

# TUG OF WAR

## AMPLE STOCK IN PRIMARY MARKET

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Tepid sales and poor market sentiments are putting a strain on developers as unsold units continue to pile up. The primary market is currently deluged with an estimated of 16,050 unsold units from projects already launched, out of which only 15% are from completed projects. Including future launches from sites sold, the estimated supply is nearly 30,000 units.

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### Unsold Repository

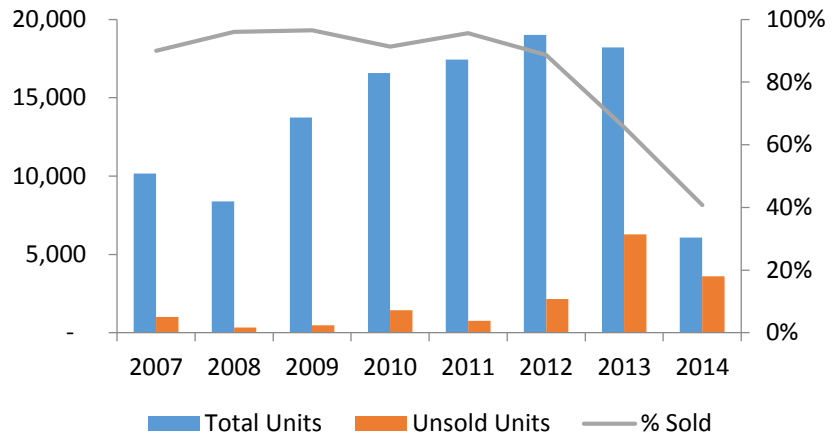
The concern of oversupply that arised two years ago has now manifested itself fully in the property market. After rounds of cooling measures, the market is now caught in a tug-of-war. Either developers cut prices to move unsold units or buyers accept higher prices and corresponding lower rental yields.

Excluding projects that were granted Temporary Occupation Permit (TOP) before 2010, the number of unsold units from projects launched since 2007 is estimated to be 16,050 units. Including expected future launches from sites sold, the total supply in the primary market is actually closer to 30,000 units.

About 75% of the unsold units currently available in the primary market come from projects launched after 2012, where the percentage of units sold declined drastically compared to prior years, presumably due to the various rounds of cooling measures (Figure 1).

About 15% of the total unsold units came from completed projects. Out of these unsold units, 63% are located in CCR, 32% in RCR and 5% in OCR (Figure 2).

**Figure 1: Number of Launched and Unsold Non-Landed Units by Launch Year**



Source: URA, Square Foot Research

However, out of the total unsold units from uncompleted projects, as many as half are located in OCR. As these projects are completed, we expect OCR's percentage of unsold units from completed projects to increase.

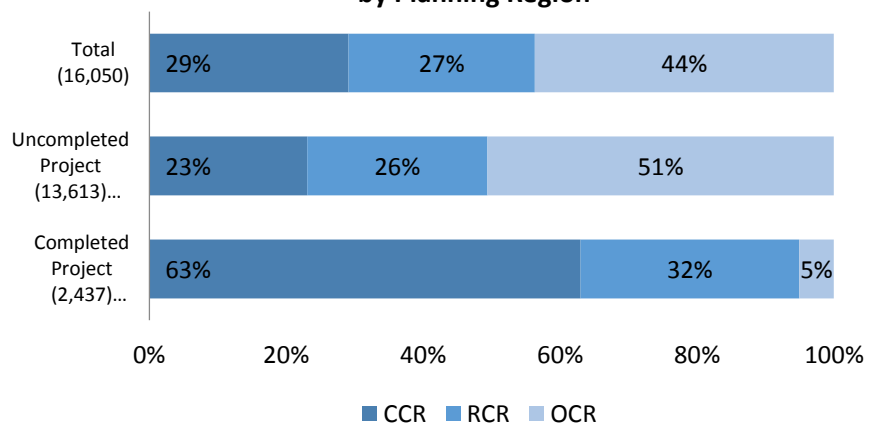
Overall, 56% of the total unsold units are located in the Central Region (CCR & RCR), and the remaining 44% are located in OCR.

