

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

12-Mo. Forecast

**\$5.91**

Business Park (City Fringe)



**\$3.64**

Business Park (Outlying Areas)



**\$4.27**

Science Park



### Singapore Economy Contracts Due To Circuit Breaker

Singapore's GDP contracted at -13.2% yoy in Q2 2020 as the circuit breaker period affected the economy severely. However, the decline was mostly due to the transportation & storage and accommodation & food services sectors which fell by -39.2% yoy and -41.4% yoy respectively. The manufacturing sector was resilient, with a marginal decline of -0.7% yoy. The overall PMI dipped by 0.1 to 50.1 to remain in marginal expansion territory in August. On a positive note, the electronics PMI rose by 1.4 to 50.6 in the same month, the highest reading since September 2018.

### Business Park and Logistics Segments Doing Well

Business park space is still in demand by firms seeking cost-effective space for their workforce. Kajima Corporation started construction of its first overseas innovation centre at Changi Business Park. Kajima will be investing \$100 million in the property, which will span around 141,000 sf of business park space and R&D lab space. Upon its completion in 2023, Kajima Global Hub will serve as the firm's regional headquarters and conduct research and development into advanced building technologies for the construction industry.

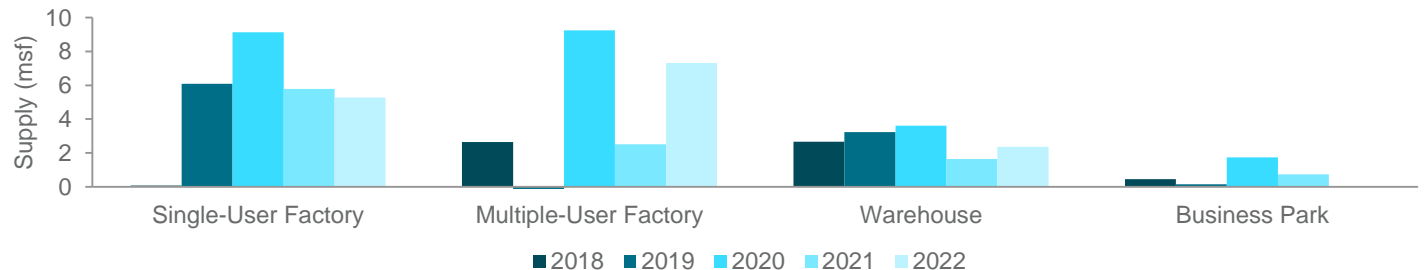
The logistics sector continues to see expansion. German logistics firm DB Schenker recently opened its 550,000 sf warehouse at Airport Logistics Park. The firm invested \$163 million in the property, which increased its number of warehouses in Singapore to 13 and its total warehouse footprint to 2.8 million sf. Automation technologies used in the facility will result in a 40% speed increase in the handling of air freight imports and exports, which will enable DB Schenker to handle high order volumes. In addition, the facility will have sustainable features such as photo-voltaic solar panels which will reduce energy use by around 35%.

### Mixed Outlook for Industrial Rents

The outlook for industrial rents is mixed depending on the segment. Rents for business parks in the city fringe are projected to do well as demand remains sustained by firms seeking to cut their real estate costs by relocating to business park spaces in the city fringe which have similar specifications to Grade A office space. Science Park rents are also expected to increase slightly due to the growth of the pharmaceutical and biomedical sector. However, rents for business parks in the outlying areas will decline due to the older stock in these areas.

Factory rents are likely to moderate as global demand has yet to recover, while high-tech rents may remain stable due to the growth of the electronics sector. Rents of the prime logistics segment are expected to increase due to the strong preference for ramp-up facilities, while those of conventional warehouses could remain flat.

### INDUSTRIAL SUPPLY PIPELINE



### SINGAPORE ECONOMIC INDICATORS Q2 2020

12-Mo. Forecast

**-13.2%**

GDP Growth



**-0.7%**

CPI Growth



**2.9%**

Unemployment



Source: Ministry of Trade & Industry, Oxford Economics

## MARKET STATISTICS

SEGMENT	GROSS EFFECTIVE RENT			12-MONTH OUTLOOK
	S\$/SF/MO	US\$/SF/MO	EUR/SF/MO	
Business Park (City Fringe)	S\$5.91	US\$4.35	€3.67	▲
Business Park (Outlying Areas)	S\$3.64	US\$2.68	€2.26	▼
Science Park	S\$4.27	US\$3.14	€2.65	▲
High-Tech	S\$3.12	US\$2.30	€1.94	■
Factory – Ground Floor	S\$1.78	US\$1.31	€1.11	▼
Factory – Upper Floor	S\$1.60	US\$1.18	€0.99	▼
Warehouse – Ground Floor	S\$1.54	US\$1.13	€0.96	■
Warehouse – Upper Floor	S\$1.26	US\$0.93	€0.78	■
Prime Logistics – Ground Floor <sup>^</sup>	S\$1.39	US\$1.02	€0.86	▲
Prime Logistics – Upper Floor <sup>^</sup>	S\$1.25	US\$0.92	€0.78	▲

US\$/S\$ = 1.359; €/S\$ = 1.610 as of 20 September 2020

<sup>^</sup>With effect from Q3 2020, the logistics segment has been divided into conventional warehouses and prime logistics which comprise of ramp-up facilities

## SIGNIFICANT BUSINESS PARK PROJECTS – PLANNED &amp; 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 Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	PRICE
7 Bulim Street	Jurong	Titan (Wenya) / AIMS Apac REIT	\$129.6M
26A Ayer Rajah Crescent	one-north	Mapletree Industrial Trust / Equinix REIT	\$125.0M

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