

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Subsidised Housing Committee

Survey on Buyers of Secondhand Home Ownership Scheme Flats 2005

PURPOSE

This paper presents the findings of the Survey on Buyers of Secondhand Home Ownership Scheme (HOS)¹ Flats.

BACKGROUND

2. To support on-going policy reviews and formulation, the Statistics Sections have been conducting surveys on the profile and socio-economic characteristics of buyers of secondhand HOS flats since 1997². The 2005 round of survey covers all buyers who purchased³ secondhand flats in the HOS Open Market (OM) and Secondary Market (SM) between 1 April 2003 and 31 March 2005.

3. The survey was conducted by face-to-face interviews at the selected HOS flats. A total of 851 buyers⁴ were successfully enumerated during the period from 8 July 2005 to 14 August 2005, representing a response rate of 85%.

SECONDHAND TRANSACTIONS IN THE HOS MARKET

4. A comparison of the transactions in HOS OM and SM and the characteristics of the HOS flats transacted in the past four years are outlined in paragraphs 5 to 8 below.

¹ For the purpose of this survey, HOS flats refer to HOS, Private Sector Participation Scheme (PSPS), Buy or Rent Option (BRO), Mortgage Subsidy Scheme (MSS) and Middle Income Housing (MIH) flats developed by Housing Authority.

² The Survey on Buyers of Secondhand HOS flats was conducted annually from 1997 to 1999. Since 2001, it has been conducted biennially.

³ For the HOS OM, transactions refer to those cases having the agreement for sale and purchase registered in the Land Registry (LR) (transaction date refers to the date of delivery). This treatment is in line with the counting method adopted in LR for residential property transactions. For the HOS SM, transactions refer to those cases having the Letter of Nomination (LN) secured as recorded in HA's administrative record (transaction date refers to the date of LN issued).

⁴ During the survey period, it was noted that about 11.8% and 0.6% of the HOS flats transacted in the OM and SM respectively were occupied by persons other than the flat owners. This survey disregards these cases which are classified as non-targets for operational reason.

Number of transactions

5. The number of transactions in HOS OM surged to around 5 900 cases in 2004/05 from about 4 400 cases in 2003/04 and 3 700 cases in 2001/02. Transactions in the HOS SM were rather sluggish. They dropped from 2 900 cases in 2001/02 to about 1 800 cases in 2004/05. **(Table 1)**

Table 1: Transactions of HOS flats in 2001/02 – 2004/05

	HOS OM	HOS SM
2001/02	3 700	2 900
2002/03	3 300	2 200
2003/04	4 400	2 300
2004/05	5 900	1 800

Flat price

6. Along with the improved private property market, the price of HOS flats transacted in the two markets picked up in 2004/05 as compared with that in 2003/04. The average selling price of flats transacted in HOS OM escalated from HK\$0.80 million in 2003/04 to HK\$1.01 million in 2004/05. For the flats transacted in HOS SM, their average selling price increased from HK\$0.81 million in 2003/04 to HK\$0.98 million in 2004/05. **(Table 2)**

Table 2: HOS flats transacted in 2001/02 – 2004/05 by flat price

Flat price (HK\$Mn)	HOS OM				HOS SM			
	01/02	02/03	03/04	04/05	01/02	02/03	03/04	04/05
< 0.75	20%	31%	46%	22%	19%	29%	45%	26%
0.75 – < 1	30%	34%	33%	32%	35%	37%	32%	30%
1 – < 1.25	28%	23%	15%	24%	28%	23%	16%	25%
1.25 – < 1.5	14%	9%	5%	14%	14%	9%	6%	12%
1.5 +	7%	3%	1%	8%	5%	2%	1%	7%
Total	100%	100%	100%	100%	100%	100%	100%	100%
Average flat price (HK\$Mn)	1.01	0.90	0.80	1.01	1.00	0.90	0.81	0.98

Note: Percentages may not add up to 100% due to rounding.

