

CHAPTER 4 : DEVELOPMENTS IN SELECTED SECTORS

Summary

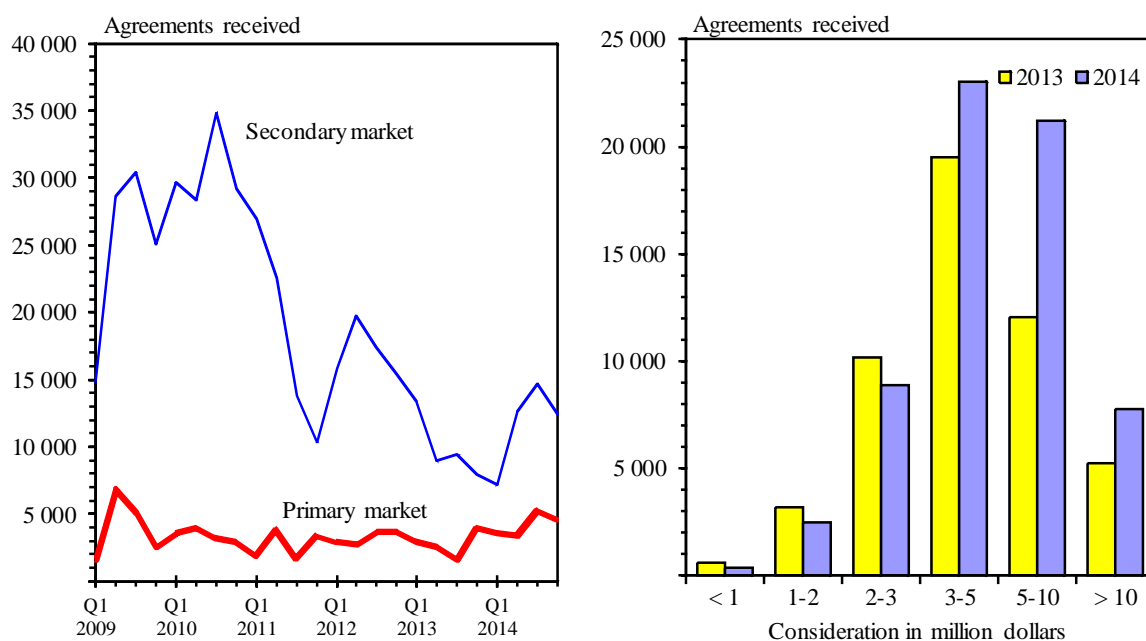
- *The residential property market was relatively soft in the first quarter of 2014, but has revived since April and stayed generally buoyant for the rest of the year. Tight demand-supply balance in the near term, coupled with the continued low interest rate environment, has rendered support to the market expectation that flat prices would remain firm, and saw many end-users rushing to buy in both the primary and secondary markets. Trading activities rebounded, while overall flat prices surged by a total of 13% during the year.*
- *Raising flat supply through increasing land supply is the Government's top policy priority in facilitating the healthy development of the property market. Reflecting the Government's sustained efforts, total flat supply in the coming three to four years rose to a record high of 74 000 units. The Government promulgated the new Long Term Housing Strategy in December 2014 to put forward a new strategic direction and lay down guiding principles for housing policies.*
- *The commercial and industrial property markets have also turned more active since the second quarter. For the year as a whole, prices and rentals recorded moderate gains in general. Trading activities showed some pick-up from the lows in the first quarter, though they were still at subdued levels by historical standards.*
- *Overall visitor arrivals registered a notable growth of 12.0% to 60.8 million in 2014, with Mainland visitors remaining the major impetus to growth. The performance of non-Mainland markets was generally tepid, with visitor arrivals registering a decline in the fourth quarter. Total visitor spending showed a modest decrease, conceivably due to a cut in spending on luxurious items like jewellery.*
- *Amid the unstable external environment, the logistics sector was generally subdued. Total container throughput edged down by 0.3% to 22.3 million twenty-foot equivalent units in 2014. Air freight throughput fared slightly better.*

Property

4.1 The *residential property market* was relatively soft in the first quarter of 2014, but has revived since April and stayed generally buoyant for the rest of the year. While the Government's strategy of providing more land for residential development has helped increase the supply of flats in the medium term, the demand-supply balance remained tight in the year. Coupled with the continued low interest rate environment, this has rendered support to the market expectation that flat prices would remain firm, and saw many end-users rushing to buy in both the primary and secondary markets.

4.2 Transactions showed a sharp rebound in the second quarter and stayed at a relatively high level since then. For 2014 as a whole, the total number of sale and purchase agreements for residential property received by the Land Registry surged by 26% over the low base in 2013 to 63 807, though still below the long-term average of 94 388 over 1994 to 2013. Primary market transactions surged by 53%, as developers paced up the launch of new projects in the second half of the year. Secondary market transactions also increased by a notable 18%. Also reflecting the rising flat prices, total consideration soared by an even higher 45% to \$433.4 billion.

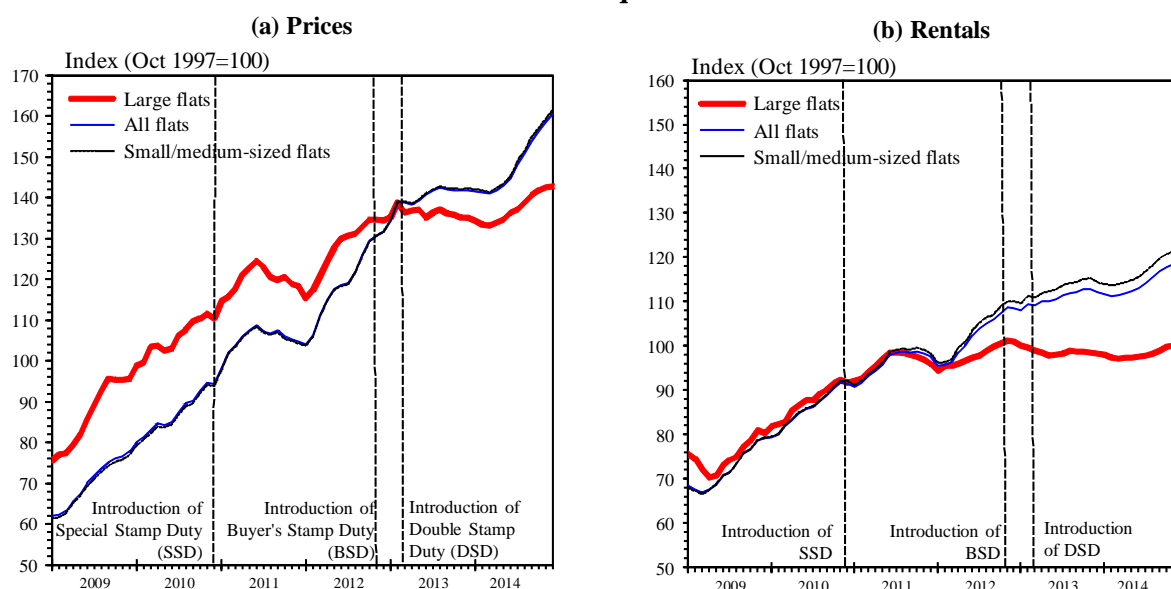
Diagram 4.1 : Trading activities rebounded in April and stayed generally active in the rest of 2014



4.3 In tandem with the rebound in trading activities, flat prices have also reverted from a modest decline in the first quarter to sustained increases since the second quarter. Comparing December 2014 with a year earlier, overall flat prices surged by 13%, with most of the gains occurring during the second half. The increase was led by small/medium-sized flats, the prices of which soared by 14%. By comparison, prices of large flats went up by a less rapid 6%. In the primary market, while most developers continued to adopt a relatively conservative pricing strategy in launching new projects, the concessions and discounts offered gradually narrowed through the year along with the improving market sentiment.

