

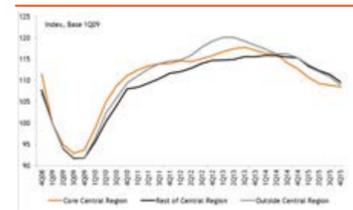
MARKET UPDATES

# RENTAL MARKET TO STAY SOFT

By Wong Xian Yang, Research & Consultancy Department

The Singapore residential rental market remained soft throughout 2015. According to URA's rental index, non-landed private residential rents have fallen 4.8 per cent, from 1Q15 to 4Q15.

Figure 1: Non-landed private residential rental index by market segment



Source: URA, OrangeTee Research (Data as at 3Q15)

As at 4Q15, private residential rents have fallen for nine consecutive quarters. Though the drop in rents seems gradual, anecdotal accounts point to some landlords having to cut the rent by as much as 15 per cent to attract tenants.

Weak demand and rising supply

Singapore has a high home ownership rate, so rental demand is driven largely by foreign labour and students. In 2014, Employment Pass (EP) holders only increased by 3,800 (from 175,100 in 2013 to 178,900), compared to 2011 when EP holders growth hit 32,100 (from 143,300 in 2010 to 175,400). The number of foreign students in Singapore has dipped as well. As of July 2014, there are about 75,000 foreign students in Singapore, compared to 84,000 in 2012.

On the supply side, 2014 and 2015 saw a high volume of private residential completion, hitting 20,000 units annually. In comparison, the average number of completions over the period of 2004 to 2013 was only around 10,000 units annually.

The high volume of completions coupled with fewer foreign workers and students have led to a persistent fall in rents. As a result, the competition for tenants has intensified.

Rest of Central Region resilient

Private non-landed residential rents in the Core Central Region (CCR), Outside Central Region (OCR) and Rest of Central Region (RCR) all fell in 2015.

According to URA data as of 4Q15, rents in OCR fell by 5.7 per cent, CCR by 3.9 per cent, and RCR 5.0 per cent.

Though all three segments performed relatively the same in 2015, RCR rents have shown slightly better resilience since the start of rental decline. From the turning point of the rental market in 4Q13 to 4Q15, CCR, RCR and OCR rents fell 7.9 per cent, 5.2 per cent and 8.6 per cent respectively.

The resilience of RCR rents may be attributed to a combination of commercial decentralisation away from the city centre, and a reduction in expatriates' housing budget.

Faced with housing allowance cuts, some expatriates are moving out towards the city fringe and even into suburban areas where they have cheaper and larger housing options. The decentralisation of commercial activities to precincts such as One-North has also propped up rental demand in the RCR.

Popular unit sizes

The most popular units last year ranged from 1,000 to 1,400 sq ft, comprising 34.6 per cent of total rental contracts. However, smaller unit sizes of below 1,000 sq ft are slowly gaining market share. This shows a greater acceptance of smaller units by tenants, and also reflects the shrinking unit sizes of newer projects.

This trend is expected to continue as tenants become more cost-conscious in lieu of slower growth in the job market.

However, while smaller units are gaining popularity, there has been a greater erosion of rents per-square-foot (psf) for the category.

On a year-on-year basis, rents for units measuring 200-600 sq ft and 600-1,000 sq ft fell by about 7 per cent to 9 per cent, whereas rents for those units measuring 1,000-1,400 sq ft, and 1,400-1,800 sq ft, fell by only 3 per cent to 6 per cent.

