Residential Market

Buying activity in the private residential market eased from 1Q 2013, marked by an early decline in transaction volume which picked up only towards the later part of the quarter.

Based on monthly figures released by the Urban Redevelopment Authority (URA), the market took a momentary breather in 2Q 2013 when developers launched 4,447 units, down 19.8% from 1Q 2013. In line with the decrease in new launches, home buying exuberance also subsided with developers’ sales dropping 18.0% QoQ to 4,401 units. Specifically, home buying activity of uncompleted units in the primary market eased from a monthly average of 1,790 units in 1Q 2013 to less than 1,500 for the months of April and May, picking up only in June to 1,806 units.

The slowdown in primary market activity came about as the latest wave of cooling measures introduced in January 2013 worked through the market on the back of renewed concerns regarding the patchy recovery of the world economy. Buying sentiments were also partly affected by the stock market sell down across the May to June period, exacerbated by fears that the Federal Reserve of the United States (US) would cut back on monetary stimulus amid ongoing global uncertainties.

The market switched to high gear only towards the end of June when more large-scale projects, particularly in the Outside Central Region (OCR) were launched. Major mass-market developments released for sale in June include the 738-unit J Gateway and the 616-unit Jewel@Buangkok. Together with the 380-unit Stratum launched in May, the debut of these new 99-year leasehold projects collectively accounted for 53.7% and 48.3% of all units launched and sold in the OCR, respectively.

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All in, developers launched and sold 2,735 and 2,695 units in the OCR...

Although developers released 1,276 new units in the RCR in the three months between April and June, down 13.2% QoQ, sales activity dipped a lesser 3.6% with homebuyers snapping up 1,299 units.

Consequently, the RCR accounted for 28.7% of new homes launched and 29.5% of new homes transacted in the quarter.

In the West, MCL Land Pte Ltd launched all the 738 units from J Gateway in the last week of June. The project located in Boon Lay Way lies in the up and coming Jurong Lake District and in the heart of the decentralised commercial district in Jurong East. Situated next to the JCube and JEM shopping malls, buyers attracted to the growth potential of the area and convenience of living in an integrated work, live and play environment snapped up all units during its launch weekend. Prices achieved ranged between $1,239 per sq ft and $1,774 per sq ft, a new benchmark for the area.

Strong demand was also seen for the 616-unit Jewel@Buangkok in the North-eastern region. Located along Compassvale Bow in Sengkang, the Jewel@Buangkok is within walking distance of Buangkok Mass Rapid Transit (MRT) station. Developer City Developments Limited sold 282 out of 350 units launched at prices ranging from $990 per sq ft to $1,405 per sq ft by the end of June.

Over in the East, Elitist Development Pte Ltd fully launched the 380-unit Stratum located in Pasir Ris. By the end of the quarter, buyers were found for 284 units at prices ranging from $755 per sq ft to $1,282 per sq ft.

Notably, mixed developments also featured strongly in new launches in 2Q 2013 and were well-received by homebuyers drawn to the convenience of living in close proximity to shopping and lifestyle amenities. These include the freehold mixed-use project Spazio@Kovan, which sold out all 48 residential units in the fully-launched development at prices ranging from $821 per sq ft to $1,453 per sq ft in 2Q 2013.

Also in the north-east region, a larger mixed-use project to be developed on the site of the former Hougang Plaza was launched. The 99-year leasehold Midtown and Midtown Residences in Hougang, which houses 160 residential units and 107 commercial units, is within walking distance of the Hougang bus interchange and the Hougang MRT station. A joint venture between Oxley Holdings and Lian Beng Pte Ltd, the fully-launched residential component of the project saw homebuyers picking up 97 units at prices between $1,170 per sq ft and $1,660 per sq ft by the end of the quarter.

Oxley Holdings also launched NeWest located along West Coast Drive. The residential component housing 137 homes sits atop the commercial shops located on the first storey of the development. The fully-launched project situated in the West found buyers for 85 units at prices ranging between $878 per sq ft and $1,684 per sq ft by the end of June.

All in, developers launched and sold 2,735 and 2,695 units in the OCR, some 23.5% and 19.9% less than the 3,575 and 3,366 units launched and sold in 1Q 2013, respectively. The 2,695 mass-market homes sold accounted for 61.2% of the quarter’s total developers’ sales. It also marked the eleventh consecutive quarter since 4Q 2010 that the mass-market segment has dominated the market with a majority’s share of more than 50% of the developers’ sales pie.

