Savills Singapore Pte Ltd
30 Cecil Street
#20-03
Prudential Tower
Singapore 049712

REG NO: 198703410D
T: +65 6836 6888
savills.com

Prime industrial rents decline as occupiers become more selective: Savills Singapore

Prime warehouse and multiple-user factory rents soften despite gains in JTC's broader rental indices, while business parks and high-spec industrial assets show resilience

For Immediate Release — Singapore's industrial rental market showed increasingly divergent trends in the third quarter of 2026, as Savills Singapore's prime rental baskets recorded declines in both the warehouse and multiple-user factory segments despite continued gains in JTC's broader rental indices. Meanwhile, prime business park and high-specification industrial rents continued to rise, reflecting occupiers' preference for newer, better-equipped facilities.

Factory and warehouse leasing activity softened further during the quarter, with transaction volume falling by 29.0% year-on-year (YoY) to 2,174 deals, its lowest quarterly level since 2017. Activity declined across all segments as external uncertainty and cautious business sentiment prompted occupiers to defer expansion plans and adopt a more selective approach to space requirements.

While JTC's multiple-user factory and warehouse rental indices rose by 0.3% and 1.0% quarter-on-quarter (QoQ) respectively, Savills' prime rental baskets pointed to mounting pressure at the upper end of the market. Prime warehouse and logistics monthly rents recorded their first decline after five consecutive quarters of growth, falling by 2.7% QoQ. Similarly, prime multiple-user factory rents declined by a further 1.3% QoQ, their lowest level in three years.

The divergence reflects differences in the market segments tracked by JTC's broader rental indices and Savills' selected prime property baskets, with the latter indicating growing rental pressure among prime assets as occupiers become increasingly cost-conscious.

Ashley Swan, Executive Director, Commercial & Industrial, Savills Singapore, said: "Cost pressures remain in the forefront of occupiers' decision-making and has led to them being increasingly selective with their real estate decisions as they re-align these considerations with operational needs. This more measured

Press Release

approach coupled with increased demand from the technology as well as advanced manufacturing sectors is reflected in the stronger performance of the high-specs industrial and newer business park segments where newer, more efficient and better equipped facilities generally offer increased value. In contrast, we expect older facilities to continue to face challenges going into the new year with limited supply helping to soften any decline."

In contrast, Savills' business park rental basket returned to growth after a short-lived decline in the preceding quarter. Standard business park monthly rents rose by 0.5% QoQ, while prime monthly rents increased more strongly by 2.6% QoQ. The outperformance of prime space reflects occupiers' continued flight to quality, with demand favouring newer workplaces offering superior specifications, sustainability features and tenant amenities.

This preference was similarly evident in the high-specification industrial segment, where rents rose by 1.4% QoQ. Demand from technology, advanced manufacturing and business services occupiers continued to favour newer, better-equipped facilities.

However, performance remained uneven across the business park market. Vacancy in the Central Planning Region fell to 10.8%, its lowest level since Geneo's completion in early 2025. In contrast, weaker demand in older business park clusters in the East and West Planning Regions contributed to a 0.7 percentage point increase in the islandwide vacancy rate to 22.8%.

Looking ahead, new industrial supply is expected to remain limited in 2026, with 706,000 sq ft of multiple-user factory space and 2.0 million sq ft of warehouse space in the pipeline, well below their respective four-year annual averages of 3.3 million sq ft and 3.0 million sq ft. This should cushion the impact of softer demand, with Savills forecasting JTC's multiple-user factory rental index to remain flat in 2026 and its warehouse rental index to rise by 1%. (See Table 1)

Alan Cheong, Executive Director, Research & Consultancy, Savills Singapore, said: "Despite Singapore's stronger economic performance, industrial rental growth has not kept pace with the broader economy as businesses continue to face operating cost pressures. Limited new supply should help stabilise the market, but

Press Release

rental performance is likely to diverge increasingly by asset quality. Newer business parks and high-specification industrial developments should continue to outperform, while older properties may face greater pressure to upgrade or reposition."

TABLE 1: Savills Forecast of JTC Rental Indices for Multiple-User Factory and Warehouse Segments

PERIOD	YoY % CHANGE IN JTC MULTIPLE-USER FACTORY RENTAL INDEX	YoY % CHANGE IN JTC WAREHOUSE RENTAL INDEX
2026F	0%	1%

–Ends–



For further information, please contact:

Ashley Swan, Executive Director, Commercial & Industrial

Tel: +65 9756 5664 | Ashley.Swan@Savills.com.sg

Alan Cheong, Executive Director, Research & Consultancy

Tel: +65 9389 9250 | Alan.Cheong@Savills.com.sg

Press Release

Jacke Chye, Head of Marketing and Communications, Savills Singapore
Tel: +65 9678 6761 | Jacke.Chye@Savills.com.sg

Juliet Tseng, Manager, Corporate Communications & Media Relations
Tel: +65 9687 6657 | Juliet.Tseng@Savills.com.sg

About Savills

For over 160 years, Savills has been helping people thrive through place and spaces.

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're 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

Press Release

needs of our clients. We remain committed to their success and strive to exceed their expectations in every interaction.

For more information about Savills Singapore, visit our website at www.savills.com.sg

Press Release