Figure 2: Island-wide average rents and number of rental contracts in 2014 and 2015

Unit size (sq ft)	2014		2015	
	Average Rents (S\$/ft)	No. of contracts	Average Rents (S\$/ft)	No. of contracts
200 to 600	5.8	6,033	5.3	7,424
600 to 1000	4.2	16,722	3.9	26,696
1000 to 1400	3.4	20,294	3.2	19,859
1400 to 1800	3.3	8,576	3.2	7,756
>1800	3.8	5,095	3.6	4,884
Total	3.8	52,720	3.7	56,629

Source: URA, OrangeTee Research (As at Nov 2015, excludes data for unit sizes > 3,000 sq ft)

Weakness in the suburban shoebox rental market

In 2015, the spotlight was on shoebox units (measuring less than 506 sq ft), as more such units — which were launched in 2011 and 2012 — were completed. It is estimated that the stock of shoebox units quadrupled from about 2,400 units as at end 2011 to about 11,000 units by end 2015. Many shoebox units were bought for investment purposes, due to its affordability and higher expected rental yield.

However, the mass market shoebox rental market is still relatively untested. Mass market shoebox units face stiff competition from bigger HDB flats and older two-bedroom units, as they offer comparable rents. As a result, average rents for unit measuring 200-600 sq ft saw the largest absolute drop in psf rents from 2014 to 2015. The downtrend in rents was reflected on prices as well. According to the NUS Singapore Residential Price Index, the prices of completed small units (sizes up to 506 sq ft) have fallen 4.1 per cent during the period of Jan 2015 to Nov 2015, following

a similar performance in 2014, when prices fell over 4 per cent.

Grim outlook

Dark clouds are looming on the horizon, with interest rates poised to rise and Singapore facing a housing glut. A total of 22,351 private residential units are expected to come onto the market this year — double the 10-year annual historical average.

The bulk of supply will be in the OCR, constituting 55 per cent of incoming supply with 12,234 units expected to be completed this year. CCR and RCR will see 6,493 units and 3,624 units respectively.

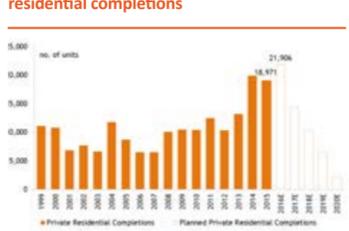
Though the number of incoming completions looks daunting, the distribution of supply across the island differs across planning areas. Planning areas with a large number of incoming completions will see heavier downward pressure on their rents, all other factors being equal. For example, areas in the North East (in red, figure 4) such as Sengkang and Punggol will see incoming completions more than 50 per cent of their current stock over the next few years. Competition for tenants in these areas is expected to intensify and landlords may have to lower their rental expectations to mitigate vacancy costs.

A movement to quality may take hold in the rental market. With more options in the market, tenants will continue to enjoy strong bargaining power. Projects that have less surrounding competition, or have good locational attributes such as close proximity to transportation nodes, schools or job creation centres, should fare better during this time of uncertainty.

On a year-on-year basis, rents for units measuring 200-600 sq ft and 600-1,000 sq ft fell by about 7 per cent to 9 per cent, whereas rents for those units measuring 1,000-1,400 sq ft, and 1,400-1,800 sq ft, fell by only 3 per cent to 6 per cent.

On the supply side, 2014 and 2015 saw a high volume of private residential completion, hitting 20,000 units annually. In comparison, the average number of completions over the period of 2004 to 2013 was only around 10,000 units annually.

Figure 3: Number of incoming private residential completions



Source: URA, OrangeTee Research (as at 4Q15)

Figure 4: Expected private residential completions by planning area over the short to medium term



Source: URA, OrangeTee Research (as at 4Q15)  
Yellow: Incoming completions more than 25 per cent of their existing stock  
Red: Incoming completions more than 50 per cent of their existing stock

FEATURED PROJECTS

SINGAPORE

# PARC LIFE

Everyone deserves 2 parks! Double the space to double your fun!

Showflat opens 16<sup>th</sup> April. Register your interest today!

Curated by Frasers Centrepoint Homes, Parc Life is a brand new 628-unit executive condominium in Sembawang specially designed to meet the needs of your modern family, small or large. OrangeTee is proud to be the appointed marketing agent for this exciting project!

Parc Life is the ideal home: the beautiful Canberra Park at your doorstep, the abundance of space, and state-of-the-art lifestyle facilities to suit residents of all ages make living at Parc Life playfully fun.

