

STRONG GROWTH ACROSS ALL SECTORS

















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Summary & Recommendations

Total Q3 Singapore investment sales jumped 53.7% QOQ and YOY to SGD11.2bn (USD8.1bn) as global capital continues to seek opportunities in safe destinations with Singapore remaining high on investors' radar.

- > The strong pace of commercial sales was sustained in Q3, with increasing foreign interest, totaling SGD4.6bn (USD3.4bn) deals in Q3; while luxury home sales picked up significantly in Q3.
- > Hospitality transactions reached their record high at SGD2.8bn (USD2.0bn). Meanwhile, data centres dominated industrial transactions in Q3.
- > We recommend investors consider prime office assets, or high-specs business space that caters to the high-growth tech sector.

	QOQ / Q3 2019	YOY / 2019F	Average Annual Growth / 2018-2023F Average
 <p>Total Investment Sales</p> <p>> Investment sales in the first nine months of 2019 declined 16.8% YOY to SGD23.2bn (USD16.8bn), as H1 2018 saw a record level of residential collective sales. Nevertheless, we expect full year sales to catch up with 2018, as more big-ticket deals conclude in Q4.</p>	53.7 %  SGD11.2bn	0 %  SGD33.8bn	6.0 %  SGD40.4bn
 <p>Commercial</p> <p>> The commercial (office, retail) activities remained strong and increased by 3.2% QOQ in Q3. We expect 2019 to end with a record, beating 2007's SGD12.5bn (USD9.1bn). A healthy office rental market and redevelopment potential should underpin a 10% average annual growth over 2018-2023.</p>	3.2 %  SGD4.6bn	130 %  SGD13.9bn	10.0 %  SGD8.1bn
 <p>Residential</p> <p>> Q3 residential transactions rose 90.1% QOQ and 4.7% YOY, mainly on public land sales and luxury homes over SGD10 million. Still, we expect 2019's volume to drop by 55% from the record level in 2018 due to a dampened collective sales market.</p>	90.1 %  SGD3.1bn	-55.4 %  SGD8.3bn	2.0 %  SGD19.6bn
 <p>Industrial</p> <p>> We forecast full year 2019 industrial sales to increase by 30% YOY on big-ticket transactions by REITs and industrialists. As the underlying leasing market stabilises beyond 2020, total industrial sales could rise on average 15% per annum in 2018-2023.</p>	12.0 %  SGD681mn	30.0 %  SGD5.4bn	15.0 %  SGD6.5bn

Source: Colliers International. Notes: 1) USD1 to SGD1.3813 at the end of Q3 2019. 2) 1 sq m = 10.7639 sq ft. 3) Investment sales transactions include: a) all private property sales at transaction prices of SGD10 million and above; and b) all successfully awarded state land tenders. 3) All deals mentioned in this report have been widely publicized in the media. 4) Effective from this quarterly, we have revised our definition of investment sales to include transactions over SGD10 million, instead of SGD5 million. All data has been adjusted retroactively.

COMMERCIAL AND RESIDENTIAL SALES REMAINED ROBUST IN Q3

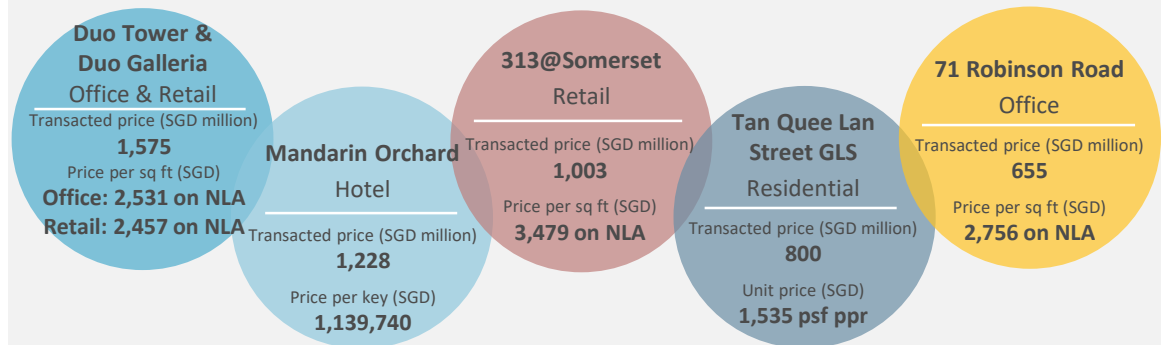
Based on advance estimates from the Ministry of Trade and Industry (MTI), Singapore’s GDP grew by 0.1% YOY in Q3 2019, the same pace as in Q2. As of 23 September 2019, Oxford Economics has downgraded Singapore’s GDP growth forecast for the year from 0.7% to 0.5% as trade outlook remained weak due to slow Chinese import demand, a sluggish global ICT sector, and uncertainties amid the US-China trade war.

