

**For discussion  
on 21 January 2019**

**Legislative Council Panel on Food Safety and Environmental Hygiene  
Subcommittee on Issues Relating to Public Markets**

**Vacancy Situation in Public Markets and Related Issues**

**Purpose**

At the Subcommittee meeting in November 2018, Members discussed the vacant stalls in public markets under the Food and Environmental Hygiene Department (FEHD). This paper briefs Members on the latest vacancy situation and related issues.

**Background**

2. At present, the FEHD is responsible for managing 99 public markets, including 74 markets which mainly sell fresh provisions and other dry and wet goods as well as 25 standalone cooked food markets, with a total of more than 14,000 stalls. As at 30 November 2018, nearly 12,600 stalls were let out, with an overall occupancy rate of about 90%.

3. The occupancy rate of public markets is determined by a host of factors including the prevailing economic situation, demographic changes of the areas where the markets are located, the impact from new development/redevelopment projects, shopping habits of the public and competition from other fresh provision outlets, etc..

**Handling Vacant Stalls**

4. Vacant stalls suitable for renting by the public are generally let out on a three-year tenancy agreement through open auctions. Details of such vacant stalls are uploaded onto FEHD's website regularly and displayed at the offices of the Hawkers and Markets Section of the Hong Kong and Kowloon Regions and all District Environmental Hygiene Offices in the New Territories for public information.

5. To boost the occupancy rate of public markets, FEHD has, since February 2009, introduced an arrangement whereby long-standing vacant stalls are put up for auction at concessionary upset prices with a view to achieving better utilisation of these vacant stalls. Under the arrangement, FEHD reduces the upset auction prices for stalls having been vacant for six months and eight months or more to 80% and 60% of the original upset prices respectively and lets out the stalls through a three-year tenancy agreement, to enhance their attractiveness. Starting from October 2010, stalls which have been left vacant for eight months or more and are not leased out for a three-year tenancy in the first round of auctions at 60% of the upset prices, will be put up for auction for a short term tenancy for three months in the second round at the same upset prices.

6. To improve the operating environment of public markets, widen the trade mix and better utilise vacant stalls, FEHD has introduced service trades, light refreshment and bakery stalls<sup>1</sup> since July 2009. Currently, there is a total of 149 service trades stalls, light refreshment and bakery stalls operating in 31 public markets.

7. FEHD also strives to enhance the operating environment and competitiveness of the public markets through the implementation of other measures. These include carrying out enhancement projects to upgrade facilities and launching promotional activities from time to time to attract patronage, with a view to boosting the overall occupancy rate of public markets.

### **Reserving Vacant Stalls**

8. Having regard to operational needs, when there are improvement works in individual public markets, FEHD will reserve some stalls as appropriate for affected stall operators to continue their business. Also, some market stalls may be frozen and withheld from letting out due to consolidation programmes.

9. Besides, we need to reserve or freeze some vacant public market stalls to support the implementation of the following new measures –

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<sup>1</sup> In considering a new operation mode, we will review the trade mix that should be provided in public markets and formulate a mechanism for reviewing the trade mix to ensure the provision of sufficient choices for fresh provisions.

(a) Market Modernisation Programme

It was announced in the 2018-19 Budget that \$2 billion would be earmarked for launching a 10-year Market Modernisation Programme with a view to providing the public with better municipal facilities and services. In its implementation, individual works projects may involve extensive modifications of existing facilities and require temporary full closure of the markets concerned. We have to address the needs of those tenants who have to permanently or temporarily relocate to vacant stalls in other markets to continue their business.

(b) Review of public markets with high vacancy rates

As set out in the Chief Executive's 2018 Policy Address, we are conducting a comprehensive review of the usage and development potential of existing markets, with a view to formulating appropriate development plans for fulfilment of policy objectives of optimising land uses, benefitting the public and promoting district development. When considering whether individual under-utilised public markets are to be closed, FEHD will take into account a host of factors, including vacancy rate, prospects for improvement, the potential cost-effectiveness of upgrading works, availability of alternative sources of fresh provision outlets in the vicinity, and the views of the relevant District Councils, etc..

10. We understand Members' concerns about the vacancy situation of public market stalls and are carefully reviewing the relevant arrangements. We will study the feasibility of different arrangements, for examples, letting out vacant market stalls through short-term tenancy so as to allow flexibility in meeting operational needs, such that sufficient number of vacant stalls can be maintained to meet the needs of sitting tenants for relocation while vacant stalls can be put to good use in a flexible manner. On the other hand, we will step up enforcement against sitting tenants for inactive operation or unauthorised change of the use of stalls.

11. We expect to complete the review and work out the detailed arrangement

on better utilisation of vacant stalls in the coming few months. We will announce and put in place such arrangements as soon as practicable and engage the stakeholders throughout the process.

### **Advice Sought**

12. Members are invited to provide views on the above issues.

**Food and Health Bureau**  
**Food and Environmental Hygiene Department**  
**January 2019**