



News & Views

JULY 2008

HSBC INCREASES THE MORTGAGE RATE TO 2.75% - 3%

HSBC increased the mortgage rates on 3 July 2008. For a HK\$3 Million-property, 70% mortgage, 20 years repayment period: the monthly repayment charge will cost an additional HK\$259 (HK\$11,386)



HSBC Main Building, Central

Source: SCMP, Jul 2008

**Below HK\$1.5 Million, Mortgage Rates 3% (P-2.25),
 Cash rebate: 0.2%
 Over HK\$1.5 Million, Mortgage Rates 2.75% (P-2.5)**

A SLOWDOWN IN THE SALES MARKET

In anticipation of an increase in interest rates, the residential sales market, particularly in Kowloon and New Territories, is showing signs of large flexibility in the price negotiations. In Shatin, the vendors normally accept a 5-10% discount, e.g. City One Shatin, Block 10, Mid-Floor, Flat E, 544 s.f., asking price was HK\$2.7M and has dropped to \$HK2.5M;



Kingswood Villa, Tin Shui Wai

Kingswood Villa, Block 14, High-Floor, Flat D, 708 s.f., asking price was HK1.68M and has dropped to HK\$1.48M.

	District	No. of Units		Average Sale Completion Price		No. of Transaction	
		May	June	May	June	May	June
Taikoo Shing	Quarry Bay	500	550 (+10%)	7,535	7,663 (+1.7%)	60	28 (-53%)
Hang Fa Chuen	Chai Wan	360	360	6,033	6,221 (+3.15%)	29	16 (-45%)
City One Shatin	Shatin	850	850	4,270	41,146 (-2.9%)	49	32 (-35%)
Metro City	Tseung Kwan O	500	500	4,135	4,122 (-0.3%)	63	35 (-44%)
Kingswood Villa	Tin Shui Wai	980	1,050 (+75)	2,167	2,118 (-2.3%)	72	57 (-21%)

Source: The Economic Times, Jun 2008



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CENTRAL COMMERCIAL RENTS SKY ROCKET

"Companies are not the only ones staring down the barrel of rising commercial property costs - sources at several consulates say they are considering reducing the size of their offices or moving to cheaper buildings to battle rocketing rents."

One European Consulate General was forced to move out from Pacific Place in Admiralty last year, when the Landlord raised the rental by 250%.

With the high rentals in core Central, companies are choosing to move to nearby areas, e.g. Sheung Wan, Kennedy Town, North Point or Kowloon.



Two Pacific Place, Admiralty

Source: SCMP, Jun 2008

BOCG INSURANCE TOWER, 134-136 DES VOEUX ROAD C., CENTRAL, HONG KONG

According to the Land Registry, a Sale & Purchase Agreement was signed on 19 June 2008 for HK\$8 Billion for the whole building.

The former owner was Bank of China Group Insurance who bought it for HK\$2.55 Billion in 2006. The total size of the premise is 75,000 s.f..

Two-storeys of retail space (13,000 s.f.) and 21 storeys of commercial space. The existing tenant of the retail space is the Bank of China, paying a monthly rental of HK\$440,000.



BOCG Insurance Tower

Source: The Economic Times, Jun 2008

