

REPORT ON 2020 AREA ASSESSMENTS OF INDUSTRIAL LAND IN THE TERRITORY



**PLANNING
DEPARTMENT**

December 2021

[This is a blank page]

SUMMARY

The 2020 Area Assessments of Industrial Land in the Territory aims to update the snapshot of the existing private industrial buildings (IBs) in terms of their utilisation, review their progress of transformation and consider future planning of industrial land to meet the changing needs.

A. Overview of Existing Industrial Buildings

- (a) In comparison with 2014, the number of IBs and industrial floorspace have reduced from 1,448 to 1,342 IBs (-106) and from 27.85 million (M) m² to 27.24M m² (-0.61M) respectively, mainly because of the exclusion of some IBs which have been converted/redeveloped or are undertaking wholesale conversion/redevelopment to non-industrial uses.
- (b) The largest number of IBs are located in Eastern Kowloon, providing about 5.43M m² floorspace.
- (c) The pattern of usage is similar to the previous assessment in 2014 with more than half of the floorspace occupied by industrial uses (mainly for warehouse/storage) and about 34% of the floorspace occupied by non-industrial uses (mainly for office). The floorspace for office use has reduced from 28% to 25% whilst the floorspace for others, like shop and services, showroom and eating place, has increased from 6% to 9%. Some emerging uses like data centre, and research and design centre were observed. Industrial uses were mainly concentrated in Tsuen Wan/Kwai Chung and Eastern Kowloon, while non-industrial uses were located in Tsuen Wan/Kwai Chung, Eastern Kowloon and Cheung Sha Wan.
- (d) With regard to building age, about 65% IBs (880) were built before 1987 (pre-1987) and most of them (734) were located in Metro areas (such as Eastern Kowloon, Cheung Sha Wan and Tsuen Wan/Kwai Chung).
- (e) About 33% IBs (436) were under single ownership, and among them, 254 were pre-1987 IBs. Pre-1987 IBs under single ownership were mainly situated in Eastern Kowloon and Tsuen Wan/Kwai Chung.

- (f) According to the Rating and Valuation Department, the overall vacancy rates of private flatted factories, private industrial/office buildings and private storage buildings in 2020 were 6.4%, 10.2% and 5.4% respectively.
- (g) Both industrial and non-industrial uses were mainly associated with 'import/export, wholesale and retail trade' business.
- (h) Based on the survey's estimation, there were about 489,000 workers engaged in the operations in private IBs.
- (i) About 35% of the respondents indicated that their business operated in the IB units for over 10 years.

B. Progress of Transformation

- (a) A total of about 331 ha of land have been rezoned from "I" to "OU(B)" or other zonings since 2001 mainly in the Metro areas including Eastern Kowloon, Cheung Sha Wan and Tsuen Wan/Kwai Chung.
- (b) Since 2014, 76 IBs in "OU(B)" zones have been redeveloped or converted in a wholesale manner (or undergoing the works process) into office and/or other commercial uses. These active areas mainly include Eastern Kowloon, Cheung Sha Wan and Tsuen Wan/Kwai Tsing.
- (c) IBs in the "OU(B)" areas in Eastern Kowloon and Cheung Sha Wan had more transformation, mainly for office use.
- (d) Some IB owners indicated that financial return and/or disruption to business operation were their main considerations for redevelopment or not.
- (e) Data centre in IBs accounted for about 52% (0.385M m²) of the total floorspace of data centre in Hong Kong.

C. Planning Considerations

In considering the current situation and transformation of the industrial land, a cautious and incremental approach should be adopted to consider existing industrial areas' future planning:

- (a) Role of IBs / Industrial Land – the major use of IBs is still industrial, dominated by warehouse/storage with a mix of non-industrial and emerging uses.

- (b) Land Supply for General Industrial Uses – land for “I” uses had been rezoned to other uses in several rounds since 2001.
- (c) Industrial Floorspace’s Need and Provision in Long-term – by Year 2048, it is projected that there could be an estimated deficit of about 22ha land area (2.14M m² floorspace) for general industrial uses.
- (d) Vacancy - the vacancy rates of both private flatted factories and private storage buildings had been maintained at relatively low levels since 2015.
- (e) Employment - a significant portion (about 13.4% or 489,000) of the total workforce was engaged by IBs in the survey.

D. Recommendations

- (a) For “I” areas that already have been undergoing relatively more active transformation, such as Sheung Shui Areas 4 & 30, and Siu Lek Yuen, consideration may be given to rezoning the IBs in the areas to other uses like “OU(B)”, “C” and “Residential” to facilitate their future development.
- (b) To retain existing “I” and “OU(B)” zones to meet industrial (in particular warehousing) demands, while keep track of the changing planning context and circumstances of areas to respond to new policy initiatives as well as economic development needs;
- (c) To retain the “Residential” and “CDA” zones for the concerned industrial areas to continue encouraging and facilitating transformation.

[This is a blank page]

TABLE OF CONTENTS

1 Introduction

2 Existing Industrial Stock

2.1 Overall Industrial Stock 2-1

2.2 Profile of Industrial Buildings 2-4

3 Findings

3.1 Questionnaire Survey Findings 3-1

3.2 Progress of Transformation 3-11

(a) Rezoning 3-11

(b) IB Revitalisation Schemes 3-18

(c) Data Centre 3-23

4 Assessment of Industrial Clusters

4.1 Planning Considerations 4-1

4.2 Planning Assessments 4-2

Eastern Kowloon 4-3

Cheung Sha Wan 4-4

Tsuen Wan / Kwai Chung 4-5

Tuen Mun 4-7

5 Recommendations

5.1 Recommendations for "I" and "OU(B)" Areas 5-1

5.2 Areas with Scope for Transformation 5-2

5.3 Possible Implications on Industrial Land Supply /
Floorspace and Employment 5-5

5.4 Recommendations for "R(A)", "R(E)" and "CDA" Areas 5-6

5.5 Measures to facilitate Other uses 5-6

6 Next Steps

Plans

- 1 Area Assessments of Industrial Land in "I", "OU(B)", "R(A)", "R(E)" and "CDA" Zones (Metro Area)
- 2 Area Assessments of Industrial Land in "I", "OU(B)", "R(A)", "R(E)" and "CDA" Zones (Non-metro Area)
- 3 Spatial Distribution of Single-owned Pre-1987 Industrial Buildings (Metro Area)
- 4 Spatial Distribution of Single-owned Pre-1987 Industrial Buildings (Non-metro Area)



Appendices

1 Methodology

2 Distribution of "I" land

3 Detailed assessments of the individual industrial areas zoned "I"

- A01 Chai Wan
- A02 Po Chong Wan
- A03 Tin Wan Praya Road
- A04 Ap Lei Chau Praya Road
- A05 West Kowloon
- A06 Lai Chi Kok
- A07 South-West Kwai Chung
- A08 Central Kwai Chung
- A09 Tsuen Wan East
- A10 Tai Wai
- A11 Fo Tan
- A12 Siu Lek Yuen
- A13 On Lok Tsuen
- A14 Sheung Shui
- A15 Tuen Mun Areas 9, 12 and 17
- A16 Tuen Mun Area 16
- A17 Wu Shan Road, Tuen Mun
- A18 Tuen Mun Area 40
- A19 San Hei Tsuen / Tong Yan San Tsuen

4 Detailed assessments of the individual industrial areas zoned "OU(B)"

- B01 Shau Kei Wan
- B02 Wong Chuk Hang
- B03 Chai Wan
- B04 Chai Wan East
- B05 Tai Kok Tsui
- B06 Cheung Sha Wan
- B07 Hung Hom
- B08 San Po Kong
- B09 Kowloon Bay
- B10 Kwun Tong
- B11 Castle Peak Road/Wo Yi Hop Road
- B12 Kwai Chung Road
- B13 Texaco Road, Tsuen Wan
- B14 Chai Wan Kok
- B15 Tsing Yi
- B16 Shek Mun
- B17 Tai Po
- B18 Tuen Mun Area 9
- B19 Yuen Long
- B20 Ap Lei Chau West

5 Detailed assessments of the individual industrial areas zoned "R(A)"

- C01 Kennedy Town

- C02 Shau Kei Wan
- C03 Tai Kok Tsui
- C04 Sham Shui Po
- C05 Lai Chi Kok/Cheung Sha Wan
- C06 Ma Tau Kok
- C07 Chai Wan Kok
- C08 Tuen Mun Area 9

6 Detailed assessments of the individual industrial areas zoned "R(E)"

- D01 Kennedy Town
- D02 North Point
- D03 Tin Wan/Aberdeen
- D04 Tai Kok Tsui
- D05 Cheung Sha Wan
- D06 Ma Tau Kok
- D07 Yau Tong
- D08 Castle Peak Road/Wo Yi Hop Road
- D09 Texaco Road
- D10 Sham Tseng
- D11 Sai Kung Town
- D12 Yuen Long

7 Detailed assessments of the individual industrial areas zoned "CDA"

- E01 Cheung Sha Wan
- E02 Hung Hom
- E03 Ma Tau Kok
- E04 Yau Tong
- E05 Tsuen Wan East
- E06 Tuen Mun Area 9
- E07 Ping Shan



Abbreviations

AA	Area Assessments of Industrial Land in the Territory
"C"	"Commercial"
CCI	Creative and Cultural Industry
"CDA"	"Comprehensive Development Area"
C&SD	Census and Statistics Department
EFS	Engineering Feasibility Study (for residential development)
GFA	Gross Floor Area
"G/IC"	"Government, Institution or Community"
"I"	"Industrial"
I&T	Information Technology and Telecommunications Industries
IB	Industrial Building
IFA	Internal Floor Area
I/R interface	Industrial/Residential interface
LandsD	Lands Department
NDA	New Development Areas
"R(A)"	"Residential (Group A)"
"R(E)"	"Residential (Group E)"
PlanD	Planning Department
PR	Plot Ratio
RVD	Rating and Valuation Department
SME	Small & Medium Enterprises
the Board	the Town Planning Board

Rounding of Figures

There may be a slight discrepancy between the sum of individual items and the total as shown in figures and tables owing to rounding. The actual full figures without rounding are used in compiling the percentage shares in charts and tables.

[This is a blank page]

Background

- 1.1 The Planning Department (PlanD) has been conducting a series of AA since 2000 to obtain an updated utilisation profile of existing private IBs for forward planning, as recommended in the 1999 “Study to Review the Planning Framework for Reservation and Provision of Industrial Land”.
- 1.2 Actions to rezone “Industrial” (“I”) land started in January 2001 thereafter. During the period of January 2001 to August 2021, a total of about 332.6 ha of “I” land were rezoned to “Other Specified Uses” annotated “Business” (“OU(B)”) (215.5 ha) and other uses¹⁻¹ (117.1 ha) to facilitate redevelopment of IBs to meet the social and development needs. The last assessments, i.e. 2014 AA recommended that further large-scale rezoning of “I” land from “I” to other uses, such as residential, should not be encouraged considering the genuine need for industrial floorspace in the territory based on the then projected demand for manufacturing and general warehouse in the short to medium term. It, however, identified “I” areas in Chai Wan Kok and Ap Lei Chau West as potential business areas to reflect their land use transformation. It also suggested relaxing the development restrictions of sites in the On Lok Tsuen “I” area to help optimize the utilization of the sites. The above suggestions were taken forward in subsequent OZP amendments in 2016.

Coverage of the Survey

- 1.3 The 2020 AA adopted the same coverage of the last 2014 AA, that was private industrial land and premises identified by PlanD and records available in the Rating and Valuation Department (RVD) in “I”, “OU(B)”, “R(A)”, “R(E)” and “CDA” zones, but excluded special industrial uses (such as oil depots, marine or port related industries, industrial estates) and Hong Kong Housing Authority’s flatted factories. The survey covered 1,342 existing private IBs¹⁻² with a total GFA of 27.24M m².

¹⁻¹ Mainly included “Comprehensive Development Area” (“CDA”), “Government, Institution or Community” (“G/IC”), “Other Specified Uses” (including petrol filling station, columbarium, cemetery, commercial, leisure & tourism related uses, and mixed uses), “Residential (Group A)” (“R(A)”) and “Residential (Group E)” (“R(E)”).

¹⁻² Included private flatted factory buildings, private industrial/office (I/O) buildings and private storage buildings identified by PlanD and records available in the Rating and Valuation Department (RVD), but excluded rural industries within “Industrial (Group D)” zones, the special industrial uses (such as oil depots, marine or port-related industries and industrial estates), the Hong Kong Housing Authority’s flatted factories, the container terminals in Kwai Chung/Tsing Yi in “Other Specified Uses” zonings, and an “Industrial” zone of about 147.9ha in Tsing Yi which is mainly occupied by heavy industrial uses such as oil depots and dockyards, etc.

- 1.4 The survey was conducted from December 2019 to December 2020 to collect information of IB units including type of business, use, subdivision, occupant's relocation intention and concerns by way of questionnaire.

Methodology

- 1.5 Stratified sample survey was used except those IBs and areas with small population (i.e. IBs with less than 10 units, and IBs falling within "R(A)" and "CDA" zones) which were subject to full survey. In total, some 45,753 units were successfully surveyed, constituting an overall response rate of 65.5% with precision levels ranging from plus or minus 0.5% at 95% confidence level.
- 1.6 To understand the views of IB owners on redevelopment, owners of the pre-1987 single-owned IBs in non-industrial zonings which have no development progress were further inquired (the Owner Survey) in May and June 2021. Owners' views of 18 IBs were successfully obtained.
- 1.7 More detailed description of coverage and methodology of the survey are given in Appendix 1.

2

EXISTING INDUSTRIAL STOCK

2.1 Overall Industrial Stock

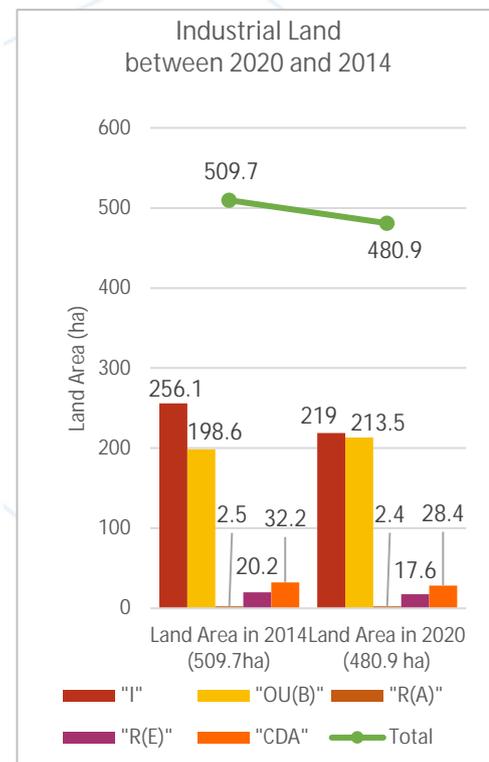
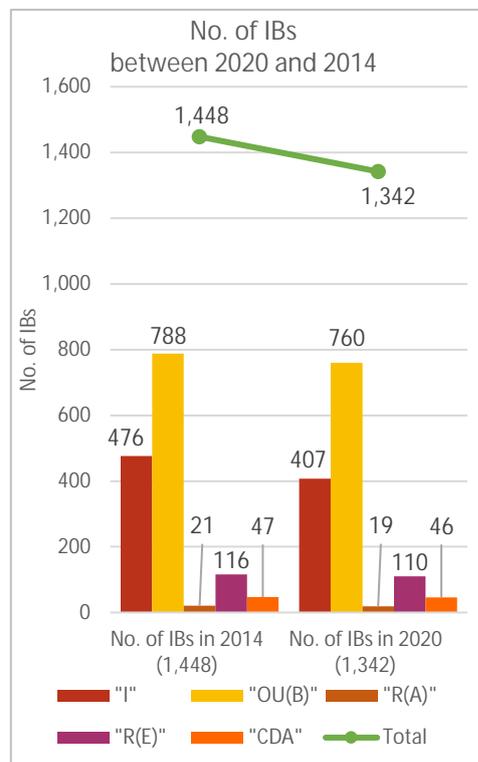
Number of IBs, Industrial Land and Industrial Floorspace

2.1.1 Since the 2014 AA, there has been a decrease in the overall industrial stock in the territory. Figures 2-1 to 2-3 show a decrease in both the number of IBs, the total industrial land, and the total industrial floorspace.

As at June 2021, there are
1,342 private IBs
480.9 ha industrial land
27.24M m² GFA

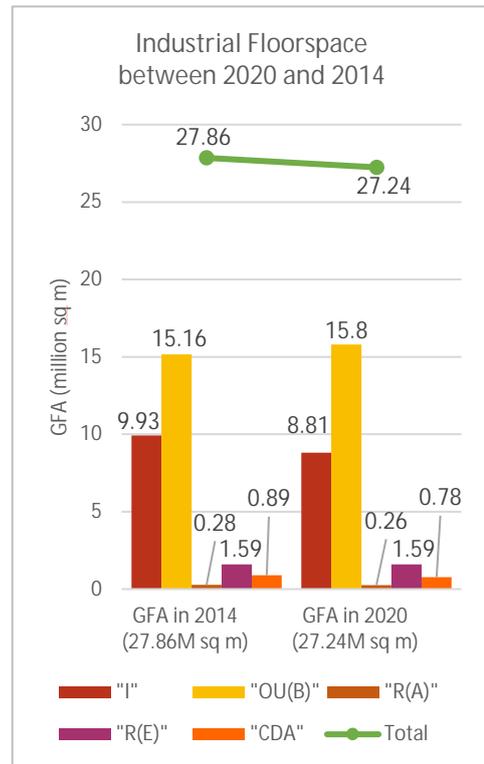
2.1.2 The total number of IBs in the territory has reduced by 106 (about 7.3%) from 1,448 in 2014 to 1,342 in 2020 (Figure 2-1). The net reduction is resulted from the deletion of 140 IBs mainly due to the exclusion of those IBs which have been converted/redeveloped or are undertaking wholesale conversion/redevelopment to non-industrial uses, and demolished/ rezoned for other proposed developments, etc.; as well as an addition of 34 IBs which were mainly newly-completed IBs after 2014 replenishing the stock.

Figures 2-1 (left) and 2-2 (right) Comparison of the total number of IBs and industrial land between 2020 and 2014



2.1.3 The total industrial land has reduced by 28.8ha (about 5.7%) from 509.7ha in 2014 to 480.9ha in 2020 (Figure 2-2), mainly because of being rezoned to other non-industrial zonings. Notwithstanding the above, the total industrial floorspace has decreased by merely 2.2% (i.e. 0.61M m²) from 27.86M m² in 2014 to 27.24M m² in 2020 (Figure 2-3).

