

# 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

Lynette Khoo

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.

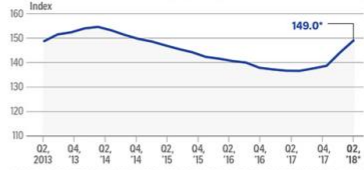
The steady gains have left the URA's overall private residential price index just 3.6 per cent below the level at the third quarter of 2013, and 9.1 per cent above the second-quarter last year.

JLL national research director One 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
<b>All residential (Q1, 2009=100)</b>	<b>144.1</b>	<b>149.0</b>	<b>3.9</b>	<b>3.4</b>
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 (RCK) 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.

Orange Tee & 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 high land costs."

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# SIA's gamble on premium economy seats pays off

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From zero just three years ago, Singapore Airlines (SIA) now offers premium economy seats on more than half its routes and almost all its long-haul flights.

Initial fears that the new product could cannibalise the premium market, if business class travellers downgrade, have proved groundless.

Instead, recent studies have shown that it is economy travellers, especially those on work trips, who have moved up – paying as much as more than 50 per cent higher for extra legroom and space, among other perks.

The trend has pushed not just SIA to embark on an aggressive expansion of its premium economy offerings, but also encouraged other carriers to offer the product on their flights to Singapore.

By the end of March next year, 74 of SIA's 117 aircraft – 63 per cent of its total fleet – will come with a premium economy cabin.

More than 10 foreign airlines currently offer premium economy seats on some of their Singapore flights, said industry analyst Brendan Sobie of the Centre for Aviation.

LOT Polish Airlines was the latest airline to do this in May, when it launched services from Warsaw using its three-class Boeing 787-8s.

Philippine Airlines also introduced a premium economy product in the Singapore market late last year, when it began operating some of its Singapore-Manila flights with newly retrofitted A330-300s.

Other foreign airlines offering a premium economy cabin in the Singapore market include Air France, Air New Zealand, All Nippon Airways, British Airways, Cathay Pacific, China Airlines, EVA Air, Japan Airlines, Lufthansa and Qantas.

A recent survey by travel management firm Carlson Wagonlit Travel (CWT) and Travelport confirms that premium economy is the fastest-growing cabin segment for business travellers in Singapore.

An analysis of over 1.3 million bookings made between Jan 1, 2015 and Dec 31 last year, with Singapore as the point of origin, showed that the number of premium economy seats booked for corporate travel increased at an average rate of 157 per cent, year on year.

By comparison, corporate bookings for other classes recorded negative growth over this three-year period.

"One can easily see the appeal



**Flying premium**

Singapore Airlines and more than 10 foreign carriers currently offer premium economy seats on some of their Singapore flights.

**PREMIUM ECONOMY CLASS**

Width: 18.5 to 19.5 inches with an eight-inch recline and more leg room

Full leather with calf-rest and foot-bar

Two USB ports, individual in-seat power supply, personal in-seat reading light, cocktail table and additional stowage space for personal items

13.3-inch full high-definition IN-FLIGHT SCREEN

Noise-cancelling HEADPHONES

Three meal choices. Passengers can select popular dishes from the Book the Cook service. Champagne and curated wines will be offered.



**ECONOMY CLASS**

Width: 18.5 inches with a six-inch recline

Fabric-upholstered with foot rest

Individual USB port and shared in-seat power supply – two for three seats and three to every four seats.

10.6 to 11.1 inches (latest A-380)

No noise-cancelling HEADPHONES

Two meal choices with a selection of wines but no champagne.

How premium economy matches up against economy classes on SIA flights

Source: SIA PHOTOS: SIA, ALPHONSUS CHERN STRAITS TIMES GRAPHICS



SIA unveiling its premium economy class products in 2015. Recent studies have shown that it is economy travellers, especially those on work trips, who have moved up, putting to rest fears that the new offering would cannibalise the premium market. ST FILE PHOTO

that premium economy has for corporate travel programmes," said Mr Richard Johnson, director (Asia Pacific), CWT Solutions Group.

"It gives travellers that much-needed extra comfort versus economy class on medium-to-long-haul flights, while costing their companies significantly less than a business class ticket," he said.

For example, a Singapore-London return premium economy seat on SIA in September costs about \$3,000 – half the price of a business class ticket.

