



## Writing the Next Chapter for Hong Kong's REIT Market

### Luncheon remarks at Hong Kong REITS Association

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Presidents, valued members of the Hong Kong REITS Association (HKREITA), honourable guests, ladies and gentlemen, good afternoon. It is my pleasure to join you all at today's luncheon and to connect with so many key stakeholders from the REIT sector.

First of all, on behalf of the Securities and Futures Commission (SFC), I would like to thank HKREITA for your ongoing efforts to promote the development of the Hong Kong REIT market and foster communication among industry participants and regulators.

While the Hong Kong REIT sector has encountered considerable challenges in recent years including the pandemic, interest rate changes and economic uncertainties, our REIT market has demonstrated remarkable resilience and adaptability. Our industry participants have continued to show unswerving confidence in the long-term prospects of the market.

#### **Enhancing market competitiveness and regulation**

Even as we navigate headwinds, the SFC stays committed to ensuring our regime remains competitive and responsive to market developments. Fostering growth of the Hong Kong REIT market has remained a key priority for both the Government and the SFC. In recent years, a wide range of new measures have been launched to attract new REIT listings, enhance market liquidity, broaden investor base and facilitate secondary offerings.

#### *Grant scheme and stamp duty waiver*

To recap a few, we were delighted to work with the Government to extend the grant scheme for REITs for three years to May 2027 to provide funding support for REIT listings in Hong Kong. This underscores the Government and the SFC's commitment to attract REITs to list in Hong Kong and nurture a thriving REIT ecosystem.

Another major step forward was the stamp duty waiver for the transfer of REIT units implemented in December 2024 to further enhance the competitiveness and market liquidity of Hong Kong REITs. With the new waiver coupled with improved market sentiment, the average daily turnover of Hong Kong REITs recorded an increase of 16% last year.

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Note: This is the text of the speech as drafted, which may differ from the delivered version.

## *REIT Connect*

Of course, the industry has long been looking forward to the landmark inclusion of REITs into the Stock Connect. REIT Connect is expected to significantly increase our REIT market liquidity and broaden investor base, which will no doubt vitalise the Hong Kong REIT market and enhance the attractiveness of Hong Kong REITs considerably. In fact, we understand that a number of local and overseas REIT issuers have already expressed interests in launching their REITs in Hong Kong upon the launch of REIT Connect.

You may be aware that the Chinese Mainland REIT (C-REIT) market stands out as the fastest-growing market in the Asia-Pacific region in recent years. By the end of 2025, 78 REITs were listed in the Chinese Mainland with total market capitalisation exceeding RMB214 billion. This marks a substantial year-on-year increase of over 30% in both number of REITs and market capitalisation, demonstrating the strong and growing interest of Chinese Mainland investors in the REIT sector.

We noted that an international-sponsored retail C-REIT recently debuted in the Chinese Mainland has been very well received by investors. This signified a key milestone in the internationalisation and diversification of the C-REIT market and offers a model for greater offshore participation in the massive market. Such development will help boost the momentum and attractiveness of Hong Kong REITs when REIT Connect is launched.

While the C-REIT market has achieved notable growth and policy enhancement in recent years, including the expansion of asset types to commercial properties of late, we believe Hong Kong REITs can continue to offer unique advantages. Apart from being a top fund-raising venue, Hong Kong stands out with its international investor base, quality assets, diversified portfolios, asset managers' expertise and robust regulatory and governance framework. These unique strengths have enabled Hong Kong REITs to demonstrate strong resilience against macroeconomic challenges in the past.

We can assure you that the early implementation of this major initiative remains a top priority for the SFC. We have continued to work closely with the Government and Chinese Mainland authorities, with good progress made. We hope this key initiative can be implemented as soon as possible and will announce more details once ready.

## *New REIT Channel and streamlined measures*

In preparing for this exciting new chapter, we have further enhanced our regulations. Last October, we launched a dedicated "REIT Channel" to enable new REIT applicants to consult the SFC regarding their listing applications on a confidential basis to facilitate their listing preparation. In addition, our authorisation process for new REIT listings has been streamlined. Under the new streamlined process, we can decide on a new REIT authorisation application within four weeks from take-up under normal circumstances.

To facilitate existing REITs to raise funds to finance their expansion plans, we have also streamlined the documentary requirements for secondary offerings. While secondary offering documents (other than those in respect of which an exemption applies, for example offers to professional investors only) must be authorised by the SFC under the law, the documents can now be streamlined to focus on information relating to the offer, with more succinct disclosure regarding the REIT itself. Hence, for instance, an updated valuation report on the

REIT's existing portfolio and an accountants' report will not be required, given the ongoing disclosure and reporting requirements already applicable to the REIT. We hope that the streamlined requirements can shorten preparation time and enhance time-to-market efficiency, therefore facilitating existing REITs' fund-raising activities.

#### *Facilitating corporate activities and privatisation*

In addition, after concluding the public consultation in October 2024, the Government and the SFC are taking forward the legislative proposals to introduce a statutory scheme of arrangement and compulsory acquisition mechanism for REITs, and to enhance the market conduct regime applicable to REITs under the Securities and Futures Ordinance. The proposals will facilitate Hong Kong REITs to expand through mergers and acquisitions and to conduct privatisation and corporate restructuring in a clear and orderly manner, while strengthening investor protection. We will introduce the relevant legislative amendments to the Legislative Council in due course.

#### **Strengthening global partnerships and international collaboration**

Beyond REIT Connect, the SFC has also been engaging with other international markets with the view to further developing our REIT market. For instance, our team visited Saudi Arabia in February last year to explore potential collaboration opportunities. At the bilateral meeting between the Capital Market Authority of Saudi Arabia and the SFC last June, senior executives on both sides exchanged views on the dual listing of investment products such as exchange-traded funds and REITs. We look forward to exploring further opportunities for collaboration with other markets to enhance Hong Kong's position in the global REIT market.

#### **Vision for the future**

As we look to the future, our priority remains clear: to foster a dynamic, forward-looking and globally competitive REIT market in Hong Kong. With the easing cycle for interest rates underway, we hope to see fresh growth momentum in the Hong Kong REIT market. In fact, we noted that our REITs are gradually reactivating their acquisition plans and venturing into new asset class to diversify their asset portfolio.

We believe the forthcoming launch of the REIT Connect together with the basket of initiatives mentioned above will generate new synergies and serve as a powerful engine to elevate the Hong Kong REIT market to the next level.

With these new initiatives in place, we invite both local and international REIT managers and asset owners to set up their REITs in Hong Kong and make the most of the supportive policy initiatives. We also encourage existing REIT managers to proactively identify and capitalise on the opportunities unveiled to grow their REITs.

For the SFC, we will continue to work closely with the Government, industry participants and all stakeholders to foster the growth of the Hong Kong REIT market, and reinforce its position as a trusted platform for capital formation and long-term value creation.

Together, let us write the next chapter for our REIT market — by building a stronger and more vibrant REIT market in Hong Kong. We look forward to maintaining close collaboration with the HKREITA and industry professionals like yourselves.



Thank you once again for HKREITA's valuable contributions over the years. I hope you all enjoy today's luncheon.