



## General Practice Division Chairman's Message



*Sr Francis Ng GPD Council Chairman*

### The 26th Pan Pacific Congress of Real Estate Appraisers, Valuers and Counsellors, 1-4 October 2012 in Melbourne, Australia

Sr Edward Au represented the HKIS and attended the 26th Pan Pacific Congress of Real Estate Appraisers, Valuers And Counsellors (PPC). It was held from 1 to 4 October 2012 in Melbourne, Australia. The PPC is held biennially on a rotating basis around the Pacific Rim by member associations. This year, the Congress focused on sustainable development, green buildings, and their effect on valuation. A number of concurrent sessions were available for delegates' participation. Other discussion topics included financial instruments, intangible assets, detrimental assets, green building valuation, and capital investment. Sr Edward Au has written a separate report on the PPC event in this issue of Surveyors Times.



HKIS Representative, Sr Edward Au, at the 26<sup>th</sup> PPC's Opening Ceremony



Performance by Australian Indigenous Natives at the Opening Ceremony



Congress proceedings at the 26<sup>th</sup> PPC



Meeting counterparts from Japan, Romania, and Singapore at the venue

### WAVO Board Meeting 2012

The World Association of Valuation Organizations (WAVO) held its Board Meeting on Monday, 1 October 2012, at the Travelodge, Dockland of Melbourne, Australia. In attendance were representatives from association members, including Messrs Richard Borges (AI (USA)), Edward Au (HKIS), Prof Lim (SISV), Keith Goodwin (AIC (Canada)), David Shum (AIC), Keith Lancastle (AIC), Adrian Crivii (ANEVAR), Ian Campbell (PINZ), David Clark (PINZ), Tan Choi Heng (SISV),

John Teo (SISV), and Gan Bee Ghee (SISV)(WAVO Secretary). The meeting was chaired by Prof Lim. Mr Ricardo Garza, President of the Federacion De Colegios De Valuadores in Mexico, was in attendance to the board meeting.



WAVO Representatives at the 2012 WAVO Council Meeting

Front row from the left : Richard Borges (AI (USA)),  
Sr Edward AU (HKIS), Prof LIM (SISV),  
Keith Goodwin (AIC (Canada)), Dr Adrian Crivii (ANEVAR),  
David SHUM (AIC (Canada))

Rear row from the left : Mrs Borges (AI (USA)),  
Tan Choi Heng (SISV), Ian Campbell (PINZ),  
Ricardo Garza (FDCDV (Mexico), observer),  
David Clark (PINZ), Keith Lancastle (AIC),  
John Teo (SISV), Gan Bee Ghee (SISV)

The attendees reviewed the progress of the work that was initiated from the last WAVO Board Meetings and discussed future developments of the organization. The following key issues were discussed:

- (i) The WAVO International Valuation Certificate (known as WIVCert) is an educational programme for both members and non-members who are interested in international real estate and valuation across borders. The WIVCert will be granted to participants who meet the following requirements: the completion of ten modules of online study; attendance in two WAVO or

WAVO-recognized congresses, and the completion of a paper on a valuation topic within a two-year period. The attendees agreed that the proposal was a good initiative and should help raise the profile of WAVO. A panel of real estate professors will be invited to join the WAVO Board of Assessors with a view to offering relevant modules to participants.

- (ii) The WAVO Competency and Practice Guide for Valuation Professionals – the Guide is intended to encourage the best practices for valuers around the globe based on international standards and practices (e.g. IVSC), as well as the valuation standards and practices adopted locally by member associations. Representatives of member associations expressed different views at the meeting over the possible overlapping of local standards and guidance(s) and usefulness of the proposed Guide. The attendees agreed to consider the proposal further. The draft Guide will be circulated to all member associations for their comments.
- (iii) Valuation experts – the principal objectives of WAVO are to ensure a consistent application of valuation standards, methodologies, and practices; to set criteria for education standards; and to raise the standards of professionalism. The WAVO Board decided to compile a list of the world's experts in the valuation field. The WAVO Secretariat is now inviting valuation experts from member associations to join the expert panel.
- (iv) The WAVO Certified Valuer – another proposal raised during the Board Meeting was the awarding of a WAVO

Certificate to competent evaluator(s), thereby making them WAVO Certified Valuers. Qualified evaluators or those who have obtained the WIVCert and were approved by a vetting panel would be awarded with the title, "WAVO Certified Valuer" alongside their listed names on the WAVO website. This proposal will be further explored by the WAVO Board.

