



## October 2021: Hong Kong Residential Monitor

# Agreed sales dip slightly, but are expected to regain some momentum going forward

- Agreed sales indicator remains in modestly negative territory for a second consecutive month
- Prices remain on an upward trajectory across all regions
- Buyer enquiries from mainland China weaken noticeably

The October 2021 RICS-Spacious Hong Kong Residential Monitor results again point to a somewhat subdued month for activity, with the agreed sales indicator remaining in slightly negative territory for a second consecutive report. Notwithstanding this, forward looking indicators did show some improvement, suggesting the recent lull in momentum is expected to prove relatively brief. In keeping with this, the Confidence Index recovered to +18, having fallen back to +8 during September.

### Sales dip again, but are expected to regain impetus

At the headline level, agreed sales softened for the second successive month, evidenced by a net balance of -6% of contributors noting a decline. As was the case last month, this decline was primarily driven by weakening activity in Kowloon and Hong Kong Island, while the New Territories saw a flat (rather than negative) trend in sales. Nevertheless, near term sales expectations across Hong Kong as a whole returned to positive territory, with the latest net balance coming in at +16% compared to -4% previously. As such, this is indicative of the sales market regaining some momentum in the coming three months.

Explaining some of the recent softening in activity, new buyer enquiries from mainland China were reported to have fallen by a net balance of -32% of survey participants. This is down from a reading of -20% previously and marks the fifth straight report in which mainland buyer demand has fallen. At the same time, interest from those buying for investment purposes also dipped in October, with the latest net balance falling to -5% from +12% back in September. Meanwhile, although a net balance of +15% of respondents cited an increase in enquiries from owner-occupiers, this does represent the least positive return for this indicator since December 2020.

### Prices continue to rise, albeit at a moderating pace

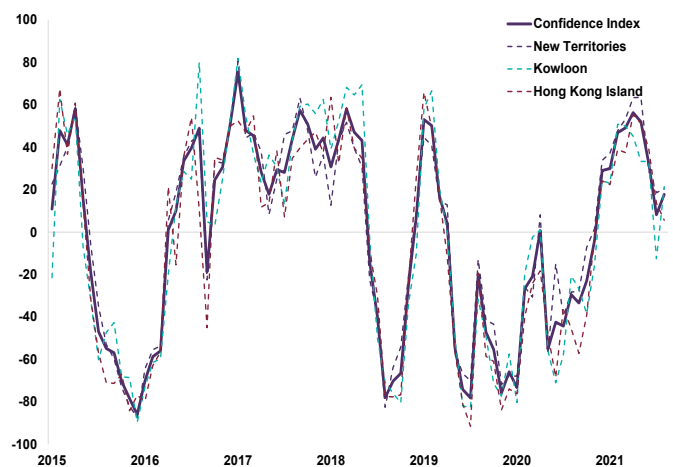
A headline net balance of +43% of contributors noted an increase in house prices over the latest survey period, little

changed from a reading of +46% posted in September. Although this remains indicative of further growth in house prices, it is the least elevated reading since February 2021. Moreover, all regions have now seen house price inflation ease compared to earlier in the year (in net balance terms). With regards to the outlook, price expectations remain in positive territory at both the three and twelve month time horizons (posting respective net balances of +19% and +47%). That said, over both timeframes, these expectations have moderated in each of the past three reports.

### Tenant demand continues to rise consistently

In the lettings market, tenant demand rose according to a net balance of +31% of respondents, extending the run of positive readings for this indicator into an eighth month. On the back of this, rents are expected to continue to drift higher going forward, with contributors still estimating growth of around 2% over the next twelve months.

