

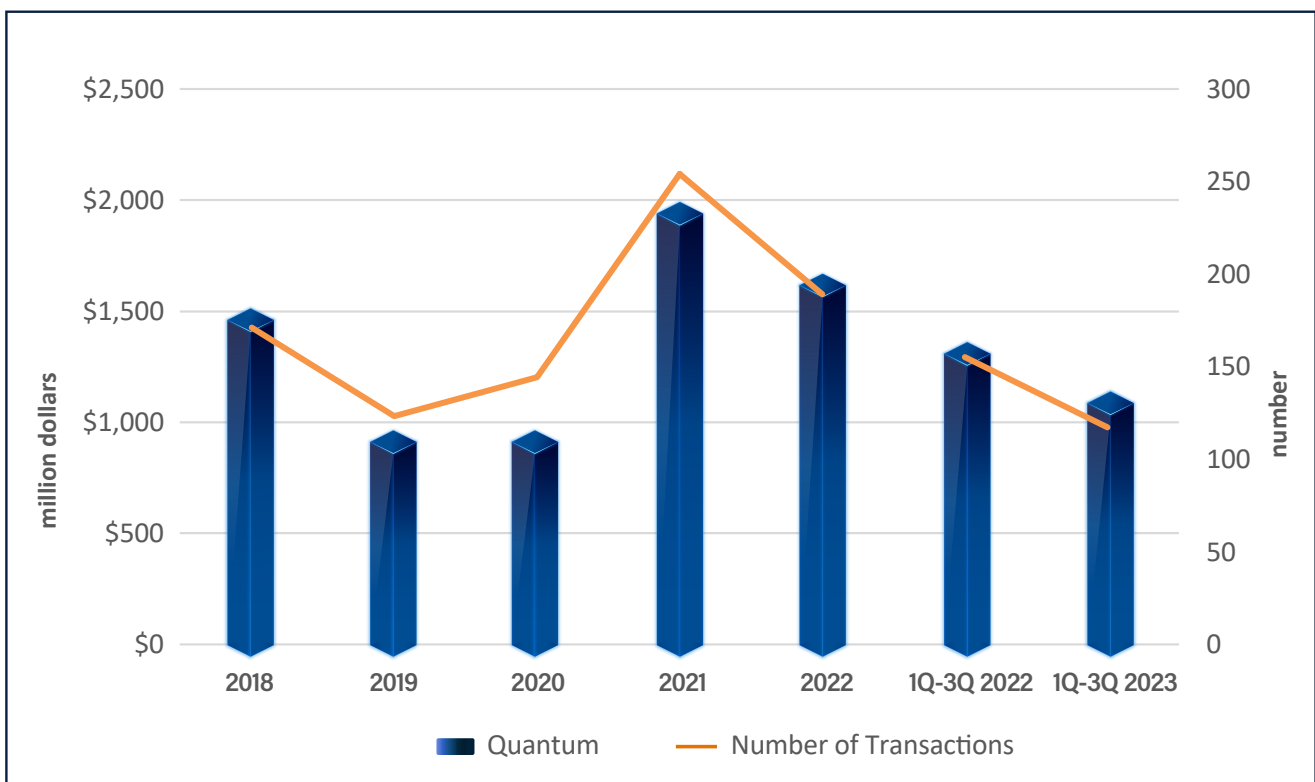
OVERVIEW

Activities in the shophouse market slowed after the arrest of foreigners who were suspected of money laundering in Aug 2023.

Transaction volume fell by more than half to 8 in Sept 2023 compared to a month ago. In 3Q 2023, an estimated 37 shophouses were sold, 21.3% lower than the previous quarter. Total transacted value fell by 26.6% to \$317.1 million in 3Q 2023 from \$432.3 million in 2Q 2023.

In the first nine months of 2023, the estimated number of shophouses sold was 117, 24.5% lower than the same period a year ago. Total transacted value was \$1.1 billion from 1Q to 3Q 2023, 17.1% lower than 1Q to 3Q 2022's \$1.3 billion.