- (v) International Valuation and Appraisal Week – last year, the first "International Valuation and Appraisal Week" was adopted by a number of leading valuation and appraisal organizations around the world. It helped enhance the important contributions of evaluators and appraisers towards the global economy. This year, the WAVO Board has continued with the same theme and has organized the second Valuation and Appraisal Week for 1-7 November 2012. The purpose is to further raise the profile and awareness of the important role of evaluators and appraisers in the global community and to commemorate the significance of the valuation and appraisal practice in the global marketplace. The GPD will organize CPD and valuation activities during the second International Valuation and Appraisal Week.
- (vi) The WAVO Congress 2013 – it was proposed that the next WAVO Congress be held in Chennai, India in 2013.
- (vii) The WAVO Board Meeting will be held in April or May 2013. As suggested by the President of the AIC, this meeting may be held in Calgary, Canada.



*The World Association of Valuation Organizations (WAVO) held its Board Meeting on Monday, 1 October 2012, at the Travelodge, Dockland in Melbourne, Australia*





Mr. Richard Borges (AI (USA)) and Prof LIM (SISV) signed a MOU after the Board Meeting



Members discuss the future development of WAVO

**A little briefing note about WAVO** – it is a body that brings together professional property valuation organizations that represent valuers and related property consultants employed in private practice, business and industry, the public sector, and educational institutes, as well as some specialized groups that interact frequently with the profession. WAVO's mission is to develop and enhance the valuation and related professions and to ensure that the provision of services is of consistently high quality and uniformity in the public interest. WAVO will carry out its mission by promoting the best practices, supporting the most robust and consistent standards, encouraging higher education, and facilitating lifelong learning among its Member Associations and their members. Member Associations (with countries in parentheses) include:

#### Full Member

1. Appraisal Institute of Canada **AIC (Canada)**
2. Appraisal Institute **AI (United States)**
3. China Appraisal Society **CAS (China)**
4. China Institute of Real Estate Appraisers and Agents **CIREA (China)**
5. Consiglio Nazionale Geometri e Geometri Laureati **CNG (Italy)**
6. Hong Kong Institute of Surveyors **HKIS (Hong Kong)**
7. International Association of Consultants, Valuators and Analysts **IACVA (Canada)**
8. Korea Appraisal Board **KAB (Korea)**
9. National Association of Romanian Valuers **ANEVAR (Romania)**
10. Property Institute of New Zealand **PINZ (New Zealand)**
11. Singapore Institute of Surveyors and Valuers **SISV (Singapore)**

#### Nominee Members

1. Institution of Govt. Approved Valuers **IGAV (India)**
2. Korea Association of Property Appraisers **KAPA (Korea)**
3. Vietnam Valuation Association **VVA (Vietnam)**

#### Observer Members

1. Hoang Quan Appraisal Co., Ltd. **HQA (Vietnam)**
2. The Real Estate Regulatory Agency **RERA (Dubai)**

## Visit of the Property Institute of New Zealand

On 22 October 2012, 23 members from the Property Institute of New Zealand (NZPI), led by Ian Campbell (Past President & Board Member) and David Clark (CEO), visited the HKIS. The delegation was greeted by the HKIS President, Sr Serena Lau; the Hon Treasurer, Sr Gary Yeung; Sr Francis Ng; Sr KK Chiu; Sr Eugina Fok; and Sr Edward Au. Attendees exchanged views on current intuitional affairs and the property situation in Hong Kong and New Zealand.

The NZPI delegates were briefed on the structure, history and organization of the HKIS and the Hong Kong property market. They showed a keen interest in the residential property market and property prices in Hong Kong. The NZPI intends to expand its cooperation with overseas institutes. Questions on the reciprocity arrangements on professional qualification with the relevant organizations in the Mainland China were raised. On the other hand, the HKIS noted that the NZPI has launched online property professional teaching courses that may be of interest to HKIS members. We shall ask for further information in this regard and keep members informed on its progress.



