

Q3 2019 RESIDENTIAL MARKET SNAPSHOT

All Private Residential Property Price Index

152.2

▲ 0.9% increase q-o-q

Total Transaction Volume* (Q3 2019)

5,380 units

▲ 22.5% increase q-o-q

*Transaction volume is based on caveats lodged as at 24 Sep 2019

Artist Impression of 10 Evelyn



ALAN TAN

Head,

KF Property Network

“The Singapore residential market appeals to both foreign and local buyers because of its political, financial and economic stability. In the midst of an uncertain external environment, Singapore’s stability made private properties more attractive to investors.”

PRIVATE RESIDENTIAL PRICES IMPROVED BY 0.9% Q-O-Q

The URA Private Property Price Index increased by 0.9% q-o-q to 152.2 points in Q3 2019.

Market Pulse

- According to the URA Flash Estimates, the Private Property Price Index (PPI) rose for the second straight quarter by 0.9% quarter-on-quarter (q-o-q) to 152.2 in Q3 2019 (Exhibit 1). While the pace of increase moderated, the second consecutive quarterly improvement in the price index reflected the underlying demand for private residential homes.
- There were 5,380 units transacted in Q3 2019, about 22.5% higher than in Q2 2019 (Exhibit 1). New sales contributed to the increase, recording a 61.0% q-o-q growth with 3,470 units transacted in Q3 2019. Secondary sale transactions, however, decreased by 14.7% q-o-q to 1,910 units in Q3 2019.
- The price indices for private non-landed properties across all three market segments in Singapore continued to improve, building on the increase in the price index in Q2 2019 (Exhibit 2). The PPI of non-landed private properties in the Core Central Region (CCR) showed the most significant improvement, recording a 2.9% q-o-q growth to 139.2 in Q3 2019 (Exhibit 3). The uncertain economic environment encouraged more home purchases in the CCR because properties in the CCR are often considered as safe assets.
- The PPI of private non-landed properties in the Rest of the Central Region (RCR) increased by 1.6% q-o-q to 155.9 in Q3 2019, albeit slower than the appreciation posted in Q2 2019 (Exhibit 3). Despite the more gradual increase, the prices of private non-landed properties in the RCR was at a record high, with the index being 0.3 points higher than the peak of 155.6 in Q2 2013. Prices in the RCR were also 14.3% higher compared to the last trough in Q4 2016.

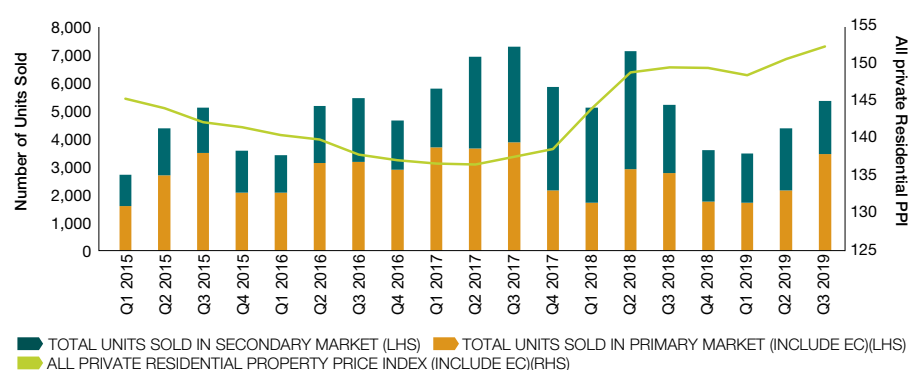
- The increase in the RCR non-landed price index can be partly attributed to the sharing of plans for the Greater Southern Waterfront during the National Day Rally. This announcement pushed up interest in the area, and the new launches in the vicinity sold well in Q3 2019. For instance, Avenue South Residences sold 323 units at an average unit price of \$1,943 per sq ft in Q3 based on the caveats lodged as at 24th Sep 2019.
- The PPI of non-landed residential properties outside the central region (OCR) increased by 0.7% q-o-q in Q3 2019, slightly higher than the 0.4% q-o-q uptick in Q2 2019 (Exhibit 3).
- Out of the top five projects with the most units sold, three were in the OCR (Exhibit 4). Parc Clematis sold the most number of units in Q3 2019, with 402 units sold at an average unit price of S\$1,617 psf (Exhibit 5). Parc Clematis features communal facilities such as dining pavilions fitted with shared culinary equipment. The project appeals to both buyers and investors, recording strong sales in the one- and two-bedroom units, as well as the bigger apartment types.
- Singaporean buyers accounted for most of the new home purchases in the top five projects by sales, ranging from 80% to 90% of the units purchased. The top 5 projects appealed to Singaporeans seeking to purchase for occupation because of the location, the potential upside due to government development plans, and the affordable quantum. Out of the top 5 projects, Parc Clematis had the highest proportion of purchases by non-Singaporeans at 18.2% (Exhibit 6). The project appealed to foreign buyers due to its proximity to the National University of Singapore, Jurong East and One-north.
- With vacancy rates staying stable, residential rentals remained flat for the mass market and middle-end private residential properties (Exhibit 7). In contrast, the rents of high-end and ultra-luxury properties appreciated by 6.3% and 10.6% q-o-q, respectively.
- Rental yields for the mass market, middle-end and high-end residential properties remained mostly stable, but the rental yields for the ultra-luxury properties increased in Q3 2019 after declining in the previous quarter (Exhibit 8).

