

Luxury market stirring, says CBRE

In the first six months of 2015, the sales volume of apartments in the Core Central Region worth \$5 million and above was 45.7% higher than that for 2H2014, according to CBRE Research's latest report on the luxury residential market.

Developers stepped up efforts to market units in projects locally and overseas, particularly those completed 12 to 18 months ago. Prices averaged \$2,600 psf, but some new luxury projects were priced around \$3,000 psf.

Some notable transactions in 1H2015 included the 13,875 sq ft duplex penthouse at Le Nouvel Ardmore that was sold for \$51 million (\$3,676 psf); seven units at Tomlinson Heights that fetched between \$7.66 million (\$2,789 psf) and \$11.61 million (\$2,869 psf); 24 units at Goodwood Residence that were sold for \$4.4 million (\$2,269 psf) to \$6.6 million (\$2,571 psf); and 16 units at Marina Bay Suites that had prices ranging from \$2,100 to \$2,500 psf.

Going forward, CBRE expects developers with unsold inventory to market their units actively. "As there is no known new luxury supply beyond 2017, market confidence should gradually return and any downside in prices will be minimal," says CBRE.

Meanwhile, the Good Class Bungalow market in 1H2015 saw 15 bungalows sold, in line with the 13 in 2H2014 and 15 in 1H2014. Of the transactions in 1H2015, seven of the GCBs were smaller units with land areas of

less than 15,070 sq ft. They were more affordable as they cost between \$7 million and \$10 million, compared with the larger GCBs, which were priced from \$20 million to \$30 million each, says CBRE.

The total sales value of \$377.6 million in 1H2015 was also 33.9% higher than the \$282.6 million registered in 2H2014, and 9.8% higher than the \$344.08 million in 1H2014. The higher value for 1H2015 could be attributed to the sale of a large GCB site of 73,281 sq ft on Ridout Road that fetched \$91.69 million, after it was put up for sale by tender.

The average price of GCBs sold in 1H2015 stood at \$1,442 psf, which was about 4.4% higher than the \$1,381 psf in 2H2014, but 3.1% lower than the \$1,488 psf registered in 1H2014, notes CBRE. "Clearly, GCB prices have remained resilient even though sales volume has taken a beating for the past two years," according to the report.

While the property cooling measures did not have a significant impact on GCB prices, they did succeed in curbing the exuberance of buyers and in preventing investors from



A 13,875 sq ft duplex penthouse at Le Nouvel Ardmore (pictured, centre) was sold for \$51 million (\$3,676 psf) in April

over-leveraging. The result is "a stronger and healthier property market", says CBRE.

Looking ahead to 2H2015, CBRE expects prices to hold firm and predicts that another 10 to 15 GCBs will be sold.

In Sentosa Cove, bungalow sales were as dismal in the first six months of 2015 as in 2014. Based on caveats lodged, there were only two such sales in the 99-year leasehold waterfront residential enclave in 1H2015, com-

pared with three in 2014. The dearth of bungalow sales in Sentosa Cove could be attributed to the cooling measures, such as the total debt servicing ratio and the additional buyer's stamp duty imposed on local and foreign investors, according to CBRE.

The two bungalows sold reflected an average price of \$2,011 psf, which is 20% higher than the average transaction price of \$1,676 psf for the three units sold in 2014, but 5.3% lower than the average price of bungalows sold in 2013. The price anomaly in 2014 was because of the attributes of the bungalows sold: They were largely non-sea-facing and sitting on smaller land parcels with

smaller built-up areas.

The property cooling measures will continue to be a drag on the recovery of the bungalow market in Sentosa Cove. On top of that, locals are less keen to invest in bungalows at the cove as they prefer to buy a freehold bungalow on the mainland for the same price. "As such, sellers should lower their price expectations when potential buyers come knocking on their door," says CBRE. ■

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