

Huttons

SINGAPORE'S LARGEST
PRIVATE REAL ESTATE AGENCY

HUTTONS DATA ANALYTICS

COMMERCIAL UPDATES 1Q 2024



OVERVIEW

Performance of the strata office market was steady in the first quarter of 2024.

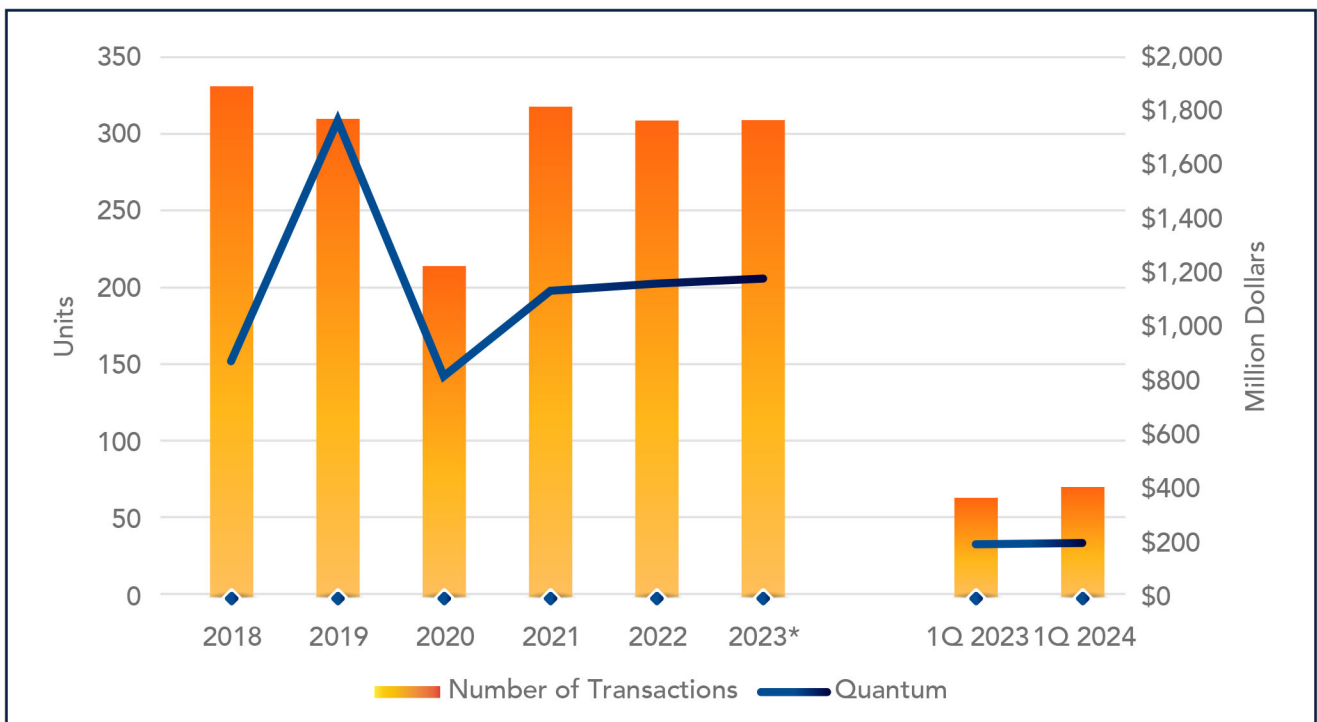
Transaction volume in 1Q 2024 was estimated at 70, 11.1% higher than 1Q 2023 but 14.6% lower than the previous quarter.

Total value of strata office deals stood at \$185.1 million in 1Q 2024, 3.2% higher than the previous quarter. However, compared against 4Q 2023, it is 25% lower.

Investors remained keen to invest in the strata office market as it is subject to lower taxes compared to the residential market. But the higher interest rates kept prices in check.



