

Q2 2019 RESIDENTIAL MARKET SNAPSHOT

All Private Residential Property Price Index

150.8

▲ 1.5% increase q-o-q

Total Transaction Volume* (Q2 2019)

3,999 units

▲ 21.0% increase q-o-q

*Transaction volume is based on caveats lodged as at 23 June 2019

Artist Impression of The Woodleigh Residence



ALAN TAN

**Head,
KF Property Network**

“The uncertainty may encourage investors to purchase Singapore real estate, given its long term capital appreciation potential. Despite the higher costs of acquisitions due to the cooling measures, Singapore appeals to investors given its transparency, stable political environment, developed infrastructure and quality of life. We anticipate more foreign and Singaporean buyers in both the luxury and mass market segments.”

PRIVATE RESIDENTIAL PRICES IMPROVED BY 1.5% Q-O-Q

The URA Private Property Price Index increased by 1.5% to 150.8 points in Q2 2019. The improvement in prices represents an uptick following two consecutive quarters of decline.

Market Pulse

- According to the URA statistics, the Property Price Index (PPI) of private residential properties increased by 1.5% quarter-on-quarter (q-o-q) to 150.8 in Q2 2019 (Exhibit 1). The increase in the price index comes after a 0.7% q-o-q decline in Q1 2019. However, it remains premature to conclude whether the uptrend will be sustained over the next two quarters.
- A confluence of reasons may have contributed to the higher price index. First, the unveiling of the Draft Master Plan 2019 may have boosted buyers' interest in non-landed properties located in areas earmarked for future development, contributing to a price increase this quarter. Second, given the price gap between buyers and sellers, improvements in prices may be reflecting the sale of choice properties, where buyers were willing to “bridge” the price gap by paying a premium. This phenomenon usually occurs for the negotiation over the choice properties that are in the prime districts. Third, there has been an uptick in foreign buyers since March which may have supported prices in both the Core Central Region (CCR) and Rest of Central Region (RCR).
- Secondary sale transactions in Q2 2019 increased to 1,840 units from 1,623 units in Q1 2019, a 13.4% q-o-q increase (Exhibit 1). New sales also increased to 2,159 units in Q2 2019, which was a 28.4% q-o-q increase from 1,681 units in Q1 2019. While properties transacted beyond 23 June were not captured, it is unlikely that sale transaction volumes would impact on the direction of the market.

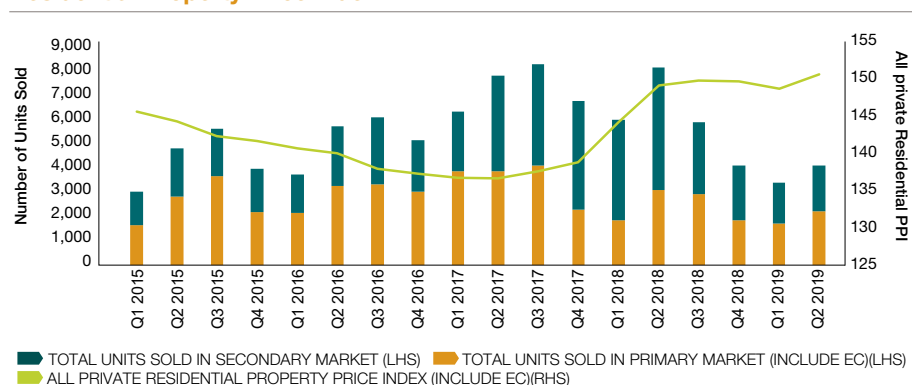
- Sales, however, were more moderated compared to a year ago due to the cooling measures announced in July 2018. Primary sale transactions declined by 28.1% year-on-year (y-o-y), with the same trend observed in secondary sale transactions, which declined by 62.35% y-o-y.
- The price index for non-landed properties improved across all three regions in Singapore, with the price index for the CCR, Outside Central Region (OCR) and the RCR recording a q-o-q growth (Exhibit 2). The price index for non-landed properties in the RCR showed the most considerable increase at 3.5% q-o-q (Exhibit 3). The increase in the RCR non-landed property price index can be attributed to new launches with unit prices set at a higher level than those units in the resale market and previous projects. Non-landed properties in the CCR and OCR experienced a more moderate increase of 2.3% and 0.4% q-o-q respectively.
- Despite the higher stamp duty payable, some projects continued to record decent sales rate despite its higher unit price and quantum. Based on the caveats of non-landed properties in Q2 2019, Amber Park recorded the highest number of units sold out of all the projects (Exhibit 4), and sold 157 units at an average unit price of S\$2,480 per square feet (sq ft). The project did well not only in its sale of units less than 800 sq ft; it also sold 23 units each with floor area exceeding 1,500 sq ft and at an average quantum of S\$5.1 million. Some of the buyers were likely previous owners who sold the development en bloc to the developer.
- According to the sales of the best 5 selling projects, units with a floor area between 500 and 800 sq ft remained the most popular amongst buyers (Exhibit 5), accounting for 47.6% (333 units) of the units sold across the top 5 selling projects. The less than 500 sq ft (131 units) category sold the second most units followed by the group between 1,000 sq ft and 1,500 sq ft (117 units).
- The price quantum of the projects sold also suggests a three-tier market, with most of the units being sold at either the high end (more than S\$5 million) or low end (S\$800k to S\$1.2 million) of the spectrum, and considerably fewer units sold in the S\$2 to S\$3 million range.
- The residential status of the buyers in the top 5 projects were mainly Singaporeans (Exhibit 6). With these projects being situated either in the OCR or the RCR, their investment value proves less attractive to foreign buyers, who must shell out higher Additional Buyer's Stamp Duties with the recent cooling measures. In the CCR, purchases by non-permanent residents formed closed to 37.8%.
- Separately, the rental markets remained mostly constant across all mass market, middle-end and high-end segments (Exhibit 7), with each segment registering a marginal rent increase of between 1 to 3%. Average rents for ultra-luxury properties has fallen since Q1 2019, with rents dropping by a further 11.7% in Q2 2019.
- Yields for the mass market, middle-end and high-end market remained largely stable, with ultra-luxury non-landed properties declining marginally (Exhibit 8).

