

AN OUTLOOK FOR THE SINGAPORE MARKETPLACE

Singapore Office Market

January 2025

PREPARED FOR:



Disclaimer



Although every care has been taken in preparing this presentation, Savills does not verify its accuracy. Information, opinions and forecasts in this presentation depend on the accuracy of any information and assumptions on which they are based, and on prevailing market conditions, for which Savills does not accept responsibility.

No representations or warranties of any nature whatsoever are given, intended or implied about this presentation, any information, opinions and forecasts contained within this presentation or the accuracy or enforceability of any documents referred to in this presentation. Savills will not be liable for any omissions or errors. Savills will not be liable, including for negligence, for any direct, indirect, special, incidental or consequential losses or damages arising out of or in any way connected with use of or reliance on anything in this presentation.

This presentation does not form part of or constitute an offer or contract. Recipients of this presentation should rely on their own enquiries about its accuracy. All images are only for illustrative purposes.

Confidential information

This presentation is the confidential information of Savills; is strictly for the intended recipient and must not be disclosed to any other party without the prior written consent of Savills.

Copyright

This presentation is copyright material owned by Savills (Singapore) Pte Ltd and related entities. Permission to use any part of this presentation must be sought directly from Savills (Singapore) Pte Ltd or its related entities. If permission is given, it will be subject to a requirement that the copyright owners name and interest is acknowledged when reproducing the whole or part of any copyright material.

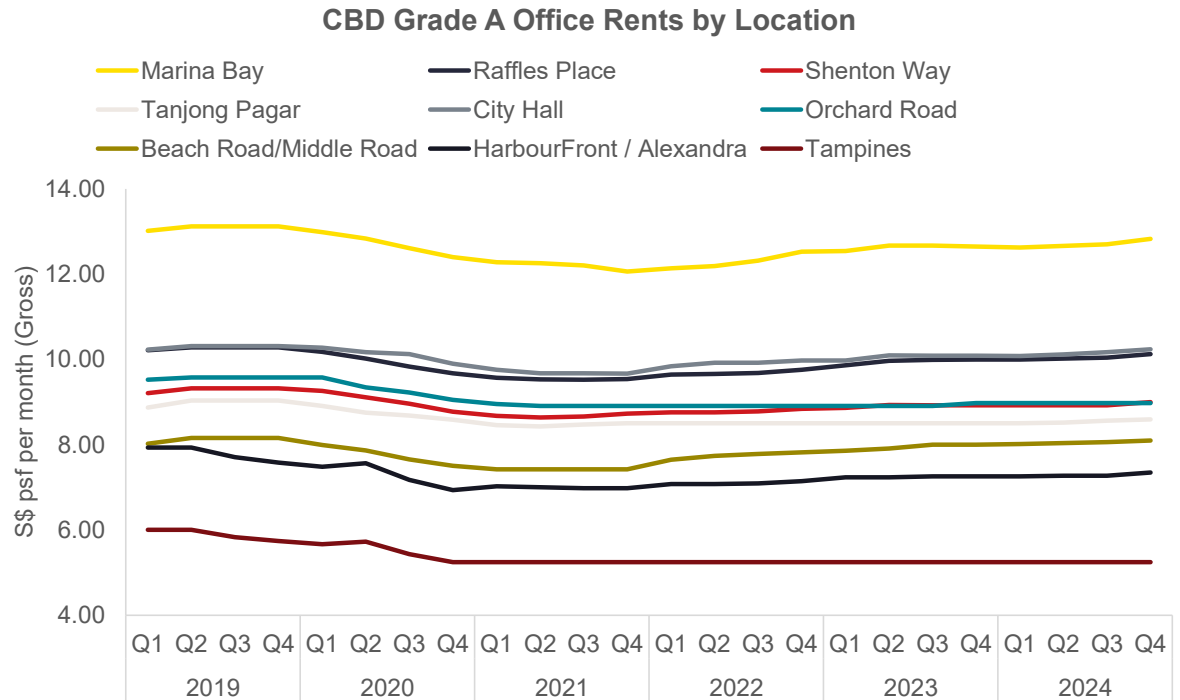
© 2025 Savills, Inc. All rights reserved.

RENTS AND PRICES

CBD Grade A Office Rents Continued to Increase in Q4/2024



Location	Q3/2024 Average Rent (\$psf pm)	Q4/2024 Average Rent (\$psf pm)
Marina Bay	12.70	12.83
Raffles Place	10.04	10.12
Shenton Way	8.93	8.99
Tanjong Pagar	8.56	8.59
City Hall	10.17	10.24
Orchard Road	8.98	8.98
Beach Road	8.06	8.10
Overall CBD	9.80	9.86



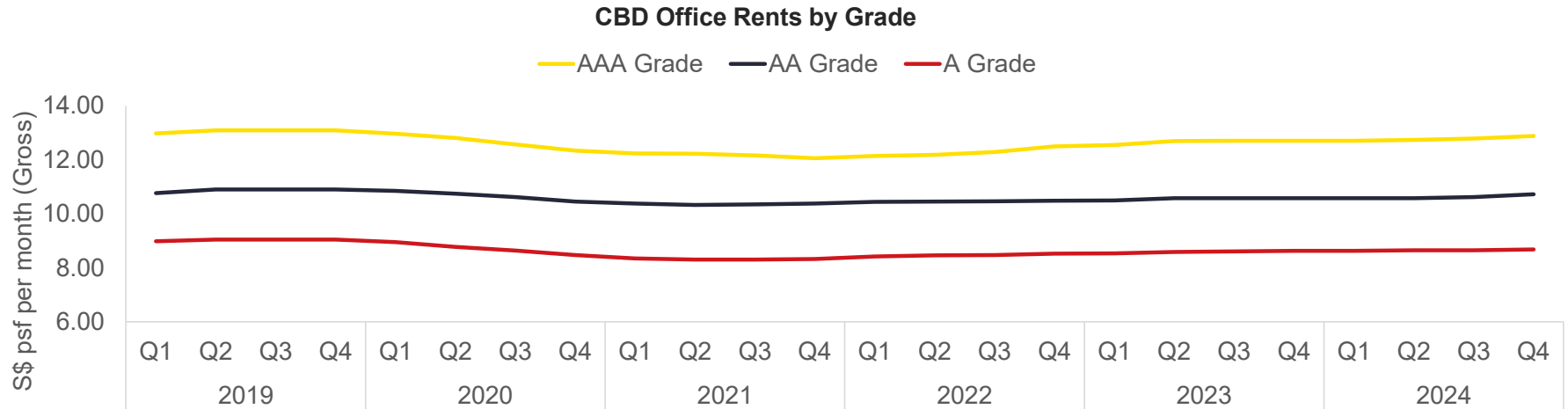
Quarterly rental growth across almost all sub-markets in Q4/2024



% CHANGES IN CBD GRADE 'A' OFFICE RENTS

Location	2019	2020	2021	2022	2023	2024	Q4/2023	Q1/2024	Q2/2024	Q3/2024	Q4/2024
Marina Bay	4.6%	-5.5%	-2.7%	3.9%	1.0%	1.4%	-0.2%	-0.2%	0.3%	0.3%	1.0%
Raffles Place	3.0%	-5.9%	-1.4%	2.3%	2.4%	1.3%	0.1%	0.0%	0.2%	0.2%	0.8%
Shenton Way	3.2%	-6.0%	-0.8%	1.4%	1.2%	0.7%	0.0%	0.0%	0.0%	0.0%	0.7%
Tanjong Pagar	4.1%	-5.0%	-1.0%	0.0%	0.0%	1.1%	0.0%	0.0%	0.2%	0.5%	0.4%
City Hall	2.2%	-4.0%	-2.4%	3.2%	1.1%	1.5%	0.0%	-0.1%	0.4%	0.5%	0.7%
Orchard Road	2.0%	-5.5%	-1.6%	0.0%	0.7%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%
Beach Road/Middle Road	1.7%	-8.0%	-1.1%	5.4%	2.3%	1.2%	0.0%	0.2%	0.2%	0.3%	0.5%
Overall CBD	2.9%	-5.6%	-1.6%	2.2%	1.2%	1.0%	0.1%	0.0%	0.2%	0.2%	0.6%

Rents of Offices Across All Gradings Continued to Grow in Q4/2024



Sector	Transacted Rent (S\$ psf pm)					% Change Q-o-Q					2024
	Q4/23	Q1/24	Q2/24	Q3/24	Q4/24	Q4/23 vs Q3/23	Q1/24 vs Q4/23	Q2/24 vs Q1/24	Q3/24 vs Q2/24	Q4/24 vs Q3/24	% Change Year-to-Date
AAA	12.70	12.70	12.74	12.79	12.88	0.0%	0.0%	0.3%	0.4%	0.7%	1.4%
AA	10.58	10.57	10.58	10.62	10.73	0.0%	-0.1%	0.0%	0.4%	1.0%	1.4%
A	8.62	8.62	8.65	8.65	8.68	0.2%	0.0%	0.3%	0.1%	0.3%	0.7%

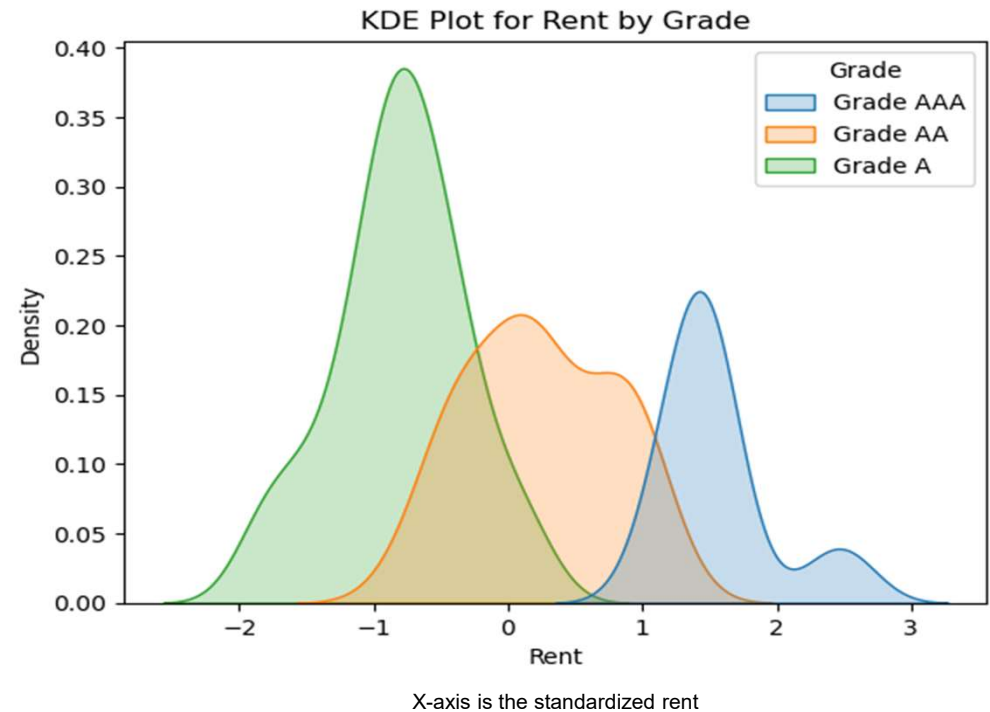
Rents tend to overlap even after Grading



The rents of CBD Grade A offices tend to overlap by grades. But there is little overlap between A and AAA.

Grade A and AA are in competition and so is AA and AAA.

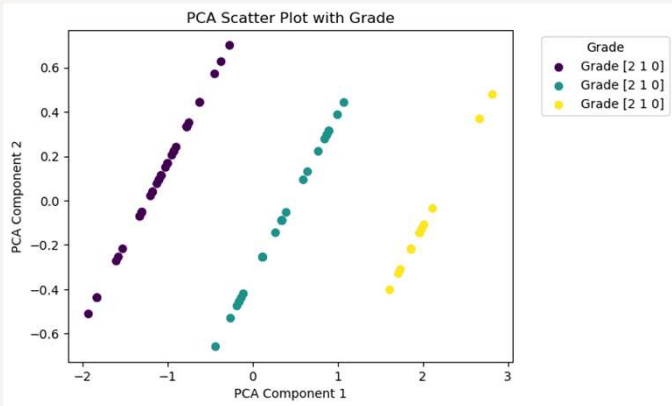
Rental Overlaps



Combined CDB Grade A Office Rent



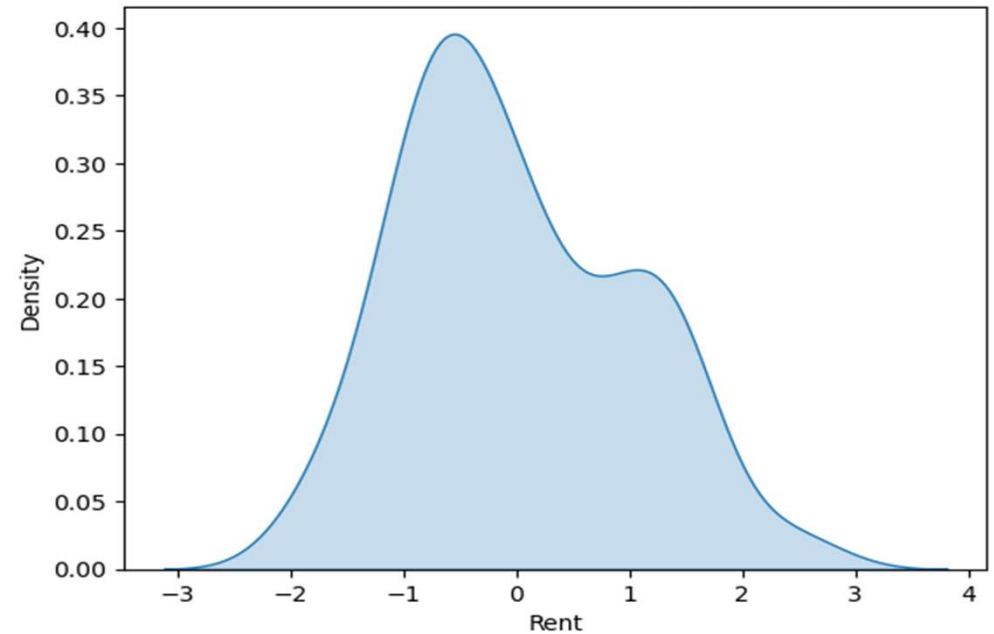
When the various grades are combined, the rents for our basket of CBD Grade A office buildings is a bimodal distribution.



