

# Housing – The Market and Public Policy

*BRE Advanced Lecture Series*

*Department of Building and Real Estate*

*Hong Kong Polytechnic University*

C. Y. Leung

Convenor of the Non-Official Members of the Executive Council

[www.cyleung.hk](http://www.cyleung.hk)

# What this Lecture is NOT:

- not a prediction of future government policies
- not a commentary on existing government policies
- not a forecast of price movements

# **This Lecture is Meant to**

- promote the use of statistics
- promote better understanding of housing and related issues

# **The Present Housing Situation is a result of**

- physical factors
- socio-economic factors
- market forces
- government policies

**Market forces and government  
policies:  
one cannot supplant the other.**

# **Hong Kong Housing related Policies has a long history:**

Direct intervention:

- Public Rented Housing
- HOS
- PSPS
- Rent Control!

# Indirect Impact on Housing

- Land Use Planning
- Land Sales Programme
- Unit Size Requirements

**Housing is NOT just about  
Ownership and Prices**

**45J Ma Tau Wai Road**



**It is NOT JUST about safety,  
Building Control and  
Maintenance either**

**It is ALSO about poverty and  
Income Distribution**

# 1. Affordability

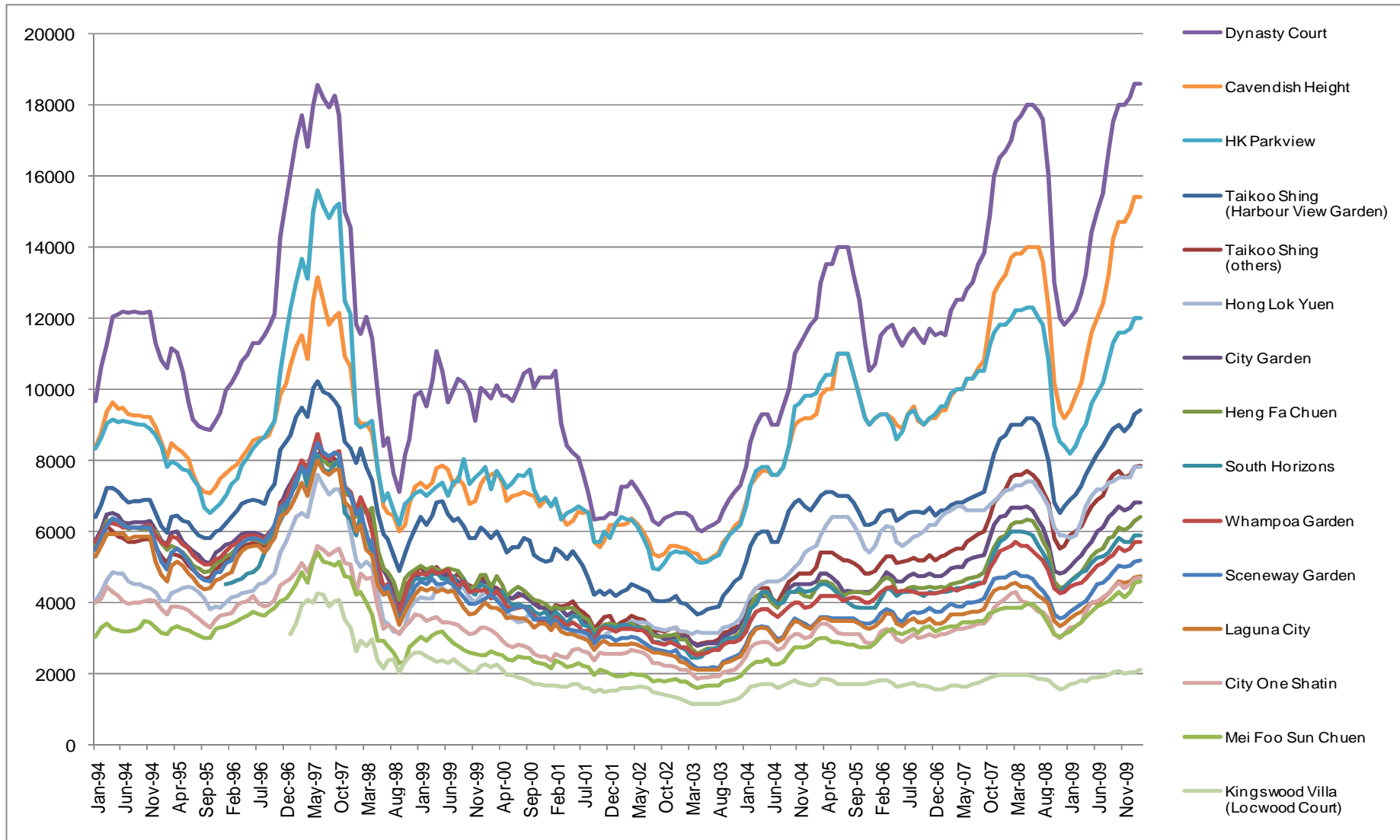
