

## LCQ17: Operation situation of public markets

Following is a question by the Hon Yung Hoi-yan and a written reply by the Secretary for Environment and Ecology, Mr Tse Chin-wan, in the Legislative Council today (April 10):

Question:

I have received requests for assistance from tenants of public markets and they have pointed out that the continuous reduction in people flow in markets has led to difficulties in their operation. Regarding the operation situation of tenants of markets, and tenants of venues providing cooked food (cooked food venues), under the Hong Kong Housing Authority (HA) and the Food and Environmental Hygiene Department (FEHD), will the Government inform this Council:

- (1) of the numbers of stalls in, the numbers of tenants who started their businesses and wound up their businesses in, the occupancy rates of, as well as the volume of people flow in the various markets and cooked food venues under the HA and the FEHD in each of the past five years;
- (2) of the respective numbers of tenants of markets and tenants of cooked food venues to whom the HA provided a rent concession during the epidemic, as well as the number of months for which each of those tenants was provided with the rent concession and its amount;
- (3) of the markets and cooked food venues under the HA and the FEHD which were refurbished in the past five years, and the details of the refurbishment projects;
- (4) of the measures put in place by the HA and the FEHD to increase people flow in the markets and cooked food venues under them;
- (5) whether it has plans to update the leasing mode and requirements for the markets and cooked food venues under the HA and the FEHD, or introduce a business operation mode, so as to assist the tenants of such markets and the tenants of such cooked food venues in adapting to market demands and changes, as well as attract more tenants to run their businesses in such markets, thereby stimulating people flow; if so, of the details; if not, the reasons for that; and
- (6) whether it has plans to set indicators for people flow in the markets and cooked food venues under the HA and the FEHD, and introduce rent concessions for the tenants of those markets and cooked food venues with people flow not attaining their respective indicators as well as extend the rent concession period when necessary, so as to support such tenants in their operation; if so, of the details; if not, the reasons for that?

Reply:

President,

In consultation with the Housing Bureau, my reply to the Hon Yung Hoi-yan's question is as follows:

(1) As at end-2023, the Food and Environmental Hygiene Department (FEHD) manages a total of 74 public markets (38 of which with cooked food centres (CFCs)) and 22 cooked food markets (CFMs), providing 12 655 market stalls and 927 cooked food stalls. The overall occupancy rate stands at around 84 per cent and 90 per cent respectively. Over the past five years, the FEHD has resumed 1611 stalls for various reasons (including 1 236 stalls of which tenancies were surrendered before their expiry) and put up the vacant stalls for letting to public at times with 1107 stalls successfully leased out.

Under the Hong Kong Housing Authority (HA), there are a total of 33 markets (15 of which are directly managed by the HA and 18 of which are let under the single operator arrangement) and five cooked food kiosks, providing about 1 900 market stalls and 40 cooked food stalls respectively. The overall occupancy rate currently stands at about 83 per cent and 97 per cent respectively. Over the past five years, the HA has resumed about 200 stalls in markets and cooked food kiosks which it directly manages (including about 70 stalls of which tenancies were surrendered before their expiry). The HA has arranged re-tendering exercises for the vacant stalls and granted about 150 tenancies. The tendering arrangement for the remaining stalls is now in progress.

In regard to patronage, the FEHD and the HA do not keep relevant statistics on all markets and cooked food facilities under their respective management.

(2) In line with the Government's measures to support enterprises and to relieve the financial burden of the people, the HA introduced multiple rounds of rent concessions for its eligible tenants (including tenants of market stalls and cooked food stalls). A 50 per cent rent concession was granted to eligible tenants for six months from October 1, 2019 to March 31, 2020. The rent concession offered to these tenants was later extended for another 39 months from April 1, 2020 to June 30, 2023, with the concession amount increased to 75 per cent. From July 1 to December 31, 2023, the rent concession was extended further for six months, with the concession amount adjusted to 50 per cent. Taken together, the total rent concession period covered 51 months, with the concession amount reaching 75 per cent for most of the time during the period. A total of about 1 400 stall operators (some operators leasing more than one stall) have benefitted from the measure. The HA believes that the rent concessions have provided adequate relief to the tenants.

