

Market bottom in sight

28th July 2017

Longest losing streak in prices continues

The longest losing streak of Singapore private property prices continues, with overall private property prices falling 0.1% q-o-q in 2Q17. This is the 15th consecutive quarter of price decline. As of 2Q17, prices have fallen 11.6% from 3Q13.

The prices of landed properties declined by 0.3% q-o-q, after falling 16% since 3Q13. Non-landed properties fared slightly better, with prices decreasing only 0.1% q-o-q in 2Q17. The fall in prices can be attributed to the Core Central Region (CCR) and the Outside Central Region (OCR) which fell 0.5% and 0.3% q-o-q respectively. Rest of Central Region (RCR) prices bucked the trend, rising 0.6% q-o-q in 2Q17. Since 3Q13, CCR, RCR and OCR non-landed prices have fallen 10.4%, 10.8% and 10.1% respectively.

Demand rushing back into the property market

A total of 6,905 transactions were done in 2Q17, which is a record high since 2Q13 when 6,945 units were transacted. Both primary and secondary markets saw a pickup in transactions in 2Q17, with 3,077 primary market transactions and 3,828 secondary transactions recorded. For both primary and secondary markets, this is a 4 year / 4.5 year high.

Total private residential unsold inventories remained at historically low levels, at only 16,929 unsold units. Unsold inventories are now 39.2% lower than the 5-year average.

Rents remain on a downtrend

Private residential rents have continued to head south, falling 0.2% q-o-q in 2Q17. Since 3Q13, rents have fallen 11.5%. Breaking down by segments, CCR rents bucked the trend rising 0.1% q-o-q in 2Q17, while RCR and OCR rents fell 0.4% and 0.6% q-o-q respectively. With 47% of expected completions from 3Q17 to 2018 to be in the OCR, OCR rents are expected to bear the brunt of downward pressure in 2017.

Green shoots of recovery seen

Despite the continued downtrend in prices, volumes have picked up considerably in 2017. There were a total of 12,107 transactions in 1H17, which is a 63.7% increase from 1H16 tally of 7,397 units. Price decline has slowed considerably, falling by just 0.4% YTD. Occupancy rates have also remained resilient, remaining at 91.9% in 2Q17, unchanged from 1Q17. With strong demand observed in both primary and secondary markets coupled with rising land costs and improving economic growth, it's just a matter of time before the market finally finds her bottom. However, the recovery is expected to be U-shaped, as cooling measures and loan curbs are expected to remain in place for the near term.

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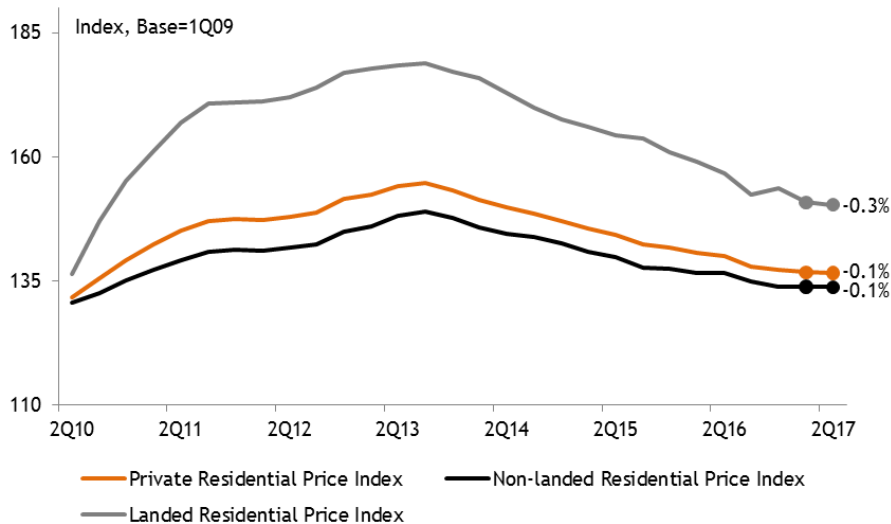
Exhibit 1: Key indicators

Indicators	1Q17	2Q17
Economy (year on year growth, %)		
GDP at 2010 prices	2.5	2.5
Property Market Indicators		
Overall property price index	136.7	136.6
Q-o-q change (%)	-0.4	-0.1
Overall rental index(non-landed)	104.4	104.2
Q-o-q change (%)	-0.7	-0.2
Overall occupancy (%)	91.9	91.9
Q-o-q change (%age points)	0.3	0.0

Note: 2Q17 GDP figures are advance estimates.

