

# 2025 HONG KONG POLICY ADDRESS INSIGHT

SEPTEMBER 2025

Better never settles





# CONTENTS

**01**

INTRODUCTION

**02**

NORTHERN METROPOLIS

**03**

HOUSING & LAND POLICY

**04**

TALENT ATTRACTION

**05**

COMMERICAL PROPERTIES

**06**

CAPITAL MARKETS



# 01

## INTRODUCTION





# INTRODUCTION

## 2025 HONG KONG POLICY ADDRESS INSIGHT

Hong Kong Chief Executive Mr. John Lee Ka-chiu delivered the fourth Policy Address of his term of office on Sept. 17, 2025, with the theme of Deepening Reforms for Our People and Leveraging Our Strengths for a Brighter Future aiming to strive for a vibrant economy, pursue development, and improve people's livelihoods.

We are pleased to see that, in the Policy Address, the government has actively pursued reform and accelerated administrative efficiencies by removing barriers and easing restrictions. Initiatives such as establishing a Heads of Department Accountability System, adopting innovative land policies, enriching the housing ladder, and forming the Committee on Development of the Northern Metropolis, demonstrate the government's determination to deepen reforms. While expediting the development of the Northern Metropolis (NM), the government is also fostering synergies across education, technology, and talent attraction, as well as the development of culture, sports and tourism. Specific measures have been highlighted in areas including youth home ownership, educational resources, and talent recruitment.

In this special report, we summarize the real estate-related policies in the 2025 Policy Address, share our house views, and propose recommendations on current issues.



# 02

**NORTHERN  
METROPOLIS**



# NORTHERN METROPOLIS



## ESTABLISHING THE COMMITTEE ON DEVELOPMENT OF THE NORTHERN METROPOLIS

### Policy Address:

- To establish the Committee on Development of the Northern Metropolis chaired by CE, with the setup of the following three working groups
  - 1) Working Group on Devising Development and Operation Models: led by the Financial Secretary, to devise public-private partnership approaches such as the Build-Operate-Transfer model, explore shifting from "highest bidder wins" to industry-linked "two-envelope approach" for tendering, and to devise a range of financing schemes.
  - 2) Working Group on Planning and Construction of the University Town: led by the Chief Secretary for Administration, to set up a research task force and study the development mode for the Northern Metropolis University Town. Three batches of sites for the University Town will be available for use in 2026 (Hung Shui Kiu), 2028 (Ngau Tam Mei) and 2030 (New Territories North New Town) respectively at the earliest.
  - 3) Working Group on Planning and Development: led by the Deputy Financial Secretary, to be responsible for managing the end-to-end process from planning to implementation.



## REMOVING BARRIERS AND EASING RESTRICTIONS TO STREAMLINE ADMINISTRATIVE PROCEDURES

### Policy Address:

- To implement a "phased development" approach on a trial basis with reference to the Mainland's "1.5-level development" concept, in which pilot low-density facilities such as retail, entertainment and convention and exhibition facilities will be developed initially.
- To adopt diverse models such as in-situ land exchange and large-scale land disposal to promote market participation.
- To employ flexible land-grant arrangements: sites granted as tenancy instead of land lease may have a term exceeding seven years. Depending on industry policies, open tendering, restricted tendering or direct land grants may be adopted.
- To adopt a "pay for what you build" approach to reduce the cost of land premiums in the Northern Metropolis. In lease modifications, subject to the condition of the land parcels involved, owners will be allowed to pay the required premium according to the actual built floor area and use, rather than the maximum floor area based on the maximum plot ratio under the current planning regime. The government will also consider allowing developers to pay land premiums in phases, according to the development scale.

## OUR VIEWS:

These measures suggests that the Northern Metropolis initiative has been officially upgraded from the "Supervision" phase to the "Development" phase, marked by the establishment of the Northern Metropolis Development Committee directly led by the Chief Executive. This structural change reflects a shift in policy focus and also demonstrates the government's strong commitment to implementation and its determination to deliver tangible results. The establishment of three dedicated working groups will further strengthen coordination in overall planning, enhance execution efficiency, and bolster regulatory capacity, in turn laying a stronger foundation for the sustainable development of the Northern Metropolis.

