DBS Asian Insights

DBS Group Research • October 2025

SINGAPORE

The Next 15 Years of Quality and Inclusive Growth

Singapore 2040

The Next 15 Years of Quality and Inclusive Growth

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Foreword

Singapore 2040: A Platinum Jubilee Vision

Singapore will mark its **75th year of independence in 2040**, a milestone that may coincide with the transition to fifth-generation political leadership. The journey ahead will not be linear – unexpected shocks could disrupt growth and valuations – but the long-term outlook remains constructive. Our DBS economic and industry teams delved deep into the forces shaping Singapore's future, and three stand out as critical to sustaining its success:

Pillars of Growth – Powering Singapore's Trillion Dollar Leap: Singapore's GDP is projected to **more than double from USD547bn in 2024 to USD1.2–1.4tn by 2040**, anchored by capital accumulation, human capital, and productivity gains. Services will drive nearly three-quarters of value-added, underpinned by its role as a **global entrepôt, financial hub, digital and green leader, and expanding care economy**.

Capital Markets – STI's Next Breakout: The Straits Times Index (STI) has broken a 17-year stalemate, surpassing 4,000 in 2025 and **signalling a medium-term bullish shift**. Liquidity reforms, global inflows, and the EQDP should lift equity performance. If historical return patterns hold, the STI could rise to **nearly 10,000 by 2040.**

Currency – SGD on Track to a World-Beater: Disciplined policy and safe-haven appeal point to a stronger Singapore dollar, consolidating its role as one of the world's most stable currencies, **with the potential to reach parity with the US dollar by 2040**.

Risks: Global volatility, rising protectionism, competition from regional hubs, property overvaluation, and climate change could all test resilience. Yet history shows Singapore's ability to adapt and reinvent, sustaining its place as one of the world's most dynamic economies.

As Singapore progresses towards its platinum jubilee in 2040, the nation's story is not just about past achievements but about resilience, foresight, and adaptability in a fast-changing world. The path ahead will demand vigilance, disciplined governance, and agility in balancing growth with sustainability and social resilience. Yet, the opportunities are compelling: A resilient economy, trusted financial hub, thriving innovation ecosystem, and rising sectors such as sustainability, healthcare, and digital infrastructure. For long-term investors and stakeholders alike, Singapore offers not only stability but also enduring value creation – a nation poised to continue doing well by doing good.

Timothy Wong
Group Head, DBS Group Research

Content

Schematic Summary

Key Forces Shaping Singapore's Growth Path to 2040

Long-term GDP forecasts

Singapore: Laying the Macro View to 2040

- **Real GDP growth from 2025-2040 is projected to average 2.3% annually.** Nominal economic size is set to reach USD1.2–1.4tn in 2040, up >2x from USD547bn in 2024
- Growth to be supported by sustained **global connectivity**, world-class **financial centre**, and **leadership in sustainability and technology**. Singapore 2040 to be defined by **high quality living** and ability to adapt to **ageing population, tech disruption**, and **climate change**

USDSGD Parity by 2040

- Weaker US dollar, stronger productivity, safe-haven inflows, and a sustained current account surplus underpin long-term appreciation
- The above reinforces Singapore's strength as a top global currency

Singapore equity market

Singapore Equity Implications: Riding the Liquidity Wave

- Funds remain underinvested in Singapore equities by historical standards; **market-cap-to-M2 at 0.84x, well below pre-COVID 1.1–1.45x. Broadening rally** beyond traditional heavyweights is a healthy development
- Three funding sources driving equities: Passive funds, EQDP programme, and money market funds
- STI could hit 5,000 by mid-2027, or in as little as 1.75 years, on an accelerated path. **On this trajectory, it could approach 10,000 by 2040**

Growing Singapore's international competitive edge

Trade & Connectivity

- Seamless integration of aviation, maritime, logistics, aerospace infrastructure via **5 key development areas:**
  1. Infrastructure expansion
  2. Digital & Trade integration
  3. Integrated logistics & e-commerce hub
  4. Technology
  5. Aerospace hub
- Case Studies: Risks from Kra land bridge; potential valuation of PSA and CAG vs. global peers

Financial Services

- Current success attributed to political stability, rule of law, infrastructure, human capital, reputation
- **Asset management:** Singapore wealth segment to deliver long-term **CAGR of 5-6% through to 2040**
- World's 3rd largest FX centre and leader in equity derivatives
- Plans to revitalise equity market and foster innovative finance start-ups, digital asset ecosystems, and green finance

Energy & Climate

- Target **net zero by 2050**
- 2040 a key milestone in net-zero journey: Deep **decarbonisation** of power sector; **phase out all internal combustion engine vehicles**
- Key drivers:
  1. Clean energy imports
  2. Cross-border infrastructure & grid modernisation
  3. Investments in low carbon technologies (e.g., CCUS, Hydrogen, small modular reactors)

Keeping Singapore liveable, enabling graceful ageing

Real Estate

- **200–300k new homes** will need to be built by 2040
- 3 key themes – **Growth in population, rejuvenation** of city centre, and **decentralisation**
- **Property prices to grow at 2–3% CAGR to 2040**; key tenets – growing population, employment & income growth, and stable & credible governance

Healthcare

- 1 in 3 Singaporeans to be aged 65 or older by 2040
- Government **healthcare spending** est. at SGD30bn by 2030 (7.5% CAGR) and **5% CAGR to 2040**
- Investment opportunities in healthcare services, senior care, insurance, wealth management, medical technology and digitisation

2025-2030 high growth areas

Mapping Singapore's high-growth sectors to 2030

- **Digital Infrastructure, Biotech, Cybersecurity, Advanced Manufacturing & Semiconductors** have scaled up and set to see fast growth over next 2–3 years
- **Green Energy, Autonomous Vehicles, Digital Healthcare** building foundational capacity for long-term growth

Executive Summary

Singapore's Growth Story: Sustaining the miracle to 2040

In 60 years since independence, Singapore's **GDP per capita has risen 176-fold**, making it **the world's fourth wealthiest nation**. By 2040, we expect it to remain a thriving, dynamic metropolis with **high-quality economic growth** – though not without challenges.

Building on trusted fundamentals and prudent financial and fiscal buffers accumulated since independence, Singapore's economy is positioned to remain resilient. Sustained **global connectivity, a world-class financial centre, and leadership in technology and sustainability** will remain core strengths. In 2040, Singapore will be defined by **high-quality living** and its ability to adapt to an **ageing demographic, technological disruption**, and **climate change**.

DBS forecasts real GDP growth to average 2.3% from 2025-40, outpacing other Advanced Economies (AE[1]). Based on this outlook, Singapore's **nominal economic size** is expected to **more than double** from USD547bn in 2024 **to USD1.2-1.4tn in 2040**.

Four forces could push the SGD to parity with the USD by 2040. A potentially weaker US dollar, steady productivity-led growth, safe-haven capital inflows, and a sustained current account surplus form the foundation for long-term appreciation. Together, these drivers reinforce Singapore's position as a resilient, high-income economy with one of the world's strongest currencies.

[1]*The IMF forecasts advanced economies to grow by 1.6% average from 2025 to 2030 (furthest year available), slower than our real GDP growth forecast of slightly above 2% for Singapore over the same period.*

In the section *Economics: Laying the Macro View to 2040*, we outline a four-factor long-term growth model: **Capital accumulation** and **human capital** will drive growth, **labour** will be a modest drag, and **total factor productivity (TFP)** will be flat – an improvement from previously being negative.

By linking fundamentals to markets, the Straits Times Index's (STI) breakout illustrates how capital flows and valuations reflect Singapore's structural strengths.

Riding the Liquidity Wave: Can STI hit 10,000?

Breaking a 17-year stalemate. The STI shattered its 2007 all-time high of 3,830 in May and powered past the psychological 4,000 level by Jul'25, marking a decisive breakout after 17 years. This medium-term bullish shift is underpinned by fading US exceptionalism, Singapore's safe-haven appeal, attractive valuations, low domestic interest rates, and MAS support. Historically, the STI has decisively broken above multi-year resistance to set new all-time highs only twice, once in 1993 and again in 2006.

Despite recent gains, **Singapore's equity market remains underinvested; upside above 5,500 theoretical level if market-cap-to-M2 reaches 1.1x**. The FTSE ST All-Share market-cap-to-M2 ratio stands at 0.84, near Global Financial Crisis lows. A recovery to 1.0 implies a potential SGD137.4bn liquidity injection, translating to a theoretical STI level of **5,092**. If this ratio recovers further to 1.1x, the STI's theoretical level could hit above **5,500**, representing a significant upside from current levels.

Broadening the rally beyond traditional heavyweights. Reaching **5,500** within 3.5 years requires continued reforms, stronger investor sentiment, a low-interest-rate environment, and a sustained 12-month forward PE of 14.5x with an annual EPS growth rate of 5%. Extending this EPS growth trajectory, the **STI could rise to nearly 10,000 by 2040**. A broader rally beyond traditional heavyweights, fuelled by passive funds, **EQDP**, and rotation from **deposits**, will be key. Equally important: Fostering risk-taking, attracting tech champions, embracing growth at reasonable prices, and shunning complacency to secure sustainable expansion.

For the STI rally to translate into lasting value, it must be grounded in Singapore's broader economic transformation – with future growth shaped by the sectors driving its next chapter.

Sectors of the Future

From 2025-40, we project the services sector to contribute nearly 74% of Singapore's nominal gross value-added (GVA), manufacturing at around 16%, and construction about 5%. Within **services**, Singapore is expected to deepen its strengths as a high-value entrepôt, global finance hub, digital IT services leader, and expand its care economy. **Wholesale trade, transport and storage** segment will remain the biggest contributors (>29% of GVA). **Finance** could rise to 15% of GVA, while **Information & Communication** is projected to reach 6.3% of GVA, driven by cloud computing, data analytics, and AI adoption. Lastly, **healthcare & social services** are projected to hit 3% of GVA as the population ages.

Manufacturing's share of GVA will remain the second-largest sector, after wholesale trade, anchored by electronics and precision engineering, chemicals, and biomedical (around 85% of output in 2020-24). Growth will be supported by automation and capital deepening from robotics investments, with semiconductors, chemicals, and biomedical as key clusters. **Construction** and **property** will continue to play a strategic role, underpinned by the URA Master Plan and multi-year projects such as Tuas Port, Changi Airport Terminal 5, the expanding rail network, new housing, city-centre rejuvenation, and decentralisation efforts.

Singapore's Edge: Reskilling for the Gen-AI era. Singapore stands out in Gen-AI adoption, with the government and corporates leading a proactive reskilling push. This will allow companies to redeploy workers to higher-value tasks and improve margins, especially in Banking & Finance, Transport & Logistics, Retail & E-commerce, IT & Consulting, Real Estate, and Healthcare.

Our sector analysts highlight five focus areas shaping Singapore's future:

Focus 1: Trade and Connectivity

Singapore aims to future-proof its role as Asia's leading logistics and aerospace hub, anchored by **infrastructure expansion** for Changi Airport expansion (140mn passengers, 5.4mn tonnes cargo) and Tuas Port consolidation (65mn TEUs). **Digital platforms** (digitalPORT@SG and the Networked Trade Platform) and **AI/robotics** will drive efficiency, while **significant MRO investment** secures its aerospace lead. Risks include competition from projects like the Isthmus of Kra land bridge.

Focus 2: Financial Services

Singapore is cementing its status as Asia's leading financial centre. **Assets under management have more than doubled to over SGD6tn in eight years**, fuelled by strong inflows and tax incentives such as the Variable Capital Company (VCC) structure. Banks' **wealth businesses are expected to grow 5-6% CAGR** through 2040. As the world's third-largest FX centre and a leader in equity derivatives, Singapore is **strengthening its capital markets** through the SGD5bn Equity Market Development Programme (EQDP), designed to revitalise the equity market, attract investment, and boost liquidity in small- and mid-cap stocks. At the same time, it is fostering innovative finance start-ups, digital asset ecosystems, and green finance to anchor future growth.

Focus 3: Energy and Climate

Targeting **net zero by 2050**, Singapore plans to import 6GW of low-carbon electricity by 2035, expand solar deployment, and phase out internal combustion engine vehicles by 2040. Singapore is **investing heavily in low-carbon technologies**, such as hydrogen-ready power plants, carbon capture, utilisation, and storage (CCUS), and potentially small modular reactors (SMRs) as a long-term energy source. Government-linked entities such as Sembcorp Industries and Keppel Ltd are positioned to lead this energy transition.

Focus 4: Real Estate

Singapore's property market is anchored by **population growth, urban rejuvenation, and decentralisation**. URA's Draft Master Plan 2025 targets 130k new homes in the next 10–15 years, **while we estimate close to 200-300k will need to be built by 2040**. Urban renewal efforts (such as the Central Business District Incentive and Strategic Development Incentive schemes) will **revitalise key areas like Orchard Road and Marina Bay**, while decentralisation will **create new mixed-use hubs**, supported by major infrastructure (Rapid Transit System, Tuas Port). These trends present significant opportunities for real estate players, with **property prices projected to grow at a long-term CAGR of 2-3%** through 2040.

Focus 5: Healthcare

By 2040, one in three Singaporeans will be aged 65 or older, driving government healthcare spending to approximately SGD30bn by 2030 (7.5% CAGR) and grow at roughly 5% CAGR thereafter. The shift from cure- to care-focused models **emphasises preventive health** through initiatives like Healthier SG and expanding capacity with 13,600 additional beds by 2030. Financing reforms are moving towards **outcomes-based reimbursement** and fee benchmarking to enhance transparency and control costs, alongside efforts to refine Integrated Shield Plans for sustainability. These developments create opportunities in healthcare services, senior care infrastructure, insurance, wealth management, and particularly medical technology and digitalisation, including assistive products and telemedicine.

Mapping Singapore's High-Growth Sectors to 2030

We have also identified seven areas that are likely to outpace Singapore’s economic growth rate over the next few years and which are being supported by significant capital investment and favourable regulations. Out of these seven sectors, four – **Digital Infrastructure, Biotechnology, Cybersecurity** and **Advanced Manufacturing & Semiconductors** – have scaled up sufficiently and are expected to see rapid growth over the next 2-3 years.

Digital Infrastructure, including Cloud and AI, is bolstered by a booming data centre market, while Advanced Manufacturing & Semiconductors are expanding capacity with significant investments and aiming for 50% sector growth by 2030. The Cybersecurity market is projected to reach USD12.4bn by 2030, driven by national cyber resilience efforts and regional demand. Meanwhile, Biotechnology continues to attract substantial international investment, solidifying Singapore's regional hub status.

Beyond 2027, emerging sectors like **Green Energy, Autonomous Vehicles**, and **Digital Healthcare** are building foundational capacity for long-term growth, complemented by Singapore’s proactive re-skilling initiatives for the Gen-AI era, which are expected to drive significant margin improvements across various industries.

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Singapore’s nominal economic size is expected to more than double to USD1.2-1.4tn in 2040 from USD547bn in 2024

Economics: Laying the Macro View to 2040

By CHUA Han Teng

Sustaining High-Quality Development in a New Era

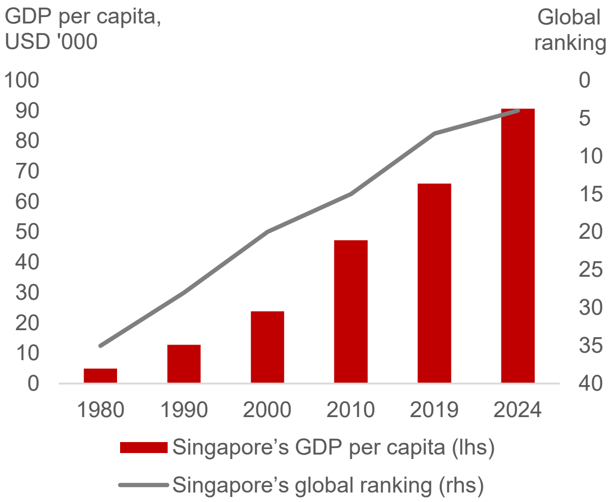
Singapore has entered a new era of geoeconomic fragmentation. Looking ahead to 2040, we envision a thriving and dynamic metropolis anchored by high-quality economic growth. This path, however, is not guaranteed, as formidable challenges loom along the way. Building on its capabilities and trusted fundamentals – supported by prudent financial and fiscal buffers accumulated since independence – Singapore is positioned to remain an economy defined by sustained global connectivity, a best-in-class financial centre, and leadership in technology and green development. By 2040, a sustainable and vibrant Singapore will be characterised by high-quality living, with resilience to ageing, tech disruption, and climate change.

From Third World to First in 60 Years: What's next?

Since independence in 1965, Singapore has achieved remarkable economic success, transforming from a developing nation into a first-world economy within six decades. Averaging 7% real GDP growth over this period, it joined the ranks of high-income countries by the end of the 20th century. Today, Singapore is the world's fourth wealthiest nation, with GDP per capita exceeding USD90k in 2024 – 176 times higher than in 1965.

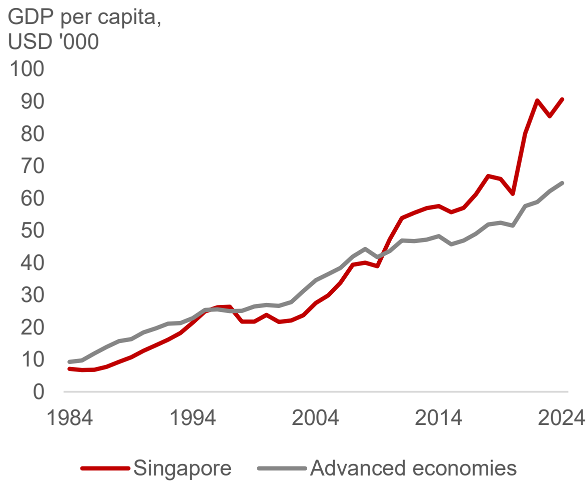
The city-state rebounded strongly from the COVID-19 pandemic and now ranks as the eighth largest economy in Asia Pacific, and second largest in Southeast Asia (SEA). Nominal GDP more than doubled to USD547bn in 2024, up from USD240bn in the aftermath of the Global Financial Crisis (GFC) in 2010.

Singapore is a wealthy nation, ranking well globally



Source: IMF, DBS

Singapore is the world's fourth wealthiest nation



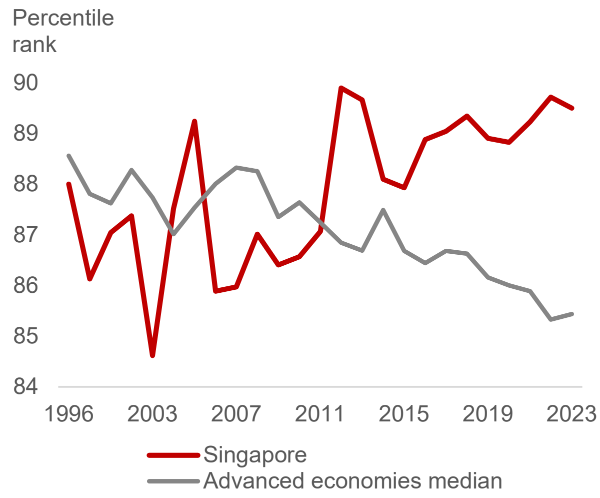
Source: CEIC, IMF, DBS

Economic growth has been driven by improvements in institutional and educational quality that bolstered competitiveness over the past few decades. **Political stability, a strong rule of law, a predictable regulatory landscape, an effective government, and minimal corruption – coupled with a business-friendly ecosystem – have served the country well and will continue to do so if sustained**.

By 2040, a sustainable and vibrant Singapore will be characterised by high-quality living, with resilience to ageing, tech disruption, and climate change

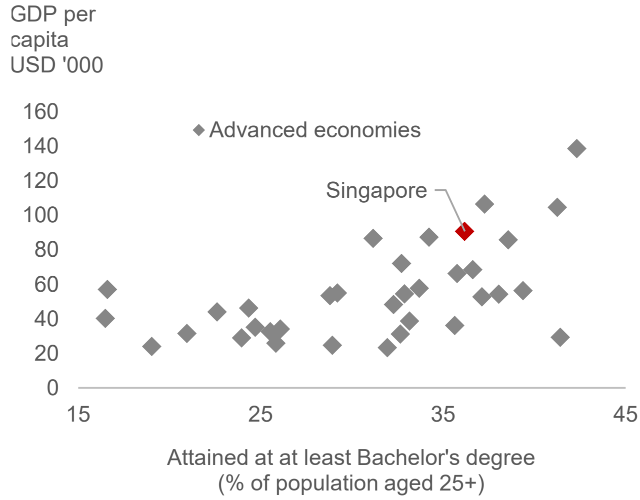
A rising share of the population attaining at least a bachelor's degree has progressively upskilled the workforce towards higher value-added economic activities. Health outcomes, measured by life expectancy at birth, have exceeded the AE median since the early 2000s, reaching around 84 years in 2024.

Singapore's outperforming governance score



Source: World Bank, DBS

Singapore has benefitted from high tertiary education attainment



Source: World Bank, IMF, DBS

Singapore's impressive transformation into a high value-added, knowledge-based economy from labour-intensive activities over past decades took place within a favourable world order. It benefitted from globalisation and rules-based free trade led by the US, alongside the rise of China as a global economic superpower and manufacturing hub. The island nation has emerged stronger from every major crisis, from the Asian Financial Crisis and the GFC to the recent COVID-19 pandemic. **The world ahead, however, is set to be more volatile, uncertain, and protectionist, with an increasingly inward-looking US** moving away from free trade through tariffs and reshoring policies. Other global shifts, including climate change, will also pose challenges, compounded by Singapore's domestic land and labour constraints.

Nonetheless, **we see Singapore — situated at the heart of SEA, which is on track to become the world's fourth-largest economic bloc by the end of this decade — emerging as a leader in embracing the key regional themes outlined in our report**, *ASEAN-6 2025-40: The next leap*. These include remaining highly open to trade and investment in a 'Trade Outside the US (TOTUS)' world, and strengthening resilient foundations by leveraging the green and digital economies.

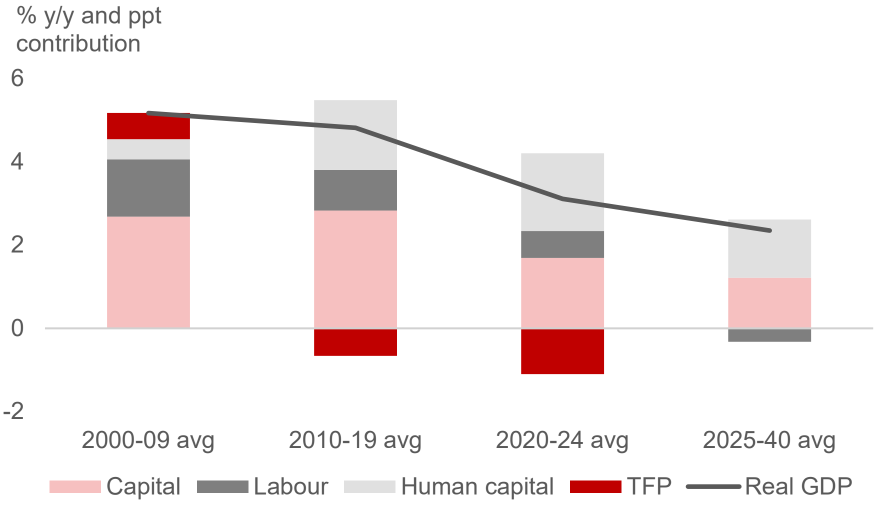
Faster Growth Than Advanced Economies: 2025-40 forecast and drivers

We forecast Singapore's real GDP to grow at an average of 2.3% annually between 2025 and 2040. Our projected economic expansion is expected to outstrip that of other AEs[2], and remains respectable for a mature country that has already reached the high-income frontier. Offering diverse opportunities over the next 15 years, we project the **city-state's nominal economic size to more than double, reaching USD1.2-1.4tn in 2040** from USD547bn in 2024.

Adopting a widely applied four-factor long-term growth accounting framework[3], we expect Singapore's economic growth over this period to be driven primarily by capital accumulation and human capital. Labour input is likely to be a modest drag due to demographic challenges, while total factor productivity (TFP)[4] is expected to be flat, having previously been a drag on growth.

We project that **capital** accumulation will continue to underpin Singapore's long-term economic growth, contributing an average of 1.2 percentage points (ppt) over the next 15 years. **Human capital** development will also remain a cornerstone of Singapore's economic strategy, adding a hefty 1.4 ppt on average to headline growth, supported by a skilled talent pool able to adapt, reskill, and upskill in response to emerging trends. With an ageing population, **labour** input is expected to exert a modest 0.3 ppt drag on long-term growth, though this also presents opportunities for the care services industry. **TFP** is projected to be flat, with digitisation and technological innovation mitigating labour constraints. (Read a more detailed discussion of these ***four growth factors*** in the appendix.)

Key drivers of Singapore's growth



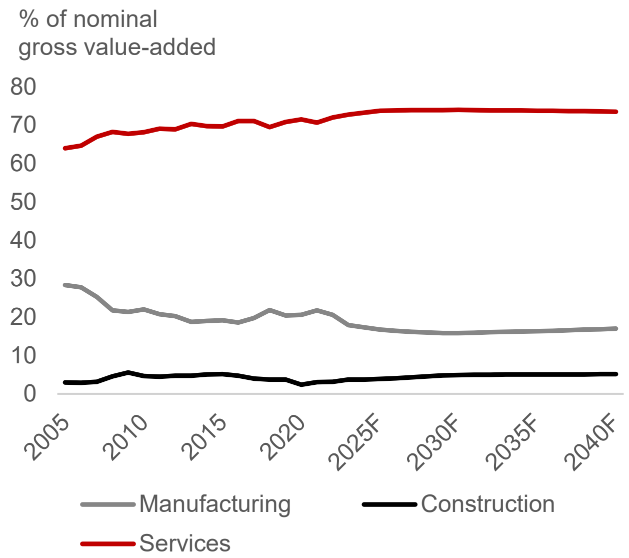
Source: Penn World Table, CEIC, IMF, DBS

[2] *The IMF forecasts advanced economies to grow by 1.6% average from 2025 to 2030 (furthest year available), slower than our real GDP growth forecast of slightly above 2% for Singapore over the same period.*
[3] *Based on a standard Cobb-Douglas production function* $Y=AK^{\alpha}(LH)^{(1-\alpha)}$*, we decompose growth (Y) into four underlying production factors: Labour (L), human capital (H), capital (K), and total factor productivity (TFP)(A), with a and 1-a representing the elasticities of output to capital, as well as labour and human capital, respectively.*
[4] *TFP broadly reflects the boost in structural improvements of using inputs like capital and labour for production through processes and technologies but is estimated as a residual of other growth factors, using the growth accounting framework and Cobb-Douglas production function.*

Which Sectors Will Shape the Future?

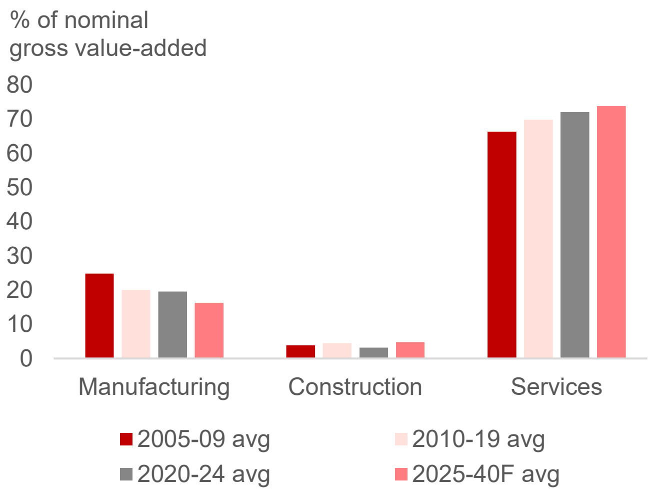
Singapore's economy has increasingly shifted towards diversified services, while maintaining a sizeable and advanced manufacturing base built up over the decades. **Looking ahead to the next 15 years, we expect a dominant services sector, a resilient manufacturing presence, and a modestly larger construction sector.**

Tracking evolution of Singapore's 3 broad economic sectors



Source: CEIC, DBS

Singapore's services-led economy



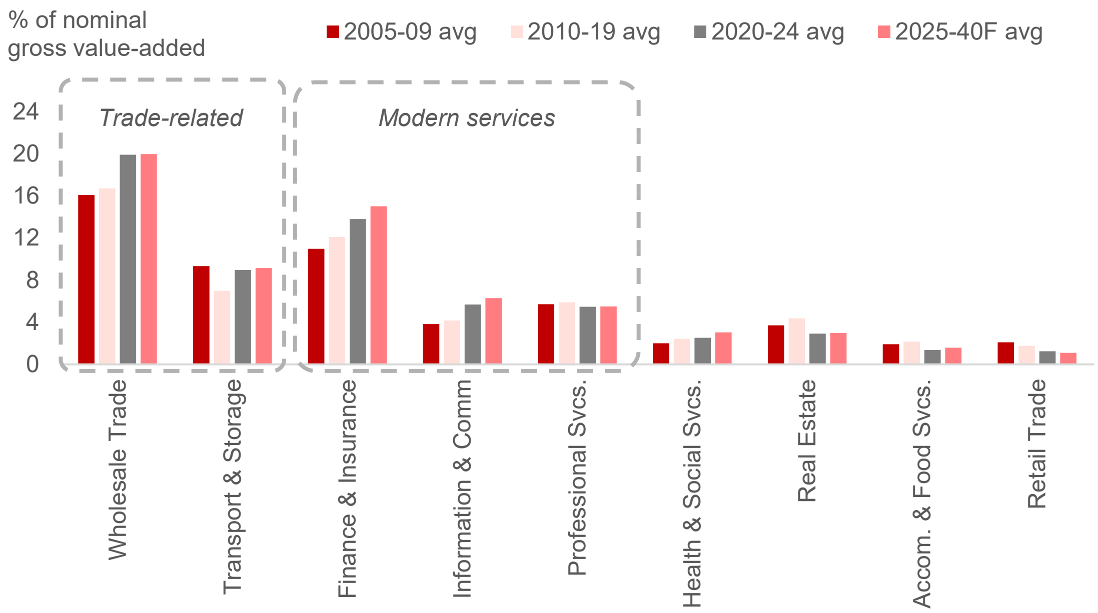
Source: CEIC, DBS

Between 2025 and 2040, we project the services, manufacturing, and construction sectors to respectively account for nearly 74%, around 16%, and roughly 5% of nominal gross value-added (GVA) on average (see charts). Singapore's firm commitment to achieve net-zero carbon emissions by 2050 positions it as a regional green leader[5], with the climate challenge also creating opportunities spanning multiple real economy segments.

> *Looking ahead to the next 15 years, we expect a dominant services sector, a resilient manufacturing presence, and a modestly larger construction sector*

[5]*This is reflected in its carbon tax – the first in SEA – which is set to double or even triple to SGD50-80 per tonne of carbon dioxide equivalent (tCO_2e) by 2030, encouraging a reduction in carbon emissions across the economy.*

Singapore's diversified services sectors



Source: CEIC, DBS

Diversified Services: Over the next 15 years, the services sector is poised to play an even greater role in Singapore's modern economy. The city-state will strengthen its position as a leading high-value entrepôt, advance as a global finance hub of the future, expand digital and IT services, and build a thriving care economy.

- **World-class Sea-Air Connectivity: Trade-related services**, comprising wholesale trade and transport & storage[6], will remain the largest contributor to the economy at above 29% of GVA on average between 2025 and 2040, though constrained by a more protectionist global landscape. Singapore's open orientation and role as a critical node in global supply chains will be reinforced by two bold, long-term infrastructure investments already under way.

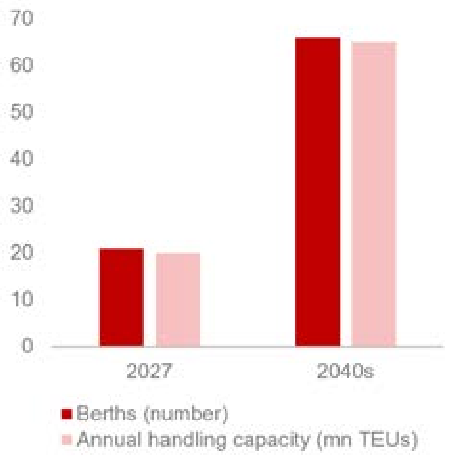
  1. **Tuas Port megaproject** – When fully completed in the 2040s, it will be the world's largest fully automated and digitally integrated port. Amid a more turbulent international trade outlook, the enhanced facility will support regional and global trade flows, with ASEAN continuing to expand trade linkages.

[6]Singapore's wholesale trade sector is an important intermediary in the global supply chain. The bulk of wholesale trade activities is foreign where Singapore-based wholesalers transact with overseas players, value-adding through various services including purchasing and selling goods to storage and warehousing, and marketing support (see MTI article for further discussion). The transport & storage sector's economic contribution reflects Singapore's position as one of the world's biggest maritime hub and SEA's largest air cargo hub (see MTI article for further discussion).

2. **Changi Airport Terminal 5 expansion** – Opening in the mid-2030s, Terminal 5 alone will match the land area of all four existing terminals combined and boost passenger capacity by 50%. This will **significantly expand Singapore's air connectivity and drive the next phase of growth in air logistics, aerospace, and tourism.**

Both mega projects will be powered by green energy, ensuring that Singapore's connectivity infrastructure evolves in line with its sustainability goals.

Advancing Tuas Port capabilities



Source: The Straits Times, MPA Singapore, DBS

Growing air connectivity and capacity

Source: The Straits Times, DBS

- **Global Finance Hub of the World: Finance & insurance**'s contribution to the economy has the potential to rise to 15% of GVA on average between 2025 and 2040, up from 13.8% in 2020-24. Already established as a highly safe and world-class financial centre, Singapore ranked fourth in the Global Financial Centre Index (GFCI) 37 as of Mar'25, hosting a high concentration of banks, asset and wealth managers, and insurers. Within the GFCI categories, however, Singapore's ranking in financial sector development lags its performance in other areas of competitiveness. In our view, this reflects challenges in attracting new listings and deepening liquidity in the local equities market – issues the authorities are already addressing. We expect Singapore to continue strengthening financial development through focused five-year plans to reinforce its position as a global finance hub. Over the next 15 years, we expect Singapore to build on its strengths as a premier wealth and asset management centre to capture the secular trend of rising Asian wealth; anchor its role as Asia's nucleus for green finance and carbon trading; broaden capital markets expertise as equity market reforms bear fruit, complementing its position as Asia's largest FX trading centre and a prominent fixed income hub; and consolidate its status as a top and trusted FinTech hub.

