

MARKETBEATS

RENT (PSF/MO)	\$5.99	\$4.00	\$2.76
	BUSINESS PARK (CITY FRINGE)	BUSINESS PARK (OUTLYING AREAS)	HIGH-TECH

WHAT'S
NEXT

HIGHLIGHTS

Manufacturing Output Contracts

Singapore's overall economy grew at a sluggish pace of 1.2% y-o-y in 1Q2019, marking two consecutive quarters of economic growth falling below 2%. This was due to a 0.5% y-o-y contraction of the manufacturing sector. The May manufacturing PMI decreased by 0.4 to 49.9, falling into contractionary territory for the first time in almost three years.

New Investments Despite Subdued Outlook

Despite the subdued outlook, a number of global firms are still pouring investments into new facilities in Singapore. Corteva Agriscience opened its Asia-Pacific headquarters at Biopolis, which will conduct R&D to maximize crop yields in sustainable ways. Meanwhile, American medtech firm PerkinElmer launched its life science lab at JTC MedTech Hub to manufacture detection and analytical instruments. In addition, German conglomerate Thyssenkrupp has plans to set up a Singapore Manufacturing TechCenter Hub later this year to unlock the potential of 3D printing solutions across various industries.

Dark Clouds Looming

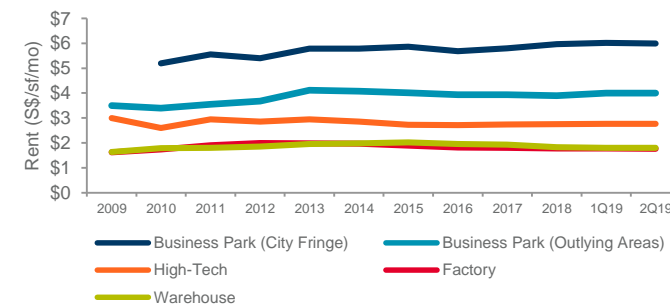
Dark clouds are looming for the industrial sector. Business confidence was impacted by the escalation of the US-China trade war and growing concerns over an impending US recession due to the inverted yield curve. Economists have also raised the possibility of Singapore slipping into recession during 2020 if macro conditions continue to deteriorate. Accordingly, industrial rents are expected to remain flat for the second half of 2019 and experience a moderation in 2020 in the event the recession scenario materializes.

ECONOMIC INDICATORS

	4Q18	1Q19	12-Month Forecast
GDP Growth	1.3%	1.2%	▼
CPI Growth	0.5%	0.5%	—
Unemployment	2.2%	2.2%	—

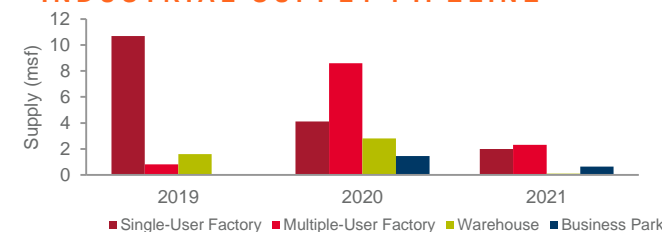
Source: Ministry of Trade & Industry

INDUSTRIAL RENTS



Source: Cushman & Wakefield Research

INDUSTRIAL SUPPLY PIPELINE



Source: JTC, Cushman & Wakefield Research

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SEGMENT	EFFECTIVE RENT			Q-O-Q CHANGE	12-MONTH OUTLOOK
	S\$/SF/MO	US\$/SF/MO	EUR/SF/MO		
Business Park (City Fringe)	S\$5.99	US\$4.42	€3.92	-0.3%	■
Business Park (Outlying Areas)	S\$4.00	US\$2.95	€2.61	0.0%	■
Science Park	S\$4.32	US\$3.19	€2.82	0.0%	■
High-Tech	S\$2.76	US\$2.04	€1.80	0.0%	▼
Factory^	S\$1.76	US\$1.30	€1.15	-0.6%	▼
Warehouse^	S\$1.80	US\$1.33	€1.18	0.0%	▼

^Preliminary median rents from JTC, four-quarter moving average
US\$/S\$ = 1.356; €/S\$ = 1.530 as of 20 June 2019

Significant Business Park Projects – Planned & Under Construction

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
CleanTech Loop	CleanTech Park	-	572,000	2020
13 International Business Park	International Business Park	TÜV SÜD	156,000	2020
Wilmar International BTS	one-north	Wilmar International	153,000	2020
Razer HQ	one-north	Razer	177,000	2020
Grab HQ	one-north	Grab	387,000	2020
Surbana Jurong Campus	CleanTech Park	Surbana Jurong	631,000	2021

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