

RESEARCH

# SINGAPORE Q4 2017

Residential market maintains momentum



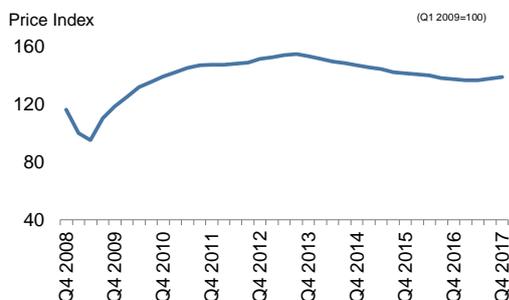
**Private residential sales reached its peak since the Total Debt Servicing Ratio was implemented and the URA price index rebounded towards the end of 2017. What is the property outlook for 2018?**

## OVERVIEW

### Total residential sales rose above sales volume in 2013

2017 was a watershed year for the residential property market, with URA's property price index rising by 1.1% (Figure 1) following three consecutive years of decline.

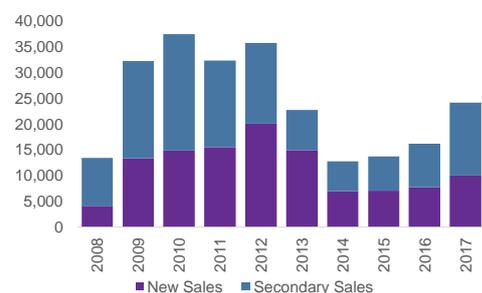
FIGURE 1  
URA's private residential property price index



Source: URA, Edmund Tie & Company Research

Total sales also rose from 16,162 units in 2016 to 24,145 units in 2017 (Figure 2). This is 2013's total sales.

FIGURE 2  
URA Private Residential Price Indices



Source: URA, HDB, Edmund Tie & Company Research

The improvement in residential property sales in 2017 was due to a culmination of factors. First, there was pent-up demand from buyers seeking to invest in properties. Given that the Additional Buyer's Stamp Duty (ABSD) is likely to stay, many buyers have decided to enter the market as they were no longer willing to wait on the sidelines. Second, buyers took the fine-tuning of the Seller's Stamp Duty (SSD) as a sign that the market was bottoming out.

With sales improving, developers, especially those with a depleting land bank, participated actively in land tenders. Due to the measured release of land parcels, more developers turned to collective sales for their development projects. In 2017, 27 residential developments were sold en bloc. The high land bids and the active collective sale market further reinforced the positive outlook.

Although there was an increase in demand, the options for prospective buyers seeking to move in immediately were limited. The number of unsold uncompleted private residential units in the inventory remained low. According to URA, only 18,891 units remain unsold out of 36,092 units in the pipeline. Additionally, many prospective sellers have pulled their units out of the market as they pursue a collective sale. This has caused prices to increase even more in Q4 2017.

### Overall outlook

We anticipate sales to be slower in January and February due to the Chinese New Year festivities. Additionally, the fluctuating stock market may dampen sentiments slightly, as purchasers will be reviewing their portfolios. Notwithstanding the uncertainty, we expect total private residential property sales to reach at least 25,000 units.

Additionally, we should see more activity in the luxury market. City Developments Limited (CDL) launch New Futura on 22 Jan this year. With an average selling price of \$3,200 per sq ft, 18 units have been sold on its launch.

Notwithstanding the luxury and prime residential projects, there are more options for buyers seeking properties in areas near to the CBD (Sims Avenue, Stirling Road, Shunfu Road and Margaret Drive) and upcoming areas (Serangoon and Bidadari Estate, West Coast Vale, Toh Tuck Road) (Table 1).

TABLE 1  
Selected upcoming projects

Developer	Location	District	Project name	Total units
MCL Land	Sims Avenue	14	NA	1,399
Logan and Nanshan	Stirling Road	3	NA	1,259
Qingjian	Shunfu Road	20	NA	1,204
CDL	Tampines Ave 10	18	The Tapestry	861
Chip Eng Seng	Woodleigh	19	NA	805
UOL	Potong Pasir	13	NA	729
SPH and Kajima	Upper Aljunied Road	19	The Woodleigh Residences	667
Keppel Land and Wing Tai	Serangoon North Ave 1	19	NA	613
China Construction	West Coast Vale	5	Twin Vew	520
S P Setia	Toh Tuck Road	21	Daintree Residence	327
MCL Land	Margaret Drive	3	Margaret Ville	316

