



REAL ESTATE
TIMES

APRIL 2021

SINGAPORE 1Q 2021

Uneven recovery across property sectors despite improving economy

ECONOMY

Market commentary

Key economic indicators

- Based on estimates released by the Ministry of Trade and Industry (MTI) on 14 April 2021, Singapore's economy expanded by 0.2% yoy in 1Q 2021, following a -2.4% decline in 4Q 2020 (Table 1). This is the first positive turnaround after three consecutive quarters of decline. The economy expanded by 2.0% qoq in 1Q 2021, compared to an expansion by 3.8% qoq in 4Q 2020.
- Economic activities were ramped up at the start of the year as the economy entered Phase 3 of recovery from 28th December 2021. After posting a strong 10.3% yoy growth, the manufacturing sector expanded by 7.5% yoy in 1Q 2021. Clusters such as electronics, precision engineering, chemicals and biomanufacturing performed better than the transport engineering and general manufacturing clusters, which experienced output declines. As the construction sector gradually picked up due to public and private sector demand, the contraction moderated to a decline of 20.2% yoy in 1Q 2021, an improvement from the 27.4% contraction in 4Q 2020.
- The services sector fell by 1.2% yoy in 1Q 2021, an improvement from the drop of 4.7% in 4Q 2020. Among the services sectors, wholesale, retail trade and transportation & storage fell by 4.1% yoy in 1Q 2021, a slight improvement from the decline of 6.4% yoy in 4Q 2020. Accommodation & food services, real estate, administrative & support services and other services dropped by -3.9% yoy in 1Q 2021 from -9.9% in 4Q 2021. The bright spot was the information and communications, finance and insurance and professional services sector which grew 3.7% yoy in 1Q 2021 yoy from 1.4% in 4Q 2021.

Table 1: Singapore's Gross Domestic Product (GDP)

Selected indicators	Yoy change (%)				
	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021
Overall GDP	-0.3	-13.3	-5.8	-2.4	0.2
Manufacturing	7.9	-0.8	11.0	10.3	7.5
Construction	-1.2	-59.9	-52.4	-27.4	-20.2
Services producing industries	-2.3	-13.6	-8.4	-4.7	-1.2

Source: MTI, advanced estimated released on 14 April 2021

Table 2: Inflation, unemployment rate and fixed asset investments

Selected indicators	1Q 2020	2Q 2020	3Q 2020	4Q 2020
Consumer Price Index (Core inflation) yoy % change	0.0	-0.2	-0.3	-0.2
Consumer Price Index (All items inflation) S.A. yoy % change	0.4	-0.7	-0.3	-0.1
Unemployment rate, S.A. (%)	2.4	2.9	3.6	3.2
Fixed asset investments (\$\$bn)	12.4	1.9	2.1	3.0

Source: Singapore Department of Statistics

- MAS core inflation rose to 0.7% in February from 0.2% in January 2021, driven by the rise in food inflation and service costs. The labour market conditions improved slightly in February 2021, as Singapore's overall unemployment rates fell to 3% from 3.2% in January, signifying a renewed confidence by firms to add to headcount. The labour market has turned the corner for now due to the various job support/conversion schemes initiated by the government.
- The International Monetary Fund (IMF) has upgraded in April this year its 2021 growth outlook for Asia to 7.6% in 2021, up from the 6.9% forecasted as of October 2020. Global economic prospects have also brightened although the rising interest rates in the US could translate into higher borrowing costs.
- Business and consumer confidence are rising due to the easing of border restrictions and the gradual rollout of the COVID-19 vaccines. Apart from travel dependent industries, we expect most sectors to experience stronger growth in 2021. MAS estimates Singapore's GDP growth in 2021 to fall within the upper range of their official forecasted growth of 4 to 6%. Cognizant of ongoing global and regional risks, MAS has maintained an accommodative monetary policy, keeping the rate of exchange rate appreciation at 0% per annum.

INVESTMENT

Market commentary

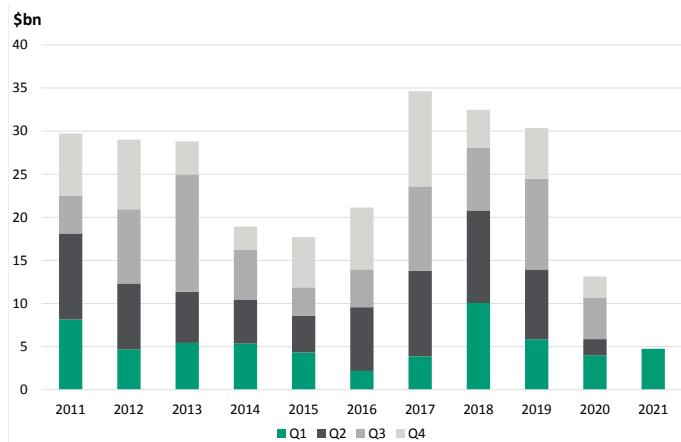
Investment sales

Total investment sales nearly doubled from \$2.5bn in Q4 2020 to \$4.8bn in Q1 2021 (Figure 1). This was likely due to the improved business sentiments arising from Singapore's Phase 3 reopening on 28 December last year and the commencement of the Ministry of Health's (MOH) national vaccination programme that was piloted on 27 January this year. The recovery in investment sales is also reflective of the gradual pick-up of the construction sector, which posted a more moderate contraction of 20.2% yoy in Q1 2021, compared to the 27.4% contraction in Q4 2020.

The public investment sales market recorded no activity in this quarter, given that there were no sites awarded under the public land sales programmes. This was in part due to the government's cautious approach towards releasing sites for tender given the COVID-19 pandemic and the prevailing macroeconomic situation at the end of last year. Furthermore, land parcels released under the 2H2020 GLS programme were granted longer tender periods by URA due to the COVID-19 situation and would only be awarded from Q2 2021 onward.

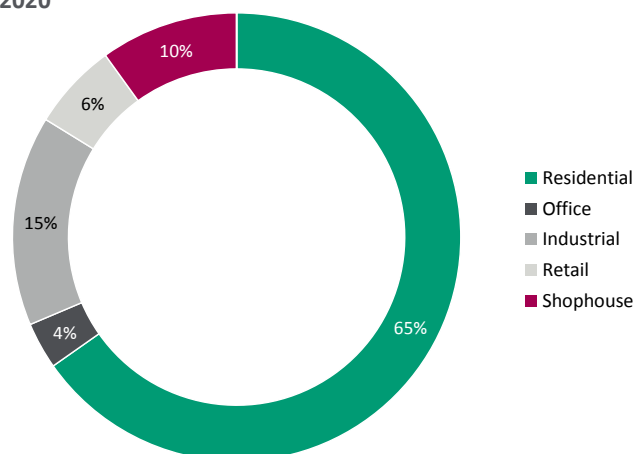
On the other hand, the private investment sales market witnessed brisk activities and recorded 156% qoq growth, from \$1.9bn in Q4 2020 to \$4.8bn in Q1 2021. This was led by strong performances in the residential and office sectors, which posted total transaction amounts of \$1.8bn and \$1.6bn respectively, or 39% and 34% of Q1 2021's total investment sales (Figure 2). For the remaining sectors, industrial transactions made up 19% of total investment sales, followed by retail and shophouse transactions, which represented 5% and 3% of total investment sales respectively. There were no investment sales in the hospitality sector.

