## CHAPTER 4 : DEVELOPMENTS IN SELECTED SECTORS

***Summary***

* *The residential property market showed a visible turnaround in 2025. After a relatively soft first quarter, the market gained a firmer footing since the second quarter. Momentum started to strengthen more noticeably in the ensuing quarters, buttressed by robust local economic growth, strong performance of the local financial market and the start of interest rate cuts in the US.*
* *Residential property trading activities were more active, with the total number of sale and purchase agreements for residential property received by the Land Registry in 2025 registering a four-year high of over 62 800.*
* *Overall flat prices reverted to a modest increase of 3% after three years of declines. Overall flat rentals sustained solid performance throughout 2025, rising further by 4% over the year and surpassing the 2019 peak.*
* *The total private first-hand flat supply in the coming three to four years remained at a high level of 104 000 units as estimated at end‑2025.*
* *The non-residential property market stayed comparatively sluggish in 2025. Prices and rentals across all major market segments remained soft, nevertheless trading activities picked up visibly.* *Also, tentative signs of easing in price drops and rising leasing activities emerged towards the end of the year. Average rental yields of non‑residential properties continued to rise, but vacancy rates climbed up further.*
* *Inbound tourism registered robust growth in 2025. Visitor arrivals rose by 12.1% to 49.9 million.*
* *The logistics sector in 2025 was underpinned by growth in air freight throughput and road cargo throughput, which rose by 2.8% and 7.0% respectively, while total port container throughput declined by another 5.4%.*

**Property**

* 1. The *residential property market* showed a visible turnaround in 2025. After a relatively soft first quarter, the market gained a firmer footing since the second quarter. Momentum started to strengthen more noticeably in the ensuing quarters, buttressed by robust local economic growth, strong performance of the local financial market and the start of interest rate cuts in the US.
  2. For 2025 as a whole, the total number of sale and purchase agreements for residential property received by the Land Registry increased further by 18% over the preceding year to a four-year high of 62 832. Within the total, primary market transactions jumped by 21% to 20 540, and secondary market transactions rose by 17% to 42 292. Total consideration also went up by 14% to $519.8 billion. Residential property transactions valued below $4 million rose visibly by 29% following the significant reduction in stamp duty for property transactions with effect in February 2025.



* 1. Overall flat prices registered firmer increases towards the end of 2025, turning to an annual increase after three years of declines. Flat prices in December 2025 were on average 3% higher than a year ago, though still 25% below the peak in September 2021. Analysed by size, prices of small/medium‑sized flats and large flats rose by 3% and 1% respectively during the year.
  2. Meanwhile, the leasing market for residential property sustained solid performance throughout 2025, partially due to rental demand from new arrivals such as non-local students pursuing higher education in Hong Kong. Overall flat rentals in December 2025 were 4% higher than in December 2024, and the overall flat rental index has surpassed the peak in 2019. Analysed by size, rentals of small/medium-sized flats and large flats both increased by 4% during the year. Reflecting the movements of prices and rentals, the average rental yield for residential property remained unchanged at 3.1% in December 2025, same as that 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) increased to around 59% in the fourth quarter of 2025 as flat prices rose further, above the long‑term average of 56% over 2005‑2024(1).



* 1. As estimated at end‑2025, 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) decreased by around 3 000 units over the year, but remained at a high level of 104 000 units.
  2. The demand-supply balance of private flats slightly tightened in 2025. The gross completions of private flats declined by 24% to 18 400 units. After netting off demolitions, the net completions of 17 500 units were lower than the take-up of 19 400 units(2). As a result, the vacancy rate edged down from 4.5% at end‑2024 to 4.3% at end‑2025, marginally below the long-term average of 4.4% over 2005‑2024. The Rating and Valuation Department forecasts gross completions at 17 000 units in 2026 and 15 400 units in 2027(3), compared with the average of 18 000 units per annum in the past ten years (2016‑2025).
  3. The *non-residential property market* stayed comparatively sluggish in 2025. Prices and rentals across all major market segments (office space, retail shop space and flatted factory space) remained soft, nevertheless, trading activities picked up visibly. Also, some tentative signs of easing in price drops and more active leasing activity emerged late in the year. Average rental yields of non-residential properties continued to rise, but vacancy rates climbed up further.