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

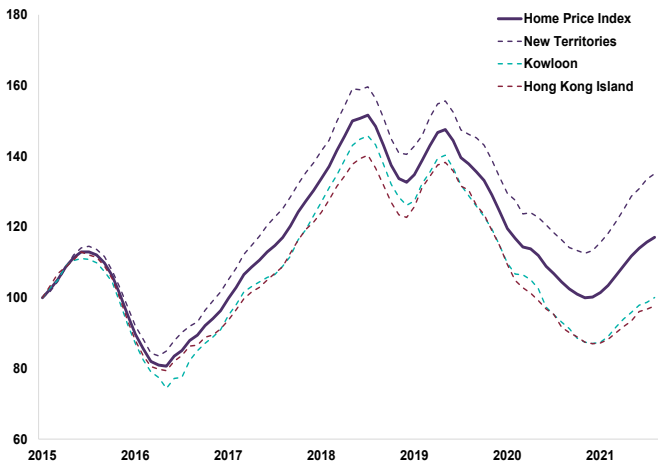


Chart 3: Buyer enquiries and instructions to sell

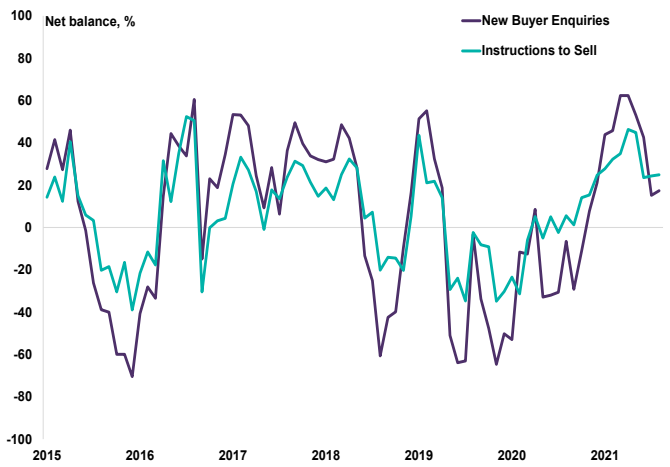


Chart 4: Buyer enquiries by type

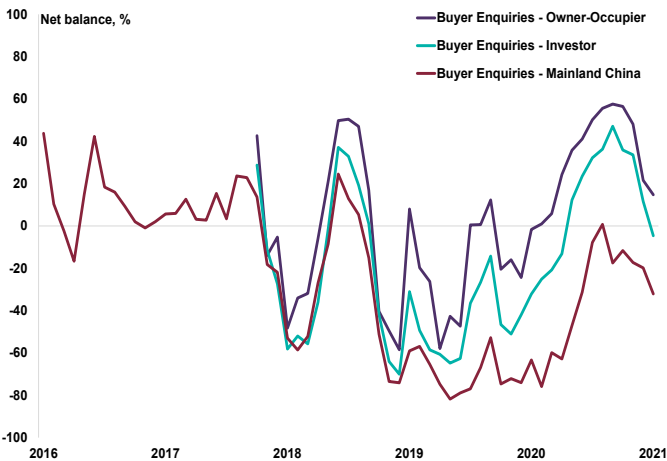


Chart 5: Rent Perceptions Index

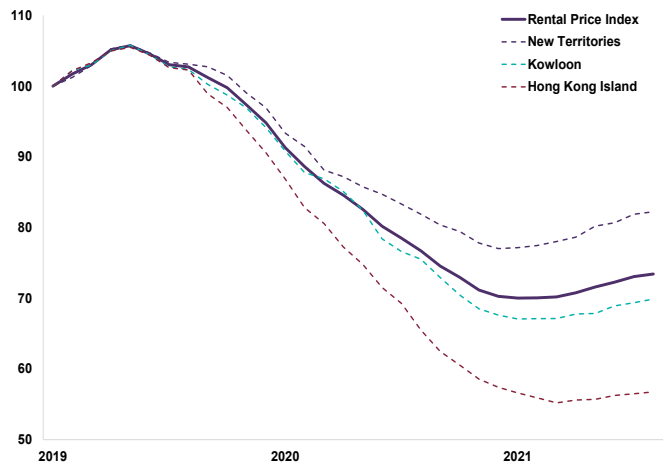


Chart 6: Tenant demand and landlord instructions

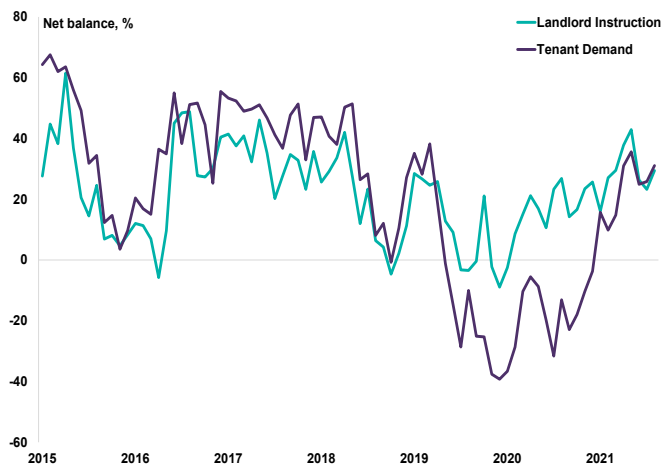
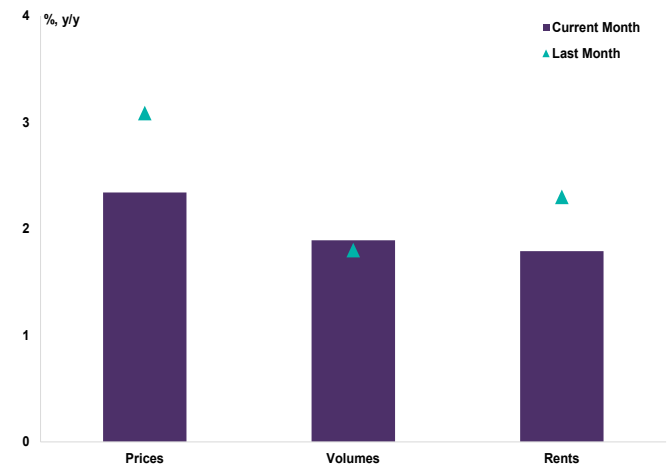


Chart 7: 12 month expectations



# 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:

**November survey:** 16 December

## Contact details

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