



May 2022: Hong Kong Residential Monitor

## Near-term outlook for sales market activity remains largely stable

- Confidence Index sees little change in May, remaining in neutral territory
- Headline price indicator slightly negative, although twelve-month expectations signal a turnaround ahead
- Kowloon reportedly leading the way in terms of a recovery in both sales and prices

The May 2022 RICS-Spacious Hong Kong Residential Property Monitor results continue to portray a generally stable outlook for sales market activity in the near-term, following significant disruption caused by the pandemic a few months prior. In keeping with this, the headline confidence index was virtually unchanged in May, returning a reading of -4 compared to -2 last time.

### New buyer demand holds steady over the month

At the aggregate level, the latest net balance for new buyer enquiries came in at -3%, a reading indicative of a more or less flat trend in demand (in-line with the feedback received in the previous iteration of the survey). Meanwhile, the agreed sales indicator remains marginally negative, posting a net balance of -12%. Even so, this measure has turned progressively less downbeat of late compared to readings of -15% and -35% seen in April and March respectively.

Looking ahead, near-term sales expectations point to a broadly stable trend remaining in place over the coming three months, with the latest net balance of +3% unchanged from April's reading. Further ahead, at the twelve month time horizon, a net balance of +32% of respondents envisage sales activity picking up.

### Price indicator only marginally negative now

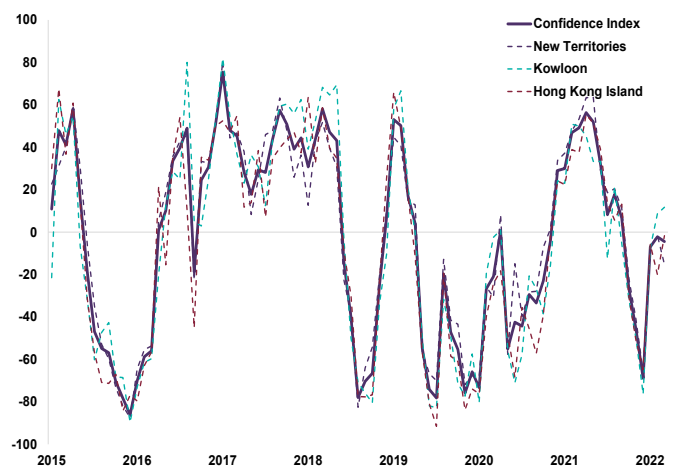
During May, a headline net balance of -11% of respondents saw a decline in house prices, albeit this was much less negative than readings of -23% and -54% seen over the previous two months. When disaggregated, the results show a net balance of +24% of respondents based in Kowloon reported a recovery in house prices now coming through. By way of contrast, both the New Territories and Hong Kong Island continue to exhibit negative readings for the past price metric. Nevertheless, twelve-month price expectations have now moved back into positive territory across all regions covered, with the headline net balance of +32% representing the strongest

figure for this series since November 2021.

### Rents expected to stabilise over the next twelve months

In the lettings market, the tenant demand metric chalked up a net balance of +2% following a reading of -6% beforehand. As such, this marks the first occasion since November 2021 in which this series has posted a positive reading, albeit the latest figure is still consistent with a largely flat trend. Alongside this, landlord instructions continue to rise, evidenced by a net balance of +30% of survey participants reporting an increase. Given a flat demand trend is being met with rising supply, rents are expected to remain under pressure in the immediate future, with the near-term rental expectations reading sitting at -12%. That said, twelve-month rental expectations portray a generally stable picture coming through further ahead.

