ZOOMING INTO THE INDUSTRY-DRIVEN NORTHERN METROPOLIS

June 2024

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01

Northern Metropolis Development Progress

1.0 Northern Metropolis Development Progress

In the **2021 Policy Address**, the government announced the “Northern Metropolis Development Strategy,” propelling Hong Kong‘s integration into China’s overall national development as outlined in the 14th Five-Year Plan and the “Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (GBA).” Based on the “Hong Kong 2030+” framework, the government plans to establish the 30,000-hectare (ha) Northern Metropolis (NM) area in the northern New Territories (NT), of which more than 3,000 ha will be new developable land, charting a new chapter for Hong Kong's long-term growth.

Subsequently, in the **2022 Policy Address**, the government emphasized the Northern Metropolis as a new economic growth engine for Hong Kong (HK), and its development will be advanced through increased scale, speed, efficiency, and quality.

In the **2023 Policy Address**, the government further issued the “Northern Metropolis Action Agenda,” emphasizing that the area will be adopting an **"industry-led, infrastructure-first“** development approach. The land planning and offering process will be **industry-driven**, to address the longstanding issue of land shortages that has limited overall industrial development. For example, half of the area in the San Tin Technopole will be allocated for innovation and technology (I&T) purposes.

In this report, we will elaborate on the government‘s planning process for the prioritized industries, and discuss case studies and the key considerations while exploring the Northern Metropolis opportunities.

Key Timeline for Northern Metropolis Development

Oct 2021

“Northern Metropolis Development Strategy” was announced

- To establish the 30,000 ha Northern Metropolis area in the northern NT

Feb 2022

Setting applications deadline for land exchange for the remaining phase of Kwu Tung North and Fanling North NDAs

Mar 2022

Charging land premium at standard rates for lease modifications in New Development Areas (NDAs)

- Establishing applicable land premium standards and details for the NDAs in Kwu Tung North and Fanling North

Oct 2022

2022 Policy Address mentioned enhanced quantity, speed, efficiency, and quality in the Northern Metropolis development

- Setup of government steering committees to drive the development

Jun 2023

Revised the standard rates for premium assessment of in-situ land exchange in Kwu Tung North and Fanling North NDAs, with the deadline for the land exchange extended

Oct 2023

2023 Policy Address adopted an “industry-driven and infrastructure-led” approach for the Northern Metropolis development

- Formulated the Northern Metropolis Action Agenda

Dec 2023

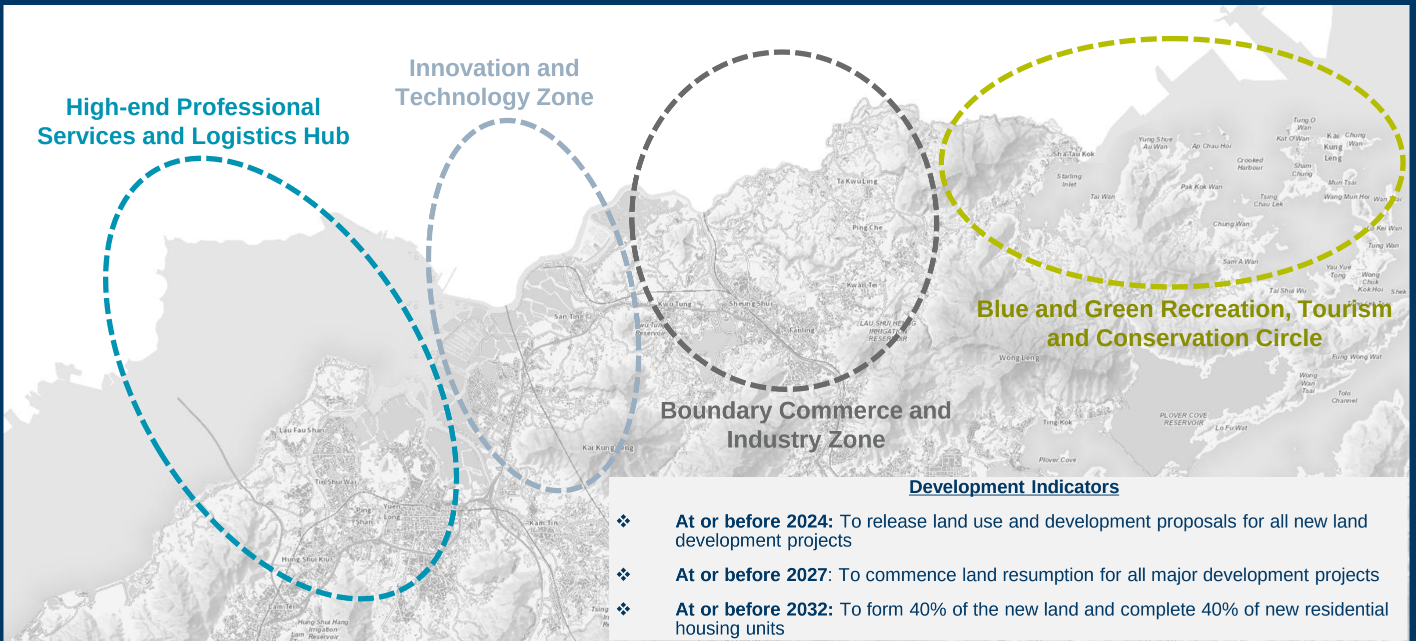
Extended arrangement for charging land premium at standard rates, including a pilot scheme applicable to agricultural land in the NT outside NDAs

Announced Hong Kong Major Transport Infrastructure Development Blueprint

- Including Northern Metropolis infrastructure plans and cross-border facilities

Source: Northern Metropolis Development Strategy; 2022 Policy Address; 2023 Policy Address; Northern Metropolis Action Agenda; Lands Department; Hong Kong Major Transport Infrastructure Development Blueprint

Four Major Zones in Northern Metropolis



Development Indicators

- **At or before 2024:** To release land use and development proposals for all new land development projects
- **At or before 2027**: To commence land resumption for all major development projects
- **At or before 2032:** To form 40% of the new land and complete 40% of new residential housing units

High-End Professional Services and Logistics Hub

	Hung Shui Kiu / Ha Tsuen	Yuen Long South	Lau Fau Shan
Development area	441 ha	185 ha	Subject to study
Housing units	66,700	32,900	
New population	184,000	98,700	
Employment	150,000	13,700	
Year of 1st batch of public housing units	2024 (dedicated rehousing estates)	2029	

Future Infrastructure

Cross-border transportation:

- HK-Shenzhen (SZ) Western Rail Link (Hung Shui Kiu – Qianhai)

Local transportation:

- Tuen Ma Line Hung Shui Kiu Station
- Propose to extend the railway under Kau Yi Chau to Hung Shui Kiu to connect the HK-SZ Western Rail Link

Blue and Green Recreation, Tourism and Conservation Circle

Near-Term Development (2024-2026):