4.4 The leasing market has also revived since the second quarter. Overall flat rentals in December rose by 6% over a year earlier. Analysed by size, rentals of small/medium-sized and large flats increased by 7% and 2% respectively. Reflecting the relative movements of flat prices and rentals, the average rental yield for residential property edged down further from 2.8% a year earlier to a record low of 2.7% in December 2014.

Diagram 4.2 : Flat prices and rentals reverted to sustained increases after a modest decline in the first quarter



Note : Residential property price index pertains to secondary market transactions only. Large flats refer to those with a saleable area of at least 100 m², and small/medium-sized flats with a saleable area of less than 100 m².

4.5 Raising flat supply through increasing land supply is the Government's top policy priority in facilitating the healthy development of the property market. Combining the various sources (including Government land sale, railway property development projects, the Urban Renewal Authority's projects and private re-development/development projects), the aggregate private housing land supply in the financial year 2014/15 is estimated to have a

capacity of providing about 20 000 flats, exceeding the annual target of making available private housing land for 18 800 flats. This is a record high since the Government introduced the private housing land supply target in 2010. Reflecting the Government's sustained efforts, the *total supply of flats* in the coming few years (comprising unsold flats of completed projects, flats under construction but not yet sold and flats on disposed sites where construction can start any time) rose from 71 000 units as estimated at end-2013 to a record high of 74 000 units as estimated at end-2014. In addition, another 15 000 units could be added to the total supply after the conversion of a number of residential sites into "disposed sites" and the completion of tendering of some sites in the months ahead.

4.6 Yet the demand-supply balance remained tight in the year. Gross completions of private residential flats jumped by 90% to 15 700 units in 2014. After netting out demolition, the net completions of 13 200 was much lower than the take-up of 16 500 units⁽¹⁾, and the vacancy rate thus fell further from 4.1% at end-2013 to 3.8% at end-2014, well below the long-term average of 5.0% over 1994-2013. For 2015 and 2016, the Rating and Valuation Department forecasted completions at 13 000 units and 20 000 units respectively⁽²⁾, compared with the annual average of 19 600 units per annum over 1994-2013.

4.7 As it takes time to increase supply, the Government has put in significant efforts to manage demand and reduce the possible risks to financial stability arising from an exuberant property market⁽³⁾. These measures have yielded notable results. On *speculative activities*, the number of short-term resale (comprising confirmor transactions and resale within 24 months after assignment) declined further to an average of 78 cases per month or 1.3 % of total transactions in 2014, well below the monthly average of 2 661 cases or 20.0% in January to November 2010 (i.e. the period before the introduction of the Special Stamp Duty). Reflecting the effects of the Buyer's Stamp Duty, *purchases by non-local individuals and non-local companies* stayed low at an average of 107 cases per month or 1.8% of total transactions in 2014, much lower than the monthly average of 365 cases or 4.5% in January to October 2012. As to *mortgage lending*, the average loan-to-value ratio of new mortgages was 55% in 2014, below the average of 64% in January to October 2009 before the first round of macro-prudential measures for residential property mortgage lending was introduced by the Hong Kong Monetary Authority.

