

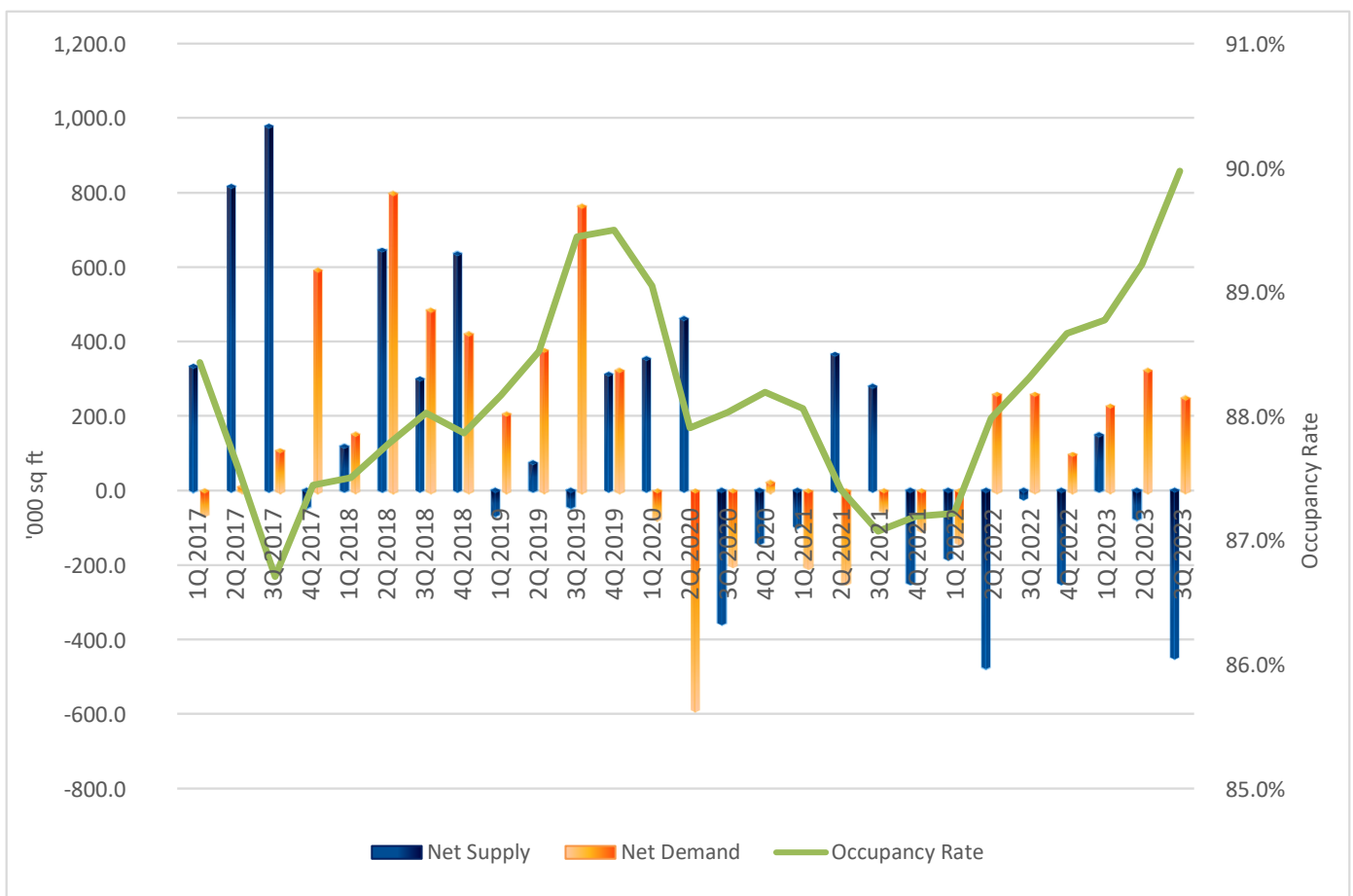
OVERVIEW

The Singapore economy continued to grow in 3Q 2023 by 0.7% on a year-on-year (YoY) and 1.0% on a quarter-on-quarter (QoQ) basis. This is the strongest set of numbers to date, an early sign of strengthening economic growth.