Amidst the macroeconomic headwinds, the real estate investment market in Singapore remained resilient. The commercial sector continued the strong momentum started in Q2 2019 and accounted for 41% of total investment volume in Q3. The residential sector increased its share in total investment volume to 27%, up from 22% in Q2, boosted by increased public land sales and a jump in luxury home sales (defined as non-landed and landed homes, and Good Class Bungalows (GCBs), over SGD10 million). Hospitality transaction volumes surged in Q3, increasing sector’s share to 25%, from 6% in Q2.

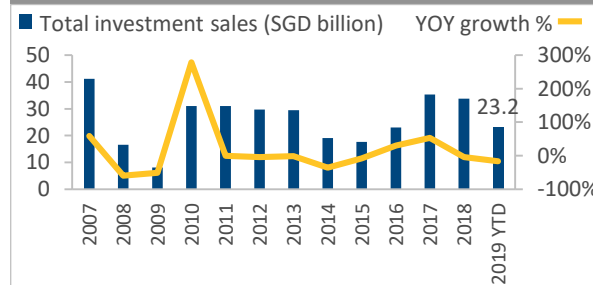
REITs and institutional investors dominated the top private deals, which include the acquisitions of Duo Tower and Duo Galleria by US-based Allianz Real Estate and Hong Kong-based Gaw Capital Partners for SGD1.6 (USD 1.1) billion; 313@Somerset by Lendlease Global Commercial REIT for SGD1.0 (USD0.7) billion; and 71 Robinson Road by investment company SV Robinson for SGD655 (USD474) million.

We expect the investor interest in Singapore real estate to continue, given low interest rates, and Singapore remaining a key gateway city with a stable government and pro-business policies.

The five largest transactions in Q3 2019



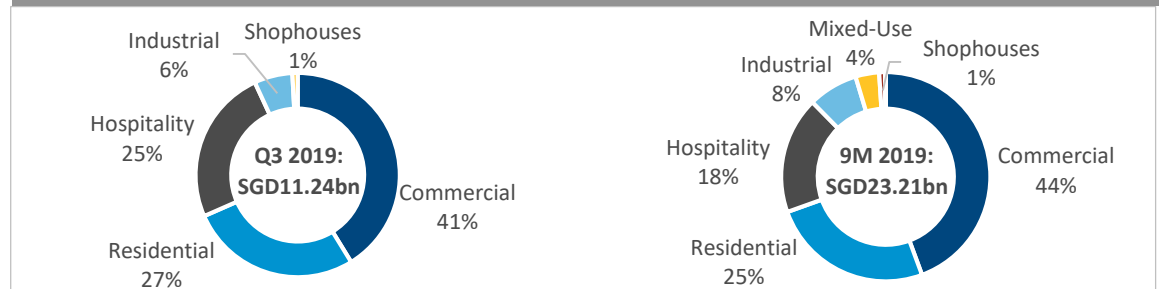
Snapshot of total investment sales



Investment sales volume by sector

	Q3 2019 (SGD mil)	% Change QOQ	% Change YOY
Commercial	4,634	3.2%	121.0%
Residential	3,057	90.1%	4.7%
Hospitality	2,775	545.3%	1,808.4%
Industrial	681	12.0%	-41.2%
Shophouses	94	527.1%	-22.6%

Investment sales by sector: Q3 2019 vs the first nine months of 2019 total volume



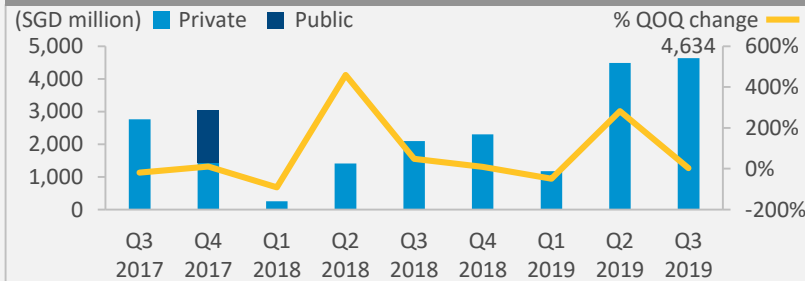
Source: Colliers International, Urban Redevelopment Authority (URA), JTC Corporation (JTC), Housing Development Board (HDB). Notes: 1) Information as of 7 October 2019. 2) Commercial includes office, retail and mixed- office and retail components in a development. Mixed-use refers to properties with two or more types of different uses. Others include properties such as medical centres, HDB shops, petrol stations, etc. 3) The percentage may not add up 100 due to rounding.

