

Q4 2017 MARKET SNAPSHOT

All Private Residential Property Price Index¹

138.7

▲ 1.1% increase y-o-y

Total Transaction Volume² (2017)

25,010 units

▲ 52.7% increase y-o-y

Upcoming Supply³ of Private Residential Units
(2018-2022)

**35,759 units in total /
7,152 units per year**

20,974 units of unsold stock⁴

RECOVERY GATHERED PACE IN PRIVATE RESIDENTIAL MARKET WITH BROAD-BASED UPTICK IN SALES VOLUME AND PRICES

Supported by positive economic performance, pent-up demand from both homebuyers and heightened collective sales activities, the private residential market fared well in 2017. Total transaction volume of private homes hit 25,010 for 2017.

Market Pulse

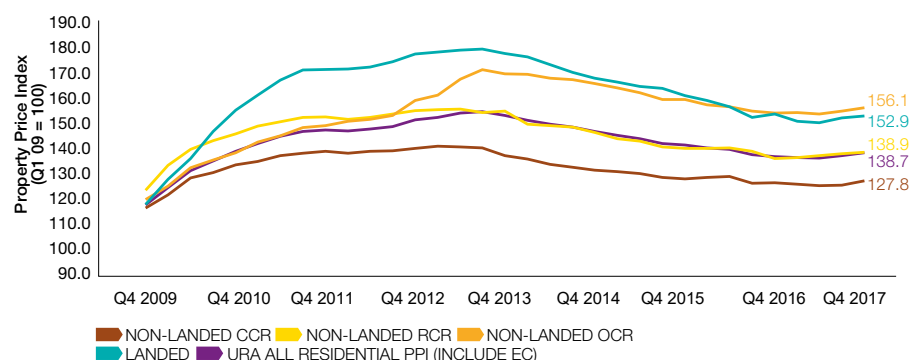
- **Singapore's 2017 Gross Domestic Product (GDP) grew 3.6% on a y-o-y basis in 2017.** The sector that contributed the most to GDP growth were the manufacturing and finance & insurance sectors. While the construction sector contracted by 5.0% on a y-o-y basis in Q4 2017, it is expected to pick up towards second half of 2018 with construction demand coming from the flurry of collective sales that started since May 2017.
- **Aside from the stellar economic performance in 2017, prices of Singapore private homes continued its climb.** The Property Price Index of all market segments climbed 1.1% year-on-year (y-o-y) in Q4 2017, the highest growth seen since Q4 2013. The total New Sale, Sub-sale and Resale residential transaction volume also hit 25,010 units for 2017, a 52.7% increase from 2016. The key reason behind the strengthened performance of the private residential market could be alluded to the release of pent-up demand from prospective homebuyers amid market expectations that home prices will rise in 2018 following the record land bid prices seen in 2017.

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- **Cost of financing set to increase in 2018.** In anticipation of US Federal Reserve’s plans to raise interest rates three times in 2018, the three-month Singapore Interbank offered rate (Sibor) hit 1.504% in January 2018, the highest since September 2008. This will raise the cost of financing for mortgagors looking to make a new purchase or those with outstanding floating rate mortgage loans.

EXHIBIT 1

URA Private Residential Price Indices



Source: URA, Knight Frank Research

Private residential home prices across all market segments increased for the second consecutive quarter.

- **According to the URA⁴, private residential home segment continued to report a price increase in Q4 2017**, second consecutive quarter of price increase. Both the Landed and Non-landed segments saw price uptick in Q4 2017, with the Non-landed segment reporting the biggest rise of 0.8% q-o-q.
- **Prices for the non-landed residential segment in the Core Central Region (CCR) saw its first y-o-y increase in Q4 2017 at 0.6% since Q3 2013.** Prices in the Rest of Central Region (RCR) and the Outside Central Region (OCR) improved by 1.8% and 1.4% y-o-y respectively, largely supported by higher sales prices of resale units in their segments.

