

STUDY ON THE FEASIBILITY OF A NEW PERFORMANCE VENUE FOR HONG KONG

EXECUTIVE SUMMARY



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Executive Summary of Findings and Recommendations

1.0 Overview

"We have to make sure that in the 21st Century the world is governed not only by economic imperatives, but also by a renaissance of those values that make life meaningful. In many ways art is an expression of such values and the arts make possible a translation of values into a language that facilitates the understanding of the minds and hearts of people with different cultural backgrounds." (1997)

*Professor Klaus Schwab
Founder and President, World Economic Forum*

2.0 Vision

We are poised on the threshold of a **New Millennium**. But can we look forward to "a brave new world"? The past decades have seen scientific and technological changes on an unprecedented scale taking place at unprecedented speeds. These changes have wreaked havoc on the environment and caused unprecedented disaster and devastation to man. Man seems to have become the slave of materialism, prepared to sacrifice his cultural heritage and ecological concerns in the pursuit of gain. What is lacking is a holistic approach to life, one which is in harmony with nature and the aspirations of man.

In the midst of the Asian financial crisis and at the start of the SAR Era, Hong Kong people must, in response to regional and global challenges, pause to capitalize on this opportunity to re-evaluate within ourselves what our immediate priorities should be. What will enable us to move into the future a truly civil society of the new millennium? We consider the proposed **Performance Venue**, a visionary piece of sustainable architectural wonder, to be one of the vital projects aimed at projecting a brave new **global image** of Hong Kong both in the form of its hardware as well as its software.

3.0 Topics of the Study

3.1 Study Objective

The Hong Kong Tourist Association (HKTA) initiated the Study on the Feasibility of a New Performance Venue for Hong Kong in early 1998. The objectives of the Study are:

- Assess availability and capacity of existing dedicated venues
- Focus on major performing arts / culture / entertainment events
- Examine if Hong Kong needs a new performance venue
- Assess the feasibility of the project

3.2 Study Aspects

In the Study, the following aspects have been examined:

- Existing supply of performing arts venues.
- Interviews and Consultation with the Industry.
- Demand analysis of existing venues.
- Tourism and demand for international events.
- Demand for and Potential Usage of a performance venue for international events.
- Types of events and venue size requirements.
- Identification and Evaluation of Alternative Sites.
- West Kowloon Site and proposed site planning concept.
- Preliminary Transportation and traffic analysis.
- Preliminary Environmental Analysis.
- Feasibility Analysis.

3.3 Study Conclusion

The Study concludes that Hong Kong needs a new international performance venue based on several key justifications in combination. These include:

(a) Functional Need

- The current venues are already operating in full utilization levels

(b) Development of Arts and Culture

- Performing arts and culture needs of the community are supply-led
- New strategic facilities with international role will serve to promote performing arts and culture in Hong Kong
- Promotion of **Hong Kong as Asia's arts and culture centre**

(c) Tourism Promotion

- New venues with international roles are needed for the promotion of **Event Tourism**, and develop Hong Kong into the **Event Capital of Asia**

Following are the Summary of Findings and Recommendations.

4.0 Existing Supply of Performing Arts Venues

- Although there seems to be a wide range of venues used for the staging of performing arts/international events in Hong Kong, facilities which are located centrally in the urban areas and developed to serve the community at large are limited. Moreover, many existing major venues are non-dedicated facilities which were built to meet other project objectives.
- Of the dedicated venues, all except the Hong Kong Arts Centre are owned and managed by the Provisional Urban Council (PUC). The HKAC Shouson Theatre is, however, very limited in its capacity (only 439 seats).

- Popular sports venues which are also used for performing arts/international events have larger capacities but their primary function is to support sports events.
- There are also a number of community/district based civic centres located all over the urban areas and the New Territories. These are primarily planned to meet local district based needs.
- The bona-fide major venues planned as dedicated facilities for performing arts/cultural events and to meet the need of community at large are the Hong Kong Cultural Centre and the City Hall. Ko Shan Theatre is not located conveniently enough to function as a major venue for international events.

5.0 The Functional Need for New Facilities

- According to the information analysed during preparation of this Report, utilisation rates of the major dedicated facilities namely the Hong Kong Cultural Centre, Hong Kong Coliseum and City Hall were already close to full capacity by 1997, with each reporting utilisation rates of over 85-90 percent.
- The Consultation Paper (prepared as part of the Urban Council's Culture Select Committee's 5 year plan in August 1996) also states that in 1994/1995 some 80 booking requests for the Grand Theatre at the HKCC were turned away due to capacity constraints. The Consultation Paper concluded in 1995 that Hong Kong needed new theatre facilities (1,200 seat theatre and rehearsal facilities) to meet the growing demand. Nevertheless, there is to date no confirmed plan for the development of the proposed new project.
- The Hong Kong Cultural Centre has reached its capacity and the usage rates of the theatre and the Concert Hall in 1996 - 97 were 97.16% and 87.1% respectively.
- The City Hall Concert Hall and Theatre have reached usage rates of 97.8% and 97.4% in 1996 - 97 respectively.
- The Hong Kong Coliseum has reached a usage rate of 98% in 1996 - 97.

- With the growth in the number of applications made to the Hong Kong Cultural Centre (HKCC) for use of facilities from 1995 to 1997 reaching approximately 5.5% per annum, it is strongly believed that all the key dedicated venues for performing arts/cultural and entertainment events in the urban areas in Hong Kong must have reached their maximum utilisation level by now. Taking into account the lead time required to plan and build new facilities, there will be a serious shortage of venues within the next 3 to 5 years, even if a new venue is commissioned today.
- Based on the booking information available, it is noted that international events alone constitute significant usage of the venues in terms of function days. International events with successful bookings at the Hong Kong Culture Centre (Concert Hall and Grand Theatre) constituted 13 to 14% of the total and in terms of function days.
- The identified unmet demand for performance venue facilities for both major local and international events is reflected in the number of failed bookings which amount to approximately 13% of applications. However, it is believed there is additional unmet latent demand over and above this 13% due to the fact that these have not reached the stage of actual application submission.
- The unmet demand is very well demonstrated by the case of the opening of the new wing of the HKCEC. The new wing has been offered to event organizers for concerts. Over 1 year in 1997 – 98, there were 20 events held there. Before this, the Centre only staged 17 events over the past 10 years.
- From a functional need perspective, and taking into consideration of the growing demand, a major performance venue is urgently requested.

6.0 Development of Arts and Culture in Hong Kong

- The development of arts and culture in Hong Kong support the need for a new performance venue.
- The need for new performance facilities goes beyond the simple justification in terms of capacity and usage rates as presented above. The demand of new facilities is not solely coming from the public and historical audience participation rates. Demand is supply-led and policy driven through the determination to provide the appropriate facilities to promote arts and culture. The market demand is created by the types and nature of facilities supplied.
- The on-going Planning Department *Cultural Facilities – A Study on their Requirements and the Formulation of New Planning Standards and Guidelines* suggests the need to expand the current hierarchy of performance venue provision to include new facilities with international and national roles.

7.0 Tourism and Demand for International Events

- Based on the HKTA Visitor Survey, some 14% to 15% of the total visitors have expressed interest in attending performing arts events while they are in Hong Kong. However, only some 5 to 7% of the visitors had actually participated. There is an obvious gap between the supply and the potential demand.
- Understandably, existing facilities and activities are focused to satisfy the local community first and foremost and as a result may lack the ingredients necessary to satisfy the international tourist market. Any type of event and any venue will require local support and interest to be successful but this local focus may go some way to explaining why only a fraction of those visitors expressing an interest in the performing arts actually attended arts or cultural events and performances during their stay in Hong Kong.

- It is not easy as a visitor to find out what performances are on offer or where or how tickets can be secured and this perhaps indicates a gap in the provision of tourist information. In order to focus more tourism activities towards satisfying the demand expressed by the special interest profile, a new performance venue, which could become a regional centre from which to capitalise on this demand, could act as a catalyst as well as a response, adding greatly to the attractiveness of Hong Kong. In addition, an event marketing strategy should be formulated in order to target overseas visitors.

8.0 The Need for a New International Performance Venue in Hong Kong

- It is concluded in the study that based on a combination of the above three justifications, Hong Kong needs an international performing venue to fulfill the roles of promotion of arts and culture, meeting growing functional needs, and tourism promotion.
- Nevertheless, it is equally important to highlight that the current study looks only at the hardware of the facility provisions, and that appropriate complementary software in terms of policy, promotion, accessibility, education, marketing and artistic development should also be put in place.

9.0 Proposed Project Development Concept for the New Permanent Performance Venue

9.1 Functional Concept

Based on the findings and recommendations in the Report, the Consultants have also undertaken discussions with the event organisers, the industry and HKTA to arrive at a project development concept for the new performance venue. To provide separate venue spaces to meet the technical requirements of all types of performances may not be financially practical. The Consultants recommend that the facility should include two major performance venue areas:

- (1) A formal 1,500 to 2,200 seat theatre which meets the need of formal and sophisticated performances such as musicals, theatre shows, cultural performances, dance and plays and other stage shows. This will be an all enclosed specialised performance area.
- (2) A semi-outdoor open venue for a wide range of temporary events. It would be used to stage concerts, medium size entertainment, cultural performances, exhibitions, martial arts, circus, acrobatic, celebrations, festival shows as well as medium size sports events. This should be a semi-flexible space with seating adjustable to meet the different requirements of the various events. This project concept would make this space a highly versatile and flexible space catering to different events and activities. A capacity of 6,000 to 8,000 seats should be provided.

