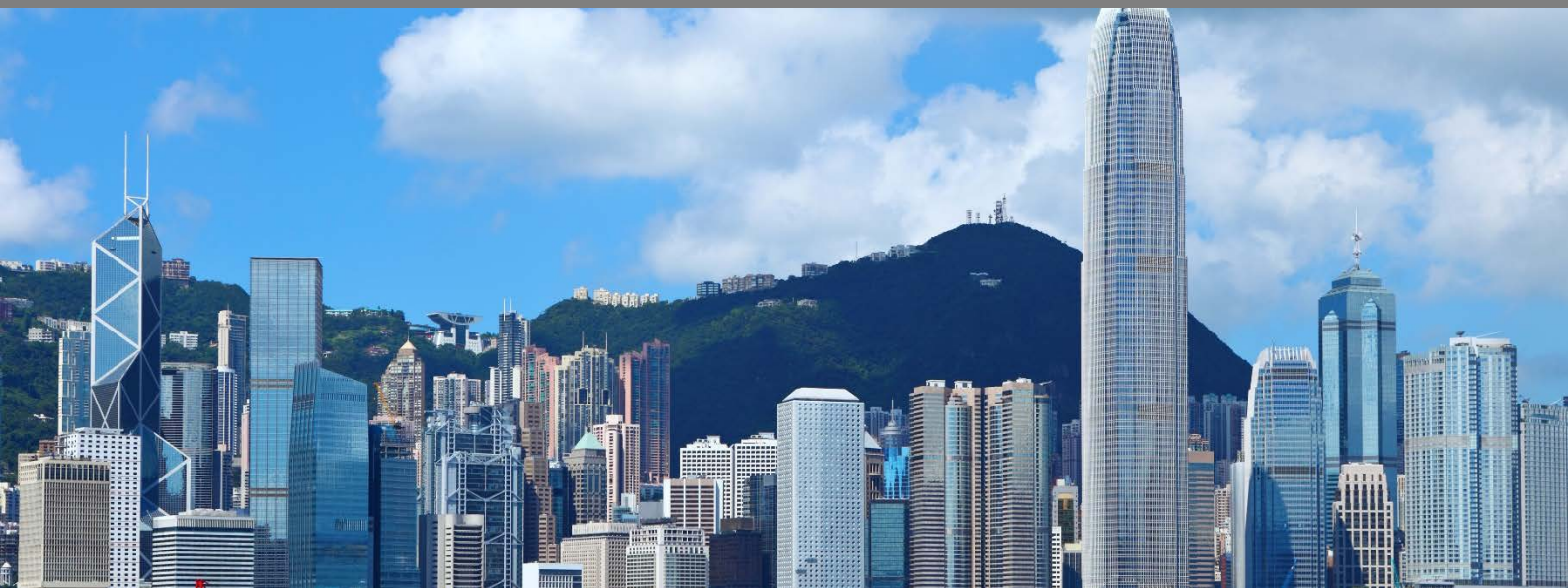


Economic QuickView



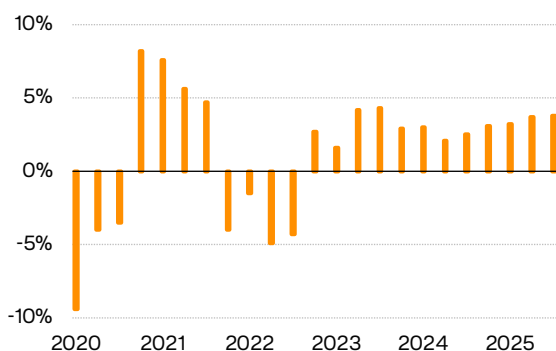
Hong Kong GDP: Robust momentum in Q4 lifted 2025 full-year growth to 3.5%

- Economic growth in Hong Kong soared to 3.8% YoY in Q4, up from 3.7% in Q3, pulling the 2025 full-year growth to 3.5%, compared to 2.6% in 2024.
- In Q4 2025, investment spending, private consumption and exports of goods accelerated, while exports of services moderated slightly.
- Driven by a more balanced mix of external and domestic drivers, the Hong Kong economy is projected to maintain robust growth at 2.5-3.0% in 2026.

