

## Investment Q1 2021

**\$4.36B**

Q1 Investment Volume (SGD)

12-Mo. Forecast



**\$2,600**

Office Capital Value (SGD/sf)



**3.20%**

Office Net Yield



### ECONOMIC INDICATORS Q4 2020

**-2.4%**

Real GDP Growth

12-Mo. Forecast



**-0.1%**

Inflation Growth



**3.2%**

Unemployment Rate



**0.8%**

10-Yr Government Bond Yield



Source: Ministry of Trade & Industry (MTI), Moody's Analytics

### Recovery on the Horizon

Singapore's GDP contracted by -2.4% for the last quarter of 2020, an improvement from the decline of -5.8% in Q3 2020. For the whole of 2020, GDP contracted by 5.4% in 2020, the largest fall in GDP growth in decades.

Recovery is on the horizon, with Singapore's GDP growth expected to jump back to 4%-6% according to the Ministry of Trade Industry. Recovery will be driven by a few sectors, namely, manufacturing, information & communications and finance & insurance sectors. The manufacturing sector is riding on strong demand for semiconductors due to accelerated digital transformation. Likewise, the information & communications and finance & insurance sectors are positioned for a more digital world and will continue to expand. Nonetheless, recovery will be uneven across sectors with sectors such as construction and transport lagging behind.

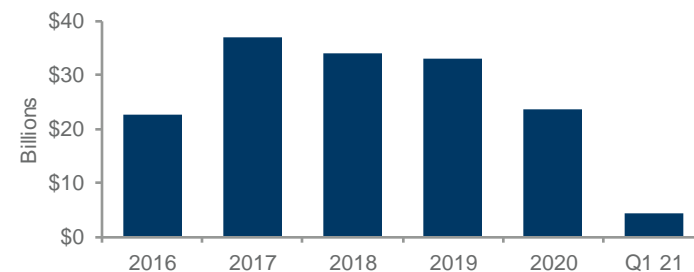
### Private Residential Sales Goes Higher Driven by High-end Market

Q1 2021 investment volume reached \$4.4 billion (b), marking a 31% qoq increase over Q4 2020 and an increase of 41.9% yoy over Q1 2020. Q1 2021 investment sales was driven by the private residential market which locked in \$1.8b of sales. This was despite zero contribution from the government land sales.

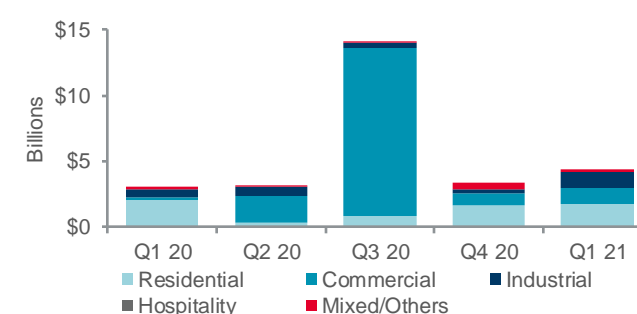
Private residential investment sales was driven by large ticket purchases in the landed market which contributed around 63.8% of total sales. Robust activity was seen for Good Class Bungalows (GCB) with around 613 million (m) of sales in Q1 2021. Notably, a GCB along Nassim Road was sold for 128.8m or \$4,005 psf, an historical record. Another notable transaction was the sale of Eden, a luxury condominium in prime district 10, to the Tsai Family from Taiwan. Activities in the high-end market is expected to remain robust, underpinned by Singapore's status as a safe haven and regional technology and financial hub for Southeast Asia.

The collective sales market have started to recovery, albeit it is still at a nascent stage. Total collective sales volume as of Q1 2021 have reached \$65.8m as developers acquired Surrey Point and a property on Mount Emily Road for \$47.8m and \$18m respectively. Both sites are relatively small and located within the prime districts of 9 and 11. Given dwindling unsold inventory, developers could set their sites on larger sites at the city fringe and suburban areas. Nonetheless, developers will remain price sensitive given the heightened possibility of another slew of cooling measures amidst rising private residential prices.

### INVESTMENT SALES VOLUME



### INVESTMENT SALES VOLUME BY SECTOR



### Industrial Investment Sales Jump four-fold

Industrial sales volume rose by more than four-fold as keen investor demand continued to chase the market given its positive prospects and resilience amidst the pandemic. Industrial investment sales reached \$1.3b, compared to 300m in Q4 2020.

Key transactions include the establishment of the Boustead Industrial Fund (\$520m) and the sale of Sandcrawler (\$176m) and Admirax (\$142m). Amidst strong interest for high quality industrial properties, industrial cap rates could compress further as seen from Sandcrawler’s estimated acquisition yield of 4%, one of the lowest yields achieved for business park space.

### Commercial Activities Remain Healthy

Commercial investment sales rose 23% qoq in Q1 2021 to reach \$1.1b, driven by the sale of OUE Bayfront (50% stake) which is valued at 634m. Other notable transactions include the sale of Certis Cisco Centre (\$150m), half an office floor at The Central (\$41.7m). As more people return to the workplaces amidst a relaxation in safe management measures, we expect to see more interest in the commercial market as investors position for rent recovery in 2022.

