RESIDENTIAL Q1 2019 • May 2019

Market commentary

Government policies and the economy

- Despite global economic headwinds and a slowing local economy, the unemployment rate for residents remained unchanged at 3.0 per cent in Q1 2019. In addition, the number of retrenchments stayed flat at 2,500 in Q1 2019 compared to the previous quarter (Ministry of Manpower, 2019).
- Development Charge (DC) rates for the non-landed residential use group were adjusted downwards by an average of 5.5 per cent for the period 1 March 2019 to 31 August 2019.
- Released in March 2019, the Strategic Development Incentive (SDI) Scheme encourages the redevelopment of existing older office buildings in the central business district (CBD), that meets certain planning requirements, to mixed-use developments, including hotel and residential uses to revitalise the CBD. This will increase the number of residential units in the CBD over the medium- to longer-term.

Investment market

- Since the cooling measures in July 2018, the residential en bloc market remained muted with no sales in Q1 2019. In addition, larger en bloc sites such as Mandarin Gardens and Dairy Farm have failed as they could not achieve the mandatory 80.0 per cent owners' consent.
- Accordingly, the only residential/residential mixed-use sites sold in Q1 2019 were listed under the Government Land Sales (GLS) Programme – Kampong Java Road and an integrated mixed-use site in Pasir Ris Central (Table 1).

Table 1: Residential/residential mixed-use GLS sites awarded in Q1 2019

Location	Market segment	Permissible GFA (sq ft)	Successful bidder	Tender price
Kampong Java Road	Rest of Central Region (RCR)	350,925	Chip Eng Seng	$418.4m ($1,192 psf ppr)
Pasir Ris Central	Outside Central Region (OCR)	1,022,678	Allgreen Properties	$700m ($648 psf ppr)

Source: URA, Edmund Tie & Company Research

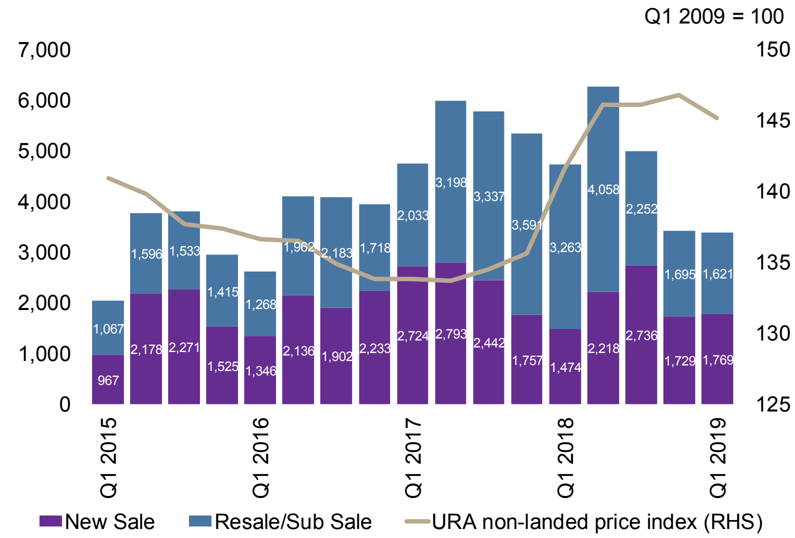
- Furthermore, two other GLS sites were awarded in early April at Middle Road (RCR) for nearly $492m or $1,458 per square foot per plot ratio (psf ppr) to Wing Tai Holdings and at Sims Drive (RCR) for $383.5m or $732 psf ppr to Hong Leong Holdings and City Developments Limited.

Sales volume, prices, completed supply and rents

- Although sales volume continued to decline for the third consecutive quarter by 1.0 per cent quarter-on-quarter (q-o-q), the rate of decline has slowed compared to the 20.5 per cent q-o-q fall in Q3 2018 after the cooling measures. Furthermore, the number of new sales has outpaced resales, as both the number of new projects and units launched have increased from nine to 13 projects, and 13.4 per cent q-o-q respectively in Q1 2019 (Figure 1).
- The price index of private non-landed residential properties fell by 1.1 per cent in Q1 2019. This was the first decline since Q3 2017. Our analysis showed that median prices in the OCR were steady while there were falls between 1.5 and 5.0 per cent in the RCR and Core Central Region (CCR) vis-à-vis Q4 2018. The price decline in the RCR and OCR was underpinned by lower unit prices (including $psf) for both new and resale units.

