



**REAL ESTATE  
TIMES**

**JULY 2021**

# SINGAPORE Q2 2021

Further property stabilisation as Singapore prepares to live with an endemic COVID-19

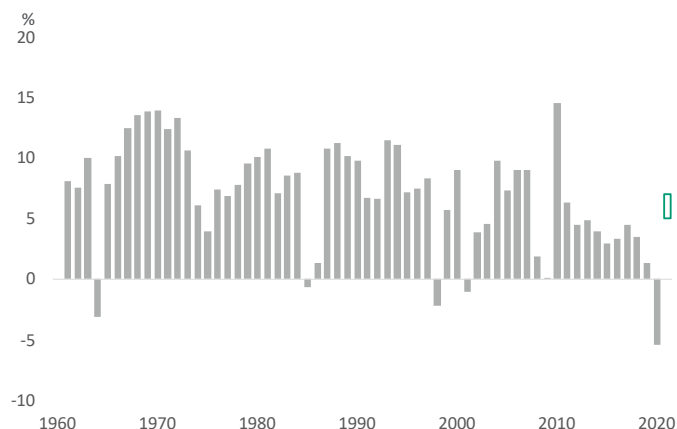
# ECONOMY – Recovery remains intact

## KEY HIGHLIGHTS

### GROSS DOMESTIC PRODUCT (GDP)

1Q 2021  
**1.3%**

4Q 2020  
**-2.4%**

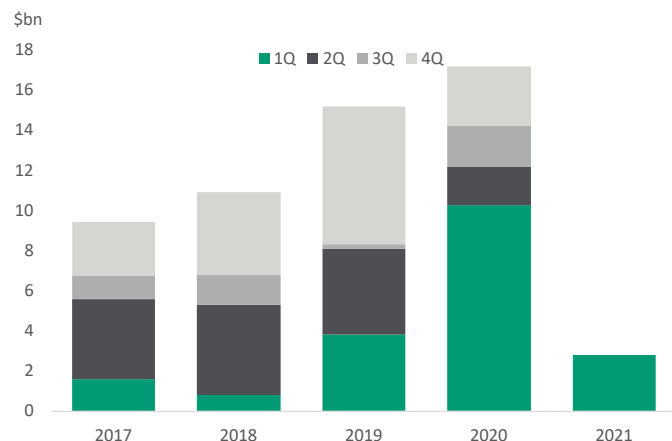


Source: Singapore Department of Statistics

### FIXED ASSET INVESTMENTS (FAI)

1Q 2021  
**\$2.8bn**

4Q 2020  
**\$3.0bn**

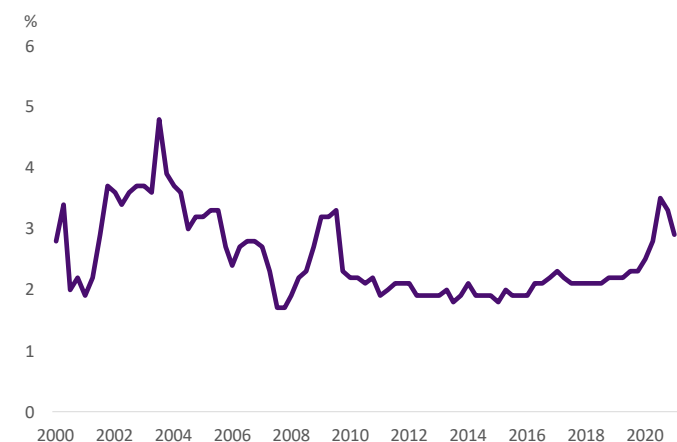


Source: Singapore Department of Statistics

### UNEMPLOYMENT RATE

1Q 2021  
**2.9%**

4Q 2020  
**3.3%**

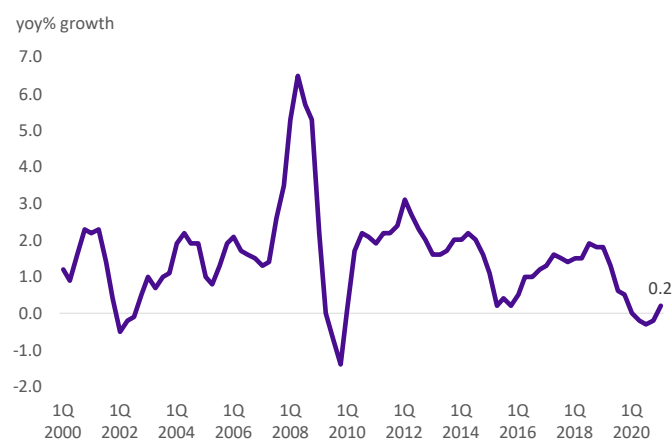


Source: Ministry of Manpower

### CONSUMER PRICE INDEX (CORE INFLATION)

1Q 2021  
**0.2 yoy% growth**

4Q 2020  
**-0.2 yoy% growth**



Source: Monetary Authority of Singapore

## MARKET COMMENTARY

- 1Q 2021's GDP yoy growth rate of 1.3% was the highest growth rate in Singapore since 4Q 2019 and improvement from official advance estimates of a 0.2% expansion. It came on the back of the manufacturing sector's 10.7% yoy growth, faster than the 10.3% growth recorded in 4Q 2020.
- The two worst performing sectors in 4Q 2020, namely construction and the transportation and storage sector, saw expansion during this quarter. The construction sector contracted by 22.7% yoy in 1Q 2021 (compared with -27.4% in 4Q 2020) and the transportation and storage sector shrank by 16.5% (compared with -27.4% in 4Q 2020).
- Singapore attracted \$2.8bn in FAI in 1Q 2021, a slight decrease from \$3.0bn in 4Q 2020 with the services sector leading at \$1.6bn. The info-communications and media cluster within the service sector drew \$1.1bn of FAI. Investors from the United States contributed the most to the total FAI in 1Q 2021. Singapore's efforts to keep borders open, stay connected, and ensure business continuity have given global firms the confidence to invest in projects in the Republic.
- The labour market continued to recover from the impact of the pandemic. The unemployment rate declined to 2.9% in 1Q 2021 from 3.3% in 4Q 2020. Employment grew in 1Q 2021 by 14,000 workers after four quarters of decline. In 1Q 2021, the bulk of the employment increases were in services. The unemployment rate for May declined to 2.8%.
