

Revisiting Hong Kong's Student Housing Landscape

Conversion Policies Update & Implications

June 2025

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CONTENT

01

Student Housing Conversion Policies Update

02

Implications for the Real Estate Market

03

Comments and Recommendations

01

Student Housing Conversion Policies Update



NEW POLICIES TO FACILITATE COMMERCIAL & HOTEL CONVERSIONS INTO STUDENT DORMS

- On June 24, 2025, the Legislative Council Panel on Development announced a pilot scheme aimed at **encouraging private sector participation in the provision of student accommodation**. The new arrangements **streamline the processing of applications in relation to planning, building plans and land administration**, with the aim of addressing the shortage of student accommodation by **stimulating market supply and enhancing infrastructure**. In turn, Hong Kong can attract greater numbers of non-local students, reinforcing the city's position as an **"international post-secondary education hub."**
- As highlighted in our prior report, *Hong Kong Talent Housing Part 2 – Student Accommodation*, the student-to-bed ratio in the city's eight major universities averages 3.4 to 1, with an estimated shortfall of at least 55,400 beds. **Such a huge supply-demand gap underscores the urgency for private investment in student accommodation.**
- Under the existing planning regime, student hostels are categorized as 'Residential Institution' ('RI'), which is not a Column 1 use (i.e. "always permitted use") in commercial-related zonings. Therefore, converting commercial buildings into student hostels often requires planning applications to the Town Planning Board (TPB) or even rezoning, making the conversion process complex and deterring developers' and the private market's participation. The newly proposed measures are expected to **tackle these pain points by streamlining the conversion procedures and hence lowering conversion costs.**

Details and Implementation Arrangements of New Pilot Scheme



Planning

- **Expanding the definition of 'Hotel' use**, which currently only covers licensed hotels, guesthouses, etc., to also **cover eligible self-financing privately-funded (SFPF) student hostels**. As such, no planning procedures are required for converting hotels / commercial buildings into student hostels in most "Commercial" ("C") or "Other Specified Use (Business)" ("OU(B)").sites
- With the expanded definition, eligible SFPF student hostels can effectively enjoy a **"dual identity"** under the planning regime. The market may opt for 'Hotel' or 'RI' to pursue their student hostel conversions having taken into account the zonings of their sites. This flexibility could help to **reduce the initial development and entry costs** for market players



Lands

- Since most commercial zoning is broad enough to include student hostel under new measures, most conversion cases from hotels or commercial buildings into student hostels **do not require lease modification, premium payment or application of waiver**
- In case of conversion projects that require lease modification or application of waiver, the Lands Department will handle the cases in accordance with existing arrangement, given that SFPF student hostels are for-profit business activities



Building Plans

- **Student hostels be regarded as non-domestic buildings for the purpose of calculating plot ratio (PR) and site coverage (SC) under the scheme**. This means that **"excessive gross floor area (GFA)"** to comply with "RI" regulations in hotels and other commercial buildings **need not be demolished**, while such floor areas can be retained and converted into student hostel
- Exempted floor may also be **converted into supporting facilities such as gyms and study rooms**, to better cater student tenants' needs
- To ensure the livability of the converted hostels, the student hostels must **comply with the same natural lighting and ventilation (NL&V) standards applicable to domestic buildings**. For instance, total area of glazing in the window is not less than 1/10 of the floor area of the room, and that the distance between the required window and any parts of a room should be within 9 meters

Education Bureau (EDB)

Eligibility criteria of the scheme to be laid down by EDB, including the eligibility of student hostels and student tenants, as well as the application arrangements and monitoring measures

Development Bureau (DEVB)

