Q3 2025
Commercial & Industrial

Selective tailwinds amidst stable market

A product by Realion (OrangeTee & ETC) Research

At A Glance | Q3 2025

		Q-o-Q Change	Y-o-Y Change
Office	CBD Grade A Rents: **S$9.80 psf**	0.0%	0.0%
	Occupancy Rate: **94.8%**	▼ -0.2%	▲ 0.3%
	Shadow Space: **422,000 sq ft NLA**	▲ 0.6%	▲ 12.3%
	Supply Pipeline NLA: **6.3 million sq ft (Q4 2025 to 2029)**		
Industrial	Multiple-User Factory Rents: **S$2.09 psf**	0.0%	0.0%
	Occupancy Rate: **89.1%**	▲ 0.3%	▲ 0.1%
	All Industrial Price Index: **110.3**	▲ 0.6%	▲ 5.7%
	Supply Pipeline NLA: **38.1 million sq ft (Q4 2025 to 2029)**		
Retail	Orchard/Scotts Rd 1st Storey Rent: **S$41.80 psf**	▲ 0.5%	▲ 1.7%
	Supply Pipeline NLA: **1.5 million sq ft (Q4 2025 to 2029)**		

Key Highlights

Office

Office rents in the Central Region were stable in Q3 2025, with the URA rental index easing 0.1 per cent q-o-q and CBD Grade A rents remaining unchanged at S$9.80 psf per month. Island-wide occupancy declined slightly by 0.2 percentage points to 94.8 per cent, led by negative absorption in decentralised areas.

Industrial

Multiple-user factory rents remained stable at S$2.09 psf in Q3 2025, as occupancy rates rose 0.3 percentage points to 89.1 per cent.

Overall industrial price index increased by 0.6 per cent in Q3 2025. Approximately 0.4 million sq ft of gross floor area was removed from the total industrial stock.

Retail

Singapore welcomed 4.5 million international visitors in Q3 2025 driven by holidays and MICE events. Retail rents are expected to rise modestly in the near term. Leasing activity is likely to focus on relocations, downsizing, and space optimisation as retailers manage rising costs and consumer preferences.

Rental Trend

Stable Rents Amid Renewal-Driven Leasing

- Office rental growth in Singapore's Central Region remained stable in Q3 2025, as leasing activity was largely driven by renewal contracts amid limited new demand.

- According to data from the Urban Redevelopment Authority (URA), the office rental index in the Central Region fell marginally by 0.1 per cent quarter-on-quarter (q-o-q) in Q3 2025 (Figure 1).

- Similarly, the Central Area office rental index decreased by 0.1 per cent q-o-q, tracking closely to the broader Central Region. Based on our tracked basket of Grade A buildings in the Central Business District (CBD), rents were largely unchanged at S$9.80 psf in Q3 2025. Fewer offices with large floor plates were leased compared to Q2 2025, suggesting that most transactions during the quarter were renewal-driven rather than expansionary.

Figure 1: Office rental index remains stable through renewal season

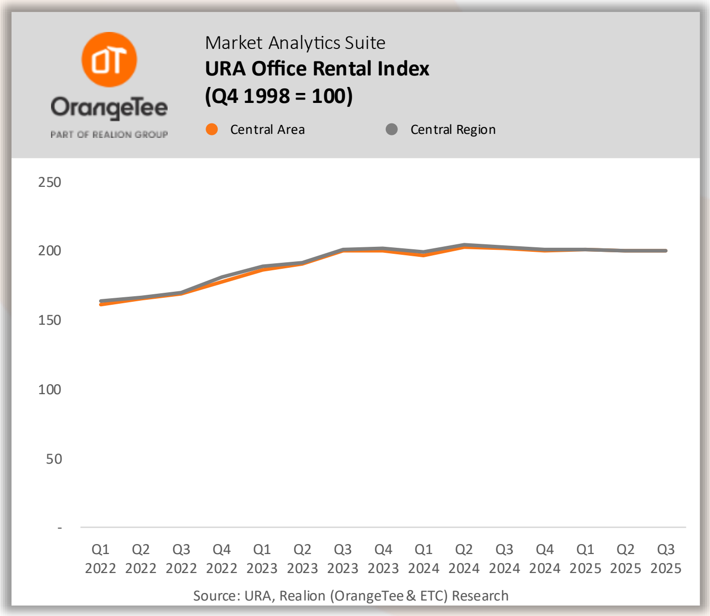


Table 1: Selected CBD micro-market rents

Selected CBD micro-market	Q2 2025	Q3 2025	Q-o-Q Change	Occupancy Rate
Marina Bay (Premium)	S$12.95 psf	S$12.95 psf	0.0%	94.7%
Raffles Place (Grade A)	S$10.55 psf	S$10.55 psf	0.0%	93.7%
Shenton Way/ Robinson Rd/ Tanjong Pagar (Grade A)	S$9.00 psf	S$9.00 psf	0.0%	86.1%

