

SINGAPORE Q2 2019

Foreign buyers back after three quarters of decline despite growing uncertainties



Market summary

Key market indicators

- Singapore's 2019 GDP growth forecast downgraded for the second time to 0.0 to 1.0 per cent, underpinned by continued weakness in the manufacturing sector.
- Demand for housing loans continued to slowdown in June 2019, declining for the sixth consecutive month by 0.2 and 0.4 per cent month-on-month (m-o-m) and yearon-year (y-o-y) respectively.
- The Monetary Authority of Singapore (MAS) has maintained in June 2019 that the current cooling measures implemented since July 2018 remain appropriate.

Land sales - Government Land Sales (GLS) / Private collective sales sites

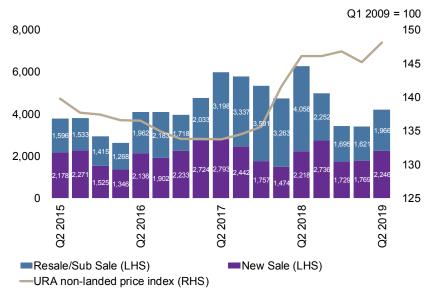
- Land sales value fell 40.5 per cent quarteron-quarter (q-o-q) due to fewer number of GLS sites awarded.
- GLS sites accounted for the bulk (or 87.8 per cent) of total land sales with two sites sold.
- In the private market, a freehold site with an existing light industrial structure at 2 Cavan Road, zoned "Residential with Commercial at 1st storey", was sold for \$38.7m (or \$642 psf ppr).

While residential en bloc site sales have remained subdued since July 2018, a small five-unit en bloc site in District 9 was sold to a private investor for \$9.3m in June 2019, with no immediate plans for redevelopment.

Private non-landed sales volume and price index (excluding ECs)

- New sales in Q2 2019 increased by 30.6 per cent to 2,246 units visà-vis 1,720 units in Q1 (Figure 1). Likewise, the resale volume rose 18.2 per cent q-o-q to 1,966 units. As such, total sales volume in Q2 amounted to 4,212 units, the highest since Q3 2018 when the cooling measures were introduced.
- Urban Redevelopment Authority's (URA) non-landed price index grew by 2.0 per cent q-o-q in Q2 2019, a reversal from **-1.1 per cent** in the previous quarter. This price growth was largely underpinned by the higher selling prices of newly launched projects in the Rest of Central Region (RCR) which saw strong take-up rates at Sky Everton (48.9 per cent of 262 launched units) and Amber Park (76.7 per cent of 150 units during first weekend launch).

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



Source: URA, Edmund Tie Research

New non-landed project launches

- With a significantly higher number of new project launches and units released for sale in H1 2019, total new sales volume in H1 2019 rose 7.4 per cent y-o-y while new sales volume jumped 30.6 per cent q-o-q to 2,246 units in Q2 2019.
- Although the number of new project launches more than doubled from 6 in Q1 to 16 in Q2, the total number of units from projects were much lower, totalling some 2,700 units compared to more than 4,900 units last quarter due to the smaller project sizes.
- RCR saw the most launches with 9 new projects totalling 1,731 units in Q2 compared to 4 projects offering 326 units in Q1.
- Sell-down rates of the new projects in Q2 2019 ranged from 1.7 per cent to 48.9 per cent with Sky Everton achieving the highest sell-down rate, followed by Parc Komo (37.7 per cent). Both freehold projects were viewed to be attractively priced. Conversely, the overall average sell-down rate improved from 10.7 to 19.0 per cent q-o-q.