(3) With a view to improving the operating environment of public markets, the FEHD has been carrying out regular repair and maintenance as well as

improvement works, and replacing aged escalators and lifts in phases in the markets.

Besides, the FEHD has been implementing the Market Modernisation Programme (MMP) since 2018, including overhaul or redevelopment projects, the pilot scheme on stall enhancement, as well as minor refurbishment or improvement works. The MMP aims to improve the operating environment of public markets, thereby facilitating tenants' business operation, and providing market patrons with a more pleasant shopping environment.

Regarding overhaul or redevelopment projects, Aberdeen Market and Lai Wan Market reopened in May 2023 and March 2024 respectively after overhaul works. The FEHD is carrying out preparatory and consultation work, including technical feasibility studies upon confirmation of the scope of works, for the proposed projects in Ngau Tau Kok Market, Kowloon City Market, Yeung Uk Road Market and North Kwai Chung Market. The works timetable and project cost could only be confirmed upon completion of the technical feasibility studies and assessment as well as the detailed design. Depending on the circumstances, the scope of overhaul works generally includes re-configuring the overall layout of the market, re-planning the stalls, widening the passageways, installing air-conditioning system, upgrading building services installations, relaying drainage pipes, refurbishing the external walls of the market, refurbishing waste room and other improvement works (e.g. providing more public space and seating, increasing the number of toilets and improving the toilet facilities, upgrading barrier-free facilities and the rodent-proof installations). As for the preliminary suggestion of carrying out overhaul for Causeway Bay Market, the FEHD is maintaining close communication with relevant stakeholders to gauge their views to formulate a suitable proposal.

The FEHD is implementing a pilot scheme to enhance market stalls and carry out relevant renovation works. This would involve works such as widening of passageways, beautification of walls and ceilings, as well as replacement or repair of simple equipment according to actual circumstances and needs. The first venue being included in the pilot scheme is Queen Street Cooked Food Market. The works commenced in February 2024 and are expected to be completed in the third quarter of 2024. The FEHD will confirm the other venues to be included in the pilot scheme as soon as possible.

As for minor refurbishment or improvement works, the FEHD has carried out relevant works in 16 markets. Among which, the works in 14 markets (including Ngau Tau Kok Market, Yeung Uk Road Market, Fa Yuen Street Market, Quarry Bay Market, Shui Wo Street Market, Tsuen Wan Market, Mong Kok Cooked Food Market, Ngau Chi Wan Market, Shek Tong Tsui Market, Yan Oi Market, Sai Kung Market, Po On Road Market, Wong Nai Chung Market and Smithfield Market) have been completed. The works of the other two markets (Luen Wo Hui Market and Nam Long Shan Road Cooked Food Market) are underway, with completion expected in 2024. Depending on the circumstances, the scope of minor refurbishment or improvement works generally includes renovation of internal facilities, beautification of external walls, replacement of floor tiles, repainting, repairing facilities, refurbishing the toilets, maintenance of

drainage systems and piping, as well as installation of rodent-proof devices.

For the markets and cooked food kiosks under the HA, in the past five years, the Housing Department (HD) completed a series of improvement works in Shek Kip Mei Market and Pok Hong Market. The improvement works in Shek Kip Mei Market included refurbishment of the façade of external walls, upgrading of directory and entrance signage, improvement of lighting facilities, replacement of existing ventilation facilities, refurbishment of toilet facilities. As for Pok Hong Market, the refurbishment works covered revamp of layout, installation of air-conditioning system, enhancement of building services installations, refurbishment of the façade of external walls, addition of covered walkway, refurbishment of toilet facilities, and improvement of lighting and drainage systems. The HD will continue to take opportunities to upgrade its markets so as to create a more comfortable and convenient shopping environment for the residents.