Figure 2-3 Comparison of the total industrial floorspace between 2020 and 2014

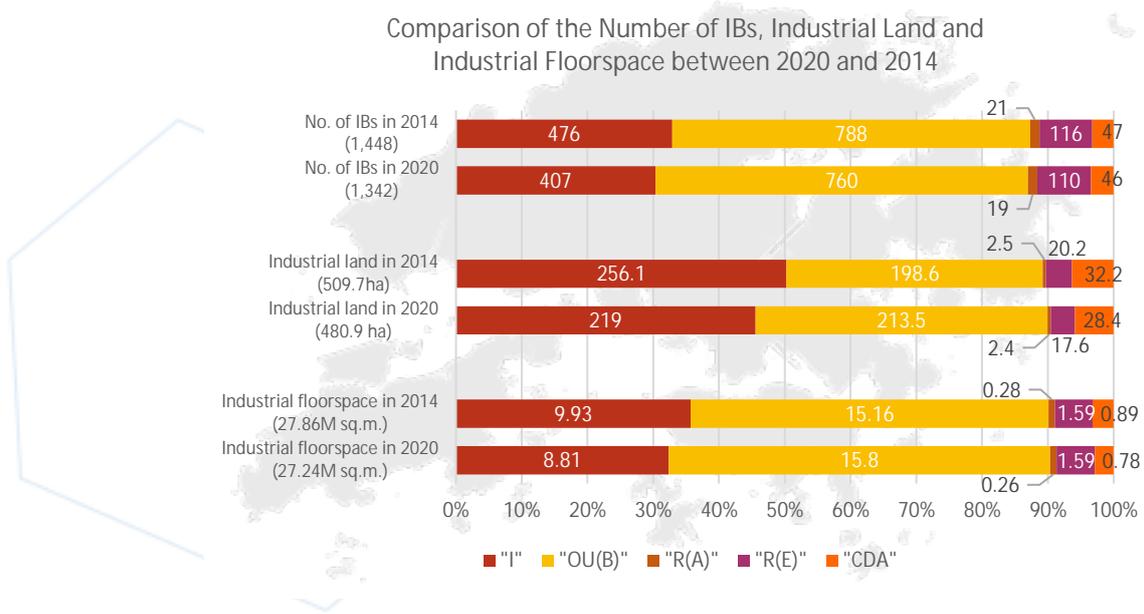


2.1.4 As for the zoning distribution of the building stock (Figure 2-4), while the zoning distribution of IBs/industrial land zoned "I" and "OU(B)" as a whole remains similar between 2014 and 2020²⁻¹, there was shift in the spread among the two zones mainly due to rezoning of "I" to "OU(B)". The IBs/industrial land

zoned "I" for have decreased both in terms of number of IBs (-3%), industrial land (-5%) and industrial floorspace (-3%); whilst the IBs/industrial land zoned "OU(B)" have increased both in terms of number of IBs (+2%), industrial land (+5%) and industrial floorspace (+4%). The zoning distribution of IBs/industrial land for the remaining three non-industrial zones remained similar between 2014 and 2020.

²⁻¹ IBs/industrial land zoned "I" and "OU(B)" account for 87% (no. of IBs), 90% (industrial land) and 90% (industrial floorspace) of the total building stock in both 2014 and 2020.

Figure 2-4 Comparison of the total number of IBs, industrial land and industrial floorspace between 2020 and 2014



Spatial Distribution

2.1.5 Most of the industrial floorspace (i.e. 21.21M m²) were located in the metro area while only 6.03M m² were located in the non-metro area. The spatial distribution of IBs/industrial land were shown at Plans 1 to 2. There were five locations in the territory with industrial floorspace of more than one million sq m (Figure 2-5). The largest share of GFA (about 8.87M m²) provided by 311 IBs were located in Tsuen Wan/Kwai Chung, whilst the largest number of IBs were located in Eastern Kowloon (323 IBs), providing a total of 5.43M m² GFA.

Figure 2-5 Spatial distribution of locations with IBs/industrial land providing industrial floorspace of more than one million sq m



2.2 Profile of Industrial Buildings

Building Age

2.2.1 Among the 1,342 IBs under survey, about two thirds (i.e. 880 or 65.6%) were built before 1987²⁻² and most of them (i.e. 734 IBs) were located in metro areas. These pre-1987 IBs generally contribute to about 60% to 70% of the building stock across different locations (Figure 2-6), with Eastern Kowloon having the most pre-1987 IBs in terms of number (i.e. 227 IBs), and Tuen Mun having the most pre-1987 IBs in terms of percentage (i.e. 75% of the 72 IBs in the area). The stock of the pre-1987 IBs among the five locations with industrial floorspace of more than one million sq m in descending order are illustrated in Figure 2-7 below.

Figure 2-6 Building age distribution of IBs by location

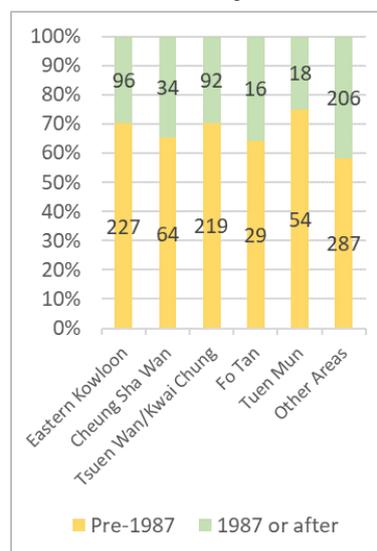
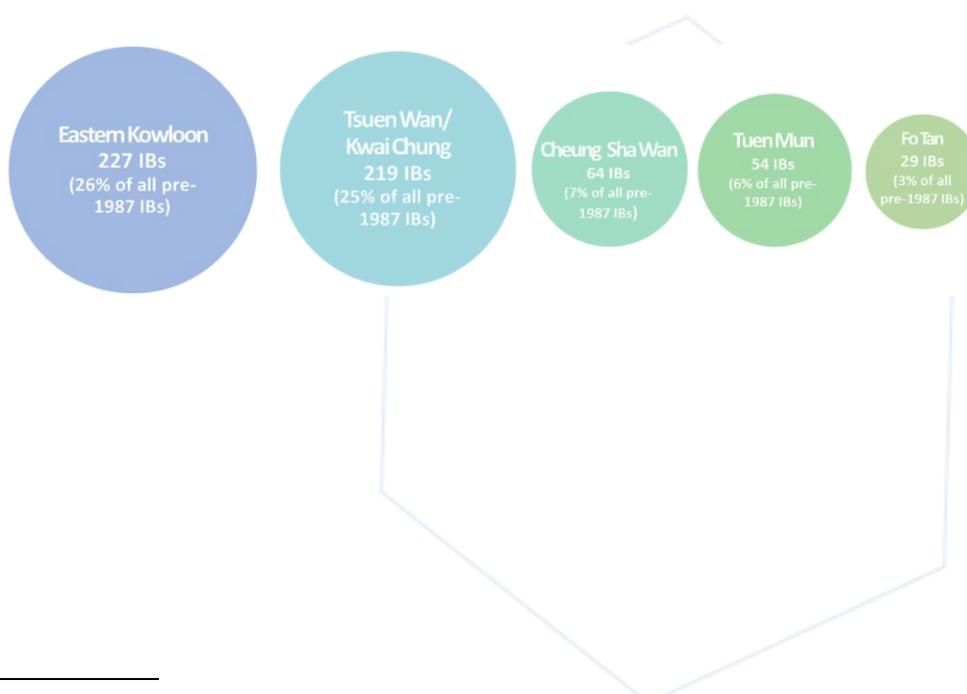


Figure 2-7 Stock of pre-1987 IBs in the five locations with IBs providing total GFA of more than one million sq m



²⁻² Pre-1987 IBs refer to those eligible IBs which were wholly or partly constructed on or before 1 March 1987, or those constructed with their building plans first submitted to the Building Authority for approval on or before the same date. The Code of Practice for Minimum Fire Service Installations and Equipment ("FSI Code") was revised by the Fire Services Department in 1987 to govern fire service installations and equipment of buildings built thereafter, including extending the requirement of installing automatic sprinkler systems to all IBs constructed after 1 March 1987 or with building plans first submitted for approval after that date.

2.2.2 As for pre-1987 IBs within each zone under survey (Figure 2-8), it is noticed that pre-1987 IBs accounted for about 60% of the IBs in "I" and "OU(B)" zones, whilst almost 80% to 95% of the IBs in non-industrial zonings (i.e. "R(A)", "R(E)" and "CDA") were pre-1987 IBs.

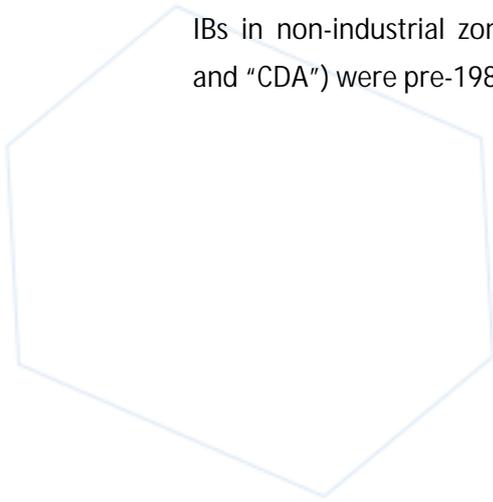
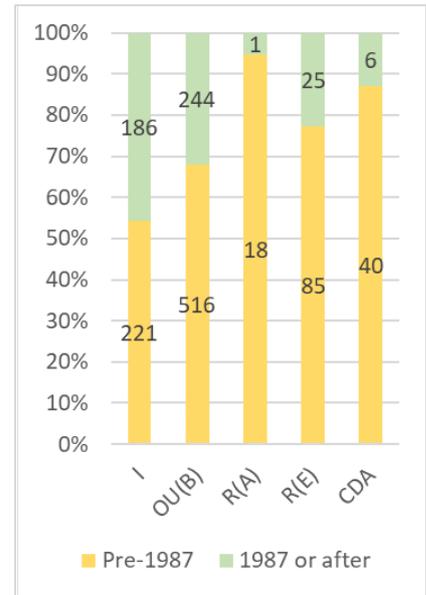


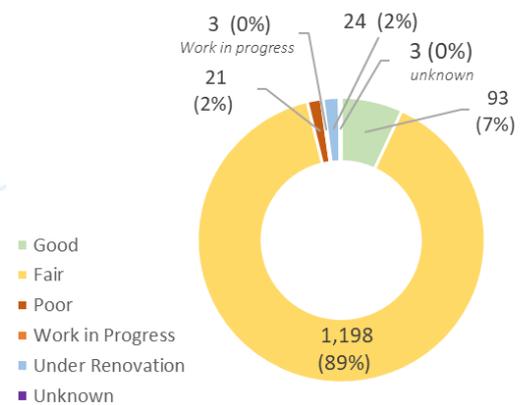
Figure 2-8 Building age distribution of IBs by zone



Building Condition

2.2.3 Despite two thirds of the building stock were built before 1987, it is noted from site inspections that most of the IBs (1,291 of 1,342) were in fair (about 89%) or good (about 7%) condition (Figure 2-9).

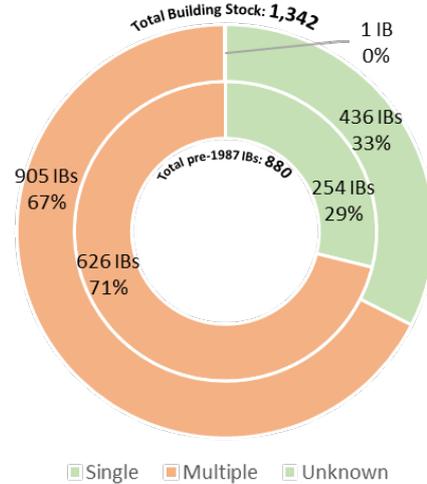
Figure 2-9 Building condition of IBs



Building Ownership

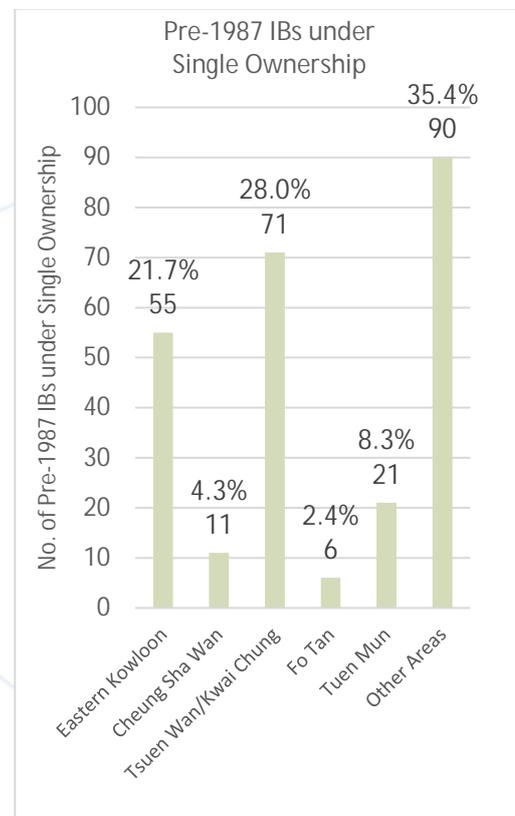
2.2.4 The ownership of the IBs were generally fragmented. Among the 1,342 IBs under survey, about two thirds (i.e. 905 IBs) were under multiple ownership. As for those under single ownership (i.e. 436 of 1,342), 254 were pre-1987 IBs. Figure 2-10 gives an overview on the ownership distribution by building age.

Figure 2-10 Ownership distribution by building age



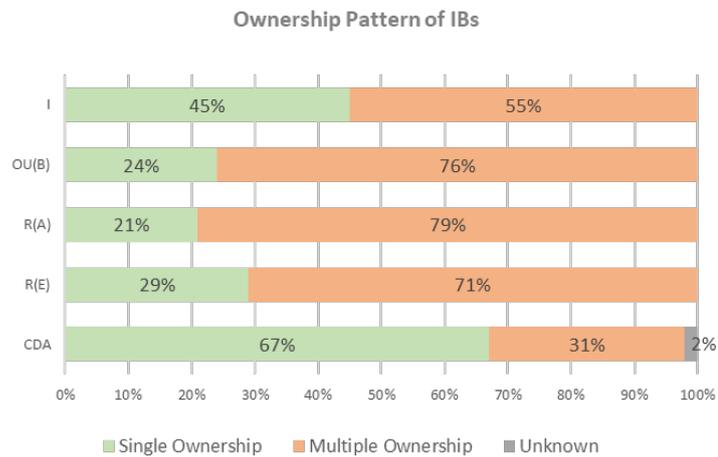
2.2.5 Among the 254 pre-1987 IBs under single ownership (Figure 2-11 and Plans 3 to 4), it is noticed that half of the stock (126 IBs) were located at the two locations where the largest number of IBs and largest share of industrial floorspace were at (i.e. Eastern Kowloon and Tsuen Wan/Kwai Chung).

Figure 2-11 Distribution of pre-1987 IBs under single ownership



2.2.6 As for the building ownership pattern of the 1,342 IBs across different zones, it can be seen from Figure 2-12 that the building ownership across different zones were generally fragmented, with the exception of those IBs falling within “I” and “CDA” zones, where single ownership accounted for 45% and 67% of the building stock respectively.

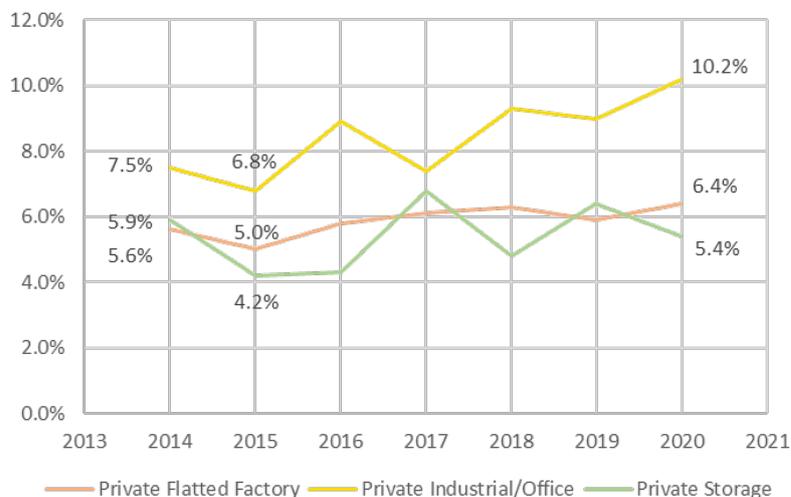
Figure 2-12 Building ownership distribution by zonings



Vacancy

2.2.7 According to RVD’s Hong Kong Property Review, the overall vacancy rates of private flatted factories and private storage buildings in 2020 were 6.4% and 5.4% respectively. The vacancy rates of both private flatted factories and private storage buildings had been maintained at relatively low level (below or equal to 6.8%) since 2015 (Figure 2-13).

Figure 2-13 Vacancy rates of private flatted factories, industrial-office buildings and private storage buildings



[This is a blank page]

3.1 Questionnaire Survey Findings

- 3.1.1 Based on information obtained in the questionnaire (Appendix 1), this chapter summarises the findings on usage and associated business, subdivision and occupancy. This chapter also, by cross-tabulating the information, gives a brief account of start-ups and SMEs in IBs, as well as cultural and creative industry which is recognised as an emerging industry.

Usage and Associated Business

Predominant Use

- 3.1.2 The predominant use of IBs were industrial uses (mainly for warehouse/storage) which occupied more than half (58.0%) of the floorspace. However, a significant portion (about 33.9%) was used for non-industrial purposes (mainly for office and uses like shop and services, data centre, research and design centre). In comparison with 2014, there was no significant change in the amount of floorspace occupied by warehouse/storage and manufacturing/workshop but office floorspace in IBs has decreased (-0.96M m²) and that of other non-industrial uses increased (+0.74M m²) (Figure 3-1).