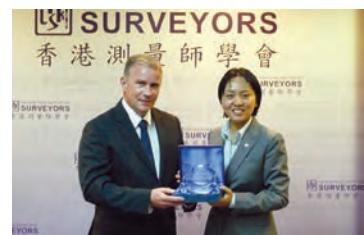
NZPI delegation – led by Ian Campbell (middle) and David Clark (right)



HKIS representatives (from left: Sr Edward Au, Sr Eugina Fok, Sr Francis Ng, Sr Serena Lau, Sr Gary Yeung, Sr KK Chiu)



Group photos of members of the NZPI delegation and the HKIS representatives



HKIS representatives presented a souvenir to the NZPI's Ian Campbell



## Press Conference on the New Territories East New Town

The GPD's comments and response to the government's New Territories East New Town Development (NENT) proposal was reported in the September issue of Surveyors Times. The GPD held a press conference on 22 October 2012 to promulgate the HKIS's view. The conference went off well with elaborations made by Sr CK Lau, convener of the Working Group on Land Supply, and Sr Francis Ng.



The HKIS Press Conference on the New Territories East New Town



Elaboration of GPD's view on land supply by Sr CK Lau, Convener of the Working Group on Land Supply, and Sr Francis Ng



## The 26th Pan Pacific Congress of Real Estate Appraisers, Valuers and Counsellors 1–4 October 2012, Melbourne, Australia

Edward Au, GPD Council Member, GPD Hon Treasurer, Member of Editorial Board



The Australian Property Institute (API) hosted the 2012 Pan Pacific Congress (PPC) from 1 to 4 October at the Melbourne Convention and Exhibition Centre.<sup>1</sup> Delegates from Japan, China, Hong Kong, Singapore, USA, Canada, Malaysia and many others attended this conference, along with delegates from every Australian state and territory.

The PPC is organized biennially by different countries around the Pacific Rim. It provides an opportunity for members professional associations (including the HKIS) to come together and exchange information, network, and give insights into the culture and real estate market of the their country. On the PPC's educational side, distinctive speakers from around the region presented issues that were relevant to various property markets. The PPC was founded with the objectives of developing closer relationships between various appraisal and valuation associations and for members to share and exchange information for the well-being of the profession.



Ms Justine Jacono, API Victorian President, gave the opening remarks during the welcome reception of the 25<sup>th</sup> PPC



Mr. James Pledge, Chair of the 26th PPC Organizing Committee, delivered the welcome speech and announced the Best Paper Award of the 26th PPC, which was awarded to HKIS Delegate, Mr. Edward AU



The welcome reception of the 25<sup>th</sup> Pan Pacific Congress was held at the Melbourne Convention and Exhibition Centre

### The Melbourne Pan Pacific Congress a Success

This year's PPC was hailed as a tremendous success by its organizers and delegates. It provided opportunities for delegates from more than 15 professional associations from various countries to share their experiences on the latest developments in valuation, planning and development, sustainable development, and asset management, as well as to give insights into the culture and real estate market of the host and other countries.

### The Congress Proceedings

The proceedings started with a brief performance and introduction to Melbourne by an Australian indigenous villager. During the ceremony, Mr Robert Doyle, the Lord Mayor of Melbourne, delivered the opening address followed by short country reports by each of the delegates from the participating member associations.



Mr. Ian Cover opened the 26th PPC and led Chief Delegates from the participating Member Associations to the venue



Mr Robert Doyle, Lord Mayor of Melbourne, delivered the opening address

<sup>1</sup> API is one of the Professional Institutes who had signed the reciprocity agreement with HKIS, whereas, HKIS or API membership is open to members of the counterpart institute provided that members of the opposite institute have obtained not less than one year post qualification engagement in local professional practice and that their relevant competence is considered acceptable.

# DIVISIONAL NEWS & ACTIVITIES

## 組別簡訊



Country reports were delivered by Delegates from the participating Member Associations

The 26th Pan Pacific Congress provided opportunities for selected international and Australian speakers to present their cases in Melbourne. Almost 350 delegates attended the event, including 50 eminent speakers from the Pacific Region. Delegates came from China, Japan, Hong Kong, Canada, the United States of America, Mexico, Singapore, New Zealand, Indonesia, and Malaysia. The social side of the Pan Pacific Congress was a key component to the event's success, with a welcome reception on the opening night that highlighted the unique flavors of Victorian produce and a gala dinner on the second evening, which provided plenty of opportunities for networking and social enjoyment.