Source: Realion (OrangeTee & ETC) Research

Sales Trend

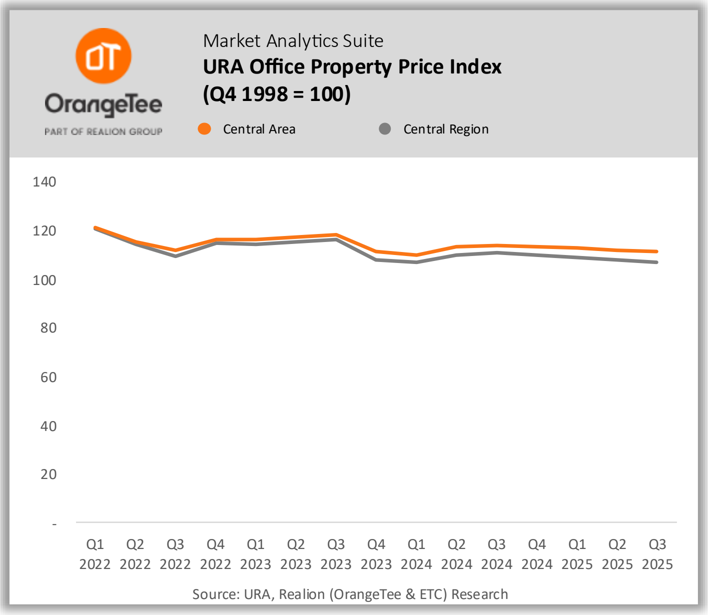
CapitaSpring Accounted For Bulk of Sale Quantum

- Office property prices continued to decline in Q3 2025. URA's office property price index for the central region declined 0.2 per cent q-o-q in Q3 2025 to 111.5 from 111.7 in Q2 2025. On a year-on-year (y-o-y) basis, prices declined by 2.1 per cent.

- Total office sales quantum increased to S$1.32 billion in Q3 2025 from the S$1.20 billion recorded in Q2 2025. This increase represents a 9.3 per cent q-o-q increase.

- The higher total office sales quantum was mainly contributed by a corporate sale-and-purchase agreement for a 55 per cent stake in CapitaSpring at an agreed property value of S$1.05 billion.

Figure 2: Price index continues to decline



Occupancy

Major Tenant Relocations In Decentralised Area

- Office occupancy rates eased marginally across all market segments in the CBD, the broader Central Region, and Outside Central Region (OCR) (Figure 3). Realion's island-wide occupancy rates fell 0.2 percentage points to 94.8 per cent in Q3 2025 from 95 per cent in Q2 2025, recording a negative 130,000 sq ft net absorption of net lettable area (NLA).

- The overall decline in occupancy was largely attributed to the Central Business District (CBD). The CBD recorded a 0.2 percentage point decrease in occupancy to 93.8 per cent in Q3 2025, accompanied by a negative net absorption of about 87,000 sq ft (NLA). The marginal decline was transient in nature, likely reflecting tenants relocating or consolidating space. Occupancy rates in the CBD remained tight despite easing in Q3 2025, underscoring the limited availability of quality office space.

- Non-CBD areas of the Central Region saw a slight 0.1 percentage point decline in occupancy and negative net absorption of approximately 12,000 sq ft NLA. The market remained largely stable with subdued activity and minimal tenant movements.

- In the decentralised areas, occupancy rates fell by 0.2 percentage points to 94.5 per cent in Q3 2025. The decline was mainly attributed to the Tampines area which saw a negative 333,000 sq ft NLA of net absorption. Partially offsetting the decline was also the 257,000 sq ft NLA of net absorption recorded in the Paya Lebar area. Overall, the decentralised areas recorded a negative 32,000 sq ft of net absorption.

- Office shadow spaces ticked up by 0.6 per cent in Q3 2025 to approximately 422,000 sq ft in NLA from the 420,000 sq ft in NLA recorded in Q2 2025 (Figure 4). The increase in shadow space is indicative of tenants are making shifts in office spaces and/or subletting the available space until lease expires.

