



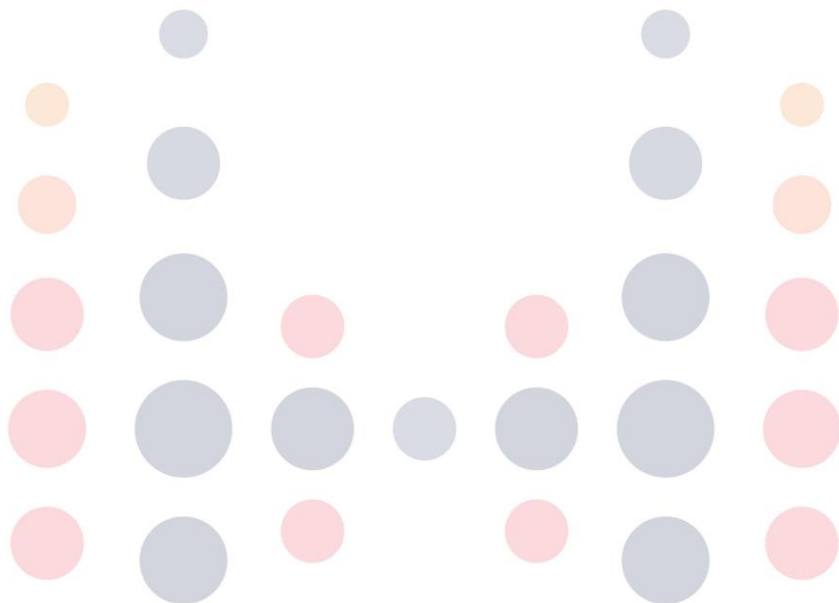
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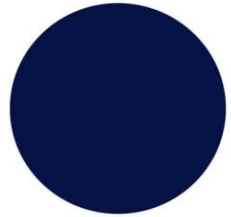
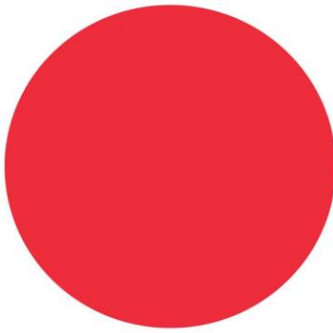
香港房託基金協會有限公司
Hong Kong REITS Association Limited

A Survey on REIT Investors in Hong Kong

Report of Findings

August 2022





Methodology

Methodology

Quantitative

- An online survey was conducted between 6-18 April 2022.

Target Respondents

Members of public aged ≥ 18 with a minimum household income of HK\$25,000 or above*

Criteria for non-investors:

- Has not invested in the Hong Kong stock / investment funds market over the past 12 months
- A key or joint investment decision maker

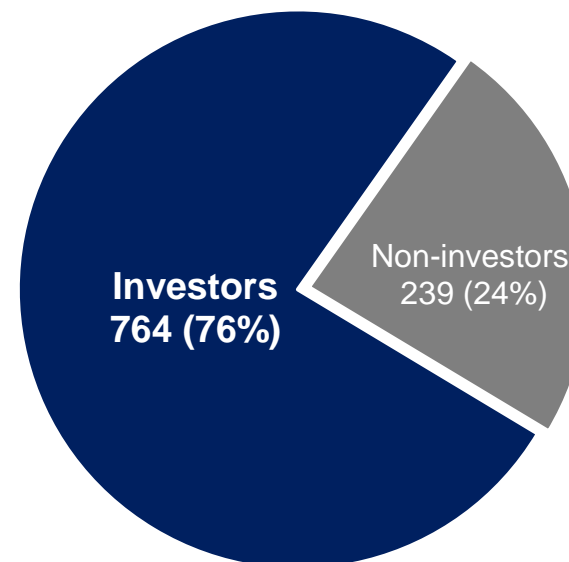
Criteria for investors:

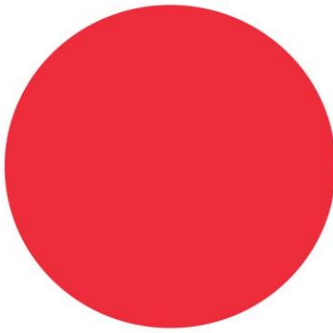
- Has invested in the Hong Kong stock / investment funds market over the past 12 months
- A key or joint investment decision maker

