

A wide-angle photograph of the Singapore skyline at sunset. The sky is a vibrant mix of orange, yellow, and purple. In the foreground, several tall, modern apartment buildings with colorful facades (yellow, blue, and white) stand out. In the background, more skyscrapers and construction cranes are visible against the horizon.

**REAL ESTATE  
TIMES**

**APRIL 2020**

# SINGAPORE Q1 2020

Real estate markets grapple with pandemic headwinds as  
COVID-19 anticipated to persist through 2020

# ECONOMY

## Market commentary

### Key economic indicators

Based on advanced estimates released by the Ministry of Trade and Industry (MTI) on 26 March 2020, the Singapore economy contracted by 2.2 per cent y-o-y in Q1 2020, reversing from the 1.0 per cent growth in Q4 2019 (Table 1). All sectors reported a negative performance, with the construction sector reporting the worst decline of 4.3 per cent y-o-y in Q1 2020. The Novel Coronavirus (or COVID-19) pandemic, which emerged in late 2019, has caused global disruptions to the economy that was already weak in 2019. Construction activities were impacted significantly due to supply chain disruptions and delays in the return of foreign workers as a result of the lockdowns and travel restrictions implemented by other countries.

The International Monetary Fund (IMF) reported on 27 March 2020 that the world had clearly entered a recession due to the coronavirus pandemic, which could be worse than the recession that occurred back in 2009. The Organisation for Economic Co-operation and Development (OECD) also stated that the lockdown will directly affect sectors amounting up to one-third of Gross Domestic Product (GDP) in major economies and for each month of containment, there will be a loss of 2 percentage points in annual GDP growth. It is also certain that many economies will fall into a recession.

Singapore's GDP growth forecast for 2020 was downgraded to "-4.0 per cent to -1.0 per cent", from the "-0.5 per cent to 1.5 per cent" forecast in February 2020. The wider forecast range is to account for heightened uncertainties in the global economy, given the unprecedented nature of the COVID-19 outbreak, which has escalated since February 2020 with many countries implementing lockdowns and border closures. Such closures will negatively impact economic activities and global supply chains. Singapore itself has also tightened its border controls to reduce the importation of COVID-19 cases.

Table 1: Singapore GDP

Selected indicators	Year-on-year (y-o-y) change (%)				
	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020*
Overall GDP	1.0	0.2	0.7	1.0	-2.2
Manufacturing	0.0	-2.7	-0.7	-2.3	-0.5
Construction	1.4	2.3	3.1	4.3	-4.3
Services producing industries	1.0	1.1	0.8	1.5	-3.1

\* Based on advanced estimates released by MTI on 26 March 2020

Source: MTI, EDMUND TIE Research

Table 2: Inflation, unemployment rate and fixed asset investments

Selected indicators	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Consumer Price Index (Core inflation) Y-o-y % change	1.8	1.3	0.6	0.5
Consumer Price Index (All items inflation) S.A. Y-o-y % change	0.5	0.5	0.5	0.8
Unemployment rate, S.A. (per cent)	2.2	2.2	2.3	2.3
Fixed asset investments (\$\$bn)	3.8	4.3	0.2	6.9

Source: MTI, EDMUND TIE Research

The closure of all non-essential businesses was also implemented to control the spread of the pandemic (Table 3). The implementation of such policies will have an adverse impact on visitor arrivals, as well as retail and food and beverage (F&B) sales, which in turn may directly affect the retail and hospitality sectors.

The Singapore Government unveiled its S\$6.4bn Unity Budget 2020 on 18 February 2020, which included jobs and household support measures, as well as property tax rebates for its tourism-dependent sectors, such as hospitality and retail. A package of S\$4bn has been pledged to implement measures aimed at stabilising the economy caused by COVID-19. The Government had to subsequently introduce the Resilience and Solidarity Packages in a bid to lift Singapore's economic and social resilience.

**Table 3: COVID-19 preventive measures and support given by the Government**

COVID-19 preventive measures (Updated as of 22 April 2020)	Affected real estate sector(s)	Government support
<p>Most workplaces, except for essential services and key economic sectors, have shut down temporarily as part of the Government's stricter measures to "minimise physical contact" and keep the COVID-19 outbreak in check. This will be in place from 7 April to 4 May 2020.</p> <p>As reported on 21 April 2020, the circuit breaker measures have been extended for another month till 1 June 2020 to curb the spread of the coronavirus.</p> <p>In particular, all foreign workers currently living in dormitories have to stop moving in and out from 21 April until 4 May, including going to work. This is to curb the spread of the coronavirus among this group.</p> <p>Under the COVID-19 (Temporary Measures) Act, there is a ban on social gatherings of any size in private or public areas from 7 April 2020 and this will be valid for up to 6 months.</p>	All sectors	<p><b>Ease Labour Costs for Employers</b></p> <ul style="list-style-type: none"> <li>• Waiver of monthly Foreign Worker Levy due in April and May 2020</li> <li>• Foreign Worker Levy Rebate of S\$750 in April and May 2020 from levies paid this year, for each Work Permit or S Pass holder</li> </ul> <p><b>Enhance Financing Support</b></p> <ul style="list-style-type: none"> <li>• Increase Government's risk share of loans from 80 per cent to 90 per cent for loans initiated from 8 April 2020 till 31 Mar 2021, under the Temporary Bridging Loan Programme, Enterprise Financing Scheme – Working Capital Loan, and Enterprise Financing Scheme – Trade Loan</li> </ul> <p><b>Ensure Pass-through of Property Tax Rebate</b></p> <ul style="list-style-type: none"> <li>• Up to 100 per cent property tax rebate for non-residential properties, for tax payable in 2020, as announced under the Resilience Budget</li> <li>• The COVID-19 (Temporary Measures) Act to ensure pass-through of property tax rebate from property owners to tenants</li> </ul> <p><b>Jobs Support Scheme</b></p> <ul style="list-style-type: none"> <li>• To help save jobs, Government will pay 75 per cent of the first S\$4,600 of monthly wages paid in April and May 2020 for every local worker in employment</li> <li>• Wage support levels will be differentiated by sectors for the remaining qualifying months<sup>1</sup></li> <li>• Firms will receive the first payout in April and May 2020, including the enhanced payout for April wages</li> </ul> <p><b>Self-Employed Person (SEP) Income Relief Scheme (SIRS)</b></p> <ul style="list-style-type: none"> <li>• Annual value threshold raised from S\$13,000 to S\$21,000, to support more SEPs</li> <li>• Automatic inclusion of SEPs who also earn a small income from employment work</li> <li>• Other criteria remain unchanged</li> <li>• Eligible SEPs will receive three quarterly cash payouts of S\$3,000 each in May, July, and Oct 2020</li> </ul> <p><b>COVID-19 Support Grant</b></p> <ul style="list-style-type: none"> <li>• The Government will also roll out the new COVID-19 Support Grant from May 2020 to give those who lose their jobs because of the crisis an \$800 monthly grant for three months.</li> </ul>
Residential showflats are prohibited to operate from 7 April to likely 1 June 2020.	Residential	NIL
<p>Retail establishments are not permitted to operate, unless they are categorised under essential services – such as supermarkets, and F&amp;B operators.</p> <p>For food establishments, no dining in is allowed and only takeaway options may be offered.</p> <p>With effect from 22 April 2020, the list of essential services has been tightened, with shops selling snacks, drinks and desserts, as well as barber and hairdressing shops not allowed to operate. Eateries and vending machines in parks will also be shut. Optician shops will no longer allow walk-ins. Pet and laundry shops will be ordered to close their physical shops, with only online services available. Staff numbers in shops will be cut, as well as take down workers entry and exit along with a ban on cross-deployment.</p> <p>Temperature taking will be taken before entry to all supermarkets and malls, along with particulars for contact tracing.</p> <p>Crowd control will be implemented at four wet markets, with the last digit of NRICs to determine entry</p> <p>These measures are in place till 1 June 2020.</p>	Retail	<p><b>Enhance Rental Waivers</b></p> <ul style="list-style-type: none"> <li>• Increased rental waiver from 1 month to 3 months, for stallholders in hawker centres managed by NEA or NEA-appointed operators</li> <li>• Increased rental waiver from 0.5 month to 2 months for eligible tenants of Government agencies</li> </ul> <p><b>Enhanced Property Tax Rebate for 2020</b></p> <ul style="list-style-type: none"> <li>• Increased Property Tax Rebate for qualifying commercial properties, such as hotels, serviced apartments, tourist attractions, shops and restaurants, from 15 per cent or 30 per cent, to 100 per cent</li> </ul> <p><b>Ensure Pass-through of Property Tax Rebate</b></p> <ul style="list-style-type: none"> <li>• Up to 100 per cent property tax rebate for non-residential properties for the tax payable in 2020, as announced under the Resilience Budget</li> <li>• COVID-19 (Temporary Measures) Act to ensure pass-through of property tax rebate from property owners to tenants</li> </ul>
<p>Singapore announced a ban on all short-term visitors arriving or transiting through Singapore starting from 23 March 2020.</p> <p>Non-essential services have been prohibited in hotels and serviced apartments, and it will be in effect from 7 April to 1 June 2020.</p>	Hospitality	<p><b>Enhanced Property Tax Rebate for 2020</b></p> <ul style="list-style-type: none"> <li>• Increased property tax rebate for qualifying commercial properties, such as hotels, serviced apartments, tourist attractions, shops and restaurants, from 15 or 30 per cent, to 100 per cent</li> <li>• Increased property tax rebate for Integrated Resorts (IRs) from 10 per cent to 60 per cent</li> </ul> <p><b>Ensure Pass-through of Property Tax Rebate</b></p> <ul style="list-style-type: none"> <li>• Up to 100 per cent property tax rebate for non-residential properties, for the tax payable in 2020 as announced under the Resilience Budget</li> <li>• COVID-19 (Temporary Measures) Act to ensure pass-through of property tax rebate from property owners to tenants</li> </ul>
<p>All businesses have been closed, except those that fall under essential services.</p> <p>This will be in place from 7 April to 1 June 2020.</p>	Office/ Industrial	<p><b>Enhance Rental Waivers</b></p> <ul style="list-style-type: none"> <li>• Increase rental waivers from 0.5 month to 1 month, for industrial, office, and agricultural tenants of Government agencies</li> </ul> <p><b>Enhanced Property Tax Rebate for 2020</b></p> <ul style="list-style-type: none"> <li>• All other non-residential properties will receive a new 30 per cent property tax rebate</li> </ul> <p><b>Ensure Pass-through of Property Tax Rebate</b></p> <ul style="list-style-type: none"> <li>• Up to 100 per cent property tax rebate for non-residential properties for the tax payable in 2020, as announced under the Resilience Budget</li> <li>• COVID-19 (Temporary Measures) Act to ensure pass-through of property tax rebate from property owners to tenants</li> </ul>