Source: Savills Research & Consultancy
Singapore Office Market Overview

Combined Rental Distribution

Combined KDE Plot for Rent (All Grades)

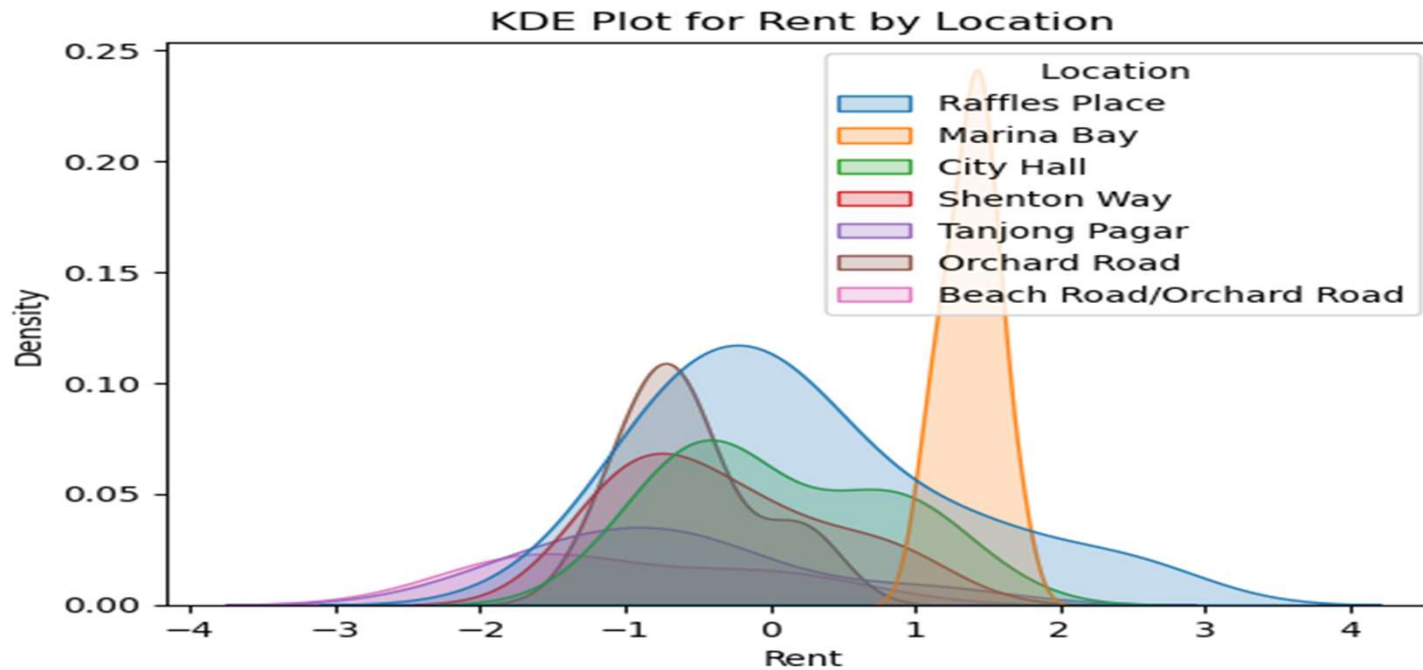


X-axis is the standardized rent

CDB Grade A Office Rent by location



Rental Distribution by location



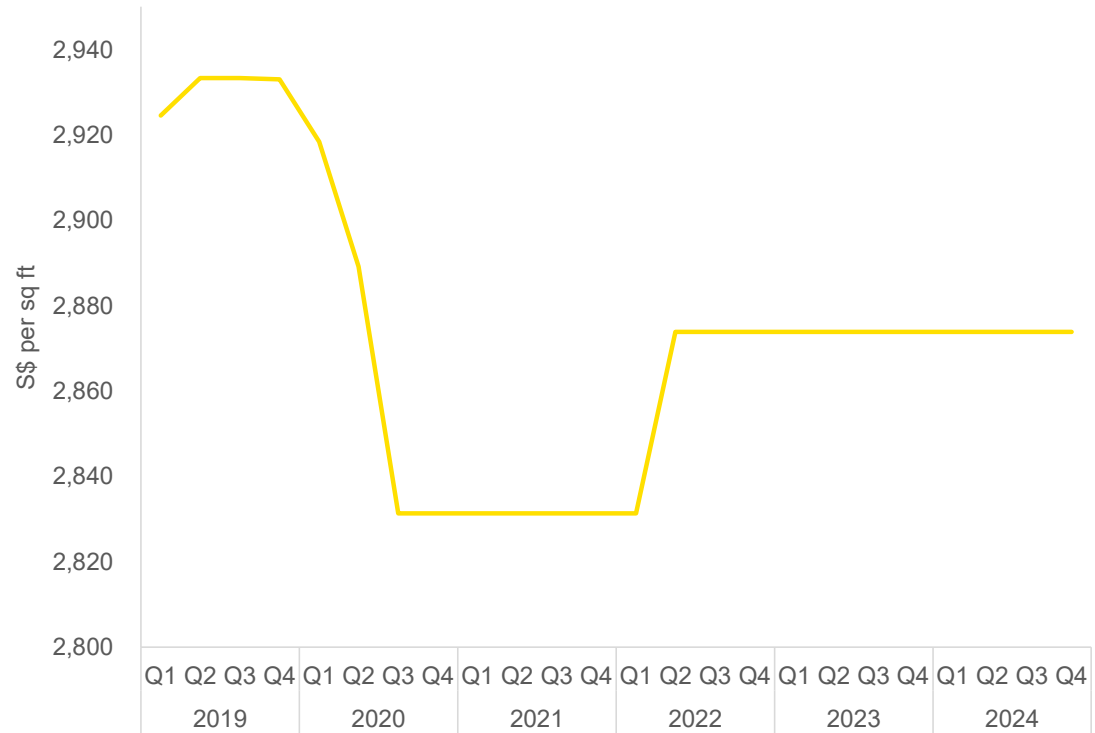
X-axis is the standardized rent

Capital values of CBD Grade AAA offices remained stable in Q4/2024

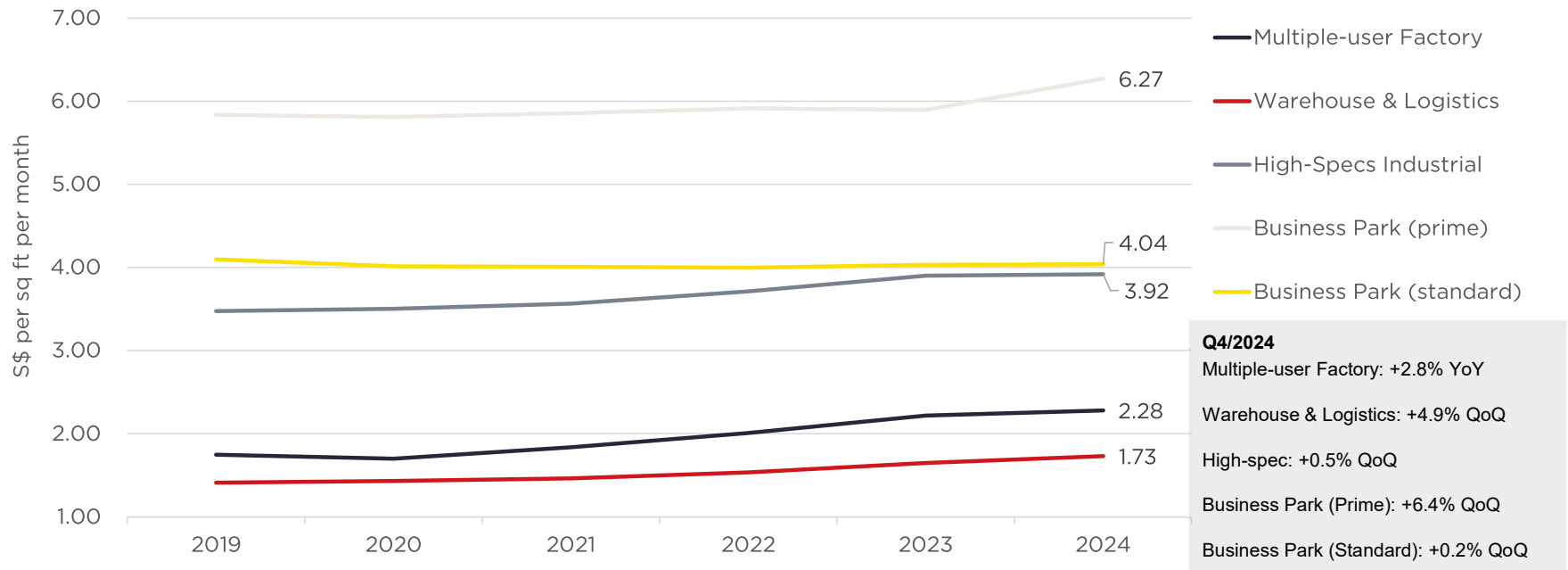


	Q4/2024
Capital Value	S\$2,874 psf
QoQ Change	0.0%
YoY Change	0.0%
Yield	3.25% - 3.5%

Capital Value of CBD Grade A Office



Savills Industrial and BP Rents



Source: JTC, Savills Research & Consultancy

SUPPLY, DEMAND AND VACANCY

Net demand of CBD Grade A offices turned positive in Q4/2024



Owing to challenging business conditions in the past few quarters, and lack of significant supply, firms are facing difficulties in getting approvals for relocations arising from high capex costs and the leasing market has quietened down with no significant demand drivers.

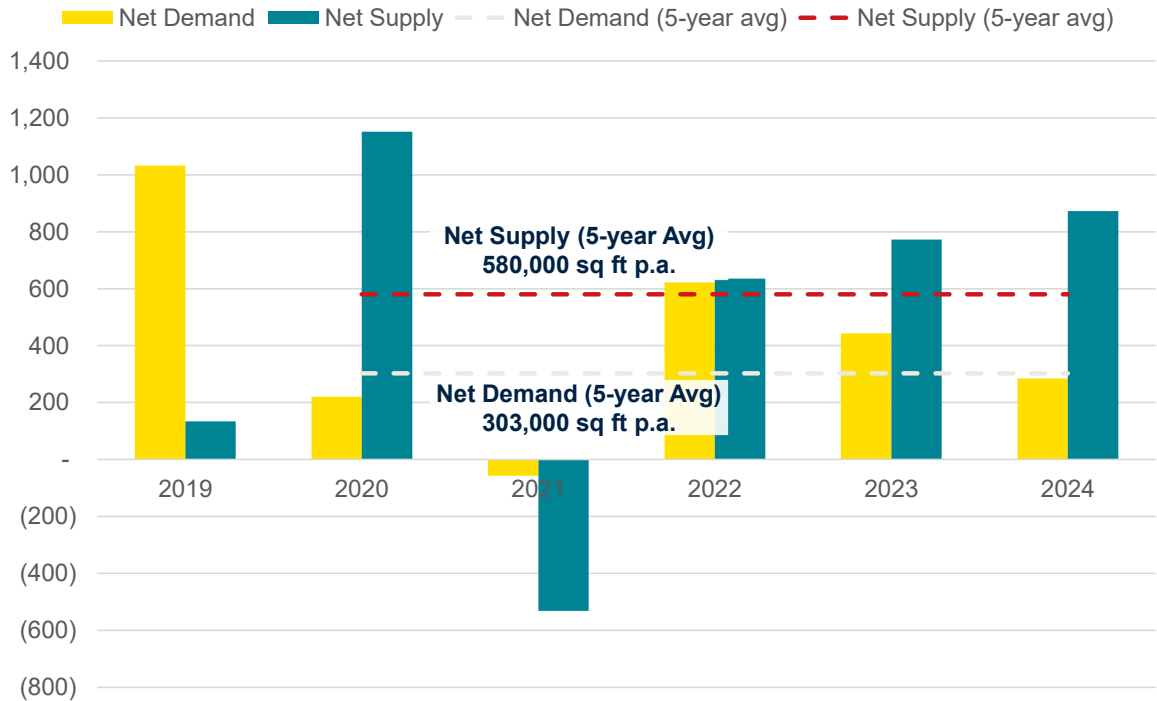
Net demand was 285,000 sq ft for 2024.

