



INDUSTRIAL MARKET OVERVIEW

SINGAPORE

TRENDS AND OPPORTUNITIES



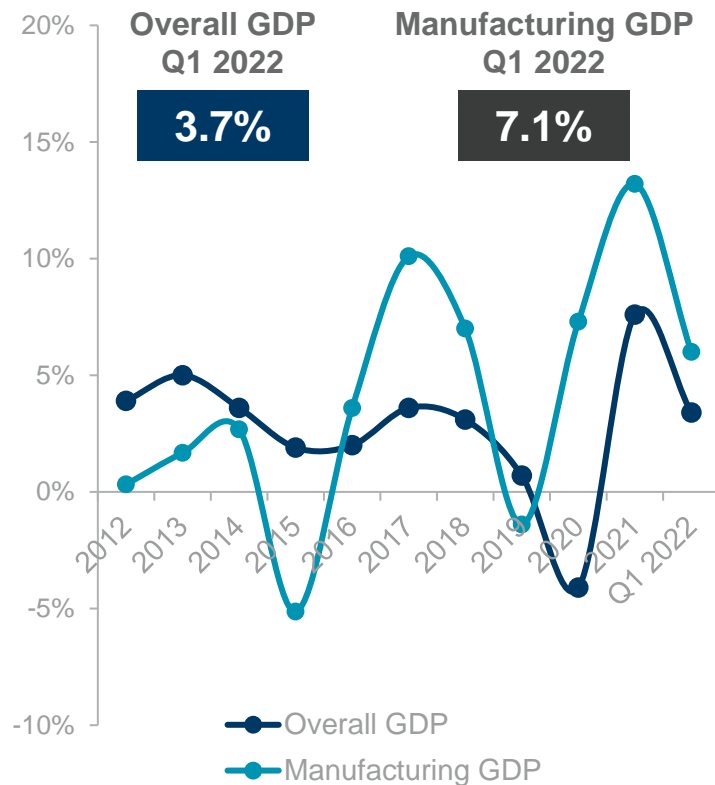
CUSHMAN &
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INDUSTRIAL ECONOMIC INDICATORS

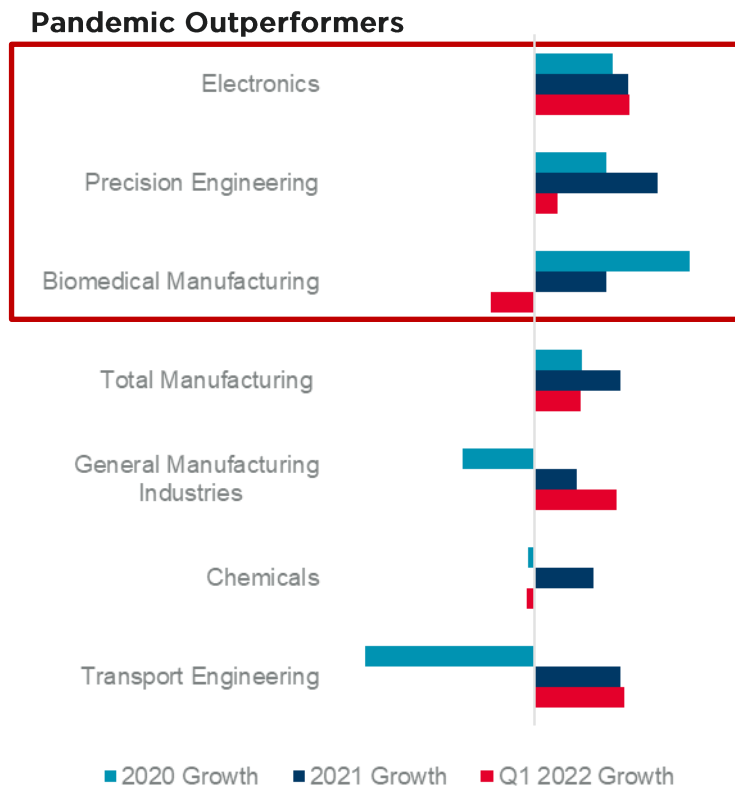
Position of Strength

- Strong economic recovery registered in 2021 and expected stable economic growth in 2022
- Growth driven by high-value sectors
- PMI records 24th month of expansion as of June 2022

