## CHAPTER 4 : DEVELOPMENTS IN SELECTED SECTORS

***Summary***

* *The residential property market stayed subdued in most of 2024 before showing some stabilisation in the latter part of the year. After a temporary uptick following the cancellation of all demand-side management measures (DSMMs) announced in the first quarter, the market eased back in the second and third quarters amid tight financial conditions and an uncertain global environment. It then stabilised after the US started to cut interest rates in September, later also supported by adjustments to the maximum loan‑to‑value (LTV) ratio and the debt servicing ratio (DSR) limit. Trading activities in 2024 as a whole rebounded notably from a low base in 2023. Flat prices went down by another 7% during the year.*
* *Reflecting the Government’s sustained efforts in increasing flat supply, the total private first-hand flat supply in the coming three to four years remained at a high level of 107 000 units as estimated at end-2024.*
* *The non-residential property market remained weak in general in 2024. Trading activities for all major market segments stayed at very low levels. Both prices and rentals decreased.*
* *The tourism sector continued to revive in 2024. Visitor arrivals rose* *by 30.9% to nearly 45 million, reaching 68% of the level in 2018.*
* *The logistics sector showed mixed performance in 2024. Total container throughput fell by another 4.9%, while air freight throughput grew visibly by 14.1%.*

**Property**

* 1. The *residential property market* stayed subdued in most of 2024 before showing some stabilisation in the latter part of the year. After a temporary uptick following the cancellation of all DSMMs announced in the first quarter, the market eased back in the second and third quarters amid tight financial conditions and an uncertain global environment. It then stabilised after the US started to cut interest rates in September, later also supported by adjustments to the maximum LTV ratio and the DSR limit.
  2. For 2024 as a whole, the total number of sale and purchase agreements for residential property received by the Land Registry rebounded notably by 23% to 53 099 from a low base of 43 002 in the preceding year. Nevertheless, it was still lower than the five-year average of 56 405 in 2019‑2023. Within the total, primary market transactions surged by 57% to 16 912, and secondary market transactions rose by 12% to 36 187. Total consideration also increased noticeably by 17% to $454.4 billion.



* 1. Overall flat prices fell further during 2024, though month-to-month increases were seen in several months when there were changes in DSMMs and macroprudential measures as well as interest rate cuts. Flat prices in December 2024 were on average 7% lower than a year ago, and 27% below the peak in September 2021. Analysed by size, prices of small/medium‑sized flats and large flats declined by 7% and 5% respectively during the year.
  2. Meanwhile, the leasing market for residential property performed better in 2024, due in part to an influx of talents. Overall flat rentals in December 2024 were on average 4% higher than in December 2023, but still 3% below the peak in August 2019. Analysed by size, rentals of small/medium-sized flats and large flats increased by 4% and 1% respectively during the year. Reflecting the movements of prices and rentals, the average rental yield for residential property rose to 3.1% in December 2024 from 2.8% a year earlier.



* 1. The index of home purchase affordability (i.e. the ratio of mortgage payment for a 45-square metre flat to median income of households, excluding those living in public rental housing and public temporary housing) improved further to around 61% in the fourth quarter of 2024 alongside the decrease in mortgage rates. Yet it was still above the long‑term average of 54% over 2004‑2023(1).



