



March 2020

HONG KONG REPORT

QUARTERLY CONSTRUCTION
COST UPDATE

RLB
利比

Rider
Levett
Bucknall

OFFICES AROUND THE WORLD

AFRICA

Botswana

Gaborone

Mauritius

Quatre Bornes

Mozambique

Maputo

South Africa

Cape Town

Durban

Johannesburg

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

Subic

Singapore

Yangon

AMERICAS

Caribbean

St. Lucia

North America

Boston

Calgary

Chicago

Denver

Hilo

Honolulu

Kansas City

Las Vegas

Los Angeles

Maui

New York

Phoenix

Portland

San Francisco

San Jose

Seattle

Toronto

Tucson

Waikoloa

Washington DC

EUROPE

United Kingdom

Birmingham

Bristol

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

Oman

Muscat

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 a decrease of 0.6% in tender prices in the fourth quarter of 2019. On a year-on-year basis, the tender price decreased by 4.1%.

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

2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019
+4.3%	+0.6%	-0.8%	-4.7%	-4.1%

Hong Kong's economy contracted by 2.9% year-on-year in real terms in the fourth quarter of 2019 following the decrease of 2.8% in the third quarter. On a seasonally adjusted quarter-to-quarter comparison basis, real GDP decreased by 0.3% in the fourth quarter of 2019 over the previous quarter. The annual GDP of year 2019 decreased by 1.2% in real terms from 2018. According to the Composite Consumer Price Index, overall consumer prices rose by 2.2% in February 2020 over the same month a year earlier, increased by 0.8% as compared to January 2020. The seasonally adjusted unemployment rate in December 2019 - February 2020 climbed to 3.7% from 3.4% in November 2019 - January 2020; the underemployment rate also increased from 1.2% to 1.5% over the same period.

There was a further setback in Hong Kong's economic sentiment in the fourth quarter due to the on-going social instability with a continuous fall of inbound tourists and consumption-related activities. Following the recent outbreak of the COVID-19 and the subsequent pandemic worldwide, the economy may further deteriorate in the short term. With the social distancing / isolation strategies implemented by

the public health officials to contain the spread of the coronavirus, delays and disruptions to the material supply chain, operation of construction sites and statutory approval of new building projects would be inevitable. Slowing down of construction activities and increasing unemployment rate in the construction would be foreseeable. Despite certain relief measures introduced by the Government in the 2020/21 Budget to revive the local economy, it is expected that the downward trend of tender prices will continue in the rest of 2020.

MACAU

Macau's Gross Domestic Product contracted by 8.1% year-on-year in real terms in the fourth quarter of 2019. The unemployment rate remained unchanged at 1.7% in November 2019 - January 2020 for three consecutive periods. The average daily wage of construction workers was MOP698 in the fourth quarter of 2019, decreased by 2.4% on a quarter-to-quarter basis. The average daily wages of skilled and semi-skilled workers decreased by 3.7% to MOP703, while that of unskilled workers decreased by 1.1% to MOP443.

