

# Zeppelin's Real Estate Tech

3Q 2021: A Real Estate Newsletter by Zeppelin Partners Limited

Phone (852) 37576388 Fax (852) 37576399 E-mail [stephenchung@zeppelin.com.hk](mailto:stephenchung@zeppelin.com.hk) Web: [www.Real-Estate-Tech.com](http://www.Real-Estate-Tech.com)

Afghanistan, COVID rebounds, Heng Sang volatilities, emigration waves, and Canada election.

In this issue:

- **Deciphering the Confucian “Middle Way” Hypothesis**
- **Residential real estate: Hong Kong versus Toronto since 1997**
- **City of Toronto residential real estate: charts and tables**

**“Easy money is like feeding all wild animals yet hoping the ecosystem won’t be disrupted.”**

We also like to hear from readers wishing to share their real estate experience with us.

**This quarterly (generally published in spring, summer, fall, and winter) newsletter** is circulated freely via email to readers comprising real estate developers, investors, fund managers, financiers, owners, users, top executives, senior managers, prominent academics and related professionals from Hong Kong and abroad. Our content is / has also been published in newspapers and web portals such as the [South China Morning Post](#), [China Daily](#), [Hong Kong Economic Journal](#), [21<sup>st</sup> Century Business Herald](#), [Apple Daily](#), [Sing Tao](#), [Quamnet Magazine](#), [The Standard](#), [MITCRE Alumni Newsletter](#), [Surveying Newsletter](#), [Reidin.com](#), [Centanet.com](#), [Netvigator.com](#), [Hongkong.com](#), [E-finet.com](#), [Red-dots.com](#), [PacificProperties.net](#), [Soufun.com](#) and [House18.com](#). We had also been quoted in the [Asian Wall Street Journal](#) and interviewed by [USA Today](#), [i-Money](#), [Ming Pao](#), [Radio Hong Kong](#), [Cable TV \(Money Café\)](#), [DBC Radio](#), and [Commercial Radio](#). We also publish monthly articles and analyses in the months in between. This newsletter is now into its [25<sup>th</sup>](#) year and [100<sup>th</sup>](#) issue.

**We also operate a website** [www.real-estate-tech.com](http://www.real-estate-tech.com) through which we intend to share some of our real estate knowledge and ideas with interested parties. There are close to 1,000 content items, in English or Chinese, including analyses, articles, charts, and tables, plus spreadsheets, tutorials, e-books, and the like, the majority of which is free with some requiring a token fee. The website has been visited by tens of thousands from all over the world.

**Zeppelin Partners Limited** is involved in real estate development, investment, and management and offers services related to [real estate asset management](#) [analysis, investment strategy, and portfolio allocation], [project management](#) [architectural design, cost control, and contract administration], and [facility management](#) [facility utility assessment, property management strategy, and building maintenance]. We are based in Hong Kong with access to regional and global professional networks.

**Stephen Chung**, who created and writes this newsletter, is now Honorary Advisor to Zeppelin Partners Limited. He will continue to write this newsletter.

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# Who? Me?

## **Stephen Chung**

Honorary Advisor, Zeppelin Partners Limited  
Founder and Writer, Real Estate Tech Quarterly Newsletter  
Real Estate Website Developer, [www.Real-Estate-Tech.com](http://www.Real-Estate-Tech.com)

**Stephen is an independent real estate analyst – number cruncher and chartered surveyor** and has been involved in real estate development, investment, and management in Hong Kong / China / Asia and North America.

**Stephen provides relevant real estate market insights and macro-micro assessments** to real estate developers, investors, owners, financiers, funds, and civic organizations, and possesses many years of experience in building economics, project management, facility strategy, marketing, and research.