Flat age

7. The HOS flats transacted in OM were generally older than those transacted in HOS SM. Over the past four financial years, around 70% of flats transacted in HOS OM were 11 to 20 years old, whilst over 70% of those transacted in HOS SM were 10 years old or below. In 2004/05, the average age of HOS flats transacted in OM was 16, while that in HOS SM was eight. **(Table 3)**

Table 3: HOS flats transacted in 2001/02 – 2004/05 by flat age

Flat age (years)	HOS OM				HOS SM			
	01/02	02/03	03/04	04/05	01/02	02/03	03/04	04/05
2 - 4	-	-	-	-	19%	12%	13%	24%
5 - 10	18%	14%	17%	15%	58%	61%	61%	51%
11 - 15	35%	36%	32%	34%	19%	20%	19%	21%
16 - 20	41%	37%	37%	33%	4%	6%	6%	3%
21+	6%	13%	14%	18%	0%	0%	<0.5%	1%
Total	100%	100%	100%	100%	100%	100%	100%	100%
<i>Average flat age (years)</i>	<i>15</i>	<i>16</i>	<i>16</i>	<i>16</i>	<i>8</i>	<i>9</i>	<i>9</i>	<i>8</i>

Note: Percentages may not add up to 100% due to rounding.

Flat size

8. As regards the flat size, HOS flats transacted in OM were comparatively smaller than those transacted in HOS SM. Around 40% of the flats transacted in HOS OM were below 40 m² saleable area (SA) while those transacted in HOS SM were largely 50 m² SA and over (over 60%). In 2004/05, the average sizes of flats transacted in HOS OM and SM were 44 m² SA and 51 m² SA respectively. (Table 4)

Table 4: HOS flats transacted in 2001/02 – 2004/05 by flat size

Flat size (m ² SA)	HOS OM				HOS SM			
	01/02	02/03	03/04	04/05	01/02	02/03	03/04	04/05
< 40	41%	40%	39%	37%	14%	13%	13%	11%
40 - < 50	35%	34%	34%	33%	25%	23%	25%	26%
50 +	24%	26%	27%	29%	62%	64%	62%	63%
Total	100%	100%	100%	100%	100%	100%	100%	100%
<i>Average flat size (m² SA)</i>	<i>43</i>	<i>43</i>	<i>44</i>	<i>44</i>	<i>50</i>	<i>50</i>	<i>50</i>	<i>51</i>

Note: Percentages may not add up to 100% due to rounding.

SURVEY RESULTS

9. Our analysis of survey findings focuses on the following areas-

- (a) characteristics of secondhand HOS flat buyers;
- (b) previous housing conditions of secondhand HOS flat buyers;
- (c) housing aspiration of secondhand HOS flat buyers;
- (d) affordability of secondhand HOS flat buyers;

- (e) future housing plan of secondhand HOS flat buyers; and
- (f) views towards the prospect of the property market.

A comparison of the key findings of this round of survey with those of previous rounds, where appropriate, is presented at **Annex** of this paper.

(a) Characteristics of secondhand HOS flat buyers

Age

10. Some 34% of the HOS OM flat buyers were between 35 and 44 years old, followed by those between 25 and 34 (32%), and 45 and 54 (23%). As regards the HOS SM flat buyers, 30% of them were between 35 and 44 years old, followed by those between 45 and 54 (26%), and 55 and over (24%). Buyers in HOS OM were younger as compared with their counterparts in HOS SM. The former averaged 40 years old and the latter 46.

Household size

11. The households of most of the HOS OM flat buyers comprised two (35%) to three (30%) persons, while those of HOS SM flat buyers largely comprised three (32%) to four (33%) persons. The average household size of HOS OM flat buyers (2.8 persons) was smaller than that of their HOS SM counterparts (3.3 persons).

