

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

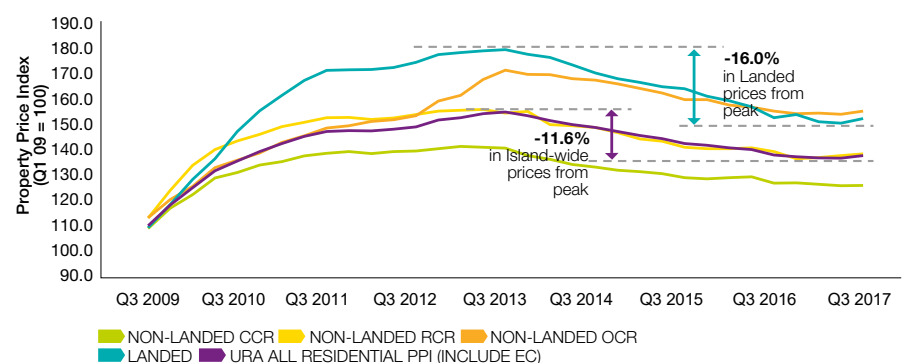
Against a backdrop of stronger economic growth, returning homebuyer interest and the hype in land sales, total transaction volume of private homes maintained above 6,500 for the second consecutive quarter in Q3 2017.

Market Pulse

- Singapore's Gross Domestic Product (GDP) grew 5.2% year-on-year (y-o-y) in Q3 2017**, faster than the 2.9% growth in the preceding quarter¹. The sector that contributed the most to GDP growth were the manufacturing and finance & insurance sectors. With such positive performance from the economy, the residential market may look to benefit from the upside of the current buoyant and promising economic sentiment.
- Apart from improving economic performance, record land bid prices offered by developers this year has generated positive market sentiments, partly leading the recovery in the private residential market.** Total New sale, Sub-sale and Resale residential transaction volume hit above 6,500 for the second consecutive quarter in Q3 2017, indicating a sustained return of buyer interest (Exhibit 2). Residential prices appeared to show first signs of recovery in Q3 2017, with the Property Price Index of all market segments reporting an overall price increase of 0.7% q-o-q. The release of pent-up demand from prospective homebuyers who were at the sidelines for four years since the imposition of the Total Debt Servicing Ratio is said to be one of the key reasons behind the strengthening sales performance in the last two quarters. The bullish land-bidding phenomenon from developers for land parcels released under the collective sales exercises and the Government Land Sales (GLS) programme also partly contributed to the expectation of future higher prices and prompted buyers to enter the market.

EXHIBIT 1

URA Private Residential Price Indices



Source: URA, Knight Frank Research

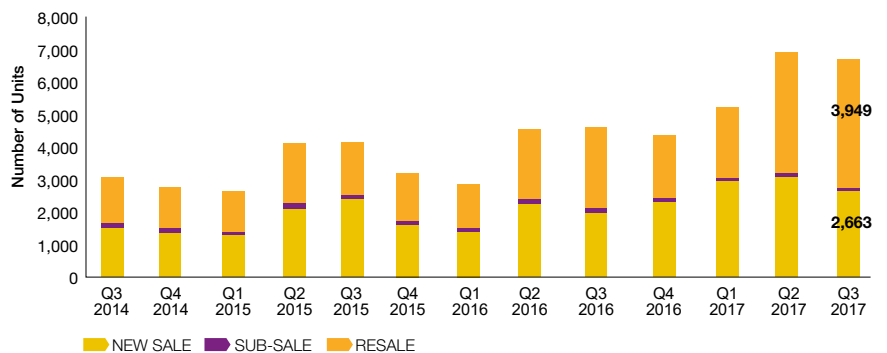
¹ Based on the Q3 2017 Economic Survey of Singapore released by the Ministry of Trade and Industry Singapore

Private residential home prices may have bottomed out as prices begin to rise in Q3.

- **According to the URA², private residential home segment reported a price increase for the first time in Q3 2017**, after 15 consecutive quarters of decrease. Both the Landed and Non-landed segments saw prices rising in Q3 2017, with the Landed segment reporting the biggest rise of 1.2% q-o-q.
- **Under the Non-Landed market segment, prices in the Outside Central Region (OCR) saw the largest increase at 0.8% q-o-q.** Prices in the Rest of Central Region (RCR) and the Core Central Region (CCR) both saw improvement at 0.5% and 0.1% price growth respectively, largely supported by higher sales prices of new sale developments in their segments.

