

Private Residential Market

REAL ESTATE DATA TREND Q2 2019



Reflections at Keppel Bay

OrangeTee & Tie Research & Consultancy Photo

- URA price index rose 1.5 per cent quarter-on-quarter (q-o-q), posting its first increase since the cooling measures were implemented in July 2018.
- The demand for new homes surged 27.9 per cent last quarter. New home sales rose in H1 2019 when compared to the same period last year.
- The secondary market saw a revival of buying interest as the number of resale homes sold rose 27.6 per cent q-o-q.
- Private home purchase by foreign buyers rose substantially last quarter.
- Rentals of private homes including ECs rose 1.3 per cent q-o-q.

Foreign buyers returning to the luxury home segment

Singapore's property market has performed well in the first half of this year despite the cooling measures and slowing GDP growth. Foreign investors have been streaming back to the market, while well-heeled investors have snapped up luxury homes in the second quarter of this year.

A 'flight-to-safety behaviour' has taken dominance among some investors as they choose to adopt a more defensive investing stance in light of the growing economic uncertainties and geopolitical conflicts. Singapore has been cast in the spotlight given its strong reputation as a safe haven for property investments. Historically, prices of properties here have risen over the past decades and weathered through some of the toughest economic challenges and regulatory curbs.

Table 1 Price of non-landed homes

Market segment	Type of Sales	Q1 2019	Q2 2019	q-o-q % change
Overall	All	\$1,519	\$1,630	7.3%
CCR	New Sale	\$2,728	\$3,014	10.5%
	Resale	\$2,019	\$2,045	1.3%
	Sub Sale	\$2,365	\$2,152	-9.0%
	Overall	\$2,253	\$2,310	2.5%
RCR	New Sale	\$1,725	\$1,989	15.3%
	Resale	\$1,374	\$1,396	1.6%
	Sub Sale	\$1,829	\$1,875	2.5%
	Overall	\$1,575	\$1,796	14.0%
OCR	New Sale	\$1,399	\$1,433	2.4%
	Resale	\$1,056	\$1,055	-0.1%
	Sub Sale	\$1,303	\$1,438	10.3%
	Overall	\$1,243	\$1,257	1.1%