* 1. Maintaining a sustained supply of housing land in a prudent and pragmatic manner is a policy priority of the Government to ensure the healthy and stable development of the residential property market. For the 2024-25 financial year, a total of four residential sites were sold by the Government under the Land Sale Programme, capable of providing about 1 970 units in total. Taking all sources of land supply into account, the total private housing land supply in 2024-25 is estimated to have a capacity to produce about 8 930 units, around 68% of the annual private housing supply target (13 200 units). Despite the shortfall of about 4 270 flats in this financial year when comparing against the annual target, private housing land supply from the past four financial years has exceeded the annual target by an aggregate of about 12 000 flats, far more than the shortfall in this financial year.
  2. Reflecting the Government’s sustained efforts in raising flat supply, the *total supply of first-hand flats* *in the private sector* in the coming three to four years (comprising unsold flats of completed projects, flats under construction but not yet sold and flats on disposed sites where construction can start any time) remained at a high level of 107 000 units as estimated at end-2024. Another 2 100 units could be added to the total supply after the conversion of a number of residential sites into “disposed sites”.
  3. The demand-supply balance of private flats showed some relaxation in 2024. The gross completions of private flats jumped by 75% to 24 300 units. After netting off demolitions, the net completions of 23 100 units were higher than the take-up of 17 300 units(2). As a result, the vacancy rate rose from 4.1% at end‑2023 to 4.5% at end‑2024, on par with the long‑term average of 2004‑2023. The Rating and Valuation Department forecasts gross completions at 20 900 units in 2025 and 20 100 units in 2026(3), compared with the average of 17 300 units per annum in the past ten years (2015‑2024).
  4. The Government has been adopting a pragmatic approach in continuously evaluating the residential property market situation. After prudent consideration of the then market situation and the high level of housing supply in the coming few years, the Government cancelled all DSMMs for residential properties on 28 February 2024 as announced in the 2024-25 Budget. Throughout the year, the Hong Kong Monetary Authority also made several rounds of adjustments to the countercyclical macroprudential measures for property mortgage loans in accordance with the evolving market situation. After the adjustments on 16 October 2024 which the Chief Executive announced in his Policy Address, the maximum LTV ratio and the DSR limit were standardised at 70% and 50% respectively for all residential properties and non‑residential properties, reverting to the pre‑2009 levels before the countercyclical macroprudential measures were first introduced.
  5. The *non-residential property market* remained weak in general in 2024. Trading activities for all major market segments stayed at very low levels. Both prices and rentals decreased.
  6. Prices for overall *office space* on average plunged by 24% between November 2023 (price index for overall office space in December 2023 was not available, due to insufficient transactions for Grade A office space in that month) and December 2024. Analysed by grade, prices of Grade A, B and C office space declined by 26%, 22% and 21% respectively. Overall office rentals in December 2024 were 5% lower than those in December 2023. Within the total, rentals of Grade A, B and C office space all retreated by 5%. Compared with the respective peaks in 2018 and 2019, prices and rentals of office space in December 2024 were 44% and 19% lower. The average rental yields of Grade A, B and C office space rose to 3.4%, 3.7% and 3.9% respectively in December 2024 from 2.6%, 3.0% and 3.3% in November 2023. Transactions for office space fell further by 7% to 600 cases in 2024, notably below the annual average of 790 cases in 2019‑2023. As to the demand-supply balance, with a negative take‑up of 58 600 m2 and a completion of 147 300 m2, the vacancy rate rose further from 14.9% at end-2023 to 16.3% at end‑2024, staying well above the long‑term average of 9.3% over 2004‑2023.
  7. Prices and rentals of *retail shop space* fell by 19% and 7% respectively between December 2023 and December 2024. Compared with the respective peaks in 2018 and 2019, prices and rentals in December 2024 were 37% and 16% lower. The average rental yield increased from 2.9% in December 2023 to 3.3% in December 2024. For all commercial spaces, transactions stayed virtually unchanged at 1 110 cases(4) in 2024, considerably below the annual average of 1 450 cases in 2019-2023. With a negative take-up of 123 600 m2 and a completion of 69 100 m2, the vacancy rate climbed up from 10.3% at end‑2023 to 11.8% at end‑2024, above the long-term average of 9.1% over 2004‑2023.
  8. Prices and rentals of *flatted factory space* also declined by 15% and 3% respectively between December 2023 and December 2024. Compared with the respective peaks in 2019 and 2023, prices and rentals in December 2024 were 28% and 4% lower. The average rental yield rose from 3.3% in December 2023 to 3.8% in December 2024. Transactions fell further by 13% to 1 620 cases in 2024, well below the annual average of 2 410 cases in 2019‑2023. With a negative take-up of 212 100 m2 and a completion of 22 900 m2, the vacancy rate went up from 5.7% at end‑2023 to 7.0% at end‑2024, higher than the long‑term average of 6.3% over 2004‑2023.