Quarter	Net Supply * '000 sq ft	Net Demand '000 sq ft
Q1/2023	118	-73
Q2/2023	0	-23
Q3/2023	655	415
Q4/2023	0	125
Q1/2024	0	183
Q2/2024	0	-20
Q3/2024	0	-54
Q4/2024	873	175

*: Net supply is TOP plus 6 months

Singapore Office Market Overview

CBD Grade A Office Net Demand and Net Supply



Source: Savills Research & Consultancy

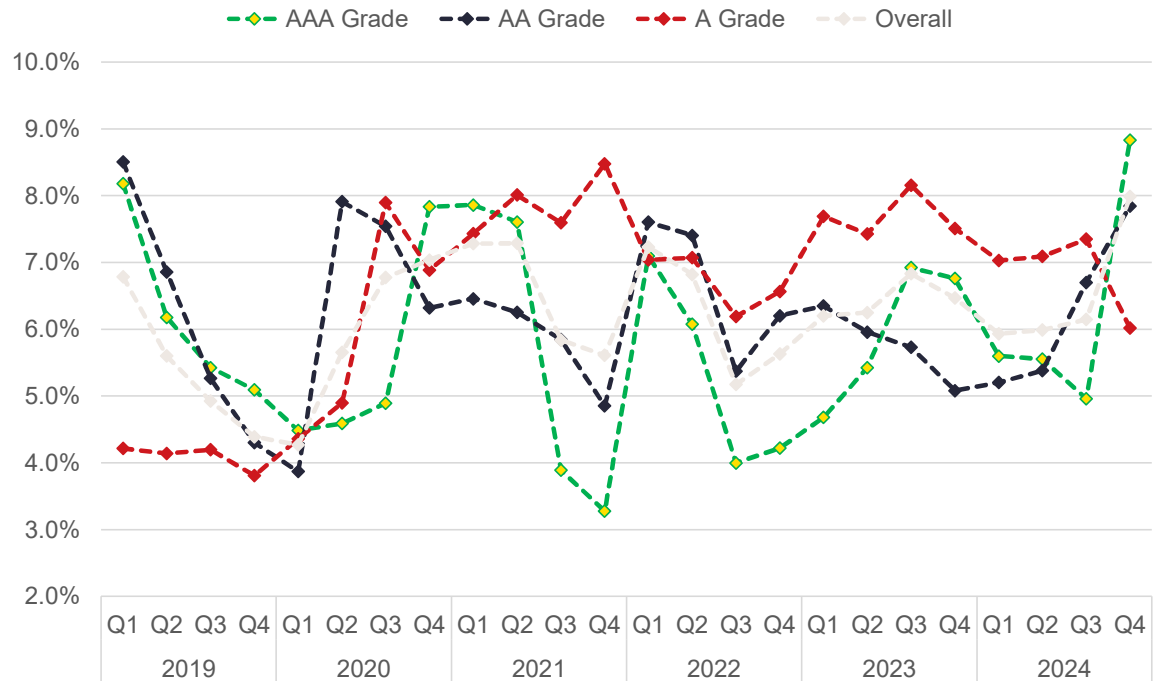
Vacancy rate continued to increase in Q4/2024



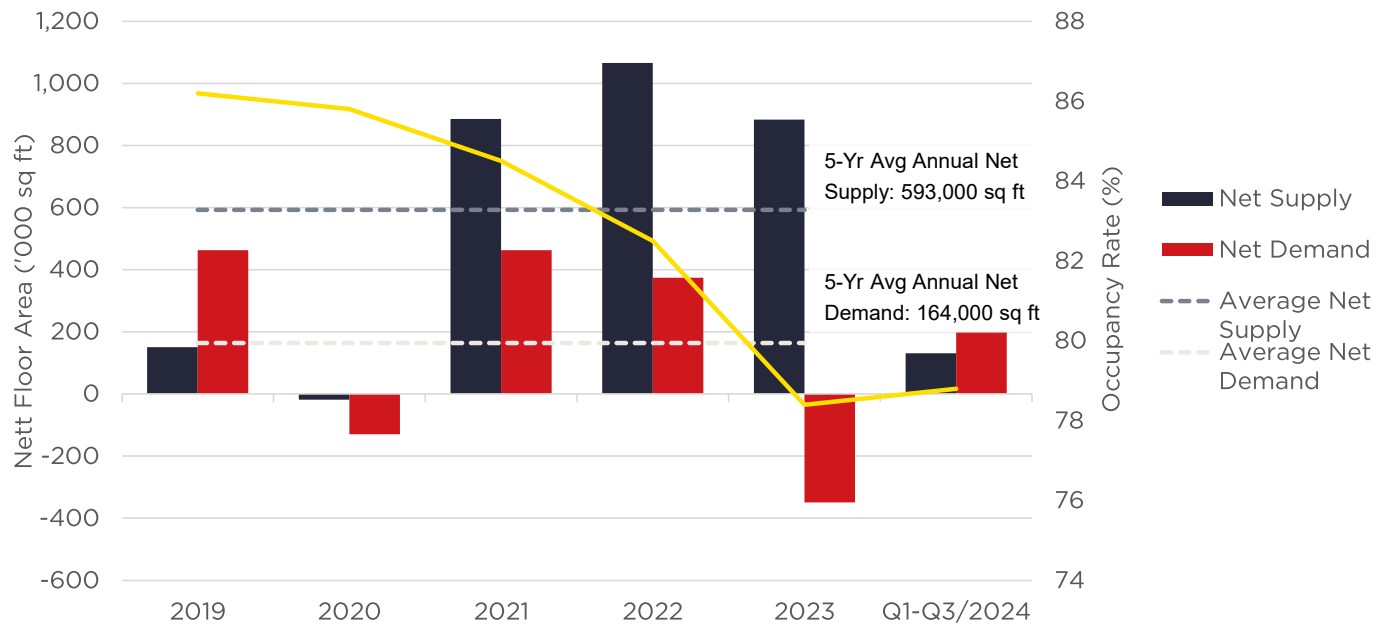
Owing to the economic challenges and comparatively lack of new supply, firms are turning cautious in their office space requirements. Hence, companies are most likely to renew rather than move.

Location	As of Sep 2024	As of Dec 2024
Marina Bay	4.4%	12.0%
Raffles Place	8.5%	8.1%
Shenton Way	5.4%	6.1%
Tanjong Pagar	9.5%	10.3%
City Hall	4.8%	3.6%
Orchard Road	2.2%	1.5%
Beach Road/ Middle Road	7.4%	8.3%
Overall CBD	6.2%	8.0%

CBD Grade A Office Space Vacancy



Business Parks - Net Supply, Net Demand and Occupancy (Q3/2024 JTC statistics)



Q3/2024

Net Supply

▲ 155,800 sq ft QoQ

Net Demand

▲ 242,100 sq ft QoQ

Occupancy

78.8%

▲ 0.5 ppt QoQ

▲ 1.7 ppt YoY

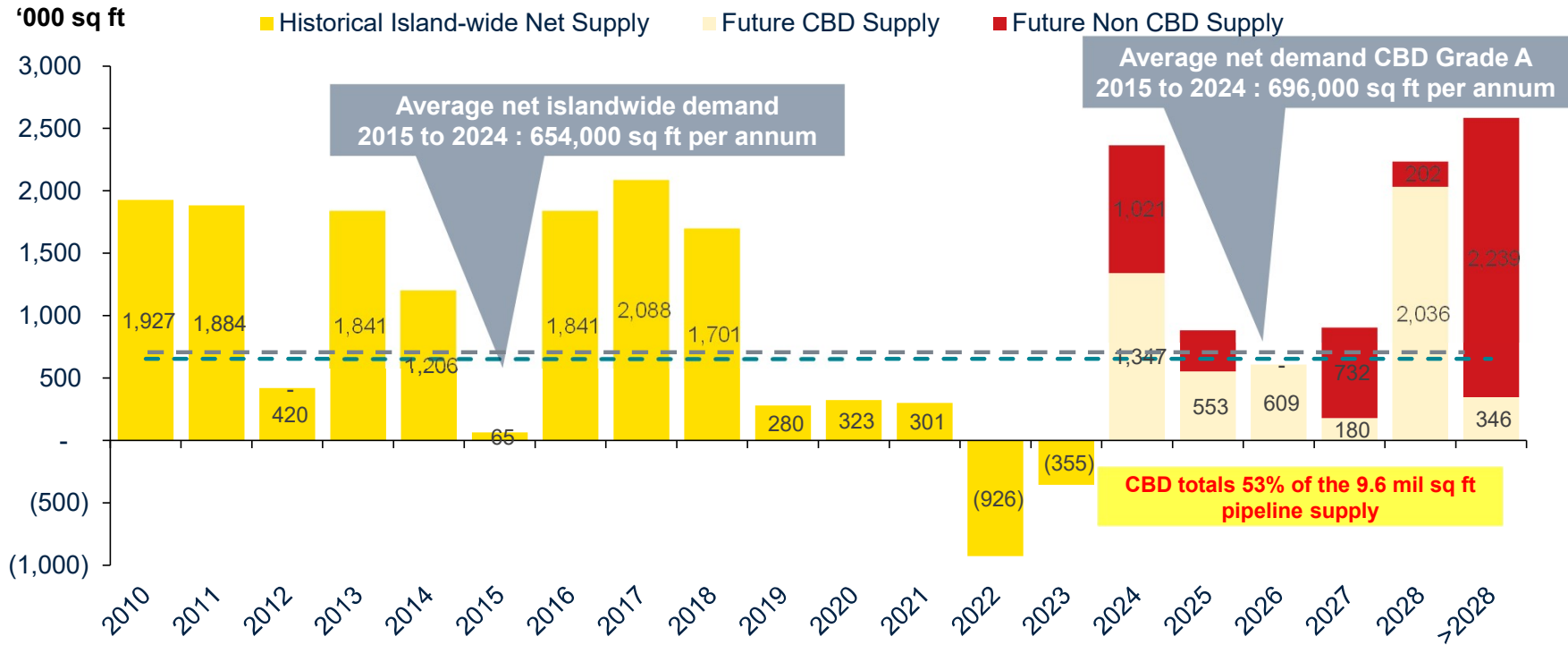
Source: JTC, Savills Research & Consultancy

