

# **TOWN PLANNING BOARD**

**TPB Paper No. 9974**

**For Consideration by the Town Planning Board on 14.8.2015**

**2014 AREA ASSESSMENTS OF  
INDUSTRIAL LAND IN THE TERRITORY**

## **2014 AREA ASSESSMENTS OF INDUSTRIAL LAND IN THE TERRITORY**

### **1. PURPOSE**

The purpose of this Paper is to invite Members to note the findings, key observations and recommendations of the 2014 Area Assessments of Industrial Land in the Territory (2014 Area Assessments) undertaken by the Planning Department (PlanD) in 2013-14.

### **2. BACKGROUND**

- 2.1 In response to the economic restructuring of industrial sector, PlanD completed the “Study to Review the Planning Framework for Reservation and Provision of Industrial Land” in 1999. The objective of the study was to cater for the changing needs of the industrial and business sectors. Based on its findings and recommendations, the first Area Assessments of Industrial Land in the Territory in 2000 (2000 Area Assessments) was undertaken to understand the use of industrial land<sup>1</sup> and recommend rezoning of land zoned “Industrial” (“I”) to other non-industrial uses including “Other Specified Uses” annotated “Business” (“OU(B)”) in areas covered by 20 outline zoning plans (OZPs) (16 in the Metro areas and four in the New Territories (NT)) (see **Appendix 1.1 at Annex A**).
- 2.2 Since the completion of 2000 Area Assessments, two more rounds of Area Assessments on “I” and “OU(B)” zones were conducted in 2005 and 2009 respectively<sup>1</sup>.
- 2.3 Based on the recommendations of the said Area Assessments, a total of about 200.3 ha of land zoned “I” have been rezoned to “OU(B)” from January 2001 to April 2015, while about 95.1 ha of land zoned “I” have been rezoned to other uses. These mainly include “Government, Institution or Community” (“G/IC”) (about 26.3 ha), “Comprehensive Development Area” (“CDA”) (about 15.0 ha), areas shown as ‘Road’ (about 12.8 ha), “Open Space” (“O”) (about 12.3 ha), “Other Specified Uses” (about 9.8 ha), “Residential (Group E)” (“R(E)”) (about 8.9 ha) and “Residential (Group A)” (“R(A)”) (about 4.9 ha).

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<sup>1</sup> The industrial land covered in the 2000, 2005 and 2009 Area Assessments excluded rural industries zoned “Industrial (Group D)”, and special industrial uses (such as industrial estates, oil depots and marine- or port-related industries).

As at April 2015, there were about 256.1 ha of land zoned “I” in the territory<sup>2</sup>, with majority (about 169.0 ha/66.0%) in the NT and about 87.1 ha/34.0% in the Metro areas (see **Appendix 1.1 at Annex A**).

- 2.4 After the completion of the 2009 Area Assessments, the Government announced in 2009-10 Policy Address a set of revitalisation measures to encourage redevelopment of older industrial buildings (IBs) in the “OU(B)” and other non-industrial zones, and wholesale conversion of those IBs in the “I”, “OU(B)” and “Commercial” (“C”) zones so as to encourage better utilisation of the existing IBs. The deadline of application for time-limited measures was extended for three years from March 2013 to March 2016.
- 2.5 In order to get more updated information on the usage of IBs and their progress of transformation in different land use zones, PlanD has completed the fourth Area Assessments (namely 2014 Area Assessments).

### **3. 2014 AREA ASSESSMENTS**

- 3.1 A Report on the 2014 Area Assessments is at **Annex A**.

#### Objectives

- 3.2 The purpose of 2014 Area Assessments is to obtain an updated overview and trend analysis of the existing IBs in “I”, “OU(B)”, “R(A)”, “R(E)” and “CDA” zones in terms of their utilisation by key types of industries, and to consider future planning of industrial land with the objective of meeting the changing needs and optimising the use of land resources in the territory. The IBs in “R(A)”, “R(E)” and “CDA” zones are covered for the first time in the 2014 Area Assessments.

#### General Approach and Methodology

- 3.3 Same as the 2009 Area Assessments, the 2014 Area Assessments focus on IBs under private ownership with records in the Rating and Valuation Department (R&VD), and exclude land for industrial estates, rural industries zoned “Industrial (Group D)” and special industrial uses (such as oil depots and marine- or port-related industries). As such, the government-owned Housing Authority’s factory estates are not included, and same for the industrial estates which fall under area zoned “Other Specified Uses” annotated “Industrial Estate”.

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<sup>2</sup> The figure excludes about 147.9 ha of “I” zone in Tsing Yi which is mainly occupied by heavy industrial uses such as oil depots, dockyards, chemical industry, etc.

- 3.4 On-site inspections were undertaken to obtain information on the condition of each IB<sup>3</sup>, while on-site questionnaire surveys were conducted from April 2013 to August 2014 to collect information on the usage, type of business and number of workers engaged of individual units. Besides, information on building age, gross floor area (GFA), number of storeys/owners, planning approvals, building plans approvals, lease modifications and special waivers (for wholesale conversions) was obtained from the records of relevant departments<sup>4</sup>.
- 3.5 There are a total of 75 industrial areas in 13 districts, covering 1,448 existing IBs on land zoned “I”, “OU(B)”, “R(A)”, “R(E)” and “CDA” on the OZPs (**Annex B, and Appendix 6.2 and Plans 1 and 2 at Annex A**). As there are a large number of units in the IBs in “OU(B)” zone, a sample survey was undertaken in all 788 IBs, covering about 59.4% of the total number of units (i.e. 34,475 out of the 58,021 relevant units). For “I”, “R(A)”, “R(E)” and “CDA” zones, full survey of all relevant units was carried out, covering a total of 660 IBs and 40,846 units in the four zones.
- 3.6 The usage of each surveyed unit is categorised based on the predominant use(s) of the unit as follow:
- (a) ***Manufacturing/Workshop*** – unit wholly or predominantly used for manufacturing and/or workshop activities;
  - (b) ***Warehouse/Storage*** - unit wholly or predominantly used for warehouse and/or storage use, regardless of whether it is logistics warehouse, in-house godown or mini self-storage facility;
  - (c) ***Office*** – unit wholly or predominantly for office use, including ancillary office; and
  - (d) ***“Other Uses”*** – unit wholly or predominantly for use(s) other than (a) to (c) above<sup>5</sup>.

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<sup>3</sup> The following factors are taken into account in determining building condition of each IB:

- (a) presence of structural defects (such as cracks on outer walls, bulging or sagging walls, rusted steel in beams or supports); and
- (b) signs of wear or tear (such as rusted/defective exposed drain pipes and gutters, flaking/decaying external finishes including paint work on facades, rusted/insecure appendages on external walls, and rusted/defective window frames/panes).

<sup>4</sup> Information on building age, planning approvals, building plan approvals, lease modification and special waivers for wholesale conversions was as up to April 2014, while that for GFA was derived from R&VD’s internal floor area as at end 2012. Information on number of owners was provided from Land Registry as at June 2014 and that on number of storeys was based on PlanD’s records.

<sup>5</sup> The use includes but not limited to showroom, wholesale centre, research and development/testing centre, call centre, data centre, shop and services, eating place, studio, gallery, recreational facilities, training centre/educational institution, religious institution, and domestic use.



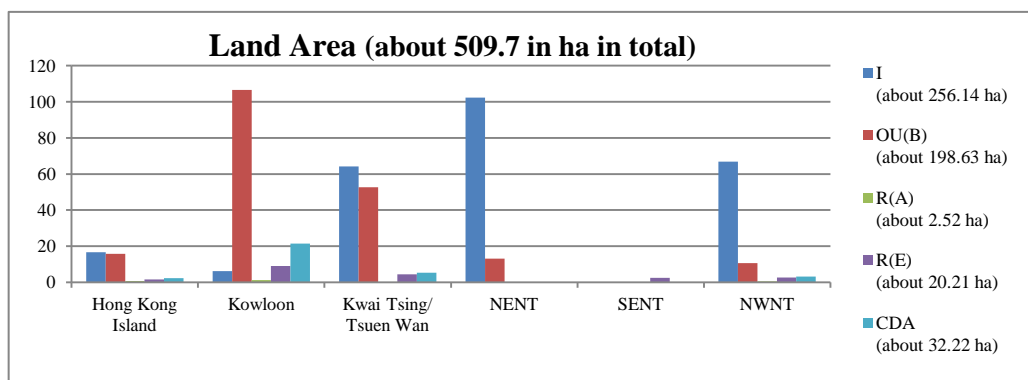
- 3.7 The type of business of each unit is collected in the survey, the categorisation of which is largely based on Census and Statistics Department (C&SD)’s Hong Kong Standard Industrial Classification (HKSIC) Version 2.0 (see details in **paragraph 2.8 at Annex A**).

## Key Findings

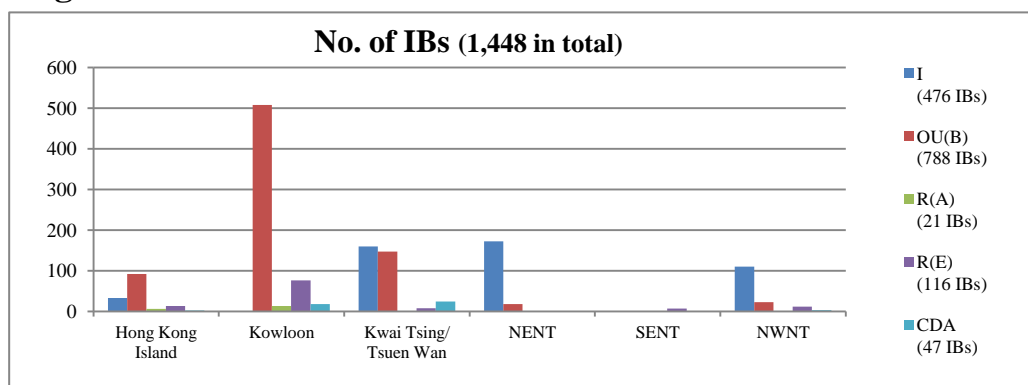
### ***Land Area, Number of IBs and GFA***

- 3.8 The total industrial land stock as at April 2015 (covered in 2014 Area Assessments) was about 509.7 ha<sup>6</sup>, with a total of 1,448 IBs and about 27.85 million m<sup>2</sup> in GFA<sup>7</sup>. Breakdowns of the information by five zones, six regions (Hong Kong Island, Kowloon, Kwai Tsing/Tsuen Wan, Northeast New Territories (NENT), Southeast New Territories (SENT) and Northwest New Territories (NWNT)) and 13 districts are at **Figures 1 to 3 and Appendix 6.2 at Annex A**.

