



FINDING THE RIGHT
INVESTMENT
FOR CLIENTS



INCREASING BORROWING
COSTS AND INTEREST RATES,
WHAT'S NEXT?



TRACKING OF INVESTORS'
MOVEMENT AND BEHAVIOUR



Financial *focus*

June 11th, 2019 | Volume 13

Singapore Luxury Residential Market **Safe haven under global uncertainties?**

This article analyses the state of residential markets almost a year following the introduction of cooling measures. Are Singapore's residential markets still attractive under global uncertainties?

Global economic activity has slowed notably due to factors such as trade war, political uncertainty and the tightening of financial conditions. With the trade tension between US and China worsening, investors tend to adopt a defensive investment strategy to minimise exposure to emerging risks in the global economy. Singapore real estate market is one of the most well-established investment markets in APAC and it has been recognized as a safe haven investment destination for risk-averse investors.

Despite the latest round of cooling measures in July 2018, well-heeled investors are still seeing value and opportunity in the Singapore housing market, especially in the high-end and luxury market. After almost a year since the introduction of the cooling measures, buyers and investors have started to regain confidence.

Contrary to popular opinion, we believe that the Singapore housing market is not oversupplied, especially for the luxury segment.



The Nassim, Luxury Condominium
Image source: www.thenassim.com.sg

Latest Transaction Highlights

Thong Teck Building (Partial)

- ✚ Property Type – Commercial
- ✚ Tenure – Freehold | District 9
- ✚ Transacted Floor Area – Office: Approx. 28,360 sq ft.
- ✚ Retail: Approx. 6,440 sq ft.
- ✚ Transacted Price – S\$139,500,000
- ✚ PSF – Office: Approx. S\$3,532
- ✚ Retail: Approx. S\$4,560

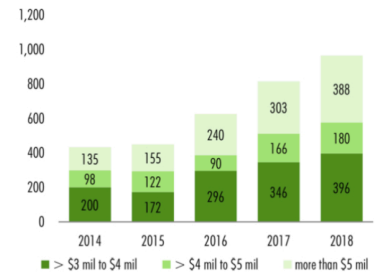


“Are luxury property prices going to increase?”



Project Name	Location	Total No. of Units	No. of units in Initial Launch	No. of Units Sold in Initial Launch	Initial Launch Take-up Rate
Amber Park	Amber Gardens	592	150	115	77%
Boulevard 88	Orchard Boulevard	154	25	20	80%
Treasure at Tampines	Tampines Street	2,203	490	272	56%

Recent new launches. Source: BusinessTimes



No. of Units sold in Core Central Region (CCR) from 2014 to 2018. Source: CBRE

There have been limited new launches in the luxury market segment since 2018, driving up demand from the high-net-wealth class for prime-quality units. On the other hand, although developers have increased the pace of launching new projects after Chinese New Year, new launches in the first two quarters of 2019 such as Amber Park, Boulevard 88, and Treasure at Tampines, have attracted reasonably good responses with initial launch take-up rates at above 50%. This has shown that the demand still exists, as long as the pricing, product attributes, and developer track record is right.

Moreover, the high-end and luxury markets performed well with average initial launch take-up rate in the CCR improved. The average initial launch take-up rate for new sales in the CCR increased to 13.2% in Q1 2019 from 9.1% in the period from 6 Jul to 31 Dec 2018, and it is even 0.2% higher than the period before the cooling measures. In addition, the transaction volume in the CCR also rose by 8.0% QoQ to 433 units and the proportion

of units sold above \$3 million in CCR increased to 34.3% from 24.8% in 2014. Together with the healthy performance in the new sales market, we believe that interest in buying high-end residential properties, especially luxury ones, has gradually returned. It is also noteworthy that en bloc payout to displaced homeowners from deals announced over 2017 to 2018 has yet to be fully deployed back into the property market. This could significantly drive the demand in the property market from 2019 onwards.

Furthermore, private residential prices remained resilient as price index only softened by 0.7% in the first quarter of 2019 after 7.9% increment in 2018. Luxury properties are more resilient compared with those in the other market segments and more inelastic to their buyers such as high net worth individuals. In addition, given the high land costs and a comfortable three to four years additional Buyer Stamp Duty (ABSD) sell-by deadlines, developers are not likely to discount prices and are thereby keeping prices firm.

In short, Singapore remains an attractive market for both local and foreign investors due to a relatively stable political environment as well as offering attractive prices compared with those in other cities in the region. As such, with the strong fundamentals in Singapore, there is still high potential for capital appreciation in long term and we believe that Singapore's private residential market, especially the luxury segment, will return to a rising trend in future.



Please contact us for Luxury Listings

marketing@quillionrealestate.com
+65 62222321
10 Anson Road, International Plaza,
17 - 13 Singapore 079903

Disclaimer: Our research and reports express our opinions, which we have based upon generally available public information, field research, inferences and deductions through our due diligence and analytical process. To the best of our ability and belief, all information contained herein is accurate and reliable, and has been obtained from public sources we believe to be accurate and reliable, and who are not insiders or connected persons of the properties covered herein or who may otherwise owe any fiduciary duty or duty of confidentiality to the issuer. We strive for accuracy and

completeness to support our opinions, and we have a good-faith belief in everything we write. However, all such information is presented "as is," without warranty of any kind – whether express or implied. Quillion makes no representation, express or implied, as to the accuracy, timeliness, or completeness of any such information or with regard to the results to be obtained from its use. You agree that the use of Quillion Global's research paper is at your own risk. In no event Quillion Global Pte Ltd or

any affiliated party is not liable for any direct or indirect losses caused by any information available on this report. This report does not represent an investment advice or a recommendation or a solicitation to buy or sell. Think critically about our opinions and do your own research and analysis before making any investment decisions. You should seek the advice of a security professional regarding your real estate investment.

