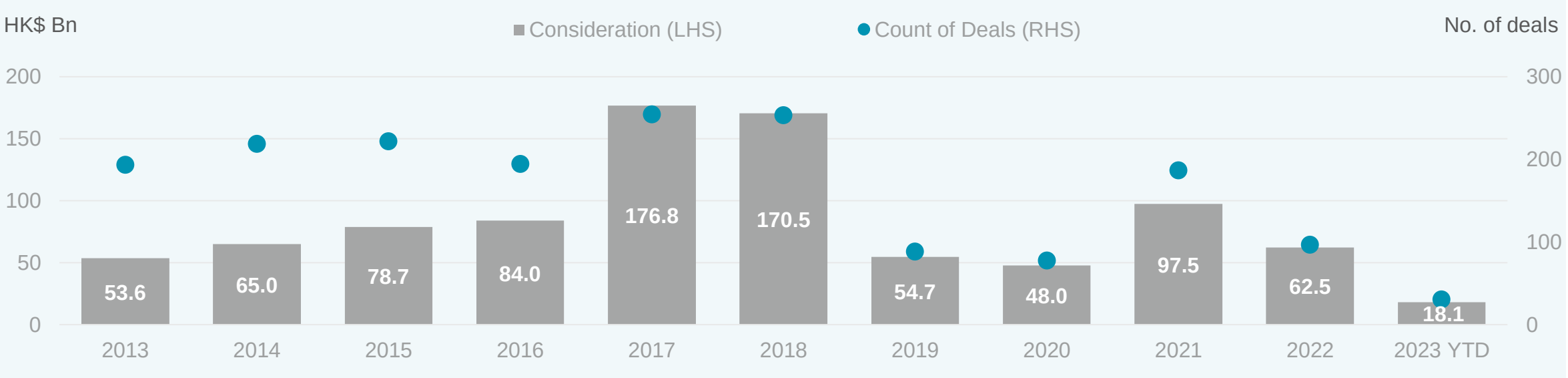
LIFE IS WHAT WE MAKE IT
CUSHMAN &
WAKEFIELD
HONG KONG
INVESTMENT MARKET
1H 2023
CUSHMAN &
WAKEFIELD
戴 德 梁 行

OVERALL INVESTMENT ACTIVITIES REMAINED SLOW

This year's investment volume is expected to record HK$50Bn

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 YTD*
Deal count	194	219	222	195	256	254	89	78	187	97	31
Consideration (HK$ Bn)	53.6	65.0	78.7	84.0	176.8	170.5	54.7	48.0	97.5	62.5	18.1
Avg deal size (HK$ Mn)	277	297	355	431	691	671	615	615	522	644	585