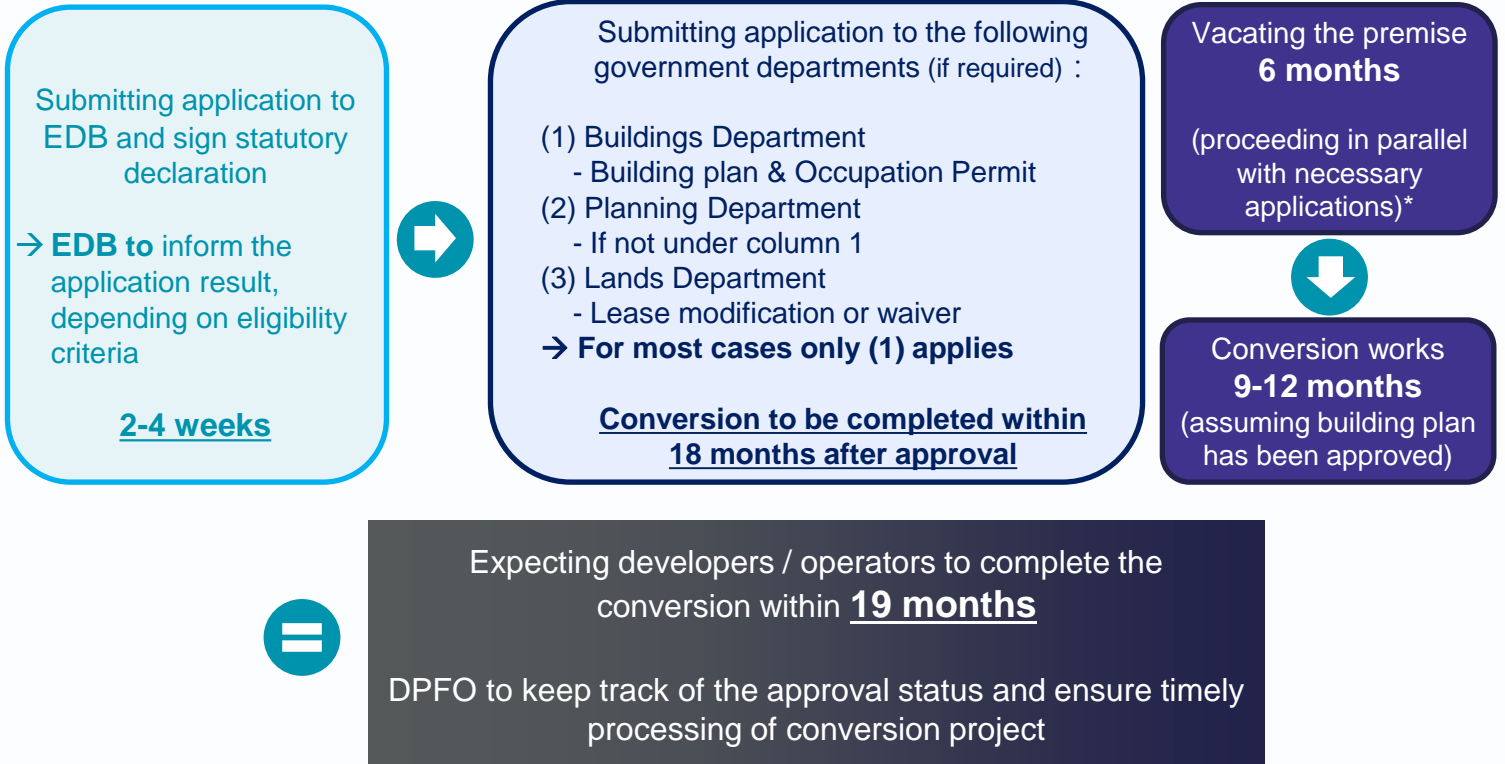
Development Projects Facilitation Office (DPFO) under DEVB to be tasked to provide one-stop facilitation service for student hostel projects under the scheme

REVISED CONVERSION PROCESS

SIGNIFICANTLY SHORTEN THE CONVERSION TIMELINE COMPARED TO THE PREVIOUS FRAMEWORK

NEW WORKFLOW (COMMERCIAL BUILDING TO STUDENT HOSTEL)

DPFO to provide one-stop services and keep track of conversion progress



*Assuming the zoning of the premise property falls under Column 1 (always permitted use) and does not require payment of premium

PREVIOUS WORKFLOW (COMMERCIAL BUILDING TO STUDENT HOSTEL)



FACILITATION MEASURES FOR STUDENT HOSTELS BY DIFFERENT ZONING

- Under the existing planning regime, student hostel is categorized as 'Residential Institution' ('RI'). Student hostels under the new pilot scheme will be covered under 'Hotel' use. With the expanded definition, eligible SFPF student hotels can enjoy a "**dual identity**" under the planning regime.
- In other words, as long as 'Hotel' or 'Residential Institution' is listed as a Column 1 use (i.e. "always permitted use") in relevant zonings, developers do not need to submit a planning application to the Town Planning Board when converting into student accommodations.

Zonings	'Hotel'	'Residential Institution'	Planning Permission
"Commercial"	Column 1	Column 2	NO ✓
"Commercial/Residential"	Column 1	Column 1	
"Other Specified Use (Mixed Use)" - For non-residential building or non-residential portion of a building upon development/ redevelopment/ conversion - For residential building or residential portion of a building upon development/ redevelopment/ conversion - For an existing building before redevelopment/ conversion	Column 1	Column 2	
	Column 2	Column 1	
	Column 1	Column 1	
"Other Specified Use (Hotel)"	Column 1	Column 2	
"Residential (Group A)" (for high-density development)	Column 2	Column 1	
"Residential (Group B)" (for medium-density development)	Column 2	Column 1	
"Residential (Group C)" (for low-density development)	Column 2 <small>Depending on whether the planning context of specific sites include 'Hotel'</small>	Column 2	Yes ⚠
"Other Specified Use (Business)" - For commercial buildings having undergone wholesale conversion or redevelopment - For original industrial buildings	Column 2 <small>Depending on whether the planning context of specific sites include 'Hotel'</small>	Not Permitted	
	Not Permitted	Not Permitted	Not Permitted ✗
"Industrial"	Not Permitted	Not Permitted	

