

A delicate balance

4Q 2024 at a glance

		QoQ change	YoY change
Investment	Total sales: S\$6.5 billion	▼ -20.3%	▲ 16.8%
	Top 5 private deals: S\$4.1 billion	▲ 2.1%	▲ 159.8%
Office	CBD Grade A rents: S\$9.80 psf	▬ 0.0%	▬ 0.0%
	Supply pipeline NLA: 6.3 million sq ft (2024-2028)	▼ -6.9%	▲ 0.5%
Industrial	First-storey multiple-user factory rents: S\$2.09 psf	▬ 0.0%	▲ 2.1%
	Supply pipeline NLA: 33.6 million sq ft (2024-2028)	▼ -14.8%	▲ 5.3%
Retail	Orchard/Scotts Road first-storey rents: S\$41.20 psf	▲ 0.2%	▲ 1.6%
	Supply pipeline NLA: 1.9 million sq ft (2024-2028)	▬ 0.0%	▼ -9.7%
Residential	Price index: 209.4	▲ 2.3%	▲ 3.9%
	Volume of rental transactions: 6,484 units	▼ -25.2%	▲ 2.2%

Key highlights

Investment

Singapore's investment sales witnessed a dip in 4Q 2024 to S\$6.5 billion. Nonetheless, total sales rose 28.7% YoY to S\$25.2 billion for 2024 compared to 2023. While interest rate cuts have elevated investor confidence, investors are expected to take a more selective investment strategy in 2025 due to prevailing economic uncertainties.

Office

Singapore's office market experienced an increase in overall occupancy to 95.0% in 4Q 2024, driven by demand in the CBD. Net absorption reached 420,000 sq ft NLA, with the CBD contributing 415,000 sq ft NLA. Both Premium and Grade A rents in the CBD remained stable for 2024.

Industrial

Singapore's industrial property index saw a 3.5% YoY growth in 2024. Island-wide occupancy rates held steady at 89.0% in 4Q 2024, with warehouse rising to 91.5% and Business

Parks declining to 77.9%. Warehouse rents grew 1.0% QoQ, while Business Park rents fell 1.0% QoQ.

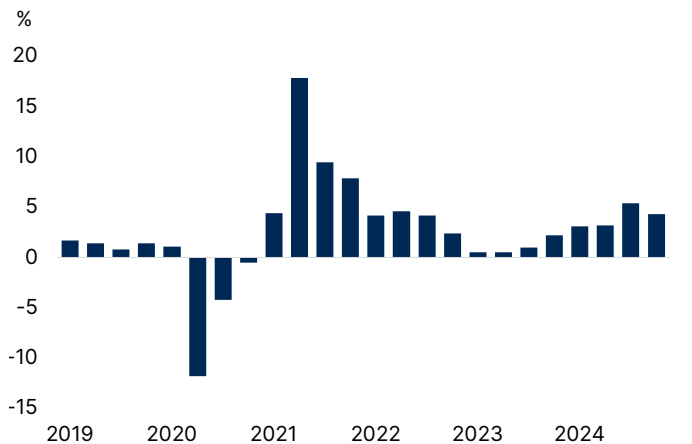
Retail

Singapore's retail sector remains resilient, bolstered by the recovery of tourism, high occupancy rates, and steady leasing demand. With continued rental growth and expansion in key sectors, Singapore's retail sector remains a prime destination for global brands and investors.

Residential

Singapore's residential market saw a rise in transaction volume to 21,950 units in 2024, driven by strong primary sales in 4Q 2024. Non-landed prices rose 4.7% YoY, led by RCR and CCR. Rental rates fell 1.9% YoY, but transaction volume grew 4.7% YoY, indicating market stabilisation.