The construction and services producing industries expanded by 6.0% YoY and 1.9% YoY, respectively. The contraction in the manufacturing sector has narrowed to -5.0% YoY.

The available supply of office space contracted by 452,100 sq ft in 3Q 2023 as office buildings are removed for redevelopment purposes. This caused the office supply to tighten further in 3Q 2023 and occupancy rate rose to 90%, the highest since 2Q 2016.

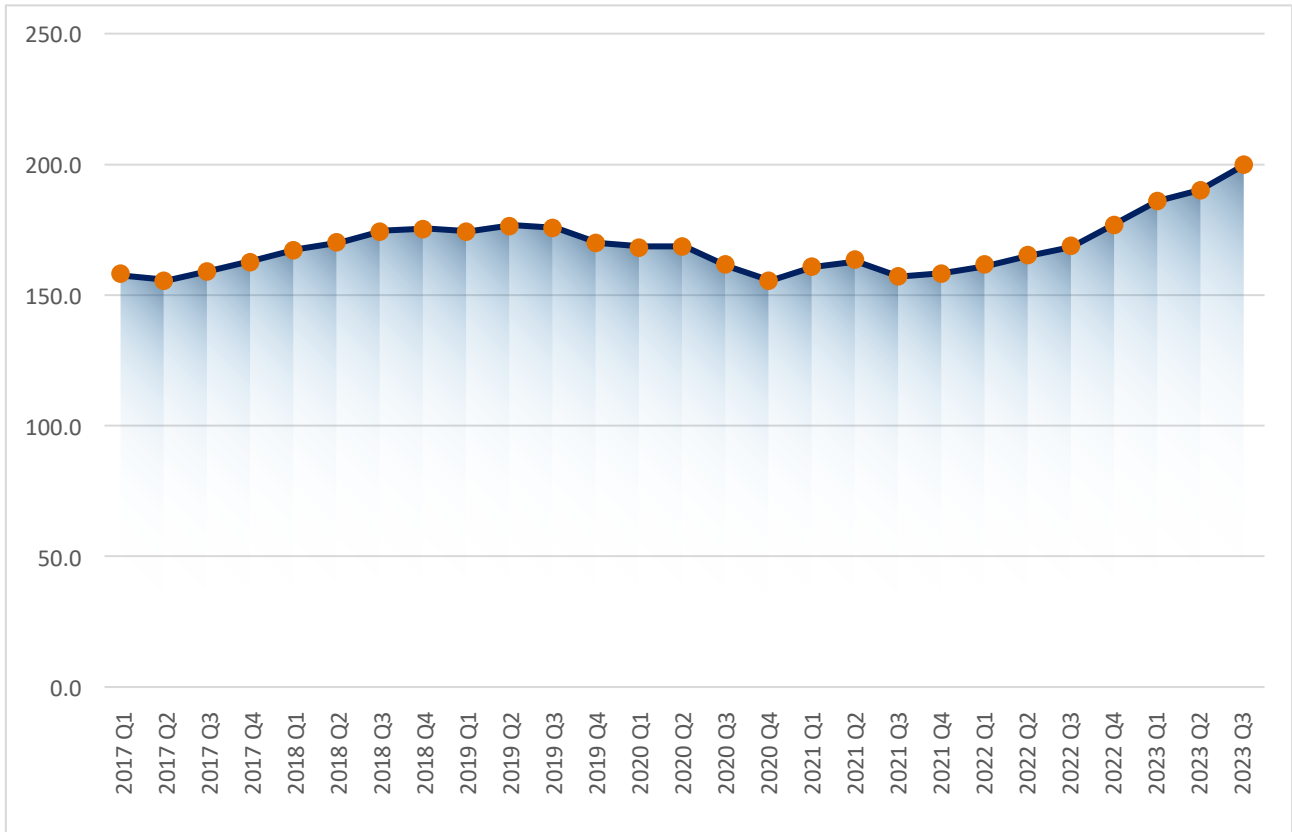
Figure 1: Office Supply, Demand and Occupancy Rate (Islandwide)



