

**\$4.19B**  
Q1 Investment Volume (SGD)

12-Mo.  
Forecast



**\$3,210**  
Office Capital Value (SGD/sf)



**3.30%**  
Office Net Yield



### ECONOMIC INDICATORS Q4 2023

**1.1%\***  
Real GDP Growth

12-Mo.  
Forecast



**4.0%**  
Inflation Growth



**2.0%**  
Unemployment Rate



**3.1%**  
10-Yr Government Bond Yield



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

\* Full-year GDP growth for 2023

### Improving Investment Landscape

In 2024, Singapore's economy is forecasted to grow by 2.7% yoy, faster than previous year's 1.1% yoy growth. Based on the US Federal Reserve projections, lower US interest rates are expected in 2024 but weighted towards the second half of the year. Historically, Singapore interest rates tend to track interest rates in the US. As such, financing costs in Singapore may remain prohibitive over the short term but are expected to decline more meaningfully in the 2<sup>nd</sup> half of 2024. As of end-March, the 3-month compounded Singapore Overnight Rate Average (3M SORA) has fallen slightly to 3.68% from 3.70% at the start of the year, though it remains higher compared to 3.54% a year ago.

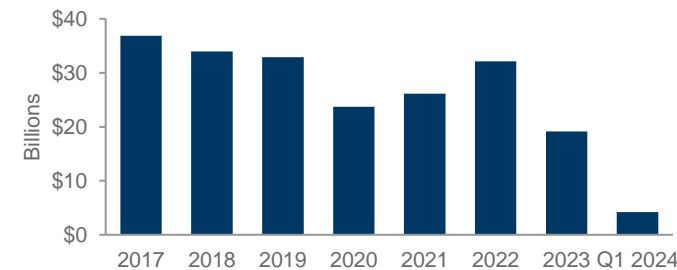
### Retail and Hospitality Assets In Favour

Total investment volumes declined by 25.5% qoq to \$4.2 billion (b) in Q1 2024 as investors remained cautious amid elevated financing costs. On a yoy basis, investment volumes are up by 20.9% yoy. In Q1 2024, investment volume was led by the residential (\$1.7b) sector, followed by commercial (\$1.3b) and hospitality (\$0.6b) sectors.

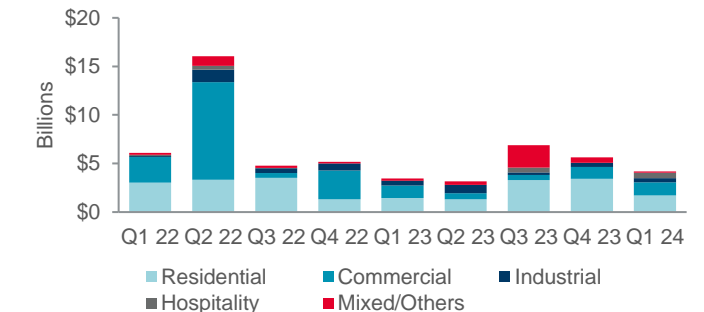
Due to rising investor confidence on the back of strong travel recovery, both retail and hospitality sectors registered higher transaction volumes. The largest retail transaction was the sale of The Seletar Mall for \$550 million (m), which was also the biggest investment deal sealed by quantum. Allgreen Properties' acquisition of The Seletar Mall was seen to be a value-add opportunity for further enhancements to the asset. For the hospitality sector, investment volume was driven by the sales of Hotel G (\$238.0m) and Capri by Fraser, Changi City (\$170.0 m). Island-wide hotel revenue per available room (RevPAR) has been steadily increasing to \$224.27 in 2023 compared to \$191.96 in 2019.

Meanwhile, the residential sector's investment volume declined by 49.5% qoq due to fewer and smaller Government Land Sales (GLS) sites sold. Caution prevailed among developers during recent GLS tenders such as Media Circle and Orchard Boulevard, which received fewer than expected number of bids and fetched lower bid prices compared to past tenders within similar localities. One GLS site, the Marina Gardens Crescent site, whose tender closed in Jan 2024, was eventually not awarded as the winning bid (\$770.5m) was assessed to be too low. The residential collective sale market remained muted, due to the widening gap between buyer and seller expectations.

### INVESTMENT SALES VOLUME



### INVESTMENT SALES VOLUME BY SECTOR



### Bite-sized Deals Continue to Transact

Shophouses continued to appeal to investors, such as high net-worth individuals, for wealth preservation and diversification due to their palatable quantum and potential for capital appreciation. Island wide shophouse total transaction volume rose 54.9% qoq to \$169.1m in Q1 2024, based on caveats lodged as of 1 April 2024, though it declined 43.0% on a yoy basis. The largest shophouse deal was reportedly the sale of three adjoining shophouses on Duxton Road for \$47.5m (caveats not lodged for this transaction). Based on caveat data, a significant shophouse transaction was 223,225,227 Geylang Road for \$18.7m. Notably, given its value-add potential, this Geylang Road shophouse divestment reaped a capital gain of about 82.0% or \$8.0m since its acquisition less than 4 years ago.

