

JUNE 2021

HONG KONG REPORT

QUARTERLY CONSTRUCTION
COST UPDATE



RLB
利比

Rider
Levett
Bucknall

OFFICES AROUND THE WORLD

AFRICA

Angola

Luanda

Botswana

Gaborone

Kenya

Nairobi

Maldives

Hulhumale

Mauritius

Quatre Bornes

Mozambique

Maputo

Namibia

Windhoek

Nigeria

Lagos

Seychelles

Victoria

South Africa

Cape Town

Durban

Pretoria

Stellenbosch

ASIA

North Asia

Beijing

Chengdu

Chongqing

Guangzhou

Guiyang

Haikou

Hangzhou

Hong Kong

Macau

Nanjing

Nanning

Seoul

Shanghai

Shenyang

Shenzhen

Tianjin

Wuhan

Wuxi

Xian

Zhuhai

South Asia

Bacolod

Bohol

Cagayan de Oro

Cebu

Clark

Davao

Ho Chi Minh City

Iloilo

Jakarta

Kuala Lumpur

Laguna

Metro Manila

Phnom Penh

Subic

Singapore

Yangon

India Alliance

Bangalore

AMERICAS

Caribbean

St. Lucia

North America

Boston

Calgary

Chicago

Denver

Hilo

Honolulu

Kansas City

Las Vegas

Los Angeles

Maui

Mexico City

New York

Phoenix

Portland

San Francisco

San Jose

Seattle

Toronto

Tucson

Waikoloa

Washington DC

EUROPE

United Kingdom

Belfast

Birmingham

Bristol

Cardiff

Cumbria

Leeds

Liverpool

London

Manchester

Sheffield

Thames Valley

Warrington

RLB | Euro Alliance

Austria

Belgium

Bulgaria

Croatia

Czech Republic

Denmark

France

Germany

Greece

Hungary

Ireland

Italy

Luxembourg

Montenegro

Netherlands

Norway

Poland

Portugal

Romania

Russia

Serbia

Spain

Sweden

Turkey

MIDDLE EAST

Qatar

Doha

Saudi Arabia

Riyadh

United Arab Emirates

Abu Dhabi

Dubai

OCEANIA

Australia

Adelaide

Brisbane

Cairns

Canberra

Coffs Harbour

Darwin

Gold Coast

Melbourne

Newcastle

Perth

Sunshine Coast

Sydney

Townsville

New Zealand

Auckland

Christchurch

Hamilton

Palmerston North

Queenstown

Tauranga

Wellington

COST COMMENTARY

REVIEW OF TENDER PRICE MOVEMENTS IN HONG KONG

According to Rider Levett Bucknall's Tender Price Index, which measures tender price movements of builder's works in the private sector in Hong Kong, there was an increase of 1.6% in tender prices in the first quarter of 2021. On a year-on-year basis, the tender price decreased by 0.7%.

The following are the first quarter year-on-year tender price movements of builder's works in the private sector in the past five years:

2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021
+0.6%	-1.9%	-5.3%	-4.0%	-0.7%

Hong Kong's economy expanded by 7.9% year-on-year in real terms in the first quarter of 2021, compared with the 2.8% decline in the fourth quarter of 2020. On a seasonally adjusted quarter-to-quarter comparison basis, real GDP grew by 5.4% in the first quarter of 2021 over the previous quarter. According to the Composite Consumer Price Index, overall consumer prices rose by 0.7% in April 2021 over the same month a year earlier, following a year-on-year increase of 0.5% in March 2021. From February - April 2021 to March - May 2021, the seasonally adjusted unemployment rate decreased from 6.4% to 6.0% and the underemployment rate also decreased from 3.3% to 2.8%.

Since early 2020, the labour market and economic activities have been suffering from the repeated epidemic waves of COVID-19. The gross construction output contracted further 6% year-on-year. In the private sector, private land sales and commencement of new building works have remained low. The construction industry will have to rely heavily on public funded projects including development of public housing estates, hospitals and related infrastructure. The approved project cost from capital work projects reached a recorded high of approximately 190 billion in the financial year 2020/21. In addition, the Government has adjusted the financial ceilings of delegated authority under Capital Works Reserve Fund block allocations from \$30 million to \$50 million early this year. This would speed up the release of minor public funded projects to the construction market. Recently, the Government has also launched a pilot scheme for charging land premiums at

standard rates for lease modifications for redevelopment of industrial buildings. This would simplify the procedures of land premium assessment and negotiation, thus expediting the revitalization process. Globally, money supply in the US Federal Reserve System has risen drastically since 2020. This may in turn lead to high global inflation rate in the coming years. With rising material costs, especially metal prices, the tender prices in the first quarter of 2021 rose by 1.6% quarter-to-quarter, ending its consecutive quarterly decline since 2016. Whilst the effect of the pandemic including its implication to the labour market and economic activities remains to be seen, it is forecast that tender prices will continue to move moderately up or down within a narrow range in the next few quarters.

