

Calm before the rising swell

2Q 2025 at a glance

			QoQ change	YoY change
Investment		Total sales: S\$5.5 billion	▼ -2.2%	▼ -11.6%
		Top 5 private deals: S\$2.8 billion	▼ -20.8%	▲ 79.1%
Office		CBD Grade A rents: S\$9.80 psf	■ 0.0%	■ 0.0%
		Supply pipeline NLA: 6.3 million sq ft (2H 2025 – 2029)		
Industrial		First-storey multi-user factory rents: S\$2.09 psf	■ 0.0%	▲ 1.0%
		Supply pipeline NLA: 35.8 million sq ft (2H 2025 – 2029)		
Retail		Orchard/Scotts Road first-storey rents: S\$41.40 psf	▲ 0.5%	▲ 1.5%
		Supply pipeline NLA: 1.8 million sq ft (2H 2025 – 2029)		
Residential		Price index: 213.2	▲ 1.0%	▲ 3.4%
		Volume of rental transactions: 7,110 units	▲ 2.8%	▲ 3.2%

Key highlights

Investment

Singapore's investment sales activity softened in 2Q 2025, reaching S\$5.5 billion, primarily due to pricing mismatch and prevailing cautious market sentiment among investors. Government Land Sales (GLS) was the key driver of the segment while transactions within the private sector remained selective. Investor confidence is expected to recover if interest rates dip further.

Office

Office rents in the central region remained stable in 1H 2025 as the slight 0.3% QoQ decrease in 2Q 2025 was offset by the 0.3% gain in 1Q 2025. Island-wide occupancy rose to 95.0%, with net absorption reaching 365,000 sq ft. Meanwhile, shadow space increased by 12.5% QoQ to 420,000 sq ft.

Industrial

Industrial property prices rose 1.4% QoQ in 2Q 2025, led by multiple-user factories, while overall occupancy dipped slightly to 88.8% due to an increase in supply. Net absorption stayed positive at 3.1 million sq ft.

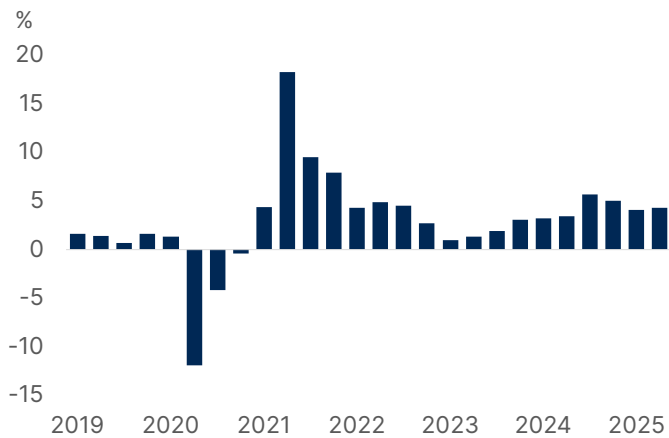
Retail

Singapore welcomed 4.0 million international visitors in 2Q 2025, which sustained retail demand. Consequently, rent prices grew modestly amid limited supply. While challenges persist due to rising operational costs and changing consumer needs, the market is projected to achieve moderate growth, bolstered by long-term market confidence.

Residential

Private home prices rose 1.0% QoQ in 2Q 2025, driven by landed homes and non-landed CCR and OCR segments, while prices in RCR declined. Transaction volumes fell 29.4% due to a decline in new project launches. The rental market remained stable with a 0.8% QoQ price increase.

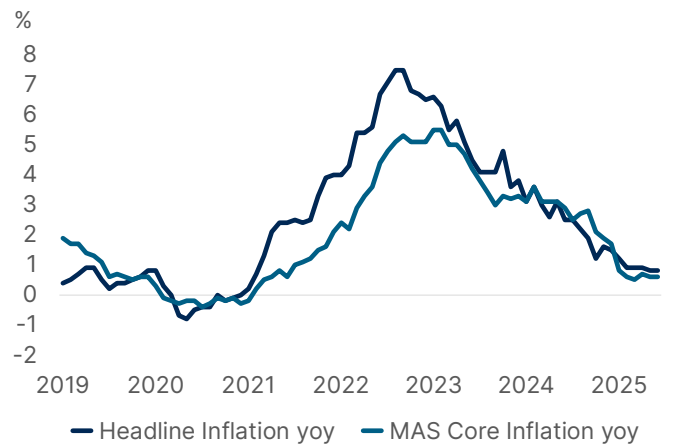
GDP growth



Source: Department of Statistics, Singapore (DoS), Realion Research

Singapore's economy grew 4.3% YoY in 2Q 2025, up from the 4.1% YoY increase in 1Q 2025. The Ministry of Trade and Industry (MTI) expects the current market uncertainty to persist for the rest of 2025 given the lack of clarity on tariff policy changes. MTI maintains a 0.0% to 2.0% growth projection for 2025.