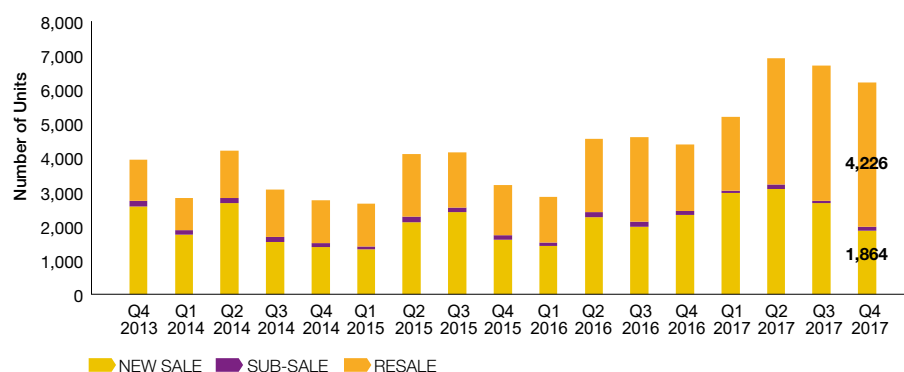


TAN TEE KHOON
Executive Director & Head,
Residential (Project Marketing)

“Riding on the nation’s stellar economic performance for the year, real estate transaction volume and prices continue to demonstrate a strong return of confidence in the final quarter of 2017. Upticks in all three Regions for a second consecutive quarter in both sales and leases signify a robust trend that would likely characterise 2018. We expect developers’ new launches to outperform last year as displaced en bloc buyers return to the market from the second half of this year to purchase replacement accommodation.”

EXHIBIT 2

Island-wide transaction volume



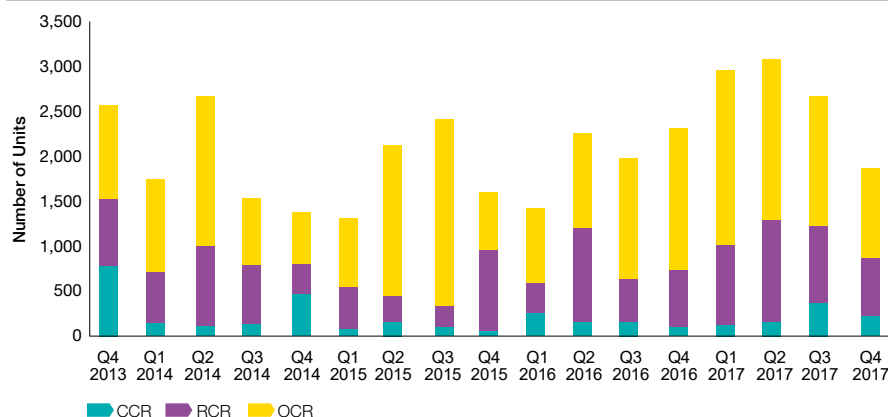
Source: URA, Knight Frank Research

Note: Data is obtained from the URA Quarterly Statistics Q4 2017.

⁴Based on the Q4 2017 real estate statistics released by URA.

EXHIBIT 3

Number of New Private Residential Units Sold



Source: URA, Knight Frank Research

Note: Data is obtained from the URA Quarterly Statistics Q4 2017.

EXHIBIT 4

Top 5 Private Residential Projects and Top 5 Executive Condominium Projects, by New Sale Volume in Q4 2017

