



Construction industry in Hong Kong

Figure 1 – Economic significance of the construction industry

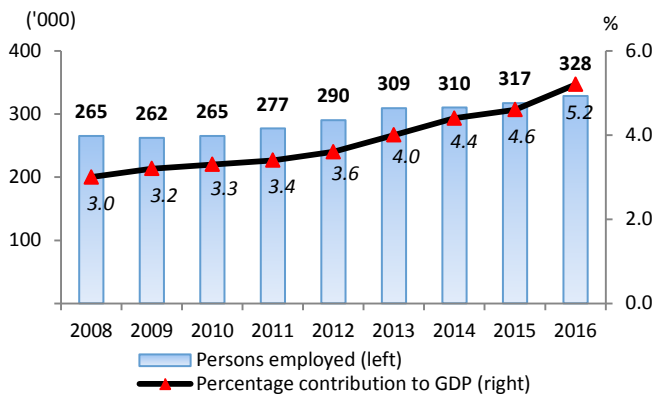


Figure 2 – Number of construction sites (as at June each year)

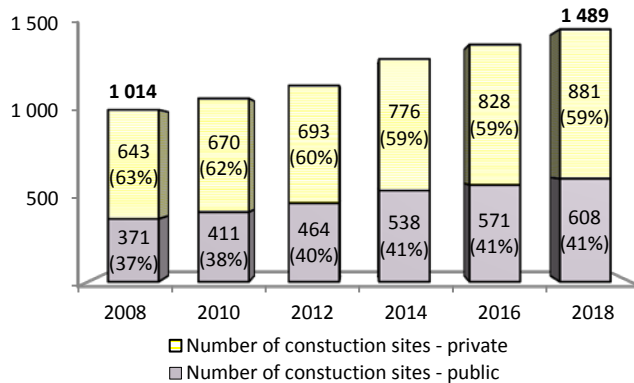
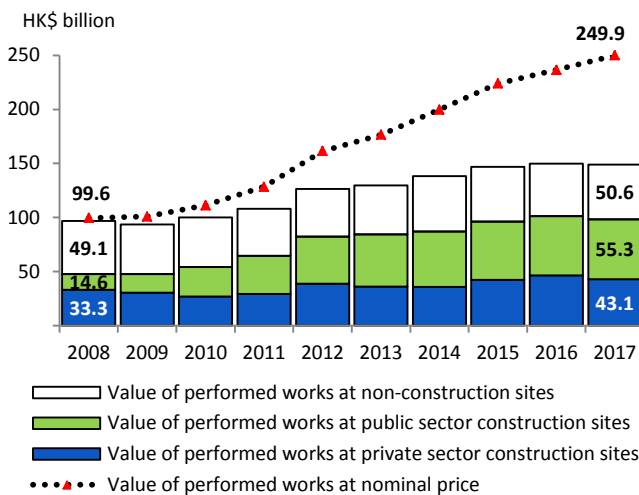


