



Hong Kong Housing Landscape Navigator 2024

May 2024

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1 Private Housing Supply

2 Public Housing Supply

3 Beyond Enhancing Quantity





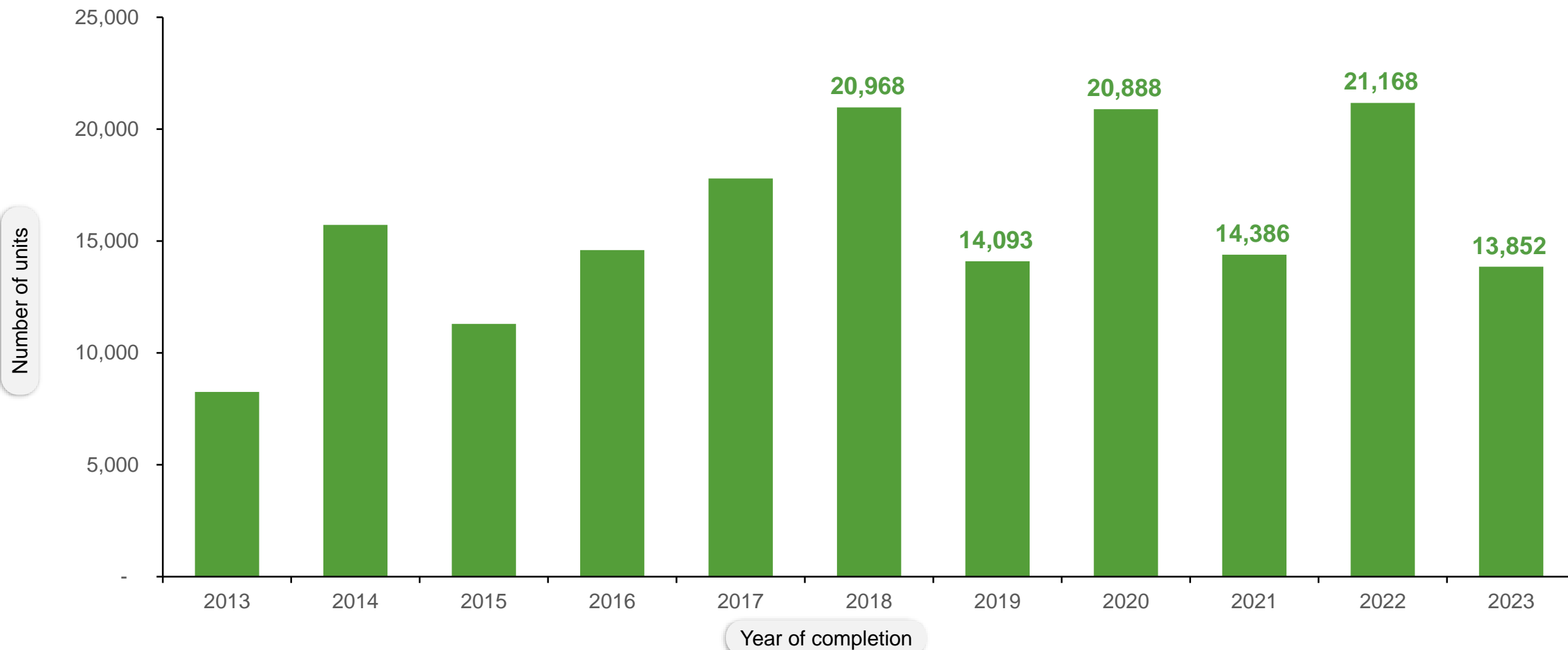
Part One:

Private Housing Supply



Private housing completions have been fluctuating in recent years with 2023 being another relatively low year

Actual completions of private housing units, 2013 – 2023



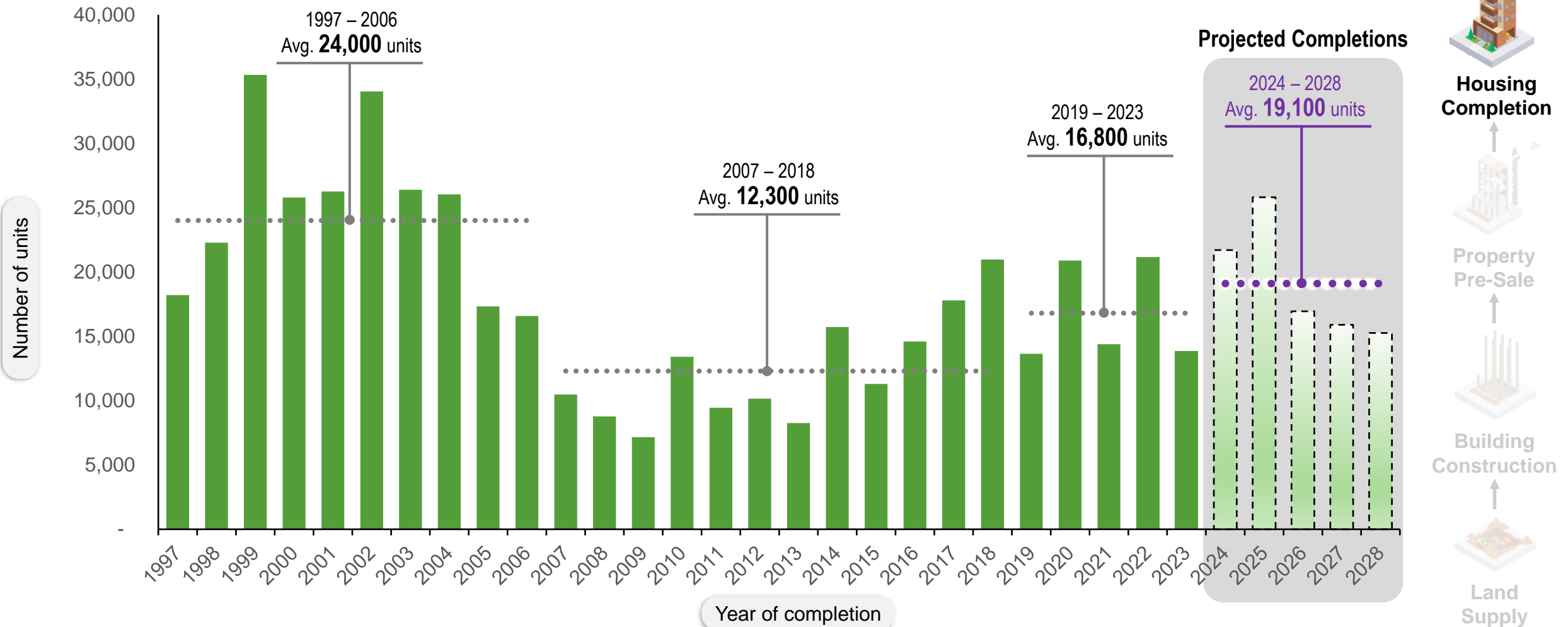
OHKF has provided more accurate forecasts on private housing completions than the RVD in six out of the past eight years



	Number of units completed	Rating and Valuation Department's estimate	OHKF's estimate	
2016	14,595	18,200	17,700	✓
2017	17,791	17,122	20,200	
2018	20,968	18,130	20,800	✓
2019	14,093	20,415	18,500	✓
2020	20,888	20,850	17,000	
2021	14,386	18,228	15,900	✓
2022	21,168	22,851	21,000	✓
2023	13,852	19,953	19,100	✓

Private housing completions in the next five years are expected to remain at a relatively high level

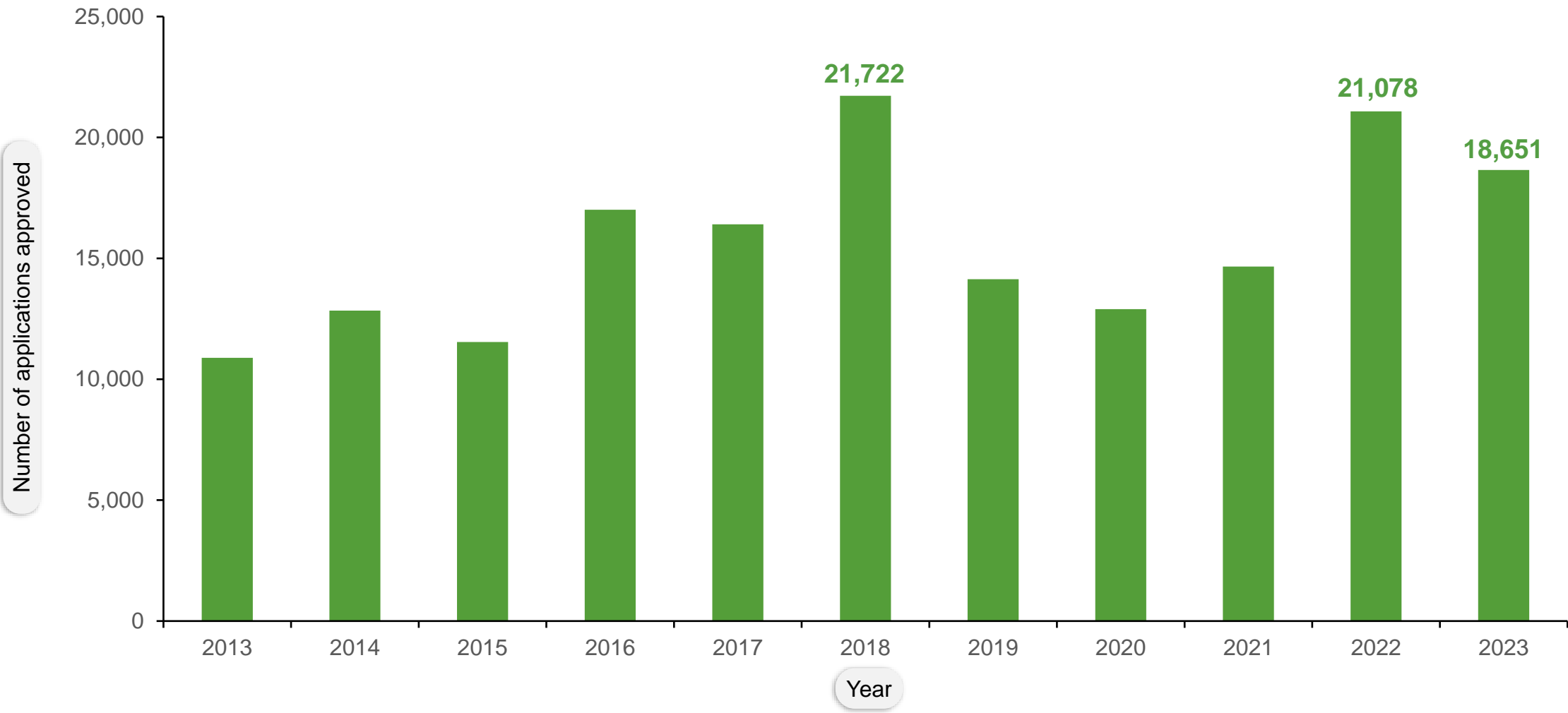
Actual and projected completions of private housing units, 1997 – 2028