- The Case of Private Sector Tenants

# 2. Ageing

# 3. Small Unit Sizes

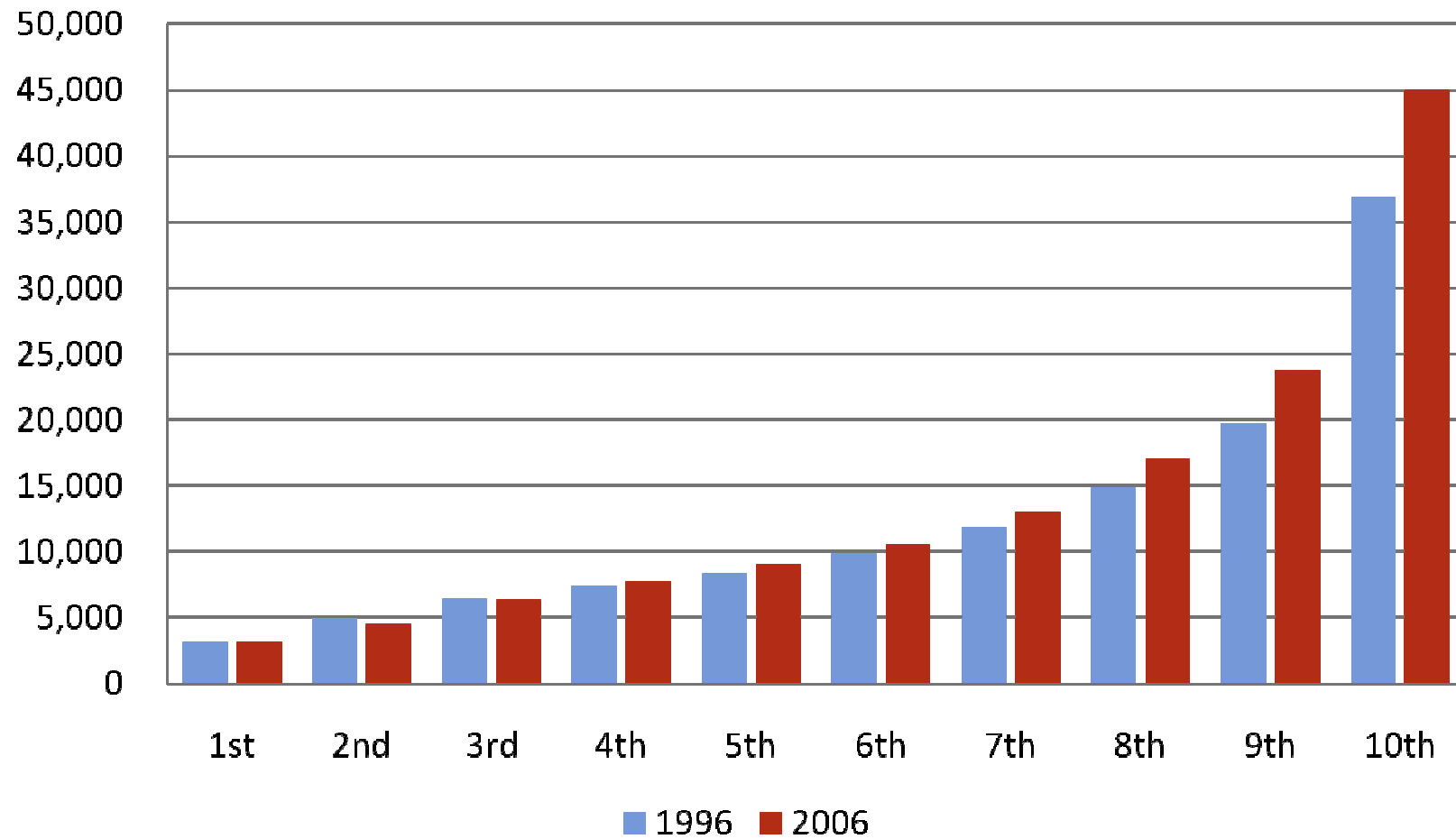
# 4. The Supply Side

# Price Movements of Major Residential Properties in the Last 14 Years



Source: DTZ Research

# Median Monthly Income from Main Employment by Decile Group of Working Population 1996 and 2006 (at constant 2006 price)



Source: 2006 Population By-census

# Domestic Households by Tenure of Accommodation (in thousand units), 1994 - 2008

| Year | Owner-occupiers | Sole tenants | Co-tenants | Main tenants | Sub-tenants | Rent free | Provided by employers | Total   |
|------|-----------------|--------------|------------|--------------|-------------|-----------|-----------------------|---------|
| 1995 | 805.9           | 797.2        | 67.7       | 6.5          | 25.4        | 21.9      | 58.5                  | 1,783.0 |
| 1996 | 855.2           | 825.3        | 64.0       | 7.2          | 23.3        | 24.0      | 65.6                  | 1,864.5 |
| 1997 | 897.8           | 818.0        | 73.2       | 9.3          | 28.8        | 23.5      | 72.3                  | 1,922.8 |
| 1998 | 913.7           | 849.5        | 80.5       | 7.2          | 22.5        | 22.2      | 65.9                  | 1,961.5 |
