

8.8

BUSINESS SERVICES

OVERVIEW

The business services sector grew by 5.2 per cent in the fourth quarter of 2008, lower than the 8.2 per cent growth registered in the previous quarter.

For 2008, the business services sector was the fastest growing service sector. However, growth slowed to 7.4 per cent compared to 9.1 per cent seen in 2007.

REAL ESTATE

A deterioration in the real estate segment contributed to the moderation in the growth of business services.

Private residential property transactions fell by 71 per cent in the fourth quarter of 2008 on a year-on-year basis, compared to a 58 per cent decline in the preceding quarter. As a result of persistently weak demand, prices of private residential properties fell by 4.7 per cent in the fourth quarter of 2008 on a year-on-year basis, compared to the 8.3 per cent increase in the previous quarter and the 31 per cent growth registered in 2007.

The health of other property segments also declined in 2008. The occupancy rate of private offices fell from 92 per cent in the third quarter of 2008 to 91 per cent in the fourth quarter (Exhibit 8.28). This was also lower than the 93 per cent occupancy rate registered a year ago. As a result, office rents in the Central Region rose at a far lower rate of 5.8 per cent, compared to the 26 per cent in the third quarter of 2008 and the 56 per cent increase in 2007. Similarly, rentals of shops in the Central Region rose by 5.1 per cent, down from the 6.3 per cent increase in the previous quarter and the 18 per cent increase in 2007 (Exhibit 8.29). Industrial rent increase also weakened to 4.2 per cent, lower than the 17 per cent in the previous quarter, and the 32 per cent in 2007 (Exhibit 8.30).

With economic activity slowing across the economy, growth in the some professional services segments, such as legal, accounting, and consultancy services, fell significantly. In contrast, growth in the architectural and engineering services segment accelerated, buoyed by the strong tide of construction activities in 2008.

Exhibit 8.28: Occupancy Rate and Rental Growth of Private Sector Office Space

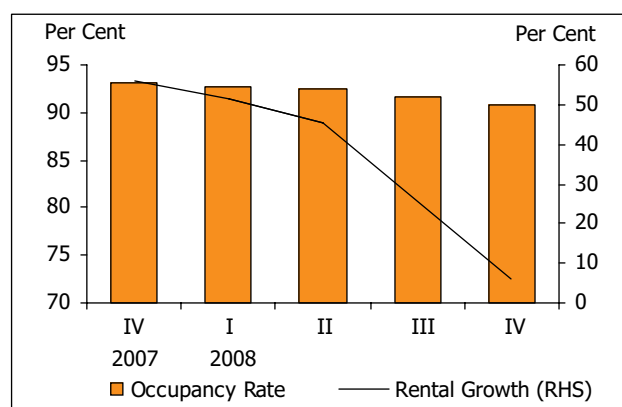


Exhibit 8.29: Occupancy Rate and Rental Growth of Private Sector Shop Space

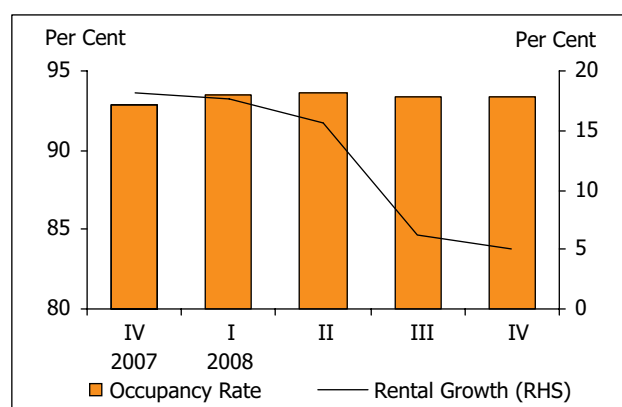


Exhibit 8.30: Occupancy Rate and Rental Growth of Private Sector Industrial Space

