

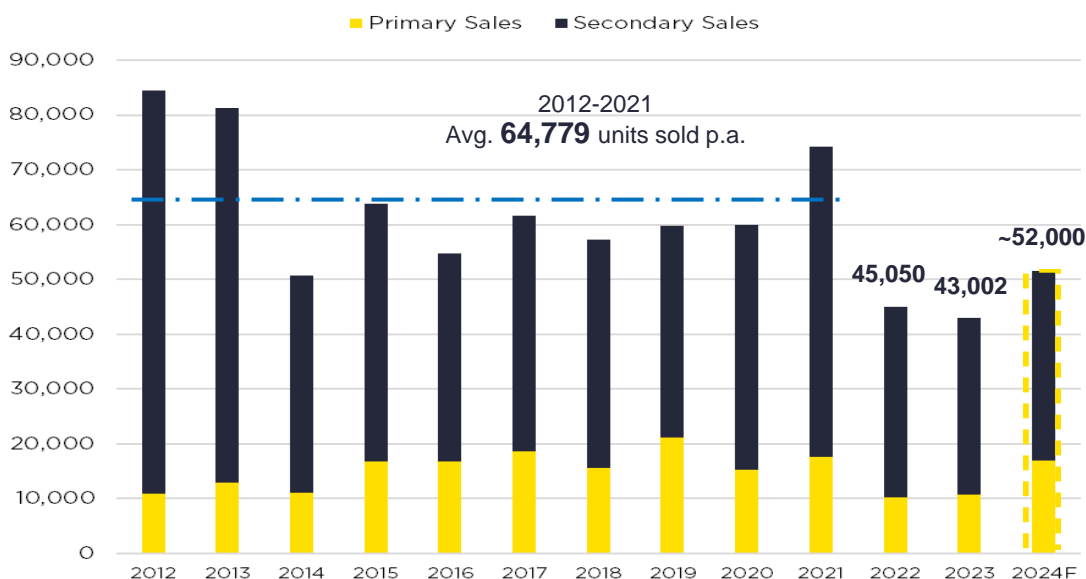
# RESIDENTIAL SALES



“ Mass market sees price and volume drop towards end of Q2 as initial excitement due to cooling measures’ withdrawal gradually faded. ”

JACK TONG, SAVILLS RESEARCH & CONSULTANCY

GRAPH 1: Overall Residential Sales Performance in HK, 2012 - 2024



Source Savills Research & Consultancy

The residential real estate market in 2024 was facing a challenging path to recovery. Despite the initial excitement following the relaxation of cooling measures in April, the market buzz has significantly subsided after two months of heightened activity (a total of over 5,700 primary transactions). Since May 2024, the momentum in first-hand sales of mass-market residential properties has dwindled, with primary transactions declining to below 3,000 in May and June.

Property developers have been resorting to various tactics to stimulate sales, including pricing below market rates and offering flexible payment plans. These plans allow buyers to spread 5-10% of the down payment over 1-2 years, enabling longer market speculation. However, these strategies have only yielded short-term results and may have unintended consequences for the secondary market by altering current market property values. After a short-lived rebound in prices of 2.4% in March and April, residential prices reverted to downward trends again and registered a 2.6% decline through to June.

US Fed has signaled their intention to finally starting cutting rates, earliest from September this year in the order of 0.25%, which may amount to up to 1 percentage point to next year. Although it is highly unlikely that Hong Kong banks would initially follow suit as prime rates have only increased by less than 1 percentage point as compared to over 5 percentage point rate hike in the US over the past two years, sentiment would become buoyant again when US actually cuts rate, which may induce another wave of primary sales activities over the final quarter of 2024.

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## Residential Sales

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## Research

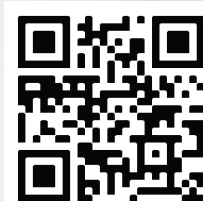
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For over 160 years, Savills has been helping people thrive through place and spaces.

Listed on the London Stock Exchange, we have more than 40,000 professionals collaborating across over 70 countries, delivering unrivalled coverage and expertise to the world of commercial and prime residential real estate.

By applying world research data and trends to local and global settings, we're able to empower our clients with insights from the forefront of the industry - bringing their aspirations to life through innovative, tailor-made solutions.

Whether we are working with a global corporate looking to expand, an investor seeking to sustainably optimise their portfolio, or a family trying to find a new home, we help our clients make better property decisions.



