



October 2024: Hong Kong Residential Monitor

Market sentiment stays in neutral territory with a mixed picture at the district level

- Headline confidence index unchanged at a neutral/flat level
- Sales volume expectations remain positive despite price falls
- Tenant demand remains bullish

The results from the October 2024 RICS-Spacious Hong Kong Residential Property Monitor point to largely neutral sentiment across the sales market (as illustrated in Chart 1). Indeed, the headline confidence index came in at +2, similar to +6 observed in the previous month. However, mixed signals are seen at the district level. Responses from The New Territories remain more positive, posting a reading of +16. Elsewhere, responses in Kowloon remain somewhat neutral, with the headline index at -4, while respondents from Hong Kong Island report a subdued tone to the market, with its headline index at -25. In the lettings market, strong tenant demand continues to boost overall market sentiment, maintaining positive rental price expectations.

A mixed picture in the sales market

At the aggregate level, sales performance continues to pick-up, albeit with a soft price trend, as depicted in Chart 2. Notably, the price indicator for the last three months remained deeply negative at a net balance of -41%. Meanwhile, the agreed sales indicator recorded a positive net balance of +22% over the month. This divergence is mirrored in forward-looking metrics. As depicted in Chart 5, the 3-month sales expectations series sustained a net balance of +19%. In contrast, the short-term price expectations indicator posted a net balance of -16%. Concurrently, the long-term price and sales expectations data registered net balances of -16% and +30%, respectively.

Moreover, divergent signals are seen at the district level. Hong Kong Island and Kowloon both saw negative readings for price expectations, recording net balance of -40% and -33%. In comparison, The New Territories recorded a slightly improved price expectations reading at +5%. On the other hand, the sales expectations series signals improved confidence in the outlook, with both The New Territories and Kowloon gaining positive net balances of +27% and +26%, respectively. In contrast, Hong Kong Island saw a soft net balance reading of -10%.

Buyer sentiment mixed at a district level

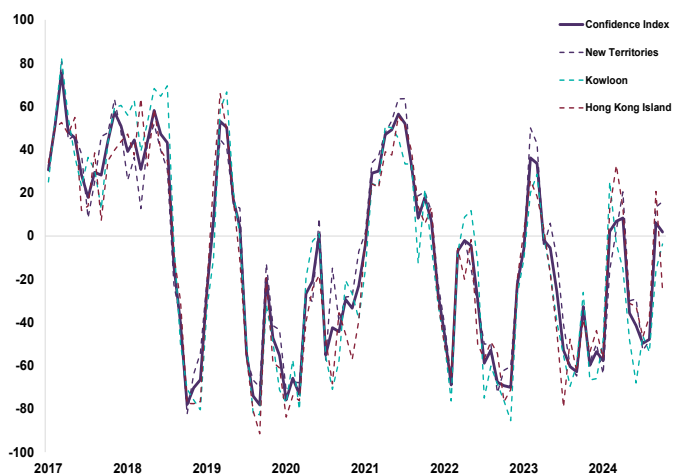
As shown in Chart 3, the overall metric for buyer enquiries continues to increase from a net balance of +25% to +39% over the month. However, the demand recovery is uneven at a district level. The improved momentum is mainly coming

from Kowloon, where the buyer enquiries metric leaped from +14% to +64%. In contrast, Hong Kong Island registered a neutral reading at -5%. Similar patterns are seen for each category of buyer at the aggregated level (as shown in Chart 5). Drilling deeper, regional variations are visible. For example, in Kowloon, mainland buyers lead the demand recovery, with the metric scoring a net balance of +43% (the highest across all districts). Meanwhile, in Hong Kong Island, owner-occupier buyer demand appears firmer than the other categories across the district, with a net balance of +8%.

Tenant demand trends still positive

Solid demand is once again seen supporting the lettings market. As illustrated in Chart 6, the tenant demand metric registered a net balance of +46%, exceeding landlord instructions (at +36%). When disaggregated, solid demand readings are reported across all districts. As a result, rental price expectations remain elevated, with the short-term rental expectations series registering a net balance of +43% at the aggregated level. Moreover, 12-month rental growth is projected to come in at +2.5%, as shown in Chart 7.

Chart 1: Confidence Index



*The Confidence Index is a composite measure capturing overall market momentum, encompassing variables on short-term price and sales expectations.

