

FEBRUARY 2020



REALISING THY DREAMS. SOARING AS ONE

E-BOOK 12

VIRUS EPIDEMICS AND OUR PROPERTY MARKET

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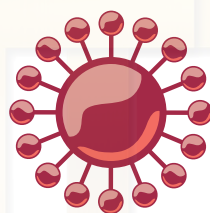
CONTENT

- **Overview**
 - SARS vs Coronavirus on the Property Market
- **Year 2003**
 - Timeline: Property Dot-Com Bubble + SARS
 - Impact of SARS on the Property Market
 - Post-SARS Market Recovery
 - Case Studies: Transactions
- **Year 2020**
 - Brexit, Trade War + Coronavirus
 - Impact of CoVid-19 on the Property Market
 - Property Price Index
 - Property Transaction Volume
 - Case Studies: Transactions
- **Analysis & Future**

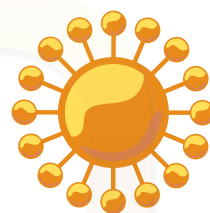
VIRUS EPIDEMICS: MORTALITY RATES



SARS



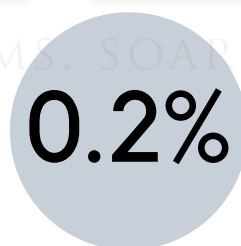
CoVid-19



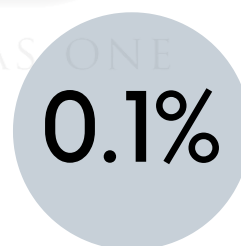
Seasonal Flu



Mortality Rate



(Outside of China)



Source: <https://www.youtube.com/watch?v=oNw1pyksKH0&feature=youtu.be>, PM's speech on 8 Feb 2020

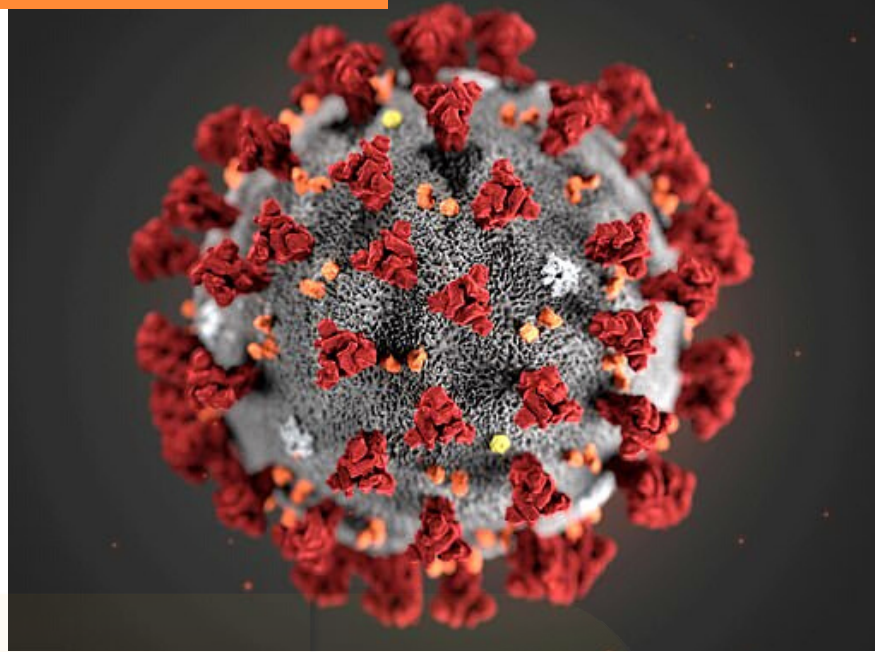


Year



AN OVERVIEW: SARS vs COVID-19

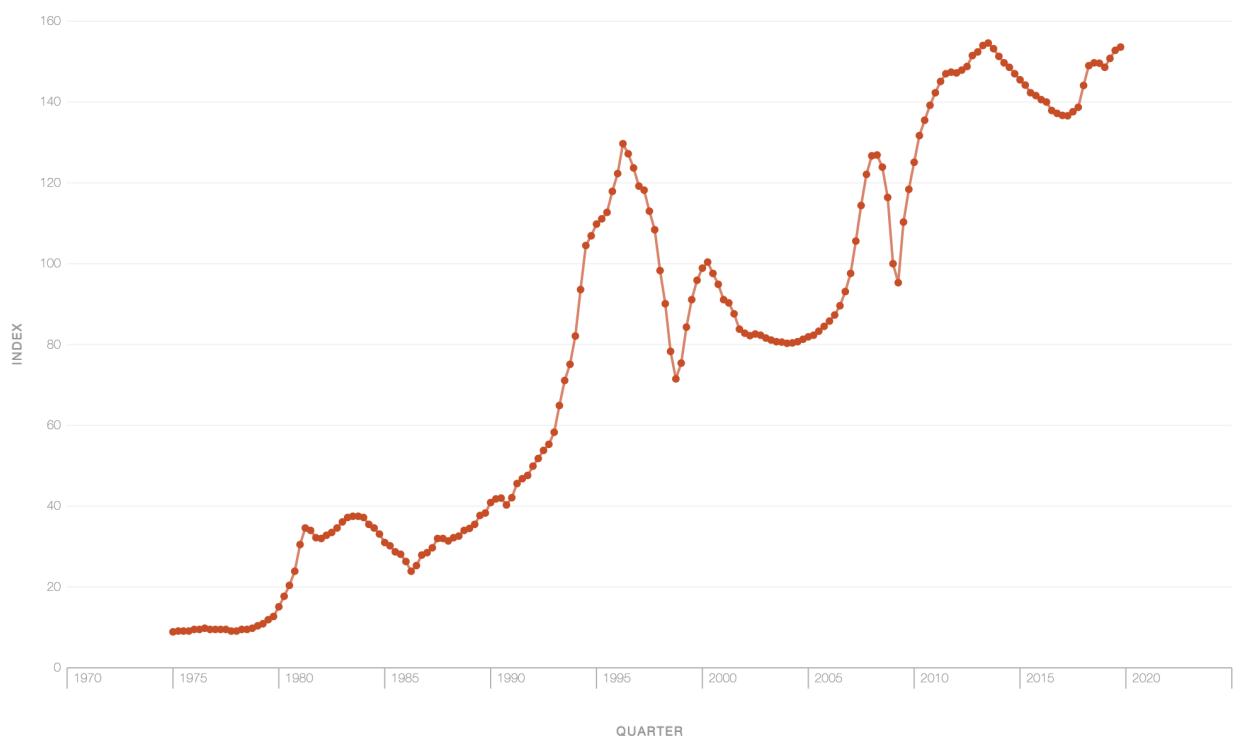
Amidst our nation's greatest fears of fatalities from a widespread virus outbreak, the initial cases to date have since proved that the Singapore government's promptness and active containment of the epidemic. However, fears of the virus' potential impact on our national and regional economy still remain as a great economic uncertainty to Singaporeans.



