

Q1 2019 RESIDENTIAL MARKET SNAPSHOT

All Private Residential Property Price Index

148.7

▼ **0.6% decrease q-o-q**

Second consecutive q-o-q decline

Total Transaction Volume* (Q1 2019)

1,623 units

▼ **17.0% decrease q-o-q**

*Transaction volume is based on caveats lodged as at 1 Apr 2019

Artist Impression of Affinity At Serangoon



TAN TEE KHOON
Executive Director & Head,
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“While buying sentiment is subdued by the recent cooling measures, the announcement of the Draft Masterplan 2019 is likely the bright spark to trigger more sales activity, especially in areas that will see prospective growth. For instance, the plans for the Greater Southern Waterfront will offer much optimism in the future outlook of residential properties in the vicinity, and these properties will appeal to buyers with longer investment horizon.”

OPPORTUNITIES IN RESIDENTIAL MARKET AMID MODERATE SALES

The flash estimates URA Private Property Price Index declined 0.6% to 148.7 points in Q1 2019. This represented the second consecutive month of decline.

Market Pulse

- The URA Private Property Price Index declined in Q1 2019 (Exhibit 1), with the sellers in the secondary market feeling under greater pressure to lower their asking prices due to the slowing sales.
- The prices of new projects were holding up in Q1, and the decline in URA price indices was more reflective of the prices of completed properties transacted in the secondary market in Q1. The NUS Singapore Residential Price Index, which tracks prices of completed non-landed private homes and a proxy for the secondary market, eased by 0.5% month-to-month after January's 0.2% dip in price.
- Secondary sale transactions in Q1 2019 dropped to 1,623 units from 2,165 units in Q4 2018. While not all the properties transacted Q1 2019 were recorded yet, it was unlikely the secondary sale transaction volume would exceed the 2,165 units transacted in Q4 2018. In contrast, new sales declined more moderately than the secondary sales, retreating by 7.4% q-o-q to 1,681 units in Q1 2019.
- Intuitively, the prices of the non-landed properties in Core Central Region (CCR) were expected to be more resilient than prices of those outside CCR. Yet, the price index for CCR non-landed private residential properties declined by 2.9% q-o-q, and the price index for non-landed properties Outside Central Region (OCR) stayed flat. The price index for non-landed properties in the Rest of Central Region (RCR) also stayed largely unchanged, dipping marginally by 0.2% q-o-q (Exhibit 2).

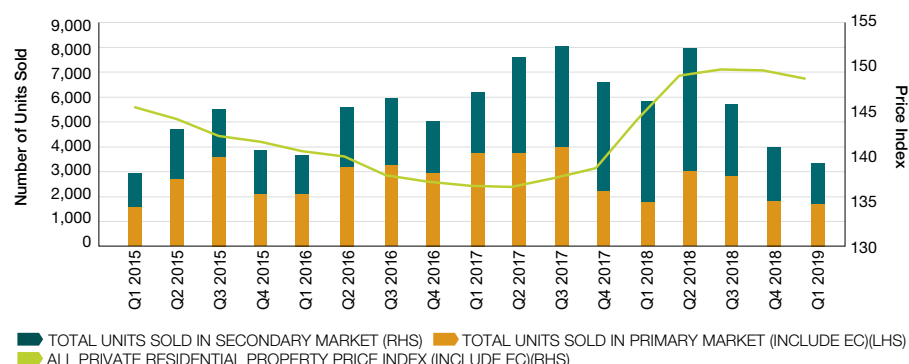
- The announcement of the Cross-Island Line was likely to have supported the prices of non-landed properties in OCR and RCR (Exhibit 3) in Q1. In contrast, the fall in price index of non-residential properties in CCR probably emanated from the secondary market where individual owners were seeking to divest their properties urgently.
- Out of the new projects that were in the market in Q1, Treasure at Tampines sold the most in Q1 2019 (Exhibit 4). The project sold 270 units at an average unit price of S\$1,339 per sq ft. Separately, the announcement of the upcoming stations of the Cross-Island line boosted sales of developments that were in proximity to the upcoming stations, such as Affinity at Serangoon and Riverfront Residences.
- According to the top 5 selling projects, most of the buyers were acquiring units that have a floor area between 500 and 800 sq ft for less than S\$1.1 million (Exhibit 5).
- The residential status of the buyers of the top 5 projects were mainly Singaporeans (Exhibit 6). Given that these projects were not within the CCR, they were less attractive to foreign buyers who had to fork out higher ABSD.
- Separately the rental markets stayed largely stable across all segments (Exhibit 7). The average rent for Ultra-luxury properties came down q-o-q in Q1 2019, but the decline was attributed to seasonality effects.
- The yields for the middle-end and mass market stayed compressed (Exhibit 8), but the yields for ultra-luxury apartments inched up in Q1 2019.

