

Rents
(\$PSF/MO)12-Mo.
Forecast

\$6.03

Business Park (City Fringe)



\$3.57

Business Park (Outlying Areas)



\$4.25

Science Park

SINGAPORE ECONOMIC INDICATORS
Q1 202112-Mo.
Forecast

1.3%

Real GDP Growth



0.8%

Inflation Growth



2.9%

Unemployment

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

Singapore Economy Got Back on Track

Singapore economy turned around by 1.3% yoy in Q1 2021, while the labour market has improved with unemployment rate falling to 2.6% in the same period. The outperforming manufacturing sector continued to be the main GDP driver, expanding by 10.7% yoy in Q1 2021. Based on data released by EDB, manufacturing growth between January and May 2021 has been led by output expansions in three key sub-sectors - Electronics that soared 22.9% yoy, Precision Engineering that rose 22.7% yoy and Chemicals that increased 10.3% yoy. The Purchasing Managers' Index (PMI) stayed in expansion territory at 50.8 points in June 2021, even as community infection cases resurged and pandemic measures tightened in the region.

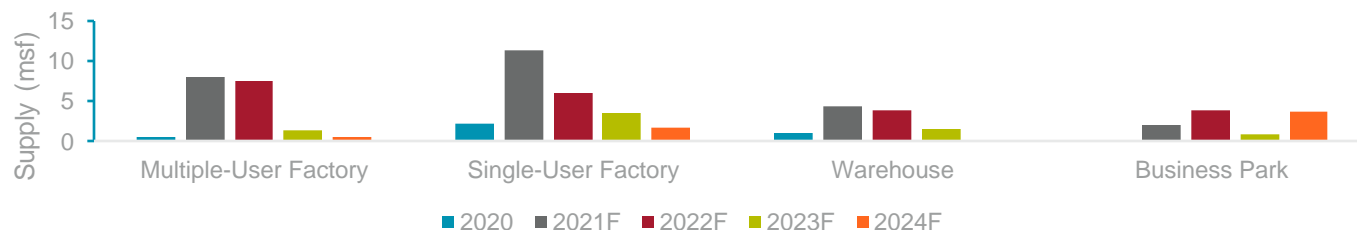
City Fringe Business Parks Leading the Pack in Growth

Based on C&W's basket of industrial properties, city fringe business park rents registered the highest growth of 2.3% qoq in Q2 2021, as vacancy rates continue to fall to 7.8% in Q2 2021 compared to 9.9% in the preceding quarter. Blue chip corporations across the thriving technology and pharmaceutical sectors have been drawn to city fringe business parks due to the robust infrastructure and favourable locality to reach talents and users. Coupled with firms in CBD decentralising more back-end functions such as R&D, the city fringe business park segment is expected to achieve the highest growth rate in 2021. The segment's sanguine outlook is also backed by strong investment sales such as Ascendas Reit acquiring the remaining 75% stake in Galaxis for \$534m. Science Park, high tech, prime logistics and warehousing spaces also outperformed in tandem with the K-shaped economic recovery, registering a qoq rental growth of 0.6%, 0.2%, 1.6% and 0.9% respectively. These segments that cater to the rapidly expanding advanced manufacturing and e-commerce sectors, will see higher rental growth potential amid increasing demand and limited supply. In contrast, outlying business park rents continued to be pulled down by older developments, dropping by 0.5% qoq in Q1 2021, while factory rents held steady due to limited new supply.

Broad-based Growth Expected across Factory Spaces Towards the End of 2021

Amidst the recovering economy, widespread growth in the industrial market, including all segments of factory spaces, are expected towards the end of 2021 or early 2022. As output demand continues to grow, more manufacturing firms could seize the opportunity to expand, positioning for growth amidst roll-out of vaccines and reopening of global economies. Expansions of food establishments and cloud kitchens will continue to drive demand for food zone factories, while electronics occupiers will go on to pursue high-specification factory spaces amidst digital transformation. For instance, GlobalFoundries was reported to be investing over \$4 billion to build a new fabrication plant in Singapore to meet the unprecedented global demand for chips. Although demand for conventional factory spaces has faltered, their rents will hold firm this year, as new supply may be further delayed due to labour constraints and tightened measures. This is also supported by the 6.2% yoy (January to May 2021 YTD) expansion of the general manufacturing sector in terms of manufacturing outputs.

INDUSTRIAL SUPPLY PIPELINE





MARKET STATISTICS

SEGMENT	GROSS EFFECTIVE RENT			12-MONTH OUTLOOK
	S\$/SF/MO	US\$/SF/MO	EUR/SF/MO	
Business Park (City Fringe)	S\$6.03	US\$4.49	€3.82	▲
Business Park (Outlying Areas)	S\$3.57	US\$2.66	€2.26	■
Science Park	S\$4.25	US\$3.16	€2.69	▲
High-Tech	S\$3.13	US\$2.33	€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\$1.56	US\$1.16	€0.99	▲
Warehouse – Upper Floor	S\$1.27	US\$0.94	€0.80	▲
Prime Logistics – Ground Floor	S\$1.42	US\$1.06	€0.90	▲
Prime Logistics – Upper Floor	S\$1.27	US\$0.94	€0.80	▲

US\$/S\$ = 1.342; €/S\$ = 1.602, as of 28 June 2021

SIGNIFICANT BUSINESS PARK PROJECTS – PLANNED & UNDER CONSTRUCTION

PROJECT NAME	SUBMARKET	TENANT	SF	EXPECTED COMPLETION YEAR
Grab HQ	one-north	Grab	396,000	2021
Surbana Jurong Campus	Jurong West	Surbana Jurong	445,000	2022
CleanTech Three	Jurong West	-	665,000	2021
Perennial Business City	Jurong East	-	1,100,000	2022
Biopolis Phase 6	one-north	-	378,000	2023
Punggol Digital District	Punggol	-	2,440,000	2024

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	PRICE (S\$ Million)
Warehouse in Tai Seng Drive	Tai Seng	G.W.T International / Nanofilm Technologies	30.4
Galaxis (75% stake)	one-north	CapitaLand / Ascendas Reit	543.8

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