We're going to analyse how past viral epidemics, SARS in particular, had impacted Singapore's property market - and whether it was a significantly negative impact. We'll then take lessons from our recent past along with market statistics, to predict the 2019 Novel Coronavirus' potential impact on Singapore's real estate situation in 2020.

To better understand the impact of the SARS on our property market, we also have to consider other political and economic factors at play during the SARS crisis in 2003.

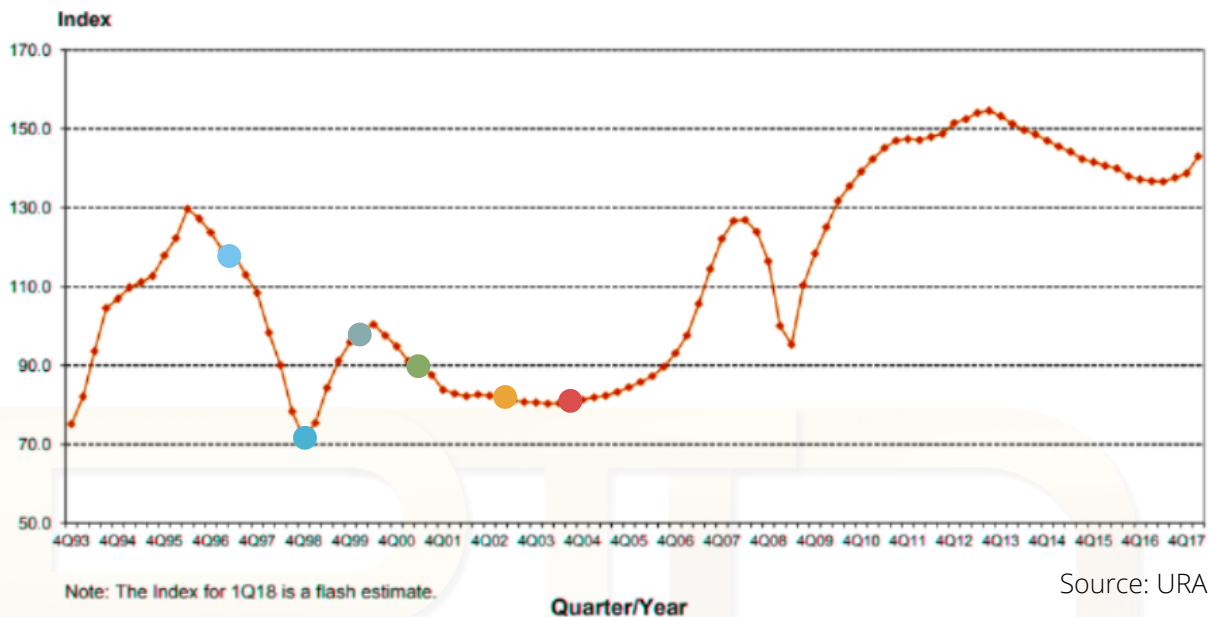
Private Residential Property Price Index,
from year 1975 to 2020



SOURCE: DATA.GOV.SG

WHAT HAPPENED PRE-SARS 2003?

