

Rents  
(\$PSF/MO)

12-Mo.  
Forecast

**\$5.90**  
Business Park (City Fringe) ▲

**\$3.59**  
Business Park (Outlying Areas) ▼

**\$4.23**  
Science Park ▲

### Manufacturing to Steer the Recovery Course

Despite Singapore's record full-year GDP contraction of 5.4% in 2020, the manufacturing sector grew by 7.3% yoy, driven by the outperformance of biomedical manufacturing, electronics and precision engineering clusters. The purchasing Managers' Index (PMI), a barometer for the manufacturing economy, maintains its affirmative market indication of 50.5 points as of February 2021. Amidst thriving demand for semiconductor and digital processing solutions, manufacturing, along with information & communications and finance & insurance sectors, are poised to drive growth. According to the Ministry of Trade and Industry, Singapore's economy is expected to grow by 4% to 6% in 2021.

### Sectorial Performance Continue to Diverge But Rents Show Signs of Stability

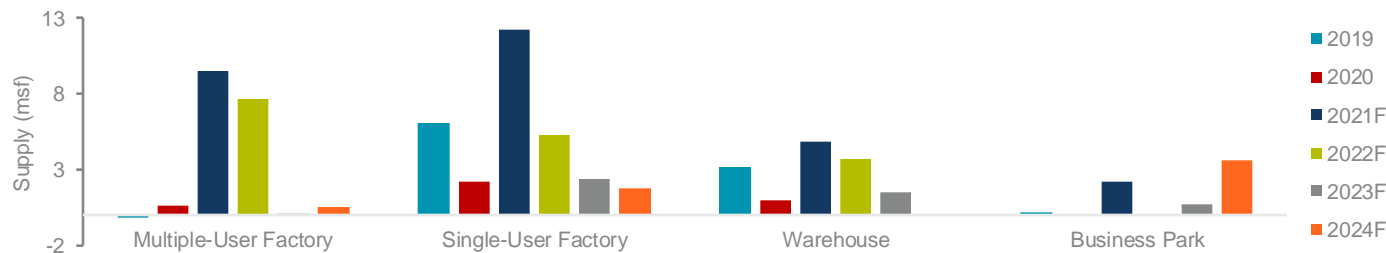
City-fringe business parks rents recorded a marginal growth of 0.2% qoq, reaching \$5.90 psf/mth in Q1 2021, amidst tight supply and demand from technology and biomedical companies who favour high-spec and well-located developments. On the other hand, outlying business park rents (\$3.59 psf/mth) fell by 1.3% qoq, driven by lower rents at business parks at the west. Science Park rents (\$4.23 psf/mth) registered a fall of 0.9% qoq. High-tech and conventional factory (ground floor) rents remained stable in Q1 2021, at \$3.12 and \$1.78 psf/mth respectively. Additionally, conventional warehouses (ground floor) and prime logistics rents remained flat in Q1 2021, at \$1.54 psf/mth and \$1.39 psf/mth respectively.

The prevalence of retail, food and healthcare e-commerce will continue to drive demand for logistics spaces, while the accelerated digital transformation has sustained demand for well-located business park and high-tech spaces. Growing demand will be sustained by occupiers across technology, life science and logistics industries have largely thrived since the pandemic. For example, the warehouse capacity of GKE Corp was reported to be full at present and the company is on the lookout for additional storage space. Shopee also cited that it will need to build up its fulfilment capability, in areas such as warehousing and distribution centres. As such, prime logistics, city-fringe business parks, Science Park and high-tech factory spaces are expected to register growth in 2021 amidst prevailing megatrends.

### Influx of Supply Not Expected to Derail Broad Recovery

Due to construction delays in 2020, there will be an influx of upcoming supply of 28.8 million sf (msf) in 2021. This compares to 2020's net supply of only 3.8 msf. However, majority of incoming supply in 2021 are single-user factory space (12.3 msf) and business park space (1.3 msf) which have been mostly pre-committed. Warehouse supply is expected to increase by 4.8 msf in 2021, higher than the 5-year average annual net demand of 3.9 msf. New warehouse supply should see relatively good take-up rates, amidst current strong demand in 2021. Nonetheless, conventional warehouse rents are expected to remain flat in 2021. Notably, there would be around 9.5 msf of multi-user factory space coming online in 2021. This could weigh on conventional factory rents, which are expected to decline by 1.5% in 2021.

### INDUSTRIAL SUPPLY PIPELINE



### SINGAPORE ECONOMIC INDICATORS Q4 2020

12-Mo.  
Forecast

**-2.4%**  
Real GDP Growth ▲

**-0.1%**  
Inflation Growth ▲

**3.2%**  
Unemployment ▼

Source: Ministry of Trade & Industry (MTI),  
Moody's Analytics

## MARKET STATISTICS

SEGMENT	S\$/SF/MO	GROSS EFFECTIVE RENT		12-MONTH OUTLOOK
		US\$/SF/MO	EUR/SF/MO	
Business Park (City Fringe)	S\$5.90	US\$4.39	€3.74	▲
Business Park (Outlying Areas)	S\$3.59	US\$2.67	€2.27	▼
Science Park	S\$4.23	US\$3.15	€2.68	▲
High-Tech	S\$3.12	US\$2.32	€1.98	▲
Factory – Ground Floor	S\$1.78	US\$1.32	€1.13	▼
Factory – Upper Floor	S\$1.60	US\$1.19	€1.01	▼
Warehouse – Ground Floor	S\$1.54	US\$1.15	€0.98	■
Warehouse – Upper Floor	S\$1.26	US\$0.94	€0.80	■
Prime Logistics – Ground Floor	S\$1.39	US\$1.03	€0.88	▲
Prime Logistics – Upper Floor	S\$1.25	US\$0.93	€0.79	▲

US\$/S\$ = 1.344; €/S\$ = 1.579, as of 31 March 2021

## SIGNIFICANT BUSINESS PARK PROJECTS – PLANNED &amp; UNDER CONSTRUCTION

PROJECT NAME	SUBMARKET	TENANT	SF	EXPECTED COMPLETION YEAR
Grab HQ	one-north	Grab	396,000	2021
Razer SEA HQ	one-north	Razer	177,000	2021
Wilmar International BTS	one-north	Wilmar	152,000	2021
Surbana Jurong Campus	Jurong West	Surbana Jurong	445,000	2021
CleanTech Three	Jurong West	-	664,000	2021
Perennial Business City	Jurong East	-	1,100,000	2021 - 2022
Biopolis Phase 6	one-north	-	378,000	2023

## KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	PRICE (\$ Million)
Admirax	Woodlands	BlackRock/ AEW	\$142
The Sandcrawler	one-north	Lucas Real Estate / Blackstone	\$176
Sime Darby Business Centre	Alexandra	Sime Darby Property / AIMS APAC REIT	\$102

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