FUTURE SUPPLY

Future supply based on TOP dates



Historical and Future Supply

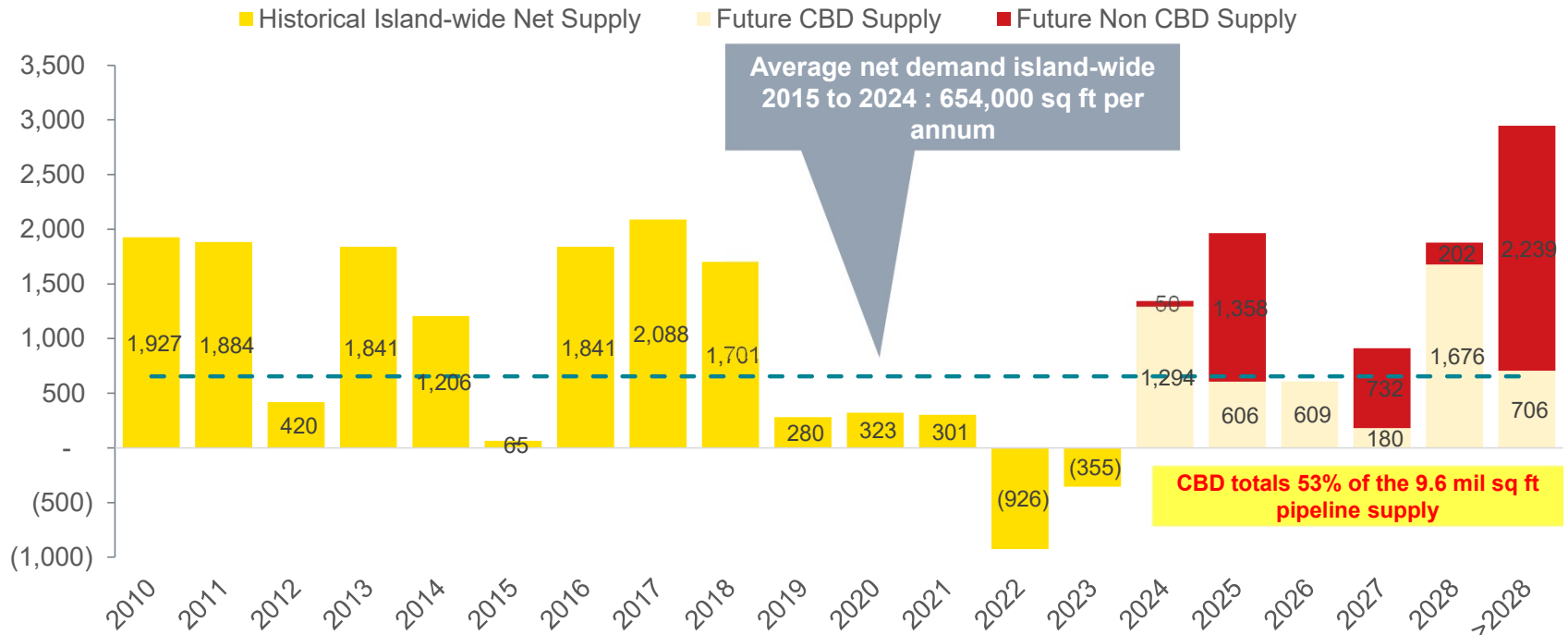


Source: Savills Research & Consultancy

Future supply adjusted for actual occupancy – TOP plus 6 months



Historical and Future Supply

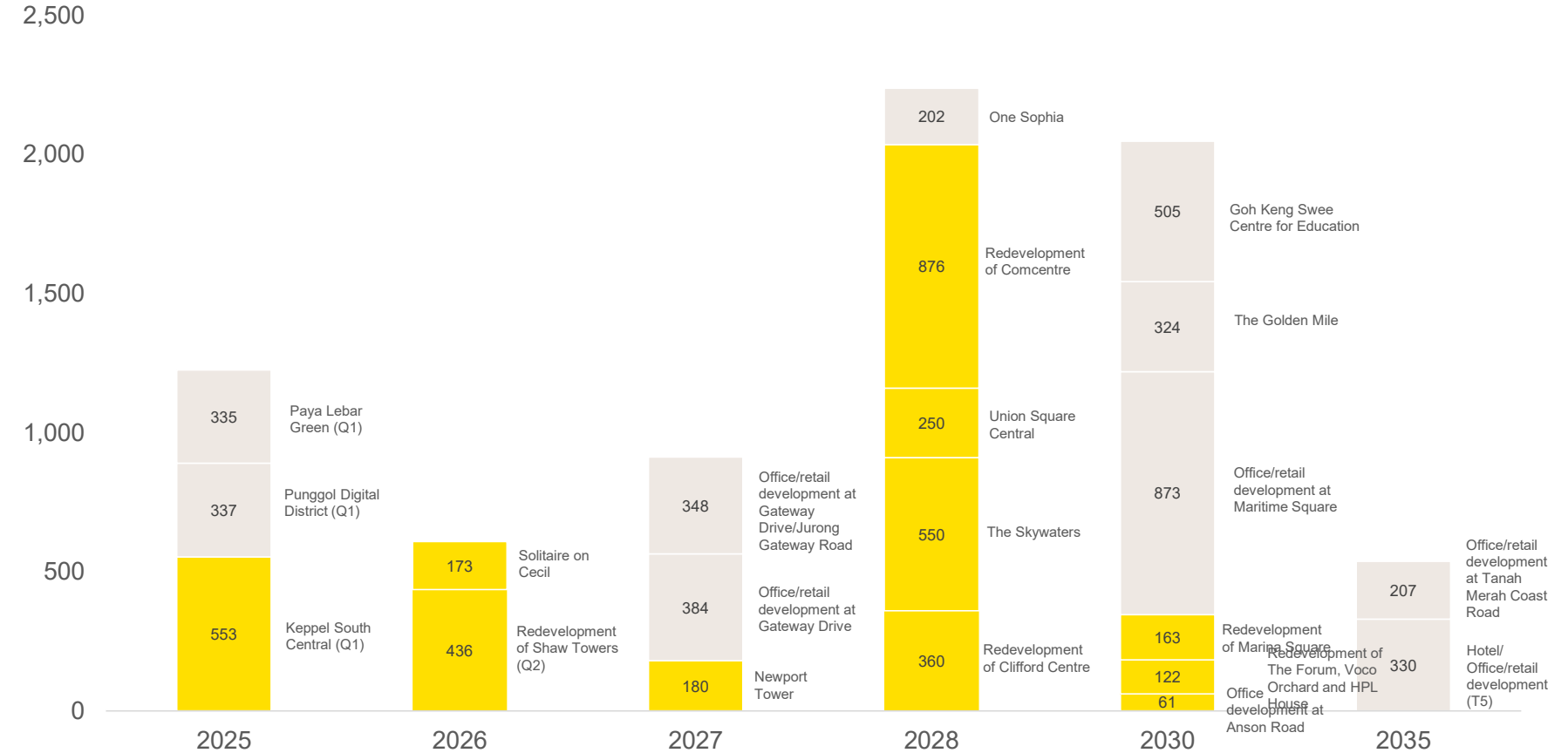


Source: Savills Research & Consultancy

Future supply by development name

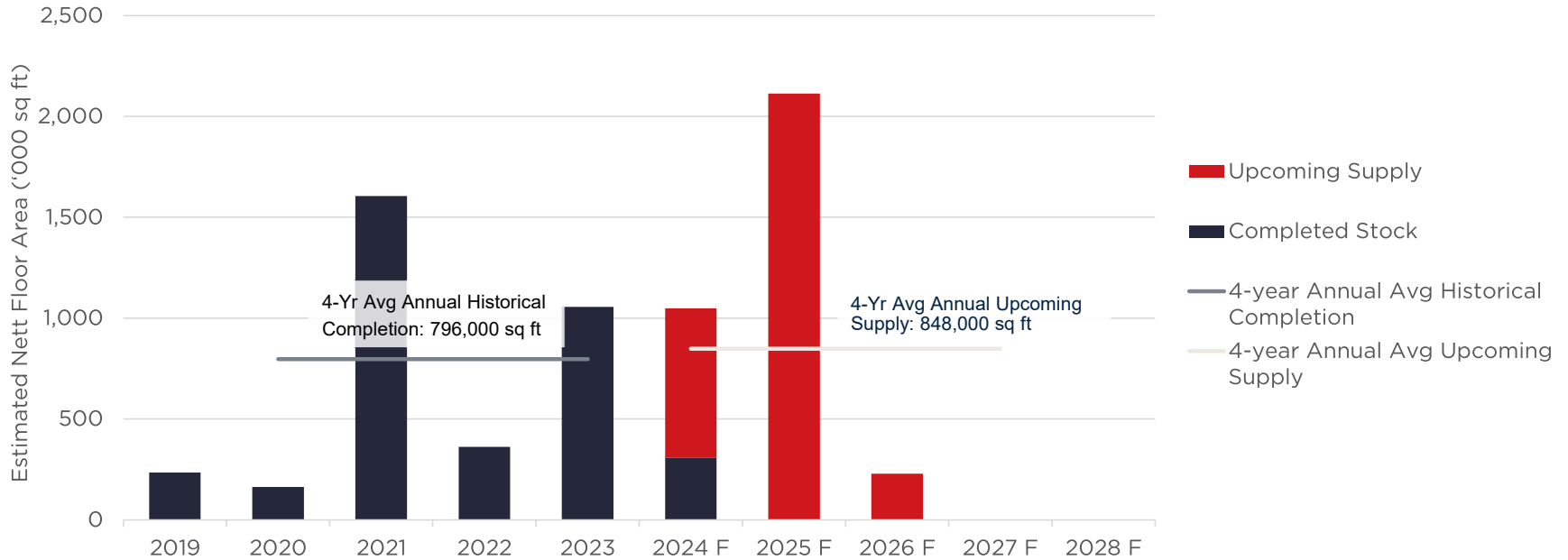
'000 sq ft

■ CBD ■ Non CBD



Business Parks - Historical and Future Supply

(Q3/2024 JTC statistics)



Source: JTC, Savills Research & Consultancy

Office Supply in 2024



Quarter	Project Name	Developer/Owner	Address	Estimated NLA (sq ft)	Estimated remaining NLA (sq ft)	Vacancy Rate
2Q 2024	IOI Central Boulevard Towers	IOI Properties	Central Boulevard	1,257,000	697,000	55%
2Q 2024	Odeon 333	UOL Group Limited	North Bridge Road	37,000	37,000	100%
3Q 2024	Additions/alterations to existing Grand Hyatt Hotel Singapore	Borneo Properties Sdn Bhd	Scotts Road	15,000	0	0%
4Q 2024	Additions/alterations to existing The Cathay	Cathay Building 2002 Pte Ltd	Handy Road	38,000	0	0%
Sub Total Within CBD				1,347,000	778,000	58%
3Q 2024	Labrador Tower	SP Group	Labrador Villa Road/Pasir Panjang Road	686,000	371,000	54%
Sub Total Outside CBD				686,000	371,000	54%
Total Supply 2024				2,033,000	1,105,000	54%

Source: Savills Research & Consultancy

Office Supply in 2025



Quarter	Project Name	Developer/Owner	Address	Estimated NLA (sq ft)	Estimated remaining NLA (sq ft)	Vacancy Rate
1Q 2025	Keppel South Central (Redevelopment of Keppel Towers)	Keppel Land	Hoe Chiang Road & Tanjong Pagar Road	553,000	514,000	93%
Sub Total Within CBD				553,000	514,000	93%
1Q 2025	Punggol Digital District	JTC Corporation	Punggol Way	337,000	337,000	100%
1Q 2025	Paya Lebar Green	Jalan Alfifi	Certis Cisco Security Pte Ltd	335,000	267,000	80%
Sub Total Outside CBD				672,000	604,000	90%
Total Supply 2025				1,225,000	1,118,000	91%

Source: Savills Research & Consultancy

Office Supply in 2026



Quarter	Project Name	Developer/Owner	Address	Estimated NLA (sq ft)	Estimated remaining NLA (sq ft)	Vacancy Rate
2Q 2026	Redevelopment of Shaw Towers	Sir Run Run Shaw Charitable Trust	Beach Road	436,000	436,000	100%
2026	Solitaire On Cecil (Redevelopment of PIL Building)	TE Capital Partners Pte Ltd	Cecil Street	173,000	173,000	100%
Sub Total Within CBD				609,000	609,000	100%
Sub Total Outside CBD				0	0	0%
Total Supply 2026				609,000	609,000	100%

Source: Savills Research & Consultancy

Office Supply in 2027



Quarter	Project Name	Developer/Owner	Address	Estimated NLA (sq ft)	Estimated remaining NLA (sq ft)	Vacancy Rate
2027	Newport Tower (Redevelopment of Fuji Xerox Towers)	Hong Leong Properties Pte Ltd	Anson Road	180,000	180,000	100%
Sub Total Within CBD				180,000	180,000	100%
2027	Office/retail development	Land Transport Authority	Gateway Drive	384,000	0	0%
2027	Office/retail development (Jurong Gateway Hub)	Land Transport Authority	Gateway Drive/Jurong Gateway Road	348,000	0	0%
Sub Total Outside CBD				732,000	0	0%
Total Supply 2027				912,000	180,000	20%

Source: Savills Research & Consultancy

DEMAND TREND

2020 to 2024

Hybrid work arrangements – Now the standard, not a novelty. (Although there’s some rollback.)






All employers in Singapore must fairly consider flexi-work requests from Dec 1 under new rules

Hybrid, flexible working set to curb Singapore office usage and rents

Meanwhile, tenants’ environmental, social and governance concerns will drive the repurposing of properties and move more occupiers to rightsize

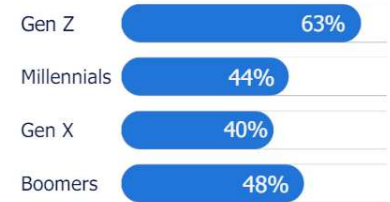
BT Alan Cheong
Published Wed, May 1, 2024 · 04:59 PM

 <p>FLEXI-PLACE</p> <p>where employees work flexibly from different locations aside from their usual office location (e.g. telecommuting, work-from-home)</p>	 <p>FLEXI-TIME</p> <p>where employees work flexibly at different timings with no changes to total work hours and workload (e.g. flexi-hours, staggered hours, flexi-shift, compressed work schedule)</p>	 <p>FLEXI-LOAD</p> <p>where employees work flexibly with different workloads and with commensurate remuneration (e.g. job sharing, part-time work)</p>
--	--	--

46% said that hybrid work is non-negotiable for them.

2 to 3 Gen Zers said that working from home is non-negotiable for them, followed by 48% of Baby Boomers.

Singapore workers may be more accustomed to flexible work arrangements, having grown up with technology that allows for remote work. They may also be more likely to prioritise work-life balance and well-being. Additionally, the COVID-19 pandemic may have normalised remote work for many younger workers, making them less willing to accept a traditional office job.



Source: The Straits Times, The Business Times, TAFEP, Randstad

Right-sizing of Companies




BNP Paribas to cut space in Keppel Reit's Singapore tower as high rents bite

Published Thu, Apr 4, 2024 - 09:20 AM

Shopee's parent Sea seen consolidating Singapore footprint in one-north, Science Park

The NYSE-listed group is no longer looking for a replacement tenant for 200,000 sq ft of office space it leased in Rochester Commons

 **Kalpana Rashiwala**
Published Fri, Feb 23, 2024 - 05:00 AM



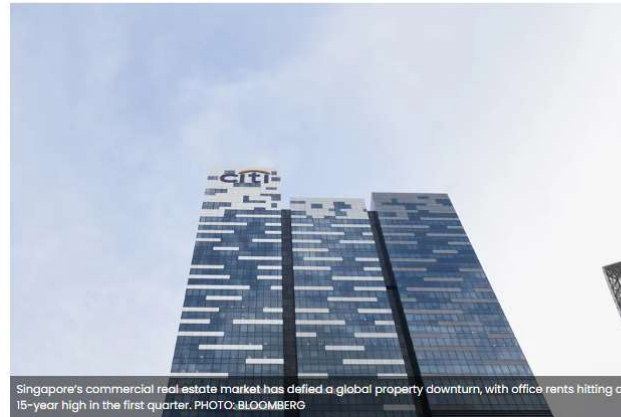
The offices leased to Sea are in the upper part of the 17-storey tower in Rochester Commons. The project was completed in phases in the second half of 2022. PHOTO: CAPITALAND

Singapore Office Market Overview

Source: The Business Times

Citi considers reducing office space in Asia Square tower

Published Thu, May 23, 2024 - 10:02 AM



Singapore's commercial real estate market has defied a global property downturn, with office rents hitting a 15-year high in the first quarter. PHOTO: BLOOMBERG

CITIGROUP is considering reducing its office space in Singapore as remote working gains traction in the city-state.

