Resilient markets amid ongoing geopolitical tensions

2Q 2026 at a glance

		QoQ change	YoY change
Investment	Total sales: **S$15.4 billion**	▼ 1.8%	▲ 176.7%
	Top 5 deals: **S$8.6 billion**	▬ 0.0%	▲ 202.3%
Office	CBD Grade A rents: **S$9.80 psf**	▬ 0.0%	▬ 0.0%
	Supply pipeline NLA: **5.6 million sq ft (2026 – 2030)**		
Industrial	First-storey multiple-user factory rents: **S$2.12 psf**	▲ 0.8%	▲ 1.6%
	Supply pipeline NLA: **40.4 million sq ft (2026 - 2030)**		
Retail	Orchard/Scotts Road first-storey rents: **S$41.95 psf**	▬ 0.0%	▲ 0.75%
	Supply pipeline NLA: **3.23 million sq ft (2026 – 2030)**		
Residential	Price index: **219.4**	▲ 0.5%	▲ 2.9%
	Volume of rental transactions: **22,290 units**	▲ 5.1%	▲ 3.0%

Key highlights

Investment

Singapore's investment sales activity maintained momentum in 2Q 2026 with a total transaction value of S$15.4 billion. Major deals took place in the commercial and residential sectors, supported by stable borrowing costs. Market activity is expected to carry over to 2H2026.

Office

Office rents in the Central Region picked up by 0.8% QoQ in 2Q 2026, reversing the 0.2% decline in 1Q 2026. Island-wide occupancy remained relatively stable at 89% in 2Q 2026, owing to increased newer and premium office relocations in the Central Region. Total office stock rose by 205,000 sq ft to 8.2 million sq ft in 2Q 2026, attributing to the completion of Shaw Towers.

Industrial

Industrial rents grew faster in 2Q 2026 than 1Q 2026, despite the 0.1% QoQ decline in business park rents. Overall occupancy levels improved across all property types except for warehouses, indicating sustained demand for the quarter.

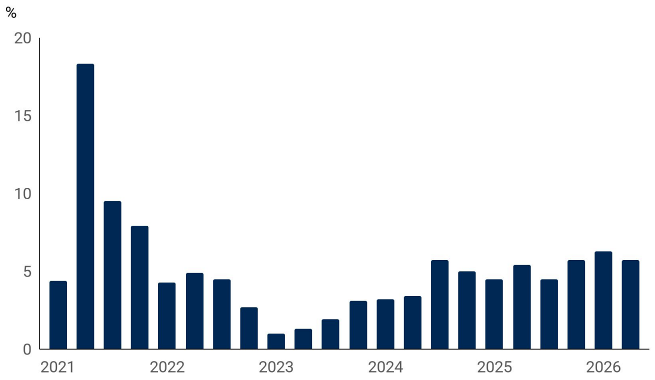
Retail

International visitor arrivals dipped 15.2% to 3.8 million in 2Q 2026 and is projected to reach 17.0 to 18.0 million for the full year. Island-wide retail occupancy held steady, which reflects a resilient retail market despite the geopolitical tensions placing cost pressures on occupiers.

Residential

Private home prices in 2Q 2026 recorded the seventh consecutive quarter of growth, albeit at a slower pace. According to the Urban Redevelopment Authority (URA), the overall price index for private residential properties climbed marginally by 0.5% in 2Q 2026, slightly slower than the 0.9% growth observed in the preceding quarter.

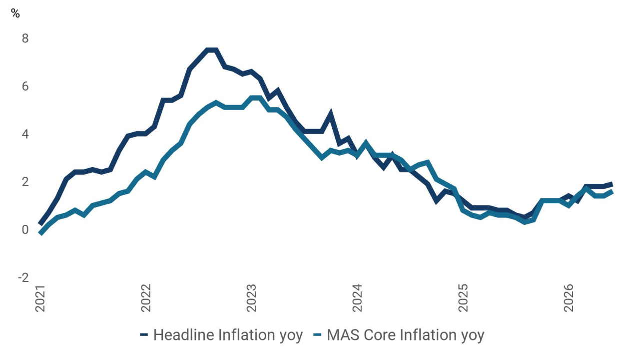
GDP growth



Source: MTI, Realion (OrangeTee & ETC) Research

Singapore's economy grew 5.7% YoY in 2Q 2026, slowing slightly from the 6.3% YoY increase recorded in 1Q 2026. Overall growth in the second quarter was supported by AI-related demand in the manufacturing sector even as the construction industry grew at a slower pace. Uncertainty in the energy markets due to the Middle East conflict may weigh on GDP growth in the second half of the year.