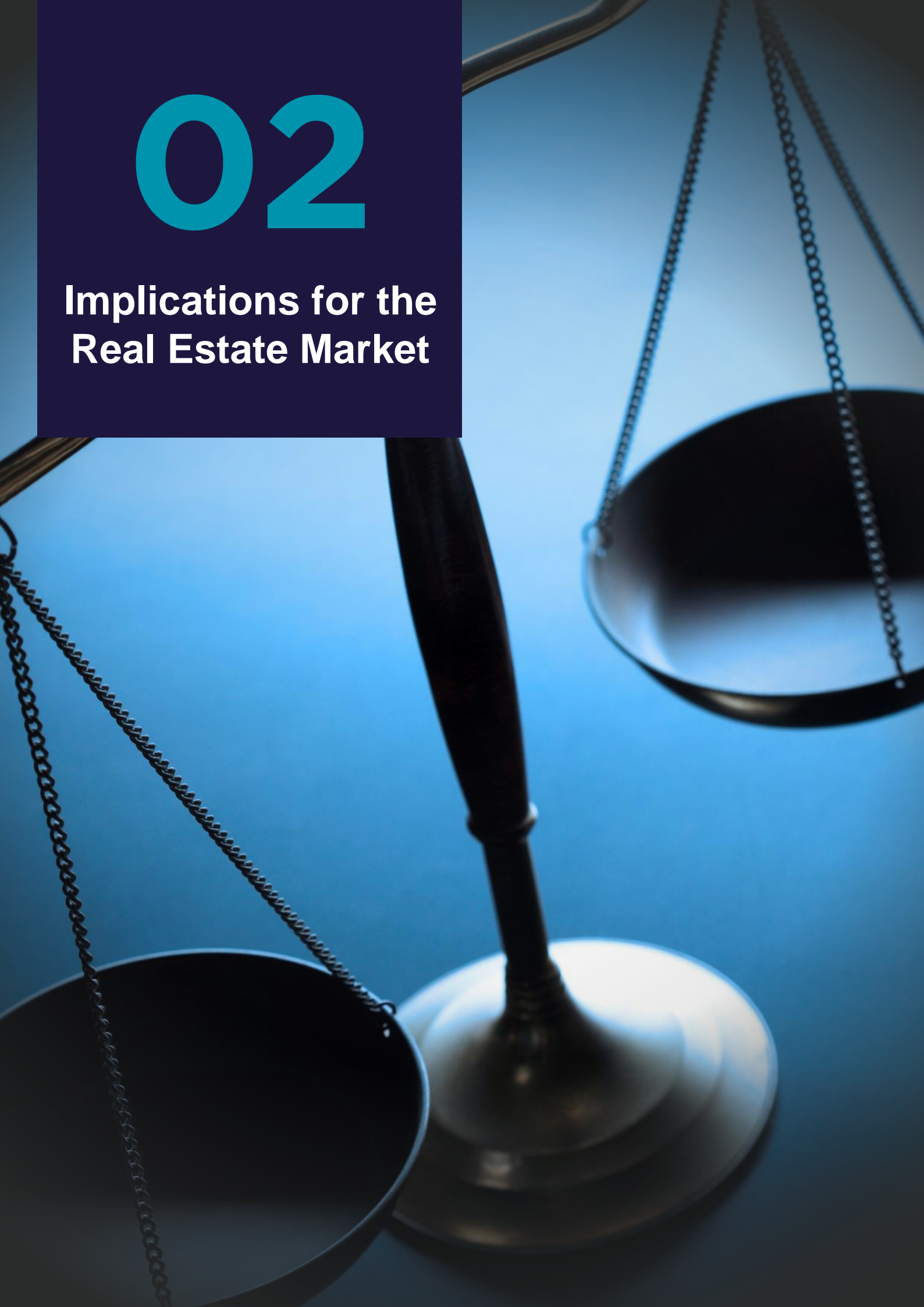
Notes :

Column 1: Uses always permitted

Column 2: Uses that may be permitted with or without conditions on application to the Town Planning Board

02

Implications for the Real Estate Market



IMPLICATIONS FOR THE REAL ESTATE MARKET

UNLOCKING OPPORTUNITIES FOR OFFICE / HOTEL OWNERS, AND ACCELERATING DEVELOPMENT OF THE STUDENT HOUSING SECTOR

Overall, we welcome the government's latest policy initiative, which is expected to alleviate the shortage of student accommodation in Hong Kong. **For the student housing sector**, the new policy represents a significant regulatory breakthrough, streamlining the approval process and saving the time required for landlords or operators to obtain necessary permissions from the government. This helps attract greater participation from the private sector and accelerate the development of this emerging real estate sector.