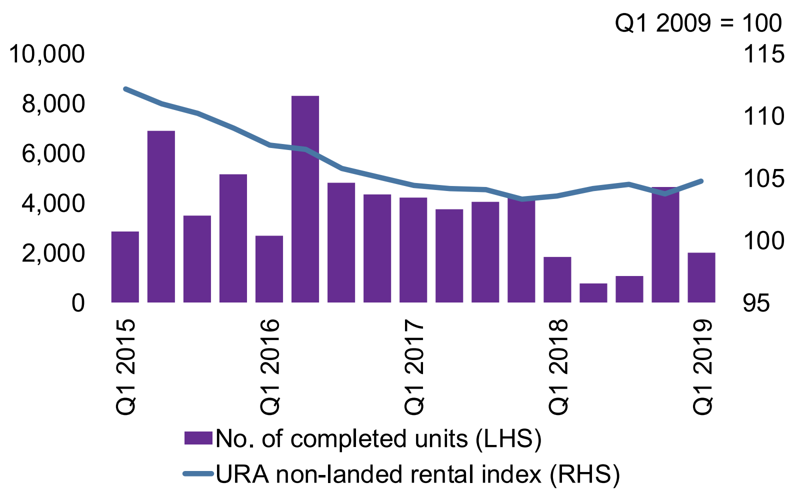
  However, for new sales, the lower prices were largely reflective of the lower $psf of units sold during Q1 2019 compared to the previous quarter.
- Non-landed rentals rose by 1.1 per cent q-o-q in Q1 2019 amid falling vacancy rates since Q4 2017. This is partly due to the lower number of unit completions since Q1 2018, except for Q4 2018 (Figure 2).

Figure 1: Private non-landed home sales volume (excluding ECs) and URA non-landed price index



Source: URA, Edmund Tie & Company Research

Figure 2: Private non-landed completions (excluding ECs) and URA rental index



Source: URA, Edmund Tie & Company Research

Demand analysis and buyer profile

- While total non-landed sales volume fell by 1.0 per cent in Q1 2019, the increase in new project launches had somewhat shifted buyers' preference towards new sales with resale volume declining over the same period.
- The dominant unit price range for new and resale units continued to be under $1.5m, especially for SCs and SPRs. As such, the RCR and OCR remained as the top selling market segments.
- Sales volume of foreign buyers declined some 5.2 per cent q-o-q in Q1 2019, with Chinese buyers falling by more than 40.0 per cent, likely due to the Chinese New Year holiday period. Consequently, the sale of units priced above $2m decreased, while units priced between $1m to $2m saw an uplift. The CCR continued to be the more sought-after location by foreigners.
- Buyers with Housing & Development Board (HDB) addresses continued to be the most price-sensitive group with sales volume plummeting 68.0 per cent q-o-q (although this may be 'skewed' as the number of unknown addresses grew by 51.1 per cent over the same period), as the cooling measures took its toll on this group of buyers.

Project launches

- There were six new project launches totalling almost 4,500 units. This represents nearly 23.0 per cent of the total anticipated 20,000 units that may be launched this year (Table 2).

Table 2: Non-landed private residential launches 100 units (excluding ECs) (Q1 2019)

Development	Developer	District (market segment)	Tenure	Total units	Launch dates
Fourth Avenue Residences	Allgreen Properties	10 (CCR)	99 years	476	January 2019
RV Altitude	Roxy-Pacific Holdings	9 (CCR)	Freehold	140	January 2019
Treasure at Tampines	Sim Lian Group	18 (OCR)	99 years	2,203	March 2019
The Florence Residences	Logan Property	19 (OCR)	99 years	1,410	March 2019
Boulevard 88	CDL	10 (CCR)	Freehold	154	March 2019
Rezi 24	KSH Holdings, Lian Beng Group & Heeton Holdings	14 (RCR)	Freehold	110	March 2019
Total				**4,493**	

Source: URA, Edmund Tie & Company Research

- The sell-down rates of these new launches varied from 10.0 to 14.0 per cent, with launches in the CCR achieving higher rates.

