

Q4 2018 INVESTMENT MARKET SNAPSHOT

Total Investment Sales (Q4 2018)

S\$ 5.2 billion

▼ 26.9% q-o-q

COMMERCIAL INVESTMENT SALES EXPECTED TO LEAD IN 2019

Total investment sales in 2018 eased by 7.2% to S\$33.6 billion.

- Total investment sales in 2018 decreased by 7.2% to S\$33.6 billion, with a slowdown in en bloc residential sales in H2 2018. In Q4 2018, investment sales declined by 26.9% quarter-on-quarter (q-o-q) to S\$5.2 billion.
- While there was a significant decline in the number of deals sealed in the public sector, the private sector led the string of deals, achieving 80.1% of the total transaction value in 2018.
- Despite a decrease of 41.3% year-on-year (y-o-y) to S\$7.0 billion in commercial investment sales in 2018, the commercial sector dominated the investment deals in Q4 2018 with sales amounting to S\$3.0 billion. The increase in investment sales of properties was largely attributed to the improving outlook of the office rental market.
- The largest commercial transaction in Q4 was the sale of Robinson 77 by CLSA Real Estate to Gaw Capital Partners for S\$710.0 million in December 2018. Other notable deals transacted included the sale of 78 Shenton Way (S\$687.8 million), Manulife Centre (S\$555.5 million) and the partial divestment of Ocean Financial Centre (S\$537.3 million).
- Investment sales of industrial properties in 2018 declined by 35.0% y-o-y to S\$3.3 billion. While there was a continued increase of industrial investment sales since Q2 2018, Q4 saw a decrease of 13.3% q-o-q to S\$1.0 billion. Notwithstanding, interest remained keen for industrial properties with longer leases, and have redevelopment potential.



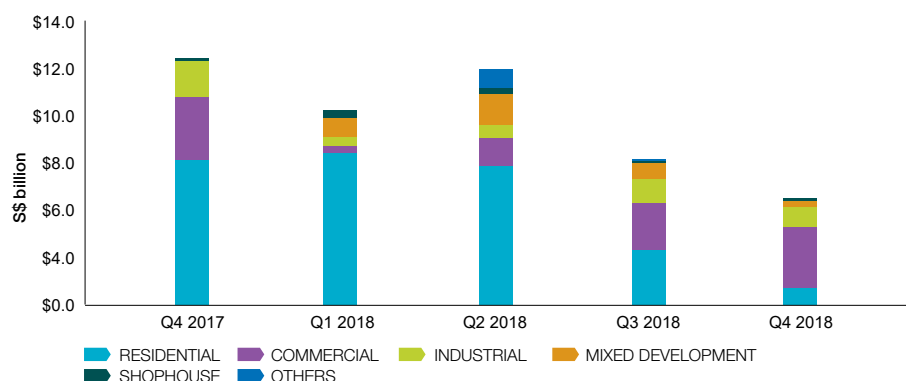
IAN LOH
Executive Director & Head,
Investment & Capital Markets

“The uncertain external environment makes Singapore real estate assets more appealing to foreign investors for wealth preservation and diversification purposes.”

- A total of S\$17.9 billion worth of residential investment deals were recorded in 2018, a 2.0% y-o-y increase from 2017, underpinned by the slowdown in growth in H2 2018. Some S\$0.8 billion worth of residential investment sales were registered in Q4 2018, about 69.7% q-o-q lower than the S\$2.7 billion transacted in Q3. While investors and developers alike have been more cautious in securing sites in light of the cooling measures, many have shifted their focus to hotels given the more optimistic outlook of the hospitality sector.
- Consequently, there was a slight uptick in the Q4 2018 hotel investment sales. Notable hotel deals that were granted approvals by the URA to convert the land to hotel use include the sale of the Golden Wall Centre (S\$276.2 million), Waterloo Apartments (S\$131.1 million), and Darby Park Executive Suites (S\$92.7 million).

EXHIBIT 2

Total Investment Sales, by Property 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

EXHIBIT 3

Top 5 Transactions in Q4 2018

Building	Sector	Price (\$ mil)	Current Net Lettable Area (sq ft)	Estimated unit price (\$ psf)	Buyer	Transaction Date
Robinson 77	Office	710.0	307,585	2,308	Gaw Capital Partners	Dec 18
78 Shenton Way	Office	687.8	362,000	1,900	PGIM Real Estate	Nov 18
REC Building	Industrial	585.0	1,600,000	366	Logos Property	Oct 18
Manulife Centre	Office	555.5	241,000	2,305	ARA Asset Management JV Chelsfield	Dec 18
Ocean Financial Centre (20% stake)	Office	537.3	-	-	Allianz Real Estate	Nov 18

Source: Knight Frank Research

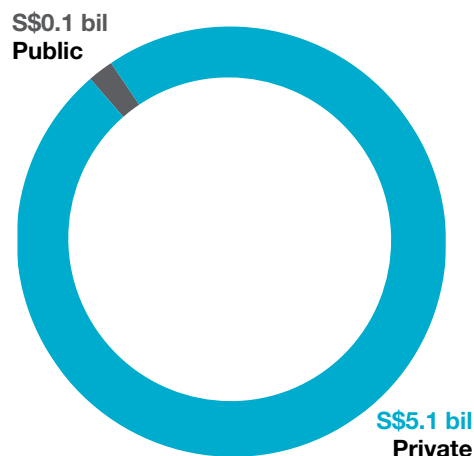
*The gross floor area does not include balcony bonus, and not considering possible height restriction and controls from traffic assessment study.

Market Outlook

- Knight Frank envisages for investment sales, there will be heightened interest in hotels and commercial properties. Given the limited supply of hotel rooms in Singapore, the Government is offering more land for hotel use through the Government Land Sales (GLS) Programme to accommodate a rising hotel demand and considering applications for a change in land uses. Knight Frank expects investments sales in 2019 to largely be dominated by the hotel and commercial sector.
- Notwithstanding, we expect total investment sales in 2019 to ease due to the slowing en bloc sales.

EXHIBIT 1

Total Investment sales, by public and private sale in Q4 2018



Source: Knight Frank Research

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