

Key indicators at a glance

Indicators	2Q17	3Q17
Economy (year on year growth, %)		
GDP at 2010 prices	2.9	4.6
Property Market Indicators		
Overall property price index	136.6	137.6
Q-o-q change (%)	-0.1	0.7
Overall rental index (non-landed)	104.2	104.1
Q-o-q change (%)	-0.2	-0.1
Overall Occupancy (%)	91.9	91.6
Q-o-q change (%age points)	0.0	-0.3

Note: 3Q17 GDP figures are advance estimates.

Source: URA, MTI, OrangeTee Research

RESEARCH & CONSULTANCY

Wong Xian Yang
Head

John Tay
Research Analyst

E-mail: research@orangetee.com
Website: www.orangetee.com

Follow us on 

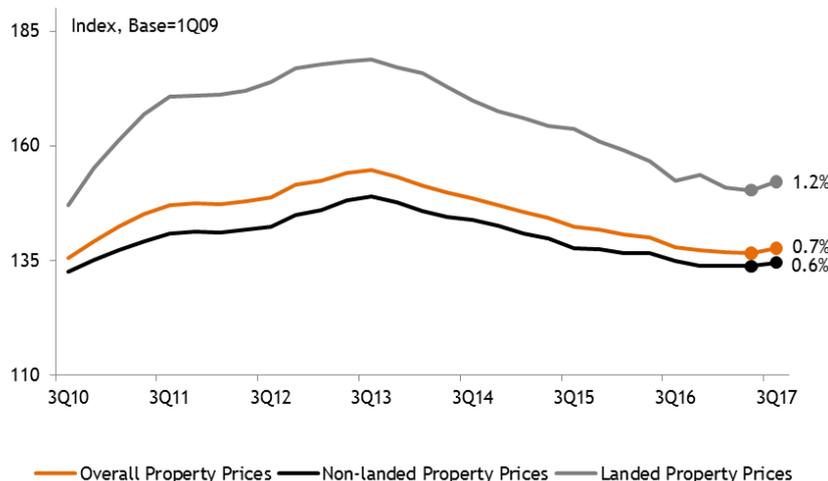
Property market showing signs of recovery

The prospect of a recovery in private property prices grows brighter, with the first uptick in overall prices seen after 15 consecutive quarters of decline. Demand has remained strong, with 2017 YTD (Jan - Sep) transaction volumes rising 56.8% as compared to the same corresponding period in 2016. Notably, volumes have recovered to 2013 levels, with 18,800 units sold in 2017YTD as compared to 18,771 units in the first 3 quarters of 2013. New launches are expected to see higher prices as the level of unsold inventories remains low amidst higher land prices. This would invariably affect resale prices as well.

Though overall rents remain on a down trend, we note that the rate of decline is slowing. Occupancy rates remain relatively healthy, at 91.6%. We could potentially see rents bottom out in 2018, as expected completions tapers off sharply in 2018 while the Singapore economy continues to expand next year, leading to higher demand in the rental market.

Barring unexpected shocks, the property market is poised to recover, on the back of steady economic growth and a stabilising labour market. However, recovery is expected to be gradual, moderated by current cooling measures and loan curbs, which are expected to remain in place for the near term.

Exhibit 1: Private Residential Property Prices



Prices rise in all segments

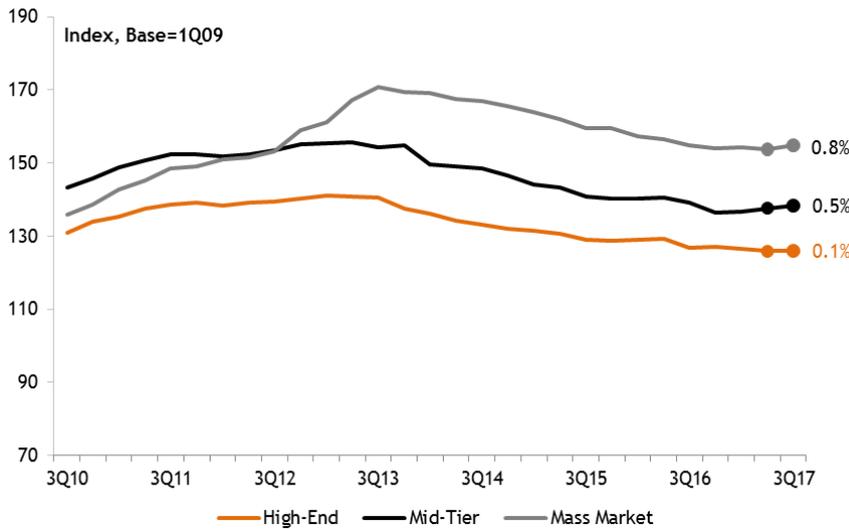
After 15 consecutive quarters of decline, private property prices saw a 0.7% q-o-q increase in prices.

