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REITAS

Nupur Joshi

CEO, REIT Association of Singapore

"Singapore REITs Seek to Hold Steady Amid a World in Flux"

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C-SUITE

REITAS

"Singapore REITs Seek to Hold Steady Amid a World in Flux"

Nupur Joshi
CEO, REIT Association of Singapore

Singapore REITs have had little time to catch their breath. Just as they began recovering from the Covid-19 shock, a rapid-fire series of the US Federal Reserve interest rate hikes from March 2022—11 in just 16 months—threw the sector off balance. Now, with a Trump presidency back in play and global tariffs reemerging, the landscape has shifted yet again. What gives them an edge, says REIT Association of Singapore (REITAS) CEO Nupur Joshi, is Singapore's robust status as a safe haven, the diversity of REIT asset classes, and the sector's creativity in adapting to ever-shifting conditions.

A Challenging Macro Environment

Rate cuts by the US Fed since September 2024 have brought some relief, but the optimism is cautious. While lower interest rates usually buoy yield-driven assets like REITs, the spectre of slowing global growth—and fresh trade tensions—casts a shadow.

"Nobody expected the new tariffs to come so quickly, so suddenly, or at such a scale. With a 90-day tariff pause now and trade negotiations ongoing, we don't know where the cards will land." Joshi said. "Just as we were starting to feel a bit more optimistic, we're back to uncertainty."

For now, the immediate impact of tariffs on Singapore REITs is limited. Most leases are locked in which shield them from short-term disruption, she said. In addition, falling yields on Singapore Treasury bills—down to 2.29% for the 1-year T-Bill—are nudging investors back toward REITs, many of which still offer yields above 6%-7%. "Compared to six months ago, REITs are looking better," said Joshi.

> "Singapore remains a stable place, and REITs are one of the more robust investment products within that ecosystem."

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Yet the unease lingers. If tariffs push up inflation, weaken global demand, and squeeze tenants' bottom lines, lease renewals could be impacted. Tenants may negotiate for lower rents or downsize, triggering potential vacancy spikes. Joshi added, "Nobody knows what the fallout is going to be. Every day you wake up to some new global developments, and you start wondering: what will be the second- and third-order effects?"

Singapore as a Safe Haven

Joshi says that despite global headwinds, Singapore REITs are increasingly seen as a safe haven with strong regulations, stable politics and good governance. That's why REITs are a shining sector as they've always been structurally very robust. With 41 listed REITs worth nearly $100 billion and properties across more than 25 countries, Singapore's REIT market stands out for its diversity—in both geography and asset class.

"Beyond the traditional retail and office spaces, any kind of real estate that can deliver a steady, predictable stream of income can be listed as a REIT here. From high-specifications industrial buildings to data centres, logistics and hospitals, it's a buffet of options for investors. "What sets the S-REIT sector apart is its ownership of properties across more than 25 countries – a unique feature that's complemented by a global investor base. This diversity is quite unique to S-REITs compared to even older REIT markets like the US, Japan and Australia," she said.

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Singapore's regulatory environment is another strength, she adds. The REIT sector is jointly supervised by the Monetary Authority of Singapore (MAS) and the Singapore Exchange (SGX), offering both prudence and adaptability. They listen, adjust, and evolve so the sector can grow.

Tax efficiency also draws investors. REITs are exempt from corporate tax if they distribute at least 90% of taxable income. Individual retail investors also typically do not need to pay taxes on dividends earned from REITs. The former supports steady payouts to unitholders but leaves REITs reliant on capital markets to fund growth. Fortunately, Singapore's secondary market for REITs is "one of the most vibrant in the world," she said.

"Even during the pandemic, REITs raised capital through both equity and debt. That kind of market access is a major advantage, and not every country has it."

Adapting to Financial Pressures

Singapore REITs have responded to high interest rates by strengthening their balance sheets, keeping gearing levels well below regulatory limits (average of 40% for the sector compared to regulatory limit of 50%), and tapping into diverse capital sources—including sustainable finance.

To Joshi, managing debt preemptively has become standard practice. Since REITs don't rely on internal reserves, they depend heavily on external capital. REIT managers now track loan maturities closely, often renewing early to secure better terms and avoid scrambling for capital in volatile

> "Staying conservative on debt helps cushion interest costs. And in today's uncertain world, the first thing you want is a strong balance sheet."