**Stephen is also a regular real estate writer - columnist** and his articles have been published in both English and Chinese media including the following:

- China Daily
- Hong Kong Economic Journal
- South China Morning Post
- Apple Daily, Sing Tao Daily
- Quamnet Magazine
- Real estate and finance websites such as Soufun.com, Finet.com etc
- Journals of professional institutes such as the Hong Kong Institute of Surveyors

**Stephen is an honorary adjunct professor** of the University of Hong Kong and has been invited to speak to audiences from:

- Universities: such as the University of Hong Kong, City University of Hong Kong, York University
- Professional Institutes: such as the Hong Kong Institute of Surveyors, Canadian Institute of Quantity Surveyors, Royal Institute of Chartered Surveyors
- Business Associations: such as the Rotary Clubs

**Stephen has written 4 real estate books in Chinese to date as follows:**

Online book = Easy Real Estate Lectures  
Hard copy = Real Estate Investment Know-How above 101  
Hard copy = The Real Estate Market Turning Point  
E-Report = USA Residential Real Estate Analysis

**We welcome enquiries from interested parties** and could be reached as follows:

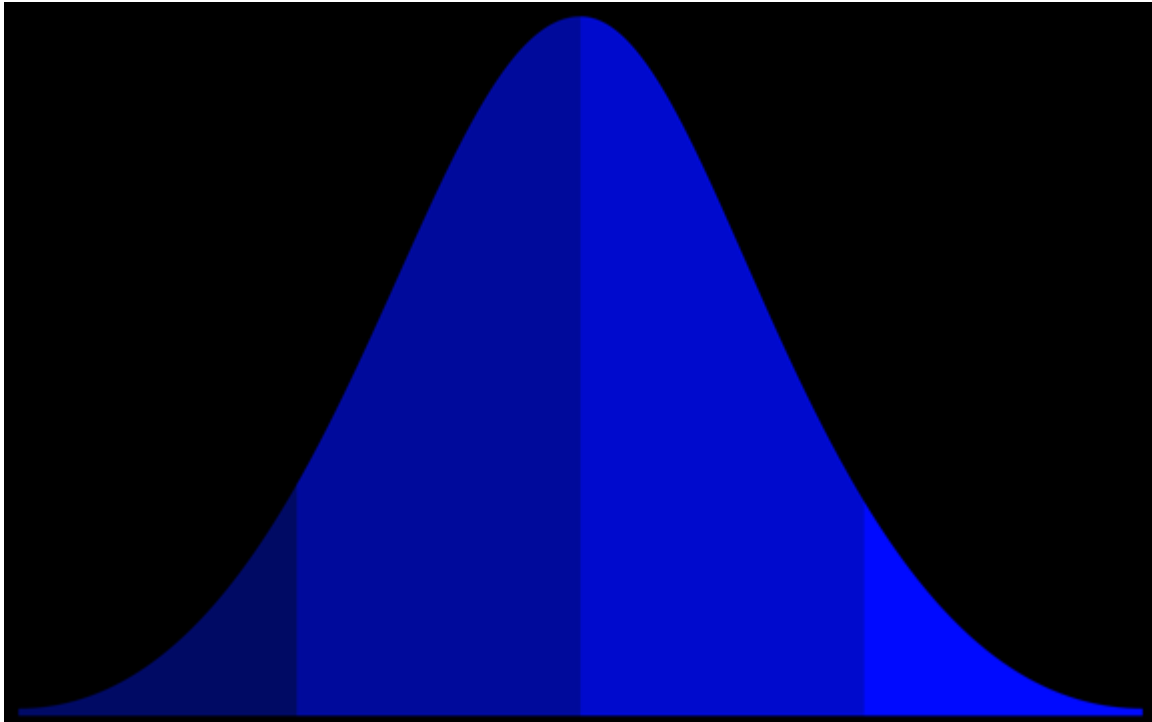
Email: [StephenChung@zeppelin.com.hk](mailto:StephenChung@zeppelin.com.hk)  
Office Phone: 852-37576388  
Office Fax: 825-37576399  
Office Address: Unit 07, 10/F CCT Telecom Building, 11 Wo Shing Street, Fo Tan, Hong Kong  
Website: [www.zeppelin.com.hk](http://www.zeppelin.com.hk) and [www.Real-Estate-Tech.com](http://www.Real-Estate-Tech.com)

