

“As Singapore seeks to emerge from a post-COVID-19 world, we are definitely expecting a strong pick up in investment activities and confidence returning to the market.”

IAN LOH, HEAD, CAPITAL MARKETS (LAND & BUILDING, COLLECTIVE & STRATA SALES)



Singapore Research

Investment

Q3 2020

INTEREST IN THE INVESTMENT SALES MARKET PICKS UP POST-CIRCUIT BREAKER IN Q3

MARKET SNAPSHOT

S\$4.4 BILLION
TOTAL INVESTMENT SALES IN Q3 2020

S\$9.8 BILLION
TOTAL INVESTMENT SALES IN Q3 2019

knightfrank.com.sg/research

- Since the easing of COVID-19 restriction measures, interest and activity in the real estate market picked up in Q3 2020, particularly from the commercial sector.
- Significant commercial deals were prevalent, led by the sale of a 50% stake of Frasers Property’s Northpoint City (South Wing) to TCC Group for S\$550.0 million, as well as the sale of Robinson Point by Tuan Sing Holdings for S\$500.0 million. While there remains substantial interest for commercial properties, especially in the Central Business District (CBD) region with the potential of existing buildings tapping into the CBD Incentive Scheme, there is limited saleable stock available on the market.
- Given the island-city’s status as a reputable growing regional hub, foreign investors remain keen to expand their operations from Singapore. The likes of Alibaba acquiring 50% stake in AXA Tower earlier in May, and ByteDance looking to set up in Singapore, is just the beginning of the potential demand coming from China-based technology

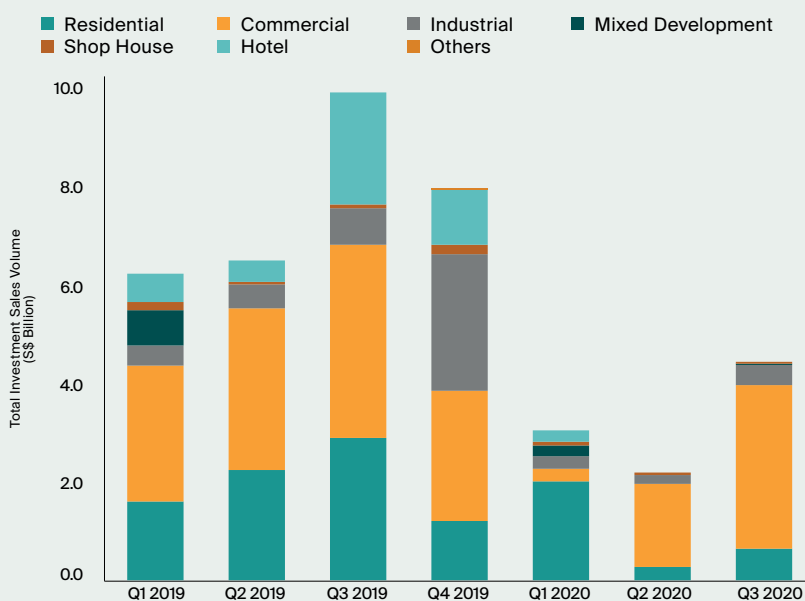
companies. The interest in the acquisition as well as the occupation of commercial properties by technology firms is anticipated to increase in the year ahead.

- In the residential sector, there was resilient demand particularly in the Good Class Bungalows (GCB) segment. A string of deals amounting to S\$128.3 million in Q3 2020 came close to the amount recorded in the first half of the year, S\$166.4 million, demonstrating a strong recovery in demand. Key transactions included the sale of GCBs along Garlick Avenue.

- The industrial sector also chalked up an increase in investment sales in Q3, registering a total of S\$406.6 million. With the improved sentiment, a warehouse at 7 Bulim Street by Titan (Wenya) Pte Ltd was sold to AIMS APAC REIT for S\$129.6 million and a business park development at 26A Ayer Rajah Crescent by Mapletree Industrial Trust was purchased by Equinix Singapore Pte. Ltd. for S\$125.0 million.

- While investment activity in Q3 2020 was characterised by signs of optimism, the total investment sales was approximately S\$4.4 billion, representing a 55.1% year-on-year (y-o-y) decline. There were no transactions completed in the public sector during the quarter, without any sites being sold under the Government Land Sales (GLS) Programme.

Exhibit 1: Total Investment Sales, by Property Sector



Source: Knight Frank Research

Private investment sales are:-

a. Investment transactions that comprise an entire building or property with a total worth of S\$10.0 million and above; OR

b. Bulk sales within a development amounting to S\$10.0 million or more.