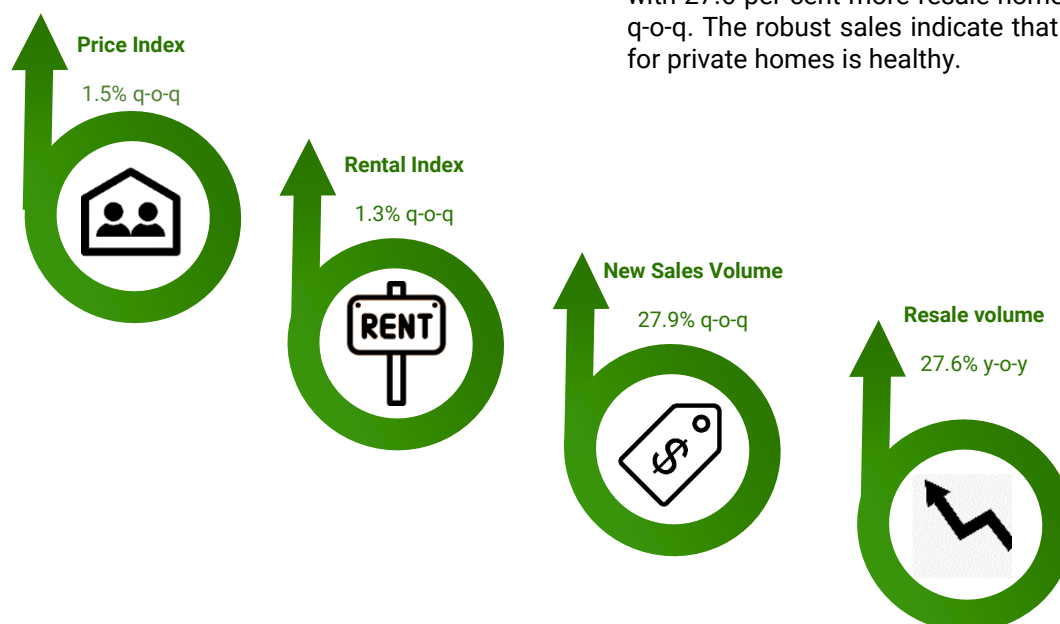


Table 2 Best-selling non-landed projects in Q2 2019

Project Name	Mkt Seg ment	Units sold	Ave unit price (\$psf)
New Sales			
Treasure at Tampines	OCR	168	\$1,325
Amber Park	RCR	156	\$2,481
The Florence Residences	OCR	145	\$1,444
The Tre Ver	RCR	142	\$1,625
Parc Esta	RCR	136	\$1,684
Sky Everton	RCR	133	\$2,525
Stirling Residences	RCR	119	\$1,819
Riverfront Residences	OCR	110	\$1,314
Parc Komo	OCR	105	\$1,507
Parc Botannia	OCR	92	\$1,301
The Woodleigh Residences	RCR	88	\$1,841
Resales			
South Beach Residences	CCR	20	\$3,364
8 Saint Thomas	CCR	17	\$3,115
The Crest	RCR	12	\$2,005
Eight Riversuites	RCR	12	\$1,419
Coco Palms	OCR	11	\$1,228
City Square Residences	RCR	11	\$1,579

Source: URA, OrangeTee & Tie Research & Consultancy

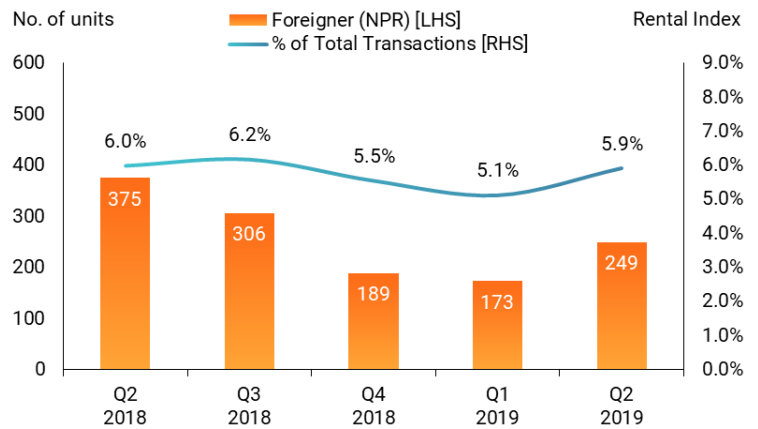
The second quarter has seen a steady recovery of home prices and demand one year after the cooling measures. The URA price index rose 1.5 per cent q-o-q, posting its first increase since July 2018. New home sales rose 27.9 per cent q-o-q to 2,350 units in Q2. A total of 4,188 new homes were sold in H1 2019, 6.1 per cent more than the 3,947 units sold y-o-y. The secondary market saw a revival of buying interest with 27.6 per cent more resale homes being sold q-o-q. The robust sales indicate that the demand for private homes is healthy.

TRENDING: RETURNING INTEREST FROM FOREIGN BUYERS

While Singaporeans formed the lion's share of property purchasers, the number of non-landed homes bought by foreigners (non-PR) have also increased last quarter. Based on URA Realis data, 78.1 per cent of non-landed homes (all sales types) were bought by Singaporeans. 5.9 per cent of all non-landed homes or 249 units were bought by foreigners (Chart 1). This is the first quarterly increase seen since the cooling measures in July 2018. Mainland Chinese are the top foreign buyers last quarter, followed by buyers from Malaysia, India, Indonesia and USA (Chart 2).

