

NEWMARK

Singapore Industrial Leasing Conditions & Trends

4Q25

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Economic Overview

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Economic Overview

Key Economic Indicators	2025 (y-o-y)	2024 (y-o-y)	Q4 25 (SA q-o-q)
Overall GDP, in chained (2015) dollars	5.0%	5.3%	0%
Goods Producing Industries	7.6%	4.0%	-2.7%
Manufacturing	8.7%	3.8%	-3.6%
Construction	5.2%	5.4%	0.7%
Services Producing Industries	4.3%	5.8%	0.5%
Unemployment rate	2.0%	2.0%	2.0%
Consumer Price Index (All Items)	0.9%	2.4%	0.7%

All in, 2025 was a great year for Singapore's economy. According to the Ministry of Trade and Industry (MTI), Singapore's GDP expanded by 5.0% year-on-year, outperforming earlier forecasts that had anticipated more from U.S. sector-specific tariffs.

Singapore narrowly skirted the fallout, benefiting from a relatively modest 10% tariff exposure. As a result, the economy emerged largely unscathed, with several bright spots evident across key sectors.

However, early signs of strain are emerging, with an uptick in reported job-cutting measures. At the same time, persistent global trade tensions and elevated geopolitical risks could reintroduce inflationary pressures worldwide.

With the initial front-loading effects of the trade tariff gradually fading away, Singapore is unlikely to replicate the same pace of growth seen in 2025. MTI projects GDP growth to moderate to 2.0%–4.0% in 2026.

Bright Spots Prevail in Singapore

Looking ahead to 2026, the manufacturing sector remains optimistic, as seen in the expanding PMI index, supported by sustained AI-related demand. That said, growth in 2026 is expected to be more measured as the front-loading effects gradually taper off.

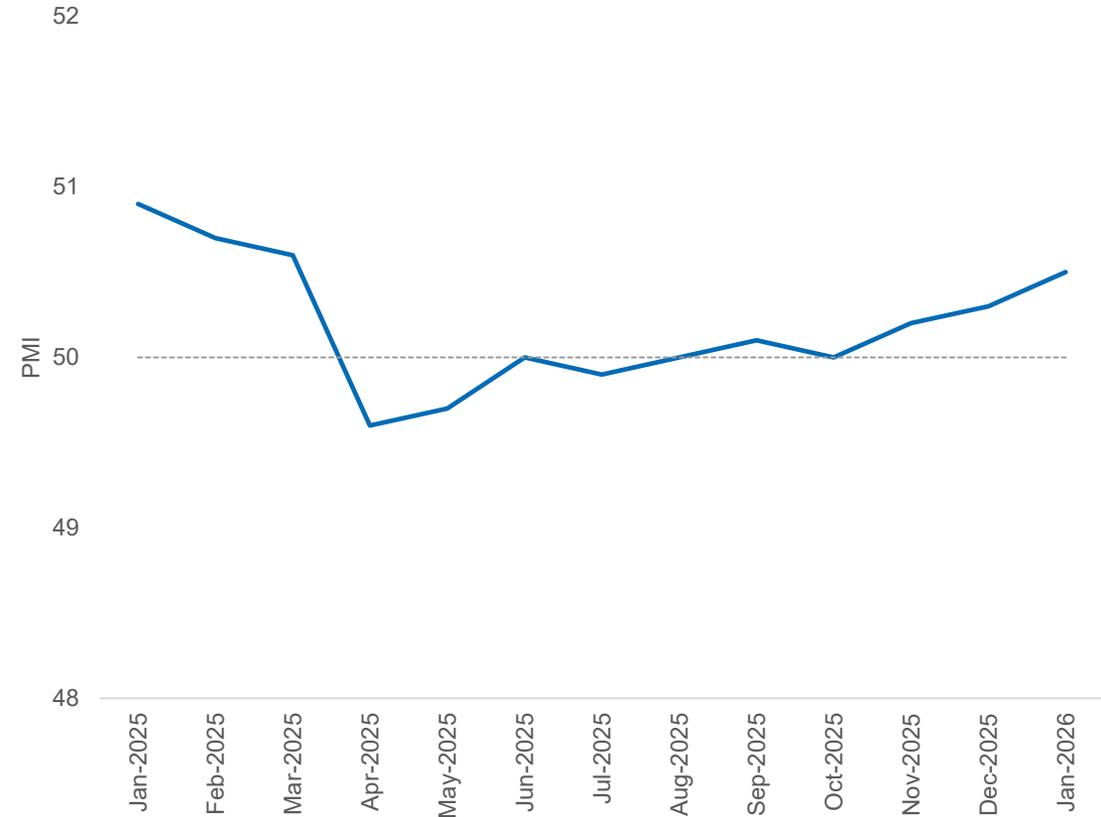
In the pharmaceutical sector, many Singapore-based pharmaceutical companies already operate manufacturing facilities in the U.S., which could help mitigate the impact of impending higher tariffs.

