



PropertyGuru



# PropertyGuru Property Index

Singapore | Q2 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 be equipped with relevant and sufficient information so that the decision can be made confidently.

PropertyGuru wants to simplify this process for property seekers, including first-time homebuyers and existing homeowners who might be looking into buying their second or third properties. In that vein, we created this report to help Singaporeans understand the movement of the property market better, so that property buyers can gain greater insight on current price trends that are in

line with market sentiments, and to 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 with the necessary data to crunch, and deliver in-depth insights to all Singaporean home seekers.

In this report, we look at pricing and supply indices of private residential properties in Singapore, in various locations, and across different property types, to provide a comprehensive overview of property market dynamics 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 (Singapore, Price) fell by 13.43 percent to 89.60 in Q2 2019 from 103.50 in the previous quarter. This marks a start of a sharp decline of the index since Q1 2017 when the index fell by minus 2.15 per cent on a quarter-on-quarter (QoQ) basis. On a yearly basis, the property index fell by a steeper 14.59 per cent, and one has to go back to Q3 2016 when the index last fell by minus 4.81 per cent year-over-year (YoY). Both quarterly and yearly indices in Q2 2019 mark the first time where double-digit declines are observed in both time periods (quarterly and yearly growth rates).

As for the implied take-up rate where the ratio of Demand Pricing Index and Supply Pricing Index are being calculated, the measure fell from 123.58 per cent in 1Q2019 to 79.08 per cent in Q2 2019.

The latest declines in the overall PropertyGuru Property Index (Singapore, Price) stood in contrast against the latest Urban Redevelopment Authority (URA) flash Q2 2019 property price index (PPI) figures, in which overall quarterly prices saw a 1.3 per cent rise, while the non-landed private residential segment saw a 1.6 per cent q-o-q increase. According to Colliers International, based on URA's PPI, private home prices are now 0.5 per cent above their most recent high in Q3 2018 and 2.7 per cent below their all-time high in Q3 2013.

As for PropertyGuru's Property Index in Q2



We saw a nearly 40% y-o-y increase in the supply index. This could be due to the launch of the mega project Treasure at Tampines.



2019, we believe that the significant decline in the index is likely led by the influx of new units from the launch of the mega-project, Treasure at Tampines in late March.

Located in the Pasir Ris/ Tampines area, the 2,203-unit condominium on the site of the former Tampines Court HUDC estate launched at an average price of approximately \$1,280 per square foot (psf) – making it one of the most affordable new launches of the year, and also just one of the handful of new projects that are selling at below the \$1,300 psf threshold.

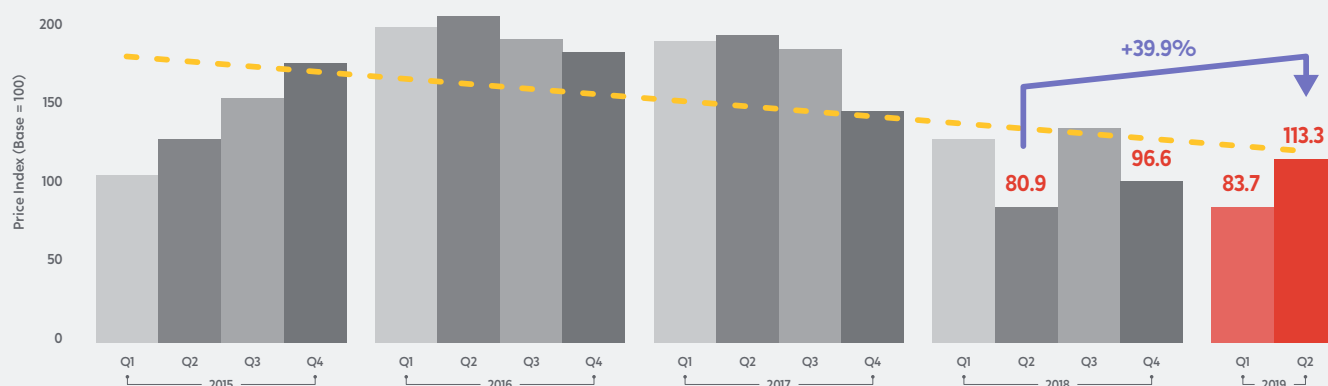
As such, we believe that the unprecedented amount of new units into the market, coupled with the affordable asking \$psf, could have impacted our overall index for this quarter.