Outlook

- Despite current global headwinds, slowing local and global economies, the private non-landed residential market appears to remain relatively resilient, although sales volume and prices are expected to moderate.
- Buyers will continue to have a wide range of options to choose from as we expect more new project launches. On the other hand, developers are mindful that new launches remain competitively priced.
- Accordingly, new sales unit volume in 2019 is forecasted to maintain within the range of 8,000 to 10,000 units, with prices expected to hold relatively steady barring policy and economic shocks.

PRIVATE NON-LANDED DEMAND ANALYSIS:
I) New sales market excluding executive condominiums (ECs)

i) New sales volume

- With a higher number of project launches and new units launched for sale in Q1 2019 (up 13.4 per cent), total new sales volume rose by 2.3 per cent.
- The largest increase in new sales volume was in the CCR, jumping more than 82.0 per cent, followed by the OCR.
- In contrast, new sales volume in the RCR declined by 37.3 per cent (Table 3).

Table 3: New sales volume by market segment

Market segment	Q1 2019	Q4 2018	Q-o-Q change (%)
CCR	102	186	82.4% ▲
RCR	999	626	-37.3% ▼
OCR	628	957	52.4% ▲
Islandwide	**1,729**	**1,769**	**2.3%** ▲

Source: URA, Edmund Tie & Company Research

ii) New project launches and sell-down rate

CCR (main prime areas including CBD)

- The number of units launched in Q1 2019 more than doubled in Q4 2018, with sell-down rate of 14.3 per cent (Table 4).
- Boulevard 88, a freehold luxury project in prime District 10, was the best-performing project, selling 26 of the 35 units launched in Q1 with prices ranging from $3,300 to $4,900 psf.

RCR (mainly city fringe areas outside the CCR)

- In contrast, the RCR had the lowest number of new project and unit launches, and hence a lower sell-down rate.
- 1953, a mixed-use freehold development in Farrer Park, had the highest sell-down rate of 31.0 per cent (18 out of 58 units sold) with prices ranging from $1,706 to $1,971 psf. However, this was a small project comprising 58 units.

OCR (suburban areas outside the CCR and RCR)

- Like the CCR, the number of units launched in Q1 were more than 2.5 times higher. However, the sell-down rate fell to about 10.0 per cent, as the scale of the projects launched were much larger such as Treasure at Tampines (2,203 units) and The Florence Residences (1,410 units).
- Buyers in the OCR tend to be more price-sensitive, with Treasure at Tampines as the best-selling project that achieved 59.0 per cent launched sell-down rate (i.e. selling 289 of 490 units launched) and unit prices ranging from $1,173 to $1,467 psf.

Table 4: Sell-down rate of newly launched projects

Market segment	No. of new projects launched (total units)		Total no. of units launched		No. of units sold during new launch		Sell-down rate (%) based on total units	
	Q4 2018	Q1 2019	Q4 2018	Q1 2019	Q4 2018	Q1 2019	Q4 2018	Q1 2019
CCR	3 (207)	5 (911)	153	337	24	130	11.6	14.3
RCR	5* (2,726)	4 (326)	834	326	574	33	21.1	10.1
OCR	1 (716)	4 (3,719)	300	796	229	369	32.0	9.9
Total	**9 (3,649)**	**13 (4,956)**	**1,287**	**1,459**	**827**	**532**	**22.7**	**10.7**

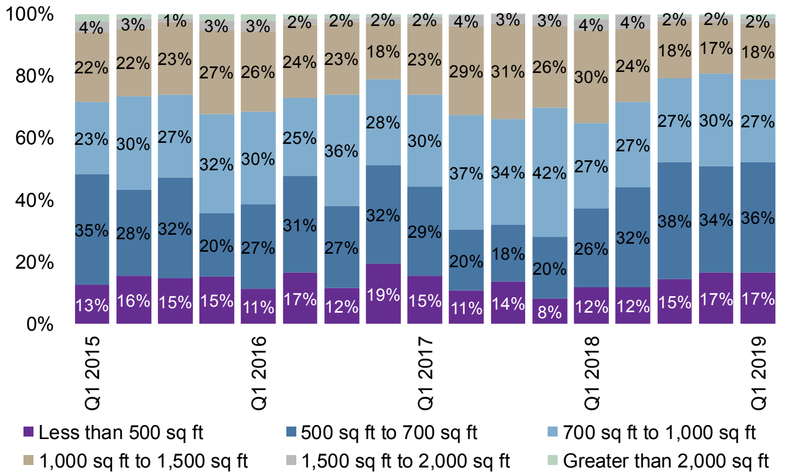
** Includes one mixed development comprising two landed and 14 non-landed units.*