Figure 3: Office occupancy rates ease as tenants relocate

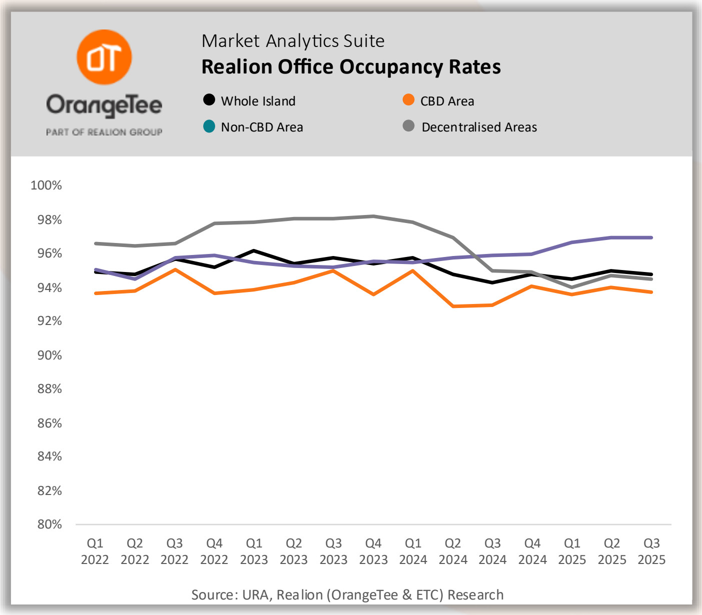
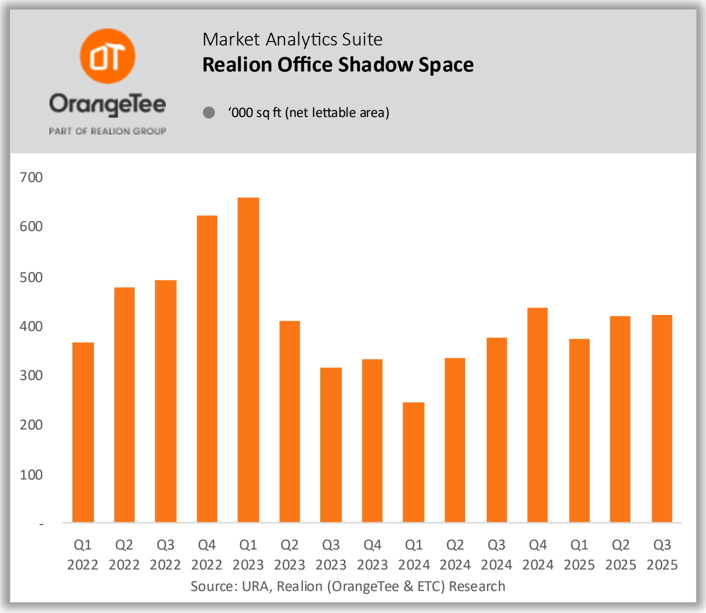


Figure 4: Shadow Space increased marginally



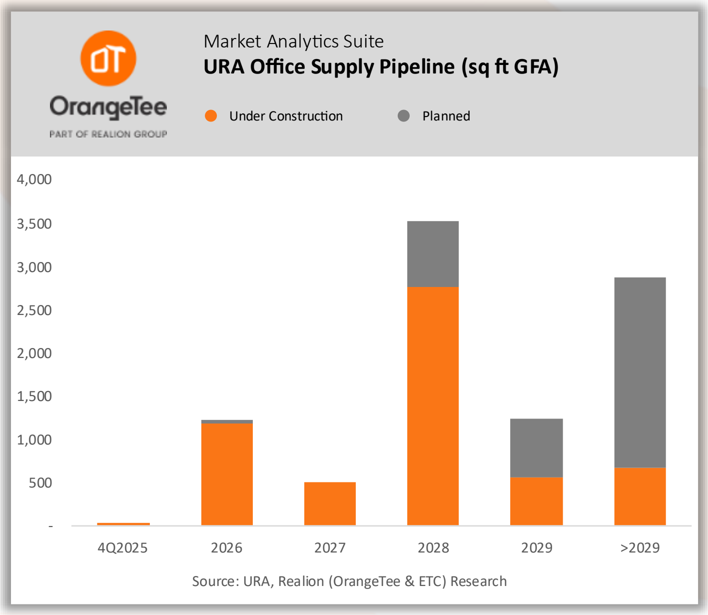
Supply

More Office Supply Expected In 2028

- With no major project completions expected for the remainder of 2025, new office supply is expected to enter the market from 2026 onwards. Total new supply in 2026 is projected at 1.22 million sq ft (GFA), up from 1.08 million sq ft in Q2 2025. Looking further ahead, the pipeline for 2028 has expanded by approximately 431,000 sq ft (GFA) as construction progresses on selected projects.

