MARKETBEAT

SINGAPORE

CAPITAL MARKETS Q4 2024

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
$7.7B Q4 Investment Volume (SGD)	▲	▲
$3,095 Office Capital Value (SGD/sf)	▼	▲
3.40% Office Net Yield	▲	–

ECONOMIC INDICATORS Q3 2024

	YOY Chg	Outlook
4.0%* Real GDP Growth	▲	▼
2.2% Inflation Growth	▼	▼
1.8% Unemployment Rate	▼	▲
2.8% 10-Yr Government Bond Yield	▼	▼

Source: Ministry of Trade & Industry (MTI), Moody's Analytics
** Real GDP Growth for the whole of 2024 based on MTI's advance estimates. The remaining indicators are as of Q3 2024.*

IMPROVING INVESTMENT LANDSCAPE

Singapore's economy is projected to grow steadily by 2.8% yoy in 2025, a slowdown from the estimated 4.0% yoy growth in 2024. The U.S. Federal Reserve has cut the Federal Funds Rate by 100 bps in 2024 and could potentially cut rates by another 50 bps in 2025.

Singapore's interest rates are expected to decline, albeit at a gradual pace in line with global interest rate cuts and easing inflation. As of end-December 2024, the 3-month compounded Singapore Overnight Rate Average (3M SORA) has fallen to 3.07% from 3.70% at the start of 2024. As interest rates continue to decline, albeit at a slower pace, investment sales volumes are poised to increase in 2025, driven by improved transactional momentum as price expectations converge.

INVESTMENT VOLUMES ON AN UPTREND

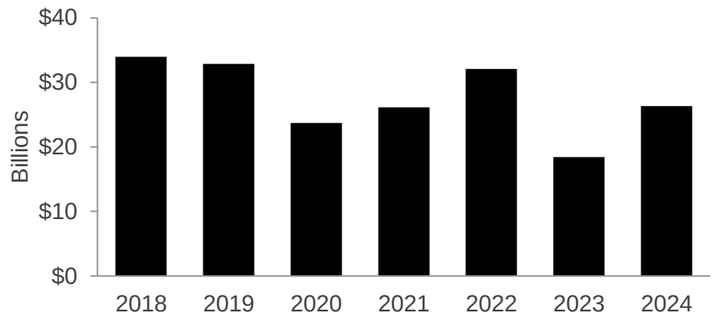
Supported by rising investor confidence due to an easing financing environment, total investment volumes rose by 42.8% yoy to $26.3 billion (b) in 2024, compared to $18.4b in 2023 (full year). Almost 60% of total investment sales in 2024 were transacted in the second half of the year. The largest deal in 2024 was the acquisition of Ion Orchard (50% interest) for $1.8b by CapitaLand Integrated Commercial Trust from CapitaLand Investment.

Despite the non-award of three Government Land Sales (GLS) sites, the residential sector continued to dominate and contributed the bulk (42.1%) of total investment volume in 2024. Activities in the residential enbloc market have started to stir with a record deal done, namely Thomson View for $0.8b, the largest residential enbloc deal since Chuan Park ($0.9b sold in 2023).

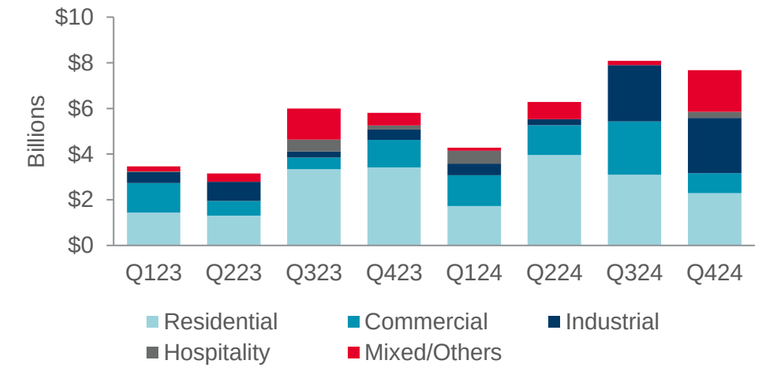
Among the various property sectors, the industrial, commercial and residential segments recorded the strongest yearly increase in volumes of 180.0% yoy, 60.1% yoy and 16.4% yoy respectively in 2024.

