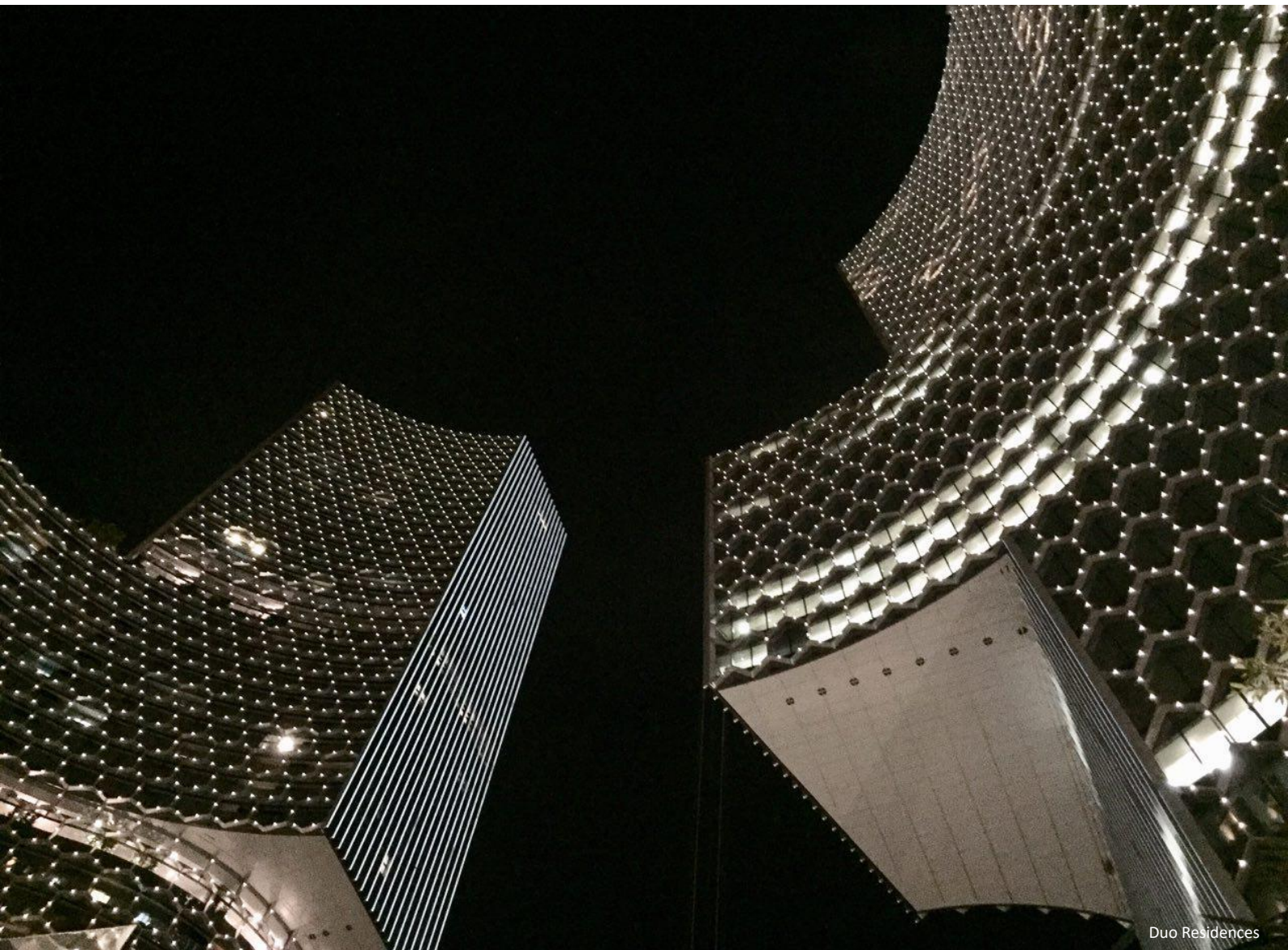


# Private Residential Market

REAL ESTATE DATA TREND Q3 2018



Duo Residences

# Notwithstanding the recent property cooling measures, the private residential market remained resilient in Q3

Sentiment in the private residential market remained resilient despite a new slew of property measures that were put in place to cool the market and keep price increases in line with economic fundamentals. On 06 July 2018, the government raised the Additional Buyer's Stamp Duty (ABSD) rates and tightened the Loan-To-Value (LTV) limits for residential property purchases.

Nevertheless, a few new project launches continued to see healthy buying interest after the cooling measures and demand for private homes remained buoyant in a few market segments in the reviewed quarter. According to the Urban Redevelopment Authority's (URA) data, the number of private homes (excluding executive condominiums) sold by developers rose 27.3 per cent quarter-on-quarter (q-o-q) to 3,012 units in Q3 2018. New home sales (completed + uncompleted) in the Rest of Central Region (RCR) surged 90.8 per cent q-o-q and a 106.4 per cent year-on-year (y-o-y) to 1,765 units.

