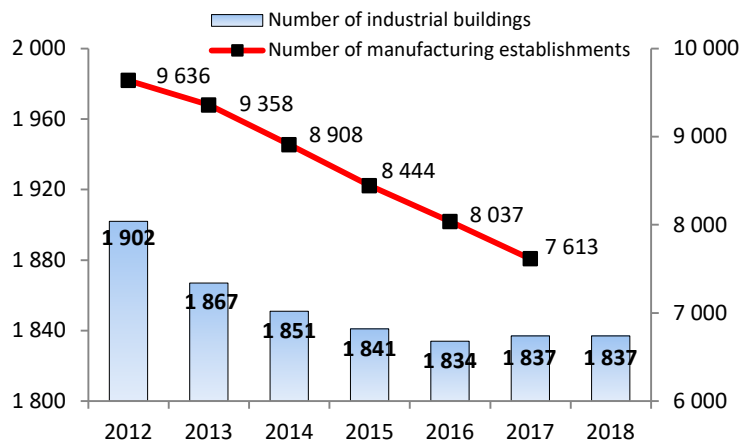




Industrial buildings in Hong Kong

Figure 1 – Number of industrial buildings



Note: Industrial buildings refer to those involving industrial use, industrial/commercial use and warehouse use. The 2018 figure on the number of manufacturing establishments is not yet available.

Figure 2 – Age distribution of private flatted factories in 2018

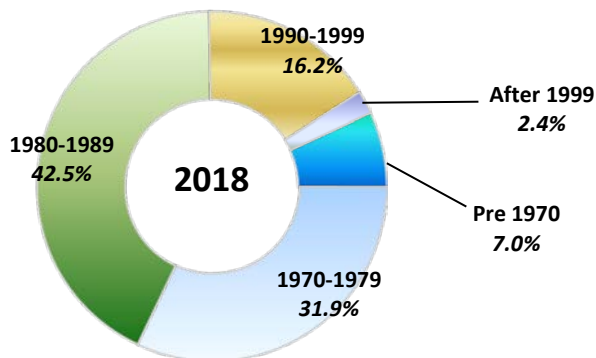
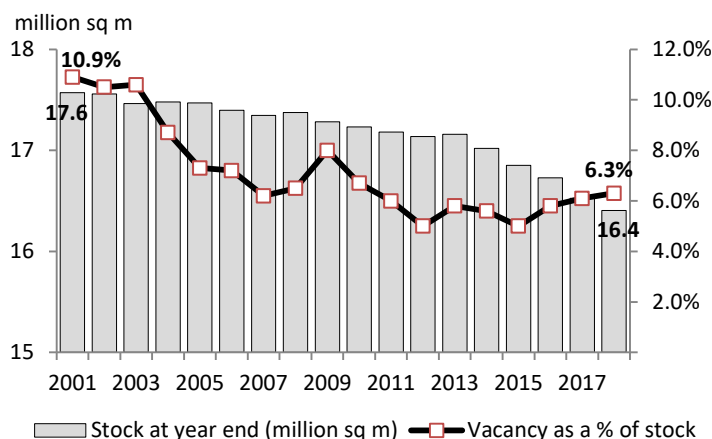


Figure 3 – Floor space and vacancy rate of private flatted factories



Highlights

- Hong Kong's economy has transformed from an industrial to a service-based economy over the past few decades. The economic shift has resulted in under-utilization of industrial premises. Between 2012 and 2017, local manufacturing continued its long term shrinking trend, with the number of manufacturing establishments falling by 21% to 7 613. Despite this trend, the number of industrial buildings has only slightly dropped by 3% to 1 837 in 2018 (Figure 1). A third of the buildings were located in traditional industrial areas like Kwun Tong and Kwai Tsing, and some of them have been converted into commercial uses.
- According to Rating and Valuation Department, private flatted factories account for almost 70% of industrial buildings in terms of floor space. Among the existing private flatted factories, about 42.5% (in terms of floor space) were built during 1980-1989 while 32% during 1970-1979 (Figure 2). Buildings over 48 years old (i.e. built before 1970) accounted for 7% of the total. All of these older buildings built prior to 1973 are still not required to install modern fire safety requirements such as automatic sprinklers.
- The total floor area of private flatted factories available for use was 16.4 million sq m by end 2018, equal to about 1.4 times of the total private offices space in Hong Kong. The total area has shrunk by about 6.6% compared to the level in 2001. During the same period, the vacancy rate fell significantly from 10.9% to 6.3% (Figure 3). The fall in vacancy rate could be due to increasing occupation by non-industrial uses, with some possibly not compatible with the statutory planning regime and/or land lease conditions.