## Deciphering the Confucian “Middle Way” hypothesis

Real Estate Tech, 3Q 2021

Stephen Chung BS BBldg (HKU) MS in Real Estate Development (MIT) MRICS MHKIS FPFM PQS  
Zeppelin Partners Limited - Phone (852) 37576388 / Fax (852) 37576399 stephenchung@zeppelin.com.hk

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The middle spectrum is often, though not always, optimal (Courtesy of <https://commons.wikimedia.org>)

Your humble author is not facile with Confucian teachings or the life of Confucius. Nor for that matter for or against the various ideas and ideals touted by him and his disciples. However, your humble author does remember his “Middle Way”, or 中庸之道 in Chinese.

Decades ago, your humble author thought this meant getting a score 50 out of a maximum of 100, be these academic pursue or work. And a good excuse to use when your parents chastised you for having just a mere pass “Dad, Confucius said 50 / 100 is fine!”.

Of course your humble author was wrong about the concept. Decades later, he suspected Confucius was actually describing the (normal) bell curve, perhaps without knowing it. Yet observations of common daily routines would have given him enough insight:

a) Bowls of rice = eat one bowl a day, too little and too thin; eat ten bowls, too much and overweight; eat five bowls, just about right and healthy (note: Confucius was born more than two thousand years ago when 99% people were engaged in labor and manual work i.e. whatever calories the five bowls of rice contained would have been burnt up at day’s end).

b) Study and sleep = all study and no sleep, sickness and death; all sleep and no study, lack of enlightenment and knowledge; balanced study and sleep, optimal health and mind.

It is not about achieving more or most but shooting for the optimal.

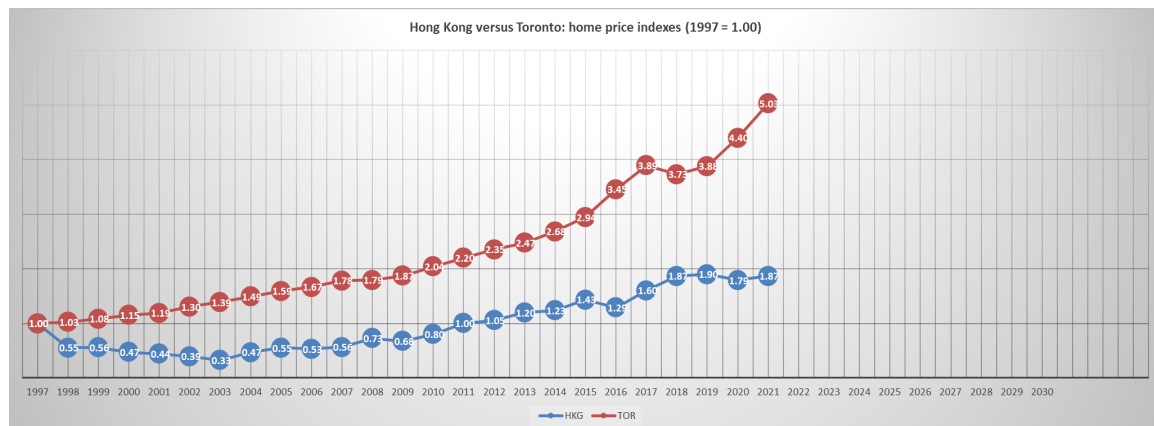
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## Residential real estate: Hong Kong versus Toronto since 1997

Real Estate Tech, 3Q 2021

Stephen Chung BS BBuild (HKU) MS in Real Estate Development (MIT) MRICS MHKIS FPFM PQS

Zeppelin Partners Limited - Phone (852) 37576388 / Fax (852) 37576399 stephenchung@zeppelin.com.hk



Oops...and you think it is always harder to make money in Canada... (Courtesy of your humble author)

In the past 25 years since 1997, a typical real estate investor or homeowner who bought and hold in Toronto will have done much better return-wise than an investor or home owner who did the same in Hong Kong. How much better? On a rough pre-tax total gain percentage basis, Toronto's 403% versus Hong Kong's 87%. Plus the Canadian dollar to Hong Kong dollar exchange rate has risen roughly 12% in value. Data sources include the statistics published in the websites of Toronto Regional Real Estate Board and Centaline Agency (Hong Kong).

