

\$5.76

Business Park
(City Fringe)12-Mo.
Forecast

\$3.71

Business Park
(Outlying Areas)

\$3.11

High-Tech

SINGAPORE ECONOMIC INDICATORS
Q4 2019

1.0%

GDP Growth

YoY
Chg12-Mo.
Forecast

0.6%

CPI Growth



2.3%

Unemployment



Source: Ministry of Trade & Industry

Singapore Manufacturing Continues To Contract

Singapore's overall economy grew at 1.0% y-o-y in 4Q2019, while the manufacturing sector contracted at -2.3% y-o-y. On a full-year basis, overall economic growth clocked in at a lower 0.7% during 2019, with manufacturing shrinking by -1.4%. According to advance estimates by MTI, the Singapore economy contracted by 2.2% y-o-y in 1Q2020, with the manufacturing sector declining at -0.5% y-o-y. The March PMI fell deeper into contractionary territory, plunging by 3.3 to 45.3, with the electronics PMI falling by 3.5 to 44.1.

Positive Developments Despite Somber Market

While the tone in the market was somber due to the spread of the COVID-19 pandemic, there were nevertheless several positive developments during the quarter. During January, GrabFood launched its first cloud kitchen at Lam Soon Industrial Building. Spanning 6,000 sf, the centralized facility will enable F&B players to serve new areas by renting cooking space without setting up a restaurant.

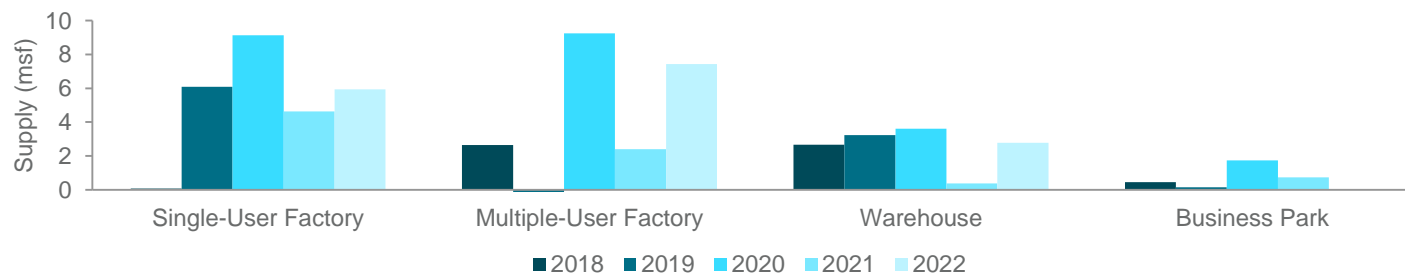
In addition, German event organizer Deutsche Messe signed a memorandum of understanding with the Singapore Tourism Board and SingEx to host flagship manufacturing trade show Industrial Transformation Asia-Pacific in Singapore for the next five years. This will enhance and accelerate the adoption of Industry 4.0 technologies in manufacturers across Asia-Pacific. In addition, Deutsche Messe will set up its regional headquarters in Singapore due to the strategic geographical location and strong MICE ecosystem here.

Despite the plunge in oil prices, ExxonMobil has taken a long-term view and committed a multi-billion dollar investment to implement new technology at its integrated refining and petrochemical complex in Singapore. Once the facility is upgraded, it will create 135 jobs and its capacity to produce high-performance lubricant base stocks and cleaner fuels will increase by 48,000 barrels per day.

Industrial Rents For Most Segments To Moderate

The industrial sector is facing unprecedented challenges as the COVID-19 pandemic has disrupted supply chains due to lockdowns across the world. Global demand is contracting, taking a severe toll on the local manufacturing sector. Industrial rents for most segments are projected to moderate in 2020, with factory and high-tech rents expected to be the hardest hit. Rents for business parks in outlying areas could also see a decline. On a more optimistic note, the degree of rental moderation for warehouse rents is likely to be lower due to increased e-commerce activity and deliveries. Rents for business parks in the city fringe are also expected to be resilient due to the steady demand for these properties.

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\$5.76	US\$3.97	€3.72	N.A.	■
Business Park (Outlying Areas)	S\$3.71	US\$2.56	€2.39	N.A.	▼
Science Park	S\$4.18	US\$2.88	€2.70	N.A.	▼
High-Tech	S\$3.11	US\$2.14	€2.01	N.A.	▼
Factory – Ground Floor	S\$1.85	US\$1.27	€1.19	N.A.	▼
Factory – Upper Floor	S\$1.68	US\$1.16	€1.08	N.A.	▼
Warehouse – Ground Floor	S\$1.49	US\$1.03	€0.96	N.A.	▼
Warehouse – Upper Floor	S\$1.26	US\$0.87	€0.81	N.A.	▼

*With effect from 1Q2020, the baskets for all industrial segments have been revised

US\$/S\$ = 1.452; €/S\$ = 1.550 as of 20 March 2020

SIGNIFICANT BUSINESS PARK PROJECTS – PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	TENANT	SF	COMPLETION DATE
CleanTech Loop	CleanTech Park	-	572,000	2020
PBA Innovation Centre	CleanTech Park	PBA Group	242,000	2020
13 International Business Park	International Business Park	TÜV SÜD	162,000	2020
Wilmar International BTS	one-north	Wilmar International	152,000	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

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
Galaxis (25% stake)	one-north	Mitsui & Co. / Ascendas REIT	653,928	\$157.5M
Wisma Gulab	City Fringe	Ascendas REIT / Heap Seng Group	127,240	\$88.0M

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