



## March 2024: Hong Kong Residential Monitor

# Market sentiment continues to improve with a mixed picture at the district level

- Headline confidence index improves slightly over the month
- Sales expectations continue to strengthen but price performance still weak
- Tenant demand remains resilient in the lettings market

The results of the RICS-Spacious Hong Kong Residential Property Monitor in March 2024 are consistent with a gradual recovery in the sales market. Shown in Chart 1, the headline confidence index rose from +2 to +7 in March. At the district level however, the picture is still quite mixed. Hong Kong Island continues to show improvements in both price and sales expectations while respondents from the New Territories have begun to report a better tone to the market after the policy easing. The contrast is provided by feedback from Kowloon which remains more subdued. For the time being, the lettings market is still firm with stronger demand seen in Hong Kong Island and Kowloon.

### Price trend remains soft while volume picks up

At the aggregated level, the market recovery is more visible in terms of sales volume. As seen from Chart 2, the net balance for the price performance remains negative at +15%, just less so compared with a reading of -53% previously. Meanwhile, the agreed sales indicator improved from a neutral reading of 0% to +28%. A similar scenario is also seen in the forward-looking indicators. As illustrated in Chart 5, the short-term sales expectations metric was in positive territory for the second successive month with a net balance of +16%. By way of contrast, the 3-month price expectations series remains in negative territory with a net balance of -2% (but up from -17% and -67% previously). The divergent views are also evident over the longer term. Indeed, as shown in Chart 7, respondents now foresee prices falling by -1.1% but volumes growing by +2.8% over the next 12 months.

### A picture of uneven recovery at the district level

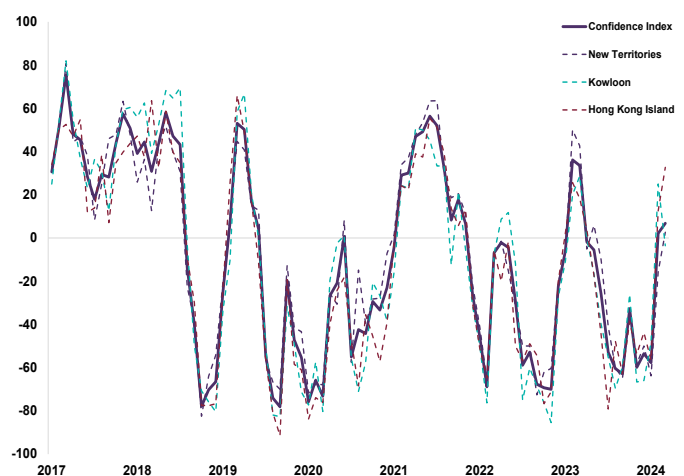
Drilling deeper, the market in Hong Kong Island appears to have benefitted more from the policy easing; the short-term sales and price expectations series recorded net balances of +54% and +12% respectively. Elsewhere, Kowloon responses point to a pause in the sales rebound, with a neutral short-term sales expectation at 0% and a negative price outlook at -7%. Concurrently, the New Territories sales numbers were more upbeat, returning a net balance of +21% for agreed sales and +11% for the sales outlook. However, its near-term price expectation remains negative at -5%.

As highlighted in Charts 3 and 4, buyer demand is picking up in a balanced manner. At the aggregate level, the new buyer enquiries metric continues to strengthen with a net balance of +30%. When disaggregated, more momentum is visible in the feedback from Hong Kong Island, where the series registered a net balance of +50% as opposed to -13% in February. Similarly, both Kowloon and the New Territories have also posted positive buyer enquiries figures with net balances at +31% and +21% respectively.

### Mixed picture in the lettings market

Shown in Chart 6, at the headline level tenant demand rose again but at a slightly slower pace (net balance of +13% down slightly from +19% in February). That said, regional divergence is again very visible. In Hong Kong Island and Kowloon, a firm picture was captured with net balances at +36% and +28%. In contrast, the New Territories saw a largely stagnant picture for tenant demand (net balance at -5%).