Sources: Rating and Valuation Department, Buildings Department, Lands Department, Town Planning Board, company data from various developers, and Our Hong Kong Foundation

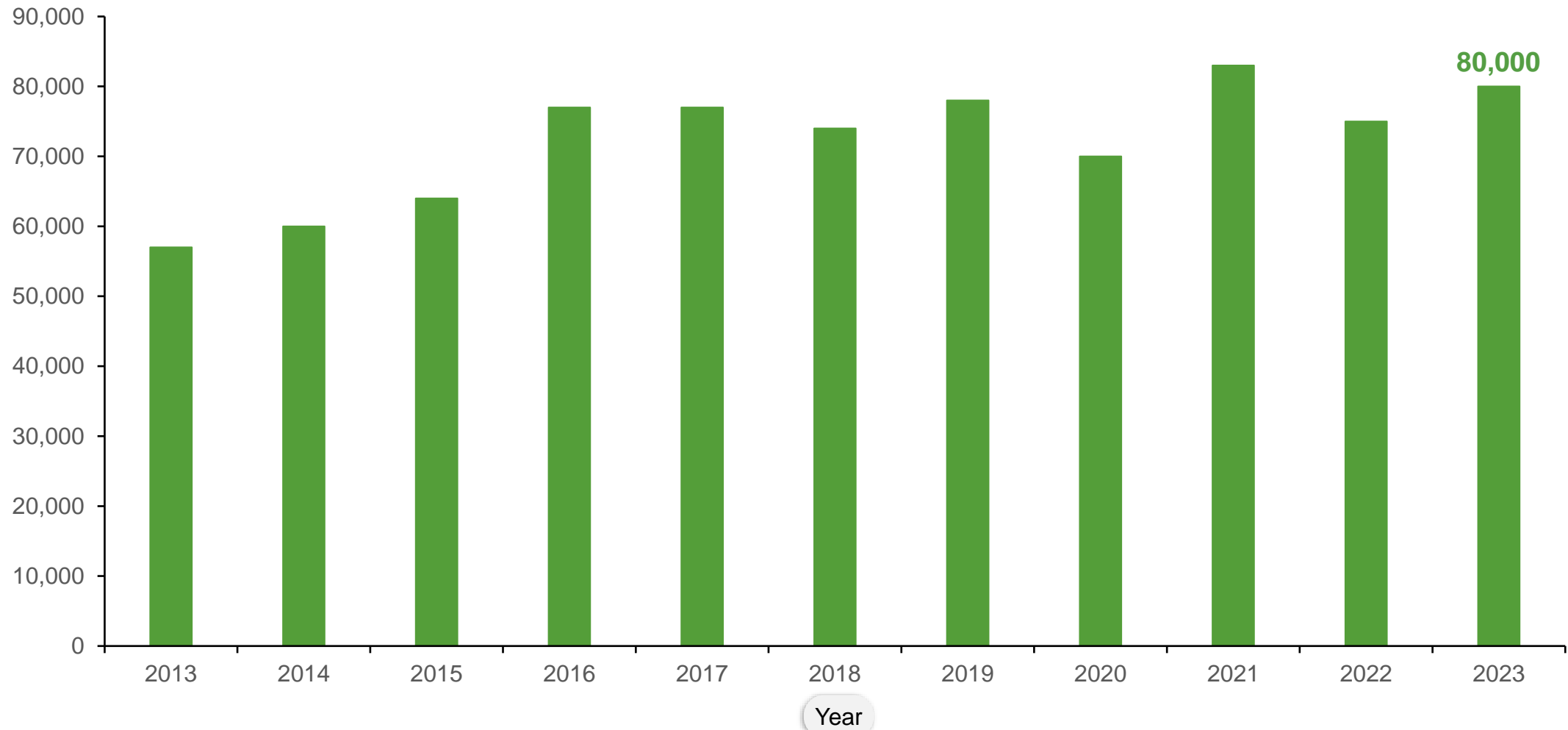
Private housing units approved to go to market in 2023 remained at a recent-year high, boding well for upcoming completions

Number of units with pre-sale consent applications approved, 2013 – 2023



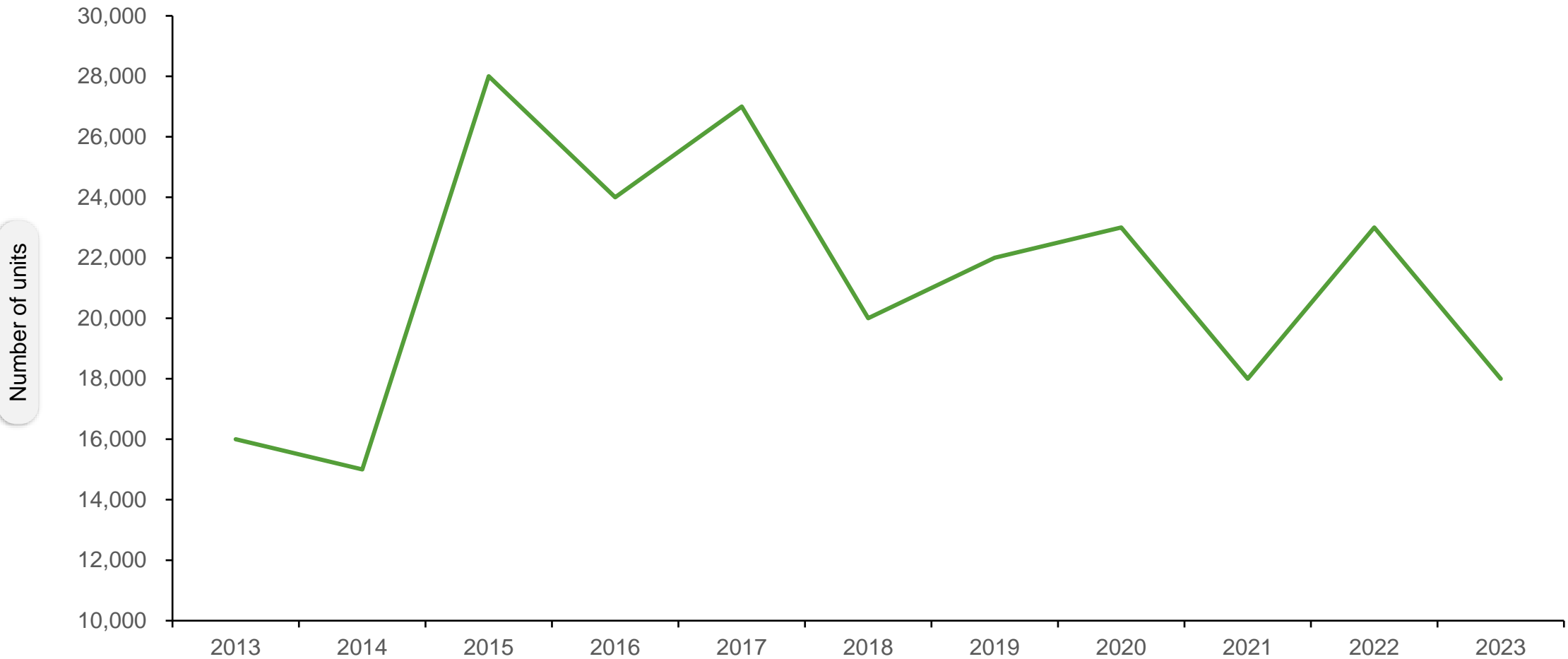
The number of units under construction also remained at recent highs, suggesting a high level of average near-term completions

Number of units under construction, 2013 – 2023



However, with units from disposed sites declining in recent years, it suggests that completions in three to four years could tail off

Units from disposed sites where construction may start anytime^[1], 2013 – 2023



Note: [1] This figure refers to government sites sold by land sale, projects awarded by the MTR Corporation, redevelopment projects awarded by the Urban Renewal Authority and new cases of executed land exchange / lease modification for residential development