For commercial and hotel properties, the policy unlocks a new path for landlords, as well as supporting the transformation of small-to-medium-sized commercial buildings. Regarding the **private residential market**, the new initiative helps absorb rental demand from non-local students in the private residential market, easing rising rental pressures in the long-run.



Student Housing: Regulatory Easing to Accelerate Sector's Development

Under the new policy, most conversions to student accommodation will no longer require land premium payments or rezoning applications through the Town Planning Board, as student hostels are now categorized as a Column 1 use (always permitted use). This shifts the approval process primarily to the Buildings Department, **significantly shortening conversion timelines**.

In addition, the policy allows the use of retained "excessive GFA" for student housing conversions, while exempting covered carpark and loading/unloading bays from GFA calculations, and allows these areas to be converted into facilities such as laundry rooms or gyms. These measures will both enhance the appeal of the scheme, and also benefit subject project. **We believe the deregulatory move will effectively remove barriers for market players, and in turn attract private capital, thus accelerating the development of this emerging asset class.**



Commercial Building/Hotel: Greater Potential for Small to Medium-Sized Buildings

We believe the requirements of natural lighting and ventilation standards under the new initiative, such as the provision of adequate window areas, and a maximum 9 meter distance from any part of the room to a required window, will be **more feasible for small-to-mid-sized commercial buildings and hotels**.

According to the Rating and Valuation Department, the Hong Kong Grade B office vacancy rate reached 15.6% in 2024, with Yau Tsim Mong and Central & Western districts, both in close proximity to universities, standing at 10.6% and 14.3%, respectively. Tourism Board data also shows that, for the January to April 2025 period, average room rates for high tariff B hotels fell 9.6% y-o-y, while the rate for medium tariff hotels tumbled by 21.1% y-o-y. **We expect that landlords of underperforming office or hotel properties with unsatisfactory occupancy or operational metrics, will be more incentivized to convert**, in turn stimulating transactions in this segment.



Private Residential: To Ease Rental Pressure and Absorb Student Housing Demand

Limited on-campus accommodation has pushed students to rent in the private residential market, especially during the peak season from May to August. The newly announced policies will take time to translate into actual student housing supply in operation, and we can expect the private residential rental market to remain tight in 2025/2026. **However, over the long term, the increase in supply of student housing is expected to partly absorb rental demand from non-local students, helping to alleviate the rising pressure of private residential rents.**



03

Comments and Recommendations

COMMENTS AND RECOMMENDATIONS

Cushman & Wakefield's Earlier Recommendations on Student Housing Policy

1



Include “student hostel” as a new land use type with a waiver to streamline the conversion process

2



Provide land supply for purpose-built student accommodation (PBSA)

3



Provide low interest loans to landlords for conversion work

- We welcome the government's adoption of most recommendations from our prior report *Hong Kong Talent Housing Part 2 – Student Accommodation*, including to include student hostels as a permitted new use and with a waiver from land premiums, while area from parking lots and loading/unloading bay can be retained and exempted from GFA calculation. These measures will help attract the private sector's participations and accelerate student bed supply.
 - For instance, under the new measures, commercial building landlords can complete conversions within 18-19 months, shorter than the 24+ months previously required. This enables a pilot scheme with a rapid transformation timeframe, demonstrating the innovation and market-oriented approach of the government.
- Expanding the definition of “Hotel” use to include student hostels offers greater flexibility for landlords' future exit strategies. In a case where an owner later wishes to revert a student hostel back to hotel use, the owner would simply need to reapply for a hotel license and undergo moderate renovations, offering more flexibility to landlords.
- However, while the government plans to set up DPFO, details on technical support and approval procedures remain unclear. We recommend the government provides further guidance to assist small-to-medium-sized property owners and boost market confidence.
- Meanwhile, we believe that the government could also adopt some of our earlier recommendations:
 - 1) To dedicate land supply purpose-built student accommodation (PBSA) in the long run, while also considering converting idle sites, such as existing vacant school spaces, into student housing, to further alleviate the supply-demand gap.
 - 2) To provide low interest loans to investors/owners to support conversion work. This would provide further incentives for conversion work and attract greater private sector participation.
- The pilot scheme reflects growing market recognition of student housing as an emerging asset class. Given the strategic importance of student dorms to Hong Kong's role as an international education hub, we look forward to the government continuing to assess the city's student housing sector landscape and development needs and outlining a long-term blueprint to guide industry participation.



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