



PropertyGuru



PropertyGuru Property Index

Singapore | Q1 2019



About the PropertyGuru Property Index

Buying a home is one of the most difficult decisions of our lives. It is also likely to be the most expensive decision. When committing to a home purchase, it is important to make an informed choice so that the decision can be made confidently.

PropertyGuru wants to help home buyers make this process easier because we are all potential buyers and homeowners too. We created this report to help Singaporeans understand the movement of the property market better, so that buyers can offer reasonable prices in line with current market sentiments, or try to time their property purchases better.

As a leader in the real estate market in Singapore, PropertyGuru processes a vast amount of real estate data daily, providing us the necessary data to crunch, and deliver in-depth insights to all Singapore-based home seekers.

We look at the property market across Singapore, in different locations, and across different property types, to provide a comprehensive, insightful overview of home prices across the city-state.

Methodology

Using a range of statistical techniques, the data from over 200,000 private home listings on PropertyGuru Singapore are aggregated and indexed, demonstrating the movement of supply side pricing. The PropertyGuru Property Index shows seller optimism and indicates the price level that developers and homeowners feel that they can fetch for their respective properties.

The short-term increase in the Index demonstrates buoyancy of sentiment while in the long term, the Index indicates which part of the property cycle we are currently going through.

The Index is based on price levels as of Q1 2015. This means that aggregated price levels are denominated as 100 at Q1 2015, and all subsequent quarters' pricing are relative to that.

We complement the price levels with a view on supply volumes in the market through the number of property listings on PropertyGuru Singapore. Our supply volumes not only take into account residential resale supply, but also new launch supply in Singapore.



Singapore Condo Market Overview

Analysis

The PropertyGuru Property Index rose by 0.25 percent to 103.50 in Q1 2019 from 103.24 in the previous quarter. This marks a start of a recovery from last quarter's index decline of 2.90 percent. On a yearly basis, although the index rose by 0.86 percent in Q1 2019, it is the third consecutive slowdown on a year-over-year (YoY) basis from Q2 2018 peak.

Several factors might explain the less than one percent rise in home prices on a quarterly and yearly basis in Q1 2019, including the slowdown in the pace of new launches, uncertainties over the ongoing trade tensions between the US and China, and the dismal economic numbers seen recently in manufacturing and trade.

The roll-out of new private homes for sale has also been slower than initially predicted, with property developers holding back on new launches. In Q1 2019, the PropertyGuru Property Index that tracks housing supply in Singapore fell by 13.35 percent to 83.75 from 96.65 in Q4 2018.

The slowdown in supply could be attributed to the property cooling measures that were rolled out in the middle of last year, as developers may not be as aggressive in launching new projects as they were in the previous years.

Seasonality factors such as Chinese New Year (CNY) festivities in early February could also have resulted in delays of new



The roll-out of new private homes for sale has been slower than expected, as seen in the supply downtrend.



launches. Unsurprisingly, there were no new launches in February and new sales that were caveated that month came from projects that have already been launched.

One notable project is the 1,052-unit Affinity at Serangoon by Oxley Holdings. The 99-year leasehold project on Serangoon North Avenue saw the largest sales volume of the month, with a take-up of 88 units out of the 250 units released during its Phase II launch in February.

Sales momentum at the development was buoyed by the announcement of the new Serangoon North MRT station along the upcoming Cross Island Line, which will be roughly 400m from the development.