Educational attainment

12. Most (55%) of the HOS OM flat buyers had attained upper secondary / matriculation education and another 19% had attained tertiary education. The proportion of HOS SM flat buyers attained upper secondary / matriculation or higher education (42% for upper secondary / matriculation, 11% for tertiary education) was significantly lower than that of the HOS OM flat buyers.

Household income

13. Survey findings revealed that about 60% of the HOS OM flat buyers and 52% of the HOS SM flat buyers had a household income of \$20,000 and over. The difference between the household income of flat buyers in HOS OM and SM was moderate - the median household income for buyers in HOS OM and SM were \$21,700 and \$20,000 respectively.

Proportion of HOS flat buyers forming split households

14. Regarding the proportion of HOS flat buyers forming split households, about half (51%) of the HOS OM flat buyers formed split households as against 25% for their HOS SM counterparts.

Average living space per person

15. The living space per person in the newly purchased accommodations averaged 18.6 m² SA and 17.3 m² SA for buyers in HOS OM and SM respectively. The average living space per person for buyers of both flat types had been greatly improved as compared with that in their previous accommodations. On average, it increased by 38% for HOS OM flat buyers and by 70% for HOS SM flat buyers.

16. A comparison of the characteristics of secondhand HOS OM and SM flat buyers in 2003/04 to 2004/05 is given in **Table 5**.

**Table 5: Characteristics of Secondhand HOS flat buyers, Apr 03 – Mar 05
(as at time of conducting survey)**

Age of Buyers ⁽¹⁾	HOS OM	HOS SM
18 – 24	4%	2%
25 – 34	32%	19%
35 – 44	34%	30%
45 – 54	23%	26%
55 +	7%	24%
Total	100%	100%
<i>Average age</i>	<i>40</i>	<i>46</i>

Table 5 (Continued): Characteristics of Secondhand HOS flat buyers, Apr 03 – Mar 05

Household Size	HOS OM	HOS SM
1	10%	5%
2	35%	18%
3	30%	32%
4	19%	33%
5 +	7%	11%
Total	100%	100%
<i>Average household size</i>	2.8	3.3
Educational Attainment of Buyers ⁽¹⁾		
Tertiary	19%	11%
Upper secondary / matriculation	55%	42%
Lower secondary	16%	22%
Primary	9%	21%
No schooling / kindergarten / unknown	1%	4%
Total	100%	100%
Monthly Household Income (HK\$)		
< 20,000	40%	48%
20,000 – < 30,000	37%	33%
30,000 – < 40,000	15%	14%
40,000 +	9%	5%
Total	100%	100%
<i>Median monthly household income (HK\$)</i>	21,700	20,000
Split Households Formation		
Did not form split household	49%	75%
Formed split household	51%	25%
Total	100%	100%
Average Living Space Per Person (m² saleable area)		
In previous accommodation	13.5	10.2
In existing accommodation	18.6	17.3
<i>(improvement)</i>	<i>(+38%)</i>	<i>(+70%)</i>

Notes : Characteristics of Secondhand HOS flat buyers (except for “split households formation”) refer to the buyers’ situation at the time of the survey.

Percentages may not add up to 100% due to rounding.

(1) Buyers refer to the main owners of the HOS flats.

(b) Previous housing conditions of secondhand HOS flat buyers

Previous tenure

17. As regards the previous tenure of HOS flat buyers, about 44% of the HOS OM flat buyers were sole tenants before purchasing the flats, as opposed to 92% for HOS SM flat buyers.

Type of previous housing

18. As expected, the majority (83%) of the HOS SM flat buyers lived in Public Rental Housing (PRH) previously while 15% in private permanent housing. For those buyers who surrendered the PRH flats for buying HOS SM flats, they had lived in PRH for 17 years on average. For HOS OM flat buyers, about 53% lived in private permanent housing previously, and 21% in PRH.

Disposal of previous flats

19. As regards the disposal of their previous flats, 46% of the HOS OM flat buyers had their flats occupied by other family members, 28% returned the flats to the owners and 20% sold the flats. In comparison, the majority (86%) of the HOS SM flat buyers returned their flats to the owners⁵ and 12% of them had their flats occupied by other family members.