<sup>1</sup> 75 per cent wage support for aviation, accommodation, and tourism sectors, 50 per cent for food services sectors, and 25 per cent for all other sectors

Source: Ministry of Trade and Industry, Ministry of Finance, Ministry of Health, EDMUND TIE Research

# INVESTMENT

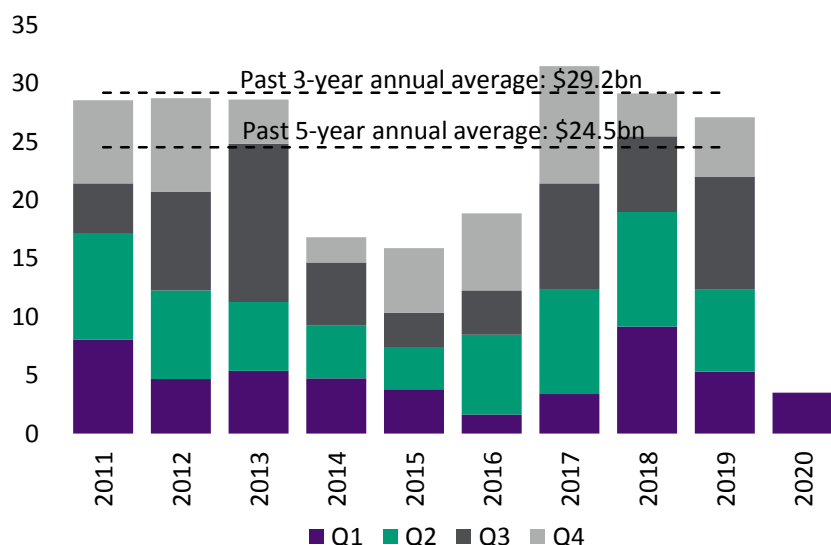
## Market commentary

### Investment sales

The gloomy economic outlook, brought about by the widening COVID-19 pandemic and slowing global trade and people mobility, has dampened business sentiments worldwide. As a result, companies have adopted cost-cutting measures to stay afloat, and investors have taken a more cautious stance towards investment decisions. This led to a significant drop in investment sales in Singapore from S\$5.0bn in Q4 2019 to S\$3.3bn in Q1 2020 (Figure 1).

While the private sector accounted for majority, or 95.3 per cent of total investment sales value in Q4 2019, it only accounted for 52.6 per cent in Q1 2020 and transactions were of much lower price quantum. There were 14 transactions exceeding S\$50m in Q4 2019 and this number plunged to only four transactions in Q1 2020. Despite global economic uncertainties, there were still market activities from foreign investors, particularly in the office sector, as they

Figure 1: Total investment sales, S\$bn



Source: Various sources, EDMUND TIE Research

remained confident in Singapore's solid position as a key business hub in the region.

Under the Government Land Sales (GLS) Programme, investment sales rose from S\$233.9m in Q4 2019 to S\$1.6bn in Q1 2020, comprising the bulk of total investment sales value (47.4 per cent) (Table 4). However, responses from developers were relatively muted with less than expected number of bids due to the cautious market outlook.

Table 4: Investment sales summary\*

Key investment sale type	Q4 2019 (\$m)	Q1 2020 (\$m)	q-o-q change (%)
<b>Private</b>	<b>4,756 (95.3%)</b>	<b>1,759 (52.6%)</b>	<b>-63.0</b>
Residential/Residential mixed-use	75 (1.5%)	-	-
Office/Office mixed-use	762 (15.3%)	784 (44.6%)	2.9
Industrial/Industrial mixed-use	2,046 (41.0%)	894 (50.8%)	-56.3
Retail/retail mixed-use	320 (6.4%)	12 (0.4%)	-96.2
Hospitality/Hospitality mixed-use	1,368 (27.4%)	-	-
Shophouses	186 (3.7%)	15 (0.5%)	-91.8
Others	-	53 (1.6%)	-
<b>Public (GLS)</b>	<b>234 (4.7%)</b>	<b>1,587 (47.4%)</b>	<b>578.4</b>
Residential/Residential mixed-use	234	1,363 (40.7%)	-
Office/Office mixed-use	-	-	-
Industrial/Industrial mixed-use	-	224 (6.7%)	-
Hospitality/Hospitality mixed-use	-	-	-
<b>Total</b>	<b>4,990 (100%)</b>	<b>3,346 (100%)</b>	<b>-32.9</b>

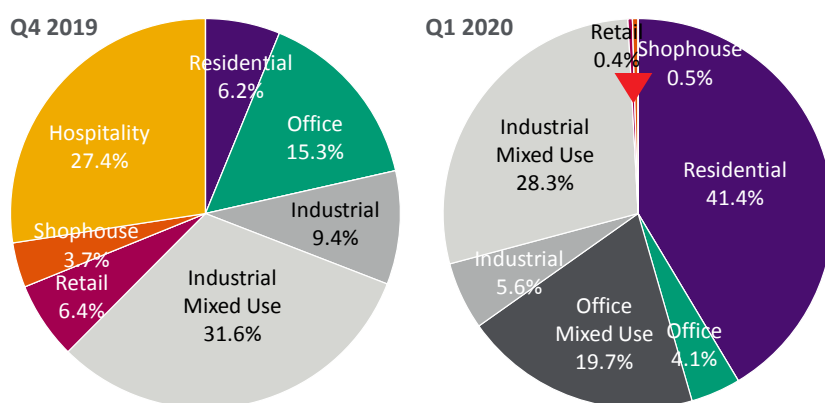
\* Refers to the sale of land, building and multiple units with value above \$5 million. It excludes single strata or landed residential units, except for landed sites large enough to be redeveloped into two or more residential units.

Source: Various sources, EDMUND TIE Research

## Sector trends and outlook

- **Office** investment sales in Q1 2020 was mainly contributed by the S\$648m transaction of Cross Street Exchange (formerly known as China Square Central) from the merger of Frasers Commercial Trust (FCOT) and Frasers Logistics & Industrial Trust (FLT), comprising 23.4 per cent of total investment sales (Figure 2). Despite the cautious global economic outlook, there was still interest from foreign investors with their confidence in the long-term outlook of Singapore's office market as they purchased the units for investment purposes. Excluding the Cross Street Exchange transaction, office investment sales would have fallen by 82.2 per cent from S\$762.1m in Q4 2019 to S\$136.0m in Q1 2020 from three strata office deals.
- Similarly, **Industrial** investment sales fell by 45.3 per cent q-o-q to S\$1.1bn in Q1 2020 with lower transactions in both the private and public sectors. In

Figure 2: Total investment sales by asset type



Source: URA, EDMUND TIE Research

the private market, the largest transaction was the S\$606m deal of Alexandra Technopark arising from the merger of FCOT and FLT (Table 5). The second largest transaction was the sale of 25.0 per cent stake in Galaxis for S\$102.9m by Mitsui & Co to Ascendas REIT. The remaining 75.0 per cent will be held by CapitaLand Limited, the sponsor of Ascendas REIT. According to Ascendas REIT, the business park in Fusionopolis, one-north, is expected to generate a net income yield of around 6.2 and 6.1 per cent pre-transaction and post-transaction costs respectively, with its occupancy of 99.6 per cent.

Table 5: Key private investment sale transactions in Q1 2020 (above S\$30m)

Development name/location	Tenure/ (remaining tenure)	Purchase price (\$S)	Purchaser/investor type
<b>Office/Office mixed-use</b>			
Cross Street Exchange (formerly known as China Square Central)	99 years (76 years)	648.0m (\$1,615 psf NLA)	Frasers Logistics & Industrial Trust (REIT) (related party transaction)
11th storey at Samsung Hub	999 years	49.8m (\$3,800 psf strata area)	South Korean high net worth individual (Private investor)
33rd storey at Suntec Tower Two	99 years (68 years)	38.0m (\$3,209 psf strata area)	Unknown
10th storey at Suntec Tower One	99 years (68 years)	37.1m (\$2,580 psf strata area)	Investment vehicle controlled by Hong-Kong based Rosa family (Private fund)
<b>Industrial/Industrial mixed-use</b>			
Alexandra Technopark	99 years (88 years)	606.0m (\$610 psf NLA)	Frasers Logistics & Industrial Trust (REIT) (related party transaction)
Galaxis (25% stake)	60 years (52 years)	102.9m	Ascendas REIT (REIT)
Wisma Gulab	Freehold	88.0m (\$692 psf NLA)	Heap Seng Group (Private company)

Source: Various sources, EDMUND TIE Research

- Conversely, under the JTC Concept and Price Tender (CPT), the tender to develop Biopolis Phase 6, a 60-year leasehold business park site at one-north, was awarded to Ho Bee Land for S\$223.6m (\$502 psf ppr) (Table 6). This project aims to facilitate the continued growth of the biomedical sciences ecosystem in one-north. Expected to be completed in 2022, this project

will offer nearly 377,000 sq ft of business park space to facilitate the continued growth of biomedical sciences ecosystem in one-north. The development of the site located next to Ho Bee's The Metropolis, will enhance vibrancy for one-north with the provision of public space with lush landscaping through the integration of green spaces with the rail corridor.

