

THE STRAITS TIMES

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Analysts expect new peak in private home prices by year-end

Outlook buoyed by data showing values up 3.4% in Q2, the 4th straight quarter of increase

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Private home prices are rapidly regaining the ground they lost since values started slipping five years ago, with figures out yesterday underlining the buoyant market.

The gains have been so robust that analysts are tipping that prices could hit a new peak by the end of the year.

Their optimism stems from flash estimates showing that private residential values rose 3.4 per cent in the three months to June 30 – the fourth straight quarter of increase.

That followed a 3.9 per cent lift in the first quarter, according to Urban Redevelopment Authority (URA) data.

Market watchers note that while it took 15 quarters to push private home prices down 11.6 per cent as at the middle of last year, the market may need only five to six quarters to bring them back up.

Cushman & Wakefield senior research director Christine Li said: "The sentiment is inching us towards another peak. Prices are likely to recover to the 2013 peak levels in one or two quarters."

The strong market is under-

pinned in part by more new launches and owners spending proceeds from the many collective sales of late.

The steady gains have left the URA's overall private residential price index just 3.6 per cent below the level at the third quarter of 2013, and 9.1 per cent above the second quarter last year.

JLL national research director Ong Teck Hui noted yesterday that the second-quarter increase was supported by more new launches with strong pricing as well as higher sale volumes.

He said transactions rose 14.2 per cent in the second quarter from the first with new-sale volumes up 48 per cent, while resales and subsales remained roughly flat. This was in line with more project launches.

Steep uptrend

Q2, 2018 private residential property price index (whole island)



Comparison of property price index

	Price index		% change over previous quarter	
	Q1, 2018	Q2, 2018	Q1, 2018	Q2, 2018**
All residential (Q1, 2009=100)	144.1	149.0	3.9	3.4
Landed property	155.8	161.7	1.9	3.8
Non-landed property	141.6	146.3	4.4	3.3
Core Central Region	134.8	136.7	5.5	1.4
Rest of Central Region	140.6	148.6	1.2	5.7
Outside Central Region	164.8	169.6	5.6	2.9

NOTE: *Flash estimate **Figures for Q2, 2018 are flash estimates

Source: URBAN REDEVELOPMENT AUTHORITY STRAITS TIMES GRAPHICS

Some of the biggest gains have been in the suburbs – called the Outside Central Region – where prices of non-landed private homes are

just 0.8 per cent shy of the last peak. Prices in the city-fringe or Rest of Central Region (RCR) jumped the most in the second quarter, up 5.7

per cent over the first three months of the year.

Analysts note that this coincides with a lift in transaction volumes in this region, with bullish pricing at new launches such as Amber 45, Park Place Residences, Margaret Ville, The Verandah Residences and Harbour View Gardens.

Mr Ong estimated that RCR transaction volumes rose 34.2 per cent in the second quarter, with new sales accounting for 45.8 per cent of that, while the overall median price of \$1,665 per square foot (psf) was 12.7 per cent higher than in the first quarter, based on caveats lodged.

Yesterday's flash figures were more muted for other areas.

Prices in the suburban or Outside Central Region rose 2.9 per cent and just 1.4 per cent in the Core Central Region after stronger increases for both in the first quarter.

Most analysts are expecting an 8 per cent to 15 per cent jump in private home prices this year.

OrangeTee & Tie head of research and consultancy Christine Sun noted: "With many new launches in the pipeline, we expect private home prices to continue to trend upwards for all market segments for the next quarter, especially since many projects may be launching at new benchmark prices owing to the higher land costs."

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