

SINGAPORE RESIDENTIAL PROPERTY REPORT

Q1'2019

BY ERA RESEARCH



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Executive Summary

Volume for new sales of private residential properties, excluding Executive Condominiums (EC), rose 16.3 per cent year-on-year (y-o-y), from 1,581 units in Q1'2018 to 1,838 units in Q1'2019.

Demand remains resilient due to the launch of several projects with sensitive pricing and more new launches lined up over the year.

Volume for private residential resale, excluding ECs, fell by 49.3 per cent y-o-y, from 3,666 units in Q1'2018 to 1,858 units in Q1'2019.

Overall private residential property price index (PPI) fell 0.7 per cent quarter-on-quarter (q-o-q) in Q1'2019 on the back of July 2018's cooling measures. The 1.1 per cent fall in the non-landed index was partly offset by the 1.1 per cent increase in the landed index.

Notably, the non-landed PPI in the Outside Central

Region (OCR) continued to rise, adding another 0.2 per cent. It has exceeded the previous peak achieved in Q3'2013. The index is now at an all-time high.

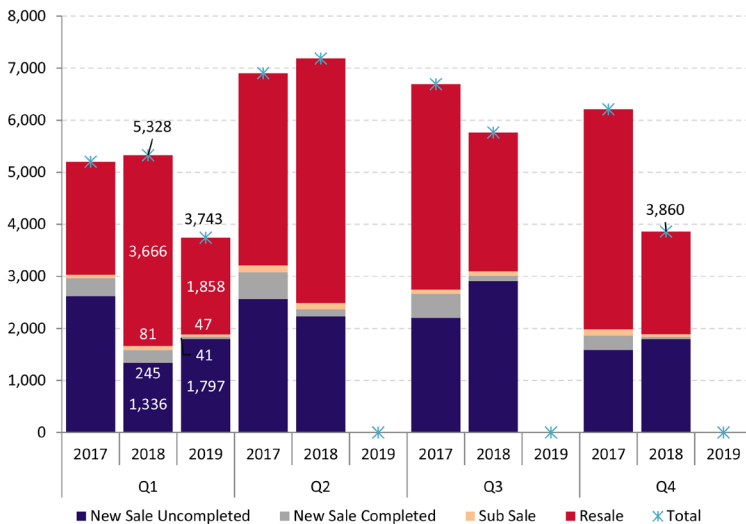
The rental market performed steadily in Q1'2019. The rental volume for private residential properties rose about 5 per cent y-o-y. The private residential rental index went up by 1 per cent q-o-q.

Vacancy rates continued to fall, reaching a five-year low of 6.3 per cent. Vacancy rates are expected to fall as the annual supply of completed homes heads towards an all-time low of 4,859 units in 2020.

Meanwhile, the HDB resale market remains reasonably healthy. The transaction volume in the HDB resale market rose by 8.5 per cent y-o-y, with 4,835 units changing hands in Q1'2019. The HDB resale price index slid marginally by 0.3 per cent from Q4'2018.



Private Residential New Sale Market



New sales helped buoy the private residential market as demand returns to the sector.

In Q1'2019, new sales (excluding ECs) totalled to 1,838 units, up 16.3% from the 1,581 units sold in Q1'2018.

Out of the total 3,743 transactions in the private residential market in Q1'2019, new sales took up 49%. This is much higher than the 30% for the corresponding period last year.

