

*“The industrial real estate sector remains a steady bulwark of Singapore’s growth as pandemic-era manufacturing investments continue to pour in.”*

DANIEL DING, HEAD, CAPITAL MARKETS  
(LAND & BUILDING, INTERNATIONAL REAL ESTATE & INDUSTRIAL)



Singapore Research

# Industrial

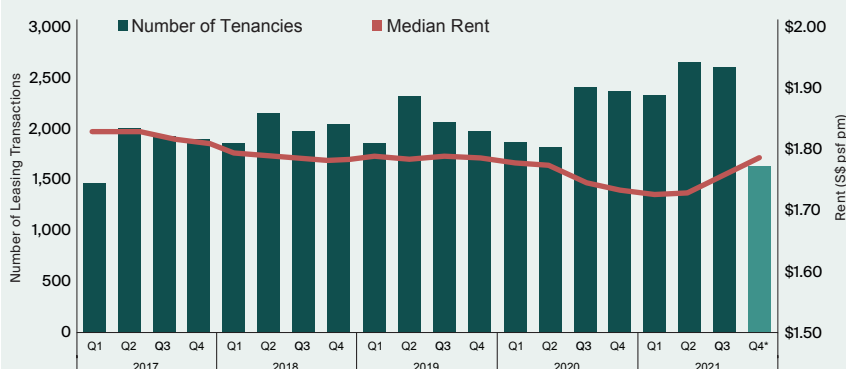
## Q4 2021

### A STABLE INDUSTRIAL SECTOR SUPPORTED RECOVERY IN 2021

#### Pandemic-hit manufacturing segments improving

- In advanced estimates released by the Ministry of Trade and Industry (MTI), the Republic’s economy grew 7.2% in 2021. The manufacturing sector posted a growth of 12.8% y-o-y, led by output expansions in all clusters, particularly electronics and precision engineering.
- The precision engineering cluster, being one of the critical industries that boost growth in the domestic manufacturing industry, provides components to a variety of businesses ranging from semiconductor to marine and offshore as well as medical technology. The government launched a three-stage digital roadmap known as the Precision Engineering Industry Digital Plan (IDP) to aid firms in the sector in identifying digital solutions to be adopted at each stage of business growth in order to thrive in an increasingly-digitalised world.
- In December, the Singapore Purchasing Managers’ Index (PMI) registered a slight increase of 0.1 point from November to record an expansion of 50.7, marking the 18th straight month of expansion, albeit at a moderate pace as manufacturers remained wary of production and logistics disruptions arising from the Omicron variant.

**Exhibit 1: Leasing Volume and Median Rent of Multiple-User Factory Space**



Source: JTC J-Space, Knight Frank Research  
Note: The median rent is based on a four-quarter moving average.  
\*Q4 2021 data based on October and November 2021 data as at end-December.

