

# PROPERTYGURU PROPERTY INDEX

Q3 2017

Singapore





## About 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 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 Singaporean 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 pricing across the city-state.

## Methodology

Using a range of statistical techniques, the data from over 200,000 residential property 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 real estate developers and homeowners feel that they can fetch for their respective properties.

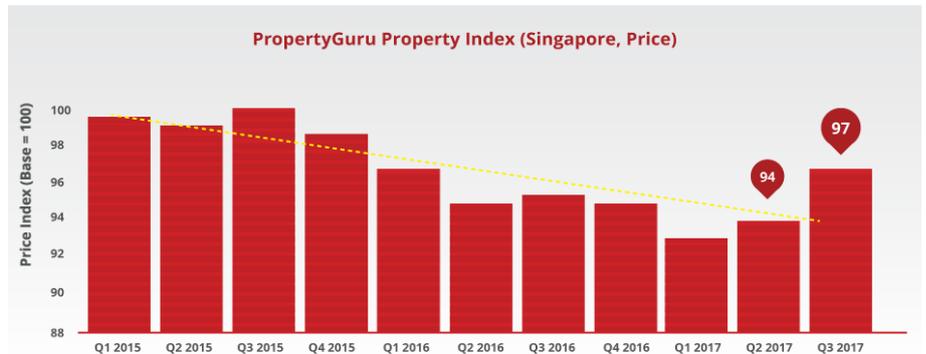
Short-term increases in the Index demonstrate buoyancy of sentiment while in the long term, the Index indicates which part of the property cycle we are currently going through.

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 the Singapore market.



## Singapore Condo Market Overview



### Analysis

The third quarter of 2017 (Q3 2017) saw the PropertyGuru Property Index (Singapore, Price) recover to 97.1, a 3.2 percent quarter-on-quarter (Q-O-Q) increase from Q2 2017, reflecting more positive seller sentiment, after a steady decline from Q3 2015.

Year-on-year (Y-O-Y), the Index recorded a 1.4 percent increase over the same quarter in 2016. Supply pricing hit its trough in Q1 2017, before beginning to show burgeoning signs of optimism.

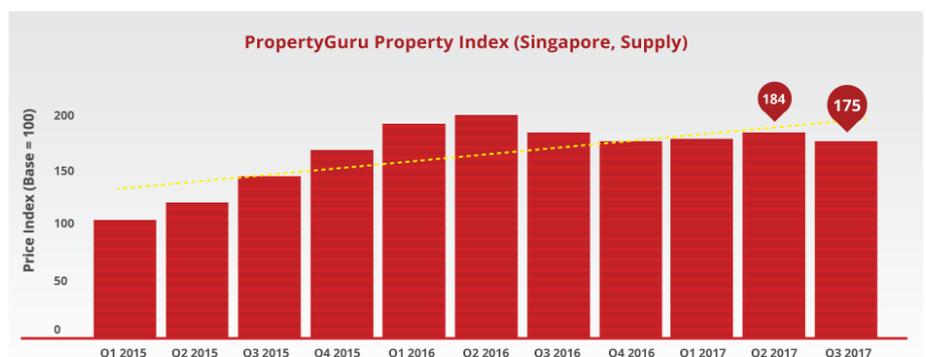
While the general expectation for a recovery in transaction prices are expected to take place in 2018, current sellers are already moving their asking

prices upwards, a practice typically known as "future-pricing". This also suggests that, at least in supply pricing, the trough of the current property cycle is over.

Supply volumes recorded in the PropertyGuru Property Index (Singapore, Supply) saw steady increases from the first quarter of 2015, driven largely by new condo launches in the market.

Quarter-on-quarter, property supply saw a decline of 4.5 percent in Q3 2017 as real estate developers began to slow down their launches and individual sellers in the secondary market held back from putting their properties up for sale, in anticipation of an even stronger price recovery in 2018.

Y-O-Y, the Index recorded a 1.4 percent increase over the same period in 2016.





The Central Business District (CBD) and its surrounding residential regions like Tiong Bahru and Queenstown saw the highest increase in asking prices in the third quarter of 2017 at four percent. This was followed by suburban regions such as northern Singapore (Districts 25 to 28) and western Singapore (Districts 22 to 24), which saw asking prices grow by 2.5 and 2.2 percent respectively.

Growth in seller asking prices were likely driven by the successful absorption of new launch stock in the market, leading to further seller optimism. However, the supply of listings in these districts saw similar levels between Q2 and Q3 2017. This suggests that sellers currently in the market are moving their pricing expectations upwards, but new sellers are refraining from entering the market for the time being.

### Macroeconomic Influences

The third quarter of 2017 was a relatively good one for Singapore, with GDP growing by 8.8 percent Q-O-Q and 5.2 percent Y-O-Y. Unemployment in Singapore also

edged downwards to 2.1 percent in the third quarter of the year, from 2.2 percent the quarter before.

The positive showing in the larger macroeconomy set the tone for the property market as well. The private property market saw an overall 3.0 percent increase in the number of transactions Q-O-Q, and a 45.6 percent increase Y-O-Y.

The new sale market has led headlines with buoyant sales in showflats across the island, with condominiums such as Le Quest in Bukit Batok selling all their launched units within the first weekend, carrying forward the momentum the market saw with Park Place Residences in the first quarter of the year.

Meanwhile, the Singapore government's move to taper the supply of land in the Government Land Sales (GLS) programme has led to aggressive land bids from real estate developers, and a revival of the collective sales market. With land parcels bought at such high prices, new launches in 2018 on these sites are likely to be priced higher than comparable properties in 2017 thus far.

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- Seller pricing in the current property cycle hit its inflection point in Q1 2017 and has risen steadily since.
- Current sellers are setting higher prices and developers are holding back units in the primary sale market, due to an anticipation of a rise in prices in 2018.
- While the economy has remained steady in Q3 2017, household income is unlikely to rise sharply. Sellers will need to keep home buyer affordability in mind to avoid pricing themselves out of the market.



## Acknowledgements & Profiles

### 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 16 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, ePropertyTrack, 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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