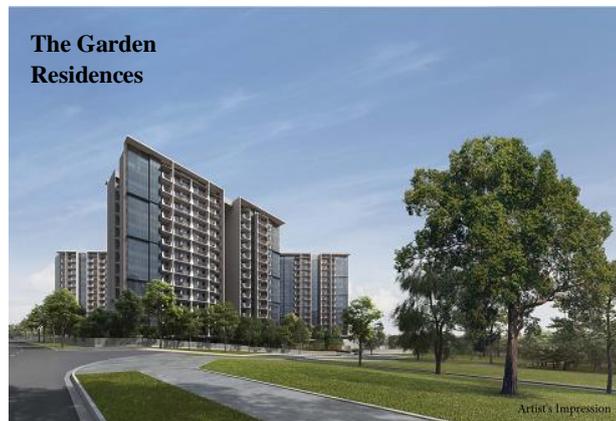


Key indicators at a glance

Indicators	1Q18	2Q18
<b>Economy (year on year growth, %)</b>		
GDP at 2010 prices	4.3	3.8
<b>Overall property price index</b>		
Overall property price index	144.1	149.0
Q-o-q change (%)	3.9	3.4
<b>Overall rental index (non-landed)</b>		
Overall rental index (non-landed)	103.6	104.2
Q-o-q change (%)	0.3	0.6
<b>Overall Occupancy (%)</b>		
Overall Occupancy (%)	92.6	92.9
Q-o-q change (%age points)	0.4	0.3

Note: 2Q18 GDP figures are advance estimates.

Source: URA, MTI, OrangeTee & Tie Research & Consultancy



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Pace of price increase set to slow in light of cooling measures

Private residential home prices continued their recovery in Q2, albeit at a slower pace of 3.4% compared to the 3.9% increase posted in Q1. On a year-on-year (y-o-y) basis, prices rose 9.1%. This is a significant rise as it is the highest y-o-y increase observed since 2Q11 (10.2%). For the first half of 2018, overall prices have risen 7.4% since Q4/2017. Prices of non-landed properties rose the most quarter-on-quarter (q-o-q) in RCR (5.6%), followed by OCR (3.0%) and CCR (0.9%). Price increase is lesser in CCR as there were fewer new launches compared to the other two segments.

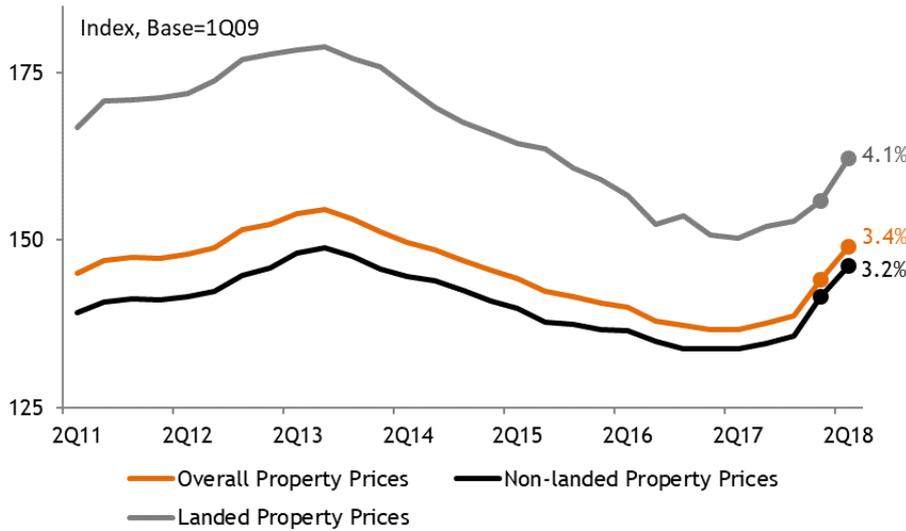
In light of the cooling measures, we expect prices to stabilize, possibly trending sideways in the next few months. We do not foresee huge dips in prices as developers are not offering big discounts at this juncture. Many developers are deep pocketed or public listed companies with strong holding power and they have proven to ride through the odds during the past rounds of cooling measures. The two-pronged approach used by most developers now include giving a direct 3-5% discount to offset the extra ABSD or stricter LTV limit for buyers, and to increase agents' commission to 'divert' buyers to their projects. The latter strategy is preferred especially for the high-end segment, as it serves to maintain ongoing sales without causing large price fluctuations.

The coming months should continue to see a steady stream of new projects being launched in the market. Although new launch prices may now be slightly lower than expected, we may still observe benchmark prices in selected locations, as some developers have acquired land parcels at high prices and are probably not willing to sell their units at a loss. While some developers may choose to hold back their launches to observe the market performance, others are pressing ahead by rolling out different discount schemes and employing more sales agencies to reach out to more potential buyers. The upcoming launch of The Tre Ver has already employed six marketing agencies for their project.

