

Q1 2025

COMMERCIAL PROPERTY REPORT

Q1 2025

OFFICE PROPERTY REPORT

Key Highlights

- **Moderating Sales** – sales activity in the office market was subdued in Q1 2025, with 79 office deals worth nearly \$348 million, according to caveats lodged.
- **Rebound in Rentals** – office space rentals in the Central Region grew slightly during the quarter, inching up by 0.3% QOQ in Q1 2025 based on the URA office rental index.
- **Higher vacancies** – office space vacancies crept up to 11.7% in Q1 from 10.6% in Q4, due to a surge in office supply completions during the quarter.

Office Property Q1 2025

Overview

Office market investment sales got off on a slower start in Q1 2025, after a brief upturn in Q4. Amidst the weaker sales activity, office prices eased in the first quarter of the year. Meanwhile, office rentals saw a slight rebound in Q1 2025.

Based on advance estimates released by Ministry of Trade and Industry, the Singapore economy grew by 3.8% year-on-year in Q1 2025, slowing from the 5.0% YOY expansion in Q4. Amid global trade tensions and macroeconomic uncertainties, the MTI announced that Singapore's GDP growth forecast for 2025 has been trimmed from 1 to 3% to 0 to 2%.

Local business sentiment and economic outlook for 2025 have also turned cautious. According to the Business Expectations Survey published by the Singapore Department of Statistics for Q2 2025, the business outlook among services sector firms has turned net negative for the period of April to September 2025 in view of ongoing uncertainties surrounding the US tariffs. This is the first time the business sentiment net weighted balance had turned negative since the 2020 COVID-19 pandemic.

Sales Transactions and Prices

- Central Region office prices continued to decline in Q1 2025. The URA property price index of office space in the Central Region slipped by 0.2% QOQ in Q1, following the 0.7% QOQ dip in Q4 2024.
- In Q1 2025, office prices in the Central Area fell by 0.6% QOQ, while that of the Fringe Area climbed by 2.9% QOQ from Q4 2024 – booking the fourth straight quarter of price growth in the Fringe Area.

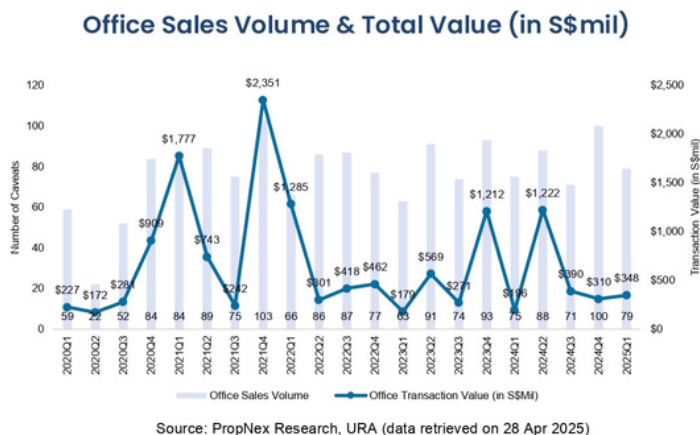


Table 1: Top 10 Office Deals by Quantum in Q1 2025

s/n	Location	Transacted Price (\$)	Area (sq ft)	Unit Price (\$ PSF)	Date of Sale
1	20 COLLYER QUAY 20 COLLYER QUAY #24-00, ETC	91,800,000	29,160	3,148	10-Mar-25
2	TOKIO MARINE CENTRE 20 MCCALLUM STREET #05/06/07-XX	67,530,000	19,052	3,544	16-Jan-25
3	ONE SOPHIA 1 SOPHIA ROAD #05-XX-XX	40,000,000	12,938	3,092	14-Mar-25
4	SUNTEC TOWER THREE 8 TEMASEK BOULEVARD #24-XX	15,363,200	4,801	3,200	19-Mar-25
5	CONNEXION 1 FARRER PARK STATION ROAD #09-XX, XX	9,585,180	1,550	6,184	7-Mar-25
6	INTERNATIONAL PLAZA 10 ANSON ROAD #34-XX-XX	7,785,500	4,230	1,840	20-Jan-25
7	SUNTEC TOWER ONE 7 TEMASEK BOULEVARD #19-XX	6,300,000	2,131	2,956	26-Mar-25
8	WOODS SQUARE 12 WOODLANDS SQUARE #09-XX-XX	5,949,290	2,939	2,025	3-Jan-25
9	CENTRIUM SQUARE 320 SERANGOON ROAD #14-XX, XX	4,560,300	1,690	2,698	10-Feb-25
10	INTERNATIONAL PLAZA 10 ANSON ROAD #20-XX	4,243,000	2,357	1,800	10-Jan-25