Recent U.S. trade developments — broad-based tariffs set at 10%, with the possibility of rising to 15% — may level the competitive landscape across the region. As a result, Singapore could relinquish some of the relative advantage previously enjoyed from its more modest 10% tariff exposure. These revised tariffs are temporary and will apply from 24 February 2026 for up to 150 days, unless extended by Congress.

Next, the gazette of Master Plan 2025 provides greater clarity and certainty around development intentions. This long-term visibility is welcomed by businesses and enhances Singapore’s attractiveness for foreign investment.

Overall, Singapore’s 2026 outlook remains cautiously optimistic, supported by policy predictability and institutional stability that continue to attract foreign companies and reinforce its role as a regional business hub and safe-haven status.

Singapore Purchasing Manager Indicator



Source: SPIMM

The PMI reading with a score above 50 indicates that the manufacturing economy is generally expanding, and that the economy is generally declining when the reading falls below 50, and a score of 50 indicates no change from the previous month.

2026 Singapore Industrial Leasing Outlook: Flight-to-Quality Accelerates Divide in Industrial Market

	Net Absorption	Vacancy	Asking Rents	Upcoming Supply
Multi-User Factory	Net absorption is expected to improve as tenants gradually shift into newly completed factories such as Bulim Square.	Vacancy is expected to moderate further, supported by a lower completion pipeline and as tenants gradually move to newly completed spaces.	Rents could rise by up to 2% y-o-y by end-2026, supported by the high baseline rents of newer factory spaces.	Upcoming factory supply is staggered over the next few years and across various locations, helping to manage demand absorption and limit the risk of a sharp oversupply.
Business Park	Net absorption is expected to increase as tenants gradually shift into the Punggol Digital District and 1 Science Park Drive.	Vacancy is expected to moderate further as tenants gradually move to newly completed spaces.	Rents could rise between 1% and 2% y-o-y by end-2026, supported by the high baseline rents of newer business park.	Upcoming business park supply is expected to remain constrained.
Warehouse	Net absorption is expected to taper, with no major warehouse completions anticipated in 2026.	Vacancy is expected to hold steady, with no major warehouse completions anticipated in 2026, although the ongoing trade war could temper occupier demand.	Rents could rise between 1% and 3% y-o-y by end-2026, supported by demand for higher-specification warehouse spaces, though the ongoing trade war could weigh on occupier demand.	Major warehouse completion expected only after 2027.

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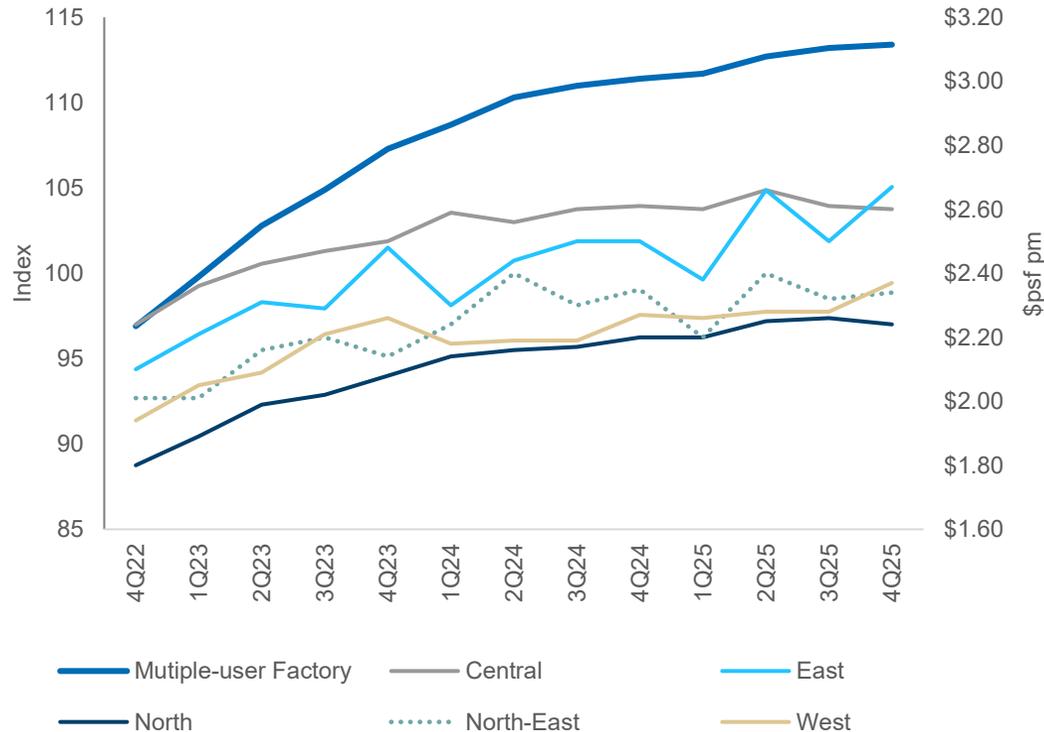
Multi-User Factory



