

## Investment Q4 2021

12-Mo. Forecast

**\$26.15B**  
2021 Investment Volume (SGD) ▲

**\$3,020**  
Office Capital Value (SGD/sf) ▲

**3.15%**  
Office Net Yield ▼

### ECONOMIC INDICATORS Q3 2021

12-Mo. Forecast

**5.9%\***  
Real GDP Growth ▼

**2.5%**  
Inflation Growth ▲

**2.6%**  
Unemployment Rate ▼

**1.4%**  
10-Yr Government Bond Yield ▲

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

\* Real GDP Growth is based on Q4 2021 advance estimates by MTI

### Economic Recovery Powers On

Singapore's economy clocked in record growth, expanding by 7.2% in 2021 based on the Ministry of Trade and Industry's advance estimates. Broad improvements were seen across the board with star performers such as Manufacturing as well as Information & Communications, Finance & Insurance, Professional Services growing 12.8% and 6.8% yoy, respectively in 2021. These key sectors are performing above pre-Covid levels and expected to continue their outperformance. Other sectors which have been battered by the pandemic have continued to recover as Singapore continues to reopen her economy. Economic recovery is expected to continue into 2022, albeit at lower rates of about 4%, and this remains above pre-Covid trend levels of 3.1%.

### Investor's Confidence Returns

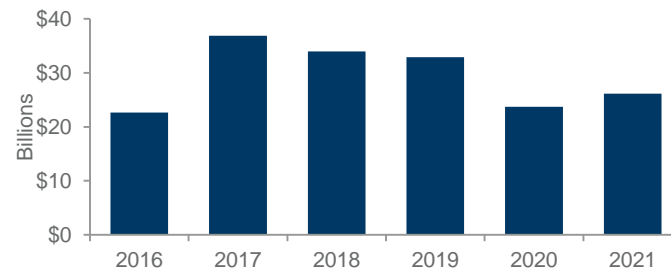
For the whole of 2021, Singapore real estate market has attracted almost \$26.2 billion (b) of investment sales, clocking in a 10.4% yoy increase as economic recovery boosted investors' confidence in the market. Total investment volume in Q4 2021 moderated to around \$7.4b due to the lack of major Government Land Sale (GLS) sites sold during the quarter as compared to that in Q3 2021.

The private residential market continues to be the main driver of investment sales, taking up 38% of Q4 2021 investment sales. Total residential investment volume declined to \$2.8b in Q4 2021 as compared to \$3.8b registered in the preceding quarter. The decrease was mainly driven by the lack of public residential deals as there was no residential GLS tender closing during the quarter while four residential GLS sites were sold in Q3 2021 for around \$1.7b.

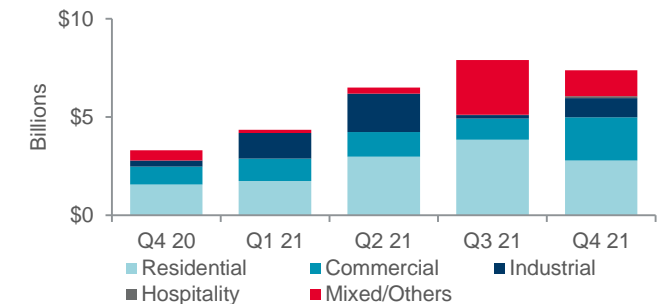
On the other hand, private residential investment sales went up by almost 29% to \$2.8b in the last quarter of 2021 from \$2.2b seen in Q3 2021 as developers ramped up their land acquisition activities to replenish their landbanks. Land parcels at Thiam Siew Avenue were sold for \$815 million (m) to a joint venture between Hoi Hup Realty and Sunway Developments. The residential collective sale market also witnessed major deals such as the sale of Watten Estate Condominium and La Ville for \$550.8m and \$152m, respectively. Both developments were transacted above their initial guide / asking prices following keen interests from developers.

The government announced another round of cooling measures which took effect from 16 December 2021 to prevent the market from overheating. Following the new measures, the residential collective sale market is expected to cool as developers become more cautious and selective in their land acquisition activities. Nonetheless, the residential collective sale market could still pick up, albeit at a much slower pace, as unsold inventory remains low and developers are still looking to replenish their landbanks.

### INVESTMENT SALES VOLUME



### INVESTMENT SALES VOLUME BY SECTOR



### Significant Pick-up in Office Investment Sales

The office leasing market began to recover in 2021. Specifically, CBD grade A office rents inched up 2.3% yoy in 2021 and CBD Grade B rents started to show positive growth in H2 2021, rising by 0.6% over two quarters. Supported by improvement in the leasing market and ample liquidity waiting to be deployed, office investment sales market picked up significantly in Q4 2021, with sales values surging by more than four-fold to reach \$2.2b. For the whole of 2021, an estimated \$4.8b of office investment deals was completed, with around 46% of deal volume registered in Q4 2021 alone.

Notable deals concluded recently comprised the sale of PIL Building, One George Street, Robinson 112 and Crown At Robinson among others. CapitaLand Integrated Commercial Trust and FWD Group were reported to have sold their respective half-stakes in One George for a total consideration of \$1.3b to JP Morgan and Nuveen, marking the largest office deal this year. Longer tenured CBD office developments saw strong interest from investors in Q4 2021 as seen from the sales of Crown At Robinson, Robinson 112 and PIL Building (part leasehold) in Q4 2021. Freehold office developments in the CBD are a rarity with the majority of CBD office stock being leasehold. Indonesian tycoon Tahir purchased strata units at Crown At Robinson for \$257.5m or \$3,643 psf of strata area. Robinson 112 was sold to Munich-based AM alpha, a privately-owned real estate family office for \$269.7m while PIL Building was transacted in excess of \$320m.