Diagram 4.3 : Speculative activities stayed subdued

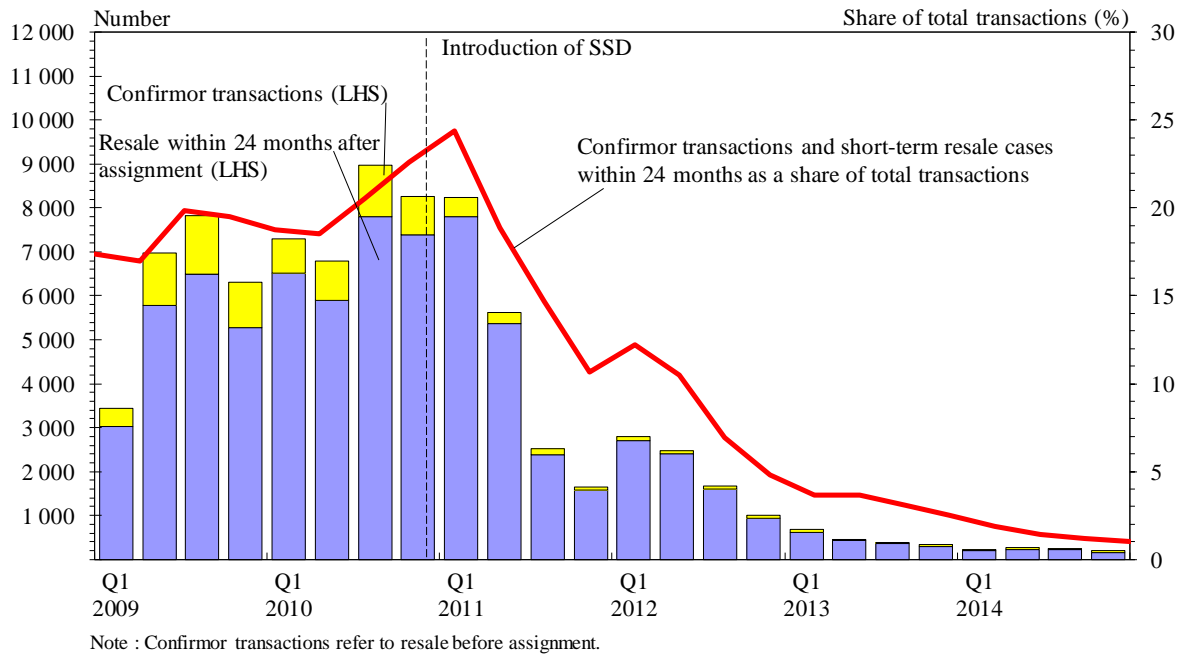
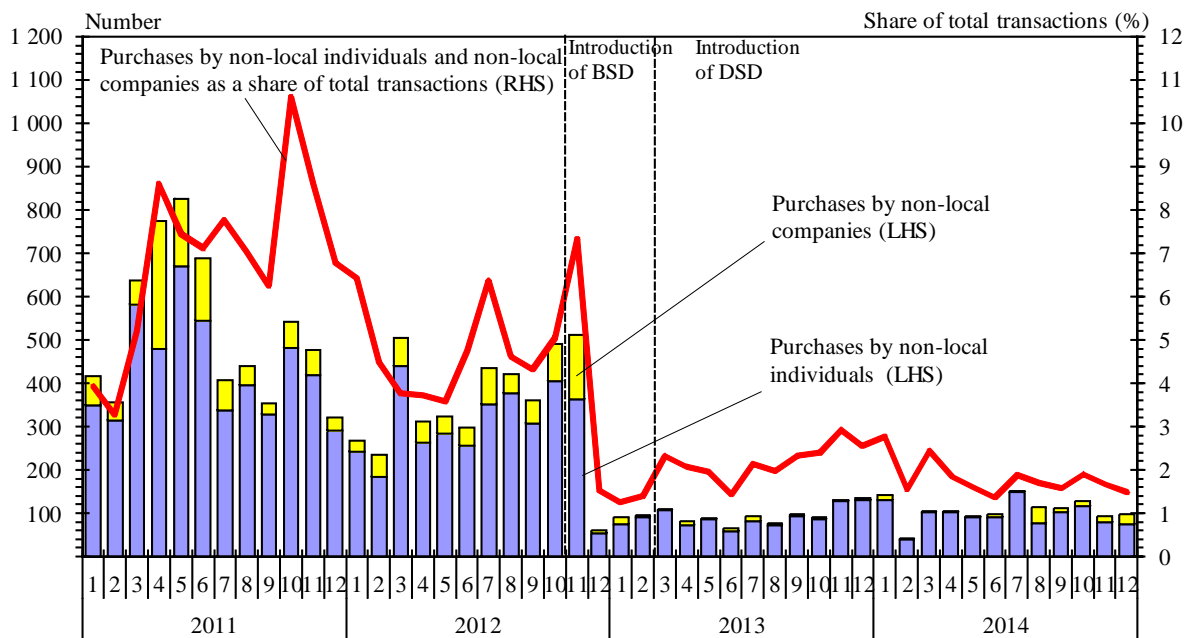
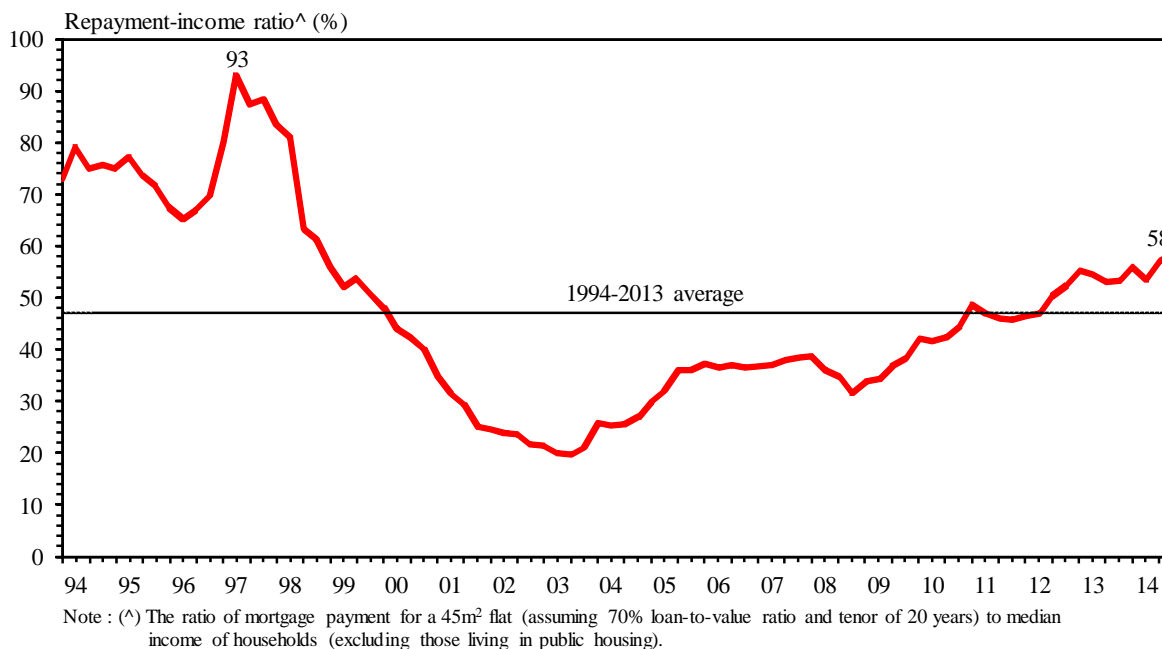


Diagram 4.4 : Purchases by non-local buyers remained low



4.8 Yet with the current revival of the market, the risks of a housing market bubble are still prominent. Following the almost uninterrupted rally in the past few years, overall flat prices in December 2014 have surpassed the 1997 peak by a rampant 61%. Home purchase affordability (i.e. the ratio of mortgage payment for a 45-square metre flat to median income of households, excluding those living in public housing) worsened to around 58% in the fourth quarter, exceeding the long-term average of 47% over 1994-2013. Should interest rates rise by three percentage points to a more normal level, the ratio would soar to 76%.

Diagram 4.5 : The mortgage payment to income ratio rose further



4.9 Looking forward, while the US Federal Reserve has concluded its asset purchase programme in October 2014, the timing and pace of the interest rate hike remain uncertain and would largely hinge on upcoming economic data. Meanwhile, the central banks of the eurozone and Japan have rolled out further monetary easing measures in view of the subdued economic growth with increasing deflationary pressure. With increasingly divergent monetary policy stance among the major central banks, there are potential risks of even greater global financial volatilities and abrupt changes in the direction of fund flows. Also, monetary policy making worldwide has been further complicated by the recent oil price slump. As a result, the property market may experience considerable fluctuations as sentiment, interest rate expectation and international fund flow shift along with developments of the various factors.

4.10 The Government promulgated the new LTHS in December 2014 to put forward a new strategic direction and lay down guiding principles for housing policies. Guided by the vision of helping all households in Hong Kong to gain access to adequate and affordable housing, the Government has adopted a supply-led strategy and set the long term housing supply target at 480 000 units for the ten-year period from 2015-16 to 2024-25, with the public-private split of 60:40. The housing supply target will be reviewed every year to take account of changes in circumstances (**Box 4.1**).

Box 4.1

The Long Term Housing Strategy

Recognising that housing is the most critical of all livelihood issues in Hong Kong, the Government is determined to address the housing problems with the help of a new Long Term Housing Strategy (LTHS). In September 2012, the Government appointed the LTHS Steering Committee to advise the Government on the formulation of a new LTHS. The Steering Committee subsequently consulted the public for three months from September to December 2013. Based on the recommendations made by the Steering Committee and the public views collected, the Government promulgated the new LTHS in December 2014, as summarised below.

