

# SINGAPORE RESEARCH RESIDENTIAL



## Q4 2018 RESIDENTIAL MARKET SNAPSHOT

All Private Residential Property Price Index

**149.6**

▲ 7.9% increase y-o-y

▼ 0.1% decrease q-o-q

First decline in five quarters since Q3 2017

Total Transaction Volume\* (2018)

**23,211 units**

▼ 18.2% decrease y-o-y

\*Transaction volume is based on caveats lodged as at 3 Feb 2019

Artist Impression of Fourth Avenue Residences

## A YEAR OF TWO HALVES FOR PRIVATE RESIDENTIAL MARKET IN 2018

The URA private residential property price index declined by 0.1% quarter-on-quarter (q-o-q) in Q4 2018. The market slowed in H2 2018, contrasting the rapid growth in prices and transaction activity in H1 2018.

### Market Pulse

- Prices of private residential properties increased by 7.9% year-on-year (y-o-y) in 2018 according to URA All Private Residential Property Price Index. However, the prices showed signs of cooling, decreasing by 0.1% q-o-q in Q4 2018. Slower sales due to the latest cooling measures exerted downward pressure on prices of older properties with expiring leases.
- Prices of non-landed homes rose by 0.5% q-o-q in Q4 2018, supported by increases in prices of non-landed private residential properties in the Rest of Central Region (RCR) and Outside Central Region (OCR). The non-landed property price index for RCR increased by 1.8% in Q4 2018 after declining by 1.3% in the previous quarter. Likewise the non-landed property price index in OCR rose by 0.7% q-o-q compared with 0.1% dip in Q3. The drag in non-landed prices appeared to come from the Core Central Region (CCR), with the price index declining by 1% q-o-q after rising 1.3% in the previous quarter.
- With buyers increasingly discerning and cautious, sales volume fell especially in H2 2018 as the price gap between buyers and sellers widened. Non-Landed Residential Property sales volume (excluding Executive Condominiums) in Q4 2018 marked a decline of 34.9% q-o-q, or 43.4% y-o-y. The decline in sales will likely persist in 2019 although buyers may progressively return to the market for choice properties.



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

“Prices for private homes are expected to remain stable in 2019, albeit varied price movements within market segments. Prices of older leasehold homes may be under pressure, as buyers are drawn to fresh lease tenures in new launches.

Notwithstanding the economic headwinds, the private residential property market will continue to appeal to investors and homebuyers in prime districts and locations within proximity to MRT stations.”

- The cooling measures has impacted on foreign homebuyers the most, as purchases from China, Malaysia, Indonesia and India reduced significantly. The higher additional buyers' stamp duties (ABSD) made the Singapore properties less appealing, although some foreign homebuyers might still purchase Singapore properties for wealth preservation purposes.

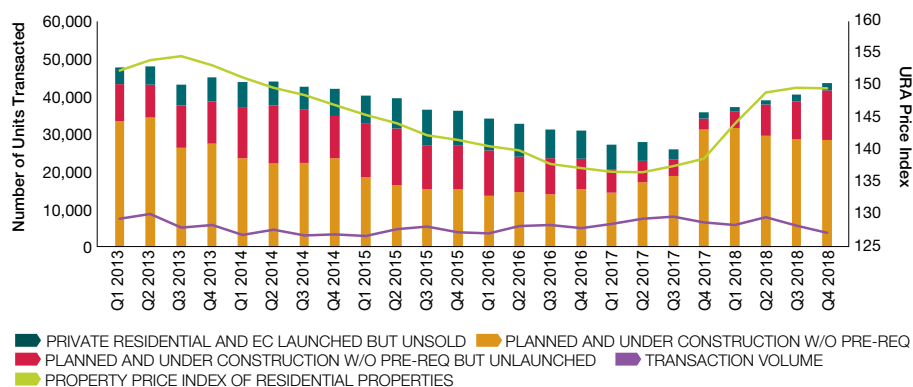
### Market Insights

The decline in private residential sales post-cooling measures has dragged overall transaction volume in 2018 to 23,211 units, fewer than the 28,385 units in 2017. With the en-bloc market cooling off and the heightened caution in the market, the price gap between buyers and sellers widened. Most of the buyers who entered the market were purchasing homes for owner-occupation, and the investors were mainly sitting on the side lines.