**Table 4.1 : Key statistics of the non-residential property market**

**(a) Prices and rentals**

(% change over the preceding period)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2024 | | | | Dec 2024 versus Dec 2023 | 2025 | | | | Dec 2025 versus Dec 2024 | Dec 2025 versus  their peaks |
|  | Mar | Jun | Sep | Dec | Mar | Jun | Sep | Dec |
| Prices |  |  |  |  |  |  |  |  |  |  |  |
| Office space | -6.2# | -8.0 | -6.3 | -6.2 | -24.2# | -3.8 | -4.2 | -3.0 | -2.0 | -12.5 | -51.1 |
| *Grade A* | *-9.7#* | *-8.4* | *-5.2* | *-5.2* | *-25.7#* | *-3.2* | *-4.7* | *-1.9* | *-1.8* | *-11.1* | *-53.1* |
| Retail shop space | -3.1 | -6.1 | -5.7 | -4.4 | -18.1 | -1.0 | -5.6 | -2.1 | -3.1 | -11.4 | -43.5 |
| Flatted factory space | -5.9 | -2.0 | -6.2 | -1.5 | -14.8 | -2.5 | -4.8 | -5.1 | -4.3 | -15.6 | -38.9 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Rentals |  |  |  |  |  |  |  |  |  |  |  |
| Office space | -1.4 | -1.9 | -1.3 | -0.6 | -5.1 | -1.0 | -1.2 | -0.5 | -0.6 | -3.3 | -21.2 |
| *Grade A* | *-1.1* | *-2.4* | *-1.5* | *-0.2* | *-5.0* | *-1.3* | *-1.8* | *-0.7* | *-0.8* | *-4.5* | *-24.8* |
| Retail shop space | -3.4 | -0.5 | -1.0 | -2.2 | -7.0 | -2.1 | \* | -1.6 | -1.0 | -4.7 | -20.1 |
| Flatted factory space | -1.2 | -0.9 | -0.1 | -1.2 | -3.3 | -0.8 | -0.1 | -1.9 | -0.2 | -3.0 | -7.0 |

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

(\*) Change within ±0.05%.

**(b) Transactions**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2024 | | | | | 2025 | | | | | 2020-2024 |
|  | Annual | Q1 | Q2 | Q3 | Q4 | Annual | Q1 | Q2 | Q3 | Q4 | yearly average |
| Office space | 600 | 130 | 150 | 130 | 190 | 1 030 | 220 | 250 | 270 | 290 | 740 |
|  | (-6.8) | (-1.5) | (15.9) | (-15.0) | (43.8) | (71.3) | (19.3) | (13.0) | (7.5) | (5.2) |  |
| Retail shop space^ | 1 110 | 200 | 340 | 230 | 340 | 1 260 | 270 | 360 | 300 | 340 | 1 420 |
|  | (-0.4) | (-10.3) | (70.5) | (-32.3) | (45.9) | (13.3) | (-21.1) | (33.5) | (-16.3) | (14.1) |  |
| Flatted factory space | 1 620 | 360 | 400 | 410 | 450 | 2 180 | 560 | 590 | 500 | 530 | 2 250 |
|  | (-12.8) | (-3.0) | (12.6) | (2.0) | (10.2) | (34.2) | (23.7) | (4.8) | (-14.0) | (4.4) |  |

Notes : Figures may not add up due to rounding.

( ) % 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 | Annual | Mar | Jun | Sep | Dec |
| Office space | 3.4 | 3.2 | 3.5 | 3.7 | 3.7 | 4.1 | 3.8 | 4.1 | 4.2 | 4.3 |
| *Grade A* | *3.1* | *2.9* | *3.1* | *3.2* | *3.4* | *3.6* | *3.5* | *3.5* | *3.6* | *3.7* |
| Retail shop space | 3.1 | 2.9 | 3.1 | 3.2 | 3.3 | 3.5 | 3.3 | 3.5 | 3.5 | 3.7 |
| Flatted factory space | 3.6 | 3.5 | 3.5 | 3.8 | 3.8 | 4.1 | 3.9 | 4.1 | 4.2 | 4.4 |

