

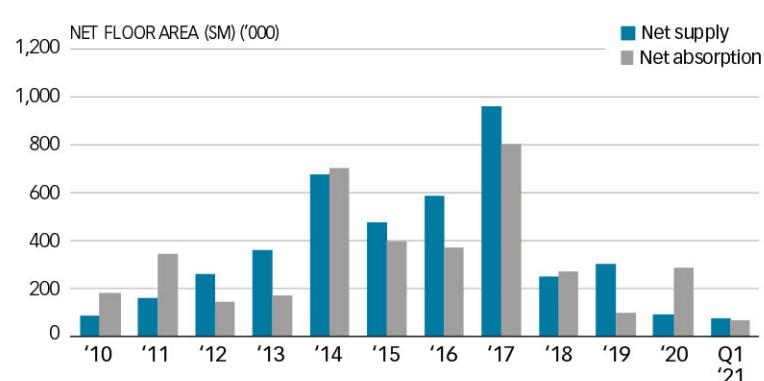
BT Infographics

Will warehouse supply keep pace with demand?

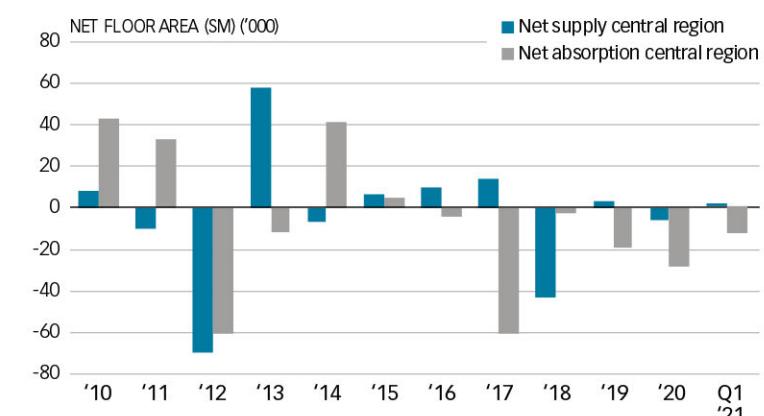
The growth of e-commerce and tight supply has helped bolster occupancy for warehouses amid the pandemic. However, the recovery has not been a uniform one, according to NUS' Institute of Real Estate and Urban Studies (IREUS). **BY NISHA RAMCHANDANI**

- Prior to the pandemic, the net supply of warehouses eased to allow for new supply to be absorbed by the market in 2018, while in 2019, the increase in supply was further moderated owing to slower manufacturing activities and the US-China trade war, IREUS highlighted.
- In contrast, the net supply of new warehouses was on an upward trend from 2010 to 2017 – with the exception of 2015. This came at a point where more households were turning to online shopping, with the proportion of households jumping from 42 per cent in 2010 to 58 per cent in 2017.
- “During the pandemic, the lack of completions, coupled with an increase in demand due to e-commerce, boosted occupancy,” said deputy director of IREUS, Lee Nai Jia. Occupancy stood at 89.9 per cent in Q4 2020, up from 89.1 per cent in Q3 2020 and 88 per cent in Q4 2019.
- Data shows that warehouses in the West region chalked up a net absorption of 203,599 square metres (sq m) in 2020, surpassing the new supply of 66,029 sq m. For Q1 2021, net absorption totalled 69,994 sq m.
- Still, the recovery has been uneven, pointed out Dr Lee, with aged warehouses in the Central Region seeing negative net absorption of 28,106 sq m and 13,031 sq m in 2020 and Q1 2021 respectively. “The relocation of the port operations to Tuas will hasten the termination of older warehouse space in the Central Region in the future,” added Dr Lee.

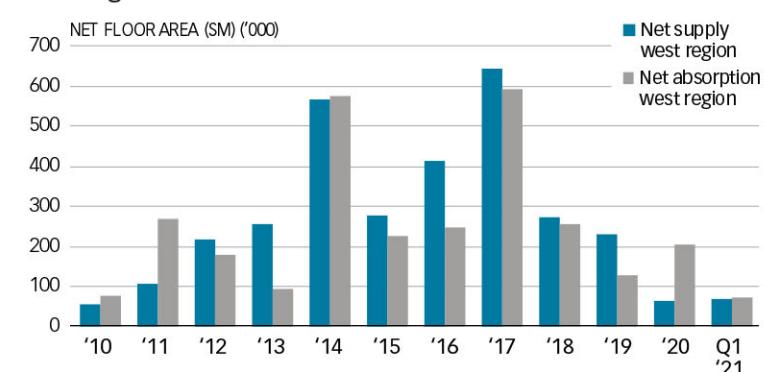
National Level



Central Region



West Region



Sources: IREUS