Notably, industrial volumes surged to a 5-year high of $5.7b in 2024. Investors continued to favour new economy assets such as data centres, prime logistics and life science assets. Significant transactions in 2024 include Keppel DC Reit's acquisition of Keppel Data Centre Singapore 7 & 8 for $1.4b and the industrial portfolio sale of 7 properties (comprising business parks and high-tech facilities) by Blackstone-Soilbuild private Reit for $1.6b to a joint venture between Warburg Pincus and Lendlease.

INVESTMENT SALES VOLUME



INVESTMENT SALES VOLUME BY SECTOR



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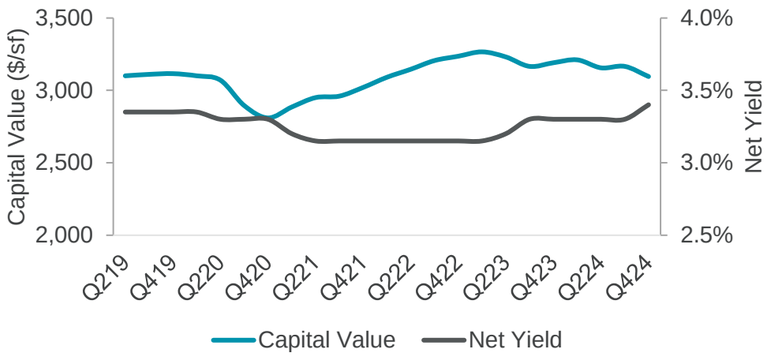
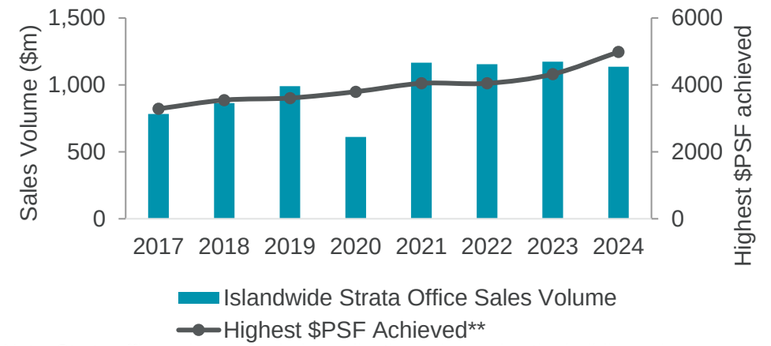
GRADE A CBD OFFICE* CAPITAL VALUE & NET YIELD



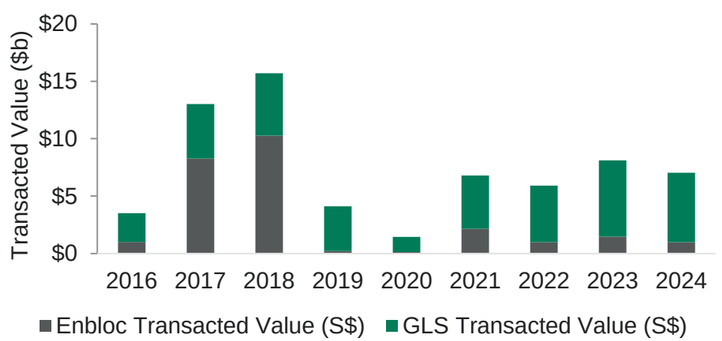
*For 99-year leasehold

STRATA OFFICE PRICE** & VOLUME



Note: Strata office volumes excludes collective sales and entire building sales
**For freehold or 999-year leasehold units with strata area more than 5,000 sf

RESIDENTIAL LAND SALES***



****Including mixed-use sites with residential components. GLS transacted value excludes Executive Condominium sites sold*