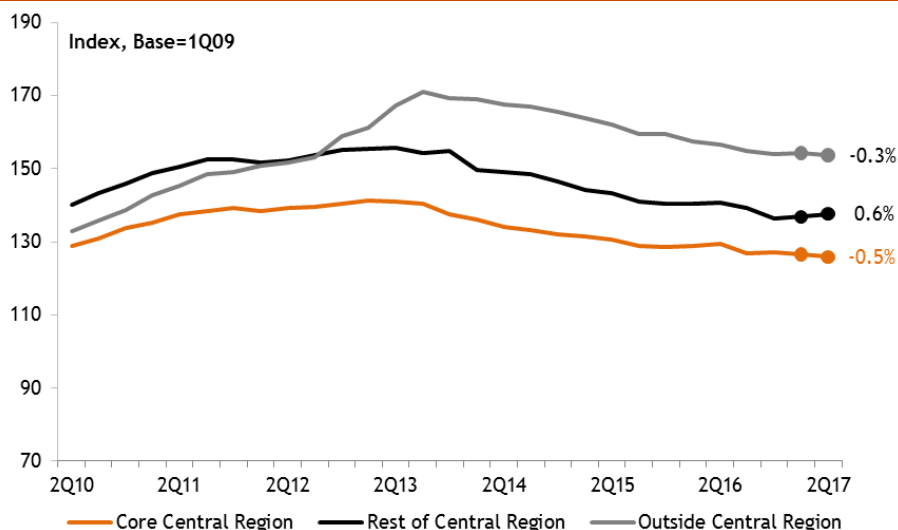
Source: URA, MTI, OrangeTee Research

Exhibit 2: Private Residential Property Price Index (RPPI)