Commercial



Commercial investment sales in Q3 increased by 3.2% QOQ and more than doubled YOY to reach SGD4.6 (USD3.4) billion, anchored by Duo, 313@Somerset and 71 Robinson Road. This brought the commercial tally in the first nine months of 2019 to SGD10.3 (USD7.5) billion, an increase of 174% YOY. Incentives to redevelop older CBD office buildings, coupled with tight vacancies and a light supply pipeline, should encourage more investments into the sector.

Snapshot of total commercial investment sales



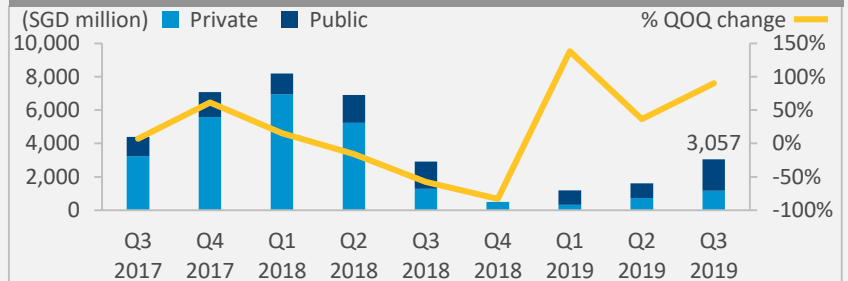
Source: Colliers International, URA REALIS (as of 7 October 2019)

Residential



Residential investment sales increased by 90.1% QOQ and 4.7% YOY to SGD3.1 billion, bringing Q1-Q3 2019 volume to SGD5.8 billion. Public land sales accounted for 62% of residential investment in Q3, with four sites, totaling SGD1.9 (USD1.4) billion, being awarded to developers. Luxury home sales, including GCBs, jumped 62.4% QOQ and 53.8% YOY to SGD1.1 (USD0.8) billion. In particular, James Dyson reportedly bought a GCB and a super-penthouse for over SGD100 (USD72) million in Q3.

Snapshot of total residential investment sales



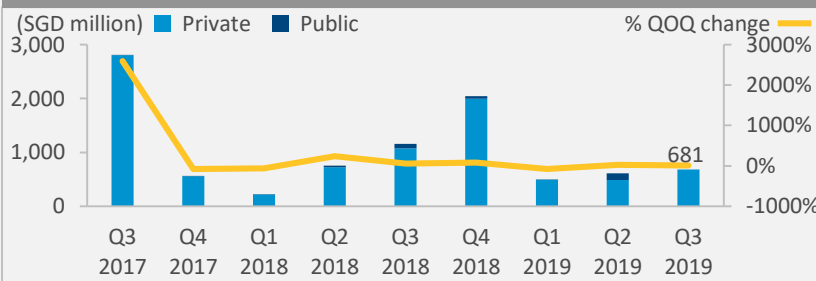
Source: Colliers International, URA REALIS (as of 7 October 2019)

Industrial



Industrial investment sales in Q3 edged up 12.0% QOQ to SGD681 (USD493) million, mainly on Keppel DC REIT's acquisition of two data centres. The nine month tally remained modest at SGD1.8 (USD1.3) billion. We expect more industrial assets to be transacted by REITs in Q4 and beyond.

Snapshot of total industrial investment sales



Source: Colliers International, URA REALIS (as of 7 October 2019)

Hospitality



Hospitality deals in Q3 surged by 545% QOQ and about 19 times YOY to SGD2.8 (USD2.0) billion, on several sizeable transactions including Bay Hotel, Mandarin Orchard and Crowne Plaza Changi Airport. Hospitality transactions in Q1-Q3 2019 totaled SGD4.2 (USD3.0) billion, higher than all historical full-year figures. According to [Colliers' Hotel Insights Q3 2019](#), the additional investments in the MICE and leisure sectors should attract both corporate and leisure travelers in the next 3-5 years.

Shophouses



Total shophouse transactions with a value of SGD10 million and above declined by 22.6% YOY to SGD94 (USD68) million in Q3, bringing the Q1-Q3 total volume to SGD220 (USD159) million. We expect well-located city-centre shophouses to remain highly sought-after due to their scarcity value, vintage charm and palatable quantum.

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