**Figure 1 Distribution of Land Area**



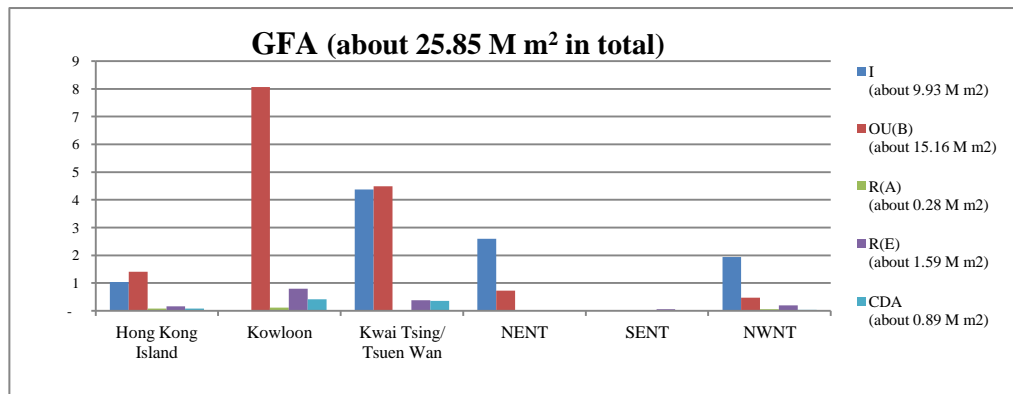
**Figure 2 Distribution of IBs**



<sup>6</sup> The figure refers to the total zoned area of the 75 “I”, “OU(B)”, “R(A)”, “R(E)” and “CDA” industrial areas covered in the assessments. Apart from IBs, the areas may include sites that have already been redeveloped for non-industrial use (particularly those in “OU(B)” zone), roads, public open spaces, G/IC facilities (such as public toilet and cooked food market) and public utility installations (such as electricity sub-station).

<sup>7</sup> The GFA figure is derived from the internal floor area of relevant units in R&VD’s records (as at end 2012) by multiplying a factor of 1.3333.

**Figure 3 Distribution of GFA**



3.9 Among the five zones subject to assessments, “I” and “OU(B)” zones take up a total of about 89.2%, 87.3% and 90.1% of the land area, number of IBs and total GFA respectively. For “I” zone, NENT, NWNT and Kwai Tsing/Tsuen Wan are the largest providers while for “OU(B)” zone, Kowloon and Kwai Tsing/Tsuen Wan have the largest share.

3.10 For “R(A)”, “R(E)” and “CDA” zone areas, they take up a total of about 10.8%, 12.7% and 9.9% of the land area, number of IBs and total GFA respectively. Most of the stock is concentrated in Kowloon, followed by Kwai Tsing/Tsuen Wan.

#### ***Building Age, Ownership and Condition (Annex C)***

3.11 Majority of the IBs (about 61.9%/897 buildings) are 30 years old or above. In terms of building ownership, most IBs (about 64.9%/943 buildings) are under multiple ownership. East Kowloon, West Kowloon and Kwai Tsing have the largest share, i.e. 538 IBs of 30 years or above and 568 IBs under multiple ownership.

3.12 In terms of building condition, majority of the IBs (about 74.0%/1,071 buildings) are in fair condition. IBs in poor condition are mainly in East Kowloon, West Kowloon and Fanling/Sheung Shui (126 buildings).

#### ***Occupancy and Vacancy***

3.13 The overall occupancy and vacancy rates of IBs in terms of GFA (see **Table 1** below) are about 78.8% (about 21.94 million m<sup>2</sup>) and 5.3%<sup>8</sup> (about 1.47 million m<sup>2</sup>) respectively. While “R(A)” and “CDA” zones have the highest vacancy rate of 10.0%, “I” zone has lowest vacancy rate of 3.5% followed by “OU(B)” and “R(E)” zones of 6.0%. The vacant GFA (about 62.2%/0.91 million m<sup>2</sup>) is mainly found in “OU(B)” zone, followed by “I” zone (about 23.3%/0.34 million m<sup>2</sup>).

<sup>8</sup> Such vacancy is lower than the vacancy rates identified by R&VD as at end 2014, including that for private flatted factories (5.6%), private industrial/office (7.5%), private storage (5.9%), private office (6.3%) and private commercial (7.3%).

**Table 1 Usage and Vacancy of IBs by Zone (2014)**

	GFA (m <sup>2</sup> )					
	“I”	“OU(B)”	“R(A)”	“R(E)”	“CDA”	Overall
Manufacturing/ Workshop	829,539 (8.4%)	1,037,464 (6.8%)	42,056 (15.2%)	207,687 (13.0%)	62,362 (7.0%)	2,179,107 (7.8%)
Warehouse/ Storage	5,372,894 (54.1%)	5,041,212 (33.3%)	122,864 (44.3%)	669,496 (42.0%)	442,322 (49.6%)	11,648,788 (41.8%)
Office	1,643,028 (16.5%)	4,545,698 (30.0%)	42,457 (15.3%)	286,003 (17.9%)	160,345 (18.0%)	6,677,531 (24.0%)
“Other Uses”	379,358 (3.8%)	937,639 (6.2%)	18,456 (6.7%)	48,556 (3.0%)	46,961 (5.3%)	1,430,970 (5.1%)
Vacant	342,820 (3.5%)	913,255 (6.0%)	28,192 (10.2%)	95,919 (6.0%)	89,069 (10.0%)	1,469,255 (5.3%)
Under Renovation	102,800 (1.0%)	288,533 (1.9%)	1,817 (0.7%)	27,925 (1.8%)	8,737 (1.0%)	429,813 (1.5%)
Non-response	1,264,085 (12.7%)	2,393,542 (15.8%)	21,218 (7.7%)	258,678 (16.2%)	82,320 (9.2%)	4,019,843 (14.4%)
<b>Total</b>	<b>9,934,524 (100.0%)</b>	<b>15,157,343 (100.0%)</b>	<b>277,063 (100.0%)</b>	<b>1,594,263 (100.0%)</b>	<b>892,115 (100.0%)</b>	<b>27,855,308 (100.0%)</b>

### *Usage*

- 3.14 Warehouse/Storage is the largest user in the territory (about 41.8% or 11.65 million m<sup>2</sup>), followed by Office (about 24.0% or 6.68 million m<sup>2</sup>) and Manufacturing/Workshop (about 7.8% or 2.18 million m<sup>2</sup>) (**Table 1**). The same usage pattern takes place in most of the industrial areas.
- 3.15 “Other Uses” occupy about 5.1% or 1.43 million m<sup>2</sup> GFA in the territory, among which about 65.5% is in “OU(B)” zone (**Table 1**). The largest share is shop and services which occupies about 21.5% of the total “Other Uses” GFA, followed by showroom (about 20.6%) and data centre (about 12.5%) (see **Figure 6-8 at Annex A**). Some new emerging uses such as hydroponics and aquaculture are also identified, though the GFA involved is not significant.

### *Types of Business and Employment*

- 3.16 Information on types of business and employment is collected for occupied non-subdivided units<sup>9</sup>, the GFA of which accounts for about 92.1% of all the occupied units in the IBs in five zones.
- 3.17 Majority (about 79.3%) of the GFA are occupied by non-manufacturing business. “Import/Export, Wholesale and Retail Trades” and “Transportation, Storage, Postal and Courier Services” are the two largest types. As regards the manufacturing business, the largest share is “Manufacturing of Food Products, Beverages and Tobacco Products”, “Manufacturing of Wearing Apparel”, “Manufacturing of Textiles” and “Printing and Reproduction of Recorded Media”.

<sup>9</sup> In view of resource implications, full survey was not conducted for the subdivided units. The type of business and number of workers engaged are only collected from the non-subdivided occupied units.

- 3.18 In terms of employment, about 401,640 workers are engaged in the occupied non-subdivided units of IBs, taking up about 14.6% of the total of 2,754,191 persons engaged in various business/industries in the whole territory (other than those in the Civil Service) as at June 2014<sup>10</sup>. About 39.8% of the workers are engaged in business of “Import/Export, Wholesale and Retail Trades”, followed by “Transportation, Storage, Postal and Courier Services” (about 12.1%) and “Professional, Scientific and Technical Activities” (about 7.2%). Spatially, a large majority of the workers are engaged in the IBs in industrial areas in Metro areas (about 85.2%) as compared with NT (about 14.8%).

### Key Observations and Considerations

#### *Vacancy and Usage*

- 3.19 The overall vacancy rate of the IBs in “I” and “OU(B)” zones has significantly decreased from about 7.6% to about 5.0% as compared with 2009 Area Assessments. Both “I” and “OU(B)” zones have experienced decreasing vacancy from 6.5% to 3.5% and from 8.4% to 6.0% respectively. Higher vacancy is generally identified in IBs of old age (say 30 years or above) and/or small floor plates (say 450 m<sup>2</sup> or less) since maintenance and building services of these IBs are usually less satisfactory, making them difficult to meet requirements of modern enterprises and less attractive to the market.
- 3.20 IBs in “R(A)”, “R(E)” and “CDA” zones have a relatively higher overall vacancy rate of 7.7%. This is mainly due to the higher percentage of old IBs which have more vacant GFA, and the existence of eight wholly vacant IBs as well as 18 sites with planning and/or building plan approvals for redevelopment for non-industrial use as mentioned in paragraph 3.26 below. Apart from the problem of old-aged IBs as mentioned in paragraph 3.19 above, the higher vacancy is also a sign of transformation where some IBs are pending for redevelopment.
- 3.21 Same as the 2009 Area Assessments, about half of the GFA (48.9%) in both “I” and “OU(B)” zones is still for industrial use (mainly Warehouse/Storage), while about 29.9% of the GFA is for non-industrial use (mainly Office). As shown in **Table 2** below, the split between industrial and non-industrial usage (in terms of GFA) in both zones has become stabilised between 2009 and 2014. On the other hand, the percentage of GFA for industrial use is still higher in “I” zone while in “OU(B)” zone, percentages of GFA for industrial and non-industrial uses are quite balanced.

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<sup>10</sup> The source of the data is from the C&SD’s quarterly published statistics as at June 2014 on “Number of establishments and persons engaged (other than those in the Civil Service) analysed by industry section, District Council district and sex”.

