

# Singapore Office Market Insights

March 2025





# Introduction



*Newmark is one of the world's fastest-growing commercial real estate firms, and we are pleased to bring our market-leading expertise and services to Singapore. We are excited to present our inaugural Singapore Office Market Update, offering insights and in-depth analysis of the current market trends and conditions.*



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## Demand to remain resilient with modest rental growth in 2025.

The Singapore economy grew 4.0% in 2024 and outperformed the official forecast. Singapore's economic growth outlook in 2025 is projected to be more moderate, against the backdrop of geopolitical tensions and higher global economic uncertainty.

Singapore expects to see resilient office demand supported by steady economic growth, a more stabilised interest rate environment, and higher office attendance in part driven by the Tripartite Guidelines on Flexible Work Arrangement (FWA) effective from December 2024.

Banking and financial services, technology, and professional services firms are expected to dominate Singapore office leasing activity. Businesses' quest for talent acquisition and retention will see the flight to quality trend continuing, in a market with limited future supply over the next 3 years, while some businesses will actively increase operational efficiency through rightsizing or relocation to a more efficient office space.

Keppel South Central is the only CBD Grade A office development scheduled to complete in Q1 2025. We expect a fall in vacancy and modest rental growth in the short term with CBD Grade A office in particular short supply.

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# Economic Context

Singapore economic drivers to remain stable throughout 2025.



## Modest Economic Growth

Singapore’s official GDP growth forecast is 1%~3% with external sources at the upper end of this range. The manufacturing sector is expected to remain the key driver of economic growth with recovery in the global electronics industry.

Singapore GDP Growth (YoY Change, Real GDP)

1.8%	4.4%	1.0-3.0%
(2023)	(2024)	(2025F)

Source: MAS, MTI



## Low Unemployment

The unemployment rate in Singapore remained low at 2.0% in 2024, supported by improvements in retrenchment and re-entry rates. Looking ahead, the unemployment rate is projected to remain stable at 1.9% in 2025, underpinned by steady economic growth.

Singapore Unemployment Rate (%)

1.9%	2.0%	1.9%
(2023)	(2024)	(2025F)

Source: MOM, DOS (as of December 2024), Oxford Economics (forecast)



## Easing Inflation

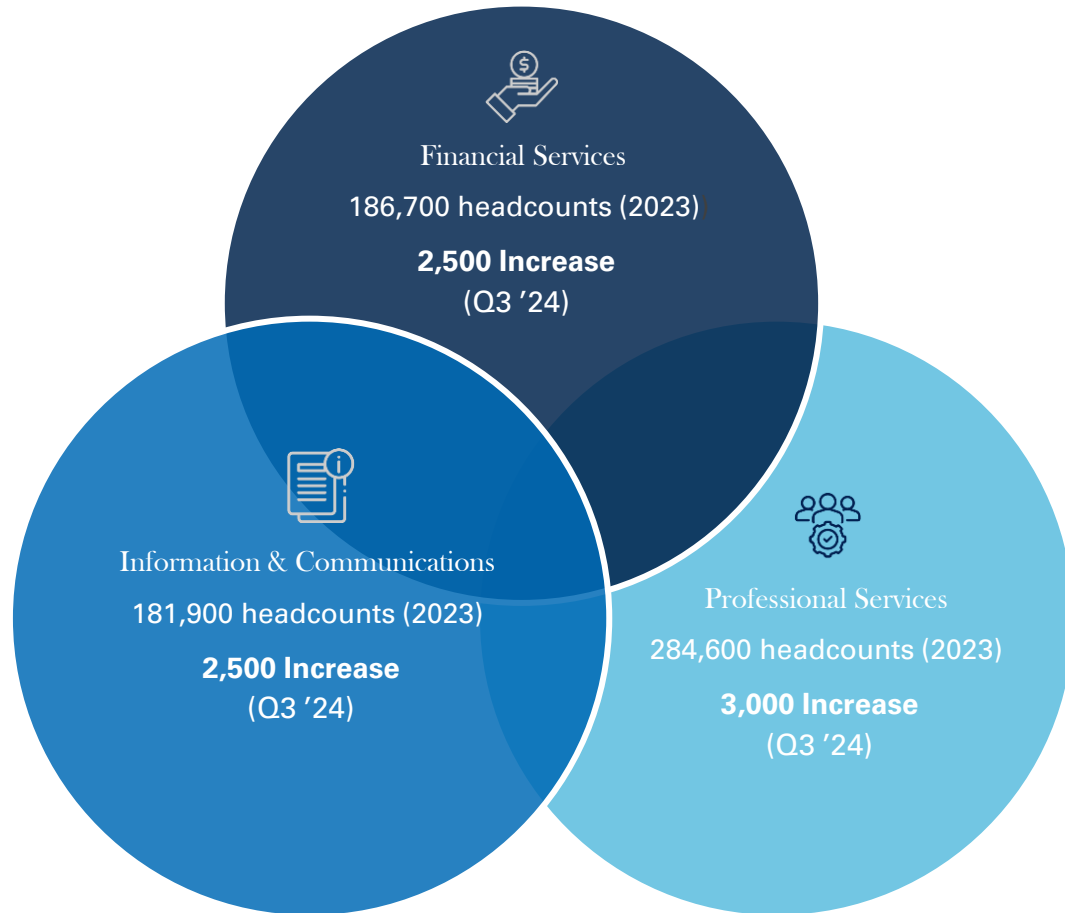
MAS Core Inflation is expected to continue easing, with an average forecast range of 1.0% to 2.0% in 2025. This is due to moderate pressure on underlying costs, including import costs, nominal wage growth, and a tight labor market.