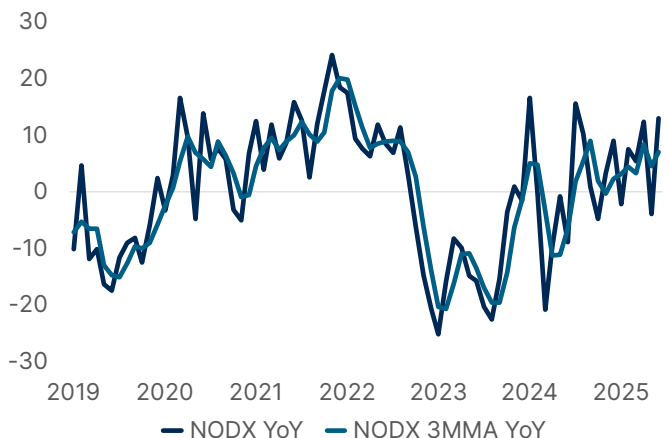
Inflation



Source: DoS, Singapore, Realion Research

Core inflation held steady at 0.6% in June 2025. According to MAS, near-term inflationary pressures are expected to remain subdued due to stable global oil supplies and declining regional producer prices help ease imported cost pressures. For 2025, MAS core inflation and headline inflation are forecast to average 0.5% to 1.5%.

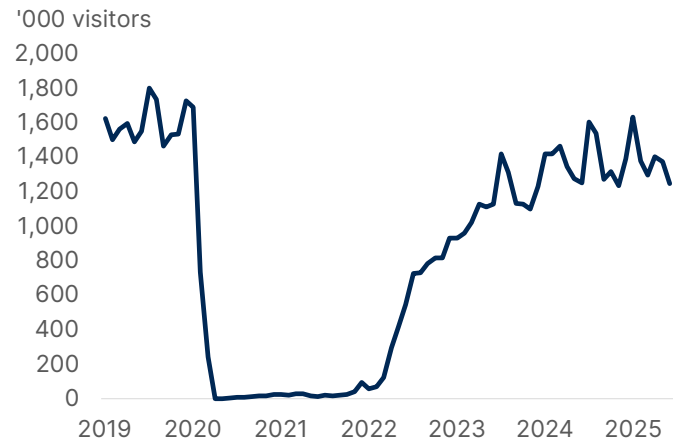
Non-oil domestic exports



Source: DoS, Realion Research

Non-oil domestic exports (NODX) (3MMA YoY) rose steadily by 7.1% in June 2025, up from the 3.2% increase recorded in March 2025. The rebound observed in June 2025 was likely due to continued front-loading of orders before tariff deadlines.

International visitor arrivals



Source: DoS, Realion Research

International Visitor Arrivals (IVA) reached 8.3 million for 1H 2025, according to STB. IVA is projected to hit 17 to 18.5 million in 2025 with tourism receipts of between \$29 billion and \$30.5 billion.

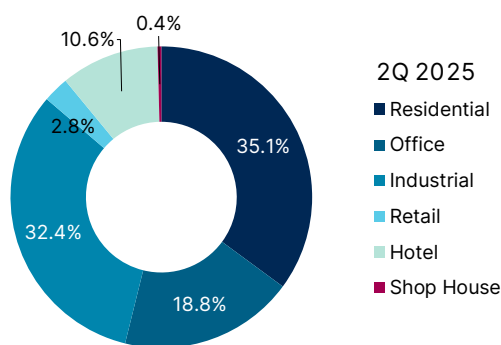
- In 2Q 2025, total investment sales in Singapore amounted to S\$5.5 billion, marking a 2.2% QoQ decrease from S\$5.7 billion in 1Q 2025, and a 11.8% YoY decline from S\$6.3 billion in 2Q 2024.
- Three Government Land Sales (GLS) sites were awarded within the quarter, namely, Lakeside Drive, Lentor Gardens and Plot A Tukang Innovation Drive. The three GLS sites totalled S\$1.1 billion, making up 20.2% of total investment sales in the quarter.
- Developers remain selective in their land acquisition, focusing on strategically located sites. Most prefer mid-size land parcels to manage risks as they face pressure to sell the entire project within five years to avoid the Additional Buyer's Stamp Duty (ABSD).
- The private sector recorded two notable industrial collective sale, such as these, are uncommon in the industrial market, attracting investor interest during the quarter. Ching Shine Industrial Building was sold for S\$113.0 million in April, while Macpherson Industrial Complex was transacted for S\$103.9 million in May. Freehold sites such as these are uncommon in the industrial market, attracting investor interest seeking long-term assets or redevelopment opportunities.

