## CHAPTER 3 : DEVELOPMENTS IN SELECTED SECTORS

***Summary***

* *The residential property market stabilised further in the third quarter of 2025. Market sentiment in general turned more positive amid the start of interest rate cuts in the US and strong local financial market performance during the quarter. Trading activities stayed active. Flat prices showed a more visible pick-up and rentals remained solid.*
* *Reflecting the Government’s sustained efforts in raising flat supply, the total private first-hand flat supply in the coming three to four years would stay at a high level of 102 000 units as estimated at end‑September.*
* *The non-residential property market remained weak in the third quarter. Prices and rentals softened further. Trading activities of major segments showed mixed performance.*
* *Inbound tourism sustained robust growth, with visitor arrivals rising by 12.2% over a year earlier to 12.8 million in the third quarter.*
* *The performance of the logistics sector remained mixed in the third quarter. Air freight throughput and road cargo throughput rose by 2.9% and 7.8% year-on-year respectively, while total port container throughput decreased further by 9.6%.*

**Property**

* 1. The *residential property market* stabilised further in the third quarter of 2025. Market sentiment in general turned more positive amid the start of interest rate cuts in the US and strong local financial market performance during the quarter. Trading activities stayed active. Flat prices showed a more visible pick-up and rentals remained solid.
  2. The total number of sale and purchase agreements for residential property received by the Land Registry stayed high at 16 700 in the third quarter, little changed from the preceding quarter but 63% higher than the low level a year earlier. Both primary market and secondary market transactions were higher than their respective quarterly averages during 2020-2024. In parallel, total consideration edged down by 4% during the same quarter to $135.8 billion, albeit still 60% higher than the low level a year earlier.



* 1. Overall flat prices showed a more visible pick-up of 2% during the third quarter after the 1% rise in the second quarter, marking two consecutive quarters of increases. Analysed by size, prices of small/medium-sized flats and large flats both rose by 2% during the quarter. Flat prices in September were 1% higher than the level in December 2024, albeit still 27% below the peak in September 2021.
  2. Meanwhile, overall flat rentals remained solid, rising by 2% during the third quarter, boosted further by a seasonal surge in rental demand during the summer. Analysed by size, rentals of small/medium‑sized flats and large flats increased by 2% and 1% respectively. Overall flat rentals in September were on average 4% higher than in December 2024. The average rental yield for residential property remained unchanged at 3.2% in September as compared with that in June.



* 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) edged up to around 56% in the third quarter amid the further stabilisation in recent flat prices, similar to the long‑term average over 2005‑2024(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. In October, the Government announced that it would put up one residential site for sale in the fourth quarter. In total, the private housing land supply in the fourth quarter is expected to produce around 6 420 flats. Together with the supply in the previous two quarters, the total private housing land supply for the first three quarters of the 2025‑26 financial year is estimated to produce about 12 430 units, which is around 94% of and is very close to the annual private housing supply target (13 200 units).
  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) would stay at a high level of 102 000 units as estimated at end‑September. Another 4 600 units could be added to the total supply after the conversion of a number of residential sites into “disposed sites”.
  3. The *non-residential property market* remained weak in the third quarter. Prices and rentals of all three major market segments (office space, retail shop space and flatted factory space) softened further. Meanwhile, transactions of office space rose over the third quarter while those of retail shop space and flatted factory space retreated. The average rental yields of the three major segments remained largely stable.