**Land**

* 1. Four sites with a total area of about 1.0 hectare were disposed of in 2024, fetching a land premium of about $1.7 billion. Among these sites, there were two residential sites and two sites for electric vehicle charging stations. In addition, the tender exercise for one residential site in Sha Tin, one industrial site in Yuen Long, and one logistics services and public vehicle park site in Tsing Yi commenced in the fourth quarter, while the tender closing date of another industrial site in Yuen Long was further extended from 27 December 2024 to 21 March 2025. Regarding exchange of land, eight sites with a total area of about 14.8 hectares were approved in 2024. As to lease modifications, a total of 59 sites were approved.

**Tourism**

* 1. The tourism sector continued to revive in 2024. *Visitor arrivals* rose by 30.9% to 44.5 million and recovered to 68.3% of the level in 2018, up from 52.2% in the previous year. Mainland visitors, which accounted for 76.5% of the total in 2024, grew by 27.2% to 34.0 million. Non-Mainland visitors registered stronger growth, up by 44.4% to 10.5 million, with visitor arrivals from other short‑haul markets and long-haul markets increasing by 40.9% and 53.2% to 7.3 million and 3.2 million respectively(5). Analysed by length of stay, overnight and same‑day visitors rose by 27.9% and 34.0% to 21.9 million and 22.6 million respectively. Meanwhile, visitor spending, as measured by exports of travel services, rose by 7.4% in real terms in 2024, notwithstanding the impact of changing consumption patterns of visitors.

**Table 4.1 : Number of visitor arrivals**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | All sources | Mainland China | Other short-haul markets\* | Long-haul markets\* |
|  |  |  |  |  |  |
| 2019 | Q1 | 18 234 400 | 14 527 700 | 2 522 900 | 1 183 800 |
|  | Q2 | 16 637 500 | 12 943 000 | 2 482 100 | 1 212 400 |
|  | Q3 | 11 891 600 | 9 321 900 | 1 673 300 | 896 300 |
|  | Q4 | 9 149 200 | 6 814 500 | 1 380 800 | 953 900 |
|  |  |  |  |  |  |
| 2020 | Q1 | 3 489 200 | 2 644 800 | 498 800 | 345 600 |
|  | Q2 | 26 900 | 15 200 | 4 900 | 6 800 |
|  | Q3 | 34 100 | 14 200 | 10 200 | 9 700 |
|  | Q4 | 18 600 | 10 800 | 5 100 | 2 700 |
|  |  |  |  |  |  |
| 2021 | Q1 | 16 500 | 11 600 | 3 100 | 1 900 |
|  | Q2 | 17 200 | 12 700 | 2 400 | 2 200 |
|  | Q3 | 29 400 | 21 800 | 4 300 | 3 300 |
|  | Q4 | 28 300 | 19 600 | 5 200 | 3 500 |
|  |  |  |  |  |  |
| 2022 | Q1 | 11 500 | 8 600 | 2 000 | 1 000 |
|  | Q2 | 64 500 | 53 400 | 5 600 | 5 500 |
|  | Q3 | 173 700 | 139 700 | 17 200 | 16 800 |
|  | Q4 | 354 900 | 173 600 | 102 500 | 78 800 |
|  |  |  |  |  |  |
| 2023 | Q1 | 4 414 800 | 3 356 000 | 782 400 | 276 300 |
|  | Q2 | 8 469 100 | 6 748 400 | 1 223 100 | 497 700 |
|  | Q3 | 10 438 100 | 8 573 500 | 1 328 700 | 535 900 |
|  | Q4 | 10 677 700 | 8 077 700 | 1 834 100 | 765 900 |
|  |  |  |  |  |  |
| 2024 | Q1 | 11 228 800 | 8 698 200 | 1 770 300 | 760 300 |
|  | Q2 | 9 922 400 | 7 452 300 | 1 713 000 | 757 100 |
|  | Q3 | 11 437 500 | 9 095 700 | 1 662 900 | 679 000 |
|  | Q4 | 11 914 000 | 8 797 000 | 2 133 900 | 983 200 |

Notes : (\*) See note (5) at the end of this chapter for the definitions of other short-haul and long‑haul markets.

The requirement for visitors to furnish an arrival or departure card is cancelled with immediate effect on 16 October 2024 as stipulated in the 2024 Policy Address, to facilitate a faster and more convenient immigration clearance. “Place of residence” data derived solely from arrival cards is no longer available. The classification method of this table has been changed from by country/region of residence to by nationality/region. Figures may not add up to the corresponding totals due to rounding.