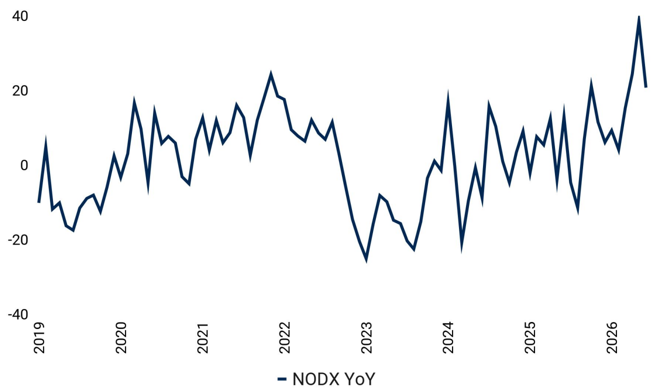
Inflation



Source: SingStat, MAS, Realion (OrangeTee & ETC) Research

Core inflation dipped to 1.6% YoY in June 2026 from 1.7% YoY in March 2026. This was largely due to an increase in food, services and retail and other goods inflation. According to MAS, core and overall inflation are projected to average around 1.5% to 2.5% in 2026 amidst elevated global energy prices compared to 2025.

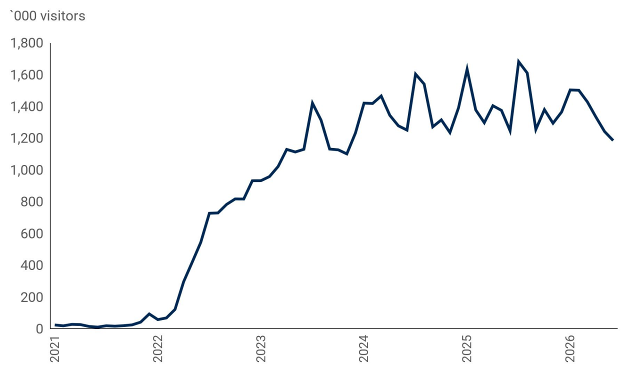
Non-oil domestic exports



Source: SingStat, Realion (OrangeTee & ETC) Research

Non-oil domestic exports (NODX) rose by 20.7% YoY in June 2026, faster than the 15.3% growth recorded in March 2026. According to Enterprise SG, the growth was driven by electronics, supported by strong demand for AI-related hardware, while non-electronics dipped.

International visitor arrivals



Source: SingStat, Realion (OrangeTee & ETC) Research

According to the Singapore Tourism Board (STB), international visitor arrivals dipped in 2Q 2026 to 3.8 million tourists. For the whole of 2026, total international visitor arrivals are projected to reach 17 to 18 million, and tourism receipts are expected to hit a new record range of approximately S$31.0 to S$32.5 billion.

Investment | Strong transaction momentum in 2Q

- Investment sales maintained its strong performance in 2Q 2026 with total deal volume reaching S$15.4 billion, marking the fourth consecutive quarter in which total transactions quantum surpassed S$10 billion.

- Seven Government Land Sales sites were awarded in 2Q 2026, totalling S$3.4 billion across six residential sites and one industrial site. The largest deal in the quarter was the River Valley Green (Parcel C) site, which was awarded for S$750.6 million. Other major sites include land plots at Dunearn Road, Peck Hay Road, Holland Plain, and Kallang Close. Developers continue to show keen interest in sites with strong potential under the URA Master Plan.

