

NORTHERN METROPOLIS LARGE-SCALE LAND DISPOSAL

MARKET ANALYSIS & DEVELOPMENT OPPORTUNITIES

December 2025

Better never settles

CONTENTS

01

INTRODUCTION

03

ADVANTAGES & CHALLENGES
OF LARGE-SCALE LAND
DISPOSAL

05

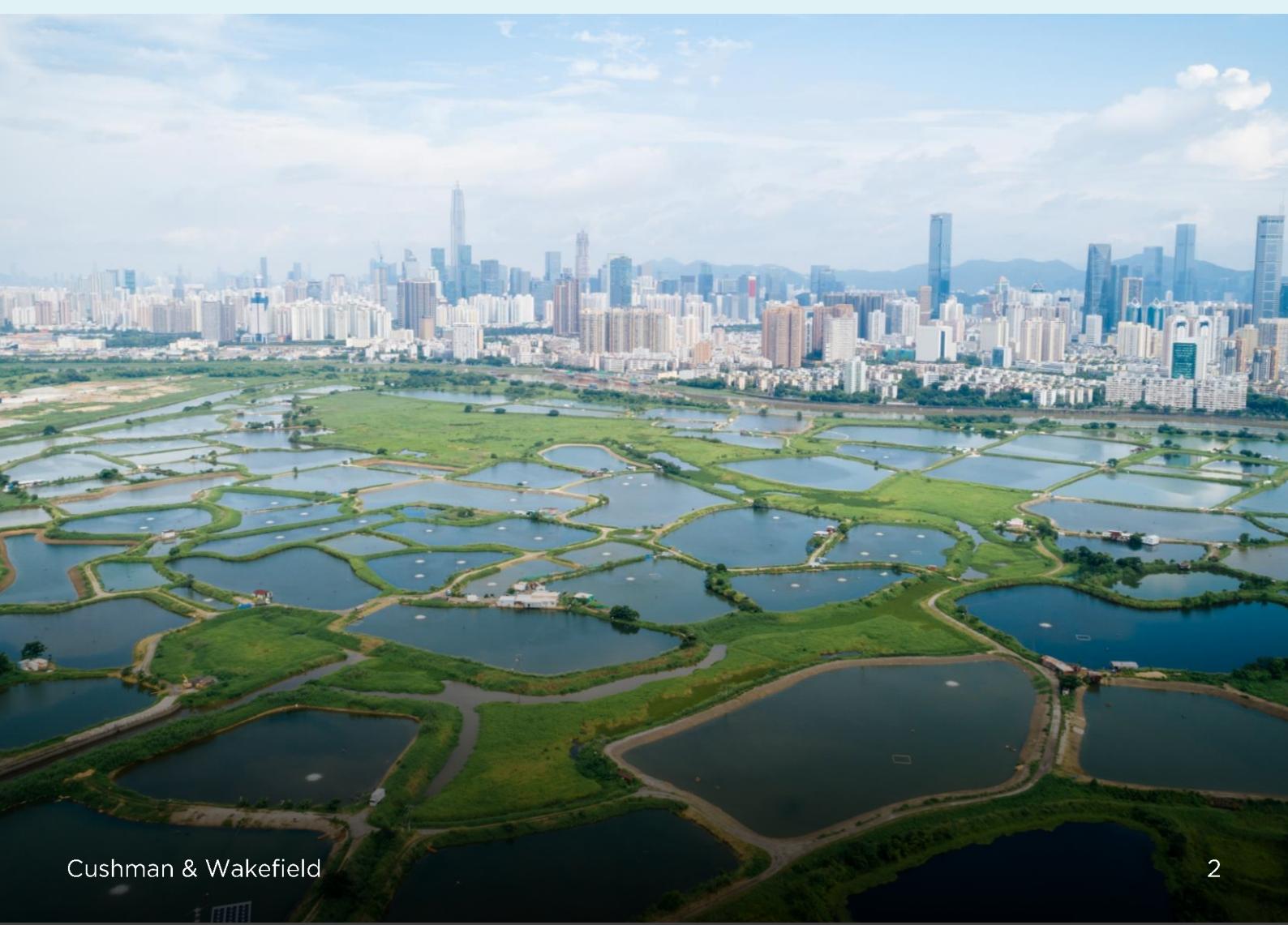
COMMENTS &
RECOMMENDATIONS

02

OVERVIEW OF LARGE-SCALE
LAND DISPOSAL

04

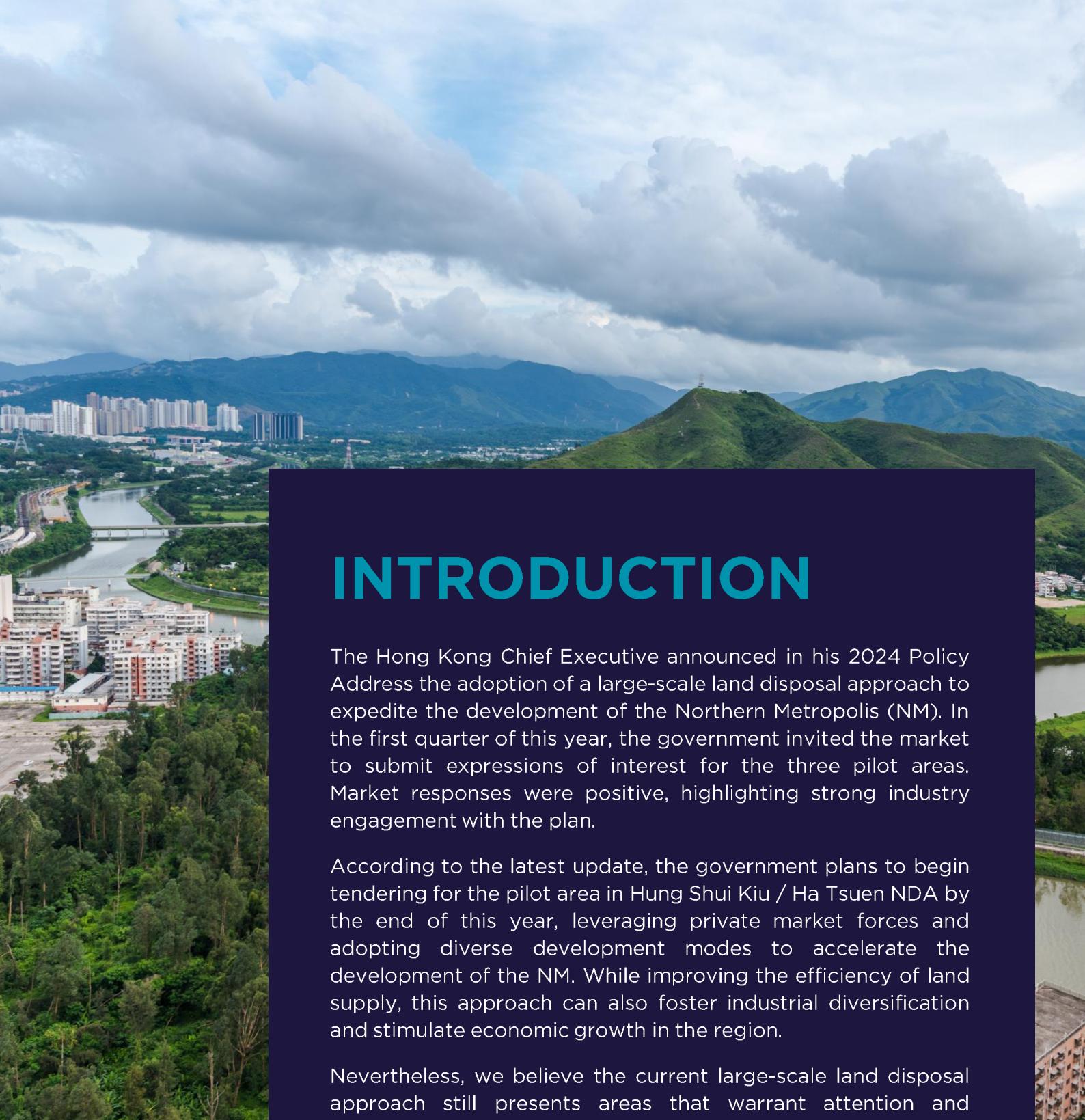
CASE STUDIES





01

INTRODUCTION



INTRODUCTION

The Hong Kong Chief Executive announced in his 2024 Policy Address the adoption of a large-scale land disposal approach to expedite the development of the Northern Metropolis (NM). In the first quarter of this year, the government invited the market to submit expressions of interest for the three pilot areas. Market responses were positive, highlighting strong industry engagement with the plan.

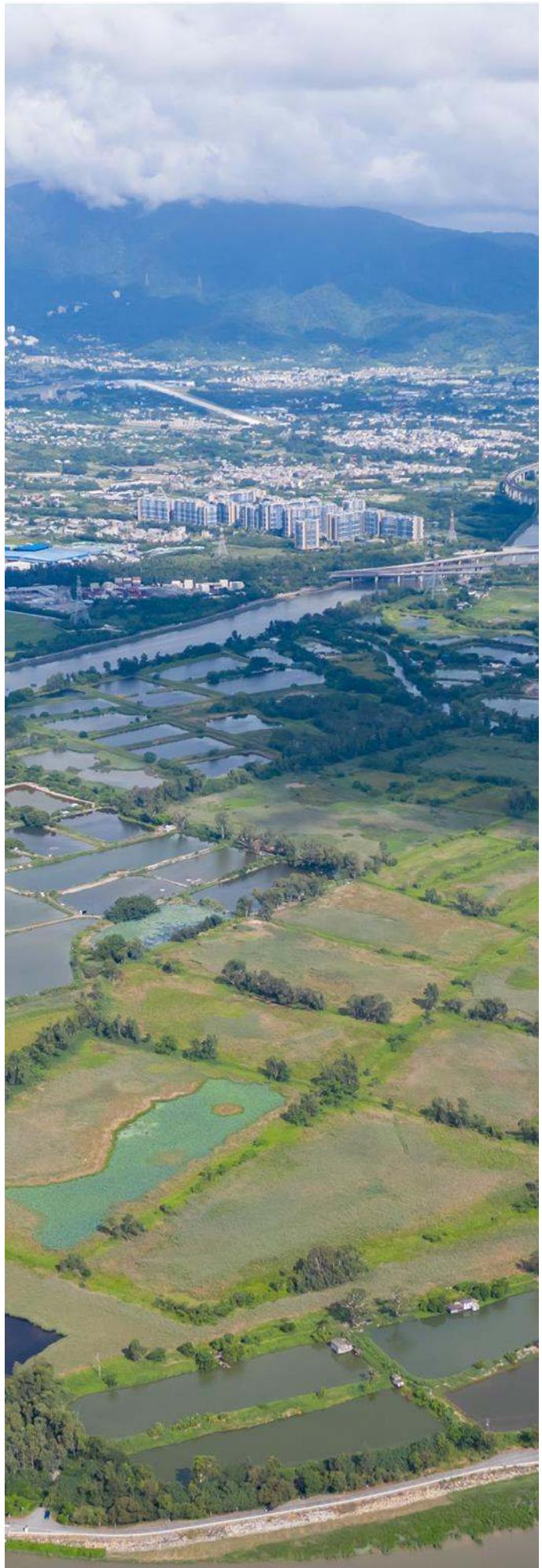
According to the latest update, the government plans to begin tendering for the pilot area in Hung Shui Kiu / Ha Tsuen NDA by the end of this year, leveraging private market forces and adopting diverse development modes to accelerate the development of the NM. While improving the efficiency of land supply, this approach can also foster industrial diversification and stimulate economic growth in the region.

Nevertheless, we believe the current large-scale land disposal approach still presents areas that warrant attention and refinement to ensure alignment with market demand, timely provision of infrastructure, and the long-term sustainability of the development model.

In this special report, we provide a comprehensive review of the large-scale land disposal approach in the NM, exploring potential opportunities and challenges, and sharing our views and recommendations. We hope this will serve as a forward-looking reference for the industry and policymakers.

