















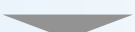

ROBUST FOREIGN INTEREST

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Insights & Recommendations

Singapore investment sales in Q2 declined 43.4% QOQ and 69.8% YOY to SGD2.22bn (USD1.59bn). H1 2020 fell 48.9% YOY to SGD6.14bn (USD4.41bn), the worst since the GFC, as the lockdown and rising uncertainties delayed investments.

- > Commercial and mixed-use deals made up 72% of the Q2 tally, as foreign investors picked up sizeable stakes in several CBD properties. Residential slumped to the worst quarter since Q1 2009.
- > Industrial transactions were led by logistics warehouses and Q2 was the second quarter in a row with no hospitality deals.
- > We recommend investors watch for opportunities with long term growth drivers, such as logistics warehouses, good quality office buildings and well-located hotel assets.

| | QOQ / Q2 2020 | YOY / 2020F | Average Annual Growth / 2019-2024F Average |
|--|---|---|--|
|  Total Investment Sales | -43.4 %  SGD2.2bn | -23.7 %  SGD22.6bn | 5.0 %  SGD34.3bn |
|  Commercial | -1.2 %  SGD749mn | 0.0 %  SGD11.8bn | 2.0 %  SGD12.5bn |
|  Residential | -87.6 %  SGD245mn | -8.3 %  SGD6.2bn | 12.0 %  SGD9.6bn |
|  Industrial | -69.9 %  SGD334mn | -21.8 %  SGD3.2bn | 10.0 %  SGD5.4bn |

Source: Colliers International. Notes: 1) USD1 to SGD1.3932 as of 30 Jun 2020. 2) 1 sq m = 10.7639 sq ft. 3) Investment sales transactions include: a) all private property sales at transaction prices of SGD10 million and above; and b) all successfully awarded state land tenders. 3) All deals mentioned in this report have been widely publicised in the media. 4) CMT-CCT refers to the proposed merger between CapitaLand Mall Trust (CMT) and CapitaLand Commercial Trust (CCT).

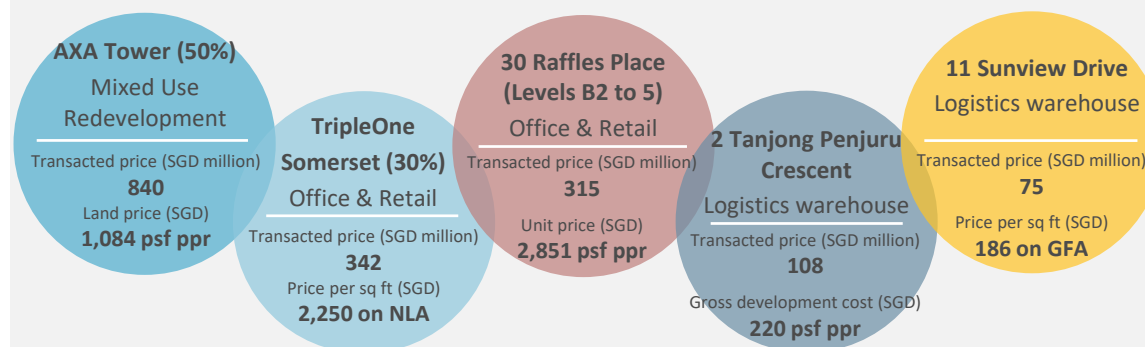
COMMERCIAL AND INDUSTRIAL LED INVESTMENT SALES IN H1 2020

The COVID-19 situation escalated globally in Q2. Singapore imposed a *circuit breaker* type lockdown from April 7 to May 4, and subsequently extended it to June 1. With the domestic and most external economies under lockdown, Q2 2020's GDP growth would probably be the worst since the Global Financial Crisis (GFC). On May 26, the Ministry of Trade and Industry (MTI) cut its guidance for 2020 GDP to between "-4 to -7%". As of June 30, Oxford Economics forecasts Singapore's 2020 real GDP growth to be -6.0% but expects to see a relatively strong rebound in H2 2020 and 2021 (+7.1%) thanks to the unprecedented fiscal stimulus packages (of over SGD93 or USD67 billion) and monetary easing.

