

FRINGE BENEFITS

STRONG RENTAL TAKE-UP IN CITY FRINGE

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Rental volume in the non-landed private residential sector saw a growth of 4.87% y-o-y and 3.33% q-o-q with a total of 11,945 contracts signed in 1Q14. RCR took the spotlight and grew by 12.5% y-o-y and 10.1% q-o-q, outgrowing the other regions by leaps and bounds.

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Introduction

Rental volume in the non-landed private residential sector saw a growth of 4.87% y-o-y and 3.33% q-o-q with a total of 11,945 contracts signed in 1Q14. RCR took the spotlight and grew by 12.5% y-o-y and 10.1% q-o-q, outgrowing the other regions by leaps and bounds (Table 1).

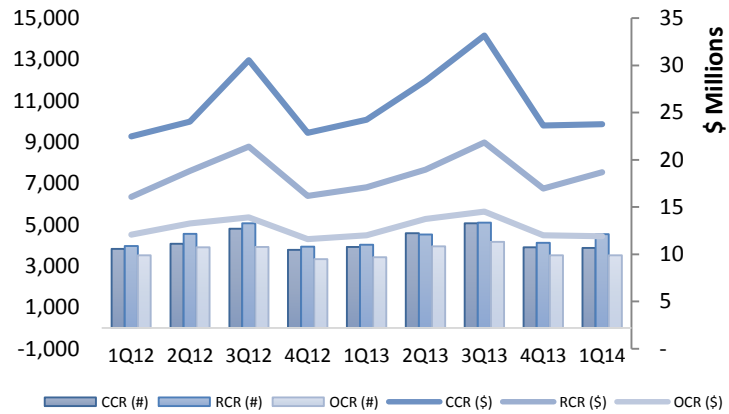
In line with the increase in demand, RCR was the only region that saw an increase in median monthly rent (Table 2). Median monthly rent in RCR rose moderately by 0.9% y-o-y and 0.3% q-o-q.

The hike in rental volume in RCR is presumably due to the completion of new projects and the resulting increase in supply of rental units available in the region. In fact, a total of 1,165 contracts signed in 1Q14 came from projects completed since 3Q13 of which RCR contributed more than half, or 57% (Figure 2).

Highlights

For the first time since rental data is available since 2000, District 15 tops the list with the highest rental volume of 1,415 rental contracts signed in 1Q14, outperforming District 9 by a marginal 34 rental contracts. The quarterly

Figure 1: Non-Landed Private Residential Rental Contracts by Region



Source: URA, Square Foot Research

Table 1: Rental Volume by Region

	1Q14	4Q13	1Q13	% q-o-q	%y-o-y
CCR	3,880	3,910	3,920	-0.8%	-1.0%
RCR	4,541	4,123	4,036	+10.1%	+12.5%
OCR	3,524	3,527	3,434	-0.1%	+2.6%

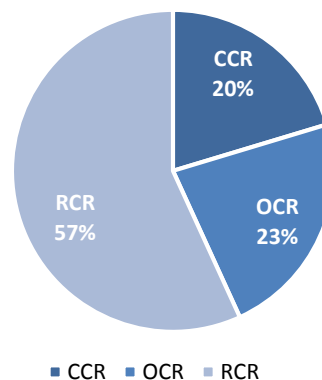
Source: URA, Square Foot Research

Table 2: Median Monthly Rental in \$psf by Region

	1Q14	4Q13	1Q13	% q-o-q	%y-o-y
CCR	4.06	4.08	4.07	-0.6%	-0.3%
RCR	2.97	2.96	2.94	+0.3%	+0.9%
OCR	2.25	2.27	2.31	-0.8%	-2.3%

Source: URA, Square Foot Research

Figure 2: Percentage of Rental Contracts from New Projects Completed since 3Q13



Source: URA, Square Foot Research

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growth in District 15 is due to the increased number of rental contracts signed in the RCR segment within District 15. The OCR segment of District 15 actually saw a decline (Table 3), this is consistent with the overall market trend described previously.

Rental volume saw the highest quarterly growth in District 4 where rental volume spiked by an impressive 44.4% q-o-q in 1Q14. The increase is due to the stellar performance of The Interlace, which was completed in 3Q13. The Interlace actually tops the rental volume chart in 1Q14 with a total of 193 rental contracts signed. The Sail @ Marina Bay came in second with 142 rental contracts. Both projects have over 1,000 residential units.