MACAU

Macau's Gross Domestic Product contracted by 0.9% year-on-year in real terms in the first quarter of 2021, compared with the significant fall of 45.9% in the previous quarter. The unemployment rate for February - April 2021 mildly increased from 2.9% to 3.0% as compared with that in January - March 2021 while the underemployment rate stood at 4.8%.

In the first quarter of 2021, Macau's visitor arrivals remained at a low level, which had a great impact on the city's economy due to its heavy reliance on gambling and tourism. There was a significant increase of 23.5% in construction investment as public construction investment rose by 73.8% year-on-year. The private construction investment also increased due to major hotel projects in Cotai, a reclaimed zone to provide land for hotels and casinos. Meanwhile, the Government has introduced new plans for public and private housing projects and intended to allocate plots for public auction. The Macau Urban Renewal also announced a series of "home swap" housing projects in Areia Preta district for construction of temporary housing and infrastructure. While the impact of the pandemic on the economy is not likely to completely disappear in the near future, it might take a while for Macau's economy to recover until the return of travelers. The tender price in Macau is expected to continue to be suppressed as the private construction sector remains weak.

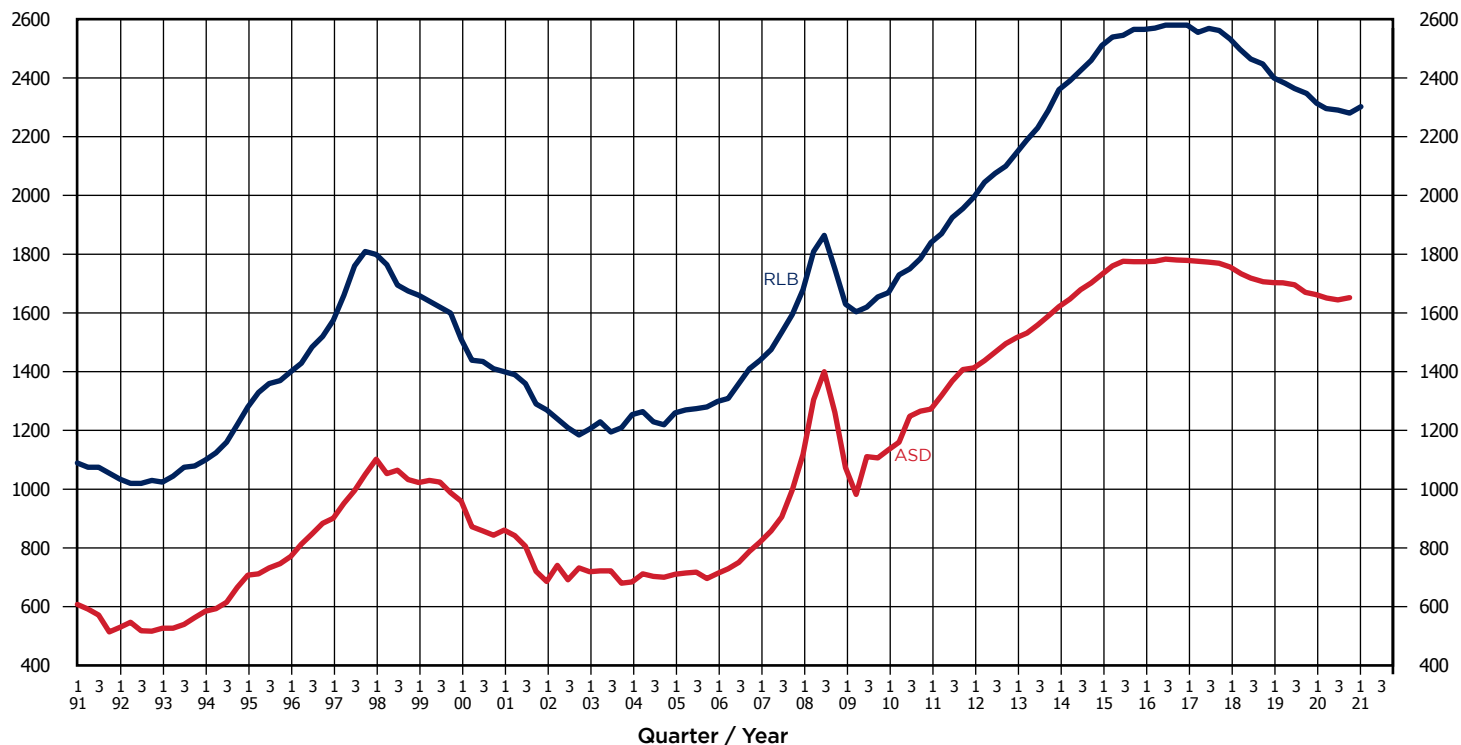
Disclaimer:

While the information in this publication is believed to be correct at the time of publishing, no responsibility is accepted for its accuracy. Persons desiring to utilize any information appearing in the publication should verify its applicability to their specific circumstances. Cost information in this publication is indicative and for general guidance only and is based on rates at **1st Quarter 2021.**

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TENDER PRICE INDICES IN HONG KONG

RLB = Rider Levett Bucknall (Private Sector)
ASD = Architectural Services Department (Public Sector)