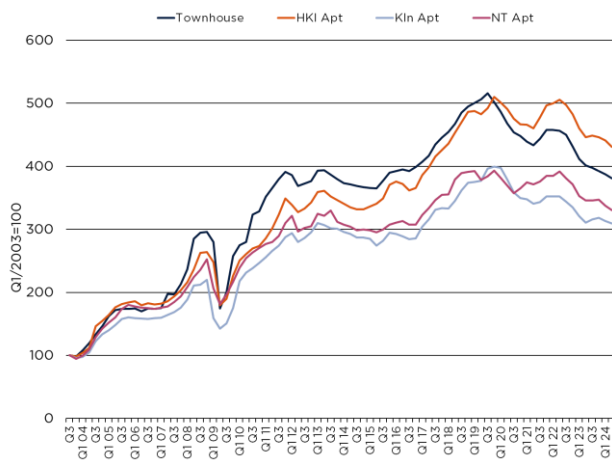
“ The super luxury sector saw more prestige and rare stock being made available to the market of late, attracting interests of ultra high net worth individuals / families to pursue their trophy assets, which are inaccessible in previous robust market. ”

CHERRIE LAI, HEAD OF SAVILLS RESIDENTIAL SALES

TABLE 1: Residential Price Growth by Segment, Q3/2023 to Q2/2024

	Q3/2023	Q4/2023	Q1/2024	Q2/2024
Townhouses	-1.2%	-2.3%	-0.9%	-1.4%
Hong Kong Island Luxury Apartment	-1.5%	-1.3%	-1.2%	-0.8%
Kowloon Luxury Apartment	-2.8%	-1.9%	-1.1%	-0.6%
New Territories Luxury Apartment	-1.4%	-1.6%	-1.6%	-2.0%

GRAPH 2: Townhouse and Luxury Apartment Price Indices by District, Q2/2003 – Q2/2024



Source Savills Research & Consultancy

The high-end residential sector has been experiencing significant upheaval, with distressed sales dominating the ultra-luxury property market, especially in the prestigious Peak area. These transactions have seen dramatic price reductions, averaging 46% below their Covid-era valuations, which has finally enticed opportunistic buyers into the market. This sharp decline in prices has been largely attributed to several instances of distressed sales, where property owners were compelled to sell to settle outstanding debts. A notable example is the HK\$1.1 billion sale of Houses A to D at 46 Plantation Road.

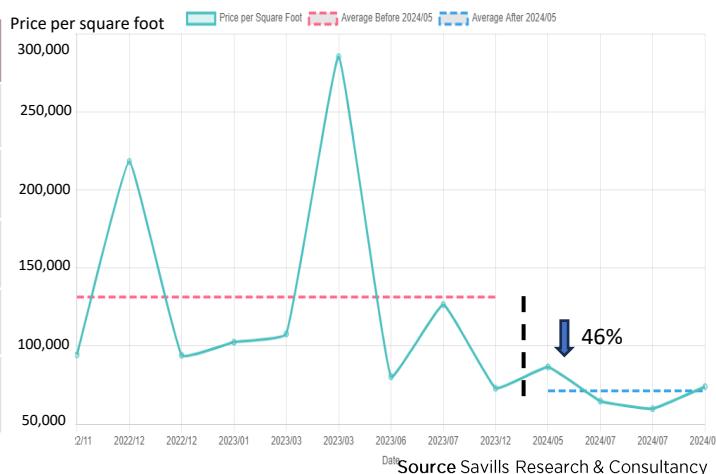
Nevertheless, we also witnessed some eye-catching sales of prestigious properties. One notable transaction was the HK\$468 million sale of a 4,812 square-foot mansion on Island Road in Deep Water Bay. This reflected an astounding price of HK\$97,257 per square foot, demonstrating that buyers are willing to pay a premium for rare, blue-chip assets.

Looking ahead, we expect more financially pressured owners would look to offload some of their most valuable assets that are rarely on the open market. These rare offerings will naturally attract a lot of interest from cash-rich buyers seeking to capitalize on these exceptional acquisition opportunities. However, the final sales prices will ultimately come down to the individual sellers' financial positions and willingness to sell.

TABLE 2: Significant Super Luxury Transactions (over HK\$200 million) on Hong Kong Island, Q2/2024

Date	Property	Floor Area (sq ft)	Consideration (HK\$ Million)	Average Price (HK\$ per sq ft)
Jul	House No. 3, 15 Shouson, Southside	9,694 (saleable)	\$717	\$74,000 (saleable)
Jul	House A to D on 46 Plantation Road, The Peak	16,986 (saleable)	\$1,100	\$64,759 (saleable)
Jul	No. 99, No. 101 and No. 103 Peak Road, The Peak	14,356 (saleable)	\$860	\$59,905 (saleable)
May	House 10B, Black's Link, The Peak	5,171 (saleable)	\$448	\$86,637 (saleable)
May	House 2, 33 Island Road, Deep Water Bay	4,812 (saleable)	\$468	\$97,257 (saleable)

GRAPH 3: Significant Luxury Transaction by Average Prices, Nov 2022 to Jul 2024



Source Savills Research & Consultancy

Source Savills Research & Consultancy