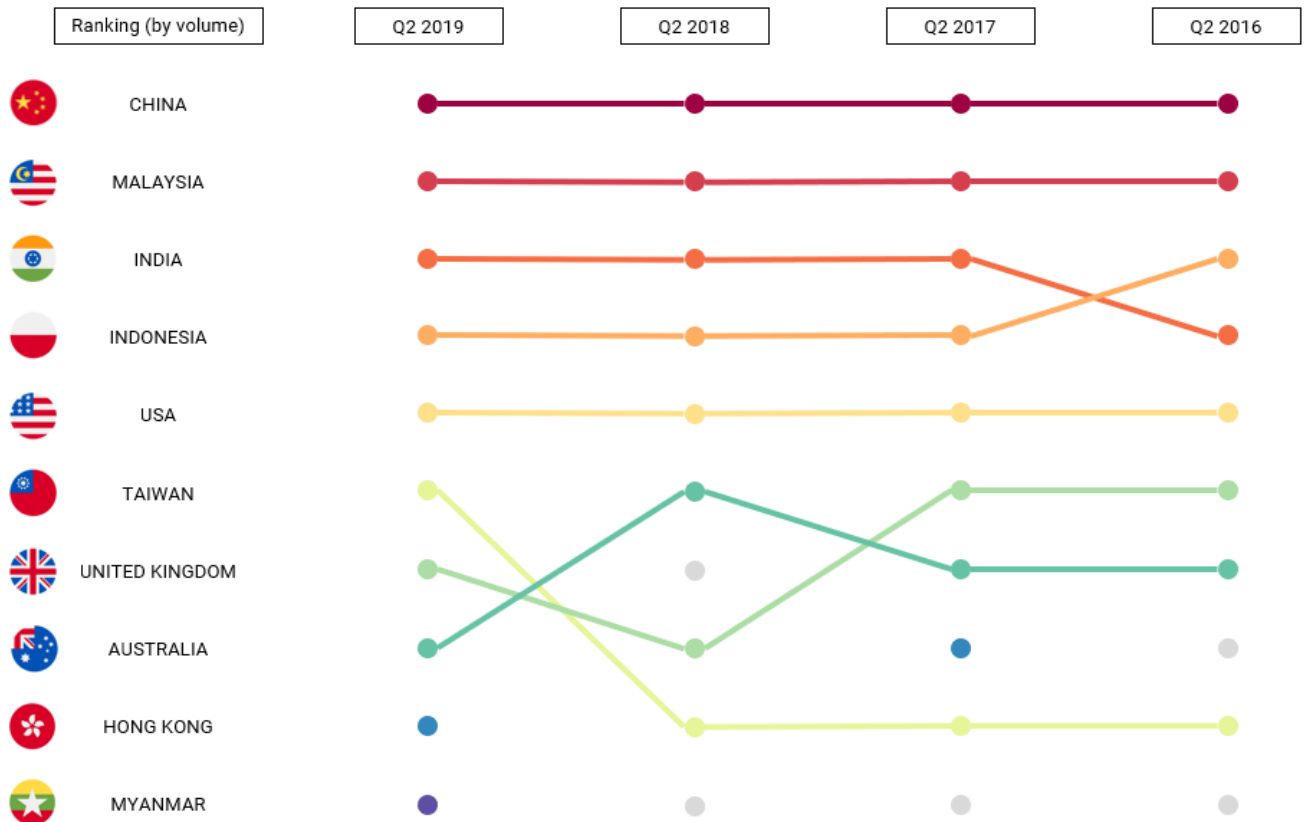
Chart 1 Increase in non-landed homes bought by foreigners

Foreigners Transaction Volume in Singapore



Source: URA, OrangeTee & Tie Research & Consultancy

Chart 2 China retains position as top foreign buyer
Ranking by sales volume of non-landed homes



Source: URA, OrangeTee & Tie Research & Consultancy

INCREASE IN WEALTHY MAINLAND CHINESE BUYERS

The proportion of non-landed homes bought by Mainland Chinese have increased from 19.3 per cent in H1 2018 to 25.9 per cent in H1 2019 (Table 3). The proportion of non-landed home purchases in RCR and OCR have decreased over the same period. This may indicate that the proportion of Mainland Chinese who can afford pricier homes in the luxury segment has increased.

Last quarter, 22.6 per cent of new non-landed homes and 43.6 per cent of resale homes in CCR bought by Mainland Chinese were more than S\$5 million (Chart 3).

The most popular districts where Mainland Chinese bought homes (all sales types) were District 19, District 3, and District 9 (Chart 4).

Table 3 Increased proportion of non-landed homes in CCR bought by Mainland Chinese in H1 2019

	CCR	RCR	OCR	Total
H1 2017	19.6%	34.6%	45.8%	100.0%
H1 2018	19.3%	32.7%	48.0%	100.0%
H1 2019	25.9%	28.6%	45.5%	100.0%

