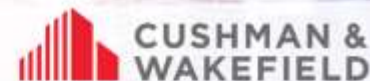


## MARKETBEAT

**\$10.65**

RENT (PSF/MO)

**0.4%**

RENTAL GROWTH

**2.6%**

VACANCY RATE

WHAT'S  
NEXT

## HIGHLIGHTS

## Recession Risk Still on the Cards

Singapore's economic growth plunged to 0.1% y-o-y in 2Q2019. On a q-o-q basis, the economy contracted by 3.3%, stoking fears of a technical recession if anemic growth continues into the third quarter. Office-using employment rose by 6,200 workers during the second quarter, a decline from the 8,500 workers added in the preceding quarter.

## Pace of Co-Working Expansion to Moderate

Co-working market leaders continued to expand vigorously to assert dominance. In July, WeWork leased the entire 200,000 sf in 21 Collyer Quay, with plans to open in 2021 after current tenant HSBC vacates the building. However, co-working players may adopt a more conservative approach to reduce cash burn going forward. A sector which is growing rapidly and could emerge as a new demand driver is Artificial Intelligence (AI). AI start-up SenseTime, backed by Temasek, is planning to triple its Singapore staff to 300 in 3 years.

## Rents Steady Despite Economic Weakness

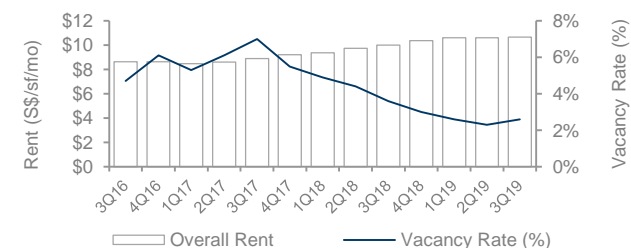
Despite reduced market confidence due to weaker economic growth and the escalation of the US-China trade war, landlords have been able to hold their rents steady due to tight vacancies and limited upcoming supply. Grade A CBD rent increased marginally by 0.4% to S\$10.65 psf/mo during 3Q2019. However, with the Federal Reserve unwilling to ease more aggressively to boost global market sentiment and headwinds from the on-going trade war, we expect rents to peak in 2019 should the recession scenario materialize.

## ECONOMIC INDICATORS

	1Q19	2Q19	12-Month Forecast
GDP Growth	1.1%	0.1%	▼
CPI Growth	0.5%	0.7%	■
Unemployment	2.2%	2.2%	■

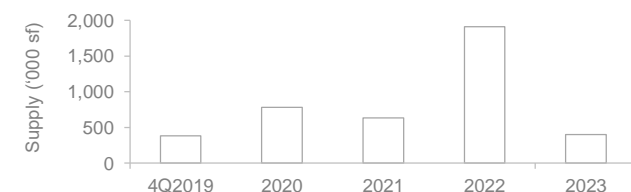
Source: Ministry of Trade &amp; Industry

## GRADE A CBD RENT &amp; VACANCY RATE



Source: Cushman &amp; Wakefield Research

## GRADE A CBD SUPPLY PIPELINE



Source: URA, Cushman &amp; Wakefield Research

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SUBMARKET	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SF)	GRADE A EFFECTIVE RENT		
				S\$/SF/MO	US\$/SF/MO	EUR/SF/MO
Marina Bay	9,001,000	2.1%	1,260,000	S\$12.63	US\$9.18	€8.34
Raffles Place	7,425,000	3.4%	635,000	S\$10.87	US\$7.90	€7.18
Shenton Way / Tanjong Pagar	4,313,000	2.5%	782,000	S\$10.05	US\$7.30	€6.64
City Hall / Marina Centre	4,476,000	1.8%	0	S\$10.30	US\$7.49	€6.80
Orchard Road	1,961,000	4.1%	381,000	S\$9.42	US\$6.85	€6.22
Bugis	1,132,000	2.3%	1,050,000	S\$10.09	US\$7.33	€6.66
<b>SINGAPORE GRADE A CBD TOTAL</b>	<b>28,308,000</b>	<b>2.6%</b>	<b>4,108,000</b>	<b>S\$10.65</b>	<b>US\$7.74</b>	<b>€7.03</b>
City Fringe^	6,908,000	3.4%	424,000	S\$7.18	US\$5.22	€4.74
Suburban^	7,213,000	7.6%	534,000	S\$5.66	US\$4.11	€3.74

^All-Grades  
US\$/S\$ = 1.376; €/S\$ = 1.514 as at 20 September 2019

## KEY LEASING TRANSACTIONS 3Q2019

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
21 Collyer Quay	Raffles Place	WeWork	200,000	New Lease

## SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
9 Penang Road	Orchard	UBS Singapore	381,000	2019
Woods Square	Suburban	-	534,000	2019
79 Robinson Road	Shenton Way	Allianz	514,000	2020
CapitaSpring	Raffles Place	JP Morgan	635,000	2021
Central Boulevard Towers	Marina Bay	-	1,260,000	2022
Guoco Midtown	Bugis	-	650,000	2022
Shaw Tower	Bugis	-	400,000	2023

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