JLL Achieve Ambitions

October 2020

Property Market Monitor

Singapore

Office

- To manage cost pressures during the pandemic, more occupiers took the opportunity to right size by releasing part or all of their space when their leases expired in 3Q20.
- This led to rising vacancies, which put downward pressure on rents in 3Q20, for the third consecutive quarter.
- Capital values, however, held steady in 3Q20 as Singapore's office market continued to record interest from funds, developers and ultra-high net worth individuals looking for investment opportunities in safe havens like Singapore.
- The protracted nature of the COVID-19 pandemic is expected to continue to weigh on business sentiment and rents for the rest of 2020 and 2021. Nonetheless, pockets of strength remain, such as Chinese technology companies looking to expand and/or set up bases in Singapore. Delays in project completions due to COVID-19 related disruptions to construction work should also help to cushion rent corrections.

32.1	10.08	-3.8%	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

- Prime home sales volume rebounded in 3Q20, supported by pent-up demand from buyers who had been constrained from purchasing during the circuit breaker period and phase 1 of the economy reopening.
- The collective sales market remained at a standstill, with no collective sales deal concluded in the Prime sub-market in 3Q20 for the third consecutive quarter.
- Despite significant pickup in market activities during the quarter, prices of completed prime private residential properties continued to decline at a faster pace due to cautious buying sentiment and more realistic pricing from sellers amid the negative macroeconomic outlook. Likewise, there was a greater correction in rentals in 3Q20 compared to 2Q20 as leasing demand continued to be dampened by the recession and weak labour market.
- Rents are expected to continue facing downward pressure in the next 12 months due to weaker leasing demand, resulting from the worsening business conditions affecting wages and employment of expatriates.

60,071	4.70	-1.3%	2,872	-1.8%
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 (3Q20, y-o-y, advance estimates)	-7.0%
Consumer Price Index (August 2020, y-o-y)	-0.4%
Total Trade (current prices) (August 2020, y-o-y)	-6.9%
Index of Industrial Production (August 2020, y-o-y)	13.7%
Retail Sales excl. motor vehicles (Chain volume terms) (August 2020, y-o-y)	-9.0%
Unemployment Rate (S.A.) (August 2020)	3.4%
Total Population Annual Growth (June 2020)	-0.3%

Source: DOS

Major Property Transactions	3Q20
Office	**Price (SGD mil)**
Robinson Point (100% interest)	500.0
ABI Plaza	200.0
Central Plaza (63.11% interest)*	135.7
Residential	**Price (SGD mil)**
Bedok Point (redevelopment)**	108.0
Garlick Avenue GCB	93.0
17A Leedon Park GCB	73.0
Retail	**Price (SGD mil)**
Tiong Bahru Plaza, White Sands, Hougang Mall, Century Square and Tampines 1 (63.11% interest)*	1,798.6
Northpoint City (South Wing) (50% interest)	550.0
44/45/46 Amoy Street	21.3
Industrial	**Price (SGD mil)**
7 Bulim Street	129.6
26A Ayer Rajah Crescent	125.0
Thye Hong Centre	112.5

*Through the sale of a 63.11% interest in AsiaRetail Fund.
**Price is based on assumption that the potential redevelopment into a "Residential with Commercial on 1st storey" development will be approved.

Source: JLL Research, October 2020

Retail

- In August 2020, the retail sales index (excluding motor vehicles) on a chain-by-volume basis fell 9.0% y-o-y, abating from the sharp double-digit declines during the circuit breaker period. Tourist arrivals stayed dismal due to strict travel restrictions.
- Despite the economy reopening, retailer sentiment remained weak as border restrictions, safe-distancing measures and cautious consumer spending weighed on retail sales. Vacancy rates continue to rise as unsustainable businesses cease operations. Consequently, rents for prime floor space fell on a q-o-q basis across the three sub-markets in 3Q20.
- Investment activity picked up in 3Q20, with shophouses contributing the bulk of the transactions.
- Retailer sentiment will remain subdued as tourism demand is not expected to recover in the short-term, and continued safe-distancing measures will reduce operational capacity. With government relief measures coming to an end, some retailers are expected to succumb to the pressure of cash flow constraints, pushing up vacancy rates in the short term. Rents are expected to fall amid rising vacancy rates over the next 12 months.

5.1	41.37	-4.8%	9,055	-4.8%
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 stayed healthy in 3Q20, supported by both short-term users (some of whom have extended their leases) and end-users with expansion and relocation requirements.
- Against this demand backdrop, logistics/warehouse rents held firm in 3Q20, for the second straight quarter. This, in turn, supported capital values, which remained steady during the quarter.
- A major warehouse transaction in 3Q20 was the sale 7 Bulim Street by Titan (Wenya) Pte Ltd to AIMS APAC REIT for about SGD 129.6 million. The four-storey ramp-up logistics facility with a 30-year lease commencing from 1 September 2012 is entirely occupied by master tenant KWE – Kintetsu World Express (S) Pte Ltd.
- Rents are likely to hold relatively steady over the next 12 months, underpinned by anticipated healthy demand, while yields could compress in a low interest rate environment.

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

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[#] During Singapore's circuit breaker period, lasting from 7 April to 1 June 2020, all workplaces, except those offering essential services, had to be shut. The economy embarked on a three-phase re-opening from 2 June 2020. Singapore is currently in Phase 2. For most of 3Q20, telecommuting remained the default mode of work where feasible. The government further relaxed its regulations from 28 September 2020 to allow more employees to return to their workplaces, although safe management measures must be in place and employers are encouraged to implement measures such as flexible working hours and staggered reporting times. Employers must also ensure that such employees continue to work from home for at least half their working time, and no more than half of such employees are at the workplace at any point in time. Work-related events of up to 50 people, depending on venue capacity, also resumed from 28 September 2020. Tourism-related businesses and activities resumed operations in stages from 1 July 2020.