Source: URA, OrangeTee & Tie Research & Consultancy

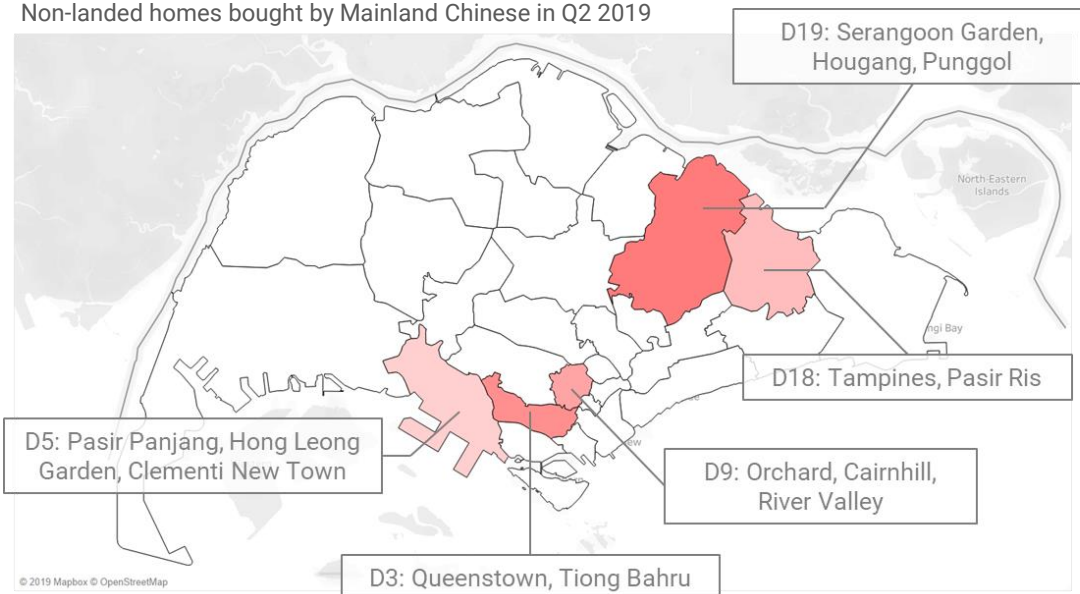
Chart 3 More Mainland Chinese buyers bought homes above S\$5 million
Non-landed homes in CCR bought by Mainland Chinese in Q2 2019



Source: URA, OrangeTee & Tie Research & Consultancy

Chart 4 Most popular districts among Mainland Chinese buyers

Non-landed homes bought by Mainland Chinese in Q2 2019



District	% of all China Buyers
D19	11.1%
D03	8.2%
D09	7.9%
D18	7.3%
D05	6.6%

LUXURY SEGMENT

According to URA realis data, the average price of new sales in CCR surged 10.5 per cent from S\$2,728 psf in Q1 2019 to S\$3,014 psf in Q2 2019 (Chart 5). Price of resale condos rose at a slower pace of 1.3 per cent over the same period.

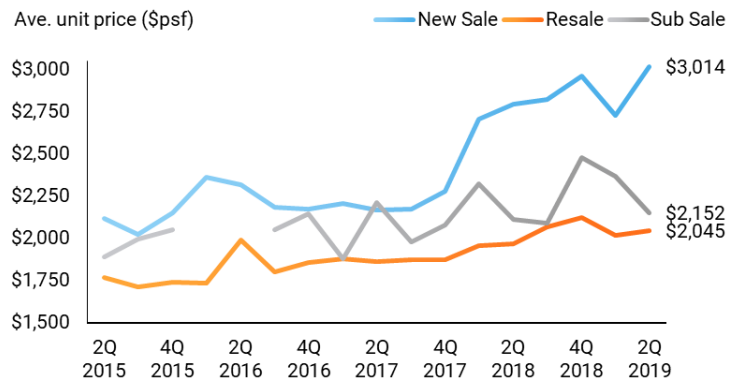
The significant price increase of new home sales could be attributed to more super luxury homes being sold in the reviewed quarter. In Q2 this year, 37 units at Boulevard 88 were sold at an average price of S\$3,736 psf while 27 units at 3 Cuscaden were transacted at S\$3,584 psf.

Last quarter has also seen the sixth most expensive new condo by per sq foot sold since 1995 (Chart 7). A 28th floor unit (562 sqm) at Boulevard 88 was transacted in June for a record smashing S\$5,125 psf. By quantum, this unit was transacted at S\$31 million, which is the 5th most expensive new sale condo ever transacted. The 7th most pricy new sale was another 28th floor (560 sqm) unit at Boulevard 88 transacted in April for S\$29.5 million or S\$4,899 per sq foot.

As demand for luxury homes had risen substantially in recent months, overall sales volume in CCR rose for a second consecutive quarter, from 563 units in Q1 to 615 units in Q2 this year (Chart 6).

Chart 5 Surge in new home prices

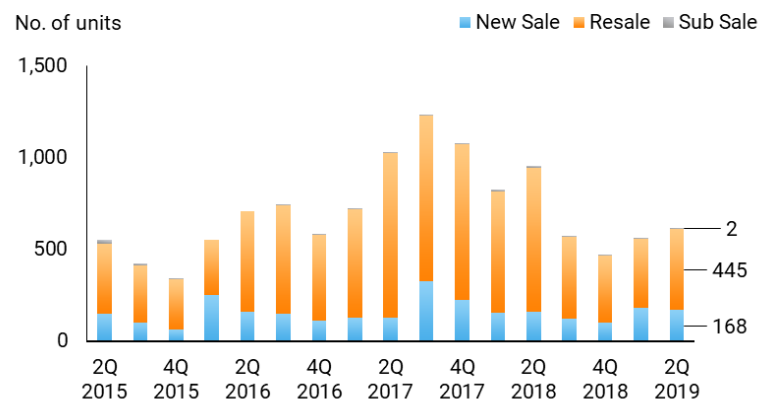
Average price of private non-landed homes in CCR



