

A photograph of the Singapore skyline at sunset, with a lily pond in the foreground. The sky is a mix of orange, yellow, and blue. The buildings are silhouetted against the sky, with some lights on. The lily pond is filled with green lily pads and purple flowers. The overall scene is a blend of urban architecture and natural beauty.

Investment Spotlight: Singapore

OPPORTUNITIES IN A RISING INTEREST RATE AND INFLATIONARY ENVIRONMENT

H1 2022 in Review

IN A POSITION OF STRENGTH THOUGH CAUTION SETTING IN



RETURN TO PRE-
COVID NORMALCY



STABLE GDP
GROWTH AT 3-5%
FOR 2022



LOW
UNEMPLOYMENT AT
2.2% IN APRIL



HEALTHY TRADE LEVELS.
NODX UP 12.4% YOY IN
MAY



INFLATION INCREASES BY
5.6% YOY IN MAY, MORE
THAN A DECADE HIGH



10-YEAR
GOVERNMENT
BOND AT 2.98% AS
OF END JUNE

Market Snapshot

BROAD-BASED RECOVERY

Sector	Pre-covid Average Growth (2017-2019) (%)	2020 Rental Growth (%)	2021 Rental Growth (%)	H1 2022 Rental Growth (%)	2022 Rental Forecast (%)	2023 Rental Forecast (%)
 Prime Logistics*	- 2.4	+ 0.7	+ 2.1	+ 5.1	+ 6.0	+ 3.0
 CBD Grade A Office	+ 7.4	- 10.1	+ 2.3	+ 3.7	+ 5.4	+ 2.7
 Prime Retail (Orchard)	- 0.4	- 6.5	- 3.0	+ 1.2	+ 3.0	+ 2.5
 Private Residential	0.0	- 0.6	+ 9.9	+ 8.5**	+ 12.0	+ 5.0
 Hospitality RevPAR Growth***	+ 1.2	- 53.8	+ 2.6	+ 42.0	+ 75.0	+ 15.0

