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Q2 2026

Industrial

Resilience amid geopolitical uncertainties

A product by Realion (OrangeTee & ETC) Research

At A Glance

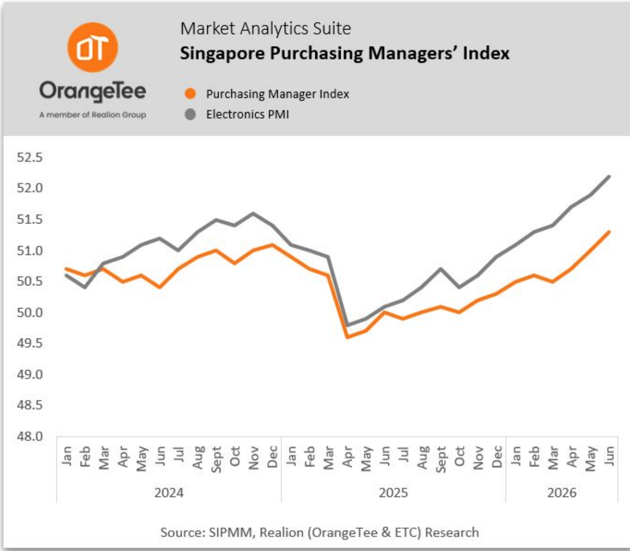
Industrial | Q2 2026	QoQ Change	YoY Change
Multiple-User Factory Rents (1st Storey): **S$2.12 psf**	▲ 0.8%	▲ 1.6%
Occupancy Rate: **89.1%**	▲ 0.2%	▲ 0.3%
All Industrial Price Index: **113.8**	▲ 0.6%	▲ 3.8%
Supply Pipeline NLA: **40.4 million sq ft (2026 to 2030)**		

Manufacturing | Continued Expansion

- The manufacturing sector continued its upward trajectory in Q2 2026 despite the Middle East conflicts. Based on data from SIPMM, Singapore's PMI rose by 0.8 points to 51.3 in June 2026, from 50.5 in March 2026. June marks the eleventh consecutive month of increase, indicating steady manufacturing growth.

- Electronics PMI rose to 52.2 in June 2026 from 51.4 in March 2026, marking the 13th successive month of growth. The sustained expansion is largely driven by global AI-related tailwinds which propelled demand for semiconductors and manufacturing equipment.

Figure 1: Singapore PMI continued to grow

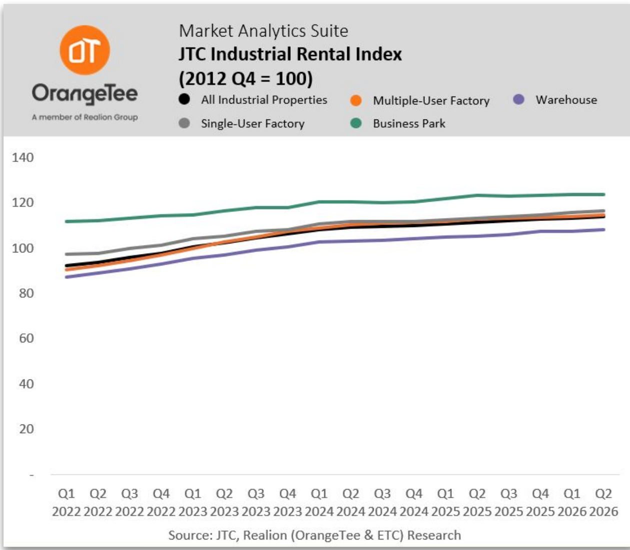


Leasing Trends | Leasing Volume Rebounded

- Overall industrial rents rose marginally in Q2 2026, as the JTC all industrial rental index climbed by 0.5 per cent quarter-on-quarter (q-o-q) to 113.8, slightly faster than the 0.4 per cent quarterly growth in Q1 2026. Over the same period, multiple-user factories, single-user factories and warehouses also recorded positive quarterly rental growths, while business parks saw a 0.1 per cent q-o-q decline in rents.