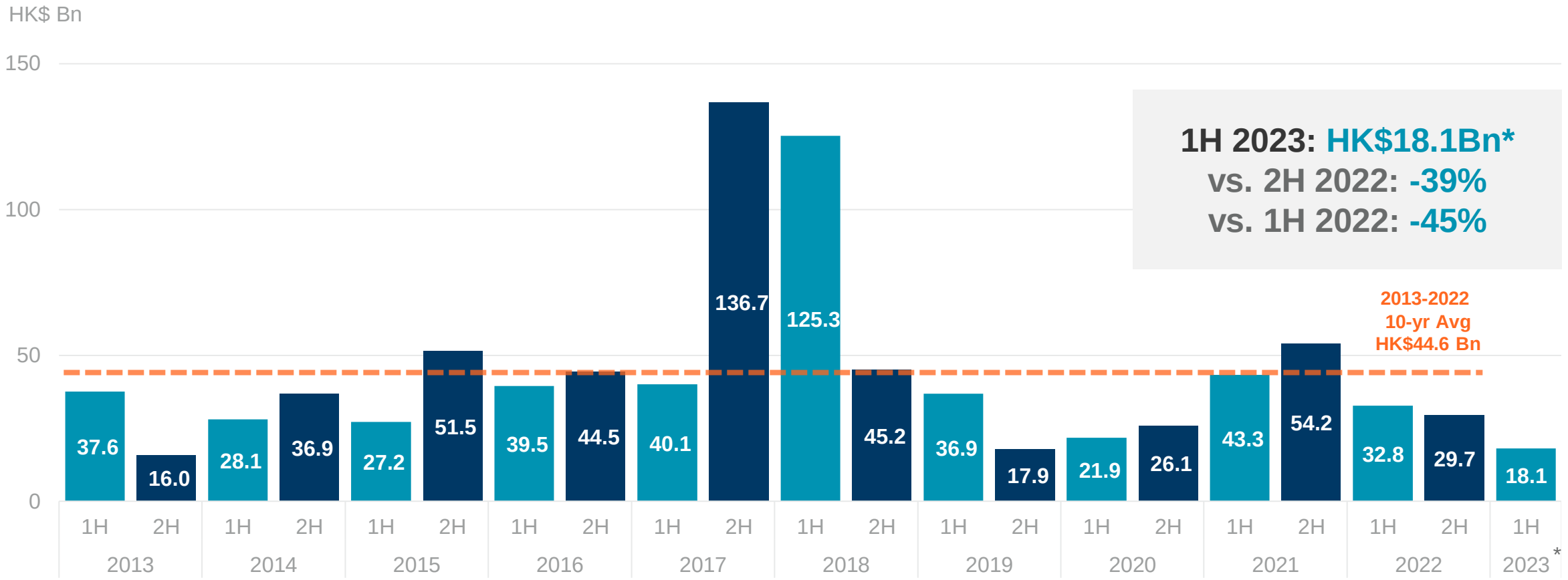
Note: Transactions with deal size >HK$100M were recorded, covering office, retail, industrial, hotel, mixed-used, car parks and private site transactions
** 2023 data as of June 15*