Nonetheless, the collective sales market, particularly in the residential sector, continues to face headwinds from pricing mismatches, rising construction costs and macroeconomic uncertainties.

Outlook

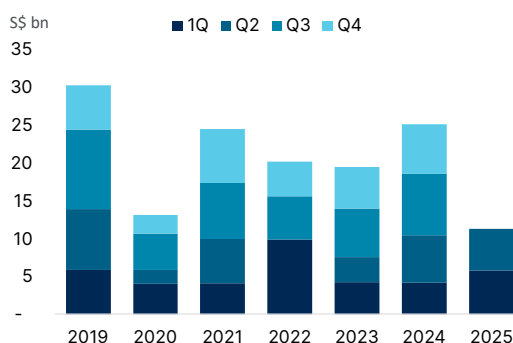
- The market outlook for investment sales remains cautiously optimistic. Although investors continue to show interest in well-located assets, overall transaction volumes may continue to be weighed down by the disparity between buyer and seller price expectations. Should pricing expectations narrow, investor interest may rise more substantially.
- Further easing of interest rates is expected to fuel investor confidence. With total investment sales reaching S\$11.2 billion in the first half of 2025, the market is projected to achieve between S\$20 to 25 billion investment sales for the full year.

Figure 1: Investment sales sectoral contribution (%)



Source: Realion Research

Figure 2: Investment sales (S\$ billion)



Source: Realion Research

Table 1: Selected private investment sales transaction Q2 2025

Development	Purchase Price		Purchaser	Seller
	S\$ million	\$ mn per key		
Hotel				
Citadines Raffles Place	280.0	0.9	BlackRock & YTL Corporation	Capitaland Integrated Commercial Trust JV Capitaland Development & Mitsubishi Estate Asia
Office				
South Beach Development (50.1% Stake)	834.2	N/A	IOI Properties Group	City Development Ltd
Industrial				
9 Tai Seng Drive	463.6	N/A	Capitaland Ascendas REIT	Capitaland Development
5 Science Park Drive	261.0	N/A	Capitaland Ascendas REIT	Capitaland Development
The Strategy	280.0	N/A	Brookfield Asset Management	Mapletree Industrial Trust

Source: Realion Research

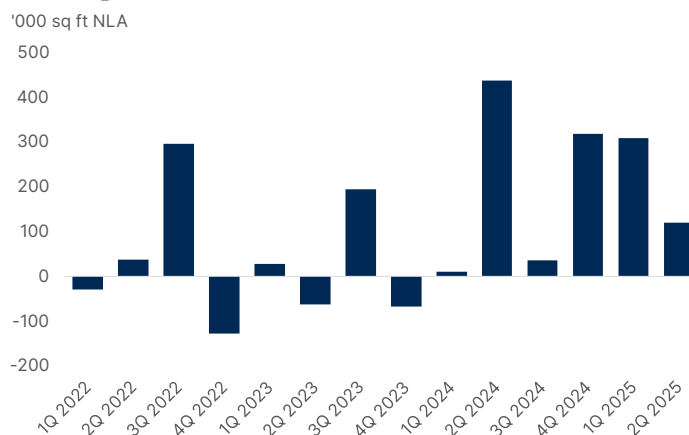
Office | Rents flat as market stays selective