- The statutory procedures for establishing the Robin's Nest Country Park will be completed
- Phase Two Scheme on opening up Sha Tau Ko Frontier Closed Area will commence
- Progressive implementation of tourism development at the Sha Tau Kok Frontier Closed Area
- Exploration with the Shenzhen Municipal Government on the feasibility of establishing a Hong Kong Sha Tau Kok and Shenzhen Shatoujiao cultural tourism zone

Future Infrastructure

- Redevelopment of the Sha Tau Kok BCP to provide only passenger clearance service

Innovation and Technology Zone

	San Tin Technopole (Excl. HK-SZ I&T Park)	HK-SZ Innovation & Technology Park in the Loop (HSITP)	Ngau Tam Mei
Development area	540 ha	87 ha	Subject to study
Housing units	50,000-54,000	- -	
New population	147,000-159,000	- -	
Employment	165,000	52,000	
Year of 1st batch of public housing units	2031	- -	

Future Infrastructure

- Northern Link Main Line + Spur Line
- Redevelopment of the Lok Ma Chau / Huanggang boundary control points (BCP)

Boundary Commerce and Industry Zone

	Kwu Tung North / Fanling North	NT North New Town and Lo Wu / Man Kam To	Ma Tso Lung
Development area	320 ha	Total area 1,500 ha (development area is subject to study)	Subject to study
Housing units	86,200	Subject to study	
New population	226,700		
Employment	53,100		
Year of 1st batch of public housing units	2026		

Future Infrastructure

- Northern Link Kwu Tung Station
- Northern Link Eastern Extension
- Northeast New Territories Line
- Northern Metropolis Highway (NT North New Town Section)

Source: Northern Metropolis Action Agenda

Key Industries Highlights

- Industry-led Economic Development

02

As the new engine for Hong Kong’s economic development, the Northern Metropolis will adopt an “industry-driven” approach as the key planning axle. We believe that, by promoting the development of high value-added industries, Hong Kong will be able to unlock more opportunities and scale new economic growth heights.

2.1

I&T and Life & Health Sciences

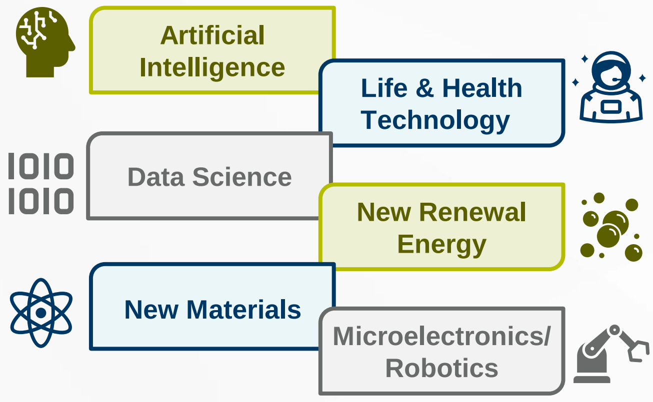
Integrating the HK-SZ cooperation edge into the GBA's development

With the Central Government's clear support for Hong Kong's development into an international I&T Hub in the 14th Five-Year Plan, the HKSAR government will start offering tailored sites and formulating policies on overall planning, infrastructure, property development and talent attraction, to back the San Tin Technopole and the HSITP to become the new engines for the city's I&T development.

The two aforementioned areas and the Shenzhen Park will form the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone, operating in the modes of "one river, two banks" and "one zone, two parks." The Hong Kong and Shenzhen governments will thereby formulate policies on the cross-boundary flow of innovative elements including talent, capital, materials and data, including arrangements to facilitate the travel of I&T personnel between the two cities. This could deepen I&T co-operation between the two locations, promoting the construction of a "Guangdong-Shenzhen-Hong Kong-Macau Innovative Technology Corridor" mentioned by the Central Government in the "Outline Development Plan for the Guangdong-Hong Kong-Macao GBA." Hong Kong will be able to leverage the Chinese mainland's experiences in industrial support, production chain and the recruitment of talent, hence accelerating the scale-up, commercialization and upgrading of the city's I&T industry. Hong Kong will also continue to capitalize on its distinctive advantages to proactively integrate into China's development and serve as a hub connecting the domestic and global markets, helping the city to develop as an international I&T hub by attracting distinguished talent and enterprises.

The I&T and life & health sciences sectors cover areas such as artificial intelligence (AI), software development, supercomputing, data science,
medical equipment R&D, pharmaceuticals,
medical equipment R&D, pharmaceuticals, medical data analysis, high-tech products, and automation. Regarding the development of the HSITP, the six pillars within the park comprise Life & Health Technology, AI & Data Science, New Energy, New Materials, Microelectronics, and Robotics.

Considering the major I&T trends in the Chinese mainland and around the globe, focusing on these emerging sectors could help Hong Kong undergo industrial transformation and upgrading towards higher value-added development, expanding and enhancing the city's traditional economic focus on the financial services industry.

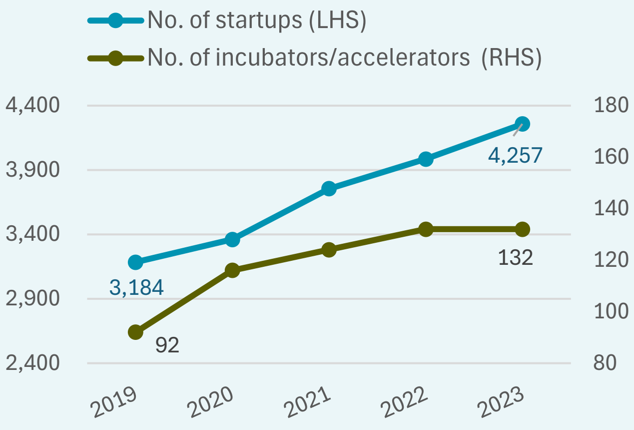


Artificial Intelligence, Data Science

According to IBM's "2023 Global AI Adoption Index" report, more than 42% of surveyed companies are already using artificial intelligence in their daily operations, and 59% of surveyed companies are increasing their investments in this field. Forbes predicts that the size of the artificial intelligence market will reach US$407 billion by 2027, and will grow at an average annual rate of 37% from 2023 to 2030. In terms of data science, Fortune Business Insights predicts that the market size will see an average annual compound growth rate of 29% from 2022 to 2029, reaching US$484.2 billion by 2029.

Looking at the GBA, the "2022 Global Innovation Index Report" shows that among global technology clusters, the Shenzhen-Hong Kong-Guangzhou technology cluster ranks second. More than 150 high-end scientific research projects are being promoted and implemented in the Lok Ma Chau Loop region of Hong Kong and Shenzhen, and the number of start-ups in Hong Kong is also rapidly increasing (Figure 1). We believe that there is still huge growth potential in the fields of I&T, AI, and data science.

Figure 1: No. of Incubators and Accelerators of Startups in HK



Source: InvestHK, 2023

Figure 2: iShares Global Tech ETF (IXN)

Source: Yahoo, 2024

Semiconductor R&D, Advanced Electronics

Within the AI and supercomputing boom, chip R&D and advanced electronics are among the key industries of the future. With reference to the share price of the iShares Global Technology ETF, which tracks the world's major semiconductor chip, technology, and AI companies (Figure 2), the growth rate over the past five years has reached 170%, demonstrating the industry's considerable economic benefits.