Source: URA, OrangeTee & Tie Research & Consultancy

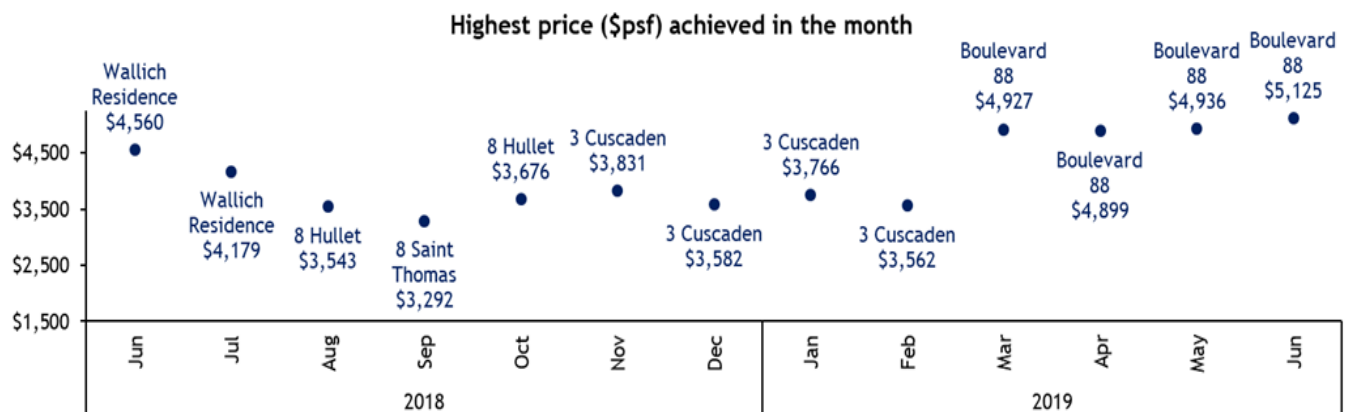
Chart 6 Significant increase in new luxury home sales

Sales volume of private non-landed homes in CCR



Source: URA, OrangeTee & Tie Research & Consultancy

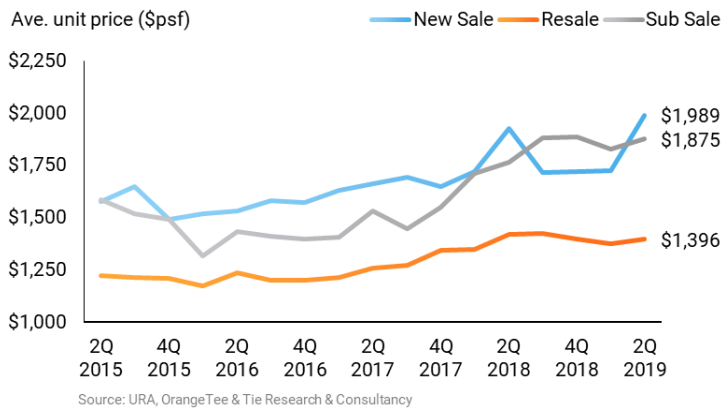
Chart 7 Sixth most expensive new sale luxury home was sold in reviewed quarter for S\$5,125 psf



Source: URA, OrangeTee & Tie Research & Consultancy



Chart 8 New sales prices holding steady
Average price of private non-landed homes in RCR



MID-TIER SEGMENT

According to URA realis data, the average selling price of new homes surged 15.3 per cent from S\$1,725 in Q1 2019 to S\$1,989 psf in Q2 (Chart 8). This is the sharpest price increase seen over the past four years.

Many new projects have breached the S\$2,000 psf benchmark for new homes in RCR including Amber Park that was sold for an average price of S\$2,481 psf and Sky Everton at an average price of S\$2,525 psf (Chart 9). Despite the higher per sq foot pricing, sales have been healthy at both projects as 156 units were sold at Amber Park while 133 units were moved at Sky Everton in Q2 2019.

As a result of the stellar sales, sales volume surged 84.8 per cent from 623 new homes in Q1 to 1,151 new homes in Q2 this year. Including resales and sub sales, non-landed home sales rose 55.4 per cent from 1,105 units to 1,717 units q-o-q (Chart 10).