There are of course more. Refer to the chart above. You would notice that the Toronto prices has practically been rising almost all of the time during the period while Hong Kong experienced a downslide for roughly half the period before regaining ground and growing again. It is also easy to see that in the past four years, Toronto prices have been climbing steeply while Hong Kong's are rather static. On the latter, it is Toronto's 35% versus Hong Kong's 0%.

But has the Hong Kong residential market always been lackluster in terms of investment throughout the period? Course not. One approach to make extraordinary gains is, be it by chance or skill, timing. If one had invested in 2003 and sold in 2021, the total gain would be around 473% versus Toronto's 262%.

Would an investor benefit from risk reduction via investing in both cities during the period? The short answer is NO. The two residential markets are rather correlated during the last 25 years. But here's the peculiar phenomenon on closer look: the two markets in fact weren't correlated from 1997 to 2007 (the r indicates an insignificant but negative correlation). Since 2008, the two tangled together (with the r exceeding 0.9).

Coincidentally jiving with the start of quantitative easing (easy money) worldwide.

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## City of Toronto residential real estate: charts and tables

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Stephen Chung BS BBuildg (HKU) MS in Real Estate Development (MIT) MRICS MHKIS FPFM PQS

Zeppelin Partners Limited - Phone (852) 37576388 / Fax (852) 37576399 stephenchung@zeppelin.com.hk

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(Courtesy of [www.publicdomainpictures.net](http://www.publicdomainpictures.net))

We have collected data from the website of the Toronto Regional Real Estate Board (<https://trreb.ca/>) focusing on the **City of Toronto's** residential real estate market (largely the secondary market). These data start from April 2017 and end in July this year (2021). Rough charts and tables, mostly self-explanatory, were compiled and some of these are listed below:

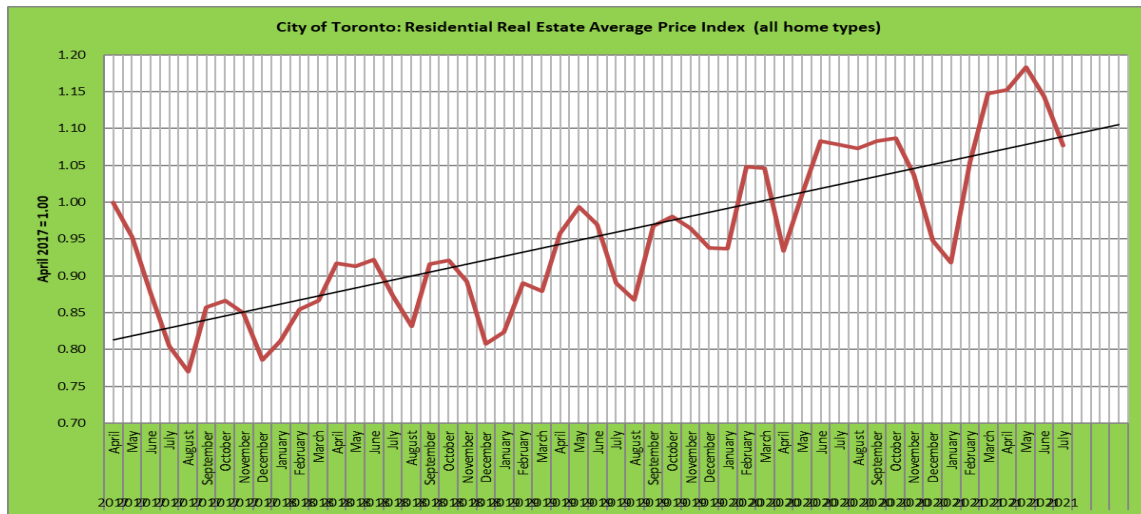
1) From April 2017 (the last price peak) to July 2021 price changes in percentages, major home types