Source: PropNex Research, URA (data retrieved on 28 Apr 2025)

- Based on caveats lodged, there were 79 office transactions in Q1 2025 – down by 21% QOQ from the 100 deals done in Q4 2024. The office transactions in Q1 amounted to nearly \$348 million in value, up by 12.3% QOQ from \$310 million in the previous quarter.
- A number of transactions came from One Sophia, a mixed-use redevelopment of the former Peace Centre and Peace Mansion. In Q1 2025, about seven strata office units at One Sophia worth \$43.8 million were sold, with unit prices averaging at \$3,146 psf.
- The top caveated transaction in Q1 was for the sale of three floors of prime office space at 20 Collyer Quay in March. Its sale price of \$91.8 million reflects a unit price of \$3,148 psf, based on a floor area of 29,160 sq ft. According to media reports, the office was sold by an affiliate firm of Amer International Group, a commodity trading firm to Guocoland.
- The second largest caveated deal in Q1 was the sale of three office floors at the Tokio Marine Centre, for \$67.5 million in January. They span more than 19,000 sq ft in freehold office space, reflecting a unit price of \$3,544 psf.

Table 2: Price & Rental Index of Office Space in Q1 2025

Q1 2025	Price Index	QoQ %	YoY %	Rental Index	QoQ %	YoY %
Central Region	112.9	-0.2%	2.8%	200.6	0.3%	2.0%
Central Area	109.0	-0.6%	2.1%	200.5	0.1%	0.8%
Fringe Area	129.6	2.9%	7.8%	191.9	2.0%	9.9%

Source: PropNex Research, URA (data retrieved on 28 Apr 2025)

Rentals and Leasing Trends

- In Q1 2025, positive business sentiment had helped to drive office rental activity, despite growing macroeconomic uncertainties stemming from the evolving trade tariff situation.
- URA Realis data showed that the median \$PSF rentals between newer, relatively modern Category 1 and the other Category 2 office buildings in the Central Area has narrowed slightly for smaller office space (spanning below 500 sq m or 5,382 sq ft) – presenting potential flight-to-quality opportunities for some tenants.

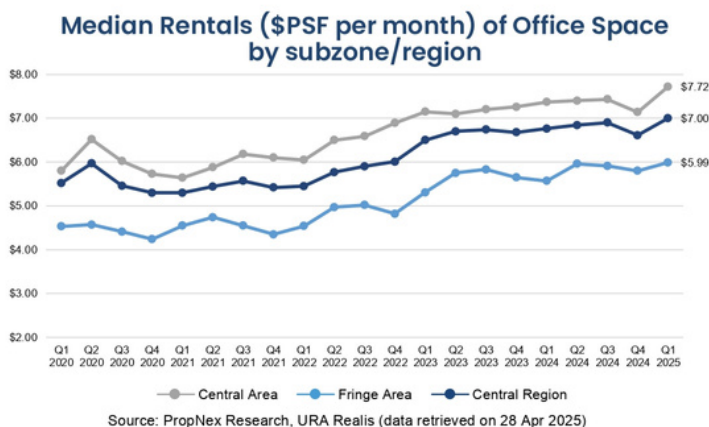
- As per the URA office rental index, Central Region office rents inched up by 0.3% QOQ in Q1 2025, reversing the 0.9% QOQ decline in the previous quarter. The growth in rentals was led by the Fringe Area where rents rose by 2.0% QOQ, and the Central Area which saw a 0.1% QOQ rise in rents.