**(d) Completion, take-up and vacancy rate**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2024 | 2025 | Average over 2005‑2024 |
| Completion (m2) |  |  |  |
| Office space | 147 300 | 299 200 | 167 700 |
| Retail shop space^ | 69 100 | 96 900 | 84 600 |
| Flatted factory space | 22 900 | 43 900 | 35 700 |
|  |  |  |  |
| Take-up (m2) |  |  |  |
| Office space | -58 600 | 4 300 | 109 100 |
| Retail shop space^ | -123 600 | -49 800 | 48 700 |
| Flatted factory space | -212 100 | -113 600 | -7 400 |
|  |  |  |  |
| Vacancy rate (%) |  |  |  |
| Office space | 16.3 | 17.6 | 9.5 |
| Retail shop space^ | 11.8 | 12.5 | 9.1 |
| Flatted factory space | 7.0 | 7.6 | 6.2 |

Note : (^) The figures on completion, take‑up and vacancy rate refer to commercial space, which comprises retail premises and other premises designed or adapted for commercial use but excludes purpose-built office space.

**Land**

* 1. Six sites with a total area of about 7.0 hectare were disposed of in 2025, fetching a land premium of about $8.5 billion. Among these sites, there were four residential sites, one site for an electric vehicle charging station and one site for logistics services and a public vehicle park. In addition, the tender exercises for the pilot area under large-scale land disposal in Hung Shui Kiu/Ha Tsuen New Development Area in the Northern Metropolis, one site for a high-tier data centre in Sandy Ridge, one residential site in Jordan Valley, and one site for an electric vehicle charging station in Tsing Yi commenced in the fourth quarter. Regarding exchange of land, nine sites with a total area of about 4.6 hectares were approved in 2025. As to lease modifications, a total of 57 sites were approved.

**Tourism**

* 1. The tourism sector registered robust growth in 2025. *Visitor arrivals* rose by 12.1% to 49.9 million. Mainland visitors, which accounted for 75.8% of the total in 2025, grew by 11.1% to 37.8 million. Non-Mainland visitors registered stronger growth, up by 15.3% to 12.1 million, with visitor arrivals from long-haul markets and short‑haul markets (excluding the Mainland) increasing by 20.3% and 13.1% to 3.8 million and 8.2 million respectively. Analysed by length of stay, overnight and same‑day visitors increased by 5.7% and 18.4% to 23.2 million and 26.7 million respectively. Meanwhile, visitor spending, as measured by exports of travel services, rose by 9.5% in real terms in 2025, supported by the continued increase in visitor arrivals.

**Table 4.2 : 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 |
|  |  |  |  |  |  |  |  |
| 2024 | Annual | 44 502.8 | 34 043.2 | 7 280.1 | 3 179.6 | 21 943.9 | 22 558.9 |
|  |  | (30.9) | (27.2) | (40.9) | (53.2) | (27.9) | (34.0) |
|  | 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 | Annual | 49 894.8 | 37 833.8 | 8 235.5 | 3 825.6 | 23 190.1 | 26 704.7 |
|  |  | (12.1) | (11.1) | (13.1) | (20.3) | (5.7) | (18.4) |
|  | 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) |
|  | Q4 | 13 423.2 | 9 847.9 | 2 346.4 | 1 228.9 | 6 069.4 | 7 353.8 |
|  |  | (12.7) | (11.9) | (10.0) | (25.0) | (5.6) | (19.2) |

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.

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

* 1. With overnight visitor arrivals continuing to grow, the average hotel occupancy rate reached 87% in 2025, slightly higher than the 85% achieved in 2024. Separately, the average achieved hotel room rate fell by 5.2% from a year earlier to $1,263(4) in 2025.
  2. A series of mega events in 2025, including sports and entertainment events following the opening of the Kai Tak Sports Park, have significantly boosted visitor arrivals. In particular, more than 1.7 million visitors came to Hong Kong during the period of the 15th National Games of the People’s Republic of China, representing a 19% increase over the same period in the previous year.

**Logistics**

* 1. The logistics sector was underpinned by growth in both air freight throughput and road cargo throughput in 2025.  *Air freight throughput* grew further by 2.8% to 5.0 million tonnes. The value of trade by air increased by a visible 15.4%, though its share in total trade edged down from 45.5% to 45.4%.