**Table 2 Comparison of Usage and Vacancy of IBs in “I” and “OU(B)” between 2009 and 2014**

Uses	GFA (in %)					
	“I” zone		“OU(B)” zone		Overall	
	2009 (10.55 M m <sup>2</sup> )	2014 (9.93 M m <sup>2</sup> )	2009 (15.37 M m <sup>2</sup> )	2014 (15.16 M m <sup>2</sup> )	2009 (25.92 M m <sup>2</sup> )	2014 (25.09 M m <sup>2</sup> )
Manufacturing/Workshop	9.8%	8.4%	7.4%	6.8%	8.3%	7.4%
Warehouse/Storage	55.5%	54.1%	32.4%	33.3%	41.8%	41.5%
<b>Total (industrial use)</b>	<b>65.3%</b>	<b>62.5%</b>	<b>39.8%</b>	<b>40.1%</b>	<b>50.1%</b>	<b>48.9%</b>
Office	16.6%	16.5%	33.8%	30.0%	26.8%	24.7%
“Other Uses”	2.4%	3.8%	3.5%	6.2%	3.0%	5.2%
<b>Total (non-industrial use)</b>	<b>19.0%</b>	<b>20.3%</b>	<b>37.3%</b>	<b>36.2%</b>	<b>29.8%</b>	<b>29.9%</b>
<b>Vacancy</b>	<b>6.5%</b>	<b>3.5%</b>	<b>8.4%</b>	<b>6.0%</b>	<b>7.6%</b>	<b>5.0%</b>

- 3.22 Besides, the percentage of GFA for “Other Uses” in “I” and “OU(B)” zones has also substantially increased from about 3.0% in 2009 to 5.2% in 2014. Majority of the concerned GFA (about 65.5%) is found in “OU(B)” zones, mainly in Kwun Tong, Kowloon Bay and Cheung Sha Wan which are all in Metro areas and well served by MTR.
- 3.23 Apart from those permitted either as of right under OZP or with provision for application for planning permission from the Board (including showroom, research and development/testing centre, data centre, wholesale centre, and shop and services on ground floor), some new emerging uses such as hydroponics and aquaculture could also be identified in the latest survey.
- 3.24 For the “R(A)”, “R(E)” and “CDA” zones, there is a relatively higher percentage of GFA for Manufacturing/Workshop use (about 11.3%). The relatively lower percentage of GFA for Office use (about 17.7%) is probably due to the higher percentage of old IBs in these three zones which makes them less attractive to Office users.

#### ***New Developments and Redevelopments/Wholesale Conversions***

- 3.25 More active transformation to non-industrial use has occurred in “OU(B)” zone in the last five years, while the pace of redevelopment in “I” zone has been relatively slower. Besides, approvals for new development/redevelopment for industrial use can still be found in both “I” and “OU(B)” zones.
- 3.26 From January 2009 to April 2014, a total of 128 sites (including 100 sites in “OU(B)” zone, 10 sites in “I” zone, 12 sites in “R(E)” zone, four sites in “CDA” zone and two sites in “R(A)” zone) have obtained various kinds of approvals for new developments or redevelopment (including wholesale conversion under revitalisation measures for IBs) for non-industrial use<sup>11</sup> (**Appendix 6.3 at Annex A**). The approved developments for sites in “I” and

<sup>11</sup> Including where appropriate (i) planning approvals under the Town Planning Ordinance; (ii) building plan approvals under the Buildings Ordinance; (iii) approvals under revitalisation measures for IBs with special waiver (for wholesale conversion of existing IBs) and lease modification executed (for redevelopment); and (iv) approvals with lease modification executed not under revitalisation measures for IBs.

“OU(B)” zones are mainly for office/commercial uses, while those in “R(A)”, “R(E)” and “CDA” zones are mainly for residential use. The relatively slower pace of redevelopment in “R(A)” zone may be due to the higher percentage of IBs under multiple ownership, while that in “CDA” zone may probably be due to the longer time required for consolidation of land titles of different lots within the same site.

- 3.27 During the same period of time, another 39 sites (22 in “I” zone and 17 in “OU(B)” zone) have obtained various kinds of approvals for new developments or redevelopment for industrial use<sup>12</sup> (**Appendix 6.4 at Annex A**).

### ***Projected Demand for Manufacturing and General Warehousing***

- 3.28 According to the preliminary projections undertaken under the “Review of Land Requirement for Grade A Offices, Business and Industrial Uses” commissioned by PlanD, the demand for two categories of industrial floorspace in IBs, i.e. manufacturing and general warehousing, would continue to increase, particularly that for general warehousing. The estimated demand is 16.06 million m<sup>2</sup> GFA in 2018 and 16.90 million m<sup>2</sup> GFA in 2023. Such increase is mainly due to an increase in general logistics/warehousing demand forecast (**Table 7.3 at Annex A**). The Review also adopts an econometric model to estimate that the longer-term total industrial GFA requirement in IBs. The preliminary projection for 2041 is 19.86 million m<sup>2</sup>.

### ***Possible Further Reduction of Industrial Land Supply***

- 3.29 Based on the recommendations of the 2009 Area Assessments, there are still some land zoned “I” in Kennedy Town, Sha Tin Area 65 and Fanling Area 48 (with a total area of about 8.6 ha) under preparation for rezoning. Besides, three “I” sites in Ap Lei Chau West, Sheung Shui and Ping Shan (with a total area of about 29.2 ha) are currently subject to other ongoing studies/reviews for possible rezoning to non-industrial use. Details of all these sites and the concerned rezoning proposals are summarised under **paragraphs 6.36 and 6.38 at Annex A**.
- 3.30 Apart from the above, another three outstanding rezoning proposals recommended in the 2009 Area Assessments (involving a total of about 13.1 ha) have been further reviewed in the subject Area Assessments, taking account of the latest local circumstances. They include the Ap Lei Chau West “I” area (about 3.7 ha) (**Plans 1a and 1b**) and Siu Lek Yuen “I” area (about 7.5 ha) which were previously recommended for rezoning to “R(E)” (**Plans 2a and 2b**), and Fo Tan “I” area (about 1.9 ha) (**Plans 3a and 3b**) which was previously recommended for rezoning to “OU(B)”. The latest recommendations are set out in paragraphs 3.37 and 3.38(b) below.

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<sup>12</sup> Including (i) planning approvals for minor relaxation of development restrictions under the Town Planning Ordinance; and (ii) building plan approvals under the Buildings Ordinance.

## Recommendations

### ***“I” and “OU(B)” Zones***

- 3.31 In the light of the above findings, key observations and considerations, two major principles are derived for areas zones “I” and “OU(B)”:
- (a) there is a continued genuine need for “I” zone for the wide range of economic activities from traditional industrial uses to other industrial-related services/office uses; and
  - (b) floorspace for appropriate types of activities in “I” zone should be retained in different areas to help achieve a better balance in the distribution of population and employment.
- 3.32 After previous three rounds of Area Assessments and progressive rezoning efforts to cater for the changing needs of our community, a substantial amount of industrial land (with a total of about 295.4 ha) has been rezoned for non-industrial use. The usage in IBs in “I” and “OU(B)” zones has become stabilised, as demonstrated in the subject Area Assessments, with about half of GFA (48.9%) for industrial use while the overall vacancy rate has declined from about 7.6% in 2009 to about 5.0% in 2014. The IBs in these two zones still contribute to economic activities in various districts.
- 3.33 Noting that there is still a genuine need for industrial floorspace, it is considered that a cautious approach should be adopted in reviewing the zoning of the existing “I” and “OU(B)” areas, including the three outstanding rezoning proposals recommended in the 2009 Area Assessments as mentioned in paragraph 3.30 above. In particular, further large-scale rezoning of land zoned “I” should not be encouraged and the two outstanding rezoning proposals for Siu Lek Yuen and Fo Tan “I” areas would not be pursued. Other than that, one industrial area, i.e. On Lok Tsuen “I” area in Fanling/Sheung Shui should have some scope for increasing development intensity to help accommodate the sustained demand of industrial floorspace, better utilise the land resources and increase job opportunities.
- 3.34 On the other hand, two “I” areas (i.e. Chai Wan Kok in Tsuen Wan and Ap Lei Chau West in Aberdeen) that have already been undergoing relatively more active transformation in the last five years could be considered for rezoning to “OU(B)” to further facilitate their transformation and provide more job opportunities.
- 3.35 There is also a need to plan for new industrial land to meet the future demand for industrial use. While land has been reserved in new development areas (NDAs) in the NT for different economic land uses to provide jobs for the substantial intake of population, the existing Metro areas which accommodate about 59.3% of the population in the territory (according to 2011 Population Census) should also provide a variety of economic land uses at different districts to balance the distribution of homes and jobs and to reduce travel needs. As such, some industrial areas should be retained in the Metro areas

as “I”, especially those that have not undergone substantial transformation and have largely been retained as predominantly industrial uses.

3.36 Details of recommendations are explained in the following paragraphs:

*Outstanding rezoning proposals in 2009 Area Assessments not to be further pursued*

3.37 The latest survey findings reveal that there are still vibrant industrial operations in Siu Lek Yuen and Fo Tan with 50.1% and 91.6% of the GFA for industrial use respectively, it is therefore recommended that the outstanding rezoning proposals in the areas should not be further pursued. Notwithstanding, with the good accessibility of Siu Lek Yuen “I” area to Ma On Shan Rail City One Station, government sites occupied by temporary uses adjacent to the industrial area may be considered for non-industrial use such as commercial/office development so as to better utilise land resources, increase employment opportunities and support the industrial activities in the area.

*Areas with scope for transformation*

3.38 Two “I” areas, i.e. Chai Wan Kok in Tsuen Wan and Ap Lei Chau West in Southern District, which have relatively high percentages of IBs under single ownership and signs of transformation particularly in the last five years, are considered having potential for rezoning to “OU(B)”.

(a) Chai Wan Kok “I” area (Plans 4a and 4b)

- (i) Chai Wan Kok is a traditional industrial area (about 19.1 ha) and a major employment node in Tsuen Wan. In 2001, about one-third of the land (about 6.9 ha), mainly in the southwest, had been rezoned to “OU(B)”. In the last five years, the “OU(B)” portion has undergone gradual transformation with two new IBs mainly for Office use and one new commercial/office building under construction as identified in the survey<sup>13</sup>;
- (ii) in the remaining “I” area of about 10.9 ha and 40 IBs, the vacancy rate is about 9.0% which is much higher than the territorial figure of 3.5% for all “I” areas. Over half of the IBs (23 or about 57.5%) are 30 years or above, including 11 buildings of over 50 years. Over one-third of the IBs (15 or about 37.5% of the buildings) are under single ownership. The GFA for industrial use has decreased from about 53.5% in 2009 to about 49.7% in 2014, which is much lower than the overall figure of about 62.5% identified for all “I” areas in 2014. Only about 4.9% of the GFA is for Manufacturing/Workshop. The GFA for “Other Uses” has doubled from about 1.7% in 2009 to about 3.4% in 2014 with the majority for showroom, wholesale centre and shop and services. A planning application for wholesale

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<sup>13</sup> The survey was conducted in November 2013. The construction of the new commercial/office building was subsequently completed with occupation permit issued by the Building Authority in October 2014.



conversion of two of the IBs for research, design and development centre, training centre, place of recreation, sports or culture, shop and services and eating place was approved by the Metro Planning Committee (MPC) of the Board in January 2015;

- (iii) noting that there would be a substantial quantum of population increase in Tsuen Wan in coming years arising from the new residential projects currently under construction or planning, and taking advantage of the highly accessible location of the area which is not far away from both MTR Tsuen Wan and Tsuen Wan West Stations, more employment opportunities and variety of jobs should be provided with a view to maintaining the area as a major employment node for a more balanced distribution of homes and jobs in the district; and
- (iv) in view of the above, the whole of “I” area is considered suitable to be rezoned to “OU(B)” to form a cluster with the existing “OU(B)” portion to facilitate transformation in the longer term.

