

Private Residential Market

REAL ESTATE DATA TREND Q3 2019



New Futura / OrangeTee & Tie Research & Consultancy Photo

- Despite a synchronized slowdown in many world economies, hampered by heightened trade tensions, private home prices have continued to rise by 1.3 per cent quarter-on-quarter (q-o-q) in Q3 2019.
- New home sales surged by almost 40 percent q-o-q in Q3, the highest number of new homes sold in a single quarter since Q2 2013.
- Price gap is widening between new and resale non-landed homes. The average price of new condos in RCR reached a new high, almost breaching S\$2,000 psf.
- Leasing volume of private homes and rentals of non-landed properties rose q-o-q.
- The number of private homes bought by foreign buyers continued to rise.

Market Remains Resilient Despite Global Uncertainties

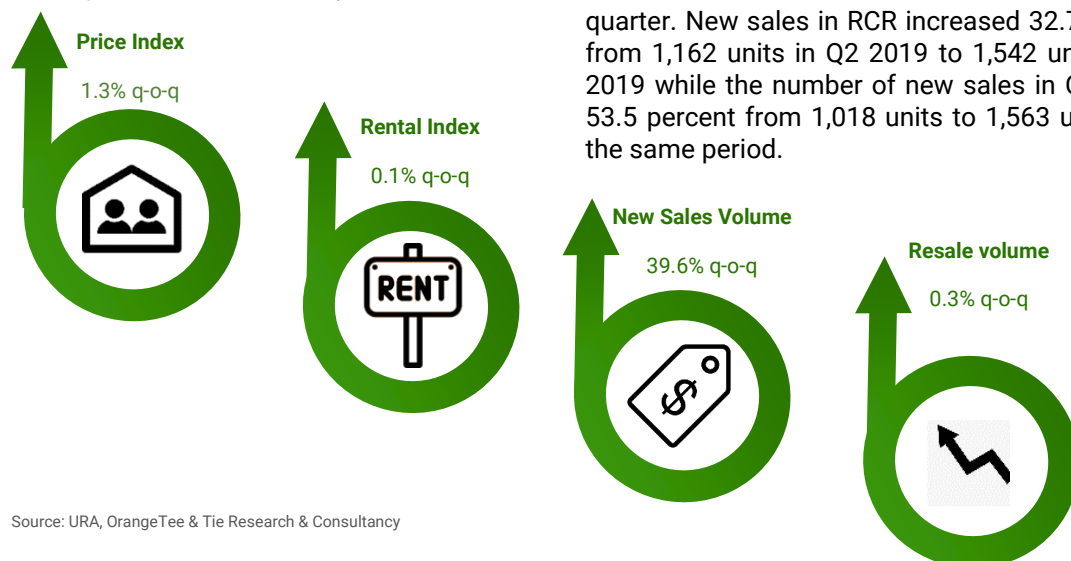
While many sectors are currently facing slower growth in the shadow of rising global uncertainties, private home prices and sales volume have continued to climb last quarter which may have left many investors flummoxed over the resilience of Singapore's real estate market. In spite of the global economic headwinds and cooling measures, private home prices have continued to rise last quarter by 1.3 per cent after increasing 1.5 per cent in the preceding quarter.

Cumulatively, home prices have risen 2.1 per cent in the first three quarters of this year. The price increase for private homes was broad-based across all segments, where the prices of non-landed homes increased 1.3 per cent quarter-on-quarter (q-o-q) while prices of landed homes rose 1.0 per cent over Q2 2019.

Table 1 Price of non-landed homes

Market segment	Type of Sales	Q2 2019	Q3 2019	y-o-y % change
Overall	All	\$1,614	\$1,642	\$1,629
CCR	New Sale	\$3,012	\$2,874	-4.6%
	Resale	\$2,043	\$2,088	2.2%
	Sub Sale	\$2,152	\$2,664	23.8%
	Overall	\$2,288	\$2,310	1.0%
RCR	New Sale	\$1,972	\$1,998	1.3%
	Resale	\$1,394	\$1,393	-0.05%
	Sub Sale	\$1,875	\$1,851	-1.3%
	Overall	\$1,768	\$1,834	3.7%
OCR	New Sale	\$1,444	\$1,462	1.3%
	Resale	\$1,054	\$1,037	-1.6%
	Sub Sale	\$1,431	\$1,322	-7.6%
	Overall	\$1,246	\$1,305	4.8%