* 1. *Road cargo throughput* expanded by another 7.0% to 17.8 million tonnes in 2025. The value of trade by road continued to post strong growth of 20.4%, with a further increase in its share of total trade from 43.0% to 44.8%.

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* 1. Meanwhile, *total container throughput* declined by another 5.4% to about 12.9 million twenty‑foot equivalent units (TEUs) in 2025. Within the laden container throughput, direct shipment and transhipment went down by 2.7% and 7.7% respectively. The value of trade handled at the Hong Kong port fell by 2.3% and its share in total trade shrank further from 11.1% in 2024 to 9.4% in 2025.



**Transport**

* 1. Cross-boundary traffic flows were supported by air passenger trips and land-based cross‑boundary passenger trips in 2025, with both rising notably by 15.0% and 13.4% to 61.0 million and 280.9 million trips respectively. In tandem, average daily cross‑boundary vehicle movements jumped by another 17.7% to 49 654. Meanwhile, water‑borne cross‑boundary passenger trips fell by 4.8% to 8.4 million.

**Highlights of related measures and development**

* 1. The Hong Kong Park of the Hetao Shenzhen‑Hong Kong Science and Technology Innovation Co-operation Zone officially opened in December 2025. In the first batch of Phase 1 development of the Hong Kong Park, two wet‑laboratory enabled buildings and a talent accommodation building have been completed, attracting more than 60 local, Mainland and overseas enterprises and institutions to settle. The establishment of the Hong Kong Park, covering pillar industries such as life and health technology, artificial intelligence (AI) and data science, new technologies and advanced manufacturing, will promote the integration of upstream, midstream, and downstream industries, foster cross‑boundary collaboration in innovation and technology (I&T), and contribute to building a comprehensive I&T industry chain in the Guangdong-Hong Kong-Macao Greater Bay Area.
  2. The Conceptual Outline of the Development Plan for the Innovation and Technology Industry in the San Tin Technopole was promulgated in November 2025, providing a top-level design for the 210 hectares of new I&T land in terms of development vision, objectives and positioning, industrial spatial layout and development model. The new I&T land will be divided into three development hubs (Hetao Hub, Chau Tau Hub and Ki Lun Hub) from north to south, and three industry development corridors (life and health technology corridor, AI and robotics corridor, and microelectronics and advanced industry corridor). The new I&T land around San Tin and the Hetao Hong Kong Park will together form a crucial node for the integrated development of upstream, midstream and downstream industries, offering full-chain support to I&T industries by providing integrated space for offices, prototyping, test and pilot production, as well as manufacturing.
  3. In December 2025, the Government updated the Hong Kong Biodiversity Strategy and Action Plan (BSAP), outlining strategies and priority actions for the next decade to protect Hong Kong’s biodiversity and support sustainable development. Amongst its targets, the updated BSAP seeks to further consolidate Hong Kong’s position as an international green and sustainable finance hub. It proposes refining the Environmental, Social and Governance Reporting Code to strengthen biodiversity‑related risk disclosure and dependency practices, encouraging voluntary adoption of the Task Force on Nature-related Financial Disclosures framework, supporting conservation and biodiversity projects through the Government Sustainable Bond Programme, and exploring the development of a mechanism or platform to mobilise private‑sector and philanthropic resources, such as through public‑private matching, towards priority nature‑positive initiatives.

**Box 4.1**

**Artificial Intelligence Development in Asia**

Artificial intelligence (AI) represents a wide spectrum of technologies designed to enable machines to perceive, interpret, act, and learn with the intent to emulate human cognitive abilities. Across this spectrum, generative AI (Gen AI) can create new content, ranging from text to images, by learning from extensive training data. AI is therefore a core driver of new quality productive forces and holds the potential to vastly augment productivity and efficiency. This article takes a look at recent developments of AI and surveys various international reports to derive insights into AI development in selected Asian economies([[1]](#footnote-2)).

