

Private Residential Market

Rising prices and robust volumes likely indicators of recovery

31st January 2018

Key indicators at a glance

| Indicators | 3Q17 | 4Q17 |
|---|-------|-------|
| Economy (year on year growth, %) | | |
| GDP at 2010 prices | 5.4 | 3.1 |
| Property Market Indicators | | |
| Overall property price index | 137.6 | 138.7 |
| Q-o-q change (%) | 0.7 | 0.8 |
| Overall rental index (non-landed) | 104.1 | 103.3 |
| Q-o-q change (%) | -0.1 | -0.8 |
| Overall Occupancy (%) | 91.6 | 92.2 |
| Q-o-q change (%age points) | -0.3 | 0.6 |

Note: 4Q17 GDP figures are advance estimates.

Source: URA, MTI, OrangeTee Research

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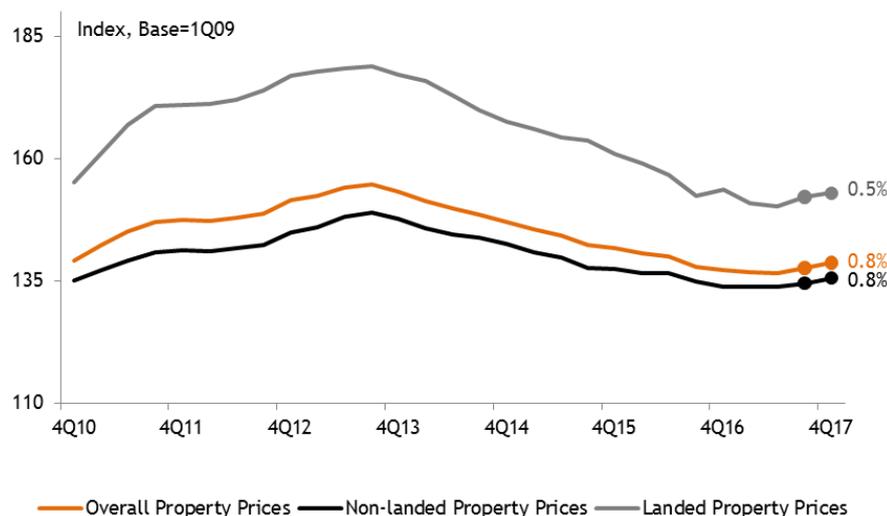
Property market likely in early stages of recovery

Overall transaction volumes are at their highest levels since TDSR was introduced mid-2013, and resale transactions surged 71.8% in 2017, as compared to 2016's figures. Volumes are expected to remain robust in 2018 due to a large expected pipeline of new project launches, as well as potential incoming demand from displaced owners of successful en bloc projects looking for replacement units.

Overall property prices rose by 1.1% in 2017, after falling by 3.1% in 2016. Against a backdrop of rising land prices and low unsold inventory, developers are likely to launch future projects at higher prices, which should support a rising price trend. Although the rental market has yet to find its bottom, rising occupancy rates and a lower number of expected completions could potentially see rents bottom out in 2018.

The property market is likely in the early stages of recovery, with prices and transaction volumes likely to continue rising, barring any shocks to the market, such as the introduction of a fresh round of cooling measures. However, as the current cooling measures are not expected to be lifted in the near to medium term, recovery will likely occur at a gradual pace.

Exhibit 1: Private Residential Property Prices



Property prices continue rising in 4Q17

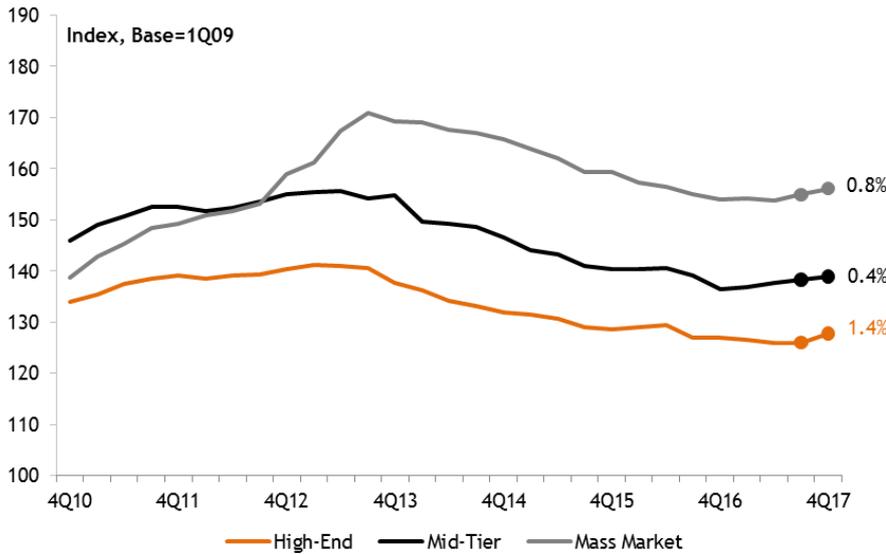
Overall property prices rose by 0.8% q-o-q in 4Q17, and have risen by 1.1% in 2017, after a 3.1% fall in 2016.

