Market Pulse – Singapore (Q4 2025)

February 2026

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SUMMARY

Singapore Market Pulse tracks how business activity in the country is shifting across sectors, firm stages, and market structure. The latest quarter's Market Pulse for Singapore shows ongoing reallocation rather than broad-based recovery in business activity. Overall hiring remains subdued, with shifts observed across sectors. Demand continues to shift toward higher-value, service-intensive industries, while several consumer-facing and public-sector-adjacent sectors face sustained pressure. At the same time, younger firms are capturing a growing share of hiring, highlighting their rising importance as a source of activity even in a soft market.

BUSINESS DYNAMISM: Is new business activity being created?

Hiring by young firms shows whether new entrants are translating entry into economic activity. The share of hiring by firms under five years old increased by around 3.5 percentage points compared with a year ago, reaching about 15% of total hiring by the end of December 2025. This increase was sustained across the year, even as overall hiring volumes softened.

This pattern suggests that newer firms are increasingly converting early momentum into employment, indicating resilience in early-stage firm scaling rather than a pullback in new-entrant activity. The growing hiring by young firms points to continued dynamism in moving from entry to economic activity.

ECONOMIC REALLOCATION: Where is activity flowing?

Net inflows into an industry indicate industries gaining economic prominence, while net outflows signal contraction or efficiency-driven adjustment. Persistent gains (or losses) over multiple months suggests structural change rather than short-term rotation.

Over the past year, Financial Services and Education continued to see net talent inflows, with average net inflow rates of around +15% and +6% respectively over the past 12 months.

By contrast, Retail, Wholesale, Government Administration, and Accommodation & Food Services experienced sustained net outflows, with average net outflow rates ranging from roughly -9% to -16% over the same period. Net inflows into Financial Services persisted across all 12 months, while net outflows from Retail and Wholesale were present in nearly every month, pointing to a durable reallocation of labour away from consumer-facing and trade-intermediary activities toward higher-value, knowledge- and service-intensive sectors.

While some month-to-month volatility remains, the consistency of these patterns over the past year suggests structural reallocation rather than cyclical churn, reflecting longer-term shifts in demand, productivity, and business models.

The following patterns summarise average net flow rates over the past 12 months for the highlighted sectors.

- Financial Services: +15.4%, positive every month
- Education: +5.7%, positive most months with brief dips
- Retail: −15.9%, negative in 11 out of 12 months
- Wholesale: −12.4%, negative in all 12 months
- Government Admin: −12.2%, negative in most months
- Accommodation & Food: −9.1%, consistently negative

Zooming in on the Financial Services sector, the pattern of inflows reinforces the interpretation that this reallocation is structural rather than cyclical. Net inflows were concentrated in core financial activities, with Credit Intermediation and Investment Management recording positive net inflows in every month over the past year, and average net inflow rates of around +21.7% and +15.3% respectively.

Other system-critical segments, including Securities and Commodity Exchanges and Insurance, also showed predominantly positive months with sustained average inflows. By contrast, inflows into more cyclical, deal-driven segments, such as investment banking and venture capital, were comparatively muted and less consistent over the year.

Taken together, this pattern suggests that the financial services sector is structurally expanding, driven by sustained growth in core services rather than cyclical transaction activity. For business leaders, this shifts the focus from timing cycles to aligning products and capabilities with structurally expanding financial functions, with demand likely to be steadier and planning horizons longer.

MARKET STRUCTURE: Who is capturing the economic activity?

Changes in hiring share reveal whether activity is being captured by large incumbents, distributed across smaller firms, or hollowing out the middle.

Compared with a year ago, the distribution of hiring by firm size remained broadly stable. Large firms continued to account for roughly one-third of total hiring, while small- and mid-sized firms maintained their respective shares. There is no clear evidence of increased consolidation toward large incumbents, nor of hollowing-out in the middle.

