

For information on
22 January 2007

Legislative Council Panel on Economic Services
SkyCity Development at the Hong Kong International Airport

INTRODUCTION

1. This paper provides an outline of SkyCity development at the Hong Kong International Airport (HKIA), including the new passenger terminal, for the Panel's information. A presentation will be given at the Panel meeting.

REPORT

Airport city becoming a global trend

2. The development of 'airport cities' and 'aerotropolis' (i.e. mega airport city, if reaching certain size) has emerged as a global trend. An airport with its built-in infrastructural connectivity can more readily draw a critical mass. This naturally provides a demand base for commercial development within and beyond the airport boundaries, and thus generates economic spin-off for the interests of the community.
3. Business activities commonly found in airport cities are retail, catering and entertainment facilities at the passenger terminals; logistics and air cargo operations; hotels, offices and convention and exhibition centres; free trade zones and time-sensitive goods processing operations. For places where spines and clusters of airport-linked businesses are set up along the major roads up to 25 kilometres away from the airport, they can be referred to as aerotropolis. Examples of such airport-linked businesses include business parks, industrial estates, wholesale merchandise marts, tourism and entertainment centres and large mixed-use residential developments. The HKIA SkyCity development plan is in line with the airport city concept; Tung Chung and other parts of Lantau seem to have some features of an aerotropolis; and the Pearl River Delta can become a most desirable, greater aerotropolis.

4. Examples of major and leading airports in the world that have developed or are developing their airport cities are Schiphol Airport, Dallas-Fort Worth Airport, Incheon Airport and Beijing Capital International Airport.

Creating value out of HKIA's connectivity strength

5. Over the past few years, HKIA has developed itself into a multi-modal transportation centre, providing passengers with comprehensive network coverage by air, land and sea transportation. HKIA benefits from the efforts of government and its business partners on having an extended flight destination network. With government's transport development activities, such as the upcoming Hong Kong-Shenzhen Western Corridor, HKIA will continue to expand its catchment by land transport connectivity. The ferry service between HKIA and ports at Pearl River Delta is also an important mode of cross-boundary transport and there is plan to expand the port coverage. The continuously enhanced connectivity provides HKIA with growing critical mass and supports the SkyCity development.

SkyCity – Another HKIA experience and a growth vehicle

6. To stay ahead of competition, HKIA attaches importance to offer a unique airport experience to its customers and other stakeholders. The conceptual vision of the SkyCity development seeks to create a vibrant around-the-clock facility for the airport community, which comprises passengers, airlines, tourists, well wishers and meeters and greeters, local and international businesses, and the airport workforce. This development will enable HKIA to contribute to:
 - a) the promotion of economic growth, trade and tourism activities in Hong Kong and the region;
 - b) the generation of more air traffic to strengthen Hong Kong's position as an international and regional aviation hub; and
 - c) the creation of more employment opportunities.

The Development Plan

7. A phased approach based on prudent commercial considerations has been adopted for SkyCity development. The key components of SkyCity are as follow:
- a) As the extended passenger terminal, Terminal 2 (T2) provides additional check-in facilities for the handling of departing passengers. T2 has been designed to serve as the fusion point for the different transport modalities to meet current and anticipated future needs. It houses a ground transportation centre for the cross boundary coaches and is next to the Airport Express Line station. In the near future, it will be linked with the permanent pier for cross boundary ferries. In the long term, as and when cross-boundary high-speed rail networks are developed, T2 may serve as a railway link between HKIA and the regional rail network. To enhance the HKIA experience, more choices on retail and catering services, and new entertainment facilities are provided in T2 on the landside for the airport users. This will well place HKIA as an airport of choice within the Pearl River Delta and the region.

Please find below additional information on T2:

Total floor area	140,000 m ²
Passenger check-in counters	56 (can be expanded to 112)
Other facilities	37 coach pick-up bays
	Wireless Internet access
	120-plus retail and catering outlets
	Aviation Discovery Centre; 4D Extreme Screen; i-Sports; and Asia Hollywood for entertainment

- b) AsiaWorld-Expo, Hong Kong's second major exhibition centre, is part of the first phase of SkyCity, which was developed in collaboration with Government. The facility has opened up a new stream of airport users, exemplifying HKIA's business strategy of creating flow through the 'pull and push through' effect.
- c) In support of SkyCity, in particular AsiaWorld-Expo, is a new hotel development known as Hong Kong SkyCity Marriott Hotel. The first phase of this Hotel which comprises around 700 rooms will be ready in end 2008.
- d) Another key element is the permanent SkyPier for ferry services between HKIA and ports at the Pearl River Delta. Being planned for opening in 2008, the replacement pier will be connected to the two Terminals with the Automated People Mover (APM). Constructed with four berths (with capacity for expansion to eight berths), the four-storey SkyPier will have a total floor area of 16,000 square metres or eight times the size of the current ferry terminal. The land on top of the APM tunnel has also been utilized. It has been developed into a golf course known as Nine Eagles Golf Course which will be opened in early 2007.
- e) Two office towers, 30,000 square metres of floor space in total, have been constructed. One is to accommodate HKIA staff; the other tower is the Airport World Trade Centre for business partners. The relocation of staff to the new office allows for the release of the limited space in the existing Terminal Building for use by passengers and airport operators, the demand of which has been increasing significantly over the past few years.
- f) New projects in the pipeline are the Phase II expansion of AsiaWorld-Expo and the setting up of associated transport facilities, such as public transport interchange, coach bus stations and carparks. Expansion of more office buildings and associated car park facilities, trademart and business park is part of the SkyCity plan which will be reviewed and developed into projects subject to market demand.

Growing the nearby community as airport city concept takes off

8. In the wider interests of Hong Kong, ideally, the airport city concept should extend beyond the airport boundaries to create much stronger economic links with Tung Chung and other development areas on Lantau Island, e.g. Ngong Ping 360, Disneyland and any future logistics park.

Contribution to Hong Kong economy

9. To maximize the economic potential of HKIA, an important and valuable strategic asset of Hong Kong, the Airport Authority will continue to develop and materialize projects under the airport city concept within its scope of activities. For the wider community, this will create more business opportunities for the stakeholders and job opportunities, leading to spin-off economic activities for Hong Kong.

Airport Authority Hong Kong
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