Enjoy the best of the North with Parc Life. Beautiful parks and cycling routes are ample. Numerous top-notch schools and other amenities are also in close proximity. Many preschools and childcare centres are all within a 1km walking distance. The best primary schools and secondary schools in the North, such as Canberra Primary School, Chung Cheng High School (Yishun), Singapore



Sports School, are also easily accessible because of Parc Life's convenient location.

Job prospects are promising in the burgeoning Woodlands Regional Centre, North Coast Innovation Corridor and Northern region. Five minutes' walk from Sun Plaza and Sembawang MRT, access to and from Parc Life is extremely convenient.

A wide range of unit types ranging from 2-bedroom (764sqft) to 5-bedroom (1550sqft) is available for your selection. Please contact any of our OrangeTee agents to register your interest.

# CUSTOMER REVIEW TESTIMONIAL

By Joan Tjoo, OrangeTee Salesperson

“It is an exciting experience being selected as one of the first few salespersons to be featured in SPH Classified on the 27<sup>th</sup> of February. The reactions since have been fantastic! Numerous customers contacted me for the sales and rentals of their properties. One of them was an F&B owner who, after just one meeting, engaged me to handle both his commercial and residential properties.”



# ANNOUNCING 2 NEW CORE CPD AND OTHER IN-HOUSE TRAINING

By Bianca Chang, Training & Development Department

2016 will be a fruitful year for Orangeans! We have line-up a wide range of workshops and courses on various topics to help our salespersons develop and deepen their knowledge and skills necessary to improve marketing effectiveness, closing opportunities as well as service excellence!

The new/enhanced courses in 1Q 2016:

**TeeOff (Enhanced)**  
A 4-day intensive course aimed at providing salespersons with in-depth comprehension and skills on handling different types of residential properties. These skills include, effective prospecting, sales presentation, conventional and

digital marketing methods, negotiation skills/closing techniques and much more. The Improved TeeOff aims to help salespersons excel and build a rewarding career in this exciting industry! Don't miss the next batch of TeeOff training in June 2016!

**Prevention of Money Laundering and Terrorism Financing in Real Estate Sector**  
A newly approved CPD which aims to increase salespersons' knowledge of Anti Money Laundering (AML) and countering financial terrorism (CFT). The participants will get to know their legal obligations under the Corruption, Drug Trafficking and other Serious Crimes (Confiscation of Benefits) Act (CDSA) and Terrorism (Suppression of Financing) Act (T(SOF) A). They will also be trained the various prevailing methods and preventive measures in anti-money laundering and countering terrorism financing in Real Estate Sector.

**Essential Guide in Selling of New Executive Condominium (EC)**  
Another newly approved and must-not-missed CPD for salespersons who are keen in EC launches. The participants will explore the history and development of EC in Singapore, learn the prevailing policies governing the selling and buying as well as the procedures and documentation in transacting new EC.

# LEADERSHIP-IN-ACTION CAMP 2016

By Melvin Ng, Marcomm Department



Leadership-In-Action Camp (LIAC) is an annual event that is specifically tailored for our existing and upcoming leaders. It strengthens team bonding among the management and leaders as well as formulating winning strategies for the remaining year. We are delighted to have more than 60 campers in LIAC 2016 which was held from the 5<sup>th</sup> to the 7<sup>th</sup> of January at Pulau Springs Resorts, Malaysia.

During the 3-day camp, both the Management and leaders fully participated with lots of fun and learned from one another. Although some were new to this big family, the ice was broken instantly through the engaging activities which focused on effective teamwork and greater communication. Words of encouragement empowered one another to complete and succeed in the ingenious tasks given. The bonding was even stronger after the impromptu night activities which often reveal the funny side of some of the campers.

The event reached its climax when our Agency Director, Simon Yio oils the wheels of the brainstorming sessions where ideas from the campers were recorded. The campers presented their suggestions and strategies on how to improve the service level after the sharing by our CEO, Michael Tan on the growth and potential impact of disruptive technology in Real Estate industry. Last but not least, our Managing Director, Steven Tan rounded off the workshop by presenting the important keys for salespersons to stay relevant and get ready for the new challenging world.