Source: URA, Edmund Tie & Company Research

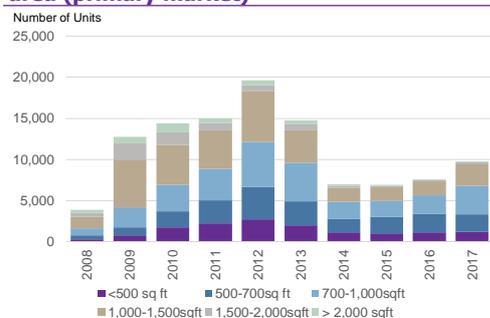
## DEMAND ANALYSIS:

### Primary market

#### Primary market sales reached highest in four years

Residential property sales in the primary market rose from 7,617 units in 2016 to 9,773 units in 2017, inching closer to the 14,962 units recorded in 2013 (Figure 3). There was a slight shift to larger homes in 2017 in the primary market. For instance, there were 2,663 units with a floor area of 1,000 to 1,500 sq ft that transacted in 2017 - about 57% higher than the 1,699 homes transacted in 2016. In contrast, the number of homes transacted with a floor area of 500 to 700 sq ft fell by 5% to 2,131 units in 2017. Notwithstanding, there were fewer units larger than 2,000 sq ft transacted in the primary market in 2017, falling to 44 units from 104 units in 2016. This was partly due to fewer large-sized units launched that year.

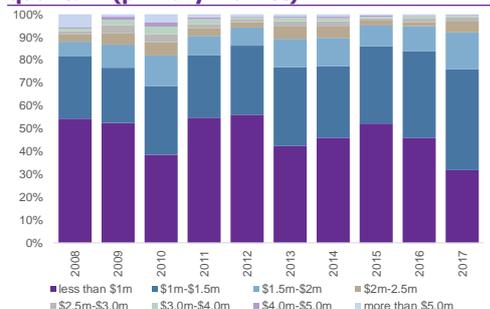
FIGURE 3  
Breakdown of non-landed homes by floor area (primary market)



Source: URA, Edmund Tie & Company Research

The quantum that buyers are paying for homes in the primary market also shifted from the below \$1.0m group to the \$1.0m to \$1.5m range in 2017 (Figure 4). The number of transactions of residential properties priced between \$1.0m and \$1.5m rose by 49% to 4,324 units, while the number of transactions for homes priced below \$1.0m fell by 11% to 3,114 units. There is also nascent evidence that the quantum buyers who are willing to pay are shifting to the next band of \$1.5m to \$2.0m.

FIGURE 4  
Breakdown of non-landed homes by quantum (primary market)



Source: URA, Edmund Tie & Company Research

#### Top selling non-landed projects

Most of the top selling projects in 2017 are either within walking distance to MRT stations or near upcoming growth areas, such as the Jurong Lake District. Grandeur Park Residences was the top performing project in 2017, selling 606 units out of 720 units (Table 2). Developed by Chip Eng Seng Corporation, the project is near Tanah Merah MRT station and is close to many amenities. The project's unit price ranged from \$970 per sq ft to \$1,661 per sq ft. Close behind was Parc Riviera, which sold 603 units. Located at West Coast Vale, Parc Riviera was popular due to its proximity to Jurong East and its affordability.

TABLE 2  
Top selling non-landed projects in the primary market (2017)

Project	District	Units sold (700 sq ft or smaller)	Total units sold in 2017	Average (\$ per sq ft)
Grandeur Park Residences	16	358	606	\$1,389
Parc Riviera	5	225	603	\$1,243
Seaside Residences	15	207	564	\$1,721
The Clement Canopy	5	75	425	\$1,371
Kingsford Waterbay	19	85	407	\$1,239

Source: URA, Edmund Tie & Company Research

In view of the December school holidays and upcoming recovery of the housing market, most developers stopped introducing new units in Q4 2017. One of the few projects launched in Q4 was Parc Botannia, a 99-year leasehold condominium project at Sengkang's Fernvale Street. Some 230 units were sold over the weekend when it was launched. The average price was about \$1,270 per sq ft. This was higher than the average transacted unit price of \$987 per sq ft when High Park Residences was launched in 2015.

#### Outlook

The market outlook for the private residential market appears brighter and we anticipate new sales to reach at least 12,000 units. The announcement of increasing the top marginal Buyer's Stamp Duty (BSD) rate for residential properties from 3% to 4% will dampen sales sentiments in the immediate term, but we expect the impact to wane in a span of three months using past announcements of stamp duties as a guide.