(I) Vision and principles

The vision of the LTHS is to help all households in Hong Kong gain access to adequate and affordable housing. On this premise, it seeks to achieve changes progressively in accordance with the principles of “supply-led” and “flexible” :

- On “supply-led”, as it takes years to prepare land and build housing units on it, the Government would anticipate demand and plan for land supply. The Government would also, based on objective projections of long term demand, systematically plan for public housing construction and make land available for private housing development.
- On “flexible”, learning lessons from the experience of the upheavals in the property market after the 1998 LTHS and the impact of the marked changes in policies subsequently, forward plans and construction programmes should be adjusted regularly, on the basis of regular reviews of the long term demand projections that reflect changes in circumstances.

(II) Strategies

The LTHS sets out the following strategies :

(1) Plan early for land supply for production of both public and private housing, with the assistance of a new housing demand projection model.

- The Government has adopted the methodology recommended by the LTHS Steering Committee to project long term housing demand. The methodology takes into account the projected net increase in the number of households, those who will be displaced by redevelopment, those who are inadequately housed, and other miscellaneous factors to project the number of new housing units required over a period of ten years.

(2) Update the projection of long term housing demand and work out a rolling ten-year housing supply target every year.

- In December 2014, the Government updated the projection of long term housing demand for the 10-year period from 2015-16 to 2024-25. Based on this, the long term housing supply target is now set at 480 000 units, with the public-private split of 60:40. Accordingly, the public housing supply target will be 290 000 units, comprising 200 000 public rental housing (PRH) units and 90 000 subsidised sale flats, whereas the private housing supply target will be 190 000 units.

(3) Provide PRH units to serve as a “safety net” for the grassroots who cannot afford private rental housing.

- Maintain the target of providing first flat offer to general applicants (i.e. family and elderly one-person applicants) at about three years on average.

Box 4.1 (Cont'd)

- Allocate PRH flats in a fair and rational manner while ensuring the rational use of PRH resources.
- (4) Provide Home Ownership Scheme (HOS) flats and other forms of subsidised sale flats to enable the lower to middle-income households to meet their home ownership aspirations.**
- Introduce supplementary schemes of subsidised sale flats where appropriate.
 - Leverage the private sector's capacity to supplement the Government's efforts in providing subsidised sale flats.
 - Facilitate circulation by allowing more people to have access to subsidised sale flats, either with or without premium paid.
- (5) Maintain the healthy and stable development of the private housing market through securing a stable supply of land and implementation of demand-side management measures as and when necessary.**
- Adopt a multi-pronged strategy comprising short, medium and long term measures to continually expand land resources through optimal use of developed land and the development of new land and new towns.
 - Enhance efficiency in land and housing supply through streamlining the procedures and enhancing the land administration mechanism.
 - Consider adjusting existing demand-side management measures or putting in place new measures as and when necessary with reference to a series of indicators and changes in the local and global economic situations.

The new LTHS is a major milestone in Hong Kong's housing policy. Going forward, the Government will review the long term housing demand projection and the rolling ten-year housing supply target on an annual basis, and announce the results by the end of each financial year. The Government will also strive to secure the required land, manpower, and financial resources to achieve the projected supply target with the support of the community.

4.11 In the 2015 Policy Address, the Chief Executive announced various initiatives on housing, and land planning and development. To further improve the housing ladder, as a pilot scheme the Government will identify suitable public rental housing flats under construction for sale to Green Form applicants at prices lower than those of Home Ownership Scheme (HOS) flats. In addition, it will vigorously explore ways to further leverage the private sector's capacity to assist in increasing and accelerating the supply of subsidised sale flats. As to long term land planning and development, the Government will take forward various projects, such as the Kwu Tung North and Fanling North New Development Areas (NDAs). It would also undertake planning and engineering or feasibility studies, including Hung Shui Kiu NDA, Lung Kwu Tan reclamation at Tuen Mun, underground space development, and the New Territories North.

4.12 Likewise, the *commercial* and *industrial property markets* have also turned more active since the second quarter. For the year as a whole, prices and rentals recorded moderate gains in general. Trading activities showed some pick-up from the lows in the first quarter, though they were still at subdued levels by historical standards.

4.13 Sale prices of *retail shop space* rose by 8% between December 2013 and December 2014, while rentals increased by a modest 4%. Yet the average rental yield stayed at 2.4% in December 2014, little changed from a year earlier. Notwithstanding the rebound starting the second quarter, for 2014 as a whole transactions for retail shop space still fell by 28% to 3 100 cases⁽⁴⁾. As to demand-supply balance, the take-up of 15 500 m² for retail shop space in 2014 was much lower than the completion of 57 100 m². Yet after netting out demolition, the vacancy rate only edged up from 7.2% at end-2013 to 7.3% at end-2014, still much below the long-term average of 8.7% over 1994-2013.

4.14 Overall prices for *office space* recorded a moderate gain of 4% between December 2013 and December 2014. Within the total, prices of Grade A, B and C office space went up by 1%, 4% and 1% respectively. Overall office rentals likewise rose by 4%, with those of Grade A, B and C office space increasing by 3%, 5% and 8% respectively. Reflecting the relative movements of prices and rentals, the average rental yields for Grade A and B office space, at 2.9% in December 2014, were little changed from a year earlier, while that for Grade C office space edged up from 2.8% to 2.9%. Meanwhile, transactions fell by 25% against a high base of comparison to 1 300 cases in 2014. In 2014, the take-up and completion of office space were 153 400 m² and 103 600 m² respectively. The vacancy rate thus declined from 7.0% at end-2013 to 6.3% at end-2014, well below the long-term average of 10.2% over

1994-2013.

4.15 Sale prices and rentals of *flatted factory space* rose by 6% and 8% respectively between December 2013 and December 2014. As a result, the average rental yield edged up from 2.8% to 2.9% over the period. While trading activities rebounded in the second quarter and remained generally steady thereafter, for 2014 as a whole transactions still shrank by 30% to 3 000 cases. As to demand-supply balance, there was a negative take-up of 13 300 m² for flatted factory space in 2014 and a completion of 35 600 m². Yet after taking into account demolition, the vacancy rate declined from 5.8% at end-2013 to 5.6% at end-2014, sharply below the long-term average of 8.2% over 1994-2013.