City of Toronto:	Apr17 to Jul21
All Home Types	7.69%
Detached	3.49%
Semi-detached	9.22%
Townhouse	17.21%
Apartment	23.81%

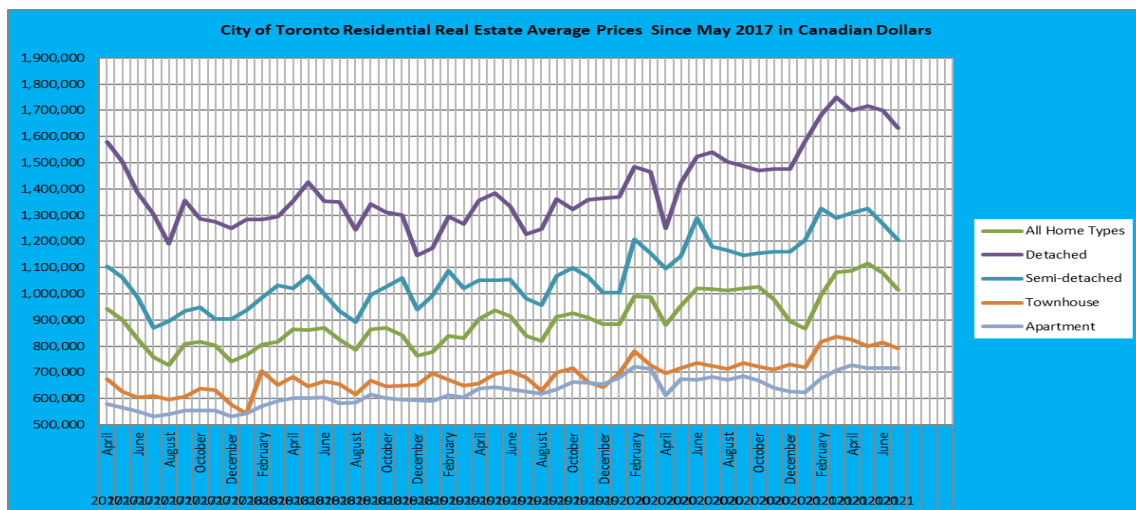
## 2) April 2021 versus July 2021 average and median home prices, major home types

Metro Region	Sub-district	Jun-21 Average C\$	Jul-21 Average C\$	Difference C\$ Jun-Jul21	Percentage +/- (Jul-Jun)/Jun 2021	Jun-21 Median C\$	Jul-21 Median C\$	Difference C\$ Jun-Jul21	Percentage +/- (Jul-Jun)/Jun 2021
Metro Toronto	All Home Types	1,079,749	1,016,580	-63,169	-5.85%	867,000	817,700	-49,300	-5.69%
	Detached	1,699,881	1,633,649	-66,232	-3.90%	1,340,000	1,325,000	-15,000	-1.12%
	Semi-detached	1,267,044	1,205,814	-61,230	-4.83%	1,180,000	1,080,500	-99,500	-8.43%
	Townhouse	813,109	791,917	-21,192	-2.61%	758,888	755,000	-3,888	-0.51%
	Apartment Condo	717,466	715,977	-1,489	-0.21%	639,000	640,500	1,500	0.23%
Metro West	All Home Types	1,039,611	970,151	-69,460	-6.68%	912,500	869,950	-42,550	-4.66%
	Detached	1,477,707	1,382,361	-95,346	-6.45%	1,222,500	1,250,000	27,500	2.25%
	Semi-detached	1,167,525	1,082,215	-85,310	-7.31%	1,071,000	979,000	-92,000	-8.59%
	Townhouse Condo	732,625	726,913	-5,712	-0.78%	735,000	715,000	-20,000	-2.72%
	Apartment Condo	651,813	652,277	464	0.07%	595,003	599,000	3,997	0.67%
Metro Central	All Home Types	1,152,400	1,061,444	-90,956	-7.89%	795,000	740,000	-55,000	-6.92%
	Detached	2,492,536	2,542,478	49,942	2.00%	2,150,000	2,037,500	-112,500	-5.23%
	Semi-detached	1,511,912	1,467,896	-44,016	-2.91%	1,379,000	1,262,000	-117,000	-8.48%
	Townhouse Condo	962,974	942,965	-20,009	-2.08%	830,000	841,000	11,000	1.33%
	Apartment Condo	770,036	757,933	-12,103	-1.57%	670,000	675,000	5,000	0.75%
Metro East	All Home Types	983,960	973,671	-10,289	-1.05%	950,000	925,284	-24,716	-2.60%
	Detached	1,259,276	1,242,729	-16,547	-1.31%	1,137,500	1,125,000	-12,500	-1.10%
	Semi-detached	1,163,135	1,135,495	-27,640	-2.38%	1,080,000	1,082,500	2,500	0.23%
	Townhouse Condo	721,641	709,439	-12,202	-1.69%	700,000	701,000	1,000	0.14%
	Apartment Condo	572,177	582,646	10,469	1.83%	539,500	550,000	10,500	1.95%