02

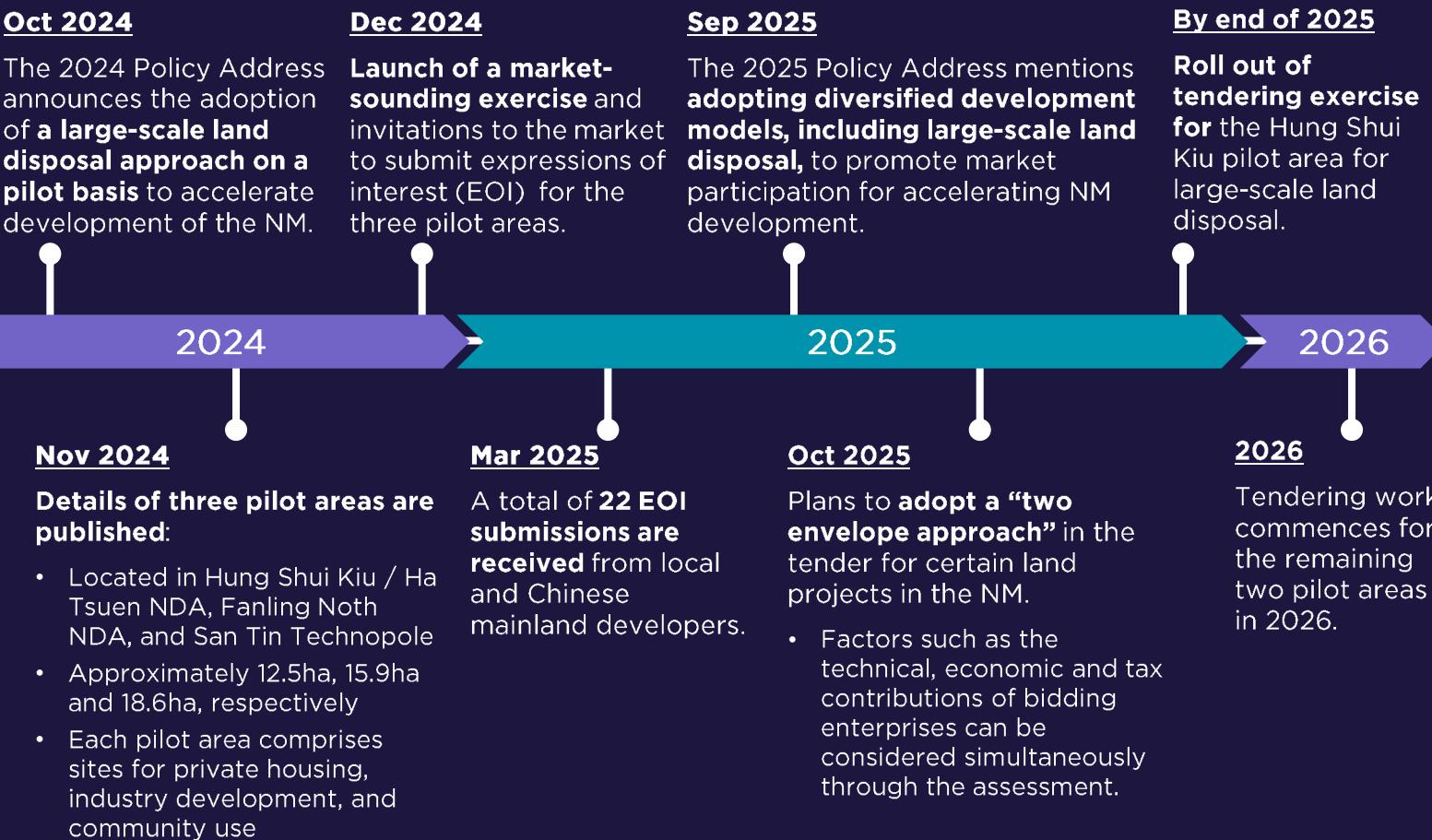
OVERVIEW OF LARGE-SCALE LAND DISPOSAL



ADOPTING A “LARGE-SCALE LAND DISPOSAL” APPROACH PILOT SCHEME TO EXPEDITE NORTHERN METROPOLIS DEVELOPMENT

The three pilot areas are located in the Hung Shui Kiu / Ha Tsuen New Development Area (NDA), the Fanling North NDA and San Tin Technopole

Large-Scale Land Disposal Development Progress in the Northern Metropolis



Three Pilot Areas Under Large-scale Land Disposal

Development Parameters of the Three Pilot Areas

Details on P.10

Boundary Commerce and Industry Zone

Blue and Green Recreation, Tourism and Conservation Circle

Shen Zhen

Sandy Ridge

NTN New Town

HSITP in the Loop

Innovation and Technology Zone

Fanling North NDA

San Tin Technopole

San Tin Technopole

Details on P.9

Hung Shiu Kiu / Ha Tsuen NDA

Details on P.7

Lau Fau Shan

Tin Shui Wai

Hung Shui Kiu / Ha Tsuen

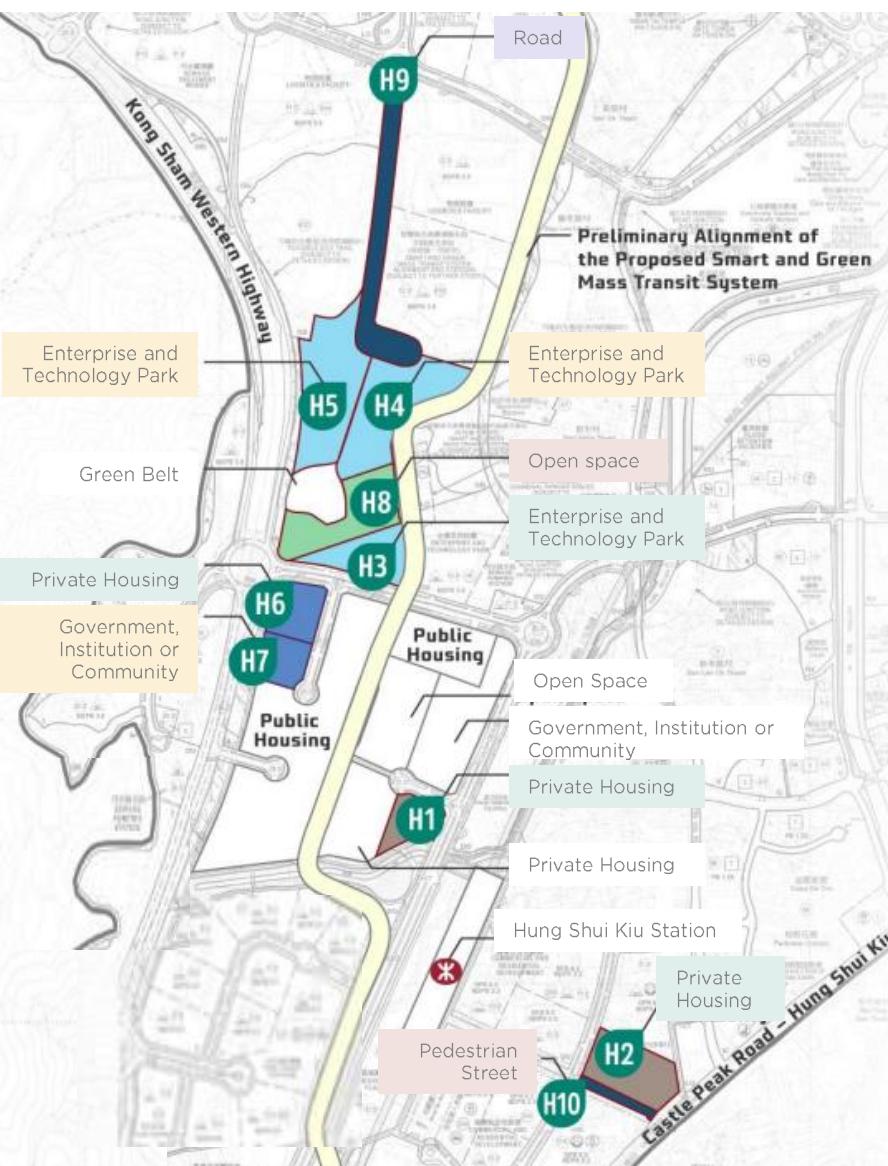
Yuen Long

Cushman & Wakefield South

Large-scale land disposal approach first introduced in the 2024 Policy Address:

- Sizable land parcels with commercial value or earmarked for public facilities will be selected and granted to successful bidders for development.

(1) Pilot Area in Hung Shui Kiu/Ha Tsuen New Development Area



Area: About 12.5 ha

(A) Developer to carry out site formation works → retain the sites for development

Private Housing Sites

- About 2.76 ha
- Site: H1, H2, H6

Enterprise and Technology Park Sites

- About 1.05 ha
- Site: H3

(B) Developers to carry out site formation works → hand back to the Gov.

Enterprise and Technology Park Sites

- About 4.5 ha
- Site: H4, H5

*The Gov. considering to allow successful bidder to develop these two sites additionally

Government, Institution or Community Sites

- About 0.63 ha
- Site: H7

(C) Developers to carry site formation + construction works → hand back to the Gov.

Open Space

- About 1.57 ha
- Site: H8

Pedestrian Street

- About 0.21 ha
- Site: H10

(D) Might be constructed by the Gov.