Chart 2: Current price and agreed sales

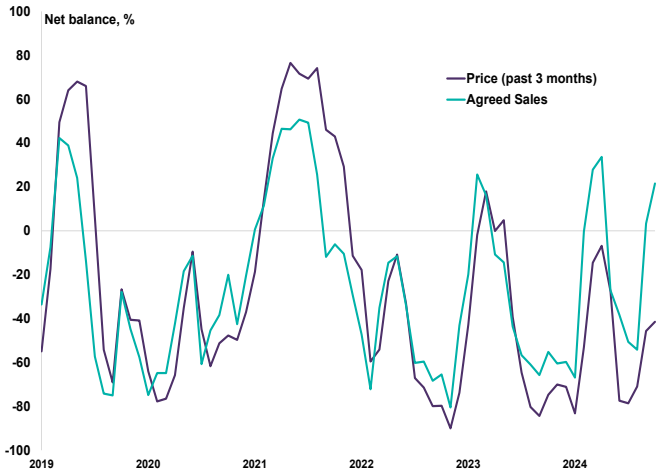


Chart 3: Buyer enquiries and instructions to sell

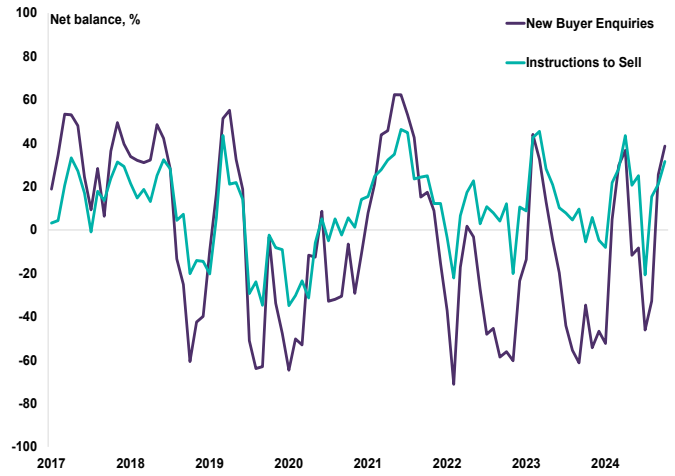


Chart 4: New buyer enquiries by type

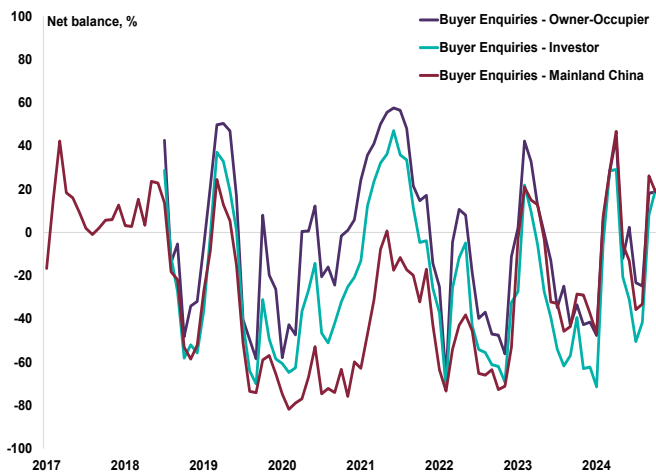


Chart 5: 3-month rent/price/sales expectations

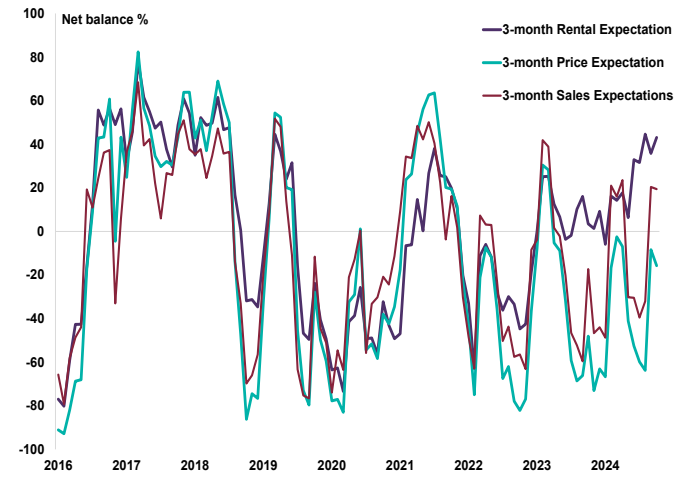


Chart 6: Tenant demand and landlord instructions

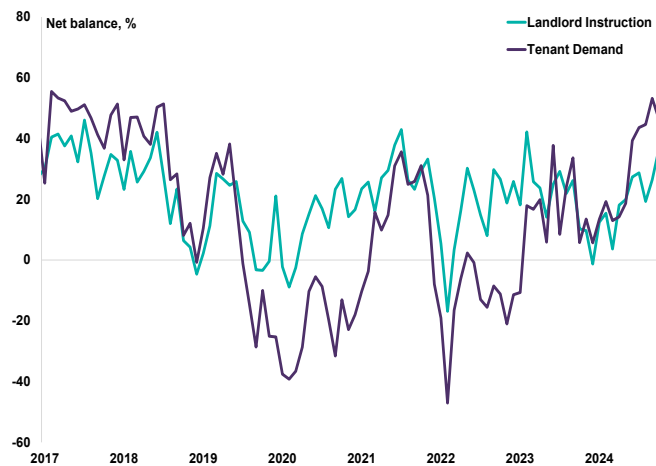
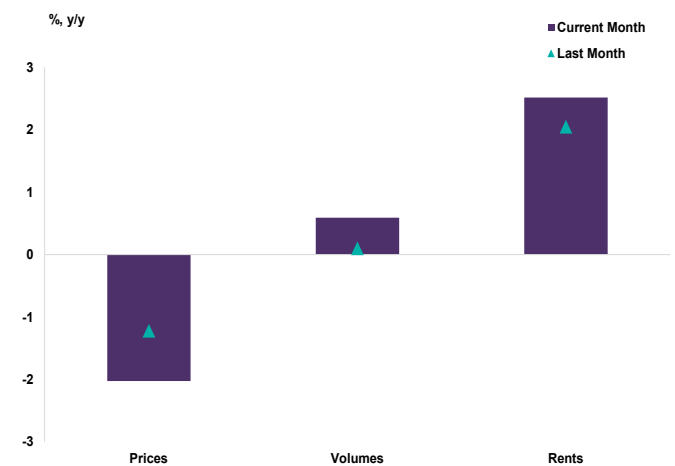


Chart 7: 12-month expectations



Comments from survey participants in Hong Kong

Hong Kong

China economy. - Hong Kong Island

Unfavorable economic conditions. Buyer's behavior changed doubting why they should be entangled with loan. - Hong Kong Island

Slow economic recovery still has impact on sentiment of potential buyers. - Kowloon

Hong Kong is struggling. - Kowloon

Local government management. - The New Territories

Trump's Policy against China. - The New Territories

Information

Hong Kong Residential Monitor:

RICS-Spacious Hong Kong Residential Monitor is a monthly guide to the trends in Hong Kong's housing market. The report is available from the RICS website www.rics.org/economics along with other surveys covering global housing, commercial and land markets, as well as construction activity.

About RICS:

RICS is a global professional body that promotes and enforces the highest professional qualifications and standards in the valuation, management and development of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards - bringing confidence to the markets we serve.

About Spacious:

Spacious is the highest quality online real estate platform in Hong Kong. Spacious is capturing data from real estate searchers and inventory holders and augmenting it with additional data sets to generate real-time, independent, and actionable insights. Spacious' vast property and demographics data can deliver valuable insights for your organization. Contact Spacious to learn more about how your organization can gain additional access to Spacious data.

Methodology:

National (headline) data are a regionally-weighted aggregation of three regions: New Territories, Kowloon and Hong Kong Island. Data is not seasonally adjusted.

Net balance = Proportion of respondents reporting a rise in prices minus those reporting a fall. For example, if 30% of respondents report a rise and 5% report a fall, the net balance will be 25%.