The proposed audience capacity as described above should be planned to be an informal performance venue as a semi-open area, linking to outdoor open space and a waterfront park with the harbour as the backdrop. This space should be weather protected and could serve the needs of an area for erection of temporary performance structures and festival events. This development concept will provide the open space within a semi-protected environment and maximize its potential utilisation. The drawback of an all open area such as that in Victoria Park for temporary performance structures is that Hong Kong is susceptible to rain and typhoons over 6 months in a year. If, architecturally, with an innovative architectural design solution, this flexible space can be accommodated in a semi-open, semi-enclosed environment, the usage of the space would be greatly enhanced.

- (3) The proposed performance venue should also include a wider range of supplementary rehearsal facilities and formal / informal spaces for the use by local and international groups. This would enhance the diversity of activities and users and enable the venue to become a centre of a wide range of performing arts related activities, in addition to the formal performances to be staged in the formal theatre. In the future development of the actual design brief, the project should include a range of informal activity spaces for the staging of a wide range of performing arts, entertainment and culture activities.

9.2 *International Landmark in Hong Kong*

The proposed new venue represents an opportunity to develop an international attraction, a sensational architectural wonder like Sydney Opera House, Pompidou Centre, Eiffel Tower which would be visited by the local residents and visitors throughout the day. It should be perceived as an attraction on its own, and be a major international landmark in Hong Kong. Therefore, the new venue complex should also provide the following capabilities and facilities:

- Food & beverage facilities;
- Related tourist facilities such as a harbour viewing tower by the waterfront.
- Inclusion of performing arts related uses such as themed retail areas, galleries, offices for the arts and cultural organisations/businesses.
- Ability to accommodate a wide variety of other events including all types of performing arts and cultural events, ice sports/performances, court and other sports, stage performances, concerts and indoor entertainment events.
- Capable of handling year round events but not so large as to be extremely costly to run and maintain
- Parking spaces for buses, coaches etc.
- Internationally experienced, commercial management and promotion is essential so as to optimise usage of comprehensive facilities

The optimum site to accommodate such a venue complex could be located close to the MTR/public transport in an established, preferably urban, area on the waterfront, so that it is identified clearly as part of the urban fabric of Hong Kong and is not isolated and distant from its users. It should have excellent visibility and exposure.

The semi-open area should be designed to have the ability to be extended to the adjacent waterfront open space and allow a variety of different scale, temporary art and cultural events (visual / environmental art display and exhibition area) to be take place as part of the venue. This development approach would make the venue more versatile and provide the flexibility to cater for different art forms and artistic expressions, in addition to the formal theatre facilities.

The linkage to the waterfront park would enable the space be used as a public amenity area by becoming part of the park, and also enable the park outside to function as the venue for different art and culture activities. This integration is important to the development concept.

9.3 *An Integrated Project Approach – More Than Just a Cultural Facility*

The proposed project represents an integrated approach bringing together the objectives of cultural facilities provision and tourism development into an innovative development concept. The proposed new performance venue is more than just a complex of performance facilities. It is an integrated attraction acting as a destination for the public and for visitors throughout the day. The original functional need for a new theatre would be satisfied but the project has been expanded to include elements that would make it also an **integrated cultural tourism project**:

- (a) In order to provide a new venue to meet the growing demand for theatre and performance accommodation, it has been demonstrated that investments will be required to implement the development of new facilities.
- (b) However, apart from the performance venue facilities, the current Study also recommends **the integration of the theatre facilities with a themed commercial area and a major tourist attraction in the form of a viewing tower overlooking the harbour.**
- (c) This integrated approach would provide **value added** to the basic project of new performance venues. The combined objectives of meeting the cultural needs and promotion of tourism would lead to a major all-day attraction and destination.

- (d) The proposed new performance venue would also provide an internationally famous landmark for Hong Kong and will become a year round destination. With the support of the complementary facilities proposed in topic No. 9 of this summary, the whole area of the venue site and surroundings would develop into a major waterfront tourist destination district in Hong Kong.
- (e) In line with its "landmark" positioning, the Consultants have suggested the adoption of a striking and dramatic design. Page 21 to 28 of this Executive Summary illustrate of how the proposed development could serve as a "landmark" for Hong Kong.

9.4 *Anticipated Patronage Level*

The integrated cultural / tourism project has been estimated to be able to attract approximately 3 million visitations per annum in the initial years. These include visitors visiting the performance facilities, the viewing tower and the themed commercial area.

With the image of the integrated cultural / tourism project building up gradually, it is anticipated that the number of visitations would further increase after the initial years of operation.

The ultimate number of total visitations will depend upon the actual design its location, theme of the commercial area, the tenant mix and the overall marketing strategy of the integrated cultural / tourism project.

9.5 *A Summary of the Development Concept and the Formulation of the Project Brief*

The overall development concept can therefore be summarized as follows:

(a) **On-Site Development**

- A formal 1,500 to 2,200 seat theatre

- A large semi-outdoor weather protected flexible open venue space for the staging of a wide variety of performing events, arts and culture activities including visual / environmental art display and exhibitions. When used as an outdoor performing event venue, it should accommodate up to approximately 8,000 seats
- Adjacent waterfront park directly linked to the semi-outdoor open venue space
- A wider range of supplementary performance rehearsal facilities and informal activity spaces within the venue
- A harbour viewing tower with observation deck
- A commercial area for retail, gift and souvenir, gallery, studio, office, cafe, bars with live music, and dining activities focused on themes related to performing arts, entertainment, media, art and culture
- Supporting facilities such as parking, loading and unloading
- A direct all weather automated pedestrian walkway connection linking the venue to the MTR Station

(b) **Off-Site Development**

In order to create a critical mass of activities in and around the area of the venue, and to establish a new and strategic major art, culture and tourist district in Hong Kong, it is further recommended:

- It is imperative that a direct all weather pedestrian walkway incorporating some entertainment / theatrical / arts related themes be developed to connect the venue with the MTR Station and also the adjacent sites. This connection, which could be known as the "Theatre Lane", could incorporate automated sidewalks.

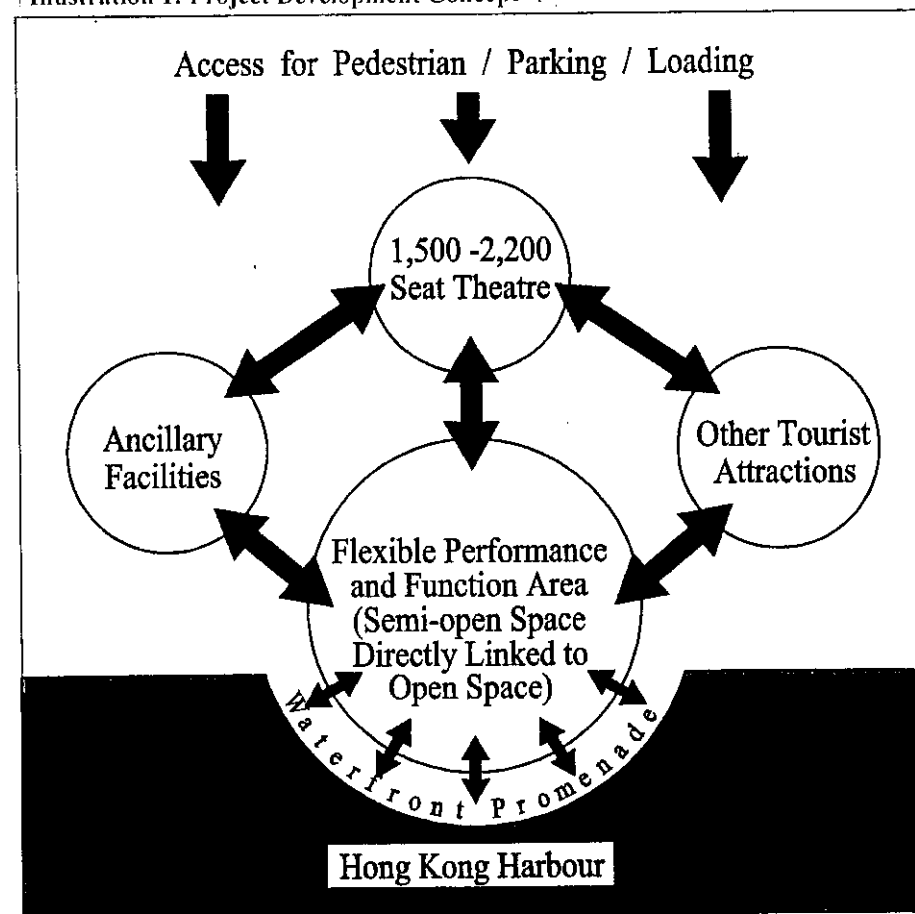
- The sites located immediately adjacent to the proposed performance venue should be developed for arts, culture, entertainment and tourist related activities. Waterfront sidewalk cafes and boulevard dining areas should be encouraged. These development objectives could be achieved through statutory planning control and special lease conditions.
- The remaining area around the site should be further considered for the development of other territory wide cultural, recreation or tourist facilities. In addition, other possible facilities such as municipal museums, art galleries and a new convention and exhibition centre could be sited in the area adjacent to the new performance venue.

(c) Formulation of the Final Project Brief

While this Study examines the above concept in terms of its technical and general financial viability, the scope of this project is focused on the core facilities only. Nevertheless, the consultants strongly believe that the proposed project represents an excellent opportunity to create a major art, culture and tourist facility and destination in Hong Kong. As such, there may be other supplementary development elements that may add synergistic benefits to the project as a whole, and value-added contributions to Hong Kong.

