global Environment. - Kowloon

Slow economic recovery & high interest rate environment still have impact on sentiment of buyers. - Kowloon

Property market keeps slumping while the local economy stays worse. - Kowloon

Targeting the opportunities in the Greater Bay Area Plan. - Kowloon

Need more information on the Greater Bay Area Plan, focusing on economic integration. - Kowloon

Hong Kong private property market is lowering the sales volume and increase the construction volume. - The New Territories

Global economy weakened by wars. - 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](http://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:

**January survey:** 22 February 2024

### Contact details

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

#### James Fisher

Spacious COO & Head of Market Analysis and Analytics  
+65 68128179  
[james@spacious.hk](mailto:james@spacious.hk)

#### Simon Rubinsohn

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

#### Tarrant Parsons

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

#### Donglai Luo

RICS Senior Economist  
+65 8030 4177  
[dluo@rics.org](mailto:dluo@rics.org)

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Americas, Europe, Middle East & Africa  
**[aemea@rics.org](mailto:aemea@rics.org)**

Asia Pacific  
**[apac@rics.org](mailto:apac@rics.org)**

United Kingdom & Ireland  
**[contactrics@rics.org](mailto:contactrics@rics.org)**



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