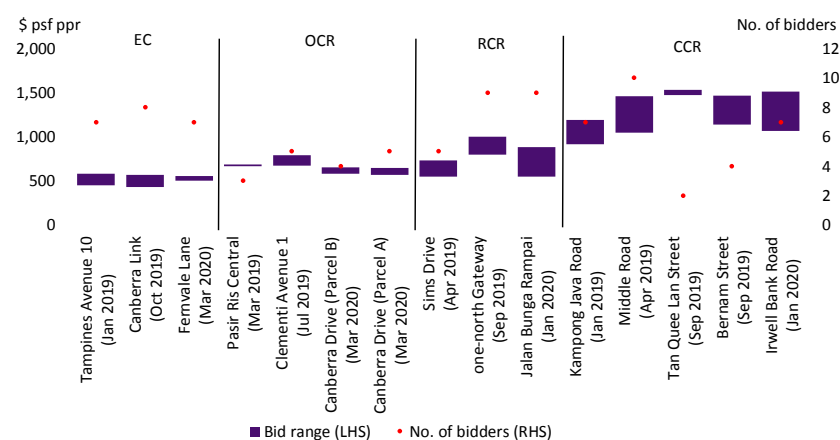
**Table 6: GLS sales in Q1 2020 (above S\$30m)**

Development name/ market segment*	Site area (sq ft)	Plot ratio	Tenure	Purchase price (S\$)	Purchaser/investor type
<b>Industrial/Industrial mixed-use</b>					
Biopolis Phase 6, one-north	80,955	5.5	60 years	223.6m (\$502 psf ppr)	Ho Bee Land (Listed property company)
<b>Residential/Residential mixed-use</b>					
Irwell Bank Road (CCR)	385,380	2.8	99 years	583.9m (\$1,515 psf ppr)	City Developments Limited (Listed property company)
Fernvale Lane (EC) (OCR)	184,385	2.8		286.5m (\$555 psf ppr)	Fraser's Property (Listed property company)
Canberra Drive (Parcel B) (OCR)	296,719	1.4		270.2m (\$650 psf ppr)	UOL Group, UIC and Kheng Leong Company (Listed property company)
Canberra Drive (Parcel A) (OCR)	143,325	1.4		129.2m (\$644 psf ppr)	JBE Holdings (Private property company)
Jalan Bunga Rampai (RCR)	50,231	2.1		93.4m (\$885 psf ppr)	Wee Hur Development (Listed property company)

Source: Various sources, EDMUND TIE Research

- Residential** collective sales market remained weak with no collective sales concluded in Q1 2020. However, five residential GLS sites were awarded in the first quarter this year, from one in Q4 2019, with a total investment sales value of nearly S\$1.4bn. The GLS market continued to be dominated by listed property companies, as four of the sites were awarded to this group of purchasers. While bidding activity was strong for the sites at Irwell Bank Road and Jalan Bunga Rampai with seven and nine bidders respectively (both awarded in January 2020), developers became more cautious in their bidding in subsequent months. Both sites at Canberra Drive only received four and five bids respectively and bids were considered to be lower than market expectations (Figure 3). This is partly attributed to the impact of the COVID-19 outbreak as developers expect weaker market conditions and lower housing demand.

**Figure 3: Tender bids of residential GLS sites (2019 to Q1 2020)**



\* EC – Executive Condominiums, OCR – Outside Central Region, RCR – Rest of Central Region, CCR – Core Central Region  
Source: URA, EDMUND TIE Research

According to the Singapore Commercial Credit Bureau's Business Optimism Index in March 2020, business sentiment among Singapore firms fell to an all-time low for the second quarter due to concerns over the COVID-19 health risks, slowing demand from Mainland China and disruption of global supply chains. While the Government has introduced supportive measures to help businesses tide over the coronavirus outbreak, firms are expected to tighten their expenditure and adopt a highly cautious stance in consideration of uncertainties ahead. The

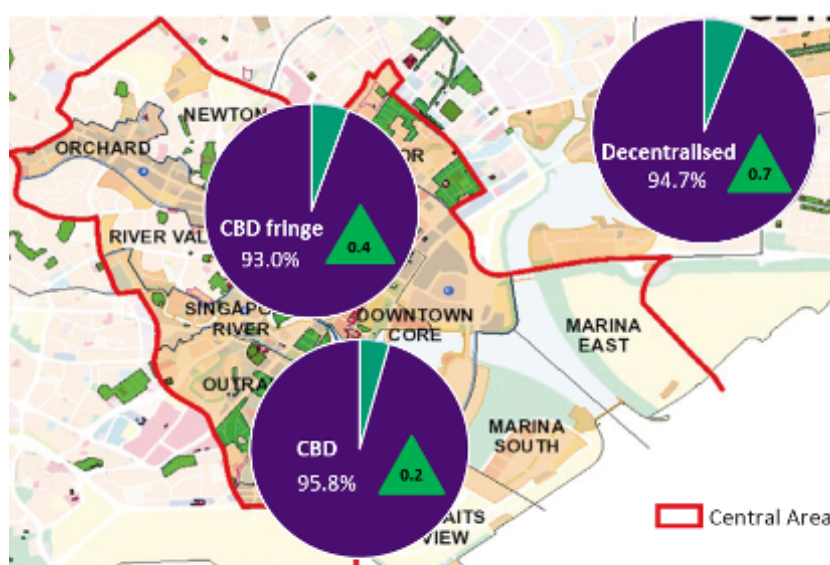
COVID-19 pandemic has since escalated, with more countries imposing lockdowns and the plummeting of overall consumption with tightened measures to control travel and social activities. Against the backdrop of much weaker economic prospects, overall investment sales of big-ticket properties are anticipated to slow down in 2020, as investors delay investment decisions and adopt a wait-and-see approach or manage risks by investing in smaller lot sizes. Nevertheless, with the strong fundamentals of Singapore, coupled with the low interest rate environment, investors are looking for opportunistic buys as the investment sales market is expected to improve once the COVID-19 situation subsides. Investors with a long-term strategic horizon and interest in Singapore are setting their sights on investment assets that are limited in supply.

# OFFICE

## Office demand and occupancy rates

- Office demand in Q1 2020 was subdued and the COVID-19 pandemic led many companies to review their operations and expansion plans as business cycles and economic outlook are affected. Since end February as the virus situation deteriorated, more employees worked remotely from home and stayed away from their workplace, leveraging on technology platforms for communication purposes.
- Based on EDMUND TIE Research estimates, occupancy rates of office developments\* island-wide trended upwards by 0.4 percentage points q-o-q to 94.8 per cent in Q1 2020, as leases that were concluded in earlier quarters materialised into physical occupancy in the first quarter. The slight uptick in occupancy is mainly attributed to the three subzones, where occupancy in the Decentralised Areas increased the most, by 0.7 percentage points y-o-y to 94.7 per cent (net absorption was 154,000 sq ft in Q1 2020) (Figure 4).
- There were several new companies who established their offices in Singapore in Q1 2020, such as the Asian Development Bank (ADB) in Marina Bay Financial Centre

Figure 4: Office occupancy rates\* and q-o-q percentage point change (in green arrows) in Q1 2020



\* In-house estimates of purpose-built office developments and mixed-use premises with NLA of 20,000 sq ft and above

Source: URA, OneMap, EDMUND TIE Research

Tower 3 (Table 7). The new office aims to enhance cooperation between ADB and Singapore across the region and some of its mandates include tackling climate change, financing and building quality infrastructure, pioneering innovation in development operations and managing urbanisation.

- In this prevailing cautious market sentiment, the focus of tenants is primarily on "rightsizing" their operations, to optimise their space requirements where possible to manage occupancy costs.

Table 7: Key tenant movements in Q1 2020

Building	Location	Tenant	Sector	Remarks (space occupied)
Marina Bay Financial Centre Tower 3	Marina Bay (CBD)	Asian Development Bank	Financial institution	New office in Singapore
Marina One West Tower		VisasQ	Consulting	New office in Singapore
Ocean Financial Centre	Raffles Place (CBD)	Cooley	Law	New office in Singapore
One Raffles Quay		Liberty Mutual Re	Insurance	New office in Singapore
1 Finlayson Green		YouGov	Data analytics	Relocation
158 Cecil Street	Shenton Way/ Robinson Road/ Tanjong Pagar (CBD)	Berwick Partners	Recruitment	New office in Singapore
18 Robinson		Shutterstock	Photography	Relocation
		IRESS	Financial Software	Relocation
The Concourse	CBD Fringe	V-Ships	Shipping	Relocation (from Keppel Towers)
		GreatShip Global Offshore	Shipping	Relocation (from Tower Fifteen)
51 Bras Basah Road		Zalora	E-retailer	Relocation (from Keppel Towers)

Source: Various sources, EDMUND TIE Research

## Rental rates

The first quarter of 2020 saw office rents declining in the Marina Bay and Shenton Way/Robinson Road/Tanjong Pagar locations. For Marina Bay, this was the first decline after nine successive quarters of increase since Q4 2017. The change in average gross monthly rents across all the subzones was around -0.6 per cent to 1.0 per cent on a q-o-q basis in Q1 2020 (Table 8). Quarterly rental increases were seen in selected Grade B buildings in Shenton Way/Robinson Road/Tanjong Pagar. Overall, the average monthly CBD rents in most market segments either remained flat or declined marginally q-o-q in Q1 2020.

## Supply pipeline

Total supply pipeline from 2020 to 2023 is estimated to be approximately 4.4m sq ft (or 1.1m sq ft per annum), with most of the supply completing in 2022 (Figure 5). The largest upcoming development in the pipeline from 2020 to 2023 is Central Boulevard Towers (by IOI Properties Group), with an estimated office NLA of 1.3m sq ft. The development will also house retail shops and restaurants (13,000 sq ft NLA).

