

Industrial Market Overview

Q4 2022



Industrial Market Summary

1

Economic indicators have weakened

Manufacturing activity and NODX turned negative in Nov 2022, along with the PMI indicating a contraction since Sep 2022

2

Stable leasing demand

Active sectors include pharma, logistics, aerospace and F&B. Increased interest in cold chain logistics

3

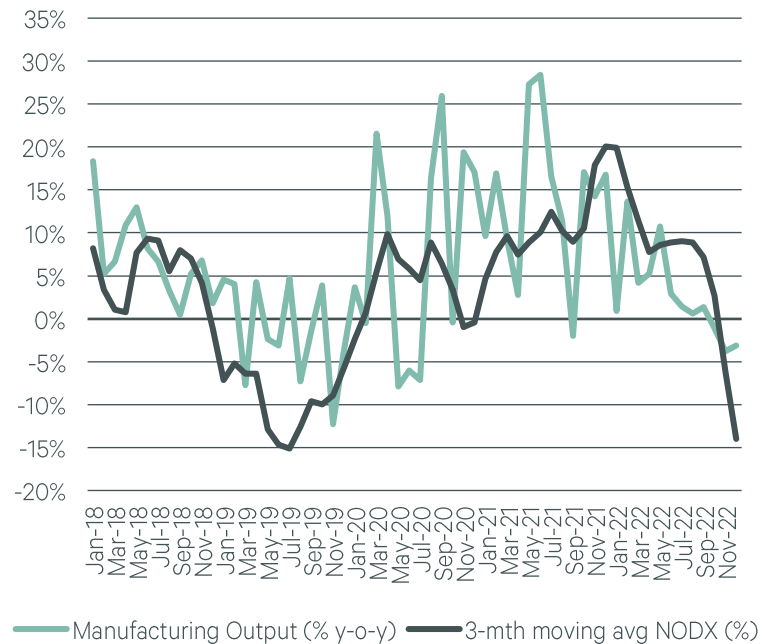
Better than expected prime log rental performance in Q4 2022.

Acute lack of supply for prime log, positive demand indicators, strong pre-leasing activities for projects

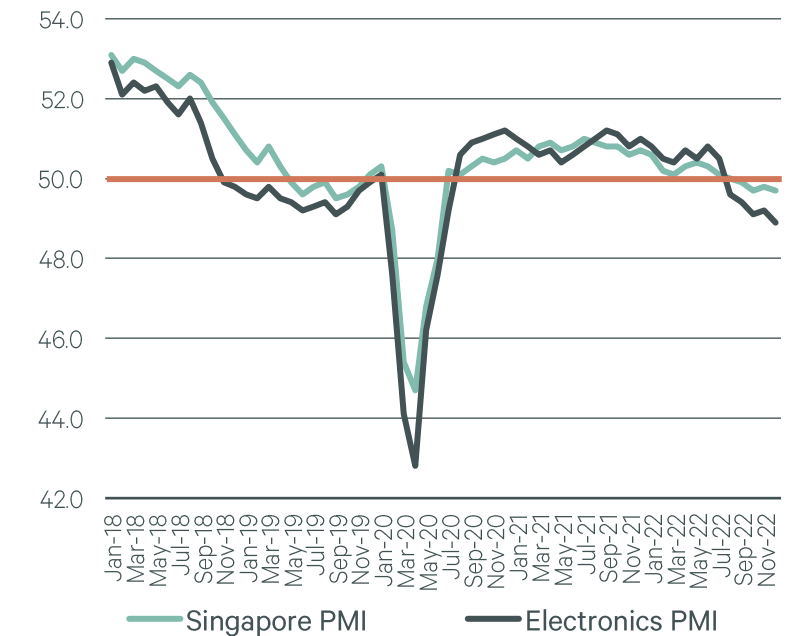
Various industrial indicators have weakened in Q4 2022

PMI contracted for the first time in September after 26 months, as local manufacturers are less upbeat over the economic outlook in the first half of 2023.

Manufacturing Output & NODX



Singapore Purchasing Managers' Index

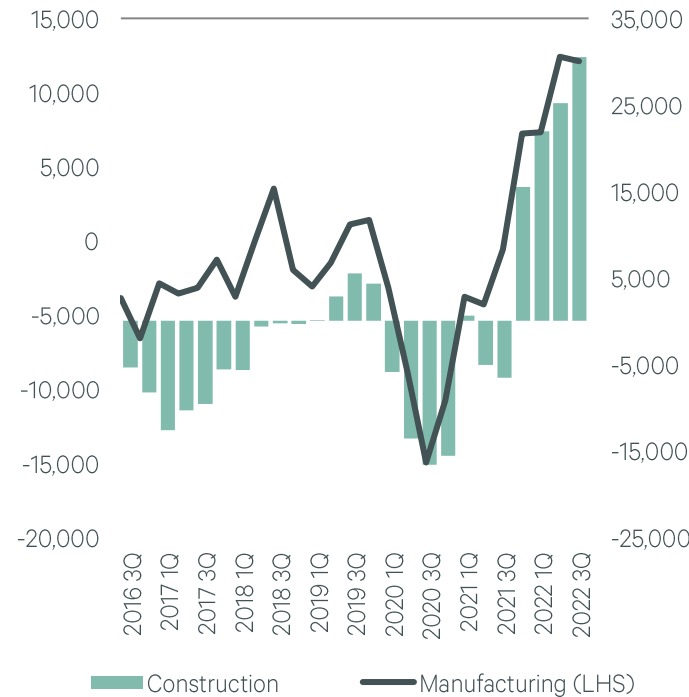


Source: Department of Statistics Singapore, Singapore Institute of Purchasing and Materials Management, CBRE Research

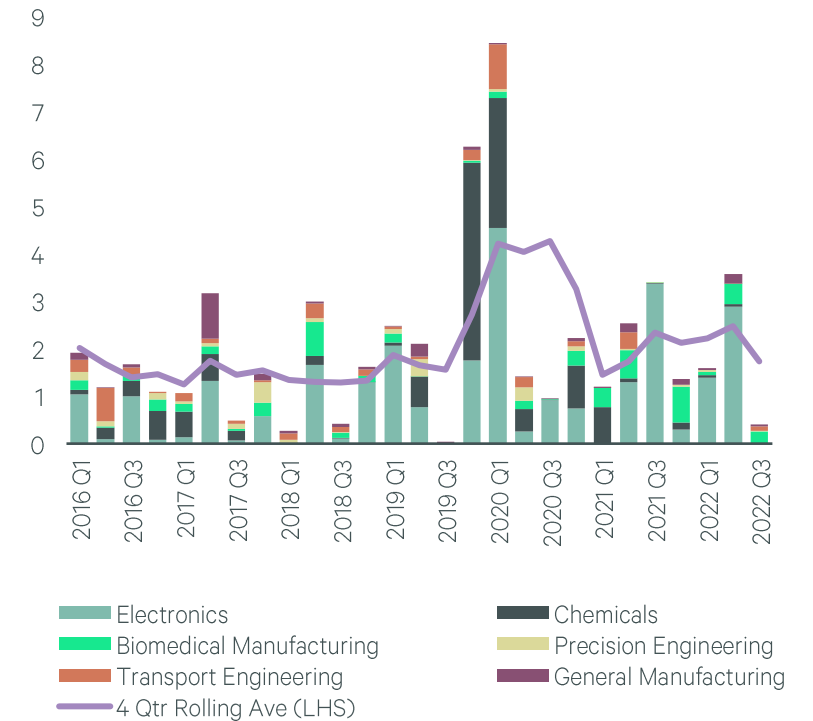
Net employment improving with resumption of entry approvals for vaccinated workers

Investment commitments in manufacturing declined in Q3 2022 due to weaker economic sentiment amid inflation concerns. However, investment volume in the biomedical cluster was relatively more resilient.

Change in Employment ('000)



Investment Commitments in Manufacturing Sector (Bil \$)



Demand Drivers

The long-term outlook for Singapore's manufacturing sector remains robust due to its increasing focus on high-value manufacturing and biomedical sectors. For 2023, weaker global demand and rising interest rates could weigh on Singapore manufacturing and exports. However, the life sciences, food manufacturing and aerospace clusters are still expected to perform relatively stronger. The uncertainty in global supply chains and high inflation will likely encourage occupiers to increase inventory levels, which will continue to help bolster demand for warehouses.