It is therefore recommended that the final project brief should be formulated by the designated implementation agency of this project based on any further suggestions from the public, the industry and the art and culture sector in Hong Kong. Section 17.0 of this Summary Report proposes to set up a single purpose statutory body to own and manage this project, and operate based on commercially prudent principles, with professional expertise. It further proposes to set up, in the interim, a provisional project committee to oversee the development and construction phase of the project. This body should be given the responsibility to finalize and refine the development programme and project brief.

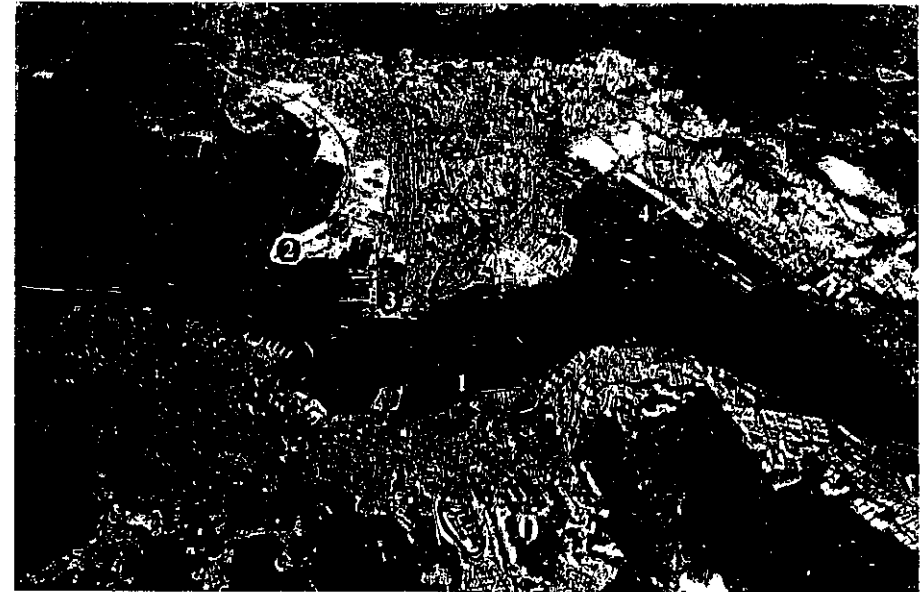
Illustration 1: Project Development Concept



10.0 Identification and Evaluation of Alternative Sites

- At least five and a half hectares of land is required for the new performance venue and the associated facilities such as food, beverage and parking facilities. This performance venue would be a new landmark of Hong Kong. It would thus be best located in an area contiguous to an existing tourist district so as to further enhance the character of the district. Based on these considerations the following four sites were identified:
 1. Tamar
 2. West Kowloon Reclamation
 3. Tsim Sha Tsui Marine Police Station
 4. Kai Tak (South East Kowloon Reclamation)
- The area of Tsim Sha Tsui Marine Police Headquarters is too small for development of permanent performance venue although it is of historic interest and is located in Tsim Sha Tsui. The site in Kai Tak (the Metropolitan Park in the South East Kowloon Reclamation), on the contrary, would be large enough to accommodate the permanent performance venue. However, it would take too long to realize as the site would not be available for development until 2016.
- Both Tamar and West Kowloon Reclamation Area are located near tourist areas where tourist attractions and a wide range of complementary facilities are available. In addition to major tourist attractions, hotels, restaurants and shopping malls, existing performance venues are located in very close proximity. Development of a new permanent performance venue at Tamar would create a new entertainment centre or cultural district for both visitors and local residents. However, it is anticipated that the reclamation works in Tamar will be commenced in mid-2000 and completed in mid-2004. Major facilities, in other words, will be provided after 2004.

Illustration 2: Location of Potential Sites



- The site in the West Kowloon is also adjacent to tourist district Tsim Sha Tsui. Together with the provision of road networks, public transport facilities and pedestrian system, hotels and commercial facilities in the reclamation area, development of a permanent performance venue in West Kowloon would further enhance the character of the whole geographical neighbourhood as an international tourist district.

The proposed anchor destination project on this part of the reclamation area of West Kowloon would further enhance the character of the district and ensure pedestrian flow to this isolated corner.

Since reclamation works and infrastructure such as road access are available, the site in West Kowloon is regarded as the preferred option for the proposed performance venue development.

- Four potential sites have been evaluated in terms of site area, site availability, accessibility, proximity to tourist attractions and availability of complementary facilities. The West Kowloon site is the most favourable location amongst the four sites.

11.0 The West Kowloon Site

Further to shortlisting of West Kowloon site as the most favourable site for the proposed venue a preliminary planning analysis concluded the following findings.

- Total area of 14025 zoned as open space intended to be a regional park in accordance to Draft South West Kowloon Outline Zoning Plan No. S/K20/6.
- A Section 16 application to the Town Planning Board for change of landuse is required.
- The site is presently vacant.

Illustration 3: West Kowloon Aerial View

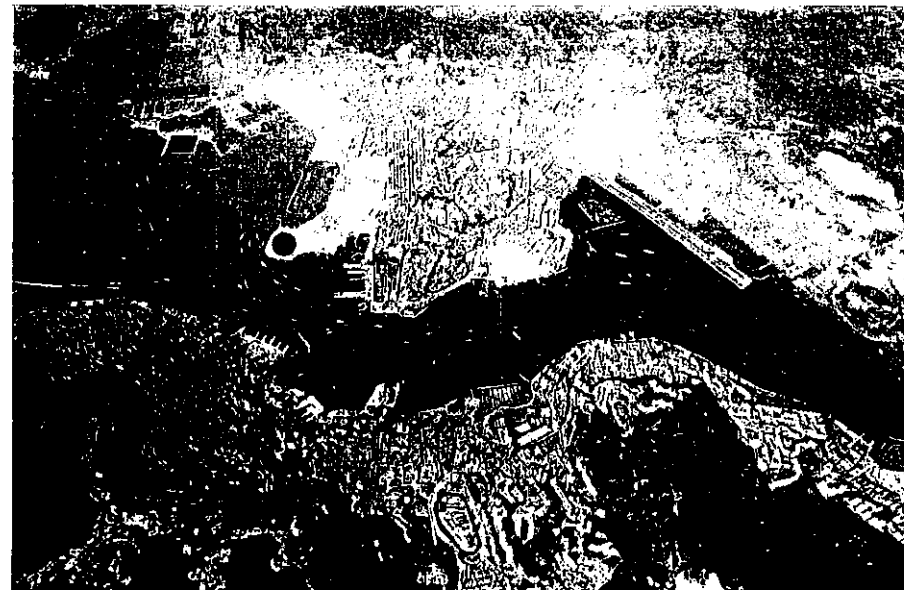


Illustration 4: West Kowloon – Site Location



- The site potentials include:

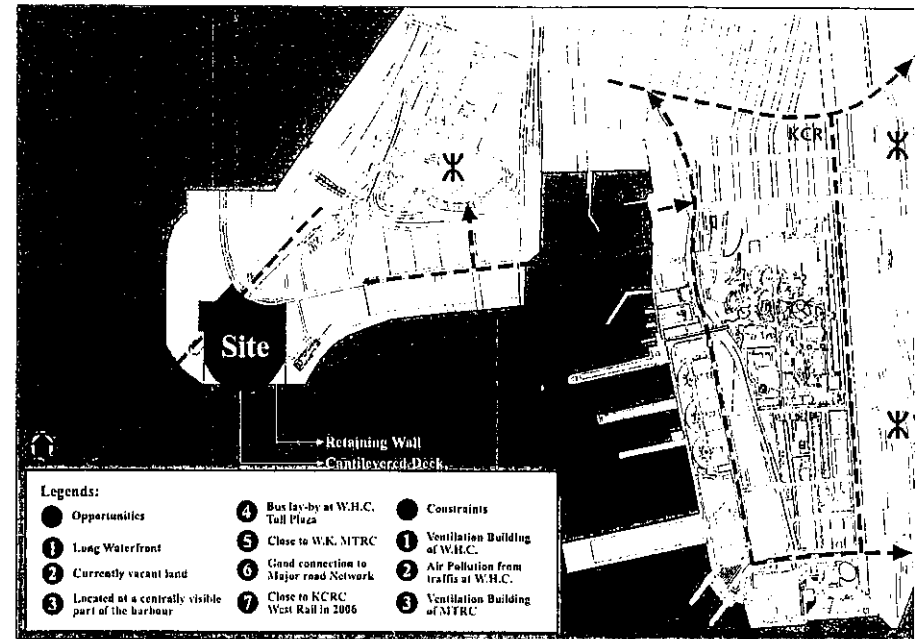
Good Harbour view and waterfront promenade,
Close to MTRC development,
Adjacent to Tsim Sha Tsui which is well-known tourist and shopping district

- The site constraints include:

Underlying drainage reserve,
MTRC Ventilation building and Western Harbour Ventilation building in the vicinity,
Undesirable views of Western Harbour tunnel.

- There may be further reclamation carried out at Kowloon Point and Yau Ma Tei typhoon shelter.

