

Key statistics on business performance and operating characteristics of building, construction and real estate sectors in 2018

According to the results of the 2018 Annual Survey of Economic Activities – Building, Construction and Real Estate Sectors released today (November 29) by the Census and Statistics Department (C&SD), the construction sector's total receipts (comprising gross value of construction works performed and other business receipts) amounted to \$421.7 billion in 2018, representing an increase of 0.8% over 2017; on a per establishment basis, total receipts was \$16.0 million in 2018, decreased by 5.3% compared with 2017.

Operating expenses and compensation of employees of the construction sector altogether amounted to \$385.3 billion in 2018, representing an increase of 2.0% over 2017; on a per establishment basis, they were \$14.6 million in 2018, decreased by 4.1% compared with 2017.

Gross surplus of the construction sector, which is equal to total receipts less operating expenses and compensation of employees, decreased by 10.9% compared with 2017 to \$36.4 billion in 2018; on a per establishment basis, gross surplus decreased by 16.2% compared with 2017, to \$1.4 million in 2018. Gross surplus accounted for 8.6% of total receipts in 2018, down by 1.1 percentage points compared with 2017.

Value added of the construction sector, which is a measure of its contribution to Hong Kong's Gross Domestic Product, decreased by 7.4% compared with 2017 to \$123.0 billion in 2018; on a per establishment basis, the value added was \$4.7 million in 2018, representing a decrease of 12.9% compared with 2017.

In 2018, there were some 26 400 establishments in the construction sector, which directly engaged about 192 000 persons, or an average of 7.3 persons per establishment.

The survey did not cover labour-only sub-contractors that mainly supplied labour to work on a job-to-job basis, owing to practical consideration in data collection. The employment figures above mainly covered direct employees of the construction establishments and did not reflect the labour input through the sub-contracting activities of labour-only sub-contractors.

Apart from the construction sector, the survey also enumerated establishments engaged in real estate activities; and architectural, surveying and engineering services.

Total receipts (comprising gross margin of real estate development projects, service and rental income and other business receipts) of establishments engaged in the real estate activities (including real estate development, real estate leasing, real estate brokerage and agency and real estate maintenance management) amounted to \$217.6 billion in 2018, representing an increase of 7.8% over 2017. Operating expenses and compensation of employees altogether amounted to \$88.5 billion in 2018, representing an increase of 7.9% over 2017. Gross surplus increased by 9.6% over 2017 to \$122.3 billion in 2018. Gross surplus accounted for 56.2% of total receipts in 2018, up by 0.9 percentage point over 2017. Value added decreased by 4.7% compared with 2017 to \$138.5 billion in 2018.

In 2018, the real estate activities comprised 9 900 establishments and engaged about 116 500 persons, or an average of 11.8 persons per establishment.

The total number of private real estate projects ever operated in 2018 was 320. As at end-2018, 283 projects, which were expected to provide a total 8.1 million square metres of gross floor area of buildings when completed, were still under construction. Among them, 15% were on Hong Kong Island, 23% in Kowloon and 61% in the New Territories and outlying islands.

The survey excluded establishments which developed real estate projects for their own use as well as those which owned land but had not developed it during the reference year. Real estate leasing and other related activities undertaken by individuals or firms which engaged less than two persons (except for subsidiaries of real estate enterprises) were also not covered in the survey.

Total receipts (comprising service income and other business receipts) of establishments engaged in the architectural, surveying and engineering services amounted to \$23.1 billion in 2018, representing an increase of 4.8% over 2017. Operating expenses and compensation of employees altogether amounted to \$21.0 billion in 2018, representing an increase of 5.1% over 2017. Gross surplus increased by 1.9% over 2017 to \$2.1 billion in 2018. Gross surplus accounted for 9.1% of total receipts in 2018, slightly down by 0.3 percentage point compared with 2017. Value added increased by 2.9% over 2017 to \$16.1 billion in 2018.

In 2018, the architectural, surveying and engineering services comprised some 2 300 establishments and engaged about 27 800 persons, or an average of 12.3 persons per establishment.

Selected statistics for the building, construction and real estate sectors, with breakdowns by industry grouping, are shown in the attached table.