Diagram 4.6 : Prices and rentals of non-residential properties recorded moderate gains

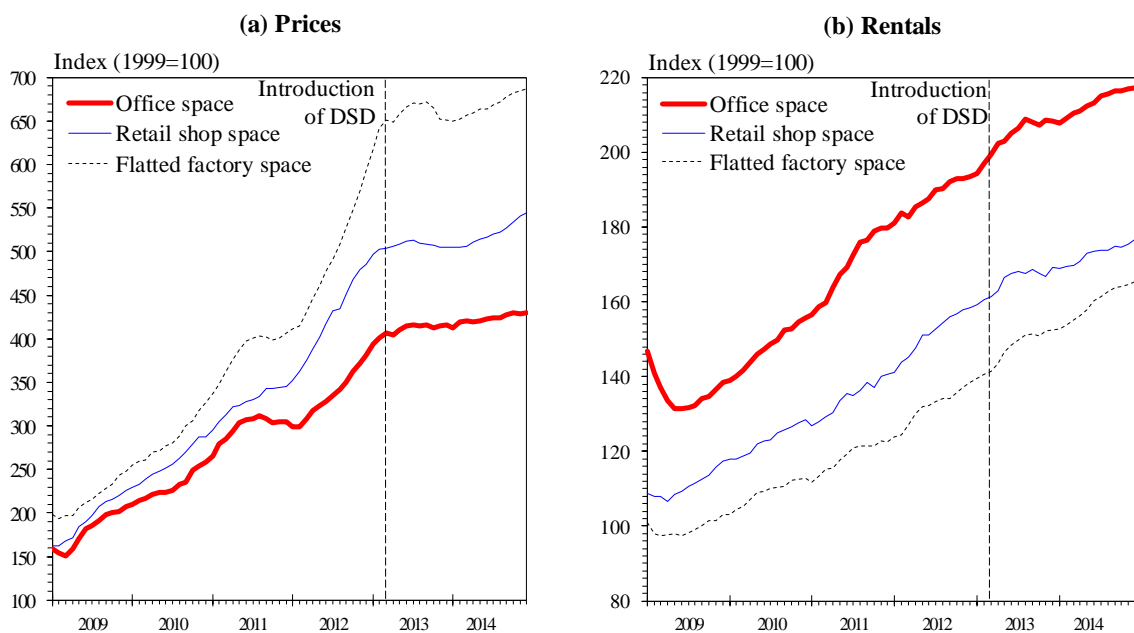
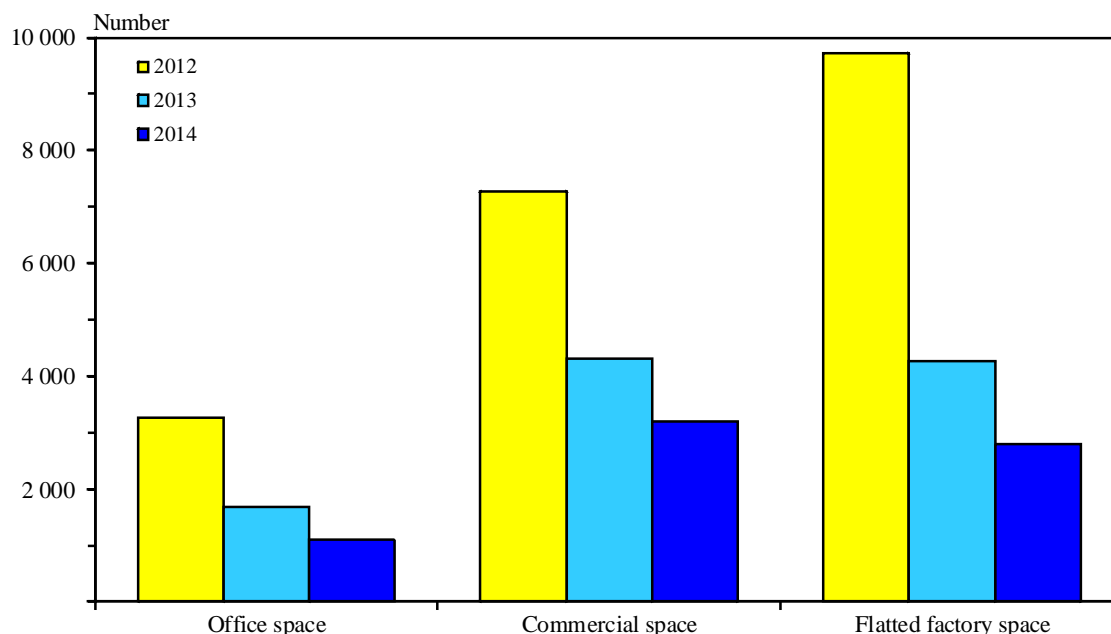


Diagram 4.7 : Transactions for commercial and industrial properties were still at subdued levels by historical standards



Land

4.16 Thirty eight sites with a total area of about 36.9 hectares were disposed in 2014, fetching a land premium of about \$51.7 billion. Among these sites, there were 28 residential sites, one residential and commercial/hotel site, one commercial/office site, one commercial/office/hotel site, one commercial site, one hotel site, and five sites for other uses. The tender exercises for four residential sites in Sha Tin, Kwai Chung, Beacon Hill and Tuen Mun, one business site in Kwai Chung, one commercial/office site in Kwun Tong, and one industrial site in Kwai Chung also commenced towards the end of the year.

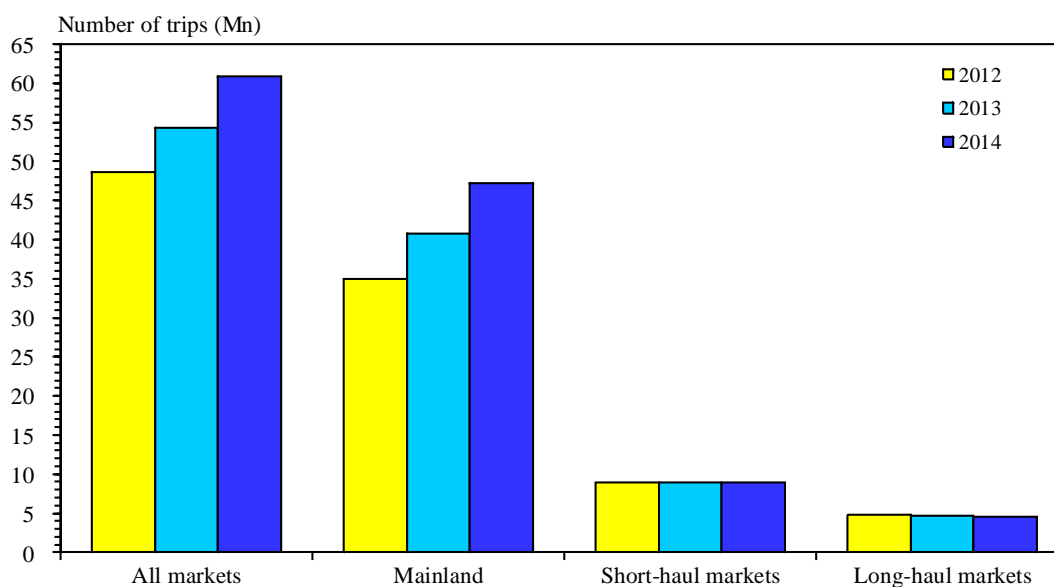
4.17 Regarding exchange of land, seven sites with a total area of about 1.5 hectares were approved in 2014, of which three were residential sites. As to lease modifications, a total of 91 sites were approved.

