

**HONG KONG'S HOUSING CRISIS:  
GOVERNMENT POLICIES AND  
THEIR LIMITATIONS**

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## **Executive Summary**

1. While rising housing prices are a worldwide phenomenon, Hong Kong is an extreme case with its consistent ranking as one of the world's most expensive cities and least affordable housing markets.
2. All land and its development rights come under the jurisdiction of the Hong Kong Special Administrative Region (HKSAR) government which leases land under a variety of terms and conditions.
3. Although the Hong Kong public widely expect the government to intervene in the land supply and housing market for the benefit of society, the HKSAR government has long insisted on a laissez-faire approach, allowing the market to play a dominant role in the housing market with minimal state intervention.
4. Soaring property prices are a sign of the HKSAR government's failure to deliver housing for its citizens. Despite many good-intended speeches by all previous chief executives in office, very little in the housing market has changed.
5. The HKSAR government has the incentive to keep housing prices at a high level given that it is highly dependent on land premiums and related income as sources of revenue due to the hollowing-out of the manufacturing industries and the underdevelopment of high-tech industries.
6. Political imperatives and economic interests have collided on the issue of housing. Although addressing the issues of land and housing shortage is a sociopolitical priority for Hong Kong, economic interests and resistance by vested interests have made it difficult to tackle without radical reforms.
7. While the planned housing policy measures under the Carrie Lam administration might help somewhat to slow down the growth of property prices in Hong Kong, they will not bring about a substantial fall in housing prices that is required to resolve the long-standing housing crisis in Hong Kong.

8. Although many ordinary Hong Kong citizens have expressed their anger with the housing situation, the HKSAR government is unlikely to crack down on the powerful property developers and sacrifice its important revenue source of land premiums and related income, at least not in the short term.