



PropertyGuru



PropertyGuru Property Index

Singapore | Q4 2018



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 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 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 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 Singapore.



Singapore Condo Market Overview

Analysis

The PropertyGuru Property Index (Singapore, Price) fell by 2.9 percent to 103.2 in Q4 2018 from 106.3 in the previous quarter. This marks the first quarter of home price decline since the introduction of property cooling measures last July.

The Price Index also reverses the quarterly trend of rising prices since Q1 2017. Despite the quarterly price decline in Q4 2018, asking prices of non-landed private homes rose by 4.0 percent on a yearly basis, but is still lower than the 9.4 percent year-on-year increase seen in the previous quarter.

The 2.9 percent quarterly drop in the Price Index in Q4 2018 also coincided with a 24.8 percent quarterly and a 33.7 percent yearly decline in private home supply. The quarterly drop in supply in Q4 2018 was significantly lower than the 58.7 percent quarterly rise in home supply during the quarter before.

There were several factors besides the latest round of cooling measures that might have negatively impacted private home prices during Q4 2018. These include the ongoing geo-political trade tensions between the United States and China, rising global interest rates as well as Brexit uncertainties in Europe.



The Price Index fell by 2.9% last quarter, marking the first quarterly decline since the latest measures.



Furthermore, we also saw sharp falls in the global stock markets towards the end of 2018. This eroded some of the initial market optimism that is commonly expected towards the end of the year.

However, the quarterly drop in private home prices in Q4 2018 did not deter some opportunistic buyers who were in town during the December lull period where there were no new launches, and showflats were less crowded. In fact, the top three best-selling projects in December came from existing launches.

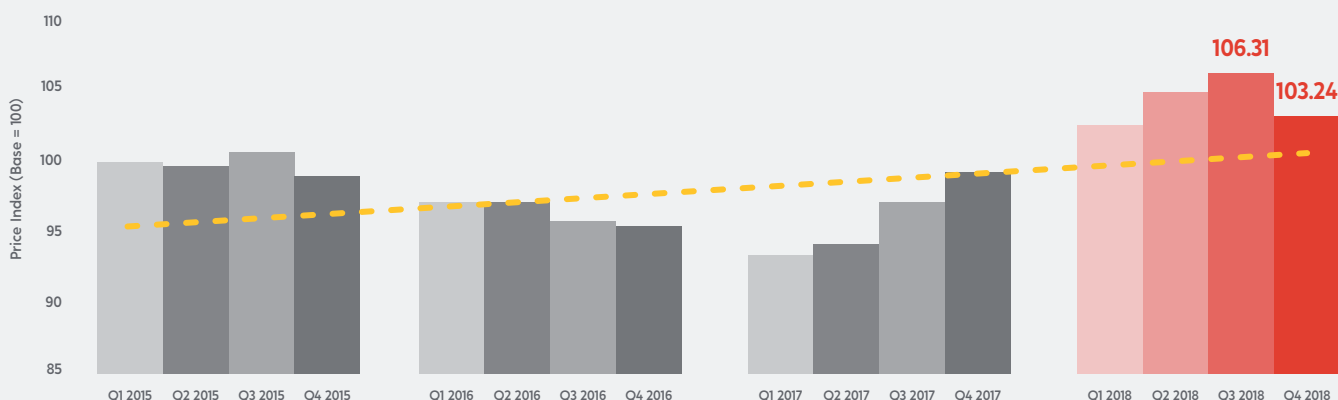
These include Parc Esta (former Eunoville en bloc site) where 160 new units were sold

at a median price of \$1,687 psf. This was followed by Whistler Grand in the West Coast area where 128 new units were sold at a median price of \$1,327 psf, and Riverfront Residences (former Rio Casa HUDC estate) in Hougang which sold 47 units at a median price of \$1,313 psf.

The Urban Redevelopment Authority (URA) has projected the total number of private residential units to be completed in 2019 at 8,926 units. In 2020, the URA expects this to decline to 4,332 units. However, with the completion of new private units on former en bloc sale sites in 2021, the total number of completions is expected to rise to about 12,030 units in 2021.



