

## LCQ2: Operating environment of tenants of commercial premises in public housing estates

Following is a question by the Hon Lau Kwok-fan and a reply by the Acting Secretary for Housing, Mr Victor Tai, in the Legislative Council today (May 29):

Question:

There are views that with Hong Kong's overall competitiveness impacted by high rents, coupled with the recovery of the economy falling short of expectation, closures of shops and surrenders of shop tenancies are appearing in various districts, and shop tenants in New Territories North are the first to bear the brunt under the trend of going north for spending. In this connection, will the Government inform this Council:

(1) of the letting rates of various shopping centres in housing estates under the Government in the past five years, and the proportion of tenants who had their rent reduced upon tenancy renewal after rent assessment; whether the Government will examine the operation and vacancy situations of its facilities such as shopping centres and markets in housing estates, and study launching relief measures including rent waiver for tenants, so as to enable tenants to have the ability to continue their operations and to avoid a wave of tenancy surrenders and shop closures;

(2) as there are views that the design and supporting facilities of shopping centres in new housing estates under the Government are unfavourable to the operation of shop tenants, e.g. insufficient parking spaces and a lack of mobile phone reception, whether the Government will introduce corresponding improvement measures, such as the provision of additional directional signs and improving the telecommunications network, and step up publicity and promotion for shop tenants with a view to attracting patronage; if so, of the details; if not, the reasons for that; and

(3) given that the Housing Department currently only assesses the renewal rent for its shop premises upon expiry of the existing tenancy, whether the authorities will change the current practice, including introducing a mid-term review and a mechanism for tenants to make representations in order to handle special circumstances, thereby conducting rent assessment in a timely manner and ensuring the competitiveness of the rents; if so, of the details; if not, the reasons for that?

Reply:

President,

The reply to the question raised by the Hon Lau Kwok-fan is as follows:

(1) The commercial facilities of the Hong Kong Housing Authority (HA) mainly provide daily necessities and services to local residents. The business of tenants in some housing estates/shopping centres may be affected by seasonal fluctuations and changes in residents' consumption patterns (e.g. going north for spending and online shopping), which have posed challenges to the business operations of tenants, even bring out a wrong impression that the number of vacant shops is increasing rapidly. By end of April 2024, the overall vacancy rate for the HA's retail facilities was 3.92 per cent. Although the vacancy rate is at a relatively high level in recent years, by comparing with the vacancy rate of about 6.6 per cent in the private sector, the leasing situation of the HA's retail facilities is still satisfactory, enabling the provision of diversified shopping choices and services to residents. The letting rates of the shopping centres in the housing estates under HA in the past five years are set out in Annex.

Nowadays, online shopping and web-based food delivery service have become popular since the epidemic and going north for spending has also become trendy among Hong Kong people. To cope with the changes in the consumption patterns of the general public, the HA will adopt flexible leasing strategies and proactively liaise with potential and "residents' need focused" tenants for the leasing of vacant shop premises. The HA will also review the trade mix of our shopping centres and conduct feasibility studies on the conversion of vacant premises for the operation of other suitable trades. For markets with a relatively high vacancy rate, the HA will consider re-configuring the stalls, changing the use of stalls or downsizing the scale, so as to improve the letting rate and provide residents with appropriate and diversified choices of goods and services. Moreover, with the changes in the consumption patterns of the general public, the business mode of some shops like supermarkets and restaurants has also changed, leading to a reduction in the shop areas required. In case shops such as supermarkets want to align with market trend and reduce the leased area to lower the rental pressure, the HA will actively consider their requests so that they may continue their operation and serve the residents. In arranging leasing of vacant shop premises, the HA will allow suitable premises to be let as short-term sales venue, pop-up stores and promotion venues. This will not only generate rental income for premises under lease but will also provide diversified choices of goods to residents and boost patronage.