- In the private sector, investment sales were primarily driven by several major commercial transactions. The office segment saw the S$2.5 billion sale of Asia Square Tower 2 to IOI Properties Group, which was the second-largest transaction of the quarter. Retail investment activity was even busier, led by the sale of Paragon to CICT at S$3.9 billion – the largest deal in 2Q 2026. Other major retail deals included the sale of White Sands at S$467.0 million, i12 Mall at S$372.0 million and the sale of strata units at Thomson Plaza for S$250.0 million.

- Hospitality assets saw stronger market activity in 2Q 2026, with total sales value surging to S$1.1 billion from S$144.5 million in 1Q 2026. The increase was driven by several notable transactions – including the sales of Crowne Plaza Changi Airport at S$500 million, The Robertson House at S$360.0 million and Orchid Hotel at S$273.0 million.

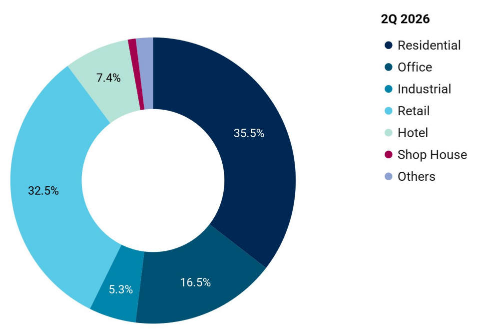
- Industrial investment sales reached S$1.1 billion in 2Q 2026. Major transactions included a ramp-up property at Tuas Avenue 5 sold for S$133.9 million and a GLS site at Kaki Bukit Avenue 5 for S$131.9 million.

- In the collective sales market, Loyang Valley was successfully sold for S$880 million to a SingHaiyi Group-led consortium, marking one of the largest collective sales since 2022.

Outlook

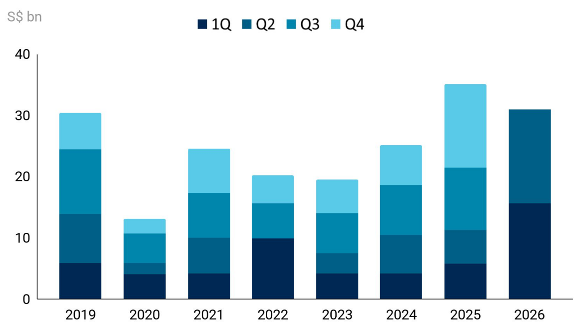
- 1H 2026 saw investment sales reach a total of S$31 billion. Investment sales in the residential market will continue to be propped up by sales of GLS sites, while activity in the commercial sector will remain strong, supported by continued demand for quality assets from investors seeking to expand their portfolios. Total investment sales is expected to reach S$45 to S$50 billion this year, barring major macroeconomic shocks.

Figure 1: Investment sales sectoral contribution (%)



Source: Realion (OrangeTee & ETC) Research

Figure 2: Investment sales (S$ billion)



Source: Realion (OrangeTee & ETC) Research

Table 1: Selected private investment sales transaction 2Q 2026

Development	Purchase Price S$ million	Purchaser	Seller
Retail			
Paragon	3,900.0	CapitaLand Integrated Commercial Trust (CICT)	Cuscaden Peak
White Sands	467.0	Growth Capital	Frasers Centrepoint Trust
Office			
Asia Square Tower 2	2,476.0	IOI Properties Group	CICT
Residential			
Loyang Valley	880.0	SingHaiyi Group-led consortium	Collective sale
Hospitality			
Crowne Plaza Changi Airport	500.0	OUE & Tokyo Century	OUE Reit

Source: Realion (OrangeTee & ETC) Research

- Office rents in the Central Region picked up in the second quarter of 2026, owing to robust demand for premium spaces. Based on URA's 2Q 2026 statistics, rents rose by 0.8% QoQ, rebounding from the 0.2% decline in 1Q 2026. Central and Fringe Areas have also registered rental growths in 2Q 2026.

- Island-wide office occupancy remained stable, with a marginal drop in occupancy rates from 89.2% in 1Q 2026 to 89% in 2Q 2026, based on URA data. Over the same period, occupancy of Downtown Core offices also remained firm despite a slight drop in occupancy rates to 89.9%, while occupancy in the Rest of Central Area rose to 86.3%. The tight occupancy was likely driven by premium office relocations within the central region. Tenants also appeared to be more selective in their movements due to higher asking rates and operating costs.