Global Financial Centre Index: Areas of competitiveness

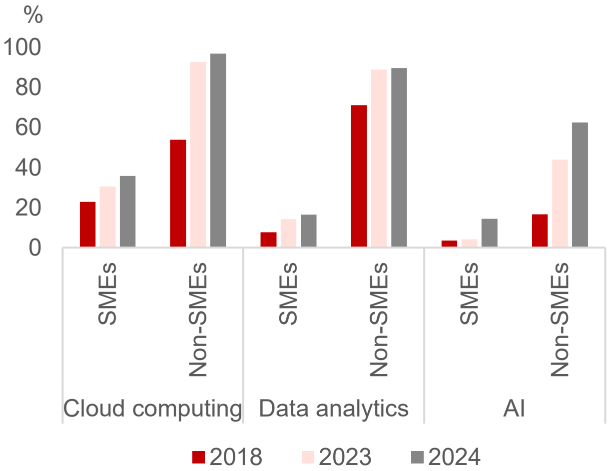
Ranking	Overall	Business environment	Human capital	Infrastructure	Financial sector development	Reputation
1	New York	New York	New York	New York	New York	New York
2	London	London	Hong Kong	Hong Kong	Hong Kong	London
3	Hong Kong	Hong Kong	London	London	London	Hong Kong
4	Singapore	Singapore	Singapore	Singapore	Shanghai	Singapore
5	San Francisco	San Francisco	San Francisco	Shenzhen	Singapore	San Francisco

Source: Global Financial Centre Index 37

- **A Digital-First Future:** The **information & communications (ICT)** sector is expected to increase its economic significance over the next 15 years, accounting for an average 6.3% of GVA, up from 5.7% in 2020-24 and 4.2% in 2010-19. Building on the acceleration of digitalisation during the COVID-19 pandemic in areas such as payments, the next phase of IT services growth will likely be driven by wider adoption of advanced technologies, such as cloud computing, data analytics, and artificial intelligence (AI), to support productivity gains. Small- and medium-sized enterprises (SMEs) have considerable room to expand advanced technology adoption to catch up with larger companies, which remain further ahead. Importantly, Singapore is only at the early stages of the AI trend, with significant potential to scale enterprise usage across industries. Promoting innovation and technology, particularly AI, to boost productivity and sustain competitiveness, has been underscored as a key national priority, most recently at the National Day Rally 2025 (*see* ***Singapore: National Day Rally 2025 – Focus on tariffs, tech, and jobs***).

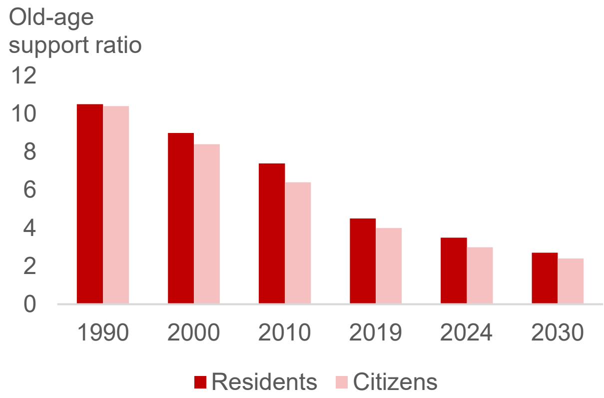
- **Thriving Care Services:** While the **healthcare & social services** sector accounted for only 2.5% of Singapore's economy on average between 2020 and 2024, it is expanding rapidly, and is projected to rise to 3% of GVA on average between 2025 and 2040. The care economy will become increasingly critical as the nation addresses a rapidly ageing population. By 2030, one in four Singaporeans will be aged 65 and above, driving greater demand for healthcare services, including specialised care for chronic and age-related diseases. The sector will be further supported by the government's *Age Well SG* programme, which aims to strengthen services for seniors with care needs, including through the expansion of aged care infrastructure such as nursing homes and senior care centres.

Room for AI adoption to grow; Gaps between SMEs and Non-SMEs persist



Source: Singapore Digital Economy Reports, DBS

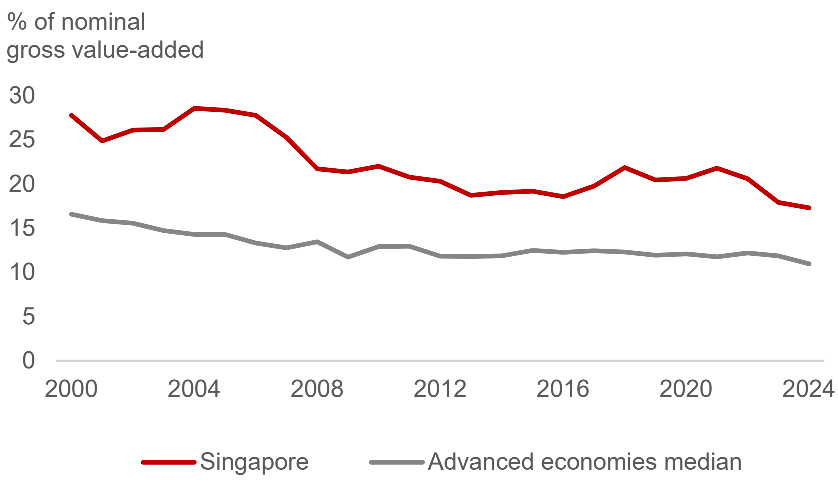
Growing caregiver burden from falling old-age support



Source: Singstat, DBS
Note: Old-age support ratio refers to persons aged 20-64 years per person aged 65 years & above; 2030 figure is official projection

Modern Manufacturing: The manufacturing sector is expected to remain a strategic pillar of Singapore's economy through 2040. Factories will continue to focus on high-value, innovation-led production while adapting to structural shifts towards greater protectionism and a low-carbon future. Manufacturing's share of GVA is projected to remain second largest after wholesale trade, although lower than in the past. Singapore has successfully sustained its industrial base over the years, in stark contrast to the AE median, which has trended down to 11% in 2024.

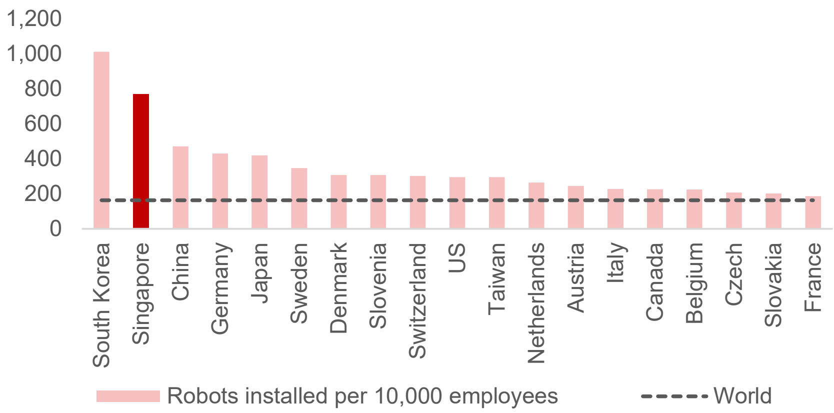
Singapore has maintained a comparatively sizeable industrial base



Source: CEIC, World Bank, DBS

Singapore's advanced manufacturing – led by key clusters such as electronics and precision engineering, chemicals, and biomedical sciences, which together account for around 85% of overall manufacturing output on average in 2020-24 – will be underpinned by automation and capital deepening through robotics investments. Ranking second globally in robot density within manufacturing as of 2024, Singapore is well positioned to scale and remain competitive in capturing opportunities across these leading clusters.

Singapore leads in robot density in the manufacturing sector



Source: International Federation of Robotics, DBS

Semiconductors are among the key industries set to transform the future business landscape. Singapore, already integral to the global electronics supply chain, will play a critical role in this long-term growth. According to McKinsey, global semiconductor revenues could triple or even quadruple (6-8% CAGR), reaching USD1.7-2.4tn in 2040 from USD630bn in 2022, driven by demand from AI-powered computing and data storage, automotive, wireless communications, and industrial electronics[7]. Global semiconductor firms continue to invest in Singapore, which accounts for 10% of global chip production and around 20% of global semiconductor manufacturing equipment output, to expand operations and capture opportunities in these fast-growing segments.

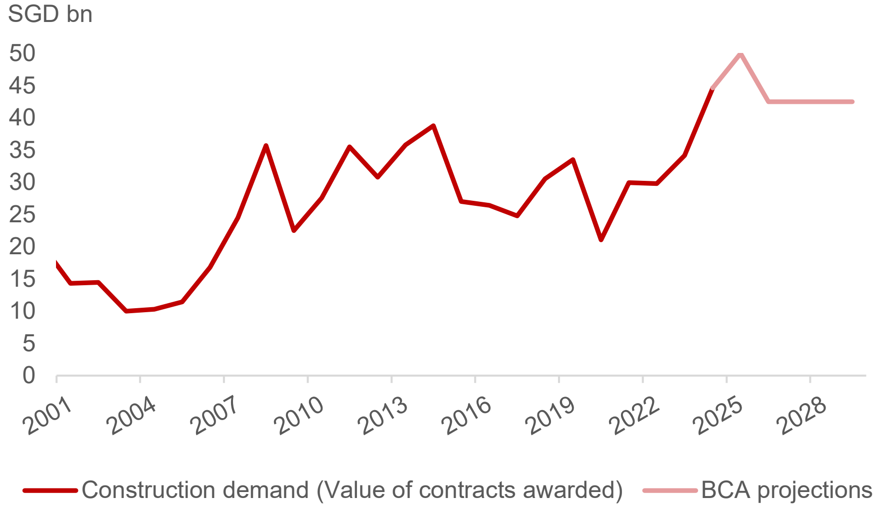
The **chemicals** cluster will likely focus on becoming a leader in green and sustainable activities over the long term, amid the existential challenge posed by ongoing decarbonisation efforts. Investments are underway to transform Jurong Island into a sustainable energy and chemicals park, moving beyond its traditional role as a petrochemical production and trading hub. The ambition is to increase the output of sustainable products fourfold from 2019 levels and achieve more than 6 $MtCO_2e$ of annual carbon abatement through low-carbon solutions by 2050. Priority areas include bio-based fuels and feedstock, carbon capture and utilisation technologies, and circular economy approaches such as waste-to-chemical processes.

[7]Source: *Silicon squeeze: AI's impact on the semiconductor industry* (McKinsey & Company, April 2025), and *The next big arenas of competition* (McKinsey Global Institute, October 2024)

The **biomedical** cluster has grown into a key pillar of Singapore's advanced manufacturing over the past 25 years and is well placed to capture structural healthcare opportunities, including an ageing population and advances in the diagnosis and treatment of chronic diseases such as cancer and diabetes. Global pharmaceutical giants with established manufacturing facilities in the city continue to expand into areas such as active pharmaceutical ingredients, therapeutics, vaccines, and cell therapy. Supported by robust infrastructure, a skilled talent pool, a pro-business environment, and strong intellectual property protection, Singapore's continued focus on research, private-public partnerships, and encouraging venture capital investment in start-ups should underpin long-term growth.[8]

Construction: The domestic construction sector will be critical in Singapore's next chapter of development. Just as it helped transform the nation into today's modern city with strong internal and external connectivity, **construction will be a key enabler of Singapore's major transport infrastructure upgrades across air, sea, and land, as well as other projects that will enhance quality of life over the long term**. The Urban Redevelopment Authority's Draft Master Plan, updated in 2025, provides the anchor for development over the next 10-15 years. Underpinning our expectations for higher GVA contribution over this period are several multi-year projects, including Changi Airport Terminal 5, Tuas Port, the progressive expansion of the rail network, and hospitality developments such as Marina Bay Sands Tower 4 and Resorts World Sentosa's expansion. Housing is also expected to be a key driver of construction activity, with the Master Plan outlining at least 80k new public and private homes in more than 10 new neighbourhoods across the city over the next 10-15 years.

Higher structural construction demand



Source: BCA, CEIC, DBS

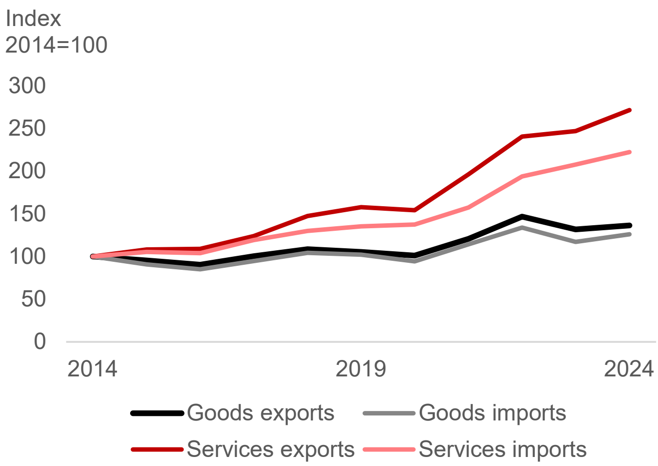
[8]Source: *Empowering Biotech Innovation in Asia-Pacific* (Bain & Company, A*STAR, EDB Singapore, JPMorgan, and SG Growth Capital, July 2025)

Services Exports – Rising Prominence

By CHUA Han Teng

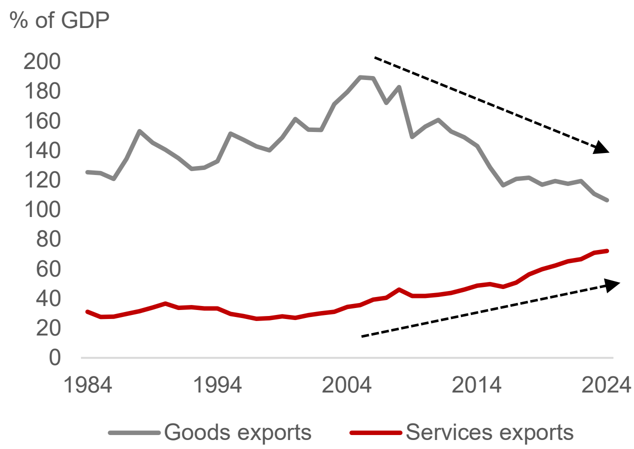
Singapore's export profile has undergone a structural shift over the past two decades and will continue to evolve towards a greater share of services in the coming years. Services exports have been booming, with their share of GDP trending higher. While goods exports remain dominant as a share of GDP, they have been on a decline. This has contributed to shifts within Singapore's sizeable current account surplus, with the services balance recording net surpluses starting 2018.

Services trade growth has significantly outpaced goods trade growth



Source: CEIC, DBS

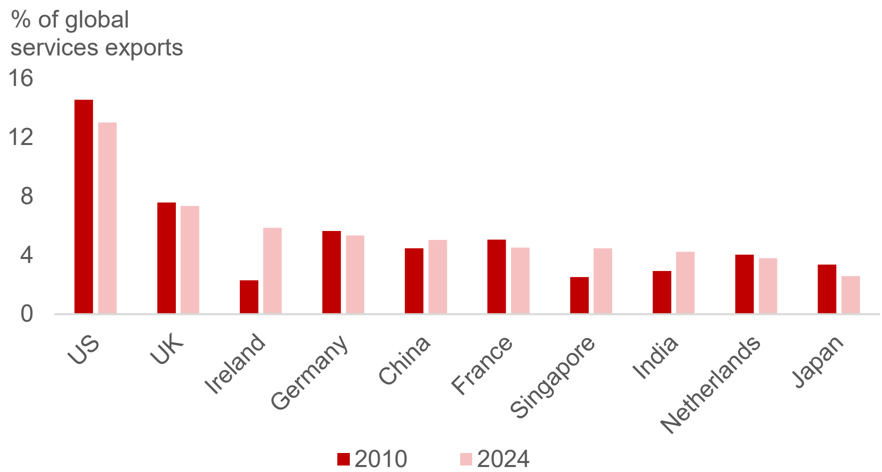
Shifting services and goods exports dynamics



Source: CEIC, DBS

Singapore's services exports have gained prominence globally. In 2024, they accounted for 4.5% of the world's total, ranking seventh, up from 2.5% and 12th in 2010. The city-state's services exports are anchored in three major areas: 1) Transport, 2) business services, and 3) finance & insurance, accounting for 78% of the total. These highlight Singapore's critical role as a global logistics node, a regional base for multinational corporations (MNCs), and a global financial gateway. Smaller but still meaningful contributors include telecommunications, travel, and intellectual property, accounting for 19% of the total.

Singapore's market share of global services exports has grown

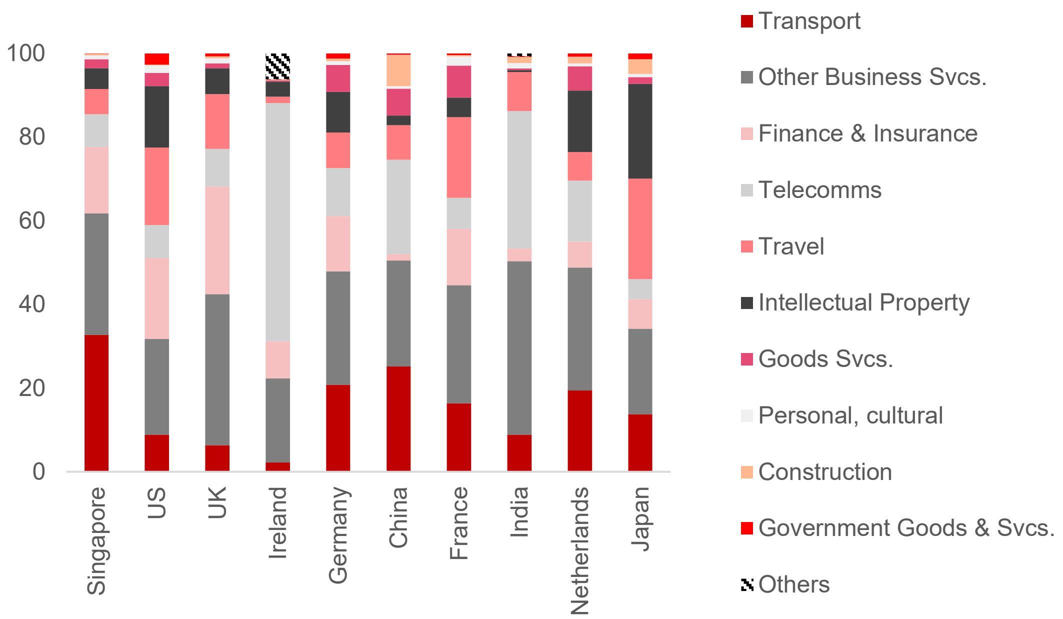


Source: UNCTAD, DBS

Compared with other leading economies in the top 10 global services exporters, Singapore ranks first in transport (33% of its overall services exports), third in finance & insurance (16%), and fourth in business services (29%). Relative to the US, the world's largest services exporter, Singapore's composition is less diversified, but it is also not as concentrated as peers such as Ireland or India. The US' services exports are more evenly distributed across business services, finance & insurance, travel, and intellectual property, each accounting for between 15-23% of the total in 2024. Ireland, by contrast, is heavily exposed to digital and telecommunication services, which made up nearly 60% of its total in 2024, driven by the presence of global tech giants. India's services exports are concentrated in business services (41%) and digital telecommunications (33%) in 2024.

We believe Singapore's position as a globally leading maritime hub will strengthen over the next 15 years through investments such as the phased upgrade of Tuas Port. However, its high share of services exports in transport, particularly shipping, leaves it vulnerable to rising global trade protectionism. Changi Airport's Terminal 5 expansion into the 2030s will further enhance Singapore's extensive global connectivity and capacity, with positive spillovers to travel and tourism receipts. This aligns with the Singapore Tourism Board's Tourism 2040 roadmap, which targets a 1.7-fold increase in receipts to SGD47-50bn by 2040, from SGD29.8bn in 2024.

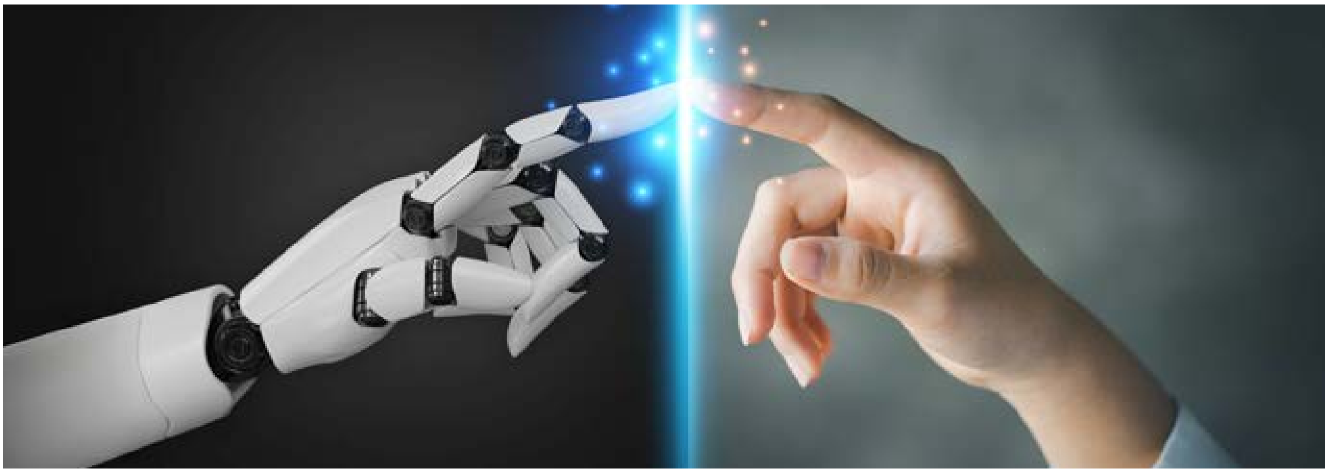
Singapore has diversified services exports exposure



Source: UNCTAD, DBS

Financial & insurance exports will remain a major contributor to overall services exports, with significant potential to rise in importance over the long term. Singapore is expected to further strengthen this backbone of its highly globalised economy by advancing capital market expertise, wealth and asset management, green finance, and fintech.

We also expect sustained FDI inflows into the ASEAN-6 over the next 15 years, with Singapore acting as a key facilitator of regional operations. This will place business services exports – including strategic, regulatory, and operational advisory services – in favourable position. In addition, the rapid development of advanced technologies expected in the coming years, supported by Singapore's proactive adoption of Digital Economy Agreements, is set to drive greater IT and digital services exports.



AI and Economic Growth

By Taimur BAIG and CHUA Han Teng

The ongoing surge in AI infrastructure spending could drive faster adoption of this tech wave than any in the past. Singapore tops the IMF's AI Preparedness Index[9], and with its smart infrastructure initiatives and high-quality human capital, is well placed to be at the forefront of AI adoption. The AI wave is highly capital intensive; and Singapore's substantial public and private sector savings can readily fund it. AI adoption and development also require human inputs at the highest end of the skills spectrum, with Singapore being an attractive destination for such talent.

If the public and private sectors harness AI effectively in the near term, productivity gains could materialise swiftly. Historically, many local businesses managed rising costs by relying on relatively cheap foreign labour, keeping operations labour-intensive. AI-driven automation could fundamentally change this, allowing firms to start and expand profitably without the perennial drag of labour constraints. At the mid-skilled level, AI adoption would automate routine tasks, freeing capacity for more creative work – an area where Singapore has lagged global peers, according to the Global Innovation Index 2025. This, in turn, could foster a stronger culture of innovation, a prerequisite for productivity-led growth.

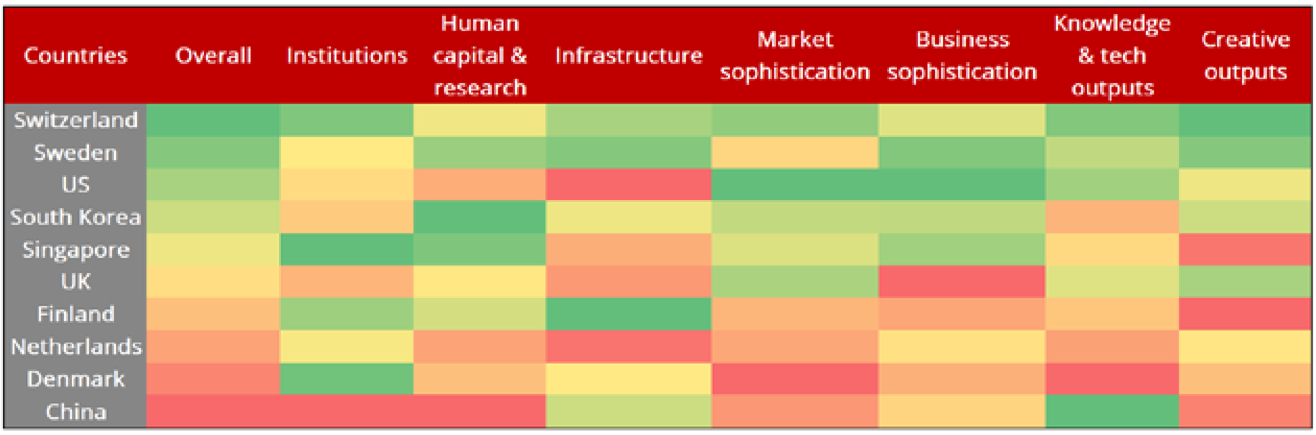
AI can also help Singapore overcome the limits of its labour force and market size. Local firms can integrate global expertise into their analytical work while exporting capabilities abroad. Knowledge developed in Singapore, whether in manufacturing or services, can be marketed globally through AI-enabled applications and machinery.

[9]Source: *Singapore: 2025 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Singapore* (International Monetary Fund, July 2025)

At the heart of this lies TFP – the economic growth driver beyond capital or labour's contribution. Can Singapore's growth engine rev up through a TFP uplift? AI may prove to be a game changer. Drawing on lessons from past waves of tech adoption, successful AI adoption could lift average annual economic growth towards the upper end of the government's 2-3% target over the next decade, fuelled by both AI investment and consequent TFP increase.

This scenario carries risks. Productivity improvements and bottom-line benefits may remain uncertain until "killer-apps" with material revenue impact emerge. The hype-cycle around AI could lead to over-capacity, financial market overshoot, and subsequent asset price correction that could delay adoption if sentiments sour on the sector. Public backlash may also grow if job concerns overshadow productivity gains. Hence, careful policy guardrails on safety and security, social safety nets for those affected, and thoughtful public education will be critical. AI is challenging the way we think about human-centric endeavours; Singapore must harness its economic benefits while managing social disruptions with equal urgency.

Global Innovation Index 2025



Source: Global Innovation Index 2025, DBS

Gen-AI and Workforce Re-skilling

By Sachin MITTAL

Gen-AI adoption and reskilling of workforce for margin improvement. Singapore holds an edge in Gen-AI adoption, with significant potential for margin improvement. This advantage stems largely from the government's pro-active approach to re-skilling the workforce in partnership with the corporate sector. Such efforts should enable companies to fully reap the benefits of Gen-AI, while redeploying employees into higher value-added tasks.

Singapore's edge: Reskilling for the Gen-AI era. Singapore is leading the charge in preparing its workforce for the Gen-AI era, focusing on collaboration with AI rather than competition. Through initiatives such as the National AI Strategy 2.0, SkillsFuture, and TechSkills Accelerator, the nation is equipping its workforce with critical AI capabilities. Major corporates, including DBS and OCBC, are rolling out internal Gen-AI training programmes, while universities are championing AI ethics and governance.

Re-skilling initiatives in Singapore

Initiative	Target	Focus	Initiated by
National AI Strategy 2.0	80,000 workers by 2025	Equip Singaporeans across all skill levels to work effectively with AI tools like Gen-AI	Ministry of Digital Development and Information

Re-skilling initiatives in Singapore (continued)

Initiative	Target	Focus	Initiated by
SkillsFuture AI Courses	General workforce	Integrating Gen-AI modules into its upskilling ecosystem	SkillsFuture Singapore
TechSkills Accelerator	Tech professionals	Funding AI apprenticeship and conversion programmes	Infocomm Media Development Authority (IMDA)
Company Training	Sector-specific	Gen-AI use cases	DBS, OCBC, etc.
Ethics & Governance Training	Professionals & leaders	AI governance and responsible use	National University of Singapore, Singapore Management University

Source: Smartnation.gov, SkillsFuture, Infocomm Media Development Authority, DBS, OCBC

AI: A catalyst for margin improvement across Singapore

AI adoption is set to deliver significant economic value and productivity gains across key sectors. Banking & Finance, IT & Consulting, and Healthcare are poised for the greatest impact, with AI increasingly embedded in core operations to enhance revenue and optimise costs. In Healthcare, AI applications have saved 64,000 labour hours at Singapore General Hospital, generating SGD2.3mn in cumulative productivity gains. Sectors such as Transport & Logistics, Retail & E-commerce, and Real Estate are expected to see a moderate impact, as AI will primarily support auxiliary functions and reduce costs, rather than fundamentally transform their core, labour-reliant operations.

Potential impact of AI across sectors

Sector	Relevant Companies	How AI improves margins
Banking & Finance ★★★★☆	DBS, UOB, OCBC	AI automates manual processes such as anti-money laundering checks, compliance, and credit scoring, projected to have a significant economic impact on banks. E.g., DBS expects to generate SGD1bn in economic value from AI in 2025.
Transport & Logistics ★★★☆☆	Grab, PSA	AI can be applied in route optimisation, dispatch, forecasting, and self-service automation, effectively cutting costs and helping to lift EBITDA margins. AI-driven cost efficiencies and automation played a major role in Grab raising its EBITDA projections by nearly 40% in FY24.
Retail & E-commerce ★★★☆☆	Shopee, Lazada, FairPrice	AI-driven personalisation, dynamic pricing, demand forecasting, chatbots, and automated returns are helping retailers reduce stockouts and improve margins. Predictive analytics have lowered stockouts by 35% according to Fiolabs.
IT & Consulting ★★★★☆	Singtel (NCS), ST Engineering	AI and automation consulting support cloud migration, analytics, and digital twin deployment. ST Engineering's Digital sector, including cloud and AI analytics, grew 39% y/y in 2024, contributing to a 12% increase in EBIT.
Real Estate ★★★☆☆	Keppel, CapitaLand	AI helps with property valuation, chatbots, and lead scoring, where AI-driven demand for digital infrastructure. This could propel a jump in annual net profit for Keppel's connectivity arm.
Healthcare ★★★★☆	NUHS, Raffles Medical, SGH	AI systems automate diagnostics and admission processes, helping to reduce diagnostic costs. At SGH, this led to USD2.3mn in productivity gains since 2020 and saved more than 64,000 man-hours through automated projects, according to GovInsider.

★ – Estimated Level of AI Adoption
Source: Reuters, GovInsider, Companies, DBS

Four Forces Behind USDSGD Parity by 2040

By Taimur BAIG, Philip WEE, and CHUA Han Teng

Singapore's economy is advanced and mature. With GDP per capita above USD90k and an ageing demographic dynamic, it is unlikely to exhibit the same characteristics as emerging market economies, where exchange rate appreciation is typically driven by fundamentals. Economies, as they graduate from low to medium to upper income, undergo sizeable nominal and real exchange rate appreciation, as their productivity growth rates tend to outpace those of their advanced, high-income peers. High-income economies, typified by high levels of purchasing power and frontier-level wealth, have only so much further to go.

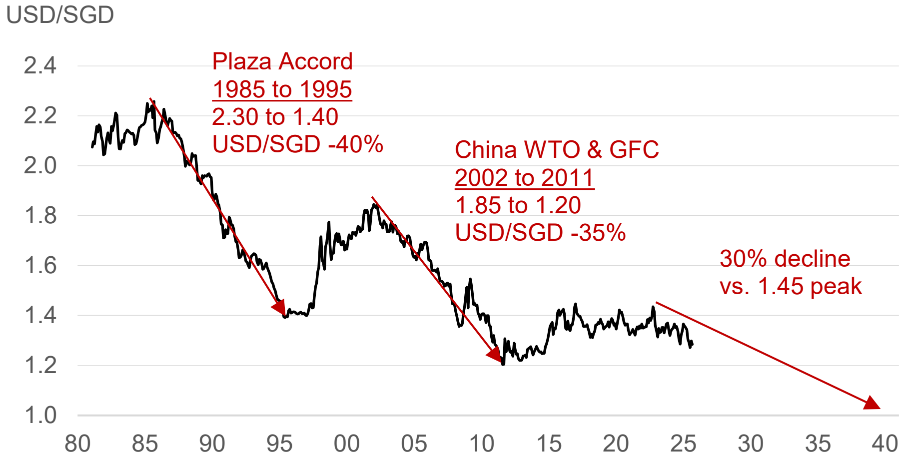
We envision a prolonged period during which Singapore could see significant exchange rate appreciation, driven by four forces already in motion.

1. **A weaker US dollar**. The US dollar, which is estimated to be substantially stronger than justified by fundamentals across a wide range of currency fair-value metrics, **may enter a multi-year period of correction**. Additionally, US policymakers seem increasingly open to a weaker dollar. The Singapore dollar could appreciate on the back of this dynamic alone.

2. **Productivity-led growth**. Singapore's world-class physical infrastructure, a skilled talent pool, digital transformation, and the green transition underpin steady productivity gains. Over the past decade, Singapore's labour productivity has outpaced that of the US, reflecting considerable investment in human capital and physical capital stock. With key programmes already in place to prepare its population for tech, climate, and geopolitical disruptions ahead, it is reasonable to **expect continued gains in labour productivity**. This would be an organic driver of exchange rate appreciation.

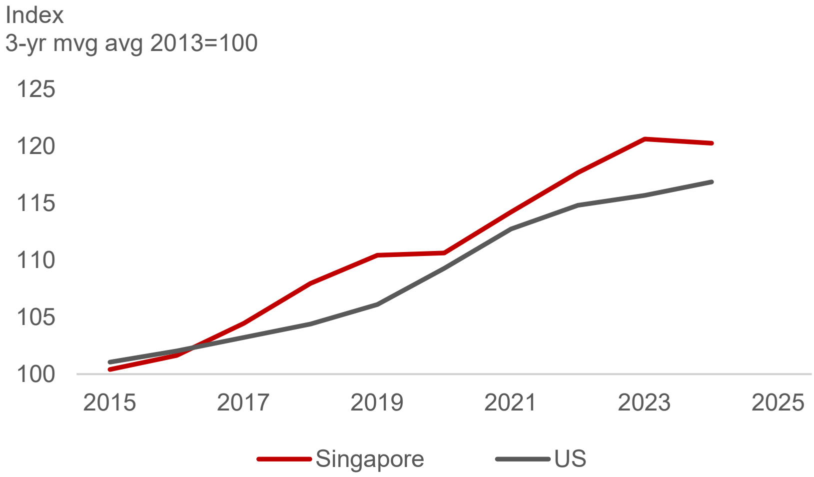
3. **Safe-haven flows into Singapore's financial sector**. Recent years have been characterised by exceptionally strong investment flows into Singapore, both into the real economy and the financial sector. Reasons for global investors to flock to Singapore are well articulated elsewhere in this report. **These flows will likely grow further in the coming years** as Singapore doubles down on its efforts to attract investments in digital and physical infrastructure, tech-led manufacturing, and the green transition, **while also deepening its capital markets**. The inflows will keep exerting appreciation pressure on the currency.

