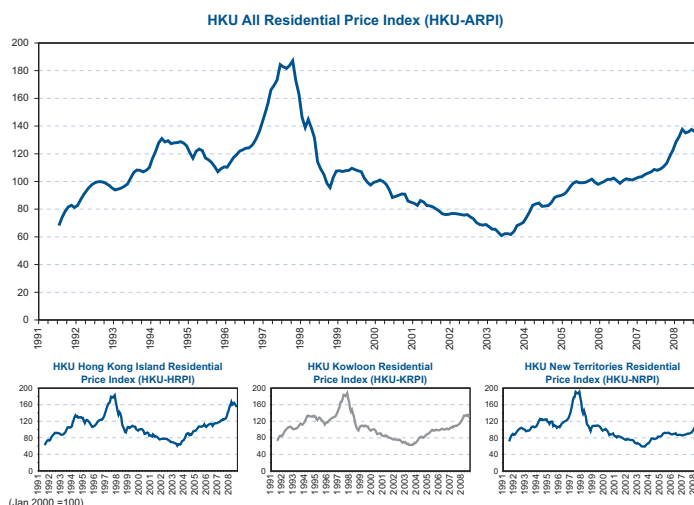


Market Review and Comments

- In face of a worsening global economic performance, deteriorating equity prices and a subdued market sentiment, residential sales activity in both primary and secondary market slowed during the month. According to the Land Registry of the Hong Kong SAR Government, the number of building unit transactions decreased 17.8% month-on-month (MoM) to 6,054 in October 2008.
- Meanwhile, residential property prices continued to stay on its downward trend as more vendors reduced their asking prices in order to match expectations of prospective purchasers. 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 131.9 as at the end of September 2008. Meanwhile, the Hong Kong Residential Price Index ("HKU-HRPI") and the Kowloon Residential Price Index ("HKU-KRPI") both witnessed a drop of 0.8% MoM to 155.4 and 130.3, respectively.
- In the primary market, there were a total of 356 residential units being launched for sale between 16th October 2008 and 15th November 2008, but the overall absorption rate plummeted to 29% compared with the 12-month average of 60%. Prospective property buyers remained cautious to enter the market due to the uncertainty on the global economic outlook and more importantly, the difficulty of obtaining sufficient bank financing.
- Although the local Government has taken a number of initiatives to shore up confidence in the financial sector and to inject liquidity into the system, the worsening employment market and the contraction of global demand continue to pose adverse impact on the local residential property market. In anticipation of an economic contraction throughout 2009, local residential property prices are going to see further downward pressure over the next 12 months. Market analysts largely anticipate a price decline of about 30% in 2009.

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



	3 Yrs	1 Yr	6 Mths	3 Mths	1 Mth	Current Mth Sept 2008*
Indices						
HKU-ARPI	100.5	110.7	137.7	137.6	132.6	131.9
HKU-HRPI	108.7	127.0	166.6	164.4	156.7	155.4
HKU-KRPI	99.6	112.1	133.7	135.2	131.3	130.3
HKU-NRPI	92.5	92.1	109.3	110.4	107.7	107.8
% Change						
HKU-ARPI	31.2%	19.2%	-4.2%	-4.1%	-0.5%	-
HKU-HRPI	43.0%	22.4%	-6.7%	-5.5%	-0.8%	-
HKU-KRPI	30.8%	16.2%	-2.5%	-3.6%	-0.8%	-
HKU-NRPI	16.5%	17.0%	-1.4%	-2.4%	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 16/10/2008 to 15/11/2008

Development	Area	# District	No. of Units Launched	Size Range (sq ft)	No. of Units Sold	Average Price (HK\$ / sq ft)
One Madison	Cheung Sha Wan	KLN	24	339 - 697	1	5,990
AquaMarine	Cheung Sha Wan	KLN	7	662 - 784	1	5,302
Beacon Lodge	Sham Shui Po	KLN	38	608 - 992	1	6,570
The Palazzo	Sha Tin	NT	18	888 - 1407	4	9,978
The Dynasty	Tsuen Wan	NT	119	972 - 1739	42	6,082
Coastal Skyline (Phase IV): Le Bleu Deux	Tung Chung	NT	30	685 - 1,806	3	5,454
Season Monarch	Yuen Long	NT	120	2505 - 3568	53	2,618

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

Source: Financial Chronicle

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