20. A comparison of the previous housing conditions of secondhand HOS OM and SM flat buyers in 2003/04 to 2004/05 is presented in **Table 6**.

Table 6: Previous housing condition of secondhand HOS flat buyers, Apr 03 – Mar 05

Previous Tenure of Accommodation of Buyers ⁽¹⁾	HOS OM	HOS SM
Sole tenant	44%	92%
Owner-occupier	55%	6%
Others ⁽²⁾	1%	2%
Total	100%	100%
Type of Previous Housing of Buyers ⁽¹⁾		
Public rental housing	21%	83%
Subsidized sale flats	25%	1%
Private permanent housing	53%	15%
Others (temporary housing)	1%	1%
Total	100%	100%
<i>Average length of residence in PRH (years) (for buyers who surrendered PRH flat for buying HOS SM flats)</i>	<i>N.A.</i>	<i>17</i>

⁵ As many of the HOS SM flat buyers were PRH tenants, they are required to surrender their PRH units to the HA in order to purchase flats in the HOS SM.

Table 6(Continued): Previous housing conditions of secondhand HOS flat buyers, Apr 03 – Mar 05

Popular Means of Disposal of Previous Flats	HOS OM	HOS SM
Occupied by other family members	46%	12%
Returned to owner	28%	86%
Sold	20%	1%
Others ⁽³⁾	7%	2%
Total	100%	100%

Notes : Percentages may not add up to 100% due to rounding.

(1) Buyers refer to the main owners of the HOS flats.

(2) Others include “co-tenant”, “sub-tenant” and “rent-free”.

(3) Others include “for staying sometimes”, “were / will be demolished”, “rented out”, “vacant”, “occupied by other person(s)”.

(c) Housing aspiration of secondhand HOS flat buyers

Reason for buying properties

21. The commonly cited reasons for purchasing secondhand HOS flats were quite similar for both types of buyers. They were “aspiration for home ownership” (59% and 48% for HOS OM and SM flat buyers respectively), “small size of previous accommodation” (38% and 50% for HOS OM and SM flat buyers respectively) and “to improve living standard” (31% and 45% for HOS OM and SM flat buyers respectively).

Major consideration in selecting flats

22. HOS flat buyers in both markets cited that “price” (both were 82%) was the major consideration in selecting flats, followed by “district” (68% and 73% for OM and SM flat buyers respectively) and “transportation” (45% and 52% for OM and SM flat buyers respectively).

Reason for not purchasing private flats

23. Among the HOS OM and SM flat buyers, the two most commonly cited reasons for not purchasing flats in the private market were “lower unit flat price of HOS flats as compared with private flats” (79% and 84% for HOS OM and SM flat buyers respectively) and “cannot afford private flats” (49% and 67% for HOS OM and SM flat buyers respectively).

Reason for not purchasing HOS OM flats (for HOS SM flat buyers)

24. HOS SM flat buyers expressed that they did not purchase secondhand HOS flats in OM mainly because the unit price of HOS SM flats was lower or buyers were not required to settle premium when buying SM flats (91%).

Reason for not purchasing HOS SM flats (for HOS OM flat buyers)

25. HOS OM flat buyers cited that they did not purchase secondhand flats in HOS SM largely because they did not qualify to buy HOS SM flats (67%).

Reason for surrendering PRH flats to purchase HOS SM flats even without housing loans

26. In July 2004, the HA ceased the Home Assistance Loan Scheme (HALS). Purchasers could no longer make use of the HALS to buy HOS SM flats. Among those buyers who could not make use of the HALS to purchase flats in HOS SM, the most commonly cited reasons for giving up their PRH flats to purchase HOS SM flats were “to improve living standard / do not want to live in PRH” (69%), “can enjoy discounted price” (29%) and “unwilling to pay market / 1.5 times / double rent” (16%).

