



## July 2021: Hong Kong Residential Monitor

# Activity metrics remain in firmly positive territory

- Demand, sales and new instructions all reported to have picked-up again over the month
- House prices continue to rise across each region
- Rental growth expectations raised on the back of stronger tenant demand

The results of the July 2021 RICS-Spacious Hong Kong Residential Monitor remain consistent with a solid sales market backdrop at present. The Confidence Index\* (CI), shown in Chart 1, registered a figure of +52, which is little changed from the reading of +56 in June. Consequently, this measure continues to point to sales market activity expanding at a robust pace across Hong Kong.

### House prices still being driven higher

At the aggregate level, a net balance of +69% of respondents reported an increase in house prices over the latest survey period. This is broadly aligned with last month's balance of +72%, albeit the latest reading is slightly more modest in relation to the recent high of +77% posted back in May. Nevertheless, the latest return is still indicative of a strong rate of house price inflation. When disaggregated, although house prices are rising firmly in all areas, growth appears to have a bit more momentum in the New Territories and Kowloon compared to Hong Kong Island.

Looking ahead, a net balance of +64% of survey participants now expect house prices to increase further over the coming three months at the headline level. In fact, this is the strongest reading for the near term price expectations series since May 2018. Further out, at the twelve month horizon, the net balance of contributors anticipating an increase in house prices stands at +72%, the most elevated reading for this metric since the survey's inception back in 2015.

### New buyer demand and sales retain solid impetus

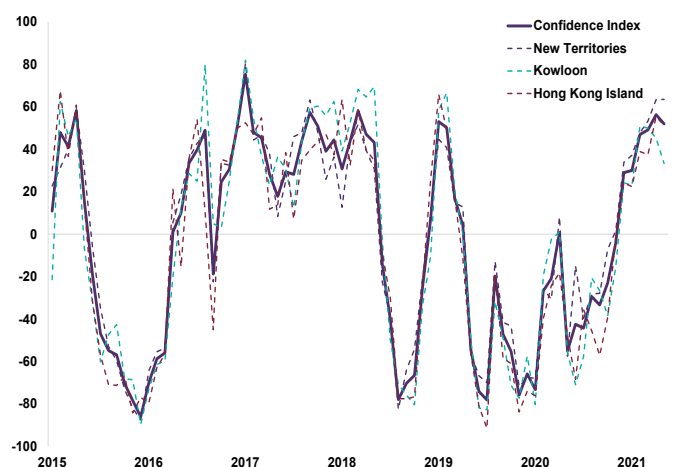
Underpinning the recent uplift in house prices, demand trends remain strong, evidenced by a net balance of +53% of respondents citing an increase in new buyer enquiries during July. Meanwhile, agreed sales also picked up for a seventh consecutive month, with the latest net balance coming in at +49% (+51% previously). Crucially, the twelve-month sales expectations series rose to post net balance of +72% in July, representing a record high for the forward looking sales

indicator. Drilling into the feedback at a regional level shows expectations are most buoyant within the New Territories and Hong Kong Island, while sentiment on the sales outlook is a little more modest in Kowloon (but still firm nonetheless).

### Rental growth expectations gain further traction

Across the lettings market, tenant demand reportedly rose for a fifth month in succession, with the latest net balance of +36% the strongest reading since May 2019. At the same time, there also seems to be a healthy flow of rental listings becoming available, as a net balance of +43% of contributors noted an increase in landlord instructions. In terms of rental growth projections, a net balance of +38% of respondents foresee rental levels picking up over the coming three months. Over the year ahead, contributors envisage rents rising by just under 3% (with projections upgraded from closer to 2% last month).