TENDER PRICE INDICES

	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD
Quarter	1968		1969		1970		1970		1972		1973		1974		1975		1976		1977		1978		1979	
1	100		104		160	100	210	140	238	144	258	160	345	206	275	145	221	150	270	164	320	203	460	262
2			112		173	106	222	143	236	146	275	167	345	213	258	145	238	153	270	174	350	208	500	285
3			130		185	124	230	144	238	158	300	190	318	203	243	137	255	153	273	185	380	230	535	304
4			148		198	131	238	143	245	158	325	199	290	191	228	140	263	149	300	201	420	238	550	329
	1980		1981		1982		1983		1984		1985		1986		1987		1988		1989		1990		1991	
1	570	347	620	389	630	364	560	298	570	328	560	326	605	376	665	385	785	479	960	542	1020	574	1090	608
2	570	353	620	393	620	370	560	298	570	332	555	335	615	392	690	403	820	510	960	548	1030	561	1075	592
3	600	369	630	375	600	342	540	317	570	323	565	344	630	373	700	411	865	521	985	552	1045	582	1075	573
4	610	381	630	376	580	327	560	326	560	337	585	351	655	380	740	438	925	541	1000	559	1080	596	1055	515
	1992		1993		1994		1995		1996		1997		1998		1999		2000		2001		2002		2003	
1	1035	531	1025	527	1100	586	1280	708	1400	772	1575	902	1800	1103	1660	1024	1510	959	1400	862	1270	687	1205	720
2	1020	548	1045	527	1125	594	1330	712	1430	813	1660	953	1765	1054	1640	1031	1440	873	1390	842	1240	742	1230	723
3	1020	519	1075	541	1160	615	1360	733	1485	848	1760	996	1695	1065	1620	1025	1435	858	1360	807	1210	692	1195	722
4	1030	518	1080	563	1220	666	1370	747	1520	885	1810	1051	1675	1034	1600	989	1410	844	1290	721	1185	733	1210	681
	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013		2014		2015	
1	1255	685	1260	711	1300	714	1440	821	1680	1118	1630	1074	1670	1134	1840	1273	1995	1414	2145	1516	2360	1621	2510	1732
2	1265	712	1270	716	1310	730	1475	859	1810	1305	1605	983	1730	1161	1870	1320	2045	1438	2190	1532	2390	1648	2540	1761
3	1230	704	1275	718	1360	751	1535	906	1865	1401	1620	1111	1750	1249	1925	1369	2075	1467	2230	1559	2425	1679	2545	1777
4	1220	701	1280	697	1410	789	1595	998	1750	1262	1655	1107	1785	1266	1955	1408	2100	1496	2290	1590	2460	1703	2565	1775
	2016		2017		2018		2019		2020		2021		2022		2023		2024		2025		2026		2027	
1	2565	1775	2580	1779	2530	1755	2395	1695	2300	1641	2285													
2	2570	1776	2555	1776	2495	1727	2385	1686	2265	1623														
3	2580	1783	2565	1773	2465	1708	2355	1675	2260	1618														
4	2580	1781	2560	1768	2440	1698	2340	1652	2250	1625														

COMMON UNIT RATES IN HONG KONG

Description	Unit	Average Rates in HK\$			
		2Q2020	3Q2020	4Q2020	1Q2021
Reinforced concrete Grade 40	m ³	1,130.00	1,130.00	1,150.00	1,150.00
Sawn formwork	m ²	370.00	370.00	360.00	360.00
Deformed high yield steel bar reinforcement	kg	8.60	8.60	9.00	10.20
105 mm Solid concrete block wall	m ²	275.00	275.00	280.00	285.00
Mastic asphalt roofing overall 20 mm thick (2-coat work) on horizontal surfaces	m ²	161.00	161.00	160.00	162.00
20 mm (Finished) Timber strip flooring including plywood sub-floor, sanding and wax polishing	m ²	750.00	750.00	760.00	770.00
Timber skirting 100 mm high x 13 mm thick	m	112.00	112.00	112.00	113.00
50 mm Solid core flush door faced both sides with 5 mm timber veneered plywood including door frame, architrave, mouldings and painting (excluding ironmongery)	No.	5,900.00	5,900.00	5,900.00	6,000.00
Galvanised mild steel in balustrades, railings and general welded and framed work	kg	30.00	30.00	30.00	32.00
Structural steelwork - standard sections	kg	29.00	29.00	29.00	31.00
Fluorocarbon coated aluminium windows - frame and hardware including clear float glass and glazing (single-glazed windows)	m ²	2,580.00	2,580.00	2,580.00	2,650.00
20 mm Cement and sand (1:3) paving	m ²	100.00	101.00	102.00	104.00
Coloured unglazed ceramic mosaic floor tiling	m ²	270.00	270.00	275.00	280.00
Marble slab flooring (mid-range, European origin)	m ²	2,970.00	2,960.00	2,930.00	2,900.00
Two coats internal lime cement plaster to soffit and beams	m ²	98.00	98.00	99.00	101.00
Metal panel suspended ceiling	m ²	615.00	615.00	610.00	615.00
Ceramic / homogeneous wall tiling; internal work	m ²	530.00	530.00	530.00	535.00
Ceramic mosaic external wall tiling; adhesive fixed (45 x 45 or 45 x 95 mm tiles)	m ²	400.00	400.00	410.00	420.00
Alkali resistant primer and two coats of emulsion paint on plastered walls and ceilings	m ²	61.00	62.00	63.00	64.00

Notes:

- The unit rates above are for general guidelines of likely tendered rates obtained by competitive tendering for lump sum fixed price contracts with a normal contract period.
- The rates are also based on normal site conditions, locations and normal working hours.