### Industrial Properties in High Demand

Industrial investment sales clocked in around \$4.4b for full-year 2021, slightly more than double sales volumes in the previous year, indicating robust demand from industrialists and investors. Investors remain confident on the healthy performance of industrial properties, in particular new economy assets such as business parks, logistics facilities and high-specification industrial buildings. Similarly, buying demand for owner-occupied purpose also stays strong amid expansions in sectors such as electronics, semiconductors and e-commerce.

Continued economic expansion would further fuel positive prospects for industrial property resulting in keen interests from investors. However, supply of industrial assets with good specifications would remain limited, which might lead to rising expectations from potential sellers. Expected healthy demand and limited supply dynamics are likely to underpin price growth and yield compression for good-quality industrial spaces in the coming year.

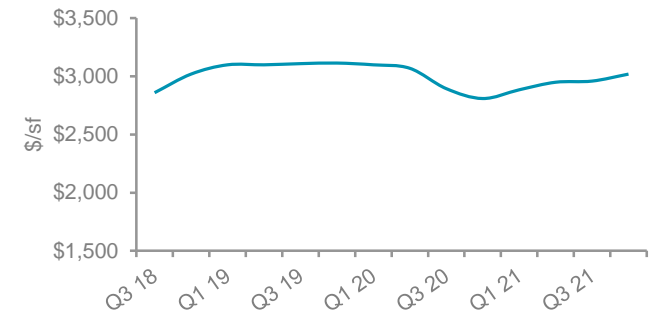
### Positive Outlook for Investment Sales Market

Amid ongoing economic recovery, ample liquidity in the market and relatively still-low interest rate coupled with investors' strong desire to deploy capital, total investment sales are expected to remain robust in 2022. On 15 December 2021, the government announced a new round of property curbs to cool down the private residential market. As a result, some developers may take a pause to evaluate the latest measures' impacts on the market. However, developers with low inventory would continue sourcing for land to top-up their landbanks albeit being more selective and prudent. Some developers and investors could turn to alternatives such as the commercial, industrial or shophouse markets given the overhang of cooling measures on the residential market.

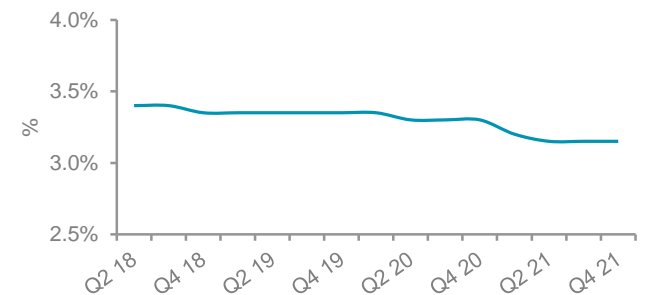
### Outlook

- Sanguine outlook for the residential collective sale markets despite the latest round of cooling measures as developers are expected to continue replenish their landbanks amid fast-depleting unsold stock
- Continued economic growth as well as relatively low interest rate environment would further support investors' confidence in deploying capital for quality assets
- Shophouses, office and industrial properties to stay high on the radar for investors
- Investment sales activities to remain robust in 2022

### GRADE A CBD OFFICE CAPITAL VALUE



### GRADE A CBD OFFICE NET YIELD



# MARKETBEAT SINGAPORE

## Investment Q4 2021



### INVESTMENT ACTIVITY

PROPERTY TYPE	PUBLIC VOLUME (SGD MILLIONS)	PRIVATE VOLUME (SGD MILLIONS)	TOTAL VOLUME (SGD MILLIONS)	Q-O-Q CHANGE (%)
Residential	0.0	2,792.6	2,792.6	-27%
Commercial	0.0	2,203.8	2,203.8	105%
Industrial	5.6	978.7	984.4	432%
Hospitality	0.0	90.0	90.0	500%
Mixed/Others	0.0	1,318.0	1,318.0	-53%
<b>TOTAL</b>	<b>5.6</b>	<b>7,383.1</b>	<b>7,388.7</b>	<b>-7%</b>

Note: Figures may not tally precisely due to rounding

### SIGNIFICANT SALES

PROPERTY NAME	TYPE	BUYER	SELLER	PURCHASE PRICE (\$ Million)	SUBMARKET
One George Street	Office	JP Morgan, Nuveen Real Estate	FWD Group, CapitaLand Integrated Commercial Trust	1,281.5	Raffles Place
Thiam Siew Avenue Site	Residential	Hoi Hup Realty, Sunway Developments	Wee Family	815.0	Geylang
Watten Estate Condominium	Residential	UOL Group, Singapore Land Group	Strata owners	550.8	Bukit Timah
PIL Building	Office	TE Capital Partners, LaSalle Investment Management	Pacific International Lines	TBA	Shenton Way/Robinson Road
Robinson 112	Office	AM alpha	A Local Entity	269.7	Shenton Way/Robinson Road

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

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