

# Private Residential Market

Demand returns amidst decelerating price decline

28 April 2017

## Demand surges as market sentiments remain buoyant

Singapore private property prices continued to stay on a downtrend, falling 0.4% q-o-q. This marks the 14th consecutive quarter of price correction, and is the longest streak of falling prices in Singapore to-date. Private property prices have fallen 11.6% since their peak in 3Q13.

Though private residential prices extended its losing streak, demand has picked up substantially, with overall volumes increasing 18.6% q-o-q. On a y-o-y basis, volumes rose 82.7%. The slight easing of the Seller Stamp Duty helped boost market sentiments, encouraging more buyers to transact.

## Attractive new launches fuel growth in volumes

The interest in new launches has climbed substantially, with 2,962 units sold in the primary market in 1Q17, representing an increase of 27.9% q-o-q. On a y-o-y basis, this marks an increase of 108.7% from 1Q16, when only 1,419 units were sold. The spike in primary market volumes can be attributed to several new launches which had good locational attributes coupled with reasonable prices.

However, the secondary market was bustling with activity as well, with transaction volumes coming in at 2,240 units. Though secondary volumes only grew 8.3% q-o-q, it still marks an y-o-y increase of 56.9% from 1Q16.

## Rental market malaise to persist

The private residential rental market continued to head south as overall non-landed rents registered a q-o-q decline of 0.7% in 1Q17. To date, private residential non-landed rents have fallen 11.4% since their peak in 3Q13. High numbers of completions in 2016 and weak demand should continue to weigh on the rental market in 2017. This is especially so in the Outside Central Region (OCR), where the majority of completions are located.

The overall gross rental yields of properties in the OCR have fallen to 3.3% in 2016 from 3.9% in 2012. 2016 gross rental yields in the Core Central Region (CCR) and Rest of Central Region (RCR) were at 2.9% and 3.2% respectively.

## Market may recover earlier than expected

In view of stronger than expected performance in the primary market, rising land costs, dwindling levels of unsold inventories, consistently increasing volumes in the secondary market, and surprisingly resilient residential occupancy rates, the market could potentially bottom out earlier than expected, towards the end of 2017. However, market recovery is expected to be U-shaped, due to current cooling measures and global economic uncertainty.

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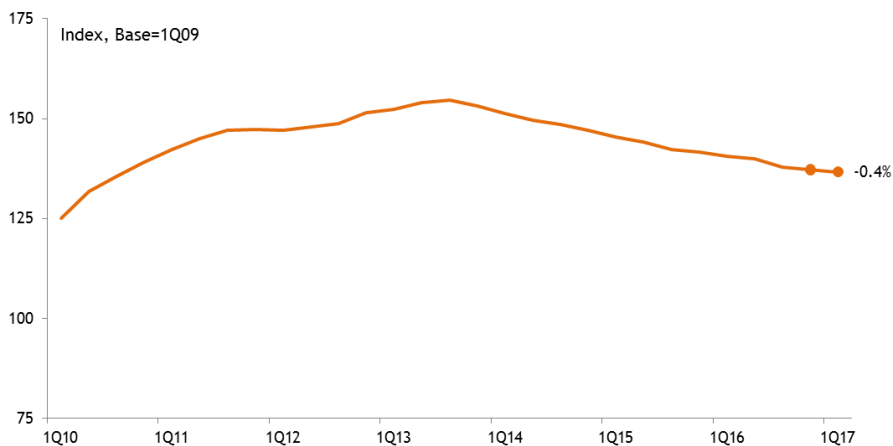
Exhibit 1: Key indicators

Indicators	4Q16	1Q17
<b>Economy (year on year growth, %)</b>		
GDP at 2010 prices	2.9	2.5
<b>Property Market Indicators</b>		
Overall property price index	137.2	136.7
Q-o-q change (%)	-0.5	-0.4
Overall rental index(non-landed)	105.1	104.4
Q-o-q change (%)	-0.7	-0.7
Overall occupancy (%)	91.6	91.9
Q-o-q change (%age points)	0.3	0.3

Note: 1Q17 GDP figures are advance estimates.