Sources: Housing Bureau, Our Hong Kong Foundation

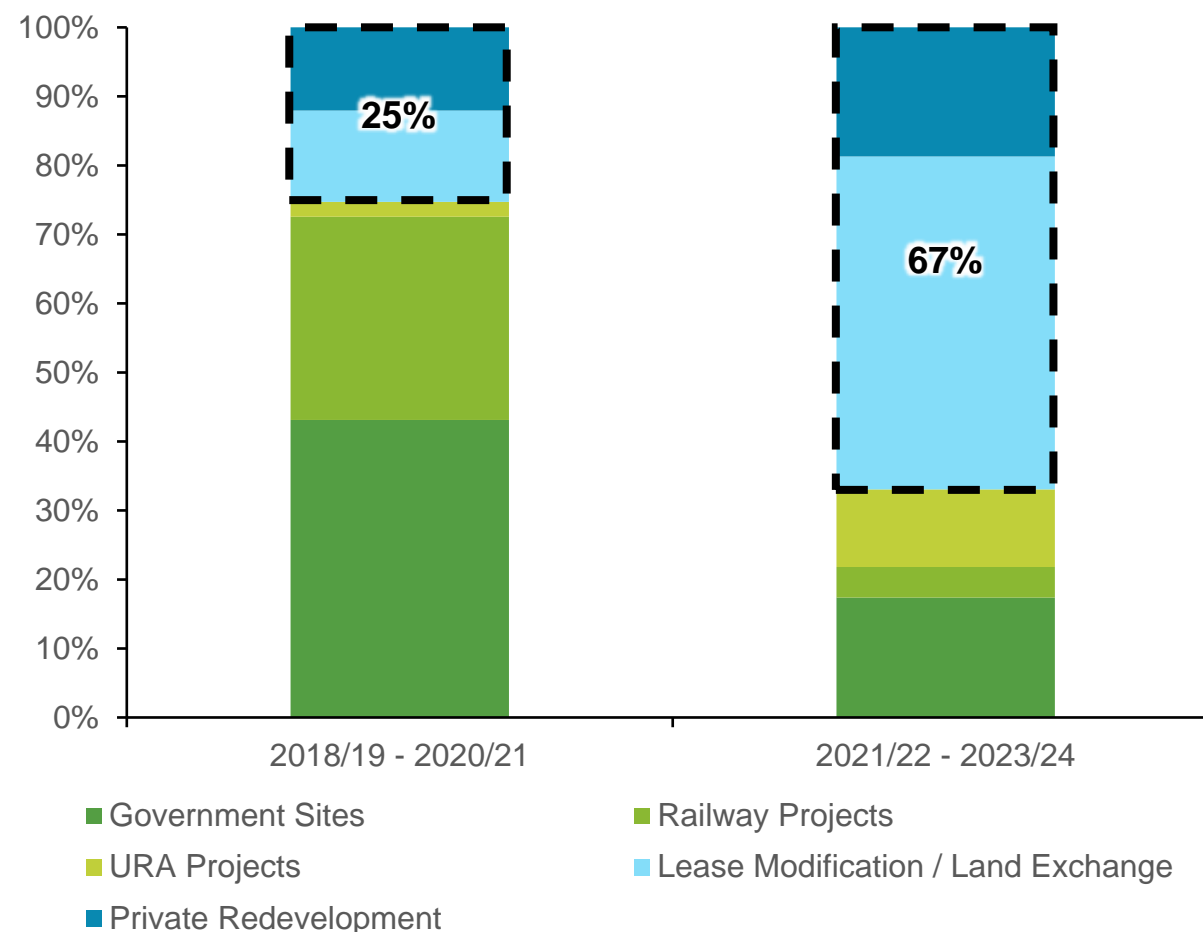
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Despite the recent slate of failed land tenders, private housing land supply was kept stable by tapping into private land bank

Instances of failed residential land tenders, 2021 – 2023

Date	Project Name	GFA (sq. ft.)	No. of Bids
Nov 2021	Tung Chung Traction Substation Property Development	940,000	5
Apr 2022	Tuen Mun Town Lot No. 561 at Castle Peak Road-Tai Lam, Tuen Mun, New Territories	1,300,000	5
Jan 2023	Rural Building Lot No. 1204 at Cape Road, Stanley, Hong Kong	480,000	4
Feb 2023	Oyster Bay – Package One	1,301,000	3
Aug 2023	Tsuen Wan Town Lot No. 430 at Yau Kom Tau, Tsuen Wan, New Territories	1,046,000	1
Nov 2023	Tung Chung Town Lot No. 55 at Area 106B, Tung Chung, New Territories	401,000	4
Nov 2023	Tung Chung East Station Package One Property Development	783,000	0

Private housing land supply by land source, 2018/19 – 2020/21 vs. 2021/22 – 2023/24

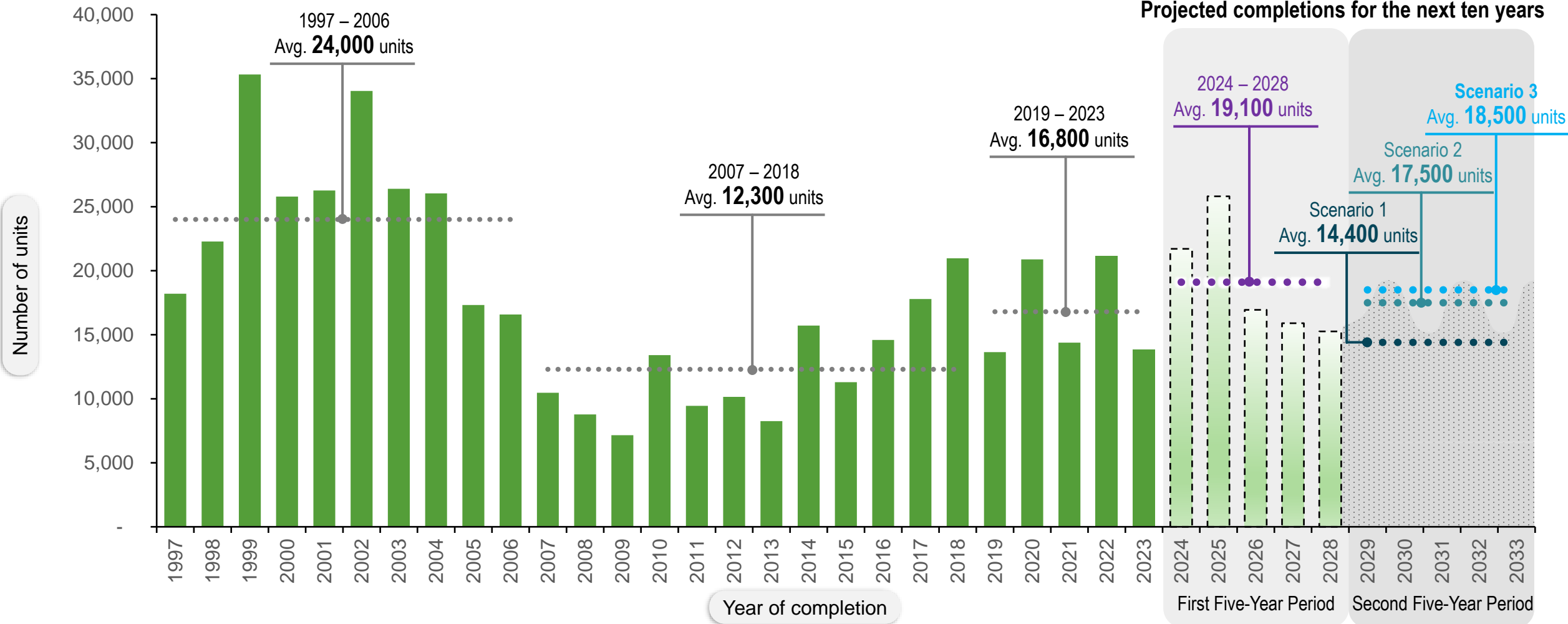


Sources: Lands Department, MTR Corporation, and Our Hong Kong Foundation

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The ten-year supply outlook continues to improve with land creation entering a “harvest phase” in the coming years

Actual and projected completions of private housing units, 1997 – 2033



Sources: Rating and Valuation Department, Buildings Department, Lands Department, Town Planning Board, company data from various developers, and Our Hong Kong Foundation

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Our observations for private housing supply

01

An average annual completion of 19,100 units is forecasted in 2024-2028

Completions will be skewed towards 2024 and 2025 with over 20,000 units in both years, then tailing off to reach 15,000 to 17,000 units annually between 2026 and 2028

02

Releasing private land bank was key to maintaining the recent land supply

Despite multiple failed land tenders, the impact was offset by private-initiated projects, as their proportion has risen from 25% in 2018/19 - 2020/21 to 67% in 2021/22 – 2023/24

03

Average annual completions could hit 14,400 to 18,500 units in 2029-2033

As it enters a “harvest phase” in land creation, the Government has more resources and hence greater flexibility to adjust the quantity and pace of land supply



