Singapore Research

Retail

Knight Frank

Q4 2025 | knightfrank.com.sg/research

Retail activity at the heart of the city makes a strong comeback in 2025

"Notwithstanding the recovery in city-centre activity, Singapore's retail sector is transitioning from aggressive expansion to a phase of outlet optimisation, where differentiation and experience-led strategies take precedence. Success is now defined less by footprint and more by finesse."
GALVEN TAN, CHIEF EXECUTIVE OFFICER

S$31.70 PSF PM
Orchard Prime Retail Rent

S$27.20 PSF PM
Suburban Prime Retail Rent

3.2 MILLION SF GFA
Upcoming Supply (Q4 2025 to 2029)

RETAIL IN THE CITY TAKES THE LEAD

International visitor arrivals (IVAs) totalled 2.8 million in October and November 2025, down from the 3.3 million in July and August 2025, but above the 2.5 million in the same period last year. This seasonal dip has been observed since 2023 and is more likely part of travel cycles than a one-off decrease. Overall, the cumulative IVAs from January to November 2025 rose 2.7% to 15.5 million compared to the same period in 2024, indicating that Singapore continued to enjoy strong support from business and leisure travellers.

The island-wide average gross rent of prime retail spaces moved up by a slight 0.5% q-o-q to S$28.50 psf pm in Q4 2025 (Exhibit 1). On a yearly basis, rents rose 2.5%, moderating from the 3.0% y-o-y growth recorded in Q4 2024. While the sector remains on a growth trajectory, high operating costs and intensifying competition in the retail landscape contributed to several high-profile closures in 2025. This prompted a more conservative approach to expansion, deployment of capital expenditure and store network optimisation.

The Marina-City Hall-Bugis cluster posted the strongest rental growth momentum in Q4 2025, with the quarterly gain partly driven by the Singapore Grand Prix which was scheduled in October this year. The resurgence of Meetings, Incentives, Conferences and Exhibitions (MICE) activity, international events, concerts and regional tourism funnelled both business and leisure visitors into the core city area. The location benefitted from a high concentration of affluent leisure travellers and business visitors, that translated into consistent retail sales and healthy demand for prime frontage. As a result, prime rents in this micromarket grew 4.8% in 2025, outpacing other submarkets.

RETAIL SALES PERFORMANCE

Total retail sales (excluding motor vehicles) for October and November 2025 totalled S$7.6 billion, better than the combined total retail sales of S$7.3 billion recorded in July and August 2025 (Exhibit 2). In November 2025, recreational goods continued to lead growth in the retail sales index for the fourth consecutive month, expanding by 14.6%, followed by cosmetics, toiletries and medical goods.

STRATEGIC CONSOLIDATION IN F&B AND THE RISE OF DIFFERENTIATED CONCEPTS

Despite the cost challenges, the F&B sector in Singapore continues to be a main supporter of leasing demand, due to the city-state's solidifying position as both a global wealth hub and a strategic gateway to markets in Southeast Asia. Chinese F&B brands emerged as one of the most influential forces shaping the retail scene. The initial phase of Chinese expansion was marked by the rapid rollout of major mass-market chains. This has eased, transiting towards more measured growth that is driven by quality. Increasingly defined by refinement rather than scale, operators are recalibrating their strategies to suit a more competitive trading environment and discerning consumers.

Such portfolio optimisation is characterised by operators relocating to higher-traffic or more prestigious locations, refurbishing existing outlets and introducing premium or differentiated variations for broader appeal. This deliberate shift from expanding to deepening market share, has operators prioritising brand strength, concept innovation and a sophisticated appreciation of consumer behaviour over sheer outlet count.

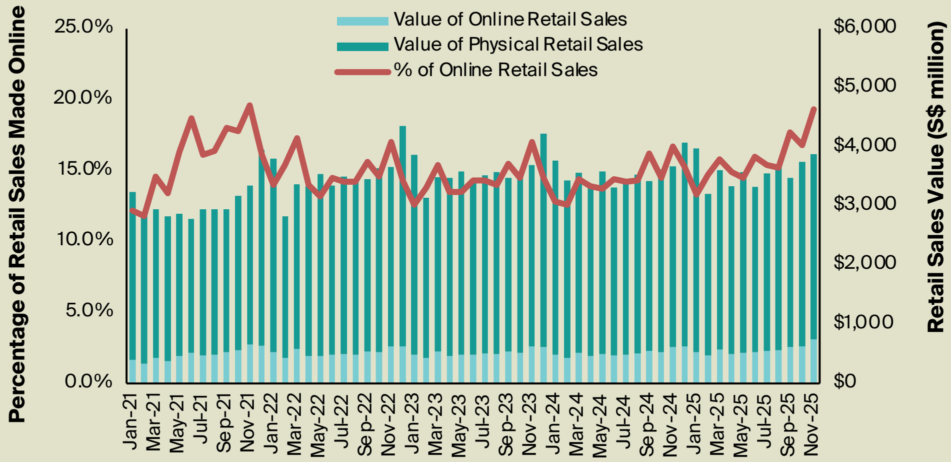
Beyond Chinese brands, growing interest is also evident from Japanese, Korean and American F&B operators looking to establish or expand their

