

Huttons

SINGAPORE'S LARGEST
PRIVATE REAL ESTATE AGENCY

HUTTONS DATA ANALYTICS

COMMERCIAL UPDATES 4Q 2024



OVERVIEW

The Singapore economy grew by 4.4% year-on-year in 2024, faster than the 1.8% growth in 2023.

Growth in 2024 was driven by the wholesale trade, finance & insurance and manufacturing sectors.

The manufacturing sector expanded by 4.3% in 2024, a sharp reversal from the 4.2% contraction in 2023. The services producing industries grew at a faster pace of 4.4% in 2024 while the construction sector was stable at 4.5%.

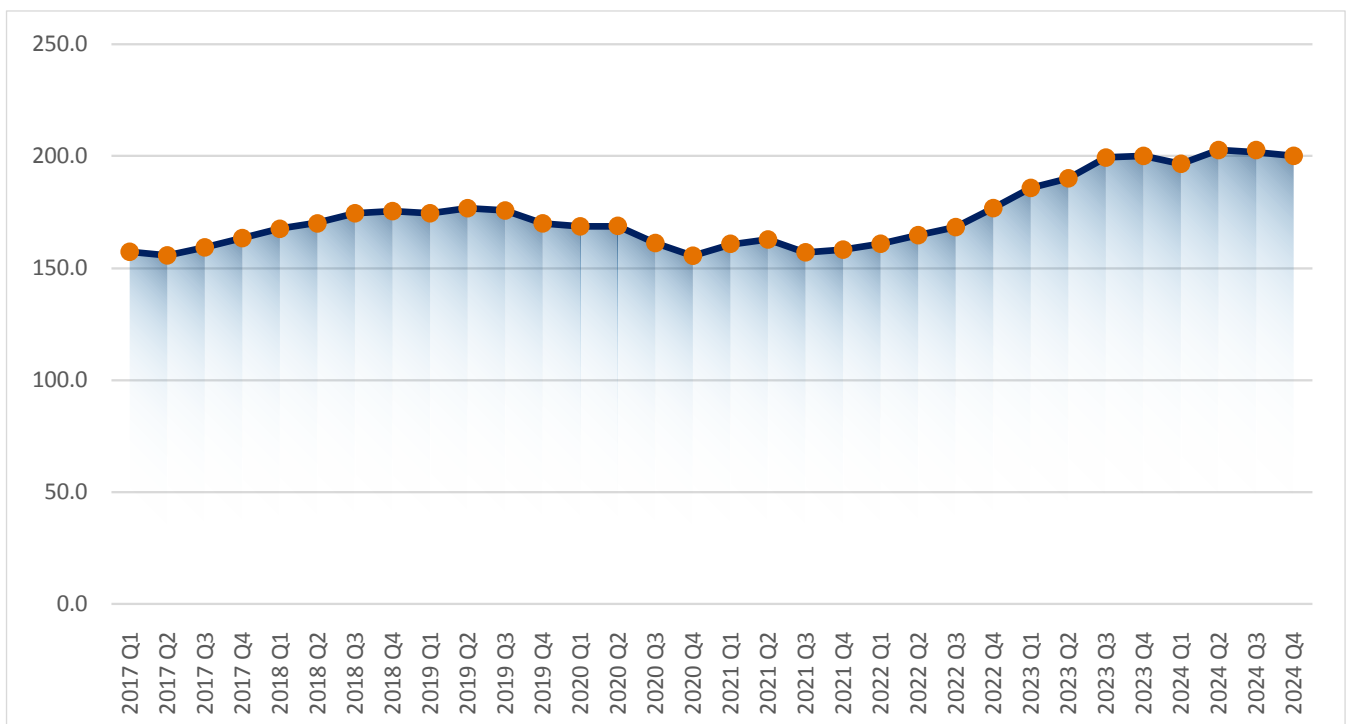
However, office rents remained weak in 4Q 2024, dragged down by older buildings whose specifications may not be the most current.

Rents of office space in the Central Region was down by 0.9% in 4Q 2024, a bigger drop than the 0.5% decrease in 3Q 2024.

The decline in rents in 4Q 2024 was largely due to a fall in Category 2 rents. Category 1 rents remained unchanged in 4Q 2024.

In 2024, rents of Category 1 office buildings increased by 4.5% to \$12.52 psf/month while Category 2 rents edged up by 1.8% to \$6.35 psf/month.

Figure 1: URA Office Rent Index (Central Region)



Source: URA, Huttons Data Analytics as of 24 Jan 2025

There was a flight to quality among office tenants.

Net demand for office space in the Downtown Core was 861,112 sq ft in 2024, the best among all the other areas.

Vacancy rate of Category 1 office space fell to 9.1% as of end-2024 but that of Category 2 office space remained high at 11.3%.

Islandwide vacancy rate of office space fell to 10.6% as of Q4 2024, improving from 11% in the previous quarter.