Based on sales transactions, the median per square foot (psf) price at Affinity

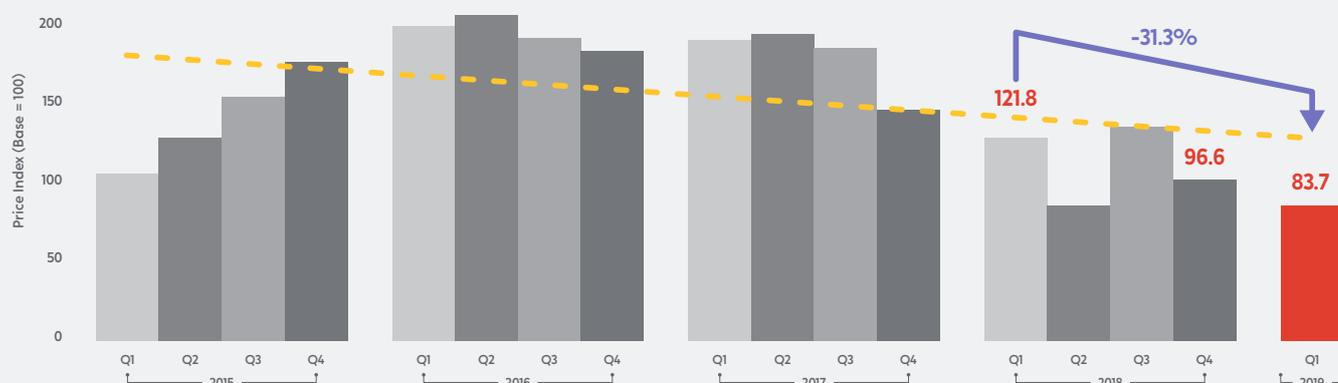
at Serangoon in February was at \$1,494 psf. Comparatively, units at the nearby Riverfront Residences in Hougang and The Tre Ver in Potong Pasir sold at median prices of \$1,322 psf and \$1,574 psf respectively in the same month.

On a regional comparison, Balestier/Geylang in Districts 12 to 14, the City and Southwest in Districts 01 to 08, and prime districts 09 and 10 saw the most significant dips in index prices.

In particular, the Orchard and Holland areas saw the largest quarterly dip of 9.91 percent in Q1 2019. This also marks the first quarterly decline in home prices in the prime districts since Q4 2016 during the peak of the property cooling measures.



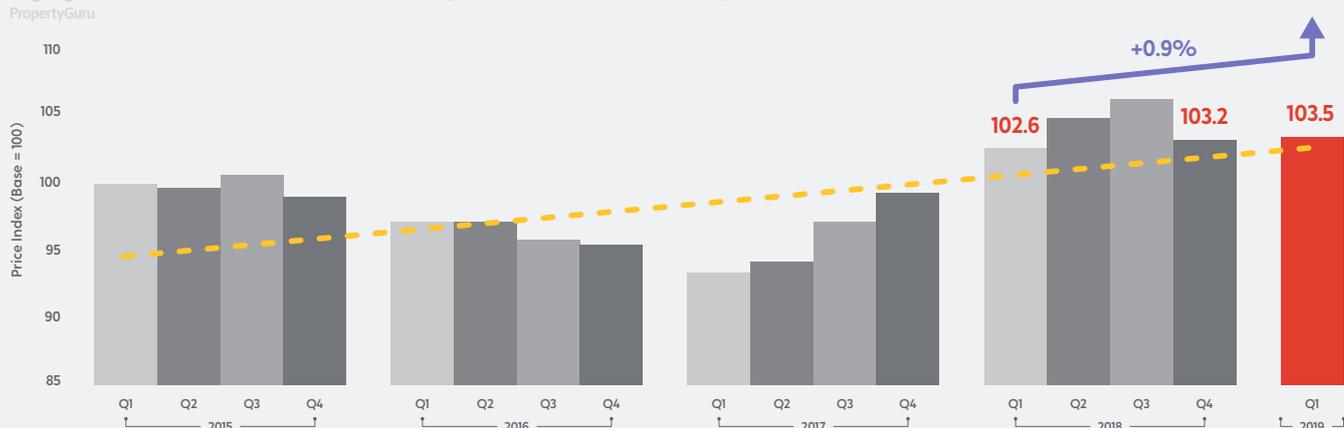
PropertyGuru Property Index (Supply)



Source: PropertyGuru Analytics



Singapore Property Index (Price)



Source: PropertyGuru Analytics

Price declines

The latest decline in median home prices within the prime districts of Holland and Orchard is in tandem with the latest Q1 2019 URA Private Residential Property Price Index (PPI), where flash estimates in the core central region (CCR) showed prices declining by 2.9 percent quarter-on-quarter. The decline in home prices within the prime districts might suggest that the July 2018 property cooling measures may have finally resulted in significant pressure on the finances of affluent households.