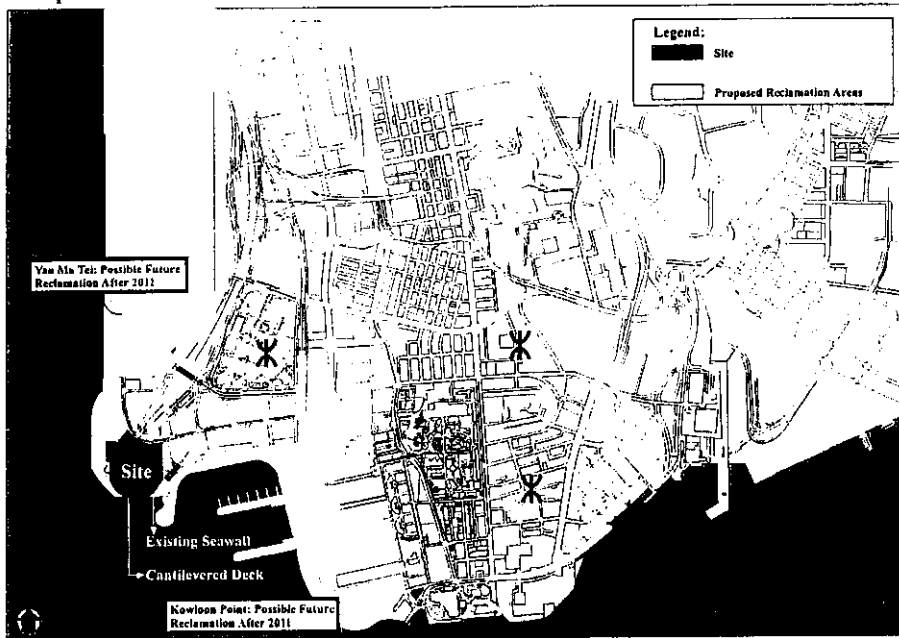
Map 1: West Kowloon – Site Location



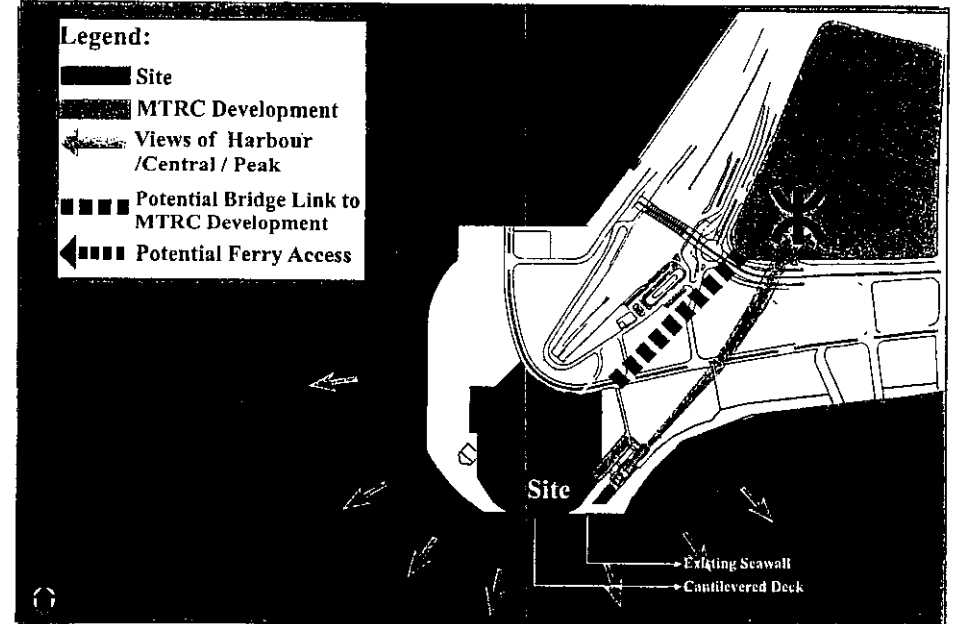
Map 2: Proposed and Existing Landuses



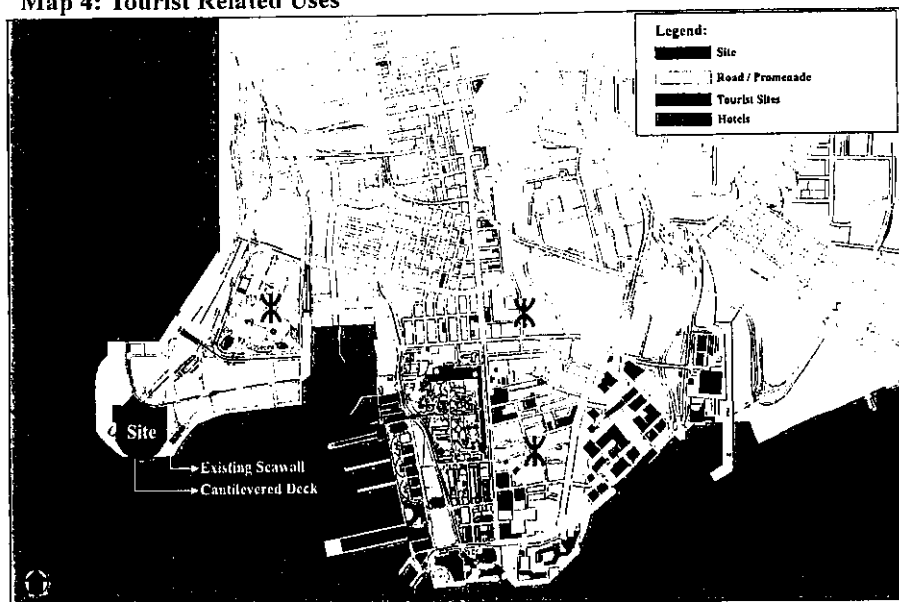
Map 3: Other Possible Future Reclamation Areas



