

MARKETBEAT
Investment Snapshot
Q4 2016
Singapore

STATS ON THE GO
Economic Indicators

	Q2 16	Q3 16	12-Month Forecast
GDP Growth	2.1%	1.2%	■
CPI Growth	-0.9%	-0.4%	▲
Unemployment	2.1%	2.1%	■

Source: Ministry of Trade & Industry

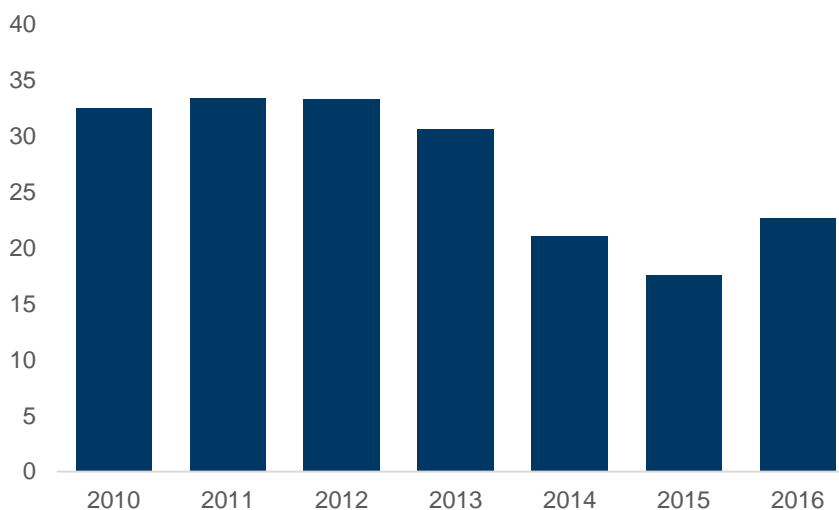
Investment Volume (SGD bn)

	Public	Private	Total
Residential	0.24	2.00	2.24
Commercial	2.57	0.82	3.39
Industrial	0.01	1.03	1.04
Hospitality	0.00	0.00	0.00
Mixed/Others	0.02	0.15	0.17
Overall	2.84	4.00	6.84

Note: Figures may not tally precisely due to rounding.

Source: Cushman & Wakefield Research

Figure 1

Total Investment Volume (SGD bn)


Source: Cushman & Wakefield Research

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Overview

Total real estate investment sales amounted to S\$6.84 billion in the fourth quarter of 2016, increasing 10% quarter-on-quarter (q-o-q). The private sector accounted for the bulk of the transaction volume at S\$4.00 billion, while the public sector made up the rest at S\$2.84 billion. The commercial sector had the highest volume at S\$3.39 billion, followed by the residential sector at S\$2.24 billion, and the industrial sector at S\$1.04 billion.

Commercial Sector

The commercial sector saw S\$3.39 billion of investment volume in the fourth quarter, surging 42% q-o-q.

In the largest deal of the quarter, IOI Properties placed the top bid of S\$2.57 billion or S\$1,689 psf ppr for the Central Boulevard GLS site. There was also activity in the strata office segment with ARA Asset Management purchasing five floors in Suntec Tower 1 for S\$129.3 million.

Industrial Sector

The industrial sector saw S\$1.04 billion of investment volume in the fourth quarter, falling 21% q-o-q.

Activity during the quarter was mainly ascribed to REITs, with Ascendas REIT acquiring DSO National Labs and DNV GL Tech Centre at Science Park for S\$420.0 million. Meanwhile, Keppel DC REIT bolstered its portfolio via the purchase of a 90% stake in Keppel DC Singapore 3 data centre for S\$202.5 million.

Outlook

The full-year investment tally for 2016 totaled S\$22.64 billion, surpassing 2015's volume of S\$17.62 billion by 28%. The 2016 figure also exceeded 2014's tally of S\$21.09 billion by 7%, making 2016's volume the highest in three years. This was supported by the office sector which saw the highest ever annual volume of S\$9.95 billion, bolstered by big ticket transactions such as Asia Square Tower 1 and the Central Boulevard GLS site.

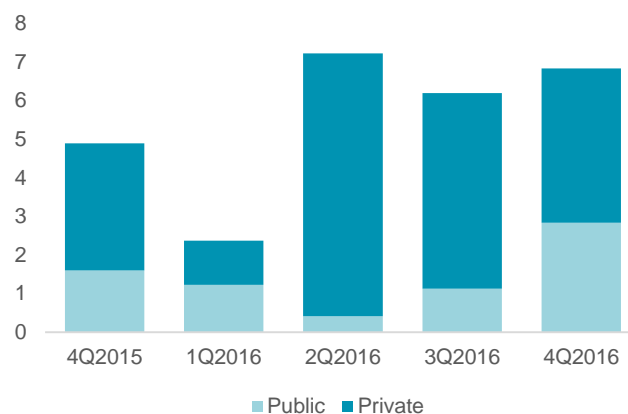
The market outlook for 2017 remains uncertain as the advent of the Trump presidency could lead to slower trade flows in Asia due to Trump's protectionist policies.