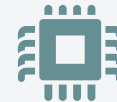
Third-Party Logistics



E-commerce



Pharmaceuticals



Electronics



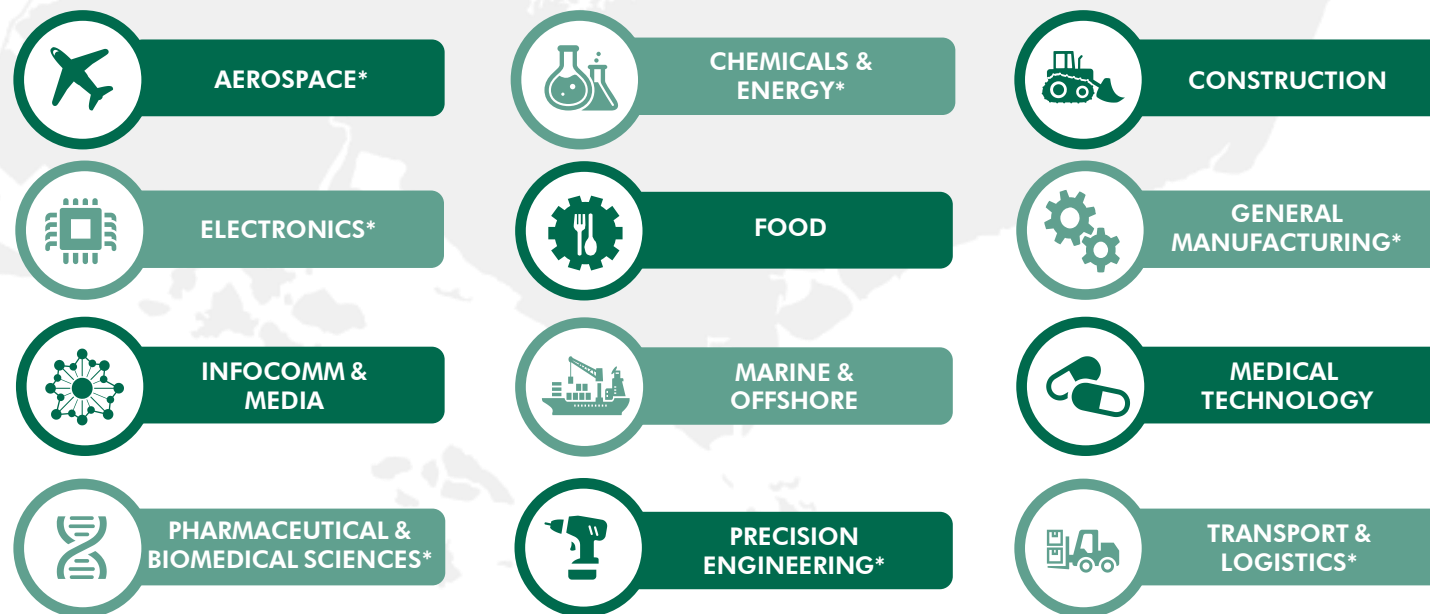
Manufacturing

Singapore's Industrial Landscape Q4 2022

Total Industrial Stock (ex. Business Parks)

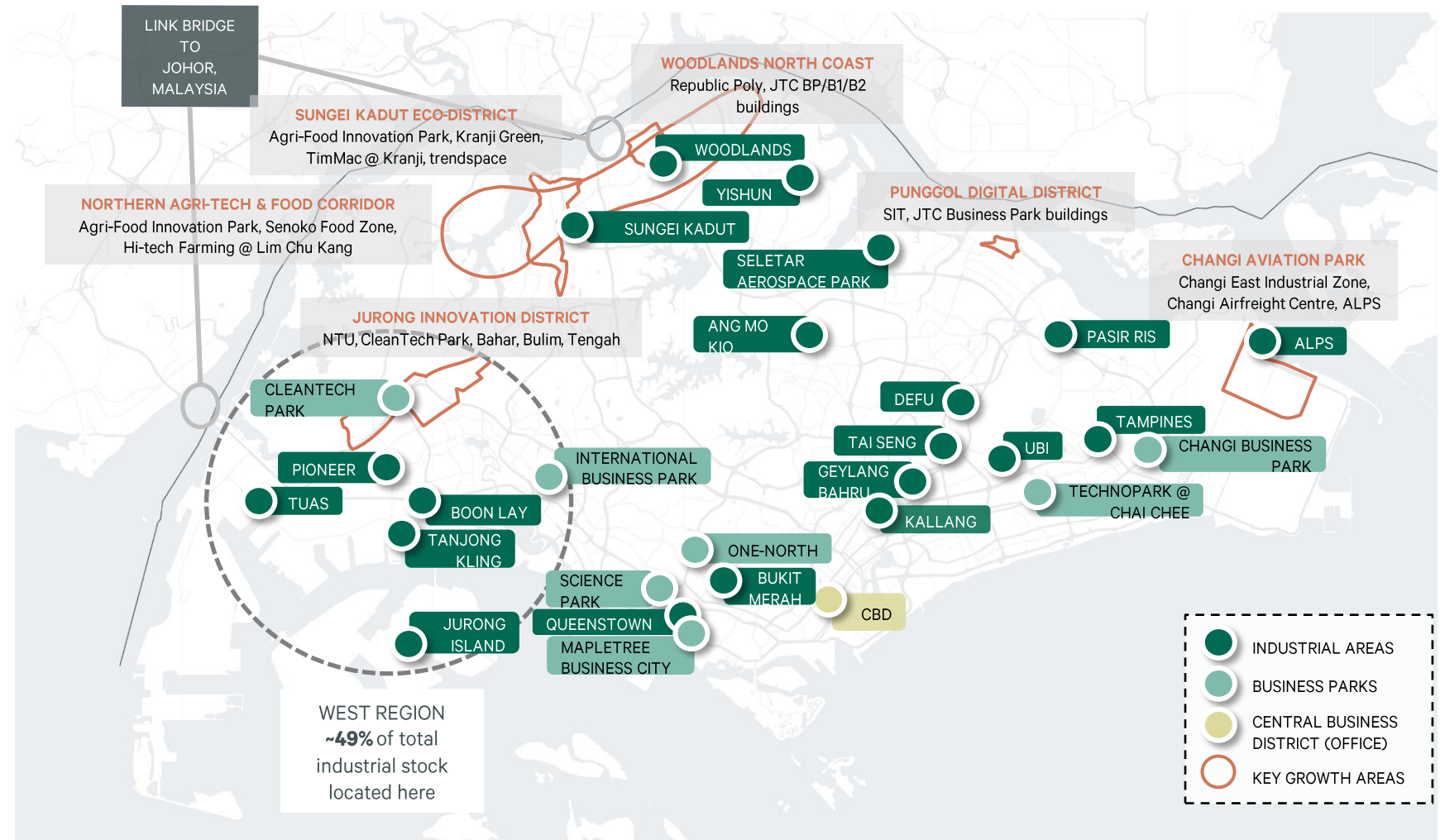
533.81 mil sq. ft.

INDUSTRIAL CLUSTERS



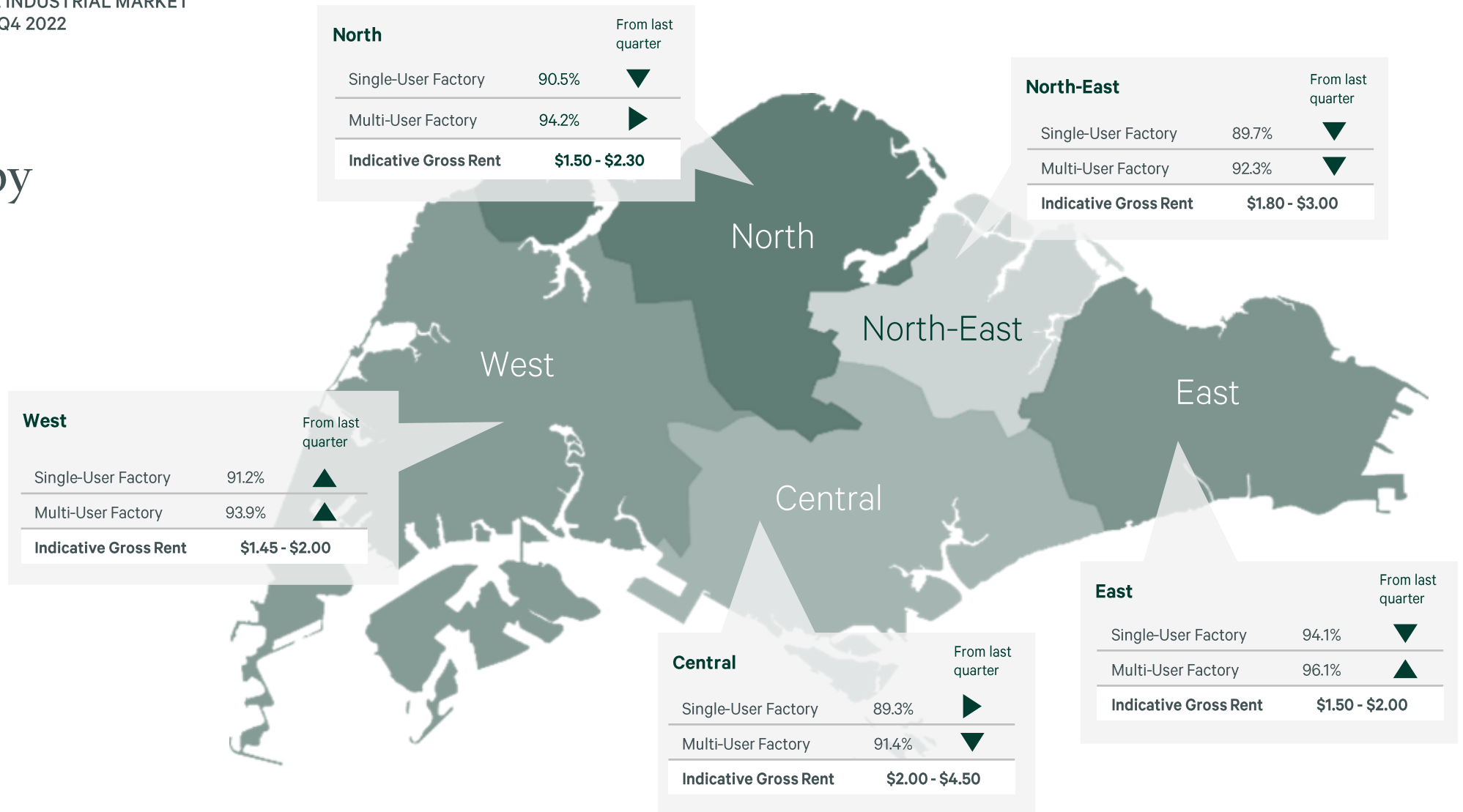
Source: Economic Development Board, Singstat, JTC, CBRE Research