Singapore Core Inflation (YoY Change)

4.2%	2.7%	1.0-2.0%
(2023)	(2024)	(2025F)

Source: MAS

# Impacts On The Office Leasing Market



Source: Ministry of Manpower (MOM)



The rise of employment growth in outward-oriented sectors continue to be a key driver of resilient office demand

Outward-oriented service sectors, including information and communications, financial, and professional services, are projected to experience growth in 2025. The expansion of Singapore's digital economy is also anticipated to accelerate, driven by the Smart Nation 2.0 policy.

Singapore's prime office demand is expected to remain strong, supported by continued employment growth in these outward-oriented service sectors. At the same time, rents are forecasted to remain stable.

# Supply

Office supply is expected to decline over the **next three years**.

## Office Supply By Submarket

Submarket	Inventory (millions, sq ft)	Planned Supply (millions, sq ft)
Downtown Core	42.9 ( 49.0%)	0.8
Orchard	3.3 ( 3.8%)	1.2
Rest of CBD	11.6 ( 13.3%)	0.3
City Fringe	21.4 ( 24.4%)	1.8
Suburban	8.2 ( 9.4%)	1.2
Islandwide	87.4 (100.0%)	5.2

Source: URA (Q4 2024), Newmark Research

## Recent Completions (2024)

### IOI Central Boulevard Towers (CBD)

- Location: 3 Central Boulevard
- Grade: Premium Grade A
- NLA: 1,256,670 sq ft (office)
- East Tower: 9 floors – L8 to L16
- West Tower: 40 floors – L8 to L22 & L24 to L48
- Typical Floor Plates: 25,400 sq ft (East Tower)
- 21,700 to 23,500 sq ft (West Tower)

### Labrador Tower (City Fringe)

- Location: 1 Pasir Panjang Road
- Grade: Grade A
- NLA: 700,000 sq ft (29 floors of office space)
- Typical Floor Plates: 15,300 to 26,400 sq ft

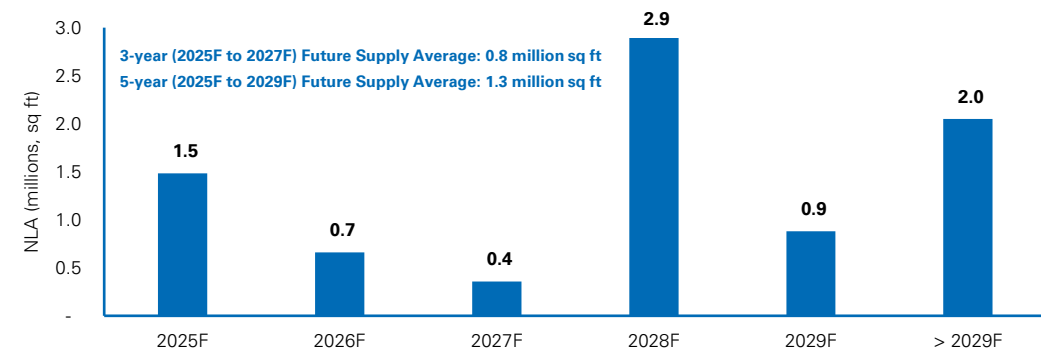
### Punggol Digital District

- Location: 84, 86 & 88 Punggol Way
- Grade: Grade A
- NLA: 330,000 sq ft
- Completion (2024): GFA of 157,154 sq ft

