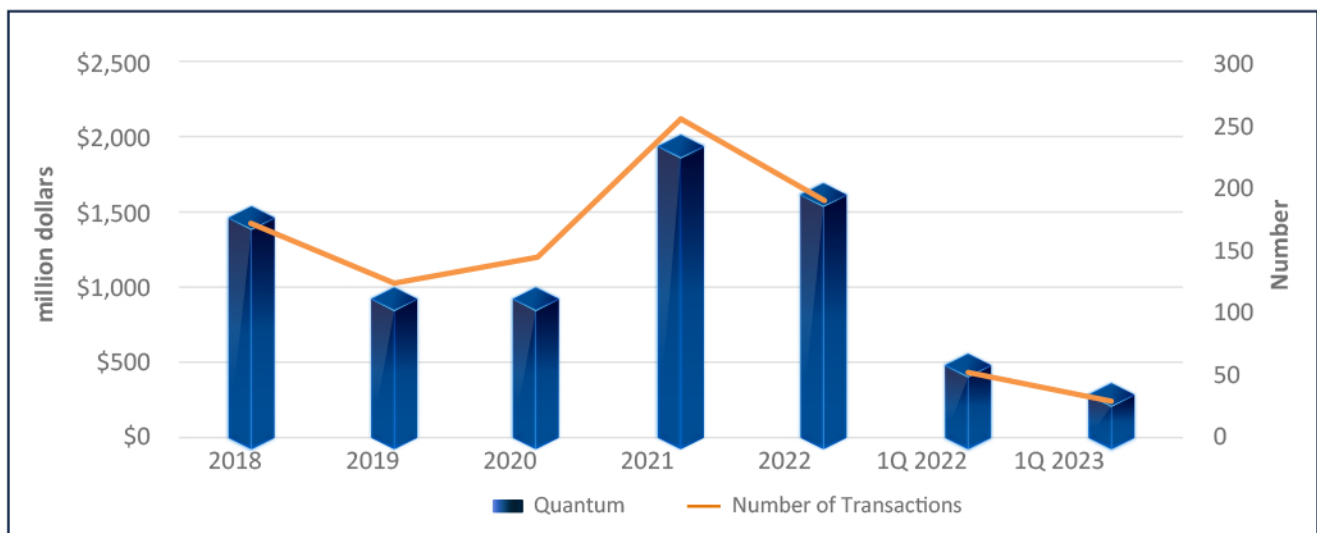


It was a slow start to the year due to the Chinese New Year (CNY) festivities. There were only five shophouse transactions in January 2023. Enquiries and transactions started to pick up after CNY. Sales improved to nine in February and 15 in March 2023.

There was an estimated 29 caveated shophouse transactions in 1Q 2023, 12.1% lower quarter-on-quarter and 44.2% lower year-on-year.

The total transaction value in 1Q 2023 was \$281.8 million, 5.7% lower than the previous quarter. However, the average transacted value per shophouse in 1Q 2023 was \$9.7 million, 8.1% higher than the average value per shophouse in 4Q 2022.

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



Source: URA, Huttons Research (data downloaded as of 28 Apr 2023)

Two transactions in 1Q 2023 pulled up the average transaction price of shophouses: a row of six shophouses along Serangoon Road that fetched \$62.5 million in January and a six-storey shophouse at Boat Quay that recently changed hands for \$37 million.

The Top Five shophouse transactions are listed in Table 1. Singapore Maritime Officers' Union bought the six shophouses at Serangoon Road. 52 Boat Quay is said to have been purchased by Tai Tak Estates.

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

Address	Land Area	Quantum	Tenure	Est Gains	Years Held
322,324,330 etc Serangoon Road	9,042 sq ft	\$62.5 mil	Freehold	\$54 mil	~17
52 Boat Quay	1,119 sq ft	\$37 mil	999 years	\$9.35 mil	~5
199, 199A Kitchener Road	2,745 sq ft	\$18.2 mil	Freehold	\$15.2 mil	~17
233 South Bridge Road	1,487 sq ft	\$15.2 mil	Freehold	NA	NA
38, 40 South Bridge Road	2,624	\$13.58 mil	99 years	\$8.82 mil	~23

Source: URA, Huttons Research (data downloaded as of 28 Apr 2023)

The median rents of shophouses were slightly higher by 1.5% in 1Q 2023.

Table 2: Median Rents of Shophouses in 1Q 2023

District	1Q 2023	4Q 2022	Change
1	\$6.43 psf/month	\$6.73 psf/month	-4.5%
2	\$7.53 psf/month	\$7.56 psf/month	-0.4%
8	\$5.20 psf/month	\$5.31 psf/month	-2.1%
14	\$4.73 psf/month	\$4.41 psf/month	7.3%
15	\$5.49 psf/month	\$4.74 psf/month	15.8%
Islandwide	\$5.98 psf/month	\$5.89 psf/month	1.5%

Source: URA, Huttons Research (data downloaded as of 28 Apr 2023)

Investors tend to lean towards freehold shophouses for wealth preservation. The Rochor planning area which encompasses Little India and Jalan Besar is the most popular area among investors. It accounted for 31.0% of transactions in 1Q 2023.

Table 3: Transactions of Shophouses by Tenure

Period	99 years	999 years	Freehold	Total
1Q 2022	12	13	27	52
2Q 2022	13	14	41	68
3Q 2022	6	5	25	36
4Q 2022	7	4	22	33
1Q 2023	5	5	19	29

Source: URA, Huttons Research (data downloaded as of 12 Apr 2023)



MARKET OUTLOOK

The value of shophouses will continue to rise over time due to its limited supply thus providing good wealth preservation for Ultra-High-Net-Worth Individuals and family offices. Demand is expected to pick up in the coming months and prices are likely to trend upwards in 2023.

CONTACT ME FOR A DETAILED DISCUSSION OF THE LATEST TRENDS



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