RESEARCH

MARKET IN MINUTES

SINGAPORE Retail

Retail – Singapore – November 2026



Resilient rents amid weaker demand

KEY TAKEAWAYS

- Retail sales excluding motor vehicles fell 1.4% year-on-year (YoY) in July and 1.6% in August; Food and Beverage (F&B) services sales declined around 3% in both months.
- Net retail take-up was -226,000 sq ft in Q3/2026. Islandwide vacancy held at 6.5%, while suburban vacancy fell to 4.4%.
- Orchard Area and suburban mall rents rose 0.4% and 0.2% quarter-on-quarter (QoQ) to S$23.80 and S$15.00 per sq ft monthly, respectively.
- Limited supply through 2027 should cushion rents despite spending and operating pressures. Savills forecasts 1%–2% rental growth for Orchard Road and suburban malls in 2026.

MACROECONOMIC OVERVIEW

According to advance estimates from the Ministry of Energy, Trade and Industry (METI), Singapore's economy expanded by 5.4% YoY in Q3/2026, moderating from 6.2% in the preceding quarter. Despite broadly positive growth across other sectors, retail trade and F&B services remained pockets of weakness, standing in contrast to the wider economic expansion.

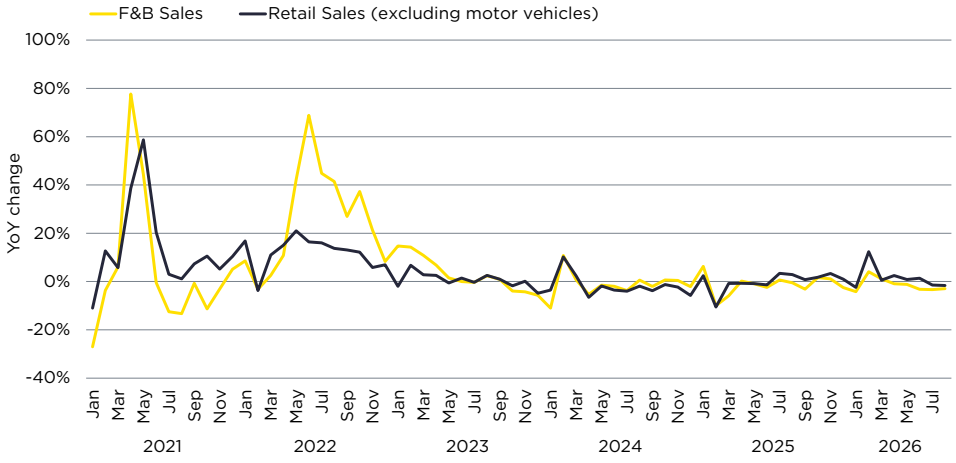
Retail sales (excluding motor vehicles)[1] declined by 1.4% YoY in July and 1.6% YoY in August, with lower spending on categories such as recreational goods and computer and telecommunications equipment. The declines point to softer discretionary spending amid an uncertain economic environment.

F&B services[2] sales also remained subdued, falling by around 3% YoY in both July and August and extending the weakness seen in Q2. Food catering and fast-food sales provided some support, while sales at cafés, food courts and restaurants declined in both months, underscoring the uneven performance across the sector (Figure 1).

1 Retail Sales Index in Chained Volume Terms, Monthly (excludes any online orders which are sent from foreign addresses). Updated 25 October 2026.

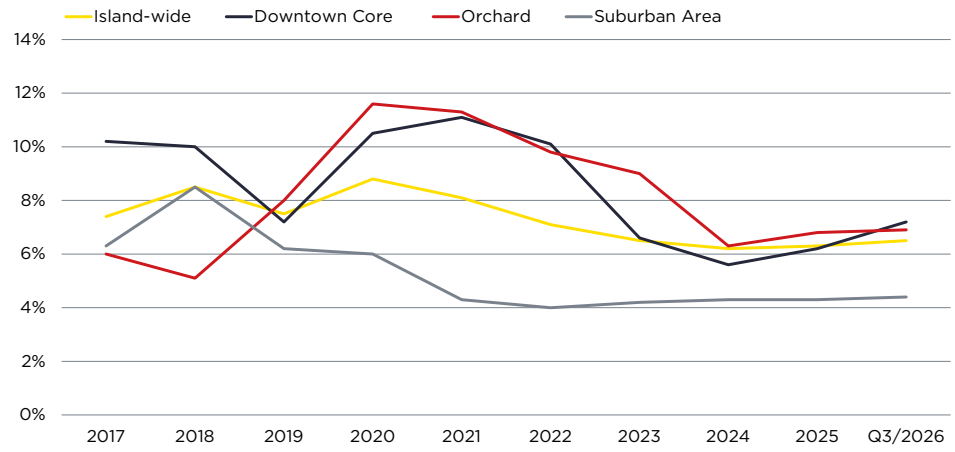
2 Food & Beverage Services Index in Chained Volume Terms, Monthly. Updated 25 October 2026.

