



## March 2022: Hong Kong Residential Monitor

# Conditions appear to be stabilising with forward looking activity metrics now slightly positive

- Headline Confidence Index largely recovers from the steep drop seen over the previous two reports
- Price continues to slip over the month although expectations point to a stable trend twelve-months ahead
- Near-term sales expectations turn positive

The March 2022 RICS-Spacious Hong Kong Residential Property Monitor results point to much of the negativity seen in recent months diminishing, helped by a gradual easing in Covid related restrictions. Significantly, the headline Confidence Index retraced a lot of the ground lost in recent months, rising from -69 in February to record a reading of -7 in March. Although still slightly negative, this latest figure is consistent with a much more stable backdrop emerging.

### Sales expectations turn positive

During March, the aggregate net balance for new buyer enquiries came in at -17%, signalling a continued decline in new buyer demand (albeit at a much reduced pace compared with February). Meanwhile, newly agreed sales fell once again, evidenced by a net balance reading of -35% being recorded for the transactions indicator.

Notwithstanding this, respondents now carry more optimism with respect to the near-term sales outlook. Indeed, the three-month sales expectations series moved into positive territory for the first time in four months, rising from -63% last time to reach +7% in the latest results. Moreover, twelve-month sales expectations also turned positive, posting a net balance reading of +21% compared to -23% previously.

### Prices ease a little further over the month but expectations point to a more stable trend emerging

At the headline level, a net balance of -54% of survey participants cited a further decline in house prices over the March survey period. This was similar to a reading of -60% seen in February and marks the fourth consecutive negative reading. Furthermore, the disaggregated data points to negative price trends remaining in place across all regions (Kowloon, the New Territories and Hong Kong Island).

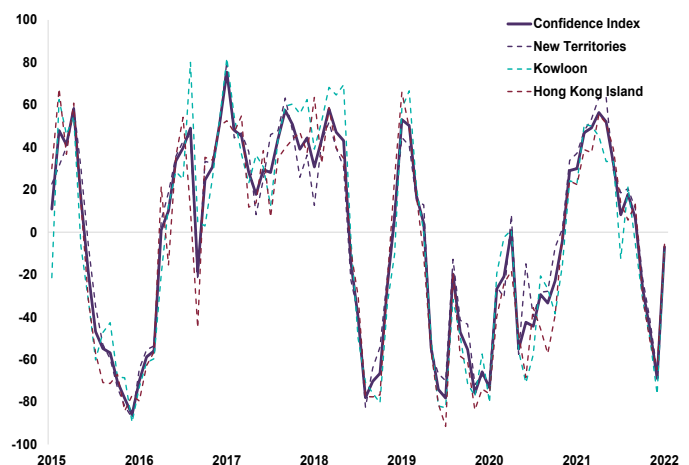
Going forward however, despite near-term expectations remaining slightly downcast, twelve-month price

expectation recovered noticeably, with the latest net balance reading rising to +1% from a deeply negative return of -38% beforehand. As such, this latest figure is now indicative of a largely stable trend in house prices coming through once the immediate disruption to activity caused by the pandemic moves into the rear-view mirror.

### Lettings market activity also appears to be steadying

Although a net balance of -17% of contributors noted a fall in tenant demand in the latest survey results, this is significantly less downbeat than the figure of -47% seen last time. In keeping with this somewhat steadier demand backdrop, rental growth expectations for the three months ahead are now only marginally negative (the latest net balance came in at -11% vs -63% previously). Further ahead, at the twelve month time horizon, rental growth projections are now flat having been revised to -0.3% compared to an estimate of -2% returned 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