Industrial buildings in Hong Kong (cont'd)

Figure 4 – Number of lease breaches in industrial buildings

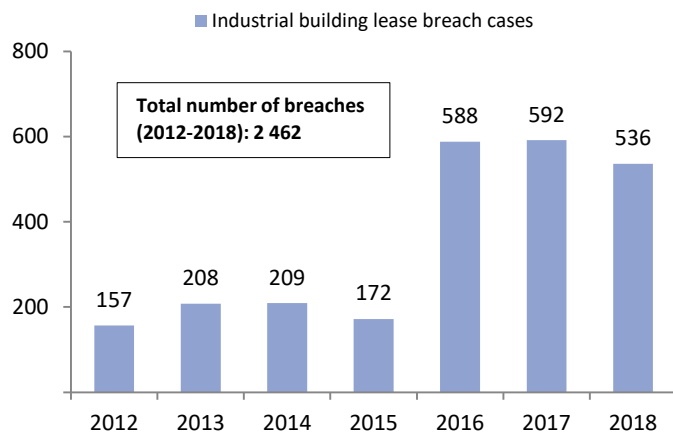
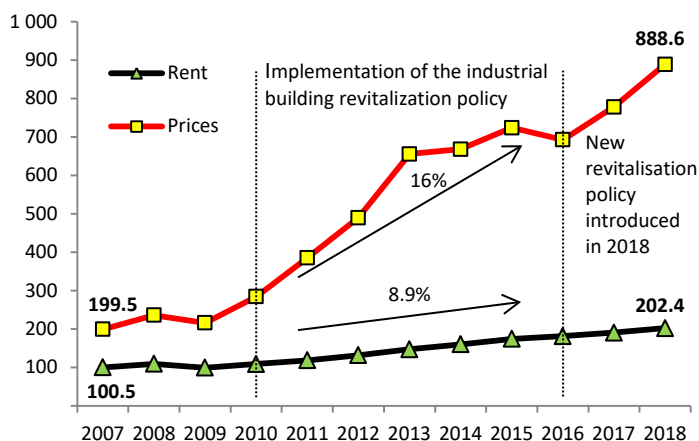


Figure 5 – Industrial building revitalization progress

Number of applications	As at end March 2016	As at end March 2019
Received cases	226	226
Withdrawn cases	45	58
Approved and executed cases	91	136
• Wholesale conversion	83	122
• Redevelopment	8	14
Total floor space involved (million sq m)	1.38	2.1

Figure 6 – Average rent and prices of private flatted factories (indices)



Highlights

- From 2012 to 2018, the Government has taken enforcement actions against a total of 2 462 cases of land lease breaches in industrial buildings, with 70% found during 2016-2018 (**Figure 4**). Some of these breaches were related to operation of retail shops and interest class for kids. For cases posing greater safety risks, owners failing to rectify breaches could face re-entry of their property by the Government. In recent years, the Government has also revised its policy to allow certain uses in industrial buildings, such as design studio attracting lower visitor flow, and revised zoning plan to expand permissible land uses.
- The Government introduced the industrial building revitalization policy in 2010 to better utilize land resources. Although application under the time-limited policy has been closed by March 2016, some submitted applications are still being processed. By March 2019, 136 out of 226 applications have been approved and executed, while 58 applications were withdrawn or terminated. Nearly 90% of the executed cases were for wholesale conversion of the buildings. It was estimated that these cases involved a total floor area of 2.1 million sq m (**Figure 5**).
- The revitalization policy has coincided with rises in industrial building rent and prices. Between 2010 and 2016, the prices and rent indices for private flatted factories grew at an annual average of 16% and 8.9% respectively (**Figure 6**). The rises continued through 2018 when the Government announced a new phase of revitalization with more concession offered (e.g. nil waiver fee for use as transitional housing). The new round of revitalization measures, which are being implemented progressively in 2019, may create a stronger demand for these buildings.

Data sources: Latest figures from Development Bureau, Lands Department, Rating and Valuation Department and Census and Statistics Department.

Research Office
 Information Services Division
 Legislative Council Secretariat
 16 August 2019
 Tel: 3919 3583

Statistical Highlights are compiled for Members and Committees of the Legislative Council. They are not legal or other professional advice and shall not be relied on as such. Statistical Highlights are subject to copyright owned by The Legislative Council Commission (The Commission). The Commission permits accurate reproduction of Statistical Highlights for non-commercial use in a manner not adversely affecting the Legislative Council, provided that acknowledgement is made stating the Research Office of the Legislative Council Secretariat as the source and one copy of the reproduction is sent to the Legislative Council Library. The paper number of this issue of Statistical Highlights is ISSH30/18-19.