



iProperty.com



ASIA PROPERTY MARKET | 2016
SENTIMENT REPORT (H2)

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CEO'S NOTE

We are once again pleased to share with you the findings of our tenth iProperty.com Asia Property Market Sentiment Report. This survey report reveals sentiments for the second half of 2016 in all the countries the iProperty Group operates in.

The survey was conducted over a month, from 5th July to 8th August 2016, across our market-leading network of property portals and gathered responses from 15,000 respondents.

Similar to previous survey findings, affordability continues to remain a major concern in all the countries surveyed. This is just one of the many key findings that discussed this report.

We trust that this report will offer valuable insights to not just our consumers, but for the wider developer, real estate agent, and local and international property investor community.

We wish to thank all survey respondents for sharing their valuable input on the property market. Without the involvement of these many individuals, this report would not have been possible.

Should you have any comments and feedback pertaining to this report, please drop us an email at my.info@iproperty.com.

Sincerely

EXECUTIVE SUMMARY

In the tenth iProperty.com Asia Property Market Sentiment Report for H2 of 2016, survey respondents in Malaysia (iProperty.com.my), Indonesia (Rumah123.com and rumahdanproperti.com), Hong Kong (GoHome.com.hk) and Singapore (iProperty.com.sg) revealed their intentions, preferences and motivations for acquiring property.

METHODOLOGY, ASSUMPTIONS AND CAVEATS

This is the tenth iProperty.com Asia Property Market Sentiment Survey Report conducted by the iProperty Group. Held twice yearly, the survey aims to provide the general public, property investors, buyers and sellers and owners, including local and expatriates with insights into the property market purely from a consumer perspective.

In Malaysia, a total of 4,678 people responded to the online survey. The survey responses were taken from three sources: A Facebook Post, a pop-up invite and a web link.

In Indonesia, a total of 3,436 people responded to the online survey.

In Hong Kong, the survey gathered a total of 2,220 respondents, the survey was designed and conducted in both English and Chinese.

In Singapore, a total of 4,667 people responded to the online survey.

An analysis of data from each survey questions only considered data from questions that were not skipped.

RESULT ANALYSIS – ASIA OVERVIEW

All four countries surveyed reported a slowdown of the property market, and respondents showed continued concern regarding the affordability of properties.

In this survey, majority of respondents from Malaysia and Singapore are male, while majority of respondents from Indonesia and Hong Kong are female. Most respondents are married. Respondents from Indonesia are mainly from the younger age bracket of 22-28, Malaysians are mainly from the 31-35 age bracket, Hong Kong respondents are in the 31 to 40 age group and Singaporeans are mainly from the 41- 45 age bracket.

Across all four countries, most respondents' current household income is sufficient to manage their expenses, including repayment of debts and mortgages. Most of those in Malaysia, Hong Kong and Singapore own their own homes and are interested in buying another property. In contrast, majority of respondents in Indonesia do not own their property and are mainly first-time home buyers.

Survey respondents in Indonesia are mainly interested in purchasing landed homes, while in Singapore and Hong Kong, most respondents are looking to purchase condominium units.

In Indonesia, respondents' main reason to purchase is low home prices, while Malaysian and Singaporean respondents opined that property is a safer investment option compared to other products such as stocks shares and bonds. Respondents in Hong Kong want to purchase as they desire to own their own home.

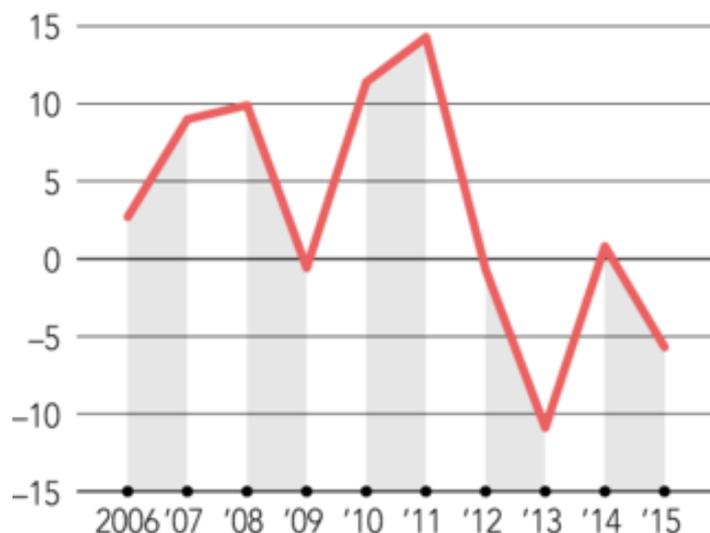
Respondents in both Malaysia and Singapore are concerned about property price bubble, while respondents in Indonesia are concerned about the increase in property prices.

Majority of respondents do not own any overseas property. Respondents in Malaysia and Singapore prefer to invest in Australia while Indonesians prefer to invest in properties in Singapore. Respondents in Hong Kong on the other hand prefer China.

MALAYSIA: DEMAND IS STRONG AMONG FIRST-TIME HOME BUYERS BUT AFFORDABILITY AND LOAN ISSUES PERSIST

According to the Finance Ministry's National Property Information Centre, the number of real estate transactions in Malaysia decreased 5.7% in 2015 from the previous year. By value, they declined 8%.

Year-on-year changes in number of Malaysian property transactions (in percent)



Source: National Property Information Center

Developers have held back launches, citing negative consumer sentiment following cooling measures and rising costs, a result of the implementation of Goods and Services Tax (GST) in April 2015.

There have been mixed views as to whether market conditions are going to improve anytime soon. Mah Sing, Malaysia's property developer with the third-largest sales volume, is confident that the market has already bottomed and a rebound is expected over the medium term. The company is ready to buy more land after halting land purchases in 2015, the first time since 2005.

Bank Negara Malaysia (BNM) said that demand from first-time buyers, including the younger generation, is strong although affordability is still an issue. BNM added that the younger generation accounted for 75% of 1.47 million borrowers. Owning and investing in a house remains a priority for many Malaysians.

This is reflected in the household borrowing trend where the buying of homes continues to be the fastest growing segment of household lending, with annual growth sustained at double-digit levels (11% as at end-March 2016), said Bank Negara in a statement.

The ever-present affordability issue

According to a Khazanah Research Institute (KRI) report in 2015, Malaysia's housing market was seriously unaffordable. KRI noted that median house prices were 4.4 times the median annual household income in 2014. By global standards, an "affordable" market should only have a median multiple of 3.0 times.

In Malaysia, only Melaka has been classified as having an "affordable" housing market with a mean multiple of 3.0 times. There are four states that have "severely unaffordable" markets — Terengganu, Kuala Lumpur, Penang and Sabah —with mean multiples above 5.0 times.

A 20ft by 70ft double-storey link house sells at RM600,000 and above, and these houses are often not located near Kuala Lumpur city centre or central Petaling Jaya. BNM says that a house is considered affordable if a household can finance it with less than three times its annual household income. In 2014, half of Malaysian households earned a monthly income of RM4,585 and below. This means that prices of up to RM165,060 are considered affordable for a median Malaysian household.

Based on findings from the Real Estate and Housing Developers' Association of Malaysia (REHDA) Property Industry Survey 2H 2015, the highest loan rejections are for properties in the RM250,001 and RM700,000 range. Today, end financing is based on net income, leading to a more stringent lending practice.

Official data suggests that residential properties priced at RM500,000 and above accounted for about 21% of total housing property overhang last year. These properties are valued at RM4 billion of the total RM5.9 billion in overhang housing units. The value of the total housing overhang units was up 56% from 2014.

Addressing affordability

Recently, BNM reduced the overnight policy rate (OPR) by 25 basis points to 3% to further stimulate Malaysia's economic growth. The last time the central bank adjusted the OPR was in July 2014 when it raised the rate by 25 basis points to 3.25%. In a statement, BNM said the floor and ceiling rates of the corridor for the OPR would be correspondingly reduced to 2.75% and 3.25%, respectively. The effect of this on the property market remains to be seen.

Some of the measures that the government has introduced include:

- **MyDeposit Scheme** – Prime Minister Datuk Seri Najib Razak announced in April 2016 that the implementation of the MyDeposit scheme will aid the middle-income group secure homes and provide incentives for developers of affordable homes. Under MyDeposit, or the First Home Deposit Scheme, the government would also allocate discounts of up to RM30,000 for house buyers. To encourage developers to build more houses priced at the RM300,000 range, the deposit rate would be fixed at RM200,000 for such units instead of 3% of the gross development cost.
- **Rent-to-Own (RTO) scheme** – REHDA president Datuk Seri Fateh Iskandar Mohamed Mansor says RTO schemes will definitely assist those interested in owning their own home in the long run, especially for young income earners. Aside PR1MA (1Malaysia People’s Housing Programme), there are also state governments and state agencies providing RTO schemes for affordable housing projects including RumaWIP (Federal Territory Affordable Housing Policy) homes, Selangor Smart Sewa Scheme and Program Sewa-Beli Kerajaan Johor.

Slower sales led to creative marketing

According to National Property Information Centre’s (NAPIC) preliminary market report for 2015, the market saw 86,997 and 70,273 residential units launched in 2014 and 2015 respectively. Units sold over the two years totalled 39,491 and 29,089 for 2014 and 2015 respectively.

However, the latest survey by REHDA revealed that the unsold units improved slightly to 62% as at the second half of 2015 (2H15), compared with 78% in 1H15. On a year-on-year basis, the number of unsold units fell two percentage points from 64% in 2H14.

A slower market has prompted developers to introduce various innovative marketing schemes to boost sales. Despite concerns on the potential property glut in certain areas, the demand for housing, especially among young or first-time home buyers, is still very strong. Hence, developers have repositioned their products towards meeting the demand for mass-market housing.

Some of the marketing efforts includes the following.

- **Three-year “honeymoon”** – The first is a low initial financial outlay that is followed by a larger commitment three years later. Developers offer this because properties generally take three years to be completed, a borrower’s salary might have increased and the market might have turned for the better.
- **“Safety net” loans** – Under the 12:88 payment structure, the buyer pays an initial 3%. The remaining 9% is paid over a 12- or 24-month period. Just before the unit is completed, the buyer shops around for the remaining outstanding sum. If the buyer is unable to get a loan, and unable to pay the interest the developer is charging, this will be considered as defaulting
- **10:90 scheme** – Buyers only pay 10% and the remaining 90% on completion of the unit. If a buyer wants to exit from the purchase, he/she loses the 10%.
- **Business grants** – Developers provide buyers business grants of between 2% and 3.5% of their purchase price. This will be paid over 12 months from when they start their business.

Game-changing developments

Despite the current market situation, there are several developments in Malaysia that could benefit the property market.

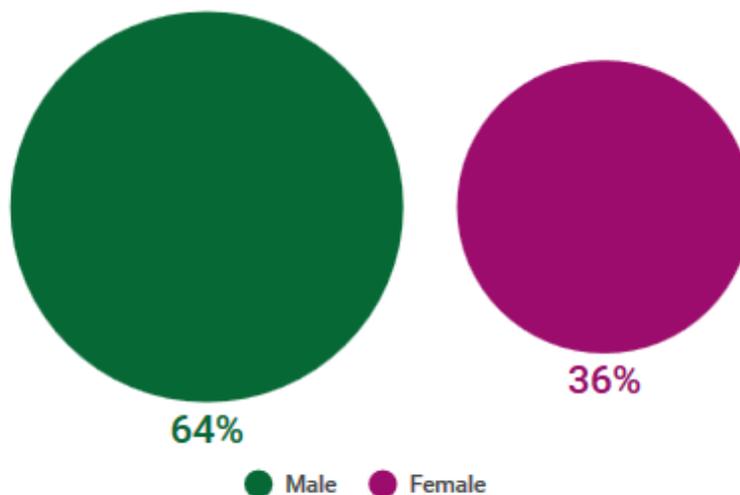
- The 51km MRT Line 1 is expected to be fully operational in 2017, improving Greater KL's accessibility tremendously. The line will have 31 stations, connecting northern and southern part of Greater KL.
- The High Speed Rail (HSR) project is expected to reduce travelling time between Singapore and Malaysia to 90 minutes.
- In Iskandar Malaysia, several high-profile foreign companies have boosted confidence in the growth corridor. These companies include Microsoft’s data centre in Sedenak, Coca-Cola’s relocation from Tuas in Singapore to Iskandar Malaysia and China's Alibaba looking to start a logistic hub in Johor. The oversupply concern of residential projects is based on concerns over the lack of commercial activities and population growth in the region. With these projects, population is set to grow in the area.
- The Penang Second Bridge connects Batu Kawan in Seberang Perai on mainland with Batu Maung on Penang Island. Economic activities have been sparked by the mushrooming of new housing projects in Batu Kawan, which was once considered a quiet backwater mainly filled with plantations. In 2018, Ikea is slated to open its third store in Malaysia in Batu Kawan.

- Singapore's Temasek Holdings has signed an agreement with Penang Development Corp to establish a shared services hub in Bayan Lepas and Batu Kawan worth some RM11.3 billion in gross development value.

DEMOGRAPHICS: INVESTORS AND FIRST-TIME HOME BUYERS ARE LOOKING TO PURCHASE BUT HAVE DIFFICULTY ATTAINING HOME LOAN OR AFFORDING THE REQUIRED DOWN PAYMENT

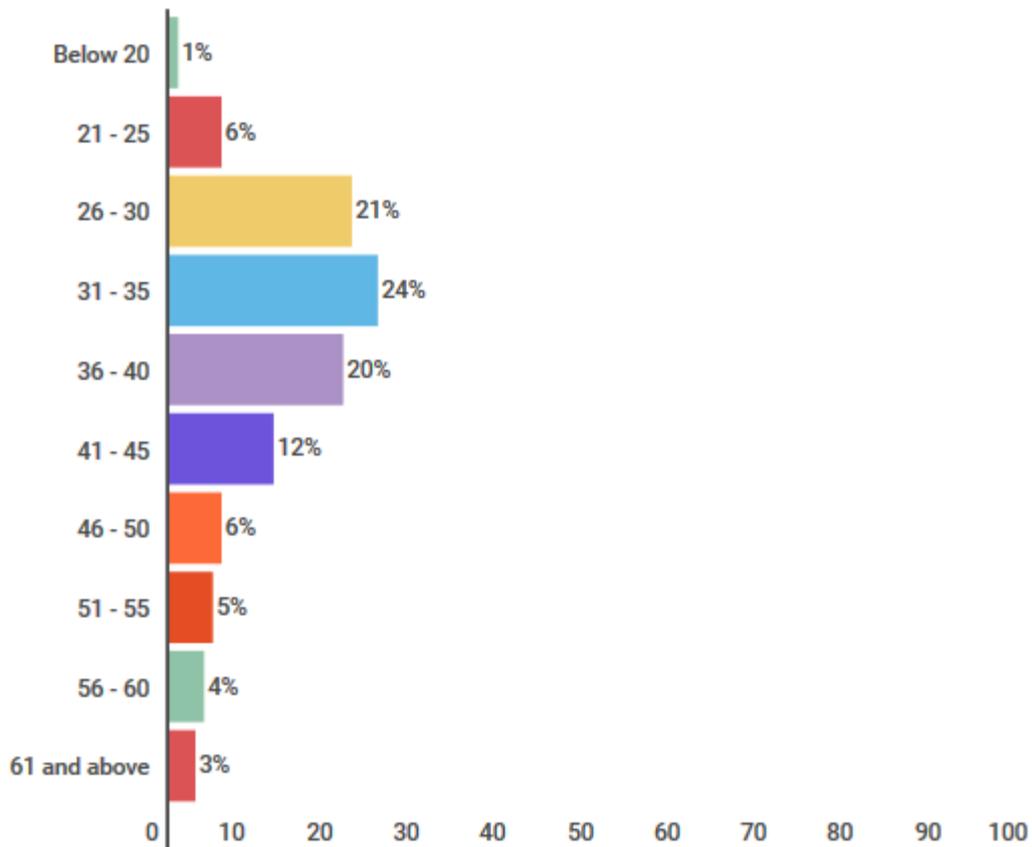
There are more male respondents, compared to the last report, an increase from 59% to 63%.

Gender



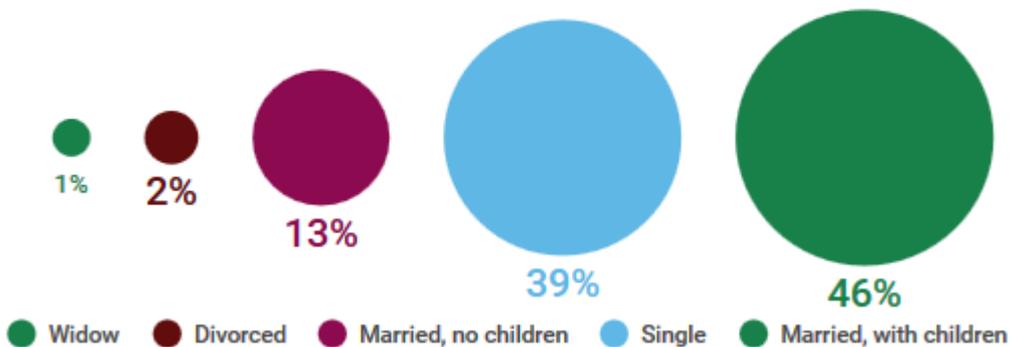
Respondents fall into three main age brackets – 31-35, 26-30 and 36-40. Collectively, representing 65% of respondents in this survey.

Age Group



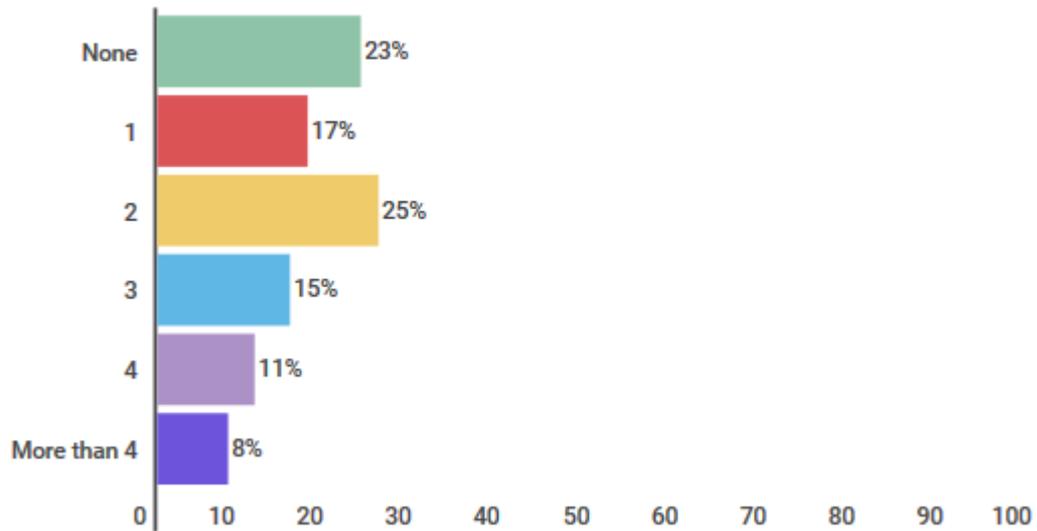
59% of respondents are married, with a significant number of respondents (46%) married with children.

Marital Status



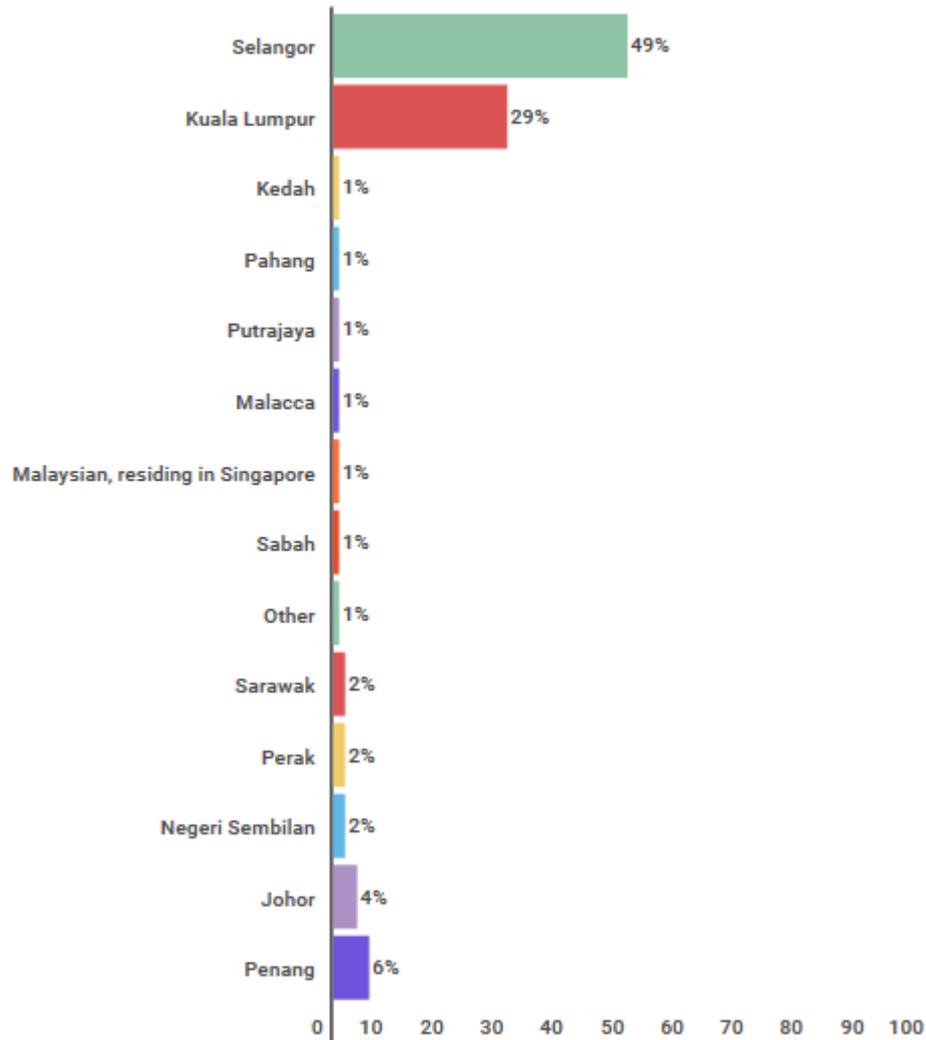
Those with one or two dependents make up 43% of respondents while 23% have no dependents in their household.

No of dependents



Most respondents (78%) are from Selangor (49%) and Kuala Lumpur. At a distant third and fourth place are respondents from Penang and Johor. This is consistent with the previous survey.

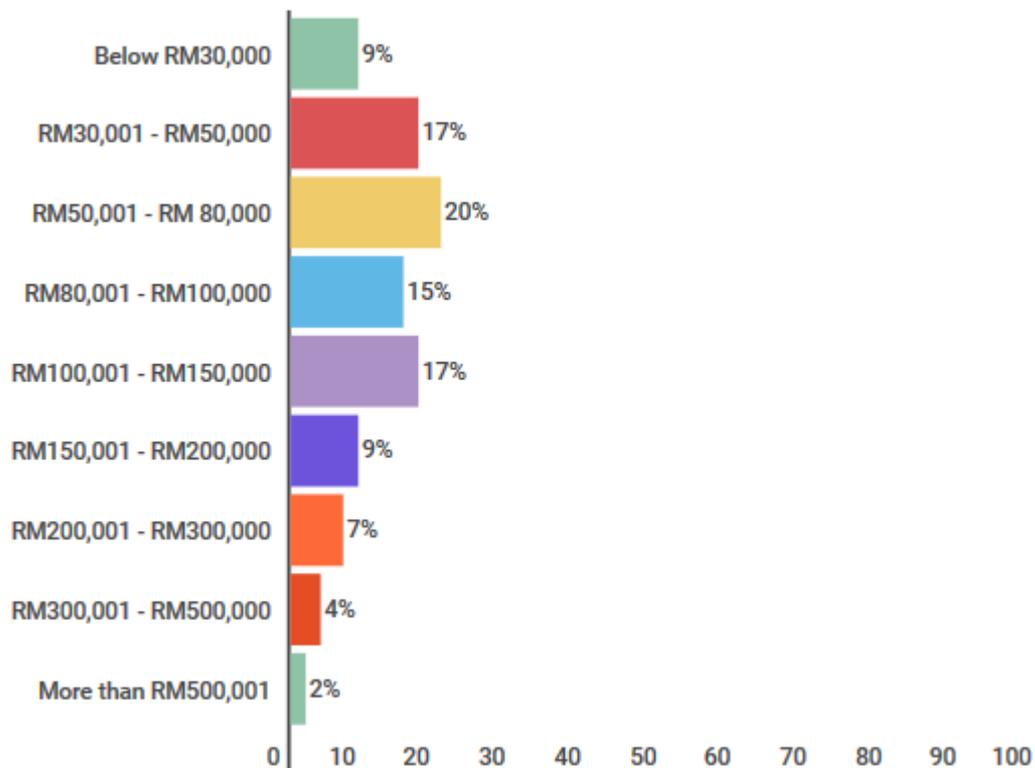
Residing in



Most respondents are 'Executives/Managers' (40%), followed by 'Professional/Technical' and 'Self-employed'. There is only a slight percentage difference among the key household income brackets. There is quite an even spread of those earning between RM30,001 to RM150,000 (RM2,500 to RM12,500 per month).