- Inflation may pick up due to low base effects from last year but is unlikely to step up excessively in the second half of 2021. External inflation expected to rise in the near term amid the recovery in global oil prices and the rebound of the world's two largest economies i.e. the US and China. As for Singapore, price pressures are likely to gradually pick up as the labour market and private consumption nudged up.

## MARKET OUTLOOK

- The external economic environment has improved since February 2021 mainly due to upgrades in the growth outlook for advanced economies like the United States.
- While the tightening of domestic restrictions and border controls in May 2021 represented a setback to segments of the Singapore economy, this was partially relaxed partially in June 2021 and the broader economy should still see a recovery this year in tandem with the global economic rebound and further progress in the domestic vaccination programme.
- On 25 May 2021, MTI forecasted Singapore's economic growth in the range of 4% to 6% in 2021. While a survey conducted by MAS of private-sector economists on 14 June 2021 showed that Singapore's GDP tipped to grow 6.5% in 2021, led by manufacturing and exports.
- Singapore is reopening in a calibrated manner and will have more confidence to ease up further when two-thirds of the population is fully vaccinated by National Day (9 August), as targeted.

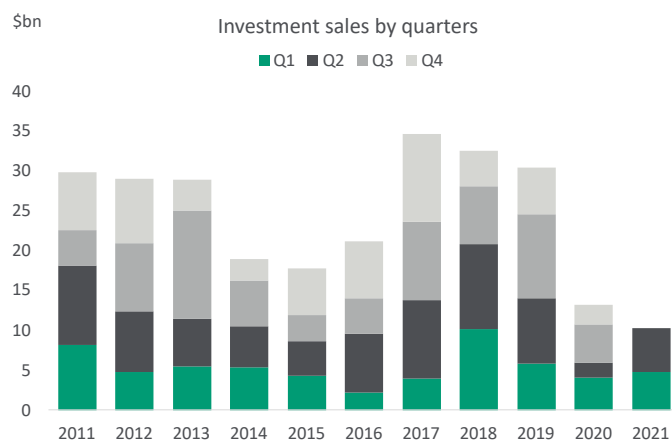
# INVESTMENT – Improving sentiment but proceeding cautiously

## KEY HIGHLIGHTS

**2Q 2021**  
**\$5.48bn**  
**1Q 2021**  
**\$4.75bn**

### INVESTMENT SALES (\$ billion)

Total investment sales in 2Q 2021 increased by 15.4% as compared to 1Q 2021.



Source: EDMUND TIE Research

**2Q 2021**  
**\$1.56bn**  
**1Q 2021**  
**\$1.44bn**

### VALUE OF TOP 5 PRIVATE INVESTMENT DEALS (\$ billion)

The combined value of the top 5 private investment deals in 2Q 2021 represented 28% of total investment value in 2Q 2021.

#### Top 5 private investment deals in 2Q 2021

Development	Remaining tenure, yrs	Purchase price		Purchaser	Seller
		\$ mn	\$ psf		
Office					
Maxwell House	47	276.8	1,925 NLA	SingHaiyi, Chip Eng Seng and Chuan Investments	Unknown
9 Penang Road (30% stake)	94	295.5	2,468 NLA	Haiyi Holdings	Suntec Reit
Industrial					
Galaxis (75% stake)	51	534.4	815 NLA	Ascendas Reit	CapitaLand
Global Trade Logistics Centre	30 + 14	112.0	214 GFA	ESR-Reit	Montview Investments
Retail					
Jem	88	337.3	363 NLA	LREIT	Lendlease

