

Real Estate

A Guide to Real Estate in the Priciest City on Earth

Moving to Hong Kong? Though it's difficult for foreigners to buy within the city, the market has never been hotter.

By [Frederik Balfour](#)

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For the eighth year in a row, Hong Kong holds the dubious distinction of being the world's least affordable city in which to buy a home. And yet, as locals clamor to get a foothold on the property ladder and wealthy Chinese seeking an offshore haven keep buying into the top end of the market, demand for real estate continues to rise.

Prices of homes in the secondary market rose 14.4 percent in 2017 and could climb as much as 20 percent this year if the stock market keeps roaring, says Denis Ma, head of Hong Kong research at consulting firm Jones Lang LaSalle Inc. In November a four-bedroom house at the Mount Nicholson development in the city's Peak neighborhood sold for about \$148 million, or \$16,211 per square foot, a record sum in Asia. The 9,178-square-foot property has an elevator, pool, garden, and unobstructed views of Hong Kong and Victoria Harbour.

For most foreigners, buying isn't an option because of a 30 percent tax levied on purchases by nonpermanent residents as part of the government's attempt to rein in prices. Overseas hopefuls must live in the city for seven years to satisfy the residency requirement; the stamp duty levied on home purchases for locals is a much lower 4.25 percent.

Renting at the Peak

Even renters accustomed to high prices should brace for serious sticker shock. "If you bring your family from London or Sydney, you are going to have to accept a different reality," says Steven McCrindle, partner in charge of Hong Kong at executive search company Heidrick & Struggles



Across Victoria Harbour, this 3,000-sq.-ft. villa at Kadoorie Estates is an art deco gem with a walled garden in a leafy oasis in Kowloon. Rental Price: \$31,950 per month. Source: Kadoorie Estates Limited

International Inc. "You will probably end up paying three to four times more in rent than what you are used to in your home country."

Nowhere is this more apparent than on the Peak, the highest point on Hong Kong Island, which comes with cooling maritime breezes and city views. Sun Hung Kai Properties Ltd. recently rented a 3,537-square-foot, three-story, five-bedroom villa complete with a pool and an elevator for \$57,725 per month.

Less lofty, but immensely popular, are apartments in Mid-Levels. Perched on the city's steep slopes, these high-rises are only minutes from downtown but also have access to nearby nature trails.

Prices range from \$18,855 per month for a 1,741-square-foot three-bedroom on the 30th floor at Kerry Properties Ltd.'s Branksome Crest to \$23,000 for a 2,200-square-foot duplex at Sun Hung Kai's Dynasty Court.

Escaping the City

For those preferring a nostalgic taste of the colonial era, the height of elegance is to rent a Kadoorie Estates Ltd. villa in Kowloon. The neighborhood is in such demand that on average only 1 of its 86 houses becomes vacant each year, says general manager Raymond Ho. This year's property, a 3,000-square-foot house with a walled garden, just rented for \$31,950 a month.

A more vacation vibe awaits those who rent at the 1,604-acre resort-style project called Discovery Bay on Lantau Island, which is also home to Hong Kong Disneyland. The project, a 25-minute ferry ride into the city, was built by HKR International Ltd. and has a 27-hole golf course, an international school, and a 263-berth marina. Private cars are banned—it's served only by golf carts and buses. Prices can reach as high as \$12,800 per month for a 1,995-square-foot duplex with a terrace overlooking the beach and within walking distance of the ferry pier, according to Savills Hong Kong Ltd. residential services. Expat families make up half of the enclave's residents.

Another escape is Repulse Bay on the south side of Hong Kong Island. A 20-minute ride from downtown, it's favored by expats because of its proximity to the Hong Kong International School, beaches, and panoramic views of the South China Sea. At the Lily, prices range from \$21,850 per month for a 2,602-square-foot, three-bedroom apartment on the 12th floor to \$58,500 for a penthouse duplex, according to Jones Lang LaSalle, the property's sole leasing agent.

Where Grades Matter

For many, access to good schools is more important than the commute time, says Stella Abraham, head of residential



Residential buildings in Discovery Bay. Photographer: Anthony Kwan/Bloomberg

leasing and relocation services at Jones Lang LaSalle. She says the Drake, a new development by the Manhattan Group in the Tuen Mun district of the New Territories, appeals to families with children enrolled in the nearby Harrow International School. Rentals range from \$5,500 a month for a 1,934-square-foot apartment to \$14,700 a month for a 4,510-square-foot house with a small garden.

There's a natural limit to how far one can move in search of more space. The Drake

is already closer to the mainland than it is to downtown, and the opening of a new bridge to Macau and China, expected later this year, will bring more competition from those looking to live close to the border.

Quick Facts

7.4 million – Population of Hong Kong

30 – Minutes to the mainland

\$1.8 million – Average price of a new home

\$564 – Minimum monthly wage for a live-in maid