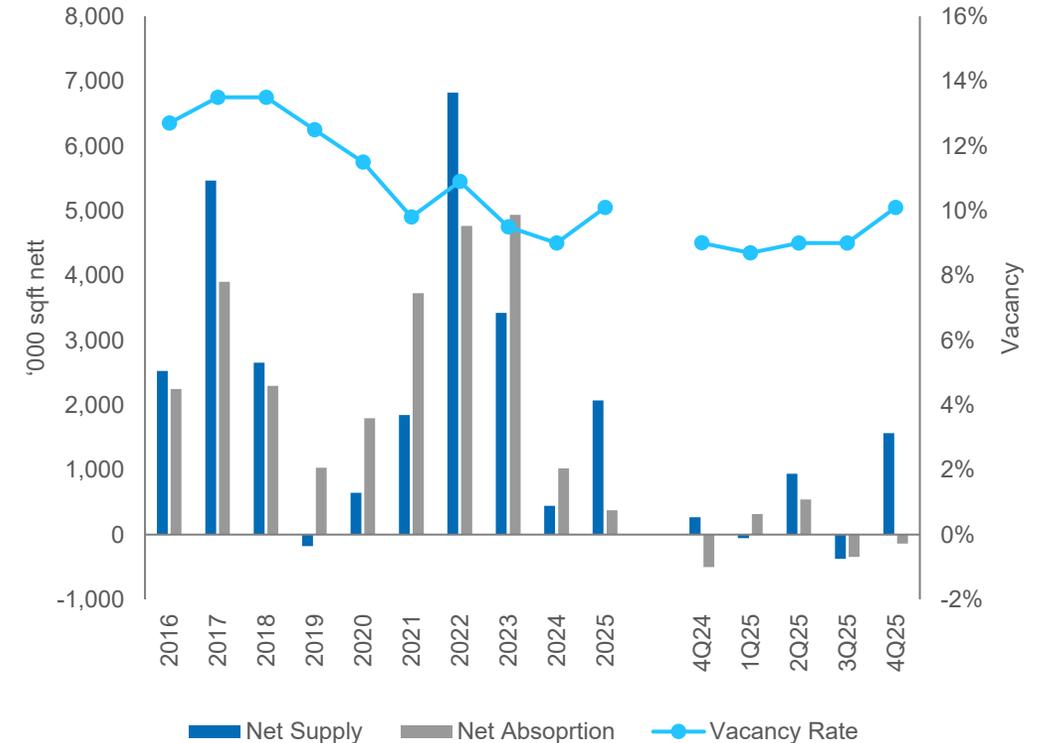
Demand and Rental Growth Driven by Newer Factory Spaces

Rents for all multi-user factory space rose 1.8% y-o-y in Q4 2025, slower than the 3.8% y-o-y recorded in Q4 2024. Rents held resilient, with growth largely driven by newer factory spaces. The divergence in rental performance highlights a continued flight-to-quality trend, with newer factory spaces driving overall rent resilience amid uneven market absorption. Net supply of multi-user factory space rose sharply in 4Q 2025, pushing full-year net supply in 2025 to over four times that of 2024. The increase was driven by the completion of Bulim Square by JTC and Soon Hock Property's Stellar@Tampines. Correspondingly, vacancy rates edged higher, as the new supply will take time to be absorbed.