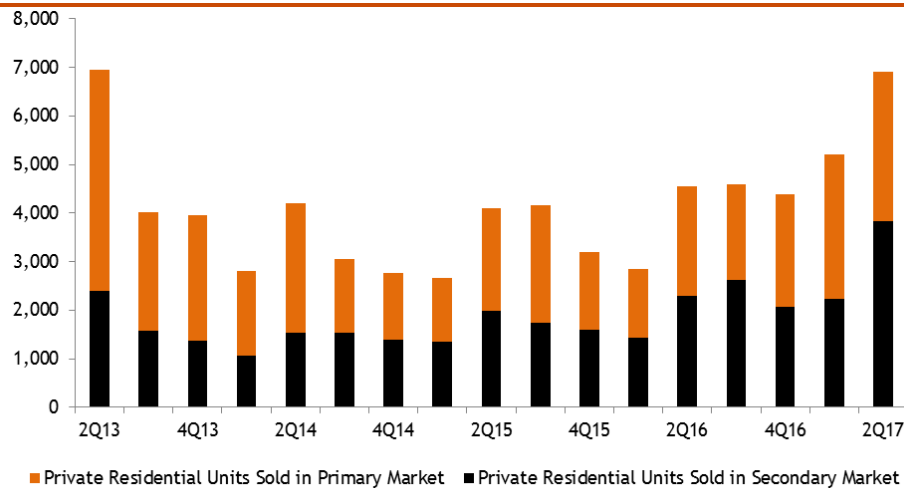
Source: URA, OrangeTee Research

Exhibit 3: Non-landed RPPI, breakdown by region



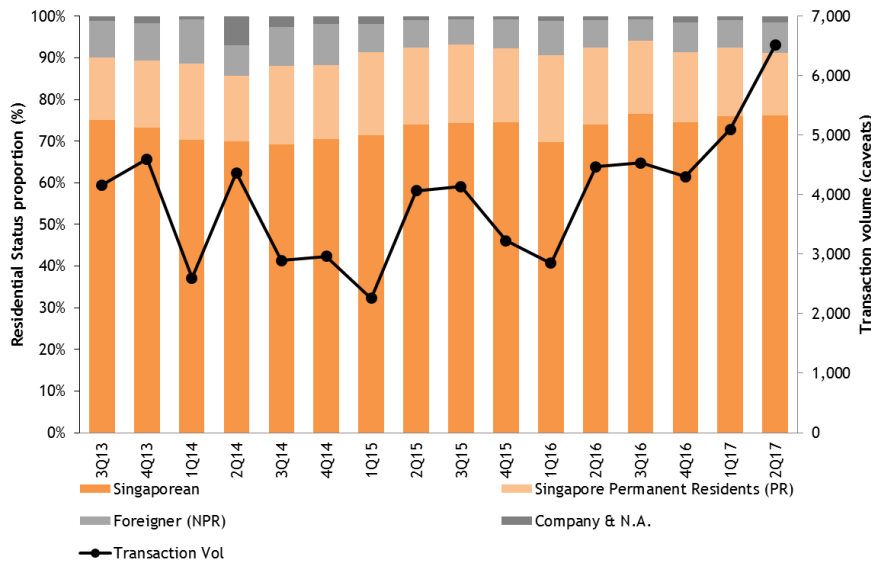
Source: URA, OrangeTee Research

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



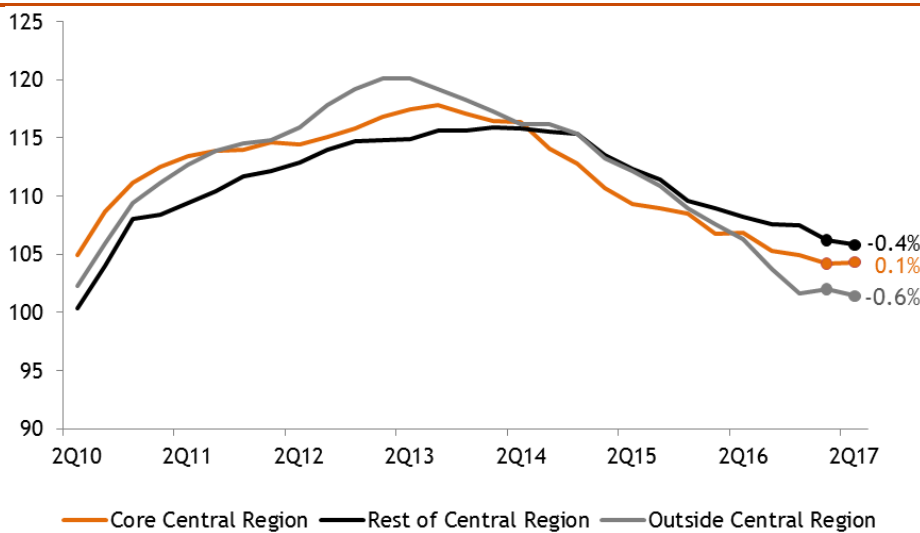
Source: URA, OrangeTee Research