Market Insights

Private Residential Property Prices increased by 2.2 points q-o-q in Q2 2019, while both primary and secondary sale transactions also experienced a marginal increase q-o-q

EXHIBIT 1

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



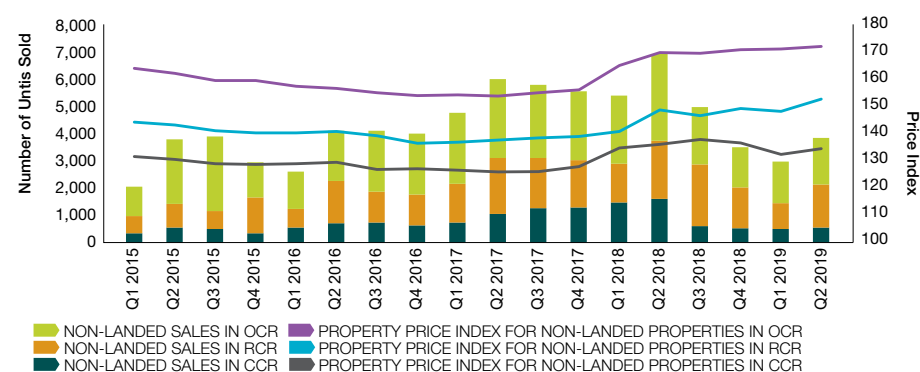
Source: URA, Knight Frank Research

Note: Transaction volume based on caveats lodged as at 23 June 2019

The number of non-landed units sold in the RCR increased the most in Q2 due to new launches.

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 23 June 2019.

Prices across the three regions experienced an uptick

EXHIBIT 3

Non-landed Residential Property Price Indices by Planning Region

Region	Q-O-Q	Y-O-Y	Since the last trough
Whole Island	2.0%	1.4%	10.8%
Core Central Region	2.3%	-0.5%	7.5%
Rest of Central Region	3.5%	3.3%	12.5%
Outside Central Region	0.4%	1.2%	11.7%

Source: URA, Knight Frank Research

The top 5 selling projects were in either the RCR or OCR

EXHIBIT 4

Notable Projects in Q2 2019 by Number of Units Sold

S/n.	Project Name	Market Segment	Total No. of Units in Project	No. of Units Sold in Q2 2019	Average Unit Price (\$ psf) in Q2 2019
Private Non-Landed Residential Projects					
1	Amber Park	RCR	592	157	\$2,480
2	Treasure at Tampines	OCR	2,203	150	\$1,327
3	The Tre Ver	RCR	729	140	\$1,625
4	The Florence Residences	OCR	1,410	135	\$1,445
5	Parc Esta	RCR	1,399	117	\$1,684
Executive Condominiums					
1	Rivercove Residences	OCR	358	8	\$1,010
2	Northwave	OCR	628	1	\$982
3	Treasure Crest	OCR	504	1	\$1,110

Source: URA, REALIS (based on data as at 23 June 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 Q2 2019.