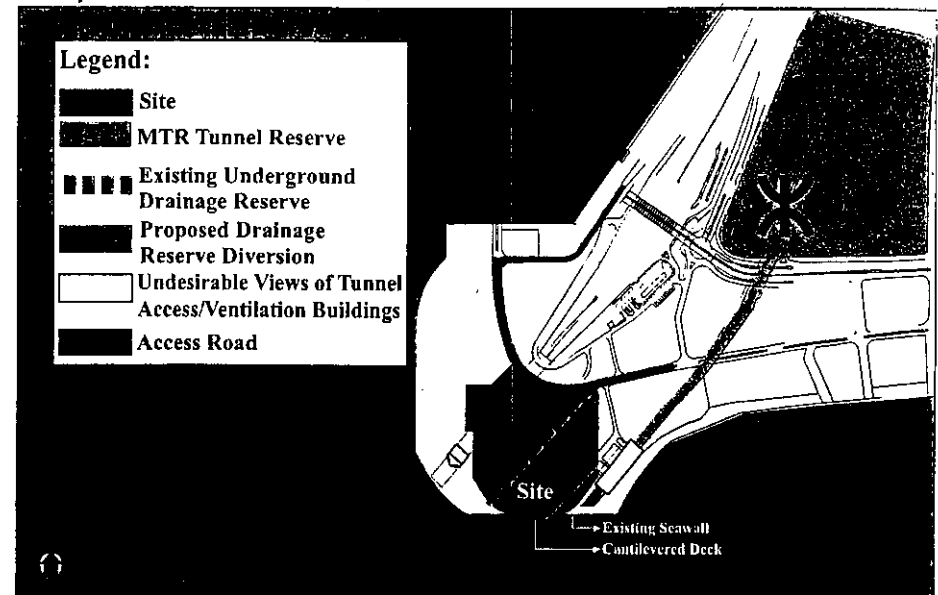
Map 5: Site Potentials



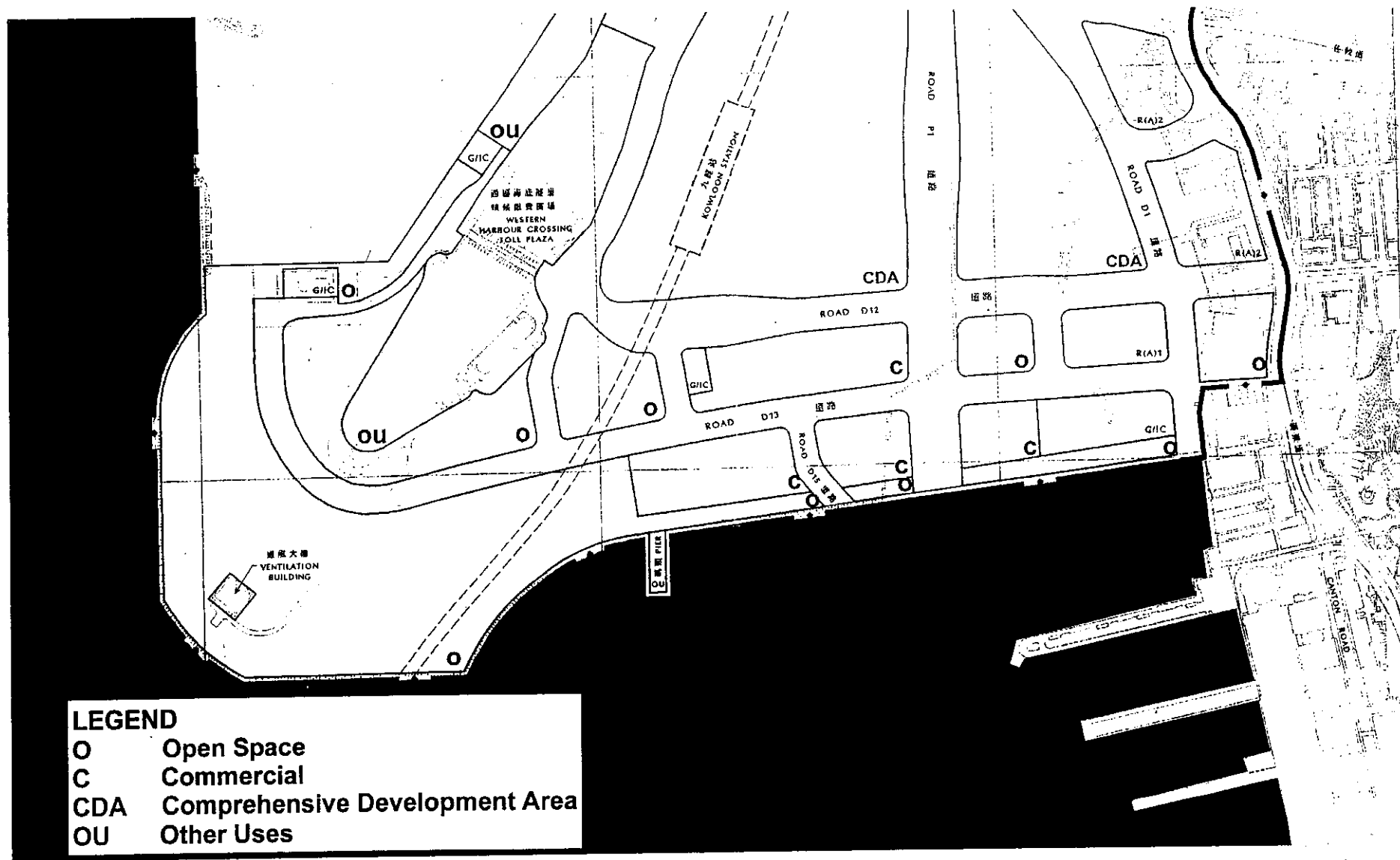
Map 4: Tourist Related Uses



Map 6: Site Constraints



Map 7: West Kowloon – Draft Outline Zoning Plan



12.0 Proposed Development Statistics

The following is a summary of the development & facilities statistics for the project **not based on a specific design** :

Section	Gross Floor Area m ²
1. Core Facilities	
● Performance Area	
● Foyer and Circulation	: 32,027
● Semi-open venue and Boxes (6,000 seats and 720 seats in boxes)	: 8,000
● Proscenium theatre and boxes (2,200 seats and 100 seats in boxes)	: 4,500
● Theatre back of house	: 9,680
● Viewing Tower at 260m above ground	: 2,370
Performance Area Sub-total	: 56,577
2. Carpark for Performance Area	
● Taxi lay-by and Vehicular Entrance	: 4,000*
● Carpark (559 No. @40 m ² /No.)	: 22,360*
● Loading / Unloading Bay (2 No. @ 120 m ² /No.)	: 240*
Carpark for Performance Area Sub-total	: 26,600
3. Landscaping Works	
● External Landscaping on grade, roads, paving and coach parking (allow 50% of Site Area)	: 27,500*
● Landscaping within the building (roof etc.) (allow 30% of Site Area)	: 16,500*
4. Commercial (for financial viability)	
● Commercial (Shops, F&B, etc.)	: 43,459
● Carpark for Commercial	
● Carpark (146 No. @40 m ² /No.)	: 5,840*
● Loading/Unloading Bay (37 No. @120 m ² /No.)	: 4,440*
Carpark for Commercial Sub-total	: 10,280

Section

Gross Floor Area m²

5. Summary

● Site Area	: 55,000
● External Works / Roads	: 44,000
● Total No. of Seats	: 9,020
● No. of Carpark	: 705

* Denotes Construction Area

Note :

1. Construction Floor Area includes all areas accountable for gross floor area calculation under the Building (Planning) regulations and other relevant ordinances and areas not accountable for gross floor areas including landscaping areas, water feature areas, parking areas etc.
2. Gross Floor Areas refers only to these areas accountable for gross floor areas calculations under Building (Planning) regulations and relevant ordinances.

13.0 Construction Budget Estimate for a Performance Venue

Based on the Development Statistics the Construction Budget estimate is as follows. This estimate is **not based on any specific design**.

The cost estimate includes two components :

- (a) Core facilities - which include performance and tourist facilities with the necessary supporting services and uses; and
- (b) Commercial component - which includes commercial gross floor area which constitute shops, F&B, galleries, retails and other uses related to art, culture and performance arts.

The construction cost estimates as illustrated in table 1 on following page are:

Core performance facilities and associated areas	=	HK\$ 3.12 billion
Commercial areas and associated support facilities	=	<u>HK\$ 1.28 billion</u>
Total	=	HK\$ 4.4 billion*

* Estimate at 2nd quarter 1998 price level.

Table 1: Construction Budget Estimate

Section	Gross Floor Area	Cost per m ²	Total Estimated Costs	Benchmark Projects
	m ²	\$/m ² GFA	HK\$ Million	
A. Core Facilities				
1. Performance Area				
1.1 Foyer and Circulation	32,027	30,000.00	960.80	Foyer/Public Area of HKCEC Extension
1.2 Semi-open venue and Boxes (6,000 seats and 720 seats in boxes)	8,000	30,000.00	240.00	Shatin Racecourse Grandstand and Hong Kong Stadium
1.3 Proscenium theatre and boxes (2,200 seats and 100 seats in boxes)	4,500	50,000.00	225.00	Convention Hall of HKCEC Extension and Music Hall of HK Chinese University
1.4 Theatre back of house	9,680	17,000.00	164.60	Back of house of HKCEC Extension
1.5 Viewing Tower at 260m above ground	2,370	-	350.00	Auckland Sky Tower
1.6 Theatre equipment	-	-	100.00	
Performance Area Sub-total	56,577		2,040.40	
2. Carpark for Performance Area				
2.1 Taxi lay-by and Vehicular Entrance	4,000*	6,500.00	26.00) Average Costs derived from other projects
2.2 Carpark (559 No. @40 m ² /No.)	22,360*	6,500.00	145.30	
2.3 Loading / Unloading Bay (2 No. @120 m ² /No.)	240*	6,500.00	1.60	
Carpark for Performance Area Sub-total	26,600		172.90	

Section	Gross Floor Area	Cost per m ²	Total Estimated Costs	Benchmark Projects
	m ²	\$/m ² GFA	HK\$ Million	
3. Landscaping Works				
3.1 Landscaping on grade / roads, paving and coach parking (allow 50% of site area)	27,500*	10,000.00	275.00	Grand Millennium Plaza, Sheung Wan
3.2 Landscaping within the building (roof etc.) (allow 30% of site area)	16,500*	10,000.00	165.00	
Landscaping subtotal	44,000*		440.00	
4. Contingencies (5%)	-	-	133.00	
Total excluding fees (Core Facilities)			2,786.30	
5. Professional fee (12%)	-	-	334.00	
Total including fees (Core Facilities)			3,120.30	
B. Commercial (for financial viability)				
1. Commercial (Shops, F&B, etc.)	43,459	24,000.00	1,043.00	Pacific Place Mall and Festival Walk
2. Carpark for Commercial				
2.1 Carpark (146 No. @40 m ² /No.)	5,840*	6,500.00	38.00) Average Costs derived from other projects
2.2 Loading/Unloading Bay (37 No. @120 m ² /No.)	4,440*	6,500.00	28.90	
Carpark for Commercial Sub-total	10,280		66.90	
3. Contingencies (5%)	-	-	55.00	
Total excluding fees (Commercial)			1,164.90	
4. Professional fees (10%)	-	-	116.00	
Total including fees (Commercial)			1,280.90	
Grand Total (Core Facilities and Commercial) (Construction Budget)			4,401.20	

* Denotes Construction Floor Area

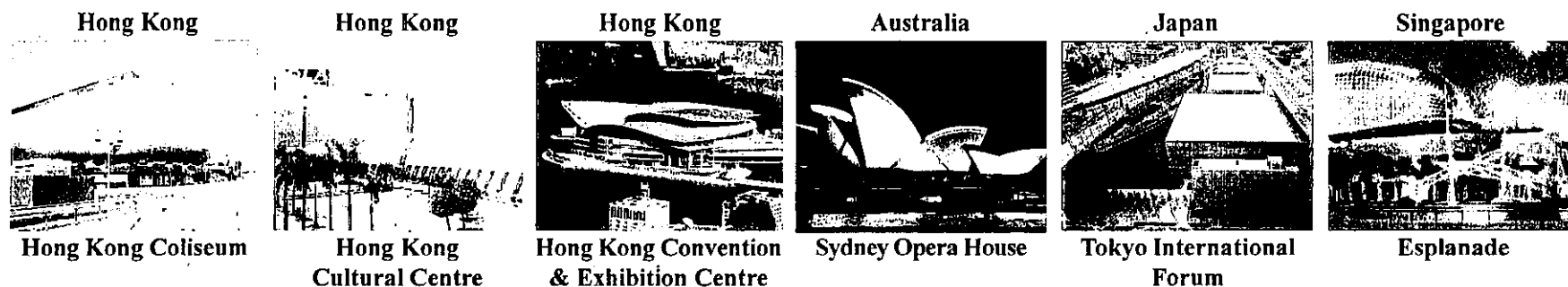
14.0 Study on Comparables

The above capital cost estimates are studied in comparison to similar projects. The comparison is presented below. It is noted that Singapore is currently in the process of developing an international performance venue called "Esplanade – Theatre on the Bay". It will be completed in 2001 and will include a Concert Hall of 1,600 seats, a theatre of 2,000 seats and a commercial area of 45,000 sq.m. The total cost is HK\$5 billion for the full project.

