

SINGAPORE

Retail Q4 2023

Prime Rents (\$\$/SF/MO)	QoQ Chg	12-Mo. Forecast
\$34.80 Orchard	▲	▲
\$20.00 Other City Areas	▲	▲
\$32.16 Suburban	▲	▲

Uptrend in Retail Sales is Not Without Its Bumps

Total retail sales in Singapore fell 2.0% YTD (as of October 2023) from 2022 as the boost in consumption from revenge spending starts to fade. Higher prices and the weakened economy could be affecting consumers' spending power. The food and alcohol segment nonetheless outperformed with a 12.2% YTD growth, fueled by the ongoing recovery in inbound tourism. In 2024, retail sales should benefit from a strong lineup of events and concerts, continued recovery in visitor arrivals from China, the government's cash support to cushion some impact of the GST hike, and economic improvements including moderating inflation. Although the still high mortgage rates and elevated prices would continue to temper local consumption, especially for discretionary purchases such as furniture and jewellery.

Recovery to Persist in 2024

Islandwide prime retail rents rose 0.6% q-o-q in Q4 2023 and clocked in a 2.5% growth on y-o-y basis for the whole of 2023. The rental growth is both demand-led, largely driven by tier-one malls amidst tourism recovery, as well as cost-push due to inflation that has increased property management and business costs. After outperforming with a rental growth of 3.1% y-o-y in 2023, Orchard prime retail rental growth is poised to continue outpacing other submarkets at 2%-4% y-o-y this year given a fuller recovery in leisure travel and lesser availability of prime spaces. Orchard continues to draw new-to-market and international retailers who look to showcase their brands in the region. Suburban prime retail rents are expected to grow 1%-3% y-o-y this year, extending the 1.7% y-o-y growth in 2023, underpinned by steady traffic from residential catchments and consumers' continual purchase of essential items. Recovering from a lower base, prime retail rents in Other City Areas could also edge higher by 1%-3% y-o-y this year, following the 2.8% y-o-y growth in 2023, on the back of rising visitor arrivals and stabilizing office attendance.

Fashion and Lifestyle Brands in Expansion Mode

Hybrid work has changed shopping preferences, with consumers increasingly focusing on health, wellness and comfort. This has driven an expansion of fashion, beauty & wellness and lifestyle brands. While F&B remains the dominant demand driver (47%), retailers across the fashion, beauty & wellness as well as lifestyle segments also drove over a third (39%) of the estimated share of store openings at prime malls in 2023. Despite the accelerated e-commerce adoption, fashion and beauty retailers are still opening brick-and-mortars to ride on renewed consumer interest in personal experiences after the pandemic. Chinese shoe brand Duo Zhou Lu has opened 5 outlets since its entry in Singapore this year. In the lifestyle segment, activewear brands continue to expand given consumers' enduring focus on health and wellness. Middle East's largest sports retailer Sun & Sand Sports has opened 3 stores since May last year, and Nike is opening a potential flagship on 268 Orchard Road. Amidst resilient consumer spending, some brands have made a comeback. Hong Kong cosmetics brand SaSa has returned at Jurong Point and plans to open 2 more outlets in Singapore.

SINGAPORE ECONOMIC INDICATORS Q3 2023

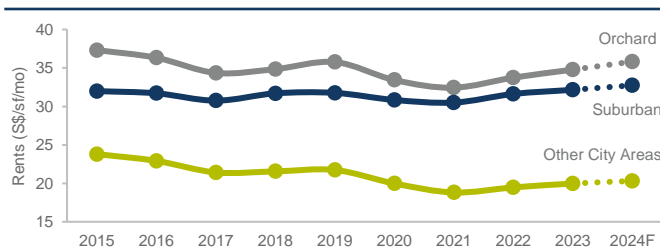
Indicator	12-Mo. Forecast
1.2%* Real GDP Growth	▲
4.1% Inflation Growth	▼
-2.0% Retail Sales Change [^]	▲

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

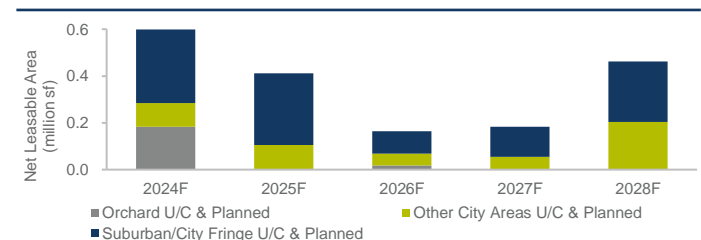
* GDP growth for the whole of 2023, based on MTI's advanced estimates

[^] Sales drop in chained volume terms (excludes motor vehicle) as of October 2023 YTD

RETAIL PRIME RENTS



RETAIL SUPPLY PIPELINE



MARKET STATISTICS ¹

SUBMARKET	INVENTORY (SF)	OVERALL VACANT SPACE (SF)	OVERALL VACANCY RATE	Q3 2023 OVERALL NET ABSORPTION (SF)	Q3 2023 OVERALL NET SUPPLY (SF)	PLANNED & UNDER CNSTR (SF)	PRIME GROSS EFFECTIVE RENT (\$\$/SF/MO)	QOQ CHANGE (%)
Orchard	7,309,000	883,000	12.1%	0	-97,000	201,000	34.80	0.7
Other City Areas	18,030,000	1,550,000	8.6%	54,000	-205,000	515,000	20.00	0.8
Suburban	42,001,000	2,443,000	5.8%	-140,000	54,000	1,105,000	32.16	0.2
SINGAPORE TOTAL	67,339,000	4,876,000	7.2%	-86,000	-248,000	1,822,000	28.99	0.6

NOTABLE OPENINGS – Q4 2023

PROPERTY	SUBMARKET	TENANT	ESTIMATED SF	TYPE
Plaza Singapura	Orchard	Muji (reopening)	38,000	Department Store
One Holland Village	Suburban	CS Fresh	8,000	Supermarket
Orchard Cineleisure	Orchard	SkyPark by Kiztopia	8,000	Indoor Play Park

KEY CONSTRUCTION COMPLETIONS – 2023

PROPERTY	SUBMARKET	MAJOR TENANTS	NET LEASABLE AREA SF ²
One Holland Village	Suburban	CS Fresh, Surrey Hills Grocer	116,000
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	NET LEASABLE AREA SF ²	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

¹ Market statistics reflect data for Q3 2023 except for rents that reflect average gross effective rates at prime spaces for Q4 2023

² Estimated Net Leasable Area

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