Market Insights

Private Residential Property Prices increased by 0.9 points q-o-q to 152.2 in Q3 2019. The overall increase in transaction volume stemmed from an increase in the volume of primary sale transactions q-o-q, while the volume of secondary sale transactions saw a q-o-q decrease.

EXHIBIT 1

Total Units Sold in Primary and Secondary Markets, and URA Private Residential Property Price Index

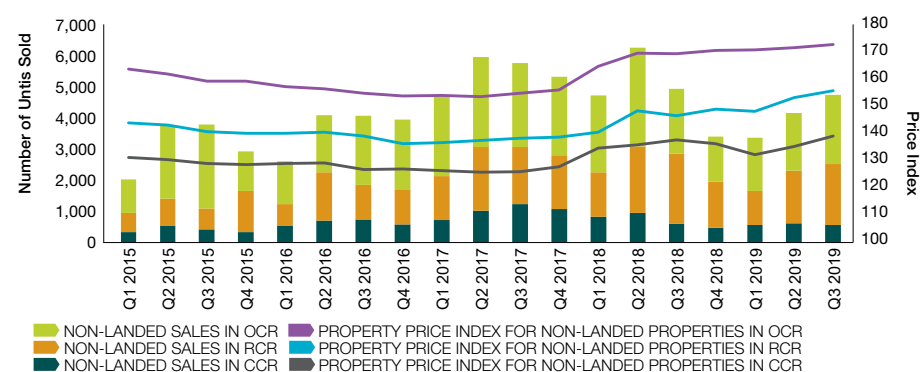


Source: REALIS (based on 24 Sep 2019), Knight Frank Research

Non-landed sales in the RCR and OCR saw a q-o-q increase in Q3 2019, boosted by new launches such as One Pearl Bank and Parc Clematis.

EXHIBIT 2

URA Private Residential Price Indices and Number of Units Sold by Market Segment



The price indices of the three market segments continued to increase in Q3 2019, with the price index of non-landed residential properties in the CCR posting the most significant q-o-q increase.

EXHIBIT 3

Non-landed Residential Property Price Indices by Planning Region

Region	Q-O-Q	Y-O-Y	Since the last trough
Whole Island	1.7%	3.1%	12.6%
Core Central Region	2.9%	1.0%	10.6%
Rest of Central Region	1.6%	6.3%	14.3%
Outside Central Region	0.7%	2.0%	12.5%

Source: URA, Knight Frank Research

The top 5 residential projects by sales in Q3 2019 appealed to buyers because of their location, the potential upside of their neighbourhood, and their affordability to upgraders and first-time investors. Separately, the executive condominium (EC) project Piermont Grand sold 425 units despite the average unit price being above \$1,000 psf in Q3 2019. Piermont Grand saw brisk sales because of the price gap between condominiums and ECs. The project is likely to see more sales in Q4 with the income ceiling raised from S\$14,000 to S\$16,000.