### 1. Working Group on Devising Development and Operation Models: A Major Driving Force Behind Development of Key Industries

- **Operations First, Construction as the Foundation**: This working group is responsible for promoting the introduction and operation of mainstream industries, including devising public-private partnership approaches such as the Build-Operate-Transfer model (BOT). This reflects the government's recognition that the success of the Northern Metropolis hinges not solely on infrastructure and construction, but also on the subsequent sustainable operations, and industry establishment and development.
- **Incorporating Technical Orientation into the "Two-Envelope Approach"**: We support the government's adoption of the "two-envelope approach" and recommend further increasing the weighting of the technical proposals. This would make the industrial proposals' quality, long-term commitment and implementation capability the core criteria in the evaluation process.

- **Introducing the "1.5-Level Development" Concept:** The concept involves not only the early introduction of entertainment, dining, and convention facilities, but more importantly, laying the groundwork for cultivating and nurturing key industries in the early stages. Therefore, we recommend conducting industry positioning research in advance. During the initial phase, the government could also introduce ancillary facilities that require lower development intensity and smaller capital investment, which can serve to incubate long-term development of key industries. Ideally after several years of incubation and operation, foot traffic and industries would be gradually attracted to the new areas. Once these industries enter maturity, the second phase of development could commence, thereby extending the spatial value and amplifying economic momentum.
- **Adopting Diverse Land Development Models:** We are delighted to see the government adopting diversified land-grant arrangements, including granting sites as tenancy, open tendering, restricted tendering and direct land grants; coupled with an industry-linked approach to expedite the implementation of projects with high potential. We welcome the government's promotion of private market participation in the development of the Northern Metropolis, enhancing the project's efficiency and precision land allocation.
- **Leases, open tenders, restricted tenders, and even direct grants, coupled with industry-specific conditions to accelerate the implementation of high-potential projects.** We welcome the government's encouragement of broad market participation in the construction of the Northern Metropolis to enhance the efficiency and precision of land allocation.

## 2) Working Group on Planning and Construction of the University Town: Building the Talent Pool for Industry Development

- **Integrating Industry Development with the Academic Sectors:** The University Town is both a base for talent cultivation and a cradle for promoting R&D and the development of high value-added industries. Universities can empower industry development by nurturing talent and supporting the upgrading of key industries.
- **Establishing a Research Commercialization Platform:** We encourage the government to leverage the capability of universities to promote scientific research, attracting both local and international academic resources and positioning the Northern Metropolis as a global talent hub.

## 3 ) Working Group on Planning and Development: Promoting the Development of Infrastructure and Managing Progress

- **Hardware is the foundation supporting industry development and population expansion in the Northern Metropolis.** We are pleased to see the government establishing a dedicated working group to ensure coordination and synergies across areas including planning, land use, transportation, engineering, and environmental protection.
- **We recommend prioritizing the development of transport hubs, neighborhood facilities and community services to support the influx of population, concurrent with the introduction of industries, thereby avoiding underoccupied developments or hollowing out of newly introduced industries.**
- **In addition, the government should establish a clear timetable and a phased reporting mechanism to enhance transparency and the execution efficiency of projects, minimizing delays and resource misallocation.**







# 03

## **HOUSING & LAND POLICY**



# HOUSING & LAND POLICY



## INCREASING PUBLIC HOUSING SUPPLY

### Policy Address:

- In the five years starting from 2026-27 onwards, the overall public housing production (including light public housing: LPH) to reach 189,000 units, moving closer to the target of reducing the Composite Waiting Time for Subsidized Rental Housing to 4.5 years in 2026-27.
- About 10,000 LPH units to be completed for intake by the end of this year; the remaining 20,000 units to be completed in the coming year and a half.
- The Basic Housing Unit regulatory regime, designed to eradicate substandard Subdivided Unit (SDUs), is being scrutinized by the Legislative Council. The regime will be implemented in March next year, subject to passage of the bill.
- To announce redevelopment plans for Ma Tau Wai Estate and Sai Wan Estate this year, along with a study to be conducted on the redevelopment of Model Housing Estate.