- Industrial leasing volume rebounded in Q2 2026, rising by 7.9 per cent q-o-q to 3,199 units after three straight quarters of decline. The recovery was driven by a resurgence in tenancies for multiple-user factories and warehouses that increased by 10.2 per cent and 8.8 per cent, respectively, reversing the contractions seen in the previous quarter. In contrast, leasing volumes of single-user factories and business parks fell by 9.8 per cent and 17.5 per cent, respectively.

Figure 2: Industrial rents rose modestly

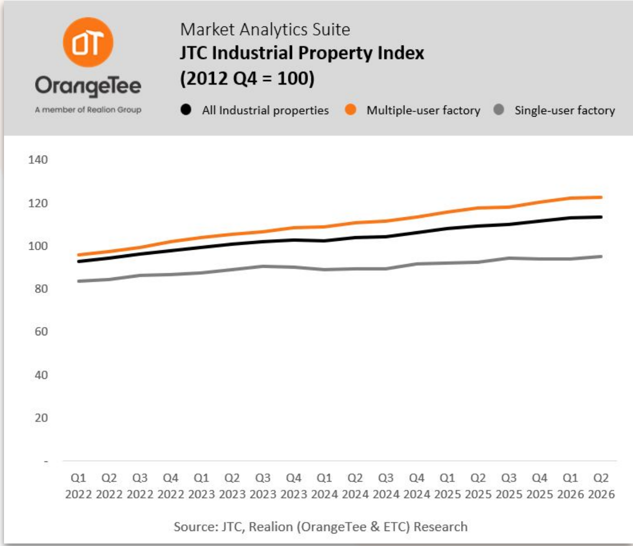


Sales Trends | Slower Price Growth

- Industrial property prices grew at a slower pace in Q2 2026. The overall JTC price index rose by 0.6 per cent q-o-q in Q2 2026, easing from the 1.2 per cent q-o-q growth recorded in Q1 2026. The price growth was driven by single-user factories, which posted a quarterly increase of 1.1 per cent, while prices of multiple-user factories climbed at a slower rate of 0.4 per cent.

- Transaction volume expanded in Q2 2026 q-o-q. According to URA Realis caveat data, 505 industrial properties were transacted in Q2 2026, a 26.3 per cent increase from the 400 transactions in Q1 2026. This is the highest number of transactions since Q2 2024. Total industrial sales quantum, however, fell by 29 per cent from $1.79 billion in Q1 2026 to $1.27 billion in Q2 2025, marking the second consecutive quarter of decline.

Figure 3: Single-user factory prices drove industrial price growth



Occupancy | Rebound for Business Parks

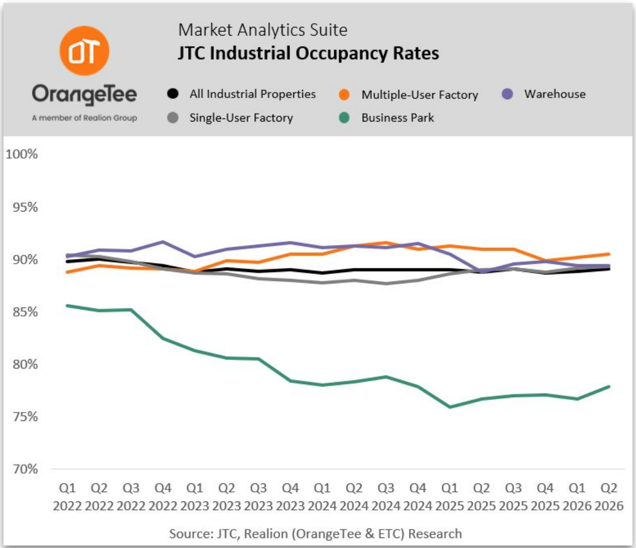
- The island-wide occupancy rate rose to 89.1 per cent in Q2 2026, up by 0.2 percentage points from 88.9 per cent in Q1 2026 (Figure 4). On a year-on-year (y-o-y) basis, the overall occupancy rate increased by 0.3 percentage points from 88.8 per cent in Q2 2025.

