

Legislative Council Panel on Housing

Sub-committee to Study the Letting and Rent Policies of Non-Domestic Premises of the Housing Authority and the Housing Society

Operation of Housing Society's Markets

Purpose

At the meeting on 14 March, Members requested additional information on the operation of Housing Society's markets. The following provides the requisite information.

Comparison of Rent between Markets at Jat Min Chuen and Sha Kok Estate

2. Generally, the average unit rent of wet market stalls in Sha Kok Estate is higher than that in Jat Min Chuen. The average unit rent of Sha Kok Estate wet market stalls is \$809/m² whilst that of Jat Min Chuen is \$315/m². This is a reflection of the population customer flow in different locations and represents the market rent level.

Views of Market Stall Operators of Jat Min Chuen

3. Tenants of Jat Min Chuen wet market stalls have requested that they be permitted to continue operating their business in the same location. Please see their letter at Annex. There are also subsequent requests that Housing Society should improve the general conditions of the wet market and reduction of rent.

Breakdown of Commercial Premises Floor Area by Trade

4. The areas taken up by different trades in Housing Society's commercial premises and the respective percentages are shown in the following table -

	Trade	Internal Floor Area (m²)	Percentage
1	Restaurants	17 186	36%
2	Bakery/Meats/Vegetables	2 593	5%
3	Medical & Dental Clinics	1 782	4%
4	Newspaper & Magazine / Books/ Stationery / Toys / Gifts	875	2%
5	Hair Salon & Facial Service	1 579	3%
6	Grocery / Household Products	2 413	5%
7	Supermarket /Department Store	8 066	17%
8	Laundry	661	1%
9	Arts / Piano Teaching / Tuition Centre	920	2%
10	Medicine & Drugs / Chinese Herbs	450	1%
11	Fashion & Shoes	212	0.5%
12	Convenience Stores	1 362	2.5%
13	Bank	1 748	4%
14	Miscellaneous	8 284	17%
	TOTAL	48 131	100%

Comparison of Unit Rent for Market Stalls and Supermarkets in each Estate

5. There are a total 18 supermarkets and 4 wet markets at various estates of Housing Society. In estates where both supermarket and wet market exist, the average unit rent of supermarket is \$398/m² whilst that for wet market stall is \$293/m². Given the larger area of the supermarkets premises, the unit rent of supermarket is substantially higher than that of the wet market stalls.

Overall Review of Rents, Facilities and Management

6. Housing Society maintains prudent commercial principle in its commercial property operation. Rent levels are regularly reviewed, with

professional advice from our team of surveyors and views from local management team. Review of the facilities and management is conducted from time to time having regard to the investment need and return. Generally, the vacancy rate of shop premises in Housing Society is lower than that in private market (6% against 7.5%) and much flexibility has been adopted by Housing Society to maintain the leasing performance.

Housing Society
April 2002

Press Release from Jat Min Chuen Merchants' Association

Request for Continuation of Businesses in Jat Min Chuen Wet Market

<Translation>

Without prior consultation and discussion with the market stall tenants at Jat Min Chuen, Housing Society suddenly issued notice to quit on 31 August 2001 to more than 20 stall operators requesting them to move out their stalls by late November 2001, which would seriously affect the livelihood of most operators.

According to the Housing Society, the wet market space would probably be leased to Park'N Shop for operating as a Superstore after recovering possession of the wet market. This would give precedent for monopolization of market by large enterprises at the expense of the livelihood of small enterprises.

Most of the stall operators have operated their businesses in Jat Min Chuen for one or two decades and established a friendly relationship with the community. In view of the huge capital investment for the fixtures and fitting out works, it would be an unaffordable burden for the stall operators if they have to move their businesses to elsewhere. It would create more unemployment on the one hand and contradict the government policy on encouragement to run small business on the other hand.

The act of Housing Society would not only limit the choice of consumption to the residents but also reduce the room for free competition among various businesses. The Association has already gained the support of thousands of residents at a signature campaign and would receive more support of other stall operators in some New Territories markets.

The request of the Association is to continue the businesses of all stall operators at Jat Min Chuen wet market.