The largest proportion of respondents at 20%, earn between RM50,001 and RM80,000 (RM4,167 and RM6,667 per month). 17% earn between RM30,001 and RM50,000, while another 17% earn between RM100,001 and RM150,000.

Annual Household Income

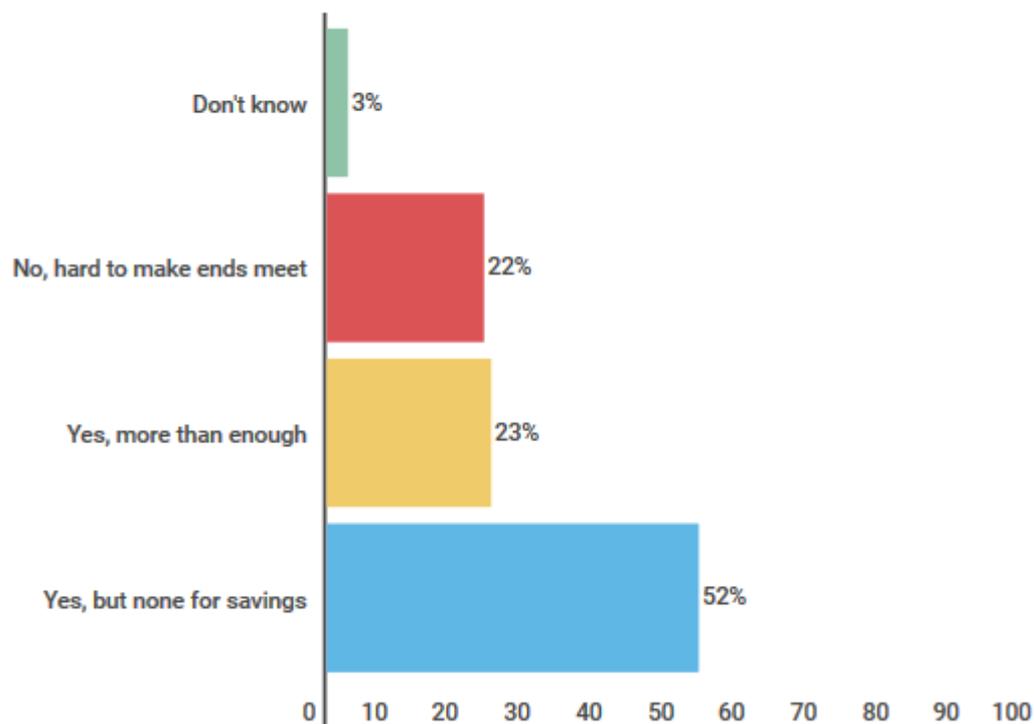


Slightly more than half of respondents (52%) can cover their household's expenses but are unable to save. This mirrors results from the previous survey. There is a similar proportion of those who are able to save and those who face difficulty making ends meet (23% and 22% respectively).

In 2014, the Khazanah Research Institute (KRI) noted in its State of Household report that more than half of Malaysian families take home less than RM5,000 a month. According to the Malaysia Human Development Report 2013 commissioned by the United Nations Development Program, 86% of urban households and 90% of rural families have zero discretionary savings. The same report also showed that a third of Malaysians do not even have a bank account.

Aside from low savings, Malaysians also contend with high monthly debt obligations. The KRI report also revealed that households earning less than RM3,000 had borrowings of up to seven times their annual income.

Annual Household Income enough to meet Expenses



The survey attracted investors who own a property and interested in buying the most (38%), while the second largest group is first-time home buyers (26%). Slightly more than one-tenth of survey respondents (14%) are just monitoring the market. This is the same weightage as the previous survey.

Collectively, investors make up slightly more than half (52%) of respondents, while purchasers (first-timers, investors and expatriates) make up 66% of respondents.

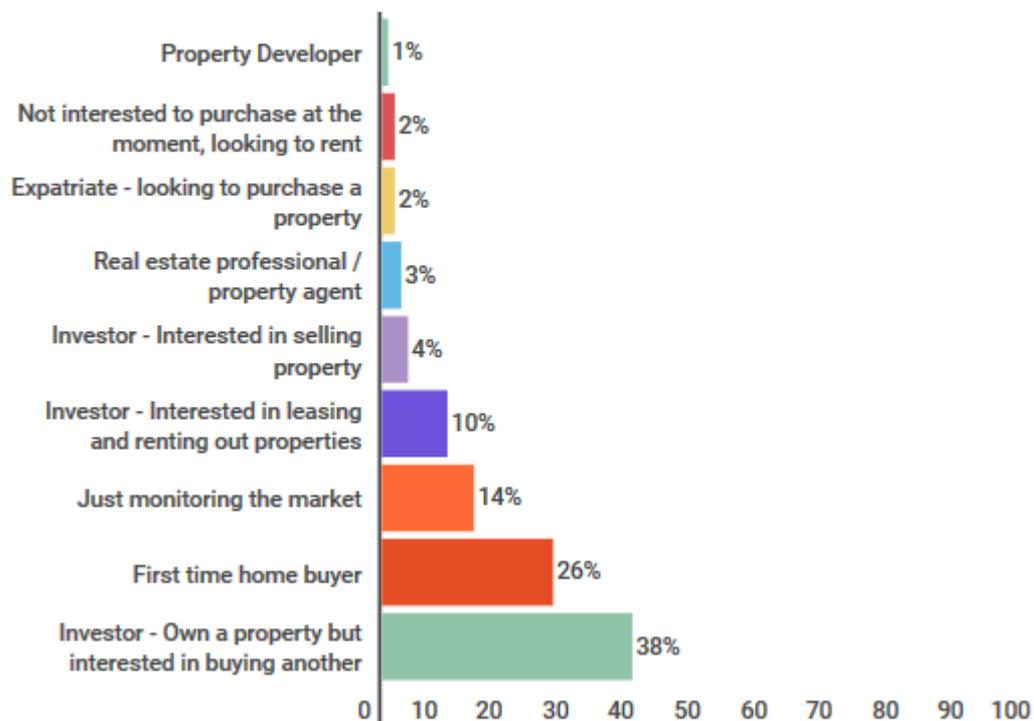
In a note by AllianceDBS Research in April 2016, the research house said that 2016 could be an even more challenging year for the sector in light of the tepid economic outlook and persistently poor consumer sentiment.

While it expects overall property sales to decline this year, developers have begun adjusting their product mix by incorporating more affordable homes in their launch pipelines given that demand for this segment remains strong.

Absolute property prices have been kept low as smaller built-up units are being offered. This is mainly to address the affordability issue as buyers have been priced out by skyrocketing prices, AllianceDBS noted.

One prominent concern is the difficulties faced by developers in converting their initial high bookings to sales because of stricter lending policies. Banks are taking a cautious approach towards the property sector despite keen interest shown by potential home buyers.

Consider themselves



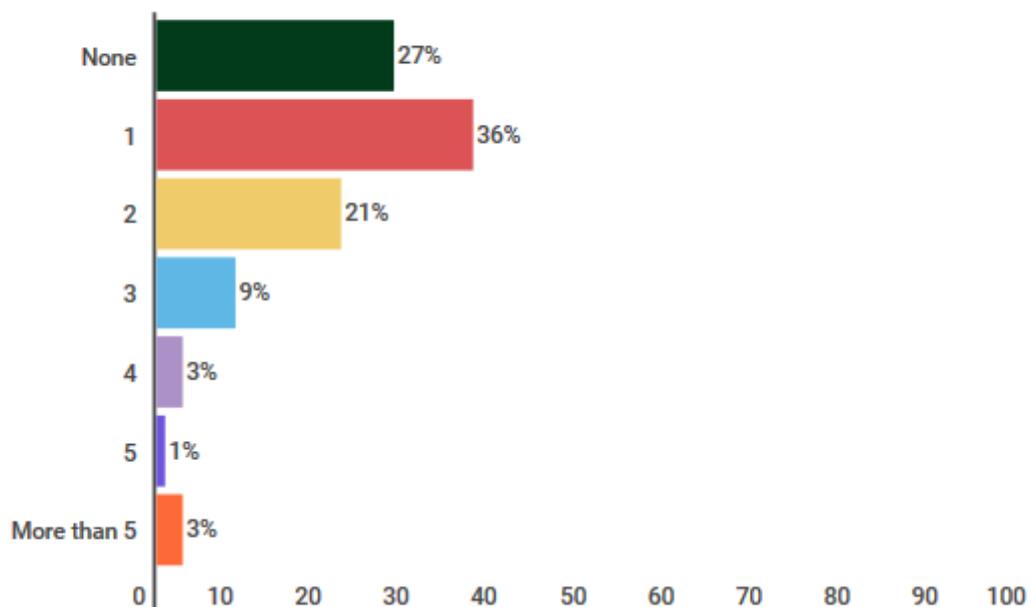
27% of the respondents do not own any properties at the moment, which closely corresponds to the percentage of first-time home buyers (26%) in this survey. Majority of respondents (36%) own a property, while 21% own two properties.

Most respondents live in either 'Condominium/Apartment' or 'Landed' properties.

In response to recent media queries on requests to review Bank Negara Malaysia's (BNM) lending guidelines, the bank released a press statement on 21 July 2016 to inform that first-time home-owners continue to have access to financing. Outstanding housing loans continue to expand at double digit levels, recording a growth of 10.6% as at end May 2016. About 75% of borrowers (approximately 1.5 million borrowers) with housing loans are first-time house buyers.

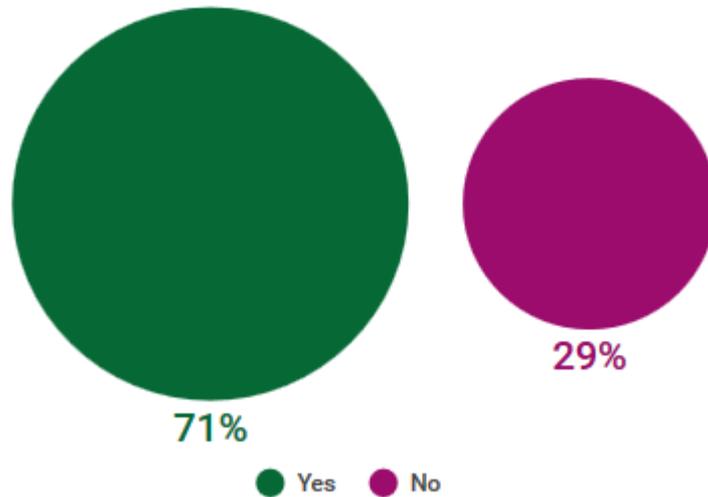
It also states that access to credit is not the problem confronting potential buyers in owning affordable houses. There are more fundamental issues that require resolution such as affordability and shortage of supply of reasonably priced houses.

No of properties owned

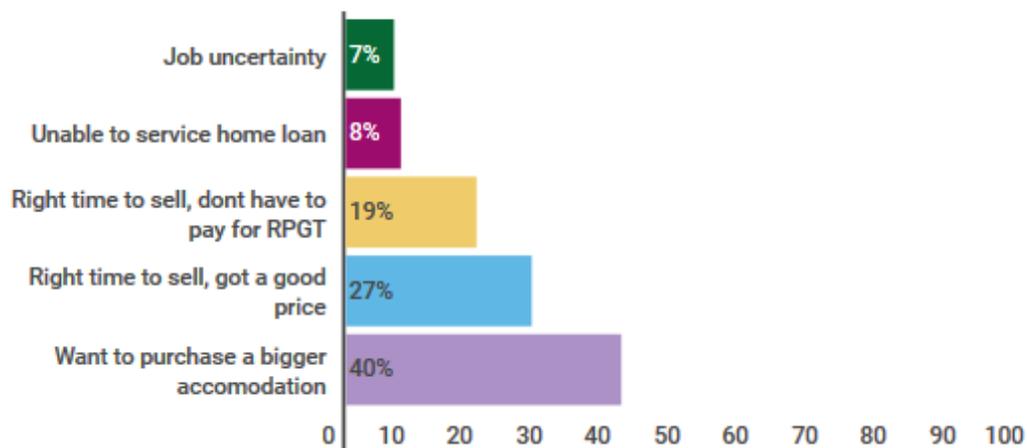


Majority (72%) of respondents are not looking to sell their property. Those who are looking to sell are looking to purchase a bigger place or received a good offer.

Looking to sell property



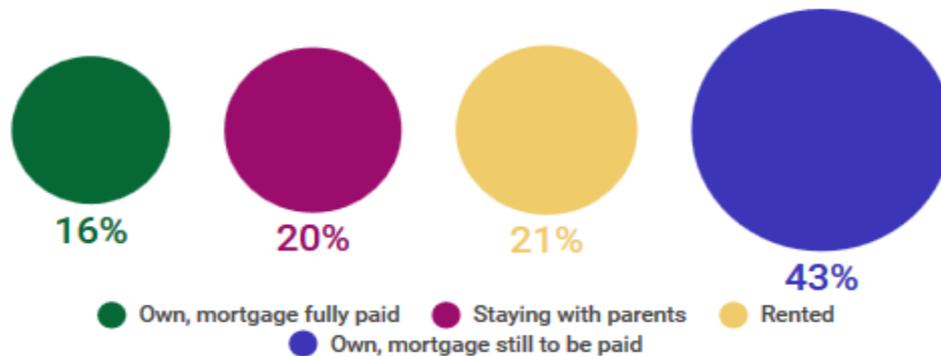
Reason to sell property



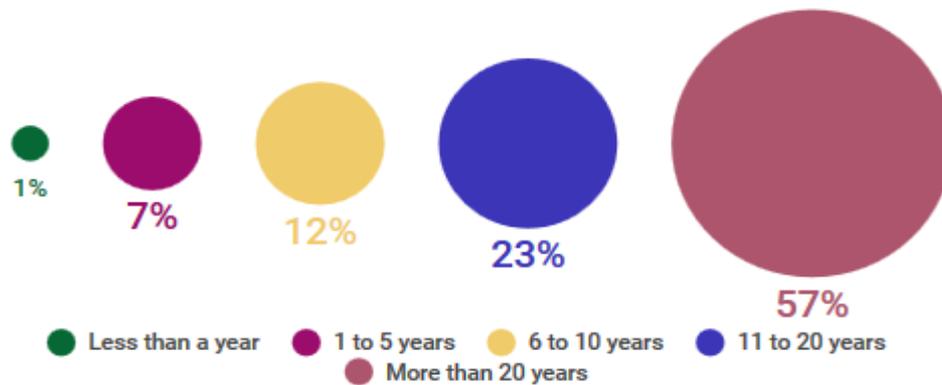
More than half of respondents (59%) own the property that they live in. Of the 43% of respondents who are still paying mortgages, 57 per cent have more than 20 years left on their loan.

Those who prefer renting (21%) feel that it is a more affordable option.

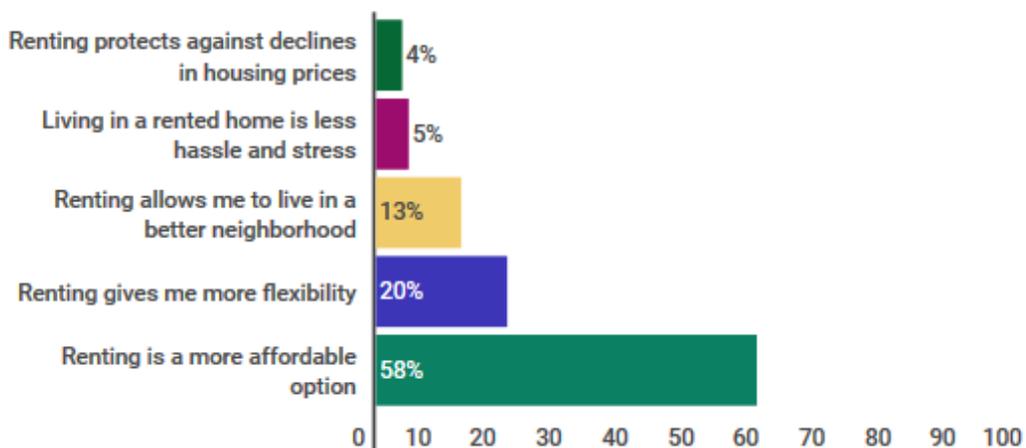
Status of property lived in



Primary reason for renting



Primary reason for renting

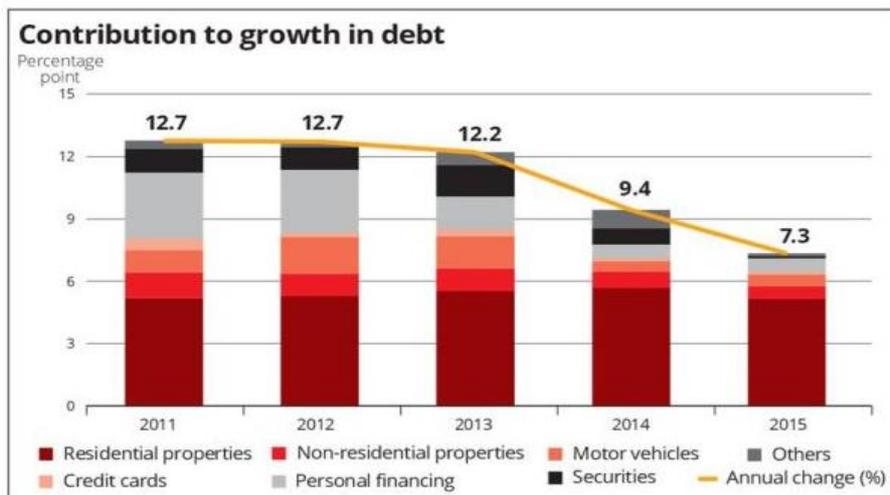


More than half of respondents (53%) found their monthly repayments manageable, while 21% have difficulty managing it.

When Bank Negara Malaysia (BNM) announced that Malaysia’s household debt-to-gross domestic product (GDP) ratio increased to 89.1% in 2015 from 86.8%, most people grew more anxious. At 89.1%, Malaysia has one of the highest household debts in the region.

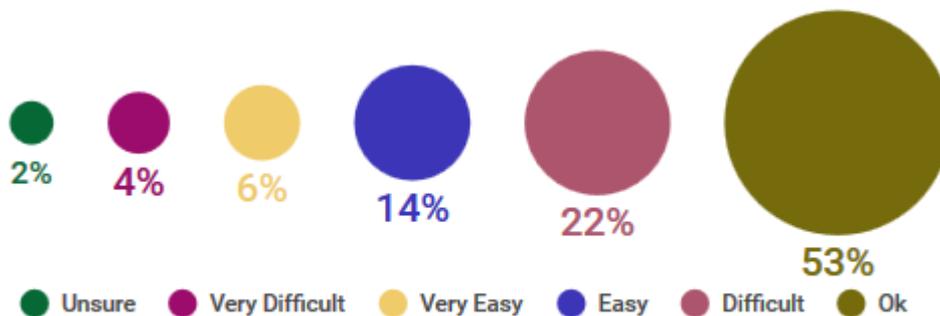
BNM says that despite the elevated 89.1% ratio, the ability to service debt remains sound. Bank Negara has over the last few years implemented various pre-emptive macro prudential policies to address the concerns over rising household debt in Malaysia.

In its recently-published annual report 2015, BNM argues that the risks emanating from high household debt have eased as evidenced by the continuous improvement in asset quality of the domestic banking system, moderation in the pace of unsecured lending and declining share of debt by vulnerable borrowers, defined as those whose monthly income is less than RM3,000.



Source: The Star <http://www.thestar.com.my/business/business-news/2016/04/02/household-debt-on-the-rise/>

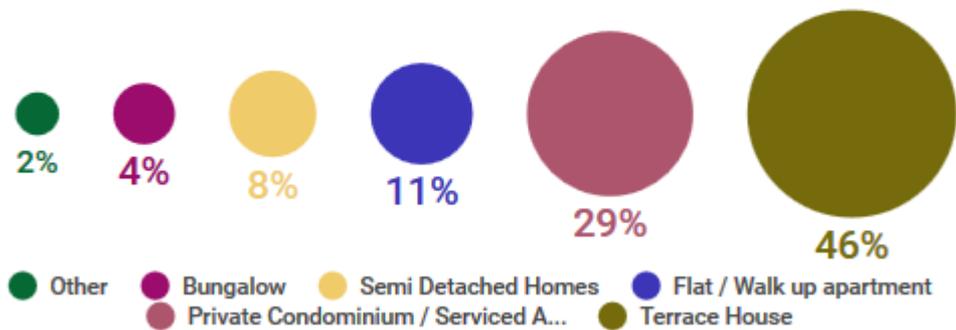
Over the past 12 months, how have you found managing your loan repayments?



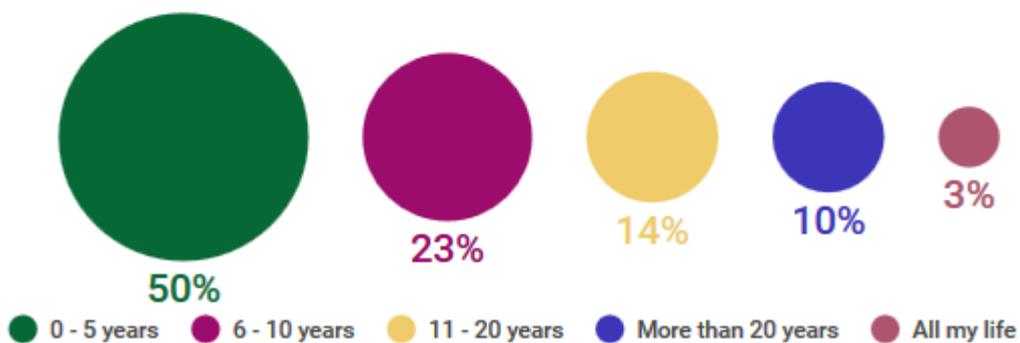
Most respondents live in 'Terrace houses' and 'Private condominium / serviced apartment' / Flat, which is in tandem with the properties that they currently own.

Half of respondents (50%) have lived at their current premises for five years or less.