Source: Cushman & Wakefield Research

* Ground Floor

** Estimated

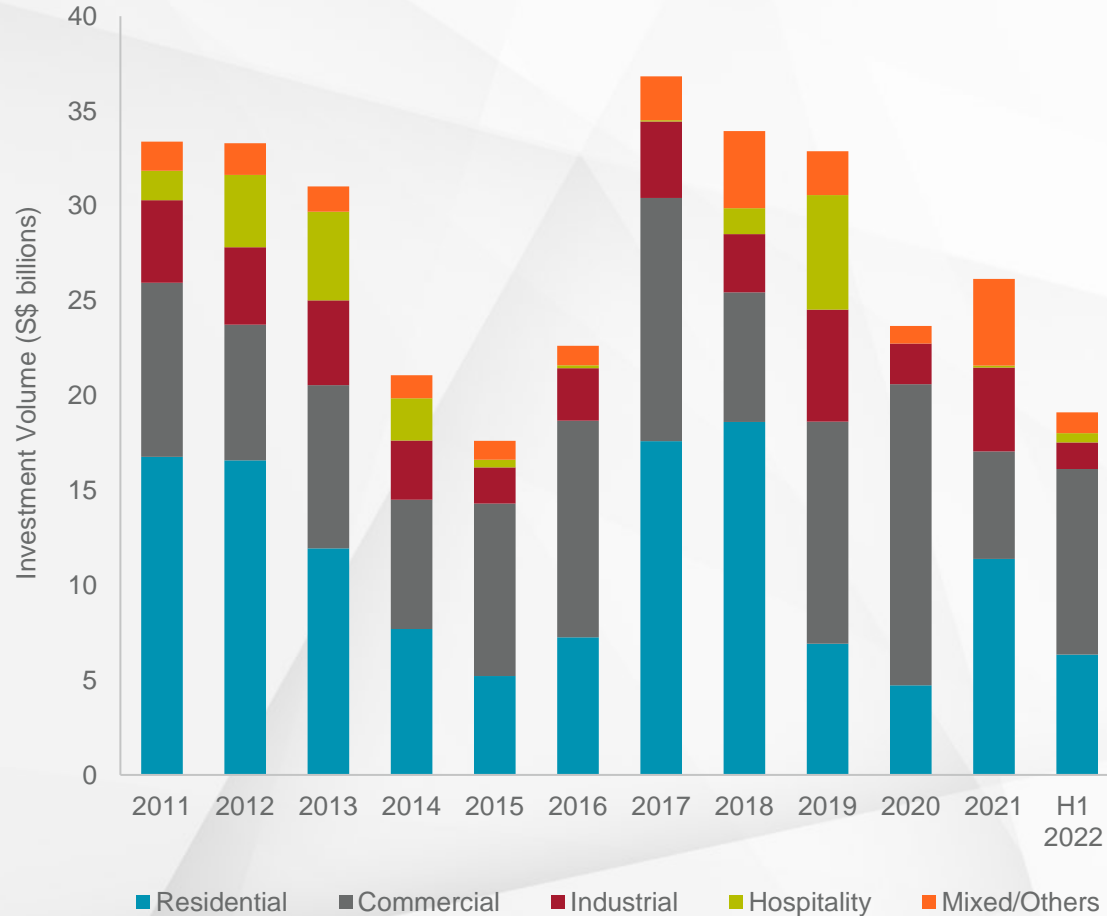
*** RevPAR

Singapore Investment Sales

RIISING DEAL MOMENTUM IN A FLIGHT TO SAFETY



SINGAPORE INVESTMENT SALES*



