



Industrial Q4 2022

Rents
(S\$PSF/MO)**\$6.03**

Business Park (City Fringe)

12-Mo.
Forecast**\$3.55**

Business Park (Outlying Areas)

**\$4.41**

Science Park

SINGAPORE ECONOMIC INDICATORS
Q3 2022**3.8%***

Real GDP Growth

12-Mo.
Forecast**7.3%**

Inflation Growth

**2.0%**

Unemployment

Source: Ministry of Trade & Industry (MTI),
Moody's Analytics* GDP Growth for the whole of 2022 based on MTI's
advance estimates

A Slower 2023

Singapore's economy grew by 3.8% yoy in 2022, significantly lower than 2021's growth of 7.6%, according to advance estimates from the Ministry of Trade & Industry. Q4 2022 GDP growth slowed to 2.2% yoy, as compared to 4.2% yoy growth in the prior quarter. The slowdown was due to a contraction of the manufacturing sector, weighed down by lower output from the electronics, chemicals and biomedical manufacturing clusters after robust growth in 2021. Nonetheless, wholesale & retail trade and transportation & storage sectors continued to grow by 2.3% yoy in Q4 2022.

Given a darkening economic outlook amidst persistent inflation pressures and higher interest rates, Singapore's economy is forecast to grow by 0.5% to 2.5% in 2023. While the United States and Europe, Singapore's key trading partners, heads towards an economic slowdown, the re-opening of China could provide a surprise on the upside for Singapore's economic growth.

Performance Continues to Bifurcate

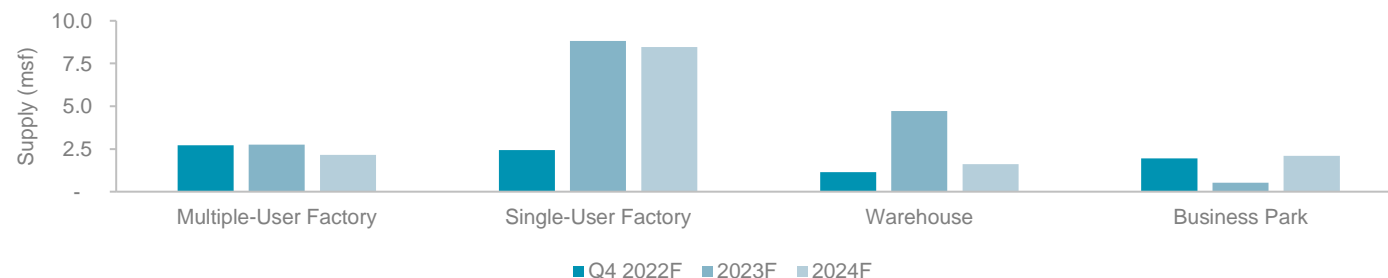
Based on C&W's basket of industrial properties, rentals across most industrial asset classes remained stable during the last quarter of this year, except for business park and high-tech space which rose. Both city-fringe and outlying business park rents went up in Q4 2022 with the former experiencing higher growth rate due to relatively tight vacancy rates. Landlords have also increased their rent expectations due to higher property operating costs. Similarly, high-tech rents inched up by 0.4% q-o-q as leasing demand was supported by high-value manufacturing sectors as well as some spillover demand from CBD office market.

For the whole of 2022, prime logistics outperformed, enjoying highest rental growth of around 6%, bolstered by digital transformation, e-commerce and inventory stockpiling, while other segments also experienced steady growth. However, a weaker economic outlook and sharp rent increases in prior years would lead to increasing tenant resistance and slower rental growth in 2023.

Performance across industrial property types is expected to bifurcate. New economy assets such as prime logistics, high-tech warehouses and city-fringe business parks are expected to outperform, with full year rent growth of 1.5%-3% in 2023 amidst tight supply conditions and resilient long-term demand from e-commerce, life science and technology.

Conventional factories and outlying business parks are expected to see slower growth of up to 1.0% next year, given a higher supply pipeline. Nonetheless, those newer and higher spec developments would outperform older stock.

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\$6.11	US\$4.53	€4.26	0.9%	▲
Business Park (Outlying Areas)	S\$3.54	US\$2.63	€2.47	0.3%	▲
Science Park	S\$4.41	US\$3.27	€3.07	0.0%	▲
High-Tech	S\$3.25	US\$2.41	€2.26	0.4%	▲
Factory – Ground Floor	S\$1.83	US\$1.35	€1.27	0.0%	▲
Factory – Upper Floor	S\$1.62	US\$1.20	€1.13	0.0%	▲
Warehouse – Ground Floor	S\$1.59	US\$1.18	€1.11	0.0%	▲
Warehouse – Upper Floor	S\$1.29	US\$0.96	€0.90	0.0%	▲
Prime Logistics – Ground Floor	S\$1.63	US\$1.21	€1.14	0.0%	▲
Prime Logistics – Upper Floor	S\$1.50	US\$1.11	€1.04	0.0%	▲

US\$/S\$ = 1.348; €/S\$ = 1.435, as of 29 December 2022

SIGNIFICANT BUSINESS PARK PROJECTS – PLANNED & UNDER CONSTRUCTION

PROJECT NAME	SUBMARKET	TENANT	SF	EXPECTED COMPLETION YEAR
Surbana Jurong Campus	Jurong West	Surbana Jurong	445,000	2023
Perennial Business City	Jurong East	-	1,500,000	2023
Kajima Campus	Changi	Kajima	140,000	2023
Biopolis Phase 6 – Elementum	one-north	-	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 Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	PRICE (\$ Million)
Enterprise Logistics Centre	Tuas	Far East Organization / Intex	120.6
10, 12 Mandai Estate	Sungei Kadut	- / -	100.0
12 Tai Seng Link	Hougang	OKH / Chip Eng Seng	35.0

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