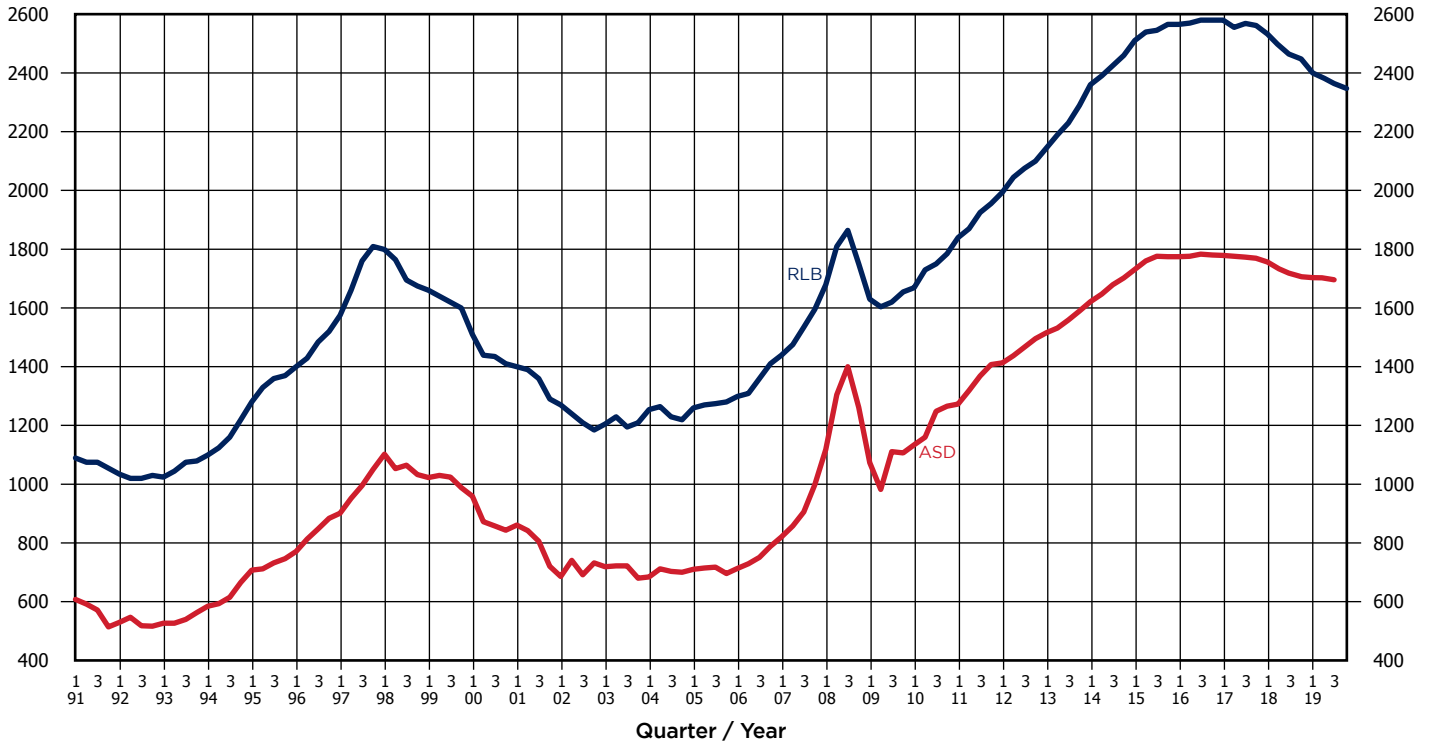
In the fourth quarter of 2019, there was a noticeable decline of 30.0% in private sector investment in construction due to the reduced investment in residential projects. Meanwhile, the public construction investment saw an increase of 23.5%. Yet, it is expected that the outbreak of the COVID-19 may lead to a plunge in Macau's major revenue from gaming & entertainment and a delay in construction projects. It is forecast that tender prices in Macau will remain weak in the coming quarters until there is a recovery of private construction investment which however depends on how the COVID-19 pandemic evolves.

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 **4th Quarter 2019**.

TENDER PRICE INDICES IN HONG KONG

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



Graph showing cost trends in the construction industry in Hong Kong based on Tender Prices for Builder's Works

TENDER PRICE INDICES

Quarter	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD	RLB	ASD		
	1968	1969	1970	1970	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
1		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	100	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																
2	2570	1776	2555	1776	2495	1727	2385	1686																
3	2580	1783	2565	1773	2465	1708	2355	1675																
4	2580	1781	2560	1768	2440	1698	2340																	

COMMON UNIT RATES IN HONG KONG

Description	Unit	Average Rates in HK\$			
		1Q2019	2Q2019	3Q2019	4Q2019
Reinforced concrete Grade 40	m ³	1,080.00	1,090.00	1,080.00	1,100.00
Sawn formwork	m ²	380.00	385.00	380.00	380.00
Deformed high yield steel bar reinforcement	kg	9.20	8.60	9.00	8.90
105 mm Solid concrete block wall	m ²	280.00	280.00	280.00	280.00
Mastic asphalt roofing overall 20 mm thick (2-coat work) on horizontal surfaces	m ²	168.00	169.00	167.00	166.00
20 mm (Finished) Timber strip flooring including plywood sub-floor, sanding and wax polishing	m ²	780.00	780.00	770.00	770.00
Timber skirting 100 mm high x 13 mm thick	m	117.00	117.00	117.00	116.00
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.	6,100.00	6,100.00	6,100.00	6,100.00
Galvanised mild steel in balustrades, railings and general welded and framed work	kg	33.00	32.00	32.00	31.00
Structural steelwork - standard sections	kg	32.00	31.00	31.00	30.00
Fluorocarbon coated aluminium windows - frame and hardware including clear float glass and glazing (single-glazed windows)	m ²	2,730.00	2,720.00	2,690.00	2,670.00
20 mm Cement and sand (1:3) paving	m ²	103.00	103.00	103.00	103.00
Coloured unglazed ceramic mosaic floor tiling	m ²	280.00	280.00	280.00	280.00
Marble slab flooring (mid-range, European origin)	m ²	3,140.00	3,130.00	3,090.00	3,070.00
Two coats internal lime cement plaster to soffit and beams	m ²	100.00	100.00	100.00	100.00
Metal panel suspended ceiling	m ²	655.00	650.00	640.00	635.00
Ceramic / homogeneous wall tiling; internal work	m ²	560.00	560.00	555.00	550.00
Ceramic mosaic external wall tiling; adhesive fixed (45 x 45 or 45 x 95 mm tiles)	m ²	430.00	430.00	420.00	420.00
Alkali resistant primer and two coats of emulsion paint on plastered walls and ceilings	m ²	62.00	62.00	62.00	62.00

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.