Key Industrial Areas in Singapore



Factory Occupancy by Region

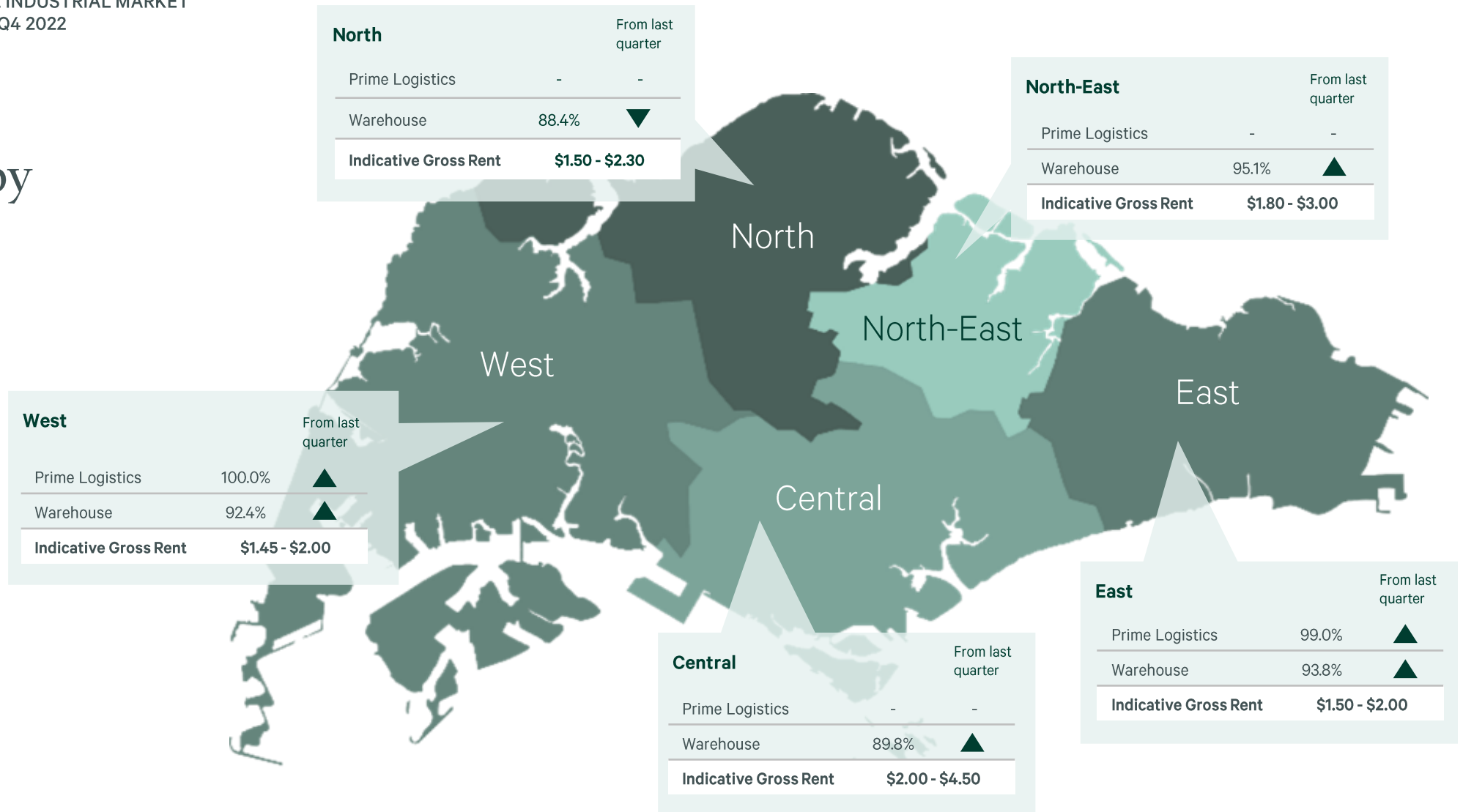
(Private, Q4 2022)



Source: JTC, CBRE Research
Note: Indicative Gross Rent are of \$psf pm

Warehouse Occupancy by Region

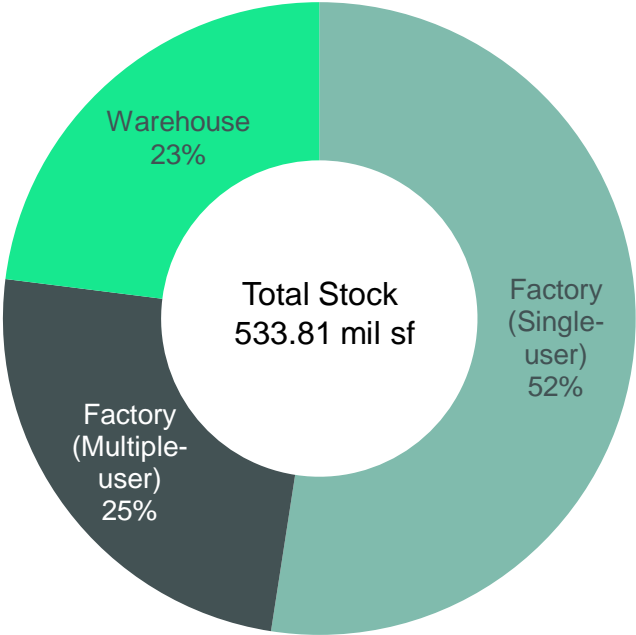
(Private, Q4 2022)



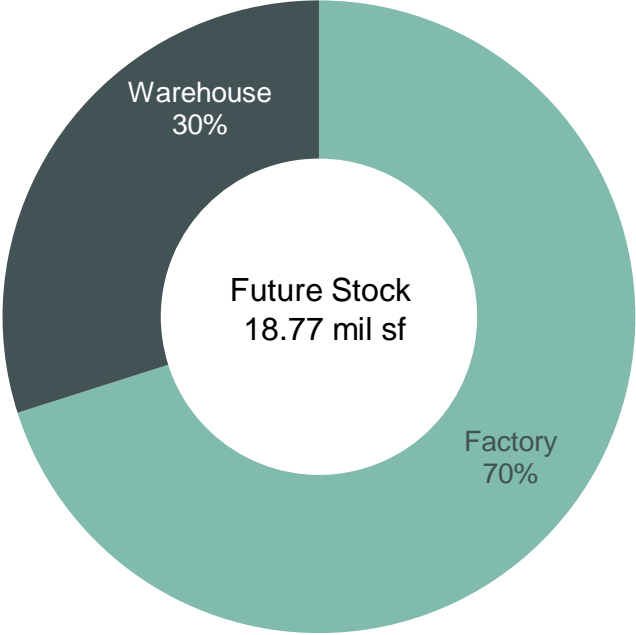
Source: JTC, CBRE Research
Note: Indicative Gross Rent are of \$psf pm

Breakdown of Industrial Stock Q4 2022

Industrial stock by type (Private + Public)

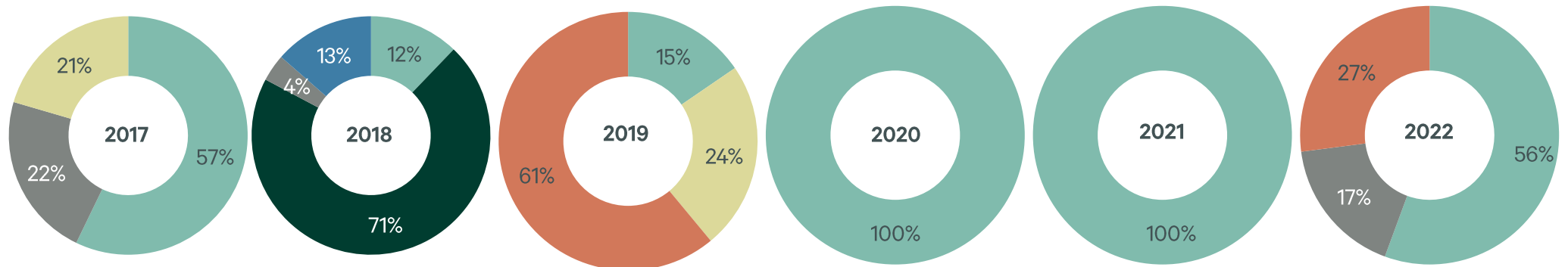


Future industrial supply (2023 - 2026)