Source: URA, OrangeTee & Tie Research & Consultancy



Source: URA, OrangeTee & Tie Research & Consultancy

Table 2 Best-selling non-landed projects in Q3 2019

Project Name	Mkt Seg ment	Units sold	Ave unit price (\$psf)
<i>New Sales</i>			
Parc Clematis	OCR	428	\$1,615
Avenue South Residence	RCR	361	\$1,950
The Florence Residences	OCR	294	\$1,444
Treasure at Tampines	OCR	280	\$1,339
One Pearl Bank	RCR	230	\$2,380
Parc Esta	RCR	166	\$1,680
Parc Botannia	OCR	112	\$1,310
Stirling Residences	RCR	110	\$1,872
Riverfront Residences	OCR	95	\$1,325
<i>Resales</i>			
Reflections at Keppel Bay	RCR	28	\$1,651
Nouvel 18	CCR	16	\$3,427
8 Saint Thomas	CCR	16	\$3,138
Aquarius by the Park	OCR	11	\$894
Caribbean at Keppel Bay	RCR	11	\$1,537
South Beach Residences	CCR	10	\$3,371
The Crest	RCR	10	\$1,981
The Minton	OCR	10	\$1,057

Source: URA, OrangeTee & Tie Research & Consultancy

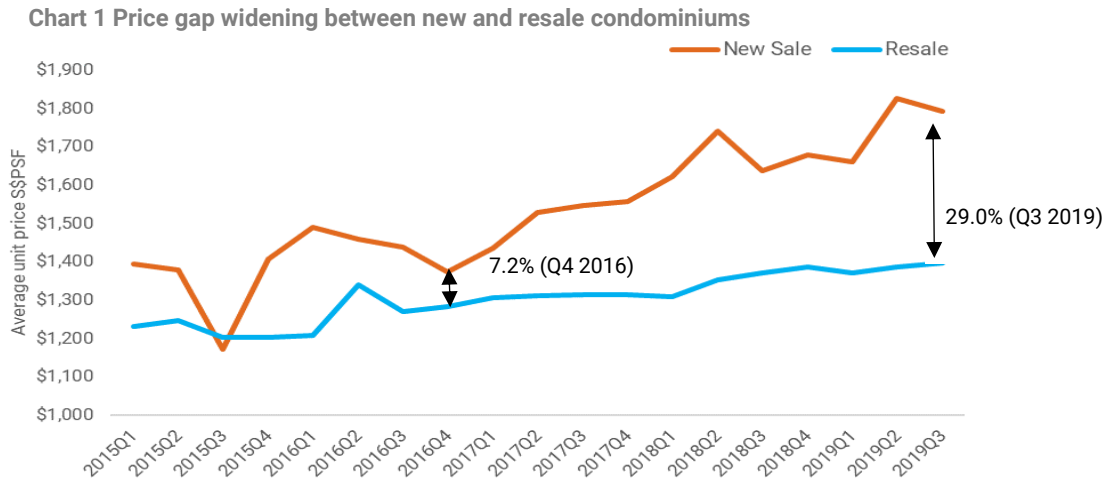
The price increase for non-landed homes was led by the Core Central Region (CCR) which saw prices rise 2.0 per cent q-o-q, followed by the Rest of Central Region (RCR) at 1.3 per cent and the Outside of Central Region (OCR) at 0.8 per cent.

New home sales (excluding ECs) surged 39.6 per cent from 2,350 units in Q2 to 3,281 units in Q3 this year. This is the highest number of new homes sold in a single quarter since Q2 2013 (4,538 units) which is before the implementation of the TDSR (Total Debt Servicing Ratio) in June 2013. The number of private residential homes being sold in RCR and OCR have increased substantially last quarter. New sales in RCR increased 32.7 percent from 1,162 units in Q2 2019 to 1,542 units in Q3 2019 while the number of new sales in OCR rose 53.5 percent from 1,018 units to 1,563 units over the same period.

TRENDING

Price gap widening between new and resale condominiums

Slower pace of price depreciation for some younger and older flats



Source: URA, OrangeTee & Tie Research & Consultancy

The price gap between new and resale condominiums (non-landed homes) has been widening in recent years (Chart 1). According to URA Realis data, the average price of new condominiums was S\$1,797 psf in Q3 2019, 29.0 per cent higher than the S\$1,393 psf average price of resale condominiums. In contrast, the price disparity between new and resale condominiums was much narrower three years ago. In Q4 2016, the average price of non-landed new condominiums was S\$1,374 psf, just 7.2 per cent higher than the S\$1,282 psf average price of resale condominiums.

The widening price gap has been driven by a faster pace of price growth for new condominiums as compared with resale condominiums. For instance, price of new condominiums rose 16.2 per cent from S\$1,546 psf in Q3 2017 to S\$1,797 psf in Q3 2019. In contrast, price of resale condominiums rose by 6.0 per cent from S\$1,314 psf to S\$1,393 psf over the same period. By market segment, the price gap between new and resale non-landed homes in Q3 2019 was widest in RCR at 43.4 per cent, followed by 41.0 per cent in OCR and CCR in 37.6 per cent (Table 2).

Prices of new condominiums have risen faster as many new projects have been launched in recent months and some of these projects were bought at relatively high land prices. Others have been able to command a price premium for being freehold properties or were well-located near an MRT station.