The bank may give up one of the six floors it occupies at Asia Square Tower 1, a retail and office tower in the Marina Bay district, according to sources familiar with the matter. The decision is still under review as part of discussions over floor space, one of the sources said.

Meta giving up 7 office floors totalling 115,000 sq ft at South Beach Tower

Landlord South Beach Consortium was informed in June 2023 and is in advanced negotiation with a replacement tenant for two whole floors

Layoffs Across Traditional & Tech Sectors



**2023 was a year of large tech rightsizing and the snuffing out of start-ups
2024 could be a year of continued rightsizing amongst the survivors in the tech world**

Sudden layoffs at Lazada left people crying, baffled, say employees

About 100 co-workers have been laid off so far, Lazada employees who spoke to CNA estimated.

Electrolux to shut Singapore regional HQ by May, impacting 100 to 200 employees

Singapore-based Amazon execs feel the brunt of job cuts

BT Miguel Cordon
Published Wed, Apr 24, 2024 · 08:56 AM

ShopBack cuts 195 jobs in push for business sustainability

Temasek-backed online cashback platform ShopBack is available in 11 markets including Singapore, Australia and Hong Kong.

Tetra Pak to cut 300 employees, close Jurong factory as part of consolidation move

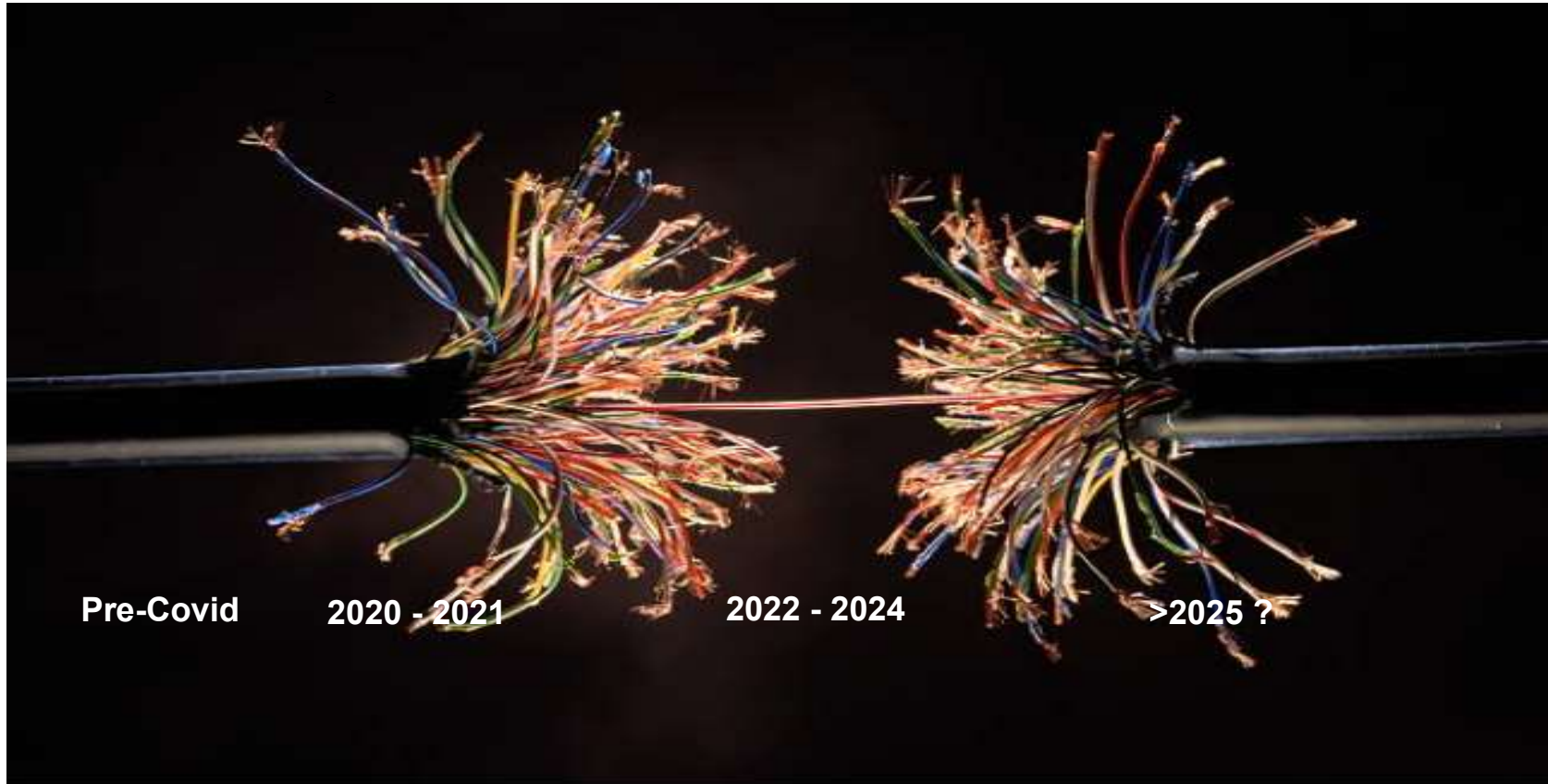
Tetra Pak will also relocate its corporate office to a new location in Singapore. It will be one of its largest offices in Asia Pacific with a capacity of up to 250 people.

Unilever to make layoffs in Singapore, realign marketing roles around Asia

Exclusive: Unilever is cutting marketing roles in Singapore across its personal care brands.

Covid-19 Broke the Economic Relationships

savills



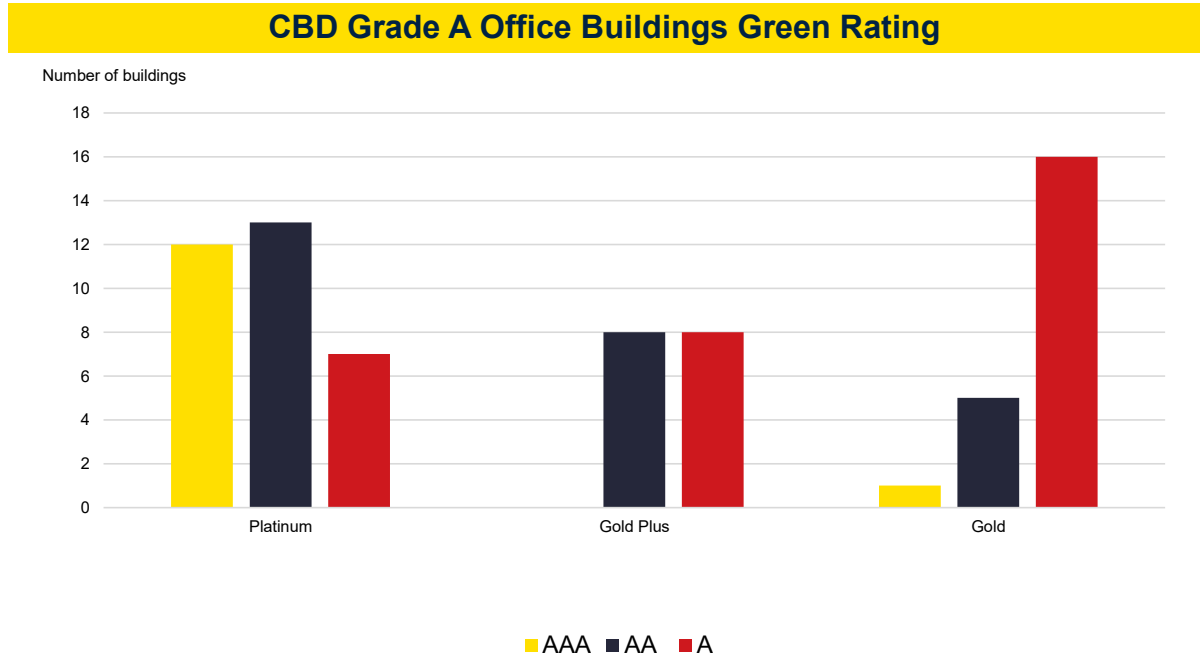
OUTLOOK

Savills CBD Grade A Basket – All Green Marked ESG is a passe topic



Observation

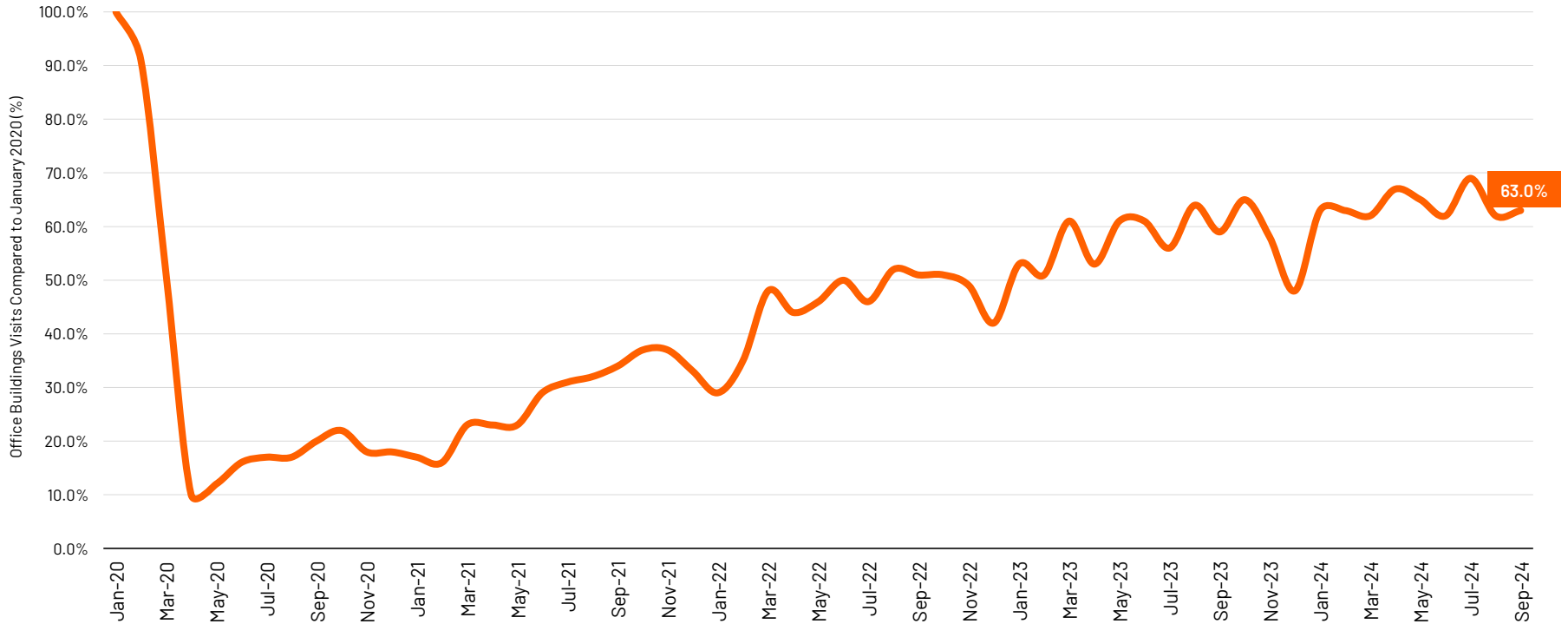
1. All the office buildings in our CBD Grade A basket are certified Green in some way.
2. Tenants from countries with strict ESG compliance will gravitate towards Platinum grade offices.
3. ESG was a hot topic in 2023 and H1/2024. But we believe that this is now a Johnny come lately story.