## PROGRAM

**MONDAY 1 OCTOBER 2012**

1:00pm - 7:00pm	Registration Open – Registration and Information Desk
2:00pm - 5:00pm	TECHNICAL TOURS
Tour A Docklands Tour Docklands and Glades Street North	Tour B Melbourne Sporting Precinct AMF Park and the Melbourne Park of tomorrow
8:00pm - 8:00pm	Welcome Reception "Tastes of Victoria" – Level 1 Foyer, Melbourne Convention and Exhibition Centre

**TUESDAY 2 OCTOBER 2012**

7:00am - 9:00pm	Registration Open – Registration and Information Desk
8:00am - 5:00pm	Exhibition Open – Level 1 Foyer
9:00am - 10:30am	OPENING CEREMONY – Room 105/106
Guests of Honour: Honourable Premier Robert Clark Lord Mayor Melbourne Chief Delegates from participating Member Associations Master of Ceremonies: Ian Cover	
10:30am - 11:00am	Morning Tea and Exhibition – Level 1 Foyer
11:00am - 1:00pm	PLENARY SESSION 1 – Rooms 105/106
11:00am - 12:00pm	Raising the Bar for the Valuation Profession Steve Sherman Chairman, Standards Board International Valuation Standards Council United States of America Master of Ceremonies: Ian Cover
12:00pm - 1:00pm	Urban Renewal – The Victorian Experience The Hon Jeff Kennett AC Premier of Victoria 1992-1999 Australia Master of Ceremonies: Ian Cover
1:00pm - 2:00pm	Lunch and Exhibition – Level 1 Foyer

CONCURRENT SESSION 1				
2:00pm - 3:00pm	Property Development Concurrent Session 1A Room: 103	Specialised Valuations Concurrent Session 1B Room: 105/106	Rating and Taxation Valuation Concurrent Session 1C Room: 104	Commercial Property Management Concurrent Session 1D Room: 102
2:00pm - 3:00pm	Revitalising Melbourne Tim Bamford Executive Director, Major Projects Victoria, Australia	Valuation of Vineyards Daniel Thomas CBRE, Australia	The Use of "Regression Analysis" as a Mass Valuation Tool in Rating Gino Mitrione City of Whittlesea, Australia	Occupational Health & Safety Cassandra Abibey Greencycle Consulting, Australia
2:30pm - 3:00pm	Revitalisation of Industrial Buildings in Hong Kong Edward Sh Au The Hong Kong Institution of Surveyors, Hong Kong	Valuation of Water Rights David McKenzie Octagon Property Group, Australia	Old Tax - New Challenges: Strategic Taxation and Strategic Valuation into the Future Mike Heffernan University of the Sunshine Coast, Australia	Practical Application of DCF Approach to the Valuation of Property Under Property Management by Professionals - Application to Small Commercial Property Jae Sung Kang Korea Association Of Property Appraisers, South Korea
Afternoon Tea and Exhibition – Level 1 Foyer				
CONCURRENT SESSION 2				
3:30pm - 5:00pm	Property Development Concurrent Session 2A Room: 103	Valuation Issues Concurrent Session 2B Room: 105/106	Mixed Session Concurrent Session 2C Room: 104	
3:30pm - 4:00pm	The Redevelopment of Aged Urban Areas in Korea and Valuation Process In-Chul Baek Korea Association Of Property Appraisers, South Korea	Where is the Value in a Valuation? Peter Power PricewaterhouseCoopers, Australia	The Analysis of Disaster Risk Measurements and Mitigations from Investors' View Point Yuko Tomizuka WIB Real Estate Finance, Japan	
4:00pm - 4:30pm	Influence of the Developer's Brand on Residential Estate Value Non-Yu Chu Taiwan	A Study on the Activation Way of Creating Urban Renovation and Citizen Governmental Partnership Jae Yung Hwang Korea Appraisal Board, South Korea	The Catch 22 of Valuation's Biggest Global Challenge Michael McDermott Heron Todd White Global Consult, Australia	Toward a Blue Economy Transition in Indonesia Bew Setia Brata Indonesian Society of Appraisers, Indonesia
4:30pm - 5:00pm	Morning Tea and Exhibition – Level 1 Foyer	A Study on the Activation Way of Creating Urban Renovation and Citizen Governmental Partnership Jae Yung Hwang Korea Appraisal Board, South Korea	Enhancing Value of Residential Developments through Product Branding Lim Lan Yuan Singapore Institute of Surveyors and Valuers, Singapore	
7:00pm - 11:00pm	Gala Dinner "A Melbourne Icon" – The Grand Hyatt Hotel, 123 Collins Street, Melbourne			