**Table 3.1 : Key statistics of the non-residential property market**

**(a) Prices and rentals**

(% change over the preceding period)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2024 | | | | Dec 2024 versus Dec 2023 | 2025 | | | Sep 2025 versus Dec 2024 | Sep 2025 versus |
|  | Mar | Jun | Sep | Dec | Mar | Jun | Sep | their peaks |
| Prices |  |  |  |  |  |  |  |  |  |  |
| Office space | -6.2# | -8.0 | -6.3 | -6.2 | -24.2# | -3.8 | -4.2 | -2.4 | -10.1 | -49.7 |
| *Grade A* | *-9.7#* | *-8.4* | *-5.2* | *-5.2* | *-25.7#* | *-3.2* | *-4.7* | *-1.9* | *-9.5* | *-52.2* |
| Retail shop space | -3.1 | -6.1 | -5.7 | -4.4 | -18.1 | -1.0 | -5.5 | -2.2 | -8.5 | -41.7 |
| Flatted factory space | -5.9 | -2.0 | -6.2 | -1.5 | -14.8 | -2.5 | -4.8 | -4.9 | -11.7 | -36.1 |
|  |  |  |  |  |  |  |  |  |  |  |
| Rentals |  |  |  |  |  |  |  |  |  |  |
| Office space | -1.4 | -1.9 | -1.3 | -0.6 | -5.1 | -1.0 | -1.2 | -1.3 | -3.4 | -21.4 |
| *Grade A* | *-1.1* | *-2.4* | *-1.5* | *-0.2* | *-5.0* | *-1.3* | *-1.7* | *-1.8* | *-4.7* | *-25.0* |
| Retail shop space | -3.4 | -0.5 | -1.0 | -2.2 | -7.0 | -2.1 | \* | -0.6 | -2.7 | -18.5 |
| Flatted factory space | -1.2 | -0.9 | -0.1 | -1.2 | -3.3 | -0.8 | -0.1 | -2.0 | -2.9 | -6.9 |

Notes : (#) Computed using November 2023 figures as December 2023 figures are not available.

(\*) Change within ±0.05%.

**(b) Transactions**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2024 | | | | | 2025 | | | 2020-2024 |
|  | Q1-Q4 average | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | quarterly average |
| Office space | 150 | 130 | 150 | 130 | 190 | 220 | 250 | 270 | 180 |
|  | (-6.8) | (-1.5) | (15.9) | (-15.0) | (43.8) | (19.3) | (13.0) | (8.7) |  |
| Retail shop space^ | 280 | 200 | 340 | 230 | 340 | 270 | 360 | 300 | 350 |
|  | (-0.4) | (-10.3) | (70.5) | (-32.3) | (45.9) | (-21.1) | (33.5) | (-16.3) |  |
| Flatted factory space | 410 | 360 | 400 | 410 | 450 | 560 | 590 | 500 | 560 |
|  | (-12.8) | (-3.0) | (12.6) | (2.0) | (10.2) | (23.7) | (4.8) | (-14.0) |  |

Notes : ( ) % change over the preceding period.

(^) The figures on transactions refer to commercial space, which comprises retail premises and other premises designed or adapted for commercial use but excludes purpose-built office space.

**(c) Average rental yield**

(%)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2024 | | | | | 2025 | | |
|  | Annual | Mar | Jun | Sep | Dec | Mar | Jun | Sep |
| Office space | 3.4 | 3.2 | 3.5 | 3.7 | 3.7 | 3.8 | 4.1 | 4.1 |
| *Grade A* | *3.1* | *2.9* | *3.1* | *3.2* | *3.4* | *3.5* | *3.6* | *3.6* |
| Retail shop space | 3.1 | 2.9 | 3.1 | 3.2 | 3.3 | 3.3 | 3.5 | 3.6 |
| Flatted factory space | 3.6 | 3.5 | 3.5 | 3.8 | 3.8 | 3.9 | 4.1 | 4.2 |

**Land**

* 1. One residential site with an area of about 0.4 hectare was disposed of in the third quarter, fetching a land premium of about $1.1 billion. In addition, the tender exercises for one residential site in Tsuen Wan and one site for electric vehicle charging station in Tai Po commenced in the quarter, while three land exchange cases and lease modifications of 18 sites were approved.
  2. In his 2025 Policy Address, the Chief Executive announced a number of measures to accelerate the development of the Northern Metropolis (NM), which include dedicated legislation, industry anchoring, public-private partnership, the land strategy for and positioning of the University Town, and speeding up of the works approval process. Besides, various innovative land initiatives were introduced, such as reserving sites in Kwu Tung North and Fanling North new development areas in the NM for the Urban Renewal Authority to construct new buildings as replacement flats under the “Flat-for-Flat” Scheme in the future and suitably increasing the plot ratio of private redevelopment projects for areas with more pressing redevelopment need and allowing the relevant land owners to transfer the increased plot ratios for utilisations in other districts including the NM.