#### MARKET SNAPSHOT

**2,170** LEASES  
10% ▼ Q-O-Q | 9.8% ▲ Y-O-Y  
NUMBER OF INDUSTRIAL TENANCIES<sup>1</sup>

**\$795.1** MILLION  
0.9% ▼ Q-O-Q | 16.7% ▼ Y-O-Y  
TOTAL INDUSTRIAL SALES

**49.6** MILLION SF GFA  
UPCOMING NEW SUPPLY (Q4 2021 TO 2025)

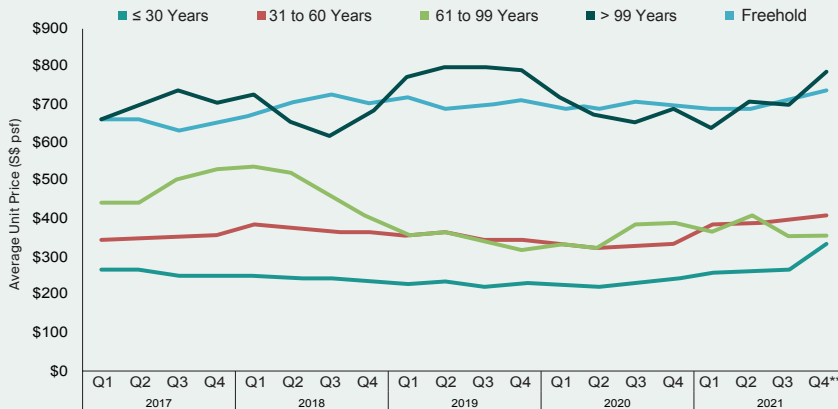
#### Gradual growth in rents

- In the fourth quarter, the island-wide median rent of multiple-user factory space increased by 1.6% q-o-q to S\$1.79 psf pm, posting a continued q-o-q uptick in rental growth from Q3 (Exhibit 1). However, rental activity declined slightly as the months of October and November registered a total of 1,628 tenancies, 10% lower than the 1,809 rental transactions recorded in July and August 2021. On a y-o-y basis, this was nonetheless 4.2% higher than the 1,562 tenancies signed in the same period last year.
- In light of the expanding small and medium-sized enterprises (SME) in Singapore, many have been on a lookout for affordable industrial spaces to locate their facilities. As such, this steady demand contributed to the increasing proportion of transactions valued at less than S\$10 million. In Q4, out of the total 312 multiple-user factory caveats lodged at an average price of S\$459 psf as at 31 December 2021, about 99.4% of them were of smaller-sized deals that are characteristically more palatable for this group.

Continued on next page

<sup>1</sup> The percentage changes for the total number of tenancies of all industrial space in October and November 2021 are based on a two-month comparison; q-o-q (against July and August 2021) and y-o-y (against October and November 2020).

**Exhibit 2: Average Price of Multiple-User Factory Space by Balance Tenure\***



Source: JTC J-Space, Knight Frank Research

Note: The average unit price is based on a four-quarter moving average of strata transactions.

\* The balance tenure is based on the number of remaining years at the point of transaction.

\*\* Q4 2021 data based on transactions downloaded as at 31 December 2021.

## Singapore remains a key location for post-pandemic manufacturing

- The global pandemic has changed the nature of various human and economic activities with a greater reliance on emerging technology coupled with an emphasis on sustainability and the environment. As new products have been borne out of the COVID-19 crisis stimulating the industrial sector, Singapore remains at the forefront of this evolution with investment from multinational manufacturers.
- American life sciences company Labcorp launched a new bioanalytical lab facility as an expansion of its central laboratory services in Jurong East, contributing to the capabilities of Singapore's biomedical ecosystem. Besides Labcorp, Thermo Fisher Scientific, BioNTech, Sanofi and GSK also announced investments in Singapore in the past two years.
- German multinational Siltronic broke ground on a new S\$3 billion wafer manufacturing facility at JTC's Tampines Wafer Fab Park. This is its biggest investment in its history and its second 300mm fab in Singapore.

Contact us for insights, research and real estate opportunities.



**Daniel Ding**  
Head  
Capital Markets (Land & Building,  
International Real Estate & Industrial)  
+65 6228 6833  
daniel.ding@sg.knightfrank.com



**Leonard Tay**  
Head  
Research  
+65 6228 6854  
leonard.tay@sg.knightfrank.com



**Nor Adila Rahim**  
Senior Analyst  
Research  
+65 6228 6856  
nor.adila@sg.knightfrank.com

## Market outlook

- The manufacturing sector led Singapore's economic recovery in 2021 as precision engineering supported growth in multiple downstream clusters such as biotechnology and pharmaceuticals, together with the electronics sector ramping up output due to the global chip shortage. Should overall recovery and health measures stay on the current trajectory of transitioning into a new norm, then barring any recurring waves of infections or new variants, the transport engineering sector might also turn a corner in 2022 as more borders open and travel volume improves.
- In the upcoming year, some 21.1 million sq GFA of new space is projected to come on stream across 2022, comprising 42.6% of the total stock set to be completed from Q4 2021 to 2025. As such, Knight Frank envisages growth in the industrial sector to continue in 2022, with investment activity likely to be driven by end-users looking for manufacturing facilities for their own use as well as Grade A warehouses that boast high-quality specifications which facilitate growing supply chain demand. The healthy demand and expanding activity in the sector will support rent and price increases of between 3% and 5% for the whole of 2022.

## Recent Publications



INDUSTRIAL Q3 2021



SINGAPORE VIEW  
24TH EDITION

**Knight Frank Research  
Reports are available at  
knightfrank.com.sg/research**

### About Knight Frank Singapore

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank has more than 20,000 people operating from 488 offices across 57 territories. The Group advises clients ranging from individual owners and buyers to major developers, investors and corporate tenants. Knight Frank has a strong presence in Singapore with a head office and two subsidiaries: Knight Frank Property Asset Management and KF Property Network. For further information about the Company, please visit [www.knightfrank.com.sg](http://www.knightfrank.com.sg).

### © Knight Frank 2022

This report is published for general information only. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no legal responsibility can be accepted by Knight Frank Research or Knight Frank for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects. Reproduction of this report in whole or in part is allowed with proper reference to Knight Frank Research.