Figure 1: Yearly investment sales by quarter

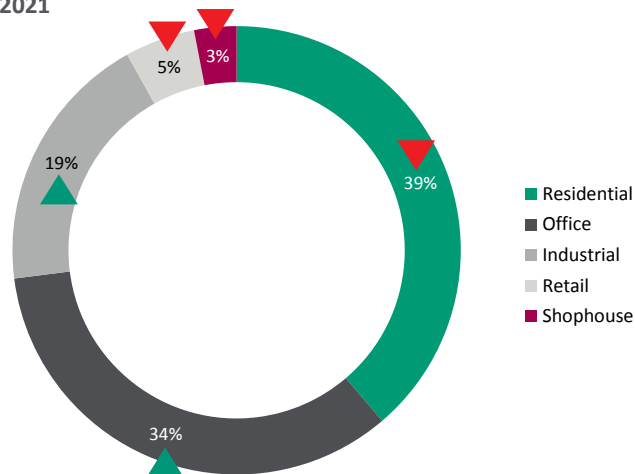


Source: Various sources, EDMUND TIE Research

Figure 2: Total investment sales by asset type
Q4 2020



Q1 2021



Source: EDMUND TIE Research

Table 3: Investment sales summary

	2018 \$ mn	2019 \$ mn	2020 \$ mn	Q2 2020 \$ mn	Q3 2020 \$ mn	Q4 2020 \$ mn	Q1 2021 \$ mn	qoq chg %
Total Investment Sales	32,469	30,350	12,763	1,867	4,788	2,476	4,750	92
Residential	20,423	7,573	4,478	271	976	1,616	1,840	14
Office	5,078	8,506	3,038	1,324	846	84	1,626	1,848
Industrial	3,018	4,924	2,122	178	433	375	897	139
Retail	1,818	3,578	2,677	43	2,457	155	241	55
Hospitality	985	5,038	0	0	0	0	0	n.m.
Shophouse	1,148	730	379	50	60	246	145	-41
Others	0	0	70	0	16	0	0	n.m.
Private Sales	25,348	25,024	10,913	1,863	4,780	1,853	4,750	156
Residential	13,892	3,023	2,865	271	976	993	1,840	85
Office	4,713	8,506	3,038	1,324	846	84	1,626	1,848
Industrial	2,855	4,711	1,884	174	425	375	897	139
Retail	1,818	3,578	2,677	43	2,457	155	241	55
Hospitality	923	4,475	0	0	0	0	0	n.m.
Shophouse	1,148	730	379	50	60	246	145	-44
Others	0	0	70	0	16	0	0	n.m.
Government sales	7,121	5,326	1,851	4	8	622	0	n.m.
Residential	6,531	4,550	1,612	0	0	622	0	n.m.
Office	365	0	0	0	0	0	0	n.m.
Industrial	163	213	238	4	8	0	0	n.m.
Retail	0	0	0	0	0	0	0	n.m.
Hospitality	62	562	0	0	0	0	0	n.m.
Shophouse	0	0	0	0	0	0	0	n.m.
Others	0	0	0	0	0	0	0	n.m.

Source: Various sources, EDMUND TIE Research

Sector trends and outlook

- There were three significant **office** transactions in Q1 2021, with the highest amount posted by the divestment of 50% of OUE Bayfront by OUE Commercial REIT to Allianz Real Estate for \$633.8mn (Table 4). The other significant transactions were the sale of Certis Cisco Centre at 20 Jalan Afifi for \$150mn, and 108 Robinson Road for \$142.8mn. These key transactions marked a contrast to Q4 2020, where there were no significant office transactions, and point to a possible return of interest for the office sector given that with effect from 5th April 2021, 75% of staff can return to their workplace at any one time and working from home is no longer the default arrangement.
- **Industrial** investment sales amounted to \$897.4mn in Q1 2021, more than doubling the \$375.4mn recorded in Q4 2020. There were three significant industrial transactions, namely the sale of 20 – 23 Rochester Park at \$144.8mn, followed by BreadTalk Group's divestment of BreadTalk IHQ at 30 Tai Seng Street for \$118mn, and AIMS APAC REIT's \$102mn acquisition of Sime Darby Business Centre at 315 Alexandra Road.
- For **retail** investment sales, the sole significant transaction in Q1 2021 was FCT's divestment of YewTee

Point for \$220mn to unrelated parties. The shopping mall has around 70 tenants spread over 74,000 sq ft of NLA. This transaction marked FCT's third retail mall divestment over three consecutive quarters, adding to the REIT's divestment of Bedok Point and Anchorpoint Shopping Centre in Q3 2020 and Q4 2020 respectively.

- There were two significant **residential** transactions in Q1 2021. The first was the \$293mn sale of all 20 units of Eden, a freehold luxury condominium by Swire Properties at 2 Draycott Park, to the members of the Tsai family of Want Want China Holdings. The second was the sale of a Good Class Bungalow (GCB) at 30 Nassim Road to a private investor for \$128.8mn. Apart from these, the residential sector was abuzz with 10 other transactions greater than \$30mn each in Q1 2021, of which 7 were recorded by GCBs.

The stark pick-up in transaction activities in Q1 2021 relative to the previous quarter is indicative of the improving appetite amongst investors. As MOH's ongoing vaccination drive helps the nation achieve herd immunity against COVID-19 and consequently normalcy in the economy, investment activity could be bolstered for the rest of 2021.

Table 4: Key* private investment sale transactions in 1Q 2021

Development	Remaining tenure, yrs	Purchase price		Purchaser	Seller
		\$ mn	\$ psf		
Residential					
Eden	Freehold	293.0	4,827 NLA	Want Want China Holdings	Swire Properties
30 Nassim Road	Freehold	128.8	4,005 land area	Jin Xiao Qun (wife of the founder of Nanofilm Technologies International)	Sukmawati Widjaja (Vice chairperson of Sinar Mas Group)
Office					
OUE Bayfront (50% stake)	86	633.8	3,170 NLA	Allianz Real Estate	OUE Commercial Real Estate Investment Trust
Certis Cisco Centre	23	150.0	1,152 land area	Certis & Lendlease Property Trust	Certis Cisco Security Pte Ltd
108 Robinson Road	Freehold	142.8	2,604 NLA	PGIM Real Estate	Sin Capital Group
Industrial					
20 - 23 Rochester Park	25	144.8	1,046 land area	Unknown	Unknown
BreadTalk IHQ	19 + 30	118.0	474 GFA	Lian Beng Group, Apricot Capital, & 32RE Investments	BreadTalk Group Pte Ltd
Sime Darby Business Centre	34	102.0	569 GFA	AIMS APAC REIT	Aster (Alexandra) Pte Ltd
Retail					
YewTee Point	84	220.0	2,986 NLA	Unknown	Fraser's Centrepont Trust

*Refers to any property transactions with value above S\$100mn.

