

\$10.61
Rent (\$\$/sf/mo)

YoY
Chg12-Mo.
Forecast

-0.5%
Rental Growth



2.0%
Vacancy Rate



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 Economy Contracts

Singapore's economic growth was low at 1.0% y-o-y in 4Q2019, with full-year GDP growth coming in at 0.7%. The growth of office-using employment has slowed, rising by 5,500 workers during the fourth quarter, a significant decrease from the 11,100 workers added in the preceding quarter. It is likely that the growth in office-using employment will continue slowing or decrease in subsequent quarters.

According to advance estimates by the Ministry of Trade & Industry, overall GDP growth contracted at -2.2% in 1Q2020, with growth in the services producing industries declining at a larger pace of -3.1%. The economic contraction in 1Q2020 opens the door to Singapore entering a technical recession if GDP growth in the second quarter remains negative.

Leasing Demand Declines

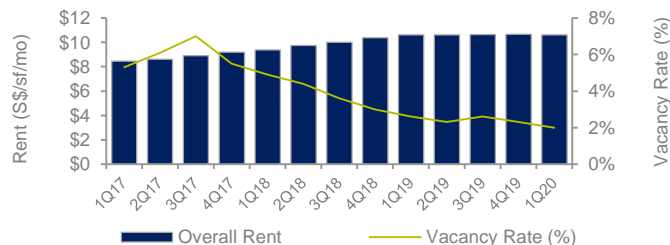
Leasing demand has weakened significantly as market sentiment plunged due to the COVID-19 outbreak. Firms are pausing their expansion plans as they take a wait-and-see approach. With companies activating their business continuity plans, the increasing prevalence of remote working has also reduced the immediate demand for new space.

The office market has peaked, with Grade A CBD rents falling by 0.5% to S\$10.61 psf/mo during 1Q2020. Rents in Marina Bay and Raffles Place have started to decline, while the other submarkets remained stable for now. As many companies are cash-strapped and do not have the budget for fit-out costs, rates for renewals are currently more resilient, while rents for new leases experienced a larger decrease. However, the disparity between rents for renewals and new leases is expected to narrow in the future, especially if landlords start offering incentives for new leases in the form of fit-out subsidies.

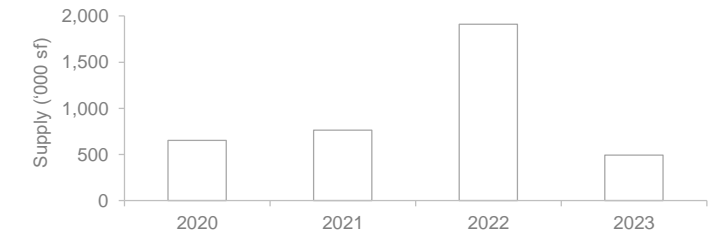
Rents to Moderate in 2020

The COVID-19 epidemic has turned into a global pandemic, with high numbers of infected and deaths worldwide. Accordingly, a double impact of a global recession and a local recession is likely to occur. This would result in Grade A CBD rents moderating by approximately 10% in 2020 with a further decline in 2021. The stimulus provided by the supplemental Resilience Budget will mitigate some of the economic downside. Nevertheless, with the government believing that the impact of the global pandemic could exceed that of the Global Financial Crisis, landlords should brace themselves for a larger decline if the economic situation continues to deteriorate.

GRADE A CBD RENT & VACANCY RATE



GRADE A CBD SUPPLY PIPELINE





MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	VACANCY RATE	PLANNED & UNDER CNSTR (SF)	S\$/SF/MO	GRADE A EFFECTIVE RENT (S\$/SF/MO)	
						US\$/SF/MO	EUR/SF/MO
Marina Bay	9,001,000	195,000	2.2%	1,260,000	S\$12.52	US\$8.62	€8.08
Raffles Place	7,425,000	170,000	2.3%	728,000	S\$10.82	US\$7.45	€6.98
Shenton Way / Tanjong Pagar	4,313,000	27,000	0.6%	1,318,000	S\$10.05	US\$6.92	€6.48
City Hall / Marina Centre	4,476,000	81,000	1.8%	0	S\$10.30	US\$7.09	€6.65
Orchard Road	2,982,000	92,000	3.1%	0	S\$9.39	US\$6.47	€6.06
Bugis	1,132,000	14,000	1.2%	1,050,000	S\$10.17	US\$7.00	€6.56
GRADE A CBD TOTAL	29,329,000	578,000	2.0%	4,356,000	S\$10.61	US\$7.31	€6.85
City Fringe^	6,908,000	289,000	4.2%	1,066,000	S\$7.23	US\$4.98	€4.66
Suburban^	7,479,000	445,000	6.0%	1,618,000	S\$5.65	US\$3.89	€3.65

^All Grades

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

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
79 Robinson Road	Shenton Way	Equinix	70,000	Relocation
Afro-Asia i-Mark	Shenton Way	Delivery Hero	50,000	Relocation
51 Central (51 Bras Basah)	Bugis	Spotify	32,000	Relocation
268 Orchard Road	Orchard	Citibank	30,000	Relocation
Income@Raffles	Raffles Place	O2Work	16,000	New Lease
One Marina Boulevard	Marina Bay	Squire Patton Boggs	10,000	Relocation

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
Samsung Hub	Raffles Place	Sun Venture / South Korean HNWI	13,100	\$49.8M

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