2021年第1季中国主要城市单方造价指标
Approximate Order of Construction Costs in Hong Kong and Selected Cities in China
(Cost per Square Metre Construction Floor Area at 1st Quarter 2021 Prices)

建筑物种类 Type of Building	香港 Hong Kong HK\$	澳门 Macau MOP	北京 Beijing RMB	成都 Chengdu RMB	广州 Guangzhou RMB	上海 Shanghai RMB	深圳 Shenzhen RMB	天津 Tianjin RMB	武汉 Wuhan RMB	无锡 Wuxi RMB	西安 Xian RMB	珠海 Zhuhai RMB
Office 办公楼												
High Quality 高档次	22,100 - 31,400+	17,400 - 22,700+	8,800 - 12,900	7,500 - 10,900	7,900 - 12,100	8,300 - 12,500	7,700 - 11,600	8,000 - 12,400	7,600 - 11,400	8,200 - 12,600	7,600 - 11,400	7,600 - 11,400
Medium Quality 中档次	18,400 - 22,400	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ordinary Quality 普通档次	15,800 - 19,800	10,800 - 14,900	4,350 - 6,000	4,000 - 5,300	4,200 - 5,600	4,350 - 5,700	4,100 - 5,450	4,200 - 5,700	4,000 - 5,300	4,300 - 5,800	3,950 - 5,250	3,950 - 5,300
Shopping Centre 商场												
High Quality 高档次	27,400 - 32,900+	22,300 - 27,200+	8,800 - 13,700	7,900 - 12,200	8,500 - 13,000	8,700 - 13,400	8,300 - 12,700	N/A	N/A	N/A	N/A	N/A
Medium Quality 中档次	21,800 - 27,100	N/A	6,900 - 8,800	6,300 - 8,000	6,800 - 8,400	6,900 - 8,800	6,600 - 8,200	N/A	N/A	N/A	N/A	N/A
Residential 住宅												
High Rise; High Quality 高层; 高档次	22,800 - 33,800+	14,500 - 20,400+	5,000 - 6,900	4,250 - 5,900	4,600 - 6,200	4,700 - 6,700	4,450 - 6,100	4,650 - 6,500	4,300 - 6,150	4,750 - 6,700	4,300 - 6,200	4,300 - 6,200
High Rise; Better Quality 高层; 中档次	16,700 - 19,900	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
High Rise; Ordinary Quality 高层; 普通档次	15,200 - 16,600	8,100 - 9,900	2,800 - 3,750	2,500 - 3,400	2,700 - 3,600	2,700 - 3,650	2,650 - 3,550	2,650 - 3,650	2,500 - 3,400	2,700 - 3,650	2,500 - 3,400	2,500 - 3,400
House; High Quality 别墅; 高档次	33,000 - 49,200+	N/A	5,450 - 7,700	4,550 - 6,400	4,900 - 6,900	5,150 - 7,400	4,700 - 6,700	4,950 - 7,200	4,700 - 6,800	5,250 - 7,400	4,700 - 6,800	4,700 - 6,800
House; Medium Quality 别墅; 中档次	22,500 - 28,600	N/A	3,650 - 4,750	3,100 - 4,050	3,350 - 4,300	3,500 - 4,650	3,250 - 4,200	3,500 - 4,450	3,250 - 4,300	3,500 - 4,550	3,250 - 4,300	3,250 - 4,300
Clubhouse 会所	30,000 - 48,800+	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
External works & landscaping 室外工程 (cost/m ² external area)	3,850 - 8,700+	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hotel (including FF&E) 酒店 (包括家具及设备)												
5-Star 五星	32,600 - 40,300+	29,300 - 36,000+	14,700 - 19,500	12,600 - 16,200	14,300 - 18,500	14,500 - 19,200	13,400 - 17,700	13,900 - 18,600	13,400 - 17,500	14,400 - 19,100	13,200 - 17,500	13,200 - 17,500
3-Star 三星	27,400 - 32,000	23,500 - 26,500	11,000 - 14,200	9,500 - 12,000	10,500 - 13,000	10,600 - 13,800	10,100 - 13,000	10,300 - 13,600	9,900 - 12,700	10,600 - 13,800	9,700 - 12,600	9,700 - 12,700
Industrial 厂房												
Landlord; High Rise 租用; 高层	10,500 - 12,800	N/A	3,000 - 4,100	2,650 - 3,750	2,900 - 3,950	2,900 - 4,100	2,800 - 3,850	2,850 - 3,900	2,700 - 3,750	2,900 - 4,050	2,700 - 3,750	2,700 - 3,750
End User; Low Rise 自用; 低层	13,500 - 20,300	N/A	4,250 - 7,500	3,850 - 6,800	4,050 - 7,400	4,200 - 7,400	3,950 - 7,300	4,050 - 7,300	3,850 - 6,800	4,200 - 7,400	3,850 - 6,800	3,850 - 6,800
Carpark 车库												
Basement; up to 2 Levels 地下室; 不多于2层	20,300 - 28,100+	10,500 - 13,200+	4,350 - 7,500	3,950 - 6,500	4,150 - 7,200	4,550 - 7,600	4,150 - 7,000	4,150 - 7,000	4,150 - 7,000	4,250 - 7,300	4,200 - 7,000	4,150 - 7,000
Multi-Storey 地上; 多层	9,300 - 11,900	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTES 注：