Demand analysis and buyer profile

- As developers release projects from en bloc sites acquired during 2017 to mid-2018, these new unit prices reflected the high land prices paid during that period. Consequently, new unit prices have risen, with the proportion of units priced below \$1m falling from 37.0 to 24.0 per cent of total new unit sales in Q2. In addition, the higher prices mirrored the increased average unit size as well as an increased preference for larger new units.
- In contrast, the unit price ranges for most resale units remained relatively unchanged q-o-q, except for an increase in proportion of resale and larger sized units priced above \$3m rising from 8.0 to 11.0 per cent in Q2.
- The proportion of unit sales to Singaporeans (SCs), Singapore Permanent Residents (SPRs) and Foreigners (NPRs) remained steady in Q2 2019 despite the increase in sales volume, except for NPRs which rose by one percentage point to 6.0 per cent in Q2. However, the proportion of mainland Chinese (Chinese) buyers has been declining since Q2 2018 to a low of 22.0 per cent in Q2 2019.
- NPRs continue to prefer units in the Core Central Region (CCR), with an increase in demand for units priced above \$4m in Q2. On the other hand, SCs and SPRs preferred developments in the RCR and Outside Central Region (OCR) as these group of buyers tend to be more price sensitive.
- Buyers with Housing & Development Board (HDB) addresses, a proxy for HDB upgraders, rose 16.6 per cent q-o-q in Q1 2019 after two quarters of decline, consequently accounting for about 38.0 per cent of total sales. This group tends to be the most pricesensitive with the median unit prices ranging from \$0.9m to \$1.1m

Outlook

- With new project launches expected to pick up in H2 2019 amid strong headwinds from a slowing local economy, ongoing trade tensions between mainland China and USA, Japan and Korea, and the political situation in Hong Kong, demand for non-landed units from foreign buyers may pick up, as Singapore is viewed as a safe investment haven despite the current property curbs.
- The outlook for H2 2019 remains cautiously optimistic with new sales volume likely to achieve our forecast of 8,000 to 10,000 units in 2019, while prices are largely expected to stay stable with an upside of up to 3.0 per cent.

PRIVATE NON-LANDED DEMAND ANALYSIS:

I) New sales market excluding executive condominiums (ECs)

i) SALES VOLUME

- With a significantly higher number of new project launches and units released for sale in H1 2019, total new sales volume in H1 2019 increased by 7.4 per cent y-o-y to 3,966 units. On a q-o-q basis, new sales volume jumped by 30.6 per cent to 2,246 units in Q2 2019.
- New unit sales in the RCR jumped by more than 83 per cent, largely underpinned by the launch of 9 new projects in Q2, while new sales volume in the CCR fell 12.0 per cent, partly due to the fewer number of new project launches as well as the shift in buyers' interests to the RCR and OCR (Table 1).

Table 1: New sales volume by market segment (Q1 and Q2 2019)

Market segment	Q1 2019	Q2 2019	Q-o-Q change (%)
CCR	183	161	-12.0
RCR	621	1,139	83.4
OCR	916	946	3.3
Islandwide	1,720	2,246	30.6

Source: URA, Edmund Tie Research

ii) NEW PROJECT LAUNCHES AND SELL-DOWN RATE

CCR (main prime areas including the Central Business District - CBD)

- Average sell-down rates in Q2 2019 was about 5.1 per cent, down from 14.3 per cent in the previous quarter (Table 2). This was largely due to the decline in number of new project launches and units released for sale in Q2, as well as unit sales of projects launched before Q2 2019 accounting for most of the new sales volume.
- Sloane Residences was the best-performing project selling 4 of the 52 units (or 7.7 per cent), with prices ranging from \$2,766 to \$2,985 psf.

RCR (mainly city fringe areas outside the CCR)

- In contrast, the number of new project launches and units released for sale more than doubled in Q2 (Table 2) with the sell-down rate doubling as well.
- New projects that were well-received included Sky Everton (which sold 48.9 per cent of units) with units priced from \$2,053 to \$2,895 psf and Amber Park (which sold 26.3 per cent of units) with units priced from \$2,263 to \$2,708 psf (Table 2). These projects were considered attractively priced based on their location, unit offerings and freehold tenures.

OCR (suburban areas outside the CCR and RCR)

- New projects launched in Q2 were smaller in scale, hence, the number of units released for sale were nearly 40 per cent lower. Accordingly, the average sell-down rate improved compared to Q1 2019 (Table 2).
- The top two new projects by sell-down rates were Lattice One (39.6 per cent) and Parc Komo (37.7 per cent). These freehold developments were considered attractively priced with units at Lattice One priced between \$1,560 and \$1,834 psf and Parc Komo between \$1,389 and \$1,744 psf.