Table 3: Rental contracts in D15 and D4 by region

	D15		D4	
1Q14	1415		553	
4Q13	1302		383	
q-o-q	9%		44%	
	RCR	OCR	RCR	CCR
1Q14	950	465	431	122
4Q13	821	481	255	128
q-o-q	+16%	-3%	+69%	-5%

Source: URA, Square Foot Research

Table 4: Rental Volume by Postal District

	1Q13	2Q13	3Q13	4Q13	1Q14	q-o-q	y-o-y
1	347	395	444	357	365	+2.2%	+5.2%
2	206	222	193	209	239	+14.4%	+16.0%
3	407	510	561	402	381	-5.2%	-6.4%
4	330	376	433	383	553	+44.4%	+67.6%
5	656	674	783	635	634	-0.2%	-3.4%
6	-	-	-	-	3	-	-
7	117	153	134	111	129	+16.2%	+10.3%
8	376	445	495	349	382	+9.5%	+1.6%
9	1,393	1,645	1,777	1,403	1,381	-1.6%	-0.9%
10	1,316	1,561	1,853	1,309	1,265	-3.4%	-3.9%
11	658	812	785	636	671	+5.5%	+2.0%
12	433	457	455	377	488	+29.4%	+12.7%
13	122	98	129	74	93	+25.7%	-23.8%
14	593	666	853	837	717	-14.3%	+20.9%
15	1,252	1,489	1,551	1,302	1,415	+8.7%	+13.0%
16	557	595	602	522	486	-6.9%	-12.7%
17	171	227	251	182	167	-8.2%	-2.3%
18	290	396	379	271	270	-0.4%	-6.9%
19	356	385	474	389	453	+16.5%	+27.2%
20	204	236	256	216	258	+19.4%	+26.5%
21	600	596	756	574	571	-0.5%	-4.8%
22	351	298	324	271	320	+18.1%	-8.8%
23	423	551	555	448	436	-2.7%	+3.1%
25	38	54	48	41	38	-7.3%	0.0%
26	83	98	91	88	80	-9.1%	-3.6%
27	88	113	135	150	127	-15.3%	+44.3%
28	23	34	40	24	23	-4.2%	0.0%
	11,390	13,086	14,357	11,560	11,945	+3.3%	+4.9%

Source: URA, Square Foot Research

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Bedrooms and Sizes

Although 3-bedroom units are traditionally the most popular in the rental market, demand for 3-bedroom units has seen a decline recently (Table 5). Total number of rental contracts signed in 1Q14 for 3-bedroom units stood at 4,241 units, a decline of 1.0% y-o-y. Overall, there has been a shift towards the two extremes – demand for 1-bedroom units and units with 4 or more bedrooms have seen increases respectively.

Rental demand for 1-bedroom units and units with 4 or more bedrooms saw increases of 14.5% and 6.2% y-o-y respectively. Compared to 1Q12, the increases were 65% and 51.8% respectively, far outweighing the other segments (Table 3).

Size-wise, rental demand for shoebox units (units with area less than 500 sq ft) and units between 500 sq ft to 800 sq ft saw increases of 59.3% and 14.2% y-o-y in 1Q14, respectively. Interestingly, rental volume for units larger than 1,700 sq ft saw an overall increase of 13.6% q-o-q and 4.3% y-o-y. Despite a marginal drop q-o-q for units ranging between 1,400 sq ft to 1,700 sq ft, there is an increase in rental demand for units larger

Table 5: Rental volume by number of bedrooms

No. of Bed-rooms	1Q12	1Q13	4Q13	1Q14	q-o-q	y-o-y	w.r.t 1Q12
1	800	1,153	1,272	1,320	+3.8%	+14.5%	+65.0%
2	2,364	3,110	3,110	3,173	+2.0%	+2.0%	+34.2%
3	3,380	4,284	4,186	4,241	+1.3%	-1.0%	+25.5%
>3	676	966	935	1,026	+9.7%	+6.2%	+51.8%

Source: URA, Square Foot Research

Table 6a: Rental volume by unit size

Size (sq ft)	1H12 #	2H12 #	1H13 #	2H13 #	1Q13 #	4Q13 #	1Q14 #
200-500	570	880	810	1,243	396	635	631
500-800	2,669	2,802	2,877	3,021	1,291	1,394	1,474
800-1100	7,021	7,218	7,261	7,216	3,451	3,324	3,432
1100-1400	7,352	7,297	7,293	7,479	3,350	3,328	3,347
>1400	6,260	6,680	6,235	6,958	2,902	2,879	3,061
1400-1700	3,147	3,187	2,968	3,378	1,371	1,473	1,464
>1700	3,113	3,493	3,267	3,580	1,531	1,406	1,597