Figure 1: Transaction Volume and Quantum of Strata Office Units in 1Q 2024



*excludes the sale of Shenton House and VisionCrest Commercial

Source: URA, Huttons Data Analytics (data downloaded as of 9 May 2024)

According to sources, the entire level 21 in Vision Exchange was sold to a company understood to be linked to developments in Jurong Lake District.

Table 1: Top Ten Strata-Office Transactions by Quantum in 1Q 2024

ADDRESS	LAND/ STRATA AREA	QUANTUM	TENURE	PRICE	MONTH
Vision Exchange #21-15 to 32	14,015 sq ft	\$33.3 million	99 Years	\$2,378 psf	Feb 2024
Vision Exchange #21-01 to 14	10,775 sq ft	\$25.7 million	99 Years	\$2,381 psf	Feb 2024
GB Building #08-01 to 04	5,425 sq ft	\$10.7 million	99 Years	\$1,980 psf	Jan 2024
Suntec City Tower One #37-02	2,196 sq ft	\$8.1 million	99 Years	\$3,684 psf	Mar 2024
36 Armenian Street #06-12	1,808 sq ft	\$4.5 million	99 Years	\$2,477 psf	Jan 2024
Chinatown Point #22-09/10	2,400 sq ft	\$4.2 million	99 Years	\$1,750 psf	Mar 2024
Manhattan House #04-07	7,018 sq ft	\$3.9 million	99 Years	\$562 psf	Feb 2024
Manhattan House #04-05	6,684 sq ft	\$3.7 million	99 Years	\$551 psf	Feb 2024
Manhattan House #04-01	6,297 sq ft	\$3.4 million	99 Years	\$536 psf	Feb 2024
Oxley Tower #13-03	980 sq ft	\$3.3 million	Freehold	\$3,369 psf	Feb 2024

Source: URA, Huttons Data Analytics as of 9 May 2024

Flash estimates from the Ministry for Trade and Industry (MTI) showed that the Singapore economy grew at a faster pace of 2.7% year-on-year (YoY) in 1Q 2024. However, the quarter-on-quarter growth of 0.1% in 1Q 2024 was the slowest in a year.

The services producing industries expanded by 3.2% YoY in 1Q 2024 as growth in the wholesale & retail trade and transportation & storage sector accelerated. Other services sectors also grew.