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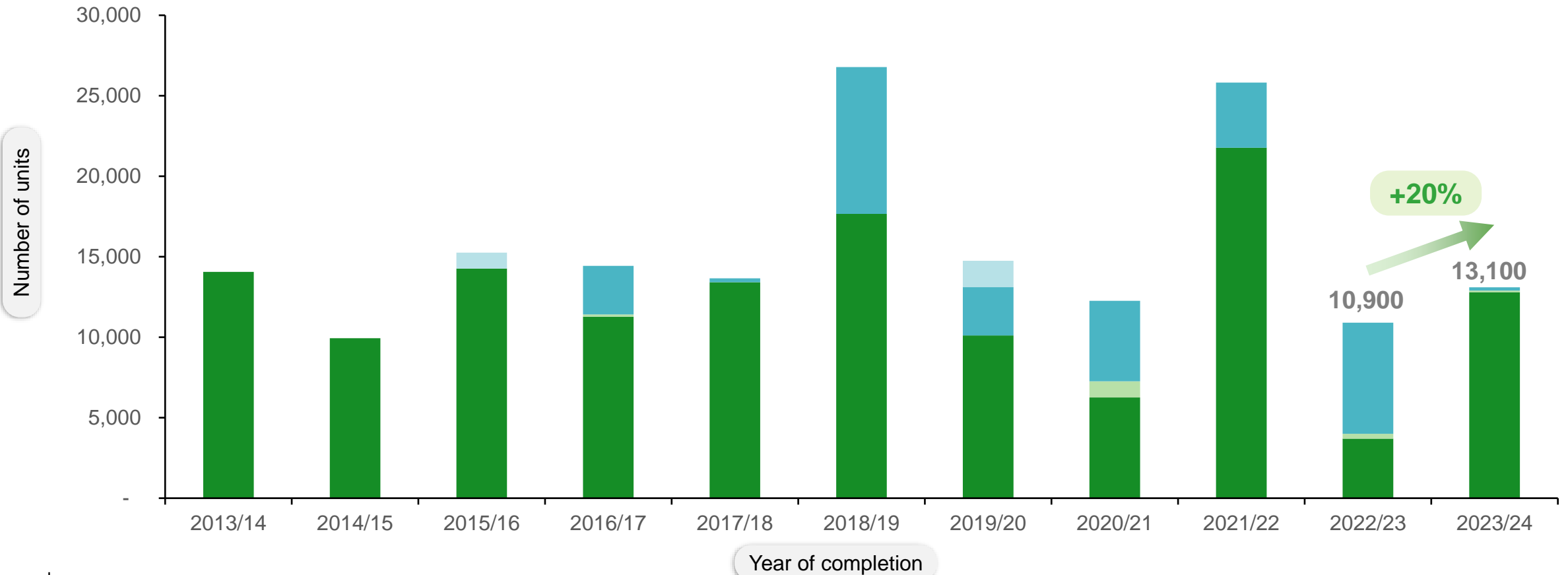


公共政策研究院
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Part Two: Public Housing Supply

Despite fewer subsidised housing completions, the overall public housing completions in 2023/24 saw signs of recovery

Actual completions of public housing units, 2013/14 – 2023/24



+20%



10,900

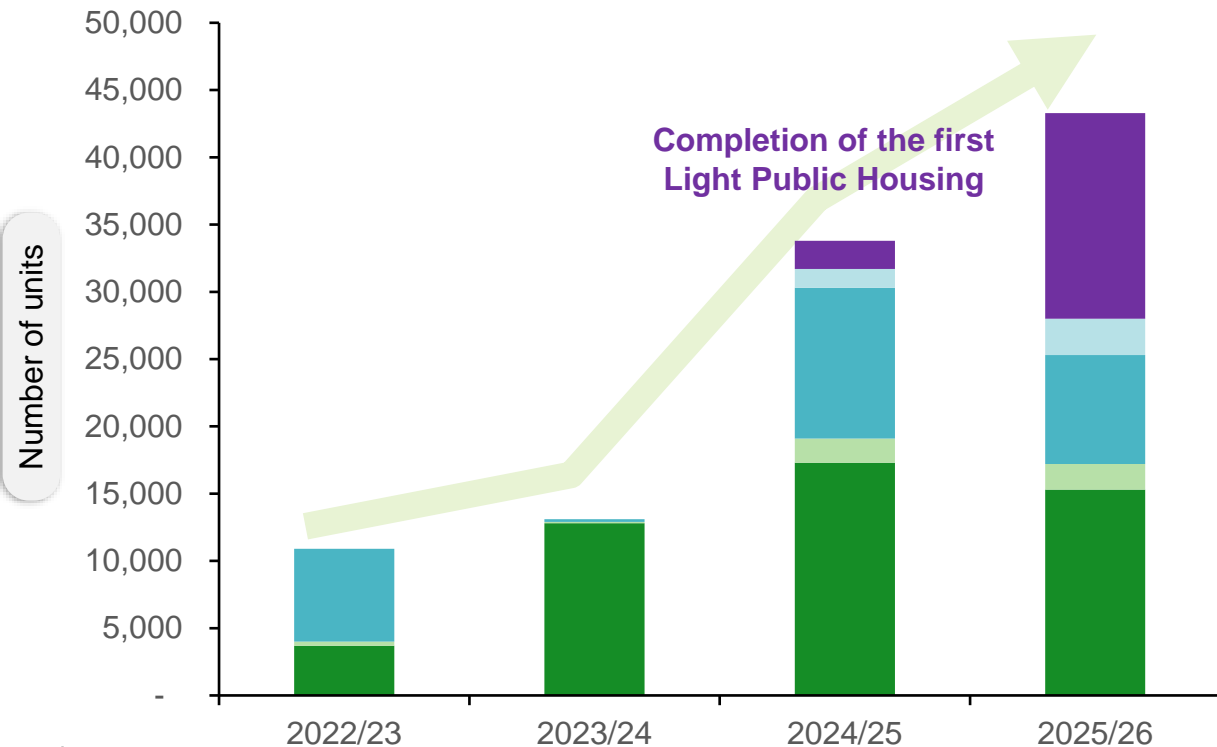
13,100

Legend:
 ■ Public Rental Housing & Green Form Subsidised Home Ownership Scheme units developed by the Hong Kong Housing Authority
 ■ Rental Estates, Rural Public Housing, and post-2018/19 Senior Citizen Residences Scheme units developed by the Hong Kong Housing Society
 ■ Home Ownership Scheme units developed by the Hong Kong Housing Authority
 ■ Subsidised Sale Flats Projects, Flat-for-Sale Scheme, Sandwich Class Housing Scheme, and pre-2018/19 Senior Citizen Residences Scheme units developed by the Hong Kong Housing Society

Sources: Housing Bureau, Hong Kong Housing Authority, Hong Kong Housing Society, and Our Hong Kong Foundation

Public housing supply is entering a “harvest phase”, while construction delays have also been significantly improved

Public housing production forecast shows completions reaching a “harvest phase” in 2024/25



Recurrent delays of public housing completions over the past ten years

Updates on 5-year completions	Number of projects delayed	Number of units delayed	%
2014/15 - 2018/19	8	11,600	13%
2015/16 - 2019/20	17	28,300	30%
2016/17 - 2020/21	2	4,800	5%
2017/18 - 2021/22	5	6,700	7%
2018/19 - 2022/23	7	12,700	13%
2019/20 - 2023/24	11	15,400	16%
2020/21 - 2024/25	11	20,100	21%
2021/22 - 2025/26	12	20,800	21%
2022/23 - 2026/27	7	18,600	20%
2023/24 - 2027/28	3	2,800	2%
Average	8.3	14,180	15%



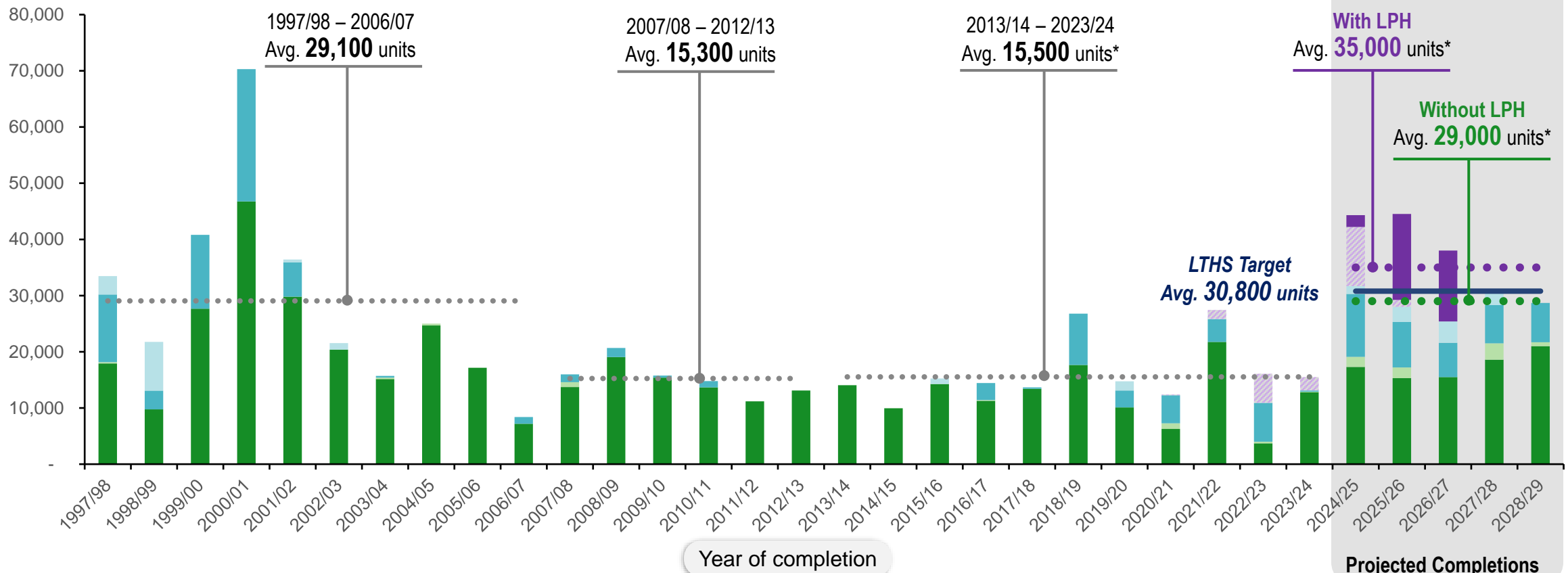
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- Subsidised Sale Flats Projects, Flat-for-Sale Scheme, Sandwich Class Housing Scheme, and pre-2018/19 Senior Citizen Residences Scheme units developed by the Hong Kong Housing Society
- Light Public Housing

Sources: Housing Bureau, Hong Kong Housing Authority, Hong Kong Housing Society, and Our Hong Kong Foundation

Completions in the next five years will reach the LTHS target on the premise of the timely completion of Light Public Housing