Source: URA, Square Foot Research

Table 6b: Growth in rental volume by unit size

Size (sq ft)	2H12 (qoq)	1H13 (qoq)	2H13 (qoq)	1H13 (yoy)	2H13 (yoy)	1Q14 (qoq)	1Q14 (yoy)
200-500	54.4%	-8.0%	53.5%	42.1%	41.3%	-0.6%	59.3%
500-800	5.0%	2.7%	5.0%	7.8%	7.8%	5.7%	14.2%
800-1100	2.8%	0.6%	-0.6%	3.4%	0.0%	3.2%	-0.6%
1100-1400	-0.7%	-0.1%	2.6%	-0.8%	2.5%	0.6%	-0.1%
>1400	6.7%	-6.7%	11.6%	-0.4%	4.2%	6.3%	5.5%
1400-1700	1.3%	-6.9%	13.8%	-5.7%	6.0%	-0.6%	6.8%
>1700	12.2%	-6.5%	9.6%	4.9%	2.5%	13.6%	4.3%

Source: URA, Square Foot Research

than 1,400 sq ft, where number of rental contracts rose by 6.3% q-o-q and 5.5% y-o-y.

Rental demand for larger units first saw an increase in 2H13, which coincides with the implementation of Total Debt Servicing Ratio (TDSR). In addition, Property Price Index

(PPI) for private residential also reached its peak in 3Q13. The ensuing effect of a restricted budget and skyrocketing prices may propel potential buyers towards sitting on the sidelines in anticipation of a price correction or further developer discounts. Many such buyers, especially foreigners, may want to rent while waiting for

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the market to soften. Sellers who have made profit from their property sales may also opt to rent a sizeable unit with their sales proceeds, which may have led to the increase in demand for bigger units in the rental market.

Future Outlook

Occupancy rate in the non-landed private residential sector has seen a decrease, which is presumably due to the surge in housing supply (Figure 3).

As of 1Q14, an additional 55,364 non-landed private residential projects are scheduled for completion by 2016 (Figure 4). Based on the

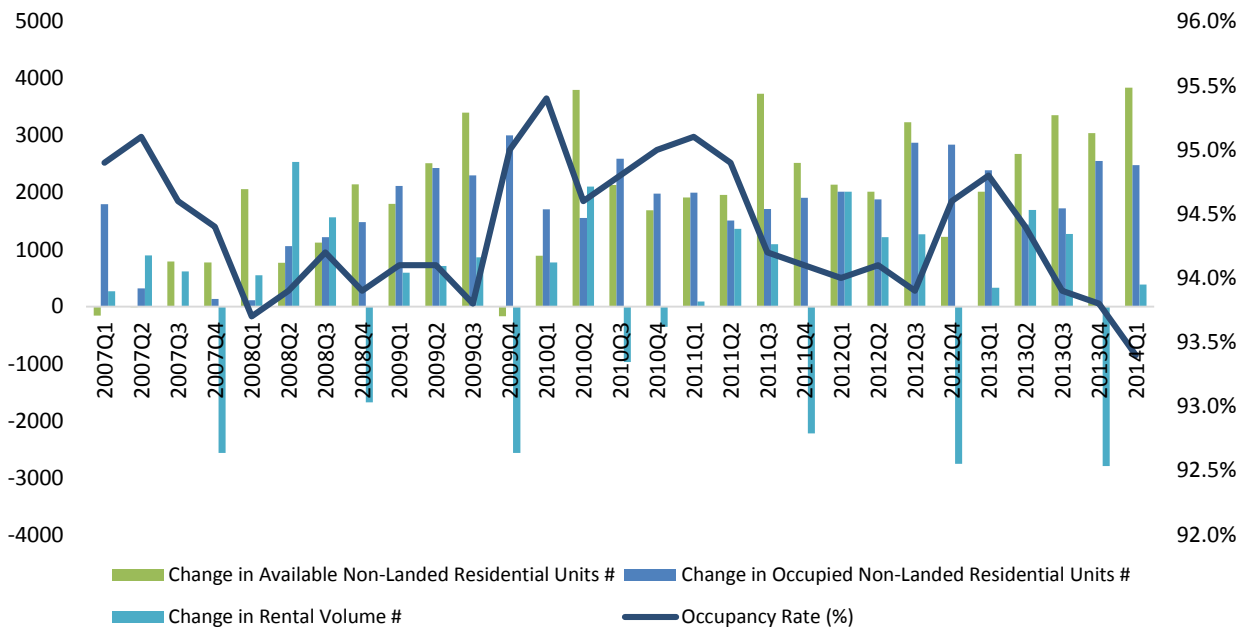
assumption that a project takes about 3 years to complete from launch date, an estimated forecast and distribution of supply from new projects launched or announced since 2011 is shown in Figure 5.