First-timers (mostly owner-occupiers) who can afford the extra 5% cash or CPF downpayment as a result of the stricter LTV limit, are entering the market now to leverage on the reduced prices. Some of these first-timers are children or grandchildren of existing owners, who have made purchases through their names to avoid the hefty ABSD. Therefore, we observed a shift in buyers' preference for two and three bedroom units instead of one-bedders after the cooling measures. One bedders that are commonly bought by investors will see less takers as investors are more adversely impacted by the ABSD. We feel that this buying trend is likely to continue and the greater demand for larger units will likely bring down the overall average prices in the coming months.

As a result of the cooling measures, we have adjusted our overall price projection for the full year to be 8%-10% from our original 8%-12%. Primary sales could hover between 8,000 and 9,000 units for the whole of 2018.

Exhibit 1: Private Residential Property Prices



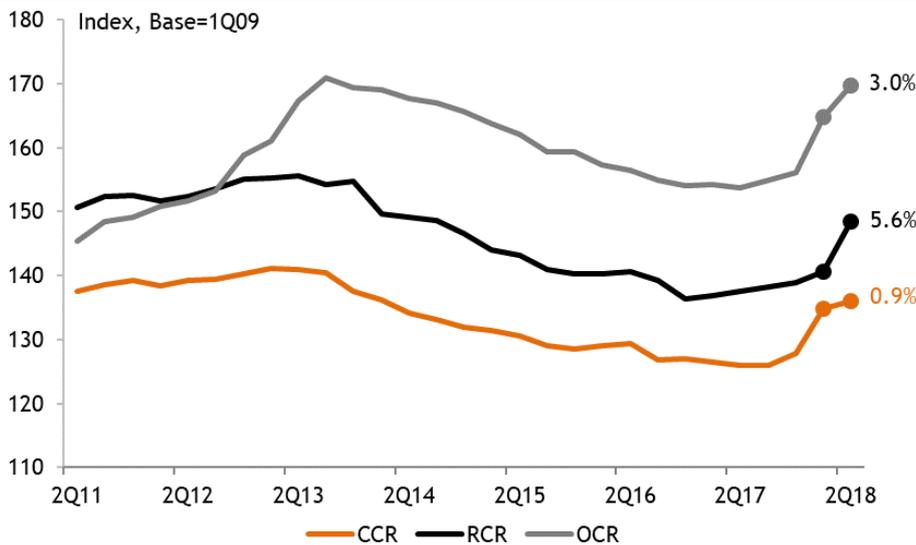
Property prices continued to rise

Overall property prices rose by 3.4% q-o-q in 2Q18, a slightly slower pace compared to Q1 (3.9%). This is also the highest y-o-y increase observed since 2Q11 (10.2%).

Non-landed property prices rose 3.2% while landed property prices rose 4.1%.

Source: URA, OrangeTee & Tie Research & Consultancy

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

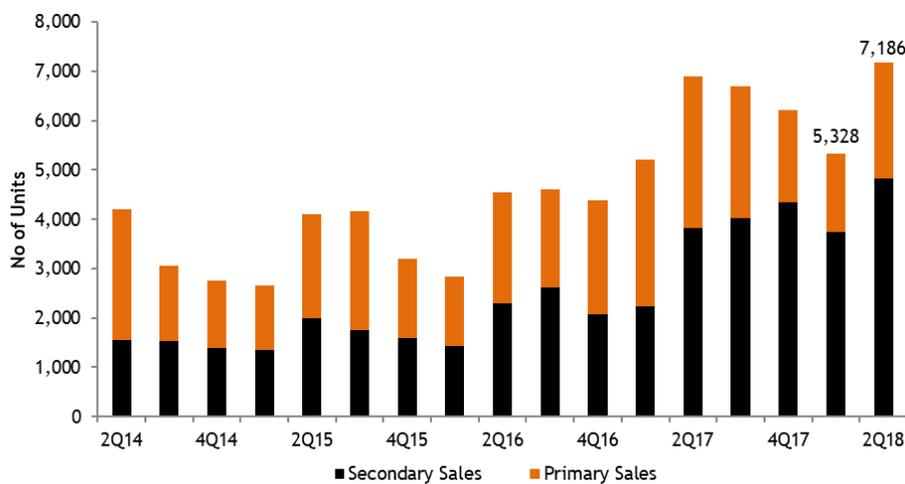


Prices of non-landed homes in RCR rose most significantly

Private homes in RCR (5.6%) posted the largest q-o-q increase in 2Q18, followed by OCR (3.0%) and CCR (0.9%).