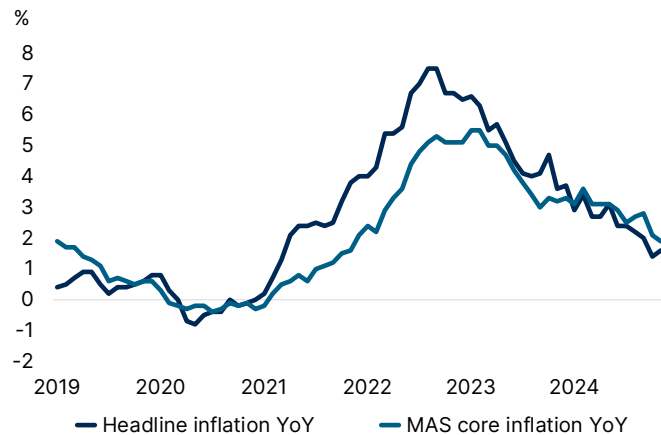
GDP growth



Source: SingStat, ETC Research

Singapore's economy grew 4.3% YoY in 4Q 2024, based on advance estimates. The economy grew by 4.0% in 2024, faster than the 1.1% growth in 2023. According to MTI, Singapore's GDP growth is projected to be between 1.0 and 3.0% in 2025.

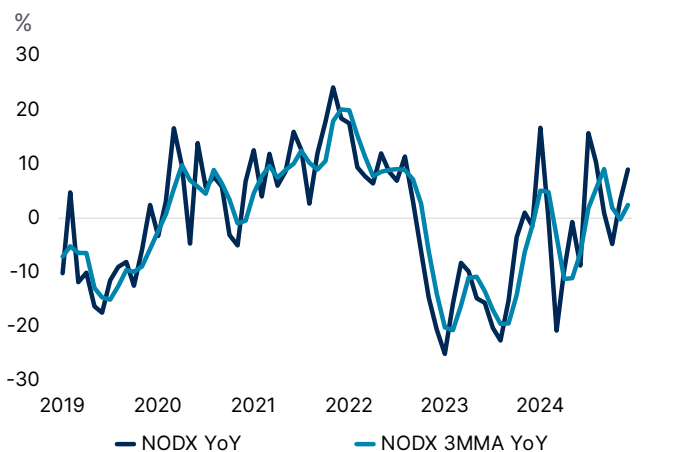
Inflation



Source: SingStat, ETC Research

Core inflation recorded a 1.9% in November 2024, recording its lowest growth in three years. According to MAS and MTI, overall inflation is expected to be 2.5% for the entirety of 2024, and to average between 1.5% and 2.5% in 2025.

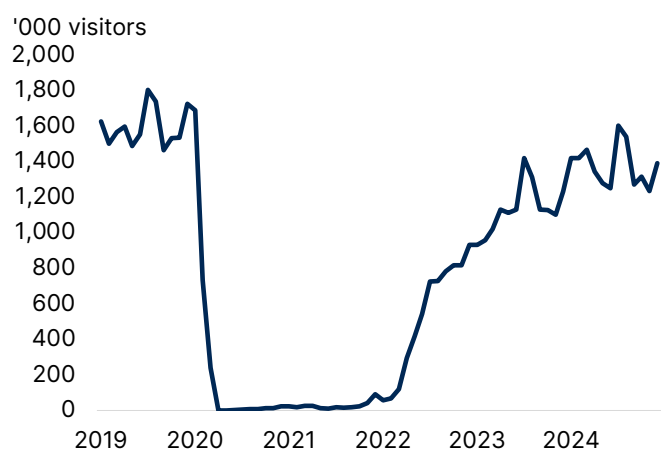
Non-oil domestic exports



Source: SingStat, ETC Research

Non-oil domestic exports (3MMA YoY) was recorded at 2.4% growth YoY in December 2024. The growth in December 2024 can be attributed to the electronics products sector, which saw an 18.6% YoY increase.

International visitor arrivals



Source: SingStat, ETC Research

International Visitor Arrivals (IVA) reached 16.53 million, aligning with the upper range of STB's 2024 forecast of 15 to 16.5 million visitors. This growth signifies a 21.5% increase in IVA in 2024 compared to 2023.

In 4Q 2024, total investment sales in Singapore amounted to S\$6.5 billion, marking a 20.3% QoQ decrease from S\$8.2 billion in 3Q 2024. Nonetheless, the total investment deals in 2024 increased by a substantial 28.7% YoY to S\$25.2 billion, from S\$19.5 billion in 2023.

Five Government Land Sales (GLS) sites were awarded within the quarter, notably Tampines Street 95 (Executive Condominium), Faber Walk, Jalan Papan (Plot 5), Kallang Way, Lok Yang Way totaling S\$1.26 billion.

In the private sector, investment momentum has been driven by strong investor demand for industrial assets. Notable transactions include the sale of two Keppel data centres. The commercial market remained active too, with key transactions including the sales of Concorde Hotel and Shopping Centre and Katong Plaza.