Road

- About 1.8 ha
- Site: H9

Latest Updates

Increasing the number of private residential sites

- From two to three sites
- New private housing site: H6
- To increase the project's financial viability



Considering a more flexible land premium payment arrangement

- Including payment by instalments
- Final arrangements to be announced when launching the tender at the end of 2025



Removing the requirement to construct a major road

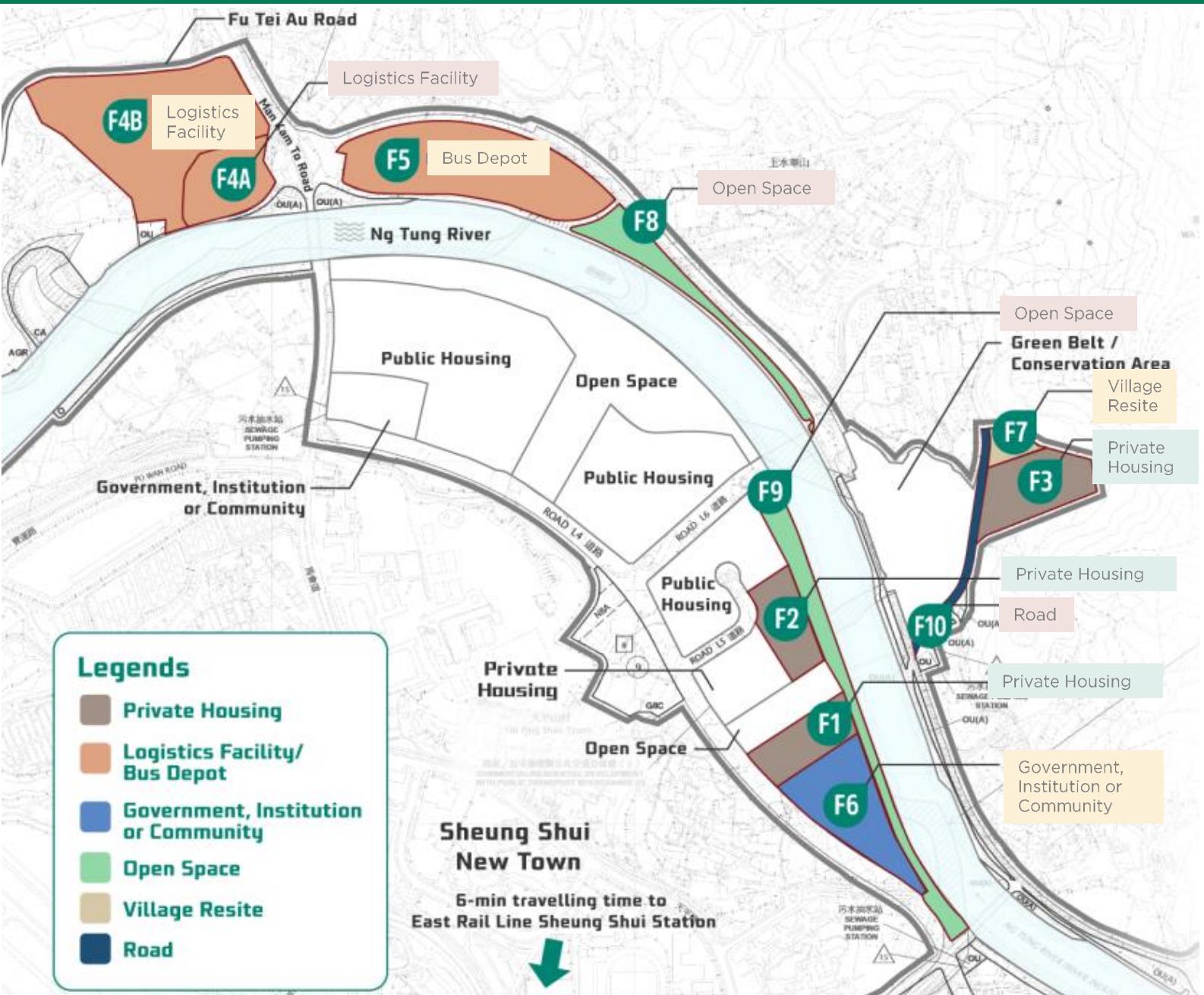
- Site H9 mentioned above
- To reduce requirements for constructing public facilities
- To increase the project's financial viability



Considering adopting a two-envelope approach in tendering

- Non-premium and premium items in proposals will both be considered, with weightings and elements for assessment set to suit individual circumstances
- Allow flexibility in land grant arrangements to encourage business set-ups and investments

(2) Pilot Area in Fanling North New Development Area



(A) Developer to carry out site formation works → retain the sites for development

Private Housing Sites

- About 2.96 ha*
- Site: F1, F2, F3

*~0.16 ha is intended for amenity area

(B) Developers to carry out site formation works → hand back to the Gov.

Logistics Facility Sites

- About 4.2 ha
- Site: F4B

Bus Depot Sites

- About 3.2 ha
- Site: F5

Government, Institution or Community Sites

- About 1.6 ha
- Site: F6

Village Resite Sites

- About 0.2 ha
- Site: F7

(C) Developers to carry site formation + construction works → hand back to the Gov.

Logistics Facility Sites

- About 1 ha
- Site: F4A

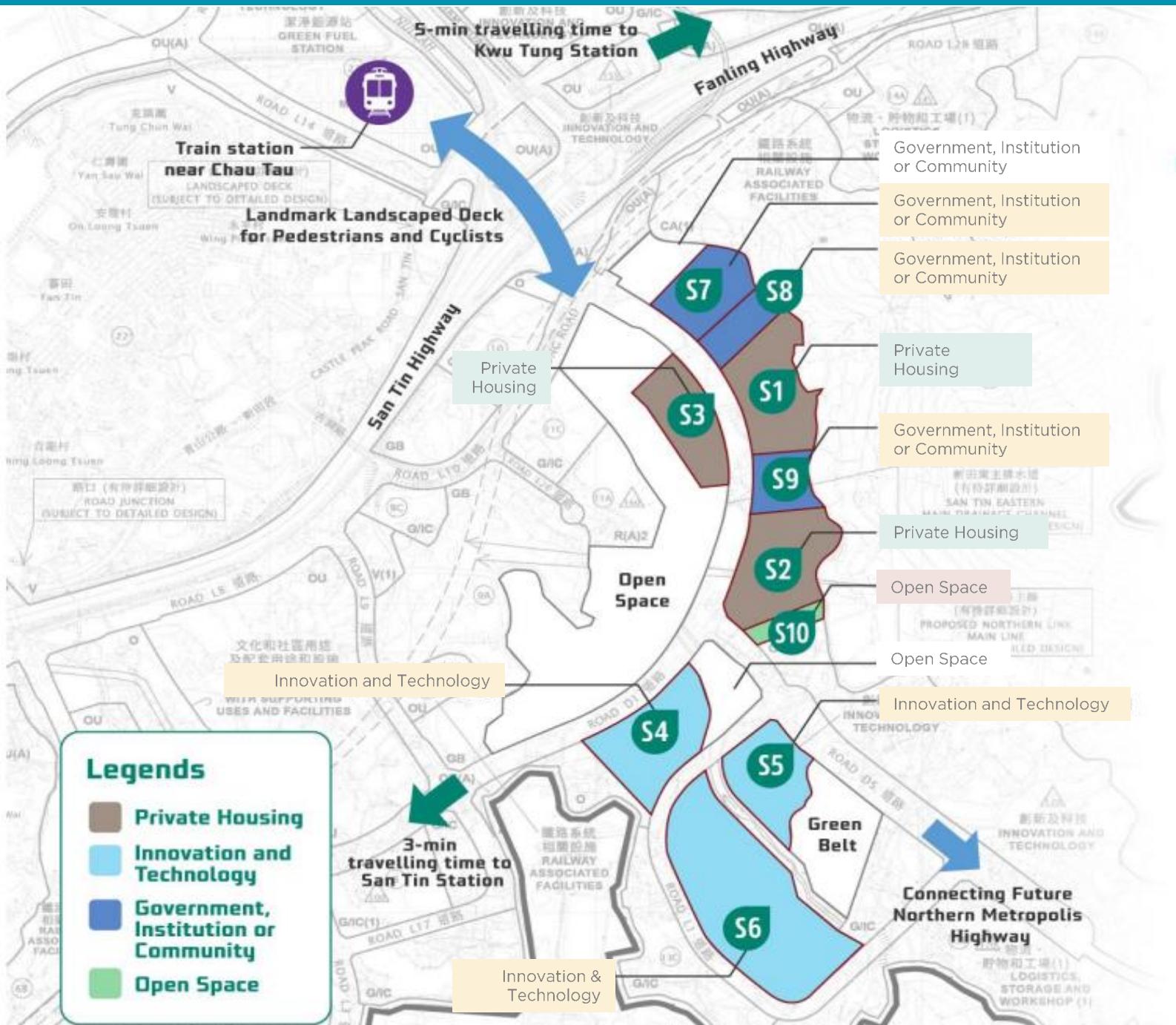
*constructing a multi-storey building for modern industries with total GFA of 50,000 sqm for the Gov.; plot ratio: 5