Source: Cushman & Wakefield Research

THE RISING HIGH INTEREST RATE CONTINUED TO IMPACT INVESTMENT SENTIMENT

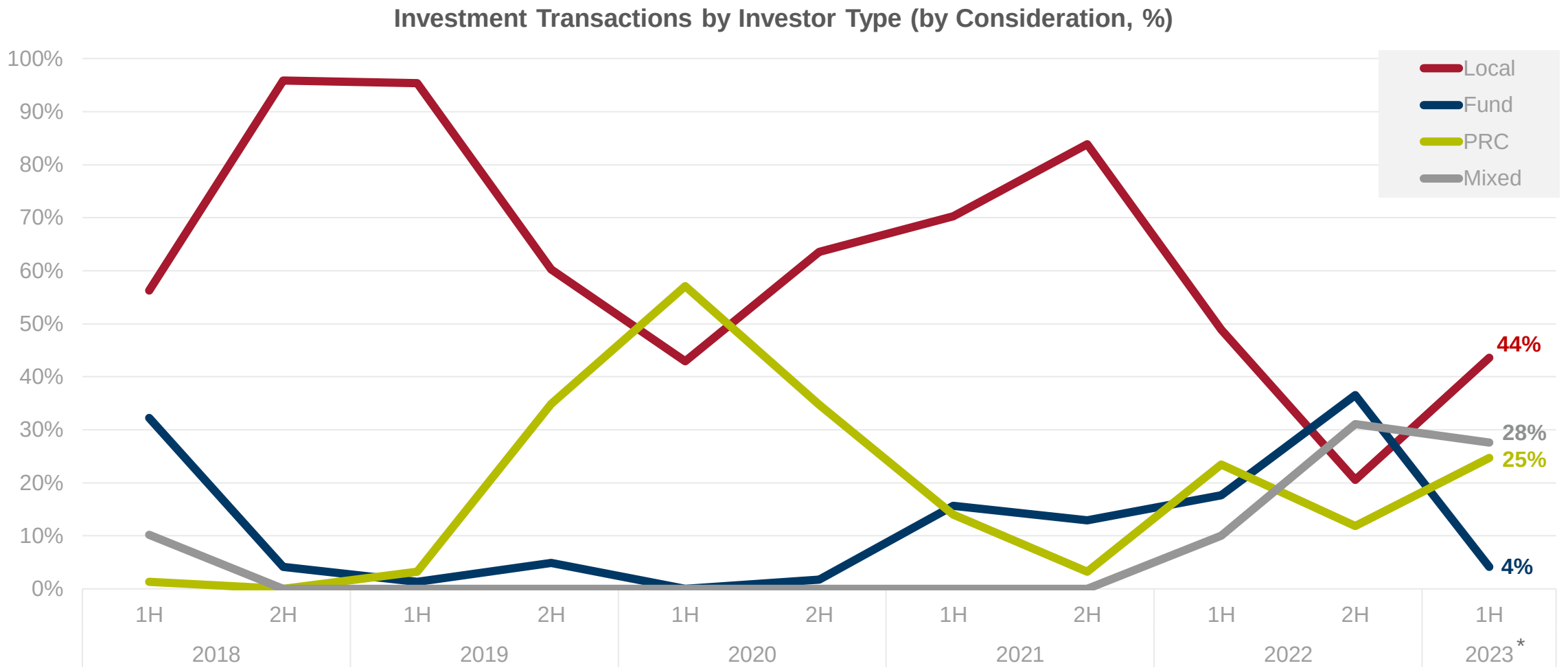
Dropped 45% y-o-y from 1H 2022 level



** 1H 2023 as of 15 June 2023*

LOCAL INVESTORS AS THE MAJOR SOURCE OF CAPITAL

PRC buyers and SOEs have become more active in 1H 2023