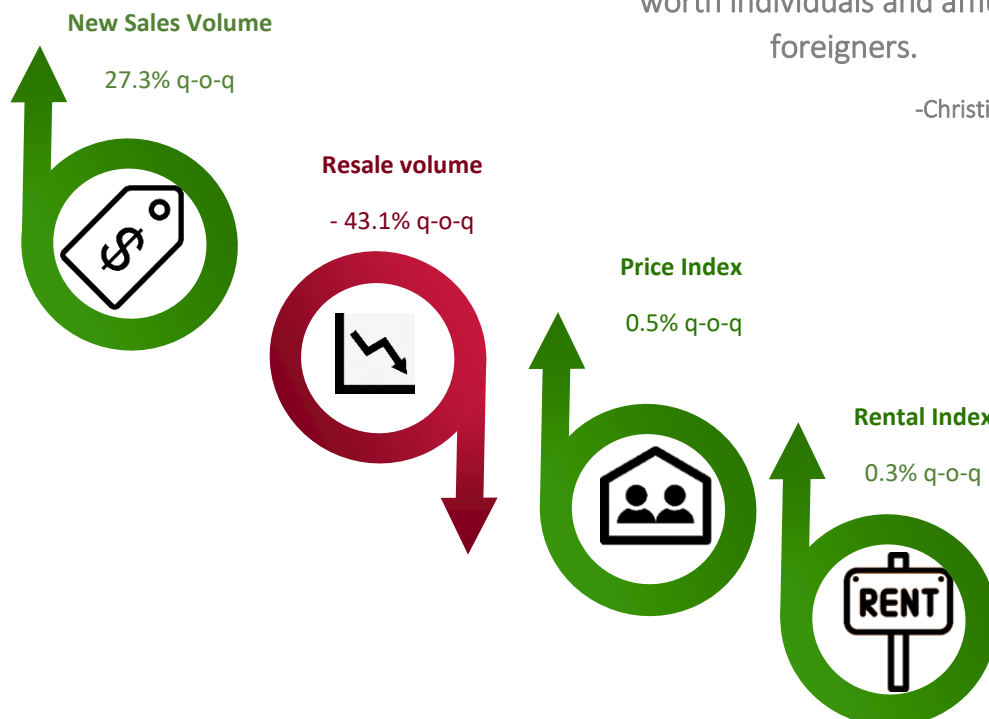
The spike in new sales could be attributed to many projects being launched in the RCR and over 1,000 new homes being sold on the night prior to the implementation of the measures, as investors rushed to seal a deal before the new ABSD rates kicked in. The resale market bore the greatest brunt of the measures with 43.1 per cent q-o-q fall in sales to 2,672 units in Q3.

Prices of residential homes (landed + non-landed) homes continued to rise albeit a slower pace of 0.5 per cent in Q3. As of the first three quarters of this year, price of residential homes rose 7.9 per cent.

Interest for luxury homes remained firm as the number of homes sold  $\geq$  \$3 million was higher than the four-year average (See page 4). Six super luxury homes with price tags of  $\geq$  S\$10 million were transacted after the latest cooling measures. We have observed some foreigners proceeding with their purchases despite the heftier ABSD imposed on foreign purchases. Some may have considered properties here to be still cheaper than countries like Hong Kong.

“  
The steady demand for luxury homes above S\$3 million suggests that Singapore remains a top investment destination among high net worth individuals and affluent foreigners.

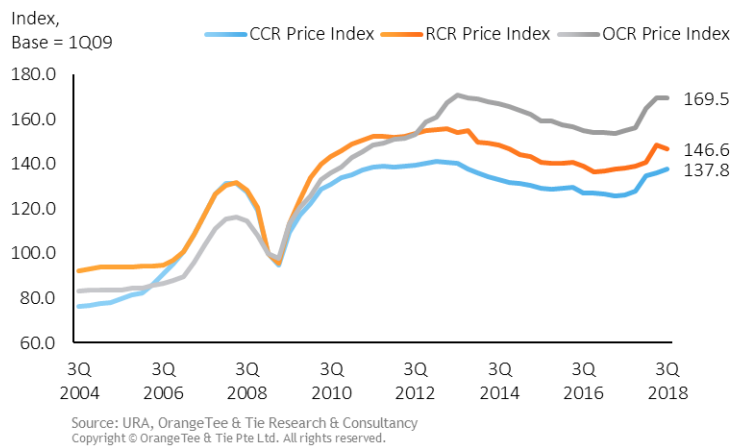
-Christine Sun”





**Chart1 Slower pace of price increase in Q3 2018**

URA non-landed property price index



## MARKET OVERVIEW

The recent cooling measures may have started to moderate the pace of price growth of private residential properties. According to URA’s property price index (Chart1), price of non-landed homes remained unchanged from the previous quarter in Q3 2018, after increasing 4.4 per cent in Q1 and 3.2 per cent in Q2.

Home prices across different market segments reached new highs in the first three quarters of this year. According to URA Realis data as of 14 November 2018, the average price of non-landed homes in the CCR was S\$2,133 psf, S\$1,592 psf in RCR, and OCR is S\$1,189 psf in Q1-Q3 2018 (Table 1), all of which are new peaks since 1995 (Chart2).

On a quarterly basis (Table 1), the average price of non-landed new homes in CCR rose 30 per cent y-o-y to S\$2,819 psf in Q3 2018, while resales rose 10 per cent y-o-y to S\$2,063 psf. New sales in RCR rose by a modest 1 per cent y-o-y to S\$1,718 psf, while new sales in OCR rose 4 per cent to S\$1,354 psf over the same period.