IOI Central Boulevard Towers is the only major newly completed option for larger space users and multi-floor tenants in the CBD among recent completions. Outside the CBD, Labrador Tower and Punggol Digital District cater to tenants seeking city-fringe or decentralized locations, offering enhanced cost efficiency.

Islandwide, new office supply from 2025 to 2027 is projected to average 832,600 sq. ft. annually, significantly below the 10-year historical average of 1.6 million sq. ft.

## Office Supply In The Pipeline



Source: URA (Q4 2024), Newmark Research (NLA estimates are based on an efficiency rate of 85%.)



# Supply: New Developments



Keppel South Central  
10 Hoe Chiang Road



Shaw Tower  
100 Beach Road



Paya Lebar Green  
20 Jln Afifi



Punggol Digital District  
Punggol Way

Submarket	Tanjong Pagar (CBD)	Beach Road / Bugis (CBD)	East (City Fringe)	Punggol (Suburban)
Expected Year of TOP	2025	2026	2025	2025
NLA	613,500 sq ft	435,000 sq ft	333,040 sq ft	330,000 sq ft (Phase 2)
Typical Floor Area	20,000 ~ 22,000 sq ft	18,000 ~ 20,000 sq ft	12,000 sq ft (South), 27,000 sq ft (North)	TBC
Details of Floors	No. of floors: 33 Low zone: levels 7 to 17 High zone: levels 20 – 31	No. of floors: 33 Low zone: levels 7 to 18 High zone: levels 21 - 31	No. of floors: 23 South: 12 floors (levels 4 to 11) North: 8 floors (levels 2 to 8)	No. of floors: 12
Parking Area	112 carpark lots	Level 3~4	110 carpark lots	TBC
Amenities	Many facilities and amenities close by	Amenities including retail, a gym as well as end-of-trip facilities	Easy access to amenities & retail malls	Linked to a 223-key hotel & Punggol Coast Mall close by
Nearby MRT	Tanjong Pagar Prince Edward Road (opening in 2026)	4 MRT stations including City hall, Esplanade Promenade and Bugis	Paya Lebar	Punggol Coast Punggol

Source: URA, Property Factsheets, Newmark Research, Keppel, Shaw Tower, Paya Lebar Green, JTC

\*Note: The above building images are shown for illustration purposes only. (Photo Credit: Keppel, Shaw Tower, Paya Lebar Green & JTC)

# Snapshot Of Core CBD Market

The core CBD office market will experience **balanced supply & demand**.

