



THE HONG KONG INSTITUTE OF
SURVEYORS

香港測量師學會

Revitalization of Industrial Buildings in Hong Kong



Revitalization of Industrial Buildings in Hong Kong

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Content

- [1] Introduction - The Problem**
- [2] Measures to Facilitate Redevelopment of Existing Industrial Buildings**
- [3] Under-utilization of industrial buildings**
- [4] Conversion of Industrial Building for other uses**
- [5] Further Measures to encourage Redevelopment**
- [6] Mid-term Review on Revitalization of Industrial Buildings and Result**

[1] Introduction – The Problem

A change of economic structure in the past 20 years lead to :

- 1. Traditional manufacturing industry wind down**
- 2. Factories were relocated to the mainland**
- 3. Industrial buildings became vacant or under-utilized**
- 4. Wasting valuable land resources**

[1] Introduction



Old Industrial Building in the urban area



High vacancy rate of industrial building, some units are changed to warehouse uses.

5

[2] Measures to Facilitate Redevelopment of Existing Industrial Buildings

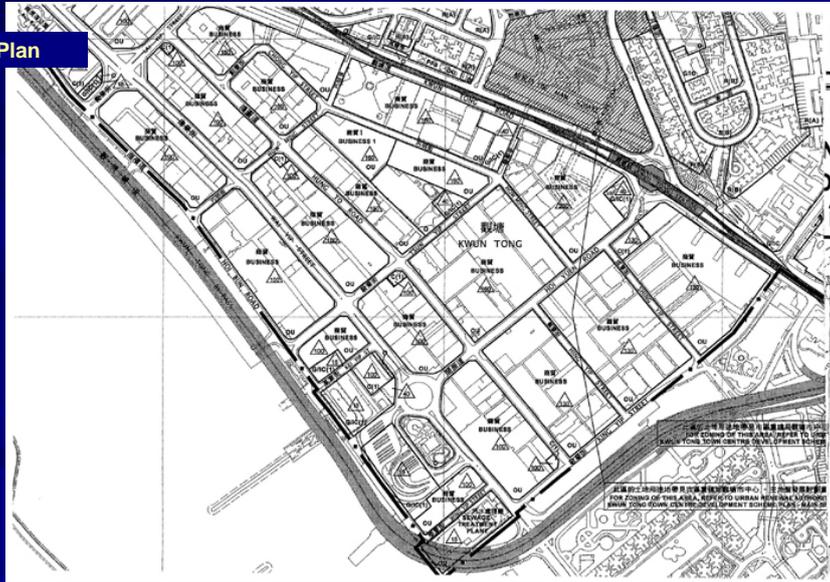
A. Change in Statutory Framework to cope with the Economical changes

1. **Town Planning - a two-pronged approach Promote optimum use of land**
2. **Broadening the permissible uses in industrial buildings**
3. **Rezoning surplus and suitable industrial land for non-industrial uses**
4. **New land use zoning – “Other Uses (Business)” zone (OU(B))**
5. **Allowed a mix of office, commercial and non-polluting industrial uses was introduced in traditional industrial areas.**
6. **About 500 hectares of industrial land had been rezoned for non-industrial uses, including about 200 hectares to OU(B) use.**

6

[2] Measures to Facilitate Redevelopment of Existing Industrial Buildings

Statutory Zoning Plan



[2] Measures to Facilitate Redevelopment of Existing Industrial Buildings

Statutory Zoning Plan

A Close up View



[3] Under-utilization of industrial buildings

The actual situation:

1. Owners reluctant to carry out redevelopment / wholesale conversion / temporary change of use;
2. Redevelopment pace lag behind the economic demand

Hindrance Factors :

1. Fragmented ownership in multi-storey Industrial buildings
2. Payment of full market **premium** for lease modification for redevelopment
3. Payment of **waiver fees** in the event of conversion
4. Difficult to raise finance for redevelopment.
5. Unauthorized change of the use of industrial buildings for commercial activities is common

9

[3] Under-utilization of industrial buildings

Other Hindrance Factors in Mixed Industrial and non-industrial use:

1. Potential fire hazard which causes danger to occupants
2. Only a full scale redevelopment or conversion is viable
3. Owners hardly fulfill necessary building and land requirement

In view of this situation

Government hopes to facilitate industrial buildings redevelopment or conversion through injection of the incentive new industrial buildings revitalization policy.

10

[4] Conversion of Industrial Building for other uses

The New Policy

1. Allow **wholesale conversion** of an entire industrial building **without redevelopment**
2. **Nil waiver** fee provides great incentive for revitalization
3. Fire risk of mix-use of industrial and other commercial activities are therefore eliminated.
4. No reversion back to industrial use
5. Multiple owners have to be agreed with each other and applied jointly for a wholesale conversion.

11

[4] Conversion of Industrial Building for other uses

Under this Policy

1. According to statistics, there are **around 1,400 industrial buildings** in Hong Kong.
2. About **1,000** can meet the requirements for wholesale conversion.
3. Revitalization of old industrial buildings through wholesale conversion will help to **create job opportunities** and **increase competitiveness**, and is beneficial to Hong Kong in the long run.

12

[5] Further Measures to encourage Redevelopment

Besides wholesale conversion of industrial building to facilitate redevelopment of industrial buildings through –

1. Allowing the majority owners of industrial buildings to apply under the Land (Compulsory Sale for Redevelopment) Ordinance for a **compulsory order** to sell the whole lot for redevelopment, if the majority owners own not less than 80% of the undivided shares of the lot;
2. Approving **tailor-made lease modification**
3. the land premium payable will be assessed according to the **optimal use** and proposed intensity
4. **Pay for what you build** (instead of the maximum development intensity)
5. Option for payment of 80% of the land premium by **annual installments** for up to five years

13

[6] Mid-term Review on Revitalization of Industrial Buildings and Result

- The above revitalization measures formally came into effect on 1 April 2010 and the progress of implementation has been encouraging.
- By the end of January **2012**, the Lands Department of Hong Kong Government had received **68** no of building applications.
- **18** no were completed.
- Most of these were applications for wholesale conversion. These approved applications will provide converted or new premises with a total gross floor area of **over 400 000 sq.m.**

14

[6] Mid-term Review on Revitalization of Industrial Buildings and Result

Summary of Applications Relating to industrial buildings received since 1 April 2010 up to January 2012



Old Industrial Building in Kwun Tong Town Centre was redeveloped into office and shopping mall



New shopping mall in traditional industrial district

Transaction Type	Location	Total Number of Cases received	Total Number of Cases completed
Special Waiver (Wholesale Conversion)	Hong Kong	2	1
	Kowloon	39	12
	New Territories	15	3
Total		56	16
Land Exchange (Redevelopment) (Notes 2 & 3)	Hong Kong	1	0
	Kowloon	2	0
	New Territories	0	0
Total		3	0
Lease Modification (Redevelopment) (Notes 2 & 3)	Hong Kong	1	0
	Kowloon	6	2
	New Territories	2	0
Total		9	2

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15



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End

Q & A

16