**Table 1 Fresh highs in Q3 2018**

Private non-landed homes

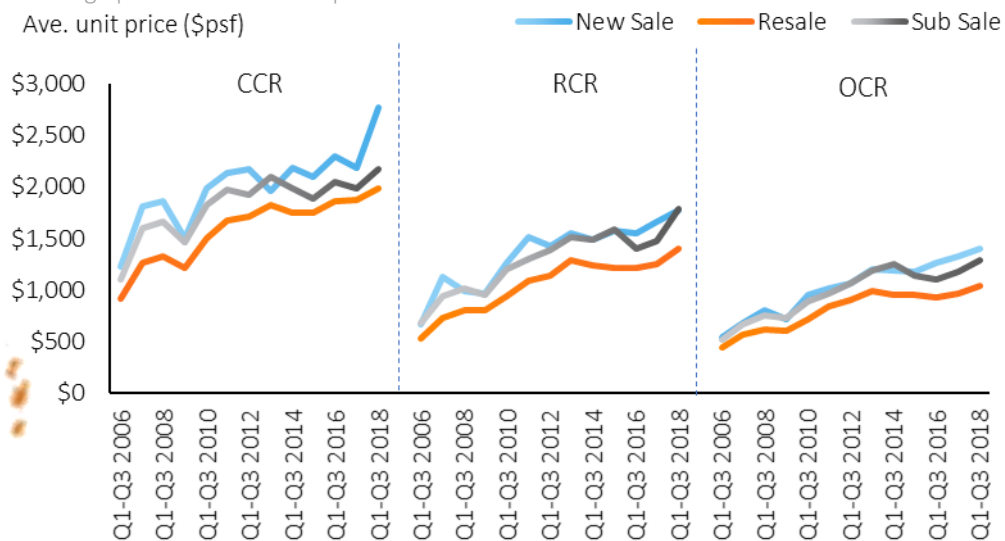
Market segment	Type of sales	2017Q3	2018Q3	y-o-y % change	2018 Q1-Q3
CCR	New Sale	\$2,174	\$2,819	30%	\$2,770
	Resale	\$1,872	\$2,063	10%	\$1,984
	Sub Sale	\$1,977	\$2,087	6%	\$2,167
	<b>Overall</b>	<b>\$1,952</b>	<b>\$2,231</b>	<b>14%</b>	<b>\$2,133</b>
RCR	New Sale	\$1,693	\$1,718	1%	\$1,777
	Resale	\$1,272	\$1,422	12%	\$1,397
	Sub Sale	\$1,415	\$1,880	33%	\$1,783
	<b>Overall</b>	<b>\$1,461</b>	<b>\$1,637</b>	<b>12%</b>	<b>\$1,592</b>
OCR	New Sale	\$1,296	\$1,354	4%	\$1,403
	Resale	\$964	\$1,053	9%	\$1,037
	Sub Sale	\$1,203	\$1,321	10%	\$1,286
	<b>Overall</b>	<b>\$1,131</b>	<b>\$1,206</b>	<b>7%</b>	<b>\$1,189</b>

Source: URA, OrangeTee & Tie Research & Consultancy  
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**Chart 2 Prices are still at historical high for Q1-Q3**

Average price of non-landed private homes

Ave. unit price (\$psf)



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## LUXURY SEGMENT

While sales of all non-landed luxury condos in the CCR slipped 40.5 per cent q-o-q to 569 units in Q3 2018 (Chart 3), demand for non-landed homes  $\geq$  S\$3 million remained healthy at 187 units. This is higher than the five-year average of 173 sales transactions inked from Q3 2013 to Q2 2018. (Note that bulk purchases of more than five units per transaction have been omitted).

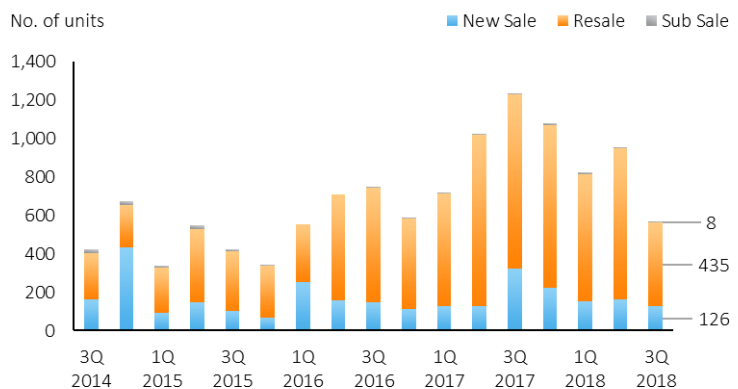
The average price of new luxury non-landed homes reached a new high of S\$2,819 psf in Q3 2018 (Chart 4), while resales reached a new high of S\$2,063 psf. The priciest luxury homes transacted was a 17<sup>th</sup> floor 438 sqm resale unit at the Urban Resort Condominium for S\$13.9 million (S\$2,948 psf). This is followed by a 273 sqm unit at Bishopsgate Residences for S\$11.5 million (S\$3,913 psf). A 16<sup>th</sup> floor 290 sqm unit at Twentyone Angullia Park (S\$3,524 psf) and a 13<sup>th</sup> floor 285 sqm unit at 336 River Valley (S\$3,586 psf) were sold at S\$11 million each.

In the Q3 2018, 62 super luxury condominiums were sold at  $\geq$  S\$5 million (Chart 5). Seven super luxury homes were sold at  $\geq$  S\$10 million, six of which were transacted after the latest cooling measures. For Q1-Q3 2018, 474 luxury non-landed homes were sold at S\$3 million-<S\$5 million and 296 units were sold for  $\geq$  S\$5 million.

The robust demand for pricier luxury homes suggests that Singapore remains a top investment destination among high net worth individuals and affluent foreigners. The ongoing US-China trade war may have also spurred some Mainland Chinese to park their monies here to hedge against the devaluation of the Yuan. Indonesians may have also transferred their funds to Singapore as a hedge against further depreciation of the rupiah.

### Chart 3 Sales of luxury homes dipped in Q3 2018

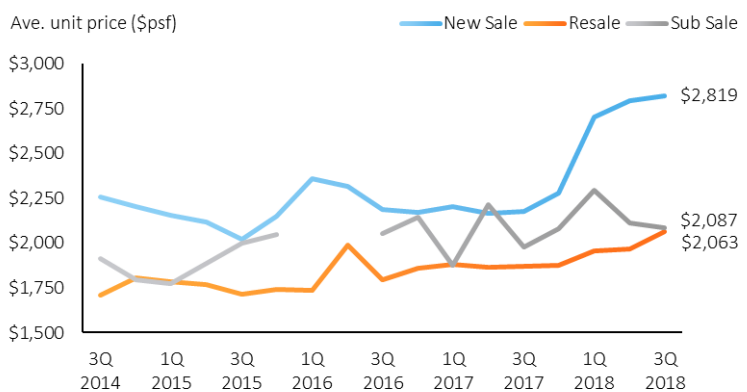
Sales volume of non-landed homes in CCR



Source: URA, OrangeTee & Tie Research & Consultancy  
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### Chart 4 Prices of new sales and resales are at fresh highs