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times. There's also a growing shift toward green loans, green bonds and sustainability-linked loans. As global demand for ESG-aligned investments rises, REITs are diversifying their funding base to include these channels.

These efforts are also supported by a regulatory environment that evolves with market needs. MAS recently adjusted policies to allow higher gearing limits at 50%, while introducing a minimum interest coverage ratio of 1.5 times. The move, supported by REITAS, reflects ongoing collaboration between regulators and the industry to ensure the sector remains robust, resilient and agile.

These financial strategies, once seen as adaptive, are now becoming part of the REIT sector's long-term playbook.

Active Portfolio Reconstitution

Among the most resilient performers in Singapore's REIT landscape are those in data centres and healthcare. These asset classes benefit from long-term structural drivers: digitalisation and ageing populations.

REITs with data center properties surged during the pandemic and this demand has been further fuelled by the global AI boom. As these structural trends continue, REITs are now positioning themselves in sectors with sustained long-term growth potential.

> "REITs are stable, income-generating, investments. Managing a REIT today requires a surprising degree of adaptability, creativity and foresight."

Healthcare, too, falls into this category. With global demographics shifting, demand for eldercare, medical facilities, and wellness related properties continues to grow. These themes—digitalisation and ageing populations make both sectors appealing to investors seeking stable, long-term growth potential.

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Meanwhile, domestic retail REITs, especially those with suburban malls, have shown “defensive” qualities. "Basic consumer needs like food, clothing and daily essentials remain constant” Joshi notes. "So everyday retail continues to be relevant despite the headwinds. The same holds true for REITs with retail properties overseas that cater to fundamental human needs, such as Sasseur REIT in China and United Hampshire REIT in the US.”

Another example of how REITs are responding creatively to changing market dynamics is by actively reshaping their portfolios towards more in-demand sectors. Take for example Mapletree Industrial Trust. Once focused on flatted factories and light industrial properties in Singapore, it began pivoting in 2017. Recognising the potential of data centres, it gradually reoriented its portfolio. Today, 56% of its assets under management are in data centres, most of them overseas.

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Another example is CapitaLand Ascott Trust. Formerly a pure hospitality Trust, it has rebranded as a "lodging Trust" and expanded into student accommodation, rental housing, and co-living spaces. The shift toward long-stay accommodation helps buffer against the volatility of short-term hotel markets while still playing to its strengths in the lodging sector.

In this landscape, REIT managers need to stay nimble, spot trends early, and sometimes redefine their investment mandate. The best-performing REITs aren't just riding long-term trends, but retooling for relevance.

Building for the Future: Why Scale and Sustainability Now Define REIT Success

Singapore's REIT sector has undergone 7 mergers, much of it driven by the need to scale, said Joshi. Larger REITs enjoy better access to financing, lower costs of capital, and higher trading liquidity — all crucial for staying competitive and attracting institutional investors. Mergers also help REITs qualify for major indices like the FTSE EPRA NAREIT Global Real Estate Index, which in turn draws in passive capital from index-tracking funds.

> We've weathered back-to-back crises before. REITs are a robust product — with strong leadership, innovative thinking, and structural resilience, the sector will continue to navigate challenges. It's about making the right pivots to grow and thrive.

ESG is also a strategic imperative. Sustainable finance now accounts for a significant portion of many REITs' borrowings, with ESG-linked funding offering both access to new capital and validation of long-term strategies. Tenants, especially multinationals, are also setting the bar higher: many will only lease space in certified green buildings.

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Looking Ahead at REITS Symposium on May 24th

The 11th REITs Symposium, Singapore's largest REIT-focused event for retail investors is on May 24th at Suntec Convention Centre. It is co-organised by REITAS and AlphaInvest. With over 20 REITs participating, an expected turnout of 750 participants, a fireside chat featuring SGX's Head of Equities with the President of REITAS, six panel discussions and keynote presentations, the event offers a full-day deep dive into the sector's outlook. In addition to events in the main stage, there will also be an engagement zone (free to the public) where financial bloggers and Key Opinion Leaders (KOLs) will be sharing their views on the sector.

> "This annual event is a must-attend for retail investors and one of the best ways to stay updated on the latest developments and outlook for REITs and the broader sector"

New additions include audience-voted awards, a push to engage Chinese-speaking investors through Mandarin-speaking KOLs, and outreach to university students — all part of a broader effort to expand investor education and access.

Despite market uncertainty, Joshi remains upbeat that the sector will navigate the challenges and deliver steady returns to unitholders.