2019年第4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 4th Quarter 2019 Prices)

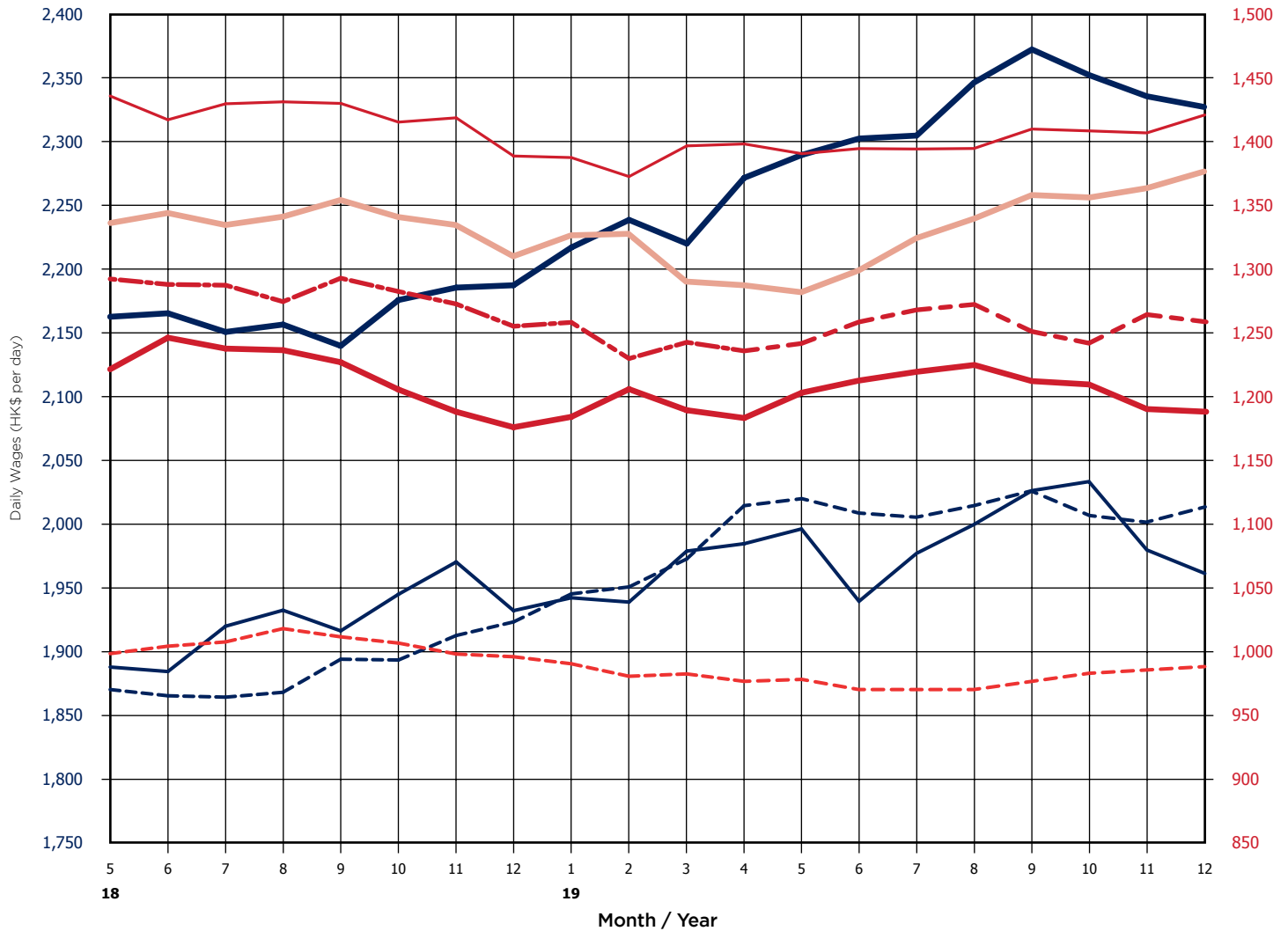
建筑物种类 Type of Building	香港 Hong Kong HK\$	澳门 Macau MOP	北京 Beijing RMB	成都 Chengdu RMB	广州 Guangzhou RMB	上海 Shanghai RMB	深圳 Shenzhen RMB	天津 Tianjin RMB	武汉 Wuhan RMB	无锡 Wuxi RMB	西安 Xian RMB	珠海 Zhuhai RMB
Office 办公楼												
High Quality 高档次	22,100 - 31,600+	17,400 - 22,400+	8,500 - 12,700	7,200 - 10,500	7,800 - 11,900	8,200 - 12,300	7,600 - 11,400	7,900 - 12,200	7,500 - 11,200	8,100 - 12,400	7,500 - 11,200	7,500 - 11,200
Medium Quality 中档次	18,200 - 22,200	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	15,500 - 19,500	10,800 - 14,600	4,300 - 5,900	3,950 - 5,200	4,150 - 5,500	4,300 - 5,600	4,050 - 5,350	4,150 - 5,600	3,950 - 5,200	4,250 - 5,700	3,900 - 5,150	3,900 - 5,200
Shopping Centre 商场												
High Quality 高档次	27,800 - 33,400+	22,300 - 27,200+	8,600 - 13,500	7,700 - 12,000	8,300 - 12,800	8,500 - 13,200	8,100 - 12,500	N/A	N/A	N/A	N/A	N/A
Medium Quality 中档次	21,900 - 27,200	N/A	6,800 - 8,600	6,200 - 7,800	6,700 - 8,200	6,800 - 8,600	6,500 - 8,000	N/A	N/A	N/A	N/A	N/A
Residential 住宅												
High Rise; High Quality 高层; 高档次	23,100 - 34,400+	14,400 - 20,000+	4,900 - 6,800	4,050 - 5,700	4,500 - 6,200	4,600 - 6,600	4,350 - 5,900	4,550 - 6,400	4,200 - 6,050	4,650 - 6,600	4,200 - 6,100	4,200 - 6,100
High Rise; Better Quality 高层; 中档次	16,600 - 19,600	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	15,000 - 16,300	8,000 - 9,800	2,750 - 3,700	2,450 - 3,350	2,650 - 3,550	2,650 - 3,600	2,600 - 3,500	2,600 - 3,600	2,450 - 3,350	2,650 - 3,600	2,450 - 3,350	2,450 - 3,350