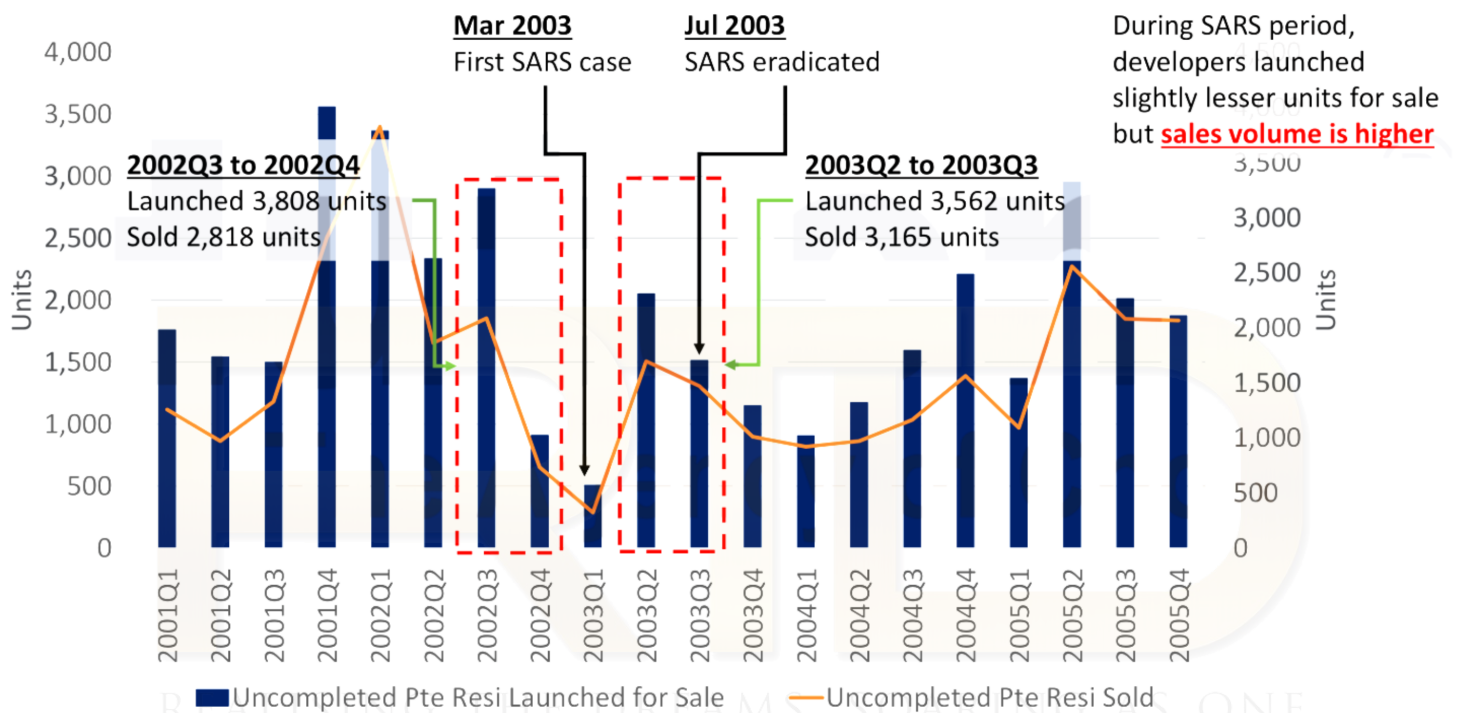
Private Residential Property Price Index,
from year 1993 to 2017



- 1997**
 - **Asian Financial Crisis**
 - Singapore property market crash
- 1998**
 - Government property policy reversal
- 2000**
 - Government Land Sales (GLS) resumed, Government property cooling measures adjusted
- 2001**
 - **Dot-Com Bubble Burst**
 - **September 11 attack**
 - Global market crash
 - GLS suspended
 - Government property cooling measures further adjusted
- 2003**
 - **SARS Virus Epidemic**
 - **Iraq War**
 - Government measures to help nation cope economically
 - Property market remains steady despite global market crash
- 2004**
 - Government cooling measures adjusted, **Singapore's Property Price Index on a steady incline**

LIMITED IMPACT OF SARS ON PROPERTY MARKET

TRANSACTION VOLUME



Source: URA, Huttons Research



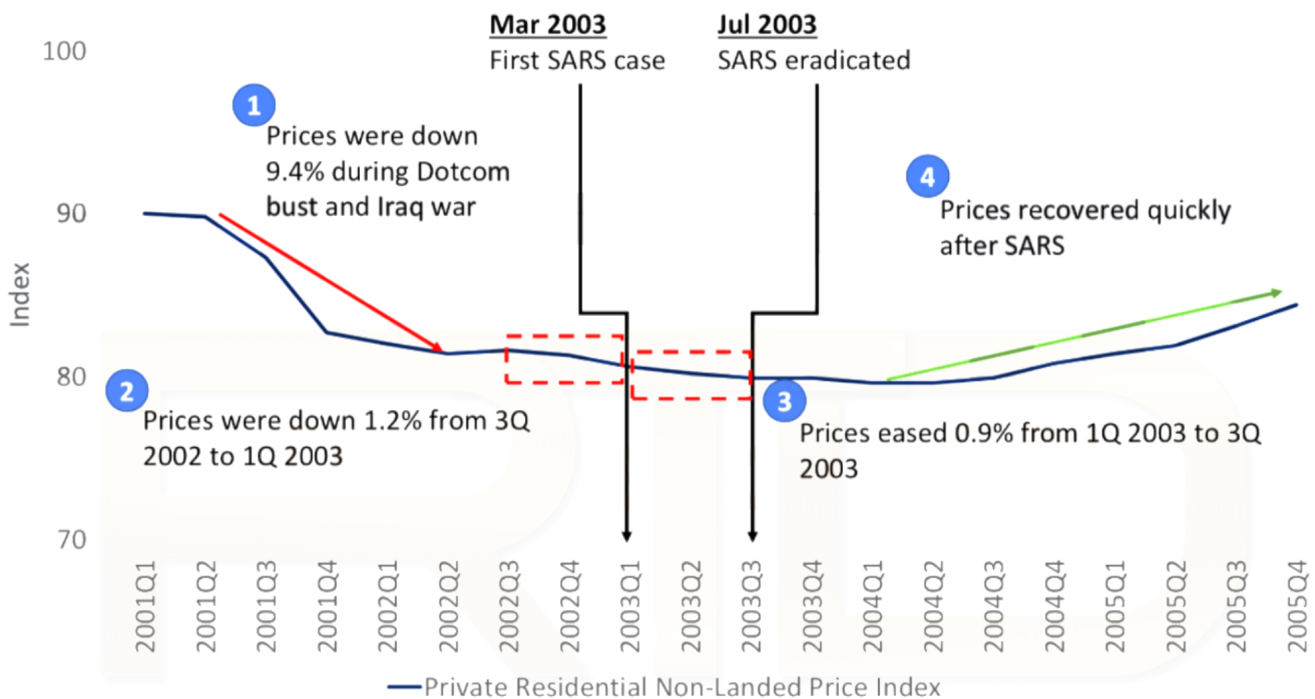
The market had already started to **dip before the first SARS case**, because of the decline in developer launches.