Industrial Uses ³⁻¹

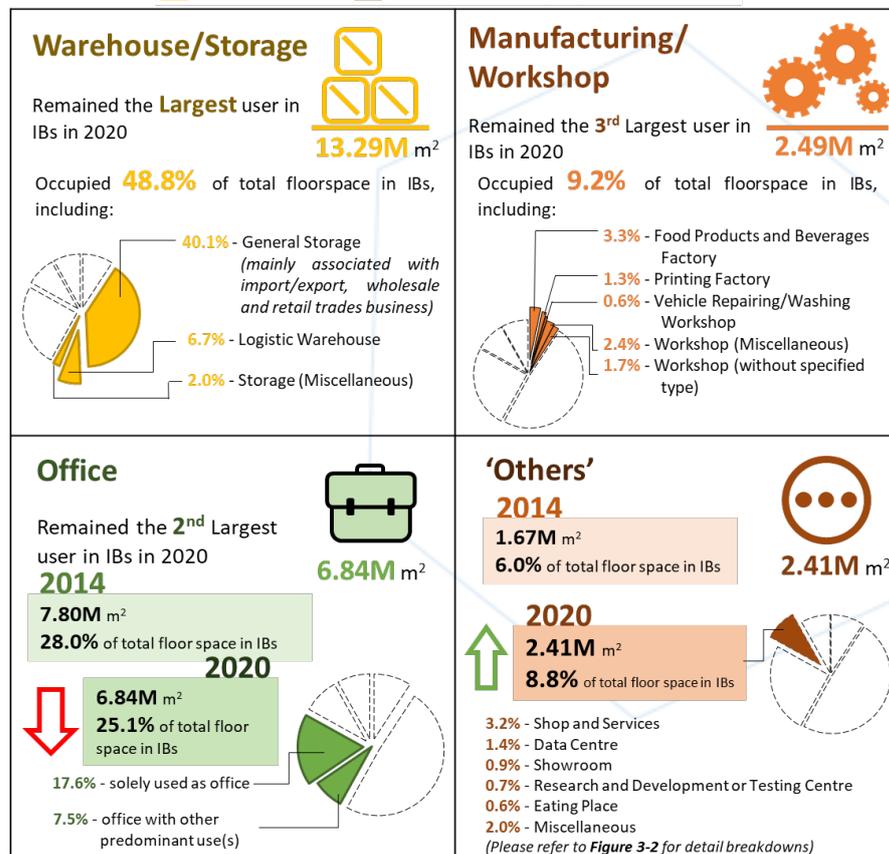
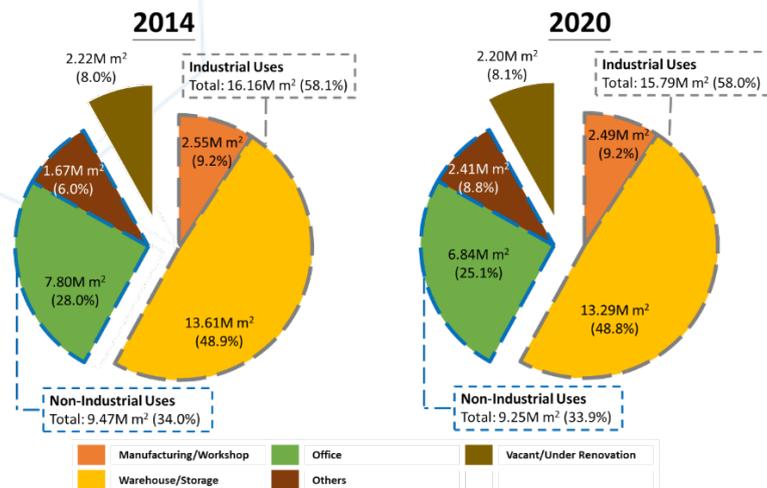
- 3.1.3 From Figure 3-1, among warehouse/storage uses, about 10.93M m² were occupied by general storage associated with "import/export, wholesale and retail trade" business and they were mainly located in Tsuen Wan/Kwai Chung and Eastern Kowloon. A moderate amount of logistic warehouse was also found, mostly in Tuen Mun, Kwai Chung and Shuk Mun. For manufacturing/workshop uses, food products and beverages factories occupied the largest amount of floorspace (about 0.90M m²) and they were also mainly located in Tuen Mun and Tsuen Wan/Kwai Chung.

³⁻¹ The 2020 AA follow TPB's definition of Industrial Uses, which are defined under the Broad Use Terms of TPB. The term 'Industrial Uses' is kept in presenting the findings and analysing the progress of transformation. Adjustment is made in presenting the survey findings of I&T, laboratory, research design and development centre and inspection and testing centre so as to facilitate comparison with previous Area Assessments.

Non-industrial Uses

3.1.4 Office use occupied 6.84M m² of floorspace in IBs as shown in Figure 3-1 mainly associated with “import/export, wholesale and retail trades”. Some 70% of the GFA (about 4.79M m²) were occupied by units solely used as office use without ancillary workshop, warehouse or other uses. The IBs with units used solely as office were mainly found in Eastern Kowloon, Cheung Sha Wan, Hung Hom and Chai Wan Kok. As to other non-industrial uses, shop and services held a major share and they were mainly located in Eastern Kowloon, and Cheung Sha Wan.

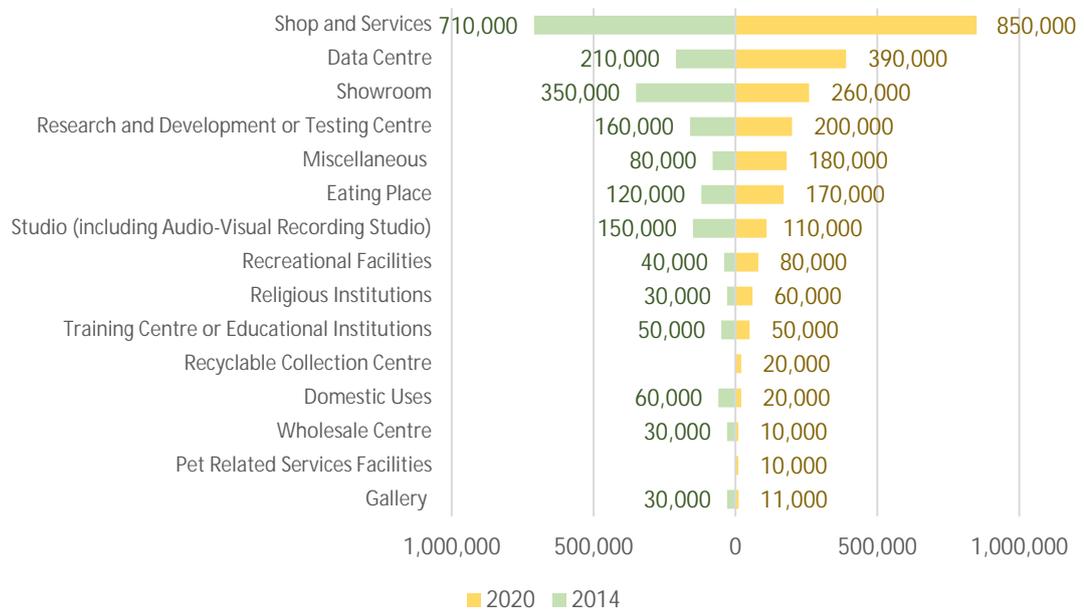
Figure 3-1 Overall Uses in IBs



Other Emerging Uses

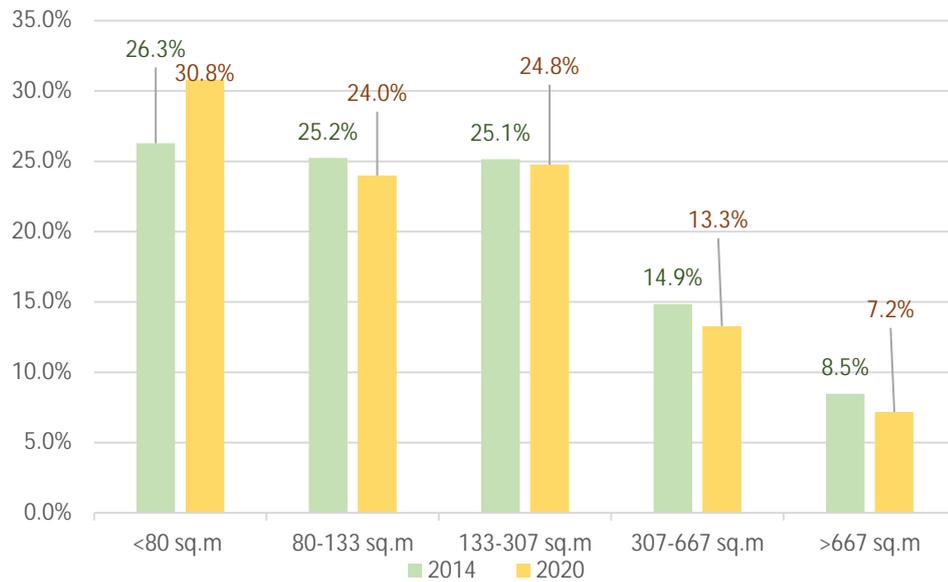
3.1.5 Apart from shop and services, it can be seen from Figure 3-2 that floorspace occupied by data centre, and research and design centre had increased notably by about 85.7% and 25% respectively from about 0.21M m² and 0.16M m² in 2014 to 0.39M m² and 0.20M m² in 2020. Data centre were found in premises/ floors as well as in whole IBs. For the latter, there were 11 IBs in Tsuen Wan / Kwai Chung, Eastern Kowloon, Wong Chuk Hang, Sha Tin and On Lok Tsuen wholly used as data centre. Floorspace occupied by place of entertainment, recreational, sports or culture, religious institutions, recyclable collection centre and pet related services facilities, though small in scale, had doubled since 2014 AA (Figure 3-2).

Figure 3-2 Breakdown of 'Others' uses in IBs (GFA in m²)



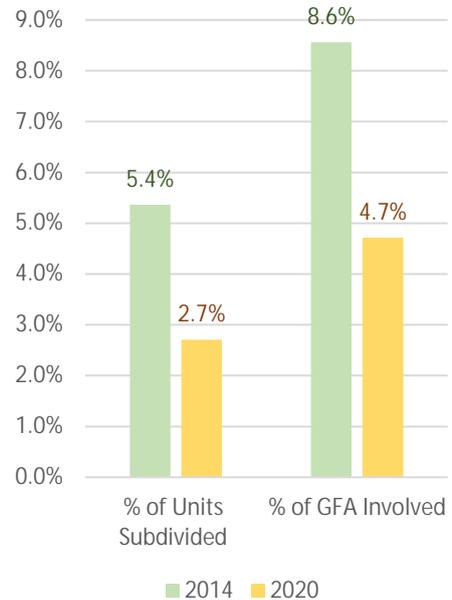
Unit Size and Subdivision

Figure 3-3 Distribution of IB Unit by Size



3.1.6 There was a total of 99,619 units in the 1,342 IBs under survey. The average size of IB units was about 273.4 m² and the most common size were smaller than 80m² (Figure 3-3). Nevertheless, the magnitude of subdivision, in terms of number of units and percentage of GFA involved has recorded a decrement to about 2.7% of the total units (i.e. 2,694 units) representing about 4.7% (or 1.28M m²) of total floorspace (Figure 3-4).

Figure 3-4 Units Subdivided and GFA involved



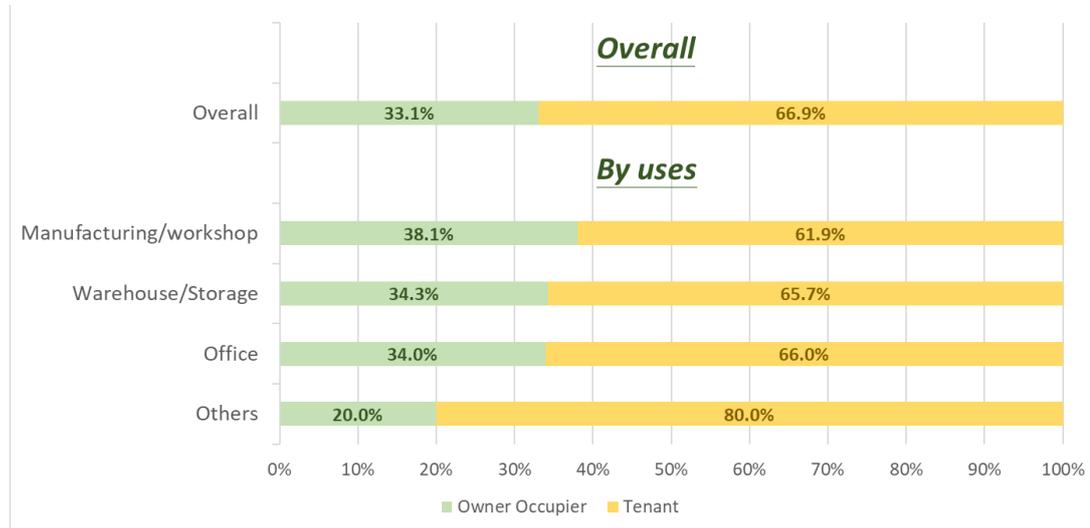
Occupier of Units

3.1.7 About 66.9% of the respondents (out of 78,695 surveyed units) were tenants while 33.1% (representing 21.9% of GFA in IBs) were owners. But relatively more owner-occupiers were found in manufacturing/

21.9% of floorspace in IBs were used by owner-occupiers

workshop units, while some 80% of occupiers operating non-industrial uses grouped under 'others' were tenants (Figure 3-5).

Figure 3-5 Owner-occupier and tenant in IBs



Years of occupation

3.1.8 Over 40% of the respondents (out of 78,698 surveyed units) had 5 years or less occupancy but another 35.1% of them has been in use for over 10 years. As shown in the tenure for manufacturing/workshop and others (Table 3-1), respondents operating manufacturing/workshop are characterized with long occupancy. On contrast, occupancy of uses grouped under 'others', which many of them were emerging uses, was relatively shorter.

Table 3-1 Years of occupation

Usage	Years of occupation				
	<=2	2-5	5-10	10-20	>20
Manufacturing/ workshop	15.5%	19.1%	19.1%	23.7%	22.6%
Warehouse/storage	19.6%	22.5%	21.0%	20.6%	16.3%
Office	22.5%	25.4%	19.7%	19.1%	13.4%
Others	30.9%	24.0%	19.8%	15.3%	10.0%
Total	21.4%	23.3%	20.2%	19.8%	15.3%

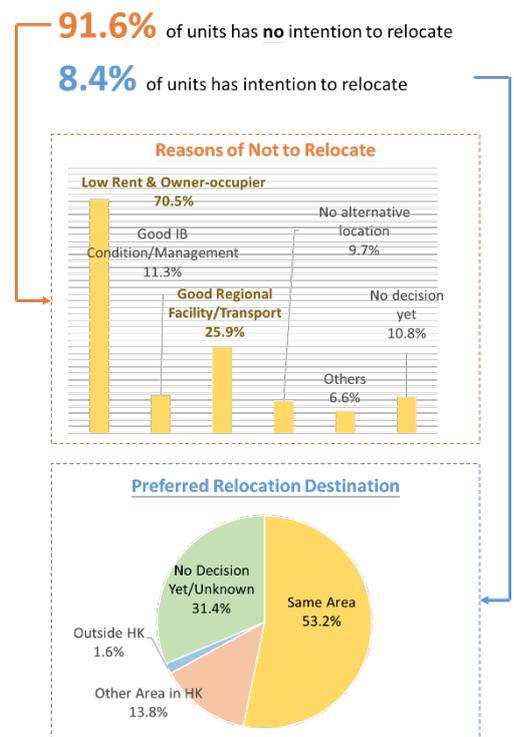
Intention and reasons to relocate

3.1.9 Over 90% of the respondents (out of 65,597 surveyed units in “I” and “OU(B)” zones) indicated that they had no intention to relocate existing operation to other areas mainly because the rental cost of IBs was affordable, they were owner-occupier, the area was easily accessible, and finding alternative premises was difficult.

3.1.10 Those who had intention to relocate preferred to keep their operation in Hong Kong (66%) especially in the same area. Only a handful of them (1.6%) would consider relocation to area outside Hong Kong (Figure 3-6).

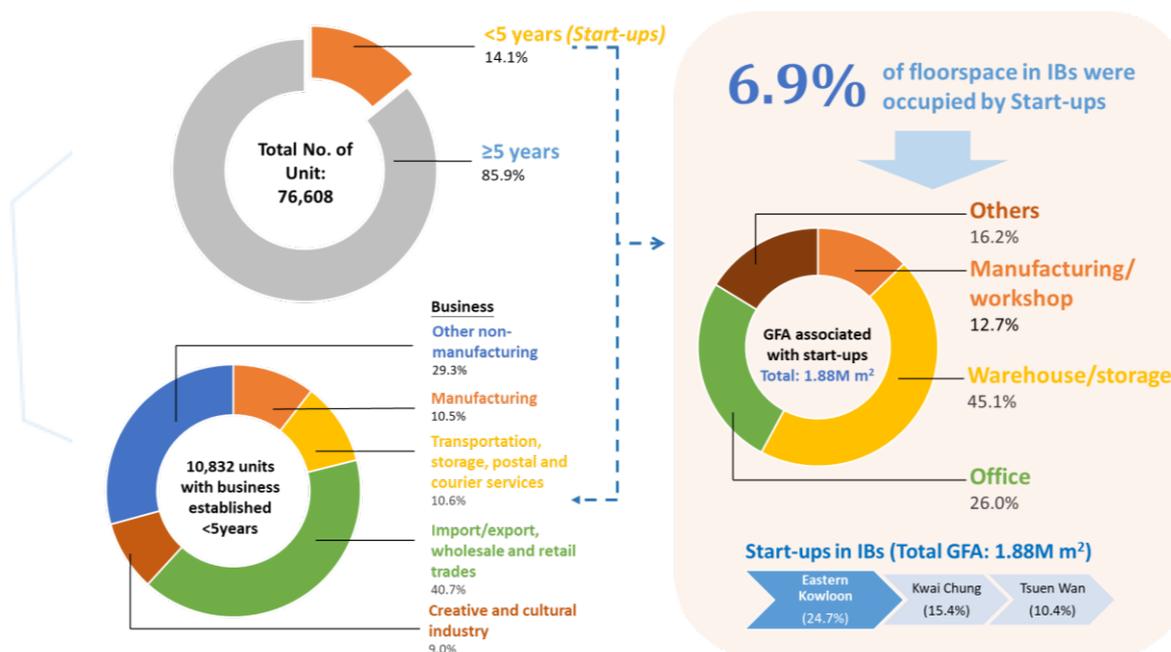
3.1.11 Respondents in “R(A)”, “R(E)” and “CDA” zones, 46.9% (out of 4,635 surveyed units) indicated that they would continue their operation in other areas if the existing IBs were to be redeveloped, while 53.1% were uncertain and indicated no intention to continue.

Figure 3-6
Relocation Intention (“I” and “OU(B)” zones)



Start-ups in IBs

Figure 3-7 Start-ups in IBs



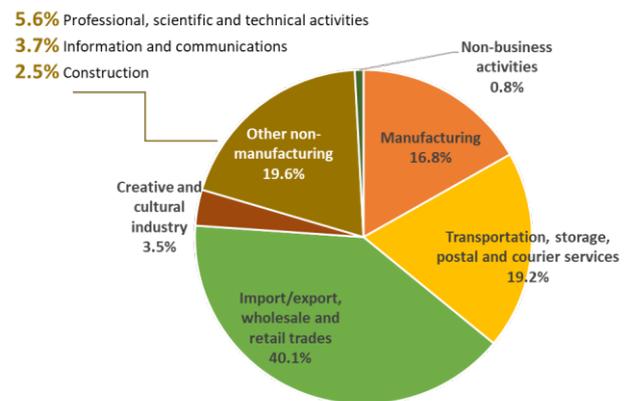
3.1.12 The usage and business profile of start-ups, defined as companies registered for no more than 5 years in the Survey³⁻², was investigated for the first time in AA. It was found that of the 76,608 units occupied by registered companies in the survey, some 14.1% of them, (i.e. 10,832 units) was start-ups. They were associated with import/export, wholesale and retail trades business (40.7%) and other non-manufacturing business (29.3%) such as “professional, scientific and technical activities”, “accommodation and food service activities”, “construction” and “arts, entertainment and recreation”. Start-ups had more GFA share in manufacturing/workshop producing a mixed of goods/services including food and beverage, vehicle repairing and washing, printing, and facemask. They also operated a mixed of uses under ‘others’ such as shop & services, eating place, place of entertainment/recreation and art studio. Over 90% of start-ups were tenants and tended to occupy small sized units of less than 80m². Start-up companies were mainly found in Eastern Kowloon, Kwai Chung and Tsuen Wan (Figure 3-7).

