

# The state of Singapore's property market

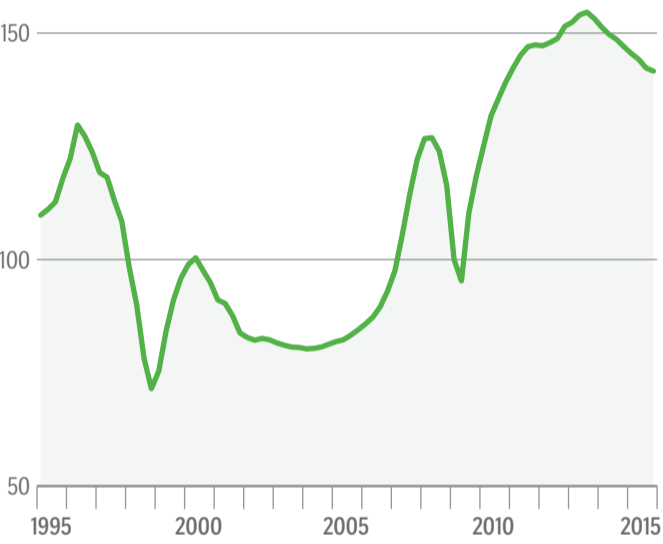
Private and public property prices have both slid back to 2011 levels, when soaring house prices were a hot button issue in the election. But the outlook today has changed, with private prices tipped to keep sliding and stagnant public resale prices set for stability.



## Prices of both private property and HDB have come down from their peaks

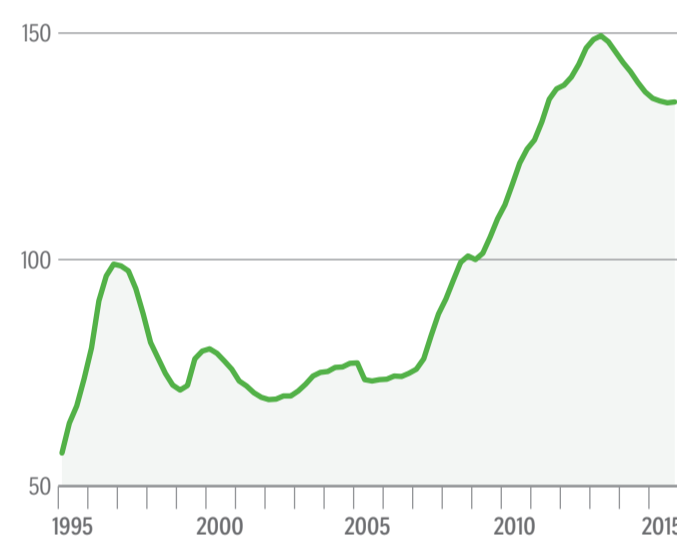
Private property prices slid for a ninth straight quarter, to the tune of 0.5 per cent in the fourth quarter of last year. This has brought prices back to early 2011 levels.

Private property price index, 1995 to 2015



HDB resale prices slid for nine straight quarters before rising 0.1 per cent in the fourth quarter of last year. Prices are back to levels seen in the middle of 2011.