**Table 1: Unsold Units by TOP Year**

TOP Year	Unsold Units	%
2010	206	1%
2011	1,170	7%
2012	299	2%
2013	493	3%
2014	269	2%
<b>Uncompleted</b>	<b>13,613</b>	<b>85%</b>

Source: URA, Square Foot Research

**Figure 2: Unsold Non-Landed Units from Launched Projects by Planning Region**



Source: URA, Square Foot Research

# TUG OF WAR

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### Completed but Unsold

Looking at unsold units from projects completed since 2010, Sentosa ranks as the top Planning Area with the highest percentage of unsold units due to the dwindling interest for non-landed properties there. An estimated 66% of the completed units in Sentosa remain unsold, more than twice that of Newton at 28%.

Among the reasons why unsold units in Sentosa are high, one reason could be the fact that developers are exempted from the Qualifying Certificate (QC) requirements under the Residential Property Act and they are also not hit by the Additional Buyer's Stamp Duty (ABSD) since sites in Sentosa were sold before the implementation of ABSD. Therefore, developers there may not be in a hurry to offload their remaining units. Some developers have chosen

**Table 2: Completed Unsold Units in CCR (Launched since 2007) by Planning Area**

Planning Area	Total Units	Unsold Units	% Unsold	Median \$psf
Sentosa	635	418	66%	2,662
Newton	1,680	474	28%	2,472
Orchard	513	84	16%	3,828
Museum	118	16	14%	2,062
Tanglin	1,307	159	12%	1,750
River Valley	2,511	265	11%	1,858
Downtown Core	562	39	7%	2,034
Novena	2,548	63	2%	1,431
Bukit Timah	1,106	16	1%	1,529
Rochor	372	1	-	1,499
Singapore River	378	-	-	1,689
Toa Payoh	273	-	-	968
<b>Total</b>	<b>12,003</b>	<b>1,535</b>	<b>13%</b>	<b>1,731</b>

Source: URA, Square Foot Research

\*Median Price of new sales between 2007 and 2011.

to rent out their unsold units to offset their holding cost instead of selling them at lower prices.

### Developers' woes

Corresponding to poor market sentiments, transactions in the non-landed residential primary market plunged by 63.4% yoy

and 53.5% qoq with only 1,363 units moved in 1Q14, the lowest since 4Q08.

The situation is likely to remain in a doldrums for the rest of 2Q14, partly due to the lack of launches, and 2H14 may end up performing the worst since 2H08.

**Table 3: Projects Re-launched at Lower Prices in 2014**

The Panorama (Wheelock)				Hallmark Residences (MCL Land)				Sky Habitat (CapitaLand)			
<b>Unsold (Total)</b>		542 (698)		<b>Unsold (Total)</b>		33 (75)		<b>Unsold (Total)</b>		185 (509)	
<b>Unsold Units</b>		78%		<b>Unsold Units</b>		44%		<b>Unsold Units</b>		36%	
<b>Land Sold</b>		28-Feb-11		<b>Land Sold</b>		May-07		<b>Land Sold</b>		28-Feb-11	
<b>Expected TOP</b>		2017		<b>Expected TOP</b>		2015		<b>Expected TOP</b>		2015	
<b>Est. Breakeven</b>		\$1,250 psf		<b>Est. Breakeven</b>		\$1,650 psf		<b>Est. Breakeven</b>		\$1,350 psf	
<b>Year</b>	<b>Avg \$psf</b>	<b>% Change</b>	<b>Profit Margin</b>	<b>Year</b>	<b>Avg \$psf</b>	<b>% Change</b>	<b>Profit Margin</b>	<b>Year</b>	<b>Avg \$psf</b>	<b>% Change</b>	<b>Profit Margin</b>
1Q14	1,368	-	9.4%	2013	2,039	-	23.6%	2012	1,601	-	18.6%
2Q14	1,305	-4.6%	4.4%	2014	1,908	-6.4%	15.6%	2013	1,523	-4.9%	12.8%
								2014	1,373	-9.8%	1.7%

Source: URA, Square Foot Research

# TUG OF WAR

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In view of the large build-up in unsold units, some developers have resorted to cutting their profit margins in a bid to move units. A total of 3 projects have been reportedly to have re-launched at lower prices since the beginning of 2014. The price cuts have indeed improved their sales (Figure 3), indicating the importance of getting the price right in today's market.

