

Rents
(S\$PSF/MO)12-Mo.
Forecast**\$6.14**

Business Park (City Fringe)

**\$3.53**

Business Park (Suburban)

**\$4.45**

Science Park

SINGAPORE ECONOMIC INDICATORS
Q3 202312-Mo.
Forecast**1.2%***

Real GDP Growth

**4.1%**

Inflation Growth

**2.0%**

Unemployment



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

* GDP Growth for the whole of 2023 based on MTI's
advance estimates

Singapore Economy To Rebound in 2024

Singapore's economic growth in 2024 is expected to improve to about 2% yoy, higher than 1.2% in 2023. The manufacturing sector, especially the electronics and precision engineering clusters, and trade-related sectors are expected to recover in 2024 alongside the turnaround in global electronics demand. There have been emerging signs of a gradual external recovery; non-oil domestic exports (NODX) rebounded by 1.0% yoy, following year-long declines, while manufacturing output rose for the second consecutive month by 1% yoy in November. Also, manufacturing sentiments continued to improve, as the Singapore Purchasing Managers' Index (PMI) inched up for the third consecutive month by 0.1 point to 50.3 in November.

Easing Growth Momentum

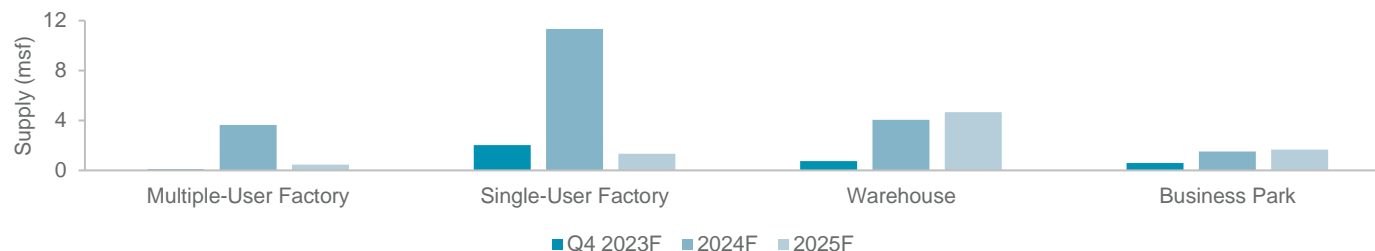
According to C&W's basket of industrial properties, rental movements were flat for most property types in Q4 2023, except for high-tech properties and suburban business parks. High-tech rents rose 0.8% qoq, supported by leasing demand from high-value manufacturing and tech sectors, while suburban business park rents fell 0.2% qoq due to higher vacancy rates.

Given a dearth of supply and resilient demand from new economy sectors, the industrial market rents have largely been on an uptrend in 2023, except for suburban business parks which declined 0.3% yoy, driven by older developments, and factory rents which were stable amid a weak manufacturing performance.

Prime logistics outperformed in 2023, with rents rising by 9.7%, driven by sustained demand from third-party logistics (3PL) players amidst very tight supply. Given a sharp rise in prime logistics rents over the last 2 years, some occupiers, such as 3PL or manufacturers, could explore build-to-suit (BTS) opportunities to secure sites for expansion and manage real estate costs. Some may decide to develop the site themselves, or partner with a developer for a BTS development and take on a long-term lease.

We anticipate moderate rental growth in 2024, given increasing tenant resistance amidst a still-high interest rate environment. Prime logistics and warehouse are expected to outperform, with full-year rental growth of 4-5%. City-fringe business parks and new suburban business parks are expected to see resilient or moderate rental growth of 2-3%. Led by newer and better-located stock, conventional factory and high-tech factory spaces are anticipated to see mild rental growth of 2-3% in 2024, in line with a surge in factory supply.

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\$6.14	US\$4.64	€4.21	0.0%	▲
Business Park (Suburban)	S\$3.53	US\$2.67	€2.42	-0.2%	▲
Science Park	S\$4.45	US\$3.36	€3.05	0.0%	▲
High-Tech	S\$3.33	US\$2.52	€2.28	0.8%	▲
Factory – Ground Floor	S\$1.83	US\$1.38	€1.25	0.0%	▲
Factory – Upper Floor	S\$1.62	US\$1.22	€1.11	0.0%	▲
Warehouse – Ground Floor	S\$1.67	US\$1.26	€1.14	0.0%	▲
Warehouse – Upper Floor	S\$1.39	US\$1.05	€0.95	0.0%	▲
Prime Logistics – Ground Floor	S\$1.81	US\$1.37	€1.24	0.0%	▲
Prime Logistics – Upper Floor	S\$1.62	US\$1.23	€1.11	0.0%	▲

US\$/S\$ = 1.324; €/S\$ = 1.461, as of 27 December 2023

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	1,780,000	2024
Punggol Digital District (Phase 2)			740,000	2025
Development at 1 Science Park Drive	Science Park	-	1,200,000	2025

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	PRICE (\$ Million)
Noel Building	Toa Payoh	Strata Owners / Unknown	81.2
Kimly Building	Hougang	Kimly Construction / Fragrance Group	61.0
2 Tuas South Avenue 2	Tuas	ESR-LOGOS REIT / Unknown	53.0

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