Office Vacancies

- Latest URA data showed that the island-wide vacancy rate of office space has crept up from 10.6% in Q4 2024 to 11.7% in Q1 2025 due to the bumper crop of office supply entering the market during the first quarter of 2025.
- In Q1 2025, about 111,722 sq m of office space was completed. They included Keppel South Central in Tanjong Pagar, and Paya Lebar Green – a new Grade A office development located in Paya Lebar that was developed by Lendlease.
- According to the URA, the amount of occupied office space decreased by 1,000 sq m (nett) in Q1 2025, compared with 23,000 sq m increase in Q4. Meanwhile, the total stock of office space grew by 98,000 sq m (nett) in Q1 2025.
- In terms of supply, a total of 856,000 sq m gross floor area (GFA) of office space is in the pipeline as at the end of Q1 2025, versus 909,000 sq m GFA of space in Q4 2024. An estimated 50,000 sq m of office space is slated to come on in the rest of 2025.

Market Outlook

- In the near- to medium-term, a key concern is the potential global economic slowdown, as a result of the US tariffs and the US-China trade tensions which threaten to upend international trade. This could also impact consumer confidence and business sentiment, possibly leading to a cut in discretionary spending and corporate investments.
- Meanwhile, occupiers in sectors such as manufacturing and financial services may face greater headwinds should global growth, trade, and investment take a hit from the US tariffs. To that end, the office property market may be subdued as occupiers remain cautious about expanding their footprint amidst ongoing uncertainties and the evolving tariff situation. Office capital and rental values may be flat or potentially moderate slightly as caution takes hold.



- Based on URA Realis caveat data, Central Region median monthly rentals climbed by 5.9% QOQ in Q1 to \$7 psf per month, rebounding strongly after the 4.2% QOQ decline in the previous quarter.
- Office median rentals in the Central Area rose by 8.1% QOQ to \$7.72 psf per month in Q1 2025 – hitting a new record high for the area. Meanwhile, Fringe Area median rentals grew by 3.3% QOQ to \$5.99 psf per month in Q1 2025.
- Leasing activity picked up during the quarter. The office leasing volume increased by 6.4% QOQ to 1,541 contracts from the 1,448 contracts in Q4 2024. Compared with a year ago, the office rental volume was down by 0.6% YOY from 1,551 contracts signed in Q1 2024.
- The total leasing value was up by 28.4% QOQ to about \$43.3 million in Q1 2025, from \$33.7 million in Q4. However, the total leasing transaction value was down by 3.9% YOY from the \$45 million worth of deals in Q1 2024.
- In light of market uncertainties, occupiers are likely to be prudent about their space needs, and could postpone any expansion or relocation plans – which may weigh on rental growth in the near-term



Q1 2025

INDUSTRIAL PROPERTY REPORT

Key Highlights

- **Resilient prices** – Despite the decline in sales volume, prices of industrial properties remained relatively resilient, increasing by 1.5% QOQ in Q1 2025.
- **Stabilising rentals** – Industrial space rentals climbed for the 18th consecutive quarter with a 0.5% QOQ increase in Q1 2025. On a quarterly basis, all industrial property types reflected a small uptick in rentals.
- **Steady occupancies** – The overall occupancy rate of industrial properties remained stable in Q1 2025 at 89.0% – unchanged from the previous quarter. In Q1 2025, about 209,000 sq m or 2.2 million sq ft of industrial space was added to industrial stock.
- **Influx of upcoming supply** – In the next three quarters of 2025, about 0.7 million sq m or 7.5 million sq ft of industrial space is slated to enter the market. In 2026, the upcoming supply is estimated at 1.5 million sq m (16.1 million sq ft).