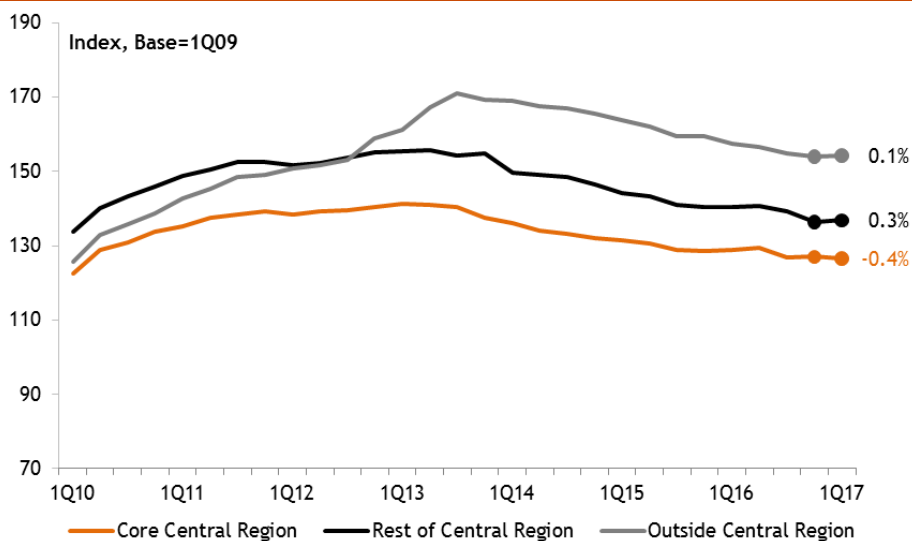
Source: URA, MTI, OrangeTee Research

Exhibit 2: Private Residential Property Price Index (RPPI)