| 1999 | 963.0           | 853.4        | 67.3       | 6.3          | 17.2        | 26.3      | 65.3                  | 1,998.9 |
| 2000 | 1,041.3         | 833.4        | 64.1       | 4.8          | 13.8        | 24.2      | 55.4                  | 2,037.0 |
| 2001 | 1,075.1         | 821.8        | 58.2       | 3.7          | 12.9        | 34.2      | 58.1                  | 2,064.0 |
| 2002 | 1,111.8         | 825.5        | 52.0       | 2.3          | 11.4        | 44.6      | 55.9                  | 2,103.3 |
| 2003 | 1,129.7         | 831.0        | 48.2       | 2.3          | 7.6         | 43.0      | 52.2                  | 2,114.0 |
| 2004 | 1,162.3         | 842.2        | 40.6       | 1.6          | 6.4         | 38.8      | 48.5                  | 2,140.5 |
| 2005 | 1,179.7         | 876.8        | 40.2       | 1.3          | 5.9         | 40.6      | 52.6                  | 2,197.1 |
| 2006 | 1,187.4         | 899.9        | 32.9       | 1.4          | 6.0         | 41.7      | 51.6                  | 2,220.9 |
| 2007 | 1,192.8         | 934.9        | 26.3       | 1.3          | 5.3         | 37.7      | 48.8                  | 2,247.1 |
| 2008 | 1,200.9         | 958.9        | 23.7       | 0.8          | 3.0         | 44.4      | 45.8                  | 2,277.4 |

Source: Hong Kong Annual Digest of Statistics, 1995 - 2009.