(b) Ap Lei Chau West “I” area (Plans 1a and 1b)

- (i) in the 2009 Area Assessments, the “I” area to the north of Lee Lam Road with five IBs (about 3.7 ha) was recommended for rezoning to “OU(B)”. Two out of five IBs in the area are under single ownership, while another two IBs have less than 10 owners each. In terms of usage, about 38.3% of the GFA is for non-industrial use, including one IB each mainly for shop and services, and another IB mainly for Office use. For the remaining three IBs, two of them are mainly for Warehouse/Storage, and one is mainly for car repairing and servicing. A planning application for rezoning the site to “OU(B)” for a new office/commercial development was approved by MPC of the Board in March 2015;
- (ii) in a wider context, the area is subject to changes in the future. It is within about 700m walking distance from South Horizons where the terminus of MTR South Island Line (East) to be completed in 2016 would be located. A site in the area together with adjoining “OU” annotated “Cargo Handling Area” and “G/IC” sites to the south of Lee Nam Road, which is mainly used as a temporary motoring school, has been identified for residential development (see **paragraph 6.36 at Annex A**); and
- (iii) taking advantage of the changing circumstances of the surrounding area, there is potential for further transformation of the area to non-industrial use. It is therefore recommended that the recommendation of the 2009 Area Assessments be retained by rezoning the “I” area to the north of Lee Nam Road to “OU(B)” to provide more flexibility in the use of the land in the area.

*Scope for enhancement of On Lok Tsuen “I” area (Plans 5a and 5b)*

- 3.39 On Lok Tsuen in Fanling/Sheung Shui is the largest “I” area in the territory in terms of land area (about 32.6 ha with 98 private IBs) as well as the major employment node in North District. Currently, the area is subject to a maximum plot ratio and building height restrictions of 5 and 25m respectively on the Fanling/Sheung Shui OZP. It is proposed to enhance the area with a view to better utilising the land resources, increasing employment opportunities and job variety and helping achieve a more balanced distribution of homes and jobs in the district.
- 3.40 All IBs in the area are seven storeys or below in height, among which over one-third (36 or about 36.7%) are temporary structures of one to two storeys. Majority of the IBs (73 IBs or about 74.5%) are under single ownership. 28 IBs or about 28.6% are 30 years or above and 34 IBs or about 34.7% are in poor condition. In terms of usage, about 64.6% of the GFA is still for industrial use, mainly Warehouse/Storage use. The vacancy rate of the area is 5.0% which is slightly higher than the territorial figure of 3.5% for all “I” areas. The pace of new development/redevelopment in the area is generally slow with only four IBs were completed in the last five years. Three of them are predominantly for Warehouse/Storage use while the remaining one is mainly for Office use.
- 3.41 In a wider context, the area is close to the East Rail Fanling Station, the Fanling North and Kwu Tung North NDAs with a total planned population of 176,900. In this regard, the area should better be retained as “I” to act as an employment node to serve the existing and new population in North District. On the other hand, taking advantage of the strategic location of the area near the existing Sha Tau Kok Control Point and the future Liantang/Heung Yuen Wai Boundary Control Point, consideration may be given to disposing suitable government sites in the area for commercial/office and/or logistics/warehousing developments. These new developments may act as a catalyst to encourage more redevelopment of existing IBs by the private sector. Furthermore, subject to technical assessment on its feasibility, consideration may also be given to relaxing the existing development restrictions on the OZP to help optimise the utilisation of sites and also encourage private redevelopments.

*Measures to further facilitate “Other Uses”*

- 3.42 A large number of “Other Uses” have infiltrated into IBs, particularly those under multiple ownership, in recent years. The figures have significantly increased as compared to those identified in the 2009 Area Assessments as mentioned in paragraph 3.22 above. Many of the “Other Uses” are not uses permitted under prevailing planning and land administration regimes. From planning point of view, consideration is being given to providing more flexibility in land use zoning so as to enable those uses that would not cause nuisance to other users of IBs and would not compromise building safety and fire risk. For instance, art studio not involving direct provision of services and goods has been incorporated in the “I” and “OU(B)” zones on Sha Tin

OZP. Similar amendments would be considered for other OZPs when opportunity arises.

- 3.43 Existing IBs, particularly those in urban area, with high ceiling design, heavy floor loading, and flexible floor layout are attractive to many uses, such as art gallery, religious institution, place of sports, culture or entertainment due to the relatively lower rent that they may offer when compared with office buildings. Apart from the above, some new emerging uses such as hydroponics and aquaculture could be identified. According to Fire Services Department's advice, uses that would likely attract a large number of visiting members of the public due to direct provision of customer services or goods are not supported in IBs from the fire safety point of view. Nevertheless, noting that many "Other Uses" have been in existence in IBs for years, a rising trend for such uses has been identified in the subject Area Assessments and many general public are patronising these uses every day, it is considered that relevant departments should explore possible measures to safeguard the public against continuous exposure to fire risk in IBs.

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

- 3.44 For "R(A)", "R(E)" and "CDA" zones, certain positive signs of transformation could be identified, including relatively higher overall vacancy rates of IBs (about 7.7%) than the in "I" and "OU(B)" zones (about 5.0%), and the approvals of 18 sites in the last five years for new developments/redevelopments for non-industrial use. While a few sites are still found active for industrial use such as Tuen Mun Area 9 "R(A)" area and Sham Tseng "R(E)" area, it is considered not practical to rezone these sites back to "I" as they are already located in districts dominated by residential developments. Under such circumstances, it is recommended that the zoning of all sites in these three zones be retained to continue encouraging and facilitating transformation.

#### **4. POSSIBLE IMPLICATIONS ON INDUSTRIAL LAND SUPPLY AND EMPLOYMENT**

- 4.1 Taking into account the rezoning proposals of Chai Wan Kok and Ap Lei Chau West from "I" to "OU(B)", and those "I" sites under preparation for rezoning and under other studies or reviews (excluding Sheung Shui<sup>14</sup>) as summarised in **paragraphs 6.36 and 6.38 at Annex A**, the total land area of "I" zone in the territory is expected to decrease by about 33.4 ha (13.0%) from about 256.1 ha to about 222.7 ha. In terms of GFA, it would decrease by about 1.28 million m<sup>2</sup> (12.9%) from about 9.93 million m<sup>2</sup> to about 8.65 million m<sup>2</sup>.
- 4.2 With the two "OU(B)" rezoning proposals, the total land area of "OU(B)" zone shall increase from 198.6 ha to about 213.2 ha (by 14.6 ha or 7.4%). The GFA would also correspondingly increase from about 15.16 million m<sup>2</sup> to

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<sup>14</sup> Sheung Shui "I" area is excluded as the study for public housing development being undertaken by the Housing Department is at an initial stage. It is premature to determine the area of land to be rezoned for non-industrial use.

about 16.31 million m<sup>2</sup> (by about 1.15 million m<sup>2</sup> or 7.6%).

- 4.3 The rezoning proposals recommended would still provide land for economic land uses and hence no significant impact on employment is expected. Besides, more employment opportunities and more variety of jobs are expected in the new development under the “OU(B)” zoning in view of higher development intensity and worker density as compared with the existing IBs.
- 4.4 The existing IBs in “I” zone with about 9.93 million m<sup>2</sup> GFA (including those “I” areas covered by the rezoning proposals as set out in paragraph 4.1 above) would be insufficient to meet the manufacturing and warehousing GFA demand projected for 2018, 2023 and 2041. Nevertheless, it should be noted that about 40.1% or 6.08 million m<sup>2</sup> GFA in the “OU(B)” zone is still for industrial use. Based on the trend over the past decade, the transformation of IBs in “OU(B)” area has been going on progressively and takes a long time to materialise. Hence, IBs in “OU(B)” zone will still be available for industrial use to serve the demand in the short to medium-term.
- 4.5 While private redevelopment of existing IBs, which are currently underutilised, will help increase the industrial floorspace supply, noting the potential shortfall of industrial space, suitable government sites in area zoned “I” may be disposed for industrial use to help augment potential industrial space supply. In the long-term, PlanD would identify, plan and reserve suitable new industrial land to meet the future demand of the industrial sector, particularly those with special requirements such as modern logistics and warehousing. To this end, economic land requirements and spatial development strategy for various types of industrial uses among others will be reviewed in the Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030 Study, and in that context the future planning and provision of land for industrial use including but not limited to those from existing IBs will be examined holistically. By doing so, the demand for general warehousing floorspace in IBs would likely decrease if more purposely built private storage buildings are developed, thereby freeing up the space currently occupied in the existing IBs.

## **5. DEPARTMENTAL COMMENTS**

The following bureaux and departments have been consulted on the findings and recommendations of the 2014 Area Assessments and their comments have been incorporated in the Report at **Annex A**, where appropriate:

- (a) Development Bureau
- (b) Transport and Housing Bureau;
- (c) Commerce and Economic Development Bureau;
- (d) Financial Services & the Treasury Bureau
- (e) Government Economist;
- (f) Trade and Industry Department;
- (g) Innovation and Technology Commission;
- (h) Office of the Government Chief Information Officer

- (i) Rating and Valuation Department;
- (j) Lands Department;
- (k) Housing Department;
- (l) Transport Department;
- (m) Highways Department;
- (n) Environmental Protection Department;
- (o) Water Supplies Department; and
- (p) Drainage Services Department.
- (q) Civil Engineering and Development Department;
- (r) Buildings Department;
- (s) Architectural Services Department;
- (t) Fire Services Department;
- (u) Electrical and Mechanical Services Department;
- (v) Food and Environmental Hygiene Department;
- (w) Fire Services Department;
- (x) Hong Kong Police Force; and
- (y) Home Affairs Department.

