Executive Summary
In the past 10 years, Singapore has grown and changed in myriad ways. The population of the city-state has increased by more than 12 percent, from 5.08 million in mid-2010 to 5.7 million by the middle of 2019. At the same time, the nation’s nominal per capita Gross Domestic Product (GDP) has grown 41 percent, from S$64,408 in 2010 to S$90,787 as of June 2019. Following the 2008 subprime crisis, the economy has seen a decade of relative calm.

The Singapore property market, on the other hand, has had a fairly eventful decade. A bullish post-2008 surge in private property prices in Singapore was put to a stop by the implementation of additional curbs in 2013, and then again most recently in 2018. As Chinese developers jostled into the market, this bullish sentiment and keen interest from foreign buyers fuelled a similar response from locals who feared that it was a period of buy-now-or-never, as PropertyGuru’s 2H 2018 Consumer Sentiment Survey results showed.

Looking back on en bloc fevers and cooling measures, it is important to note that the rise of property values in the past decade was not driven solely by perception or speculation, but also by tangible fundamentals. An increase in national population, economic growth and deliberate, far-sighted urban plans catalysed the development and rejuvenation of numerous locations within the city-state.

PropertyGuru would like to point out, in particular, the extent to which infrastructure in Singapore has changed over the past decade. At the start of 2010, there were only 77 Mass Rapid Transit (MRT) stations (excluding Light Rail Transit or LRT stations). By the end of 2019, 145 stations* will be operational, with the latest being Woodlands North and Woodlands South—the first stations on the Thomson-East Coast Line (TEL). With the TEL, Jurong Region Line, Cross Island Line and the ‘closing of the loop’ for the Circle Line, a ‘car-lite’, highly connected city is taking shape.

Public transport improvements over the past decade have had a positive impact on the Singapore property market. New MRT stations will open up new areas of potential growth such as Paya Lebar and Jurong East, as greater MRT accessibility and rail capacity bring forth more amenities and new residential developments. The upside is not just from a dollar value perspective but also from a liveability standpoint.

From a supply perspective, this has also been the decade of overhang for private residential real estate. “This has resulted due to the exuberance of the property market during this period, which is a by-product of a sustained economic growth,” said Tan Tee Khoon, Country Manager-Singapore, PropertyGuru.

“Bearing this in mind, the increase in supply of vacant properties over the decade isn’t necessarily a bad thing as long as, on an individual level, buyers remain realistic, exercise good judgment and borrow within their means.”

With the abundant supply of private housing (Figure 1), prices are nonetheless expected to hold steady as developers see little leeway for adjustment given the high breakeven price paid for land purchased before the July 2018 cooling measures. PropertyGuru shares developers’ concern regarding demand in the short term. However, it is confident that there will be a gradual absorption of supply over the next five years.

As is evident, with intervening measures by the Singapore government, the property market has seen through the decade without major ill effects, such as a runaway housing bubble. Going ahead, trends such as smaller household sizes and concepts such as co-living could possibly stimulate housing supply uptake in addition to population increase and economic growth.

In summary, for the Singapore property market, PropertyGuru looks ahead to 2020 and the coming decade with optimism anchored in prudence. This edition of the PropertyGuru Singapore Property Market Outlook not only aims to illustrate the developments in the year ahead, but also how government plans could contribute to upside in locations across Singapore in the next decade.

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* CEIC data: https://www.ceicdata.com/en/indicator/singapore/nominal-gdp
* Singstat: https://www.singstat.gov.sg/modules/infographics/population
* Source: Singstat

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PropertyGuru Singapore Property Market Outlook 2020
Asking prices for private homes in Woodlands may have declined by 7 percent in the past three years, but the new MRT stations, Woodlands Regional Centre and the Singapore-Johor Bahru rail link could reverse the trend.

Health City Novena, a mega 17-hectare modern integrated healthcare complex, is currently under development.

Experiencing a growth of 28% in median finalised per square foot (psf) asking price over the past three years, this Rest of Central Region district is likely to see further price growth with four new residential projects in 2020 and an integrated hub in the works.
Expansion of Singapore’s MRT Network

Canberra, which is on an exciting growth trajectory, will see the launch of two executive condominiums in 2020.

