OrangeTee
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Q2 2026
Retail

Resilient retail market despite rising operating costs

At A Glance

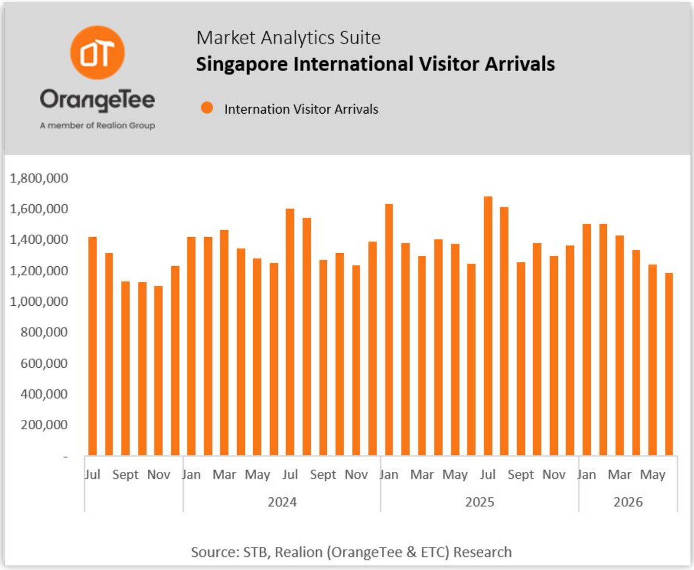
Retail | Q2 2026	QoQ Change	YoY Change
Orchard/Scotts Road 1st Storey Rent: **S$41.95 psf**	▬ 0.0%	▲ 0.7%
Supply Pipeline: **4.81 million sq ft GFA (2026 to 2030)**		

Tourism Trends | Decrease in visitor arrivals

- International Visitor Arrivals (IVA) dipped by 15.2 per cent from 4.4 million visitors in Q1 2026 to 3.8 million in Q2 2026, according to the Singapore Tourism Board (STB). Softer travel demand arising from the geopolitical tensions may have led to the lower tourist numbers.

- International visitor arrivals are projected to reach between 17.0 and 18.0 million in 2026, with tourism receipts estimated to be between S$31 billion and S$32.5 billion.

Figure 1 : Lower international visitor arrivals

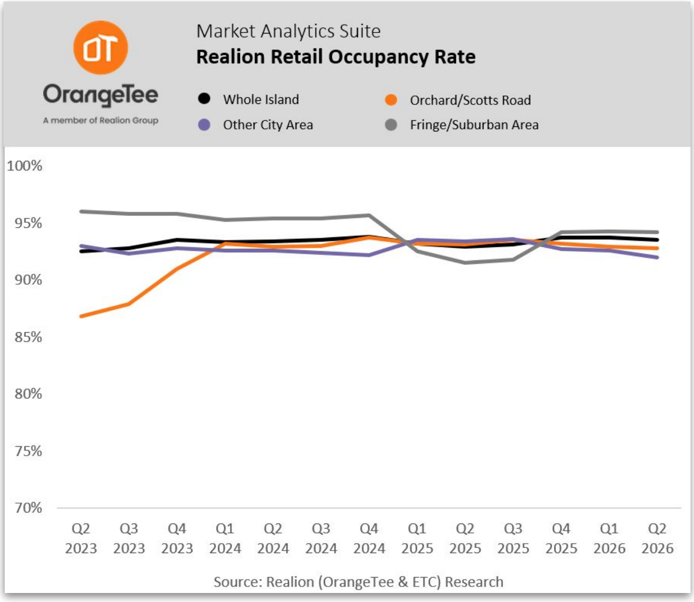


Occupancy | Stable occupancy rates

- Steady leasing demand for retail units was observed in Q2 2026, with the island-wide retail occupancy rate falling by just a marginal 0.2 percentage points to 93.5 per cent. New tenants were seen filling up vacant units within a short time period. Some notable new store openings recorded in Q2 include: Bouillon Gavroche, Subdued and Kurun.

- By regions, occupancy in Fringe/Suburban Areas fell marginally from 94.3 per cent in Q1 2026 to 94.2 per cent in Q2 2026, while occupancy in Other City Areas declined from 92.6 per cent to 92 per cent over the same period. Leasing demand for retail units in the Orchard/Scotts Road remained stable, as occupancy fell by 0.1 percentage points to 92.8 per cent in the reviewed quarter. The steady occupancy rates portrays a resilient retail market despite the geopolitical tensions continuing to place cost pressures on occupiers.

Figure 2 : Island-wide occupancy remained stable



Rental Trends | Fringe and Suburban rents grew marginally

- Prime first-storey rental rates remained flat in Orchard/Scotts Road at S$41.95 psf in Q2 2026 while prime first-storey rents in Other City Area retail spaces rose by 0.5 per cent quarter-on-quarter (q-o-q) from S$19.60 psf in Q1 2026 to S$19.70 psf Q2 2026. Prime first-storey rents in Fringe/Suburban Areas similarly grew by 0.25 per cent q-o-q to S$34.80 psf in Q2 2026.