- Occupancy in the non-CBD areas of the Central Region were also relatively stable, with occupancy rates in the Fringe Area at 88.6% in 2Q 2026. This was contributed by a negative net absorption of 118,400 sq ft NLA of space from the relocation of tenants in Harbourfront Centre, that is set to close in July 2026. Meanwhile, the occupancy rate in the Outside Central Region rose from 85.6% in 1Q 2026 to 87.3% in 2Q 2026.

- Overall office stock rose from 1Q 2026 to 8.2 million sq ft GFA in 2Q 2026, based on URA statistics. This was primarily contributed by the completion of the CBD premium office in Beach Road, Shaw Towers, which added close to 477,000 sq ft of space into the market. About 60% of the new building has been leased, which include tenants like Allianz Partners Group, Adyen, and Sanofi-Aventis Singapore.

Outlook

- Flight-to-quality office relocations are expected to continue amid the increasing operating costs, with demand likely to come largely from AI companies expanding their operations here. Such companies may be seen to take up space in innovation clusters like One-North or the Punggol Digital District, as well as within the Downtown Core to support R&D work.

- New office supply, especially in the CBD area is likely to remain low until 2028. This will support a gradual increase in office rents over the next two years.

Figure 3: URA Downtown Core net office absorption

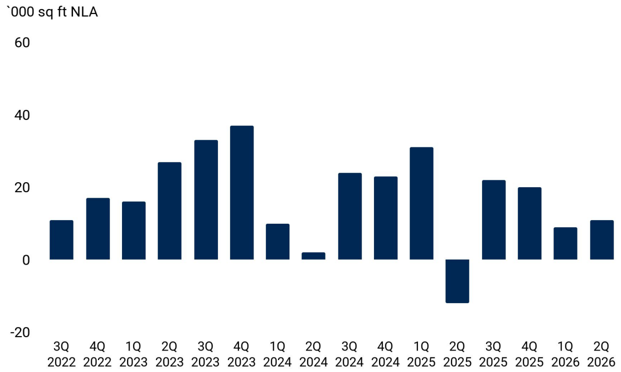
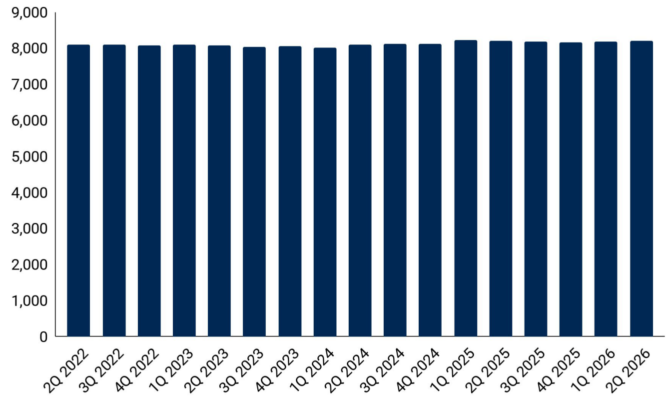


Table 2: Selected CBD micro-market rents

Selected CBD micro-markets	1Q 2026 psf	2Q 2026 psf	QoQ
Marina Bay (Premium)	S$13.10	S$13.15	0.5%
Raffles Place (Grade A)	S$10.55	S$10.55	0.0%
Shenton Way/Robinson Road/ Tanjong Pagar (Grade A)	S$9.00	S$9.00	0.0%

Source: Realion (OrangeTee & ETC) Research

Figure 4: URA overall office stock



Source: Realion (OrangeTee & ETC) Research

Table 3: Selected office supply pipeline

	Selected major upcoming developments	NLA '000 sq ft		Total '000 sq ft
2027	Newport Tower	263	**263**	
	Solitaire on Cecil	173		
2028	The Skywaters	701	**1,283**	**1,678**
	The Clifford	409		
2029	79 Anson Road	132	**132**	

Source: Realion (OrangeTee & ETC) Research

Industrial | Expansion despite Middle East conflicts

- The manufacturing sector continued its upward trajectory in 2Q 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. As for the electronics PMI, it 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.

