

PROPERTY AREA DEFINITION IMPOSED

The standardised definition of saleable area for uncompleted first-hand residential properties comes into effect today, the Transport & Housing Bureau says.

The definition becomes a requirement under the Lands Department's consent scheme. Uncompleted first-hand residential properties approved for pre-sale by the department must adopt the definition in their sales brochures.

The definition includes only the unit area, the balcony and the utility platform. Other areas such as bay windows should be separately listed and not included as saleable area.

The bureau said the standardisation will further enhance the transparency and clarity of information in the sales descriptions giving buyers comprehensive information on the unit's floor area.

The Real Estate Developers Association will issue new guidelines and a standardised price list template to its members, requiring them to adopt the standardised definition.

The Estate Agents Authority will issue a practice circular to the agents, requiring them to provide buyers with comprehensive and accurate information on the floor areas of units. It will also enhance education for consumers and estate agents with the Consumer Council.



Source: www.news.gov.hk, Oct 2008

THE SAIL AT VICTORIA IN POKFULAM

"The Sail at Victoria" located on No.86 Victoria Road, Pokfulam will be on the market for sale very soon. There are two, three and four bedrooms. The developer of this property is The Hongkong Land Company, Limited.



Picture from The Hongkong Land Company, Limited
Source: The Hongkong Land Company, Limited's web site

NEWS & VIEWS

OCTOBER 2008

BREAK LEASE IN THE PEAK AND SOUTH SIDE

Three parties involved in a case of double break lease on the peak. The first Tenant was from Lehman Brothers. They moved in their furniture in the first week of September, and after a few days the occupant's post in Hong Kong and his departure from France was cancelled. The Tenancy Agreement was terminated and their agent introduced the same apartment to AIG's management staff. AIG had submitted a simultaneous offer and lost our initially. The AIG employee moved in and one day later after the news of Lehman Brothers, they were also forced to break the lease! This was the second break lease for same property within 2 days!

Another break lease in Hong Kong Parkview, with AIG as a Tenant, size 2,500, \$100,000 per month, the lease was terminated after the news of Lehman Brothers bankruptcy.



Hong Kong Parkview

ASKAR CAPITAL'S PROPERTY FOR SALE

Askar Capital is going to reduce the selling price of their property in No. 45 Chung Hom Kok Road with their joint-owner Cypress Group. Askar Capital is an investment company from Iceland, and in partnership with Cypress Group, they are also the owners of No.5 Tung Shan Terrace.

They bought No.45 Chung Hom Kok Road at HK\$140M, they redeveloped the whole building from 6 units to 3 special units, Flat A and Flat B are duplex units with private pool and garden, both around 4,280 s.f. and Flat C is a penthouse with private roof around 5,025 s.f. The asking selling price of Flat A is HK\$80M, Flat B is HK\$130M and Flat C is HK\$160M. The selling prices are negotiable if any interested parties offer an attractive price. In other property on No.5 Tung Shan Terrace, there are 12 units for sale and the asking price is reduced from HK\$9,000 per s.f. to HK\$7,000 per s.f. per unit, they will consider offers for the purchase of the whole building.



45 Chung Hom Kok Road

Source: Sing Tao News, Oct 2008

RESIDENTIAL & COMMERCIAL PROPERTY MARKETS IN READJUSTMENT PERIOD

Due to the "Financial Tsunami" around the world now, the property market is following the decline in the selling prices. As these are dropping, Landlords have opted to put up their apartments for rent. The average rental ratio of 50 major residential properties dropped from HK\$19.2 per s.f. in August 2008 to HK\$18.5 per s.f. in September 2008. On Hong Kong Island the average rental ratio dropped 4.9%.

For commercial properties, although there were no new developments available for sale or rent in the market in 2008, the rental still dropped in August 2008 and September 2008. Lippo Centre, Block 2, 18 Floor, size 1,776 s.f. was just leased at HK\$38 per s.f., 12% lower than the previously asked market price and the cheapest rental in same building in 2008. Bank of America Tower, 35 Floor, size 2,125 s.f. was just leased at HK\$48 per s.f., 13% lower than the asking price. In a brand new building on Wyndham Street, unit size 1,000 s.f., the existing Tenant renewed the Tenancy Agreement at HK\$30 per s.f., 30% lower than the expected price. The top floor of The Centre, 13,213 s.f., has an asking rental of HK\$90 per s.f. and is still for lease on the market at this rental.



Lippo Centre & Bank of America Tower

Source: HK Economics, Oct 2008

NEW COMMERCIAL PROPERTIES WILL BE COMPLETED IN 2008 TO 2009

According to information from the Rating & Valuation Department, they forecast that around 33,200 s.f. of grade A commercial properties in Hong Kong Island will be completed in 2008 and around 15,700 s.f. in 2009. On Kowloon Side, around 31,000 s.f. will be completed in 2008 to 2009. There are 2 potential locations for redevelopment for commercial use on Hong Kong Island, one of these is in the area around Jubilee Street Central Market, around 663,600 s.f. and the area in Chung Kong Road near Shun Tak Centre around 973,300 s.f.. The earliest available date for completion will in March of 2009.



Central Market

Source: HK Economics, Oct 2008