## Outlook

With many business premises being closed temporarily due to circuit breaker measures, the COVID-19 pandemic has affected business sentiment and operations with their expansion plans on hold. The full impact of these disruptions on the office sector may only be felt in the next one to three quarters.

As a result of this policy, the nature of working could be different moving forward. As remote working gradually becomes more acceptable, firms may realise that it is possible to sustain a business with a smaller or no office footprint at all. Net absorption of office space may moderate in the near term, though the constantly changing market demands could lead to new possibilities in the design and concept of future office spaces.

Table 8: Average monthly gross office rents (\$ per sq ft)

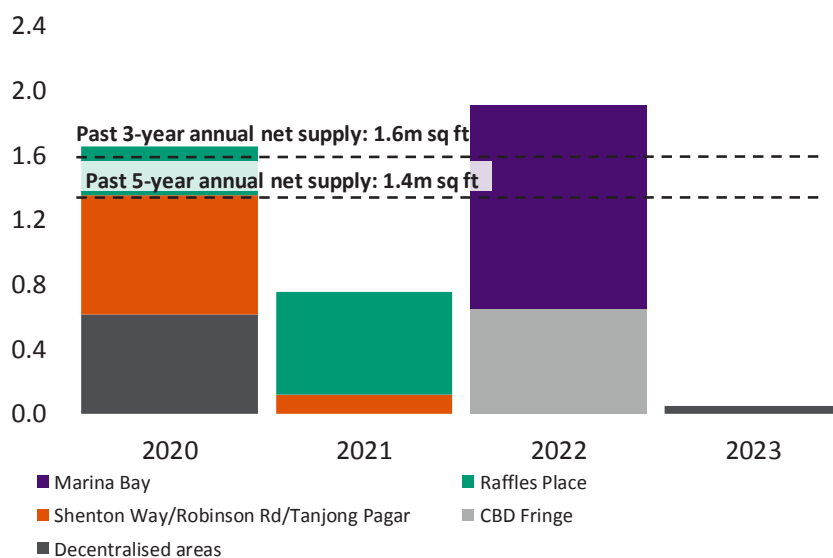
Location		Grade	Q4 2019	Q1 2020	Q-o-q change (%)
CBD	Marina Bay	A+	11.35 – 13.40	11.30 – 13.35	-0.3
	Raffles Place	A	9.60 – 11.70	9.60 – 11.70	0.0
	Shenton Way/ Robinson Road/ Tanjong Pagar	A+	10.20 – 12.30	10.20 – 12.30	0.0
		A	8.10 – 10.10	8.05 – 10.05	-0.4
		B	6.70 – 8.80	6.80 – 8.90	1.0
City fringe	Marina Centre	A	8.90 – 10.90	8.95 – 10.95	0.2
	Beach Road/ North Bridge Road	A	9.80 – 11.80	9.80 – 11.80	0.0
		B	6.55 – 8.00	6.55 – 8.00	0.0
		Orchard Road	*	8.55 – 10.60	8.50 – 10.50
Decentralised areas**	Decentralised areas	*	5.00 – 7.50	5.10 – 7.80	0.3

\* Ungraded office space

\*\* Key purpose-built offices outside of CBD and CBD fringe

Source: EDMUND TIE Research

Figure 5: Office development pipeline, million (m) sq ft



Source: URA, EDMUND TIE Research

Given the material uncertainties in the marketplace due to the deteriorating COVID-19 pandemic, overall office rents are expected to trend lower in 2020; yet the limited supply pipeline in 2021 may help to support occupancy and rents.

# INDUSTRIAL

## Market commentary

### Key indicators

The COVID-19 outbreak has impacted manufacturing firms significantly due to the disruption of global production and supply chains. This can be seen in the contraction of PMI figures in February 2020. The growth in Non-Oil Domestic Exports (NODX) figures in February 2020 was largely due to a low base in 2019 and this may not extend till March 2020 (Table 9).

### Private demand, occupancy and supply

- Based on JTC's estimates<sup>2</sup>, islandwide net absorption grew by 40.9 per cent y-o-y from 4.6m sq ft in 2018 to around 6.4m sq ft in 2019, while net supply increased from 1.0m sq ft in 2018 to 5.4m sq ft in 2019. In Q4 2019, net absorption was negative 258,000 sq ft, a reversal compared to 3.3m sq ft reported in Q3 2019. Net supply moderated at 11,000 sq ft in Q4 2019 compared to the 3.3m sq ft reported in Q3 2019.
- Occupancy rates of private industrial space improved on a y-o-y basis in Q4 2019 for all industrial types excluding warehouse space. The occupancy for multiple-user factory space increased the most by 1.9 percentage points y-o-y to 89.3 per cent in Q4 2019. This was followed by that of business parks by 1.6 percentage points y-o-y to 86.1 per cent in Q4 2019 (Figure 6).
- Notable leases secured in Q1 2020 included:
  - Xylem, a leading global water technology company, opened a new multi-disciplinary centre for water, wastewater and energy technologies at the company's regional headquarters at ICON@IBP.

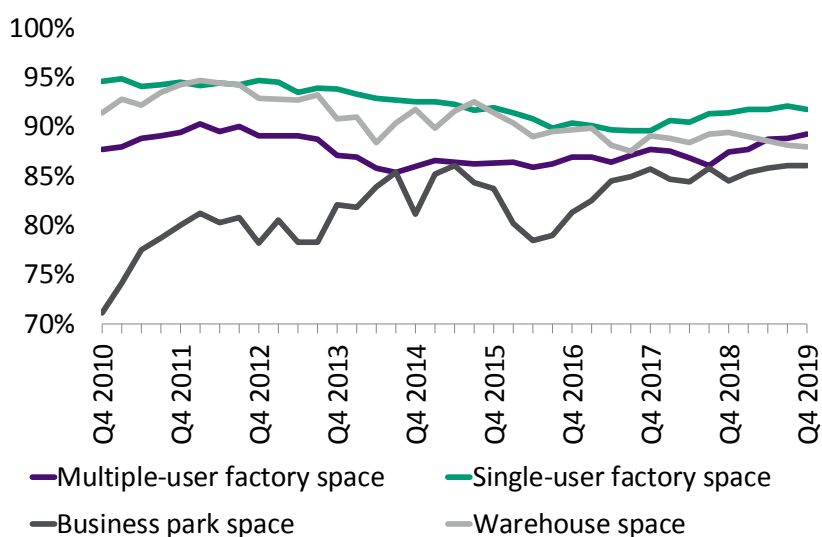
Table 9: Singapore's NODX and PMI

Key economic indicators	Q4 2019	Q1 2020	Key trends
NODX	2.4	3.0 (Feb 2020)	<ul style="list-style-type: none"> <li>NODX increased by 3.0 per cent y-o-y in February 2020, after the 3.3 per cent y-o-y decline in January 2020. Both electronics and non-electronics exports grew in February 2020 by 2.5 per cent y-o-y and 3.2 per cent respectively.</li> </ul>
PMI*	50.1	45.4	<ul style="list-style-type: none"> <li>The PMI declined by 3.3 points from February 2020 to record a contraction of 45.4 in March 2020. This is the second month of contraction for the overall manufacturing sector, and the lowest recorded reading since February 2009 when the reading was 45.0. There were faster contractions of new orders, exports, factory output, employment and supplier deliveries.</li> <li>The electronics sector PMI also declined by 3.5 points from the previous month to record a further contractionary reading of 44.1.</li> </ul>

\* Reading above 50 indicates an expansion, while below 50 indicates a contraction.

Source: MTI, Enterprise Singapore, SIPMM, EDMUND TIE Research

Figure 6: Occupancy rates of private industrial space by type



Source: JTC, EDMUND TIE Research

- GrabFood launched its first cloud kitchen in Singapore named "GrabKitchen" located in Lam Soon Industrial Building. This space is over 6,000 sq ft and houses 10 merchants, including Thai Dynasty and bubble-tea maker PlayMade.

<sup>2</sup> available at the time of this report on 17 April 2020

## Rental rates

- As reported by JTC, the number of tenancies declined by 37.6 per cent q-o-q to 1,223 records in Q1 2020 for multiple-user factories. Total rental transaction value similarly trended downwards by 17.4 per cent q-o-q to S\$7.7m in Q1 2020 for multiple-user factories.<sup>3</sup>
- According to EDMUND TIE research, monthly average rental rates for multiple-user factories and high-tech spaces contracted slightly in Q1 2020, as overall industrial demand remained lacklustre due to the weak manufacturing performance caused by the disruptions to global supply chains (Table 10, Figure 7).
- Some sectors, such as business parks, improved in Q1 2020. Monthly rents for business parks in both the central and suburban areas reported quarterly increases of 0.6 per cent.