Source: Various sources

OFFICE

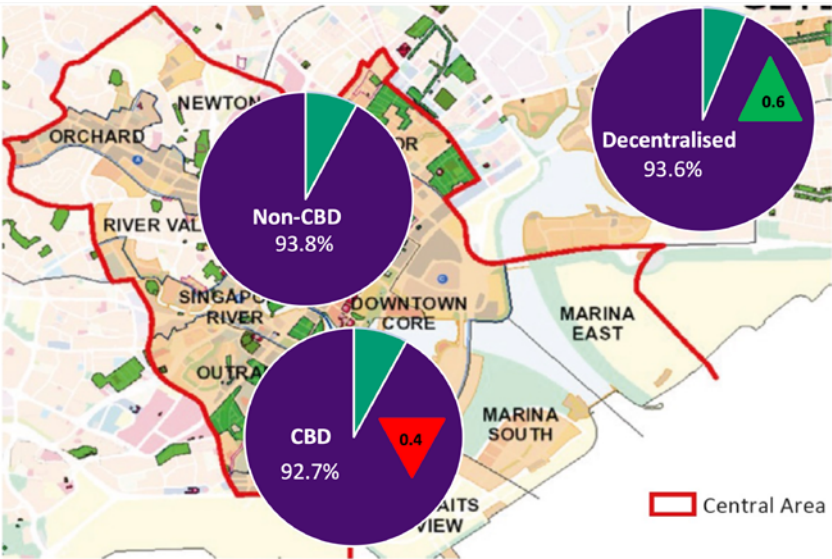
Office demand and occupancy rates

- With effect from 5th April 2021, 75% of staff can return to their workplace at any one time and working from home is no longer the default arrangement. Even as more workers gradually return to their office premises, some employees have indicated a preference for work-from-home arrangements, citing productivity gains and reduced commute times. As a result, businesses remain cautious about expanding traditional office spaces as they deliberated on the ideal hybrid working model.
- Major banks are reviewing their operations and shrinking their physical offices. It was reported that DBS plans to shed 75,000 sq ft at Marina Bay Financial (MBFC) Tower Three, while Standard Chartered is also considering giving up its space in MBFC Tower One. ANZ Singapore is also considering terminating one floor of its current existing space in Ocean Financial Centre in 2021.
- Co-working operator Just-Co had recently announced in March 2021 that it will be opening another office in Tampines located at Asia Green, after an announcement for an expansion located in One-North (30,000 sq ft). Bridge+ by CapitaLand also opened another co-working office at 79 Robinson Road in January 2021, three years after the debut of its Bridge+ flagship co-working office in Ascent building at Singapore Science Park 1.
- Based on EDMUND TIE Research statistics, overall net absorption islandwide declined from a robust 390,000 sq ft in 4Q 2020 to 74,000 sq ft in 1Q 2021. The islandwide occupancy rate remained stabilised remaining at 93.3% in 1Q 2021 (Figure 3). The occupancy rate in CBD fell by 0.4% pts qoq to 92.7% in 1Q 2021 from 93.1% in 4Q 2020.

Rents

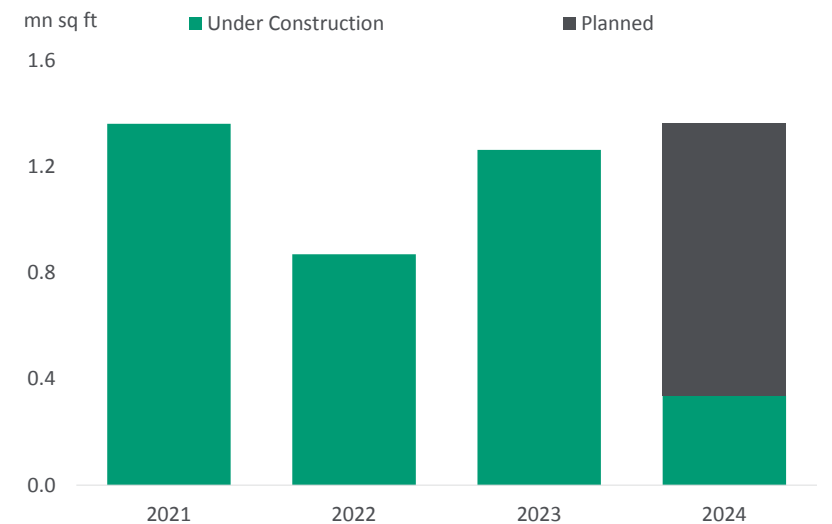
Monthly rents in the various subzones of the office sector held steady or declined slightly in 1Q 2021 (Table 5). Within the CBD and Non-CBD, there was a flight to quality by corporates. Due to the tight vacancies, premium grade office rents held steady in the quarter. In addition, with the impending redevelopment of AXA Tower and Fuji Xerox Towers, there is some leasing demand from the displaced tenants seeking to lease alternative office premises. The steepest declines were recorded in Raffles Place Grade A and Shenton Way/Robinson Road/Tanjong Pagar Grade B as vacancies rose. In the Orchard Road and decentralised areas, leasing activity was limited but rents were broadly unchanged.

Figure 3: Office occupancy rates* and qoq % point change (in arrows) in 1Q 2021



* 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

Figure 4: Office development pipeline



Source: EDMUND TIE Research

Supply pipeline

Based on EDMUND TIE Research, there are nearly 4.5mn sq ft of new office space that will be completed from 2021 to 2024 (Figure 4). Most of the office developments will be completed in 2021 (28.03% or 1.36mn sq ft) and 2024 (28.05% or 1.4mn sq ft). Close to half (47.2%) of the supply pipeline from 2021 (28% or 1.4mn sq ft) to 2024 will be in the CBD, followed by 32.2% in Decentralised Areas. The larger developments include Central Boulevard towers (1.26mn sq ft) which is slated to be completed in 2023 and an office/ retail development by SP Group (640,000 sq ft) located at Pasir Panjang Road and scheduled to be completed in 2024.

Outlook

On the whole, we expect office rents to bottom out by the end of this year as the employment outlook improves. Even as major banks continue to downsize their office spaces, demand for office spaces continues to be fuelled by technology, fintech and finance companies. Singapore has been a regional base for Western companies and is now becoming a hub for Chinese technology companies. This is supported by the office expansion of Tencent, Alibaba and ByteDance, as they ramp up the hiring process to recruit more talents in Singapore, especially talents who are trained in the technology sector. The recent announcement of Google co-founder Sergey Brin opening a family office in Singapore will buoy investor confidence in Singapore as a financial hub.

We expect more businesses to sign on leases with co-working operators due to the flexibility and shorter-term commitments. As companies endeavour to accommodate their employees' preferences to work with some form of flexibility, the trend of co-working spaces might be preferred by companies looking for a change from traditional workspaces. Even for traditional offices, we are seeing a gradual transition to integrate more communal spaces for people to connect and engage in meaningful collaborations.

