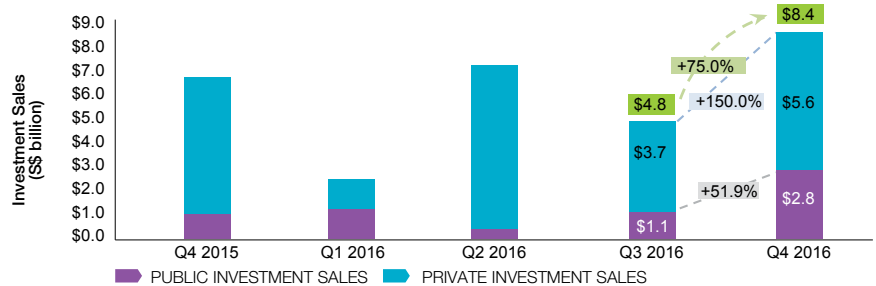


PROMINENT TRANSACTIONS IN THE COMMERCIAL SECTOR SET RECORD HIGH IN 2016

Commercial transaction activity dominated the investment sales scene in 2016; domestic and foreign investors alike sought refuge in Singapore assets that are perceived to provide safe returns.

- Total investment sales value rose to S\$8.4 billion in Q4 2016 (Exhibit 1), bringing total transaction value for the year to S\$22.6 billion.
- **The public sector more than doubled in investment sales volume in Q4 2016**, owing to IOI Properties Group Bhd’s purchase of the white site at Central Boulevard; **notwithstanding, the private sector contributed 66.4% of the quarter’s transactions**, and made up a substantial 75.4% of transaction sales volume for the whole of 2016.
- **The commercial sector took the lead with S\$4.9 billion worth of transactions in Q4 2016** as investors contended for assets in the Central Business District, through both government land sale (GLS) and private deals (Exhibit 3).
- **The residential sector saw an increase of 6.6% to \$2.4 billion in the last quarter, underpinned by keen interest in bulk deals and collective sale** (Exhibit 3). Over the same period, only one residential GLS site at Margaret Drive was awarded (S\$238.4 million).
- **Slowing outbound investment activity**, which fell 62.8% quarter-on-quarter or 87.1% year-on-year to S\$1.7 billion in Q4 2016, can be attributed to economic uncertainty stemming from geopolitical tensions in Europe and the United States. **Viewed as a safe harbour in the tempest, Singapore witnessed \$3.3b worth of inbound investments in Q4 2016 and a notable \$8.9b for the whole year.**

EXHIBIT 1
Total Investment Sales, by Sector



Source: Knight Frank Research

To be considered as private investment sales under Knight Frank Research definition, it must fulfil either of the following pre-requisite:-
 a. Investment transactions should comprise an entire building or property with a total worth of S\$10 million and above; OR
 b. Any bulk sales within a development which amounts to S\$10 million or more
¹ Public Investment Sales: The sale of a development site that is made available by the government to private entities.
² Private Investment Sales: Sales transaction of an existing development made between two private entities.

EXHIBIT 2
Key Statistics for Q4 2016, by Sector

	Residential	Retail	Office
Island-Wide Occupancy (%)	91.6% ↑ 0.3pp	92.5% ↑ 0.9pp	88.9% ↓ 0.8pp
Available Stock (sq ft, unless otherwise stated)	348,080 units	65.1 million	83.2 million
Upcoming Supply by 2020 (sq ft, unless otherwise stated)	40,294 units	4.6 million ¹	6.5 million ¹
Market Outlook for H1 2017	↓	↓	↓

Source: Knight Frank Research

¹ Upcoming supply for Retail Sector in terms of Net Lettable Area (NLA) and for Office Sector in terms of Gross Floor Area (GFA)
 *Arrows indicate q-o-q movement from the preceding quarter, unless otherwise stated.



IAN LOH
Executive Director & Head,
Investment & Capital Markets

“We continue to see investment interest in bulk prime residential, office, retail and hospitality asset in Singapore as outbound investment slows.”

EXHIBIT 3

Top 5 Transactions in Q4 2016

Building							
Site / Development	Sector	Price (\$ mil)	Current Net Lettable Area (sq ft)	Price psf (\$ psf)	Yield (%)	Buyer	Transaction Date
Nouvel 18 ¹	Residential	\$965.4 mil	351,000	\$2,750	Not disclosed	Green 18 Pte Ltd	Oct 2016
77 Robinson Road	Office	\$530.8 mil	293,269	\$1,810	3.5% ²	CLSA Capital Partners	Nov 2016
Capital Square (50% interest)	Office	\$475.5 mil	388,215	\$2,450	Not disclosed	ARA Asset Management Ltd	Dec 2016
Land							
Site / Development	Sector	Price (\$ mil)	Maximum Gross Floor Area (sq ft)	Price per sq ft per plot ratio (\$ psf ppr)	Buyer	Transaction Date	
White Site at Central Boulevard	White Site	\$2,569 mil	1,520,874	\$1,689	Wealthy Link Pte Ltd ³	Nov 2016	
Raintree Gardens	Residential	\$449.5 mil ⁴	563,934	\$797	UVD (projects) ⁵	Oct 2016	

Source: Knight Frank Research

¹ Profit participating securities will be issued in the form of ordinary and preference shares to Green 18 Pte Ltd, a special purpose vehicle company whose shareholders are high net worth Singaporeans and companies wholly-owned by Singapore citizens
² Quoted net yield (Source: Real Capital Analytics, 20 January 2016)
³ A unit of IOI Properties Group Bhd
⁴ Includes estimated S\$115.3 million of upgrading premium and differential premium (Source: The Straits Times, 7 October 2016)
⁵ A joint venture between UOL Group and United Industrial Corporation

EXHIBIT 4

Top 5 Outbound Transactions in Q4 2016

Site / Development	Property Type	Destination of Capital	Price ¹ (\$ mil)	Yield (%)	Buyer	Transaction Date
4 sites in Chongqing	Development Site	China	\$753.0 mil	Not disclosed	GLL Chengdu ²	Dec 2016
4 logistics properties	Industrial	Australia	\$151.9 mil	7.6% ³	Mapletree Logistics Trust	Dec 2016
Property at Worli, Mumbai	Development Site	India	\$129.7 mil	Not disclosed	K Raheja Corp, GIC	Dec 2016
Keppel DC Frankfurt 1	Industrial	Germany	\$116.8 mil	Not disclosed	Alpha Data Center Fund, Keppel Data Centers Holding	Nov 2016
The Flats at West Village ⁴	Residential	United States	\$107.7 mil	Not disclosed	Mapletree Investments	Nov 2016

Source: Knight Frank Research

Outbound investments refer to all outbound capital flows relating to the direct and indirect acquisition (e.g. equity stake) of a property situated outside of Singapore, by Singapore-based entities. Only transactions with quantum of at least US\$2.5 million are captured.

¹ Estimated price in SGD was derived using foreign exchange rate as at the date of transaction (Source: FICA data downloaded on 5 January 2017, Oanda)
² A unit of Guocoland Limited
³ Approximate net property income yield (Source: The Business Times, 16 December 2016)
⁴ Part of a portfolio transaction comprising 7 student accommodation

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