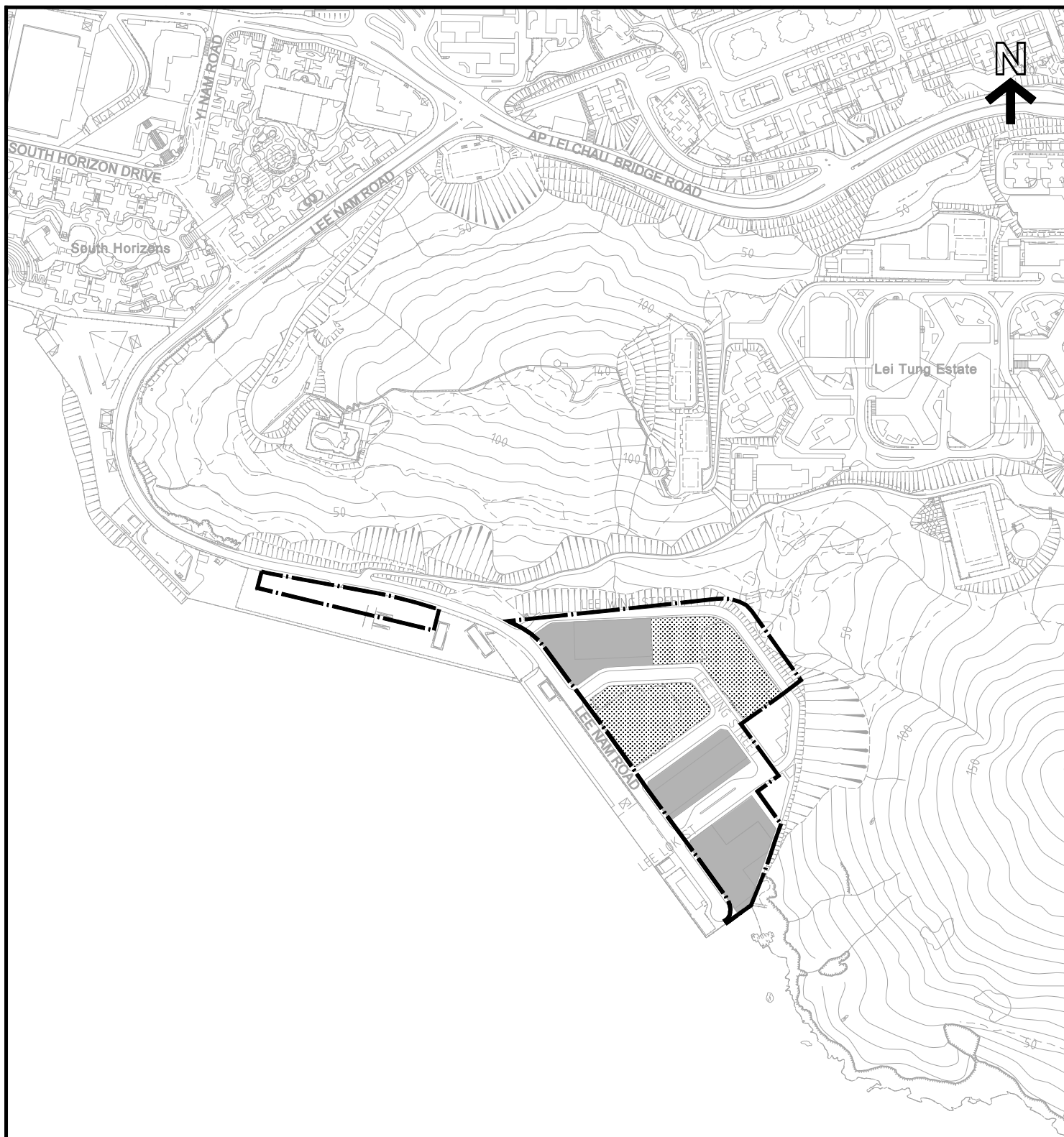
## **6. ADVICE SOUGHT**

- 6.1 Members are invited to note the findings, key observations and recommendations of the 2014 Area Assessments.
- 6.2 Based on the recommendations, the relevant District Planning Officers, in consultation with concerned departments, will work out the detailed rezoning proposals of individual industrial sites for the Board's consideration in the context of proposed amendments to the relevant OZPs.

### **Attachments**

Plans 1a and 1b	Outstanding Rezoning Proposal Recommended in the 2009 Area Assessments – Ap Lei Chau West “I” area
Plans 2a and 2b	Outstanding Rezoning Proposal Recommended in the 2009 Area Assessments – Siu Lek Yuen “I” area
Plans 3a and 3b	Outstanding Rezoning Proposal Recommended in the 2009 Area Assessments – Fo Tan “I” area
Plans 4a and 4b	Potential Site for Rezoning – Chai Wan Kok “I” area
Plans 5a and 5b	Potential Area for Enhancement – On Lok Tsuen “I” area
Annex A	A Report on 2014 Area Assessments of Industrial Land in the Territory (Refer to PlanD's website at <a href="http://www.pland.gov.hk/pland_en/p_study/comp_s/industrial_report_2014/index.htm">http://www.pland.gov.hk/pland_en/p_study/comp_s/industrial_report_2014/index.htm</a> )
Annex B	Distribution of Six Regions, 13 Districts and 75 Industrial Areas
Annex C	Age, Ownership and Condition of IBs by Regions and Districts





Source : Land Ownership recorded from Land Registry (as at 6.2014)  
Survey Sheet Nos. 15-NW-3A, 3B, 3C, 3D and 8B

 Boundary of "I" Zone

#### Land Ownership

 Single

 Multiple

 Government Land

## Land Ownership Ap Lei Chau West

SCALE 1 : 5 000

PLANNING DEPARTMENT

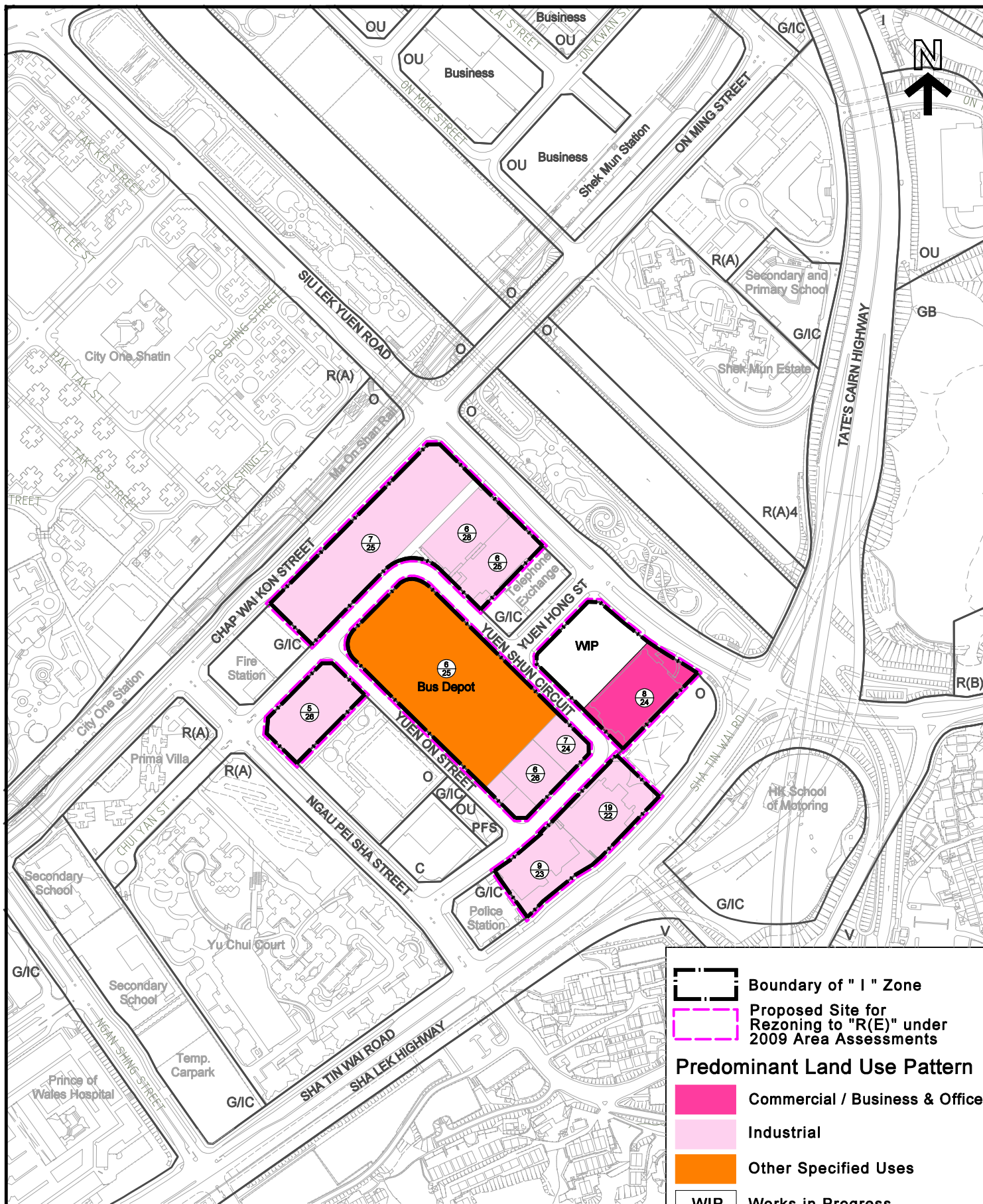


Plan No. M/HOLS/15/79

Date : 6.8.2015

Plan 1b





Source : Survey undertaken by PlanD (as at 9.2013)  
 OZP No. S/ST/31  
 Building age as in 3.2014  
 Survey Sheets No.7-SE-6D, 7C, 7D, 11B, 11D, 12A, 12B, 12C and 12D

## Land Use, Building Age and Number of Storeys

Outstanding Rezoning Proposal Recommended in the 2009 Area Assessments  
 Siu Lek Yuen "I" Area