Tourism

4.18 Overall *visitor arrivals* registered a notable growth of 12.0% to 60.8 million in 2014, though this already represented a visible deceleration from the surge over the past few years. However, preliminary indicators suggested that visitor spending showed a modest decrease, conceivably due to a cut in spending on luxurious items like jewellery. Analysed by major market,

Mainland visitors continued to be the main impetus to growth, surging by 16.0% to 47.2 million and accounting for 77.7% of the total. By comparison, the performance of other markets was tepid. Dragged by a decline in the fourth quarter, visitors from short-haul markets only went up by 0.7% in 2014 while those from long-haul markets even edged down by 0.5%⁽⁵⁾.

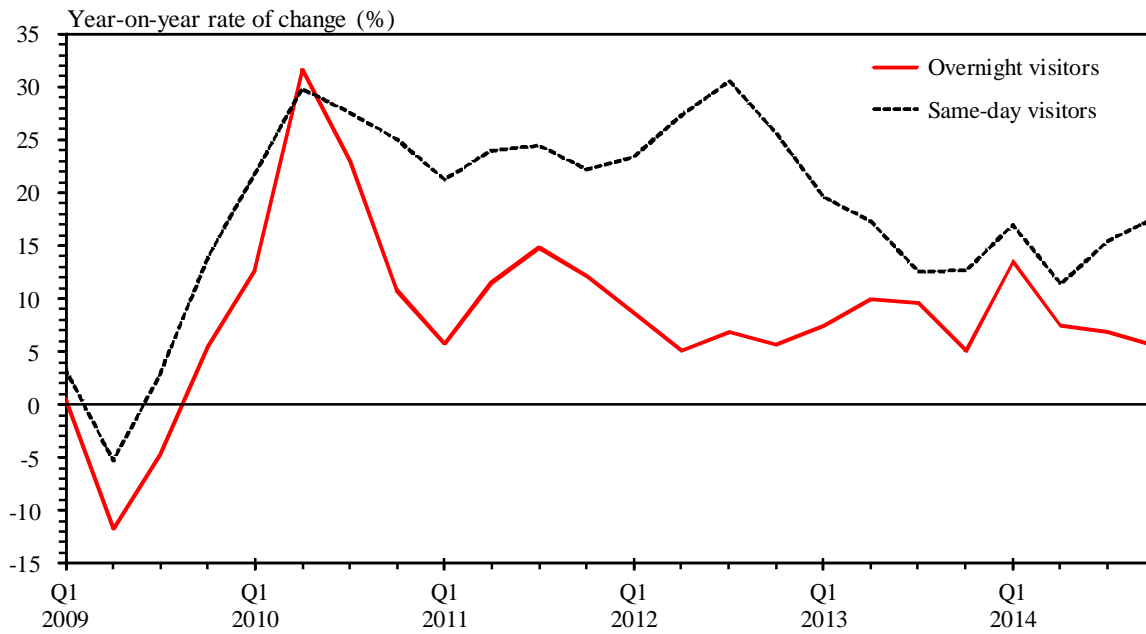
Diagram 4.8 : Mainland market remained the growth driver of inbound tourism



Note : See note (5) at the end of this chapter for the definition of short-haul and long-haul markets.

4.19 Analysed by the length of stay, same-day visitor arrivals grew by a notable 15.5% and overnight visitor arrivals by a less rapid 8.2%. As growth in same-day visitors continued to outpace that of overnight visitors, the share of same-day visitors rose further from 52.7% in 2013 to 54.4% in 2014, while that of overnight visitors declined from 47.3% to 45.6%.

Diagram 4.9 : Growth in same-day visitors continued to outpace that in overnight visitors

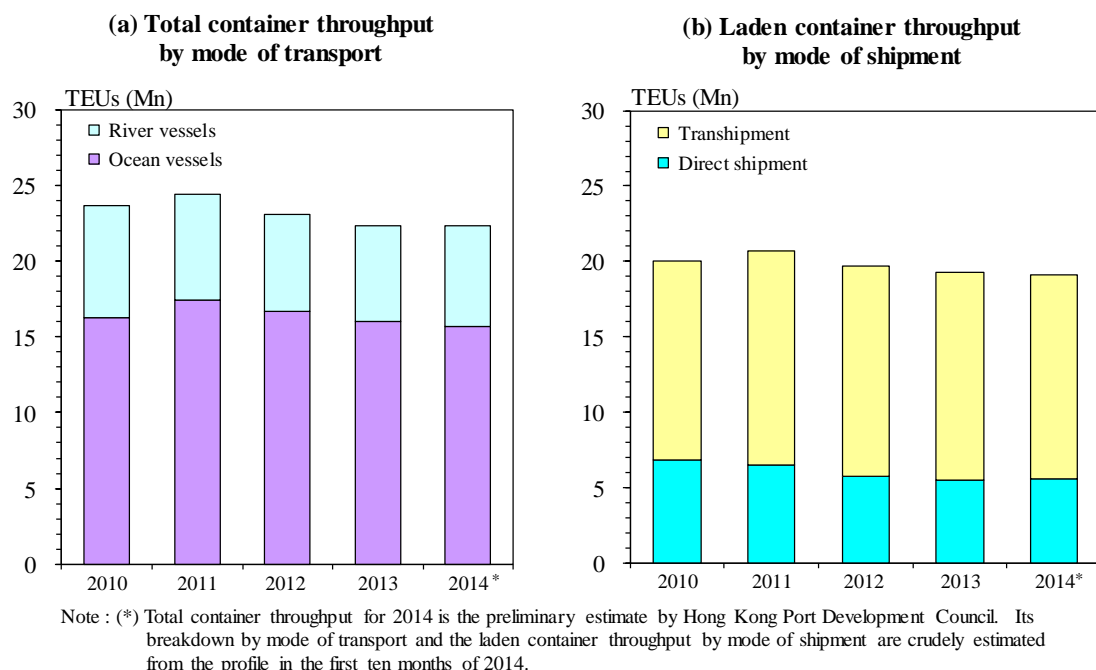


4.20 The average hotel room occupancy rate remained high at 90% in 2014. The average achieved hotel room rate rose by a modest 1.8% to \$1,473⁽⁶⁾.