**Tourism**

* 1. Inbound tourism sustained robust growth, with *visitor arrivals* rising by 12.2% over a year earlier to 12.8 million in the third quarter. Mainland visitor arrivals, accounting for 79.4% of the total, grew notably by 12.1% over a year earlier to 10.2 million, while non‑Mainland visitor arrivals also grew by 12.9% to 2.6 million. Visitor arrivals from long-haul markets rose by 18.9% to 0.8 million, outpacing the short‑haul markets (excluding the Mainland) that grew by 10.4% to 1.8 million. Analysed by length of stay, overnight and same‑day visitor arrivals rose by 3.2% and 21.1% over a year earlier to 5.8 million and 7.0 million respectively. Meanwhile, visitor spending, as measured by exports of travel services, rose by 9.1% in real terms from a year earlier.

**Table 3.2 : Number of visitor arrivals ('000)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Overall | By source\* | | | By length of stay | |
|  |  | Chinese Mainland | Other short-haul markets | Long-haul markets | Overnight visitors | Same-day visitors |
|  |  |  |  |  |  |  |  |
| 2023 | Q4 | 10 677.7 | 8 077.7 | 1 834.1 | 765.9 | 5 313.9 | 5 363.8 |
|  |  | (2 908.9) | (4 552.7) | (1 689.8) | (872.2) | (1 511.3) | (21 286.8) |
|  |  |  |  |  |  |  |  |
| 2024 | Q1 | 11 228.8 | 8 698.2 | 1 770.3 | 760.3 | 5 613.4 | 5 615.4 |
|  |  | (154.3) | (159.2) | (126.3) | (175.1) | (139.9) | (170.7) |
|  | Q2 | 9 922.4 | 7 452.3 | 1 713.0 | 757.1 | 4 928.9 | 4 993.6 |
|  |  | (17.2) | (10.4) | (40.1) | (52.1) | (16.3) | (18.0) |
|  | Q3 | 11 437.5 | 9 095.7 | 1 662.9 | 679.0 | 5 656.8 | 5 780.8 |
|  |  | (9.6) | (6.1) | (25.2) | (26.7) | (7.4) | (11.8) |
|  | Q4 | 11 914.0 | 8 797.0 | 2 133.9 | 983.2 | 5 744.9 | 6 169.2 |
|  |  | (11.6) | (8.9) | (16.3) | (28.4) | (8.1) | (15.0) |
|  |  |  |  |  |  |  |  |
| 2025 | Q1 | 12 228.2 | 9 245.4 | 2 084.3 | 898.6 | 5 888.4 | 6 339.8 |
|  |  | (8.9) | (6.3) | (17.7) | (18.2) | (4.9) | (12.9) |
|  | Q2 | 11 407.9 | 8 548.4 | 1 968.4 | 891.1 | 5 395.9 | 6 012.0 |
|  |  | (15.0) | (14.7) | (14.9) | (17.7) | (9.5) | (20.4) |
|  | Q3 | 12 835.5 | 10 192.1 | 1 836.4 | 807.0 | 5 836.4 | 6 999.2 |
|  |  | (12.2) | (12.1) | (10.4) | (18.9) | (3.2) | (21.1) |

Notes : (\*) 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. Visitors are classified by nationality/region.

( ) % change over a year earlier. The abnormal year-on-year changes of visitor arrivals in 2023 were due to a low base of comparison amid boundary controls against the COVID‑19 pandemic.

Figures may not add up to the corresponding totals due to rounding.

