RESEARCH

MARKET IN MINUTES

SINGAPORE Retail

Retail – Singapore – February 2026

Resilient despite consumer caution

KEY TAKEAWAYS

- Retail sales (excluding motor vehicles) rose in both October and November, while food and beverage (F&B) sales returned to growth in October.
- Although conditions improved in 2H/2025, softer demand in 1H/2025 weighed on overall performance, leaving islandwide retail vacancy broadly unchanged in Q4/2025.
- According to Savills' basket of retail properties, average monthly rents in both the Orchard and Suburban areas registered modest year-on-year (YoY) growth.
- Supported by a tight supply pipeline and sustained tourism recovery, occupancy and rents—particularly in prime shopping districts—are expected to post modest gains of 1% to 2% this year. For the suburban malls, rents are still forecast to increase by the same amount as vacancies in prime malls remain low.

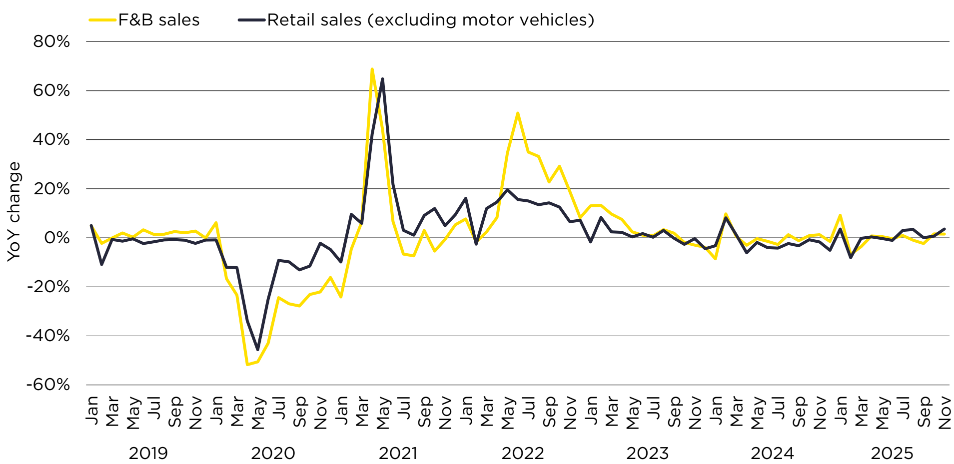
MACROECONOMIC OVERVIEW

According to advance estimates by the Ministry of Trade and Industry (MTI), Singapore's economy expanded by 5.7% YoY in Q4/2025, extending the 4.3% YoY expansion in the previous quarter. While retail trade among the services sectors continues to see stable growth in Q4, the accommodation sector and food services growth weakened from Q3. For the whole of 2025, the economy expanded by 4.8%, extending the 4.4% growth in 2024.

Retail sales (excluding motor vehicles)[1] continued to rise in October and November, extending the sales growth in Q3. While some discretionary goods like wearing apparel & footwear and food & alcohol continued to see slowing sales, others, like computer & telecommunications equipment and recreational goods continue to lift the overall retail sales with improved sales growth in the two months. Supermarket

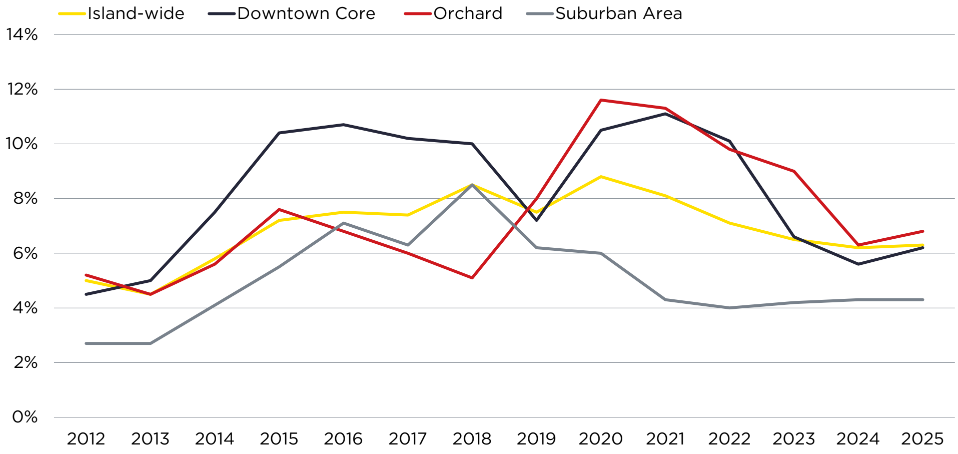
1 Retail Sales Index in Chained Volume Terms, Monthly (excludes any online orders which are sent from foreign addresses). Updated 15 January 2026. Retail Sales Index in Chained Volume Terms, Monthly (excludes any online orders which are sent from foreign addresses). Updated 15 January 2026.