27. A comparison of the housing aspiration of secondhand HOS OM and SM flat buyers in 2003/04 to 2004/05 is set out in **Table 7**.

Table 7: Housing aspiration of secondhand HOS flat buyers, Apr 03 – Mar 05

Top Three Reasons for Purchasing Flats ⁽¹⁾	HOS OM	HOS SM
Aspiration for home ownership	59%	48%
Small size of previous accommodation	38%	50%
To improve living standard	31%	45%
Top Three Considerations in Selecting Flats ⁽¹⁾		
Flat price	82%	82%
District	68%	73%
Transportation	45%	52%
Top Three Reasons for Not Purchasing Private Flats ⁽¹⁾		
Lower unit price of HOS flats as compared with private flats	79%	84%
Cannot afford private flats	49%	67%
Larger flat size	24%	15%

Table 7 (Continued): Housing aspiration of secondhand HOS flat buyers, Apr 03 – Mar 05

Top Three Reasons for Not Purchasing HOS OM Flats ^{(1), (2)}		
Lower unit flat price / no need to pay premium	N.A.	91%
Suitable location	N.A.	34%
Suitable flat	N.A.	15%
Top Three Reasons for Not Purchasing HOS SM Flats ^{(1), (3)}		
	HOS OM	HOS SM
Not qualified to buy SM flats	67%	N.A.
Suitable location	22%	N.A.
More reasonable flat price	16%	N.A.
Top Three Reasons for Surrendering PRH Flats to Purchase HOS SM Flats Without HALS Subsidy ^{(4), (5)}		
To improve living standard / do not want to live in PRH	N.A.	69%
Can enjoy discounted price	N.A.	29%
Unwilling to pay high rent (pay market / 1.5 times / double rent)	N.A.	16%

- Notes: (1) Multiple answers were allowed and each respondent could give a maximum of 3 reasons.
(2) Only include HOS SM flat buyers.
(3) Only include HOS OM flat buyers.
(4) Only include HOS SM flat buyers who could not make use of the HALS to purchase flats.
(5) Multiple answers were allowed and each respondent could give a maximum of 2 reasons.

(d) Affordability of secondhand HOS flat buyers

Method of payment and mortgage payment period

28. Some 85% of the HOS OM flat buyers had arranged mortgage. The average mortgage payment period was 17 years. For the HOS SM flat buyers, the proportion of them arranging mortgage was higher, at 96%, while the average mortgage payment period was shorter, at 13 years.

Loan-to-price ratio

29. For HOS OM flat buyers who had arranged mortgage, about 42% of them had a loan-to-price ratio of 70% or below, 40% had a ratio of 71% to 90% and 19% had a ratio of 91% and above. The loan-to-price ratio was generally higher for HOS SM flat buyers. About 26% had a loan-to-price ratio of 70% or below, 38% had a ratio of 71% to 90% and 36% had a ratio of 91% and above. The higher loan-to-price ratio for HOS SM flat buyers was partly attributed to the mortgage default guarantee provided for HOS flats sold under SM and the higher proportion of HOS SM flat buyers making use of the government loan scheme.

Monthly mortgage payment and mortgage-to-income ratio

30. On average, the monthly mortgage payment for the HOS OM flat buyers, at \$4,400 per month, was higher than that for HOS SM flat buyers, at \$4,100 per month.

31. As regards the mortgage payment-to-income ratio, the HOS OM and SM flat buyers had the same median mortgage payment-to-income ratio, at 20%. Some 7% of the HOS OM flat buyers and 13% of HOS SM flat buyers had mortgage payment-to-income ratio of 40% and over.

32. A comparison of the affordability of secondhand HOS OM and SM flat buyers in 2003/04 to 2004/05 is provided in **Table 8**.