## ENRICHING THE HOUSING LADDER

### Policy Address:

- For the Home Ownership Scheme (HOS), the ratio of quotas between Green Form (GF) and White Form (WF) to be adjusted from 40:60 to 50:50, to assist more public rental housing (PRH) tenants to become owners, while transferring the original PRH units to Waiting List applicants.
- To increase opportunities for WF applicants to purchase Subsidized Sale Flats (SSFs) with unpaid premium in the secondary market, the HKHA will increase the quota of the White Form Secondary Market Scheme (WSM) by 1,000 to 7,000, starting from the next WSM exercise. Half of the additional quota of 1,000 will be allocated to young family and one-person applicants below 40.
- To increase the ratio of larger units in HOS and Green Form Subsidized Home Ownership Scheme (GSH) projects.
- To relax the alienation restriction period of new flats for sale from 15 years to 10 years to encourage upward mobility.
- To launch the "Flat-for-Flat Scheme for Elderly Owners" of HKHA's SSFs.



### OUR VIEWS:

Hong Kong's land resource allocation policies have a profound impact on people's livelihoods. We are pleased to see the government actively promoting LPH and other subsidized housing schemes in recent years, which are aligned with the overall policy direction of improving people's living conditions. While we acknowledge the government's proactive rollout of various housing policies to fulfill housing needs, we believe it is still crucial to sustain the public housing construction pipeline and to accelerate the turnover of public housing units.



### OUR VIEWS:

In addition to continuously increasing public housing supply, we support the government's efforts to provide home ownership opportunities for families with moderate financial means. With the increase in HOS supply, raising the ratio of quotas for the Green Form can help more public housing tenants purchase their own homes, while allowing other public housing applicants to be housed more quickly — achieving a win-win outcome.

We also welcome the HKHA's plan to allocate an additional 1,000 quota to eligible White Form applicants, half of which will be reserved for young families and single applicants under the age of 40, helping them realize their home ownership.

# HOUSING & LAND POLICY



## OUR VIEWS:

A major challenge in land development in Hong Kong lies in persistently high construction costs. We are pleased to see the government adopting a multi-pronged approach to reduce construction costs and to optimize process design.

On this basis, we recommend that the government further allocate financial and human resources in a timely and reasonable manner. The government should also proactively strengthen communication with the Chinese mainland government to strive for more centralized procurement benefits that meet Hong Kong's needs, thereby compressing core costs such as building materials and equipment to enhance overall cost-effectiveness. This move will help accelerate land supply and provide the market with a more stable and sustainable development space.

We also support the government's more flexible approach in promoting urban renewal, especially the relaxation of cross-district plot ratio transfer arrangements. These measures can enhance redevelopment incentives, and effectively alleviate disputes and difficulties in land resumption and compensation, in turn allowing redevelopment projects to be implemented more smoothly.



## REDUCING CONSTRUCTION COST

### Policy Address:

- To simplify works approval procedures, set clear performance pledges, and enhance coordination among relevant departments on vetting processes.
- The Housing Department to set up a Project Facilitation Office to coordinate departments in expediting the completion of public housing projects.
- To launch a Project Cost Management Platform next year, establishing a market price database and applying AI technology for analysis.
- For the approval of public housing building materials, the Housing Bureau (HB) to look into the accreditation of standards of more regions.
- The DEVB to conduct central procurement on a trial basis in 1H 2026, piloting the procurement of commonly used materials including steel reinforcement and Modular Integrated Construction (MiC) modules, to save costs.
- The HB to pilot the batch procurement of integrated MiC method modules next year. The HB has established a database of standard building materials, covering popular materials such as aluminum windows and partition walls, to expedite the approval process.



## URBAN RENEWAL WITH NEW MIND-SET

### Policy Address:

- To relax the current arrangement for the transfer of plot ratio within the same district to allow the cross-district transfer of unutilized plot ratio from redevelopment projects to other districts or even NDAs, to enhance market redevelopment incentives.
- To reserve three sites in Kwu Tung North and Fanling North NDAs in the Northern Metropolis for the URA to construct new buildings, which will be used as replacement flats under the "Flat-for-Flat" Scheme in the future.
- To suitably increase the plot ratio of private redevelopment projects, on a pilot basis, for the seven designated areas with more pressing redevelopment needs, allowing the increased plot ratio to be transferred for utilization in the Northern Metropolis or other districts, or to be used for offsetting the premium payable for bidding land, lease modification in other projects or in-situ land exchange.