(4) To enhance the patronage of public markets and CFCs and to promote their business vibrancy, the FEHD has been continuously implementing promotional campaigns in public markets, including festive celebrations and thematic events. Various promotional activities not only create a festive atmosphere in public markets, they also help to increase patronage and stimulate spending in markets. The FEHD also utilises social media platforms, such as the social media account of Keep Clean Ambassador Ah Tak, to introduce market development projects and to raise public awareness about the public markets, so as to attract patronage. Besides, for overhauled/redeveloped markets and new markets, service contractors engaged by the FEHD will devise strategies to promote and develop the markets, as well as carrying out publicity and promotion work, such as organising promotional activities during festivals and thematic events, producing publicity materials and publicizing shopping discounts offered by stalls. The FEHD will closely monitor the changes in patronage and occupancy rates of various public markets to evaluate the effectiveness of improvement works and promotional campaigns, and conduct timely reviews.

The HD will, with regard to the circumstance (such as the location, distribution of customer sources, customer habits), organise promotional activities such as lucky draws, stage performances, magic performances, clown performances, snack stalls and gift redemption, and will put up festive decorations in its shopping centres and markets during major festivals and special days to attract patronage and to enhance the shopping ambience to the markets. In addition, the HD will also monitor the Single Operator Market (SOM) tenants to ensure that they meet the tenancy requirements by organising regularly various promotional activities to enhance the shopping ambience and competitiveness of the markets.

(5) To boost the occupancy rates of public markets and cooked food facilities, the FEHD has, between June 2021 and December 2023, put up vacant stalls for letting through open auctions or allocation through other means at times, through which a total of 1 107 stalls were successfully leased out. The FEHD will continue to lease out vacant stalls of markets and cooked food facilities as appropriate to utilise public resources as far as possible.

On the other hand, to strengthen market management with a view to enhancing the business vibrancy of markets and better meeting the needs of the public, the FEHD has, on pilot basis, adopted a new management mode at its two new temporary markets, Skylight Market in Tin Shui Wai and Sunlight Market in Tung Chung, as well as the overhauled Aberdeen Market and Lai Wan Market under the MMP. In addition to undertaking daily management, cleansing, security and minor repairs for the markets, the service contractors engaged by the FEHD are also responsible for formulating promotion and development strategies for the markets, liaising and communicating with stakeholders, and advising on the trade mix in the markets etc. The FEHD will continue to closely monitor and assess the performance of the service contractor and effectiveness of the promotional activities of the markets.

For the HA's markets, all new markets have been let under the single operator arrangement since 1997. The SOMs are operated under a highly flexible management and operation mode that keeps abreast of market changes. SOM tenants identify and liaise with individual stall operators on suitable letting arrangements based on commercial principles. To ensure effective and smooth operation of SOMs, the HD conducts frequent inspections of markets and assess the performance of the SOM tenants every two months. If the performance of the SOM tenants do not meet the required standard, the HD will request the SOM tenants to make improvements so as to ensure their compliance with the tenancy requirements and maintain quality management services.

(6) Currently, the upset auction prices for newly leased stalls in public markets (including CFCs) and CFMs under the FEHD are based on the reference rental recommended by the Rating and Valuation Department. The reference rental has taken into account the business environment of a stall (such as the latest bid price for a similar stall in the same market, stall features, and customer flow). Given that various factors can affect the patronage of venues, and the actual operation situation of individual stalls can vary significantly, the FEHD has no plan to set indicators on the patronage of its markets and CFCs, or to make rental adjustments on such basis.

The HD will continue to take proactive measures to let market stalls and cooked food stalls by open rental tender and encourage SOM tenants to adopt flexible and practical letting measures.

The Government will continue to take proactive measures and implement promotional activities, etc, to increase the occupancy rates of public markets and cooked food facilities and attract patronage, so as to enhance the shopping ambience in markets.