Table 2: Sell-down rate of newly launched projects

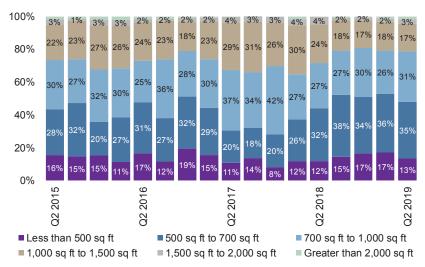
	No. of new projects launched (total project units)		Total no. of units released for sale		No. of units sold from unit release		Average sell-down rate based on total project units	
Market segment	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019	Q1 2019	Q2 2019
CCR	5 (911)	4 (369)	337	196	130	19	14.3%	5.1%
RCR	4 (326)	8 (1,731)	326	732	33	371	10.1%	20.5%
OCR	4 (3,719)	4 (654)	796	489	369	149	9.9%	22.8%
Total	13 (4,956)	16 (2,754)	1,459	1,417	532	539	10.7%	19.0%

Source: URA, Edmund Tie Research

iii) NEW UNIT BEDROOM TYPE AND SIZE

Although smaller units (ie. studio to 2-bedroom units) formed majority (or 79.0 per cent) of total new sales, which was relatively unchanged from Q1 2019 (Figure 2), there was a shift in preference for larger units in Q2, with an increase in proportion of unit sizes ranging from 700 to 1,000 sq ft and above 1,500 sq ft. This was also in line with URA's revision to the guidelines on maximum allowable unit dwellings outside the central area (which took effect from 17 January 2019), which increased the average unit size from 70 sqm to 85 or 100 sqm, subject to location.

Figure 2: New sales of non-landed units by floor area*



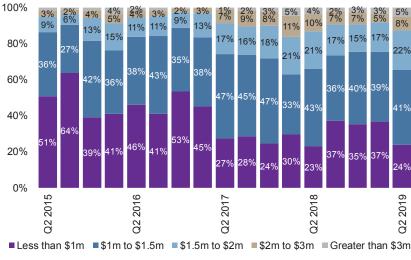
^{*} As a guide, the average unit size for new private residential project launches by number of bedrooms is as follows: i) studio unit is below 450 sq ft; ii) 1-bedroom unit ranges from 500 to 650 sq ft; iii) 2-bedroom unit ranges from 600 to 900 sq ft; iv) 3-bedroom unit ranges from 900 to 1,200 sq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

Source: URA, Edmund Tie Research

iv) PRICE RANGE OF NEW UNITS

- With developers releasing projects from en bloc sites acquired during 2017 to mid-2018, these new projects reflected the higher land prices paid during that period. Consequently, leading to an overall increase of new unit prices.
- Accordingly, the proportion of units priced under \$1m fell significantly to 24.0 per cent of total new sales, while units on the higher price ranges have all increased, especially for units priced above \$1.5m which increased from 25.0 to 35.0 per cent of total new sales q-o-q (Figure 3). These higher prices mirrored the larger average unit size released for sale as well as buyers' preferences for such units.

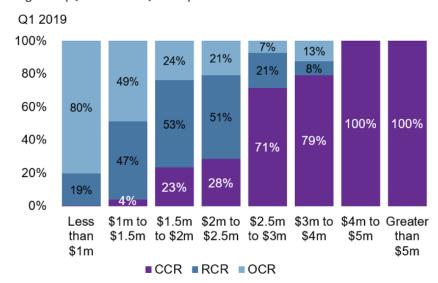
Figure 3: New sales of non-landed units by price range

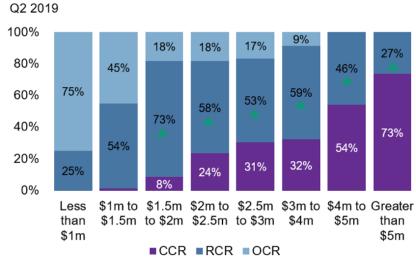


Source: URA, Edmund Tie Research

 There was a big jump in the proportion of units priced above \$2.5m in the RCR in Q2, which was largely due to the launch of Amber Park and accounted for about 25.0 per cent of total new units sold above \$2.5m (Figure 4).

