

\$13.03B
Q2 Investment Volume (SGD)

12-Mo.
Forecast



\$3,145
Office Capital Value (SGD/sf)



3.15%
Office Net Yield



ECONOMIC INDICATORS Q1 2022

3.7%
Real GDP Growth

12-Mo.
Forecast



4.6%
Inflation Growth



2.2%
Unemployment Rate



1.9%
10-Yr Government Bond Yield



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

Singapore's Economy Well-positioned to Navigate Turbulent Environment

Singapore's economy expanded by 3.7% y-o-y during Q1 2022, fueled by growth from the manufacturing, finance and insurance, and professional services. Singapore's economy is poised to grow steadily, with GDP growth in 2022 to be range-bound between 3% to 5%. Rising interest rates and heightened inflation is driving up uncertainty in the global economy. Nonetheless, Singapore's economy is on stable footing and well positioned to navigate the future uncertain environment.

Commercial Investment Market Set Abuzz

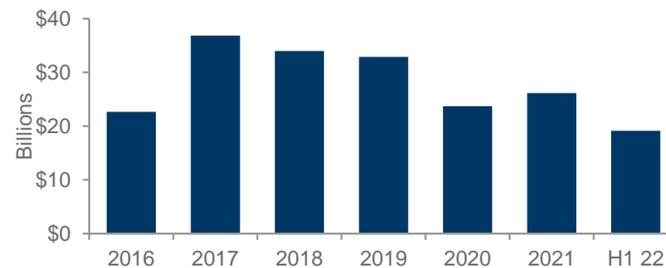
Total investment volume in Q2 2022 surged to \$13.03 billion (b), more than doubled Q1 2022's volume of \$6.10b. This was due to rising investment activities across different sectors with the commercial property market overtaking residential sector to account for the largest share of almost 55% of total investment volumes in Q2 2022. Q2 2022's commercial volumes surged to \$7.2b – more than 2.5 times that of Q1 2022 given the conclusion of several big-ticket deals.

High-quality commercial assets which can deliver stable cashflows, remain well-sought after by investors, with robust activities in both CBD and decentralised markets. Capital appears to be embarking on a flight to safety as investors look to protect and grow their wealth in safe-haven assets.

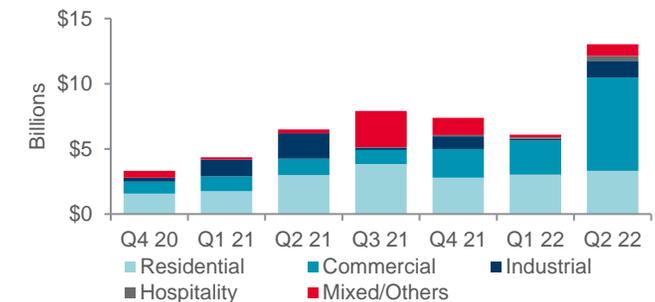
Recent significant deals include the sale of Income At Raffles - a 37-storey, 999-year leasehold office asset located at 16 Collyer Quay for around \$1.0b or slightly over \$3,600 psf to Bright Ruby Resources, an investment firm backed by the Du family from China. Over in Tanjong Pagar submarket, US-based private equity group KKR acquired Twenty Anson – a 20-storey office building which is on a site with a balance leasehold tenure of about 84.5 years for close to \$600 million (m) from AEW.

AEW acquired Westgate Tower, a 20-storey office block in Jurong East from Sun Venture Group for about \$680m. This followed the purchase of the remaining 68.2% stake in Jem mall, a mall at Jurong East at an agreed value of \$2.079b by Lendlease Global Commercial REIT. Investors' interests are extending beyond the city centre as they are in the hunt for high-quality commercial assets with longer remaining lease. Also, decentralised office markets could see higher leasing demand as some tenants get priced out of the CBD as CBD rents continue to increase. The commercial collective sales markets also witnessed robust activities with the sale of Golden Mile Complex and Verdun House for \$700m and \$55.1m, respectively.

INVESTMENT SALES VOLUME



INVESTMENT SALES VOLUME BY SECTOR



Steady but Selective Interest in the Private Residential Market

Total residential investment volume rose moderately to \$3.3b registered in Q2 2022 from \$3.0b clocked in during the preceding quarter, driven by activities in both public and private markets. Despite current cooling measures, developers remain sanguine about the private residential market given that private residential prices are poised to increase by estimated 3.9% YTD during H1 2022.

Two residential Government Land Sale (GLS) sites were sold during Q2 2022 for approximately \$2.0b, comprising Dunman Road site with top bid of \$1.28b or \$1,350 per sq ft per plot ratio (psf ppr) and Pine Grove (Parcel A) with winning bid of \$671.5m or \$1,318 psf ppr. Recent GLS tenders have reflected developers' cautious appetite for large residential development sites. Amidst rising development costs and current cooling measures, larger development sites face higher risks due to the ABSD timeline of five years.

Additionally, private residential investment sales went up by almost 30% qoq in Q2 2022 as developers remain keen to acquire sites. Four residential collective sales were concluded in Q2 2022. Notably, all of these developments were of palatable sizes, indicating developers' preference for small-medium sized sites as they are cognizant of rising risks amidst uncertainties in the global economy coupled with rising inflation and interest rates.