AI saw rapid development in recent years, in terms of breakthroughs in machine learning models, computing power, data availability, and algorithmic efficiency as well as its diffusion into different industries. According to the World Trade Organization (WTO)([[2]](#footnote-3)), trading of AI‑related goods (from semiconductors and processors to finished computers, servers and telecommunications equipment) expanded by more than 20% year-on-year in the first half of 2025, contributing nearly half of overall merchandise trade growth. Of this, nearly two-thirds of AI-related trade growth came from Asia. Higher-income Asian economies such as Korea, Japan and Taiwan continued to provide high-value semiconductors and advanced telecom equipment, while emerging economies such as Vietnam and Thailand also benefited from rising related investment and supply-chain diversification.

Strong global demand for AI, supported by wide business adoption and consumer preference for digital services, also drives computer services exports. Based on WTO’s statistics, several selected Asian economies were among the world’s top twenty exporters of digitally delivered services in 2024, viz. India (5th), Chinese Mainland (6th), Singapore (7th), Japan (12th) and Korea (17th). Indeed, Asia as a region saw the fastest growth in information, communications and technology (ICT) services exports over the past decade, and accounted for some one-third of the world total in 2024 (***Chart 1***).

**Chart 1: Global ICT services exports**\*

|  |  |
| --- | --- |
| (a) ICT services exports | (b) Growth in ICT services exports by region |
|  |  |
| Note: (\*) ICT services are an aggregation of computer and telecommunications services.  Source: UNCTAD. | |

**Box 4.1 (Cont’d)**

A market report estimated the size of global AI market at US$137 billion in 2022 and projected it to hit US$1.8 trillion by end-2030, implying a remarkable average annual growth of nearly 38% in eight years’ time([[3]](#footnote-4)). North America, which accounted for over 41% of global AI market revenue in 2022, is expected to maintain its leading position, while the Asia-Pacific region is anticipated to register the fastest growth and take up a larger market share from 25% to 39% over the projected period([[4]](#footnote-5)). Other data sources pointed out that the US led the world by a wide margin in terms of private AI investment, amounting to US$471 billion during 2013‑24([[5]](#footnote-6)) (***Table 1***). Many Asian economies also made significant investment in AI, though their combined investment was only a fraction of the US’. The US also led in terms of the total number of newly funded AI companies.

**Table 1: The US and Asian economies drive global AI development**



Sources: Stanford Institute for Human-Centered AI, Data Center Map, UNCTAD.

The integration of AI into business operations is fueling demand for advanced data centres and cloud infrastructure. Southeast Asian economies have attracted significant investment in cloud and AI infrastructure from major technology companies in the Western world. For example, according to the United Nations Conference on Trade and Development (UNCTAD), in 2024 Microsoft announced investment of US$1.7 billion in Indonesia and US$2.2 billion in Malaysia, and in 2025 Amazon Web Services launched a new hub in Thailand with planned investment of over US$5 billion by 2037([[6]](#footnote-7)). While the US still houses most of the world’s data centres (38%), Asia is catching up. The nine Asian economies, Singapore, Korea, Taiwan, India, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam, collectively account for 8% of the world total, whereas Chinese Mainland, Japan and Hong Kong together take up another 7%. In terms of cloud infrastructure services, Asia far outperforms by hosting 349 services, more than double the US’ 145.

**Box 4.1 (Cont’d)**

Apart from the trade and investment angle, the growing prevalence of AI has prompted a proliferation of measures to gauge the readiness for AI adoption and application in recent years([[7]](#footnote-8)). These measures have common elements to reflect salient aspects of AI adoption, such as infrastructure, human capital, data, innovation (R&D), investment/financing, and institutions. For example, the International Monetary Fund (IMF) proposed an AI Preparedness Index (AIPI)([[8]](#footnote-9)) to summarise the overall AI preparedness based on a set of macro‑structural indicators relevant for AI adoption organised under four dimensions: (1) digital infrastructure, (2) human capital and labour market policies, (3) innovation and economic integration, and (4) regulation and ethics([[9]](#footnote-10)).

As depicted in ***Chart 2***, higher-income economies tend to have higher AIPI ranking than emerging economies. Singapore ranks top globally. Korea also does well in digital infrastructure, innovation, and regulation. As for emerging economies, Malaysia stands out and compares favourably among its peers in the four dimensions, most notably in human capital and regulation, while Thailand and Vietnam fare relatively better in digital infrastructure among the emerging economies. In overall terms, Hong Kong ranks 20th globally and 4th in Asia, scoring more favourably in digital infrastructure as well as innovation and economic integration as compared to Asia’s average.

