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Executive Summary

Hong Kong Housing Landscape Navigator 2025

April 2025

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Hong Kong's housing landscape faces continued challenges. In the face of headwinds, dwindling private housing land sales and ballooning public housing construction expenditures have dominated headlines, while the role and necessity of subsidised housing have also come under scrutiny.

Our Hong Kong Foundation (OHKF) offers an updated analysis of these recurring themes. For private housing, with development periods lengthening by 33% in recent years, the resulting heightening development risks deterred developers' interest and willingness to submit competitive bids in the land sales market. Hence, while average annual completions are forecasted at 17,100 units in 2025–2029, a gradual decline is expected.

For public housing, a harvest phase in completion is forthcoming with the Long Term Housing Strategy (LTHS) target set to be exceeded by some 7% to 31%. Nevertheless, Light Public Housing (LPH) remains indispensable in reducing waiting time by 2026/27. Behind the positive supply outlook, however, is fast-growing costs. Given the buffer above the LTHS target, there is room for prioritisation based on cost-effectiveness to contain expenditures.

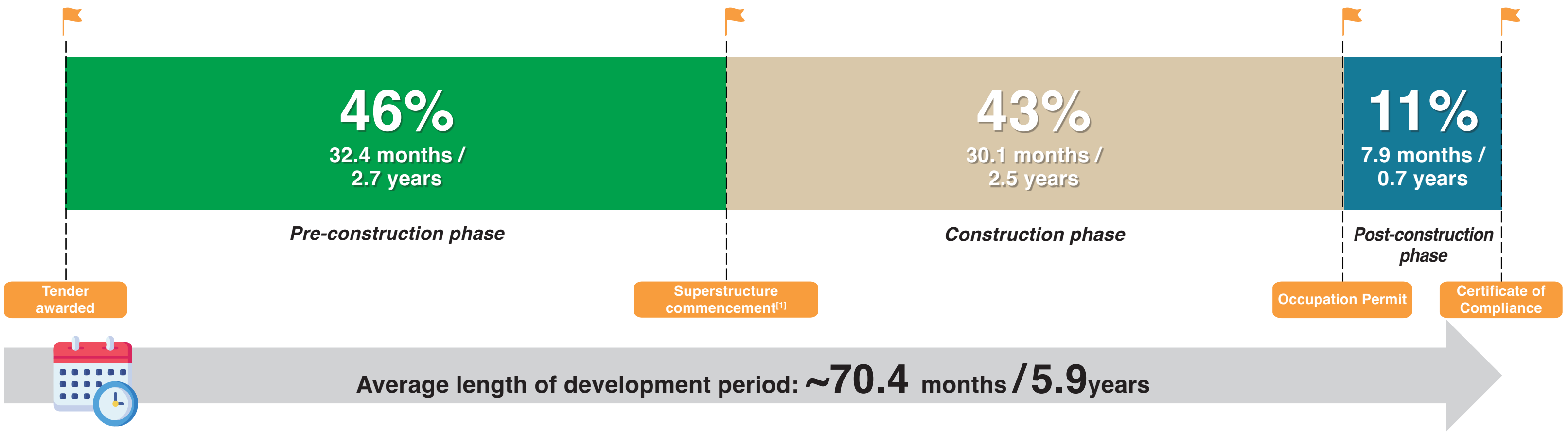
For subsidised housing, competition with private housing is limited despite a broadening overlap in lump sum prices. Serving as the primary home ownership avenue for low- to middle-income families, it offers a quicker solution than new units by releasing valuable public housing resources for more needy applicants. Larger subsidised housing units, however, are needed to entice upgrading and boost turnover.

The following section will provide a detailed analysis of the upcoming trends in private and public housing supply, coupled with a review of the role and function of subsidised housing.

Part I: Private Housing Supply

1. Average annual completions are anticipated to be around 17,100 units in 2025–2029. However, completions will be front-loaded with around 20,000 units in 2025 and 2026, then gradually decline to around 15,000 to 16,000 units annually between 2027 and 2029. Although we forecasted this trend in last year's report, its occurrence was pushed back due to longer development periods, where some 70% of units completed in 2024 experienced delays ranging from one to more than six months.
2. The noticeable slowdown in every stage of the private housing development cycle validates this trend. In 2024, approved pre-sale consent applications, superstructure commencements, and estimated flat yields from private housing land supply continued to decline. Weak fundamentals, compounded by higher development risk aversion, led to conservatism in the land sale market, where successful government land tenders since 2022/23 have become fewer and declined in plot size and accommodation value.
3. An analysis of over 100 government sites tendered between 2011 and 2020 that have completed the development cycle shows that development periods have lengthened by 33% in recent years. Further segmentation reveals that more than half, or 57%, of the development period involves the pre- and post-construction phases. These two phases could be significantly lengthened by site complexities and requirements to construct public facilities, which would entail multiple approvals from different authorities. We, therefore, urge the government to continue to streamline approval procedures and simplify conditions in its land grants.
4. Looking at a broader time horizon since 1997, pendulum swings were observed in average annual completions every ten years. Nevertheless, we expect that although completions will fluctuate in 2025–2034, the magnitude of change vis-à-vis 2017–2024 will be milder than between 1997–2006 and 2007–2016. Our scenario analysis shows that subject to interactions between policy adjustments and market recalibrations, average annual completions for 2030–2034 could range from 15,400 to 19,900 units.