In contrast, strata office volumes remained soft due to a lack of new launches, though prices have been largely stable.

Industrial assets remained in favour among investors due to their relatively higher yields and favourable long-term prospects. The largest industrial deal was the end-user acquisition of OneTen Paya Lebar, a rare freehold hi-tech industrial building with approval for data centre use, for \$140m. The sale highlights the robust interest for data centre assets in Singapore amidst limited supply.

### Potential Significant Deals in Q2

With brighter economic prospects in 2024 and growing confidence that interest rates have peaked, investment activity is expected to gain momentum over the next few quarters. Given current investment momentum, we are sanguine that total investment sales could surpass \$25.0b this year, compared to \$19.2b in 2023.

The upcoming quarter's investment volume should be supported by the tender closings of several GLS sites, which include the mega 6.5-hectare white site at Jurong Lake District (JLD).

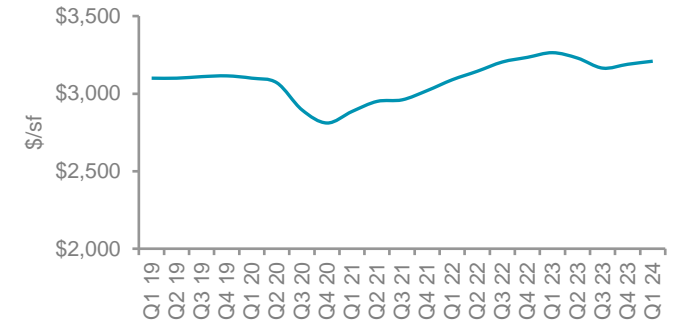
Given resilient consumer spending and continued travel recovery, retail and hospitality assets have returned to investors' radars. Retail and hospitality net yields remain higher (about 1% point higher) compared to office net yields, which is appealing to investors given current still-high interest rates. Potential retail and hospitality deals include Citadines Raffles Place, which is reportedly undergoing a sale process, as well as retail mall Liv@Changi and a freehold hotel at 12 Lorong 12 Geylang, both of which have been launched on the market.

While the residential collective sale market continues to face challenges into 2024, pockets of activities could still surface, especially for small to medium-sized sites as developers continue to seek out bite-sized opportunities to landbank.

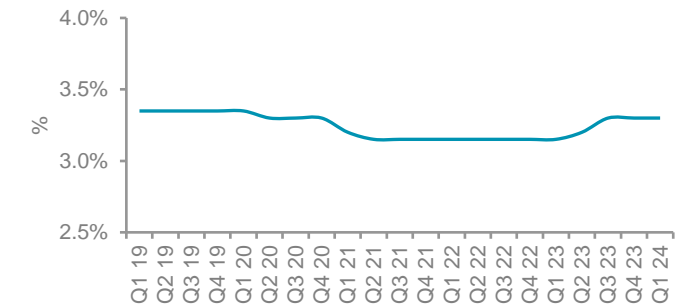
### Outlook

- Total investment sales could surpass \$25.0b in 2024, higher than \$19.2b in 2023
- Q2 investment volume to be supported by potential significant deals such as tender closings of several GLS sites
- More retail and hospitality transactions are expected, supported by travel recovery tailwinds and relatively higher net yields

### GRADE A CBD OFFICE CAPITAL VALUE



### GRADE A CBD OFFICE NET YIELD



# MARKETBEAT SINGAPORE

## Capital Markets Q1 2024



### INVESTMENT ACTIVITY

PROPERTY TYPE	PUBLIC VOLUME (SGD MILLIONS)	PRIVATE VOLUME (SGD MILLIONS)	TOTAL VOLUME (SGD MILLIONS)	Q-O-Q CHANGE (%)
Residential	1,246.9	480.1	1,727.1	-50%
Commercial	0.0	1,342.7	1,342.7	11%
Industrial	89.0	336.9	425.9	-4%
Hospitality	0.0	556.0	556.0	-
Mixed/Others	0.0	139.6	139.6	-75%
<b>TOTAL</b>	<b>1,335.9</b>	<b>2,855.4</b>	<b>4,191.3</b>	<b>-25.5%</b>

Note: Figures may not tally precisely due to rounding

### SIGNIFICANT SALES

PROPERTY NAME	TYPE	BUYER	SELLER	PURCHASE PRICE (S\$ MILLION)	SUBMARKET
The Seletar Mall	Retail	Allgreen Properties	Cuscaden Peak Investments and United Engineers	550.0	Sengkang
Nex (24.5% stake)	Retail	Frasers Centrepoint Trust	Frasers Property	523.1	Serangoon
Hotel G	Hospitality	Ascott Ltd and CapitaLand Wellness Fund	Gaw Capital	238.0	Rochor
Portfolio of 9 commercial assets	Retail	Evia Real Estate	Mercatus Co-operative Limited	178.4	Various
Capri by Fraser, Changi City	Hospitality	Far East Consortium Int'l, TPG Angelo Gordon, Atelier Capital Partners	Frasers Property	170.0	Tampines

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

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