

Industrial Q3 2023

Rents
(\$PSF/MO)12-Mo.
Forecast**\$6.14**

Business Park (City Fringe)

**\$3.54**

Business Park (Suburban)

**\$4.45**

Science Park

SINGAPORE ECONOMIC INDICATORS
Q2 202312-Mo.
Forecast**0.5%**

Real GDP Growth

**5.1%**

Inflation Growth

**1.9%**

Unemployment

Source: Ministry of Trade & Industry (MTI),
Moody's Analytics

Recovery On The Cards?

In Q2 2023, Singapore's economy grew by 0.5% yoy, extending from previous quarter's 0.4% yoy growth, bringing H1 2023 growth to 0.4%. Singapore's economy is expected to grow by 0.5%-1.5% amid a weak external demand outlook. The electronics downcycle continues to weigh on Singapore's economy, as both non-oil domestic exports (NODX) and manufacturing output fell for the eleventh consecutive month in August by 20.1% yoy and 12.1% yoy respectively. However, we see signs of recovery by 2024. Singapore Purchasing Managers' Index (PMI) inched up 0.2 point to 50.1 as it returned to expansionary territory in September. Also, global semiconductor sales seem to be turning around, with July sales up 9.3% (on a 3-month moving average basis) over the last four months since the trough in March 2023, according to data from the Semiconductor Industry Association.

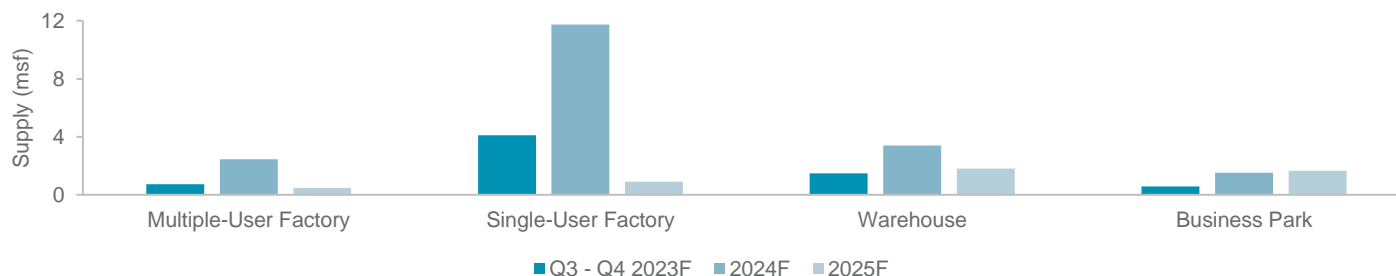
Rents Stabilise Across Most Property Types

Except for business park spaces and warehouses, rents across the various industrial property types have largely held constant in Q3 2023. City fringe business parks rents fell by 0.2% qoq while suburban business park rents rose 0.1% qoq, although it was driven by a few projects in our property basket. Warehouse rents rose 2.9% qoq, underpinned by sustained demand from logistics players amidst limited space. On the other hand, despite healthy enquiries, prime logistics recorded no rental movement in the quarter as most are fully leased. Overall vacancies continued to tighten amid limited availability of supply in the market, especially for modern and high specifications properties. On a YTD basis, suburban business parks and conventional factories rents have held steady, while city fringe business parks, science parks and high-tech rents have grown by 0.5%, 0.9% and 1.7% respectively. Warehouse and prime logistics rents have increased by 6.0% and 9.7% respectively YTD.

Cautious Optimism Amidst Signs of Manufacturing Recovery

Amid an economic slowdown, overall industrial leasing enquiries have quietened down in recent months. However, we are sanguine that leasing activities could pick up towards the end of this year alongside an improving manufacturing economy. Demand will be driven by flight to quality, with sectors such as biomedical, industrial services and general manufacturing still looking to take up spaces, especially at the eastern and western regions. Singapore remains a key regional supply chain hub and warehouse demand by logistics players continues to remain strong. For example, global logistics company DSV and Logos have announced a joint \$200 million investment in a built-to-suit warehouse facility to be located in Tukang Innovation Drive in Taman Jurong, with expected completion by mid-2025.

INDUSTRIAL SUPPLY PIPELINE





MARKET STATISTICS

SEGMENT	GROSS EFFECTIVE RENT			Q-O-Q CHANGE (%)	12-MONTH OUTLOOK
	S\$/SF/MO	US\$/SF/MO	EUR/SF/MO		
Business Park (City Fringe)	S\$6.14	US\$4.48	€4.26	-0.2%	▲
Business Park (Suburban)	S\$3.54	US\$2.58	€2.45	0.1%	■
Science Park	S\$4.45	US\$3.24	€3.09	0.0%	▲
High-Tech	S\$3.30	US\$2.41	€2.29	0.0%	▲
Factory – Ground Floor	S\$1.83	US\$1.33	€1.27	0.0%	■
Factory – Upper Floor	S\$1.62	US\$1.18	€1.12	0.0%	■
Warehouse – Ground Floor	S\$1.67	US\$1.21	€1.16	2.6%	▲
Warehouse – Upper Floor	S\$1.39	US\$1.01	€0.96	3.1%	▲
Prime Logistics – Ground Floor	S\$1.81	US\$1.32	€1.25	0.0%	▲
Prime Logistics – Upper Floor	S\$1.62	US\$1.18	€1.13	0.0%	▲

US\$/S\$ = 1.372; €/S\$ = 1.441, as of 28 September 2023

SIGNIFICANT BUSINESS PARK PROJECTS – PLANNED & UNDER CONSTRUCTION

PROJECT NAME	SUBMARKET	TENANT	SF	EXPECTED COMPLETION YEAR
Biopolis Phase 6 – Elementum	one-north	IHIS and related MOHH entities	378,000	2023
Development at 7 Science Park Drive	Science Park	-	310,000	2023
Punggol Digital District (Phase 1)	Punggol	UOB, Target Media Culcreative (TMCC) and Delteq	1,780,000	2024
Punggol Digital District (Phase 2)	Punggol		740,000	2025
Development at 1 Science Park Drive	Science Park	-	1,200,000	2025

KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	PRICE (\$ Million)
Sime Darby Business Centre	Bukit Merah	Blackstone, Sime Darby Property / Eagle Land (Credit)	68.0
Reebonz Building	Tampines	Reebonz / Sunray Woodcraft Construction entity	39.0
8 Loyang Crescent	Pasir Ris	Mapletree Logistics Trust / Undisclosed	27.8

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