Distribution of development period of government sites tendered between 2011 and 2020, by development stage

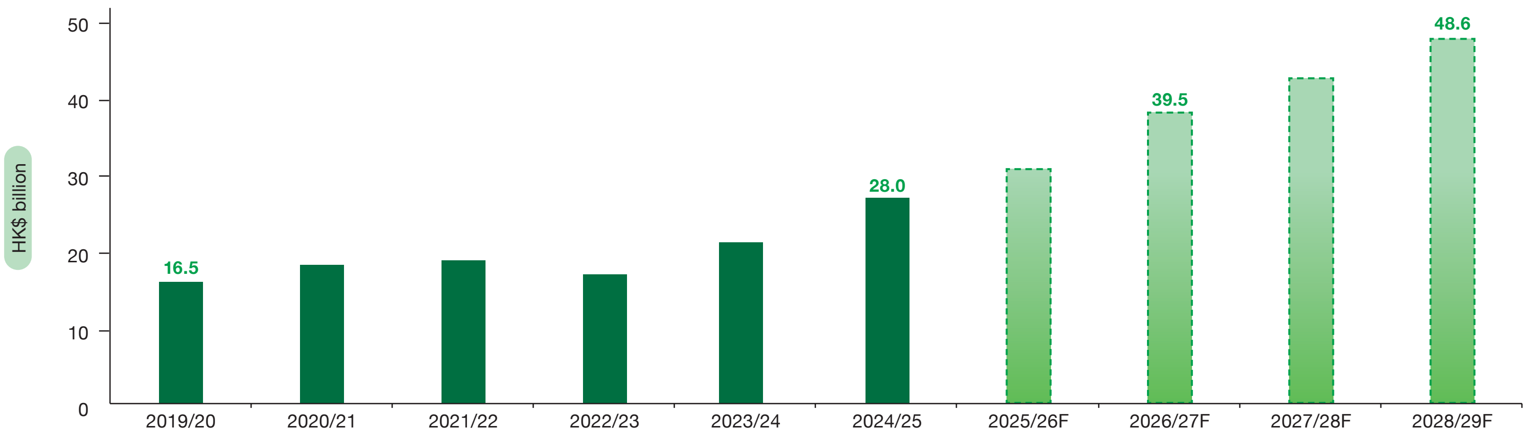


Note: [1] This is used as a proxy as information regarding the Notification of Commencement of Foundation Works filed with the Buildings Department by contractors is not publicly available
Sources: Lands Department, Buildings Department, and Our Hong Kong Foundation

Part II: Public Housing Supply

5. Public housing completions are entering a harvest phase. For the first time since the LTHS was promulgated in December 2014, traditional public housing completions alone—forecasted at 32,100 units per annum in 2025/26–2029/30—are enough to meet the LTHS target of 30,800 units, exceeding it by 4%. Adding up the LPH, which implementation is on track, average annual public housing completions would reach 37,700 units in 2025/26–2029/30.
6. Given more upcoming completions, plus more recovered flats stemming from enhanced effectiveness in combating tenancy abuse and intakes of subsidised housing, we expect a downward trend in the Composite Waiting Time for Subsidised Rental Housing (CWT). Nevertheless, our analysis shows that the 30,000 LPH units are indispensable to plug the short-term supply gap of traditional public rental housing (PRH) units in meeting the key performance indicator (KPI) of shortening the CWT to 4.5 years by 2026/27.
7. Over the ten-year horizon, the problem of back-loaded supply is easing, and a stronger buffer above the LTHS target is being built up. Having accounted for possible delays in site delivery to the relevant implementation agents and the subsequent construction delays, the resulting traditional public housing completions still exceed the LTHS production target of 308,000 units by some 7% to 31%.
8. However, the positive outlook on public housing completion comes with a hefty price tag. The Hong Kong Housing Authority (HKHA)'s annual construction expenditures are forecasted to increase by 73% in the coming four years, and this only reflects the financial commitments of 42% of the ten-year LTHS production target. Given the abovementioned supply buffer, the cost-effectiveness of developing sites with low flat yield capacity and complex terrain should be reconsidered to rein in ballooning construction expenditures.