Moreover, with heftier stamp duties and more stringent loan requirements, these households might be hesitant to splurge their monies on another posh home.

Based on URA data, there is an expected surge of around 23,000 to 25,000 new residential units to be launched in 2019, and a significant number of these new units (approximately 6,000 to 7,000 new units) would be coming from the high-end segment within the prime districts.

However, sentiments continued to remain positive for prime district developments such as Boulevard 88. Located in the Orchard Road area, the residential project by City Developments Limited (CDL), Hong Leong Holdings, and Lea Investments saw 20 out of the 25 new units launched sold at an average price of \$3,550 psf, with many buyers comprising foreigners and locals.



Home prices in the prime districts saw the first quarterly decline since Q4 2016, amid the peak of the previous round of property cooling measures.



Macroeconomic influences

The Singapore economy grew by 1.3 percent in the first quarter of 2019, according to latest advance estimates by the Government. Economic growth is expected to come in at 1.5 to 3.5 percent in 2019, revealed forecasts by the Ministry of Trade and Industry.

However, there have been signs that overall growth might fall below expectations with recent non-oil domestic exports (NODEX) registering a weak YoY drop of 11.7 percent in March. It is the biggest fall since a 12 percent fall in October 2016, and is far worst than the median consensus decline of 2.2 per cent.

On top of the dismal NODEX data, there have also been reports of layoffs, including the likes of IBM which is cutting up to 600 jobs and shutting down its \$90 million technology park in Tampines.

While there has been a pause in rate hikes by the US Federal Reserve in January, interest rates have not declined, and are instead rising. The 10-year US government bond yields have risen to around 2.5 to 2.6

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Those looking at investment properties should also keep an eye on the rising trend in interest rates. They need to be wary of overstretching their finances.

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percent, up from the 2.3 to 2.4 percent in March. The recent yield curve inversion seen in the US bond markets has also spooked investors about an impending recession.

Those looking at investment properties should also keep an eye on the rising

trend in interest rates. They need to be wary of overstretching their finances, or overly relying on passive rental income for mortgage payments.





- Asking prices of luxury properties fell by 9.91 percent in Q1 2019 from the previous quarter. This could signal a start of a trend and should be monitored closely as the Singapore economy continues to rely on the rich to support its growth as a global financial hub
- Housing supply also fell in Q1 2019, but not as much as compared to Q4 2018 as there were no new launches in February due to the Chinese New Year break, which is traditionally a quiet period for home buying activity
- Interest rates have been rising despite a pause in global interest rate hikes. Moreover, bond yield compressions are becoming a major significance leading to fears of an impending recession, so buyers need to be careful not to overstretch their finances



About PropertyGuru Group

PropertyGuru Group is Asia's foremost online property company. Voted by consumers in 2016 as 'Asia's Most Influential Brand for Online Property Search', PropertyGuru helps over 25 million people find their dream home every month.

Headquartered in Singapore, PropertyGuru.com.sg was launched in 2007 by two entrepreneurs. They had a vision to simplify the property search process and help renters, buyers, sellers and investors make confident property decisions – faster. Since then, it has grown from being a media company to a high-growth technology company, operating a suite of No.1 property portals and award-winning mobile apps across Singapore, Malaysia, Thailand, Indonesia and Vietnam. PropertyGuru also operates renowned project marketing technology platform, PropertyGuru FastKey, and a host of industry-leading property offerings such as publications, events and awards – across eight countries in Asia.

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