**01** | **Private Office Stock**  
**41.3 million sq ft (55.9%)**  
 (74.0 million sq ft, Islandwide Stock)

**02** | **Net Supply**  
**1.2 million sq ft**  
 (10-year Average 0.7 mil sq ft per annum)

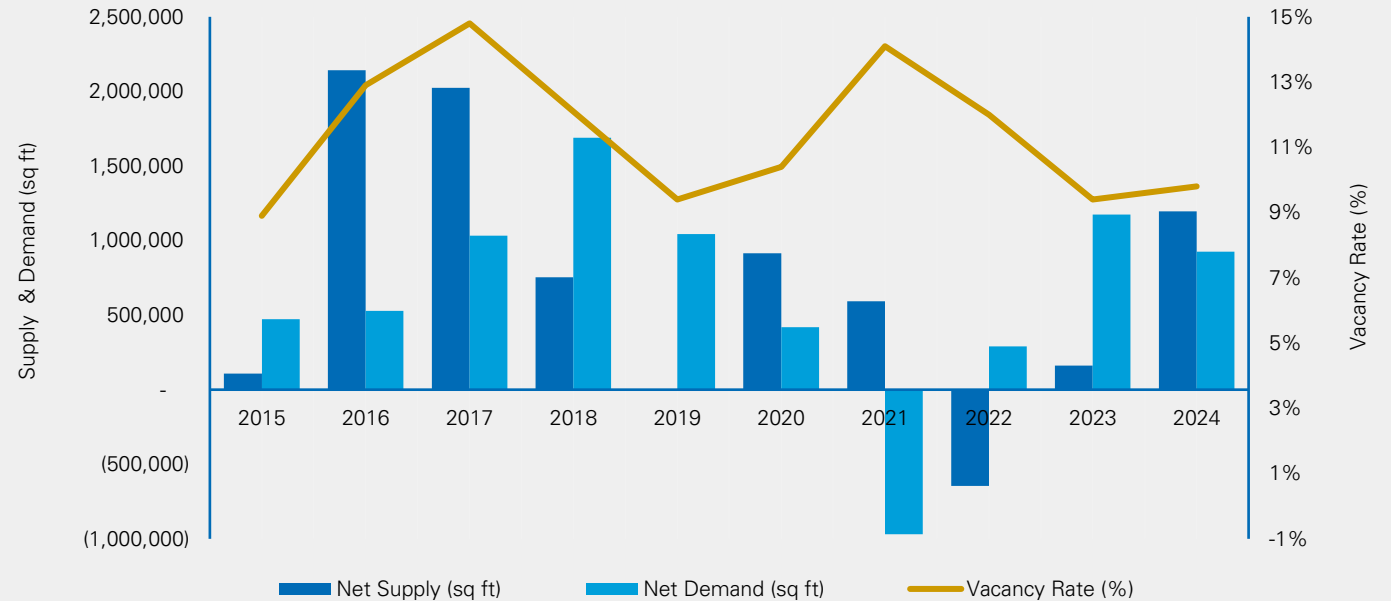
**03** | **Absorption**  
**0.9 million sq ft**  
 (10-year Average 0.7 mil sq ft per annum)

**04** | **Vacancy**  
**4.1 million sq ft**  
 (Vacancy rate of 9.4% in 2023)

Core CBD vacancy rates increased by 40 basis points (bps) in 2024, largely attributable to the addition of IOI Central Boulevard Towers to the office supply.

Looking ahead, vacancy rates are expected to decline in the short term, driven by the constrained future supply in the pipeline.

Core CBD Office Supply, Absorption & Vacancy Rate



Source: URA (Private Sector only) & Newmark Research



# Demand

Occupiers are right-sizing their office space to optimize real estate expenditures, with many considering a flight-to-quality approach when relocation opportunities present a clear benefit in terms of operational efficiency at a justified cost. This trend is primarily influenced by global economic uncertainty, escalating real estate costs, and sustained high office occupancy rates.

## Composition of Office Activities

- ➔ Relocation: Rightsizing & Flight-to-Quality (67.1%)
- ➔ New Leases (15.4%)
- ➔ Business Centers (10.5%)
- ➔ Expansion (4.9%)
- ➔ Outside CBD (2.1%)

Key drivers of office leasing demand in Singapore include sectors such as finance, insurance, emerging technology, AI, law, consulting, fintech, wealth management, consumer products, and professional services. Looking ahead, the burgeoning AI industry is expected to emerge as a significant driver of office demand, supported by government initiatives encouraging SMEs to adopt AI through targeted subsidies.

## Demand Drivers

- ➔ Finance & Insurance (25.9%)
- ➔ Technology (17.5%)
- ➔ Law & Consultancy (15.4%)
- ➔ Energy (8.4%)
- ➔ Food & Beverage (5.6%)
- ➔ Others (27.3%)

Source: URA & Newmark Research

\*Note: The percentages are based on the no. of office lease transactions in 2024.

Vacancy	Q4 2024	Q4 2023	YOY Change
<b>Raffles Place / Downtown Core</b>			
➔ Premium Grade A:	7.3%	3.8%	350 bps ▲
➔ Grade A:	4.5%	5.6%	110 bps ▼
<b>Beach Road / Bugis</b>			
➔ Grade A:	7.3%	8.2%	90 bps ▼
<b>Shenton Way / Tanjong Pagar</b>			
➔ Grade A:	2.9%	4.6%	170 bps ▼
<b>Orchard</b>			
➔ Grade A:	2.7%	2.3%	40 bps ▲
<b>City Fringe</b>			
➔ All Grades:	10.7%	8.7%	200 bps ▲
<b>Suburban</b>			
➔ All Grades:	14.2%	13.4%	80 bps ▲