## PRIVATE HOUSING SUPPLY

### Policy Address:

- To reserve sufficient land to meet the demand for private housing supply in the next ten years, which is projected to be 126,000 units.



## BUILDING LAND RESERVE

### Policy Address:

- To get ready around 2,600 hectares of "spade-ready sites" in the next decade to provide the necessary room for the Government to build up a healthy land reserve.





# 04

## **TALENT ATTRACTION**

# TALENT ATTRACTION



## RELAXING RESTRICTIONS ON SELF-FINANCING STUDENT ADMISSIONS

### Policy Address:

- To increase the number of non-funded places for non-local students to study in Hong Kong on a self-financing basis. Starting from the 2026/27 academic year, the enrolment ceiling for self-financing non-local students of each funded post-secondary institution will be raised from the level currently equivalent to 40% of local student places to 50%.
- To increase the over-enrolment ceiling of funded research postgraduate programs self-financing slots from 100% to 120%.



## INCREASING STUDENT HOSTEL SUPPLY

### Policy Address:

- To launch the *Hostels in the City Scheme* in July to facilitate the market in converting existing commercial buildings (including hotels) into student hostels by obviating the need for rezoning and allowing excessive plot ratio to be retained.
- To extend the retention of excessive plot ratio to include cases where original commercial buildings are demolished and redeveloped into brand-new student hostels. The government will also earmark new sites (zoned as commercial or otherwise) this year for building new hostels, and will invite the market to submit expressions of interest.



### OUR VIEWS:

We welcome the government's decision to raise the cap on the number of self-financed non-local students at publicly-funded post-secondary institutions from 40% to 50% of local intake. This will enhance student admissions flexibility, and strengthen the competitiveness of Hong Kong's education sector, injecting new momentum into the local economy.

The latest data suggests the number of non-local students enrolled in local institutions at bachelor's degree level or above reached 89,000 in the 2024/25 academic year, up 24% from 72,000 in 2023/24. However, the average student-to-bed ratio across the eight UGC-funded universities stands at 3.4 to 1, indicating a significant shortfall in hostel supply. With the new policy in place, we estimate that overall shortfall in student accommodation in Hong Kong could exceed 70,000 beds.

We are therefore pleased to see the government adopt our recommendation — outlined in our earlier published research report *Hong Kong Talent Housing Part Two: Student Accommodation* — to reserve new commercial or other land specifically for dedicated purpose-built student accommodation (PBSA), with arrangements and details to be announced within the year. This demonstrates the government's strong commitment to increasing student hostel supply in the medium to long term, and facilitates better use of existing building stock in the near term. Looking further ahead, this action will help build a more comprehensive education support ecosystem and further position Hong Kong as a more attractive international education hub.



An aerial photograph of a dense urban landscape, likely Hong Kong, featuring numerous skyscrapers and a harbor. The image is partially obscured by a large teal number '05' and the text 'COMMERCIAL PROPERTIES'.

# 05

**COMMERCIAL  
PROPERTIES**

# COMMERCIAL PROPERTIES



## OUR VIEWS:

The government's tendering of land at Sandy Ridge for the development of a data facility cluster this year, will help further strengthen Hong Kong's position as a regional data center hub and promote the growth of related industries. Given that infrastructure, such as water supply, power capacity, fiber-optic networks, and road access, is critical to data center operations, we recommend that the government clearly specify the completion timelines and technical specifications of these facilities in the tender documents. This would enhance project transparency, boost market confidence, and help investors and operators better assess investment costs and project delivery schedules.

## OUR VIEWS:

The Government's push for pet-friendly policies not only brings potential customer growth, but also helps legitimize certain existing operating models. Once implemented, the policy is expected to help attract a broader customer base to the F&B retail sector and to enhance the overall consumer experience.

Some shopping malls have already prepared for the "pet economy" by establishing pet-friendly spaces and adding retail and grooming services for pets. With the rollout of the policy, we expect to see further numbers of malls transform into pet-friendly venues, in turn unlocking new customer segments, extending visitor dwell time, and creating new growth opportunities for the retail and F&B sectors.



## DATA CENTER LAND

### Policy Address:

- To put up for tender a site of about 10 hectares at Sandy Ridge in the North District this year for the development of a data facility cluster. It will provide advanced computing power facilities, promoting the development of data and AI-related industries.



