

Zeppelin's Simple Study Series

**Comparing the Price Performances of 98
Hong Kong Private Residential Estates:
And the Winners are...**



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IMPORTANT NOTES

- A) **These simple study series are meant to provide basic macro real estate market interpretations** via simple analysis and calculation. They offer the following benefits:
- 1) They provide an independent analytical angle which may not be commonplace in the market at times thus serving as a viable alternative interpretation or 2nd opinion
 - 2) They help save time and effort in working out the numbers thus enabling the subscribers, who may be investors, decision makers, fund managers, top executives, and the like, to focus on making decisions and investments;
 - 3) They reflect our collective 20+ years of experience in real estate development, investment, and management spanning from China including Hong Kong, via Asia, to North America;
 - 4) They are affordably priced as we aim to share some of our real estate knowledge and ideas with interested parties
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- G) **For samples of our work and / or for details on our group,** please visit our real estate knowledge website www.real-estate-tech.com through which we intend to share some of our real estate knowledge and ideas with interested parties.

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Executive Summary: We have analyzed the price performances of 98 private residential estates from a variety of angles such as their total returns, volatilities-risks, and the like, and as in a beauty contest, we list the top estates in each category. While the overall pattern may be higher returns come generally with higher risks, there are estates which offer higher risks for lackluster returns.

The Objective

This study compares the price performances of 98 of the popular private residential estates in Hong Kong in order to identify the better performers.

In the process, we seek to:

- a) Find out if the latest price levels of the 98 estates are on the high (bubbly), average, or low (undersold) side
- b) Calculate their returns
- c) Ascertain the volatilities (a measurement of riskiness) of their price curves
- d) Identify the better price performing estates

In so doing, we hope the study would be of help to real estate investors and related professionals interested and involved in the Hong Kong residential market.

The Methodology

We have collected the price per gross floor area, i.e. HK\$ per square foot of gross floor area [HK\$ / ft² GFA], on 98 private residential estates from the website of Centaline Agency www.centanet.com. The data start from June 2008 and end in March 2012.

Also, the 98 estates are grouped into 1) Hong Kong Island with 31 estates; 2) Kowloon with 22 estates; 3) New Territories East with 21; and 4) New Territories West with 24.

As such, we have a) reviewed the latest [March 2012] prices per gross floor area on all 98 estates; b) created price indexes for them individually; c) observed their price trends; d) measured their price volatilities; and e) calculated their return to risk ratios.

In the process, simple quantitative methods were employed where needed such as standard deviation and the like, and only the prices are involved and analyzed i.e. rental revenues have not been taken into account.

The Content Arrangement

We have broadly divided the study into the following sections:

- A) Reporting on the latest price per gross floor area levels on all 98 estates
- B) Examining their price performances
- C) Ascertain their price trends and levels
- D) Assessing their volatilities and risks
- E) Matching their returns to their risks
- F) Summarizing the findings

We also seek to use more graphics i.e. charts and tables to illustrate our analysis, observations, and findings in lieu of wordy descriptions. Supplementary information is included in the Appendix section.

About Us: Zeppelin Real Estate Analysis Limited focuses independent real estate analysis, investment strategy, and portfolio allocation.

Together with Zeppelin Property Development Consultants Limited, the Zeppelin Group is involved in real estate development, investment, and management in China including Hong Kong, and offers services related to asset management, project management, facility management, and marketing management.

Properties and projects handled include residences, offices, retail complexes, industrial facilities, and hotels / resorts.

Clients and customers include real estate developers, investors, funds, financiers, multinationals, public listed companies, corporate occupants, and civic organizations from local and abroad.

Apart from offering professional services, the Zeppelin Group also develops and operates a real estate knowledge website www.real-estate-tech.com through which it intends to share real estate knowledge and ideas with interested parties. There are now close to 1,000 content items including research articles, investment analyses, market commentaries, technical passages, charts, and tables, written in English and / or Chinese, and are read by tens of thousands worldwide, and some of these content items have been / are published in other media including prominent newspapers and websites from local and abroad. Much of the content contained can be accessed freely without registration. We also welcome enquiries from related media sources in terms of content usage, publication, cooperation, and / or subscription, and we also welcome enquiries from potential corporations and businesses in terms of website sponsorships. Some of the pertinent web-pages are listed as follows:

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In addition, we also produce the following types of publication which may be obtained via fee subscription through our e-commerce facility at PayPal.com:

- 1) **Real estate research and analytical reports**, with a China focus, ad hoc or regular basis
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For detail, please visit these web-pages or contact:

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