



January 2024: Hong Kong Residential Monitor

# Sales market sentiment remains negative at the end of the Chinese year

- Headline confidence index still in negative territory
- Near-term sales market outlook constrained by weak demand
- Mixed picture observed across the lettings market

The results for the January 2024 RICS-Spacious Hong Kong Residential Property Monitor remain persistently negative across the sales market. Meanwhile, the feedback regarding the lettings market appears more stable. Shown in Chart 1, the headline confidence index registered a negative reading of -58 this month, similar to the -54 recorded in December. At the district level, broadly similar negative readings are visible, indicating a subdued atmosphere across all areas. Alongside this, sentiment in the lettings market held steady in Kowloon and Hong Kong Island, although the results were somewhat weaker in the New Territories.

## Sales market sentiment remains subdued

The sales market has been struggling with downbeat momentum since mid-2023. As seen from Chart 2, the net balances for the price and agreed sales indicators remain negative, posting net balances of -83% and -67% respectively. This subdued sentiment is also seen in the forward-looking indicators. As illustrated in Chart 5, the 3-month price expectations series remains negative with a net balance of -67%. Similarly, short-term sales expectation are stuck in negative territory at -49%. These pessimistic expectations are also observed over the longer term. Indeed, respondents now foresee prices falling by -5.9% over the year ahead (compared to an anticipated -4.3% decline in the December feedback), as depicted in Chart 7.

When disaggregated, similarly subdued confidence can be seen in each district. For instance, on Hong Kong Island, the short-term price and sales expectations series recorded net balances of -70% and -43% respectively. This picture is mirrored in Kowloon, with the 3-month price and sales expectations net balances coming in at -67% and -30%, respectively. Meanwhile, the New Territories numbers are a little weaker with regards to the sales outlook, returning a net balance of -62% for the sales expectations series (-66% for price expectations).

## Buyer demand continue to declines

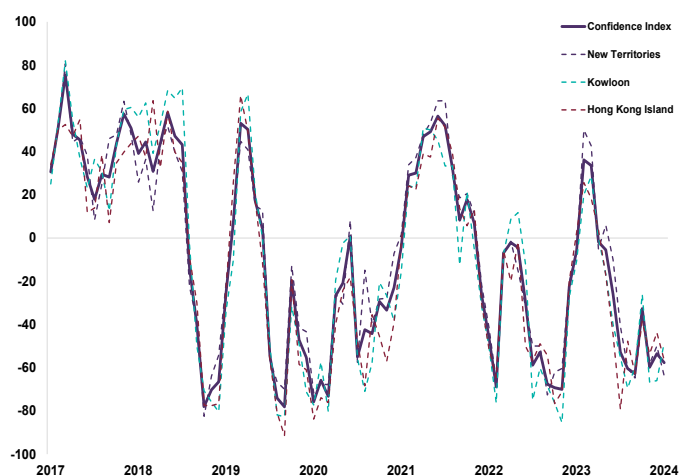
Charts 3 and 4 further highlight the downbeat trend in new buyer enquiries. At the aggregate level, the new buyer enquiries metric remains negative at a net balance of -52%,

similar to the reading of -47% in December. Furthermore, falling demand is observed across each buyer category. The measure for mainland buyer demand saw a further decline, dropping from -38% to -47% in net balance terms. Concurrently, the owner-occupier enquiries and investor enquiries metrics are continuously impacted by the high mortgage rate (registering net balances of -48% and -71%).

## Mixed picture in the lettings market

As shown in Chart 5, at the headline level, tenant demand increased according to a net balance of +13% of respondents (up slightly from +6% in December). However, on closer inspection, the picture is mixed by region. For instance, the New Territories saw a largely stagnant picture for tenant demand (net balance zero). Conversely, in Hong Kong Island, the indicator jumped from a net balance of zero in December to +23% this time. Similarly, the Kowloon rental market showed a rising in tenant demand from a net balance of +4% to +30%. As such, this resilient demand should continue to support the rental market.