Logistics

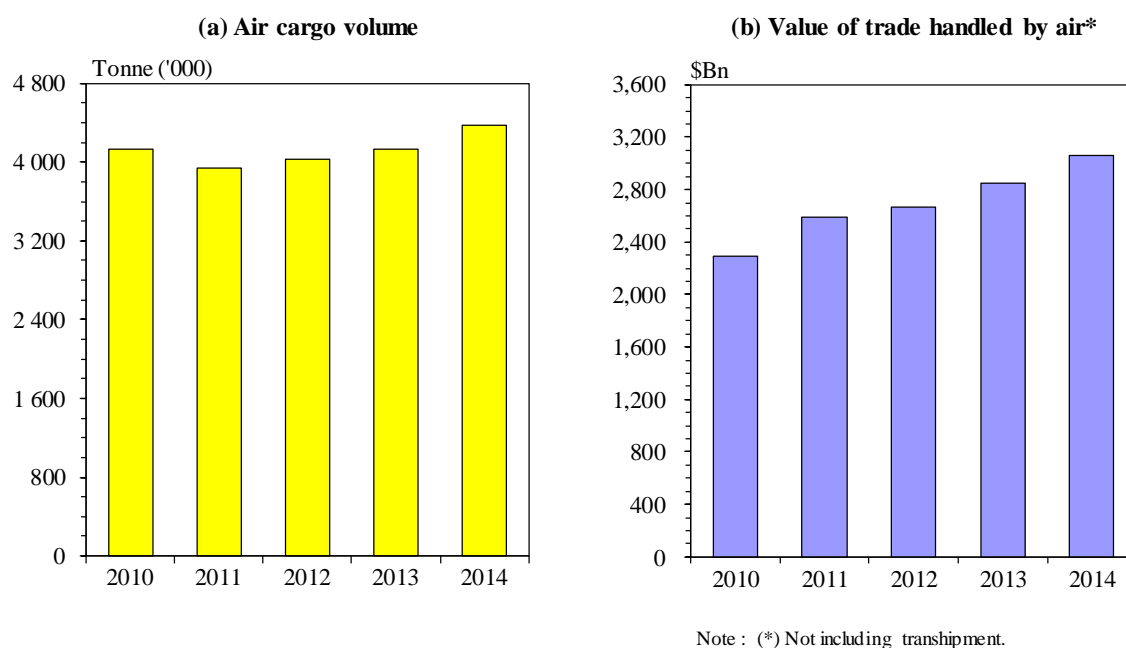
4.21 Amid the unstable external environment, the logistics sector was generally subdued. *Total container throughput* edged down by 0.3% to 22.3 million twenty-foot equivalent units (TEUs) in 2014. Within the laden container throughput, transshipment declined by 1.8% while direct shipment rose by 1.9%. Meanwhile, the value of trade handled at the Hong Kong port edged down by 0.7%, and its share in total trade shrank further from 23.1% in 2013 to 22.2% in 2014.

Diagram 4.10 : Container throughput recorded marginal decline



4.22 *Air freight throughput* fared slightly better, registering an accelerated growth of 6.0% to 4.4 million tonnes in 2014. In parallel, the value of trade by air increased by 7.3%, and its share in total trade rose from 37.4% to 38.8%.

Diagram 4.11 : Air cargo throughput and value of trade handled by air rose further



4.23 In December 2014 the Government released the findings of the Study on the Strategic Development Plan for Hong Kong Port 2030 and the Preliminary Feasibility Study (PFS) for Container Terminal 10 (CT10) at Southwest Tsing Yi. The study findings project that container throughput

would continue to grow in the coming years, and in order to cope with the projected growth, the handling capacity of the existing container terminals and related infrastructural facilities need to be enhanced. In light of these findings, the Government would continue to work with the trade and follow up on the various enhancement measures for improving the existing container terminals and port facilities in a pragmatic and progressive manner.

Transport

4.24 Traffic flows for most major modes of transport grew further in 2014. Air passenger traffic increased by another 5.8% to 63.4 million, and water-borne passenger trips by 2.1% to 28.4 million. As for land-based cross-boundary traffic, passenger trips rose by 4.9% to 219.0 million, while average daily vehicle movements declined by 2.1% to 41 675 (**Box 4.2**).

4.25 The West Island Line of the Mass Transit Railway (MTR) commenced operation in December 2014. This 3-kilometre extension to the MTR Island Line comprises three new stations. The HKU and Kennedy Town stations have already been opened, and the Sai Ying Pun Station is expected to come into service in the first quarter of 2015. The extension would reduce travelling time for commuters and further strengthen the efficiency and connectivity of the public transport network of Hong Kong.

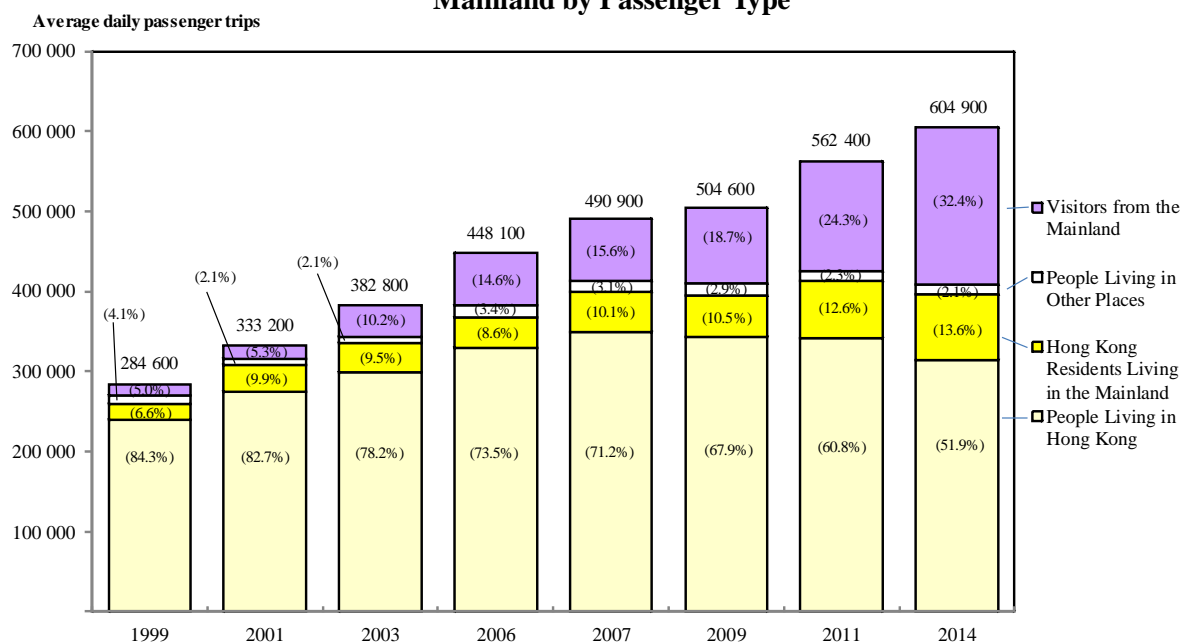
Box 4.2

Characteristics of cross-boundary trip makers

To provide a better understanding of the increasingly frequent cross-boundary travel activities, the Planning Department has been conducting regular surveys since 1999 to collect information on characteristics of cross-boundary trips and demographic profiles of trip makers. The latest survey, the eighth of the series and entitled *Cross-boundary Travel Survey 2013/14* (the Survey), was conducted in the first quarter of 2014, and the report was released in December 2014. This article summarises the results of the Survey.