- The rise in overall occupancy rate was mainly attributed to the surge in demand for Business Park spaces, which saw a 1.2 percentage points increase to 77.9 per cent in Q2 2026, a significant rebound from the 0.4 percentage points decline in the preceding quarter.

- Occupancy rates for Multiple-user and Single-user factories saw a second consecutive quarter of growth in Q2 2026, indicating steady demand for these industrial properties. Newly completed Single-user factories, in particular, achieved full pre-commitments by end-users, reflecting sustained demand for such properties. Both property types registered a 0.3 and 0.1 percentage points increase in occupancy rates, respectively.

- On the other hand, Warehouse leasing activity remained stable over the same period, with occupancy rates holding steady at 89.4 per cent in Q2 2026.

Figure 4: Overall occupancy rate rose marginally q-o-q

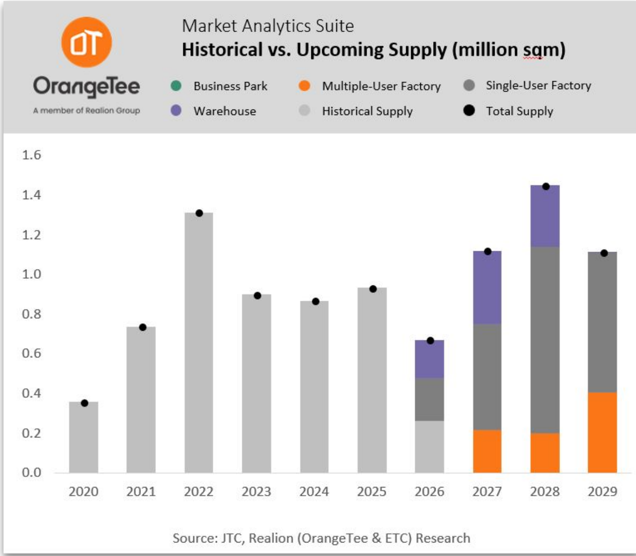


Supply | Increase in Net Supply

- In Q2 2026, close to 1.4 million sq ft GFA was added to the total industrial stock. Key completions added in the quarter included 27 IBP @ 27 International Business Park, an industrial development by CapitaLand near the upcoming Jurong Lake District (0.3 million sq ft GFA), which could help alleviate some demand pressures for the Business Park segment where supply is scarce.

- Based on planning approvals as of June 2026, around 4.4 million sq ft GFA of industrial space is expected to be completed in the second half of this year. Warehouse space accounts for 47 per cent of the upcoming supply, while single-user factory space makes up the remaining 53 per cent (Figure 5).

Figure 5: Single-user factories form bulk of supply pipeline



Outlook | Slower Economic Growth

- According to the Ministry of Trade and Industry (MTI), Singapore's y-o-y economic growth has slowed to 5.7 per cent in Q2 2026 as growth of sectors such as construction and service producing industries moderated amid the Middle East conflict. The manufacturing sector, however, expanded at a faster rate, suggesting that business outlook for the sector remains optimistic.

- Amid ongoing geopolitical uncertainties, energy prices have remained volatile. In the midst of the current economic climate, occupiers are likely to adopt a more discerning approach when selecting industrial spaces, ensuring alignment with their business needs and operational efficiency. We expect overall industrial rents to grow at a steady pace of 1 to 3 per cent in 2026.

Industrial Market Projection

Indicators	2023	2024	2025	Q1 2026	Q2 2026	1H 2026	Projection for 2026
JTC Overall Rental Index	8.9%	3.5%	2.4%	0.4%	0.5%	1%	1% to 3%
JTC Overall Price Index	5.1%	3.5%	5.0%	1.2%	0.6%	1.8%	2% to 4%

Source: JTC, Realion (OrangeTee & ETC) Research

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