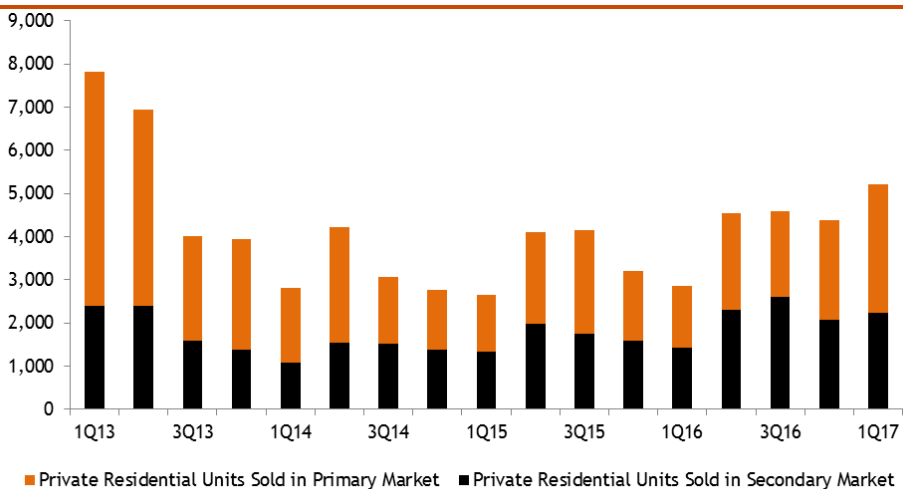
Source: URA, OrangeTee Research

Exhibit 3: Non-landed RPPI, breakdown by region



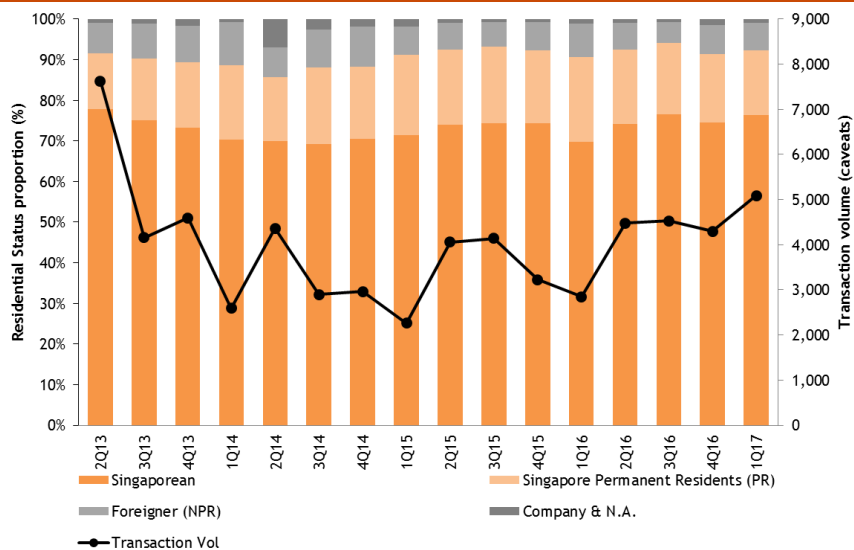
Source: URA, OrangeTee Research

Exhibit 4: Private residential units sold in primary and secondary market



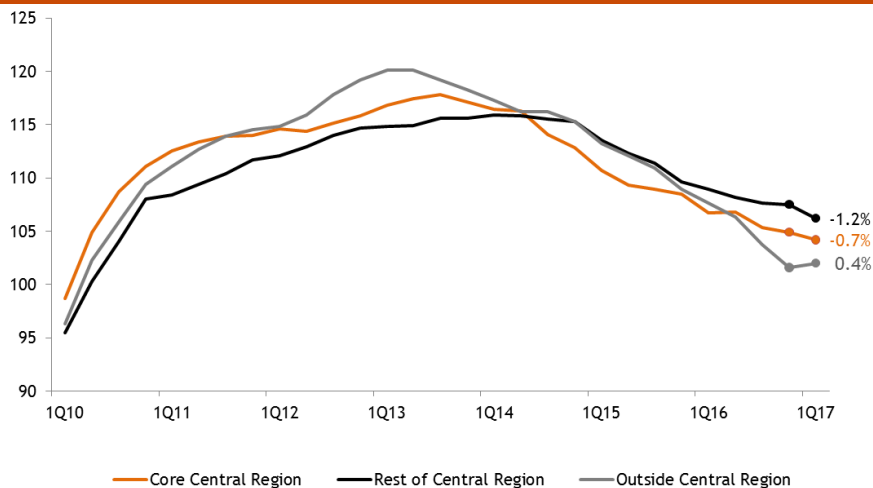
Source: URA, OrangeTee Research

Exhibit 5: Private Residential Property Sales(based on caveats), breakdown by residential status



