

For Immediate Release

Industrial market's eleventh consecutive quarter of growth, defying gravity

Singapore: Industrial price and rental indices rose for an eleventh straight quarter in Q2 2023, despite a slowdown in trade activity.

SINGAPORE, 14 August 2023 – Leading diversified professional services and investment management firm Colliers (NASDAQ and TSX: CIGI) has today released its [Q2 2023 Singapore Industrial Market Report](#), a publication that interprets the latest quarterly trends in the Singapore industrial market.

Report highlights

During Q2 2023, the industrial rental and price indices continued their eleventh consecutive quarter of growth, despite softness in trade indicators. The rental index rose by 2.1% QOQ, deaccelerating from 2.8% QOQ during the previous quarter; while the price index rose by 1.5% QOQ, similar to the pace of growth registered last quarter.

With a remaining supply of 6.7 mil sf during 2023, and an average of 10.5 mil sf from present till 2025, higher supply will continue to moderate rental and price growth; compared with the average net absorption of 7.7 mil sf from 2021 till present. Supply is expected to stay ahead of demand, which could also provide more options for occupiers.

Singapore industrial price and rents see continued momentum

The JTC All Industrial price and rental indices continued their eleventh consecutive quarter of growth during Q2 2023, reaching their highest levels since Q1 2016 and Q1 2015 respectively. This was despite the fact that trade indicators remained soft, with continuous contractions recorded in manufacturing output, NODX and PMI.

Colliers Industrial Rents

	Q2 2023 (SGD)	% Change QOQ	% Change YOY
High-specs	3.34	-	3.7%
Factory*	1.67	0.6%	2.4%
Warehouse*	1.58	1.3%	5.7%
Prime logistics	1.68	1.8%	-
Business Park	3.69	-0.8%	0.2%
Prime Business Park	6.27	-	0.6%

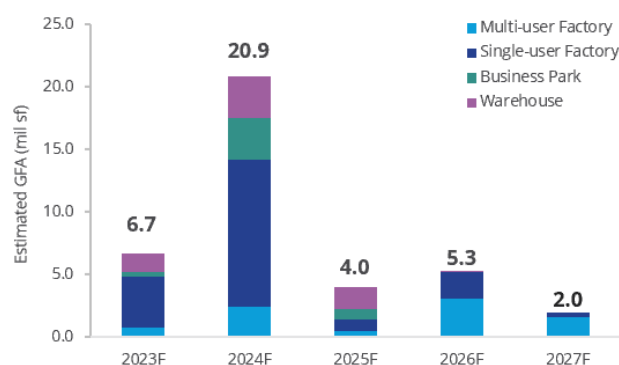
**Average of upper and lower floor rents*

Source: JTC, Colliers

New completions and robust supply pipeline may provide more options for occupiers

As backlogged supply continues to come on stream this year, the bulk of which is due in H2 2023, new supply was observed to outpace new demand and lower occupancy levels during H1 2023. With a remaining supply of 6.7 mil sf during 2023, and an average of 10.5 mil sf from present till 2025, higher supply will continue to moderate rental and price growth; compared with the average net absorption of 7.7 mil sf from 2021 till present. Supply is expected to stay ahead of demand, which could also provide more options for occupiers.

Upcoming Industrial Supply



Source: JTC, Colliers

Lynus Pook, Head of Industrial Services, Singapore commented: "Despite prolonged uncertainty in the macroeconomic environment, demand for industrial assets by corporations in the logistics, biomedical, and semiconductor segments remains resilient. This trend is expected to continue, given Singapore's attractive location and status as a regional hub."

Demand for industrial assets, especially high specification warehouses and multi-user factories to be underpinned by growth industries and structural trends.

Nevertheless, demand for higher specification industrial assets will continue to support the industrial market, underpinned by demand from industries such as advanced manufacturing, logistics, biomedical, and food sectors; with several corporations expanding their facilities or looking to establish a presence in Singapore, which will help to prop up industrial demand.

Catherine He, Head of Research, Singapore added: "The external environment is set to remain a key source of weakness for some time, with further export softness ahead, which may serve to slow both rental and price growth in the coming quarters."

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About Colliers

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