More detailed survey results on the building, construction and real estate sectors will be given in the report "Key Statistics on Business Performance and Operating Characteristics of the Building, Construction and Real Estate Sectors in 2018". Users can download this report free of charge at the website of the C&SD

(www.censtatd.gov.hk/hkstat/sub/sp330.jsp?productCode=B1080011) as from end-December 2019.

For enquiries about the key statistics on business performance and operating characteristics of the building, construction and real estate sectors, please contact the Construction and Miscellaneous Services Statistics Section of the C&SD at telephone 3903 6964 or email building@censtatd.gov.hk.

Financial results for the seven months ended October 31, 2019

The Government announced today (November 29) its financial results for the seven months ended October 31, 2019.

Expenditure for the period April to October 2019 amounted to HK\$327 billion and revenue HK\$201.3 billion, resulting in a cumulative year-to-date deficit of HK\$119.4 billion after receipt of net proceeds of HK\$7.8 billion from issuance of green bonds under the Government Green Bond Programme (Green Bond) and repayment of institutional notes of HK\$1.5 billion.

A government spokesperson said that the cumulative year-to-date deficit for the period was mainly due to the fact that some major types of revenue including salaries and profits taxes are mostly received towards the end of a financial year.

The fiscal reserves stood at HK\$1,051.5 billion as at October 31, 2019.

Detailed figures are shown in Tables 1 and 2.

TABLE 1. CONSOLIDATED ACCOUNT (Note 1)

	Month ended October 31, 2019 HK\$ million	Seven months ended October 31, 2019 HK\$ million
Revenue	21,267.5	201,241.5
Expenditure	(45,339.8)	(326,998.5)

Deficit before issuance and repayment of government bonds and notes	(24,072.3)	(125,757.0)
Net proceeds from issuance of Green Bond	–	7,828.7
Repayment of government bonds and notes	–	(1,500.0)
Deficit after issuance and repayment of government bonds and notes	(24,072.3)	(119,428.3)
Financing		
Domestic		
Banking Sector (Note 2)	24,384.0	118,216.3
Non-Banking Sector	(311.7)	1,212.0
External	–	–
Total	24,072.3	119,428.3

Government Debts as at October 31, 2019 (Note 3)

HK\$7,838 million

Debts Guaranteed by Government as at October 31, 2019 (Note 4)

HK\$27,988.3 million

TABLE 2. FISCAL RESERVES

	Month ended October 31, 2019 HK\$ million	Seven months ended October 31, 2019 HK\$ million
Fiscal Reserves at start of period	1,075,526.5	1,170,882.5
Consolidated Deficit after issuance and repayment of government bonds and notes	(24,072.3)	(119,428.3)
Fiscal Reserves at end of period (Note 5)	1,051,454.2	1,051,454.2

Notes:

1. This Account consolidates the General Revenue Account and the following eight Funds: Capital Works Reserve Fund, Capital Investment Fund, Civil Service Pension Reserve Fund, Disaster Relief Fund, Innovation and Technology Fund, Land Fund, Loan Fund and Lotteries Fund. It excludes the Bond Fund, the balance of which is not part of the fiscal reserves. The Bond Fund balance as at October 31, 2019, was HK\$132,304 million.
2. Includes transactions with the Exchange Fund and resident banks.
3. These were the green bonds of US\$1,000 million (equivalent to HK\$7,838 million as at October 31, 2019) which were denominated in US dollars with maturity in May 2024. They do not include the outstanding bonds with nominal value of HK\$97,648 million and alternative bonds with nominal value of US\$2,000 million (equivalent to HK\$15,675 million as at October 31, 2019) issued under the Government Bond Programme (with proceeds credited to the Bond Fund). Of these bonds under the Government Bond Programme (including Silver Bonds with nominal value of HK\$8,848 million, which may be redeemed before maturity upon request from bond holders), bonds with nominal value of HK\$22,272 million and alternative bonds with nominal value of US\$1,000 million (equivalent to HK\$7,838 million as at October 31, 2019) will mature within the period from November 2019 to October 2020 and the rest within the period from November 2020 to March 2034.
4. Includes guarantees provided under the SME Loan Guarantee Scheme launched in 2001, the Special Loan Guarantee Scheme launched in 2008, the Special Concessionary Measures under the SME Financing Guarantee Scheme launched in 2012, and a commercial loan of the Hong Kong Science and Technology Parks Corporation.
5. Includes HK\$219,730 million being the balance of the Land Fund held in the name of "Future Fund" as from January 1, 2016, for long-term investments initially up to December 31, 2025. As from July 1, 2016, the Future Fund also includes HK\$4,800 million, being one-third of the actual surplus in 2015-16 as top-up.

