



# Hong Kong – October 2018

---

**NEW HOUSES ON HONG KONG’S THE PEAK COULD FETCH NINE TIMES THE VALUE OF BUCKINGHAM PALACE ..... 1**  
**HONG KONG HOUSE PRICES POST FIRST DIP IN 29 MONTHS ..... 2**

---

## **New houses on Hong Kong’s The Peak could fetch nine times the value of Buckingham Palace**

*Mansfield Road plot expected to cost HK\$40 billion despite weakening sentiment, rising interest rates*

Homebuyers might have to pay as much as nine times the value of Buckingham Palace, on a per square foot basis, for a house on Mansfield Road, in Hong Kong’s affluent The Peak district, according to an industry observer.

A government land parcel on The Peak could be about to set a new price benchmark for the city “Almost all the most expensive homes in the world can be bought for a relative pittance – on a per square foot basis – compared with this,” said Carrie Law, chief executive of property portal Juwai.com. “This price range is nine times of what Buckingham Palace in London – home of the Queen of England – would probably be worth on a per square foot basis.”

The palace, if it were on sale, could be worth US\$2.87 billion, or HK\$27,000 per sq ft, according to British property agency Foxtons.

The Mansfield Road site is expected to go for as much as HK\$120,000 per sq ft, or HK\$40 billion, and could yield a total gross floor area of 404,300 sq ft, according to global real estate services company Colliers International.

The sale comes amid rising interest rates and weakening sentiment, but developers are expected to pay a record-breaking price for the government land.

Houses built on the plot – now occupied by six towers of government quarters and to be tendered by the Hong Kong government next week – could be worth HK\$250,000 per sq ft each, according to Vincent Cheung, the deputy managing director for Asia valuations and advisory services at Colliers International. An apartment complex on the site could sell for about HK\$200,000 per sq ft.

At about HK\$40 billion, the land could be the most valuable plot on record. “Although the land is expensive, companies will form partnerships to get it,” said Cheung, who added that such a large piece of land was unlikely to be available for sale at The Peak any more.

The houses will attract mainland investors while the flats will attract local billionaires Vincent Cheung, deputy managing director for Asia valuations and advisory services, Colliers International

Henry Mok, regional director of capital markets at real estate company JLL, said he also expects the land to set a new price record for luxury residential property in Hong Kong.

He added that the recent volatility in the Hong Kong stock market was a short-term phenomenon and developers would hardly take notice of it when considering the purchase of the land, which will take years to develop.

“Supply of luxury housing [on The Peak] is limited,” said Mok. From now until 2020, completion of luxury units on The Peak will drop to an average of 13 flats a year, compared with 36 units a year in the past three years, according to JLL.

### **International Property Tax Institute**

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.

The government is likely to announce the result of the tender next week after it closes on Friday.

Surrounded by luxury homes, an international school and a supermarket, 148 apartments in the six towers were home to senior government officials and judges. The units range from 2,551 sq ft to 2,814 sq ft. With the plot now being tendered by the government, all tenants, who paid between HK\$66,100 to HK\$86,900 per month in rent, moved out in September.

The housing complex's former residents include Stephen Chan Chi-wan, chief adviser at Commercial Radio Hong Kong and former general manager of TVB, who rented a 2,300 sq ft apartment for HK\$80,000 a month in 2016.

Famous residents of the neighbourhood include actor Tony Leung Chiu-wai, who bought a 4,800 sq ft house about a six minutes' walk from the Mansfield Road quarters for HK\$73 million in 2007.

"The price per square foot for apartments could set a record for Asia," said Cheung. He said the land could accommodate up to 65 three-storey houses of about 5,000 sq ft each and a couple of 12 storey apartment buildings with 3,300 sq ft on each floor.

"Based on the experience of Wheelock's development [Mount Nicholson], the houses will attract mainland investors while the flats will attract local billionaires," he said.

Juwai.com's Law said the development would attract billionaires. "The No. 1 differentiator ... is location," she said. "You can certainly attract mainland Chinese billionaires to purchase at this price on The Peak. It's the most desirable location in Hong Kong and one of the best in all of Greater China."

## Hong Kong house prices post first dip in 29 months

Hong Kong house prices declined for the first time in 29 months in August as rising interest rates piled pressure on the world's least affordable property market.

House prices dipped 0.076 per cent compared to July, according to an index published by the territory's Rating and Valuation department. The August fall is the first decline since March 2016.

That small month-on-month decrease comes after Hong Kong house prices have risen by an annual rate of almost 10 per cent since 2012, according to UBS.

Rising US interest rates have a direct effect on Hong Kong borrowers because the territory's dollar peg means the de facto central bank is forced to raise rates in lockstep with the US.

HSBC and Standard Chartered on Thursday increased their prime lending rates for borrowers in the city, on which mortgages are based, for the first time in more than a decade following the US Federal Reserve's hike on Wednesday.

Hong Kong's housing sector was found to be the world's most overvalued property market and the location most at risk of a housing bubble, according to the UBS Global Real Estate Bubble Index released on Thursday.

Hong Kong property companies were among the worst performing stocks on the Hang Seng index at lunchtime. CK Asset Holdings fell 1.4 per cent while Sun Hung Kai Properties was down 0.9 per cent. The Hang Seng was up 0.6 per cent.

## International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or anyh opinions expressed in the articles.

**International Property Tax Institute**

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or anyh opinions expressed in the articles.