

## MEMO

Commissioner of Rating  
and Valuation

Fr. \_\_\_\_\_

Ref. (30) in L4/G \_\_\_\_\_

Tel. No: 5-7957600 \_\_\_\_\_

Date 5 January 1987 \_\_\_\_\_

To Secretary for the Civil Service \_\_\_\_\_

Your Ref. (5) in PSU/SC/85 IV \_\_\_\_\_

dated 29.12.86 \_\_\_\_\_

Pay Level Survey

Your above quoted memo and the telephone conversation Jackson/Heath regarding your request for me to comment on the differences in values between those supplied by Jones Lang Wootton and myself refers.

2. You will appreciate my difficulty in this matter, as I have not been in contact with JLW and am therefore unaware of the basis/reasoning that they have used. I have already detailed factual errors etc. contained in JLW's report - amended in red on the copy of their report returned to you with my memo dated 13.12.86. In order to provide further elaboration of my valuations and to highlight possible reasons for the difference with those of JLW, I would offer the following comments:-

2.1 Basis of Valuation

My valuations are effective 1.8.86 as instructed by you and are exclusive of rates and management charges but assume the use of carparking facilities.

They are based on the rental which the flats might reasonably be expected to command in the open market. To arrive at these values I have used as evidence the actual lettings of similar flats in the open market at or around 1.8.86. These other lettings are where possible drawn from comparable developments to those under consideration. Some are from within the same development as the Government flats concerned, others are in adjoining or closely situated developments.

It is my opinion that JLW have adopted more of an "Agent's" approach than a "Valuation" approach, in that many of their values equate more to "asking" rents than to actual agreed rents. That is they reflect more of the Landlord's hope than the realities of the market place.

2.2 General Comments

Many of the Government-designed and built flats suffer from obsolete design and fittings, having unnecessarily large rooms, and/or large corridors/utility space. Whilst this is particularly so with the older flats, it can apply equally to

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those built in the late 1970's, such as 21-25 Borrett Road and 111 Mt. Butler Road. These developments also suffer from poor management and poor security when compared with private developments in similar locations.

It is my opinion that JLW's valuations have not adequately reflected these factors. They seem to have been pre-occupied with size per se and have ignored layout efficiency and lack of facilities, e.g. swimming pools etc. normally present in private developments.

### 2.3 Specific Comments on Individual Developments

- for ease of reference I will follow the sequence adopted by JLW in Parts 2 and 3 of their report.

#### (a) Hong Kong Island Properties

##### (1) Blocks 41-44, Baguio Villas, 550 Victoria Road

There is more than sufficient open market rental evidence within the development to fully support my valuation. There is no justification for JLW's higher figure.

##### (2) Pokfulam Mansions 94B Pokfulam Road

As with Baguio Villa, rental evidence in the location of this development clearly indicates that JLW's valuation is high. My valuation is based on that evidence.

##### (3) 47 Sassoon Road

This development is in a very attractive location and I have made full allowance for this in my valuation. However, in view of rental evidence in the vicinity of Sassoon Road I consider JLW's valuation to be slightly high.

##### (4) Fairmont Gardens 39A Conduit Road

Despite its good harbour view, this is an unattractive, badly-maintained and managed development bereft of any facilities other than car parks. Completed 12 years ago, it is unattractive when compared to most private developments along Conduit Road providing similar accommodation. When compared with the rentals achieved for similar sized 3 and 4 bedroomed flats in the locality, the figures supplied by JLW are greatly overstated.

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(5) Chater Hall  
1 Conduit Road

Built approximately 30 years ago, (not 20 years as stated by JLW) and situated in a good location, with large grassed surrounds. However, the flats are of an obsolete design, with excessive storage and utility space, and with old and poor quality fittings. Comparable rents for similar accommodation in this locality are well below the levels suggested by JLW and fully support my valuation.

(6) Buxey Lodge  
37 Conduit Road

The same age and design as Chater Hall, but with a better outlook, but no grassed surrounds, although there is a garden to the side. The same general comments apply as for Chater Hall.