Conversely, this influx of listings has resulted in a spike in the supply of homes, as seen in the sharp uptick on both quarterly and yearly supply index in Q2 2019. In the latest PropertyGuru Property Index (Singapore, Supply) index, the number of listings rose by 35.29 per cent QoQ to 113.30 in Q2 2019. This is in contrast to the minus 13.35 per cent negative QoQ growth in Q1 2019, during which developers were observed to be holding back on new launches.

On a yearly basis, the Q2 2019 PropertyGuru Property Index (Singapore, Supply) Index rose YoY by 39.94 per cent, compared to the minus 31.27 per cent YoY growth registered in Q1 2019.



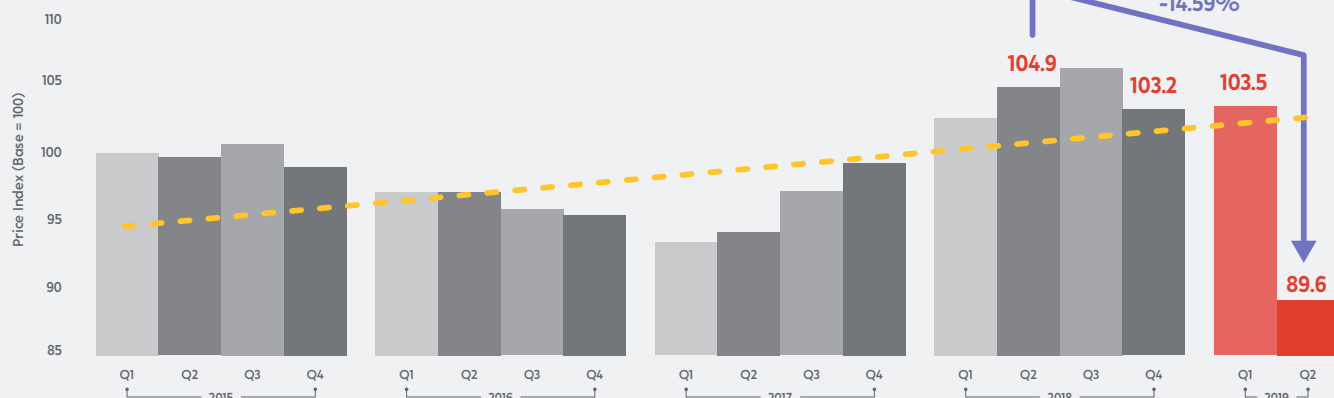
### PropertyGuru Property Index (Supply)



Source: PropertyGuru Analytics



## Singapore Property Index (Price)



Source: PropertyGuru Analytics

### Uneven growth across market regions

As a whole, post the one-year anniversary of the property cooling measures, it appears that many developers are showing eagerness in launching their projects despite initial waning demand in the preceding quarters.

While there is unevenness in the overall regional growth, we noted that on the whole, based on the latest URA flash home sales numbers for Q2 2019, prices in the city fringes (Rest of Central Region (RCR)) registered one of the highest quarterly growth rates at plus 3.0 per cent. We cross-checked against the PropertyGuru Pricing Index measured on a region-by-region basis which indicated varied results with prices in Districts 01-08, 12-14, and 15-16 registering mixed growth levels of plus 0.99 percent, minus 0.13 per cent, and plus 1.86 per cent quarterly growth respectively. These three sets of Districts lie within the boundaries of the RCR areas.