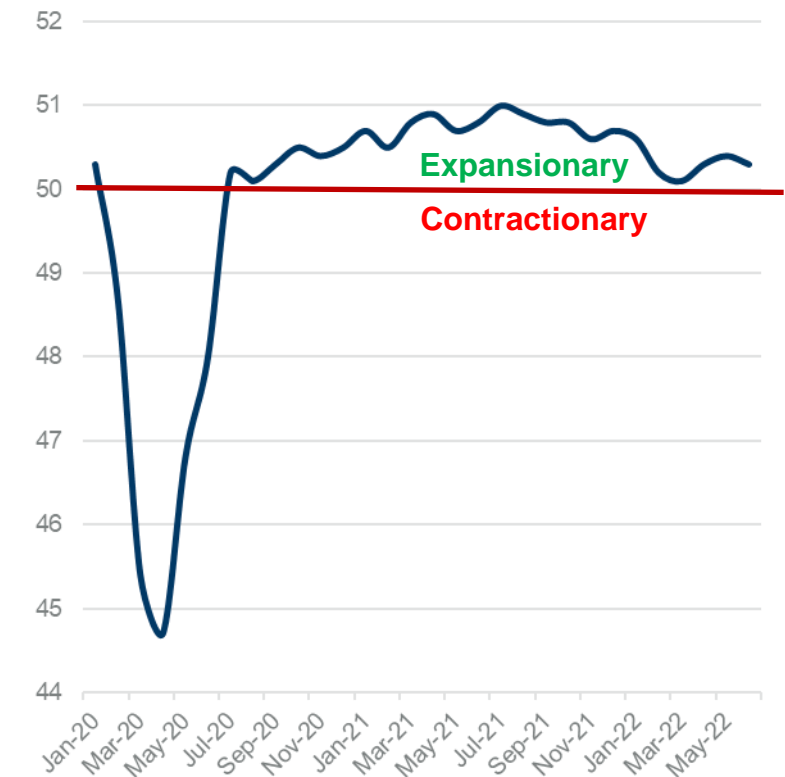
OVERALL AND MANUFACTURING GDP



MANUFACTURING GROWTH

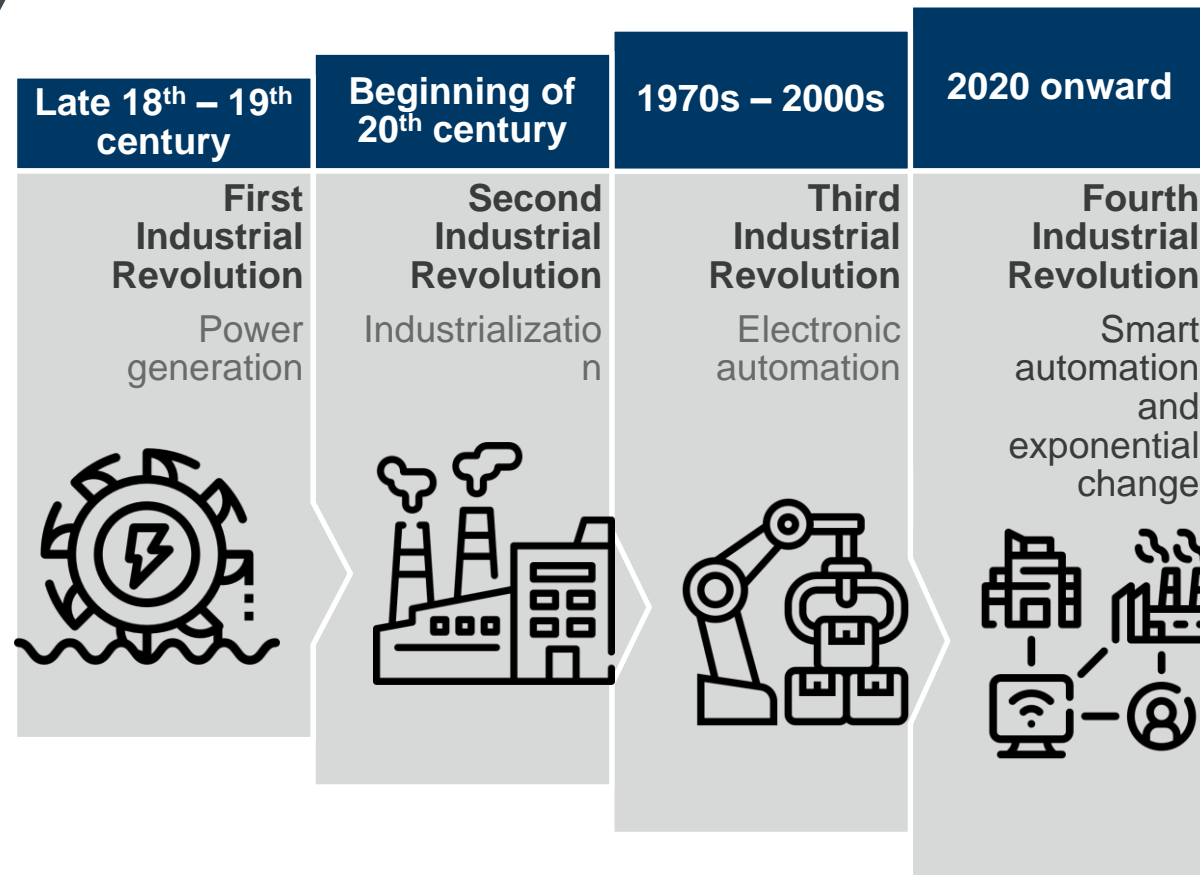


PMI



MANUFACTURING IS CHANGING AND IS IMPORTANT

Building a Future-ready Manufacturing Sector



The old days



Dyson patented digital motors



GlobalFoundries' highly automated cleanroom



Factory of the future

*“As needs diversify, the era of supplying a mass volume of a single product is a thing of the past. Now, the key to **growth** is being able to **promptly respond to need**.”*

- Shinichi Inoue, President of Makino Asia

SUPPLY CHAIN THEMES

Trends Shaping Future Supply Chain