- Overall industrial rents marginally climbed by 0.5% QoQ to 113.8 in 2Q 2026, slightly faster than the 0.4% quarterly growth in 1Q 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% QoQ decline in rents. Industrial leasing volume rebounded in 2Q 2026, rising by 7.9% QoQ to 3,199 units after three straight quarters of decline.

- Industrial property prices grew at a slower pace in 2Q 2026. The overall JTC price index rose by 0.6% QoQ in 2Q 2026, easing from the 1.2% QoQ growth recorded in 1Q 2026. The price growth was driven by single-user factories, which posted a quarterly increase of 1.1%, while prices of multiple-user factories climbed at a slower rate of 0.4%. 505 industrial properties were transacted in 2Q 2026, a 26.3% increase from the 400 transactions in 1Q 2026. This is the highest number of transactions since 2Q 2024.

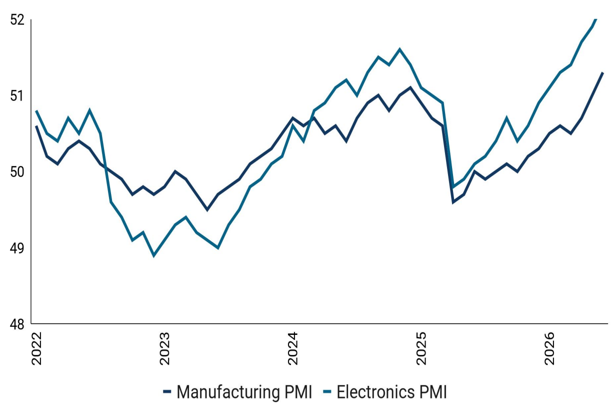
- The island-wide occupancy rate rose to 89.1% in 2Q 2026, up by 0.2 percentage points (pp) from 88.9% in 1Q 2026. The rise in overall occupancy rate was mainly attributed to the surge in demand for business park spaces, which saw a 1.2 pp increase to 77.9% in 2Q 2026. Occupancy rates for multiple-user and single-user factories saw a second consecutive quarter of growth by 0.3 and 0.1 pp respectively in 2Q 2026, indicating steady demand for these industrial properties. On the other hand, warehouse leasing activity remained stable over the same period, with occupancy rates holding steady at 89.4% in 2Q 2026.

- In 2Q 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. 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.

Outlook

- Singapore's YoY economic growth has slowed to 5.7% in 2Q 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, occupiers are likely to adopt a more discerning approach when selecting industrial spaces. We expect overall industrial rents to grow at a steady pace of 1 to 3%in 2026.

Figure 5: Manufacturing & Electronics PMI



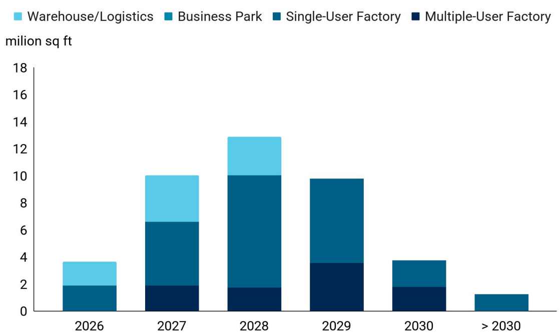
Source: SIPMM, Realion (OrangeTee & ETC) Research

Table 4: Industrial rents

Selected industrial micro-markets	1Q 2026	2Q 2026	QoQ
First-storey muliple-user factory	S$2.11 psf	S$2.12 psf	0.8%
Hi-tech industrial space	S$3.47 psf	S$3.47 psf	0.0%
Warehouse/logistics	S$1.91 psf	S$1.92 psf	0.5%
Business park (Central Region)	S$5.36 psf	S$5.39 psf	0.5%

Source: Realion (OrangeTee & ETC) Research

Figure 6: Industrial supply pipeline (NLA)



Source: JTC, Realion (OrangeTee & ETC) Research

Retail | Resilient retail market despite rising operating costs

- In 2Q 2026, International Visitor Arrivals (IVA), according to the Singapore Tourism Board (STB), dipped by 15.2% from 4.4 million visitors in 1Q 2026 to 3.8 million visitors in 2Q 2026. This may be attributed to softer travel demand as a result of the ongoing geopolitical tensions. Despite this, international arrivals are expected to reach between 17 to 18 million this year, with tourism receipts estimated to be between S$31 billion and S$32.5 billion.

