

Rents  
(\$PSF/MO)12-Mo.  
Forecast**\$6.13**

Business Park (City Fringe)

**\$3.55**

Business Park (Outlying Areas)

**\$4.42**

Science Park

SINGAPORE ECONOMIC INDICATORS  
Q4 202212-Mo.  
Forecast**2.1%**

Real GDP Growth

**6.6%**

Inflation Growth

**1.8%**

Unemployment

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

## External Demand Remains Lacklustre

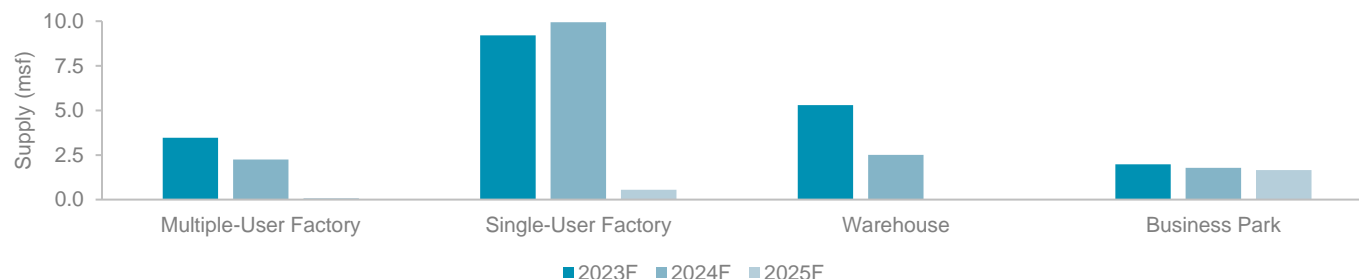
Singapore's economic growth is expected to slow to about 0.5% to 2.5% yoy in 2023, from 3.6% yoy in 2022. Against a backdrop of lacklustre external demand, non-oil domestic exports (NODX) contracted by 15.6% yoy for the fifth consecutive month in February. Manufacturing performance continued to contract, albeit from a high base, as industrial production fell for the fifth straight month by 8.9% yoy. Nonetheless, manufacturing sentiments have started to pick up, as China reopens. The Singapore Purchasing Managers' Index (PMI) inched up 0.2 points to 50 after five straight months of contraction and the electronics sector PMI rose 0.2 points to 49.3.

## Industrial Demand Sustains Despite Headwinds

Despite a weaker economic outlook, most property types experienced rental growth in Q1 2023, except for conventional factory spaces which saw rents held constant, according to C&W's basket of industrial properties. Prime logistics properties and conventional warehouses outperformed in Q1 2023, with rents rising by 7.5% and 3.1% respectively qoq, driven by sustained demand from third-party logistics (3PL) players amidst very tight supply. Supported by active expansion plans of the knowledge sectors, especially the biomedical sector, high-tech properties witnessed further rental growth of 1.2% qoq from 0.4% qoq growth in Q4 2022, while city fringe business park's rental growth moderated slightly to around 0.5% qoq from previous quarter's 0.9% qoq growth.

Industrial rental growth is expected to hold up this year, though performance will differ across property types. Due to its tight vacancies and low rental base, prime logistics could witness double-digit rental growth in 2023 as underlying demand from 3PL players remains surprisingly resilient, despite an easing of supply chain challenges and a weaker economic outlook. Given tight supply, most prime logistics occupiers are renewing their leases despite higher rents, and pent-up demand has continued to accumulate. The anticipated strong rental growth for prime logistics in 2023 comes on the back of high pre-commitments for major prime logistics supply completing this year. High-tech factories and business parks rents are expected to see moderate rental growth, with modern and high-spec developments leading growth as they can meet business requirements and sustainability targets of new economy tenants. Meanwhile, the manufacturing slowdown and lacklustre export performance coincides with a surge in factory supply coming forth this year, leading to a likelihood of slower rental growth of around 1.0% for conventional factories in general. While most new factory supply are single-user factory space and fully pre-committed, a portion of space could be sublet out into the market.

## 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\$6.13              | US\$4.61   | €4.24     | 0.4%             | ▲                |
| Business Park (Outlying Areas) | S\$3.55              | US\$2.67   | €2.45     | 0.2%             | ▲                |
| Science Park                   | S\$4.42              | US\$3.32   | €3.06     | 0.2%             | ▲                |
| High-Tech                      | S\$3.29              | US\$2.47   | €2.27     | 1.2%             | ▲                |
| Factory – Ground Floor         | S\$1.83              | US\$1.37   | €1.26     | 0.0%             | ▲                |
| Factory – Upper Floor          | S\$1.62              | US\$1.22   | €1.12     | 0.0%             | ▲                |
| Warehouse – Ground Floor       | S\$1.62              | US\$1.22   | €1.12     | 2.2%             | ▲                |
| Warehouse – Upper Floor        | S\$1.35              | US\$1.01   | €0.93     | 4.0%             | ▲                |
| Prime Logistics – Ground Floor | S\$1.76              | US\$1.32   | €1.22     | 8.0%             | ▲                |
| Prime Logistics – Upper Floor  | S\$1.60              | US\$1.20   | €1.11     | 7.0%             | ▲                |

US\$/S\$ = 1.330; €/S\$ = 1.446, as of 31 March 2023

## SIGNIFICANT BUSINESS PARK PROJECTS – PLANNED &amp; UNDER CONSTRUCTION

| PROJECT NAME                        | SUBMARKET    | TENANT                         | SF        | EXPECTED COMPLETION YEAR |
|-------------------------------------|--------------|--------------------------------|-----------|--------------------------|
| Surbana Jurong Campus               | Jurong West  | Surbana Jurong                 | 445,000   | 2023                     |
| Kajima Campus                       | Changi       | Kajima                         | 140,000   | 2023                     |
| Biopolis Phase 6 – Elementum        | one-north    | IHiS and related MOHH entities | 378,000   | 2023                     |
| Punggol Digital District (Phase 1)  | Punggol      | -                              | 1,780,000 | 2024                     |
| Development at 3 Science Park Drive | Science Park | -                              | 310,000   | 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 Q1 2023

| PROPERTY         | SUBMARKET | SELLER / BUYER  | PRICE (\$ Million) |
|------------------|-----------|---|--------------------|
| HB Centre 1 & 2  | Geylang   | Ho Bee Land / Unrelated third party                               | 115.0              |
| J'Forte Building | Hougang   | Suki Sushi / Metro Holdings, Boustead Singapore, AP SG 21 Pte Ltd | 98.8               |
| Keppel Yard      | Pioneer   | Keppel Corporation / ST Engineering                               | 95.0               |

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