

RESIDENTIAL LEASING

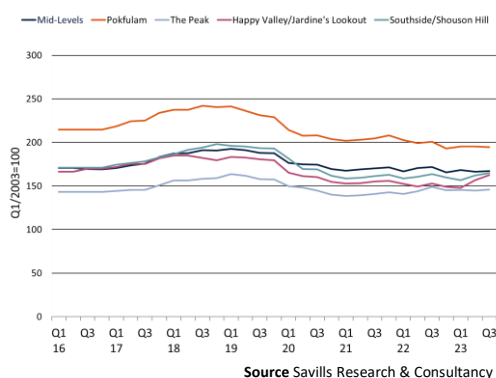


Robust leasing demand amid challenging market

“ Hong Kong residential leasing market experienced a bustling summer season marked by a surge in inquiries but a shortage of high-quality housing options. ”

JACK TONG, SAVILLS RESEARCH & CONSULTANCY

GRAPH 1: Hong Kong Island Luxury Rental Indices by District, Q1/2016 – Q3/2023



GRAPH 2: Townhouse Rental indices, Q1/2016 – Q3/2023

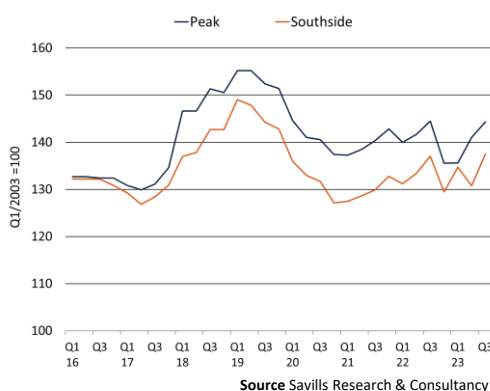


TABLE 1 : Savills Residential Rental Indices, Q1/2023 vs Q2/2023

	Q2/2023 (QoQ%)	Q3/2023 (QoQ%)
Luxury Apartments – Hong Kong Island	+0.7%	+0.9%
Luxury Apartments – Kowloon	+1.7%	+4.0%
Luxury Apartments – New Territories	-1.3%	+0.9%
Townhouses	-0.6%	+4.2%
Serviced Apartments	+0.5%	-0.1%

TABLE 2: Mid-Levels, The Peak and Southside Notable Transactions, Q3/2023

District	Unit Type	Address	Saleable Area (sq ft)	HK\$ per month (incl. mgt. & rates)	HK\$ per sq ft saleable
Southside	House	50 Island Road	3,463	375,000	108
The Peak	Apartment	Interocean Court	2,665	230,000	86
Mid-Levels	Apartment	Queen's Garden	2,181	158,000	72
The Peak	House	Highlands	2,798	153,000	55
Mid-Levels	Apartment	Aigburth	2,184	148,000	68

Source Savills Research & Consultancy

During July and August, the Hong Kong residential leasing market experienced robust activity, particularly within the HK\$20,000 to HK\$50,000 rental range. A notable trend was the increasing importance of renovation in apartment interiors, as tenants sought fresh and modern designs. Some properties, like Residence Bel-Air, saw diminishing attractiveness due to inconveniences and minimal interior design. Landlords responded to these trends by renovating their properties to align with tenant expectations.

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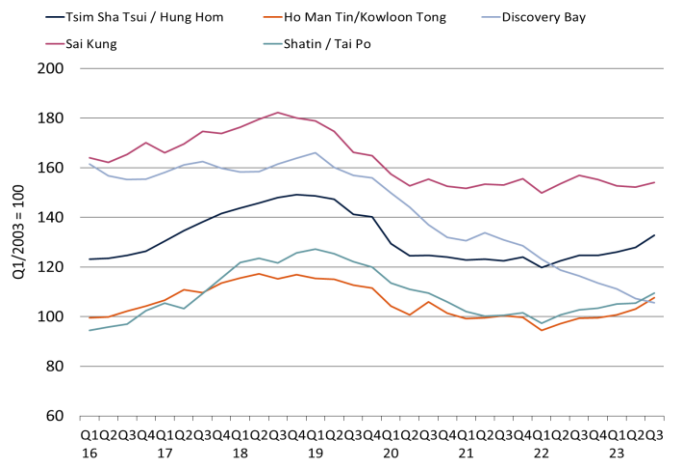


During summer months, the Hong Kong residential leasing market experienced its typical busyness with a high volume of inquiries. Most newcomers had low incomes, typically ranging from HK\$20,000 to HK\$50,000, and they showed a preference for new developments, particularly in the later phases of LOHAS PARK in Tseung Kwan O and locations above Wong Chuk Hang Station. Moreover, Kowloon Station remain popular for expatriates from France and Japan with budget up to HK\$50,000.