³⁻² There is no express definition for ‘start-up’, the years of company establishment is therefore adopted from one of the requirements of Hong Kong Science and Technology Parks’ Incubation programme which aims to help start-up to set off their businesses. (Source: <https://www.hkstp.org/innovate-with-us/incubation/hkstp-incubation/>)

Cultural and Creative Industry

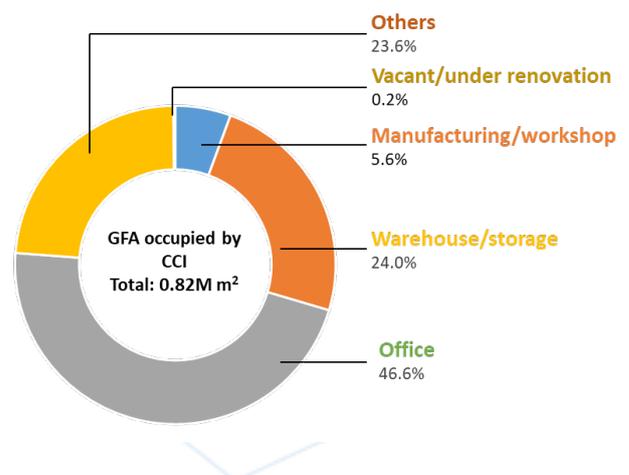
3.1.13 The relevant businesses pertinent to cultural and creative industry (CCI) in IBs are drawn up based on the definition of the Census and Statistics Department (C&SD) which had studied CCI since 2010. These business activities engaged in IB includes publishing, audio/video production, advertising/marketing, specialised design, cultural education, and creative/performing arts. It can be seen from Figure 3-8 that the floorspace in IBs were mostly associated with import/export, wholesale and retail trades activities (40.1%) and a mix of professional, scientific and technical activities, information and communication activities and construction business grouped under 'other non-manufacturing'. CCI had a share of some 3.5% (about 0.82M m²).

Figure 3-8 Overall type of business in IBs



3.1.14 Of the floorspace used by CCI, a fairly high percentage was used as shop and services (6.3%), art studio (4.6%) and audio-visual recording studio (4.5%) grouped under 'Others' (Figure 3-9). Over 80% of CCI were tenants and many of them took up medium-sized units of smaller than 133m². Although only about 26% of units used by CCI were start-ups, most units used by CCI have only been occupied by less than 5 years. CCI uses were commonly found in Eastern Kowloon (31.4%), Kwai Chung (12.4%), and Tsuen Wan (11.7%).

Figure 3-9 Floorspace occupied by CCI in IBs



SMEs in IBs

SMEs in Hong Kong

SME refers to manufacturing business which employs less than 100 persons, or non-manufacturing business which employs less than 50 persons. Among SME, there are micro-enterprises which are defined as business that employs less than 10 persons.

The Hong Kong business sector is predominated by SME, the vitality and business performance of SMEs are of crucial importance to the development of Hong Kong. As at March 2021, there were over 340,000 SMEs in Hong Kong, constituting more than 98% of the total number of business establishments and providing job opportunities for more than 1.2M persons (45% employment in private sector).

(Sources from the C&SD and Trade and Industry Department)

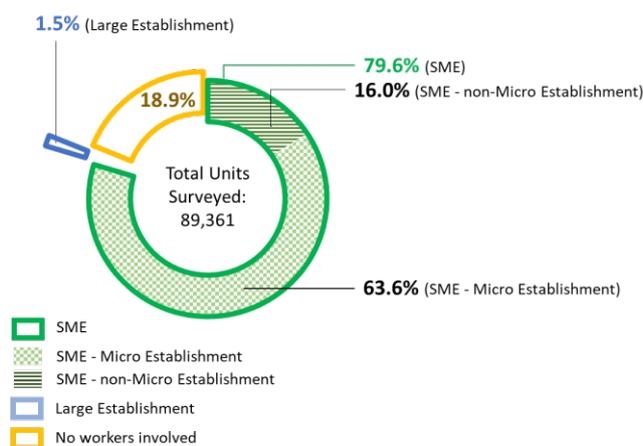
3.1.15 Based on general definition adopted by C&SD and no. of workers engaged in surveyed units, different sizes of establishment were first time identified in the AA. It is also estimated that the operations in IB engaged a total of 489,000 employees, contributing to 12.7% of labour force in Hong Kong³⁻³ and a significant portion (61.3%) of floorspace in IBs were found occupied by SMEs.

61.3% of floorspace in IBs were used by SMEs

About 489,000 Labour force engaged in IBs

3.1.16 Almost 80% (71,172) of the surveyed units were found occupied by SMEs, within which a majority (56,833) were micro establishment. Some other 18.9% (16,869) of the surveyed units, typically warehouse, involved no workers (Figure 3-10).

Figure 3-10 Size of Establishments in IBs

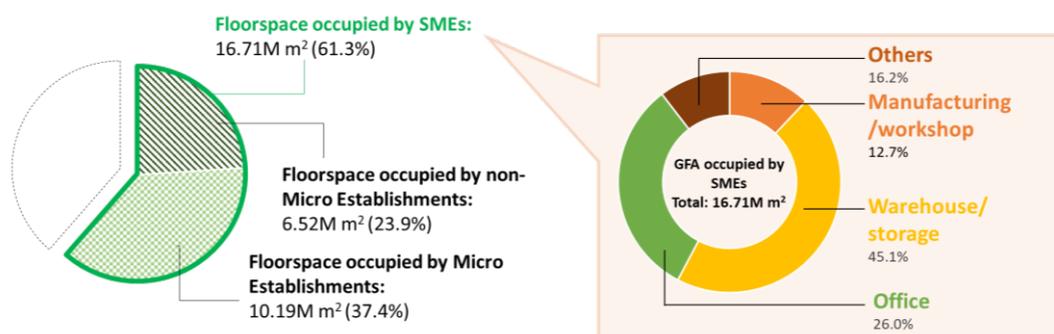


³⁻³ According to C&SD, the labour force and employed persons in Hong Kong were about 3,853,100 and 3,640,100 respectively in April 2021 to June 2021. (Source: <https://www.censtatd.gov.hk/en/scode200.html>)

3.1.17 The business nature of SMEs were import/export, wholesale and retail trades business (44.6%), other non-manufacturing business (24.7%) and manufacturing business (16.5%).

3.1.18 These SMEs occupied 16.71M m² or 61.3% of total floorspace in IBs. Their usage pattern differed from the territorial one notably more GFA share in others particularly high portion in shop and services (8.6%) (Figure 3-11). They were mainly found in Eastern Kowloon, Kwai Chung and Tsuen Wan.

Figure 3-11 Floorspace occupied by SME in IBs



3.2 Progress of Transformation – (a) Rezoning

Rezoning

3.2.1 To make better use of valuable land resources, a total of about 331.2 ha of land have been rezoned from “I” to “OU(B)” or other zonings³⁻⁴ since 2001 mainly in the Metro areas like Eastern Kowloon, Cheung Sha Wan and Tsuen Wan/Kwai Chung. In tandem, to allow greater flexibility in the use of IBs, provision was also made to broaden the scope of uses permitted to accommodate information technology and telecommunications industries (2007) and art studio not involving direct provision of services and goods (2015) in “I” and “OU(B)” zones. The ensuing paragraphs summarise the IB profiles and changes within “I” zone as well as the ‘new’ zones i.e. “OU(B)”, “R(A)”, “R(E)” and “CDA” zones since the last area assessment.

“I” Zone

Land Area, Number of IBs and GFA

3.2.2 “I” zones, as its name suggested, Table 3-2 IBs in “I” areas

intends to provide floorspace for industrial and related uses. Recognizing the changes and needs in industrial sectors, efforts have been made to expand the scope of

	2014	2020
Land Area (ha)	256.1	219.0
No. of IBs	476	407
GFA (m ²)	9.93M	8.81M

permissible uses to cater for the new requirements from the industries. The “I” areas in 2020 cover about 219ha (about 46% of industrial land area covered by the Study) involving of 407 existing private IBs providing about 8.81M m² GFA, representing about 32.3% of the total industrial GFA in IBs under the Study. Over half of these IBs were constructed before 1987 (54%, 221 IBs). Following the rezoning efforts as well as policy initiatives on IB Revitalisation Schemes 1.0 & 2.0 and concessionary measures for data centre development, a total of 19 IBs in “I” zones had been converted / redeveloped (or undergoing the works process) into office and/or other commercial (17), and mixed commercial with I&T use (2) since

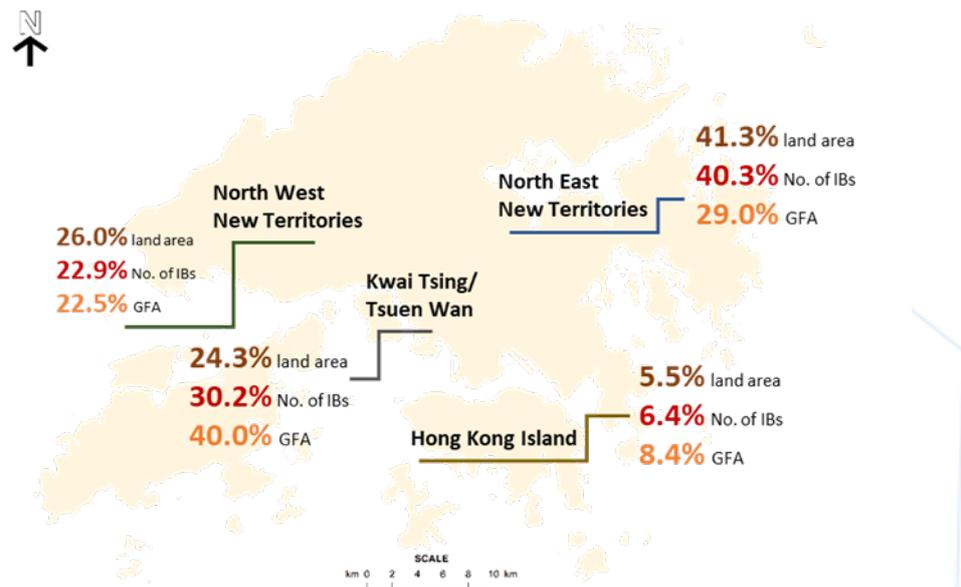
³⁻⁴ Other zonings included mainly “CDA”, “Other Specified Uses” (petrol filling station, columbarium, cemetery, commercial, leisure & tourism related uses, and mixed uses), “R(E)” and “R(A)” zones.

2014⁵. These IBs undergoing change were mainly located in Sheung Shui Areas 4 & 30, Siu Lek Yuen, On Lok Tsuen, Kwai Chung and Tuen Mun.

Photo 3-1 An IB in Kwun Tong Before and After Redevelopment to Hotel



Figure 3-12 Spatial Distribution of Major "I" Areas in terms of Land Area, No. of IBs and GFA



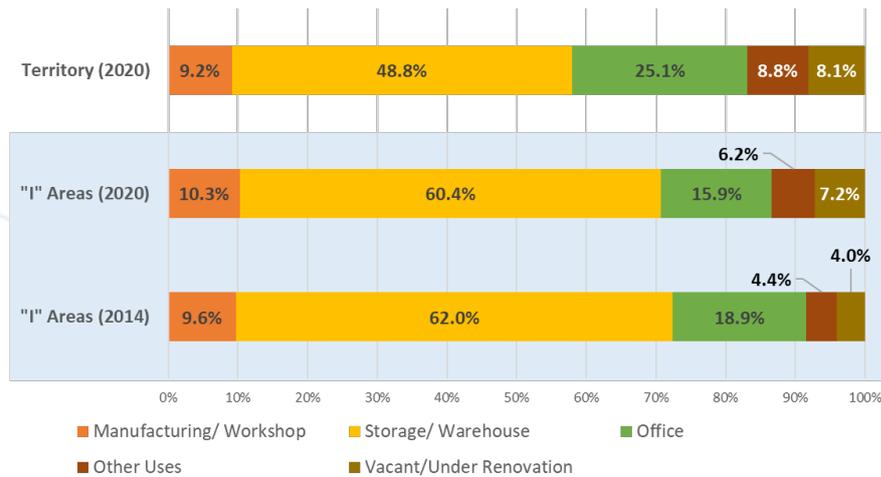
Usage Pattern

3.2.3 The usage pattern of IBs in "I" is similar to that of the territorial pattern, but relatively more GFA share in storage/warehouse and manufacturing/workshop as expected (Figure 3-13). Concerning the change of "I" over years since 2014, there are slightly less warehouse/storage (from 62.0% to 60.4%) and office uses (from

⁵ This refers to executed applications since 2014 under Revitalisation Scheme 1.0 from LandsD as of 30.9.2021.

18.9% to 15.9%); but art studio use remained at about 0.3% of the total GFA. While the main use remained industrial in almost all "I" areas, notable changes however can be identified in Sheung Shui Areas 4 & 30 and Siu Lek Yuen "I" areas where about 40% and 26% of their GFA had been converted into office and/or commercial uses arising from the IB Revitalisation Scheme. This has been effectively changing the character of Sheung Shui Area 4 & 30 and Siu Lek Yuen.

Figure 3-13 Comparison of Usage in "I" Areas (2014 & 2020) and Territory Pattern



"OU(B)" Zone

Table 3-3 IBs provision in "OU(B)" areas

Land Area, Numbers of IBs and GFA

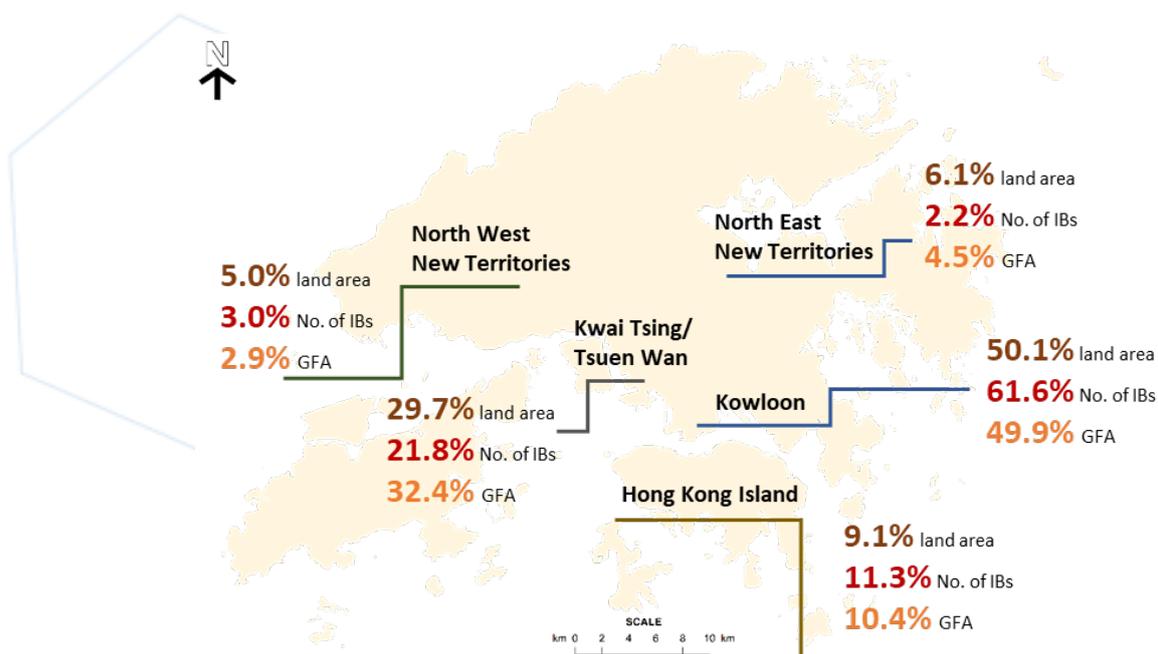
	2014 AA	2020 AA
Land Area (ha)	198.6	213.5
Nos. of IBs	788	760
GFA (m ²)	15.16M	15.81M

3.2.4 "OU(B)" zone intends to facilitate new development/ redevelopment

of IBs into commercial and/or clean industrial uses. At present, "OU(B)" areas covered about 213.5ha (about 44.4% of land area covered in the Survey) involving of 760 existing private IBs providing about 15.81M m² of GFA. Referring to Figure 3-14, there was slight increase in terms of land area since 2014 due to the rezoning of Ap Lei Chau and Chai Wan Kok areas. "OU(B)" sites were mainly located in Kowloon, Tsuen Wan, Kwai Chung, Tsing Yi and Hong Kong Island. After widening the scope of permissible uses as well as policy initiatives on IB Revitalisation Schemes 1.0 & 2.0 and concessionary measures for data centre development, a total of 76 IBs in "OU(B)" zones had been converted / redeveloped (or undergoing the works process) into office and/or other commercial (29), and mixed

commercial with I&T use (47) since 2014⁶. These IBs undergoing change are mainly located in Kwun Tung, Kowloon Bay and Cheung Sha Wan.

Figure 3-14 Spatial Distribution of “OU(B)” Areas in terms of Land Area, No. of IBs and GFA



Usage Pattern

3.2.5 Comparing with the usage pattern of IBs in territory, a notable share of floorspace in IBs in “OU(B)” was occupied by office, as well as shop and services, showroom and data centre grouped under other uses (Figure 3-15). The latter use (i.e. other uses) has increased (from 7.4% to 10.3%) since 2014. Share of GFA for manufacturing/workshop, warehouse/storage has also increased from 8.1% and 39.5% to 8.6% and 40.7% respectively. However, slight reduction were found in GFA share for office (from 35.6% in 2014 to 32.3% in 2020) and studio use³⁻⁷ (from 0.7% in 2014 to 0.5% in 2020). The transformation which can be seen by a high percentage of office and non-industrial uses was apparent in Eastern Kowloon and Cheung Sha Wan as these areas are becoming a commercial district with vibrant mixed uses. Other than offices/commercial, some ex-IB sites in A Kung Ngam of Shau Kei Wan have been redeveloped into hospital related uses.

⁶ This refers to executed applications since 2014 under Revitalisation Scheme 1.0 from LandsD as of 30.9.2021.