One of the most transformed districts of the decade with the rapid development of West Sengkang.

The introduction of Grade A offices in 2019 may lead to further property value uplift, considering that the URA has plans for the further growth of Paya Lebar Central.

At 30%, this is the best performing district in Singapore in terms of growth in median psf asking price over the past three years.

A new executive condo at Tampines will no doubt attract many suitors, but stealing the limelight will be the launch of a mixed-use development at Pasir Ris Central.

Source: PropertyGuru
The Decade of the City Fringe
The city fringe, classified as the Rest of Central Region (RCR) in Singapore, is arguably the fulcrum of change in Singapore’s property landscape. Modern developments and infrastructure are breathing new life into established locations such as Geylang and Queenstown, in what Tee Khoon calls “a second wave of city-building”.

In major cities around the world, the same trend is playing out. From North Melbourne in Australia to Queens in New York, United States, authorities in the world’s major cities have prioritised and set in motion urban renewal projects.

Ageing districts are being adapted to modern modes of living with refreshed amenities that facilitate work and play, which makes these districts highly attractive for residential purposes for people from all walks of life.

Property investors, in particular, are cognizant of the uplift in property value that accompanies the rejuvenation of the city fringe. Such reinvigoration typically seeks to preserve any intangible but valuable cultural and heritage elements which further accentuate a location’s unique proposition.
In the local context, properties in the Rest of Central Region (RCR) may benefit from the confluence of demand from various buyer groups, including foreigners looking for a good buy, Singaporean investors, owner-occupiers who want to live closer to the city, as well as a sizeable pool of budget-conscious tenants who might be priced out of the prime rental market in the city centre.

For Singapore, strategic growth areas and infrastructural developments will augment the intrinsic locational advantage of city fringe properties. “In the coming year and decade, we foresee the positioning of RCR projects to change as upscale developments spill over from the Core Central Region (CCR) and its prime districts to the RCR,” said Tee Khoon.

For ageing precincts such as Beauty World and Rochor, it is foreseeable that new developments or redevelopments will provide much-needed booster shots to surrounding property value. This may give rise to a ripple effect that encourages developers to hop onto the rejuvenation bandwagon and buyers to give the area greater consideration.

Furthermore, rents in the RCR have been outperforming other regions since 2014, according to the URA Rental Index for non-landed properties (Figure 2), which makes the RCR appealing to property investors seeking rental yield.

Properties in the RCR may benefit from the confluence of demand from various buyer groups.

Figure 2: Rental Index for Non-Landed Properties by Region.

Source: URA

The most popular district in Singapore among buyers for two consecutive quarters.

Source: PropertyGuru Consumer Sentiment Survey H2 2018 and H1 2019
The addition of new homes and amenities in the RCR makes it a region of great promise.

In the course of the past decade, overall median psf prices of non-landed private properties in the RCR have increased 42 percent from S$1,035 psf in Q1 2010 to S$1,802 psf in Q3 2019 (Figure 3a). “With the pace of rejuvenation of the built environment, there is likely further room for property value to increase in the RCR,” Tee Khoon noted. “The addition of new homes and amenities will create a virtuous cycle of rising value.”

In Q3 2019, the median RCR psf price was closer to the CCR price than OCR price, unlike at the beginning of the decade when the RCR psf price was closer to the OCR price than the CCR price (Figure 3a). The most recent RCR median psf price is buoyed by new launches just outside the CCR, such as Sky Everton (District 2) and Avenue South Residence (District 3).
Are RCR new launches a better deal than CCR resale?

Back in Q4 2016, it is likely that the average home buyer did not regard new sale, direct-from-developer RCR properties as being able to command a higher price than a resale CCR property (a median psf price of S$1,597 versus S$1,691 respectively, as shown in Figures 3b and 3c).

In Q3 2019, however, the perception was turned on its head: new sale RCR properties commanded a median psf price that was higher than that of CCR resale homes (S$1,875 versus S$1,832).

“In 2019, a newly launched city fringe condo is, in the eyes of your typical buyer, seen as ‘more worth it’ than a resale property in the city or in a prime district,” explained Tee Khoon. New sales for projects such as Avenue South Residence and Park Colonial are pushing RCR median prices to new heights.

