

Residential Sales




South Beach Residences

Both transaction volumes and prices are up

Against a sluggish economy and the Hungry Ghost month, the sales of private residential properties, especially in the primary market, performed better than expected in Q3/2019.

- New home sales rose in line with developers' launches, climbing 39.6% to 3,281 private residential units sold in the months from July to September.
- In the primary market, the best-selling non-landed private residential units in the first nine months of 2019 were those with a price tag from S\$1.0 to S\$1.25 million each. These corresponded with unit sizes ranging between 400 and 800 sq ft.
- Sales of private residential properties in the secondary market also picked up in tandem, albeit at a slower rate of 2.7% quarter-on-quarter (QoQ) to 2,482 units sold in the third quarter.
- The URA's price index in Q3/2019 showed that prices for the island-wide private residential properties continued to rise for a second straight quarter.
- The average prices in the Savills basket of high-end, non-landed homes rose by 0.4% QoQ in Q3 and by 0.8% since Q2.
- As supply in the coming quarters is expected to remain stable, unsold stock is expected to fall steadily if the healthy momentum in the primary market continues.

“Although the economy is weak, the market has enough momentum to keep rising at least until Q3/2020.”

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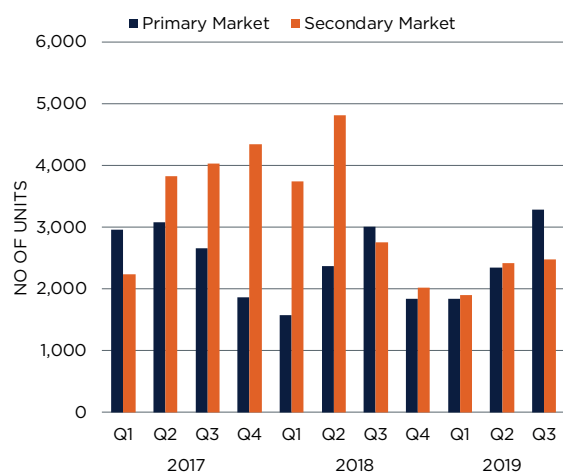
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GRAPH 1: Sales Volume Of Private Residential Units, Q1/2017 to Q3/2019

Source URA, Savills Research & Consultancy

MARKET OVERVIEW

Despite the quarter being afflicted by a sluggish economy and the Hungry Ghost month, during which it is considered inauspicious for people to buy houses or developers to launch, the primary sales market performed better than expected in the third quarter of 2019.

In Q3, developers launched a total of 3,628 uncompleted private residential units for sale, up 45.0% QoQ. Of these, 62.7% or 2,275 units were from 12 newly launched projects, comprising four in the Core Central Region (CCR), six in the Rest of Central Region (RCR) and two in the Outside Central Region (OCR). The top three projects, namely Parc Clematis at Jalan Lempeng, Avenue South Residence at Silat Avenue and One Pearl Bank at Pearl Bank, rolled out 665, 500 and 280 units, respectively. Their tally of 1,445 units has already surpassed the 1,417 units from 16 newly launched projects in Q2. The remaining 37.3% of 1,353 units released for sale in Q3 were from previously launched developments, such as Treasure At Tampines at Tampines Lane, The Florence Residences at Hougang Avenue 2, Parc Esta at Sims Avenue and JadeScape at Shunfu Road.

In line with the slew of developers' launches, new home sales also rose, climbing 39.6% to 3,281 units of private residential properties being sold from July to September. In the second quarter, there were 2,350 units sold. This is also the highest quarterly number

since Q2/2013. By market segment, new sales in the CCR, RCR and OCR rose 3.5% QoQ, 32.7% QoQ and 53.5% QoQ, respectively.

