

Chapter 6.10

REAL ESTATE & PROFESSIONAL SERVICES

OVERVIEW

The real estate sector expanded by 15.2 per cent year-on-year in the fourth quarter of 2022, extending the 14.8 per cent growth in the previous quarter. For the whole of 2022, the sector grew by 14.1 per cent, moderating from the 18.4 per cent growth in 2021.

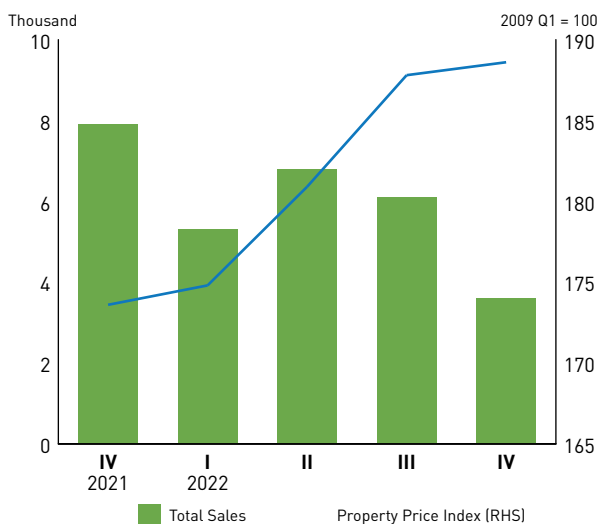
The professional services sector expanded by 6.1 per cent year-on-year in the fourth quarter of 2022, extending the 7.9 per cent growth in the previous quarter. For 2022 as a whole, the sector grew by 7.6 per cent, faster than the 4.0 per cent growth in 2021.

REAL ESTATE

The private residential property market softened in the fourth quarter, as total private residential property sales fell by 54.7 per cent year-on-year, extending the 32.3 per cent decline in the previous quarter. For the full year, total sales fell by 34.8 per cent to 21,890 units, from the 33,557 units sold in 2021.

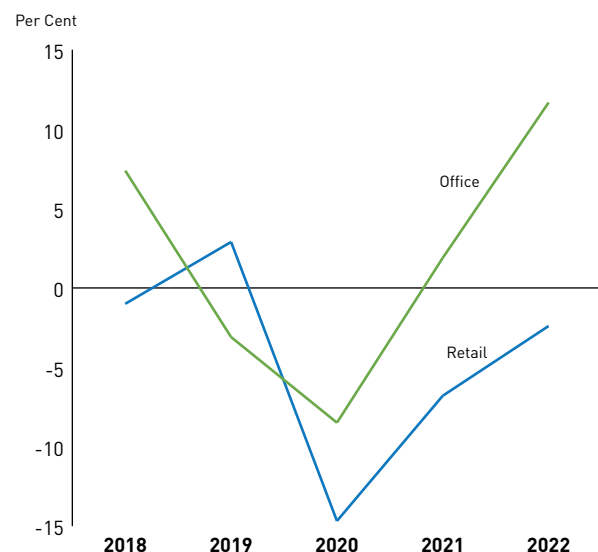
Reflecting the weaker demand, the increase in private residential property prices tapered off in the fourth quarter, coming in at 0.4 per cent compared to the 3.8 per cent increase in the preceding quarter. For the whole of 2022, prices climbed by 8.6 per cent, following the increase of 10.6 per cent in 2021 (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 remained weak in 2022. Specifically, private retail space rental fell by 2.4 per cent in 2022, although this was an improvement from the 6.8 per cent decline in the previous year (Exhibit 6.28). The weak rental performance was due to lower rentals in the Central Area (-2.1 per cent) and Fringe Area (-3.1 per cent). Similarly, the prices of private retail space declined by 7.8 per cent in 2022, extending the 4.2 per cent fall recorded in 2021. While prices in the Central Area dropped by 11.3 per cent, prices in the Fringe Area rose by 1.0 per cent.

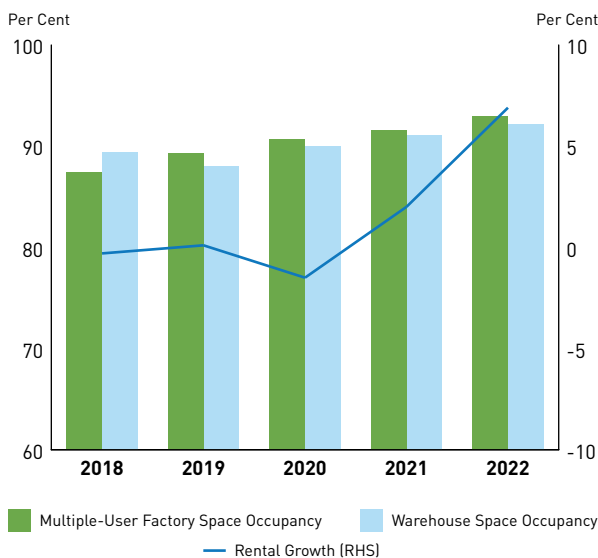
Exhibit 6.28: Changes in Rentals of Private Sector Office and Retail Spaces



On the other hand, the office space market improved in 2022. Office rental rose by 11.7 per cent, accelerating from the 1.9 per cent increase in the previous year, on account of higher rentals in the Central Area (11.9 per cent) and Fringe Area (11.6 per cent). Prices in the office space market inched down by 0.1 per cent in 2022, moderating from the 5.8 per cent decline in 2021.

In the industrial space market, overall rental rose by 6.9 per cent in 2022, faster than the 2.0 per cent increase seen in the previous year (Exhibit 6.29). Rentals of all types of industrial property space (i.e., single-use factories, multiple-user factories, warehouses and business parks) increased in 2022. Meanwhile, overall industrial property prices grew by 7.5 per cent, accelerating from the 4.4 per cent increase in 2021.

Exhibit 6.29: Occupancy Rate and Rental Growth of Industrial Space



PROFESSIONAL SERVICES

In 2022, the professional services sector expanded, with all segments registering growth except for the legal and head offices & business representative offices segments. 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 16.9 per cent and 16.8 per cent respectively.