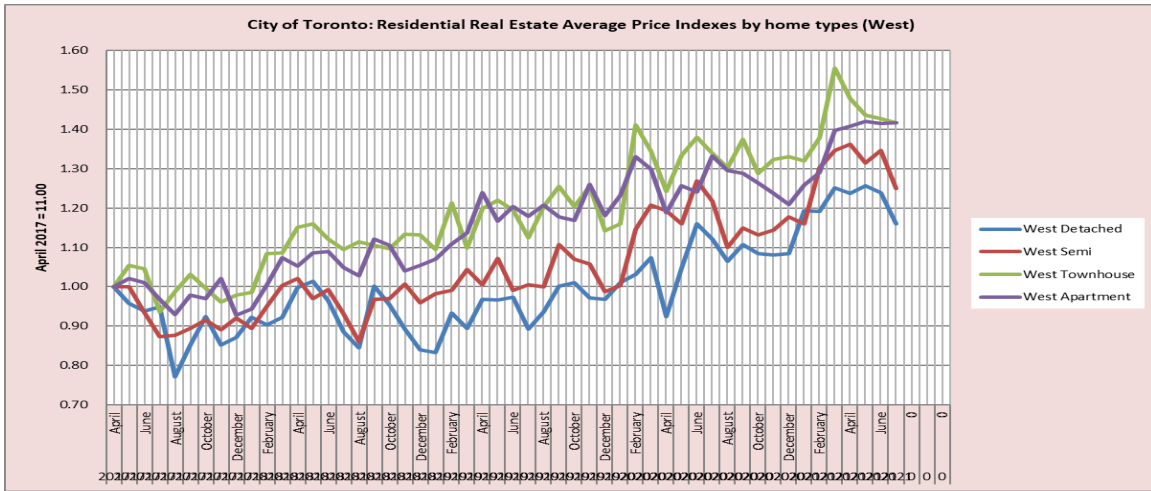
## 3) From April 2017 to July 2021 home price trend