Source: EDMUND TIE Research



## MARKET COMMENTARY

- The notable increase in total investment sales for 2Q 2021 as compared to 1Q 2021 highlighted the return of investor confidence as economic recovery continues to take hold and the nation's vaccination programme is deployed.
- Investment sales in this quarter were led by residential, which contributed to \$3bn (56%), followed by industrial to \$0.9bn (17%).
- Despite the pandemic, Singapore's strong economic performance as well as the government's steady progress with its ongoing vaccination drive efforts have further boosted investor sentiments, as outlined by a q-o-q growth of 15.4% in total investment sales.
- For residential sales, \$1.2bn was from Government Land Sales (GLS) programme. As there was no activity in GLS in 1Q 2021, the government sold three residential sites in this quarter. The tenders drew intense competition from 7 to 15 bidders per site, who ran out of land amid healthy home sales.
- Commercial sales in 2Q 2021 comprised 15% office, 8% retail and 4% shop house deals. In addition, the transactions for office and retail sales were predominantly strata-titled transactions or acquisitions of the remaining stakes of investors' existing properties.
- Ascendas Reit acquired the remaining 75% interest in Galaxis. It now has full ownership of the property. Galaxis is a business park located in One-North which houses key growth sectors such as biomedical sciences, information and communications technologies and media, science and research institutes as well as start-ups.
- Subsidiaries from SingHaiyi, Chip Eng Seng and Hong Kong-listed Chuan Holdings won the collective sale tender for Maxwell House, a 13-storey commercial building, which has potential for redevelopment into a mixed-use development.
- Lendlease Global Commercial Reit proposed to increase its effective interest to 31.8% in Jem, which is a 108,170sqm mixed-use development comprising of retail (major use) and office. Key tenants include Singapore's Ministry of National Development, Swedish furniture chain IKEA, hypermarket FairPrice Xtra and fashion retailers H&M and Uniqlo.

## MARKET OUTLOOK

- **RESIDENTIAL:** The government is releasing more private housing sites for sale in 2H 2021 by almost 25%, under the Confirmed List of the GLS programme, due to the dwindling unsold inventory of the private housing units. Amidst robust housing demand and riding on the positive market outlook, more developers are actively seeking to replenish their residential land banks, which may result in stiffer competition to secure a site.
- **RETAIL:** This sector expected to take longer to recover given the lack of tourists, the return of tighter measures due to the recent surge in Covid-19 cases, and the impact of remote working. These may add pressure on occupancy and investment activities.
- **OFFICE:** There are uncertainties over the longer-term impact of remote working on office demand. Healthy buildings are the new minimum and there is an increasing need for space that can flexibly adapt to the requirements of a post-Covid world, where the role of the office shifts towards collaboration and innovation.
- **INDUSTRIAL:** We observe that investments in data centres, logistics and warehouse facilities, as well as cloud kitchens are on the rise. Covid-19 has brought many opportunities for new businesses. With the industrial upswing speeding ahead, it may be apt to innovate and invest in business expansion towards research & development and advanced manufacturing. Additionally, under the Industrial GLS programme, more industrial land totalling 5.14ha will be available for sale in 2H 2021, increased from 3.86ha in 1H 2021.

# OFFICE – Occupiers value flexibility

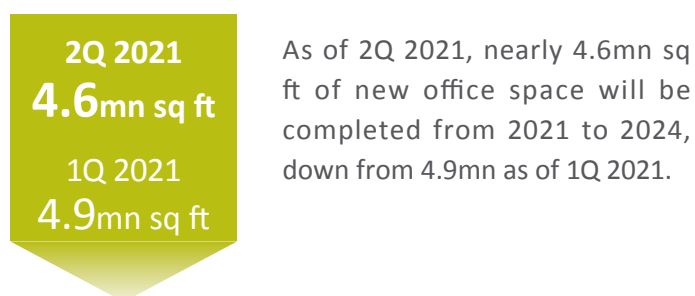
## KEY HIGHLIGHTS

### Average monthly gross rents (SGD/sq ft)

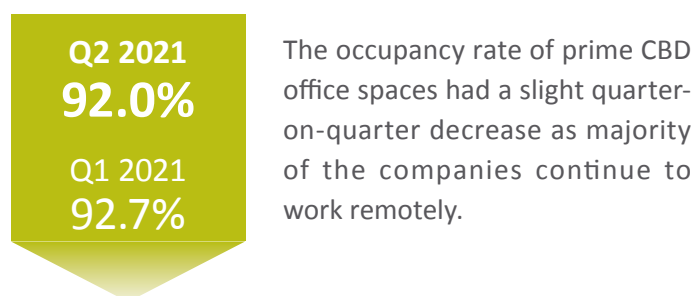
Location	Subzone	Grade	1Q 2021	2Q 2021	Qoq change (%)
CBD	Marina Bay	Premium	12.03	11.99	-0.3%
	Raffles Place	A	10.06	10.01	-0.5%
	Shenton Way/Robinson Road/Tanjong Pagar	Premium	10.86	10.86	0.0%
		A	8.67	8.65	-0.2%
		B	7.04	6.98	-0.8%
Non-CBD	Marina Centre	A	9.60	9.60	0.0%
	City Hall/Bugis	Premium	10.72	10.69	-0.3%
		*	6.98	6.95	-0.3%
	Orchard Road	*	8.84	8.84	0.0%
Decentralised areas	Decentralised areas	*	6.03	6.01	-0.3%

Source: EDMUND TIE

### SUPPLY – Singapore OFFICE SUPPLY (sq ft)



### OCCUPANCY RATE OF PRIME CBD OFFICE SPACES



### OFFICE SUPPLY PIPELINE (2021-2024) (sq ft)

The largest development in the pipeline is Central Boulevard Towers (TOP in 2023), featuring 1.26 mn sq ft of Grade A office spaces, 30,000 sq ft of retail establishments and an urban sky park.

