



For Immediate Release
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Third Quarter 2020 Citi Residential Property Ownership Survey

*Property market sentiment remains volatile due to the pandemic,
yet around 10% of respondents consider it a good time to purchase
a property for the third consecutive quarter*

Citi Hong Kong conducted a survey in September this year polling residents' attitudes towards residential property ownership as COVID-19 continues. According to the latest quarterly survey:

- 10% of residents polled consider it a good time to purchase a property, among the highest levels on record over the past nine years. This follows on similar findings in the preceding two quarters of the year.
- From our second-quarter survey, it was projected that nearly 500,000 people toured new home developments within one month before responding to the survey, making this number the highest tally since 2013. Although this figure declined to almost 400,000 in the third quarter, it was still 50% higher than in the third quarter of last year, reflecting residents' interest in property ownership.
- Regarding the impact of COVID-19 on property prices, respondents expect a median decline in property prices of 5% from the beginning to the end of the current year, believing that COVID-19 would knock 8% off property prices at most, a hit milder than the actual price reduction of 10% to 12% during the SARS epidemic in 2003.
- Views on property prices for the coming year fluctuated in tandem with the COVID-19 case numbers. According to the survey results for September, the number of people who anticipated a dip in property prices (43%) was more than those holding the opposite view (23%), indicating a more pessimistic view on the property market than in June but a more optimistic view than in March.
- The situation of COVID-19 slightly eased in June, with 21% of respondents indicating an interest in purchasing a property, recovering the level as in the third quarter of the previous year. However, the number of respondents interested in purchasing a property declined again to 17% in September, similar to that at the beginning of the year.
- Most people who became more interested in purchasing a property amid COVID-19 were still adopting a "wait-and-see" attitude, expecting property prices to fall by another 20% before they would make a purchase. On the other hand, property owners polled indicated that only 5% were interested in selling their properties.



10% of the respondents believed it a good time to purchase a property, with nearly 400,000 people touring new home developments in the past month

The survey results for the third quarter of 2020 showed that the property market sentiment remained relatively volatile, tracking the COVID-19 developments. Although a considerable percentage of respondents still feel it is a bad/terrible time to purchase a property, 10% of respondents considered it a good/excellent time to purchase a property, still among the highest level in the past nine years. . According to the survey results, it was projected that nearly 500,000 people had toured new home developments within one month before replying on last quarter's survey, recorded the highest tally since 2013. Although the figure declined to almost 400,000 this quarter, it was still 50% higher than that of the same period in the previous year, reflecting residents' interest in property ownership.

Property price outlook impacted by COVID-19, with expectation that home prices will see a smaller fall compared to that during SARS

Over 40% of respondents expect home prices in Hong Kong to fall in the next 12 months, representing a larger percentage than that of the previous quarter but smaller than in the first quarter of the year. This showed that respondents' views on the property price outlook has been in line with COVID-19 developments. Benchmarked against a 10% decline in property prices witnessed during the SARS epidemic in 2003, the survey gauged the views of respondents on the trend of the property market amid COVID-19 pandemic. The results showed that the respondents expected a median decline in property prices of 5% from the beginning to the end of the current year, and with the largest expected drop of 8%, which was smaller than the actual price reduction of 10% to 12% during the SARS epidemic.

Interested home buyers expect house prices to fall by another 20%

When COVID-19 situation slightly eased in June, 21% of the respondents indicated their interest in purchasing a property, recovering the level as in the third quarter of the previous year. That portion of respondents, however, experienced a decline again to 17% in September, similar to that at the beginning of the year. Most people who had an increased interest in purchasing a property amid COVID-19 were still adopting a "wait-and-see" attitude, expecting property prices to fall by another 20% before they would make a purchase. Meanwhile, property owners remained confident with only 5% of them interested in putting their property for sale at the moment.

| If you do not own any property now, taking into consideration your current standard of living and family finances, do you think it is a good time to purchase a home now? | | | | | |
|--|---------|---------|---------|---------|---------|
| Percentage of Respondents | | | | | |
| | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 |
| A good/excellent time to purchase | 3% | 5% | 10% | 11% | 10% |
| Neutral | 29% | 34% | 38% | 35% | 36% |
| A bad/terrible time to purchase | 68% | 60% | 52% | 54% | 54% |

Base: All Respondents



How do you think home prices will trend in the next 12 months?

| Percentage of Respondents | | | | | |
|---------------------------|---------|---------|---------|---------|---------|
| | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 |
| Upward | 18% | 21% | 16% | 33% | 23% |
| Flat | 26% | 32% | 28% | 34% | 34% |
| Downward | 56% | 46% | 57% | 33% | 43% |

Base: All Respondents

How interested are you in purchasing a property now?

| Percentage of Respondents | | | | | |
|---------------------------------|---------|---------|---------|---------|---------|
| | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 |
| Very/rather interested | 20% | 16% | 17% | 21% | 17% |
| Neutral | 29% | 27% | 31% | 27% | 28% |
| Very/rather uninterested | 51% | 57% | 52% | 52% | 55% |

Base: All Respondents

"The results show that property market sentiments continue to fluctuate in tandem with the pandemic and ongoing developments," said Josephine Lee, Head of Retail Bank, Citi Hong Kong. "The public began to regain confidence in the property market in the second quarter while becoming more cautious in the third quarter as COVID-19 cases increased. A portion of people still found it a good time to purchase a property and even went to see new home developments, reflecting there are accumulated home ownership demands yet to be fulfilled. We suggest that interested homebuyers comprehensively assess their financial condition and choose a mortgage plan that best meets their needs."

Citi commissioned The University of Hong Kong Social Sciences Research Centre to conduct the survey, interviewing a random sample of over 500 Hong Kong respondents by phone in September 2020. Since 2010, Citibank has been conducting quarterly surveys on the Hong Kong housing market to assess the current state of home ownership in the SAR, gauge public intentions towards home ownership, and track public expectations of future housing price trends.

Source: Citibank Q3 2020 Residential Property Ownership Survey

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