Under the current economic environment, while the HA understand the difficulties faced by tenants, the HA also need to consider fairness of the tender system. In general, commercial premises under the HA are rented out through Open Rental Tender, bidders would offer their bids based on their business strategy. It would be unfair to other bidders if the successful bidder requests rent concession due to unexpected business situation after tenancy commencement, or even seeking rent concession after successful bidding at high rent. Otherwise, the effectiveness and fairness of the tender system will be undermined. Therefore, the HA remain cautious in handling the request for rent concession from commercial tenants. The HA will keep a close eye on the economic situation and the relevant measures of the Government,

and will provide appropriate assistance to tenants when necessary. However, rent reduction is not the solution to tide over the challenge of the overall environment and changes in consumer habits on local retail shops. Shop tenants have to be proactive and versatile in order to become more competitive. They may, for instance, introduce new products and raise service standards to attract customers and boost revenue. For shops in housing estates, they should leverage on the advantage of a relatively solid customer base and attract customers by staying alert to their needs.

(2) The HA will review its retail facilities from time to time and will enhance existing retail facilities, including refining the trade mix and shop layout of shopping centres, increasing the number of parking spaces where practicable, providing additional signage and improving shopping facilities, with a view to optimising the business potential and shopping environment of retail facilities. To attract patronage, the HA will also set up suitable promotional spots in locations such as the prominent places at entrances and the shop fronts of shopping centres and assist shop tenants in distributing or placing promotional materials to enhance publicity and disseminate promotional information. On publicity and promotion, promotional activities will be arranged during major festivals and special occasions such as summer holidays, Mid-Autumn Festival, Christmas and Lunar New Year. For example, "Dream On Stage" competition for young people was held in estate shopping centres, which provided a platform for young people to show their talents, at the same time enhanced patronage and attract more visitors. Also, to complement the concept of "Housing Well-Being", the HA will launch an innovative programme, which will provide shop premises to young people or non-governmental organisation to start their new business in different regions, and better utilise those vacant shops. In line with the newly launched theme of "Well-being" design guidelines, the HA will arrange a series of activities with the concept of happiness in estates, including improvement works will be carried out in estates in order to enhance residents' sense of well-being and sense of belonging to the community. It is expected to boost footfall and bring energetic atmosphere to shopping centres.

(3) The tenancy term of commercial properties under the HA are often for a period of three years. As tenderers submit their rental bids based on their own strategy, once the bid has been accepted, the successful bidder is required to, throughout the tenancy period, pay monthly rent according to the tendered rents offered by them. It would be unfair to other bidders and would undermine the fairness of the tender system if the successful bidder requests rent concession because of change in business strategy or other reasons. According to the Tenancy Agreement, the rent will remain unchanged during the tenancy period, while the HA will re-assess the shop rent in a flexible and pragmatic manner based on the prevailing market value upon tenancy renewal. The latest market condition and rental information of comparable lettings in the HA will be taken into consideration, while relevant factors that would affect rental value (such as the location, trade designation, size, pedestrian flow of the premises and the property market condition) will also be given due regard in the rental adjustment process. The HA will actively negotiate with commercial tenants on tenancy renewal matters so as to reach a

consensus on the renewal as soon as possible and ensure that the daily needs of the residents will not be affected.

Thank you President.

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## LCQ3: Leasable non-domestic premises under the Hong Kong Housing Authority

Following is a question by the Hon Yung Hoi-yan and a reply by the Acting Secretary for Housing, Mr Victor Tai, in the Legislative Council today (May 29):

Question:

Regarding the leasable non-domestic premises under the Hong Kong Housing Authority (HA), will the Government inform this Council:

(1) of the following information on each leasable non-domestic premises in housing estates under the HA: its location (for example, in a market or shopping centre, or at the ground level of an estate), floor level, use, size, the year of completion of the estate in which it is located, as well as the lease period and the longest consecutive vacancy period of the premises' units over the past 10 years, with a tabulated breakdown by housing estate;

(2) as it is learnt that the Commercial Properties Management Unit (CPMU) under the HA is responsible for handling leasing matters in relation to commercial premises in the HA's estates and shopping centres, of the criteria adopted by the HA for recruiting CPMU staff, and whether the HA has provided relevant training to the staff concerned to ensure that they have a business mindset that can accurately keep tabs on the market and the positioning of the locality, thereby formulating appropriate policies to enhance the patronage and business turnover of markets and shops; if so, of the details; if not, the reasons for that; and

(3) in respect of leasable non-domestic premises which have been left vacant for a long time, of the principles, procedures and time required for the HA to consider changing their uses; whether the HA has considered reviewing the relevant procedures to shorten the time required for changing their uses, thereby making more efficient use of vacant land and premises; if so, of the details; if not, the reasons for that?