Table 8: Affordability of secondhand HOS flat buyers, Apr 03 – Mar 05

Method of Payment	HOS OM	HOS SM
By installment	85%	96%
By full payment	15%	4%
Total	100%	100%
Mortgage Payment Period ⁽¹⁾ (years)		
< 10	5%	19%
10 – < 15	22%	36%
15 – < 20	28%	25%
20 – < 25	36%	19%
25 +	9%	1%
Total	100%	100%
<i>Average mortgage payment period (years)</i>	<i>17</i>	<i>13</i>
Loan-to-Price Ratio ^{(1), (2)}		
≤ 70%	42%	26%
71% – 90%	40%	38%
91% +	19%	36%
Total	100%	100%
<i>Average loan-to-price ratio</i>	<i>76%</i>	<i>80%</i>
Median monthly mortgage payment ⁽¹⁾ (HK\$)	4,400	4,100

Table 8(Continued): Affordability of secondhand HOS flat buyers, Apr 03 – Mar 05

Mortgage Payment-to-Income Ratio ^{(1), (3)}	HOS OM	HOS SM
< 20%	48%	49%
20% - < 40%	45%	38%
40% +	7%	13%
Total	100%	100%
<i>Median mortgage payment-to-income ratio</i>	<i>20%</i>	<i>20%</i>

Notes: Percentages may not add up to 100% due to rounding.

(1) Only include those HOS flat buyers paying for the newly purchased flat by installment.

(2) Loan include government loan, where applicable.

(3) Mortgage payment refers to the payment of bank loan and, where applicable, the payment of government loan; but excludes government mortgage subsidy.

(e) Future housing plan of secondhand HOS flat buyers

Intention to pay premium in the coming year (for HOS SM buyer)

33. Majority (99.5%) of the HOS SM flat buyers said that they had no intention to pay premium in the coming year.

Intention to sell the purchased HOS flat in the coming year

34. Regarding the intention to sell the HOS flats in the coming year, 94% and 99% of the buyers in HOS OM and SM respectively said that they did not have such intention. This suggests that the HOS flat buyers were mainly users rather than investors.

35. A comparison of the future housing plan of secondhand HOS OM and SM flat buyers in 2003/04 to 2004/05 is shown in **Table 9**.

Table 9: Future housing plan of secondhand HOS flat buyers, Apr 03 – Mar 05

Intention to Pay Premium in the Coming Year ⁽¹⁾	HOS OM	HOS SM
Yes	N.A.	0.5%
No	N.A.	99.5%
Total	N.A.	100%
Intention to Sell the HOS Flats in the Coming Year		
Yes	3%	1%
No	94%	99%
Not decided / don't know	3%	<0.5%
Total	100%	100%

Notes: Percentages may not add up to 100% due to rounding.

(1) Only include HOS SM flat buyers.

(f) Views towards the prospect of the property market

Views on the prospect of the property market

36. Some 60% of the HOS OM flat buyers were optimistic about the property market and 28% of them were neutral about it. The corresponding proportions for the HOS SM flat buyers were similar, at 53% and 23% respectively.

Views on the trend of the property market in the coming two years

37. Regarding their expectation of the movement of the property price when they purchased the HOS flats, some 59% of the HOS OM flat buyers and 52% of the HOS SM flat buyers expected an upward movement and about a quarter (26% and 28% for HOS OM and SM flat buyers respectively) of them expected that the price would be static in the ensuing two years.

Views on the trend of the property market in the coming five years

38. As regards the outlook for the Hong Kong property market in the ensuing five years, most of the HOS flat buyers held a positive view. Some 61% of the HOS flat buyers (for OM as well as SM) expected that the price of properties would move upward while 28% viewed that the price would be static.

39. A comparison of the HOS OM and SM flat buyers' views towards the prospect of the property market is presented in **Table 10**.

