



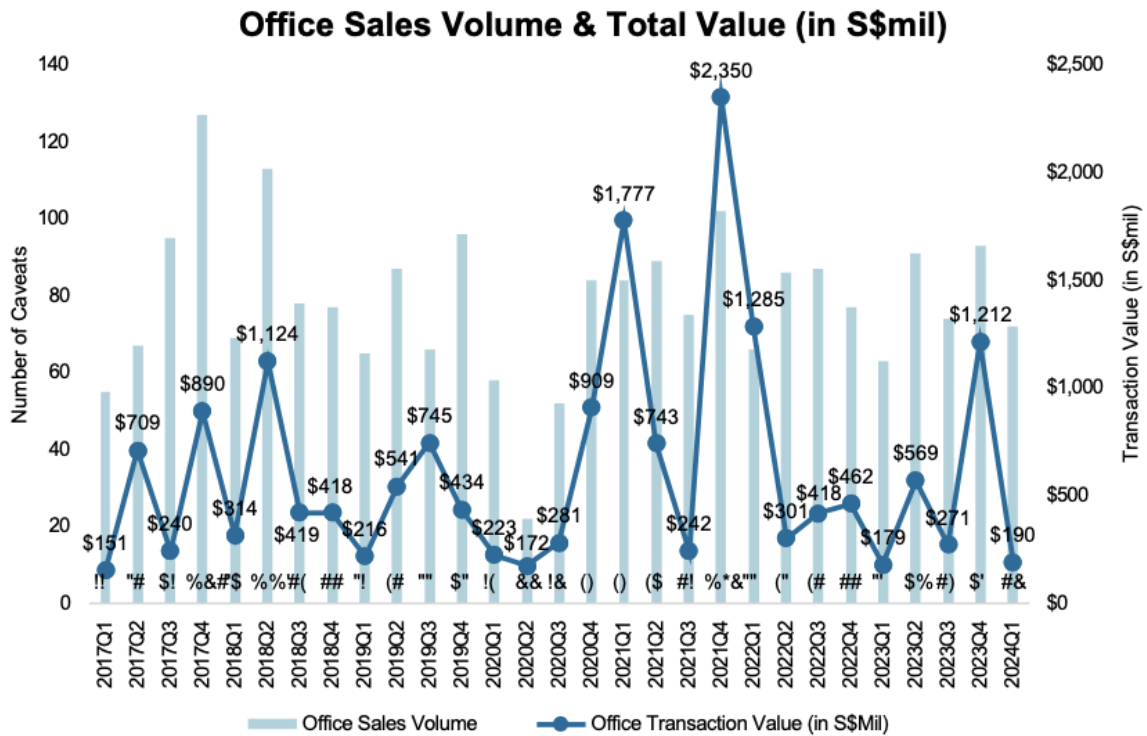
Singapore Office Market Sees Sales Slump in Q1 2024, Rentals Moderate

Singapore's office market experienced a slowdown in sales activity and rental price growth during the first quarter of 2024, according to data from the Urban Redevelopment Authority (URA). This comes despite a positive economic performance, with Singapore's GDP growing at a faster pace of 2.7% year-on-year in Q1.

Office Sales Transactions and Prices

Office sales transactions witnessed a significant decline in Q1 2024, falling by 22.6% quarter-on-quarter (QOQ) to 72 deals compared to 93 transactions in Q4 2023. This drop was accompanied by an even steeper decline in total sales value, which contracted by 84% QOQ to

\$189.7 million from \$1.2 billion in the previous quarter. The lack of large-scale office building sales contributed to this sharp decline.



Source: PropNex Research, URA Realis (data retrieved on 26 Apr 2024)

The top two transactions involved the sale of office space at Vision Exchange (\$59 million) and Manhattan House (\$11 million). Vision Exchange is a 99-year leasehold commercial building in Jurong Lake District, while Manhattan House is a 16-storey commercial building in Chin Swee Road.