Total Sales for Private Residential Market (Excl. ECs)

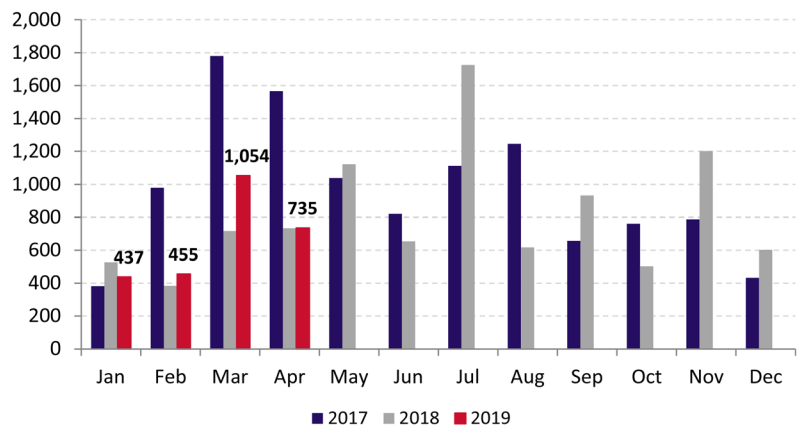
Source: Urban Redevelopment Authority (URA), ERA Research

After traditionally slower months in January and February, new sales rebounded strongly with 1,054 sales transactions in March as developers launched 10 new projects. The momentum continued in April despite having only 3 small launches. For the rest of the year, new sales are expected to remain robust.

Developers have lined up more than 60 new project launches with over 20,000 units for 2019. New sales volume is expected to be stronger in May, July and September as developers are likely to avoid the June school holidays, as well as the hungry ghost festival which falls in August this year.

New Developer Sales for Private Residential Properties (Excl. ECs)

Source: URA, ERA Research



Bestselling Projects for Q1'2019

There were 13 project launches in Q1'2019. Several of these launches have garnered good sales. At the same time, older projects continue to sell well. The table below shows the top 5 selling projects for Q1'2019.

Project	Developer	Region	Year of Launch	Units Sold in Q1'2019
Treasure at Tampines	Sim Lian Group	OCR	2019	289
The Tre Ver	UOL Group Limited and Singapore Land Limited	RCR	2018	196
Affinity At Serangoon	Joint venture between Oxley Holdings Limited, SLB Development Ltd, KSH Holdings Limited and Apricot Capital	OCR	2018	183
Riverfront Residences	Joint venture between Oxley Holdings Limited, SLB Development Ltd, KSH Holdings Limited and Apricot Capital	OCR	2018	122
Stirling Residences	Logan Property (Singapore) Company and Nanshan Group Singapore	RCR	2018	98

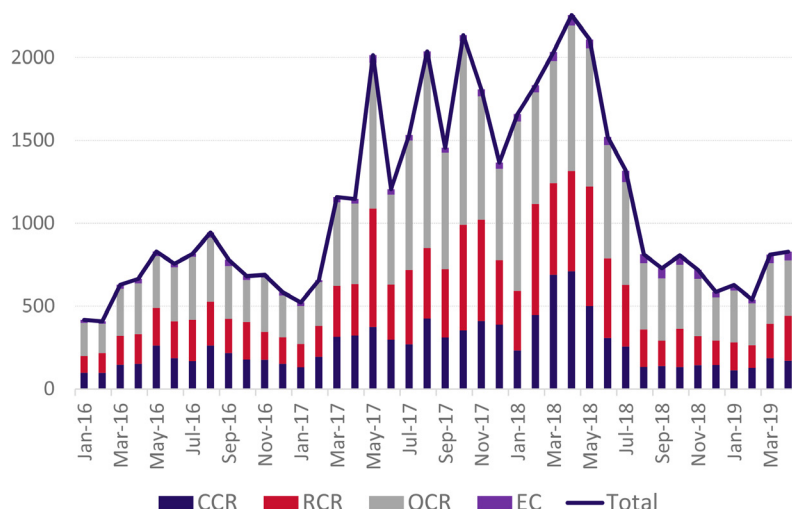
Executive Condominiums

As of end March 2019, there were only about nine unsold EC units left in the market. This number further dropped to only 2 by end April 2019. Therefore, the launch of new EC - Piermont Grand - is likely to garner strong attention from the public.

Piermont Grand, developed by CDL and TID Residential, is located at Sumang Walk in Punggol and has an estimated 820 units. The target launch date is in June / July this year.

