RESEARCH

MARKET IN MINUTES

SINGAPORE Industrial

Industrial – Singapore – November 2026



Industrial demand turns selective

KEY TAKEAWAYS

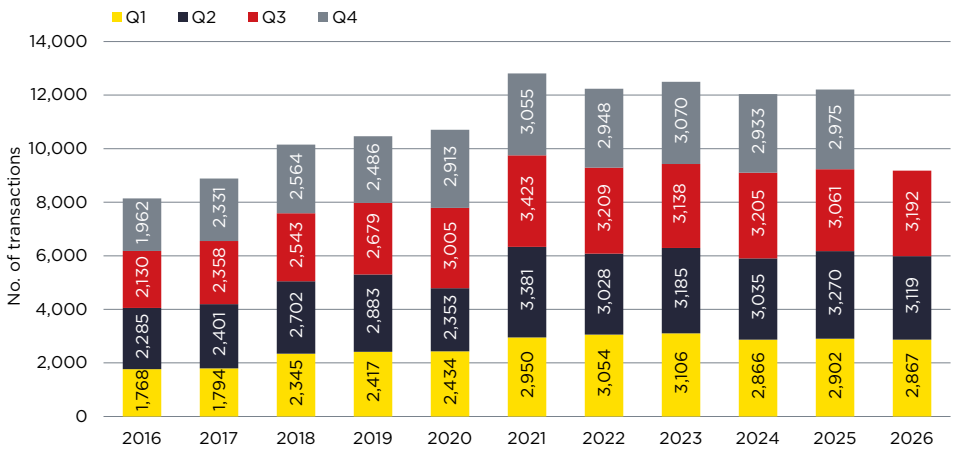
- Factory and warehouse leasing volume edged up, led by multiple-user factories and warehouses, although occupied space declined as occupiers remained selective.
- Factory vacancy edged up on weaker absorption, while warehouse vacancy eased amid a reduction in stock.
- JTC's rental indices continued to rise, but Savills' prime factory and warehouse rents declined as occupiers became increasingly cost-conscious.
- Strata industrial prices remained resilient despite softer sales activity, supported by demand for more affordable, shorter-tenure assets.
- Prime business park and high-spec industrial rents outperformed amid a continued flight to quality, while older business park clusters faced elevated vacancy.
- Limited new supply should keep JTC's rental indices broadly stable in 2026, although performance is expected to diverge increasingly by asset quality.

MACROECONOMIC OVERVIEW

According to advance estimates from the Ministry of Energy, Trade and Industry (METI), Singapore's economy expanded by 5.4% year-on-year (YoY) in Q3/2026, moderating from 6.2% in Q2. Manufacturing output grew by 7.5% YoY, slowing from 12.9% in the preceding quarter. On a quarter-on-quarter seasonally adjusted (QoQ SA) basis, however, manufacturing contracted by 0.9%, following a 6.3% expansion in Q2, as momentum eased after a strong first half.

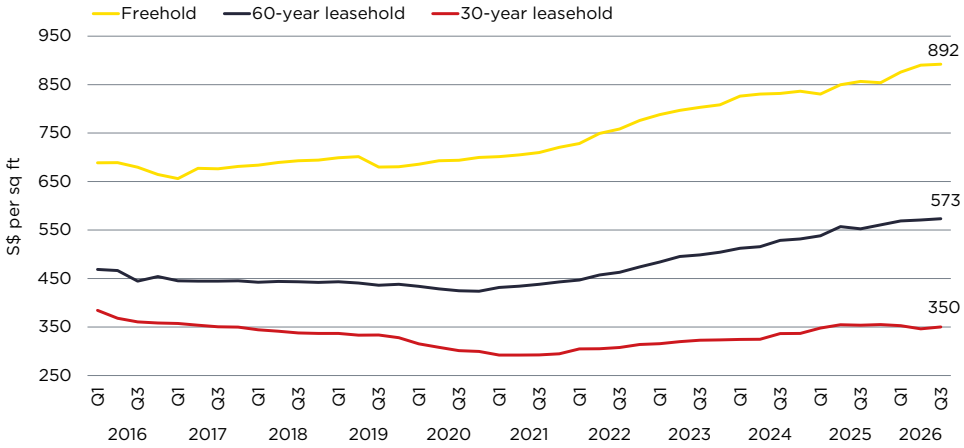
Leading and trade indicators remained supportive through Q3/2026. Singapore's manufacturing Purchasing Managers' Index rose from 51.0 in June to 51.7 in September, marking a 14th consecutive month of expansion and its highest reading since October 2018. External trade momentum also strengthened, with non-oil domestic exports increasing by 24.1% YoY in July, 46.2% in August and 68.4% in September, driven largely by electronics and AI-related demand. While these indicators support demand for advanced manufacturing space, the gains remain narrowly concentrated, and the exceptional export growth partly reflects favourable base effects that are likely to fade. As such, stronger output and sentiment have yet to translate into broad-based demand for industrial space.