- Key ongoing developments in the Downtown Core comprise Shaw Towers, which will add 477,000 sq ft of GFA upon completion in 2026; Newport Tower, contributing 257,000 sq ft in 2027; and Clifford Centre, adding over 500,000 sq ft by 2028.

Figure 5: New supply in 2026 is expected to alleviate demand pressures



Outlook

Flight To Quality Persists

- According to the Monetary Authority of Singapore, growth momentum is expected to remain resilient through the rest of 2025, supported by sustained global demand and continued AI-related investments.

- Economic uncertainty has also eased following the conclusion of several trade agreements between the US and its trading partners, lowering downside risks in external demand and cross-border investment sentiment.

- On the domestic front, office rental growth is expected to persist amid a limited supply pipeline from 2025 to 2027. The scarcity of new premium office developments in the CBD will help sustain high occupancy levels and underpin rental stability.

- In addition, occupiers continue to show preference for quality, future-ready office spaces with higher sustainability and technology specifications. As a result, landlords of newer Grade A buildings may retain stronger pricing power, while older stock may need to offer more competitive leasing terms or pursue refurbishment and upgrade strategies to remain relevant.

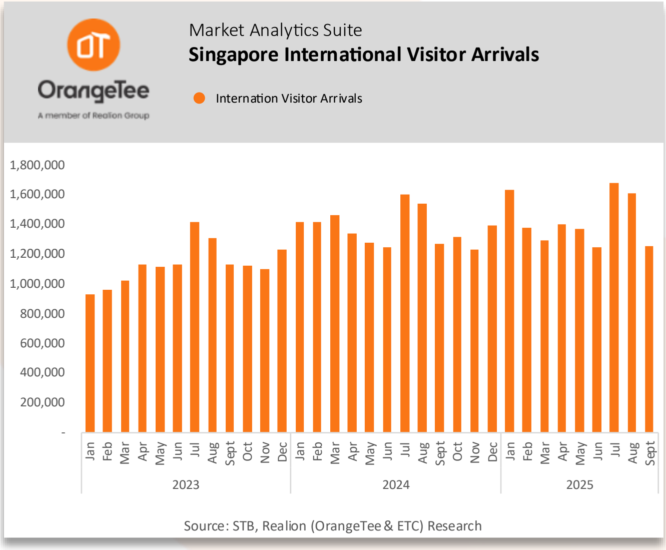
- With the Johor–Singapore Special Economic Zone comprehensive blueprint expected to be finalised by end of 2025, regional corporate positioning could shift towards more cross-border operating models, strengthening Singapore’s appeal as a strategic headquarters base. Taken together with selected business expansions, a moderated supply pipeline, and Singapore’s positioning as a stable regional hub are likely to support a steady and more measured office leasing environment through Q4 2025 and into 2026.

International Visitors Arrival

Tourism Momentum Builds

- In Q3 2025, International Visitor Arrivals (IVA) stood at 4.5 million, marking a 12.9 percent increase from the 4.0 million recorded in the previous quarter. Year-to-date, total arrivals stood at 12.9 million. The increase in international visitors could be driven by more summer travels, the school holidays and major events. We expect Singapore to be on track to meet the 17 to 18.5 million estimated visitors this year.

Figure 6: International visitor arrivals rose in Q3 2025



Rental Trends

Retail Market Holds Steady

- In Q3 2025, Singapore's island-wide retail occupancy rate increased to 93.1 per cent, up from 92.9 per cent in the previous quarter, which reflects a broadly stable leasing environment across all market segments. Occupancy in the Fringe/Suburban Areas rose marginally from 93.4 per cent to 93.6 per cent, while Orchard/Scotts Road saw a slight improvement from 93.1 per cent to 93.5 per cent. Similarly, the occupancy rates of Other City Areas increased slightly from 91.5 per cent to 91.8 per cent. Overall, the retail market remained steady, with only modest q-o-q movements.

- During the reviewed quarter, prime first-storey rental rates on Orchard/Scotts Road increased by 0.5 per cent q-o-q to S$41.80 psf, supported by limited new supply and resilient tourism demand. Rents in Other City Areas increased by 0.5 per cent to S$19.60 psf, while the Fringe/Suburban Areas held steady at S$34.50 psf.

- The overall rental growth was further supported by active tenant reshuffling and space optimisation within malls. Many retailers have opted to downsize to smaller floor plates to manage operating costs better, effectively driving up rents on a per-square-foot basis. Additionally, rising operational and manpower costs have continued to place upward pressure on retail rents.

