

12-Mo.  
Forecast

**\$10.86B**  
YTD Investment Volume (SGD)



**\$2,615**  
Office Capital Value (SGD/sf)



**3.20%**  
Office Net Yield



### ECONOMIC INDICATORS Q1 2021

12-Mo.  
Forecast

**1.3%**  
Real GDP Growth



**0.8%**  
Inflation Growth



**2.9%**  
Unemployment Rate



**1.2%**  
10-Yr Government Bond Yield



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

### A Better-Than-Expected Economic Recovery

Singapore's economy grew by 1.3% yoy in the first quarter of 2021, a turnaround from the 2.4% yoy contraction recorded in the previous quarter. This was the economy's first quarterly growth after three straight quarters of contraction caused by the impact of COVID-19 pandemic.

After an unprecedented 5.4% economic contraction in 2020, a brighter outlook is expected for 2021. Even though the Ministry of Trade and Industry maintained GDP growth forecast for 2021 at 4% to 6%, the central bank chief reiterated that Singapore's economic growth could exceed the upper end of the official forecast range this year, barring a setback to the global economy. Strengthening global demand and progress in the nationwide vaccination program could further support recovery in the broader economy in the remaining part of 2021.

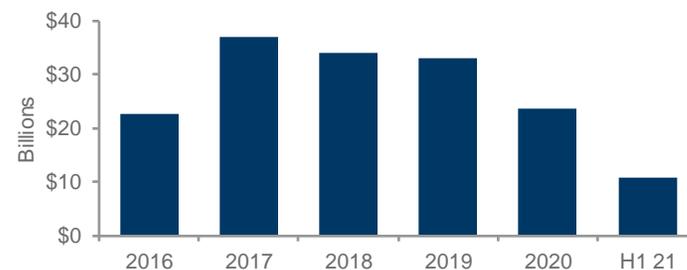
### Private Residential Sales Remains the Forerunner

The Q2 2021 investment volume amounted to \$6.5 billion (b), registering a 49% qoq increase over Q1 2021 and a two-fold surge yoy as compared to that in Q2 2020. This increase is attributed to robust sales activities across different sectors with the residential market experiencing the largest growth in total transaction values.

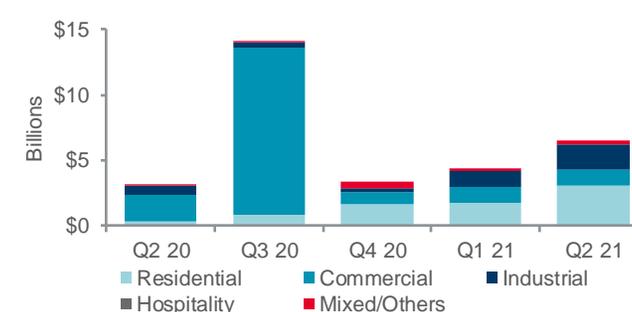
The residential investment volume climbed 71% to almost \$3.0b in Q2 2021, up from Q1 2021's volume of \$1.8b due to the strong resurgence in Government Land Sales (GLS) transactions with three sites sold during the quarter. City Development and MCL Land paid \$445.9 million (m) or \$1,129 per sq ft per plot ratio (psf ppr) for the first GLS site sold in 2021 located along Northumberland Road - within walking distance to Farrer Park MRT station. The tender for this site has drawn 10 bids. Another private housing site in Ang Mo Kio Avenue 1 attracted 15 bidders and the highest bid of \$381.4m or nearly \$1,118 psf ppr by a joint venture between UOL Group, Singapore Land Group and Kheong Leong Company in a state tender that closed on 25 May 2021. Closing on the same day was the tender of the first executive condominium (EC) site in the forest town Tengah with 7 bidders and a record EC land rate of \$603 psf ppr (at \$400.3m). Healthy participation rates and robust bids among developers observed in these tenders indicated their hunger for residential land and confidence in the property market. Developers remain keen to replenish their land bank through the collective sale market on the back of healthy homebuying demand and firm prices. However, smaller residential sites remain as the sweet spots amid the looming risks of new cooling measures.

Private residential investment sales reached \$1.8b in Q2 2021, similar to that in the previous quarter, on the back of strong activity in the luxury and Good Class Bungalows (GCB) market.

### INVESTMENT SALES VOLUME



### INVESTMENT SALES VOLUME BY SECTOR



### Mixed-development Sites in Demand

Q2 2021 witnessed the successful collective sale of the 13-storey commercial development comprising 145 strata units – Maxwell House to a joint venture between Chip Eng Seng Corporation, SingHaiyi Investments and Chuan Investments for \$276.8m. The developers intend to redevelop the site into a commercial and residential mixed-use development.

During the quarter, a white site at Marina View which can generate some 905 private homes, 540 hotel rooms and 2,000 square metre gross floor area of commercial space was also triggered for sale by IOI Properties (as reported in the news). This showed developers' interests for mixed-use site in the Downtown core given current low level of home supply in this area, supporting the government's plan to build more homes in the city centre.