FIGURE 1: LEASING VOLUMES OF FACTORIES AND WAREHOUSES, Q1/2016 – Q3/2026



Source: JTC, Savills Research & Consultancy

FIGURE 2: PRICES OF UPPER-STOREY STRATA FACTORY AND WAREHOUSE UNITS, Q1/2016 – Q3/2026



Source: Savills Research & Consultancy

> On the ground, rental increases haven't matched astounding GDP growth rates due to operating cost push pressures.
>
> **ALAN CHEONG**

RENTAL MARKET

Singapore's factory and warehouse leasing market recorded a slight uptick in Q3/2026, with transaction volume rising by 4.3% YoY to 3,192 deals (Graph 1). While the leasing market for single-user factory continued to slow in Q3, leasing momentum picked up for multiple-user factory and warehouse segments as stronger electronics and AI-related manufacturing and export activity supported demand from some occupiers.

However, the higher deal count did not translate into stronger demand for space, as occupied space declined across the factory and warehouse segments. Despite limited new completions, softer space absorption continued to weigh on factory occupancy rates. Occupied space in both the single- and multiple-user factory segments declined by 159,000 sq ft QoQ each, pushing both vacancy rates up by 0.2 percentage point (ppt) to 10.9% and 9.7%, respectively, in Q3/2026.

For warehouses, the completion of ZAP Building placed some pressure on occupancy in the North Planning Region, although this was offset by a reduction in stock in the West Planning Region. Consequently, despite occupied warehouse space declining by 128,000 sq ft QoQ, the overall vacancy rate fell by 0.3 ppt to 10.3% in Q3/2026.

JTC's rental indices continued to strengthen in Q3, although growth varied across segments. Multiple-user factory rental growth moderated to 0.3% QoQ, while warehouse rental growth accelerated to 1.0%. However, 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 to S$1.83 per sq ft. This divergence from JTC's broader warehouse rental index suggests that rental pressure is becoming more evident among prime assets as occupiers grow increasingly cost-conscious. Similarly, Savills' prime multiple-user factory monthly rents declined by a further 1.3% QoQ to S$2.21 per sq ft, their lowest level in three years, indicating continued pricing pressure despite the uptick in leasing volumes.

SALES MARKET

Singapore's strata industrial sales[1] market softened in Q3/2026, with transaction volume declining by 15.8% QoQ to 404 deals, below the three-year quarterly average of 417 deals. Demand weakened across both the multiple-user factory and warehouse segments. While the recent launch of Gate+ continued to support transaction activity during the quarter, sales at other projects remained broadly subdued.

Despite weaker transaction activity, price growth accelerated in Q3. Following a 0.4% QoQ increase in Q2, JTC's multiple-user factory price index rose by 1.1% QoQ in Q3, marking its eighth consecutive quarter of growth. The continued price appreciation amid softer sales activity suggests that industrial asset values remained relatively resilient, potentially supported by buyers' focus on more affordable assets.

This resilience was also reflected in Savills' basket of strata industrial properties, although price performance varied across tenure profiles. Values of 30-year leasehold industrial properties rose by 1.2% QoQ to S$350 per sq ft, reversing declines in the preceding two quarters. Prices of 60-year leasehold properties increased at a more moderate 0.5% QoQ to S$573 per sq ft, while freehold industrial property prices edged up by just 0.2% QoQ to S$892 per sq ft, marking a notable moderation from the stronger growth recorded in the first half of 2026 (Graph 2). The slower price growth among longer-tenure assets suggests that buyers have become increasingly price-sensitive amid a more cautious market environment, limiting their willingness to pay substantial tenure premiums.