Private Residential Resale Market

The volume of resale transactions dived precipitously after the introduction of the cooling measures in early July 2018. For Q1'2019, there were 1,858 resale transactions, which is 49.3 per cent lower as compared to the same period last year. Compared to Q4'2018, the volume fell 6 per cent.



However, there may be some cause for optimism for the resale market as the volume ticked upwards in March and April 2019. The resale market may have benefited from the spill-over from the primary market.

With the recent relaxation of CPF rules for the purchase of older homes, more such properties are expected to be transacted in the months to come.

Private Residential Resale Volume

Source: URA, ERA Research

Private Residential Property Price Trends

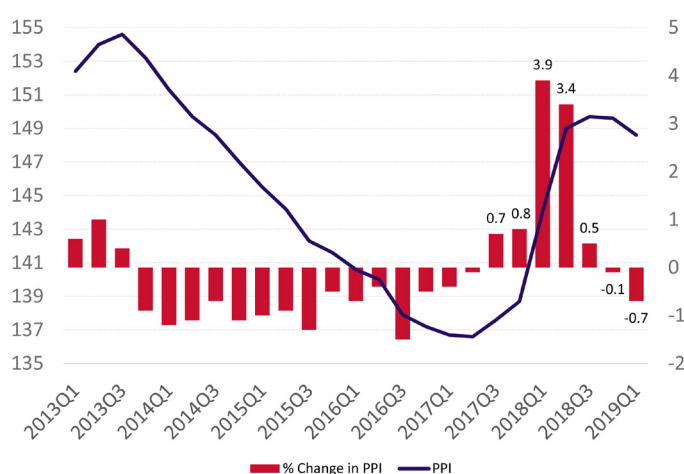
The private residential PPI dropped 0.7 per cent in Q1'2019 following the 0.1 per cent fall seen in Q4'2018.

While the momentum of the PPI dampened in the past two quarters after rising 1.1 per cent in 2017 and 7.9 per cent in 2018, the PPI is now still higher by 8.8 per cent compared to Q2'2017 when it hit the market bottom.

Even as buying sentiment tapers off after the introduction of the cooling measures in July 2018, prices are unlikely to fall drastically. Many developers have already locked in relatively high land prices for their land purchases over the last 2 years and are likely to hold up new launch prices.

The owners who are displaced from the recent en bloc sales are also expected to gradually re-invest in

the property market, contributing to a steady source of demand. More importantly, the GDP and income of our market are growing steadily.



Overall Private Residential PPI

Source: URA, ERA Research

Within the sub-market segments, the non-landed PPI fell by 1.1 per cent, while the landed PPI increased by 1.1 per cent. The PPI for non-landed properties in the Core Central Region (CCR) saw the steepest drop of 3 per cent. Since the recent peak in Q3'2018, the non-landed CCR index has fallen by 4 per cent.

Market Segments	PPI in Q4 2018	PPI in Q1 2019	Percentage Change
Non-Landed Properties	146.8	145.2	-1.1%
- Core Central Region	136.4	132.3	-3.0%
- Rest of Central Region	149.2	148.2	-0.7%
- Outside of Central Region	170.7	171.0	+0.2%
Landed Properties	162.6	164.4	+1.1%

On the other hand, it is worth highlighting that the non-landed PPI in the Outside Central Region (OCR) continued to rise, adding another 0.2 per cent. It has exceeded the previous peak achieved in Q3'2013, and the index is now at an all-time high.

