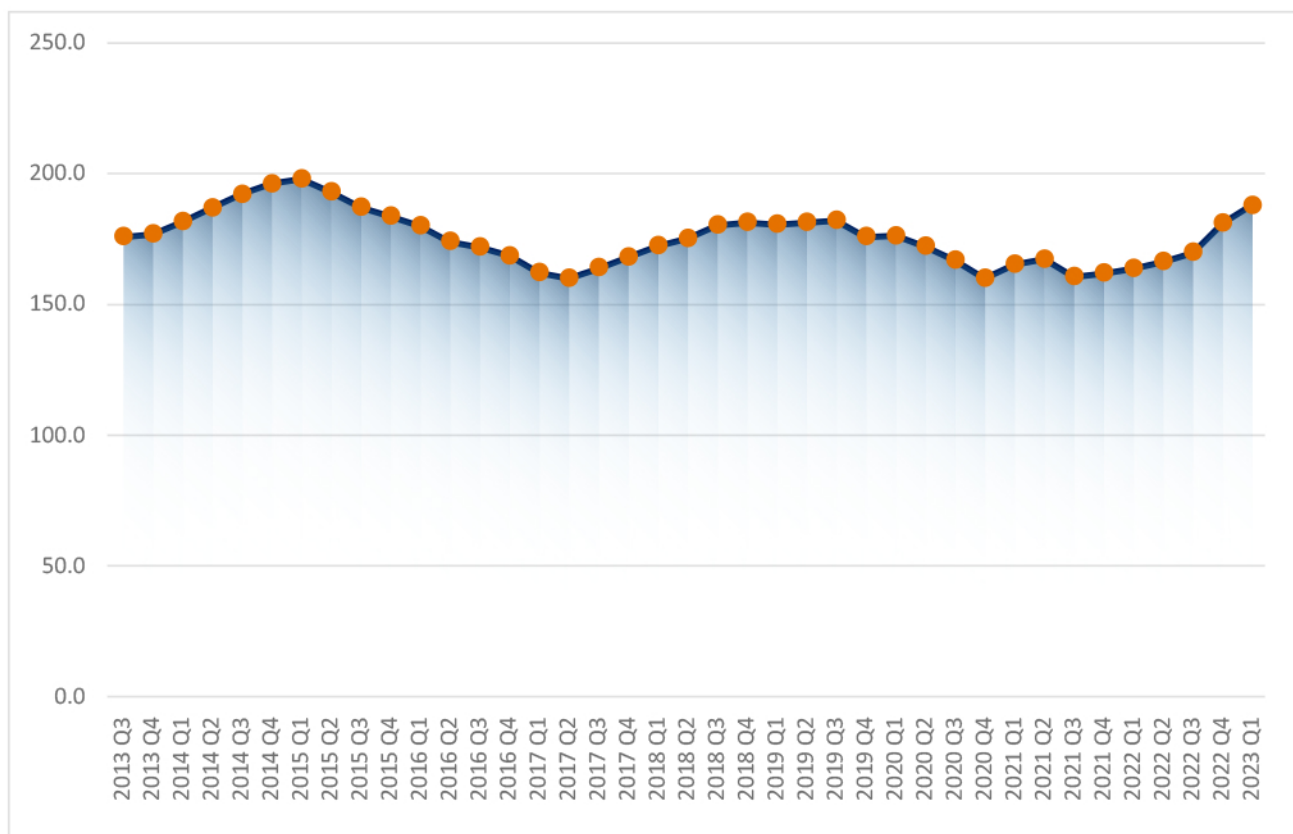


HUTTONS | COMMERCIAL RESEARCH | UPDATES 1Q 2023

Singapore's economy grew by 0.1% year-on-year (YoY) in 1Q 2023, slowing down from the 2.1% growth registered in 4Q 2022. Growth in the construction and services producing industries helped to mitigate the contraction in the manufacturing industry.

Rents in the Central Area grew 3.9% in 1Q 2023, slower than the 6.6% seen in the previous quarter. Sentiments were weaker in 1Q 2023 as the tech layoffs continued. The amount of shadow space has also increased in 1Q 2023.

Figure 1: URA Office Rent Index (Central Area)



Source: URA, Huttons Research

Total value of transactions in the office market in 1Q 2023 was estimated at \$513.1 million, 31.2% higher than 4Q 2022. This was however pulled up by the sale of 39 Robinson Road for \$399 million to Singapore-listed shipbuilding group Yangzijiang and its subsidiaries.



Figure 2: Top Five Office Space Transactions by Quantum in 1Q 2023

ADDRESS	LAND/ STRATA AREA	QUANTUM	TENURE	PRICE	MONTH
39 Robinson Road	169,252 sq ft	\$399 million	Freehold	\$2,357 psf	Mar 2023
PLUS #07-06, 07, 08, 09	5,059 sq ft	\$14.95 million	99 years	\$2,955 psf	Mar 2023
Suntec Tower One #09-02, 02A	4,037 sq ft	\$11.71 million	99 years	\$4,037 psf	Feb 2023
SLF Building #09-00	9,451 sq ft	\$9 million	99 years	\$952 psf	Jan 2023
Suntec Tower Two #06-03	3,003 sq ft	\$8.6 million	99 years	\$2,864 psf	Mar 2023

Source: URA, Huttons Research

MARKET OUTLOOK

The benefits from China's reopening have been limited in 1Q 2023 as low flight capacities and passport delays curtailed outward travel. There is a possibility that the Singapore economy may slip into a technical recession in the next quarter if the demand from China did not materialise.

The technology sector continued to witness layoffs and the amount of shadow space from tech companies may still increase in the coming quarters.

On a bright note, there has been an increase in enquiries from Ultra High Net Worth Individuals looking to set up family offices in Singapore. Quite a number of corporates from China have expressed interest to expand their operations in Singapore as well.

There will be almost 2 million sq ft of office space completing in 2023. With market sentiments staying cautious, office rents are estimated to stay flat in 2023.



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