The prices for newly launched projects are expected to be higher by the end of 2018, supported by the stronger demand from both local and foreign buyers. Compared to other international markets, there is greater transparency in the Singapore residential market, which is also on the mend.

We also anticipate the demand for larger units to increase in 2018, although the one-bedroom units will remain popular among singles and prospective investors.

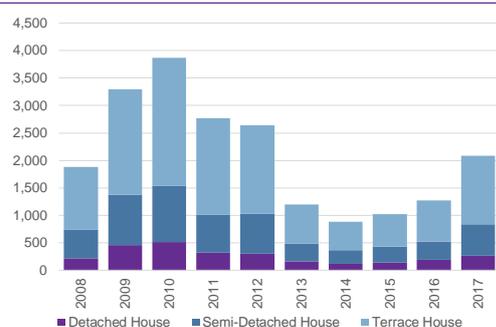
## DEMAND ANALYSIS: Secondary market

### Landed home sales was highest in the last five years

The number of landed homes transacted in 2017 in the secondary market was at its highest since 2012, increasing to 2,084 units from 1,271 units in 2016. Of the 2,084 units sold, 1,761 units transacted were of freehold tenure, accounting for 85% of the landed homes transacted in 2017 - the highest in the past 10 years.

District 10 recorded the highest number of transactions for detached and semi-detached residential properties (Ardmore, Bukit Timah, Holland Road and Tanglin) in 2017, while District 19 registered the highest number of terraced homes transacted. Terraced homes, which accounted for nearly 60% of landed home transactions in the secondary market in 2017, saw an increase in sales by about 67% (Figure 5).

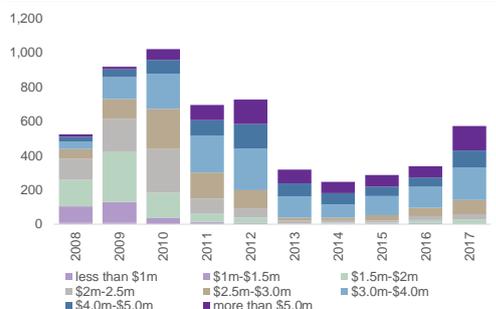
FIGURE 5  
Landed properties by type



Source: URA, Edmund Tie & Company Research

Sales for semi-detached homes rose the most by 68.5% to 573 units. Part of the demand came from buyers who were willing to pay a higher quantum. The number of semi-detached homes transacted above \$5.0m in 2017 was 142 units, which was more than double the sales in 2016 (Figure 6).

FIGURE 6  
Sales of semi-detached houses by quantum (secondary market)

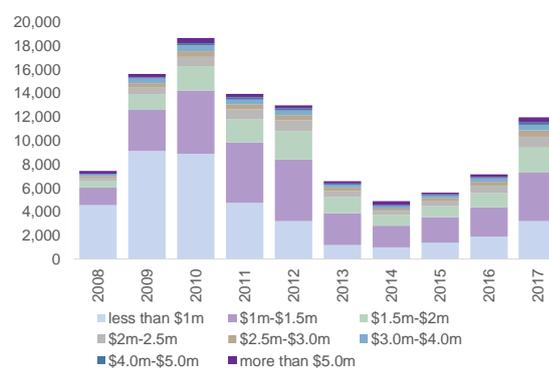


Source: URA, Edmund Tie & Company Research

### Sales of non-landed residential properties rose above the 10,000 mark in 2017

The number of non-landed residential property sales in the secondary market rose by 67.8% to 11,998 units in 2017. Like the landed residential market, more buyers were willing to pay a higher quantum for properties that offer value. In 2017, there was a 140% increase of non-landed homes that transacted in the \$4.0-\$5.0m bracket, from 89 units in 2016 to 214 units in 2017. The number of non-landed homes transacted in the "above \$5.0m" bracket nearly doubled from 226 units in 2016 to 441 units in 2017.

FIGURE 7  
Non-landed property sales by quantum (secondary market)



Source: URA, Edmund Tie & Company Research

The top five selling projects in the secondary market were those that obtained their Certificates of Statutory Completion (CSC). Skysuites@Anson sold the most at 112 units in 2017, followed by OUE Twin Peaks. Some of these projects recorded higher sales because of the attractive Deferred Payment Schemes, which allowed buyers to better manage their cashflow.