Table 10: Views towards the prospect of the HK property market, Apr 03 – Mar 05

Views Towards the Hong Kong Property Market in the Coming Two Years (at the time of buying flats)	HOS OM	HOS SM
Very optimistic	5%	6%
Optimistic	55%	47%
Neutral	28%	23%
Pessimistic	1%	7%
Very pessimistic	0%	1%
No comment / don't know	12%	17%
Total	100%	100%

Table 10(Continued): Views towards the prospect of the property market, Apr 03 – Mar 05

Views on the Trend of the Property Market in the Coming Two Years (at the time of buying flats)	HOS OM	HOS SM
Move upward	59%	52%
Static	26%	28%
Move downward	2%	4%
No comment / don't know	13%	16%
Total	100%	100%
Views on the Trend of the Property Market in the Coming Five Years		
Move upward	61%	61%
Static	28%	28%
Move downward	2%	3%
No comment / don't know	8%	9%
Total	100%	100%

Note: Percentages may not add up to 100% due to rounding.

SUMMARY OF MAIN FINDINGS

40. The main findings of the survey are summed up below-

- (a) in general, HOS OM flat buyers were younger, had smaller household size, higher educational attainment and higher household income as compared with their counterparts in HOS SM. The average living space per person for buyers of both flat types had been greatly

improved as compared with that in their previous accommodations. It increased by 38% for HOS OM flat buyers and by 70% for HOS SM flat buyers; **(Table 5)**

- (b) regarding their previous housing conditions, the majority (83%) of the HOS SM flat buyers lived in PRH while some 53% of the HOS OM flat buyers lived in private permanent housing previously. For buyers who surrendered their PRH flats for buying HOS SM flats, they had lived in PRH for 17 years on average before purchasing HOS SM flats; **(Table 6)**
- (c) HOS OM and SM flat buyers cited that the main reason for not purchasing flats in the private market was “lower unit price of HOS flats compared with private flats” (79% and 84% for HOS OM and SM flat buyers respectively). For those surrendering their PRH flats to purchase HOS SM flats without HALS subsidy, the most commonly cited reason for giving up their PRH flats was “to improve living standard / do not want to live in PRH” (69%); **(Table 7)**
- (d) survey findings revealed that the median loan-to-price ratios were 76% and 80% for HOS OM and SM flat buyers respectively. Both the HOS OM and SM flat buyers had median mortgage payment-to-income ratio at 20%; **(Tables 8)**
- (e) the majority of flat buyers in HOS OM (94%) and SM (99%) said that they did not intend to sell the HOS flats in the coming year. This suggests that the HOS flat buyers were mainly users rather than investors; **(Table 9)** and
- (f) more than half of the HOS flat buyers in OM (60%) and SM (53%) were optimistic about the property market when they purchased the HOS flats. As regards the outlook for the property market in the ensuing five years, some 61% of the HOS OM and SM flat buyers expected that property price would move upward while 28% viewed that the price would be static. **(Table 10)**

INFORMATION

- 41. This paper is issued for Members’ information.

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File Ref.: HD 2143 / 38 II
(Strategy Division)
Date : 6 February 2006

Summary Statistics

	HOS secondhand flat purchasers									
	OM					SM				
	Jul97– Jun98	Jul98– Jun99	Jul99– Jun01	Jul01– Mar03	Apr03– Mar05	Jul97– Jun98	Jul98– Jun99	Jul99– Jun01	Jul01– Mar03	Apr03– Mar05
(a) Characteristics of Secondhand HOS Flat Buyers (as at time of conducting survey)										
Average age of buyers	36	38	39	38	40	43	42	44	44	46
Average household size	2.8	3.4	3.0	2.7	2.8	3.8	3.7	3.5	3.3	3.3
% of forming split households	37%	35%	41%	51%	51%	21%	14%	23%	28%	25%
Average living space per person (m ² saleable area)										
- In previous accommodation	14.6	11.3	12.5	13.9	13.5	7.9	8.2	9.3	9.7	10.2
- In existing accommodation (improvement)	18.8 (+29%)	15.2 (+35%)	17.8 (+42%)	19.5 (+40%)	18.6 (+38%)	14.5 (+84%)	14.5 (+77%)	15.9 (+71%)	17.7 (+82%)	17.3 (+70%)
Median monthly household income (HK\$)	40,000	30,300	25,000	19,000	21,700	32,000	24,800	21,500	19,800	20,000
(b) Previous Housing Condition of Secondhand HOS Flat Buyers										
Type of previous housing										
- Public rental housing	17%	17%	18%	23%	21%	97%	94%	87%	81%	83%
- Subsidized sale flats	29%	23%	30%	18%	25%	-	1%	2%	5%	1%
- Private permanent housing	50%	58%	52%	58%	53%	1%	4%	9%	14%	15%
Popular means of disposal of previous flats										
- Occupied by other family members	32%	33%	35%	41%	46%	<0.5%	1%	4%	8%	12%
- Returned to owner	13%	27%	35%	34%	28%	99%	99%	93%	90%	86%
- Sold	46%	33%	18%	15%	20%	-	-	-	1%	1%