Construction expenditures of Hong Kong Housing Authority, 2019/20–2028/29[1]

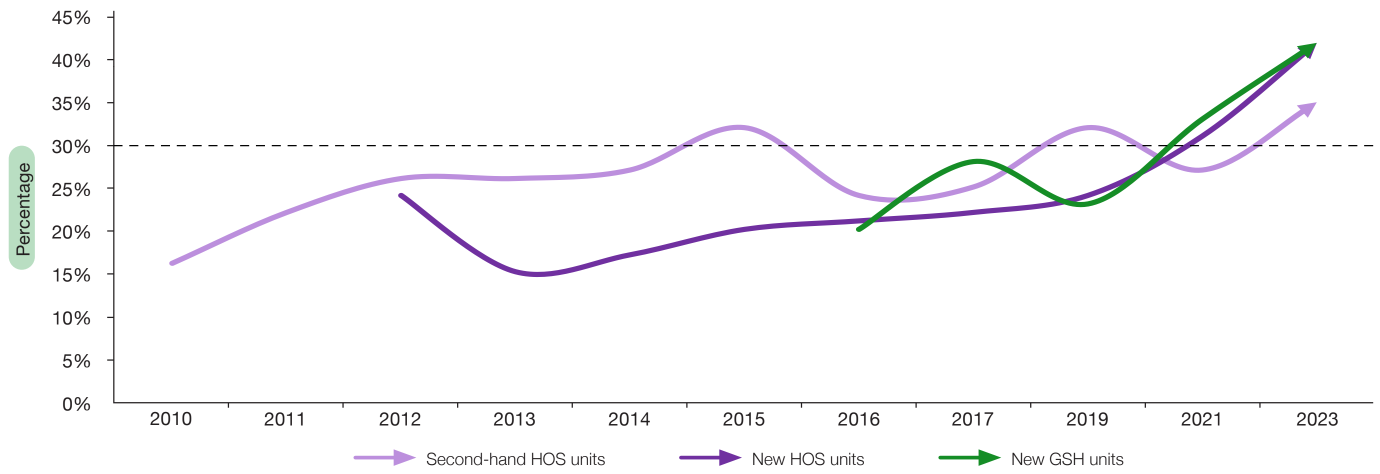


Note: [1] Construction expenditures include payments to contractors, in-house supervision, and administration costs
Sources: Hong Kong Housing Authority, Our Hong Kong Foundation

Part III: Subsidised Housing Spotlight

9. Given that home prices have trended downward since the all-time high in September 2021, the overlap in subsidised and private housing lump sum prices has expanded from HK$3–5 million to HK$1–5 million, leading to scepticism towards the necessity of subsidised housing. However, with only 3% of private housing transactions in 2024 between HK$1–3 million, the potential competition with subsidised housing, if any, is insignificant.
10. For units between HK$3–5 million, the potential clientele roughly corresponds to 18% of Hong Kong households with a monthly income of HK$25,000–39,999. This group near the median household income level is most susceptible to the overlap in lump sum prices and potential competition between the subsidised and private housing markets. For other low- to middle-income families, subsidised housing remains their first step towards home ownership, underlining its raison d'etre and necessity.
11. Moreover, trends in the past two decades show that subsidised housing has a greater impact on PRH unit recovery and turnover than combating tenancy abuse. As a quicker way of meeting the needs of PRH applicants, recovered units have become the mainstay of PRH allocation and reduction in PRH waiting time in the past two years. With over 30% of PRH households open to purchasing subsidised housing, up to 338,100 PRH units can be recovered if these unfulfilled home ownership demands are met.
12. However, there is a significant demand and supply mismatch in the subsidised sale flats (SSF) secondary market. The distribution of transactions of subsidised housing with premium unpaid in 2010–2024 shows that Green Form buyers overwhelmingly prefer larger units. Yet, new subsidised housing completions have been dominated by units under 431 sq. ft. in recent years. Owners of existing subsidised housing units could also be reluctant to sell as they cannot afford the leap to private housing.

Proportion of PRH households open to purchasing SSF, 2010–2023[1]



Note: [1] Including those who indicated "Yes" and "Not decided yet" in each edition of the Public Housing Recurrent Survey conducted by the Housing Department
Sources: Hong Kong Housing Authority, Our Hong Kong Foundation

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