Source: URA, Edmund Tie & Company Research

iii) New unit bedroom type and size

- Demand for smaller studio to 2-bedroom units continued to dominate the new sales market accounting for 79.0 per cent of total new sales down slightly from 80.7 per cent in Q4 2018 (Figure 3).
- As such, there was a slight uptick in demand for the larger units (3-bedroom and above), particularly for projects in the CCR.

Figure 3: New sales of non-landed units by floor area*



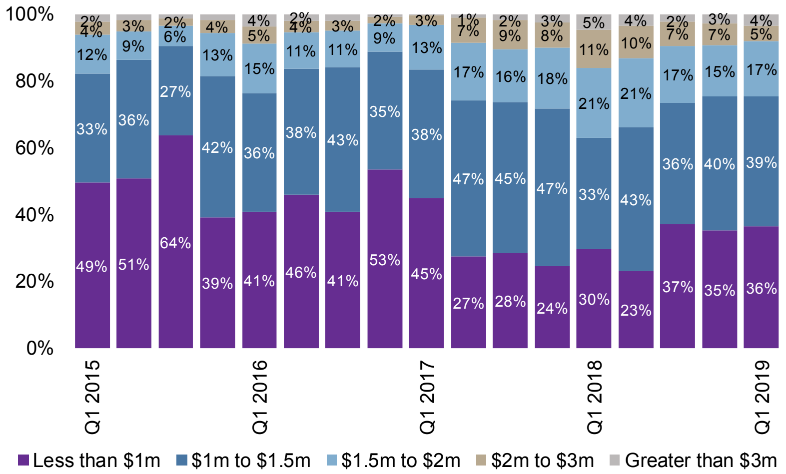
* *As a guide the average unit size at newer private residential project launches by number of bedrooms is as follows: i) studio unit is under 450 sq ft; ii) 1-bedroom unit ranges from 500 to 650 sq ft; iii) 2-bedroom unit ranges from 600 to 1,000 sq ft; iv) 3-bedroom unit ranges from 900 to 1,200 sq ft.*

Source: URA, Edmund Tie & Company Research

iv) Price range of new units

- Despite the property curbs and higher new sales volume, 75.0 per cent of new sale transactions were priced below $1.5m in Q1 2019, unchanged from Q4 2018 (Figure 4).
- There was a slight increase in units priced from $1.5m to $2m and greater than $3m, which was consistent with the small increase in demand for the larger 3-bedroom and above units.

Figure 4: New sales of non-landed units by price range



Source: URA, Edmund Tie & Company Research

PRIVATE NON-LANDED DEMAND ANALYSIS:
II) Resale market[1] excluding ECs

i) Resale volume

- While total new sales volume grew by 2.3 per cent, non-landed resale volume declined by 4.4 per cent q-o-q in Q1 2019. This decrease could be attributed to a shift in buyers' preferences to new projects launched as they had a wider range of options to choose from.

Table 5: Number of resale transactions (Q4 2018 and Q1 2019)

Market segment	No. of resale transactions		
	Q1 2019	Q4 2018	Q-o-Q change (%)
CCR	371	380	2.4 ▲
RCR	495	467	-5.7 ▼
OCR	829	773	-6.8 ▼
Islandwide	**1,695**	**1,620**	**-4.4** ▼

Source: URA, Edmund Tie & Company Research

- The CCR was the only market segment where resale volume increased (Table 5), which was largely driven by the narrowing of the median price premium of units in the CCR versus the RCR and OCR (Table 6).

