

12-Mo. Forecast

**\$9.84**  
Rent (\$\$/sf/mo)



**-5.1%**  
Rental Growth



**3.4%**  
Vacancy Rate



### Singapore's GDP Contracts Due To Circuit Breaker

Singapore's GDP contracted at -13.2% yoy in Q2 2020 as the circuit breaker period inflicted a toll on the economy. However, the decline was mostly due to the transportation & storage and accommodation & food services sectors. The information & communications sector was resilient, declining by only -0.5% yoy, while the finance & insurance sector expanded by 3.4% yoy. Office-using employment contracted by 15,500 workers during the second quarter, a significant deterioration from the 2,500 workers added in the preceding quarter. The government narrowed its full-year GDP growth forecast range to between -7.0 and -5.0%.

### Leasing Activity Remained Sluggish But Some Vacated Spaces Taken Up

Leasing activity came to a halt during the circuit breaker period and remained sluggish during the end of the quarter. Tenants with immediate lease expiries are seeking short term renewals in the face of business uncertainty. With office space under-utilised as work from home remains the default, firms are conducting workplace strategy studies to determine their future office needs. In the immediate to short term, the market is expecting a fraction of space to be returned vacant when occupiers renew their leases.

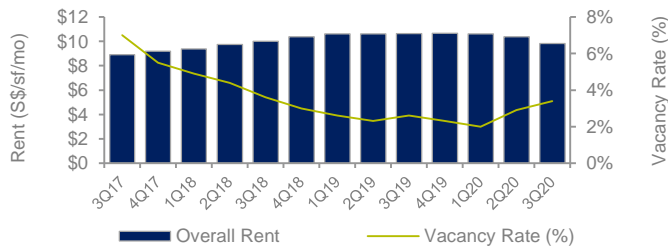
However, some vacated spaces are being taken up by other occupiers who are seizing the opportunity to lease prime space at more attractive rental rates. For instance, QBE Insurance is relocating to Guoco Tower and taking up 31,000 sf of space vacated by Grab, which is moving to one-north. In addition, Amazon is leasing 90,000 sf across three floors at Asia Square Tower 1 which Citi is giving up.

### Office Market Still Faces Significant Challenges Despite Positive Developments

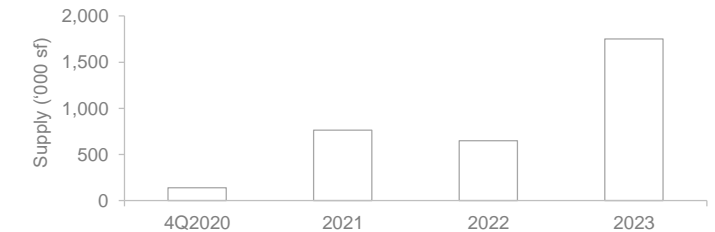
Grade A CBD rents continued to decline by 5.1% qoq to \$9.84 psf/mo in Q3 2020. A positive development is a new demand driver in the form of the expansion of Chinese tech firms in Singapore due to geopolitical tensions. ByteDance is planning to make Singapore its regional hub for its expansion into the rest of Asia, and has applied for a license to operate a digital bank here. Similarly, Tencent has also chosen Singapore as its hub for its growth in Asia, and has plans to open a new office here. Another bright spot is the upcoming redevelopments of AXA Tower and Fuji Xerox Tower in 2021, which will displace 700,000 sf and 354,000 sf of office spaces respectively.

Nevertheless, the office market faces significant challenges. The prevalence of staff working from home is expected to remain widespread in the short to medium term. In addition, there has been a rise in retrenchments due to the recession, with a number of firms such as banks giving up spaces. Accordingly, the full-year rental change is still projected to be -10% in 2020 with a further decline to be expected in 2021.

### GRADE A CBD RENT & VACANCY RATE



### GRADE A CBD 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

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	VACANCY RATE	PLANNED & UNDER CNSTR (SF)	S\$/SF/MO	GRADE A EFFECTIVERENT (S\$/SF/MO)		
						US\$/SF/MO	EUR/SF/MO	
Marina Bay	9,001,000	203,000	2.3%	1,260,000	S\$11.42	US\$8.40	€7.09	
Raffles Place	7,425,000	262,000	3.5%	728,000	S\$9.86	US\$7.26	€6.12	
Shenton Way / Tanjong Pagar	4,827,000	263,000	5.4%	804,000	S\$9.58	US\$7.05	€5.95	
City Hall / Marina Centre	4,476,000	106,000	2.4%	0	S\$9.44	US\$6.95	€5.86	
Orchard Road	2,982,000	133,000	4.5%	0	S\$8.92	US\$6.56	€5.54	
Bugis	1,132,000	35,000	3.1%	1,050,000	S\$10.05	US\$7.40	€6.24	
<b>GRADE A CBD TOTAL</b>	<b>29,843,000</b>	<b>1,002,000</b>	<b>3.4%</b>	<b>3,842,000</b>	<b>S\$9.84</b>	<b>US\$7.24</b>	<b>€6.11</b>	
City Fringe^	6,908,000	269,000	3.9%	1,066,000	S\$7.12	US\$5.24	€4.42	
Suburban^	7,479,000	466,000	6.2%	1,084,000	S\$5.57	US\$4.10	€3.46	

^All Grades

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

## KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Asia Square Tower 1	Marina Bay	Amazon	90,000	New Lease
991 Alexandra Road	Harbourfront/Alexandra	Wood Singapore	40,000	Renewal

## KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	PRICE
Robinson Point	Shenton Way / Tanjong Pagar	Tuan Sing / One South Bay Group Company	\$500.0M
Abi Plaza	Shenton Way / Tanjong Pagar	MYP / Artemis Ventures	\$200.0M

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