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

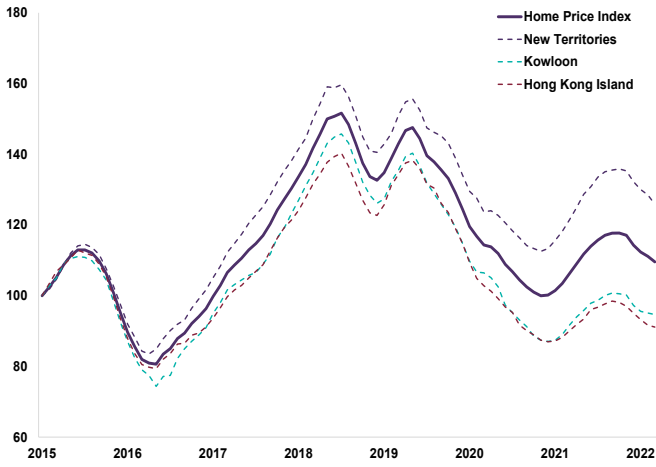


Chart 3: Buyer enquiries and instructions to sell

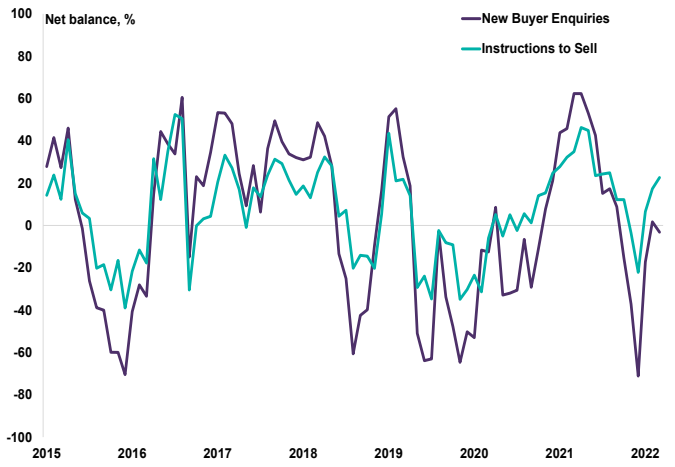


Chart 4: Buyer enquiries by type

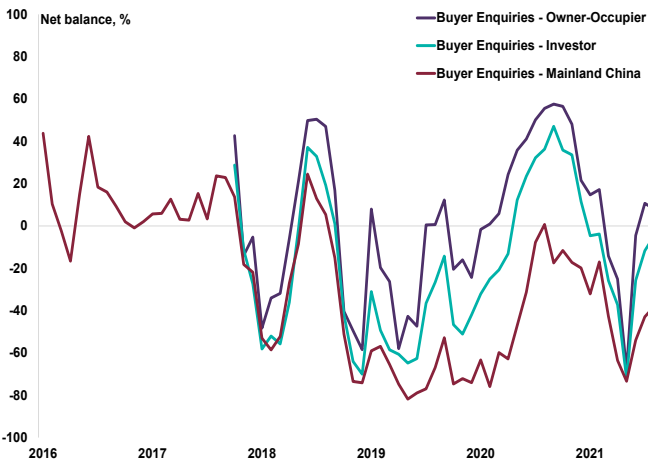


Chart 5: Rent Perceptions Index

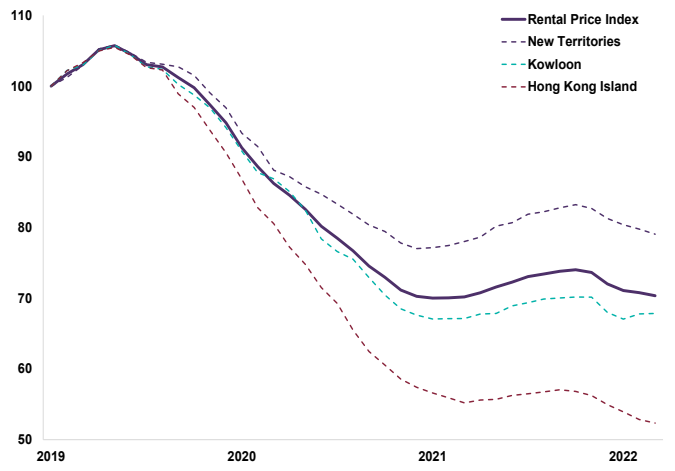


Chart 6: Tenant demand and landlord instructions

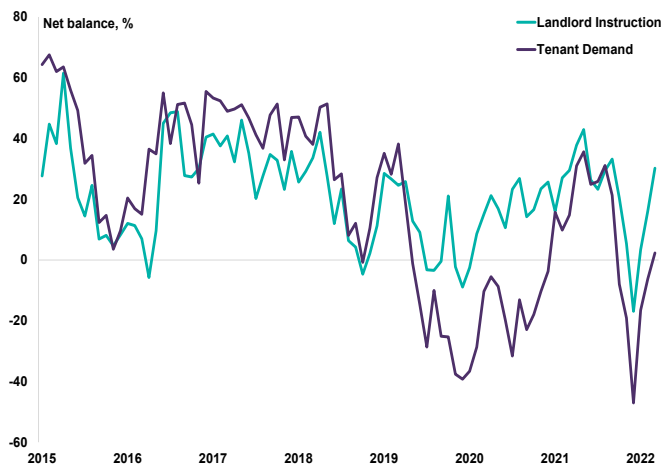
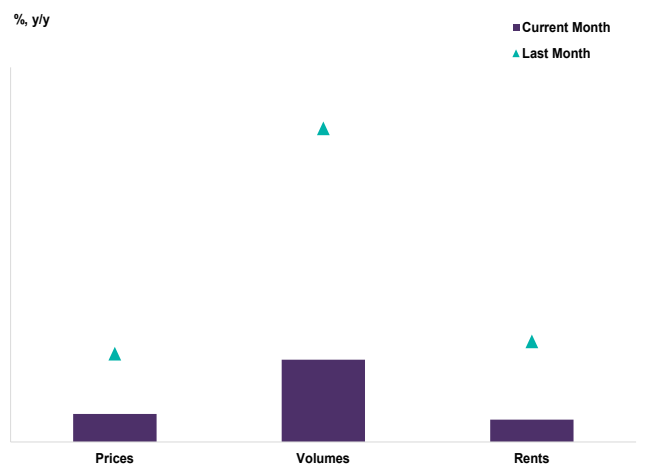


Chart 7: 12 month expectations



# 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:

**June survey:** 21 July 2022

## Contact details

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