The Programme (part) of the 2012 Pan Pacific Congress – my presentation on the "Revitalization of Industrial Buildings in Hong Kong" was arranged for the afternoon session on the 2nd day

The PPC program was distinctive, with speakers covering issues on a range of topics, including the international economy, property recovery following natural disasters, business valuation, green property development, property management, and funds and asset management practices relevant to various property markets around the world. These speakers, together with the high profile Australian speakers, made the conference a unique and diverse educational opportunity. Keynote presentations were delivered by the following speakers:

### Keynote Speakers

### Theme of Presentation

<b>Jeff Kennett</b> Former Victorian Premier	Urban Renewal – The Victorian Experience
<b>Steven Sherman</b> Chairman, Standards Board, International Valuation Standards Councils, USA	Raising the Bar for the Valuation Profession
<b>Mark Burgess</b> General Manager of the Future Fund	The Role of Sovereign Wealth and Major Pension fund in Global Property Markets
<b>David Rees</b> Head of Research at Jones Lang LaSalle	Regional Property Outlook: What will Drive Asia-Pacific Real Estate over the next ten years?
<b>Drew Ginn</b> Australian Olympian	Rowing the Boat Faster: A Story About Developing Brief and Building Capacity



*Keynote Speech by Mr. Steve Sherman, Chairman, Standards Board, International Valuation Standards Councils, USA - Raising the Bar for the Valuation Profession*



*Keynote Speech by Jeff Kennett, former Victorian Premier - Urban Renewal - The Victorian Experience*

### Raising the Bar for the Valuation Profession

One of the themes of the Congress was the valuation profession's handling of the financial crisis that began in 2008, which led to extensive reductions in asset values and challenged the solvency of banks, companies, individuals, and even governments. The keynote speaker, Mr. Steve Sherman, analyzed the valuation industry after the financial crisis and provided an update on the recent interactions between the valuation profession and regulators.

Assets that plunged in value during the financial crisis included equities, real estate, and loans across all sectors and geographies. Sherman advised that nearly one-third of the goodwill on the balance sheets of US public companies that was generated via acquisitions in the ten years prior to the crisis were written off between 2008 and 2009 (a value of over US\$700 billion). Although many assets have since recovered in value, we are now on the fringe of yet another financial crisis related to challenges in the Euro Zone and struggling economies elsewhere.

My observation is that valuation standards around the world have started to converge so that diversity in practice can be minimized. This can improve both the consistency and the quality of professional valuation services. According to Sherman, convergence would be the main objective of valuation standards, while the valuation profession's challenge in today's post-crisis environment is to bring about greater consistency, quality, and transparency to those who rely on its work. Many parties, such as investors, regulators, and auditors, need more support from independent valuers than ever before. I fully concur that the risks created by differences in the valuation credentials that exist today range from the seemingly innocuous concerns over market confusion

to the more overt concerns over the objectivity of the valuers and analytical inconsistency. In this regard, members may wish to take a closer look at the proposed changes of the HKIS Valuation Standards, which will be published later this year.

### Urban Renewal – The Victorian Experience

Another keynote speaker, Jeff Kennett, the former Victorian Premier of Victoria, delivered an experience sharing on urban renewal in Victoria, Australia.

Urban renewal plays an important role in property development in Hong Kong. Be it a URA or a private renewal project, the redevelopment and regeneration of old urban districts in Hong Kong has become one of the major tasks of GP Surveyors. The renewal of Melbourne's Docklands Area serves as a good example and is a good lesson to learn.



*An aerial view of the Melbourne Victory Harbour and Docklands  
(photo courtesy from Land Lease, Australia)*



*An early historical picture of the Melbourne Docklands Area under urban renewal  
(photo courtesy from Melbourne & Australian Architecture Topics Forum)*

Victoria Harbour in Melbourne has been labeled the "jewel in the crown" of Melbourne's Docklands. It is one of the largest and most prestigious waterfront developments undertaken in Australia. With over 30 hectares of open space and 2.5km of spectacular promenades and water frontage, Victoria Harbour offers a truly unique Melbourne experience. Melbourne Docklands is a unique waterfront



redevelopment comprised of 200 hectares of land and water and approximately 7 km of waterfront.