Type of property lived in

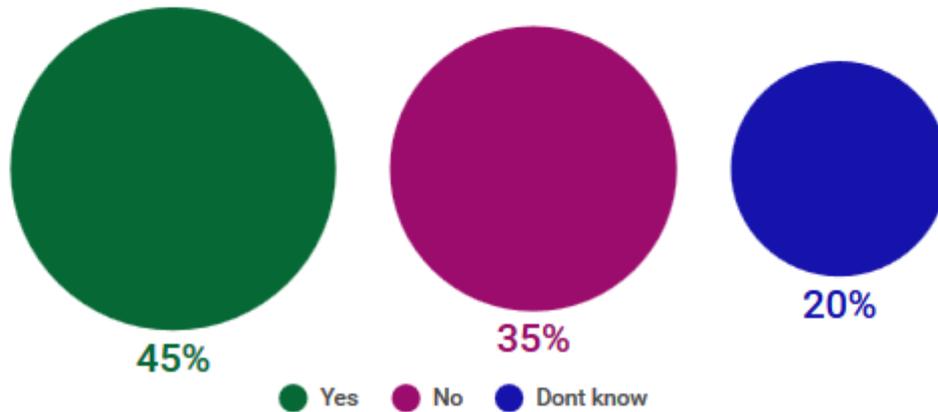


Years lived in current premises

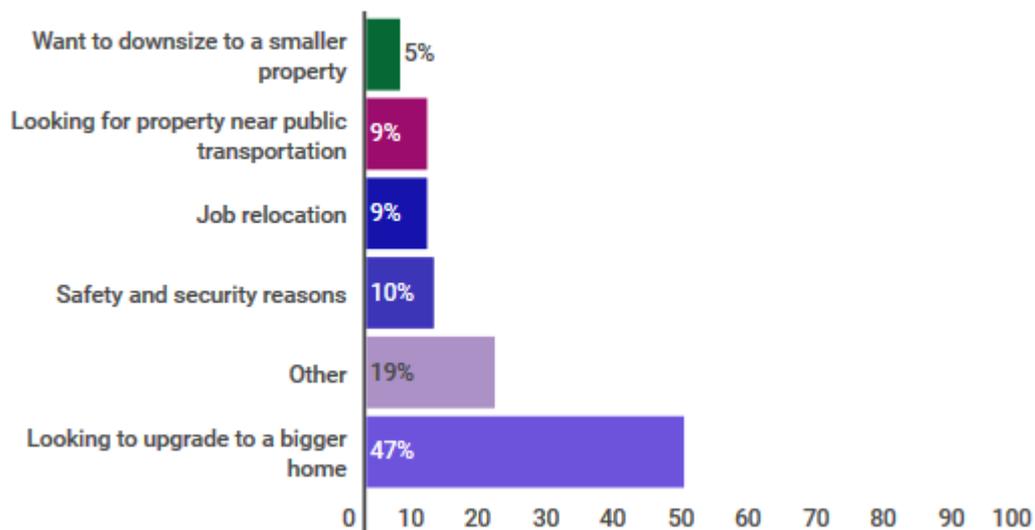


45% of respondents are looking to move as they are looking to upgrade to a bigger home. This is in line with the reason they are looking to sell their property.

Looking to move



Reasons to move



Respondents looking to purchase prefer a newly developed property, and majority of these respondents (60%) have enough for a down payment for the property they intend to purchase.

Despite concerns of a potential glut of properties in certain areas, the reality is that demand for housing, especially for young or first-time home buyers, is still strong. Developers are aware of this and have repositioned their products towards meeting this demand.

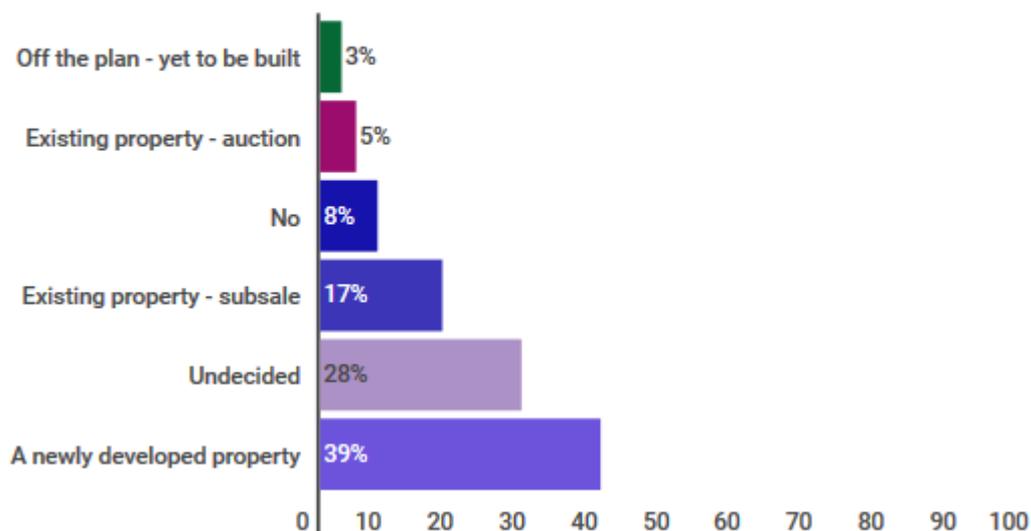
ExaStrata Solutions chief real estate consultant Adzman Shah Mohd Ariffin said the number of unsold units will continue to rise this year, as buying activity is expected to remain slow.

According to the National Property Information Centre's (NAPIC) preliminary market report for 2015, the local market saw 86,997 and 70,273 residential units launched in 2014 and 2015 respectively.

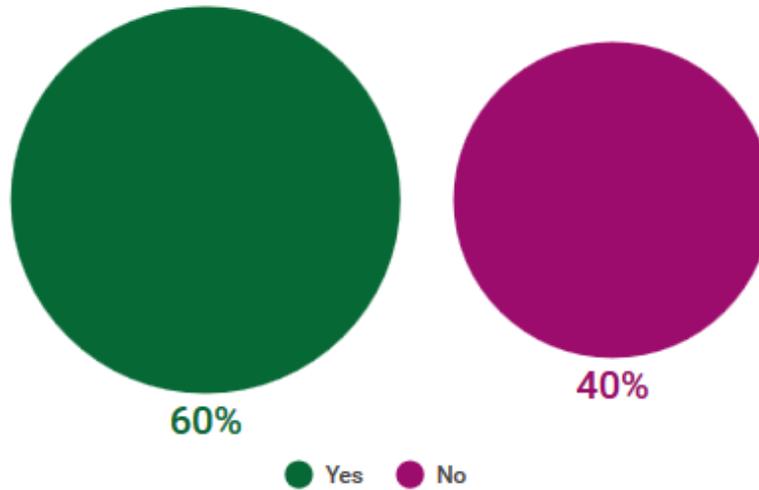
Nevertheless, the latest survey by the Real Estate and Housing Developers Association (REHDA) revealed that the number of respondents that reported unsold units improved slightly to 62% as at the second half of 2015 (2H15), compared to 78% in 1H15.

On a year-on-year basis, the number of unsold units fell two percentage points from 64% in 2H14. The unsold units were mainly located in Selangor, Johor and Pahang. The prices of unsold units in Selangor and Johor were mainly in the range of RM500,001 to RM1 million, while that in Pahang were between RM250,001 and RM500,000.

Looking to purchase

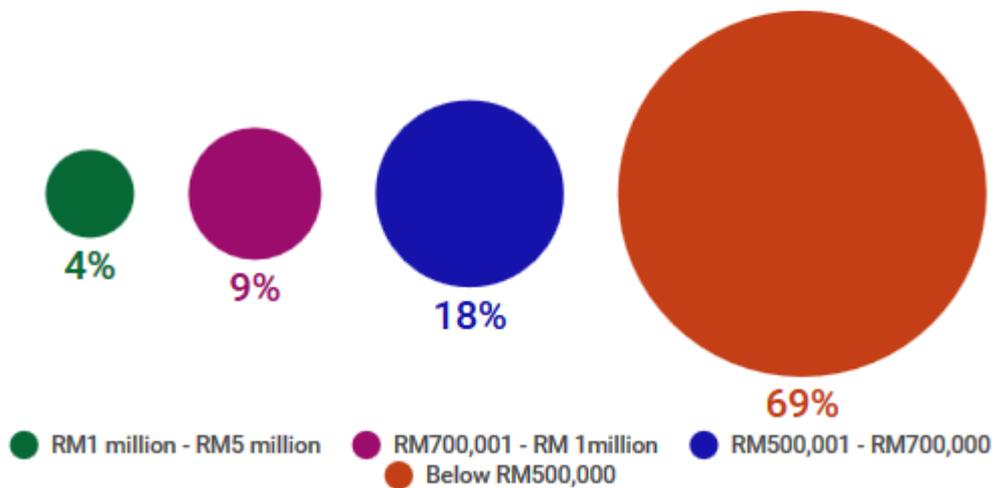


Have enough money for a downpayment



Majority of respondents have a budget of below RM500,000 to purchase this property.

Budget to purchase



The top three reasons stopping respondents from purchasing at the moment are:

1. Can't find a property that I can afford in the location that I desire
2. Can't afford another investment at the moment
3. Waiting for property prices to fall

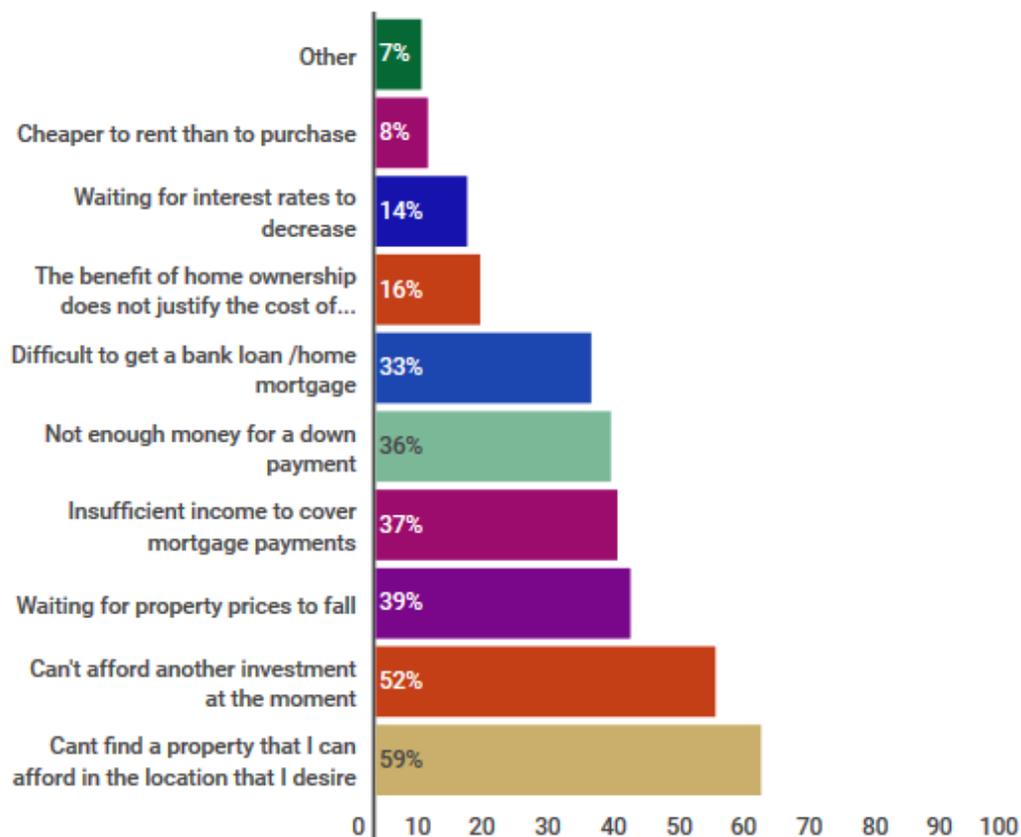
According to a recent report “Making Housing Affordable” by Khazanah Research Institute (KRI), a government think tank, average house prices in Malaysia are more than four times the median income, which make such properties “seriously unaffordable”.

The Malaysian all-house price rose at a compounded annual growth rate (CAGR) of 3.1% from 2000 to 2009. However, between 2009 and 2014, it grew at a CAGR of 10.1%, which was almost three times more than from 2000 to 2009.

The government aims to build one million affordable homes by 2018. A total of 183,755 units have been constructed, while 214,011 are under construction. The rest are in various stages of planning.

However, a rising concern is the housing needs of middle-income households who are neither eligible for social housing nor able to afford houses in the private sector.

Reasons for not being able to purchase at the moment

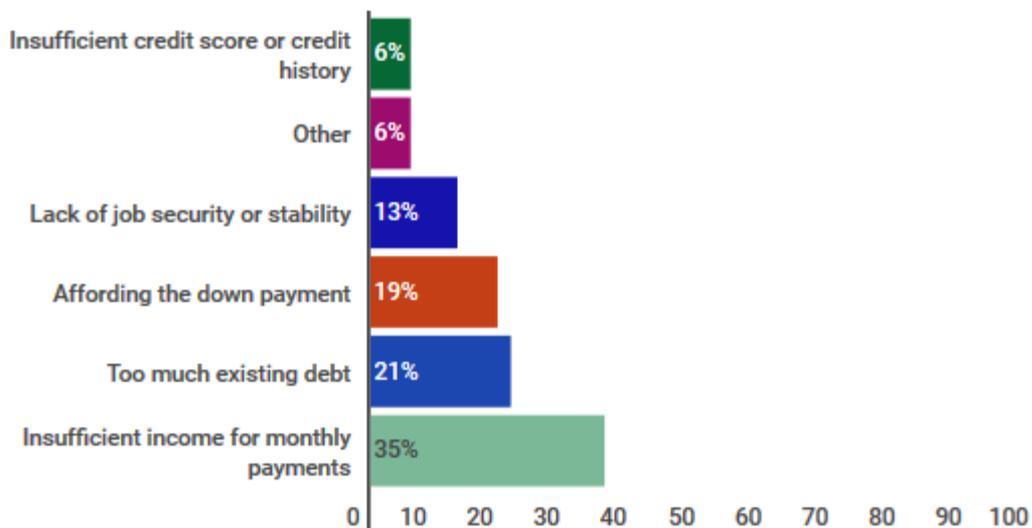


The inability to repay monthly installments and affording down payment are the two biggest woes in attaining a home mortgage. Most respondents (69%) needed one to five years to save for a down payment.

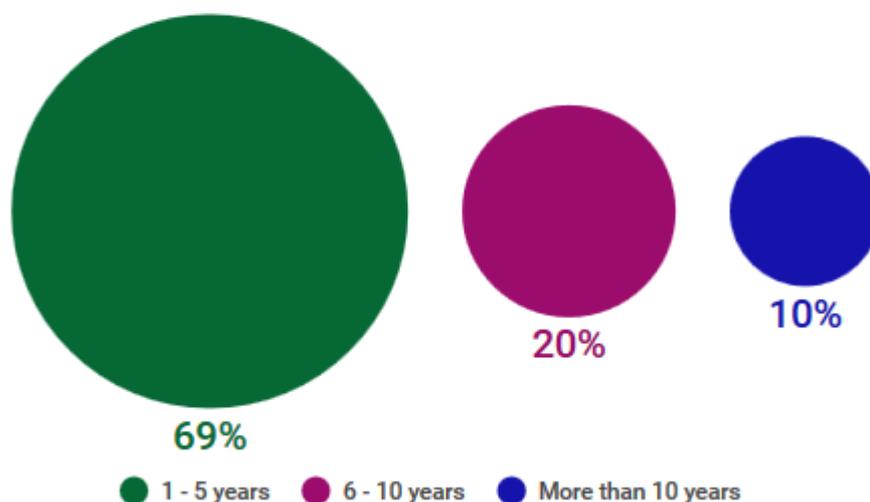
The residential property sub-sector is expected to experience further softening in 2016 in view of the various internal and external uncertainties, while issues on affordable housing and affordability for home purchasers will continue to top the national agenda this year, according to Deputy Finance Minister Datuk Chua Tee Yong.

Prices of new launches of landed and high-rise properties are often beyond the reach of many Malaysians, including middle-income earners. The key issue is affordability. Bank Negara Malaysia (BNM) says that a house is considered affordable if a household can finance it with less than three times its annual household income.

Biggest challenge in getting a mortgage to purchase property



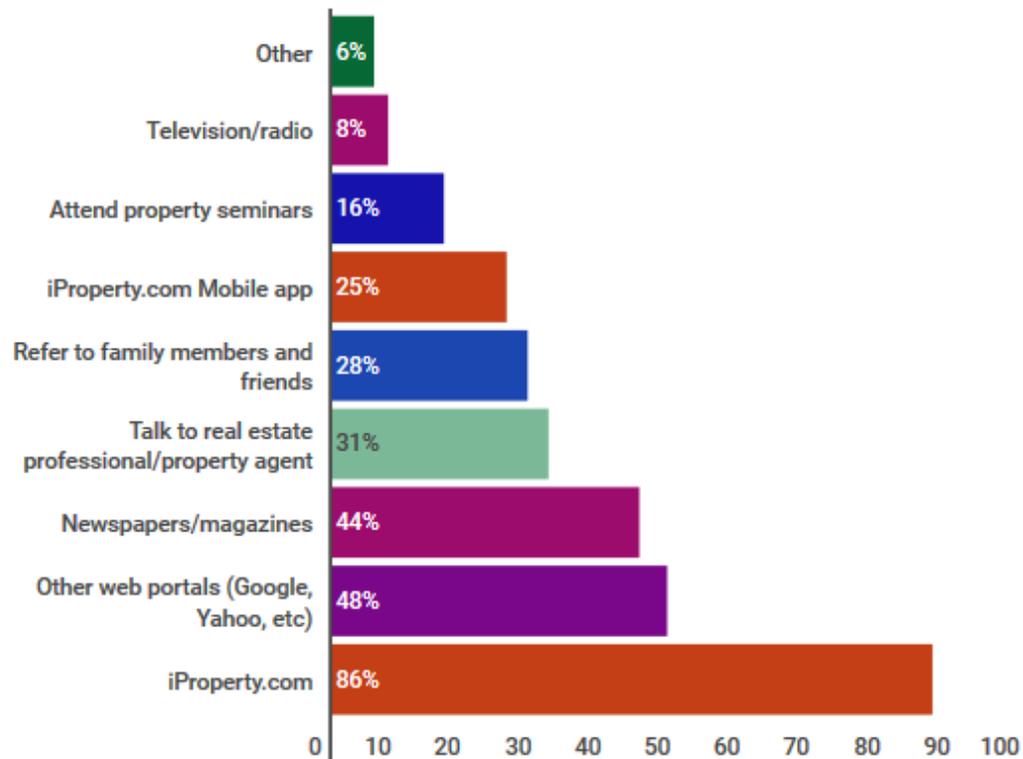
Years to save for a downpayment



The top three sources of property information and news for respondents are:

- Digital – websites and mobile app
- Newspapers / magazines
- Talking to a real estate professional / property agent

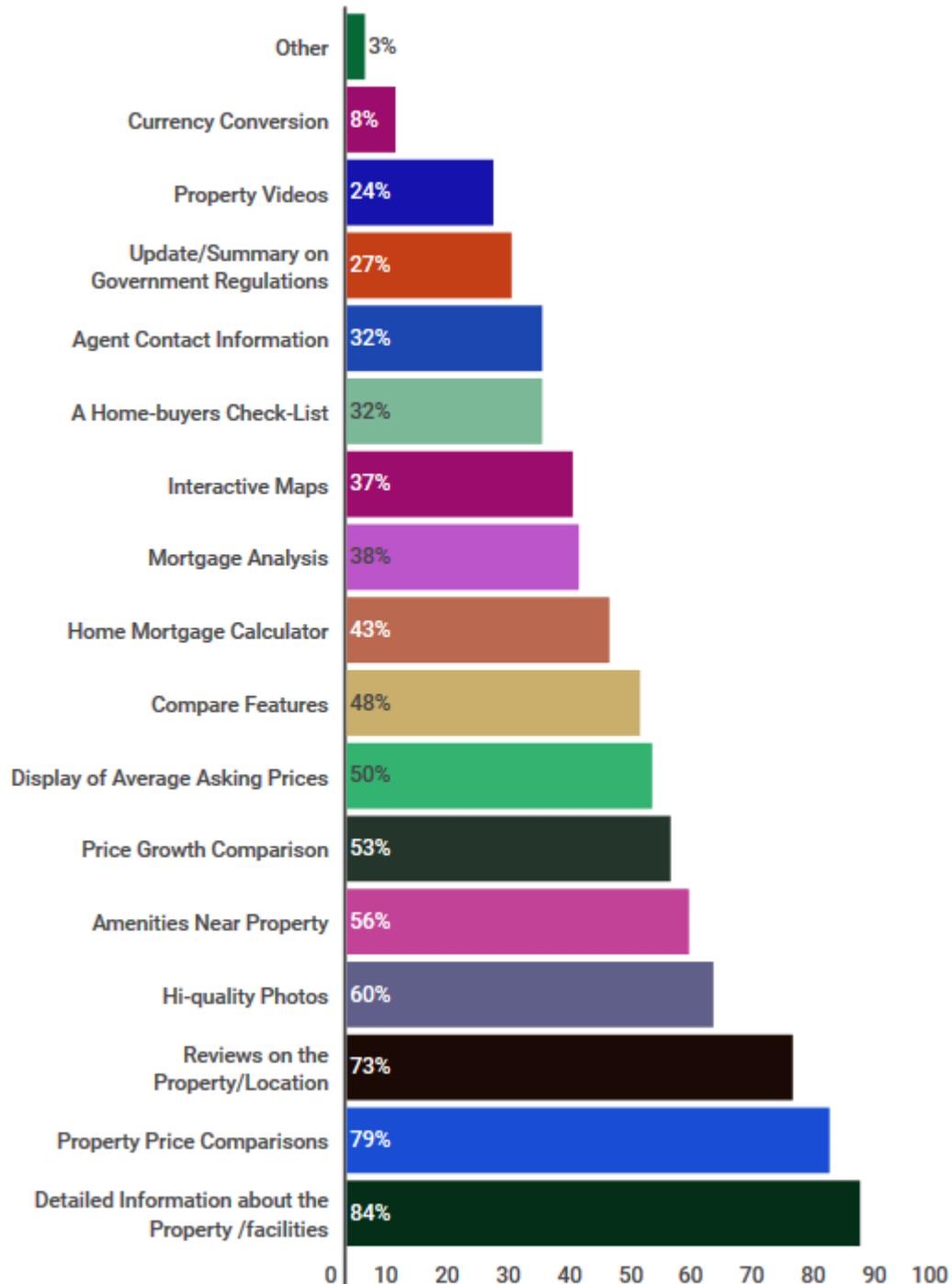
Source of property information and news



The information that respondents seek in an online property listing has been consistent for the past few surveys. They are:

1. Detailed information about property/facilities
2. Property price comparisons
3. Reviews on property/location
4. High quality photos
5. Amenities near property

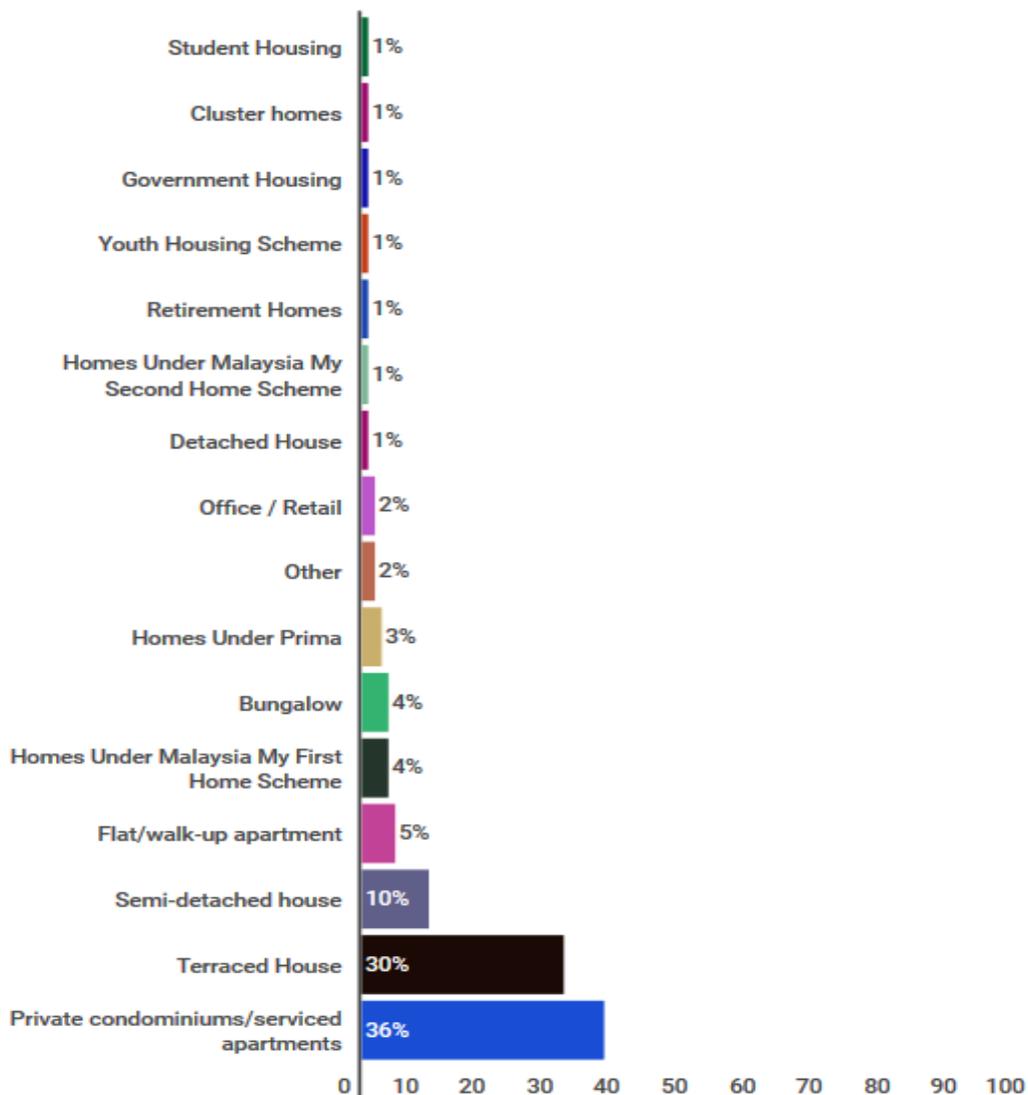
Information needed online to make an informed decision



