

\$9.64
Rent (\$\$/sf/mo)

12-Mo.
Forecast



0.5%
Rental Growth (qoq growth)



5.8%
Vacancy Rate



SINGAPORE ECONOMIC INDICATORS Q2 2021

14.7%
Real GDP Growth

12-Mo.
Forecast



2.3%
Inflation Growth



2.7%
Unemployment



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

Buoyant Economic Outlook

Singapore's GDP remains on track to grow by 6% to 7% in 2021, returning to pre-Covid-19 levels. Singapore's economy grew by 14.7% yoy in Q2 2021, despite the surge of Covid-19 cases that led to a tightening of safe management measures. Sectors that contributed to GDP growth included Information & Communications and Finance & Insurance, which are key office occupiers, grew strongly by 9.6% and 9.1% yoy respectively in the same period. In line with falling unemployment rate, office-using employment in these key sectors and professional services grew by 11,200 workers H1 2021.

China and United States, the twin engines of global economic growth, are poised to achieve GDP growth of 8.2% and 6.0% respectively for the whole of 2021. A recovering global economy, coupled with accelerated vaccinations that will enable further reopening of key advanced economies, will support Singapore's open economy.

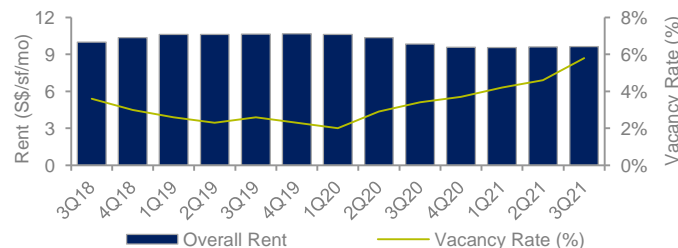
Demand Fueled by Flight to Quality and Tenant Displacements

CBD Grade A net absorption remained positive for a second consecutive quarter, reaching 215,000 sf in Q3 2021. As of Q3 2021 ytd, CBD Grade A net absorption reached 283,000 sf, as compared to 183,000 sf over the same period in 2020. The recovery in net absorption was driven by flight to quality and tenant displacement demand from office towers planned for redevelopment. Examples include Red Hat and FTI Consulting which are relocating from AXA Tower to CapitaSpring and One Raffles Quay South Tower respectively. Moreover, tech and finance occupiers have continued to expand their headcounts, driving up demand for Grade A office spaces. While CBD Grade A vacancy rates continued to climb to 5.8% in Q3 2021, we expect these rates to narrow going forward. A substantial amount of Grade A vacant spaces are currently under negotiation and are likely to be snapped up over the next few months.

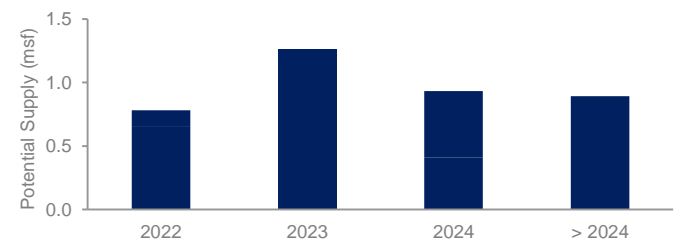
Broad Recovery On The Cards

CBD grade A rents continued to recover by increasing at 0.5% qoq in Q3 2021, marking a second consecutive quarter of growth. Marina Bay, Raffles Place and Shenton Way / Tanjong Pagar led CBD grade A qoq rental growth at 1.6%, 0.3% and 0.1% respectively in Q3 2021, while rents remained stable in other submarkets. Additionally, CBD grade B rental growth turned positive in the same quarter, growing by 0.1% qoq after four consecutive quarters of decline. Market recoveries have been historically characterized with a recovery in CBD grade A office rents followed by CBD grade B office rents. As such, we believe the market has turned in a quality-led recovery. There are a few tailwinds supporting the office market encompassing a strong economic growth, continued occupier demand for quality offices, displacement demand, limited new grade A office supply, and the tightening of overall office supply in CBD due to planned redevelopments.

GRADE A CBD RENT & VACANCY RATE



GRADE A CBD SUPPLY PIPELINE



MARKET STATISTICS

GRADE A CBD SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	VACANCY RATE	PLANNED & UNDER CNSTR (SF)	S\$/SF/MO	GRADE A EFFECTIVE RENT (S\$/SF/MO)	EUR/SF/MO
Marina Bay	9,000,714	369,711	4.1%	1,260,000	11.31	8.35	7.14
Raffles Place	8,060,575	710,569	8.8%	0	9.57	7.07	6.04
Shenton Way / Tanjong Pagar	4,971,049	314,768	6.3%	1,551,000	9.50	7.02	6.00
City Hall / Marina Centre	4,475,745	175,620	3.9%	0	9.18	6.78	5.80
Orchard Road	2,981,632	157,509	5.3%	0	8.65	6.39	5.46
Bugis	1,347,172	72,741	5.4%	1,057,000	9.39	6.94	5.93
GRADE A CBD TOTAL	30,836,887	1,800,918	5.8%	3,868,000	9.64	7.12	6.09
City Fringe^	7,260,166	460,881	6.3%	1,138,000	6.93	5.12	4.37
Suburban^	6,319,034	377,412	6.0%	1,353,000	5.57	4.12	3.52

^All Grades

US\$/S\$ = 1.354; €/S\$ = 1.583, as of 28 September 2021

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
25 North Bridge	City Hall / Marina Centre	Lee & Lee	30,500	Relocation
Suntec Tower Five	City Hall / Marina Centre	GoJek Singapore	23,900	Relocation
Marina One West Tower	Marina Bay	Riot Games Publishing	13,000	Relocation
One Raffles Quay South Tower	Marina Bay	FTI Consulting	12,900	Relocation

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	PRICE (\$\$ Million)
61 Robinson	Shenton Way	ARA Private Funds / Rivulets Investments	422
GB Building (Two FL)	Tanjong Pagar	Rajesh Bothra / Dia-Globe	26.6

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