Source: JTC, CBRE Research

Fewer industrial GLS sites awarded



**Total Land Area
(mil sf)**

0.63

1.01

0.65

0.40

0.16

0.44

**Total GFA
(mil sf)**

1.05

1.93

1.45

0.57

0.22

0.76

Sites Awarded

11

8

7

5

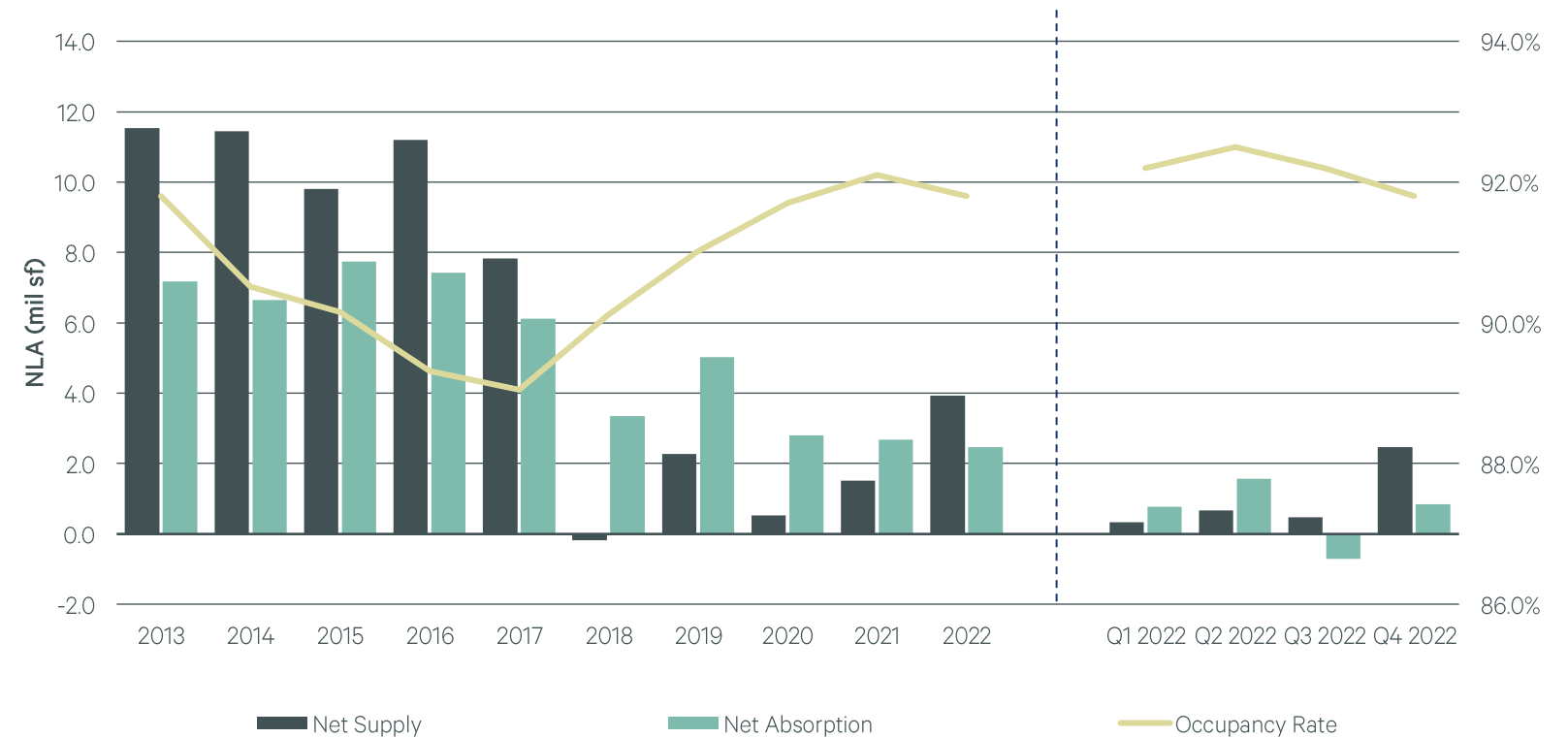
2

5

Source: JTC, CBRE Research

Occupancy for Private Factories decreased to 91.8% in Q4 2022

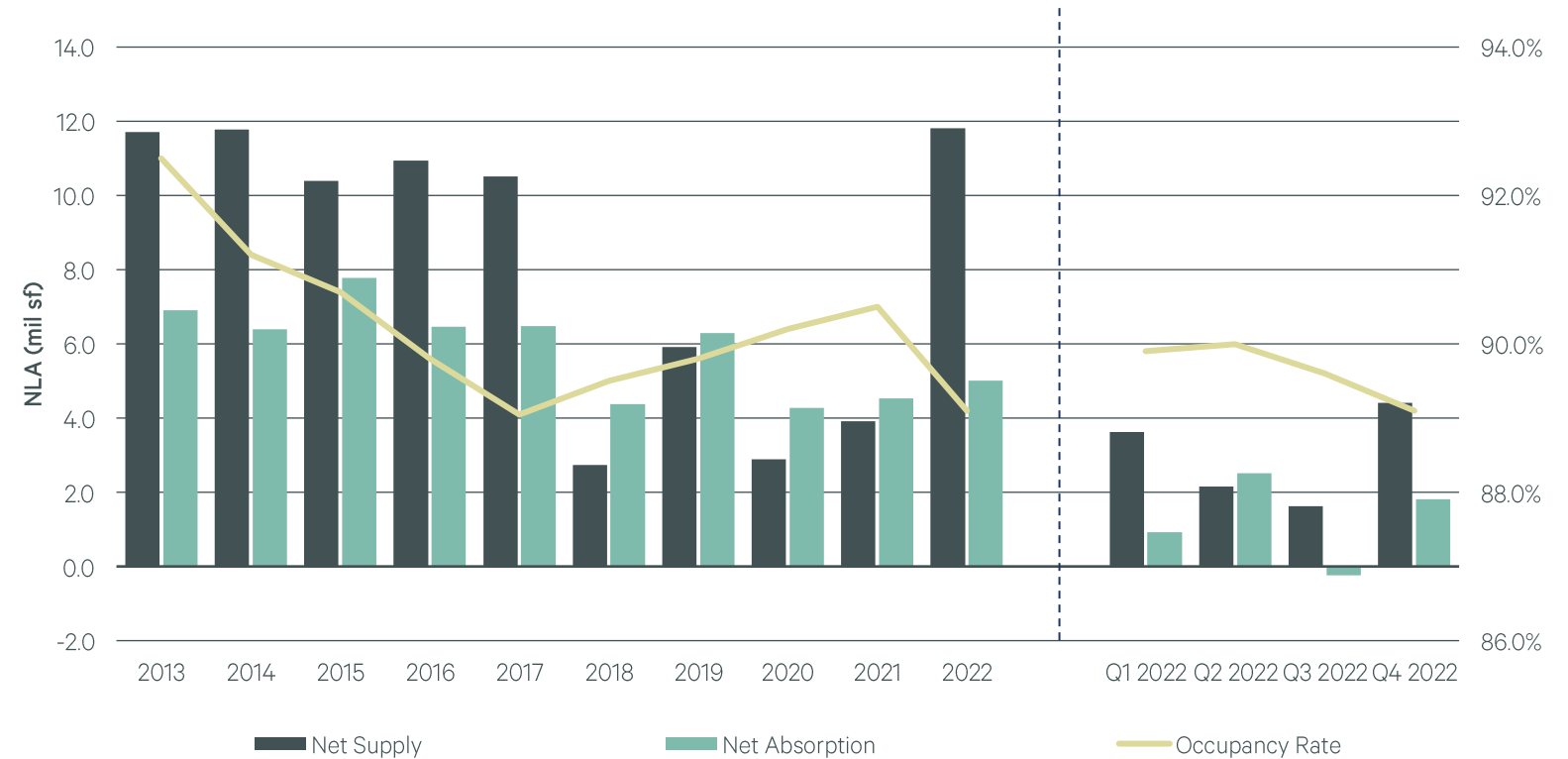
Private Factory Sector (Excludes Business Parks)



Source: JTC, CBRE Research

Occupancy for Factories decreased to 89.1% in Q4 2022

Private + Public Factory Sector (Excludes Business Parks)

