

HIGHEST QUARTERLY TRANSACTION VOLUME IN THREE YEARS, SPURRED BY ATTRACTIVE LAUNCHES AND FLEXIBLE PAYMENT SCHEMES

Quarterly Transaction Volume

- Total private residential transactions in Q2 2016 more than doubled the preceding quarter's to 4,550 units, driven by both new sales and resale markets (Exhibit 1).

Breakdown by New Sales and Resale Transaction Volume

- 2,256 new sales transactions were recorded, also more than doubling Q1's new sales volume.
 - This can be attributed to the successful launch of two highly-anticipated projects, GEM Residences and Sturdee Residences (Exhibit 2).
 - Both are located in close proximity to the city.
- The resale market witnessed its highest quarterly transaction volume since Q4 2012, with outstanding performance in Core Central Region (CCR) on the back of flexible payment schemes offered by developers, as seen in OUE Twin Peaks and D' Leedon.

Gross Rental Yields

- Rentals yields in in the mass and high-end markets have fallen over the past year (Exhibit 3).
- However, gross rental yields in the mid-tier market strengthened on a y-o-y basis as rental declines lagged price falls.

Market Outlook

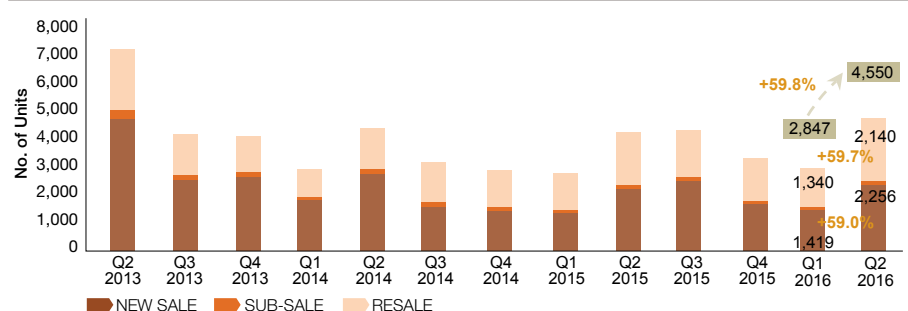
- New sales volume is likely to taper off as fewer project launches are expected in H2 2016; total new sales volume for the year is projected to range from 6,800 to 7,500 units.
- We expect to see island-wide private home prices decline at a slower pace in 2016 than in the past two years, projected at -3.0% to -4.0%, with the mass market leading the fall (Exhibit 4).
- Unsold inventory in CCR shrank for the ninth consecutive quarter to 5,793 units (-3.8% q-o-q), making up only 24.9% of total unsold inventory. Prices of luxury homes are likely to be supported by continued interest among homebuyers who believe in the value proposition of high-end homes.



TAY KAH POH
Executive Director & Head,
Residential Services

“The private housing market today is finely poised. While there are signs of a market turnaround from emerging value, global economic weaknesses will dampen the recovery. We expect price movements will be range-bound in a tight band for the rest of this year, but with a bias downward.”

EXHIBIT 1
Total Transaction Volume, by Type of Sales



Source: URA, Knight Frank Research

EXHIBIT 2

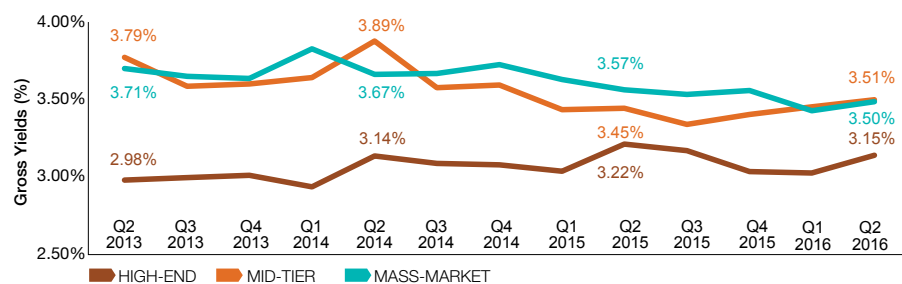
Top 5 Private Residential Projects and Top 3 Executive Condominium Projects, by New Sales Volume in Q2 2016

S/n.	Project Name	Market Segment	Total No. of Units in Project	No. of New Units Sold in Q2 2016	Total No. of Units Sold To-Date	Average Price (\$ psf) in Q2 2016
Private Residential Projects						
1	GEM Residences	RCR	578	320	320	\$1,424
2	Sturdee Residences	RCR	305	169	170	\$1,581
3	The Poiz Residences	RCR	731	104	502	\$1,391
4	Kingsford Hillview Peak	OCR	512	100	425	\$1,307
5	Botanique @ Bartley	OCR	797	98	759	\$1,297
Executive Condominiums						
1	The Visionaire	OCR	632	190	195	\$813
2	The Vales	OCR	517	122	326	\$782
3	Wandervale	OCR	534	101	392	\$755

Source: REALIS (based on data as at 27 July 2016), URA, Knight Frank Research

EXHIBIT 3

Gross Yields of Private Residential Property, by Market Segment



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

EXHIBIT 4

Outlook for Private Home Prices, Q2 2016

Market Segment	Actual (at Q2 2016)		Projected	
	q-o-q%	y-o-y%	Next 3 months ending Q3 2016	12 months ending Q4 2016
Island-wide	-0.4%	-2.9%	-0.5% to -1.0%	-3.0% to -4.0%
CCR	0.3%	-0.9%	0.1% to 0.5%	0.5% to 1.5%
RCR	0.2%	-1.8%	-0.5% to 0.0%	-1.0% to 0.0%
OCR	-0.5%	-3.4%	-1.0% to -2.0%	-3.5% to -4.5%

Source: URA, Knight Frank Research

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