

Industrial Q2 2024

Rents
(\$PSF/MO)

12-Mo.
Forecast

\$6.15
Business Park (City Fringe)



\$3.46
Business Park (Suburban)



\$4.68
Science Park



SINGAPORE ECONOMIC INDICATORS Q1 2024

12-Mo.
Forecast

3.0%
Real GDP Growth



3.0%
Inflation Growth



2.1%
Unemployment



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

Improving External Demand

In the first quarter of 2024, Singapore's economy grew by 3.0% yoy, accelerating from previous quarter's 2.2% yoy growth. With steady global economic growth, external demand is picking up. The Singapore Purchasing Managers' Index (PMI) fell 0.2 points to 50.4, though it remained in expansion territory for the tenth consecutive month in June. Manufacturing output expanded by 2.9% yoy in May, following past two months of decline, driven by the electronics sector. Non-oil domestic exports (NODX) posted an 8.7% yoy decline in June, which was weighed down by fluctuations in non-monetary gold and electronics shipments.

Market Continues to Bifurcate

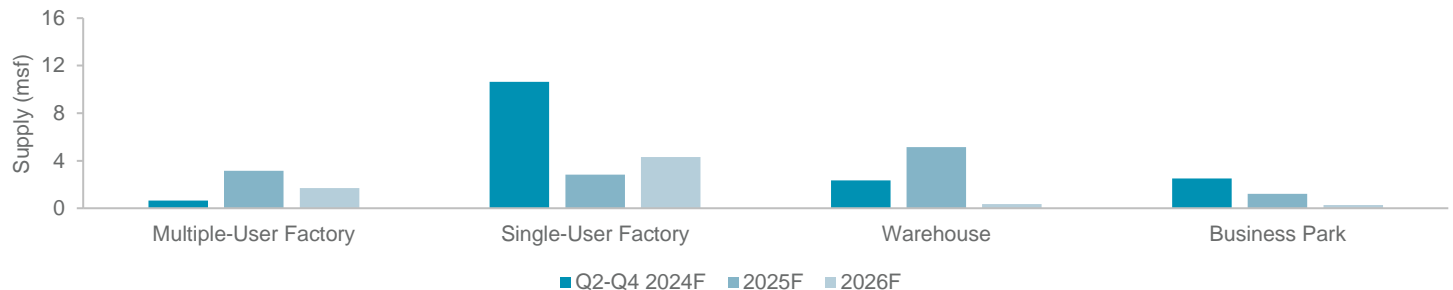
Rental performance continued to diverge across property types in Q2 2024. Underpinned by resilient demand, warehouse rents outperformed and grew 4.0% qoq in Q2 2024. On the other hand, rents of business parks and high-tech factories are moderating amidst hybrid work and space optimisation. City fringe (-0.3% qoq) and suburban (-1.1% qoq) business parks as well as high-tech properties (-1.3% qoq) witnessed mild fall in rents. Prime logistics and factory rents remained flat in Q2 2024.

Due to a slowdown in demand and higher new supply, suburban business parks may see moderate or flattish rental growth. Newer suburban business parks enjoy higher occupancy rates and can command higher rents, while older suburban business parks may lag behind. Given their good locational attributes, city-fringe business park rents are expected to trend higher by 1-2% in 2024, and this may encourage some companies to consider cost-effective alternatives in suburban business parks, as the gap in rents widen.

Industrial Investment Sales Supported by Capital Recycling Activities and New Economy Demand

As financing costs remain high, more asset owners such as REITs have divested their assets to deleverage. Recent sales include 115A and 115B Commonwealth Drive (\$50.6 million (m)) by Mapletree Industrial Trust. Industrialists looking to raise capital for business expansion whilst maintaining their current operations are exploring sale-and-leaseback transactions. In H1 2024, a total of two industrial sale-and-leaseback deals (\$89.2m) were recorded, compared to 2023's total of four industrial sale-and-leaseback deals worth \$175m. At the other end, industrialists in Self-storage and Data Centres sectors have been acquiring sites for own-use. For example, non-JTC industrial sites such as 14 Little Road and 10 Toh Guan Road East were both sold to self storage players in Q1 2024, amidst an ongoing moratorium on self storage on JTC sites. Also, 110 Paya Lebar Road, was acquired by its end-user, a data center operator, to secure future business operations.

INDUSTRIAL SUPPLY PIPELINE



MARKET STATISTICS

SEGMENT	S\$/SF/MO	GROSS EFFECTIVE RENT			Q-O-Q CHANGE (%)	12-MONTH OUTLOOK
		US\$/SF/MO	EUR/SF/MO			
Business Park (City Fringe)	S\$6.15	US\$4.54	€4.24	-0.3%	▲	
Business Park (Suburban)	S\$3.46	US\$2.55	€2.39	-1.1%	▬	
Science Park	S\$4.68	US\$3.45	€3.23	0.2%	▲	
High-Tech	S\$3.42	US\$2.52	€2.35	-1.3%	▲	
Factory – Ground Floor	S\$1.83	US\$1.35	€1.26	0.0%	▲	
Factory – Upper Floor	S\$1.62	US\$1.20	€1.12	0.0%	▲	
Warehouse – Ground Floor	S\$1.73	US\$1.28	€1.19	4.0%	▲	
Warehouse – Upper Floor	S\$1.44	US\$1.06	€0.99	3.9%	▲	
Prime Logistics – Ground Floor	S\$1.87	US\$1.38	€1.29	0.0%	▲	
Prime Logistics – Upper Floor	S\$1.68	US\$1.24	€1.16	0.0%	▲	

US\$/S\$ = 1.356; €/S\$ = 1.452, as of 30 June 2024

SIGNIFICANT BUSINESS PARK PROJECTS – PLANNED & UNDER CONSTRUCTION

PROJECT NAME	SUBMARKET	TENANT	SF	EXPECTED COMPLETION YEAR
Punggol Digital District (Phase 1)	Punggol	UOB, Target Media Culcreative (TMCC) and Delteq	1,235,588	2024
Punggol Digital District (Phase 2)			1,269,925	2024
Development at 1 Science Park Drive (Geneo)	Science Park	-	1,209,109	2025
Development at 27 International Business Park	Jurong East	-	265,330	2026

KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	PRICE (S\$ Million)
2C Mandai Estate	Sungei Kadut	Unknown / Ding Zhou Group and Unitedland Development	74.0
Kian Ann Building	Tampines	Unknown / Unknown	63.0
47 Pandan Road	Jurong East	Singapore Asahi Chemical & Solder Industries / Fife Capital	36.0

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