However, even though lesser units were launched, the market saw an **increase in sales volume**.

DOTCOM BUBBLE CRASH + SARS

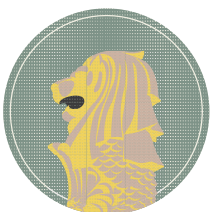
PRICE INDEX



Prices were more negatively affected by the **economy** than the SARS virus outbreak in Singapore.

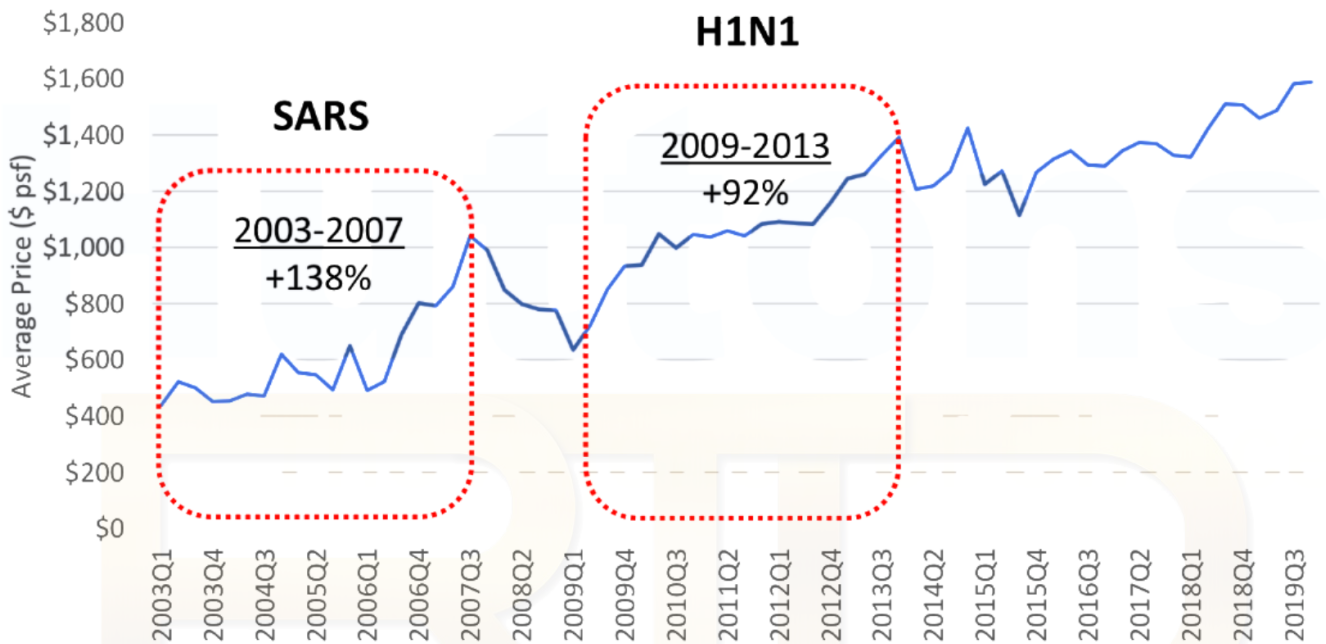


In fact, investors who bought property when prices dipped the lowest enjoyed a **higher return on investment** following the property market's **quick recovery post-SARS**.



Singapore's government has many cooling measures put in place to ensure the stability of the property market in Singapore. In times of financial crises, these measures are strategically removed or relaxed to prevent a drastic collapse.

STRONG MARKET RECOVERY POST-VIRUS OUTBREAK



Source: URA, Huttons Research



Singapore's average property prices increased by **138%** just **4 years post-SARS**.

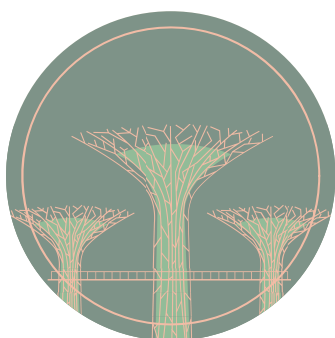


Similarly, just **4 years after the H1N1 outbreak** in 2009, Singapore's property prices increased by **92%** on average.



Let's now take a look at 6 case studies of property buyers during the SARS period, before answering one burning question most commonly raised - whether our property market would be badly hit by Singapore's recent travel bans from China in our efforts to keep out coronavirus.

CASE STUDIES: SARS PERIOD TRANSACTIONS



Core Central Region

The Pier at Robertson

Unit	Size	Profit	Years
#08-xx	112 sq m	\$1,243,880	5.1
#06-xx	103 sq m	\$1,082,000	4.2
#05-xx	103 sq m	\$1,011,900	7.5

Novena Suites

Unit	Size	Profit	Years
#03-xx	62 sq m	\$346,116	4.4
#12-xx	88 sq m	\$300,000	6.0
#08-xx	88 sq m	\$240,000	6.0



Rest of Central Region

Gardens at Bishan

Unit	Size	Profit	Years
#01-xx	154 sq m	\$815,000	10.8
#09-xx	112 sq m	\$654,960	13.4
#08-xx	112 sq m	\$623,680	14.0

Gardenvista

Unit	Size	Profit	Years
#08-xx	125 sq m	\$842,000	10.4
#05-xx	105 sq m	\$691,510	12.7
#10-xx	109 sq m	\$684,140	9.4



Outside Central Region

Lakeholmz

Unit	Size	Profit	Years
#05-xx	141 sq m	\$697,080	11.5
#07-xx	96 sq m	\$638,140	10.0
#01-xx	165 sq m	\$581,440	16.4

Whitewater

Unit	Size	Profit	Years
#07-xx	112 sq m	\$589,450	10
#06-xx	106 sq m	\$559,810	10.5
#12-xx	112 sq m	\$546,710	9.8

During the SARS period, CCR units at The Pier at Robertson sold for profits upwards of **\$1,000,000**, RCR units at Gardens at Bishan and Gardenvista also reaped profits of over **\$800,000**, and OCR units at Lakeholmz saw profits of almost **\$700,000**. OCR units at Whitewater (EC) drew profits of over **\$500,000**.