Further, new condominiums tend to be more popular with some buyers as they are usually equipped with newer design features and smart home technologies, have more efficient unit layouts as well as more fanciful facilities. Buyers of new homes may not incur as much renovation cost when compared to resale homes and the new units are usually covered by a 12-month defects liability period.

The per square foot price of resale condominiums have also been low as many sellers will want to keep the overall price quantum affordable for buyers, given that resale homes are usually larger in size than new homes.

Moving forward, the price gap between new and resale condominiums may narrow slightly as the rate of price increase for new homes have slowed down in Q3.

Table 2 Price gaps between new and resale condos

Non-landed homes	New Sale	Resale	% diff
Average price in S\$PSF in Q3 2019			
CCR	\$2,874	\$2,088	37.6%
RCR	\$1,998	\$1,393	43.4%
OCR	\$1,462	\$1,037	41.0%
Average price in S\$PSF in Q3 2018			
CCR	\$2,819	\$2,065	36.5%
RCR	\$1,716	\$1,423	20.6%
OCR	\$1,353	\$1,052	28.5%

Source: URA, OrangeTee & Tie Research & Consultancy

LUXURY SEGMENT

Prices of resale luxury condominiums (non-landed homes) have been recovering since 2017. According to URA realis data, the resale price of condominiums rose 2.2 per cent q-o-q and 1.1 per cent y-o-y to S\$2,088 psf last quarter. Compared to three years ago, price of resale condos rose 16.1 per cent last quarter from S\$1,799 psf in Q3 2016.

The average price of new luxury condominiums similarly rose on a y-o-y basis by 2.0 per cent to S\$2,875 psf in Q3 2019 from S\$2,819 psf in Q3 2018. However, the average price of new condominiums dipped 4.5 per cent on a q-o-q basis from S\$3,012 psf in Q2 2019 (Chart 3).

Demand for luxury condominiums held steady last quarter. 623 luxury condominiums (all sales types) were sold in Q3 2019 as compared to the 619 units sold in Q2 2019 (Chart 4). Of this number, 178 were new units while 443 were resale units.

Last quarter, 100 luxury condominiums were sold above S\$5 million, constituting 16.1 per cent of total non-landed sales in the CCR (Chart 5). Demand for large luxury condominiums have remained strong as 49.9 per cent of the total non-landed home sales in CCR were above 1,200 sqft.

Chart 3 Resale price of luxury homes is rising gradually
Average Price of Non-Landed Residential Homes in CCR

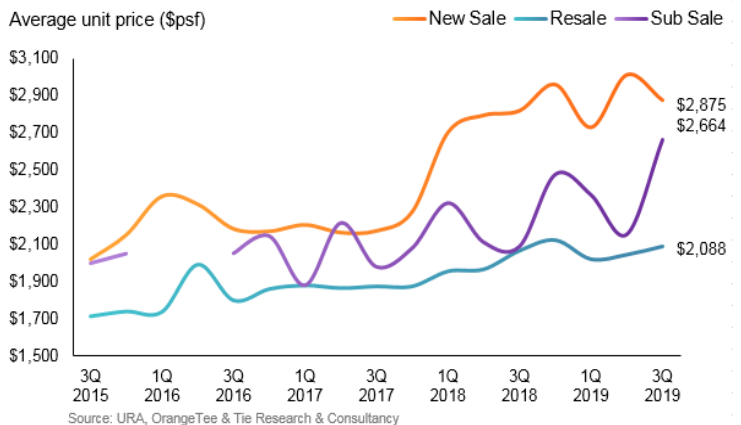


Chart 4 Demand for luxury homes held steady last quarter
Sales Volume of Private Non-Landed Residential Units in CCR