Reflecting the closer socio-economic ties and more frequent interaction between Hong Kong and the Mainland, cross-boundary passenger trips between the two places recorded a sharp increase over the past few decades. These trips reached a daily average of 604 900 in 2014⁽¹⁾, representing an increase of 8% over 2011 and a sharp 113% over 1999. Yet trips made by different types of trip maker recorded varied performance. Trips made by people living in Hong Kong declined by 8% from 2011 to 314 200 in 2014. Its share also shrank from 60.8% to 51.9% over the period, though it still accounted for the largest share of cross-boundary trips. On the other hand, trips made by Hong Kong residents living in the Mainland and visitors from the Mainland increased noticeably, by 16% to 82 400 and 43% to 195 800 respectively. In parallel, their respective shares rose further to 13.6% and 32.4%. Meanwhile, trips made by people living in places other than Hong Kong and the Mainland, which accounted for only 2.1% of the total, dropped by 6% to 12 400. The major purposes of these trips (e.g. leisure, work, business) are analysed in the ensuing paragraphs.

Chart 1: Average Daily Passenger Trips between Hong Kong and the Mainland by Passenger Type



Notes : Figures in brackets refer to the percentage share of average daily passenger trips between Hong Kong and the Mainland. Figures may not add up due to rounding.

- (1) Figures on cross-boundary passenger trips in this box article refer to the daily average in the two-week survey period, unless otherwise specified. The survey was done in February-March 2014, while in previous years it was conducted in around November.

Box 4.2 (Cont'd)

People living in Hong Kong

Among the cross-boundary passenger trips made by people living in Hong Kong, leisure remained the most common purpose (42.0% of total) in 2014, though the absolute number of such trips continued to decline, by 21% from 2011. Conceivably, the decrease in price competitiveness amid the appreciation of Renminbi and the general increase in cost of living in the Pearl River Delta (especially Shenzhen) in the past few years has made the Mainland a relatively less attractive destination for Hong Kong tourists.

Meanwhile, trips for visiting relatives and friends accounted for 27.1% of cross-boundary passenger trips made by people living in Hong Kong. Business trips and trips for work took up another 18.6% and 7.1% respectively.

Hong Kong residents living in the Mainland

The Survey showed that “schooling” overtook “work” as the main purpose of cross-boundary passenger trips made by Hong Kong residents living in the Mainland. Such trips jumped by 67% over 2011 to 28 600 in 2014, and their share in the total soared from 24.3% to 34.8%. In parallel, the number of frequent trip-makers (i.e. usually travelled to Hong Kong at least once a week) that were students soared by 60% over the period. These coincided with the surge in the number of babies born to Mainland women in Hong Kong in the earlier years, some of whom have come back to Hong Kong for education. On the other hand, the share of trips for the purpose of work shrank to 26.3%. Trips for the purpose of leisure, visiting relatives and friends, and business accounted for 14.7%, 10.6% and 5.4% respectively.

Mainland visitors

Underpinned by the Individual Visit Scheme (IVS), leisure continued to be the dominant purpose of cross-boundary passenger trips made by Mainland visitors. The number of leisure trips jumped by another 42% over 2011 to 134 600 in 2014, equivalent to 68.7% of the total. The remaining Mainland visitor trips were for visiting friends and relatives (15.4% of the total), business (9.0%), transit (1.6%) and work (1.0%). Facilitated by the one-year multiple-entry IVS, the number of frequent leisure trip-makers from the Mainland jumped by 97% over 2011 to 121 700 persons. Within these frequent trip-makers, 9.8% travelled to Hong Kong four times or more each week, up from 6.9% in 2011.

Energy and Environment

4.26 In the 2015 Policy Address, the Chief Executive pledged to launch a public consultation on the long-term development of the electricity market and its regulatory framework after the expiry of the current Scheme of Control Agreements with the two power companies in 2018. Separately, stepping up its effort in energy conservation, the Government has set a new target of 5% saving in electricity consumption for Government buildings under comparable operating conditions in the coming five years.

4.27 The Chief Executive also announced several other measures related to environmental protection in the Policy Address. The Government would report on the proposed framework for the quantity-based municipal solid waste charging in 2015, in light of the recommendations by the Council for Sustainable Development⁽⁷⁾ and experience from the pilot scheme. Also, the Government would introduce a Recycling Fund to promote the sustainable development of the recycling industry. Moreover, the Government would introduce legislative proposals on the implementation of the Producer Responsibility Scheme on Waste Electrical and Electronic Equipment.

Notes :

- (1) Take-up figures represent the net increase in the number of units occupied. The figures are arrived at by adding the completions in that year to the vacancy figures at the beginning of the year, then subtracting the year's demolition and the year-end vacancy figures. Take-up should not be confused with the sales of new developments, and it bears no direct relationship to the number of units sold by developers. Negative take-up means that there is a decrease in the number of units occupied (i.e. property previously occupied was released during the year and remained vacant at the year-end).
- (2) Forecast completions in 2015 and 2016 are preliminary figures only, and are subject to revision upon the availability of more data.
- (3) For details of the measures promulgated in 2010, see Box 3.1 in the First Quarter Economic Report 2010, Box 3.1 in the Third Quarter Economic Report 2010 and note (2) at the end of Chapter 4 in the 2010 Economic Background and 2011 Prospects. For details of the measures promulgated in 2011, see note (2) at the end of Chapter 3 in the Half-yearly Economic Report 2011 and Box 3.1 in the Third Quarter Economic Report 2011. For details of the measures promulgated in 2012, see Box 3.1 in the Third Quarter Economic Report 2012 and Box 4.1 in the 2012 Economic Background and 2013 Prospects. For details of the measures promulgated in 2013, see Box 4.2 in the 2012 Economic Background and 2013 Prospects and Box 3.1 in the First Quarter Economic Report 2013. For details of the measures promulgated in 2014, see Box 4.1 in the 2013 Economic Background and 2014 Prospects.
- (4) The figures on transaction and vacancy rate refer to commercial space, which comprises retail premises and other premises designed or adapted for commercial use but excludes purpose-built office space.
- (5) Short-haul markets refer to North Asia, South and Southeast Asia, Taiwan and Macao, but excluding the Mainland, while long-haul markets refer to the Americas, Europe, Africa, the Middle East, Australia, New Zealand and South Pacific. In 2014, visitor arrivals from the Mainland, short-haul and long-haul markets accounted for respective shares of 78%, 15% and 8% of total visitors.
- (6) The figures on hotel room occupancy and achieved room rate do not include tourist guesthouses.
- (7) In December 2014, the Council for Sustainable Development submitted a report to the Government on the public engagement process on municipal solid waste charging, putting forward recommendations on general policy directions with a view to reducing community waste at source and promoting the sustainable development of Hong Kong. The report suggests implementing waste charging in both the domestic sector and the commercial-industrial sector in one go, and covers the four key issues deliberated during the public engagement process, namely charging mechanism, coverage of charging scheme, charging level and recycling.