The Rest of Central Region (RCR) saw healthy sales in 2Q 2013 when a handful of mid- to small-sized developments were launched. Although developers released 1,276 new units in the RCR in the three months between April and June, down 13.2% QoQ, sales activity dipped a lesser 3.6% with homebuyers snapping up 1,299 units. Consequently, the RCR accounted for 28.7% of new homes launched and 29.5% of new homes transacted in the quarter.

Notably, developer Aurum Land Pte Ltd launched the freehold Three 11 to overwhelming response. Sited at the former Jasmine Court along Upper Thomson Road, the 65-unit project which was previewed on 22 June, sold 87.7% or 57 units by the end of the month at prices ranging from $1,448 per sq ft to $1,860 per sq ft.

Riding on the popularity of mixed residential and commercial developments, an Oxley Holdings-led consortium launched the freehold KAP Residences located at King Albert Park in the RCR. The fully launched 142-unit residential component sits on top of a 2-storey commercial podium and is in close proximity to the upcoming King Albert Park MRT station on the Downtown Line. Sales were robust with 140 units snapped up at prices ranging between $1,264 per sq ft and $1,988 per sq ft during the quarter.

Other mid-sized city-fringe developments launched in the RCR include the 366-unit Corals at Keppel Bay – the largest development to be launched in the RCR in 2Q 2013, the 214-unit Sant Ritz and the 147-unit Riverbay.

Keppel Land Limited launched 160 units at the seafront development Corals at Keppel Bay in 2Q 2013. Located along Keppel Bay Drive, 141 units in the 99-year leasehold development
activity in the pricier high-end/luxury market segment remained somewhat subdued as developers continued to tread with caution. This resulted in the calculated release of 436 units from new and previously launched projects, down from the 501 units released in the preceding quarter.

Weak buying sentiment resulted in sales volume falling by 12.2% QoQ to 407 units in the three months from April to June 2013.

... the market share of high-end homes sold in the CCR in 2Q 2013 was reduced to 9.2% from 12.2% in 1Q 2013 although that of launches rose to 9.8% from 9.0% over the same period.

Within the CCR, Colliers International’s research showed price growth of luxury and super-luxury apartments slowed for the second consecutive quarter. Although prices increased 0.6% QoQ in 2Q 2013 to $2,857 per sq ft, this was down from the 0.7% rise recorded for 1Q 2013.

designed by renowned architect Daniel Libeskind were lapped up by homebuyers attracted to the concept of waterfront living. Prices achieved in 2Q 2013 ranged from $1,770 per sq ft to $2,957 per sq ft.

Sant Ritz, a 99-year leasehold development located along Pheng Geck Avenue adjacent to the Potong Pasir MRT station was launched by Santarii Corporation Pte Ltd in April. 132 out of the 176 units launched were sold at prices between $1,116 per sq ft and $1,646 per sq ft in the three months ending June 2013.

Sales momentum at the 999-year Riverbay launched by Algreen Properties Ltd was relatively slower. Of the 63 units launched at the project located on Mar Thoma Road, 41 units were sold at prices ranging between $1,238 per sq ft and $1,430 per sq ft.

Previously launched developments also did relatively well in 2Q 2013. For example, the 868-unit Bartley Ridge which debuted in March continued to move another 269 units. The development sitting next to the Bartley MRT station achieved prices ranging from $1,024 per sq ft to $1,238 per sq ft in 2Q 2013.

In comparison, activity in the pricier high-end/luxury market segment remained somewhat subdued as developers continued to tread with caution. This resulted in the calculated release of 436 units from new and previously launched projects, down from the 501 units released in the preceding quarter.

Prospective buyers, on the other hand, were also slow to commit - either in anticipation of softening prices or affected by renewed concerns over the global economic outlook while punitive cooling measures were still in place. Weak buying sentiment resulted in sales volume falling by 12.2% QoQ to 407 units in the three months from April to June 2013.

Consequently, the market share of high-end homes sold in the CCR in 2Q 2013 was reduced to 9.2% from 12.2% in 1Q 2013 although that of launches rose to 9.8% from 9.0% over the same period.

With developers holding back on the launch of major projects, a mixture of small- to mid-scale projects were launched in 2Q 2013. The best performing new project in the CCR was Liv on Sophia which was launched in June. Comprising 64 units, all of which are two-bedroom dual key units, the freehold development located along Adis Road was fully sold out at prices ranging from $2,201 per sq ft to $2,552 per sq ft by the end of June.