- Regionalisation of trade bodies well for Singapore and Southeast Asia
- Resilience-model and modernisation of supply chains will benefit established logistics hubs with high connectivity and talent

FUTURE THEMES

1

- **Focus on supply chain resilience**
 - Diversification / Additional suppliers
 - Stockpile / manage inventories

2

- **Growth in domestic market and regional trade**
 - Growing middle income class across Asia-Pacific

3

- **Redesign of supply chain networks**
 - Proximity to customers / key transportation nodes

4

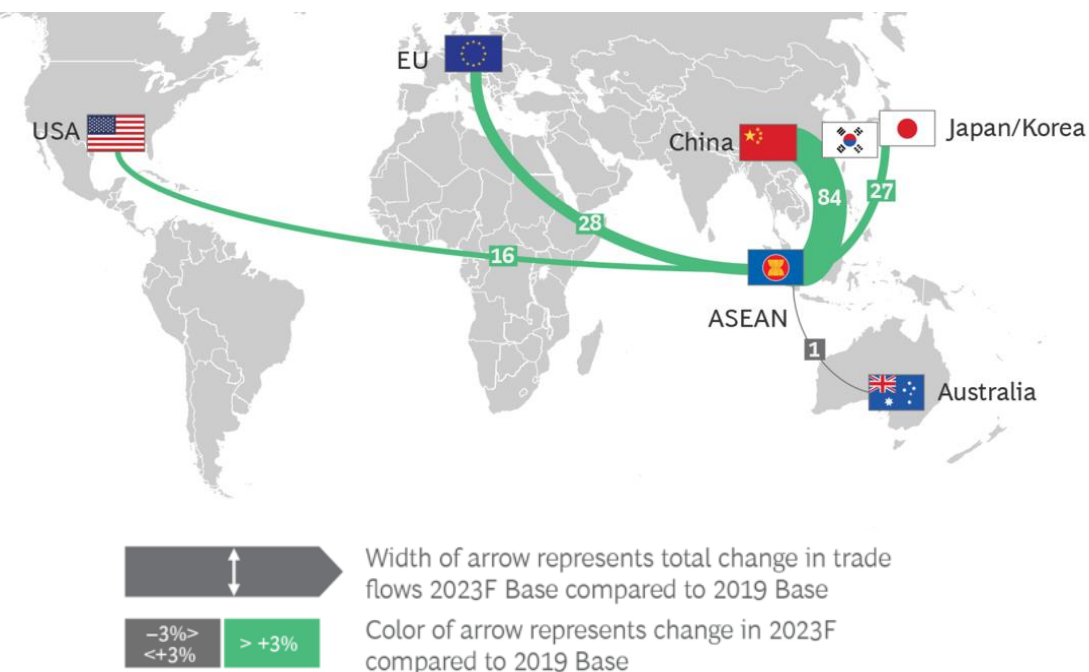
- **Modernization of supply chain**
 - Robotics and automation
 - Digital supply chain