The OCR market has done relatively better as these

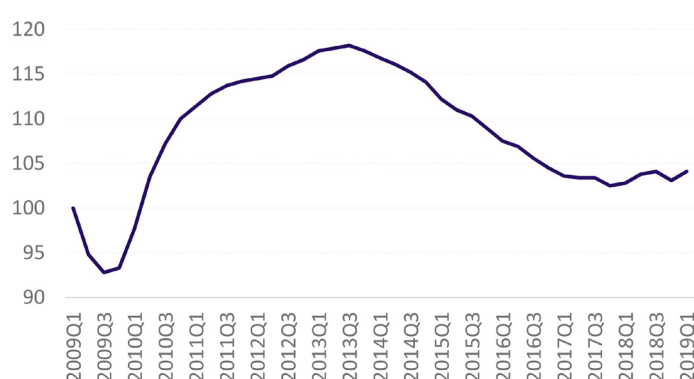
properties tend to be priced more sensitively for HDB upgraders in the market. With the number of HDB flats reaching the expiry of their Minimum Occupation Period (MOP) witnessing a 3-fold jump from 2019 to about 30,000 units per year, there will be stronger demand for OCR properties.

Private Residential Rental Market

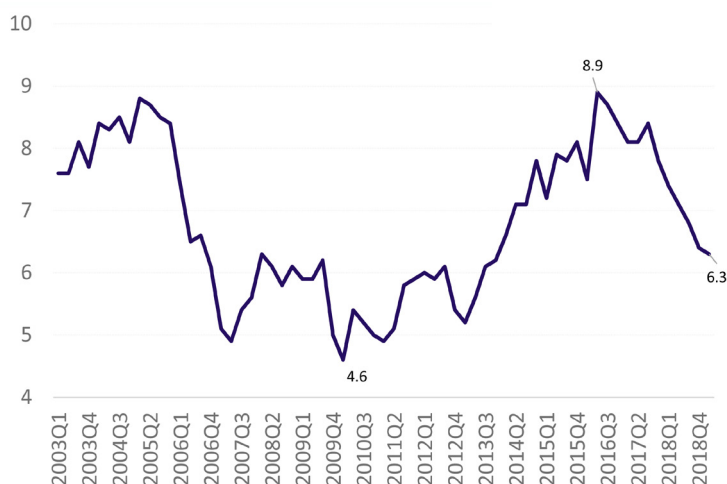
The private rental market is gradually turning around. The private residential rental index rose 1 per cent in Q1'2019. Tracing back to the bottom of the market in Q4'2017, the index has gone up by a total of 1.6 per cent.

Private Residential Rental Index

Source: URA, ERA Research



Going forward, rental rates are expected to continue strengthening. This is mainly due to falling vacancy rates. Vacancy rates have slumped from a high of 8.9 per cent in Q2'2016 to 6.3 per cent this quarter. It has reached a 5-year low since Q1'2014.

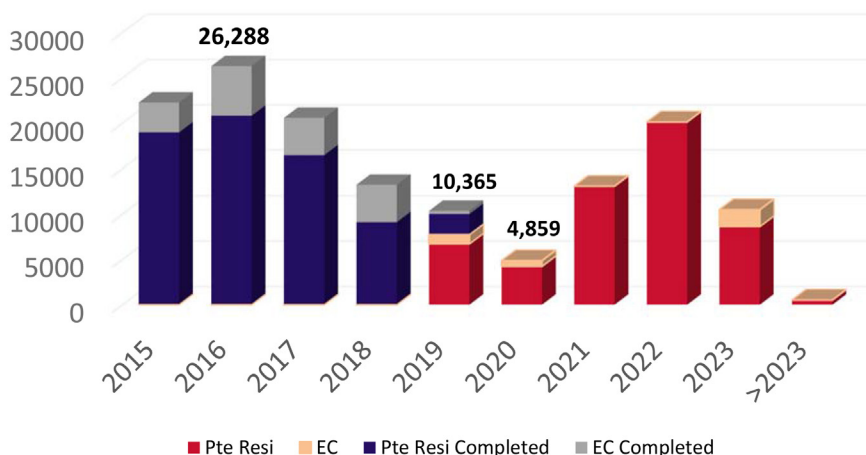


The slide in vacancy rates is set to continue as we head towards 2020, with the annual supply of new completed homes falling from more than 26,000 units in 2016, to an expected 10,365 units this year. It will hit an all-time low of just 4,859 units in 2020.