Another confirmation of RCR being the hive of development activity is the growing proportion of new launches in this region, which in the past four quarters accounted for roughly half (47.5 percent) of all new launches (Figure 4) despite only occupying 15 percent of Singapore’s land area. Although the RCR may take a backseat to the CCR in 2020 in terms of the expected number of new residential projects, PropertyGuru foresees uptake for existing uncompleted RCR projects, such as Parc Esta and Jadescape, to continue at 2019 rates.

“What’s surprising about the newly launched residential units in the city fringe region is that, despite the price premium these homes are fetching, buyers are actually putting down their money,” Tee Khoon added. In the past four quarters, 48.5 percent of new launch private homes sold are from the RCR, reflecting a healthy uptake of developers’ new projects (Figure 5).

Singapore’s original waterfront district is set to shine

Spanning the eastern coast of Singapore, District 15 is the city-state’s original waterfront district.

In Q3 2019, its asking price was S$1,673 psf compared to S$1,473 psf in Q4 2016—a growth of 15 percent. Compared with the rest of the districts in the RCR, District 15 ranks third after Districts 3 and 18.

With the Thomson-East Coast Line (TEL) set to open in stages in 2023 and 2024, we can expect rail accessibility to the city to increase property and land value of residential enclaves such as Tanjong Rhu, Amber and Telok Kurau, among others. Neighbouring District 16, with precincts such as Bayshore and Sungei Bedok, will also benefit from upside.

With the Greater Southern Waterfront (GSW) areas still “subject to detailed planning”, it appears that Bayshore, which the URA has earmarked as a future “vibrant and sustainable garden neighbourhood”, could steal the limelight with potential new, futuristic high-rise waterfront homes.
Outside Central Region shows great promise

Infrastructural developments and improved amenities over the past decade have brought about staggering upside to homes in the Outside Central Region (OCR), the largest and outermost region in Singapore. Comparing Q3 2019 to Q1 2010, the OCR has seen an 84 percent increase in median psf transaction prices for private homes (Figure 3a), beating RCR and CCR growth in percentage terms.

Value-wise, that is not to say the proverbial ship has sailed for the OCR. The region is still developing, with new neighbourhoods and towns such as Canberra and Tengah being built along with expanding estates such as Tampines, Yishun and Sengkang, where amenities are added and upgraded as their populations increase.

“The exemplary planning by Singapore authorities does not discriminate between regions,” said Tee Khoon. “The Cross Island Line, the Punggol Digital District and Woodlands Regional Centre are just some of the big projects to benefit OCR residents in the coming years and will contribute significantly to value upside for property.”

With the government’s plans, certain locations within the OCR may also see new rental demand. Aside from jobs being created in hubs such as the Punggol Digital District, rental demand may also spring from new MRT lines that give prospective tenants more options in terms of where to live. “With the new Thomson-East Coast Line line, for instance, previously inaccessible areas like Springleaf in the north could appeal to expats,” Tee Khoon added.

In the OCR, the perks are not solely limited to investment upside from growth plans and improved connectivity. Encouraged by government policies and incentives as well as more spacious land plots in the OCR, developers have greater room to furnish innovative ideas and concepts for modern and sustainable ways of living that stand out from the rest. Bayshore, Lentor and Woodlands North are all yet-to-be-developed locations where this could happen, according to the latest URA Master Plan.

“The exemplary planning by Singapore authorities does not discriminate between regions.”
“Slowly but surely” might be the best way to describe the developments that are gathering pace at District 25, the northernmost district in Singapore. In terms of price growth, PropertyGuru data shows that median psf asking prices for this district declined from S$839 psf in Q4 2016 to S$777 in Q3 2019, a fall of 7 percent in the span of three years. While this could suggest weak demand for private properties up north, the lack of recent developments in the area remains a primary contributing factor.

This could be set to change, as plans to transform the northern region are implemented with the opening of two new MRT stations in Woodlands towards the end of 2019. This will kickstart a series of developments: a new regional centre and the terminus of the Singapore-Johor Bahru Rapid Transit System (RTS) that will provide a smoother connection to Johor Bahru in Malaysia than the Causeway currently allows.