5

- **Focus on ESG to achieve carbon reduction by design**
 - Reduce transportation distance and time
 - Green features for warehouses / distribution centers

RIISING TRADE IN ASEAN

Forecast Change in Trade of Goods between ASEAN and Major Markets from 2019 base to 2023 (US\$ Billion)



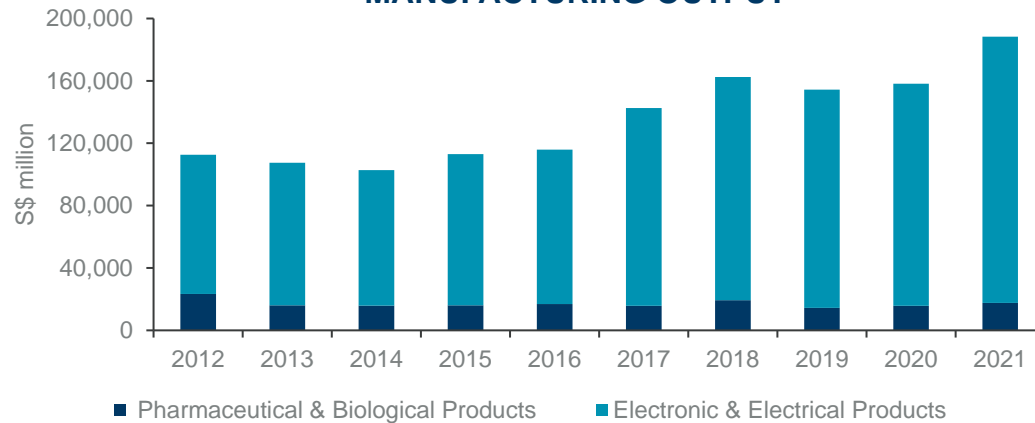
MARKET DRIVERS

Prevailing Trends

- Industrialist prioritise stability and talent pipeline as manufacturing becomes less footprint intensive and increasing emphasis on software
- Singapore is a test-bed and springboard to Southeast Asia

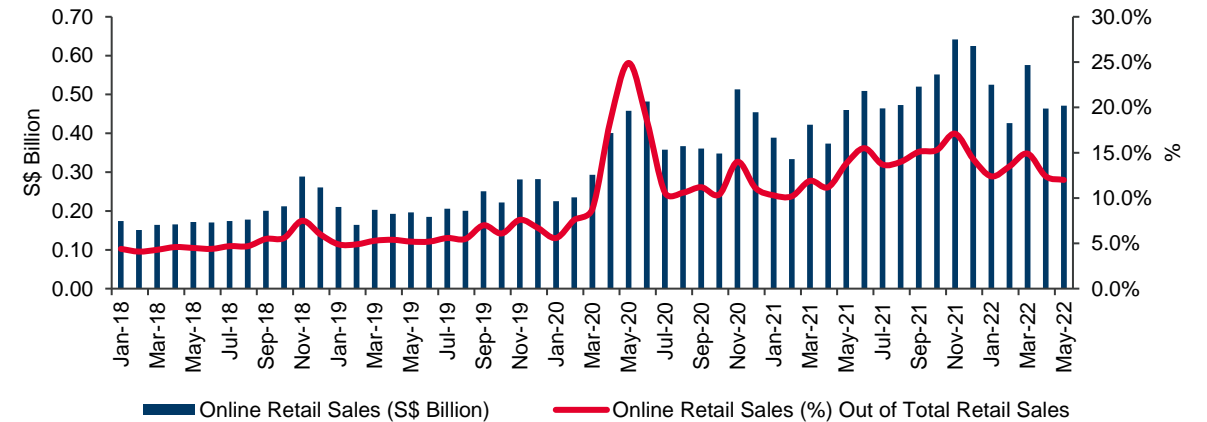
HIGH-VALUE MANUFACTURING BOOM

BIOMEDICAL AND ELECTRONIC / ELECTRICAL MANUFACTURING OUTPUT



E-COMMERCE GROWTH

SINGAPORE ONLINE RETAIL SALES



MiRXES

Opened an S\$8 million in-vitro diagnostic manufacturing facility, the largest in South-east Asia, spanning 15,000 sf.