**Table 4.2 : Number of overnight and same-day visitor arrivals**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Overnight visitor arrivals | Same-day visitor arrivals |
|  |  |  |  |
|  |  |  |  |
| 2019 | Q1 | 7 775 100 | 10 459 300 |
|  | Q2 | 7 145 100 | 9 492 400 |
|  | Q3 | 5 108 400 | 6 783 200 |
|  | Q4 | 3 723 700 | 5 425 500 |
|  |  |  |  |
| 2020 | Q1 | 1 280 900 | 2 208 300 |
|  | Q2 | 26 500 | 300 |
|  | Q3 | 33 800 | 300 |
|  | Q4 | 18 100 | 500 |
|  |  |  |  |
| 2021 | Q1 | 16 300 | 200 |
|  | Q2 | 16 900 | 300 |
|  | Q3 | 29 000 | 300 |
|  | Q4 | 26 900 | 1 400 |
|  |  |  |  |
| 2022 | Q1 | 10 700 | 800 |
|  | Q2 | 62 700 | 1 800 |
|  | Q3 | 164 600 | 9 100 |
|  | Q4 | 329 800 | 25 100 |
|  |  |  |  |
| 2023 | Q1 | 2 340 400 | 2 074 400 |
|  | Q2 | 4 237 500 | 4 231 700 |
|  | Q3 | 5 267 600 | 5 170 500 |
|  | Q4 | 5 313 900 | 5 363 800 |
|  |  |  |  |
| 2024 | Q1 | 5 613 400 | 5 615 400 |
|  | Q2 | 4 928 900 | 4 993 600 |
|  | Q3 | 5 656 800 | 5 780 800 |
|  | Q4 | 5 744 900 | 6 169 200 |

Note : Figures may not add up to total visitor arrivals due to rounding.

* 1. In tandem with the increase in overnight visitor arrivals, the average hotel room occupancy rate increased to 85% in 2024, higher than the 82% recorded in 2023. Meanwhile, the average achieved hotel room rate fell by 4.3% from a year earlier to $1,332(6) in 2024.
  2. The multiple-entry Individual Visit Scheme (IVS) for Shenzhen permanent residents has been resumed starting from 1 December 2024. A new arrangement was also implemented to expand eligible individuals from Shenzhen permanent residents to Shenzhen non-permanent residents holding residence permits, facilitating their visits to Hong Kong with greater ease and flexibility. Meanwhile, the Government announced in November the calendar of mega events in Hong Kong for the first half of 2025, encompassing 93 events in various areas. Separately, the Government promulgated the Development Blueprint for Hong Kong’s Tourism Industry 2.0 in December, outlining in a forward-looking manner the core principles, development strategies and pathways for the future development of Hong Kong’s tourism industry.

**Logistics**

* 1. The logistics sector showed mixed performance in 2024. *Total container throughput* fell by another 4.9% to about 13.7 million twenty-foot equivalent units (TEUs). Within the laden container throughput, direct shipment edged up by 0.5%, while transhipment went down by 4.6%. The value of trade handled at the Hong Kong port fell by 4.1% and its share in total trade shrank from 12.5% in 2023 to 11.1% in 2024.



* 1. *Air freight throughput*, on the other hand, grew visibly by 14.1% to 4.9 million tonnes in 2024. The value of trade by air rose back by 3.4%, albeit with a further decline in its share of total trade from 47.2% to 45.5%.



**Transport**

* 1. Traffic flows for all modes of cross-boundary passenger transport continued to grow in 2024, though by varying extents. Air passenger trips and land-based cross‑boundary passenger trips both rose significantly by 34.3% and 44.1% to 53.1 million and 247.8 million trips respectively, while water‑borne cross‑boundary passenger trips increased by 9.6% to 8.8 million. Average daily cross‑boundary vehicle movements surged further by 48.5% to 42 199.