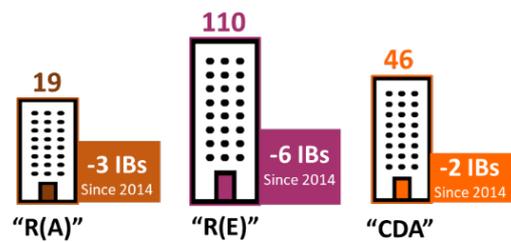
³⁻⁷ Including art studio and audio/visual recording studio

Figure 3-15 Comparison of Usage in "OU(B)" Areas (2014 & 2020) and Territory Pattern



"R(A)", "R(E)" and "CDA" Zones

3.2.6 These zones are mainly intended for residential development, with some for commercial or mixed residential/commercial development. The number of IBs was 175 in the 2020 AA as a total of other 11 IBs sites had

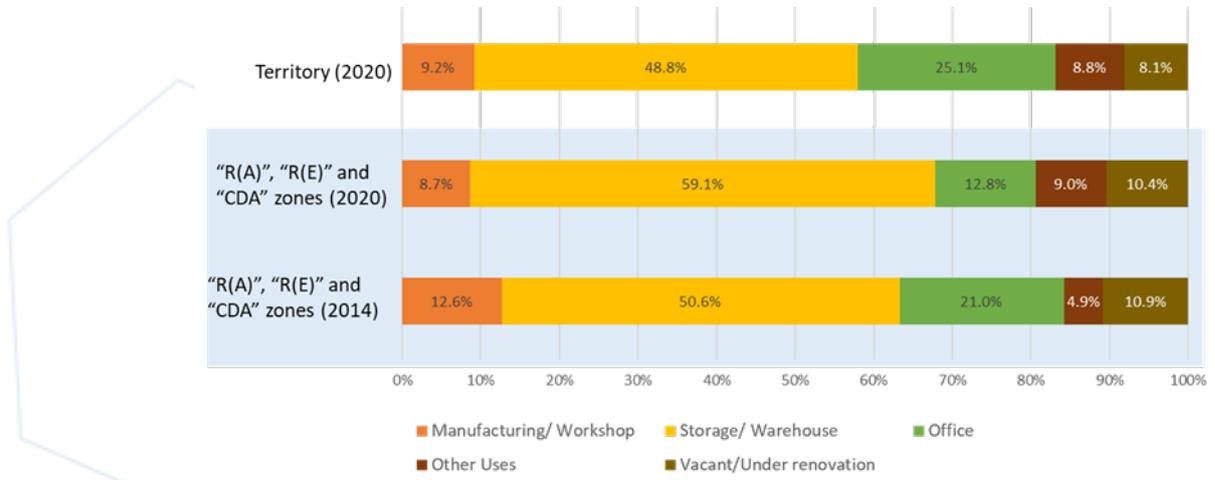


been redeveloped or undergoing redevelopment into residential and/or commercial/ retail uses since the last assessment. Another 11 sites were in the pipeline applying for redevelopment. The profile of the IBs in residential zones differed from the territorial stock in that pre-1987 buildings dominate (81%) (presented at Figure 2-8 in Chapter 2) as no new IBs were allowed. These IBs had higher proportions of fragmented ownership (average of 61%) (presented at Figure 2-12 in Chapter 2) which hindered their redevelopment.

Usage Pattern

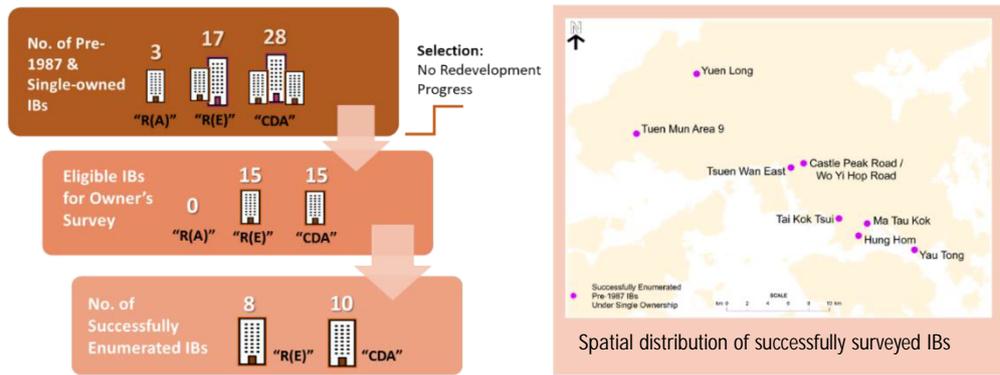
3.2.7 The usage pattern of IBs in "R(A)", "R(E)" and "CDA" zones was similar to the territory, but more GFA share in storage/warehouse use and less share in office. There was also a higher share of floorspace in vacant/under renovation status than the territory. There were more floorspaces occupied by storage/warehouse and "Other" uses including shop and services than in 2014.

Figure 3-16 Comparison of Usage in “R(A)”, “R(E)” and “CDA” zones (2014 & 2020) and Territory Pattern



The Owners’ Survey

Figure 3-17 Scope of the Survey



3.2.8 Owners of the pre-1987 single-owned IBs in non-industrial zoning which have no redevelopment progress were invited in May 2021 to complete a questionnaire to better understand their views and concern on redevelopment (Appendix 1). A total of 18 owners had been successfully surveyed. It was found that a majority of the owners were aware of the zoning intention of their IBs, and recent government policies pertinent to redevelopment (i.e. the pilot scheme of charging land premiums at standard rates for lease modifications for redevelopment of IBs) and IB maintenance (i.e. the upgrading of pre-1987 IBs requirements under Fire Safety (Industrial Buildings) Ordinance). Some owners had previously attempted to redevelop their IBs but stopped either at the application or lease modification stages. When asked about the future plans, some intended to redevelop their IBs within 2 to 10 years while the majority respondents expressed no redevelopment plans at all.

3.2.9 The survey revealed that, other than ownership, redevelopment decisions in “R(A)”, “R(E)” and “CDA” zones are affected by:

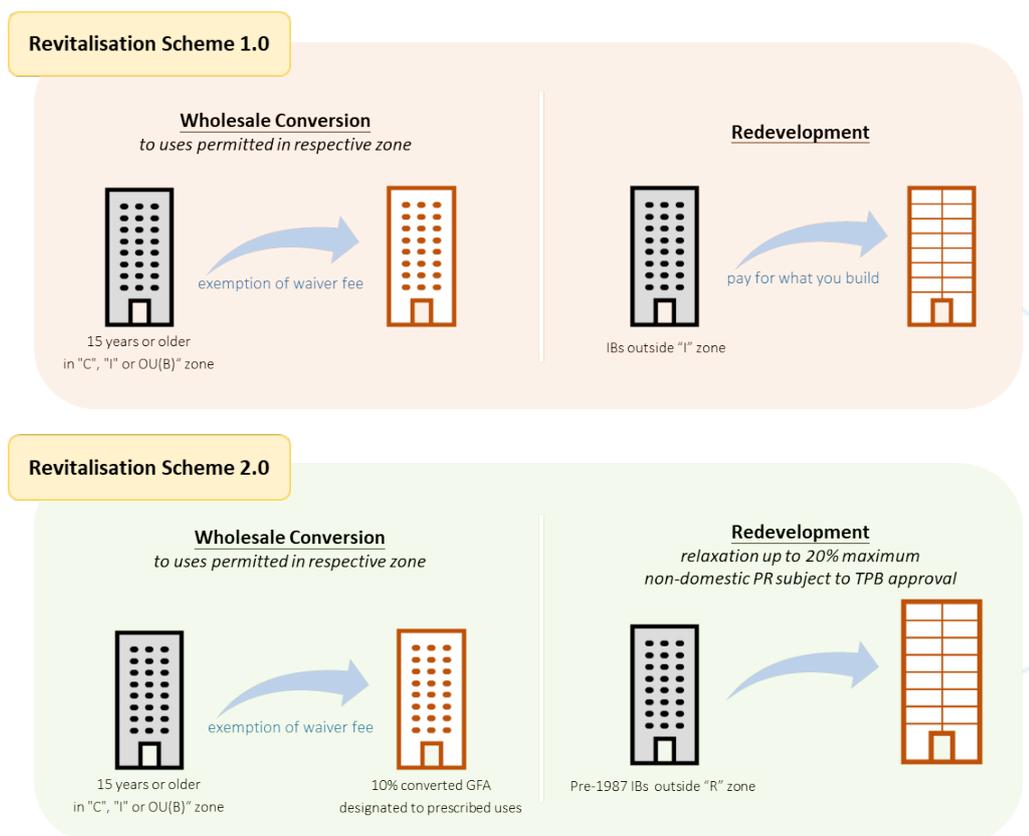
- (a) General consideration in favour of redevelopment mainly include financial return from redevelopment project is expected to be greater than the current industrial use; and/or redevelopment is considered more suitable as the IB is already in poor condition.
- (b) General consideration not in favour of redevelopment mainly attribute to unattractive financial returns and disruption to owner-occupier business operation. Some in “CDA” zones indicated difficulty to redevelop jointly with other IB owners within the same zoning, or had proposal not permissible under the respective zone (such as data centre in “CDA” zone intended for residential use or residential development in “CDA” zone intended for commercial uses).

3.2 Progress of Transformation – (b) IB Revitalisation Scheme

Introduction

3.2.10 The Government has introduced two rounds of incentive measures to facilitate wholesale conversion and redevelopment of IBs. The first scheme for IBs (“Revitalisation Scheme 1.0”) (launched in 2009) provided for special waiver at nil waiver fee for wholesale conversion of 15 years or older IBs that are located in “C”, “I” or “OU(B)” zone; and “pay for what you build” measure for lease modification of redevelopment of IBs outside “I” zone. The second scheme (“Revitalisation Scheme 2.0”) (launched in 2018) provided similar measure for wholesale conversion with an extra requirement of designating 10% of the converted GFA for uses prescribed by the Government (e.g. for arts and creative industries); and relaxation of non-domestic plot ratio up to 20% for pre-1987 IBs outside residential zones subject to the approval by the Town Planning Board. Figure 3-18 below presents a brief summary of the incentive measures in both schemes.

Figure 3-18 Brief summary of Revitalisation Schemes 1.0 and 2.0

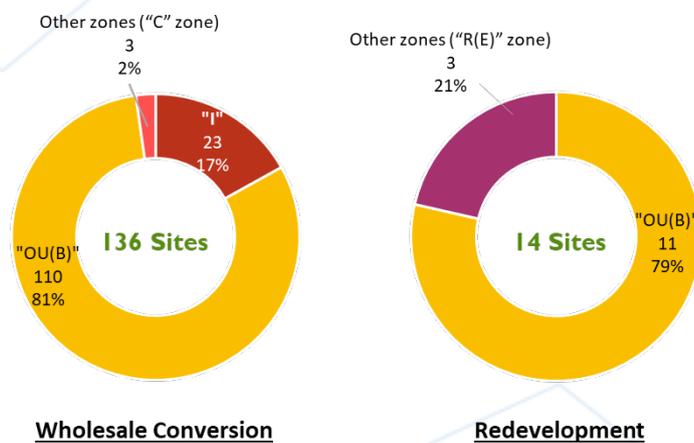


3.2.11 Sites obtaining approval under Revitalisation Scheme 1.0 were at various stage of implementation, with some completed as identified in the survey, while sites under Revitalisation Scheme 2.0 were mostly at the planning/ lease application stages.

Revitalisation Scheme 1.0

3.2.12 According to the figures provided by the Lands Department, as at 30 September 2021, there were a total of 150 sites approved for wholesale conversion or redevelopment, in which an overwhelming majority was for wholesale conversion (i.e. 136 sites or 90.7%). The zoning distribution of the approved sites is shown in Figure 3-19 below. It can be noted that most of the approved sites for both wholesale conversion and redevelopment fall within "OU(B)" zone.

Figure 3-19 Zoning distribution of the approved sites under Revitalisation Scheme 1.0



3.2.13 There were a total of about 2.45M m² GFA approved for the wholesale conversion or redevelopment of IBs (Table 3-4 refers). Regarding the sites approved for wholesale conversion, it can be noted that over 98% of the approved GFA were for non-industrial uses, including a mix of commercial, office and I&T uses; only merely 2% of the approved GFA were for industrial use (I&T use). As for the sites approved for redevelopment, all approved GFA were for non-industrial uses, in particular for commercial-and-office buildings or solely office buildings. It is apparent that under Revitalisation Scheme 1.0, the transformation of IBs to non-industrial uses is prevailing.

Table 3-4 Distribution of approved GFA under Revitalisation Scheme 1.0

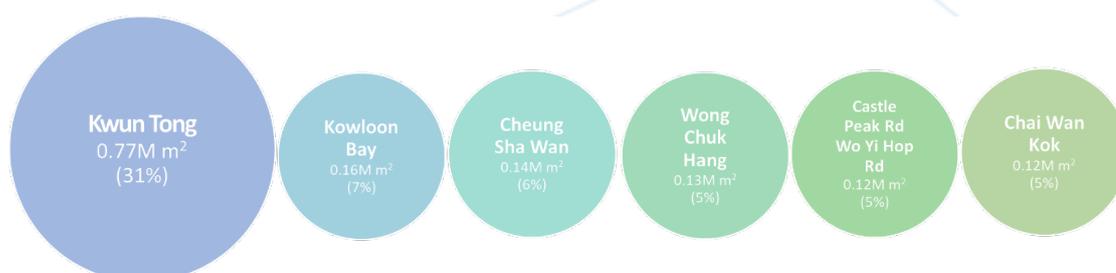
Revitalisation Scheme 1.0	Approved GFA for Wholesale Conversion	Approved GFA for Redevelopment
Industrial uses		
I&T	44,000 m ² (2%)	-
Non-industrial uses		
Commercial-and-office and Solely Office	697,000 m ² (33%)	255,000 m ² (74%)
Commercial-and-office and other uses #	1,225,000 m ² (58%)	-
Hotel-and-commercial and Solely Hotel	144,000 m ² (7%)	38,000 m ² (11%)
Residential-and-commercial	-	51,000 m ² (15%)
Total	2,109,000 m²	344,000 m²

This calculation includes all special waiver/lease modification approvals under Revitalisation Scheme 1.0, including those falling outside “I” and “OU(B)” zones. For sites having obtained more than one special waiver/lease modification approval, only the latest approval has been adopted in the calculation.

“Other uses” include, among others, “Information Technology and Telecommunications Industries” and “Research, Design and Development Centre” uses.

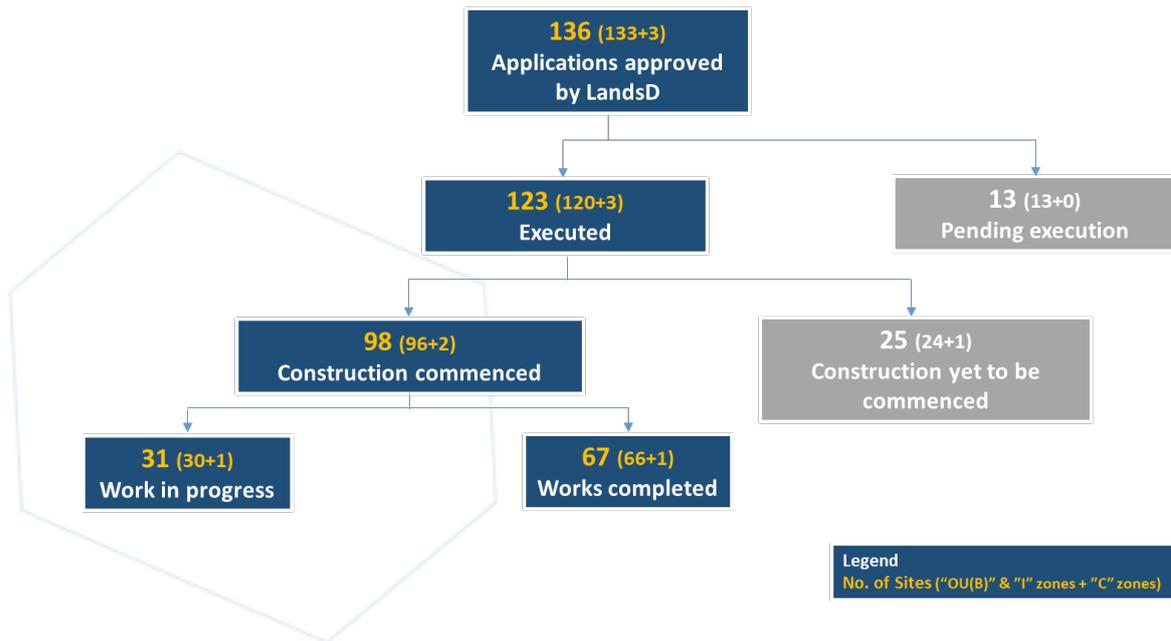
3.2.14 Over 31% of the total approved GFA (i.e. about 0.77M m² GFA) were located in the Kwun Tong (zoned “OU(B)”), followed by Kowloon Bay (7% of the total approved GFA, zoned “OU(B)”) and Cheung Sha Wan (6% of the total approved GFA, zoned “OU(B)”).

Figure 3-20 Top six areas with the highest approved GFA under Revitalisation Scheme 1.0



3.2.15 Among the 136 sites approved for wholesale conversion, 123 of them have been executed as at 31 September 2021, and the construction works for 67 of the executed applications have already been completed (Figure 3-21).

Figure 3-21 Implementation progress of wholesale conversion under Revitalisation Scheme 1.0

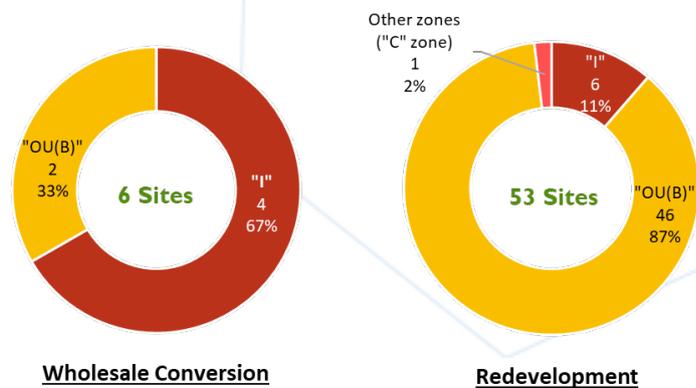


Revitalisation Scheme 2.0

3.2.16 The Revitalisation Scheme 2.0 has been in place for some two years since 2018. Most revitalisation proposals require planning permission from the Town Planning Board³⁻⁸.

3.2.17 As of 30 September 2021, there were a total of 59 sites approved for wholesale conversion or redevelopment under Revitalisation Scheme 2.0. Contrary to that under Revitalisation Scheme 1.0, approvals for redevelopment (53 sites) were more than that for wholesale conversion (6 sites). The zoning distribution of the approved sites is shown in Figure 3-22 below. It can be noted that most of the approved sites for redevelopment fall within "OU(B)" zone, whilst most of the approved sites for wholesale conversion fall within "I" zone.

Figure 3-22 Zoning distribution of the approved sites under Revitalisation Scheme 2.0



³⁻⁸ From LandsD's data, as of 30 September 2021, there are only four wholesale conversion proposals under processing that do not require planning permission from the TPB.

3.2.18 A total of about 1.21M m² approved GFA is aggregated (see Table 3-5 below). For sites approved for wholesale conversion, it can be noted that all of the approved GFA were for non-industrial uses; whilst for sites approved for redevelopment, about half of the approved GFA is for industrial uses and the other half is for non-industrial uses. It is apparent that under Revitalisation Scheme 2.0, the transformation of IBs through redevelopment is prevailing, and there is roughly equal share of redevelopment to industrial uses (mainly non-polluting industrial use) as well as to non-industrial uses (mainly commercial-and-office or solely office). It is estimated that the transformation of IBs through redevelopment will bring an additional floorspace of 0.24M m² (industrial uses) and 0.23M m² (non-industrial uses) to the building stock respectively³⁻⁹.