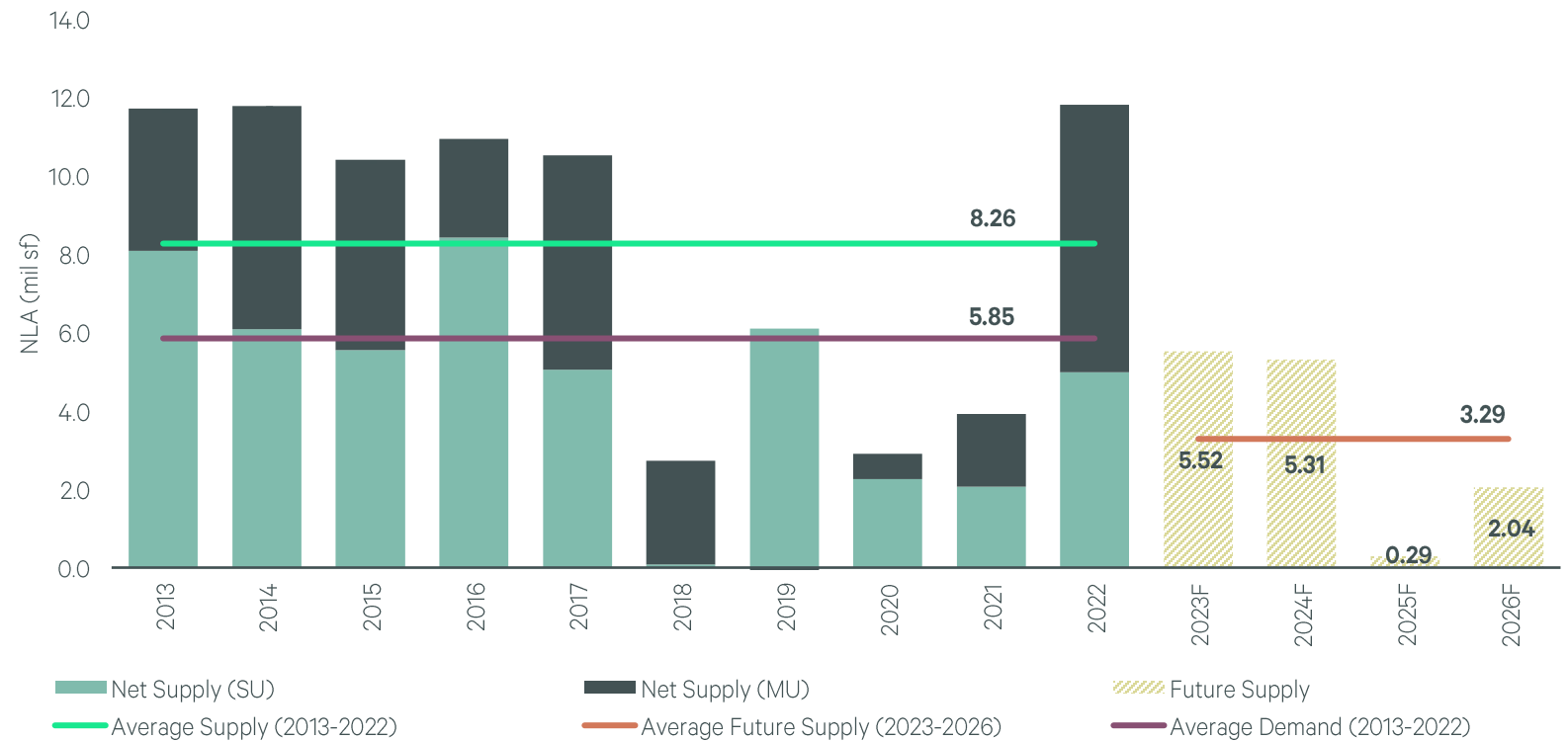


Source: JTC, CBRE Research

Future factory supply at a moderated pace

As the pipeline of factory space in 2023 and 2024 is close to historical average demand, rents and occupancy rates are expected to stay relatively stable.

Historical & Future Factory Supply (Private + Public)



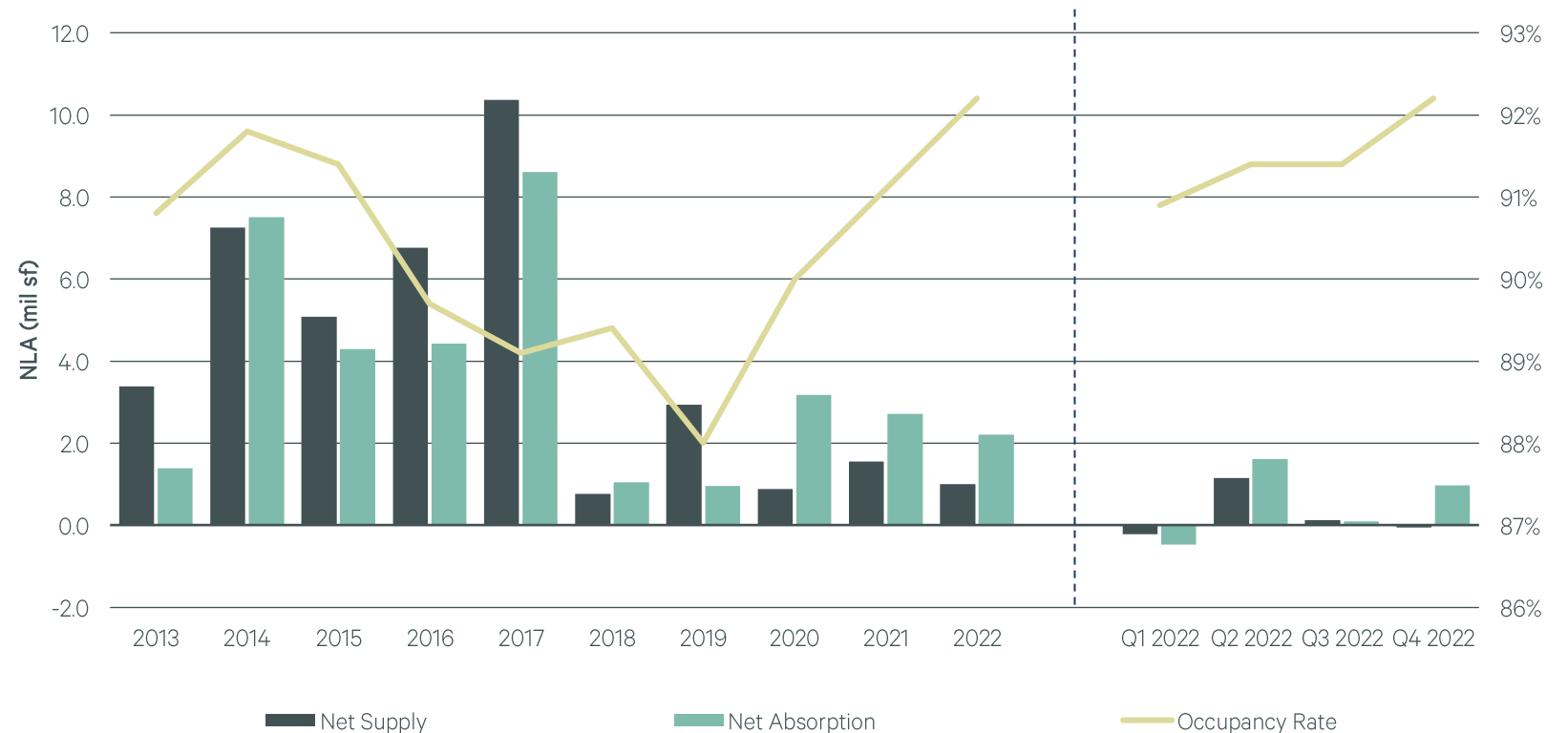
Source: JTC, CBRE Research

Occupancy for Private Warehouses increased to 92.2%

Occupancy has been on an upward trend since 2019. The Q4 2022 occupancy of 92.2% is the highest level observed since Q3 2015.

However, it is still lagging Prime Logistics due to older and second-tier stock.