Actual and projected completions of public housing units, 1997/98 – 2028/29



Legend:

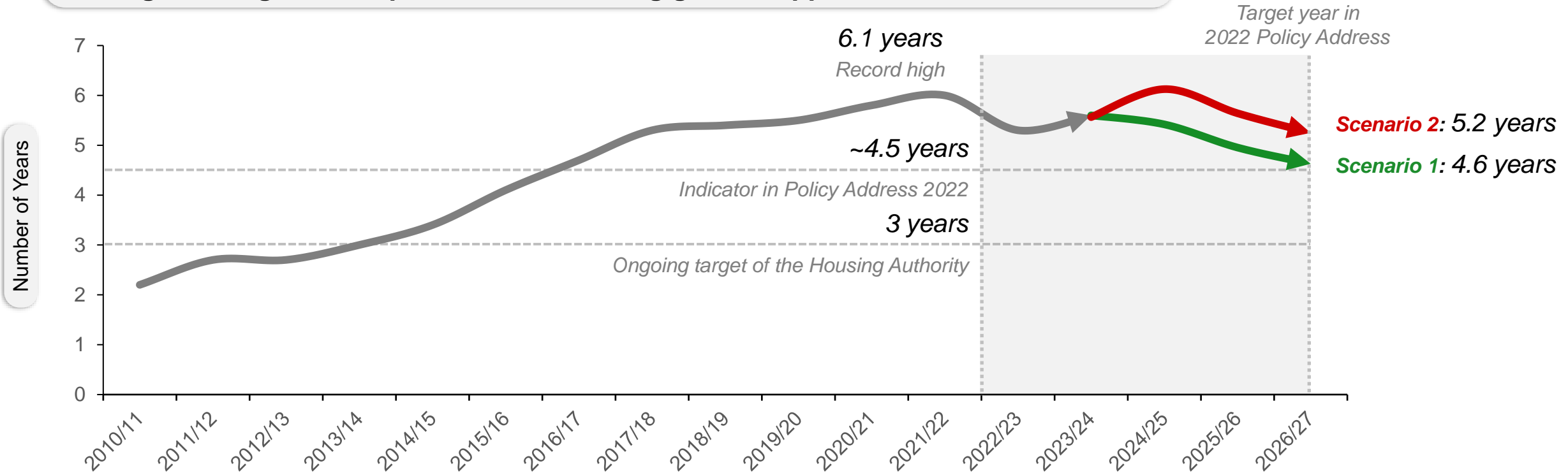
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- Subsidised Sale Flats Projects, Flat-for-Sale Scheme, Sandwich Class Housing Scheme, and pre-2018/19 Senior Citizen Residences Scheme units developed by the Hong Kong Housing Society

- Light Public Housing
- Transitional Housing

* As the Composite Waiting Time for Subsidised Rental Housing only considers government-led public housing units, transitional housing is not reflected in the average completion figures

The average waiting time is on track to fall to 4.6 years, yet caution should always be taken in the potential resurgence of delays

Average waiting time for public rental housing general applicants, 2010/11 – 2026/27



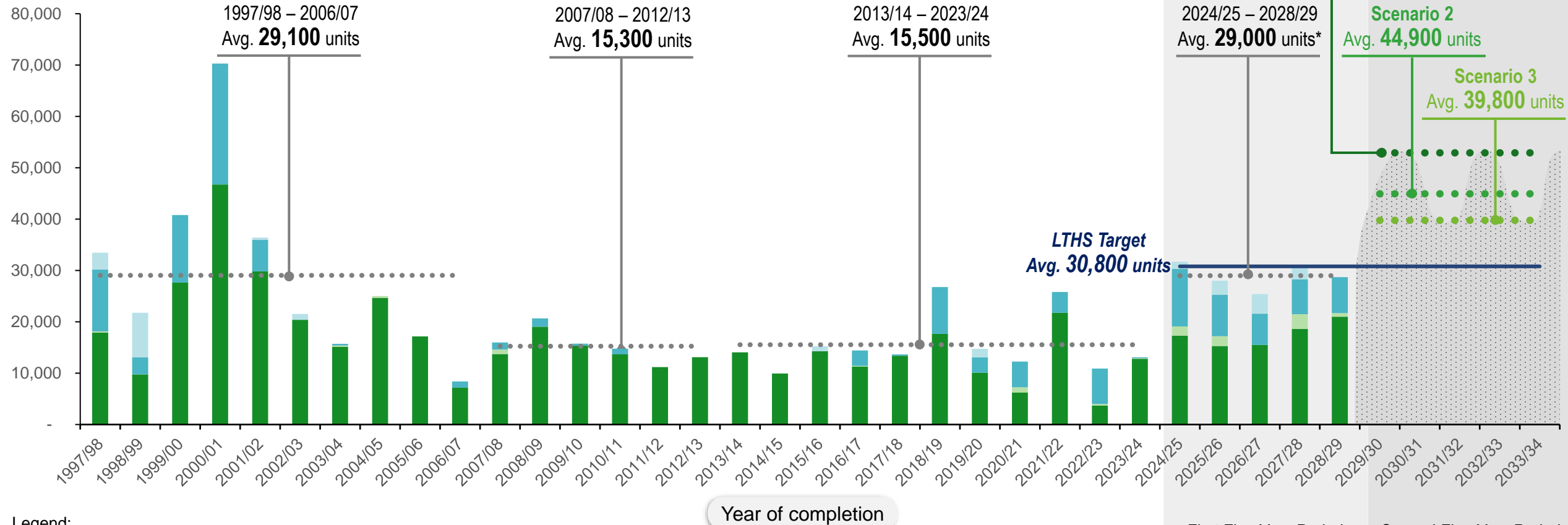
Key Assumptions

Scenario 1	All projects on the Public Housing Production Forecast and Light Public Housing complete on time
Scenario 2	15% ^[1] of the units in all public housing projects are delayed, including Light Public Housing

Note: [1] Based on the percentage of delayed public housing completions in the past ten editions of the Hong Kong Housing Authority's Housing Construction Programme, which stands at 15%
Sources: Housing Bureau, Hong Kong Housing Authority, and Our Hong Kong Foundation

The ten-year public housing completion outlook continues to improve, building up a stronger buffer above the LTHS target

Actual and projected completions of public housing units, 1997/98 – 2033/34



Legend:

- Public Rental Housing & Green Form Subsidised Home Ownership Scheme units developed by the Hong Kong Housing Authority
- Rental Estates, Rural Public Housing, and post-2018/19 Senior Citizen Residences Scheme units developed by the Hong Kong Housing Society
- Home Ownership Scheme units developed by the Hong Kong Housing Authority
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Sources: Housing Bureau, Hong Kong Housing Authority, Hong Kong Housing Society, and Our Hong Kong Foundation

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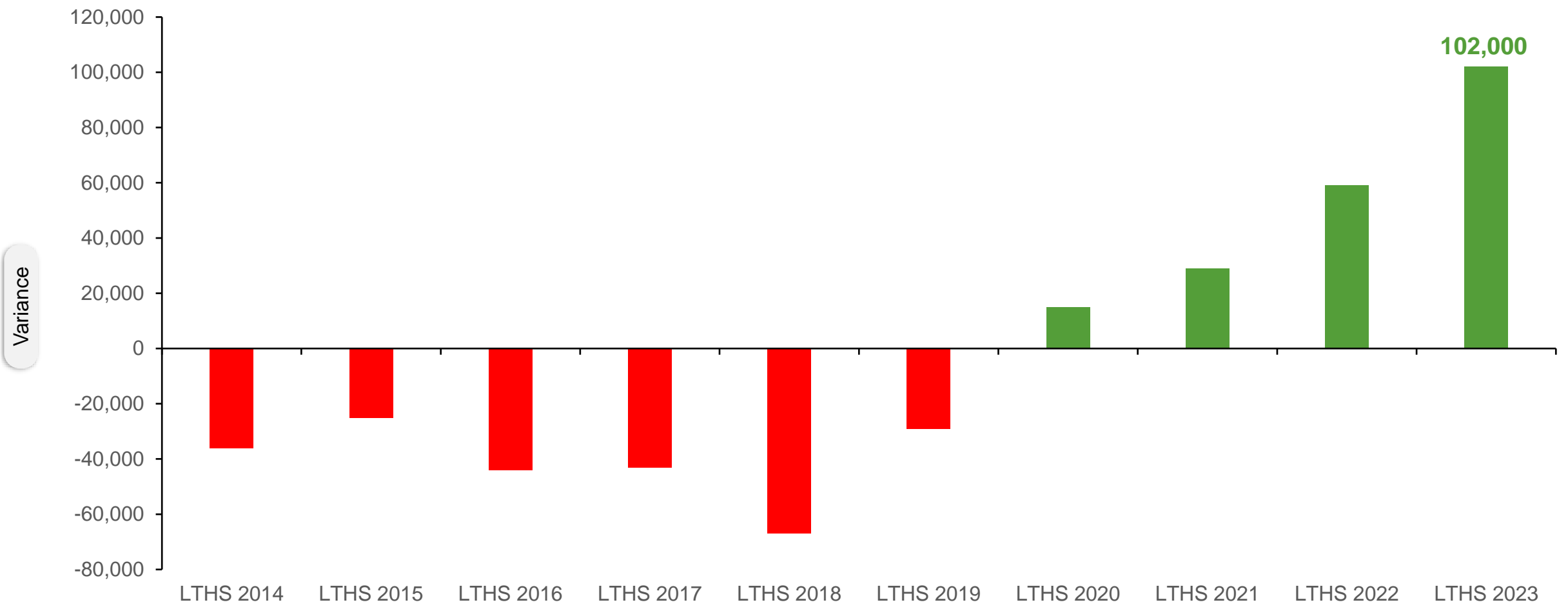
First Five-Year Period Second Five-Year Period