62.7% of the future supply will be located in OCR, with the majority located in the East and North-East regions (Table 4).

A breakdown of rental contracts by region shows that the majority of rental demand is in the Central Region. In OCR, the East and West regions have the highest demand (Figure 6).

Taking into account the upcoming supply in the near future and the potential waning demand due to the tightening of employment pass criteria, vacancy rate is likely to continue to creep up from current levels and rental prices are expected to moderate as the rental market becomes increasingly competitive over a shrinking pool of prospective tenants. This is especially so in OCR if future rental demand is unable to meet the deluge in supply. If resale prices remain at current levels in OCR, rental yields are expected to be compressed further.

Figure 3: Change in available, occupied and rented units

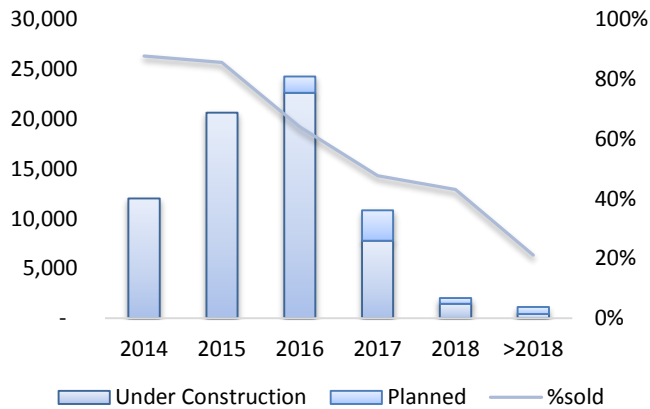


Source: URA, Square Foot Research

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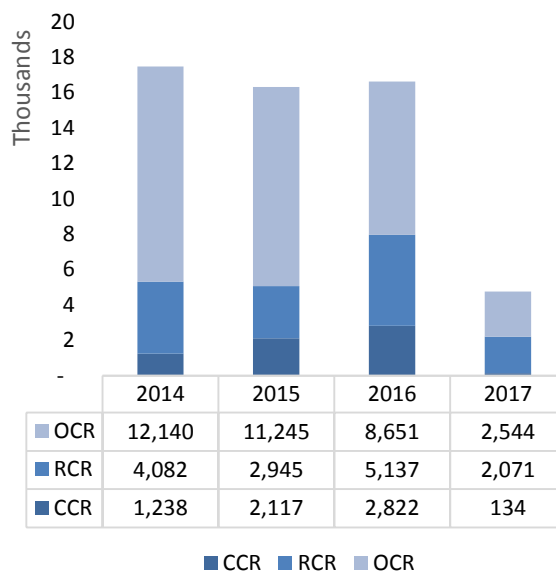
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Figure 4: Supply in the Pipeline



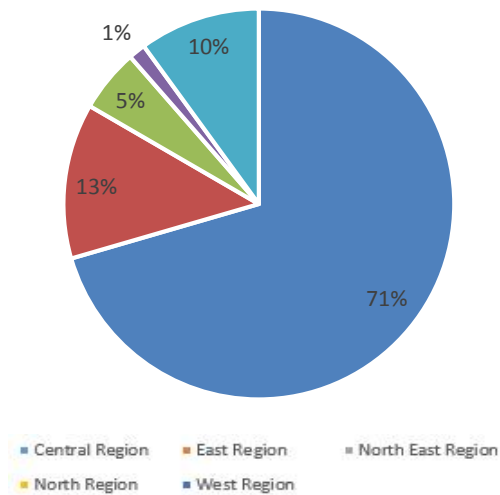
Source: URA, Square Foot Research

Figure 5: Estimated completion pipeline by year



Source: URA, Square Foot Research

Figure 6: Percentage of rental volume by region in 1Q14



Source: URA, Square Foot Research

Table 5: Distribution of upcoming supply based on estimated TOP date

Region	2014	2015	2016	2017	Total
Central Region	5,428	5,130	7,959	2,205	20,722
East Region	4,087	2,959	3,493	1,479	12,018
North East Region	4,971	5,851	2,726	1,065	14,613
North Region	1,819	1,109	186	-	3,114
West Region	1,155	1,258	2,246	-	4,659

