Hong Kong Property

Takeaways From 2026 Policy Address And Hong Kong's Five-Year Plan

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Highlights

- The HKSAR government published the 2026 Policy Address and Hong Kong's first Five-Year Plan, emphasising policy continuity and consistency. The near-term impact on the housing market is neutral, in our view.
- The Five-Year Plan identified NM land creation as its only binding economic indicator. This may reshape the investment and land-banking strategy of developers.
- Maintain MARKET WEIGHT. The address is broadly neutral for the sector. Rising HIBOR and tightening tax polices are major risks. Top picks: SHKP and Link REIT.

Analysis

- **The two policy documents (2026 Policy Address and Hong Kong's Five-Year Plan) are broadly neutral for the residential market.** Demand-side support is confined to a narrow pro-fertility measure, while the medium-term land supply policy remains largely consistent with the one set in 2025.
  a) **Targeted pro-fertility housing support, but no broad demand-side easings.** As part of pro-fertility measures, the government will introduce a stamp-duty concession of up to HK$20,000 for eligible homebuyers who purchase a residential property from one year before to two years after childbirth, provided the child is born in Hong Kong on or after 16 Sep 26 and either parent is a Hong Kong permanent resident. However, no broad demand-boosting measures were announced, given the relatively strong momentum in the residential market.
  b) **Medium-term land supply policy is largely unchanged from 2025.** The government targets about 2,500ha of spade-ready sites over the next decade (2027-28 to 2036-37), against the 10-year target of 2,600ha in the 2025 Policy Address. About 1,400ha, or 56% of the decade total, is due in the first five years, and the Northern Metropolis (NM) accounts for about 1,000ha, or 71%, of that. The Kau Yi Chau Artificial Islands project, put on hold in the 2025 Policy Address, is absent from both the 2026 Policy Address and the first Five-Year Plan.
- **The two documents make two key updates on NM:**
  a) **The Five-Year Plan identified NM land creation as its only binding economic indicator.** Although NM was moved down from Part 1 in the consultation document to Part 3 in the final plan, it was effectively elevated in substance. The plan commits the government to 900ha of spade-ready sites in NM over 2026-27 to 2030-31 - the only binding economic indicator out of the 22 KPIs set in the Five-Year Plan. We expect this to reshape the land-banking and investment strategies of major developers in the next five years.

MARKET WEIGHT (Maintained)

Segmental Rating

Segment	Rating
Hong Kong Property	MARKET WEIGHT (Maintained)
Hong Kong Landlords	MARKET WEIGHT (Maintained)

Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (HK$)	Target Price (HK$)
SHKP	16HK	BUY	109.60	143.80
Link REIT	823HK	BUY	37.06	44.30

Source: Bloomberg, UOB Kay Hian

10-year "spade-ready" Land Preparation Forecast

Policy Address (PA)	Window	Total (ha)	NM (ha)
2023 PA	FY25-FY34	3,370	n.a.
2024 PA	FY26-FY35	3,000	1,700
2025 PA	FY27-FY36	2,600	1,800
2026 PA	FY28-FY37	2,500	n.a.

Note: FYs end March. 2026 PA gives 1,000ha of the 1,400ha due in the first five years.
Source: Policy Addresses 2023-26, DEVB, UOB Kay Hian

Peer Comparison

Company	Ticker	Rec	Price 16 Sep 26 (HK$)	Target Price (HK$)	Upside To TP (%)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2027F (%)	ROE 2026F (%)	Market Cap. (HK$m)	Price/ NAV ps (x)
New World Development	17 HK	HOLD	5.89	9.60	63.1%	6/25	N.A.	N.A.	-4.3	0.0	-2.5%	14,810.4	0.1
Sun Hung Kai Properties	16 HK	BUY	109.60	143.80	31.2%	6/26	14.6	14.5	13.8	3.7	3.6%	317,596.7	0.6
Sino Land	83 HK	BUY	9.97	14.00	40.5%	6/26	22.0	19.9	19.7	5.8	2.8%	95,525.9	0.6
Kerry Properties	683 HK	BUY	17.53	27.80	58.6%	12/25	6.4	11.9	10.1	7.7	1.8%	25,441.4	0.3
Wharf Real Estate Investment Co Ltd	1997 HK	BUY	30.00	36.00	20.0%	12/25	14.8	15.4	14.3	4.3	3.3%	91,086.8	0.5
Link REIT	823 HK	BUY	37.06	44.30	19.5%	3/26	N.A.	14.8	15.3	6.5	3.9%	95,703.6	0.6
Hysan Development	14 HK	BUY	15.59	20.70	32.8%	12/25	10.4	8.1	7.9	7.2	3.0%	16,011.0	0.3