While the local government is devoting more resources to I&T development, the Legislative Council has recently approved the establishment of the Hong Kong Microelectronics Research and Development Institute and New Industrialization Acceleration Scheme at a total investment of HK$12.8 billion. The local microelectronics industry is highly capable in innovation. By complementing the strengths of large-scale factories in the Chinese mainland that have high production capacity, common goals could be achieved through mainland-Hong Kong cooperation.

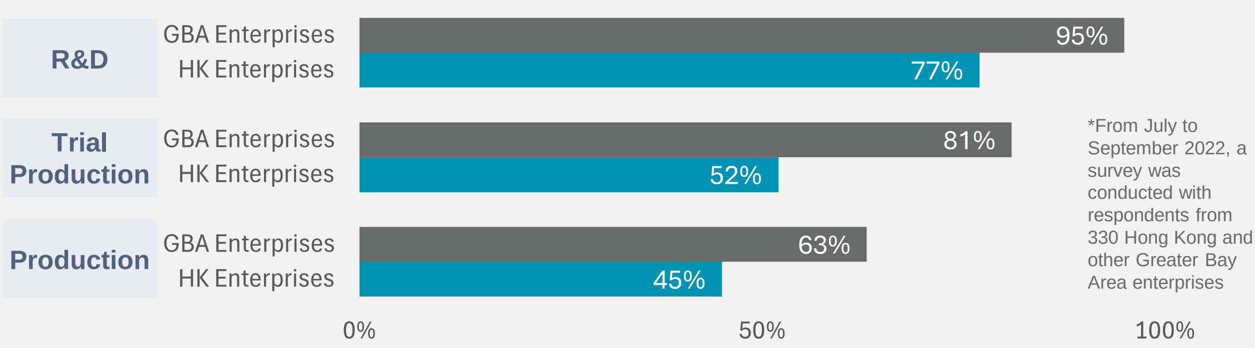
The Microelectronics Centre (MEC) in Yuen Long InnoPark, which is expected to come into operation this year, is one of the key facilities to promote new industrialization in the Hong Kong microelectronics technology sector, covering areas such as medicines and biomedicines. We expect that more leading microelectronics enterprises will be attracted to set up in the city upon the opening of the facility.

Life & Health Technology — R&D of Medical Equipment and Drugs

In the post-pandemic era, the market has shown greater interest in Life & Health equipment and technology. Hong Kong is the top IPO center for biotechnology companies in the APAC region, and ranks the second in the world. As of 2023, a total of 126 healthcare and biotech companies had listed in Hong Kong, raising HK$276.6 billion through IPOs. Clinical trials and testing accreditation in Hong Kong are recognized by international standards. For instance, in terms of clinical applications, clinical trial data from Hong Kong is simultaneously recognized by drug regulatory bodies in the U.S., UK and the Chinese mainland for drug registration purposes.

The government is also about to set up an InnoLife Healthtech Hub in the HSITP to promote research on life and health disciplines. The government will also establish the Greater Bay Area International Clinical Trial Institute, attracting more domestic and overseas pharmaceutical enterprises and medical equipment manufacturers to conduct clinical trials in Hong Kong. With the government initiatives on biomedical technology and advanced manufacturing, Hong Kong is expected to become an international biomedical technology hub.

Figure 3: Enterprises' Budget for Life & Health Investment in HK*
(proportion of investment >US$100mil)



Source: Hong Kong Life and Health Industry Development Study, HKPC, 2022

Infrastructure for Advancing the Development of I&T and Life & Health Sciences in the Northern Metropolis

Hardware

- **San Tin Technopole**
  - ❖ HSITP in the Loop (See below)
  - ❖ 300 ha and 7 million sqm of I&T space to support innovative research and production
  - ❖ Includes employee accommodation and talent housing
- Establish a bridge BCP across the Shenzhen River in the Loop, for maximizing boarder crossing convenience for researchers
- Set up the "InnoLife Healthtech Hub" in the HSITP
- Introduce the "InnoHK" research clusters into the Loop
- Launch the Greater Bay Area International Clinical Trial Institute in the Hetao Co-op Zone to provide a one-stop clinical trial platform for medical research institutions

Software

- The "Hong Kong Innovation and Technology Development Blueprint" outlines the I&T development trajectory of HK for the next five to ten years
- The "White Paper on the Development of the HSITP in the Loop." *(To be launched this year)*
- The "Strategic Tech Fund" to Invest in high-potential firms
- The "Co-investment Fund" to promote technology transfer from global enterprises
- Launch a HK$10 billion "New Industrialisation Acceleration Scheme" (NIAS) to support companies engaged in the 6 pillar industries
- Optimize the "Technology Talent Admission Scheme"
- Subsidize research talent recruitment through the "Research Talent Hub"
- Fast-track new drugs registration through the new "1+Mechanism"

Hong Kong-Shenzhen Innovation & Technology Park (HSITP)

- **To be developed in Phase 1 and Phase 2, from west to east**
  - ➢ **Planning for Phase 1 development has completed with total planned GFA reaching 1 million sqm**
    - ❖ Industrial theme-led zoning (including Life & Health Technology, AI, Advanced Manufacturing and research-academic-industry areas)
- **First Batch Development with 116,550 sqm of GFA**
  - ➢ The first three buildings (37,700 sqm) including two wet labs and an innovation chamber, will be completed by end-2024
  - ➢ The remaining five facilities (78,500 sqm) including offices, dry labs and wet labs
    - ❖ Higher education, commercial and ancillary facilities will be provided throughout
  - ❖ HSITP will leverage private market power to secure investments and expedite the development of the remaining Phase 1 area in order to elevate development quality and efficiency

Establishing World-Class Innovation and Research Partnerships

- **Launched Partnerships with 59 Organizations (as of April 2024)**
  - ➢ Includes research institutions, universities, domestic/global firms and Institutional Investors including AstraZeneca, Sumitomo Heavy Industries, and Gaw Capital Partners
  - ➢ 45% of the partners are engaged in pillar industries including Life & Health Science, New Energy Technologies, and Microelectronics
  - ➢ Among them, 24 companies are new set-ups or their first time expanding into Hong Kong

→ **"To position Hong Kong as a world-class knowledge hub and I&T centre, which aims to provide comprehensive software and hardware support across the entire value chain — from upstream research to midstream applications and downstream commercialization."**

Sources: LC Paper No. CB(1)150/20-21 (04); Hong Kong Government Press Release; HSITP

2.2 Modern Logistics

Trading and Logistics is one of Hong Kong's four pillar industries, which accounted for 22.5% of Hong Kong's 2022 GDP, with the logistics sector alone contributing 6.2% to the GDP. Leveraging its well-developed infrastructure, efficient customs clearance capabilities, and advanced handling technologies for diverse cargo types, Hong Kong has long been a regional and international aviation hub and maritime center. The Central Government also stated in the 14th Five-Year Plan that it supports Hong Kong to further strengthen its role as an international shipping center and aviation hub, to lead the other GBA cities to develop a world-class port cluster, and to enhance Hong Kong's functional role within the regional supply chain.