Industrial Property Q1 2025

Overview

In Q1 2025, prices and rentals of industrial properties remained relatively stable despite rising geopolitical tensions, market uncertainty and slowing external demand. Occupancies of industrial factories remained steady during the quarter as industrialists likely opted to renew leases and review relocation plans given the unpredictable economic situation. Of note, occupancies of business parks and warehouses slipped due to an increase in supply of space in the quarter.

Advance estimates from the Ministry of Trade and Industry (MTI) showed that the overall Singapore economy grew 3.8% year-on-year (YOY) in Q1 2025, moderating from the 5.0% growth in the previous quarter. Similarly, growth in the manufacturing sector slowed to 5.0% YOY in Q1 2025, from the 7.4% YOY growth in Q4 2024. However, market indicators point to signs of weaker growth ahead for the local manufacturing sector, as the Purchasing Managers' Index (PMI) for March slipped to 50.6.

Looking ahead, the sweeping US tariffs announced by US President Donald Trump may weigh on Singapore's manufacturing, with potentially softer trading activity and weaker growth prospects. As the market situation is still unfolding, any changes to trade policies or deeper economic integration between countries will likely influence business sentiment. Singapore, as a small and open economy will be vulnerable to any potential global economic downturns, even though it faces a smaller direct US tariff.

Rents and Occupancies

- Occupancies for overall industrial properties remained stable in Q1 2025 at 89%, unchanged from the previous quarter. Occupancies of multiple-user factories and single-user factories rose by 0.3% ppt and 0.6% ppt QOQ, respectively in Q1 2025. Conversely, occupancies of warehouses and business parks fell by 1.0% ppt and 2.0% ppt QOQ, respectively.
- About 209,000 sq m or 2.2 million sq ft of industrial space was completed in Q1 2025. In the next three quarters of 2025, about 700,000 sq m or 7.5 million sq ft of space is expected to be completed.
- Of the upcoming supply, 32% of the stock will be warehouse space, while single-user factory space and multiple-user factory space will each account for 29% of the supply. Business parks will make up the remaining 10% of the supply.
- In the whole of 2025, about 920,000 sq m of industrial space is expected to be completed. This is nearly three times the supply injected in 2024 (about 330,000 sq m), which may potentially put some strain on the occupancy rate should space absorption lag incoming supply.

Industrial Rents and Occupancies in Q1 2025

Q1 2025	Rents			Occupancies		
	Rental Index	QoQ % Change	YoY % Change	Occupancy Rate	QoQ % Change	YoY % Change
All Industrial	110.7	0.5	2.3	89.0%	0.0%	0.3%
Multiple-User Factory	111.7	0.3	2.8	91.3%	0.3%	0.8%
Single-User Factory	112.6	0.8	1.9	88.6%	0.6%	0.8%
Business Park	121.7	1.2	1.0	75.9%	-2.0%	-2.1%
Warehouse	104.8	0.6	2.0	90.5%	-1.0%	-0.6%

Source: PropNex Research, JTC J Space (24 April 2025)

- According to JTC, overall industrial rentals inched up by 0.5% QOQ in Q1 2025, marking the 18th straight quarter of growth from Q4 2020. Meanwhile on a YOY basis, rentals were up by 2.3% in Q1 2025.
- In Q1 2025, all industrial property types saw a slight increase in rental QOQ. On a quarterly basis, business parks experienced the largest rental increase at 1.2%, followed by single-user factories at 0.8%, warehouses at 0.6% ppt, and multiple-user factories with a 0.3% increase.
- Median rentals of multiple-user factories saw mixed performance across districts, with D19 (Serangoon Garden, Hougang, Punggol) reflecting the highest increase of 4.2% QOQ in Q1 2025. However, median rentals of such space in D26 (Upper Thomson, Springleaf) saw the steepest drop of 16.5% QOQ.

