

Hong Kong Real Estate Market – A Macro View

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Based on published data sources including those of the Government, a macro view of the major real estate sectors (residential, office, retail, industrial, I/O and storage) can be formed:

(A) **By Gross Floor Area (GFA in ft²)**: Collectively the major sectors total around 1,500,000,000ft²

- 1) **Residential**, including private and all forms of public/government residences = occupies around 1,000,000,000+ft² and represents almost 2,000,000 housing units. This sector corners close to 70% of the GFA.
- 2) **Office**, including private and government offices = occupies around 100,000,000ft² i.e. around 7% of the GFA.
- 3) **Retail**, mostly of private stock = occupies another 100,000,000ft² i.e. around 7% of the GFA.
- 4) **Industrial**, most of private stock = occupies around 220,000,000ft² thus cornering around 15% of the GFA.
- 5) **I/O, Storage etc** = occupies close to 10,000,000ft² only thus cornering less than 1% of the GFA.

(B) **By (Rough) Market Price**: the following will change with time and market conditions though on a macro scale it may be used as a rough reference. Collectively, the major sectors total around \$4,000,000,000,000:

- 1) **Residential** = roughly around \$3,000,000,000,000+, representing 77% of the value.
- 2) **Office** = around \$400,000,000,000+, representing 10% of the value.
- 3) **Retail** = around \$450,000,000,000+, representing 11% of the value. This sector may also contain one of the highest gaps between the lowest and highest price per GFA.
- 4) **Industrial** = around \$80,000,000,000, representing 2% of the value.
- 5) **I/O, Storage etc** = around \$8,000,000,000, representing less than 1% of the value.

A couple of observations can be made from the above:

- 1) The residential sector is both the largest and perhaps the most important sector. It is also a reason why many of the larger real estate developers are heavily dependent on the well being of this sector.
- 2) Both the residential and office sectors have a higher value % (77% and 10% respectively) than their GFA % (70% and 7% respectively) when compared

with the overall market. This may imply that generally these sectors are still comparatively more sought after than the rest.

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