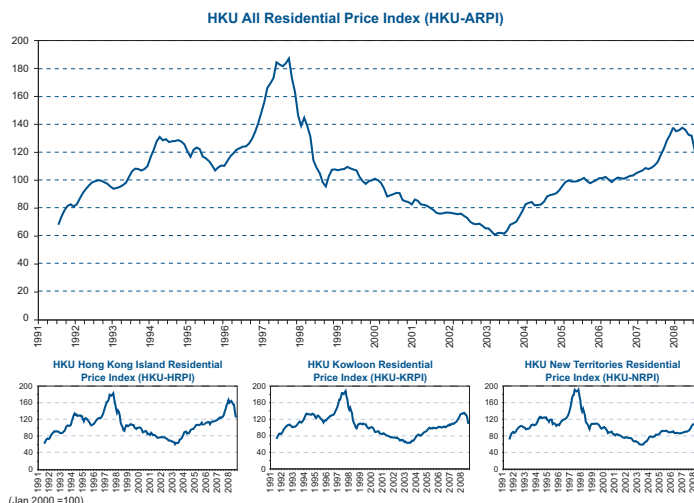


## Market Review and Comments

- Thanks to the less restrictive lending policies adopted by local banks, initial signs of stabilization emerged in February 2009. On the front of sales volume, the number of building unit transactions rose 5.9% month-on-month (MoM) to 5,759 in January 2009 according to the Land Registry of the Hong Kong SAR Government. However, the volume was yet to catch up to its 12-month moving average running at 8,506 per month.
- Meanwhile, the rate of downward adjustment of transacted prices tapered off significantly in December 2008 after the steep plunge in October and November 2008. According to the University of Hong Kong Real Estate Index Series ("HKU-REIS"), the University of Hong Kong All Residential Price Index ("HKU-ARPI") fell 0.5% MoM to 109.4 as at the end of December 2008. On the sub-district level, the New Territories Residential Price Index ("HKU-NRPI") bucked the overall trend with a marginal rise of 0.1% MoM to 92.8.
- The Hong Kong Monetary Authority announced that there were 10,949 mortgage holders falling into negative equity as of the end of December 2008 - the highest since December 2005 but significantly lower than the peak of 105,697 cases in July 2003. In addition, the deterioration of the job market casted additional doubt on a near-term market recovery.
- In the primary market, the total number of residential units launched for sale increased 55% MoM to a total of 378 during the period between 16th January and 15th February 2009. Key launches included the remaining units at Le Billionnaire in Kowloon City, Kowloon, and La Grove in Yuen Long, New Territories.
- Against the backdrop of rising local unemployment rate and uninspiring stockmarket prices, market sentiment will remain depressed over the near to medium term. Although individual banks have turned more practical now in offering mortgage loans to their customers than in 4Q 2008, a sustained recovery will not materialize until the full restoration of credit markets and global economic fundamentals.

## The University of Hong Kong Real Estate Index Series (HKU-REIS)



	3 Yrs	1 Yr	6 Mths	3 Mths	1 Mth	Current Mth Dec 2008*
<b>Indices</b>						
<b>HKU-ARPI</b>	<b>97.9</b>	<b>122.7</b>	<b>137.6</b>	<b>131.9</b>	<b>109.9</b>	<b>109.4</b>
HKU-HRPI	106.3	145.9	164.4	155.4	125.3	124.3
HKU-KRPI	98.0	120.1	135.2	130.3	111.0	110.7
HKU-NRPI	88.8	99.6	110.4	107.8	92.7	92.8
<b>% Change</b>						
<b>HKU-ARPI</b>	<b>11.7%</b>	<b>-10.8%</b>	<b>-20.5%</b>	<b>-17.1%</b>	<b>-0.5%</b>	-
HKU-HRPI	16.9%	-14.8%	-24.4%	-20.0%	-0.8%	-
HKU-KRPI	13.0%	-7.8%	-18.1%	-15.0%	-0.3%	-
HKU-NRPI	4.5%	-6.8%	-15.9%	-13.9%	0.1%	-

\* The most recent index values published on the 18th of every month or the next working day are based on transactions that took place in the calendar month before the previous month (i.e. up to 6 weeks ago) as it takes time for these transactions to be registered with the Land Registry.

Source: Versitech Limited, the Technology Transfer Office of The University of Hong Kong

## Primary Residential Launches from 16/01/2009 to 15/02/2009

Development	Area	# District	No. of Units Launched	Size Range (sq ft)	No. of Units Sold	Average Price (HK\$ / sq ft)
15 Homantin Hill	Ho Man Tin	KLN	6	2,008 - 2,320	0	16,390
Le Billionnaire	Kowloon City	KLN	101	714 - 1,163	66	6,053
Vista	Sham Shui Po	KLN	33	412 - 978	27	4,996
City 18	Yau Ma Tei	KLN	5	647 - 1,003	0	6,918
Peak One	Shatin	NT	46	1,452 - 2,596	46	6,591
La Grove	Yuen Long	NT	176	585 - 1,233	141	3,055
One Hyde Park	Yuen Long	NT	11	2,096 - 2,900	3	4,396

# HKI: Hong Kong Island; KLN: Kowloon; NT: New Territories

Source: Financial Chronicle

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