Homebuyers were relatively less receptive at the other new launches in the CCR. Singland Development Pte Ltd sold 12 out of the 22 units released from Mon Jervois which has a leasehold tenure of 99 years. Homes in the 109-unit project located along Jervois Road were sold at prices ranging between $1,680 per sq ft and $2,432 per sq ft in 2Q 2013.

Separately, the 104-unit Ferra sited in Leonie Hill found buyers for only five units. Developer Far East Organization sold the units at this 103-year leasehold development at prices ranging from $3,034 per sq ft to $3,336 per sq ft over the same period.

Previously launched projects fared better. In particular, the 1,715-unit, 99-year leasehold D’Leedon sold a further 76 units while the 55-unit Novena Regency found buyers for another 42 units in 2Q 2013.

Price-wise, preliminary estimates released by the URA indicate that in tandem with lacklustre sales activity in the CCR, prices of non-landed homes in the CCR buckled for the first time since the unbroken ascent from 2Q 2012, dipping 0.2% QoQ from an all-time high after climbing 0.6% in 1Q 2013.

Within the CCR, Colliers International’s research showed price growth of luxury and super-luxury apartments slowed for the second consecutive quarter. Although prices increased 0.6% QoQ in 2Q 2013 to $2,857 per sq ft, this was down from the 0.7% rise recorded for 1Q 2013.

Over in the RCR and OCR, prices of non-landed private homes continued to rise, supported by demand from prospective buyers seeking more affordable residential properties in the mid- and mass-market segments following January’s more stringent cooling measures. In addition, anecdotal evidence in the quarter also suggests that more homebuyers are “decoupling” or purchasing their second properties in their child’s name to avoid payment of the Additional Buyer’s Stamp Duty (ABSD), thereby driving prices to strengthen further. For non-landed homes in the RCR, prices maintained the same
NEW PROJECT LAUNCHES