FIGURE 1: RETAIL SALES AND F&B SERVICES INDEX, 2021 – AUG 2026



Source: Singapore Department of Statistics, Savills Research & Consultancy

FIGURE 2: VACANCY RATE, 2017 – Q3/2026



Source: URA, Savills Research & Consultancy

> As consumer attention and spend turn narrow-based, the quality of asset management is the make-or-break factor.
>
> **ALAN CHEONG**

UNEVEN DEMAND, RESILIENT PRIME RENTS

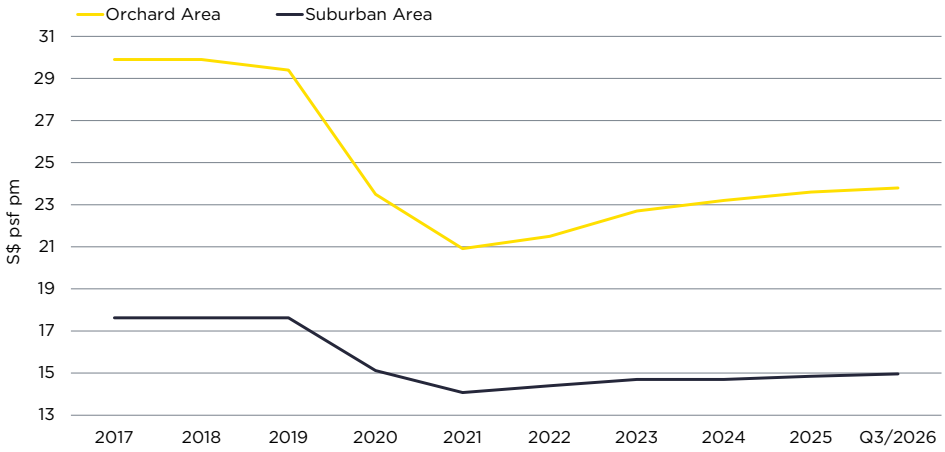
Net retail demand remained negative in Q3, although the contraction narrowed. Islandwide net take-up came in at -226,000 sq ft, compared with -398,000 sq ft in Q2. Weakness was concentrated in the Central Region, particularly the Fringe Area, while the Orchard Area was the only part of the Central Region to record positive net take-up, at 11,000 sq ft. In contrast, net take-up in the Suburban Area returned to positive territory, rising from -108,000 sq ft in Q2 to 75,000 sq ft in Q3, lowering its vacancy rate from 4.7% to 4.4%. Despite negative islandwide net take-up, a 215,000 sq ft net reduction in retail stock in the Central Region helped keep islandwide vacancy unchanged at 6.5% in Q3 (Figure 2).

Rental performance also varied across locations. Despite negative net take-up, the Urban Redevelopment Authority's (URA) Central Region retail rental index rose 0.7% QoQ in Q3/2026. Growth was led by the Central Area, where rents increased 1.4% QoQ, up from 0.2% in Q2. In contrast, Fringe Area rents fell 0.7% QoQ amid softer demand.

Based on Savills' basket of retail properties[3], average monthly rents for Orchard Area malls edged up 0.4% QoQ to S$23.80 per sq ft in Q3/2026, extending the previous quarter's modest gains. Beyond Orchard Road, interest in prime retail locations was also evident in French leather goods brand Polène's opening of its first Southeast Asian flagship store at The Shoppes at Marina Bay Sands in September. Meanwhile, average monthly rents for suburban malls rose 0.2% QoQ to S$15.00 per sq ft, underpinned by resilient occupier demand and low vacancy (Graph 3).

3 Average obtainable rents in the area.

FIGURE 3: AVERAGE RETAIL MALL OBTAINABLE RENTS, 2017 – Q3/2026



Source: Savills Research & Consultancy

INTENSE COMPETITION TESTS F&B RESILIENCE

F&B operators continued to face a challenging environment in Q3, with several brands exiting or reducing their Singapore footprint. Following its return to Singapore in 2023, Cinnabon exited the market in September after closing its last outlet at ION Orchard. Hoshino also closed two outlets, while Crystal Jade ceased operations at four locations.

