Economic Research Department

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Economic QuickView

Hong Kong 2025 Policy Address: Deepening reforms to nurture new growth drivers

- The Policy Address details reforms to expedite Northern Metropolis development, nurture emerging industries, and deepen integration with national strategies.
- The Government proposes to enhance Hong Kong's traditional strengths in finance through expanded RMB offerings and capital market upgrades.
- The Government emphasises enriching the housing ladder while ensuring steady property market development.

The 2025 Policy Address outlines a comprehensive reform roadmap to advance Hong Kong's economic transformation. On 17 September 2025, Chief Executive John Lee delivered his fourth Policy Address, under the theme "Deepening Reforms for Our People, Leveraging Our Strengths for a Brighter Future." The Policy Address responds to global uncertainties by targeting new economic drivers. Major initiatives include the acceleration of Northern Metropolis development, strategic support for emerging industries, enhancement of Hong Kong's international financial centre status and support for the property market. These measures aim to strengthen Hong Kong's long-term competitiveness and resilience.

Cultivate new growth areas

The Government is taking forward the development of Northern Metropolis at full speed. A new Committee on Development of the Northern Metropolis, chaired by the Chief Executive, will be established to oversee overall planning, expedite key decisions, remove barriers and streamline administrative workflows. Dedicated legislation will also be introduced to implement simplified statutory procedures. In addition, transport infrastructure, including the Northern Link Spur Line and cross-boundary railway projects, will be advanced. On top of the planned capital works expenditure at HKD 120 billion per annum in the coming five years, the Government will earmark an additional HKD 30 billion in the next two to three years for construction projects. With these commitments, the Northern Metropolis is positioned to fuel public investment, foster innovation and technology industries, and attract substantive capital inflows.

The Government will step up efforts to nurture emerging industries. The Policy Address highlights that the Financial Secretary will formulate preferential policy packages, enabling the Office for Attracting Strategic Enterprises and InvestHK to negotiate flexibly with enterprises. Specifically, the Government aims to attract a leading European aeronautic services company and train relevant talent, developing Hong Kong into an international aviation hub. To further support the life and health technology industry, the Hong Kong Centre for Medical Products Regulation will be established to assist pharmaceutical companies in bringing innovative drugs to market. The new energy sector is also mentioned, with a focus on sustainable aviation fuel, hydrogen, and electric vehicle battery recycling. Furthermore, the Government will promote the development of artificial intelligence (AI) and data science industries, expanding AI applications in government and business operations. These initiatives underpin a push toward advanced manufacturing.

Integration with national strategies remains a core theme to unlock new growth opportunities. The Government is committed to promoting the development of the Greater Bay Area (GBA). For instance, the Government will accelerate the development of the HKIA Dongguan Logistics Park and enhance the Payment Connect, enabling Hong Kong retirees in Guangdong and Fujian to receive cash assistance directly via designated mainland bank accounts. Moreover, collaboration between the Hong Kong Exchanges and Clearing Limited (HKEX) and GBA exchanges will be strengthened to expand commodity and carbon trading markets. The Government will also foster stronger cross-border cooperation in high-tech industries, such as biotech, health and fintech. These measures will promote a more efficient flow of people, goods, and capital in the GBA region, generate regional synergy, and create more business opportunities.

In addition, the Government will capitalise on the advantages of Hong Kong as an export platform and an international financial centre and set up a task Force on Supporting Mainland Enterprises in Going Global to proactively attract Mainland enterprises to use Hong Kong in expanding their businesses overseas, and to formulate proposals for them.

Enhance traditional strengths in finance

Solidifying the financial sector remains central to Hong Kong's economic agenda. The Policy Address proposes a variety of stock market reforms, such as reducing the stock settlement cycle to T+1, supporting China Concept Stock companies to return and list in Hong Kong, and advancing the inclusion of an RMB trading counter under the Stock Connect's Southbound trading for Hong Kong stocks. In addition, a Fixed Income and Currency Roadmap will be launched, with measures to promote Hong Kong's bond market development and strengthen its status as an offshore RMB centre with a new RMB Business Facility. To support the wealth management sector, preferential tax regimes for funds, single-family offices will be enhanced, along with efforts to promote the inclusion of real estate investment trusts (REITs) under mutual market access to increase the liquidity of REITs in the Chinese Mainland and Hong Kong.

The Policy Address also aims to expedite the development of an international gold trading market. The Government highlights a number of initiatives, including: supporting the Airport Authority and financial institutions in establishing gold storage facilities with a target capacity of over 2,000 tonnes within three years and positioning Hong Kong as a regional gold reserve hub; encouraging more gold traders to set up and expand gold storage facilities in Hong Kong; establishing a central clearing system for gold; offering a greater variety of gold investment vehicles by assisting issuers in launching gold funds; supporting the development of innovative products such as tokenized gold; and supporting the setting up of a trade association for the gold industry. Developing Hong Kong into an international gold trading centre is a strategic move to diversify its financial services by capitalizing on rising demand for gold in an increasingly uncertain global environment. This initiative will also drive growth through job creation in related industries such as logistics and insurance.

Targeted efforts to enrich the housing ladder

The Government is taking steps to enrich the housing ladder on multiple fronts. The Policy Address underscores an orderly increase in public housing supply to meet the basic housing needs of residents. Public housing production over the next five years is projected to reach 189,000 units, approximately 80% higher than at the start of the current-term Government. The waiting time for Subsidized Rental Housing will be further reduced from 5.1 years to 4.5 years by 2026-27. In the meantime, the ratio of quotas of Home Ownership Scheme flats between Green Form and White Form will be increased from 40:60 to 50:50, which will assist more Public Rental Housing tenants to become homeowners. And the quota for White Form Secondary Market Scheme will be raised by 1,000 to 7,000, allowing more opportunities to purchase subsidised sale flats in the secondary market. In the private market, the supply target in the next 10 years is slightly reduced to 126,000 units (down from 132,000 units a year ago). Furthermore, the transaction price threshold for residential property investment under the New Capital Investment Entrant Scheme will be lowered from HKD 50 million to HKD 30 million. This adjustment aims to broaden eligibility for high-net-worth individuals and increase the demand for the high-end segment of the property market. Taken together, these measures will benefit more households and offer more paths toward homeownership, while promoting steady property market.

Overall, the 2025 Policy Address affirms the Government's commitment to reform and economic transformation. By expediting the development of the Northern Metropolis, nurturing emerging industries, deepening GBA integration, and enhancing its strengths in finance, the Government strives to secure sustainable prosperity and fortify the city's global competitiveness amid an increasingly challenging external environment.

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