The rise in prices was reflected in both landed and non-landed segments, with prices moving up 1.2% and 0.6% respectively.

Private property prices have fallen 11% since its peak in 3Q13.

Source: URA, OrangeTee Research

Exhibit 2: Non-landed Property Prices, Breakdown by Segment



Mass Market prices lead recovery

All 3 segments saw an increase in prices, with High-End and Mid-Tier prices rising 0.5% and 0.1% respectively.

Mass market property prices saw the strongest growth in price in 3Q17, rising 0.8% q-o-q.

Given that buyers affordability remains constrained by cooling measures and loan curbs, demand for mass market homes are expected to continue amidst a recovering market.

Source: URA, OrangeTee Research

Exhibit 3: Private Residential Units Sold in Primary and Secondary Market



Robust sales volumes even amidst Hungry Ghost Festival

6,693 private residential units were sold in 3Q17, representing a 3% q-o-q decrease from 2Q17. YTD, 18,800 units have been sold, representing a 56.8% increase over the corresponding period in 2016.

The fall in volumes can be attributed to the Hungry Ghost Festival. However, transaction volumes remain healthy and is indicative of a recovering market.

Source: URA, OrangeTee Research

Exhibit 4: Best-Selling Non-Landed Projects for 3Q17

	Project name	District	Tenure	No. of Transactions	Median Price (\$psf)
Primary Market	Le Quest	23	99 Years	286	\$1,309
	Kingsford Waterbay	19	99 Years	151	\$1,280
	Martin Modern	9	99 Years	139	\$2,178
	Commonwealth Towers	3	99 Years	121	\$1,680
	Sophia Hills	9	99 Years	109	\$2,002
Secondary Market	Skysuites @ Anson*	2	99 Years	82	\$2,242
	RV Residences*	10	999 Years	40	\$1,982
	Gramercy Park*	10	Freehold	32	\$2,801
	The Asteria	15	Freehold	23	\$1,109
	Riversails	19	99 Years	21	\$982

* Sales from these projects may be developer sales

Source: URA, OrangeTee Research

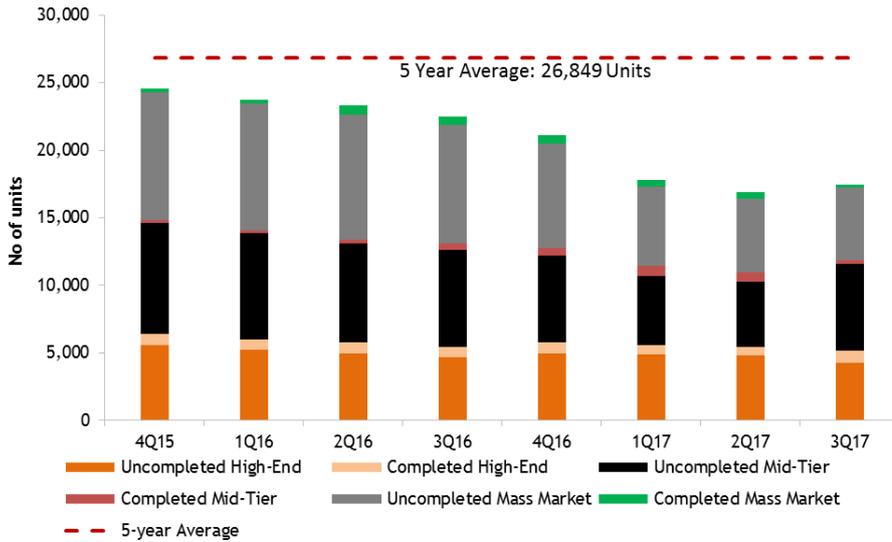
Top Sellers for 3Q17

In the primary market, Le Quest was the top seller for the quarter, with 286 transactions at a median price of \$1,309 psf.