- Steady leasing demand for retail units was observed in 2Q 2026, with the island-wide retail occupancy rate falling by a marginal 0.2 percentage points QoQ to 93.5%. New tenants were seen filling up vacant spaces within a short time period. Some notable store openings observed in 2Q include - Bouillon Gavroche, Subdued, and Kurun in the Orchard/Scotts Road area.

- Occupancy in Fringe/Suburban Areas fell marginally from 94.3% in 1Q 2026 to 94.2% in 2Q 2026, while occupancy in Other City Areas declined from 92.6% to 92.0% over the same period. Meanwhile, leasing demand for units in the Orchard/Scotts Road remained stable, as occupancy fell by 0.1 pp to 92.8% in 2Q 2026. The steady occupancy rates portrays a resilient retail market despite the geopolitical tensions continuing to place cost pressures on occupiers.

- Prime first-storey rental rates remained flat in Orchard/Scotts Road at S$41.95 psf in 2Q 2026, while rents of prime first-storey rents in Other City Area retail spaces rose by 0.5% QoQ to S$19.70 psf. Prime first-storey rents in Fringe/Suburban Areas also grew by 0.25% QoQ to S$34.80 psf in 2Q 2026.

Outlook

- 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.

- Meanwhile, new retail supply is projected to be limited, which will give landlords greater pricing power and promote rental growth. Additionally, several major malls including Plaza Singapura, NEX, Lot One, and Tampines Mall have announced Asset Enhancement Initiatives (AEI) plans to take place over the upcoming years, which involves subdividing large-size units for new leases. This is also expected to support leasing demand and rental growth in the long run.

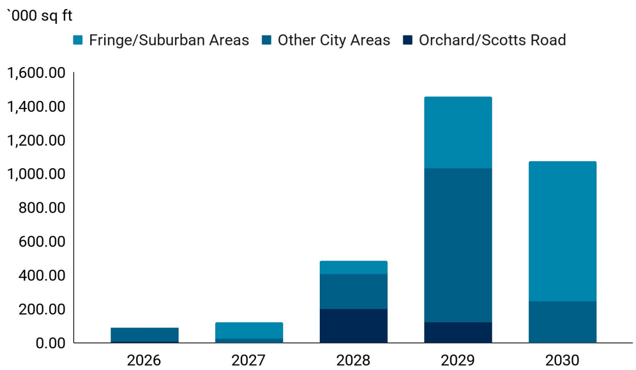
- Overall, retail rents are projected to experience modest growth this year.

Table 5: Retail prime rental rates

Region	Floor	1Q 2026 psf	2Q 2026 psf	QoQ
Orchard/ Scotts Road	First storey	S$41.95	S$41.95	0.0%
	Upper storey	S$15.70	S$15.70	0.0%
Other city areas	First storey	S$19.60	S$19.70	0.5%
	Upper storey	S$8.75	S$8.80	0.5%
Fringe/ Suburban areas	First storey	S$34.70	S$34.80	0.25%
	Upper storey	S$18.50	S$18.55	0.25%

Source: Realion (OrangeTee & ETC) Research

Figure 7: Retail supply pipeline (NLA)



Source: Realion (OrangeTee & ETC) Research

Table 6: Selected retail pipeline

	Selected major upcoming developments	NLA '000 sq ft	Total '000 sq ft
2026	CanningHill Square	76	81
	Nomad Hotel	5	
2027	Chong Pang City	53	53
2028	The Reserve Residences	77	314
	The Clifford	35	
	Forum Mall, voco Orchard Hotel	202	
2029	Marina Square Redevelopment	660	1,108
	Tanjong Katong Complex	235	
	Tanglin Shopping Centre Redevelopment	122	
	Golden Mile Complex Redevelopment	91	

Source: Realion (OrangeTee & ETC) Research

Residential | Private home prices grew at a faster pace

- Private home prices in 2Q 2026 recorded the seventh consecutive quarter of growth, albeit at a slower pace. According to the Urban Redevelopment Authority (URA), the overall price index for private residential properties climbed marginally by 0.5% in 2Q 2026, slightly slower than the 0.9% growth observed in the preceding quarter.