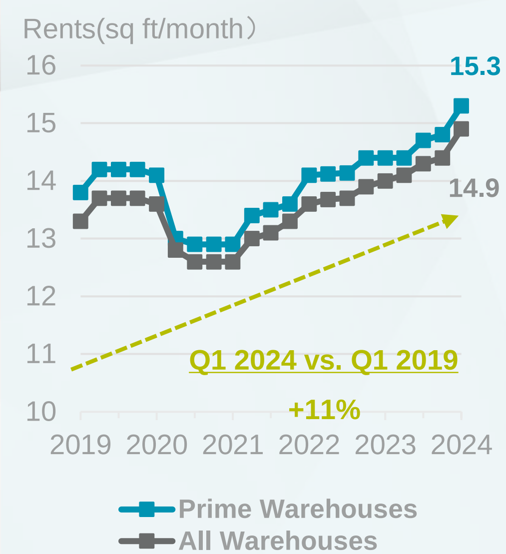
In October 2023, the government released the "Action Plan on Modern Logistics Development,“ outlining strategic actions for the long-term development of the logistics industry in Hong Kong, proposing eight key strategies to steer the sector towards high value-added and smart development, to enhance the competitiveness of Hong Kong's logistics industry, and to strengthen its international position.

However, the Action Plan also mentioned that the logistics land supply shortages resulting in rising rental costs (Figure 4), are limiting the industry's growth potential. To cater for the transformation needs of the logistics industry, the government has reserved some logistics sites in the Northern Metropolis to allow for multi-story modern logistics development, so as to improve the operational efficiency of the ecosystem.

According to government estimates, the brownfield area affected by the San Tin Technopole development is approximately 126 hectares. Therefore, the government has reserved 16 hectares of land in the San Tin Technopole for logistics, storage, and workshop use, and it has also set aside 72 hectares of land in Hung Shui Kiu/Ha Tsuen and Yuen Long South NDA for modern industrial and logistics use.

The government will also continue to identify new logistics sites in other NDAs (such as San Tin/Lok Ma Chau Development Node and the New Territories North) to meet the industry's long-term development needs. These new logistics sites in NM are located near border crossings, which could help to deepen cross-border bonds and synergies.

Chart 4：Warehouse Rental Performance



Hung Shui Kiu/Ha Tsuen and Yuen Long South

- **2024 to 1H 2025**: Tenders for the first batch of multi-story modern logistics sites (see P.12).
- **2027/28**: Completion of the first batch of multi-story modern industries buildings

San Tin Technopole

- **2026**: Three sites reserved for underdevelopment plan and will be formed in 2026
- **2030/31**: Phase-by-phase completion of the planned multi-story modern industries buildings

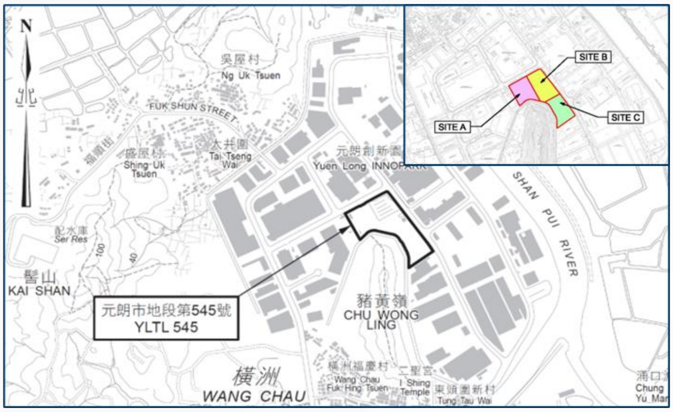
Source: Action Plan on Modern Logistics Development; Land Use Proposal of San Tin Technopole; Cushman & Wakefield Research

Tender of site for multi-story buildings for modern industries in Yuen Long under two-envelope approach

Two main targets：

- **To propel new industry development**
- **To assist transformation of brownfield operators who were affected by government development projects**

Address	Fuk Wang Street and Wang Lee Street, Yuen Long, New Territories
Lot No.	YLTL 545
Site Formation	Site A, B & C (three combined sites)
Zoning	Other Specified Uses (Industrial Estate)
Site Area	349,181 sf (32,440 sqm)
Approved GFA	1,740,000 sf (161,500 sqm)
Maximum building height	10 stories
Min floor loading	25 kN/ sq m
Min floor Height	4.7m
Tender Details	Invitation Date: 15 March 2024 **Closing Date: 27 Dec 2024**
Two Envelope Tender Approach	• Weighting of **70% is given to non-premium aspects** such as: 1) how the buildings could **promote development of industries** through pro-innovation proposals 2) the GFA for accommodating **displaced brownfield operations** • **Remaining 30%** according to the premium
Special Government Clause	Require the developer to hand over no less than 30% of the maximum GFA (i.e., no less than 48,450 sq m) to the government. The government or its appointed agent will manage the floor space and lease it to brownfield operators displaced by government projects.
Car Park	• Private Cars - 58 • Motorcycles - 19 • Heavy Good Vehicles - 12 • Coaches – 15 **Total – 104 car parks**



Source: Lands Department

2.3

Education Industry

Northern Metropolis University Town

To fully develop the Northern Metropolis area, it is crucial to attract high-end and specialized talent, in addition to infrastructure and hardware support. This will provide the "software" needed for industries in the development area, especially excellent research talent and high-quality personnel with applied skills.

According to the Northern Metropolis Development Strategy, the government plans to reserve more than 60 hectares of land in 1 Hung Shui Kiu/Ha Tsuen NDA, 2 Ngau Tam Mei, and 3 New Territories North New Town to build the "Northern Metropolis University Town" for higher education development. The government also encourages collaboration between local and renowned overseas and Chinese mainland tertiary institutions, to establish Hong Kong as a future international education hub.

In August 2023, the Education Bureau invited tertiary institutions to submit proposals on higher education development in the Northern Metropolis. Nineteen institutions responded, with some expressing interest in relocating their entire campus to the area, while others are considering building satellite campuses, offering more joint programs with renowned overseas institutions, and promoting vocational and professional education integration. These initiatives are expected to help attract and nurture the talent needed for the new industries.

1

Hung Shui Kiu / Ha Tsuen

- Reserved five hectares of land for the development of new campuses by self-financing tertiary institutions
- Located in areas with "three railways" connectivity
- The tertiary institutions can leverage convenient transportation network to attract and nurture talent

2

Ngau Tam Mei

- One of the future stations on the Northern Link
- Part of the I&T zone within the Northern Metropolis
- Plans to reserve land in the Ngau Tam Mei for the development of tertiary education institutions, and this will complement the I&T focus of the San Tin Technopole by nurturing research and technical talent

3

New Territories North New Town

- Advantage of having three border crossings
- Close connection to Shenzhen to strengthen exchange and collaboration in education areas
- The tertiary institutions could benefit from the increasingly comprehensive internal and cross-border transportation networks.