The redevelopment of Melbourne's Docklands started in the mid-1990s. The impetus behind it was many of the same factors that drove the London Docklands' redevelopment: the abandonment of the Docklands during the 1960s with the advent of containerization, and its location near the commercial heart of Melbourne. As a key part of Melbourne's Docklands regeneration efforts, the Melbourne Victoria Harbour brings together a vibrant mix of residential, retail, and commercial spaces with direct connections to the core business district with many more exciting developments in the pipeline. Melbourne Victoria Harbour also boasts the highest concentration of green buildings in Australia.

The Docklands are being developed mainly by the private sector, and their distinct, but linked, precincts are a dynamic blend of residential, commercial, retail, and leisure activities. The Docklands are being developed under the responsibilities, objectives, and functions set out by the Australian Legislature. The five key principles that are critical to the success of its development are:

- A place for everyone
- A thriving water place
- Excellence in design
- Environmental sustainability
- Financial viability



Melbourne Docklands Area – Existing dilapidated wharf structure along the Docklands yet to be redeveloped



Existing dilapidated wharf structure along the Docklands Area



New developments along the Docklands Area with the provision of a office and public waterfront promenade



Redevelopment (far end) of the Docklands Area in progress

The Docklands are being developed in stages, based on market demand, over the next 15 years. There will be new playgrounds, residences, workplaces, and waterfront for Melbourne.<sup>2</sup> This staged process is designed to ensure consistent community development patterns and to establish the environment that would meet and encourage this growth.



Renewal Project - New 'harbour town' in the former Docklands – A retail and commercial complex



Renewed area is well-connected with the road and tram network



New Residential and Commercial developments along Melbourne Dockland



Public Waterfront Promenade built along the Yarra River of the dockland area



Marina is build along the former dockland area



Bridge connection between the North and South Bank

### Congress Sessions

More than 50 eminent speakers presented different current real estate and valuation practice-related topics in the congress. There were over 40 concurrent Congress Sessions that spanned the four-day conference. On behalf

<sup>2</sup> Some key figures of the Docklands  
Size: approx 30 Hectares  
2,800 dwellings  
21,615 sq m retail  
350,000 sq m commercial  
24,000 sq m mixed use  
8,000 sq m community facilities  
Population – in 2011, the Docklands had an estimated residential population of 61,341; with an estimated 30,000 more upon completion in 2021.

of the HKIS, I presented a paper on the **"Revitalization of Industrial Building in Hong Kong"** (an abstract of my article is attached at the end of this report). Incidentally, my paper was given the Best Paper Award by the judging panel. The Best Presentation Award was presented to Mr Se-Yeon Eom of South Korea on his topic, "Green Buildings of South Korea". Mr Eom focused on his country's Green Building Certification System and how the system affected the rental values of green-certified buildings.



Mr Se-Yeon Eom of South Korea. His topic: Green Buildings of South Korea.

The concurrent Congress Sessions covered issues on a range of topics from the international economy, property recoveries following natural disasters, business valuation, green property development, property development and management, and funds and asset management practices relevant to various property markets around the world. The Korean representatives' presentations were impressive, as they concentrated on urban renewal subjects. These included "The Redevelopment of Aged Urban Areas in Korea and Valuation Process," "A Study on the Activation Way of Activating Urban Regeneration and Citizen – Governmental Partnership," and the

award-winning "Green Buildings of South Korea". Other presentations also made the conference a unique and diverse educational opportunity for all delegates.



Presentation by Sr Edward Au on the  
"Revitalization of Industrial Buildings in  
Hong Kong"



Q & A Session

### The Closing Ceremony

The Closing Ceremony was held on 4 October 2012. The next PPC will be held in Singapore in 2014. At the end of this conference, Mr David Moore of the API handed the PPC Flag to Prof. Lim of the SISV, who will be the organizer of the PPC 2014 in Singapore.



