

# Government announces quarterly land sale programme for October to December 2024

The Government announced today (October 4) the quarterly land sale programme for the third quarter of 2024-25, i.e. October to December 2024.

The Secretary for Development, Ms Bernadette Linn, said in the third quarter of 2024-25, the Government will sell by tender two sites, namely, a residential site in Tai Wai and a site in Hung Shui Kiu (HSK) for development of Multi-storey Buildings for modern industries (MSB).

As regards the residential site, the site to be rolled out in this quarter is located in Mei Tin Road, Tai Wai, and expected to provide a supply of about 360 flats. The Government completed the relevant technical assessments earlier. Having considered the market response to the sale of residential sites in Sha Tin in the first two quarters as well as developers' greater interest these days in smaller-scale sites well served by the transportation network and amenities, the Government sees it appropriate to include the site in the land sale programme for sale.

In addition, the MTR Corporation Limited (MTRCL) plans to tender in this quarter its development project in Tung Chung East Station (Package 1), bringing about 600 flats. In view of the market response, the MTRCL reduced the development scale of this package to half its previous scale when it first tendered in October 2023.

As for private development and redevelopment projects, three projects are expected to complete their lease modifications in the third quarter, providing a supply of 1 235 flats, around 1 230 of which will come from a relatively larger-scale in-situ land exchange application in the Kwu Tung North/Fanling North New Development Area (NDA) remaining phase. The applicant has recently accepted the Lands Department's Binding Basic Terms Offer for the project in Fanling North. This is the second case concluded after the Government revised in end 2023 the land exchange arrangements for the Enhanced Conventional New Town Approach. These in-situ land exchange applications will enhance the speed of implementing the Northern Metropolis and reduce the Government's upfront spending on land resumption and public works while allowing the Government to receive premium revenue earlier.

"Taking all sources of land supply into account, the total private housing land supply in the third quarter of this financial year would support the development of around 2 200 units. Together with the supply from the first two quarters, the total private housing land supply of the first three quarters of this financial year is expected to support some 6 470 units, which is around 50 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 in the third quarter, as such figures are only available at a later stage," Ms Linn said.

Regarding the industrial site, the Government will roll out shortly a site in HSK for development of MSBs. A two-envelope approach for disposal of this site will continue to be adopted in order to demonstrate the importance the Government attaches to the quality of such MSBs, with a view to achieving the Government's policy objectives to promote development of modern industries and at the same time consolidating some of the brownfield operations.

In order to keep up with market demand, the Development Bureau has undertaken further engagement with the market in the past few months. Based on the market feedback gathered, the conditions of sale of the HSK site will be adjusted:

(1) Plot ratio: the plot ratio of the HSK site will be adjusted from seven to five out of two considerations. First, modern logistics facilities require higher headroom and a plot ratio of five is sufficient for the development. Other logistics sites in the Northern Metropolis are in general with a plot ratio of five. Second, given the building height restriction currently in force, to fully utilise a plot ratio at seven would entail deep basement construction. It may not be cost effective to construct a basement given the high costs involved.

(2) Floor space to be handed over to the Government: In the first MSB site in Yuen Long of around three hectares previously rolled out, the Government imposed a condition to request the developer to set aside 30 per cent of floor space (at around 48 000 square metres) to be handed over to the Government for letting out to some of the brownfield operators affected by the Government projects. Given the HSK site has a larger site area of nearly eight hectares, the gross floor area (GFA) is much higher than that of Yuen Long site. The Government would therefore adjust the proportion of floor space of the HSK site to be handed over to the Government to around 20 per cent of the maximum GFA. The downward adjustment is a positive response to the market to enhance the financial viability of the project.

(3) Tender period: The market relays that this project involves a significant investment outlay, interested bidder(s) may need to consider partnership and negotiate with financial institutions on financing arrangement, and would need more time to formulate the technical proposals under the two-envelope approach. The tender period of HSK will therefore be relatively longer than a general cash tender to cater for the above.

Details of the tender will be announced when we commence the tender invitation for the two sites to be sold in this quarter.

The Government will continue to sustain its effort in rolling out land in a prudent manner to meet our housing and economic development needs.

â€‹The list of the sites to be tendered in October to December 2024 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 individual sites are put up for tender.