Table 5: Average monthly gross office rents (\$\$ per sq ft)

Location	Subzone	Grade	4Q 2020	1Q 2021	Qoq change (%)
CBD	Marina Bay	Premium	12.03	12.03	0.0
	Raffles Place	A	10.26	10.06	-1.0
	Shenton Way/ Robinson Road/ Tanjong Pagar	Premium	10.86	10.86	0.0
		A	8.72	8.67	-0.5
		B	7.11	7.04	-1.0
Non-CBD	Marina Centre	A	9.65	9.60	-0.5
	City Hall/Bugis	Premium	10.72	10.72	0.0
		*	7.01	6.98	-0.5
	Orchard Road	*	8.84	8.84	0.0
Decentralised areas	Decentralised areas	*	6.03	6.03	0.0

*Ungraded office space

Source: EDMUND TIE Research

INDUSTRIAL

Market commentary

Key indicators

The manufacturing sector expanded for the ninth consecutive months in March 2021 and the PMI reading is the highest since March 2019. The PMI reading expanded by 0.3 points from February 2021 to 50.8 in March 2021 (Table 6). NODX increased 9.7% yoy in 1Q 2021, after a -0.5% fall in 4Q 2020.

Demand and occupancy

- Based on JTC's statistics, overall industrial net absorption increased from 1.2mn sq ft in 3Q 2020 to 2.3mn sq ft in 4Q 2020. The full-year absorption declined from 7.9mn sq ft in 2019 to 7.5mn sq ft in 2020 (-4.0%). In 4Q 2020, occupancy rates of single-user factory space, multiuser factory space, and business park and warehouse space increased (Figure 5). The two industrial segments, which saw the greatest increase are multi-user factory occupancy, which improved by 0.8% qoq and business park occupancy, which improved by 0.5% qoq in 4Q 2020.

Rents

- Based on EDMUND TIE Research's industrial property basket, monthly rents were broadly flat for most industrial segments in 1Q 2021 (Table 7). Although upper-storey factory rents fell by -0.5% qoq in 1Q 2021, it was a smaller decline compared to 4Q 2020 (-1.0%).
- We expect hi-tech industrial properties to perform better than the other industrial stock due to the government's push for

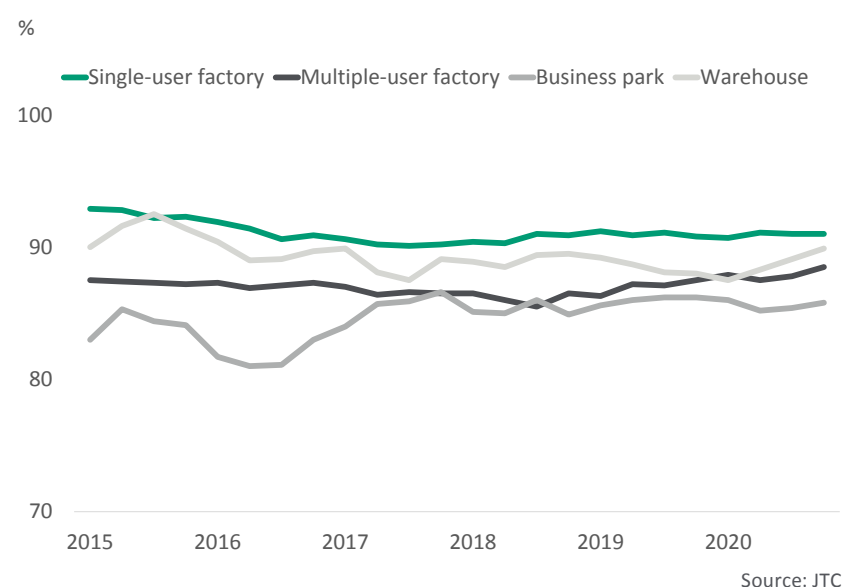
Table 6: Singapore's NODX and PMI

Key economic indicators	4Q 2020	1Q 2021	Key trends
NODX (Yoy)	-0.5%	9.7%	<ul style="list-style-type: none"> NODX growth was led by the electronics sector (14.8%) in 1Q 2021 while non-electronic NODX posted growth of 8.4% in 1Q 2021. The largest contributor was China, which contributed 15.3% to exports. This is followed by United States, which contributed to 12.8% in exports.
PMI*	50.5 (Dec 2020)	50.8 (March 2021)	<ul style="list-style-type: none"> The higher reading is supported by a higher growth in new orders, exports and employment. The electronics subindex fell by 0.2 points from February 2021 to 50.6 in March 2021. This is the eighth month of expansion for the electronics sector.

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

Source: SIPMM

Figure 5: Occupancy rates of industrial space by type



Source: JTC

Table 7: Average monthly gross rents (islandwide) (\$\$ per sq ft)

Industrial type*	Subcategory	4Q 2020	1Q 2021	Qoq change (%)
Multiple-user factory	First-storey	1.84	1.84	0.0
	Upper-storey	1.31	1.30	-0.5
Warehouse/logistics	Overall	1.59	1.59	0.0
High-tech industrial	Overall	2.92	2.94	0.5
Business park	Central Region	5.00	5.00	0.0
	Suburban	3.66	3.66	0.0

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

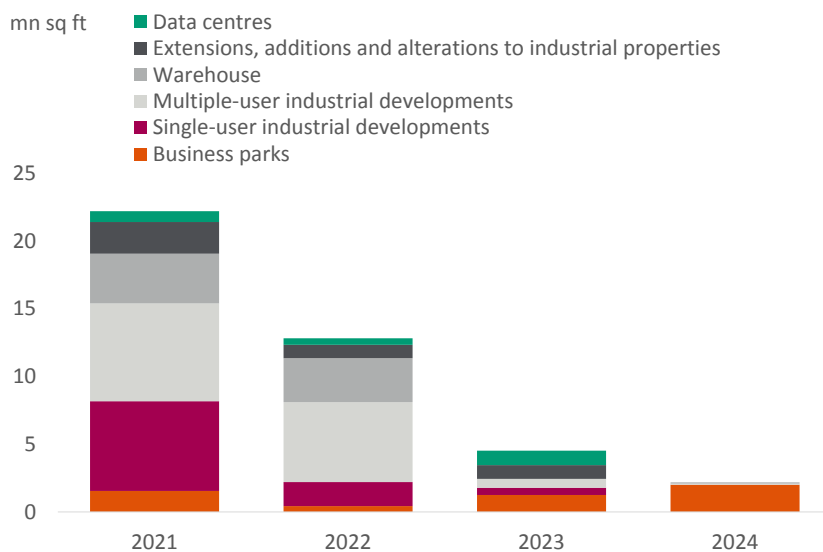
Source: EDMUND TIE Research

advanced manufacturing as Singapore prepares for Industry 4.0. In 1Q 2021, hi-tech industrial rents rose by 0.5% qoq. There has been a preference for modern specifications due to a rise in e-commerce, food logistics, and medical manufacturing. Older industrial buildings will likely see a decline in demand, resulting in a two-tiered industrial market.