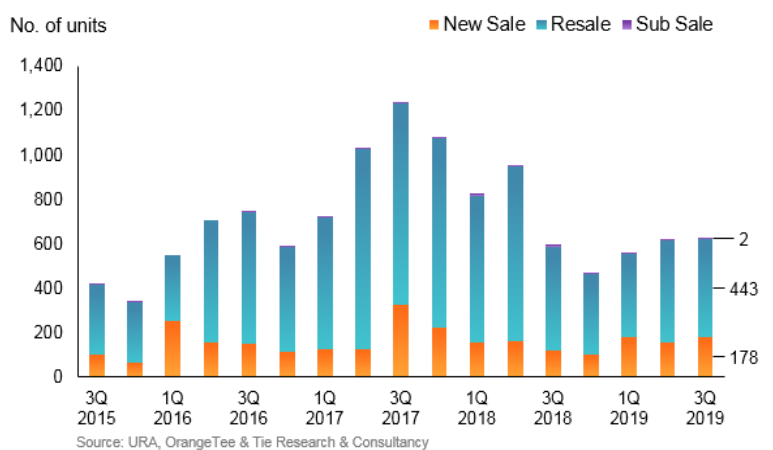
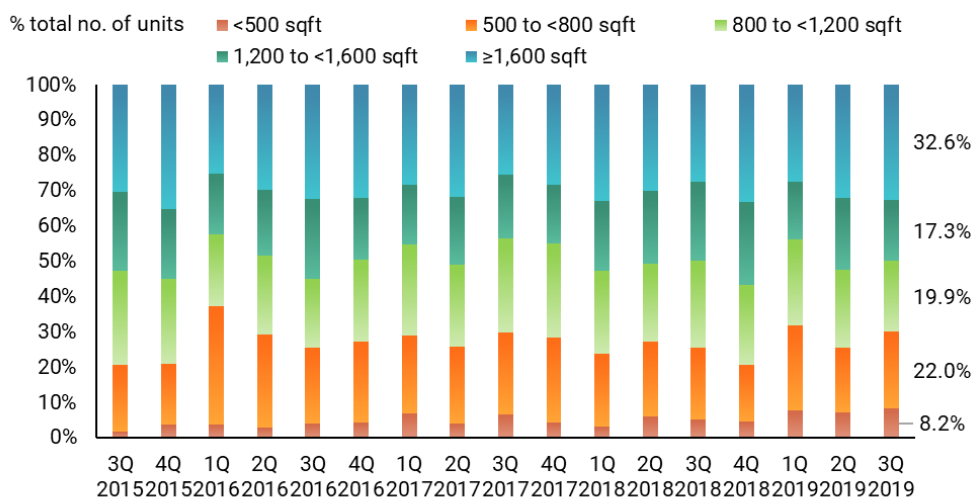


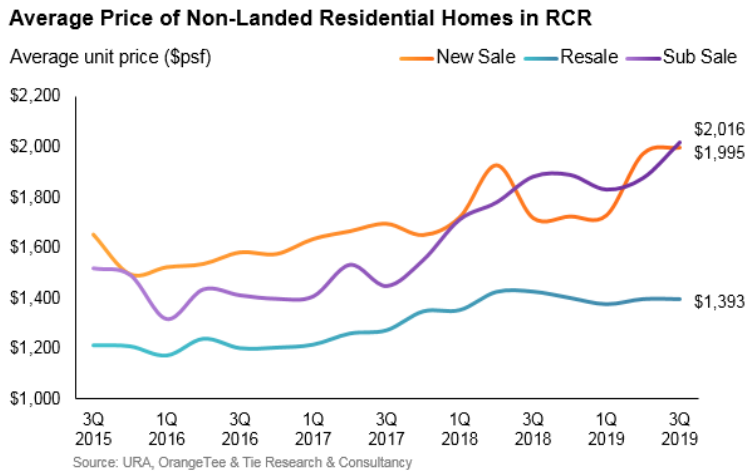
Chart 5 Almost half of the luxury condominium sales in Q3 2019 were above 1,200 sqft

Size Range of Private Non-Landed Homes Sold in CCR



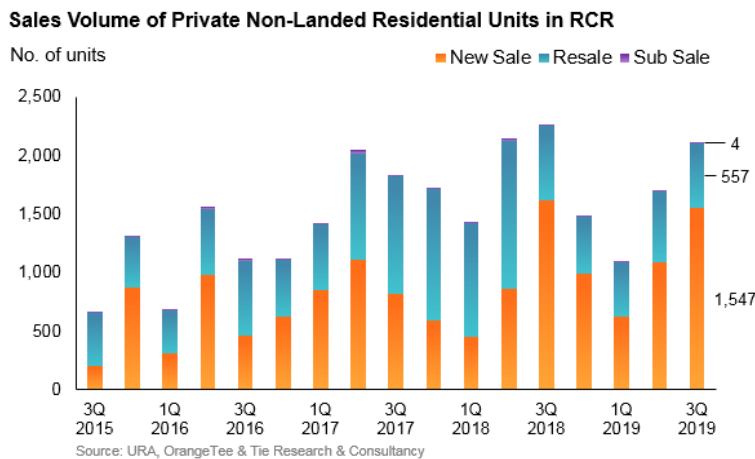
MID-TIER SEGMENT

Chart 6 Price of new condos almost breached S\$2,000 psf



Average price of new condominiums (non-landed homes) in RCR have reached a new high, almost breaching \$2,000 psf last quarter. According to URA realis data, the average price of new condominiums rose 1.2 per cent to S\$1,995 psf last quarter from S\$1,971 psf in the prevailing quarter. This is the fourth consecutive quarterly increase since Q2 2018, prior to the introduction of the latest round of cooling measures (Chart 6).

