

Office

- CBD net absorption turned positive in 4Q20 after three consecutive quarters of contraction, propped up by tenants moving into recently completed office buildings, such as 30 Raffles Place and 79 Robinson Road.
- The fall of office rent in the CBD eased in 4Q20 as most landlords resisted further deep rent cuts given signs of improvement in the economy.
- Capital values of en bloc offices were firm in 4Q20 on the back of interest from funds and ultra-high-net-worth individuals looking for investment opportunities in safe havens like Singapore.
- With the COVID-19 pandemic raging on, businesses are likely to stay cautious with space requirements, thus keeping demand measured. Office rents could remain under pressure in most of 2021, though the progress in vaccine development and the further reopening of Singapore's economy could ease rent fall and pave the way for rent stabilisation by end-2021.

32.1	9.81	-2.7%	2,982	0.0%
Current stock (sq ft million)	Gross effective rent (SGD psf pm NLA)	Rental growth (q-o-q)	Capital value (SGD psf NLA)	Capital value growth (q-o-q)

All data are reflective of the CBD Investment Grade

Residential

- New home sales in the Prime districts were lower in 4Q20 given the absence of major new launches during the quarter, coupled with the government's recent curb on the reissuance of Option to Purchase.
- In 2020's first Prime residential collective sale, two adjoining collective sale sites in District 9; namely, Fairhaven and Sophia Ville, were sold to a local developer for SGD 62 million in December.
- While an expected economic recovery and the vaccination roll-out are positive news, the Prime market is still weighed down by an oversupply of units for sale. Hence, prices of completed Prime private residential properties continued to decline, but at a lower pace as compared to the previous quarter. Likewise, rentals for Prime properties continued their gradual declines amid rising vacancy rates in 4Q20.
- Prime rents are expected to soften further in the next 12 months due to increasing supply pressure together with relatively weak leasing demand. On the other hand, Prime prices could embark on a recovery journey in 2021 given anticipated pick-up in the sales market alongside economic recovery.

59,910	4.65	-1.1%	2,840	-1.1%
Current prime stock (units)	Gross effective rent (SGD psf pm NLA)	Rental growth (q-o-q)	Capital value (SGD psf NLA)	Capital value growth (q-o-q)

The capital value and rental value indicators are reflective of Luxury residential properties

Key Economic Indicators

GDP Real Growth (4Q20, y-o-y, advance estimates)	-3.8%
Consumer Price Index (November 2020, y-o-y)	-0.1%
Total Trade (current prices) (November 2020, y-o-y)	-8.7%
Index of Industrial Production (November 2020, y-o-y)	17.9%
Retail Sales excl. motor vehicles (Chained volume terms) (November 2020, y-o-y)	-2.4%
Unemployment Rate (S.A.) (November 2020)	3.3%
Total Population Annual Growth (June 2020)	-0.3%

Source: DOS

Major Property Transactions | 4Q20

Office	Price (SGD mil)
Keppel Bay Tower (100% interest)	654.0
Springleaf Tower (Strata)	26.0
Springleaf Tower (Strata)	23.5
Residential	Price (SGD mil)
Yishun Avenue 9 (GLS)	373.5
Former Caldecott Broadcast Centre (Redevelopment site)	280.9
Tanah Merah Kechil Link (GLS)	249.0
Retail	Price (SGD mil)
Anchorpoint Shopping Centre	110.0
VIO @ Balestier (Strata)	32.8
77 Amoy Street	29.8
Industrial	Price (SGD mil)
Sandcrawler	175.8
Former Big Box	118.0
7 Harvey Road	27.0

Source: JLL Research, January 2021

Retail

- The fall in retail sales continued to abate in 4Q20. The retail sales index (excluding motor vehicle) on a chain-by-volume basis fell 6.6% y-o-y over the first two months of 4Q20, compared to an 8.7% y-o-y drop over the corresponding period in 3Q20. The soft sales were due to cautious consumer spending and operational capacity constraints. Further reopening of the economy could lift retail sales.
- Despite the economy transiting to Phase 3 of the reopening and the year-end festive season, retailer sentiment remained cautious as border restrictions, safe-distancing policies and cautious consumer spending limited tourism and domestic retail sales. While new retail openings were observed, unsustainable businesses continued to cease operations.
- Investment value declined despite an increase in 4Q20 transaction volume due to the conclusion of larger deals sealed in the previous quarter. The majority of concluded deals were from shophouse transactions.
- The Phase 3 reopening of the Singapore economy, the successful containment of the COVID-19 pandemic and the mass availability of the vaccine will lift retailer and consumer sentiment and, in turn, drive retail sales and business expansion. Hence, vacancy rates in 2021 could decline y-o-y, and the rental decline should moderate on the back of easing vacancy rates.

5.1	38.82	-6.2%	8,609	-4.9%
Current stock (sq ft million)	Gross effective rent (SGD psf pm NLA)	Rental growth (q-o-q)	Capital value (SGD psf NLA)	Capital value growth (q-o-q)
All data are reflective of the Prime sub-submarket				

Warehouse

- Demand for logistics/warehouse space stayed firm in 4Q20, underpinned mainly by e-commerce and storage requirements.
- During the quarter, it was announced that Zuellig Pharma Singapore has leased the entire warehouse facility at 10 Changi North Way for the expansion of its existing office and warehouse space. Likewise, Shopee Express Pte Ltd, a unit of e-commerce platform Shopee, reportedly took up significant logistics/warehouse space at 12 Changi North Way.
- On the back of steady demand, logistics/warehouse rents remained flat for the third straight quarter. Rent resilience continued to provide support for capital values to hold firm in 4Q20.
- Going forward, rents are predicted to be stable in the near-term, underpinned by steady demand, while capital values growth could gather momentum, with yields compressing amid low interest rates in 2021.

119.1	1.35	0.0%	179	0.0%
Current stock (sq ft million)	Gross effective rent (SGD psf pm NLA)	Rental growth (q-o-q)	Capital value (SGD psf NLA)	Capital value growth (q-o-q)
All data are reflective of the islandwide market				

Authors

Tay Huey Ying
Head of Research & Consultancy
Singapore
Hueyying.tay@ap.jll.com



Angelia Phua
Director,
Retail Research
Singapore
Angelia.phua@ap.jll.com



Doreen Goh
Director,
Industrial Research
Singapore
Doreen.goh@ap.jll.com



Michelle Tee
Director,
Office Research
Singapore
Michelle.tee@ap.jll.com



Kim Huynh
Assistant Manager,
Residential Research
Singapore
Kimngan.huynh@ap.jll.com



JLL Singapore

9 Raffles Place
#39-00 Republic Plaza
Singapore 048619
tel +65 6220 3888
fax +65 6438 3361
jll.com.sg