Table 6: Premium of median price quantum of resale non-landed units (leasehold and freehold)

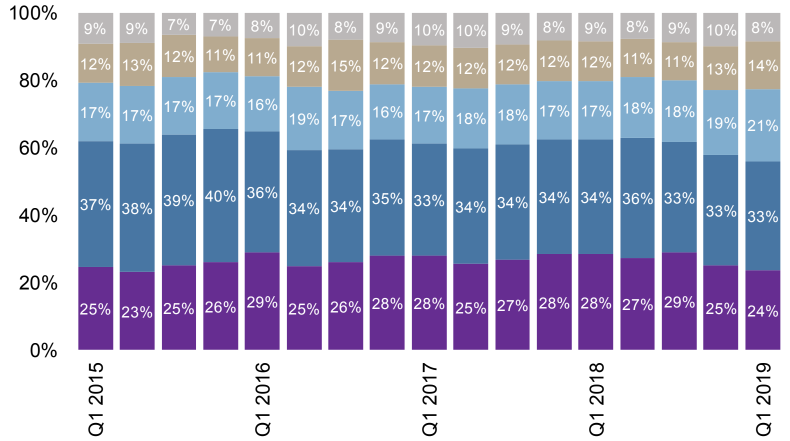
Market segments	Q4 2018	Q1 2019
CCR vs RCR	70% to 120%	50% to 80% ▼
CCR vs OCR	120% to 190%	100% to 130% ▼

Source: URA, Edmund Tie & Company Research

ii) Price range of resale unit

- The proportion of resale units priced below $1.5m fell slightly by 1.0 percentage point to 57.0 per cent, while units priced from $1.5m and $3m rose by some 3.0 percentage points to 35.0 per cent (Figure 5). This suggests an increase in preference for larger-sized resale units.

Figure 5: Resale non-landed property sales by price range



Source: URA, Edmund Tie & Company Research

[1] Includes both resale and subsale

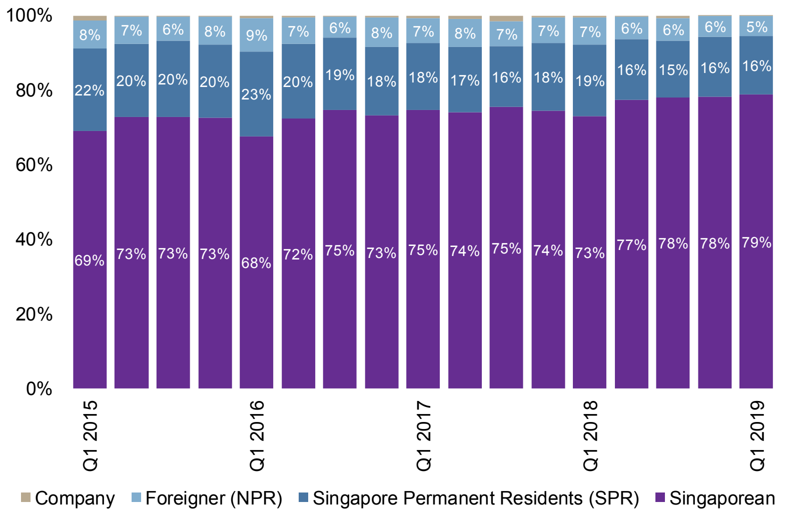
PRIVATE NON-LANDED DEMAND ANALYSIS:
III) Buyer profile excluding ECs

A) Singapore Citizens (SCs)

i) Sales volume

- Although the current cooling measures have dampened islandwide sales volume which fell by 1.1 per cent q-o-q in Q1 2019, purchases by SCs remained largely stable at 2,669 units in Q1 2019. Hence, the proportion of SCs' purchases rose from 78.1 to 78.7 per cent in Q1 2019 (Figure 6).