EXHIBIT 2

Island-wide transaction volume



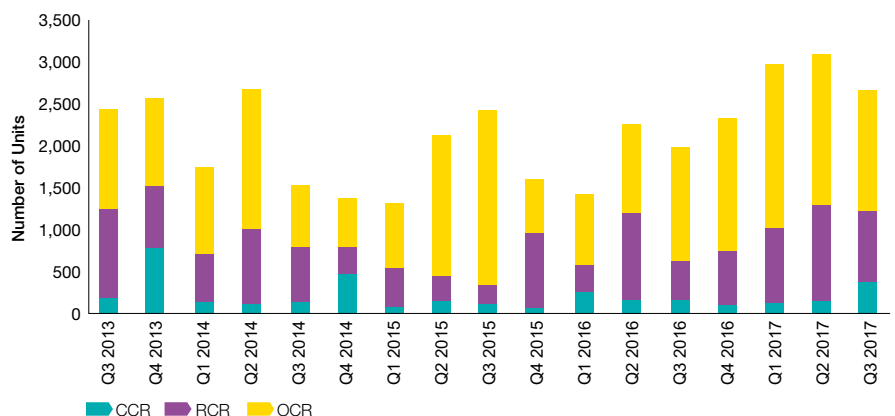
Source: URA, Knight Frank Research
 Note: Data is obtained from the URA Quarterly Statistics Q3 2017.

Resale Transactions

- The number of resale transactions in Q3 2017 hit a high of 3,949 units, a 6.8% q-o-q and 59.4% y-o-y increase respectively.
- CCR saw the largest increase in transactions with 1,096 units in Q3 2017, an 8.6% q-o-q and 72.3% y-o-y increase respectively.
- Total resale transaction volume YTD has reached 9,817 units as of Q3 2017.

EXHIBIT 3

Number of New Private Residential Units Sold



Source: URA, Knight Frank Research
 Note: Data is obtained from the URA Quarterly Statistics Q3 2017.



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

“The pulse of the private residential property market has become more upbeat as prices lift from its previous doldrums and vacancy rates for unsold units continue to head south. We expect the year to close well with a significant increase of new homes sales as compared to 2016. At the same time, we look forward to a frenzy 2018 as Developers line up their developments to debut particularly in the CCR amid positive sentiments.”

²Based on the 3rd Quarter 2017 real estate statistics release by URA

EXHIBIT 4

Top 5 Private Residential Projects and Top 5 Executive Condominium Projects, by New Sale Volume in Q3 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 Q3 2017	Month of Launch	Average Price (\$ psf) in Q3 2017 ²
Private Non-Landed Residential Projects							
1	Le Quest	OCR	516	286	288	Aug 17	\$1,301
2	Symphony Suites	OCR	660	539	174	Oct 13	\$1,058
3	Kingsford Waterbay	OCR	1165	896	154	Mar 15	\$1,249
4	The Santorini	OCR	597	583	153	May 15	\$1,205
5	Martin Modern	CCR	450	140	149	Jul 17	\$2,207
Executive Condominiums							
1	Hundred Palms Residences	OCR	531	531	531	Jul 17	\$841
2	iNZ Residence	OCR	497	404	160	Mar 17	\$802
3	Parc Life	OCR	628	450	158	Apr 16	\$791
4	The Criterion	OCR	505	403	141	Sep 15	\$769
5	The Visionaire	OCR	632	618	128	Apr 16	\$828

Source: *REALIS (based on data as at 1 November 2017), 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 Jul - Sep 2017, lodged as at 1 November 2017.

Sustained buyer interest for new sale projects during Q3 2017

- A total of 2,663 new private residential units were sold by developers in Q3 2017, a 13.5% decrease compared to the previous quarter but 34.4% higher on a year-on-year basis. This brings the total number of new private residential units sold to 8,702 this year as of the third quarter; higher than the 7,972 units sold in 2016 alone.
- The sales performance of private non-landed residential projects and executive condominium projects were generally stellar in Q3 2017, with the top five projects by number of units sold in the quarter hitting above 100 units each. Le Quest and Hundred Palms Residences, both launched in the third quarter, reportedly sold 100% of the total units launched (Exhibit 5).
- Most of the top performing projects came from the OCR in Q3 2017, with the exception of Martin Modern from CCR, which sold 88% of the total units launched in Q3 2017. Projects that are well-positioned with strong concepts continue to drive stronger sales in the new sale segment.

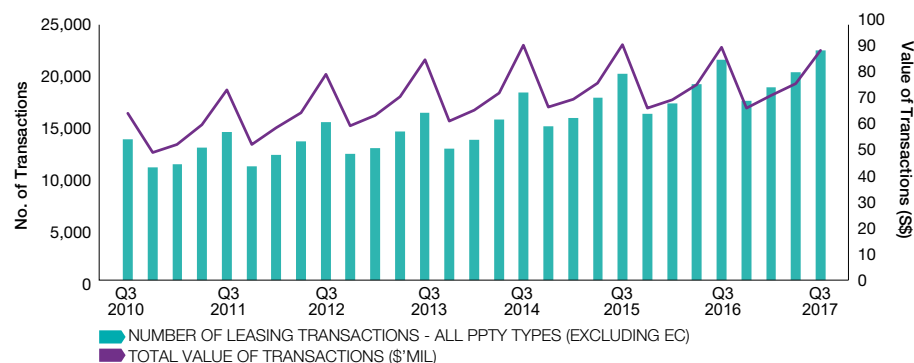


TAY KAH POH
Executive Director & Head,
Residential (Sales & Leasing)

“The leasing market continues to feel the brunt of new completions and slower growth in expatriate arrivals. But the resale market has been buoyed by the strong primary sales. We expect this trend to continue into the first half of 2018.”

