Mist and obstacles of the property issues in Hong Kong

Expected future crash of housing prices

Referring to the likely trend of housing prices in the future, the speakers were cautious. The United States will put a halt to the policy of Quantitative Tasing (QT policy) which will cause the market to slow down. At the same time, some problematic issues, such as the global economic recession, the decline of oil prices and the pressure of terrorist movements, impose a threat to the property market. Furthermore, the increase of housing supply announced in the recent policy address might spark off a decrease in housing prices. Mr. Wing-Ching Shih, Dr. Po-Ming Daniel Chan and Prof. Si-Ming Li agreed that there will be a declining trend of housing prices. Mr. Shih commented, “I am selling some of my properties as well as decreasing property investment projects”. Hence, it will be suitable for young people to buy flats until the housing supply increases. However, Professor Kwong-Wing Chau spoke of his recent study which indicated that the price of flats would not drop but continue to rise.

While the market is in a state of uncertainty, the professionals believe that the government should take more effective measures to stabilize the market. The speakers expressed concern over the increase of housing supply and its impact on the market. They suggested that the government should review its policies and take necessary actions to prevent a future crash in housing prices.

Solutions to solve the overheating problem of the housing market

Dr. Peng-Kwong Li stated that the government should clarify the role of property in society in order to solve the problem of rising housing prices. Once it has defined housing as a product for living, speculation, social security, and investment all of the above policies would be amended by determining the supply of housing and the ratio of public to private housing.

Dr. Si-Ming Li emphasized the need to distinguish the various functions of the housing market. Particularly, some flats are simply for living in, and others may incorporate investment features. The problem of the expectations of buyers in relation to housing prices was also highlighted. One of the guests said that landowners wanted the prices of flats to rise as high as possible. If the prices dropped, they would blame the inappropriate housing policies proposed by the government.

The issue of land supply, Prof. Si-Ming Li deemed that the government could not afford to neglect the land reclamation. Particularly, when the government changes designated land usage or carries out large-scale projects, it has to overcome several problems, such as the complicated ownership of old flats, and opposition from society and environmental organizations. The housing policies, therefore, cannot be implemented swiftly. He proposed that the government should actively develop brownfield sites. It could also consider taking back the land occupied by the Former Golf Course to build more houses and increase the efficiency of land policies.