Reply:

President,

The reply to the question raised by Hon Yung Hoi-yan is as follows:

(1) With the completion of many new housing estates, the retail facilities under the Hong Kong Housing Authority (HA) have recorded significant growth in recent years. As at the end of March 2024, the HA has around 306 000 square metres of retail facilities, an increase of about 31 400 sq m compared to three years ago. In the next five years, the HA will add around 63 500 sq m of additional retail facilities, providing more shopping convenience for residents. The current information on the commercial premises available for letting and the leasing position of market stalls under the HA is set out at Annex I and Annex II respectively.

Among the HA's 133 housing estates/courts with retail facilities, there are currently a few vacant premises in 58 of them. In the vast majority of these estates/courts (52 in total), the vacancy period of the premises does not exceed 12 months (note: excluding the period frozen from letting due to works) except six estates/courts (including Ma Tau Wai Estate, On Kay Court, Pak Tin Estate, Shek Kip Mei Estate, So Uk Shopping Centre and Wah Fu (I) Estate), more than half of them belong to the older type of housing estates/courts. Among them, the vacant shop at On Kay Court experienced the longest vacancy period of 24 months. The premises was originally operated as Medical Clinic. The premises concerned is located in an inconspicuous location on the first floor of the shopping centre. A total of 16 open rental tenders had been arranged without success. The occupancy rate of the remaining premises at On Kay Court is satisfactorily at 96.12 per cent. To enhance the commercial potential of the premises concerned and continue to look for commercial tenants, the HA will add advertisements and signage at suitable locations inside the shopping centre concerned.

Among the 15 markets directly managed by the HA, individual vacant stalls can be found in 10 housing estates, the vacancy period in more than half of which (six housing estates) is less than six months. The vacancy period for stalls in the remaining housing estates (Kwai Shing West Estate, Lai King Estate, Pok Hong Estate and Wah Fu (I) Estate) is less than 10 months.

The consumption patterns of the general public have changed in the wake of the pandemic. Individual tenants choose to surrender their tenancies on account of factors including the local retail market condition, economic situation, their own business directions, etc. There will be more commercial premises available in new estates under the HA in the future and more challenges to the leasing position are expected. Therefore, the HA will keep abreast of the market trend and critically review the trade mix and leasing position of our retail facilities on a continuous basis. The HA will also liaise with potential commercial tenants and proactively invite them to lease the premises in the housing estates/courts, so as to introduce businesses that are popular to the residents and able to meet their genuine needs. For example, the HA recently changed the trade for a vacant shop at Hoi Lai Shopping Centre to a Chinese Medical Clinic and attracted a number of tenderers and successfully let out the premises concerned. Also, in response to market trends and the needs of residents, the HA changed a premises at Siu Hong Court to the trade of "Express Delivery Services" and the premises has also been successfully let out. When formulating the tender plan, the HA will

continue to listen to the views of various stakeholders, including local residents, and will adopt flexible leasing strategies to adjust the trade mix of the shopping centres. In order to improve the letting rate and take good care of the needs of residents, due consideration will be given to converting vacant premises for the operation of other trades which meet residents' needs and consumption patterns, where technically feasible.

(2) The Housing Department (HD) has a professional team made up of various staff to provide professional services for the HA's commercial facilities, such as property management, rent assessment, lease management, etc. In view of the complex and challenging nature of the management of commercial facilities, HD has provided regular training for relevant staff and encouraged them to continuously acquire new knowledge and enhance their professional competency, so as to maintain the high quality of services and enhance the competitiveness of the HA's commercial facilities.