- The construction costs above are based on prices obtained by competitive tendering for lump sum fixed price contracts with a normal contract period and are based on normal site conditions and locations. Extra costs should be allowed for projects with fast track programme, non-traditional procurement approaches and multi-phasing completion, etc. 以上单方造价指标按竞价价格下之包干合约编制，并按正常工期、工地状况等为准。如项目采用快速施工、非传统式采购合约、分期施工等，应考虑增加额外预算成本。

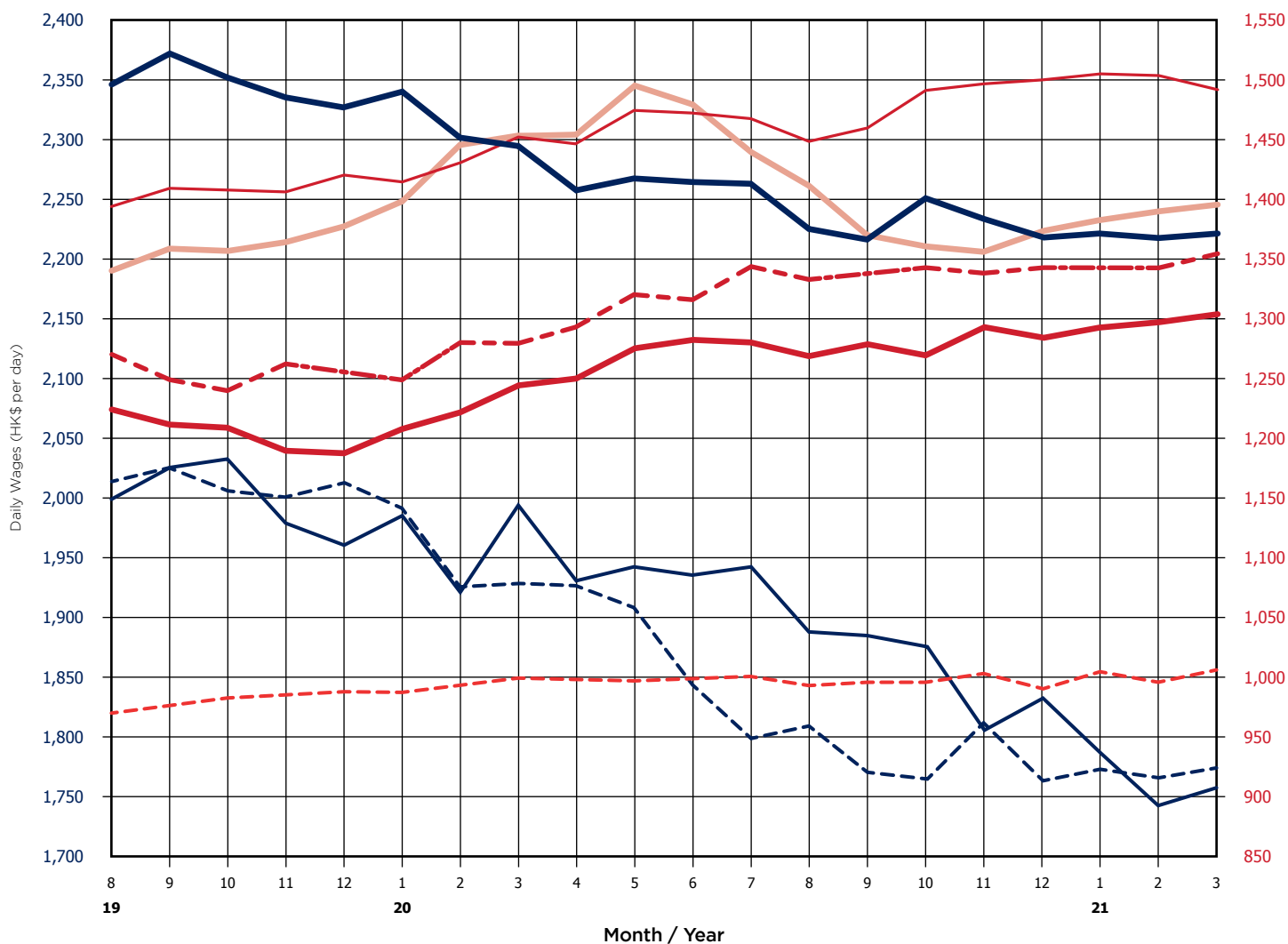
• The costs are average square metre unit costs only not based on any specific drawings / design. Therefore they provide nothing more than a rough guide to the probable cost of a building. Figures outside the given ranges may be encountered. When information is required on a specific project, it is essential that professional advice be sought. 平均单方造价并不是参考图纸或设计而编制。只可作为建筑造价之约算，亦可能出现范围外之单价。若有特定之工程资料，理应参考专业顾问之意见。