From just over 1 per cent in 2015, premium economy bookings for corporate travel increased at an average rate of 157 per cent, year on year.

Meanwhile, the economy class seat share declined to about 55 per cent, from 60 per cent in 2015. Business class bookings have remained relatively flat, he said.

"The increase in premium economy bookings seems to have come largely at the expense of economy class, and not business class," Mr Johnson said.

The financial services and pharmaceutical sectors appear to be the only two sectors to have seen a downgrading shift from business class fares to premium economy, suggesting some tightening of budgets, said American Express Global Business Travel.

The firm's senior vice-president and general manager (international) Elyes Mrad said that the overall growing popularity of premium economy products is likely part of a broader trend of companies making long-distance business travel more comfortable for their employees to support health and productivity outcomes.

# 7%

Portion of corporate bookings in Singapore last year involving premium economy seats, up from just 1 per cent in 2015.

# 55%

Portion of economy class seats last year, down from 60 per cent in 2015. Business class seat sales have remained unchanged over the same period.

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# War on diabetes: An inside look Fitness interest groups on the rise

Joyce Teo

Housewife Jurainah Yusof, 45, was never really partial to exercise until she discovered the fun of working out with other women.

Now, she goes to an aqua or water workout session twice every week at the public swimming pool at Choa Chu Kang Sports Complex. But the mother of four knows her new hobby is more than just for fun, and hopes to keep it up. "My parents have diabetes, so my chances of getting it are very high," she said. "Without this programme, I wouldn't be exercising twice a week."

She is one of more than 20 members of a new Aqua workout group set up by the Malay Activities Executive Committee in Keat Hong constituency in Choa Chu Kang to help residents keep diabetes at bay. Altogether, four interest groups were set up by the committee in May, the others being hip-hop, CrossFit and Zumba.

As the war against this metabolic disease gathers steam, more activity groups have been formed to cater to different interests and abilities to get more people onto their feet.

Singaporeans have tended to be a sedentary lot, with about 40 per cent not getting enough activity, said a spokesman for the Health Promotion Board (HPB).

There are now more than 800 sports interest groups at community sports clubs here – up from just 80 in 2006, said the People's Association (PA), which oversees the clubs.

There are groups for popular sports such as running, badminton, basketball and table tennis, as well as newer recreational activities such as kin-ball, frisbee and archery tag. Most of the interest groups are run by volunteers, added PA. All the groups run at community sports clubs are open to the public, who can join the groups for free.

The four new groups at Keat Hong have attracted about 150

participants who join in weekly, said Ms Hamidah Aiddillah Mustafa, vice-chairman of Keat Hong Community Club's Malay Activities Executive Committee.

Some participants, like Madam Jurainah, find motivation in working out together.

"I would rather exercise in a group. I make friends and feel motivated to go for the sessions. Sometimes, we go for breakfast afterwards," she said.

Many private groups have also sprung up among people with shared interests.

Senior project manager Edmund Yu, 52, became inspired to help others lose weight after he shed more than 10kg off his 91kg frame. This was achieved after a 12-week weight loss programme by HPB, which he joined partly because he was worried about diabetes.

He then started Train To Be Fit, or T2Fit, two years ago to help others keep off the weight and stay fit. T2Fit organises themed workouts that range from cardio, track to Zumba dance sessions for participants, who number at least 30.

Research done by Harvard School of Public Health's Professor Walter Willett and his colleagues showed that being even slightly overweight increased a person's diabetes risk five times, and being seriously obese raised the risk by 60 times.

Regular exercise can help to prevent or delay diabetes, or with controlling blood sugar levels if one has diabetes.

Dr Benedict Tan, chairman of Exercise is Medicine Singapore & Asia, said exercising regularly also helps diabetes better manage other chronic medical conditions that tend to accompany diabetes, such as hypertension and high cholesterol. Exercise also has the added benefits of improving general well-being and even extending one's lifespan, he added.

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SEE MIND & BODY B10



Mr Edmund Yu leading his group in exercises during a "boot camp" session held at Our Tampines Hub on May 5. The senior project manager became inspired to help others lose weight after he shed more than 10kg off his 91kg frame. This was achieved after following a 12-week weight loss programme by the Health Promotion Board. PHOTO: LIN ZHAOHEI FOR THE STRAITS TIMES