

Industrial Q1 2022

Rents
(\$\$/PSF/MO)12-Mo.
Forecast**\$6.04**

Business Park (City Fringe)

**\$3.52**

Business Park (Outlying Areas)

**\$4.29**

Science Park

SINGAPORE ECONOMIC INDICATORS
Q4 202112-Mo.
Forecast**6.1%**

Real GDP Growth

**3.7%**

Inflation Growth

**2.4%**

Unemployment

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

Singapore Maintains Stable Growth Forecast for 2022

According to the Ministry of Trade and Industry (MTI), Singapore's economy expanded by 7.6% y-o-y in 2021, faster than an advance estimate of 7.2%. GDP growth in 2021 was driven mainly by the manufacturing, information & communications, finance & insurance as well as wholesale trade sectors. Full-year 2021 manufacturing growth reached 13.2%, extending the 7.5% expansion in the preceding year. Singapore maintained its growth forecast for this year at 3% to 5%. However, downside risks have increased as the ongoing global supply bottlenecks alongside rising energy prices due to geopolitical tensions, have exacerbated inflationary pressures, prompting monetary policy tightening in the advanced economies.

Positive Outlook for Industrial Market in 2022

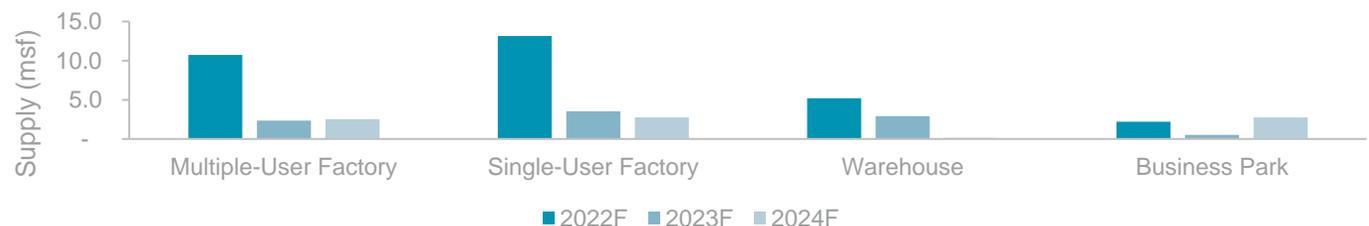
Based on C&W's basket of industrial properties, steady rental increases were observed across the board during the first quarter of this year, except for outlying business park space. Prime logistics properties continued to outperform, rising by 3.0% q-o-q in Q1 2022. Similarly, high-tech properties also experienced stable growth during the quarter. Rents of factories rose gradually in the first quarter of 2022 given relatively tight vacancy rates as the bulk of supply is only expected to come onstream in the latter part of the year. City fringe business park continued to experience steady growth amidst tight vacancy. On the other hand, outlying business parks rents edged lower during the quarter as vacancy rates remained elevated.

Nonetheless, broad-based growth in rents is expected across different types of industrial properties this year despite rising downside risks. Specifically, rents for business parks in both the city fringe and outlying areas are projected to increase in 2022 with the former experiencing higher growth rate due to their limited supply. Similarly, continued healthy demand is expected for high-tech, prime logistics and warehouse properties amid ongoing expansion from the biomedical, technology, manufacturing and logistics sectors, fueled by the exponential growth in e-commerce and business digitalization. Ample supply of factory space coming onstream this year could add downward pressure on occupancy rates. Nevertheless, overall factory rents are still expected to rise in 2022, albeit at gradual rates as continued expansion in the manufacturing and logistics sectors would underpin healthy demand for factory space.

Demand Supply Mis-match Sends Prime Logistics Rents Soaring

A very tight supply situation has sent prime logistics rents soaring, rising 3.0% q-o-q in Q1 2022. According to C&W's basket of prime logistics properties, vacancy rates have fallen to below 5%. Third-party logistics players and end-users are actively looking for prime logistics space to meet stronger consumption demand and a ramp up of manufacturing production, especially for semiconductors amidst Singapore's re-opening of economic activities and global shortage of semiconductor chips. With little available supply, tenants are biting the bullet and accepting significant rental increases. Future supply of prime logistics assets remain limited in 2022 with only a few major projects in the pipeline such as 2PS1 (0.7 million sf (msf)), LOGOS Tuas Logistics Hub (AEI) (1.0 msf) and LOGOS Penjuru Logistics Centre (0.5 msf) among others. These projects are also substantially pre-committed. The current demand supply mis-match for prime logistics space could accelerate rental growth this year.

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\$6.04	US\$4.44	€4.05	▲
Business Park (Outlying Areas)	S\$3.52	US\$2.59	€2.36	▲
Science Park	S\$4.29	US\$3.15	€2.88	▲
High-Tech	S\$3.21	US\$2.35	€2.15	▲
Factory – Ground Floor	S\$1.81	US\$1.33	€1.22	▲
Factory – Upper Floor	S\$1.61	US\$1.18	€1.08	▲
Warehouse – Ground Floor	S\$1.56	US\$1.14	€1.04	▲
Warehouse – Upper Floor	S\$1.27	US\$0.93	€0.85	▲
Prime Logistics – Ground Floor	S\$1.46	US\$1.07	€0.98	▲
Prime Logistics – Upper Floor	S\$1.30	US\$0.96	€0.87	▲

US\$/S\$ = 1.361; €/S\$ = 1.491, as of 28 March 2022

SIGNIFICANT BUSINESS PARK PROJECTS – PLANNED & UNDER CONSTRUCTION

PROJECT NAME	SUBMARKET	TENANT	SF	EXPECTED COMPLETION YEAR*
CleanTech Three	Jurong West	-	665,000	2022
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 Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	PRICE (\$ Million)
69 Ubi Crescent	Geylang	Chip Eng Seng / Merlions Two	28.0
7 Kim Chuan Lane	Hougang	A38 Capital, OneApex Limited / ACKC Hessed, Mulberry Land	28.0

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