Table 3-5 Distribution of approved GFA under Revitalisation Scheme 2.0

Revitalisation Scheme 2.0	Approved GFA for Wholesale Conversion	Approved GFA for Redevelopment
Industrial uses		
General Industrial Use	-	98,000 m ² (9%)
Non-polluting Industrial Use ³⁻¹⁰	-	394,000 m ² (36%)
I&T (Data Centre)	-	69,000 m ² (6%)
Non-industrial uses		
Commercial-and-office and Solely Office	-	483,000 m ² (44%)
Commercial-and-office and other uses [#]	73,000 m ² (60%)	-
Hotel-and-commercial and Solely Hotel	-	48,000 m ² (5%)
Hotel and other uses [#]	49,000 m ² (40%)	-
Total	122,000 m²	1,092,000 m²

This calculation included all planning permissions under Revitalisation Scheme 2.0, including those falling outside "I" and "OU(B)" zones. For sites having obtained more than one planning permission, only the latest permission has been adopted in the calculation.

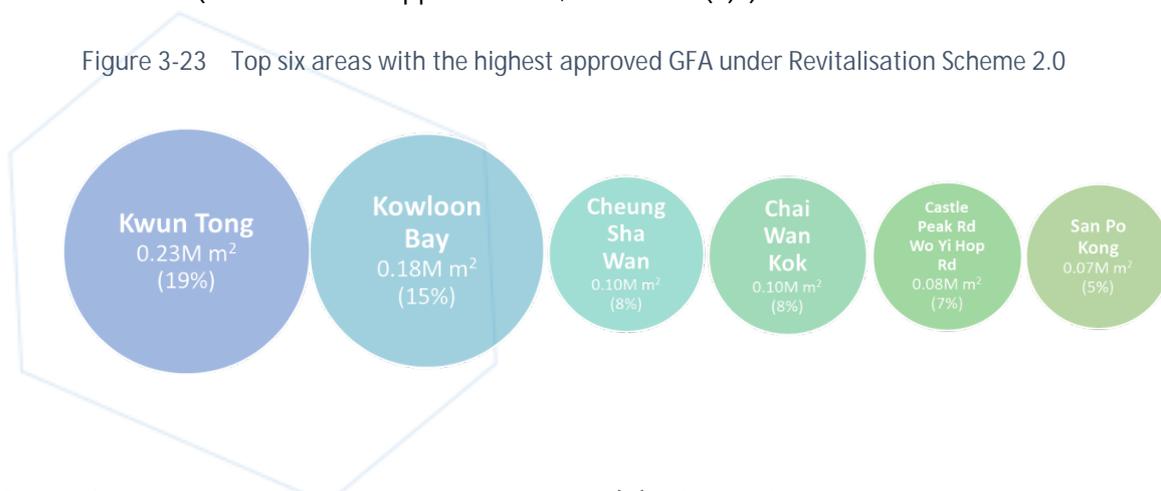
[#] "Other uses" include, among others, "Information Technology and Telecommunications Industries" and "Research, Design and Development Centre" uses.

³⁻⁹ The estimation is made under the assumption that the IB redevelopment proposals will conform to any other relevant legislation, the conditions of the Government lease concerned, and any other Government requirements, as may be applicable.

³⁻¹⁰ According to the Definition of Terms used in Statutory Plans, "Non-polluting Industrial Use" means any industrial use which does not involve activities that are detriment to the occupants of the building and amenity of the area by reason of noise, waste water discharge, vibration, smell, fume, smoke, soot, ash, dust or grit.

3.2.19 As for the spatial distribution, about 19% of the total approved GFA (i.e. about 0.23M m² GFA) were located in the Kwun Tong (zoned "OU(B)"), followed by Kowloon Bay (15% of the total approved GFA, zoned "OU(B)") and Cheung Sha Wan (8% of the total approved GFA, zoned "OU(B)").

Figure 3-23 Top six areas with the highest approved GFA under Revitalisation Scheme 2.0



3.2 Progress of Transformation – (c) Data Centre

3.2.20 Private IBs are provided with a set of concessionary measures since 2012 for partial conversion of IBs or redevelopment of IBs/industrial lots for data centre use to meet the demand and promote Hong Kong as a business and communications hub. According to 2020 Area Assessments, data centre in IBs, including those converted/ redeveloped under the concessionary measures, took up over 385,000m² GFA, equivalent to 52% of the total floorspace supply in Hong Kong. Compared with 2014, the GFA occupied by data centre in private IBs increased by around 179,000m². An estimate of about 165,000m² GFA will be provided upon execution of approved applications under Government concessionary measures (Figures 3-24 and 25).

743,000m²

Total Supply in Hong Kong

Including high-tier data centre developments in Industrial Estate of

356,000m²

Source: "Update on Data Centre Development in Hong Kong" LC Paper No. CB(1)644/19-20(01)

385,151m²

GFA by Private IBs

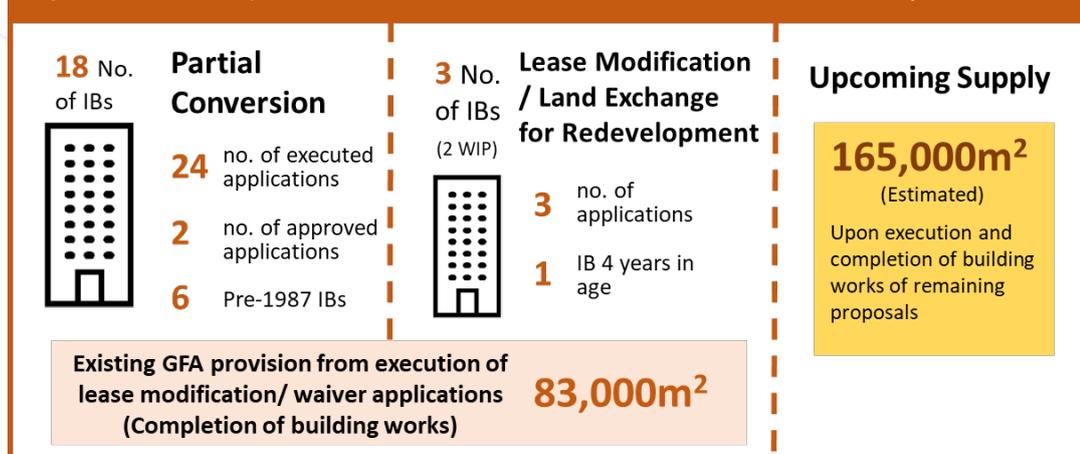
+0.179M m²

Increase since 2014

Figure 3-24 Government Concessionary Measures for Data Centre Development

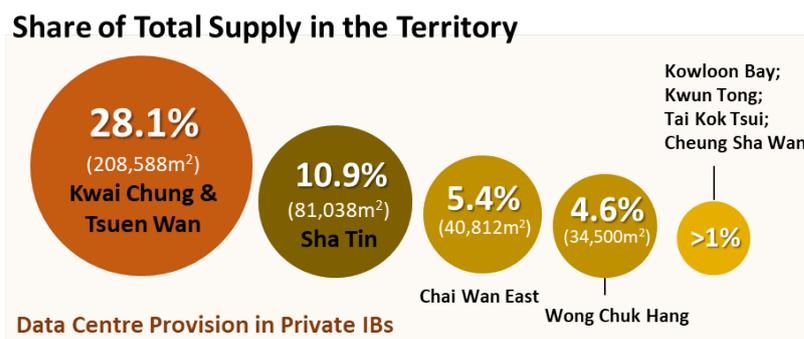


Figure 3-25 Summary of Approved/Executed Applications for Data Centre Development



3.2.21 Kwai Chung and Tsuen Wan industrial areas were emerging areas as major data centres supplier (Figure 3-26), where a majority of the executed applications for partial conversion waivers (9 IBs) are located and two IB sites for high-tier data centre are in the pipeline (Figure 3-25). Sha Tin came in second in the survey, with data centre provision mainly located in Fo Tan and Siu Lek Yuen. Remaining data centre provisions in IBs were scattered, with more GFA provisions concentrated in Chai Wan East, Wong Chuk Hang and Kowloon Bay (10,249m²).

Figure 3-26 Distribution of data centre surveyed



4.1 Planning Considerations

In view of the findings of the survey and policy incentives given, the following considerations would be relevant to the future planning of industrial land:

- (a) The major use of IBs/industrial land is still industrial predominated by warehouse/storage, particularly general storage. They also provide floorspace to accommodate non-industrial uses (such as office, shop and services, showroom and eating place), as well as emerging use like data centre through conversion or redevelopment.
- (b) The amount of industrial land zoned "I" had been reduced from about 551.6 ha in 2000 to 219 ha in 2020 after various rounds of rezoning (Appendix 2). Given that the 213.5 ha of land rezoned to "OU(B)" are also intended for non-industrial uses, the industrial land currently zoned "I" will provide a land supply base for industrial uses in the long term.
- (c) Moreover, taking account of the current stock of IBs/industrial land and new land supply (Section 5.3.2), based on the preliminary projections made from the updated consolidated land requirement and supply analysis (2021) in respect of the Hong Kong 2030+, which is still subject to change, by 2048, it is projected to have a deficit of some 22 ha of land for industrial uses covering manufacturing, general logistics/warehouse and other industrial activities.
- (d) The vacancy rates of both private flatted factories and private storage buildings had been maintained at relatively low levels of below or equal to 6.8% since 2015.
- (e) Economic activities in IBs are important in provision of employment. It is projected that about 13.4% (489,000) of total workforce was engaged by IBs in the survey.

4.2 Planning Assessments

Overview

4.2.1 Given that the existing stock of industrial land is performing its economic functions in terms of providing much needed floorspaces and employment base, and the active uses are vibrant having market demand as well as the projected deficit, a cautious and incremental approach should continue be adopted in considering further rezoning of "I" land for other purposes.

4.2.2 With this approach in mind, assessment of individual industrial areas had been conducted based on local transformation, surrounding planning context and appropriate zoning (Figure 4-1). Assessments of individual areas are at Appendices 3 to 7. The ensuing paragraphs provide a summary of assessment of the major industrial locations (provider of over 1M m²) as well as the two areas proposed for rezoning.

Figure 4-1 Criteria to assess individual areas

Local Transformation

- *Redevelopment/wholesale conversion proposals*
- *Local setting of industrial area and usage of IBs therein*

Surrounding Planning Context

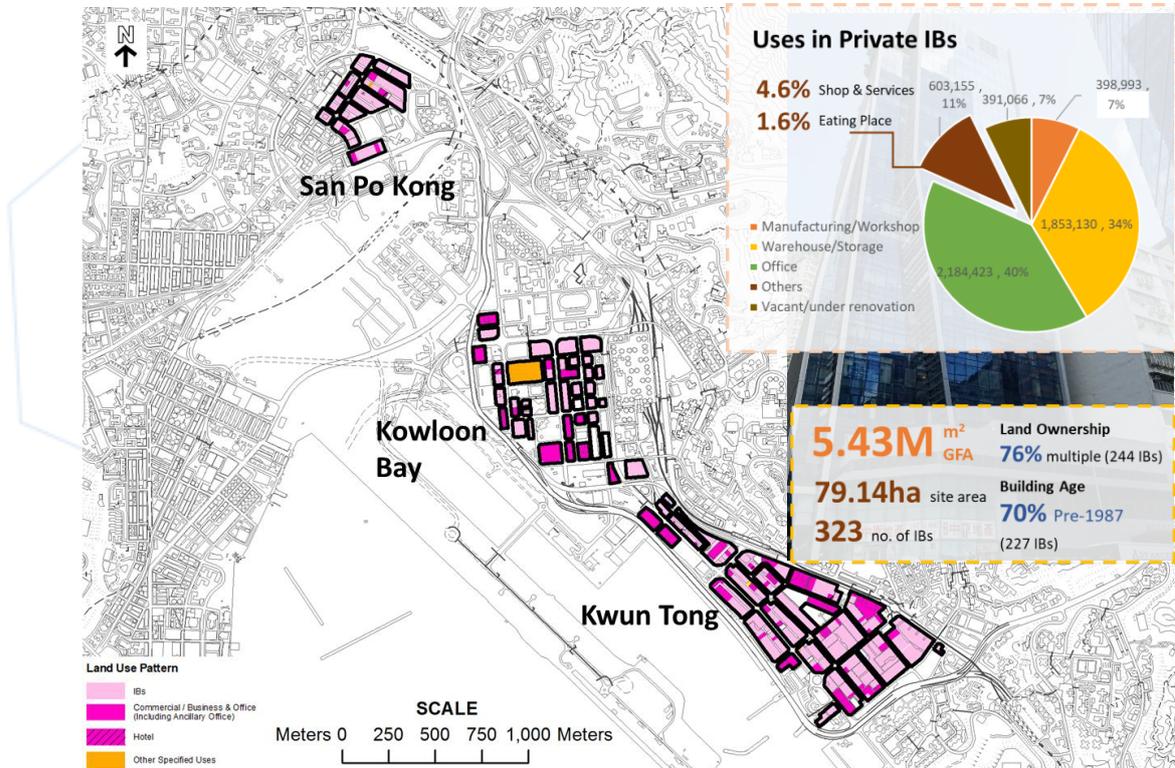
- *Capitalize transformation*
- *Reduce existing/potential I/R interface problems*

Appropriate Zoning

- *Taking into account the signs of transformation*
- *Findings/observations under area assessments*

Eastern Kowloon

Figure 4-2 Eastern Kowloon Areas and their surroundings



4.2.3 Eastern Kowloon comprising San Po Kong, Kowloon Bay and Kwun Tong is the second largest providers of industrial stock comprising a total of 323 IBs with about 5.43M m² GFA. The IBs were intermixed with commercial buildings and hotels redeveloped/converted from IBs (Figure 4-2). Office was the predominant use taking up about 40% of the total GFA. A notable share of its floorspace has been changed to other non-industrial uses mainly shop and services and eating place uses. Floorspaces for manufacturing in the past have been changing to warehousing with a residual 7% of the stock for manufacturing/workshop. All three areas in Eastern Kowloon have similar distribution of uses, except a higher share of storage/warehouse was found in Kowloon Bay. Around 6% of the floorspaces were taken up by CCI, which accounted for 31% of the overall supply of CCI business in all IBs. A majority of the units was small to medium in size, with unit size of less than 80m². Eastern Kowloon was also popular with start-ups as presented at Section 3.1.12. The new development in the pipeline included 40 IBs to be redeveloped for commercial/offices/hotel/retail purposes.

Cheung Sha Wan

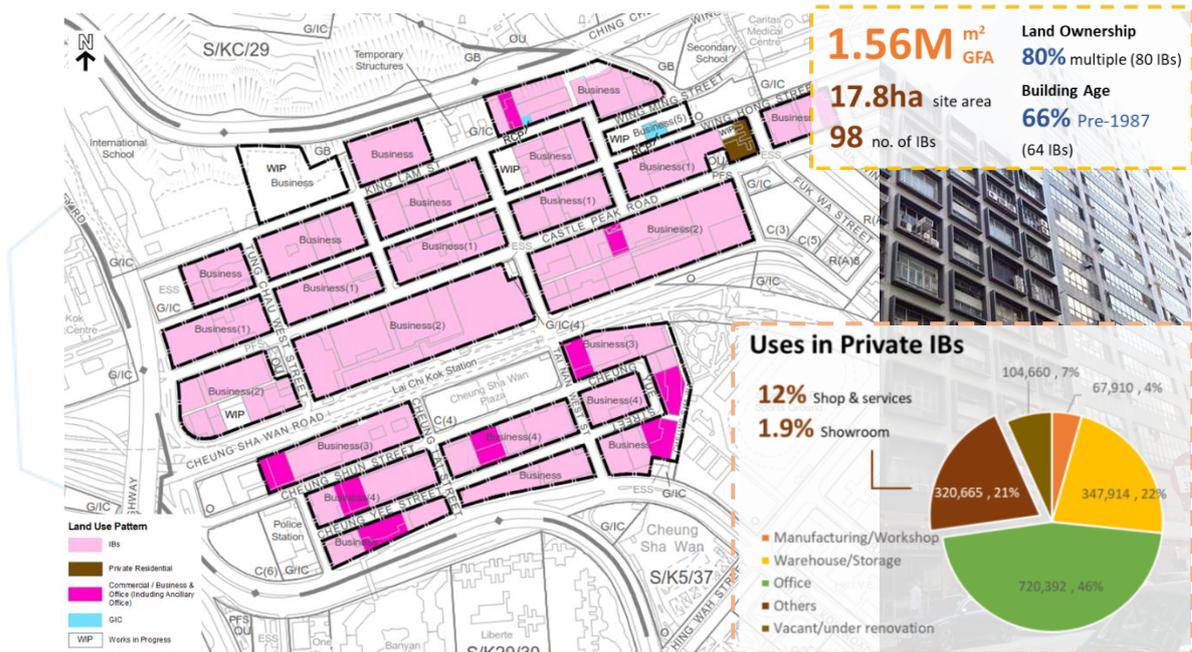
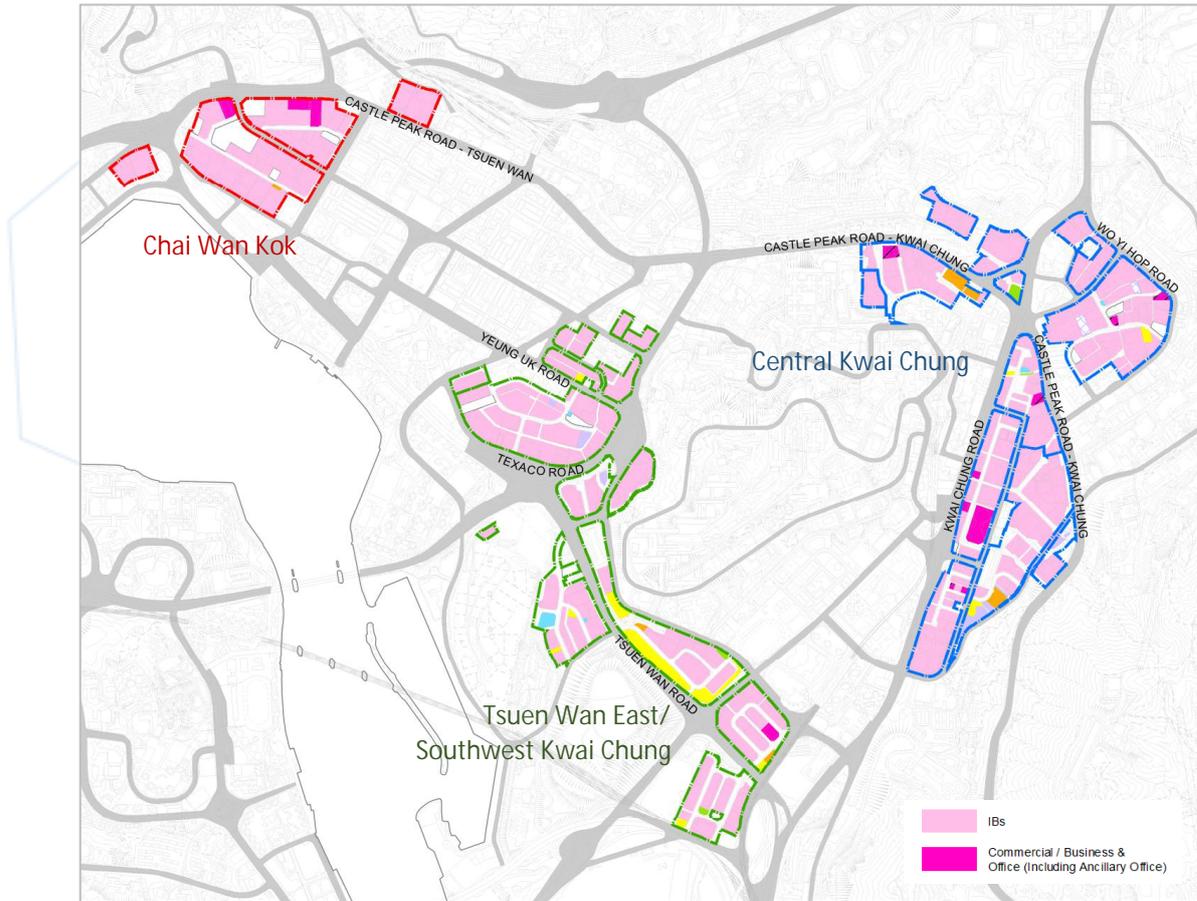


Figure 4-3 Cheung Sha Wan and its surroundings

4.2.4 Cheung Sha Wan is an established industrial area and employment node in West Kowloon, surrounded by commercial and residential developments. Over half (67%) of the total GFA was occupied by office use associated to import/export, wholesale and retail trade business and other non-industrial uses dominated by shop and services particularly to the south of Cheung Sha Wan Road. Ground floors shops are commonly found in both IBs and converted IBs. A relatively high percentage of businesses in Cheung Sha Wan were start-ups (18.5%), mainly used by import/export, wholesale and retail trades for office and warehouse/storage uses. Five IBs have executed special waivers for wholesale conversion to commercial/non-polluting industrial uses. Another five IBs have obtained planning approval for redevelopment, mainly for non-polluting industrial uses.