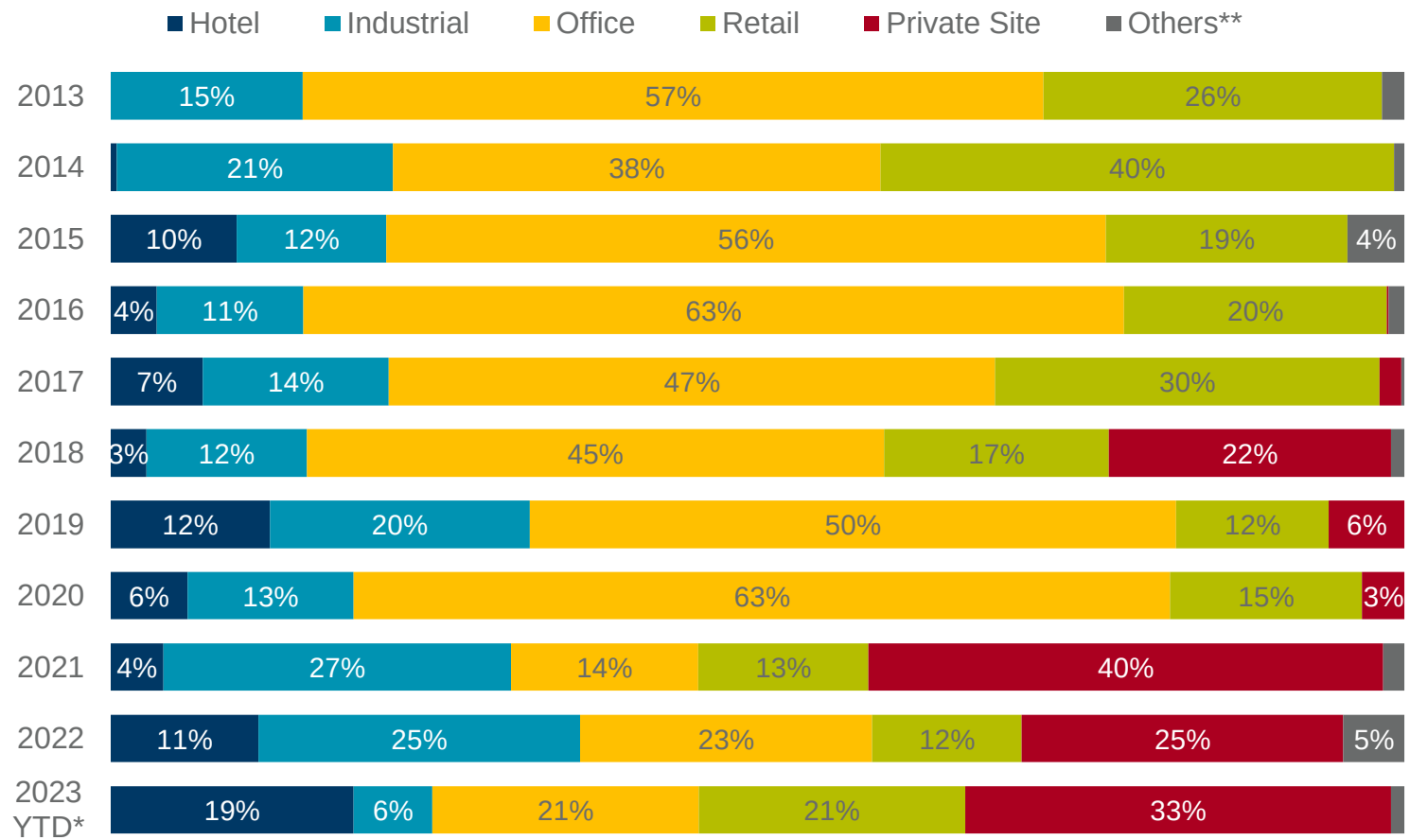
** 1H 2023 as of 15 June 2023*

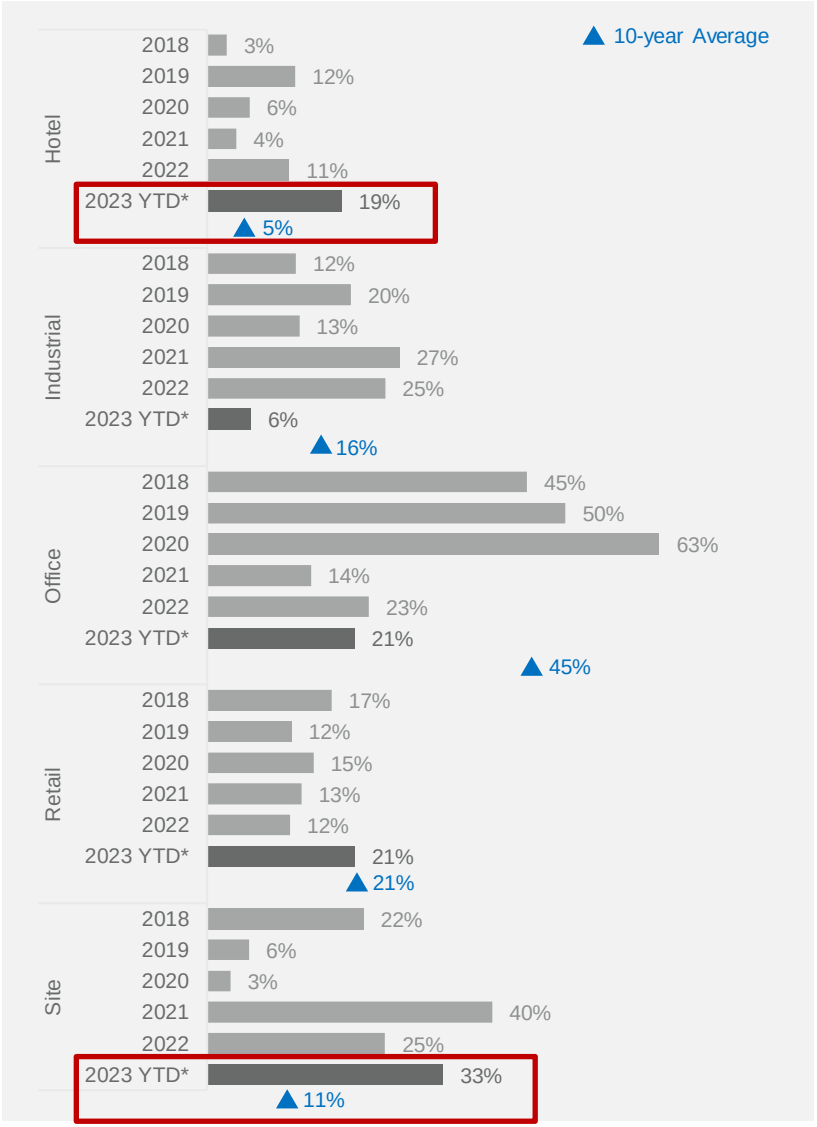
Source: Cushman & Wakefield Research

DEVELOPMENT SITES CONTINUED TO LEAD THE MARKET

Hotel re-gained investors' interests; while offices mainly purchased by end-users

CRE Transactions by Sector (in Consideration, %)