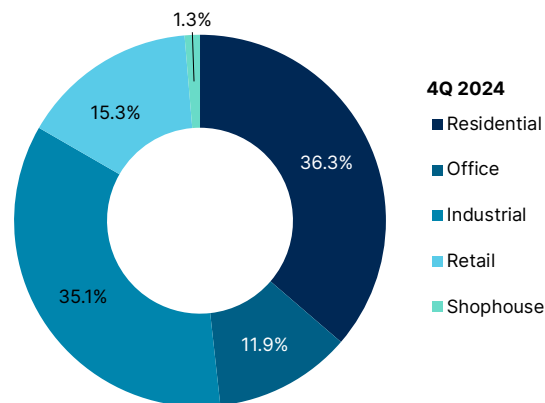
The residential sector saw the successful sale of Thomson View Condominium to a consortium comprising UOL Group, Singapore Land and Capitaland Development in November. This marks the only publicly disclosed successful residential collective sale in 2024.

Outlook

While interest rate cuts improved investor sentiment in 4Q 2024, caution persists amid ongoing economic and geopolitical challenges, as well as uncertainty over further rate cuts in 2025. In the near term, investors are likely to remain selective, focusing on sectors with stronger growth potential for their investments.

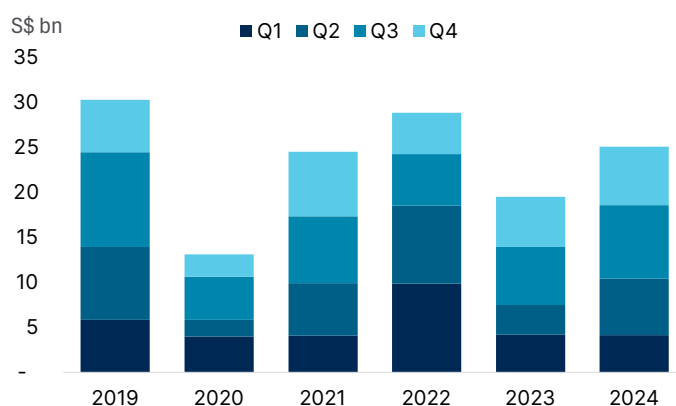
Among the investment real estate segments, the office market may face continued headwinds in 2025. Despite some stabilisation in financing costs, softening tenant demand and refinancing pressures could impact investor confidence, leading to asset repurpose or value adjustments.

Figure 1: Investment sales sectoral contribution (%)



Source: ETC Research

Figure 2: Investment sales (\$ billion)



Source: ETC Research

Table 1: Top 5 private investment sales 4Q 2024

Development	Purchase price		Purchaser	Seller
	S\$ million	S\$ psf		
Industrial				
Keppel DC SGP 7 & 8	1,380.0	N/A	Keppel Data Centres Holdings Joint Venture Cuscaden Peak	Keppel DC REIT
Retail				
Concorde Hotel and Shopping Mall	821.0	1,804	Hotel Properties Ltd	Evergreen International Hotels
Katong Plaza	180.0	1,901	Fragrance Group	DB2 Land
Office				
Collyer Quay	688.0	3,230	Unrelated Third Party	Capitaland Integrated Commercial Trust (CICT)
Residential				
Thomson View Condominium	810.0	N/A	UOL Group, Singland & Capitaland Development	N/A

Source: ETC Research

Rental rates in Singapore's central region declined 0.9% QoQ in 4Q 2024, a larger decline compared to the 0.5% recorded in 3Q 2024. On a YoY basis, rental rates in the central region have remained unchanged in 4Q 2024, since their rise of 13.1% in 4Q 2023.

Island-wide occupancy rates rose by 0.5 percentage points, ending the year at 95.0%. The higher occupancy levels can be attributed to the take up of office spaces in the CBD area, which saw occupancy rates rise to 94.1% in 4Q 2024 from 93.0% in 3Q 2024. In particular, IOI Central Boulevard saw a steady uptake of space, attracting firms from the banking & finance, tech and legal industries. Occupancy rates in the non-CBD and decentralised areas remained relatively unchanged in 4Q 2024 at 96.0% and 95.6%, respectively.