Source: Cushman & Wakefield Research

* Deals of at least 10 million

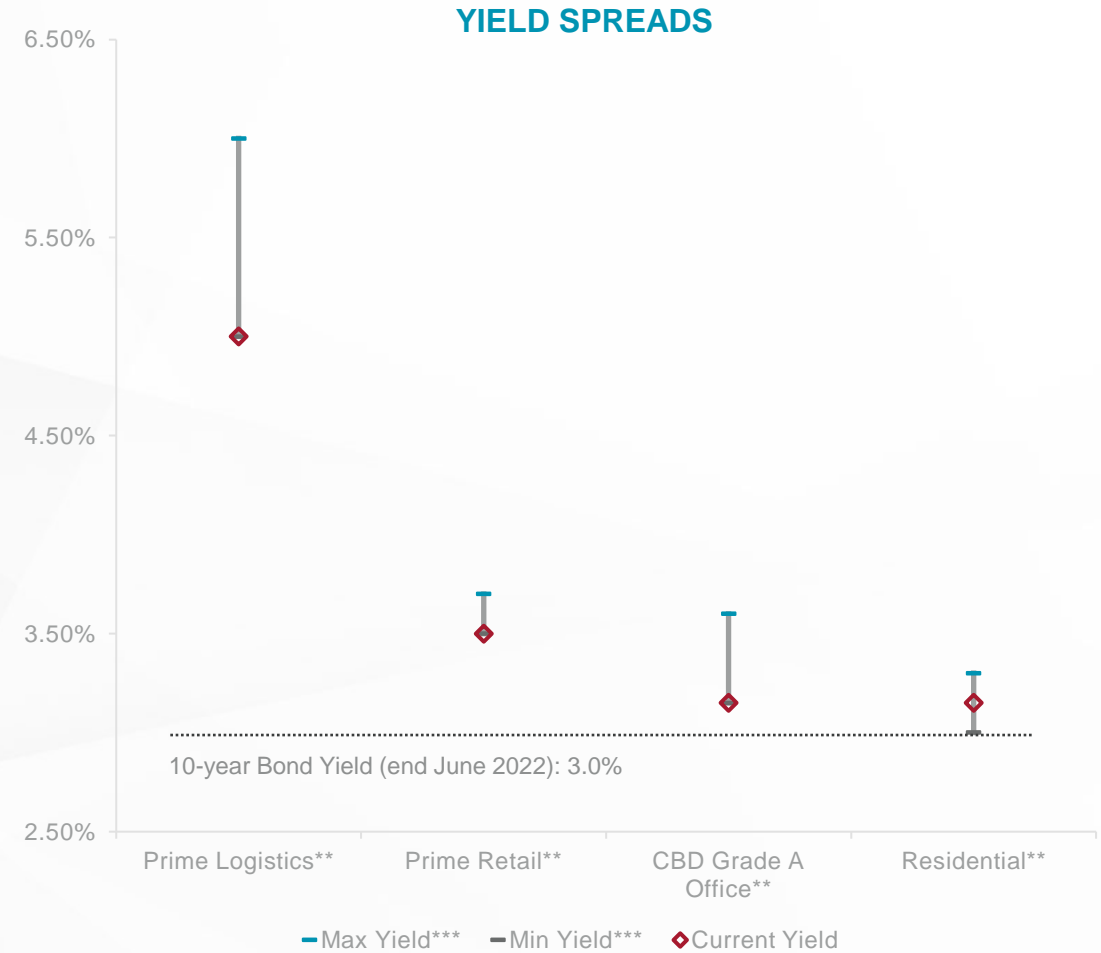
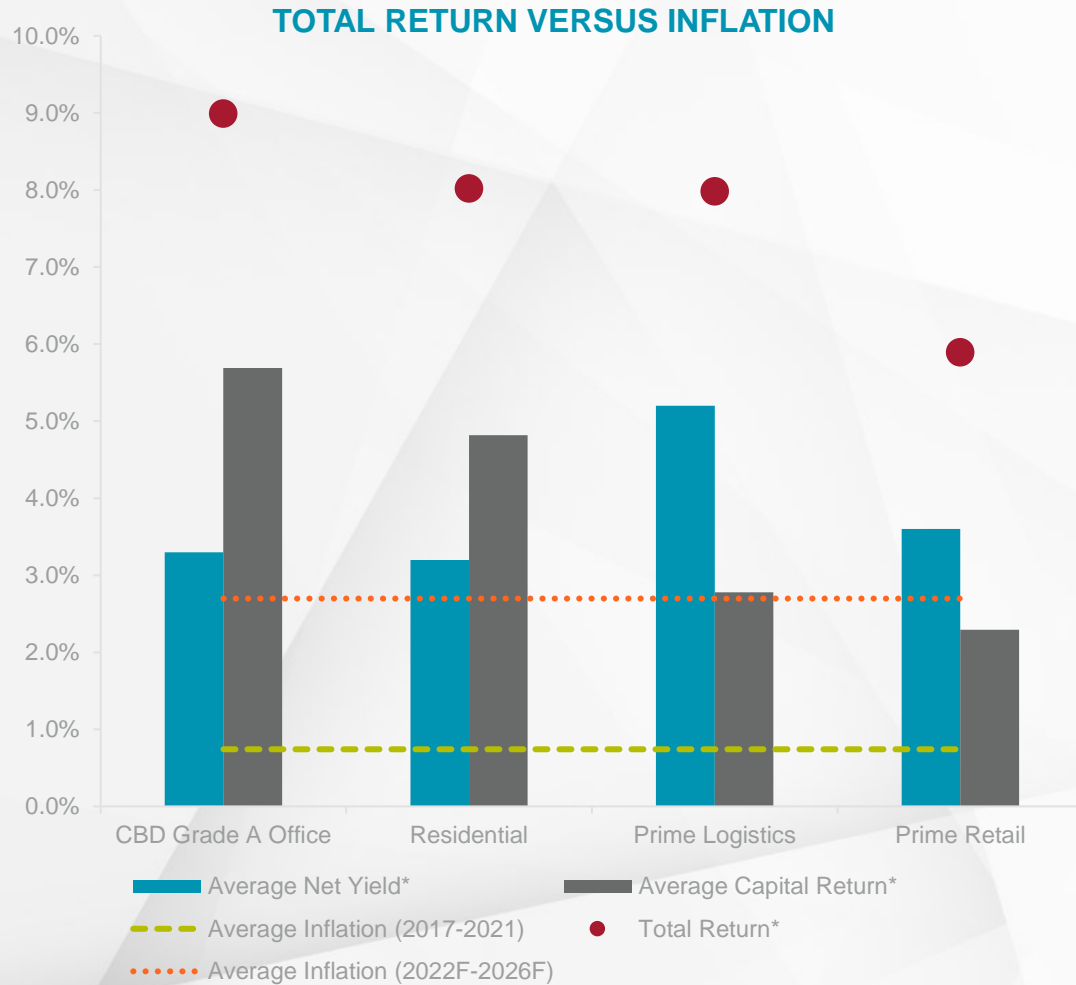
** Exclude related party transactions, properties transfer due to merger