Tsuen Wan/Kwai Chung

Figure 4-4 Tsuen Wan/Kwai Chung Areas and their surroundings



4.2.5 There are three major industrial areas in Tsuen Wan/Kwai Chung: Chai Wan Kok in western Tsuen Wan, Tsuen Wan East/Southwest Kwai Chung along Tsuen Wan Road and Texaco Road, and Central Kwai Chung along Kwai Chung Road, Castle Peak Road – Kwai Chung and Wo Yi Hop Road. The three major areas have in total 311 IBs providing about 8.87M m² GFA. Warehouse/ storage was the predominant use of the areas, accounting for more than half of the total GFA (54%). Among the other uses (which taking up 8% of the total GFA), data centres, R&D and testing centres were emerging in recent years and taking up some 0.29M m² floor space (3% of the total GFA), representing about 25% of the total supply within IBs in Hong Kong.

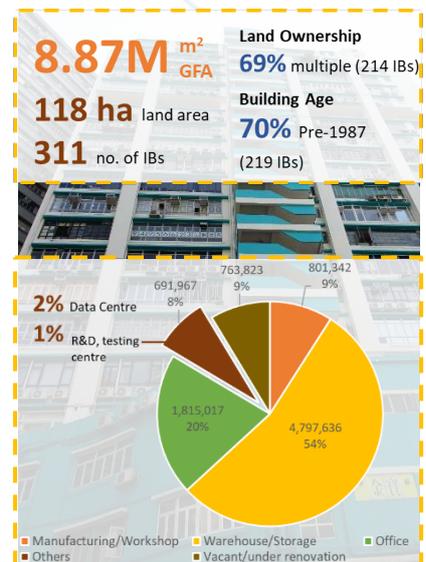
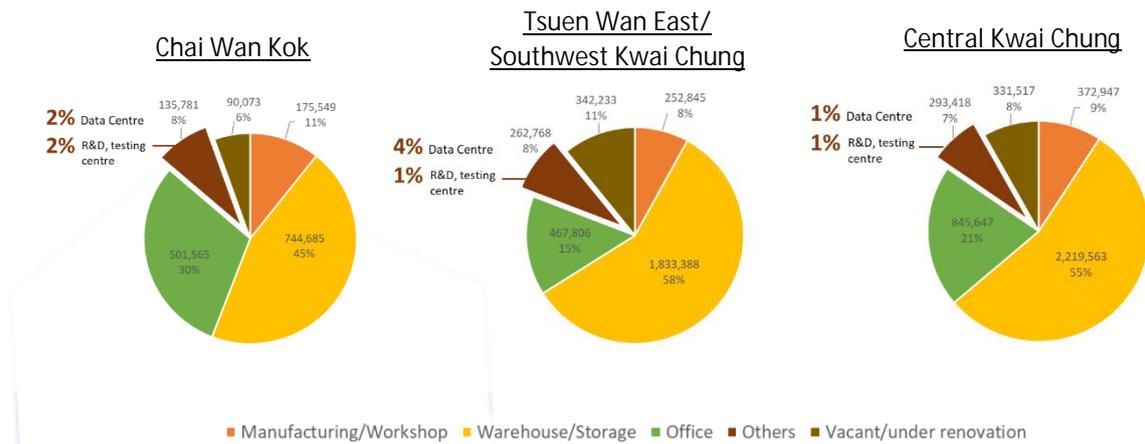


Figure 4-5 Use patterns of floorspace in the three areas in Tsuen Wan/Kwai Chung



4.2.6 Warehouse/storage was the predominant use which took up over half of the total GFA, whilst office as the second-most use occupied about 15% to 30% of the total GFA. When compared with the overall pattern of Tsuen Wan/Kwai Chung, there were significantly more warehouse/storage use (58%), data centre, R&D and testing centre uses (5%) in Tsuen Wan East/Southwest Kwai Chung but less warehouse/storage use (45%) in Chai Wan Kok.

Tuen Mun

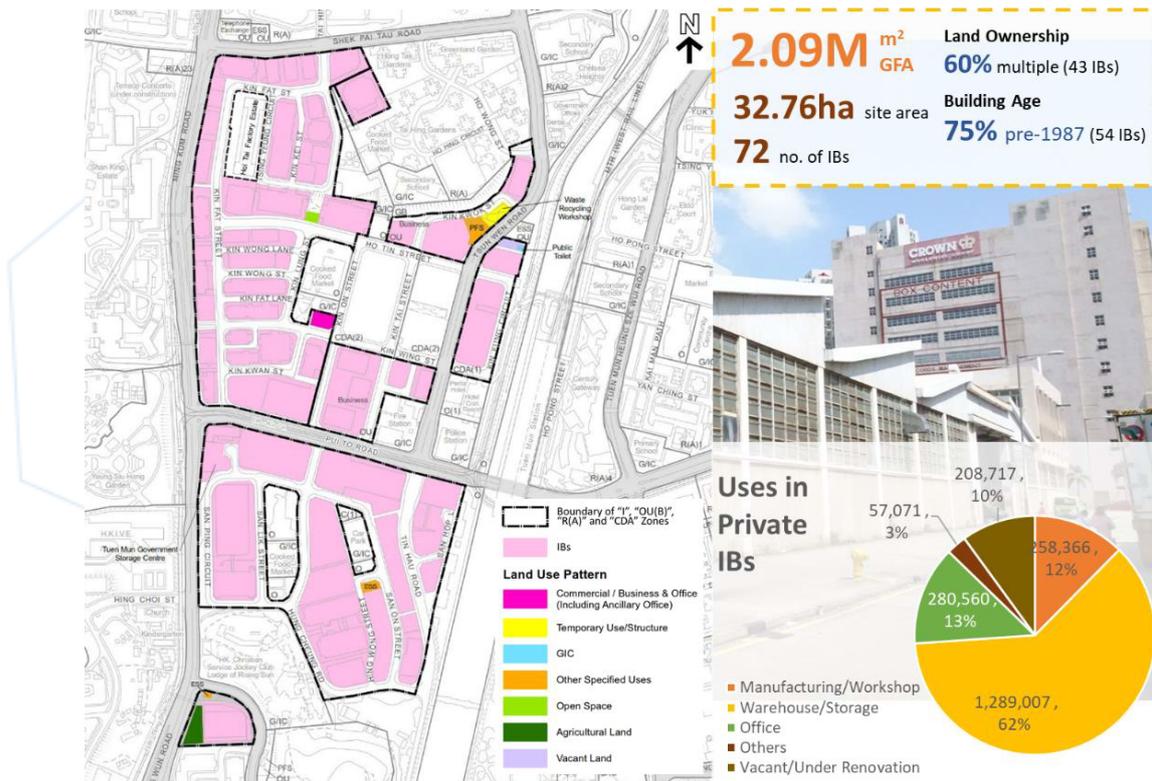


Figure 4-6 Tuen Mun Areas 9, 12 and 17 and their surroundings

4.2.7 Tuen Mun Areas 9, 12 and 17 are the major industrial clusters and employment nodes in Tuen Mun and are significant in terms of total floor area in the territory. Comparing with territory's usage pattern, a higher percentage of floorspace was occupied by industrial uses, including 74% of the total GFA was used for manufacturing/workshop and warehouse/storage. As shown in Figure 4-6, there is one commercial building. Since 2014, a total of 11 IBs were in the pipeline to undergo conversion or redevelopment into commercial uses and/or hotel uses, and industrial uses. Existing IBs, though largely aged 30 years or above, were still in active use supplying sizable amount of floorspace for industrial and related uses.

[This is a blank page]

5.1 Recommendations for “I” and “OU(B)” Areas

- 5.1.1 Having regard to the planning considerations (Section 4.1) and applying the assessment criteria (Section 4.2), it is considered that most of the existing zoning for the IBs are to be retained except Sheung Shui Areas 4 and 30 and Siu Lek Yuen (Section 5.2).
- 5.1.2 There is no outstanding rezoning proposals from 2014 AA. The zoning amendments recommended under the 2014 AA in respect of the industrial areas in Ap Lei Chau West and Chai Wan Kok (about 3.7ha and 10.9ha respectively rezoned to “OU(B)”) were completed in 2016.
- 5.1.3 In view of the estimated deficit in industrial land supply (Section 4.1) in the long term, there is a need to plan for new industrial floorspace supply by increasing the capacity of existing stock of industrial land and/or providing new land. For the former, allowing 20% increase in PR under IB Revitalisation Scheme 2.0 is a pilot facilitating initiative and would contribute more than 0.24M m² additional industrial floorspace as at September 2021. For the latter, new land supply for industrial and related uses will come from new development areas (NDA) in the New Territories (e.g. Hung Shui Kiu NDA and Yuen Long South Development Area).
- 5.1.4 It would also be necessary to keep track of the major industrial areas to ensure appropriate planning actions be initiated in a timely manner to respond to new policy initiatives as well as economic and development needs.

5.2 Areas with Scope for Transformation

Sheung Shui Areas 4 and 30

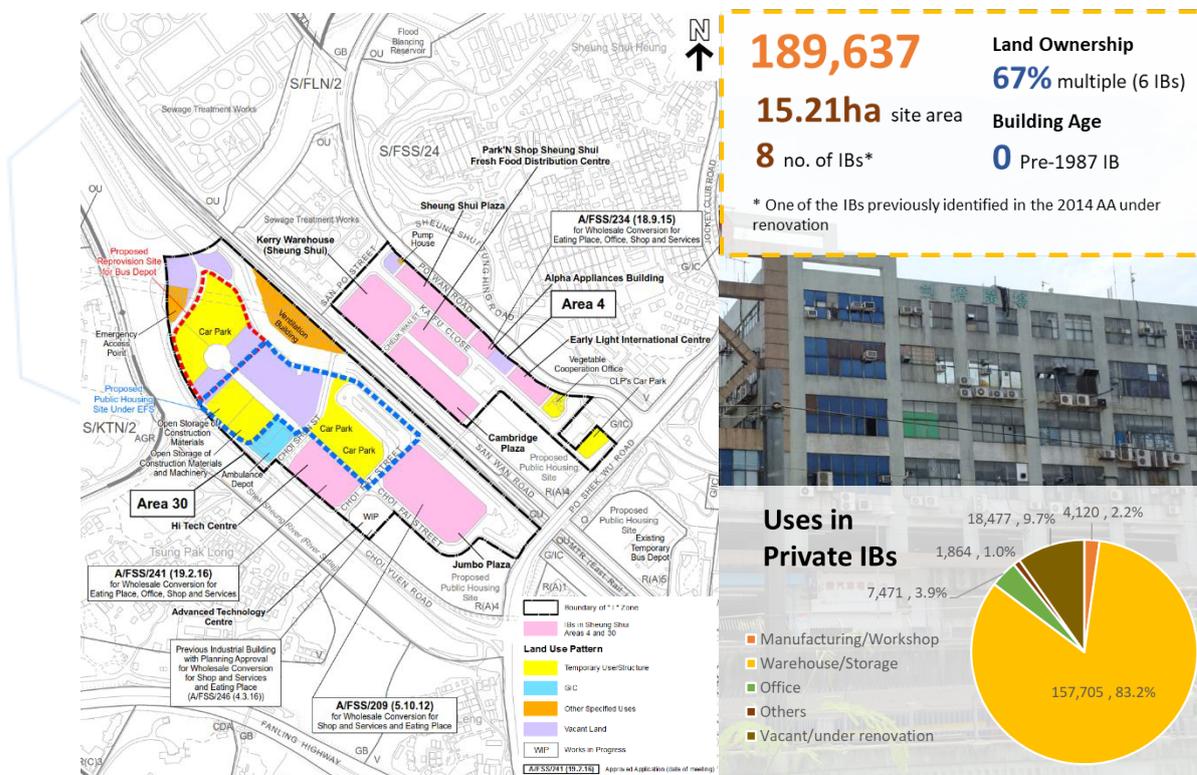


Figure 5-1 Sheung Shui Areas 4 and 30 Areas and their surroundings

5.2.1 Sheung Shui Areas 4 and 30 comprise a northeast portion (Area 4) occupied by six IBs and the southwest portion (Area 30) occupied by three IBs with a total land area of about 4.23ha. All IBs in Area 30 were under single ownership and those in Area 4 were mixed with single and multiple ownership. Warehouse/storage accounted for over 80% of the floorspace, much greater than the territorial figure (48.8%). Manufacturing/workshop uses only took up a small share floor area (about 2%). A high proportion of the businesses found were start-ups (29.4%), with import/export, wholesale and retail trades in the main for warehouse/storage uses. The three IBs in Area 30 (including the one under renovation) and one IB in Area 4 were at different stage of wholesale conversion to produce some 73,237.6m² floorspace and account for about 36% of the total floorspace in the concerned IBs mainly for eating place, office and/or shop and services uses.

5.2.2 The southeastern fringe of the area will be developed for public housing (providing over 3,600 flats). The western portion of Area 30 adjoining the Sheung Shui Ambulance Depot at Choi Shun Street (i.e. area within dotted blue line at Figure 5-

1) is under engineering feasibility study (EFS) for residential development (providing about 2,400 flats) and a primary school to serve the future residents.

5.2.3 In view of the local transformation and changes in planning circumstances, the IB sites in Area 30 are considered suitable to be rezoned from "I" to "C" to reflect the committed/approved commercial developments. The area intended for residential development will be rezoned to "R(A)" subject to the findings of EFS. The IBs sites in Area 4 are considered suitable to be rezoned to "OU(B)" to facilitate land use restructuring, providing more flexibility in usage of land. It can also better address the potential I/R interface problems in the long term. The northwest portion of Area 30 (i.e. area with dotted red line at Figure 5-1) is planned for reprovisioning of the existing Po Shek Wu Road bus depot (zoned "R(A)5" at Figure 5-1) on a temporary basis. Hence, the industrial zoning for the concerned portion of Area 30 will be retained in the interim.

5.2.4 Other than the undeveloped government land in the western portion of Area 30 at Choi Shun Street which is under EFS for residential development, there are still a few pockets of government land which are vacant or occupied by temporary uses in Area 4 (i.e. coloured yellow and purple at Figure 5-1).

Siu Lek Yuen

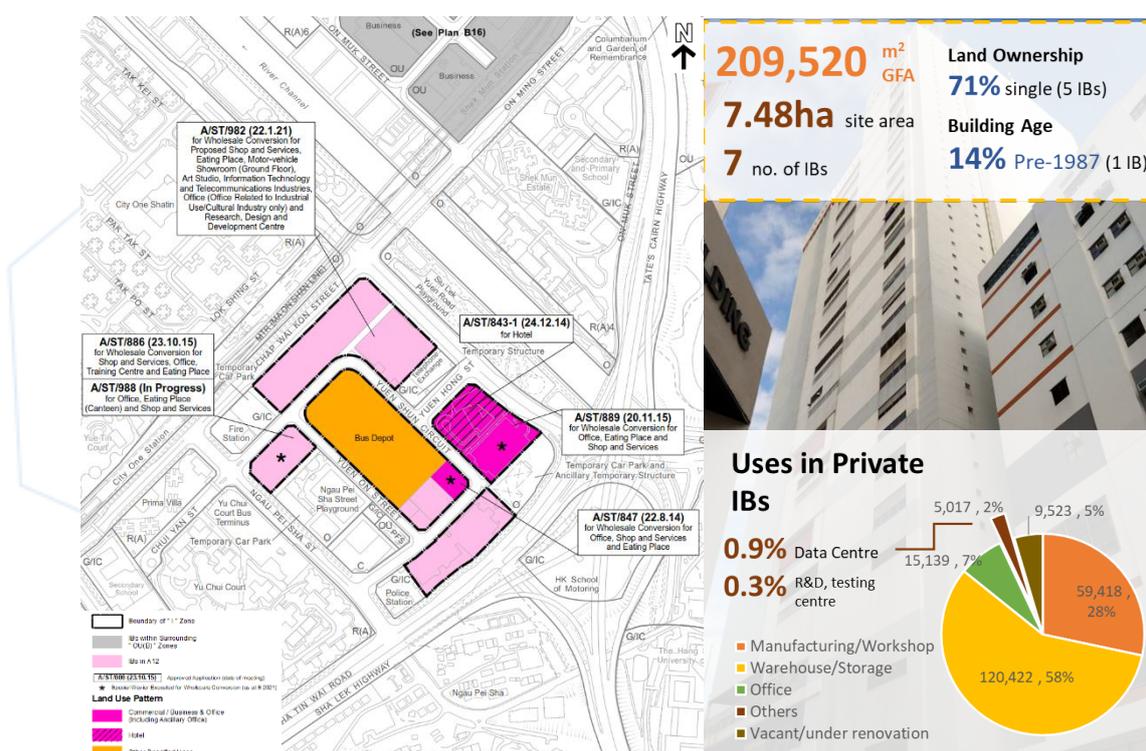


Figure 5-2 Siu Lek Yuen and its surroundings

5.2.5 Since 2014, two ex-IB sites had been converted to commercial uses. The Area is occupied by seven IBs occupying a total land area of about 7.48ha. Five IBs are under single ownership. Warehouse/storage and manufacturing/ workshop uses (mainly located in one IB for manufacturing of beverage) occupied 58% and 28% of the GFA shares. Associated with these uses, the business nature was mainly of manufacturing and transportation, storage, postal and courier services (about 44% and 30% of the GFA respectively). For the seven existing IBs, three IBs have obtained/applied for planning approval for wholesale conversion or redevelopment to offices/commercial uses. The redevelopment/conversion proposals account for about 26% (over 54,200m²) of the total industrial floorspace in Siu Lek Yuen.