SAMPLE LIST OF NEWLY-LAUNCHED RESIDENTIAL PROJECTS FOR 2Q 2013

<table>
<thead>
<tr>
<th>DEVELOPMENT</th>
<th>LOCATION</th>
<th>TENURE</th>
<th>TOTAL NUMBER OF UNITS IN DEVELOPMENT</th>
<th>UNITS LAUNCHED IN 2Q 2013</th>
<th>UNITS SOLD IN 2Q 2013</th>
<th>TRANSACTED PRICE RANGE ($ PER SQ FT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 Suites</td>
<td>Lorong 20 Geylang</td>
<td>Freehold</td>
<td>112</td>
<td>112</td>
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<td>$1,262 - $1,462</td>
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<tr>
<td>Cambio Suites</td>
<td>Lim Tua Tow Road</td>
<td>Freehold</td>
<td>53</td>
<td>53</td>
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<tr>
<td>Corals at Keppel Bay</td>
<td>Keppel Bay Drive</td>
<td>99 years</td>
<td>366</td>
<td>160</td>
<td>141</td>
<td>$1,770 - $2,957</td>
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<tr>
<td>Cosmo Loft</td>
<td>Balestier Road</td>
<td>Freehold</td>
<td>56</td>
<td>56</td>
<td>4</td>
<td>$1,746 - $1,898</td>
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<tr>
<td>Dunman Regency</td>
<td>Dunman Road</td>
<td>Freehold</td>
<td>12</td>
<td>12</td>
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<tr>
<td>E Maison</td>
<td>Braddell Road</td>
<td>Freehold</td>
<td>130</td>
<td>130</td>
<td>27</td>
<td>$1,226 - $1,535</td>
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<tr>
<td>Ferra</td>
<td>Leonie Hill</td>
<td>103 years</td>
<td>104</td>
<td>33</td>
<td>5</td>
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<tr>
<td>Garden Park Residences</td>
<td>Lorong M Telok Kurau</td>
<td>Freehold</td>
<td>36</td>
<td>36</td>
<td>15</td>
<td>$1,170 - $1,599</td>
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<tr>
<td>Hallmark Residences</td>
<td>Ewe Boon Road</td>
<td>Freehold</td>
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<td>20</td>
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<td>$1,538 - $2,302</td>
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<tr>
<td>J Gateway</td>
<td>Boon Lay Way</td>
<td>Freehold</td>
<td>738</td>
<td>738</td>
<td>737</td>
<td>$1,239 - $1,774</td>
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<tr>
<td>Jade Residences</td>
<td>Lew Lian Vale</td>
<td>Freehold</td>
<td>171</td>
<td>120</td>
<td>93</td>
<td>$1,300 - $1,658</td>
</tr>
<tr>
<td>Jewel4Buangkok</td>
<td>Buangkok Drive/ Compassvale Bow</td>
<td>99 years</td>
<td>616</td>
<td>350</td>
<td>282</td>
<td>$990 - $1,405</td>
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<tr>
<td>KAP Residences</td>
<td>King Albert Park</td>
<td>Freehold</td>
<td>142</td>
<td>142</td>
<td>140</td>
<td>$1,264 - $1,988</td>
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<tr>
<td>Liv on Sophia</td>
<td>Adis Road</td>
<td>Freehold</td>
<td>64</td>
<td>64</td>
<td>64</td>
<td>$2,201 - $2,552</td>
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<tr>
<td>Lloyd Sixtyfive</td>
<td>Lloyd Road</td>
<td>Freehold</td>
<td>76</td>
<td>9</td>
<td>9</td>
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</tr>
<tr>
<td>Mayfair Residences</td>
<td>East Coast Road</td>
<td>Freehold</td>
<td>20</td>
<td>20</td>
<td>3</td>
<td>$1,400 - $1,477</td>
</tr>
<tr>
<td>Midtown Residences</td>
<td>Upper Serangoon Road</td>
<td>99 years</td>
<td>160</td>
<td>160</td>
<td>97</td>
<td>$1,170 - $1,660</td>
</tr>
<tr>
<td>Mon Jervois</td>
<td>Jervois Road</td>
<td>99 years</td>
<td>109</td>
<td>22</td>
<td>12</td>
<td>$1,680 - $2,432</td>
</tr>
<tr>
<td>NeWest</td>
<td>West Coast Way</td>
<td>956 years</td>
<td>136</td>
<td>136</td>
<td>85</td>
<td>$878 - $1,684</td>
</tr>
<tr>
<td>One Eighties Residences</td>
<td>Joo Chiat Terrace</td>
<td>Freehold</td>
<td>52</td>
<td>52</td>
<td>1</td>
<td>$1,374</td>
</tr>
<tr>
<td>Riverbay</td>
<td>Mar Thoma Road</td>
<td>999 years</td>
<td>147</td>
<td>63</td>
<td>41</td>
<td>$1,238 - $1,430</td>
</tr>
<tr>
<td>Sant Ritz</td>
<td>Pheng Geck Ave/ Upper Serangoon Road</td>
<td>99 years</td>
<td>214</td>
<td>176</td>
<td>132</td>
<td>$1,116 - $1,646</td>
</tr>
<tr>
<td>Spazio@Kovan</td>
<td>Upper Serangoon Road</td>
<td>Freehold</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>$821 - $1,453</td>
</tr>
<tr>
<td>Stratum</td>
<td>Elias Road/ Pasir Ris Drive 3</td>
<td>99 years</td>
<td>380</td>
<td>380</td>
<td>284</td>
<td>$755 - $1,282</td>
</tr>
<tr>
<td>The Octet</td>
<td>Lorong 24 Geylang</td>
<td>Freehold</td>
<td>56</td>
<td>56</td>
<td>11</td>
<td>$1,281 - $1,363</td>
</tr>
<tr>
<td>The Red House</td>
<td>East Coast Road</td>
<td>99 years</td>
<td>42</td>
<td>22</td>
<td>8</td>
<td>$1,459 - $1,656</td>
</tr>
<tr>
<td>The Siena</td>
<td>Tan Kim Cheng Road</td>
<td>99 years</td>
<td>54</td>
<td>34</td>
<td>12</td>
<td>$2,110 - $2,467</td>
</tr>
<tr>
<td>Three 11</td>
<td>Upper Thomson Road</td>
<td>Freehold</td>
<td>65</td>
<td>65</td>
<td>57</td>
<td>$1,448 - $1,860</td>
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<tr>
<td>WhiteHaven</td>
<td>Pasir Panjang Road</td>
<td>Freehold</td>
<td>120</td>
<td>100</td>
<td>89</td>
<td>$1,285 - $1,757</td>
</tr>
</tbody>
</table>

LANDED/STRATA-TITLED LANDED

<table>
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<tbody>
<tr>
<td>Villas@Siglap</td>
<td>Jalan Ulu Siglap</td>
<td>Freehold</td>
<td>7</td>
<td>2</td>
<td>2</td>
<td>$1,152</td>
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<tr>
<td>Charlton 27</td>
<td>Charlton Road/Surin Ave</td>
<td>Freehold</td>
<td>27</td>
<td>27</td>
<td>8</td>
<td>$615 - $796</td>
</tr>
</tbody>
</table>

On a market wide basis, the all private residential property price index reached yet another new peak after edging up at a faster clip of 0.6% QoQ in 2Q 2013, compared to the 0.6% increase in 1Q 2013.