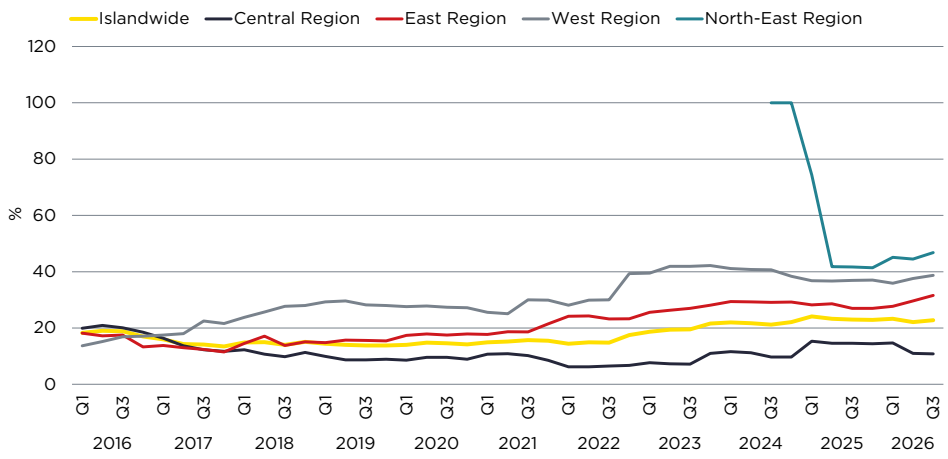
BUSINESS PARK AND HIGH-SPEC INDUSTRIAL

Following healthy take-up in Q2, demand in the Central Planning Region stabilised in Q3, and vacancy fell to 10.8%, its lowest level since Geneo's completion in early 2025. Demand weakened across the other regions, particularly in the older business park clusters in the East and West Planning Regions. Together with additional supply in the North Planning Region, this pushed the islandwide business park vacancy rate up by 0.7 ppt QoQ to 22.8% in Q3/2026 (Figure 3).

Against the backdrop of persistently subdued demand in older business park clusters, JTC's business park rental index remained broadly stable, edging up by just 0.1% QoQ in Q3. Savills' basket of business park properties returned to growth after a short-lived decline in the preceding quarter. Standard business park monthly rents rose by 0.5% QoQ to S$4.13 per sq ft, while prime monthly rents increased more strongly by 2.6% QoQ to S$6.90 per sq ft. The stronger performance of prime space underscores occupiers' continued flight to quality, with demand favouring

1 Based on JTC's sales caveat data, downloaded on 5 October 2026.

FIGURE 3: BUSINESS PARK SPACE VACANCY RATES, Q1/2016 – Q3/2026



Source: JTC, Savills Research & Consultancy

newer workplaces offering superior specifications, sustainability features and tenant amenities.

The preference for quality was similarly evident in the high-specification industrial segment, where Savills' high-spec industrial[2] monthly rents rose by 1.4% QoQ to S$3.98 per sq ft in Q3/2026. Demand from technology, advanced manufacturing and business services occupiers continued to favour newer, better-equipped facilities, supporting rental resilience in modern assets and reinforcing the performance gap with older industrial stock.

2 Based on office-like industrial space which ranges from 2,000 sq ft to 4,000 sq ft in size, with an average monthly asking rent of at least S$3 per sq ft.

OUTLOOK

METI has upgraded Singapore's 2026 GDP growth forecast to 4.5% to 5.5%, from 2.0% to 4.0% previously. However, the stronger macroeconomic outlook is unlikely to drive a broad-based recovery in industrial demand. While electronics and AI-related manufacturing should continue to support demand for advanced manufacturing space, momentum is likely to moderate as favourable base effects fade. Occupiers in other sectors are expected to remain cost-conscious, limiting any sustained improvement in overall space demand.

New 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% (Table 1). However, landlords of prime assets may need to offer more competitive terms, while rising factory vacancy poses downside risks for older, lower-specification assets.

In the sales market, price-sensitive buyers are likely to continue favouring shorter-tenure, more affordable strata assets, supporting prices despite thinner transaction volumes but limiting upside for freehold and longer-leasehold properties.

With no significant new business park supply in the next few years, the islandwide vacancy rate should be contained. However, the flight to quality is expected to sustain a two-tier market in the business park and high-spec industrial segments, with newer, well-specified developments outperforming older clusters, particularly in the East and West Planning Regions, which face growing pressure to upgrade or reposition.

TABLE 1: SAVILLS FORECAST OF JTC RENTAL INDICES FOR MULTIPLE-USER FACTORY AND WAREHOUSE SEGMENTS

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

Source: Savills Research & Consultancy

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