MARKETBEAT

SINGAPORE

Retail Q2 2023

Prime Rents (S$PSF/MO)	QoQ Chg	12-Mo. Forecast
$34.32 Orchard	▲	▲
$19.71 Other City Areas	▲	▲
$31.97 Suburban	▲	▲

SINGAPORE ECONOMIC INDICATORS Q1 2023

	12-Mo. Forecast
0.4% Real GDP Growth	▲
6.1% Inflation Growth	▼
2.9% Retail Sales Change^	▲

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

^ Sales drop in chained volume terms (excludes motor vehicle) as of May 2022 YTD

Tourism Recovery Could Offset Cooling Domestic Demand

Singapore's total retail sales contracted by 2.9% as of May 2023 YTD, reflecting some signs of cautious discretionary spending amidst economic uncertainties. Sales of furniture and household equipment and watches and jewellery declined the most. While retail sales came off a high base, the sales decline could be driven by a stronger return-to-office and weaker consumption. Nonetheless, retail sales in H2 2023 would be uplifted by seasonal effects from major events such as the F1 race, front-loaded purchases before GST increase again in 1 Jan 2024, and a larger return of Chinese tourists. Orchard retail and other hospitality-related trades would be key beneficiaries, given monthly visitor arrivals have sustained above the 1 million mark since March and are on track to be more than double the level last year.

Rents Reap Reopening Gains

Islandwide prime retail rents grew by 0.8% qoq in Q2 2023, higher than the 0.6% qoq growth in previous quarter amidst higher occupancies and normalization of shopper traffic. With limited new retail supply and an anticipated comeback of Chinese tourists, retail rents should continue to recover throughout the year. However, the weakened economic growth may limit upsides.

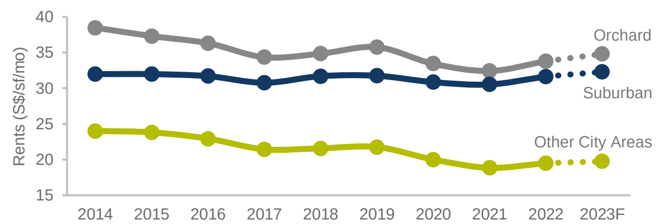
Orchard prime retail rental growth is expected to outpace other submarkets at 2.5%-4.5% yoy in 2023, buoyed by recovery in inbound tourism. More new-to-market brands are expected to emerge in Orchard, a destination choice for expansion, as they position to capitalize on the recovering tourism. However, retail vacancy rates in Orchard remain volatile as challenging operating conditions persist. Suburban prime retail rents are forecast to increase by 1.5%-3.5% yoy in 2023 on the back of hybrid work and resilient footfalls at suburban malls due to nearby residential catchments. Other City Area retail rents could also edge up by 1%-2% yoy in 2023 amidst stabilizing office-based crowds, albeit it is unlikely to return to pre-Covid levels given limited new CBD office supply and continued hybrid work.

Refreshing Tenant Mix with Activity-based Retailers

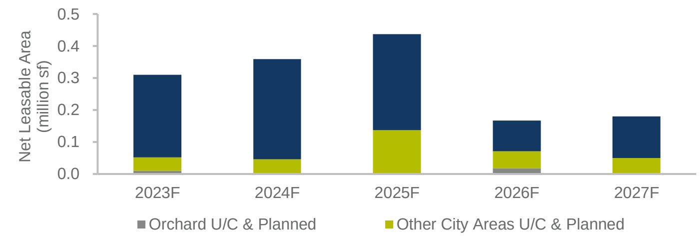
As e-commerce persists post-Covid, landlords have been incorporating current and new activity-based retailers into their tenant mix to remain relevant and attract footfall. Many of these new retailers are from the F&B trade, including Chinese coffee chain Luckin Coffee that has opened seven outlets this year, as well as Korean grill Bulgogi Syo, Korean fried chicken chain BHC Chicken and Japanese restaurant Tonkatsu Enbiton which each has at least launched two outlets. F&B remains the dominant driver of store openings and is estimated to make up 46% of store openings at prime malls as of May 2023 YTD.

Large vacant retail units have also seen demand from entertainment and education retailers. This year, arcade operator Timezone has opened its largest outlet at Orchard Xchange, and both Kiztopia Club and NK Robotics have expanded at the new Woodleigh Mall. Cinemas facing competition from streaming platforms are reinventing their concepts. For example, Golden Village's collaboration with The Projector (GVxTP) will replace the vacated Cathay Cineplex at Cineleisure and hold performances and events besides film screenings.

RETAIL PRIME RENTS



RETAIL SUPPLY PIPELINE



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Retail Q2 2023

MARKET STATISTICS [1]

SUBMARKET	INVENTORY (SF)	OVERALL VACANT SPACE (SF)	OVERALL VACANCY RATE	Q1 2023 OVERALL NET ABSORPTION (SF)	Q1 2023 OVERALL NET SUPPLY (SF)	PLANNED & UNDER CNSTR (SF)	PRIME GROSS EFFECTIVE RENT (S$/SF/MO)	QOQ CHANGE (%)
Orchard	7,427,000	1,033,000	13.9%	-258,000	54,000	28,000	34.32	0.9
Other City Areas	18,191,000	1,819,000	10.0%	-32,000	22,000	327,000	19.71	0.6
Suburban	41,775,000	2,282,000	5.5%	215,000	194,000	1,099,000	31.97	0.7
SINGAPORE TOTAL	**67,393,000**	**5,134,000**	**7.6%**	**-75,000**	**269,000**	**1,453,000**	**28.67**	**0.8**

NOTABLE OPENINGS – Q2 2023

PROPERTY	SUBMARKET	TENANT	ESTIMATED SF	TYPE
Raffles City	Other City Areas	Sun & Sand Sports	11,000	Activewear
Paragon	Orchard	Avenue On 3	8,000	Multi-label Luxury Concept Store
Aperia Mall	Suburban	Thai Supermarket	6,000	Supermarket

KEY CONSTRUCTION COMPLETIONS – H1 2023

PROPERTY	SUBMARKET	MAJOR TENANTS	ESTIMATED NLA SF
Sengkang Grand Mall	Suburban	FairPrice Finest, McDonald's, Uniqlo, MindChamps	109,000
The Woodleigh Mall	Suburban	Fairprice Finest, McDonald's, Kiztopia Club	90,000
Shaw Plaza (AEI)	Suburban	Fairprice, Shaw Theatres	61,500

NOTABLE RETAIL PROJECTS – PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SF [2]	COMPLETION DATE
One Holland Village	Suburban	117,000	2023
Pasir Ris Mall	Suburban	257,000	2024
Punggol Digital District	Suburban	165,000	2025
CanningHill Square	Other City Areas	87,000	2025
Lentor Modern	Suburban	96,000	2026

[1] Market statistics reflect data for Q1 2023 except for rents that reflect average gross effective rates at prime spaces for Q2 2023
[2] Estimated Net Leasable Area

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