There was still considerable supply in the pipeline, and that also perpetuated buyers' perception of prices declining. There were 28,419 units without pre-requisites of sale, and about 13,214 units with pre-requisites but unlaunched. Some 2,005 units were launched but unsold in the market. Notwithstanding, the impact of supply will be limited. First, the supply is likely to be introduced progressively in phases. Second, the higher holding costs of the units due to the ABSD and extension charges from Qualifying Certificate can be offset by higher prices when the market is on an upturn.

EXHIBIT 1

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



Source: URA, Knight Frank Research

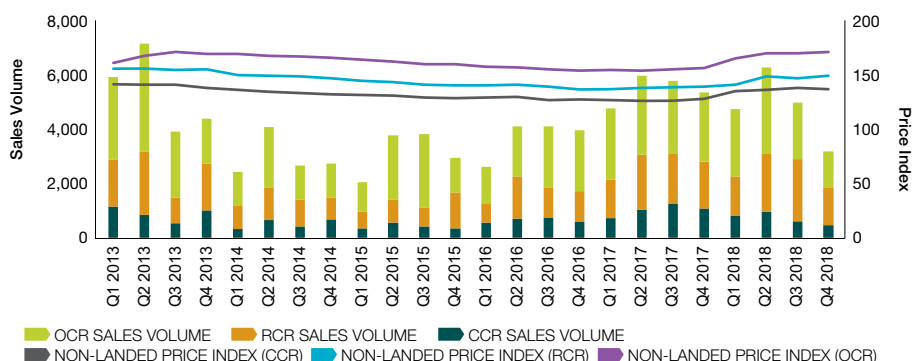
Note: Transaction volume based on caveats lodged as at 3 Feb 2019

Movements of price indices for non-landed homes for the three market segments (CCR, RCR and OCR) were mixed, with the price index for non-landed residential properties in CCR declining and the price indices for other two segments improving. The movement in prices in Q4 was a reverse of the movement in Q3 2018.

With lower sales volume due to the mismatch of price expectations, the price indices were expected to fluctuate about the mean price.

EXHIBIT 2

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



Source: URA, Knight Frank Research

Note: Transaction volume based on caveats lodged as at 3 Feb 2019; Include ECs.

## EXHIBIT 3

## Changes in URA Private Non-landed Residential Price Indices

Region	q-o-q	y-o-y	Since the last trough
Whole Island	0.5%	8.3%	9.8%
Core Central Region	-1.0%	6.7%	8.3%
Rest of Central Region	1.8%	7.4%	8.4%
Outside Central Region	0.7%	9.4%	11.1%

Source: URA, Knight Frank Research

Despite the cooling measures in place, projects continued to move sales albeit at slower pace. Most developments sold about 10-15% of the units they have during the launch weekend.

Separately, some units of Executive Condominiums exceeded the \$1,000 per sq ft mark in Q4 2018 due to limited supply. Despite the higher prices, we project that launches of new EC projects to be popular because they are more affordable and have higher upside due to the implicit and explicit subsidies.

## EXHIBIT 4

## Top 5 Projects in Q4 2018 by Number of Units Sold

S/n.	Project Name	Market Segment	Total No. of Units in Project	Cumulative No. of Units Sold as at Dec 2018	No. of New Units Sold in Q4 2018 <sup>1</sup>	Average Price <sup>2</sup> (\$ psf) in Q4 2018
<b>Private Non-Landed Residential Projects</b>						
1	Parc Esta	RCR	1,399	359	348	\$1,699
2	Whistler Grand	OCR	716	231	219	\$1,352
3	Stirling Residences	RCR	1,259	500	193	\$1,733
4	Affinity at Serangoon	OCR	1,052	306	192	\$1,496
5	Riverfront Residences	OCR	1,472	635	181	\$1,327
<b>Executive Condominiums</b>						
1	Rivercove Residences	OCR	628	628	33	\$1,003
2	Northwave	OCR	358	353	10	\$869
3	Parc Life	OCR	628	628	4	\$991
4	Sol Acres	OCR	1,327	1,327	2	\$963
5	Treasure Quest	OCR	504	503	1	\$1,100

Source: URA, Knight Frank Research

<sup>1</sup> Sales data may vary arising from the status update of earlier sales records by developers after factoring drop-out cases. <sup>2</sup> Number of units sold and average median prices in the quarter are Developers' Survey as at Dec 2018.