Units in the **CCR made the most profits** post-SARS, as property prices all over Singapore rose 138% averagely. One thing to note is that CCR units such as The Pier at Robertson made **bigger profits within the shortest holding period**.



IMPACT OF COVID-19 TRAVEL BANS

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We set you thinking
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WEDNESDAY 19 FEBRUARY 2020

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Wuhan coronavirus: S'pore imposed travel ban because of its size, situation and resources, says Shanmugam

By LOUISA TANG

SINGAPORE — Singapore's decision to bar all new visitors who have been to China in the last 14 days from entering here is based on its situation, size and limited resources, and not based on nationality, said Home Affairs Minister K Shanmugam on Sunday (Feb 2).

Singapore has a dense population where the Wuhan coronavirus can quickly spread if the country is not careful, Mr Shanmugam told reporters during a visit to Changi Airport, where he interacted with Immigration and Checkpoints Authority (ICA) officers there.

Mr Shanmugam was responding to a question on China's criticism of other countries' bans on Chinese nationals, following the outbreak of the coronavirus.

Singapore's travel restrictions came into effect from 11.59pm on Saturday, while the ICA has also stopped issuing all forms of new visas to those with People's Republic of China (PRC) passports.

Since then till 1pm on Sunday, Singapore has turned away 15 people at all its checkpoints — five with Chinese passports, five with Indian passports, as well as two from the United States, one from Spain, one from Britain and a Malaysian, the ICA said.

As of Saturday, more than 50 applications to extend the social visit passes of Chinese passport holders had been approved since the announcement of the suspension of new visas on Jan 31, the authority added.

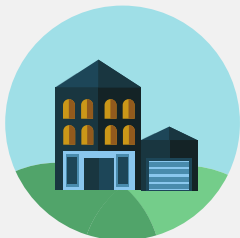
Explaining Singapore's decision for the restrictions, Mr Shanmugam, who is also Minister for Law, said: "If you look at Singapore, 760 square kilometres. How long does it take to go from Tuas to Changi, or Woodlands to Shenton Way? And it's a very dense population. So the spread can be very fast, if we are not careful.

"The situation Singapore is in is very different from, say, other countries which are larger, and we have to look at our situation, our size and our resources. And based on that and based on the science, (we have to) make the decision.

"Mr Shanmugam reiterated what Prime Minister Lee Hsien Loong said on Saturday, that the Government is confident of China's ability to deal with the coronavirus, and that Singapore should help China.

Source: <https://www.todayonline.com/singapore/wuhan-coronavirus-spore-imposed-travel-ban-because-its-size-situation-and-resources-says>

2019 New Home Sales

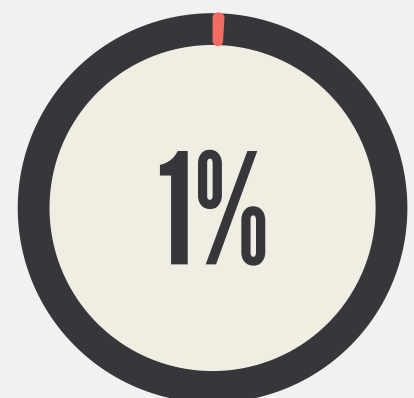


9,912

Buyers Holding China Passports



87



In 2019, developers released 9,912 new homes for sale, but only 1% of sales came from China passport holders. Singapore's temporary travel ban over Chinese visitors is **not expected to make a big dent** in our property market.

CORONAVIRUS: ECONOMIC IMPACT

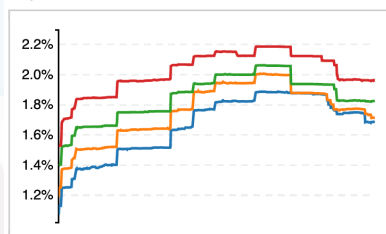
Investors typically cash out from stock investments and redirect their funds into property investments in times of a turbulent economy. Investors now will take advantage on our **low bank interest rates**.

Coronavirus' economic impact is expected to be short-lived, based on the current situation. The Singapore government has succeeded in putting in place multiple lines of defence to minimise the further spread of the virus.

The economic sectors most likely implicated by the Coronavirus' negative impacts are the tourism/hospitality, retail, and F&B industries, with limited impact on the office and industrial sectors, as these are mostly non-tourism related sectors.

Latest SIBOR Rates

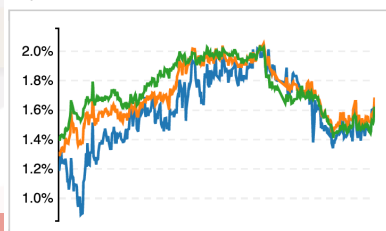
Updated on 07 Feb 2020



1-month	1.69%
3-month	1.72%
6-month	1.83%
12-month	1.96%

Latest SOR Rates

Updated on 07 Feb 2020



1-month	1.55%
3-month	1.63%
6-month	1.58%
12-month	N.A.