Development	Location	Zone	NLA '000 sq ft	Total	Status
2021 CapitaSpring	Chulia Street/Church Street/Market Street	CBD	635	835	Under construction
Surbana Jurong Campus	Cleantech Loop	Decentralised Areas	200		Under construction
2022 Guoco Midtown	Beach Road	Bugis/City Hall	650	650	Under construction
2023 Central Boulevard Towers	Central Boulevard	CBD	1,258	1,258	Under construction
2024 Office/retail development	Labrador Villa Road/Pasir Panjang Road	Decentralised Areas	641	641	PP: Sep-20
				<b>3,384</b>	

\*Selected major developments in the pipeline

Source: URA, EDMUND TIE

## MARKET COMMENTARY

- Based on EDMUND TIE Research statistics, overall net absorption islandwide improved further from 185,000 sq ft in 1Q 2021 to 649,000 sq ft in 2Q 2021. The improvement fuelled by the decentralised regions, which experienced the highest positive net absorption, a testament to the trend of decentralisation, as more companies opt for offices located outside the CBD.
- Occupancy rate for CBD has fallen by 0.7% pts in 2Q 2021 from 92.7% in 4Q 2020. As companies re-evaluate their business operations needs due to Covid-19, they are rethinking their real estate footprint, with some preferring the “asset light” approach. This approach enables them to have some cost savings from office rents, flexibility and also allow them to transit their office spaces into an avenue for collaboration and socialisation.
- The recent Phase 3 (Heightened Alert) curbs have resulted in working-from-home still being the default arrangement in Singapore, resulting in thinner crowds at hot office spots. However, with Singapore hastening its roll out of vaccination and controlling the spread of the virus, we expect more office goers to return to their offices to work, albeit on a more flexible basis.
- As companies reevaluate their office spaces and the economy gradually recovers, the trend of flexible workspaces expected to continue, as seen from the expansion plans of the co-working operator, JustCo. In March 2021, JustCo announced its plans to open an office in Tampines located at Asia Green and further announced in June 2021 that they will manage and occupy two floors at The Metropolis in Buona Vista, the only Grade-A office located in One-North precinct.
- Tenants continues to shift towards better quality buildings, as better property management by developers provide a higher ventilation system in buildings which prevents the spread of Covid-19. A safe work environment translates to better employee well-being and productivity.

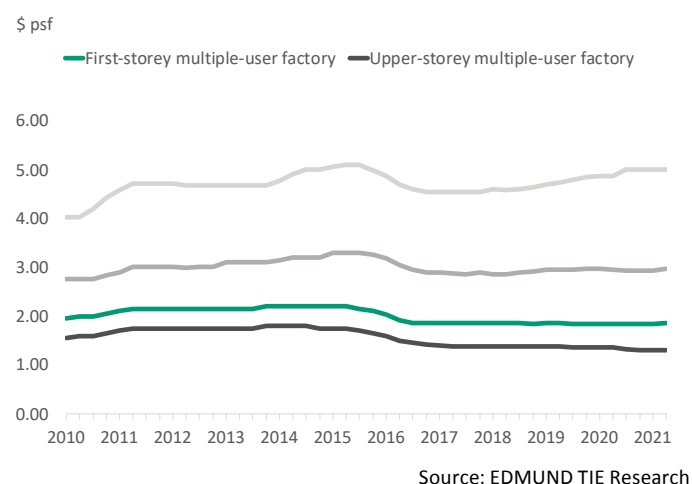
## MARKET OUTLOOK

- Office demand is bolstered by Information and communications, finance, and insurance sectors. Employment in these sectors has improved and fuelled by government support, job schemes and overseas foreign investment. The MAS is projecting 6,500 jobs in the finance sector this year, while retaining existing employees. The demand and expansion of the technology workforce by companies have contributed significantly to employment.
- Monthly rents in the various subzones of the office sector held steady or declined slightly in 2Q 2021. Within the CBD and Non-CBD subzones, there is a continued emphasis on a flight to quality office spaces while taking advantage of the current climate to negotiate better rates for office rentals. Overall, we expect a bottom in the office market by the end of the year.