How USD/SGD can hit parity by 2040



Source: DBS Research, Bloomberg data

Labour productivity

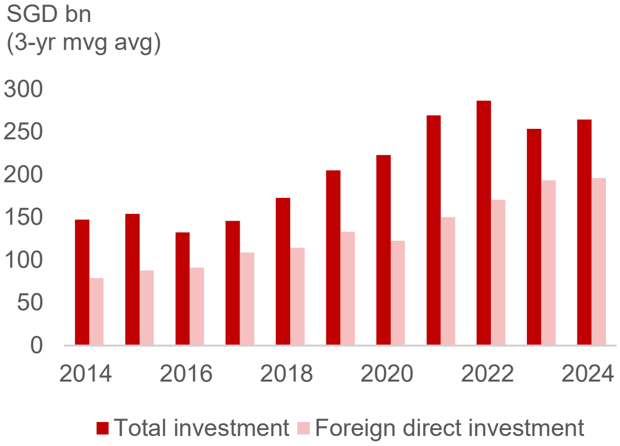


Source: Singstat, US Bureau of Labor Statistics, DBS

4. **A sustained current account surplus.** Singapore is a prolific exporter and importer, but its value-added contribution to exports across goods and services helps it maintain a substantial trade and current account surplus. Even as the US rewrites the global rules of trade and commerce, Singapore will remain committed to free trade with the rest of the world.

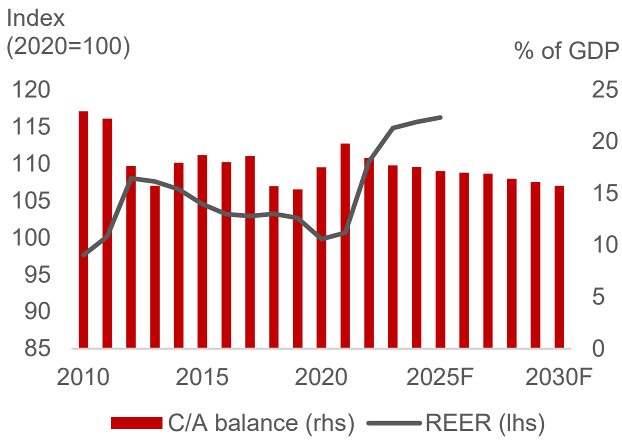
   Over the decades, Singapore's wealth has risen together with its real exchange rate. At the same time, its dynamism as a critical supplier of world-class manufactured and refined goods, as well as high-quality services, has remained intact. According to the IMF's *World Economic Outlook*, the **current account surplus will remain robust**, easing only marginally in the coming years.[10] These conditions provide a strong basis for continued currency appreciation.

Singapore: Strong inflows



Source: Singstat, DBS
Note: Data using BOP liabilities

Singapore: Current account and real exchange rate



Source: CEIC, IMF, DBS
Note: Forecasts by the IMF

[10]Source: *World Economic Outlook: October 2025* (International Monetary Fund, October 2025)

Diversifying Growth Engines Through Internationalisation

By CHUA Han Teng and Taimur BAIG

Singapore has achieved substantial success in attracting foreign direct investment (FDI). Over the years, numerous multinational companies (MNCs) have established regional headquarters in the city-state, drawn by its low and predictable tax regime, world-class infrastructure, and transparent, stable regulatory environment. Yet, the story of Singapore's economic development is not solely about inward investment. As national wealth has grown, both public and private sector entities have increasingly expanded their global footprint.

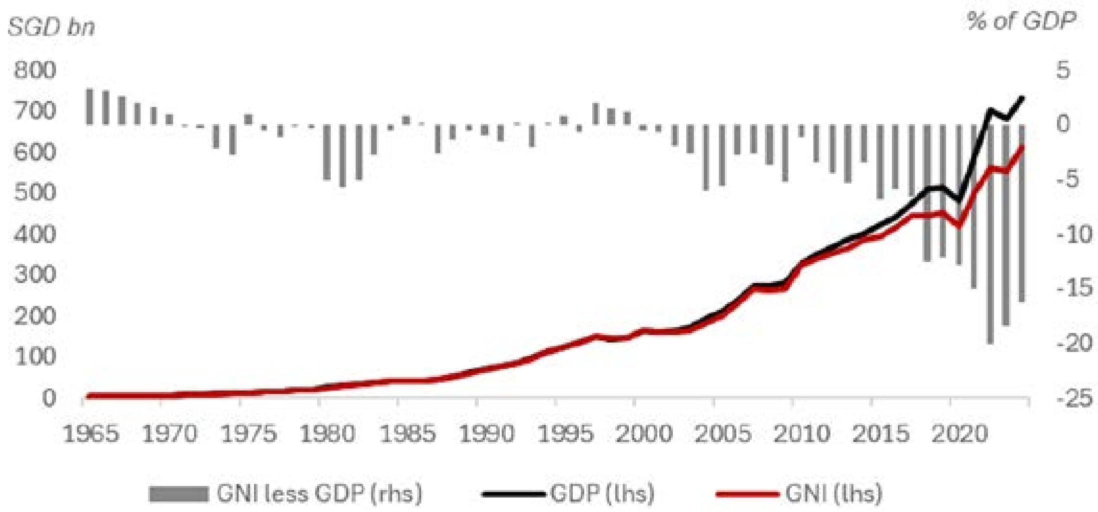
Singapore's state-owned investors have profitably deployed capital abroad for decades, while many local enterprises have ventured overseas to tap high-growth markets and industries that offer scale beyond domestic limits. Despite this progress, there remains considerable room to strengthen outward internationalisation.

A comparison between Singapore's gross domestic product (GDP) and gross national income (GNI) reveals that GNI has historically trailed GDP, with the gap widening in recent years. This reflects greater success in attracting FDI than in boosting outward direct investment (ODI). The repatriation of profits by MNCs has significantly outpaced income remitted to Singapore by residents and overseas operations of local firms.

Maintaining an open economy, continuing to attract and anchor foreign investments, and welcoming high-quality complementary talent remain essential to sustaining a vibrant economic landscape – principles reaffirmed in the 4G leadership's Forward Singapore report. These pillars are expected to remain central to Singapore's economic strategy over the next 15 years.

At the same time, successful internationalisation and the emergence of globally competitive local champions – aligned with deeper regional integration – can help diversify Singapore's growth engines, bolster national income resilience, and narrow the GNI-GDP gap. Nurturing such champions, particularly those with potential for domestic equity listings, could also enhance earnings growth and strengthen Singapore's equity market performance, as discussed later in this report.

Singapore's GDP vs GNI



Source: CEIC, DBS

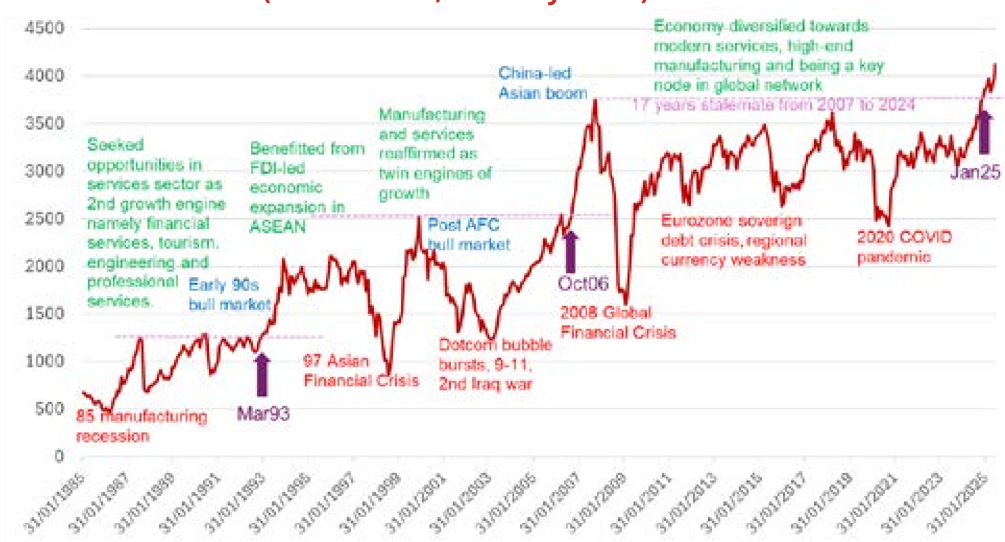
Singapore Equity Market: Riding the Liquidity Wave

By YEO Kee Yan

Breaking Free from a 17-Year Stalemate

The benchmark Straits Times Index (STI) broke through a 17-year stalemate from 2007 to 2024 that kept it rangebound below 3,830. First, it recovered from the 2 April US 'Liberation Day' sell-off to reclaim the 2007 all-time-high (ATH) of 3,830 in May. Next, it rose above the psychological 4,000 level by July 2025.

Straits Times Index (1985 to 2025, monthly chart)



Source: DBS

On top of the 32% STI absolute gains since Jan'24, it continues to offer a high 5% yield, exceeding the +1 standard deviation or SD (17-year average) level of 4.7%. Investors have enjoyed dividend yields of 5-5.5% over the past two years, comparable to levels experienced only during the crisis troughs of 4Q08-1Q09 (GFC) and March-May 2020 (COVID). The ability to offer attractive dividend yields appears to have become part of the Singapore equity market's DNA.

Straits Times Index and consensus dividend yield estimates

Source: Bloomberg, DBS

Meanwhile, the STI's forward PE valuation has recovered from 9.8x (slightly above -2SD, 17-year history) to 13.7x (near the average of 13.9x) over the past two years. The current PE valuation remains below the 16.2x (+1SD) seen during market highs in 2011, 2013, and 2018.

Straits Times Index and consensus PE estimates

Source: Bloomberg, DBS

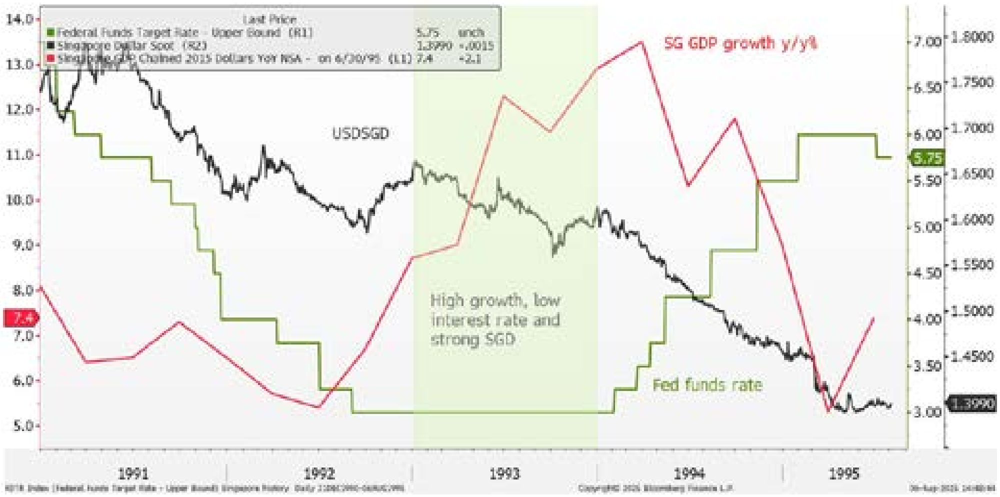
The STI's ability to rally and sustain above a 17-year resistance is a milestone with medium-term bullish implications. Only twice over the past 40 years has the STI decisively broken above multi-year resistance levels to carve out new all-time highs.

Historical STI rallies to all-time highs

Date	Catalysts	STI				What ended the bull run?
		Breakout level from multi-yr resistance	Peak level	% gain post breakout	Duration from breakout to peak (mths)	
1 Apr 1993	• Liquidity inflow as global investors viewed ASEAN as the next big growth region • Small-mid cap rally amid active retail participation • Strong 11.5% y/y Singapore GDP growth • Low US interest rates environment and strong SGD	1,304	2,136	63.8%	9 months	• Authorities curbed speculative trading in Jan'94 • Overvaluation and bubble concern • Fed starting rate hike cycle in Feb'94
19 Oct 2006	• Global 'Goldilocks' period of strong growth with moderate inflation • China economic boom driving Asian growth • Strong 9% y/y Singapore GDP growth in 2006 and 2007 • Strong capital inflows seeking Asia exposure • Property market boom, integrated resorts optimism • Commodities boom	2,600	3,831	47.3%	12 months	• US housing market stress and subprime loan defaults • Credit crunch and tightening liquidity • Peak valuation and profit-taking
1 Jan 2025	• Fading US exceptionalism driving global funds inflow • Singapore's safe-haven status • MAS support measures to revitalise stock market • Attractive P/B valuations and dividend yields • Low domestic interest rates • Strong SGD	3,831	???	???	???	

The **1993 bull run** was driven by a combination of (i) global liquidity inflows and active retail participation, (ii) strong Singapore GDP growth, and (iii) a low US interest rate environment and a strong SGD. It ended due to (a) overvaluation and bubble concerns, (b) the start of the Fed rate hike cycle, and (c) curbs on speculative trading.

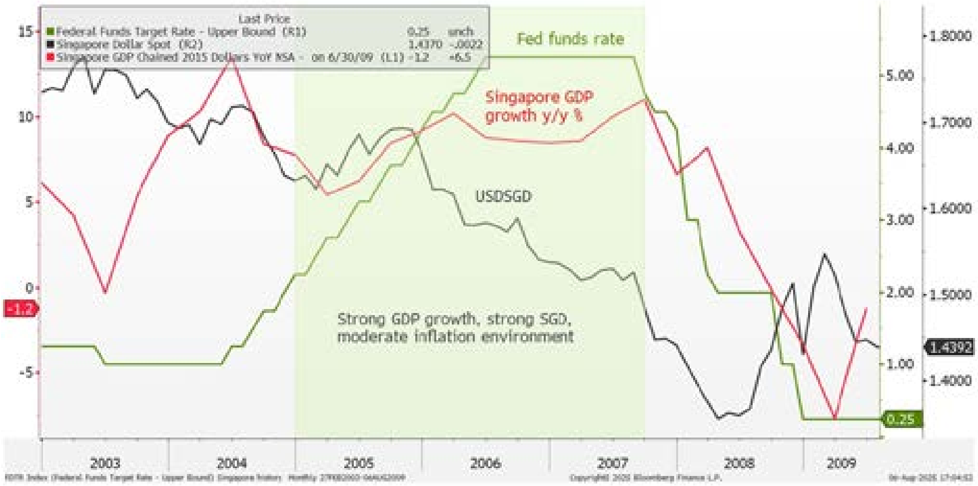
Singapore GDP growth, Fed funds rate, and USDSGD during 1993 bull run



Source: DBS

The **2005-2007 bull market** was driven by a combination of (i) the global 'Goldilocks' period, (ii) the China economic boom, (iii) strong Singapore GDP growth, (iv) large capital inflows seeking Asia exposure, (v) a property market boom, and (vi) a commodities boom. It ended with the onset of the US subprime crisis, which resulted in the 2008 Global Financial Crisis.

Singapore GDP growth, Fed funds rate, and USDSGD during 2005-2007 bull run



Source: DBS

The **STI's strong year-to-date performance** is driven by (i) fading US exceptionalism, which is attracting global funds inflow, (ii) Singapore's safe-haven status amid global geopolitical and tariff uncertainties, (iii) attractive yield and P/B valuations, (iv) low domestic interest rates, (v) a strong SGD, and (vi) MAS support measures to revitalise the Singapore equity market.

Singapore GDP growth, MAS 10Y yield, and USDSGD

Source: DBS

STI offers the highest yield and most attractive P/B among developed market indices

Source: DBS

Liquid Assets Remain Very Underinvested in the Singapore Stock Market

Funds remain relatively underinvested in Singapore equities by historical standards, despite the STI reaching all-time highs. As of 6 August 2025, the ratio of FTSE ST All-Share market capitalisation (SGD720.5bn, representing 98% of the SGX mainboard universe) to M2 stood at 0.84, close to the lows seen during GFC.

We believe the stock market capitalisation / M2 ratio could further recover with continued global funds inflow, a low domestic interest rate environment, and current MAS support measures aimed at deepening participation in Singapore equities beyond the small handful of STI heavyweights. Singapore's M2 has grown at an average annual rate of SGD27.8bn since 2000.

Assuming M2 holds steady at SGD857.9bn and the stock market capitalisation / M2 ratio recovers to 1.0 (still well below the pre-COVID range of 1.1-1.45 from 2012 to 2019) from the current 0.84, **this implies a potential SGD137.4bn liquidity injection into the Singapore equity market**. That is well above the SGD5bn from MAS' Equity Market Development Programme (EQDP) and the SGD15-30bn potential inflows through the Global Investor Programme (GIP) from single family offices.

FTSE ST All-Share Market Capitalisation / M2

Source: DBS, Bloomberg

A recovery in the Singapore stock market capitalisation / M2 ratio to 1x represents a 19% increase from the current SGD720.5bn. Applying a similar 19% increase to STI market capitalisation would translate to a theoretical index level of 5,092. If the stock market capitalisation / M2 ratio were to recover further to 1.1x, the STI's theoretical level would be 5,600.

Stock market capitalisation / M2 and potential / theoretical equity index level

Stock Market Cap / M2#	FTSE ST All Share	STI
0.84	968	4,277
1	1,152	*5,092
1.1	1,268	*5,601

 # Stock Market Cap refers to FTSE ST All-Share market cap, assumes M2 stay constant at SGD857.9bn
**Theoretical level only*
Source: DBS

But the STI level could be slightly lower even if the Singapore market capitalisation rises by 19%. This would occur if the Singapore equity market enjoys a broadening rally beyond the few index heavyweights, such as banks that account for 50% of the STI's weight and Singtel (7%).

> *Assuming M2 holds steady at SGD857.9bn and the stock market capitalisation recovers to 1.0, this implies a potential SGD137.4bn liquidity injection into the Singapore equity market*

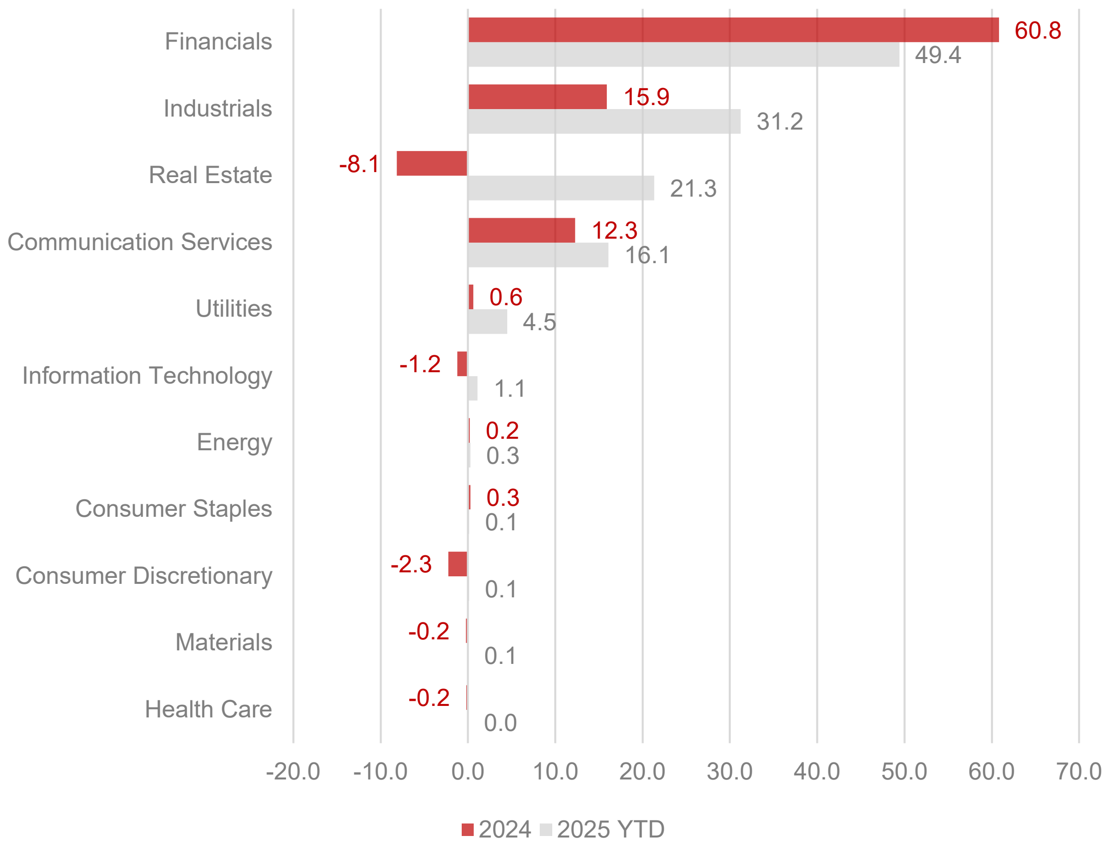
Broadening rally

Singapore's stock market rally is broadening, which we view as a healthy development. The FTSE ST All-Share Index rose 14% y/y in 2024 and has gained a further 12% YTD.

More sectors are driving this year's rally. The **real estate** sector shows the biggest positive change, driven by value unlocking and attractive P/B ratios (e.g., **UOL, City Dev**). The **industrial** sector (e.g., **ST Engineering, Keppel**) and communication services sector (e.g., **SingTel**) have benefitted from positive business transformation. The information technology sector has recovered from last year's decline, supported either by attractive dividend yield or by positioning as potential beneficiaries of EQDP (e.g., **Venture, UMS, Valuetronics**).

Though still the most significant contributor, the **financial** sector has played a reduced role in the stock market rally YTD (% index mover: 60.8% in 2024, 49.4% YTD).

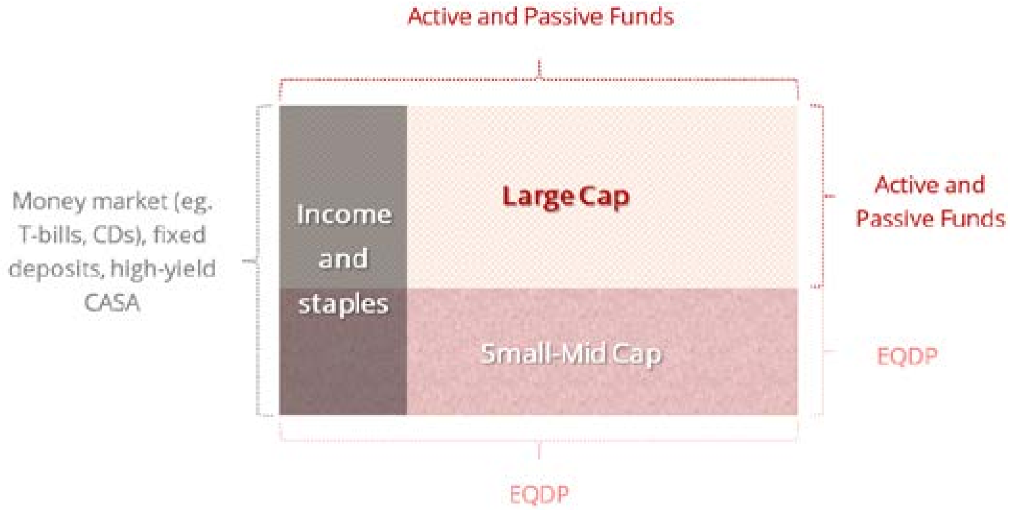
FTSE ST All-Shares Index (% index mover by sector)



Source: DBS

Liquidity is Back – What's Driving It?

3 funding sources poised to drive Singapore equities higher

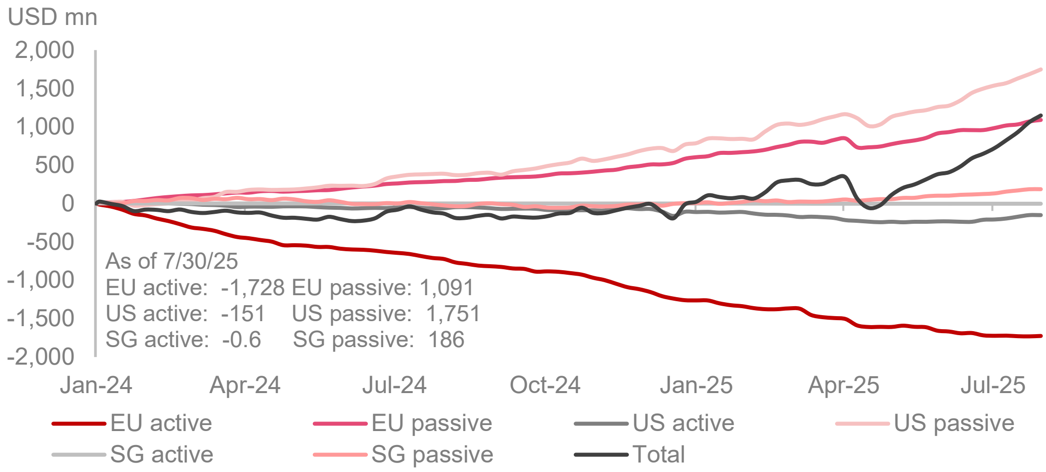


Source: DBS

We see three potential funding sources driving Singapore equities higher:

1. **Passive funds – Large-cap** stocks are the key beneficiaries. Inflows from US and EU passive funds more than offset outflows from active funds. There has been a cumulative net inflow of USD1.1bn YTD into Singapore stocks from US/EU/SG passive and active funds. This trend is likely to continue with Singapore's safe-haven status amid global geopolitical and tariff uncertainties, the stock market's attractive yield and P/B valuation, and the fading US exceptionalism narrative.

Cumulative fund flow of SG stocks breakdown since 2024

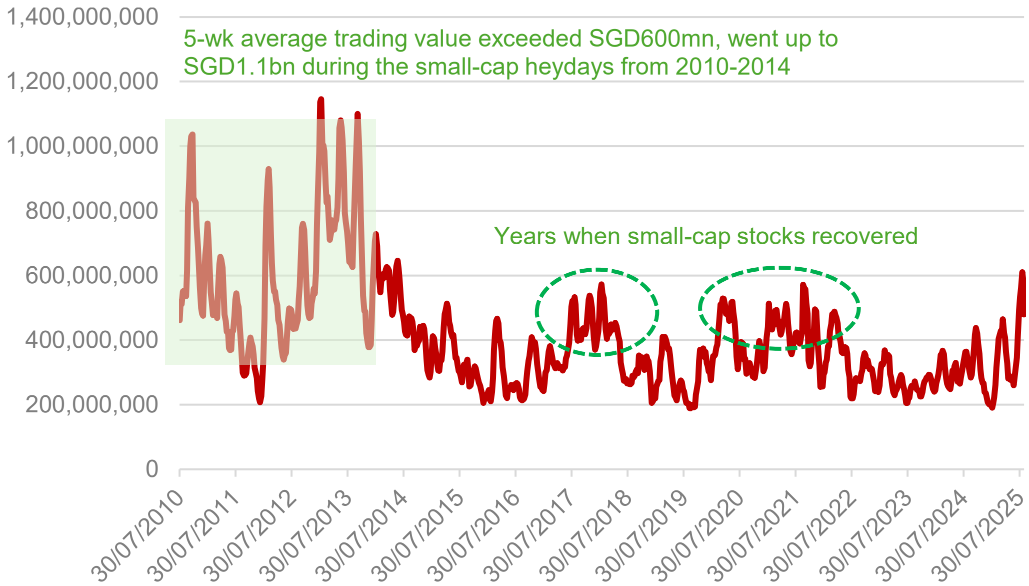


Source: DBS, EPFR

2. **EQDP** – The benefits of this programme for listed **small- and mid-cap** stocks extend well beyond MAS' SGD5bn seed fund. Successful asset managers are required to attract third-party capital into their strategies alongside MAS' funding. The EQDP's progress has sparked interest in small-cap stocks ahead of the launch of the first EQDP-related fund.

   The 5-week average trading value in the FTSE ST Small Cap Index reached SGD500mn-600mn in recent weeks, a more than 40-70% improvement from the YTD weekly average of about SGD350mn. Sustained interest could drive a return of small-cap activity similar to 2017 and 2021, when the index recovered. During the small-cap heyday of 2010-2014, there were several months when the 5-week average trading value exceeded SGD600mn, reaching as high as SGD1.1bn.

5-week average turnover on the FTSE ST Small Cap Index



Source: DBS, Bloomberg

3. **Money market, fixed deposits, high-yield CASA** – Stocks in the **income and staples** categories across all market capitalisations benefit from the meaningful decline in domestic interest rates. Yields on MAS 6-month and 12-month bills, as well as the 2-year bond, have declined by more than 200 basis points (bps). Interest earned from popular high-yield CASA accounts has likewise fallen, making them less of a draw for many investors.

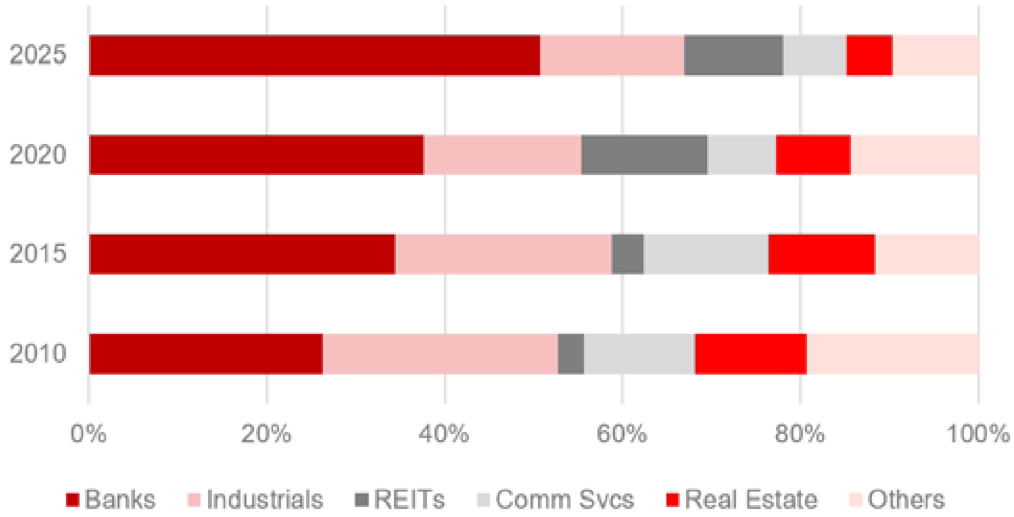
   Just take MAS T-bills for example. With close to about SGD100bn in liquidity seeking higher-yielding opportunities over the next 5-6 months, a conservative assumption of around 10% allocation to risker assets in equities could translate to a potential SGD10bn inflow (or SGD2bn per month).

STI against SORA, MAS 6-mth bills, 12-mth bills, and 2Y bond

Source: DBS

The great rebalancing ... The most striking feature of the STI's evolution has been its dramatic compositional shift over the past 15 years. What was once a diversified index with significant industrial and real estate exposures has transformed into a bank-dominated benchmark, reflecting Singapore's emergence as a premier Asian financial hub – and a leading regional REIT hub in recent years.

Evolving STI composition reflecting economic transformation



Source: DBS, Bloomberg

... alongside the great reconstitution. Beyond the changes to the STI constituents, the transformation in operating models and the emergence of new business models are another key feature of the STI. These five STI companies exemplify Singapore Inc.'s strategic pivot toward high value-added, asset-light, technology-enabled business models that generate sustainable recurring revenues.

Same STI constituents, but different operating models

Company	What has changed?
DBS Group	From traditional bank to digital wealth management powerhouse • Targeting **SGD500bn wealth AUM**; doubling wealth fee income in 2026 • Leading AI-enabled bank; **SGD1bn in economic value from GenAI** in 2025
CapitaLand Investment	From property developer to real estate investment manager (REIM) • APAC's largest REIT manager, with **SGD117bn funds under management** (FUM) • Focus on **steady fee-income generation** through asset-light strategy
Keppel Limited	From industrial conglomerate to global investment manager • **Fourth-largest infrastructure manager in APAC,** with SGD91bn FUM • **Diversified global portfolio** across infrastructure, real estate, and connectivity
Sembcorp Industries	From brown to green energy leader • Driving **energy transition and sustainable development** in Asia • Targeting **25GW of renewables capacity, 10% ROE** by 2028
Singtel	From traditional telco to AI-ready digital infrastructure provider • Spearheading **Singapore as a regional AI hub** with its Nxera data centre arm • Asset recycling to **higher-value investments** (e.g., AI, GPU-as-a-Service)

What Does It Take for STI to Reach 10,000 by 2040?

The STI currently trades at 4,227 (6 Aug) – implying a 12-month forward PE of 13.3x and current EPS of 325 points – with a dividend yield of 5%. Our end-2025 target of 4,430 is pegged at slightly below 13.8x (+0.5SD) FY26F PE at blended EPS growth of 3.8% over FY25F/26F.

We outline three scenarios for the STI:

Steady Pace: Assume (i) the STI reaches and sustains 13.8x (+0.5SD) 12-month forward PE, and (ii) an annual EPS growth rate of 3.8%. Attaining STI targets of 5,000 and 5,500 requires EPS to grow by 14% and 25% from current levels, respectively. Under these conditions, it would take the STI 3.5 years to reach 5,000 and six years to hit 5,500.

Accelerated Pace: Under sustained conditions of improving investor sentiment, reforms to revive the Singapore equity market, and a low-interest-rate environment, assume (i) the STI reaches and sustains **14.5x (+1SD) 12-month forward PE**, as seen during 2010-19, and (ii) an **annual EPS growth rate of 5%**. Attaining STI targets of 5,000 and 5,500 requires EPS to grow 8.5% and 19.3% from current levels, respectively. Under these conditions, it would take the STI less than 1.75 years to reach 5,000 and 3.5 years to hit 5,500. Based on this annual EPS growth trajectory, the STI could rise to nearly 10,000 by 2040.