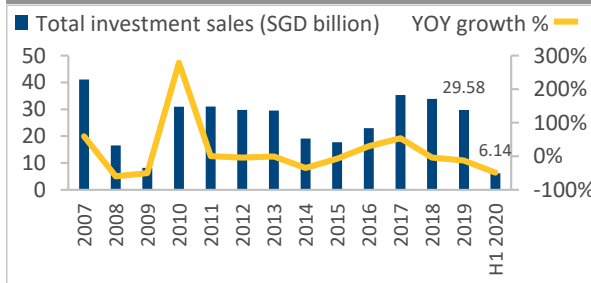
The commercial and industrial sectors dominated Q2 Investment sales. The largest commercial deals during Q2 include Alibaba buying a half stake in AXA Tower, valuing the property at SGD1.68 (USD1.2) billion; and Shun Tak Holdings buying the remaining 30% stake it did not already own in TripleOne Somerset -- the whole of which was valued at SGD1.14 (USD0.8) billion. Two large warehouses were sold in Q2, one each to LOGOS and DWS, pointing to rising confidence in logistics sector prospects.

These transactions reflect the long-term attractiveness of Singapore to foreign investors. In the General Election on 10 July, while the ruling People's Action Party may not have gained as strong a mandate as in 2015, its 61.2% share of the vote shows broad-based support for the government. Investors can be assured of policy continuity and business stability going forward.

The five largest transactions in Q2 2020



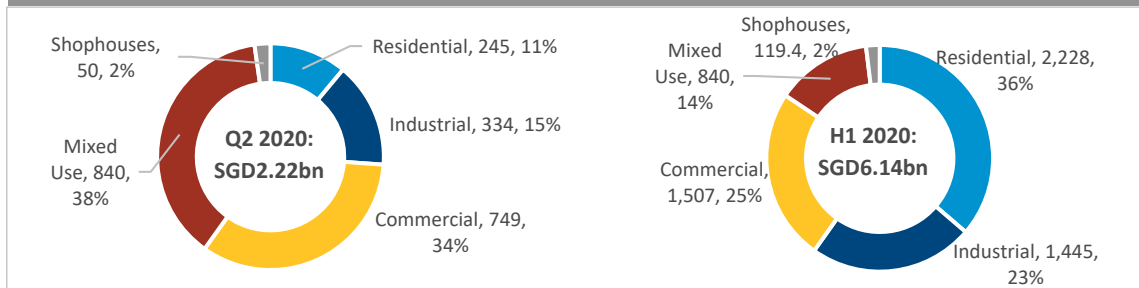
Snapshot of total investment sales



Investment sales volume by sector

| | Q2 2020 (SGD mil) | % Change QOQ | % Change YOY |
|--------------|-------------------|--------------|--------------|
| Residential | 245 | -88% | -85% |
| Industrial | 334 | -70% | -45% |
| Commercial | 749 | -1% | -83% |
| Mixed Use | 840 | N.M. | 468% |
| Shophouses | 50 | -27% | 235% |
| Total | 2,219 | -43% | -70% |

Investment sales by sector: Q2 2020 and H1 2020 (SGD millions, %)



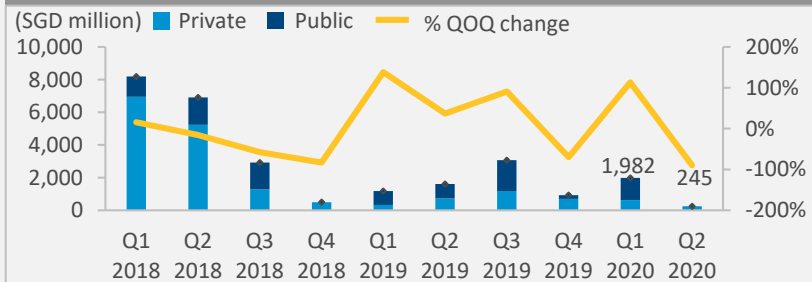
Source: Colliers International, Urban Redevelopment Authority (URA), JTC Corporation (JTC), Housing Development Board (HDB). Notes: 1) Information as of 3 July 2020. 2) Commercial includes office, retail and mixed-office and retail components in a development. Mixed-use refers to properties with two or more types of different uses. Others include properties such as medical centres, HDB shops, petrol stations, etc. 3) The percentage may not add up 100 due to rounding. 4) ppsf ppr = per square foot per plot ratio. 5) GLS = Government Land Sales.