Table 1 : Orchard/Scotts Road rents remained flat

	Q1 2026	Q2 2026	Q-o-Q Change
Orchard/Scotts Road			
First Storey	S$41.95 psf	S$41.95 psf	0.0%
Upper Storey	S$15.70 psf	S$15.70 psf	0.0%
Other City Areas			
First Storey	S$19.60 psf	S$19.70 psf	0.5%
Upper Storey	S$8.75 psf	S$8.80psf	0.5%
Fringe/Suburban Areas			
First Storey	S$34.70 psf	S$34.80 psf	0.25%
Upper Storey	S$18.50 psf	S$18.55 psf	0.25%

Source: Realion (OrangeTee & ETC) Research

Supply Pipeline | More retail supply from Other City Area

- A total of 3.23 million sq ft of Net Lettable Area (NLA) of retail spaces is expected to be added into the stock between 2026 and 2030.

- Some of the major upcoming completions include Canninghill Square in 2026, Chong Pang City in 2027, and The Forum, The Clifford, and The Reserve Residences in 2028.

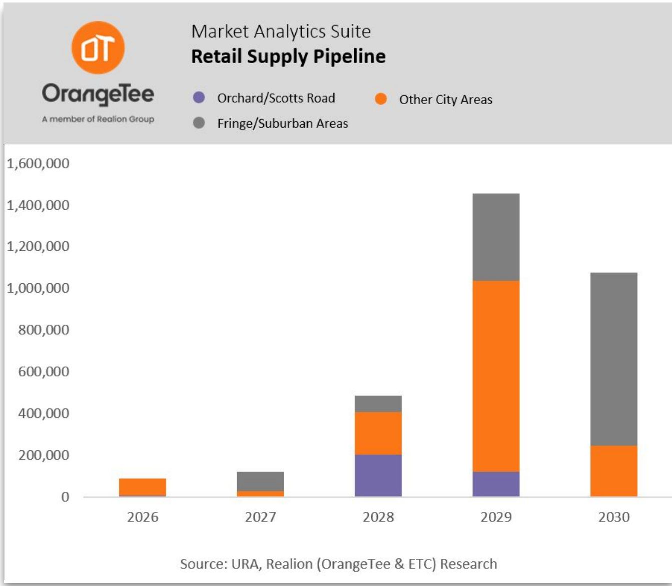
- Over the next five years, most of the new supply is expected to come from the Other City Areas (OCA), especially from 2029 and 2030 where about 1.16 million sq ft NLA will be completed. This stock includes the Golden Mile Complex and Marina Square redevelopment, as well as One Sophia.

Table 2 : More supply expected in 2028 and 2029

Selected Major Upcoming Retail Development	NLA '000 sq ft
2026	
Canninghill Square	76
2027	
Chong Pang City	53
2028	
The Clifford	45
The Reserve Residences	74
Forum mall, voco Orchard Hotel	202
One Comcentre	71
2029	
Marina Square Redevelopment	660
Tanjong Katong Complex	235
Golden Mile Complex Redevelopment	87
One Sophia	78
	1,581

Source: Realion (OrangeTee & ETC) Research

Figure 3 : More supply expected in Other City Area



Outlook | Modest rental growth prop up by limited supply

- Despite rising operating costs faced by retail occupiers amid the ongoing geopolitical tensions, business revenues are likely to be supported by a resilient labor market, which would see consistent consumer spending in the long term.
- At the same time, new retail supply is projected to be limited. Landlords will have greater pricing power and rental growth.
- Additionally, several major malls including Plaza Singapura, NEX, Lot One, and Tampines Mall have announced Asset Enhancement Initiative (AEI) plans to take place over the upcoming years.
- These involve subdividing large-size units that were previously taken up by departmental stores for new leases. The AEI is expected to support leasing demand and rental growth in the long run.
- Retail rents for the overall market is projected to experience modest growth this year. Retail rents in prime first storey may rise by 1.5 to 2.5 per cent in Orchard/ Scotts Road, while Other City Areas and Fringe / Suburban Area may grow by 1 to 2 per cent in 2026.

Retail Rents (Prime First Storey)

Indicators	2023	2024	2025	Q1 2026	Q2 2026	Projection for 2026
Orchard/Scotts Road	3.5%	1.6%	1.5%	0.25%	0.0%	1.5% to 2.5%
Other City Areas	0.5%	0.6%	1.0%	0.0%	0.5%	1.0% to 2.0%
Fringe/Suburban Areas	2.0%	1.4%	1.2%	0.25%	0.25%	1.0% to 2.0%

Source: Realion (OrangeTee & ETC) Research

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