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



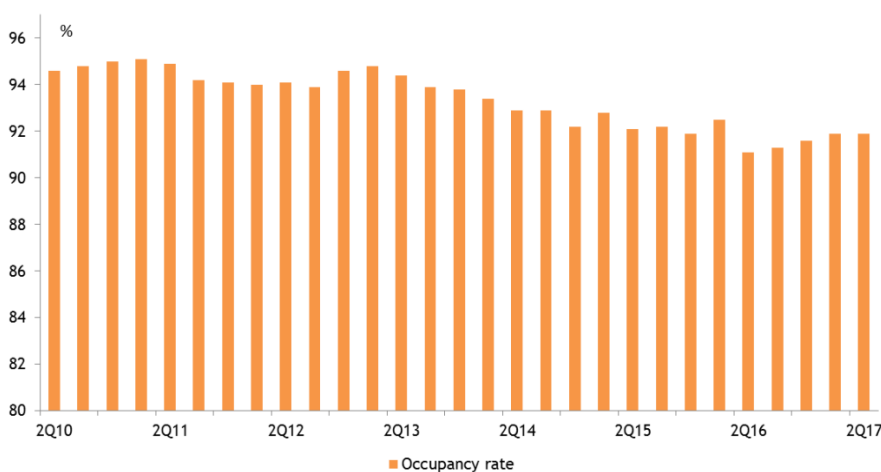
Source: URA, OrangeTee Research

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



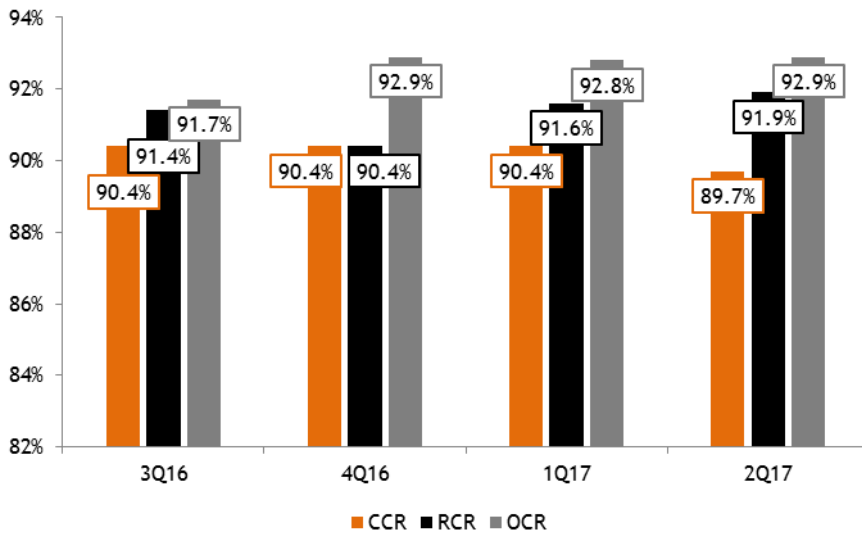
Source: URA, OrangeTee Research

Exhibit 7: Occupancy rate, island wide (%)