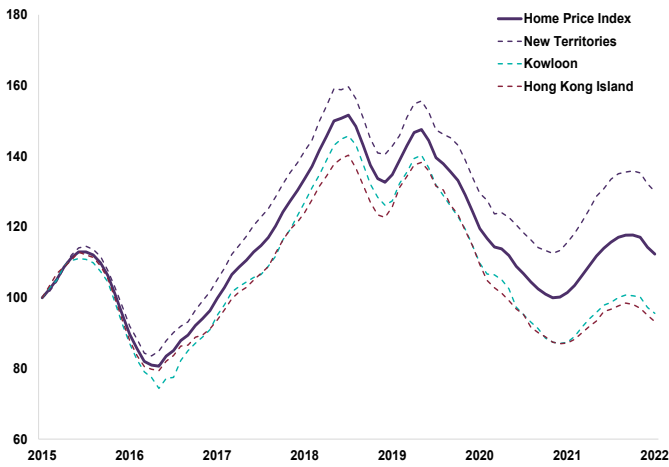


Chart 3: Buyer enquiries and instructions to sell

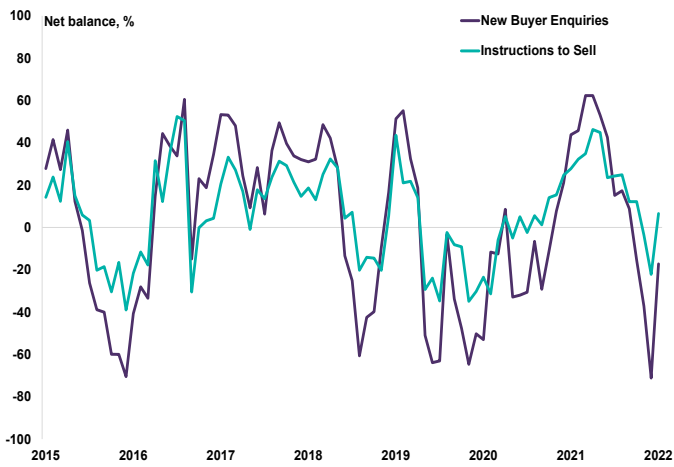


Chart 4: Buyer enquiries by type

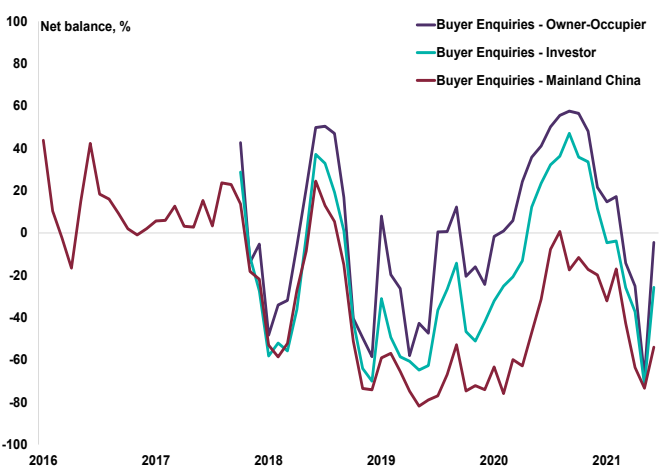


Chart 5: Rent Perceptions Index

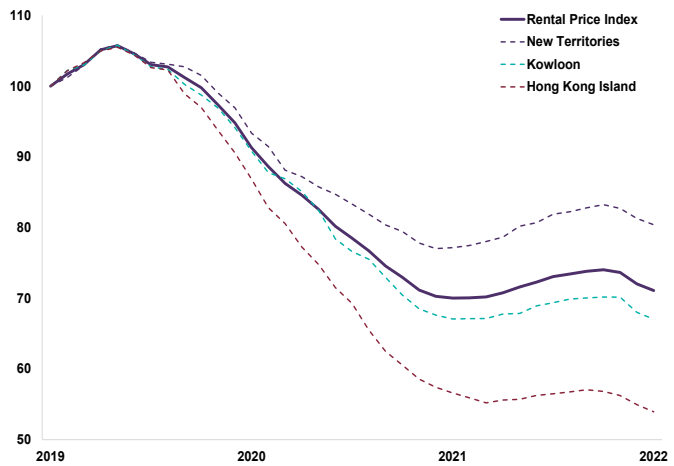


Chart 6: Tenant demand and landlord instructions

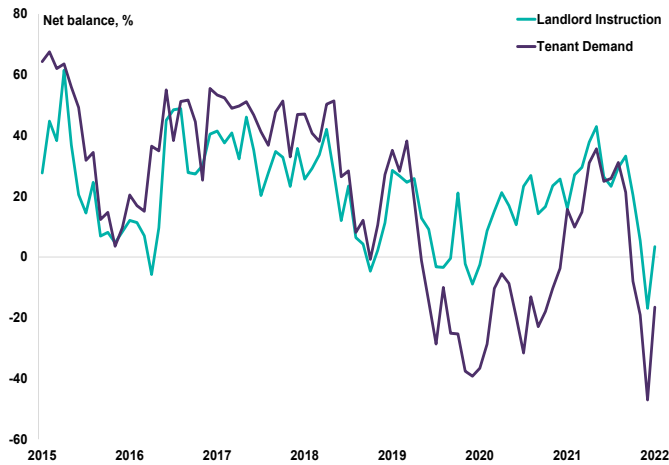
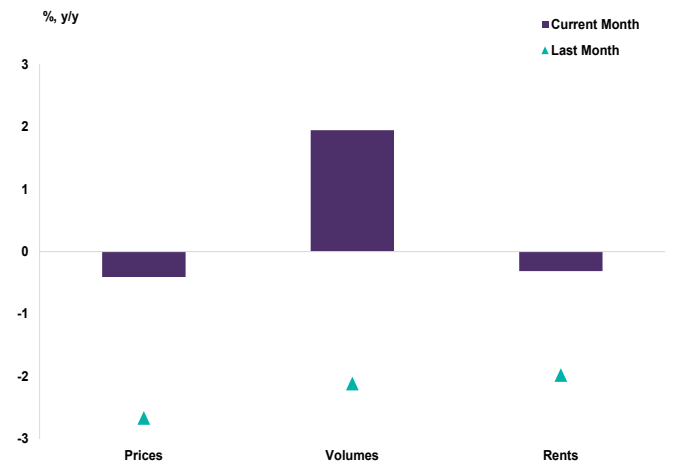


Chart 7: 12 month expectations



# 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:

**April survey:** 19 May 2022

## Contact details

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