

Huttons

SINGAPORE'S LARGEST
PRIVATE REAL ESTATE AGENCY

HUTTONS DATA ANALYTICS

COMMERCIAL UPDATES 3Q 2024



OVERVIEW

The strata office space market was relatively quiet in 3Q 2024.

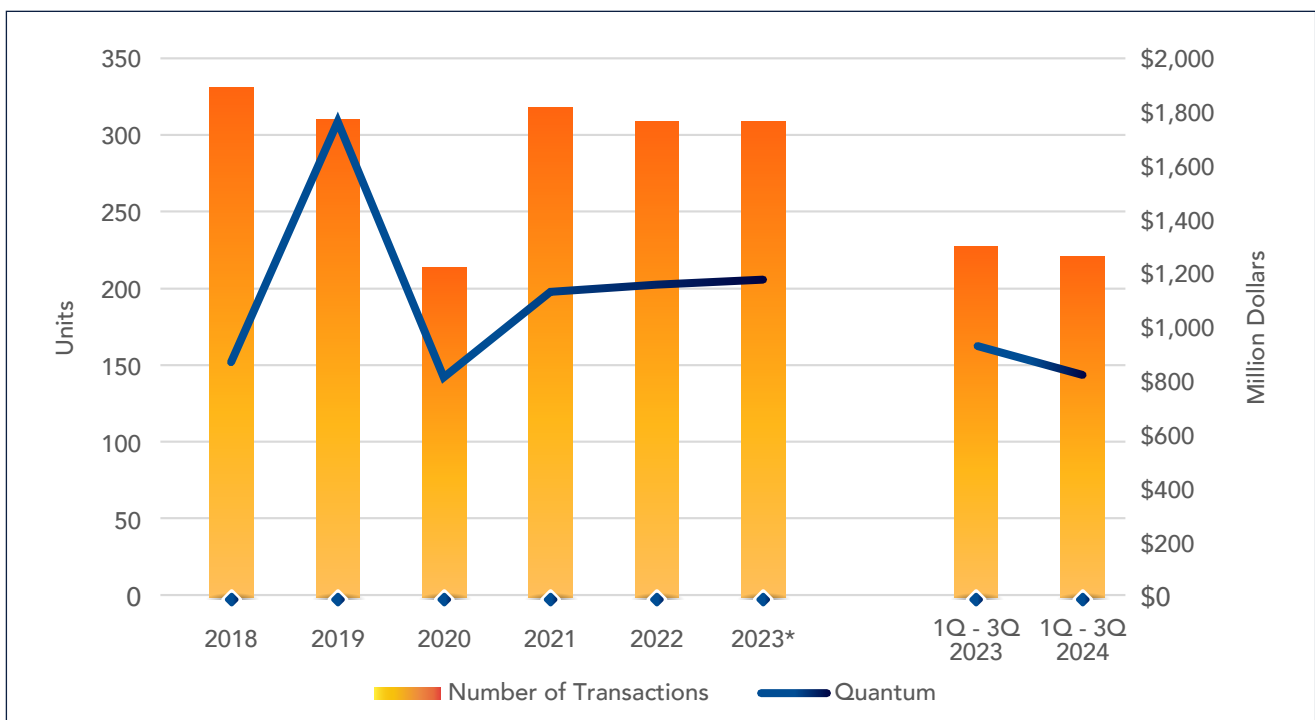
This could be due to investors waiting for an interest rate cut in Sept 2024 which would lower their cost of borrowing and increase their return on investment.

The number of strata office units sold in Sept 2024 fell to 14, down from 30 in Aug 2024. After the announcement of interest rate cut by the US FED, several high quantum deals above \$10 million were struck at Tong Building and Samsung Hub. Two floors in Tong Building were acquired by The Hour Glass for \$68.5 million.

A total of 67 strata office units valued at \$384.3 million were estimated to have been sold in 3Q 2024. The number of deals in 3Q 2024 was lower than 2Q 2024's 79 but the total value was 59.4% higher than 2Q 2024's \$241.1 million.