IMPACT ON THE PROPERTY MARKET

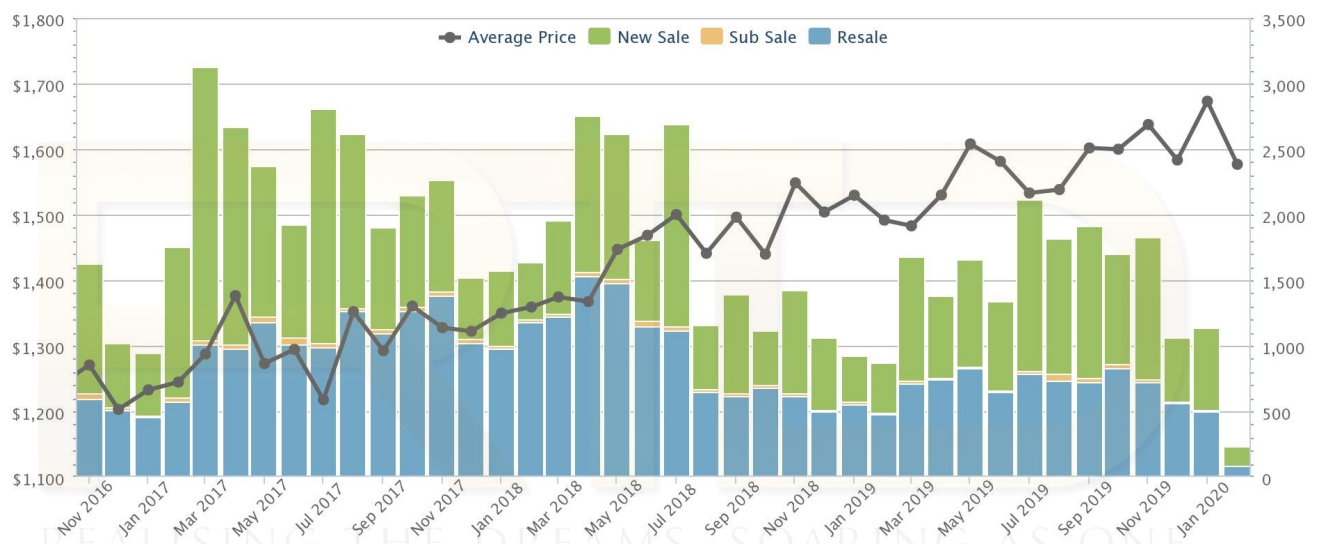
In the residential sector, there could be a slight impact on project launches as developers are likely to hold back on new launches in view of the weaker market sentiment.

High-end luxury properties that attract more Chinese buyers could potentially face slower take-up rates as viewings are expected to slow down in the midst of the viral outbreak. However, the impact should still be contained as Singapore continues to be seen as a safe haven amid heightened global political and economic uncertainties.

If you're weighing in on the different options of your property investments, feel free to contact me for proper advice.

CASE STUDY: 2020 TRANSACTIONS

All Non-Landed Residential,
All Districts



Non-Landed Private Residential prices have been on a **general incline** over the past 4 years.

Singapore downgrades 2020 growth forecast on virus outbreak; 2019 GDP slows to 0.7%

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SHARON SEE ✉ sharon@sph.com.sg 🐦 @SharonSeeBT



Singapore's official growth forecast for 2020 has been downgraded as the authorities are bracing for the possibility of negative growth as a result of the novel coronavirus outbreak, even as 2019 full-year growth came in consistent with earlier flash estimates. ST PHOTO: KUA CHEE SONG

SINGAPORE'S official growth forecast for 2020 has been downgraded, with authorities bracing for the possibility of negative growth should the novel coronavirus outbreak be more severe than anticipated, even as 2019 full-year growth came in consistent with earlier flash estimates.

The Ministry of Trade and Industry (MTI) is expecting full-year gross domestic product (GDP) growth to be between -0.5 per cent and 1.5 per cent, the ministry's permanent

Despite cutting our 2020 GDP forecast range to -0.5% to 1.5% due to the Coronavirus outbreak, Singapore's property cooling measures like **ABSD** (Additional Buyer's Stamp Duty), **BSD** (Buyer's Stamp Duty), and **TDSR** (Total Debt Servicing Ratio) are **here to stay**.

But as of 6 Feb 2020, The Ministry of Law will allow for the exemption of publicly listed housing developers with a substantial connection to Singapore from the Qualifying Certificate (QC) regime.