| S/n. | Project Name | Market Segment | Total No. of Units in Project | No. of Units Sold to date ¹ | No. of New Units Sold in Q4 2017 | Month of Launch | Average Price (\$ psf) in Q4 2017 ² |
|--|---------------------|----------------|-------------------------------|--|----------------------------------|-----------------|--|
| Private Non-Landed Residential Projects | | | | | | | |
| 1 | Parc Botannia | OCR | 735 | 265 | 285 | Nov 17 | \$1,271 |
| 2 | Queens Peak | RCR | 736 | 575 | 124 | Nov 16 | \$1,672 |
| 3 | Gem Residences | RCR | 578 | 496 | 98 | May 16 | \$1,513 |
| 4 | Sophia Hills | CCR | 493 | 469 | 98 | Nov 14 | \$2,058 |
| 5 | Parc Riviera | OCR | 752 | 729 | 95 | Nov 16 | \$1,215 |
| Executive Condominiums | | | | | | | |
| 1 | iNZ Residence | OCR | 497 | 480 | 96 | Mar 17 | \$811 |
| 2 | Signature at Yishun | OCR | 525 | 430 | 84 | Sep 15 | \$775 |
| 3 | The Criterion | OCR | 505 | 472 | 76 | Oct 15 | \$780 |
| 4 | Parc Life | OCR | 628 | 521 | 72 | Apr 16 | \$811 |
| 5 | Northwave | OCR | 358 | 286 | 65 | Jul 16 | \$772 |

Source: *REALIS (based on data as at 31 January 2018), URA, Knight Frank Research

¹ Sales data may vary arising from the status update of earlier sales records by developers after factoring drop-out cases.² Average prices in the quarter are based on caveats from Oct-Nov 2017, lodged as at 31 January 2018.

TAY KAH POH

Executive Director & Head,
Residential (Sales & Leasing)

“The recovery percolated rapidly to the resale sector. Demand for prime assets has rebounded, supported by strong liquidity and Singapore’s relatively attractive pricing on an international basis. The leasing market is still weighed down by supply concerns, but should see better days ahead as the cyclical upturn continues apace.”

Buyer interest for new sale projects fizzled during Q4 2017

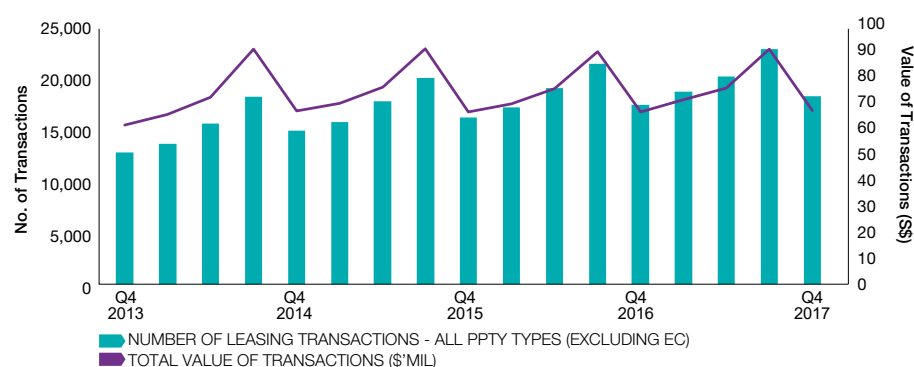
- A total of 1,864 new private residential units were sold by developers in Q4 2017, a 30.0% decrease compared to the previous quarter and 19.5% lower on a year-on-year basis. However, this brings the total number of new private residential units sold to 10,566 in 2017; higher than the 7,972 units sold in 2016 alone.
- The top performing projects were broad-based across market segments in Q4 2017.
- Given the lower new sale volume in Q4 2017, projects which are well-marketed with strong concepts generally received positive market response, with notable projects such as Parc Botannia and Queens Peak hitting above 100 units sold each.

Resale Transactions

- The number of resale transactions in Q4 2017 hit a high of 4,226 units, posting 7.0% q-o-q and whopping 117.4% y-o-y increase respectively.
- RCR saw the largest jump in resale transactions with 1,286 units in Q4 2017, at 18.5% q-o-q and 123.7% y-o-y increase respectively.
- Total resale transaction volume in 2017 reached 14,043 units, 77.7% higher on a y-o-y basis compared to 2016. The spike in resale transactions could be largely attributed to owners locking in purchases at the current prices before the market heats up and also possibly due to the lack of new sale launches in 2017.

