



## March 2019: Hong Kong Residential Market Survey

# Sentiment rebounds as respondents report a return in buyer demand

- Confidence Index on Hong Kong Island rises to four-year high as buyer demand rises sharply
- Tenant demand also higher though increase matched by the supply of properties to rent
- Modest growth in prices and rents now seen over the next twelve months

The results of the March 2019 RICS-Spacious Hong Kong Residential Market Survey shows a sustained rebound in sentiment in Hong Kong's housing market. The Confidence Index\* saw a sharp increase for a second consecutive month (Chart 1) rising to +53 in March. On Hong Kong Island the index rose to +66, the highest reading since April 2015.

Chart 2 shows the significance of the shifts in pricing in the past month. Respondents reporting aggregate price *declines* of 0-5% fell sharply from February, while the opposite was true for those reporting price *increases* of 0-8%. In net balance terms, the share of contributors reporting an increase in prices outweighed those reporting a decrease for the first time since September 2018.

This was underpinned by a robust increase in demand. New buyer enquiries increased at the fastest pace in two years (Chart 4). Vendors appear to have recognized the return of buyers to the market, as Chart 4 shows that instructions to sell rose in March and the indicator of agreed sales rising at the fastest pace (in net balance terms) in two years. Against this backdrop, Chart 3 shows that short-term expectations for prices and sales increased for the second consecutive month and are now firmly rooted in positive territory.

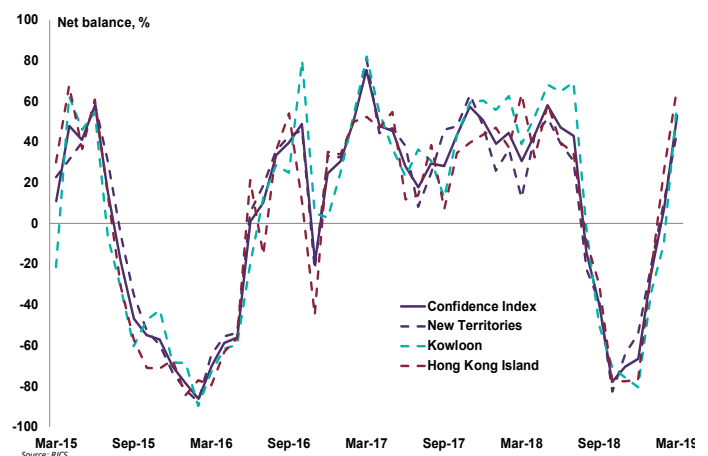
Chart 6 shows that respondents see prices increasing 2.3% over the next year. Although this is more optimistic than what has been expected in previous months, there is still a degree of caution relative to previous upcycles. Chart 8 shows that a weighted average of a third of respondents still expect no change or a decline in prices over the next year. A similar dynamic was reported for the lettings market.

James Fisher, Spacious COO and Head of Market Analytics says "Spacious' user data for March showed

a continued improvement to sale market enquiry rates, which is a proxy for buyer demand. The signal has now been positive for 4 months in a row and accurately signaled the increased transaction volumes recorded in the previous 3 months, following a multi-year low in December 2018. Seller and landlord confidence returned in March with Spacious' sale and rental listing price signals both turning positive for the first time since July of 2018, which is a bullish sign for near term pricing."

Sean Ellison, RICS Senior Economist says "The data indicates that pent-up demand that had been waiting on the sidelines has re-entered the market as it has stabilized. However, the outlook remains somewhat cautious over the longer-term, an indication that the market does not expect a repeat of the rapid increases in prices and rents experienced in 2017 and early 2018."