LIAC 2016 is a truly fulfilling and inspiring event for all the campers. The uplifting atmosphere of the camp will certainly be carried through the rest of the year till LIAC 2017!

TOP LEADERS 2015 Q4



TOP ACHIEVERS 2015 Q4



TOP RECRUITING GROUP 2015 Q4



# GALA DINNER 2016

By Melvin Ng, Marcomm Department



The recently concluded Gala Dinner was definitely a great success and everyone had a good time. The event was held at the Suntec City Convention Centre on the 26<sup>th</sup> of February in conjunction with the launch of the new OT website & Property Agent Bank. Around 500 achievers, leaders, managements, staff and business partners turned out for the event and almost everyone dressed up for this Masquerade party!

This year's Gala included a fabulous dinner, excellent performance, outstanding prizes, fun entertainment and most importantly achievers award presentation and appreciation. We congratulate all the achievers of the various categories! It is your hard work, perseverance and determination that drive the success of OrangeTee! Also, our deepest appreciation to our long-serving and dedicated staff and associates for your time and your contributions in developing OrangeTee and transforming it into what it is today!

As OrangeTee sails into its 16 years anniversary, we have bigger goals to pursue. With the launch of our new website and features, we could sail on with even stronger, more daring and more innovative spirit, taking on new challenges and exploring more opportunities along the way. So, let's work together towards bringing OrangeTee into the next stage of business growth and development!



# Top Achievers 2015

MCI (P) 038/09/2014

## TOP LEADER

<b>Senior Associate Executive Director</b> Champion  Lawrence Tan L P	<b>Associate Executive Directors</b>			<b>Senior Associate District Directors</b>				
	Champion  Lester Tan C Y	1 <sup>st</sup> Runner-up  Roy Chang S W	2 <sup>nd</sup> Runner-up  Chipson Ma Y I	Champion  Jeffrey Lee H Y	1 <sup>st</sup> Runner-up  Norman Tan S H	2 <sup>nd</sup> Runner-up  Lyndy Sze L T		
<b>Associate District Directors</b>			<b>Senior Associate Group Directors</b>			<b>Associate Group Directors</b>		
Champion  Benny Lim B H	1 <sup>st</sup> Runner-up  Yap Boon Seng	2 <sup>nd</sup> Runner-up  Thomas Yin K H	Champion  Corinna Tan L H	1 <sup>st</sup> Runner-up  Josephine Ng S H	2 <sup>nd</sup> Runner-up  Andrew Pat W M	Champion  Dan Koh S C	1 <sup>st</sup> Runner-up  Daniel Tan C H	2 <sup>nd</sup> Runner-up  Dexter Lee K H

## TOP IN CATEGORIES

<b>Private Residential Sales</b>  Delvin Lim Y G	<b>Private Residential Leasing</b>  Julian Tan S M	<b>Industrial Sales</b>  Jason Lau S Y	<b>Industrial Leasing</b>  Calvin Kwek H C	<b>Office Leasing</b>  Helen Liem Sugiono	<b>Retail Sales</b>  Jayrome Lai W L	<b>Residential Project Sales</b>  Martin Lim K B
<b>Business Space Project Sales</b>  Dan Koh S C	<b>HDB Sales</b>  Susan Mariam	<b>HDB Leasing</b>  Kevin Chia H C	<b>Rookie</b>  Hansen Ng S C	<b>Lister</b>  Lee Kang Kian	<b>Manager</b>  Margaret Lim L P	<b>Recruiter</b>  Harry Yeo H C
<b>Recruiting Group</b>  Lester Tan & Associates						

# Top 200 Achievers

We salute our Top Achievers for a year of exceptional performance and leading the way in making OrangeTee an outstanding and respected real estate enterprise in the region.

