

Rents
(S\$PSF/MO)12-Mo.
Forecast**\$6.17**

Business Park (City Fringe)

**\$3.50**

Business Park (Suburban)

**\$4.67**

Science Park

SINGAPORE ECONOMIC INDICATORS
Q4 202312-Mo.
Forecast**1.1%***

Real GDP Growth

**4.0%**

Inflation Growth

**2.0%**

Unemployment

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

* Full-year GDP growth for 2023

Gradual Manufacturing Recovery

Singapore's economy is anticipated to grow by 2.7% yoy in 2024, accelerating from 1.1% in 2023. The official 2024 forecast for non-oil domestic exports (NODX) has been upgraded to 4.0%-6.0% yoy, due to optimism of a gradual recovery in global electronics demand as inventory levels normalise. The latest economic indicators signaled at a gradual recovery of the manufacturing sector. Manufacturing output grew 3.8% yoy in February, led by the biomedical manufacturing cluster. The Singapore Purchasing Managers' Index (PMI) remained in expansion territory for the sixth consecutive month in February.

Rent Growth to Moderate due to Increasing Tenant Resistance

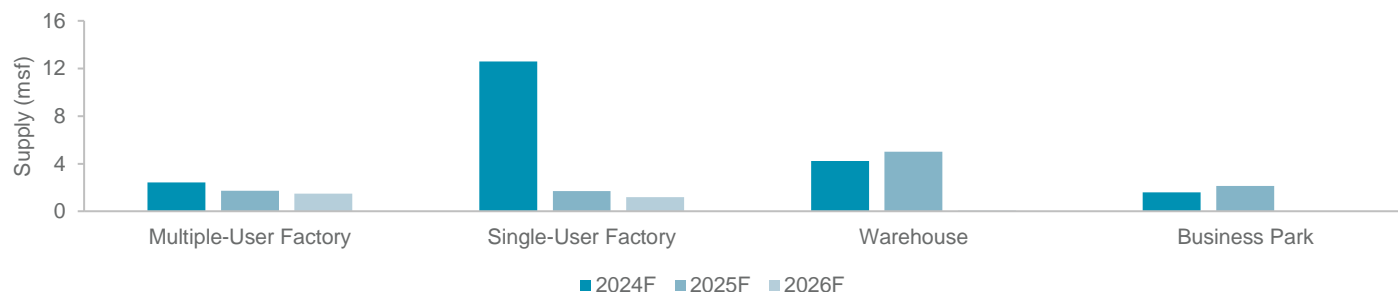
Due to a persistent tight supply situation and resilient demand from third-party logistics (3PL) players, prime logistics rents rose by 3.6% qoq in Q1 2024, according to C&W's basket of industrial properties. A flight to quality continues to characterise the business park and high-tech markets. High-tech properties recorded rental growth of 4.0% qoq, driven by newer and better-located properties. City fringe and suburban business parks saw diverging performance with city fringe business park rents inching up slightly by 0.4% qoq while suburban business parks saw a rental decline of 0.9% qoq. On the other hand, factory and warehouse rents remained flat in Q1 2024.

Leasing activities are expected to pick up in 2024 alongside an improving manufacturing economy. However, the manufacturing recovery remains fragile and moderate rental growth is expected in 2024 due to increasing tenant resistance, still-elevated financing costs and higher supply pipeline for most property types. Many industrial tenants are choosing to renew rather than relocate, highlighting current CapEX constraints amidst a tight financing environment. With a tight supply situation persisting, prime logistics could witness still-strong but moderating rental growth of 5.0% yoy in 2024 from previous year's 9.7% growth. Warehouse rental growth is forecasted to ease to 4.0%, on the back of a surge in supply this year. Other assets are expected to see mild rental growth of between 2.0%-3.0% yoy in 2024.

Industrial Investment Interest Remains Steady

On the investment front, interest for industrial properties remains healthy due to their relatively higher yields and favourable long-term prospects. Assets with value-add potential are sought after, particularly for assets which can cater to emerging new economy industries such as self-storage, cold chain and data centers. For example, a notable industrial transaction in Q1 2024 was BDx's acquisition of their own data center (OneTen Paya Lebar) for about SGD 140 million, at an estimated net yield of 3.4%. The acquisition allows BDx the flexibility to asset enhance or redevelop the site in line with robust data center demand in Singapore.

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\$6.17	US\$4.58	€4.23	0.4%	▲
Business Park (Suburban)	S\$3.50	US\$2.60	€2.40	-0.9%	▲
Science Park	S\$4.67	US\$3.47	€3.20	5.0%	▲
High-Tech	S\$3.46	US\$2.57	€2.38	4.0%	▲
Factory – Ground Floor	S\$1.83	US\$1.35	€1.25	0.0%	▲
Factory – Upper Floor	S\$1.62	US\$1.20	€1.11	0.0%	▲
Warehouse – Ground Floor	S\$1.67	US\$1.24	€1.14	0.0%	▲
Warehouse – Upper Floor	S\$1.39	US\$1.03	€0.95	0.0%	▲
Prime Logistics – Ground Floor	S\$1.87	US\$1.39	€1.28	3.6%	▲
Prime Logistics – Upper Floor	S\$1.68	US\$1.25	€1.15	3.6%	▲

US\$/S\$ = 1.348; €/S\$ = 1.458, as of 28 March 2024

SIGNIFICANT BUSINESS PARK PROJECTS – PLANNED & UNDER CONSTRUCTION

PROJECT NAME	SUBMARKET	TENANT	SF	EXPECTED COMPLETION YEAR
Punggol Digital District (Phase 1)	Punggol	UOB, Target Media Culcreative (TMCC) and Delteq	1,584,984	2024
Punggol Digital District (Phase 2)			930,862	2025
Development at 1 Science Park Drive	Science Park	-	1,209,109	2025

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	PRICE (\$ Million)
OneTen Paya Lebar	Geylang	Hwa Hong Corporation / BDx Data Centers	140.0
15 Senoko Loop	Sembawang	Unknown / Unknown	53.2
115A and 115B Commonwealth Drive	Queenstown	Mapletree Industrial Trust / Unknown	50.6

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