Chart 1: Confidence Index\*



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

Chart 2: Prices - past 3 months

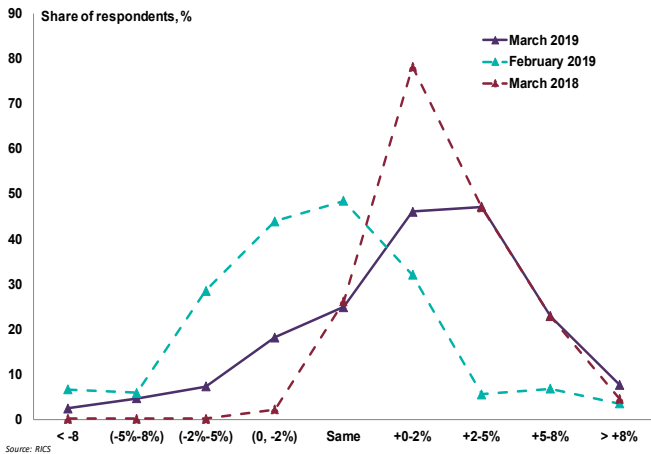


Chart 3: 3 month expectations

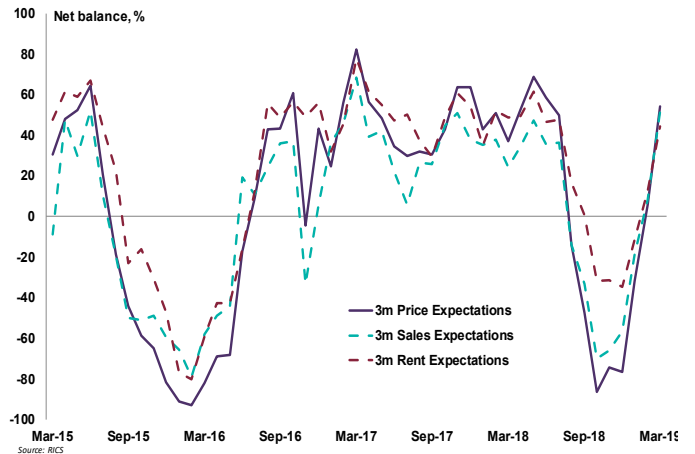