Figure 4: New sales of non-landed units by price range and market segment (Q1 2019 and Q2 2019)





Source: URA, Edmund Tie Research

II) Resale market¹ excluding ECs

i) SALES VOLUME

- Although resale volume rose by a lower 18.2 per cent compared to 30.6 per cent for new sales, resale volume grew across all market segments with CCR and RCR up by about 20.0 per cent (Table 3).
- Despite the increase in resale volume, the market share of resale units fell from 49.2 to 46.7 per cent of total sales, indicating buyers' preferences for new units amid the large number of new projects currently available on the market.

Table 3: Number of resale transactions (Q1 and Q2 2019)

	No. of resale transactions			
Market segment	Q1 2019	Q2 2019	Q-o-Q change (%)	
CCR	380	458	20.5	
RCR	482	578	19.9	
OCR	801	930	16.1	
Islandwide	1,663	1,966	18.2	

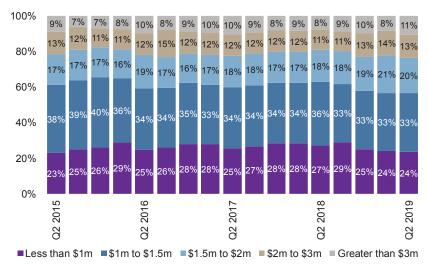
Source: URA, Edmund Tie Research

¹ Includes both resale and subsale

ii) PRICE RANGE OF RESALE UNITS

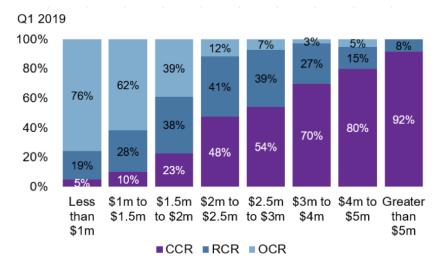
- The unit price ranges for most resale units remained relatively unchanged q-o-q, except for an increase in proportion of larger resale units priced above \$3m, from 8.0 to 11.0 per cent in Q2.
- In addition, a higher proportion of resale units priced above \$2m were sold compared to new units with the same price range in Q2 (e.g. 24.0 per cent (Figure 5) versus 13.0 per cent (Figure 3) respectively). This suggests that buyers who purchased units priced over \$2m tend to prefer older units, as they are typically larger in size and have freehold tenure.
- Most of the units priced above \$2m were located in the CCR and RCR, with CCR accounting for the bulk of units priced above \$3m (Figure 6).
- The overall increase of resale unit prices was less pronounced than new unit prices, which helped underpinned the increased demand for resale units.

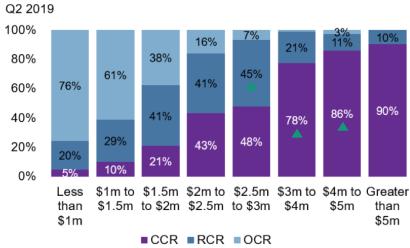
Figure 5: Resale non-landed property sales by price range



Source: URA, Edmund Tie Research

Figure 6: Resale non-landed property sales by price range and market segment (Q1 and Q2 2019)





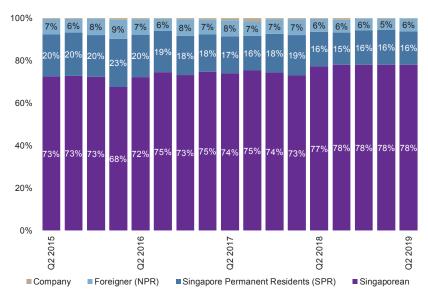
Source: URA, Edmund Tie Research

III) Buyer profile excluding ECs

i) SALES VOLUME

- Sales volume rebounded 24.5 per cent q-o-q after three quarters of decline. However, the proportion of total sales volume by SCs remained steady at 78.0 per cent in Q2 2019 (Figure 7).
- Likewise, total sales volume to SPRs and NPRs increased by 19.6 and 43.9 per cent q-o-q respectively.
- Despite the higher sales volume by SPRs for the second consecutive quarter, the proportion of total sales to SPRs remained unchanged q-o-q. On the other hand, sales volume by NPRs recovered after three quarters of decline. While this is a positive sign, it should be viewed cautiously as Q1 2019 had a low base. Accordingly, NPRs' share of total sales rose from 5.0 to 6.0 per cent in Q2 (Figure 7).