EXHIBIT 4

Notable Projects in Q3 2019 by Number of Units Sold

S/n.	Project Name	Market Segment	Total No. of Units in Project	No. of Units Sold in Q3 2019	Average Unit Price (\$ psf) in Q3 2019
Private Non-Landed Residential Projects					
1	Parc Clematis	OCR	1,468	402	\$1,617
2	Avenue South Residence	RCR	1,074	323	\$1,944
3	The Florence Residence	OCR	1,410	262	\$1,445
4	Treasure at Tampines	OCR	2,203	262	\$1,339
5	One Pearl Bank	RCR	774	234	\$2,380
Executive Condominiums					
1	Piermont Grand	OCR	820	425	\$1,099
2	Northwave	OCR	358	1	\$928

Source: URA, REALIS (based on data as at 24 Sep 2019), Knight Frank Research

Most buyers were still quantum sensitive. Around half of the units sold in the top 5 projects were two-bedroom units (500-800 sqft) with prices between \$800,000 to \$1,500,000. Approximately 19.4% of the units sold were smaller than 500 sqft, while 15.8% of the units sold were between 800-1000 sqft.

EXHIBIT 5

Transaction Volume and Average Price Quantum of the Top 5 New Sale Private Residential Projects Sold in Q3 2019

Project Name	<500 sq ft (Average quantum)	500 sq ft- 800 sq ft (Average quantum)	800 sq ft- 1,000 sq ft (Average quantum)	1,000 sq ft- 1,500 sq ft (Average quantum)	> 1,500 sq ft (Average quantum)
Parc Clematis	130 (S\$733,731)	142 (S\$1,097,042)	79 (S\$1,433,089)	48 (S\$1,913,604)	3 (S\$3,062,333)
Avenue South Residence	36 (S\$895,222)	210 (S\$1,272,152)	42 (S\$1,565,548)	35 (S\$2,108,800)	-
The Florence Residence	29 (S\$706,241)	142 (S\$952,463)	48 (S\$1,327,292)	43 (S\$1,516,256)	-
Treasure at Tampines	47 (S\$662,553)	85 (S\$849,977)	56 (S\$1,186,696)	65 (S\$1,420,169)	9 (S\$2,016,667)
One Pearl Bank	45 (S\$1,031,911)	176 (S\$1,455,057)	9 (S\$1,993,889)	4 (S\$3,055,000)	-

Source: URA, REALIS (based on data as at 24 Sep 2019), Knight Frank Research

Singaporean citizens accounted for the majority of home sales in the top 5 projects by transaction volume in Q3 2019.

EXHIBIT 6

Total Sales of Top 5 by Residential Status in Q3 2019

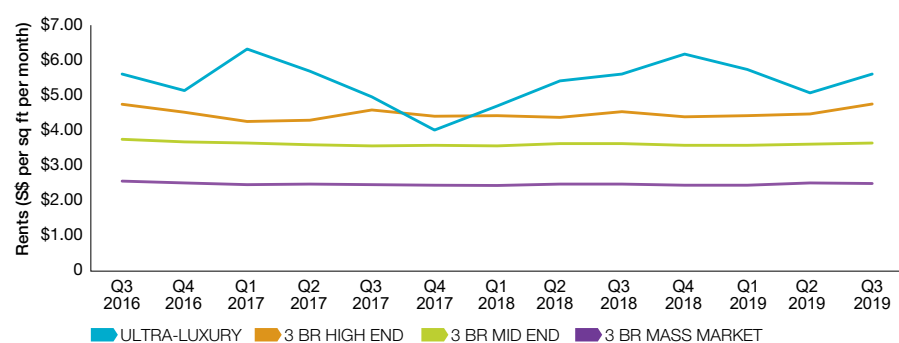
Project Name	Market Segment	Singaporean	Singapore Permanent Residents (PR)	Foreigner (NPR)
Parc Clematis	OCR	79.1%	2.7%	18.2%
Avenue South Residence	RCR	89.2%	9.0%	1.9%
The Florence Residence	OCR	87.8%	9.9%	2.3%
Treasure at Tampines	OCR	85.5%	11.8%	2.7%
One Pearl Bank	RCR	80.9%	13.6%	5.5%

Source: URA, REALIS (based on data as at 24 Sep 2019), Knight Frank Research

Notes: May not add up to 100% due to caveats lodged by Companies and roundings.