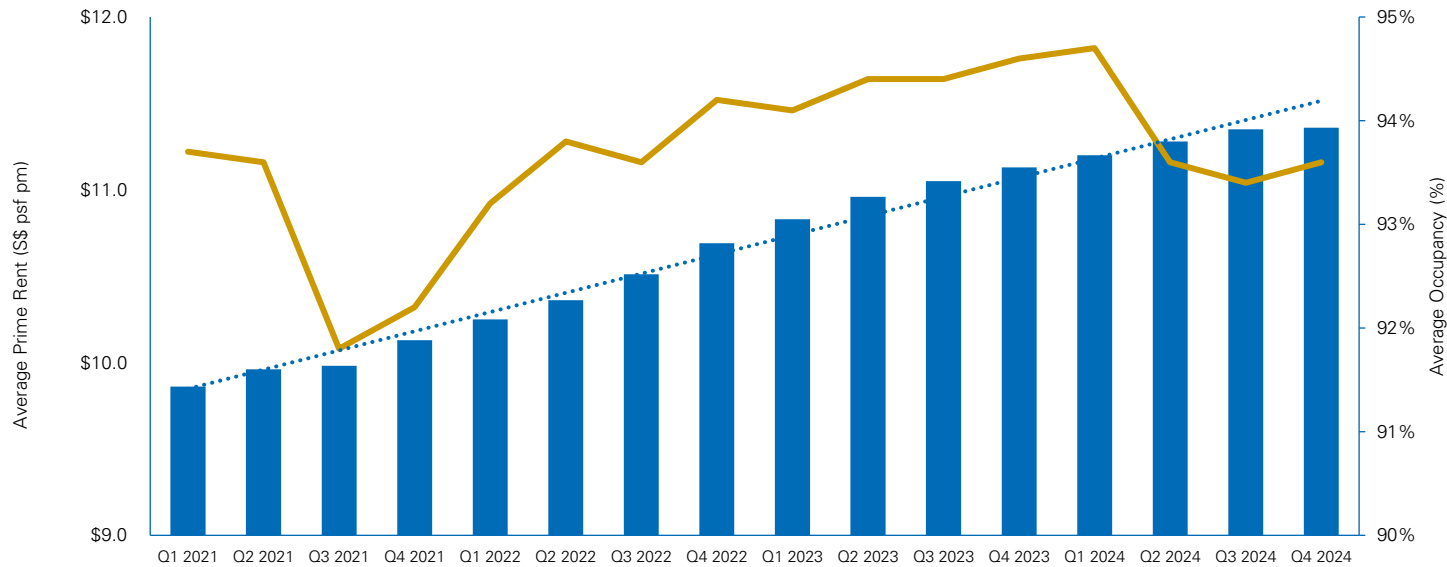
# Rental Trends

Core CBD Grade A rents are expected to remain stable due to **limited new supply**.

Singapore’s CBD Grade A office rents saw a growth of approximately 2% in 2024 and are projected to increase at a moderate pace of around 2% in 2025. This growth is attributed to the limited supply of new office space in the CBD, sustained demand for premium office spaces, and a steady GDP growth forecast.

The completion of IOI Central Boulevard Towers led to an increase in the vacancy rate of Grade A office spaces in the second half of 2024. However, vacancy rates are expected to decline moving forward, driven by ongoing demand.

Grade A CBD Office Rent & Occupancy



Source: URA & Newmark Research

Submarket	Average Gross Effective Rent (\$\$ PSF PM)
Raffles Place / Downtown Core (Premium Grade A)	\$12.5
Raffles Place / Downtown Core (Grade A)	\$10.6
Beach Road (Grade A)	\$10.1
Shenton / Tanjong Pagar (Grade A)	\$10.4
Orchard (Grade A)	\$9.4
City Fringe (All Grades)	\$7.4
Suburban (All Grades)	\$5.5