In the higher budget category, there was increased interest from individuals in the shipping industry, including Russians and Middle Eastern expatriates, considering relocating to Hong Kong to set up offices. This contributed to demand for luxury apartments and townhouses on Hong Kong Island.

In addition, Cathay Pacific (CX) pilots, with budgets of around HK\$50,000, demonstrated a return in demand, with serviced apartments in Mid-Levels being their top choice. Many of them were going for short-term contracts, but there was potential for them to transition to the normal leasing market if their employment status changed.

GRAPH 3: Kowloon and New Territories Luxury Rental Indices by District, Q1/2016 – Q3/2023



Source Savills Research & Consultancy

TABLE 3: Kowloon Notable Transactions, Q3/2023

District	Unit Type	Address	Saleable Area (sq ft)	HK\$ per month (incl. mgt. & rates)	HK\$ per sq ft saleable
Kowloon Station	Apartment	The Cullinan	1,295	102,000	79
Kowloon Station	Apartment	The Cullinan	1,530	100,000	65
Kowloon Station	Apartment	The Cullinan	1,301	84,000	65
Kowloon Station	Apartment	Grand Austin	1,475	76,000	52
Kowloon Station	Apartment	The Cullinan	1,295	75,000	58
Kowloon Station	Apartment	The Cullinan	1,130	70,000	62

Source Savills Research & Consultancy

TABLE 4: New Territories Notable Transactions, Q3/2023

District	Unit Type	Address	Saleable Area (sq ft)	HK\$ per month (incl. mgt. & rates)	HK\$ per sq ft saleable
Discovery Bay	House	Seabee Lane	2,403	85,000	35
Sai Kung	Apartment	Marina Cove	1,819	81,000	45
Discovery Bay	House	Headland Village	2,094	75,000	36
Sai Kung	Apartment	Mount Pavilia	1,945	70,000	36
Discovery Bay	House	Seahorse Lane	1,626	70,000	43
Discovery Bay	House	Positano	1,758	65,000	37

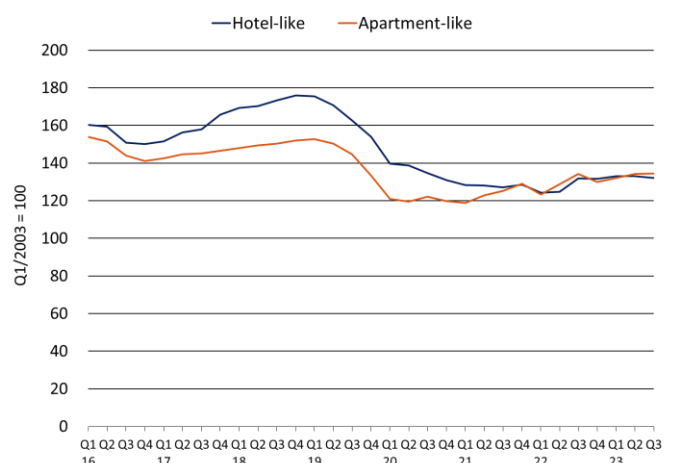
Source Savills Research & Consultancy

SERVICED APARTMENTS

Wan Chai, Tin Hau, and Sheung Wan were favors for Mainland talents with budgets between HK\$20,000 to HK\$30,000 due to the affordability and accessibility. On the other hand, tenants with slightly higher budgets were drawn to premium serviced apartments in Central, seeking upscale amenities and central locations.

Premium serviced apartments, exemplified by locations like Four Seasons Place, saw strong demand from high-budget individuals, particularly those from the finance sector hailing from Mainland China, Europe (excluding the UK), Singapore, and India. However, demand from high-budget expatriates from the US and UK weakened during Q3/2023.

GRAPH 4: Serviced Apartment Rental indices, Q1/2016 – Q3/2023



Source Savills Research & Consultancy