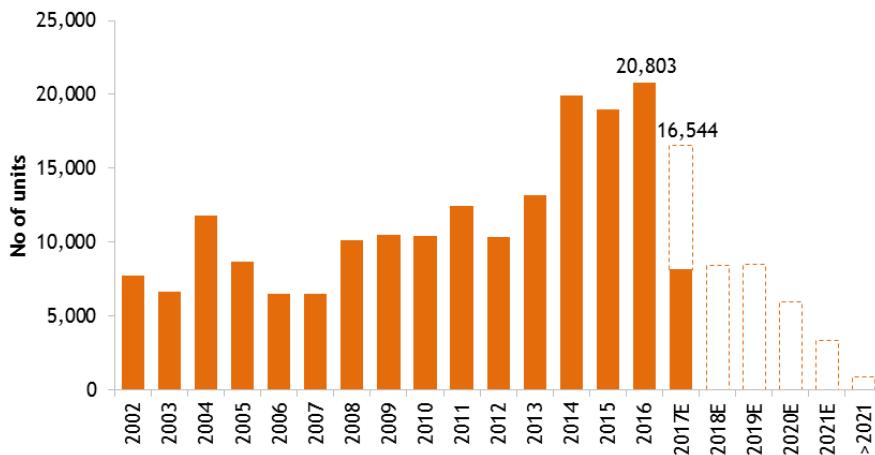
Source: URA, OrangeTee Research

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



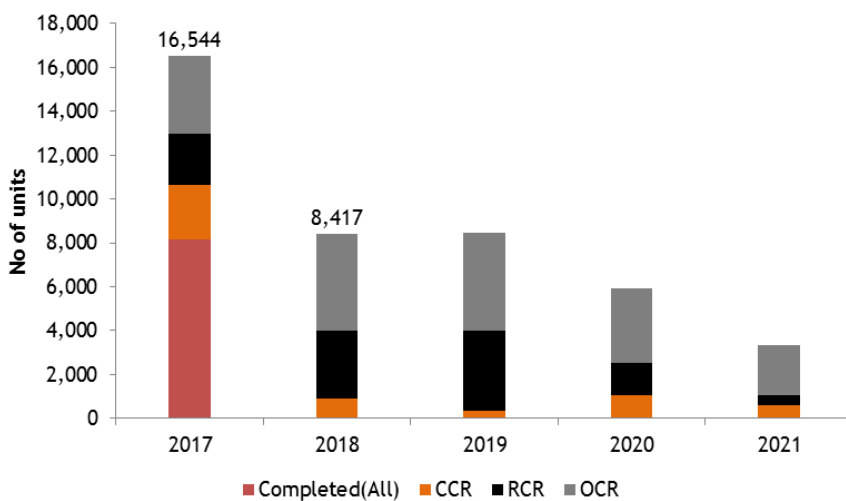
Source: URA, OrangeTee Research

Exhibit 9: Expected completions



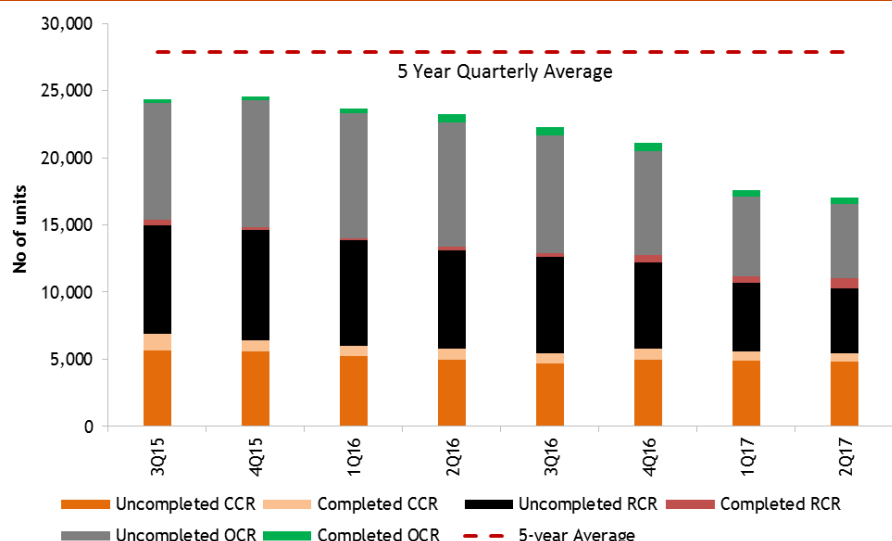
Source: URA, OrangeTee Research

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 2Q17

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	2,078	Bedok	29,330	1,698	Ang Mo Kio	4,433	862
Bishan	6,748	328	Pasir Ris	12,369	2,285	Hougang	11,637	1,807
Bukit Timah	19,066	466	Tampines	8,638	626	Punggol	2,640	992
Downtown Core	5,861	2,710	West			Sengkang	5,916	2,125
Geylang	14,213	2,287	Bukit Batok	11,275	586	Serangoon	8,162	1,341
Kallang	13,417	1,271	Bukit Panjang	6,085	546	North		
Marine Parade	10,449	706	Choa Chu Kang	3,657	-	Sembawang	1,383	130
Museum	935	135	Clementi	8,497	1,777	Woodlands	2,422	-
Newton	7,701	136	Jurong East	3,218	-	Yishun	4,007	1,827
Novena	14,431	611	Jurong West	4,808	710	Note: Some planning areas have been omitted in this dataset		
Outram	1,455	17						
Orchard	2,186	423						
Queenstown	7,676	2,116						
Rochor	3,504	631						
River Valley	9,853	1,465						
Singapore River	4,747	-						
Tanglin	13,249	292						
Toa Payoh	6,944	1,309						

Source: URA, OrangeTee Research