Mr David Moore of  
the API addressed the  
Closing Ceremony



Mr Moore handed the  
PPC Flag to Prof Lim  
of the SISV



Prof Lim introduced the  
2014 PPC in Singapore after  
receiving the PPC Flag

### Urban Renewal – About the Melbourne Convention Centre – A part of the former Melbourne Docklands Area

In 2009, the new Melbourne Convention Centre opened as part of a major US\$1.3 billion development project in the new South Wharf precinct by the Yarra River in Central Melbourne. This exciting new development created one of the world's most versatile convention and exhibition districts. In addition to incorporating the new Melbourne Convention Centre, the South Wharf includes a new Hilton hotel, a residential tower, and a spectacular riverfront precinct for shopping, dining, and experiencing all that Melbourne has to offer.

The development complements the existing Southbank precinct, home to the Crown Entertainment Complex and world-renowned restaurants, such as Nobu, Rockpool, and Bistro Guillaume, boutique shopping, alfresco cafés, and Crown Casino.

As well as becoming a major Melbourne landmark, the new centre has also set unprecedented environmental standards. It has already been awarded the world's only six-star, Green Star environmental rating for its innovative, environmentally friendly design.



### (Abstract)

## THE HONG KONG INSTITUTE OF SURVEYORS

Title: **Revitalization of Industrial Buildings in Hong Kong**  
Authors: Edward SH Au, Hong Kong  
Keywords: Property Development, Industrial Buildings

### SUMMARY

The change in Hong Kong's economic structure over the past 20 years has seen its traditional manufacturing industry decline with the relocation of almost all major factories to Mainland China. As a result, Hong Kong's industrial buildings became vacant or underutilized, thus constituting a waste of valuable land resources.

In view of this, the Hong Kong Government tried to expand the number of permissible uses in industrial buildings by rezoning suitable existing industrial land from "Industrial" ("I") to "Other Specified Uses (Business)" ("OU(B)") zones. Statistics showed that more than 500 hectares of industrial land were re-zoned this way in order to facilitate landlords to better utilize their land and buildings. Basically, the redevelopment or conversion of an industrial building will enhance the value of the land on which it sits. However, the pace of this redevelopment or building conversion still lags behind for various reasons.

This paper aims to show how the Hong Kong Government's Land Policy assists in the change of land use and how the land value aspect is nurtured. The principal points made are:

1. The challenge of reaching an agreement from all landlords for redeveloping the industrial buildings due to multiple ownership.
2. In view of the limitations under the Town Planning Ordinance and the Buildings Ordinance, the change of use by converting existing building is restrained. Besides, the payment of a waiver fee will substantially increase the cost.
3. There is a risk involved when converting industrial buildings for commercial use, as the buildings are mostly located in non-prime industrial areas.

4. Raising funds for such projects could be difficult.
5. Unauthorized changes in the use of industrial buildings for commercial activities are common, as the government has difficulty tracking such changes.

On the other hand, potential fire hazards in industrial buildings have increased due to a mix of industrial and other commercial uses that increase the danger to occupants and visitors. As a result, unless a full scale conversion of an industrial building is in place, its owners can hardly obtain the necessary permission and waiver for a change in its use even if they wanted to apply for one. In view of this situation, the government hopes to facilitate the redevelopment of industrial buildings or convert them by introducing a industrial building revitalization policy.

In order to cope with Hong Kong's evolving economy, the new policy initiatives aim to encourage owners to provide more land and usable floor space at very competitive prices for the cultural and creative industries and other suitable economic areas by converting existing underutilized industrial buildings. To meet the requirements dictated by town planning and building restrictions, a wholesale conversion of an entire industrial building for 'non-industrial' use has to be conducted (e.g. addition of lifts, stairs, and fire safety equipment). The 'nil' waiver fee proposal under the new initiative provides a great incentive to revitalize an entire industrial building. The fire risk of a mixed-use building would therefore be eliminated. Nevertheless, the said building cannot revert to industrial use during the waiver validity period. Therefore, the owners of industrial buildings have to agree to these terms if they apply for such a waiver.

According to statistics, there are around 1,400 industrial buildings in Hong Kong. About 1,000 meet the requirements for a wholesale conversion. Although the final outcome depends on the reaction of landlords and the property market, the revitalization of old industrial buildings will help create job opportunities and increase Hong Kong's competitiveness, which is beneficial to the city in the long run. The public can also benefit by having access to more affordable usable floor space. In short, industrial areas can be revitalized when their conversion or redevelopment takes place.