

6.8

BUSINESS SERVICES

OVERVIEW

The business services sector expanded by 1.7 per cent year-on-year in the fourth quarter of 2019, improving from the 1.1 per cent growth posted in the previous quarter.

For the whole of 2019, the sector grew by 1.4 per cent, easing from the 2.4 per cent growth in 2018. Growth was supported largely by the professional services segment.

PROFESSIONAL SERVICES

In 2019, the professional services segment posted healthy growth, with all sub-segments registering expansions. The growth of the segment was largely driven by the head offices & business representative offices and architectural & engineering, technical testing & analysis sub-segments, which grew by 5.6 per cent and 4.7 per cent respectively in 2019.

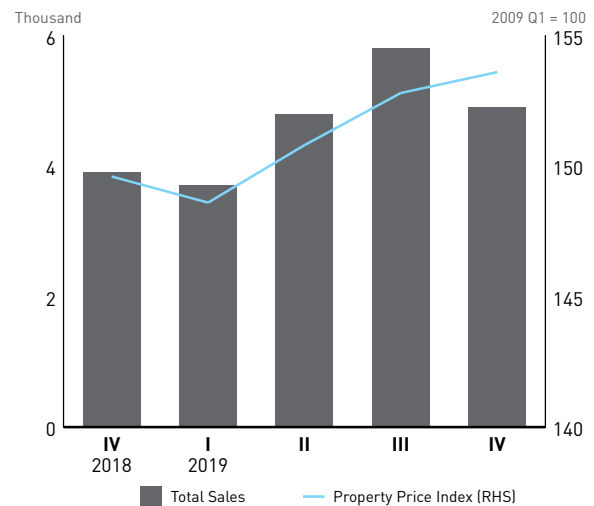
REAL ESTATE

The real estate segment mounted a recovery in 2019, growing marginally by 0.3 per cent, compared to the 0.7 per cent contraction in 2018.

The private residential property market remained firm in the fourth quarter. On a quarter-on-quarter basis, private residential property prices rose by 0.5 per cent, moderating from the 1.3 per cent increase in the preceding quarter. For the whole of 2019, prices increased at a more gradual pace of 2.7 per cent compared to the 7.9 per cent growth in 2018.

Private residential property sales volume also increased in the fourth quarter. Specifically, private residential property sales increased by 26 per cent year-on-year, rebounding from the 0.03 per cent contraction in the third quarter. For the full year, however, total sales declined by 14 per cent to 19,150 units, compared to the 22,139 units sold in 2018 (Exhibit 6.29).

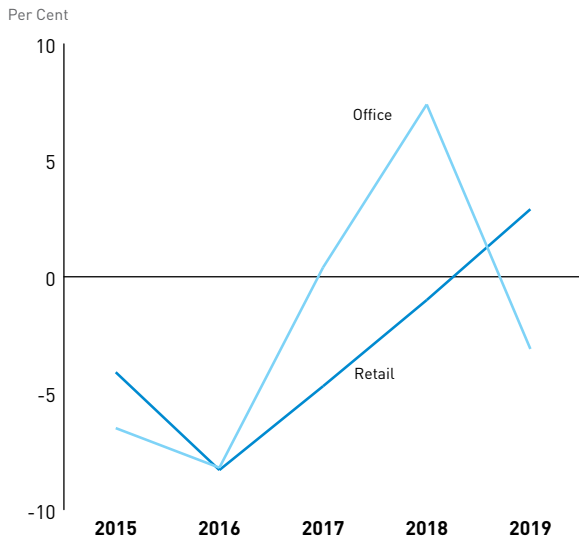
Exhibit 6.29: Total Sales of Private Residential Units and Private Residential Property Price Index



In the commercial space segment, the retail space market improved in 2019. Private retail space rentals rose by 2.9 per cent, reversing the 1.0 per cent decline in the previous year (Exhibit 6.30). The improved performance was due to higher rentals in the Central Area (3.3 per cent) and Fringe Area (2.7 per cent). In tandem with the increase in rentals, the prices of private retail space rose by 1.3 per cent in 2019, picking up from the 0.6 per cent growth in 2018. While prices in the Central Area fell by 2.3 per cent, this was more than offset by higher prices in the Fringe Area (3.3 per cent).

Following a robust 5.7 per cent increase in 2018, prices in the office space market eased to register a decline of 0.6 per cent in 2019. Similarly, private office space rentals fell by 3.1 per cent in 2019, reversing the 7.4 per cent increase in the previous year (Exhibit 6.30). The decline in office rentals was due to lower rentals in both the Central Area (-3.1 per cent) and Fringe Area (-1.3 per cent).

Exhibit 6.30: Changes in Rentals of Private Sector Office and Retail Spaces



In the industrial space market, overall prices of industrial properties remained broadly stable, dipping slightly by 0.3 per cent in 2019, following the flat growth recorded in 2018. Meanwhile, overall rentals grew marginally by 0.1 per cent, reversing the 0.3 per cent decline in the previous year. In particular, the rentals of private single-user factory space stabilised, rising by 0.5 per cent in 2019, a reversal from the 1.9 per cent decline in 2018 (Exhibit 6.31).

Exhibit 6.31: Occupancy Rate and Rental Growth of Industrial Space