With more than 24,000 food shops[4] competing for consumer spending, operators face intense pressure to attract customers and sustain repeat visits. Social media-driven dining trends can further complicate customer retention, as the initial appeal of viral concepts may not translate into lasting demand. Operators must therefore maintain relevance while managing operating costs and labour constraints.

SUPPLY IN THE PIPELINE

According to Savills' estimates, new retail supply is expected to total approximately 252,000 sq ft of net lettable area (NLA) in 2026, well below the historical annual average of 474,000 sq ft over 2021–2025. Completions are projected to remain limited at 264,000 sq ft in 2027. This modest near-term pipeline should help cushion occupancy and rents against softer demand, particularly for well-located, quality retail assets.

4 Includes restaurants, cafes, coffeeshop main operators, food caterers, and eateries.



Supply is expected to pick up from 2028. Across 2026–2030, annual completions are projected to average 677,000 sq ft, despite limited additions in the first two years. Redevelopments, including Tanglin Shopping Centre and Tanjong Katong Complex, are expected to refresh the market's retail offerings. Beyond 2030, larger projects, including the retail component of Changi Airport Terminal 5, are expected to contribute further supply. Gross completions may not translate into equivalent net stock growth, particularly where redevelopment involves the withdrawal of existing retail space.

OUTLOOK

Singapore's retail property market is likely to remain uneven. While prime Orchard Road assets and dominant suburban malls should continue to demonstrate resilience, weaker aggregate leasing demand islandwide is expected to widen the performance gap between stronger and weaker retail assets.

Subdued retail and F&B sales suggest limited scope for a broad-based leasing recovery, while operating costs, labour constraints and intense competition are likely to keep occupiers selective about expansion. Rental growth should therefore remain measured, particularly where softer demand limits landlords' ability to raise rents.

Limited new supply through 2027 should help cushion occupancy and rents, although it will not fully offset weakness in consumer spending. Orchard Road malls' modest rental gains and the improvement in suburban occupancy point to firmer conditions in these segments, rather than a uniform market recovery. For F&B operators, converting initial customer interest into repeat patronage will remain critical to sustaining sales. The retail and F&B

TABLE 1: NOTABLE PROJECTS ABOVE 100,000 SQ FT IN THE PIPELINE

ESTIMATED COMPLETION	DEVELOPMENT	LOCATION	ESTIMATED NLA (SQ FT)*
N/A	Office/retail development (partial redevelopment of Marina Square)	Raffles Boulevard	589,000
mid-2030s	Changi Airport Terminal 5	Tanah Merah Coast Road	547,000
2031	Office/retail development (redevelopment of HarbourFront Centre)	Maritime Square	316,000
mid-2030s	Office/retail development (situated within the broader Changi East Urban District)	Tanah Merah Coast Road	242,000
2029	Retail development (redevelopment of Tanjong Katong Complex)	Geylang Road	235,000
N/A	Office/retail/hotel development (redevelopment of Forum The Shopping Mall, the voco Orchard Singapore hotel, and office development HPL House)	Cuscaden Road/Orchard Road	202,000
2030	Hotel/retail development (expansion of RWS integrated resort)	Sentosa Gateway	178,000
2028	Office/retail development (redevelopment of Tanglin Shopping Centre)	Cuscaden Road/Tanglin Road	122,000
2030	Retail development (part of a mixed-use project in Yishun)	Chencharu Close	121,000

Source: Company announcements, URA, Savills Research & Consultancy
* For all projects, retail net lettable areas are Savills' estimates, derived from retail gross floor areas using efficiency assumptions of 70%–75%.

landscape is becoming increasingly polarised, with consumer spending concentrated among a narrower group of successful concepts and brands rather than being broadly distributed across the market. As a result, landlords can no longer rely on a rising tide to lift all tenants. Asset performance will increasingly depend on active tenant curation, the ability to identify and attract emerging concepts, and lease structures that provide flexibility to replace underperforming operators. In this environment, proactive marketing and asset management are likely to become as important as location in preserving occupancy and driving rental growth.

Against this backdrop, Savills forecasts full-year 2026 rental growth of 1%–2% for both Orchard Road and suburban malls (Table 2). The balance of risks remains tied to consumer spending and retailers' ability to sustain viable operations. Further ahead, the projected increase in completions from 2028 could widen occupiers' choices and intensify competition for tenants, making asset quality and retail relevance increasingly important to rental performance.



TABLE 2: RETAIL RENTAL FORECAST

	ORCHARD ROAD (YEAR-END 2026 VS YEAR-END 2025)	SUBURBAN AREA (YEAR-END 2026 VS YEAR-END 2025)
2026F	+1% to 2%	+1% to 2%

Source: Savills Research & Consultancy

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