House; High Quality 别墅; 高档次	33,300 - 49,900+	N/A	5,400 - 7,600	4,500 - 6,300	4,950 - 6,900	5,100 - 7,300	4,650 - 6,600	4,900 - 7,100	4,650 - 6,700	5,200 - 7,300	4,650 - 6,700	4,650 - 6,700
House; Medium Quality 别墅; 中档次	22,500 - 28,500	N/A	3,600 - 4,700	3,050 - 4,000	3,350 - 4,350	3,450 - 4,600	3,200 - 4,150	3,450 - 4,400	3,200 - 4,250	3,450 - 4,500	3,200 - 4,250	3,200 - 4,250
Clubhouse 会所	30,500 - 49,600+	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)	3,900 - 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	33,200 - 40,800+	29,200 - 35,400+	14,500 - 19,200	12,200 - 15,800	14,100 - 18,200	14,300 - 18,900	13,200 - 17,400	13,700 - 18,300	13,200 - 17,200	14,200 - 18,800	13,000 - 17,200	13,000 - 17,200
3-Star 三星	27,800 - 32,400	23,100 - 25,900	10,800 - 14,000	9,100 - 11,600	10,300 - 12,800	10,400 - 13,600	9,900 - 12,800	10,100 - 13,400	9,700 - 12,500	10,400 - 13,600	9,500 - 12,400	9,500 - 12,500
Industrial 厂房												
Landlord; High Rise 租用; 高层	10,300 - 12,600	N/A	2,950 - 4,050	2,600 - 3,700	2,850 - 3,900	2,850 - 4,050	2,750 - 3,800	2,800 - 3,850	2,650 - 3,700	2,850 - 4,000	2,650 - 3,700	2,650 - 3,700
End User; Low Rise 自用; 低层	13,300 - 20,000	N/A	4,200 - 7,400	3,800 - 6,700	4,000 - 7,300	4,150 - 7,300	3,900 - 7,200	4,000 - 7,200	3,800 - 6,700	4,150 - 7,300	3,800 - 6,700	3,800 - 6,700
Carpark 车库												
Basement; up to 2 Levels 地下室; 不多于2层	19,900 - 27,600+	10,500 - 13,100+	4,250 - 7,300	3,850 - 6,300	4,050 - 7,000	4,450 - 7,400	4,050 - 6,800	4,050 - 6,800	4,050 - 6,800	4,150 - 7,100	4,100 - 6,800	4,050 - 6,800
Multi-Storey 地上; 多层	9,000 - 11,700	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同编制，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估算，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

