

ATTRACTIVE NEW LAUNCHES GAVE IMPETUS TO UPBEAT MARKET RESPONSE

A total of 2,847 private residential units were transacted in Q1 2016, 7.2% higher than the same period a year ago. Attractive new launches have helped to bring back buying demand, despite the standing property cooling measures. We expect buyers to remain reasonably upbeat for at least the next 6 months as buying activity gains momentum, but prices will still remain soft.

Attractive New Launch Projects Boosted New Sales Market

In Q1 2016, developers launched a total of 953 private residential units, a 19.8% year-on-year (y-o-y) fall. Despite this decline, the number of new units sold increased 8.2% y-o-y to 1,419 units, contributing close to half of the total private residential homes transacted in Q1 2016 (Exhibit 1). Such positive showing in the primary sales market can be attributed to the successful launch of two highly-popular projects, the 268-unit Cairnhill Nine and the 216-unit The Wisteria, both of which are mixed-use developments. Cairnhill Nine, with its highly-coveted location in Orchard and connectivity to high-end shopping mall Paragon, had sold more than 60% of the total units at the end of Q1 2016, within 4 weeks from its official launch on 2nd March 2016.

Gross rental yields of High-End and Mid-Tier Homes Display Resilience

According to Knight Frank's residential property basket analysis, gross rental yields of high-end and mid-tier homes stayed fairly stable y-o-y in Q1 2016 (Exhibit 2). However, gross yields for suburban homes fell y-o-y to 3.45%. This was attributed to weakening mass market rents, which declined 5.1% y-o-y to \$2.92 psf pm, even as average resale prices remained stable from a year ago.

According to Q1 2016 URA Quarterly Statistics, about 20,500 private homes will be completed over the next three quarters ending Q4 2016, with the OCR contributing about 59% of this upcoming supply. This is expected to further heighten competition for tenants and exacerbate the weakening in rents for mass-market homes.



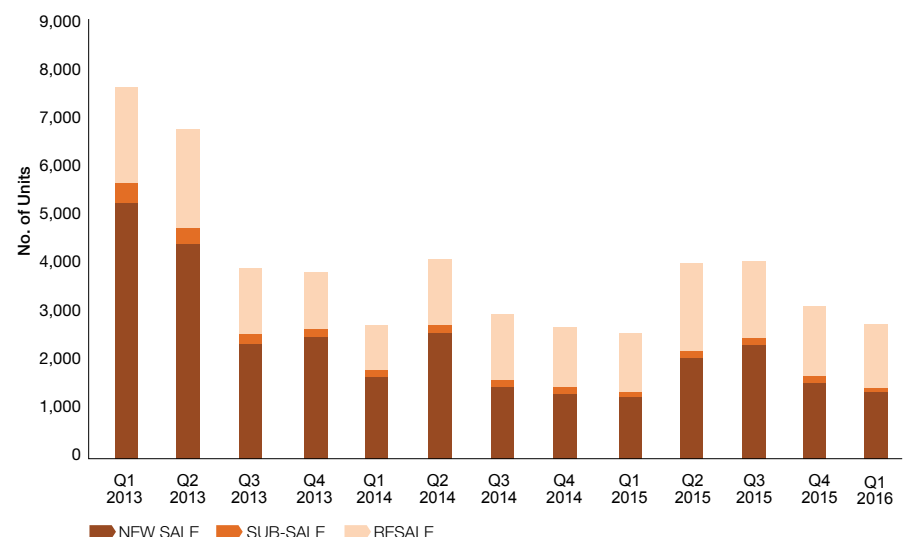
TAY KAH POH
Executive Director & Head,
Residential Services

“Market sentiment has improved since a year ago, and is expected to continue gaining upward momentum for at least the next 6 months.

Pent-up demand for homes from genuine owner-occupiers and the variety of attractive launches are the key factors driving the uptick in transaction volume.”