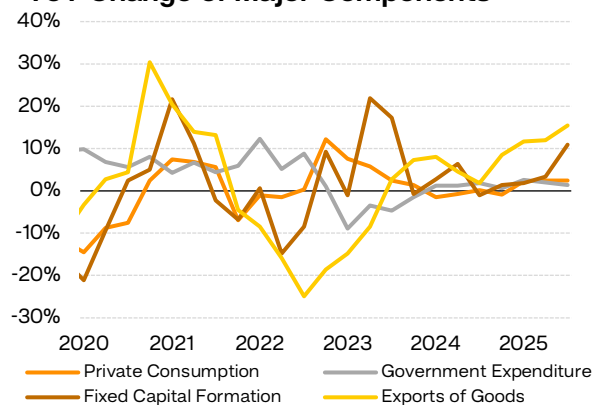
Hong Kong's GDP grew by 3.8% in 2025, driven by widespread economic momentum. The Hong Kong economy expanded by 3.8% year-on-year (YoY) in Q4 2025, accelerating from 3.7% in Q3 2025. On a quarter-to-quarter (QtQ) basis, economic growth picked up further from 0.9% in Q3 to 1.0% in Q4. For 2025 as a whole, Hong Kong's GDP growth accelerated from 2.6% in 2024 to 3.5% in 2025, exceeding the SAR Government's forecast of 3.2%. Breaking down by components, investment spending grew 4.5% in 2025; private consumption resumed to 1.6% growth; exports and imports of goods rose by 12.0% and 12.6% respectively, despite a volatile global trade policy backdrop; exports of services jumped by 6.3%, supported by the stronger inbound tourist arrivals, whereas growth in imports of services slowed to 4.1%. Together, domestic demand is estimated to contribute around 3.8 percentage points (ppts) to the headline GDP growth for 2025.

Investment strengthened amid improved business sentiment. Gross domestic fixed capital formation grew strongly by 10.9% YoY in Q4, up from 3.4% in Q3. This growth was evidenced by increased capital goods imports, particularly in machinery and equipment. Meanwhile, building and construction investment, especially public projects, likely improved, as various development plans in the Northern Metropolis have commenced. Property sales transactions held up, suggesting a

steady growth in costs of ownership transfer. Finally, changes in inventories were estimated to be positive in Q4, contributing around 4.1 ppts to the headline YoY GDP growth for Q4. Looking ahead, improved financial conditions and rising business sentiment, coupled with the advancement of the Northern Metropolis development, are expected to boost investments in the near term.

Hong Kong Real GDP YoY Change


Source: Census and Statistics Department

YoY Change of Major Components


Source: Census and Statistics Department

Private consumption continued to recover, likely supported by stronger positive wealth effects.

Private consumption rose by 2.5% YoY in Q4, up from 2.4% in Q3, led by improved consumer sentiment. Notably, retail sales have remained robust, extending an uptrend since May. Following years of subdued asset market performance, a rebound of housing prices and a sturdy stock market rally should generate positive wealth effects for consumers. Moving forward, a further uptick in asset markets, stable labour conditions and income growth, and easing monetary environment are expected to support a structural recovery in consumption.

Merchandise trades soared despite a volatile global trade policy backdrop.

Exports of goods surged by 15.5% in Q4, following a robust growth of 12.0% in Q3. The acceleration was largely driven by a rebound of exports to the US market, after Chinese Mainland and US agreed a trade deal to de-escalate their trade tensions. In addition, Hong Kong's exports to the EU and ASEAN remained robust, reflecting the success of Chinese manufacturers to embrace export diversification strategy. Going forward, merchandise trade growth may normalise in 2026 given high base effects from frontloading in the previous year, but overall growth momentum should remain steady, supported by a greater near-term trade policy predictability, steady global economic recovery, and the stronger ties with non-US markets.

Service exports maintained a stable expansion bolstered by inbound tourism.

Exports of services increased by 4.9% in Q4, compared to 6.6% in Q3. The normalisation of stock market turnover following a robust Q3 likely led to a moderation in financial service exports. That said, inbound tourism continued to expand, driven by a series of winter mega-events. Tourist arrivals rose strongly by 12.7% YoY in Q4, reaching a total of 16.6 million for 2025. Higher tourism arrivals likely boosted travel and transport related service exports. On the other hand, imports of services rose from 2.3% in Q3 to 3.1% YoY in Q4.

Taken together, net exports are estimated to contribute approximately -3.9 ppts to the headline GDP growth for Q4, while domestic demand contributed around 7.7 ppts.

Growth momentum is expected to continue in 2026, driven by a more balanced mix of external and domestic drivers. Since 2H 2025, the Hong Kong economy has staged a broad-based recovery, supported by multiple favourable factors, including reduced global trade uncertainty, improved financial conditions, rising business confidence, stabilising labour conditions and substantial public investment. With this widespread economic momentum, the Hong Kong economy is projected to maintain robust growth at 2.5-3.0% in 2026.

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