As the rental transaction volume continues to grow – it grew about 8 per cent in 2018 y-o-y and about 5 per cent in 1Q'2019 y-o-y – increasing rental demand in a market with limited new completed supply, will likely apply upward pressure on rentals.

Vacancy Rates in the Private Residential Market

Source: URA, ERA Research



Supply of Completed Homes

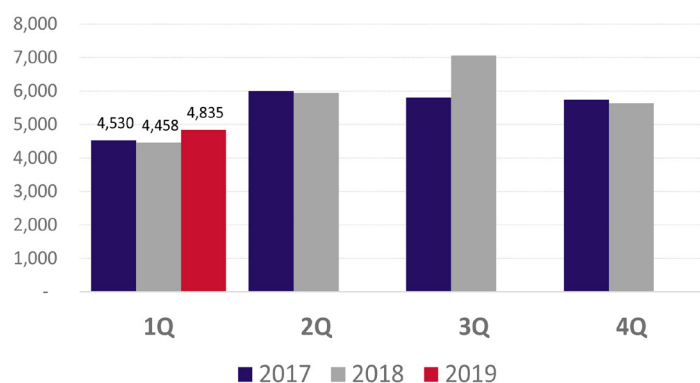
Source: URA, ERA Research

HDB Resale Market

The number of transactions in the HDB resale market has strengthened somewhat. There were 4,835 HDB resale transactions in Q1'2019. This was an 8.5 per cent rise compared to Q1'2018.

Quarterly HDB Resale Volume

Source: URA, ERA Research



The HDB resale index fell marginally by 0.3 per cent since the last quarter, bringing the index 12.3 per cent lower than its peak in Q2'2013.



The HDB resale market has been stabilising. Recent cooling measures have had a limited effect on the HDB market, comprising local buyers and owner occupiers.

With the recent announcements by CPF and HDB regarding the change in rules for the use of CPF funds and HDB loans in the purchase of older flats; and at the back of the new Voluntary Early Redevelopment Scheme and expanded Home Improvement Programme, we are likely to see better support for prices of older HDB flats, and consequently, a higher volume of resale transactions.

HDB Resale Price Index

Source: URA, ERA Research

Looking Ahead

With the introduction of the cooling measures in July 2018, the private residential resale market has slowed down quite substantially. However, the new sale market has been resilient as transaction volumes increased by 16.3% in 1Q'2019 y-o-y.

The new sales market is expected to do well for the rest of 2019 as developers are lining up a string of new project launches. Although the take-up rate for each project is likely to be lower compared to early last year, we expect to see a similar total new sale transaction level this year compared to last year.

Demand for private properties is holding up well as income levels in Singapore continue to rise, creating a larger pool of buyers looking to purchase property for either owner occupation or long-term investment.

Displaced home owners of properties from recent en bloc sales will also be on the look out to re-invest in the property market.

Recently in March, the URA Draft Master Plan 2019 was announced. This Master Plan will further impact the country's urban development over the next 10 to 15 years. The Master Plan is likely to inspire growth in prices in locations which have been identified for new developments.

One of the noteworthy developments under the Draft Master Plan may be the revitalisation of the Central Business District and Orchard Road, allowing the opportunity for property prices in the CCR to recover.

Most recently, on 10 May 2019, the new rules regarding the use of CPF funds and HDB housing loans for buying older leasehold properties kicked in. This will likely prop up prices of older leasehold properties and encourage increase in resale activity.

These properties are expected to attract more buyers going forward since it will be easier to secure financing, and older properties tend to be

more spacious and located conveniently in mature estates too.

As the market continues to adjust for the cooling measures, we expect only mild fluctuations in prices of between -0.5 per cent and +0.5 per cent, with total transaction volumes (new sale & resale) of the market in 2019 remaining at a steady level between 19,000 to 21,000 units.

***Disclaimer:**

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