Open Space

- About 2.3 ha
- Site: F8, F9

- About 0.42 ha
- Site: F10

(3) Pilot Area in San Tin Technopole



Legends

- Private Housing
- Innovation and Technology
- Government, Institution or Community
- Open Space

**(A) Developer to carry out site formation works
→ retain the sites for development**

Private Housing Sites

- About 6.13 ha
- Site: S1, S2, S3

**(B) Developers to carry out site formation works
→ hand back to the Gov.**

Innovation and Technology Sites

- About 9.1 ha
- Site: S4, S5, S6

**(C) Developers to carry site formation + construction works
→ hand back to the Gov.**

Open Space

- About 0.37 ha
- Site: S10

Government, Institution or Community Sites

- About 2.99 ha
- Site: S7, S8, S9

Source: Invitation for Expression of Interest for Large-scale Land Disposal in Hung Shui Kiu / Ha Tsuen New Development Area, Fanling North New Development Area and San Tin Technopole (Dec 2024)

Three Pilot Areas - Comparisons of Development Requirements

Site Area (ha)	Hung Shui Kiu / Ha Tsuen	Fanling North	San Tin Technopole
(A) Developer to carry out site formation works <u>→ retain the sites for development</u>	Private Housing Sites	2.76	2.96
	(Plot ratio)	Domestic: 6x Non-domestic: 0.5x	Domestic: 2.4-4.2x
	Enterprise and Technology Park Sites	1.05	✗
	(Plot ratio)	5x	✗
(B) Developers to carry out site formation works <u>→ hand back to the Gov.</u>	Enterprise and Technology Park Sites	4.5	✗
	Innovation and Technology Sites	✗	✗
	Logistics Facility Sites	✗	4.2
	Bus Depot Sites	✗	3.2
	Government, Institution or Community Sites	0.63	1.6
	Village Resite Sites	✗	0.2
(C) Developers to carry site formation + construction works <u>→ hand back to the Gov.</u>	Logistics Facility Sites	✗	1.0
	(Plot ratio)	✗	5x
	Open Space	1.57	2.3
	Road / Pedestrian Street	0.21	0.42
(D) Might be constructed by the Gov.	Road	1.8	✗
Total Area (ha)		12.5	15.9
			18.6

*Enterprise and Technology Park sites in the NDA can accommodate a wide range of uses, including commercial, retail, technology, convention, modern logistics and non-polluting industrial uses



03

ADVANTAGES & CHALLENGES OF LARGE-SCALE LAND DISPOSAL

ADVANTAGES OF LARGE-SCALE LAND DISPOSAL



Easing the government's financial burden

- Under this development model, the government handles the preliminary planning of sizable land parcels and, through tendering, grants the selected sites to successful bidders for site formation and the development of commercially valuable projects, including private housing and industrial facilities.
- Meanwhile, successful bidders are responsible for developing the required public facilities and returning sites for public use to the government after completing site formation works.
- In this arrangement, the government only bears the cost of land resumption compensation, **while development and infrastructure expenses are shifted to the private sector**, easing the burden on public finances.



Leveraging the private sector to enhance efficiency and effectiveness

- Comprehensive planning and development led by the private sector **leverages developers' strengths and expertise** to deploy resources more efficiently. Moreover, as the government plans to grant greater flexibility and streamlined procedures to successful bidders, this could help ensure quicker delivery and **maintain quality standards** for development projects.
- After site formation, successful bidders may retain certain private housing sites and industry sites for their own development. Given the substantial development costs involved, **developers are incentivized to accelerate the delivery of facilities** within the zone, driving progress in the NM.



Enhancing synergies in spatial planning

- The Northern Metropolis development specifies industry positioning, with each pilot area having distinct land requirements to cater to its respective industries.
- By **entrusting a single successful bidder with the collective planning, design, and development of different sites** within the land parcel, this approach enables a holistic strategy for overall land use planning, rather than fragmented development by multiple developers. This creates synergies and enhances overall efficiency by **coordinating industry development, private housing, and public facilities** together.



POTENTIAL CHALLENGES OF LARGE-SCALE LAND DISPOSAL



Overlapping Industrial Functions

- According to the latest arrangements, about 5.55 ha of enterprise and technology sites are reserved in the pilot area of Hung Shui Kiu / Ha Tsuen NDA, while about 9.1 ha of innovation and technology sites are planned in the pilot area in San Tin Technopole. This has blurred the industrial positioning for I&T development among the pilot areas.
- Meanwhile, the government has planned approximately 5.2 ha of land for logistics facilities in the pilot area of Fanling North NDA, which appears to overlap with the government's initiatives to position Hung Shui Kiu / Ha Tsuen NDA as a modern logistics cluster.
- If the positioning of the four major zones or pilot areas within the NM remains unclear or insufficiently differentiated, it will make achieving efficient industrial division of labor difficult, and could create competition between regions, weakening overall synergies and coordination in industry development



Limited Planning Flexibility

- The government has set corresponding development indicators and parameters for different land sites in the pilot areas, including designated land use and plot ratios, leaving relatively limited room for developers to make future adjustment.
- Furthermore, the government has marked the land sites that successful bidders can or cannot retain for their own development. As land uses are fixed, development flexibility will be constrained, giving developers little room to fine-tune development parameters in response to market demand. Consequently, developers will need to bear greater market risks, dampening their interest in bidding.



Lack of Detailed Action Timeline

- Although the government has announced plans to roll out tendering for the Hung Shui Kiu pilot area by the end of 2025, and to publish tenders for the remaining two pilot areas next year, a clear timetable for the completion of transportation and infrastructure has yet to be announced. This could create further uncertainty and challenges for interested bidders in formulating investment strategies.
- If relevant infrastructure projects are not completed in tandem with other commercial projects, this will likely result in a mismatch between population intake and the provision of infrastructure.



Substantial Upfront Development Costs

- While the government published the framework for large-scale land disposal at the end of 2024, each parcel is expected to involve development costs of between HK\$10 billion to HK\$20 billion, representing a substantial investment commitment.
- According to the latest arrangements, the successful bidder for each pilot area can only retain three to four land sites for their own development, with some sites having relatively low plot ratios. Taking Fanling North as an example, private housing sites that could be retained by the successful bidder account for less than 19% of the pilot area, with residential sites' plot ratios only ranging between 2.4x to 4.2x.
- As such, the portion for developers' own development to generate profits comprises only a small part of the pilot area, and with a few years required between tender award and housing pre-sales, developers may need to commit substantial upfront costs and resources for site formation and infrastructure at an early stage, reducing the overall attractiveness of the project.