All Multiple-User Factory and Median Rents



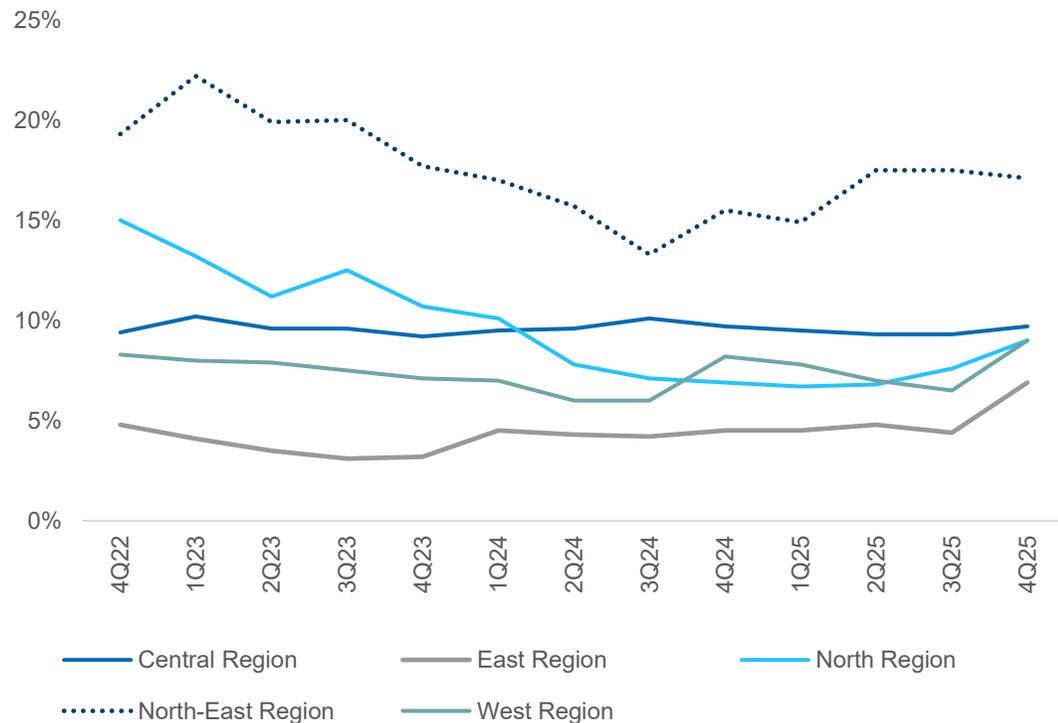
Net Supply, Net Absorption & Vacancy Rate of Multi-User Factory Space



Measured Rollout of Factory Supply Pipeline Helps Mitigate Risk of Oversupply

With the upcoming factory supply staggered over the next few years and across various locations, the risk of a sharp oversupply that could materially impact vacancy and rents remains capped.

Vacancies of Private Multi-User Factory Spaces



Major Upcoming Multi-User Factory Supply*

Street Name	Name Of Developer	Gross Floor Area (sqm)	Planning Area	Expected Completion
Tuas Link Close	Soon Hock Land Pte Ltd	68,900	Tuas	2026
Tampines North Drive 4	SB (TND) Investment Pte Ltd	46,090	Tampines	2027
Jurong Port Road	Jurong Port Pte Ltd	42,590	Jurong East	2027
Kallang Way	CL Savour Property Pte Ltd	111,140	Geylang	2028
Tukang Innovation Drive	Tukang Project Pte Ltd	46,720	Boon Lay	2028
Lok Yang Way	SB (LYW) Investment Pte Ltd	46,510	Pioneer	NA

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Business Park



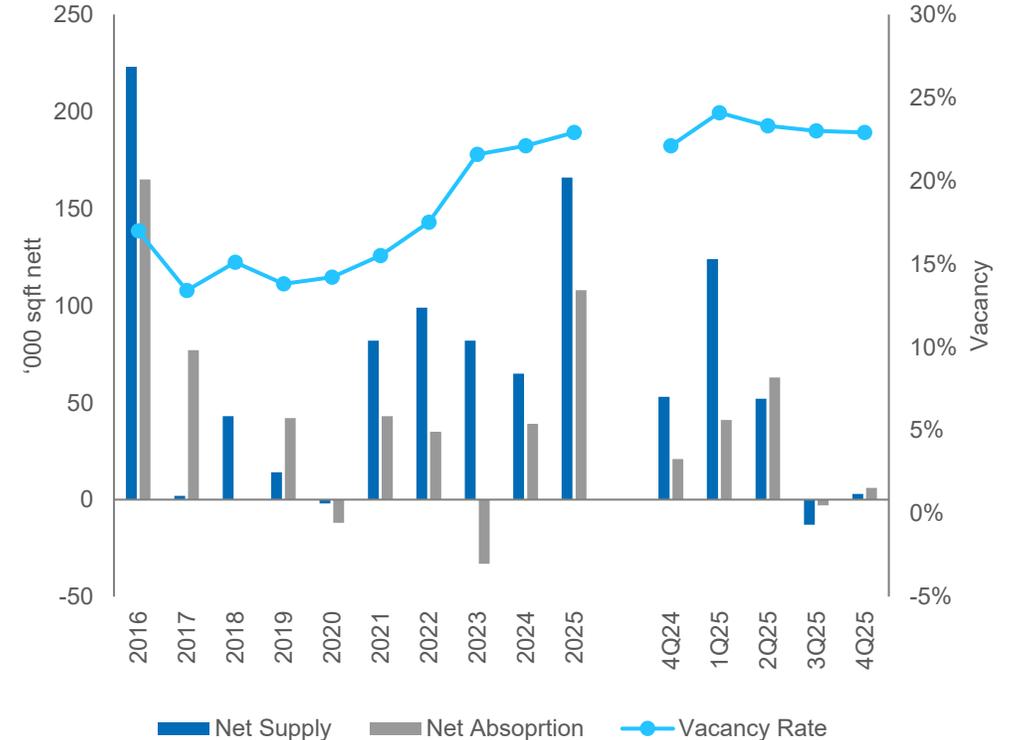
Performance Continues to Diverge Between New and Older Business Parks