Source: Savills Research & Consultancy

Return-to-Office Rates Up as Hybrid Work Becomes New Standard

US Nationwide Office Building Visits in September 2024 Compared to January 2020 Baseline - All Office Building Types



Source: Savills Research & Data Services

Singapore Office Market Overview

US Office Vacancy Rates Are Still At All Time High

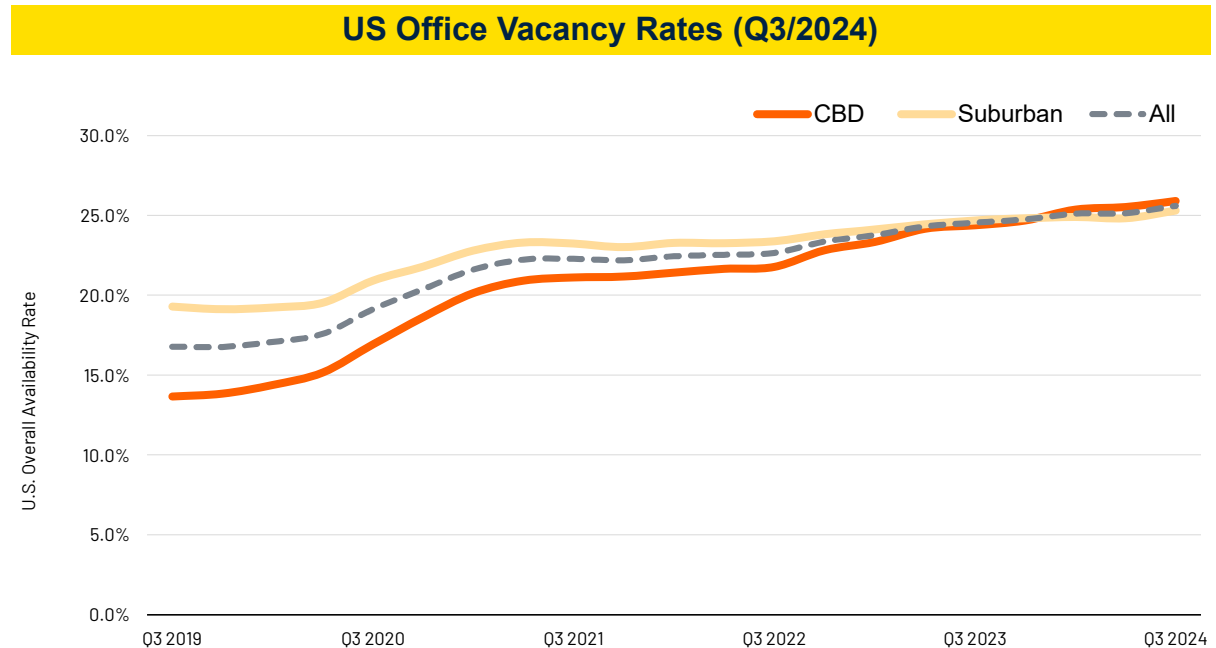


Availability remains elevated across U.S. markets as occupiers have become more efficient in how they utilize space

Central Business District (CBD) availability currently at 25.9%, up 1,210 basis points (bps) from pre-pandemic as **dense urban centers have been heavily impacted**

Suburban availability has increased at a slower pace, now at 25.3%, up 620 bps from pre-pandemic levels

It will take time and sustained leasing activity to substantially offset the amount of space returned to the market since the onset of the pandemic



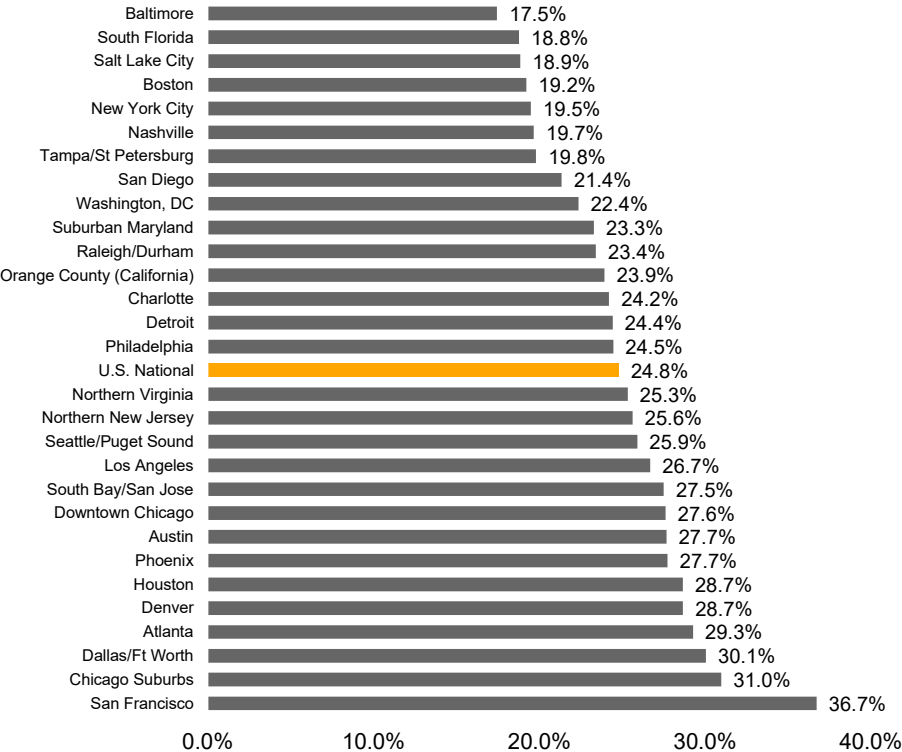
Source: Savills Research & Data Services

Singapore Office Market Overview

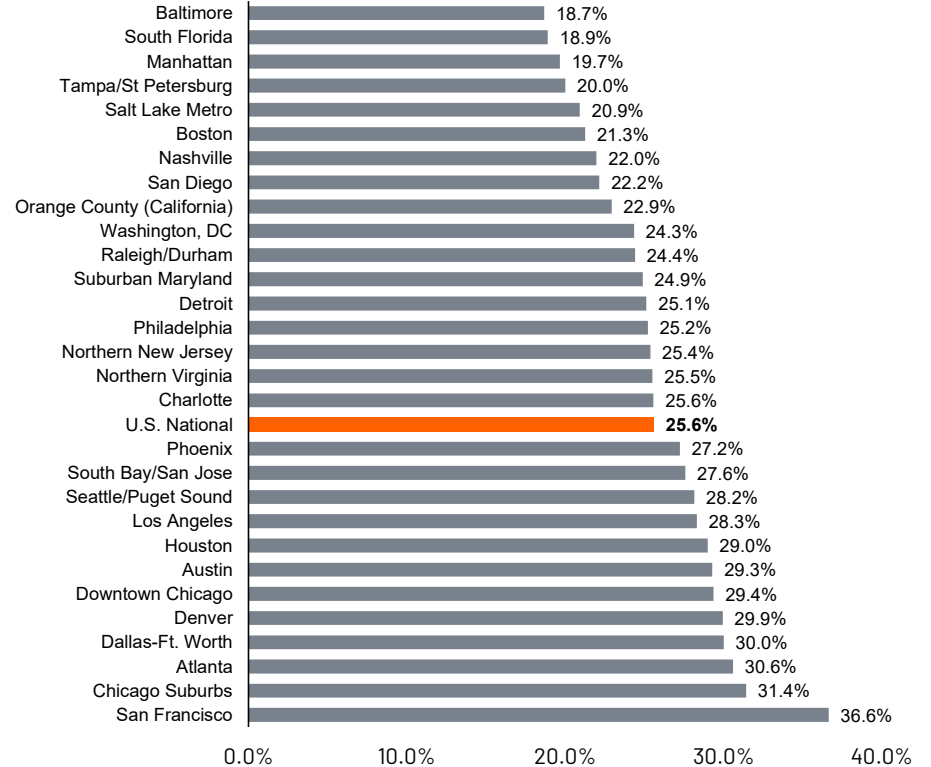
Office availability rates have not improved



Q4/2023



Q3 2024



Source: Savills Research & Data Services

Little Change to Asking Rents as Owners Offer High Concessions

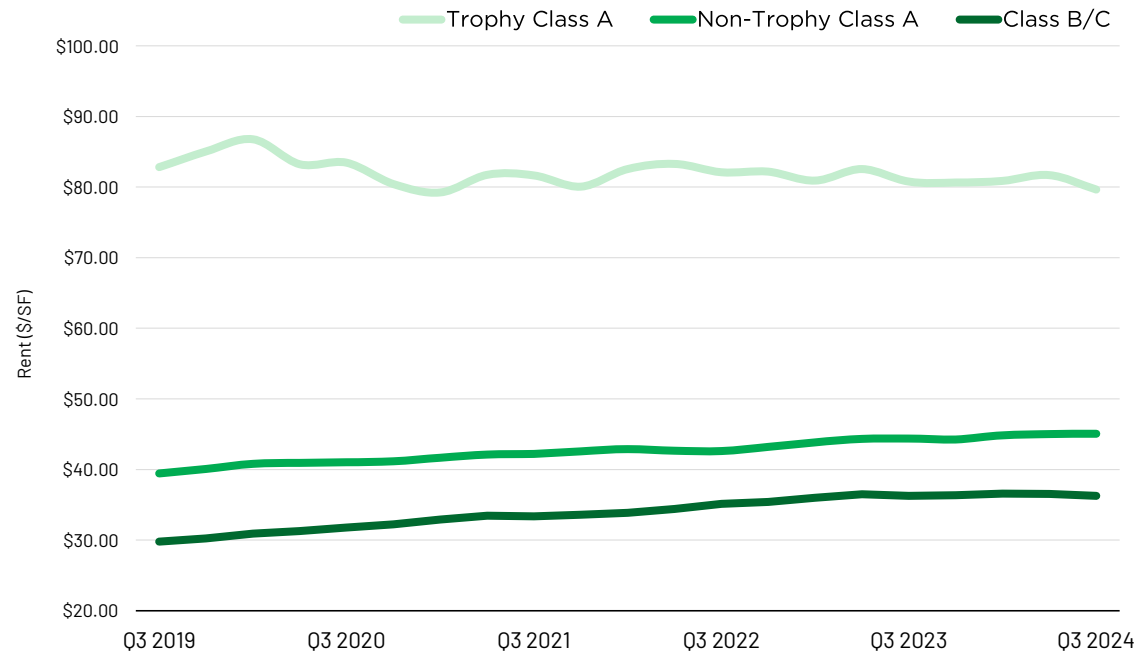


The U.S. office market has not yet seen drastic repricing of asking rents with many owners **continuing to offer high concessions rather than drop their face rents**

Flight-to-quality and active construction pipelines in some markets have contributed to stabilization and increase in Class A rents as **Trophy Class A segment of the market sees major premium over Non-Trophy Class A space**

Growing bifurcation in many markets where pricing is high (and space is limited) for top tier buildings, while **older, more dated space is sitting on the market longer**

Overall Average Asking Rents – Trophy Class A vs. Non-Trophy Class A vs. Class B/C (\$/sf)

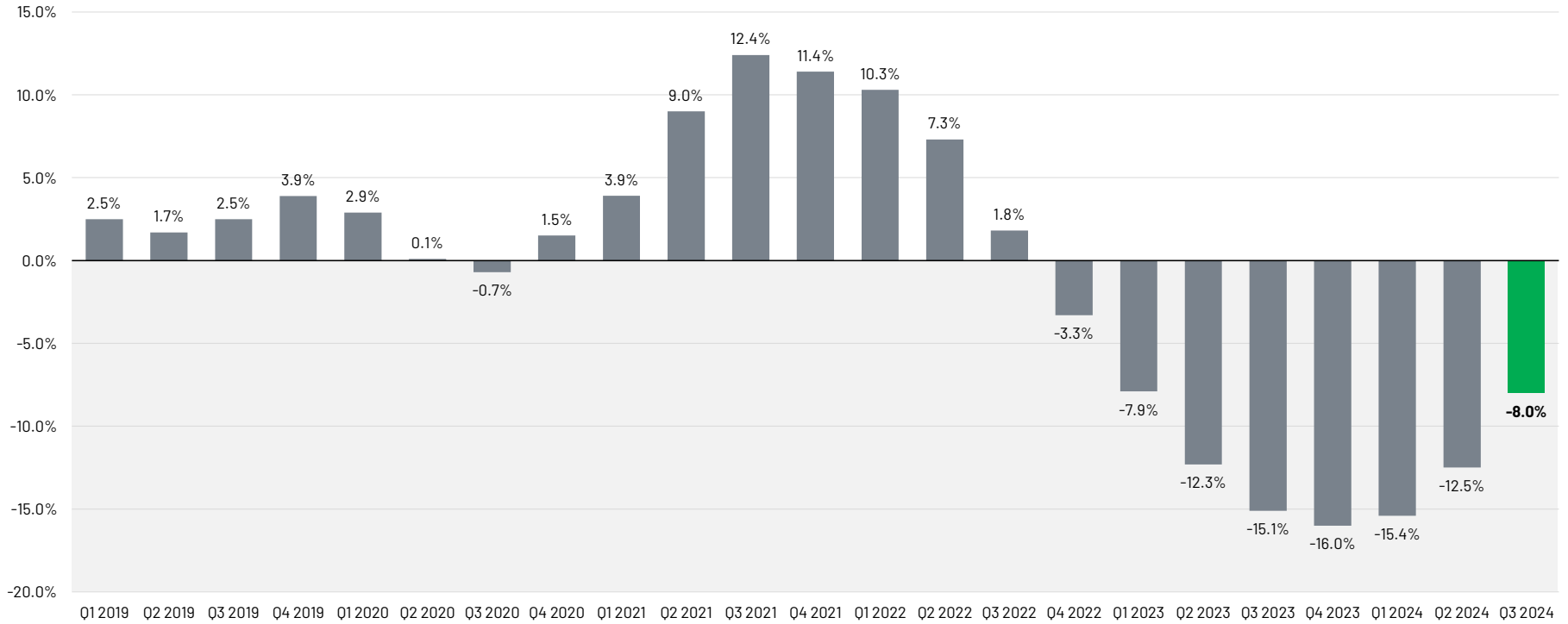


Source: Savills Research & Data Services

Singapore Office Market Overview

Office Property Valuations Have Decreased But Declines Have Slowed

MSCI Real Capital Analytics Commercial Property Price Index (CPPI) - Year-Over-Year Change (%) by Quarter



Source: MSCI Real Capital Analytics

Singapore Office Market Overview

The Sweet Spot in Leasing Activity – since 2022



Rather than giving up their office space, most existing tenants re-evaluated their leases to right-size their office footprint upon lease renewal/expiry or upsizing for those from co-working locations.