Table 1: Top 10 Office Deals by Quantum in Q1 2024

s/n	Location	Transacted Price (\$)	Area (sq ft)	Unit Price (\$ PSF)	Date of Sale
1	VISION EXCHANGE 2 VENTURE DRIVE #21-XX-XX	58,978,000	24,789	2,379	15-Feb-24
2	MANHATTAN HOUSE 151 CHIN SWEE ROAD #04-XX, XX, XX	11,000,000	20,000	550	7-Feb-24
3	GB BUILDING 143 CECIL STREET #08-XX, XX, XX, XX	10,741,500	5,425	1,980	19-Jan-24
4	SUNTEC CITY 8 TEMASEK BOULEVARD #16-XX	8,088,888	2,196	3,684	15-Mar-24
5	36 ARMENIAN STREET 36 ARMENIAN STREET #06-XX	4,480,000	1,808	2,477	15-Jan-24
6	CHINATOWN POINT 133 NEW BRIDGE ROAD #22-XX, XX	4,200,000	2,400	1,750	25-Mar-24
7	INTERNATIONAL PLAZA 10 ANSON ROAD #26-XX	3,899,880	1,884	2,070	28-Feb-24
8	OXLEY TOWER 138 ROBINSON ROAD #13-XX	3,300,000	980	3,369	8-Feb-24
9	15 SCOTTS 15 SCOTTS ROAD #06-XX	3,118,800	678	4,599	5-Feb-24
10	LUCKY PLAZA 304 ORCHARD ROAD #03-XX	3,000,000	431	6,968	9-Jan-24

Source: PropNex Research, URA Realis (data retrieved on 26 Apr 2024)

Table 2: Price & Rental Index of Office Space in Q1 2024

Q1 2024	Price Index	QoQ %	YoY %	Rental Index	QoQ %	YoY %
Central Region	109.8	-1.2%	-5.3%	196.7	-1.7%	+5.8%
Central Area	106.8	-1.1%	-6.6%	198.9	-1.5%	+5.7%
Fringe Area	120.2	-1.4%	+0.2%	174.6	-2.4%	+6.5%

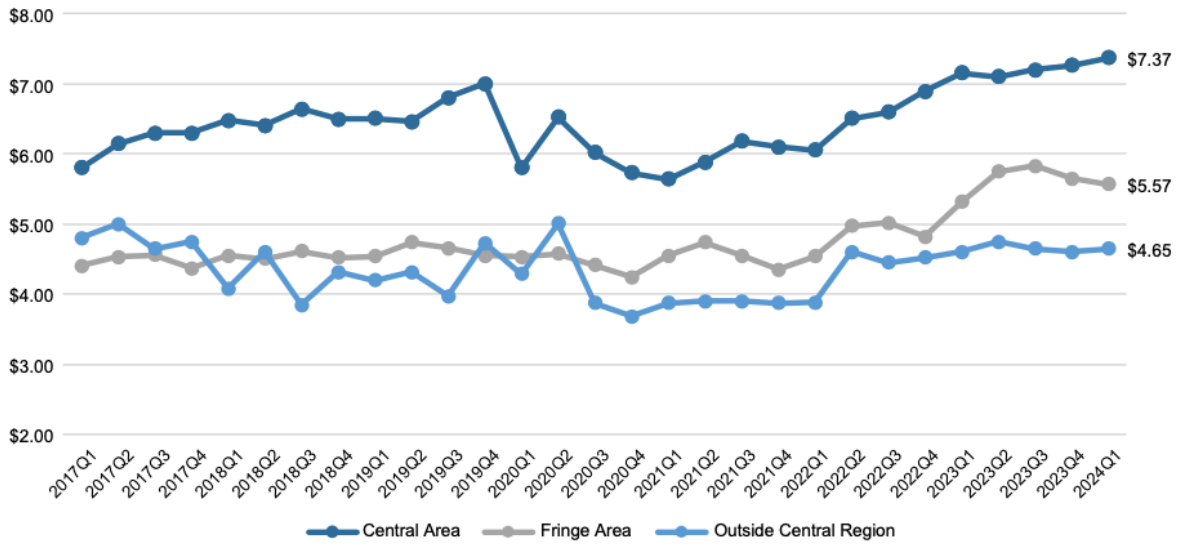
Source: PropNex Research, URA (data retrieved on 26 Apr 2024)

Office Rents Moderate After Growth Streak

Office rental prices also showed signs of moderation after a nine-quarter growth streak. The URA office rental index dipped for the first time since Q3 2021, declining by 1.7% QOQ in Q1 2024. This decline was primarily driven by a 2.4% QOQ drop in rental prices within the Fringe Area. Central Region office rents also dipped slightly by 1.5% QOQ.