Projected completions for the next ten years

* Since the planned service life of Light Public Housing is 5 years, and the long-term continuity of Transitional Housing is still uncertain at the point of writing, they are not included in this 10-year completion forecast

Efforts to boost public housing supply have come a long way from trailing to exceeding the LTHS target by more than 100,000 units

Rolling 10-year potential public housing supply^[1] vs. LTHS supply target



Note: [1] The rolling 10-year potential supply is defined as the number of public housing units that the Government has identified land to construct over the rolling 10-year period

Sources: Various editions of the Long Term Housing Strategy Annual Progress Report, Our Hong Kong Foundation

Our observations for public housing supply

01

Major risk factors have been removed for short- to medium-term supply

With delays reduced to 2% and the expected completion of 30,000 LPH units, annual public housing supply in the next 5 years will be 35,000 units, meeting LTHS thresholds

02

If delays do not resurge, PRH waiting time is on track to reach ~4.5 years

Our scenario analysis reaffirms that average public housing waiting time will reduce to 4.6 years by 2026, but only to 5.2 years if the past recurrent construction delays resurge

03

Despite the positive ten-year outlook, we must refrain from complacency

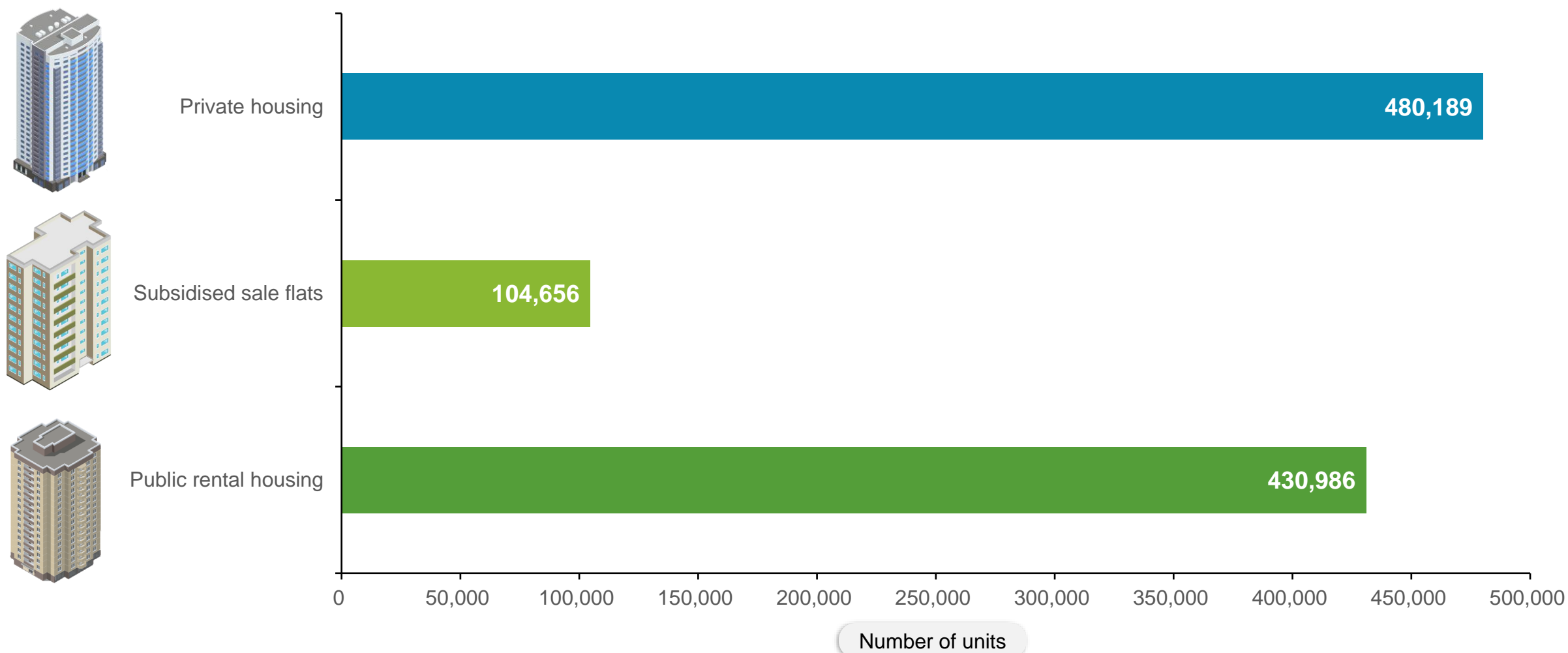
The LTHS target will be exceeded by ~10% even under the most pessimistic scenario, but we should not forget the strenuous efforts undertaken to achieve today's position



Part Three: Beyond Enhancing Quantity

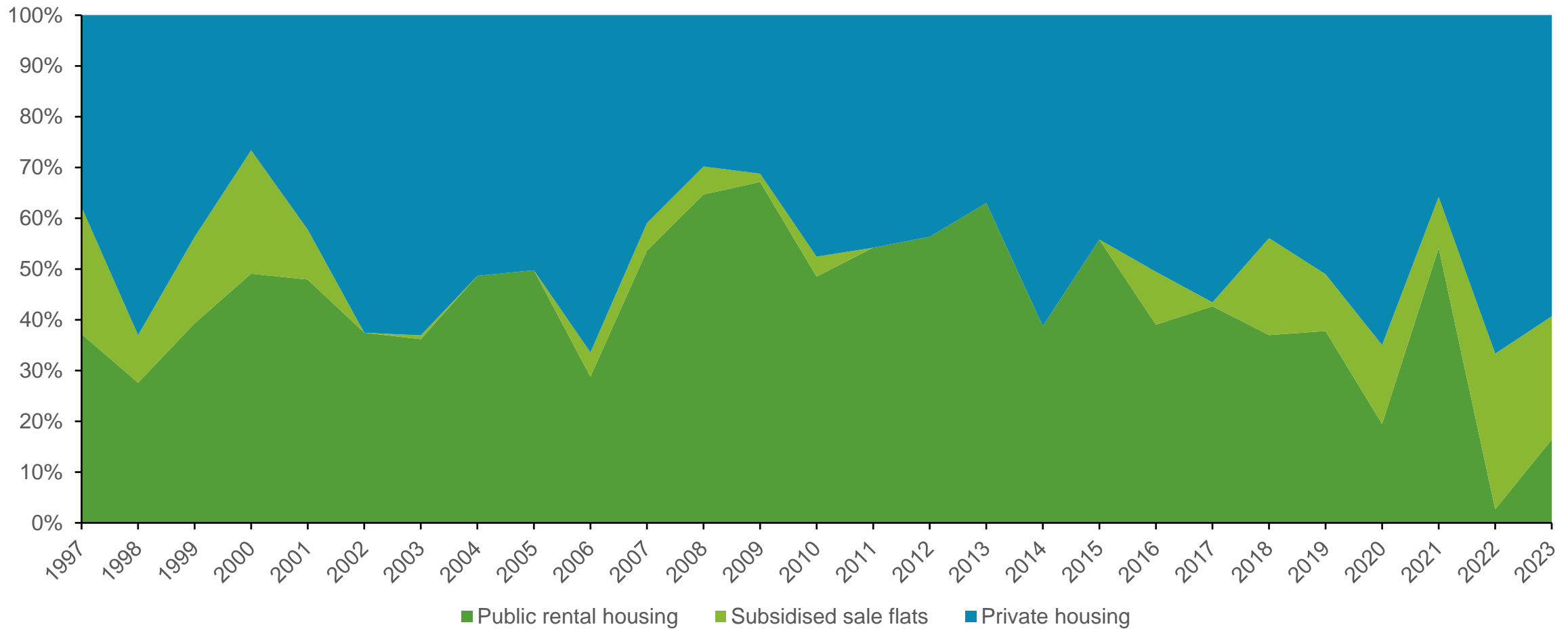
The total completions over the years have been M-shaped and continuously reinforced the existing housing stock composition

New housing completions by type, 1997 – 2023



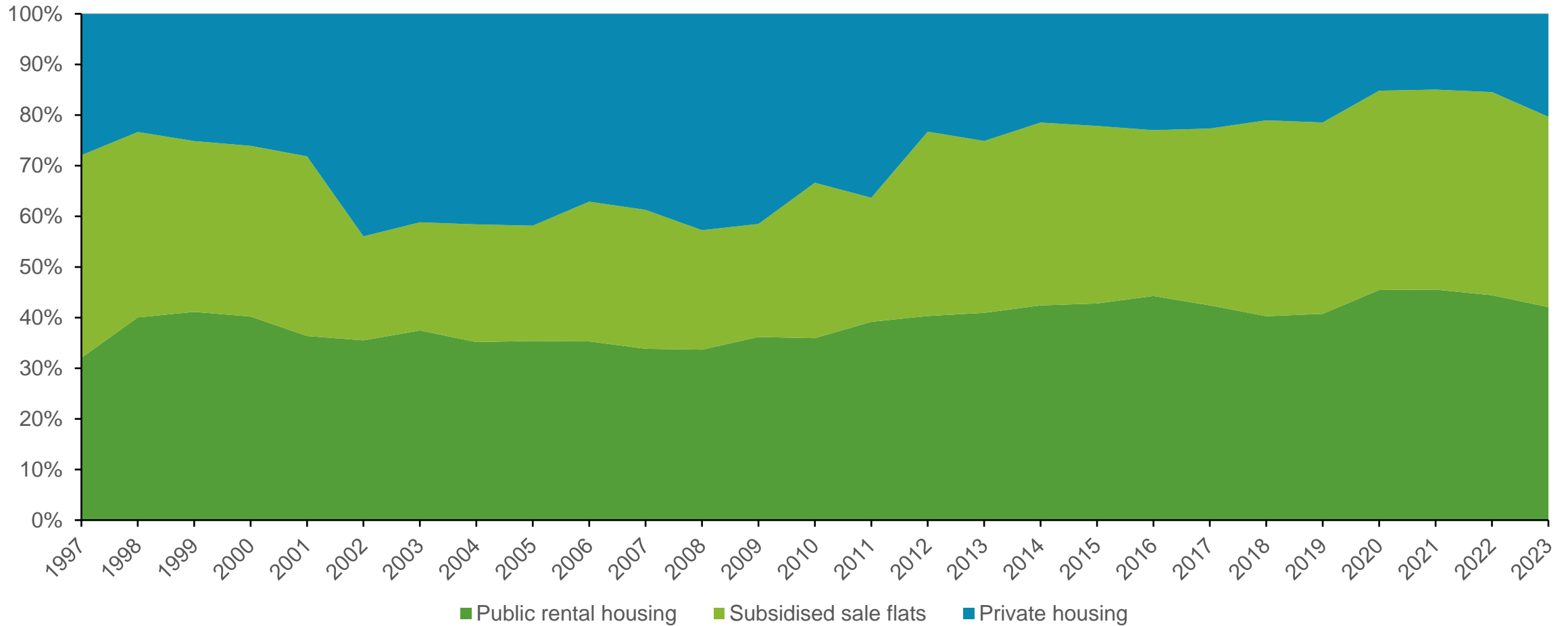
Despite fluctuations in the proportion of new completions, subsidised sale flat completions have been relatively few

