

# Government announces quarterly land sale programme for January to March 2025

The Government announced today (January 7) the quarterly land sale programme for the fourth quarter of 2024-25, i.e. January to March 2025.

The Secretary for Development, Ms Bernadette Linn, said in the fourth quarter of 2024-25, the Government will put up for tender a residential site at Area 106B of Tung Chung New Town Extension, expected to provide a total gross floor area of approximately 37 200 square metres and a supply of about 745 flats. This site is not one of the sites on the Land Sale Programme (LSP) this financial year, but the Government considers it an appropriate time to include this site in the LSP and put up for tender in the fourth quarter. When arriving at this decision, the Government has considered recent market environment and views from market stakeholders, the MTR Corporation Limited's recent successful tender of a site nearby, as well as the upcoming gradual completion of public housing in the area. Area 106B sits on a harbourfront location and will be served by the future Tung Chung East Station. Having regard to the views from the real estate industry, the tender of Area 106B attaches simple tender conditions and no requirement to construct Government facilities. Moreover, as the site sits on reclaimed land, the developer is not required to conduct any further site formation works, which may help reduce development cost.

The Government once put up Area 106B for tender in September 2023, but the tender premiums received did not meet the reserve price and hence the tender was cancelled. For the re-tender of Area 106B, the Government has taken into account market feedbacks and enhanced the tender conditions of the site. For example, the infrastructural capacity of the site could only afford around 400 units in the previous tender, resulting in rather large average flat size. After the Government's review on infrastructural capacity, the site now has a capacity to produce 745 units with smaller average unit size, enhancing the business return of the development. As regards construction works, a new road serving the site will be completed very soon, enhancing the accessibility of the site and facilitating construction works.

In addition, the Urban Renewal Authority plans to tender in this quarter its development project in Shantung Street / Thistle Street, bringing about 340 flats. As for private development and redevelopment projects, two projects are expected to complete their lease modifications in the fourth quarter, providing a supply of 13 flats.

"Taking all sources of land supply into account, the total private housing land supply in the fourth quarter of this financial year would support the development of around 1 110 units. Together with the supply from the first three quarters, the total private housing land supply of this

financial year is expected to support some 8 340 units, which is around 63 per cent of our annual target of private housing supply (13 200 units). This figure has not yet reflected private redevelopment projects not requiring lease modification from the fourth quarter, as such figures are only available at a later stage," Ms Linn said.

Ms Linn added that the total private housing supply of this financial year may fall short of the annual target, but this outturn is expected and reasonable. The high interest rate environment and geopolitical developments have impacted investment and cash flow, reducing activities in local assets markets. Developers have been cautious in bidding for sites. Notwithstanding the recent interest rates adjustments and gradual market recovery, the Government believes developers would still need time to re-adjust. Hence the Government remains prudent and pragmatic in land disposal this quarter, even though it has ample sites to dispose of, reflecting that the Government has overall steer on land supply, which allows it to consider when to roll out sites depending on the circumstances. Also, private housing land supply from the past four financial years have exceeded the annual target by an aggregate of about 12 000 flats, far more than the shortfall in this financial year (about 4 860 flats).

The Government will continue to sustain its effort in rolling out land in a prudent and pragmatic manner, and flexibly adjust land disposal strategy according to market situation, in order to meet housing and economic development needs.

The list of the site to be tendered in January to March 2025 is in the Annex. The actual tender timetable will be drawn up taking into account the progress of necessary preparatory work. The Lands Department will announce the detailed land sale arrangements before the site is put up for tender.