Figure 7: Island-wide occupancy rates increased

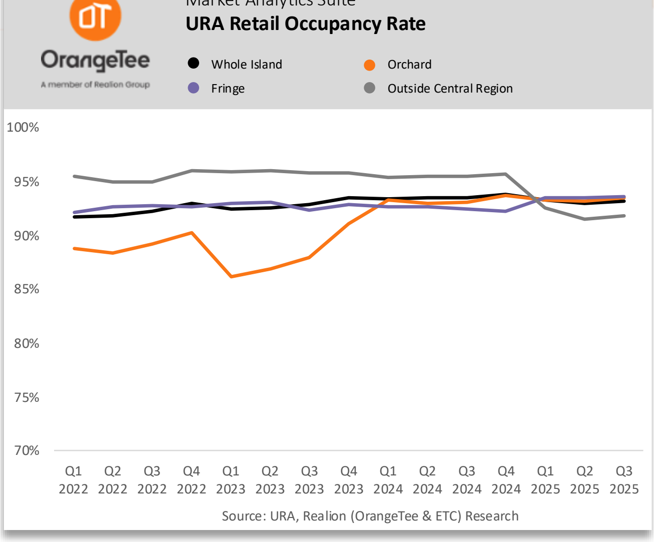


Table 2: Central region rental rates rose

	Q2 2025	Q3 2025	Q-o-Q Change
Orchard/Scotts Road			
First Storey	S$41.60 psf	S$41.80 psf	0.5%
Upper Storey	S$15.60 psf	S$15.65 psf	0.5%
Other City Areas			
First Storey	S$19.50psf	S$19.60psf	0.5%
Upper Storey	S$8.70psf	S$8.75psf	0.5%
Fringe/Suburban Areas			
First Storey	S$34.50psf	S$34.50psf	0.0%
Upper Storey	S$18.40psf	S$18.40psf	0.0%

Source: Realion (OrangeTee & ETC) Research

Sales Trend

Selective Retail Investments

- Two notable retail transactions were recorded in the third quarter of the year. Sales activity was driven by asset-specific deals, including the divestment of KINEX mall by UOL for S$375 million, and Fraser Group's acquisition of the remaining strata retail lots at Yishun 10 for S$34.50 million. This followed an earlier transaction in mid-2025, where the Golden Village cinema component of the same development was sold under a sale-and-leaseback arrangement for S$48 million.

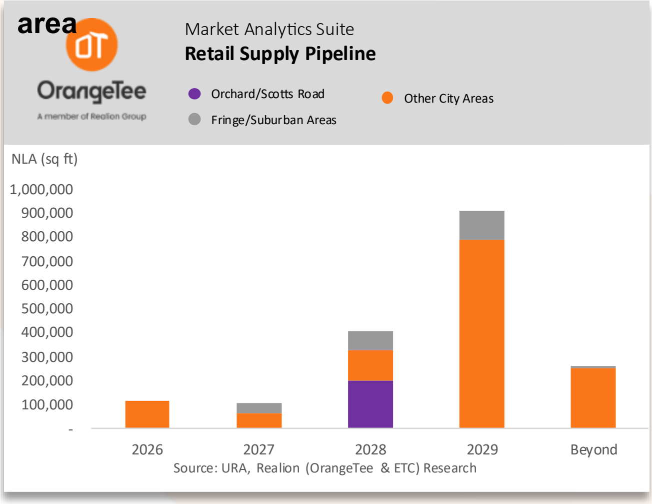
- Investor interest remains focused on assets with clear repositioning potential and resilient income streams. However, pricing mismatches between buyers and sellers continue to weigh on broader transaction volumes, particularly among larger prime retail assets.

Outlook

Retail Outlook Stays Resilient

- Retail rents in Singapore are expected to remain resilient in the near term, supported by limited supply and sustained tourism demand. However, rising operating costs and ongoing manpower shortages are likely to keep retailers cautious. Leasing activity is expected to be driven more by relocations, selective downsizing or space optimisation, rather than large-scale expansion.