Chart 9 Prices breaching S\$2,000 psf for many new condos

Best selling new projects in RCR in 2Q19

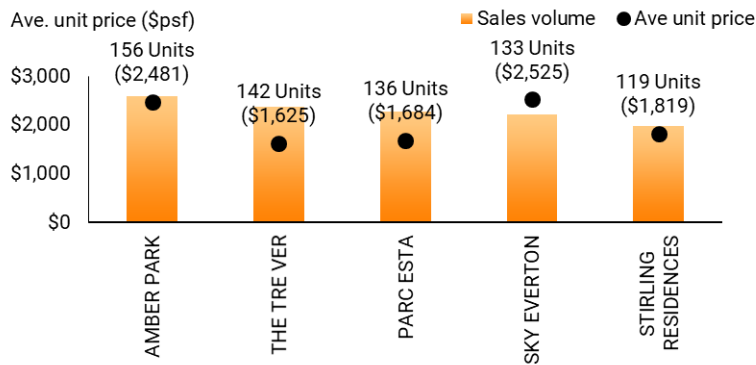
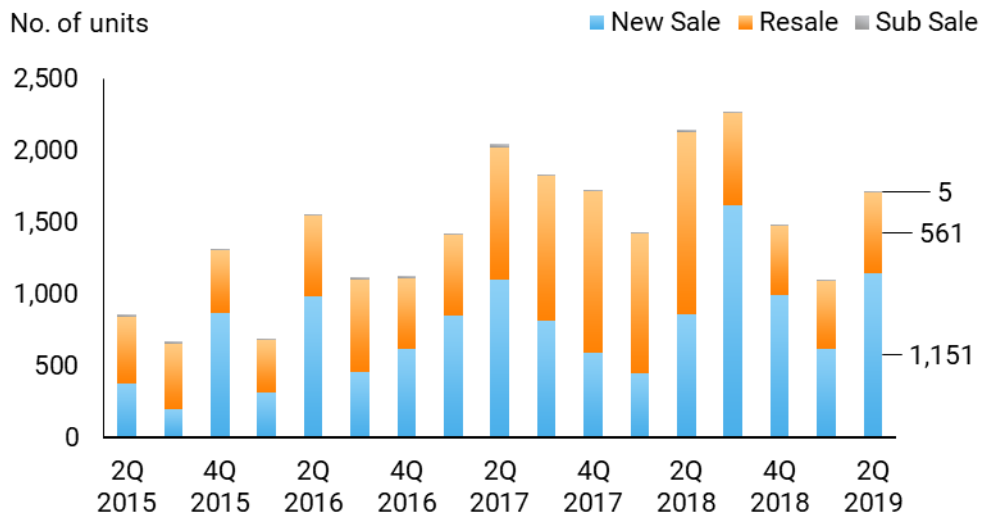


Chart 10 Surge in sales volume
Sales volume of private non-landed homes in RCR



MASS MARKET

Demand for mass market condos rose a third consecutive quarter. According to URA realis data, sales volume increased by 9.2 per cent q-o-q from 1,720 units in Q1 to 1,879 units in Q2 (Chart 11). Sales volume rose for both the resales (773 units in Q1 to 873 units in Q2) and new sales markets (919 units in Q1 to 978 units in Q2).

The average selling price of new homes in OCR increased q-o-q to S\$1,433 psf from S\$1,399 in the previous quarter, while average selling price of resale homes held steady at S\$1,055 psf in Q2 (Chart 12).

The best-selling new projects in the reviewed quarter include Treasure at Tampines (168 units) that was sold at an average price of S\$1,325 psf, The Florence Residences (145 units) at S\$1,444, Riverfront Residences (110 units) at S\$1,314 psf, Parc Komo (105 units) at S\$1,507 psf and Parc Botannia (92 units) at S\$1,301 psf.

The affordability threshold of buyers continued to rise such that the majority of homes were bought at S\$1 million and above (Chart 13). In Q2 2019, 60.0 per cent of condos were sold at S\$1 million and above, while 3.7 per cent were above S\$2 million.