**To ensure respondents have the liquidity to invest, the minimum monthly household income is set at HK\$25,000.*

Sample Size

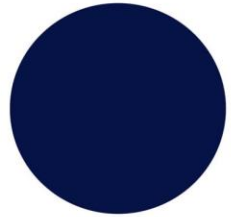
- n=1,003





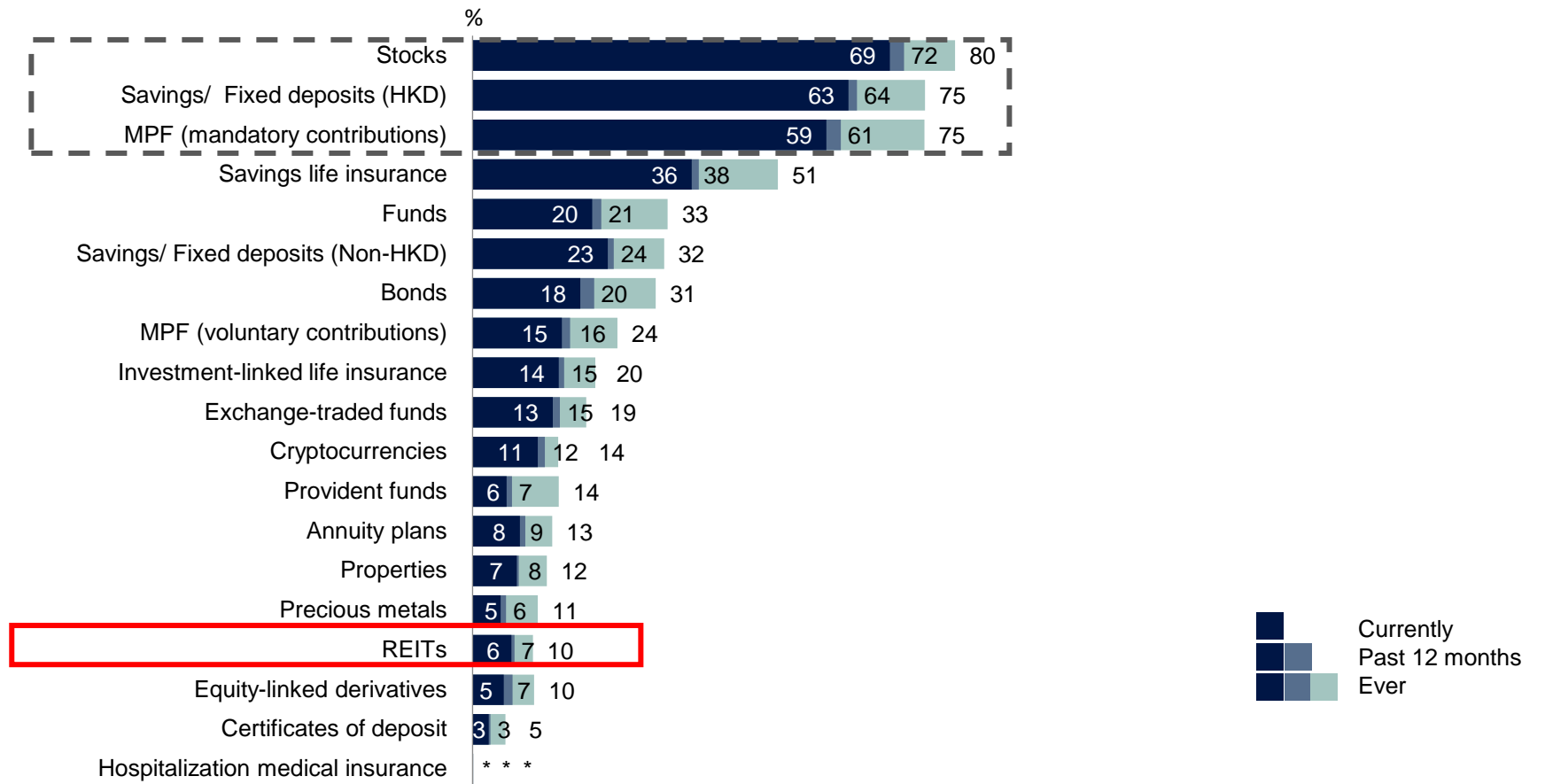
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Investment Behaviour



Most sought after investment products by Hong Kong individual investors

- **Stocks, savings/ time deposits (HKD) and MPF (mandatory contributions)** are the **most sought after** investment products among Hong Kong individual investors.
- **REITs are less sought after**, ranking below precious metals and above equity linked derivatives in popularity.
- Cryptocurrencies are emerging, trailing just behind investment-linked life insurance and ETFs in popularity.



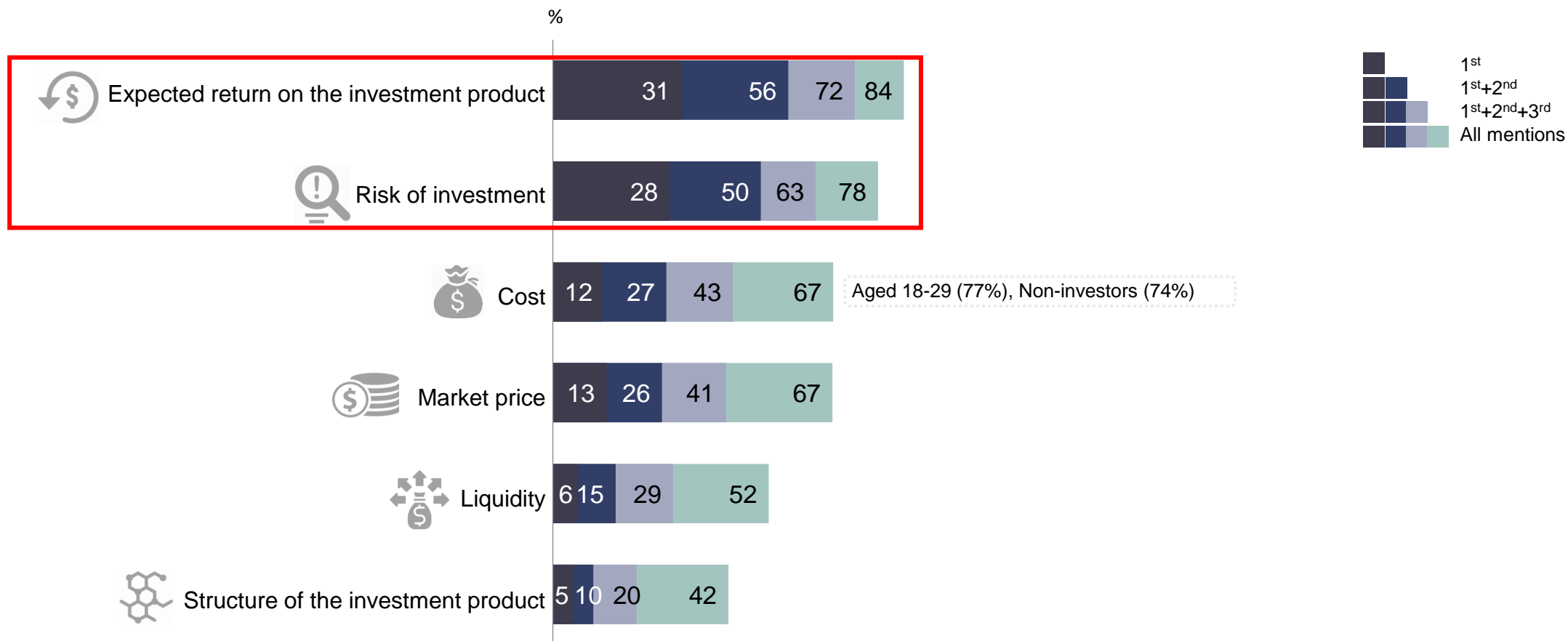
Preferences for investment products (By age groups)

- Respondents aged 40 and above are inclined to invest in more conventional investment products.
- Cryptocurrencies are most popular among those aged 18-39, making into the group's top ten investment products.