Regarding property management, aside from day-to-day management and maintenance work, HD's estate management staff also liaise with commercial tenants to maintain good communication, promptly respond to their enquiries and needs, and assist in enhancing the image of the commercial facilities, with a view to attracting more customers for boosting the business turnover. At the same time, the estate management staff will take into account the views from the market and local stakeholders when considering converting vacant premises for the operation of other suitable trades if it is technically feasible.

Regarding rent assessment, the estate surveyors of HD will take into account the latest market condition, and make reference to the rental information of comparable lettings in the HA and private property market to determine the rent at fair market value, having regard to relevant factors that would affect rental value, such as location, trade, size, pedestrian flow of the premises, property market condition, etc. The rent set for tenancy renewal or vacant premises for leasing is determined according to the market condition in a flexible and pragmatic manner. In the process of tenancy renewal, HD will actively negotiate with commercial tenants on the assessed rent upon renewal so as to reach a consensus on the renewal as soon as possible and ensure that the daily needs of the residents will not be affected.

Regarding lease management, the HA will carry out careful trade mix planning and marketing when new retail facilities are near completion. Once retail facilities are completed, the HA will adopt highly flexible marketing and leasing strategies to ensure that changes can be made to dovetail with the market trend and meet the needs of residents. The HA understands the importance to keep pace with the times, therefore it will determine the appropriate commercial facilities having regard to the factors such as the scale of the estate, commercial viability and the availability of shopping centres and retail facilities in the vicinity in designing and building new estate. For example, during the design stage of a new public housing development, the HA will consider whether large public markets under the Food and Environmental Hygiene Department are available or under planning nearby. If such markets are already or will be available, the HA will not provide

relatively small market facilities to avoid adverse competition. Therefore, commercial facilities vary in different new public housing developments and there may not be market facilities in all new developments. According to the current practice, the HA will only consider providing supermarket facilities with wet trades or shops selling groceries and fresh supplies for new public housing developments in smaller scale.

(3) At present, non-domestic premises in public housing estates are used for shops, welfare premises, councillors' offices, storerooms, contractors' offices, etc. The HA understands that in the letting of commercial premises, timely and appropriate decisions are required. The HA will determine the trade mix of the premises and the trades of individual shops taking into account the daily needs of local residents, the surrounding environment of the estates, retail facilities in the vicinity, scale of the shopping centres, retail market condition, technical feasibility, etc, adopt flexible leasing strategies and proactively liaise with potential tenants for the leasing of premises so as to provide residents with appropriate shopping services.

The HA will review the trade mix of our shopping centres from time to time, taking into account the needs of local residents. The HA will conduct feasibility studies on converting vacant premises for other suitable trades, and take opportunity to introduce businesses that are the most popular and able to meet the actual needs of residents. Recently, there are examples of premises successfully leased out after change of business in Hoi Lai Shopping Centre, Wah Fu (I) Estate, Shui Pin Wai Estate and Kwai Chung Shopping Centre. Among them, the premises for Chinese medicine business in Hoi Lai Shopping Centre attracted a significant number of tenderers. Having regard to the needs of the market and local residents, the HA has added other trades in the tender invitation for a premises in Wah Fu (I) Estate which was originally a barber shop and was eventually awarded to the business of providing quick haircuts with a favourable rent. In Shui Pin Wai Estate, a shop that used to be a liquefied petroleum gas and kerosene store was tendered for the business of books, stationery and toys upon consideration, and it was successfully leased out. In addition, a then children's amusement centre in Kwai Chung Shopping Centre was also successfully leased out as education and cultural centre upon conversion. Although individual tenants surrendered their tenancies recently, the HA will take this opportunity to keep abreast of the market trend and introduce new businesses to housing estates with a view to meeting residents' needs. In addition, the HA will also consider to rearrange the market stalls, change the usage or reduce the market size, etc, so as to improve the occupancy rate and provide residents with appropriate and diversified goods and services choice.

The HA reviews the use of its non-domestic premises from time to time. When there are non-domestic premises available, the HA will conduct feasibility studies on changing their use, taking into consideration the requirements of relevant legislations and land lease conditions, technical feasibility, local views and actual circumstance of individual estates. The time needed to handle each case will vary subject to the considerations of individual cases and the actual circumstances of the housing estates.

