

Singapore office leasing market sees falling vacancies in Q4 amid limited supply

CBD Grade A office rents rise across micro-markets, led by premium buildings

For Immediate Release – Savills Research shared that Singapore’s office leasing market ended 2025 on a firmer footing, with easing vacancies and continued — albeit moderating — rental growth in the fourth quarter underscoring the resilience of the CBD Grade A office market.

Following a slowdown in office leasing sentiment in 2024 amid tech sector layoffs and heightened global economic uncertainty, market conditions improved from Q2/2025 onwards. Corporates increasingly adopted a “flight-to-quality” strategy, gravitating towards premium buildings against a tight pipeline of new top-tier office supply.

This trend was reinforced by limited additions of Grade AAA space since the completion of IOI Central Boulevard Towers in 2024, with previously vacant and shadow space in premium buildings largely backfilled.

As a result, vacancy levels in the CBD Grade A office market continued to trend downwards. The vacancy rate for CBD Grade A offices eased by 0.3 percentage points (ppt) quarter-on-quarter (QoQ) to 6.7% in Q4/2025, after holding at 7% for the previous two quarters. This quarterly improvement capped a year of recovery, with vacancy declining by 1.3 ppts for the full year. Net demand in the overall CBD Grade A office market remained positive for the fifth consecutive quarter, bringing total net take-up for 2025 to nearly 941,000 sq ft, the highest annual level since 2019.

Vacancy performance varied across grades and locations. Within the CBD Grade A segment, vacancy rates for Grade AAA and Grade A offices remained on a declining trend, reflecting continued occupier preference for

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premium buildings, while the vacancy rate for Grade AA offices rose, largely attributable to Keppel South Central, which is still in the process of being leased. Excluding this asset, the year-on-year change in vacancy in Tanjong Pagar would have been minimal, with the increase largely attributable to one building.

Across CBD micro-markets, vacancies for Grade A offices fell in Marina Bay and Raffles Place, where most Grade AAA stock is concentrated, while other locations recorded increases. Marina Bay and Raffles Place saw QoQ vacancy declines of 1.2 and 1.1 ppts respectively, reflecting sustained demand for premium assets.

Ashley Swan, Executive Director, Commercial & Industrial, Savills Singapore said, “We experienced a somewhat strong finish to 2025 with leasing activity steadily increasing throughout the year. There was a modest recovery in net demand in the last quarter as well as a reduction in shadow stock. These factors, working together, ensure the leasing market remained stable with rents inching up across the board.

With occupiers continuing to move towards quality space, rents at the top end inched upwards and are expected to continue to do so throughout 2026. This rental growth is likely to be supported by the lack of new office supply in 2026 (beyond Shaw Towers) and the possible re-development of older buildings even as economic uncertainty and low demand continue to linger.”

Supported by low vacancy levels and a constrained supply pipeline, average CBD Grade A office rents rose for the seventh consecutive quarter in Q4/2025, albeit at a more moderate pace. Rents increased 0.3% QoQ to S\$9.96 per sq ft, compared with 0.8% in the previous quarter. For the full year, office rents increased by 1.8%, outperforming the 1.1% growth recorded in 2024.

Rental growth was broad-based across CBD micro-markets in the fourth quarter last year. All locations recorded QoQ increases, ranging from 0.1% to 1%. The strongest growth was seen in the Beach Road/Middle Road precinct, where rents rose 1% following three consecutive quarters of flat performance, while City Hall recorded the strongest annual rental growth among the CBD submarkets in 2025. Premium locations such as Marina Bay and Raffles Place continued to demonstrate resilience, supported by high occupancy levels in Grade AAA buildings.

Commenting on market conditions, **Alan Cheong, Executive Director, Research & Consultancy, Savills Singapore**, said, “With vacancies in premium CBD buildings continuing to ease amid a limited pipeline of new Grade A supply, rents for Grade A offices should remain supported. Demand is expected to stay concentrated among larger and financially stronger occupiers, while non-Grade A buildings may face rising vacancy pressures over time as their tenant base, which typically consists of smaller companies, comes under greater margin stress. We maintain our forecast for Grade A CBD office rent growth in 2026 at around 2%.”

TABLE 1: Micro-Market Grade A Office Rents And Vacancy Rates, Q4/2025

LOCATION	MONTHLY RENT (S\$ PER SQ FT)	VACANCY RATE (%)
Marina Bay	13.19	8.4%
Raffles Place	10.25	4.2%
Shenton Way	9.13	4.7%
Tanjong Pagar	8.73	25.5%
City Hall	10.58	2.3%
Orchard Road	9.06	1.8%
Beach Road/Middle Road	8.18	6.9%

Source Savills Research & Consultancy

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