PRICES & RENTS INCREASE MODESTLY

Industrial Market Trends Q1 2025

Artist Impression of Smart Food

Industrial prices and rents rose modestly in the first quarter of 2025 as manufacturing activities slowed in light of the prevailing macroeconomic uncertainties.

OrangeTee Research & Analytics
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Uncovering Trends Through Data Analytics+

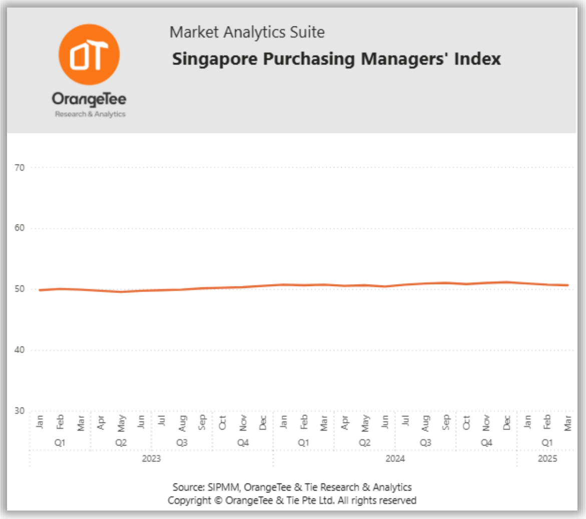
Artist Impression of Food Vision

Manufacturing Performance| Slower pace

The manufacturing sector continued to grow in the first quarter of 2025, albeit at a slower pace when compared to the preceding quarter.

Based on data from the Singapore Institute of Purchasing and Materials Management (SIPMM), the Purchasing Managers' Index (PMI) declined slightly by 0.1 points month-on-month to 50.6 in March (Chart 1). While growth has slowed, the PMI still remains positive. A reading below 50 indicates that the manufacturing sector is declining, while a reading above 50 signifies growth.

Figure 1: SG PMI

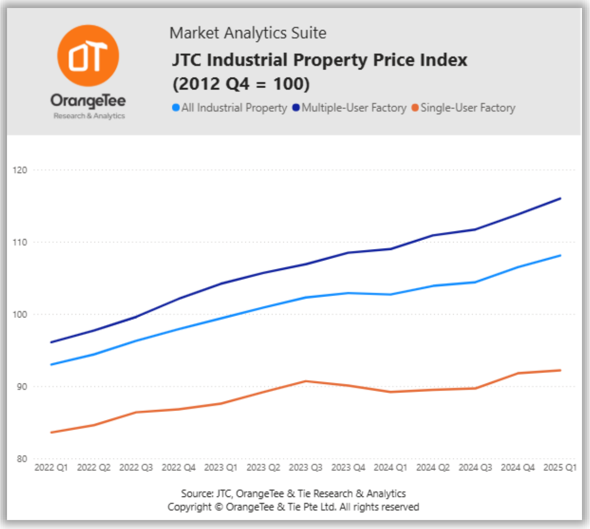


Sales Trends|Slower growth

Industrial property prices continued to grow last quarter, albeit at a slower pace and with fewer transactions. In Q1 2025, the JTC property price index for all industrial space increased by 1.5 per cent, a slightly slower rate when compared to the 2.0 per cent growth in Q4 2024. Price growth was driven largely by multiple-user factories, which posted a quarterly increase of 1.9 per cent compared to the 0.4 per cent growth for single-user factories.

However, transaction volume in Q1 2025 was lower when compared to the preceding quarter. Based on caveat data, 387 industrial properties were transacted in Q1 2025, representing a 6.7 per cent decline from the 415 transactions in Q4 2024. As the impact of global trade tariffs remains uncertain, buyers may continue to exercise caution or pause some of their expansion activities.

Figure 2: JTC property price index



Total industrial sales value in Q1 2025 also posted a decline, dipping by 30.4 per cent to S$715.6 million from S$1.028 billion in Q4 2024. The largest transaction in the last quarter involved a single-user factory located on Lok Yang Way, which sold for S$70.1 million in March 2025. The next largest transaction was for a freehold multiple-user factory at New Industrial Road, which was sold for S$62 million in February 2025.