SENTIMENTS: MOST RESPONDENTS DESIRE TO OWN A PROPERTY WITHIN THE NEXT YEAR OR SOONER, BUT WANT THE GOVERNMENT TO DO MORE TO ADDRESS AFFORDABILITY ISSUES

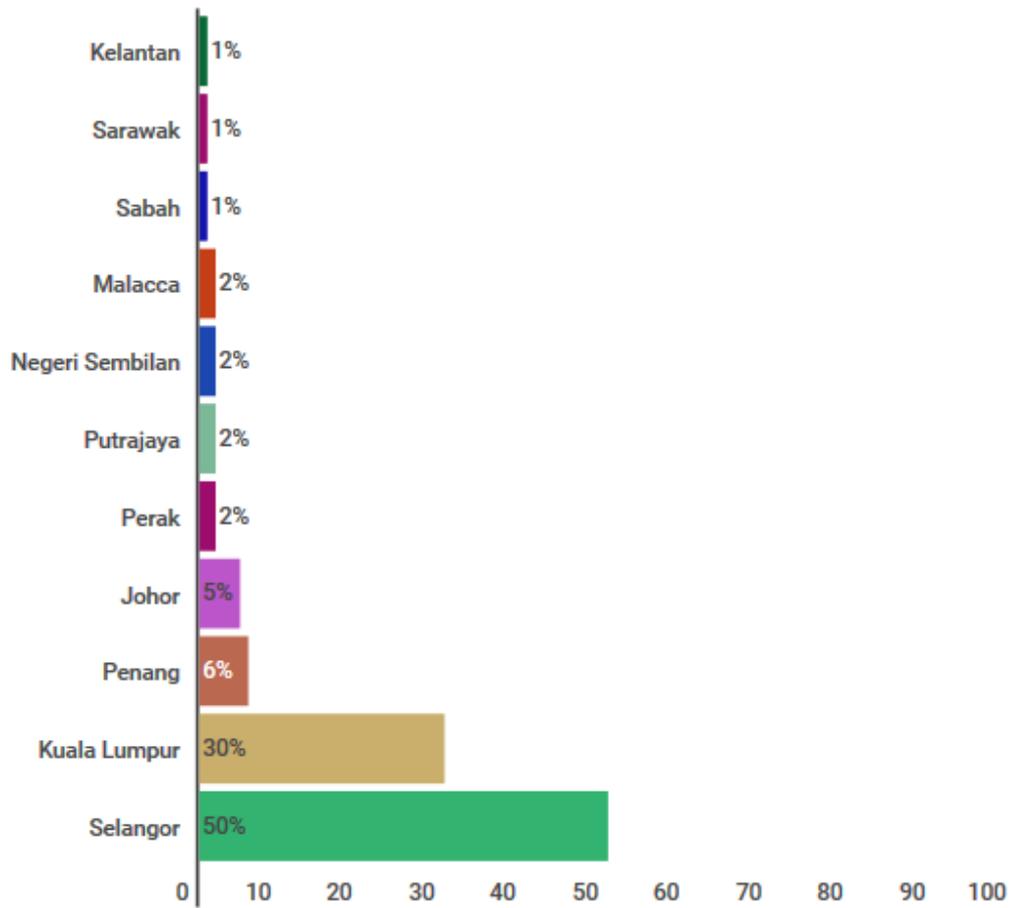
The two preferred properties for purchase are condominiums/serviced apartments (36%) and terraced houses (30%), which is what most respondents are living in at the moment.

Type of property to purchase



Most respondents also intend to purchase in either Selangor (50%) or Kuala Lumpur (30%).

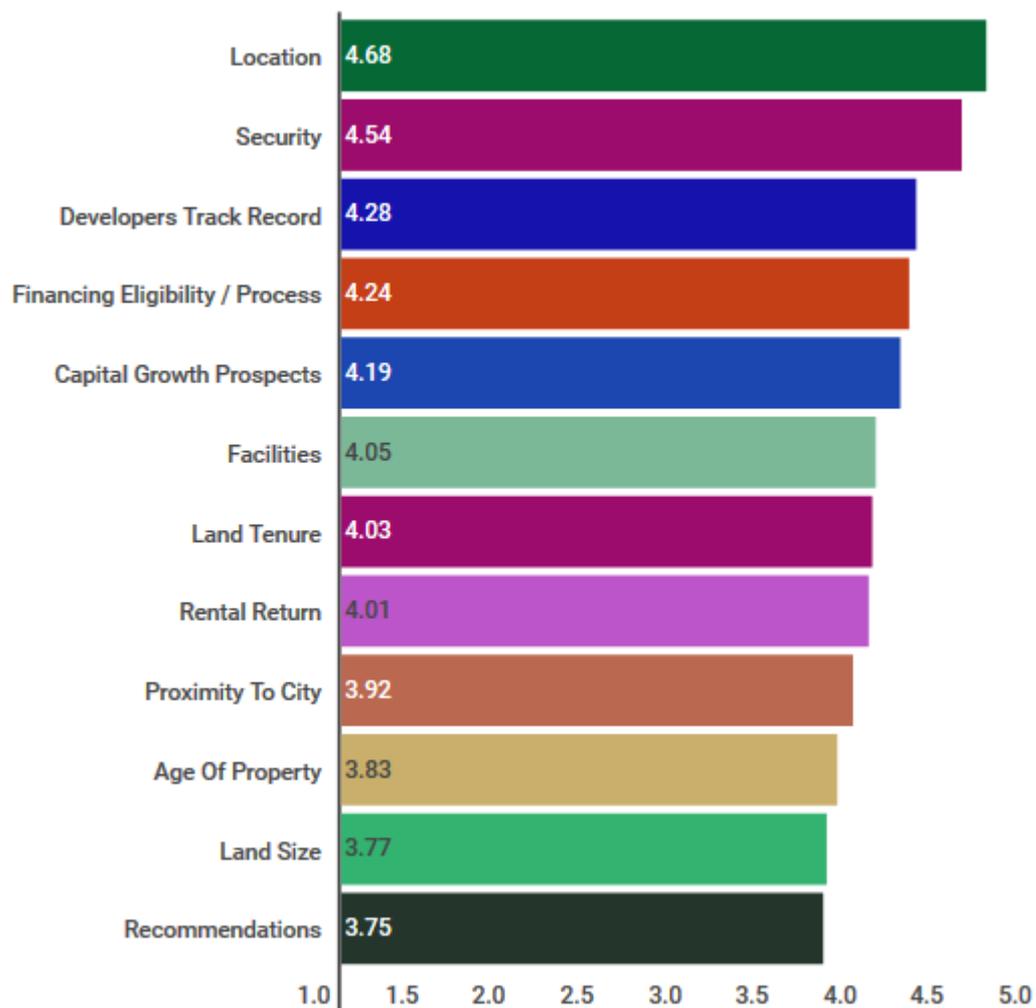
Where to purchase



When selecting answers based on a Likert scale, respondents selected location, land size and age of property as the top three considerations when selecting a property to purchase.

	H2 2016	H1 2016
1	Location	Location
2	Land size	Capital Growth Prospects
3	Age of property	Rental Returns

Factors of consideration when purchasing



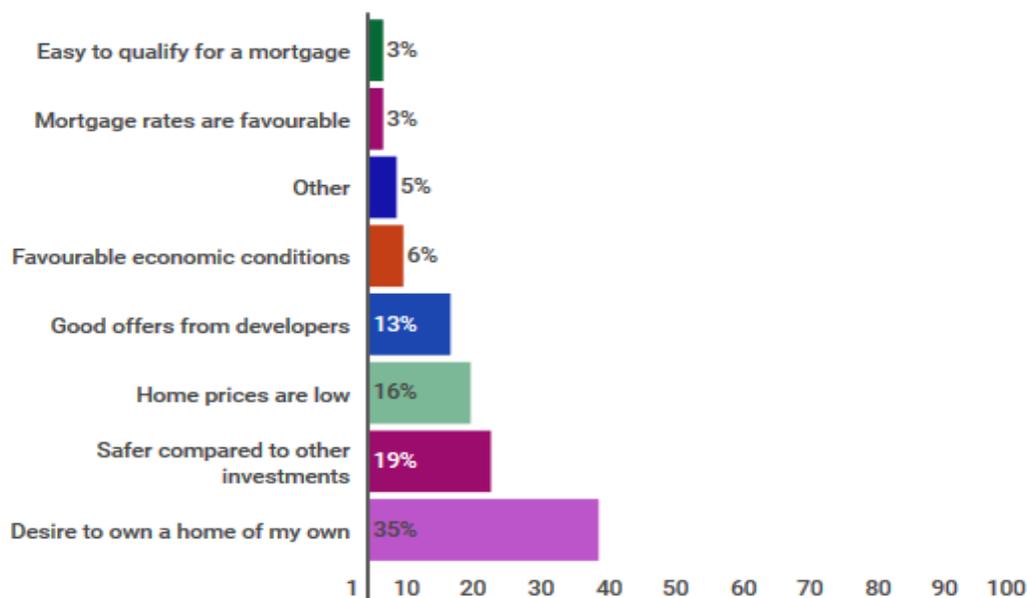
Respondents would purchase property as they desire to own their own homes and opine that property is a safer investment compared to other options.

Most respondents (32%) are looking to purchase in 6 to 12 months from now or a year or two from now (32%). Almost a quarter (23%) are looking to purchase in the very near future, in the next 6 months.

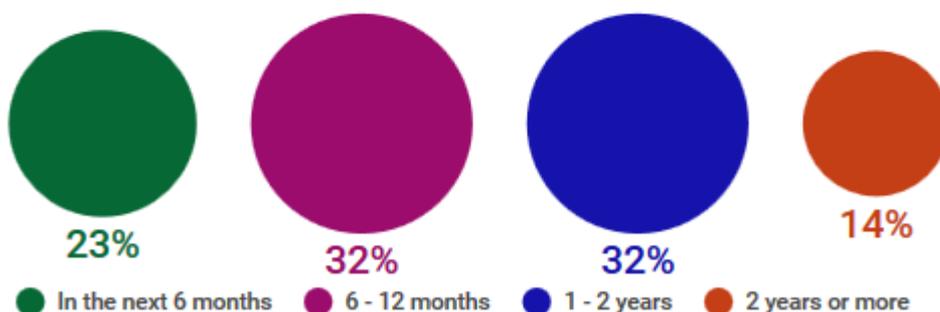
Affordability issues remain but prices have somewhat moderated and more Malaysians are starting to look at property again. Additionally, property developers have also marketed more value for units.

Mah Sing Group, the country’s third largest property developer by sales, expects home sales in Malaysia to recover in the second half of 2016. Group Managing Director Leong Hoy Kum said that the market has reached the bottom of the downturn and that it will recover in the medium term. This is due to Mah Sing witnessing signs of renewed confidence from home buyers.

Primary reason to purchase



When to purchase



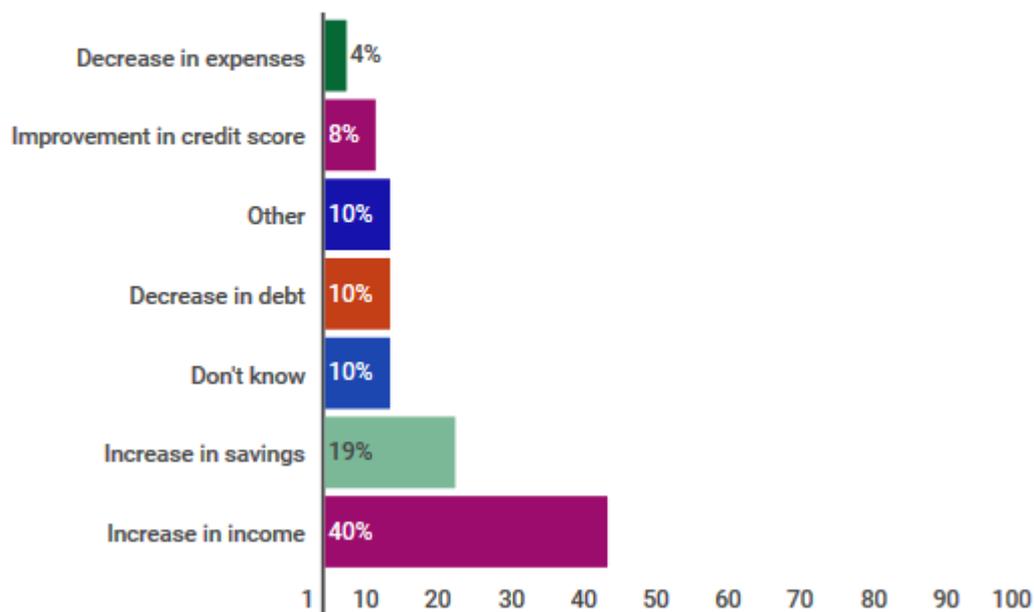
Respondents (40%) would purchase a property now if there is an increase in their income. According to the Department of Statistics, the median monthly household income in Kuala Lumpur is RM7,620 in 2014, while the mean monthly household income in 2014 is RM6,141.

For a family eligible for the 1Malaysia People’s Aid (BR1M) scheme with a disposal monthly income of below RM4,000, that would be 40% of their income.

A residential property priced at RM500,000 and above is only within the reach of less than 6% of the Malaysian population, whose households earn at least RM15,000 a month. Given the prospects of rising household income, half of Malaysian households could probably afford houses between RM200,000 and RM400,000.

Based on findings from the REHDA Property Industry Survey 2H 2015, the highest loan rejections have come from properties in the RM250,001 and RM700,000 range.

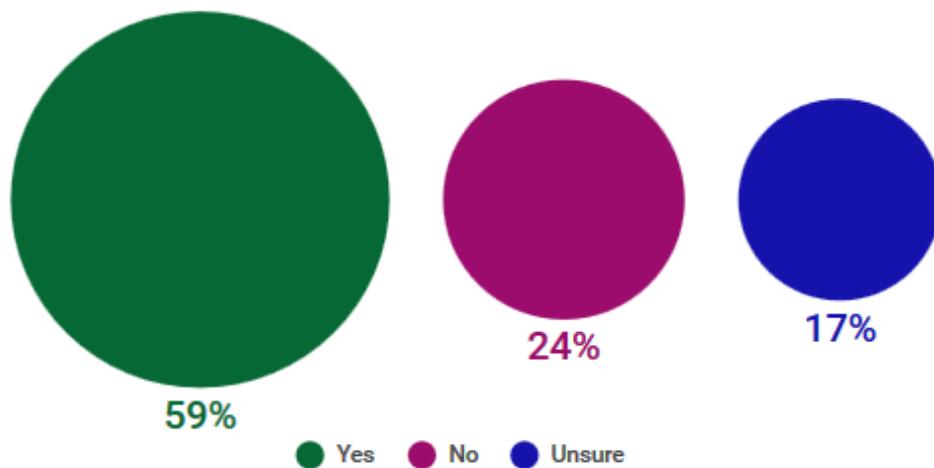
Of the following personal financial reasons, which do you think is the primary reason you have decided to purchase a property now?



More than half (59%) of respondents are holding back from making a property purchase due to concerns of a property price bubble.

Political and economic affairs analyst Prof. Hoo Ke Ping predicts that Malaysia is likely to be hit by a recession in 2018, with most of the sectors expected to slow down. He opined that prices of medium and high-end homes will drop, with property speculators starting to tighten their belts as bank loans become harder to get.

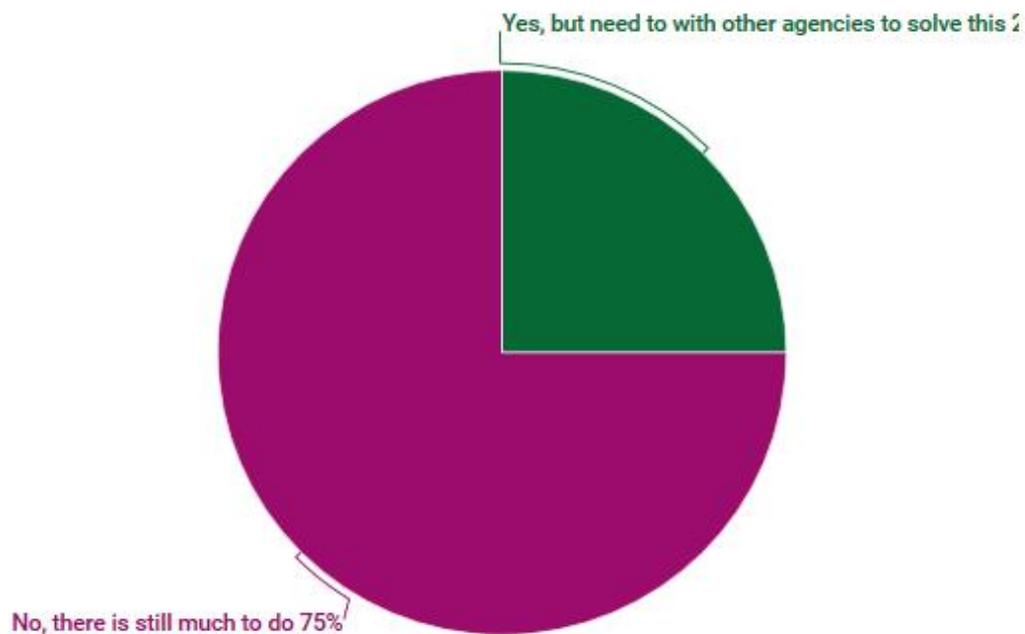
Has concerns around a property price bubble caused you to put investment plans on hold?



A significant number of respondents feel that the government has much to do when it comes to providing affordable housing.

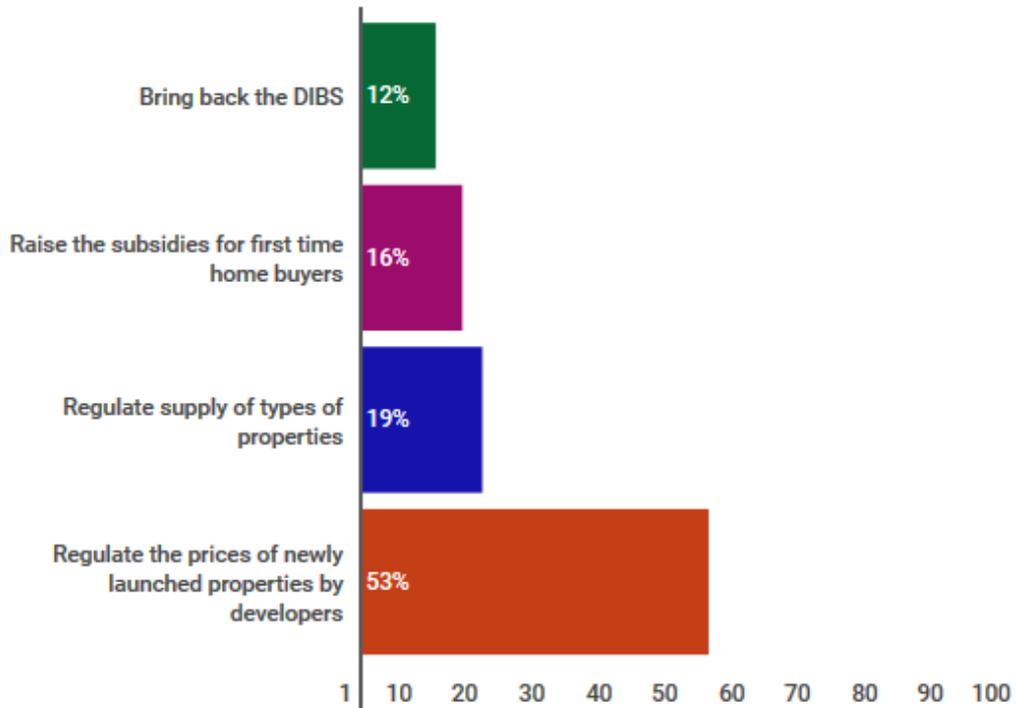
The issue of inadequate supply of affordable homes is being addressed, such as the 1Malaysia People's Housing (PR1MA) programme and Syarikat Perumahan Negara Bhd. It is estimated that the nation requires 202,571 new houses annually between 2016 and 2020 (or 2.5 times more than the number of houses built annually in the last five years) to match the estimated growth in households. The supply should come from both public agencies and the private sector.

Do you think that the government is doing enough to provide affordable housing for Malaysians?



More than half of respondents (53%) feel that the government should regulate the prices of newly launched properties by developers.

How could the government make the prices of homes more affordable?

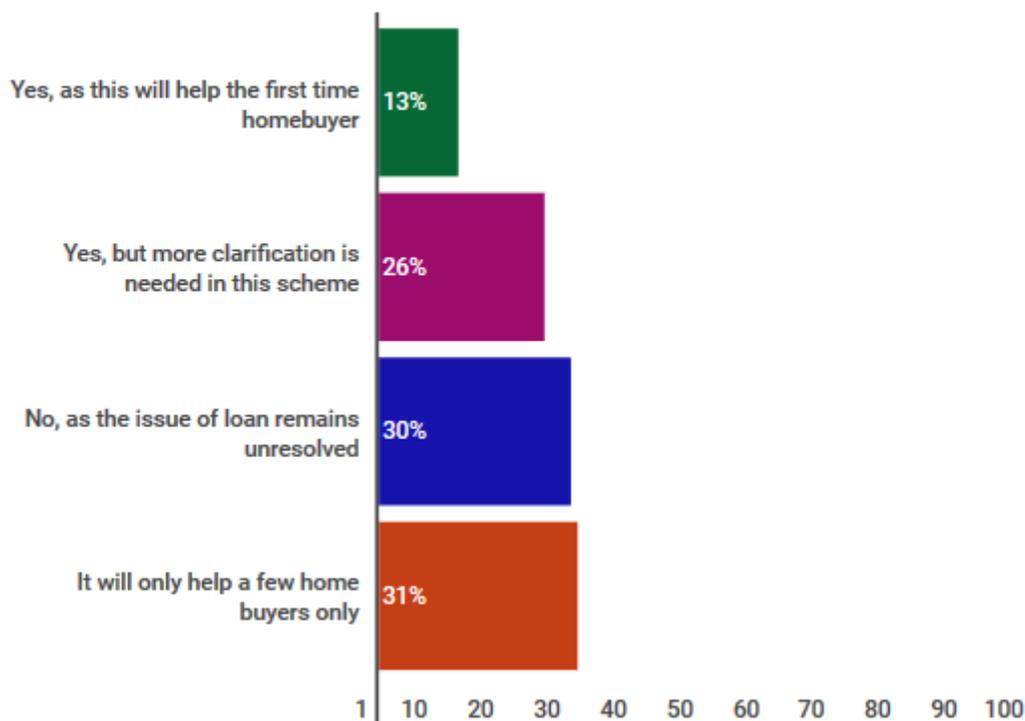


Under MyDeposit, or the First Home Deposit Scheme, the government aims to aid the middle-income group with a gross household income of RM10,000 and below to secure homes, and provide incentives for developers of affordable homes. The government would allocate discounts of up to RM30,000 for house buyers.

Under the scheme, there must be a first-time house buyer within one household family. The scheme applies to new development projects or any completed properties (sub-sale) that did not receive government subsidy incentive. The purchase price under the scheme must be priced from RM80,000 to RM500,000

26% of respondents feel that more clarification is required, while 60.3% feel that the scheme will not help it will only help a few home buyers or the loan issue remains.