In the first nine months of 2024, an estimated 221 strata office units were sold, slightly lesser than the 227 units in the same period in 2023. The total value of transactions in 1Q-3Q 2024 was \$821.6 million, 11.4% lower than the \$927.8 million recorded in the first nine months in 2023.

Figure 1: Transaction Volume and Quantum of Strata Office Units in 3Q 2024



* excludes the sale of Shenton House and VisionCrest Commercial

Source: URA, Huttons Data Analytics (data downloaded as of 25 Oct 2024)

Table 1: Top Ten Strata-Office Transactions by Quantum in 3Q 2024

ADDRESS	STRATA AREA	QUANTUM	TENURE	PRICE	MONTH
Solitaire on Cecil	13,132 sq ft	\$55.15 million	Freehold	\$4,200 psf	Jul 2024
6 Raffles Quay	10,129 sq ft	\$36 million	Freehold	\$3,554 psf	Jul 2024
Tong Building	6,867 sq ft	\$35 million	Freehold	\$5,097 psf	Sep 2024
Tong Building	6,867 sq ft	\$33.5 million	Freehold	\$4,878 psf	Sep 2024
Tong Building	6,867 sq ft	\$31.33 million	Freehold	\$4,562 psf	Sep 2024
Prudential Tower	5,716 sq ft	\$26.5 million	99 Years	\$4,636 psf	Aug 2024
108 Robinson Road	4,758 sq ft	\$18.56 million	Freehold	\$3,900 psf	Sep 2024
108 Robinson Road	4,758 sq ft	\$17.92 million	Freehold	\$3,775 psf	Sep 2024
Suntec Tower Three	4,779 sq ft	\$16.25 million	99 Years	\$3,400 psf	Jul 2024
Samsung Hub	3,595 sq ft	\$14.8 million	999 Years	\$4,117 psf	Sep 2024

Source: URA, Huttons Data Analytics as of 25 Oct 2024

The Singapore economy strengthened in 3Q 2024.

Flash estimates from the Ministry for Trade and Industry (MTI) showed that the Singapore economy had another strong quarter in 3Q 2024, growing by 4.1% on a year-on-year (YoY) basis, building on the previous quarter 2.9% growth. Quarter-on-quarter (QoQ) economic growth in 3Q 2024 was also significantly better than 2Q 2024.

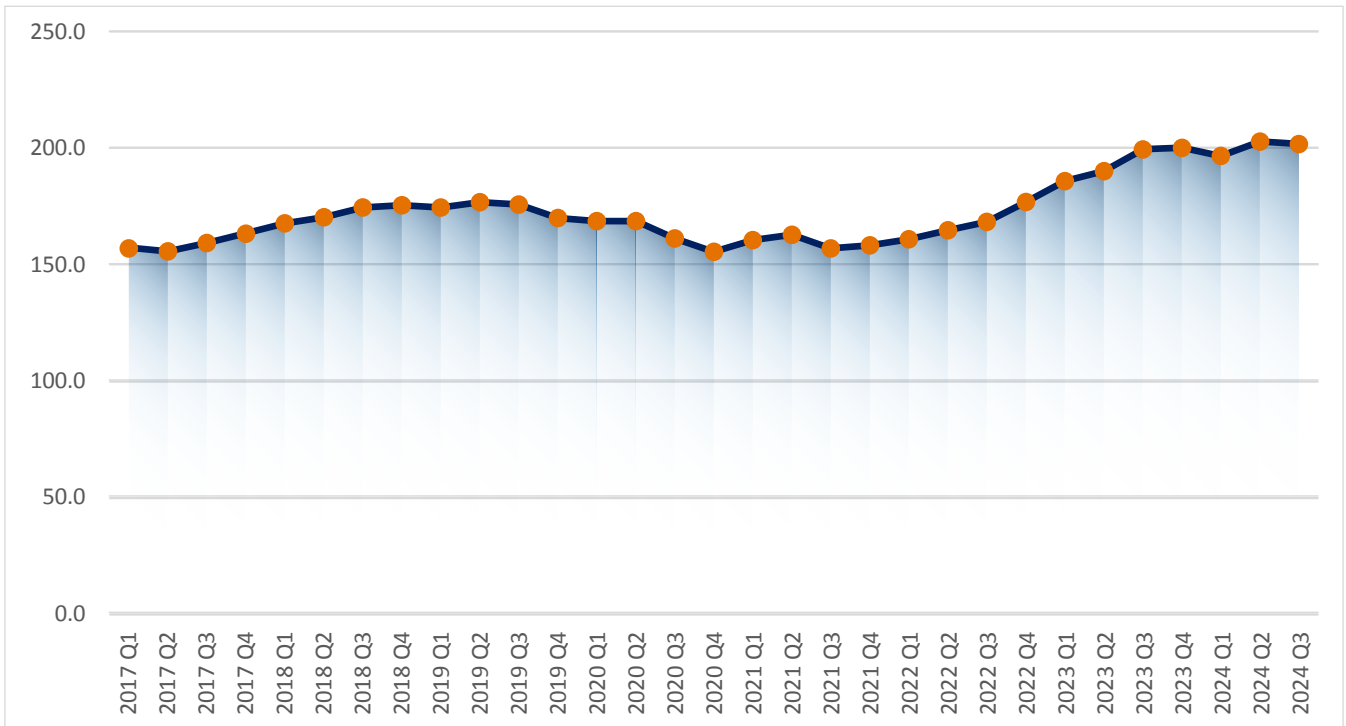
The manufacturing sector expanded by 7.5% YoY in 3Q 2024, ending 2 consecutive quarters of contraction. The construction and services producing industries were stable in 3Q 2024.