(7) Macdonnell House  
6-8 Macdonnell Road

This development was completed in 1982. Very good harbour views are enjoyed from the high floors, but the Government Accommodation is situated on the 14th Floor and below. (You will have noted my comments in my earlier submission on JLW's assumptions concerning covered car parks). The views are considerably poorer on the lower floors and on the lowest floors there is no view at all. The lower floors are further affected by the proximity of the Shell Petrol Station on the other side of Macdonnell Road. Rental evidence within the same development supports my valuations, and the lack of views and nuisance of the Shell Petrol Station on the lower floors, has been reflected accordingly, something apparently not considered by JLW.

(8) Leighton Hill  
16 Link Road

These flats were built about 1950 (A and B grade flats) and 1960 (CD and D grade flats). The development is quite unique in this area with its large area of open space. However, the flats are old and the designs and fittings similarly obsolete. This is particularly true in relation to the design and layout of the A and B grade flats which despite their size of around 300 m<sup>2</sup>, only provide 2 or 3 bedrooms. Again, apart from the large open space, no communal facilities are provided.

Whilst there is no direct rental evidence in the locality for the larger flats, my valuation does take into account actual evidence of flats providing similar overall accommodation. Taking a broader view, it is my considered opinion that bearing in mind the alternatives available in the rental market in this area, the values adopted by JLW are quite unrealistic.

(9) 1 & 3 Ventris Road, Happy Valley

Part of a Joint Development Scheme completed at the end of 1984. A good development in a convenient location, and with a swimming pool. Unobstructed views over Happy Valley Race course except from the very lowest floors are available from Block A, whilst flats in Block B enjoy partial views. The rentals realised in the Private Section of this development, (Block C) and modern developments close by, also with pools, support my valuation. (Again the private flats and those in adjoining private developments are more functionally designed than the Government accommodation in this development).

(10) Aurizon  
60-62 Moorsom Road

This is a new development. Please note that although my previous advice to you included a note to the effect that these flats were built to the new Type I design, it is my understanding that they were designed and built as Type II flats. This does not affect any other aspect however as it is a Government standard only.

Although a more efficient layout than many other Government designed flats there remains an element of functional deficiency when compared with private sector developments and this results in the larger size of the flat attracting only a marginally higher rental.

Also, this development has no communal facilities except a children's playground. Open market rental evidence in the vicinity supports my valuation and indicates that the figure provided by JLW is high.

(11) Elm Tree Towers  
8 Chun Fai Road

You will note my comment on the saleable area of these flats in my earlier advice. JLW's valuations are acceptable.

(12) 111 Mount Butler Road

This development of 240 flats is in a relatively remote location considering the long road access. The development as a whole has all the disadvantages of a large development but none of the advantages, e.g. swimming pools, facilities, etc.

The design is obsolete, with a huge lounge/dining-room, overly large master-bedroom, kitchen and utility/servants area. Fittings are also outdated and unattractive.

For the above reasons I consider the value proposed by JLW to be excessive and unrealistic for these flats.

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(13) Green Lane Hall  
Blue Pool Road

Although a popular and convenient location, all the direct rental evidence in the vicinity indicates that JLW's valuation is high. My valuation is based on the evidence of other rentals in the vicinity and is well supported.

(14) Mount Nicholson Gap  
103 Mt. Nicholson Road

These flats were built in 1963 in 2 x 12-storey and 2 x 7-storey Blocks. It is an isolated development well away from bus routes, shops and schools and only served by an infrequent P.L.B. service. Although large, these flats are of an inferior design in relation to the accommodation they provide, with unnecessary second verandahs, and excessively sized utility areas, kitchens, servants rooms, halls and corridors. Despite the quiet environment and large open surrounds, the rentals of private flats, providing the same accommodation, but with a far more functional design and in some cases swimming pools, and other facilities, along Stubbs Road, show the figures put forward, by JLW to be extremely optimistic.

Flats in the Rear 12 storey blocks, on the lower floors have restricted harbour views, and the ground floor flats, which I understand are the smaller 2 and 1 bedroom flats, have no outlook whatsoever.