Figure 2: Office Supply, Demand and Occupancy Rate (Islandwide)



Source: URA, Huttons Data Analytics as of 24 Jan 2025

TRANSACTIONS

It was a stable year for the strata office market in 2024.

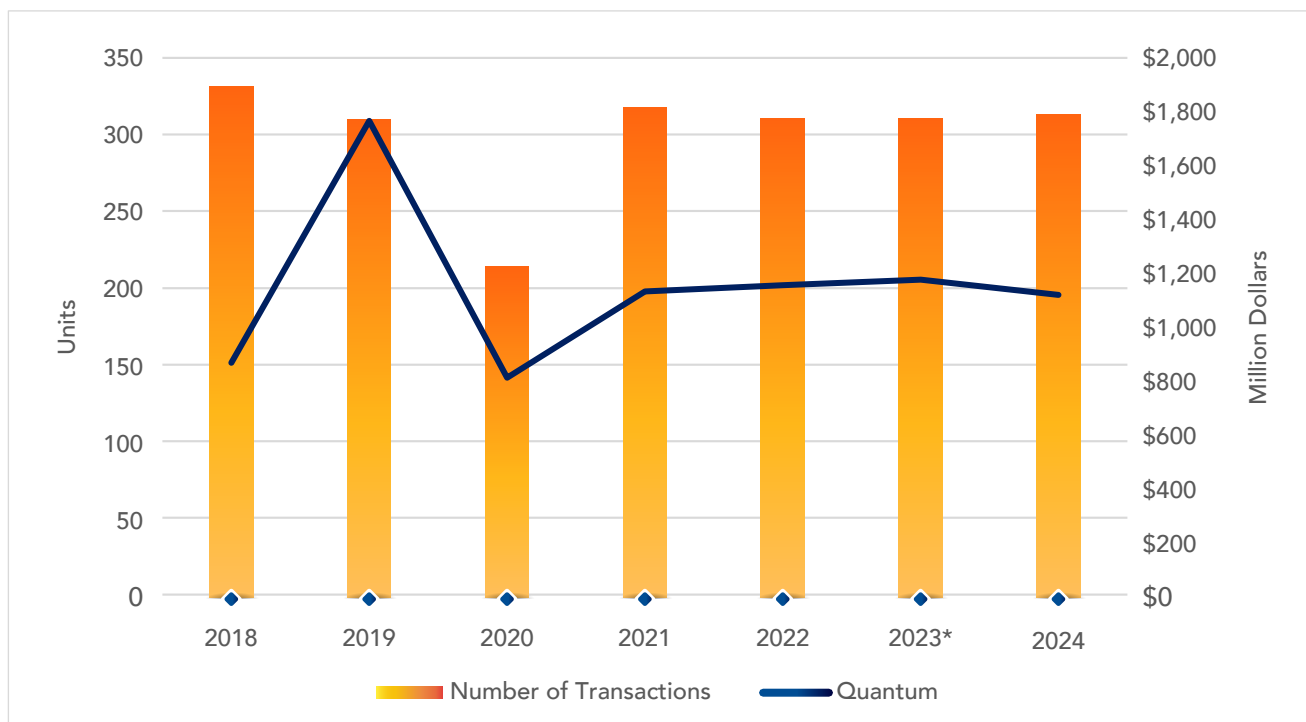
Transactions of strata office units in 4Q 2024 was propped up by the cut in interest rates and the launch of One Sophia. It pulled up the volume for the whole year to 313, similar to 2023's 309 units.

There has been very little supply of new strata office space for sale in the past few years. Solitaire on Cecil launched in 2022 was probably the last.

One Sophia with an indicative starting price of \$3,000 psf is priced very attractively against resale strata office units in the CBD.

In 2024, the total value of transactions in was \$1.1 billion, 5% lower than the \$1.2 billion recorded in 2023.

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



* excludes the sale of Shenton House and VisionCrest Commercial

Source: URA, Huttons Data Analytics (data downloaded as of 24 Jan 2025)

The thirteenth floor unit in Solitaire on Cecil was sold for \$55.15 million in Jul 2024, making it the top transaction by quantum in 2024.

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

ADDRESS	STRATA AREA	QUANTUM	TENURE	PRICE	MONTH
Solitaire on Cecil	13,132 sq ft	\$55.15 mil	Freehold	\$4,200 psf	Jul 2024
6 Raffles Quay	10,129 sq ft	\$36 mil	Freehold	\$3,554 psf	Jul 2024
Suntec Tower One	11,787 sq ft	\$35.89 mil	99 years	\$3,045 psf	Dec 2024
Tong Building	6,867 sq ft	\$35 mil	Freehold	\$5,097 psf	Sep 2024
Tong Building	6,867 sq ft	\$33.5 mil	Freehold	\$4,878 psf	Sep 2024
Vision Exchange	14,015 sq ft	\$33.32 mil	99 years	\$2,378 psf	Feb 2024
Tong Building	6,867 sq ft	\$31.33 mil	Freehold	\$4,562 psf	Sep 2024
Prudential Tower	5,716 sq ft	\$26.5 mil	99 years	\$4,636 psf	Aug 2024
Vision Exchange	10,775 sq ft	\$25.66 mil	99 years	\$2,381 psf	Feb 2024
108 Robinson Road	4,758 sq ft	\$18.56 mil	Freehold	\$3,900 psf	Sep 2024

