

TRAVEL AND HOSPITALITY

Hong Kong retail sales rebound despite labor shortage, thanks to mainland tourism

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Hong Kong's retail sales jumped 31.3 percent in February due to low 2022 figures and an upswing in tourist arrivals. Image credit: K11 Musea

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In February, retail sales in Hong Kong rose **31.3 percent** from a year earlier to \$4.22 billion the biggest percentage growth in 13 years.

This was driven by a sharp rebound in inbound travelers. Early February was when all border checkpoints were fully reopened.

Tourist arrivals that month surged nearly 557 times year-over-year to 1.46 million, surpassing the 1 million-mark for the first time in three years. Mainland Chinese accounted for 1.11 million of these arrivals, according to the Hong Kong Tourism Board.

The Jing Take: The influx of foot traffic sent sales of jewelry, watches, clocks and valuable gifts up **128.6 percent** in February compared to last year, while clothing, footwear and accessories sales jumped 104.1 percent.

One notable winner was Hong Kong's cultural-retail mall, K11 Musea, which credited the return of tourists and art enthusiasts for its more than 100 percent year-over-year sales growth in the first quarter of 2023.

To keep this momentum going, the Hong Kong Tourism Board launched a promotional campaign called "Hello Hong Kong" in March. Not only is it giving away 500,000 free air tickets over the next six months, but it has also prepared more than 1 million consumption vouchers to restaurants, shops, and attractions to welcome guests with open arms.

Fred Lam, CEO of Hong Kong's airport authority, believes the initiative will have a ripple effect, with those who receive a free ticket expected to bring along a few friends and family members on their trip.

That said, one issue dampening recovery news is the recent announcement about Hong Kong's shrinking **labor market**. In 2022, its workforce fell by 2.4 percent the largest labor drop on record.

As the population ages and talented workers emigrate abroad for better opportunities, the manpower shortage will likely affect the city's competitiveness as well as its ability to staff up its tourism sector.

Still, looking at the near term, Hong Kong's economy is predicted to grow 3.5 percent to 5.5 percent this year after shrinking 3.5 percent in 2022, said **financial secretary Paul Chan**.

April could help boost this, with more than **9 million people** expected to travel to the city for the Qingming Festival and Easter week, the first long holiday since COVID-19 measures were lifted.

The road to recovery is long.

As a comparison, Hong Kong recorded **56 million arrivals** in 2019 before the pandemic began. But with a packed calendar of events and various consumption initiatives, perhaps the city can inch towards regaining its glory as Asia's travel and shopping mecca.

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