# Distribution of Private Residential Units by Monthly Domestic Household Rent

|                        |               |
|------------------------|---------------|
| <b>500 – 999</b>       | <b>3,951</b>  |
| <b>1,000 – 1,999</b>   | <b>24,146</b> |
| <b>2,000 – 2,999</b>   | <b>23,584</b> |
| <b>3,000 – 4,999</b>   | <b>60,808</b> |
| <b>5,000 – 9,999</b>   | <b>77,761</b> |
| <b>10,000 – 14,999</b> | <b>21,119</b> |
| <b>15,000 – 19,999</b> | <b>9,504</b>  |
| <b>≥ 20,000</b>        | <b>20,693</b> |

*Source: 2006 Population By-census*

# Private Housing Stock Distribution by Age

| AGE       | %      | No. of Units |
|-----------|--------|--------------|
| Pre 1960  | 3.40%  | 36,921       |
| 1960-69   | 14.10% | 153,112      |
| 1970-79   | 17.70% | 192,204      |
| 1980-89   | 25.50% | 276,905      |
| 1990-94   | 12.90% | 140,081      |
| 1995-99   | 9.30%  | 100,989      |
| Post 1999 | 17.10% | 185,689      |

*Source: Rating and Valuation Department*



# Housing Stock ('000 units, As at 2008)

| Net Area (sq. m) | A: Public Rental | B: Subsidized Sale | C: Private   | A+B+C        | Percentage    | Cumulative Percentage |     |      |
|------------------|------------------|--------------------|--------------|--------------|---------------|-----------------------|-----|------|
| <40              | 588              | 151                | 352          | 1,091        | 43.4%         | 43.4%                 |     |      |
| 40-59.9          | 140              | 488                | 421          | 1,048        | 41.7%         | 85.1%                 |     |      |
| 60-69.9          | -                | 63                 | 110          | 172          | 6.8%          | 91.9%                 |     |      |
| 70-99.9          | -                | -                  | 125          | 125          | 5.0%          | 96.9%                 | 15% |      |
| >100             | -                | -                  | 79           | 79           | 3.1%          | 100.0%                |     | 8.1% |
| <b>Total</b>     | <b>728</b>       | <b>701</b>         | <b>1,087</b> | <b>2,516</b> | <b>100.0%</b> |                       |     |      |

Sources: Housing Authority; Rating and Valuation Department

# Stocks of Permanent Quarters by Type (in thousand units), 1994 - 2008

| Year | Public Rental Housing | Subsidized Sale Flats | Private Housing |
|------|-----------------------|-----------------------|-----------------|
| 1994 | 685.8                 | 182.4                 | 932.6           |
| 1995 | 691.3                 | 187.2                 | 1,073.6         |
| 1996 | 708.2                 | 211.3                 | 1,085.4         |
| 1997 | 703.4                 | 224.0                 | 1,094.4         |
| 1998 | 708.0                 | 239.3                 | 1,112.8         |
| 1999 | 705.8                 | 270.3                 | 1,128.4         |
| 2000 | 691.1                 | 324.7                 | 1,119.3         |
| 2001 | 685.2                 | 380.9                 | 1,170.6         |
| 2002 | 685.8                 | 371.7                 | 1,237.5         |
| 2003 | 685.3                 | 396.6                 | 1,278.6         |
| 2004 | 691.5                 | 393.2                 | 1,307.8         |
| 2005 | 709.2                 | 388.8                 | 1,333.1         |
| 2006 | 716.9                 | 391.7                 | 1,368.6         |
| 2007 | 717.4                 | 397.6                 | 1,386.1         |
| 2008 | 721.6                 | 397.0                 | 1,398.7         |

Source: Hong Kong Annual Digest of Statistics, 1995 - 2009.