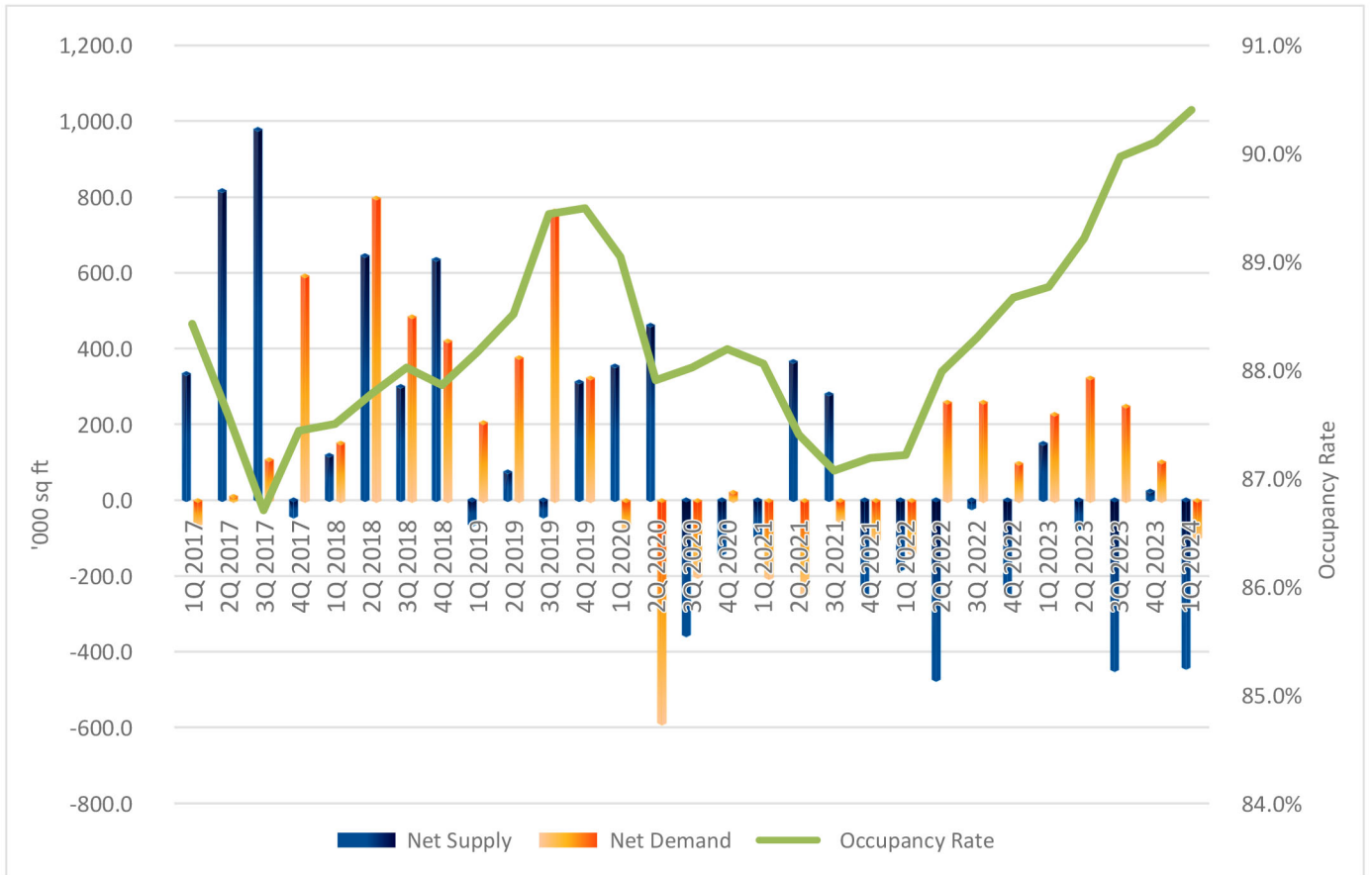
Despite the more positive economic growth, islandwide demand for office space contracted in 1Q 2024 by 97,000 sq ft.

The Central Region saw the largest contraction in demand of 205,000 sq ft. This was largely due to the removal of office buildings scheduled for redevelopment. Tenants in these buildings took the opportunity to reconfigure their office space needs. Some of them moved to better quality buildings in the Downtown Core, boosting take-up by 22,000 sq ft in 1Q 2024.

Although islandwide demand for office space declined by 97,000 sq ft in 1Q 2024, the supply of office space shrunk by an even larger amount of 441,000 sq ft. This resulted in occupancy rate of office space edging up by 0.3 percentage point to 90.4% in the first quarter of 2024.