In the secondary market, the top seller was Sky Suites @ Anson, with 109 units sold at a median price of \$2,002 psf.

Notably, 5 of the projects on the top selling list are in the high-end market, indicating keen buying interest in the high-end market.

Exhibit 5: Private Residential Unsold Inventory



Unsold inventories remain low

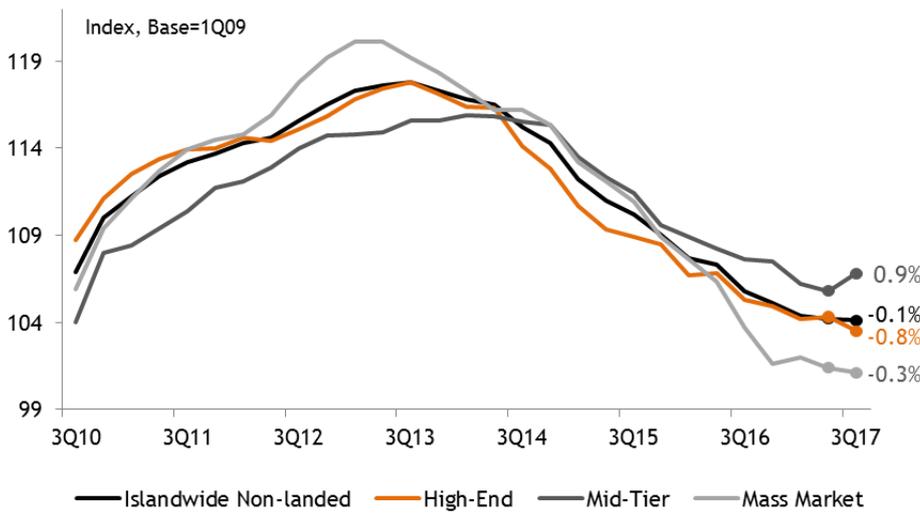
Unsold inventories saw a slight increase in 3Q17, rising to 17,421 unsold units from 16,929 unsold units in 2Q17.

However, unsold inventories remain low, significantly below the 5 year average of 26,849 units.

The rise in unsold inventories can be attributed to an increase in the Mid-Tier segment. However, this was mainly due to the addition of new projects who have planning approvals but without pre-requisites for sale.

Source: URA, OrangeTee Research

Exhibit 6: Private Residential Property Rental Index, Breakdown by Segment



Mid-Tier rents bucking the trend

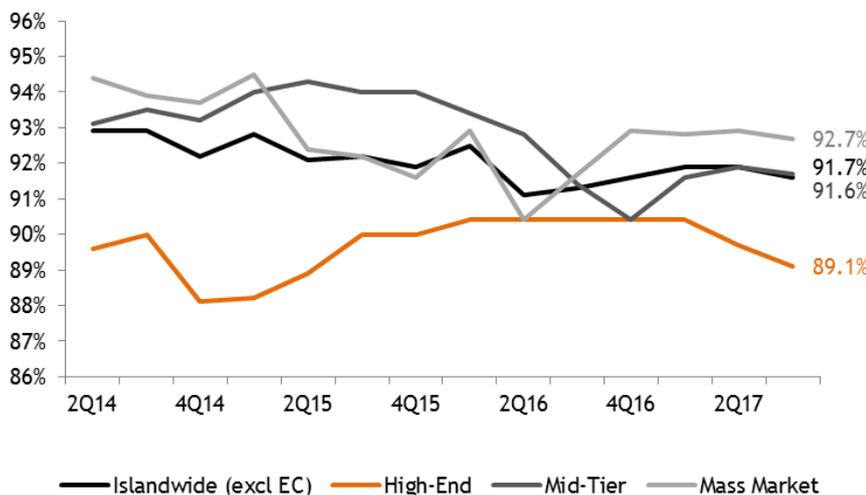
Overall rents remain on a downtrend, as non-landed rents fell 0.1% q-o-q in 3Q17.