Projects	Cost/m ² (1998)	Updated Cost Cost in billion (1998)
Hong Kong Coliseum (1983)	\$55,682	\$0.556
Hong Kong Cultural Centre (1989)	\$13,828	\$1.137
Hong Kong Convention & Exhibition Centre Extension (1997)	\$26,804*	\$4.330
Tokyo International Forum (1996)	\$66,492	\$9.641
Esplanade (Phase 1), Singapore	\$34,091	\$3.000
New Performance Venue for Hong Kong (core facilities only)	\$28,046*	\$3.120
New Performance Venue for Hong Kong (Full Project)	\$27,713*	\$4.400

* Cost/m² based on construction floor area

15.0: Construction Costs for Similar Local and International Comparables



Project	Location	Capacity (Total seats)	Construction Floor Area (sqm)	Gross Floor Area (sqm)	Year of Completion	Historic Cost HK\$ (Million)	Updated Costs (2nd Qtr. 98) HK\$ (Million)	Cost/m ² based on GFA HK\$	Cost/m ² based on Construction Floor Area HK\$
Hong Kong Coliseum	Hong Kong	12,000	-	10,000	1983	175.00	556.82	55,682	-
Hong Kong Cultural Centre	Hong Kong	4,343	-	82,231	1989	640.00	1,137.06	13,828	-
Hong Kong Convention & Exhibition Centre Extension	Hong Kong	4,300	166,000	-	1997	3,464.00	4,330.00	-	26,804
Sydney Opera House	Australia	5,168	-	180,000	1973	450.00	2,925.00	16,250	-
Toyko International Forum	Japan	7,714	-	145,000	1996	8,745.00	9,641.36	66,492	-
Esplanade*	Singapore	3,800	-	88,000	-	3,000.00	3,000.00	34,091	-
New Performance Venue (Budget - Performance area only)	Hong Kong	9,020	86,228	54,207	2,002	-	2,418.30**	44,612	28,046
New Performance Venue (Budget - including commercial area & viewing tower)	Hong Kong	9,020	142,574	100,036	2,002	-	3,951.20**	39,498	27,713

* Figures for Esplanade are of Phase I and include core performance facilities only. The full project will cost S\$1 billion (approximately HK\$5 billion).

** Excludes Professional Fees

Note :

- Construction Floor Areas include all areas accountable for gross floor area calculations under the Building (Planning) regulations and other relevant ordinances and areas not accountable for gross floor areas including landscaping areas, water feature areas, parking areas etc.
- Gross Floor Areas refer only to those areas accountable for gross floor area calculations under Building (Planning) regulations and relevant ordinances.

16.0 Financial Analysis

16.1 Assumptions

The following is a summary of the assumptions adopted in the financial analysis:

A. Project Summary ("generic design")

Site Area	:	55,000 m ²
Total GFA (theatres/commercial/external)	:	180,916 m ²
Total No. of seats inc. boxes	:	9,020 seats
Total No. of Carpark	:	705 spaces

B. Revenue and Operating Cost Assumptions

(i) Revenues: (Corporation)

- Proscenium Theatre (up to 2,200 seats)
250 performances p.a.
Occupancy Rate 75%
Average ticket price of HK\$400
- Semi-open event space (6,000 + 2,000 temporary)
320 performance p.a. (250 major + 70 minor)
Occupancy Rate 75%
Average ticket price HK\$200 (major performance)
Average ticket price HK\$100 (minor performance)
- Other Income
15% of sale revenues (i.e. rental fees)
Programme Sales
Merchandise sales, licencing
"Friends of the Venue"
Recoveries of technical services expenses from incoming productions
Booking fees/forfeitures
Promotional Levy
Income from Corporate Boxes
Viewing Tower entry fees
Carparking
Share of profits generated by commercial element

(ii) Revenues (Master Landlord/Management Co.)

- Rentals and service charges from commercial areas

(iii) Costs: (Corporation)

- Salaries
- Government rent/rates
- Marketing/advertising
- Postage etc.
- Printing & stationery
- Entertainment
- Travel
- Audit
- Publications/subscriptions
- Telephone/fax
- Loan repayment (\$140m over 10 year @5%)
- Service charges

(iv) Master Landlord/Management Co.

- Management expenses
- Share of profit to Corporation

C. Land Ownership and Construction Cost Assumption

- Site will be granted to the proposed Corporation at nil or nominal premium.
- Construction costs will be met via a Government grant to the Corporation and the Corporation will act as trustee for these funds and future revenues generated by the operation of the Venue.

16.2 Cashflow Summary

Detailed cash flows have been prepared based on both the "generic" concept and the illustrative design which serve to provide additional references and the basis for analysis.

The summary below indicates only the cashflow based on "generic" concept. Cashflow summary based on the illustrative design has been presented in paragraph 12.2 of the Volume 1 of Final Report.

(a) Cashflow Summary based on "generic" concept

Cashflow Summary, including commercial element:

(i) Development Cost:

Development Cost: (based on Generic Design)	
1998 figures	HK\$ million
Core Theatre facilities	3,120
Commercial Area	1,281
Total Development Cost	4,401

(ii) Overall Cash flow Summary

Cashflow Summary:							
(HK\$ million)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Outflow	684	1,629	1,684	644	329	347	362
Inflow	140	0	0	151	291	342	374
Net Cashflow	-544	-1,629	-1,684	-493	-38	-5	+13

Overall the project would generate positive cashflow by Year 7. In order to enable the project to be self financed operationally, the development cost would have to be externally funded, and a loan (repaid over 10 years) of HK\$140 million will be in place.

16.3 Financing Approach and Implementation

The following financing approach is recommended to develop the new performance venue:

- Nil land cost
- Capital cost of HK\$4.4 billion externally funded
- Operating cost does not need subvention / recurrent subsidy from Year 7
- Require a loan of HK\$140 million to cover initial years of net expenses. Repayable say over 10 years, at 5% interest.

17.0 Implementation

It is recommended that the project be owned and managed by a single purpose statutory body set up for the project. A board with representative from the Government, the arts, culture and performing arts sector, the tourism industry and the public should govern this body. It would be responsible directly for the marketing, sales, administration and technical aspects of securing performances and events. It would also be charged with the responsibility of the promotion Hong Kong as an international centre for arts, culture and event tourism.

The management of performing facilities should be undertaken based on commercially prudent principles, and professional expertise.

The body would however contract out the management of the commercial component of the project to the private sector.

The implementation of the project could commence in advance of the formal setting up of the statutory body. Although in the interim the project would be implemented by the Government through an inter-departmental team, it is recommended that a Provisional Project Committee (PPC) with representatives from the Government, the tourism industry as well as the art, culture and performing art sector, and the public be set up to provide directions to the implementation teams. A contracted chief executive officer should be appointed to act as the overall project coordinator and he / she should also be included in the PCC. The inter-departmental team would support him or her.

In this reference, the implementation approach schedule recommended are:

- Establish a single purpose statutory corporation with official and public involvement to own the venue.
- Operate the venue based on commercial principles and contract out the commercial area management to a private sector partner.
- 5 years from now to completion (2 years of planning and design, 3 years of construction)
- Could be fast tracked with Government support.
- Detailed programme to be further developed and finalized by the proposed statutory corporation.
- Design to be determined by the statutory corporation.
- Complementary software and other policy support to be developed further by the Corporation and put in place to support the project.

18.0 Economic and Social Benefits

- Promotion of Arts and Culture

The proposed new performance venue would provide a high calibre venue appropriate to Hong Kong's status as an international business and tourism centre. It would help to alleviate the issue of capacity constraints indicated by the usage rates of the HKCC and other territory-wide venues so that identified functional needs would be met by its development. More importantly, the proposed venue would meet a newly identified need in provision of cultural facilities in Hong Kong – that of a major facility capable of fulfilling an international and national role which would drive supply led activities and so further promote arts and culture in the city.

- Tourism Development Benefits

As identified in the demand survey phase of this Study, Hong Kong's existing major venues are functioning at very nearly full capacity and if action is taken to develop a new venue able to accept bookings from major international productions such events will, of necessity, by-pass Hong Kong, depriving local residents of cultural and entertainment opportunities and putting Hong Kong at a disadvantage vis a vis its regional competitors in so far as attracting tourists and overseas visitors is concerned. The development and construction of a visually exciting, high profile and internationally competitive project which justifies worldwide marketing and promotion of its programme would assist in reestablishing Hong Kong's position in Asia as a premier tourism destination. The publicity would not only market the venue but also Hong Kong.

- Employment Benefits

Additional benefits resulting from such a project would be the creation of employment opportunities in the areas of consultancy, technical specialists associated with theatre design, IT and specialist facilities provision as well as in the construction industry itself. In all it is considered some 2000 or more jobs could be created during planning and construction with some 300 or so permanent positions becoming available on completion. These would include staff to be employed by the Corporation together with the retail and property management staff required to operate the commercial areas. In addition, temporary/part time staff would be required to act as cashiers, waiters/waitresses, ticket sellers etc. during large scale and evening productions.

Employment opportunities would also be provided for the performing arts, tourism and entertainment sectors.

