

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

12-Mo. Forecast

**\$5.94**

Business Park (City Fringe)



**\$3.63**

Business Park (Outlying Areas)



**\$4.27**

Science Park



### Manufacturing Sector Leading Economic Growth

Singapore's economic performance improved, with a contraction of only 5.8% yoy in Q3 2020 as compared to 13.2% yoy in Q2 2020. Economic growth was driven by the phased resumption of activities, following the Circuit Breaker in Q2 2020. The manufacturing sector was the star outperformer and expanded by 10.0% yoy in Q3 2020. Manufacturing expansion was largely attributed to output growth in the biomedical manufacturing, electronics and precision engineering clusters on the back of a global boom in the semiconductor industry. Also, the Singapore's Purchasing Managers' Index (PMI), a key barometer for manufacturing sentiments, remains in positive territory at 50.5 points for six consecutive months since July 2020. This bodes well for the industrial market as the manufacturing economy is showing signs of recovery.

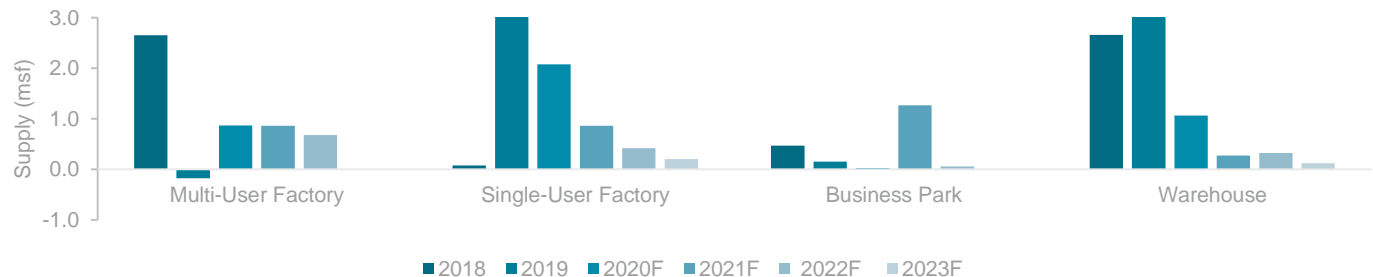
### Demand for Good Quality Business Parks

Decentralised and high-quality business park space will be in demand, as firms explore new ways of working. The adoption of flexible working arrangements are expected to increase, supporting a flight-to-value trend. The rationale for a central office location due talent retention should weaken as the adoption of flexible working arrangement increases. Good quality decentralised business park spaces offer a credible alternative for eligible companies seeking to reduce costs. Given the rising demand for such spaces, investors are on the look out for redevelopment or asset enhancement opportunities. For example, Perennial Real Estate Holdings recently acquired Big Box in Jurong East and obtained permission to rezone the site to business park. The redeveloped development will be renamed as Perennial Business City and will offer around 1.1 million square foot (NLA) of business park space in Jurong.

### A Mixed Bag of Performance

The outlook for industrial market is mixed depending on the segment. City Fringe business parks rents have risen by 1.6% for the whole of 2020 and is expected to continue to rise in 2021, on the back of a flight-to-value trend for quality business parks. Outlying business parks rents have fallen by 5.3% in 2020, but this was mainly due to older stock in the submarket. Science park rents registered mild growth in 2020, growing 0.3% yoy. Prime logistics rents which have risen by 1.7% yoy in 2020, will continue to outperform on the back of an e-commerce boom and preference for ramp-up logistics facilities. Also, conventional warehouses rents have largely remained resilient and grew 0.3% in 2020. Overall high-tech and conventional factory rents have declined in tandem with weak economic conditions. For 2021, high-tech factory rents should stabilise, bolstered by bio-medical, electronics demand. On the other hand, conventional factory rents are expected to remain weak amidst an uncertain economic recovery and a continued slowdown in construction activities.

### INDUSTRIAL SUPPLY PIPELINE



### SINGAPORE ECONOMIC INDICATORS Q3 2020

12-Mo. Forecast

**-5.8%**

GDP Growth



**-0.3%**

Inflation Growth



**3.6%**

Unemployment



Source: Ministry of Trade & Industry

## MARKET STATISTICS

SEGMENT	GROSS EFFECTIVE RENT			12-MONTH OUTLOOK
	S\$/SF/MO	US\$/SF/MO	EUR/SF/MO	
Business Park (City Fringe)	S\$5.94	US\$4.47	€3.65	▲
Business Park (Outlying Areas)	S\$3.63	US\$2.73	€2.23	▼
Science Park	S\$4.27	US\$3.22	€2.62	▲
High-Tech	S\$3.12	US\$2.35	€1.92	■
Factory – Ground Floor	S\$1.78	US\$1.34	€1.09	▼
Factory – Upper Floor	S\$1.60	US\$1.20	€0.98	▼
Warehouse – Ground Floor	S\$1.54	US\$1.16	€0.95	■
Warehouse – Upper Floor	S\$1.26	US\$0.95	€0.77	■
Prime Logistics – Ground Floor <sup>^</sup>	S\$1.39	US\$1.05	€0.85	▲
Prime Logistics – Upper Floor <sup>^</sup>	S\$1.25	US\$0.94	€0.77	▲

US\$/S\$ = 1.328; €/S\$ = 1.628 as of 20 December 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	2021
PBA Innovation Centre	CleanTech Park	PBA Group	242,000	2021
13 International Business Park	International Business Park	TÜV SÜD	162,000	2021
Wilmar International BTS	one-north	Wilmar International	152,000	2021
Razer HQ	one-north	Razer	177,000	2021
Grab HQ	one-north	Grab	387,000	2021
Surbana Jurong Campus	CleanTech Park	Surbana Jurong	631,000	2021
Perennial Business City	Jurong East	-	1,100,000	2021

## KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	PRICE
26% Stake in a Portfolio of 14 Industrial and Logistics Properties	Islandwide	Boustead Industrial Fund / Metro Holdings	\$76.6M
Big Box	Jurong	Big Box Pte Ltd / Perennial Real Estate Holdings	\$118.0M

## WONG XIAN YANG

Associate Director, Research

Singapore & Southeast Asia

+65 6232 0885 / [xianyang.wong@cushwake.com](mailto:xianyang.wong@cushwake.com)

## BRENDA ONG

Executive Director

Logistics & Industrial

Singapore

+65 62320878 / [brenda.ong@cushwake.com](mailto:brenda.ong@cushwake.com)

[cushmanwakefield.com](http://cushmanwakefield.com)

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