Source: URA, Square Foot Research

1Q14 TOP RENTAL YIELD

TOP RENTAL YIELD PROJECTS

#	Project Name	TOP	Region	D/	# Rentals 1Q14	Rent \$psf pm ¹	Price \$psf ²	Rental Yield	Cum # Contracts ³	Total Units	% Leased ³
1	MANDARIN GARDEN CONDO	1986	OCR	15	46	3.71	1,015	4.38%	200	1,006	20%
2	ICON	2007	CCR	2	95	6.73	1,944	4.15%	325	646	50%
3	THE WATER EDGE	2013	RCR	14	43	5.56	1,626	4.10%	62	98	63%
4	HERITAGE VIEW	2000	RCR	5	30	4.19	1,228	4.10%	157	618	25%
5	CARIBBEAN AT KEPPEL BAY	2004	RCR	4	101	5.52	1,617	4.09%	387	969	40%
6	BAYSHORE PARK	1986	OCR	16	67	3.52	1,038	4.07%	338	1,083	31%
7	MELVILLE PARK	1996	OCR	18	58	2.74	809	4.06%	261	1,232	21%
8	CITYLIGHTS	2007	RCR	8	46	5.46	1,622	4.04%	212	600	35%
9	NORTHVALE	1998	OCR	23	30	2.57	787	3.92%	136	762	18%
10	RIVER PLACE	2000	RCR	3	38	4.81	1,473	3.92%	177	509	35%
11	ONE-NORTH RESIDENCES	2009	RCR	5	37	4.63	1,423	3.91%	166	405	41%
12	COTE D'AZUR	2004	RCR	15	36	4.07	1,251	3.90%	163	612	27%
13	DOVER PARKVIEW	1997	RCR	5	39	3.79	1,175	3.87%	249	686	36%
14	SANCTUARY GREEN	2004	RCR	15	33	3.88	1,205	3.87%	129	522	25%
15	CITY SQUARE RESIDENCES	2009	RCR	8	86	4.73	1,480	3.84%	428	910	47%
16	PARC ELEGANCE	2013	OCR	15	32	5.06	1,584	3.83%	64	157	41%
17	THE LAKESHORE	2008	OCR	22	55	3.58	1,128	3.81%	206	848	24%
18	THE CLIFT	2011	CCR	1	37	7.64	2,413	3.80%	217	312	70%
19	ESPADA	2013	CCR	9	45	8.57	2,714	3.79%	178	232	77%
20	THE ROCHESTER	2011	RCR	5	75	4.40	1,416	3.73%	160	366	44%
21	THE METROPOLITAN CONDO	2009	RCR	3	33	4.30	1,389	3.71%	124	382	32%
22	QUEENS	2002	RCR	3	38	4.17	1,352	3.70%	207	722	29%
23	PARC OASIS	1994	OCR	22	59	2.86	935	3.67%	246	950	26%
24	THE CENTRIS	2009	OCR	22	31	3.90	1,292	3.63%	143	610	23%
25	THE BAYSHORE	1996	OCR	16	59	3.14	1,053	3.58%	263	1038	25%
26	PARC VISTA	1998	OCR	22	58	2.86	957	3.58%	186	638	29%
27	MARTIN PLACE RESIDENCES	2011	CCR	9	50	6.05	2,041	3.56%	149	302	49%
28	CASA MERAH	2009	OCR	16	32	3.55	1,198	3.56%	142	556	26%
29	PARC SOPHIA	2011	CCR	9	34	5.50	1,876	3.52%	74	152	49%
30	THE SAIL @ MARINA BAY	2008	CCR	1	142	6.31	2,160	3.50%	573	1,111	52%
31	QUESTA @ DUNMAN	2013	RCR	15	46	4.40	1,508 [^]	3.50%	48	122	39%
32	ONE JERVOIS	2009	CCR	10	31	4.83	1,656	3.50%	109	275	40%
33	THE SHORE RESIDENCES	2014	RCR	15	72	4.64	1,592	3.50%	72	408	18%
34	WATERBANK AT DAKOTA	2013	RCR	14	51	4.17	1,443	3.47%	354	616	57%
35	TREVISTA	2011	RCR	12	57	4.11	1,428	3.45%	115	590	19%
36	PARK INFINIA AT WEE NAM	2008	CCR	11	35	5.19	1,810	3.44%	152	486	31%