EXHIBIT 5

Transaction Volume and Average Price Quantum of the Top 5 New Sale Private Residential Projects Sold in Q2 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)
Amber Park	45 (S\$1,187,032)	68 (S\$1,769,471)	4 (S\$2,293,400)	17 (S\$2,758,352)	23 (S\$5,134,278)
Treasure at Tampines	37 (S\$646,973)	59 (S\$846,051)	30 (S\$1,081,533)	22 (S\$1,448,182)	2 (S\$2,020,000)
The Tre Ver	21 (S\$813,952)	81 (S\$1,152,815)	-	38 (S\$1,794,421)	-
The Florence Residences	15 (S\$700,933)	75 (S\$975,173)	24 (S\$1,340,658)	21 (S\$1,487,952)	-
Parc Esta	13 (S\$775,154)	50 (S\$1,044,080)	35 (S\$1,440,600)	19 (S\$1,837,158)	-

Source: URA, REALIS (based on data as at 23 June 2019), Knight Frank Research

Singaporean citizens purchased most of the units of the top selling projects

EXHIBIT 6

Total Sales of Top 5 by Residential Status in Q2 2019

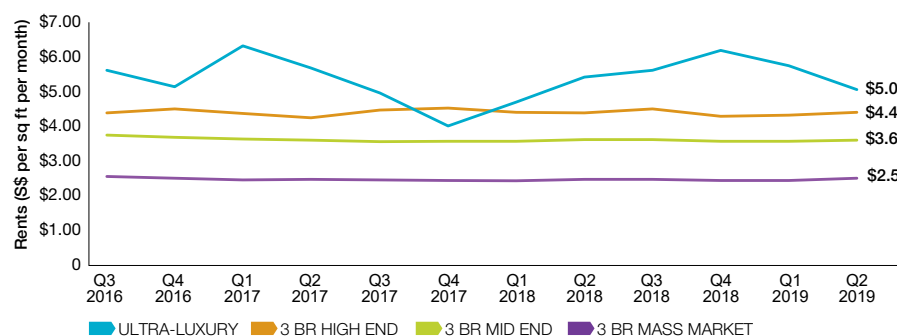
Project Name	Market Segment	Singaporean	Singapore Permanent Residents (PR)	Foreigner (NPR)
Amber Park	RCR	86.0%	9.6%	4.5%
Treasure at Tampines	OCR	84.7%	12.0%	3.3%
The Tre Ver	RCR	83.6%	8.6%	7.9%
The Florence Residences	OCR	89.6%	8.9%	1.5%
Parc Esta	RCR	73.5%	24.8%	1.7%

Source: URA, REALIS (based on data as at 23 June 2019), Knight Frank Research
Note: May not add up to 100% due to caveats lodged by Companies and rounding.

Rents for ultra-luxury non-landed declined for the 2nd consecutive quarter, while rents for the rest of the market remained mostly constant

EXHIBIT 7

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

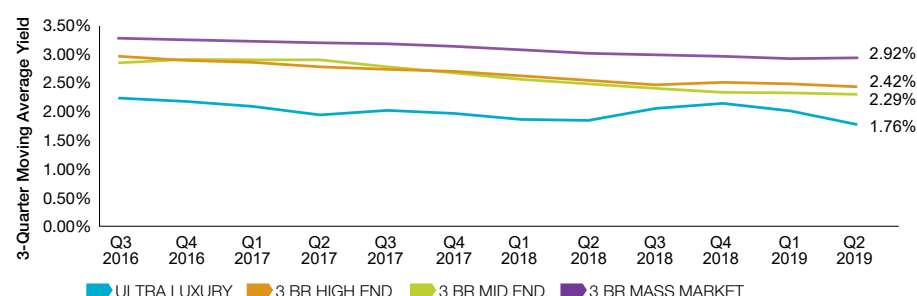


Source: URA, REALIS (based on data as at 23 June 2019), Knight Frank Research

Average yields remained mostly stable, with ultra-luxury non-landed properties declining marginally by 0.24%

EXHIBIT 8

Average Yields of Private Residential Properties by Segments



Source: URA, REALIS (based on data as at 23 June 2019), Knight Frank Research

Market Outlook

The uncertain external environment and slower economic growth may lead to lower sales, as buyers sentiments are likely weakened. Knight Frank expects sales to moderate for H2 2019, while total new sales in 2019 are forecasted to reach 7,000 to 8,000 units. Secondary sales will also likely be in the range of 7,000 to 8,000 units. Notwithstanding, there is a possibility that the uncertainty may encourage more sales in Singapore subsequently, with real estate perceived as a safer investment for long term capital appreciation. Buyers with a longer investment horizon are likely to overlook the stamp duties due to Singapore's stable political environment and its potential upside as a gateway city to fast-growing Southeast Asia.

EXHIBIT 9

Outlook for Private Home Prices

Market Segment	Actual (as at Q2 2019)		Projected y-o-y % Change by end 2019
	q-o-q %	y-o-y %	
Non-Landed Island-wide	1.6%	1.0%	-1.0% to 3.0%
Non-Landed CCR	1.5%	-1.3%	-1.0% to 2.0%
Non-Landed RCR	3.0%	2.8%	-1.0% to 4.0%
Non-Landed OCR	0.5%	1.3%	-1.0% to 3.0%
Landed Homes	0.2%	1.5%	-1.0% to 2.0%

Source: URA, Knight Frank Research

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