EXHIBIT 1

Total Transaction Volume, by Type of Sales



Source: URA, Knight Frank Research

MARKET OUTLOOK

With a number of highly-anticipated projects such as Gem Residences and mixed-use development Stars of Kovan lined up for launch in Q2 2016, new sales transaction activity in Q2 2016 is expected to surpass performance in the first quarter. The dual strengths of an attractive location and convenience of having accessibility to retail amenities will be strong selling points for

both projects. Total new sales volume for Q2 2016 is expected to range between 1,500 and 2,000, bringing the total sales for H1 2016 to 3,000 to 3,500 units. This would fall close to the approximate 3,400 new units sold in the first half of last year.

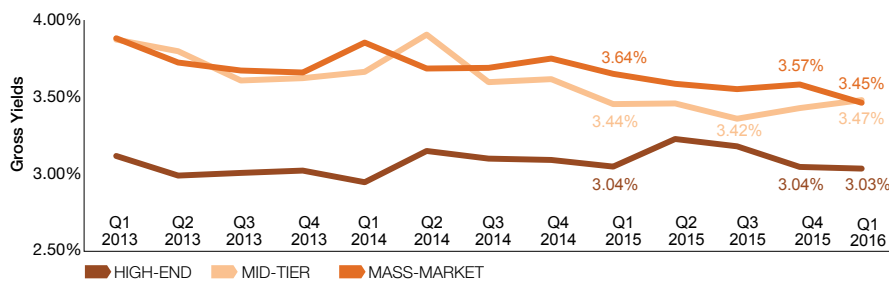
In light of continued global economic uncertainty and the possibility of interest rate increases in the near-term, price and overall

affordability will remain key considerations for many prospective homebuyers. Developers are expected to continue pricing their units at levels that would allow them to ride the waves of the current buying momentum.

Overall private home prices are envisaged to decline by 3.0% to 5.0% for the whole-year of 2016, with the mass market segment leading the fall, while the mid-tier and high-end markets are expected to see price falls slow. Based on URA statistics, total unsold inventory in the Core Central Region (CCR) shrank 5.8% q-o-q to about 6,000 units in Q1 2016. Average prices of luxury homes are expected to be supported by rising interest among homebuyers who believe in the rising value proposition of high-end homes. Homes in the CCR are therefore projected to see the lowest price decline of between 0.1% to 0.5% q-o-q in Q2 2016. Projects in the Rest of Central Region (RCR) continue to be attractive given their proximity to the city, and at current reasonable price levels, could continue to have strong appeal among buyers.

EXHIBIT 2

Gross Yields of Private Residential Property by Market Segment



Source: Knight Frank Research

EXHIBIT 3

Top 5 Private Residential Projects and Top 3 Executive Condominium Projects, by New Sales Volume in Q1 2016

S/n.	Project Name	Market Segment	Total No. of Units	No. of New Units Sold in Q1 2016	Average Price (\$ psf) in Q1 2016
Private Residential Projects					
1	Cairnhill Nine	CCR	268	171	\$2,378
2	The Wisteria	OCR	216	119	\$1,103
3	The Poiz Residences	RCR	731	88	\$1,401
4	Kingsford Hillview Peak	OCR	512	76	\$1,262
5	Botanique @ Bartley	OCR	797	63	\$1,307
Executive Condominiums					
1	Wandervale	OCR	534	291	\$765
2	The Terrace	OCR	747	72	\$795
3	The Amore	OCR	378	71	\$796

Source: REALIS (based on data as at 25 May 2016), URA, Knight Frank Research

EXHIBIT 4

Outlook for Private Home Prices, Q1 2016

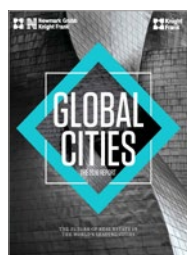
Market Segment	Actual (at Q1 2016)		Projected	
	q-o-q%	y-o-y%	Next 3 months ending Q2 2016	12 months ending Q4 2016
CCR	0.3%	-1.8%	-0.1% to -0.5%	-0.5% to -1.0%
RCR	0.0%	-2.6%	-0.5% to -1.0%	-1.5% to -2.0%
OCR	-1.3%	-4.0%	-1.0% to -1.5%	-4.0% to -6.0%

Source: Knight Frank Research

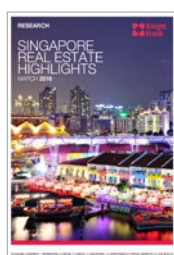
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