

## Investment Q3 2021

**\$18.76B**

YTD Investment Volume (SGD)

12-Mo.  
Forecast



**\$2,625**

Office Capital Value (SGD/sf)



**3.20%**

Office Net Yield



### ECONOMIC INDICATORS Q2 2021

**14.7%**

Real GDP Growth

12-Mo.  
Forecast



**2.3%**

Inflation Growth



**2.7%**

Unemployment Rate



**1.5%**

10-Yr Government Bond Yield



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

### Healthy economic rebound

Singapore's economy grew at a record pace of 14.7% on a yoy basis in Q2 2021, extending the 1.5% growth in the preceding quarter. The strong growth was largely due to the low base in the second quarter of last year, when Gross Domestic Product (GDP) plunged by 13.3% due to the Circuit Breaker (CB) measures implemented from 7 April to 1 June 2020. Performance across sectors remained uneven, continuingly led by Manufacturing sector that expanded by 17.7% yoy in Q2 2021. Overall unemployment rate has also improved, coming down from 3% for the whole of 2020 to 2.9% in Q1 2021 and 2.7% in Q2 2021. Amidst a strong global economic recovery and accelerated vaccination programmes in key advanced economies, the Ministry of Trade and Industry on 11 August 2021 lifted its GDP growth forecast range for 2021 to 6%-7%. The new prediction compares with the previous full-year forecast of 4%-6%, first announced in November 2020.

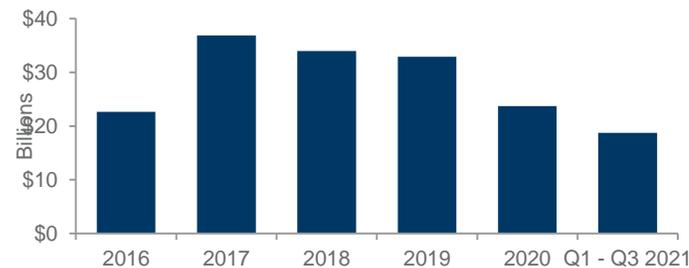
### Residential investment sales continues to outperform

Singapore real estate market has attracted around \$18.8 billion (b) in investments during the first nine months of this year, comprising almost 80% of the total investment volumes registered in 2020. The Q3 2021 investment volume amounted to nearly \$8.0 b, clocking a 22% qoq increase over Q2 2021. The increase was mainly led by growth in residential transaction values as well as the sales of two mixed-used sites for more than one billion each.

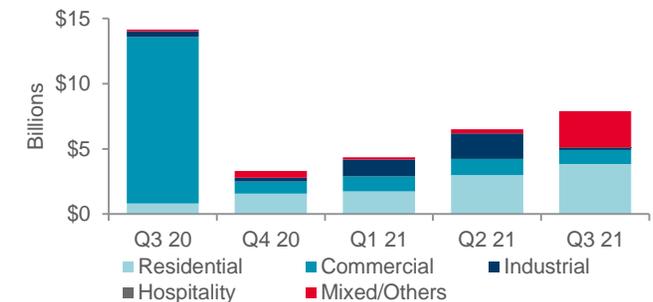
Total residential investment volume continued to inch up by 28% to around \$3.8b as compared to \$3.0b registered in the previous quarter, driven by the surge in both public and private residential sales market. There were four residential Government Land Sale (GLS) sites sold during the quarter, including Lentor Central with top bid of \$784 million (m) or \$1,204 per sq ft per plot ratio (psf ppr), Slim Barrack Parcel A (\$320m or \$1,246 psf ppr), Slim Barrack Parcel B (\$162m or \$1,210 psf ppr) and Tampines Street 62 executive condominium (EC) site (\$422m or \$659 psf ppr). All these sites were keenly contested with numbers of bidders ranging between 9 and 10 participants. Healthy bids also reflected developers' hunger for land amid an upbeat market when prices are rising, and unsold inventory are fast-depleting.

Private residential investment sales clocked in \$2.2b during Q3 2021, up from \$1.8b seen in the preceding quarter due to strong sales activities in the high-end apartments, landed market as well as an uptick in en bloc sales. Hong Kong-listed Far East Consortium International announced on 17 September 2021 that it has sold the freehold 34-unit 21 Anderson for \$213 million to Kheng Leong Group. The \$213 million purchase price translates to \$2,490 psf, based on the gross floor area (GFA) of 85,552 sf for the building. Also transacted in the same month, freehold development Flynn Park in Pasir Panjang was sold en bloc to a joint venture between Hoi Hup Realty and Sunway Developments. The sale price works out to \$371m or \$1,355 psf ppr, which exceeds the \$365m reserve price, making it the largest collective sale site sold so far this year.

### INVESTMENT SALES VOLUME



### INVESTMENT SALES VOLUME BY SECTOR



### Returning interest in retail assets

Retail investment sales surged by nearly five-fold in Q3 2021 to register around \$0.6b worth of deals, after dipping in the previous quarter. Boosting 3Q21's retail property sales was the conclusion of two mega deals (worth more than \$100m apiece). The larger of the two deals was the acquisition of 31.8% stake in Jem for \$337m by Lendlease Global Commercial REIT. The quarter's second largest retail investment deal also involved the sale of a suburban retail mall - Le Quest Mall in Bukit Batok to Firmus Capital for \$139m. Firmus is said to be positioning the suburban mall as "last-mile fulfilment hub for retail as well as food and beverage companies offering delivery and click-and-collect services" amid the pandemic and the increased adoption of work-from-home arrangements.

Suburban malls that can cater to a healthy residential catchment and positioned for food deliveries as well as large-scale malls which can integrate both offline and online users' experiences are still on the radar of investors. Amid the challenging retail scene due to the pandemic and e-commerce boom, investors can keep a lookout for short-term repricing opportunities in retail assets especially those in the CBD.