- Planning and Urban Design Benefits

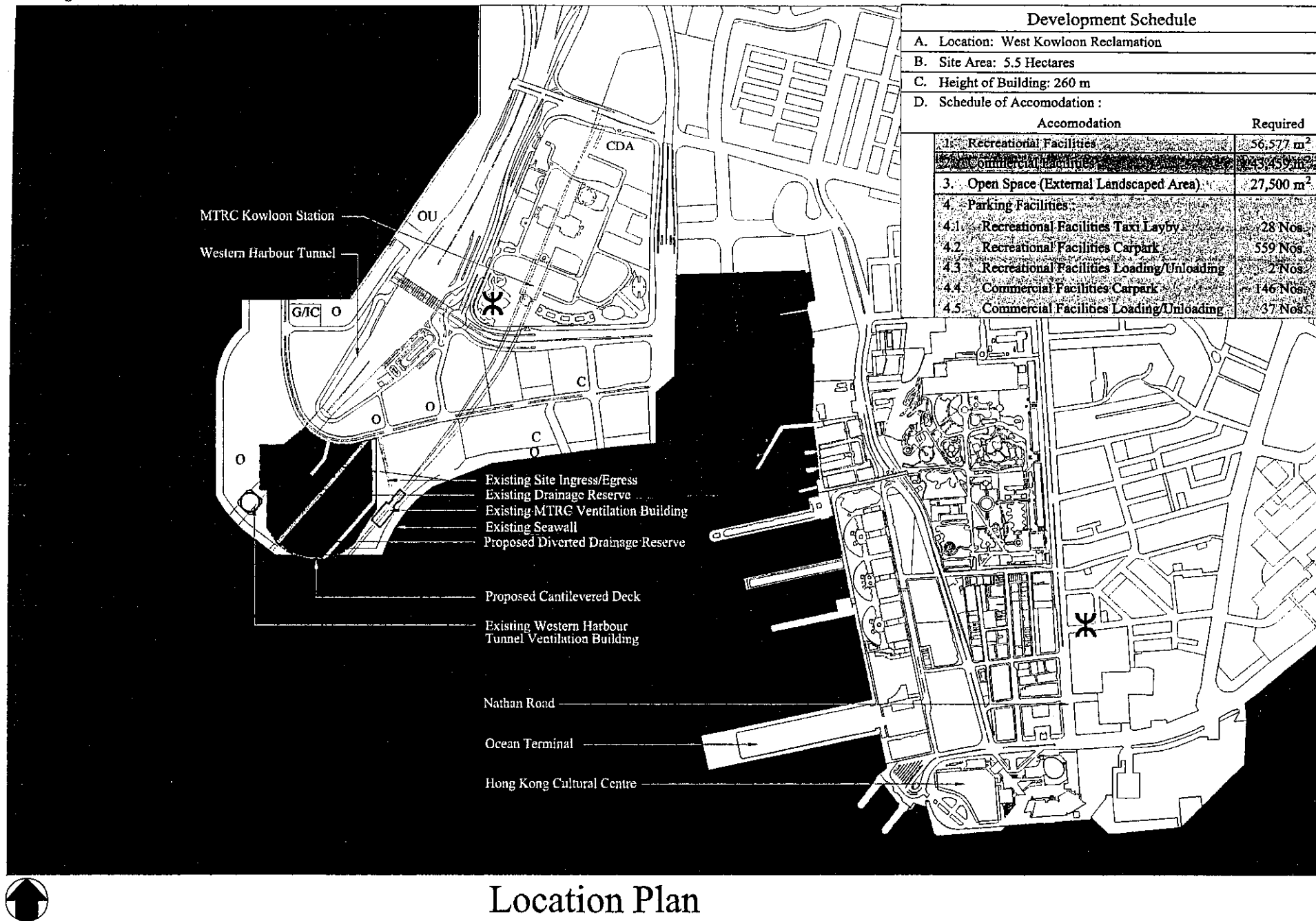
Another benefit would be the catalyst effect of the project on the surrounding area. The West Kowloon reclamation, together with the surrounding park will become an automatic draw to many thousands of visitors on a daily basis. This will in turn attract commercial users to the new developments which will be coming on stream in connection with the MTR and West Rail schemes close by so benefiting early residents through the establishment of neighbourhood shops, restaurants and service facilities sooner than could otherwise have been expected. It is hoped that a "theatre lane" type of environment will develop in the area, with much of the newly developed space being taken up by specialist retailers, food & beverage operators, art galleries, showrooms, antique/collectible shops, children's entertainment entries and other similar commercial users so that the first floor walkway levels from the two railways stations to the performance venue will develop their own character and attractions.

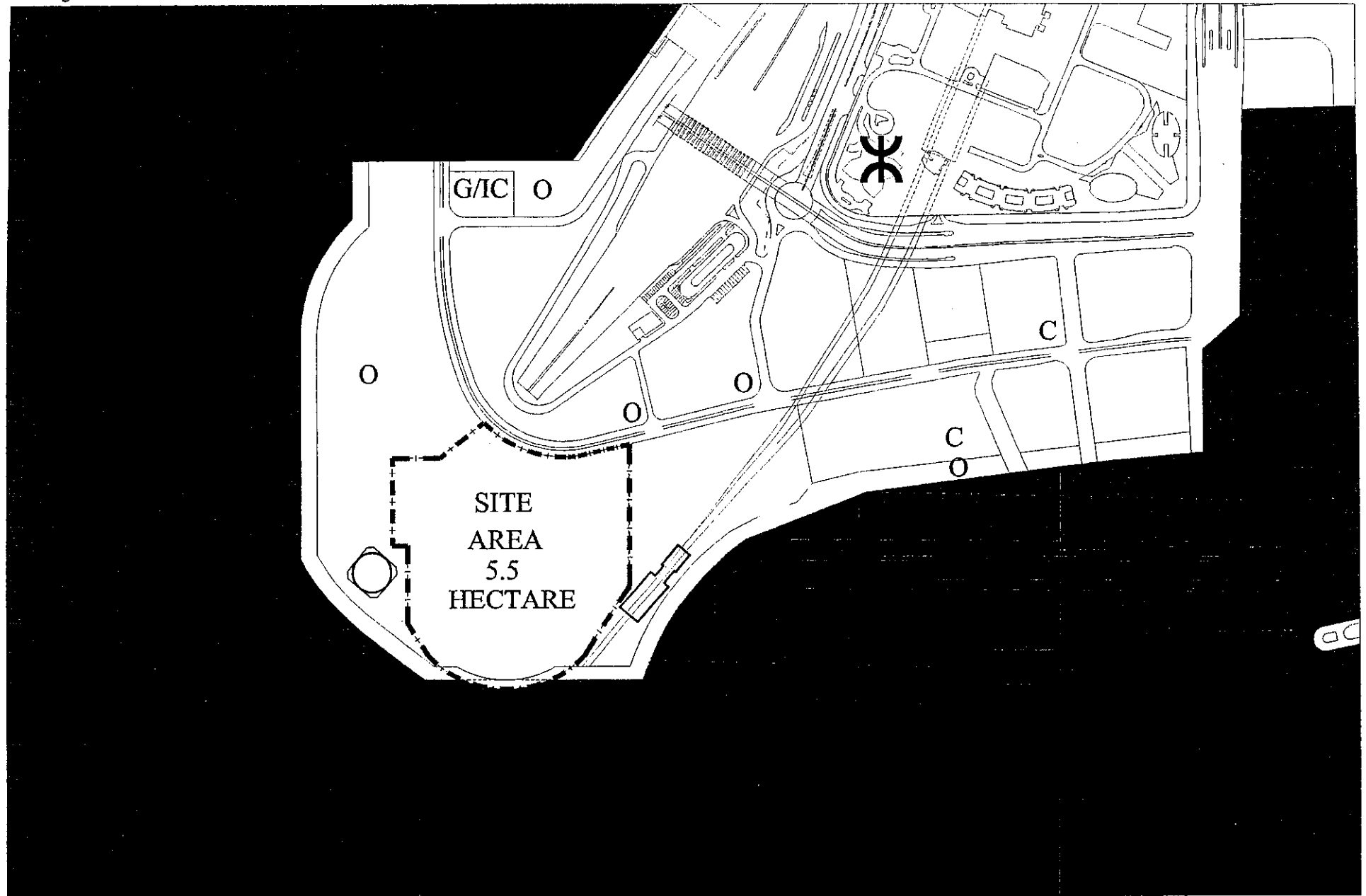
19.0 Design of the New Performance Venue

This Study has as its primary objective examined the project feasibility of a proposed new performance venue complex for Hong Kong. The Study has included the preparation of a preliminary concept for the site planning and an architectural design based on the recommended development programme. The illustrative design is required to test the technical and financial viability of the recommendation.

The illustrative design is documented in the Volume 2 of the Final Report.

It is recommended that if the proposal to develop a new performance venue for Hong Kong is adopted by the Government, the implementation agency should determine the method of selecting the final design of the venue based on the project programme. This could be through a direct appointment of an architect or other appropriate means as decided by the implementation agency.