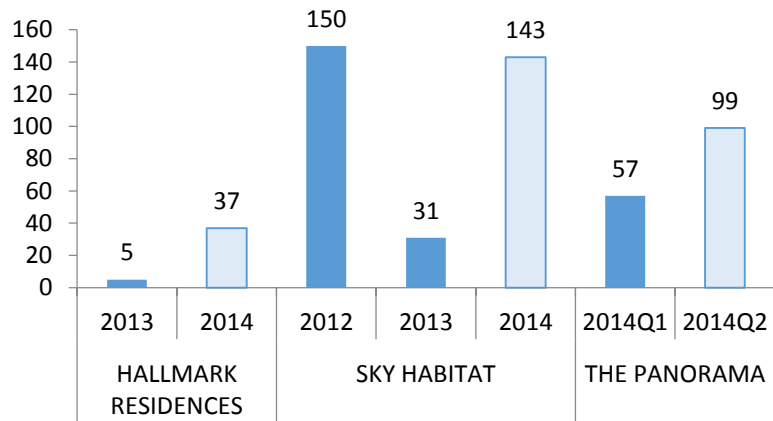
Similarly, projects saw better sales when re-launched at lower prices in 2013 such as d'Leeton and The Interlace, especially for the bigger units, which were given bigger discounts.

### Future Outlook

Developers have to be increasingly careful about pricing their projects as buyers now have to work on a tighter budget after the implementation of the Total Debt Servicing Ratio (TDSR), which limits an individual's ability to borrow.

The pressure is now on the developers with remaining unsold units to stimulate sales amid the doldrums or otherwise face hefty levies should they fail to finish selling all units within the stipulated time period.

**Figure 3: Sales Volume of Re-Launched Discounted Projects in 2014**



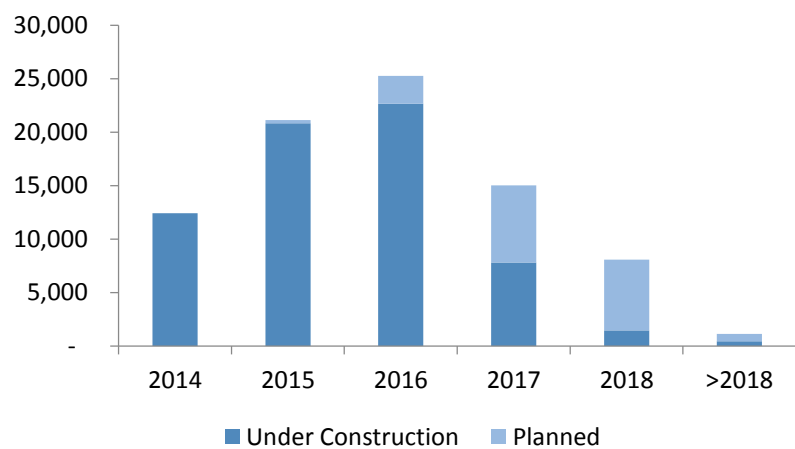
Source: URA, Square Foot Research

Larger developments will be hit harder due to the larger number of units the developer has to sell in a slow market, a higher holding cost, as well as heftier levies for extension.

The situation is likely to become worse with more upcoming projects gearing up for launch. Unless market sentiments improve in the near

future, we expect projects that are not doing well to slash prices in order to move units, especially when they are near completion. The price cuts will be more severe for projects near future land sales where the winning bids are lower.

**Figure 4: Supply of Non-Landed Private Residential in the Pipeline**



Source: URA, Square Foot Research

# TUG OF WAR

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**Table 4: Summary of the QC Policy and Additional Buyer's Stamp Duty on Developers**

	<b>Residential Property Act (QC Policy)</b>	<b>Additional Buyer's Stamp Duty</b>
<b>w.e.f.</b>	17-Jan-11	8-Dec-11
<b>Target</b>	Housing Developers with non-Singaporean shareholders or directors	Housing Developers with ABSD remitted
<b>Requirements</b>	<p>Obtain qualifying certificate (QC) to purchase residential property for development, to complete and obtain temporary occupation permit for their development within a Project Completion Period (PCP)</p> <p>Dispose all units within 2 years of obtaining the TOP. Affected developers are not allowed to withhold and rent out any unsold units.</p>	<p>Complete &amp; sell all the residential units in the development within 5 years of the Contract or Agreement date to purchase the site.</p> <p>Produce the Qualifying Certificate where relevant, housing developer license and proof of piling and foundation works and any demolition works within 2 years of the date of Contract or Agreement</p>
<b>Charges</b>	To pay 8%, 16% and 24% of the land price to extend the sales period for the first, second year respectively. Subsequent extension are subjected to 24% of the land price. Charges are pro-rated based on unsold units over the total units in the project.	To pay back the remitted ABSD with accrued interest of 5% per annum commencing from 14 days after the date of acquisition of the site.