For newly launched projects, the best-selling one in the reviewed quarter was Parc Clematis, a 1,468-unit project developed on the former Park West site. From 31 August, the launch day, to 30 September, a total of 434 units were sold at an average price of about S\$1,608¹ per sq ft (psf). Other top-selling projects include the 1,074-unit Avenue South Residence jointly developed by UOL Group, United Industrial Corporation and Kheng Leong Company, which sold 361 units with an average price of S\$1,950 psf, and One Pearl Bank, the 774-unit project developed by CapitaLand on the former Pearl Bank Apartment near the Outram Park MRT station, which moved 235 units with an average price of S\$2,381 psf. In view of total numbers of units in these three projects, the take-up rates ranging from 29.6% to 33.6% were relatively healthy amidst the current uncertain macro-economic environment.

In the primary market, a check of caveats lodged for non-landed private residential properties reveals that the best-selling units in the first nine months of 2019 were those with a price tag from S\$1.0 million to S\$1.25 million each, forming nearly one quarter of the total new sales. This was followed by the price per unit ranges from S\$1.25 to S\$1.5 million and from S\$750,000 to S\$1.0 million, accounting from 19.2% and 18.6% of

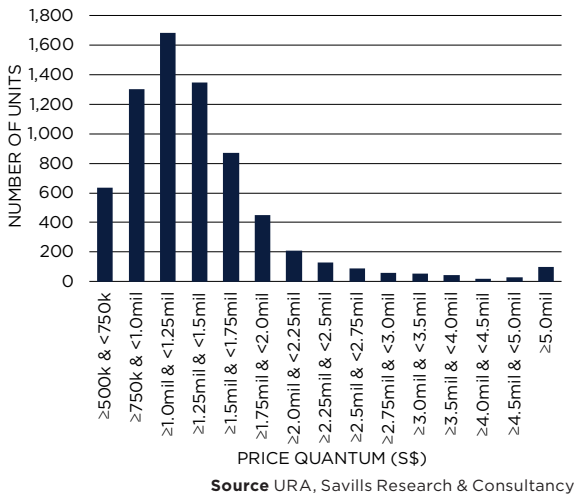
¹ Based on caveats downloaded from the URA's REALIS on 12 Nov, 2019.

TABLE 1: New Launches, Q3/2019

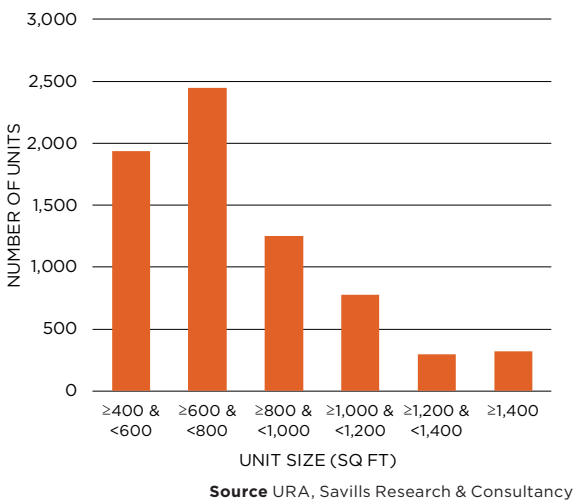
PROJECT NAME	LOCATION	DEVELOPER	LOCALITY	TOTAL NO. OF UNITS	TOTAL NO. OF UNITS SOLD BY Q3/2019	TAKE-UP (%)	PRICE RANGE (\$\$ PSF)
Avenue South Residence	Silat Avenue	United Venture Development (Silat) Pte Ltd	RCR	1,074	361	33.6	1,696 - 2,603
Cuscaden Reserve	Cuscaden Road	Cuscaden Homes Pte Ltd	CCR	192	5	2.6	3,314 - 3,489
Dunearn 386	Dunearn Road	RH Central Pte Ltd	CCR	35	6	17.1	2,446 - 2,537
Haus On Handy	Handy Road	CDL Regulus Pte Ltd	CCR	188	24	12.8	2,770 - 2,909
Infini At East Coast	East Coast Road	GDL Land Pte Ltd	OCR	36	1	2.8	1,896
Jervois Treasures	Jervois Road	Fragrance Treasures Pte Ltd	CCR	36	0	0.0	-
Meyer Mansion	Meyer Road	Meyer Mansion Pte Ltd	RCR	200	31	15.5	2,479 - 3,182
One Pearl Bank	Pearl Bank	Areca Investment Pte Ltd	RCR	774	235	30.4	2,065 - 2,875
Parc Clematis	Jalan Lempeng	Sing-Haiyi Gold Pte Ltd	OCR	1,468	434	29.6	1,014 - 1,754
The Antares	Mattar Road	FSKH Development Pte Ltd	RCR	265	18	6.8	1,564 - 1,854
Uptown @ Farrer	Perumal Road	Perumal Development Pte Ltd	RCR	116	13	11.2	1,737 - 1,985
View At Kismis	Lorong Kismis	Roxy-TE2 Development Pte Ltd	RCR	186	44	23.7	1,553 - 1,833