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

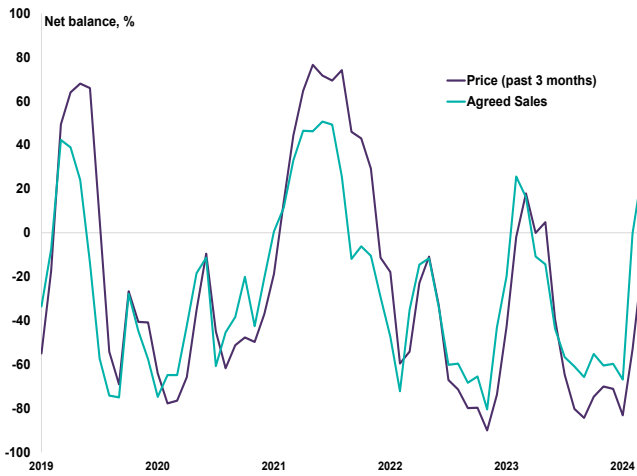


Chart 3: Buyer enquiries and instructions to sell

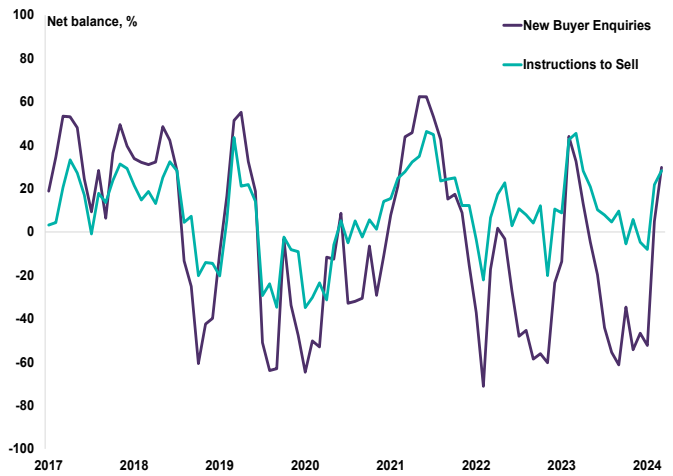


Chart 4: New buyer enquiries by type

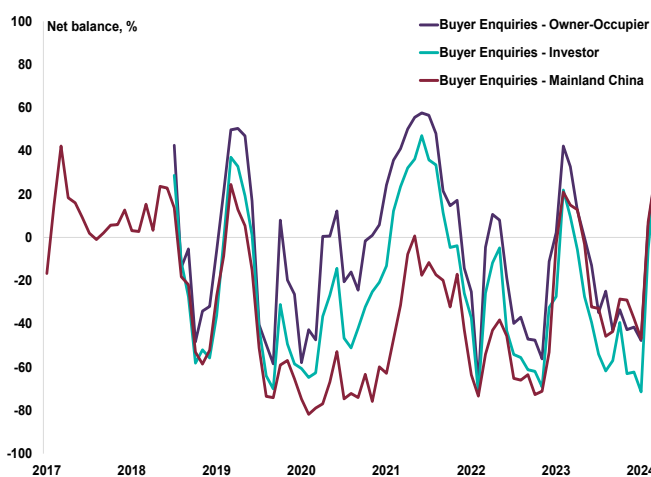


Chart 5: 3-month rent/price/sales expectations

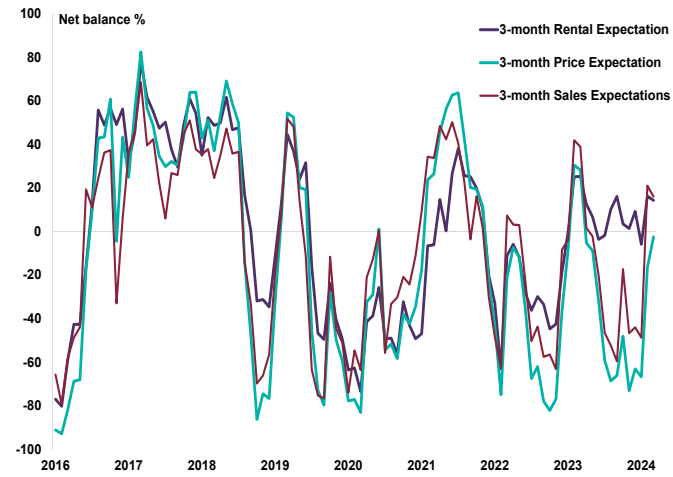


Chart 6: Tenant demand and landlord instructions

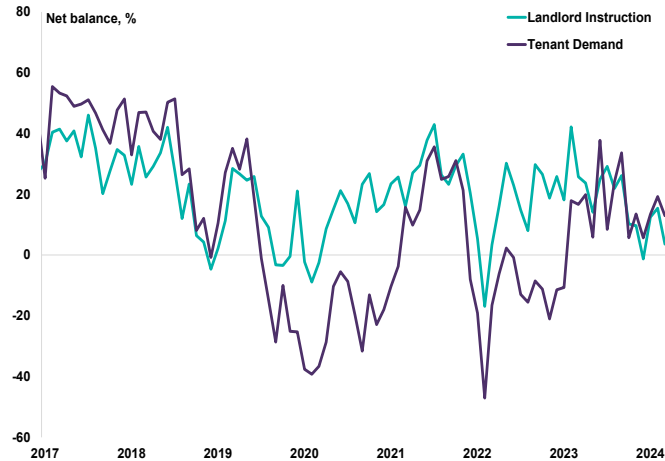
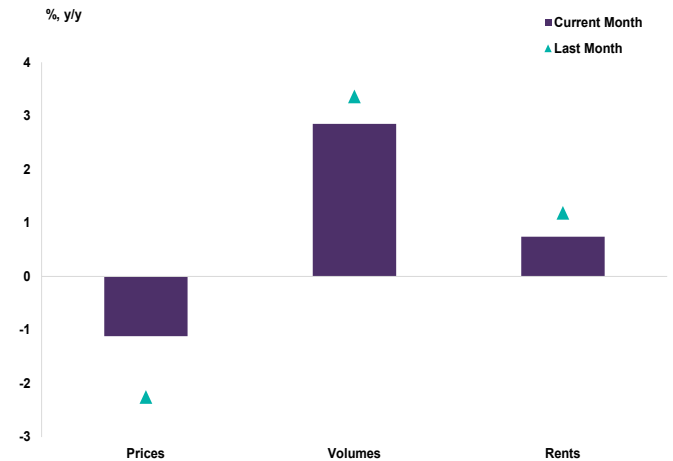


Chart 7: 12-month expectations



## Comments from survey participants in Hong Kong

### Hong Kong

Property sales downward trend stop within 3 months. Thereafter, momentum to move up. - Hong Kong Island

Slow business. - Hong Kong Island

Whether property loan interest rate will be reduced shortly. - Hong Kong Island

Sell and run. - Kowloon

Property markets remains lowest level and local economy either, especially for New Territories. - Kowloon

Interest / International Politics. - Kowloon

Lifting demand-control measures by the government improves sentiment for both investors and users. - Kowloon

Relaxation of stamp duty measures and mortgage lending measures. - 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:

**April survey:** 16 May 2024

### Contact details

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