** 2023 YTD as of 15 June 2023*

*** "Others" includes mixed-use assets and carparks*

Source: Cushman & Wakefield Research

WE MAKE IT INNOVATIVE

Hong Kong

TALENT HOUSING: A NEW NICHE SECTOR

June 2023

CUSHMAN & WAKEFIELD
戴 德 梁 行

IMPACT

Introduction

Hong Kong, a global gateway city, has long been known as a talent magnet, backed by its thriving economy and strong financial and professional services sectors, wherein annual entries of **total expats** and **non-local university students** have averaged **more than 50,500 and 17,000 per annum**, respectively, in the last decade (2013-2022).

To ensure continued success, the Chief Executive John Lee has announced various initiatives to attract and retain talent in his first, and the latest, policy address, to enhance the competitiveness of the city. The number of expats and non-local students are set to continue to grow in the coming years. Currently, the limited availability of on-campus housing, coupled with high living costs in the private residential market, has encouraged the emergence of new niche sectors such as student housing, co-living and multifamily assets in Hong Kong.

"Talent housing" is a term that encompasses types of housing solutions designed to accommodate the needs of different groups of people, such as students, young professionals, and expatriates. In this report, we will explore the talent housing demand-supply dynamics in Hong Kong, including the government policies implemented to attract talent and expats, an overview of the current public and private-led talent housing landscape in Hong Kong, and an assessment of the investment opportunities available within this emerging niche sector.

Rosanna Tang
Executive Director, Head of Research, Hong Kong,
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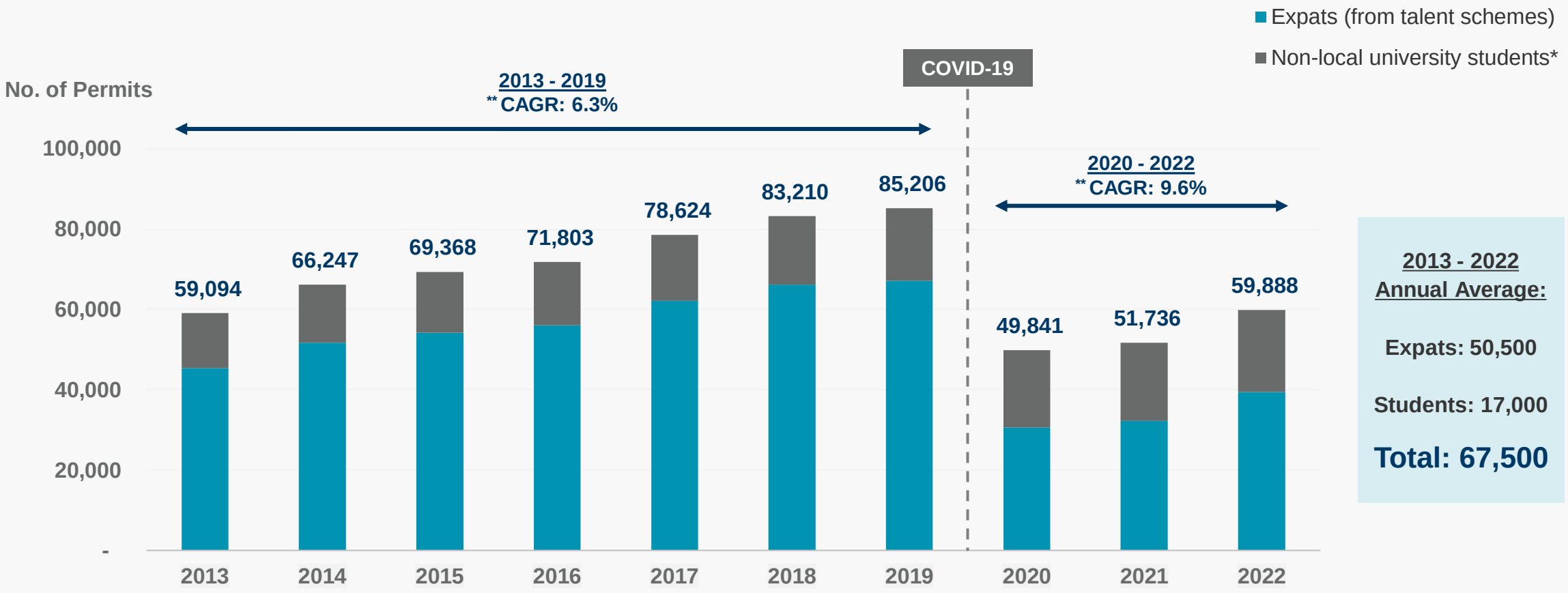
HOUSING DEMAND FROM EXPATS AND NON-LOCAL STUDENTS IS SET TO INCREASE