• The standards for each type of building in selected cities in China do not necessarily follow those in Hong Kong due to local design practices and choice of materials. 中国各城市之建筑标准、采纳之物料均有所不同，并不需要与香港单价作比较。
- The building costs exclude furniture, fittings and equipment (except hotel / serviced apartment / clubhouse), site formation and external works, finance and legal expenses, consultants' fees and reimbursables, value of land and fluctuations in prices between the price date as specified above and the time of calling tenders. 建筑物单价并不包括家具及设备（酒店 / 服务式住宅 / 会所除外）、工地平整、室外工程、财务、法律、顾问公司等专业费用，地价及由此单价生效日至投标时间之价格或汇率变动。

• Construction floor area is the summation of covered floor areas contained within the outer surface of external wall or external perimeter, whichever is larger, measured at each floor level. It includes all floor areas occupied by stairwells, lift shafts, vertical duct wells, plant rooms, covered external floors, but excludes floor areas occupied by the atrium voids, light wells, and the areas covered by canopies and architectural features such as air conditioners (ACs) platforms, projected planters, sunshades, etc. 建筑面积乃有盖面积总和并量度至建筑物外墙外面或量度至边周界，以较大者为准；包括楼梯井、电梯井、管线井、机电间、有盖室外面积，但不包括大堂上部空间、光井及雨棚、建筑装饰如空调机平台、花槽、遮阳棚等。
- Other Specific Exclusions 其它不包括项目：
HOTEL 酒店：pre-opening expenses, operating expenses, working capital, staff training and administrative costs 开幕前费用、营运费用、开办费、员工培训及行政费等。
SHOPPING CENTRE 商场：fit out to tenant areas 租户之装修工程。
INDUSTRIAL; LANDLORD 厂房（租用）：security system, air conditioning, electrical distribution in tenant areas; production and warehousing equipment; special M&E provisions 保安、空调、租户内之电器布线、生产及仓库装备，特别机电配套等。
PROJECTS IN SELECTED CITIES IN CHINA 中国主要城市：utilities to the site beyond site boundary, connection charges and capital contribution; local authority levies and taxation; import duties 工地外之主干线、接驳费、增容费、当局行政费用、税项、入口税。