[International Reserves and Foreign Currency Liquidity](#)

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) released today (Friday) the analytical data on the Hong Kong Special Administrative Region's foreign currency reserves and foreign currency liquidity as at the end of October 2019 (Annex). These data are published monthly in the Template on

International Reserves and Foreign Currency Liquidity in accordance with the International Monetary Fund's Special Data Dissemination Standard.

At present, four press releases relating to the Exchange Fund's data are issued by the HKMA each month. Three of these releases are issued to disseminate monetary data in accordance with the International Monetary Fund's Special Data Dissemination Standard (SDDS). The fourth press release, on the Exchange Fund's Abridged Balance Sheet and Currency Board Account, is made in accordance with the HKMA's policy of maintaining a high level of transparency. For the month of November 2019, the scheduled dates for issuing the press releases are as follows:

November 7 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
November 14 (Issued)	SDDS Analytical Accounts of the Central Bank (Analytical Accounts of the Exchange Fund)
November 29	SDDS Template on International Reserves and Foreign Currency Liquidity
November 29	Exchange Fund Abridged Balance Sheet and Currency Board Account

[Exchange Fund Abridged Balance Sheet and Currency Board Account](#)

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) announced today (November 29) that the total assets of the Exchange Fund amounted to HK\$4,188.0 billion as at October 31, 2019, HK\$41.0 billion lower than that at the end of September 2019. Hong Kong dollar assets decreased by HK\$69.9 billion while foreign currency assets increased by HK\$28.9 billion.

The decline in Hong Kong dollar assets was mainly due to a decrease in Exchange Fund Bills and Notes issued but not yet settled. The rise in foreign currency assets was mainly due to an increase in unsettled purchases of securities and income from foreign currency investments.

The Currency Board Account shows that the Monetary Base at the end of October 2019 was HK\$1,646.3 billion, increased by HK\$1.7 billion, or 0.1 per cent, from the end of September 2019. The rise was mainly due to amortisation of discount on Exchange Fund Bills and Notes.

The amount of Backing Assets increased by HK\$4.0 billion, or 0.2 per cent, to HK\$1,842.5 billion. The increase was mainly attributable to interest from investments. The backing ratio increased from 111.80 per cent at the end of September 2019 to 111.92 per cent at the end of October 2019.

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November 29	Exchange Fund Abridged Balance Sheet and Currency Board Account

[Residential Mortgage Survey Results for October 2019](#)

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) announced the results of the residential mortgage survey for October 2019.

The number of mortgage applications in October decreased month-on-month by 3.7 per cent to 9,299.

Mortgage loans approved in October decreased by 3.9 per cent compared with September to HK\$32.6 billion. Among these, mortgage loans financing primary market transactions increased by 4.6 per cent to HK\$9.1 billion and those financing secondary market transactions increased by 14.6 per cent to HK\$12.8 billion. Mortgage loans for refinancing decreased by 24 per cent to HK\$10.6 billion.

Mortgage loans drawn down during October decreased by 23.5 per cent compared with September to HK\$26.3 billion.

The ratio of new mortgage loans priced with reference to HIBOR decreased from 86.1 per cent in September to 84.6 per cent in October. The ratio of new mortgage loans priced with reference to best lending rates increased from 11.7 per cent in September to 12.4 per cent in October.

The outstanding value of mortgage loans increased month-on-month by 0.5 per cent to HK\$1,422.8 billion at end-October.

The mortgage delinquency ratio remained unchanged at 0.02 per cent and the rescheduled loan ratio remained unchanged at nearly 0 per cent.