Non-landed property prices rose by 0.8% whilst landed property prices rose by a more modest 0.5%.

Prices are expected to continue rising, though current cooling measures will temper the pace.

Source: URA, OrangeTee Research

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



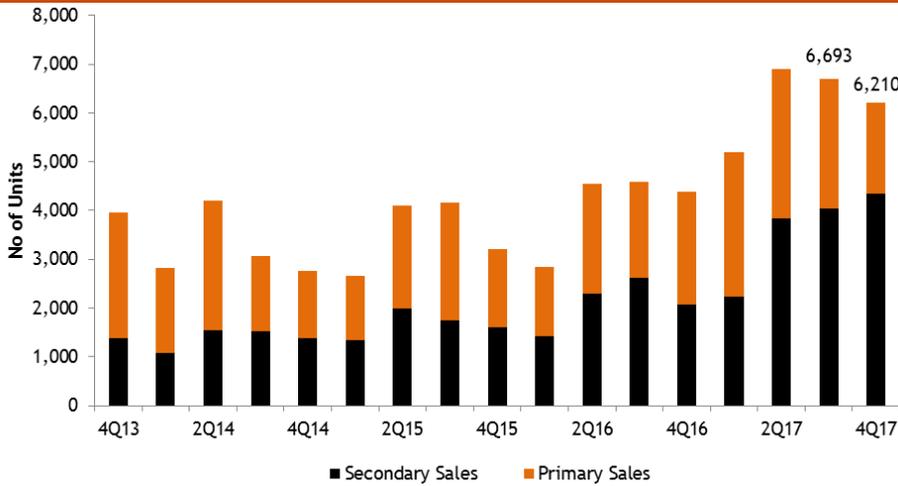
Prices of High-End Non-landed property spiked in 4Q17

High-End property prices spiked by 1.4% q-o-q, after rising a mere 0.1% in the previous quarter.

Comparatively, Mid-Tier and Mass Market properties maintained their previous pace, rising by 0.4% and 0.8% q-o-q respectively.

Source: URA, OrangeTee Research

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



Full-year transaction volumes highest since introduction of TDSR

A total of 25,010 units were transacted in 2017, which is the highest volume since TDSR was introduced mid-2013.

Transaction volume dipped slightly in 4Q17 due to seasonal factors, but was buoyed by robust secondary sales volumes, which is at the highest level since 3Q12.

Source: URA, OrangeTee Research

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

| | Project name | District | Tenure | No. of Transactions | Median Price (\$psf) |
|------------------|---------------------------|----------|----------|---------------------|----------------------|
| Primary Market | Parc Botannia | 28 | 99 Year | 263 | \$1,287 |
| | Queens Peak | 3 | 99 Year | 118 | \$1,683 |
| | Sophia Hills | 9 | 99 Year | 94 | \$2,039 |
| | Parc Riviera | 5 | 99 Year | 93 | \$1,243 |
| | Gem Residences | 12 | 99 Year | 86 | \$1,510 |
| Secondary Market | 6 Derbyshire* | 11 | Freehold | 56 | \$2,315 |
| | Reflections at Keppel Bay | 4 | 99 Year | 53 | \$1,648 |
| | Sky Habitat | 20 | 99 Year | 50 | \$1,411 |
| | Pavilion Park | 23 | Freehold | 27 | \$1,647 |
| | Skysuites @ Anson | 2 | 99 Year | 21 | \$2,312 |