	HOS secondhand flat purchasers									
	OM					SM				
	Jul97– Jun98	Jul98– Jun99	Jul99– Jun01	Jul01– Mar03	Apr03– Mar05	Jul97– Jun98	Jul98– Jun99	Jul99– Jun01	Jul01– Mar03	Apr03– Mar05
(c) Housing Aspiration of Secondhand HOS Flat Buyers										
Top 3 reasons for purchasing flats ⁽¹⁾										
- Aspiration for home ownership	25%	53%	41%	47%	59%	26%	41%	29%	40%	48%
- Small size of previous accommodation	32%	38%	48%	37%	38%	44%	61%	51%	52%	50%
- To improve living standard	41%	46%	33%	26%	31%	58%	41%	57%	47%	45%
Top 3 considerations in selecting flats ⁽¹⁾										
- Flat price	N.A.	78%	68%	74%	82%	N.A.	83%	60%	73%	82%
- District	N.A.	54%	71%	73%	68%	N.A.	60%	75%	69%	73%
- Transportation	N.A.	31%	48%	44%	45%	N.A.	26%	44%	42%	52%
Top 3 reasons for not purchasing private flats ⁽¹⁾										
- Lower unit price of HOS flats compared with private flats	68%	87%	68%	80%	79%	79%	79%	79%	86%	84%
- Cannot afford private sector flats	31%	46%	55%	32%	49%	52%	65%	62%	39%	67%
- Larger flat size	7%	28%	35%	14%	24%	5%	18%	22%	12%	15%

	HOS secondhand flat purchasers									
	OM					SM				
	Jul97– Jun98	Jul98– Jun99	Jul99– Jun01	Jul01– Mar03	Apr03– Mar05	Jul97– Jun98	Jul98– Jun99	Jul99– Jun01	Jul01– Mar03	Apr03– Mar05
(d) Affordability of Secondhand HOS Flat Buyers										
Average mortgage ⁽²⁾ payment period (years)	18	16	17	17	17	19	16	16	15	13
Median monthly mortgage ⁽²⁾⁽³⁾ payment (HK\$) (for buyers with mortgage only)	13,000	9,000	7,200	4,600	4,400	12,000	8,000	7,100	5,000	4,100
Median mortgage payment ⁽²⁾⁽³⁾ -to- income ratio (%) (for buyers with mortgage only)	33%	30%	30%	24%	20%	37%	31%	32%	24%	20%

Notes: The Survey on Buyers of Secondhand HOS flats was conducted annually from 1997 to 1999 and it has been conducted biennially since 2001. Besides, the starting-month and ending-month of the survey reference period have been modified to April and March respectively with effective from the 2005 round of survey. "N.A." denotes not available and "-" denotes no figure.

- (1) Each respondent could give a maximum of 3 reasons. Top 3 reasons refer to those selected in the latest round of survey.
- (2) Only include those HOS flat buyers paying for the newly purchased flat by installment.
- (3) Mortgage payment refers to the payment of bank loan and, where applicable, the payment of government loan; but excludes government mortgage subsidy.