Nevertheless, investor demand for assets in Singapore is expected to remain healthy, particularly from long-term investors such as sovereign wealth funds and insurance firms given the stable political landscape and safe haven status of the Singapore market.

Accordingly, total investment volume for 2017 could remain in the S\$20 billion range, propped up by major deals in the pipeline such as Jurong Point, Asia Square Tower 2, and Wilkie Edge. Prices of office assets are expected to remain resilient due to the scarcity of prime assets available for sale, and the bullish prices for office properties transacted in 2016 reflect confidence in the market despite the subdued economic outlook for 2017.

Figure 2

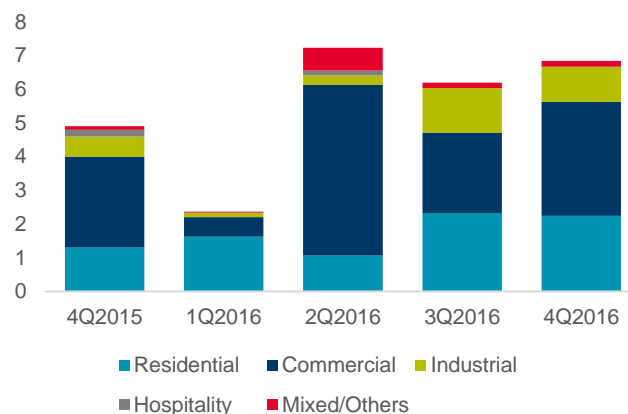
Investment Volume – Public vs. Private (SGD bn)



Source: Cushman & Wakefield Research

Figure 3

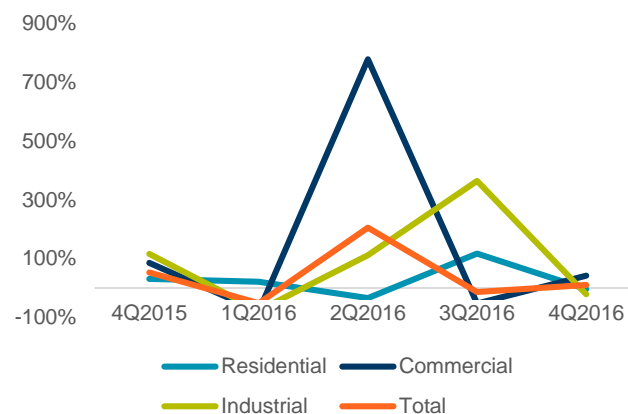
Investment Volume by Sector (SGD bn)



Source: Cushman & Wakefield Research

Figure 4

Investment Volume by Sector – Quarter-on-Quarter Change (%)



Source: Cushman & Wakefield Research

Significant investment transactions, Q4 2016

PROPERTY	PURCHASER	VENDOR	SECTOR	PRICE
Central Boulevard GLS site	IOI Properties Group	URA	Office	S\$2,568,686,688
Suntec Tower 1 (5 floors)	ARA Asset Management	BASF	Office	S\$129,300,000
Chinatown Point (60% stake) – Retail mall & 4 strata office units	Perennial Real Estate Holdings & Singapore Press Holdings	Savills Investment Management	Retail & Office	S\$265,500,000
Heartland Mall (3 floors) & Havelock II (2 strata units)	Master Contract Services	Alpha Investment Partners	Retail	S\$250,000,000
Cityvibe	Zhao family (Chinese investors)	Victor Boh See Fook, Eric Cheng Kwee Kiang & Woon Yong Thai	Retail	S\$71,000,000
DSO National Labs & DNV GL Tech Centre	Ascendas REIT	Ascendas Land	Industrial	S\$420,000,000
Keppel DC Singapore 3 (90% stake)	Keppel DC REIT	Keppel Data Centres Holding	Industrial	S\$202,500,000
6 Chin Bee Avenue	Viva Industrial Trust	Sharikat National	Industrial	S\$87,300,000
Nouvel 18	Green 18	CDL	Residential	S\$977,600,000
Raintree Gardens	UOL Group & United Industrial Corporation	Collective Sale	Residential	S\$334,200,000
Cuscaden Mansions	Sustained Land	UK Trust	Residential	S\$103,800,000

Source: Cushman & Wakefield Research

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