Exhibit 1: Average Gross Rents of Prime Retail Spaces*, Q4 2025

LOCATION	AVERAGE GROSS RENT OF PRIME SPACES (S$ PSF PM)	Q-O-Q CHANGE (%)	Y-O-Y CHANGE (%)
Island-wide	**$28.50**	**0.5%**	**2.5%**
Orchard	$31.70	0.3%	2.2%
Marina Centre, City Hall, Bugis	$27.50	0.8%	4.8%
City Fringe	$24.50	0.5%	1.2%
Suburban	$27.20	0.7%	2.1%

Source: Knight Frank Research
*Prime retail spaces refer to rental-yielding units between 350 sf and 1,500 sf with the best frontage, connectivity, footfall and accessibility in a mall, typically located on the ground level and/or the basement level of a retail mall that is linked to an MRT station or bus interchange. Average gross rents of prime retail spaces are rounded to the nearest S$0.10.

Exhibit 2: Monthly Retail Sales (Non-seasonally adjusted in chained volume terms) up to November 2025



Source: Department of Statistics Singapore (as released on 5 January 2026), Knight Frank Research
Note: Monthly retail sales exclude motor vehicles.

presence in Singapore. However, the city-state's high operating and manpower costs mean that market entry is typically confined to larger, well-capitalised chains with the scale and resources to support long-term operations. While smaller or boutique operators may find the local cost structure challenging, many continue to view Singapore as an aspirational launchpad, offering the visibility and credibility needed to support regional expansion.

MARKET OUTLOOK

Looking ahead, luxury segments such as watches, jewellery and designer labels are expected to remain among the more resilient segments of the retail market, supported by high-net-worth local consumption and recovering tourist spend. Experiential and service-led categories including beauty, wellness, fitness and enrichment are also well-positioned, benefiting from consumers' increasing willingness to spend per visit, personalised offerings and stronger brand affinity. In contrast, mid-market fashion, large-format department stores and low-margin mass-market retailers are likely to face mounting pressure unless they can articulate clear value propositions through sharper differentiation and effective omnichannel strategies.

F&B operators are expected to continue anchoring new leasing demand and to account for a significant share of new transactions, particularly in both prime and well-performing suburban malls. At the same time, luxury brands and global retailers remain focused on securing premium-format stores along Orchard Road and Marina Bay. Additional demand is anticipated from fitness, health and beauty services, personal care operators and omnichannel showrooms that integrate retail with experiential elements. This diversification supports occupancy levels and contributes to overall mall vibrancy, while landlords continue to expand lifestyle, experiential and pop-up formats to enhance dwell time and sharpen mall positioning.

Despite the above drivers, several moderating factors are likely to cap rental upside. Rising operating costs including labour, utilities and import expenses may constrain tenants' ability to absorb aggressive rental increases. Intensifying competition and pockets of oversupply, particularly within certain F&B sub-segments, present additional risks. As a result, landlords are expected to adopt a more selective leasing strategy that balances rent optimisation with the need to curate resilient tenant mixes and compelling experiential offerings. In this competitive environment, rental growth is expected to remain measured.

With limited new retail supply until 2028, occupancy in well-managed malls is expected to remain firm, sustaining competition for quality space and underpinning rental stability. Against this backdrop, Knight Frank projects prime retail rents to grow by 2% to 4% in 2026, supported by stable tourist arrivals, a robust hospitality and MICE pipeline, and Singapore's strengthening position as a regional hub for entertainment and large-scale events. In contrast, secondary malls are likely to see more modest growth or flat rental performance, reflecting greater sensitivity to cost pressures and consumer trade-down.

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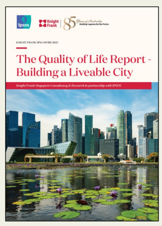

THE QUALITY OF LIFE REPORT 2025

RETAIL Q3 2025

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