**Innovation and technology**

* 1. To promote the development of artificial intelligence (AI) ecosystem, Cyberport commissioned the first-phase facilities of its Artificial Intelligence Supercomputing Centre (AISC) in December 2024 to meet the strong local demand for computing power and enhance Hong Kong R&D’s capabilities in various fields. A $3 billion three-year AI Subsidy Scheme has also been rolled out to provide subsidies to eligible AISC users to leverage the computing power.
  2. In December 2024, the Government and the China Association for Science and Technology signed the Co-operation Framework Agreement on Supporting Hong Kong in Becoming an International Hub for High-calibre Talents and Jointly Serving High-level Self-reliance in Science and Technology. The agreement helps strengthen the co-operation between the Mainland and Hong Kong in various areas, such as strengthening exchanges between scientific research and academic organisations, nurturing scientific and technological talent, promoting popular science, and facilitating technological integration and development in the Guangdong-Hong Kong-Macao Greater Bay Area.

**Arts, Cultural and Creative Industries**

* 1. In November 2024, the Government promulgated the Blueprint for Arts and Culture and Creative Industries Development to set out a clear vision, principles and strategic directions for the future development of the arts, culture and creative industries to further consolidate Hong Kong’s position as an East‑meets‑West centre for international cultural exchanges. The Blueprint sets out a total of 71 measures under four strategic directions, namely, (i) promote profound traditional Chinese culture and develop cultural contents with Hong Kong character; (ii) develop diverse arts and culture industries with international perspective; (iii) establish international platforms to foster East‑meets‑West arts and cultural exchanges; and (iv) enhance the ecosystem for the arts, culture and creative industries. The Government will collaborate with major stakeholders and drive participation of the business sector and other areas to take forward measures set out in the Blueprint.
  2. Meanwhile, the Government continues to establish various platforms and brands to further give play to its role of “bringing in” different cultures while assisting Chinese culture to “go global”, including supporting the organisation of the inaugural Hong Kong Performing Arts Expo in October 2024 with over 1 600 arts leaders and practitioners from around 60 countries and regions participating, and coordinating the 4th Guangdong-Hong Kong-Macao Greater Bay Area Culture and Arts Festival as the host city in the same month.

**Environment**

* 1. In December 2024, the Government announced the Green Transformation Roadmap of Public Buses and Taxis. Major measures include subsidising franchised bus operators to purchase about 600 electric buses and the taxi trades to purchase 3 000 electric taxis. In addition, the Government will continue to take a multipronged approach to encourage the industry to expand charging facilities. It is expected to provide at least 500 fast chargers throughout Hong Kong by end-2027 to cater for the expected growth in the number of electric taxis.

**Notes :**

1. Starting from the third quarter of 2019, the index of home purchase affordability is calculated based on, among others, the mortgage rates of new mortgage loans with reference to both the Best Lending Rate (BLR) and the Hong Kong Interbank Offered Rate (HIBOR). As such, the data from the third quarter of 2019 onwards may not be strictly comparable with those in previous quarters, which were based on the mortgage rates of new mortgages loans with reference to the BLR only.

Figures are subject to revision later as more data become available.

1. Take-up figures represent the net increase in the number of units occupied. The figures are arrived at by adding the completions in that year to the vacancy figures at the beginning of the year, then subtracting the year’s demolition and the year-end vacancy figures. Take-up should not be confused with the sales of new developments, and it bears no direct relationship to the number of units sold by developers. Negative take‑up means that there is a decrease in the number of units occupied (i.e. property previously occupied was released during the year and remained vacant at the year-end). Also, take‑up, demolition, completion and vacancy figures on residential and non-residential properties are preliminary figures from the Rating and Valuation Department, and are subject to revision.
2. Forecast completions in 2025 and 2026 are preliminary figures only, and are subject to revision upon the availability of more data.
3. The take‑up, completion and vacancy figures refer to commercial space, which comprises retail premises and other premises designed or adapted for commercial use but excludes purpose-built office space.
4. Other short-haul markets refer to North Asia, South and Southeast Asia, Taiwan and Macao, but excluding the Mainland, while long-haul markets refer to the Americas, Europe, Africa, the Middle East, Australia, New Zealand and South Pacific. In 2024, visitor arrivals from the Mainland, other short-haul and long‑haul markets accounted for respective shares of 76%, 16% and 7% of the total (figures do not add up to 100% due to rounding).
5. The figures on hotel room occupancy and achieved room rate do not include guesthouses. The figures are subject to revision later as more data become available.