

## **Stakeholders Perception Audit Report Summary**

*The Real Estate Developers Association of Hong Kong*

November 2010

# STAKEHOLDERS PERCEPTION AUDIT REPORT SUMMARY

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The Real Estate Developers Association of Hong Kong (REDA) stakeholders audit was conducted from July through October, 2010 in order to gain an understanding of how a wide range of Hong Kong's opinion leaders viewed the property industry, the property developers and REDA.

This stakeholders' survey was in addition to a much broader audit conducted among over 500 consumers.

The questions ranged from gauging respondents overall thoughts about the industry and REDA to what roles they thought the property sector should play for the betterment of Hong Kong to what major issues or concerns they thought should be addressed. The role of government was also put into question.

Forty-two individuals from both the private and public sectors were asked a total of 14 questions, half of which were related to the property industry as a whole and the remainder specifically about REDA.

The interviewees include representatives from NGOs (19%), academics (10%), industry bodies and associations (32%), politicians (15%) and government, quasi-government departments (24%).

Interestingly, it was the politician and government groups – often the most critical of the property sector – who were the most reluctant to being interviewed. Reasons ranged from having no time, no knowledge or not having anything to say. Several did not respond to repeated requests. The most supportive were the industry bodies and NGOs.

The bulk of the respondents were negative in their attitudes towards the property sector, although a good number laid blame for the problems at the feet of the government and the outdated method of land auction, planning and development.

That said, the stakeholders were highly critical of the property sector for its long history of profiteering and, although given Hong Kong's free market spirit few people were critical of the developers' right to make money and build wealth, the majority were of the impression that the sector needed to be seen to be giving more back to the community. This ranged widely from donating money to causes and opportunities for the underprivileged to supporting more training and education.

There was a very strong call for the property industry and REDA to start playing a bigger role in environmental issues in buildings, such as the wall effect, energy efficiency, green space, as well as in better long-term and creative planning. Again, government was held partially responsible for needing to help drive these initiatives.

By far the largest complaint regarding the industry was one of transparency, communication and unfair marketing practices. At least one of these issues was cited by 100 percent of respondents in one part or more parts of the hour-long interview.

It was widely thought that if REDA and the industry did a better job in opening itself up to public scrutiny or communicating better what it is doing and why, then its current tarnished image could be changed dramatically over time.

Hand-in-hand with this, most people thought that the industry had to adhere closer to regulations and be more honest in its tactics when it came to selling flats. The inflated building issue was mentioned frequently.

Recent reports, including GFA controversies, the 39 Conduit Road scandal, false numbering system and the 9 measures 12 guidelines have all contributed to an already stained reputation among developers, although many respondents were quick to point out that they were not all in the same boat.

Predictably, many respondents felt there was an urgent need to address the high costs, and availability, of housing for the sandwich class, and that smaller, more affordable developments were needed, particularly in the outlying low density districts. However, most people recognized that this was an issue that had to be dealt with by government in cooperation with the developers and that the land auction system needed to be overhauled and modernized.

In terms of government involvement, a surprisingly large number of stakeholders felt that REDA and the government needed to forget their differences and work much closer together as in the case of cities like Singapore. Less than a quarter thought the industry and the government were too close or worked in collusion. Several thought that government should stay out of the sector in terms of legislation, as it threatened Hong Kong's free market standing.

Moving forward, the majority of interviewees thought that the property developers (and REDA) had a very big, important role to play in Hong Kong if the city was to maintain itself as a financial centre, a tourist attraction, an iconic city among the world's great metropolises and, above, all a great place to live for the current and future generations.

Overall it was felt that if the industry could take a more responsible place in the community and work closely with planners, NGOs and other industry bodies, it could indeed continue to profit while building high-quality creative and sustainable developments.

Moreover, the improvement of communications, transparency and industry fairness were seen as the pillars on which REDA could build this reputation.

**Stakeholders' Audit Questions:**

1. What role do you think the real estate industry played 10 years ago and today?
2. What is your overall impression of the real estate industry?
3. What's the most memorable news relating to the real estate industry in the last 12 months?
4. Please name 3 most positive news relating to the real estate industry?
  - a. \_\_\_\_\_
  - b. \_\_\_\_\_
  - c. \_\_\_\_\_
5. Please name 3 issues that are of most concern to you regarding the real estate industry?
  - a. \_\_\_\_\_
  - b. \_\_\_\_\_
  - c. \_\_\_\_\_
6. What role do you want real estate developers to play in HK going forward?
7. If you were to change one thing about the real estate industry so as to make HK a better place, what would that be?
8. May I assume you know of the body that represents the real estate industry and its function?
9. What first comes to mind when you hear about the Real Estate Developers Association or REDA?
10. As representatives of the real estate industry, what do you see should be the key priorities of the REDA?
11. How can REDA contribute more to the industry and to the betterment of HK?
12. Are you aware of the Government's recent steps to cool the property market?  
What do you think of those measures (in terms of positive impact to HK, effectiveness, and fairness)? What do you think of the REDA's response?
13. What relationship do you think REDA should have with the Government?
14. What relationship and role do you expect REDA to have with its members and other developers?