- Prices increased by 1.4% in the first half of 2026, representing the weakest half-year growth since 2020. The pace of bi-annual price growth has steadily moderated since 1H 2022 (4.2%), indicating that the market is stabilising, with prices rising but at a more sustainable pace.

- Private home sales increased in 2Q 2026. According to URA 2Q 2026 real estate statistics, total sales (excluding EC) rose by 13.6% from 5,413 units in 1Q 2026 to 6,148 units in 2Q 2026. The higher sales volume was led by the increase in resale transactions (excluding EC), which rose by 18.2% from 3,225 units in 1Q 2026 to 3,813 units in 2Q 2026. Likewise, new sales picked up to 2,141 units in 2Q 2026, increasing by 6.4% from 2,013 units in 1Q 2026.

- Rental prices rose modestly in 2Q 2026. According to URA statistics, private rents climbed marginally by 0.7% QoQ in 2Q 2026, a pace slightly faster than the 0.3% growth registered in the preceding quarter. Despite the price increase, overall occupancy rates remained healthy at 93.6% in 2Q 2026.

Outlook

- With rising mortgage rates and a dimmer hiring outlook, prospective homebuyers may exercise greater caution with big-ticket purchases, which may impact housing demand and slow price growth. Meanwhile, high-value tech sectors related to AI, software engineering, and semiconductor manufacturing are expected to expand, which may help support employment and income growth by creating new jobs in the economy. This could offset the impact of prevailing macroeconomic challenges and the labour market slowdown, and support housing demand.

- In view of the countervailing factors, we expect overall prices to grow modestly by 2.5 to 3.5% this year. Around 22,500 to 25,000 private homes (excluding EC) may be transacted this year, lower than in 2025 but higher than in 2022 to 2024.

Figure 8: Residential supply pipeline

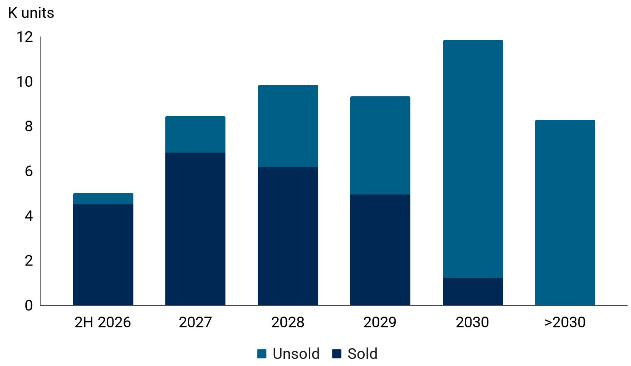
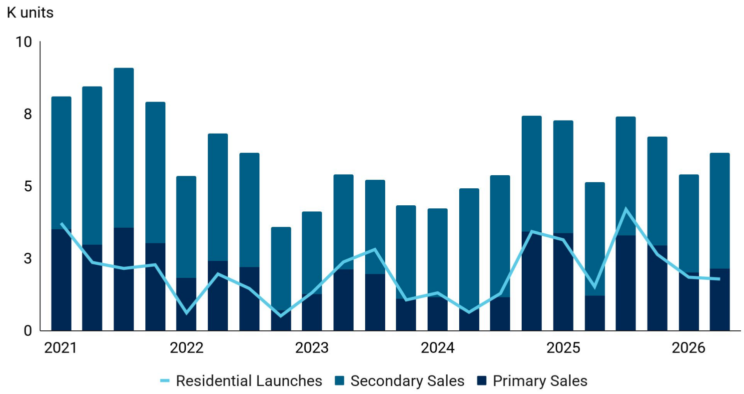


Figure 9: Property price index

Figure 10: Residential sales and launch volume



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