- Office rents in the central region have remained relatively unchanged for 1H 2025. Based on URA's central region rental index, rents declined by 0.3% QoQ in 2Q 2025, reversing the 0.3% increase in 1Q 2025.
- Island-wide occupancy rates rose to 95.0% in 2Q 2025 from 94.5% in 1Q 2025, with island-wide net absorption recorded at 365,000 sq ft in net lettable area (NLA). Occupancy rates rose across all market segments in the Central Area (CBD), the broader Central Region, and Outside Central Region (OCR).
- The CBD area recorded a 0.6 percentage point increase in occupancy rate to 94.0%, with a net absorption of 157,000 sq ft NLA in 2Q 2025. Demand was propped up by renewals and a continual shift towards higher-grade office spaces. Non-CBD occupancy rates, similarly, registered a modest growth of 0.3 percentage points and 61,000 sq ft NLA being absorbed. The office leasing trends indicate a steady demand for Grade A and premium office spaces.
- In decentralised locations, occupancy rates improved, rising to 94.7% in 2Q 2025 from 94.0% in 1Q 2025, due to a net absorption of 147,000 sq ft NLA. The rise in occupancy rates in 2Q 2025 reversed two consecutive quarters of decline. Tampines and Alexandra contributed 81,000 sq ft and 65,000 sq ft of space, respectively.
- Shadow space rose 12.5% QoQ to 420,000 sq ft NLA in 2Q 2025, from 373,000 sq ft NLA in 1Q 2025. The increase in shadow space may suggest that tenants are seeking opportunities to relocate or downsize office spaces.

Outlook

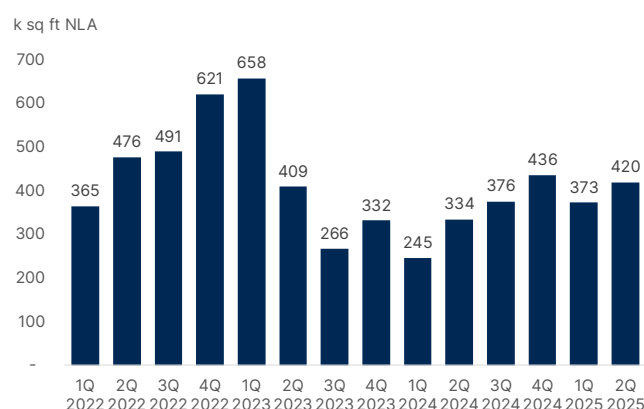
- According to MTI, economic growth for 2H 2025 is expected to slow down as output levels decline on the back of slower global trade. Office demand may remain tepid as tenants adopt a more cautious approach to leasing activities or renewals.
- The limited supply pipeline for the rest of 2025 until 2027 will favour CBD premium and Grade A office spaces. With fewer options available for tenants, these premium office spaces are expected to experience modest rental growth in 2025.

Figure 3: CBD premium and grade A office net absorption



Source: Realion Research

Figure 4: Shadow space (NLA)



Source: Realion Research

Table 2: Selected office supply pipeline

	Selected major upcoming developments	NLA '000 sq ft	Total '000 sq ft
2026	Shaw Tower Redevelopment	381	381
	Newport Tower	263	
2027	Solitaire on Cecil	173	568
	UE Bizhub Tower	132	
	Redevelopment		
2028	Clifford Centre Redevelopment	409	409

Source: Realion Research

Table 3: Selected office micro-market rental rates

Selected CBD micro-markets	1Q 2025 psf	2Q 2025 psf	QoQ	Occupancy Rate
Marina Bay (Premium)	S\$12.90	S\$12.90	0.0%	95.3%
Raffles Place (Grade A)	S\$10.55	S\$10.55	0.0%	95.4%
Shenton Way/Robinson Road/ Tanjong Pagar (Grade A)	S\$9.00	S\$9.00	0.0%	85.5%