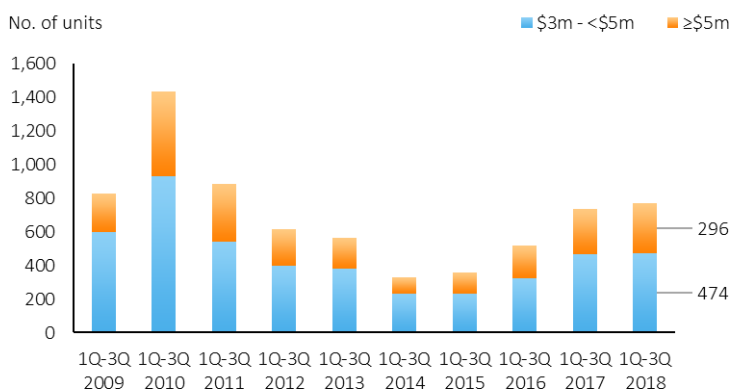
Average price of non-landed homes in CCR



Source: URA, OrangeTee & Tie Research & Consultancy  
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### Chart 5 Robust demand for luxury homes above S\$3million

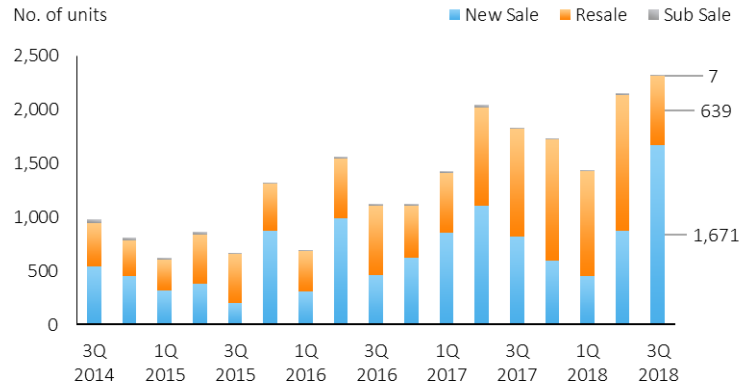
Sales volume of non-landed homes in CCR



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**Chart 6 Surge in demand**

Sales volume of non-landed homes in RCR



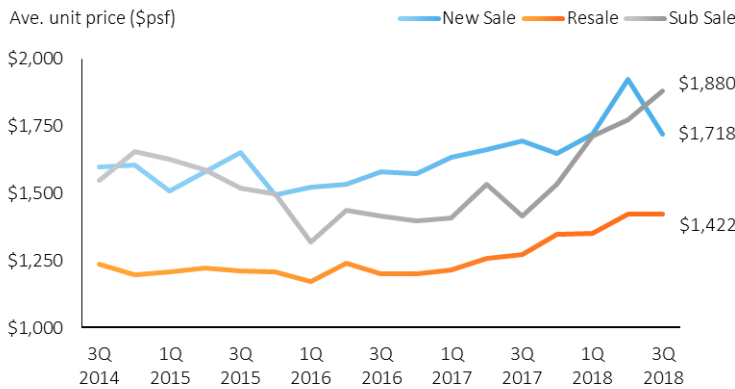
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## MID-TIER SEGMENT

The number of non-landed private home sales in the RCR, a proxy for the mid-tier market, rose 7.8 per cent q-o-q from 2,150 units in Q2 2018 to 2,317 units in Q3, mainly due to a surge in new home sales in that region.

**Chart 7 New sales prices have moderated in Q3 2018**

Average price of non-landed private homes



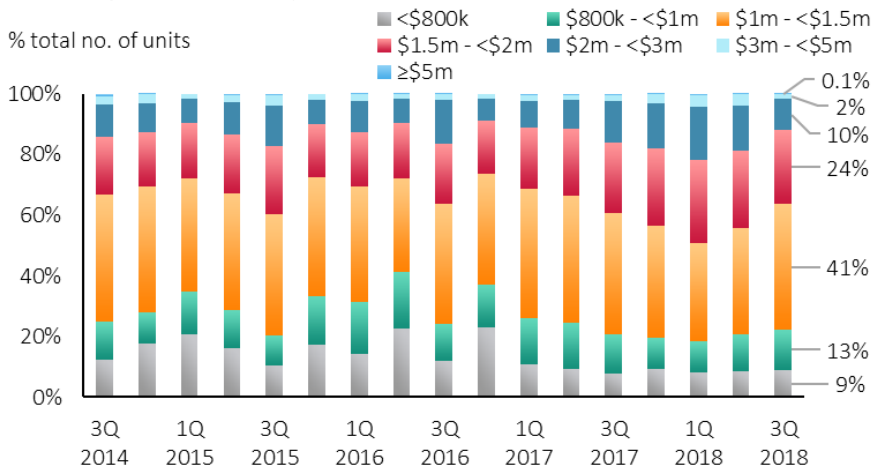
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Non-landed new home sales hit an impressive 92.5 per cent q-o-q increase from 868 units in Q2 2018 to 1,671 units in Q3 2018 (Chart 6). The strong sales could be attributed to more units being launched in the reviewed quarter. In Q3 2018, 2,338 new units were launched in RCR, 187.2 per cent higher than the 814 units launched in the preceding quarter.

The average price of new homes was S\$1,718 psf while resales were at S\$1,422 psf in Q3 2018 (Chart 7). Non-landed homes were sold at a lower price quantum - 64 per cent of sales were below S\$1.5 million in Q3 as compared to 56 per cent in Q2 (Chart 8).