TABLE 3  
Top selling projects in the secondary market (2017)

Project (tenure)	District	Total units sold	Price range (\$ per sq ft)
Skysuites@Anson (LH)	2	112	1,858-2,649
OUE Twin Peaks (LH)	9	93	2,152-3,394
Leedon Residence (FH)	10	92	1,553-2,519
Gramercy Park (FH)	10	89	2,500-3,310
Reflections at Keppel Bay (LH)	4	88	1,292-2,294

Source: URA, Edmund Tie & Company Research

We anticipate the secondary market to remain active. In contrast, there were more properties taken out of the market as private owners seek collective sales. Until the interest in collective sales cools, prospective buyers have limited options. This may lead to a pent-up demand for private homes. Separately, home buyers seeking a replacement home will also add to the upward pressure on demand and prices.

## DEMAND ANALYSIS: Foreign buyers

### Non-Singaporean purchases

The number of purchases by foreigners that are Non-Permanent Residents (NPR) rose by 44.7% to 1,549 homes in 2017, accounting for about 7.1% of total home sales (Figure 8). With Singapore's private residential market bottoming out, more investors are drawn to our market. Additionally, private residential prices are considerably cheaper as compared to other gateway cities such as Hong Kong and Shanghai. Most of the NPRs purchased homes in the prime districts or close to the CBD. For instance, Sophia Hills and Gramercy Park situated at Districts 9 and 10 sold 57 and 48 units respectively to NPRs.

The number of home purchases by Singapore Permanent Residents (SPR) also increased in 2017, by about 28.6% to 3,765 units. Unlike the NPRs, SPRs seek projects that are outside the central region and in upcoming districts. These projects include Parc Riviera at West Coast Vale, Grandeur Park Residences at Tanah Merah and Symphony Suites at Yishun (Table 4).

FIGURE 8  
Proportion of purchases by residential status



Source: URA, Edmund Tie & Company Research

TABLE 4  
Preferences of NPR and SPR buyers  
(2017)

Popular new projects for SPR (number of units sold to SPR)	Popular new projects for NPR (number of units sold to NPR)
Parc Riviera (94)	Sophia Hills (57)
Sims Urban Oasis (73)	Principal Garden (51)
Commonwealth Towers (71)	Gramercy Park (48)
Grandeur Park Residences (65)	Commonwealth Towers (39)
Symphony Suites (57)	Martin Modern (35)

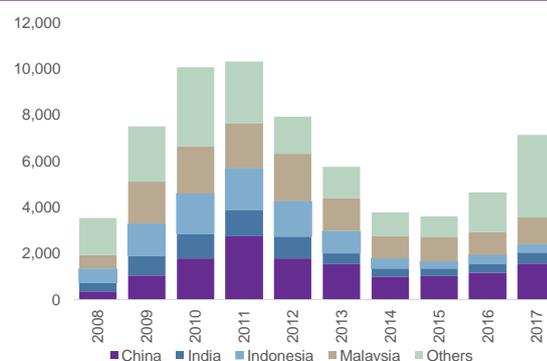
Source: URA, Edmund Tie & Company Research

### Foreign buyers by nationality

Mainland Chinese buyers accounted for about 6.7% of total private home purchases in 2017 (Figure 9), after rising by nearly 32% from 1,186 units purchased in 2016. Of the 1,564 units purchased by Mainland Chinese buyers, some 1,074 units were purchased by SPRs. Notwithstanding, the number of units purchased by Mainland Chinese who are NPRs also rose by 30.3% from 376 units in 2016.

While there was an increase in the number of foreign buyers, the number of residential property purchases by Indonesians fell by 10.4% to 345 units. Given that most Indonesian buyers have already invested in Singapore, the demand is more subdued unless there are significant pull factors for them to enter the market.

FIGURE 9  
Sales by nationality (2017)



Source: URA, Edmund Tie & Company Research

In 2017, the number of foreign purchases has extended to the fringes of the prime districts and the CBD. Mainland Chinese buyers were active in Districts 3, 15 and 19 while the prime districts are not in the top five popular districts purchased by the Malaysians (Table 5). Notwithstanding, we anticipate the number of purchases in Districts 9 and 10 to increase with more upcoming launches. The restraining effect of the Additional Buyer's Stamp Duty (ABSD) on demand has reduced due to optimistic property outlook and the implementation of similar duties and borrowing constraints in other foreign markets.