SANOFI

Recently broke ground on its vaccine facility in Singapore.

dyson

To invest S\$1.5 billion in Singapore over the next four years

GLOBAL FOUNDRIES

To build new \$5.4 billion plant in Singapore, add 1,000 high-value jobs

tsmc

World's No. 1 chipmaker may build a new multibillion-dollar factory in Singapore

redmart™

Opened its 353,000 sqft West Fulfillment Centre, which boasts an automated storage and retrieval system where over 48,000 products can be sorted, stored and retrieved automatically to fulfil customer orders in 2021

J&T EXPRESS

Opened its third Singapore warehouse in 2020
Opened two new warehouses in Singapore at Changi Airfreight Center and Penjuru in 2021

ninjaván

Opened its new automated hub located at Yio Chu Kang in 2021

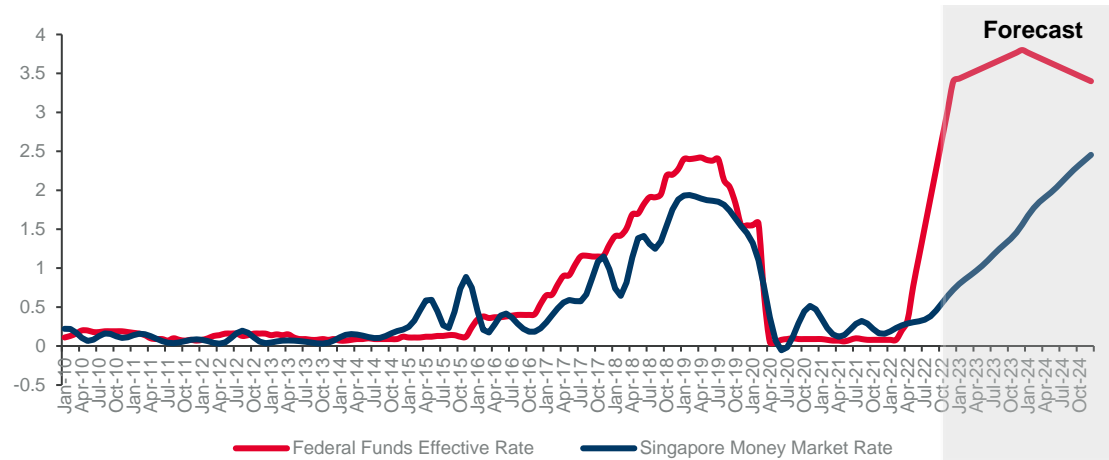
POTENTIAL HEADWINDS

Prepare for a Rising Interest Rate and Inflationary Environment

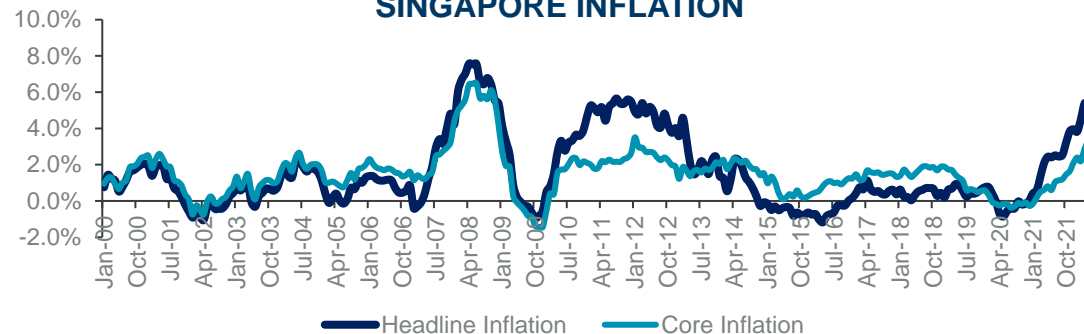
- Core inflation reaches more-than a decade high, driven by higher energy and food costs
- Higher interest rates would slow growth and increase recession risks

DOWNSIDE RISKS

US AND SINGAPORE INTEREST RATES



SINGAPORE INFLATION

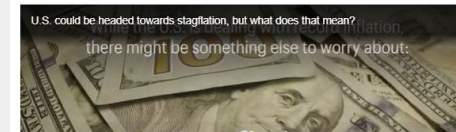


Source: Moody's Analytics, Cushman & Wakefield Research

FINANCE • WORLD BANK

The World Bank says most countries are headed for a recession, and warns of a possible return to 1970s 'stagflation'

BY TRISTAN BOVE
JUNE 8, 2022 5:32 AM GMT+8



THE BUSINESS TIMES

GOVERNMENT & ECONOMY

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HOME GOVERNMENT & ECONOMY

Global measures to tackle inflation may cause recession, but must be taken: PM Lee

© HON HAP 21/2022-1:25 PM



THE global economy is currently facing high inflation, and there is a risk that measures taken to combat this problem may lead to a recession - but action must be taken nonetheless, lest inflation become a very serious problem for the world, said Prime Minister Lee Hsien Loong.