FIGURE 1: RETAIL SALES AND F&B SERVICES INDEX, 2019 – NOV 2025



Source: Singapore Department of Statistics, Savills Research & Consultancy

FIGURE 2: VACANCY RATE, 2012 – Q4/2025



Source: URA, Savills Research & Consultancy

> Although an increasing number of retailers and F&B operators are experiencing margin pressures, successful brands and new-to-market entrants continue to pay a premium for prime locations.
>
> **ALAN CHEONG**

sales rose again in October and November, albeit at a moderated pace as the initial boost from the mid-year CDC vouchers started to wane. On the other hand, overall F&B[2] sales recovered from a two-month decline in October, though at a muted pace of 1.5% YoY. It was largely supported by sales takings from food catering and fast-food outlets.

CENTRAL AREA RENTS UP AMID STABLE OCCUPANCY

In the final quarter of 2025, demand for retail space remained resilient, registering a net absorption of 366,000 sq ft. Most regions recorded positive net take-up in Q4/2025, led by the Suburban Area, where vacancies declined by 0.9 percentage points (ppts) QoQ to 4.3%, supported by 215,000 sq ft of net demand. Vacancies in the Central Region also eased by 0.5 ppts QoQ to 7.3% in Q4/2025.

2 Food & Beverage Services Index in Chained Volume Terms, Monthly. Updated 15 January 2026.

Despite the improvement observed in the second half of 2025, weaker demand in the first half of the year offset the stronger absorption in 2H/2025. As a result, net demand for the full year totalled 301,000 sq ft, significantly below the four-year average of 1.0 million sq ft since the market recovery began in 2021. Consequently, the islandwide retail vacancy rate remained largely stable at 6.3% in Q4/2025, marginally above the 6.2% recorded in Q4/2024. (Figure 2)

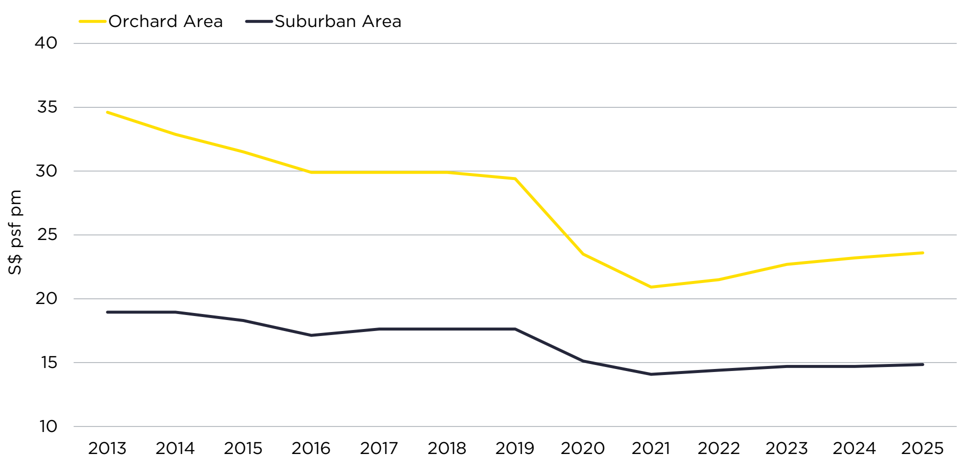
Notwithstanding subdued market activity, the Urban Redevelopment Authority's (URA) rental index for the Central Region increased by 0.9% QoQ in Q4/2025, bringing YoY rental growth to 1.9%. This was primarily driven by stronger rental growth in the Central Area, where rents rose by 2.7% YoY in Q4/2025, while rents in the Fringe Area remained flat on an annual basis. According to Savills' basket of retail properties[3], average monthly rents in the Orchard Area increased by 1.7% YoY to S$23.60 per sq ft in Q4/2025. In the Suburban Area, average monthly rents rose by 1.0% YoY to S$14.90 per sq ft over the same period. (Figure 3)

F&B CONTINUES TO PLAY A CENTRAL ROLE IN ENHANCING MALL ATTRACTIVENESS

In 2025, the F&B sector experienced a significant number of closures, with 3,074 food businesses ceasing operations – exceeding the five-year average of 2,608 closures. Despite the challenging operating environment, the formation of new F&B establishments continued to increase, rising from a five-year average of 3,064 to 4,103 new businesses in 2025. This growth substantially outpaced business cessations, resulting in a higher net addition of F&B establishments compared with the five-year historical average.