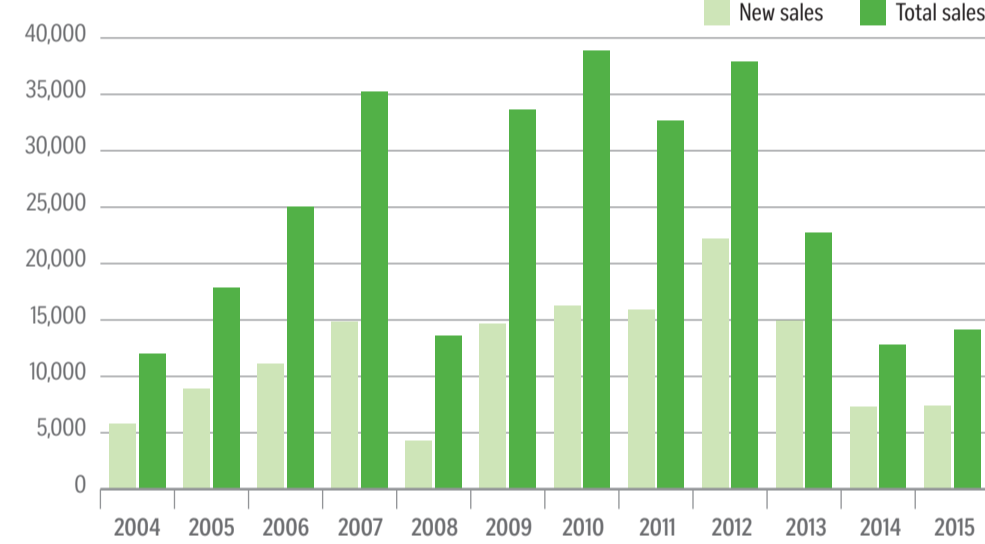
HDB resale price index, 1995 to 2015



## Tougher times are ahead for private property as cooling measures continue to choke demand

Sales have slipped to 2008 financial crisis levels. New sales are now just over 7,000 units a year, a far cry from close to 15,000 in 2013 and a peak of over 22,000 in 2012. Total sales were 14,117 last year.

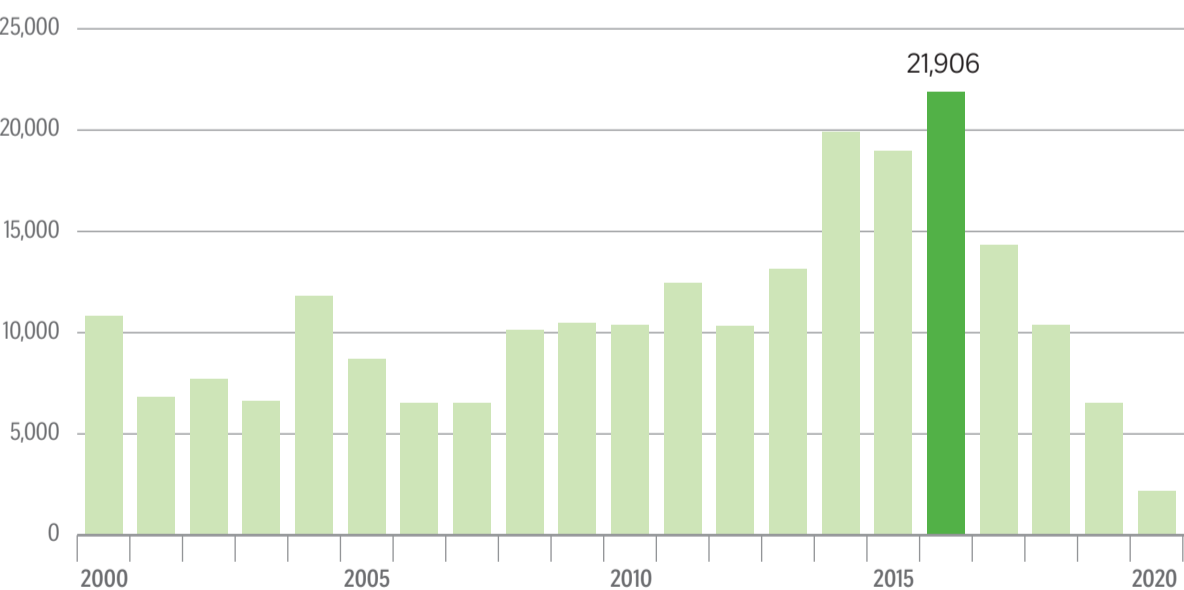
Private residential sales, 2004 to 2015



## Supply remains high

A record 21,906 private homes are set to be completed this year, with supply easing only from 2017 onwards. Current unsold inventory of 23,271 units could take over three more years to clear.