* Sales from these projects may be developer sales

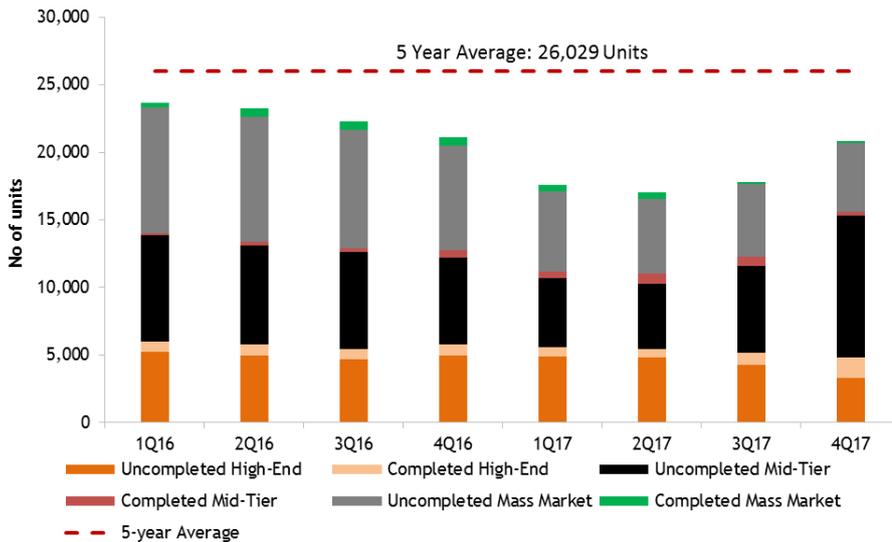
Source: URA, OrangeTee Research

Top Sellers for 4Q17

Parc Botannia, which was launched in November 2017, dominated the primary market in the fourth quarter of the year, moving 263 units at a median price of \$1,287 psf, according to caveats data.

In the secondary market, High-End project 6 Derbyshire moved 56 units at a median price of \$2,315 psf.

Exhibit 5: Private Residential Unsold Inventory



Unsold inventories remain low

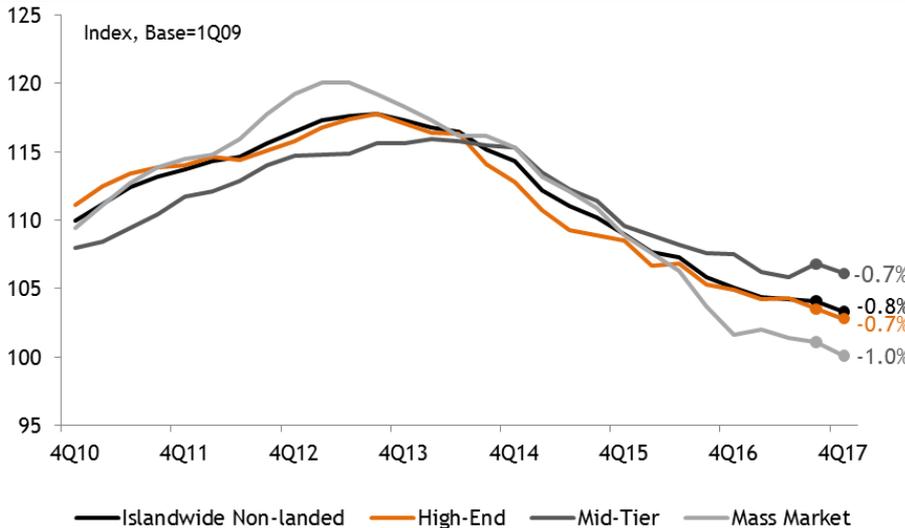
Unsold inventory rose to 20,794 in 4Q17, but remains significantly lower than the 5-year average of 26,029 units.

Mid-Tier units are increasingly taking up a larger proportion of the unsold inventory.

Note that this is not a reflection of weak demand for Mid-Tier units, as the majority (87.2%) of these units have yet to meet the pre-requisites for sales.

Source: URA, OrangeTee Research

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



Rents continue slide

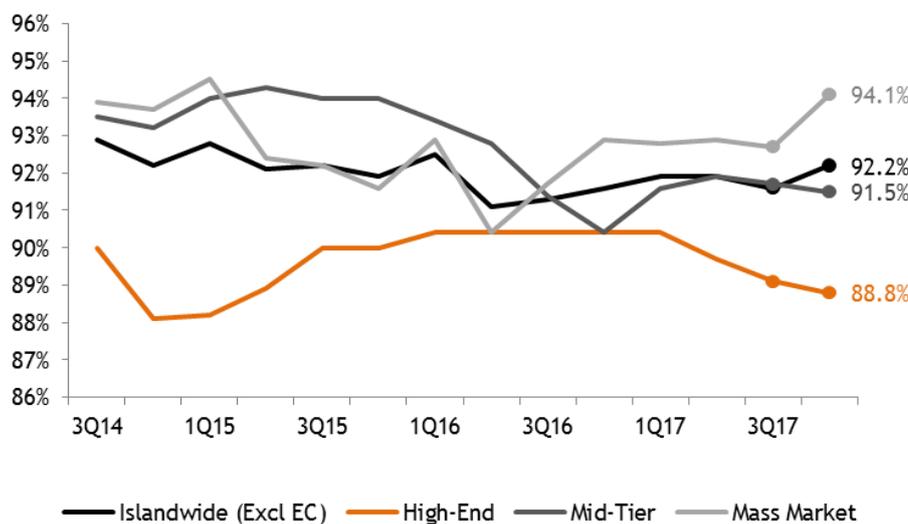
Overall rents slid by 0.8% q-o-q in 4Q17, and have slipped by 1.7% for the whole of 2017, after falling by 3.6% in 2016.