The business park rental index rose 2.6% y-o-y in Q4 2025, accelerating faster than the 1.9% increase recorded in the previous year, with performance diverging between newer and older business park spaces. Newer developments sustained firm demand, which supported higher headline rents. While some older business parks also saw rents edge up, their headline rents continue to lag behind those of newer, higher-specification assets. Net supply of business park space rose sharply in 2025 to its highest level since 2016, driven by the completion of Punggol Digital District and 1 Science Park Drive. Correspondingly, net absorption also strengthened in 2025.

Business Space Index and Median Rents

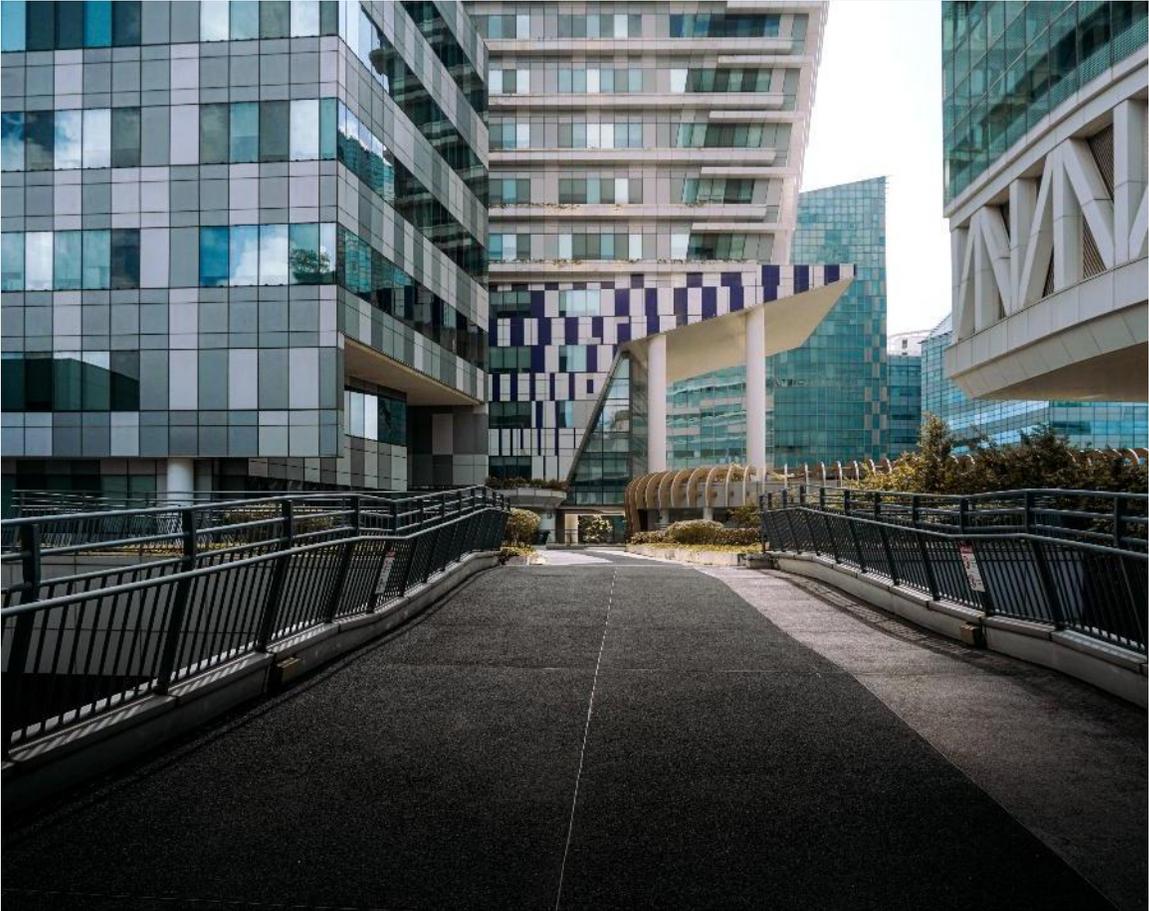
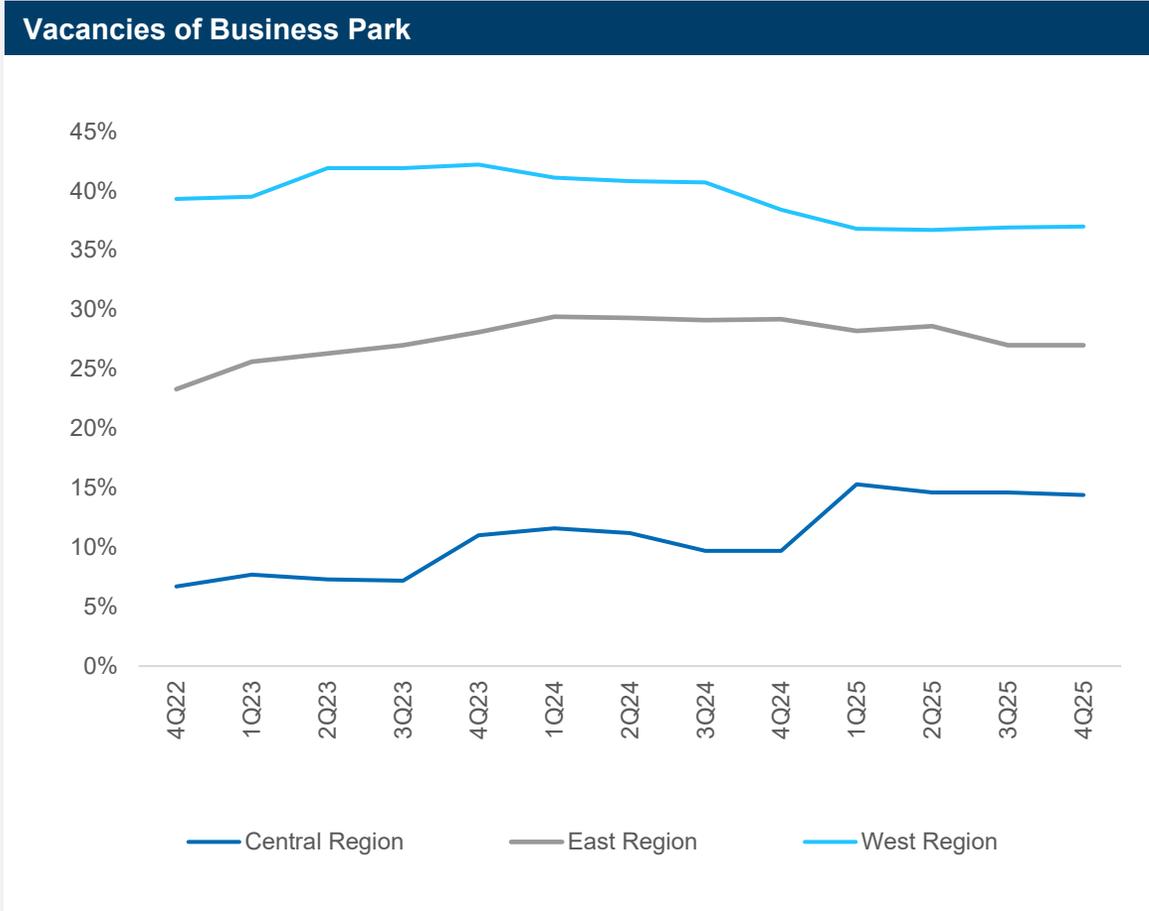