Top 10	Gender		Age				Respondent type		
	Total (n=1003)	Male (n=504)	Female (n=499)	18-29 (n=204)	30-39 (n=233)	40-49 (n=224)	50+ (n=342)	Investors (n=764)	Non-investors (n=239)
1	80% Stocks	83% Stocks	78% Stocks	74% Savings/ Fixed deposits (HKD)	80% MPF (mandatory contributions)	85% Stocks	88% Stocks	96% Stocks	69% Savings/ Fixed deposits (HKD)
2	75% Savings/ Fixed deposits (HKD)	74% Savings/ Fixed deposits (HKD)	77% Savings/ Fixed deposits (HKD)	71% MPF (mandatory contributions)	76% Stocks	79% MPF (mandatory contributions)	85% Savings/ Fixed deposits (HKD)	78% MPF (mandatory contributions)	67% MPF (mandatory contributions)
3	75% MPF (mandatory contributions)	74% MPF (mandatory contributions)	76% MPF (mandatory contributions)	67% Stocks	72% Savings/ Fixed deposits (HKD)	65% Savings/ Fixed deposits (HKD)	72% MPF (mandatory contributions)	77% Savings/ Fixed deposits (HKD)	45% Savings life insurance
4	51% Savings life insurance	47% Savings life insurance	55% Savings life insurance	39% Savings life insurance	53% Savings life insurance	55% Savings life insurance	54% Savings life insurance	53% Savings life insurance	31% Stocks
5	33% Funds	33% Funds	33% Savings/ Fixed deposits (Non-HKD)	26% Funds	33% MPF (voluntary contributions)	32% Bonds	40% Savings/ Fixed deposits (Non-HKD)	40% Funds	25% Savings/ Fixed deposits (Non-HKD)
6	32% Savings/ Fixed deposits (Non-HKD)	32% Bonds	32% Funds	24% Savings/ Fixed deposits (Non-HKD)	30% Funds	32% Funds	38% Funds	36% Bonds	18% MPF (voluntary contributions)
7	31% Bonds	31% Savings/ Fixed deposits (Non-HKD)	29% Bonds	22% Exchange-traded funds	30% Savings/ Fixed deposits (Non-HKD)	29% MPF (voluntary contributions)	37% Bonds	34% Savings/ Fixed deposits (Non-HKD)	14% Bonds
8	24% MPF (voluntary contributions)	24% Exchange-traded funds	24% MPF (voluntary contributions)	19% Bonds	29% Bonds	29% Savings/ Fixed deposits (Non-HKD)	23% Investment linked life insurance	26% MPF (voluntary contributions)	13% Cryptocurrencies
9	20% Investment linked life insurance	24% MPF (voluntary contributions)	18% Investment linked life insurance	19% MPF (voluntary contributions)	23% Cryptocurrencies	29% Investment linked life insurance	18% MPF (voluntary contributions)	24% Exchange-traded funds	11% Investment linked life insurance
10	19% Exchange-traded funds	23% Investment linked life insurance	14% Exchange-traded funds	19% Cryptocurrencies	18% Exchange-traded funds	19% Provident funds	18% Exchange-traded funds	23% Investment linked life insurance	11% Provident funds
:	:	:	:	:	:	:	:	:	:
REITs	10% (Rank 17)	13% (Rank 14)	7% (Rank 17)	8% (Rank 14)	9% (Rank 17)	11% (Rank 16)	11% (Rank 14)	13% (Rank 15)	2% (Rank 17)

Criteria for selecting an investment product

- ‘**Expected return on investment**’ and ‘**risk of investment**’ are the top selection criteria among all respondents¹.
- 77% of young respondents (aged 18 – 29)² and 74% of non-investors³ also see ‘cost of investment’ as a key concern.