(15) 2, 4, 6, 8, 9 and 11 Mansfield Road

This estate was not built approximately 6 years ago, as stated by JLW, but as follows:-

Nos. 2, 4, 8, 6	- built 1964
No. 11	- built 1971
No. 9	- built 1972

The flats are of typical Government design, using far more space than is necessary to provide their 2 or 3 bedrooms. There is an excessive amount of kitchen, corridor, utility and servants space, and in No. 11 there are inefficient second verandahs, taking up what could be additional living space. The location is good, with shops nearby and regular bus services, however rentals for private flats in the locality providing similar accommodation clearly support my opinion of rentals.

Special Note: In my valuations of flats at Mount Nicholson Gap and Mansfield Road I hold an opposing view to that of JLW concerning the relative values of the two developments.

It is my opinion that Mansfield Road is superior, despite the very quiet open location of Mount Nicholson, for the following reasons:-

- (i) Its location on the 'Lower Peak', is far more prestigious than Stubbs Road.
- (ii) Rentals achieved for flats in the area of Mansfield Road are higher than for similar flats in the Upper Stubbs Road area where the Mt. Nicholson flats are located.
- (iii) Mansfield Road enjoys far better shopping and transport facilities, and is not isolated like Mount Nicholson.

(16) Cloudridge  
30 Plunketts Road

This development was completed in 1971, occupied a prime peak location, and is well tended and attractive. However a lack of facilities apart from car parking, as well as no lifts to the upper floors, and an overprovision of utility areas detract from its value. The rentals achieved for premises of a similar age on the Peak, providing the same accommodation, but with pool and tennis courts and lifts to the upper floors, fully support my opinions of rental value.

(17) 26 Mt. Kellett Road

These flats are built on a very cramped site. Good views are enjoyed from the upper floors. Due to a lack of records it is difficult to gauge its age, but it is at least 40 years old, and quite probably pre-war. The parking spaces are awkwardly situated, but usable. Judging by their age, these flats are of an obsolete design, and my opinions of rental are supported by the rentals of other premises on the Peak nearby.

(18) Peak Pavilions  
12 Mount Kellett Road

These premises were built around 1950. The flats are of an archaic design with excessive corridors, utilities, servants quarters and balconies. Vast amounts of space are used to provide just 3 bedrooms. The fittings are old and obsolete, and the huge amount of window area is a distinct disadvantage in cold or bad weather, especially in its current poor state of repair. Despite the prominent location and large grounds, the plain design makes it an unattractive block and hardly likely to be sought after by executives. I have closely examined the rents paid for older properties on The Peak, and bearing in mind the poorness of the subject premises am fully satisfied that my rental figures are fair and reasonable.

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(19) 21-25 Borrett Road

This development was completed in 1978 and is situated next to Island School. A rather isolated location being well away from shops, only served by one P.L.B. service which ceases in the early evenings. These flats are overlarge for the accommodation provided (the same design as 111 Mt. Butler Road) with huge lounges, and unnecessarily large kitchens, utility, and servants rooms. For the same size and age, most private flats would provide at least 4 bedrooms. In considering my opinion of rentals I have taken into account the lettings for premises offering similar accommodation i.e. 3 bedrooms in Bowen Road and Macdennell Road, far more convenient and prestigious locations, which support my valuation.

(20) Wilshire Tower, Block A  
200 Tin Hau Temple Road

No comment -JLW's figures are acceptable.

(21) 8, 10 and 14 Mount Austin Road  
The Peak

This development is over 30 years old, not 10-15 years as stated by JLW. It comprises two 6-storey blocks and one 4-storey block, the latter having no lift. Despite the prominent location, flats in the development suffer from obsolete design and fittings, with the third bedroom little better than a corridor or dressing-room. Half the flats in 8 and 10 Mt. Austin Road suffer from partially blocked southerly views due to flats built in front.

My opinions of rental are well supported by evidence on The Peak of the rents of older buildings without communal facilities.

(b) Kowloon and New Territories Properties

(1) Wylie Court  
15, 17 and 23 Wylie Road

No comment.

(2) Wylie Gardens  
1-12 King's Park Rise

There is a nominal difference between JLW's opinion and mine in this development.

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(3) King's Park Rise Flats  
King's Park Rise

This development enjoys a quiet and pleasant environment, created for the most part by the open space within the development and the low density of flats. However, the design and layout of these flats is obsolete, with excessively large kitchens, corridors, utility rooms and servants quarters. Fittings are also old.