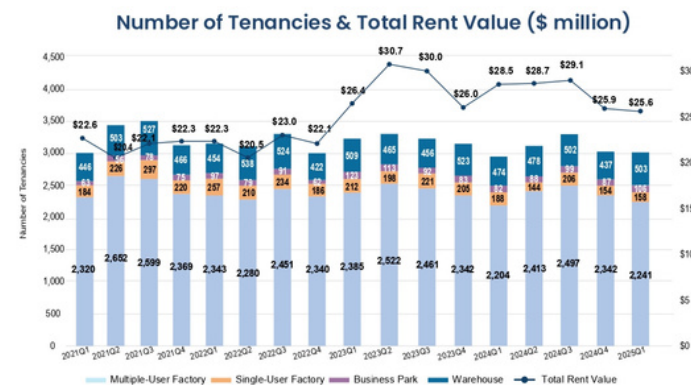
Median transacted rentals (\$PSF PM) of Multi-user Factories

District	2024 Q4	2025 Q1	QOQ %
D3 Queenstown, Tiong Bahru	\$2.65	\$2.69	↑ 1.5%
D5 Pasir Panjang, Hong Leong Garden, Clementi New Town	\$2.67	\$2.50	↓ -6.4%
D12 Balestier, Toa Payoh, Serangoon	\$2.40	\$2.22	↓ -7.5%
D13 Macpherson, Braddell	\$2.42	\$2.47	↑ 2.1%
D14 Geylang, Eunos	\$2.67	\$2.69	↑ 0.7%
D16 Bedok, Upper East Coast, Eastwood, Kew Drive	\$1.45	\$1.40	↓ -3.4%
D17 Loyang, Changi	\$1.72	\$1.55	↓ -9.9%
D18 Tampines, Pasir Ris	\$2.64	\$2.32	↓ -12.1%
D19 Serangoon Garden, Hougang, Punggol	\$2.59	\$2.70	↑ 4.2%
D20 Bishan, Ang Mo Kio	\$2.47	\$2.40	↓ -2.8%
D22 Jurong	\$2.25	\$2.16	↓ -4.0%
D23 Hillview, Dairy Farm, Bukit Panjang, Choa Chu Kang	\$2.44	\$2.50	↑ 2.5%
D25 Kranji, Woodgrove	\$2.40	\$2.44	↑ 1.7%
D26 Upper Thomson, Springleaf	\$2.37	\$1.98	↓ -16.5%
D27 Yishun, Sembawang	\$2.10	\$2.12	↑ 1.0%

Source: PropNex Research, JTC J Space (23 April 2025)

Industrial Property Leasing Activity

- Overall leasing demand in Q1 2025 slowed slightly with 3,008 tenancies signed – a dip of 0.4% QOQ from 3,020 contracts in Q4 2024. On a YOY basis, tenancies signed increased by 2.0% from 2,948 contracts Q1 2024.
- Total rental value in Q1 2025 fell by 1.1% QOQ to \$25.6 million, marking the lowest rental value recorded since Q4 2022. Warehouses bore the brunt of the drop in total rental value, falling by 9.6% QOQ to about \$6.4 million.

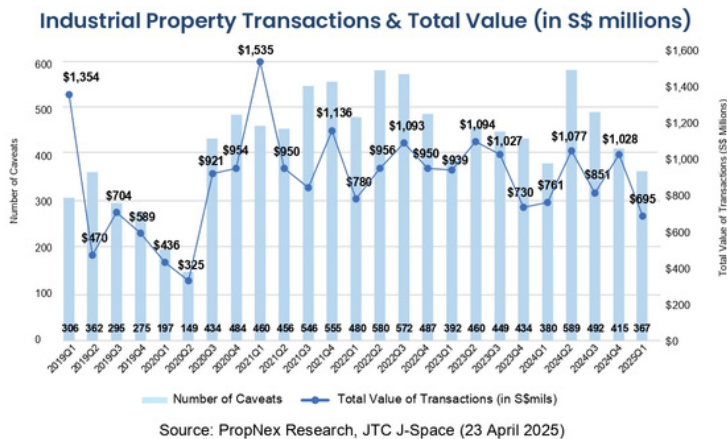


Source: PropNex Research, JTC J-Space (23 April 2025)

Prices and Sales Transactions

- The overall industrial price index rose by 1.5% QOQ in Q1 2025, and prices were up by 5.3% YOY from Q1 2024.