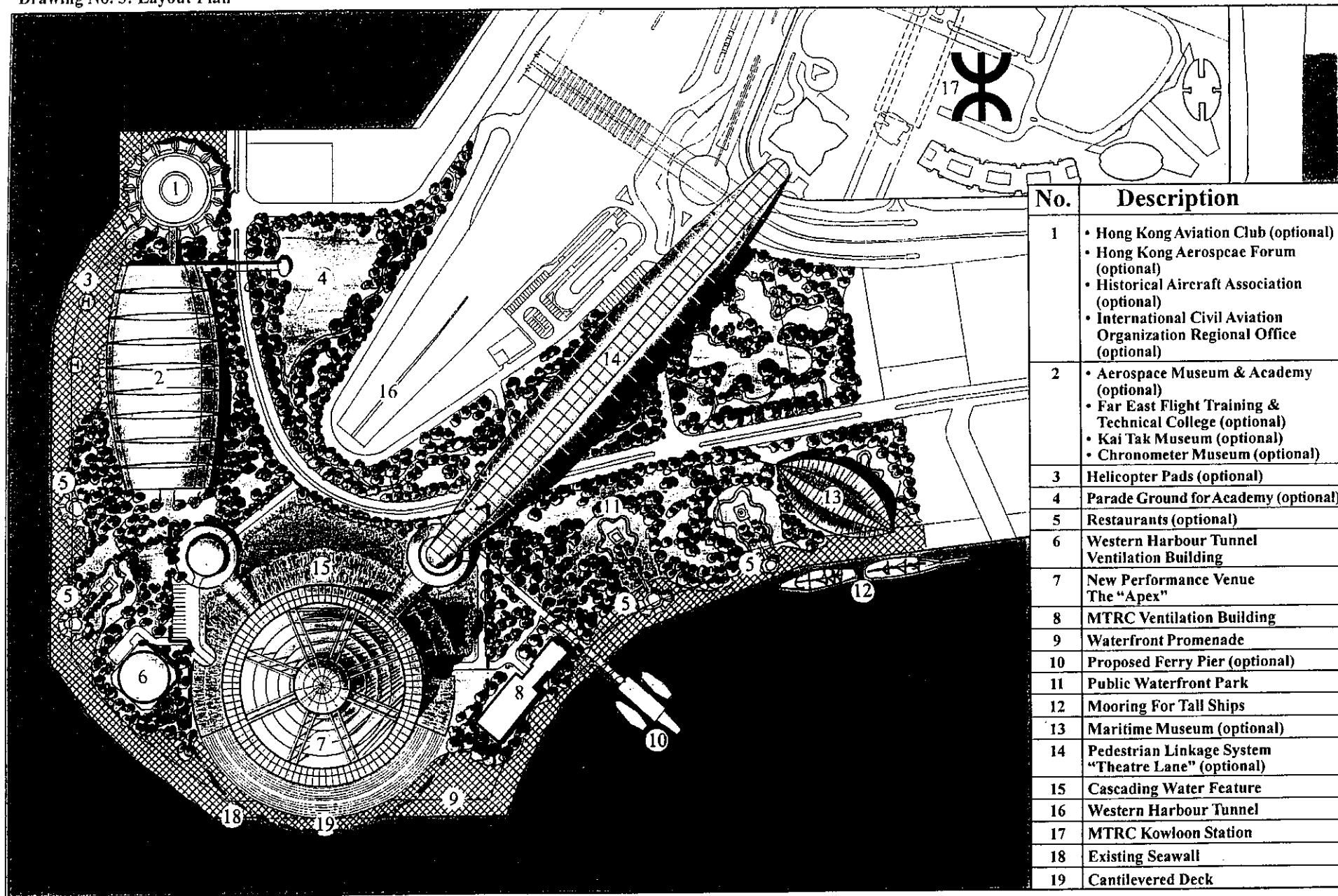




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Site Area Plan

Drawing No. 3: Layout Plan



Layout Plan (Incorporating optional facilities of a Futuristic Theme Park surrounding the Performance Venue "The Apex")



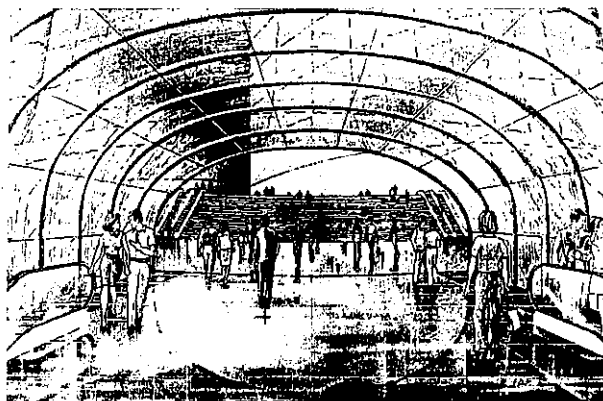
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Illustration 5: Perspective View of the Illustrative Architectural Design

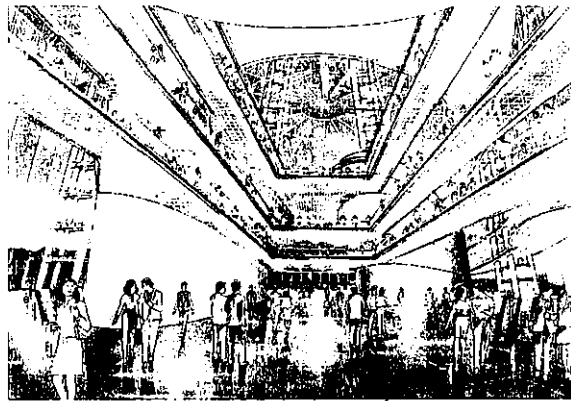


Age Group	Percentage
18-24	15%
25-34	35%
35-44	25%
45-54	15%
55-64	5%
65-74	5%
75-84	5%
85+	5%

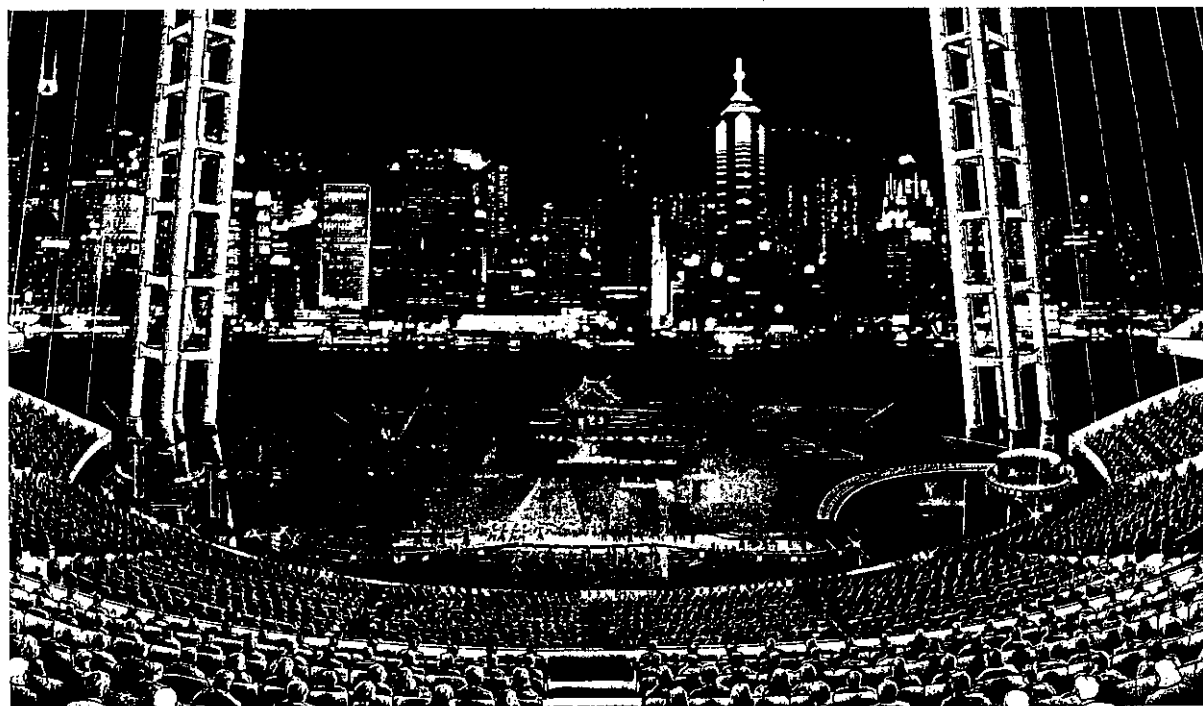
Illustration 6: Perspective Views



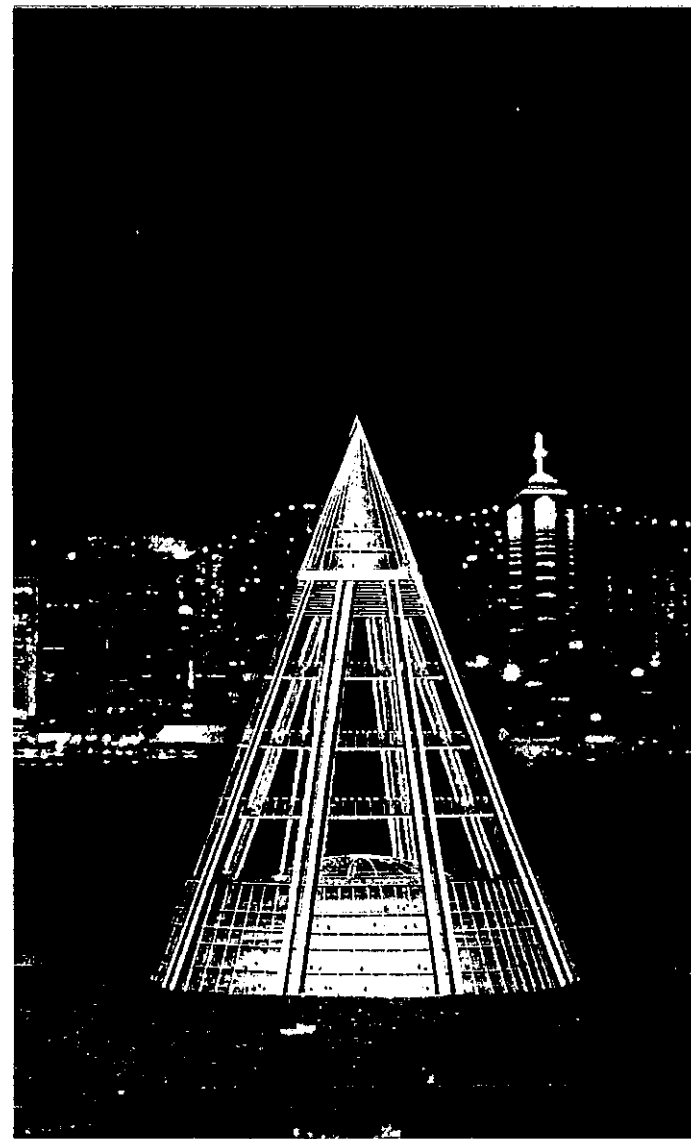
Entrance to the Grand Foyer



View of the Grand Foyer



Harbour as the backdrop of the AmphiTheatre



The Performance Venue

Illustration 7: Views of the Model