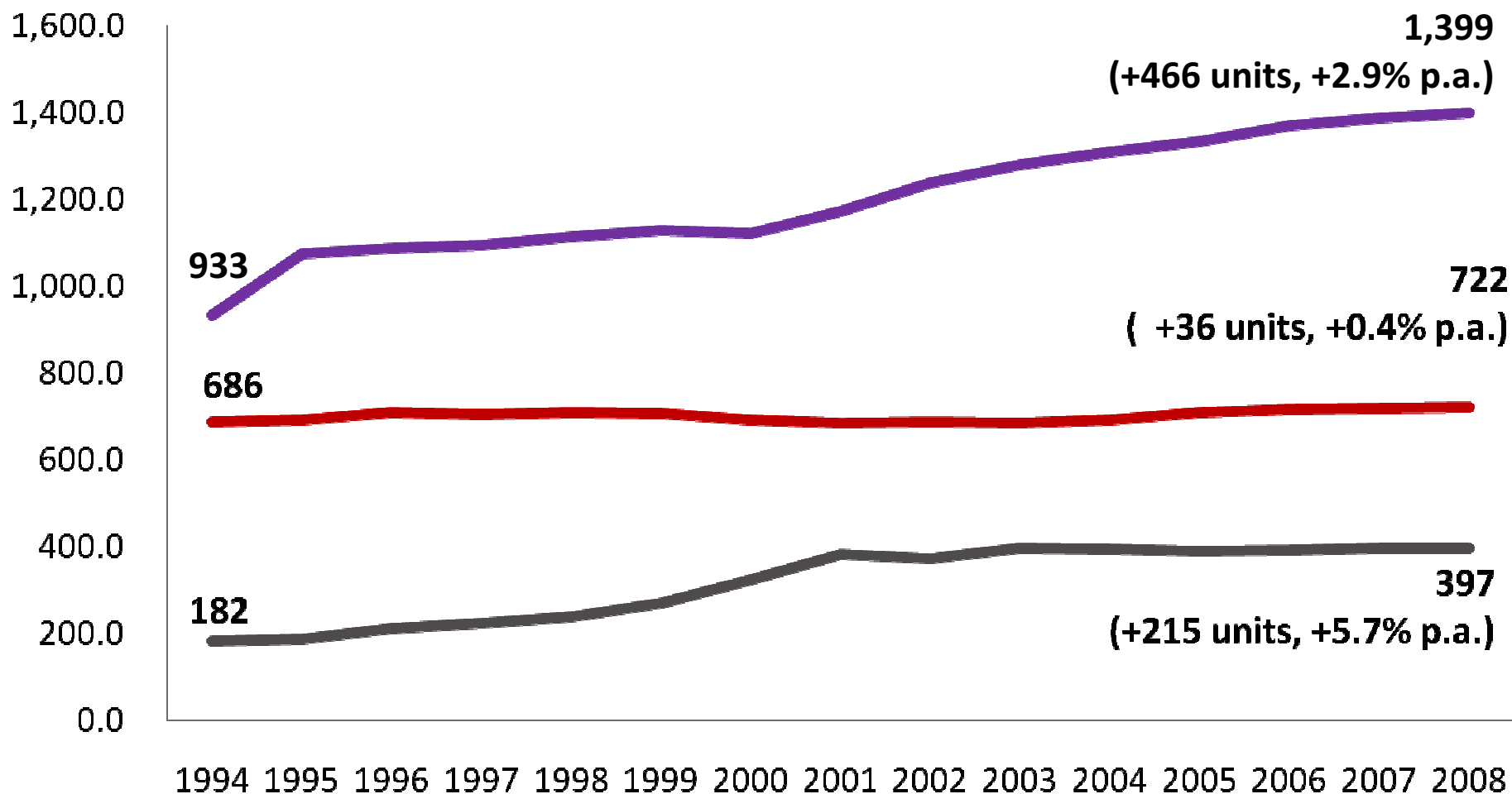
- Average growth per annum : 41147 units
- Compound growth per annum: 2.0%

# Domestic Households Living in Temporary Housing 1994 - 2008

| Year | Temporary housing (in thousand units) |
|------|---------------------------------------|
| 1994 | 59.6                                  |
| 1995 | 54.6                                  |
| 1996 | 49.5                                  |
| 1997 | 41.7                                  |
| 1998 | 45.6                                  |
| 1999 | 37.6                                  |
| 2000 | 34.8                                  |
| 2001 | 28.5                                  |
| 2002 | 26.2                                  |
| 2003 | 22.0                                  |
| 2004 | 20.8                                  |
| 2005 | 20.7                                  |
| 2006 | 18.7                                  |
| 2007 | 16.9                                  |
| 2008 | 17.5                                  |