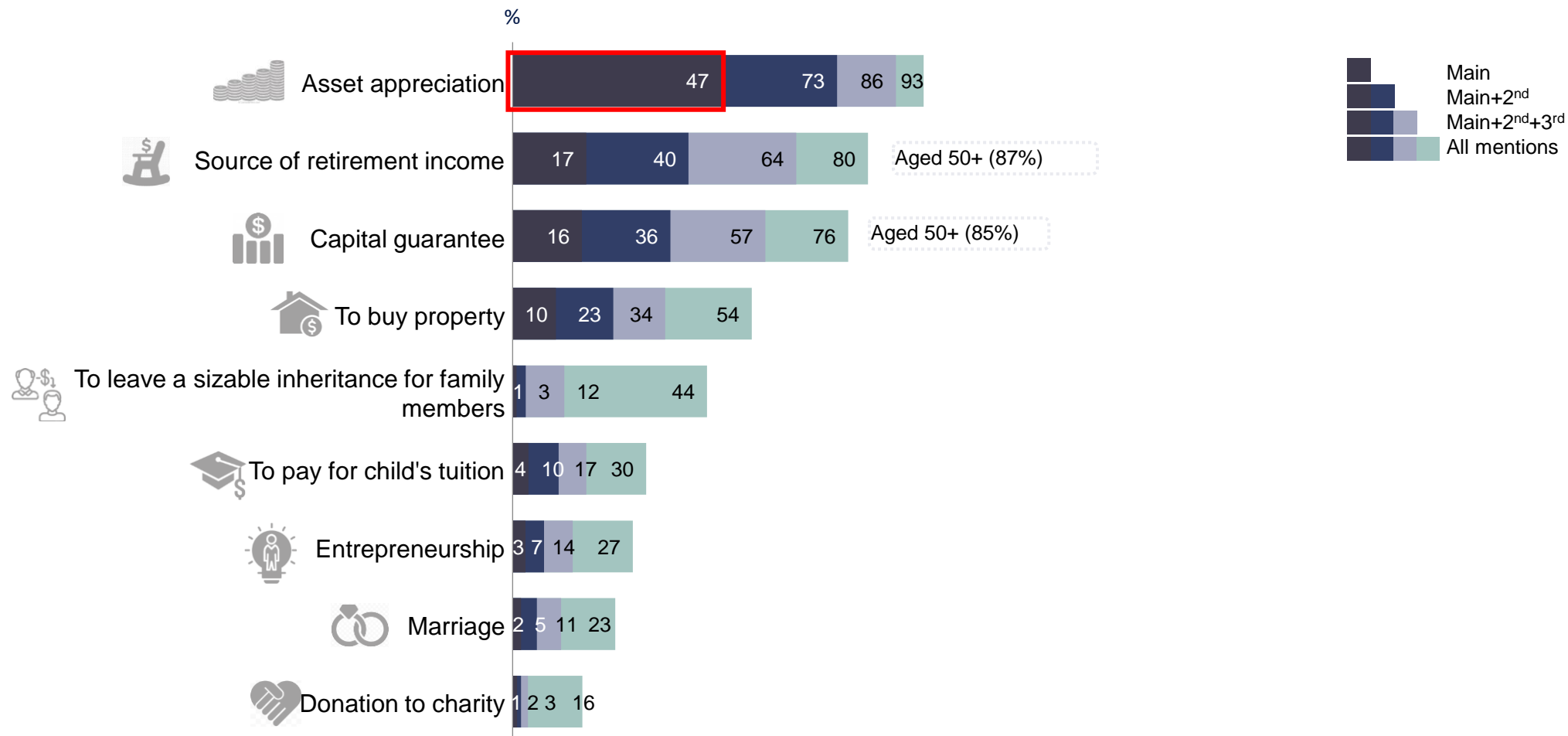


Remarks :

1. Base: All respondents (n=1,003)
2. Base: 204 respondents aged 18 – 29
3. Base: 239 non-investor respondents

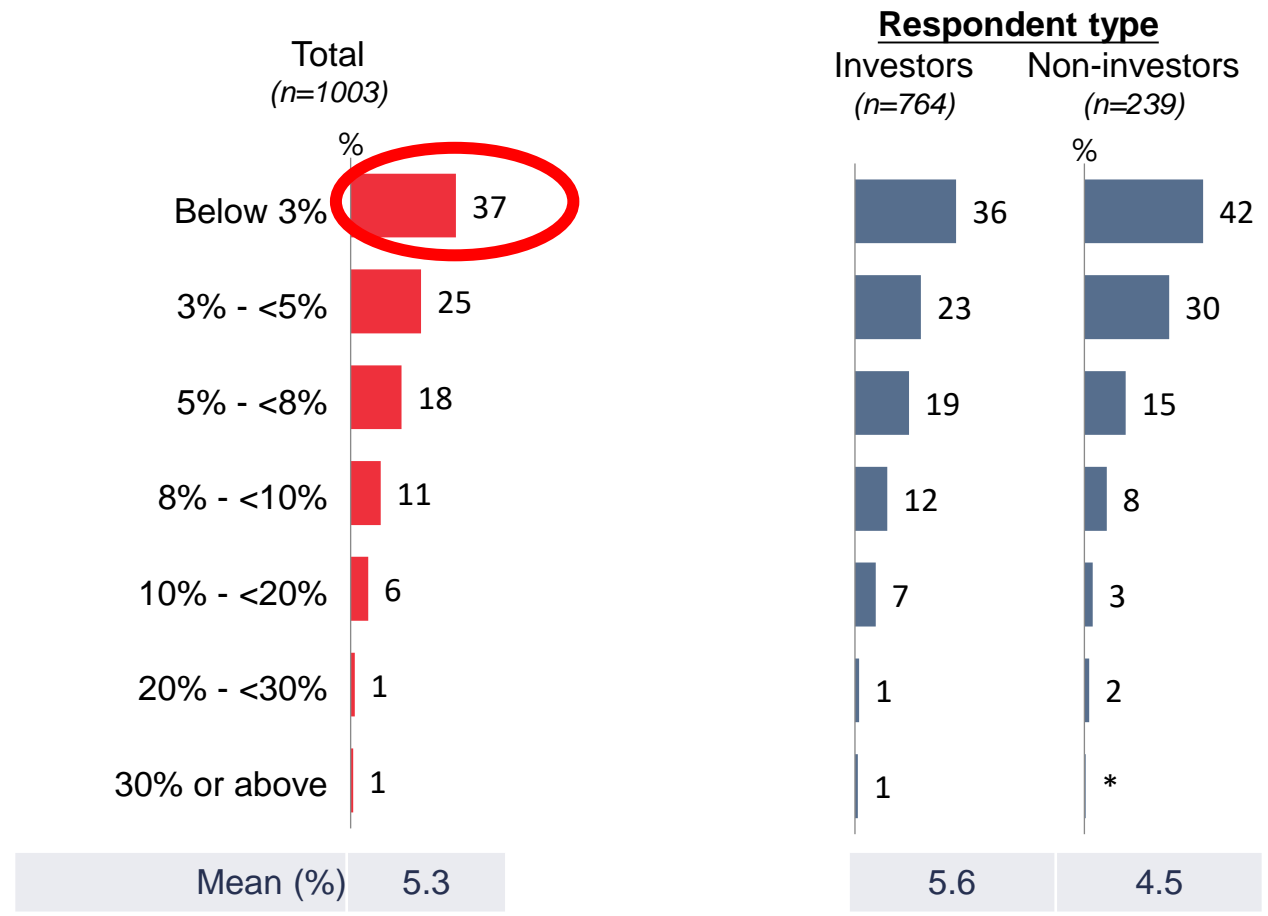
Key investment objectives

- 47% of the respondents consider 'asset appreciation' as their key investment objective.
- Followed by 'source of retirement income' and 'capital guarantee', making the top three investment objectives especially of those aged 50+.