Entry Permits Approved for Expats and Non-local University Students



2013 - 2022 Annual Average:

Expats: 50,500

Students: 17,000

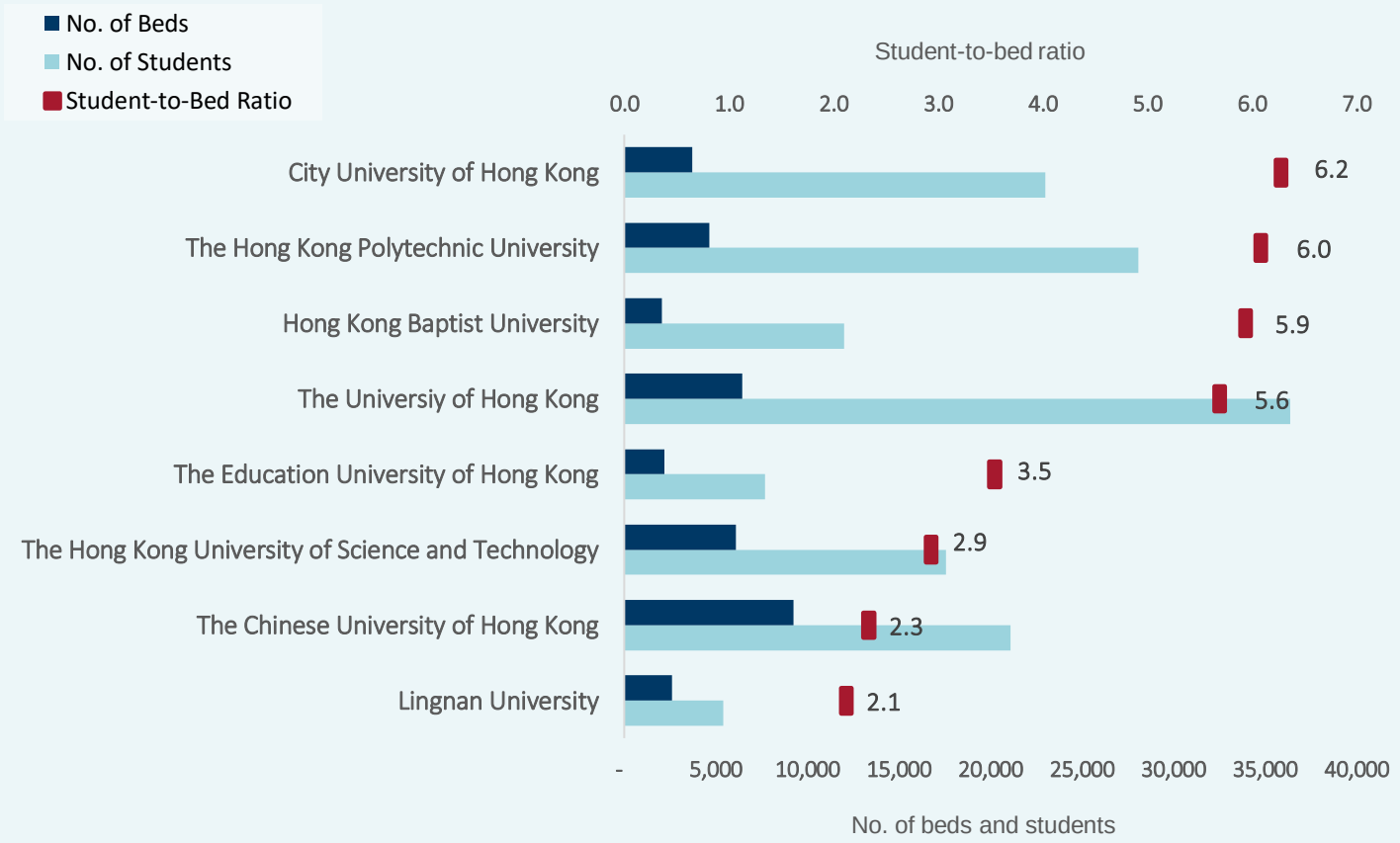
Total: 67,500

*Note: * Only includes students of UGC-funded programmes; ** CAGR: Compound Annual Growth Rate*