Source: Legco document

Intentions of Hong Kong Post-Secondary Institutions in Expanding into the Northern Metropolis

The Hong Kong University of Science and Technology

- Set up a **satellite campus**, spanning across Clear Water Bay, the Northern Metropolis and Guangzhou
- Develop future medicine and innovative technologies

The Hong Kong Polytechnic University

- Establish a new campus focusing on scientific research and innovation
- Set up a medical school and a large-scale teaching hotel within the new campus

City University of Hong Kong

- Set up a **branch campus**
- Mainly for the use of scientific research and innovation by postgraduates

Hong Kong Baptist University

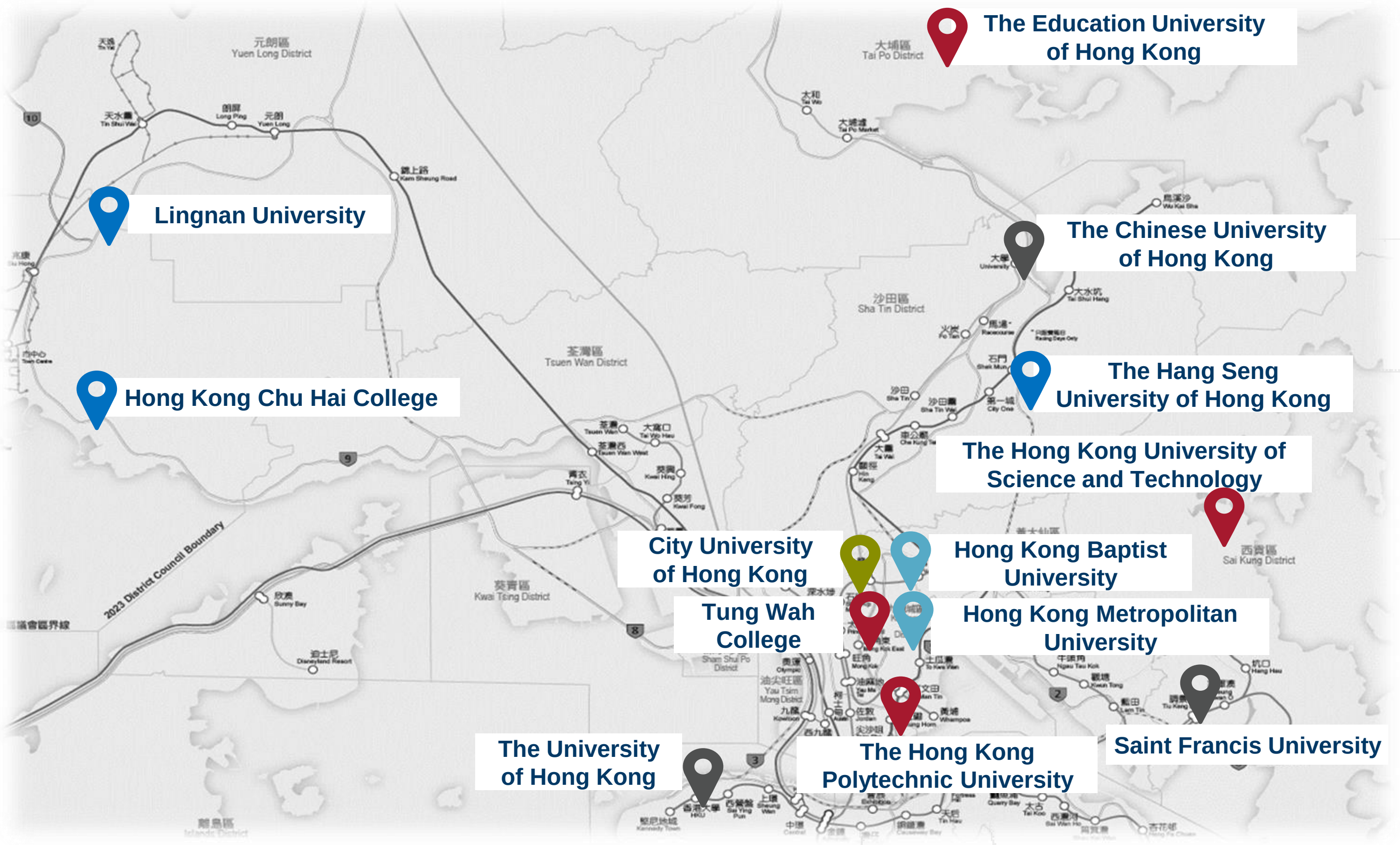
- Intend to relocate the entire or partial campus to the Northern Metropolis
- Seek space for future expansion

Lingnan University

- Set up a second campus
- Anticipate to set up laboratories primarily for research purposes

The Education University of Hong Kong

- Establish an education center
- Focus on teacher training in the Greater Bay Area



- **Set up educational facilities** (e.g., medical schools, teaching hotels, research and development centres, laboratories, and education centres)
- **Consider relocating part of or the entire campus to the Northern Metropolis**
- **Establish a branch campus / Northern Metropolis campus**
- **Establish postgraduate programs or specialised disciplines**
- **Considering / No definite plans / No response**

Source: Post-secondary Institutions in Hong Kong

Entering Northern Metropolis

- Land Policies and Key Considerations

03

3.1 Land Development

Land development in the Northern Metropolis is the key to propel new industries and economic growth in Hong Kong. In the previous chapter, we explored how the area will be focusing on industry-led development. In this chapter, we will further discuss the land-related policies, new initiatives, and key considerations that investors may encounter when exploring opportunities in the Northern Metropolis.

Industry-Led Land Supply Policies

In the Northern Metropolis, the government is trying to adopt various innovative land disposal methods, in addition to the traditional land sale method via public tender, such as using the "industry-led" principle for land grant to attract stakeholders and capital into the area (see page 11).