The net balance measures breadth (how widespread e.g. price falls or rises are on balance), rather than depth (the magnitude of e.g. price falls or rises). Net balance data is opinion based; it does not quantify actual changes in an underlying variable.

Therefore, a -100 reading implies that no respondents are seeing increases (or no change), and a +100 reading implies that no respondents are seeing decreases (or no change).

The Home Price Perceptions Index measures the perceived monthly change in home prices as reported by survey participants, where March 2015=100. The Rent Perceptions Index measures the perceived monthly change in rents as reported by survey respondents, where March 2019=100.

Survey release dates:

October survey: 21 November 2024

Contact details

This publication has been produced by RICS. For all economic enquiries, including participation in the monitor please contact: economics@rics.org

James Fisher

Spacious COO & Head of Market Analysis and Analytics
+65 68128179
james@spacious.hk

Simon Rubinsohn

RICS Chief Economist
+44(0)20 7334 3774
srubinsohn@rics.org

Tarrant Parsons

RICS Senior Economist
+44(0)20 7695 1585
tparsons@rics.org

Donglai Luo

RICS Senior Economist
+65 8030 4177
dluo@rics.org

Adib Munim

RICS Economist
amunim@rics.org

Disclaimer

This document is intended as a means for debate and discussion and should not be relied on as legal or professional advice. Whilst every reasonable effort has been made to ensure the accuracy of the contents, no warranty is made with regard to that content. Data, information or any other material may not be accurate and there may be other more recent material elsewhere. RICS will have no responsibility for any errors or omissions. RICS recommends you seek professional, legal or technical advice where necessary. RICS cannot accept any liability for any loss or damage suffered by any person as a result of the editorial content, or by any person acting or refraining to act as a result of the material included.

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

Americas, Europe, Middle East & Africa
aemea@rics.org

Asia Pacific
apac@rics.org

United Kingdom & Ireland
contactrics@rics.org



[rics.org](https://www.rics.org)