Proportion of new housing completions by type, 1997 – 2023



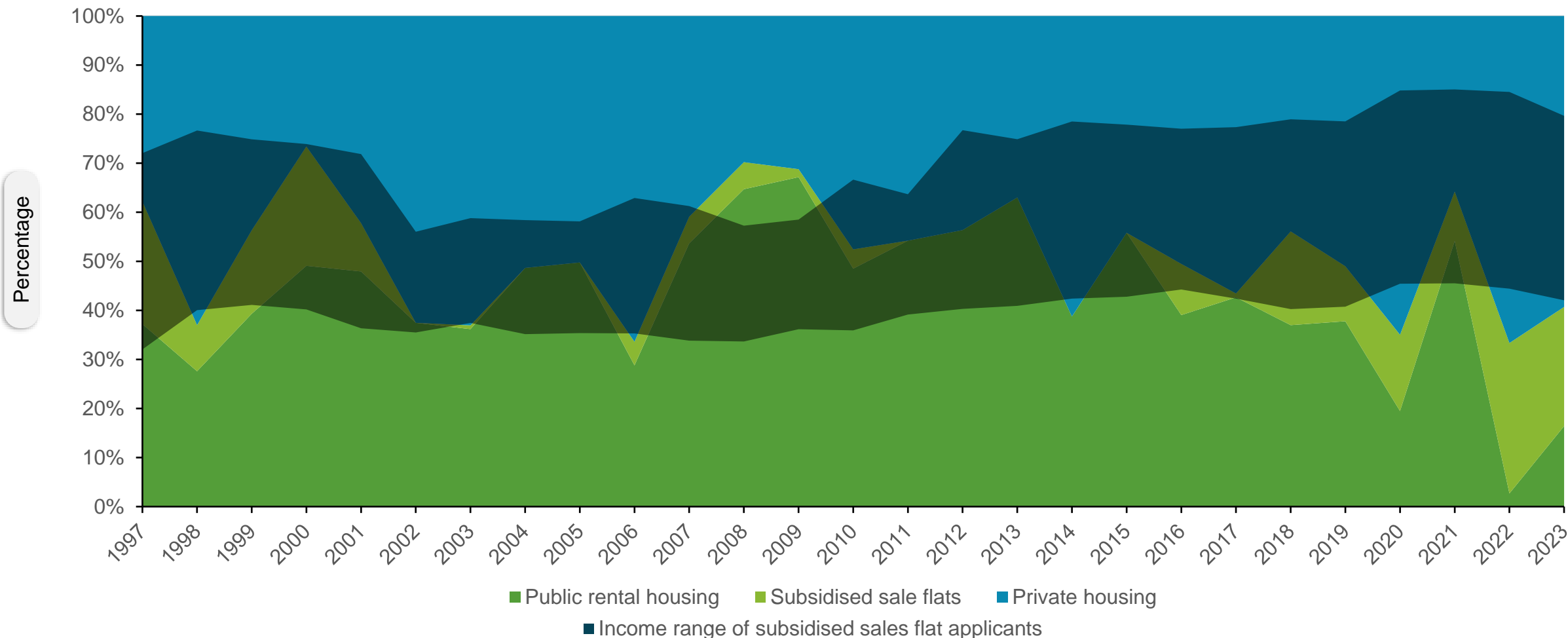
Compared against completions, demand, as delineated by income limits for various housing types, paints a very different picture

Household income distribution by income limits for various housing types, 1997 – 2023



Unfulfilled demand for SSFs is channelled towards private housing, as small private housing unit completions surged

Proportion of new housing completions by type vs. income range of subsidised sales flat applicants, 1997 – 2023



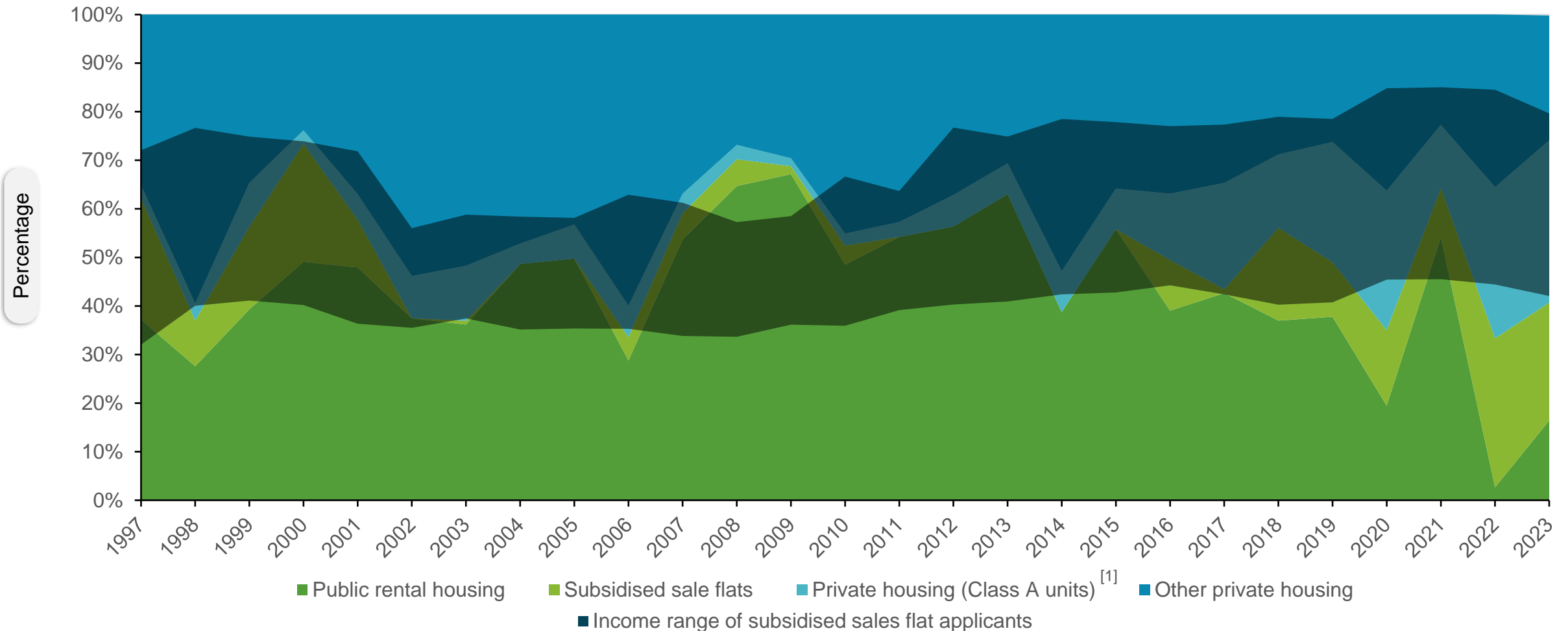
Note: [1] Class A units are those with a saleable floor area of less than 430 sq. ft.

Sources: Census and Statistics Department, Rating and Valuation Department, and Our Hong Kong Foundation

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Unfulfilled demand for SSFs is channelled towards private housing, as small private housing unit completions surged

Proportion of new housing completions by type vs. income range of subsidised sales flat applicants, 1997 – 2023



Note: [1] Class A units are those with a saleable floor area of less than 430 sq. ft.

