

LegCo Secretariat releases Research Brief on “Socioeconomic implications of home ownership for Hong Kong”

The following is issued on behalf of the Legislative Council Secretariat:

The Legislative Council Secretariat (the Secretariat) today (March 1) released a Research Brief on "Socioeconomic implications of home ownership for Hong Kong".

Home ownership has visible social benefits such as nurturing a sense of belonging to community and fostering socio-political stability. Yet, home ownership ratio in Hong Kong fell to a 20-year low of 49.8 per cent in 2019, after a nearly four-fold upsurge in flat prices in 15 years. In spite of a modest rebound to 51.2 per cent in late 2020, it is still far below the 60 per cent mark seen in affluent economies.

The share of younger persons aged below 35 heading home-owning families has plunged from 22.1 per cent in 1997 to 7.6 per cent in 2019, dampened by severe land shortage and worsening affordability. By contrast, the respective proportion for older heads aged 60 and above rose to 41 per cent in 2019, doubled the corresponding figure of 21 per cent in 1997. However, the latest Poverty Report shows that 112 000 of the asset-owning elderly families lived below the poverty line in 2019, equivalent to one-fifth of older household heads living in owner-occupied flats. While the Government sees this as a limitation of the "analytical framework of the poverty line", others take this as inadequate retirement protection.

Meanwhile, two-thirds of local home owners had fully repaid the mortgage loans in 2016 and they can afford acquiring additional flats either as second homes for their children or for investment purpose. This may have implications for wealth distribution across generations.

The landscape of accommodation tenure distribution of households has also changed significantly. Renters in either public or private housing accounted for the largest growth in households by tenure of accommodation during 2009-2019, contrasted against the period of 1997-2008 when owner-occupiers registered the largest corresponding growth. Net changes in the ownership titles of residential flats during 2009-2019 were mostly acquired by investors or landlords for leasing to tenants, not for owner-occupation. While the average tenant households may also save hard to buy flats, they could easily be priced out from the market with just working income. This has knock-on implications for social mobility.

Looking forward, it is still challenging to raise the local home ownership ratio in the medium to the longer term. Annual average completions of private housing is targeted at only 12 900 units in the next decade, fewer than the actual outturn of 13 500 units during 2010-2019. Overall housing

supply for sale is still considered to be too few, compared to the strong housing demand.

The subject of housing and land supply fall within the policy areas of the Legislative Council (LegCo) Panel on Housing and the LegCo Panel on Development.

The Research Brief is prepared by the Secretariat's Research Office of the Information Services Division with a view to enhancing information support for Members. It is a concise summary aiming at explaining a subject matter which may be of interest to Members and the general public.

The Research Brief is now available on the LegCo Website at www.legco.gov.hk/research-publications/english/2021rb02-socioeconomic-implications-of-home-ownership-for-Hong-Kong-20210301-e.pdf.