Supply pipeline

- As of 4Q 2020, the supply pipeline from 2021 to 2024 is projected to be around 41.7mn sq ft (NLA). Approximately 53% of the pipeline will be completed in 2021, followed by 30.7% in 2022 (12.8mn sq ft). The hike in potential completions in 2021 was due to the delay in the completion of projects and new supply being rolled over from 2020. Multi-user factories accounted for the bulk (33%) of the supply pipeline (Figure 6). The larger multi-user factory developments in the pipeline are Solaris @ Tai Seng (929,000 sq ft) and Mapletree Industrial Trust located at Kallang Way (710,000 sq ft). With the excess supply of industrial projects in 2021, we will also expect to see more subdued rents for industrial spaces.

Figure 6: Industrial development pipeline (with planning approvals and GLS sites which are pending approvals)



Source: JTC, EDMUND TIE Research

Outlook

The industrial sector outlook remains relatively bright, as the government continues to ensure that Singapore remains a competitive manufacturing hub, especially for the pharmaceutical sector. Various major multinational firms have raised interest in developing facilities to develop and manufacture vaccines. Thermo Fisher Scientific will be investing \$174 million, and their facility will be operational in 2022, the plant will manufacture a wide range of vaccines and therapeutics. Another global biopharmaceutical company Sanofi will be investing \$639 million over five years for their new vaccine site, their first vaccine production centre in Asia, where construction is expected to start in Q3 2021.

There has also been increasing focus on the environmental impact of industrial properties in Singapore, especially for data centres. Digital Realty recently opened its third and largest data centre in Singapore, which received the Building and Construction Authority's highest Green Mark Platinum certification. Moving forward, we can expect a shift towards more environmentally sustainable infrastructures, as companies increasingly adopt an ESG agenda.

We expect industrial rents to bottom out this year, led by the high-tech and warehouse segment as the drive towards e-commerce and hi-tech manufacturing continues. However, the looming supply pipeline in 2021 will moderate such an increase.

RETAIL

Market commentary

Key indicators

- With the pandemic situation relatively well contained in Singapore, coupled with a stabilisation in the labour market, businesses and consumers have gradually regained a sense of normalcy.
- Starting from 5th April 2021, the number of employees allowed to go back to work has been raised from 50 per cent to 75 per cent. This could potentially drive more footfall in the central area, as retail operators are largely dependent on the lunchtime working crowds for their business.
- Traditional brick and mortar stores located in Chinatown ramped up digitalisation with a committee formed by IMDA, ESG and STB. Chope and Qoo10 have been appointed to assist the tenants to drive more sales and footfall into the area, by providing guidance and training on digital marketing.
- Although the growth of e-commerce is set in motion, there is still a role for physical retail and placemaking activities, as consumers still need avenues for socialisation.
- A set of guidelines termed the Fair Tenancy Framework Code of Conduct for Leasing of Retail Premises has been developed recently, which is set to come into effect from 1 June 2021. It is a set of guidelines to assist landlords and tenants of qualifying premises (which include, but is not limited to retail, F&B, clinics, and schools) to reach a fair and balanced position in lease negotiations.
- The 3-month moving average retail sales growth (excluding motor vehicles) improved to -1.6% yoy in February 2021 from -5.1% in January 2021 (Figure 7). The Retail Sales Index improved 7.9% in February 2021, which marked the first month of growth since January 2020. This was driven by an improvement in consumer sentiment and greater shopping footfall.

- In February 2021, Watches & Jewellery saw the greatest improvement of 37% on a yoy basis, followed by Computer & Telecommunications Equipment which grew by 20% yoy (Figure 8). However, Food & Alcohol was the worst-performing sector, which declined by 25% yoy in February 2021.

Figure 7: Retail sales growth (Three-year moving average) (excluding motor vehicles)

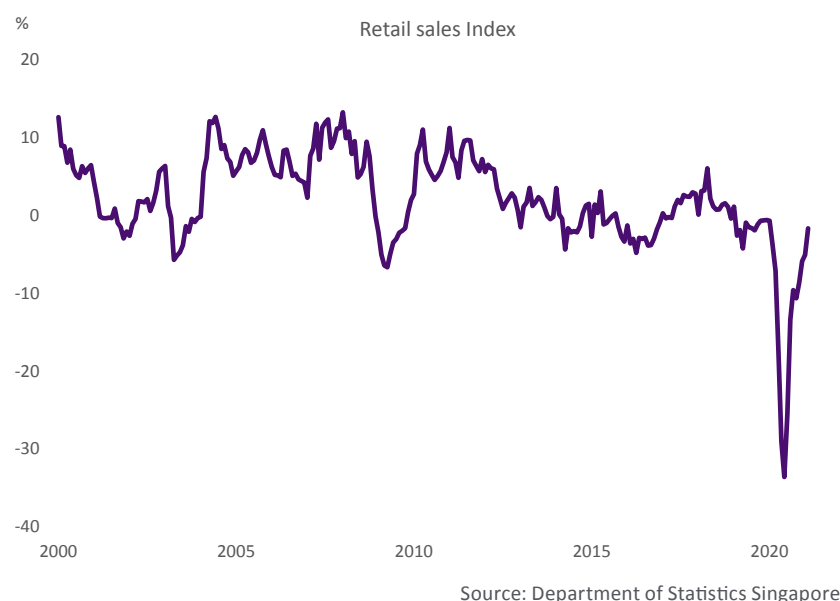
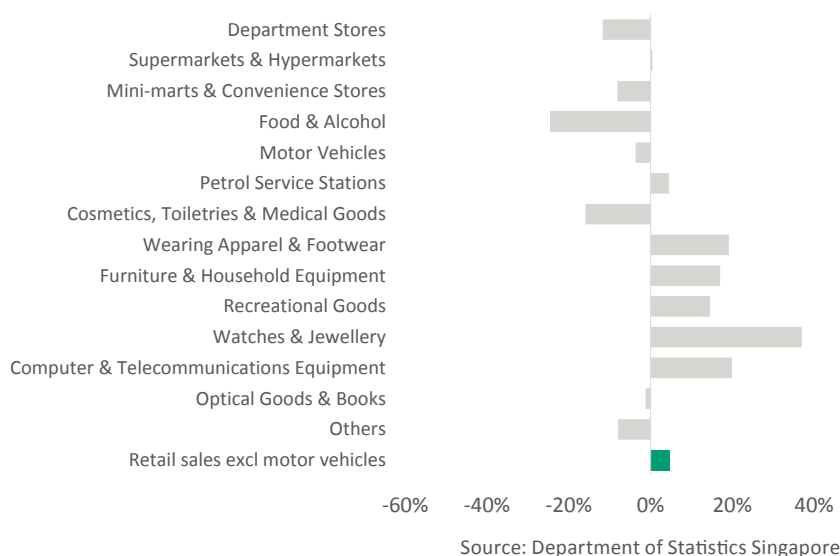


