

SAVILLS Singapore: Shorter-Tenure Industrial Assets Outperform Longer Tenures

30-Year Leaseholds Up 5.1%, Freehold Up 2.4%

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For Immediate Release - SAVILLS Research shared that industrial assets with shorter remaining land tenures drew increased interest from both investors and occupiers in 2025. Prices of 30-year leasehold industrial properties in SAVILLS' basket rose by 5.1% year-on-year (YoY), accelerating from the 4.1% growth recorded in 2024. In comparison, price growth for longer-tenure assets moderated, with freehold prices increasing by 2.4% YoY and 60-year leasehold prices rising by 3.9% YoY.

This divergence coincided with occupiers and investors adjusting strategies in response to sustained global uncertainty, rising operating costs and evolving supply chain considerations. Overall leasing activity remained subdued, with full-year leasing volumes for factory and warehouse space rising modestly by 1.4% YoY to 12,208 transactions, supported by resilient warehouse demand. Investment sentiment also remained cautious, as total industrial sales transactions declined by 8.2% YoY to 1,611 deals in 2025.

Leasing demand across the industrial sector reflected similar themes of caution and optimisation. Warehouse leasing volumes rose by 6.9% YoY to 2,021 transactions in 2025 — the highest level since data collection began in 2000 — supported by sustained requirements for cold storage facilities and modern logistics warehouse space. Despite significant new supply completions in the first half of the year, including Maersk's World Gateway 2 and Mapletree Joo Koon Logistics Hub, the warehouse vacancy rate edged down to 10.2% in Q4/2025.

In the factory segment, leasing activity remained subdued amid continued supply additions. Multiple-user factory vacancies rose to 10.1% in Q4/2025,

while single-user factory vacancies increased marginally quarter-on-quarter but remained below year-ago levels, supported by largely pre-committed developments.

Reflecting these conditions, rental growth diverged across segments. Prime warehouse and logistics rents recorded stronger growth, increasing 5.7% YoY in Q4/2025. In contrast, prime multiple-user factory rents rose at a more moderate pace of 1.1% YoY, easing from the 2.8% YoY growth recorded in 2024.

Ashley Swan, Executive Director, Commercial & Industrial, SAVILLS Singapore said, “The numbers reflect the overall caution in the market where continued economic uncertainty and rising cost mean that most investors and occupiers take longer and are increasingly prudent when making decisions. Having said that, the market will be aided by strong governmental support in advanced manufacturing and R&D which should translate to a gradual pick up in demand over the long term.”

Looking ahead, SAVILLS Singapore expects the industrial market to remain resilient but marked by moderating rental growth in 2026, as external headwinds intensify. Occupier demand is expected to increasingly favour “smart” and high-specification industrial facilities that support automation, higher power loads and operational efficiency. Within the logistics segment, demand for modern warehouse space — particularly cold storage — is expected to remain firm, supported by domestic consumption and relatively limited supply.

However, as regional supply chains continue to be reshaped by US tariffs and cost considerations, SAVILLS Singapore forecasts rental growth for general warehousing space to moderate to between 0% and 1% in 2026. For multiple-user factory space, rents are projected to increase by around 0% to 2%, as smaller and more cost-effective premises remain attractive to occupiers prioritising flexibility and efficiency.

Alan Cheong, Executive Director, Research & Consultancy, SAVILLS Singapore said, “With rising operating costs and the continuing flux in US tariff rates, some companies are reassessing their expansion strategies and capital commitments. These conditions are influencing how both occupiers and investors approach risk and tenure in the industrial market.”

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Listed on the London Stock Exchange, we have more than 40,000 professionals collaborating across over 70 countries, delivering unrivalled coverage and expertise to the world of commercial and prime residential real estate.

By applying world research data and trends to local and global settings, we are able to empower our clients with insights from the forefront of the industry – bringing their aspirations to life through innovative, tailor-made solutions.

Whether we are working with a global corporate looking to expand, an investor seeking to sustainably optimise their portfolio, or a family trying to find a new home, we help our clients make better property decisions.

SAVILLS Singapore puts our clients at the forefront of everything we do. And that has led us to where we are today – an award-winning real estate services provider in the Asia Pacific region.

We strive to be visionaries in better crafting astute property decisions for individuals, businesses and investors. We believe that our clients' achievements are a testament to our value-based expertise, and commitment to delivering premium service.

Our team of professionals, with their deep knowledge of specialist property sectors, is dedicated to providing tailored solutions that align with our clients' objectives. We take pride in the comprehensive range of services we offer: transactional advice in investment, industrial, commercial, residential, retail, project management, research and consultancy, property and facilities management and valuation.

Unwavering in our focus to deliver innovative solutions, excellent customer service, and build long-term relationships with our clients, we constantly adapt to meet the evolving needs of our clients. We remain committed to their success and strive to exceed their expectations in every interaction.

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