EXHIBIT 5

Leasing Transaction Volume and Value, Island-wide



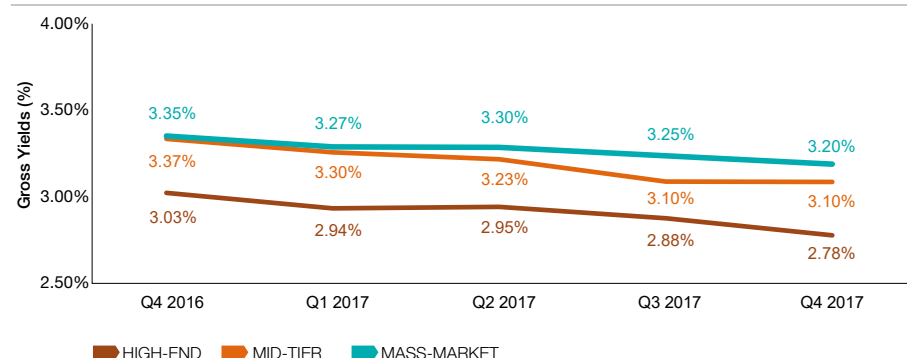
Source: REALIS (based on data as at 31 January 2018), Knight Frank Research

Leasing transaction volume and value rose in Q4 2017

- Leasing activities in Q4 2017 fared well in terms of value and volume of transactions on a y-o-y basis.
- Total leasing transaction volume increased by 4.8% y-o-y to 18,447 transactions in Q4 2017 from 17,606 transactions in Q4 2016.
- Total transaction value rose by 1.1% y-o-y, with the biggest increase in value coming from CCR at 5.9% increase y-o-y.
- The improved performance of the leasing market could be due to tenants taking advantage of declining rents in recent years, and landlords offering attractive prices at well-located areas.

EXHIBIT 6

Average Gross Yields of Private Residential Property, by Market Segment



Source: REALIS (based on data as at 14 February 2018), Knight Frank Research

Rental yields fell across most market segments in Q4 2017

- Average gross rental yields for the high-end and mass-market segments declined in Q4 2017 to 2.78% and 3.20% respectively. The decline was the largest for the high-end market segment, with a 0.10% q-o-q drop.
- Average gross rental yields for the mid-tier market held steady at 3.10% in the same quarter.

EXHIBIT 7

Outlook for Private Home Price Changes

| Market Segment | Actual based on URA price Indices(as at Q4 2017) | | Projected y-o-y % Change in Prices for Q4 2018 |
|----------------|--|---------|--|
| | q-o-q % | y-o-y % | |
| Island-wide | 0.8% | 1.1% | 3.0% to 6.0% |
| Non-Landed CCR | 1.4% | 0.6% | 4.0% to 5.0% |
| Non-Landed RCR | 0.4% | 1.8% | 5.0% to 6.0% |
| Non-Landed OCR | 0.8% | 1.4% | 3.0% to 5.0% |
| Landed Homes | 0.5% | -0.5% | 4.0% to 7.0% |

Source: URA, Knight Frank Research

Market Outlook

- Riding on the momentum of higher new sale transaction volume in 2017, we foresee new sale volume to range between 11,000 to 13,000 units in 2018, buoyed by returning interest from locals and foreigners and the debut of highly anticipated new project launches from March 2018 that will bring significant interest into the market.
- Displaced residents from the numerous collective sales sites is likely to provide further boost to the private residential market from the second half of 2018, potentially propping up new sale and resale transactions.
- We project that island-wide private home prices will continue its rise in 2018, on the back of stable economic growth and anticipations of further price increases due to past-year record land bid prices. Non-landed prices in the RCR and OCR are poised to edge up as evident in positive sentiment arising from higher interest in the resale market and upcoming project launches in 2018.

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