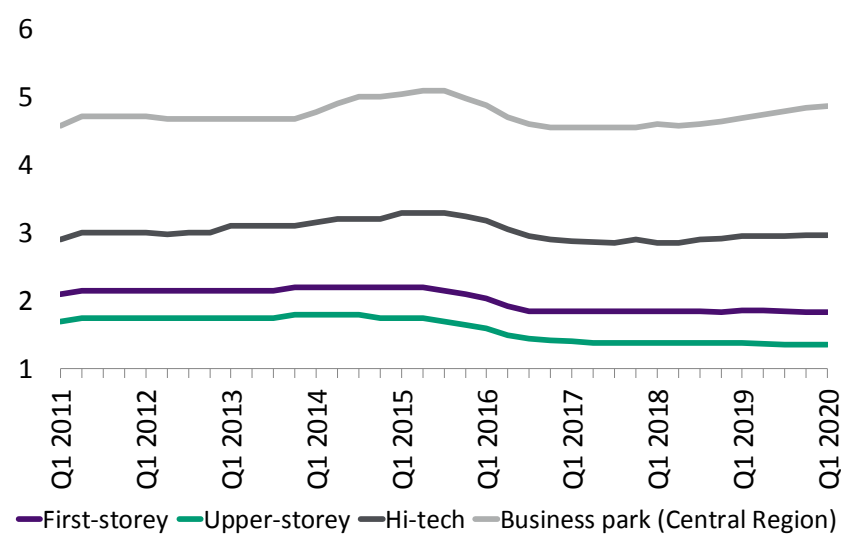
Table 10: Average monthly gross rents (island-wide)

Industrial type*	Q4 2019 (S\$ per sq ft)	Q1 2020 (S\$ per sq ft)	Q-o-q change (%)
Multiple-user factory	First-storey: 1.70 – 2.00	1.70 – 2.00	-0.2 ▼
	Upper-storey: 1.40 – 1.60	1.35 – 1.55	-0.3 ▼
Warehouse/logistics	1.50 – 1.70	1.55 – 1.70	0.3 ▲
High-tech industrial	2.90 – 3.10	2.90 – 3.10	-0.1 ▼
Business park	Central region: 4.40 – 4.90	4.40 – 4.95	0.6 ▲
	Suburban areas: 3.50 – 3.80	3.55 – 3.85	0.6 ▲

\* In-house estimates of key selected private industrial premises.

Source: EDMUND TIE Research

Figure 7: Private monthly industrial gross rents (S\$ psf) by type



Source: EDMUND TIE Research

<sup>3</sup> Source: JTC space, accessed on 30 March 2020

## Supply pipeline

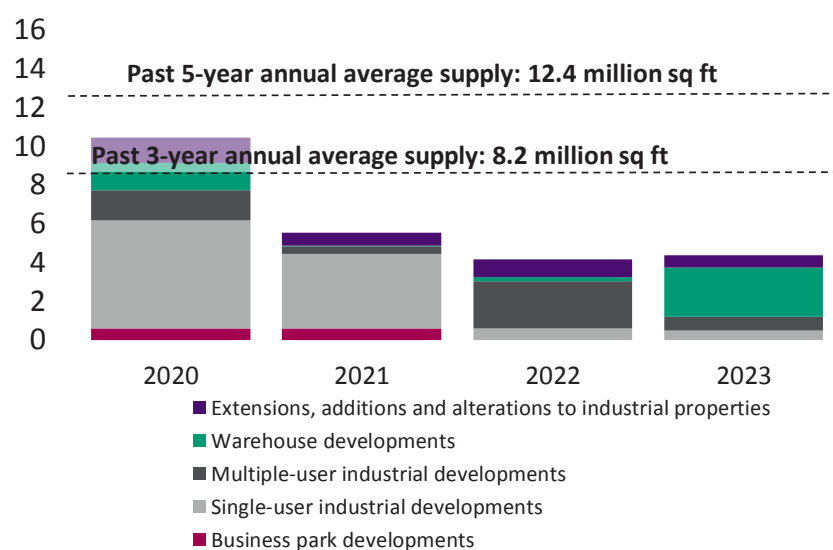
- The supply pipeline from 2020 to 2023 is around 24.4 m sq ft (NLA) or an average of 6.1m sq ft per annum, staying below the 3- and 5-year annual average of 8.2m and 12.4m sq ft respectively (Figure 8).
- Majority of the supply pipeline that will be completed in 2020 is 10.5m sq ft (or 42.9 per cent), followed by 2021 with 5.5m sq ft (22.6 per cent), 2023 with 4.2m sq ft (or 17.3 per cent) and 2022 with 4.2m sq ft (or 17.2 per cent).

## Outlook

The coronavirus pandemic has resulted in many factories in Mainland China and worldwide to shut its operations. Many countries in the world have also closed off their borders to prevent the spread of the infection. As a result, this has caused disruptions in global production, logistics supply chains and manpower. Singapore, being a trade-dependent country, is directly impacted as the current situation is likely to persist for an extended period depending on how the pandemic can be contained in major economies.

Since mid-February, the construction progress of various property developments in Singapore has been affected due to labour and materials disruptions, as mainland Chinese workers were either served Leave of Absence or not allowed to return to Singapore in the near term. Key construction materials, mainly aluminium components, tiles, kitchen carpentry and fittings from Mainland China were not delivered on time as many factories have not reverted to full capacity. As a slight reprieve, Mainland China gradually resumed production since mid-March and supply of these materials to Singapore are gradually restoring.

Figure 8: Private industrial development pipeline (with planning approvals and GLS sites which are pending approvals), million (m) sq ft



Source: JTC, EDMUND TIE Research

However, there are greater difficulties for the construction industry now with the deterioration of the COVID-19 situation. Disruptions to production and supply chains have now widened beyond Mainland China to other key production countries in the US, Europe and recently, Malaysia. There is supply disruption of construction materials from Europe such as marble, tiles, kitchen equipment and other specialist Mechanical & Electrical equipment and components as the pandemic raged across Italy, Germany, France, Spain, Middle East, after these countries imposed lockdowns since mid-March. The lockdown imposed by Malaysia that restricted visitors and workers from traveling in and out of the country has also created huge inconveniences for many Malaysians working in Singapore, especially in the construction industry. Besides this, Singapore has also seen a rising number of COVID-19 cases recently in foreign worker dormitories, such as S11 Dormitory in Punggol and Westlite Toh Guan dormitory. This has impacted and worsened the labour crunch on construction and manufacturing activities.

The outlook of the industrial sector is envisaged to remain uncertain in 2020, considering the unpredictable nature of the COVID-19 pandemic, global economic slowdown, changing business decisions and resultant ramifications on Singapore's manufacturing sector. Overall rents of factories and warehouses are likely to post an overall decline for 2020. Nonetheless, the decline in new industrial pipeline supply from 2021 onwards (with about 4.6m sq ft annual average from 2021 to 2023) may help to support rents.

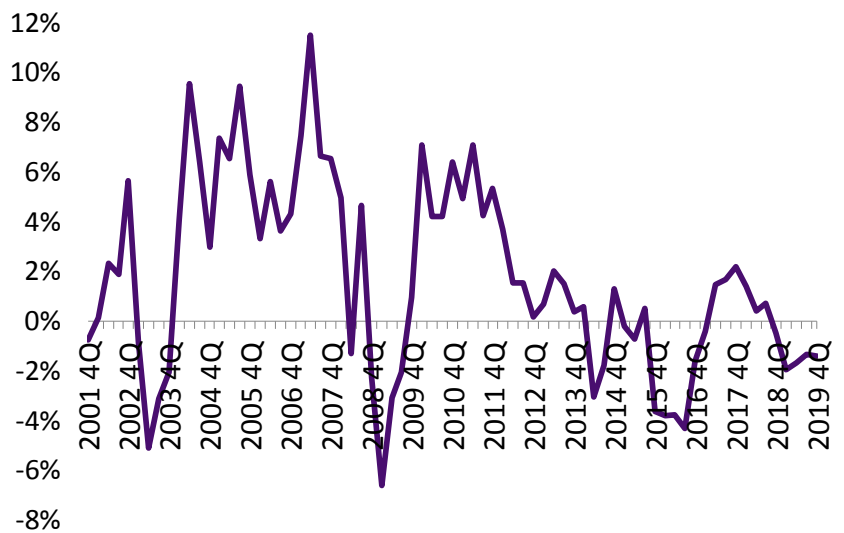
# RETAIL

## Market commentary

### Key indicators

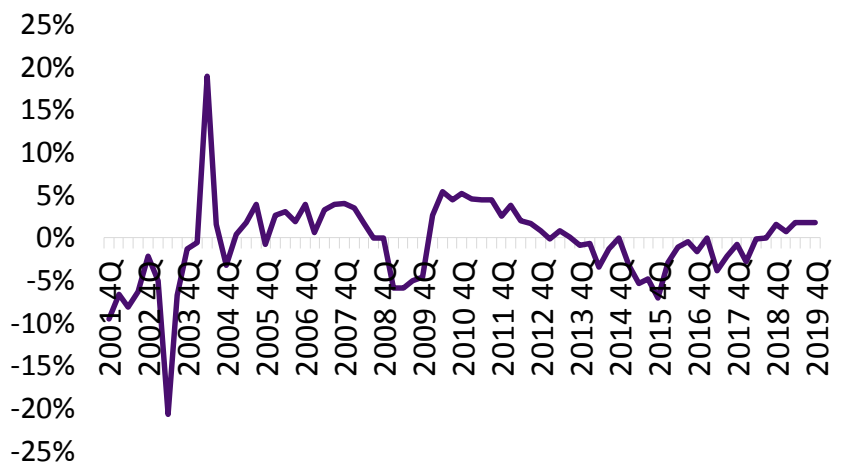
- It has been an increasingly challenging period for Singapore's retail sector, having seen tentative signs of recovery in the final quarter of 2019, followed by an unexpected steep downturn due to COVID-19 outbreak. Retail sales was significantly hit as people avoided going to malls and visitor arrivals plummeted due to travel restrictions.
- Situation on the ground has been extremely difficult. Staff and business owners of several establishments in Chinatown (key tourist attraction) reported that sales had gone down by 80 per cent in February 2020. This was also reflected in Jewel Changi Airport where business has contracted by as much as 70 per cent in the same month.
- Manpower constraint was also a key issue during this period, as many countries have imposed lockdowns. With effect from 18 March 2020, Malaysia issued a movement control order, which involves closing all non-essential businesses and prohibiting their citizens from leaving or foreigners from entering the country, in hopes of controlling the spread of the disease. As a result of this policy, many Singapore businesses that rely heavily on workers from Malaysia needed to find alternative manpower or provide accommodation for their workers who chose to stay to work in Singapore.
- Retail sales index (excluding motor vehicles) trended downwards for the fifth consecutive quarter by 1.4 per cent y-o-y in Q4 2019 (Figure 9). On the other hand, the F&B services index has increased for the fifth consecutive quarter by 1.8 per cent y-o-y in Q4 2019 (Figure 10).