A considerable amount of their extremely large size is therefore wasted, using over 250 m<sup>2</sup> to provide just 2 bedrooms.

JLW have in fact commented on the wasted space in their report but seem to have placed more weight on their statement that "this is a very popular development with Government officers" than on the realities of the market.

Rentals in nearby Homantin Hill Road and Wylie Path support my opinion of value.

(4) 23 Ho Man Tin Hill Road

My opinion of value is fully supported by actual rents in the adjoining private development which is of newer construction.

(5) 1, 3 and 5 Ede Road  
Beacon Hill

These flats are 22 years old.

Once again, actual rents in the Beacon Hill area indicate that JLW's values are too high. My opinion is based on such rents.

(6) 11 Cornwall Street  
Kowloon Tong

Managed to a good standard by a private management company, this development is none-the-less on a cramped site with the Government accommodation suffering from considerable traffic noise, as inferred by JLW in their report. The fact that the development has good security including closed-circuit television is an advantage, but a definite necessity in this locality.

Rentals for similar flats in the immediate vicinity again show JLW to be high in their assessment of value.

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(7) 2, 3, 4, 8 and 10 Caldecott Road

There are no good comparable lettings in this locality and certainly none of flats of this age and size. The location is quite remote and there is little convenient public transport. No. 3 has good views towards the harbour but the other blocks are no more than average; 8 and 10 overlook a cemetery. The rentals proposed by JLW at up to \$26,000 are not supported by any other rents in this part of New Territories/Kowloon, and in fact seems more applicable to a modern well laid out and managed development in a convenient location. The subject development meets none of these criteria.

(8) Eden Gardens  
9-11 Lok Fung Path

There are actual lettings in the private block of this joint-development and elsewhere in Lok Fung Path for flats of similar age and facilities which amply support my valuation. At 211 m<sup>2</sup>, the subject flats are relatively large for the 3 bedrooms accommodation they provide.

(9) 6 and 10 Lok Fung Path, Shatin

No comment.

(10) No. 1, and 87, 89, 91 Broadcast Drive

Although there is a 10 year age difference between No. 1 and Nos. 87, 89, 91, this is not reflected in their values. Both are old designs with no facilities and inefficient layouts. Once again it seems that JLW have overlooked the ample evidence elsewhere in Broadcast Drive when arriving at their opinion of value. Rents in the vicinity support my valuation.

(11) Happy Villas  
1-12 Kau Wah Keng, Lai Chi Kok

No comment.

(12) Nairn House  
2-4 Princess Margaret Road

The traffic noise in this location is appalling and as acknowledged by JLW, likely to be worse over the next two years. There are roads at 3 levels directly adjacent to these flats.

Actual rentals in Argyle Street, including one on the same junction show that JLW has considerably overstated the value.

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(13) Man Kei Toi  
Sai Kung

Although 14 years old, these are very pleasant flats but with a poor layout. There are a considerable number of flats and houses in this area of a similar nature and the actual rents commanded by them show JLW's values to be unrealistically high.

3. If you require any further information please contact Mr. F.G. Heath (Tel. 5-7957670 (8957670 after 6.1.87)).



(G.P. Blenkinsop)  
Commissioner of Rating & Valuation

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PART 2 -

HONG KONG ISLAND PROPERTIES

BLOCKS 41 - 44,  
BAGUIO VILLAS,  
550 VICTORIA ROAD, POKFULAM

LOCATION

This development is located on the seaward side of Victoria Road and has the benefit of good seaviews. Public transport is available in the form of mini-buses and Central Business District is approximately 20 minutes' drive away depending on traffic conditions.

GENERAL DESCRIPTION

A large privately built development with four Government owned blocks built in the late 1970s. The estate has the benefit of several communal facilities, such as a tennis court and swimming pool as well as a small number of local shops.

The Government accommodation comprises:-

97 flats of approximately 2,142 sq.ft.(199 sq.m.) each having 4 bedrooms ("C" grade).

VALUATION AND GENERAL COMMENTS

This is quite a popular location for expatriates because of its relative seclusion and proximity to the sea.

It also has the benefit of seaviews. This estate does have some facilities and public transport is readily available.

Bearing in mind the above comments, we are of the opinion that as at today's date, the monthly rental value of the above flats is \$ 24,500

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