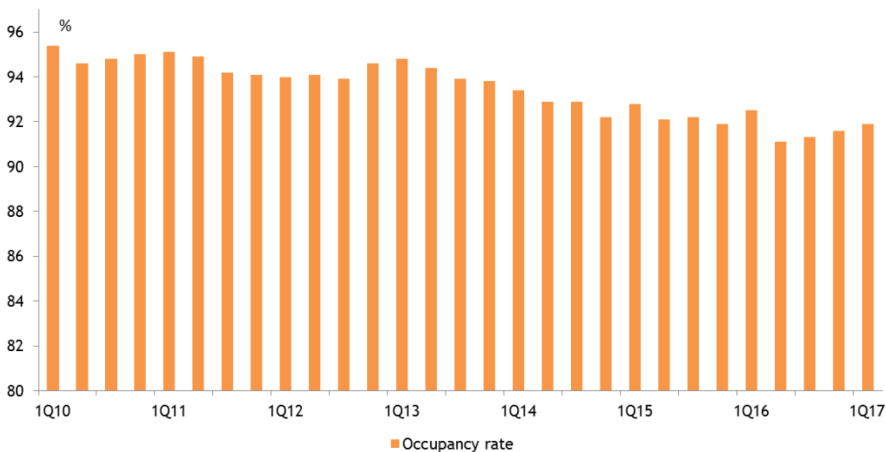
Source: URA, OrangeTee Research

Exhibit 6: Private Residential Property Rental Index, breakdown by region



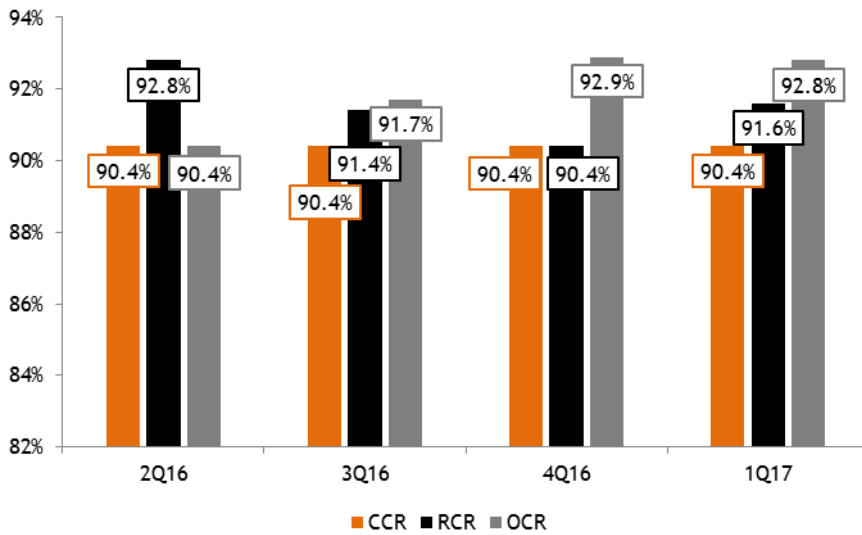
Source: URA, OrangeTee Research

Exhibit 7: Occupancy rate, island wide (%)



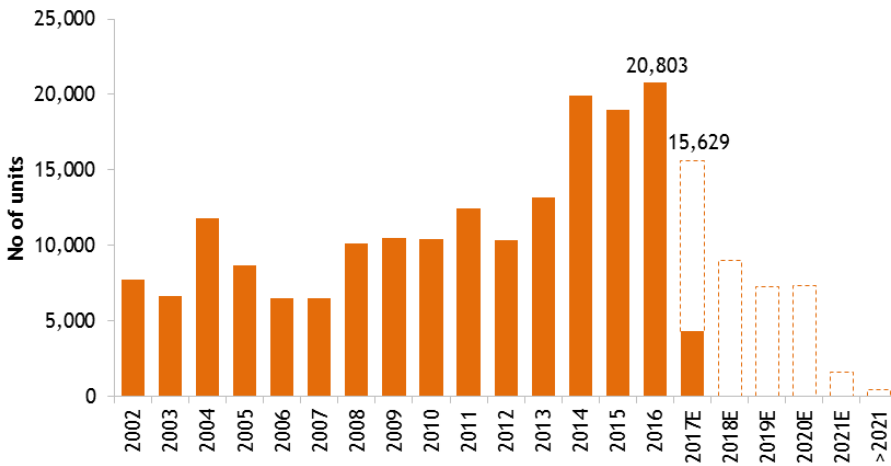
Source: URA, OrangeTee Research

Exhibit 8: Occupancy rates, breakdown by region (%)



