

## Office

- The overall CBD rents turned around in 2Q21 after recording five quarters of contraction.
- The recovery was led by better quality, newer and greener office assets on the back of the growing emphasis on sustainable workplaces and employees' wellness and health. The temporary derailment in the economy's re-opening due to new COVID-19 flare-ups did not rattle occupier sentiment.
- Capital values of en bloc offices climbed at the fastest pace in eight quarters amid renewed investor confidence alongside the bottoming-out of rents.
- Strengthening demand on the back of the global economic recovery and Singapore's business-friendly offerings, coupled with tightening supply amid limited new completions and possible supply withdrawals due to the redevelopment of ageing office assets should see rents and capital values continuing to firm up in 2H21.

<b>32.2</b>	<b>9.90</b>	<b>1.2%</b>	<b>3,015</b>	<b>1.3%</b>
Current stock	Gross effective rent	Rental growth	Capital value	Capital value growth
(sq ft million)	(SGD psf pm NLA)	(q-o-q)	(SGD psf NLA)	(q-o-q)

All data are reflective of the CBD Investment Grade

## Residential

- Prime home sales volume rose significantly in 2Q21 on the back of more new launches and a healthy resale market. However, most sales were achieved before the heightened alert measures kicked in on 16 May 2021.
- No collective-sale deals were concluded in the Prime districts in 2Q21 despite developers remaining keen to replenish their landbanks. Collective sales have been affected by a mismatch in pricing expectations between en bloc sellers and buyers.
- Prices of completed Prime private residential properties continued rising in 2Q21 supported by healthy sales volumes. Rents for Prime properties also posted their first increase in more than a year during 2Q21, following signs of improvement in the labour market.
- Prime rents are expected to recover this year given the low completed supply and improvements in leasing demand resulting from the labour market recovery. Prime home prices are likely to continue trending upwards amid positive market sentiment.

<b>60,396</b>	<b>4.78</b>	<b>2.8%</b>	<b>2,954</b>	<b>1.6%</b>
Current prime stock	Gross effective rent	Rental growth	Capital value	Capital value growth
(units)	(SGD psf pm NLA)	(q-o-q)	(SGD psf NLA)	(q-o-q)

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

## Key Economic Indicators

GDP Real Growth (2Q21, y-o-y, advance estimates)	14.3%
Consumer Price Index (May 2021, y-o-y)	2.4%
Total Trade (current prices) (May 2021, y-o-y)	30.9%
Index of Industrial Production (May 2021, y-o-y)	30.0%
Retail Sales excl. motor vehicles (chained-volume terms) (May 2021, y-o-y)	63.3%
Unemployment Rate (S.A.) (May 2021)	2.8%
Total Population Annual Growth (June 2020)	-0.3%

Source: DOS

## Major Property Transactions | 2Q21

Office	Price (SGD mil)
9 Penang Road (30% interest)	295.5
Westgate Tower (40% interest)*	244.0
Suntec City Tower One (3 units) & Suntec City Tower Two (7 units)	197.0

Residential	Price (SGD mil)
Northumberland Road (GLS)	445.9
Tengah Garden Walk EC (GLS)	400.3
Ang Mo Kio Avenue 1 (GLS)	381.4

Retail	Price (SGD mil)
Paya Lebar Square (45% interest)**	162.0
Le Quest Mall (100% interest)	139.4
277, 279 New Bridge Road	28.0

Industrial	Price (SGD mil)
Galaxis (75% interest)	540.0
Global Trade Logistics Centre	112.0
TBC Building	74.0

\*40% interest in each of Westgate Tower Pte Ltd and Westgate Commercial Pte Ltd

\*\*45% interest from Paya Lebar Square Pte Ltd which owns 159 retail units and one office unit

Source: JLL Research, July 2021

## Retail

- Over the first two months of 2Q21, the retail sales index (excluding motor vehicles) in chained-volume terms surged 51.5% y-o-y due to the low bases set in April and May 2020 when the circuit breaker measures due to COVID-19 closed physical stores for most of April 2020 and the whole of May 2020. Nonetheless, retail sales in April and May 2021 remained below pre-COVID levels.
- Landlords compromised further on rents to support occupancy given the weak retail sales following a tightening of COVID-19 measures and uncertain business prospects after a resurgence in COVID cases. Hence, rents of prime floor space fell q-o-q across the three sub-markets in 2Q21 but the pace of decline moderated.
- Investment sales rose q-o-q, lifted by Sun Venture Realty's sale of a 45% interest in Paya Lebar Square for SGD 162.0 million and the sale of a 100% interest in Le Quest by Qingjian Realty and minority shareholders for SGD 139.4 million.
- Achieving a high vaccination rate in 2H21, combined with the effective containment of the COVID-19 pandemic will support the further lifting of safe-distancing measures and the gradual easing of travel restrictions. This will lift retailer and consumer sentiment and, in turn, drive retail sales and business expansion. Thus, vacancy rates could fall in the short-term and rent declines should ease further.

<b>5.1</b>	<b>35.24</b>	<b>-3.3%</b>	<b>8,343</b>	<b>-0.5%</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 for logistics/warehouse space remained healthy in 2Q21, underpinned by requirements from third-party logistics players and e-commerce firms. There were also enquiries for cold-room or temperature-controlled facilities.
- The islandwide average logistics/warehouse rent rose in 2Q21 after holding steady for the past four quarters, driven by relatively tight supply, especially for better quality logistics assets.
- Strong competition for logistics/warehouse assets drove up the average logistics/warehouse capital value for the first time in more than three years, and compressed yields in 2Q21.
- Given the weight of capital chasing logistics/warehouse assets amid an earlier-than-expected rent recovery, we expect capital values to continue heading north, while yields are foreseen to compress further.

<b>121.7</b>	<b>1.37</b>	<b>1.5%</b>	<b>190</b>	<b>6.2%</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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