Figure 6: Proportion of non-landed sales by residential status

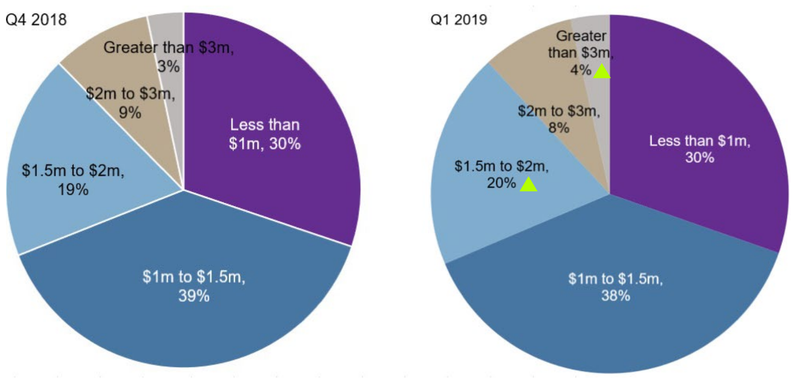


Source: URA, Edmund Tie & Company Research

ii) Unit price range

- SCs continued to be price-conscious seeing that the majority of transactions for units are priced below $1.5m, although there has been a slight increase in the $1.5m to $2m, and greater than $3m price ranges in Q1 2019 (Figure 7).

Figure 7: Non-landed residential property sales by SCs by price range



Source: URA, Edmund Tie & Company Research

iii) Top selling projects to SCs

- SCs appeared to favour newly launched units over resale units, with new sales making up some 54.0 per cent of total sales. The top selling new projects were in the OCR and RCR (Table 7), as these projects tend to have more units priced below $1.5m.
- Likewise, the RCR and OCR accounted for more than 78.0 per cent of total resale transactions by SCs in Q1 2019.

Table 7: Top selling projects of SC buyers

Top five new projects launched (market segment/number of units sold in Q1 2019)	Top five completed developments in the resale market (market segment/ number of units sold in Q1 2019)
Treasure at Tampines (OCR/266)	The Peak @ Cairnhill II (CCR/13)
The Tre Ver (RCR/170)	Watertown (OCR/13)
Affinity at Serangoon (OCR/158)	The Crest (RCR/11)
Riverfront Residences (OCR/93)	Ripple Bay (OCR/10)
Parc Esta (RCR/74)	Caribbean at Keppel Bay (RCR/7)

Source: URA, Edmund Tie & Company Research

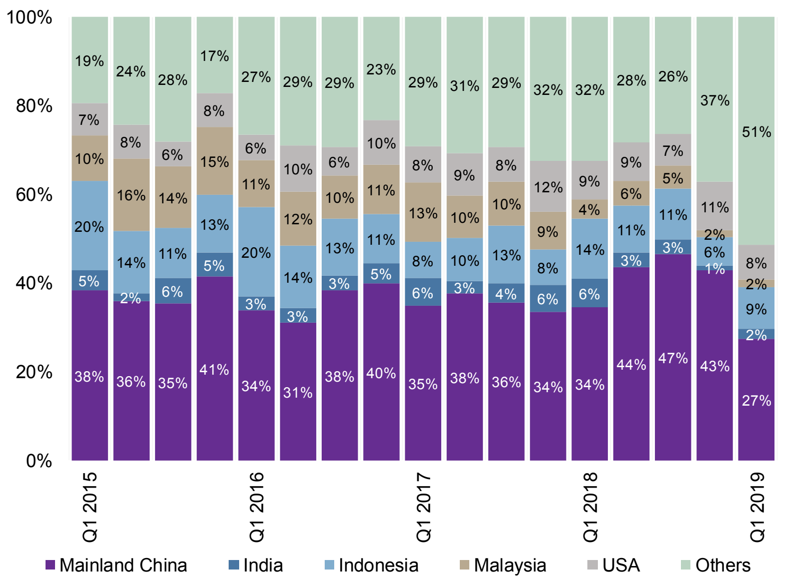
III) Buyer profile excluding ECs (continued)

B) Singapore Permanent Residents (SPRs) and Non-Permanent Residents (NPRs)

i) Sales volume

- With the property curbs imposing higher levies on SPRs and NPRs, non-landed sales volume of these two groups declined for the third consecutive quarter by 3.6 and 5.2 per cent q-o-q respectively in Q1 2019. However, this was slower than the previous two quarters which fell by 18.0 to 38.0 per cent.
- The proportion of SPRs remained unchanged at around 16.0 per cent, while NPRs decreased by 1.0 percentage point to 5.0 per cent in Q1 2019.
- Main foreign buyers by the top five nationalities were: mainland China (27.4 per cent of total non-landed sales to NPRs); Indonesia (9.5 per cent); USA (7.8 per cent); India (3.8 per cent); and Malaysia (1.7 per cent) (Figure 8).

