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SOMETHING TO CROW ABOUT: PROPERTY SALES IN THE YEAR OF THE ROOSTER SET TO HIT RECORD US\$103B... 1

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Market observers believe momentum is likely to continue in the Year of the Dog with price increases of up to 10pc

Property sales in Hong Kong were expected to jump 44 per cent to HK\$810.5 billion (US\$103.6 billion) from nearly 90,000 transactions in the just concluded Year of the Rooster and the rising momentum is likely to continue in the Year of the Dog, according to bullish predictions from market observers.

As of February 12, 88,944 property transactions totalling HK\$796 billion had been concluded, according to data from Ricacorp Properties released on Monday. Sales in the Year of the Monkey totalled HK\$563.4 billion from 74,218 deals.

Derek Chan, head of research at Ricacorp Properties, said that as they had yet to collate data for three more days until the end of the Year of the Rooster on February 15, it was possible for the value to reach HK\$810.5 billion.

“Transactions were high and stable throughout as monthly transactions exceeded 7,000 most of the time. Transaction value in the Year of the Dog could rise a further 5 to 8 per cent,” Chan said.

Because of heavy promotion by developers, sales of new flats in the Year of Rooster topped 20,292, up 12 per cent from 18,105 in the previous Year of Monkey, while deal value amounted to HK\$256.9 billion, up 32 per cent.

Transactions of used flats totalled 48,889, up 18 per cent from 41,418 in the Year of Monkey, while value amounted to HK\$354 billion, up 34 per cent from HK\$263.56 billion a year earlier.

Meanwhile, transactions of office and industrial buildings increased 34 per cent to 19,763 in the Year of the Rooster compared with the Year of Monkey, while deal value surged 77 per cent to HK\$185 billion.

Hong Kong Financial Secretary Paul Chan Mo-po in January warned homebuyers to be prudent with their purchases. Photo: Edward Wong

Property agents believe sales in the Year of Dog will rise even higher as factors that caused the bull run in local property market remain in place.

“The current low interest rate has encouraged investors to buy for rental income, while demand from end users also remains strong,” said Derek Lau, senior sales director at Centaline Property Agency, adding that he expects property prices in the Year of the Dog to rise by 10 per cent.

Raymond Cheng, property analyst at CIMB Securities, said that he did not foresee any potential risks in the property market.

“Three to four rises in interest rates by the US Federal Reserve all fall within market expectations. So unless there are more such rises than expected, or a turnaround in the economy, a fall in the local property market is unlikely,” Cheng said.

“Even if the economy and stock market undergo a correction, the property market takes time to reflect that.”

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That said, potential buyers should still be prudent with their purchases as Financial Secretary Paul Chan Mo-po warned in January that Hong Kong's homeowners may have a tough time keeping up with mortgage repayments this year when local banks increase their prime rates to follow interest rate moves in the US.

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