Mid-Tier rents slipped by 0.7% after rallying by 0.9% last quarter, falling by 1.3% in 2017. Similarly, High-End and Mass Market rents shed 2.0% and 1.5% in 2017.

Although the pace at which rentals are falling has slowed in 2017, the rental market has yet to find its bottom.

Source: URA, OrangeTee Research

Exhibit 7: Occupancy Rates, Break down by Segment



Occupancy rate rises, mixed performance across market segments

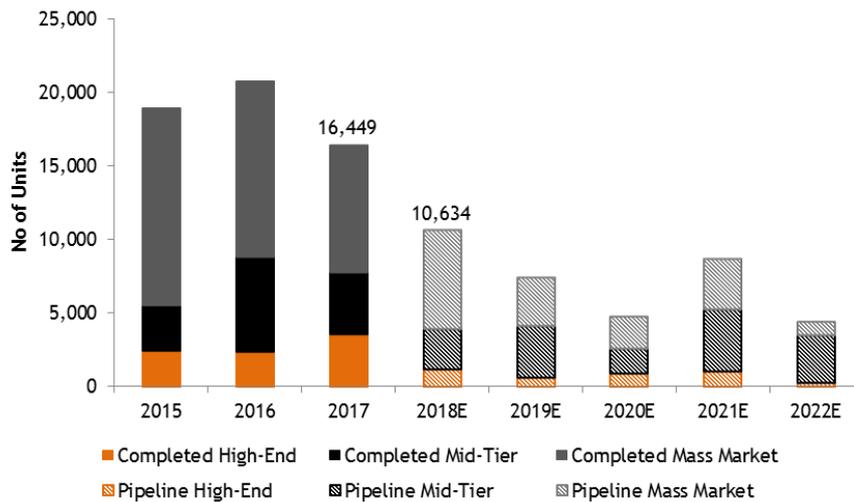
Overall occupancy rates rose 0.6 percentage points q-o-q, from 91.6% to 92.2% in 4Q17.

Mass Market occupancy rates spiked by 1.4 percentage points to 94.1%, the highest reading since 1Q15.

However, High-End and Mid-Tier occupancy rates fell by 0.3 and 0.2 percentage points respectively.

Source: URA, OrangeTee Research

Exhibit 8: Completions and Expected Completions, Breakdown by Segment

**Expected completions to fall**

A total of 16,449 units were completed in 2017, which is 20.9% lower than the number of completions in 2016.

The number of completions is expected to fall significantly in 2018, with just 10,634 units in the pipeline.

The lower number of units coming on-stream in 2018 may ease downward rental pressures, especially in the High-End region, as supply becomes scarcer.

Source: URA, OrangeTee Research

Exhibit 9: Private Non-Landed Residential Supply in the Pipeline Breakdown by Planning Area (1Q18 to >2022)

| Planning Area | Existing Stock | Incoming Supply | Planning Area | Existing Stock | Incoming Supply | Planning Area | Existing Stock | Incoming Supply |
|-----------------|----------------|-----------------|---------------|----------------|-----------------|---|----------------|-----------------|
| Central | | | East | | | North East | | |
| Bukit Merah | 10,601 | 1,563 | Bedok | 29,359 | 1,694 | Ang Mo Kio | 5,222 | 74 |
| Bishan | 6,748 | 1,532 | Pasir Ris | 13,281 | 1,420 | Hougang | 11,632 | 1,825 |
| Bukit Timah | 19,387 | 472 | Tampines | 8,638 | 1,487 | Punggol | 3,632 | - |
| Downtown Core | 7,726 | 848 | West | | | Sengkang | 5,916 | 2,125 |
| Geylang | 15,239 | 2,689 | Bukit Batok | 11,275 | 694 | Serangoon | 8,162 | 1,954 |
| Kallang | 13,420 | 1,370 | Bukit Panjang | 6,631 | 34 | North | | |
| Marine Parade | 10,466 | 705 | Choa Chu Kang | 3,657 | - | Sembawang | 1,383 | 130 |
| Museum | 1,055 | 15 | Clementi | 8,497 | 1,777 | Woodlands | 2,422 | - |
| Newton | 7,701 | 244 | Jurong East | 3,218 | - | Yishun | 4,007 | 1,827 |
| Novena | 14,475 | 555 | Jurong West | 4,808 | 710 | Note: Some planning areas have been omitted in this dataset | | |
| Outram | 1,455 | 26 | | | | | | |
| Orchard | 2,263 | 343 | | | | | | |
| Queenstown | 8,573 | 2,705 | | | | | | |
| Rochor | 3,502 | 951 | | | | | | |
| River Valley | 9,977 | 1,373 | | | | | | |
| Singapore River | 4,747 | - | | | | | | |
| Tanglin | 13,240 | 285 | | | | | | |
| Toa Payoh | 6,946 | 3,510 | | | | | | |

Source: URA, OrangeTee Research