

## Retail Q3 2023

Prime Rents (\$\$PSF/MO)	QoQ Chg	12-Mo. Forecast
<b>\$34.55</b> Orchard	▲	▲
<b>\$19.84</b> Other City Areas	▲	▲
<b>\$32.09</b> Suburban	▲	▲

SINGAPORE ECONOMIC INDICATORS  
Q2 2023

<b>0.5%</b> Real GDP Growth	▲
<b>5.1%</b> Inflation Growth	▼
<b>2.7%</b> Retail Sales Change <sup>^</sup>	▲

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

<sup>^</sup> Sales drop in chained volume terms (excludes motor vehicle) as of July 2023 YTD

## Retail Sales to Hold Up Despite Pressures on Consumer Spending

Coming off a higher base last year, Singapore total retail sales as of July 2023 YTD declined 2.7%, largely driven by lower sales for furniture and household equipment amidst the return-to-office momentum. Sales of food and alcohol continued to show robust growth, fueled by the ongoing tourism recovery alongside a higher demand for alcoholic products, including those sold in duty-free shops. While consumer spending has cooled slightly, it remains higher than pre-pandemic levels. Low unemployment rates and a potential front-loading of purchases before the GST hike in January 2024, coupled with returning Chinese tourists and major events such as Singapore Grand Prix should underpin retail sales for the rest of 2023. China has re-emerged as the top source market for visitor arrivals, contributing 446,000 visitors to Singapore in July-August 2023, albeit still 43% lower than pre-Covid levels (July-August 2019).

## Steady Path to Recovery

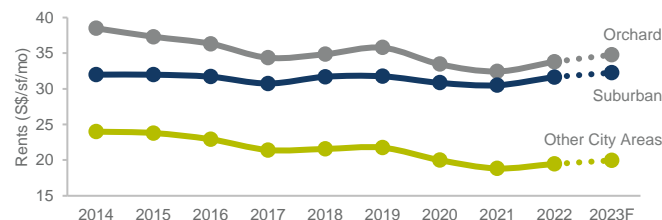
On the back of improving tenant sales and limited new supply, islandwide prime retail rents continued to grow 0.6% q-o-q in Q3 2023. Orchard prime retail rents rose 0.7% q-o-q, riding on the influx of travellers with pent-up demand for spending. In the same vein, coupled with stabilising office crowds, prime retail rents in Other City Area edged up by 0.6% q-o-q from its lower base. A major S-Reit has reported shopper traffic and tenant sales of their Downtown malls increased at 20.6% y-o-y and 10.2% y-o-y respectively as of June 2023 YTD. Suburban malls, which enjoy resilient occupancies, also witnessed their prime rents climbing 0.4% q-o-q in Q3 2023.

Despite a weakened economic outlook, retail rental growth should persist in the short-term with limited new supply, holiday effects and China's ongoing outbound tourism recovery.

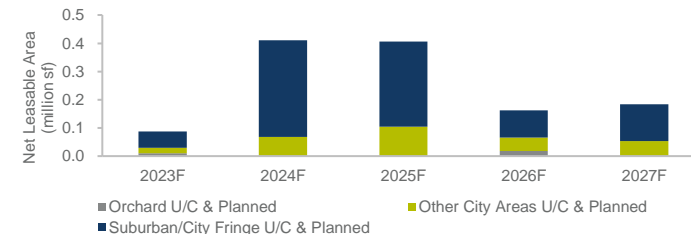
## New International Brands Enliven Retail Scene

Since the reopening of borders, leasing inquiries from international retailers, including new-to-market brands have been healthy. New concepts that opened in Q3 2023 were dominated by food & beverage retailers given the nation's strong dining out culture. Many fashion and lifestyle brands are also attracted to Singapore's small but affluent domestic market amidst the tourism recovery. Taiwanese jeweller Aluxe and Finnish lifestyle brand Marimekko both debuted at Ion Orchard, while Chinese loungewear brand Neiwai and Korean concept store Daily&Co has opened at Raffles City and Marina Square respectively. The country's pro-business environment serves as a suitable springboard for new entrants to expand regionally. Canadian coffee chain Tim Hortons will open its first outlet at VivoCity towards end-2023, amidst talks to also roll out in Malaysia and Indonesia. Earlier in June 2023, Australian bubble tea chain Chaffic has kicked off its expansion in Asia by launching its first store at Westgate. Amidst ongoing tourism recovery, more new brands could spring up to enliven retail offerings and bolster occupancies in Orchard and other city areas.

## RETAIL PRIME RENTS



## RETAIL SUPPLY PIPELINE



MARKET STATISTICS <sup>1</sup>

SUBMARKET	INVENTORY (SF)	OVERALL VACANT SPACE (SF)	OVERALL VACANCY RATE	Q2 2023 OVERALL NET ABSORPTION (SF)	Q2 2023 OVERALL NET SUPPLY (SF)	PLANNED & UNDER CNSTR (SF)	PRIME GROSS EFFECTIVE RENT (\$/SF/MO)	QOQ CHANGE (%)
Orchard	7,406,000	980,000	13.2%	32,000	-22,000	74,000	34.55	0.7
Other City Areas	18,234,000	1,808,000	9.9%	54,000	43,000	337,000	19.84	0.6
Suburban	41,947,000	2,250,000	5.4%	205,000	172,000	927,000	32.09	0.4
<b>SINGAPORE TOTAL</b>	<b>67,587,000</b>	<b>5,038,000</b>	<b>7.5%</b>	<b>291,000</b>	<b>194,000</b>	<b>1,338,000</b>	<b>28.83</b>	<b>0.6</b>

## NOTABLE OPENINGS – Q3 2023

PROPERTY	SUBMARKET	TENANT	ESTIMATED SF	TYPE
One Holland Village Shops	Suburban	CS Fresh (opening soon)	8,000	Supermarket
CQ @ Clarke Quay	Suburban	Swee Lee	6,000	Music store
One Holland Village Shops	Suburban	Sushi Tei (opening soon)	5,500	Food establishment

## KEY CONSTRUCTION COMPLETIONS – Q3 2023 YTD

PROPERTY	SUBMARKET	MAJOR TENANTS	NET LEASABLE AREA SF <sup>2</sup>
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 &amp; UNDER CONSTRUCTION

PROPERTY	SUBMARKET	NET LEASABLE AREA SF <sup>2</sup>	EXPECTED COMPLETION DATE
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

<sup>1</sup> Market statistics reflect data for Q2 2023 except for rents that reflect average gross effective rates at prime spaces for Q3 2023<sup>2</sup> Estimated Net Leasable Area

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