Figure 7: Proportion of non-landed sales by residential status

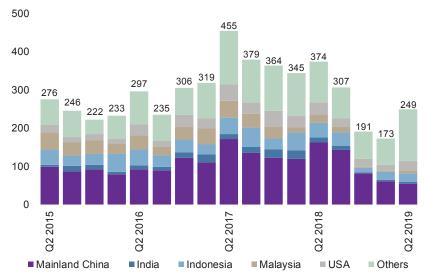


Source: URA, Edmund Tie Research

NPR BUYERS BY NATIONALITY

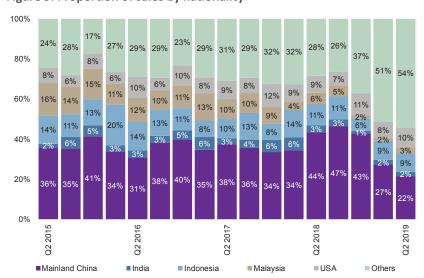
- The number of unit sales to Chinese buyers have fallen some 67.0 per cent since Q2 2018 (Figure 8). Consequently, the proportion of total sales to Chinese buyers have declined to a low of 22.0 per cent in Q2 2019 (Figure 9). This could be due to the ongoing and intensifying trade war between mainland China and USA which started in Q2 2018. Nevertheless, they remained as Singapore's top buyers of non-landed units.
- Other top sources of foreign buyers were from USA (10.0 per cent); Indonesia (9.2 per cent); Malaysia (2.8 per cent); and India (2.0 per cent).
- The proportion of foreign buyers from other nationalities (including unspecified countries) has been growing since Q3 2018 and accounted for some 54.0 per cent of total sales to NPRs in Q2 2019.

Figure 8: Transaction volume by NPRs



Source: URA, Edmund Tie Research

Figure 9: Proportion of sales by nationality

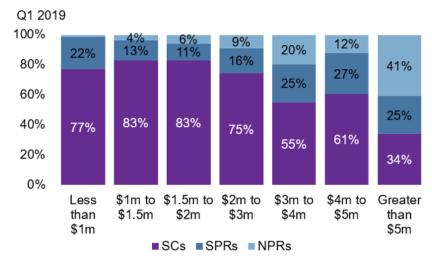


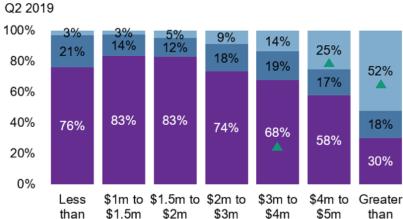
Source: URA, Edmund Tie Research

ii) UNIT PRICE RANGE

- The proportion of SCs and SPRs buying units priced from under \$1m to \$3m ranges remained relatively steady. However, the proportion of SCs buying units priced from \$3m to \$4m rose, while SCs and SPRs buying units priced above \$4m fell.
- In contrast, the increased number of NPR buyers in Q2 bought proportionately more units priced above \$4m (Figure 10) than in Q1.

Figure 10: Non-landed residential property sales by price range and residential status (Q1 and Q2 2019)



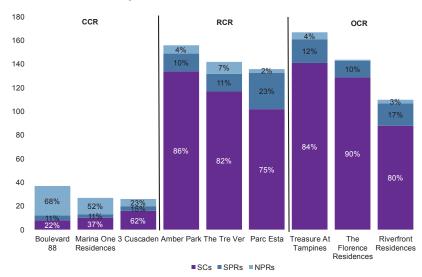


Source: URA, Edmund Tie Research

iii) TOP SELLING NEW LAUNCHES BY RESIDENTIAL STATUS

- Since SCs and SPRs tend to be more price conscious, they typically buy new unit developments in the RCR (which are typically mid- to high-quality developments) and OCR (which are typically more affordable mass-market developments) (Figure 11).
- On the other hand, NPRs tend to be more affluent and prefer high-end and prestigious units located in prime areas in the CCR. The top two selling projects purchased by NPRs in Q2 were Boulevard 88 (units priced from \$4.4m to \$31m) and Marina One Residences (units priced from \$1.7m to \$7m).