Net Supply, Net Absorption & Vacancy Rates of Business Park



Muted Upcoming Supply of Business Parks in the Near Term

Vacancy rates edged higher as recently completed business park supply will take time to be fully absorbed. Performance continues to diverge, with new business parks outperforming older stock, driven by the ongoing flight-to-quality trend and shifting occupier requirements. Looking ahead, business park supply is expected to remain constrained, with just 265,000 square feet of gross floor area (GFA) scheduled to come online from the completion of 27 IBP in the West of Singapore in 1Q 26.



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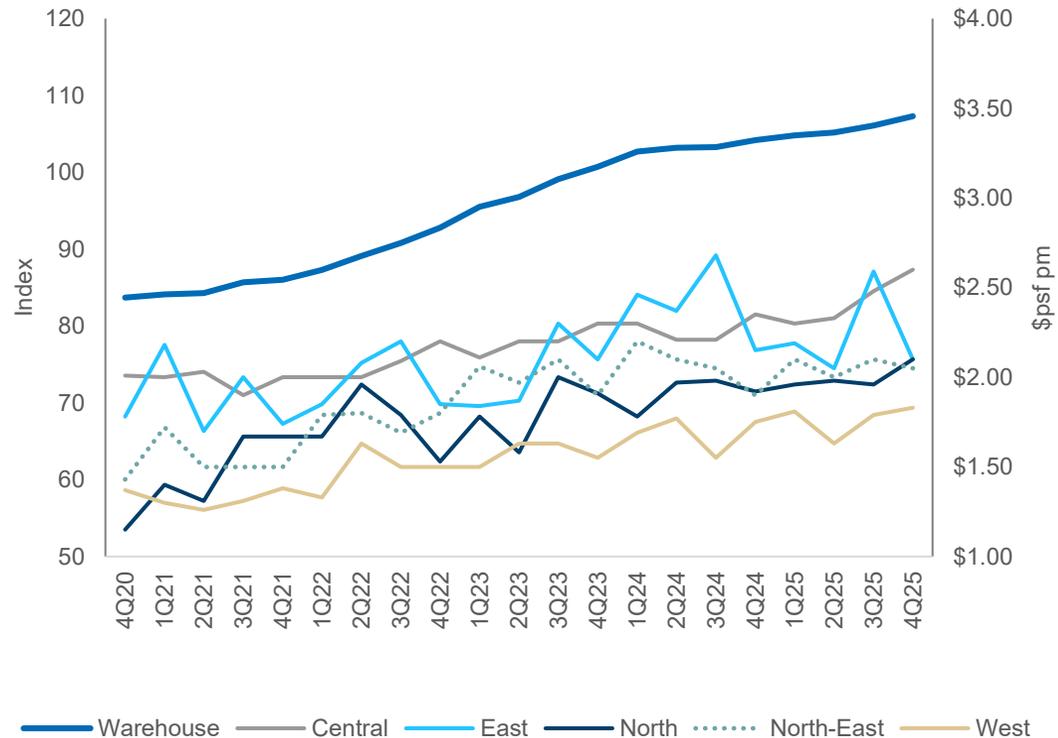
Warehouse



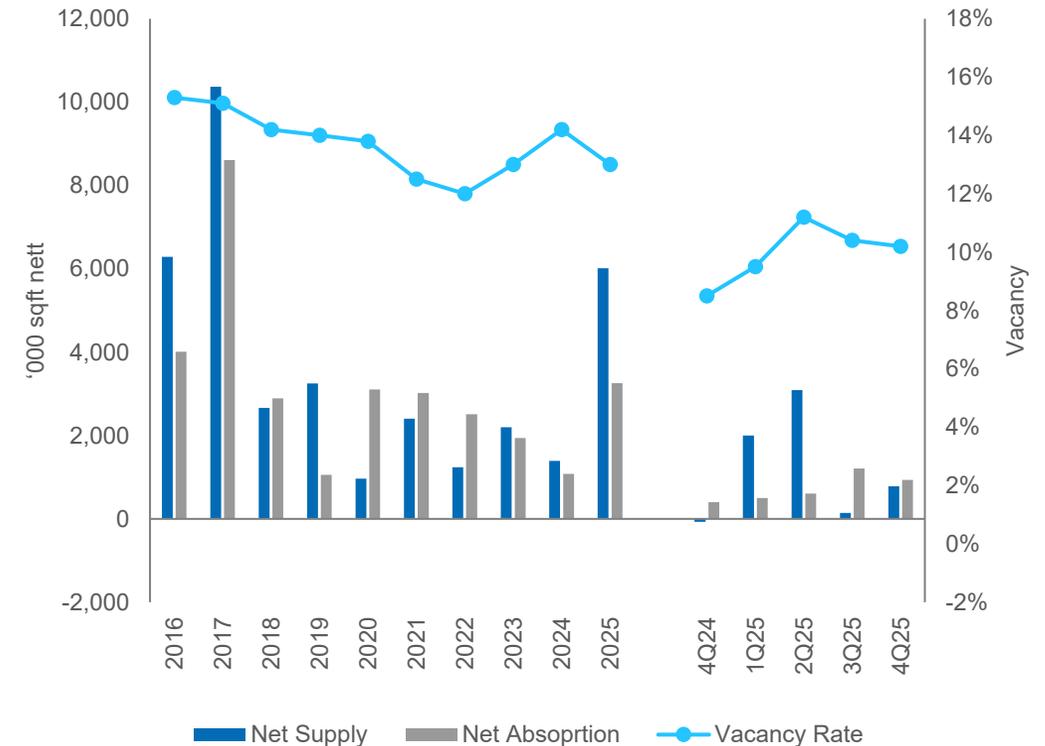
Warehouse Rents Held Firm Despite Record Supply, Supported by Strong Absorption

Warehouse rents rose 3.0% y-o-y in Q4 2025, moderating slightly from the 3.5% growth recorded in Q4 2024, underpinned by resilient occupier demand from e-commerce and third-party logistics operators, although quarterly performance varied across regions. High-specification warehouse space continued to command a rental premium over older, lower-specification facilities, due to greater operational efficiency and scalability. Net supply of warehouse space reached its highest level since 2017, yet vacancy rates have remained stable, indicating healthy market absorption of new stock. Most upcoming warehouse completions are intended for owner-occupation and are unlikely to exert immediate downward pressure on market rents.