Source URA, Savills Research & Consultancy

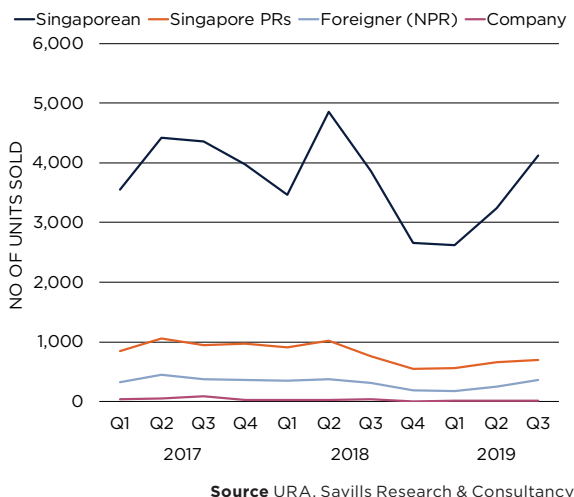
GRAPH 2: Sales Volume Of Non-Landed Private Residential Units By Price Quantum, January to September 2019



GRAPH 3: Sales Volume Of Non-Landed Private Residential Units By Size, January to September 2019



GRAPH 4: Sales Volume Of Non-Landed Private Residential Units By Residency Status, Q1/2017 to Q3/2019



the total new sales, respectively. The popular price range corresponded with smaller unit sizes. Of all new units sold from January to September, 34.8% had a unit size from 600 to 800 sq ft, and 27.6% were from 400 to 600 sq ft.

Sales of private residential properties in the secondary market also pick up in tandem, albeit at a slower rate of 2.7% QoQ to 2,482 units sold in the third quarter. This is the second consecutive quarter of growth. By locality, both the RCR and OCR posted an increase of 3.3% QoQ, while the CCR saw a marginal growth of 0.8% QoQ. The pick-up in resale volumes could be due to spill-over effects from the active primary sale market.

Based on the URA's statistics, Singaporean buyers purchased 4,121 non-landed private residential units in Q3/2019, rising 27.0% from a quarter ago. This increase was supported purely by the primary market where the number of units bought by Singaporeans surged by 51.9% QoQ to 2,618 in Q4. In contrast, the sale volume by these buyers in the secondary market dipped 1.2% QoQ to 1,503 units.

In the reviewed quarter, the other group of buyers that saw a strong spike in transactions are foreigners without Permanent Residency (PR) status. They purchased 226 units in the primary market and 132 units in the secondary market, up 72.5% QoQ and 14.8% QoQ, respectively.

In the meantime, the overall transaction volume of non-landed residential properties by Singapore PRs and corporate buyers was 701 units and 11 units, representing a quarter growth of 5.4% and 37.5%, respectively.

By nationality, buyers from China, Malaysia, India and Indonesia continued to top the list with a total of 520 units purchased. In addition, there were another 363 units, all in the primary market, that were

acquired by foreigners who did not specify their nationalities. This was almost doubled from the 190 units reported in the previous quarter. The reason for their nationalities being unidentified is that they did not lodge caveats and this derails any attempt to conduct further analysis on the buyers' nationality front.

PRICES

The URA's price index in Q3/2019 showed that prices for island-wide private residential properties continued to rise for a second consecutive quarter. However, the quarterly growth rate moderated slightly to 1.3% from 1.5% in the previous quarter.