Overall net absorption of office space across Singapore was recorded at 420,000 sq ft in 4Q 2024. The CBD area accounted for approximately 415,000 sq ft NLA in net absorption. In contrast, the non-CBD and decentralised areas recorded 27,000 sq ft NLA and negative 22,000 sq ft NLA in net absorption, respectively.

Shadow space increased 16.2% QoQ for the fourth consecutive quarter, reaching 436,000 sq ft, suggesting potential downsizing or relocation of office spaces by tenants in the near future.

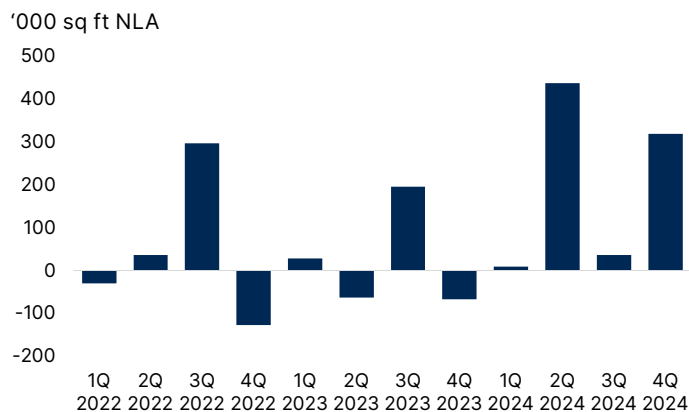
New office leasing contracts have been observed to favour smaller, more efficient office spaces, while demand for larger office spaces primarily come from existing tenants renewing their leases.

Outlook

Looking ahead, Paya Lebar Green, which was set for completion in 2024, will be among several office upcoming developments in 2025. Leasing activity is expected to pick up in 2025 as indicated by increasing shadow space coinciding with new completions.

In 2025, the increase in supply is likely to put downward pressure on rental rates for existing office spaces. With IOI Central Boulevard and Keppel South Central nearing full occupancy, the demand for CBD Premium and Grade A offices, may drive rental rates higher.

Figure 3: CBD premium and Grade A office net absorption



Source: ETC Research

Figure 4: Shadow space (NLA)

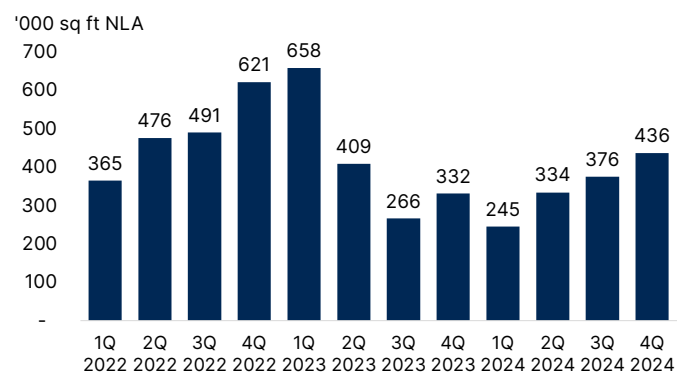


Table 2: Office supply pipeline

	Selected major upcoming developments	NLA '000 sq ft	Total
2025	Paya Lebar Green	335	1,492
	Punggol Digital District	126	
	Keppel South Central	650	
	Shaw Tower Redevelopment	381	
2026	Newport Tower	263	2,469
	Clifford Centre Redevelopment	409	
2027	Solitaire on Cecil	173	714
	UE Bizhub Tower Redevelopment	132	

Source: ETC Research

Table 3: Average office rents and occupancy rates

Selected CBD micro-markets	3Q 2024 psf	4Q 2024 psf	QoQ	Occupancy rate
Marina Bay (Premium)	S\$12.90	S\$12.90	0.0%	93.5%
Raffles Place (Grade A)	S\$10.55	S\$10.55	0.0%	95.1%
Shenton Way/Robinson Road/Tanjong Pagar (Grade A)	S\$9.00	S\$9.00	0.0%	96.6%

Source: ETC Research

■ Singapore's PMI rose to 51.1 in December 2024, the highest since December 2018, while electronics PMI eased to 51.4 from 51.6 in November. Nonetheless, the electronics PMI marks 14 consecutive months of expansion.

■ The industrial property price index grew 3.5% YoY in 2024, with 4Q 2024 contributing a 2.0% QoQ growth. The price increase for 2024 can be attributed to the multi-user factory segment's 4.9% YoY increase.

