Economic Indicators Analysis

3 July 2026

Hong Kong's Retail Sector Continues Its Steady Recovery

Summary:

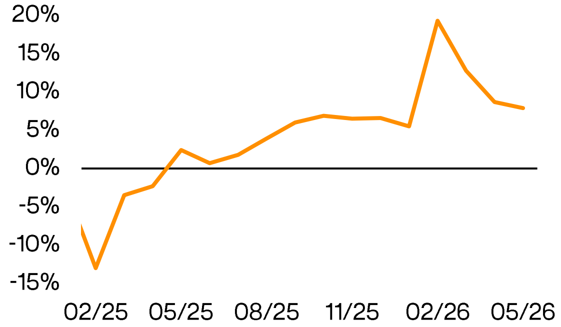
- Hong Kong's retail sales maintained solid growth in May, expanding by 7.9% YoY to reach HKD 33.8 billion.
- Discretionary spending spearheaded the expansion, driven by an acceleration in luxury goods alongside a rebound in department store sales.
- Robust inbound visitor arrivals during the May Golden Week holiday remained the primary catalyst for the retail sale performance.

Hong Kong's retail sales remained on a solid growth trajectory in May 2026. Total retail sales value reached HKD 33.8 billion in May, representing a 7.9% year-on-year (YoY) increase. While this marked a slight moderation from the 8.7% growth pace in April, the expansion remained solid against historical trends. For the first five months of 2026, total retail sales value grew by 10% YoY.

Discretionary categories took center stage during the month, with luxury items outperforming all other major product segments. Driven by robust holiday spending, the luxury category (jewellery, watches and clocks) expanded by 25.8% YoY in May (Apr: 20.5%). In addition, department stores staged a notable rebound, returning to growth at 9.2% YoY after contracting 6.7% in April. Sales of electrical goods and other consumer durable goods also expanded by 13.0% YoY, though this reflected a natural moderation from the strong 23.1% pace in April.

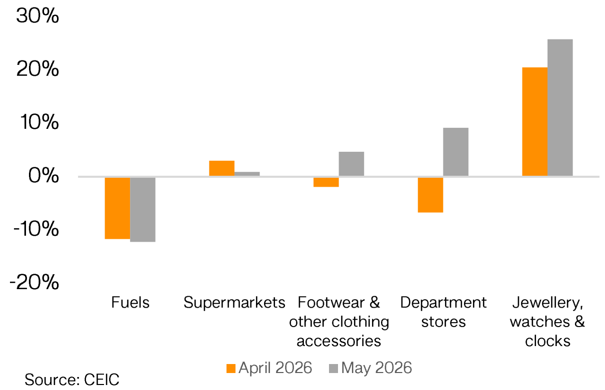
Overall consumer durables growth normalised to 8.9% YoY, down from 27.0% in April, mainly due to the expiration of the Government's electric vehicle (EV) tax concession scheme on 31 March. This policy change caused vehicle sales growth to ease sharply to 1.7% YoY from the front-loaded 46.0% surge in April. Conversely, sales of food, alcoholic drinks and tobacco fell slightly by 0.3% YoY, while fuel sales contracted further by 12.2% YoY in May. The persistent contraction in fuel sales highlights a structural downtrend that aligns with the rising penetration of EVs across Hong Kong. On a separate note, online retail sales rose strongly by 32.3% YoY in May, lifting their share of total retail sales to 10.1%.

Retail Sales (% YoY)



Source: CEIC

Retail Sales Growth by Category (% YoY)



Source: CEIC

Inbound visitor arrivals during the May Golden Week holiday remained the primary catalyst for retail growth. Tourism continued to provide indispensable support to local retailers, with total inbound visitor arrivals rising 9.5% YoY to 4.46 million in May. Crucially, visitors from the Chinese Mainland accounted for approximately 77% of total arrivals during January to May 2026. Together with the strength of the RMB, this steady influx of Mainland tourists has provided solid support for Hong Kong's retail sector.

Looking ahead, Hong Kong's retail sales recovery is well-positioned to remain intact. Local consumption will continue to be underpinned by favourable economic fundamentals, including improving consumer sentiment, steady wage growth, and stable labour market conditions. Furthermore, sustained inbound tourism momentum is expected to inject continued impetus into retail spending in Hong Kong.

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