Figure 9: Y-o-y change in retail sales index (excluding motor vehicles)



Source: Department of Statistics Singapore

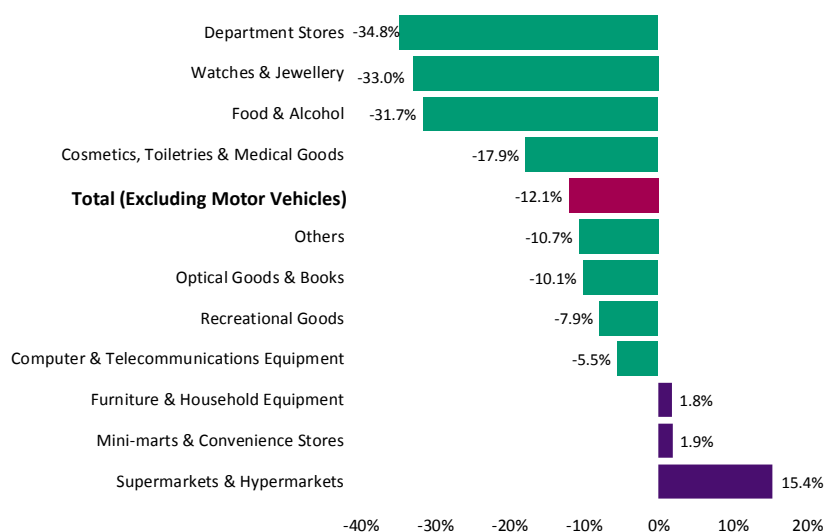
Figure 10: Y-o-y change in food and beverage services index



Source: Department of Statistics Singapore

- In February 2020, the worst performing sectors were departmental stores, watches and jewellery and food and alcohol (Figure 11). Overall, the total retail sales (excluding motor vehicles) declined by 12.1 per cent y-o-y in February 2020.

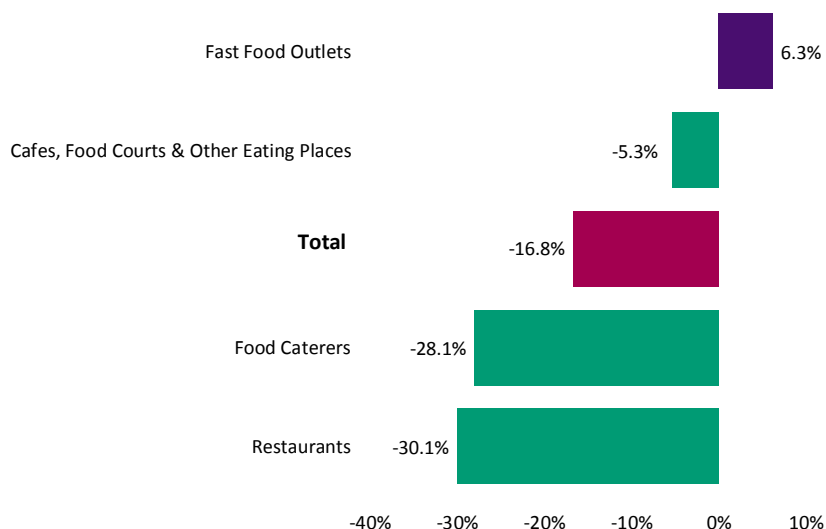
**Figure 11: Retail sales index (Feb 2020), y-o-y change**



Source: Retail Sales Index at Constant Prices (SSIC 2015 Version 2018) from Department of Statistics Singapore

- The food and beverage index trended downwards by 16.8 per cent y-o-y in February 2020, and restaurants were the hardest hit by the implementation of new social distancing measures (Figure 12).

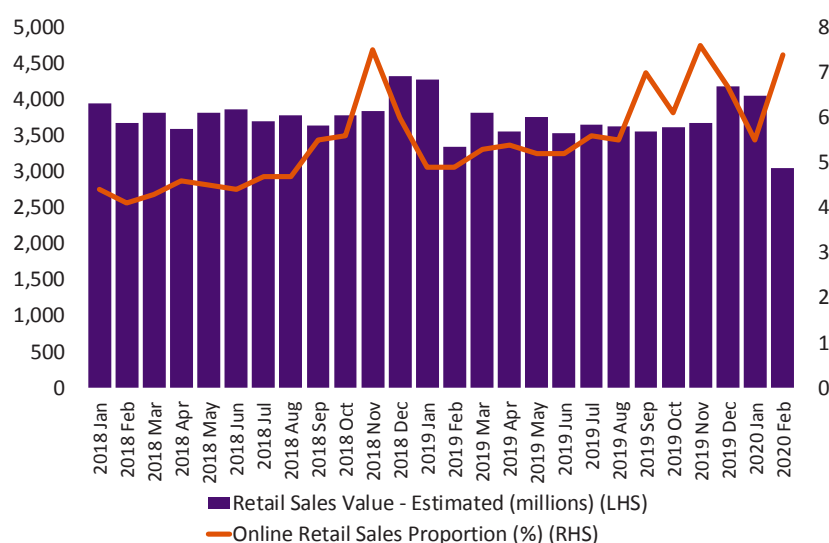
**Figure 12: Food and Beverage index (Feb 2020), y-o-y change**



Source: Food & Beverage Services Index at Constant Prices (SSIC 2015 Version 2018) from Department of Statistics Singapore

- The online retail sales proportion increased to 7.4 per cent in February 2020 from 5.5 per cent in January 2020 (Figure 13) as people relied on e-commerce instead of physically going to retail stores to get their shopping done.






**Figure 13: Retail sales value and proportion of online retail sales**



Source: Department of Statistics Singapore, EDMUND TIE Research

- In terms of contribution to retail from tourists, total tourism receipts increased by 3.2 per cent y-o-y to S\$7.4bn in Q3 2019. The shopping, accommodation and other tourism receipt components reported a y-o-y increase in Q3 2019 (Figure 14). Visitors from Mainland China, Indonesia and India were the top 3 nationalities that visited Singapore in 2019.

**Figure 14: Tourism receipts components in Q3 2019 (y-o-y change)**

Tourism receipts components	Y-o-y change	Q-o-q change
 Shopping	6.5 ▲	2.9 ▲
 Accommodation	5.8 ▲	16.5 ▲
 Food and Beverage	-5.5 ▼	14.8 ▲
 Sightseeing	-1.0 ▼	4.3 ▲
 Other tourism receipt components	4.9 ▲	25.9 ▲

Source: Singapore Tourism Board, EDMUND TIE Research

## Private demand, occupancy and supply

- Based on URA statistics<sup>4</sup>, islandwide net absorption expanded to 1.4m sq ft in 2019, higher than the 543,000 sq ft reported in 2018. From these estimates, island-wide occupancy increased marginally by 0.9 percentage points y-o-y to 91.4 per cent in 2019.
- Great World City completed a revamp of its shopping mall and F&B offerings has increased from 20 per cent to 30 per cent of its total net lettable space. Some of the new tenants there include House on the Moon (F&B), Meidi-Ya (supermarket), The Source Bulk (F&B) and Ryan's Kitchen (F&B).

	Orchard/Scotts Road (OSR)	Other city areas <sup>5</sup> (OCA)	Fringe/Suburban areas <sup>6</sup> (FSA)
<b>Net absorption</b>	<ul style="list-style-type: none"> <li>The net absorption was negative 115,000 sq ft in 2019, a reversal compared to the 45,000 sq ft reported in 2018.</li> </ul>	<ul style="list-style-type: none"> <li>Net absorption was 612,000 sq ft in 2019, larger than the 35,000 sq ft in 2018.</li> </ul>	<ul style="list-style-type: none"> <li>Net absorption was 935,000 sq ft in 2019, larger than the 463,000 sq ft in 2018.</li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>Occupancy declined by 2.7 percentage points y-o-y to <b>92.1 per cent in Q4 2019</b> (Figure 15).</li> </ul>	<ul style="list-style-type: none"> <li>Occupancy inched upwards by 0.2 percentage points y-o-y to <b>91.3 per cent in Q4 2019</b>.</li> </ul>	<ul style="list-style-type: none"> <li>Occupancy rates trended upwards by 2.4 percentage points y-o-y to <b>91.2 per cent in Q4 2019</b>.</li> </ul>
<b>New Openings (Q1 2020)</b>	<ul style="list-style-type: none"> <li>Sushiro (F&amp;B) in Shaw House</li> <li>Clarins Skin Spa (Health and Beauty) at Ion Orchard</li> <li>Brown Butter (F&amp;B) in Forum the Shopping Mall</li> </ul>	<ul style="list-style-type: none"> <li>Coyote Ugly (bar and nightclub) in Clarke Quay</li> <li>Chun Fun How (F&amp;B) in Esplanade Mall</li> <li>Gather (F&amp;B) in Raffles Hotel Arcade</li> <li>Mott 32 (F&amp;B) in Marina Bay Sands</li> <li>Haidilao (F&amp;B) at Marina Square</li> <li>Motherhouse (Bags) in Suntec City</li> <li>House on the Moon (F&amp;B) in Great World City</li> <li>Mavrx Coffee Bar (F&amp;B) in Great World City</li> </ul>	<ul style="list-style-type: none"> <li>Don Don Donki (F&amp;B and supermarket) in Jem</li> <li>Hui Lau Shan (F&amp;B) in NEX</li> <li>Daiso (retail) in VivoCity</li> <li>JLD Dragon (F&amp;B) in Star Vista</li> <li>Sushiro (F&amp;B) in Causeway Point</li> </ul>
<b>Closures (Q1 2020)</b>	<ul style="list-style-type: none"> <li>Japan Food Town (F&amp;B) in Wisma Atria</li> </ul>	–	<ul style="list-style-type: none"> <li>Cold Stone Creamery (F&amp;B) (all outlets)</li> <li>Ministry Of Food (F&amp;B) (all outlets)</li> <li>Liang Sandwich Bar (F&amp;B) (all outlets)</li> </ul>

