

MARKETBEATS



\$10.00

RENT (PSF/MO)

2.7%

RENTAL GROWTH

3.6%

VACANCY RATE

WHAT'S NEXT

HIGHLIGHTS

Office-Using Sectors Continue to Expand

The Singapore economy continued to grow at a healthy 3.9% YoY in 2Q2018. Growth was led by the finance & insurance sector which expanded by 6.7% YoY, and the information & communications sector which grew by 5.2% YoY. This led to office-using employment increasing by 5,900 workers in 2Q2018.

Resurgence of Financial Sector Demand

A resurgence of demand by tenants in the financial sector drove leasing activity during the quarter. HSBC Bank signed a 1-year lease extension for its existing premises of 200,000 sf in HSBC Building, while also concluding a deal to relocate and take up 140,000 sf at MBFC Tower 2 in 2020. In addition, Allianz inked a lease for 50,000 sf in ASB Tower. Meanwhile, the co-working segment continues to stride forward, with market talk that Hong Kong-based Campfire is in negotiations to take up 85,000 sf at 139 Cecil Street.

Firm Rental Growth Amidst Tight Supply

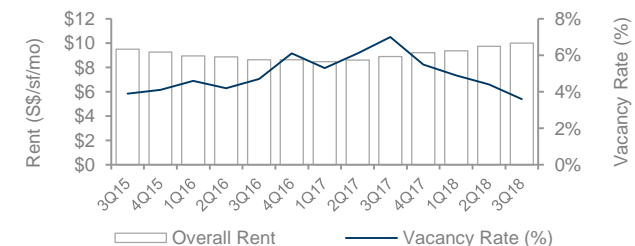
During 3Q2018, the Grade A CBD rent rose by 2.7% to S\$10.00 psf/mo amidst the lack of supply. Rents are projected to continue escalating as the tight supply situation will persist for three more years until the supply influx of 1.8 msf in 2022. While there is some concern over the brewing US-China trade war, any escalation in trade tensions is unlikely to have a material impact on the Singapore office market in the near term as the overwhelming majority of office tenants here do not have manufacturing operations in China.

ECONOMIC INDICATORS

	1Q18	2Q18	12-Month Forecast
GDP Growth	4.5%	3.9%	▬
CPI Growth	0.2%	0.3%	▴
Unemployment	2.0%	2.1%	▬

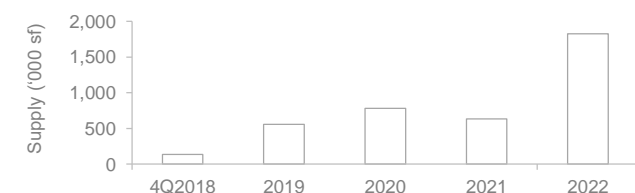
Source: Ministry of Trade & Industry

GRADE A CBD RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A CBD SUPPLY PIPELINE



Source: URA, Cushman & Wakefield Research

A Cushman & Wakefield Research Publication

DATA INTO ACTION

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A Cushman & Wakefield
Research Publication

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SUBMARKET	INVENTORY (SF)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SF)	GRADE A EFFECTIVE RENT		
				S\$/SF/MO	US\$/SF/MO	EUR/SF/MO
Marina Bay	9,008,000	3.6%	1,260,000	S\$11.43	US\$8.31	€7.15
Raffles Place	7,425,000	3.4%	635,000	S\$10.15	US\$7.38	€6.35
Shenton Way / Tanjong Pagar	4,176,000	3.5%	918,000	S\$9.65	US\$7.02	€6.04
City Hall / Marina Centre	4,262,000	2.7%	205,000	S\$9.41	US\$6.84	€5.88
Orchard Road	1,961,000	8.3%	352,000	S\$9.36	US\$6.81	€5.85
Bugis	1,133,000	1.1%	566,000	S\$8.97	US\$6.52	€5.61
SINGAPORE GRADE A CBD TOTAL	27,965,000	3.6%	3,936,000	S\$10.00	US\$7.27	€6.25
City Fringe [^]	6,908,000	5.5%	306,000	S\$6.89	US\$5.01	€4.31
Suburban [^]	6,953,427	13.2%	534,000	S\$5.34	US\$3.88	€3.34

[^]All-Grades
US\$/S\$ = 1.375; €/S\$ = 1.599 as at 18 September 2018

KEY LEASING TRANSACTIONS 3Q2018

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
HSBC Building	Raffles Place	HSBC Bank	200,000	Renewal
Marina Bay Financial Centre Tower 2	Marina Bay	HSBC Bank	140,000	Relocation
ASB Tower	Shenton Way	Allianz	50,000	Relocation

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
18 Robinson	Shenton Way	Regus	136,000	2018
Funan	City Hall/Marina Centre	WeWork	205,000	2019
9 Penang Road	Orchard	-	352,000	2019
Woods Square	Suburban	-	534,000	2019
ASB Tower	Shenton Way	Allianz	514,000	2020
CapitaSpring	Raffles Place	JP Morgan	635,000	2021
Central Boulevard Towers	Marina Bay	-	1,260,000	2022
Beach Road GLS Site	Bugis	-	566,000	2022