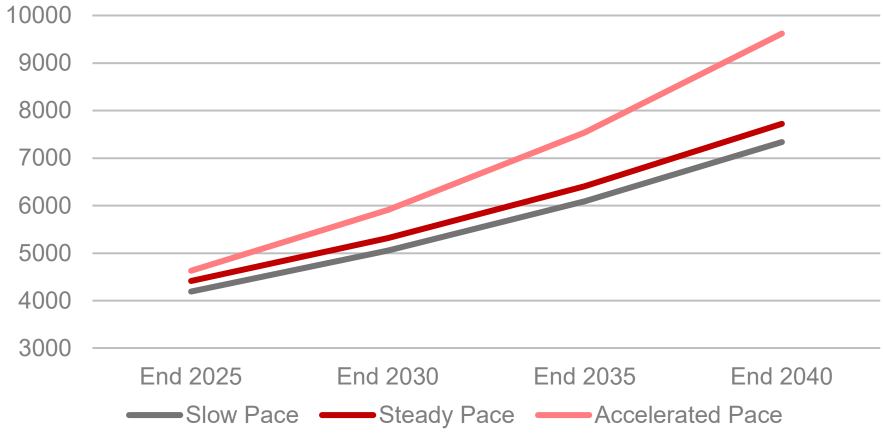
Slow Pace: Assume (i) the STI holds at **13.2x (average) 12-month forward PE**, and (ii) an **annual EPS growth rate of 3.8%**. Attaining STI targets of 5,000 and 5,500 requires EPS to grow by 19% and 31% from current levels, respectively. Under these conditions, it would take the STI 4.75 years to reach 5,000 and 7.25 years to hit 5,500.

Can STI reach 10,000 by 2040?

	Slow Pace	Steady Pace	Accelerated Pace
Annual EPS Growth (%)	3.8	3.8	5
12-mth fwd PE (X)	13.2	13.8	14.5
Years to STI 5,000	4.75	3.5	1.75
Years to STI 5,500	7.25	6	3.5
STI @ end-2025	4,193	4,411	4,628
STI @ end-2030	5,052	5,315	5,906
STI @ end-2035	6,088	6,405	7,538
STI @ end-2040	7,336	7,718	9,620
Annualised return 2025-2040 (%)	3.8	3.8	5
Annualised return 2010-2025(%)	2.7		

Source: DBS, Companies

Projected STI levels in 5, 10, and 15 years under the 3 scenarios



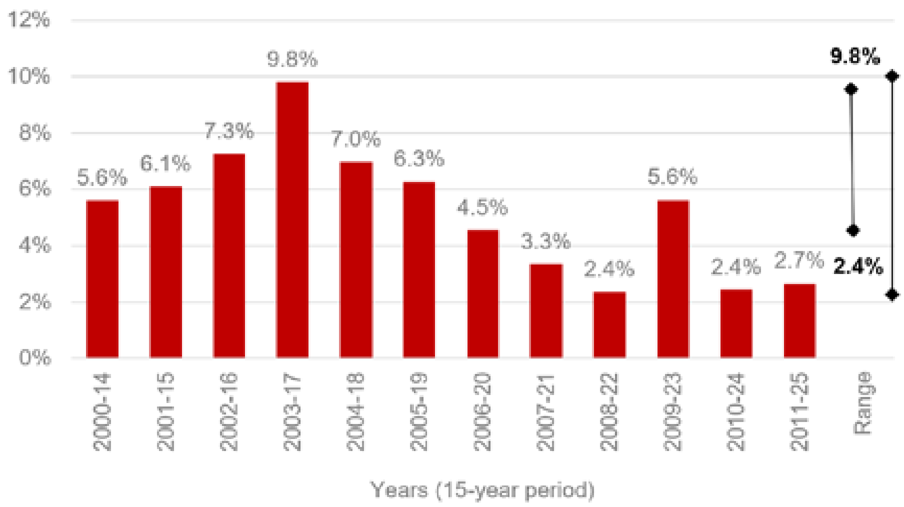
Source: DBS

Historical price returns of the STI further validate our long-term STI forecasts. The table below shows the average annual price return over a rolling 15-year period for the STI since 2000, ranging from 2.4% to 9.8%. Two important observations:

1. The STI has never registered a negative average return over a 15-year rolling period, even amid sharp equity market drawdowns, including the dot.com bust (2000-02), the Global Financial Crisis (2007), and the COVID-19 pandemic (2020).

2. Extrapolating and applying even the most conservative 15-year rolling return of 2.4% at today's levels would theoretically lift the STI to 5,800, well above the 5,500 mark.

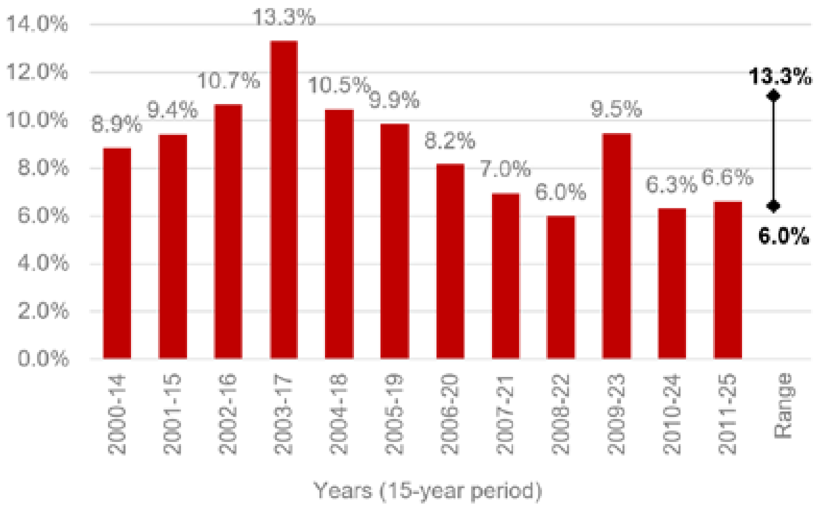
STI: Average annual price return over a rolling 15-year period (2000 to YTD2025)



Source: DBS, Bloomberg

For buy-and-hold investors, the average total annual return (i.e., including dividends) over a rolling 15-year period for the STI since 2000 has ranged from an even more impressive 6% to 13.3%.

STI total return: Average annual price return over a rolling 15-year period (2000 to YTD2025)



Source: DBS, Bloomberg

Culture of risk-taking necessary for the next leap. A deliberate, market-wide shift towards responsible risk-taking is the next key step to catalyse Singapore's structural strengths into long-term growth. Everyone is involved in building this culture, from including growth stocks on the index/exchange, rewarding investors who back them, to empowering companies to pursue bolder strategies.

1. **Homecoming for tech champions**: Singapore faces a critical juncture in attracting high-growth technology companies to list locally rather than on international exchanges. The "prodigal sons" phenomenon – where Singapore-bred unicorns like Sea Limited and Grab Holdings pursued US listings – represents both a challenge and an opportunity.

   SGX can position itself as a viable venue for technology capital-raising, underpinned by index rules that enable fast entry for major new listings, as well as quarterly reviews that fast-track eligible innovators into the STI. This is not a new aspiration – the index has previously hosted a slate of technology manufacturing/services names, e.g., Datacraft Asia, Venture Corp, NatSteel Electronics, and Creative Technology at the turn of the century. With the market's current orientation towards AI and advanced manufacturing, it seems only a matter of time before more tech champions seek listings on SGX and feature in the STI.

Technology stocks were a mainstay of the STI in early-2000s

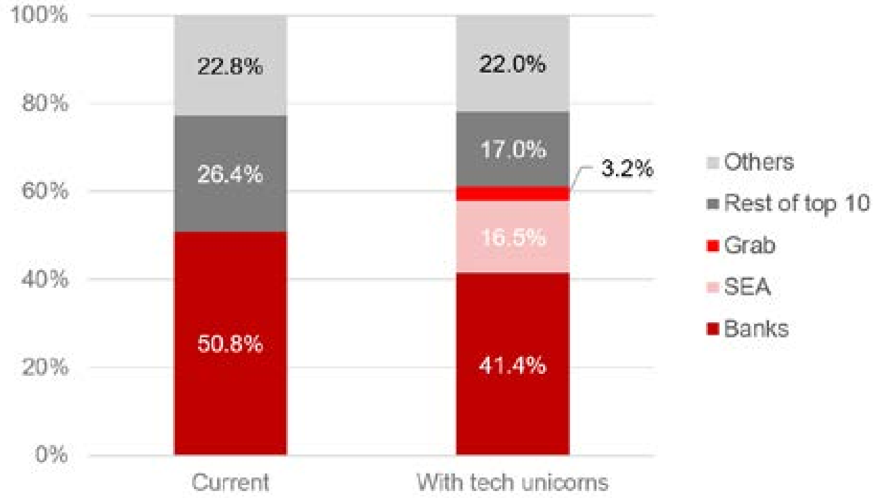
Company	% of STI	Description
Datacraft	3.78	Leading independent network systems integrator/enabler
Venture Mfg	2.74	EMS/ODM for blue-chip customers, e.g., HP and Agilent
NatSteel Electronics	2.38	Contract manufacturer, serving as Apple's top client
Creative Tech	1.79	Singapore's PC-audio pioneer
JIT Holdings	0.91	Global CEM to key customers like Motorola and HP
Omni Industries	0.74	Diversified EMS across PCBA, systems assembly, components
GES International	0.63	ODM/EMS for POS terminals, industrial/embedded systems

Source: DBS, Business Times. STI constituent weights as of 3 Jan 2000

2. **Embracing growth at reasonable prices**: Singapore's traditionally conservative investment culture must evolve to accommodate higher-growth, higher-valuation stocks that reflect the new economy's dynamics. The STI's current bank-heavy composition, while providing stability and yield, limits exposure to transformative growth sectors.

   The inclusion of these tech unicorns would fundamentally rebalance the STI from a bank-dominated benchmark towards a more technology-focused benchmark. Using current float-adjusted market cap as a starting reference point, Sea Limited and Grab Holdings would be ranked the second- and sixth-largest STI constituents, respectively. Ceteris paribus, their combined weighting could be close to about 20% of the STI, while that of banks would fall to around 40%, down from the current 50%. This would strategically trade some of the banks' stability and yield for the enhanced growth potential that tech unicorns offer, positioning Singapore as a gateway for investors seeking exposure to Asia's digital transformation.

Tech unicorns would account for 20% of the STI at current valuations



Source: DBS, Bloomberg, FTSE, MSCI. Based on float-adjusted market cap as of 31 July 2025

3. Shunning complacency for growth: STI constituents are increasingly willing to take calculated risks and pursue ambitious growth strategies rather than maintain the status quo. These include boldly expanding into new frontier markets, investing in digital transformation, and pursuing strategic acquisitions and partnerships.

Drivers and outcomes supporting our STI target

Outcomes	Drivers
Higher EPS Growth Drivers	• **Regional expansion and/or M&A** for further growth (e.g., **SATS**) • **Focus on higher-margin businesses** as they move up the value chain (e.g., **UOB**, **Seatrium**) • **Growth underpinned by secular trends** such as sustainability and defence (e.g., **Sembcorp Industries**, **ST Engineering**)
Valuation Uplift Catalysts	• **Recognition of asset-light business models as market begins to** value recurring fee income appropriately (e.g., **CLI**) • **Value-unlocking initiatives** including share buybacks, special dividends, and corporate restructuring (e.g. **UOL**, **CityDev**) • **Improved investor sentiment** driven by the MAS policies and return of the 'animal spirits'
Sustainable Dividend Growth	• **Optimising balance sheet through** asset recycling and value realisation efforts (e.g., **Singtel**) • **Improved quality of earnings** from recurring revenue and income streams (e.g., **Keppel**) • **Focus on total shareholder returns** including progressive dividend policies and share buybacks (e.g., **DFI Retail**)

Source: DBS, Companies

Sectors Powering the Growth

5 Focus + Boost from High Growth Areas

Focus 1: Trade & Connectivity Hub

By Jason SUM

From Superhub to Smart Superhub: Singapore's integrated connectivity vision for 2040

Roadmap to 2040: Strengthening Singapore's integrated hub. Singapore's status as one of the world's most connected economies is the result of decades of deliberate planning, strong institutional alignment, and sustained investment. Its competitive advantage lies not only in its strategic location, but also in the seamless integration of aviation, maritime, logistics, and aerospace infrastructure into a single, high-performance ecosystem.

The 2040 strategy goes beyond expanding capacity. It aims to futureproof Singapore's position as the most efficient, reliable, and intelligently coordinated logistics and aerospace hub in the region. The strategy is anchored around five key levers, discussed in the sections below.

In 2024:

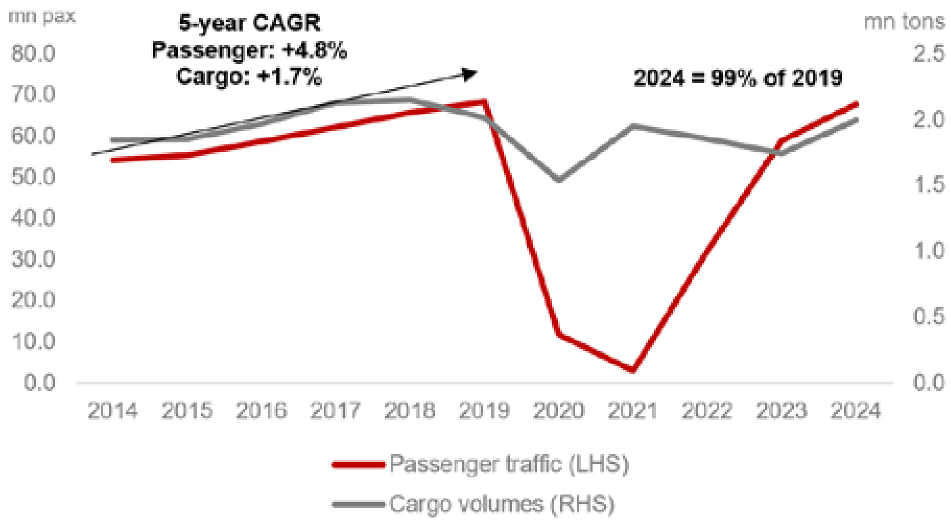
- **Air passengers**: Changi Airport handled 67.7mn passengers, ranking fourth globally in international passenger traffic. Consistently recognised among the world's best airports for service quality, Changi also placed 13th in OAG's 2024 Megahub Index for international connectivity.

- **Air cargo**: Throughput reached nearly 2mn tonnes, cementing Changi's position as Southeast Asia's busiest air cargo hub and the ninth largest globally by international freight volume.

- **Maritime**: PSA Singapore processed 41.1mn twenty-foot equivalent units (TEUs), maintaining its lead as the world's largest container transshipment hub. With links to over 600 ports via more than 200 shipping lines, Singapore remains the world's the most connected seaport.

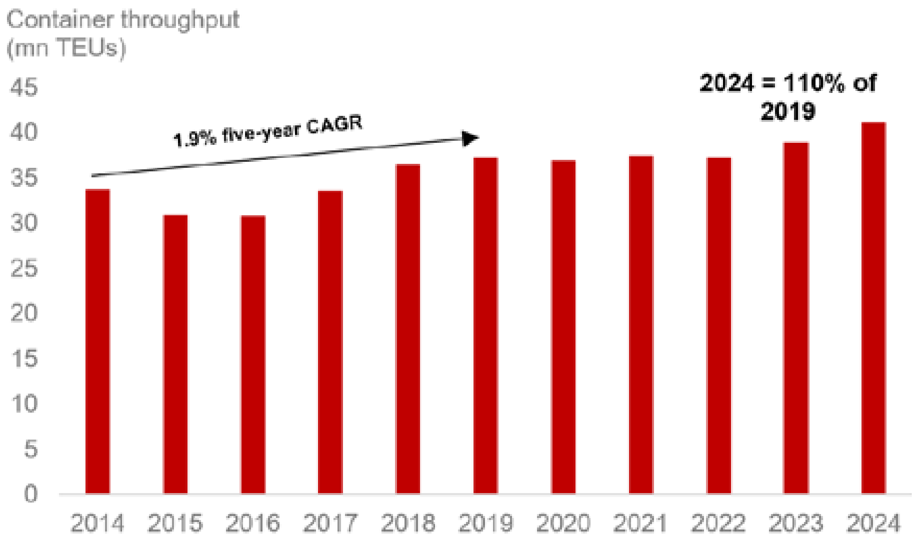
- **Aerospace**: Singapore's aerospace industry has grown about 6% annually over the past two decades, reaching SGD18bn in output in 2024. Home to over 130 companies across maintenance, repair and operations (MRO), component manufacturing, design, and aftermarket services, the sector accounts for around 10% of global MRO activity, making Singapore Asia's largest and most advanced MRO cluster.

Changi Airport historical passenger and cargo throughput (2014-2024)



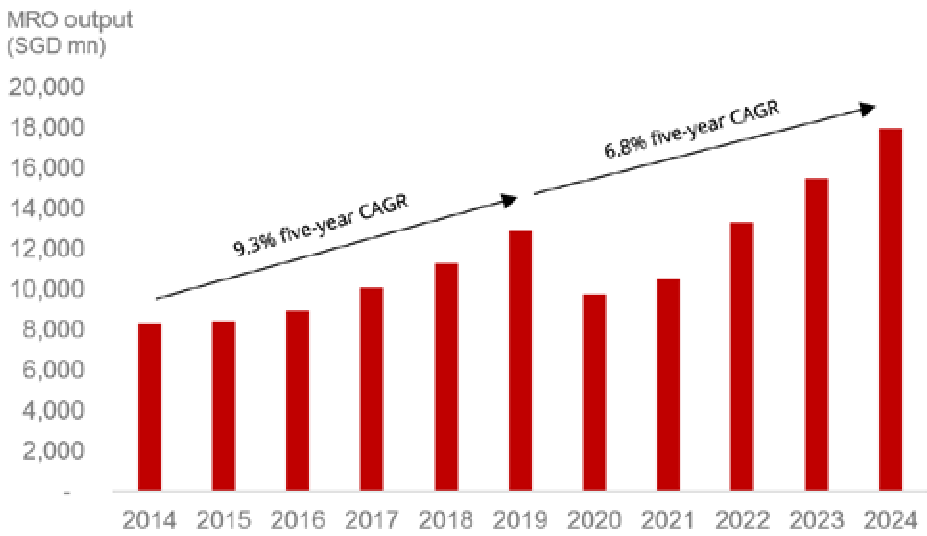
Source: CAG, DBS

PSA historical container volumes (2014-2024)



Source: PSA, DBS

Singapore is an MRO powerhouse in Asia



Source: MTI, DBS

Singapore maintains a structural lead over global hubs through integrated infrastructure, long-cycle planning, and system-wide digitalisation. While some peers may excel in particular domains such as throughput, few can match Singapore's orchestration across modal, institutional, and digital layers.

Benchmarking Changi vs top global airports

	Changi	HKIA	Incheon	Pudong	Narita	Heathrow	Dubai	Paris CDG	JFK
Passenger numbers (mn)	67.6	53.1	71.2	76.9	39.8	83.9	92.3	70.3	63.3
Cargo throughput (mn tons)	2.0	4.9	2.9	3.8	1.9	1.58	2.2	1.9	1.7
No. airlines	88	90	95	95	88	76	91	115	79
No. passenger destinations	149	147	159	235	112	207	266	267	185
No. freighter destinations	26	73	34	46	31	3	6	27	16

Source: CAPA, DBS

Benchmarking PSA vs the world's largest ports

	Shanghai	Singapore	Busan	Jebel Ali	Rotterdam	Hong Kong	Antwerp Bruges
Container throughput (mn TEUs)	51.5	41.1	24.4	15.5	13.8	13.7	13.5
Connectivity index	2403	1822	1659	817	960	1013	906
CPPI Index Ranking (2023)	116	17	32	49	91	15	76

Source: World Shipping Council, World Bank, UNCTAD, DBS

Few can match Singapore's orchestration across modal, institutional, and digital layers

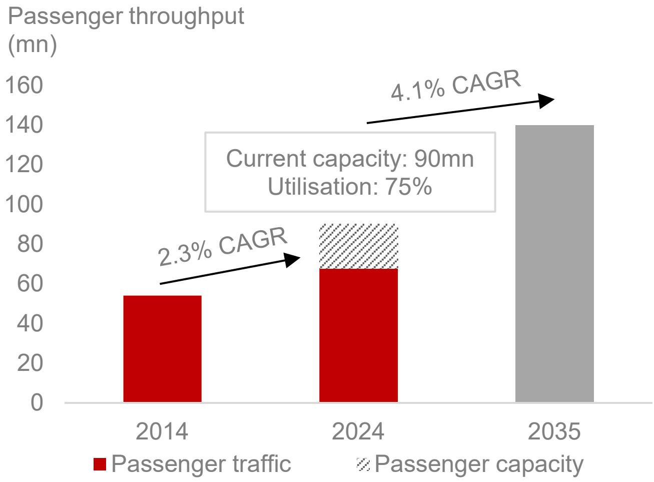
Hub	Strengths	Singapore's edge
Dubai	Large-scale aviation and maritime infrastructure	Better intermodal coordination and regulatory alignment
Hong Kong	Strong air cargo volume, proximity to manufacturing	More coherent multimodal capacity and flexibility
Shanghai	World's largest container port	Greater global connectivity through air and sea integration
Incheon	Reliable airport operations	Integrated maritime, aviation and logistics ecosystem
Rotterdam	Green port innovation and digital adoption	Comprehensive air and sea connectivity with room for long-term expansion
London Heathrow	High international passenger traffic	More unified logistics ecosystem and scalable infrastructure

Singapore's integrated model enables it to manage volume growth without compromising reliability, a capability that is becoming increasingly critical as global supply chains face more frequent shocks.

1. Infrastructure expansion

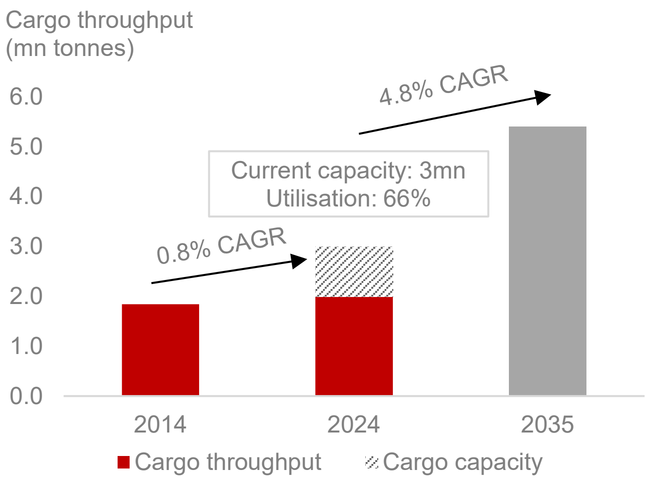
Changi Airport: Singapore is expanding its aviation and maritime infrastructure well ahead of demand to safeguard service quality and reinforce its hub status. At Changi, passenger handling capacity will rise to 140mn in the mid-2030s with the opening of Terminal 5, supported by a third runway and new MRO facilities. Air cargo capacity is also set to scale up from 3mn to 5.4mn tonnes annually, through the development of an integrated Air Cargo Hub and a second Airport Logistics Park. These investments build on Changi's existing strengths as a premier transit gateway, where most international connections take place within the same terminal, enabling shorter walking distances, faster layovers, and highly efficient baggage handling.

Passenger capacity uplift at Changi Airport



Source: CAG, DBS

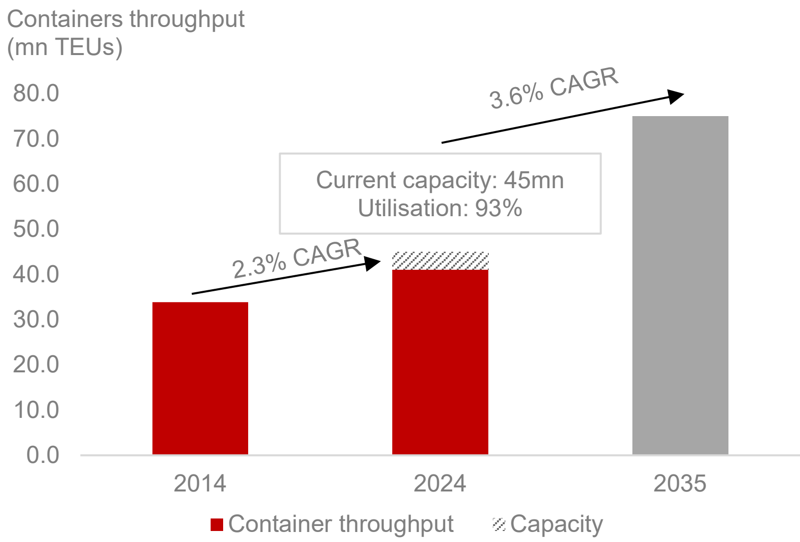
Air cargo handling capacity boost at Changi Airport



Source: CAG, DBS

Tuas Port: On the maritime side, Tuas Port will consolidate all container operations into a single, fully automated terminal, lifting annual handling capacity from 43.9mn to 65mn TEUs. By streamlining operations, reducing inter-terminal transfers, and allowing coordinated berth scheduling, Tuas will anchor Singapore's future maritime connectivity while ensuring productivity keeps pace with rising global trade flows.

PSA Singapore port capacity expansion



Source: PSA, DBS

2. Digital orchestration and trade flow integration continues to power on

Singapore is investing heavily in digital infrastructure to strengthen coordination, predictability, and efficiency across its logistics ecosystem. Platforms such as digitalPORT@SG and CALISTA provide real-time connectivity between shipping lines, port operators, customs agencies, and freight forwarders, improving berth scheduling, cargo release timing, and document flow. Complementing these systems, the Networked Trade Platform integrates trade documentation, cargo tracking, and financing into a single interface, reducing manual errors and accelerating end-to-end shipment processing.

On the aviation front, Changi's new Integrated Operations Centre, which will anchor Terminal 5, will harness predictive analytics and live sensor data to optimise aircraft turnaround, baggage flows, and gate planning with real-time responsiveness. At the same time, a joint initiative involving the Ministry of Trade and Industry (MTI), PSA, SATS, SIA Cargo, and DB Schenker is working to reduce sea–air transfer times from over five days to within 24 hours by standardising workflows, digitising key handoffs, and enhancing visibility from vessel berthing to airport departure. Together, these efforts ensure that Singapore's digital backbone remains a defining competitive edge for its integrated hub.

Illustration of digitalPORT@SG

Source: CAG

Illustration of Networked Trade Platform

Source: Singapore Customs

3. Building an integrated logistics and e-commerce hub

Singapore is upgrading its port–air ecosystem into a high-speed, high-value logistics engine. Road links between Tuas Port and Changi Airport are being expanded and upgraded to reduce travel times, while new initiatives are strengthening the sea–air connection to enable same-day truck transfers for eligible cargo. Around these nodes, bonded logistics zones provide flexibility for value-added services such as cargo reprocessing and relabelling, and cold chain capacity is scaling up to support the fast-growing flow of perishables and pharmaceuticals.

At the same time, Singapore is investing in infrastructure tailored to e-commerce fulfilment and reverse logistics, including automation-enabled cross-docking, pre-packed cargo handling, and returns processing. These developments position the country as a regional fulfilment base that can deliver speed, reliability, and value across integrated supply chains.

Infrastructure enhancements to boost access to Changi Airport

Source: Straits Times

Infrastructure enhancements to boost access to Tuas Port

Source: Straits Times

4. Technology as a strategic enabler

Singapore is embedding advanced technologies throughout its transport and logistics network to eliminate manual bottlenecks, sharpen coordination, and boost overall performance. At Tuas Port, AI-driven berth planning, autonomous guided vehicles, and automated cranes are transforming container handling and yard operations. Meanwhile, Changi Airport is deploying robotics for baggage, apron logistics, and turnaround tasks, alongside video analytics and tracking tools that provide real-time insights for quicker, more precise decisions. Terminal 5 will go further with an Integrated Operations Centre acting as a digital control tower, combining live data, predictive analytics, and sensor networks to anticipate delays and optimise capacity. In freight and warehousing, computer vision and robotic pallet handlers are being rolled out to automate inspections, accelerate unit load device (ULD) movements, and streamline cargo flows between airside and landside.

Autonomous Container Trailer baggage robot at Changi Airport

Source: Bloomberg

Fully automated baggage storage facility at Changi Airport

Source: Channel News Asia

Adoption of Automated Quay Cranes to drive productivity gains

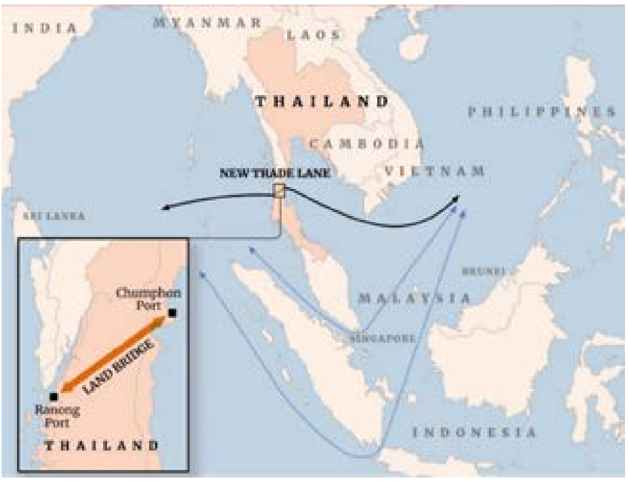
Source: Channel News Asia

Case Study 1: Is Singapore's port supremacy at risk from competition and the Kra land bridge?

Regional ports are steadily expanding capacity and capabilities, creating more competition for transshipment volumes. Malaysia's Port Klang and Tanjung Pelepas, backed by Maersk and MSC, are building deeper carrier relationships and growing throughput. Colombo has sought to position itself as the primary South Asian gateway with new Chinese-backed terminals, while Dubai's Jebel Ali has strengthened its role as a connector for Gulf and Indian cargo. At the same time, manufacturing growth in Vietnam and India has enabled new direct services to the United States and Europe. These shifts matter because **close to 90% of Singapore's container throughput is transshipment,** and any increase in direct exports reduces the need for redistributive hub calls.

Thailand's planned land bridge across the Isthmus of Kra is another potential source of competition. The project will connect new deep-sea ports at Ranong on the Andaman Sea and Chumphon on the Gulf of Thailand, via an 87-to-90-kilometre corridor consisting of a dual-track freight railway, motorway, and pipelines. Construction is scheduled to begin by 2026, with initial operations by 2030 and full completion expected by 2039. If realised, the land bridge could cut about 1,000 kilometres from Asia–Europe voyages, saving two to three sailing days, and provide a hedge against congestion or geopolitical disruptions in the Malacca Strait. Bulk and energy cargoes such as oil, LNG and coal could benefit most from the shorter distance and continuous pipeline transfer. For containerised cargo, the appeal lies mainly in the promise of supply chain resilience and lower bunker costs, although the operational complexity of inland transfer remains a significant challenge.

Illustration of how Thailand's Kra land bridge could open a new trade lane rivalling the Straits of Malacca



Source: Channel News Asia

Still, the odds remain stacked in Singapore's favour. Malaysia's ports have scale but lack the ecosystem depth of Singapore, Colombo is exposed to political volatility, and Jebel Ali is too far removed from Southeast Asia's manufacturing centres to serve as a true substitute. The land bridge faces even steeper hurdles as the economics are uncertain. While bypassing the Malacca Strait could lower bunker fuel costs, each container would still require unloading, inland transfer, and reloading, adding costs and undermining efficiency by splitting flows across two separate ports. Beyond that, the corridor's reliance on flawless rail and road coordination makes it vulnerable to bottlenecks, while financial and political risks in southern Thailand further cloud execution. Two ports cannot replicate the economies of scale of a single mega hub, and the need to synchronise vessel schedules and inland transfers adds further complexity. Although the spread of manufacturing into Vietnam, India, and Indonesia could reduce some transshipment needs, it also creates more fragmented supply chains, strengthening the case for coordinating through a single reliable hub. Singapore has become that control tower, combining scale, neutrality and connectivity in a way that rivals will find difficult to replicate. Competition may temper growth, but it is unlikely to dislodge Singapore's position as the region's leading maritime hub.

Singapore has become that control tower, combining scale, neutrality and connectivity in a way that rivals will find difficult to replicate

5. **Securing Asia's aerospace hub of the future**

Singapore is reinforcing its position as Asia's leading MRO hub by anchoring complex, high-value aerospace work through targeted investment facilitation, infrastructure expansion, and skill development. Seletar Aerospace Park continues to cluster OEMs, suppliers, and training facilities, while new MRO zones at Terminal 5 will support additional hangars, engine shops, and component repair facilities. Workforce programmes with OEMs and MROs are building capabilities in robotics, additive manufacturing, and predictive maintenance. At the same time, automation in inspections, composite repairs, and parts handling is raising productivity.

These efforts have secured major commitments from global commercial aerospace players:

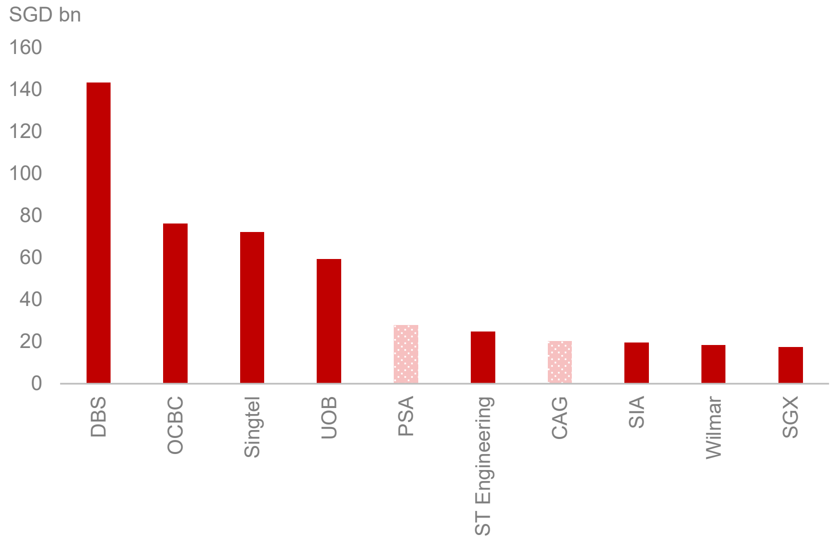
- **Eagle Services Asia** expanded GTF (geared turbofan) overhaul capacity by 66% with a 48,000 sqft robotics-enabled facility.
- **SAESL** is investing USD180mn to boost Trent servicing by 40% and add 500 engineering jobs.
- **Collins Aerospace** is building a USD250mn advanced manufacturing facility at Seletar (expected to complete in 2028).
- **RTX** signed a 10-year memorandum of understanding with the Economic Development Board (EDB) to expand MRO, manufacturing, and workforce training.