Figure 11: Top three selling new projects by market segment and residential status in Q2 2019



Source: URA, Edmund Tie Research

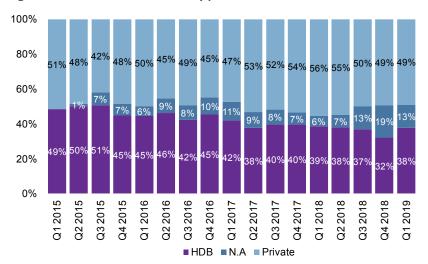
IV) Buyers with HDB addresses for Q1 2019²

Another significant group of private unit buyers include HDB upgraders and investors who are living in HDB flats – comprising SCs and SPRs. This group of buyer provides a reasonable proxy in estimating the buying propensity of HDB upgraders.

i) SALES VOLUME

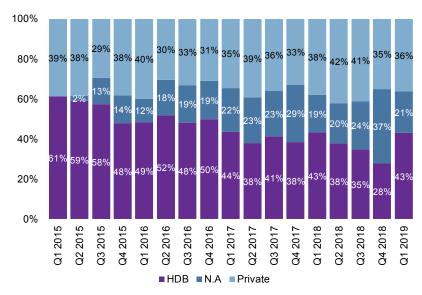
- After two quarters of decrease, the sale volume of buyers with HDB addresses increased by 16.6 per cent q-o-q to 1,276 units in Q1 2019.
- The proportion of buyers with HDB addresses increased from 32.0 to 38.0 per cent q-o-q, which was within the past 3-year average (Figure 12).
- The proportion of buyers with HDB addresses buying new units jumped sharply from 28.0 to 43.0 per cent in Q1 2019, as there were more units priced under \$1m (Figures 13 and 14).

Figure 12: Non-landed unit sales by purchasers' addresses



Source: URA, Edmund Tie Research

Figure 13: Non-landed new sales by purchasers' addresses



Source: URA, Edmund Tie Research

² Since Q1 2019, there was a significant increase in the number of transactions with the buyer's address indicated as "N.A". This is likely due to a timing lag in updating this field, especially for new sales. In Q2 2019, the number of "N.A" fields rose more than the previous quarter and accounted for more than 40 per cent of total new sales. In view of this timing lag, this section will utilise data from the previous quarter instead. This section will be reviewed quarterly and updated accordingly.

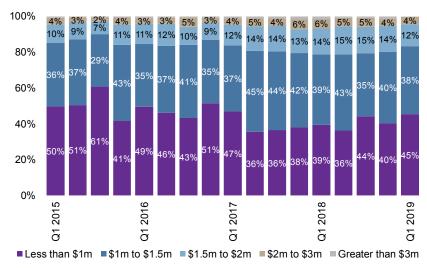
ii) UNIT PRICE RANGE

With more than 45.0 per cent of total units sold in Q1 2019 to buyers with HDB addresses priced under \$1m (Figure 14). The median unit price range for the total sales of this group was between \$0.9m and \$1.1m. Hence, HDB upgraders, especially first timers, tend to be more price-sensitive and are likely to buy for owner-occupation.

iii) TOP SELLING NEW PROJECTS TO BUYERS WITH HDB ADDRESSES

- As buyers with HDB addresses tend to be more price sensitive, they prefer to buy new projects in the OCR, which are typically more affordable and catered for the mass-market (Table 4).
- Treasure at Tampines was the best-selling new project, where buyers with HDB addresses accounted for about half of the project's total unit sales in Q1 2019.

Figure 14: Total unit sales (new and resale) by price range to buyers with HDB addresses



Source: URA, Edmund Tie Research

Table 4: Top selling new projects to buyers with HDB addresses* (Q1 2019)

Project / development	Market segment	Postal district	No. of sales	Median unit price (\$psf)
Treasure at Tampines	OCR	18	144 (51%)	\$905,000 (\$1,334 psf)
Affinity at Serangoon	OCR	19	84 (48%)	\$923,000 (\$1,495 psf)
The Tre Ver	RCR	13	63 (33%)	\$1.1m (\$1,599 psf)
Riverfront Residences	OCR	19	61 (52%)	\$916,500 (\$1,328 psf)
Parc Esta	RCR	14	43 (47%)	\$1.1m (\$1,720 psf)

Source: URA, Edmund Tie Research

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