**Chart 8 Higher price quantum of homes sold in RCR**

Price range of non-landed private homes



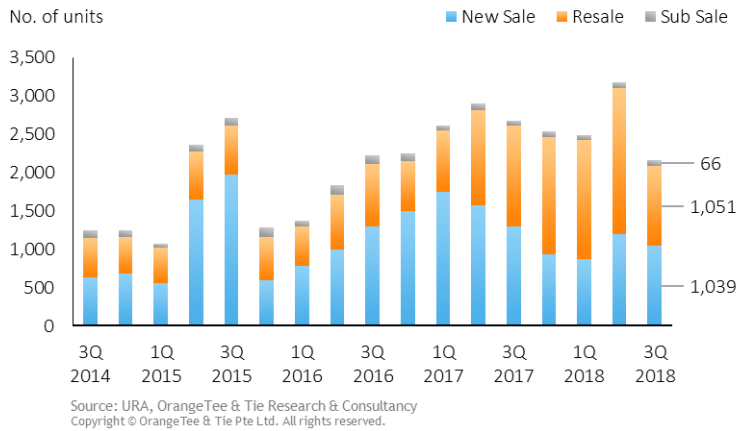
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# MASS MARKET

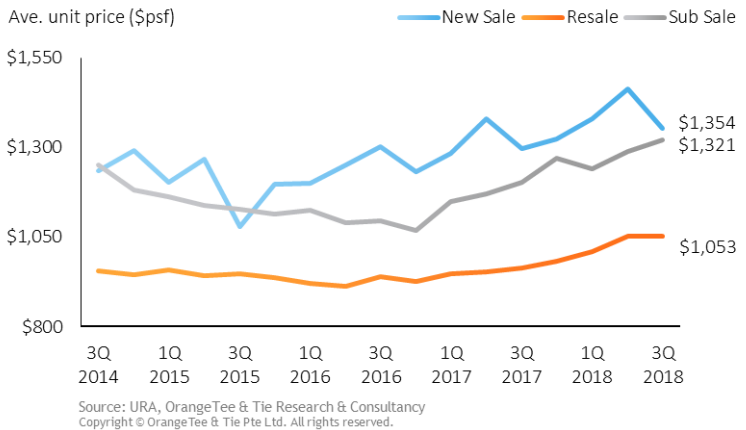
Sales (all types) of non-landed private homes in OCR dipped 32.2 per cent q-o-q to 2,156 units in Q3 2018. The number of non-landed new sales fell 13.3 per cent to 1,039 units while resales dipped 44.7 per cent to 1,051 units in Q3 (Chart 9). The fall in sales could be attributed to a lack of new launches in the region and reduced home demand from HDB upgraders as their affordability could have been affected by the more stringent LTV ratios. Some HDB upgraders may have received less sales proceeds from their existing flats or found difficulty offloading their flats as the HDB resale market is still weak.

Average price of non-landed new sales dipped 7.5 per cent to S\$1,354 psf while resale price rose marginally by 0.1 per cent q-o-q to S\$1,053 psf (Chart 10). The price quantum of homes sold in OCR had also fallen. In Q3 2018, 53.3 per cent of non-landed homes were sold at less than S\$1 million, as compared to 35.5 per cent in Q2. 34.5 per cent were sold for S\$1million - < S\$1.5 million in Q3 2018, as compared to 46.5 per cent in Q2 2018 (Chart 11).

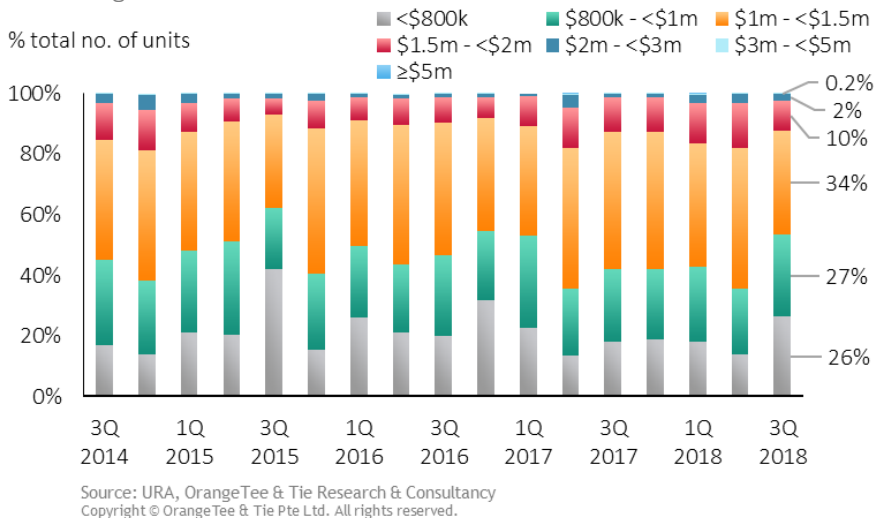
**Chart 9 Sales of mass market homes dipped in Q3 2018**  
Sales volume of non-landed homes in OCR