Market Insights

Private Residential Property Prices faced downward pressure from slower sales.

EXHIBIT 1

Total Supply of Private Homes, Total Sales, and URA Private Residential Property Price Index



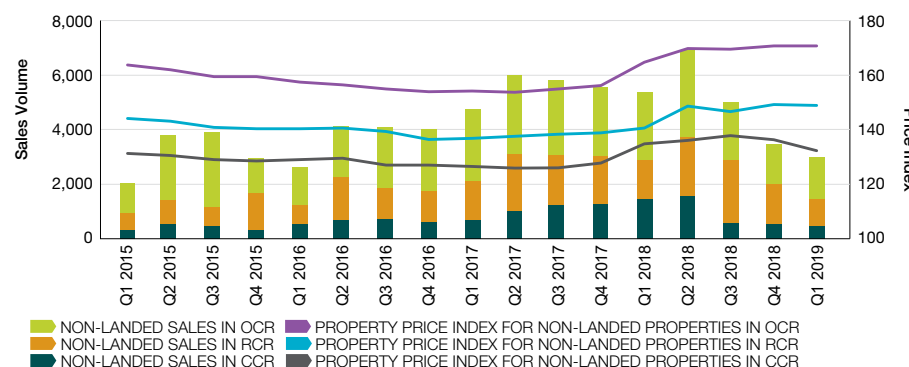
Source: URA, Knight Frank Research

Note: Transaction volume based on caveats lodged as at 1 Apr 2019

Prices in Core Central Region dropped largely originated from the secondary market.

EXHIBIT 2

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



Source: URA, Knight Frank Research

Note: Transaction volume based on caveats lodged as at 1 April 2019.

The decline in prices suggested that sellers that were willing to lower their asking prices acquired their homes near to the trough of the cycle.

EXHIBIT 3

Non-landed Residential Property Price Indices by Planning Region

Region	q-o-q	y-o-y	Since the last trough
Whole Island	-1.0%	2.6%	8.7%
Core Central Region	-2.9%	-1.8%	5.2%
Rest of Central Region	-0.2%	5.9%	9.2%
Outside Central Region	0.0%	3.6%	11.1%

Source: URA, Knight Frank Research

The announcement of the Cross-Island Line helped support sales of previous launches, for instance Affinity at Serangoon.

EXHIBIT 4

Notable Projects in Q1 2019 by Number of Units Sold

S/n.	Project Name	Market Segment	Total No. of Units in Project	No. of Units Sold in Q1 2019	Average Unit Price (\$ psf) in Q1 2019
Private Non-Landed Residential Projects					
1	Treasure at Tampines	OCR	2,203	270	\$1,399
2	Affinity at Serangoon	OCR	1,052	179	\$1,493
3	The Tre Ver	RCR	729	175	\$1,593
4	Riverfront Residences	OCR	1,472	119	\$1,325
5	Parc Esta	RCR	1,399	82	\$1,716
Executive Condominiums					
1	Northwave	OCR	358	7	\$894
2	Rivercove Residences	OCR	628	1	\$957
3	Treasure Quest	OCR	504	2	\$1,019

Source: URA, REALIS (based on data as at 1 Apr 2019), Knight Frank Research

Many buyers were purchasing the two-bedroom units (500-800 sq ft) at prices below S\$2 million in top 5 selling projects in Q1 2019.

EXHIBIT 5

Transaction Volume and Average Price Quantum of the Top 5 New Sale Private Residential Projects Sold in Q1 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)
Treasure at Tampines	76 (\$633,697)	96 (\$859,281)	45 (\$1,093,689)	44 (\$1,458,818)	9 (\$2,054,111)
Affinity at Serangoon	108 (\$719,935)	238 (\$973,894)	66 (\$1,315,045)	51 (\$1,794,300)	14 (\$2,321,396)
The Tre Ver	54 (\$767,700)	292 (\$1,028,032)	-	71 (\$1,750,899)	-
Riverfront Residences	208 (\$619,921)	486 (\$818,485)	84 (\$1,174,494)	146 (\$1,497,632)	12 (\$2,162,917)
Parc Esta	114 (\$775,044)	173 (\$1,061,214)	139 (\$1,451,619)	46 (\$1,845,652)	1 (\$2,420,000)

Source: URA, REALIS (based on data as at 1 Apr 2019), Knight Frank Research

The units of the top selling projects were mainly purchased by Singaporean citizens.

