

SINGAPORE

Retail Q4 2020

Prime Rents (\$PSF/MTH)	QoQ Chg	12-Mo. Forecast
\$33.45 Orchard	▼	▼
\$20.00 Other City Areas	▼	▼
\$30.85 Suburban	—	▼

Economy Reopening

Singapore GDP growth fell 5.8% yoy in Q3 2020, more than halving the record decline of 13.2% in the previous quarter. While most sectors remained in decline, Manufacturing registered a growth of 10% yoy, a reverse from the preceding quarter's decline. Total retail sales grew by 41.2% qoq in Q3 2020, as the continued reopening of the economy supported business activity and consumer spending. Nonetheless, retail sales were still down 15.8% in the first 11 months of 2020. Supermarkets & Hypermarkets, Minimarts & Convenience Stores, and Computer & Telecommunications Equipment, were the only sectors that achieved yoy growth.

Spending Shifts as Work-From-Home Experiment Continues

Suburban prime rents this quarter were able to hold at \$30.85 psf/mth, whereas Orchard (\$33.45 psf/mth) and other City Areas (\$20.00 psf/mth) rents fell at 0.8% and 1.2% qoq respectively. Rents for highly sought-after suburban retail spaces were more resilient as work-from-home arrangements redistributed consumer spending from the city to the suburbs. Researchers at ACI (Asia Competitiveness Institute) also found that overall spending in the CBD and the city slipped while the suburbs recorded an 8% increase in spending by phase two of the re-opening as compared to pre-pandemic figures.

While changes announced for phase three of the re-opening is only incremental with an increase in permitted social group sizes and capacity limits for malls and large standalone stores, the relaxation of rules and barring an escalation of the COVID-19 situation in Singapore, bodes well for retail sales in 2021 as consumer demand and retailers' confidence recover.

Recalibration of Retail Business Models

Department store sales saw the largest drop of 43% YTD as of November 2020 as the pandemic accelerated the adoption of e-commerce, further eroding the value proposition of department stores. Indeed, the 162-year-old Singapore-based Robinsons announced the closure of its last two stores at Heeren and Raffles City Shopping Centre in Q4 2020. Nonetheless, department stores which have emphasised on place-making and carved a distinct offering that is difficult to replicate digitally, continued to remain relevant and expand. Meidi-Ya, for instance, attracted crowds during the soft opening of its largest 24,000 sf store at Millenia Walk. The store hosts a café and bar, bakery, food hall and supermarket that offers fresh produces air-flown from Japan thrice a week. Department stores such as Isetan and Marks & Spencer are recalibrating their business models and have started selling their products on online shopping site Lazada for the very first time in Q4 2020. Some retailers are exploring new retail concepts. Ikea will open an interior design studio at Jurong Point in early 2021 to offer renovation services for HDB homeowners, on top of its plan to set up its first small-store concept in Southeast Asia at Jem.

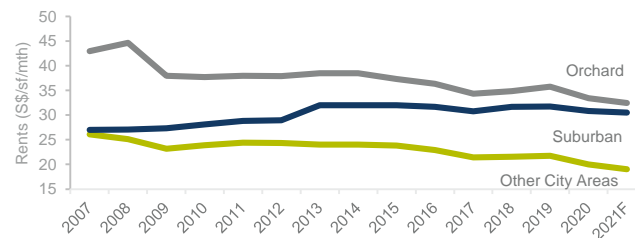
ECONOMIC INDICATORS 3Q 2020

	YoY Chg	12-Mo. Forecast
-5.8% Real GDP Growth	▼	▲
-0.3% Inflation Growth	▼	▲
-10.1% Retail Sales Growth*	▼	▲

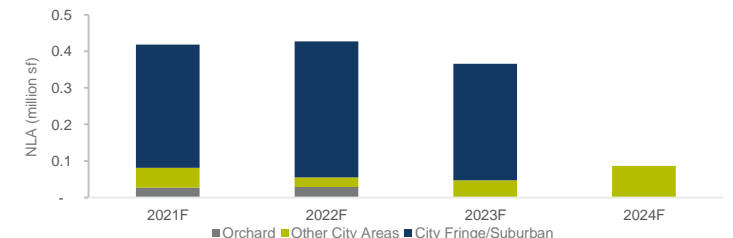
Source: Ministry of Trade & Industry

* Chained

RETAIL PRIME RENTS



RETAIL SUPPLY PIPELINE



MARKET STATISTICS¹

SUBMARKET	INVENTORY (SF)	OVERALL VACANT SPACE (SF)	OVERALL VACANCY RATE	Q3 2020 OVERALL NET ABSORPTION (SF)	Q3 2020 OVERALL NET SUPPLY (SF)	PLANNED & UNDER CNSTR (SF)	PRIME EFFECTIVE RENT (\$\$/SF/MTH)	QOQ CHANGE (%)
Orchard	7,331,812	667,368	9.1%	32,292	21,528	55,661	33.45	-0.8
Other City Areas	18,169,632	2,249,676	12.4%	-258,336	-75,348	128,423	20.00	-1.2
Suburban	40,849,380	3,444,480	8.4%	-312,156	-516,672	1,026,464	30.85	0.0
SINGAPORE TOTAL	66,941,316	6,393,816	9.6%	-538,200	-570,492	1,210,548	28.10	-0.6

SIGNIFICANT OPENINGS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Millenia Walk	Other City Areas	Meidi-ya	24,000	Supermarket
Ion Orchard	Orchard	Love, Bonito	5,597	Fashion
Ion Orchard	Orchard	Casa Loewe	3,660	Fashion
Ion Orchard	Orchard	1-Atico	238 seats	F&B
Chinatown Point	Other City Areas	TamJai SamGor	2,282	F&B

KEY CONSTRUCTION COMPLETIONS 2020

PROPERTY	SUBMARKET	MAJOR TENANTS	SF
Great World City (AEI)	Other City Areas	Cold Storage, Golden Village, Meidi-Ya, Uniqlo	430,000
Tekka Place	Other City Areas	NTUC FairPrice, Starbucks, Ya Kun Cafe	70,000
30 Raffles Place	Other City Areas	True Fitness, Dimbulah, Le Rouge	51,400

SIGNIFICANT RETAIL PROJECTS – PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SF ²	COMPLETION DATE
Shaw Plaza (AEI)	Suburban	62,700	2021
I12 Katong (AEI)	Suburban	180,700	2021
The Woodleigh Mall	Suburban	92,672	2022
One Holland Village	Suburban	77,960	2022

¹ Market statistics reflect data for 3Q 2020 except for rents, which reflect average gross effective rates at prime spaces for 4Q 2020

² Estimated Net Leasable Area

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