## PROMOTING THE "PET ECONOMY"

### Policy Address:

- To support the business sector in offering pet-friendly spaces to create new opportunities.
- To introduce a licensing arrangement to allow operators to let dogs enter their food premises. Clear signage will be put up by permitted restaurants, so that customers know dogs are allowed.







# 06

## **CAPITAL MARKETS**

# CAPITAL MARKETS



## OPTIMIZING THE NEW CAPITAL INVESTMENT ENTRANT SCHEME

### Policy Address:

- Currently requiring applicants of the New Capital Investment Entrant Scheme to invest at least \$30 million in Hong Kong. Among such investments, the maximum amount of investment in real estate (both residential and non-residential) to be counted towards the scheme is \$10 million.
- To enhance the scheme by raising the maximum amount of investment to be counted from \$10 million to \$15 million for the purchase of non-residential properties with no transaction price threshold; as for the purchase of residential properties, the investment to be counted will continue to be capped at \$10 million, but the transaction price threshold will be lowered from \$50 million to \$30 million.



## GFA EXEMPTION OF CAR PARKS IN PRIVATE DEVELOPMENTS

### Policy Address:

- To relax the GFA exemption arrangement for car parks in private developments.
- To grant full GFA exemption for construction of no more than two storeys of above-ground car parks. The mandatory requirement to build underground car parks as a condition for exemption will be removed.



### OUR VIEWS:

We support the relaxation of restrictions under the New Capital Investment Entrant Scheme regarding the inclusion of residential and non-residential property purchases as part of the investment amount. We believe such adjustments will both attract more investors to Hong Kong and help stimulate turnover in the high-end residential and non-residential property markets, injecting new momentum into the capital market.



### OUR VIEWS:

We welcome the government's adjustment to the requirements for constructing car parks in new development projects. This means that developers no longer need to locate car parks underground solely due to GFA considerations. This action can reduce development complexity, lower project costs for developers, and in the long run, help make parking spaces more affordable.



## BUSINESS CONTACTS

**KK Chiu**

International Director  
Chief Executive  
Greater China

[kk.chiu@cushwake.com](mailto:kk.chiu@cushwake.com)

**Alva To**

Vice President, Greater China  
Head of Consulting  
Greater China

[alva.to@cushwake.com](mailto:alva.to@cushwake.com)

**John Siu**

Managing Director  
Hong Kong

[john.siu@cushwake.com](mailto:john.siu@cushwake.com)

**KB Wong**

Executive Director  
Head of Valuation &  
Advisory Services  
Hong Kong

[kk.chiu@cushwake.com](mailto:kk.chiu@cushwake.com)

**Tom Ko**

Executive Director  
Head of Capital Markets  
Hong Kong

[tom.wh.ko@cushwake.com](mailto:tom.wh.ko@cushwake.com)

## RESEARCH CONTACTS

**Rosanna Tang**

Executive Director  
Head of Research  
Hong Kong

[rosanna.tang@cushwake.com](mailto:rosanna.tang@cushwake.com)

**Thomas Lai**

Senior Associate Director  
Valuation & Advisory Services  
Greater China

[thomas.cc.lai@cushwake.com](mailto:thomas.cc.lai@cushwake.com)

**Thomas Chan**

Associate Director  
Research  
Hong Kong

[thomas.chan@cushwake.com](mailto:thomas.chan@cushwake.com)

**Julia Law**

Manager  
Research  
Hong Kong

[julia.law@cushwake.com](mailto:julia.law@cushwake.com)



Please scan the QR  
code to reach the  
Cushman & Wakefield  
subscription center  
now live



## ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In Greater China, a network of 23 offices serves local markets across the region. In 2024, the firm reported revenue of \$9.4 billion across its core services of Valuation, Consulting, Project & Development Services, Capital Markets, Project & Occupier Services, Industrial & Logistics, Retail, and others. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit [www.cushmanwakefield.com.hk](http://www.cushmanwakefield.com.hk) or follow us on LinkedIn (<https://www.linkedin.com/company/cushman-&-wakefield-greater-china>).

## DISCLAIMER

©2025 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield ("CWK"). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK's securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein

Better never settles