Chart 4: Buyer enquiries and instructions to sell

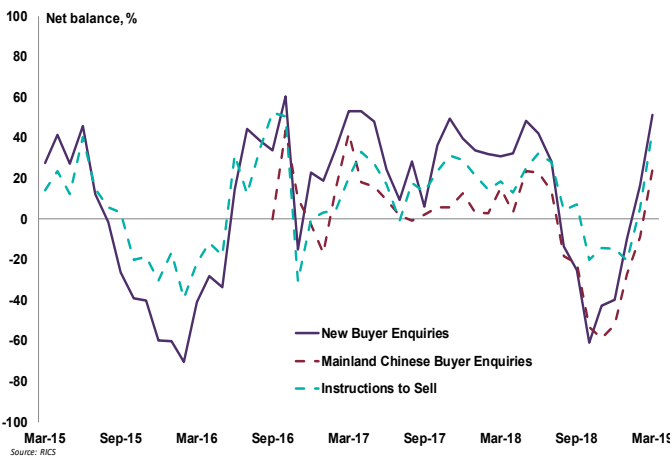


Chart 5: Tenant demand and instructions to rent

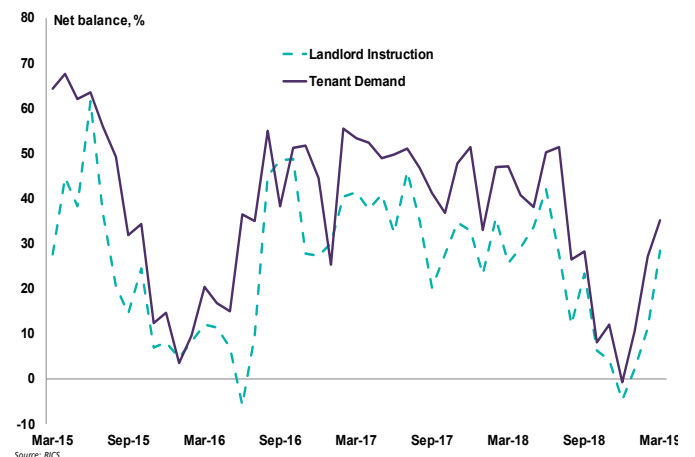


Chart 6: Price forecasts - next twelve months

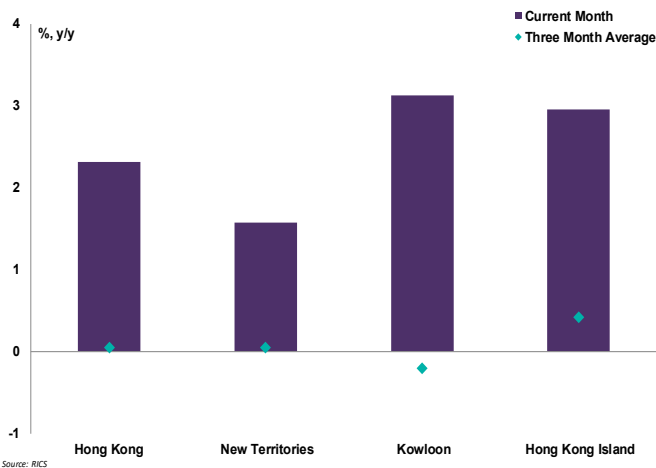