- The price increase in Q1 2025 was led by multiple-user factories which saw prices rise by 1.9% QOQ and 6.4% YOY. Meanwhile, prices of single-user factory spaces rose by 0.4% QOQ in Q1 2025, and 3.4% YOY from Q1 2024.
- The sales volume fell by 11.6% QOQ to 367 deals in Q1 2025 from 415 transactions in Q4 2024. When compared with Q1 2024, sales were down by 3.4% YOY from 380 deals previously.
- Of the 367 transactions in Q1 2025, 86% were for multiple-user factory space, with 314 deals. The rest of the transactions were for warehouse space and single-user factory space, with 27 and 26 transactions, respectively.



- Total sales value also declined by 32.4% QOQ in Q1 2025 to \$695 million, from about \$1.03 billion in the previous quarter; sales value was down by 8.6% on a YOY basis.
- The top-selling industrial project in Q1 2025 was Northstar @ AMK which sold 11 units, followed by Pantech Business Hub and Primz Bizhub which sold 10 units and 9 units, respectively. Northstar @ AMK and Primz Bizhub are both zoned Business 1, while Pantech Business Hub is zoned Business 2.
- Also of note, CT Pemimpin – a freehold Business 1 industrial factory along Jalan Pemimpin – has sold all its 59 factory units in just three days, creating a buzz among industrial property investors.

Top Best-Selling Industrial Multi-User Projects in Q1 2025

Project	Units Sold in Q1 2025	Average Unit Price (\$ PSF) in Q1 2025
NORTHSTAR @ AMK	11	\$646
PANTECH BUSINESS HUB	10	\$472
PRIMZ BIZHUB	9	\$652
ECO-TECH @ SUNVIEW	8	\$177
TRADEHUB 21	7	\$531
MANDAI CONNECTION	7	\$327
TUAS LOT	7	\$135

Source: PropNex Research, JTC J-Space (23 April 2025)

- In Q1 2025, the top deal by price quantum was the \$70 million sale of a single-user factory along Lok Yang Way. The site has a total land area of 200,273 sq ft and is zoned as Business 2, with a gross plot ratio of 2.5 under the URA Master Plan 2019.

Top 5 Industrial Property Transactions by Quantum in Q1 2025

Location	Property Type	Transacted Price (\$)	Land Area (sq ft)	Unit Price (\$psf) on land area
LOK YANG WAY	Single-user factory	\$70,078,990	200,273	\$350
NEW INDUSTRIAL ROAD	Multiple-user factory	\$62,000,000	83,119	\$746
TUAS STREET	Single-user factory	\$14,800,000	84,723	\$175
CHANGI SOUTH STREET 1	Single-user factory	\$12,500,000	56,349	\$222
YISHUN INDUSTRIAL PARK A	Single-use factory	\$12,200,000	33,336	\$366

Source: PropNex Research, JTC J-Space (23 April 2025)

- Prices of multiple-user factory space in several districts fluctuated in Q1 2025. The median price of multi-user factory space in D17 (Loyang, Changi) witnessed the largest increase of 37.4% QOQ to \$246 psf. Conversely, D12 (Balestier, Toa Payoh, Serangoon) saw the sharpest decline of 27.9% QOQ to \$901 psf.

Median transacted unit price (\$PSF) of Multi-user Factories

District	2024 Q4	2025 Q1	QOQ %
D3 Queenstown, Tiong Bahru	546	730	↑ 33.7%
D5 Pasir Panjang, Hong Leong Garden, Clementi New Town	448	464	↑ 3.6%
D12 Balestier, Toa Payoh, Serangoon	1,249	901	↓ -27.9%
D13 Macpherson, Braddell	702	820	↑ 16.8%
D14 Geylang, Eunos	548	563	↑ 2.7%
D17 Loyang, Changi	179	246	↑ 37.4%
D18 Tampines, Pasir Ris	315	324	↑ 2.9%
D19 Serangoon Garden, Hougang, Punggol	809	736	↓ -9.0%
D20 Bishan, Ang Mo Kio	613	641	↑ 4.6%
D22 Jurong	309	282	↓ -8.7%
D23 Hillview, Dairy Farm, Bukit Panjang, Choa Chu Kang	423	494	↑ 8.3%
D25 Kranji, Woodgrove	495	494	↓ -0.2%
D27 Yishun, Sembawang	410	389	↓ -5.1%