Source: URA, Huttons Data Analytics as of 24 Jan 2025

MARKET OUTLOOK

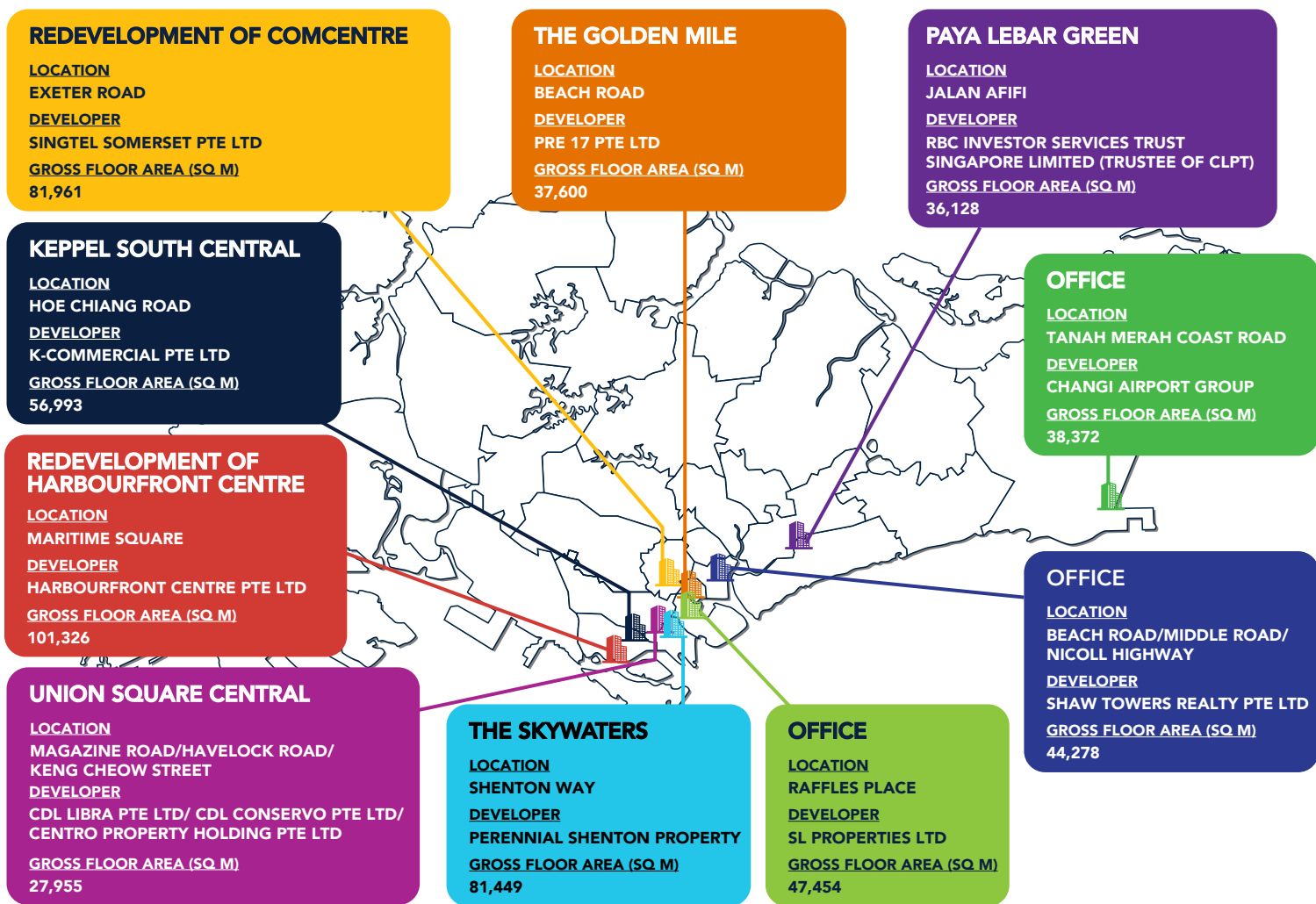
Office occupiers are likely to adopt a wait and see approach in 1H 2025 as there is uncertainty in the operating environment due to the risks of tariffs.

In 2025, Keppel South Central is likely the only office completion in the Downtown Core. Manulife is understood to be the anchor tenant. According to the developer, nearly 50% of the office space and retail units are either already committed or being actively negotiated.

Demand for office space may pick up in 2H 2025 if the economy sees continued growth.

The Golden Mile in Beach Road will likely be the only commercial project for sale in 2025. The strata office market may see draw more interest due to the lack of new supply.

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



Source: URA, Huttons Data Analytics as of 24 Jan 2025



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