SLA, IRAS, Square Foot Research

# COMPLETED PROJECTS

RANKED BY ESTIMATED NO. OF UNSOLD UNITS

Project Name	TOP	District	Segment	Area	Total	Unsold	%
REFLECTIONS AT KEPPEL BAY	2011	4	RCR	Bukit Merah	1,129	243	22%
HILLTOPS	2011	9	CCR	Newton	241	195	81%
THE INTERLACE	2013	4	RCR	Bukit Merah	1,040	180	17%
CONCOURSE SKYLINE	2014	7	RCR	Kallang	360	119	33%
SCOTTS SQUARE	2011	9	CCR	Orchard	338	71	21%
TRESALVEO	2012	20	RCR	Bishan	176	68	39%
THE CLIFT	2011	1	CCR	Downtown Core	312	59	19%
GOODWOOD RESIDENCE	2013	10	CCR	Newton	210	50	24%
TREASURE ON BALMORAL	2012	10	CCR	Tanglin	48	48	100%
LUMIERE	2010	2	CCR	Downtown Core	168	43	26%
LE NOUVEL ARDMORE	2014	10	CCR	Newton	43	40	93%
TOMLINSON HEIGHTS	2014	10	CCR	River Valley	70	38	54%
THE RITZ-CARLTON RESIDENCES SINGAPORE CAIRNHILL	2011	9	CCR	Newton	58	37	64%
THE VERMONT ON CAIRNHILL	2013	9	CCR	Newton	158	37	23%
THE LUMOS	2011	9	CCR	River Valley	53	35	66%
REIGNWOOD HAMILTON SCOTTS	2012	9	CCR	Newton	56	33	59%
THE MARQ ON PATERSON HILL	2011	9	CCR	River Valley	66	33	50%
NEWTON IMPERIAL	2011	11	CCR	Novena	36	30	83%
RESIDENCES AT EMERALD HILL	2011	9	CCR	Newton	33	28	85%
BISHOPSGATE RESIDENCES	2012	10	CCR	Tanglin	31	27	87%
CENTRO RESIDENCES	2014	20	OCR	Ang Mo Kio	329	26	8%
URBAN RESORT CONDOMINIUM	2013	9	CCR	Newton	64	25	39%
THE SOUND	2013	15	OCR	Bedok	104	25	24%
SAGE	2012	10	CCR	Tanglin	33	24	73%
8 RAJA	2013	12	RCR	Novena	26	22	85%
PATERSON SUITES	2010	9	CCR	River Valley	102	22	22%
CLIVEDEN AT GRANGE	2011	10	CCR	River Valley	110	22	20%
BELLE VUE RESIDENCES	2010	9	CCR	River Valley	176	22	13%
ONE SHENTON	2011	1	CCR	Downtown Core	341	20	6%
THE CASCADIA	2010	21	RCR	Bukit Timah	536	20	4%
THE OLIV	2013	10	CCR	Tanglin	23	19	83%
MARINA BAY SUITES	2013	1	CCR	Downtown Core	221	19	9%
111 EMERALD HILL	2011	9	CCR	Newton	40	16	40%
SUITES AT ORCHARD	2014	9	CCR	Museum	118	16	14%
ESPADA	2013	9	CCR	River Valley	232	16	7%
THE VERV @ RV	2011	9	CCR	River Valley	26	15	58%
ST PATRICK'S RESIDENCES	2013	15	OCR	Bedok	102	15	15%