### Healthy Interests for Office Spaces

The office sector registered a 28% rise in total transaction values, achieving \$1.1b in Q2 2021. Office investment sales were led by the divestment of 30% stake in 9 Penang Road for \$295.5m by Suntec REIT to Haiyi Holdings as well as the sale of an office portfolio comprising six floors at Suntec City and 108 Robinson at \$197m and \$143m, respectively. In another notable transaction, the ninth floor of Samsung Hub was sold for \$53.1m or \$4,050 psf – A record unit price for a strata office floor in the 999-year leasehold building in Raffles Place. Amid an improvement in the economy and labour market, office rents are expected to embark on a recovery this year, further boosting investors' confidence in acquiring this asset class, especially when office stock available for sale remain limited.

### Shophouse Transaction Surged by Nearly Two-fold

There was a strong pick-up in the shophouse investment sales in the second quarter of 2021, totaling \$301m, nearly doubled the \$156m recorded in Q1 2021. Notable transaction during Q2 2021 included the sale of three adjoining freehold properties at 4, 5 and 6 Stanley Street at \$45m by entities of the Calamander Group to a foreign buyer. The limited stock of conservation shophouses coupled with strong demand from both local and foreign buyers amid low interest rate environment might have augured well for the shophouse market.

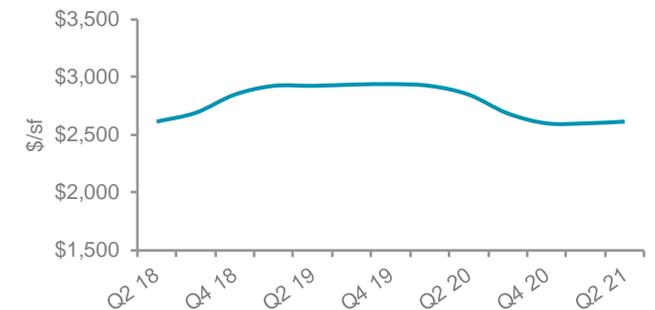
### Expected Rebound in Investment Sales

H1 2021 investment sales of \$10.9b was almost 75% higher than that in H1 2020. Underpinned by the projected economic recovery, heightened optimism from the COVID-19 vaccine roll-out, the low interest rate environment and ample liquidity to be deployed, investment sales volume is expected to rebound in 2021, driven by residential, office and industrial investment sales. Office assets are still expected to be a favourite among institutional buyers, given their limited supply despite the trend towards hybrid work that could result in more occupiers rationalising their space requirements. Industrial properties could be the rising star due to increasing demand for industrial space being fuelled by the growth in e-commerce, cold-chain, last-mile logistics and data centre services.

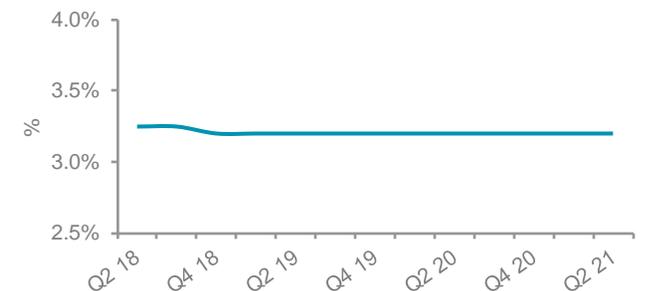
### Outlook

- Continued healthy buying demand for GCBs and shophouses
- Office and industrial assets to stay on the radar of institutional buyers
- Investment sales activities are expected to stay buoyant in the coming quarters alongside expected economic recovery

### GRADE A CBD OFFICE CAPITAL VALUE



### GRADE A CBD OFFICE NET YIELD



# MARKETBEAT SINGAPORE

## Investment Q2 2021



### INVESTMENT ACTIVITY

PROPERTY TYPE	PUBLIC VOLUME (SGD MILLIONS)	PRIVATE VOLUME (SGD MILLIONS)	TOTAL VOLUME (SGD MILLIONS)	Q-O-Q CHANGE (%)
Residential	1,227.6	1,766.9	2,994.5	71%
Commercial	0.0	1,252.9	1,252.9	10%
Industrial	3.5	1,947.9	1,951.3	50%
Hospitality	0.0	0.0	0.0	-
Mixed/Others	0.0	300.6	300.6	80%
<b>TOTAL</b>	<b>1,231.1</b>	<b>5,268.3</b>	<b>6,499.3</b>	<b>49%</b>

Note: Figures may not tally precisely due to rounding

### SIGNIFICANT SALES

PROPERTY NAME	TYPE	BUYER	SELLER	PURCHASE PRICE (\$ Million)	SUBMARKET
Galaxis (75% Stake)	Industrial	Ascendas Real Estate Investment Trust	CapitaLand Limited	\$534	one-north
9 Penang (30% Stake)	Office	Haiyi Holdings	Suntec Real Estate Investment Trust	\$296	Orchard
Maxwell House	Office	Chip Eng Seng Corporation, SingHaiyi Investments and Chuan Investments	Strata Owners	\$277	Tanjong Pagar
Suntec Tower 1 (1 floor) and Suntec Tower 2 (5 floors)	Office	SilkRoad Fund	Suntec Real Estate Investment Trust	\$197	City Hall/Marina Centre
108 Robinson Road	Office	PGIM Real Estate	Sin Capital Group	\$143	Shenton Way/Robinson Road

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

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