Relatively Fragmented Sites

- Land sites within the three pilot areas are not fully connected, making it difficult for successful bidders to execute holistic planning and development.
- Land fragmentation could reduce the overall development efficiency of the pilot area, thereby weakening developers' incentives to participate in bidding.



04

CASE STUDIES

1. HOUHAI DISTRICT, NANSHAN — SHENZHEN

Integrated development + urban operation model

“Government-Led, Enterprise-Coordinated”

The development of the 226 hectare Houhai Central Area in Shenzhen, is a major large-scale land disposal exercise in recent years.

- In 2008, Shenzhen began planning the Houhai Central Area as “the future core area of Shenzhen” and a world-class coastal hub for innovation, culture, and the headquarters economy. Later, China Resources (CR) developed the Shenzhen Bay Sports Center under a build-operate-transfer (BOT) model, setting an early example of government-enterprise collaboration.
- In 2012, China Resources launched its Shenzhen Bay masterplan, featuring the China Resources Tower, MixC I, offices, hotels, and residences, marking the start of Houhai’s major development.
- In 2015, CR Land signed an agreement with the Nanshan District Government and became the master operator of the 226-hectare Houhai area under a “government-led, enterprise-coordinated, expert-supported, residences-participated” model.

➤ The government retained the land grant rights and land ownership, while developers acquired plots via bidding, auctions and listing exercises.

Houhai District, Nanshan



Source: Urban Planning, Land & Resources Commission of Shenzhen Municipality, CR Land

Cushman & Wakefield

➤ Opened in 2025, the MixC Shenzhen Bay II site was acquired by China Resources through a public bidding exercise, leveraging its role as the Houhai area’s key operator for improved synergies and competitive advantage.

CR also leads urban operations in Houhai:

- 1) Build, operate and manage public facilities – Built and manages the Shenzhen Talent Park by hosting financial forums, and cultural and sports events to generate new talent and strengthen the park theme; in turn receiving fees from the government for managing road and cleaning services operations.
- 2) Cultural-commercial integration – Align with Houhai’s core theme of “business, culture, innovation, and ecology”.
- 3) Smart city initiatives – Managing the Houhai Intelligent Operation Center with unmanned cleaning, drone delivery, and smart parking facilities.

This full-cycle model allows developers to plan, build and operate projects, driving management efficiencies and financial viability amid accelerated profit returns. In turn, outsourcing public services such as park management and greening reduces the overall government burden and lifts the project quality via a market-driven approach.



2. ONE-NORTH — SINGAPORE

Innovation-oriented development area

“Government-Led, Market-Participated”

Located in Singapore's southern district, One-North is a 200-hectare flagship development project emerging from farmland and low-density villages.

Launched in 2001, with an investment of SG\$ 15 billion, it aims to create an integrated community for work, study, living and leisure, supporting Singapore's ongoing transformation from a manufacturing-based economy to an international knowledge-based economic hub.

- Government-led – JTC Corporation oversees the project master planning, site formation, infrastructure and core developments. Land is allocated to JTC, or sold or tendered to developers or designated industry players via JTC, while start-ups mainly access leased spaces. Development is phased, and led by government and market participants.

Positioned as an innovation and technology hub, One-North focuses on biomedical, life sciences, information and communication technology (ICT), and media sectors, with key clusters such as:

One-North



- 1) Biopolis – Biomedical R&D center hosting pharma giants such as Pfizer and AstraZeneca
- 2) Fusionopolis – ICT, media, science and engineering
- 3) Mediapolis – ICT and media
- 4) LaunchPad – Start-ups and incubators

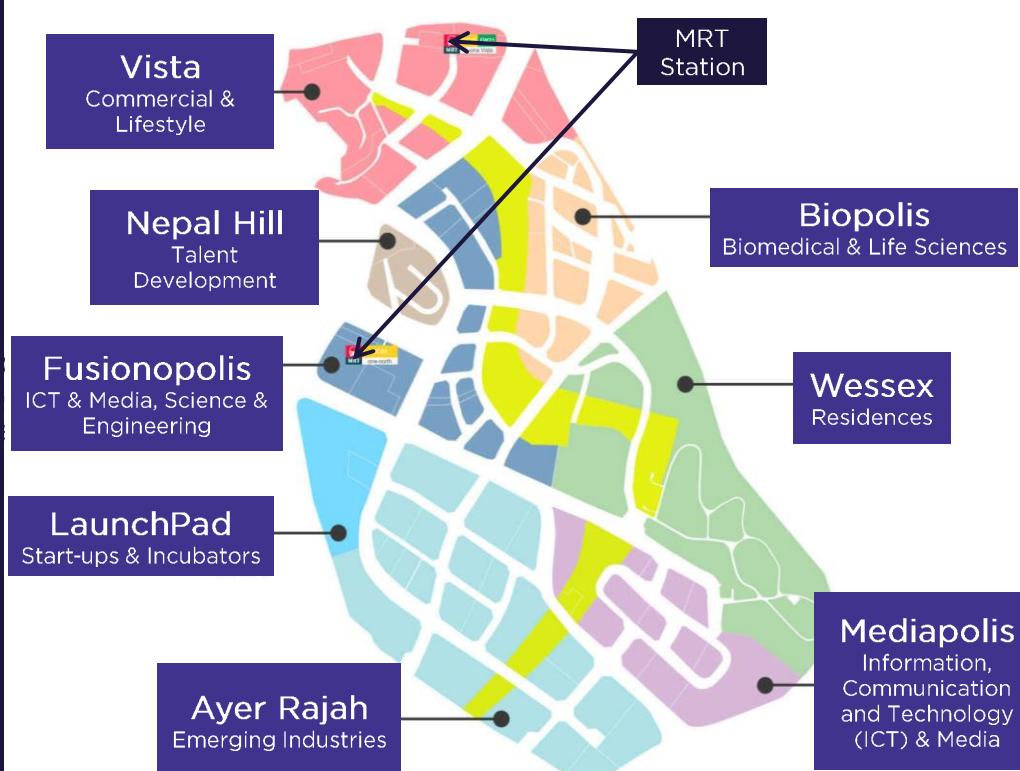
Flexible land-use planning is adopted in the One-North project area, including a “white site” system allowing 20% of land to change usage within the approved parameters by the government to meet evolving market needs.

Anchor institutions such as well-known MNCs and R&D institutions were introduced in the early-stage development to boost One-North's market credibility.

- A*Star and NUS* faculties were established in the project's early-stages.
- EDB* leveraged global networks to attract leading MNCs, targeting biomedical sciences, ICT, and media industries.

As a government agency, JTC's focus is not on profit maximization alone. While land and property leasing help recover infrastructure costs, the long-term goal is to nurture innovative sectors, in turn boosting national competitiveness and driving tax revenues.

* Note: A*Star = Agency for Science, Technology and Research
NUS = National University of Singapore
EDB = Singapore Economic Development Board



Source: JTC Corporation

3. KING'S CROSS — LONDON

Urban regeneration: From industrial zone to knowledge and economic hub

“Government-Guided, Market-Led”

King's Cross, a 27-hectare area north of Central London, was once a major rail and industrial hub, but fell into decline by the late 20th century. In the 2000s, with the arrival of the Eurostar terminal at St Pancras, the government initiated a Transit-Oriented Development (TOD) model to spark regeneration, transforming the area into a creative and cultural hub.