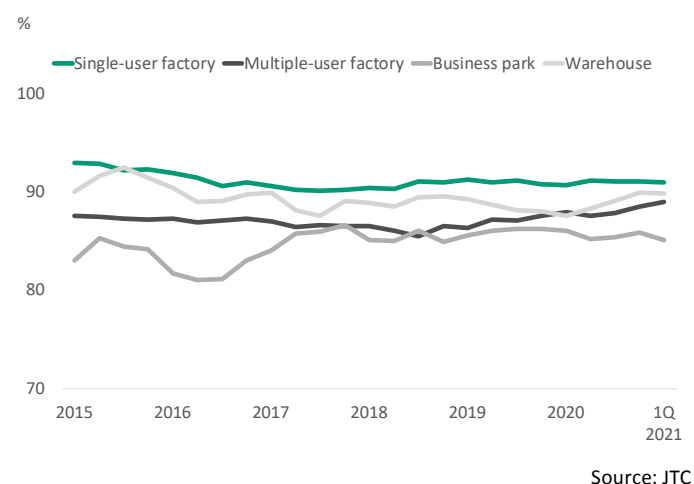
# INDUSTRIAL – Expected to ride on global trade growth

## KEY HIGHLIGHTS

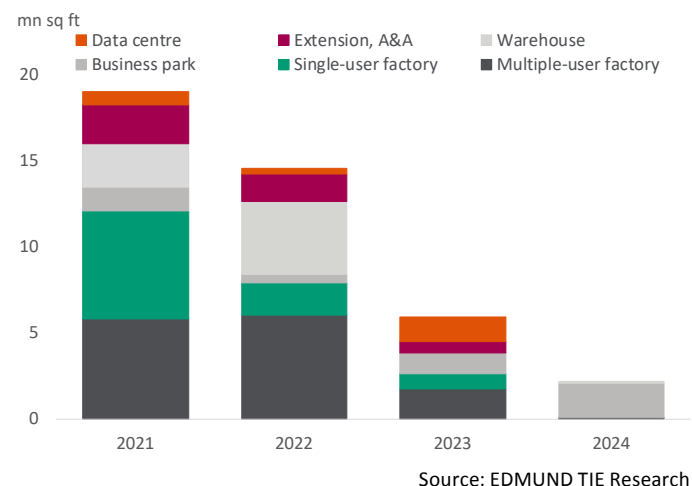
### RENTAL OF FIRST STOREY MULTIPLE-USER FACTORY



### OCCUPANCY RATE OF MULTIPLE-USER FACTORY



### SUPPLY OF INDUSTRIAL SPACES (sq ft)



### INDUSTRIAL SUPPLY PIPELINE (2021-2024) (sq ft)

Developer/development	Location	NLA '000 sq ft
<b>Private multiple-user factory developments</b>		
Solaris @ Tai Seng	Tai Seng Avenue	929
Mapletree Industrial Trust	Kallang Way	710
<b>Private single-user factory developments</b>		
Malkoha	Sunview Way	1,512
Google Asia Pacific	Lok Yang Way	1,060
<b>Private warehouses developments</b>		
Pandan Crescent	Pandan Crescent	1,108
Allied Sunview	Sunview Road	1,081
<b>Private business park developments</b>		
CapitaLand	Science Park Drive	993
Surbana Jurong Campus	Cleantech Loop	365
<b>Public industrial developments</b>		
JTC Defu Industrial City	Defu South Street 1	2,875
JTC Punggol Digital District (Phase 1)	Punggol Way	2,001

\* New supply of major industrial developments Source: JTC



## MARKET COMMENTARY

- Singapore's manufacturing sector remained in expansionary territory. The purchasing managers' index (PMI) recorded a marginal increase in June 2021, with a reading of 50.8, marking the 12th straight month expansion (i.e., with a reading above 50) from 50.7 in May. The increase was attributed to faster expansion rates in the key indices of new orders, new exports, factory output, inventory and employment.
- Non-oil exports (NODX) rose 9.7% yoy in 1Q 2021 reversing the dip of 0.5% in 4Q 2021. The expansion was driven by electronic products such as integrated circuits, personal computers, telecom gear and non-electronic products like specialised machinery, petrochemicals, primary chemicals.
- Overall industrial net absorption decreased from 2.3mn sq ft in 4Q 2020 to 1.5mn sq ft in 1Q 2021. Demand was contributed by the multiple-user factory segment (1.0mn sq ft) and warehouse segment (0.6mn sq ft), while the negative business park segment showed negative net absorption of 0.1mn sq ft.
- Island-wide, only the multiple-user factory occupancy rate increased in 1Q 2021 (0.6% qoq). The rest of the occupancy rates for other industrial segments decreased with business park declining the most at 0.8% qoq.
- Approximately 46% of the supply pipeline will be completed in 2021, followed by 33% in 2022. Multiple-user factories accounted for the bulk (33%) of the supply pipeline with approximately 13.7mn sq ft NLA. Single-user factory space made up 22% of the supply pipeline, projected to be about 9.0mn sq ft NLA.

## MARKET OUTLOOK

- The full-year trajectory for manufacturing remains sound which saw little impact from stricter Covid-19 measures during Phase 2 (Heightened Alert).
- Barring a worsening of the Covid-19 situation, the manufacturing sector is expected to be one of the key pillars of growth, as export-oriented industries ride on global trade growth.
- Prices and rentals of industrial space are likely to remain stable for 2021 with higher-than-average supply pipeline balancing off with improving demand.
- We see substantial investments in new economy assets like data centres. For instance, in May 2021, Mapletree Industrial Trust proposed a US\$1.32b acquisition of 29 data centres in the United States. Likewise, in June 2021, Singapore-based Princeton Digital revealed that it is investing US\$1b to build a data centre campus in Japan. In March 2021, Ascendas Reit announced its US\$0.67b acquisition of 11 data centres in Europe.