EXHIBIT 5

Leasing Transaction Volume and Value, Island-wide



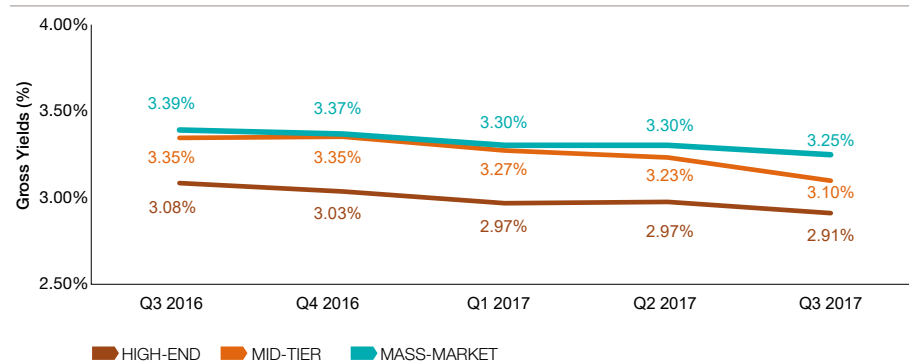
Source: REALIS, Knight Frank Research

Leasing transaction volume and value in Q3 2017

- Leasing activities in Q3 2017 maintained momentum albeit seeing a lower value in transactions.
- Total transaction volume increased by 4.3% y-o-y to 22,528 transactions in Q3 2017 from 21,602 transactions in Q3 2016.
- Total transaction value fell by 1.3% y-o-y, with the biggest drop in value coming from RCR at 2.1% decrease y-o-y.

EXHIBIT 6

Average Gross Yields of Private Residential Property, by Market Segment



Source: REALIS (based on data as at 1 November 2017), URA, Knight Frank Research

Rental yields fell across all market segments in Q3 2017

- Average gross rental yields for the high-end, mid-tier and mass-market declined in Q3 2017 to 2.91%, 3.10% and 3.25% respectively.
- The decline was the biggest for the mid-tier market, with a 0.13% q-o-q drop.

EXHIBIT 7

Outlook for Private Home Prices

Market Segment	Actual (as at Q3 2017) q-o-q %	y-o-y %	Projected % Change in Prices for 12 months ending Q4 2017
Island-wide	0.7%	-0.2%	0.3% to 0.8%
Non-Landed CCR	0.1%	-0.7%	0.0% to 0.5%
Non-Landed RCR	0.5%	-0.6%	0.0% to 1.0%
Non-Landed OCR	0.8%	0.0%	0.4% to 1.0%
Landed Homes	1.2%	-0.2%	0.0% to 0.5%

Source: URA, Knight Frank Research

Market Outlook

- New sale developments are likely to see sustained interest from prospective buyers in the short term, in particular projects in close proximity to future growth precincts such as Paya Lebar regional centre and Jurong Lake District.
- Therefore, total new sale transaction volume for 2017 would expect to be between 11,000 to 13,000 units, buoyed by returning interest from locals and foreigners and the outstanding quality of new project launches that has brought significant interest into the market.
- Furthermore, displaced residents from the numerous collective sales sites will help fuel overall transaction volume in the medium term from the second half of 2018.
- Knight Frank projects that island-wide private home prices to recover in Q4 2017 and over the next two quarters, with landed home prices likely to lead the increase. Non-landed prices in the RCR and OCR are expected to hold firm as market sentiments appear to have improved significantly in recent months with sustained new sale and resale transaction volumes.

FOR RESIDENTIAL SALES AND LEASING ENQUIRIES, PLEASE CONTACT:

Tan Tee Khoo
Executive Director and Head
Residential (Project Marketing)
6372 7308
teekhoon.tan@kfn.com.sg

Tay Kah Poh
Executive Director and Head
Residential (Sales & Leasing)
6228 7392
kahpoh.tay@sg.knightfrank.com

FOR FURTHER INFORMATION, PLEASE CONTACT:

Alice Tan
Director and Head
Consultancy & Research
6228 6833
alice.tan@sg.knightfrank.com

Wong Shanting
Assistant Manager
Research
6228 7339
shanting.wong@sg.knightfrank.com

Caleb Hong
Analyst
Research
6228 7118
caleb.hong@sg.knightfrank.com



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