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## [SCS visits Food and Environmental Hygiene Department \(with photos\)](#)

The Secretary for the Civil Service, Mrs Ingrid Yeung, visited the Food and Environmental Hygiene Department (FEHD) this afternoon (May 29) to learn more about the department's work on rodent prevention and control, hawker control, water seepage investigation, prosecution, licensing and public education. She also toured the Water Seepage Resource Centre and the Restaurant Licensing Resource Centre, both located at the Pei Ho Street Municipal Services Building in Sham Shui Po, where she also had an exchange of views with staff representatives from various grades in the department.

Accompanied by the Permanent Secretary for the Civil Service, Mr Clement Leung, Mrs Yeung first met with the Director of Food and Environmental Hygiene, Ms Irene Young, and the directorate staff to receive an update on the department's latest developments in various areas of work and the challenges they are confronting.

As environmental hygiene is one of the main issues of district governance, Mrs Yeung encouraged the FEHD colleagues to strive to improve environmental hygiene and street management with a people-oriented spirit, and to utilise innovative technologies to enhance work efficiency in serving the public better.

Anti-rodent work is one of the key tasks of the FEHD. The FEHD staff demonstrated to Mrs Yeung how the alcohol rodent trapping device introduced last year can trap rodents effectively and also introduced the use of thermal imaging cameras with artificial intelligence technology to track rodent activities. With higher sensitivity and precision of this technology, the FEHD will take targeted anti-rodent actions based on the survey results, and deploy more effective anti-rodent actions in black spots.

She then visited the Water Seepage Resource Centre and the Restaurant Licensing Resource Centre, which are open to the public, to learn more about the two centres that provide to the public with information on water seepage, food business and other trade licensing matters. Mrs Yeung subsequently visited the Prosecution Section and the Licensing Section of Kowloon and was introduced by the staff on the use of information and technology to streamline the workflow in handling prosecution case information and to reduce the manual process of calculating the area of food premises, with a view to enhancing work efficiency.

Mrs Yeung visited the Hawker Control Team in the district and was briefed by a team member on the enforcement situation in regulating hawking activities and combating illegal extension of business area by shops, as well as how the body-worn video camera equipped to the Hawker Control Team can record the on-site situation when necessary in the course of discharging

their duties more effectively and safeguarding the safety of the public and staff.



## [CE meets Prime Minister of Thailand \(with photo\)](#)

â€‹The Chief Executive, Mr John Lee, met with the visiting Prime Minister of Thailand, Mr Srettha Thavisin, today (May 29). Also attending the meeting were the Chief Secretary for Administration, Mr Chan Kwok-ki; the Deputy Financial Secretary, Mr Michael Wong; the Acting Secretary for Commerce and Economic Development, Dr Bernard Chan; the Secretary-General of the Thailand Board of Investment, Mr Narit Therdsterasukdi; the Deputy

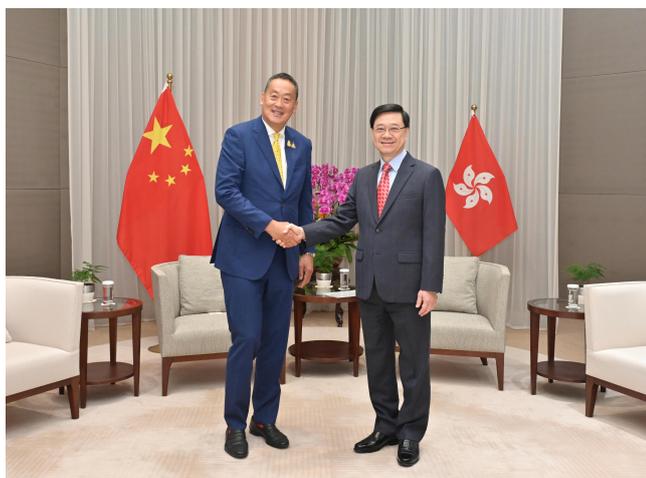
Secretary-General to the Prime Minister of Thailand, Ms Natthriya Thaweewong; and the Consul-General of Thailand in Hong Kong, Mr Chaturont Chaiyakam.

