

# News Release



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## **Analysis of Singapore Industrial property market statistics – 1Q 2008**

**Singapore**, - The Urban Redevelopment Authority (URA) released today the Industrial real estate statistics for the first Quarter 2008 (1Q2008).

In the first quarter of 2008, the Singapore industrial property rentals and capital values grew on the back of a strong manufacturing performance in January and February 2008, albeit still lagging behind other sectors. The industrial price index stood at 109.5, recording a 3.4% qoq increase in 1Q 2008 while rentals grew 5.7% qoq.

There is still plenty of room for growth though as capital values are still 31.5% lower than the high point of 159.8 in 1Q 1997. Similarly, the rental index is also 26.4% short of its peak in 2Q 1996. However, due to the current uncertainties in the market including high inflation, costlier raw materials and the credit crunch, rentals may remain flat for the next two quarters.

Demand for industrial space remained robust in 1Q 2008, which resulted in a 0.6-point increase in occupancy rate to reach 92.4%, highest since post-Asian financial crisis as manufacturing sector was led by strong output increases in biomedical manufacturing. For warehouse space, the occupancy rate had a marginal growth of 0.1 point to push occupancy to 91.6%.

Due to a larger supply of business park space, occupancy rates decreased 1.4 point to reach 88%, despite a much stronger demand. Demand for business park space is expected to increase for the next few quarters as tenants continue to look to business park space as cheaper alternatives to office space, such as for their back-end operations.

As demand for industrial space is still expected to remain healthy in the foreseeable future, for the whole of 2008, average industrial property prices are expected to grow by 8% to 15% yoy, while average rentals of industrial space could increase by 12% to 18% yoy.

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**Notes to Editors**