NOTABLE TRANSACTIONS 2022 YTD**

Project Name	Type	Seller	Buyer	Price (S\$mil)	Date
Income At Raffles	Office	NTUC Income	Bright Ruby Resources	About 1,000.0	Q2 2022
Westgate Tower	Office	Sun Venture Group	AEW	About 675.0	Q2 2022
30 Bideford Road	Mixed	Sin Capital Partners	Roark Capital, Lim Cher Meng Realty, Boustead Singapore	515.0	Q2 2022
Lakeside Apartments	Residential	Strata Owners	Wing Tai	273.9	Q2 2022
BHL Factories	Industrial	Nil	Chiu Teng Group	About 130.0	Q2 2022
Golden Mile Complex	Mixed	Strata Owners	Far East Organization, Perennial Holdings & Sino Land	700.0	Q2 2022
Twenty Anson	Office	AEW	KKR	599.0	Q2 2022
SO/ Singapore	Hotel	Royal group	Viva Land Group	240.0	Q2 2022
Tanglin Shopping Centre	Retail	CDL and other strata owners	Pacific Eagle Real Estate	868.0	Q1 2022
Cross Street Exchange	Mixed	Frasers Logistics and Commercial Trust	PAG	810.8	Q1 2022
55 Market Street	Office	AEW	Kajima Corporation	286.9	Q1 2022
Wisteria Mall	Retail	Hexacon, BBR Holdings, AHPL (Investments), MUSE Capital & Santarli	Schroders	208.0	Q1 2022

A Strong Inflation Hedge

YIELD SPREADS TIGHTEN



Source: Cushman & Wakefield Research
 * Historical 5-year average return (2017-2021)
 ** Refer to 99-year leasehold assets
 *** During the 5-year period between 2017 and 2022H1

Mega Trends

Building obsolescence to accelerate and drive a wave of CAPEX

- Higher energy costs and sustainability to drive flight to quality and redevelopment
- Single-use developments to be replaced with hybrid destinations or mixed-use developments
- Development lifecycles may accelerate and become more frequent due to re-purposing

Changing ways of work

- Hybrid work and decentralisation to redistribute commute patterns
- Operations to be streamlined with automation and AI in the future, resulting in reduction of space and/or better efficiency and service.
- Higher demand for flex space as leasing requirements become more uncertain

Mega Trends

Demographic shift and the war for talent

- Prepare for the impact of Gen-Z, a digitally savvy demographic. By 2025, Gen-Z will make up 27% of workforce
- Don't ignore retiring Baby Boomers who have ample savings and spending power
- With ageing populations, cities will fight for talent to boost productivity. Cities that can maintain high livability will outperform

Rise of ASEAN

- Growth will be fueled by demographic windfall and rising wealth
- Regionalisation of supply chain in a fragmented world order
- US and Europe investors will want to tap on this growth

Rise of Alternatives

- Alternative assets will become more viable due to demographic shifts and tech advances
- As yield for traditional assets remain tight, investors will look at alternative assets that have higher yields and lesser competition

Opportunities

Mega Trends	Office	Industrial	Retail	Residential	Hospitality
<p>Building obsolescence to accelerate</p>	<p>Wave of AEI to “update” buildings. Opportunity for funds with liquidity due to first mover advantage as development costs are higher now and quality stock is limited</p>				
<p>Changing ways of work</p>	<p>More companies to adopt core and flex strategies, with a higher proportion to flex. Grade A offices remain highly sought after, while lower grade offices face higher leasing risks due to hybrid work</p>	<p>Sharing economy models to emerge (Sharing of manufacturing machines/facilities) Flight to quality Self-storage demand to go up due to small home sizes in Singapore</p>	<p>Retail spaces to shrink and become more personalised and store only what is necessary, using data analytics Blending of logistics and retail</p>	<p>Demand for larger residential homes as the home becomes a place for work. Providing workplaces within the development</p>	<p>Co-living, co-working and hospitality concepts can converge</p>

Opportunities

Mega Trends	Office	Industrial	Retail	Residential	Hospitality
Demographic shift and the war for talent	<p>Demand for smart and high-spec offices which can deliver strong sustainability and experience outcomes</p> <p>Providing amenities will get more important</p>	<p>E-commerce adoption will grow driving demand for logistics</p> <p>Near to city industrial spaces to be in demand to meet rising consumer demand</p>	<p>Blending of online-offline retail channels</p> <p>Malls are community hubs catering to all generations. Large malls will benefit to host a wide range of tenants and activities</p>	<p>Smart and energy efficient homes</p>	<p>Robo service staff and smart systems to drive efficiency and lower operational costs</p> <p>Experience-led economy</p>
Rise of ASEAN	<p>Higher demand for real estate: Capital values and rents to increase in markets which benefit from outsourcing and supply chain regionalisation.</p> <p>Transformational policies required for cities, not all will remain on top</p>				
Rise of the alternatives	<p>Limited Impact, traditional asset classes to remain sought after. For industrial, cold chain logistics, food-related, data centers or biomedical spaces to see higher demand</p>			<p>Co-living to gain traction. Operating model is important</p>	

Source: Cushman & Wakefield Research

* Ground Floor

** Estimated



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