By coupling high-value infrastructure with advanced technical capabilities and a skilled workforce, Singapore is positioning itself to remain a leading global MRO centre as regional fleet growth accelerates.

Case Study 2: Imagining PSA and CAG as listed entities

Two of Singapore's most critical infrastructure operators could rank among the world's giants if they were listed. PSA International (PSA), the world's largest port operator, would be second only to Adani Ports by equity value, while Changi Airport would sit alongside Airports of Thailand and Aéroports de Paris, just behind global leader Aena. In market terms, each would easily rival Singapore Airlines or ST Engineering, underscoring the scale of hidden value embedded within state-owned assets.

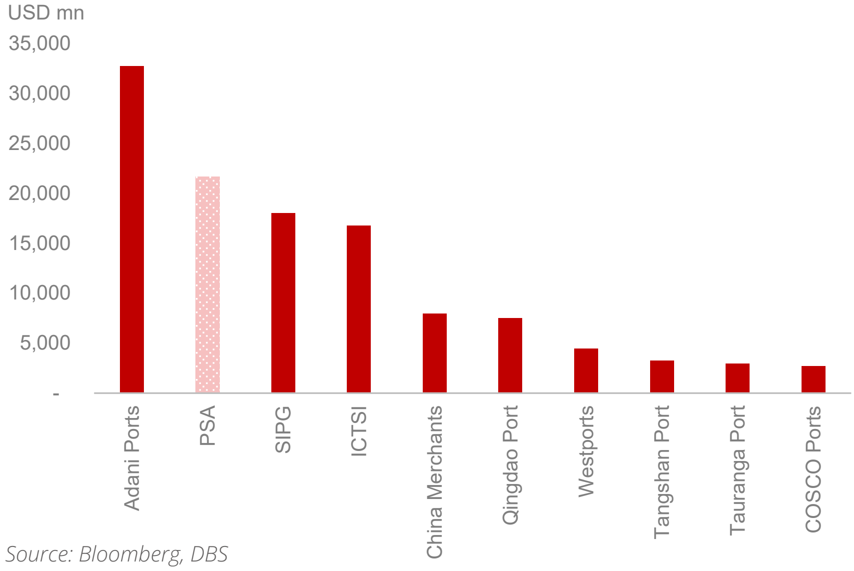
PSA and CAG would likely be among the top ten listed companies on the SGX if they were public



Source: Bloomberg, DBS

If listed, PSA's extensive scale and diversified portfolio could support a valuation comparable to the sector's largest operators. Applying a 1.5–2.0x P/BV multiple to PSA's book value — above Chinese peers at ~1.0x but below global leaders like Adani Ports at 3–9x — yields a market value of SGD23.8–31.7bn. Although its FY24 ROE of 7% falls well short of the 20%+ achieved by top global players, this premium is justified by PSA's unrivalled scale, entrenched position in Singapore, and diversified global footprint. On an EV/EBITDA basis, applying an 11–12x multiple, consistent with global premium operators, points to an equity valuation of SGD25.9–27.9bn. Both approaches converge in the mid-20s to low-30s billion SGD range, suggesting PSA could rank second only to Adani Ports on the global stage if it were listed.

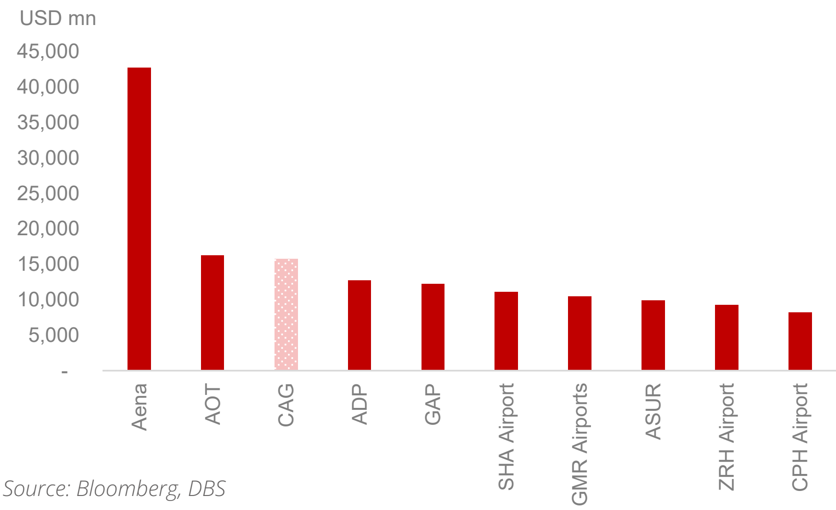
Listed PSA would stand second to Adani Ports



Source: Bloomberg, DBS

A listed CAG, underpinned by its global connectivity and premium traffic mix, could command a valuation on par with the world's leading airports. On an EV/EBITDA basis, its implied market value would be around SGD18.0–22.3bn. Applying a 12–15x multiple, slightly above the peer median of 13.2x, is justified by CAG's premium positioning, stronger margin profile, higher commercial revenue per passenger, and central role in anchoring Singapore's aviation ecosystem. A P/E cross-check implies a valuation multiple of 21–27x, broadly in line with global peers such as Aena (~18x), Zurich (~22x), AOT (~28x), GAP (~25x) and ADP (~20x). On this basis, CAG would be considered among the world's top-tier airports, comparable with AOT, and just behind Aena in valuation.

Changi Airport Group could be among the top three most valuable listed airports if listed



Source: Bloomberg, DBS

SGX-listed beneficiaries of Singapore's connectivity hub vision

Theme	Listed beneficiaries
Growth in long-haul and transit air traffic through Changi	**SIA:** Poised to benefit from expanded Changi capacity and Terminal 5 co-location with Scoot, which strengthens its sixth freedom hub model across Europe–Asia–Oceania and Southeast Asia–North America routes, by reducing minimum connection times and improving transfer flows.
Expansion of high-value cargo flows and multimodal logistics	**SIA:** Reinforces its position in time-sensitive cargo (e.g., electronics, pharma, express freight) through the new Air Cargo Hub and improved sea–air connectivity. **SATS:** Direct beneficiary of rising air cargo volumes, e-commerce demand, and growth in multimodal and specialty cargo flows. Its role in the Alliance for Action on sea–air connectivity supports process streamlining and higher throughput, while automation-enabled infrastructure at Terminal 5 should improve productivity and reduce reliance on manual labour.
Rising aircraft movements and reinforcing Singapore's aerospace hub position	**SIAEC:** Set to benefit from increased line and light maintenance demand supported by Terminal 5 proximity. Capacity expansion through JVs with Rolls-Royce (SAESL) and Pratt & Whitney (Eagle Services Asia) to drive long-term engine and component overhaul growth. **ST Engineering:** Boosting widebody airframe and engine MRO capacity near Changi through new hangars, tooling, and digital systems. Singapore's integrated infrastructure and location advantage strengthen its lead as Asia's MRO centre.
Rising vessel traffic and trade flows	**ST Engineering:** STE's Gul yard is strategically located to capture demand for quick-turnaround ship repair and retrofitting, driven by increased port calls and tighter dwell times near the expanded Tuas Port. **Seatrium:** Positioned to benefit from higher conversion, repair, and retrofit demand as Tuas scales up, with additional tailwinds from LNG-ready and dual-fuel fleet transitions. **Nam Cheong**, **Marco Polo Marine**, **ASL Marine**, **Kim Heng**, **Beng Kuang Marine**, **Penguin International**, **Samudera Shipping:** Set to gain from rising vessel traffic, transshipment volumes, and regional trade activity, supporting greater demand for repair, retrofitting, compliance upgrades (e.g., CII, EEXI), and green maritime solutions (e.g., hybrid/electric vessels, offshore renewables).

Non-listed Beneficiaries of Singapore's Maritime and Connectivity Hub Ambitions

Pacific International Lines (PIL), Singapore's largest homegrown container carrier, is well positioned to benefit from expanded regional trade flows and transshipment volumes through Tuas Port. Its focus on intra-Asia and Asia–Africa routes complements Singapore's role as a key maritime connector and supports hub throughput.

Pavilion Energy, now part of Shell, plays an integral role in Singapore's LNG import and bunkering ecosystem. As demand for cleaner fuels grows and LNG usage broadens across shipping and power, Pavilion's LNG carrier chartering activities and infrastructure presence underpin Singapore's ambitions to be a leading LNG bunkering and trading hub.

AET Tankers, a key operator of one of the world's largest dual-fuel (LNG) fleets, is well aligned with Singapore's push towards green shipping. Its clean transport capabilities for oil and chemicals on international routes complement the decarbonisation narrative anchored around Tuas Port's future-ready facilities.

OMC Shipping (MOL Singapore), though not a global heavyweight, maintains a meaningful presence in Singapore through its management of dry bulk and tanker vessels. This supports Singapore's position in bulk and liquid cargo trades, reinforcing the diversity of maritime flows through the port.

Hong Lam Marine, a regional leader in fuel bunkering, operates a growing fleet of diesel-electric hybrid and LNG bunkering vessels. It is also a testbed for Singapore's green maritime fuel initiatives, making it a strategic player in the transition towards low-emission harbour craft and alternative fuel adoption.

Focus 2: Financial Services

By LIM Rui Wen

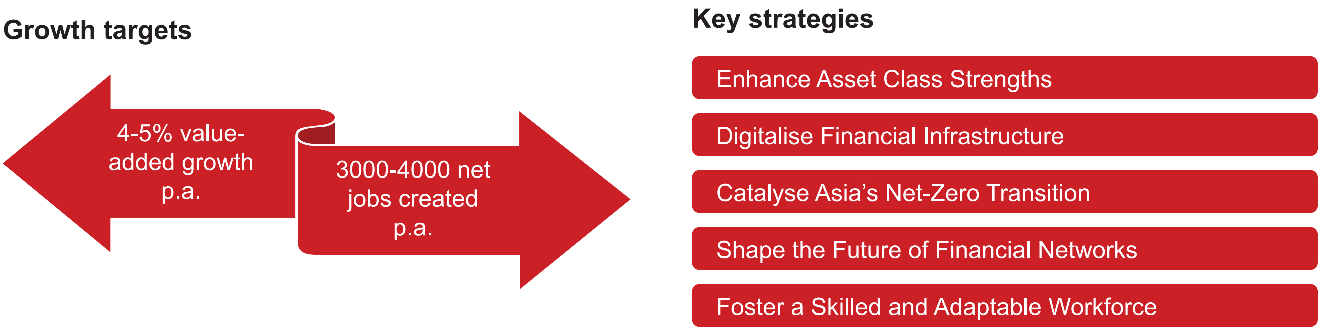
A Leading International Financial Centre

Cementing Singapore's position as a leading international financial centre in Asia by 2040. Today, the financial services sector is a core pillar of Singapore's economy, contributing 14.5% of Singapore's GDP. The sector's growth continues to accelerate, having grown 3.4% in 2023 and 6.8% in 2024. **It is also one of Singapore's largest employers, with nearly 229k employees across more than 2,500 licensed financial institutions**, over 80% of whom are local. The sector continues to see strong employment growth, expanding by more than 25k from 2018 to 2023, and offers the highest median gross income among employed locals. To sustain this trajectory, the Monetary Authority of Singapore's (MAS) latest Financial Services Industry Transformation Map 2025 outlines various strategies and targets to further anchor Singapore's position as a leading international financial centre in Asia by 2040.

Early trading hub roots laid the foundation for Singapore's thriving financial services industry. 60 years on, Singapore has evolved into one of the world's leading financial centres. Before independence, robust trade and shipping activities spurred the emergence of banks and finance companies offering payment services, currency exchange, and shipping insurance. Post-independence, the recognition of Singapore's strategic time zone led to the formation of as Asian Dollar Market (ADM) in 1968, bridging the gap between the closing of American markets and opening of European ones. Since then, the financial service sector's growth has been shaped by a state-led and development-driven approach.

Successful transformation into a world-class financial centre and major asset management hub. Singapore is among Asia's top financial centres and ranks fourth globally. Consistently listed alongside New York, London, and Hong Kong, we believe Singapore will continue to play an irreplaceable and expanding role in the global financial landscape. **Its sustained success is underpinned by political stability, strong rule of law, advanced infrastructure, human capital, solid reputation and robust financial-sector development**. Core sectors include asset management, banking and finance, capital markets, insurance, fintech, and sustainable finance.

Financial Services Industry Transformation Map 2025



Source: MAS, DBS

In the following sections, we will examine the growth of asset management and capital markets in Singapore.

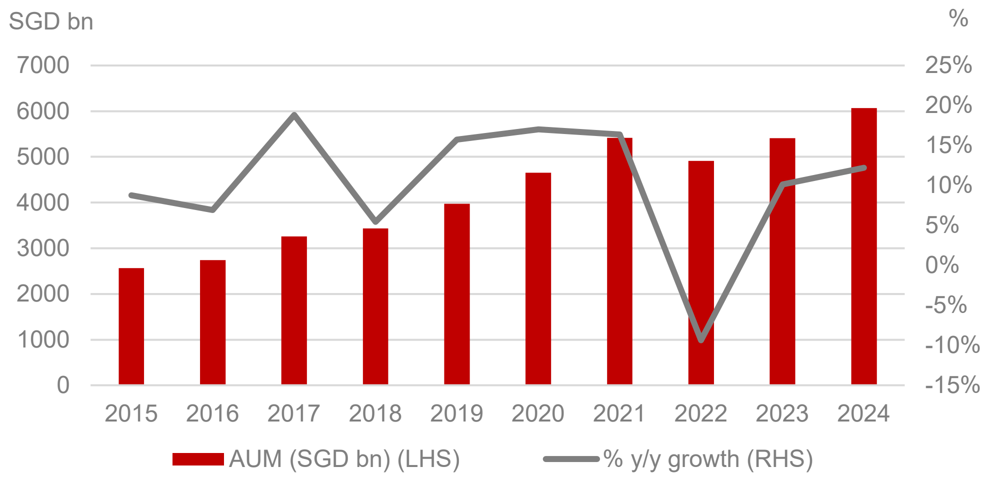
Accelerating Asset Management Hub Momentum

Sustained growth in Singapore's asset management industry. Singapore's asset management industry saw strong structural growth into 2024, with **assets under management (AUM) more than doubling over the past eight years to exceed SGD6tn**. This was driven by market performance and substantial net inflows, with an estimated 80% originating from abroad. **Singapore continues to be a trusted destination amid global uncertainty**, due to its reputation for high standards of governance and rule of law. The growing presence of high-profile individuals establishing family offices, such as Ray Dalio and Sergey Brin, further underscores the city-state's appeal as an asset management hub.

Strong government support and tax incentives continue to fuel asset management growth. MAS continues to promote various tax incentives for single-family offices, to preserve Singapore's competitiveness against peers. For instance, tax exemptions for capital gains and income under the Singapore Enhanced Tier Fund Scheme (13O/U/D) and Singapore Variable Capital Company (VCC) structure encourage family offices to establish local investment entities. The revamped Global Investor Program (GIP) attracts foreign investments while offering residency opportunities for qualifying investors. Since VCC legislation was introduced in 2020, 1,200 VCCs have been incorporated or re-domiciled in Singapore as of Dec'24, for a range of use cases and fund strategies managed by 628 MAS-regulated financial institutions, comprising fund management companies and banks.

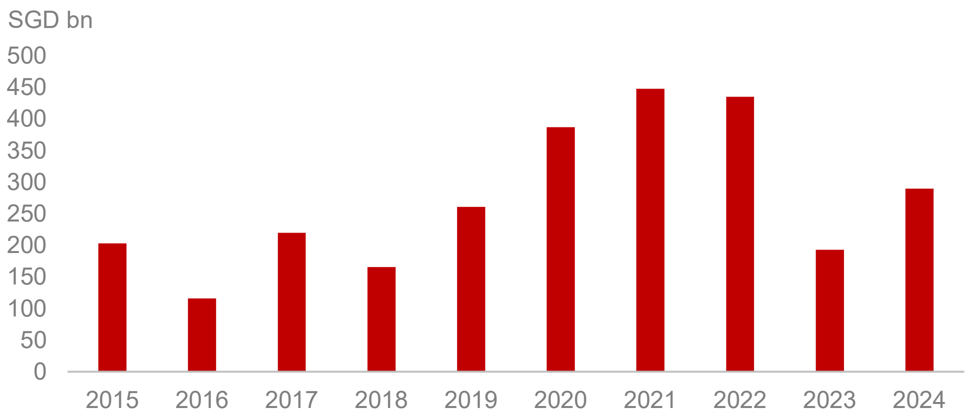
Singapore asset management industry:

Assets under management (SGD bn)



Source: MAS, DBS

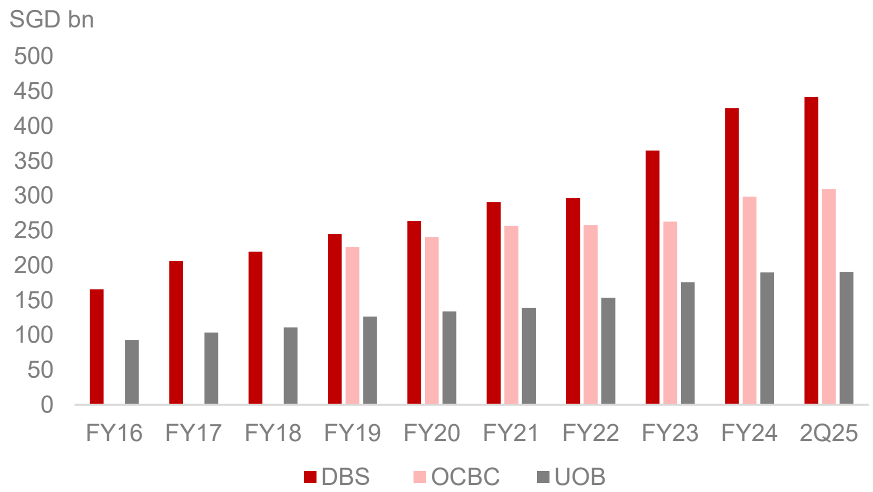
Net AUM inflows (SGD bn)



Source: MAS, DBS

Rising regional wealth positions Singapore banks to benefit from structural growth. Boston Consulting Group's 2024 Global Wealth Report ranks Hong Kong and Singapore as the world's second and third largest wealth booking centres after Switzerland, with high CAGRs of 6.0% and 8.5% expected through 2028. Unlike Hong Kong, Singapore's wealth base is more diversified, drawing flows from other fast-growing economies like India and the UAE. In addition to attracting wealth AUMs from abroad, according to Henley & Partners, Singapore is currently home to an estimated 240k resident millionaires, 336 centi-millionaires and 30 billionaires. Singapore continues to attract millionaire inflows annually, with Henley & Partners projecting 3,500 millionaires relocating to Singapore in 2024 alone.[11] Against this backdrop, we believe Singapore banks are poised to continue benefitting from the Asia Pacific region's structural wealth growth over the long term.

Singapore Banks: AUM

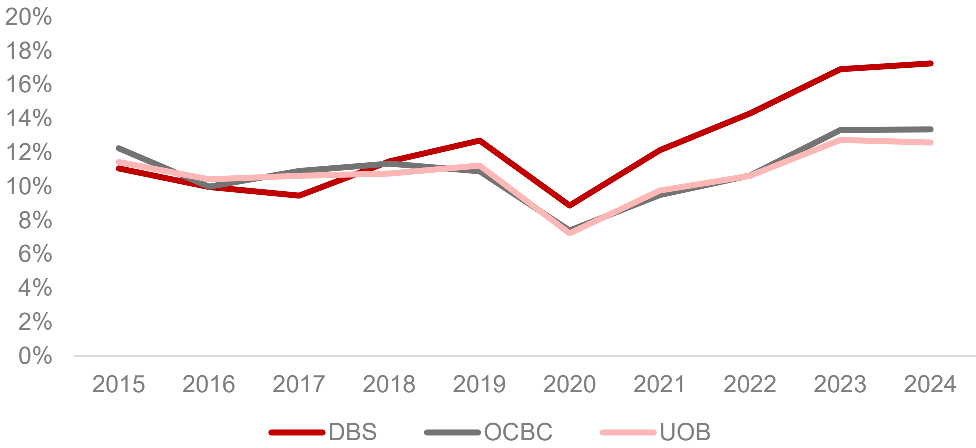


Source: Companies, DBS
Note: OCBC wealth management AUM data only available from FY19

Wealth management industry remains a long-term growth and ROE driver for Singapore Banks. The wealth management business is a key contributor to Singapore banks' top line growth and critical driver of ROE expansion. Based on our estimates, ROE in the wealth and private banking segment range from 40-60% across the wealth spectrum, as it is not a capital-intensive business. We expect Singapore banks' wealth segment to see long term growth of 5-6% CAGR through 2040, contributing meaningfully to top lines as non-interest income continues to rise.

[11]Source: *Asia's Rising Wealth Capitals Redefine the Global Map* (The Henley Private Wealth Migration Report, Henley & Partners, 2025)

Singapore Banks: ROAE



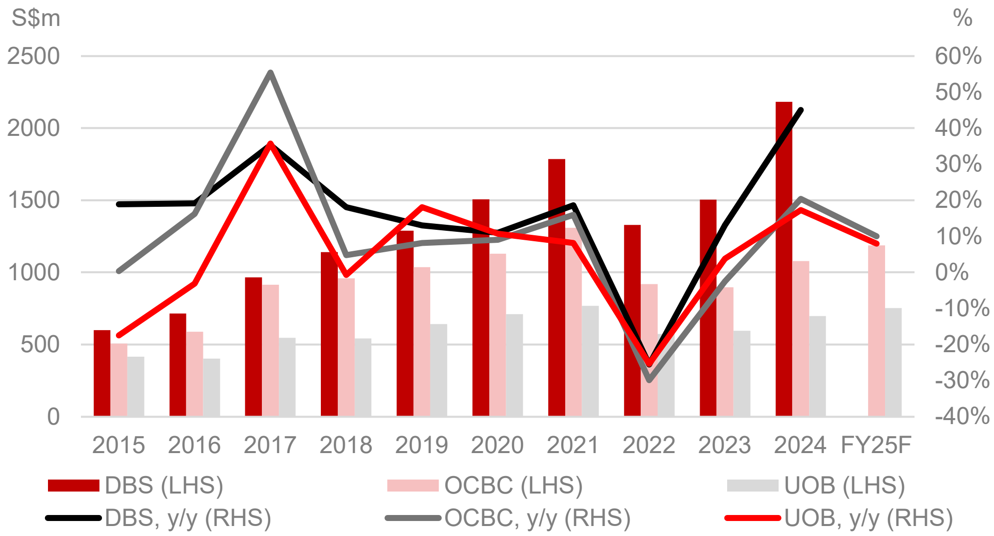
Source: Companies, DBS

Strong and growing contribution to group revenues, supported by organic and inorganic acquisitions. The growth of Singapore banks' wealth management businesses has been supported by both organic strength and inorganic acquisitions — notably Bank of Singapore's acquisition of ING Asia Private Bank in 2009, followed by the wealth and investment management business of Barclays PLC in 2016. Similarly, DBS acquired Société Générale's private banking business in Singapore and Hong Kong in 2014, ANZ's wealth management and retail banking business across five markets in 2016, and Citi Taiwan's consumer businesses in 2022. UOB also acquired Citi's ASEAN consumer businesses across four markets in the same year.

From 2019 to 2024, DBS, OCBC, and UOB have seen strong AUM CAGR growth of 9.7%, 4.7%, and 6.9% respectively. Correspondingly, wealth fees grew at a 1-9% CAGR across the banks during the same period. Compared to a decade ago when wealth management fees accounted for 5-6% of group revenues, contributions have increased to 10%, 7%, and 5% at DBS, OCBC, and UOB respectively. Wealth management fees continue to be a large growing contributor to banks' top line. Today, Singapore banks are well-recognised in international league tables for both private banking and the broader wealth continuum.

> *Singapore banks' wealth business is set to grow 5–6% annually through 2040, driving non-interest income and top-line expansion*

Singapore Banks: Wealth management fees trend



Source: Companies, DBS

Singapore Banks on wealth league tables:

Wealth continuum AUM (Asia ex-China onshore)

	2024 Asia AUM (USD bn)	% y/y growth
HSBC	645	17.5%
Standard Chartered	345	36.6%
DBS Wealth Management	313.8	13.5%
Citi Wealth	243	15.7%
OCBC	220.1	10.5%
UOB Private Wealth	139.9	4.9%

Source: Asian Private Banker, DBS

Private banking AUM (Asia ex-China onshore)

	2024 Asia AUM (USD bn)	% y/y growth
UBS Global Wealth Management	665	3.1%
HSBC	409	15.5%
DBS Wealth Management	236.6	17.9%
Standard Chartered	217	57.2%
J.P. Morgan Private Bank	213	26.0%
Julius Baer	173	23.6%
Morgan Stanley Private Wealth Management	172	13.9%
Citi Wealth	163.3	16.9%
LGT	132	14.8%
Bank of Singapore	124	6.9%
Goldman Sachs Private Wealth Management	120	20.0%
UOB Private Wealth	98	4.5%

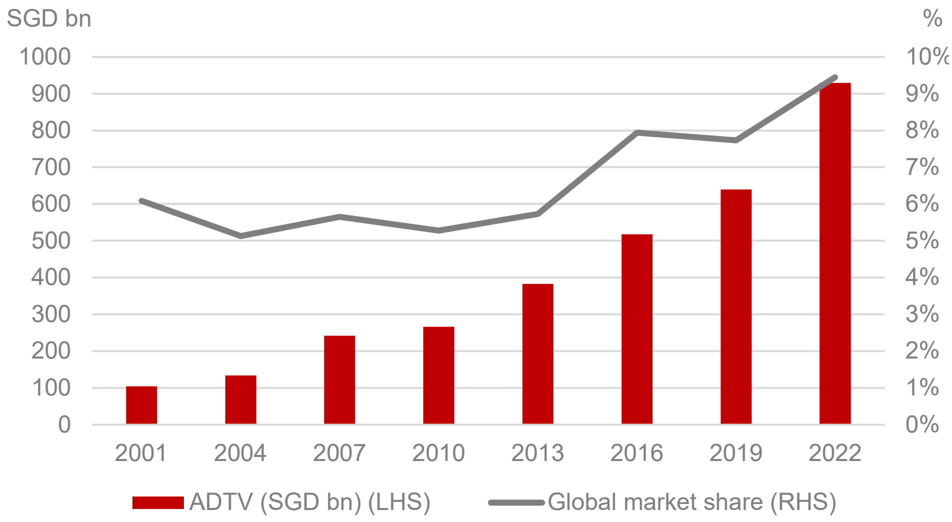
Source: Asian Private Banker, DBS

Proliferating Capital Market Development

Growing a strong foothold in futures and derivatives, Singapore is the world's third largest global FX centre. Singapore's strong capital markets set up continues to bolster deeper financial intermediation within Asia. The city-state has a stronghold in equity derivatives, with SGX dominating Asian equity index futures trading, and serving as the primary offshore exchange for China exposure. Daily average volume and traded volume of derivatives are at their the highest in five years, alongside record foreign exchange (FX) future volumes and over-the-counter (OTC) FX volume growth in 2025.

Due to its unique and strategic time zone, Singapore maintains its position as the world's third largest global FX centre, behind the UK and US.[12] Its global share of FX volumes rose to 9.5% in Apr'22 (from 7.7% in Apr'19), with average daily trading volumes rising to USD929bn. Total volumes increased 49% over the last three years, with spot, forwards, and FX swaps accounting for more than 90% of Singapore's turnover. Meanwhile OTC interest rate derivatives volumes grew 34% over the same period, averaging USD156bn per day. SGX plays a unique role, with OTC FX ADV reaching USD136bn in 1HFY25.

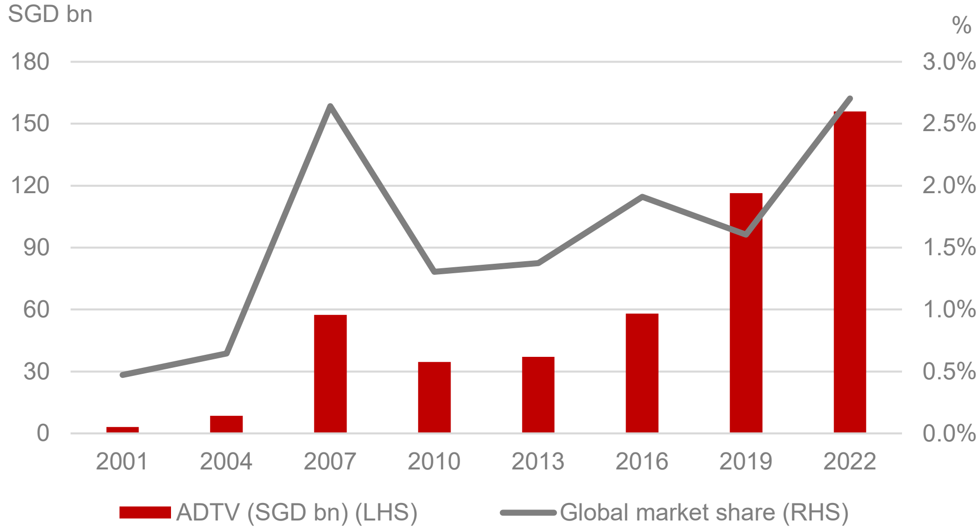
Foreign exchange (FX) average daily trading volumes



Source: BIS, DBS

[12]Source: *(MAS, October 2022)*

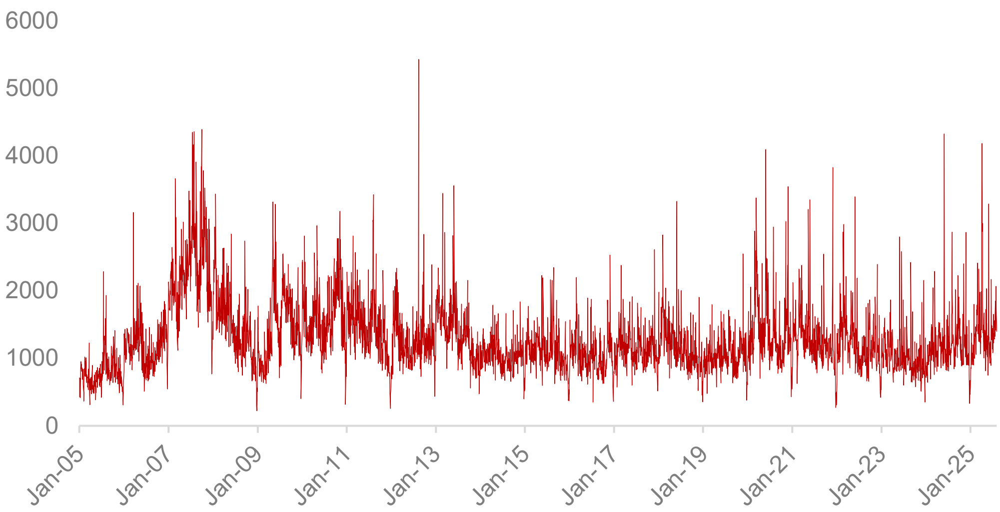
OTC interest rate derivatives average daily trading volumes



Source: BIS, DBS

Optimism for a revival in the equity market. While derivatives have flourished in recent years, the equity market has been hit by declining listings, de-listings and diminished retail interest for several years, with no structural growth in average trading values and volumes. More recently, however, against the backdrop of global market volatility and a weakening USD, securities turnover value reached SGD1,933mn in Apr'25, its highest level since Mar'22, in part due to the market volatility from Trump's Liberation Day tariffs.

Singapore: Average securities trading value (SGD bn)



Source: Bloomberg Finance L.P, DBS

Equity market revitalisation on the cards. As part of ongoing efforts to revitalise Singapore's equity markets, the MAS has launched a SGD5bn Equity Market Development Programme (EQDP), funded through its investment portfolio and the Financial Sector Development Fund. The **EQDP aims to enhance market liquidity and support Singapore's fund management ecosystem**, with allocated funds targeting strategies that **have "a clear focus on improving liquidity and broadening participation in Singapore equities, with significant allocation to small- and mid-cap stocks"**.

This is on top of the tax exemption on fund manager's qualifying income derived from funds investing substantially in Singapore-listed equities, and adjustment to the Global Investor Programme (GIP) to support more capital inflows into Singapore-listed equities. The GIP mandates a minimum SGD50mn invested in qualifying Singapore-based assets. In addition, new tax and investment schemes, alongside regulatory measures have also been implemented to enhance the attractiveness of quality listings in Singapore.

Measures aimed at improving attractiveness of quality listings

- 20% corporate income tax rebate for new primary listings and 10% tax rebate for new secondary listings (with share issuance)
- Enhanced 5% concessionary tax rate on qualifying income for new fund manager listings in Singapore
- Enhance support for the development of local enterprises, including new investment schemes announced at Budget 2025

Source: MAS, DBS

Positive on upcoming recommendations from market review committee; SGX a key beneficiary of ongoing financial market development in Singapore. Since the establishment of the EQDP, MAS has since allocated SGD1.1bn across three funds as a starting point. At its core, we believe this could create a multiplier effect. Funds are expected to attract additional interest and capital from other commercial investors, including a wide spectrum of retail, accredited, private high-net-worth and institutional investors, beyond the initial EQDP seed capital. The requirement for active management may further enhance velocity and existing stock market liquidity. A broadening of interest towards small and mid-cap names could also lift the overall market's velocity, as trading has traditionally been largely concentrated in large cap names. We believe this initial liquidity could generate more liquidity in the current low-interest-rate, yield-seeking, SGD safe-haven environment. (This is discussed in more detail in *Singapore Equity Market: Riding the liquidity wave*.)

Looking ahead, the market review committee is expected to release its second set of recommendations later this year. As Singapore's sole exchange offering services across multiple asset classes (equities, fixed income, FX, and commodities), we believe SGX will be a key beneficiary of the financial market development in Singapore, with medium-term revenue growth estimated at 6-8% CAGR.