Source: URA, Huttons Data Analytics as of 27 Oct 2023

With office supply tightening, landlords are staying firm in the negotiations for lease renewals. Rents of office space in the Central Region strengthened for the eight consecutive quarter by 4.9% in 3Q 2023.

Figure 2: URA Office Rent Index (Central Region)



Source: URA, Huttons Data Analytics as of 27 Oct 2023

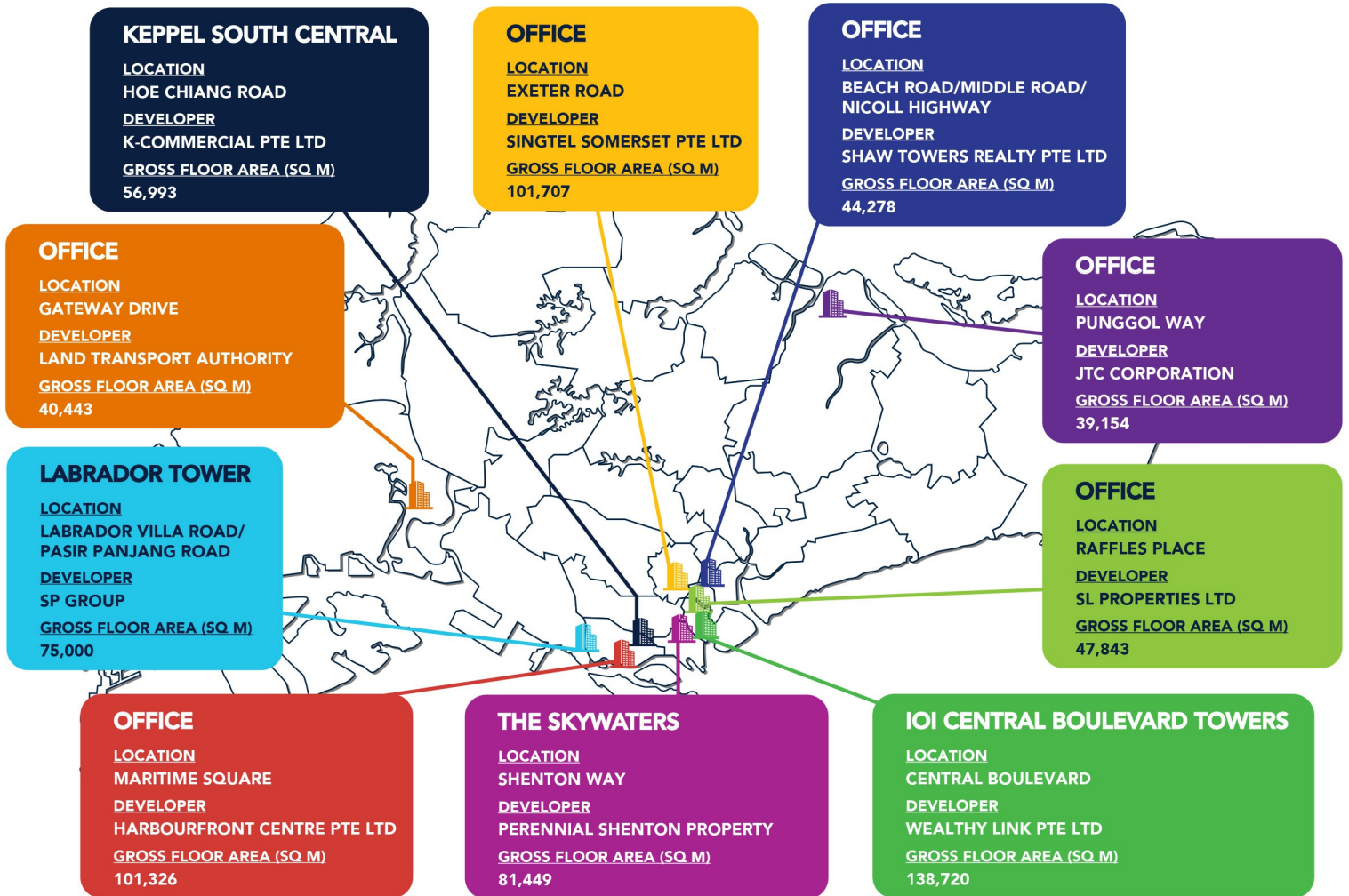
The strata office market was slightly quiet in 3Q 2023. Sales volume was lower by an estimated 21.1% in 3Q 2023 compared to the previous quarter. Total value of transactions in 3Q 2023 was \$267.2 million, 53.0% lower than 2Q 2023 due to a larger proportion of deals priced below \$2 million. According to reports, an office floor at Nomu was bought by an indirect wholly-owned subsidiary of IMC Group Holdings for \$24 million in Aug 2023.