In 2019, the Singapore government imposed a moratorium (temporary pause) on new data centres built locally due to concerns over the industry's carbon footprint. The local authorities are expected to provide an update on the moratorium situation at the end of the year.

- The shift of food & beverage (F&B) sales online, triggered by Covid-19, drove the growth of cloud kitchens. We see cloud kitchen as an emerging niche market segment with significant growth opportunities. For instance, Singapore-based Select Group, announced in March 2021 their plans to invest S\$10 million to open 20 cloud kitchens locally over the next five years.

# RETAIL – Suburban malls present opportunities

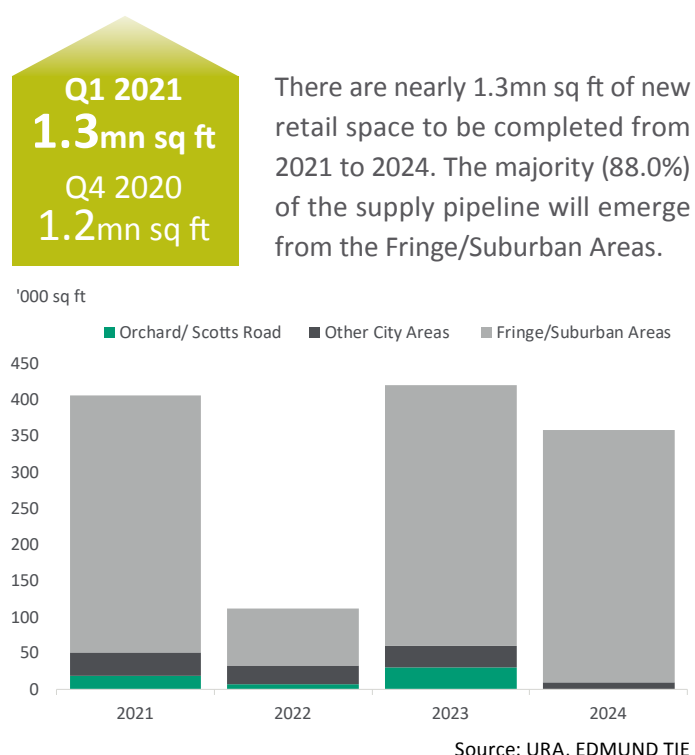
## KEY HIGHLIGHTS

### AVERAGE RETAIL RENTAL (SGD/sq ft)

Location	Level	1Q 2021	2Q 2021	Qoq change (%)
Orchard/Scotts Road (OSR)	First storey	37.27	37.72	0.0%
	Upper storey	16.00	15.96	-0.2%
Other city areas (OCA)	First storey	19.45	19.35	-0.5%
	Upper storey	9.83	9.78	-0.5%
Fringe/Suburban areas (FSA)	First storey	30.27	30.57	1.0%
	Upper storey	17.11	17.20	0.5%

Source: EDMUND TIE

### SUPPLY OF RETAIL SPACES (SQ M)



### RETAIL OCCUPANCY RATES



### SUPPLY OF RETAIL SPACES (2021-2024) (sq ft)

The largest development in the immediate term is the A&A to i12 Katong, featuring new retail tenants such as PS Café and Climb Asia. The retail component of Punggol Digital District aimed to be a bustling lifestyle destination, caters to the residents located around the precinct.

	Development	Location	Developer	NLA '000 sq ft	Total	Status
2021	A&A to existing i12 Katong	East Coast Road	Keppel Land Pte Ltd	189	189	Under construction
2022	A&A to Grantral Mall @ Macpherson	Macpherson Road	Wujie Times Square Pte Ltd	63	63	Under construction
2023	Sengkang Grand Mall	Compassvale Bow/ Sengkang Central	CapitaLand and City Developments Limited	109	190	Under construction
	One Holland Village	Holland Road	Far East Organization, Sinoland and Sekisui House	81		
2024	The Woodleigh Mall	Upper Aljunied Road	SPH and Kajima Development	150	323	Under construction
	Punggol Digital District	Punggol Way	JTC Corporation	173		
					765	

\*Selected major developments in the pipeline

Source: URA, EDMUND TIE

## MARKET COMMENTARY

- Based on EDMUND TIE Research, islandwide net absorption improved to 301,000 sq ft in 1Q 2021 from 258,000 sq ft in 4Q 2020. The occupancy rate increased by 0.3% pts qoq to 91.5% in 1Q 2021 from 91.2% in 4Q 2020.
- The occupancy rate for the Fringe/ Suburban area improved by 0.8% pts to 93.3% in 1Q 2021. More retailers prefer to open their shops located at the Fringe/Suburban subzone due to the sustained footfall and the continuation of the work-from-home arrangements for some companies, especially for the food and beverage sectors located at suburban malls.
- The 3-month moving average of yoy change in retail sales (excluding motor vehicles) improved from -5.7% in December 2020 to 35.2% in May 2021. Retail sales grew for the third consecutive month yoy, implying an improvement in retail sales as Singapore continues to gradually open its economy.
- Retail sales for furniture & household equipment, recreational goods, watches & jewellery and computer & telecommunications continued to grow yoy in 1Q 2021. Consumers were still cautious in their spending of discretionary items. For 1Q 2021, watches & jewellery reported the highest growth in sales of 22.6% yoy. However, food & alcohol declined the most by 26.2% yoy.
- For the food and beverage services index for 1Q 2021, food caterers reported the greatest decline of 60.4% yoy, due to the continued restriction of large gatherings, resulting in the low demand for event catering. Restaurants sales registered a moderated improvement of -33.1% yoy in 4Q 2020 to a -6.3% in 1Q 2021.