Chart 7 Surge in new home sales

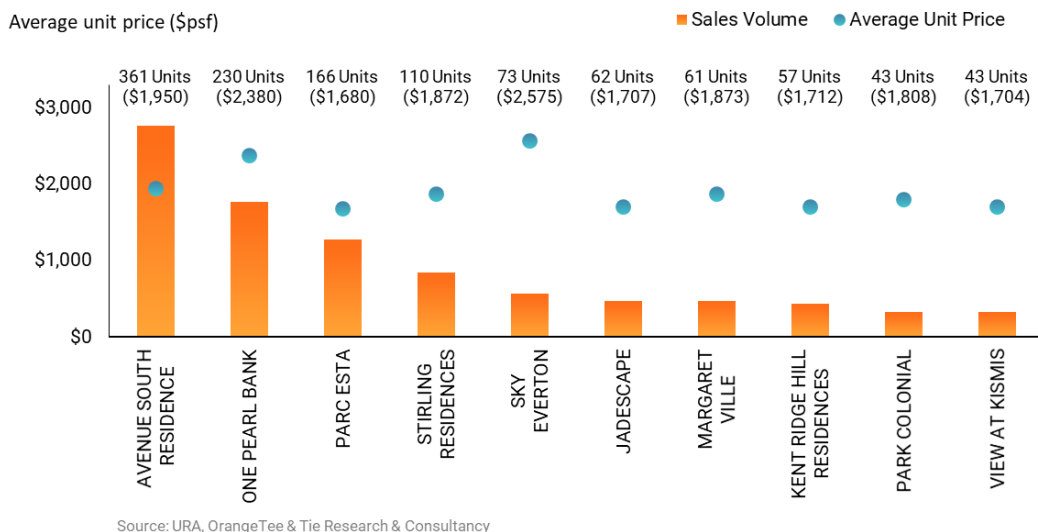


The number of condominium sales transactions in RCR surged 24.5 percent from 1,693 units in Q2 2019 to 2,108 in Q3 2019 (Chart 7). The increase was driven mainly by new homes which rose from 1,093 units to 1,547 units over the same period.

The best-selling new projects in Q3 2019 were Avenue South Residence, One Pearl Bank, Parc Esta, Stirling Residences, Sky Everton and Jadescape (Chart 8). Almost all the top 10 best-selling projects were transacted above an average price of S\$1,700 psf. One Pearl Bank and Sky Everton transacted above S\$2,300 psf.

Chart 8 Almost all 10 best-selling projects transacted at an average price above S\$1,700 psf

Best Selling New Projects in RCR in Q3 2019



MASS MARKET

Demand for mass market condominiums (non-landed homes) rose a third consecutive quarter. According to URA realis data, sales volume surged 32.7 per cent q-o-q from 1,856 units in Q2 to 2,462 units in Q3 (Chart 9). The increase was mainly led by an increase in new sales which rose 71.5 per cent q-o-q from 892 units in Q2 2019 to 1,530 units in Q3 2019.

The average price of new condominiums in OCR continued to rise for a fourth consecutive quarter from S\$1,353 psf in Q3 2018 to S\$1,458 psf in Q3 2019. Price of new condominiums rose 1.2 per cent last quarter from the preceding quarter (Chart 10).

While prices of condominiums in OCR had been rising over the past few months, the proportion of homes sold above S\$1 million have also increased (Chart 11). Last quarter, 61.2 per cent of condos were sold above S\$1 million, up from the 59.3 per cent in Q2 2019. This may imply that the affordability threshold of buyers has increased.