SCALE 1 : 5 000

PLANNING DEPARTMENT

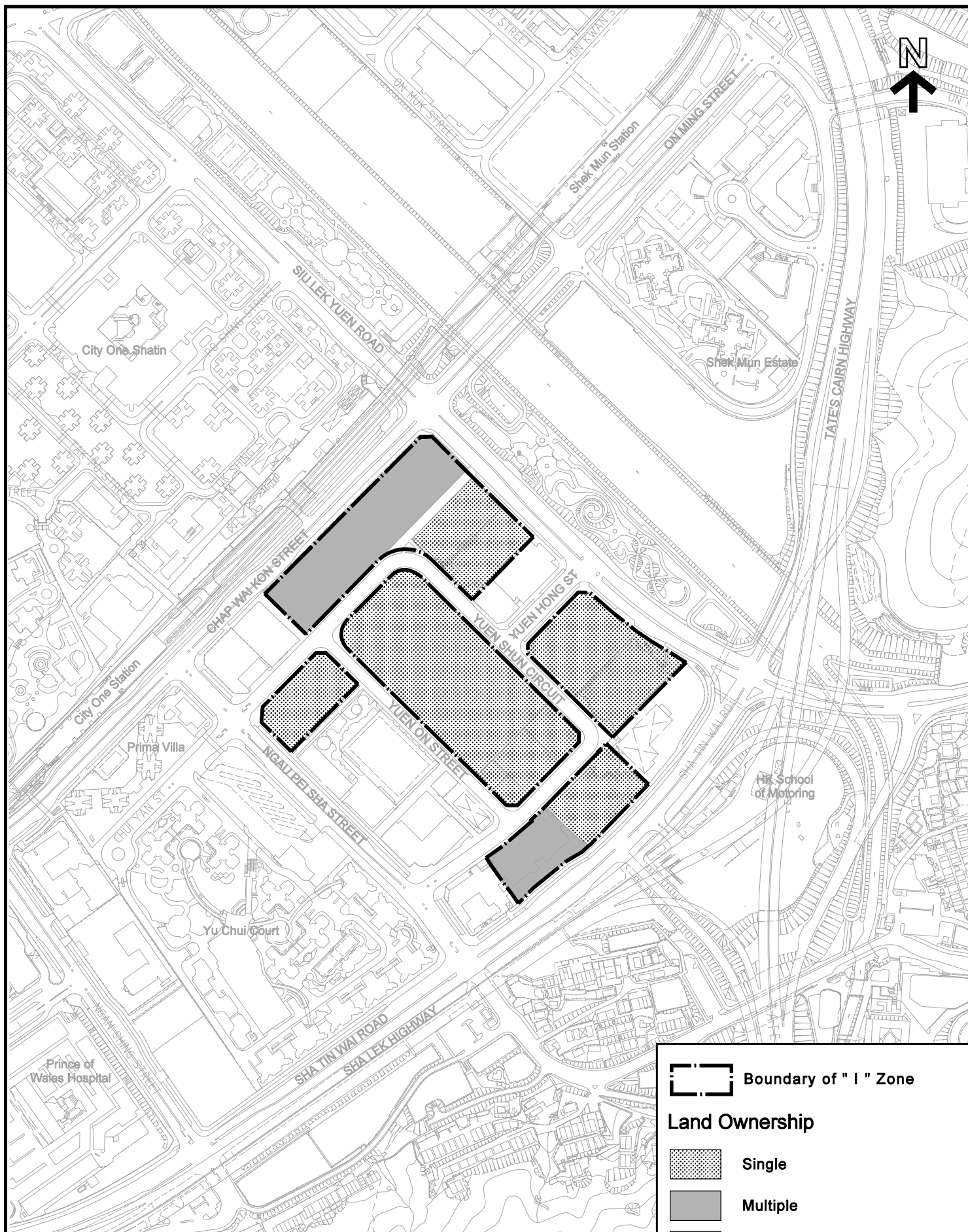


Plan No. M/HOLS/15/79

Date : 6.8.2015

Plan 2a





Source : Land Ownership recorded from Land Registry (as at 6.2014)  
Survey Sheets No. 7-SE-6D, 7C, 7D, 11B, 11D, 12A, 12B, 12C and 12D

 Boundary of "I" Zone

#### Land Ownership

 Single

 Multiple

 Government Land

## Land Ownership

Siu Lek Yuen

SCALE 1 : 5 000

PLANNING DEPARTMENT

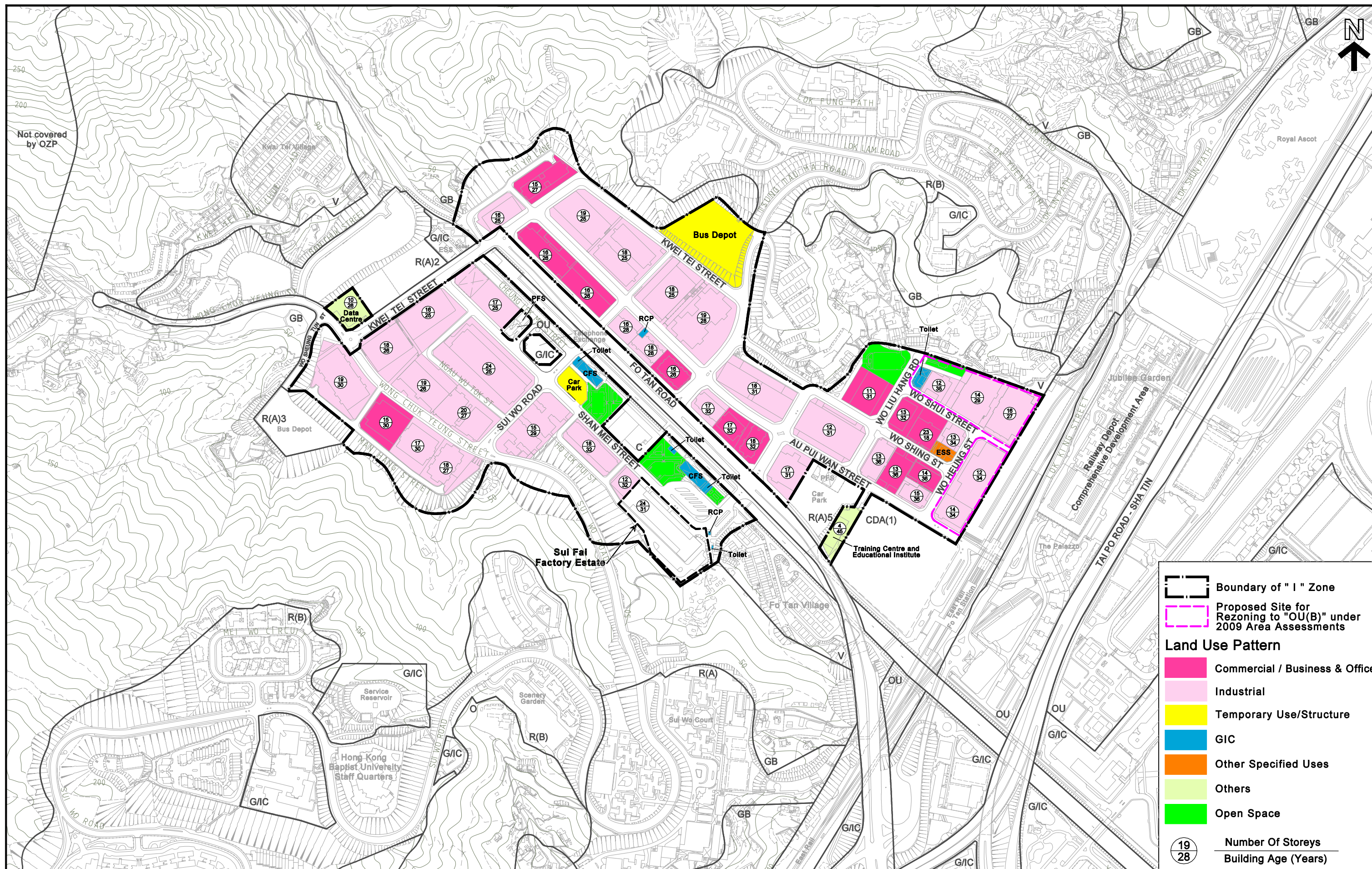


Plan No. M/HOLS/15/79

Date : 6.8.2015

Plan 2b





Source : Survey undertaken by PlanD (as at 2.2014)  
OZP No. S/ST/31  
Building age as in 3.2014  
Survey Sheets No. 7-SE-1C, 1D, 6A, 6B, 6C, 6D,  
7-SW-5D, 10B and 10D

**Land Use, Building Age and Number of Storeys**  
Outstanding Rezoning Proposal Recommended in the 2009 Area Assessments  
Fo Tan "I" Area  
SCALE 1 : 5 000

PLANNING DEPARTMENT

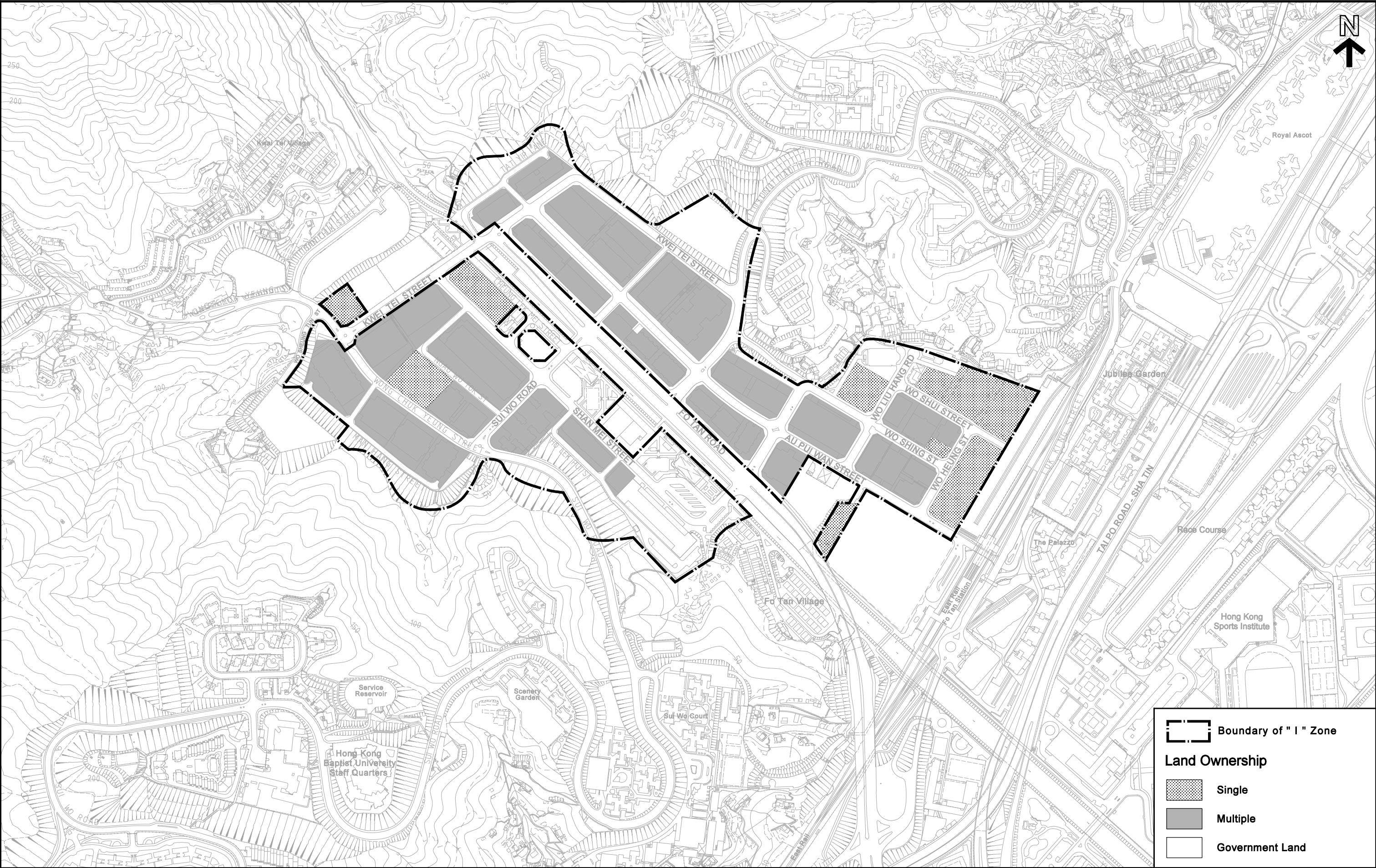


Plan No. M/HOLS/15/79

Date : 6.8.2015

Plan 3a






Source : Land Ownership recorded from Land Registry (as at 6.2014)  
Survey Sheets No. 7-SE-1C, 1D, 6A, 6B, 6C, 6D,  
7-SW-5D, 10B and 10D


