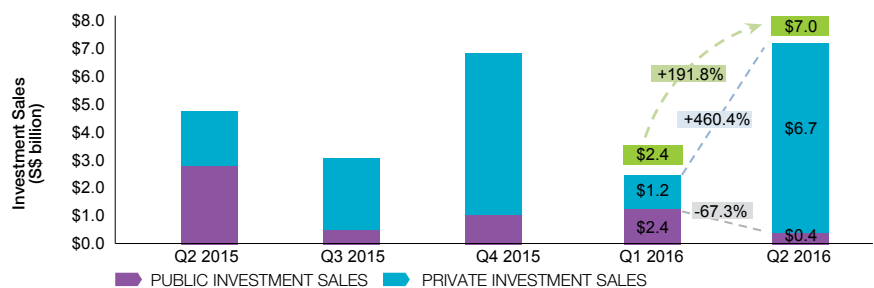


# INVESTMENT SALES VOLUME IN Q2 2016 INCREASED ON THE BACK OF DEMAND FOR TROPHY ASSETS

- Despite a cautious business outlook amid heightened market volatility, investment sales volume grew to S\$7.0 billion in Q2 2016, driven by exceptional performance in private sector deals (Exhibit 1).
- There is demand for trophy assets from investors who adopt mid- to long-term optimism, with Singapore being accorded safe-haven status given its political stability and strong economic fundamentals.
- Two new records were set in Q2 2016. Qatar Investment Authority’s acquisition of Asia Square Tower 1 for circa S\$3.4 billion was the largest single-tower real estate transaction in Asia Pacific to date; MYP’s purchase of Straits Trading Building for S\$560.0 million set a record per sq ft (psf) price of S\$3,524 psf (Exhibit 3).
- Institutional play on residential front: Q2 2016 saw Qingjian Realty acquire Shunfu Ville via en bloc (Exhibit 3) and the bulk purchase of 23 units at Starlight Suites by Evia Real Estate Management Pte Ltd (S\$48.1 million).
- Slowing outbound investment activity, which fell 38.5% quarter-on-quarter or 53.8% year-on-year to S\$2.7 billion can be attributed to limited overseas opportunities as well as uncertainty relating to the UK Referendum.

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  
<sup>1</sup> Public Investment Sales: The sale of a development site that is made available by the government to private entities.  
<sup>2</sup> Private Investment Sales: Sales transaction of an existing development made between two private entities.



**IAN LOH**  
 Executive Director & Head,  
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“Many investors were waiting for prices to correct amid weakening office rents but with record-setting deals at Asia Square and Straits Trading Building happening in quick succession, expectation is for a few more deals to happen within the next few months.”

EXHIBIT 2

## Key Statistics for Q2 2016, by Sector

	Residential	Retail	Office
Island-Wide Occupancy (%)	91.1% ↓	92.2% ↓	90.9% ↑
Available Stock (sq ft, unless otherwise stated)	338,728 units	64.8 million	81.4 million
Upcoming Supply by 2020 (sq ft, unless otherwise stated)	46,848 units	5.7 million <sup>1</sup>	8.7 million <sup>1</sup>

Source: Knight Frank Research

<sup>1</sup> 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.

EXHIBIT 3

Top 5 Transactions in Q2 2016

Building							
Site / Development	Sector	Price (\$ mil)	Current Net Lettable Area (sq ft)	Price psf (\$ psf)	Yield (%)	Buyer	Transaction Date
Asia Square Tower 1	Office	\$3,400.0 mil	1,250,000	\$2,720	3.2% <sup>1</sup>	Qatar Investment Authority	June 2016
CapitaGreen (60% stake)	Office	\$960.3 mil	703,122	\$2,276	3.2% <sup>2</sup>	CapitaLand Commercial Trust	May 2016
Straits Trading Building	Office	\$560.0 mil	158,897	\$3,524	2.8% <sup>3</sup>	MYP (Singapore-listed investment holding firm of Dr. Tahir)	June 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
Shunfu Ville (en bloc)	Residential	\$855.0 mil <sup>4</sup>	1,145,122	\$747		Qingjian Realty	May 2016
9 Cuscaden Road	Hotel	\$231.9 mil <sup>5</sup>	108,112	\$2,145		Shun Tak Real Estate (Singapore)	May 2016

Source: Knight Frank Research

<sup>1</sup> Approximate net yield (Source: The Business Times, 2 June 2016)  
<sup>2</sup> Q1 2016 NPI yield (Source: SGX Announcement)  
<sup>3</sup> Approximate net yield (Source: The Business Times, 31 May 2016)  
<sup>4</sup> Includes estimated differential premium (\$123.0 mil) and upgrading premium (\$94.0 mil)  
<sup>5</sup> Includes estimated development charge (\$86.9 mil)

EXHIBIT 4

Top 5 Outbound Transactions in Q2 2016

Site / Development	Property Type	Destination of Capital	Price <sup>1</sup> (\$ mil)	Yield (%)	Buyer	Transaction Date
Green Park	Industrial	England	\$1,000.0 mil	6% <sup>2</sup>	Mapletree Investments Pte Ltd	May 2016
Jongno Tower	Office	South Korea	\$452.2 mil	Not disclosed	Alpha Investment Partners	April 2016
Sheraton Tribeca New York	Hotel	United States	\$212.3 mil	6.8% <sup>3</sup>	Ascott Residence Trust	April 2016
110 High Holborn	Office	England	\$199.0 mil	Not disclosed	UOL Group	June 2016
Maritim Hotel	Hotel	Germany	\$90.8 mil	6.8% <sup>4</sup>	Frasers Hospitality Trust	May 2016

Source: Knight Frank Research

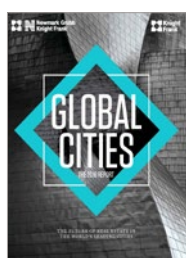
Outbound investments refer to all outbound capital flows relating to the direct and indirect acquisition (e.g. equity stake) of a property situated outside of Singapore, by Singapore-based entities. Only transactions with quantum of at least US\$2.5 million are captured.

<sup>1</sup> Estimated price in SGD was derived using foreign exchange rate as at the date of transaction (Source: RCA data downloaded on 28 June 2016, Qanda)  
<sup>2</sup> Approximate initial yield (Source: The Business Times, 19 May 2016).  
<sup>3</sup> Refers to quoted capitalisation rate (Source: RCA data downloaded on 28 June 2016. Quoted capitalisation rate is defined as the assumed capitalisation rate a property has traded at; usually derived from published reports referencing a local professional not directly involved in the property's trade, but knowledgeable of factors affecting the price of a particular property)  
<sup>4</sup> Refers to in place capitalisation rate (Source: RCA data downloaded on 28 June 2016. In place capitalisation rate is derived from the net income generated from current tenancy agreements)

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