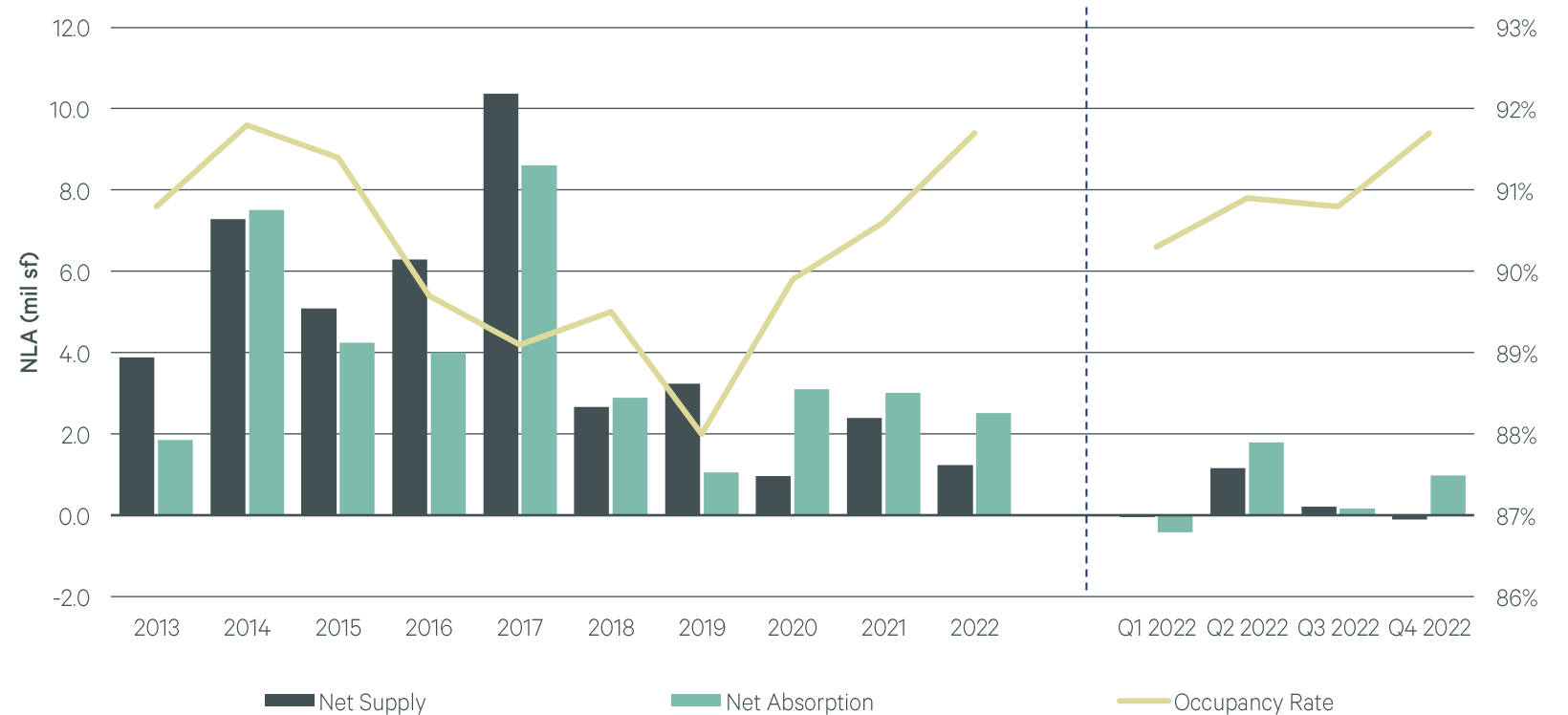
Private Warehouse Sector



Source: JTC, CBRE Research

Occupancy for all Warehouses increased to 91.7%

Private + Public Warehouse Sector



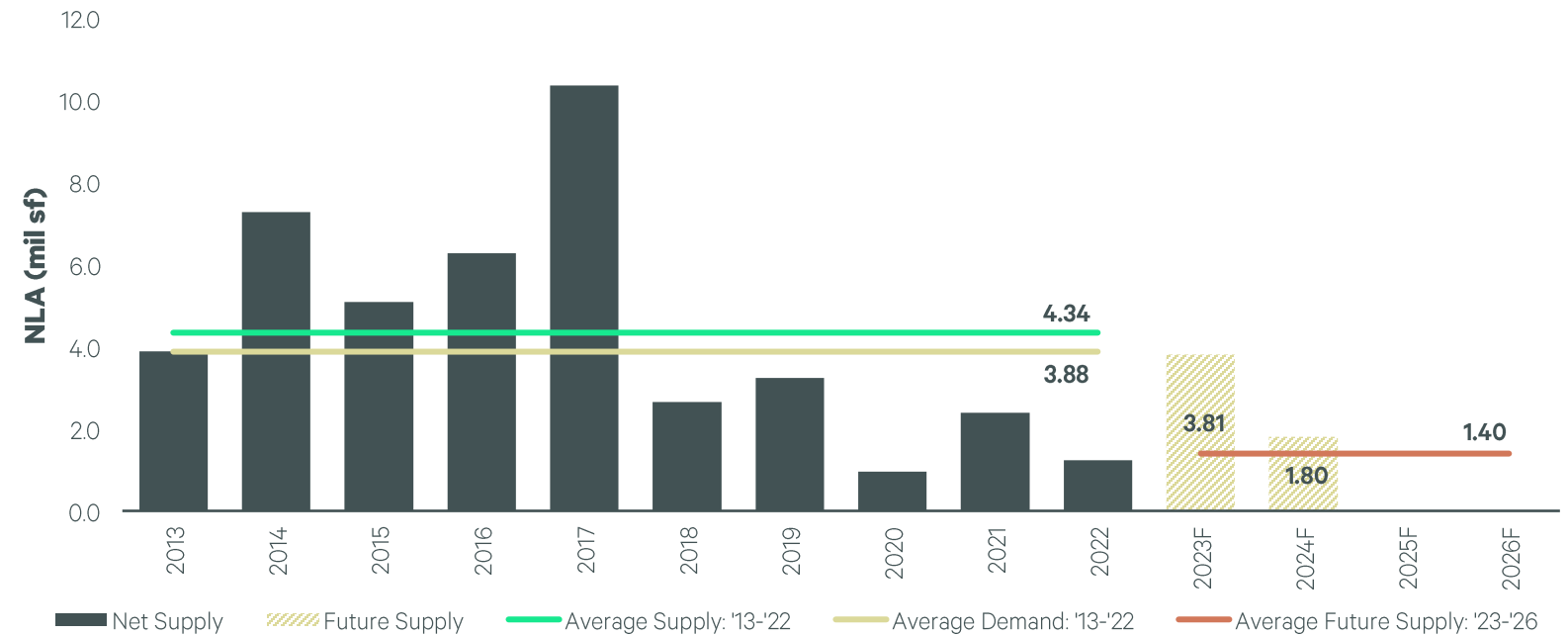
Source: JTC, CBRE Research

Limited supply pipeline after 2023

In Q4 2022, about 0.6 mil sq ft of space was removed from the market, as developers are redeveloping older properties to take advantage of the rising warehouse rentals amidst tight supply.

JTC's warehouse rents have increased by 7.9% in 2022.

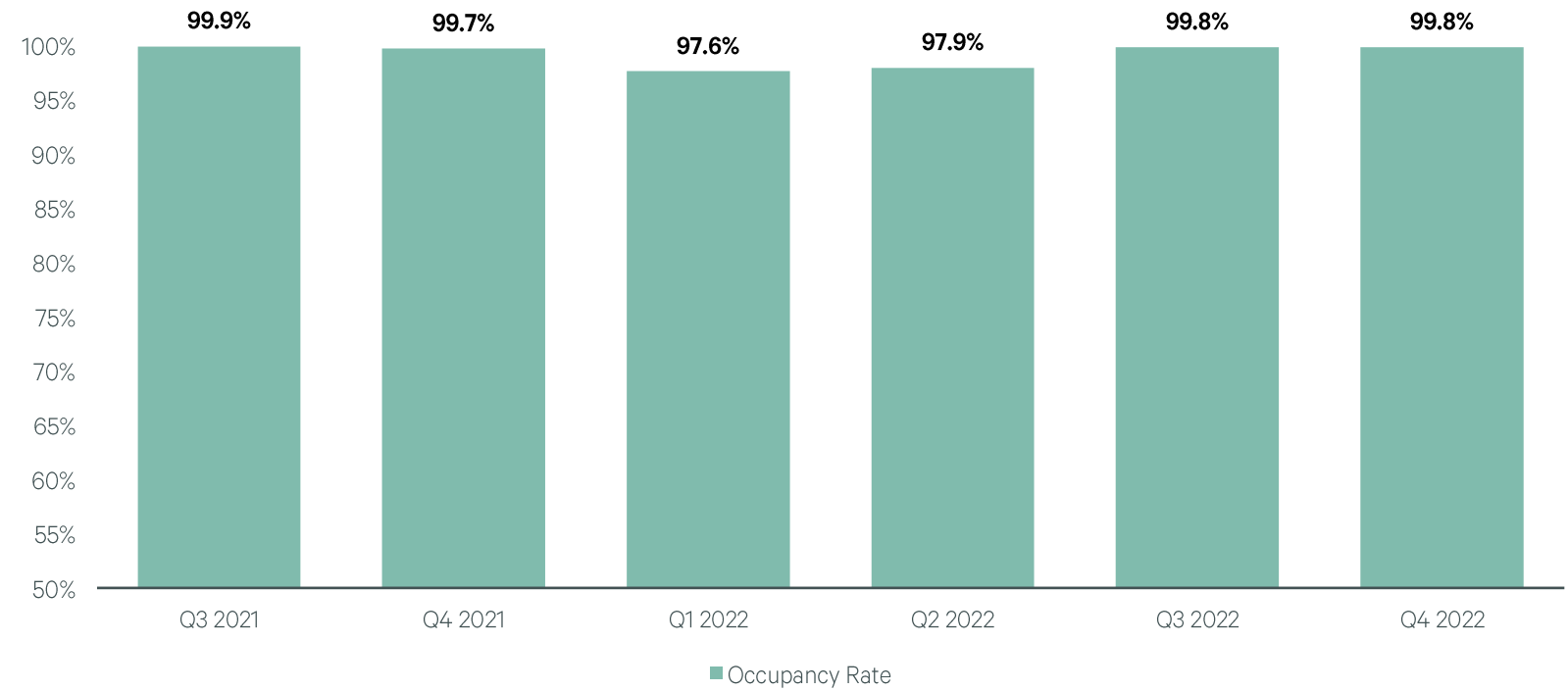
Historical & Future Warehouse Supply (Private + Public)