Bloomberg
Asia Edition

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Markets

Amazon Aims to Sublet, End Warehouse Leases as Online Sales Cool

- Company wants to shed at least 10 million square feet of space
- Amazon spooked investors last month after saying it overbuilt



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Target expects squeezed profits from aggressive plan to get rid of unwanted inventory

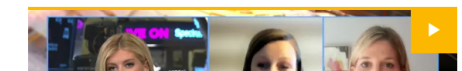
PUBLISHED TUE, JUN 7 2022-6:59 AM EDT | UPDATED TUE, JUN 7 2022-10:19 PM EDT

Melissa Repko
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KEY POINTS

- Target said it will take a short-term hit to profits as it cancels orders and marks down unwanted merchandise.
- CEO Brian Cornell said the big-box retailer wants to clear room for the merchandise including groceries and back-to-school supplies.
- Target anticipates its operating margin rate for the second quarter will be around 2%. That's lower than the outlook it gave less than three weeks ago.
- The company also reiterated its forecast for sales growth and said margins will look healthier in the back half of the year.

In this article TOT -141.90



TRENDING NOW
This 28-year-old woman is worth \$8,000 on a near Hawaii now it's earned

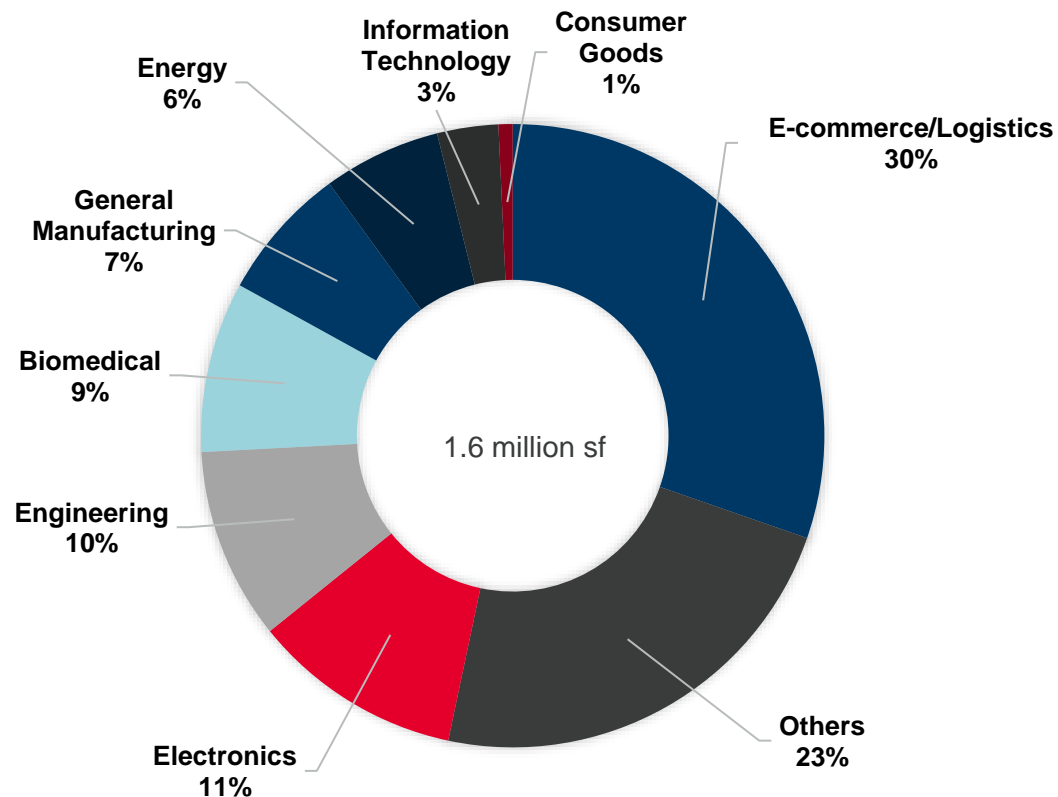
MARKET ACTIVITIES

E-commerce/logistics to Drive Future Demand

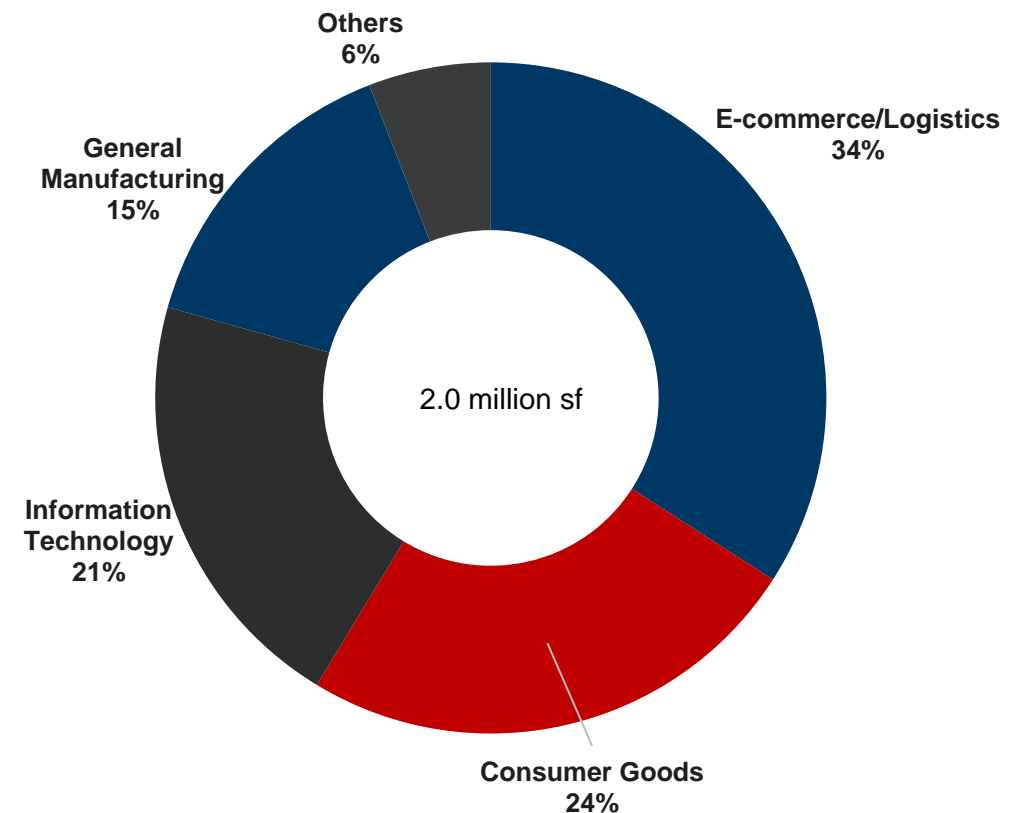


- Demand for industrial space remains healthy as industrialists continue to expand or consolidate their premises
- Key sectors such as e-commerce/logistics, electronics, engineering and biomedical sectors continue to drive demand

Active Occupiers
New Leases Done by size (2020-2022YTD)



Current Market Demand
(potential relocations/expansions/new leases as of Q1 2022)