Chart 9 New sales transactions surged 71.5 per cent q-o-q in Q3 2019

Sales Volume of Private Non-Landed Residential Units in OCR

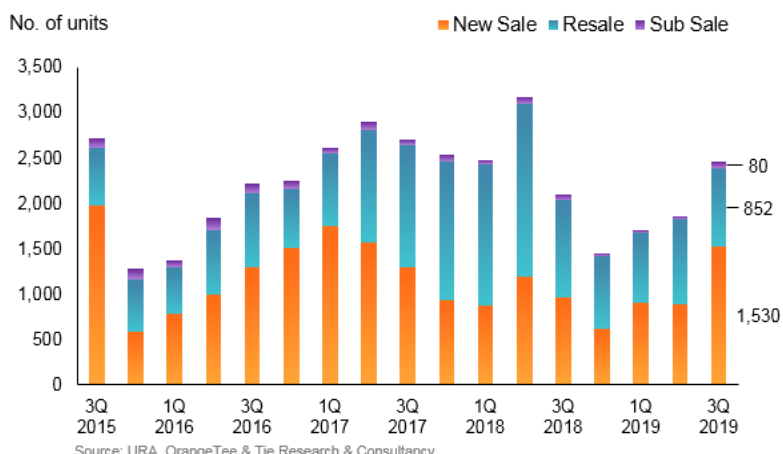


Chart 10 Price of new condos continued to rise

Average Price of Non-Landed Residential Homes in OCR

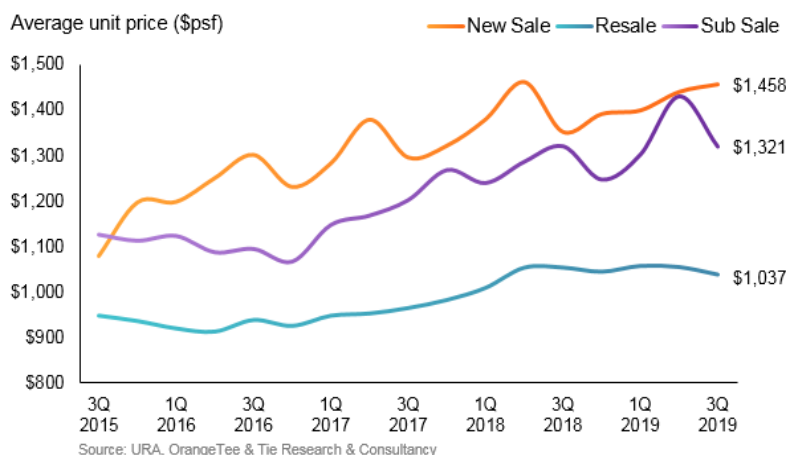
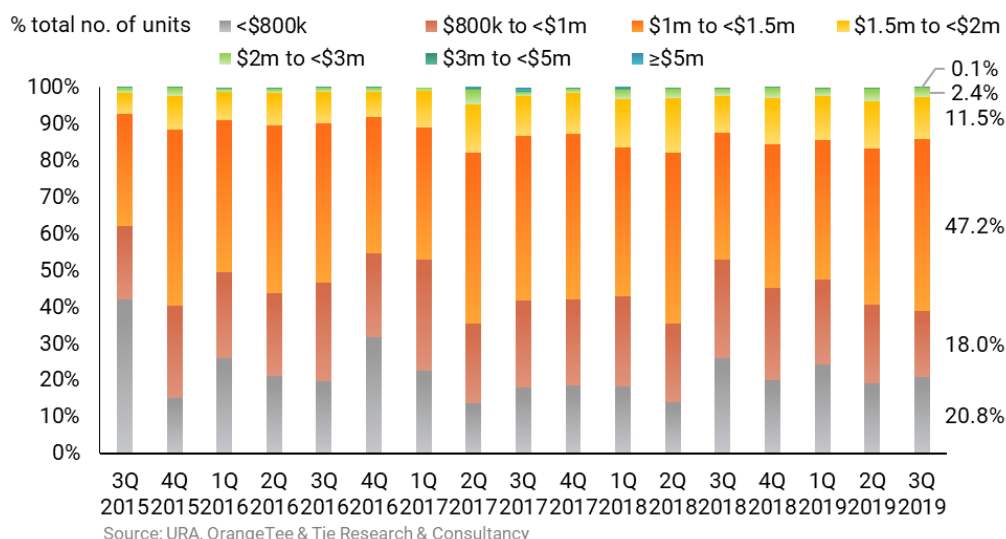


Chart 11 Rising proportion of condos sold above S\$1 million

Price Range of Private Non-Landed Homes Sold in OCR





“

While many sectors are currently facing slower growth in the shadow of rising global uncertainties, private home prices and sales volume have continued to climb last quarter which may have left many investors flummoxed over the resilience of Singapore's real estate market.

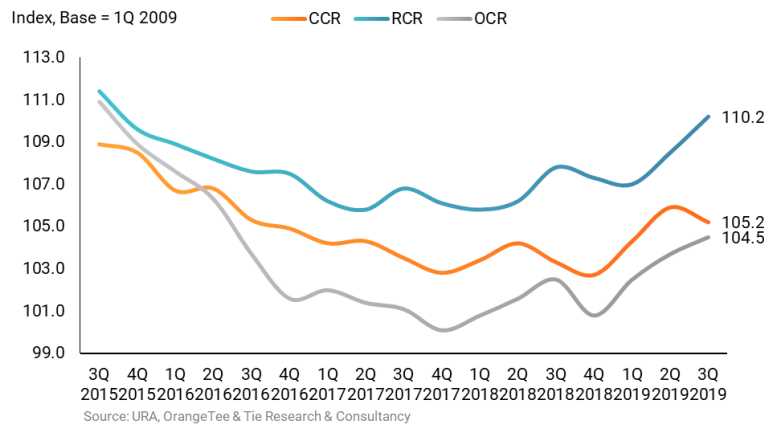
Christine Sun

”

Triling / OrangeTee & Tie Research & Consultancy Photo

Chart 12 Rents continued to rise for RCR and OCR

URA Non-Landed Property Rental Index



RENTAL

According to URA data, rents of non-landed properties continued to increase by 0.4 per cent last quarter, after rising 1.4 per cent in the prevailing quarter. The rental increase was mainly driven by the non-landed home segment in RCR and OCR where rents rose 1.6 per cent and 0.8 per cent q-o-q respectively (Chart 12). Occupancy rates of completed private residential properties improved from 93.6 per cent to 93.9 per cent, particularly in RCR and OCR (Chart 13).

The improving leasing market may be attributed to more expats being redeployed to Singapore lately. Thousands of multinational companies have set up regional offices in the Asia Pacific, and Singapore may now be taking the lead as a key business hub in Asia in view of the rising tensions in Hong Kong. Companies with footholds in Singapore and Hong Kong may shift their main operations here given that Singapore is also a strategic gateway to many global markets. Singapore has also cemented its reputation as one of the best places to do business, is politically stable and an island of enormous potential.

