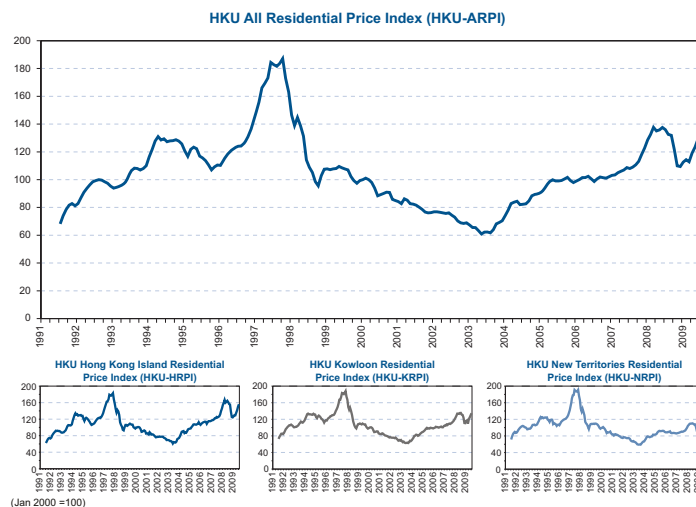


Market Review and Comments

- According to the Land Registry of the Hong Kong SAR Government, the total number of building unit transactions decreased 5.7% month-on-month (MoM) to 11,250 in August 2009. Market attention mainly focused on the primary residential segment, with the total number of sale transactions in the primary sector increased significantly by 76% MoM during the same period. Throughout the first eight months of 2009, there were a total of 12,039 residential units sold in the primary market, which had already surpassed the total recorded in 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") increased 3.4% MoM to 133.7 as at the end of July 2009. Meanwhile, the University of Hong Kong Hong Kong Island Residential Price Index ("HKU-HRPI") recorded the strongest growth of 3.9% MoM to 156.1 in July 2009. This was followed by the University of Hong Kong Kowloon Residential Price Index ("HKU-KRPI"), up 3.7% MoM to 134.7 during the same month.
- In the primary market, there were a total of 672 residential units launched for sale between 16th August 2009 and 15th September 2009, up 29.2% from 520 units in the previous month ending 15th August. The overall absorption rate was at 83% during the period. Meanwhile, launched units at The Harbourside in Tsim Sha Tsui, Kowloon, were 100% absorbed. Among the developments offered for first time sale, the most notable was the launch of The Masterpiece in Tsim Sha Tsui in Kowloon, selling at an average unit price of HK\$17,730 per sq ft, while those high floor units selling at over HK\$25,000 per sq ft.
- Looking ahead, the sales market is expected to edge up further given the low cost of financing and most importantly, more solid signs of a global recovery. According to our research, residential prices are predicted to increase by 5-10% over the next 12 months, while rentals to rise by 5%.

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



	3 Yrs	1 Yr	6 Mths	3 Mths	1 Mth	Current Mth Jul 2009*
Indices						
HKU-ARPI	98.7	136.0	112.6	119.2	129.3	133.7
HKU-HRPI	108.8	161.2	126.7	135.8	150.3	156.1
HKU-KRPI	100.4	135.3	116.3	120.7	129.9	134.7
HKU-NRPI	86.7	109.4	95.0	100.7	106.3	108.8
% Change						
HKU-ARPI	35.5%	-1.7%	18.7%	12.2%	3.4%	-
HKU-HRPI	43.5%	-3.2%	23.2%	14.9%	3.9%	-
HKU-KRPI	34.2%	-0.4%	15.8%	11.6%	3.7%	-
HKU-NRPI	25.5%	-0.5%	14.5%	8.0%	2.4%	-

* 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 16/08/2009 to 15/09/2009

Development	Chinese Name	Area	# District	No. of Units Launched	Size Range (sq ft)	No. of Units Sold	Average Price (HK\$ / sq ft)
The Babington	-	Mid-levels	HKI	19	902 - 1,139	8	11,462
Grand Garden	君悅軒	Shau Kei Wan	HKI	9	665-950	3	6,792
Harbour Place	海濱南岸	Hung Hom	KLN	156	630 - 770	120	6,525
One LaSalle *	-	Kowloon Tong	KLN	7	3,025 - 3,261	3	17,779
The Harbourside	君臨天下	TST	KLN	235	1,032 - 1,445	235	14,187
The Masterpiece *	名鑄	TST	KLN	121	842 - 2,052	110	17,730
The Spectacle	嘉賢居	Yau Tong	KLN	46	734 - 1,042	36	5,483
The Palazzo	御龍山	Sha Tin	NT	23	717 - 2,379	5	11,415
LOHAS PARK (Phase IIA): Le Prestige	領都	Tseung Kwan O	NT	50	952 - 1,298	32	4,238
The Vineyard Phase II - Le Grande Vineyard *	葡萄薈	Yuen Long	NT	6	2,501 - 2,846	4	7,815

HKI: Hong Kong Island; KLN: Kowloon; NT: New Territories * Development offered for first time sale

Source: Financial Chronicle

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