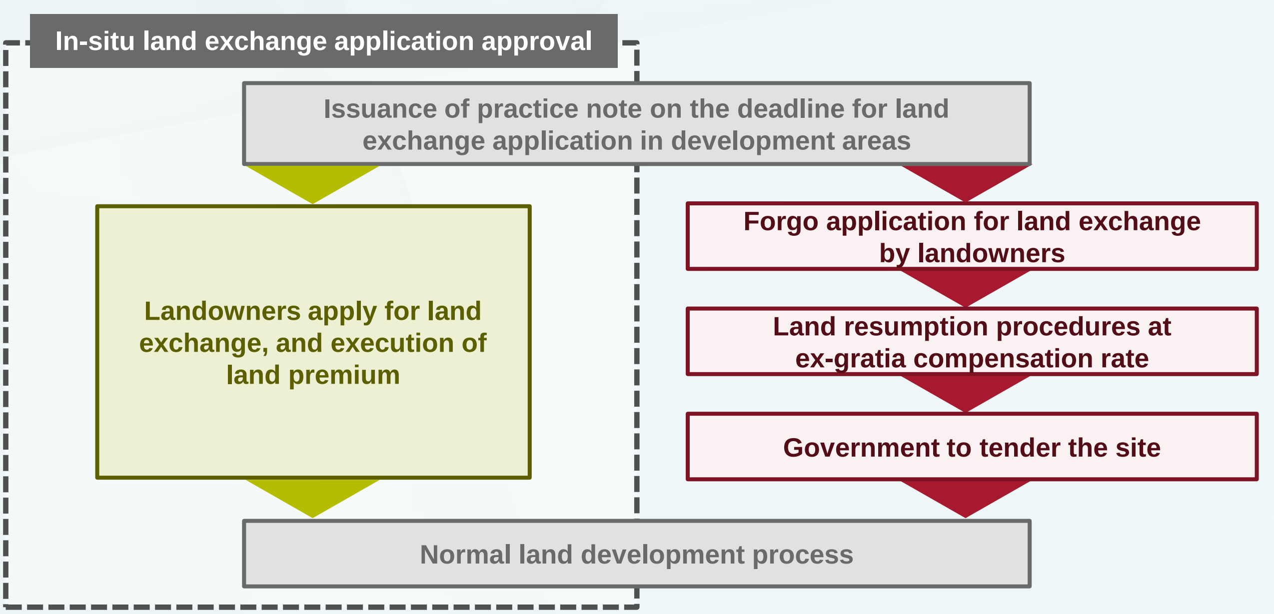
Differing from the public tender practices for residential and commercial sites favoring the highest bidders, the government is now focusing more on land allocation by agreement, allowing more flexibility to attract target enterprises with the greatest potential for industrial parks and R&D development in the area.

"Enhanced Conventional New Town Approach" (ECNTA)

The government announced the adoption of ECNTA for the Kwu Tung North/Fanling North and Hung Shui Kiu/Ha Tsuen New Development Areas in 2014 and 2017, respectively. Under this government-led approach, the policy may allow in-situ land exchange applications from owners of sites earmarked for private developments before government resumption. If the land exchange applications fall through, the land will be resumed by the government, and disposed of through public tender or other means.

The Development Bureau further announced a revised arrangements for the ECNTA on 28 December 2023, to further expand the application to all NDAs, and the scope of in-situ land exchange will be broadened to include sites for industries and welfare facilities. In addition, the government will facilitate land exchange for owners with 90% or more ownership of the private land to expedite development.

"Enhanced Conventional New Town Approach" Land Development Process



Source: Cushman & Wakefield, various government departments

Revised Arrangements for the ECNTA

- ✓ Revising land exchange arrangement to facilitate landowners to collaborate with the government's planning
- ✓ Alleviating the land resumption and development costs, and hence the government's financial burden

Expanding the applicable areas

- Extension from the original Kwu Tung North/ Fanling North and Hung Shui Kiu/Ha Tsuen to all NDAs (e.g., Yuen Long South, San Tin Technopole, New Territories North New Town, Ngau Tam Mei, Ma Tso Lung, Lau Fau Shan, Tsim Bei Tsui, and Pak Nai)

Expansion of developable lands

- Extension of the scope from residential and commercial developments to designated development sites, including industrial, and social or welfare facility sites

Allow deduction of utility costs

- Land premium deduction to incentivize land exchange applicants to build public facilities

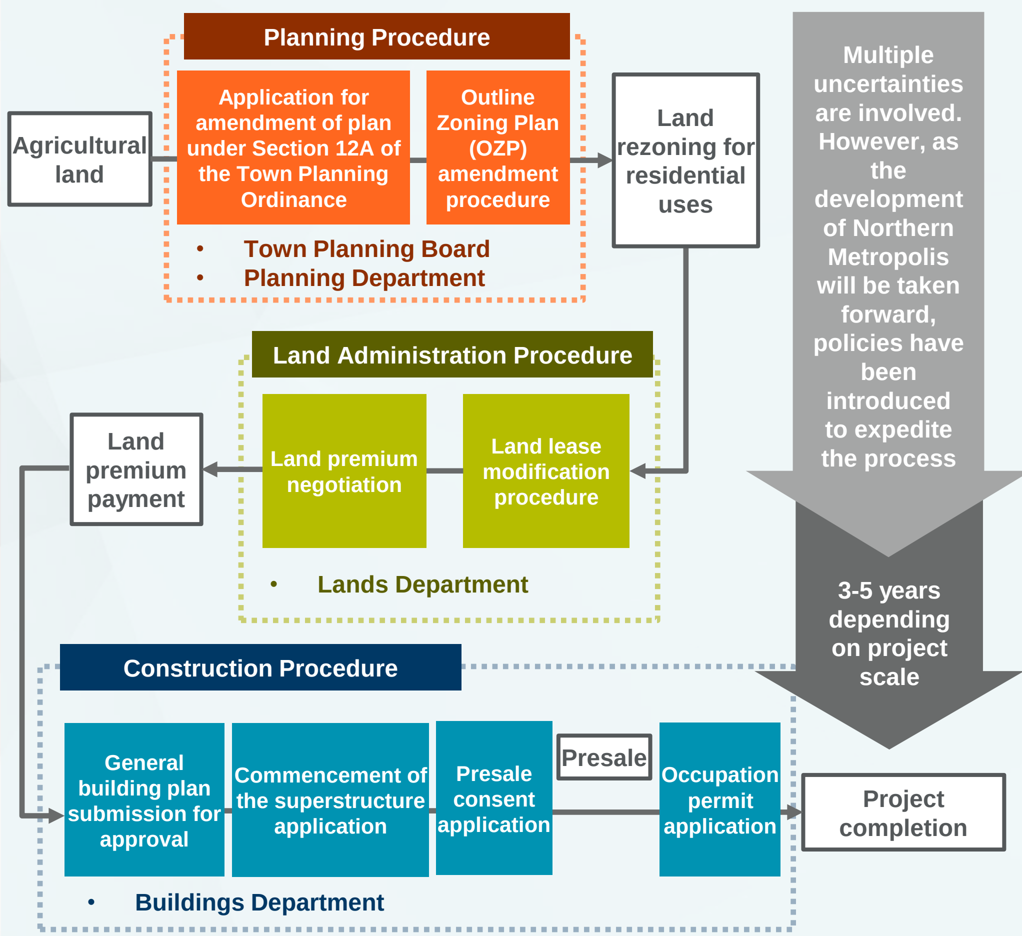
Assistance of land resumption

- If ownership is at 90% or above of the private land within the designated development site, the government will allow minority third-party land to be resumed for granting to land exchange applicants

Applying land premium at standard rates

The Development Bureau announced in December 2023 that they would expand the standard rate premium for lease modification to allow for private development in agricultural land outside the New Development Areas (NDAs). The first phase will apply to three NT districts, comprising Yuen Long, North and Tuen Mun. These will be subdivided into 10 districts, including four districts in existing new towns and six districts within the vicinity of existing or proposed railroad stations. The Lands Department will set standard rates for different zones and for different uses before and after lease modifications. The rates level will be reviewed annually.