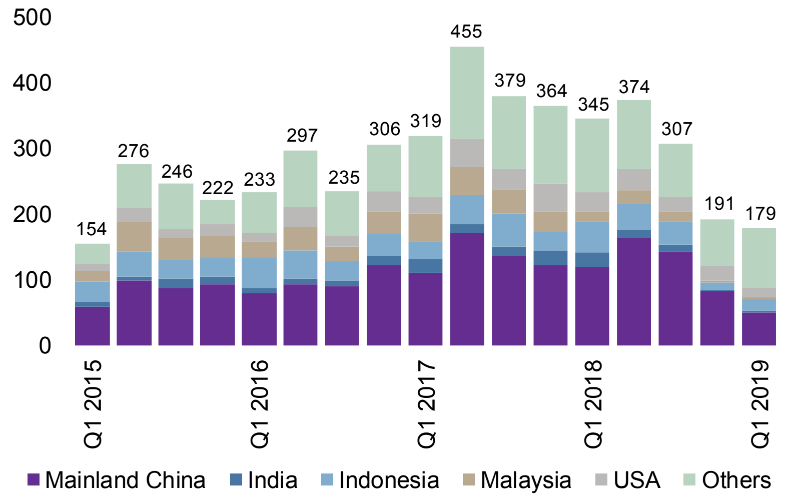
Figure 8: Proportion of sales by nationality



Source: URA, Edmund Tie & Company Research

- Mainland Chinese buyers plunged more than 40.0 per cent q-o-q to just 49 units. Consequently, the proportion of mainland Chinese buyers to total NPRs dropped from 42.4 per cent to 27.1 per cent in Q1 2019. This could be attributed to the Chinese New Year holidays in February (Figure 9).
- On the other hand, the number of sales to Indonesian and other nationalities rose by 41.7 and 31.9 per cent respectively in Q1 2019.

Figure 9: Transaction volume by NPRs



Source: URA, Edmund Tie & Company Research

III) Buyer profile excluding ECs (continued)

ii) Top selling new sale projects to SPRs and NPRs

- Like SCs, SPRs were generally price-conscious and typically purchased new and resale units in the RCR (31.0 per cent) and OCR (53.0 per cent).
- On the contrary, NPRs tend to prefer higher-end units in the CCR due to its prestige, exclusivity and prime location. In Q1 2019, about 44.0 per cent of unit sales were in the CCR, with RCR (34.0 per cent) and OCR (22.0 per cent) accounting for the rest.
- The top five projects for foreign buyers were mainly in the CCR, including new projects launched in Q1 2019 such as the Fourth Avenue Residences and Boulevard 88 (Table 8).

iii) Unit price range of NPR buyers

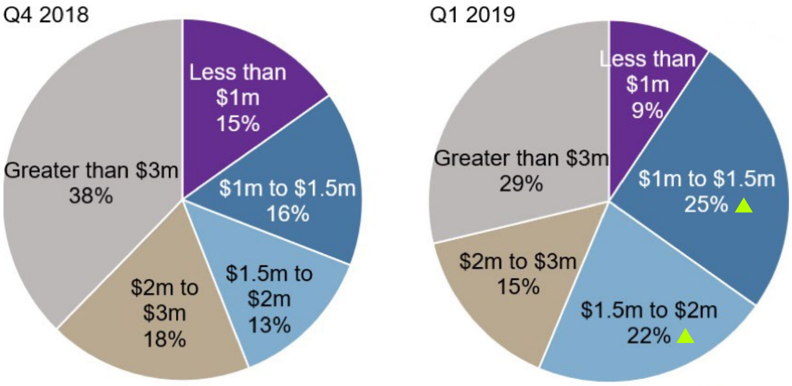
- The proportion of units priced from $1m to $1.5m and $1.5m to $2m rose by around 9.0 percentage points to 22.0 per cent, while the other price ranges fell by between 3.0 to 9.0 percentage points.
- The proportion of units priced greater than $3m declined the most by 9.0 percentage points (Figure 10), which could be partly attributed to the significant fall in mainland Chinese buyers.

