

SINGAPORE RESEARCH COMMERCIAL SALES



Q1 2019 SHOPHOUSE MARKET SNAPSHOT



Total sales of shop houses decreased by 17.5% to S\$205.8 million from S\$249.5 million in Q4 2018

SALES OF LEASEHOLD SHOPHOUSES MORE THAN DOUBLED QUARTER-ON-QUARTER (Q-O-Q)



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“Interest in shophouses remained keen, especially for the heritage shophouses. Investors are willing to pay a premium for the shophouses at prime locations that can be converted for hotel or F&B uses.”

Snapshot

Overall sales of shophouses dropped by 17.5% q-o-q to S\$205.8 million in Q1 2019 from S\$249.5 million in Q4 2018. However, leasehold shophouses more than doubled to \$130.1m. Leasehold shophouses usually were not frequently transacted because the owners tend to keep them because they offer higher yields than the freehold shophouses. Based on the caveats, the most significant transaction recorded in Q1 2019 was the sale of shophouses on 37, 39, 41, 43 Tanjong Pagar Road. The shophouses transacted were part of the acquisition by 8M Real Estate, which acquired ten shophouses in Tanjong Pagar Road, Amoy Street, Gemmill Land and Lorong Mambong. Prices of freehold shophouses declined in Q1 2019, but it was likely to be a blip. The fall in unit price may be due to the difference in attributes of the shophouses traded between Q4 2018 and Q1 2019, rather than market forces. Based on repeated transactions, the prices should be on an upward trend, supported by limited supply.

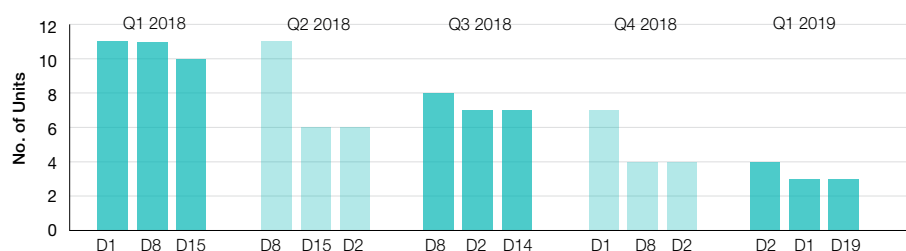
Outram Park Planning Area recorded the highest value of shophouses transacted in Q1 2019.

*Refer to Annex A for Exhibit 1

Districts 1, 2 and 8 have been consistently in the top 3 most popular districts in the past five quarters.

EXHIBIT 2

Top 3 Most Popular Districts Based on Number of Caveats Lodged



Source: URA, REALIS (as at 24 March 2019), Knight Frank Research

*Subsale transactions are not shown.

EXHIBIT 3

Top 5 Deals in Q1 2019 (By Price Quantum)

Address	Quantum (S\$million)	Land Area (sq ft)
37/39/41/43 Tanjong Pagar Road	53.5	6,480
33/35 Tanjong Pagar Road	26.5	3,208
29 Stanley Street	22.1	1,690
87 Club Street	17.2	1,991
71 Neil Road	16.3	2,713

Source: URA, REALIS (as at 24 March 2019), Knight Frank Research

EXHIBIT 4

Property Gains for Shophouse Owners that Sold in Q1 2019

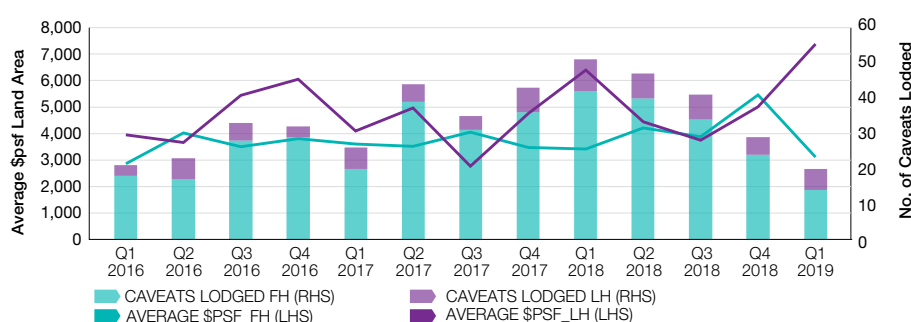
Address	Price Sold in Q1 (S\$million)	Land Area (sq ft)	Return	Estimated number of years held
226/226A Upper Thomson Road	5.0	1,959	25.0%	2
33/35 Tanjong Pagar Road	26.5	3,208	112.0%	8
37 Duxton Road	5.7	1,076	31.4%	4
68 Arab Street	5.2	1,184	23.1%	2
71 Neil Road	16.3	2,713	25.4%	3
800 Upper Serangoon Road	1.6	1,787	62.3%	9

Source: URA, REALIS (as at 24 March 2019), Knight Frank Research

Prices of leasehold shop houses trended upwards, but the decline in freehold shophouses was likely a blip

EXHIBIT 5

Caveats Lodged and Average Land Prices of Shophouses



Source: URA, Knight Frank Research

*Freehold refers to properties with freehold tenure or tenure of more than 900 years.

