

Transcript of remarks by SFST

Saturday, February 23, 2013

Following is the transcript of remarks by the Secretary for Financial Services and the Treasury, Professor K C Chan, at a media session after attending a TV programme today (February 23):

Reporter: ... previous SSD and BSD will not be enough to help drive down property prices ... How do you describe the property market right now? Is there a target that the Government has in terms of how much property prices should go down ...?

Secretary for Financial Services and the Treasury: The BSD (Buyer's Stamp Duty) and the enhanced SSD (Special Stamp Duty) work pretty much the way we expect, that is to drive down the demand from non-Hong Kong permanent residents. You can see that in some housing segments, clearly not only transactions have gone down, but also the price has moderated. In some cases, we see some drop in property prices.

We never use property price as a target. We have never said that "it must drop by certain percentage before the policy is effective". It is not the way we operate. Rather, we look at the state of exuberance of the market and where the exuberance comes from. For BSD, we actually target the non-Hong Kong permanent residents. This time around we look at the market, we realise that in certain segments of the market, particularly in the medium-priced segment, the prices have resumed the upward trend and it is showing signs of exuberance. So it is time for us to do more. This time around we actually increase the transaction cost for all properties in an appropriate way, which is to increase the rate but giving exemption to first-time buyers who do not have a property under their name concurrently. This is a way for us to address the exuberance and try to reduce the demand in the market.

(Please also refer to the Chinese portion of the transcript.)

Ends