

# SINGAPORE RESEARCH INVESTMENT



## H1 2018 INVESTMENT MARKET SNAPSHOT

Total Investment Sales (Q2 2018)

**S\$ 10.4 billion**

▲ 7.9% q-o-q

## INVESTMENT SALES CONTINUED TO GROW IN Q2 2018, UNDERPINNED BY THE BUOYANT COLLECTIVE SALES MARKET



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“While the new cooling measures raise the land acquisition costs, developers will still buy sites if the pricing can be validated by current sales.”

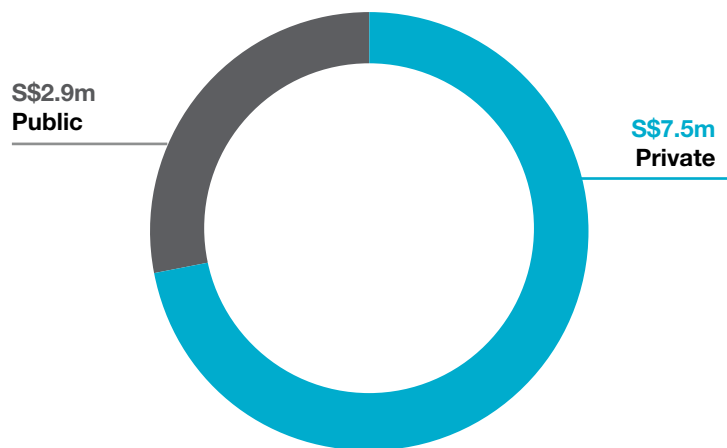
The residential sector continued to drive Singapore’s investment sales in Q2 2018. However, the collective sales market is expected to slow down as the latest round of cooling measures introduced in 5 July pushes up the land acquisition costs.

- **Total investment sales in Q2 2018 rose by 7.9% quarter-on-quarter (q-o-q) to S\$10.4 billion**, with private investment sales accounting for S\$7.5 billion or 72.0% of the total investment sales in Q2.
- **While investment sales from the residential sector continued to drive the market, the total value of transactions emanating from the residential sector fell 10.8% q-o-q to S\$6.7 billion in Q2 2018.** A total of 15 collective sales sites were sold in Q2, amounting to S\$3.8 billion worth of investment sales. For H1 2018, a total of 32 collective sites were sold for S\$9.7 billion. Three of the largest collective sales deals concluded in Q2 2018 were Tulip Garden (S\$906.9 million), Dunearn Gardens (S\$468.0 million), and Chancery Court (S\$401.8 million). In the same quarter, three Government Land Sale (GLS) sites were awarded, accounting for about S\$1.67 billion investment sales. The land parcels sold through public tender included the mixed-development site at Silat Avenue (S\$1.0 billion), the residential site at Cuscaden Road (S\$410 million), and Mattar Road (S\$223.0 million).

- **Some S\$1.3 billion worth of commercial investment sales were reported in Q2 2018**, more than doubled the S\$0.4 billion reported in Q1 2018. The largest transaction for commercial properties in Q2 was the sale of Twenty Anson by CapitaLand Commercial Trust for S\$516 million in June 2018. Other notable deals included the sale of Sembawang Shopping Centre by CapitaLand Mall Trust to Lian Beng-Apricot Sembawang for S\$248 million and MYP’s sale of MYP Plaza for S\$247 million.
- **Two mixed-use development sites were transacted for S\$1.5 billion in Q2 2018.** They were the GLS site at Holland Road (S\$1.2 billion), and the collective sale of Chinatown Plaza (S\$260.0 million).
- **The value of the industrial properties transacted in Q2 increased by 52.6% q-o-q to S\$666.7 million**, boosted by the acquisition of the Kingsland Data Centre by Keppel DC REIT for S\$295.1 million in Q2 2018.

EXHIBIT 1

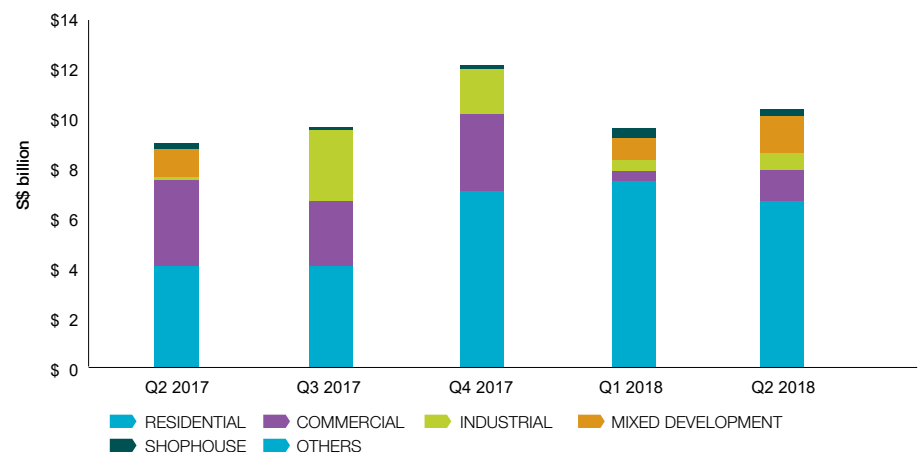
**Total Investment sales, by public and private sale**



Source: URA, Knight Frank Research

EXHIBIT 2

**Total Investment Sales, by Property Sector**



Source: URA, 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 Q2 2018**

Building Site / Development	Sector	Price (S\$ mil)	Maximisable Gross Floor Area*	Estimated unit price (S\$ psf)	Buyer	Transaction Date
Tulip Garden	Residential	906.9	506,734 sq ft	1,790 psf ppr	Yandlord & MCL Land	April 18
Twenty Anson	Office	516.0	Not applicable	2,503 psf per NLA	Foreign private equity fund	June 18
Dunearn Gardens	Residential	468.0	267,239 sq ft	1,914 psf ppr	EL Development	April 18
Chancery Court	Residential	401.8	362,788 sq ft	1,610 psf ppr	Not disclosed	May 18
Park House	Residential	375.5	129,035 sq ft	2,910 psf ppr	Shun Tak Cuscaden Residential	Jun 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

The residential cooling measure announced on 5 July 2018 raised the land acquisition costs for developers is likely to cool the collective sales market. With slower sales and large upcoming supply in the near horizon, we anticipate land bids for residential sites to reflect prices in current market. Apart from that, we expect investors to temporarily divert their focus to office buildings.

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