**Leasehold refers to properties with 99-year lease tenure.

***Subsale transactions are not shown.

OUTLOOK

Shophouses, especially those conserved, will be highly demanded given its limited supply. Additionally, investors can obtain higher yields by amalgamating adjoining shophouses. Shophouses that received approval for change of use to hotels will also be in demand, especially for those companies that intend to incorporate co-living concepts in these shophouses.

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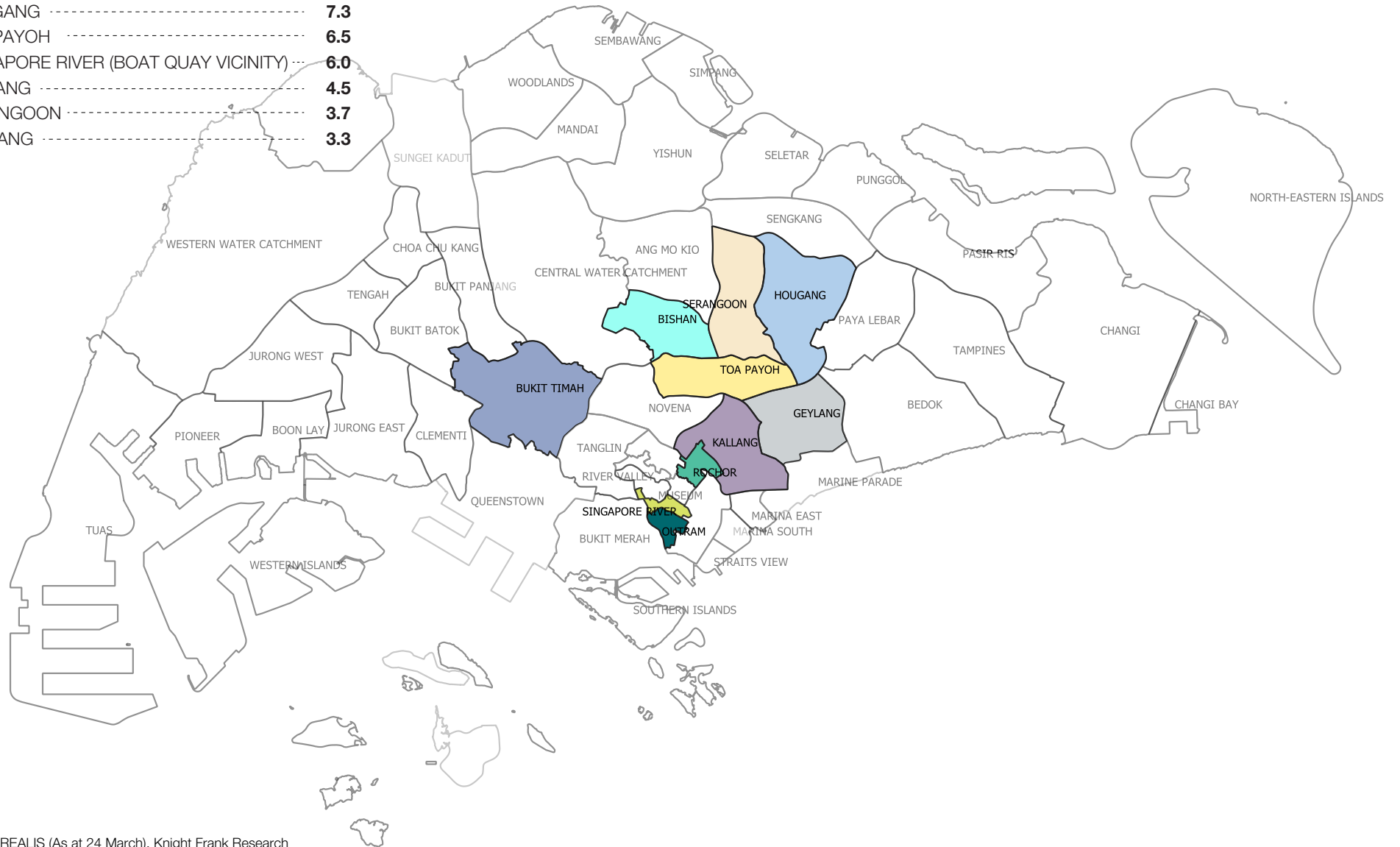
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Annex A

EXHIBIT 1

Total Value of Shophouse Transactions by Planning Area

Planning Area	Total Sales (\$ million)
OUTRAM (CHINATOWN VICINITY)	141.2
ROCHOR (LITTLE INDIA VICINITY)	14.2
BISHAN	10.9
BUKIT TIMAH	8.3
HOUGANG	7.3
TOA PAYOH	6.5
SINGAPORE RIVER (BOAT QUAY VICINITY)	6.0
KALLANG	4.5
SERANGOON	3.7
GEYLANG	3.3



Source: URA, REALIS (As at 24 March), Knight Frank Research