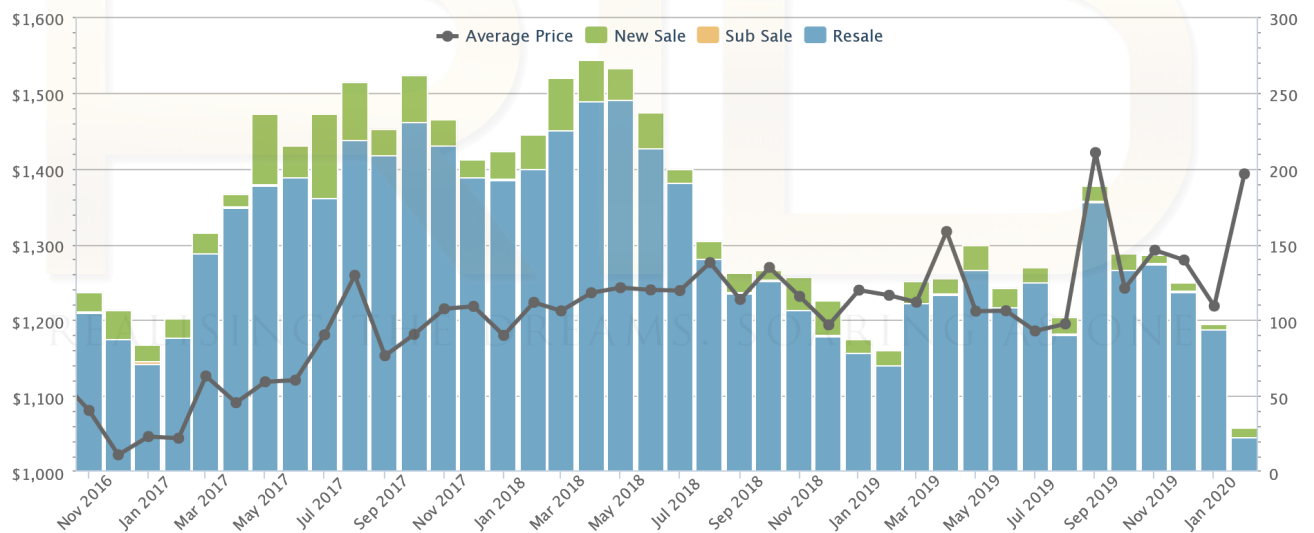
BREAKING NEWS

12:09 PM Asia: Coronavirus fears weigh on markets

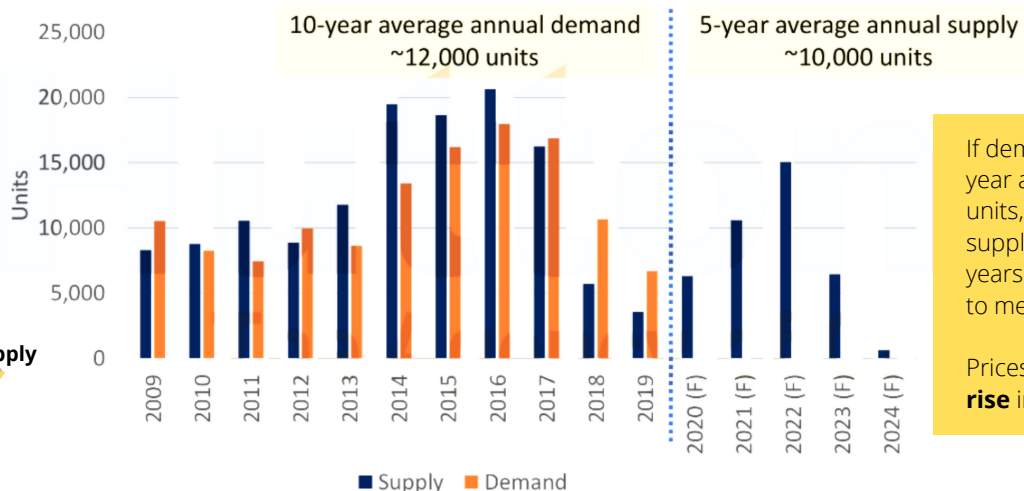
CASE STUDY: 2020 TRANSACTIONS LANDED PRIVATE RESIDENTIAL

Artist Impression

All Landed Residential,
All Districts



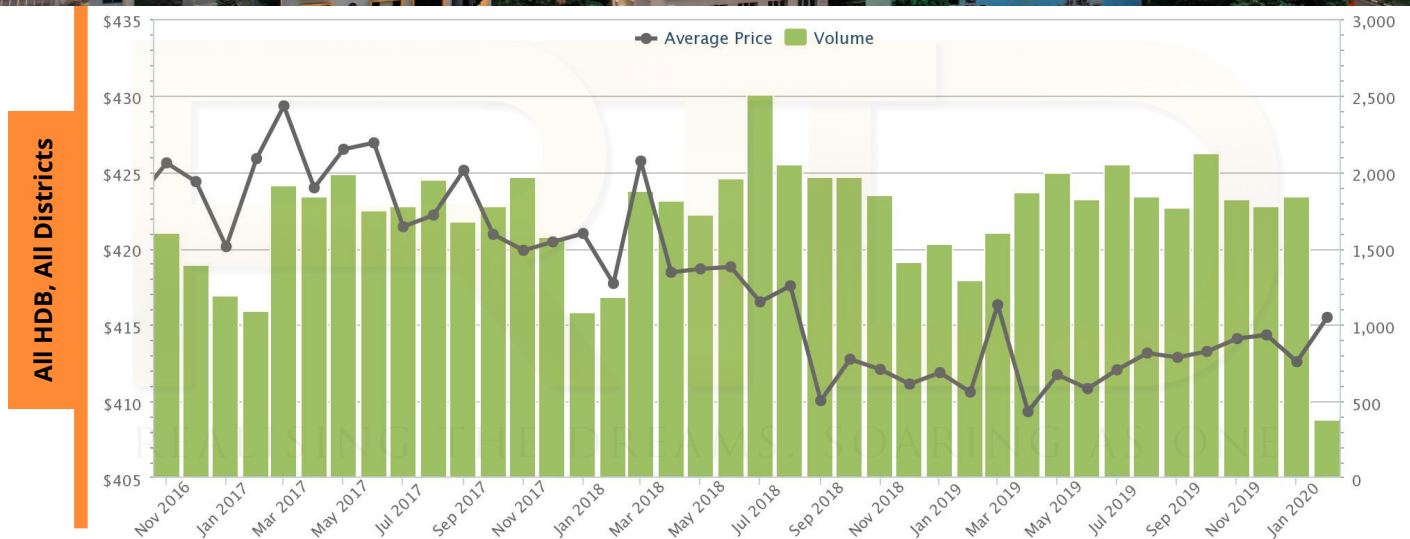
Landed Private Residential prices have also been on a **general incline** over the past 4 years.



If demand follows the 10 year average of 12,000 units, the 10,000 unit supply over the next 5 years may not be enough to meet the demand.

Prices are **expected to rise** in the near future.

CASE STUDY: 2020 TRANSACTIONS HDB



HDB prices have been on a **decline** over the past 4 years.

However, the trend **moves upwards** from 2018 to 2019.



HDB resale prices have been up for 2 consecutive quarters, bringing optimism to sentiments that the market has bottomed out.



This could have been due to the usage of CPF for older properties and enhanced housing grants for first time buyers.



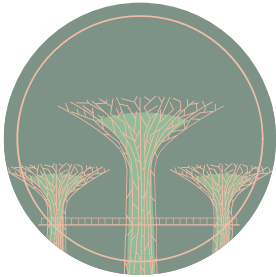
First time buyers of resale flats can get up to \$160,000 grants, which offsets the price difference between a BTO and resale flat.