Source: PropNex Research, JTC J-Space (23 April 2025)

Market Sentiment and Outlook

With sweeping trade tariffs imposed by the US administration and the ongoing trade tensions between US and China, the outlook for the industrial property market in 2025 could be fraught with more uncertainties. The downside risks from the tariffs, such as disruptions to global supply chains and rising import costs, can potentially pose challenges to industrialists and affect business sentiment. While the temporary 90-day pause in the implementation of the higher tariffs (except for China) has offered some reprieve, the unpredictable trade policies and evolving tariffs landscape will continue to exert some uncertainty in the market. Outward-oriented businesses like manufacturing, wholesale trade and transportation and storage sectors are likely to be the most negatively affected in the event of any escalation in trade tensions and weaker global trade. The MTI has cut Singapore's growth forecast for 2025 to 0% to 2%, down from 1% to 3%.

With sentiments among industrialists remaining cautious, demand for industrial property is likely to remain measured. Incoming supply in the next three quarters of 2025 may also potentially push up vacancies and stifle rental growth. Under the current market conditions, PropNex expects a moderation in industrial property prices and rentals, with potential upside if there is a de-escalation in US-China trade tensions or any relaxation in tariffs.

Still, there may be healthy investor demand for rare industrial property assets. Though units at CT Pemimpin were priced between \$1,500 to \$1,800 psf and set a new price benchmark for freehold factories, all units were quickly snapped up by buyers within days of sales booking. The robust sales performance reflected a strong interest in Business 1 freehold industrial project that has attractive locational attributes, and limited availability in the market. As industrial properties are not subjected to additional buyer's stamp duty, it is possible that some investors have cast their sights on such units instead of residential properties.

Some new stock in the industrial market include Space 18 (a freehold Business 1 space in D12), Stellar @ Tampines and Tampines Connection, two 30-year leasehold Business 2 developments located in D18. Lastly, an upcoming space to watch is Ecofood @ Mandai, a freehold industrial food factory zoned Business 2 and located in D25.



Richard Tan

ASSOCIATE BRANCH DISTRICT DIRECTOR

I am Richard Tan, Associate Branch District Director at PropNex and a Trainer. I also founded Richard Tan Commercial Properties, PropNex Shophouse Elites, and The Next Level Academy. As Team Leader of the Richard Tan District and a dedicated trainer specializing in commercial shophouses for all RES in Singapore, I am eager to share the value I can bring you.

At PropNex Realty, Singapore's largest real estate agency with over 12,000 salespersons, my team and I lead in the commercial sector. For over a decade, PropNex has upheld service excellence, setting industry benchmarks.

Our achievements in commercial property are significant. We've facilitated transactions exceeding S\$2 billion across prime CBD districts and sought-after shophouse enclaves. Our vast network spans local and overseas clients, including private investors, investment institutions, opportunistic funds, and ultra-high-net-worth individuals, with strong ties to the Chinese market. Backed by my team at PropNex Shophouse Elites, we offer expert guidance and valuable connections for your real estate ventures.

Beyond leadership and personal achievements, I actively train the Powerful Negotiators Group (PNG), specializing in commercial property. My approachable style and candid insights have earned positive feedback.

I'm honoured to have been featured in The Business Times, The Straits Times, Lianhe Zaobao, and CNA, where I share expertise on Singapore's shophouse market. I look forward to providing insights into the commercial sector and uncovering exciting opportunities for you.

Let's connect for a deeper discussion, including off-market investment prospects. Reach out anytime at +65 9113 3380. Thank you!