* 1. The average hotel room occupancy rate was 87% in the third quarter, marginally higher than the 86% recorded a year earlier. Meanwhile, the average achieved hotel room rate fell by 2.7% from a year earlier to $1,168(2).
  2. As remarked in the 2025 Policy Address, the Government will enhance the development of tourism products and initiatives with local and international characteristics, realising the motif of “tourism is everywhere”. In addition to developing new tourist attractions to promote local thematic immersive tours, the Government will promote prime yacht tourism by providing additional yacht berths and enhancing amenities for visiting yachts. The Government will also continue to promote Muslim tourism. The Hong Kong Tourism Board has launched the “Hong Kong Restaurants Halal Certification Funding Scheme” to provide a half-rate certification fee subsidy, capped at $5,000, for restaurants that have acquired Halal certification.

**Logistics**

* 1. The performance of the logistics sector remained mixed in the third quarter. *Total container throughput* decreased further by 9.6% from a year earlier, to about 3.1 million twenty-foot equivalent units (TEUs). The value of trade handled at the Hong Kong port declined slightly by 0.5%, and its share in total trade fell further to 9.2%.



* 1. *Air freight throughput* rose modestly by 2.9% year-on-year to 1.3 million tonnes in the third quarter. The value of trade by air increased notably by 14.6%, with its share in total trade rising to 45.3%.



* 1. *Road cargo throughput* expanded visibly further by 7.8% to 4.6 million tonnes in the third quarter over a year earlier. The value of trade by road continued to grow strongly by 18.4%, while its respective share in total trade edged down to 45.2%.



**Transport**

* 1. Cross-boundary traffic flows also showed mixed performance. Both air and land‑based passenger trips increased by 11.7% and 10.5% over a year earlier to 15.3 million and 70.3 million respectively in the third quarter. On the other hand, water-borne passenger trips fell by 4.4% from a year earlier to 2.0 million. As regards vehicle flows, average daily cross‑boundary vehicle movements remained vibrant, as shown by a further jump of 16.3% year‑on‑year to 50 299.

**Innovation and technology**

* 1. In the 2025 Policy Address, the Chief Executive set out a series of forward-looking initiatives to propel innovation and technology (I&T) development in Hong Kong. These measures include, among others: (i) commencing the $3 billion Frontier Technology Research Support Scheme in September 2025 and establishing the Hong Kong Artificial Intelligence (AI) Research and Development Institute in 2026 to promote the development of the AI and data science industries; (ii) expediting the development of the third InnoHK research cluster, with focuses on sustainable development, energy, advanced manufacturing and materials, to accelerate the development of new industrialisation; (iii) relaxing the application threshold for the New Industrialisation Acceleration Scheme and providing funding on a matching basis for the employment of relevant technical personnel; (iv) supporting people‑oriented scientific research through the Innovation and Technology Fund to introduce a two-year subsidy scheme for amputees in Hong Kong for the configuration and use of the high-tech prostheses; and (v) promoting the development of a low-altitude economy ecosystem by formulating an Action Plan, rolling out the advanced “Regulatory Sandbox X” pilot projects, and setting up a task force to develop related insurance products for various application scenarios.

**Arts, Cultural and Creative Industries**

* 1. The 2025 Policy Address indicated that the Government will develop a premium arts trading hub and deepen collaboration with Art Basel, along with promoting the diverse development of the West Kowloon Cultural District and local cultural and creative industries. The Government will also refocus the performance venues, develop flagship arts and cultural projects, intensify promotion of intangible cultural heritage, and introduce commercial elements to enrich public facilities and events.

**Environment**

* 1. The Chief Executive announced measures in the 2025 Policy Address to promote the commercialisation of green I&T outcomes, including supporting the market development of technologies for battery-swapping electric vehicles and automated battery-swapping stations, encouraging the construction of district cooling systems by non-government entities, and driving the market to accelerate carbon reduction in existing buildings. The Government will also continue to support more research and development projects to help Hong Kong decarbonise and enhance environmental protection through the $400 million Green Tech Fund, under which around $150 million has been granted to support 33 projects from local universities, designated public research institutes and private enterprises.

**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. 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.