

Industrial Q4 2021

Rents (\$PSF/MO)

12-Mo. Forecast

\$5.99
Business Park (City Fringe)



\$3.54
Business Park (Outlying Areas)



\$4.27
Science Park



SINGAPORE ECONOMIC INDICATORS Q3 2021

12-Mo. Forecast

5.9%*
Real GDP Growth



2.5%
Inflation Growth



2.6%
Unemployment



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

* Real GDP Growth in Q4 2021 is based on MTI's advance estimates

Sustained Economic Growth into 2022

According to advance estimates from the Ministry of Trade and Industry (MTI), Singapore's economy grew 7.2% for the whole of 2021. The economy witnessed a strong rebound last year after 2020's record 5.4% contraction. Full-year 2021 manufacturing growth reached 12.8%, extending the 7.3% expansion in the preceding year. Singapore's economic expansion is expected to slow to about 4% in 2022. Nonetheless, 2022 expected growth would still indicate a solid economic recovery as it remains above pre-Covid-19 trend levels of about 3.1% GDP growth.

New Economy Assets Outperform

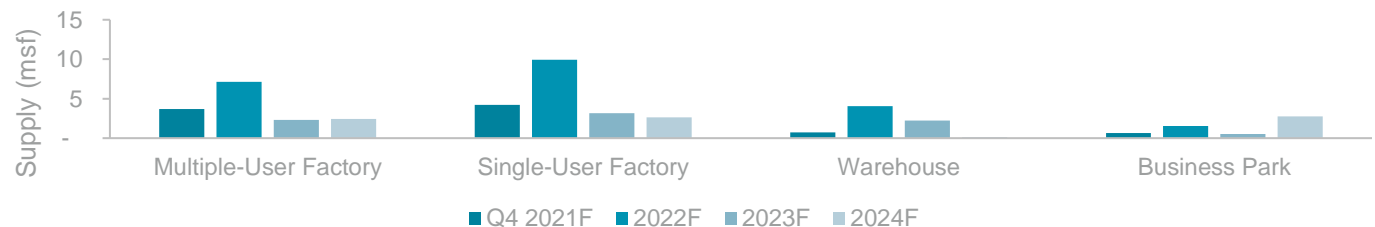
Based on C&W's basket of industrial properties, there were steady increases in rents during 2021 for various types of industrial properties, except for outlying business park and factory space. Prime logistics and high-tech properties were the star performers, enjoying highest rental growth of more than 2% for the whole of 2021, bolstered by digital transformation and e-commerce adoption and outperformance of high-value manufacturing sectors such as biomedical and electronics. Rents of factories remained stable last year on the back of relatively tight vacancy rates, in line with Singapore's economic recovery. While city fringe business park experienced stable growth, rents of outlying business parks were weighed down by lower rents at older projects during the year. Nonetheless, outlying business park rents appeared to be bottoming out, inching up marginally by 0.1% qoq in Q4 2021 after several quarters of declines.

Broad-based Growth in 2022

Positive outlook is expected for industrial rents across different segments. Rents for business parks in the city fringe are expected to continue rising while rents of outlying business parks could start recovering this year amidst ongoing economic recovery and newer business park space expected to come into the market in 2022. Similarly, demand for high-tech, prime logistics and warehouse spaces are likely to stay healthy given continued expansion from companies in pharmaceuticals, life science, technological and logistics sectors, fueled by the exponential growth in e-commerce and business digitalization. However, performance will be differentiated depending on their specifications. Newer and higher spec developments that are able to better meet evolving end-user requirements would lead growth while older warehouse stock would likely see stagnant rents. As such, we could see a slew of redevelopments to meet the needs of quality and higher specifications' demand.

Occupancy rates of factory space could come under pressure in 2022 due to substantial upcoming supply in the pipeline. While majority of factory stock coming onstream in 2022 are single-user factory, which are already pre-committed, multi-user factory new supply is set to increase substantially in 2022 as compared to that 2021, based on latest JTC data as of Q3 2021. Nonetheless, demand for factories would be supported by continued outperformance in the biomedical, electronics and related industries and ongoing improvements in the general manufacturing landscape as the economy continues to recover into 2022. As such, overall factory rents could rise in 2022.

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\$5.99	US\$4.42	€3.91	▲
Business Park (Outlying Areas)	S\$3.54	US\$2.61	€2.31	▲
Science Park	S\$4.27	US\$3.15	€2.79	▲
High-Tech	S\$3.19	US\$2.35	€2.08	▲
Factory – Ground Floor	S\$1.78	US\$1.31	€1.16	▲
Factory – Upper Floor	S\$1.60	US\$1.18	€1.05	▲
Warehouse – Ground Floor	S\$1.56	US\$1.15	€1.02	▲
Warehouse – Upper Floor	S\$1.27	US\$0.93	€0.83	▲
Prime Logistics – Ground Floor	S\$1.42	US\$1.05	€0.93	▲
Prime Logistics – Upper Floor	S\$1.27	US\$0.93	€0.83	▲

US\$/S\$ = 1.354; €/S\$ = 1.531, as of 29 December 2021

SIGNIFICANT BUSINESS PARK PROJECTS – PLANNED & UNDER CONSTRUCTION

PROJECT NAME	SUBMARKET	TENANT	SF	EXPECTED COMPLETION YEAR*
Surbana Jurong Campus	Jurong West	Surbana Jurong	445,000	2022
Perennial Business City	Jurong East	-	1,100,000	2022
Kajima Campus	Changi	Kajima	140,000	2023
Biopolis Phase 6 – Elementum	one-north	-	378,000	2023
Development at Science Park	Science Park	-	310,000	2024
Punggol Digital District	Punggol	-	2,440,000	2024
Development at Science Park	Science Park	-	1,200,000	2025

* Note: Project timeline might change due to the impact of Covid-19's restrictions on construction progress

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	PRICE (\$ Million)
351 On Braddell	Toa Payoh	Hanwha Asset Management, Boustead Singapore / Boustead Industrial Fund, Metro Holdings	121.0
TÜV SÜD PSB Building	Science Park	Ascendas Reit / JV between CapitaLand Development and Ascendas Reit	103.2

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