Chart 13 Improving occupancy for RCR & OCR

Occupancy Rates of Completed Private Residential Homes

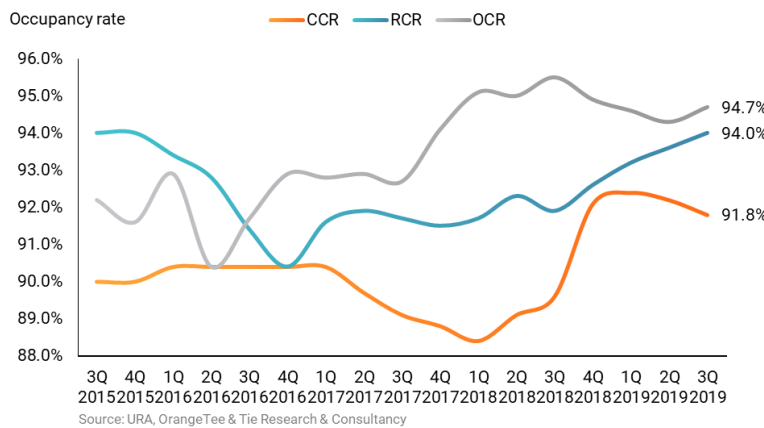
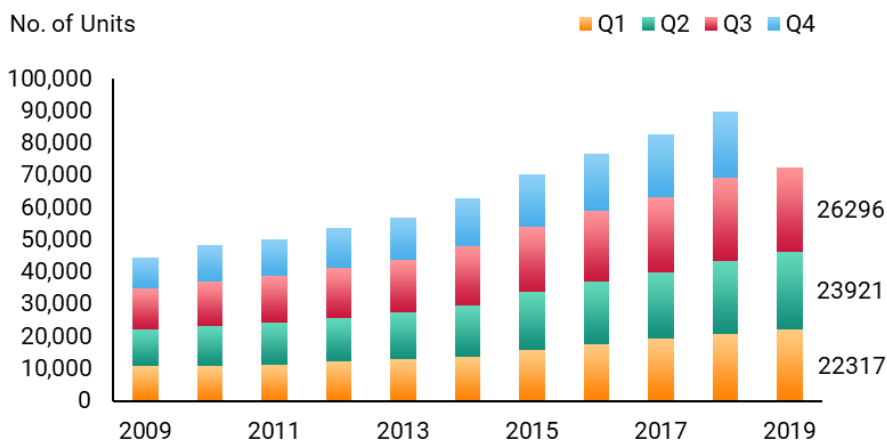


Chart 14 Leasing volume continued to rise

Rental transaction volume



NATIONALITY

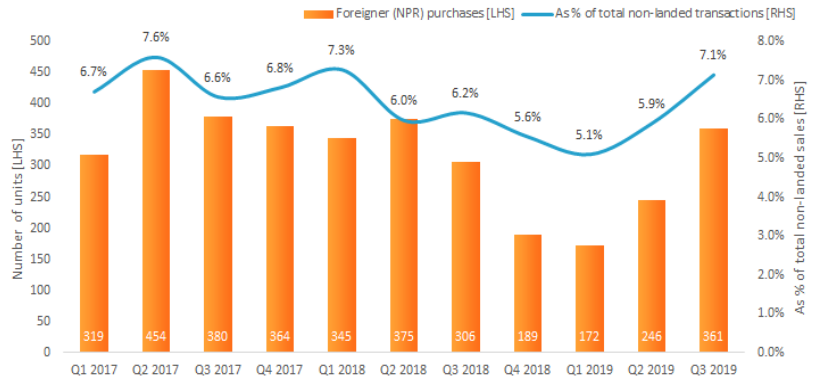
The number of non-landed homes bought by foreign buyers continued to increase last quarter. Based on URA Realis data, 361 non-landed homes or 7.1 per cent of non-landed home sales (all sales types) were bought by non-permanent residents (Chart 15). This is up from the 246 units or 5.9 per cent inked in Q2 2019.

Mainland Chinese remained to be the top foreign buyer in Singapore, followed by Malaysians, Indians and Indonesians last quarter (Chart 16). The number of buyers from Hong Kong continued to rise steadily. Although the number was not large, they have moved up the ranks to be the top 8th foreign buyer group in Singapore.

Among the top four foreign buyers, Mainland Chinese buyers were observed to buy pricier condominiums (Chart 17). In Q3 2019, 40.0 per cent of their purchases were above \$1.5 million and 20.9 per cent were above S\$3 million. Comparatively, most Malaysian (74.4 per cent) and Indian (76.6 per cent) buyers bought condominiums that were below S\$1.5 million.