At the time, land ownership was fragmented. The government therefore formed a consortium with landowners and appointed the property developer Argent via a tender to ensure ownership unification. Instead of selling land outright, they adopted a “phased development + long-term lease” model:

- Developer gained the rights to develop, operate and lease the area via a long-term lease model
- Operational rights can be sold to other investors in the future

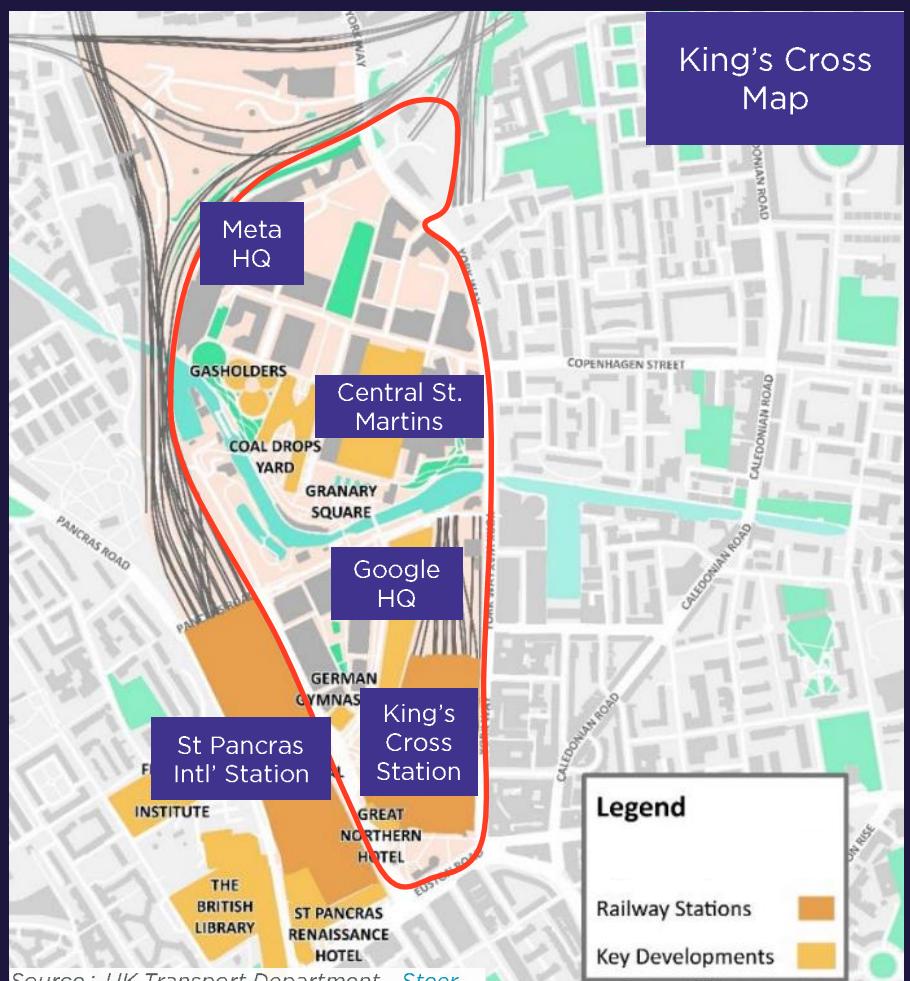
The King's Cross project adopted a flexible masterplan, allowing building design and functional adjustments. Before work commenced in 2008, Argent submitted detailed plans for government approval, including a focus on preserving historic buildings and public realm.

The planning scheme integrates a range of elements including office, residential, and retail property, education and cultural facilities, and 40% public space. Together, it created an open and vibrant community. Argent also employed a vertical mix commercial approach comprising retail space at the ground floor, and office and residential space above, to help drive footfall.

Anchor tenants were introduced to the area in the early stage to boost the area's attractiveness:

- 2011: Central St Martins opened, signaling the area's cultural, educational and art identity.
- 2013: Google established its UK headquarters at King's Cross, sparking a tech-cluster effect.

King's Cross



COMPARISON OF LARGE-SCALE LAND DISPOSAL PROJECT ACROSS INTERNATIONAL REGIONS

Comparison Dimensions		Houhai District	One-North, Singapore	King's Cross, London
Overview	Area (ha)	226	200	27
	Original Land Status	<ul style="list-style-type: none"> Reclamation (prior development) Farmland 	<ul style="list-style-type: none"> Farmland Low-density village 	<ul style="list-style-type: none"> Rail-integrated land Old industrial zone
	Core Positioning / Function	<p><u>HQ Economy & High-End Business</u></p> <ul style="list-style-type: none"> Corporate HQ hub Retail complex Luxury residential Hotels & cultural facilities 	<p><u>Global Innovation Hub (Work-Learn-Live-Play)</u></p> <ul style="list-style-type: none"> Biomedicine ICT, media R&D & higher education Housing & retail 	<p><u>Creative & Cultural Hub (Modern & Historic Mix)</u></p> <ul style="list-style-type: none"> Creative industry Culture & education Retail, dining, homes Public realm & transit
Planning VS. Actual	Initial Planning	<ul style="list-style-type: none"> HQ economy Financial CBD 	<ul style="list-style-type: none"> National tech park Phase Z.ro (containers for tech startups) Homes, retail & leisure 	<ul style="list-style-type: none"> Redeveloping historic buildings, warehouses Building skyscrapers Focus on commercial and residential
	Actual Development	<ul style="list-style-type: none"> Closed to initial planning 	<ul style="list-style-type: none"> Container startup closed in 2008 due to low occupancy, later evolved as "LaunchPad" Other facilities on plan 	<ul style="list-style-type: none"> Preserved historical buildings, including Granary Building (Central St. Martins) 40% public realm
Land & Planning Model	Development Model	Government-led Enterprise-coordinated	Government-led Market-participated	Government-guided Market-led
	Land Ownership	Government	Government	Government, private railway firms, other private landlords
	Lead Body / Developer	China Resources	JTC Corporation	King's Cross Central LP (Led by Argent + other funds)
	Land Planning Model	<p><u>Traditional:</u></p> <ul style="list-style-type: none"> Land use and planning details decided by zoning plan 	<p><u>White-site Model:</u></p> <ul style="list-style-type: none"> 20% flexible land use between industrial, commercial and residential uses 	<p><u>Flexible Model:</u></p> <ul style="list-style-type: none"> Minor changes of building use Fixed proportion for streets and public space at 40%
	Land Allocation	<ul style="list-style-type: none"> BOT (build-operate-transfer) Bidding, auction, listing Build-manage-operate 	<ul style="list-style-type: none"> Developed by leading government agent Direct land grant Public tendering 	<ul style="list-style-type: none"> Landowners form a consortium to appoint a developer to develop and operate the area Operation rights can be transferred
Industry & Investment Attracting Strategy	Main Industries	<ul style="list-style-type: none"> Commercial High-end retail HQ economy 	<ul style="list-style-type: none"> Biomedicine Life science ICT & media Science & engineering 	<ul style="list-style-type: none"> Creative & knowledge Tech giants Culture, arts & retail
	Industry Attracting Strategy	<ul style="list-style-type: none"> District-wide coordinated approach Government take lead to attract investment 	<ul style="list-style-type: none"> Investment promotion by Singapore EDB Introduce anchor institutions at early stage 	<ul style="list-style-type: none"> Anchor tenant Introduce university and tech giants