### Hospitality Market Still Quiet But Deals Could Pick Up Soon

A drought in transactions continue to plague the hospitality market as a gap in expectations between buyers and sellers remain uncondusive to deal making. Nonetheless, more hotel properties are being put on the market as vaccine optimism and travel bubble talks allude to a possible resumption of personal air travel towards the end of the year.

According to the International Air Transport Association, personal and leisure travel will return from the second half of this year as borders reopen to pent-up travel demand. Singapore is positioned well for the recovery of travel demand given her well containment of the pandemic and ongoing vaccination distribution.

### Investment Sales On Track to Return to Pre-COVID Levels

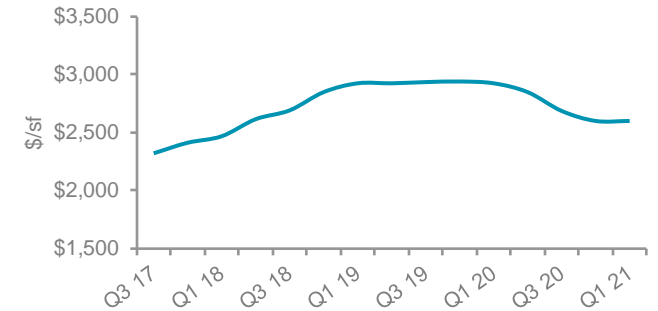
Flushed with cash and with the non-materialization of fire sales in 2020, investors will be hunting for deals in 2021 before prices start to run away. Q1 2021 investment sales of \$4.4b was 41.9% higher than Q1 2020 and approaches pre-COVID-19 Q1 2019 investment sales of \$4.5b.

Commercial investment sales which typically is the forerunner for total investment sales, is expected to return to the front seat amidst the return to the workplace and vaccine distribution. The role of the office has evolved but prime commercial assets will still be highly sought-after as they continue to be a reliable source of income generation. Also, residential investment sales will be another key driver as developers seek to replenish their residential landbanks as unsold inventory dwindles. Nonetheless, caution bidding is expected given the possibility of new cooling measure amidst the run up in private residential prices.

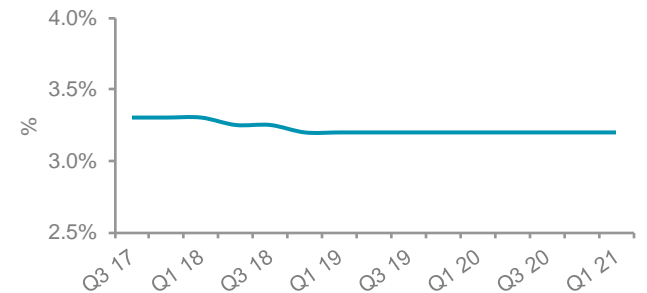
### Outlook

- Big-ticket transactions picking up, driven by foreign investors
- Barring new cooling measures, collective sales market to pick up amidst rising private residential prices
- Investment sales to improve further, expected to be in the range of \$18-20 billion.

### GRADE A CBD OFFICE CAPITAL VALUE



### GRADE A CBD OFFICE NET YIELD



# MARKETBEAT SINGAPORE

## Investment Q1 2021



### INVESTMENT ACTIVITY

PROPERTY TYPE	PUBLIC VOLUME (SGD MILLIONS)	PRIVATE VOLUME (SGD MILLIONS)	TOTAL VOLUME (SGD MILLIONS)	Q-O-Q CHANGE (%)
Residential	\$0.0	\$1,754.9	\$1,754.9	11%
Commercial	\$0.0	\$1,135.0	\$1,135.0	23%
Industrial	\$0.0	\$1,299.7	\$1,299.7	338%
Hospitality	\$0.0	\$0.0	\$0.0	-
Mixed/Others	\$0.0	\$167.3	\$167.3	-69%
<b>TOTAL</b>	<b>\$0.0</b>	<b>\$4,356.8</b>	<b>\$4,356.8</b>	<b>31%</b>

Note: Figures may not tally precisely due to rounding

### SIGNIFICANT SALES

PROPERTY NAME	TYPE	BUYER	SELLER	PURCHASE PRICE (\$ Million)	SUBMARKET
OUE Bayfront (50% Stake)	Office	Allianz Real Estate and National Pension Service of Korea JV	OUE Commercial Real Estate Investment Trust	\$634	Marina Bay
Initial property portfolio of the Boustead Industrial Fund	Industrial	Boustead Industrial Fund	Boustead Projects	\$520	Islandwide
Eden	Residential	Tsai Family from Taiwan	Swire Properties	\$293	Orchard
Yew Tee Point	Retail	ARCH Capital	Frasers Centrepoint Trust	\$220	Suburban
Sandcrawler	Industrial	Blackstone	Lucasfilm	\$176	one-north

Sources: Real Capital Analytics, Cushman & Wakefield Research  
Significant transactions over \$10 million

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