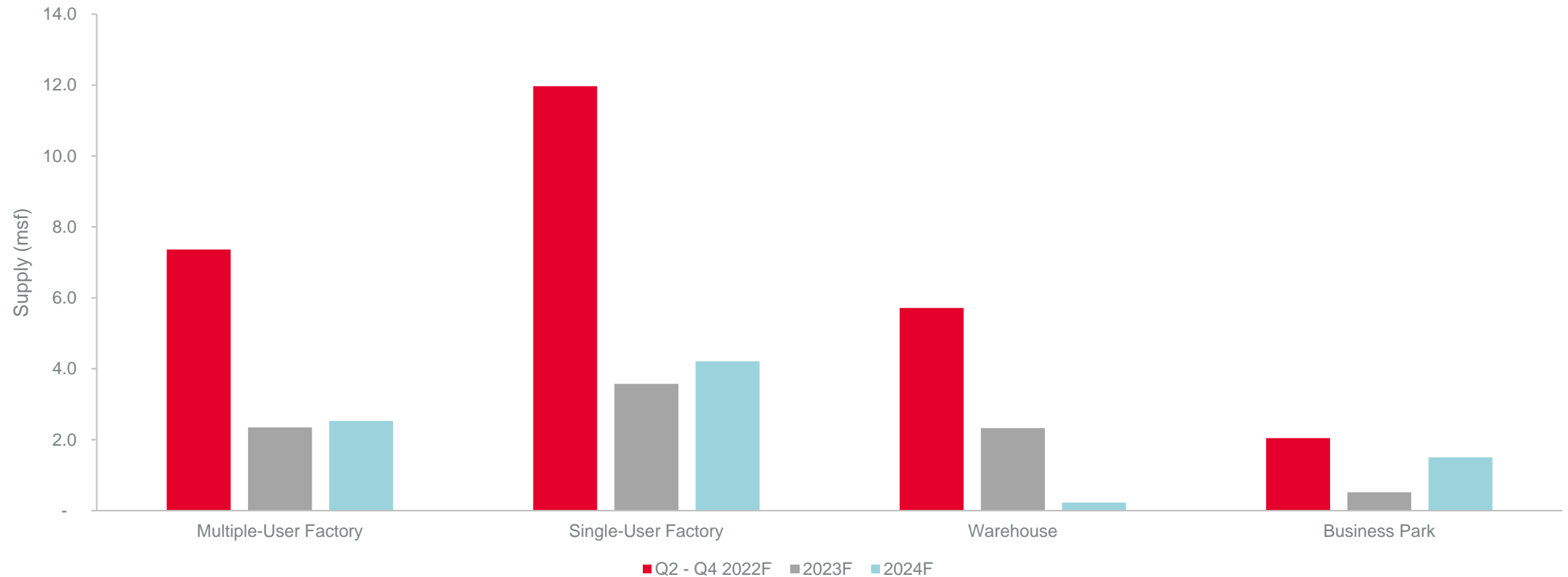


FUTURE SUPPLY

Healthy Pre-Commitment Rates for Logistics







- Supply of multiple-user and single-user factory will taper off from 2023 onwards
- Warehouses are well pre-committed, estimated at over 60%
- Most of new business park supply will be in suburban areas with limited new supply for city-fringe business parks

FUTURE SUPPLY



PROJECTED MARKET PERFORMANCE 2022

Some Segments to Outperform

Sector	2022 Rental Forecast (% yoy)	H1 2022 Rental Growth (% ytd)	Q1 2022 Vacancy Rate (%)	Remarks
 Prime Logistics	+ 6.0	+ 5.1	3.5	<ul style="list-style-type: none"> Vacancy rates are tight with very little available supply in the market for large requirements
 Business Park (City Fringe)	+ 3.5	+ 0.9	4.1	<ul style="list-style-type: none"> Knowledge sectors such as tech and biomedical continue to drive demand while supply remains limited
 High-tech Factory	+ 3.5	+ 0.8	12.4	<ul style="list-style-type: none"> Knowledge sectors such as tech and biomedical continue to drive demand but a deluge of supply in 2022 would cap rent growth
 Conventional Warehouse	+ 3.0	+1.5	9.7	<ul style="list-style-type: none"> Rents remain unchanged due to varying performance across warehouses, dependent on location and specifications
 Conventional Factory	+ 2.0	+ 1.4	11.2*	<ul style="list-style-type: none"> Demand supported by continued outperformance in the biomedical, electronics and related industries as well as ongoing improvements in general manufacturing
 Business Park (Outlying)	+ 1.0	- 0.4	23.6	<ul style="list-style-type: none"> Rental growth to be skewed towards newer developments with new supply in the West

Limited repricing opportunities

- Long term industrial fundamentals remain compelling, and owners are likely to stick to their asking prices. A widening expectation gap between buyers and sellers could limit successful deals
- Private freehold and longer tenure industrial land are a rarity and future capital gain can be substantial. Yields to remain low but capital values are expected to increase with rental growth.

Sales-and-leaseback opportunities

- Sale & leaseback would provide stable income while enjoying capital value upside. Longer land lease have better growth prospects
- Structure triple-net lease to mitigate inflation impact on property operation costs

Consider redevelopment or asset enhancement opportunities for higher yield

- Stabilised assets will continue to fetch a premium in the market. Investors looking for higher returns can look for redevelopment plays which can provide higher returns and yield
- With sustainability becoming a focal point, more assets may become stranded. Invest in sustainability solutions to future-proof asset and cater to “green-conscious” demand.
- Near-to-city ageing industrial estates would be areas to consider



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