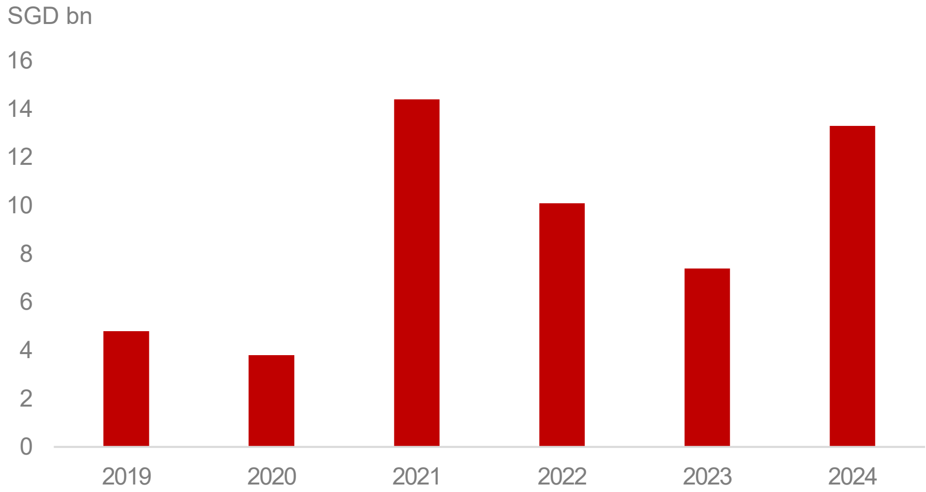
Looking into the Future of a Global Finance Hub

As a **fintech marketplace**, the FinTech Regulatory Sandbox framework allows financial institutions and FinTech players to experiment with new, innovative financial products and services in a controlled environment. This is supported by a range of financial incentives and support schemes for fintech innovation, including the FSTI Scheme, Startup SG Tech, Productivity Solutions Grant, and tax incentives like the Pioneer Certificate Incentive. PolicyPal, an insurtech startup that graduated from Sandbox, has since forged multiple partnerships with leading insurance players, leveraging AI solutions to simplify and digitise insurance processes.

Singapore is taking a forward-looking approach in **developing the digital asset ecosystem**, building capabilities in areas such as cross-border payments, distributed ledger technologies, tokenisation of financial and real economy assets, and digital currencies including stablecoins. Notably, Singapore was one of the first countries to regulate stablecoins, granting licences to several issuers since 2023, a strong proof of industry interest in issuing stablecoins out of Singapore.

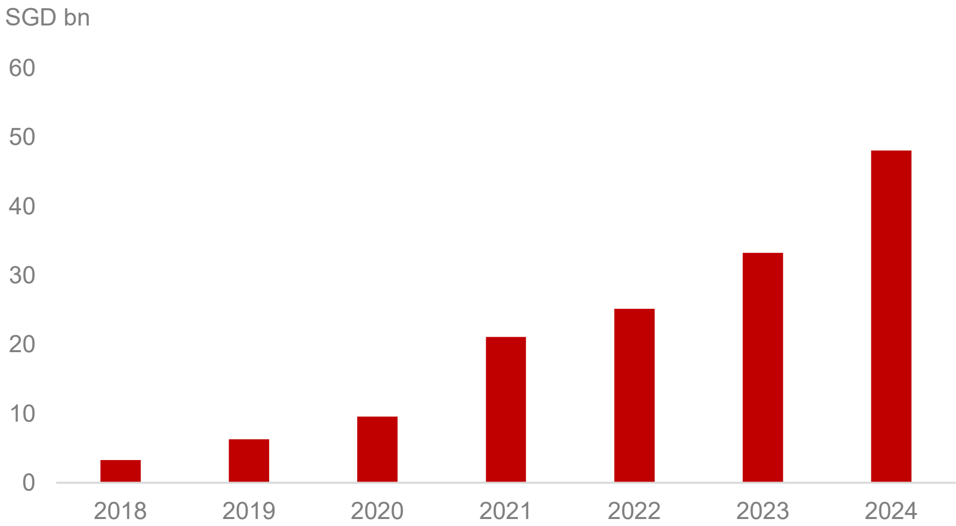
As Singapore cements its position as a leading financial hub, MAS has been expanding its role as a **global green finance hub** through various initiatives including the Sustainable Bond Grant Scheme, which covers green, social, and sustainability-linked bonds, and Singapore Green Bond Framework. The volume of green, social, sustainability, and sustainability-linked (GSSSL) bonds, as well as transition bonds issued in Singapore, rose to SGD13.3bn in 2024 (+79.7% y/y), in line with the global increase in bond issuances. Today, Singapore accounts for more than half of ASEAN's market for GSSSL bonds and loans, making it the largest hub in the region for these green instruments. Issuance of sustainability-related loans in Singapore continues to see good growth momentum, reaching SGD48.1bn (+44.4% y/y).

Singapore: Sustainability-related bonds volume



Source: MAS Estimates

Singapore: Sustainability-related loans volume



Source: Environment Finance Database, DBS

As Singapore continues to grow as a sustainable finance hub, it is also positioning itself as a carbon credit hub. Singapore was the first Southeast Asian country to introduce a carbon tax in 2019, covering 80% of domestic emissions. The city-state currently hosts more than 100 carbon-trading firms and a regional regulatory infrastructure, including Climate Impact X and the Asia Carbon Institute. EDB estimates that a carbon hub could generate SGD5.6bn in gross value for Singapore's economy by 2050.

Key SGX-listed Financial Service Proxies in Singapore

Theme	Listed beneficiaries
Leading asset management and wealth management hub	**DBS, OCBC, UOB:** We expect Singapore banks' wealth management businesses to see long term growth of 5-6% CAGR through 2040 as Singapore continues to cement its position as a leading wealth and financial hub in the region. **iFast:** Well-positioned to ride Asia's wealth management boom, supported by its expanding product suite and growing digital platform. Its scalable model and regional push offer strong leverage for rising investor demand across the region.
Proliferating capital market development	**SGX:** Singapore's sole exchange will continue to benefit from the growth of multiple asset classes — Equities, fixed income, FX, and commodities — with Singapore growing to be the third largest FX hub globally, amid an equity market revitalisation backed by MAS. **UOB Kay Hian:** As Singapore's only listed brokerage with sizeable market share locally, UOB Kay Hian is expected to benefit from an equity market revitalisation backed by MAS as equity trading values and volumes continue to grow.

Source: Companies, DBS

Focus 3: Energy & Climate Leadership

By HO Pei Hwa

Powering a Sustainable Future

Singapore's energy transition vision – a resilient, low-carbon energy future, be net-zero by 2050. Singapore emitted about 52.8MtCO_2e in 2020. This figure is expected to peak at 64.4MtCO_2e by 2028, before falling to between 45 and 50MtCO_2e by 2035. The largest primary carbon emitters are Industry (about 45%, particularly Refinery and Petrochemical, Food, Paper etc.), Power (about 40%) and Transportation (about 15%).

A key milestone in this net-zero journey is the 2040 target. It aims for **deep decarbonisation of the power sector** through the widespread deployment of solar energy, aggressive electrification and cleaner transport solutions. It also involves significant investments in emerging low-carbon technologies such as hydrogen and energy storage, and the strategic integration of regional renewable imports.

Key goals: Phasing out all internal combustion engine vehicles by 2040, and have all vehicles and airport operations to run on cleaner energy. The built environment will be transformed for greater energy efficiency and sustainability. This vision **positions**

Singapore both as a regional leader in clean energy innovation and as a "living laboratory" for advanced urban solutions.

Singapore's energy mix is currently dominated by imported natural gas, which accounts for roughly 94-95% of its electricity generation. The rest comes from a combination of waste-to-energy and biofuels (about 3%), domestic solar energy (2–2.6%), and a nascent but rising share of renewable power imports (around 0.5% as of 2025). **Hydrogen and low-carbon energy imports play a vital role**. By 2040, gas imports are expected to halve, accounting for 40-50% of energy imports. These will be increasingly substituted by clean electricity (solar, wind, hydro etc.) imports and hydrogen & derivatives. Domestic solar capacity is projected to reach 2GWp by 2030, accounting for about 3% of electricity demand, potentially reaching an aggressive target of 5GWp by 2050.

Regional integration and grid modernisation as essential pillars. Due to the city-state's lack of domestic fossil fuel resources and limited land for renewable energy, **Singapore's energy security and diversification strategy relies heavily on three key components**: LNG terminals (around 40% of gas imports), pipeline gas imports (about 60%, mainly from Indonesia and Malaysia), and an expanding regional grid. This includes new initiatives to import low-carbon electricity from neighbouring ASEAN countries. While local solar deployment continues to grow, it remains constrained by limited urban space, making **regional integration** and **grid modernisation** essential pillars of Singapore's energy transition.

Energy imports – Transiting from fossil fuel to clean electricity, hydrogen and other green solutions

Year	Fossil Fuel Imports (Crude Oil + Natural Gas)	Clean Electricity Imports	Hydrogen & Derivatives	Others (e.g., CCUS, Carbon offsets)
2023	90%	0%	0%	Negligible
2030	70–75%	10–15%	10–15%	1–3%
2040	**40–50%**	**20–25%**	**20–30%**	**5%**
2050	20–30% (mainly industrial use)	30–35%	30–40%	5–10%

Source: Energy Market Authority (EMA)

Clean Energy Imports & Smart Grid as Key Enabler

Clean energy imports are a crucial pillar of Singapore's energy transition strategy. Singapore has set an ambitious target to **import approximately 6GW** of low-carbon electricity by **2035**, which would represent around **one-third** of its projected electricity demand at that time.

These imports largely come through regional power grid integration with neighbouring ASEAN countries, including **Malaysia, Laos, Cambodia, Indonesia, and Vietnam**, which has signed agreements with Singapore to import around **5.6GW of clean electricity**. In addition, there are also potential imports of 1GW hydropower from Sarawak and about 1.75GW solar energy from Australia (>4,000km distance) beyond 2032, though the latter seems too costly.

A key initiative facilitating this is the **Lao PDR-Thailand-Malaysia-Singapore (LTMS) Power Integration Project**, through which Singapore has been importing renewable hydropower from Laos and Malaysia, doubling export capacity to around **200 megawatts (MW)**. This regional grid connectivity will enable Singapore to access abundant renewable energy – such as hydropower, solar, and potentially wind.

Investments in cross-border infrastructure and grid modernisation are underway. By leveraging its financial capacity and strategic position, Singapore strives to become a regional clean energy trading hub, helping to catalyse broader ASEAN renewable energy cooperation and market integration. This clean energy import ambition is vital not only for Singapore's 2040 energy transition vision, but also for the resilience and sustainability of its energy system going forward.

For Singapore's 6GW energy import roadmap by 2035, the majority is expected to be **transmitted via new subsea cables**:

- **Indonesia (3.4GW)** - MOU for subsea interconnector signed
- **Vietnam (1.2GW)** - To be transmitted via new subsea cables that will cover approximately 1,000 km via Vietnam–Malaysia route
- **Cambodia (1GW)** – Keppel proposed new subsea cables of more than 1,000 km

> *While local solar deployment continues to grow, it remains constrained by limited urban space, making regional integration and grid modernisation essential pillars of Singapore's energy transition*

Clean energy import licenses awarded

Announced	Description	Electricity	Import from
Mar'23	**Keppel** gets approval to import 1GW of electricity (solar energy, hydropower, and potentially wind power) from Cambodia	1GW	Cambodia
Sep'23	Up to 2GW of renewable energy annually from Indonesia within 5-years via 5 projects granted to **Pacific Medco Solar** (600MW), **Adaro Solar International** (400MW), **EDP Renewables** (400MW), **Vanda RE** (300MW), and **Keppel Energy** (300MW)	2GW	Indonesia
Oct'23	**Sembcorp Industries** to import 1.2GW of electricity from Vietnam	1.2GW	Vietnam
Sep'24	**Singa Renewables** (a joint venture between **TotalEnergies** and **RGE**) to import 1GW of reliable solar energy from Indonesia	1GW	Indonesia
Sep'24	**Shell Eastern Trading** partners with **Vena Energy** to export 400MW of solar power from the Riau Islands	400MW	Indonesia

Source: Companies, EMA, DBS

Smart grid a key enabler of Singapore's energy transition vision. Singapore's energy grid is evolving to become a highly digitised and intelligent network, known as Smart Grid 2.0, that supports two-way flows of energy and information between producers, consumers, and grid operators. This is essential for ensuring grid resilience, reliability, and energy efficiency in the face of a more decentralised and variable renewable energy landscape. Smart grid technology supports the integration of distributed energy resources, including rooftop solar, electric vehicles, and emerging low-carbon technologies, as well as leveraging on AI to balance supply and demand dynamically.

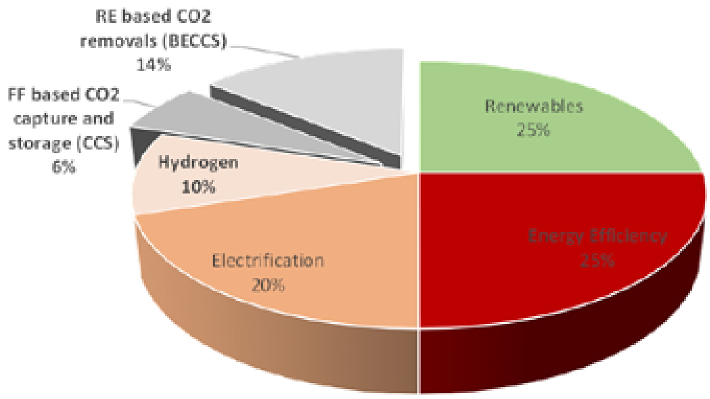
The government, led by the **Energy Market Authority (EMA) in collaboration with SP Group** and other agencies, has launched initiatives such as the Future Grid Capabilities Roadmap. For example, the Punggol Digital District is developing Singapore's first district-level smart grid, incorporating solar panels and a battery energy storage system to enable demand response, efficient energy usage, and peak shaving.

Low-Carbon Technologies

Singapore's decarbonisation targets are contingent on technological advances and the economic viability of low-carbon technologies such as hydrogen and carbon capture, utilisation and storage (CCUS), or even nuclear. They also depend on effective international collaborations in areas such as carbon credits and renewable energy imports.

CCUS and hydrogen are critical technological avenues for decarbonisation. In the global race to net zero, over two-thirds of carbon emissions reductions through 2030 are expected to come from renewables (25%), energy efficiency improvements (25%), and electrification (20%). Hydrogen (10%) is next in line as a clean energy source. Carbon capture and storage (CCS) also holds significant potential, accounting for the remaining 20%, though it is not yet commercially viable.

Global carbon emission reduction avenues



Source: IRENA (Word Energy Transitions Outlook 2023)

Low-carbon hydrogen as a critical pathway to decarbonise power, transport, and industrial sectors. The National Hydrogen Strategy, launched in Oct'22, aims to develop domestic infrastructure and position Singapore as a **regional hydrogen hub**. Key initiatives include, pilot projects using **hydrogen carriers** such as ammonia, investments in research on advanced hydrogen technologies, and building **hydrogen-compatible power plants** capable of blending hydrogen with natural gas. The government is also working on policies, regulations, and workforce training to support hydrogen adoption. **Hydrogen will complement solar, imported renewables, and other low-carbon sources** to sustainably diversify and decarbonise Singapore's energy mix.

Remarkable progress has been made on hydrogen application in the power sector. Four hydrogen-ready CCGT power plants, totalling 2.4GW (approximately 19% of current total capacity), are in the pipeline –

- 1.2GW by 2026:
  - Keppel Sakra Cogen (600MW, COD 1H26, est. cost SGD750mn)
  - Sembcorp Industries (600MW, COD 2026, est. cost SGD900mn for the multi-utilities facilities)
- YTL Power (600MW, COD 2027)
- PacificLight (600MW, COD Jan'29)

CCUS for hard-to-abate sectors. Singapore views CCUS as a vital tool for reducing emissions, especially from hard-to-abate sectors such as energy, chemicals, and transportation. The government has set ambitious targets **to capture at least 2mt of CO_2 by 2030**, and over **6mt annually by 2050**, with a focus on developing **CCUS infrastructure on Jurong Island**. Given the lack of suitable geological storage locally, Singapore is actively **pursuing regional cooperation, notably with Malaysia**, to facilitate cross-border CO_2 storage. R&D efforts are also underway to improve the efficiency and cost-effectiveness of CCUS technological, and regulatory frameworks are evolving in tandem with commercial developments.

SMR Nuclear: A controversial yet potential solution under study. Singapore is in the **exploratory phase of integrating nuclear** power, focusing on small modular reactors (SMRs) as a potentially viable, safe, and scalable source of low-carbon electricity. Announced during the 2025 Budget, the government is strengthening institutional capacity to support nuclear development, including the build-up of safety and regulatory expertise. Partnerships have been established with countries experienced in civil nuclear energy, such as the US, to study and eventually deploy SMRs if found feasible. SMRs offer advantages such as a smaller physical footprint, factory-based fabrication, faster deployment timelines, and suitability for dense urban environments. These characteristics make SMRs a potentially important part of a diversified long-term clean energy mix, alongside hydrogen and renewables.

Key energy transition players

<table>
<tr><th>Theme</th><th>Company</th></tr>
<tr><td rowspan="2">Decarbonising Singapore's power sector</td><td>Sembcorp Industries
Building a new 600MW hydrogen-ready power plant, expected to come online by end-2026.
The company is also exploring ammonia-firing retrofits in collaboration with GE Vernova and IHI.
In parallel, it is participating in regional green hydrogen export plans, including potential pipeline links from Indonesia, and has been shortlisted for ammonia power and bunkering projects on Jurong Island.</td></tr>
<tr><td>Keppel Limited
Developing Singapore's first hydrogen-ready power plant, scheduled to come online by early 2026.
Keppel Seghers has partnered with the National Environment Agency (NEA) to study CCUS applications at Singapore's waste-to-energy plants.
It has also joined a consortium with Air Liquide, Chevron, and PetroChina to explore large-scale CCUS solutions.</td></tr>
<tr><td rowspan="2">Increasing the share of clean energy in Singapore's energy mix</td><td>Sembcorp Industries
Awarded licences to import 1.2GW of renewable electricity from Vietnam.
Recently signed an agreement with Malaysia to import 100MW of solar power, which has been operational since early 2025.</td></tr>
<tr><td>Keppel Limited
Awarded licenses to import 1.3GW of renewable electricity from Cambodia and Indonesia.</td></tr>
<tr><td>Singapore's rising role as an energy and carbon trading hub</td><td>Sembcorp Industries
Leverages its regional renewables portfolio to generate carbon credits and trade on platforms such as CIX.
It also offers decarbonisation services to industrial clients, positioning itself at the intersection of energy transition and carbon markets in Asia.</td></tr>
</table>

Source: Companies, DBS

Sunseap, a Singapore-based solar energy pioneer now part of EDP Renewables (EDPR), plays a pivotal role in advancing Southeast Asia's clean energy transition. As one of the **region's largest and most established solar developers**, Sunseap has built a robust portfolio of **rooftop and utility-scale solar projects across Singapore, Vietnam, Indonesia, and beyond**. In Singapore, it was a first mover in large-scale rooftop solar deployment, helping drive corporate decarbonisation through solar energy purchase agreement (PPA) solutions.

Following its acquisition by EDPR, Sunseap now serves as **EDPR's Asia-Pacific hub**, supporting ambitious targets to develop up to **10GW of renewables in the region by 2030**. With access to global capital and technical expertise, Sunseap is expanding into **off-grid hybrid systems, energy storage**, and **green hydrogen partnerships**. This positions the company as a key proxy for investors and corporates seeking exposure to Southeast Asia's rapidly evolving renewable energy landscape.

VFlowTech is a leading Singapore-based energy storage company specialising in modular vanadium redox flow batteries (VRFBs). It offers safe, **long-duration storage solutions** that are ideal for renewable energy integration and grid stability. Founded as a deep-tech spin-out from Nanyang Technological University (NTU), the company has positioned itself as a regional leader in non-lithium battery technology, with deployments across India, Indonesia, Japan, and the Middle East.

VFlowTech's systems are designed to be scalable, fire-safe, and fully recyclable, making them well-suited for industrial, off-grid, and utility-scale applications. Backed by investors including Temasek's GenZero, SEEDS Capital, and Wavemaker Partners, the company is expanding its manufacturing capabilities in Singapore to meet rising demand for clean, reliable energy storage across Asia and beyond. This aligns closely with Singapore's broader energy transition and decarbonisation goals.

Oiltek International is a key Singapore-listed energy transition enabler, primarily through its expertise in sustainable **palm-based processing technologies and renewable fuel feedstock** solutions. While not a producer of green energy itself, Oiltek plays a strategic upstream role in the global biofuel and renewable diesel supply chain. Its core offerings include biodiesel, renewable diesel fuel – specifically Hydrotreated Vegetable Oil (HVO) – and SAF feedstock processing.

Rex International Holding, a Singapore-listed oil and gas company, is taking early steps toward the energy transition through its subsidiary Lime Petroleum. While its core remains upstream exploration, Rex is actively involved in **carbon capture and storage (CCS),** holding a stake in the Iroko CCS license in Norway, which could store up to 7.5mn tonnes of CO_2 annually. The company is also exploring **natural hydrogen opportunities through a joint study in Oman**, marking its interest in cleaner energy sources. These initiatives reflect Rex's gradual pivot towards carbon management and low-emission energy solutions within its broader portfolio.

Government-linked entities. Singapore's energy transition is strongly backed by government-linked entities that play catalytic roles across the clean energy value chain.

SP Group, a state-owned utility, is central to grid modernisation, with initiatives including the deployment of smart grids, EV charging infrastructure, and district cooling systems to support urban decarbonisation.

Temasek Holdings, Singapore's sovereign wealth fund, actively channels capital into the transition through strategic stakes in global and regional clean energy companies and various specialised platforms:

- **GenZero** – focused on carbon solutions and nature-based credits
- **Heliconia Capital** – provides growth equity for industrial transition and clean technologies
- **SeaTown Holdings** – invests in renewable infrastructure and energy transition funds

Pavilion Energy, backed by Temasek, is expanding beyond LNG into low-carbon fuels such as hydrogen and ammonia. It is leading industry efforts in carbon-neutral LNG cargoes and digital greenhouse gas tracking.

Key SGX-listed energy transition proxies in Singapore

Company	Renewable energy targets/commitments
Sembcorp Industries (**22% market share** in Singapore's power sector)	• To halve emission intensity to 0.15 tCO_2e/MWh by 2028, from 2023 levels • Plans to triple gross renewable installed capacity, increasing from 8.7GW (or 13.8GW including projects under construction) in 2023 to 25GW by 2028. Given Singapore's limited domestic resources, it is expanding its renewable portfolio in key Asian markets such as China, India, Vietnam, and Indonesia • Expects to spend SGD14bn in capex between 2024 and 2028, allocated as follows: 75% for renewables, 10% for hydrogen-related assets, 10% for decarbonisation, and 5% for urban solutions. This will be funded through a mix of operating cash flow (50%), project financing (30%), and corporate debt, capital recycling, or partnerships (20%). • Will cease new investments in coal-fired power plants and instead focus on cleaner alternatives, including hydrogen and its associated value chain • Plays an instrumental role in Singapore's energy imports, accounting for approximately 20% of the nation's 6GW clean electricity import target
Keppel Limited (**11% market share** in Singapore's power sector)	• To halve Scope 1 and 2 emissions by 2030, from 2020 levels • Aims to increase renewable energy capacity from the current 4GW to 7GW by 2030 • Will cease new investments in coal-fired power plants and instead focus on cleaner alternatives, including hydrogen and its associated value chain • Plays an instrumental role in Singapore's energy imports, accounting for approximately 22% of the nation's 6GW clean electricity import target

Source: Companies, DBS

Potential IPO candidates

Company	Segment	HQ / Key Markets	Scale / Assets	Sponsors / Backers
Vena Energy (Vena Group)	Utility-scale renewables developer	Singapore / APAC	Around 9-10GW in operational capacity; more than 30GW project pipeline	Global Infrastructure Partners (GIP)
Blueleaf Energy	Utility-scale solar + BESS platform	Singapore / APAC	Around 14GW project pipeline (under development)	Macquarie Asset Management, GIG funds
Cleantech Solar	C&I solar developer/operator	Singapore / SEA & India	Significant rooftop & C&I portfolio across Asia	Keppel Ltd-led consortium, Shell Eastern Petroleum
Gurīn Energy	Renewables developer (solar + storage)	Singapore / Japan & APAC	Growing project pipeline; between tens to hundreds of MWs announced	Infratil Ltd
Charge+	EV charging infrastructure & services	Singapore / SEA expansion	Island wide rollout targets; C&I and public charging networks	Sunseap Group and investors (TRIVE and TNB Aura)
VFlowTech	Long-duration flow-battery manufacturer (vanadium)	Singapore / APAC manufacturing planned	Early commercial deployments; plans to scale-up manufacturing	Lead VC (Granite, RealTech), strategic investors (EDBI, PSA Ventures, etc.) and others

Source: Companies, DBS

Key goals: Phasing out all internal combustion engine vehicles by 2040 … This vision positions Singapore both as a regional leader in clean energy innovation and as a "living laboratory" for advanced urban solutions

Focus 4: Future of Singapore Real Estate

By Derek TAN and Tabitha FOO

Small in Size, Bold in Ambition

Singapore, a vibrant city-state with limited land and big ambitions, offers a fascinating lens through which to view real estate. With just over 700 square kilometres in size and with so many competing uses for land, real estate in Singapore is generally expensive. Every square meter counts, making smart urban planning not just important but essential. Today, Singapore's built environment reflects how thoughtful design can meet the demands of a dense, modern city without compromising quality of life. This spatial constraint has transformed real estate from a commodity into a critical component of national policy, economic planning, and social stability.

As Singapore advances towards 2040, its property market is expected to maintain a resilient and sustainable growth trajectory over the next fifteen years. This forward-looking stability will be underpinned by (i) prudent governance, (ii) a robust demographic foundation, and (iii) a dynamic economic environment. These factors work in tandem to ensure that the property market remains both vibrant and accessible, balancing value appreciation with long-term affordability and social cohesion.

A growing and stable population base anchored by citizens and permanent residents. A key cornerstone of the long-term resilience of Singapore's property market is its population policy, which is centred around citizens and permanent residents (PRs). By ensuring that the majority of property ownership is retained by local households, the government fosters a sense of belonging, community stability, and national identity.

- **Locals as a Foundation for overall transactions (around 97% of transactions in past few years)**: Singapore's property market is primarily driven by genuine demand from local families, upgraders, and aspiring homeowners. This intrinsic demand provides a stable buffer against external shocks and speculative cycles.
- **Attracting Long-Term Residents**: Permanent Residents are encouraged to integrate into society and contribute meaningfully to the national fabric. Many choose to establish deep roots in Singapore, with real estate being a key part of this long-term commitment.
- **Balanced Immigration Policy**: Population growth remains steady, yet calibrated, allowing for sustainable housing demand while avoiding infrastructure strain or runaway prices.

Buoyant employment and income growth to support progressive housing aspirations. Sustained economic development and strong employment fundamentals will continue to support rising household incomes, which in turn underpin the healthy growth of property values. However, the focus is not merely on price appreciation, but on enabling progressive housing mobility that aligns with income levels and life stage needs.

- **Income-Linked Housing Mobility**: As more households achieve upward income mobility, demand for private property and executive condominiums (ECs) will grow in tandem with rising public property prices. This creates a vibrant "upgrade cycle" without displacing affordability at the entry level. We note that over the past 20 years, the average home price-to-income ratio has been close to 14x for private residential housing and around 5x for public housing.
- **Diverse Housing Options Across Tiers**: A well-structured property market offers housing that caters to every income group, from Build-To-Order (BTO) flats to private condominiums and landed properties. This layered ecosystem ensures inclusivity and dynamism for everyone.
- **Maintaining Affordability**: Government interventions such as the Mortgage Servicing Ratio (MSR), Total Debt Servicing Ratio (TDSR), and cooling measures will continue to play a pivotal role in keeping homes within financial reach for most households, even as the market evolves.

Stable and credible governance driving investor and citizen confidence. Singapore's property market has consistently been underpinned by a strong institutional framework and transparent policymaking. The stable government and forward-looking policies continue to foster investor confidence while safeguarding the interests of citizens.

- **Long-Term Planning and Urban Renewal**: Master planning by agencies like the URA ensures that property development aligns with infrastructure, transport, and environmental sustainability goals. Regular rejuvenation projects maintain the relevance and liveability of existing estates.
- **Prudent Regulatory Oversight**: The government actively monitors the market to deter speculation and excessive risk-taking. Measures such as the Additional Buyer's Stamp Duty (ABSD), Seller's Stamp Duty (SSD), and Loan-to-Value (LTV) limits help mitigate volatility and speculation.
- **Investor-Friendly Yet Citizen-Centric**: While foreign investment in the property market is welcomed, it is carefully managed to avoid crowding out local demand. The regulatory environment strikes a delicate balance between attracting capital and ensuring accessibility for Singaporeans.

Bold Steps in Transforming Singapore's Real Estate Landscape

URA's Draft Master Plan 2025 inspires confidence. The recent unveiling of the Master Plan has given us insights into the future transformation of Singapore's real estate landscape. In our opinion, the key tenets of Singapore's next chapter are shaped by three themes:

i. **A larger population**, driving demand for housing, infrastructure, and vibrant community spaces, and pushing for smarter, more efficient land use.

ii. **Rejuvenation of ageing urban areas**, particularly in the city centre, aims to unlock the full potential of these valuable spaces and ensure they continue to meet modern needs.

iii. **Decentralisation** efforts will foster the growth of self-sufficient regional hubs, easing congestion and spreading opportunities beyond the urban core.

We believe that Singapore's real estate landscape will remain rooted in long-term vision and a strong commitment to balancing growth with liveability.

Theme 1: Supporting Population Growth

In the 2013 Population White Paper, it was then estimated that Singapore's total population could grow to between 6.5mn and 6.9mn by 2030, with the resident population (comprising Singapore Citizens and Permanent Residents) ranging from 4.2mn to 4.4mn. Projections beyond 2030 were not provided. As of June 2025, the total population stood at 6.11mn and the resident population at 4.20mn, based on data from the Department of Statistics Singapore.

In land-scarce Singapore, the national housing strategy is closely aligned with shifting demographic trends and population planning. Home ownership is also a key component of the broader socio-economic framework – serving both as a crucial social pillar and a retirement asset for many households. As such, property plays a critical role in meeting the needs of a growing and increasingly diverse population.

Firstly, low fertility rates and Singapore's status as a global city mean that immigration and a foreign workforce continue to support our population growth and sustain economic vitality. Singapore's total fertility rate dropped to a historic low of 0.97 in 2024, based on Singstat data, well below the replacement level of 2.1. As a result, immigration has become an essential lever to offset demographic decline, fuelling demand for **private homes, rental housing/serviced apartments, and purpose-built dormitories**.

Secondly, a key emerging trend is the ageing population, which underscores the rising demand for **senior-friendly homes and retirement housing options, alongside increased needs for amenities such as healthcare**. Downsizing among elderly residents, particularly those living in larger, older flats, could also increase the demand for **smaller, more conveniently located homes**. As of 2024, nearly 20% of Singapore's population is aged 65 and above, and this proportion is expected to rise to 25% by 2030.

Thirdly, the trend toward smaller household sizes, as families become smaller or more individuals choose to live alone, is driving the development of **more public and private housing**. The average household size fell from 3.70 persons in 2000 to 3.09 persons by 2024.

Lastly, the improving financial health of households, bolstered by gains from their first 'pot of gold' in public housing, could contribute to **growing demand from upgraders for private properties**.

To accommodate a projected population of 6.9mn, the country is expected to require approximately **200k-300k additional residential units**, based on an average household size of 3.09 persons.

The Housing & Development Board (HDB), the cornerstone of Singapore's public housing system, has announced plans to launch **over 50k new flats between 2025 and 2027**. Beyond that, the government will continue to monitor housing demand closely and calibrate supply accordingly. Complementing these efforts, the URA's Master Plan outlined a longer-term vision to build **at least 80k new public and private homes over the next 10 to 15 years**. These will be spread across more than 10 new housing areas island wide.

For instance, in the Core Central Region, around 5,000 new private residences will be developed progressively in Newton Circus, Scotts Road and Monk's Hill, while Paterson, which is in proximity to Orchard, will see 1,000 more private homes. Outside of that, new residential neighbourhoods include Dover-Medway, Mount Pleasant and others.

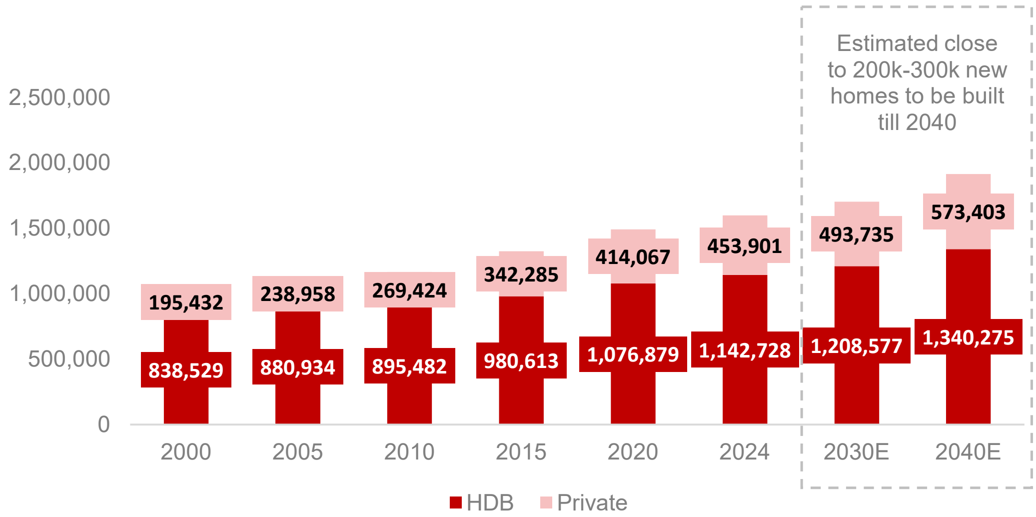
Major redevelopments are also underway – the Sembawang Shipyard is set to cease operations by 2028, and the area will be transformed into a vibrant, mixed-use waterfront district. Meanwhile, the Paya Lebar Air Base will be relocated from the 2030s onwards to free up land for housing.

The development of the Greater Southern Waterfront area will start on the former Keppel Club, where approximately 9,000 new homes, of which 6,000 units are expected to be public housing, with the remainder comprising private residential units.