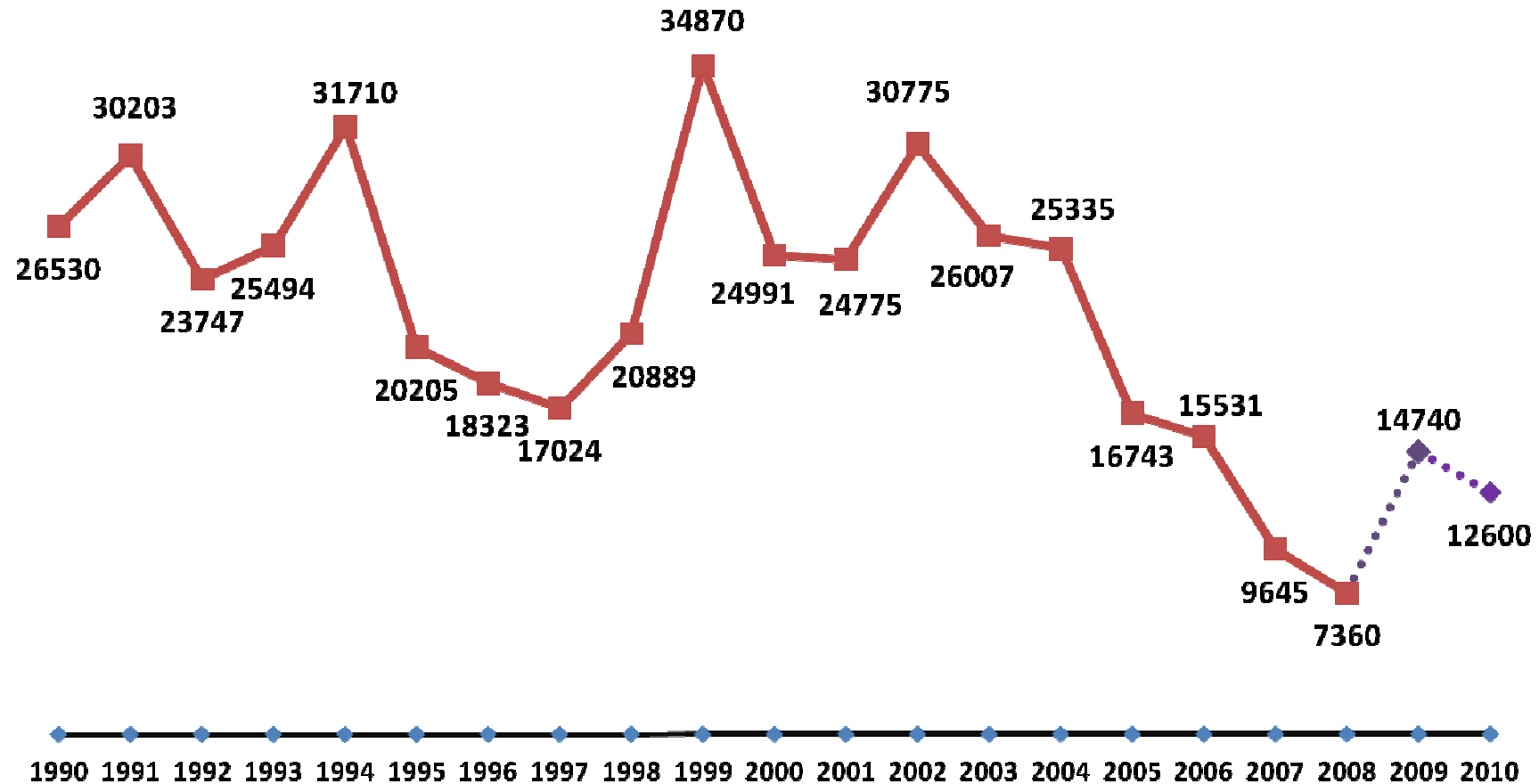
Source: *Hong Kong Annual Digest of Statistics*, 1995 - 2009.

# Stocks of Permanent Quarters by Type (in thousand units), 1994 - 2008



— Public Rental Housing   
 — Subsidised Sale Flats   
 — Private Housing

# Net Addition to Private Housing Stock (1990-2008)



Source: Rating and Valuation Department