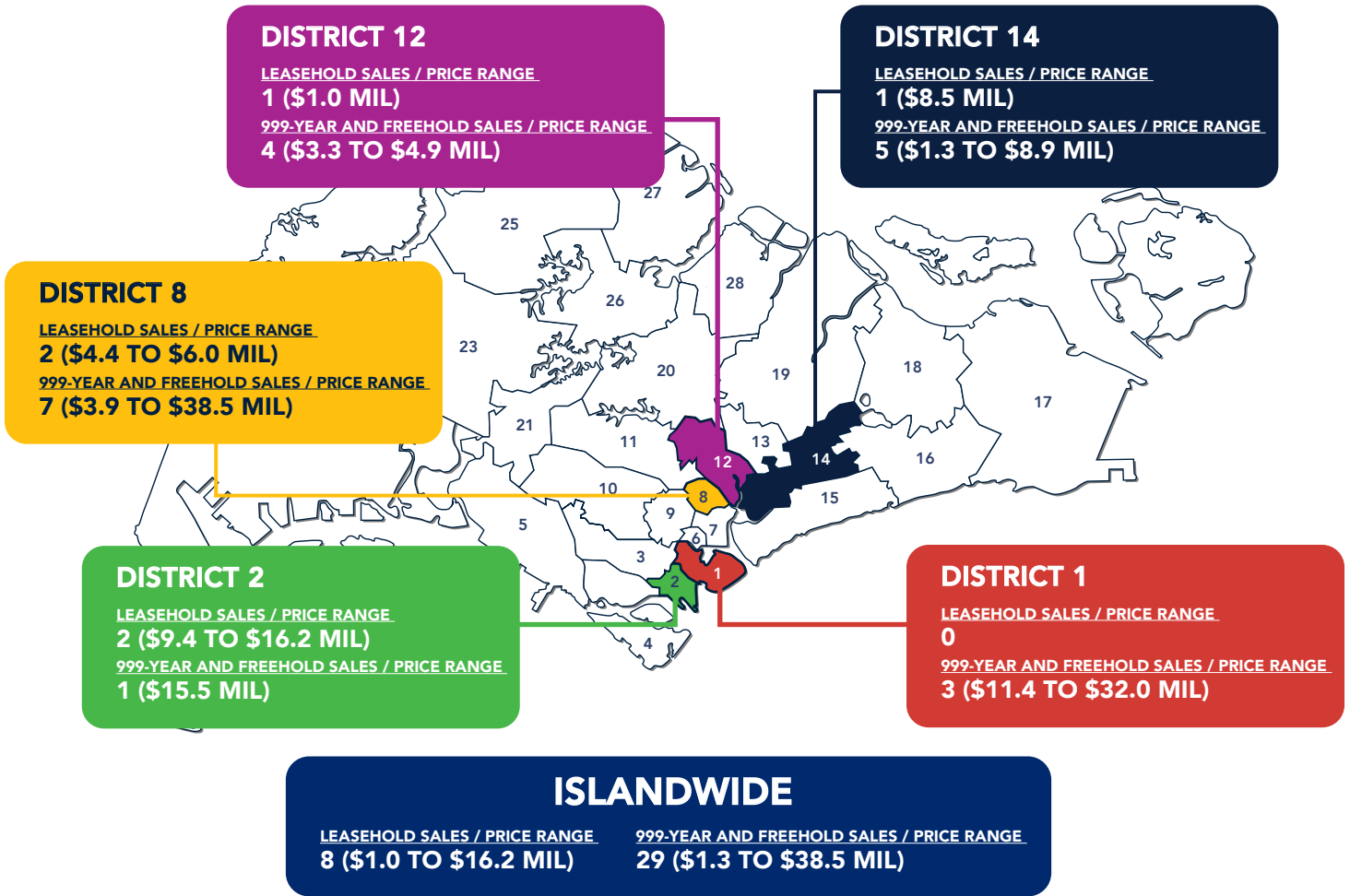
Figure 1: Transaction Volume and Quantum of Shophouses in 1Q-3Q 2023



Source: URA, Huttons Data Analytics (data downloaded as of 27 Oct 2023)

District 8 is the most popular district among shophouse investors due to its more affordable quantum and city fringe location. It accounted for 24.3% of total number of transactions in 3Q 2023. 999-year leasehold and freehold shophouses remained the preferred choice among investors for wealth preservation.

Map 1: Transactions of Shophouses by District, Tenure and Price Range in 3Q 2023



Source: URA, Huttons Data Analytics (data downloaded as of 27 Oct 2023)

The largest shophouse deal in 3Q 2023 was the purchase of a row of shophouses along Jalan Besar for \$38.5 million. Crescendas Group chairman Lawrence Leow and his family was understood to be behind the purchase of 203, 205 and 207 Jalan Besar. It was reported that 5, 5A and 5B Ann Siang Road was bought by a Singapore vehicle of a Switzerland-incorporated company while another entity controlled by members of the Ng family acquired 41 Mosque Street. Orchard Credit bought 34, 34A and 34B Keong Saik Road.

The Top Five shophouse transactions in 3Q 2023 are listed in Table 1.

Table 1: Top 5 Shophouse Transactions by Quantum in 3Q 2023

ADDRESS	LAND AREA	QUANTUM	TENURE	EST GAINS	YEARS HELD
203, 205, 207 Jalan Besar	6,378 sq ft	\$38.5 mil	Freehold	NA	NA
5, 5A, 5B Ann Siang Road	1,446 sq ft	\$32 mil	999 years	\$29.8 mil	~22
120 Tanjong Pagar Road	1,683 sq ft	\$16.2 mil	99 years	NA	NA
41 Mosque Street	1,251 sq ft	\$15.6 mil	Freehold	NA	NA
34, 34A, 34B Keong Saik Road	1,067 sq ft	\$15.5 mil	Freehold	\$7.4 mil	~6

Source: URA, Huttons Data Analytics (data downloaded as of 27 Oct 2023)

The median rents of shophouses were slightly lower by 3.9% in 3Q 2023 while rental volume was stable in 3Q 2023, indicating a steady demand from tenants.

Table 2: Median Rents of Shophouses in 3Q 2023

District	3Q 2023	2Q 2023	Change
1	\$7.04 psf/month	\$7.01 psf/month	0.4%
2	\$7.32 psf/month	\$7.51 psf/month	-2.5%
8	\$5.15 psf/month	\$5.14 psf/month	0.2%
14	\$4.53 psf/month	\$4.53 psf/month	0%
15	\$5.45 psf/month	\$5.71 psf/month	-4.6%
Islandwide	\$5.97 psf/month	\$6.21 psf/month	-3.9%

Source: URA, Huttons Data Analytics (data downloaded as of 27 Oct 2023)

MARKET OUTLOOK

On 2 Oct 2023, the Government revised the locations where additional eating houses in shophouses will not be allowed. This superseded the circular in May 2016.

The revised list may impact shophouses whose owners are considering renting out the ground floor space to food and beverage (F&B) operators to increase the yield before selling. Investors may possibly shun shophouses which do not have permission to operate F&B outlets.

Rents may have peaked due to increased tenant resistance towards higher rents and are likely to remain stable moving forward.

The last quarter of 2023 may be subdued as some owners have withdrawn their shophouses for sale. Shophouses however remain the top choice among investors for wealth preservation as the scarcity may lead to better capital appreciation.



CONTACT ME FOR A DETAILED DISCUSSION OF THE LATEST TRENDS



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