Figure 8: Limited supply in Orchard/Scotts Road area



Source: URA, Realion (OrangeTee & ETC) Research

Table 3: More supply expected in 2028

Selected Major Upcoming Development	NLA '000 sq ft
2026	
Shaw Tower Redevelopment	11
ParkRoyal Collection Faber House	6
2027	
Clifford Centre Redevelopment	35
Chill @ Chong Pang	53
2028	
The Reserve Residences	74
Forum mall, voco Orchard Hotel	202
2029	
Marina Square Redevelopment	660
Golden Mile Complex Redevelopment	87
	1,272

Source: Realion (OrangeTee & ETC) Research

Artist's Impression of Shine @ Tuas South

Industrial | Industrial Rents Hold Steady as Supply Stabilises

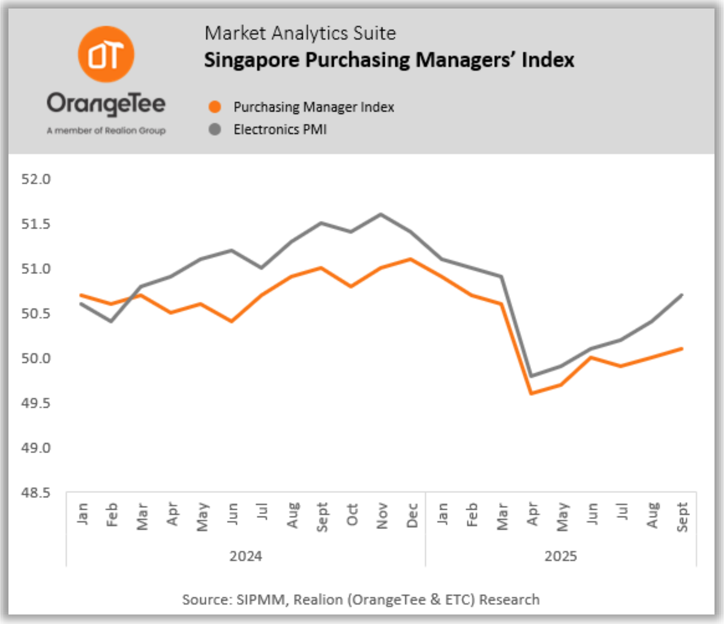
Manufacturing Performance

Marginal Expansion

- The manufacturing sector rebounded in Q3 2025 amid declining interest rates and easing inflationary pressures. Based on data from the Singapore Institute of Purchasing and Materials Management (SIPMM), the Purchasing Managers' Index (PMI) rose marginally to 50.1 in September 2025 from 50.0 in June 2025, following a dip to 49.9 in July before recovering in August and September. Electronics PMI, on the other hand, remained positive due to robust AI-related investments. Electronics PMI was recorded at 50.7 in September, up from 50.1 in June 2025.

- The latest PMI reading indicates marginal expansion in the manufacturing sector, albeit with caution.

Figure 9: Singapore PMI back above 50



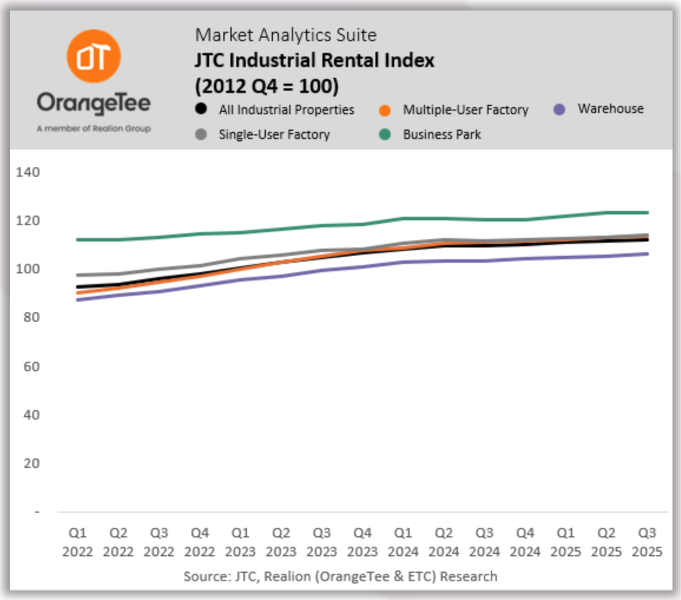
Industrial | Industrial Rents Hold Steady as Supply Stabilises

Rental Trend

Rents rise modestly

- Overall industrial rents rose marginally in Q3 2025 as the JTC all industrial rental index climbed by 0.5 per cent q-o-q to 112.1 in Q3 2025, moderating from the 0.7 per cent growth in Q2 2025. Most industrial segments recorded positive quarterly rental growth, led by the warehouse segment which saw a 0.9 per cent q-o-q increase. Only business parks registered a decline, with rents dipping by 0.2 per cent q-o-q.
- Rental volume declined by 5.7 per cent q-o-q to 3,168 units in Q3 2025, a reversal from the 11.7 per cent growth in Q2 2025. Most industrial segments registered a drop in tenancies, including Multiple-User Factories (6 per cent), Single-User Factories (2.9 per cent), and Warehouses (9.2 per cent). In contrast, Business Park rental volumes surged by 18.9 per cent.