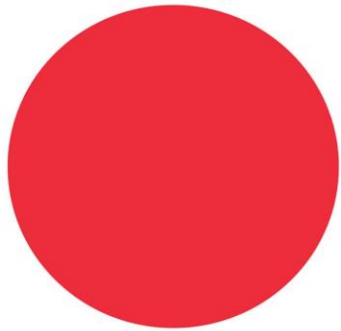


Return on investment in 2021

- In 2021, 37% of the respondents reported less than 3% return on investment, meaning that their investment objectives were not fully achieved.

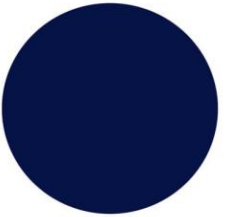


Base: All respondents (n=1,003) * less than 0.5%



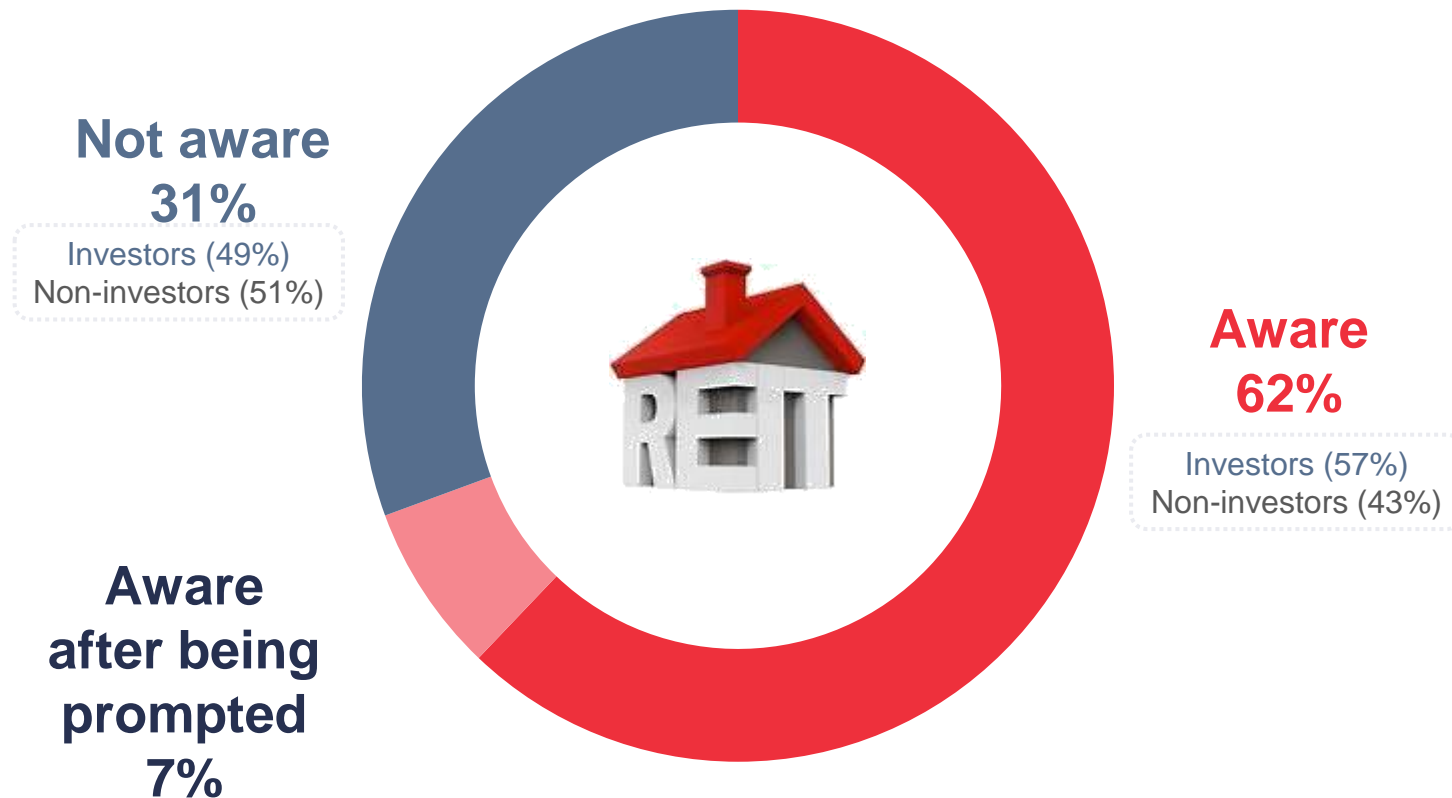
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Spotlight on REITs



