

Private Residential Property Primary Market

After the spike in launch and sales volume in July 2015 due to the launch and high take-up of the popular High Park Residences, the sales figures in August appeared subdued.

However, one must bear in mind that in the current softer property market, it is unusual for primary residential market sales volume to exceed 1,000 private housing units per month. In the past 12 months, the 1,000-unit benchmark was only exceeded twice. Such events only occur when one or two large and popular projects were launched in a particular month.

Launch volume

Although real estate developers did not launch any new private residential development in August 2015, they released a total of 598 private housing units for sale. All of these units were from projects that were launched before August.

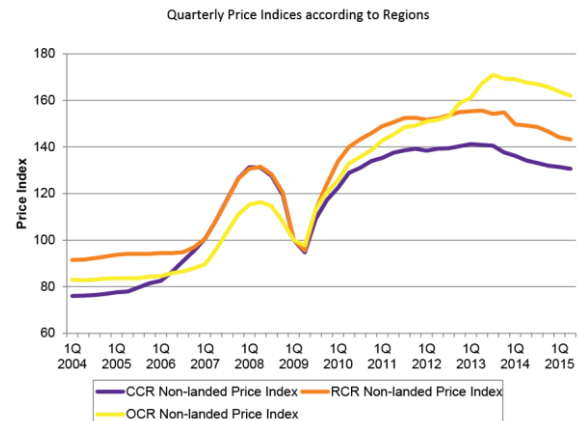
Compared to the 1,468 private homes launched in July, the launch volume in August was 59.3% lower. Developers were holding back their new launches, in view of the start of the Hungry Ghost Month in mid-August and the stock market volatilities.

Sales volume

In August 2015, developers sold 495 private housing units in total, which was a 69.3% drop from 1,611 units sold in the previous month. The unusually high sales volume in July was mainly contributed by one development, the 1,390-unit High Park Residences at Fernvale Road. A total of 1,169 units in this project were sold in July, which accounted for more than 70% of the entire market shares in that month.

However, this level of monthly sales was not sustainable. Therefore, it was not a surprise that the primary market sales volume fell when no major projects was launched in August.

The 99-year leasehold High Park Residences continued to be the best selling condo in August with sales of 76 units. It significantly influenced the sales volume in both July and August 2015. If the sales from this project were excluded from the computation of the primary market sales volume, the sales in August would experience a decline of 5.2% as illustrated in Table 2.



Private homes sale (exclude ECs) in August 2015

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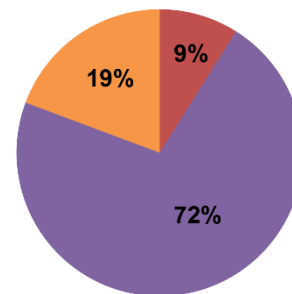


Table 1 : Private home sales in July & August 2015 (including High Park Residences)

Sales including High Park Residences	No. of private units launched	No. of private units sold
July 2015	1,468	1,611
August 2015	598	495

Source: SLP Research, URA

Table 2 : Private home sales in July & August 2015 excluding High Park Residences

Sales excluding High Park Residences	No. of private units launched	No. of private units sold
July 2015	282	442
August 2015	503	419

Source: SLP Research, URA

Sales-to-Launch Ratio

The take-up rate, as measured by the sales-to-launch ratio, declined in August. The ratio of total number of units sold in August 2015 to the total number of units launched in the same month was 82.8%, which is lower than the 12-month average ratio of 103.1% from August 2014 to July 2015. This shows that in the absence of a strong catalyst, such as the launch of a popular project, the take-up rate could fall below the parity ratio of 100%.

The take-up rate in July 2015 was 109.7%, which was primarily due to the strong sales from High Park Residences.

The sales at High Park Residences were very healthy mainly due to the perceived low price quantum of the strata-units. Based on available sales records, 83% of the reported sales were transacted below \$1 million for each unit. This was mainly because three quarters of the transacted units were smaller than 900 sq ft each. The average transacted price was \$989 psf or \$760,532 per unit. In addition, the project was launched outside the period of the Hungry Ghost Month.

Executive Condominium Property Primary Market

Launch volume

A new executive condominium (EC) project was launched in August 2015, the massive 1,327-unit Sol Acres in Choa Chu Kang. The developer, MCL Land launched 707 units in the first phase. As this was the only EC project launched in August, these 707 units made up the total number of EC units launched in that month.