Figure 8: Retail sales index (Feb 2021), yoy change

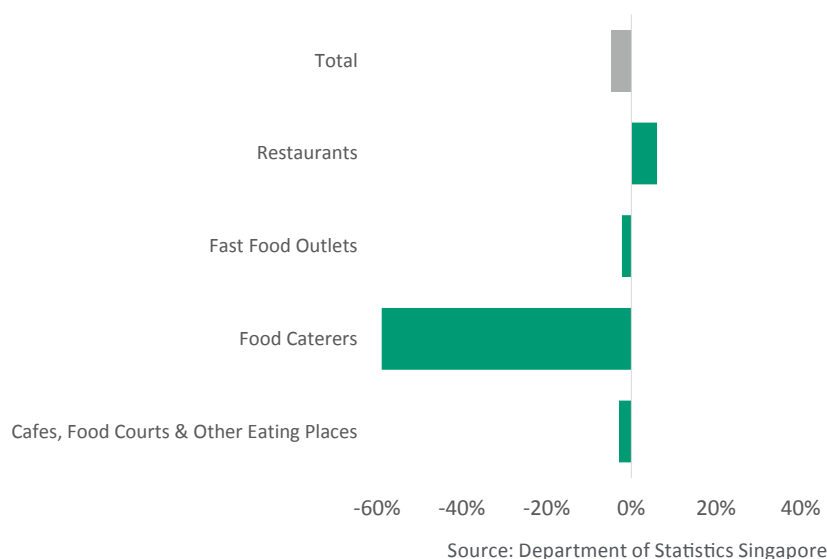


- For the food and beverage services index for February 2021, food caterers reported the greatest decline of 58.9% yoy despite it being the month of the Chinese New Year celebrations. However, due to the restrictions of large gatherings, this has resulted in lower demand for event catering. Restaurants expanded 6.1% yoy and performed relatively well as consumers took to dining out more frequently (Figure 9).

Demand and occupancy

- Based on EDMUND TIE Research, islandwide net absorption improved to 258,000 sq ft in 4Q 2020 from -538,000 sq ft in 3Q 2020. The occupancy rate increased by 0.8% pts qoq to 91.2% in 4Q 2020 from 90.4% in 3Q 2020.

Figure 9: Food and Beverage index (Feb 2021), yoy change



- More retailers have a preference to open their shops located at the Fringe/Suburban subzone due to the rise in footfall and the continuation of the work-from-home arrangements for some companies.

	Orchard/Scotts Road (OSR)	Other city areas ¹ (OCA)	Fringe/Suburban areas ² (FSA)
Net absorption	<ul style="list-style-type: none"> Retail net absorption in Orchard/Scotts Road declined from 32,000 sq ft in 3Q 2020 to -194,000 sq ft in 4Q 2020. 	<ul style="list-style-type: none"> Net absorption in Other City Areas reversed from negative territory in the 3Q 2020 to a positive value of 118,000 sq ft in 4Q 2020. 	<ul style="list-style-type: none"> Net absorption rebounded to 334,000 sq ft in 4Q 2020 after three quarters of contraction in 2020
Occupancy	<ul style="list-style-type: none"> The occupancy rate declined from 90.9% in 3Q 2020 to 88.4% in 4Q 2020. (Figure 10). 	<ul style="list-style-type: none"> The occupancy rate increased by 1.7% pts from 3Q 2020 to 89.3% in 4Q 2020. 	<ul style="list-style-type: none"> The occupancy rate rose by 0.9% pts qoq to 92.5% in 4Q 2020.
Openings (1Q 2021)	<ul style="list-style-type: none"> Carre d' artistes at Paragon Shopping Centre 		<ul style="list-style-type: none"> Uniqlo at Tampines Mall Genki Sushi at NEX Din Tai Fung at Compass One Yakiniku at Seletar Mall Green Common at VivoCity Tokyo Shokudo at Westgate
Closures (1Q 2021)		<ul style="list-style-type: none"> Robinsons at Raffles City Shopping Centre 	<ul style="list-style-type: none"> Uniqlo at Tampines 1

¹ Other City Areas refer to Downtown Core and Rest of Central Area

² Fringe/Suburban Areas refer to Fringe Areas and Suburban Areas (Outside Central Region)

Source: EDMUND TIE Research

Rents

Based on EDMUND TIE Research's definition of retail spaces, retail rents were stable in Orchard/Scotts Road and Other City Areas in 1Q 2021 (Table 8). Given the strong retail performance in Fringe/Suburban Areas, as a result of the catchment population and extensive work-from-home arrangements, rents have ticked up accordingly.

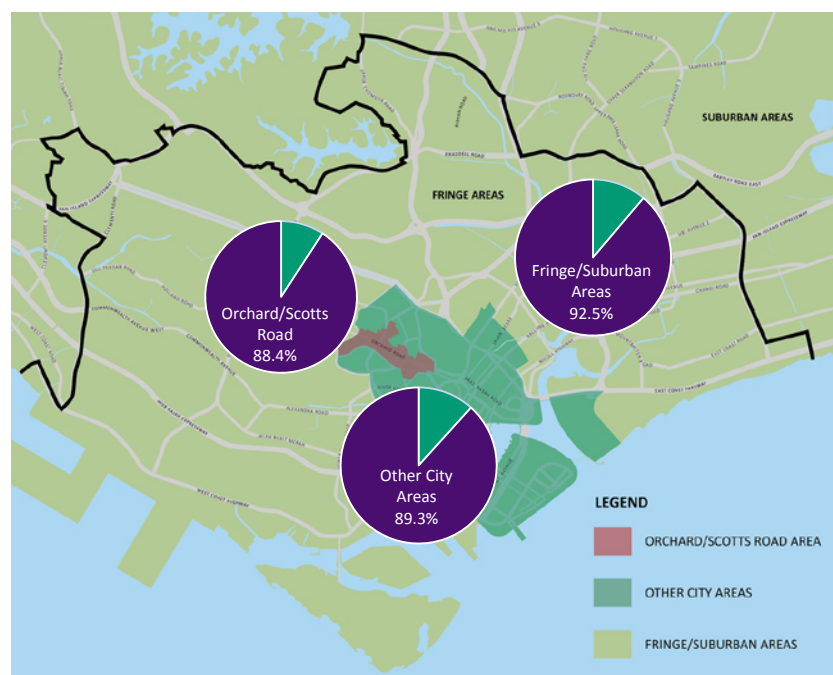
Supply pipeline

Based on EDMUND TIE Research, around 1mn sq ft of NLA is expected to be completed islandwide from 2021 to 2024. The bulk of the supply pipeline is expected to be completed in 2021 (39.0%) and 2023 (39.0%) (Figure 11). The majority (87.0%) of the supply pipeline will emerge from the Fringe/Suburban Areas.