Source: URA, EDMUND TIE Research

<sup>4</sup> available at time of this report on 17 April 2020

<sup>5</sup> Other City Areas refer to Downtown Core and Rest of Central Area

<sup>6</sup> Fringe/Suburban Areas refer to Fringe Areas and Suburban Areas (Outside Central Region)

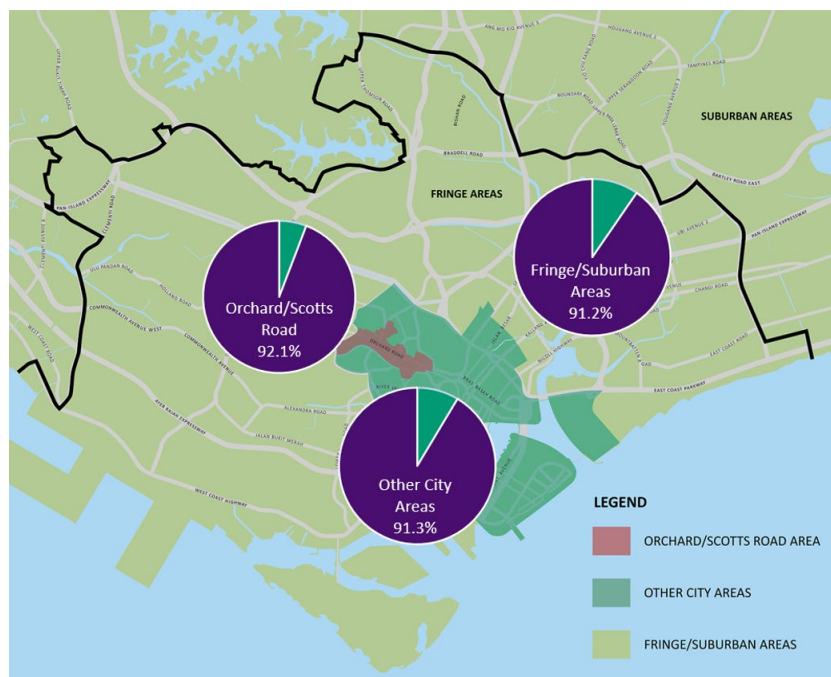
## Rental rates

Monthly retail rents remained subdued amidst the lower tourist arrivals and spending due to the COVID-19 outbreak. As estimated by the Singapore Tourism Board on 11 February 2020, visitor arrivals may fall by 25 per cent to 30 per cent in 2020.

Many retailers were directly impacted by the contraction in sales as shoppers stayed away from malls in the initial weeks after Singapore's DORSCON alert level was raised to Orange on 7 February 2020. Travel restrictions were also imposed on mainland Chinese visitors on 1 February 2020 followed by a widened imposition of Stay Home Notices on all inbound residents and visitors from other countries on 23 March 2020.

In terms of rental performance, non-prime retail spaces in the OSR and FSA areas saw weaker performances, where upper-storey monthly rents declined by 0.8 per cent q-o-q in Q1 2020 (Table 11).

Figure 15: Retail occupancy rates (Q4 2019)



Source: URA, EDMUND TIE Research

Table 11: Average monthly gross rents (\$\$ per sq ft)

Location	Q4 2019	Q1 2020	Q-o-q change
OSR	First storey: 34.10 – 39.10	34.10 – 39.10	0.0 —
	Upper storey: 13.90 – 18.00	13.80 – 17.80	-0.8 ▼
OCA	First storey: 16.10 – 21.10	16.20 – 22.15	0.2 ▲
	Upper storey: 8.10 – 12.10	8.10 – 12.10	0.0 —
FSA	First storey: 25.30 – 31.30	25.35 – 31.35	0.1 ▲
	Upper storey: 14.90 – 19.90	14.80 – 19.60	-0.8 ▼

Source: EDMUND TIE Research

## Supply pipeline

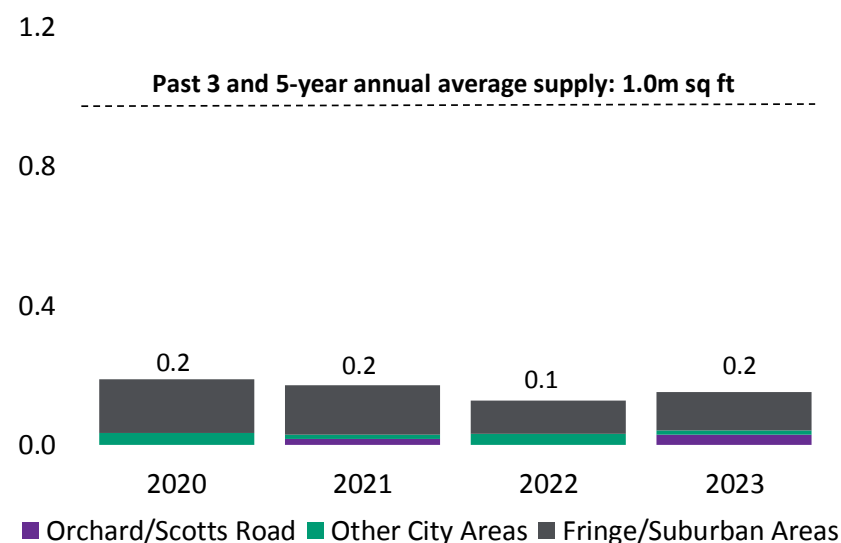
The supply pipeline from 2020 to 2023 is projected to be limited, comprising some 645,000 sq ft NLA (Figure 16). The largest development estimated to be completed this year is Northshore Plaza I, a public neighbourhood centre retail development located at Northshore Drive by the Housing & Development Board. Some upcoming retail developments in 2021 include Additions and Alterations to the existing Shaw Plaza (NLA: 65,000 sq ft) and Woods Square (NLA: 39,000 sq ft).

## Outlook

The retail property market is expected to be fraught with difficulties, especially for retailers in tourist-dependent locations, in view of the ongoing COVID-19 pandemic where many countries have been forced into lockdowns to prevent the spread of the infection. As a result, tourism arrivals and overall spending are expected to stay low until the situation stabilises.

Landlords have taken initiatives to provide support such as rental relief, marketing assistance, training programmes and tax rebates to their tenants. For instance, CapitaLand announced that it will be providing rental rebates of 1.5 months for eligible tenants. This comes on top of the half-month rebate it had announced for most of its tenants in February 2020. In addition, it will also suspend the rents of tenants who have been ordered to close as part of the Government measures to curb the spread of COVID-19, such as bars and entertainment venues. Besides CapitaLand, Frasers Property has taken efforts to reduce their atrium rental rates and pass on the full property tax rebate to tenants. Likewise, UOL Group will be passing on savings from

Figure 16: Retail development pipeline, million (m) sq ft



Source: URA, EDMUND TIE Research

the property tax rebate to tenants across its three malls – KINEX, United Square and Velocity@Novena Square. This would be in addition to the Tenant Assistance Package that the Group will be rolling out to its malls. NTUC Enterprise, which runs real estate arm Mercatus Co-operative Limited, reported that it will pass on the additional rebates given during the resilience package directly to tenants. City Developments Limited will provide tenants with rental rebates of 100 per cent in April and 50 per cent in May and moving forward, more support will be provided. Tenants facing severe cash flow issues will also be given more flexibility in rental payments. Suntec City will waive the rents for all mall tenants for a month, including those providing essential services such as supermarkets and pharmacies. It will also pass on the full savings of the property tax rebates to all tenants in May 2020.

This coronavirus pandemic, however, will lead to further increase in demand for healthcare goods and services, food delivery and e-commerce services. Food delivery platforms such as GrabFood and Deliveroo have already reported an increase in demand for orders during this period as people serve their quarantine orders (or stay home notices) or work from home. Selected e-commerce players have also seen increased interest in healthcare products such as surgical face masks and hand sanitisers on their platforms.

Moving forward, in view of the evolving COVID-19 situation and its immediate impact on the retail sector, we expect island-wide retail rentals to decline in 2020.

# RESIDENTIAL

## Market commentary

### Key indicators

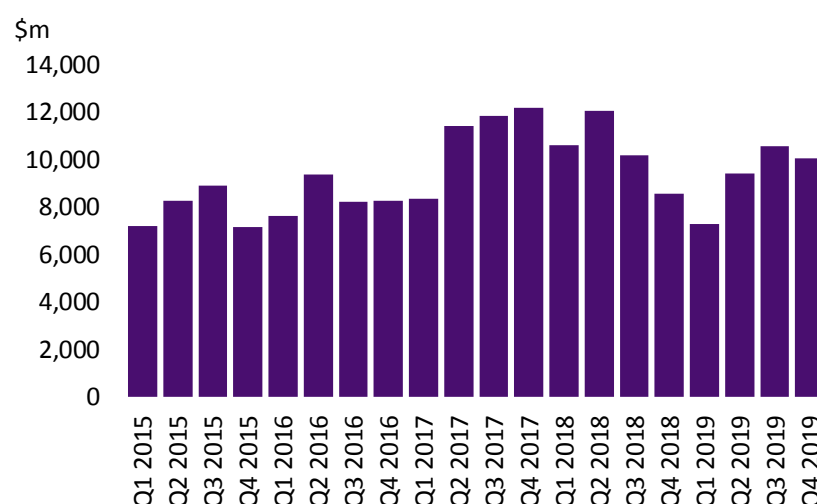
- Based on Q1 2020 Urban Redevelopment Authority (URA) flash estimates released on 1 April 2020, private home prices registered a q-o-q decline of 1.2 per cent, the first quarterly decline since Q1 2019 when private home prices decreased by 0.7 per cent q-o-q (Table 12). This was a reversal from the q-o-q growth of 0.5 per cent in Q4 2019.
- Private non-landed property prices fell by 1.0 per cent q-o-q in Q1 2020, extending the marginal dip of 0.3 per cent in Q4 2019. All market segments registered declines in prices, with prices of non-landed properties in the CCR decreasing the most by 1.5 per cent q-o-q. Prices of non-landed properties in the RCR and OCR slipped by 0.5 and 1.0 per cent respectively in Q1 2020.
- Similarly, URA Landed Property Price Index fell by 1.7 per cent q-o-q in Q1 2020, reversing the 3.6 per cent increase in Q4 2019.
- Housing loans continued to increase for the second consecutive quarter by 17.2 per cent y-o-y in Q4 2019 (Figure 17) despite the softer residential market with prevailing property cooling measures.