Sales volume

Real estate developers sold a total of 466 EC units nationwide in August. Not surprisingly, Sol Acres, being the newest EC launched, was the best seller. It took up 55.6% share of the EC primary market with 259 units sold in August. These 259 units were transacted at a median price of \$787 psf.

The number of units sold in Sol Acres last month exceeded the 187 units sold by City Developments at The Brownstone EC when the latter was launched in July 2015 at a median price of \$818 psf. One reason for the good market response to the project by MCL Land was the lower median price of Sol Acres at S\$787 psf. Such price level is slightly lower than the \$800 psf benchmark that some EC developers aimed to achieve for EC projects that are located near LRT stations.

Table 3 : Take-up rate in July & August 2015

	Ratio of units sold/launched
July 2015	109.7%
August 2015	82.8%

Source: SLP Research, URA

Table 4 : EC launch and sales volume

	No. of units launched	No. of units sold	Ratio of units sold/launched
July 2015	1,155	495	42.9%
August 2015	707	466	65.9%

Source: SLP Research, URA

Sol Acres is situated near the Keat Hong LRT Station which is connected to two MRT stations, the Choa Chu Kang MRT Station and the upcoming Bukit Panjang MRT Station.

The take-up rate in terms of sales-to-launch ratio for the EC market in August was 65.9%. In July 2015, when 1,155 EC units were launched, the sales-to-launch ratio was 42.9%.

When the take-up rate falls below 100%, the developers' inventory of unsold units would increase. In August 2015, the number of launched and unsold EC units rose to 3,160 units. This is the first time since mid-2007, that the inventory of launched and unsold EC units exceeded the 3,000-unit level.

Outlook

The primary market sales in August have returned to a more sustainable level after the dramatic surge in July. Now that the Hungry Ghost Month is over, residential project launches could safely resume. Among the upcoming launches lined up, the EC development "Signature at Yishun" is one of the projects that are anticipated to be launched in late September at an average price of \$750 psf.

Based on the official figures, real estate developers sold a total of 2,106 private housing units and 961 EC units in July and August.

In these two months, the number of private homes sold by developers is about the same as that for the whole of 2Q 2015, which was 2,116 units. At this rate, developers could sell about 2,540 to 2,650 units, which is 20% to 25% more private homes in 3Q 2015 than the previous quarter.

The EC primary market sales would increase even more sharply in the third quarter. In 2Q 2015, developers sold a total of 439 EC units. In 3Q 2015, this sales figure could jump to 1,400 to 1,500 units, depending on the EC launch and sales volume in September.

With this dramatic increase in developers' sales, the government would not be in a hurry to reduce the cooling measures any time soon.

Table 5 : Top 5 Best-selling Executive Condominiums in July and August 2015

Project Name	Location	Total No. of Units	Tenure	No. of Units Sold in July & August	Median Price in July (\$ psf)	Median Price in August (\$ psf)
Sol Acres	Choa Chu Kang Grove	1,327	99 years	259	N.A.	\$787
The Brownstone	Canberra Drive	638	99 years wef 28/04/2014	223	\$818	\$817
Bellewaters	Anchorvale Crescent	651	99 years wef 28/08/2013	107	\$754	\$762
The Vales	Anchorvale Crescent	517	99 years wef 19/05/2014	105	\$788	\$769
Bellewoods	Woodlands Avenue 5	561	99 years wef 12/08/2013	59	\$759	\$765

Source: SLP Research, URA

Table 6 : Top 5 Best-selling Private Residential Projects in July and August 2015

Project Name	Location	Total No. of Units	Tenure	No. of Units Sold in July & August	Median Price in July (\$ psf)	Median Price in August (\$ psf)
High Park Residences	Fernvale Road	1,390	99 years wef 05/11/2014	1,245	\$989	\$933
Botanique At Bartley	Upper Paya Lebar Road	797	99 years wef 14/04/2014	93	\$1,282	\$1,282
The Panorama	Ang Mo Kio Avenue 2	698	99 years wef 08/04/2013	53	\$1,217	\$1,230
City Gate	Beach Road	311	99 years wef 15/04/2014	45	\$1,813	\$1,840
Kingsford. Hillview Peak	Hillview Rise	512	99 years wef 04/06/2012	39	\$1,346	\$1,299

Source: SLP Research, URA

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