Table 1: Top Five Office Space Transactions by Quantum in 3Q 2023

ADDRESS	LAND/STRATA AREA	QUANTUM	TENURE	PRICE	MONTH
Solitaire on Cecil #14-01	12,465 sq ft	\$52.1 million	Freehold	\$4,176 psf	Jul 2023
Solitaire on Cecil #10-01	12,465 sq ft	\$51.2 million	Freehold	\$4,106 psf	Jul 2023
Nomu #03-01	6,329 sq ft	\$24.0 million	Freehold	\$3,790 psf	Aug 2023
Suntec City Tower 2 #06-02	7,029 sq ft	\$16.5 million	99 Years	\$2,350 psf	Jul 2023
Suntec City Tower 2 #19-03	3,746 sq ft	\$11.6 million	99 Years	\$3,100 psf	Jul 2023

Source: URA, Huttons Data Analytics as of 27 Oct 2023

Map 1: Ten Largest Private Office Buildings by Gross Floor Area



Source: URA, Huttons Data Analytics as of 27 Oct 2023

MARKET OUTLOOK

Employers are choosing to remain agile in their space needs amidst uncertain economic and geopolitical conditions. Co-working space is the preferred option and co-working operators are looking to increase their footprint to meet rising demand. That may potentially boost demand for office space.

With no major completion of office buildings in 4Q 2023, occupancy rates and rents are likely to remain firm.

In 2024, the office market may see more than 3 million sq ft of office space from IOI Central Boulevard Towers, Labrador Tower, Keppel South Central and Paya Lebar Green. This may be the largest injection of office supply in more than 20 years. Occupancy rates and rents of office space may face downward pressure in 2024.

CONTACT ME FOR A DETAILED DISCUSSION OF THE LATEST TRENDS



VINCENT SOH

R061088J

98357066

Huttons

SINGAPORE'S LARGEST PRIVATE REAL ESTATE AGENCY

THE STRAITS TIMES

Singapore's Best Customer Service

2023/24 statista

While Huttons has endeavoured to ensure that the information and materials contained herein are accurate and up to date as at [31 Oct 2023], Huttons is not responsible for any errors or omissions, or for the results obtained from their use or the reliance placed on them. All information is provided "as is", with no guarantee of completeness, and accuracy. In no event will Huttons and/or salespersons thereof be liable in contract or in tort, to any party for any decision made or action taken in reliance on the information in this document or for any direct, indirect, consequential, special or similar damages.

Huttons Asia Pte Ltd (L3008899K) Huttons International Pte Ltd (L3008937I)