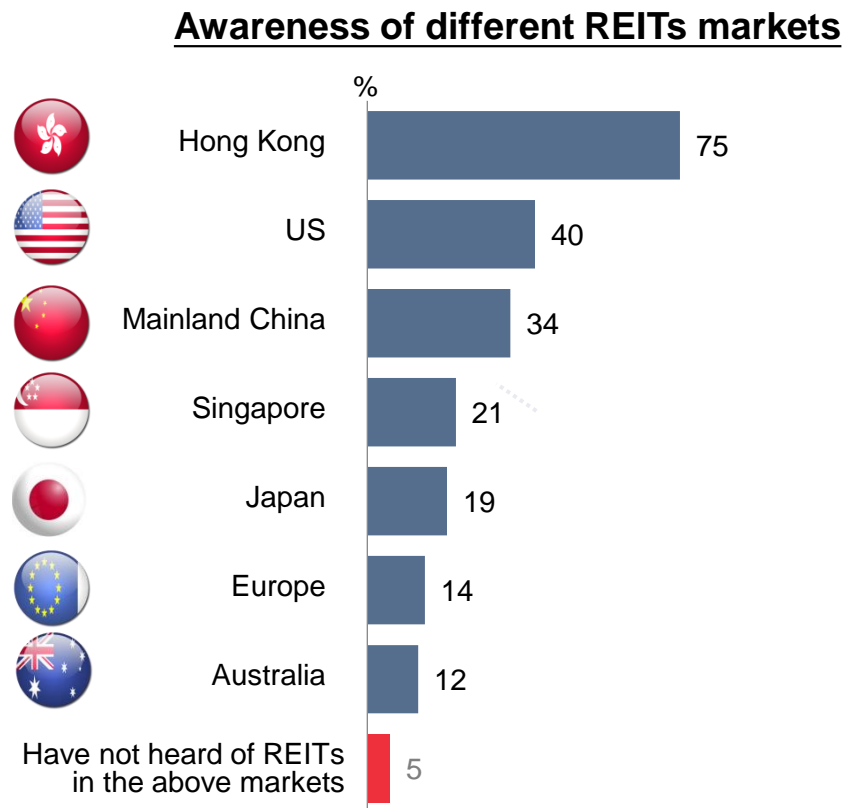
Public Awareness of REITs

- **62%** of respondents claim to have heard of REIT as a type of investment product.
- Among those who are not aware of REITs, 51% are non-investors.



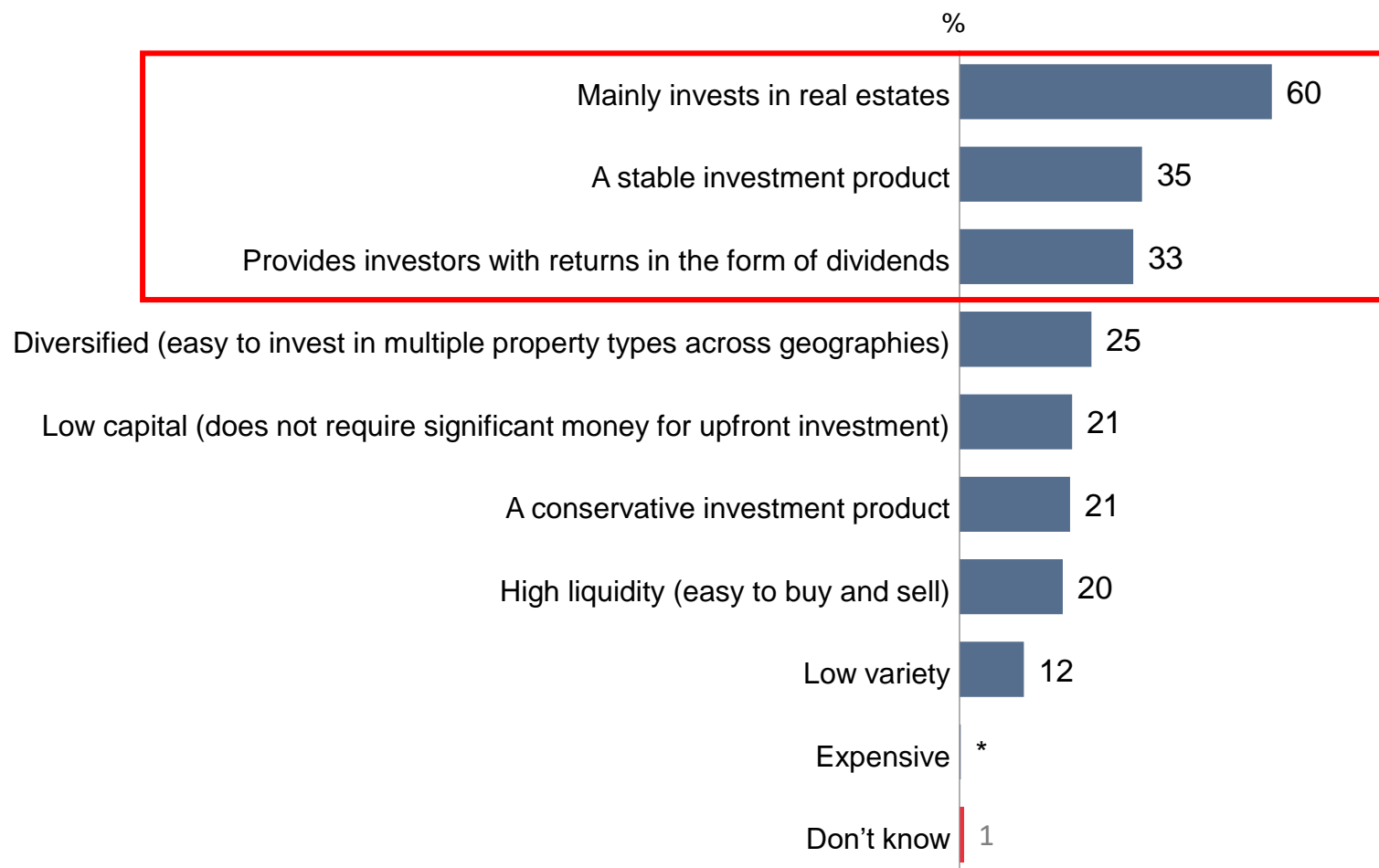
Awareness of various REITs markets

- Among a total of 696 respondents who are aware of REITs when asked and those who are aware of REITs after being prompted, **Hong Kong REITs market registers the highest level of awareness (75%)**, followed by the US (40%) and Mainland China (34%). REITs markets in Singapore and Japan also see fair levels of awareness.



●● Perception towards REITs

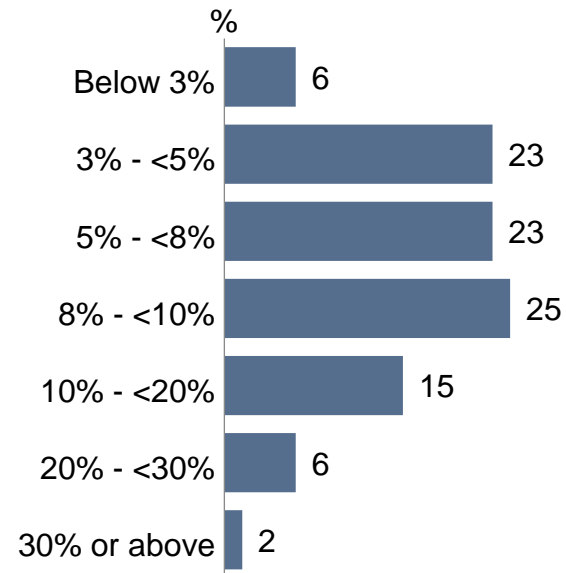
- Among all respondents, REITs are strongly associated with 'mainly invest in real estate' (60%), followed by 'a stable investment product' (35%) and 'provide investors with returns in the form of dividends' (33%).