1Q14 TOP RENTAL YIELD

TOP RENTAL YIELD PROJECTS

#	Project Name	TOP	Region	D/	# Rentals 1Q14	Rent \$psf pm ¹	Price \$psf ²	Rental Yield	# Cum Contracts ³	Total Units	% Leased ³
37	CUBE 8	2013	CCR	11	47	4.48	1,574	3.42%	53	177	30%
38	SOLEIL @ SINARAN	2011	CCR	11	53	5.68	2,015	3.39%	194	417	47%
39	COSTA DEL SOL	2004	OCR	16	35	3.72	1,330	3.36%	173	906	19%
40	THE PARC CONDO	2010	OCR	5	34	3.55	1,275	3.34%	146	659	22%
41	THE INTERLACE	2013	RCR	4	184	3.52	1,282	3.30%	262	1,040	25%
42	TANGLIN PARK	1989	CCR	10	30	4.20	1,566	3.22%	115	274	42%
43	VISTA RESIDENCES	2013	RCR	12	75	4.07	1,527	3.20%	91	280	33%
44	ONE AMBER	2010	RCR	15	30	3.81	1,435	3.19%	130	562	23%
45	HUNDRED TREES	2013	OCR	5	36	3.56	1,353	3.15%	134	396	34%
46	PEBBLE BAY	1997	RCR	15	32	3.67	1,420	3.10%	159	510	31%
47	THE MINTON	2013	OCR	19	33	3.05	1,187	3.09%	34	1,145	3%
48	ASPEN HEIGHTS	1998	CCR	9	35	4.05	1,575	3.08%	204	606	34%
49	RIVERGATE	2009	CCR	9	30	5.15	2,064	3.00%	231	545	42%
50	REFLECTIONS AT KEPPEL BAY	2011	RCR	4	73	5.17	2,107	2.95%	322	1,129	29%
51	TREE HOUSE	2013	OCR	23	37	2.65	1,092	2.91%	64	429	15%
52	VALLEY PARK	1997	CCR	10	74	3.65	1,505	2.91%	298	728	41%
53	SPOTTISWOODE RESIDENCES	2013	RCR	2	55	5.38	2,240	2.88%	55	351	16%
54	THE ANCHORAGE	1997	RCR	3	38	3.24	1,385	2.81%	189	775	24%
55	COSTA RHU	1997	RCR	15	47	3.33	1,450	2.76%	209	737	28%
56	THE MAKENA	1998	RCR	15	30	3.13	1,363	2.75%	137	504	27%
57	SPRING GROVE	1996	CCR	10	30	3.97	1,768 [^]	2.69%	105	325	32%
58	SIGNATURE PARK	1998	RCR	21	59	2.38	1,087	2.63%	188	928	20%
59	THE LAURELS	2013	CCR	9	71	5.84	2,685	2.61%	107	229	47%
60	MAPLEWOODS	1997	RCR	21	48	3.05	1,423	2.57%	189	697	27%
61	THE WATERSIDE	1992	RCR	15	30	2.76	1,291	2.57%	154	502	31%
62	CENTENNIA SUITES	2013	CCR	9	31	4.80	2,267	2.54%	40	97	41%
63	URBAN SUITES	2013	CCR	9	35	5.15	2,474	2.50%	78	165	47%
64	MARINA BAY RESIDENCES	2010	CCR	1	52	6.00	3,092	2.33%	215	428	50%
65	MARINA BAY SUITES	2013	CCR	1	30	4.24	2,720	1.87%	46	221	21%

Source: URA, Square Foot Research

Note: Projects with less than 30 rental contracts are excluded. (1) Median monthly rent in \$psf in 1Q14. (2) Median transaction price based on sales in the past 1 year. (3) Cumulative number of rental contracts in the last 4 quarters (2Q13 to 1Q14). For projects completed in late 2013 and 2014, the cumulative figure is not extrapolated and may be inaccurate. (^) Based on last transaction price.

APPENDIX

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