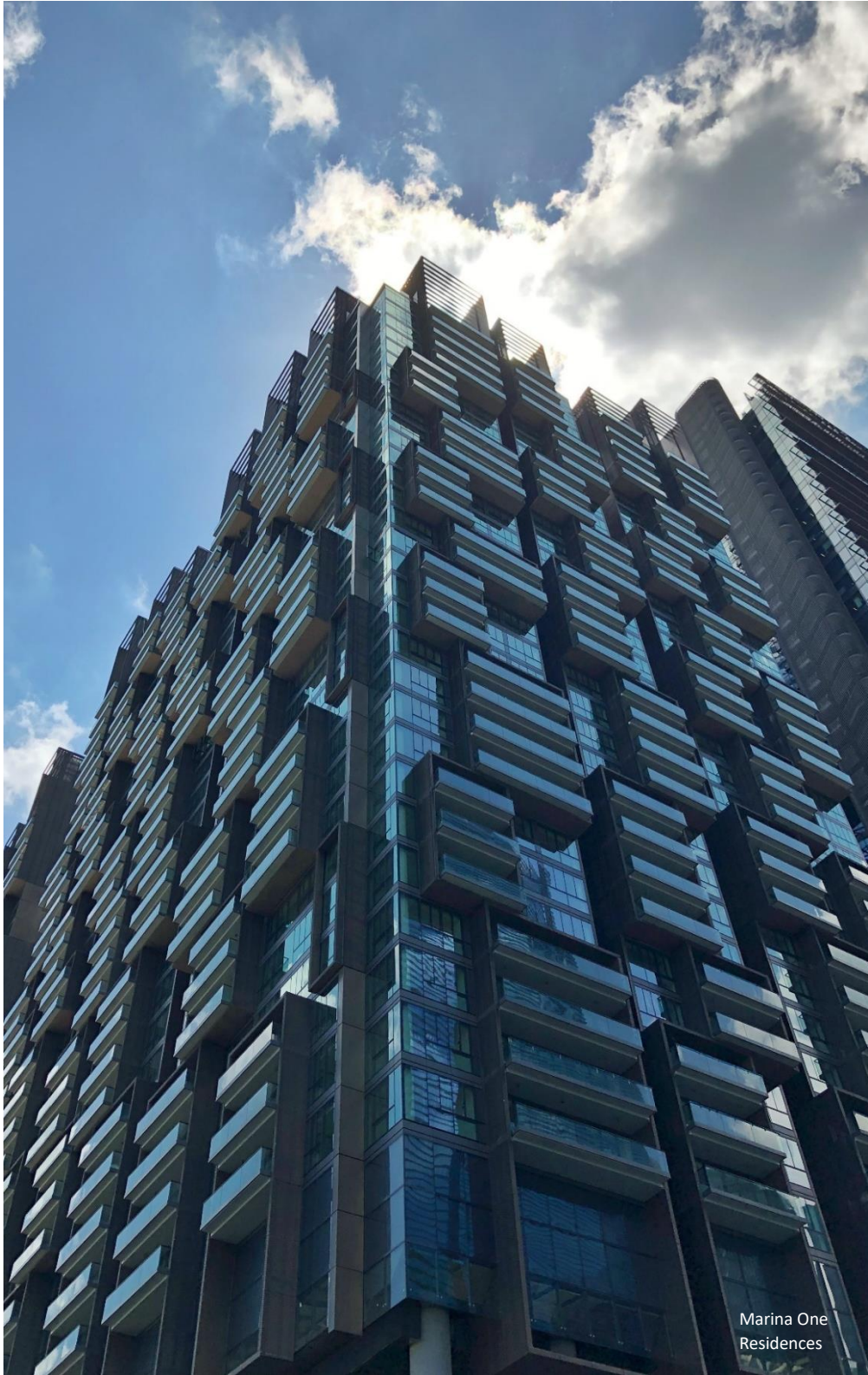
**Chart 10 Prices of new sales and resales are at fresh highs**  
Average price of non-landed homes in OCR



**Chart 11 Lower price quantum purchases**  
Price range of non-landed homes sold in OCR





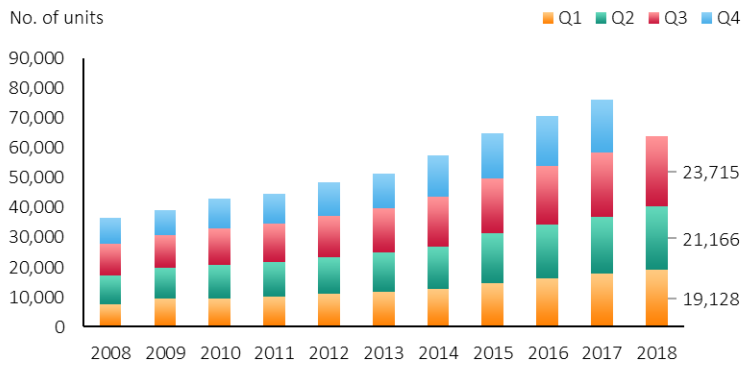


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The prospects of a currency devaluation due to the US-China trade war and fears of more tightening controls over the capital outflow in their home countries may prompt more East Asian investors to shift their funds to Singapore.

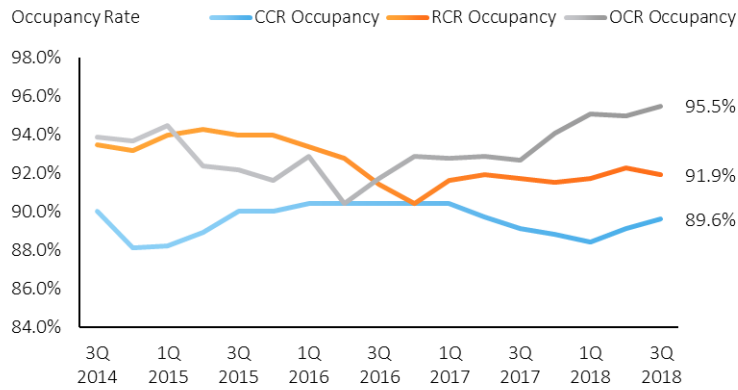
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**Chart 12 Leasing volume is trending up**  
Non-landed Rental transaction volume



Source: URA, OrangeTee & Tie Research & Consultancy  
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**Chart 13 Trending up for CCR & OCR**  
Occupancy Rates



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## RENTAL

The rental market seems to be on a healthy trend in Q3 2018. Based on URA non-landed rental index, rentals rose 0.3 per cent q-o-q and 0.4 per cent y-o-y in Q3 2018. While rents dipped 0.9 per cent q-o-q in the CCR, they rose 1.5 per cent in the RCR and 0.9 per cent in the OCR.

According to URA realis data downloaded on 19 November 2018, leasing volume has also increased 12.0 per cent q-o-q and 10.6 per cent y-o-y to 23,715 leases in Q3 2018 (Chart 12). The total transaction value reached \$230 million in the first three quarters of this year (Chart 14).

Occupancy rates remained healthy across all market segments with OCR reaching 95.5 per cent, RCR at 91.9 per cent and CCR at 89.6 per cent in Q3 2018 (Chart 13).