Source: JTC, CBRE Research

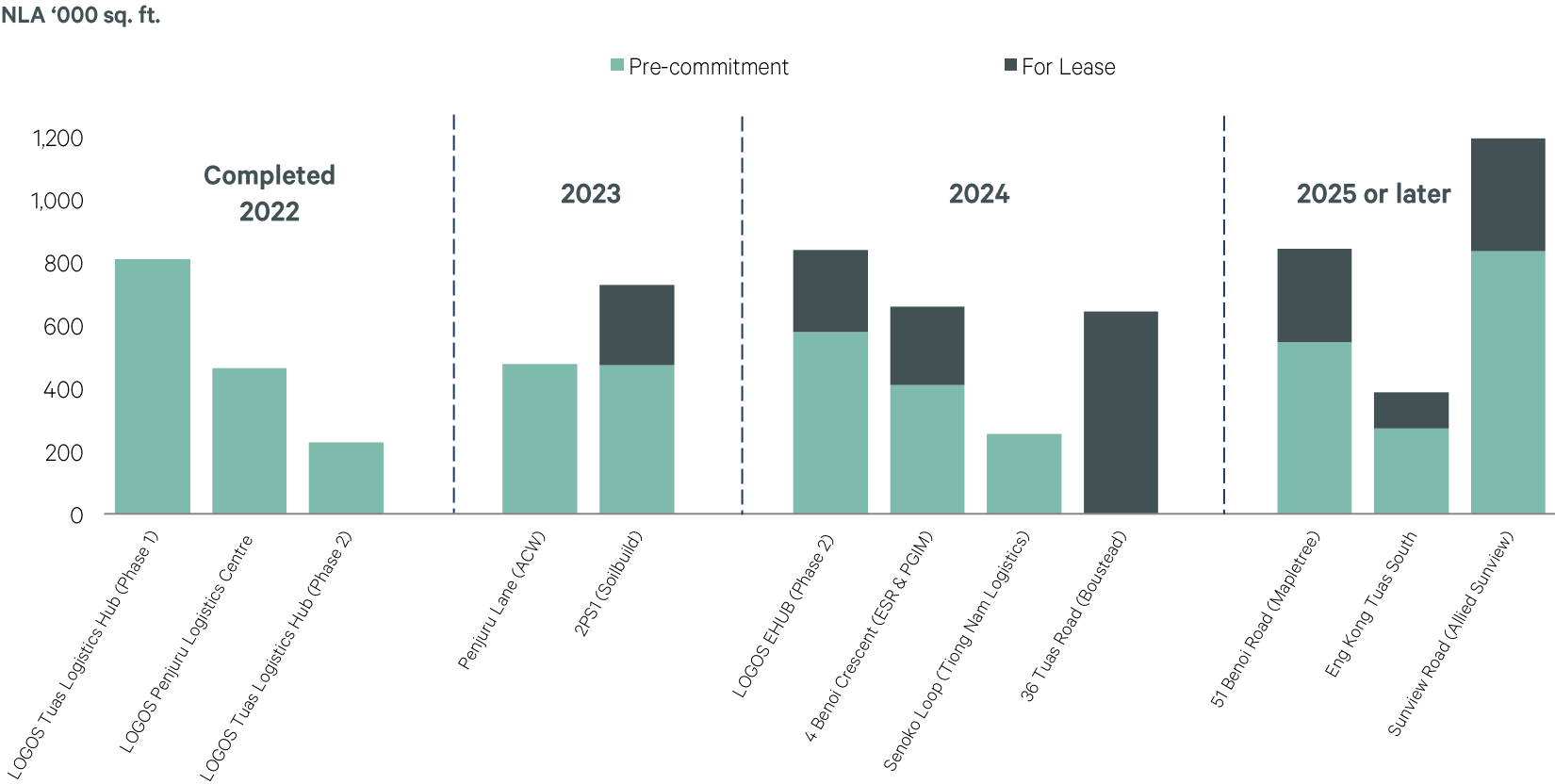
Occupancy for Prime Logistics at 99.8% in Q4 2022

Prime Logistics Sector



Source: CBRE Research

Major Upcoming Prime Logistics Developments

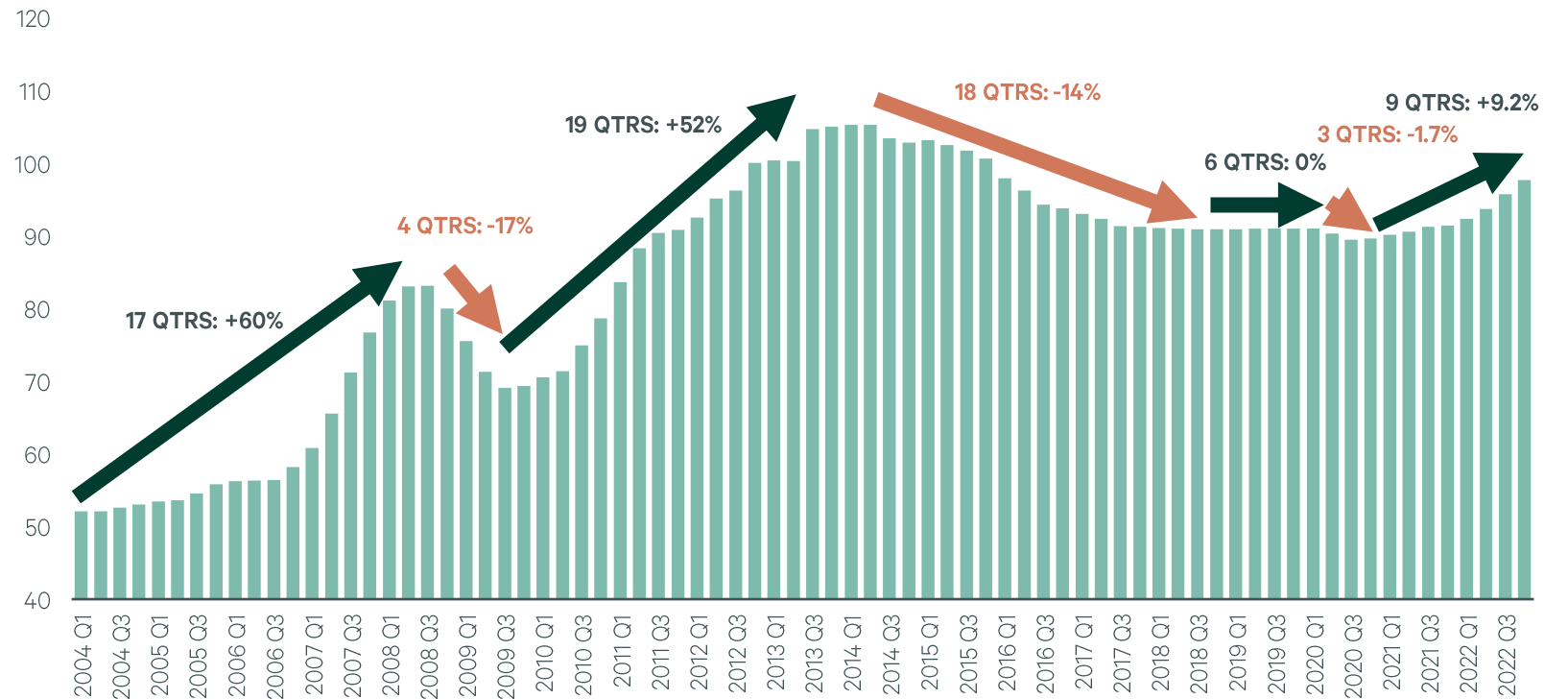


Source: CBRE Research

Impact on rents: 9th consecutive quarter of rental increase

All Industrial Rents in Q4 2022 grew by
2.1% q-o-q

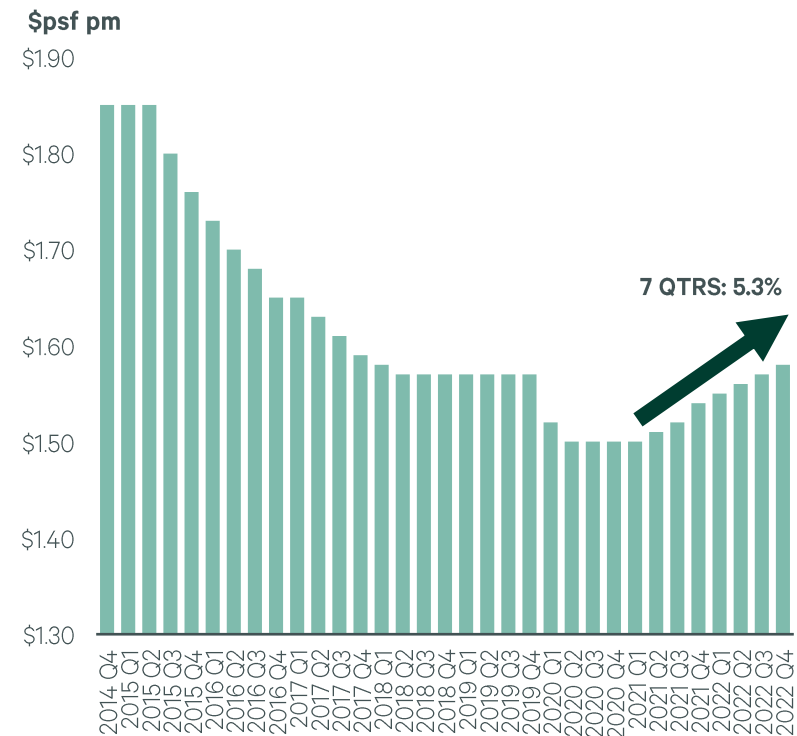
All Industrial Rental Index (JTC)