Source: URA, OrangeTee & Tie Research & Consultancy

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



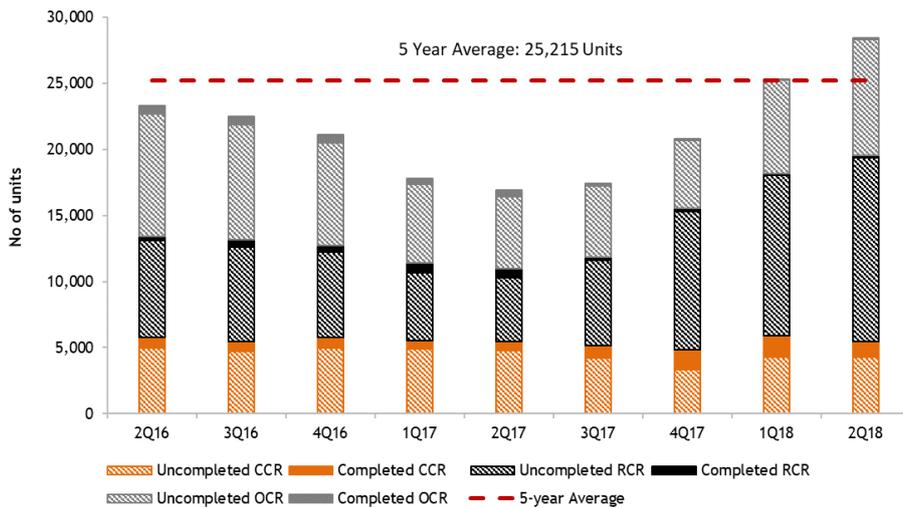
Strongest 2Q sales volume since introduction of TDSR

A total of 7,186 units were transacted in 2Q18, the highest 2Q sales volume seen since the introduction of TDSR in 2013.

33% of total sales are from the primary market, while 67% are from the secondary market.

Source: URA, OrangeTee & Tie Research & Consultancy

Exhibit 4: Private Residential Unsold Inventory



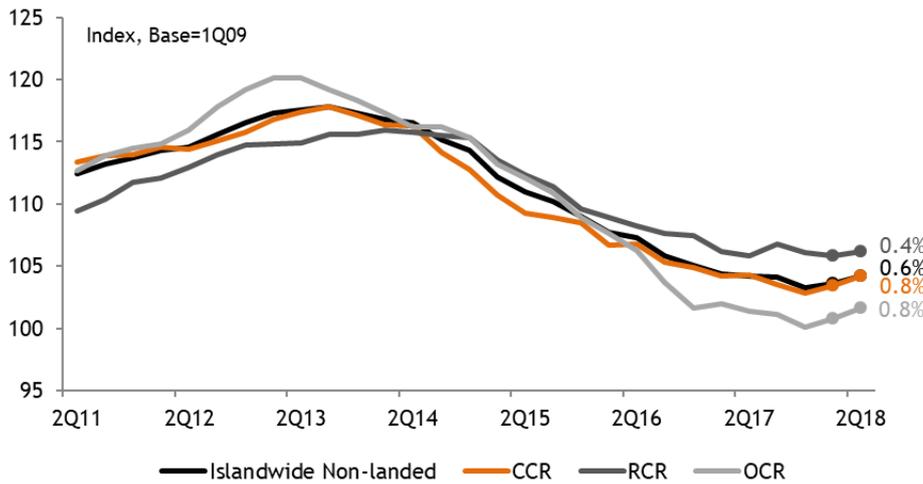
**Steep increase in unsold stock**

Unsold inventory rose significantly by 14.6% q-o-q to 26,943 units in 2Q18, as stock continues to build up from more enbloc deals that were completed in recent months.

Unsold inventory is now above the 5-year average of 25,215 units.

Source: URA, OrangeTee & Tie Research & Consultancy

Exhibit 5: Private Residential Property Rental Index, Breakdown by Segment



**Rents continued to recover**

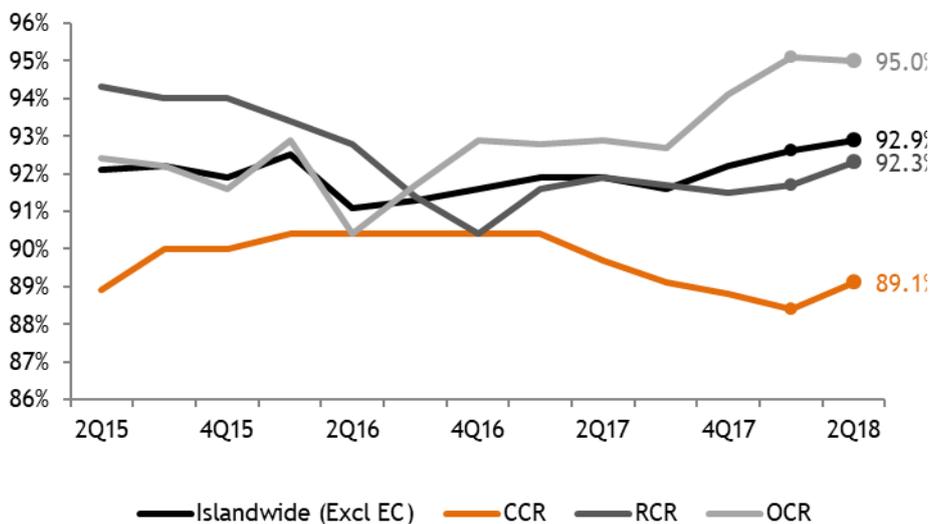
Overall rents continued to rise by 0.6% in 2Q18, after increasing 0.3% in the previous quarter.