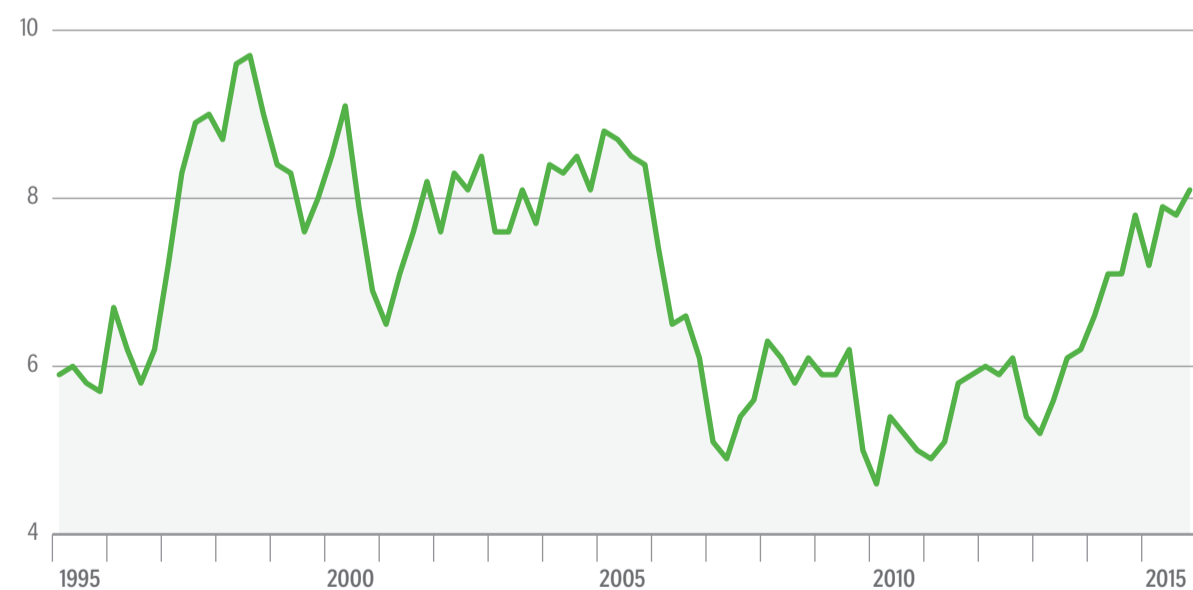
Private residential supply



## Vacancy rate highest since 2005

Some 26,517 private homes were vacant at the end of last year. Vacancy rate hit 8.1 per cent in the fourth quarter, the highest in a decade.

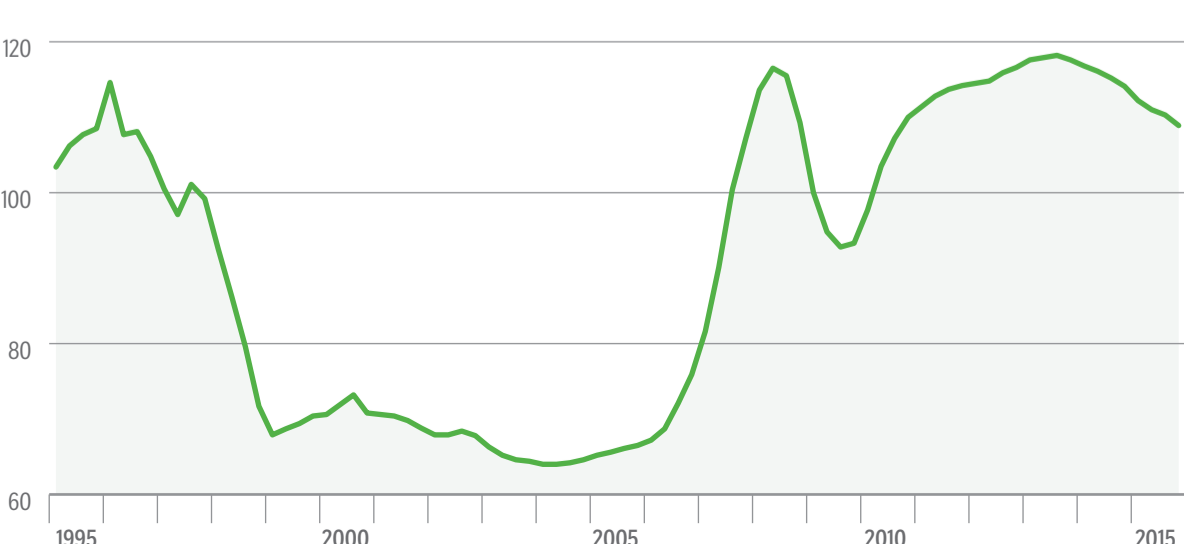
Vacancy rate (%)



## Rents have fallen to lows last seen in 2010

Suburban non-landed rents took the biggest hit last year, falling faster than other regions. Rents are now down to levels last seen in late 2010.

Rental index of private homes



## A slowing economy has also started to affect other sectors of the real estate market.

### Office and retail rents have fallen too

Office rents, which were generally on the rise from 2010, started falling in the third quarter of last year. They are now around levels in early 2014. Retail rents peaked most recently in the fourth quarter of 2014 and have fallen for four straight quarters. They are now at the lowest in at least five years.

Rental index	% change over previous year 2014	% change over previous year 2015
Office	9.8	-6.5
Retail	0.9	-4.1

**Conclusion: We may be in January, but buckle up for the rest of the year – it's going to be a painful ride.**