With tenants gaining the upper-hand in the luxury/super-luxury apartment leasing market, landlords are also more willing to relook at their rental expectations, particularly in order to secure lease renewals or new rental deals. On a market wide basis, the all private residential property price index reached yet another new peak after edging up at a faster clip of 0.6% QoQ in 2Q 2013, compared to the 0.6% increase in 1Q 2013.

Meanwhile on the leasing front, rents for luxury/super-luxury apartments softened by yet another 0.6% QoQ to $5.42 per sq ft per month as of the end of June 2013. Owners of luxury/super-luxury apartments who have put off their decisions to sell due to high reacquisition costs and a weak secondary sales market particularly in the high-end sector have turned landlords, adding to the already mounting supply of completed homes. With tenants gaining the upper-hand in the luxury/super-luxury apartment leasing market, landlords are also more willing to relook at their rental expectations, particularly in order to secure lease renewals or new rental deals with prompt-paying and desirable tenants.
Over the next six months, sentiment in the private residential property market may take a relatively more cautious turn.

Nonetheless, developers’ project launch strategies could turn more aggressive in terms of timing and incentives as it would be more advantageous for them to launch sooner rather than later given the latest changes in the market. In turn, this could continue to be supportive of home demand.

... barring any unforeseen shocks, primary home sales which stood at 9,770 units at half time, could come in at between 15,000 and 17,000 units for the whole of 2013, down from the initial forecast of 16,000 to 18,000 units.

Over the next six months, sentiment in the private residential property market may take a relatively more cautious turn.

The Monetary Authority of Singapore (MAS) introduced a new debt servicing framework for property loans on 28 June. The new rules, which take effect from 29 June, involve the adoption of a Total Debt Servicing Ratio (TDSR) framework for all property loans granted by financial institutions to individuals. The MAS requires banks to take into consideration all of a borrower’s outstanding debt obligations – including loans for cars, renovations and credit cards when granting property loans. Further, “guarantors” will have to be included as co-borrowers and stated as one of the purchasers on the option to purchase. Additionally, banks are also required to use the income-weighted average age of all co-borrowers based on their monthly gross income when applying the rules on loan tenure.

The new rules effectively plug the loophole that homebuyers have previously employed to purchase multiple properties while circumventing the original intent of the lower loan-to-value (LTV) ratio and the ABSD, which have undermined the effectiveness of the cooling measures to some extent.

Separately, new housing demand may weaken on the back of potential interest rate hikes due to the cut back in monetary stimulus by the US Federal Reserve.

All in, investment demand may be shaven off with stricter financing regulations following the implementation of the new rules. The plugged loophole, reduced affordability and less flexibility in cash flows may also help to rein in prices that are currently at another new all-time high.

Nonetheless, developers’ project launch strategies could turn more aggressive in terms of timing and incentives as it would be more advantageous for them to launch sooner rather than later given the latest changes in the market. In turn, this could continue to be supportive of home demand.

In consideration of the above and barring any unforeseen shocks, primary home sales which stood at 9,770 units at half time, could come in at between 15,000 and 17,000 units for the whole of 2013, down from the initial forecast of 16,000 to 18,000 units.
... overall private residential home prices are expected to flat line with marginal downsides if any, apparent nearer the end of the year.

... the heightened competition for tenants in completed and upcoming projects is expected to continue exerting some downward pressure on rents. As such, the average monthly gross rents of luxury/super-luxury homes are expected to slip by up to 5% in 2013.

Price-wise, developers who have bought land at high prices, particularly from the Government Land Sales (GLS) programme, may be less likely to reduce prices extensively due to low profit margins. In light of the revised forecast tally which remains healthy, the above factors are expected to still provide support for prices of newly launched homes. Taking into account the possible effects on the secondary market as well, overall private residential home prices are expected to flat line with marginal downsides if any, apparent nearer the end of the year.

As for the leasing market, the heightened competition for tenants in completed and upcoming projects is expected to continue exerting some downward pressure on rents. As such, the average monthly gross rents of luxury/super-luxury homes are expected to slip by up to 5% in 2013.

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482 offices in 62 countries on 6 continents

United States: 140
Canada: 42
Latin America: 20
Asia Pacific: 195
EMEA: 85

• $2.0 billion in annual revenue
• 1.12 billion square feet of property under management
• Over 13,500 professionals

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