



HONG KONG MONETARY AUTHORITY  
香港金融管理局

Our Ref.: B1/15C  
B9/25C

16 October 2024

The Chief Executive  
All Authorized Institutions

Dear Sir/Madam,

**Prudential Measures for Property Mortgage Loans**

I am writing to inform you of the adjustments made by the Hong Kong Monetary Authority (HKMA) today to the countercyclical macroprudential measures for property mortgage loans.

Following the abolition of the demand-side management measures for residential properties by the Government and the adjustments of the supervisory measures for property mortgage loans by the HKMA in February 2024, sentiment in the residential property market has improved. The average monthly housing transaction volume rose from 3,300 units in the first quarter of 2024 to 6,000 units in the second quarter. As market sentiment subsequently softened, the average monthly transaction volume fell back to 3,400 units in the third quarter. Official residential property prices declined by 6.2% in the first eight months of 2024, with a cumulative correction of 26.6% from their peak in 2021. The non-residential property market remained sluggish. In the first eight months of 2024, the prices of offices, flatted factories and retail premises eased further by 17.5%, 11.8% and 13.0% respectively. Meanwhile, the external environment is still facing uncertainties including the pace of US interest rate cuts.

Taking all relevant factors into account, the HKMA considers that there is room to further adjust the countercyclical macroprudential measures while continuing to maintain banking stability and ensuring the proper risk management of property mortgage lending by authorized institutions (AIs). With effect from today, the measures will be adjusted as follows:

- (1) The maximum loan-to-value (LTV) ratio for all residential properties will be set at 70%, regardless of the value of the property and whether it is for self-occupation.
- (2) For mortgage loans assessed based on the net worth of mortgage applicants, the maximum LTV ratio will be adjusted from 60% to 70%, which will be the same as the maximum LTV ratio for mortgage loans assessed based on the debt servicing ability of mortgage applicants. This adjustment is applicable to both residential properties and non-residential properties (including offices, retail shops and industrial buildings).
- (3) The debt servicing ratio (DSR) limit for non-self-use properties will be adjusted from 40% to 50%, which will be the same as the DSR limit for self-use properties. This adjustment is applicable to both residential properties and non-residential properties.
- (4) The requirement to lower the applicable maximum LTV ratio and DSR limit by 10 percentage points for mortgage applicants who have borrowed or guaranteed other outstanding mortgage(s) at the time of making a mortgage application will be lifted.

After these adjustments, the maximum LTV ratio will be standardised at 70% and the DSR limit will be standardised at 50% for all residential properties and non-residential properties.

These adjustments will take effect from today and apply to property transactions with provisional sale and purchase (S&P) agreements signed today or subsequently. The adjustments are also applicable to mortgage applications for properties under construction where the provisional S&P agreements were signed previously and the properties are scheduled for completion on or after today.

An updated table summarising the LTV cap and DSR limit for property mortgage loans is set out at the **Annex**.

In accordance with the HKMA's circular "Prudential Measures for Residential Mortgage Loans" dated 13 August 2010, AIs should cap their net worth-based lending at a specified percentage of their mortgage portfolio and keep the cap under regular review. For the avoidance of doubt, AIs may adjust the cap based on their own risk assessment without the need to seek prior agreement from the HKMA.

Should your institution have any questions about this circular, please send them to [rml\\_hkma@hkma.gov.hk](mailto:rml_hkma@hkma.gov.hk).

Yours faithfully,

Arthur Yuen  
Deputy Chief Executive

Encl.

**Loan-to-value ratio (LTV) cap and debt servicing ratio (DSR) limit  
for property mortgage loans<sup>1</sup> with effect from 16 October 2024**  
**(Amendments in RED)**

**Table 1: LTV cap**

Type of property	Residential properties	Commercial and industrial properties and standalone car parking spaces
DSR-based lending	<b>70%<sup>2,3</sup></b>	<b>70%<sup>3</sup></b>
Net worth-based lending		<b>70%<sup>3</sup></b>

**Table 2: DSR limit**

Type of property	Residential, commercial and industrial properties and standalone car parking spaces
DSR limit	<b>50%<sup>4,5</sup></b>

**Notes**

- 1 The HKMA's countercyclical macroprudential measures are intended to apply to mortgage loans for the purpose of financing property transactions or the refinancing of existing properties. They are not intended to apply to credit facilities secured by properties for the purpose of financing the business operation of corporates, as these credit facilities are subject to a set of comprehensive credit underwriting standards and regular credit reviews by authorized institutions.
- 2 The same LTV cap shall apply regardless of the value of the property and whether the residential property is for self-occupation or is non-self-occupied or held by a company.
- 3 The same LTV cap shall apply regardless of whether the mortgage applicant has borrowed or guaranteed other outstanding mortgage(s) at the time of application or not.
- 4 The same DSR limit shall apply regardless of whether the property is for self-occupation or not.
- 5 The same DSR limit shall apply regardless of whether the mortgage applicant has borrowed or guaranteed other outstanding mortgage(s) at the time of application or not.