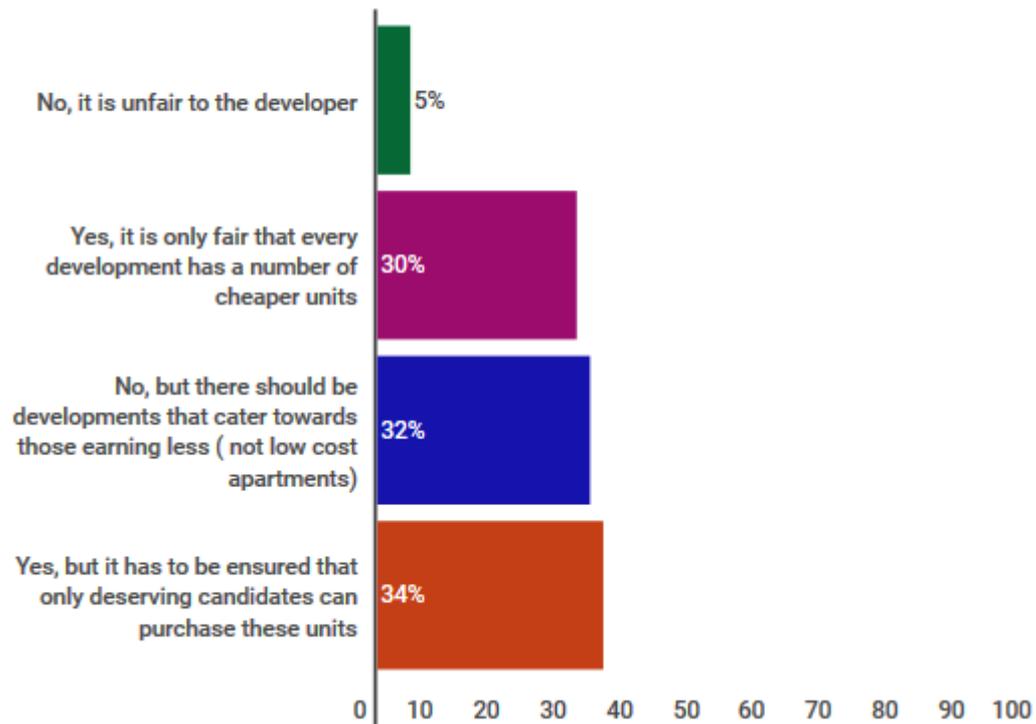
Do you think that the MyDeposit scheme is effective in helping first-time home buyers?



The answers are split three ways. Those who agree that affordable units should be included in every development must ensure that they are for deserving candidates only or that it is fair to include some cheaper units.

Those who disagree think that there should be specific developments for those earning less.

Should the government impose affordable units in every future development

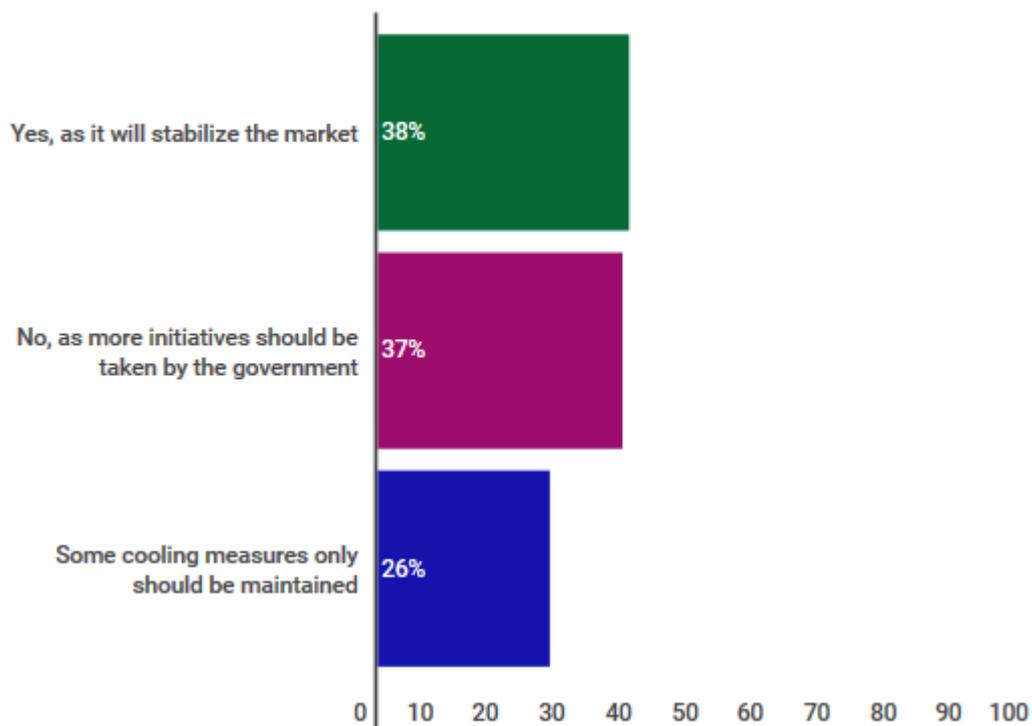


As the respondents are mainly first-time home buyers and investors, it isn't surprising that they support the cooling measures and feel that more initiatives should be taken by the government to stabilise the market further.

House prices in Malaysia continue to rise, but at a slower pace, and transactions are slightly down. During the year to end-Q3 2015, the nationwide house price index rose by 5.43% (2.74% inflation-adjusted), down from an annual rise of 7.88% the previous year and the lowest increase since Q3 2009, according to the Valuation and Property Services Department (JPPH). On a quarterly basis, the index increased 0.8% (0.2% inflation-adjusted) in Q3 2015.

Malaysia's average house price stood at RM312,050 in Q3 2015, up by 5.41% (2.72% inflation-adjusted) from a year earlier.

Should the current cooling measures be maintained?



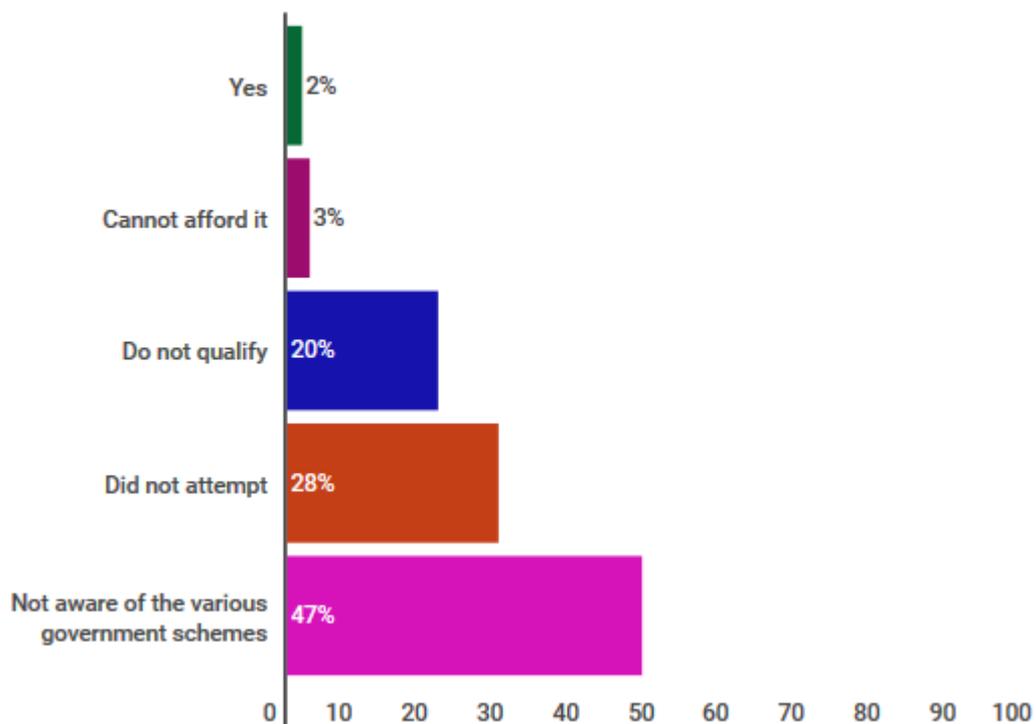
47% of respondents are not aware of the government’s schemes to encourage property purchases in Sabah and Sarawak. 22% expect prices to increase in those states next year and this is in line with the trend that Sabah and Sarawak have continued to experience rising property prices in the last year.

According to the CH Williams Talhar & Wong (WTW) 2016 Property Market report, Sabah property prices are expected to be sustained in 2016. The overall property market for Sarawak is best described as being cautious. The rise in construction costs has pushed up the prices of residential property despite it being exempted from GST. WTW reported the increase in the residential sector as being 3% to 6% and described the property sector as stable especially those in prime locations.

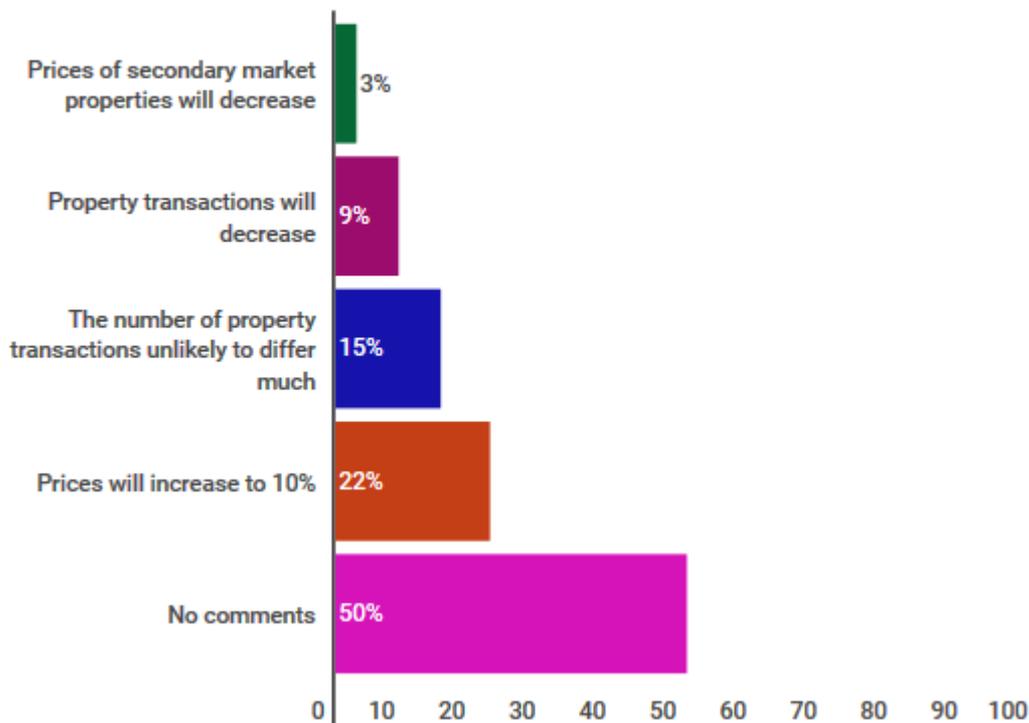
The Sarawak and Sabah property market are growing and there is much undeveloped land and untapped resources. The focus has been mainly in Kuching and Kota Kinabalu. However, as main infrastructure frame is being extended to other townships, ample investment opportunities will open up for those looking to diversify their property investment portfolios.

Respondents’ answers are split almost equally among all four answers provided for reasons to invest in Sarawak.

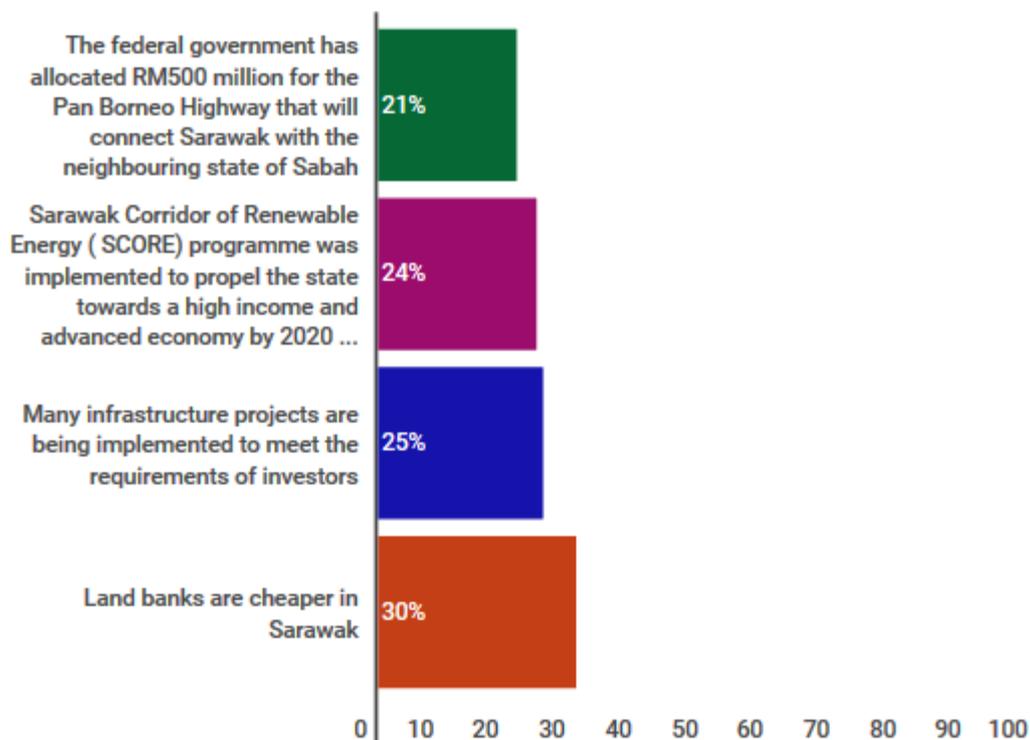
Have you applied for any government schemes that encourage property purchasing in Sabah and Sarawak?



In the light of the current economic climate, what do you think will happen to the property market in Sabah and Sarawak next year?



Why would you want to invest in Sarawak especially in the property industry?



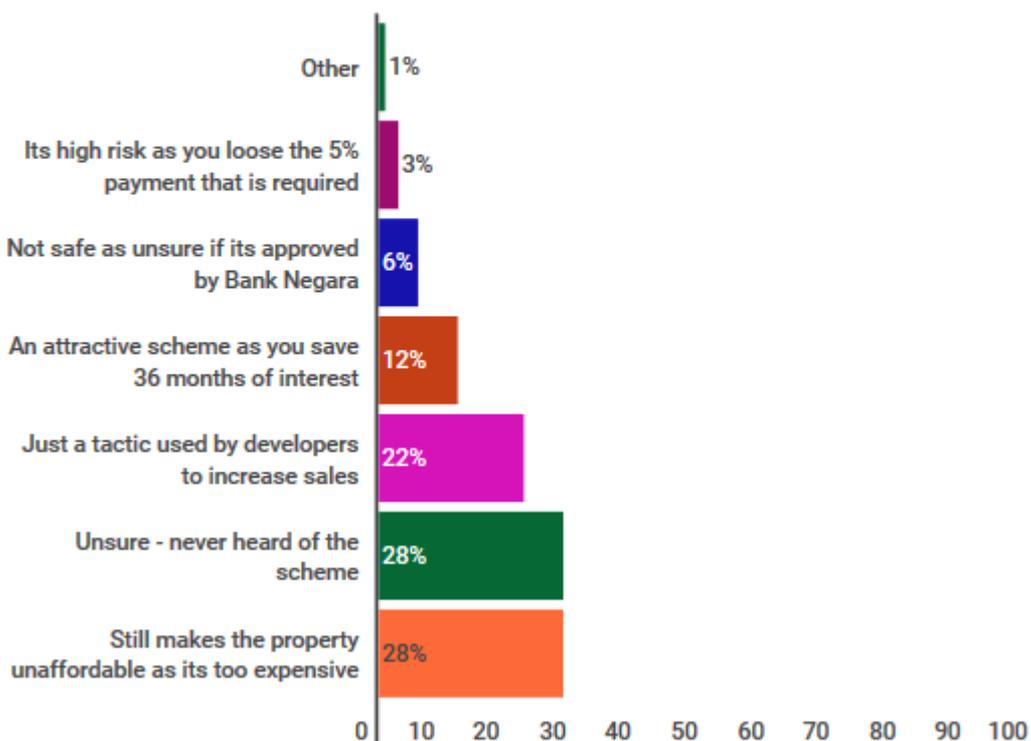
28% have not heard of this scheme, while another 28% thinks that it doesn't make a difference as the properties remain unaffordable.

Slow sales in 2014 and 2015 have prompted developers to introduce various innovative marketing schemes to boost sales, including the rent-and-purchase (rent-to-own/RTO) scheme.

Real Estate and Housing Developers' Association of Malaysia (REHDA) president Datuk Seri Fateh Iskandar Mohamed Mansor says RTO schemes will definitely assist those interested in owning their own home in the long run, especially for young income earners.

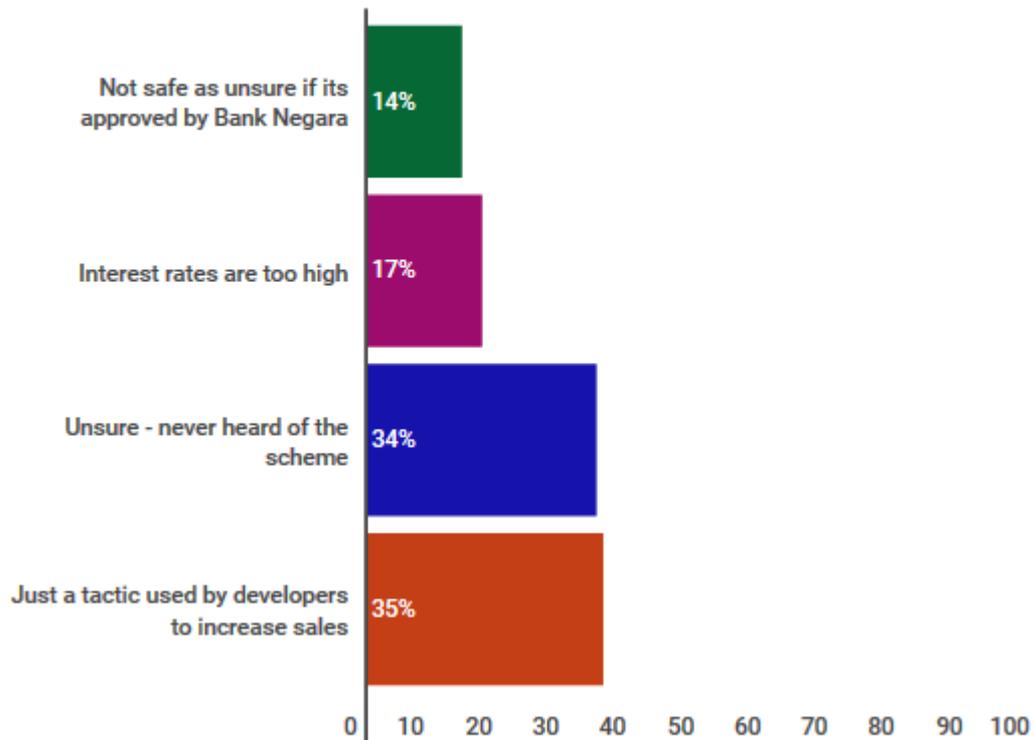
He notes that the 10% down payment to purchase a house will be an issue for most young buyers and the RTO scheme offered will help to lessen their burden of owning their first home.

What are your views on the rent-and-purchase schemes that have been introduced by some developers?



Most respondents, 35%, believe that 'loans' by developers are a tactic to increase sales, while 34% have not heard of such schemes.

What are your views on the 'loans' that are currently being offered by some developers?



An overwhelming number of respondents (85%) agree that it is harder to buy a home today compared to the previous generations. As for the future, majority of respondents also feel that it would be harder for future generations to buy a home.

The central bank did an income/affordability computation with four income group categories:

- the average RM6,000 income earner – can afford RM360,000 house
- the bottom 40% with a net income of RM2,200 – can afford RM50,000 house
- middle 40% with net salary of about RM4,800 – can afford RM265,000 house
- the top 20% net income earners of RM10,600 – can afford RM850,000 house

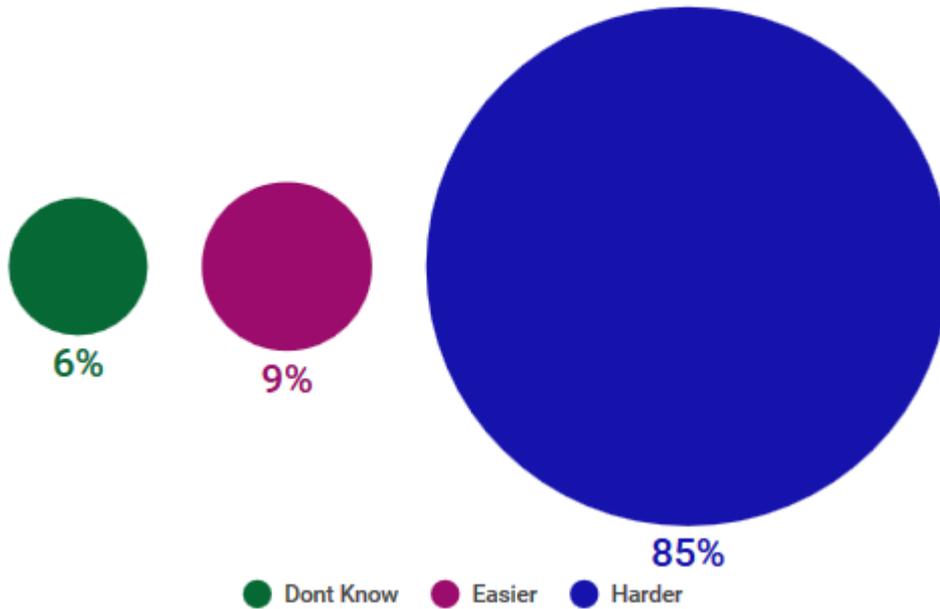
Income not commensurate with housing affordability				
Maximum affordable price based on residential income is significantly below average national house price of RM312,000 (3Q 2015)				
Income percentile	Average income	Bottom 40%	Middle 40%	Top 20%
Average income (RM)	6,141	2,537	5,662	14,305
Net income (RM) (Average income after tax, EPF, Sosco)	5,128	2,244	4,781	10,581
Total consumption expenditure (RM)	3,578	2,027	3,629	6,899
- Necessities	2,340	1,398	2,361	4,374
Food	676	538	728	905
Housing & utility (excl mortgage payment)	855	477	793	1,742
Health	57	31	57	127
Transport	522	253	548	1,099
Communication	190	84	196	400
Education	39	16	39	102
- Discretionary	1,238	629	1,268	2,525
Savings (10% of net income, RM)	513	224	478	1,058
Assumption: Zero savings and no existing loans				
Residual monthly income available for mortgage repayment, RM (Net income minus total consumption expenditure)	1,550	217	1,151	3,682
Mortgage that they can afford, RM (90% loan, tenure: 35 years, interest: 4.65%)	321,122	44,931	238,590	763,015
Maximum affordable house price, RM	356,803	49,923	265,100	847,795
Assumption: 10% of net income saved, no existing loans				
Residual monthly income available for mortgage repayment, RM (Net income minus total consumption expenditure & savings)	1,037		673	2,624
Mortgage that they can afford, RM (90% loan, tenure: 35 years, interest: 4.65%)	214,868		139,530	543,752
Maximum affordable house price, RM	238,743		155,034	604,169

CANT BUY

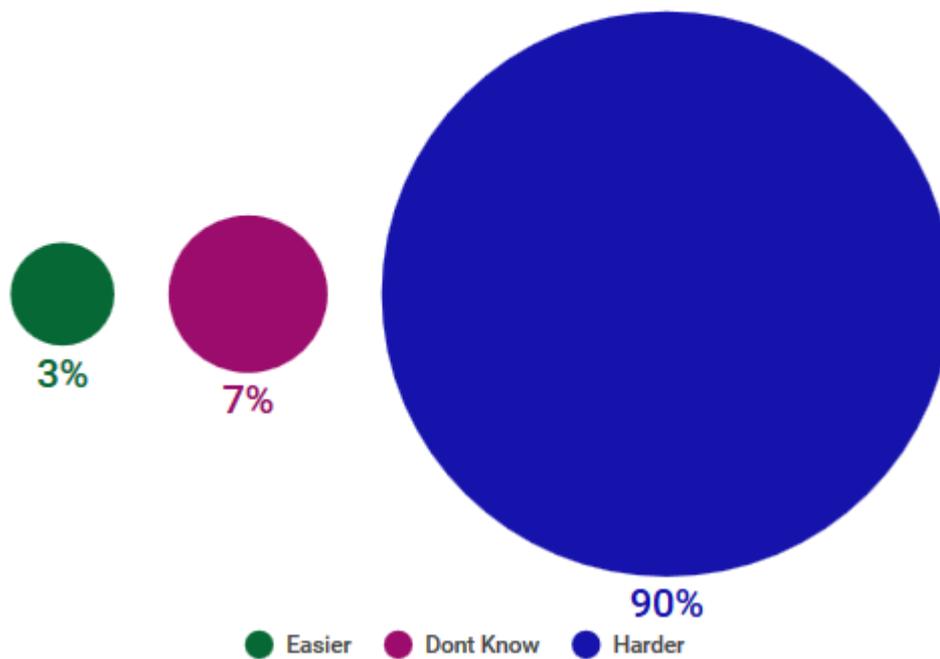
Source: BNM

<http://www.thestar.com.my/business/business-news/2016/04/23/solving-affordability-issues/>

Do you think it is easier or harder to buy a home today than it was in your parent's generation?