Chart 11 Mass market home sales rose in Q2

Sales volume of private non-landed homes in OCR

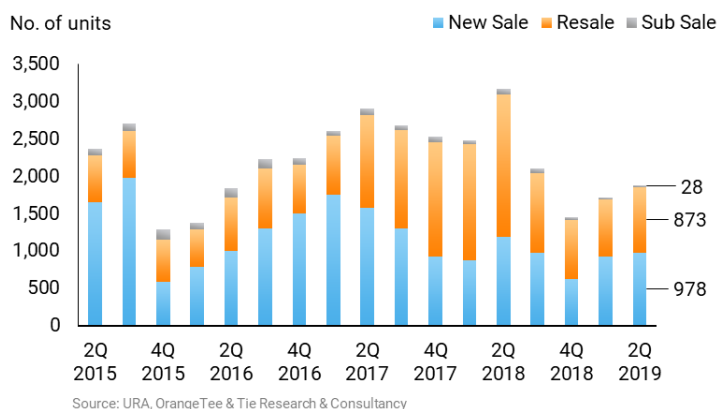


Chart 12 Prices of new sales and resales are at fresh highs

Average price of private non-landed homes in OCR

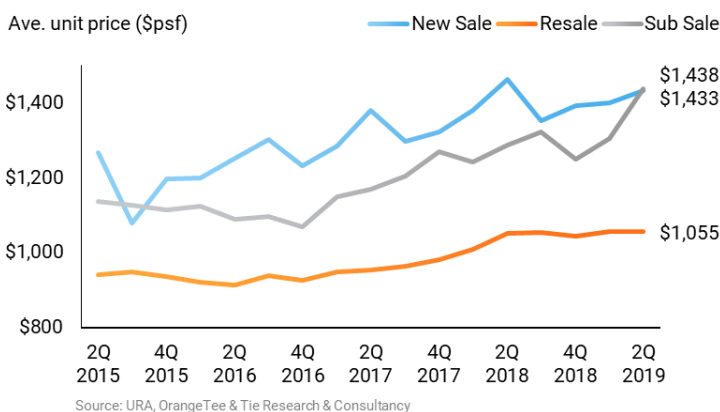
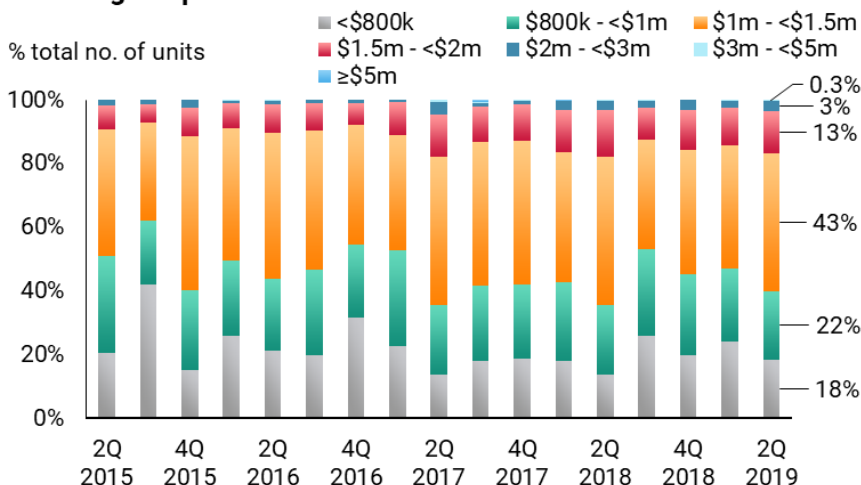


Chart 13 Slightly higher proportion of homes below S\$1 million sold

Price range of private non-landed homes sold in OCR



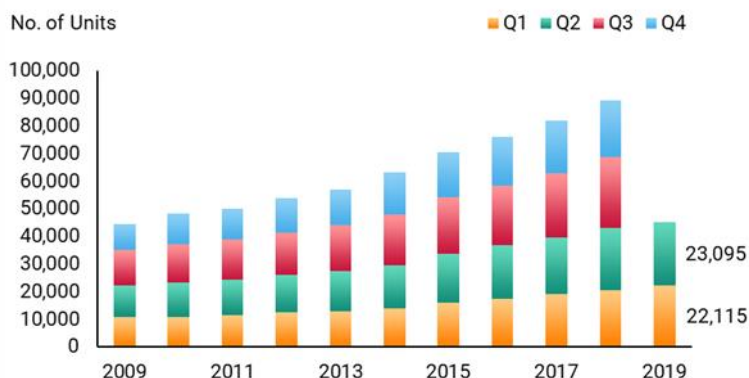
“ The US-China trade war and geopolitical uncertainties accentuate Singapore’s strong positioning as one the safest and most stable countries for property investment. Many investors have continued to display high confidence in our property market.