Source: Realion Research

Industrial | Frontloading activities bolster sector

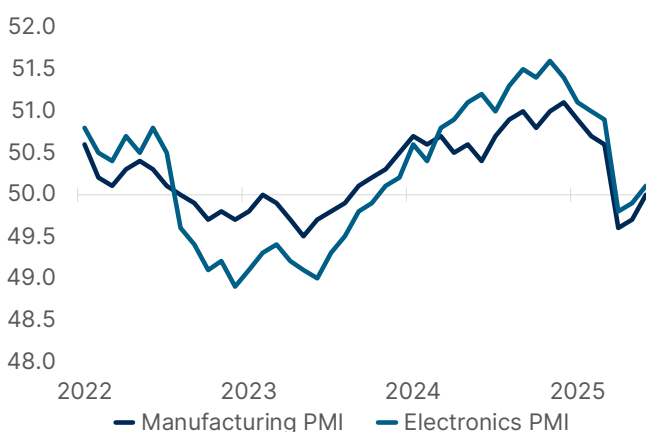
- Singapore's PMI declined to 50.0 in June 2025, down from 50.6 in March 2025, after dipping below the 50.0 reading in April and May 2025. Global trade policy and tariff concerns disrupting supply chains were the main factors behind the slowdown in the manufacturing sector.
- Industrial property prices continued to grow steadily in 2Q 2025, despite global trade and economic uncertainties. The JTC all industrial properties price index increased by 1.4% QoQ. The price growth was driven largely by multiple-user factories, which posted a quarterly increase of 1.7% QoQ compared to the 0.4% QoQ growth for single-user factories.
- Overall industrial occupancy slipped marginally to 88.8% in 2Q 2025 from 89.0% in 1Q 2025. The decline in overall occupancy rates was attributed to the warehouse and multiple-user factory segments, which fell to 88.8% and 91.0% in 2Q 2025 from 90.5% and 91.3% in 1Q 2025, respectively. In contrast, demand for Business Parks improved as occupancy rose to 76.7% in 2Q 2025 from 75.9%, with higher demand in the central region and the Punggol Digital District.
- The decline in overall occupancy was due to a ramp-up in supply. The biggest contribution came from new warehouse stock from JTC Space @ Ang Mo Kio, and completion of Punggol Digital District's final phase.

- Moreover, net absorption remained positive at approximately 3.1 million sq ft, supported by continued leasing activity.
- Despite posting a 0.7% QoQ growth in JTC's rental index in 2Q 2025, rental rates for our tracked industrial basket were unchanged across the multiple-user factories, warehouse and logistics, and Business Park spaces.

Outlook

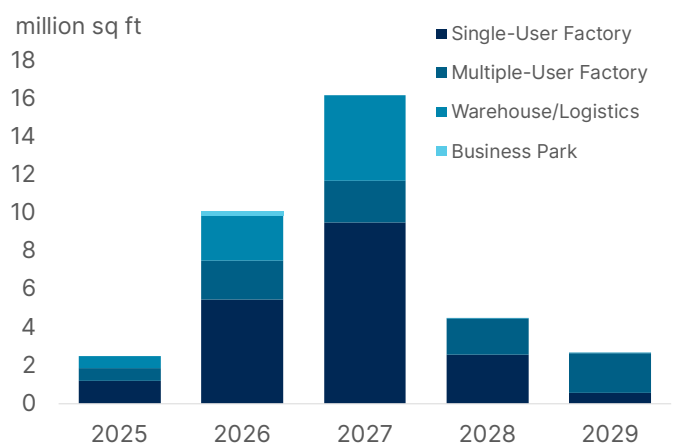
- With the end of the 90-day tariff pause on the 7th of August 2025, we expect the industrial sector performance to stabilize as frontloading activities are likely to cease. Uncertainties may persist as new tariffs and global trade policies may weigh on the industrial sector.
- The supply pipeline of industrial spaces for the rest of 2025 is expected to reach approximately 3.0 million sq ft GFA. Multiple-user factory space is projected to account for 27% of upcoming supply, while warehouse space is expected to make up another 25%. The new supply is likely to add downward pressure on the overall rental rates for the rest of 2025.

Figure 5: Manufacturing & electronics PMI



Source: SIPMM, Realon Research

Figure 6: Industrial supply pipeline (NLA)



Source: Realon Research

Table 4: Industrial rents

Selected industrial micro-markets	1Q 2025 psf	2Q 2025 psf	QoQ
First-storey multiple-user factory	S\$2.09	S\$2.09	0.0%
Hi-tech industrial space	S\$3.47	S\$3.47	0.0%
Warehouse/logistics	S\$1.88	S\$1.88	0.0%
Business park (Central Region)	S\$5.35	S\$5.35	0.0%

