

## Office

- 79 Robinson Road was completed in April 2020, with take-up rate at end-2Q20 estimated at about 75%. Committed tenants include Allianz, EFG Bank, Howden Insurance and William Grant & Sons.
- Office leasing activity came to a near halt in 2Q20, due to the circuit breaker<sup>#</sup> measures to contain the spread of COVID-19. Amid the challenging business and leasing environment, landlords stepped up incentives to entice tenants to renew or commit to new leases. Consequently, rents corrected for a second-straight quarter, and at a steeper rate in 2Q20.
- Capital values were firm, underpinned by investors looking to reweigh their investment portfolio with defensive assets in safe havens, like Singapore, amid the current uncertain economic and geopolitical environment.
- The expected deep economic contraction in 2020, the protracted safe-distancing requirements constricting business operating capacity, and the risks of repeated lockdowns arising from potential new waves of COVID-19 could keep occupiers cautious and rents soft over the next 12 months.

<b>32.1</b>	<b>10.48</b>	<b>-3.0%</b>	<b>2,982</b>	<b>0.4%</b>
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 plunged to a four-and-a-half-year low in 2Q20 as sales gallery operations and property viewings were suspended from 7 April to 18 June 2020 due to the circuit breaker measures.
- Amid the expected deep recession this year, developers focused on clearing inventories rather than acquiring more sites. Consequently, there continued to be no collective sales deal concluded in the prime sub-market in 2Q20.
- Price corrections of completed prime private residential properties accelerated in 2Q20 as market activities slowed significantly. However, underpinned by tight vacancy, prime rents eased by only 0.1% q-o-q, although economic and business conditions have worsened with more news on retrenchments and pay cuts.
- Rents are expected to soften moderately over the next 12 months, as leasing demand is likely to weaken given the ongoing economic slowdown, notwithstanding low vacancies.

<b>60,107</b>	<b>4.76</b>	<b>-0.1%</b>	<b>2,924</b>	<b>-0.8%</b>
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 (2Q20, y-o-y, advance estimates)	-12.6%
Consumer Price Index (May 2020, y-o-y)	-0.8%
Total Trade (Current prices) (May 2020, y-o-y)	-25.0%
Index of Industrial Production (May 2020, y-o-y)	-7.4%
Retail Sales excl. motor vehicles (Chain volume terms) (May 2020, y-o-y)	-46.3%
Unemployment Rate (S.A.) (Mar 2020)	2.4%
Total Population Annual Growth (Jun 2019)	1.2%

Source: DOS

## Major Property Transactions | 2Q20

Office	Price (SGD mil)
TripleOne Somerset (30% stake)	342.0
Oxley @ Raffles (strata units)	122.3
Suntec City (strata unit)	13.9
Residential	Price (SGD mil)
Ardmore Park (strata unit)	27.7
23 Pearl Island	25.0
53 Windsor Park Road	21.7
Retail	Price (SGD mil)
Change Alley Mall	192.7
1 Saint Martin's Drive (strata unit)	43.0
19/19A, 37/37A ETC Teck Chye Terrace	39.0
Industrial	Price (SGD mil)
Luxasia Building*	66.1
82 Genting Lane (60% stake)	30.0
65 Tech Park Crescent	25.0

\*Caveat was previously lodged in Dec-19 but updated in May-20 with revised price.

Source: JLL Research, July 2020

## Retail

- No new supply was recorded in 2Q20. The expected opening of Change Alley Mall (previously Chevron House) in the Secondary sub-market in 2Q20 has been delayed to 3Q20 due to the circuit breaker measures.
- Sharp declines in consumer demand and retail sales, as well as the drop of visitor arrivals in April and May 2020 due to the circuit breaker measures and travel bans, led to a new wave of business consolidation and attrition, causing vacancy rates to spike. Consequently, rents of prime floor space fell on a q-o-q basis across the three sub-markets in 2Q20.
- Investment activity continued to slow down in 2Q20, as landlords focused on tackling operational challenges and travel restrictions hindered due diligence. Investment interest in retail assets was selective and cautious.
- 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. Despite relief measures provided by the government and landlords, more retail closures are expected as some retailers 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.

<b>5.1</b>	<b>43.47</b>	<b>-5.7%</b>	<b>9,507</b>	<b>-6.5%</b>
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 was healthy in 2Q20, driven by renewals and short-term leasing requirements to accommodate medical supplies, food and consumer items (for example, from e-retailers), as safety concerns and movement controls fuelled a spike in e-commerce activities and increased stockpiling requirements.
- Underpinned by the healthy demand, logistics/warehouse rents held steady in 2Q20, after easing in 1Q20. This, in turn, supported capital values, which held firm during the quarter.
- There was one known warehouse transaction involving the purchase of 11 Sunview Way by DWS for an undisclosed price. The property is entirely occupied by XPO Logistics.
- Amid the heightened macroeconomic uncertainties and geopolitical risk, we expect occupiers to remain rent sensitive. This will provide little impetus for rent growth over the next 12 months, while yields could compress in a low interest rate environment.

<b>118.9</b>	<b>1.35</b>	<b>0.0%</b>	<b>179</b>	<b>0.0%</b>
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 and by the end of 2Q20, most workplaces were able to resume operations with the implementation of safe-distancing measures, but telecommuting remained the default where feasible. Tourism-related businesses and activities resumed in stages from July 2020.