5.2.6 In a wider context, a hotel has been developed within the area and the surroundings comprise mainly residential neighbourhoods well-served by public transport including the MTR City One Station.

5.2.7 Considering the area has been under active transformation, and there are mature residential neighbourhoods in the surroundings, opportunity could be given to rezone the Siu Lek Yuen Industrial Area from "I" to "R(E)" except for the hotel site

to be rezoned to "C". Relocation of the bus depot at a suitable timing may be explored by the private owners. The proposed "R(E)" can help to encourage/facilitate redevelopment of the existing IBs for residential uses.

5.3 Possible implications on Industrial Land Supply / Floorspace and Employment

5.3.1 Other than the rezoning proposals of Sheung Shui Areas 4 and 30 to "OU(B)" and "C" respectively and Siu Lek Yuen to mainly "R(E)" recommended in section 5.2, there is no other "I" sites under preparation for rezoning or under ongoing studies/reviews for non-industrial use.

5.3.2 For the proposed rezoning from "I" to "OU(B)" and "C" in Sheung Shui Areas 4 and 30 respectively, no significant impact on economic land/floorspace and employment is expected as the industrial land would still be retained for economic land uses. Even if the Area has been transformed to business/commercial uses, some job opportunities may be provided by allowing a mix of commercial, office and non-polluting industrial uses in the new developments under the proposed zonings to meet various development needs. For Siu Lek Yuen, out of the 0.21Mm² industrial floorspace proposed to be rezoned to residential uses, only a small portion is being used for more active manufacturing industries (representing only about 28% of the total floorspace of the Area). If all the rezoning proposals are taken on board, the total "I" area will be slightly reduced by 11.71ha while that of the "OU(B)" zone will be increased by about 2.18 ha⁵⁻¹. The loss in industrial floorspace will likely be gradual in the coming years. It would be necessary to keep track the changing planning context and circumstances of major industrial areas to response to new economic and development needs. In the short to medium term, there will be additional supply from redeveloped IBs with higher intensity under IB Revitalisation Scheme 2.0⁵⁻². In the longer term, new industrial land are earmarked in other parts of the territory, mainly in Hung Shui Kiu New Development Area and Yuen Long South Development Area.

⁵⁻¹ The total land area of Sheung Shui Areas 4 and 30 is about 4.23ha (including about 2.18ha in Area 4) and the total land area of Sui Lek Yuen is about 7.48ha.

⁵⁻² An additional GFA of about 0.24M m² for industrial uses will be generated from the redevelopment proposals approved under the IB Revitalisation Scheme 2.0 (as at September 2021).

5.4 Recommendations for “R(A)”, “R(E)” and “CDA” Areas

It is recommended to retain the zoning of all the sites in these zones to encourage phasing out of the IBs in the residential neighbourhood. To make better use of the IBs prior to redevelopment, provisions were made to cater for partial/ wholesale conversion of existing IBs for non-domestic uses. For example “CDA(3)” to “CDA(6)” in Tsuen Wan are intended for residential use and development is subject to a total PR of 5.0 with a minimum domestic PR of 4.5; but provision is available to allow conversion of existing IBs notwithstanding its existing PR may exceed the stipulated one⁵⁻³. Further review of the planning control to cope with the changing needs / circumstances however is deemed necessary especially for “CDA” zone to address the owners’ concern that may hinder redevelopment (Section 3.2.8), for example, if land assembly is an issue that impedes redevelopment of specific “CDA”, consideration can be given to sub-dividing it into smaller “CDA” sites taking into account the ownership pattern to enhance the prospect of implementation.

5.5 Measures to facilitate Other uses

Based on the findings of the Survey, a small portion of the GFA were used for the purposes of place of entertainment (including e-sports venue, multi-purposes party venue, indoor war game/sports venue, etc. presented at Section 3.1.5) which will attract members of the public to IBs and hence has fire safety concerns. Besides, it is noted that considerably more space on G/F of IBs has been occupied by various non-industrial uses (such as shop and services and eating place). With a view to facilitating non-industrial uses in existing IBs, it is noted that the Legislative Council Subcommittee on Issues Relating to Policy on Industrial Buildings has passed a motion urging the Administration to study the suggested relaxation of IBs for non-industrial uses (such as sports clubs, adult education centres, etc.) by regular visitors on a membership basis⁵⁻⁴ and has recommended the Administration to consider to examine with a view to duly relaxing the polices on factory canteens and retail shops on the G/F of IBs in the future reviews. Whether the concerned uses can be allowed in IBs or other means of access control while complying with fire safety requirements will be subject to further review.

⁵⁻³ Source: Paragraph 12.8 of (MPC Paper No. 1/21) Proposed Amendments to the Approved Tsuen Wan Outline Zoning Plan No. S/TW/33.

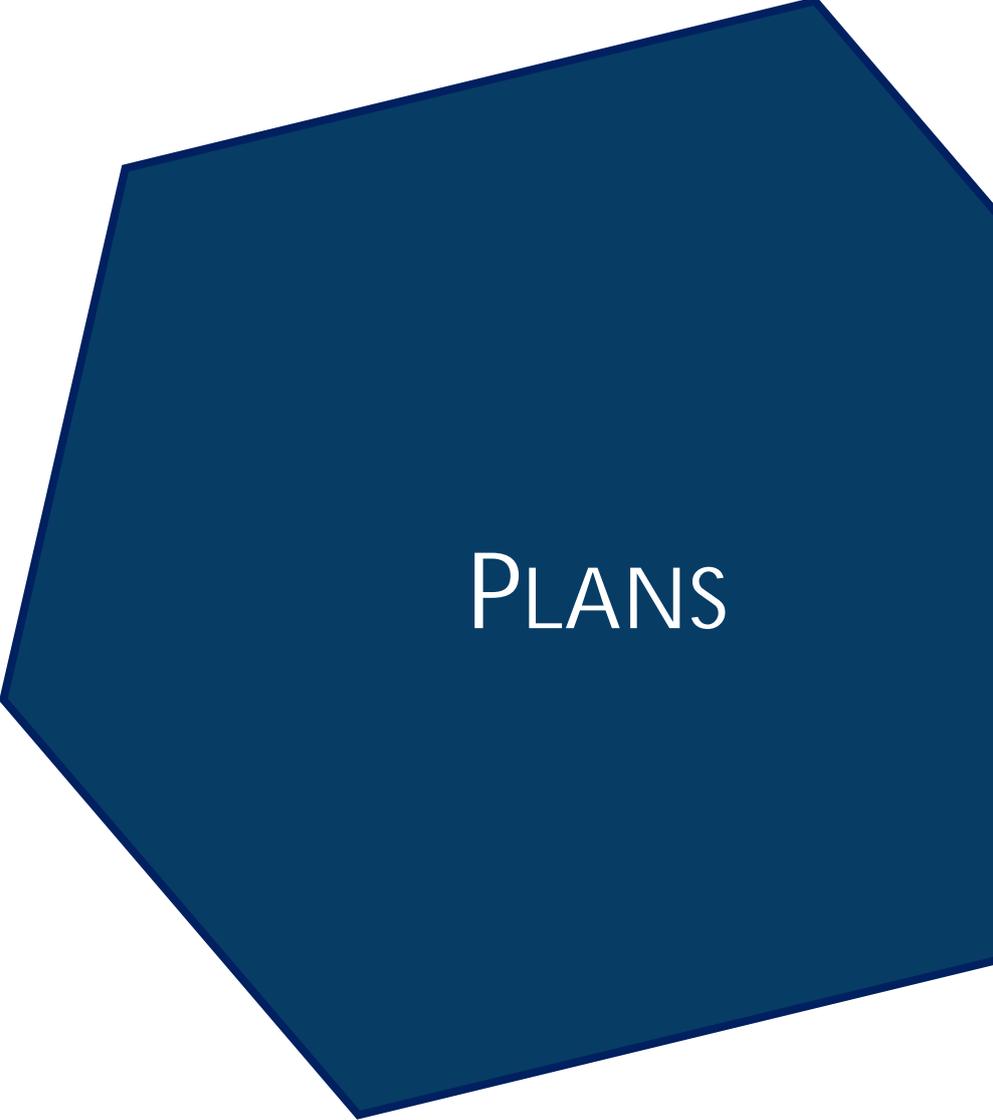
⁵⁻⁴ Source: Report of Subcommittee on Issues Relating to Policy on Industrial Buildings (LC Paper No. CB(1)852/19-20).

6.1 PlanD will, in consultation with concerned bureaux/departments, work out the detailed rezoning proposals for the Siu Lek Yuen Industrial Area and the IB sites in Sheung Shui Areas 4 and 30 "I" zones having regard to the compatibility of existing, approved and planned developments and the flexibility in the use of land to allow transformation before initiating the statutory rezoning procedures in accordance with the requirements of the Town Planning Ordinance. Similarly, the zoning intention of other IB sites, which local character has changed arising from surrounding developments, should also be reviewed befitting the new context when appropriate.

6.2 Some takeaways for future rounds of assessment:

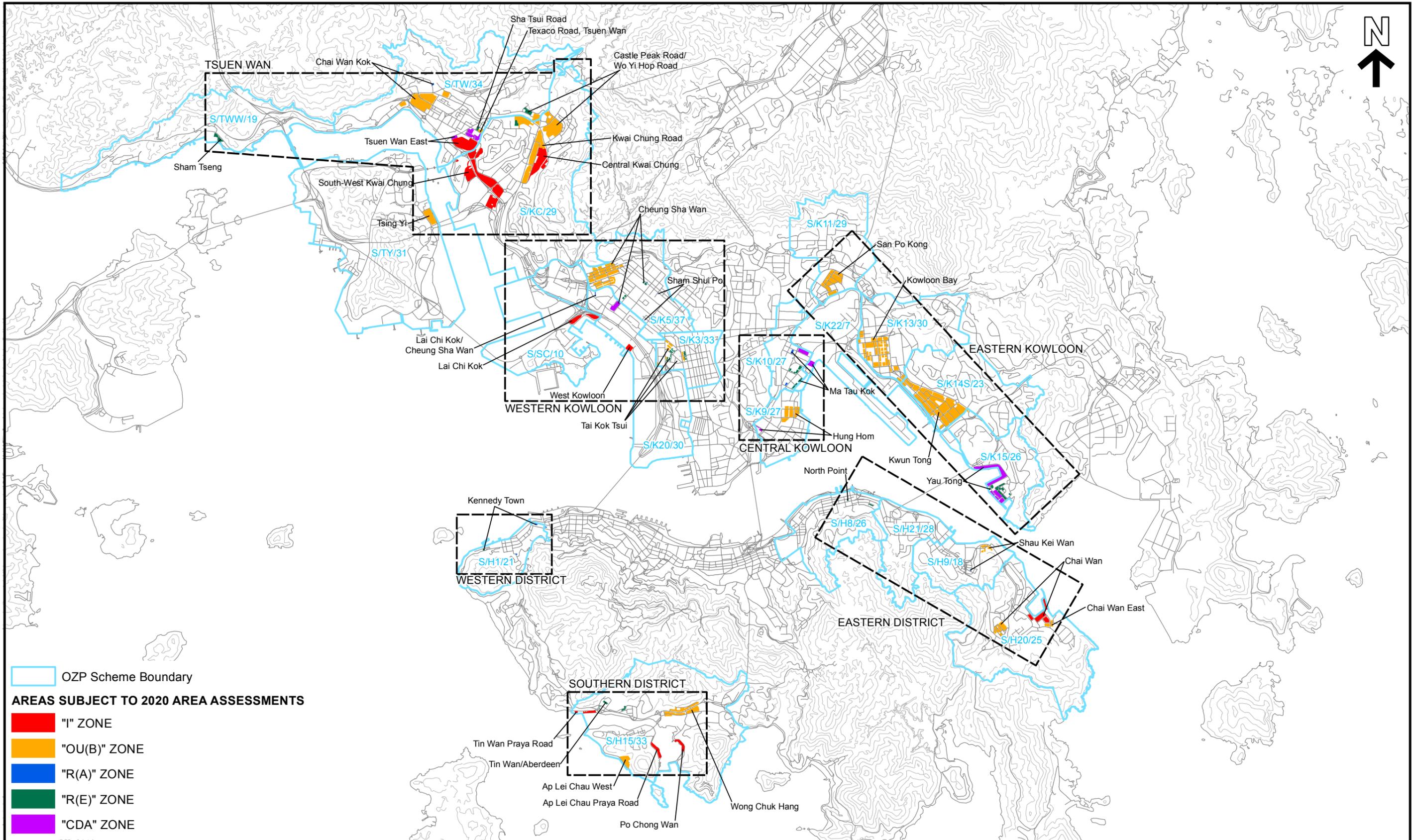
- (a) The full effect of Revitalisation Scheme 2.0 could be captured in the next AA in the similar fashion as in Revitalisation Scheme 1.0 in the 2020 AA.
- (b) The user class and types of business could be expanded/ modified to capture the emerging and/or special uses captured in the 2020 AA (such as data centre, cold storage and research and design centre) and the market situation in that material time. A preliminary research to define the essential variable prior to the survey will be much useful.
- (c) Owners' views on conversion or redevelopment of their IBs are useful e.g. underlying reasons for delayed or difficulties encountered. Opportunities could be explored to extend or refine the scope of owners' survey in future AAs.

[This is a blank page]



PLANS

[This is a blank page]

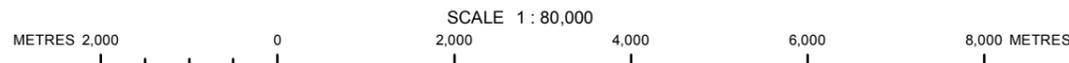


- OZP Scheme Boundary
- AREAS SUBJECT TO 2020 AREA ASSESSMENTS**
- "I" ZONE
- "OU(B)" ZONE
- "R(A)" ZONE
- "R(E)" ZONE
- "CDA" ZONE

AREA ASSESSMENTS OF INDUSTRIAL LAND IN "I", "OU(B)", "R(A)", "R(E)", AND "CDA" ZONES
(METRO AREA)

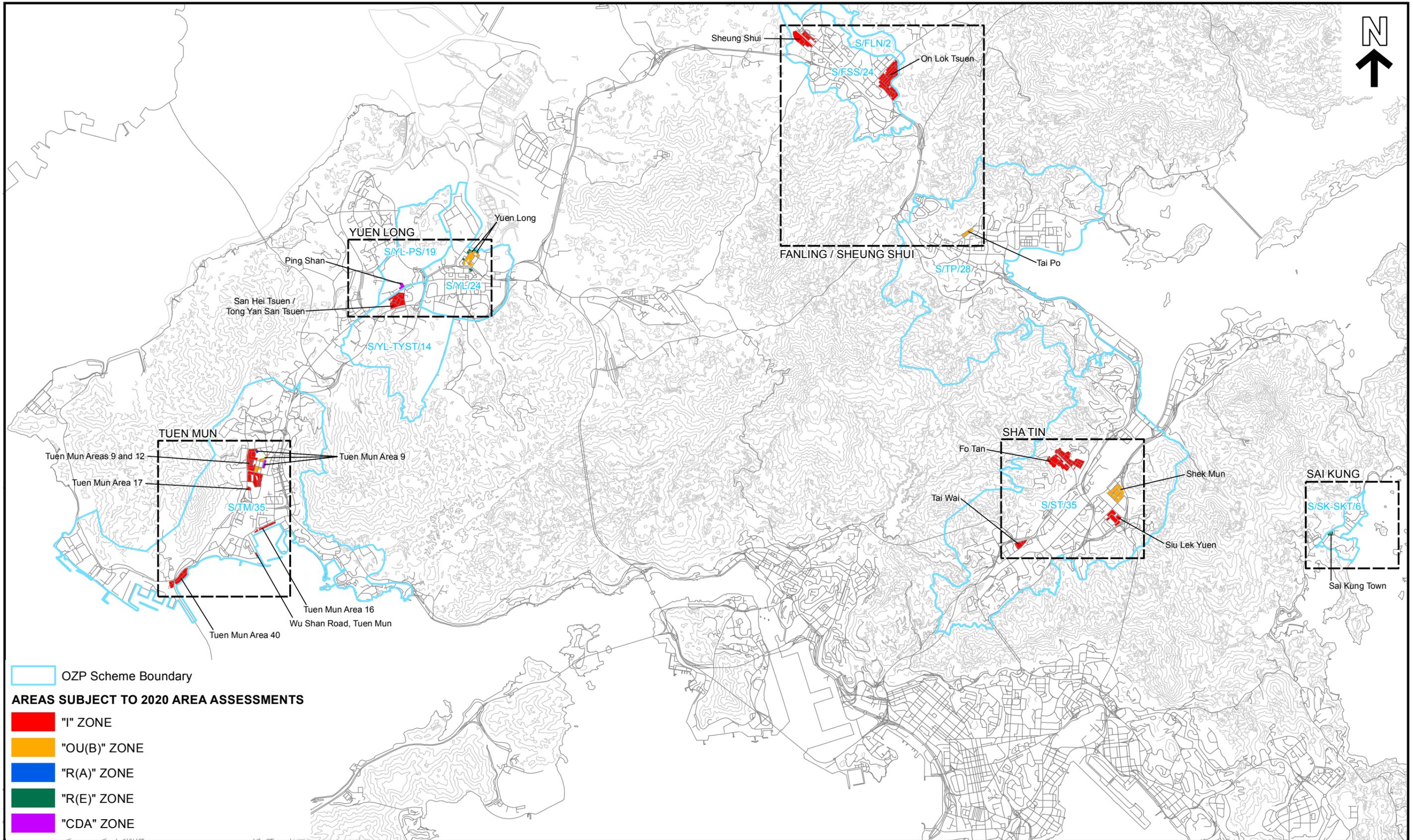
規劃署
 PLANNING DEPARTMENT

EXTRACT PLAN PREPARED ON 14.12.2021



參考編號
 REFERENCE No.
M/HOLS/21/30

Plan 1



- OZP Scheme Boundary
- AREAS SUBJECT TO 2020 AREA ASSESSMENTS**
- "I" ZONE
- "OU(B)" ZONE
- "R(A)" ZONE
- "R(E)" ZONE
- "CDA" ZONE

AREA ASSESSMENTS OF INDUSTRIAL LAND IN "I", "OU(B)", "R(A)", "R(E)", AND "CDA" ZONES
(NON-METRO AREA)

規劃署
 PLANNING DEPARTMENT

EXTRACT PLAN PREPARED ON 14.12.2021



參考編號
 REFERENCE No.
M/HOLS/21/30

Plan 2



Spatial Distribution of Single-owned Pre-1987 Industrial Buildings (Non-Metro Area)



規劃署
PLANNING DEPARTMENT



參考編號
REFERENCE No.
M/HOLS/21/30

Plan 4