## KEENER SENSE OF REAL ESTATE

A Message from Our Managing Director, Mr Steven Tan

# PROPERTY AGENTS BANK

February was a special month for OrangeTee. This month, we achieved another new milestone by launching Singapore's first and only search engine with customers' ratings and reviews – Property Agents Bank.

To date, more than 350 of our customers have expressed their support of this new platform by giving us their feedback online. I am encouraged that most of the ratings we received are either five-star or four-star. Not only that, many customers are willing to spend time to share their experiences and even recommend their agents to other potential customers.

With today's technology, online review is still the best tool to measure the service standard of property agents. When more consumers use it to make informed decisions, our agents who have strong track records will benefit. Looking

ahead, this initiative can also prepare our people to adapt to the new landscape of real estate industry brought on by technology. The future competition may not be just the agents from other agencies, but also the new entrants who will try to use innovative technology to gain market share. In this respect, we believe that the power of online review can slow down or minimise the impact of potential disruption.

Indeed, Property Agents Bank is more than just another new milestone for OrangeTee; it is a long term commitment from the top management to create a corporate culture in which high service quality is a norm. Consumers can be assured that all ratings and reviews are instantly reflected on agents' profile page without any filtering or modification. Hence, they can confidently utilise references from other customers to help select their own preferred agents.

I strongly believe that the new initiative will differentiate OrangeTee agents from others. Hence, we will continue to launch more A&P campaigns to create more awareness of this new initiative. In addition, we will also reward agents who are able to achieve positive reviews consistently.

February is also a month that we celebrate success with our Gala Dinner. Once again, I wish to take this opportunity to congratulate all the award winners for their remarkable achievements. Cheers!



## WEBSITE 2016 AND NEW ONLINE INITIATIVES

To give our company a modern cyber "shopfront" and to enhance user's experience, a newly revamped website was launched in late February this year. To make this launch a remarkable event, three newly minted initiatives went live together with the new website. We believe that they will further facilitate our agents' engagements with their customers as well as co-broking colleagues from other agencies. Read on to find out more!

After studying the latest audience profile and their online behaviours, the management decided that the new website should be highly attractive visually but at the same time focus on providing the users with easy access to the various professional services, i.e., Agency, Project Marketing, Investment Sales & Japan Business Development and Valuation. On the technical end, it was also decided that the new website ought to function well on laptop computers and mobile devices of varying screen sizes. Last but not least, important information like new project launches will be published timely and displayed prominently on the new website.

To fulfill the above requirements, responsive design was deployed for the construction of the

website so that the different components will be displayed and aligned properly across various devices/platforms. Timely delivery of information is made possible through a new backend content management system which gives respective departments' staff direct control over certain contents.

The three brand new online initiatives are Property Agents Bank, Customer Reviews and Co-broke Friends.

Customers who are looking for agents specialized in particular districts/areas will be delighted with Property Agents Bank. They can look up OrangeTee agents who have transactions over the past 12 months or current property listings by providing certain search parameters. Alternatively, searching for a particular OrangeTee agent can be done by providing the agent's name or mobile phone number. The search result will also showcase the agent's contact information, personal profile and customer reviews.

Through Customer Reviews application, a customer is able to rate and/or review his/her experience with an OrangeTee agent after

the transaction is concluded and approved by the Agency. By providing a platform for customers to express their satisfaction and/or concerns toward the services rendered by our agents, it will help reinforce our corporate values and elevate agents' professionalism.

On Co-broke Friends, external co-brokers are able to view their transactions and commission status online. We believe that, by using this application, they will be equipped to plan better financially. Do encourage your co-broking colleagues to check their SMS for the credentials and log into the application to experience the tool for themselves.

With the above good news, do feel excited with the benefits that you may gain and the impact OrangeTee brings to the industry!



### OrangeTee Services

- Agency • Residential Projects • Business Space • Corporate Residential Services • International Projects • Investments & Advisory
- Japan Business Development • Valuation • Research & Consultancy • Training & Development • E-Services