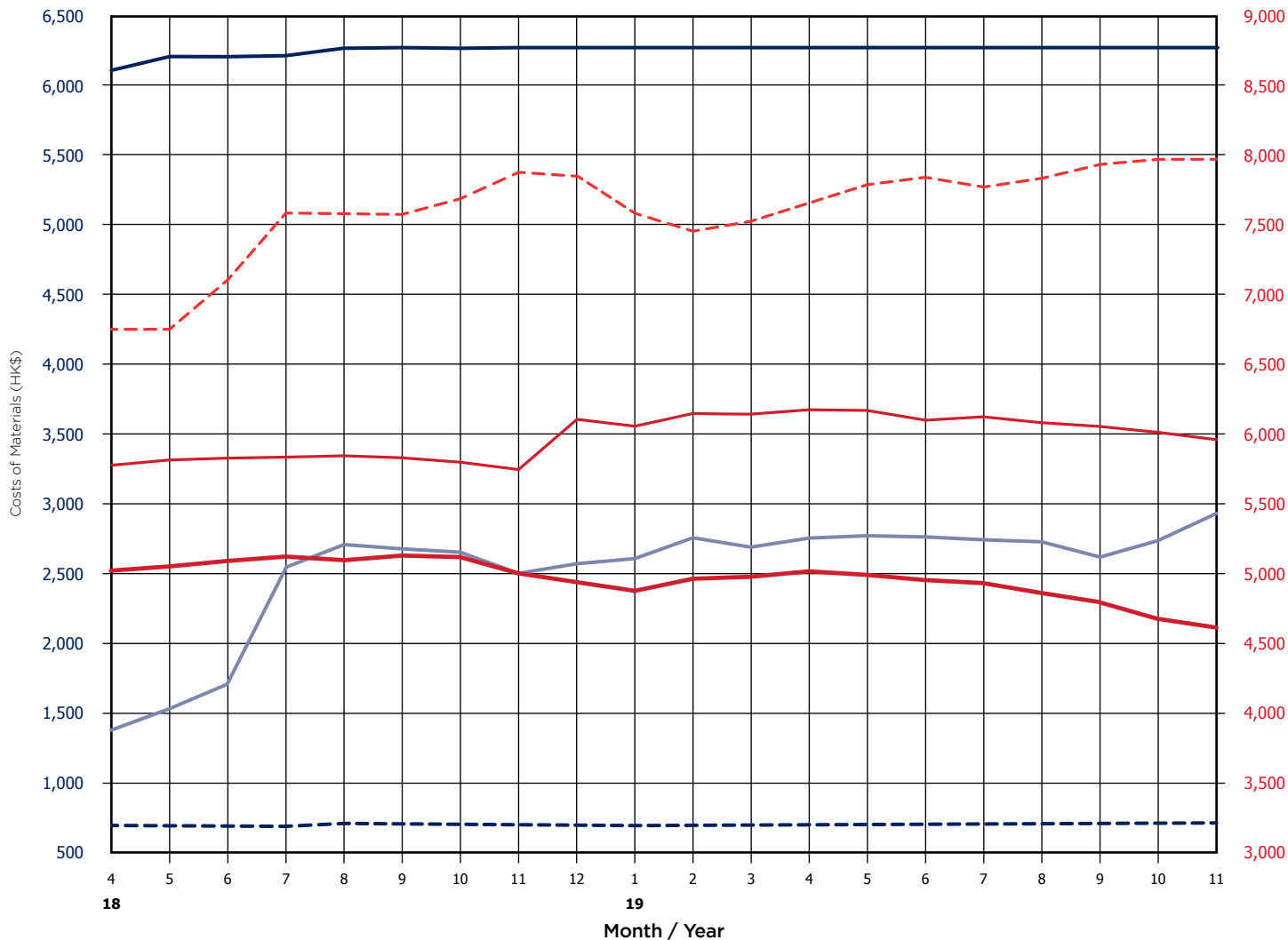
AVERAGE DAILY WAGES OF WORKERS ENGAGED IN PUBLIC SECTOR CONSTRUCTION PROJECTS



Selected Occupations	Average Daily Wages in HK\$ per day																			
	2018						2019													
	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Bar Bender and Fixer	2,162.0	2,164.7	2,150.2	2,155.9	2,139.3	2,175.2	2,185.0	2,186.8	2,216.2	2,237.7	2,219.3	2,270.6	2,288.8	2,303.5	2,304.1	2,347.7	2,370.9	2,351.0	2,333.2	2,325.5
Concretor	1,887.4	1,884.0	1,919.4	1,931.9	1,915.9	1,944.4	1,969.6	1,931.7	1,941.6	1,938.4	1,978.1	1,983.9	1,995.6	1,938.9	1,975.8	1,999.3	2,025.5	2,030.5	1,977.9	1,959.0
Carpenter (formwork)	1,869.8	1,865.1	1,863.9	1,867.6	1,893.7	1,893.0	1,912.3	1,922.8	1,944.7	1,950.1	1,972.0	2,013.7	2,019.4	2,007.9	2,004.6	2,014.3	2,024.7	2,008.0	2,000.8	2,012.4
Painter and Decorator	1,221.4	1,245.9	1,237.4	1,236.3	1,226.9	1,205.4	1,188.2	1,176.1	1,184.3	1,205.7	1,189.4	1,183.3	1,203.0	1,212.6	1,218.2	1,220.5	1,212.1	1,209.9	1,190.1	1,188.9
Plasterer	1,336.1	1,344.1	1,334.6	1,341.2	1,354.0	1,341.0	1,334.7	1,309.9	1,326.3	1,328.0	1,290.0	1,287.5	1,281.9	1,299.4	1,324.1	1,336.7	1,355.7	1,354.3	1,363.8	1,381.4
Metal Worker	1,291.9	1,287.6	1,287.0	1,274.2	1,292.6	1,282.1	1,272.4	1,255.1	1,258.1	1,230.0	1,242.7	1,236.1	1,241.7	1,258.6	1,268.4	1,260.4	1,250.6	1,241.2	1,264.8	1,257.9
Plumber	1,435.6	1,416.9	1,429.5	1,431.0	1,429.7	1,415.2	1,418.7	1,388.8	1,387.4	1,372.7	1,396.7	1,398.1	1,390.5	1,394.6	1,393.0	1,411.2	1,409.1	1,407.8	1,422.0	
General Workers	998.2	1,003.9	1,007.3	1,017.7	1,011.3	1,006.4	997.8	995.8	990.2	980.5	982.4	976.7	978.1	970.2	971.3	970.9	975.8	982.9	983.6	986.9