Source: UOB Kay Hian

b) **Area of planned university town tripled.** The 2026 Policy Address identifies the development of the NM University Town as a key strategy for advancing the NM, and officially announced the expansion of the initiative from the earlier plan of about 100 ha of campus land to around 300 ha across three university towns in San Tin, Hung Shui Kiu and Ta Kwu Ling. Including adjacent innovation, industrial and residential communities, the overall university-town planning area now exceeds 1,000 ha. Hung Shui Kiu will be prioritised, with campus land allocation commencing in 2026 and the first institutions targeted to move in during 2027-28.

- **The potential impacts on landlords include the following:** a) the Five-Year Plan targets non-local student enrolment of 100,000 by 2029/30, a cumulative increase of 25%, which should support residential rents; b) the Five-Year plan targets tourism value-add of HK$126b by 2030, a cumulative increase of 40-50%, which should benefit retail landlords that have strong tourist exposure; and c) the government will enable the privatisation or restructuring of REITs, and grant a stamp-duty waiver on transfers of non-residential properties into REITs seeking to list. However, no timetable regarding a REITs stock connect was provided.
- **Private housing supply target is the number to watch.** In the Five-Year Plan, the government expects total public housing production to reach 196,000 units from 2026-27 to 2030-31, a 3.7% increase on the 189,000 units set out for the same five years in the 2025 Policy Address, supporting the goal of cutting the composite waiting time for subsidised rental housing to less than four years by 2030-31. Neither document, however, states the rolling 10-year target for private residential supply, which is unusual for a Policy Address. The Long-Term Housing Strategy Annual Progress Report is normally published within two weeks of the address and should provide more details on this. With limited scope for further demand-side easing, we expect supply to be a policy lever to hedge macro risks such as a rise in interest rates.

Valuation/Recommendation

- **Maintain MARKET WEIGHT on the Hong Kong property sector.** As the final Policy Address of the current administration's term, this year's address maintains a consistent stance on key policies and emphasises policy continuity. We therefore expect its near-term impact on Hong Kong's property market to be broadly neutral. Looking ahead, the residential market is likely to face growing headwinds from higher HIBOR (1-month HIBOR is hitting 3%) and tighter tax policies introduced by Mainland Chinese authorities. Nevertheless, we believe the recent market correction has already partially priced in these negative factors. Our top picks are SHKP and Link REIT.

Sector Catalyst/Risk

- Lower-than-expected HIBOR.
- Slower-than-expected land formation in the NM.

Five-year Public Housing Production Target, by Policy Address

Policy Address	Window*	Target* (units)
2022 PA	FY24-FY28	158,000
2023 PA	FY25-FY29	172,000
2024 PA	FY26-FY30	189,000
2025 PA	FY27-FY31	189,000
HK Five Year Plan	FY27-FY31	196,000

**Note: units, including Light Public Housing; FYs end March. The 2025 and 2026 targets cover the same five years, so the increase is like-for-like at +3.7%.*

Source: Policy Addresses 2022-26, HKSAR First Five-Year Plan, Housing Bureau, UOB Kay Hian

Ten-year Private Housing Supply Target, by Policy Address

Policy Address	10-yr target (units)	5-yr land (units)
2022 PA	129,000	72,000
2023 PA	132,000	80,000
2024 PA	132,000	80,000
2025 PA	126,000	n.a.
2026 PA	n.a.	n.a.

Source: Policy Addresses 2022-26, DEVB, UOB Kay Hian