## MARKET OUTLOOK

- As more retailers jump onto the bandwagon of setting up online stores to drive sales, Robinsons has recently announced that it will partner with Grab and return as an online department store. Additionally, with the Great Singapore Sale (GSS) taking an omni-channel approach this year, we expect more retailers to reinvent and adopt this new approach to drive sales. By partnering with Lazada, retailers can leverage the ease of accessibility of applications and online platforms.
- As retail tenants face a challenging business climate amid tightening social distancing restrictions and capacity limits, landlords should continue managing their expectations in terms of retail rents. Support extended to assist retailers, in terms of rental incentives, more flexible operating hours and digital marketing of products to reach broader consumers.
- We expect potential upside for retail rents in the Fringe/Suburban Areas, given the continued strong retail performance and the tight supply pipeline. With the lack of tourism and office crowd due to the work-from-home arrangement, landlords of retail malls at Orchard/Scotts Road and Other City Areas are more flexible their commercial terms, to optimize their trade mix.

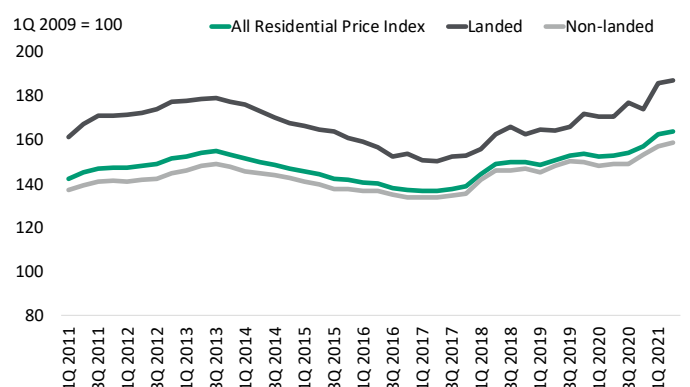
# RESIDENTIAL – Sustained interest in the private residential sector as economy charts its path of recovery

## KEY HIGHLIGHTS

### PROPERTY PRICE INDEX OF ALL PRIVATE RESIDENTIAL PROPERTIES

**2Q 2021**  
(URA flash estimate)  
**163.7**  
1Q 2021  
**162.2**

In 2Q 2021, based on URA's flash estimate, the Property Price Index (PPI) for all private residential properties, including Executive Condominiums, rose for the fifth consecutive quarter by 0.9% qoq to 163.7. This rise attributed to a 0.8% qoq increase in the PPI for landed private properties to 186.9, and a 0.9% qoq increase in the PPI for non-landed private properties to 158.5 in 2Q 2021.

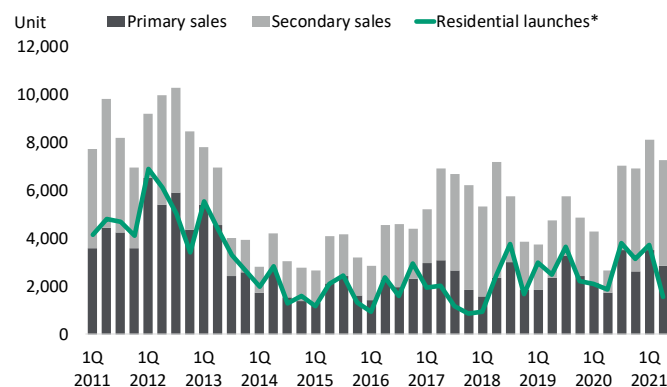


Source: URA

### PRIMARY AND SECONDARY SALES TRANSACTION VOLUME

**2Q 2021**  
(caveats between 1 Apr 21 and 27 Jun 21)  
**7,267 units**  
1Q 2021  
**8,100 units**

Based on caveats lodged between 1 Apr and 27 Jun this year, overall sales transaction volumes for private residential units decreased qoq by 10.3% in 2Q 2021. The transaction volumes for both the primary and secondary markets declined qoq, by 18.5% and 4.1% respectively.



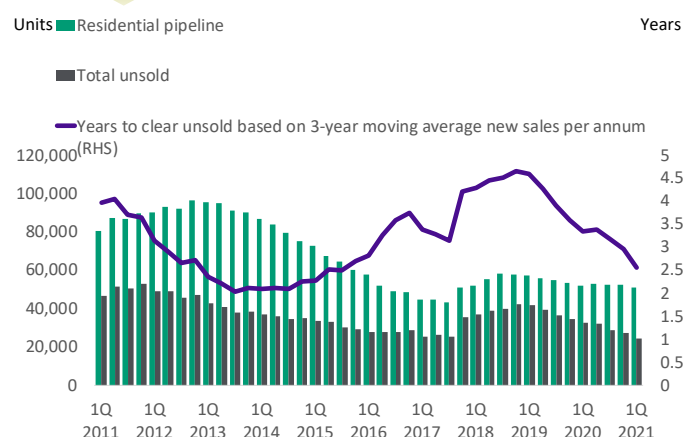
\* Residential launch data for 2Q 2021 are based on new launches in Apr 21 and May 21 only.