A broad-based recovery can be seen across all market segments as non-landed home rentals in CCR and OCR rose 0.8% while RCR increased 0.4%.

Rents may continue to recover for the rest of the year as private home completions are expected to taper by the second hand of this year.

Source: URA, OrangeTee & Tie Research & Consultancy

Exhibit 6: Occupancy Rates, Break down by Segment



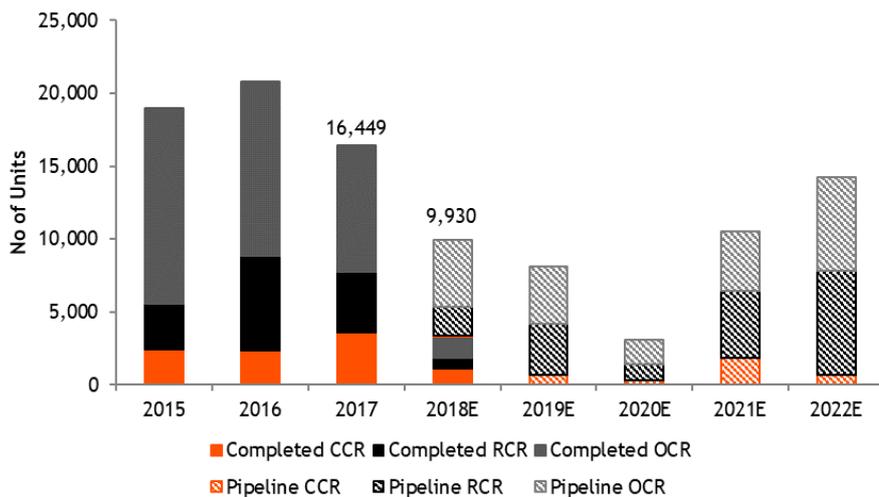
**Most segments see rising occupancy rates**

Overall occupancy rates rose slightly q-o-q by 0.3 percentage points, from 92.6% to 92.9% in 2Q18.

OCR home occupancy rates remained the highest, at 95.0%. This is followed by the RCR (92.3%) and CCR (89.1%).

Source: URA, OrangeTee & Tie Research & Consultancy

Exhibit 7: Completions and Expected Completions, Breakdown by Segment



Expected completions set to fall significantly

The number of completions is expected to fall significantly in 2018, with just 9,930 units in the pipeline.

However, pipeline supply is expected to rise after 2020 where 10,532 units and 14,240 units are slated to be completed in 2021 and 2022 respectively.

Source: URA, OrangeTee & Tie Research & Consultancy

Exhibit 8: Private Non-Landed Residential Supply in the Pipeline Breakdown by Planning Area (2Q18 to &gt;2022)

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	11,101	1,091	Bedok	29,358	1,776	Ang Mo Kio	5,296	43
Bishan	6,390	1,534	Pasir Ris	14,225	477	Hougang	11,845	3,075
Bukit Timah	19,379	1,232	Tampines	8,638	3,712	Punggol	3,632	128
Downtown Core	7,737	848	<b>West</b>			Sengkang	5,916	2,125
Geylang	15,240	2,792	Bukit Batok	11,275	694	Serangoon	8,162	3,086
Kallang	13,449	1,346	Bukit Panjang	6,626	552	<b>North</b>		
Marine Parade	10,449	1,697	Choa Chu Kang	3,657	-	Sembawang	1,381	130
Museum	1,055	24	Clementi	8,497	2,495	Woodlands	2,422	-
Newton	7,701	419	Jurong East	3,218	-	Yishun	4,007	1,827
Novena	14,609	709	Jurong West	4,808	710			
Outram	1,455	26	Note: Some planning areas have been omitted in this dataset					
Orchard	2,263	343						
Queenstown	8,467	5,201						
Rochor	3,996	458						
River Valley	10,102	1,166						
Singapore River	4,747	500						
Tanglin	13,446	501						
Toa Payoh	6,772	3,536						

Source: URA, OrangeTee & Tie Research & Consultancy

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