This is especially good news for HDB owners who are looking to upgrade.

Contact me, or any RTD Huttons Agent to find out more about your eligibility.

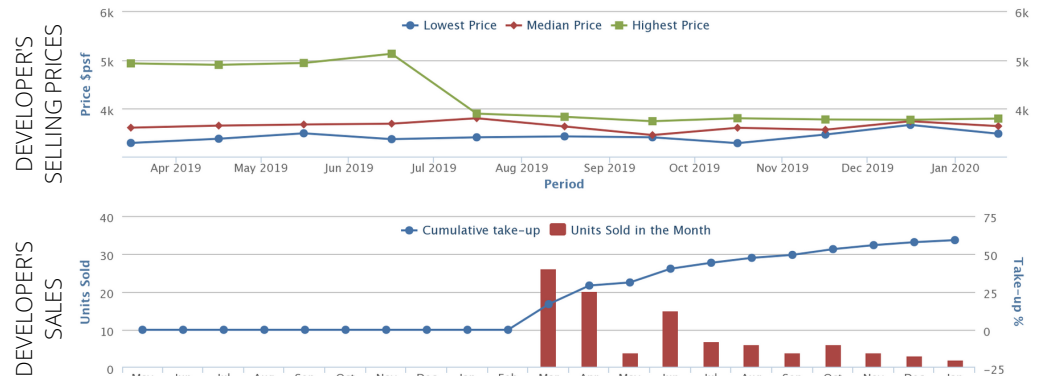
CASE STUDIES:

2019-2020 DEVELOPER SALES TRANSACTIONS



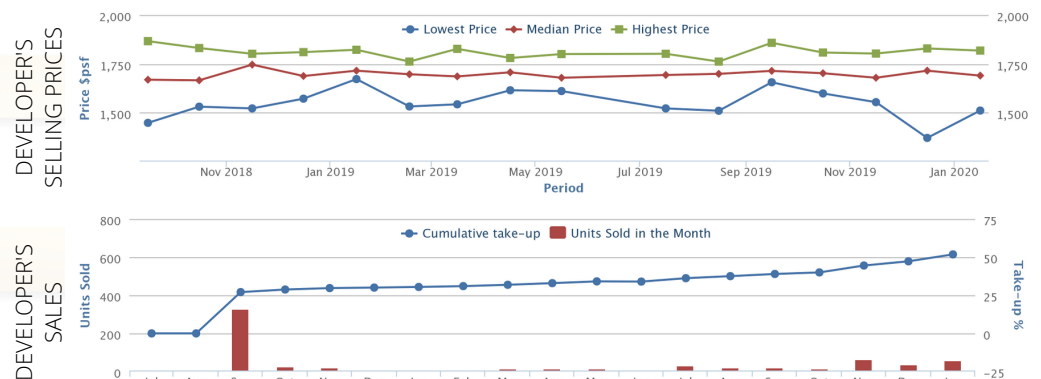
Core Central Region

Boulevard 88



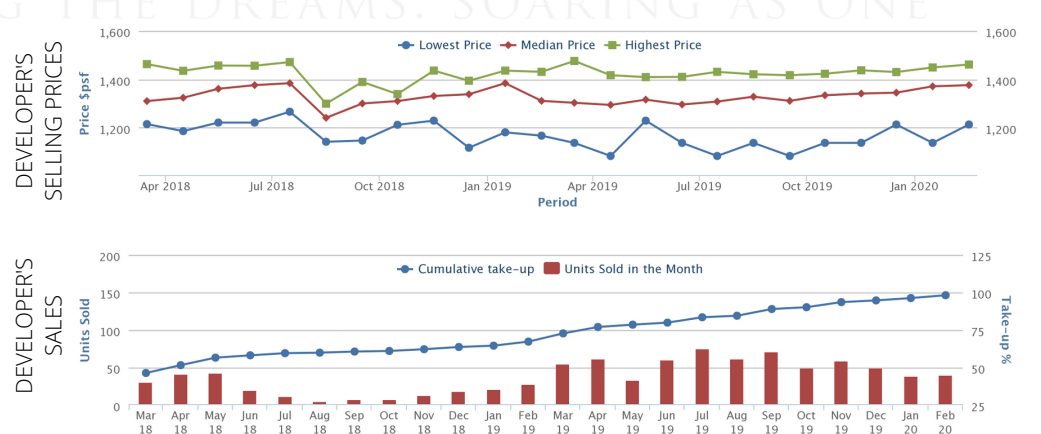
Rest of Central Region

Jadescape



Outside Central Region

Parc Botannia



As experts had said, properties in Singapore have still yet to feel the Coronavirus' impact, and cumulative take-up rates are still on the rise in newly launched properties islandwide.

In RCR and OCR zones especially, developer prices along with sales are still going strong.

This shows the resilience of Singapore's property market, largely driven by strong demand.

ANALYSIS

SUMMARY

-  Negative economical impacts of Coronavirus expected to be short-lived.
-  Property sector unlikely to be hit as badly as the tourism, retail, and F&B sectors.
-  Market recovery is strong, likely to rise as seen in the post-SARS and H1N1 property market trends.
-  Property cooling measures like ABSD are here to stay, only QC rules are slightly relaxed.
-  Demand for housing exceeds supply; property prices continue to rise.
-  Investors are redirecting funds from stock market to real estate investments.

Our property market trends, as affected by CoVid-19, are likely to mirror those of previous virus epidemics, and go in the same direction.

Average property prices in Singapore are expected to rise quickly over the next four years. Property investors are capitalising on the all-time-low bank interest rates to cash in on real estate in Singapore.

Contact me now for more information on which projects you should look out for, as well as for professional advice on your property investment.

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