EXHIBIT 6

Total Sales of Top 5 by Residential Status in Q1 2019

Project Name	Market Segment	Singaporean	Singapore Permanent Residents (PR)	Foreigner (NPR)
Treasure at Tampines	OCR	94%	6%	1%
Affinity at Serangoon	OCR	88%	10%	2%
The Tre Ver	RCR	86%	12%	2%
Riverfront Residences	OCR	78%	18%	3%
Parc Esta	RCR	80%	16%	4%

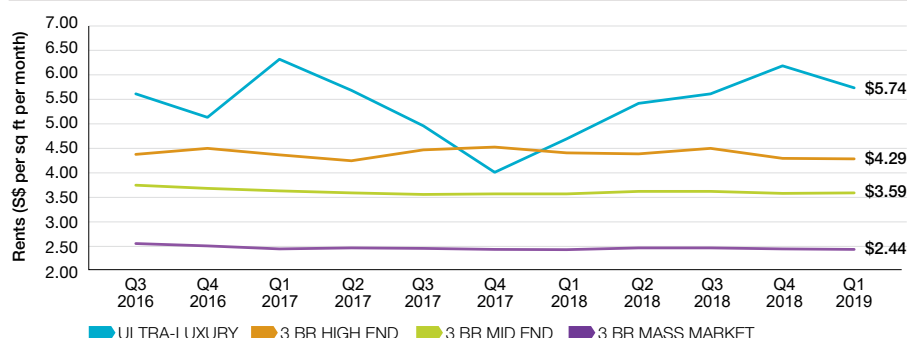
Source: URA, REALIS (based on data as at 1 Apr 2019), Knight Frank Research

Note: May not add up to 100% due to caveats lodged by Companies and rounding.

Besides the rents for ultra-luxury non-landed properties, the rents for the rest of the market stayed flat q-o-q.

EXHIBIT 7

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

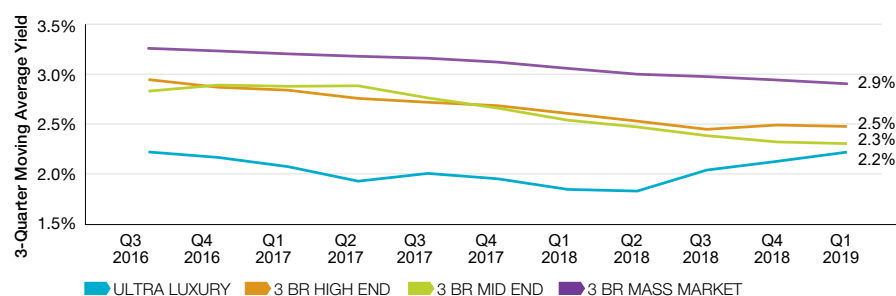


Source: URA, REALIS (based on data as at 1 Apr 2019), Knight Frank Research

Yields for properties in CCR went up by 0.1 percentage-points q-o-q.

EXHIBIT 8

Average Yields of Private Residential Properties by Segments



Source: URA, REALIS (based on data as at 1 Apr 2019), Knight Frank Research

Market Outlook

We project sales to remain moderate for the rest of 2019 due to the growing mismatch of price expectations between buyers and sellers. Notwithstanding, the recent announcement of the Draft Master Plan 2019 may encourage more sales in areas that are earmarked for future development. Additionally, the property price index for non-landed properties in CCR is likely to improve or stabilise after the announcement the initiatives to rejuvenate the CBD and Orchard Road, and the development of the Greater Southern Waterfront.

EXHIBIT 9

Outlook for Private Home Prices

Market Segment	Actual (as at Q1 2019)		Projected y-o-y % Change by end 2019
	q-o-q %	y-o-y %	
Non-Landed Island-wide	-1.0%	2.6%	-1.0% to 3.0%
Non-Landed CCR	-2.9%	-1.8%	-1.0% to 1.0%
Non-Landed RCR	-0.2%	5.9%	-1.0% to 4.0%
Non-Landed OCR	-	3.6%	-1.0% to 3.0%
Landed Homes	1.1%	5.5%	-1.0% to 1.0%

Source: URA, Knight Frank Research

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