TABLE 5  
Popular districts from top four purchasing nationalities (2017)

Mainland China	Malaysia	India	Indonesia
District 3 (154 units)	District 19 (107 units)	District 18 (99 units)	District 10 (69 units)
District 9 (136 units)	District 14 (101 units)	District 15 (66 units)	District 9 (49 units)
District 19 (136 units)	District 3 (93 units)	District 16 (55 units)	District 3 (31 units)
District 10 (133 units)	District 18 (90 units)	District 19 (34 units)	District 19 (30 units)
District 15 (113 units)	District 23 (89 units)	District 23 (32 units)	District 18 (19 units)

Source: URA, Edmund Tie & Company Research

## DEMAND ANALYSIS: Singaporean buyers

### Demand from Singaporeans rose by more than 50% in 2017

Private residential properties purchased by Singaporeans rose to 16,237 units in 2017 from 10,678 units in 2016 (Figure 10). This has far exceeded the 15,812 units in 2013.

While Singaporean property purchases across all price bands have improved, the purchases of higher quantum homes accounted for the majority of Singapore purchases in 2017. For instance, the number of properties transacted within the \$4.0m and \$5.0m range rose from 51 units in 2016 to 129 units in 2017. Another case in point was the number of properties transacted within the \$2.0m to \$3.0m bracket, which rose to 1,467 units in 2017, higher than the level of sales in 2012 for the same quantum band.

FIGURE 10  
Residential property sales by quantum (Singaporeans)



Source: URA, Edmund Tie & Company Research

Singaporean buyers are most active at locations that offer amenities and accessibility. Grandeur Park Residences recorded the most Singaporean purchases in 2017 with 523 units sold, followed by Seaside Residences with 488 units sold (Table 6). The secondary market also saw much activity from Singaporean buyers, especially for projects that have obtained the Certificate of Statutory Completion (CSC).

TABLE 6  
Preferences of Singaporean buyers (2017)

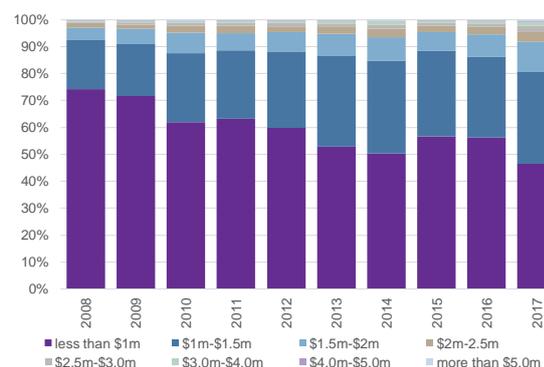
Popular new projects for Singaporeans (number of units sold)	Popular developments for Singaporeans in the secondary market (number of units sold)
Grandeur Park Residences (523)	Skysuites@Anson (89)
Seaside Residences (488)	Sky Habitat (68)
Parc Riviera (482)	Riversails (56)
The Clement Canopy (374)	26 Newton (51)
Kingsford Waterbay (347)	RV Residences (46)

Source: URA, Edmund Tie & Company Research

### Buyers with HDB addresses

The number of buyers with HDB addresses rose to 10,517 units in 2017 from 9,446 units in 2016, although the increase could be higher as some buyers were not identified. The quantum of the homes purchased also moved up in 2017, compared to 2016. More properties transacted in 2017 were in the higher price bands (Figure 11). In contrast, properties transacted for \$1.5m or less in 2016 accounted for 86.4% of total units transacted. In 2017, the proportion declined to 80.5%.

FIGURE 11  
Home sales by quantum in 2017 (buyers with HDB addresses)



Source: URA, Edmund Tie & Company Research

Based on the caveats lodged in 2017, buyers with HDB addresses tend to purchase private projects in districts that are close to upcoming growth clusters. In the secondary market, buyers were attracted to private residential property enclaves in the suburban areas. District 19 (Serangoon Garden, Hougang and Punggol) will continue to be popular, with the development of the digital district of Punggol and the Bidadari Housing Estate (Table 7).

Moving forward, the improvement in sentiments and economic outlook will support more sales. However, the continued decline of HDB resale prices may affect the demand of upgraders, especially in H2 2018.

TABLE 7  
Preferences of buyers with HDB addresses (2017)

Popular new projects for buyers with HDB addresses* (number of units sold)	Popular districts for buyers with HDB addresses in secondary market* (number of units sold)
Parc Riviera (273)	District 19 (627)
Grandeur Park Residences (211)	District 15 (386)
The Santorini (195)	District 23 (316)
The Clement Canopy (174)	District 18 (293)
Commonwealth Towers (154)	District 14 (268)

Source: URA, Edmund Tie & Company Research

\* This excludes buyers with HDB addresses who are yet to be updated into the system and are currently labeled as NA. We use it as a proxy for Singaporeans living in HDB flats.

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