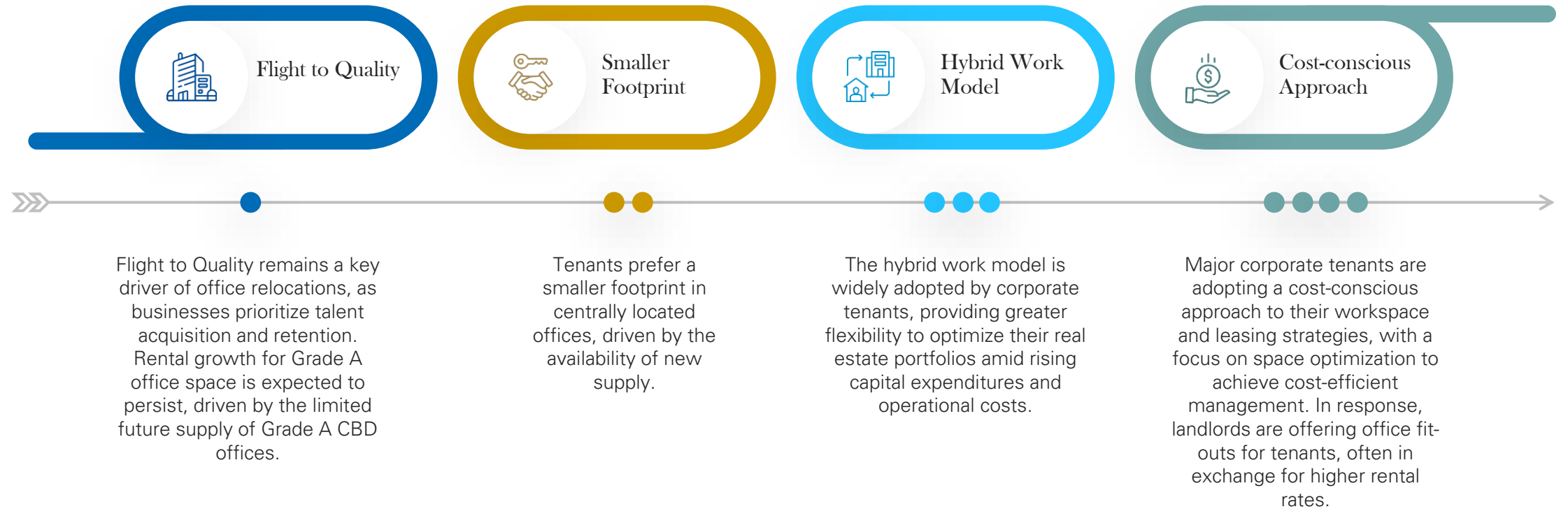


# Occupier Trends

Future-proofing and workspace optimization will **become crucial**

Occupiers in Singapore are actively reshaping their workplace strategies and real estate decisions. Emerging global office trends include the optimization of office space in response to the post-COVID hybrid work era, the integration of technology-enabled workplace management, and the development of comprehensive workspace strategies to meet the future-proof needs of the workforce.

The priorities of efficiency, flexibility, and adaptability in hybrid work models have become firmly established in Singapore’s office leasing market.



# Market Outlook

A positive outlook is expected with stable demand and **firm rental growth**.

## Sustained Office Demand

is expected to continue in 2025, supported by steady economic growth, a tight labor market, and higher export growth.

## Rising Relocations & Expansion

will be driven by higher office attendance, influenced by the Tripartite Guidelines on Flexible Work Arrangements (FWA), effective from December 2024.

## Tight Supply of CBD Office Space

will continue over the next three years due to a lack of new supply in the Core CBD. IOI Central Boulevard Towers are approaching full occupancy, with Core CBD office vacancy declining.

## Higher-Quality Office Spaces

will be in demand due to an increase in office-use employment. Occupiers looking to rightsize their offices may have an opportunity to sublet space amid a tighter office supply.

## Firm CBD Office Rental Growth

is forecast at around 2%, driven by declining vacancy rates as Singapore reinforces its position as the financial and business hub of APAC

## Pressure on Asset Enhancement

for owners of non-Grade A and older office buildings. Will face increasing pressure to upgrade their assets in order to reduce vacancy rates, as the flight to quality continues alongside higher office occupancy.

Looking ahead, the Singapore office leasing market holds a positive outlook, with demand for high-quality office space in prime locations expected to remain resilient. In the short term, CBD office supply and demand are projected to achieve greater balance, driven by a decline in new supply.

CBD office rental growth is anticipated to remain stable, as vacancy rates for premium office spaces continue to decrease.





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