Figure 3 – Gross value of construction works

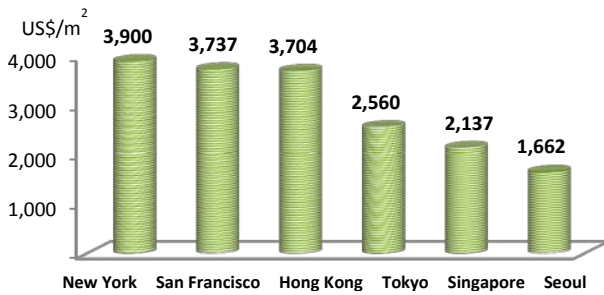


Highlights

- The economic significance of the construction sector in Hong Kong has been growing in recent years. In 2016, the sector contributed 5.2% of Gross Domestic Product ("GDP"), 73% higher than that of 2006. Due to the construction boom driven by new buildings and infrastructure works, employment in the sector has increased to 328 000 people in 2016 (**Figure 1**). In 2018, employment in the sector has further grown to 353 000 people, and it is estimated that over 110 000 people are engaged at construction sites as manual workers.
- The boom was reflected in the notable growth in the number of construction sites. As at June 2018, there were 1 489 construction sites, which was 46.8% more than in 2008. The number of public sector construction sites has grown faster than the private sector sites, with its proportion rising from 37% to 41% during 2008-2018. However, the private sector still accounted for a majority of the construction sites at 59% in 2018 (**Figure 2**).
- Reflecting the intensifying construction activities, the gross value of construction works performed has grown significantly over the past years. At nominal price, it rose by nearly 1.5 times from HK\$99.6 billion in 2008 to HK\$249.9 billion in 2017. Calculated at constant market price in 2000, the gross value has also increased by 54% over the same period. In particular, the value of works performed at public sector construction sites contributed to the biggest growth from about HK\$15 billion in 2008 to HK\$55.3 billion in 2017 (**Figure 3**), driven largely by the large public infrastructure projects implemented in the past decade.

Construction industry in Hong Kong (cont'd)

Figure 4 – Average construction costs comparison in selected cities*

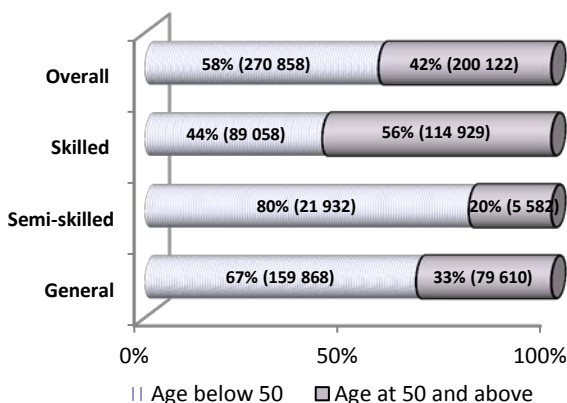


Note: (*) The costs are based on the costs of six building types including high rise apartment, office block, warehouse, hospital, school and shopping mall.

Figure 5 – Skilled workers shortage forecast in selected trades

	2018	2019	2020	2021	2022
Concretor					
Plumber					
Carpenter					
General welder					
Metal worker					
Plasterer & related workers					
Electric fitter					
Ventilation mechanic					
Lift and escalator mechanic					
Number of workers in shortage:					
	501-1 000	1 001-1 500	1 501-2 000	≥ 2 000	

Figure 6 – Percentage of registered construction workers by age



Highlights

- Despite the boom, an international survey released in 2018 listed Hong Kong as the third most expensive place to build, after New York and San Francisco. The survey indicates that the average construction costs in Hong Kong was the highest in Asia, which was 45%, 73%, and 123% higher than that of Tokyo, Singapore and Seoul (**Figure 4**). Stretched labour supply amid increasing volume of construction works is considered a major factor driving up construction costs.
- Despite the completion of some large infrastructure works, the labour stretch is expected to continue in the next few years. The Construction Industry Council estimated in 2017 that the industry as a whole would be short of around 5 000 to 10 000 skilled manual workers in each of the next five years. Most trades would face an annual shortage of around 500 to 1 500 workers. Yet, certain trades like plasterers and electric fitters will face a more acute shortage of more than 1 500 people (**Figure 5**).
- The manpower shortage may also be further worsened by ageing of the workers. As at June 2018, 42% or a total of 200 122 registered workers were at and over the age of 50. The proportion of skilled workers within this age band was even higher at 56% (**Figure 6**). To address the cost and manpower challenges, the Government has set up a HK\$1 billion Construction Innovation and Technology Fund to help the industry harness more automation technology, pre-fabricated parts, and innovative construction methods such as building information modeling to increase productivity.

Data sources: Census and Statistics Department, Construction Industry Council and Turner & Townsend.

Research Office
Information Services Division
Legislative Council Secretariat
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Tel: 3919 3583

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