**Title:**

Expert Analysis of Why Hong Kong Real Estate Will Not Crash Like It Did in 1997

**Subtitle:**

Top 5 Differences between 1997 VS. NOW

1. **Buying has not reached frenzied levels**

Market activity remains close to historical averages

* 15-year average (2002-2016) = 7,180 transactions/month
* 10-year average (2007-2016) = 7,150 transactions/month

1. **Interest rates are far from risky**

Hong Kong interest rates are approximately 3% (even lower than the 4-5% in most global economies). Going into the crash of 1997, interest rates were over 9%

1. **Affordability – a tale of two cities**

The average property in HK requires 19 years of average income, almost double what it was in 1997. Properties are much less affordable to the average citizen. However, all is not equal, with a lot of pent up demand from people who have held back as a result of government measures and accumulated wealth on the sidelines. The rich have also gotten richer.

1. **Excess Debt?**

Housing crashes are almost always caused by overleveraging – people borrowing more than they could afford to support when buying a property.  The HKMA reported that Hong Kong’s average loan-to-value ratio is 51%, lower than the 64% before the cooling measures were introduced. Other global markets typically operate at LTV ratios of 70% or more, and may approach 100% before a housing crash

1. **China – the elephant in the property market**

China is perhaps the most important difference between 1997 and 2017.  At the time of the handover, China’s economy was just starting its meteoric rise with a GDP of just under US$1 trillion.  Over the next 20 years it would grow to over US$11 trillion. There remains tremendous room for mainland Chinese investors to invest in Hong Kong.  This did not exist in 1997.

**Colors:** See other attachment attached

**Size:** A4

**Design:** Below are a few layouts that we like. The icons may be a bit tricky since the topics are very ambiguous, but let me know if you need help!



