

## Opening remarks by SDEV on quarterly land sale programme for January to March 2025 (with video)

Following are the opening remarks by the Secretary for Development, Ms Bernadette Linn, at a media session today (January 7) on the quarterly land sale programme for January to March 2025:

Today I will introduce the Government's Land Sale Programme in the fourth quarter of this financial year, which is January to March 2025.

In the fourth quarter, we will put up for tender a residential site at Area 106B of Tung Chung New Town Extension, expected to provide a total gross floor area of approximately 37 200 square metres and a supply of about 745 flats. This site is not one of the sites on this year's Land Sale Programme, but we consider it an appropriate time to include this site in the Land Sale Programme and roll it out for tender in the fourth quarter. When arriving at this decision, we have considered recent market environment and views from market stakeholders, the MTRCL's recent successful tender of a site nearby, as well as the upcoming gradual completion of public housing in the area. Area 106B sits in a harbourfront location and will be served by the future Tung Chung East Station. We have heard views from the real estate industry suggesting the Government should roll out simpler, smaller sites with fewer requirements on site formation and government facilities. The tender of Area 106B is in line with such market expectations, as it attaches very simple tender conditions and no requirement to construct government facilities. Moreover, as the site sits on reclaimed land, the developer is not required to conduct any further site formation works, which may help reduce development cost.

Some of you may recall that we have once put up this same site for tender in September 2023, but that tender exercise was not successful because the bids received did not meet the reserve price set at that time. So in our coming re-tender exercise, we have taken into account market feedback and enhanced the tender conditions of the site. For example, the infrastructural capacity of the site could only afford 400 units in the previous tender, resulting in rather large average flat size. Feedback from the industry is that developers prefer smaller and a greater number of flats amid current market condition. So we have reviewed the infrastructural capacity; the site now has a capacity to produce 745 units with smaller average unit size. As regards construction works, because a new road serving the site will be completed very soon, this will enhance the accessibility of the site and facilitate construction works.

As regards housing supply from other sources, the Urban Renewal Authority plans to tender in this same quarter its development project in Shantung Street/Thistle Street, Mong Kok, bringing about 340 flats. As for private development and redevelopment projects, two projects are expected to

complete their lease modifications in the fourth quarter, they are rather small-scale projects, providing a supply of 13 flats.

To summarise, taking all the above sources of land supply into account, the total private housing land supply in the fourth quarter will support the development of around 1 100 flats.

To give an overview of the outturn for this financial year, together with the supply from the first three quarters, the total supply of this financial year is expected to support some 8 340 flats, which is around 63 per cent of our annual supply target. This figure has not yet reflected private development projects not requiring lease modification in the fourth quarter.

As I have mentioned in October last year when announcing the land sale for that quarter, the total supply of this financial year may fall short of the annual target. This outturn is expected and reasonable, given our disposal strategy. The high interest rate environment and geopolitical developments have impacted investment and cash flow, reducing activities in our local assets markets. Developers have been cautious in bidding for sites. Notwithstanding the recent interest rates adjustments and gradual market recovery, we believe developers will still need some time to re-adjust. Hence we remain prudent and pragmatic in land disposal this quarter, even though we actually have ample sites to dispose of, reflecting our capability to maintain an overall steer in land supply, allowing us to control as to when to roll out sites which are ready. Also, private housing land supply from the past four financial years has actually exceeded the annual target by an aggregate of about 12 000 flats, far more than the shortfall of over 4 000 flats in this financial year.

We will continue to sustain our effort in rolling out land in a prudent and pragmatic manner, and flexibly adjust our land disposal strategy according to market situation, in order to meet our housing and economic development needs.