

Rents
(S\$PSF/MO)12-Mo.
Forecast**\$6.16**

Business Park (City Fringe)

**\$3.53**

Business Park (Outlying Areas)

**\$4.45**

Science Park

SINGAPORE ECONOMIC INDICATORS
Q1 202312-Mo.
Forecast**0.4%**

Real GDP Growth

**6.1%**

Inflation Growth

**1.8%**

Unemployment



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

Weaker Manufacturing Outlook

Singapore's economy grew by 0.4% yoy in Q1 2023, slowing from previous quarter's 2.1% growth. In May, non-oil domestic exports (NODX) recorded a decline of 14.7% yoy, for the eighth consecutive month, while manufacturing output shrank by 10.8% yoy, raising the risks of a technical recession. However, overall factory activity improved slightly; the Singapore Purchasing Managers' Index (PMI) inched up 0.2 point to 49.7 while the electronics PMI declined by 0.1 point to 49.0 in June. This suggests that while Singapore's manufacturing economy remains under pressure due to weak external demand, the outlook could be starting to stabilise.

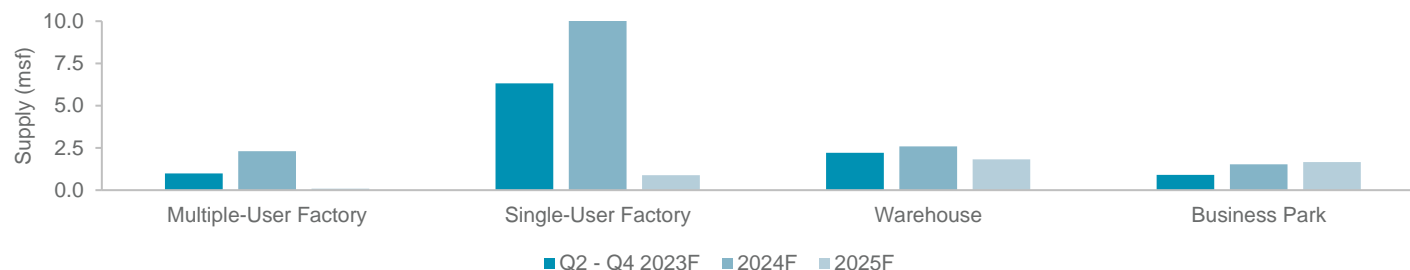
A multi-speed Market

As industrial demand weakens, rental growth has started to diverge in Q2 2023, with varying performance across industrial segments. Property types with limited new supply are still seeing positive rental growth. Prime logistics rents grew 2.2% qoq, easing from previous quarter's 7.5% qoq growth, as vacancy rates remain tight. Factory and warehouse rents held constant in the quarter, while rents of business parks in outlying areas declined slightly by 0.5% qoq. Older outlying business park developments are facing stronger pressure due to hybrid work and an influx of new supply. Meanwhile, high-tech properties and city fringe business parks rents rose by 0.3% qoq and 0.4% qoq respectively, supported by resilient demand from tech and life science occupiers. Science Park rents growth grew 0.7% qoq compared to 0.2% qoq growth in Q1 2023, though this was driven by higher rents at two developments.

More Investment Sales Opportunities

There could be more opportunities for industrial investment sales in the horizon. Given rising flight to quality and sustainability demand coupled with limited new industrial supply, there will be increasing interest for asset enhancements or redevelopments of ageing industrial assets. It may be timely for owner-occupiers to consider sale-and-leaseback arrangement or joint development. Also, given the current high interest rate environment, there could potentially be more industrial opportunities on the market as REITs look to lower their gearing ratio. This could be an opportune time for prospective industrial investors, as availability of institutional grade industrial assets are limited.

INDUSTRIAL SUPPLY PIPELINE



MARKET STATISTICS

SEGMENT	GROSS EFFECTIVE RENT			Q-O-Q CHANGE (%)	12-MONTH OUTLOOK
	S\$/SF/MO	US\$/SF/MO	EUR/SF/MO		
Business Park (City Fringe)	S\$6.16	US\$4.54	€4.18	0.4%	▲
Business Park (Outlying Areas)	S\$3.53	US\$2.61	€2.40	-0.5%	■
Science Park	S\$4.45	US\$3.28	€3.03	0.7%	▲
High-Tech	S\$3.30	US\$2.43	€2.24	0.3%	▲
Factory – Ground Floor	S\$1.83	US\$1.35	€1.24	0.0%	■
Factory – Upper Floor	S\$1.62	US\$1.20	€1.10	0.0%	■
Warehouse – Ground Floor	S\$1.62	US\$1.20	€1.10	0.0%	▲
Warehouse – Upper Floor	S\$1.35	US\$0.99	€0.91	0.0%	▲
Prime Logistics – Ground Floor	S\$1.81	US\$1.33	€1.23	2.6%	▲
Prime Logistics – Upper Floor	S\$1.62	US\$1.20	€1.10	1.7%	▲

US\$/S\$ = 1.356; €/S\$ = 1.471, as of 30 June 2023

SIGNIFICANT BUSINESS PARK PROJECTS – PLANNED & UNDER CONSTRUCTION

PROJECT NAME	SUBMARKET	TENANT	SF	EXPECTED COMPLETION YEAR
Surbana Jurong Campus	Jurong West	Surbana Jurong	445,000	2023
Biopolis Phase 6 – Elementum	one-north	IHiS and related MOHH entities	378,000	2023
Development at 7 Science Park Drive	Science Park	-	310,000	2023
Punggol Digital District (Phase 1)	Punggol	UOB, Target Media Culcreative	1,780,000	2024
Punggol Digital District (Phase 2)	Punggol	(TMCC) and Delteq	740,000	2025
Development at 1 Science Park Drive	Science Park	-	1,200,000	2025

KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	PRICE (\$ Million)
Portfolio of 5 properties (4 & 6 Clementi Loop, Pan Asia Logistics, Jurong Districentre, 6 Chin Bee Avenue & ODC Districentre)	Various	ESR-Logos Reit / Intertrust (Singapore) Limited	313.5
The Shugart	Queenstown	Seagate Singapore / CapitaLand Ascendas Reit	218.2
Iron Mountain Centre II	Jurong West	Iron Mountain / ARA Asset Management, Kenedix	47.0

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