LABOUR COST TRENDS

AVERAGE DAILY WAGES OF WORKERS ENGAGED IN PUBLIC SECTOR CONSTRUCTION PROJECTS

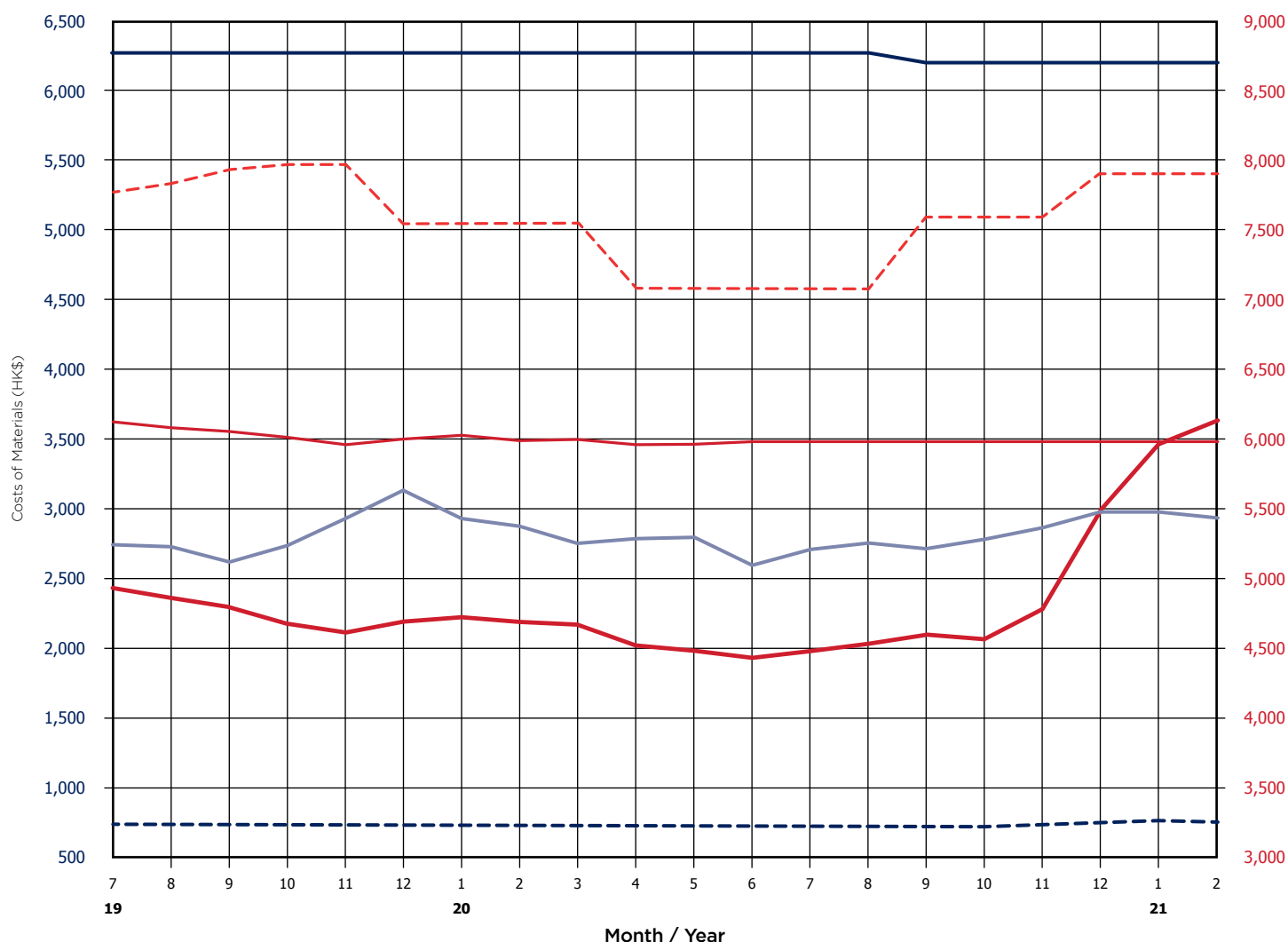


	Average Daily Wages in HK\$ per day																			
Selected Occupations	2019					2020												2021		
	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3
Bar Bender and Fixer <div></div>	2,347.7	2,370.9	2,351.0	2,333.2	2,325.5	2,336.6	2,301.7	2,296.8	2,257.0	2,267.9	2,263.7	2,261.8	2,222.6	2,217.7	2,250.8	2,234.7	2,217.0	2,220.2	2,217.1	2,222.9
Concretor <div></div>	1,999.3	2,025.5	2,030.5	1,977.9	1,959.0	1,984.9	1,915.9	1,994.2	1,928.4	1,943.8	1,931.5	1,943.2	1,889.1	1,887.2	1,878.0	1,807.2	1,837.0	1,787.6	1,742.2	1,758.5
Carpenter (formwork) <div></div>	2,014.3	2,024.7	2,008.0	2,000.8	2,012.4	1,991.9	1,920.5	1,923.2	1,924.0	1,909.1	1,842.2	1,799.6	1,809.1	1,771.1	1,768.1	1,814.0	1,761.6	1,773.6	1,767.0	1,779.1
Painter and Decorator <div></div>	1,220.5	1,212.1	1,209.9	1,190.1	1,188.9	1,206.0	1,221.5	1,244.1	1,249.6	1,272.5	1,281.8	1,279.7	1,267.0	1,277.8	1,267.0	1,292.0	1,281.7	1,293.8	1,296.0	1,301.2
Plasterer <div></div>	1,336.7	1,355.7	1,354.3	1,363.8	1,381.4	1,397.9	1,437.6	1,452.2	1,453.3	1,494.2	1,477.0	1,436.8	1,410.6	1,369.7	1,359.6	1,354.1	1,372.5	1,381.2	1,390.6	1,397.2
Metal Worker <div></div>	1,260.4	1,250.6	1,241.2	1,264.8	1,257.9	1,251.0	1,275.5	1,275.8	1,295.9	1,321.6	1,316.4	1,347.3	1,331.2	1,336.6	1,345.2	1,339.6	1,347.5	1,345.3	1,344.4	1,352.1
Plumber <div></div>	1,393.0	1,411.2	1,409.1	1,407.8	1,422.0	1,412.7	1,427.6	1,451.3	1,446.2	1,476.3	1,474.5	1,465.7	1,447.8	1,459.8	1,490.1	1,498.3	1,499.9	1,505.3	1,504.4	1,494.7
General Workers <div></div>	970.9	975.8	982.9	983.6	986.9	985.1	992.0	999.9	999.7	998.0	1,001.1	1,001.8	993.2	998.1	998.2	1,005.6	993.7	1,002.3	995.4	1,006.7

(Source: Census and Statistics Department)