The Additional Buyers' Stamp Duties (ABSD) and tighter loan-to-value ratios made buyers more price quantum sensitive. Most of the homes sold among the top 5 private residential projects by sales volume in Q4 2018 were transacted below S\$1.2 million. Most of the units were two-bedroom units with strata areas ranging from 500 sq ft to 800 sq ft.

## EXHIBIT 5

## Transaction Volume and Average Price Quantum of the Top 5 New Sale Private Residential Projects Sold in Q4 2018

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 Esta	71 (\$774,972)	111 (\$1,053,613)	92 (\$1,439,109)	27 (\$1,859,926)	1 (\$2,420,000)
Riverfront Residences	36 (\$626,500)	68 (\$915,933)	20 (\$1,173,050)	22 (\$1,501,636)	1 (\$2,138,000)
Whistler Grand	20 (\$642,720)	77 (\$880,809)	15 (\$1,290,419)	32 (\$1,516,183)	-
Kent Ridge Residences	33 (\$805,667)	77 (\$1,119,390)	4 (\$1,603,250)	9 (\$1,849,333)	1 (\$3,080,000)
Affinity At Serangoon	40 (\$712,275)	57 (\$925,253)	13 (\$1,268,769)	7 (\$1,782,936)	-

Source: URA, REALIS (based on data as at 3 Feb 2019), 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. Number of units sold and average prices in the quarter are based on lodged as at 3 Feb 2019.



With the ABSD in place, most of the purchases were by Singaporeans in the top selling projects in Q4 2018, accounting for at least 80% of the sales. Given that most of the projects were located outside the CCR, they were less appealing to foreign buyers that could afford ABSD.

EXHIBIT 6

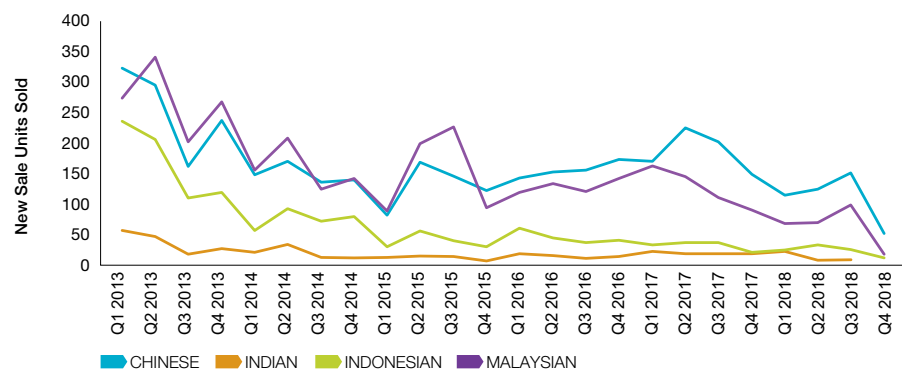
**Total Sales of Top 5 by Residential Status in Q4 2018**

Project Name	Market Segment	Singaporean	Singapore Permanent Residents (PR)	Foreigner (NPR)
Parc Esta	RCR	83%	15%	2%
Riverfront Residences	OCR	83%	12%	5%
Whistler Grand	OCR	88%	13%	0%
Kent Ridge Hill Residences	OCR	80%	15%	5%
Affinity At Serangoon	OCR	92%	8%	0%

Source: URA, REALIS (based on data as at 3 Feb 2019), Knight Frank Research  
 Note: May not add up to 100% due to caveats lodged by Companies and other buyers.