(Source: Census and Statistics Department)

MATERIAL COST TRENDS AVERAGE WHOLESALE PRICES OF SELECTED BUILDING MATERIALS



		Average Wholesale Prices of Selected Building Materials																			
Building Materials		2018										2019									
		4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11
Sand (\$/10 t)	—	1,380	1,520	1,690	2,560	2,730	2,700	2,650	2,500	2,570	2,620	2,750	2,660	2,770	2,780	2,760	2,710	2,700	2,610	2,740	2,930
Bitumen (\$/t)	- - -	6,750	6,750	7,100	7,600	7,600	7,600	7,700	7,883	7,850	7,583	7,450	7,517	7,650	7,767	7,800	7,700	7,800	7,917	7,950	7,950
Portland Cement (\$/t)	- - -	692	693	693	701	702	706	706	706	707	717	728	728	728	728	724	730	730	730	730	730
Sawn Hardwood 50x75 (\$/m ³)	—	6,105	6,260	6,260	6,260	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	6,303	6,303
Mild Steel Round Bars (\$/t)	—	5,760	5,795	5,815	5,830	5,840	5,805	5,770	5,730	6,103	6,065	6,160	6,150	6,185	6,175	6,106	6,134	6,085	6,043	6,000	5,950
High Tensile Steel Bars (\$/t)	—	5,043	5,059	5,129	5,161	5,144	5,147	5,105	4,991	4,928	4,884	4,966	4,959	5,009	4,995	4,959	4,927	4,846	4,771	4,632	4,590

(Source: Census and Statistics Department)

Youth Hostel for the Working Youths

With a view to relieve the increasing housing pressure on Hong Kong's younger generation and to support the working youths to save up for their future aspirations, the HKSAR Government has launched the Youth Hostel Scheme in 2011 to support non-governmental organizations (“NGOs”) by funding full capital costs to provide youth hostels on privately-owned underutilized sites which will be operated on self-financing basis upon completion. The target tenants are the working youths with an income not exceeding the 75th percentile of monthly earnings of employed persons aged 18-30. Tenant’s rent is capped at 60% of the market rent and the tenancy period is limited to five years. According to the Chief Executive’s 2019 Policy Address, seven projects have been proposed to provide a total of 3,300 youth hostel units, including 1,680 places to be completed in 2021. The hostel of the Hong Kong Federation of Youth Groups in Tai Po completed in 2019 has released 80 places to the market with monthly rent ranging from HK\$4,248 to HK\$5,831, representing 28% rent-to-income ratio for an applicant with HK\$15,000 monthly income at third quarter 2019. Budget has been set aside for a youth hostel project by the Hong Kong Girl Guides Association in Jordan as addressed in the 2020-2021 Budget Speech, which will release 565 places once completed.

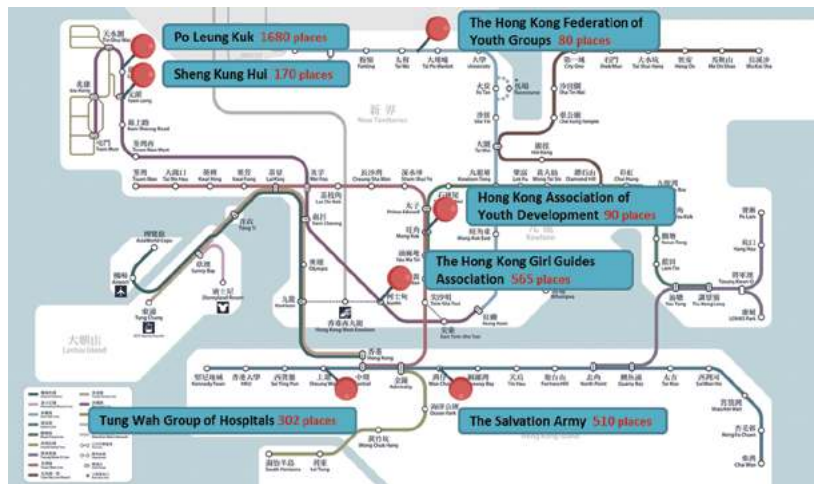
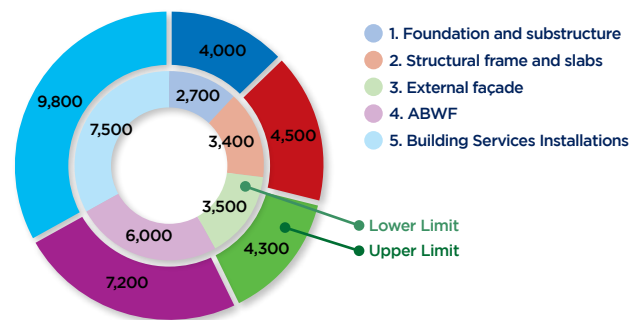


Figure – Seven Projects Launched for Youth Hostel Scheme

*Data from Research Office, Legislative Council Secretariat; image from MTR website.