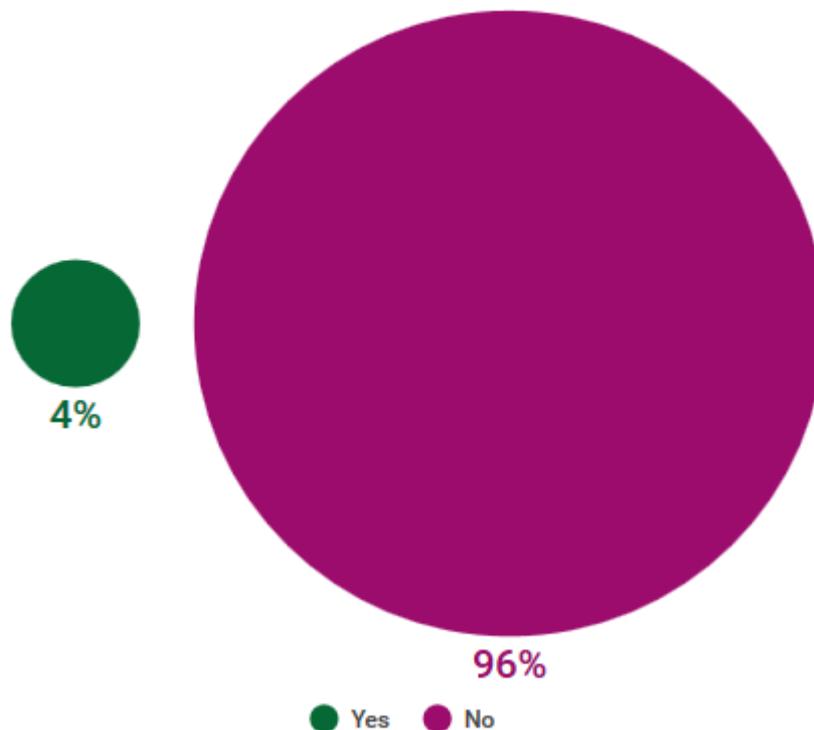
Do you think it will be easier or harder for your children or the next generation in general to buy a home?



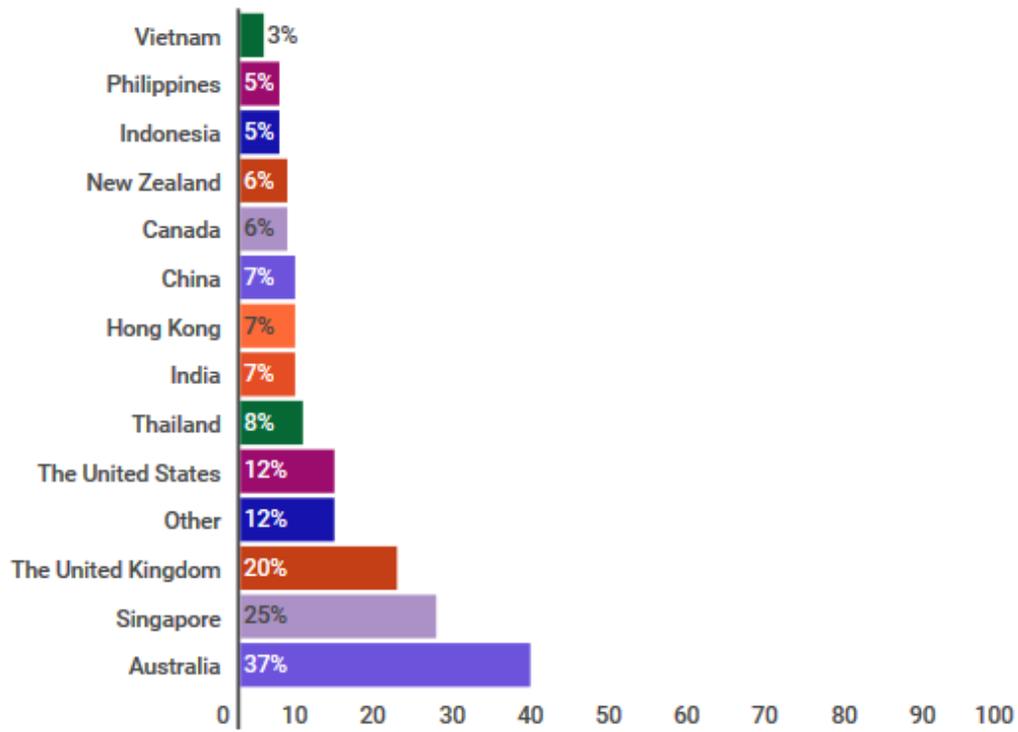
OVERSEAS PROPERTY: AUSTRALIA REMAINS AS TOP COUNTRY OF CHOICE, AND MELBOURNE IS THE TOP AUSTRALIAN CITY OF CHOICE

96% of respondents do not own properties overseas. The remaining 4% own property in Australia (37%), Singapore (25%), and the United Kingdom (20%).

Own property/ies overseas



In which country did you purchase this property?



The three main cities that properties are purchased in Australia are:

- Melbourne
- Brisbane
- Perth

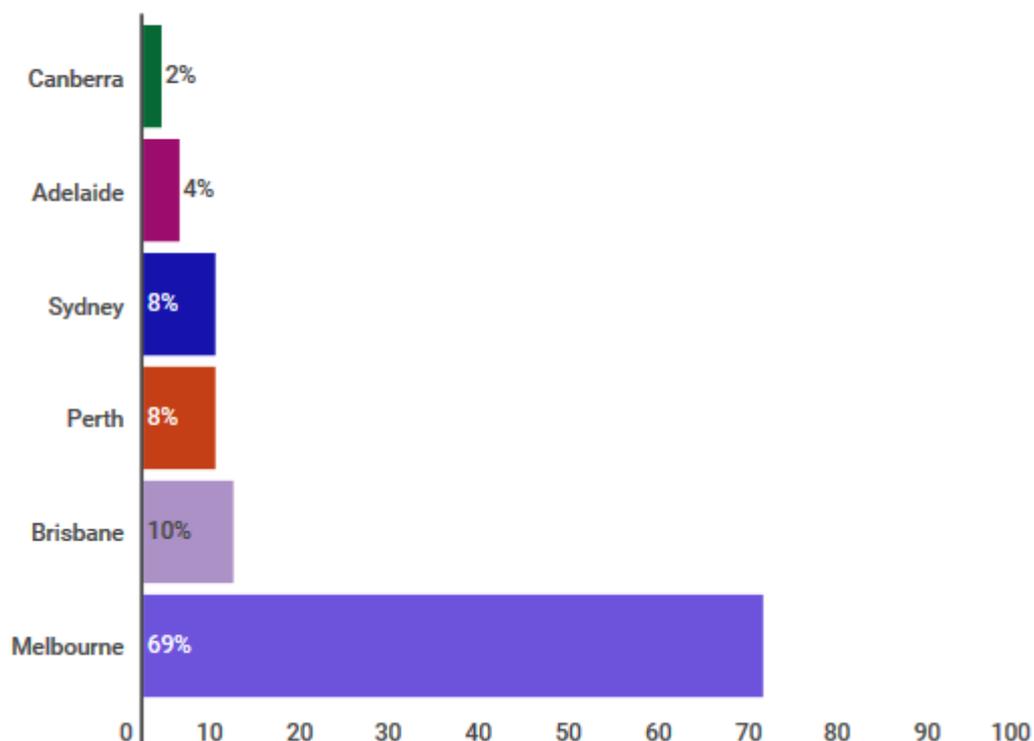
The properties were mainly purchased via a local agent from country of origin (40%), and developer (35%). This selection of answers is the same as the previous survey.

According to the Home Value Index released by CoreLogic RP Data in June 2016, Australian capital city house prices jumped 1.6% in May, leaving the increase over the first five months of the year at 5.0%. Across Australia, the median dwelling price now stands AUD580,000. There is no slowdown despite expectations from various parties that house prices were due to stagnate.

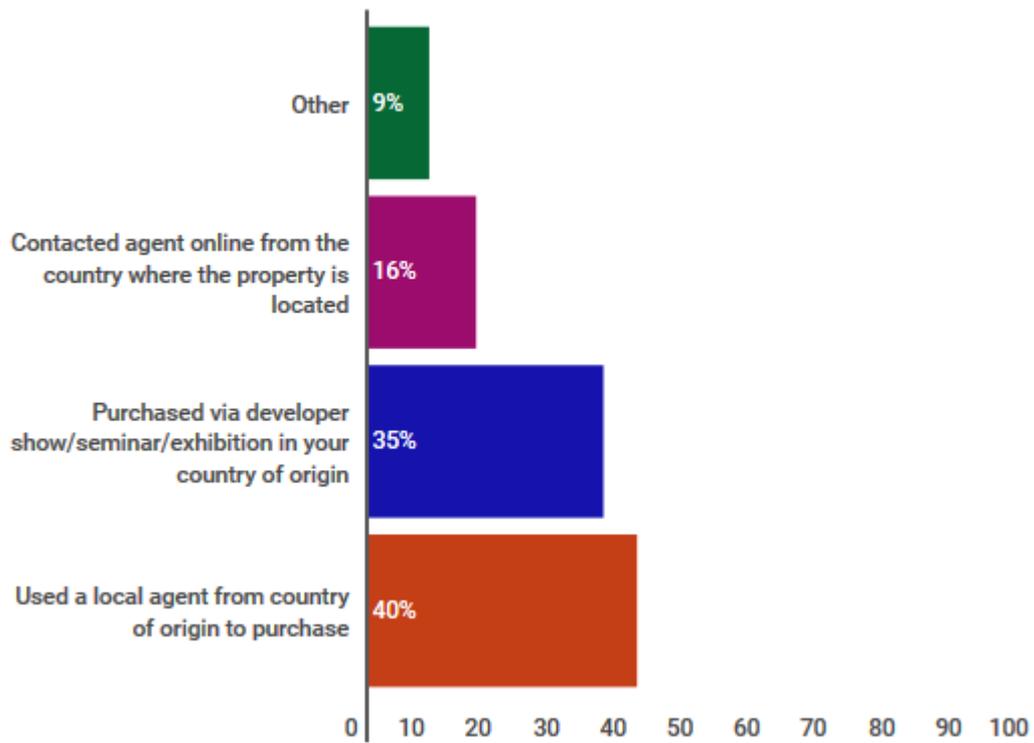
The gains in May were led by a 3.1% increase in Sydney, taking the median dwelling price in Australia’s largest city to AUD782,000. In just the past quarter, prices in the city jumped by 6.6%, leaving the gain over the past year at 13.1%.

Outside of Sydney, prices increased in all capitals aside from Perth, recording gains of between 0.1% and 2.5%. Melbourne was the hottest housing market until recently. It saw an increase of 1.6% in house prices. Although it is below the pace for Sydney over the same period, prices increased by 13.9% from May 2015, the fastest annual pace across Australia.

Which state capital in Australia did you purchase this property?



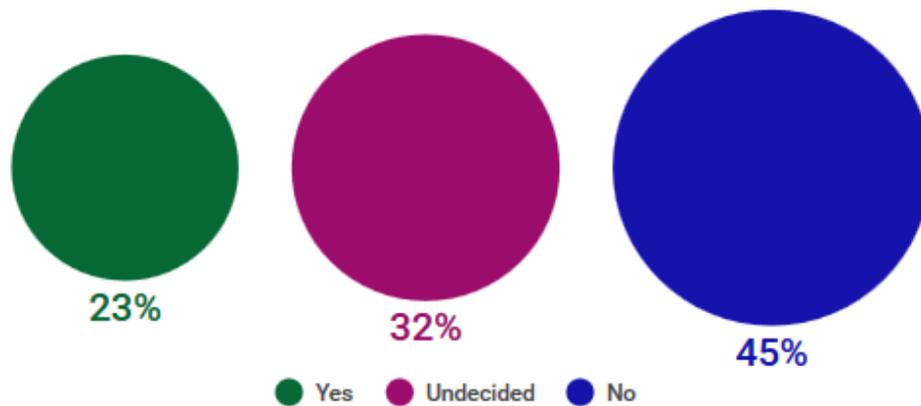
How was the purchase completed



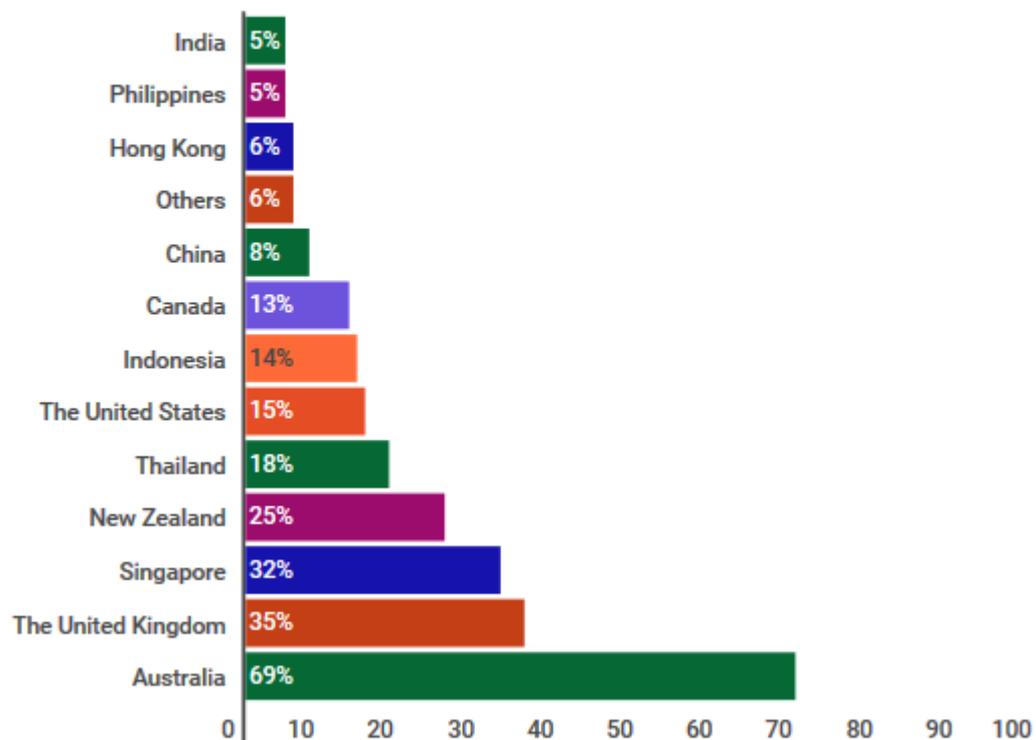
Majority of the respondents (45%) are not considering investing in overseas property.

The 23% who are considering purchase would choose Australia, United Kingdom and Singapore. There is a switch between the second and third preference compared to the previous survey.

Are you considering investing in overseas property?



Country to invest in



Respondents who are keen in purchasing in Australia would pick properties in:

1. Victoria
2. New South Wales
3. Queensland

This is in line with answers provided for the preferred cities which they purchased in, which are Melbourne (Victoria), Sydney (New South Wales) and Brisbane (Queensland).

Respondents are looking to purchase properties in these states at least two years from now.

According to CBRE Australia, Sydney and Melbourne recorded the strongest property performance in 2015 - a trend that's expected to continue in 2016 but notably with some improvement in Brisbane and stability in Perth.

The impact of lower interest rates has been directly felt in the retail and residential property sectors, with further downstream benefitting office and industrial. The lower AUD will increasingly factor into investment and consumption decisions, improving the economy at a broad level.



Asia Pacific
REAL ESTATE MARKET OUTLOOK
AUSTRALIA

ECONOMY

GDP Growth

2014 2015 2016

Interest Rates

2014 2015 2016

Other Considerations

- Higher growth in service sectors
- China slowdown
- AUD continues downward trend

CONTRIBUTION TO ECONOMIC GROWTH IN 2016

Consumption +

Housing +

Business Investment -

Net Exports +

OFFICE	RETAIL	INDUSTRIAL	RESIDENTIAL	CAPITAL MARKETS
<ul style="list-style-type: none"> • High vacancy in secondary stock in Brisbane / Perth • Structurally higher tenant incentives • Global uncertainty impacting decision making for expansion plans in Australia 	<ul style="list-style-type: none"> • Margin pressure on retailers due to lower AUD • Rising competition from foreign brands 	<ul style="list-style-type: none"> • Manufacturing as car production winds down • Slowing housing construction • Residential encroachment - particularly in Sydney 	<ul style="list-style-type: none"> • Oversupply risks in Melbourne / Brisbane • Rising interest rates and stricter lending criteria • Affordability in Sydney and Melbourne 	<ul style="list-style-type: none"> • Rising asset yields globally • Upward pressure on return expectations • Competition - domestic vs foreign capital

CHALLENGES
OPPORTUNITIES

<ul style="list-style-type: none"> • Tenants lock in rents / incentives near bottom of cycle • Redevelopment / refurbishment - Secondary stock and backfill - Student accommodation / hotels / residential • Low vacancy in Sydney 	<ul style="list-style-type: none"> • Redesign shopping centres to capitalise on shifting consumer preference • Rising importance of shoppers' experience - 'Retail-tainment' • Growth in Asian-born population with different shopping expectations 	<ul style="list-style-type: none"> • Improving efficiency of consumer goods distribution and delivery • New infrastructure and growth corridors 	<ul style="list-style-type: none"> • Sydney remains undersupplied • Brownfield development opportunities 	<ul style="list-style-type: none"> • Yield convergence prime vs secondary in Sydney / Melbourne office • Strong demand from overseas investors • Owner / Occupier divestment opportunities in industrial
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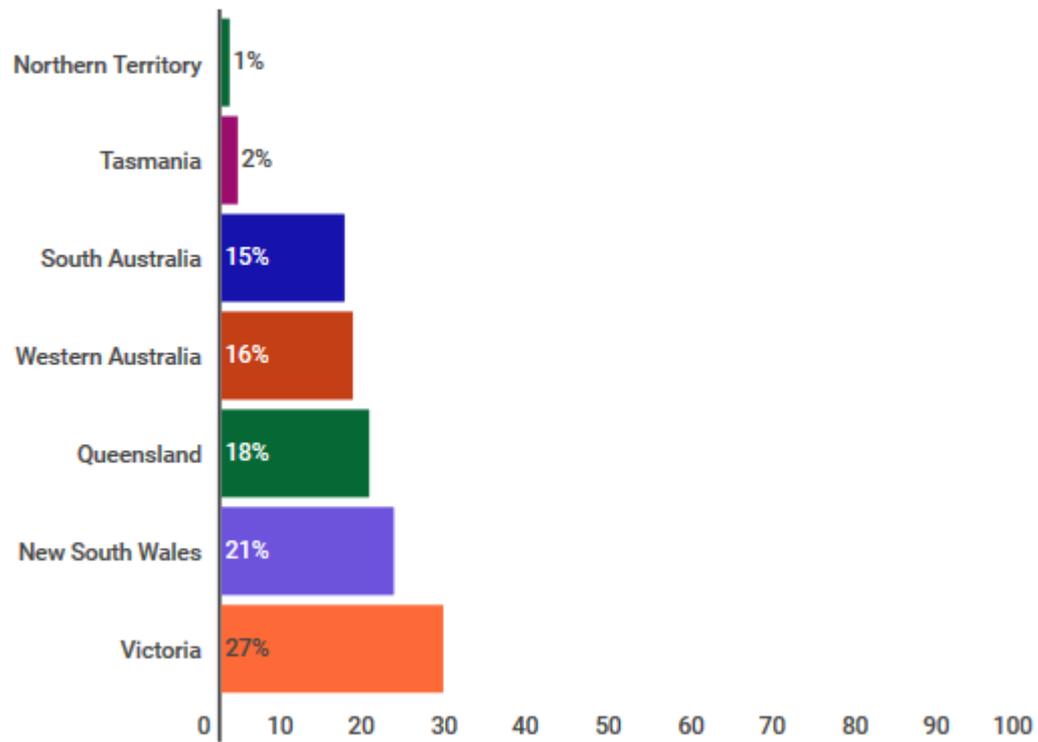
Source: CBRE Research, February 2016.

CBRE RESEARCH
 This report was prepared by CBRE Australia Research Team, which forms part of CBRE Research—a network of preeminent researchers and consultants who collaborate to provide real estate market research, econometric forecasting and consulting solutions to real estate.
 © CBRE Ltd. 2016. Information contained herein, including projections, has been obtained from sources believed to be reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to confirm independently its accuracy and completeness. This information is presented exclusively for use by CBRE clients and professionals and all rights in the material are reserved and cannot be reproduced without prior written permission of CBRE.

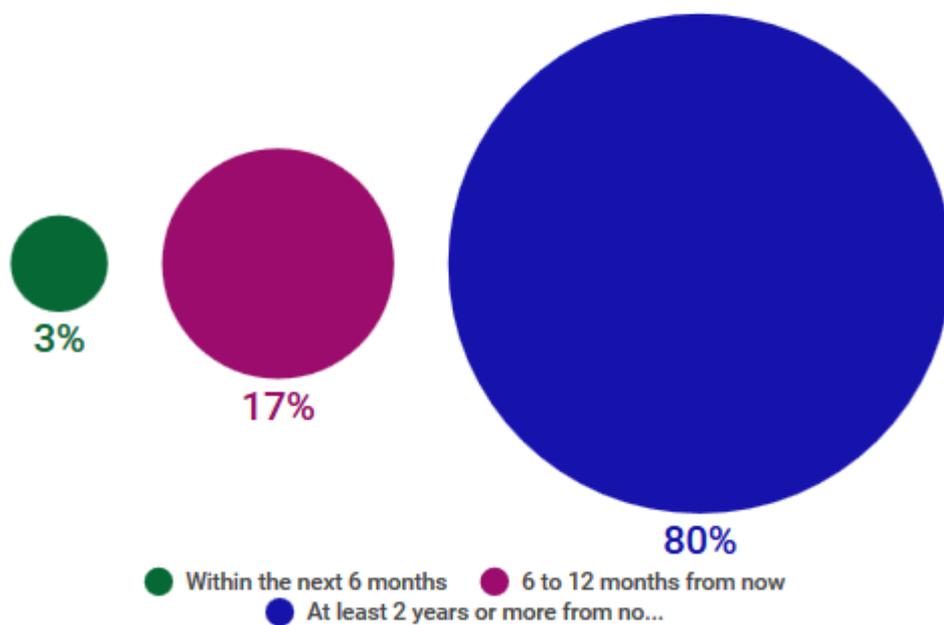
CBRE

<http://www.cbre.com/research-and-reports/apac-real-estate-market-outlook-2016/australia>

Which state in Australia to purchase

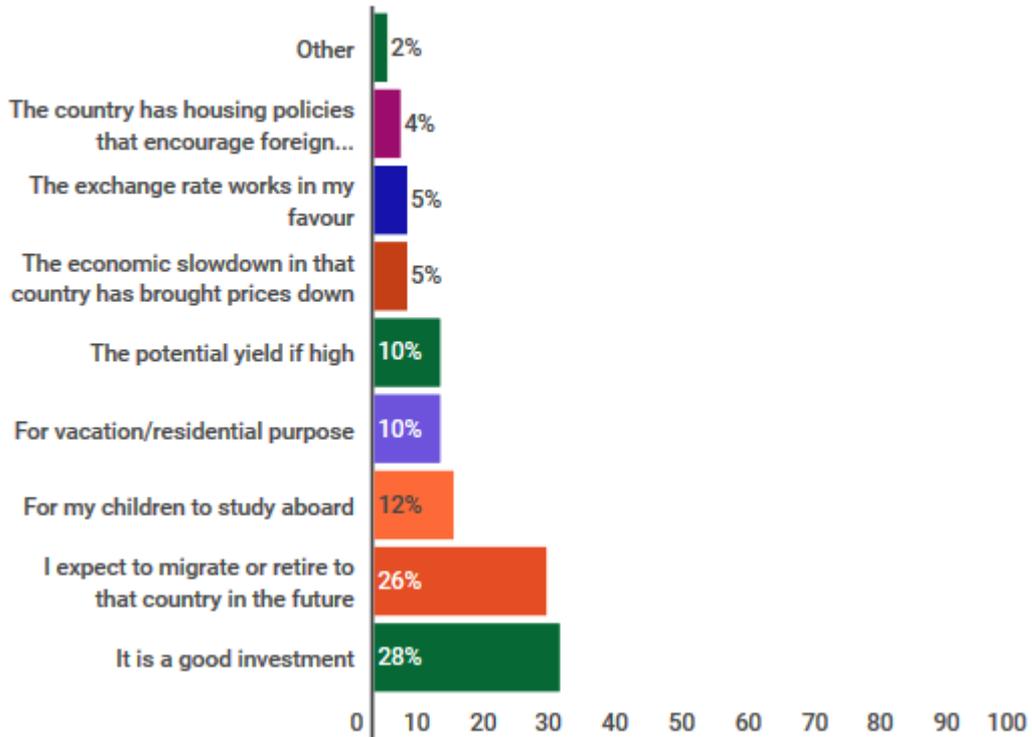


When to purchase



The top two reasons for purchasing overseas property has been very consistent throughout several of our surveys – good investment and migration to that country in the future.