However, based on URA Realis data, overall median monthly office rents grew by 1.7% QOQ to \$6.55 psf per month, driven by continued growth in the Central Area which reached a record high of \$7.37 psf per month. Conversely, median monthly rents in the Fringe Area declined to \$5.57 psf per month.

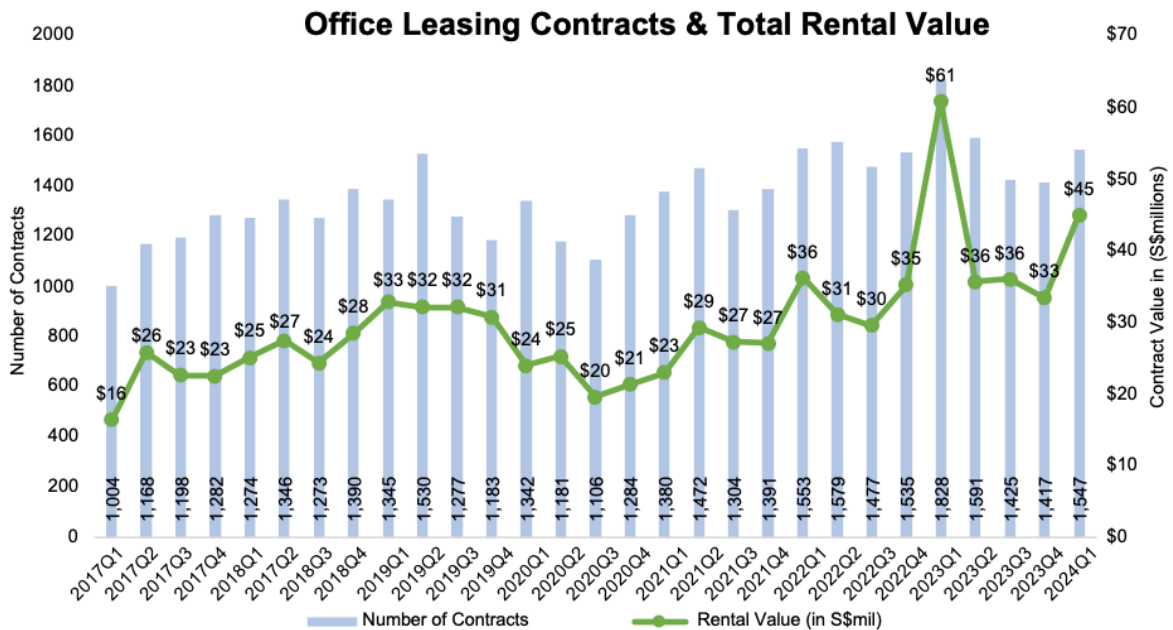
Median Rentals (\$PSF per month) of Office Space by subzone/region



Source: PropNex Research, URA Realis (data retrieved on 26 Apr 2024)

Leasing Activity Remains Brisk Despite Downturn

Despite the moderation in rentals and sales, office leasing activity remained healthy in Q1. The number of office rental transactions actually increased by 9.2% QOQ to 1,547 contracts compared to the previous quarter. However, compared to the same period last year, leasing volume was down by 15.4%. Similarly, the total leasing value expanded by 34.7% QOQ to \$45 million but remained 26% lower year-on-year.



Source: PropNex Research, URA Realis (data retrieved on 26 Apr 2024)

Office Vacancies

The island-wide office space vacancy rate also tightened slightly, falling from 9.9% in Q4 2023 to 9.6% in Q1 2024. However, a significant amount of new office space is expected to enter the market in the remainder of 2024, potentially putting downward pressure on future occupancy rates and rentals.

Outlook: Cautious Optimism

Analysts expect office rentals and capital values to remain relatively stable in the near term, with a possibility of improvement in the second half of 2024 if the projected economic growth materializes. Potential interest rate cuts later in the year could also lead to a pick-up in office investment sales.

However, downside risks remain, including geopolitical tensions, uneven global economic growth, and rising business costs. These factors, coupled with cautious business sentiment, could dampen office leasing activity in the coming quarters.

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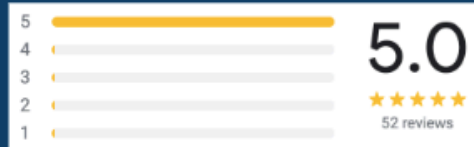


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