MATERIAL COST TRENDS

AVERAGE WHOLESALE PRICES OF SELECTED BUILDING MATERIALS



Building Materials	Average Wholesale Prices of Selected Building Materials																			
	2019						2020												2021	
	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2
Sand (\$/10 t)	2,710	2,700	2,610	2,740	2,930	3,180	2,860	2,820	2,710	2,730	2,730	2,590	2,680	2,720	2,660	2,750	2,880	2,990	2,990	2,920
Bitumen (\$/t)	7,700	7,800	7,917	7,950	7,950	7,550	7,550	7,550	7,550	7,100	7,100	7,100	7,100	7,100	7,600	7,600	7,600	7,900	7,900	7,900
Portland Cement (\$/t)	730	730	730	730	730	730	736	738	739	739	737	736	738	741	742	742	758	770	779	767
Sawn Hardwood 50x75 (\$/m³)	6,303	6,303	6,303	6,303	6,303	6,303	6,303	6,303	6,303	6,303	6,303	6,303	6,303	6,303	6,204	6,204	6,204	6,204	6,204	6,204
Mild Steel Round Bars (\$/t)	6,134	6,085	6,043	6,000	5,950	5,990	6,025	5,985	5,985	5,935	5,945	5,975	5,975	5,975	5,975	5,975	5,975	5,975	5,975	5,975
High Tensile Steel Bars (\$/t)	4,927	4,846	4,771	4,632	4,590	4,657	4,692	4,669	4,635	4,516	4,471	4,441	4,467	4,510	4,594	4,563	4,753	5,474	5,961	6,126

(Source: Census and Statistics Department)

Redevelopment of Industrial Buildings to New Commercial / Modern Industrial Buildings

Owing to the substantial decline of manufacturing activities in Hong Kong over the past few decades, lots of industrial buildings (IBs) have been under-utilized. The stock of industrial buildings was around 24 million square meters at the end of 2020. In terms of floor area, about 85% of the private flatted factories were built before 1990. To speed up the premium assessment and negotiation process, the Government has launched a pilot scheme to charge a standard land premium for the transformation and redevelopment of pre-1987 IBs.

The premiums will be charged at the standard rate in the below table based on the formula:

$$\text{Premium Payable} = (\text{Rate B} \times \text{maximum total Gross Floor Area after the application}) - (\text{Rate A} \times \text{total Gross Floor Area in existing IBs})$$

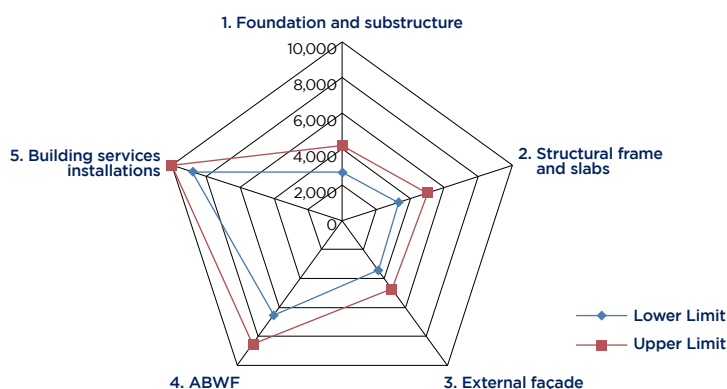
Region	Before use (Rate A)	After use (Rate B)	
	Industrial / godown	Commercial / Modern Industrial	Residential
Hong Kong Island	HK\$40,000/m ²	HK\$75,000/m ²	HK\$130,000/m ²
Kowloon East	HK\$40,000/m ²	HK\$65,000/m ²	HK\$100,000/m ²
Kowloon West	HK\$35,000/m ²	HK\$60,000/m ²	HK\$110,000/m ²
New Territories South	HK\$35,000/m ²	HK\$50,000/m ²	HK\$75,000/m ²
New Territories North	HK\$20,000/m ²	HK\$30,000/m ²	HK\$55,000/m ²

Thanks to the scheme, owners will have more certainty in considering the feasibility of IBs redevelopment. Our cost model for a new commercial / modern industrial building indicates that unit cost range is from HK\$ 24,700 to HK\$ 32,400 per m² of Construction Floor Area (CFA) at 1st Quarter 2021 price level. The variance in unit costs is mainly due to the design standards, building sizes, shape, number of storeys, storey height, and provision of building services. In addition, the unit cost range of demolition is from HK\$1,000 to HK\$2,000 per m² of Construction Floor Area (CFA) of an existing industrial building subject to the building condition and size.

Construction Cost Range (at 1st Quarter 2021 price level)

	Range (HK\$/m ² CFA)
1. Foundation and substructure	2,700 ~ 4,200+
2. Structural frame and slabs	3,300 ~ 5,000+
3. External façade	3,400 ~ 4,700+
4. Architectural, builders' work and finishes (ABWF)	6,500 ~ 8,500+
5. Building services installations	8,800 ~ 10,000+
Total:	24,700 ~ 32,400+

Cost Model - Commercial/ Modern Industrial Building
HK\$ per m² Construction Floor Area



* For commercial / modern industrial buildings, the ratio of Gross Floor Area (GFA) to Construction Floor Area (CFA) is approximately 1:1.2.

Remarks:

The cost model should be regarded as guidelines to indicate the likely range of new commercial / modern industrial building costs for early stage cost planning. Actual costs will depend, among others, on the final design, the eventual selection of materials. The above unit cost **excludes** land premiums, site development costs, basement construction (if any), loose furniture, fitting out works in tenant's area, external works, consultancy fees and resident site staff costs, legal and financial expenses, etc.

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