Source: Cushman & Wakefield Research; Immigration Department; 2022 Policy Address; University Grant Committee

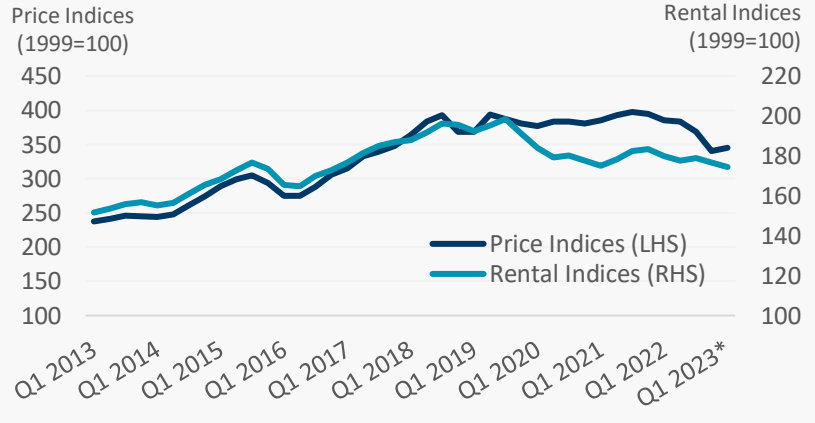
HOUSING CHALLENGES FACING BY THE INCOMING TALENTS TO HONG KONG

Student-to-bed Ratio in HK's Universities



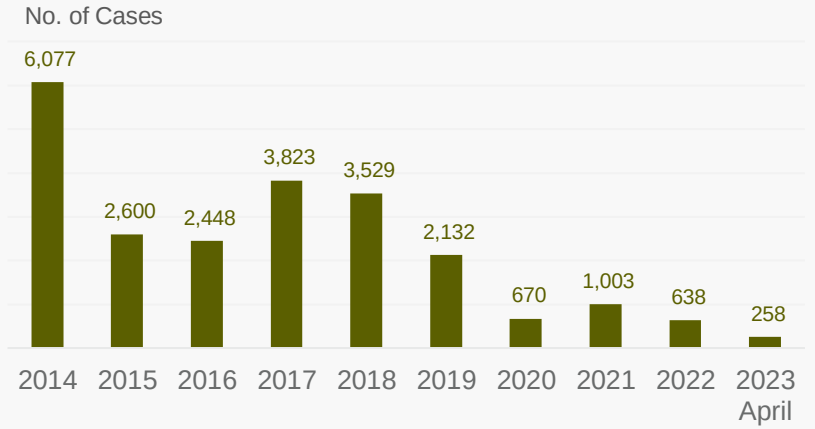
Source: Cushman & Wakefield Research; University websites, Rating and Valuation Department