The rents of the non-landed private residential properties in the mass-market and middle-end segment remained mostly flat, while the rents in the high end and ultra-luxury segment increased q-o-q.

EXHIBIT 7

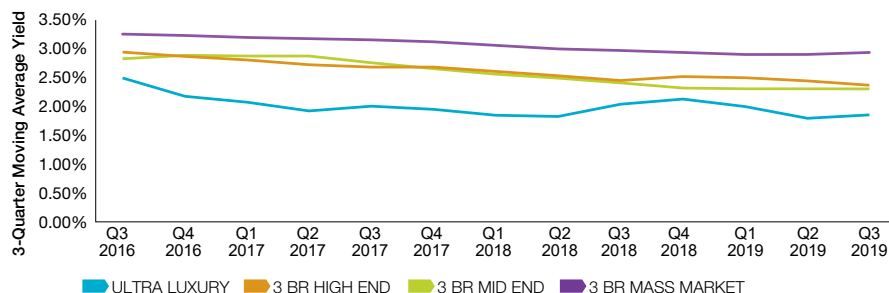
Average Rents (\$ per sq ft per month) by Segments


Source: URA, REALIS (based on data as at 24 Sep 2019), Knight Frank Research

Rents of ultra-luxury residential projects increased q-o-q in Q3 2019 after a decline in the previous quarter.

EXHIBIT 8

Average Yields of Private Residential Properties by Segments



Source: URA, REALIS (based on data as at 24 Sep 2019), Knight Frank Research

Market Outlook

The improvement in sales and price indices suggested that the underlying demand for private homes remain robust despite the weaker outlook of Singapore's economy. The uncertain external environment is likely to encourage more buyers to enter the market in the immediate future because many buyers perceive Singapore properties as safe assets. Foreign purchases of Singapore properties are expected to continue, as they are attracted by Singapore's stable political environment, pro-business environment, world-class education system and the relatively strong Singapore dollar against regional currencies.

That said, the additional buyers' stamp duties are likely to cap any improvement in prices. Knight Frank expects sales to improve sustainably y-o-y in Q4 2019, while total new sales in 2019 are forecasted to reach 8,000 to 9,000 units. Secondary sales is likely to fall in the range between 7,000 and 8,000 units.

EXHIBIT 9

Outlook for Private Home Prices

Market Segment	Actual (as at Q3 2019)		Projected y-o-y % Change by end 2019
	q-o-q %	y-o-y %	
Non-Landed Island-wide	1.7%	3.1%	-1.0% to 3.0%
Non-Landed CCR	2.9%	1.0%	-1.0% to 2.0%
Non-Landed RCR	1.6%	6.3%	-1.0% to 4.0%
Non-Landed OCR	0.7%	2.0%	-1.0% to 3.0%
Landed Homes	-2.2%	-3.2%	-1.0% to 2.0%

Source: URA, Knight Frank Research

FOR RESIDENTIAL SALES ENQUIRIES, PLEASE CONTACT:

Alan Tan
Head
KF Property Network
6372 7308
alan.tan@kfpn.com.sg

FOR FURTHER INFORMATION, PLEASE CONTACT:

Lee Nai Jia
Head
Research
6228 6878
naijia.lee@sg.knightfrank.com

Kho Zi Ting
Analyst
Research
6228 7377
ziting.khoo@sg.knightfrank.com



© Knight Frank Singapore 2019

This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank Pte Ltd and its subsidiaries for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank Pte Ltd and its subsidiaries in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank Pte Ltd to the form and content within which it appears. Knight Frank Pte Ltd is a private limited company which is incorporated in Singapore with company registration number 198205243Z and CEA licence number L3005536J. Our registered office is at 10 Collyer Quay #08-01 Ocean Financial Centre Singapore 049315.