Returning Interests in Hospitality Assets

There were rising interests in hospitality assets with three hotels sold during Q2 2022 amid expected recovery in tourism sector as countries started to relax their borders' measures, leading to the resumption of business / leisure travelling activities. Fortuna Hotel, a 106-room freehold property located near Farrer Park MRT station, was transacted at nearly \$86m or around \$809,000 per room. Also, the 45-room Hotel Soloha at 12, 14 and 16 Teck Lim Road were sold for around \$53.4m. Notably, the 134-room SO/ Singapore (known as Sofitel So Singapore before it was rebranded) was sold to Viva Land Group Group for \$240m or \$1.8m per key – the largest hotel deal since the sale of W Singapore hotel in 2019 for \$324m.

Investment Sales Volumes May Reach a Three-year High

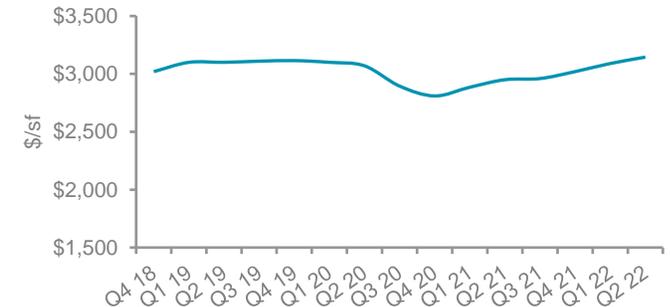
Singapore real estate market has attracted around \$19.1b in investments during the first half of this year, comprising more than 70% of the total investment volumes registered for the whole of 2021. Notwithstanding headwinds from geological uncertainty and rising interest rates, positive sales momentum is expected to continue in H2 2022 as investors seek out safe havens for wealth preservation and diversification.

Property capital values across asset classes, are expected to increase as rents continue to rise. Barring a significant deterioration in the global economy, 2022's investment sales volumes could reach a three-year high as sales momentum continues.

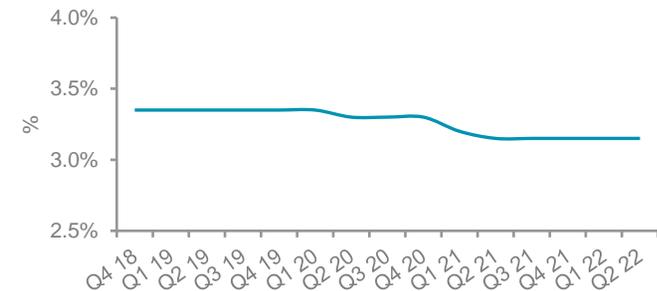
Outlook

- Investors remain keen in acquiring quality commercial assets despite rising headwinds as they continue to look for safe-haven assets
- Developers will continue to look for opportunities and acquire land via the collective sale market albeit being more selective and conservative in their bids
- Rising interests in hospitality assets are anticipated amid expected rebound in tourism sector
- Investment sale market could continue to gather momentum in 2022 with volumes are likely to exceed that in 2021 given the conclusion of several large commercial deals, land tenders as well as corporate mergers and acquisitions

GRADE A CBD OFFICE CAPITAL VALUE



GRADE A CBD OFFICE NET YIELD



MARKETBEAT SINGAPORE

Investment Q2 2022



INVESTMENT ACTIVITY

PROPERTY TYPE	PUBLIC VOLUME (SGD MILLIONS)	PRIVATE VOLUME (SGD MILLIONS)	TOTAL VOLUME (SGD MILLIONS)	Q-O-Q CHANGE (%)
Residential	1,955.4	1,362.7	3,318.1	10%
Commercial	0.0	7,160.1	7,160.1	173%
Industrial	3.4	1,285.7	1,289.1	957%
Hospitality	0.0	379.2	379.2	269%
Mixed/Others	0.0	884.3	884.3	309%
TOTAL	1,958.8	11,072.0	13,030.8	114%

Note: Figures may not tally precisely due to rounding

SIGNIFICANT SALES

PROPERTY NAME	TYPE	BUYER	SELLER	PURCHASE PRICE (\$ Million)	SUBMARKET
Income At Raffles	Office	Bright Ruby Resources (controlled by Du family from China)	NTUC Income	Around 1,000.0	Raffles Place
Westgate Tower	Office	AEW	Sun Venture	Around 680.0	Jurong East
Golden Mile Complex	Mixed	Perennial Holdings, Sino Land and Far East Organization	Strata Owners	700.0	Bugis
Twenty Anson	Office	KKR	AEW	Nearly 600.0	Tanjong Pagar
28 & 30 Bideford Road	Mixed	Roark Capital, Lim Cher Meng Realty and Boustead Singapore	Sin Capital Partners	515.0	Orchard

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

WONG XIAN YANG

Head of Research
Singapore
+65 6232 0885 / xianyang.wong@cushwake.com

SHAUN POH

Executive Director
Head of Capital Markets
Singapore
+65 6232 0882 / shaun.poh@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of US\$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.