Residential Price & Rents



** Preliminary figure*

Total Buyer Stamp Duty Cases in HK

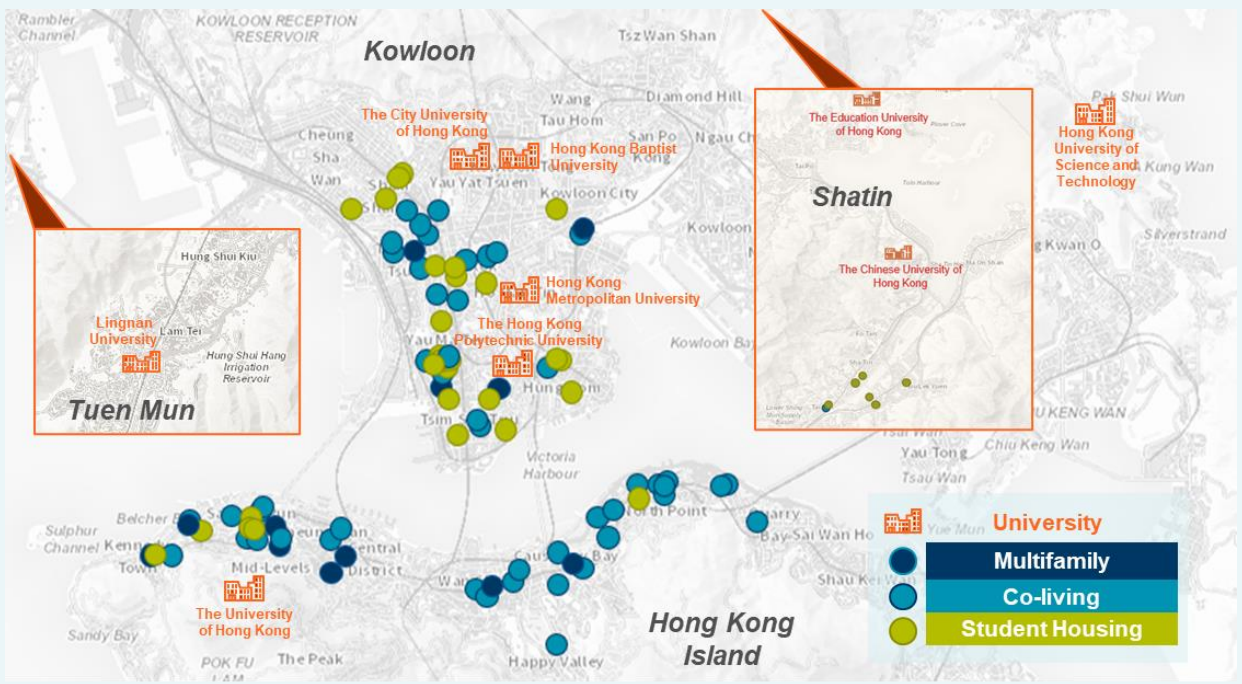


RENTAL HOUSING OPTIONS FOR EXPATS AND STUDENTS

Major Operators of Co-Living/ Multifamily/ Student Housing in Hong Kong

Co-Living/ Multifamily

Student Housing



Typical Features	Student Housing	Co-Living	Multifamily
Lease Term	• 1-Year	• Monthly	• Monthly
Rental Range (HK$ / month)	• HK$7k+ [twin room] HK$13k+ [single room] (Y83 by Y.X) • HK$3.5k ~11.5k (Contented Living)	• HK$9k ~26k (WEAVE Studios) • HK$21.5k+ (Dash Living on Argyle) • HK$9.5k+ (LINKo Residence @ Prince Edward)	• HK$25k ~65k (TOWNPLACE by SHKP) • HK$17k ~36k (WEAVE Suites) • HK$27k ~ 55k (WEAVE Residences)
Location	• Near university/ institutions campus	• Near MTR or other public transport	• Near residential neighborhood/ school
Target Occupants	• Most operators target students only	• Local professionals • Overseas expats • Students	• Expat families • Local professionals and their families
Shared Space	• Shared bathroom per room • Living room, kitchen, laundry facilities, etc.	• Living room, kitchen, laundry facilities, etc. • Some projects also offer gym, restaurants, etc.	• Some projects offer amenities such as gyms and pools
Pros	• Affordability • Community • Facilities tailored for students • Good security	• Affordability • Community • Flexible lease term • Stylish décor • All-inclusive rents	• Suitable for families • Optional add-on services available • Better management than traditional housing
Cons	• Limited privacy with shared bedroom	• Often smaller than traditional apartments	• Often at higher cost • Less community-oriented

HK Investment Market Overview

Key Takeaways

1. Total consideration stands at HK$18.1bil in 1H 2023 (as of 15 June; deals > HK$100mil)

2. Despite border-reopening, the rising and high interest rate environment has weighed on the investment sentiment

3. Development sites continued to lead the investment market (by consideration), while proportion of hotel assets also witnessed notable increase

4. Total transaction volume is expected to record HK$50bil, with local capital and end-users more active

5. The pace of interest rate hikes and geopolitical risks will be the key factors determining the speed of market recovery

Q&A Session

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