

*Market Monitor – Hong Kong*

## Inbound tourism extends its recovery

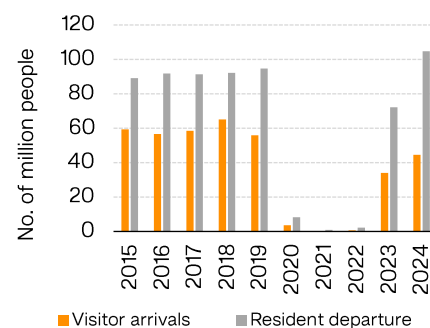


- The resumption of the multi-entry Individual Visit Scheme is set to drive a continued recovery in the tourism sector.
- The number of overseas and Mainland companies in Hong Kong surged to a new record high in 2024.
- Improvement in asset market activities towards the end of 2024.

### Visitor arrivals rose further in December

**The resumption of the multi-entry Individual Visit Scheme is set to drive a further recovery in the tourism sector.** Starting from December 2024, more than 10 million Shenzhen (SZ) residents are allowed to apply for the multiple-entry Individual Visit Scheme to visit Hong Kong, delivering a significant boost to inbound tourism. Total visitor arrivals in December grew by 8.3% year-on-year (YoY) to 4.3 million. For the full year of 2024, total arrivals surged by 30.9% YoY to 44.5 million, marking a strong recovery, although still 31.7% below the peak recorded in 2018. Outbound travel remained robust. Total outbound trips by local residents rose by 45.0% YoY to 104.7 million in 2024. Meanwhile, business sentiment indicated a continued expansion, with the S&P Global Hong Kong SAR PMI at 51.1 in December 2024, down slightly from 51.2 in November. Other monthly economic indicators in November exhibited similar trends to previous months. Exports grew by 2.1% YoY, retail sales declined by 7.3% YoY while the unemployment rate remained steady, indicating a still uneven but stabilising economic environment.

**Visitors arrivals vs resident departure**

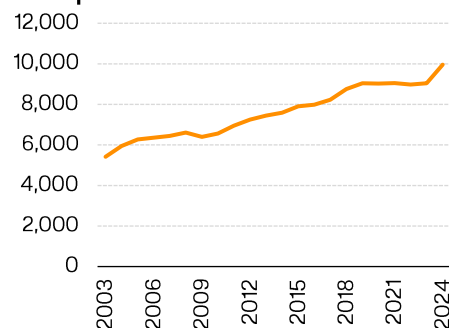


## Economic Research

January 2025

**The number of overseas and Mainland companies in Hong Kong surged to a new record high.** In 2024, the total number of foreign and Mainland companies in Hong Kong grew by 9.9% to a new record high of 9,960. Among them, there were 1,410 operating as regional headquarters, 2,410 as regional offices and 6,140 as local offices. While Chinese Mainland was the top market contributing to the rise in 2024, increases were widely noted from other major advanced economies, including the US, Japan, the UK, Germany, Singapore, Switzerland, South Korea, and Sweden. In addition, the total number of people employed by these foreign and Mainland companies in Hong Kong jumped 5.3% to 493,000. These achievements demonstrated that Hong Kong remains an ideal location for multinational companies to establish a presence and expand their businesses in Asia. Particularly, the SAR Government has made dedicated efforts to promote Hong Kong's advantages and attract overseas and Mainland companies to invest in Hong Kong.

No. of Mainland or foreign companies with offices in HK



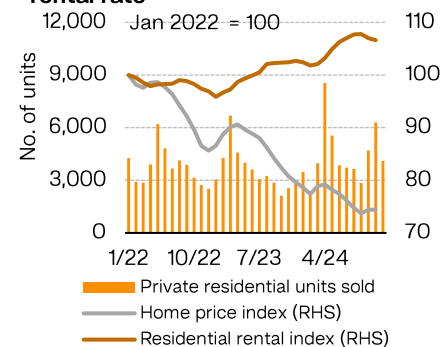
Source: Census and Statistics Department

## Improvement in asset market activities towards the end of 2024

**2024 marked a recovery for Hong Kong's stock market from its previous low levels.** After four consecutive years of declines from 2020 to 2023, improving market confidence led the Hang Seng Index to reverse its downward trend, rising by 17.7% by end-2024. This recovery was driven by positive market sentiment toward the Chinese Mainland's economy, supported by intensified stimulus measures and the onset of a global rate-cutting cycle. Stock trading activities picked up noticeably, with the average daily turnover (ADT) in Hong Kong's securities market increasing by 26.5% YoY to HKD 133 billion in 2024. Capital market financing activities gained momentum too, as the total funds raised through Initial Public Offerings (IPOs) rose by 88.4% YoY to HKD 87 billion.

**Home sales soared to a three-year high in 2024.** The official residential property price index edged up by 0.1% in November 2024, following a 0.9% increase in October. While house prices in November were still down 6.6% year-to-date (YTD), the recent monthly gains signalled stabilising market conditions. Market transactions also rebounded, with total home sales volume in 2024 surging by 23.5% YoY to 53,099 units, the highest in three years. These developments suggest that the SAR Government's abolition of demand-side management measures and lower interest rates have encouraged more buyers to enter the market. The rental market remained resilient, with the official residential rental price index rising by 3.8% YTD in November. While concerns about abundant supply persist, Hong Kong's steady economic recovery and anticipated further rate cuts are expected to provide continued support to the property market in 2025.

Private residential sales, price and rental rate



Source: Bloomberg

**Disclaimer**

This material is prepared by The Bank of East Asia, Limited ("BEA") for customers' reference only. The content is based on information available to the public and reasonably believed to be reliable, but has not been independently verified. Any projections and opinions contained herein are expressed solely as general market commentary, and do not constitute an offer of securities or investment, nor a solicitation, suggestion, investment advice, or guaranteed return in respect of such an offer. The information, forecasts, and opinions contained herein are as of the date hereof and are subject to change without prior notification, and should not be regarded as any investment product or market recommendations. This material has not been reviewed by the Securities and Futures Commission of Hong Kong, Hong Kong Monetary Authority, or any regulatory authority in Hong Kong.

BEA will update the published research as needed. In addition to certain reports published on a periodic basis, other reports may be published at irregular intervals as appropriate without prior notice.

No representation or warranty, express or implied, is given by or on behalf of BEA, as to the accuracy or completeness of the information and stated returns contained in this material, and no liability is accepted for any loss arising, directly or indirectly, from any use of such information (whether due to infringements or contracts or other aspects). Investment involves risks. The price of investment products may go up or down, and may become valueless. Past performance is not indicative of future performance. The investments mentioned in this material may not be suitable for all investors, and the specific investment objectives or experience, financial situation, or other needs of each recipient are not considered. Therefore, you should not make any investment decisions based solely on this material. You should make investment decisions based on your own investment objectives, investment experience, financial situation, and specific needs; if necessary, you should seek independent professional advice before making any investment.

This material is the property of BEA and is protected by relevant intellectual property laws. Without the prior written consent of BEA, the information herein is not allowed to be copied, transferred, sold, distributed, published, broadcast, circulated, modified, or developed commercially, in either electronic or printed forms, nor through any media platforms that exist now or are developed later.

For more information, please visit our webpage at <https://www.hkbea.com/html/en/bea-about-bea-economic-research.html>. For any enquiries, please contact the Economic Research Department of BEA (email: [lerd@hkbea.com](mailto:lerd@hkbea.com)/telephone number: (852) 3609-1504/postal address: GPO Box 31, Hong Kong).