Housing area	Estimated no. of new homes
Mount Pleasant	6,000
Pearl's Hill	6,000
Former Keppel Golf Course site ("part of Great Southern Waterfront")	9,000
Bukit Timah Turf City	15k – 20k
Former Singapore Racecourse site at Kranji	14k
Dover-Medway	6,000 (Phase 1)
Mediapolis	5,000
Newton	5,000
Paterson	1,000
Marina South	10k
Paya Lebar Air Base-Defu	150k
Sembawang Shipyard	10k

Source: URA, DBS

Estimated dwellings to be built to support overall bigger population by 2040



Source: SingStat, DBS

Key beneficiaries: Significant opportunities for developers **(UOL, CDL, and GUOL)** to play a part in remaking Singapore's real estate landscape over the next decade. Strong multi-year visibility for Singapore's construction sector **(Hong Leong Asia, Pan-United)** and players in the workers' dormitory sector **(Centurion, Wee Hur)** which stand to benefit from rising demand for foreign worker accommodation. This demand is driven by a robust construction pipeline, underpinned by ongoing infrastructure and housing projects in Singapore in the years ahead.

Theme 2: Rejuvenation of City Centre

The government has been actively supporting efforts to revitalise older buildings in strategic areas, with two urban rejuvenation schemes – Central Business District Incentive (CBDI) and Strategic Development Incentive (SDI) schemes – introduced in 2019. In particular, applications to redevelop existing developments in Orchard Road, Central Business District (CBD) and Marina Centre areas are encouraged, in line with the broader planning intention to make these areas more vibrant.

Orchard Road, Singapore's most iconic shopping street, particularly the older stretches near Tanglin, is set to be transformed, marking the beginning of a new era for the district. Hotel Properties Limited (HPL) received provisional approval from the URA 2023 to redevelop Forum Mall, voco Orchard Singapore, and HPL House into a 1.2mn square feet mixed-use development comprising hotel, retail, office, and residential components. The group is reportedly in talks to sell majority stakes in Forum Mall and voco Orchard Singapore, signalling progress in the redevelopment plans. Along the same stretch, Pacific Eagle Real Estate is redeveloping the ageing Tanglin Shopping Centre into a mixed-use development. Across the road, City Developments Limited (CDL)'s Delfi Orchard acquisition in May'25 could pave the way for a larger, integrated redevelopment encompassing Delfi Orchard, Orchard Hotel, and Claymore Connect, in our view.

The Marina area, traditionally dominated by office and retail developments, has also been earmarked for rejuvenation. In 2023, Singapore Land Group (SLG) received provisional permission from URA for the partial redevelopment of Marina Square. The new development is likely to include residential, retail, and office space. Meanwhile, the Marina Bay Sands (MBS) expansion will feature public rooftop attractions, a 15,000-seat entertainment arena, alongside 21,000 sqm of meetings, incentives, conventions and exhibitions (MICE) facilities. Marina South is a 45-hectare site envisioned as a new, city-living mixed-use residential district with 10k new homes.

Key beneficiaries: Property developers with ageing assets in prime locations could ride on government incentive schemes to unlock value from their portfolios through redevelopments **(UOL, CDL, HPL, and SLG)**.

Theme 3: Decentralisation

We anticipate a more balanced and diverse mix of land uses in Singapore, with a shift towards increasing office space in suburban towns and expanding residential options in the downtown area. While decentralisation is not a new concept, the Central Business District (CBD) has remained the concentrated hub for offices, with minimal residential development. Although efforts have been made to introduce more residential units in the downtown area, various factors have hindered their appeal to locals.

These include: (i) a lack of supporting amenities available beyond weekday working hours; (ii) a shortage of schools; (iii) high property prices; and (iv) compact living spaces. Meanwhile, more commercial precincts have been developed outside the Core Central Region. However, the CBD continues to attract businesses due to its prestige, high-quality buildings (e.g., Grade A offices with amenities such as shower rooms and gyms), and prime location. As such, more needs to be done to create attractive, well-integrated districts in both central and suburban areas that can support businesses and residents alike.

The Singapore Government Land Sales (GLS) programme plays a key role in land development, including the release of sites for office space and residential developments. The last significant site sold for primarily office use in the CBD was in 2016, which is now home to the IOI Central Boulevard Towers. Since then, the government has intensified efforts to promote suburban office clusters in areas such as Woodlands, Punggol, and Jurong Lake District. In parallel, there has been a notable shift towards encouraging more residential development within the CBD, with plots of land being released for sale. Recent examples include the Marina View site awarded to IOI Properties (now W Residences), the Marina Gardens Lane site won by a Kingsford-led consortium (now One Marina Gardens), and the unsuccessful tender for the Marina Gardens Crescent site, led by a GuocoLand-led consortium, which is now a White Site on the Reserve List. Additionally, the Marina Gardens Lane site remains available for application on the Reserve List. Four other plots have also been earmarked for residential development, though they have not yet been launched.

Decentralisation will alleviate pressure on the core business district, redistributing both residential and commercial activity to the suburbs. With growing focus on mixed-use developments, these new residential hubs will emerge as self-contained communities that combine commercial, recreational and residential spaces where residents can live, work, and play – all within the same vicinity. According to the Land Transport Authority (LTA), by 2030, eight in ten households will be within a 10-minute walk of a train station.

Singapore's shift towards a polycentric urban model will likely drive demand across city-fringe and regional areas. Key developments supporting this transformation include the **Jurong Lake District (JLD)** in the west, **Woodlands Regional Centre** in the north, and **Tampines Regional Centre** in the east, alongside **Punggol Digital District (PDD), Bishan Sub-Regional Centre (Bishan 2.0), Paya Lebar Air Base, and the Greater Southern Waterfront**, each positioned as vibrant hubs. The **former Jurong Bird Park and Jurong Hill** are also being redeveloped into a dynamic mixed-use precinct that integrates industrial functions with recreational and public spaces, further supporting decentralised growth and innovation.

Complementing these decentralised nodes, the strengthening of strategic gateways in **Woodlands, Tuas, and Changi**, bolstered by major infrastructure such as the **Johor Bahru-Singapore Rapid Transit System (RTS), Tuas Mega Port PSA Supply Chain Hub, and Changi Terminal 5**, will significantly enhance Singapore's connectivity, trade flow, and logistics capabilities. Our links to external markets via air, land, and sea will continue to expand.

Success hinges on strong collaboration between the government and real estate players, both in the public and private sectors. By forming strategic public-private partnerships, both parties can pool their expertise, resources, and capabilities to develop and future-proof Singapore's real estate landscape. Furthermore, targeted incentives and supportive policies from the government can play a crucial role in encouraging participation, reducing risks, and aligning interests towards shared objectives.

The **Central Business District Incentive (CBDI)** and **Strategic Development Incentive (SDI)** schemes introduced by URA in 2019 offer bonus gross floor area (GFA) as a key incentive to developers undertaking major redevelopment of older, predominantly office buildings into mixed-use developments. The government also offers **lease top-ups** (to a fresh 99-year term) and **land use flexibility** (e.g., from retail to residential or mixed-use) as part of its efforts to facilitate rejuvenation and optimise land use in alignment with broader planning objectives.

Subsequently, in Mar'25, the government announced a **six- to 12-month extension of the Additional Buyer's Stamp Duty (ABSD)** remission deadline for large en bloc rebuilds and complex urban transformation projects, as part of its regular policy framework review. We view this as a **positive development and a concession to developers** exploring select en bloc opportunities for land banking and precinct transformation through new projects. This move could prompt developers to revisit redevelopment plans and unlock value within their portfolios. Given that the listed developers have been trading at unjustifiably steep discounts to their valuations, a revival in redevelopment activity could catalyse a re-rating of share prices, narrowing the gap between share price and revalued net asset value.

In our view, these policies represent a **win-win outcome** – serving as a **strategic lever for the government** in driving urban renewal while also providing **meaningful support to real estate players** in Singapore. Over the long term, effective partnership fosters sustainable development and plays a vital role in strengthening Singapore's economic growth and resilience.

> *Decentralisation will alleviate pressure on the core business district, redistributing both residential and commercial activity to the suburbs*

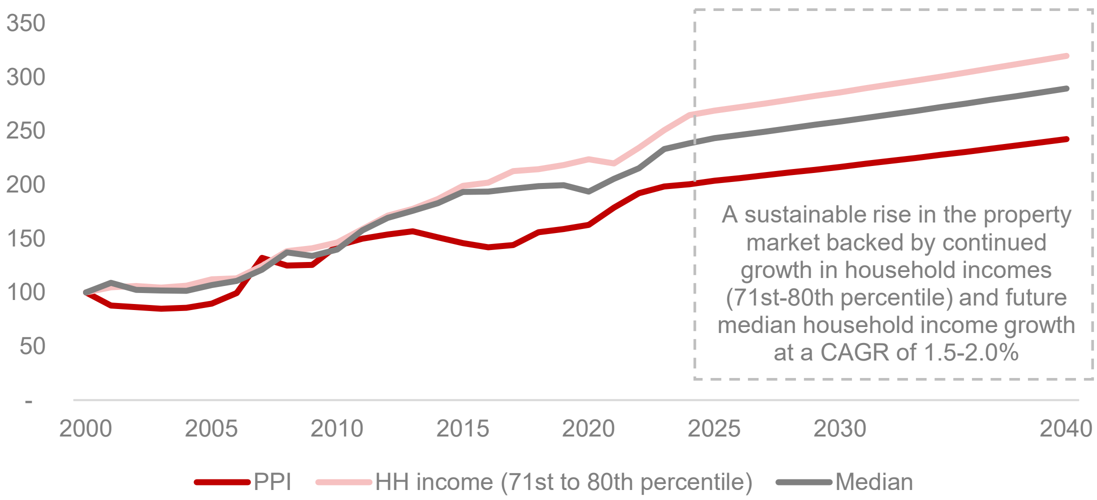
How could property prices turn out in 2040?

Heading into 2040, with the URA's Master Plan a basis for future planning and opportunities for all to partake in Singapore's next leg of economic development, we believe that Singapore's property market is poised to remain resilient, inclusive, and sustainable. This is reinforced by the pillars of a vibrant population, economic progress and governmental stability. As such, Singapore is well-positioned to offer its citizens (and residents) not only a place to live, but also a means of securing long-term financial well-being.

Over time, while many look towards wealth accumulation through price appreciation in the property market, we believe that it is equally important to ensure homes remain within reach, communities remain strong, and opportunities remain open for most. With proactive governance and a clear strategic vision, Singapore will continue to be a model for urban resilience and real estate sustainability well into the future.

House prices (PPI) vs median household income could continue on an upward 2-3% CAGR through to 2040, supported by population growth and income growth

A steady rise in property prices



Source: URA, DBS

What are potential black swans to watch out for?

We believe that population growth, economic vibrancy, and governmental stability are the three anchors driving sustainable growth in Singapore's property market. A weakening of any one of these could disrupt or drive a correction in prices. Amongst them, we see a stable and consistent government as the most important anchor, as historically, Singapore's property market is uniquely intertwined with government policy, planning, and regulations. A sudden or unexpected regime change could raise significant concerns over the continuity of these frameworks.

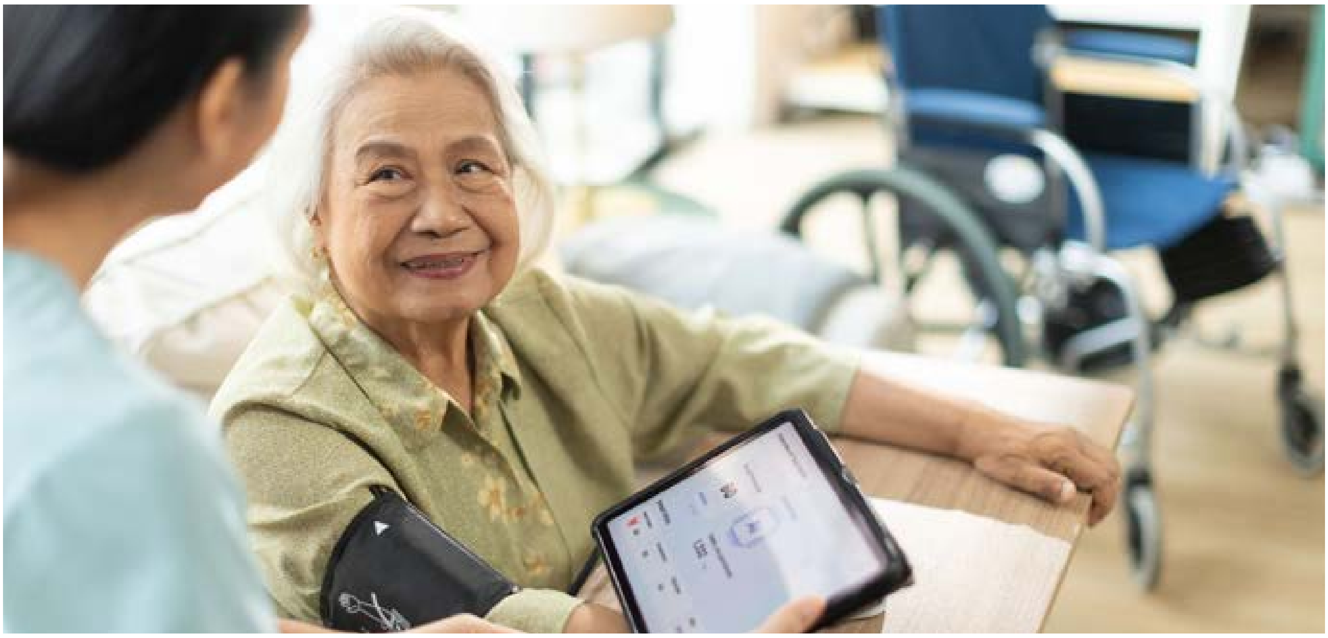
We see a myriad of opportunities for real estate players in Singapore. The future of Singapore's real estate landscape presents meaningful opportunities for industry players, not only through new avenues for growth, but also by benefitting existing stakeholders. Developers can capitalise on the growing demand for housing and commercial spaces, while construction companies can leverage their expertise in building sustainable and innovative projects. Landlords stand to gain from favourable supply-demand dynamics, while S-REITs and other investors can benefit from the long-term growth potential of Singapore's property market.

However, these opportunities come with challenges that must be carefully managed. Rising construction costs –driven by inflation, higher material costs, and manpower shortages – continue to put pressure on property prices and project timelines. Additionally, potential economic fluctuations, both global and domestic, introduce uncertainties that can impact investment confidence and market dynamics.

To address this, Singapore's real estate sector must prioritise long-term planning, sustainable development, and strategic collaboration to create a vibrant real estate landscape that supports its continued growth and prosperity through 2040 and beyond.

Key SGX-listed real estate proxies in Singapore

Theme	Potential beneficiaries
Population growth	• Heightened demand for infrastructure and development works on the back of increased supply for homes and commercial properties. • Significant opportunities for developers **(UOL, CDL, and GUOL)** to play a key role in remaking Singapore's real estate landscape over the next decade. • Strong multi-year visibility for Singapore's construction sector **(Hong Leong Asia, Pan-United)** and players in the workers' dormitory sector **(Centurion, Wee Hur)**.
Rejuvenation of city centre – from old to new	• Government incentives and the focus on rejuvenating prime locations in Singapore could lead to higher valuation outlooks and potential capital value upside. • In addition, a constrained office supply in the CBD bodes positively for landlords **(UOL, CDL, GUOL, CICT, and KREIT)** and developers with ageing assets that require capital expenditure to rejuvenate.
Decentralisation	• An uplift in traffic and sales in city-fringe commercial areas is likely to benefit suburban-centric landlords **(FCT, CICT, MPACT, and LREIT)**. • Industrial S-REITs with significant domestic exposure **(CLAR, MLT, MIT, AAREIT, and EREIT)** could see a rise in occupier demand for logistics, hi-spec, and business park properties.



Focus 5: Healthcare – Navigating Ageing

By Amanda TAN

The Rise of a Silver Tide

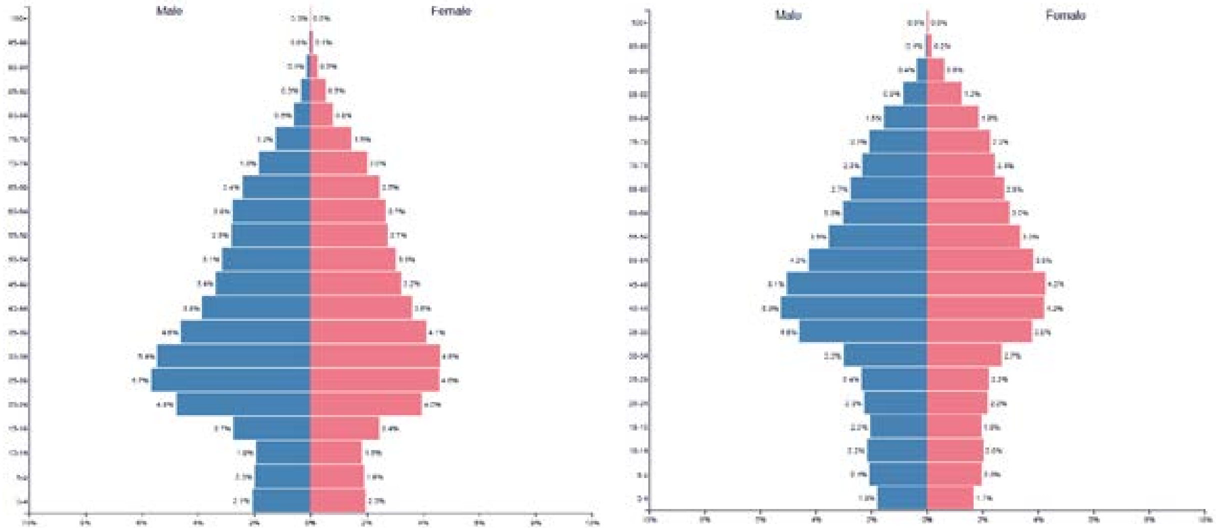
Fewer shoulders, heavier healthcare burden by 2040. Singapore's healthcare system is approaching a critical inflection point, driven by an ageing population and increasing disease burden. According to Euromonitor, by 2040, one in three Singaporeans will be aged 65 or over[13], up from 13% in 2019. Life expectancy is projected to reach 85.8 years.

While Singapore already ranks among the highest globally for both lifespan and healthspan, the existing 10-year gap between the two means many individuals still spend a significant portion of their later years in poor health. As longevity rises, the prevalence of chronic conditions such as diabetes, cardiovascular disease, dementia, and cancer is expected to grow, alongside an increase in complex comorbidities.

[13]Source: *Three Out of The World's Top Five Oldest Populations Will Be in Asia by 2040* (Euromonitor, November 2020)

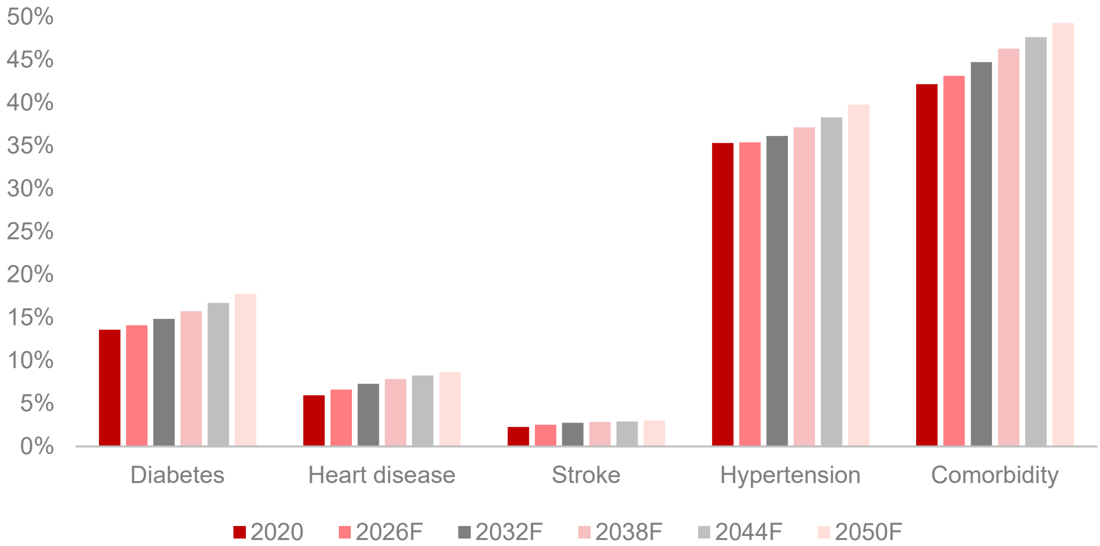
By 2040, the combined impact of demographic ageing, a shifting disease profile, and a lower old-age support ratio will place increasing pressure on healthcare financing. These trends are set to fundamentally reshape Singapore's healthcare landscape.

Population pyramid comparison (2024 vs 2040): Showing an ageing demographic



Source: Populationpyramid.net

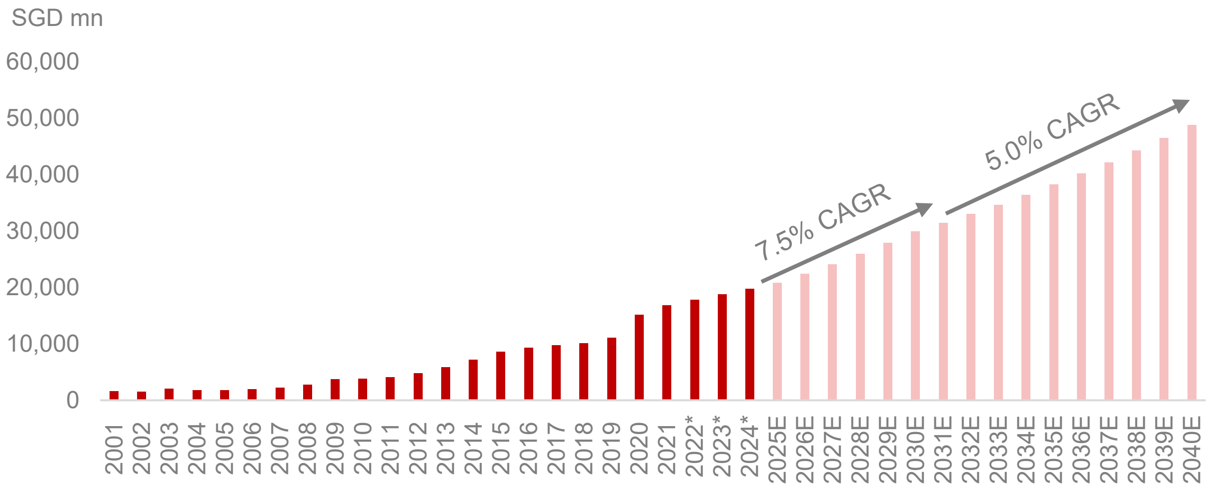
Projections of disease burden among older adults in Singapore



Source: Nat Aging, DBS

The silver tide is driving a rising wave of healthcare costs. Healthcare expenditure is projected to increase substantially, with the current Minister of Health estimating that government healthcare spending will reach approximately SGD30bn by 2030. This equates to an estimated CAGR of 7.5% between 2025 and 2030. Thereafter, we expect the growth in government healthcare expenditure to moderate to around 5% through 2040, as preventive care policies help contain cost growth and ongoing government efforts keep spending in check.

Singapore government health expenditure



Source: SingStat, DBS
Note: Last available data set was from 2021

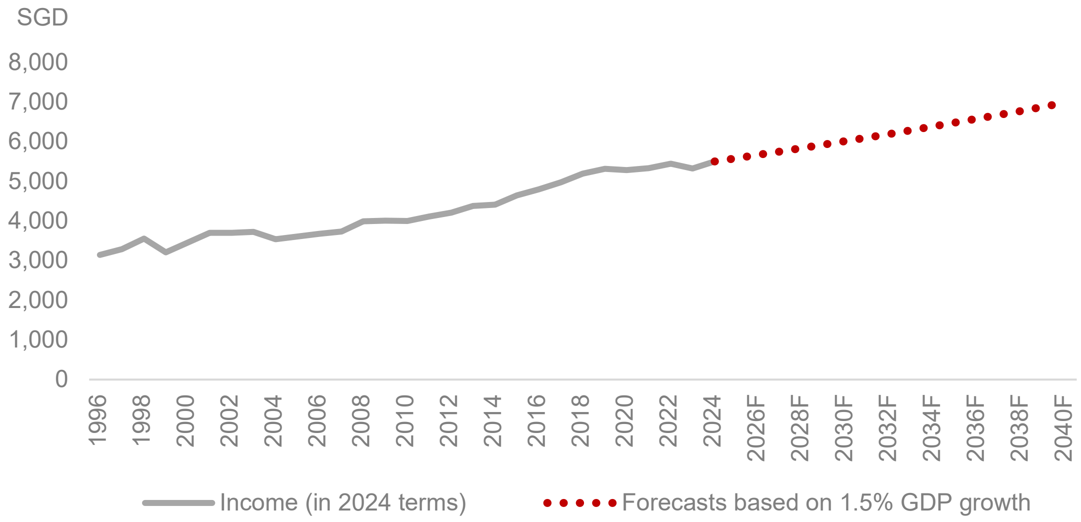
A Different Shade of Silver, Yet the Same in Many Ways

Silver in 2040 is not what it used to be, but some constants still anchor the market. While the underlying demographic trend of an ageing society persists, older Singaporeans in 2040 are expected to be better educated, wealthier, more financially literate, and more technologically adept than previous generations. This positions them as active participants in a modern consumer economy.

Nevertheless, despite these shifts, fundamental priorities such as affordable healthcare, accessible infrastructure, and social inclusion remain key concerns. Long-standing demand drivers including healthcare, insurance, and real estate will therefore continue to be highly relevant.

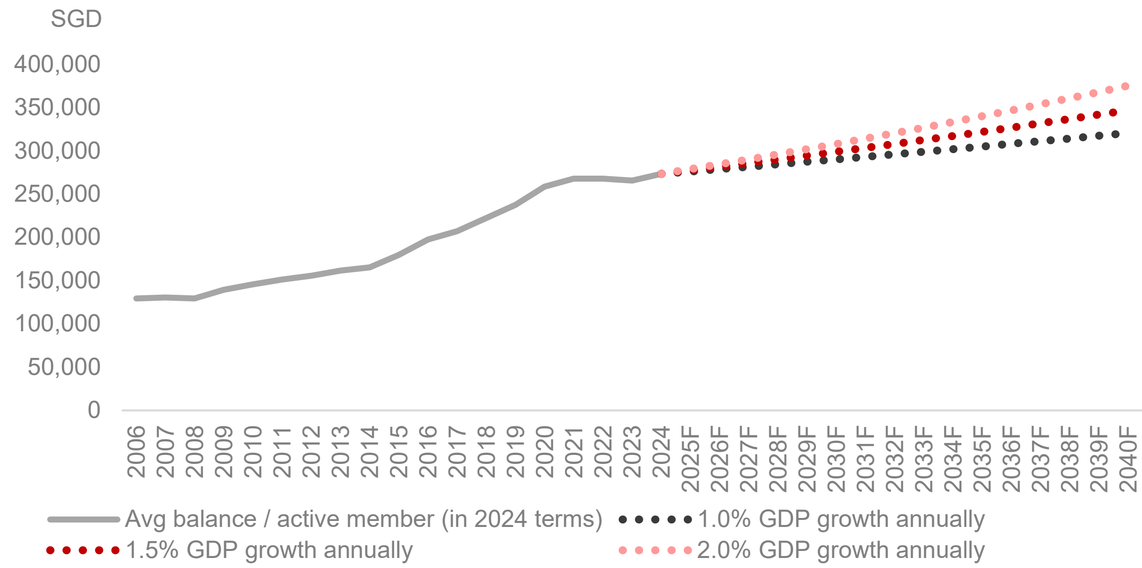
Older Singaporeans in 2040 are significantly wealthier and more active consumers, emerging as a key driver of domestic consumption. Singapore's elderly population is evolving from being more support-dependent to a key economic segment. Having benefitted from decades of economic growth, mandatory Central Provident Fund (CPF) contributions, and rising property values, many seniors in 2040 will own fully paid homes, hold substantial retirement savings, and maintain diversified investment portfolios.

Purchasing power strengthens as real income rises



Source: Ministry of Manpower, DBS (median gross monthly income in 2024 SGD)

Average balance per active CPF member is expected to rise steadily under GDP growth assumptions



Source: CPF, DBS (in 2024 SGD). Active CPF members are defined as individuals who have received at least one contribution in the current or any of the preceding three months

This financial resilience affords them greater autonomy in spending decisions, with a growing willingness to invest in lifestyle enhancements, private healthcare, leisure travel, wellness, and premium services. Their accumulated wealth is also fuelling demand for more sophisticated financial products, extending beyond protection and capital preservation to encompass estate planning and trust services.

As a result, the traditional notion of retirement as a period of reduced economic activity is giving way to a phase marked by continued growth and consumption, increasingly driven by experiences rather than necessity.

The silver economy is thus shifting from managing decline to capitalising on a rising class of older consumers who enjoy longer healthspans, age differently, and consume differently, thus emerging as a key driver of domestic consumption.

Redefining Healthcare Policies in Singapore: From Cure to Care

"Prevention is better than cure" will remain the guiding philosophy, rather than solely relying on reactive disease treatment. The government is expected to intensify its initiatives towards proactive health management, such as Healthier SG, which encourages every Singaporean to register with a family doctor. This fosters a long-term relationship centred on regular screenings, and lifestyle interventions.

By empowering individuals to take ownership of their wellbeing, supporting them with accessible community programmes, and leveraging technology for early detection and tailored advice, Singapore aims to extend both lifespans and healthspans. This approach ensures that seniors add not only years to life but also life to those years, thereby mitigating the rising costs and demands of an ageing population.

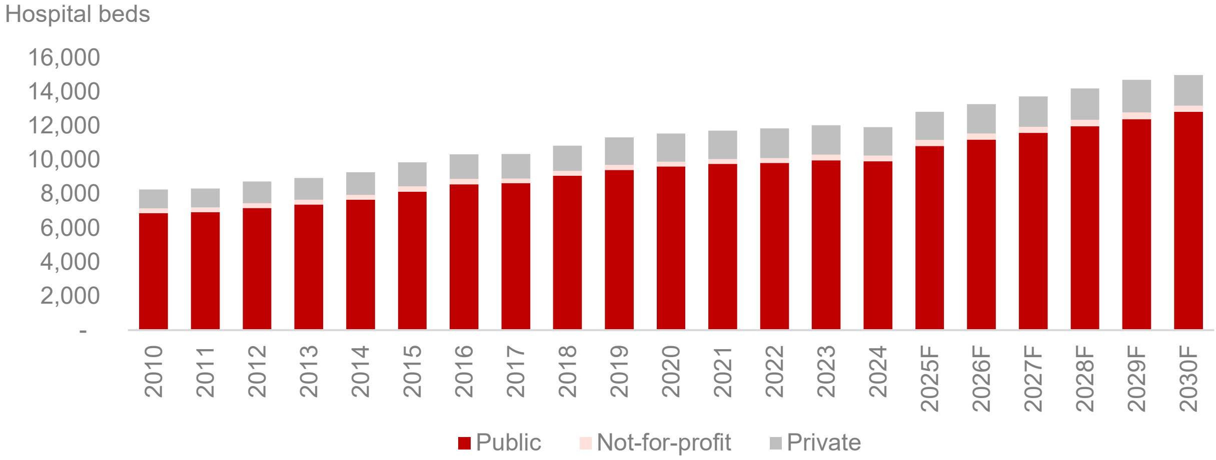
Complementing this prevention-first strategy is a continued commitment to strengthening healthcare supply. To ensure that facilities and services can meet future demand, Singapore is expected to expand its network of polyclinics, community hospitals, and long-term care facilities, while reconfiguring acute hospitals to focus on more complex cases.

Between 2025 and 2030, the Ministry of Health (MOH) plans to add 13,600 beds, comprising 2,800 public acute and community hospital beds (compared with 12,620 acute beds in 2024) and over 10,000 nursing home beds (compared with 20,371 in 2024).

The additional beds are expected to be distributed across existing facilities such as Changi General Hospital, Sengkang General Hospital, and Woodlands Health. Alexandra

Hospital will be redeveloped, and a new Eastern General Hospital Campus will be constructed in Bedok North.

Hospital bed distribution across public, not-for-profit, and private sectors 2010-2030F



Source: MOH, DBS estimates

Sustainable Healthcare Financing Remains a Priority

Healthcare financing reform will be a defining feature of Singapore's healthcare landscape. The MOH has shifted away from the traditional fee-for-service system to alternative models that rewards investments in health rather than sole disease treatment.

At the heart of this shift is the adoption of the Value-Based Care framework, which benchmarks clinical outcomes against costs to deliver better value for every healthcare dollar. Concurrently, the Ministry has adopted a capitation funding model by clusters, whereby public healthcare clusters receive fixed payments per resident living in the geographic area assigned to the clusters.

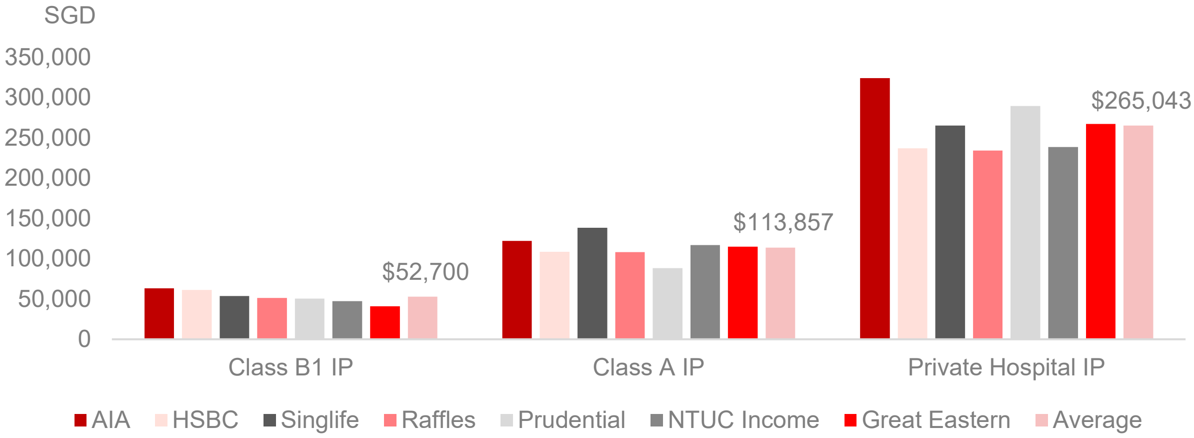
Together, these approaches align financial incentives with improved outcomes, promote more prudent resource utilisation, and underpin the long-term sustainability of the healthcare system.