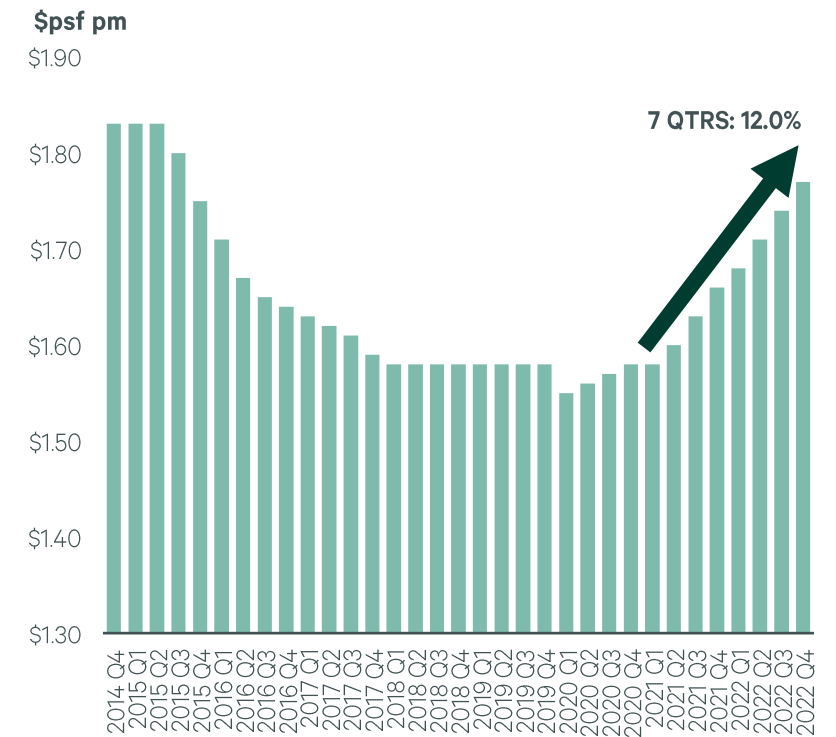
Source: JTC, CBRE Research

Faster pace of rental increase for warehouses

CBRE's Factory Rents



CBRE's Warehouse Rents



Source: CBRE Research

Rental increase accelerated in Q4 2022

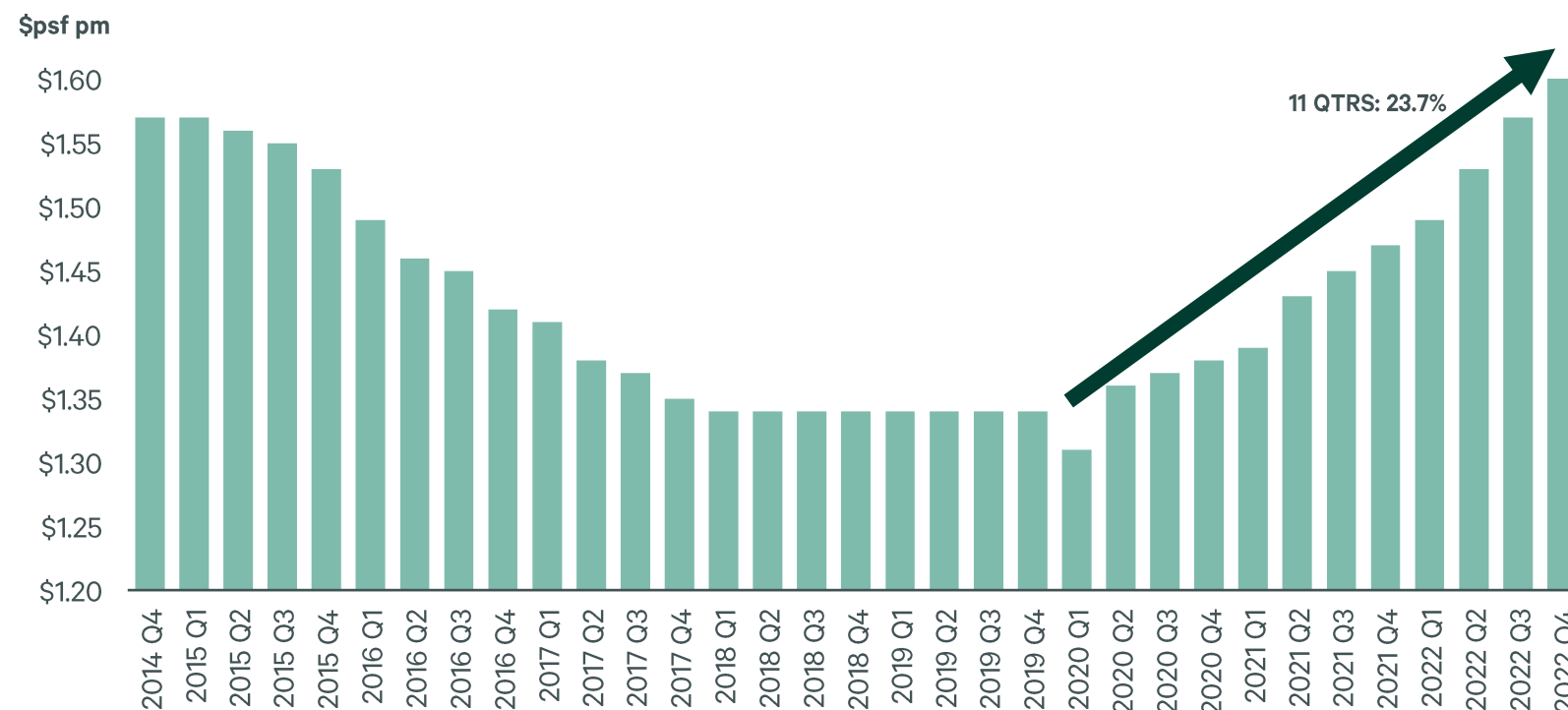
Prime Log Definition:

Ramp-up warehouses that are >200,000 sf
and include features such as

- Capability to fit 40 foot containers
- Dock levellers
- Floor loading of at least 20KN/m2
- Clear ceiling height of at least 8m

CBRE's Prime Logistics Rents

Sub-market	Q4 2022 Rent	Q-o-Q Increase	Y-o-Y Change
Overall Prime Log	\$1.62	3.2%	10.2%
East Average	\$1.82	2.6%	7.7%
West Average	\$1.52	4.7%	18.5%



Source: CBRE Research

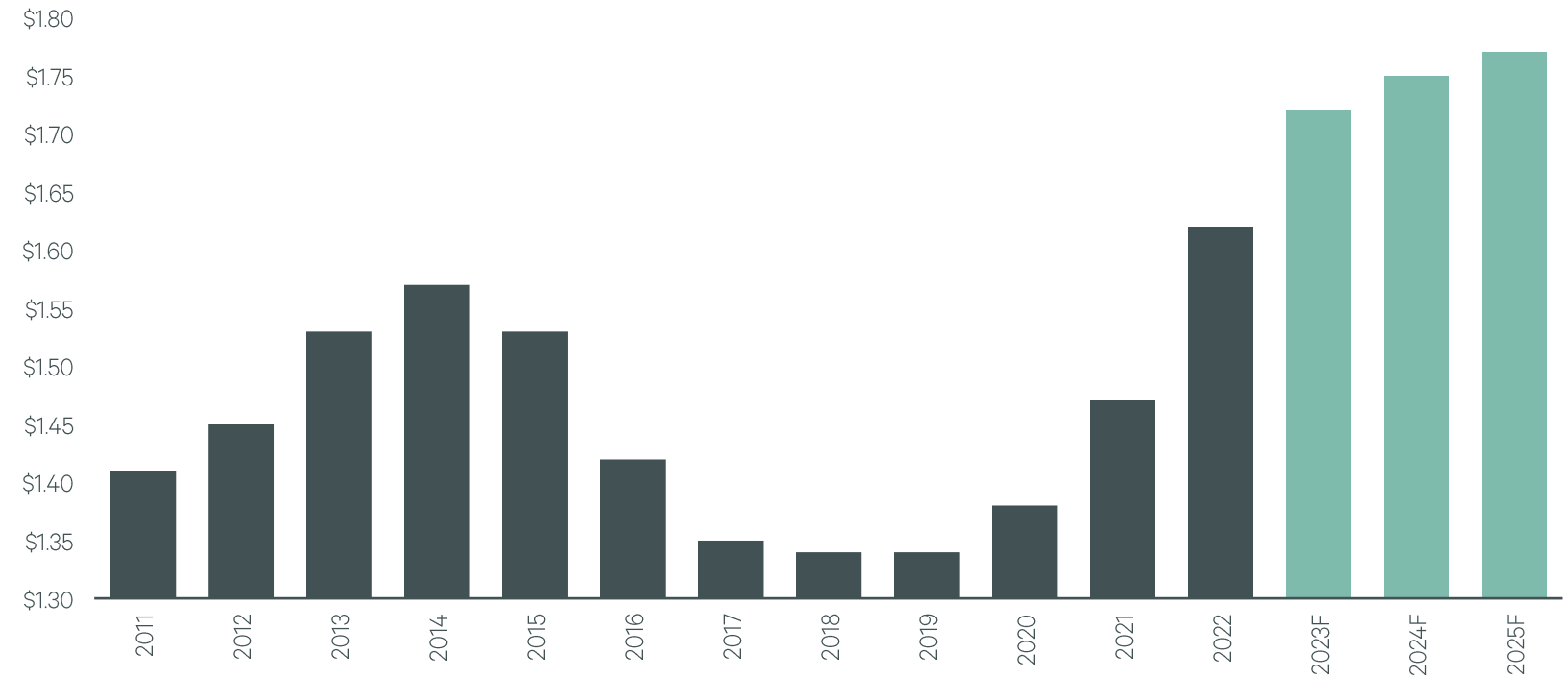
Positive Rental Forecast

Prime logistics rents set a historical high in 2022 with a 10.2% y-o-y increase to \$1.62.

With an acute shortage of quality supply, rental performance in 2023 is still expected to be positive as warehouse demand remains healthy.

Prime Logistics Rents

\$psf pm



Source: CBRE Research

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Thank You

