

Outlook positive for business parks but location matters

Business parks have proven to be more resilient than other subsectors in the industrial space. Data from JTC shows that while the rental index for all industrial spaces sank 14.4 per cent between Q2 2014 and Q1 2021, business parks bucked the trend by rising 5 per cent. This was due in part to limited supply.

Still, within the business parks segment, some areas are expected to perform better than others, according to NUS' Institute of Real Estate and Urban Studies (IREUS).

BY NISHA RAMCHANDANI

As the pandemic spread, industrial rents retreated by one per cent year-on-year, faring better than offices and retail rents, which slid 2.7 per cent and 3.2 per cent respectively. Business parks managed headwinds relatively well, with rents down one per cent.

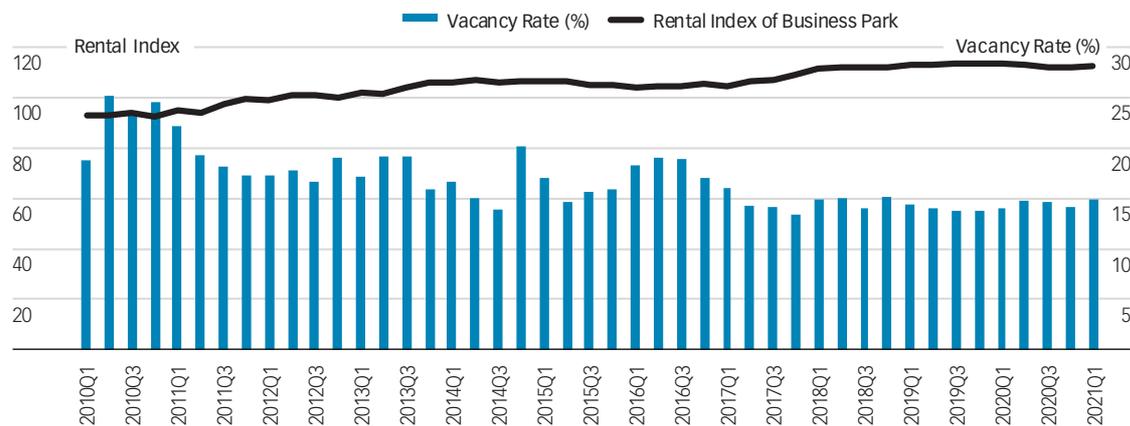
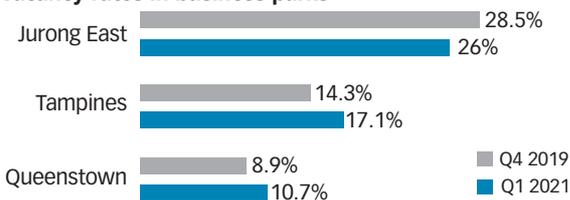
But over the years, the performance of business parks has varied depending on location, pointed out deputy director of IREUS, Lee Nai Jia. Those in Queenstown did

better in terms of occupancy, as they are newer and feature better specs. Thanks to their location close to NUS, demand was underpinned by start-ups, pharmaceutical firms as well as R&D companies.

"During the circuit breaker, the vacancy went up for all three planning areas, but eased slightly soon after," said Dr Lee. "However, the vacancy level in Queenstown went up to double digits in the first quarter, partly due to the completion of Wilmar International at 28 Biopolis Road."

"Moving forward, we expect business parks in Queenstown to be resilient," Dr Lee added. He reckons business parks in other planning areas could face downward pressure, although some may benefit from firms looking to move outside the CBD.

Vacancy rates in business parks



Vacancy levels at Planning Area