Source: Realon Research

Retail

Retail market holds steady as demand remains resilient

- In 2Q 2025, international visitor arrivals stood at 4.0 million, marking a 6.6% decline from the 4.3 million recorded in the previous quarter. On a YoY basis, arrivals increased by 4.0%. Demand from key source markets such as China and Indonesia remained stable during the quarter. The Singapore Tourism Board maintained its full year forecast of 17.0 to 18.5 million international visitor arrivals, reflecting continued confidence in the tourism recovery.
- In 2Q 2025, Singapore's island-wide retail occupancy rate eased to 92.9%, down from 93.2% in the previous quarter. The decline can be attributed to lower occupancy rates in Other City Areas, which fell from 92.5% to 91.5%. Orchard/Scotts Road recorded a slight decrease from 93.2% to 93.1%. In the Fringe/Suburban Areas, occupancy similarly dipped marginally from 93.5% to 93.4%. Despite the declines, demand in suburban areas held steady.
- In 2Q 2025, rental rates across all segments showed steady growth. Prime first-storey rental rates on Orchard/Scotts Road increased by 0.5% to S\$ 41.60 psf driven by limited supply and steady tourism activity. Meanwhile, rents in prime first-storey Other City Areas recorded a 0.5% increase to S\$ 19.50 psf, while Fringe/Suburban Area increased 0.4% to S\$34.50 psf.
- The overall rental growth is partly attributed to higher operational and staffing costs, following the implementation of new regulatory requirements for foreign workers. Leasing activity remained stable with many retailers relocating within malls. In Singapore, shoppers tend to be less brand-loyal, with spending often driven by trends, promotions or new store openings. This shift in consumer behaviour continues to be a key challenge for the retail sector.
- There were no retail project completions in 2Q 2025. Supply is expected to increase from 2028 onwards, with the biggest contribution from Fringe/Suburban and Other City Areas. This upcoming supply reflects long-term confidence in retail demand and urban development, offering opportunities for retailers to expand into new and growing catchments.

Outlook

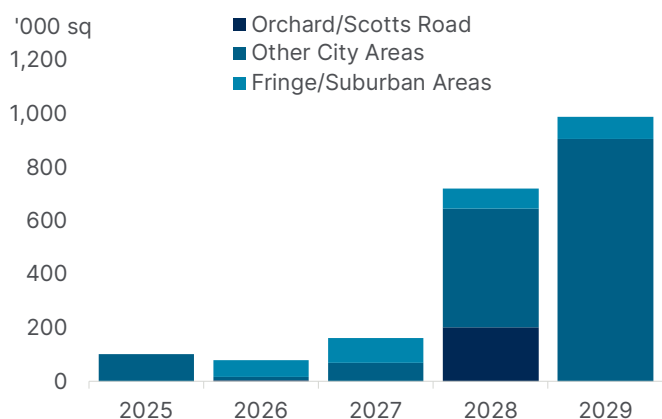
- Retail rents in Singapore is expected to rise modestly in the near term, due to the limited supply of retail space in Orchard/Scotts Road and steady tourism activity. However, rising business costs and tighter manpower regulations may keep retailers cautious, with leasing activity mainly focused on relocations or downsizing rather than new store openings.

Table 5: Retail prime rental rents

Region	Floor	1Q 2025 psf	2Q 2025 psf	QoQ
Orchard/ Scotts Road	First storey	S\$41.40	S\$41.60	0.5%
	Upper storey	S\$15.50	S\$15.60	0.6%
Other city areas	First storey	S\$19.40	S\$19.50	0.5%
	Upper storey	S\$8.65	S\$8.70	0.6%
Fringe/ suburban areas	First storey	S\$34.35	S\$34.50	0.4%
	Upper storey	S\$18.30	S\$18.40	0.5%

Source: Realion Research

Figure 7: Retail supply pipeline (NLA)



Source: Realion Research

Table 6: Selected retail pipeline

	Selected major upcoming developments	NLA '000 sq ft	Total '000 sq ft
2025	Shaw Tower Redevelopment	11	101
	Canninghill Square	90	
2026	Lentor Modern	65	70
	ParkRoyal Collection Faber House	5	
2027	Clifford Centre Redevelopment	35	88
	Chill @ Chong Pang	53	
2028	Harbourfront Centre Redevelopment	316	518
	Forum Mall, voco Orchard Hotel	202	
2029	Marina Square Redevelopment	660	747
	Golden Mile Complex Redevelopment	87	