EXHIBIT 7

**New Sale Transaction Volume by Buyer Nationality**

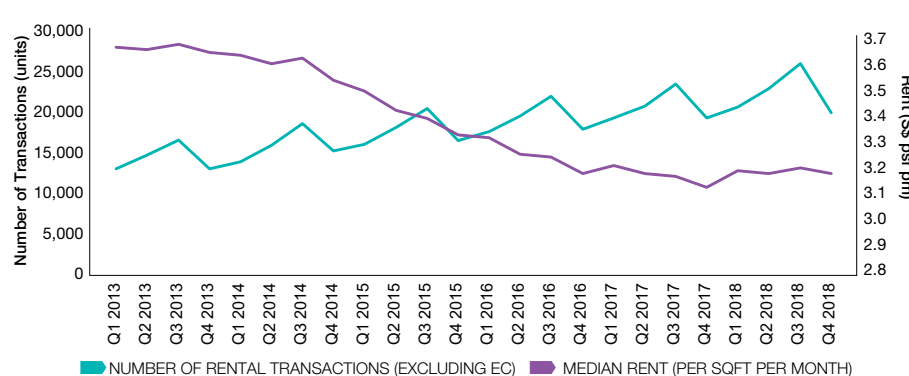


Source: URA, REALIS (based on data as at 3 Feb 2019), Knight Frank Research

In 2018, the median rents stayed largely stable as vacancy declined from 7.8% in Q4 2017 to 6.4% in Q4 2018. The higher number of transactions in 2018 showed that the vacant stock was progressively taken up. We project the number of transactions and rents in 2019 to stay largely the same.

EXHIBIT 8

**Total Rental Transactions and Median Rents**

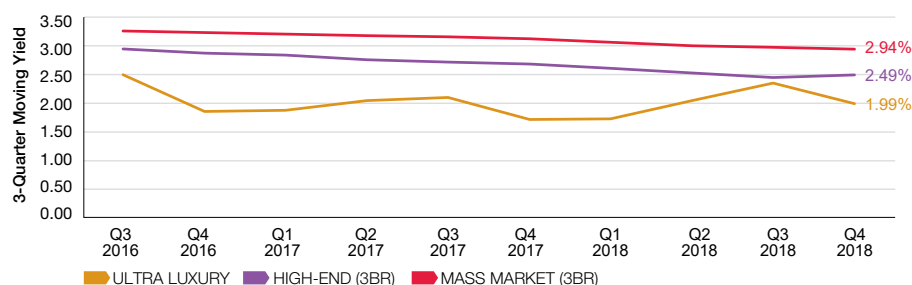


Source: REALIS, URA, Knight Frank Research

The higher prices of choice properties at ultra-luxury and high end non-landed properties continued to compress overall yields in 2018 (Exhibit 9). With rents and prices of private residential projects and prices likely to stay stable going forward, yields are likely to stay at existing levels.

EXHIBIT 9

### Average Yields of Private Residential Properties by Segments



Source: REALIS, URA, Knight Frank Research

## Market Outlook

Prices for private residential homes are expected to remain stable in 2019, although the price movement within market segments is likely to vary. Prices of older homes with expiring leases could come under pressure, as buyers were drawn to the new launch projects. Separately, we also expect more private homes be made available in secondary market from projects that are unsuccessful in their attempts to sell on en-bloc basis.

The key downside risks in 2019 will be the uncertain economic outlook, interest rate hikes, and geopolitical tension. Notwithstanding these factors, these systematic risks are likely to impact across all asset classes and the general economy. Private residential properties in Singapore may still appeal to investors and buyers for wealth preservation.

EXHIBIT 10

### Outlook for Private Home Prices

Market Segment	Actual (as at Q4 2018)		Projected y-o-y % Change by end 2019
	q-o-q %	y-o-y %	
Island-wide	-0.1%	7.9%	-1.0% to 3.0%
Non-Landed CCR	-1.0%	6.7%	-1.0% to 1.0%
Non-Landed RCR	1.8%	7.4%	-1.0% to 4.0%
Non-Landed OCR	0.7%	9.4%	-1.0% to 3.0%
Landed Homes	-2.0%	6.3%	-1.0% to 1.0%

Source: URA, Knight Frank Research

#### FOR RESIDENTIAL SALES ENQUIRIES, PLEASE CONTACT:

##### Tan Tee Khoon

Executive Director and Head  
Residential (Project Marketing)  
6372 7308  
teekhoon.tan@kfpn.com.sg

#### FOR FURTHER INFORMATION, PLEASE CONTACT:

##### Lee Nai Jia

Senior Director and Head  
Research  
6228 6878  
naijia.lee@sg.knightfrank.com

##### Lucy Zhu

Analyst  
Research  
6228 6584  
lucy.zhu@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.