Figure 10: All industrial property rental rates rose

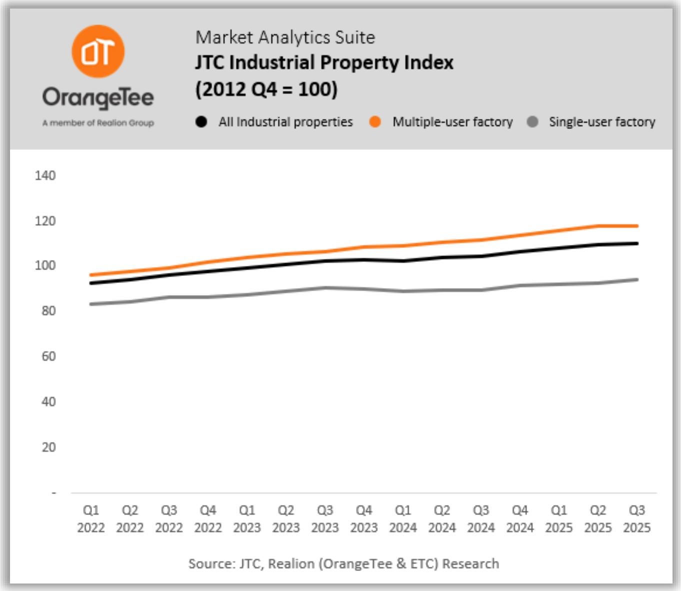


Sales Trend

Steady Growth

- Industrial property prices grew modestly in Q3 2025. The JTC price index for all industrial properties increased by 0.6 per cent q-o-q in Q3 2025, slowing from the 1.4 per cent q-o-q and 1.5 per cent q-o-q increase recorded in Q2 2025 and Q1 2025, respectively. The price growth was driven by single-user factories, which posted a quarterly increase of 2.1 per cent q-o-q compared to the 0.1 per cent q-o-q growth seen in multiple-user factories.
- Transaction volume in Q3 2025 remained relatively unchanged from the previous quarter. Based on URA Realis caveat data, 468 industrial properties were transacted in Q3 2025, similar to the 462 transactions in Q2 2025.
- Total industrial sales quantum continued its upward trend in Q3 2025, rising by 31.2 per cent to S$1,236.2 million from S$941.9 million in Q2 2025. The largest transaction was a warehouse building located at 21 Pandan Avenue, sold for S$140 million in August 2025. The logistics facility was one of five properties divested by CapitaLand Ascendas REIT in Q3 2025.

Figure 11: Single-user factory prices drive industrial price growth



Industrial | Industrial Rents Hold Steady as Supply Stabilises

Occupancy

Higher occupancy rates

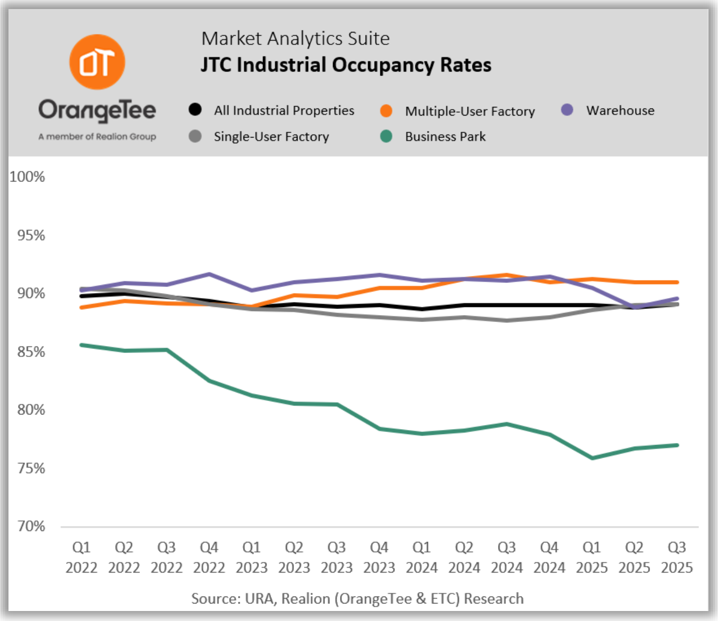
- Overall industrial occupancy improved to 89.1 per cent in Q3 2025, up by 0.3 percentage points from 88.8 per cent in the previous quarter, after a marginal dip of 0.2 percentage points in Q2 2025. This is the highest level since Q2 2023 following a similar occupancy rate of 89.1 registered then.