Currently holding or investing in REITs

- Among all 1,003 interviewees, only **6%** of the respondents¹ or **8.5%** of the investors² are **currently investing in REITs**.
- Those who are currently investing in REITs³ allocate on average about 9% of their personal liquid assets into REITs .

% of personal liquid assets invested in REITs³



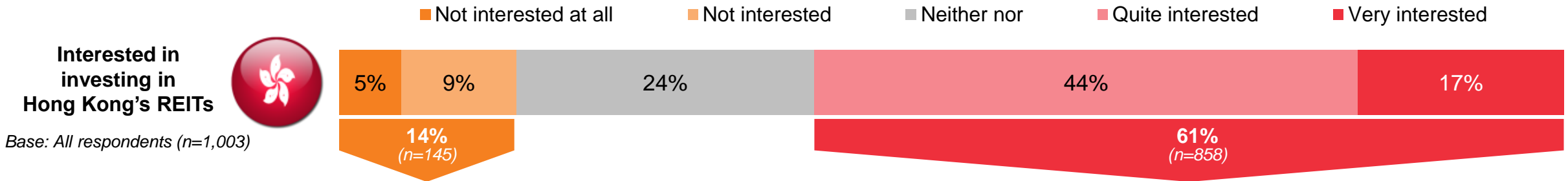
Mean: 9.1%

Remarks:

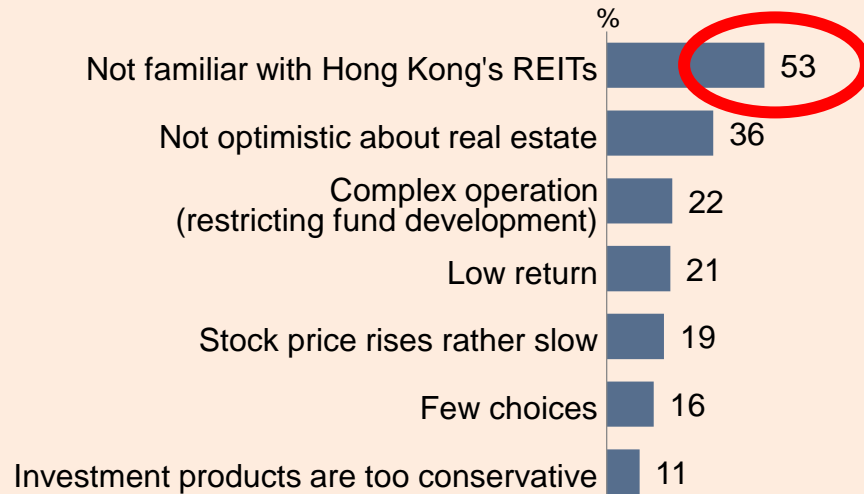
1. Base: All respondents (n=1,003)
2. Base: Respondents who are investors (n = 764)
3. Base: Among 65 respondents who are currently investing in REITs

Reasons for being/ not being interested in investing in Hong Kong's REITs

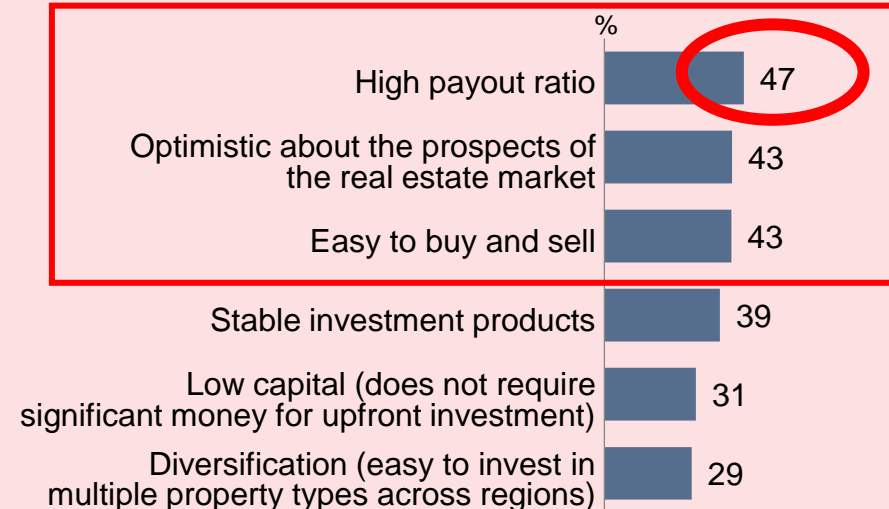
- **High payout ratio (47%), optimism in the prospects of the real estate market (43%) and ease of trading (43%)** are the top reasons for investing in Hong Kong REITs.
- **Lack of familiarity with REITs in Hong Kong (53%)** was the main reason cited by those who are not interested in investing in Hong Kong's REITs.