Chart 1: Confidence Index



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

Chart 2: Home Price Perceptions Index

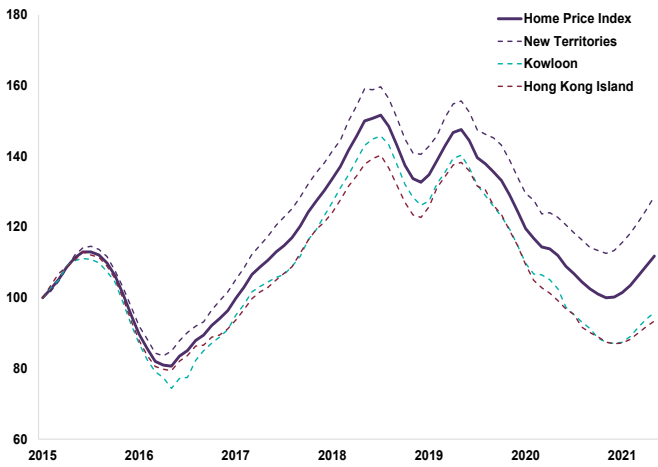


Chart 3: Buyer enquiries and instructions to sell

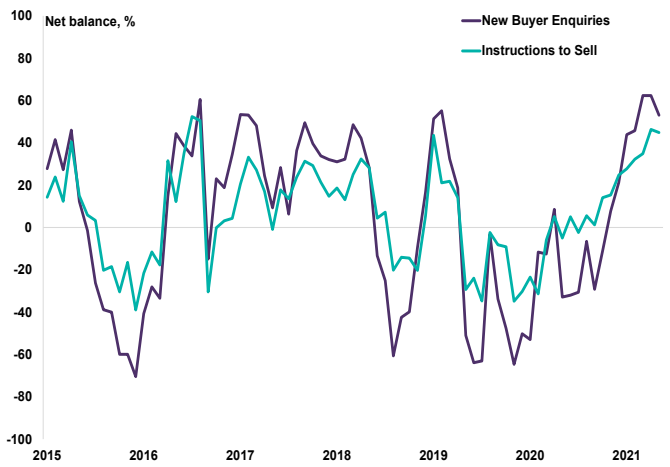


Chart 4: Buyer enquiries by type

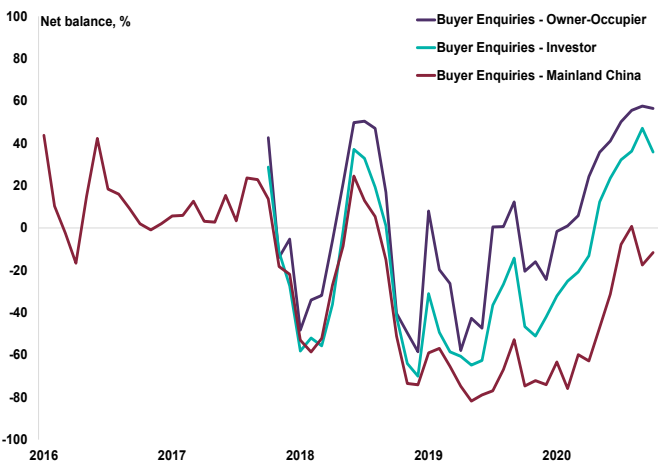


Chart 5: Rent Perceptions Index

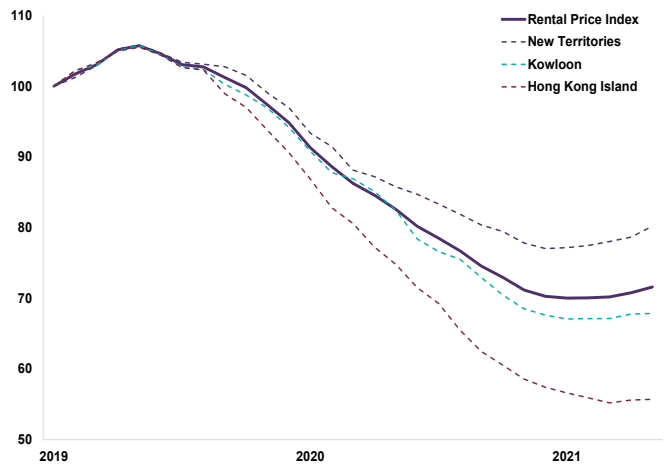


Chart 6: Tenant demand and landlord instructions

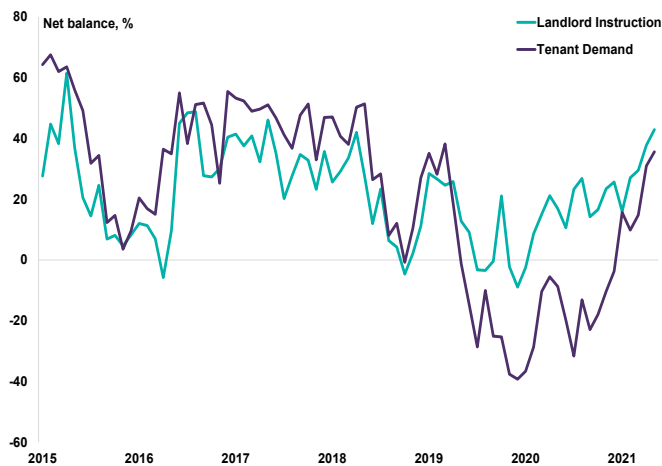
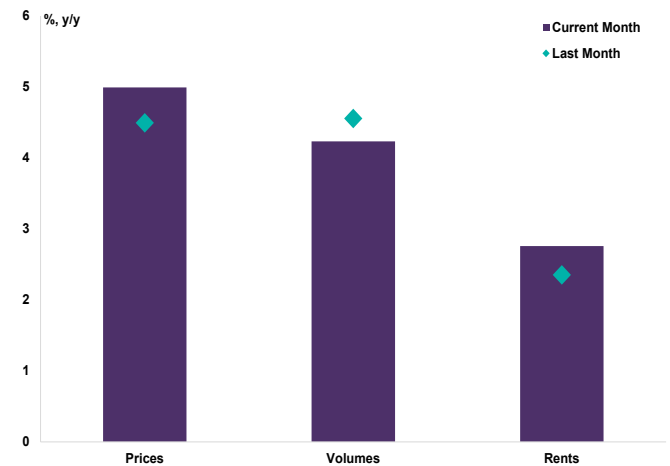


Chart 7: 12 month expectations



# 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).

### Survey release dates:

**August Survey:** 16 September 2021

**September Survey:** 19 October 2021

**October Survey:** 17 November 2021

## Contact details

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