In Q3, prices in the non-landed segment rose 1.3% QoQ, slower than the 2.0% recorded in Q2; per segment, CCR, RCR and OCR recorded rises of 2.0%, 1.3% and 0.8% QoQ respectively. While prices of landed properties rose by 1.0%, reversing the 0.1% decrease in the previous quarter.

The upward trend was also observed in the Savills basket of high-end, non-landed homes. The average prices for such prime properties rose by 0.4% QoQ in Q3 and 0.8% since Q2, offsetting the 0.7% decrease in the first quarter of this year.

FUTURE SUPPLY

Based on the URA's data, by the end of Q3/2019, there were a total of 50,964 uncompleted private homes in the pipeline with planning approval. This represents 290 units, 0.6% higher than a quarter ago. By sales status, 31,948 units or 62.7% of this pipeline supply remained unsold, down 1,728 from the 33,673 units in the preceding quarter. As supply in the coming quarters is expected to remain stable, the unsold stock is expected to fall steadily if the healthy momentum in the primary market continues.

GRAPH 5: Savills High-End, Non-Landed Home Price Index, Q1/2014 to Q3/2019



Residential Sales

TABLE 2: Major Upcoming Launches From Q4/2019*

PROJECT NAME	LOCATION	DEVELOPER	LOCALITY	TOTAL NO. OF UNITS
19 Nassim	Nassim Hill	Parksville Development Pte Ltd	CCR	101
Amber Sea	Amber Gardens	Urban Park Pte Ltd	RCR	132
Bideford Hills	Bideford Road	SC Aetas Holdings Pte Ltd	CCR	168
Condominium development (former Katong Park Towers)	Arthur Road	BSEL Development Pte Ltd	RCR	290
Dairy Farm Residences	Dairy Farm Road	UE Dairy Farm Pte Ltd	OCR	460
Hyll On Holland	Holland Hill/Holland Road/Queensway	FEC Skypark Pte Ltd	CCR	319
KI Residences	Sunset Way	Hoi Hup Sunway Clementi Pte Ltd	RCR	648
Leedon Green	Farrer Road/Holland Road/Leedon Heights	Asia Radiant Pte Ltd	CCR	638
Midtown Bay	Beach Road	GLL Prosper Pte Ltd/GLL Thrive Pte Ltd	CCR	219
Midwood	Hillview Rise	Hillview Rise Development Pte Ltd	RCR	564
Neu At Novena	Moulmein Rise	RH Novena Pte Ltd	CCR	87
One Holland Village Residences	Holland Road	Commons Residential Pte Ltd/ Commons SR Trustee Pte Ltd/ Commons Commercial Trustee Pte Ltd	CCR	296
Pullman Residences Newton	Dunearn Road	EL Development (Horizon) Pte Ltd	CCR	340
Residential apartments	Sims Drive	NovaSims Development Pte Ltd	OCR	566
Residential apartments (former Goodluck Garden)	Toh Tuck Road	Qingjian Perennial (Bukit Timah) Pte Ltd	RCR	669
Royalgreen	Anamalai Avenue/Bukit Timah Road/Lily Avenue	Sky Top Investments Pte Ltd	CCR	285
Sengkang Grand Residences	Sengkang Central	Siena Residential Development Pte Ltd/ Siena Trustee Pte Ltd	OCR	680
The Atelier	Makeway Avenue	Bukit Sembawang Pte Ltd	CCR	116
The Avenir	River Valley Close	Carmel Development Pte Ltd	CCR	376
The Linq @ Beauty World	Upper Bukit Timah Road	Alika Properties Pte Ltd	RCR	120
The M	Middle Road	Wingcharm Investment Pte Ltd	CCR	552
Urban Treasures	Jalan Eunus	Fragrance Treasures Pte Ltd	OCR	237
Van Holland	Holland Road	KBD Holland Pte Ltd	CCR	69
Verdale	De Souza Avenue	C&C (JJK) Pte Ltd	OCR	258
Verticus	Jalan Kemaman	SB (Kemamam) Development Pte Ltd	RCR	162

Source URA, Savills Research & Consultancy

*Expected launch dates are subject to change. This list is not exhaustive.