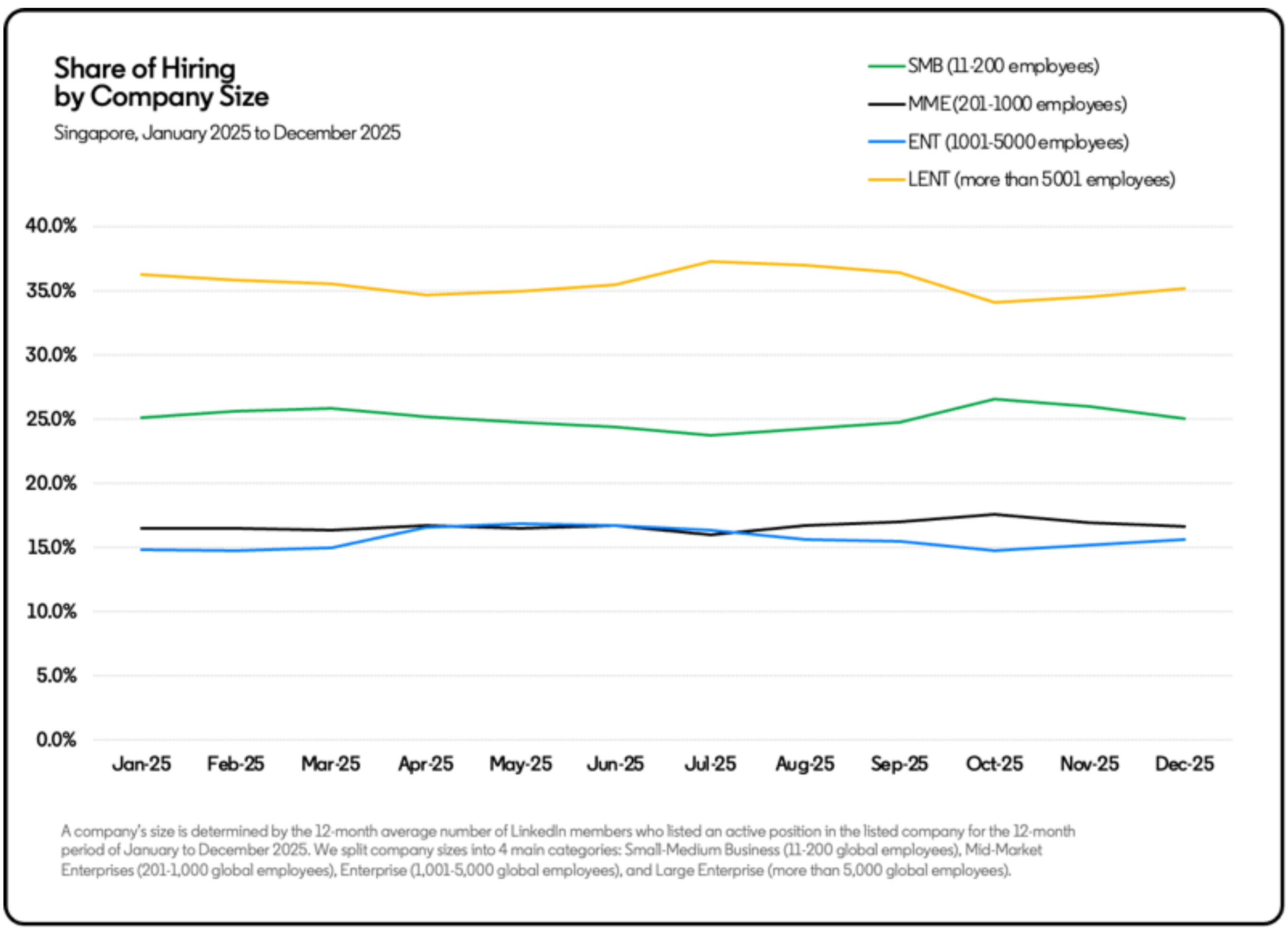
Taken together, this points to a stable size-based market structure, with shifts in activity occurring within firm-size categories rather than through a reallocation toward or away from large firms. In combination with the rise in hiring by younger firms discussed earlier, this suggests that shifts in activity are occurring without changes in overall firm-size concentration, rather than through consolidation toward large incumbents.

KEY TAKEAWAYS: What does this mean for businesses?

1. Growth is shifting across sectors. Overall hiring remains subdued, with activity being reallocated toward specific industries rather than accelerating broadly. For B2B companies, this means growth will depend less on targeting firms of a particular size and more on serving clients in industries with sustained momentum, while exposure to structurally contracting sectors is likely to remain a drag even in the absence of further macro deterioration.

2. Demand is concentrating in higher-value services. Sustained inflows into Financial Services, Consumer Services, and Education point to continued demand for knowledge and service-intensive activity, while persistent outflows from Retail and Wholesale reflect ongoing pressure in lower-margin or labour-intensive sectors.

3. Younger firms are becoming a more important source of business activity. The rising share of hiring by firms under five years old shows that newer firms continue to scale and hire, even as overall hiring volumes soften. For companies selling into the market, this increases the importance of serving younger, fast-growing clients, not just established incumbents.



A company's size is determined by the 12-month average number of LinkedIn members who listed an active position in the listed company for the 12-month period of January to December 2025. We split company sizes into 4 main categories: Small-Medium Business (11-200 global employees), Mid-Market Enterprises (201-1,000 global employees), Enterprise (1,001-5,000 global employees), and Large Enterprise (more than 5,000 global employees).

METHODOLOGY

- **Share of hiring by firms <= 5 years old -** Calculated as the share of total hires made by firms founded within the past five years, using three-month rolling totals to smooth month-to-month volatility.
- **Industry-level net talent flow -** Measured as the difference between inflows to and outflows from each industry, normalised by total industry transitions. Net flow rates are calculated monthly and assessed over a 12-month window.
- **Share of hiring by firm size -** Calculated as the distribution of total hires across company size categories. A company's size is determined by the 12-month average number of LinkedIn members who listed an active position in the listed company for the 12-month period of January to December 2025. We split company sizes into 4 main categories: Small-Medium Business (11-200 global employees), Mid-Market Enterprises (201-1,000 global employees), Enterprise (1,001-5,000 global employees), and Large Enterprise (more than 5,000 global employees).