Our cost model for Youth Hostel for the Working Youths in Hong Kong indicates that the unit cost range is from HK\$ 23,100 to HK\$ 29,800+ per m² of construction floor area (CFA) at 4th Quarter 2019 price level. The cost range per no. of places represented by building and building services is ranging from HK\$0.50M to HK\$0.70M+ at 4th Quarter 2019 price level. The variance in unit costs is mainly due to the building size and shape, number of storey, unit density per typical floor, unit size, provision of building services, etc.

Cost Model
HK\$ per m² Construction Floor Area



	Range (HK\$)
1. Foundation and substructure	2,700 ~ 4,000+
2. Structural frame and slabs	3,400 ~ 4,500+
3. External façade	3,500 ~ 4,300+
4. Architectural, builders' work and finishes (ABWF)	6,000 ~ 7,200+
5. Building services installations	7,500 ~ 9,800+
Total (4th Quarter 2019 prices) :	23,100 ~ 29,800+

Remarks:

The cost model should be regarded as guidelines to indicate the likely cost range of Youth Hostel for the Working Youths for early stage cost planning. Actual costs will depend, among others, on the final design and the eventual selection of materials. The above unit cost excludes site development costs, basement construction (if any), external works and landscaping, furniture and equipment, consultancy fees and resident site staff costs, legal and financial expenses, etc

OFFICES IN HONG KONG, MACAU AND MAINLAND CHINA

香港、澳门及中国内地办事处

HONG KONG 香港

15th Floor
Goldin Financial Global Centre
17 Kai Cheung Road
Kowloon Bay, Kowloon
Hong Kong
香港九龙九龙湾启祥道17号
高银金融国际中心15楼
Telephone 电话: 852 2823 1823
Facsimile 传真: 852 2861 1283
E-mail 电邮: hongkong@hk.rlb.com

BEIJING 北京

Room 1803-1809, 18th Floor
East Ocean Centre
24A Jian Guo Men Wai Avenue
Chaoyang District
Beijing 100004
China
中国北京市
朝阳区建国门外大街24A
东海中心18楼1803-1809室
邮编100004
Telephone 电话: 86 10 6515 5818
Facsimile 传真: 86 10 6515 5819
E-mail 电邮: beijing@cn.rlb.com

CHENGDU 成都

Room 2901-2904, 29th Floor
Square One
No.18 Dongyu Street
Jinjiang District
Chengdu 610016
Sichuan Province
China
中国四川省成都市
锦江区东御街18号
百扬大厦29楼2901-2904室
邮编610016
Telephone 电话: 86 28 8670 3382
Facsimile 传真: 86 28 8613 6160
E-mail 电邮: chengdu@cn.rlb.com

CHONGQING 重庆

Room 1-3 & 17-18
39/F, IFS Tower T1
No. 1 Qingyun Road
Jiangbei District
Chongqing 400024
China
中国重庆市江北区
庆云路1号
国金中心 T1 办公楼
39楼1-3及17-18单元
邮编400024
Telephone 电话: 86 23 6380 6628
Facsimile 传真: 86 23 6380 6618
E-mail 电邮: chongqing@cn.rlb.com

GUANGZHOU 广州

Room 1302-1308
Central Tower
No. 5 Xiancun Road
Guangzhou 510623
Guangdong Province
China
中国广东省广州市
冼村路5号
凯华国际中心
1302-1308室
邮编510623
Telephone 电话: 86 20 8732 1801
Facsimile 传真: 86 20 8732 1803
E-mail 电邮: guangzhou@cn.rlb.com

GUIYANG 贵阳

Room E, 12th Floor
Fuzhong International Plaza
126 Xin Hua Road
Guiyang 550002
Guizhou Province
China
中国贵州省贵阳市
新华路126号
富中国际广场12层E座
邮编550002
Telephone 电话: 86 851 8553 3818
Facsimile 传真: 86 851 8553 3618
E-mail 电邮: guiyang@cn.rlb.com

HAIKOU 海口

Room 1705, 17th Floor
Fortune Centre
38 Da Tong Road
Haikou 570102
Hainan Province
China
中国海南省海口市
大同路38号
财富中心17楼1705室
邮编570102
Telephone 电话: 86 898 6672 6638
Facsimile 传真: 86 898 6672 1618
E-mail 电邮: haikou@cn.rlb.com