Warehouse Rental Index and Median Rents



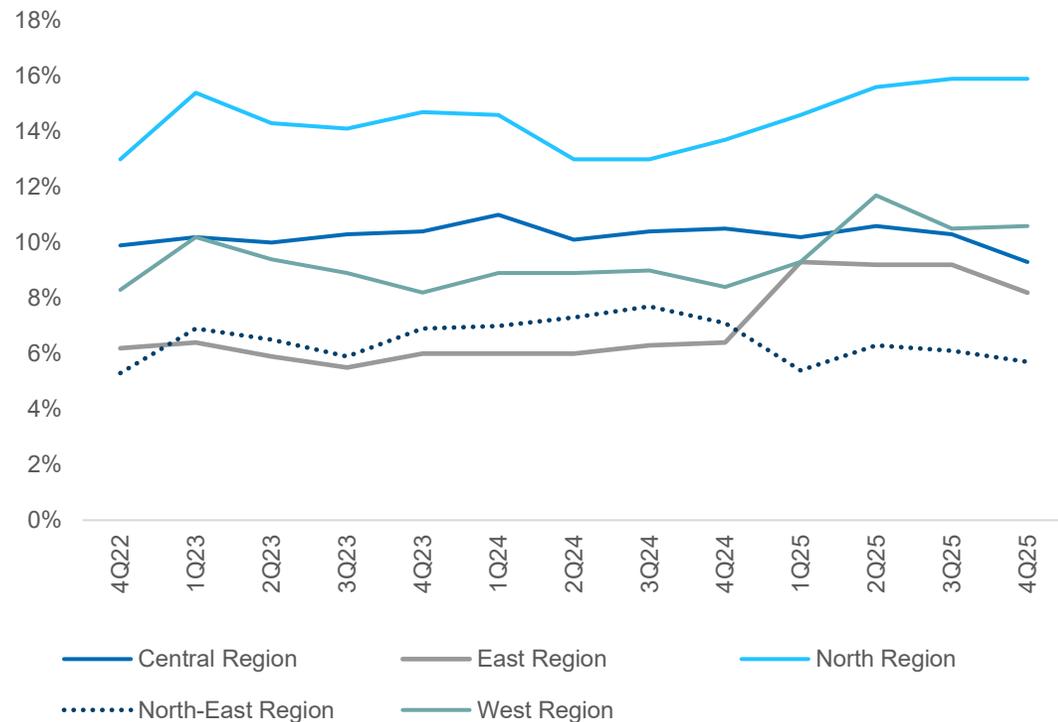
Net Supply, Net Absorption & Vacancy Rates of Warehouse



Upcoming Supply of Warehouse in the West to Support Growing Demand

Major warehouse completions are expected from 2027 onwards with most new supply concentrated in the West Region. This influx could exert some downward pressure on rents as occupancy levels adjust. That said, oversupply risks are likely to be contained, supported by growing demand arising from the consolidation of full port operations at Tuas Mega Port by 2027.

Vacancies of Warehouse



Major Upcoming Warehouse Supply*

Street Name	Name Of Developer	Gross Floor Area (sqm)	Planning Area	Expected Completion
Tuas South Avenue 5	PSA Corporation Limited	236,000	Tuas	2027
Pioneer Turn	Pioneer Turn Logistics Pte Ltd	55,480	Boon Lay	2027
Sunview Road	Allied Sunview Pte Ltd	142,670	Boon Lay	2027
Clementi Loop	Capital and Ascendas REIT Management Limited	58,820	Clementi	2029
Tuas South Avenue 10	Eng Kong Logistics Hub Pte Ltd	72,780	Tuas	NA

In Summary



Performance across the industrial market is becoming increasingly uneven. Demand for high-specification industrial and logistics space remains resilient, supporting steady rental growth and healthy occupancy, while older, lower-specification industrial assets continue to face occupancy challenges.

Overall, the outlook for industrial remains selectively positive, underpinned by sustained demand for modern facilities. However, this environment may prompt more owners of ageing assets to withdraw such properties from the leasing market, either through redevelopment or enbloc initiatives, as part of broader repositioning strategies.

Downside risks persist, particularly if trade tensions continue or escalate further. Under such circumstances, industrial occupiers may adopt a more cautious stance, potentially tempering leasing demand and rental momentum.



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