The office market however, was soft in 3Q 2024.

Rents of office space in the Central Region was down by 0.5% in 3Q 2024, a big contrast against the 3.1% growth in 2Q 2024. In the first nine months of 2024, office rents grew only 0.8%, down sharply from the 12.8% increase in the same period in 2023.

The decline in rents was largely due to a fall in Category 1 rents in the Central Area of Singapore. The continued right-sizing of manpower by companies had an impact on the demand for office space.

Figure 2: URA Office Rent Index (Central Region)



Source: URA, Huttons Data Analytics as of 25 Oct 2024

The office market is still digesting the large supply of office from 2Q 2024. As demand for office space remained low, occupancy rate continued to ease by 0.2 percentage point to 89% in 3Q 2024.

Labrador Tower which was completed in 3Q 2024, has let out more than half of its lettable area to a Government Ministry, Prudential Singapore and Anglo-Eastern Ship Management. These tenants are in the process of moving in.

Figure 3: Office Supply, Demand and Occupancy Rate (Islandwide)



Source: URA, Huttons Data Analytics as of 25 Oct 2024

MARKET OUTLOOK

As the economy picks up, demand for office space may grow in 4Q 2024.

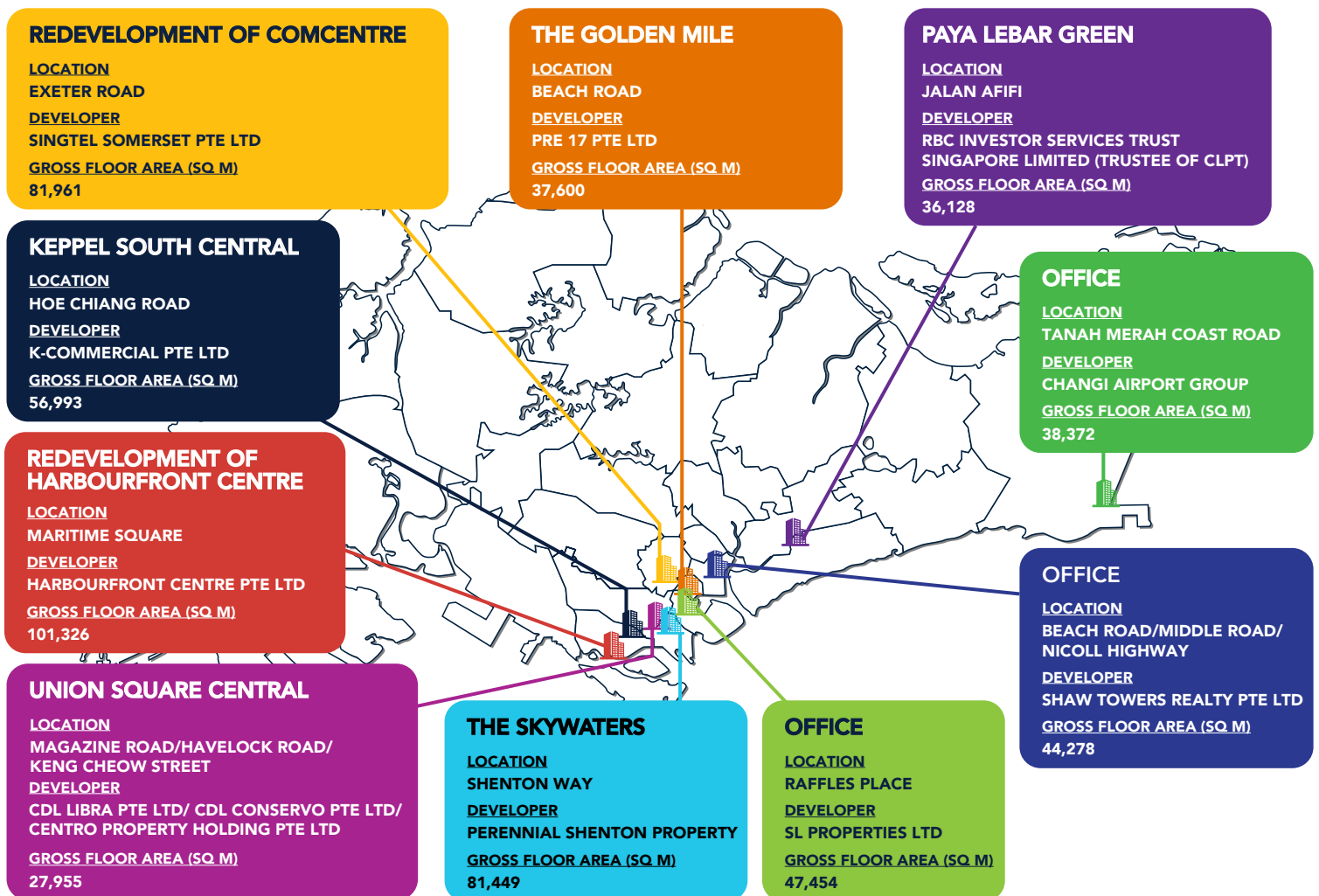
There may be more wealthy families from India looking to set up family offices in Singapore. The possible tax changes affecting some 74,000 non-domiciled residents in the UK might push some of them to relocate and set up family offices in Singapore.