Main motivation to purchase overseas

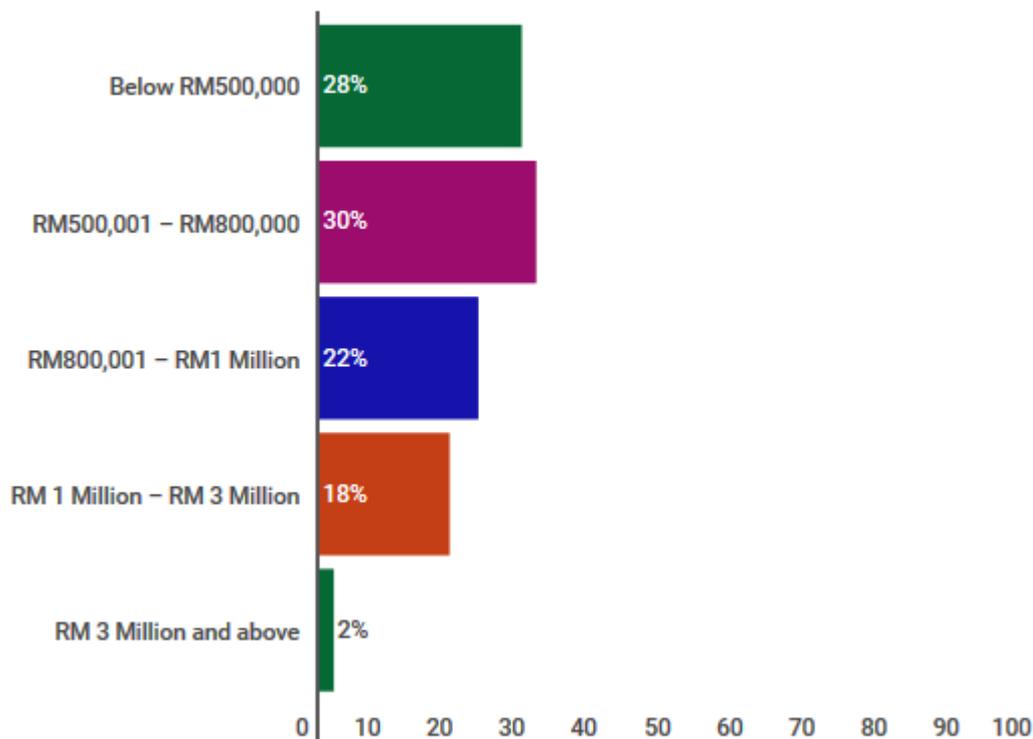


The top two budget brackets for overseas properties are 'RM500,001 to RM800,000' and 'Below RM500,000'. 'Apartment unit' is still the preferred type of overseas property, followed by 'House'.

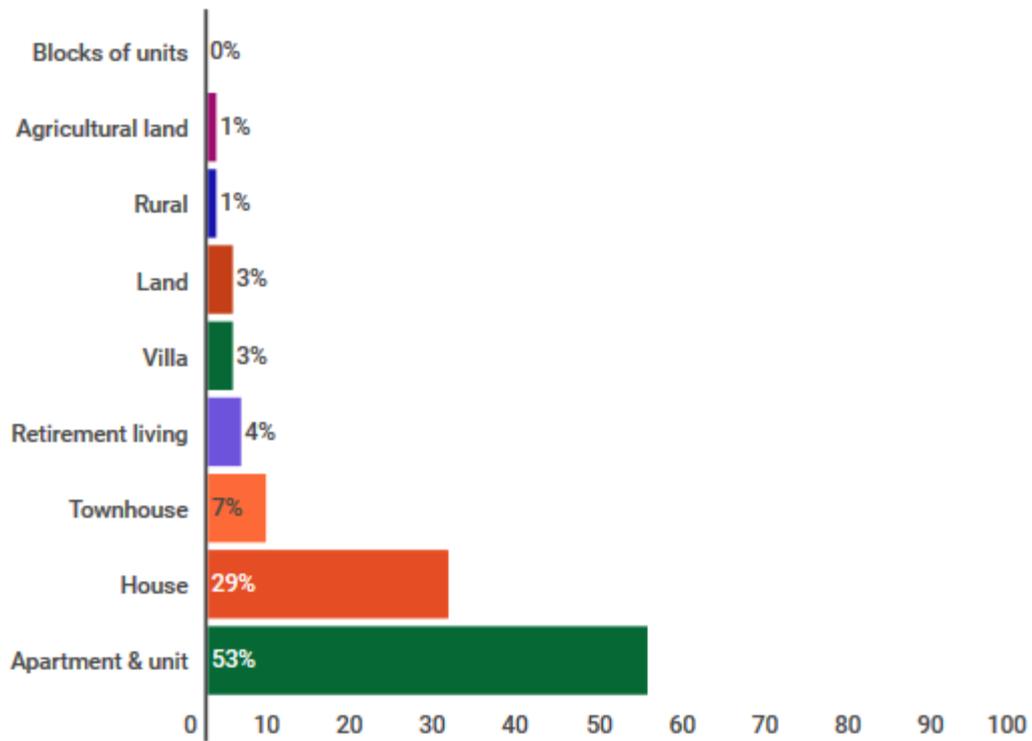
There seems to be a mismatch between respondents' budget and types of preferred properties in, for example, Melbourne. This could largely be due to the exchange rate.

Melbourne's house prices have hit a new record median of \$740,995 after almost four years of growth. House prices grew 1.5% in the June quarter, bringing the annual rate to 7.4% – the highest of all capital cities, according to Domain Group's House Price Report in June 2016. The unit median price also grew 3.5% over the June quarter, but just 2.7% annually, to \$450,933.

Budget to purchase



Type of property to purchase

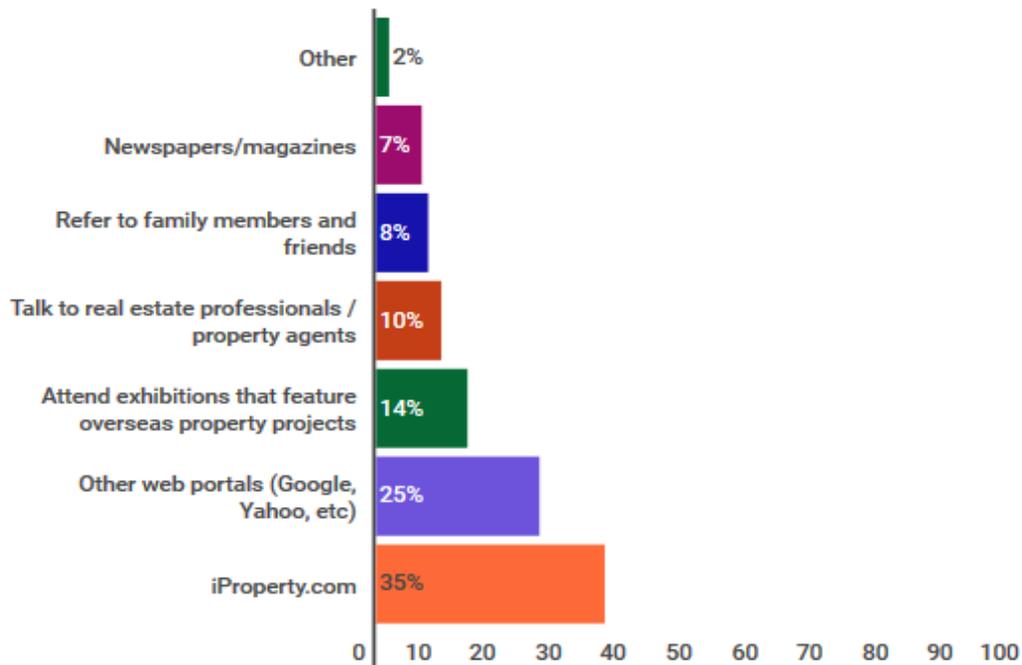


Respondents' key source of information for properties overseas is digital, followed by exhibitions and real estate professionals.

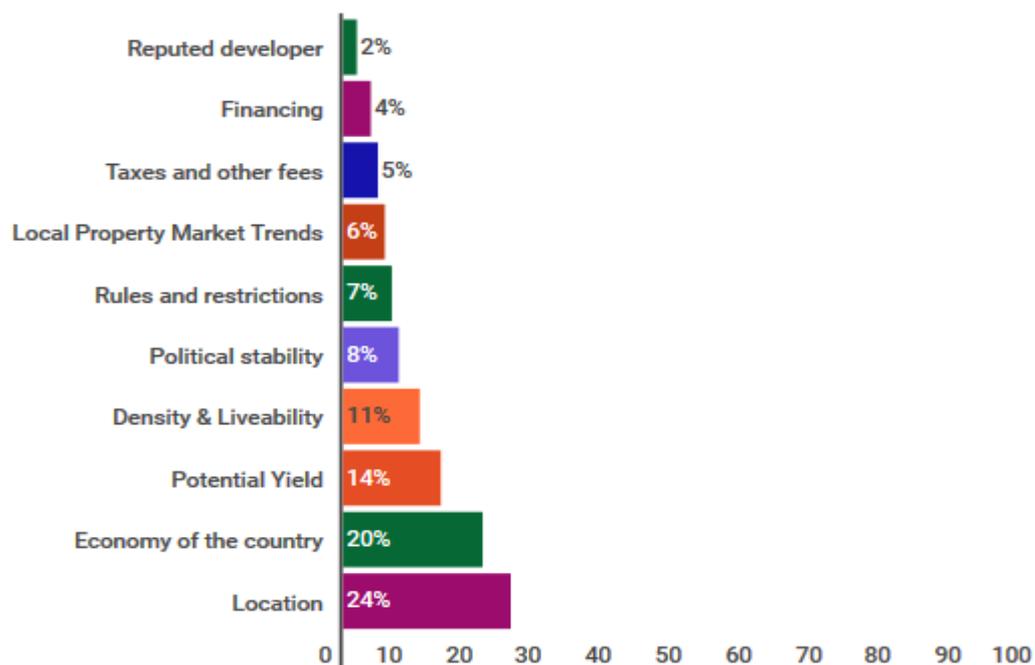
The key information that respondents seek is the same as the previous survey. They are:

- Location
- Economy of the country
- Potential yield

Where they search to obtain information on property overseas



Information searched for when investing overseas



INDONESIA: POSITIVE OUTLOOK THANKS TO VARIOUS EFFORT BY THE GOVERNMENT, DESPITE WEAKER ECONOMIC GROWTH AND CONSUMPTION

Despite a downturn in GDP growth due to weak consumption, investment and exports, the residential property market continues to remain positive. This is thanks to an expanding middle-class and affluent consumer population, which currently stands at approximately 75 million people and is expected to hit 141 million by 2020, according to a report by consultancy firm Boston Consulting Group.

Jakarta, which was named the fastest growing luxury property market in the world in 2014 with price growth of 37.7% by Knight Frank, has since seen a decline of 11.2% due to a reduced number of expatriate arrivals and business travellers. Compared to the average global growth of 2%, the country's capital remains one of the hotspots for luxury property in Asia, if not the world.

Indonesia's capital will continue to undergo a major urbanisation-driven transformation, similar to those seen in Shanghai and Shenzhen in China in the coming years, and some of its peripheral cities are already reaping the rewards.

Apartments in central areas are still popular

Property market research firm Colliers International Indonesia said Indonesia's residential apartment sector remained weak in the first quarter of 2016. The sector is still feeling the impact of the slowdown in the overall property sector of Indonesia that occurred over the past two years.

Despite the slowdown that occurred in Indonesia's property sector amid the overall cooling economy, at least 54 apartment projects are currently being developed in Jakarta in 2016. Nearly all of these projects are situated outside the city's central business district. Investment in apartments remains attractive for both the developer and purchaser, various property watchers have said.

Apartments in Jakarta's prime locations (for example the central business district located in the heart of Jakarta and the area around Jalan Simatupang in South Jakarta) are generally a good investment. Most of the apartments in these areas (specifically the newer ones) are expensive and quite luxurious. Many of these apartments are rented out to others who have their offices located nearby the property. Those apartments located outside the prime locations are usually occupied by the end-buyer.

A key factor why prices of apartments are rising continuously is the government's aggressive push for infrastructure development in Jakarta.

Central and local authorities are eager to improve connectivity in the capital city. Examples of these projects are the Mass Rapid Transit (MRT) project that will be able to transport about 450,000 passengers per day and railways from Jakarta to the city of Bandung and the Soekarno-Hatta International airport.

The apartment supply in the 2016-2018 period in Indonesia will still be dominated by strata title apartments in the capital city of Jakarta ('strata title' refers to the multi-level apartment blocks and horizontal subdivisions with shared areas). Meanwhile, Colliers International Indonesia stated that the occupancy rate for apartments in Indonesia fell 1.7% quarter-on-quarter (q-o-q) or 3% year-on-year (y-o-y) in the first quarter of 2016.

Global rating agency Standard & Poor's Financial Services said that the outlook for Indonesian property developers this year depends on the passing of the tax amnesty bill.

Tax Amnesty Bill

This bill, proposed by the Indonesian government, gives attractive tax incentives to tax evaders who have been storing their (unreported) wealth abroad. Earlier, Indonesia's Finance Ministry estimated that this tax amnesty bill would bring in additional tax revenue worth around USD4.4 billion in 2016. Moreover, analysts believe that wealth that is transferred from abroad to Indonesian bank accounts will find its way to the local property market as the (former) tax evader does not have to worry local authorities will confiscate the property.

Although the peak of repatriated fund flows and tax declarations - in the context of Indonesia's tax amnesty programme - are expected to occur in September and October 2016, there is room for concern whether the ambitious targets of the government can be achieved. Between the launch of the programme on 18 July and 1 August 2016 the government only saw Rp 98.43 billion (approximately USD7.6 million) of additional income from 464 tax payers, while it targets to collect a total of Rp 165 trillion (approximately USD12.7 billion) within a nine-month period (18 July 2016 and 31 March 2017).

Tax Amnesty Program Indonesia - Tax Tariffs:

	Period	Tax Tariff
Declaration of Funds	1 July - 31 September 2016	4%
	1 October - 31 December 2016	6%
	1 January - 31 March 2017	10%
Repatriation of Funds	1 July - 31 September 2016	2%
	1 October - 31 December 2016	3%
	1 January - 31 March 2017	5%

Source: Indonesian Finance Ministry

Opening the property market to foreigners

With foreign ownership reforms practically in the post and ambitious infrastructure projects underway, President Joko Widodo's government appears to be making many positive moves to make Indonesia more investor-friendly. Developers are upping the ante in terms of quality and creativity when it comes to new projects. In a country as huge and diverse as Indonesia, observers have come to expect the unexpected, but all the signs point to a successful 2016 for the country's real estate sector.

In 2015, the Indonesian government announced that it allows foreigners (non-Indonesians who live or work in Indonesia or in other ways bring advantage to the country such as investors) to own landed houses in Indonesia, also under the 'right-of-use' category, for a period up to 80 years. Based on the new regulation, signed by President Widodo in December 2015, an expat can buy a landed house under the right-of-use category for an initial period of 30 years. After this period, the foreigner can extend it twice, once by 20 years and then extend it by a 30 more years (hence ownership can reach a maximum of 80 years). Similar to the luxurious apartments 'ownership' of the house is inherited by the foreigners' heirs.

However, if the foreigner (or its heir) decides to leave Indonesia to reside in another country, then he/she needs to release or transfer the ownership rights to another person who meets the requirements to own property in Indonesia (this can be another foreigner or an Indonesian citizen). This transfer need to happen within one year after the foreigner departs from Indonesia. If ownership is not released within one year after the expat has left Indonesia, then the Indonesian government has the right to confiscate the house.

Current infrastructure projects have gathered pace

- Various improvements to toll road alignments and new entry/exit ramps in Java, Makassar (South Sulawesi) and a few other second tier cities in Sumatra and Sulawesi islands
- Completion of more sections of the Trans-Java Toll Road
- Trans-Sumatra Toll Road (from Lampung to Banda Aceh) with developers already gearing up for developing new satellite towns of more than a 1,000 ha each near toll entry/exit ramps
- The Bogor-Ciawi-Sukabumi Toll Road will give access to MNC Land's Lido Lakes Resort, a 2,000-ha property that will include Southeast Asia's top theme park and a Trump Luxury Homes estate
- Jakarta's upcoming MRT and LRT stations will be the catalyst for transit-oriented mixed-use developments near stations

- Leading the transit-oriented development drive, developers of satellite townships like Summarecon Bekasi and Citra Maja Raya have government approvals to extend station development links to their properties, providing much quicker access to Central Jakarta
- Though it remains controversial, a high-speed train proposal linking Jakarta and Bandung will see thousands of hectares on new developments near new stations such as Halim, Karawang, Walini and Tegal Luar

Relaxing of LTV

As at August 2016, Indonesian home buyers will only have to cover a down payment of 15% for the first house, 20% for the second house, and 25% for the third house (all are 5% lower compared to the current down payment requirements). Bank Indonesia stated that a strong property market will cause a multiplier effect in Indonesia's economy as strong house sales will also boost demand for cement, ceramic, aluminum, consultancy services, and creative industries. With the setting of a LTV ratio of 85% for the purchase of a first home, Bank Indonesia hopes to see KPR growth back in double-digit figures soon.

By relaxing the loan-to-value (LTV) ratio, the central bank of Indonesia (Bank Indonesia) expects to see House Ownership Credit (Kredit Pemilikan Rumah, abbreviated KPR) growth to accelerate by an additional 5%. Up to April 2016, KPR growth was recorded at 7.61% year-on-year (y-o-y), down from the years 2012 to 2013 when KPR growth was between 30% and 49% year-on-year (y-o-y).

An obstacle that undermines demand for property is that interest rates on KPR schemes are traditionally high (balancing between single and double digits) and this is a burden for Indonesian home buyers, the majority of whom use KPR from a financial institution to finance the purchase (the government provides subsidy for the low-income group that uses KPR to finance their first home).

Although Bank Indonesia gradually cut its key interest rate (BI rate) from 7.50% in January 2016 to 6.50% in June 2016, lending rates have not fallen that sharply. Earlier this year, Indonesia's financial authorities also announced that they are considering cutting banks' net interest margin (NIM) to below 4% in a bid to cut lending rates to single-digit margins.

Consumer Credit Indonesia (in IDR trillion):

Type	2013	2014	2015
House Ownership Credit (KPR)	268.8	302.9	326.3
Apartment Ownership Credit (KPA)	12.0	13.2	13.0
Shop-house Ownership Credit	25.0	26.0	26.6
Motor Ownership Credit	104.5	123.2	120.6

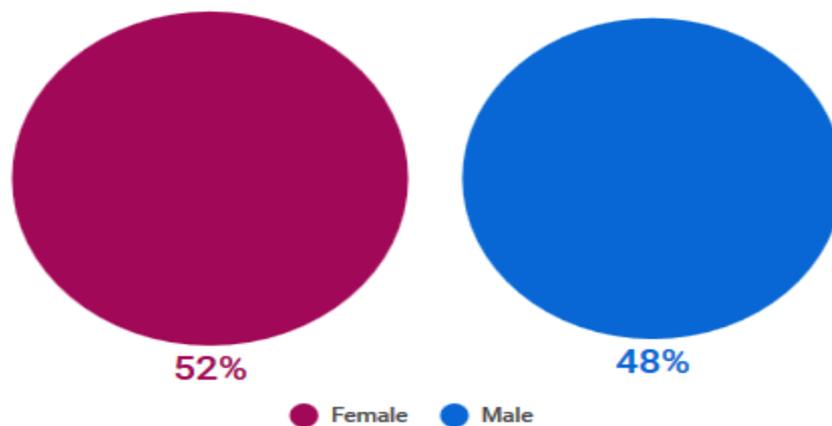
Source: Bisnis Indonesia

DEMOGRAPHICS: MARRIED MILLENNIALS AND FIRST-TIME HOME BUYERS SEEK NEW PROPERTIES, BUT NEED MORE FUNDS FOR DOWN PAYMENT

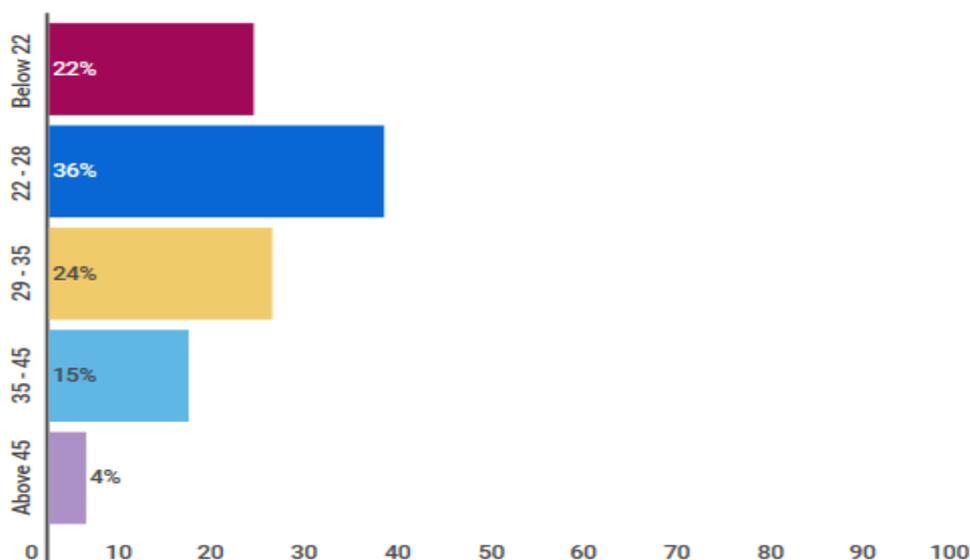
Unlike Malaysia and Singapore, majority of respondents (52%) are female. This is a first as previous surveys' respondents were mostly male.