Chart 15 More foreigners buying private homes

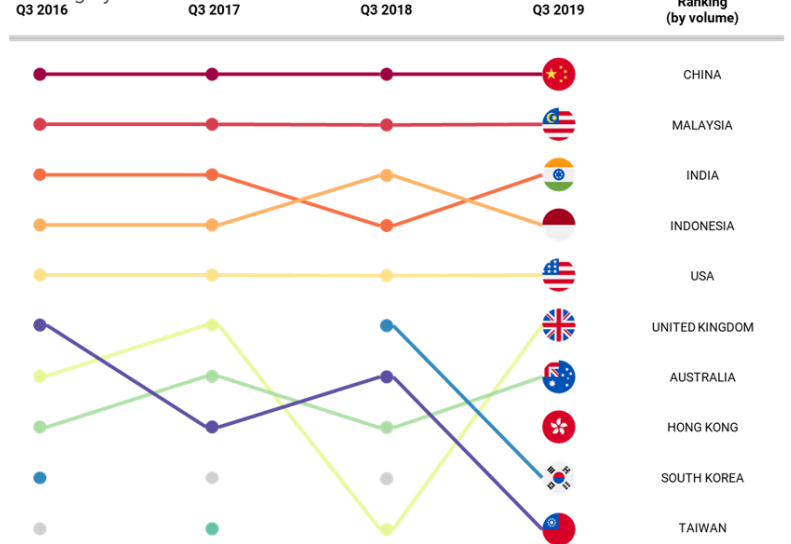
Rising number of foreigner purchases



Source: URA, OrangeTee & Tie Research & Consultancy

Chart 16 China retains position as top foreign buyer

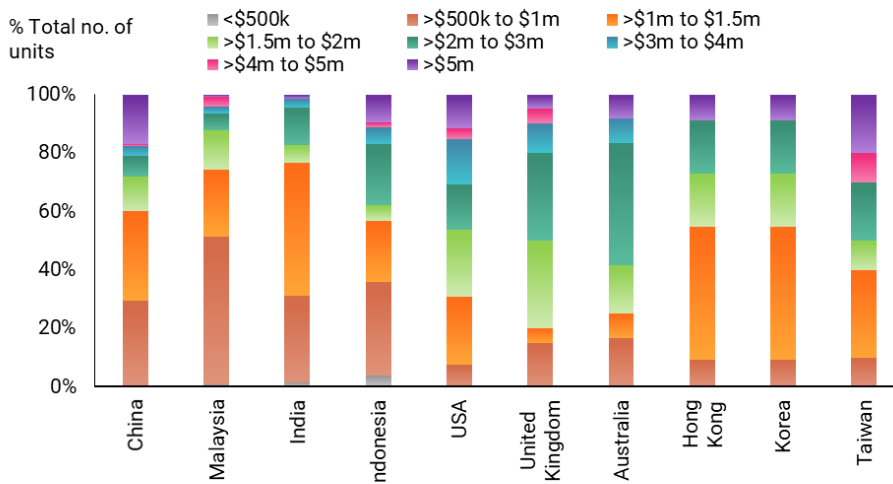
Ranking by sales volume of non-landed homes



Source: URA, OrangeTee & Tie Research & Consultancy

Chart 17 Affordability threshold of foreign buyers

Price Range of Non-Landed Homes Sold in Q3 2019 of Top 10 Nationalities by Volume



Source: URA, OrangeTee & Tie Research & Consultancy

OUTLOOK

With more than 7,000 new homes being sold in the first three quarters of this year, the total number of new home sales is likely to fall within our earlier projection of between 9,000 and 10,000 units for the whole of 2019 (Table 3).

While prices have continued to rise a second consecutive quarter, the slowing economic growth and rising supply of new homes may continue to keep a lid on further price hikes. Prices have already risen 2.1 per cent for the first three quarters of this year which is still within our earlier price projection of between 1 and 3 per cent for this year.

The leasing market may continue to strengthen in the coming months. Leasing demand may improve in the city fringe and luxury segments as more expat professionals are expected to be redeployed here.

Table 3 Market forecast for 2019

Indicators	Q1-Q3 2019	Full year 2019 forecast
URA price index	2.1%	1% to 3%
Price of non-landed new sales (URA Realis)	7.2%	1% to 4%
Price of non-landed resales (URA Realis)	0.5%	1% to 2%
New sale volume (exclude ECs)	7,469	9,000 to 10,000
URA rental index	2.4%	-1% to 1%

Source: URA, OrangeTee & Tie Research & Consultancy



Commonwealth Towers / OrangeTee & Tie Research & Consultancy Photo

Please contact us for more information:



Steven Tan
 Managing Director
 Executive Office
 +65 6303 2999
 steven.tan@orange
 tee.com



Christine Sun
 Head
 Research and
 Consultancy
 +65 6303 2662
 christine.sun@orange
 tee.com



John Tay
 Senior Analyst
 Research and
 Consultancy
 +65 6303 2662
 john.tay@orange
 tee.com