Fee benchmarks are becoming a critical tool in Singapore's efforts to bring greater transparency and restraint to private hospital pricing. The Ministry of Health established professional fee benchmarks, successfully reducing the average annual growth in private surgeon fees from 3% (2010-2018) to just 0.4% (2019-2023). Building on this progress, the Ministry is considering expanding fee benchmarking to cover a broader range of hospital charges, aiming to curb excessive markups that have historically driven up patient bills.

Sustaining insurance premiums remains a challenge in Singapore. Lifetime premiums for private hospital Integrated Shield Plans (IPs) can be up to five times higher than those for Standard IPs, while Class A IPs may cost twice as much. Nonetheless, a significant portion of private IP policyholders still opt for subsidised wards when hospitalised, indicating that public healthcare resources continue to be heavily utilised even by those with private coverage.[14]

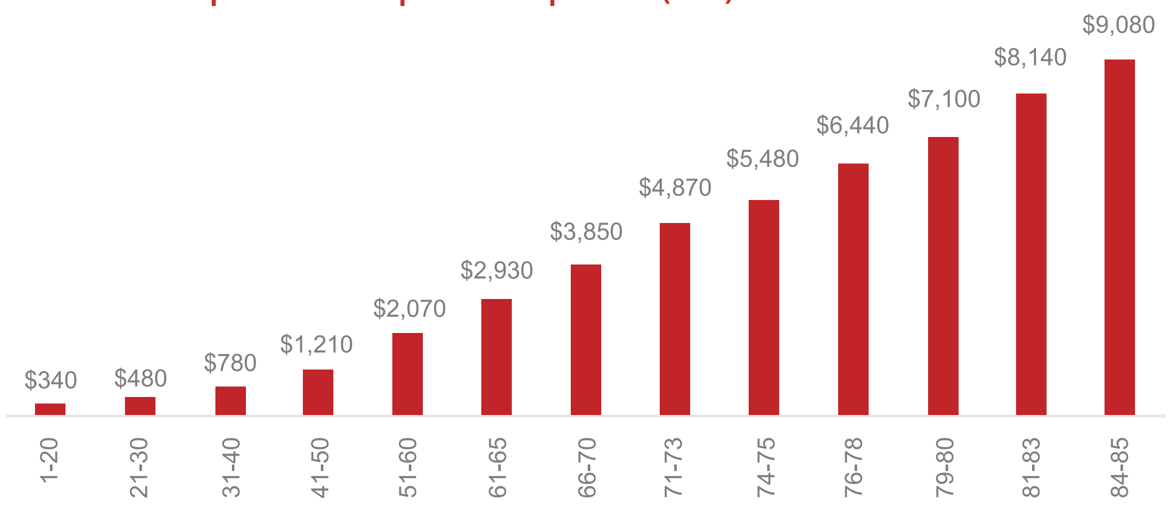
Furthermore, median annual premiums rise sharply with age, raising concerns about the affordability and sustainability of private plans for older policyholders. As premiums increase, there is a risk that more individuals will revert to subsidised wards, potentially intensifying pressure on the public system. This underscores the need for reform to ensure long-term sustainability of both private and public healthcare financing.

Lifetime premiums by integrated shield plans (IPs)



Source: MOH (as of Jan 25), DBS

Median annual premiums for private hospital IPs (SGD)



Source: CPF, DBS

[14]Source: *Healthcare Financing* (CPF Board, December 2022)

We anticipate continued refinement of IPs as regulators and private insurers promote more sustainable healthcare financing. Efforts are expected to focus on encouraging responsible healthcare consumption through measures such as tiered co-payments, adjusted coverage limits, and differentiated plan designs aimed at addressing concerns over excessive claims, often referred to as 'buffet syndrome'.

By fostering greater cost-sharing and aligning incentives, these gradual reforms are likely to balance consumer affordability with long-term system sustainability. For insurers, this presents both challenges and opportunities to innovate product offerings and enhance underwriting practices.

Unlocking Opportunities in the Silver Economy

While healthcare services remain the most immediate beneficiaries of Singapore's ageing population, secondary beneficiaries are also emerging across the broader economy. With rising healthcare demands, compelling investment opportunities exist in healthcare services, such as hospitals and clinics, and in senior care infrastructure, including long-term care facilities.

At the same time, the economic impact of ageing extends well beyond hospitals and care providers. Investors can also identify secondary beneficiaries, such as financial services, wellness and preventive health, and medical technology.

1. Healthcare services and senior care infrastructure

   Private hospitals in Singapore will continue to play a key role in alleviating pressure on the public healthcare system, while catering to patients who can afford premium care. Leading private providers such as **Raffles Medical** which operates both a hospital and a network of clinics and **IHH Healthcare**, which manages Mount Elizabeth, Gleneagles, and Parkway East hospitals, help ease congestion in the public healthcare system. These private hospitals offer shorter waiting times, more personalised and attentive service, enhanced comfort and privacy, and access to advanced medical technologies and specialist treatments.

   Additionally, **Parkway Life REIT**, which owns the real estate assets of major private hospitals, stands as a direct beneficiary of this trend, offering investors stable, inflation-linked income supported by long leases.

   Together, these private healthcare providers and infrastructure owners are well-positioned to meet growing demand from patients seeking faster and more personalised care in the context of Singapore's ageing population.

Nonetheless, they will need to recalibrate their value proposition as regulatory oversight tightens and insurer dynamics continue to shift. Incidents such as Great Eastern's suspension of pre-authorisation for Mount Elizabeth hospitals underscore the growing tension between cost-conscious insurers and premium healthcare providers. Operators with a history of high charges and premium market positioning may face greater scrutiny, weaker alignment with insurers, and potentially greater exposure to margin compression.

Long-term care providers stand to gain as healthcare shifts from hospital-centric to community-focused models. Long-term care is set to become a cornerstone of Singapore's healthcare landscape, as the rise in chronic conditions and evolving social dynamics including smaller family units, more elderly living alone, and reduced availability of informal caregiving, drive sustained demand for formal services such as nursing homes, assisted living, and home-based and community-based care in lower acuity settings.

This transition towards "out-of-hospital" care enhances revenue visibility for maintenance care operators, underpinned by long-term secular ageing trends. **First REIT**, with its diversified portfolio of community-based healthcare assets, including nursing homes and integrated care facilities, is well-positioned to benefit directly from this shift. It offers yield-oriented exposure to the structural ageing of Singapore's population and the growing demand for long-term care infrastructure.

Meanwhile, **Perennial Holdings** is advancing private assisted-living projects, offering a more targeted approach to eldercare real estate. As Singapore's elderly population becomes wealthier and more independent, these real estate players stand to benefit from increased discretionary spending on lifestyle, wellness, and premium services, as seniors seek environments that support their autonomy and quality of life.

2. **Insurance, wealth management, and financial services**

Health insurance remains central to addressing the needs of Singapore's ageing population, presenting significant opportunities for both banks and insurers. Banks such as **DBS**, **OCBC**, and **UOB** are well placed to benefit as older consumers increasingly seek integrated health and financial solutions. This includes insurance-linked products offering medical coverage, long-term care benefits, and protection against critical illness. Rising digital literacy among seniors is also prompting banks to enhance simplified platforms and self-service tools, enabling easier access to health insurance plans and related advisory services. This supports growth in fee-based income through insurance cross-selling and value-added financial planning.

Meanwhile, insurers such as **AIA** and **Great Eastern** stand to gain from longer life expectancies and rising demand for comprehensive health protection, which underpin premium growth and policy retention, though disciplined underwriting remains critical given higher claims from chronic care. There is growing interest in hybrid health insurance policies that combine savings with medical coverage to address long-term care needs, chronic conditions, and income support during illness. This underscores the health insurance sector's pivotal role in supporting Singapore's silver economy. (Refer to the *Financial Services* section for a broader view.)

3. Retail, wellness, and consumer-oriented businesses

Health and wellness-focused consumer businesses are positioned to grow as ageing consumers prioritise preventive care and quality of life. Retailers such as Guardian (owned by **DFI**), which offer senior-focused products including mobility aids, supplements, and health devices, stand to benefit as ageing consumers increasingly prioritise wellness and preventive care.

4. Medical technology and digitalisation

Singapore's MedTech sector offers compelling investment opportunities as ageing populations drive global demand for advanced medical technologies. With manufacturing output growing from SGD5bn to SGD20bn over the past decade at a 14% CAGR[15], Singapore has established itself as a global hub for high-value, life-enhancing devices. The sector comprises over 400 MedTech SMEs and start-ups, alongside global players such as WS Audiology, Biotronik, and Illumina. These firms play a critical role in meeting ageing-related healthcare needs, producing 1 in 7 hearing aids, 1 in 5 cardiac implants, and 9 in 10 gene expression chips and microarrays used worldwide. As older populations increasingly require diagnostics, assistive devices, and chronic disease solutions, Singapore's MedTech ecosystem is well-positioned to support sustained export growth and attract long-term capital seeking exposure to the silver economy.

Rising global demand for assistive products presents a long-term growth opportunity for investors in MedTech. As populations age, the demand for products supporting mobility, hearing, vision, and independent living is accelerating, yet remains significantly underserved. By 2050, 1.3bn people worldwide will require assistive products (excluding spectacles). Despite this, access remains low; in countries surveyed by WHO and UNICEF, a median of only 9.1% of those needing hearing aids receive them.[16] This substantial supply-demand gap presents a scalable, high-impact opportunity for MedTech firms that can innovate and expand access.

[15]Source: *What makes Singapore the best hub in Asia for MedTech manufacturing?* (EDB Singapore, November 2024)
[16]Source: *Global report on assistive technology* (Geneva: World Health Organisation and the United Nations Children's Fund, 2022).
Licence: CC BY-NC-SA 3.0 IGO.

Investors backing companies focused on assistive technologies are well placed to benefit from sustained demand and alignment with public health goals increasingly prioritising ageing in place, preventive care, and quality of life for seniors.

Need for assistive products across age groups

Age group	Prevalence of need for assistive products including spectacles	Prevalence of need for assistive products excluding spectacles
Below 18 years	9.7%	4.3%
Between 18 and 59 years	28.7%	8.2%
60 year and older	68.7%	31.2%

Source: WHO, UNICEF

Telemedicine will continue to gain wider adoption. Telemedicine growth is expected to be driven by widespread smartphone adoption, robust digital infrastructure, and a growing demand for convenience in healthcare delivery. Companies such as **Doctor Anywhere** and **WhiteCoat** are already expanding their presence in this space, capitalising on Singapore's openness to technology-driven healthcare.

The rise of platform-based models is transforming how eldercare is delivered in Singapore. Local firms such as **Jaga-Me** and **Homage** are pioneering scalable, tech-enabled services tailored specifically for older adults. These companies specialise in matching families with trained caregivers for in-home support, including personal care and companionship, offering a comprehensive platform connecting seniors to professional nursing, rehabilitation, and medical escort services. Together, these companies leverage technology to make quality care more accessible and personalised, empowering seniors to live independently and comfortably in their own homes.

Key SGX-listed proxies for the silver economy

Theme	Listed beneficiaries
Higher prevalence of chronic illnesses	**Key beneficiaries:** Increased demand for healthcare services is driven by an ageing population and a rise in complex comorbidities. **IHH Healthcare, Raffles Medical**, and **Parkway Life REIT** are well-positioned to benefit from these trends.
Pivot from hospital-centric care to include community-based services	**Key beneficiaries:** Sustained demand for nursing homes is emerging in Singapore, driven by rising chronic conditions, smaller families, more elderly living alone, and reduced informal caregiving. Long-term care is becoming a cornerstone of the healthcare system, with growing needs for assisted living and community-based care in low-acuity settings. **First REIT** is well-positioned to benefit from these trends.
Silver-driven consumer economy	**Key beneficiaries:** Singapore's ageing population is fuelling a silver-driven consumer economy, driving rising demand for health and wellness, elder-friendly technology, financial services, and insurance. Notable listed beneficiaries include **DFI, DBS, UOB, OCBC, AIA**, and **Great Eastern**.

For non-listed players, key beneficiaries include eldercare service providers such as **Allium Healthcare** and **Orange Valley Healthcare**; telemedicine platforms like **Doctor Anywhere** and **WhiteCoat**; and homecare services like **Homage** and **Jaga-Me**. **Fullerton Healthcare Group**, while serving a broader patient base, also addresses healthcare needs specific to Singapore's ageing population.

> *Technology can make quality care more personal and accessible – empowering seniors to live independently*

Mapping Singapore's High-Growth Sectors to 2030

By Sachin MITTAL and Elizabelle PANG

Digital infrastructure – which includes cloud and AI – is already experiencing strong growth and is expected to sustain its momentum through 2027. Advanced manufacturing, cybersecurity and biotechnology are projected to scale significantly by 2027, while green energy, digital health, and autonomous mobility are emerging sectors poised for substantial growth by 2030. Among these, cybersecurity is expected to deliver the highest growth rates, followed by biotechnology, advanced manufacturing and data centres.

Estimated growth trajectory across various emerging sectors in Singapore

Sector	2025	2026	2027	2028	2029	2030
Digital Infrastructure / Cloud / AI	●	●	●	●	●	●
Advanced Manufacturing & Semiconductors	◍	●	●	●	●	●
Biotechnology & Personalised Medicine	◍	◍	●	●	●	●
Cybersecurity	◍	◍	●	●	●	●
Green Energy and Sustainability Tech	○	○	◍	◍	●	●
Digital Healthcare & Mental Wellness	○	○	◍	◍	●	●
Autonomous Vehicles & Urban Mobility	○	○	○	◍	◍	●

○ = Emerging / low activity ◍ = Growing / pilot stage ● = Strong growth / scaling

Source: DBS

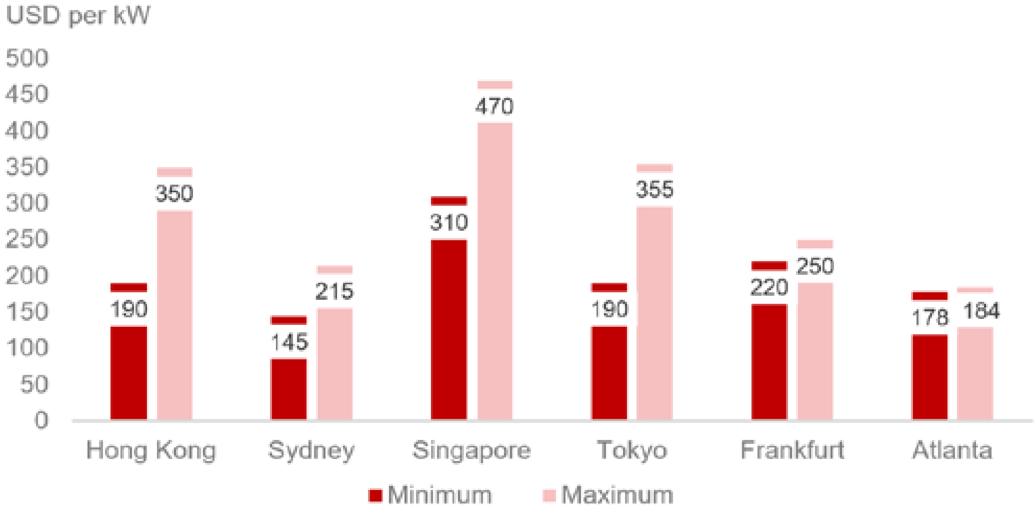
2025-2027: Early-Maturing / Fast-Growing Sectors

These sectors are poised to see accelerated growth over the next 2-3 years, benefiting from robust policy backing, market traction, and capital momentum.

1. Digital Infrastructure

Singapore's data centre market, valued at **USD4.2bn in 2024**, is projected to reach **USD5.6bn by 2030** (5.1% CAGR).[17] The lifting of the data centre moratorium in 2022 sparked a new wave of green, high-efficiency digital infrastructure. Singapore boasts the highest data centre rental rates in APAC, underscoring strong demand and limited supply. High-density, liquid-cooled data centres, which command a **50-60% price premium per MW**, are driving this growth. Leading players like Keppel, ST Telemedia Global Data Centres, Microsoft, and Google are significantly expanding local capacity, while Nxera (Singtel) is set to launch Singapore's first sovereign AI compute stack in 2025. Moreover, government-backed AI deployments are gaining traction in transport, healthcare, and public services.

Data centre rental rates (as of Mar'25)



Source: CBRE, DBS

2. Advanced Manufacturing & Semiconductors

Singapore's semiconductor market, valued at **USD5.2bn in 2023**, is projected to reach **USD9.5bn by 2032** (6.3% CAGR).[18] This sector is undergoing a high-tech transformation, driven by ongoing semiconductor investments and the adoption of smart manufacturing.

[17]Source: Singapore Data centre market size (Arizton, June 2025)
[18]Source: Singapore semiconductor market size (DataCube Research, February 2025)

Major players like GlobalFoundries, AEM, and Applied Materials are expanding capacity, including GlobalFoundries' SGD500mn fabrication facility slated to be operational by 2027, and UMC's USD5bn fab expected to begin volume production in 2026. These developments align with the government's "Manufacturing 2030" initiative, which targets 50% growth in the manufacturing sector by 2030. Global nearshoring strategies and targeted local support are reinforcing momentum.

EDB-backed clusters in semiconductors, robotics, and precision engineering are gaining scale. Initiatives such as the Growth and Transformation Scheme, along with partnerships with Institutes of Higher Learning and leading chipmakers (e.g., GlobalFoundries, Micron, STMicroelectronics), offer further support through internships and staff attachments.

3. Cybersecurity

Singapore's cybersecurity market was valued at **USD4.8bn in 2024** and is projected to reach **USD12.4bn by 2030** (17.4% CAGR).[19] The government's significant investment in national cyber resilience and talent development, coupled with growing regional demand for trusted digital infrastructure, positions this sector for rapid scaling. Legislative developments like the Cybersecurity (Amendment) Bill 2024 are boosting demand for compliance and governance professionals. The sector is set to scale rapidly from 2025–2027 as a core pillar of digital trust in Southeast Asia. The Cyber Security Agency of Singapore (CSA) introduced the **SG Cyber Associates programme** in Oct'23, offering an impressive **10,000 training and exam slots** over three years. This initiative, part of ISC2's 'One Million Certified in Cybersecurity' drive, is creating a broad base of cybersecurity talent.

ST Engineering is the largest player in cybersecurity and has launched SME CyberResilience programme with IMDA, offering Cyber Threat Scanning services and expert guidance for up to 2,000 SMEs in May'25.[20] Amongst private players, Ensign InfoSecurity, a joint venture between Temasek and StarHub is the largest pure-play cybersecurity firm in Southeast Asia.

4. Biotechnology & Personalised Medicine

Singapore continues to solidify its position as a regional biotech hub, with the sector valued at **over USD10bn in 2023** and is projected to grow at a **CAGR of 10.5% over the next five years**.[21] International pharmaceutical companies like AstraZeneca and GSK are making substantial investments, while local startups are securing high-value licensing deals. AstraZeneca started a SGD2bn antibody-drug conjugate (ADC) manufacturing facility in May'24 while GSK has inaugurated a high-potency manufacturing and

[19]Source: *Singapore Cybersecurity market size* (Grandview Research, 2025)
[20]Source: *SME Cyber resilience programme* (ST Engineering, May 2025)
[21]Source: *Singapore's Biotech Industry: A Global Market Entry Point* (Asean Business Partners, 2025)

testing facility at its Jurong site in Nov'22. Local startups also shine with Hummingbird Bioscience's ADC deal worth USD430mn in Oct'23. With around 300 life science startups and more than 60 biopharma plants, the sector's contribution to GDP is rising.

2028-2030: Scaling / Emerging-Deep Tech Sectors

These sectors are building foundational capacity today, with a long-term growth runway. Their expansion will be driven by breakthroughs, alignment with global demand, and progressive regulatory frameworks.

1. Green Energy & Sustainability Tech

   Singapore renewable energy market was valued at USD310mn in 2024 and is projected to reach **USD402mn by 2032** (3.3% CAGR).[22] However, most clean energy will arrive via foreign-sourced imports, thus limiting domestic revenue capture. While currently accounting for about 2% of electricity generation, Singapore aims to raise this to 3% by 2030[23]and achieve net-zero emissions by 2050. The public sector aims for net-zero around 2045.

   Strategic investments in solar, green hydrogen, and smart grids by companies such as Sembcorp and Keppel, along with cross-border clean power imports, are driving early scaling, with peak activity expected by 2027-2028. For solar, Sembcorp has set a global target of 25GW of installed renewables capacity by 2028, with substantial investments in solar projects in countries like India, Vietnam, and Indonesia. SP Group is deploying district cooling systems and expanding carbon services.

   Singapore has secured conditional approvals for projects to import renewable electricity from Indonesia, for example, the joint venture between TotalEnergies and RGE to import 1GW from Riau Province). Recent agreements in Jun'25 between both countries have reinforced collaboration on cross-border electricity trade. Singapore is targeting 6GW of low-carbon electricity imports by 2035, while Indonesia aims to export 3.4GW by the same year.

2. Autonomous Vehicles & Urban Mobility

   Singapore's autonomous vehicle (AV) market, valued at **USD472mn in 2024**, is expected to reach **USD1.8bn by 2033** (16.2% CAGR).[24] There is an influx of foreign AV players entering the local market. In a first for Singapore, Guangzhou-based AV firm, WeRide, has been granted permission to operate a self-driving shuttle bus service at Resorts World Sentosa in Jul'25 without any safety personnel on board.

[22]Source: *Singapore Renewable Energy Market Size And Forecast* (Verified Market Research, July 2025)
[23]Source: *Clean energy production in Singapore* (Energy Market Authority, October 2021)
[24]Source: *Singapore Autonomous Cars Market Size, Share, Trends and Forecast by Level of Autonomy, Type, Vehicle Type, and Region, 2025-203* (IMARC, 2025)

Other AV initiatives include (i) AV trials in Punggol beginning in 4Q25, led by the Land Transport Authority, with the potential to expand to car-lite estates such as Tengah, and (ii) shuttle-bus pilot trials at one-north by Grab and Korean AV company A2Z from Jul'25.

ComfortDelGro has also established a two-year pilot partnership with Pony.ai in Guangzhou to trial robotaxi services. Deployment of AVs (e.g., robotaxis, robobuses, and autonomous shuttles), technology development (e.g., 5G/C-V2X), regulatory progress (e.g., liability laws, licensing), and public education are likely to increase the acceptance of AVs in Singapore.

3. Digital Healthcare & Mental Wellness

Singapore's mental health apps market, valued at **USD7.4mn in 2023**, is projected to reach **USD20.8mn by 2030** (15.8% CAGR).[25] Digital transformation in healthcare is accelerating driven by national infrastructure initiatives (e.g., HealthHub), real-world AI trials, and AI-driven mental wellness startups that are scaling across the region.

Workplace well-being is also gaining momentum, with the Infocomm Media Development Authority supporting local startups such as Naluri, MindFi, and Nervotec in addressing employee burnout through digital platforms. Demand for mental wellness solutions has surged post-pandemic, with platforms like mindline.sg attracting nearly 450,000 unique users through AI-powered tools and self-assessments. Reflecting this momentum, investment in the sector is rising, with local players Intellect and MindFi jointly raised over USD3mn in 2024.

> *Cybersecurity is set to lead Singapore's next growth wave, followed by biotechnology, advanced manufacturing, and data centres*

[25]Source: *Singapore Mental Health Apps Market Analysis* (Insight10, July 2024)

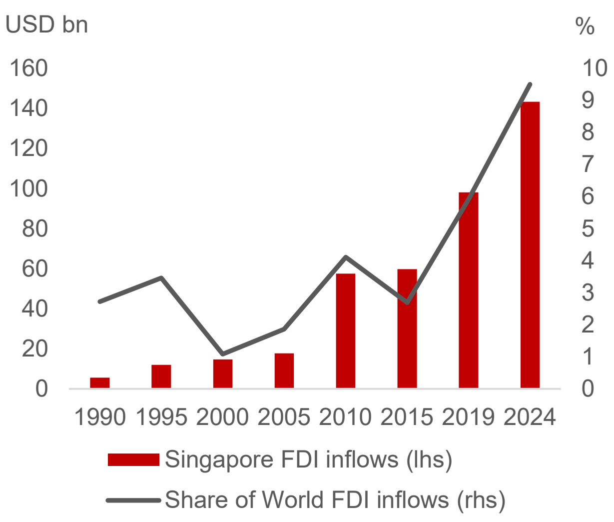
Appendix

Four Growth Drivers Supporting Our GDP Projections to 2040

By CHUA Han Teng

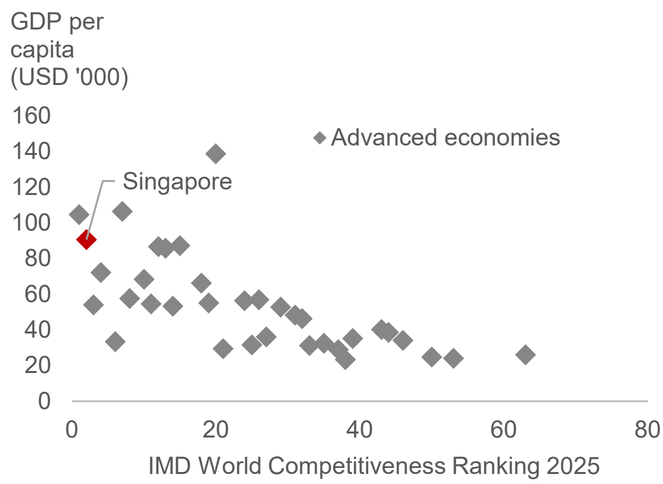
Capital Accumulation: Capital accumulation will continue to underpin Singapore's long-term economic growth. We envisage capital contributing 1.2 ppt on average over the next 15 years. Investment promotion through the attraction of foreign direct investment (FDI) by MNCs setting up their regional presence and headquarters has enhanced the city-state's hub status, sustaining growth and employment over the years. Already the world's second most competitive economy, as reflected in the IMD World Competitiveness Ranking 2025, Singapore will strive to remain an attractive investment destination through a business-friendly ecosystem. The nation is likely to benefit from the ongoing supply chain shifts and realignment in ASEAN-6, including China+1 strategy, amid the geopolitical shakeout. The leading financial centre, seeking to bolster its capital markets, can facilitate the shift of international transactions and investments, including in the green economy. A strong and rising Singapore dollar both reflects and reinforces continued long-term investor confidence.

Singapore's rising FDI inflows



Source: UNCTAD, DBS

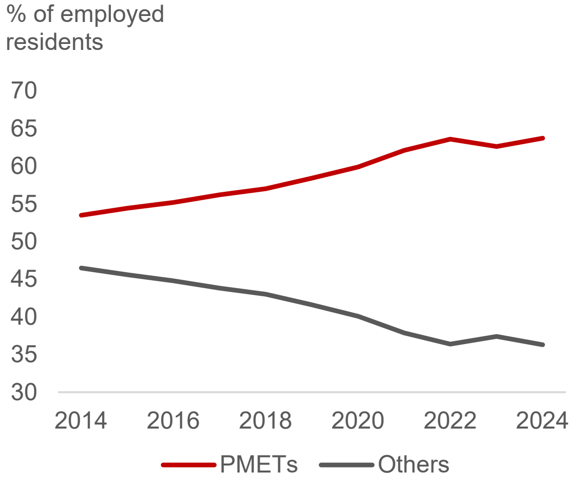
Singapore's high competitiveness and developed status go hand-in-hand



Source: IMD World Competitiveness Ranking, IMF, DBS

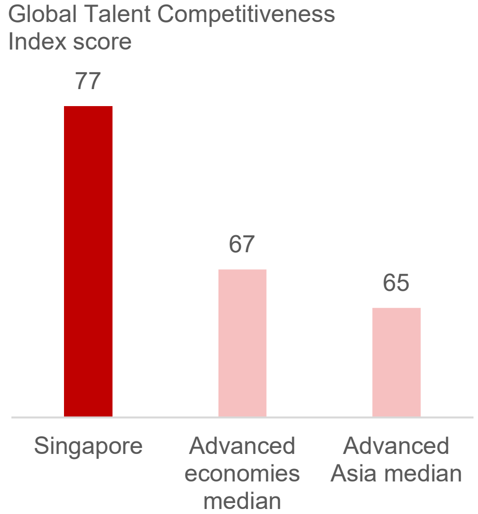
Human Capital: Human capital development will remain a cornerstone of Singapore's long-term economic strategy. We anticipate human capital contributing a hefty 1.4 ppt on average towards long-term economic growth. Workers in the city-state are highly talented and skilled, with the ability to adapt to changing and emerging trends. The share of Professionals, Managers, Executives, and Technicians (PMETs) among employed residents has been on a long-term uptrend, amid improving as well as high formal education qualifications, further supported by the government's national SkillsFuture initiative. SkillsFuture has gained impetus as a key pillar of the 4G leadership's Forward Singapore agenda, and will ensure locals continue to enhance their practical capabilities to stay relevant. Global talent will also support Singapore's human capital. The island nation continues to be highly competitive in attracting global talent, ranking second globally and first in Asia in INSEAD's Global Talent Competitiveness Index.

Rising share of Singapore residents in high skilled jobs



Source: MOM, DBS

Singapore has high competitiveness to attract global talent

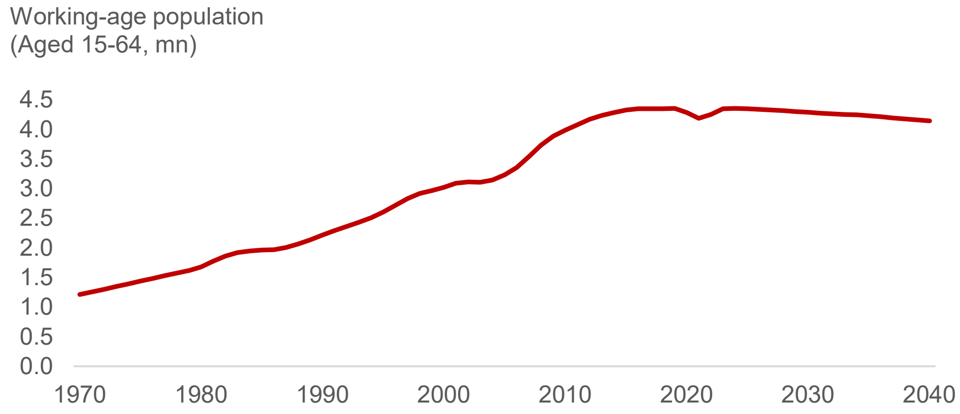


Source: INSEAD Global Talent Competitiveness Index 2023, DBS

Labour Input: However, Singapore, like many developed countries, faces medium-term demographic challenges from an ageing population and a low birth rate. We expect adverse demographic trends to pose a modest 0.3 ppt growth headwind on average over the next 15 years. Demographic tailwinds have faded since the GFC, with slower resident population and workforce growth, alongside a calibrated foreign manpower intake and policies to complement the local workforce.

The UN World Population Prospects projects Singapore's working-age population (commonly defined as the 15-64 age group) to decline cumulatively by about 5% between 2024 and 2040. **This presents opportunities for the care economy, comprising healthcare and social services**. A tight labour market amid labour supply constraints could persist, but could be partly mitigated by digitalisation, as well as greater regional integration – for instance, through the Johor-Singapore Special Economic Zone (see Chartbook: Johor-Singapore Special Economic Zone's potential).

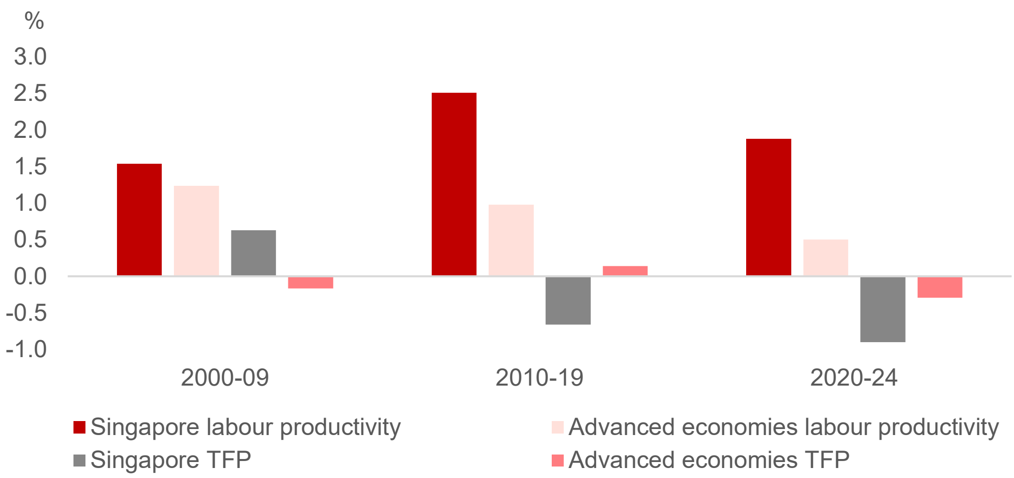
Working-age population to fall in the long term



Source: UN

TFP: We incorporate a flat TFP contribution to overall growth over the long term, an improvement over previous periods. While Singapore's labour productivity has been supportive, its weak TFP was also common among AEs, with the island-nation highly affected by external demand dynamics due to its openness. Although the future is likely to be more protectionist, digitalisation and technological innovation can support TFP, partly mitigating labour challenges over the coming years. In terms of new technologies, the city-state is well placed to increase the adoption of AI, topping the IMF's AI Preparedness Index, and is backed by a national strategy.

Better TFP can boost the growth outlook



Source: CEIC, The Conference Board, DBS

Singapore ranks fifth in the Global Innovation Index in 2025, having risen steadily in recent years. However, the city-state needs to improve in its ability to translate innovation inputs into outputs, as knowledge, technology, and creative outputs lag top peers' (see heatmap on page 26). Singapore can support higher innovation output through its fast-improving start-up ecosystem, which ranks fourth in StartupBlink's 2025 Global Startup Ecosystem Index.[26] While entrepreneurship is supported by deep talent, a pro-business environment, and supportive public policies, fostering a stronger venture capital ecosystem and more robust exit markets would further encourage risk-taking. A modest 0.5 ppt boost to TFP would support labour productivity at a time when Singapore is at the income frontier and faces diminishing returns to capital accumulation. If successful, overall economic growth could be higher and nearer the upper end of the government's target range of 2-3% average over the next decade.

[26]Source: *Singapore ranks as 4th best global startup ecosystem* (Enterprise Singapore, May 2025)

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