Sources: Census and Statistics Department, Rating and Valuation Department, and Our Hong Kong Foundation

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The mismatch between demand and supply of subsidised sale flats is also encapsulated in the perennial oversubscription rates

Oversubscription rates in sale of subsidised sale flats, 2014 – 2023



HOS

17.8 – 62.6x ^[1]



WSM

16.3 – 32.3x



GSH

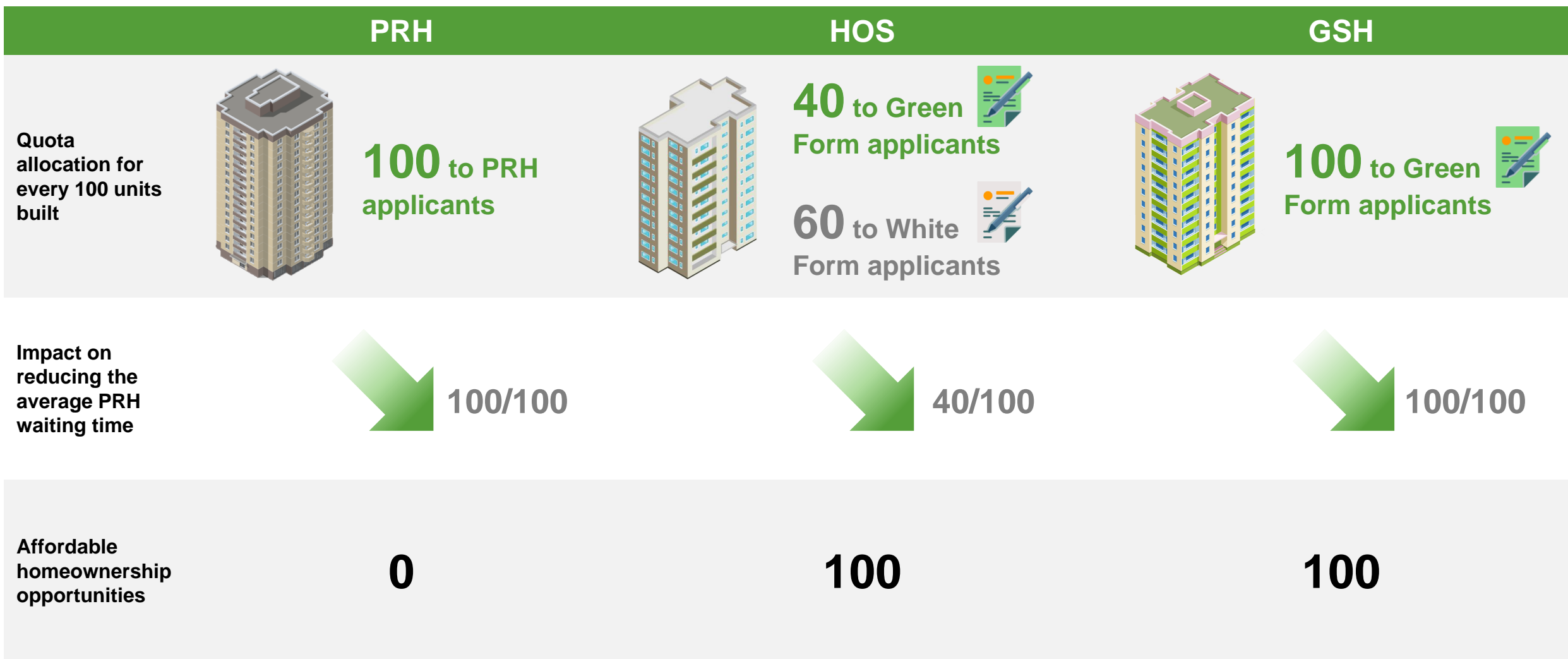
12.0 – 33.1x

Note: [1] Includes both Green Form and White Form applications

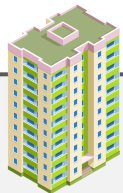
Sources: Hong Kong Housing Authority, Our Hong Kong Foundation

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A balance needs to be struck between reducing the PRH waiting time and increasing affordable homeownership opportunities



As small GSH units have proven to be unpopular, larger units are needed to encourage homeownership among current PRH tenants



	GSH 2016	GSH 2017	GSH 2019	GSH 2020/21 ^[1]	GSH 2022
Number of unsold flats after the end of the flat selection process	Sold out <i>(14 cases of forfeitures of preliminary deposits recorded after the initial property transaction)</i>	14	523	Sold out <i>(157 cases of forfeitures of preliminary deposits recorded after the initial property transaction)</i>	107
Area distribution of unsold flats / cases of forfeitures of preliminary deposits recorded after the initial property transaction					
< 200 sq. ft.	4	4	523	43	107
200 – 300 sq. ft.	4	3	0	73	0
300 – 400 sq. ft.	1	5	0	21	0
> 400 sq. ft.	5	2	0	20	0

Note: [1] Data updated as of 31 March 2024

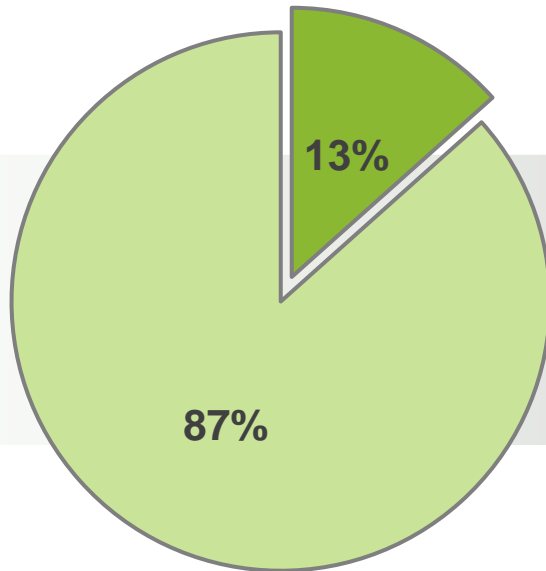
Sources: Hong Kong Housing Authority, Our Hong Kong Foundation

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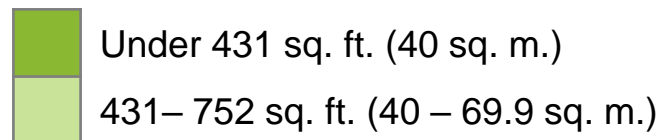
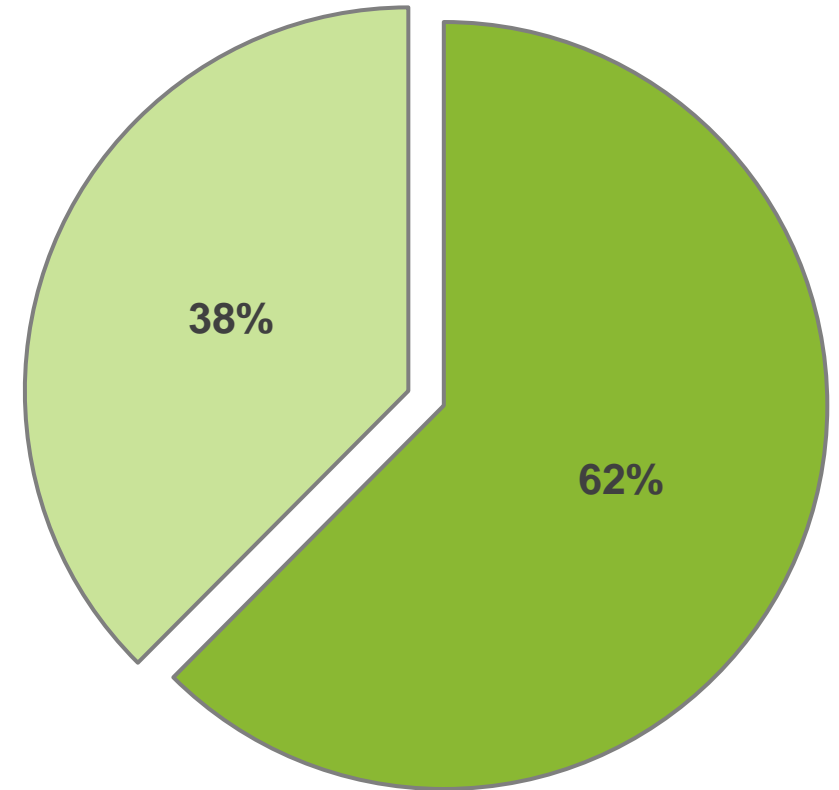
In recent years, however, the proportion of new subsidised sale flats under 431 sq. ft. has significantly increased

New subsidised sale flat completions by size, 1997 – 2015 vs. 2016 – 2023


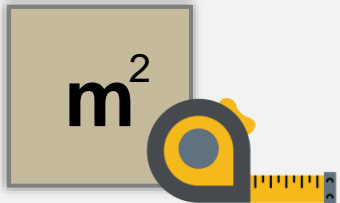



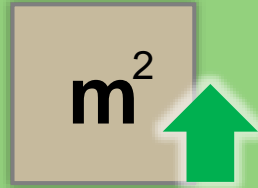
1997 – 2015



2016 – 2023



By increasing the supply of GSH, the SSF supply structure can be gradually enhanced over the next decade

First Five-Year Period (2024/25 – 2028/29)		Second Five-Year Period (2029/30 – 2033/34)
Earlier part	Latter part	
<p>Achieve the target of reducing the Composite Waiting Time for Subsidised Rental Housing to 4.5 years</p>  <p>Realise the minimum size for SSF (including GSH), whereby the saleable area for newly built flats will be no less than 280 sq. ft. (26 sq. m.)</p> 	<p>Identify more suitable projects to increase the ratio of GSH within PRH / GSH, while ensuring that the waiting time does not rebound</p>  <p>On the premise of adequate GSH supply, increase the quota allocation ratio of White Form HOS applicants to provide more homeownership opportunities</p> 	<p>Increase the ratio of HOS within public housing, thereby helping more White Form families achieve homeownership</p>  <p>Continue increasing the saleable area for newly built SSF</p> 

Our overall observations

01

Total housing supply is on track to exceed the 440,000-unit LTHS target

With land creation entering a “harvest phase”, the ten-year total housing supply could range from 507,500 to 598,200 units, creating a stronger buffer above the LTHS target

02

Yet, efforts to leverage market forces and minimise delays must continue

Releasing the potential of private land bank can offset the impact of failed tenders amid market uncertainties, while delays must be minimised to achieve the waiting time KPI

03

The time is ripe to shift the policy focus from enhancing quantity to quality

To prevent adversely affecting PRH waiting time, more GSH units can be provided from 2026/27 onwards, followed by the HOS in the latter part of the second five-year period



Thank you