Welcoming Prime Minister Srettha's visit to Hong Kong again following his previous visit last October, Mr Lee noted that Hong Kong and Thailand have close relations with frequent economic and trade exchanges. He said that Thailand is the fourth-largest trading partner of Hong Kong among member states of the Association of Southeast Asian Nations, while Hong Kong is also one of the major trading and investment partners of Thailand. In 2023, the total merchandise trade value between Hong Kong and Thailand amounted to about US\$19 billion.

Mr Lee pointed out that Hong Kong and Thailand have a close relationship in people-to-people cultural exchanges. The Hong Kong Monetary Authority and the Bank of Thailand launched a service for cross-border QR payments at the end of last year to provide visitors from both places with a safe and convenient cross-border retail payment means. In March and April, a series of Thai-themed events took place in Hong Kong and were widely welcomed by local people and the Thai community in the city, he added.

Mr Lee said that with the unique advantages under "one country, two systems", Hong Kong can serve as an important hub connecting the Mainland with other economies. He encouraged Thai companies to make good use of Hong Kong's role as a "super connector" and "super value-adder" to tap into the Guangdong-Hong Kong-Macao Greater Bay Area market and participate in the development of the Belt and Road Initiative.

He thanked Thailand and appealed for its continued support for Hong Kong's early accession to the Regional Comprehensive Economic Partnership, saying that the Hong Kong Special Administrative Region Government looks forward to further strengthening co-operation with the Thai Government in such areas as trade and commerce, investment as well as culture to achieve mutual benefits.



## CE meets Secretary of CPC Shandong Provincial Committee (with photo)

The Chief Executive, Mr John Lee, met the Secretary of the CPC Shandong Provincial Committee, Mr Lin Wu, at Government House today (May 29) to exchange views on strengthening Hong Kong's co-operation with Shandong. Also attending the meeting were the Chief Secretary for Administration, Mr Chan Kwok-ki; the Secretary for Constitutional and Mainland Affairs, Mr Erick Tsang Kwok-wai; and the Director of the Chief Executive's Office, Ms Carol Yip.

Mr Lee welcomed Mr Lin's visit to Hong Kong with his delegation to attend and officiate at activities of 2024 Hong Kong-Macao-Shandong Week. Mr Lee said that the economic and trade relations between Shandong and Hong Kong have always been close and that Hong Kong has been a major source of foreign direct investment in Shandong Province. Noting that Hong Kong has the distinctive advantages of enjoying the strong support of the motherland and being closely connected to the world under "one country, two systems", he said that the Hong Kong Special Administrative Region (HKSAR) Government welcomes more enterprises of Shandong Province to leverage Hong Kong's advantageous platform in "going global and attracting foreign investment", promoting Mainland enterprises' expansion to the global market and attracting more foreign investment to the country.

Mr Lee pointed out that since March of this year, the Individual Visit Scheme has been expanded to Qingdao of Shandong Province, enabling local residents to travel to Hong Kong more flexibly and conveniently. He said that as a city with a population of over 10 million and a local Gross Domestic Product of over RMB1 trillion, Qingdao is a source of high value-added overnight visitors due to the high incomes and spending power of its residents. He added that the HKSAR Government welcomes more tourists from Qingdao to visit Hong Kong and experience the unique charm of the city as an East-meets-West metropolis, promoting cultural integration and people-to-people bonds between the two places.

He noted that Hong Kong, as an East-meets-West centre for international cultural exchanges, has maintained exchanges and co-operation with Shandong Province. This includes the jointly organised exhibition entitled "Harmony of Rites and Music: Exploring the Qilu Culture through Shandong Relics" that opened yesterday (May 28), which showcases Chinese civilisation and the long history of Shandong Province to members of the public through the display of fine artefacts from Shandong and Hong Kong, he added.

Mr Lee said that the HKSAR Government will continue to promote and deepen exchanges and co-operation with Shandong in such areas of finance, economics and trade, innovation and technology, culture, and youth development through the Shandong Liaison Unit, jointly making greater contributions to the country's development.