Mid-Tier rents bucked the trend, rising 0.9% q-o-q in 3Q17. On the other hand, High-End and Mass Market rents fell 0.8% and 0.3% respectively.

On a y-o-y basis, High-End, Mid-Tier and Mass Market rents have fallen 1.7%, 0.7% and 2.5% respectively.

Source: URA, OrangeTee Research

Exhibit 7: Occupancy Rates, Break down by Segment



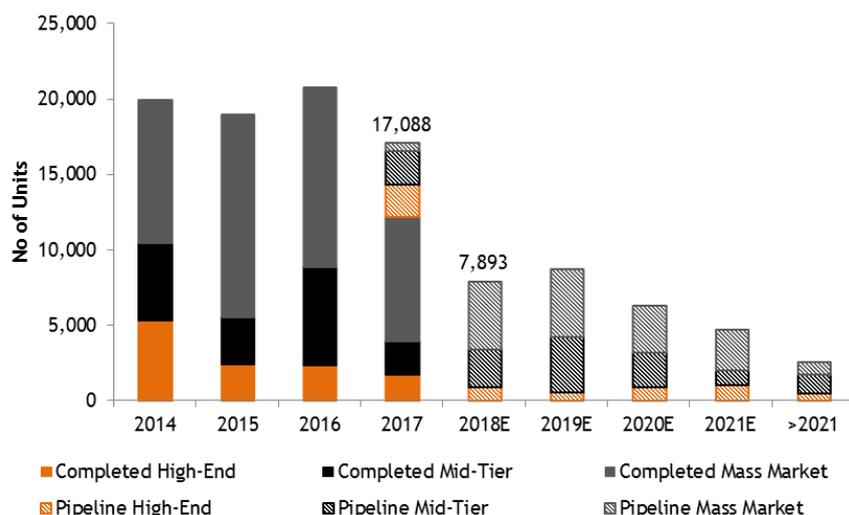
Occupancy rates remain resilient

Overall occupancy rates fell 0.3 percentage points from 91.9% in 2Q17 to 91.6% in 3Q17.

Occupancy rates in the Mass Market segment remains the strongest at 92.7% while High-End occupancy rates have fallen to 89.1%. Mid-Tier occupancy rates are currently at 91.7%.

Source: URA, OrangeTee Research

Exhibit 8: Completions and Expected Completions, Breakdown by Segment



Expected completions to fall

4,066 private residential units were completed in 3Q17. So far, 12,200 units have been completed in 2017.

Another 4,888 units are expected to be completed in 4Q17, bringing the total tally of completions for 2017 to 17,088 units.

Completions are expected to fall sharply in 2018, with only 7,893 units in the pipeline.

Source: URA, OrangeTee Research

Exhibit 9: Private Non-Landed Residential Supply in the Pipeline Breakdown by Planning Area (4Q17 to >2021)

Planning Area	Existing Stock	Incoming Supply	Planning Area	Existing Stock	Incoming Supply	Planning Area	Existing Stock	Incoming Supply
Central			East			North East		
Bukit Merah	10,184	1,649	Bedok	29,330	1,698	Ang Mo Kio	4,433	74
Bishan	6,748	1,532	Pasir Ris	12,369	1,770	Hougang	11,637	1,807
Bukit Timah	19,066	526	Tampines	8,638	1,487	Punggol	2,640	-
Downtown Core	5,861	2,529	West			Sengkang	5,916	2,125
Geylang	14,213	2,314	Bukit Batok	11,275	694	Serangoon	8,162	1,341
Kallang	13,417	1,388	Bukit Panjang	6,085	34	North		
Marine Parade	10,449	690	Choa Chu Kang	3,657	-	Sembawang	1,383	130
Museum	935	135	Clementi	8,497	1,777	Woodlands	2,422	-
Newton	7,701	244	Jurong East	3,218	-	Yishun	4,007	1,827
Novena	14,431	555	Jurong West	4,808	710	Note: Some planning areas have been omitted in this dataset		
Outram	1,455	17						
Orchard	2,186	344						
Queenstown	7,676	2,173						
Rochor	3,504	631						
River Valley	9,853	1,373						
Singapore River	4,747	-						
Tanglin	13,249	292						
Toa Payoh	6,944	2,038						

Source: URA, OrangeTee Research