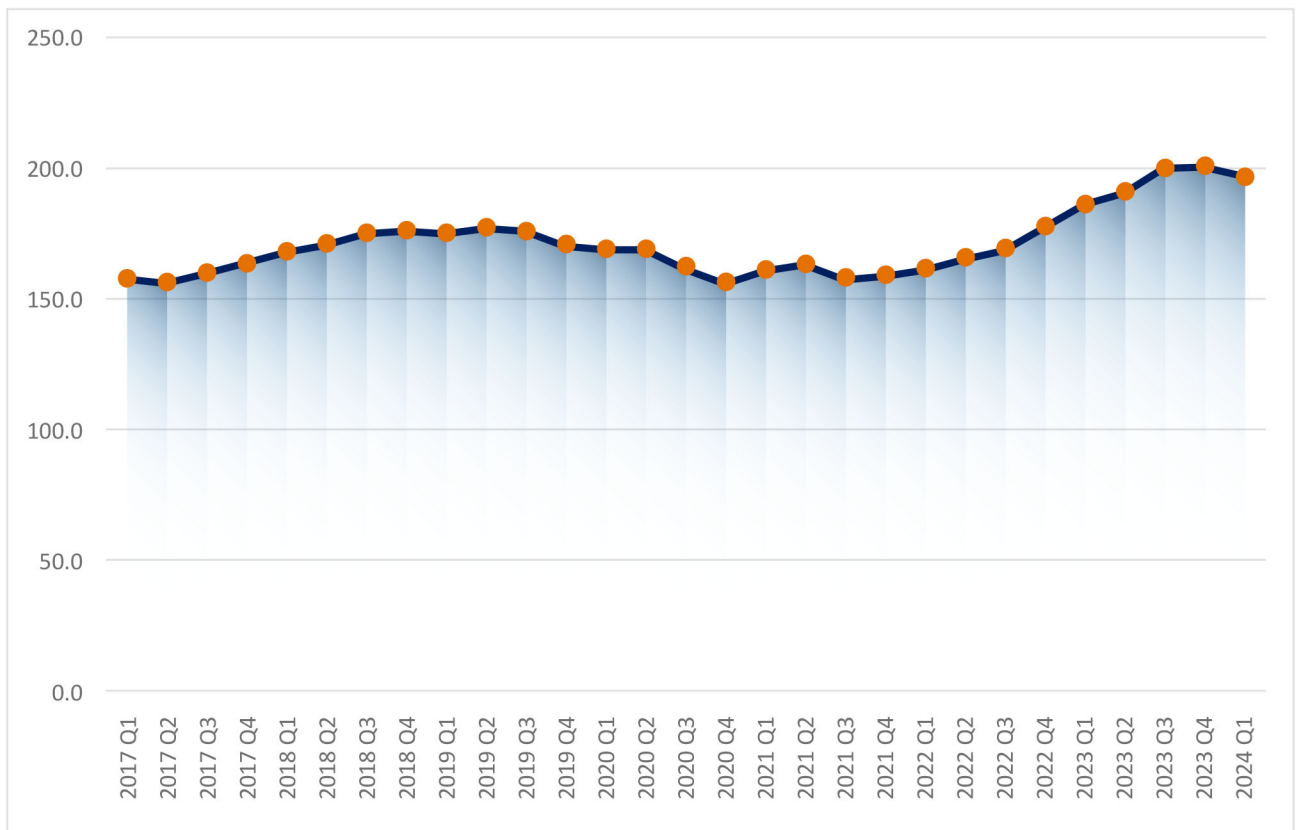
Figure 2: Office Supply, Demand and Occupancy Rate (Islandwide)



Source: URA, Huttons Data Analytics as of 26 Apr 2024

Rents of office space in 1Q 2024 decreased for the first time since 3Q 2021 by 1.7%. This may be due to landlords of older buildings adjusting their rents to prevent tenants from moving to better quality buildings.

Figure 3: URA Office Rent Index (Central Region)