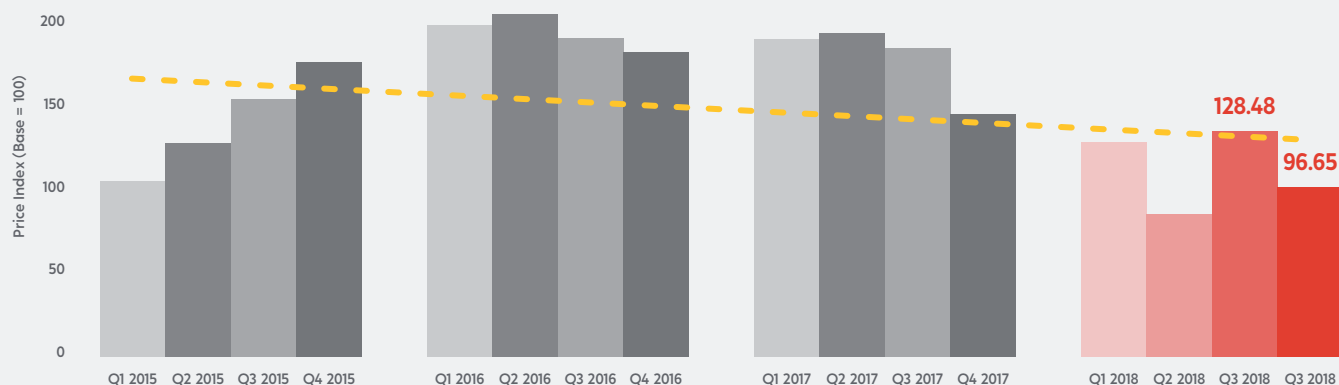
Singapore Property Index (Price)



Source: PropertyGuru Analytics



PropertyGuru Property Index (Supply)



Source: PropertyGuru Analytics

Some regions saw price declines

PropertyGuru studied asking price trends across nine regions in Singapore and found that three of them registered home price declines during the final quarter of 2018. These three regions include Balestier/Geylang in Districts 12 to 14, Changi/Pasir Ris in Districts 17 to 18, and the Serangoon/Thomson region in Districts 19 to 20.

Private homes in the Balestier/Geylang region registered a 5.04 percent quarterly price decline during Q4 2018, while private home prices in the Changi/Pasir Ris region experienced double-digit quarterly price declines as compared to those in the aforementioned region. The price declines in these two regions could be due to the lack of new launches.

Another region that registered a quarterly drop in home prices were the Serangoon/Thomson areas where the quarterly home price index fell by 4.11 percent to 109.6 in Q4 2018 from 114.3 in the previous quarter. There were two new launches in 2018 seen in the Serangoon/Thomson areas. These two include Parc Colonial in the Bidadari area, and Affinity at Serangoon (formerly Serangoon Ville). Incidentally, Parc Colonial was one of the top-selling projects during the month of December where 43 new units were sold at a median price of \$1,729 psf.

However, the project was priced somewhat higher as compared to the nearby Riverfront Residences where the median prices of new homes sold during December were \$1,313 psf.



Price declines could be due to the lack of new project launches in the last quarter of 2018.



Macroeconomic influences

The Singapore economy grew by 2.2 percent year-over-year during the final quarter of 2018, but was below economists' forecasts, according to flash estimates released by the government in early 2019. Overall, the economy grew by 3.3 percent for the whole of 2018, but was down from 3.6 percent in 2017. For 2019, the economy is expected to grow by between 1.5 and 3.5 percent.

The expected slowdown in the overall economy might cause prospective home buyers to become more cautious when seeking out new homes, especially for those looking at new or resale private homes for investment purposes due to the tightened borrowing requirements following the implementation of property cooling measures last year. However, for those looking for replacement homes due to their former homes being sold en bloc, there could be more choices available as there are market expectations of about 40 new project launches in 2019.

Moreover, some optimism has returned this year with global stock markets registering new highs during the month of January.



Singapore's economy is expected to grow by 1.5%-3.5% this year.



Moreover, the US Federal Reserve made a dramatic U-turn early in the year where it hinted the possibility of toning down the pace of interest rate hikes in 2019, along with the possible settlement of the months-long US-China trade tensions come 1 March. These favourable market developments are likely to provide some renewed confidence among investors.

Despite the appearance of green shoots early in 2019, some degree of caution is expected given that Singapore is still an open economy, and vulnerable to external shocks. China, which remains one of the city-state's

top trading partners, has experienced sharp falls in economic growth in 2018, and this has also resulted in the dismal performance of city-state's manufacturing Purchasing Managers' Index (PMI), which registered a reading of 50.7 during January compared to 51.1 in December.

Moreover, another US government shutdown deadline is looming in the first quarter of 2019, after an earlier 35-day government shutdown in January. These uncertainties might put a dampener on buyers' sentiments and could negatively impact home buying decisions in 2019.



- 2019 could be a good time for homeseekers to enter the new launch market due to an expected supply of 40 new projects
- Buyers should do their homework and compare prices as upcoming project launches are expected to be priced more competitively and there will be bargains to be had
- Should interest rates start to go down in 2019, homeowners might want to consider floating rate mortgages when financing their property purchases
- With global uncertainties on the horizon, buyers should exercise caution and be prudent when investing in properties



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, ePropertyTrack, and a host of industry-leading property offerings such as publications, events and awards – across eight countries in Asia.

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