■ Island-wide occupancy rates remained steady at 89.0% in 4Q 2024, amid new completions in Punggol Digital District and 3 Science Park Drive.

■ Central region Business Parks remain the preferred choice among tenants. Occupancy rates in centrally located Business Parks remain unchanged QoQ at 90.3% in 4Q 2024, while suburban Business Parks declined to 63.1% from 64.3% in 3Q 2024. Overall, Business Park occupancy rates fell to 77.9% in 4Q 2024 from 78.8% in 3Q 2024. Central region business park rental rates fell 1.0% in 2024 to S\$5.35 per sq ft, down from S\$5.40 per sq ft in 2023.

■ Occupancy rates for multi-user factories remained high despite a marginal decline of 0.6 percentage points to 91.0% in 4Q 2024. Rental rates have held steady at \$2.09 per sq ft. For 2024, rental rates for multi-user factories rose 2.1%.

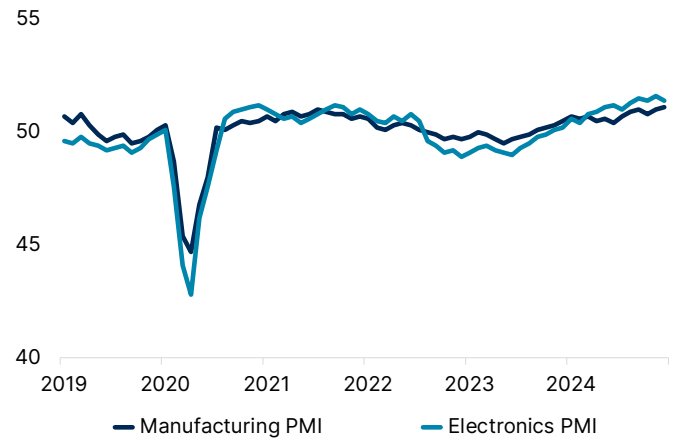
■ In the warehouse/logistics segment, occupancy rates rose to 91.5% in 4Q 2024 from 91.1% in 3Q 2024. Rental rates had also experienced a 1.0% growth QoQ to S\$1.87 per sq ft, ending the year with a 1.5% growth.

Outlook

■ In 2025, the market is expected to see a rise in completions for warehouse/logistics and Business Park spaces due to previously delayed construction projects. On the other hand, supply of multi-user factories is anticipated to remain historically low in 2025.

■ Rental rates for multi-user factories are expected to increase moderately, while growth in the rental rate for warehouse/logistics and Business Parks spaces may face challenges from new supply pressures.

Figure 5: Manufacturing & electronics PMI



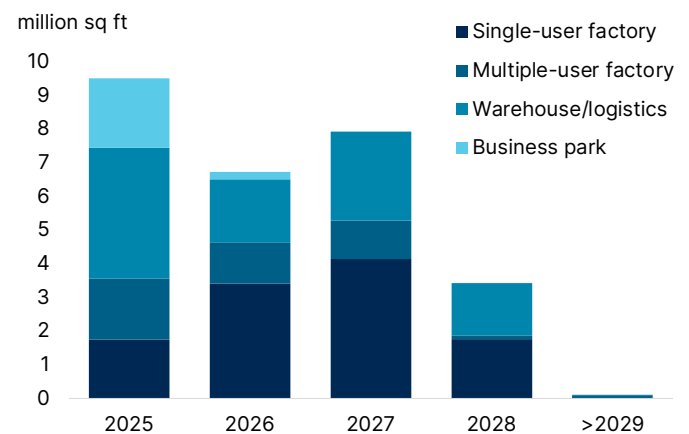
Source: ETC Research

Table 4: Industrial rents

Selected industrial micro-markets	3Q 2024	4Q 2024	QoQ
First-storey multiple-user factory	S\$2.09 psf	S\$2.09 psf	0.0%
Hi-tech industrial space	S\$3.47 psf	S\$3.47 psf	0.0%
Warehouse/logistics	S\$1.86 psf	S\$1.87 psf	0.7%
Business park (Central Region)	S\$5.35 psf	S\$5.35 psf	0.0%

Source: ETC Research

Figure 6: Industrial supply pipeline (NLA)



Source: ETC Research

International visitor arrivals (IVA) for 2024 reached 16.53 million, up from 13.6 million in 2023, hitting the Singapore Tourism Board's full-year forecast of 15-16.5 million visitors. The tourism market remains on a recovery track. However, consumer sentiment remained cautious, and tourist spending was tepid.