Chart 7: Rent forecasts - next twelve months

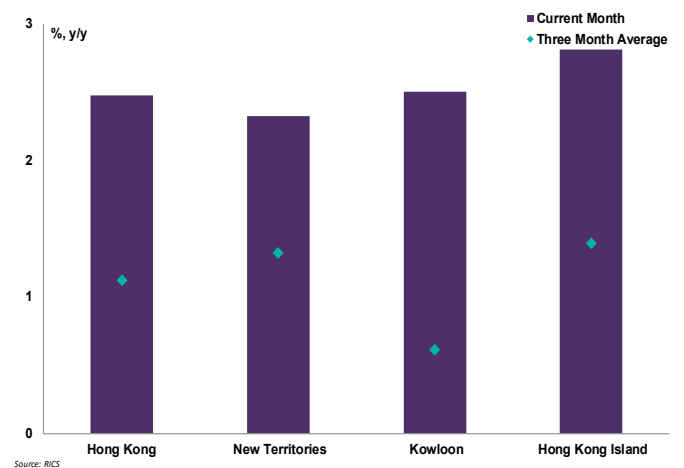


Chart 8: Distribution of price forecasts - next twelve months

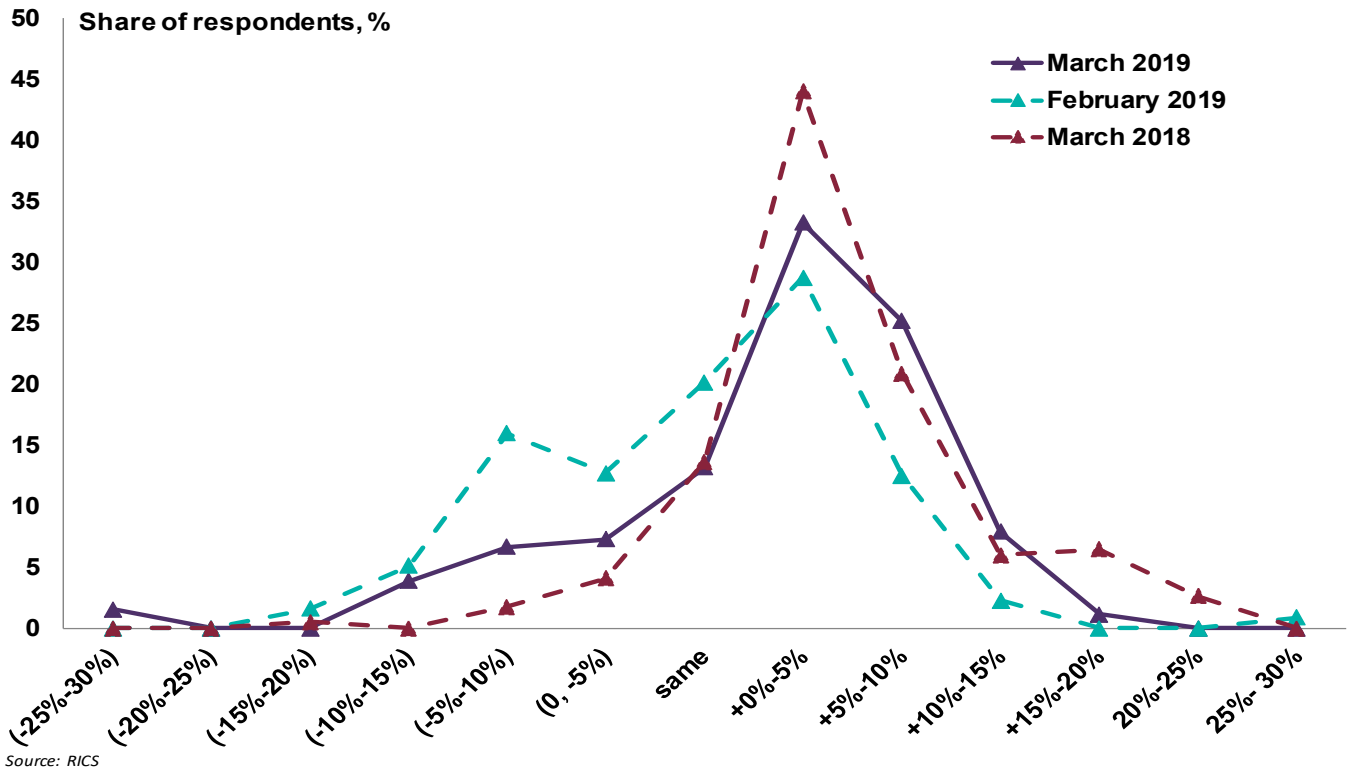
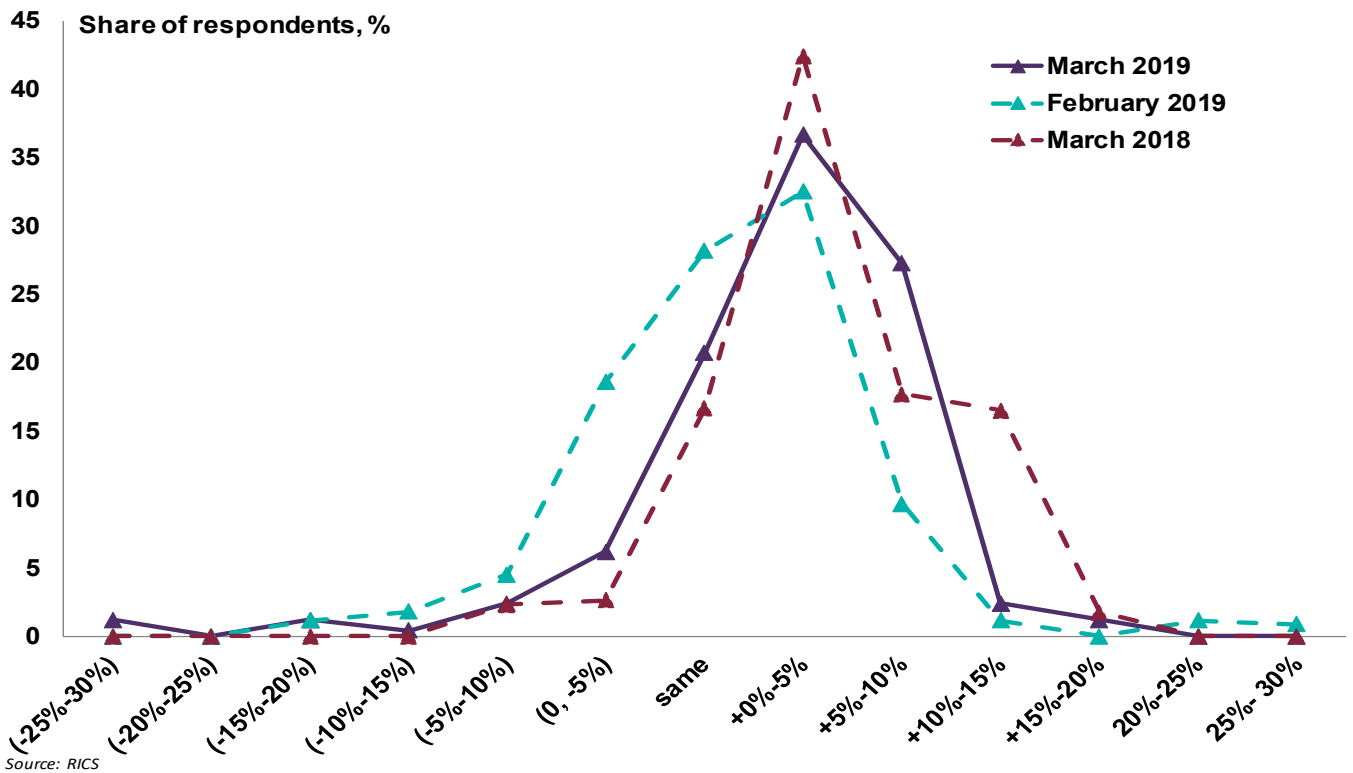