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

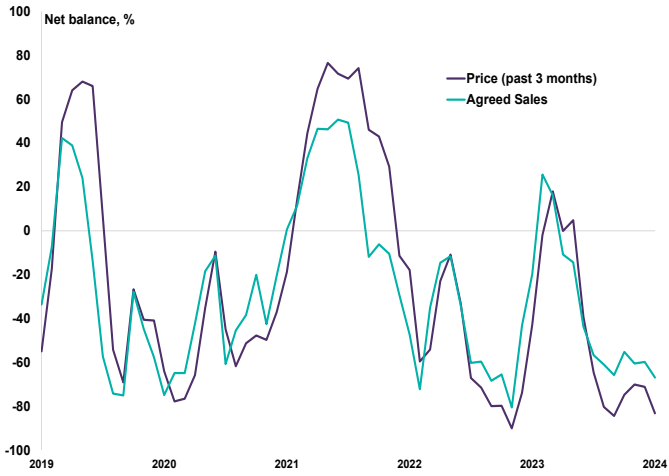


Chart 3: Buyer enquiries and instructions to sell

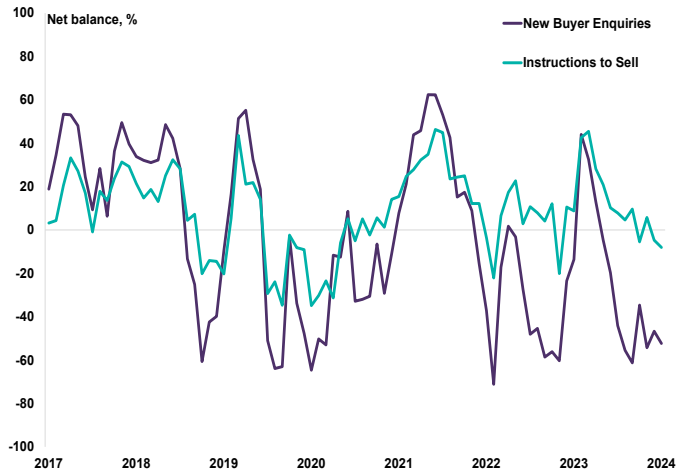


Chart 4: New buyer enquiries by type

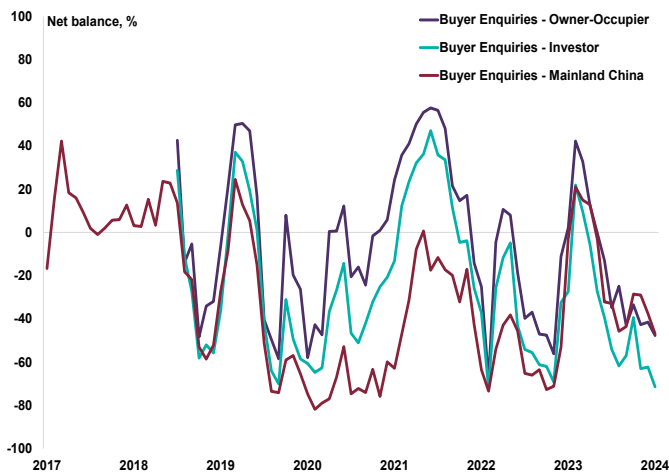


Chart 5: Current Price and Agreed Sales

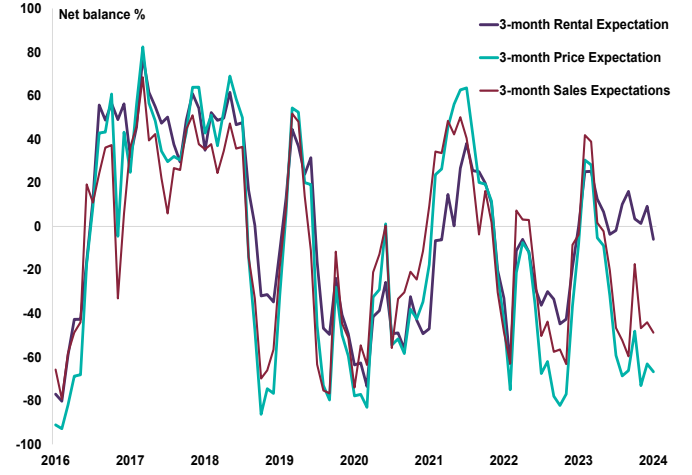


Chart 6: Tenant demand and landlord instructions

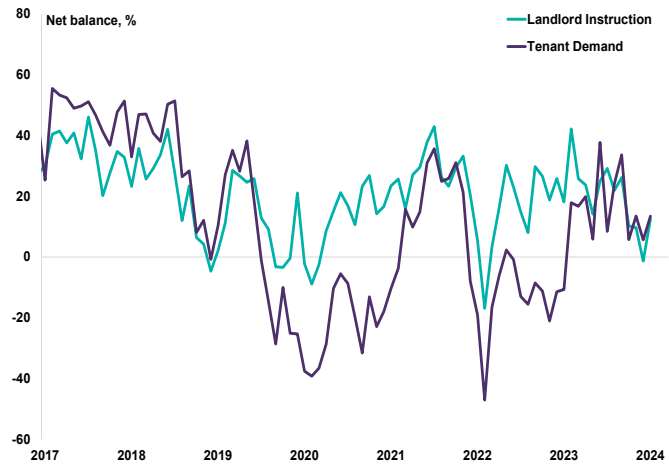
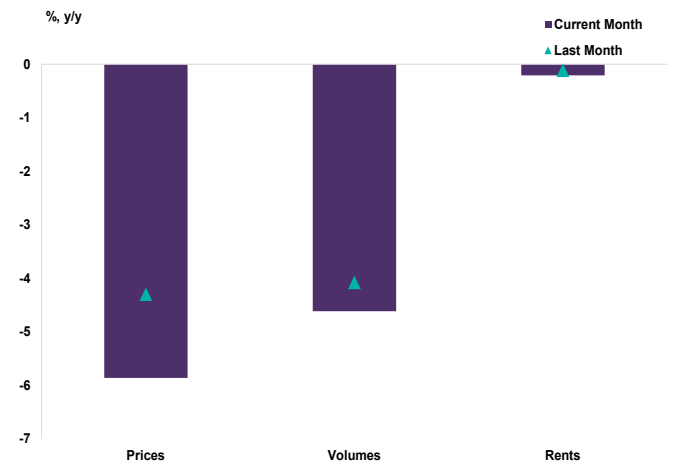


Chart 7: 12-month expectations



# Comments from survey participants in Hong Kong

## Hong Kong

Government regulation. - Hong Kong Island

Overall economic conditions are fair in Hong Kong. Interest rate is still high. - Hong Kong Island

Property loan interest rates, government measure to further release the property double stamp duty. - Hong Kong Island

Central government foreign policy. - Hong Kong Island

Political economic situation. - Hong Kong Island

Implementation of Article 23 of Basic Law may affect the price of the properties. - Hong Kong Island

High interest rate and slow economic recovery still have impact on local real estate market. - Kowloon

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

Property market confidence declining. - Kowloon

Government Measures. - The New Territories

BSD and AVD reduced from 15% to 7.5%. - The New Territories

According to the global economic downturn, the local market has also been affected. - The New Territories

Governance of HKSAR. - The New Territories

Calendar effects affect transactions volume. - 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:

**February survey:** 21 March 2024

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