Table 12: Average URA Residential Price Indices in Q1 2020 (Flash Estimates)

Type/Market segment	Price Index (Q1 2020)	Q-o-q change (%)	Y-o-y change (%)
All Residential property	151.8	-1.2 ▼	2.2 ▲
Non-Landed property	148.1	-1.0 ▼	2.0 ▲
CCR	132.1	-1.5 ▼	-0.2 ▼
RCR	152.6	-0.5 ▼	3.0 ▲
OCR	176.1	-1.0 ▼	3.0 ▲
Landed property	168.9	-1.7 ▼	2.7 ▲

Source: URA REALIS, EDMUND TIE Research

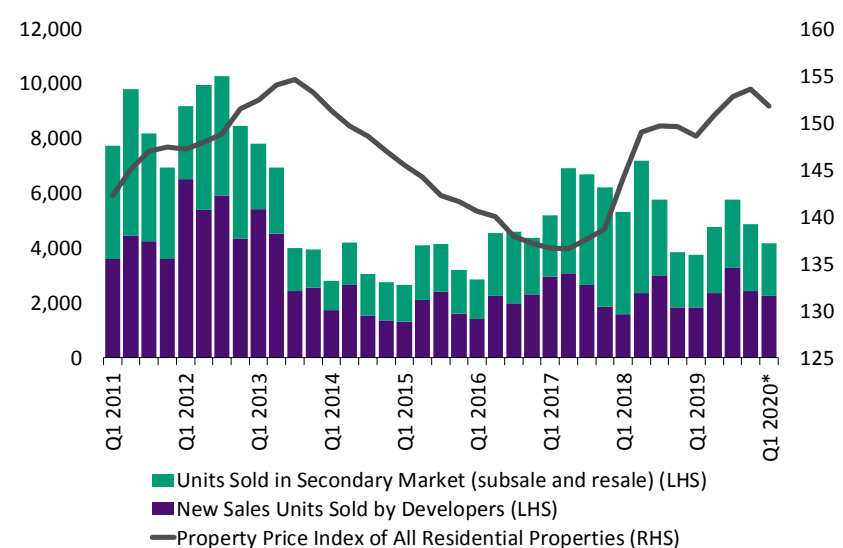
Figure 17: New housing loans limits granted



Source: Monetary Authority of Singapore (as of 26 March 2020), EDMUND TIE Research

- **New sales** volume continued to dominate the private residential market in Q1 2020, albeit lower sales volume as compared to Q4 2019, as there were fewer launches and concerns over job security given the anticipated recession (Figure 18, Table 13).
- Among the new launches in Q1 2020, the development with the highest take-up rate was The M, despite being launched during the ongoing COVID-19 pandemic and lacklustre residential market. Since its launch in February 2020, 387 of the total 522 units have been sold, reflecting a strong take-up rate of 74.1 per cent. Transacted prices ranged from S\$2,127 psf to S\$2,937 psf, with unit sizes of between 409 sq ft and 904 sq ft. The encouraging sales of The M can be attributed to the transformation of the Beach Road-Bugis area into a vibrant precinct, with various upcoming integrated developments in the pipeline, its design as well as overall price of the units.

**Figure 18: Private homes sales volume (excluding ECs) and URA All Residential Price Index**



\* Q1 2020 sales volume based on monthly developer sales and caveats from REALIS as at 15 April 2020, PPI at Q1 2020 based on flash estimates

Source: URA REALIS, EDMUND TIE Research

**Table 13: Non-landed private residential launches (excluding ECs) in Q1 2020**

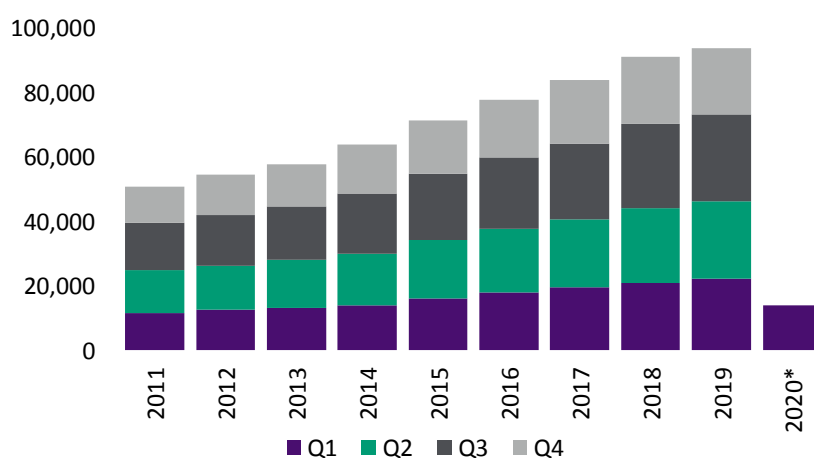
Development	Developer	District (market segment)	Total units	Launch month in 2020	Units sold	Initial sell-down rate* (%)	Indicative average price (S\$ psf)
Van Holland	Koh Brothers	10 (CCR)	69	January	12	17.4	2,977
The Avenir	GuocoLand and Hong Leong	9 (CCR)	376	January	18	4.8	3,255
Leedon Green	MCL Land and Yanlord Land	10 (CCR)	638	January	41	6.4	2,735
Dalvey Haus	KOP Limited	10 (CCR)	27	February	1	3.7	3,228
Verticus	Soilbuild Group Holdings	12 (RCR)	162	February	10	6.2	2,032
The M	Wing Tai Holdings	7 (CCR)	522	February	387	74.1	2,447
77@East Coast	KTC Group	15 (OCR)	41	March	3	7.3	1,740
Tedge	Macly Group	14 (OCR)	42	March	8	19.0	1,603
19 Nassim	Keppel Land	10 (CCR)	101	March	1	1.0	3,351
Kopar at Newton	Chip Eng Seng	9 (CCR)	378	March	1	0.3	2,385
<b>Total units from Q1 2020 launches</b>			<b>2,356</b>				

\*Estimates analysed from caveats lodged from REALIS as of 15 April 2020

Source: URA, EDMUND TIE Research

- Excluding The M, take-up rates of other launches in Q1 2020 ranged between 0.3 per cent and 19.0 per cent. Most launches were in the CCR, which may be costlier and take-up rates of units may have been more affected by the uncertain global economic outlook and tightened travel restrictions on visitors to Singapore, particularly for prospective foreign homebuyers.
- Resale** volume declined to 1,914 units in Q1 2020 as homeowners exercised caution due to economic uncertainties, as well as a variety of options from the new sales market with various current and upcoming launches.
- Total private homes sales volume for Q1 2020 amounted 4,170 units, reflecting a 11.4 per cent y-o-y increase but a 14.5 per cent q-o-q decline.
- In the **private residential leasing market**, total rental contract volume fell marginally by 0.9 per cent y-o-y to around 20,700 transactions in Q4 2019. In January and February 2020, there were 13,929 rental transactions, a 3.6 per cent y-o-y decline (Figure 19). The URA Rental Index for All Residential Property fell for the first time by 1.0 per cent q-o-q in Q4 2019 after three consecutive quarters of increase in 2019. Nevertheless, the rental index still registered a 1.4 per cent y-o-y increase in Q4 2019 at the back of lower number of completed units and low vacancy rates. In Q1 2020, it is expected that rents will be supported by the demand from expatriates and some locals, although this may be weaker as companies take on cost-cutting measures or curb overseas travel and postings with the ongoing COVID-19 situation.

**Figure 19: Number of private home rental transactions (excluding ECs)**



\* Rental transactions in January and February 2020, based on REALIS data as of 26 March 2020

Source: REALIS, EDMUND TIE Research

## Outlook

- As the US Fed interest rates fell to near zero with emergency rate cuts to cushion the economic fallout from COVID-19, the Singapore Interbank Offered Rate (SIBOR) has also declined, resulting in banks revising their home loan offerings to attract borrowers. However, as the sentiment remained weak with the cooling measures in place and jobs security in question amid the COVID-19 outbreak, homebuyers are likely to show greater caution in home purchases at least for the first two quarters this year. With the Government's directive in suspending of activities at workplace premises to further reduce the COVID-19 transmission announced on 3 April 2020, all sales galleries will be likely closed till 1 June 2020. The Monetary Authority of Singapore has also announced on 1 April 2020 that distressed property owners can apply to defer their residential loan payments from 6 April to 31 December 2020.
- Nevertheless, as the financial markets are likely to exhibit greater volatility amid the unpredictable COVID-19 situation, there could be a growing tendency for non-institutional investors to turn towards real estate, particularly residential properties, which are deemed to be stable and more accessible asset classes.
- Foreign demand is expected to be affected in the near term as travel restrictions remain in numerous countries. This is particularly for Mainland Chinese buyers, who is the largest group of foreign home purchasers in Singapore. However, should the situation improve, the position of Singapore as a safe investment haven with quality healthcare services is expected to attract foreign homebuyers back to the residential market.

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