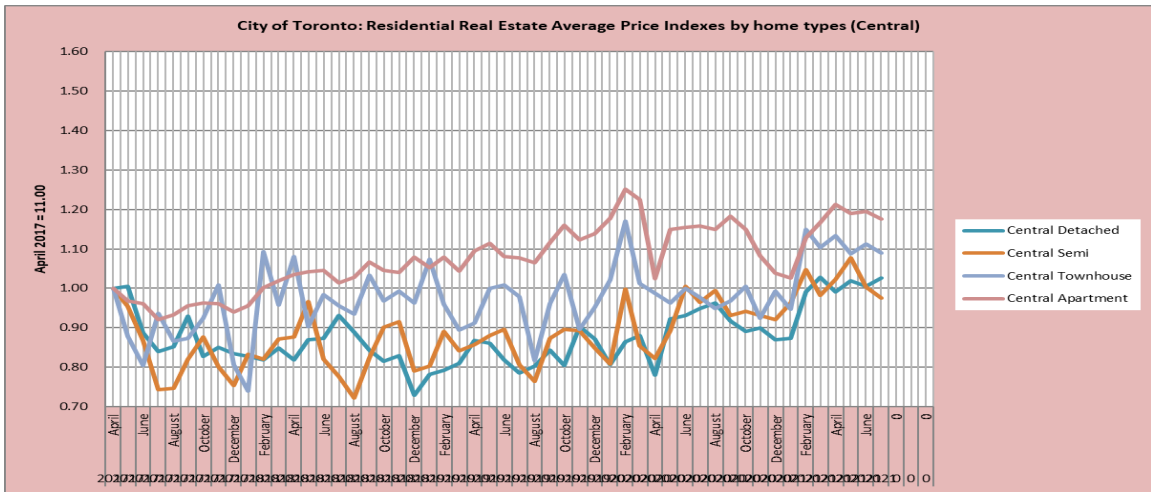
## 4) From April 2017 to July 2021 average prices of major home types



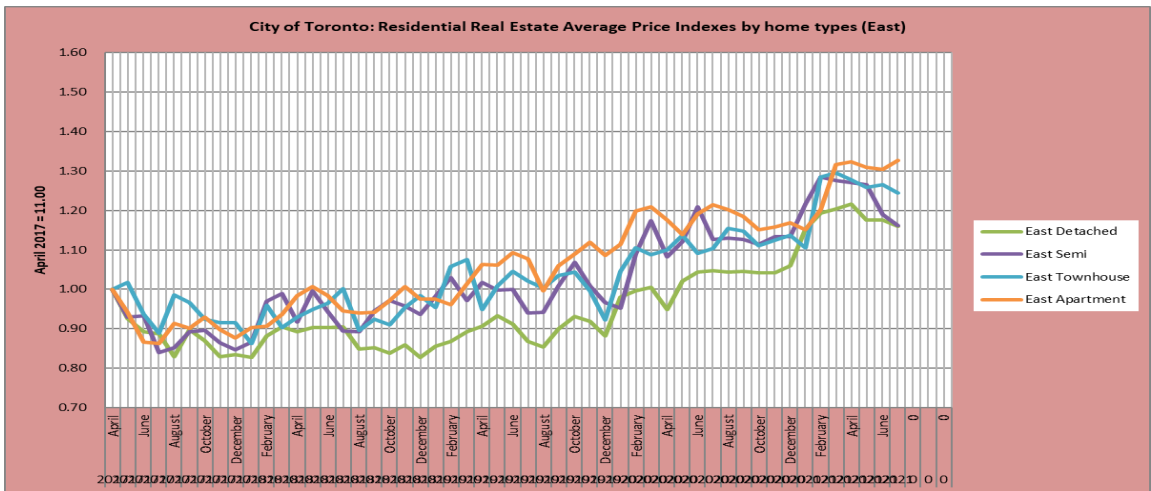
5) From April 2017 to July 2021 average price trends, major home types, West Toronto



6) From April 2017 to July 2021 average price trends, major home types, Central Toronto



7) From April 2017 to July 2021 average price trends, major home types, East Toronto



There have been some price adjustments downward although transactions are still vibrant compared to the same period last year.

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Contact us:

**Mr. K. K. Wong** [kkwong@zeppelin.com.hk](mailto:kkwong@zeppelin.com.hk)

**Mr. Stephen Chung** [stephenchung@zeppelin.com.hk](mailto:stephenchung@zeppelin.com.hk)

Address: Unit 1007, CCT Telecom Building, 11 Wo Shing Street, Shatin, Hong Kong

Phone: 852-37576388

Fax: 852-37576399

Web: [www.Real-Estate-Tech.com](http://www.Real-Estate-Tech.com) and [www.zeppelin.com.hk](http://www.zeppelin.com.hk)

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