Table 1: Highest value industrial sales in Q1 2025

Project Name	Address	Property Type	Area (Sqft)	Transacted Price (S$)
N.A.	LOK YANG WAY	Single-user Factory	200,270	$70,078,990
N.A.	NEW INDUSTRIAL ROAD	Multiple-user Factory	83,120	$62,000,000
SHB INDUSTRIAL BUILDING	CHANGI SOUTH AVENUE 2	Single-user Factory	58,698	$15,000,000
N.A.	TUAS STREET	Single-user Factory	84,727	$14,800,000
N.A.	TUAS AVENUE 5	Single-user Factory	111,528	$13,800,000

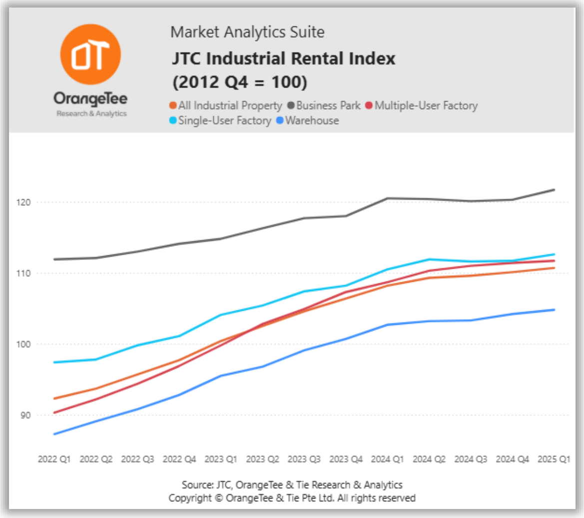
Source: JTC, OrangeTee & Tie Research & Analytics

Rental Trends | Modest growth

Rents rose modestly across the board, with the overall JTC rental index for all industrial property increasing by 0.5 per cent quarter-on-quarter from 110.1 in Q4 2024 to 110.7 in Q1 2025. Business parks registered the largest increase in rents, which rose by 1.2 per cent q-o-q. On the other hand, multiple-user factories posted the smallest rental growth of 0.3 per cent over the same time period.

Rental volume remained relatively steady, with a small quarterly decline of 0.4 per cent from 3,020 rental transactions in Q4 2024 to 3,008 units in Q1 2025. Business parks and warehouses saw the largest q-o-q increases, rising from 87 units to 106 units and from 437 units to 503 units respectively over the same period. Rental transactions for multiple-user factories dipped for a second consecutive quarter to 2,241 transactions in Q1 2025.

Figure 3: JTC rental index

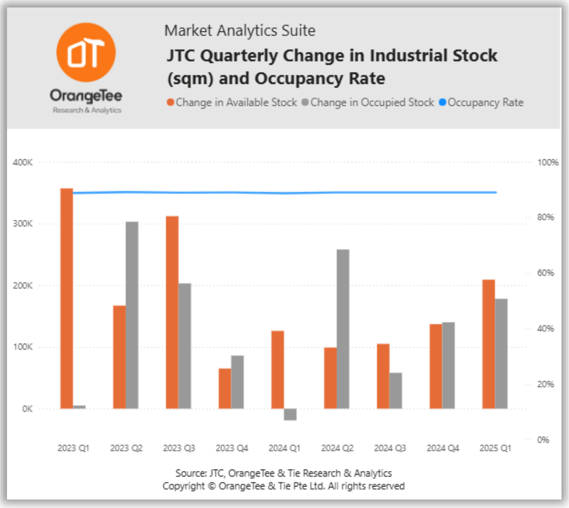


Occupancy | Holding steady

Islandwide occupancy remained stable at 89.0 per cent in Q1 2025. While multiple-user and single-user factories saw increases of 0.3 percentage points and 0.6 percentage points respectively, the occupancies for business parks and warehouses dipped by 2 percentage points and 1 percentage point respectively.