HANGZHOU 杭州

Room 1603, 16th Floor
North Tower, Modern City Center
No. 161 Shao Xing Road
Xia Cheng District
Hangzhou 310004
Zhejiang Province, China
中国浙江省杭州市
下城区绍兴路161号
现代中心北楼16层1603室
邮编310014
Telephone 电话: 86 571 8539 3028
Facsimile 传真: 86 571 8539 3708
E-mail 电邮: hangzhou@cn.rlb.com

MACAU 澳门

Alameda Dr. Carlos D' Assumpção
No. 398 Edificio CNAC 9º Andar I-J
Macau SAR
澳门新口岸
宋玉生广场398号
中航大厦9楼I-J座
Telephone 电话: 853 2875 3088
Facsimile 传真: 853 2875 3308
E-mail 电邮: macau@mo.rlb.com

NANJING 南京

Room 1201, 12th Floor
South Tower, Jinmao Plaza
201 Zhong Yang Road
Nanjing 210009
Jiangsu Province
China
中国江苏省
南京市中央路201号
金茂广场南塔写字楼12楼1201室
邮编210009
Telephone 电话: 86 25 8678 0300
Facsimile 传真: 86 25 8678 0500
E-mail 电邮: nanjing@cn.rlb.com

NANNING 南宁

Room 2203, 22th Floor
Block B, Resources Building
No. 136 Minzu Road
Qingxiu District
Nanning 530000
Guangxi Province
China
中国广西省
南宁市青秀区民族大道136号
华润大厦B座22层2203室
邮编530000
Telephone 电话: 86 771 5896 101
E-mail 电邮: nanning@cn.rlb.com

SHANGHAI 上海

22nd Floor, Greentech Tower
No.436 Heng Feng Road
Jingan District
Shanghai 200070
China
中国上海市
静安区恒丰路436号
环智国际大厦22楼
邮编200070
Telephone 电话: 86 21 6330 1999
Facsimile 传真: 86 21 6330 2012
E-mail 电邮: shanghai@cn.rlb.com

SHENYANG 沈阳

25th Floor
Tower A, President Building
No. 69 Heping North Avenue
Heping District
Shenyang 110003
Liaoning Province
China
中国辽宁省沈阳市
和平区和平北大街69号
总统大厦A座25楼
邮编110003
Telephone 电话: 86 24 2396 5516
Facsimile 传真: 86 24 2396 5515
E-mail 电邮: shenyang@cn.rlb.com

SHENZHEN 深圳

Room 4510-4513
Shun Hing Square Diwang Comm.
Centre
5002 Shennan Road East
Shenzhen 518001
Guangdong Province
China
中国广东省深圳市
深南东路5002号
信兴广场地王商业大厦
4510-4513室
邮编518001
Telephone 电话: 86 755 8246 0959
Facsimile 传真: 86 755 8246 0638
E-mail 电邮: shenzhen@cn.rlb.com

TIANJIN 天津

Room 502, 5th Floor
Tianjin International Building
75 Nanjing Road
Heping District
Tianjin 300050
China
中国天津市
和平区南京路75号
天津国际大厦5楼502室
邮编300050
Telephone 电话: 86 22 2339 6632
Facsimile 传真: 86 22 2339 6639
E-mail 电邮: tianjin@cn.rlb.com

WUHAN 武汉

Room 2301
New World International Trade Centre
No. 568 Jianshe Avenue
Wuhan 430022
Hubei Province
China
中国湖北省武汉市
汉口建设大道568号
新世界国贸大厦2301室
邮编430022
Telephone 电话: 86 27 6885 0986
Facsimile 传真: 86 27 6885 0987
E-mail 电邮: wuhan@cn.rlb.com

WUXI 无锡

Room 1410-1412, 14th Floor
Juna Plaza
No. 6 Yonghe Road
Nanchang District
Wuxi 214000
Jiangsu Province
China
中国江苏省无锡市
南长区永和路6号
君来广场14楼1410-1412室
邮编214000
Telephone 电话: 86 510 8274 0266
Facsimile 传真: 86 510 8274 0603
E-mail 电邮: wuxi@cn.rlb.com

XIAN 西安

Room 1506, 15th Floor, Tower F
Chang'an Metropolis Center
No.88 Nanguan Zheng Street
Beilin District
Xian 710068
Shaanxi Province
China
中国陕西省西安市
碑林区南关正街88号
长安国际中心F座15楼1506号
邮编710068
Telephone 电话: 86 29 8833 7433
Facsimile 传真: 86 29 8833 7438
E-mail 电邮: xian@cn.rlb.com

ZHUHAI 珠海

Room 1401-1402, 14th Floor
Taifook International Finance Building
No. 1199 Jiu Zhuo Road East
Jida
Zhuhai 519015
Guangdong Province
China
中国广东省珠海市
吉大九洲大道东1199
泰福国际金融大厦14楼
1401-1402室
邮编519015
Telephone 电话: 86 756 388 9010
Facsimile 传真: 86 756 388 9169
E-mail 电邮: zhuhai@cn.rlb.com

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