Integrated Rail-Property Development Model

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Consultancy project commissioned by the MTR Corporation Limited, Hong Kong

Background

This study was commissioned by the MTR Corporation Limited (MTRC) to review an essential element of its business operations. This element is referred to as the ‘integrated rail-property development model’, which entails an integration of urban mass transit railway and high-density property development at the station areas. This unique Hong Kong model has achieved high regard internationally. Many Mainland Chinese cities have shown a keen interest in adopting this model for building their urban mass transit systems. The MTRC wants a systematic study, from both theoretical and empirical perspectives, to ascertain the impacts and benefits generated by this development model. The study was undertaken between September 2003 and May 2004.

Significance of the Project

The project examined the integration of urban mass transit railway and high-density property development at the station areas. The study concludes that there are obvious synergy effects by integrating railway and property development. Intensification of development density around railway stations can provide a large amount of floor space to support a higher intensity of urban activities, which will in turn improve the patronage of the transit railways. High transit ridership is critically important to all railway companies, as the mass transit railway systems are extremely costly to build, maintain and operate. Such integration will also generate enormous advantages to the government and the community in terms of fiscal benefit, better environment and sustainable urban life.

Drawing upon theoretical perspective of new institutional economics, the study explains why the Hong Kong MTR model is appropriate in achieving integration between railway and property development and clarifies why this model is more than using property to subsidize railway construction. Based upon reviewing the experiences in ten overseas cities including Toronto, Washington, D.C., New York, London, Stockholm, Guangzhou, Shanghai, Beijing, Singapore and Tokyo, the study demonstrates empirically the success of the Hong Kong MTR model and identifies the key success factors behind such model.

Aims and Objectives

The main objectives of this study are to:
1. explore how the MTR integrated rail-property development model has effectively contributed to the urban development of Hong Kong;
2. examine the critical success factors and conditions conducive to the implementation of this model in Hong Kong; and
3. determine how this unique model can be successfully replicated elsewhere, especially in the Mainland Chinese cities.
Outcome and Deliverables
A consultancy report is produced. Two journal papers and a few newspaper articles have been published.

References