

SINGAPORE

Retail Q2 2022

Prime Rents (\$\$/PSF/MO)	QoQ Chg	12-Mo. Forecast
\$33.17 Orchard	▲	▲
\$19.18 Other City Areas	▲	▲
\$31.19 Suburban	▲	▲

Retail Sales Maintain Growth

Amidst a return to pre-pandemic normalcy, total retail sales grew by 9.3% as of May 2022 YTD, fueled by revenge spending and recovering tourism. Strong growths were observed in the retail trades of wearing apparel & footwear (+33.6% YTD), department stores (+22.9% YTD) and watches & jewellery (+19.9% YTD). While online sales have grown, it remains a small proportion of the total retail sales at about 15%. Retail sales are poised to recover further, on the back of a gradual revival in international visitor arrivals. Tourism recovery remains weighed down by China's zero-Covid policy, given Chinese visitors' significant contribution to Singapore's tourism sector (~19% of total visitor arrivals in 2019).

Retail Rents Recover

Orchard and Suburban prime retail rents increased by 1.5% qoq and 1.3% qoq respectively in Q2 2022, supported by improving market sentiments on the back of significant easing of safe management measures and recovering tourism. Other City Areas prime retail rents also edged up by 1.2% qoq in Q2 2022 as more workers returned to the office. Given the reopening of borders and prevalence of hybrid work, the Orchard and Suburban retail markets are poised to lead rental growth this year with a 3-4% yoy increase. But Other City Areas prime retail growth for 2022, which is expected to come in at about 2-3% yoy, would be weighed down by hybrid work impeding overall footfall in the CBD.

Retailers continue to show healthy appetite for retail space. Notable F&B retailers who expanded in the first half of 2022 include Chinese quick-service restaurant Gong Yuan Ma La Tang and French bakery Au Croissant that each opened three more outlets. Besides Nike and New Balance have taken up prime units at Bugis Junction and Tampines Mall respectively, specialty running store Running Lab has expanded at VivoCity and sporting goods online retailer Sports Factory has debuted its first brick and mortar store at Century Square. Going forward this year, Puma will also introduce a flagship store at 313@Somerset and Lululemon will open its sixth store at Raffles City. Also, given China's zero-Covid policy, we anticipate more retail demand from new-to-market Chinese brands that look to expand overseas and diversify their operations.

Market Recovery Faces Headwinds

While rents have started to grow, retail operating conditions remain challenging. Manpower shortages, persistent inflationary pressures and food supply disruptions are increasing operating costs and would particularly impact food & beverage (F&B) retailers who are key in driving retail demand. Some retailers may not be able to fully pass on higher costs as consumers become increasingly price sensitive. Higher mortgage rates may lead to lower consumer discretionary incomes and lower retail spend. The reopening of borders may also divert some consumer spending overseas, offsetting part of the gains from higher inbound tourism.

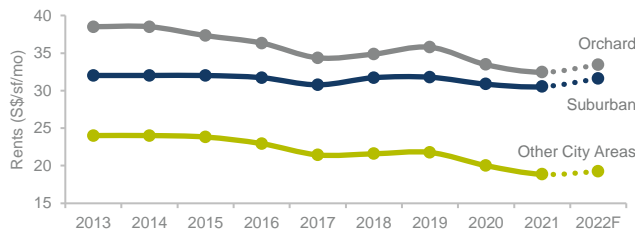
SINGAPORE ECONOMIC INDICATORS Q1 2022

Indicator	YoY Chg	12-Mo. Forecast
3.7% Real GDP Growth	▲	▼
4.6% Inflation Growth	▲	▼
9.3% Retail Sales Growth *	▲	▼

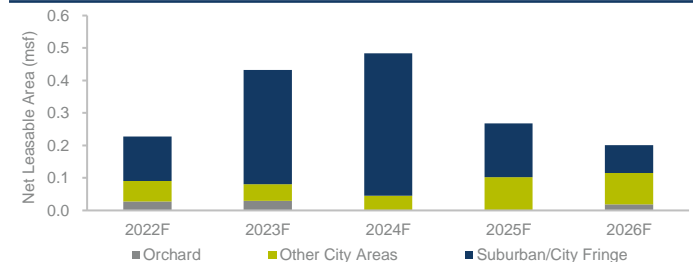
Source: Ministry of Trade & Industry (MTI), Singapore Department of Statistics (DOS)

* In chained volume terms (excludes motor vehicle) as of May 2022 YTD

RETAIL PRIME RENTS



RETAIL SUPPLY PIPELINE



MARKET STATISTICS ¹

SUBMARKET	INVENTORY (SF)	OVERALL VACANT SPACE (SF)	OVERALL VACANCY RATE	Q1 2022 OVERALL NET ABSORPTION (SF)	Q1 2022 OVERALL NET SUPPLY (SF)	PLANNED & UNDER CNSTR (SF)	PRIME GROSS EFFECTIVE RENT (\$\$/SF/MO)	QOQ CHANGE (%)
Orchard	7,351,700	828,800	11.3%	0	0	74,000	33.17	1.5
Other City Areas	18,191,000	2,195,800	12.1%	-118,400	10,800	360,000	19.18	1.2
Suburban	41,204,200	2,508,000	6.1%	-10,800	0	1,178,000	31.19	1.3
SINGAPORE TOTAL	66,746,900	5,532,600	8.3%	-129,200	10,800	1,612,000	27.85	1.4

NOTABLE OPENINGS Q2 2022

PROPERTY	SUBMARKET	TENANT	ESTIMATED SF	TYPE
City Square Mall	Suburban	MST Golf	Over 16,000	Sports & Recreation
Jurong Point	Suburban	Daiso	15,000	Value Store
Raffles City	Other City Areas	Marks & Spencer	15,000	Department Store
Big Mac Centre	Suburban	Uniqlo	14,000	Fashion
Marina Square	Other City Areas	Lily Valley Preschool	9,600	Learning & Enrichment

KEY CONSTRUCTION COMPLETIONS H2 2021 TO PRESENT

PROPERTY	SUBMARKET	MAJOR TENANTS	ESTIMATED SF
i12 Katong (AEI)	Suburban	CS Fresh, Golden Village, Malaysia Bolehl	181,000
GR.ID (AEI)	Other City Areas	Shine Korea, Loading, X Spin Club	65,000
Northshore Plaza I & II	Suburban	Giant, Daiso, Decathlon	181,000

SIGNIFICANT RETAIL PROJECTS – PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SF ²	COMPLETION DATE
Shaw Plaza (AEI)	Suburban	62,000	2022
One Holland Village	Suburban	117,000	2023
The Woodleigh Mall	Suburban	93,000	2024
Pasir Ris 8	Suburban	257,000	2024
Punggol Digital District	Suburban	165,000	2025
CanningHill Square	Other City Areas	87,000	2025

¹ Market statistics reflect data for Q1 2022 except for rents that reflect average gross effective rates at prime spaces for Q2 2022

² Estimated Net Leasable Area

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