COMPARISON OF LARGE-SCALE LAND DISPOSAL PROJECT ACROSS INTERNATIONAL REGIONS

Comparison Dimensions		Houhai District	One-North, Singapore	King's Cross, London
Developer Profit Model	Source of Profit	<ul style="list-style-type: none"> • Property sales • Core asset lease • Operation management 	<ul style="list-style-type: none"> • Land & property lease • Long-term economic return (national level) 	<ul style="list-style-type: none"> • Core asset lease • Property value growth • Management & service fees
Challenges & Counter-measures	Difficulties & Challenges During Development	<p>Investment Attraction:</p> <ul style="list-style-type: none"> • Business district yet to form in early stage, extra efforts needed to attract anchor institutions 	<p>Planning & Conservation:</p> <ul style="list-style-type: none"> • Poor access of transport and railway in early stage • Heritage conservation needed such as black-white houses in Wessex <p>Attracting startup:</p> <ul style="list-style-type: none"> • Lack of policy support to startups resulted in low occupancy of Phase Z.0 despite the low rent, the container was eventually demolished in 2008 <p>Attracting MNCs:</p> <ul style="list-style-type: none"> • At early stage, Singapore's biomedical, life sciences, ICT & media still emerging, hard to attract MNCs 	<p>Unifying Ownership:</p> <ul style="list-style-type: none"> • Difficult for the government to align interests due to fragmented ownership <p>Planning & Conservation:</p> <ul style="list-style-type: none"> • Frequent judicial review (e.g. King's Cross Think Again) due to historical buildings' heritage and preservation agenda <p>Investment Attraction:</p> <ul style="list-style-type: none"> • Negative image of the vicinity brought by urban decay, hard to attract investments in early stage
	Counter-measures by Government / Developer	<p>Investment Attraction:</p> <ul style="list-style-type: none"> • Introduced big firms like Alibaba, CNOOC, China Railway, etc., turning the area into a HQ hub • As the developer and operator of the area, China Resources also develop offices / malls in Houhai 	<p>Planning & Conservation:</p> <ul style="list-style-type: none"> • Built MRT One-North Station • Preserved Wessex black-white houses, converted into F&B / co-workspaces <p>Attracting startup:</p> <ul style="list-style-type: none"> • After demolishing the container startup space, NUS Enterprise, funds, and government created a strong startup ecosystem, providing affordable space for startups • Connected startups with investors through events and seminars, creating vibrant community. Government developed Launchpad afterwards <p>Attracting MNCs:</p> <ul style="list-style-type: none"> • Government research institutes entered as anchor firms, and help attract other MNCs • Government funded R&D park to boost demand 	<p>Unifying Ownership:</p> <ul style="list-style-type: none"> • After a decade of debate, government and private owners formed a consortium, appointing developers to work on development <p>Planning & Conservation:</p> <ul style="list-style-type: none"> • Argent spent years on planning, preserving historic buildings and streets, and creating 40% public realm • Long negotiations and review to get final approval <p>Investment Attraction:</p> <ul style="list-style-type: none"> • Government improved transport network, while developers prioritized to build public space • Introduced anchor institution (Central St. Martins University of Arts) and anchor tenant (Google)



05

COMMENTS & RECOMMENDATIONS

COMMENTS & RECOMMENDATIONS

1. Enable developers to have options to retain certain plots after site formation and fine-tune development parameters

- Across the three areas of large-scale land disposal in the Northern Metropolis, developers lack options to choose designated plots to retain for development after site formation, while plot ratio parameters are also fixed.
 - Some private housing sites carry a maximum plot ratio of 6x, while the lowest plot ratio such as Fanling North is just 2.4x.
 - Certain sites are close to rail lines or major transportation hubs, such as Hung Shui Kiu/ Ha Tsuen, where Hung Shui Kiu Station and the Hong Kong-Shenzhen Western Express Railway are in the vicinity. Once the rail link commences, the area will be a key node for cross-border passenger flow, potentially driving greater demand for housing and related facilities.
- We welcome the government's initiative to accelerate the approval of building plan and outline zoning plan, as well as adjusting development parameters under the dedicated legislation for the NM, as unveiled in the Policy Address earlier. We suggest the government adds flexibility to tender terms, such as allowing winning bidders to choose and retain one or two plots for development after the site formation. Allowing greater flexibility to raise plot ratios for private housing sites could also appeal to the market and make better use of NM sites.

2. Earmark a portion of strategic white space to enhance planning flexibility

- Currently, all sites in the three large-scale land disposal pilot areas in the Northern Metropolis have fixed uses, including those sites retained for developers after land formation. However, the experiences of Singapore and London demonstrate that flexible land use is the key to balance an area's growth. We are pleased to see that the government's initiative in the recently unveiled "Conceptual Outline of Development Plan for Innovation and Technology Industry in San Tin Technopole" includes strategic white space that will improve flexibility in the area.
- We recommend extending this white space concept to the three large-scale land disposal scheme pilot areas. This will ensure that the development can meet market demands and district positioning, while the government may also consider allowing developers to retain a portion of land as white space after land formation. In this way, developers can adjust land usage based on the urbanization process and the change in positioning of the area, in turn enhancing land use flexibility and providing greater incentives for private sector participation.

COMMENTS & RECOMMENDATIONS

3. Secure cluster “anchor institutions” to boost market confidence

- To strengthen the NM’s positioning, the government should secure strategic “anchor institutions,” helping to avoid unclear or overlapping functional roles between different large-scale land plots and enhancing the pilot area’s overall attractiveness.
- In the London and Singapore case studies, both clusters introduced distinguished R&D centers and/or universities as “anchor institutions” in the early project stages to boost market confidence.
 - One-North in Singapore introduced national research agencies such as A*STAR in the early stages, while King’s Cross in London secured Central St. Martins and Google to develop headquarters facilities in the area.
- The government is on the right track towards attracting “anchor institutions” with plans to develop the Northern Metropolis University Town and the San Tin Technopole. **We hope that the government will announce more details on the educational and I&T enterprises to be established as anchor institutions, in order to strengthen developers’ confidence.**

4. Introduce a “development + operation” model as an option to create diversified revenue streams for developers

- To enhance efficiencies and market interest, we recommend that the government **adopts the “development + operation” model for the Shenzhen Houhai undertaking, allowing stakeholders to develop projects and manage the area’s operations for additional revenue**, such as parks, car-parking, wet markets, waste systems and recycling centers. This will allow developers to **create synergies with their own developments and to diversify income streams**.



** This recommendation concept is inspired by Legislative Council member Mr. Edward Lau Kwok-fan.*

5. Adopt flexible financial arrangements

- We agree with the government’s “two-envelope” tender marking scheme to maximize the long-term value of large-scale land, rather than focusing on a one-off financial target. To ease the upfront burden for winning bidders, we suggest that the government allows developers to make proposals in the two-envelope bidding scheme, with examples such as:
 - I. Introduce a profit-sharing system: Developers can offset or defer paying the land premium through future profit-sharing.
 - II. Permit phased land premium payments: Flexible payment schedules can ease developers’ early cashflow pressure.
 - III. Allow developers to initially build residential projects: Accelerate incoming cashflows, while allowing other infrastructure and / or land formation works to proceed later.

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