Chart 9: Distribution of rent forecasts - next twelve months



# Information

## Hong Kong Residential Market Survey:

RICS-Spacious Hong Kong Residential Market Survey 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:

Survey questions were sent out 20 March 2019 with responses received until 7 April 2019. 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:** 22 May 2019

**May Survey:** 24 June 2019

**June Survey:** 18 July 2019

## Contact details

This publication has been produced by RICS. For all economic enquiries, including participation in the monitor please contact: [economics@rics.org](mailto:economics@rics.org)

### Sean Ellison

RICS Senior Economist  
+61 0 424 845 725  
[sellison@rics.org](mailto:sellison@rics.org)

### James Fisher

Spacious COO & Head of Market Analysis and Analytics  
+65 68128179  
[sellison@rics.org](mailto:sellison@rics.org)

### Simon Rubinsohn

RICS Chief Economist  
+44(0)20 7334 3774  
[srubinsohn@rics.org](mailto:srubinsohn@rics.org)

### Tarrant Parsons

RICS Economist  
+44(0)20 7695 1585  
[tparsons@rics.org](mailto:tparsons@rics.org)

### Jeffrey Matsu

RICS Senior Economist  
+44(0)20 7695 1644  
[jmatsu@rics.org](mailto:jmatsu@rics.org)

### Kisa Zehra

RICS Economist  
+44(0) 7695 1675  
[kzehra@rics.org](mailto:kzehra@rics.org)

## Disclaimer

This document is intended as a means for debate and discussion and should not be relied on as legal or professional advice. Whilst every reasonable effort has been made to ensure the accuracy of the contents, no warranty is made with regard to that content. Data, information or any other material may not be accurate and there may be other more recent material elsewhere. RICS will have no responsibility for any errors or omissions. RICS recommends you seek professional, legal or technical advice where necessary. RICS cannot accept any liability for any loss or damage suffered by any person as a result of the editorial content, or by any person acting or refraining to act as a result of the material included.



## Confidence through professional standards

RICS promotes and enforces the highest professional qualifications and standards in the valuation, development and management of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards – bringing confidence to markets and effecting positive change in the built and natural environments.

### Americas

---

Latin America  
ricsamericalatina@rics.org

North America  
ricsamericas@rics.org

### Asia Pacific

---

ASEAN  
ricsasean@rics.org

Greater China (Hong Kong)  
ricshk@rics.org

Greater China (Shanghai)  
ricschina@rics.org

Japan  
ricsjapan@rics.org

Oceania  
oceania@rics.org

South Asia  
ricsindia@rics.org

### EMEA

---

Africa  
ricsafrica@rics.org

Europe  
ricseurope@rics.org

Ireland  
ricsireland@rics.org

Middle East  
ricsmiddleeast@rics.org

United Kingdom RICS HQ  
contactrics@rics.org