- The rise in overall occupancy rate was mainly attributed to the increase in demand for warehouse spaces which saw occupancies increase by 0.8 percentage points to 89.6 per cent in Q3 2025. This represents a net absorption of approximately 1.2 million sq ft GFA.

- Business park spaces saw a decrease in available stock resulting in occupancy rates rising from 76.7 per cent in Q2 2025 to 77.0 per cent in Q3 2025. Activity for multiple-user factories and single-user factories was more muted, recording a 0 and 0.1 percentage point change in Q3 2025, respectively.

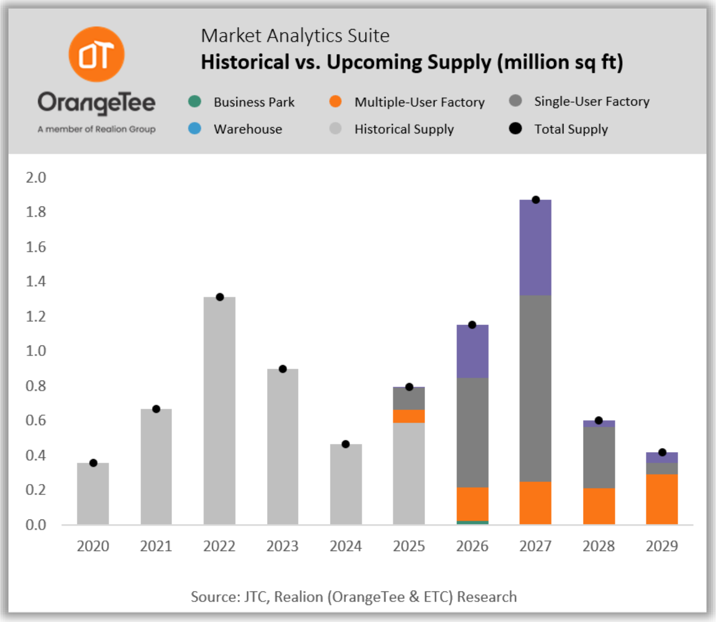
- In Q3 2025, around 0.4 million sq ft GFA was removed from the total industrial stock. Despite the decline in total industrial stock, key completions added in the quarter included CT FoodNex, a freehold ramp-up food factory at Mandai Estate (0.2 million sq ft GFA), and a multiple-user logistics development at Toh Guan Road East (0.5 million sq ft GFA).

Figure 12: Industrial occupancy rates at highest since Q2 2023



Source: URA, Realion (OrangeTee & ETC) Research

Figure 13: Single-user factories form bulk of supply pipeline



Source: JTC, Realion (OrangeTee & ETC) Research

Outlook

More supply ahead

- Global supply chains continue to recalibrate amid tariffs and shifting trade routes, with more goods re-routed through ASEAN hubs favoring Singapore's role as a regional logistics and manufacturing hub.

- Looking ahead, warehouse demand is expected to sustain rental growth as occupiers consolidate into newer, well-located facilities.

- The upcoming supply pipeline of industrial spaces is estimated at 2.3 million sq ft GFA for Q4 2025, comprising 61 per cent of single-user factory spaces, 36 per cent multiple-user factories, and 3 per cent warehouse spaces. The new supply should help ease existing demand pressures.

Commercial & Industrial | Projection Table

Indicators	2022	2023	2024	Q2 2025	Q3 2025	Q1–Q3 2025	Projection for 2025
Office							
CBD Grade A Rents	4.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0% to 0.5%
URA Price Index (Central Region)	0.3%	-6.0%	1.6%	-1.1%	-0.2%	-1.4%	-1% to 0%
Industrial							
JTC Overall Rental Index	6.9%	8.9%	3.5%	0.7%	0.5%	1.8%	2% to 2.5%
JTC Overall Price Index	7.5%	5.1%	3.5%	1.4%	0.6%	3.6%	4% to 5%
Retail (Prime 1st Storey)							
Orchard/Scotts Road Rents	5.1%	5.4%	2.7%	0.5%	0.5%	1.5%	1.5% to 2.5%
Other City Areas Rents	2.0%	1.5%	0.7%	0.5%	0.5%	1.0%	1% to 2%
Fringe/Suburban Areas Rents	5.3%	3.8%	1.9%	0.5%	0.0%	0.9%	1% to 2%

Source: Realion (OrangeTee & ETC) Research

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