**Chart 2: IMF’s AIPI by dimension for selected economies**



Note: Taiwan’s overall figures are not available. Figures in brackets denote global rank.

Source: IMF.

**Box 4.1 (Cont’d)**

The above discussion shows that Asia is well positioned to adopt and capitalise on AI. Indeed, the Global AI Competitiveness Index (GAICI) released by Deep Knowledge Group([[10]](#footnote-11)) in late January 2026 shows that while the US is regarded as the most AI competitive country, four out of the global top ten are from Asia: China (2nd), Singapore (4th), Japan (6th), and Korea (10th), taking into account the corporate and industrial, research innovation, human capital, policy, governance and regulation, and financial perspectives.

At the city level, the GAICI report has a Global AI for Finance Competitiveness Index to gauge financial city hubs’ applied AI capability in finance based on four pillars, viz. ecosystem scale, leadership and enablement (institutional framework supporting AI adoption in finance), funding intensity, and capital markets (***Chart 3***). Hong Kong ranks 3rd globally, just behind New York and London, and tops in Asia, showcasing its AI-for-finance advantage with the capital-markets gateway role as an international financial centre. It is also worth noting that seven out of the global top 20 financial hubs are from Asia: Hong Kong (3rd), Shanghai (5th), Singapore (7th), Tokyo (8th), Mumbai (11th), Seoul (15th), and Kuala Lumpur (20th).

**Chart 3: Global AI for Finance Competitiveness Index**

Note: Figures in brackets denote global rank. The report only shows the rankings of the top 20 hubs.

Source: Deep Knowledge Group.

The above analysis shows that apart from serving as strong trading hubs of AI-related goods and services, the selected Asian economies are well positioned to unleash the potential of AI on multiple fronts. AI is a core enabler of the digital economy. By automating routine tasks, augmenting human decision-making and enabling personalised digital services at scale, AI can drive productivity growth across different economic sectors. With Hong Kong adopting a dual strategy of developing AI as a core industry and empowering other industries through AI, Hong Kong’s journey in digitalisation is set to accelerate further in the foreseeable future. To fully realise the augmented growth potential, it is imperative for Hong Kong to continue investing in upskilling and reskilling programmes, empowering our workforce to thrive in the evolving digital economy and stay ahead in the global AI race.

**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. 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 2026 and 2027 are preliminary figures only, and are subject to revision upon the availability of more data.
3. 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.

1. The nine selected Asian economies are: Singapore, Korea, Taiwan, India, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam. Chinese Mainland, Hong Kong, Japan and the US are also added for comparison. [↑](#footnote-ref-2)
2. WTO: Global Trade Outlook and Statistics, October 2025. [↑](#footnote-ref-3)
3. Facts and Factors (2024): Artificial Intelligence market size, trends, growth, forecast report to 2030, <https://www.fnfresearch.com/artificial-intelligence-ai-market>. [↑](#footnote-ref-4)
4. References: Spherical Insights; Grand View Research; and Domainshift.ai. [↑](#footnote-ref-5)
5. Stanford Institute for Human-Centered AI: 2025 AI Index Report. [↑](#footnote-ref-6)
6. UNCTAD: Technology and Innovation Report 2025. [↑](#footnote-ref-7)
7. For example, the Global AI Index published by Tortoise Media; the Global Index on Responsible AI by the Global Center on AI Governance; the Government AI Readiness Index by Oxford Insights; and the Frontier Technologies Readiness Index covering, inter alia, AI by UNCTAD. Various ranking institutions such as the World Intellectual Property Organization’s Global Innovation Index and the International Institute for Management Development’s world competitiveness rankings also added indicators on AI in recent years. [↑](#footnote-ref-8)
8. The IMF released the new AIPI in its staff discussion note published in January 2024 titled “Gen-AI: Artificial Intelligence and the Future of Work”, based on 2023 data. [↑](#footnote-ref-9)
9. It should be noted that the IMF pointed out some limitations of AIPI, including the use of simple average with equal weighting of different indicators which may not be equally relevant, sensitivity to outlier bias, etc. [↑](#footnote-ref-10)
10. Deep Knowledge Group: <https://www.dkv.global/ai-index>. [↑](#footnote-ref-11)