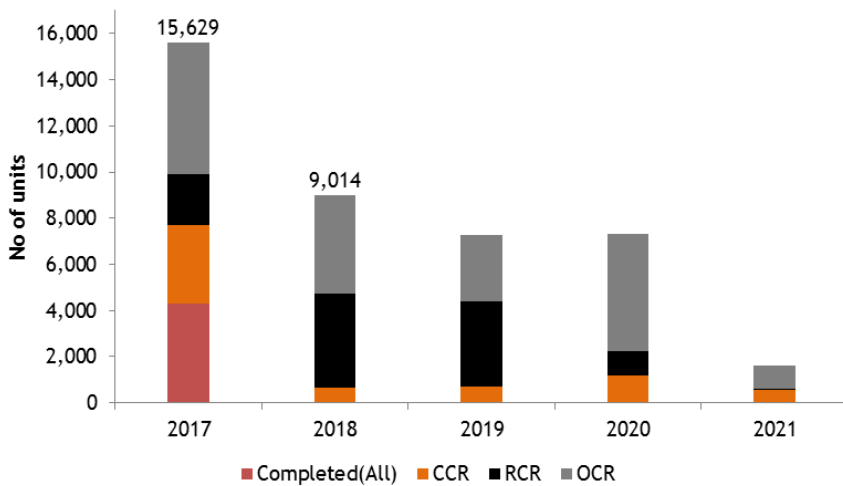
Source: URA, OrangeTee Research

Exhibit 9: Expected completions



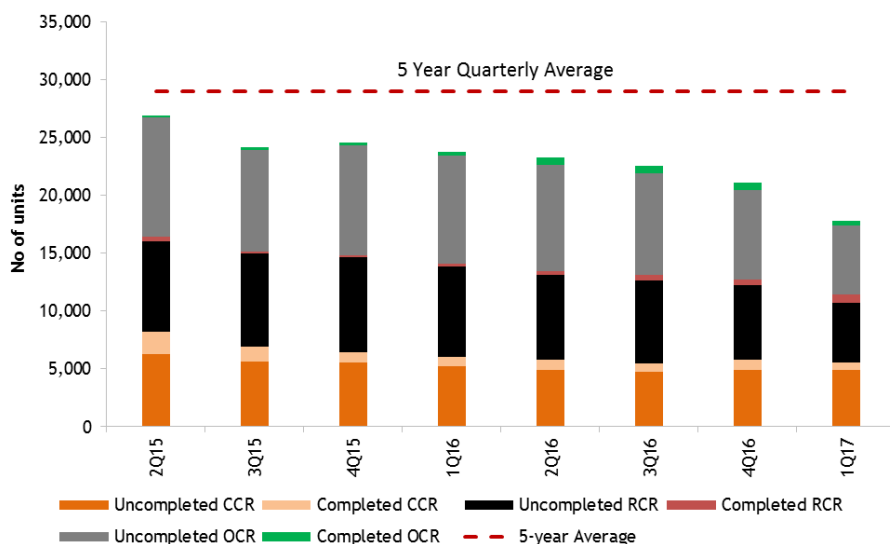
Source: URA, OrangeTee Research

Exhibit 10: Expected completions, by market segments



Source: URA, OrangeTee Research

Exhibit 11: Private residential unsold inventory



Source: URA, OrangeTee Research

Exhibit 12: Private non-landed residential supply in the pipeline breakdown by planning areas as at 1Q17

Planning Area	Existing Stock	Incoming Supply	Planning Area	Existing Stock	Incoming Supply	Planning Area	Existing Stock	Incoming Supply
<b>Central</b>			<b>East</b>			<b>North East</b>		
Bukit Merah	10,001	2,261	Bedok	29,300	1,676	Ang Mo Kio	4,433	862
Bishan	6,748	328	Pasir Ris	12,369	2,285	Hougang	11,609	1,851
Bukit Timah	19,066	466	Tampines	8,041	1,223	Punggol	2,640	992
Downtown Core	5,201	3,370	<b>West</b>			Sengkang	5,429	1,885
Geylang	13,986	2,426	Bukit Batok	11,275	593	Serangoon	8,162	1,341
Kallang	13,410	953	Bukit Panjang	6,085	546	<b>North</b>		
Marine Parade	10,316	699	Choa Chu Kang	3,657	-	Sembawang	1,383	130
Museum	935	135	Clementi	7,543	2,222	Woodlands	2,422	-
Newton	7,636	209	Jurong East	3,218	-	Yishun	4,007	1,827
Novena	14,445	611	Jurong West	4,808	710			
Outram	1,455	-	Note: Some planning areas have been omitted in this dataset					
Orchard	2,179	423						
Queenstown	7,676	1,800						
Rochor	3,423	712						
River Valley	9,851	1,345						
Singapore River	4,747	-						
Tanglin	13,221	320						
Toa Payoh	6,678	1,575						

Source: URA, OrangeTee Research