Will the North regain lost ground?

While the RTS could increase the appeal of living in and around Woodlands, the presence of the rail link on its own may not necessarily reverse the direction of asking prices in the area, which has seen four consecutive quarters of decrease starting from Q4 2018.

Of greater consequence will be the completion of the TEL, which will run to the city by 2021 and reduce travel time to the CBD by 15 minutes or more.

In the longer term, property value upside would depend heavily on the success of Woodlands Regional Centre, a 100-hectare commercial hub that the government hopes to complete within the next 15 years. If all goes to plan, the ‘far north’ will be transformed into a thriving business and lifestyle node with 10,000 new homes, pulling in new residents and likely pushing property value northwards.

78% of Singaporeans feel proximity to public transportation networks is an important factor when choosing a home.

Source: PropertyGuru Consumer Sentiment Survey H1 2019

Image: Artist's Impression of Woodlands Avenue 2 © Urban Redevelopment Authority
With no less than eight projects to be launched in the Core Central Region (CCR) in 2020, the performance of these will be a litmus test of consumer demand at the higher end of the price range. Quarterly figures in the past decade show that foreign buyers (including Permanent Residents) typically account for 30 to 35 percent of all property purchases in the CCR.

Meanwhile, PropertyGuru expects CCR real estate—99-year leasehold properties included—to gravitate towards the role of secure investment assets for both local and foreign buyers. “Decentralisation may shift supporting business functions out of the traditional downtown, but the CBD will remain the financial hub of Singapore for the foreseeable future, and the prestige of Core Central Region real estate will likely remain strong along with rental demand from high-earning professionals,” said Tee Khoon.

Within the CCR, the rise of District 7 (Bugis, Rochor, Beach Road) has seen its median psf asking price hit S$2,467 psf in Q3 2019, an all-time high for the district. Upscale projects in the pipeline—such as The M and an upcoming Tan Quee Lan Street project atop Bugis MRT—will add to the current stock, which includes Duo Residences, South Beach Residences and the 2019 launch Midtown Bay. In terms of asking price, District 7 could be poised to overtake District 9 in 2020 as Singapore’s most expensive district.

“Unlike the mostly freehold properties in Districts 9, 10 and 11, the upscale homes in District 7 mostly come at a lower price point as these are properties with a 99-year leasehold tenure,” Tee Khoon noted. “As the city expands outward, the sustained increase in land value and the upcoming North-South Corridor expressway will create new high-end buying opportunities in the CCR.”

“District 7 could be poised to overtake District 9 as Singapore’s most expensive district.”
### Projected 2020 Private Residential Launches in Singapore

<table>
<thead>
<tr>
<th>Project Name</th>
<th>District</th>
<th>Region</th>
<th>Type of Sale</th>
<th>Tenure*</th>
<th>Developer</th>
<th>No of Units</th>
<th>Est. Launch</th>
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<td>GLS</td>
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*Tenure: 99 = 99-year leasehold | 999 = 999-year leasehold | FH = Freehold
Disclaimer: Details may be subject to change.
Key Trends
Buoyant foreign buying to continue

The Singapore luxury property market, which performed well above expectations in 2019, is likely to do the same next year as new launches continue to hit the market. At the same time, intense competition among developers may curb price increases for higher-end properties.

“We will continue to see an inflow of foreign buyers in the Singapore luxury market. Investors see Singapore as a safe and stable country for wealth preservation via real estate,” said Tee Khoon. “Compared to the likes of London, Sydney and New York, Singapore is also a relatively cheaper property destination.”

In the ultra-luxury property market (transactions in the price range of S$10 million and above), interest from Chinese national buyers is expected to continue.

Increased grant amounts for resale flats will give sellers more leverage in their asking prices.

New mature estate flats unlikely to dent resale demand

In 2019, the government has expressed clear plans to make Build-to-Order (BTO) public housing more readily available in mature estates, giving first-time home buyers access to more affordable housing options within such estates. “Consumers who want to live in mature estates are typically limited to buying resale flats from the open market, which usually comes at a higher price point than BTO flats,” said Tee Khoon.