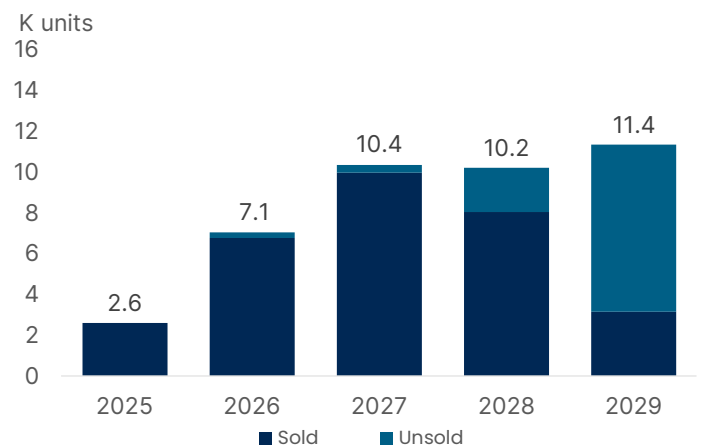
Source: Realion Research

- Private residential prices rose by 1.0% in 2Q 2025, a faster pace compared to the 0.8% gain in 1Q 2025, according to the URA property price index (PPI). For 1H 2025, prices grew by 1.8%, which is slower than the 2.3% registered in 1H 2024 and 3.1% in 1H 2023.
- The price growth was mainly driven by higher price gains in the landed segment as well as the CCR. Non-landed properties in the CCR grew by 3.0% QoQ, mainly due to more units being transacted above the S\$4,000 psf mark.
- Landed prices rose by 2.2% in 2Q 2025 after increasing 0.4% in 1Q 2025, continuing the upward trend from 1Q 2025. This represents the highest price growth since 1Q 2024, when landed prices rose by 2.6%.
- Transaction volumes decreased by 29.4% to 5,128 units in 2Q 2025 from 7,261 units in 1Q 2025. This is the lowest volume since 4,915 units were sold in 2Q 2024. Primary sales volume dipped by 64.1% QoQ from 3,375 units to 1,212 units over the same period. In contrast, secondary sale volume rose by 0.8% to 3,916 units in 2Q 2025 from 3,886 units in 1Q 2025.
- The primary market registered a more subdued performance. As developers typically hold back their launches during the June school holidays, the number of units launched slid by 51.6% in 2Q 2025. Consequently, more buyers turned to the secondary market to meet residential investment needs.
- The residential rental index rents rose at a slightly faster pace of 0.8% in Q2 2025, up from 0.4% in 1Q 2025. This is the fifth consecutive quarter that the rental price change was within the -1% to 1% range, indicating that rent prices have continued to stabilize.
- The overall residential rental volume increased by 2.8% to 21,330 units in 2Q 2025, up from 20,744 units in 1Q 2025. The higher rental volume is not unexpected, as second quarter rental volumes are typically higher than the preceding quarter.

Outlook

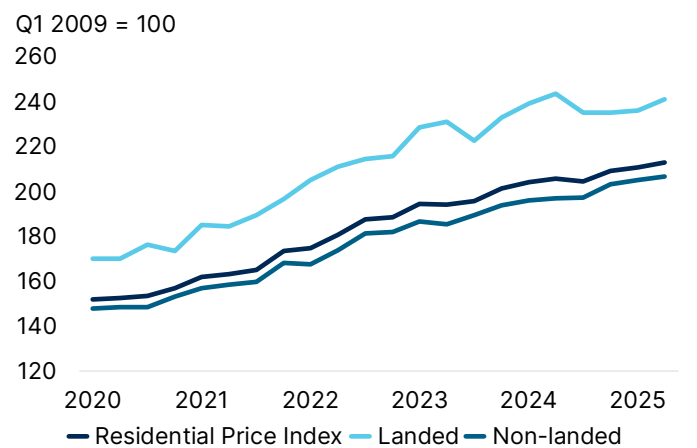
- Looking ahead, interest rates have been declining at a steady rate and are expected to continue their downward trend for the rest of the year. The lower cost of borrowing will create a more favourable investment environment.
- Nevertheless, ongoing geopolitical uncertainty may lead to a more prudent approach to spending and investment, with buyers being more price-sensitive and selective. We anticipate that prices may rise by 3% to 5% for the whole of 2025, with around 21,000 to 24,000 units being transacted.

Figure 8: Residential supply pipeline



Source: URA, Realion Research

Figure 9: Property price index



Source: URA, Realion Research

Figure 10: Residential sales and launch volume



Source: URA, Realion Research

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