Table 8: Top five selling new projects to NPRs (Q1 2019)

New projects (market segment)	Number of units sold to NPRs
Marina One Residences (CCR)	11
Stirling Residences (RCR)	9
Fourth Avenue Residences (CCR)	8
Park Colonial (RCR)	7
Boulevard 88 (CCR)	6

Source: URA, Edmund Tie & Company Research

Figure 10: Non-landed residential property sales of NPRs by price range



Source: URA, Edmund Tie & Company Research

C) Buyers with HDB addresses

Another significant group of private non-landed properties buyers include HDB upgraders and investors who are living in HDB flats – comprising SCs and SPRs.

i) Sales volume

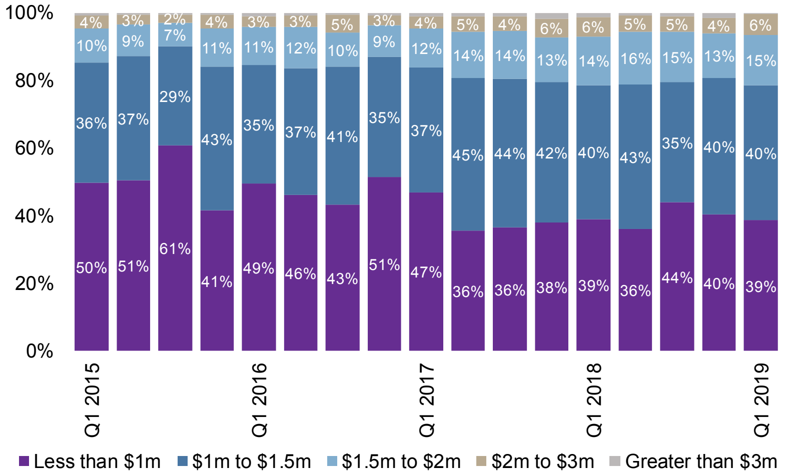
- There was a sharp drop of circa 68.0 per cent in sales volume for buyers with HDB addresses in Q1 2019. However, over the same period, the number of buyers with unknown addresses also rose by 51.1 per cent. This could be due to timing or buyers have chosen not to provide their current addresses.
- Historically, buyers with HDB addresses accounted for approximately 30.0 to 45.0 per cent of total sales volume on average. However, the current property curbs are expected to moderate this proportion closer towards the lower bound of 30.0 per cent.
- Resales volume accounted for almost 84.0 per cent of total sales volume in Q1 2019.

III) Buyer profile excluding ECs (continued)

ii) Unit price range

- Similar to the SCs and SPRs analysis above, this group is relatively more price sensitive, as a larger proportion of buyers purchased units priced below $1.5m (Figure 11). This indicates that there is no real urgency for this group to buy unless the price is reasonable/competitive.
- However, there was a small uptick of 1.0 percentage point in the proportion of units priced above $1.5m in Q1 2019.

Figure 11: Non-landed sales by quantum (buyers with HDB addresses)



Source: URA, Edmund Tie & Company Research

iii) Top selling projects to buyers with HDB addresses

- Most units priced under $1.5m were mainly resale units in the OCR and RCR (Table 9). They were largely made up of older and bigger 2- to 3-bedroom units.

Table 9: Top selling districts of buyers with HDB addresses* (Q1 2019)

Top five districts in resale market by district (market segment/number of units sold)
District 19 (OCR/44)
District 15 (RCR/20)
District 16 (OCR/18)
District 18 (OCR/18)
District 27 (OCR/18)

* *Excludes buyers with HDB addresses who are yet to be updated into the system and are currently labelled as NA.*

Source: URA, Edmund Tie & Company Research

Contacts:

Saleha Yusoff
Executive Director
Regional Head of Research & Consulting
+603 2161 7228 ext 302
saleha.yusoff@ntl.my

Margaret Thean
Executive Director
Regional Head of Residential
+65 6393 2383
margaret.thean@etcsea.com

Darren Teo
Associate Director
Research
+65 6393 2329
darren.teo@etcsea.com

Leong Kin Mun
Assistant Manager
Research
+65 6393 2548
kinmun.leong@etcsea.com

Edmund Tie & Company (SEA) Pte Ltd • www.etcsea.com
5 Shenton Way, #13-05 UIC Building, Singapore 068808
Phone: +65 6293 3228 • Fax: +65 6298 9328
Email: mail.sg@etcsea.com