GRAPH 6: Probability Of The Various Lengths Of The Up-leg Of The Price Cycle

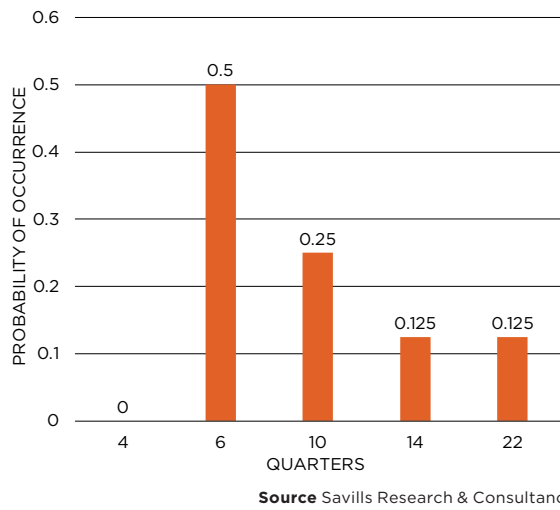


TABLE 3: Forecast Of Private Residential Property Prices By Region And Type Of Sales

REGION	2019F	2020F
CCR	1% ≤ +8% Resale New Sale	3% ≤ +5% Resale New Sale
RCR	0% ≤ +5% Resale New Sale	1% ≤ +3% Resale New Sale
OCR	0% ≤ +8% Resale New Sale	1% ≤ +3% Resale New Sale

Source Savills Research & Consultancy

OUTLOOK

The URA private residential property price index (PPI) has been on the rise again. The question of why has been answered but the following question of how long this up leg of this property cycle will last has not been addressed.

Our findings on the length of the up-leg of the price cycle are shown in Graph 6. (We have used the method of Prime Factorization to de-code the up-leg and down-leg of the URA PPI cycle.) Based on the historical time series of the price index, we find that a 6 quarter up-leg carries the highest probability.

As the URA PPI had risen for Q2/2019 and Q3/2019, then the probability that it may carry on for another 4 quarters will bring us to Q3/2020.

Although studies have shown that the up-leg of our price cycle tends to last 8.7 quarters, but with the global headwinds driven by social and political tensions, it may be better to err on the side of caution and choose a shorter time frame of 6 quarters as the base case. As we get closer to Q3/2020, we will re-evaluate how the general market conditions prevailing then are likely to affect private residential prices. If the PPI happens not to reach Q3/2020 before taking a downturn, then the event that triggered it is more likely to be something different from the historical factors which have affected our market.

The conventional view is that in the light of our economic conditions, the market’s upward trajectory should be reined in by further cooling measures. Our view is different. While the market momentum in terms of prices and sales volumes appears

strong, we also know that it has been the smaller sized units which have been selling, notably those less than 800 sq ft (please refer to Graph 3). This means projects are mostly selling units sized less than average. The larger units have been difficult to clear because Singaporeans, though flushed with liquidity, have budgets often less than \$1.5 million. So once the smaller units in the market are cleared, a stalemate arises. Some would say that developers should cut prices. However, unit sizes are lumpy in nature and to make larger units affordable, prices on a \$psf basis will have to drop very sharply. For example, to equate the price quantum of an 880 sq ft apartment to an 800 sq ft unit, prices will have to fall by 9.1%. That would destabilise the entire market.

In troubled economic waters and given the logjam of the larger units not clearing the market, the current “buoyant” private residential market should be left unperturbed. Given the fickleness of market behaviour these days, any measures to rein in demand may instead destabilise it. There will then be the attendant negative spill over effects into the other domestic sectors of the economy. The risk of intervention may incite an unknown market behaviour to emerge. Please refer to Figures 1a to 1c from our Q4/2018 Residential Sales Briefing where given the changing market environment, risk emerges, but it is of an abstract form (uncertainty).

Our forecasts for private residential property prices by region are summarised in Table 3.