Agricultural Land Development Process



Source: Cushman & Wakefield, various government departments

3.2
Industry-led Development Opportunities for Different Sectors

Industry

- ✓ As a new cluster within the GBA, the Northern Metropolis can attract leading Chinese mainland enterprises and startups to establish a presence in Hong Kong, driving the development of innovative industries.
- ✓ Planned infrastructure and commercial projects will help to cultivate industry clusters.
- ✓ I&T and modern logistics are key focus sectors in the Northern Metropolis development
- ✓ Multiple border-crossings linking to the mainland, facilitating cross-border professionals' mobility
- ✓ Ample land resources make it easier to construct properties with specific design requirements, such as data centers or biotech research laboratories.

Facilities to support new industry development

Residential

- ✓ The planning of NDAs needs to address end-users' demands and public housing needs, while supportive policies can help facilitate the timely completion of relevant projects
- ✓ The improving infrastructure amenities will attract more mainland talent and new residents seeking homes in the Northern Metropolis
- ✓ Residential apartment units in the New Territories are generally more affordable, making them more attractive to first-time homebuyers

Supporting Facilities

- ✓ New demand arising from the influx of new residents
- ✓ Public infrastructure in Hong Kong is insufficient, and the land resources in NM can help alleviate this.
  - Key facilities such as education, including pre-school and childcare centers, and healthcare and elderly care centers and day care centers
  - Core public infrastructure including hospitals, schools, and green recreational spaces

Incoming talent to bring in new commercial demand

Commercial

- ✓ Multiple border crossings to facilitate residents and business activities across the border, driving new economic growth and new commercial demand
- ✓ The area currently lacks sizable commercial clusters, new consumer demand will be generated after major residential and commercial projects complete in the NM
- ✓ With infrastructure development as the government's priority, once the supporting facilities are in place, it will enable the development of new commercial hub and projects

3.3

Ngau Tam Mei – spotlight for future development

The Northern Link (NOL) features as the main transport backbone of the Northern Metropolis, connecting strategic districts. The NOL will commence from Kwun Tung Station in the Kwu Tung North NDA, passing through three intermediate stations at Au Tau, Ngau Tam Mei and San Tin, before reaching Kam Sheung Road Station. The construction works of the Northern Link Main Line are expected to begin in 2025 for completion in 2034.

Compared with other new NOL rail stations such as Kwu Tung and San Tin, the current development density of Ngau Tam Mei is relatively low, yet highlighting the development potential of this area. The future Ngau Tam Mei Station will not only enhance the development potential of the area, but also expedite developers' rezoning applications of different projects in the area. The government has been working on the development proposal of Ngau Tam Mei area, and public consultation is anticipated to commence within 2024.

Ngau Tam Mei is just one stop away from the San Tin Technopole. As mentioned in the second section of this report, the government plans to reserve land in the Ngau Tam Mei for use for post-secondary institutions, with a focus on scientific research, complementing the I&T development in the San Tin Technopole and promoting "research, academic and industry" collaboration. Together with other sites planned for post-secondary education in the NM, a "Northern Metropolis University Town" will be formed. According to the government development plan, people working in the HKSTP and its vicinity will be the major future population of the district. Along with the Greater Bay Area development, it is expected that I&T talent will go across the border and work in the mainland. It is expected that some of these professionals will choose to reside in the vicinity of the Kwu Tung Station, which will be convenient for them to travel to and from research bases in Hong Kong and the mainland, including the HKSTP, HSITP and Lok Ma Chau.

Apart from industry-driven development, upon the completion of Ngau Tam Mei Station, the area will be surrounded by more residential projects, providing more than 6,000 public and private residential units, which will be a major area of housing supply after Kwu Tung North.

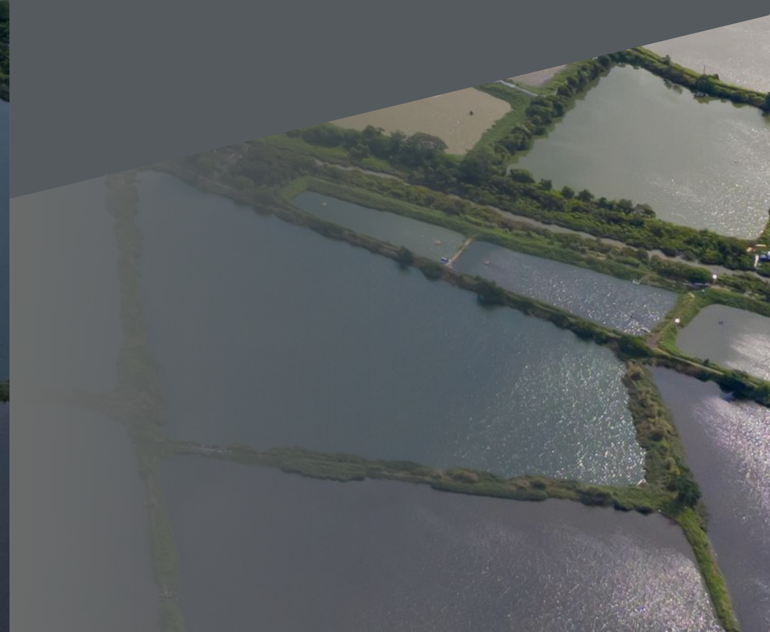
Source: Northern Metropolis Action Agenda

Cushman & Wakefield Capabilities:

- Feasibility studies, land advisory, and consultation on the change of land use regarding to the planning and infrastructure development, together working to let the market better grasp the focus of the action plan and to start attracting a range of I&T companies to locate in the area