In the next five years, flat buyers can expect the Housing and Development Board (HDB) to launch and build more BTO flats in mature estates. The HDB has already revealed it will build around 5,000 BTO flats in the city-fringe location of Queenstown by 2027 and another 1,500 units in Bishan, an estate located within the RCR, by 2025.

As BTO flats are offered by the HDB at a lower-than-market rate, more BTO launches in mature estates could result in a slight price moderation of resale flats in the same estates. However, PropertyGuru does not expect demand for mature estate resale flats, especially those with good locational attributes, to fall. Supporting our view is the recently increased grant amount for resale flats, which gives sellers more leverage in their asking prices.

Additionally, the increase in income ceiling for BTO and EC homes will also bring about a new pool of demand. BTO flats in mature estates are likely to be multiple times oversubscribed, funneling first-time buyers into the resale market.
Despite many positives in the Singapore property market, possible headwinds in the form of muted economic growth and a possible US-China trade war could dampen home buying sentiment. The Monetary Authority of Singapore (MAS) released a report in November 2019 advising home buyers to be more prudent in their purchasing decisions, on the back of an increasing number of unsold units and more new launches slated for 2020.

The MAS report also noted that property prices have moved more in line with economic fundamentals compared with the first half of last year following the additional cooling measures of July 2018. The number of housing loans, which rose in the past two quarters, are in line with the increase in transaction activity, while buyers’ financial leverage remains lower than the period before last year’s cooling measures kicked in.

Of greater concern is affordability of housing beyond HDB flats. “What needs to improve is wage growth, which should ideally keep up with property price increases to remain affordable for aspirational home buyers and facilitate upward mobility of Singaporeans upgrading from HDB flats to condos,” said Tee Khoon. Low wage growth, coupled with a tight loan-to-value (LTV) ratio, could also impact buyers’ ability to make downpayments and reduce affordability overall. However, it is not all gloom and doom. Interest rates are seeing a downward trend and this is likely to continue in the mid- to long-term. This is sure to bring cheer to buyers grappling with issues around affordability. Even current buyers would get an opportunity to evaluate loan refinancing options that will ensure long-term financial sustainability.

In the past three years, while the median psf asking prices of non-landed private property in Singapore increased by 12 percent, gross monthly income from work has only increased by 7 to 8 percent, according to Ministry of Manpower (MOM) statistics. With GDP growth projections subdued for the year ahead and possible headwinds, the affordability gap for private homes could further widen for Singaporeans.
About PropertyGuru

PropertyGuru.com.sg was launched in 2007. It revolutionised the Singapore property market by taking it online and making property search transparent for everyone. For the past 12 years, PropertyGuru.com.sg has been helping property seekers in Singapore make confident property decisions. With over 5 million monthly visits* and more than 70%** consumer market share, PropertyGuru is the No.1 destination for Singapore homeseekers.

It is part of PropertyGuru Group, Southeast Asia’s leading property technology company and the preferred destination for over 23 million property seekers to find their desired home, every month. PropertyGuru Group of companies empower property seekers with the widest option of over 2.4 million homes, in-depth insights and solutions that enable them to make confident property decisions across Singapore, Malaysia, Thailand, Indonesia and Vietnam.

Over the decade, the Group has grown from a regional property media powerhouse to a high-growth technology company with a robust portfolio comprising: leading property portals across its core markets; award-winning mobile apps; a SaaS-based sales automation solution, PropertyGuru FastKey, which is used by property developers to enable end-to-end project management from launch to sales conversion; one of the largest property awards business in the region, ‘PropertyGuru Asia Property Awards’, which sources entries from fourteen markets across Asia.

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*Source – Google Analytics data, Jan-June 2019
**Source - SimilarWeb - Relative Engagement Market Share, average of Jan-June 2019]
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Asking prices for private homes in Woodlands may have declined by 7 percent in the past three years, but the new MRT stations, Woodlands Regional Centre and the Singapore-Johor Bahru rail link could reverse the trend.

The introduction of Grade A offices in 2019 may lead to further property value uplift, considering that the URA has plans for the further growth of Paya Lebar Central.

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