Source: URA, Square Foot Research

# UNCOMPLETED PROJECTS

RANKED BY ESTIMATED NO. OF UNSOLD UNITS

Project Name	Launch	Segment	Planning Area	District	Total	Unsold	%
THE TRILINQ	2013	OCR	Clementi	5	755	636	84%
COMMONWEALTH TOWERS	2014	RCR	Queenstown	3	845	570	67%
THE PANORAMA	2014	OCR	Ang Mo Kio	20	698	542	78%
THE GLADES	2013	OCR	Bedok	16	726	532	73%
LAKEVILLE	2014	OCR	Jurong West	22	696	487	70%
THE SANTORINI	2014	OCR	Tampines	18	597	485	81%
TWIN PEAKS	2010	CCR	River Valley	9	462	383	83%
COCO PALMS	2014	OCR	Pasir Ris	18	944	354	38%
KINGSFORD . HILLVIEW PEAK	2013	OCR	Bukit Batok	23	512	354	69%
THE SKYWOODS	2013	OCR	Bukit Panjang	23	420	338	80%
RIVERBANK @ FERVALE	2014	OCR	Sengkang	28	555	322	58%
HILLION RESIDENCES	2013	OCR	Bukit Panjang	23	546	292	53%
VUE 8 RESIDENCE	2013	OCR	Pasir Ris	18	463	288	62%
D'LEEDON	2010	CCR	Bukit Timah	10	1,715	266	16%
LEEDON RESIDENCE	2012	CCR	Bukit Timah	10	381	251	66%
ALEX RESIDENCES	2013	RCR	Bukit Merah	3	429	232	54%
RIVERTREES RESIDENCES	2014	OCR	Sengkang	28	495	232	47%
THE VENUE RESIDENCES	2013	RCR	Toa Payoh	13	266	206	77%
JEWEL @ BUANGKOK	2013	OCR	Sengkang	19	616	198	32%
SKY VUE	2013	RCR	Bishan	20	694	197	28%
CORALS AT KEPPEL BAY	2013	RCR	Bukit Merah	4	366	186	51%
SKY HABITAT	2012	RCR	Bishan	20	509	185	36%
THE CREEK @ BUKIT	2013	RCR	Bukit Timah	21	260	185	71%
EIGHT RIVERSUITES	2012	RCR	Kallang	12	862	173	20%
CLERMONT RESIDENCE	2013	CCR	Downtown Core	2	181	167	92%
SEAHILL	2012	OCR	Clementi	5	478	162	34%
RV RESIDENCES	2013	CCR	Tanglin	10	248	161	65%
6 DERBYSHIRE	2013	CCR	Novena	11	168	159	95%
V ON SHENTON	2012	CCR	Downtown Core	1	510	158	31%
26 NEWTON	2012	CCR	Novena	11	180	151	84%
SKYSUITES@ANSON	2011	CCR	Downtown Core	2	360	144	40%
WATERFRONT @ FABER	2014	OCR	Clementi	5	210	129	61%
THE QUINN	2013	OCR	Serangoon	19	139	118	85%
KALLANG RIVERSIDE	2014	RCR	Kallang	12	212	116	55%
THE RISE @ OXLEY - RESIDENCES	2014	CCR	Museum	9	120	112	93%
FULCRUM	2012	RCR	Kallang	15	128	111	87%
ECO SANCTUARY	2012	OCR	Bukit Panjang	23	483	106	22%
THE MEYERISE	2011	RCR	Marine Parade	15	239	104	44%
E MAISON	2013	OCR	Serangoon	13	130	99	76%
FERRA	2013	CCR	River Valley	9	104	99	95%

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RANKED BY ESTIMATED NO. OF UNSOLD UNITS

<b>THE SCOTTS TOWER</b>	2011	CCR	Newton	9	231	94	41%
<b># 1 SUITES</b>	2013	RCR	Geylang	14	112	90	80%
<b>THE LINE @ TANJONG RHU</b>	2012	RCR	Kallang	15	130	89	68%
<b>FLORAVIEW</b>	2014	OCR	Ang Mo Kio	20	90	83	92%
<b>ARDMORE 3</b>	2012	CCR	Newton	10	84	81	96%
<b>ECO</b>	2012	OCR	Bedok	16	748	81	11%
<b>LA FIESTA</b>	2013	OCR	Sengkang	19	810	80	10%
<b>MON JERVOIS</b>	2013	CCR	Tanglin	10	109	77	71%
<b>RIVERBAY</b>	2013	RCR	Kallang	12	147	74	50%
<b>THE SEAWIND</b>	2007	OCR	Bedok	15	222	68	31%
<b>LLOYD SIXTYFIVE</b>	2012	CCR	River Valley	9	76	67	88%
<b>ONE BALMORAL</b>	2007	CCR	Tanglin	10	91	62	68%
<b>D'NEST</b>	2013	OCR	Pasir Ris	18	912	58	6%
<b>SINGA HILLS</b>	2014	OCR	Bedok	14	58	56	97%
<b>THE TEMBUSU</b>	2013	OCR	Hougang	19	337	56	17%
<b>8M RESIDENCES</b>	2012	RCR	Marine Parade	15	68	55	81%
<b>RIVERSAILS</b>	2012	OCR	Hougang	19	920	55	6%

Source: URA, Square Foot Research



# APPENDIX

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