**Land Ownership**


**Fo Tan**


SCALE 1 : 5 000


 Boundary of " I " Zone

**Land Ownership**

 Single

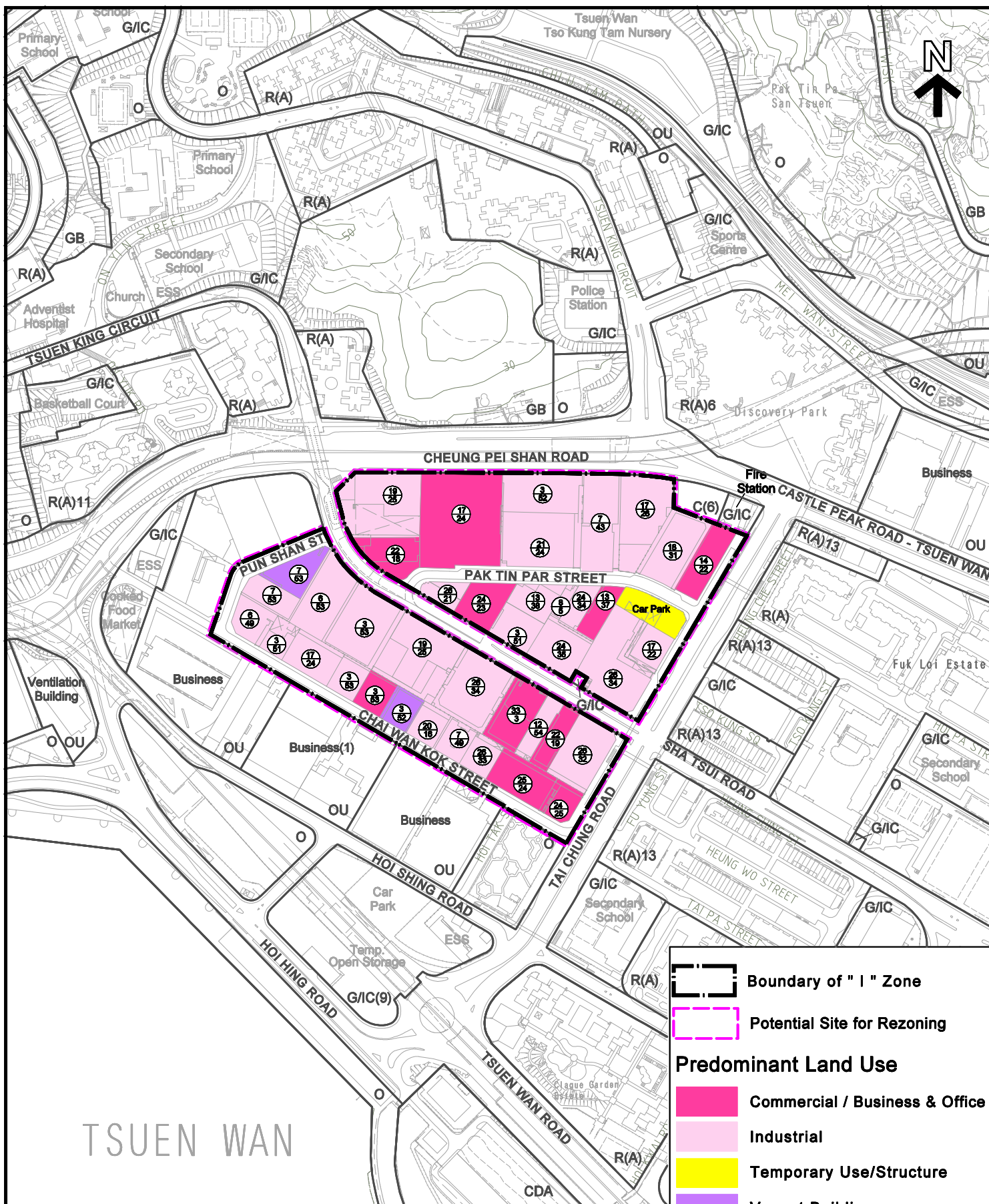
 Multiple

 Government Land

PLANNING DEPARTMENT 

Plan No. M/HOLS/15/79	Plan 3b
Date : 6.8.2015	





Source : Survey undertaken by PlanD (as at 11.2013)  
 OZP No. S/TW/31  
 Building age as in 3.2014  
 Survey Sheets No. 6-SE-15C, 15D, 20A, 20B, 20C and 20D

## Land Use, Building Age and Number of Storeys

### Chai Wan Kok

SCALE 1 : 5 000

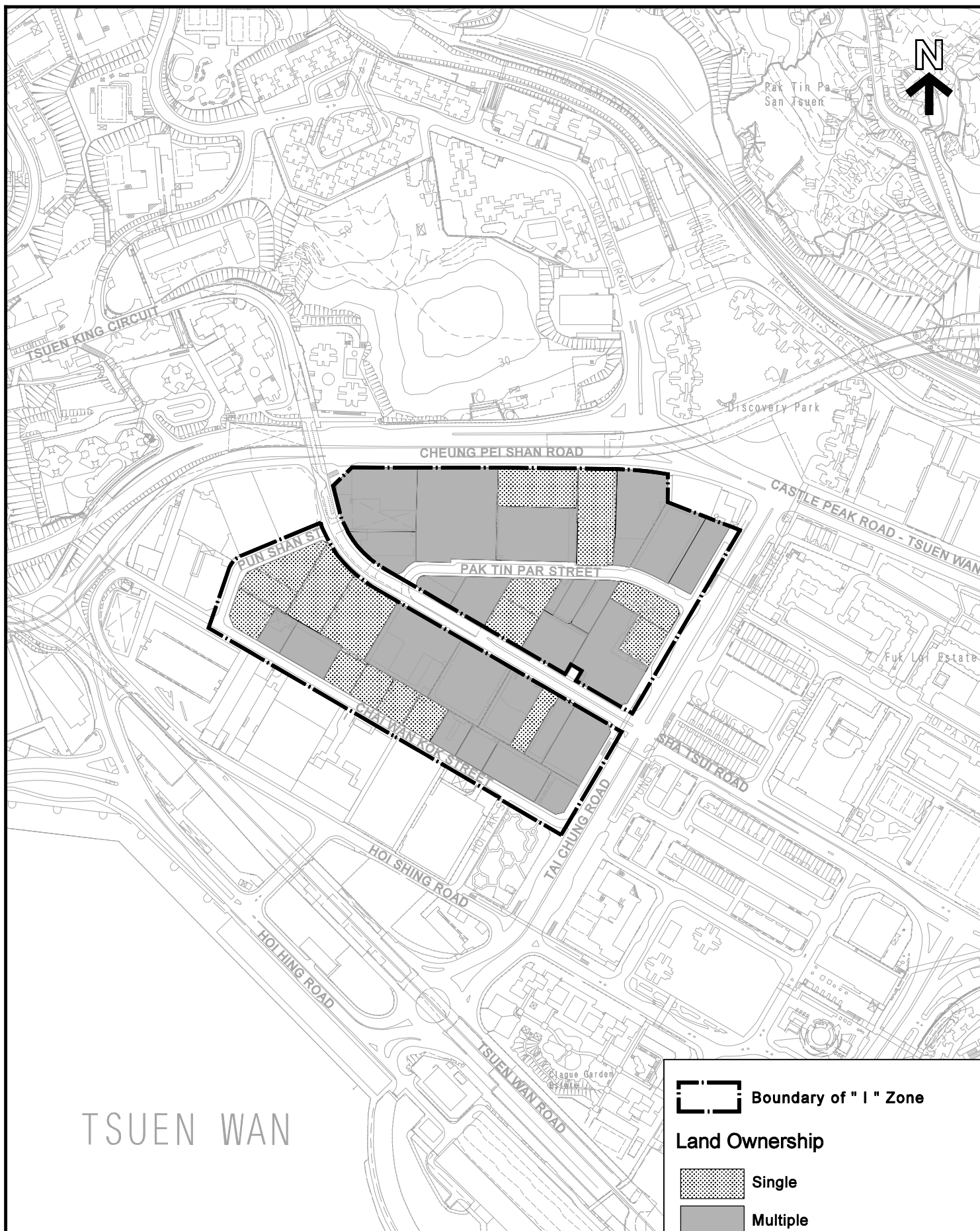
PLANNING DEPARTMENT



Plan No. M/HOLS/15/79

Date : 6.8.2015

Plan 4a



TSUEN WAN

Source : Land Ownership recorded from Land Registry (as at 6.2014)  
Survey Sheets No. 6-SE-15C, 15D, 20A, 20B, 20C and 20D



Boundary of "I" Zone

### Land Ownership



Single



Multiple



Government Land

## Land Ownership Chai Wan Kok

SCALE 1 : 5 000

PLANNING DEPARTMENT

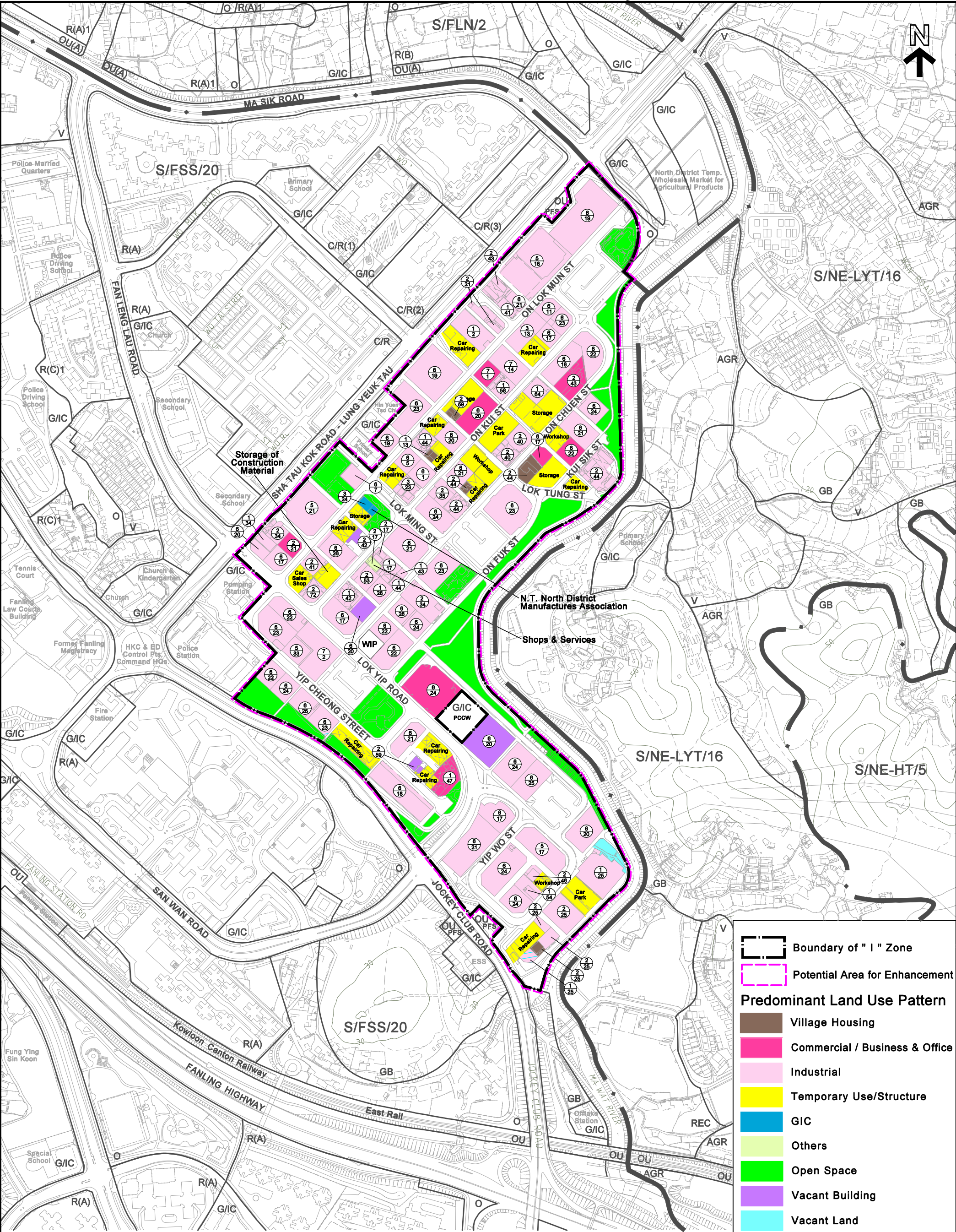


Plan No. M/HOLS/15/79

Date : 6.8.2015

Plan 4b





Source : Survey undertaken by PlanD (as at 1.2014)  
OZP No. S/FLN/2, S/FSS/20, S/NE-HT/5 and S/NE-LYT/16  
Building age as in 3.2014  
Survey sheets No. 3-SW-7B, 7D, 8A, 8C, 12B, 12C, 13A and 13C

