

REAL ESTATE & PROFESSIONAL SERVICES

OVERVIEW

The real estate sector expanded by 1.6 per cent year-on-year in the fourth quarter of 2021, slowing from the 19.9 per cent growth in the previous quarter. For the whole of 2021, the sector grew by 10.7 per cent, a turnaround from the 13.7 per cent contraction recorded in 2020.

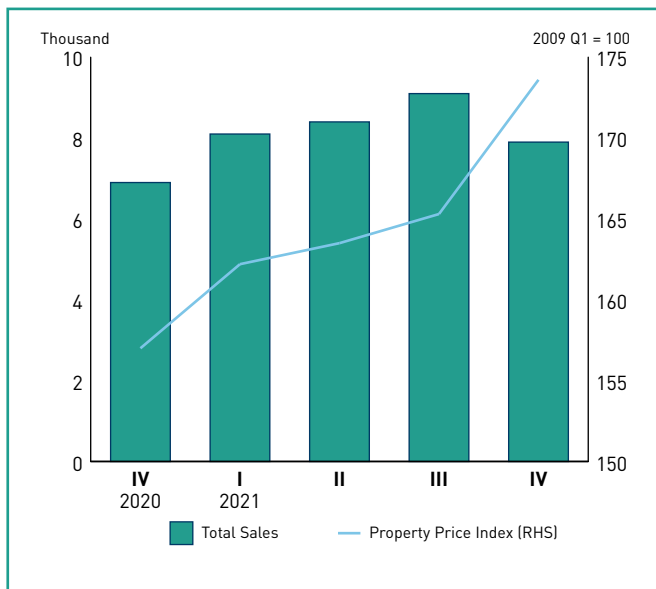
The professional services sector expanded by 4.9 per cent year-on-year in the fourth quarter of 2021, extending the 5.9 per cent growth in the previous quarter. For 2021 as a whole, the sector grew by 4.4 per cent, a reversal from the 8.0 per cent contraction in 2020.

REAL ESTATE

The private residential property market remained resilient in the fourth quarter. On a quarter-on-quarter basis, private residential property prices rose by 5.0 per cent, faster than the 1.1 per cent increase in the preceding quarter. For the whole of 2021, prices climbed by 10.6 per cent, compared to the increase of 2.2 per cent seen in 2020.

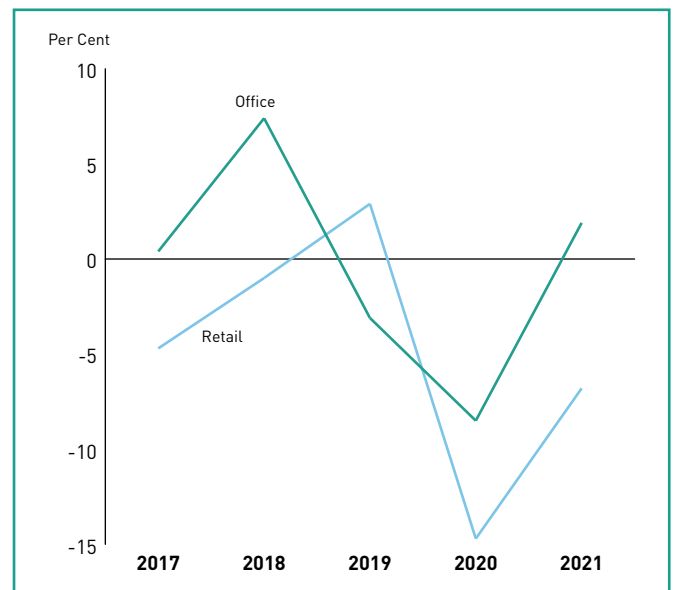
Alongside the rise in prices, private residential property sales volume increased in the fourth quarter. Specifically, total private residential property sales grew by 14.4 per cent year-on-year during the quarter, following the 28.9 per cent increase in the previous quarter. For the full year, total sales rose by 60.5 per cent to 33,557 units, from the 20,909 units sold in 2020 (Exhibit 6.27).

Exhibit 6.27: Total Sales of Private Residential Units and Private Residential Property Price Index



In the commercial space segment, the performance of the retail space market worsened in 2021. Specifically, private retail space rental fell by 6.8 per cent in 2021, extending the 14.7 per cent decline in the previous year (Exhibit 6.28). The weak rental performance was due to lower rentals in the Central Area (-7.2 per cent) and Fringe Area (-4.8 per cent). Similarly, the prices of private retail space declined by 4.2 per cent in 2021, extending the 4.5 per cent fall recorded in 2020. While prices in the Central Area dropped by 7.3 per cent, prices in the Fringe Area rose by 5.4 per cent.

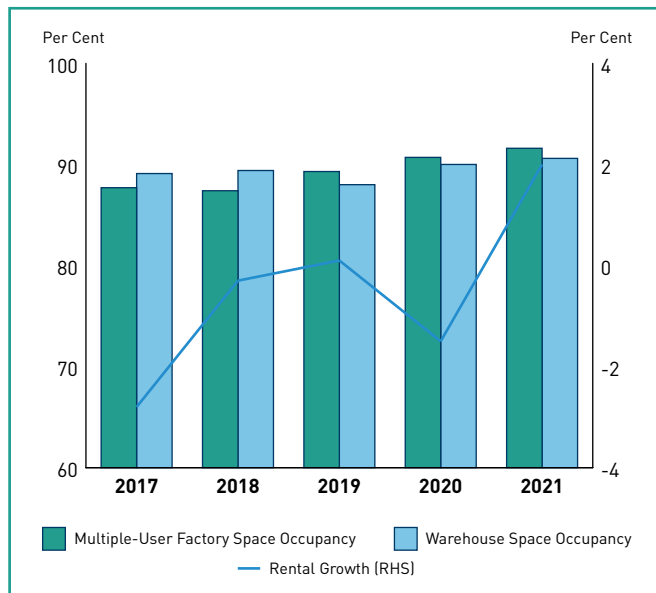
Exhibit 6.28: Changes in Rentals of Private Sector Office and Retail Spaces



The performance of the office space market was mixed in 2021. Office rental rose by 1.9 per cent, reversing the 8.5 per cent decline recorded in the previous year, on account of higher rentals in the Central Area (1.2 per cent) and Fringe Area (3.1 per cent). However, prices in the office space market fell by 5.8 per cent in 2021, albeit moderating from the 10.7 per cent decline posted in 2020.

In the industrial space market, overall rental rose by 2.0 per cent in 2021, a reversal from the 1.5 per cent decline seen in the previous year (Exhibit 6.29). Rentals of all types of industrial property space except for business parks (i.e., single-use factories, multiple-user factories and warehouses) increased in 2021. Meanwhile, overall industrial property prices grew by 4.4 per cent in 2021, turning around from the 2.7 per cent decline in 2020.

Exhibit 6.29: Occupancy Rate and Rental Growth of Industrial Space



PROFESSIONAL SERVICES

In 2021, the professional services sector expanded, with all segments registering growth except for the head offices & business representative offices segment. Growth in the sector was largely driven by the architectural & engineering, technical testing & analysis segment, as well as the other professional, scientific & technical services segment, which expanded by 10.6 per cent and 9.1 per cent respectively.