According to Ong Teck Hui, JLL senior director of research and consultancy, in the RCR, non-landed homes of more than \$2,300 psf accounted for about 20 per cent of private home transactions in the last three months, compared with 1.2 per cent in Q1 2019. He points out that projects such as, Amber Park (District 15) sold 157 homes at a median price of \$2,475 psf; Sky Everton (District 02) sold 100 units at a median price of \$2,524 psf; while Riviere by Frasers Property located in the River Valley area moved 32 units at a median price of \$2,902 psf. Indeed, based on the latest June 2019 new home sales, Sky

Everton emerged as the top development with the highest number of gross sales with 134 units sold at a median price of \$2,523 psf. The freehold development was launched on June 22, and is 51 per cent sold so far. We also noted that median home prices in the East Coast area (Districts 15-16) appear to be the most resilient districts with quarterly and yearly growth rates, with both registering positive 1.86 per cent and 3.44 per cent growth respectively. While Amber Park development took the majority of the limelight for most of the price growth, we also note that other developments in the area like Amber 45 by United Overseas Land (UOL) Limited also enjoyed strong take-up rates, with over 75 per cent of their units sold to date.

While pockets of growth are seen in some regions, most market watchers continued to monitor the pace of home prices in the prime districts, namely the Orchard/Holland (Districts 09 – 10) areas. These two key prime districts form one of the core pulses of the continued growth of Singapore as a global financial centre. In Q2 2019, we noted that while prices in the Orchard/Holland areas showed a slight quarterly decrease of minus 0.5 per cent in Q2 2019, it registered a 5.52 per cent growth on a YoY basis. According to Lee Sze Teck, head of research at Huttons Asia, "In the CCR, more sales were concluded at prices above \$3,500 psf over the last three months." He added that the number of foreigners buying property jumped more than 40 per cent as a result of the stability of the country and

the Singapore Dollar. These two key factors probably convince foreigners to invest their monies here as compared to the rest of the region, he noted.

According to JLL, high-end transactions in the CCR included the sale of 34 units at Boulevard 88 at a median price of \$3,692 psf; 27 units at 3 Cuscaden Road (median price of \$3,601 psf); and 17 units at South Beach Residences (median prices of \$3,348 psf). One of the top high-end transactions recorded lately was the whopping \$73.80 million price paid in cash for a triple super penthouse at the ultra-luxe Wallich Residence.

“Overall growth was led by home prices in the city fringes, which registered an over 3.0 percent.”





## Macroeconomic influences

As mentioned earlier on the anaemic 0.1 per cent flash quarterly GDP growth registered in Q2 2019, this could signal that the Singapore property market could also be approaching a significant downturn in take-up rates, and prices going forward, though some pockets of resiliency could still be seen in the high-end prime districts of Orchard/Holland areas or the East Coast area which are highly favoured by foreign expatriates. But don't hold your breath that price resiliency is a sure thing if concerns over the US-China trade tensions, Brexit uncertainties, and slower China growth in the months ahead, among others continue to pose risks to the overall property market.

Moreover, while the stock market cheered at the recent Fed Chief Jerome Powell indicating a possible interest rate reduction at the upcoming Federal Open Market Committee (FOMC) meetings on July 30-31, countries like Singapore, South Korea, and China barely recorded any spill-overs coming from the US financial markets. With earnings season around the corner,

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Concerns over the US-China trade tensions, Brexit uncertainties, and slower China growth in the months ahead continue to pose risks to the Singapore property market.

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most investors will be closely watching if the earnings growth will translate to wealth increments to their investment portfolios. The recent yield curve inversion seen in the US bond markets have spooked many investors about an impending recession. Those looking at investment properties

should also keep an eye on the potential rise in the unemployment figures as the economy starts to slow down and be wary of overstretching their finances, or over reliance on rental income for assisting in mortgage payments.





- Post the first-year anniversary of the property cooling measures, it appears that many developers are showing eagerness in launching their projects despite initial waning demand in the preceding quarters.
- The high-end segment continues to demonstrate resiliency, with more sales concluding at prices above \$3,500 psf over the three months in Q2. We also observed a 40 percent increase in the number of foreign buyers within this duration.
- Going forward, those seeking investment properties should keep an eye on the potential rise in unemployment figures as the economy starts to slow down. With this, there is also a need to be wary of overstressing one's finances, or an over reliance on rental income.





## 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.

For more information, please visit [www.propertygurugroup.com](http://www.propertygurugroup.com)



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