Christine Sun



Chart 14 Leasing volume continued to rise

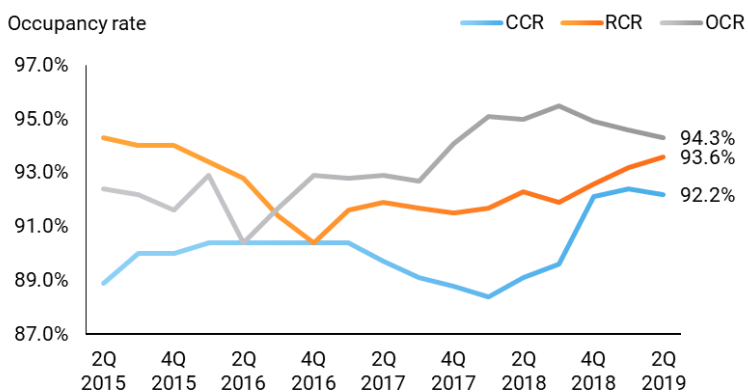
Rental transaction volume



Source: URA, OrangeTee & Tie Research & Consultancy
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Chart 15 Trending up for CCR & OCR

Occupancy rates of completed private residential homes



Source: URA, OrangeTee & Tie Research & Consultancy

RENTAL

According to URA data, rents of private homes rose 1.3 per cent in the second quarter of this year compared to a 1.0 per cent increase in the preceding quarter.

Rents for non-landed homes increased across all market segments, led by CCR (1.5 per cent), followed by RCR (1.4 per cent) and OCR (1.2 per cent).

According to URA realis data, the number of leasing transactions rose 4.4 per cent q-o-q and 2.2 per cent y-o-y (Chart 14).

Overall occupancy rates fell marginally by 0.1 percentage point to 93.6 per cent last quarter (Chart 15).

Occupancy rates fell in CCR (-0.2 percentage points) and OCR (-0.3 percentage points), but rose slightly in RCR (0.4 percentage points). The rental market is still healthy, considering that occupancy rates across all market segments are still above 90 per cent.

Table 4 Highest rental transactions in Q2 2019

Project Names	Total transactions	25 th percentile \$psf pm	Median \$psf pm	75 th percentile \$psf pm
D'LEEDON	189	\$3.51	\$3.73	\$4.27
THE SAIL @ MARINA BAY	183	\$4.48	\$5.08	\$5.67
NORTH PARK RESIDENCES	157	\$3.29	\$3.57	\$3.95
ECO	152	\$2.97	\$3.16	\$3.38
J GATEWAY	145	\$4.04	\$4.45	\$4.86
PRINCIPAL GARDEN	141	\$4.34	\$4.65	\$5.05
CITY SQUARE RESIDENCES	110	\$3.32	\$3.61	\$3.98
REFLECTIONS AT KEPPEL BAY	107	\$3.93	\$4.19	\$4.61
EIGHT RIVERSUITES	98	\$3.42	\$3.72	\$4.53
EUHABITAT	98	\$3.19	\$3.51	\$3.62
WATERTOWN	97	\$3.22	\$3.41	\$3.57
BAYSHORE PARK	96	\$2.60	\$2.76	\$2.89

Source: URA, OrangeTee & Tie Research & Consultancy

OUTLOOK FOR H2 2019

Both the URA price index and new home sales volume for the first half of this year is still within our earlier forecast (Table 5). For H1 2019, overall home prices increased 0.8 per cent while new home sales volume (excluding ECs) has reached 4,188 units which is well within our earlier projection for the year.

If the global economy does not deteriorate further and the job market remains robust, we foresee that demand for new homes may reach between 9,000 and 10,000 units for the whole of 2019, while prices may continue to trend up between 1 and 3 per cent for the full year.

While there are many projects slated to be launched in the coming months, there could

Table 5 Updated Market forecast for 2019

Indicators	H1 2019	Full year 2019 forecast	Half-year assessment
URA price index	0.8%	1% to 3%	Within projection
Price of non-landed new sales (URA Realis)	10.2%	1% to 4%	Above projection
Price of non-landed resales (URA Realis)	1.5%	1% to 2%	Within projection
New sale volume (exclude ECs)	4,188	9,000 to 10,000	Within projection
URA rental index	2.3%	-1% to 1%	Slightly above projection

Source: URA, OrangeTee & Tie Research & Consultancy

be a supply crunch from 2021 as collective sales were brought to a halt after the latest cooling measures and the government has scaled down the number of land parcels slated to be released under the H2 government land sales programme. Therefore, this maybe a good opportunity to snag a good buy before the potential demand outstrips supply in two years' time.



Duo Residences

OrangeTee & Tie Research & Consultancy Photo

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