04

Case Studies



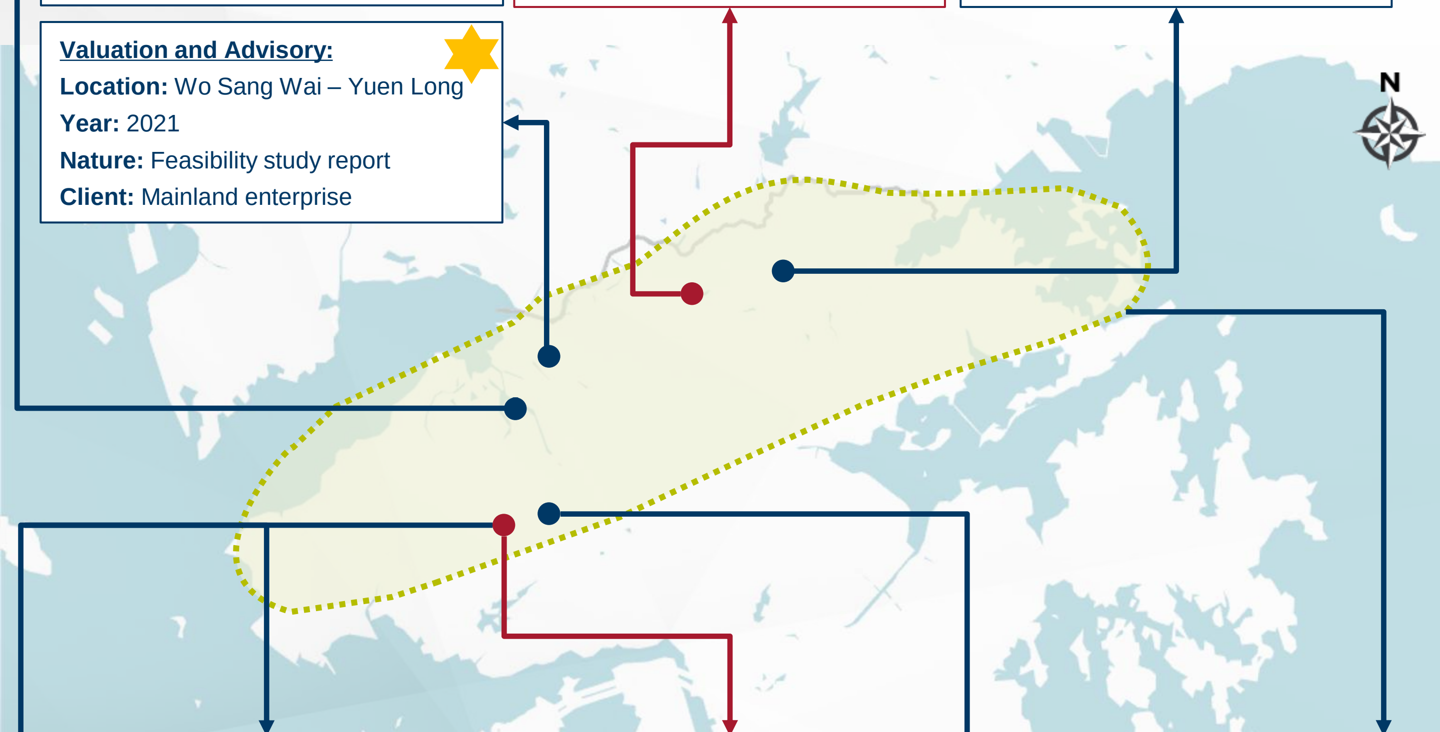
4.1 Successful cases by Cushman & Wakefield

Valuation and Advisory:
Location: Nam Sang Wai – Yuen Long
Year: 2022
Nature: Feasibility study report
Client: Private enterprise

Capital Markets Transaction:
Location: Kwu Tung – North District
Site Area: ~ 190,000 sq ft
Tran. Date: 2021 & 2022
Client: Hong Kong developer

Valuation and Advisory:
Location: Ping Che – North District
Year: 2021
Nature: Market Valuation
Client: Private enterprise

Valuation and Advisory: ★
Location: Wo Sang Wai – Yuen Long
Year: 2021
Nature: Feasibility study report
Client: Mainland enterprise



Valuation and Advisory:
Location: Shap Pat Heung – Yuen Long
Year: 2021
Nature: Market valuation
Client: Mainland developer

Capital Markets Transaction:
Location: Shap Pat Heung – Yuen Long
Site Area: ~ 81,590 sq m
Tran. Date: 2021
Client: Hong Kong developer

Valuation and Advisory: ★
Year: 2022
Nature: Northern Metropolis Special Study Report
Client: Mainland developer

Valuation and Advisory:
Location: Shap Pat Heung – Yuen Long
Year: 2017
Nature: Sales brochure review service
Client: Hong Kong developer

Valuation and Advisory:
Location: Kam Sheung Road – Yuen Long
Year: 2022
Nature: Market valuation
Client: Hong Kong developer

Valuation and Advisory:
Location: Various agricultural lands in Northern Metropolis
Year: 2022
Nature: Market valuation
Client: Hong Kong developer

★ Note：Further details in “4.2 Cushman & Wakefield Case Studies” section

4.2
Cushman & Wakefield Case Studies

1 Market Study and Consultancy

Project	Northern Metropolis Thematic Study
Client	Mainland Chinese Developer
Service	Market Consultancy
Year	2022
Background	Client exploring development opportunities in the Northern Metropolis
Scope	• Hong Kong Property Market Overview • Northern Metropolis planning and development process • Land and property related regulations in Hong Kong • SWOT analysis and ways to enter Northern Metropolis • Feasibility studies on investment and different industries

2 Land Rezoning and Premium Assessment

Project	Wo Shang Wai Land Rezoning and Premium Assessment
Client	Chinese state-owned construction and engineer firm
Service	Valuation and Consultancy
Year	2021
Background	Potential acquisition of the project
Location	Yuen Long Mai Po Wo Shang Wai
Scope	• Land rezoning process in Hong Kong • Land rezoning case studies • Land rezoning feasibility study for subject site • Land premium assessment for the subject site

05

Conclusion and Recommendations

5.0

Conclusion and Recommendations

Looking ahead, the Northern Metropolis will be a crucial development initiative for Hong Kong. According to government projections, the area will take shape in the next five to ten years and will be largely completed within 20 years. The 30,000 hectares of land will focus on "industry-driven, infrastructure-led" development to drive Hong Kong's economic development and industrial transformation. As the Northern Metropolis development continue to progress, we recommend that the government pays special attention to the following points:

- **Detailed and clear development timeline** — The scale of the Northern Metropolis is massive, which requires active participation from the government, and private and public sectors. The government should conduct feasibility studies, land consultations and land use changes as early as possible, and coordinate closely with stakeholders to formulate a clear and feasible development blueprint that outlines the goals and milestones for each stage, giving investors greater confidence to participate by allowing them to grasp the details at an early stage.
- **Coordinated development between Hong Kong and Shenzhen** — The success of the Northern Metropolis relies on close cooperation between Hong Kong and Shenzhen, especially in scientific research, financial technology, and professional services, so as to build a new mega cluster. Therefore, the government must clarify the positioning and compatibility of the Northern Metropolis with other GBA cities, especially with Shenzhen, to achieve a win-win situation and avoid internal competition. Hong Kong has long been a super connector between the Chinese mainland and the rest of the world, combining Hong Kong‘s strengths with GBA cities’ experiences in I&T, production, and R&D, and this will surely attract more renowned enterprises to come to locate in Hong Kong.
- **Integration of industry and city** — In the past, Hong Kong has focused on financial services, and this has led to a lack of industry diversification. In the future, Hong Kong's long-term economic development will rely on the growth of new emerging sectors and industrial diversification. While the government plans to introduce a range of I&T companies to enter the Northern Metropolis, they have to provide supporting measures and incentive policies to attract new entrants, such as providing land use subsidies in land use, tax, and talent attraction, to facilitate the development of new emerging industries and promote Hong Kong to become an R&D hub for pharmaceuticals and innovation in Asia and globally.

The Northern Metropolis area is an important engine to drive Hong Kong's future development. The government needs to adopt an open new mindset for the planning and implementation stage, to fully unleash the area’s critical role in leading Hong Kong’s social and economic growth.

LIFE IS WHAT WE MAKE IT

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