Reasons for not being interested



Reasons for being interested

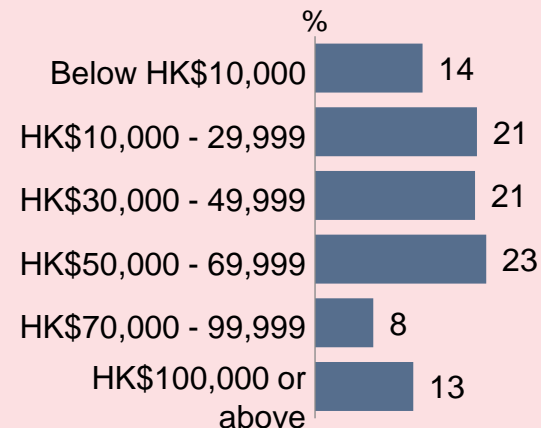


Intention to invest in Hong Kong's REITs in the next 12 months

- After learning various characteristics of REITs through some of the questions, **about half of the respondents indicated likelihood to invest in Hong Kong's REITs in the next 12 months.**
- They plan on investing HK\$46,479 and **expect a return of 6.3% on average.**



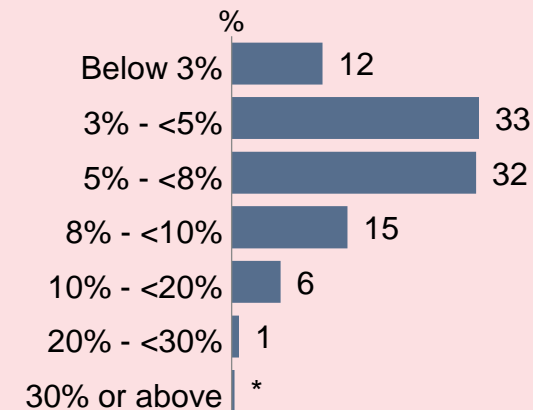
Amount planned to invest in Hong Kong's REITs in N12M



Mean: HK\$46,479



Expectation of average annual return on Hong Kong's REITs

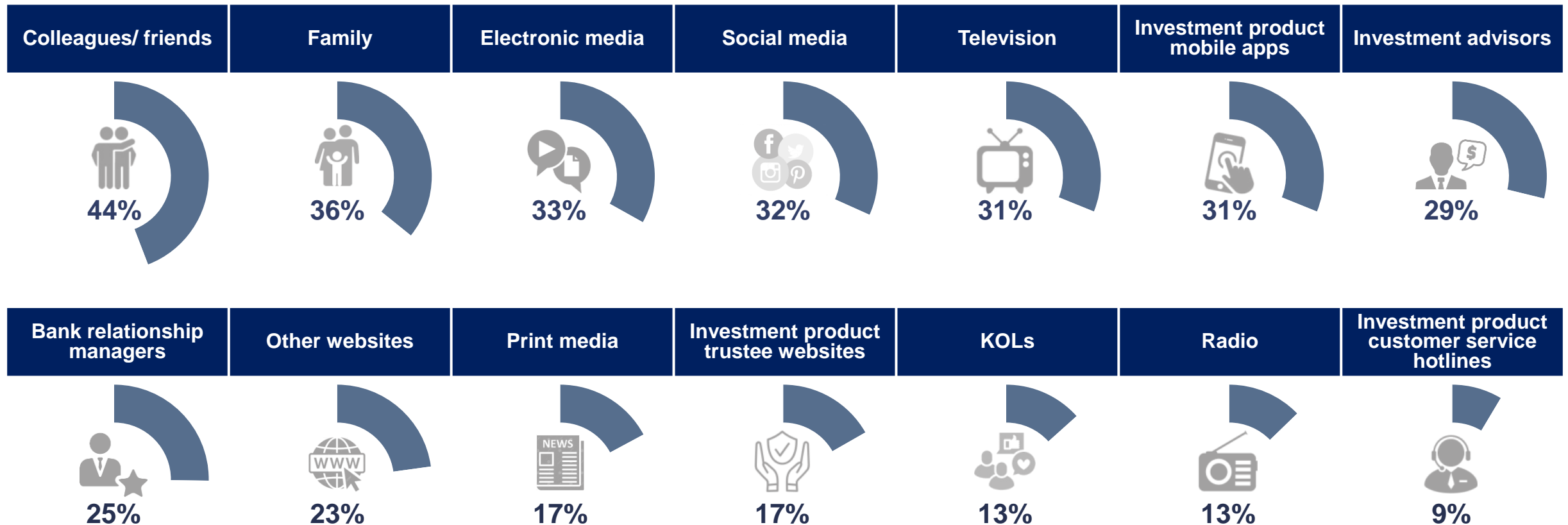


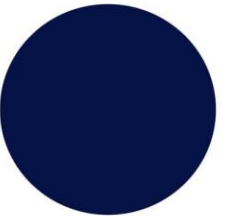
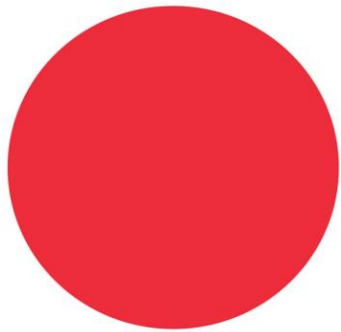
Mean: 6.3%

Base: Those who have intention to invest in Hong Kong's REITs in the next 12 months (n=818) * Less than 0.5%

Sources of information on investment products

- Recommendation from colleagues/friends and family is the most common source of information on investment products, followed by electronic media, social media, television and mobile apps.







Conclusions

- Due to an extensive variety of investment products in Hong Kong but a limited number of REITs in the market, REITs are a less sought after investment product among individual investors.
- However, the unsatisfactory returns on investment in the past year due to volatility of global capital markets fueled the demand for investment products with more stable returns, such as REITs, for meeting most investors' investment goals of asset appreciation, secure source of income after retirement, and capital guarantee.
- REITs have garnered interest and awareness from some investors in Hong Kong but have not been fully popularised. As many as 53% of respondents who said they were not interested in REITs identified “not familiar with Hong Kong REITs” as the major reason. About half of the respondents indicated a likelihood to invest in REITs in the next 12 months after learning the characteristics of REITs through this survey.
- HKREITA therefore calls on stepping up the promotion of the strengths of REITs, especially its stable dividend payout and asset appreciation potential, with an aim to convert the public's awareness and interest in REITs into actual investment, ultimately making REITs one of their key investment products.
- HKREITA is committed to working alongside regulators and stakeholders from all sectors in the market to propel the Hong Kong REIT industry, attract more REITs to be listed in Hong Kong, provide investors a larger variety of REIT investment choices in the market and attract more capital into the H-REIT market.



Q&A

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