In 4Q 2024, island-wide occupancy rates rose to 93.8%, up from 93.5% in Q3, driven by demand in central areas. Orchard/Scotts Road saw a slight QoQ increase to 93.7%, from 93.0%, while occupancy in Other City Area climbed to 93.2% from 92.2%. Meanwhile, the Fringe/Suburban Area saw a marginal QoQ increase of 0.1 percentage point from 94.0% to 94.1% reflecting sustained demand in the suburban retail market.

Prime first-storey rental rates along Orchard/Scotts Road rose by 0.2% reaching S\$ 41.20 psf, supported by strong demand despite on-going challenges in the Fringe/Suburban retail markets where rental rates increased to S\$ 34.20 psf. Rentals in Other City Areas rose to S\$ 19.40 psf. The rental growth across these three submarkets were driven by rent increases and slight yield compression amid lower interest rates, marking the fourth consecutive quarter of growth.

In the fourth quarter of 2024, several projects were completed that included significant allocations of retail space. Notably, Mandai Rainforest Resort at Mandai Lake Road with 18,299 sq ft of retail space, while Raffles Sentosa Singapore at Bukit Manis Road featured 9,688 sq ft. In the public sector, Punggol Coast Mall at Punggol Way contributed 182,986 sq ft of retail space, enhancing the area's commercial offerings.

Outlook

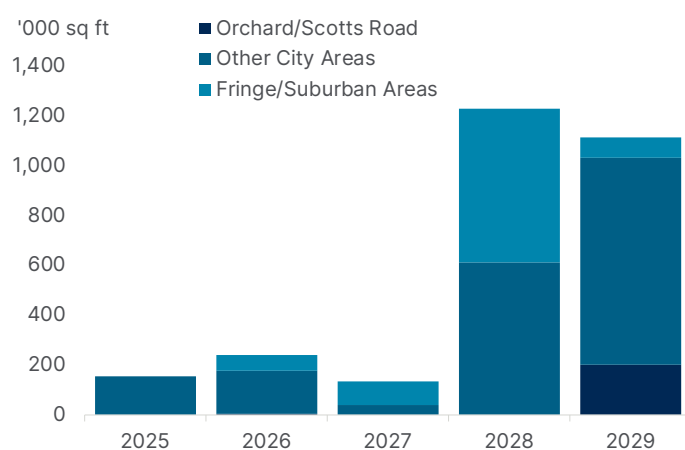
Singapore's retail sector remains a magnet for global brands, supported by its status as a business and entertainment hub. Sectors such as athleisure, fitness and wellness, lifestyle retail, as well as food and beverage and entertainment are expected to sustain their growth and continue to drive leasing demand in 2025.

Table 5: Retail prime rental rents

Region	Floor	3Q 2024	4Q 2024	QoQ
Orchard/Scotts Road	First storey	S\$41.10 psf	S\$41.20 psf	0.2%
	Upper storey	S\$15.40 psf	S\$15.45 psf	0.3%
Other city areas	First storey	S\$19.35 psf	S\$19.40 psf	0.3%
	Upper storey	S\$8.60 psf	S\$8.65 psf	0.6%
Fringe/suburban areas	First storey	S\$34.10 psf	S\$34.20 psf	0.3%
	Upper storey	S\$18.15 psf	S\$18.20 psf	0.3%

Source: ETC Research

Figure 7: Retail supply pipeline (NLA)



Source: URA, ETC Research

	Selected major upcoming developments	NLA '000 sq ft	Total
2025	Movenpick Singapore	28	143
	Keppel South Central	25	
	Canninghill Square	90	
2026	Resort World Sentosa Expansion	160	165
	ParkRoyal Collection Faber House	5	
	Canninghill Square	90	
2027	Clifford Centre Redevelopment	34.5	225
	Chill @ Chong Pang	53	

Source: URA, ETC Research

As rental growth is expected to remain stable, this presents a favourable environment for investors seeking a yield spread over funding costs. This is particularly relevant in an elevated interest rate landscape where interest rate cuts may be more limited than anticipated.

