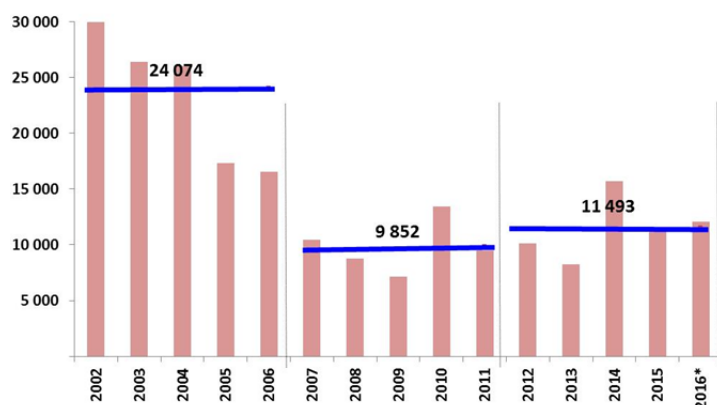




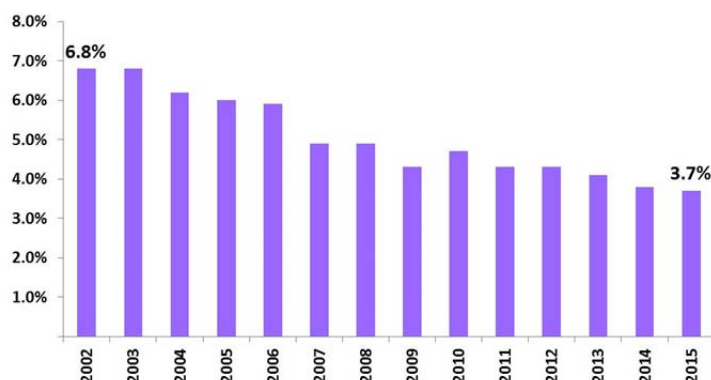
Private housing

Figure 1 – Completions of private residential flats



* Data up to November 2016.

Figure 2 – Vacancy rate of private residential flats[^]



[^] Vacant flats refer to flat units that were not physically occupied at the time of survey conducted by the Rating and Valuation Department, including those under decoration and those pending occupation by the owner or tenant.

Figure 3 – Private flat prices and rentals in the secondary market

Saleable areas	Indices	2002-2008	2009-2015	2016 (Jan-Nov)
Less than 40 sq m	Price	+73%	+172%	+9%
	Rental	+39%	+84%	+2%
40-69.9 sq m	Price	+65%	+141%	+10%
	Rental	+37%	+77%	+2%
70-99.9 sq m	Price	+93%	+96%	+10%
	Rental	+40%	+57%	-2%
100 sq m or above	Price	+109%	+72%	+8%
	Rental	+49%	+37%	-2%
Overall	Price	+72%	+145%	+10%
	Rental	+39%	+72%	+1%

Highlights

- Private housing, accommodating about 53% of households in Hong Kong, plays an important role to meet the housing needs of the community. The local property market entered into a deep correction in the late 1990s and the early 2000s, leading to the suspension of Government-initiated land sale between 2003 and 2009.
- Not until 2010, in the light of growing housing demand with rising flat prices, did the Government begin to seek an increase of land supply for housing development. Annual completion of new flats has increased modestly in recent years, averaging about 11 490 during 2012-2016 (**Figure 1**).
- Reflecting the tight supply of new residential units, the number of vacant private flats as a percentage of overall stock has fallen from 6.8% in 2002 to a low of 3.7% in 2015 (**Figure 2**).
- The tight supply in the residential property market, coupled with strong end-user and investment demand, has boosted the flat prices in recent years. Overall flat prices surged by 145% during 2009-2015 (**Figure 3**), and the increase was more visible in flats with saleable areas of less than 40 sq m, at 172% over the period. Flat rentals also exhibited a rising trend during 2009-2015, with those of size less than 40 sq m recording a higher increase.

Private housing (cont'd)

Figure 4 – Sale and purchase agreements for residential property

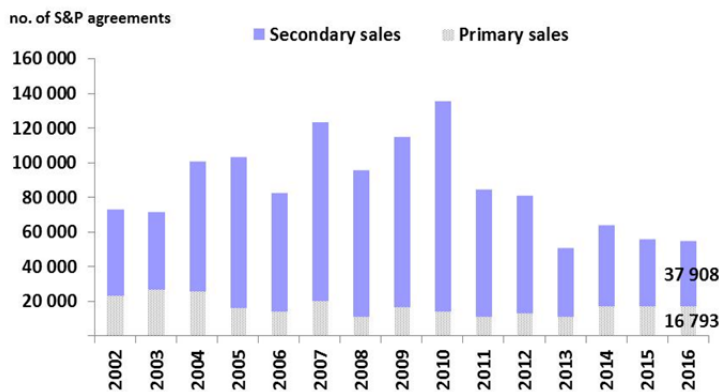
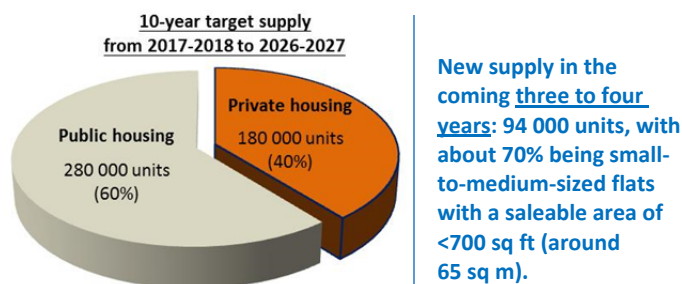


Figure 5 – Percentage distribution of private domestic unit completions by saleable areas

Saleable areas	2009	2011	2013	2015	2016 (Jan-Nov)
Less than 40 sq m	5%	7%	17%	19%	26%
40-69.9 sq m	42%	49%	57%	45%	47%
70-99.9 sq m	19%	33%	15%	19%	10%
100 sq m or above	34%	12%	11%	17%	17%
Private domestic unit completions	7 157	9 449	8 254	11 280	12 062

Figure 6 – Projection of supply of private housing units



Highlights

- To curb the over-heated residential property market, the Government has in the past few years introduced several rounds of demand-side management measures including the latest one raising the stamp duty on residential property transactions. Amid these measures, the transaction volume in terms of the number of sale and purchase ("S&P") agreements of residential units has apparently scaled back (**Figure 4**).
- In recent years, the market has seen increasing new supply of small-sized flats with saleable areas of less than 40 sq m (**Figure 5**). These flats are more affordable in view of marked price increases in larger-sized flats and the favourable mortgage terms offered. Currently, flats valued at HK\$4 million or below are eligible for a maximum loan-to-value ratio of 90% for qualified first-time home buyers.
- Under the 10-year Long Term Housing Strategy, the Government maintains a target supply of 180 000 private housing units from 2017-2018 to 2026-2027 (**Figure 6**). Based on the Government's latest projection, 94 000 new flat units are expected to come on stream in the coming three to four years.

Data sources: Latest figures from the Development Bureau, Land Registry, Transport and Housing Bureau, and the Rating and Valuation Department.

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