### Quality office space still in demand

Q3 2021 witnesses the sale of 61 Robinson Road by ARA Private Fund to Rivulets Investments – a home-grown private-equity fund management group for \$422 million. The property is currently undergoing asset enhancement works, which would improve its net lettable area (NLA) from 133,221 sf to 141,958 sf. The buyer is said to be on target to achieving a net yield of at least 3% on a stabilised basis for the 61 Robinson acquisition as committed occupancy for the subject office space is now in the 60%-70% range.

The outlook for the Singapore office investment market remains positive, supported by recovery in the leasing market with CBD Grade A rents returning to growth at 0.5% qoq in Q2 2021 and continuing to rise in Q3 2021. Against the backdrop of tight supply and steady demand from technology and wealth management firms amid a robust economic rebound, CBD Grade A office rents are poised to grow further for the rest of Q4 2021 and 2022. Rising office rents, low interest rates and excess liquidity are fueling investment market activities and office prices, which set to rise further over the next few years.

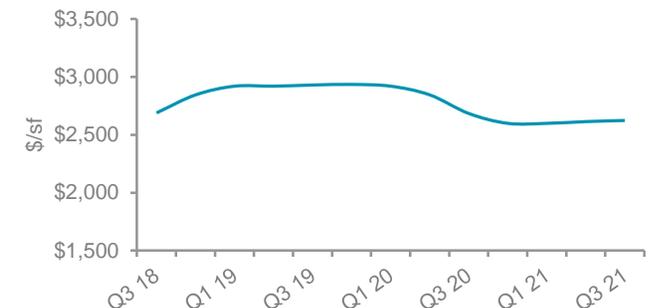
### A bright outlook for investment sales market

Amid healthy economic rebound this year and expected stable economic growth in 2022, activities in the investment sales market is projected to stay healthy. Long-term investors are looking beyond the pandemic with strong confidence in Singapore's sound economic fundamentals. For example, IOI Properties' huge capital outlay committed for the Marina View site has showed the developer's belief of a stable future in the city-state. Developers' appetite for private residential development land is likely to stay firm on the back of low unsold stock and healthy home buying demand. Additionally, office assets are expected to remain attractive given tight supply of quality stock while industrial properties could be in greater demand due to the sector's resilience amid the pandemic, fuelled by the exponential growth in e-commerce, cold-chain, last-mile logistics and data centre services.

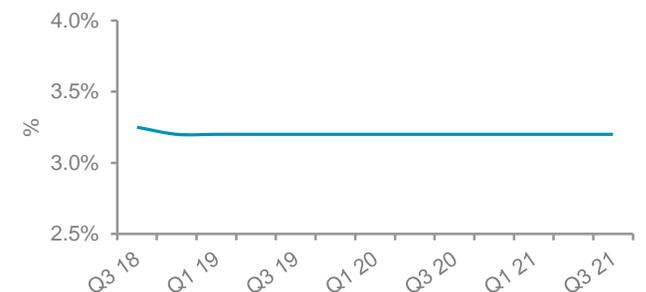
### Outlook

- Continued healthy buying demand for GCBs, high-end apartments and shophouses with demand coming from high-net-worth individuals, family offices and property funds
- Expected pickup in en bloc momentum as developers' inventory continues to run low
- Office and industrial assets remain as investors' hot favourites, fuelled by a chase for resilient asset classes
- Investment sales activities ramping up

### GRADE A CBD OFFICE CAPITAL VALUE



### GRADE A CBD OFFICE NET YIELD



# MARKETBEAT SINGAPORE

## Investment Q3 2021



### INVESTMENT ACTIVITY

| PROPERTY TYPE | PUBLIC VOLUME (SGD MILLIONS) | PRIVATE VOLUME (SGD MILLIONS) | TOTAL VOLUME (SGD MILLIONS) | Q-O-Q CHANGE (%) |
|---------------|------------------------------|-------------------------------|-----------------------------|------------------|
| Residential   | 1,688.6                      | 2,157.8                       | 3,846.4                     | 28%              |
| Commercial    | 0.0                          | 1,077.4                       | 1,077.4                     | -14%             |
| Industrial    | 0.0                          | 185.1                         | 185.1                       | -91%             |
| Hospitality   | 0.0                          | 15.0                          | 15.0                        | -                |
| Mixed/Others  | 2,536.3                      | 247.0                         | 2,783.3                     | 826%             |
| <b>TOTAL</b>  | <b>4,224.9</b>               | <b>3,682.2</b>                | <b>7,907.2</b>              | <b>22%</b>       |

Note: Figures may not tally precisely due to rounding

### SIGNIFICANT SALES

| PROPERTY NAME        | TYPE        | BUYER                                  | SELLER  | PURCHASE PRICE (\$ Million) | SUBMARKET                 |
|----------------------|-------------|--|---|-----------------------------|---------------------------|
| 61 Robinson          | Office      | Rivulets Investments                   | ARA Private Fund  | \$422                       | Shenton Way/Robinson Road |
| Jem (31.8% interest) | Retail      | Lendlease Global REIT                  | Lendlease Jem Partners Fund Limited (LLJP) and Lendlease Asian Retail Investment Fund 3 Limited (ARIF3) | \$337                       | Jurong East               |
| Le Quest             | Retail      | Firmus Capital                         | Qingjian Group  | \$139                       | Bukit Batok               |
| 21 Anderson          | Residential | Kheng Leong Group                      | Far East Consortium   | \$213                       | Tanglin                   |
| Flynn Park           | Residential | Hoi Hup Realty and Sunway Developments | Strata Owners   | \$371                       | Pasir Panjang             |

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

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