Source: URA

### RESIDENTIAL PIPELINE SUPPLY

**1Q 2021**  
**50,906 units,**  
24,401 total unsold  
**4Q 2020**  
**52,403 units,**  
27,437 total unsold

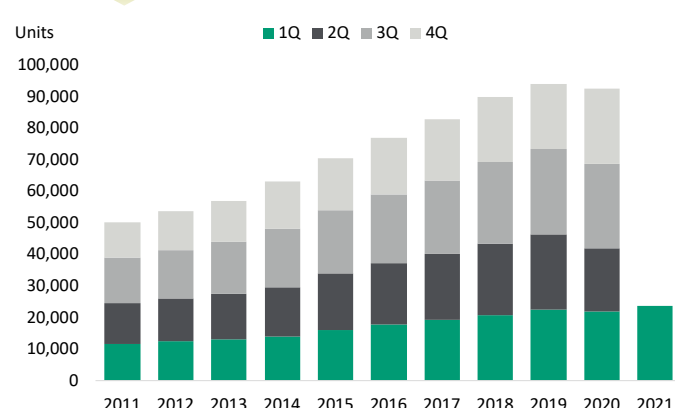
The residential supply pipeline decreased qoq in 1Q 2021. The total number of unsold units dropped 11.1% qoq. Correspondingly, the time needed to clear the unsold units have shrunk to 2.6 years from 2.9 years in 4Q 2020, based on a 3-year moving average of 9,563 units per annum for take-up of new units.



### PRIVATE HOME RENTAL TRANSACTIONS

**1Q 2021**  
**23,622 units**  
**4Q 2020**  
**23,854 units**

The volume of private home rental transactions decreased marginally qoq by 1.0% in 1Q 2021. Conversely, on a yoy basis, there was a growth of 9.0%, suggesting a relatively stable and robust private homes rental market despite the ongoing pandemic.



Source: URA

## MARKET COMMENTARY

- Based on URA's flash estimate for 2Q 2021, the PPI for all private residential properties rose for the fifth consecutive quarter, albeit at a slower rate of 0.9% qoq versus 3.3% qoq in 1Q 2021. The PPI for non-landed private residential properties rose at a marginally faster rate than landed private residential properties. Across the various market segments for the non-landed properties, the price increase was most pronounced in the Outside Central Region (OCR), at 1.8% qoq as compared to 0.6% and 0.3% for the Core Central Region (CCR) and Rest of Central Region (RCR) respectively. This trend suggested strong demand for units in the OCR against the backdrop of prevailing decentralisation and work-from-home trends.
- Based on caveats lodged between 1 Apr 21 and 27 Jun 21, new sales and secondary transaction volumes dipped qoq in 2Q 2021. New sales volume recorded a more significant decline of 18.5% qoq. Across the market segments, new sales volumes within the RCR and OCR witnessed qoq declines of 40.9% and 2.3% respectively. On the other hand, new sales volume in the CCR witnessed a qoq growth of 16.6%.
- The growth in new sales volume in the CCR correlated with the location of the new residential launches of this year. There were nine significant launches of non-landed projects between the start of the year and end-May 2021, out of which five (Midtown Modern, The Atelier, Irwell Hill Residences, Peak Residence, and Grange 1866) were located in the CCR.
- The residential pipeline supply and the total number of unsold units for 1Q 2021 have declined, respectively for the third and ninth consecutive quarters. Based on the current 3-year moving average of new units take-up per annum, it would take an estimated 2.6 years to clear up the unsold supply. The government is cognisant of the tightening of the residential pipeline, and has decided to moderately increase the supply of private housing through the 2H 2021 Government Land Sales (GLS) programme.
- In the private residential leasing market, total rental volume declined marginally by 0.97% qoq to 23,622 transactions in 1Q 2021. However, there was a 9.0% yoy growth from 1Q 2020, suggesting a relatively stable rental market for private homes.

## MARKET OUTLOOK

- As the economy gradually recovers against the backdrop of local and global vaccination programmes, the demand for private homes will likely hold steady amidst a low interest rate environment with ample liquidity and optimistic market sentiments.
- Barring possible imposition of policy measures to cool the market, the private homes market is likely to remain on sound footing with transaction activity staying robust.
- A further boost could be due to the increasing number of prospective HDB upgraders coming off a buoyant HDB resale market.
- On the supply side, developers could continue to price new units at a premium to account for increases in construction costs resultant from a tight foreign labour market and delayed timelines due to COVID-19.
- We expect developers to continue striving for products incorporating new home and lifestyle concepts that support the new normal of work, live, and play.
- We expect the mass rental market to see sustained demand from expatriates relocating from prime properties and foreign workers seeking temporary accommodation due to the ongoing border restrictions.



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