GRADE A CBD OFFICE NET YIELDS ROSE SLIGHTLY

As of Q4 2024, net yields for Grade A CBD offices (99-year leasehold) rose slightly to 3.4%. In November 2024, 21 Collyer Quay (999-year) was transacted at a net yield of below 3.5%. A mild re-pricing of office assets is being observed, with two CBD Grade A developments, namely, 21 Collyer Quay (sold for $688m) and Mapletree Anson (sold for $775m) being transacted at lower-than-expected prices in 2024. However, both transactions were driven by deleveraging and capital recycling efforts and not indicative of poor office demand. CBD Grade A office rents grew by 1.7% yoy and vacancy rates have remained low at 4.7% in 2024. Amidst tighter supply conditions and recovering office demand, CBD Grade A office rental growth is expected to accelerate to 2-3% in 2025 with vacancy rates to fall further.

DEMAND FROM PRIVATE WEALTH TO SUPPORT STRATA OFFICE VOLUMES

Total islandwide strata office volumes in 2024 was estimated to record $1.1b, slightly lower than 2023 ($1.2b). Strata office prices continued to be supported by limited supply. in 2025, strata office demand is poised for a potential pickup, fueled by private wealth demand. Notable recent deals include the sale of Suntec Tower One (3 units on 24th floor) for $35.9m or $3,045 psf and 108 Robinson Road (10th floor) for $18.4m or $3,893 psf.

Several strata office units at the upcoming mixed-use project One Sophia were also launched for sale in Q4 2024, of which 30% of launched strata office units were reported to be transacted at an average of $3,330 psf during its launch weekend.

GOVERNMENT LAND SALES (GLS) DRIVE RESIDENTIAL LAND SALES

Total residential land sales recorded in 2024 ($7.0b) was slightly lower than 2023's volume ($8.1b) and remain tempered compared to 2018 levels ($15.7b). In 2024, the bulk (85.9%) of residential land sales continued to be driven by the GLS market, while enbloc volumes remain muted.

Despite improving market sentiments driven by a surge of new sales in Q4 2024, developers' land banking activities are expected to remain selective in 2025, due to a combination of factors: potential cooling measures, still-high interest rates, elevated construction costs, and a substantial pipeline of new project launches.

OUTLOOK

- Investment sales volumes in 2025 is set to grow
- While challenges remain, developers may make strategic acquisitions in the residential enbloc market on the back of a surge of new sales in Q4 2024
- Lower interest rates and rising rents to support overall office capital values

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INVESTMENT ACTIVITY

PROPERTY TYPE	PUBLIC VOLUME (SGD MILLIONS)	PRIVATE VOLUME (SGD MILLIONS)	TOTAL VOLUME (SGD MILLIONS)	Q-O-Q CHANGE (%)
Residential	814.9	1,469.9	2,284.7	-26%
Commercial	0.0	874.1	874.1	-62%
Industrial	442.4	1,987.5	2,430.0	-1%
Hospitality	0.0	263.0	263.0	-
Mixed/Others*	668.3	1,159.6	1,827.8	897%
TOTAL	**1,925.6**	**5,754.0**	**7,679.6**	**-4.8%**

Note: Figures may not tally precisely due to rounding

**Mixed/Others typically include shophouses and mixed-use developments*

SIGNIFICANT SALES**

PROPERTY NAME	TYPE	BUYER	SELLER	PURCHASE PRICE (S$ MILLION)	SUBMARKET
Keppel Data Centre Singapore 7 & 8	Industrial	Keppel DC REIT	Keppel (60%) and Cuscaden Peak Investments (40%)	1,380	Geylang
Concorde Hotel and Shopping Centre	Mixed	Hotel Properties Ltd	Strata owners	821.0	Orchard
Thomson View Condominium	Residential	Singapore Land Group, UOL Grp Ltd, CapitaLand Development	Strata owners	810.0	Bishan
21 Collyer Quay	Office	Sunrise Capital Management	CapitaLand Integrated Commercial Trust	688.0	Downtown Core
Lyf Funan Singapore	Hospitality	CapitaLand Ascott Trust	The Ascott Limited and Qatar Investment Authority	263.0	Downtown Core

Sources: Real Capital Analytics, Cushman & Wakefield Research
***Significant transactions over $10 million*

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