Residential



Residential investment sales in Q2 plunged 87.6% QOQ and 84.7% YOY to SGD245.4 (USD176.1) million, the lowest since Q1 2009's SGD106.6 (USD76.5) million, on the absence of land sales, and fewer transactions as property viewings were prohibited during April 7 to June 18. H1 2020 volume fell 20% YOY to SGD2.2 (USD1.6) billion, the worst half since H1 2009. Good class bungalows (GCBs) made up 11% of H1 residential sales.

Snapshot of total residential investment sales



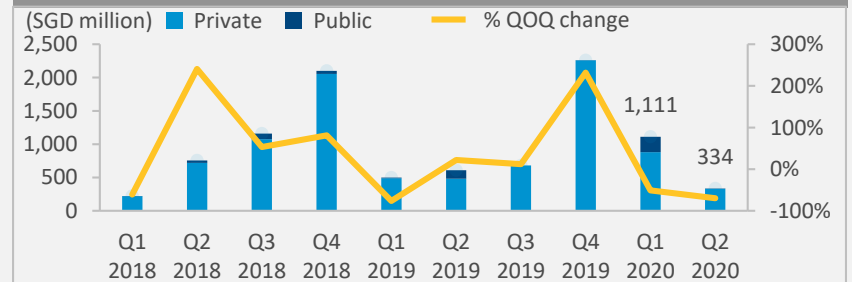
Source: Colliers International, URA REALIS (as of 3 July 2020)

Industrial



Industrial investment sales in Q2 fell 69.9% QOQ and 45.1% YOY to SGD334.3 (USD240.0) million. Two logistics warehouses – 2 Tanjong Penjuru Crescent and 11 Sunview Way -- made up over half the volume. SPH sold a 60% stake in 82 Genting Lane, planned to be redeveloped into a data centre. We expect increased investments in warehouses and data centres as ecommerce and technology growth accelerates.

Snapshot of total industrial investment sales



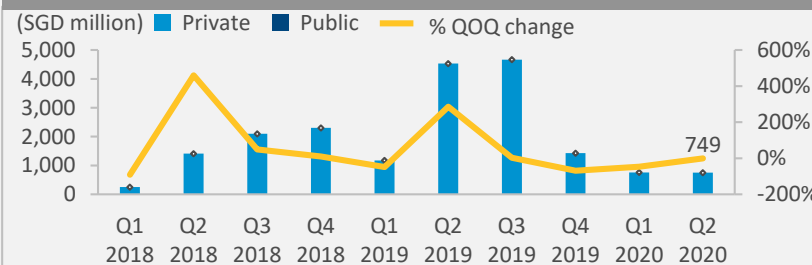
Source: Colliers International, URA REALIS (as of 3 July 2020)

Commercial



Commercial investment sales dipped 1.2% QOQ to SGD748.8 (USD537.5) million, buffeted by transactions in AXA Tower, TripleOne Somerset, and 30 Raffles Place retail and banking units. This brings H1 2020 to SGD1.5 (USD1.1) billion, down 73.6% from a bumper H1 2019, which had included 30 Raffles Place (office), Frasers Tower and Chinatown Point transactions.

Snapshot of total commercial investment sales



Source: Colliers International, URA REALIS (as of 3 July 2020)

Hospitality



Investment in hospitality assets paused for the second straight quarter, as international arrivals into Singapore dwindled to 880 in May, from 1.49 million a year ago. No hospitality deals have been recorded in H1 2020, a far cry from the record level of SGD5.7 (USD4.1) billion in 2019. Some attractive asset opportunities could arise due to the near-term fallout. In the longer run, planned new attractions and infrastructure projects scheduled between 2021 and 2030, and the relatively tight supply pipeline should underpin the hospitality sector's fundamentals.

Shophouses



Two shophouse transactions over SGD10 million were recorded in Q2, totaling SGD50.2 (USD36.0) million, down 27.5% QOQ. This brings H1 2020 to SGD119.4 (USD85.7) million, down 4.9% YOY. Shophouses have been relatively resilient due to their smaller absolute price and scarcity.

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