Outlook

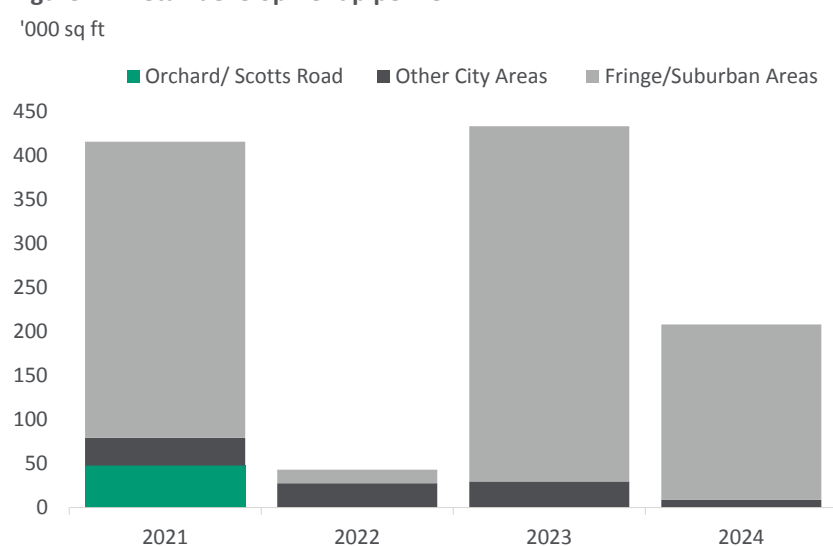
Following a series of closures by international brands, Abercrombie & Fitch is the latest international brand that is to exit from Singapore, as it closed its last physical retail outlet in Singapore and shifts to an exclusively online store. Retailers have to adapt to this new reality and the increasing shift towards online marketing platforms for the sale of products.

Figure 10: Retail occupancy rates (4Q 2020)



Source: EDMUND TIE Research

Figure 11: Retail development pipeline



Source: EDMUND TIE Research

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

Location	Level	4Q 2020	1Q 2021	Qoq change (%)
Orchard/Scotts Road (OSR)	First storey	37.27	37.27	0.0
	Upper storey	16.00	16.00	0.0
Other city areas (OCA)	First storey	19.45	19.45	0.0
	Upper storey	9.83	9.83	0.0
Fringe/Suburban areas (FSA)	First storey	29.97	30.27	1.0
	Upper storey	17.03	17.11	0.5

Source: EDMUND TIE Research

RESIDENTIAL

With the introduction of the new Fair Tenancy Framework Code of Conduct for Leasing of Retail Premises (the “Code”), we are seeing greater protection being accorded to retail tenants as the Code aims to allow landlords and tenants to reach a more balanced and fair position in leasing negotiations as parties will now have to abide by the leasing principles for key tenancy terms as provided under the Code.

We expect rents in the Orchard/Scotts Road and Other city areas to trade sideways for the rest of this year amid continued border restrictions and flexible work arrangements. A bright spot would be suburban retail, which caters directly to the needs of residents in their catchment. Suburban rents will post an increase for the year, tempered slightly by the new forthcoming supply.

Market commentary

Key indicators

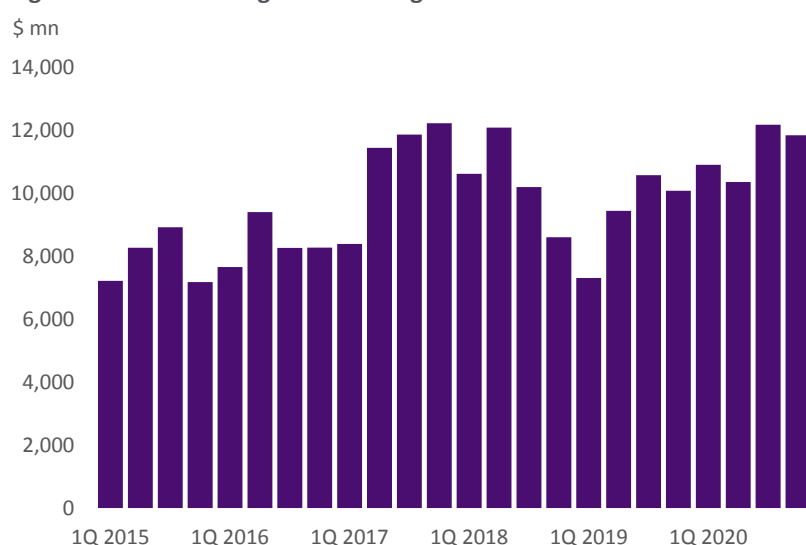
- Urban Redevelopment Authority (URA) private residential property price index rose for the fourth consecutive quarter in Q1 2021, rising by 3.3% qoq, after an increase of 2.1% in Q4 2020. Compared to a year ago, prices are 6.6% higher (Table 9).
- Private non-landed property prices rose by 2.5% qoq in Q1 2021. All market segments registered growth with prices of non-landed properties in the CCR, RCR and OCR increasing by 0.5%, 6.1% and 1.1% qoq respectively.
- The landed property price index soared 6.7% qoq in Q1 2021, reversing the 1.6% decrease in Q4 2020.
- Housing loans value rose for the sixth consecutive quarter by 17.5% yoy in 4Q 2020. However, on a qoq basis, housing loans fell by 2.7% in 4Q 2020, compared to 15.1% growth in 3Q 2020 (Figure 12).

Table 9: URA Private Residential Price Index

	4Q 2020	1Q 2021	qoq % chg
All Residential property	157	162.2	3.3
Non-Landed	153.3	157.1	2.5
Core Central Region (CCR)	133.6	134.3	0.5
Rest of Central Region (RCR)	160.6	170.4	6.1
Outside Central Region (OCR)	183.6	185.6	1.1
Landed property	173.8	185.4	6.7

Source: URA

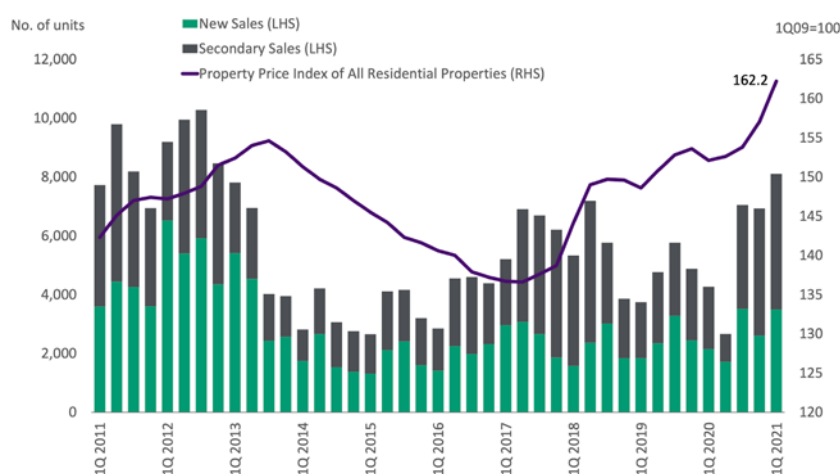
Figure 12: New housing loans limits granted



Source: Monetary Authority of Singapore

- Total private home sales volume in 1Q 2021 amounted to 8,100 units, 16.9% higher than the sales volume of 6,929 units in 4Q 2020 (Figure 13). We believe that demand was driven by low interest rates, strong liquidity, improving buyer sentiment and the wealth effect of the rising financial markets.
- **New sales** volumes increased from 2,603 units in 4Q 2020 to 3,493 units in 1Q 2021. New sales in 1Q 2021 were 62.5% higher than that a year ago and 34.2% higher on the quarter (Figure 13). The share of primary sales to total transaction volume rose from 37.6% in 4Q 2020 to 43.1% in 1Q 2021.
- **Secondary sales** volumes increased slightly from 4,326 units in 4Q 2020 to 4,607 units in 1Q 2021.
- In 1Q 2021, there were five new launches (Table 10), excluding ECs. 2,743 units were launched in 1Q 2021 compared with 2,422 units in 4Q 2020.
- The Reef at King's Dock, launched in January 2021, is in the Keppel Bay precinct

Figure 13: Private homes sales volume (excluding ECs) and URA All Residential Price Index



Source: URA

near Harbourfront MRT station. It had the highest take-up rate of 86% for its launched units (343 out of 400 units) at the end of March 2021. Transacted prices ranged from \$2,077 to \$2,831 per square feet.