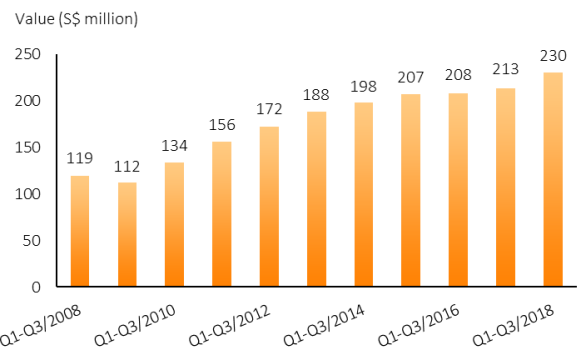
**Table 2 Highest rental transactions in Q3 2018**

Project Names	Total transactions	25 <sup>th</sup> percentile \$psf pm	Median \$psf pm	75 <sup>th</sup> percentile \$psf pm
COMMONWEALTH TOWERS	205	\$4.09	\$4.65	\$5.08
THE SAIL @ MARINA BAY	158	\$4.47	\$4.99	\$5.54
D'LEEDON	151	\$3.54	\$3.91	\$4.33
CITY SQUARE RESIDENCES	138	\$3.32	\$3.56	\$4.03
REFLECTIONS AT KEPPEL BAY	128	\$3.86	\$4.18	\$4.55
SOPHIA HILLS	125	\$4.29	\$4.65	\$5.00
HIGHLINE RESIDENCES	124	\$4.71	\$5.05	\$5.72
J GATEWAY	117	\$3.92	\$4.28	\$4.85
COCO PALMS	116	\$2.83	\$2.99	\$3.37
MARINA ONE RESIDENCES	109	\$4.51	\$4.71	\$5.00
EUHABITAT	101	\$2.99	\$3.41	\$3.62
EIGHT RIVERSUITES	100	\$3.34	\$3.68	\$4.53

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**Chart 14 Healthy transaction value**

Total transaction value of non-landed leases



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# NATIONALITY

The proportion of non-landed homes bought by Singaporeans rose from 75.4 per cent in Q3 2017 to 78.2 per cent in Q3 2018. Despite the hefty ABSD imposed on foreigners and PRs, foreigner purchases fell marginally by 0.5 percentage points q-o-q to 6.1 per cent in Q3 2018, and by 1.4 percentage points to 15.0 per cent for PRs over the same period (Chart 15).

Mainland Chinese remained as the top foreign buyer in Q3 2018, followed by Malaysians and Indonesians (Chart 16). A majority of 82.4 per cent of Malaysians, 71.2 per cent of Indians and 63.1 per cent of Mainland Chinese buyers bought homes that cost below S\$1.5 million.

48.7 per cent of Indonesians, 42.1 per cent of Koreans, and 42.9 per cent of Taiwanese bought private homes above S\$2 million (Chart 17). 15.4 per cent of buyers from Australia and The United Kingdom, 13.3 per cent of those from The USA and 11.5 per cent from Indonesia bought luxury homes at S\$4 million and above.

Chart 15 Proportion of Singaporean buyers trending up

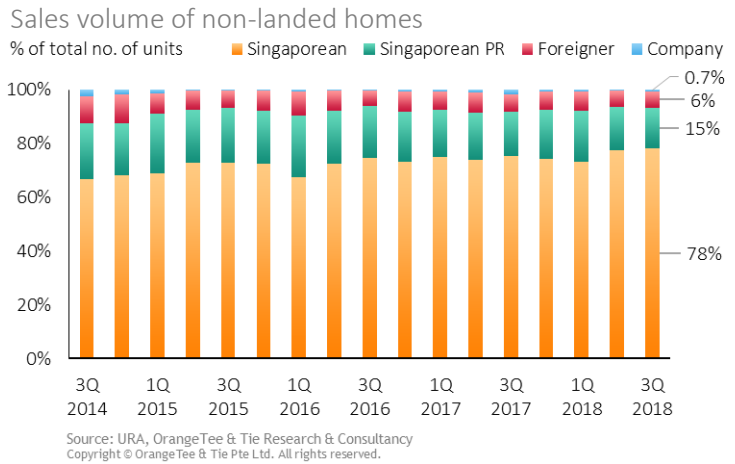


Chart 16 China retains position as top foreigner buyer

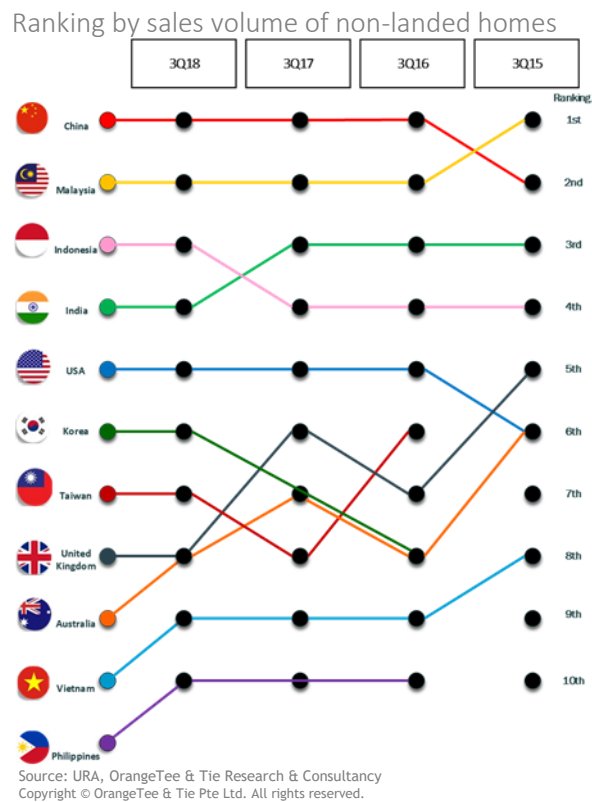
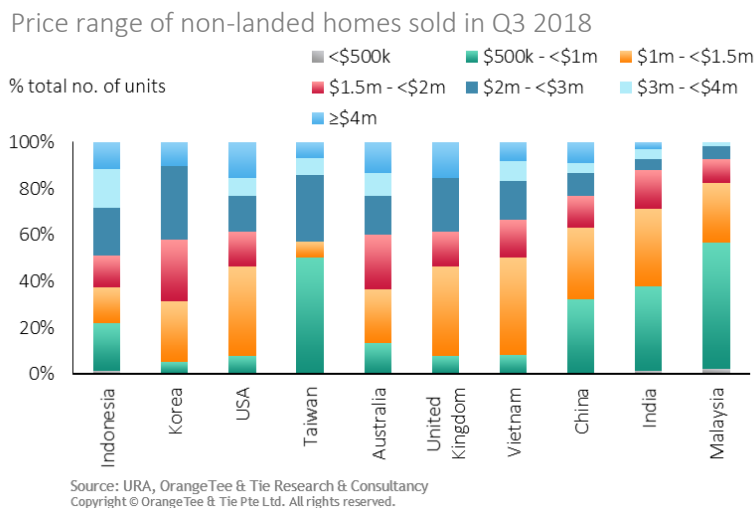