Land Use, Building Age and Number of Storeys  
On Lok Tsuen

SCALE 1 : 5 000

PLANNING DEPARTMENT

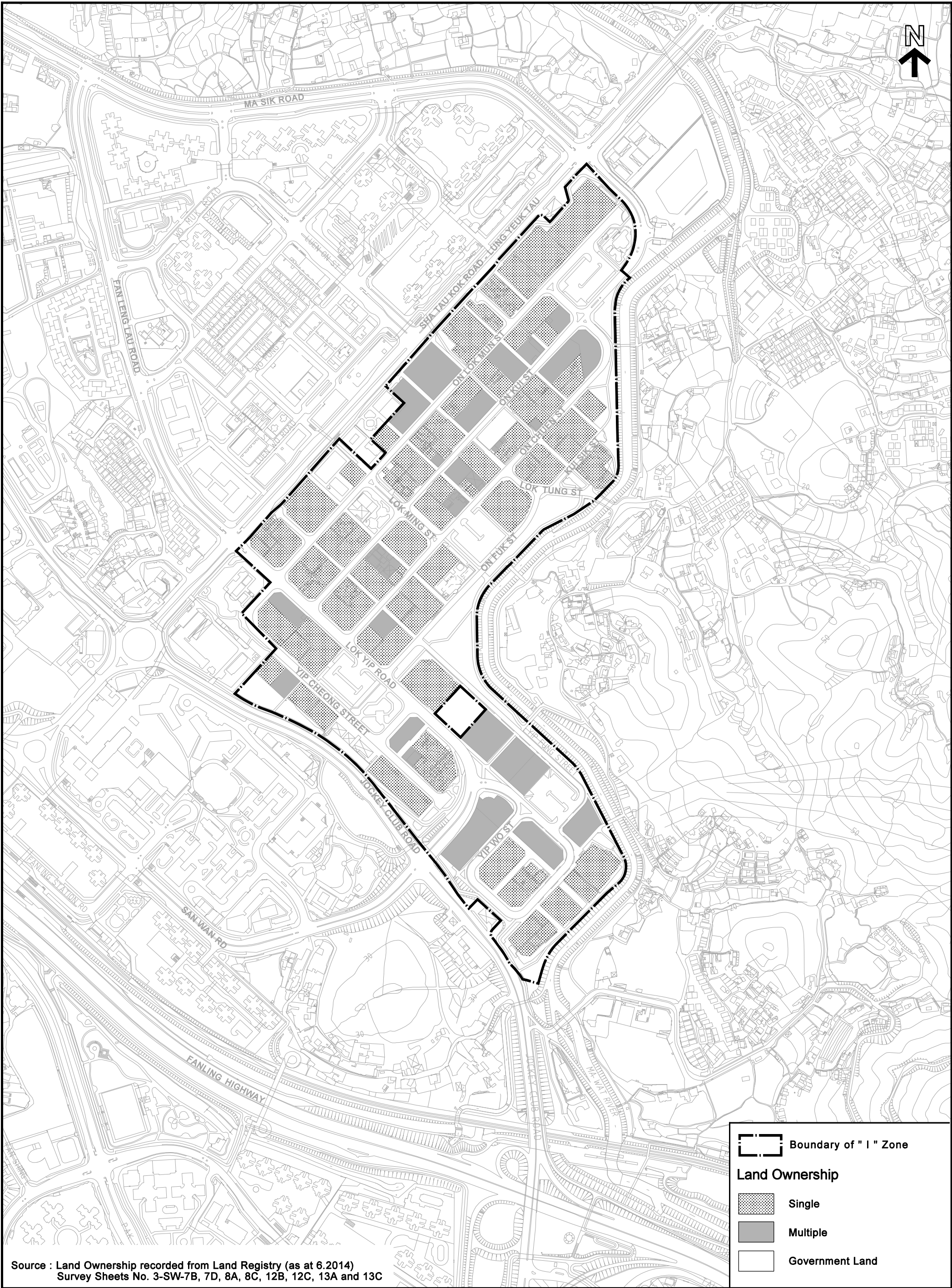


Plan No. M/HOLS/15/79

Date : 6.8.2015

Plan 5a








Source : Land Ownership recorded from Land Registry (as at 6.2014)  
Survey Sheets No. 3-SW-7B, 7D, 8A, 8C, 12B, 12C, 13A and 13C

**Land Ownership**  
**On Lok Tsuen**  
SCALE 1 : 5 000

 Boundary of " I " Zone

**Land Ownership**

-  Single
-  Multiple
-  Government Land

PLANNING DEPARTMENT



Plan No. M/HOLS/15/79

Date : 6.8.2015

Plan 5b

Distribution of Six Regions, 13 Districts and 75 Industrial Areas

Regions	Districts	Industrial Areas	No. of Industrial Areas
Hong Kong Island	Western District	I: Kennedy Town R(A): Kennedy Town/Shek Tong Tsui R(E): Kennedy Town	3
	Southern District	I: Po Chong Wan, Tin Wan Praya Road, Ap Lei Chau West, Ap Lei Chau Praya Road OU(B): Wong Chuk Hang R(E): Tin Wan/Aberdeen	6
	Eastern District	I: Chai Wan OU(B): Chai Wan, Chai Wan East, Shau Kei Wan R(A): Shau Kei Wan R(E): North Point CDA: Quarry Bay	7
Kowloon	West Kowloon	I: West Kowloon, Lai Chi Kok OU(B): Tai Kok Tsui, Cheung Sha Wan R(A): Sham Shui Po, Tai Kok Tsui, Cheung Sha Wan/Lai Chi Kok R(E): Tai Kok Tsui, Cheung Sha Wan CDA: Cheung Sha Wan/Lai Chi Kok	10
	Central Kowloon	OU(B): Hung Hom R(A): Ma Tau Kok R(E): Ma Tau Kok CDA: Hung Hom, Ma Tau Kok	5
	East Kowloon	OU(B): Kwun Tong, San Po Kong, Kowloon Bay R(A): Ngau Tau Kok R(E): Yau Tong CDA: Yau Tong	6
Kwai Tsing/Tsuen Wan	Kwai Tsing	I: Southwest Kwai Chung, Central Kwai Chung OU(B): Castle Peak Road/Wo Yi Hop Road, Kwai Chung Road, Tsing Yi R(E): Castle Peak Road/Wo Yi Hop Road	6
	Tsuen Wan	I: Tsuen Wan East, Chai Wan Kok OU(B): Texaco Road, Chai Wan Kok R(A): Chai Wan Kok R(E): Sha Tsui Road, Sham Tseng CDA: Tsuen Wan East	8
NENT	Sha Tin	I: Tai Wai, Siu Lek Yuen, Sha Tin Area 65, Fo Tan OU(B): Shek Mun	5
	Fanling/Sheung Shui	I: Fanling Area 48, On Lok Tsuen, Sheung Shui OU(B): Tai Po	4
SENT	Sai Kung/Tseung Kwan O	R(E): Tseung Kwan O, Sai Kung Town	2
NWNT	Tuen Mun	I: Tuen Mun Area 16, Tuen Mun Area 40, Wu Shan Road, Tuen Mun Areas 9 and 12, Tuen Mun Area 17 OU(B): Tuen Mun Area 9 R(A): Tuen Mun Area 9 CDA: Tuen Mun Area 9	8
	Yuen Long	I: Ping Shan, San Hei Tsuen/Tong Yan San Tsuen OU(B): Yuen Long R(E): Yuen Long CDA: Ping Shan	5
Total:			75



Age, Ownership and Condition of IBs by Districts

No.	Region	District	No. of IBs	Land Ownership (as at end June 2014)			Building Age (as at end March 2014)				Building Condition		
				Single	Multiple	Gov	Less than 15 yrs	15 - 29 yrs	30 yrs or above	Unknown	Good	Fair	Poor
1	Hong Kong Island	Western District	8	2	6	-	-	4	4	-	-	5	3
2		Southern District	56	17	39	-	-	13	43	-	4	47	5
3		Eastern District	82	21	61	-	2	23	57	-	9	64	9
Sub-total			146	40	106	-	2	40	104	-	13	116	17
4	Kowloon	West Kowloon	190	43	147	-	6	53	131	-	28	115	47
5		Central Kowloon	56	17	39	-	-	12	44	-	9	44	3
6		East Kowloon	370	102	268	-	8	115	247	-	73	255	42
Sub-total			616	162	454	-	14	180	422	-	110	414	92
7	Kwai Tsing/ Tsuen Wan	Kwai Tsing	211	56	153	2	5	46	160	-	17	177	17
8		Tsuen Wan	129	48	81	-	5	40	84	-	18	97	14
Sub-total			340	104	234	2	10	86	244	-	35	274	31
9	NENT	Sha Tin	74	23	51	-	-	45	29	-	4	66	4
10		Fanling/Sheung Shui	116	83	33	-	9	73	34	-	6	73	37
Sub-total			190	106	84	-	9	118	-	-	10	139	41
11	SENT	Sai Kung/Tseung Kwan O	7	7	-	-	1	6	-	-	-	7	-
Sub-total			7	7	-	-	-	-	-	-	-	7	-
12	NWNT	Tuen Mun	86	34	46	6	3	32	43	8	4	74	8
13		Yuen Long	63	44	19	-	4	35	21	3	7	47	9
Sub-total			149	78	65	6	7	67	64	11	11	121	17
Total			1,448	497	943	8	43	497	897	11	179	1,071	198

Based on PlanD's survey conducted from April 2013 to June 2014.