- Another new launch was Midtown Modern, which is part of a mixed residential and commercial development located near Bugis MRT station. It had the second-highest take-up rate of 82% (368 out of 447 units) as of the end of March 2021. Transacted prices ranged from \$ 2,299 to \$ 4,213 per square feet.

Table 10: Non-landed private residential launches (excluding ECs) in 1Q 2021

Development	Developer	Property type	Tenure	Total Units	Launched as at Mar-21	Sold as at Mar-21	Launched & Unsold as at Mar-21	Prices \$ psf as at Mar-21	Launch Month
CCR									
Midtown Modern	Guoco Midtown II Pte Ltd/Midtown Modern Pte Ltd	Non-landed	99 yrs	558	447	368	79	2,299 - 4,213	Mar-21
The Atelier	Bukit Sembawang Land Pte Ltd	Non-landed	Freehold	120	20	4	16	2,743 - 3,040	Mar-21
				678	467	372	95		
RCR									
Normanton Park	Kingsford Huray Development Pte Ltd	Non-landed	99 yrs	1862	1862	735	1127	1,469 - 1,856	Jan-21
The Reef at King's Dock	Harbourfront Three Pte Ltd	Non-landed	99 yrs	429	400	343	57	2,077 - 2,831	Jan-21
				2291	2262	1078	1184		
OCR									
J@63	Distinct Home (TKJ) Pte Ltd	Non-landed	Freehold	14	14	4	10	1,332 - 1,447	Feb-21
				14	14	4	10		
Total				2,983	2,743	1,454	1,289		

Source: URA

- In the **private residential leasing market**, total rental volumes increased 6.6% yoy but declined by 3.1% qoq to 23,123 transactions in 1Q 2021 (Figure 14). The URA Rental Index of Private Sector Residential Properties increased by 2.2% qoq in 1Q 2021. The mass rental market is expected to see sustained demand from expatriates relocating from prime properties as well as from foreign workers seeking accommodation due to border restrictions.
- As at 1Q 2021, the residential supply pipeline stood at 50,906 units. Most completions are expected to occur in 2023 and 2024 (Figure 15). Around 4,942 units will be expected to complete from Q2 to Q4 2021. Around 52.1% of the supply pipeline (26,537 units) have been sold, while the remaining 24,369 uncompleted units are still unsold.

Outlook

Given an improving economic outlook, coupled with dwindling unsold inventory and the expectation of more launches ahead, we expect residential demand and prices to improve for the rest of the year. The buoyant HDB resale market may also prompt flat owners to sell their flats and upgrade to private property. With private residential property prices rising for the fourth consecutive quarter, there are rising concerns that the government may introduce new cooling measures. Market players thus need to ensure that the property market trajectory is in line with economic fundamentals to ensure a sustainable market for all.

Figure 14: Number of private home rental transactions (excluding ECs)

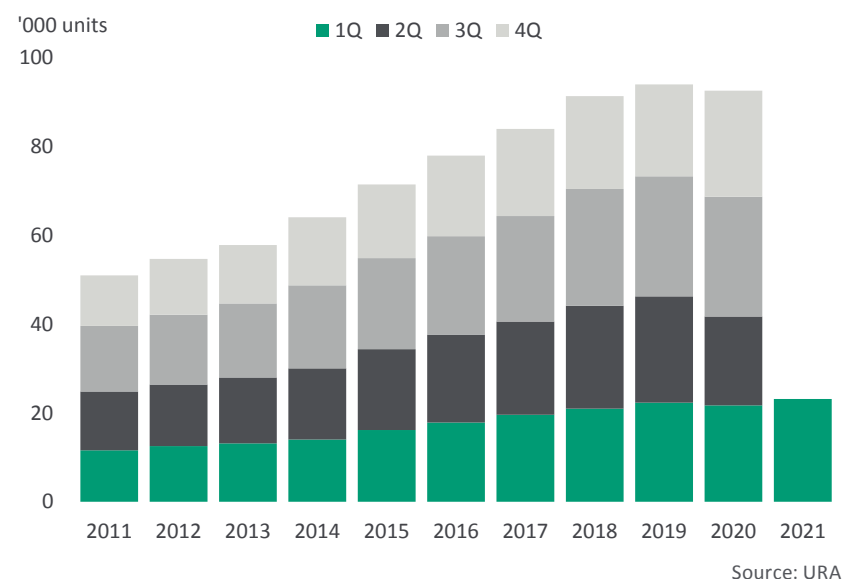
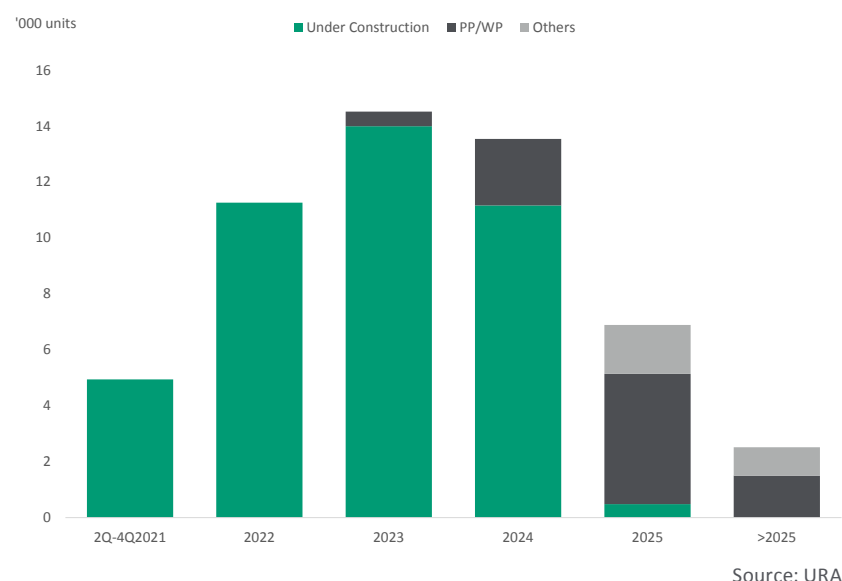


Figure 15: Number of private homes in the pipeline (excluding ECs)



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