The residential price index rose 3.9% in 2024, with 4Q 2024 contributing 2.3% QoQ growth, driven by higher non-landed primary sales. The non-landed property index increased by 4.7% for the year, with a 3.0% QoQ rise in 4Q, supported by transactions from selected projects.

Within the non-landed segment, CCR prices rebounded with a 2.6% QoQ increase in 4Q 2024, reversing the two previous quarters of decline to end the year 4.5% higher YoY. The RCR segment expanded 3.0% QoQ, marking four consecutive quarters of growth and closing the year with a 5.8% YoY increase. In the OCR segment, prices remained stable for most of the year before climbing 3.3% QoQ in 4Q 2024, resulting in a 3.7% YoY gain. Meanwhile, the landed segment recorded a 0.9% price increase for 2024, though prices in 4Q 2024 dipped slightly by 0.1% QoQ.

Transaction volume was recorded at 21,950 units for 2024, an increase of 15.3% YoY. Transaction activity rose in 4Q 2024, with total transaction volume rising 38.4% QoQ to 7,433 units. Primary sales recorded 3,420 transactions in 4Q 2024, surpassing the combined volume from the first three quarters, reflecting improved buyer confidence following the first interest rate cut in September 2024. In contrast, secondary sales fell 4.7% QoQ to 4,013 units, though full-year secondary sales volume rose to 15,481 units, up 22.6% from 2023.

In the rental market, the overall rental index remained unchanged in 4Q 2024, but ending the year 1.9% lower YoY. Despite the YoY decline, rental transaction volume for 2024 increased by 4.7% YoY to 86,127 units, suggesting that the market has begun to stabilise as landlords and tenants close the gap on rental expectations.

Outlook

For 2025, we can expect positive buyer sentiment to persist. Property price indices are expected to grow moderately in line with primary sale launches.

With fewer completions anticipated in 2025, the pressure on supply will ease, supporting an uptick in residential rental rates in the year ahead.

Figure 8: Residential supply pipeline

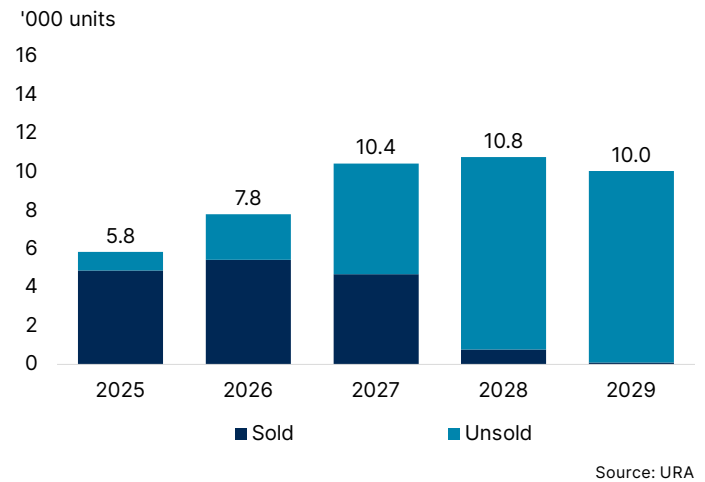


Figure 9: Property price index

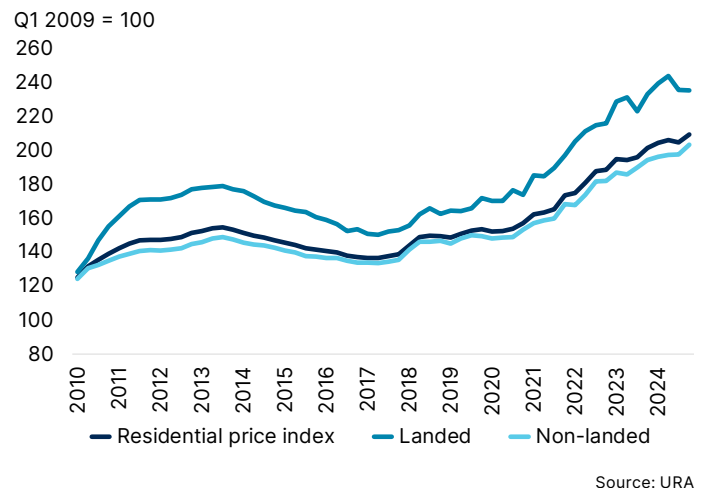


Figure 10: Residential sales and launch volume



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