The decrease in occupancy rates for business parks was largely due to the completion of Punggol Digital District (PDD) and Geneo at 1 Science Park Drive. Based on data from ETC, these projects collectively added about 1.3 million sqft of net lettable area (NLA) and contributed to a net absorption of approximately 450,000 sq ft NLA for the segment.

Figure 4: JTC Occupancy and change in industrial stock

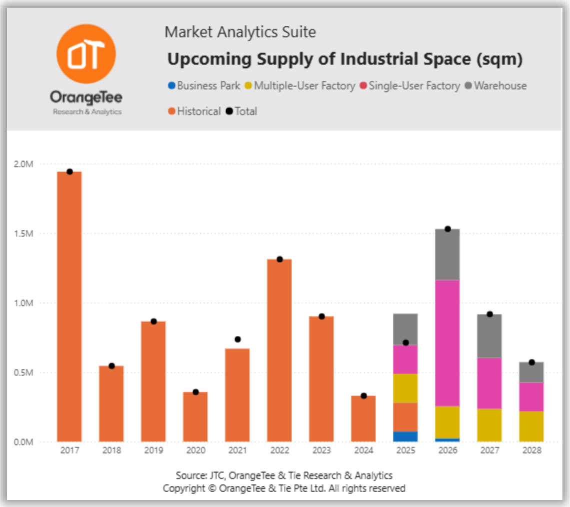


Supply | Major surge in the future

In Q1 2025, approximately 209,000 sqm of GFA was added to the total industrial stock. In addition to the completion of PDD and Geneo, two major warehouse completions contributed another 121,040 sqm of GFA.

Approximately 0.7 million sqm GFA of industrial space could be added to the existing stock for the rest of the year. Around 32 per cent of the supply will consist of warehouse space, while both single-user and multiple-user factory space will account for about 29 per cent each. Business park space will constitute the remaining 10 per cent. A significant amount of industrial space is expected to be completed in 2026.

Figure 5: Upcoming JTC supply



Outlook | Cautious Outlook

Singapore's manufacturing output rose 5.8 per cent y-o-y in March 2025, supported by a 4.0 per cent increase on a three-month moving average basis. While the outlook points to sustained industrial activity, rental performance will hinge on the market's ability to absorb the upcoming supply.

Given the potential slowdown in manufacturing due to the macroeconomic uncertainties, rental and purchasing activities may also decelerate. We anticipate that investors and buyers will continue to adopt a cautious approach, with some staying on the sidelines until there is greater clarity on the global economic front.

However, as new industrial space supply enters the market, some opportunities may arise. The upcoming supply could benefit businesses looking to capitalise on the newly available industrial space. This influx of larger industrial facilities can benefit companies seeking to expand their operations or relocate to more efficient spaces.

In light of the current macroeconomic uncertainties and the cautious approach of industrialists, we maintain our projections for prices and rents to grow by 1 to 3 per cent this year.

Industrial Market Projections

Indicators	2022	2023	2024	Q4 2024	Q1 2025	Projection for 2025
Industrial Price Index (% Change)						
Overall	7.5%	5.1%	3.5%	2.0%	1.5%	1% to 3%
Multiple-User Factory	8.7%	6.3%	4.9%	1.9%	1.9%	NA
Single-User Factory	5.7%	3.8%	1.9%	2.3%	0.4%	NA
Industrial Rental Index (% Change)						
Overall	6.9%	8.9%	3.5%	0.5%	0.5%	1% to 3%
Multiple-User Factory	8.3%	10.7%	3.8%	0.4%	0.3%	NA
Single-User Factory	4.1%	7.0%	3.2%	0.1%	0.8%	NA
Business Park	2.0%	3.4%	1.9%	0.2%	1.2%	NA
Warehouse	7.9%	8.5%	3.5%	0.9%	0.6%	NA
Transactions (units for the period)						
Total sales volume	2,112	1,735	1876	415	387	1,800 to 2,000
Total leasing volume	12,568	12,910	12,395	3,020	3,008	13,000 to 15,000

Source: JTC, OrangeTee & Tie Research & Analytics

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