

CBD Grade A

12-Mo. Forecast

\$9.81
Rent (\$\$/sf/mo)



1.7%
Rental Growth (qoq growth)



4.9%
Vacancy Rate



Solid Economic Growth Anchors Positive 2022 Outlook

Singapore's economy grew 7.2% yoy for the whole of 2021, rebounding strongly from its worst recession (-5.4% yoy) in 2020. Key office occupier sectors, such as Information & Communications, Finance & Insurance and Professional Services sectors, expanded for a sixth consecutive quarter at 6.0% yoy in Q4 2021. Singapore's economic growth is expected to sustain and is forecast to grow by about 4% in 2022, above pre-covid trend levels (2015-2019 GDP average) of around 3.1%.

Office Demand Recovering to Pre-Pandemic Levels

CBD Grade A office net demand reached 0.8 million square feet (msf) in 2021, more than eight times 2020's net demand of 0.1 msf. CBD Grade A office vacancy rates reduced significantly to 4.9% in Q4 2021 from a peak of 5.8% in the last quarter. As demand continues to pick up pace, CBD Grade A vacancy rates are expected to tighten further and go below 4% by the end of 2022. The recovery in occupier demand is also reflected in a fall of CBD Grade A office shadow spaces, dropping to about 0.2 msf in Q4 2021, from the peak of 0.4 msf in Q1 2021.

Recovery Momentum Accelerates

Recovery momentum in the office market continues to accelerate with CBD Grade A office rents rising by 1.7% qoq in Q4 2021, as compared to 0.5% quarterly growth in the two preceding quarters. On a yoy basis, CBD Grade A rents have increased by 2.3% to \$9.81 psf/mo for the whole of 2021, with the Marina Bay submarket leading growth at 4.9% yoy. The outperformance of the Marina Bay submarket can be attributed to its high concentration of prime office buildings which are in demand given the current flight to quality trend. For example, the global professional services firm, KPMG, is reportedly taking up 100,000 sf at Asia Square Tower 2, a Grade A office building.

A flight to quality and thriving technology and financial sectors continue to fuel office demand. Technology and finance occupiers continue to be the dominant drivers of demand and drove about 72% of new leases within the CBD in 2021, according to C&W's database. Given Singapore's attractiveness as a tech and financial hub and strong growth prospects of Asia's digital economy, these sectors are expected to continue their expansion spree as they increase headcount. Office demand could also pick from other sectors which have been battered by the pandemic, as business conditions improve in 2022 amidst a sustained economic recovery and continued increase of business activities. Overall, resurgent office demand and tight supply are expected to propel CBD Grade A office rents by 4.6% in 2022, alongside an expected tightening vacancy rates.

SINGAPORE ECONOMIC INDICATORS Q3 2021

12-Mo. Forecast

5.9% *
Real GDP Growth



2.5%
Inflation Growth



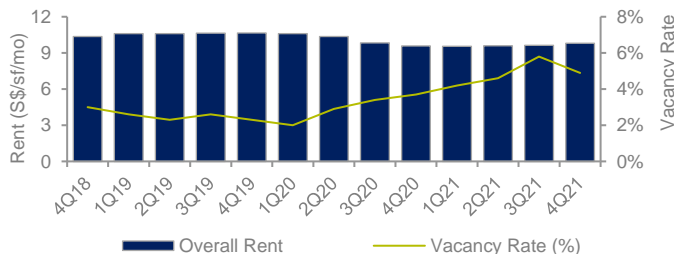
2.6%
Unemployment



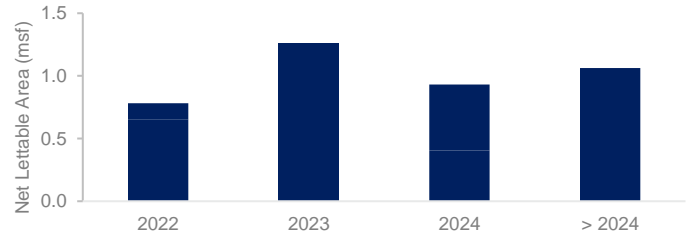
Source: Ministry of Trade & Industry (MTI),
Moody's Analytics

* Based on MTI's Q4 2021 advance estimates

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) | \$/\$/MO | GRADE A EFFECTIVE RENT (\$\$/SF/MO) | US\$/SF/MO | EUR/SF/MO |
|-----------------------------|-------------------|--------------------|--------------|----------------------------|-------------|-------------------------------------|-------------|-----------|
| Marina Bay | 9,000,714 | 276,254 | 3.1% | 1,260,000 | 11.53 | 8.55 | 7.51 | |
| Raffles Place | 8,344,010 | 588,735 | 7.1% | 0 | 9.76 | 7.24 | 6.36 | |
| Shenton Way / Tanjong Pagar | 4,971,049 | 294,679 | 5.9% | 1,719,000 | 9.62 | 7.13 | 6.27 | |
| City Hall / Marina Centre | 4,475,745 | 167,310 | 3.7% | 0 | 9.33 | 6.92 | 6.08 | |
| Orchard Road | 2,981,632 | 139,624 | 4.7% | 0 | 8.79 | 6.51 | 5.73 | |
| Bugis | 1,347,172 | 71,516 | 5.3% | 1,055,000 | 9.66 | 7.16 | 6.30 | |
| GRADE A CBD TOTAL | 31,120,322 | 1,538,118 | 4.9% | 4,034,000 | 9.81 | 7.27 | 6.39 | |
| City Fringe^ | 7,260,166 | 413,713 | 5.7% | 1,138,000 | 7.06 | 5.23 | 4.60 | |
| Suburban^ | 6,319,034 | 353,230 | 5.6% | 1,683,000 | 5.59 | 4.15 | 3.65 | |

^All Grades

US\$/S\$ = 1.349; €/S\$ = 1.534, as of 31 December 2021

KEY LEASE TRANSACTIONS Q4 2021

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|-------------------------------------|---------------------------|----------------|---------|------------|
| Asia Square Tower 2 | Marina Bay | KPMG | 100,000 | Relocation |
| CapitaSpring | Raffles Place | Red Hat | 57,500 | Relocation |
| Guoco Midtown | City Hall / Marina Centre | Vitol | 30,000 | Relocation |
| Marina Bay Financial Centre Tower 3 | Marina Bay | OKBL | 17,000 | New lease |
| Suntec Tower Four | City Hall / Marina Centre | Accenture | 14,273 | New lease |
| CapitaSpring | Raffles Place | Wyndham Hotels | 10,000 | New lease |

KEY SALES TRANSACTIONS Q4 2021

| PROPERTY | SUBMARKET | SELLER / BUYER | PRICE (\$\$ Million) |
|-------------------|---------------|--|----------------------|
| PIL Building | Shenton Way | TE Capital Partners and LaSalle Investment Management/ Pacific International Lines | TBA |
| Crown at Robinson | Shenton Way | Wywy Group / Tahir Family | 257.5 |
| 112 Robinson | Shenton Way | Robinson Singapore Holding / AM Alpha | 269.7 |
| One George Street | Raffles Place | CapitaLand Integrated Commercial Trust and FWD Group / JP Morgan Asset Management and Nuveen Real Estate | 1,281.5 |

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