As a reaction to COVID-19, more office tenants are in the process of right-sizing than upsizing.

Also, many have or are planning to shrink their space requirements significantly and intuitively, this leads many to conclude that rents should continue falling even after the pandemic is close to over.

Leasing activity for offices by size

Tenants rightsizing from large office space from Grade A (AAA, AA and A) buildings or Business Parks



>500 to 1,000 sq m space in Grade AA, A, B+ buildings (or AAA buildings that have the flexibility to carve out this range of unit sizes)



Companies upsizing from co-working locations

To understand future real estate demand, we need to understand how tech is transforming companies



700 CVs for 20 jobs

Tech layoffs continue as tech firms transition to AI to improve productivity.

How is Google using AI for internal code migrations?

Stoyan Nikolov*, Daniele Codecasa*, Anna Sjövall*, Maxim Tabachnyk*, Satish Chandra*,
Siddharth Taneja†, Celal Ziftci†
*Google Core, †Google Ads

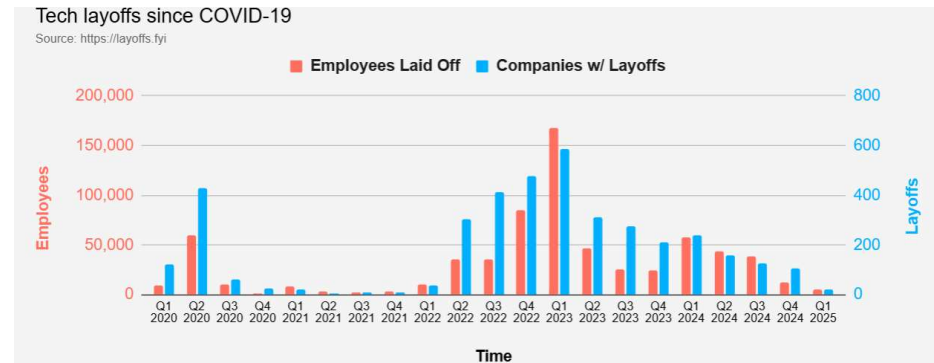
Email:{stoyannk, cdcs, annaps, tabachnyk, chandrasatish, tanejas, ziftci}@google.com

Source: ARVIX 2501.06972v1

Period	2022	2023	2024	Till 16 Jan 2025
Layoffs	165,269	263,180	152,074	5,200
Tech cos.	1,064	1,191	546	19
Layoff per tech co.	155	221	278	274

Source: <https://layoffs.fyi/>

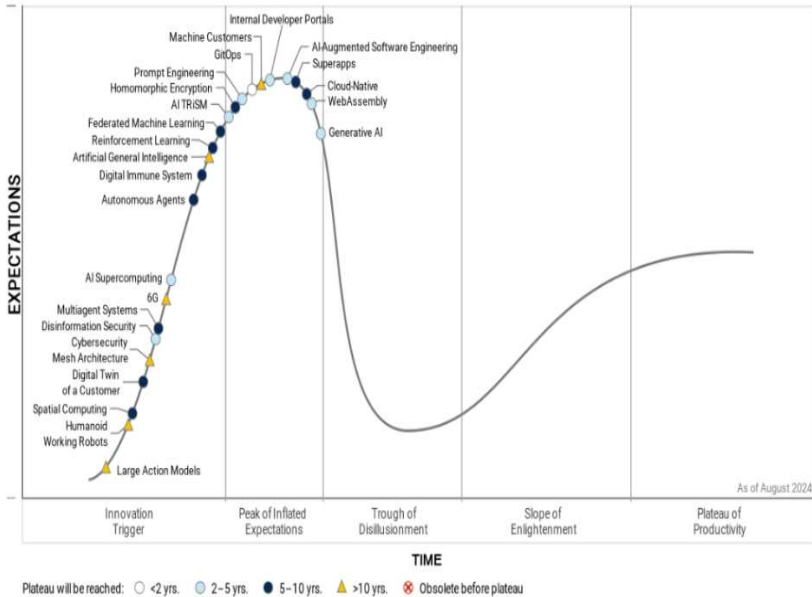
Singapore Office Market Overview



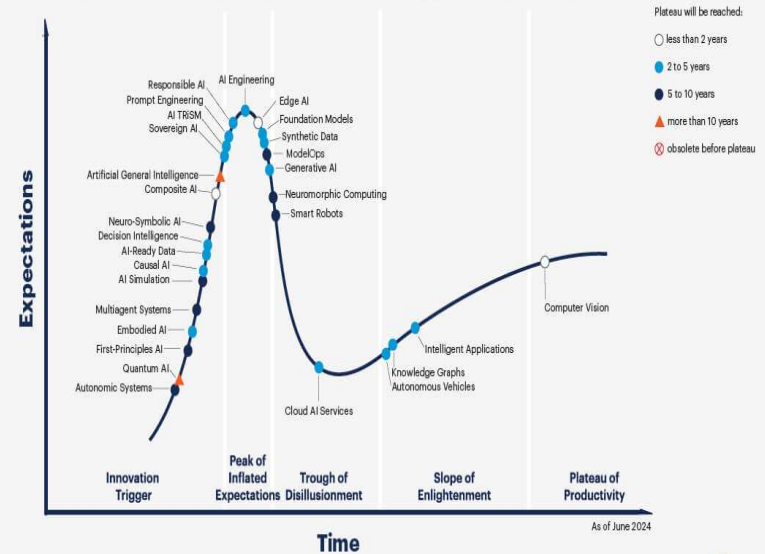
Where do we stand now?



Hype Cycle for emerging technologies 2024



Hype Cycle for Artificial Intelligence, 2024

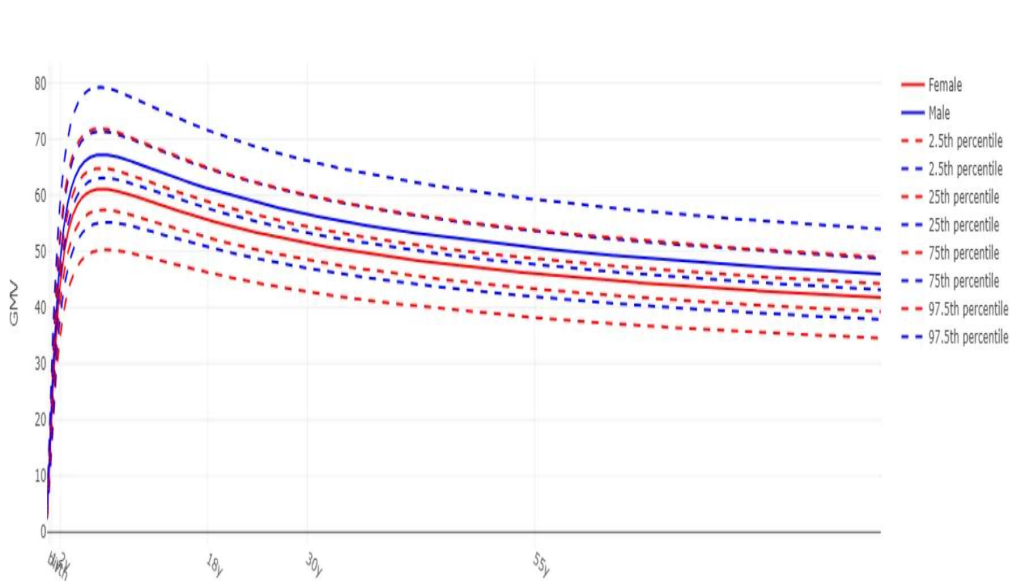


Source: Gartner
Commercial reuse requires approval from Gartner and must comply with the Gartner Content Compliance Policy on gartner.com.
© 2024 Gartner, Inc. and/or its affiliates. All rights reserved. GTS_3282450

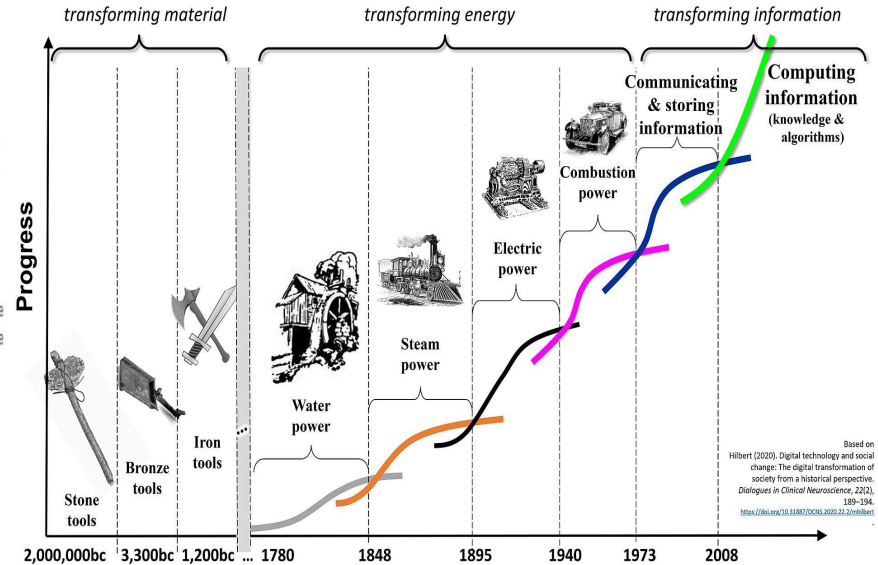


Source: Gartner

Technology – A human brain’s Grey Matter Volume shrinks in size with age, but the relentless progress of technology continues



Source: Brain Charts 6 April 2022



Source: https://en.wikipedia.org/wiki/Information_Age#/media/File:LongWavesThreeParadigms.jpg

Technology – |

THE BUSINESS TIMES

Google to give Malaysia GDP US billion boost, create 26,500 jobs

BT Published Tue, Oct 1, 2024 - 10:38 AM — Updated Tue, Oct 1, 2024 - 10:30 PM

Alphabet (Google)



Google announced its new US\$2 billion data centre in Malaysia had broken ground.

GOOGLE said on Tuesday its investments in Malaysia would create 26,500 jobs and contribute more than US\$3 billion to its economy by 2026.

Source: Business Times, PMO Malaysia, New Scientist

Singapore Office Market Overview

NewScientist

Sign in

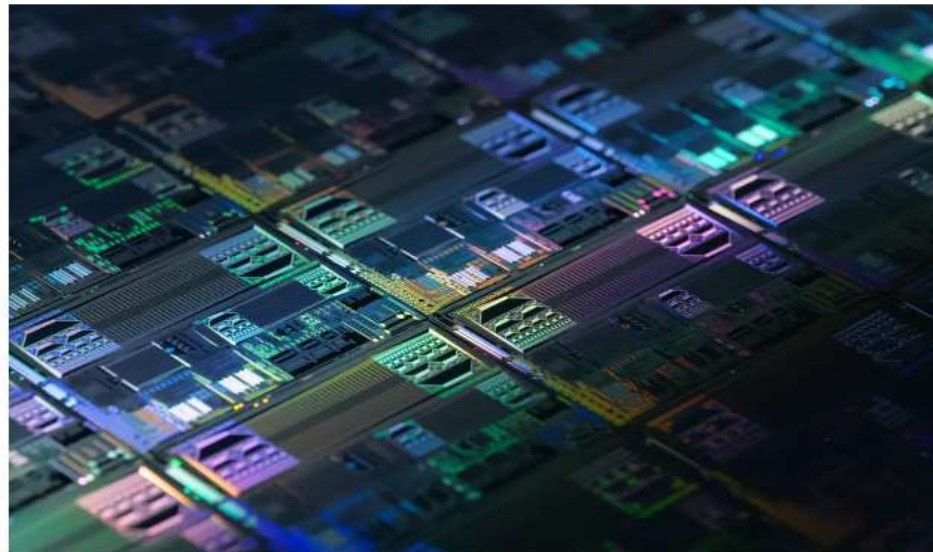
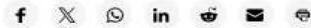
Enter search keywords

Australia places A\$1 billion bet on quantum computing firm PsiQuantum

A joint investment by the Australian federal government and the government of Queensland makes PsiQuantum one of the largest dedicated quantum computing firms in the world

By James Woodford

30 April 2024



A silicon photonic chip from PsiQuantum

The Australian government has announced it will invest nearly A\$1 billion into the development of quantum computers, staking a claim in a race currently dominated by the

elsewhere

savills

Sea Intranet Fa

Malaysia MADANI

SUPPORT MALAYSIA'S AIM TO BE A TOP 20 COUNTRY IN TERMS OF AI - PM ANWAR

SIA'S AIM TO BE A TOP 20 PM ANWAR

FOLLOW



RECENT



... a United States-based multinational technology company, and capability to fulfil the requirements and conditions for an Datuk Seri Anwar Ibrahim.

... world's sixth largest company in terms of market capitalisation.