New office supply remains quite sizeable with Keppel South Central (56,993 sq m), and the redeveloped Shaw Tower (44,278 sq m) completing in the next couple of years.

With more companies adopting AI, the need for office space may be uncertain in the near term. Coupled with the large supply of office space, the office market may stay soft in 4Q 2024.

The strata office market may see more transactions as interest rate is likely to trend lower.

Map 1: Ten Largest Uncompleted Private Office Buildings by Gross Floor Area



Source: URA, Huttons Data Analytics as of 25 Oct 2024



SUBSCRIBE TO OUR NEWSLETTER TO RECEIVE THE LATEST PROPERTY NEWS

Huttons

SINGAPORE'S LARGEST PRIVATE REAL ESTATE AGENCY

FOR ENQUIRIES, CONTACT

Lee Sze Teck | Senior Director, Data Analytics
Email: szetecklee@huttonsgroup.com

While Huttons has endeavoured to ensure that the information and materials contained herein are accurate and up to date as at [6 Nov 2024], Huttons is not responsible for any errors or omissions, or for the results obtained from their use or the reliance placed on them. All information is provided "as is", with no guarantee of completeness, and accuracy. In no event will Huttons and/or salespersons thereof be liable in contract or in tort, to any party for any decision made or action taken in reliance on the information in this document or for any direct, indirect, consequential, special or similar damages.
Huttons Asia Pte Ltd (L3008899K) Huttons International Pte Ltd (L3008937I)



Follow us on social media