Chart 17 Indonesians and Koreans tend to buy pricier homes



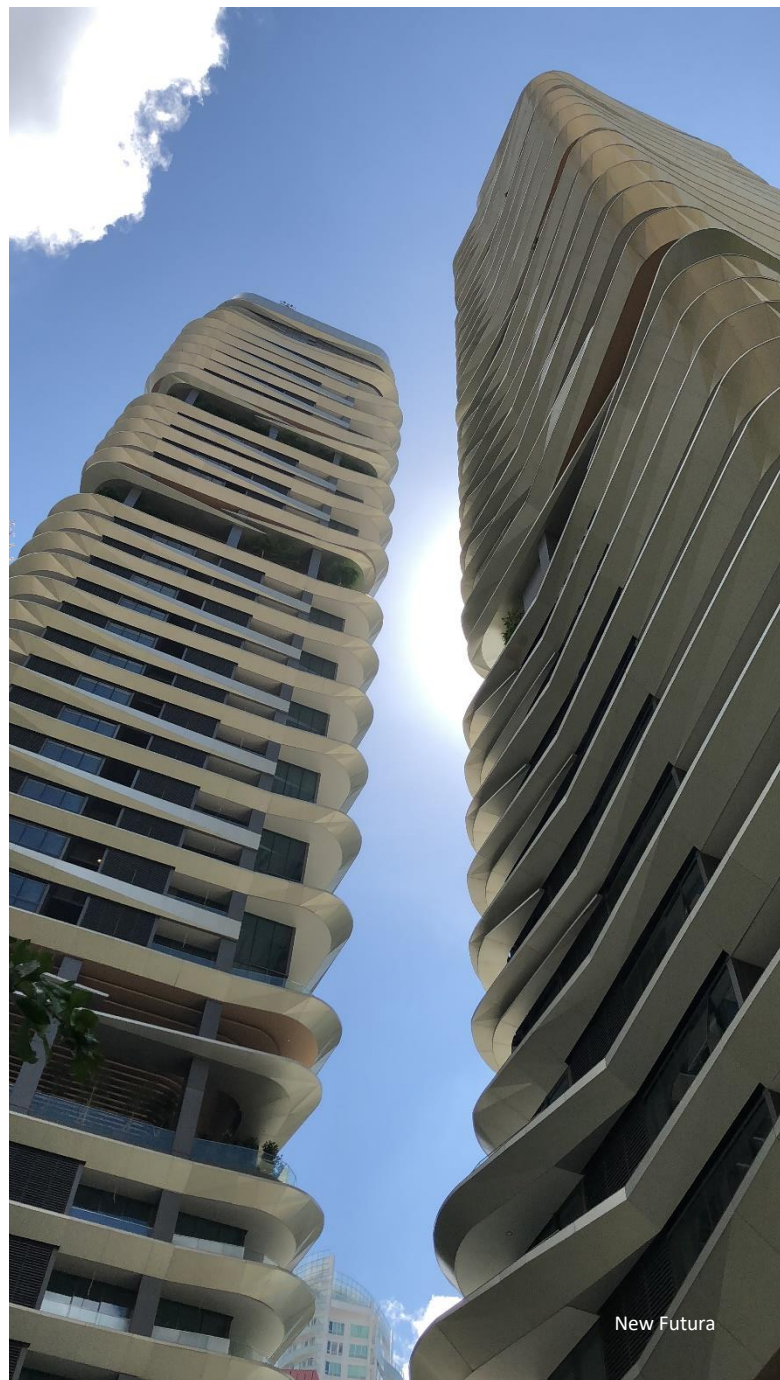
## OUTLOOK FOR 2019

Based on our projections, there could be about 17,000 to 19,000 new homes being launched next year. The sales momentum for 2019 may remain at the current level or rise slightly when the effects of the cooling measures start to wear off. We estimate that between 10,000 and 12,000 new homes could be sold next year. This is slightly higher than the new sales volume for this year (estimated to be between 8,000 and 9,000 units) as there are more launches slated.

Price of residential homes may continue to rise at a more moderate pace of between 1 and 3 percent for the full year. We do not feel that prices will fall in the coming months as Singapore's economic growth is still robust, and developers are unlikely to sell below cost since some have bought land parcels at relatively high prices.

Well-located projects and small apartments may continue to draw buying interest. On 17 October 18, the URA revised its guidelines to moderate the excessive development of shoebox units being built. The minimum average unit size for non-landed housing developments outside the Central Area has been raised to 85 sqm effective from 17 January 2019 and new homes in nine areas will be raised to 100 sqm.

With these new guidelines, the supply of small apartments is set to be reduced significantly in the coming years as developers are now required to build a higher number of bigger dwelling units. We foresee that sales of small apartments may increase further. Buyers who were waiting on the side-lines may consider now an opportune time to snap up a small unit as the reduced supply and higher demand will inevitably drive up prices of small apartments in the future.



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