Source: URA, Huttons Data Analytics as of 26 Apr 2024

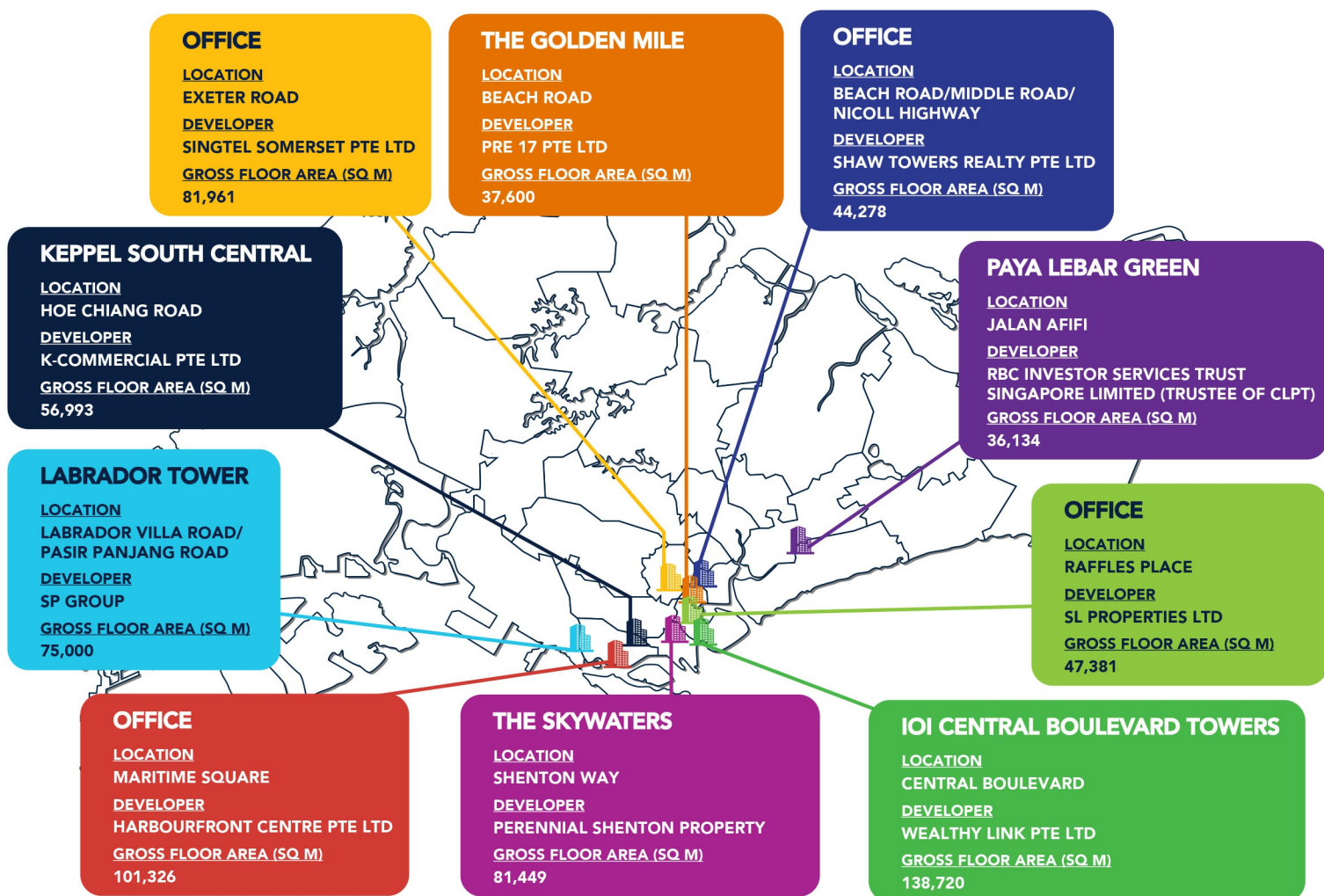
MARKET OUTLOOK

Singapore continues to attract interest from companies in the wealth management industry. These companies are mostly looking to rent space in better quality buildings while keeping an eye on suitable strata office space to buy.

There will be more than 3 million sq ft of office space completing in 2024, the largest supply since 2000. Leasing enquiries tend to pick up nearer to the completion date and these buildings should be well-occupied upon completion.


The office market is poised to gain strength in the coming quarters on the back of better economic growth. However, the large supply of office space will keep rent growth moderate in 2024.

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



Source: URA, Huttons Data Analytics as of 26 Apr 2024

CONTACT ME FOR A DETAILED DISCUSSION OF THE LATEST TRENDS



VINCENT SOH
R061088J
98357066

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