Retail malls continue to place strong emphasis on the F&B component to drive and sustain footfall. Lentor Modern mall, which opened in January, launched with over 40 stores, with F&B outlets comprising the majority of its tenant mix. Beyond offering a diverse range of cuisines, the mall also features pet-friendly dining options to broaden its appeal. Meanwhile, Kallang Wave Mall is set to undergo a three-year revamp starting in the second quarter. Upon completion in 2028, the mall will introduce new alfresco dining concepts along the waterfront esplanade, which are expected to enhance pre- and post-event dining experiences for concertgoers and sports fans.

FIGURE 3: AVERAGE RETAIL MALL OBTAINABLE RENTS, 2012 – 2025



Source: Savills Research & Consultancy

3 Average obtainable rents in the area.

TABLE 1: NOTABLE PROJECTS ABOVE 100,000 SQ FT IN THE PIPELINE

ESTIMATED COMPLETION	DEVELOPMENT	LOCATION	ESTIMATED NLA (SQ FT)*
N/A	Office/retail development (partial redevelopment of Marina Square)	Raffles Boulevard	660,000
mid-2030s	Changi Airport Terminal 5	Tanah Merah Coast Road	435,000
N/A	Office/retail development (redevelopment of HarbourFront Centre)	Maritime Square	316,000
2029	Retail development (redevelopment of Tanjong Katong Complex)	Geylang Road	235,000
N/A	Office/retail/hotel development (redevelopment of Forum The Shopping Mall, the voco Orchard Singapore hotel, and office development HPL House)	Cuscaden Road/ Orchard Road	202,000
N/A	Hotel/retail development (expansion of RWS integrated resort)	Sentosa Gateway	160,000
N/A	Office/retail development (redevelopment of Tanglin Shopping Centre)	Cuscaden Road/ Tanglin Road	118,000
N/A	Office/retail development	Tanah Merah Coast Road	108,000

Source: Company announcements, URA, Savills Research & Consultancy
* Savills estimate, based on an efficiency rate of between 70% and 75%.

SUPPLY IN THE PIPELINE

According to Savills' estimates, the pipeline supply of retail space is projected to reach approximately 504,000 sq ft of net lettable area (NLA) in 2026, marginally above the five-year historical average of 474,000 sq ft (NLA). New supply is expected to taper off in the following year, ahead of the completion of several major developments from 2028 onwards, including the expansion of Marina Bay Sands and the redevelopment of Tanjong Katong Complex. With a relatively limited supply pipeline over the next two years – estimated at less than 324,000 sq ft (NLA) per annum – this is likely to ease pressure on retail occupancy and rental levels in the near term.

OUTLOOK

Singapore's economic growth is expected to remain resilient in 2026, although the growth momentum is likely to moderate after a stronger than expected performance in 2025. The Monetary Authority of Singapore (MAS) projects that technology-related activities will continue to outperform, supported by the global tailwinds from artificial intelligence (AI). While stronger-than-expected economic growth could translate into higher wage growth and improved consumer sentiment, consumers are expected to remain cautious in their spending amid a prudent hiring environment. This is likely to result in negative spillover effects on domestic-oriented sectors such as retail and F&B, which have already been under pressure. According to the Accounting and Corporate Regulatory Authority (ACRA), data from January to October 2025 indicate that more than 80% of food-related businesses that ceased operations within five years reported no profit in their annual tax filings.

Businesses facing rising operating costs are therefore likely to be forced out of the market, keeping overall demand for retail space subdued in the near term. Nonetheless, Singapore continues to be widely regarded as a premier global testbed for new retail concepts, attracting international brands seeking to enter the Asian market. This is supported by a consumer base that is generally receptive to new products and concepts. Following a series of new openings in 2025, including On, Alo Yoga and Chaufifth, other international brands such as Lotteria, Mollytea and Pierre Hermé Paris are expected to enter the market in 2026. Coupled with a tight supply pipeline over the next few years and sustained growth in tourism, occupancy rates and rental levels in certain locations, particularly prime shopping districts, could see modest growth this year.

In light of these factors, we project rents for both Orchard Road and suburban malls to each increase by up to 2%.

TABLE 2: RETAIL RENTAL FORECAST

	ORCHARD ROAD (YOY CHANGE)	SUBURBAN AREA (YOY CHANGE)
2026F	+1% to 2%	+1% to 2%

Source: Savills Research & Consultancy

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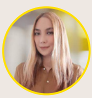

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