Exhibit 2: Top 5 Transactions in Singapore, Q3 2020

SITE/ DEVELOPMENT	PROPERTY TYPE	PRICE (\$\$ MIL)	AREA** (SQ FT)	ESTIMATED UNIT PRICE (\$\$ PSF)	BUYER	SALE DATE
Northpoint City (South Wing)	Commercial	\$550.0*	290,561	\$3,786	TCC Group	Jul-20
Robinson Point	Commercial	\$500.0	134,366	\$3,721	One South Bay Group Company	Aug-20
Tampines 1	Commercial	\$480.9*	268,986	\$2,833	Fraser's Centrepoint Trust	Sep-20
Tiong Bahru Plaza	Commercial	\$412.7*	214,708	\$3,046	Fraser's Centrepoint Trust	Sep-20
Century Square	Commercial	\$362.3*	210,993	\$2,720	Fraser's Centrepoint Trust	Sep-20

Source: Various sources, RCA, Knight Frank Research
 *Price refers to the stake amount as reported by RCA and other various sources.
 **All floor areas cited refer to the net lettable area (NLA) of existing development unless otherwise stated.

Outbound investment sales from Singapore-based investors

- Based on available data from Real Capital Analytics (RCA), Singapore outbound investment sales totalled S\$2.8 billion in the third quarter, contracting 24.3% y-o-y from S\$3.7 billion in the same period last year. Key deals included the acquisition of a residential development site in Shanghai by a joint venture between Yanlord Land Group and Huafa Industrial Co. Ltd Zhuhai for approximately S\$0.9 billion (RMB4.5 billion) as well as the purchase of Pinnacle Office Park in Sydney, Australia, by Keppel REIT for S\$303.3 million (A\$306.0 million).

Market outlook

- As economic activity starts to regain traction, both domestically and across the globe, business sentiment has slightly improved as non-oil exports rose given the increasing demand for electronic products. The retail scene has also seen a surge in activity with brick-and-mortar stores and eateries reopening.
- Despite the pandemic, Singapore remains an attractive destination for foreign investors due to its comparatively stable economic and political environment that is currently not as exposed as other gateway cities to geo-political uncertainties. Knight Frank envisages the increasing trend of foreign companies setting up their regional bases in the city to continue into next year, with Asian technology firms leading the way. This is partly attributed to the government's ability to mitigate the nation's economy against crisis situations. Thus, demand for investment properties in Singapore is expected to increase in the coming months, as investors are keen to continue leveraging on available opportunities as well as the low interest rate environment.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



Ian Loh
 Head
 Capital Markets
 (Land & Building, Collective & Strata Sales)
 +65 6228 6823
 ian.loh@sg.knightfrank.com



Leonard Tay
 Head
 Research
 +65 6228 6854
 leonard.tay@sg.knightfrank.com



Nor Adila Rahim
 Analyst
 Research
 +65 6228 7376
 nor.adila@sg.knightfrank.com

Knight Frank Research Reports are available at knightfrank.com.sg/research

About Knight Frank Singapore

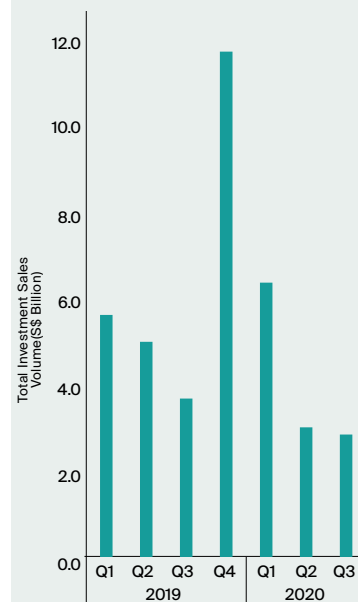
Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank has more than 19,000 people operating from 512 offices across 60 markets. The Group advises clients ranging from individual owners and buyers to major developers, investors and corporate tenants. Knight Frank has a strong presence in Singapore with a head office and two subsidiaries: Knight Frank Property Asset Management and KF Property Network. For further information about the Company, please visit www.knightfrank.com.sg.

© Knight Frank 2020

This report is published for general information only. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no legal responsibility can be accepted by Knight Frank Research or Knight Frank for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects. Reproduction of this report in whole or in part is allowed with proper reference to Knight Frank Research.



Exhibit 3: Cross-border Investments by Singapore-based Entities



Source: RCA, Knight Frank Research
 Note: Based on transactions available as at 24 Sep 2020 (excludes transfer and refinancing of real estate assets).

Recent Publications



INVESTMENT Q2 2020



SINGAPORE VIEW
 22ND EDITION