Technology – But signs of actual adoption are clear



Sept. 25, 2024, 2:00 PM GMT+8

AI Model Is Better at Pricing Currencies Than Humans, ING Says

Alice Atkins

- Bank hired machine learning expert to build program this year
- Trading team reshuffles leadership, plans more AI models

ING Groep NV is starting to use artificial intelligence to price currencies, replacing a job traditionally performed manually by the bank's traders.

Amazon could cut 14,000 managers soon and save \$3 billion a year, according to Morgan Stanley

Story by Eugene Kim • 12h • 2 min read

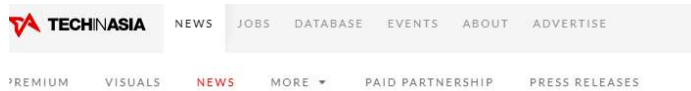
IN THIS ARTICLE



- Morgan Stanley estimates Amazon can cut 13,834 managers and save roughly \$3 billion next year.

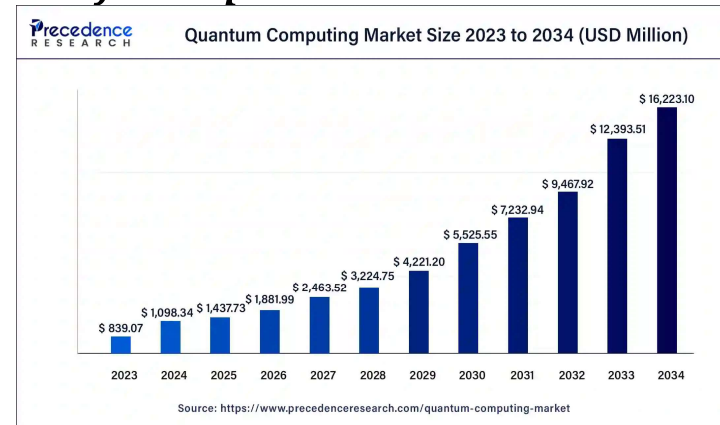
Source: Bloomberg, MSN (<https://www.msn.com/en-in/money/technology/amazon-could-cut-14-000-managers-soon-and-save-3-billion-a-year-according-to-morgan-stanley/ar-AA1rFmkJ>)

Technology – Great Expectations & Outlandish Claims ⇒ *smaller office footprint*

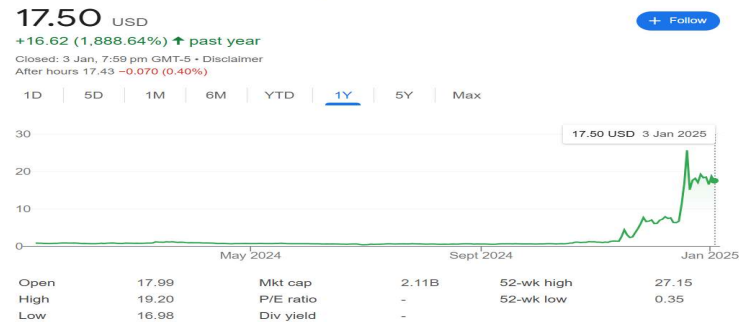


Source: TechnAsia – 3rd Jan 2025

Singapore Office Market Overview



Market Summary > Quantum Computing Inc



Source: Google- 3rd Jan 2025

Technology



Meta to lay off 5% of 'lowest performers', plans to hire for impacted roles

By Reuters

January 15, 2025 3:08 AM GMT+8 · Updated a day ago



A sign of things to come in software development? Mark Zuckerberg says AI will be doing the work of mid-level engineers this year – and he's not the only big tech exec predicting the end of the profession

News By Solomon Klappholz published yesterday

The Meta founder thinks 2025 will herald a profound shift in the software engineering profession

Source: IT Pro 21 January 2024
Singapore Office Market Overview

Salesforce Will Hire No More Software Engineers in 2025, Says Marc Benioff



By Henry Martin

December 18, 2024

Salesforce will not be hiring any more software engineers in 2025 amid significant productivity boosts from AI, Marc Benioff has revealed.

The CEO and founder of Salesforce told the [20VC with Harry Stebbings](#) podcast that the cloud giant was in the midst of doing its business plan for next year, and Agentforce – the company's flagship artificial intelligence product – was the “only thing that really matters today”.

“And then, we will have less support engineers next year because we have an agentic layer. We will have more salespeople next year because we really need to explain to people exactly the value that we can achieve with AI. So, we will probably add another 1,000 to 2,000 salespeople in the short term.”

Source: SF Ben 28th December 2024

Technology



Deep Mind CEO: We Need Handful Of Breakthroughs Before We Reach Artificial General Intelligence

Hassabis shared a thought that directly challenges the claims of some of his competitors: “Large multimodal models of generative AI [those capable of interpreting text, images, and videos] are going to be a critical part of the overall solution to developing artificial general intelligence [AGI, which matches or surpasses human intelligence], but I don’t think they’re enough on their own. I think we’re going to need a handful of other big breakthroughs before we get to what we call AGI,” says the former chess prodigy.

Source: MITechnews.com 23 Nov 2024
Singapore Office Market Overview

WIRED SECURITY POLITICS GEAR THE BIG STORY BUSINESS SCIENCE CULTURE IDEAS MERCH

SIGN IN SUB

Google’s AI Boss Says Scale Only Gets You So Far

In an interview with WIRED, DeepMind CEO Demis Hassabis says the biggest breakthroughs in AI are yet to come—and will take more than just chips.



Source: Wired 19 Feb 2024

My belief is, to get to AGI, you’re going to **need probably several more innovations as well as the maximum scale.** There’s no let up in the scaling, we’re not seeing an asymptote or anything. There are still gains to be made. So my view is you’ve got to push the existing techniques to see how far they go, but you’re not going to get new capabilities like planning or tool use or agent-like behavior just by scaling existing techniques. It’s not magically going to happen.

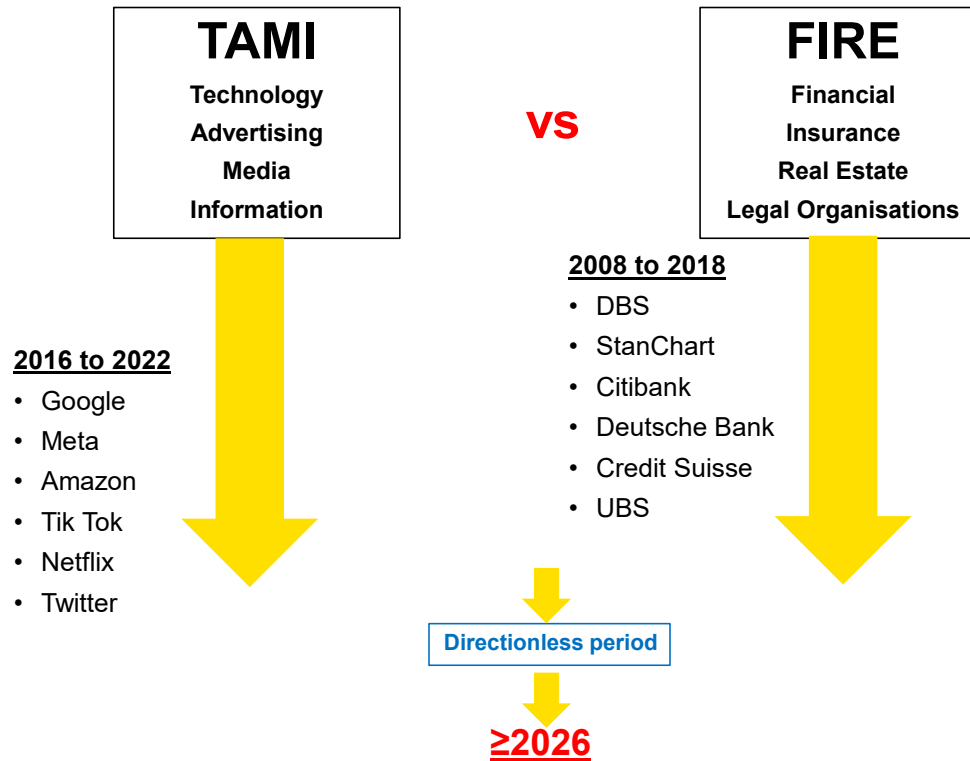
AI Trends 2025

- Agentic AI

- * Autonomous vehicles
- * Robotics
- * Digital Assistants
- * Game AI

- Inference Time Compute —————> Improvement in time to compute with better hardware
- Very Large Models —————> Up to 50 trillion parameters
- Very Small Models —————> Running on your laptops and mobile devices
- More Advanced Use Cases —————> Improving customer experience, Virtual assistants, IT operation, Cybersecurity
- Near Infinite Memory —————> Record every past conversations
- Human-In-The-Loop Augmentation —————> More domain knowledge experts working with AI

AI adoption and use is expected to be widespread



AI Convergence* where AI maps labor towards a baseline

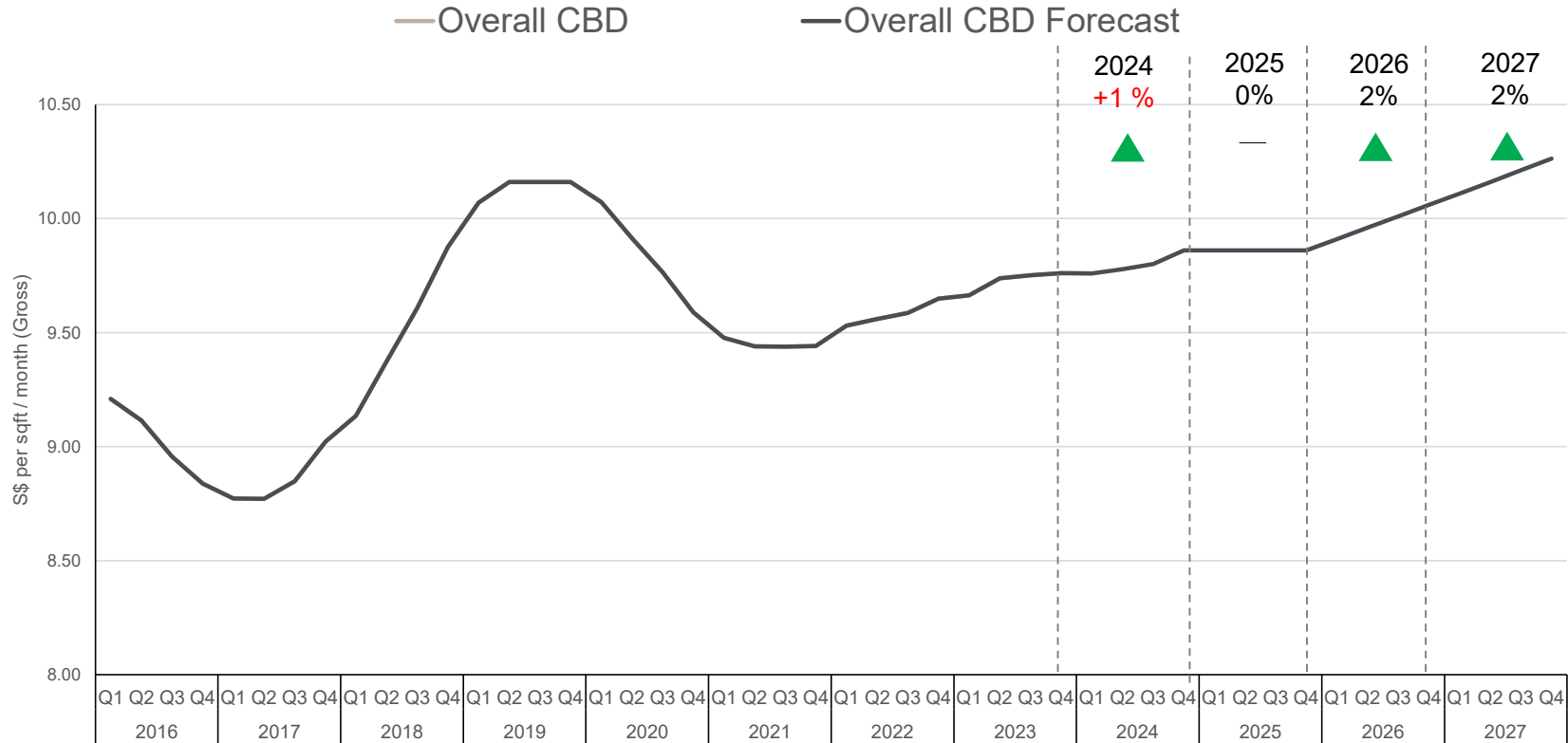
**Green CBD Grade A office space will still be the draw for multinational companies
(because of their prestigious address)**

Summary



- For most of 2025, CBD Grade A office rents may not be too harried by technological forces.
- CBD Grade A offices will still be in demand by traditional companies who want a prestigious address and easy access by staff (for staff retention).
- However, this does not mean that net demand will be strong ~ 200,000 sq ft
- The pain this year will still be felt amongst tech companies as they are the first to restructure to improve productivity and left saddled with excess legacy space. Business and science parks will be the first to be impacted by this. We forecast overall BP rents to fall by -3% YoY in 2025.
- CBD Grade A office space use may start to feel the impact of AI replacing worker demand towards and beyond the end of 2025.
- However, there are inflationary pressures built into the operational costs of maintaining an office building and rents may be pulled along by this in 2026.

Rent Forecast – Savills Grade A CBD Office





THANK YOU