Most respondents fall into the 22-28 (36%) and 29-35 age group (24%)

Gender



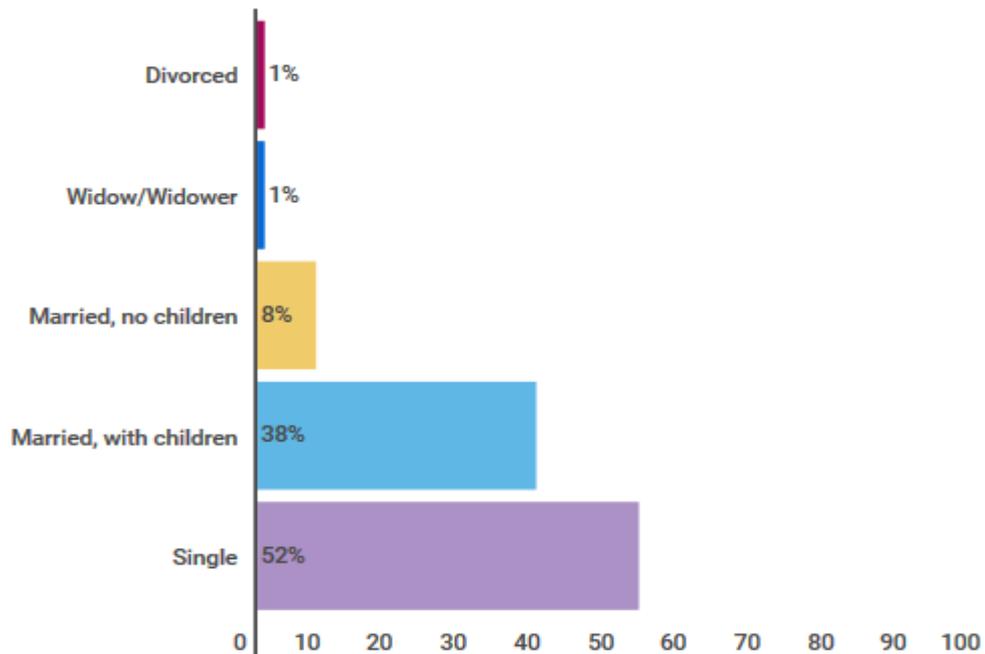
Age Group



Majority of respondents (46%) are married. There are more unmarried respondents (52%) in this survey.

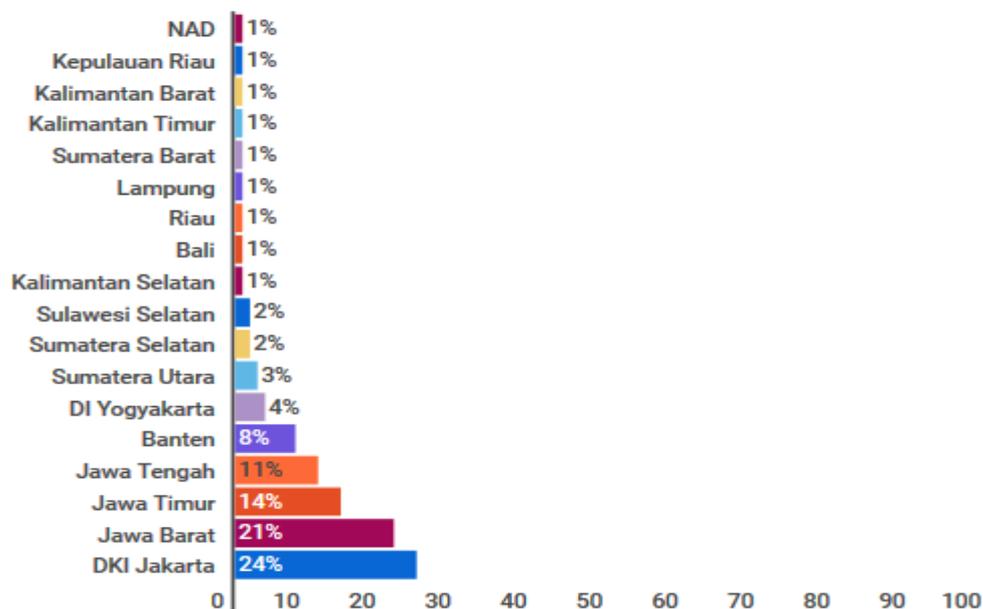
Indonesia has a population of over 255 million people that is becoming wealthier over time. It also contains a young population as about half of the population is below the age of 30 years. This implies that there will be many Indonesians seeking to buy their first property unit in the near to middle term.

Marital Status



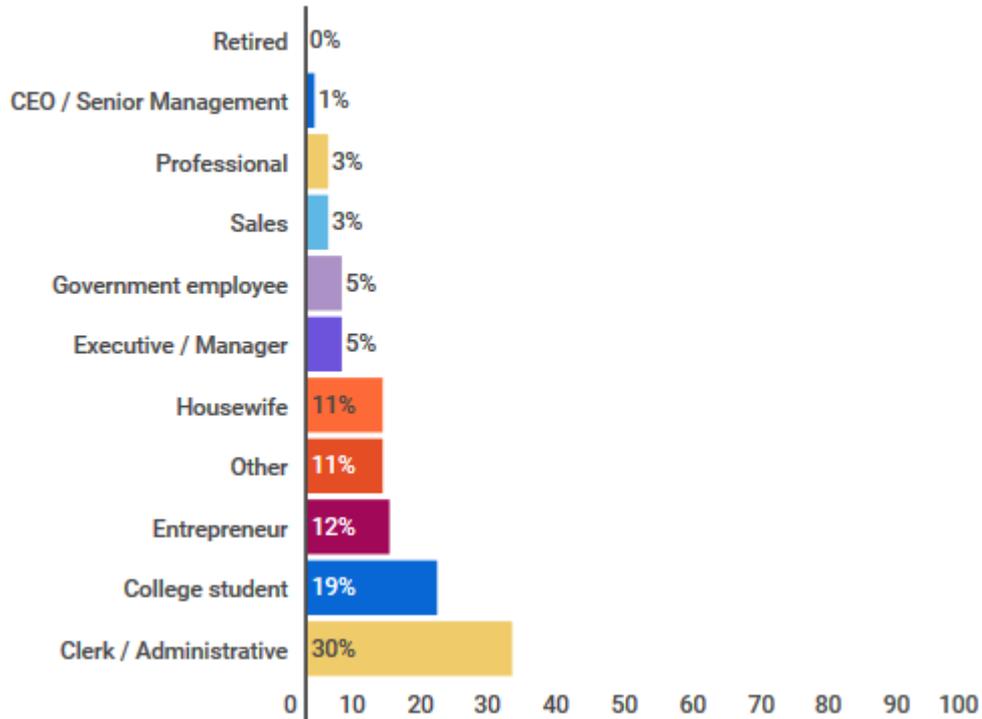
Most respondents (24%) live in the city, DKI (Daerah Khusus Ibukota) Jakarta (Special Capital Region of Jakarta). The rest are mainly living in West Java (21%) and East Java (14%).

Residing In



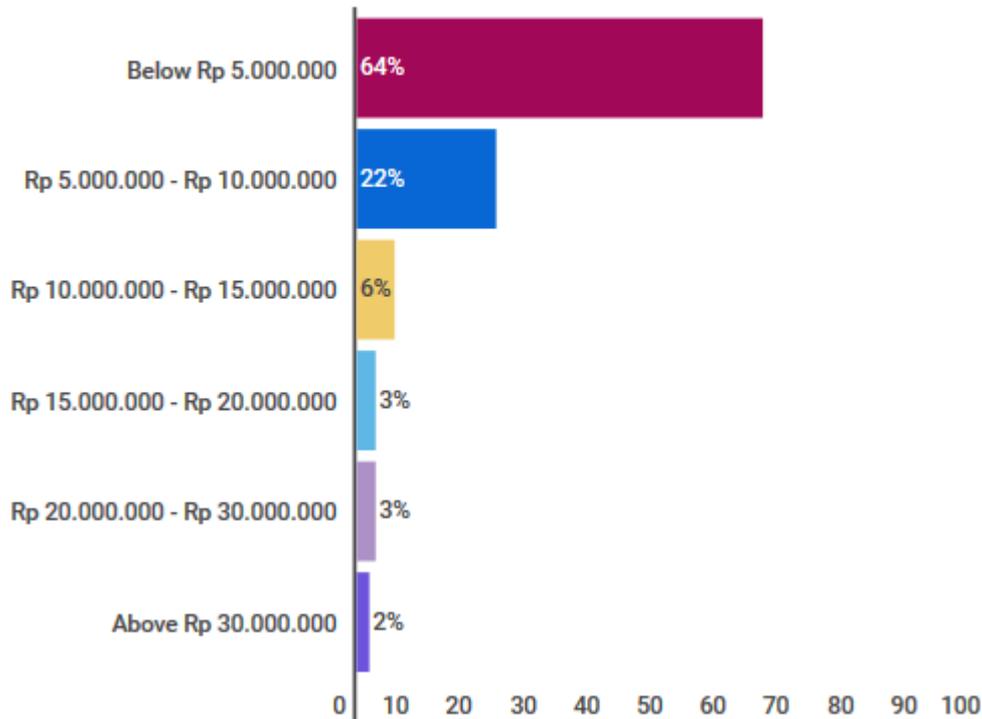
Most respondents work as 'Clerks / Administrators' (30%), and surprisingly, 19% are college students. The third largest percentage of respondents is Housewives.

Current Occupation



A large percentage (64%) fall into the 'Below Rp5 million' monthly household income. The second largest percentage, 22%, earn between Rp5 million to Rp10 million.

Monthly household income



Minimum wages in Indonesia increased from Rp2.70 million per month in 2015 to Rp3.10 million per month in 2016. Minimum wages in Indonesia averaged Rp2.42 million per month from 2012 until 2016, reaching an all-time high of Rp3.10 million per month in 2016 and a record low of Rp1.68 million per month in 2012. Minimum wages in Indonesia is reported by the Ministry of Manpower and Transmigration.



Economist Lana Soelistianingsih says that the slowing household consumption in the first quarter of 2016 is due to the Indonesian people preparing to spend more robustly in the second and third quarters of the year. This is attributed to the people increasing their spending due to festivities and the new school year.

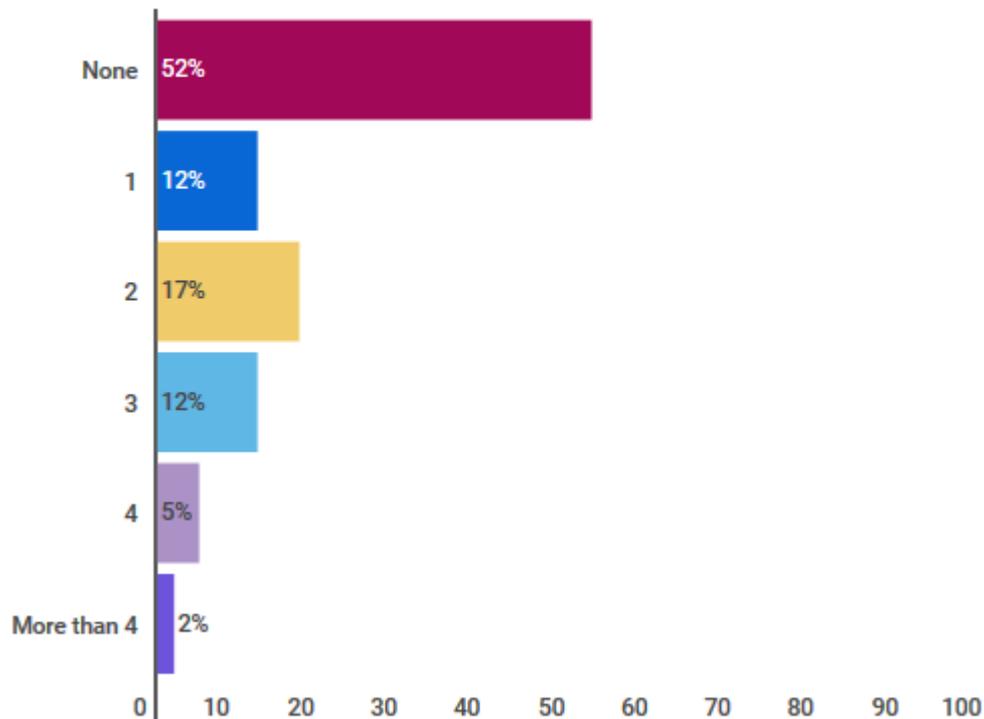
Bank Indonesia believes Indonesia's household consumption will improve in line with controlled inflation and expectation of rising incomes this year.

Growth of household consumption in Indonesia, which accounts for about 57% of the nation's overall economic growth, fell to 4.94% (y/y) in Q12016 (from a 5.01% y/y growth pace one year earlier).

By implementing more fiscal stimulus, the Indonesian government aims to further boost tax collection (which is still very low, reflected by the nation's weak tax-to-GDP ratio at 12%, due to weak tax compliance as well as weak law enforcement), particularly as there has been a delay in the implementation of the Tax Amnesty Bill.

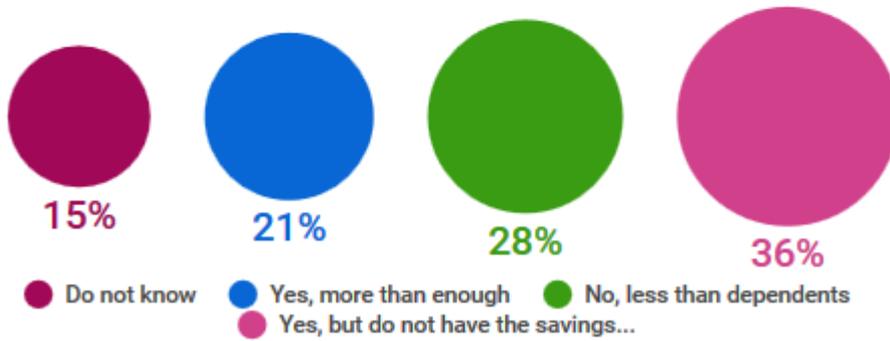
52% of respondents do not have any dependents, while 36% have two or more dependents.

How many dependents (wife and children) do you have in your household?



36% of respondents have enough to pay off all expenses, but only 21% have more than enough after deducting their expenses.

Do you feel that your current household income is sufficient for the amount of expenses you have, including any payments on debt and mortgages



The biggest expenses for respondents are:

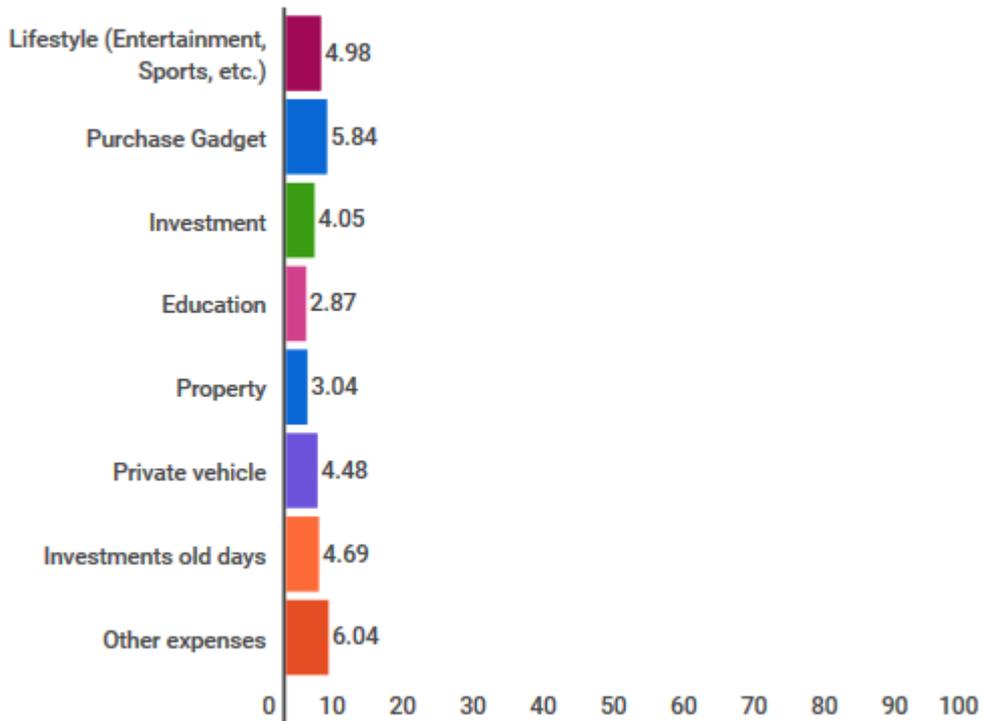
1. Education
2. Property / Home
3. Investments
4. Personal motor vehicle
5. Investment for retirement

In the next 6 months, respondents will still be spending on property (28%) and education (32%).

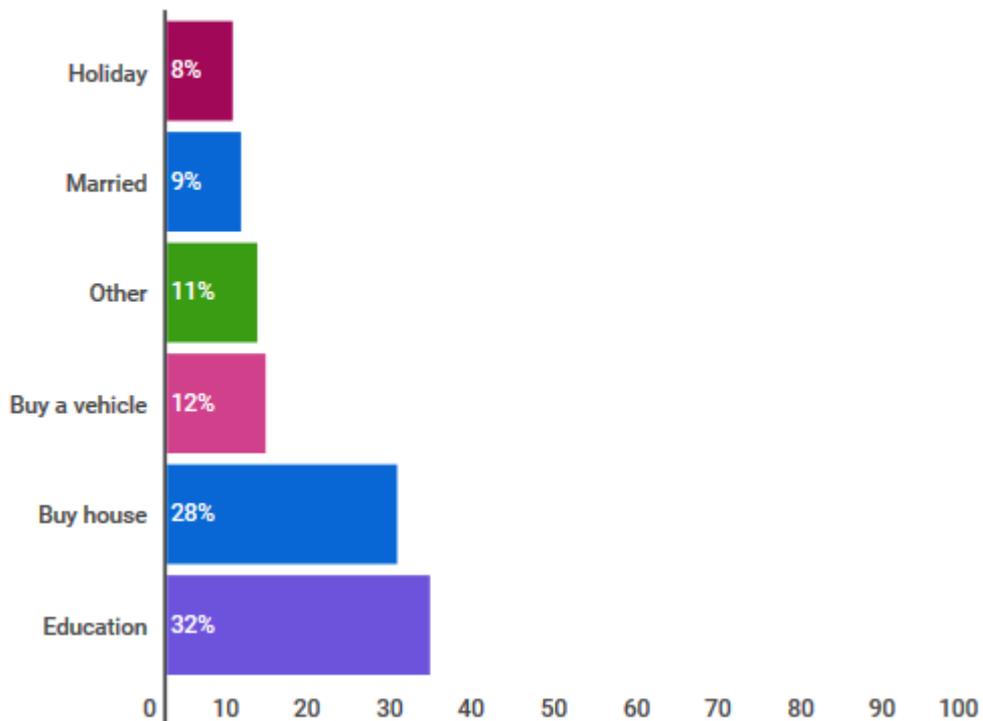
The Indonesian economy grew 5.18% y-o-y in the second quarter 2016 compared to an increase of 4.91% in the first quarter of 2016. This was the fastest pace of growth recorded since Q1 2014, and was largely driven by household expenditure and investment. Household expenditure, which grew 5.04% y-o-y compared to 4.94% y-o-y in the first quarter, was partially supported by the Ramadan and Eid-ul-Fitr festivities in June.

The four rate cuts undertaken by Bank Indonesia since the beginning of 2016 should remain supportive for domestic demand moving forward. For now, the indicators of private consumption and investment indicate a mixed picture. While consumer confidence has been improving, the import of consumption goods, motorcycle sales have continued to remain weak.

What are your biggest expenses?



In the next 6 months, what will be your largest expenditure



Most respondents are first-time home buyers (37%) and just observers (22%). There are fewer investors in this survey compared to the last one when they were the second largest group.

As such, the percentage of those who do not own any property is the highest (49%). 34% of respondents own one property, which is just 1% less than the previous survey.

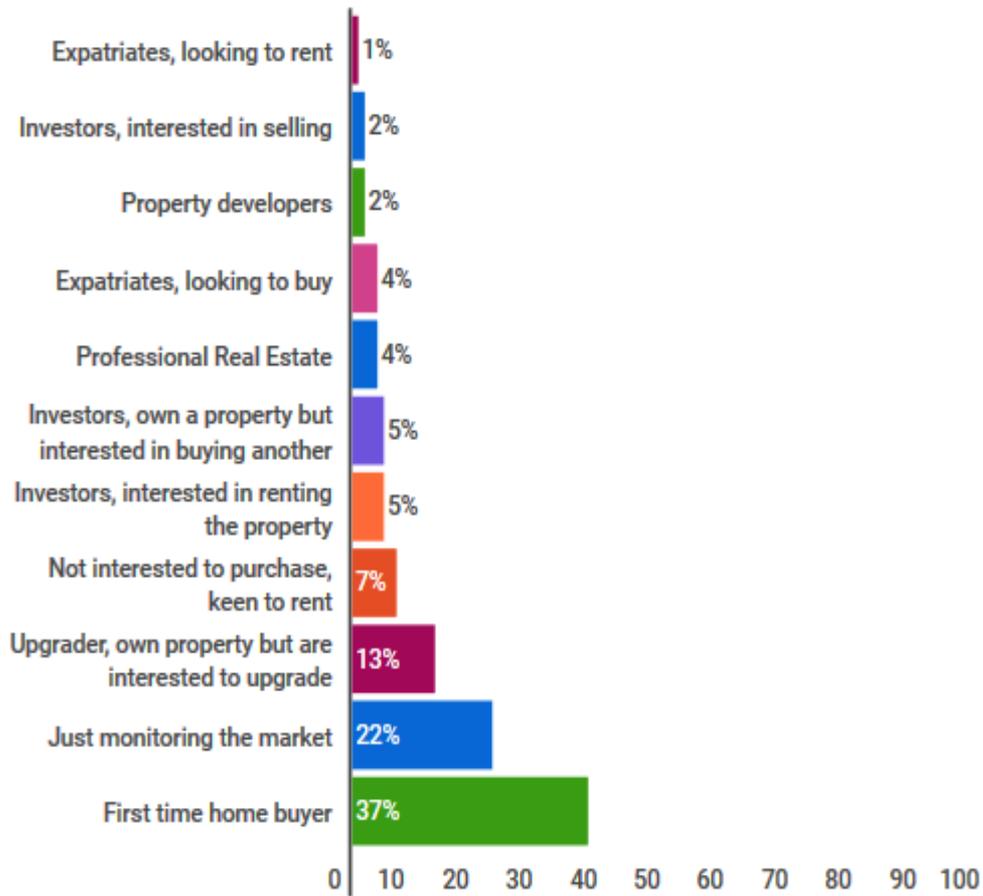
Respondents own residential property (own home) and low-cost homes (for rent).

In big cities, the price of housing has been skyrocketing at a rate of between 15% and 20% each year, and in some popular locations, the price increase is even higher.

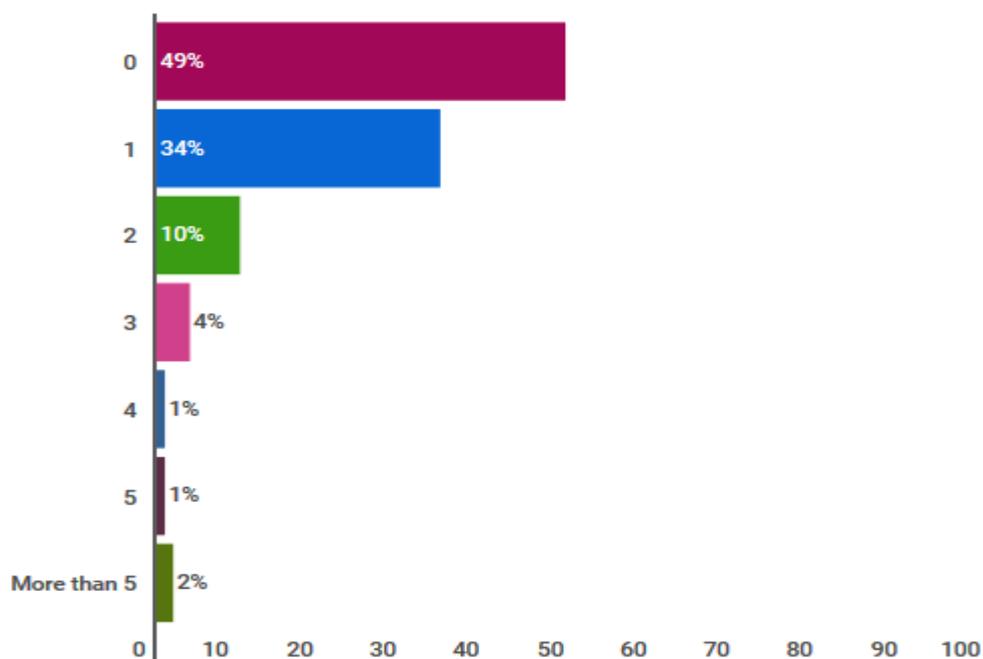
The high property prices in cities has forced people to live further and further away from city centers, and living a commuting lifestyle that, especially in the Jakarta, is considered unbearable to some.

The dearth of affordable housing has resulted in increased demand and pricing in the rapidly expanding satellite cities surrounding Jakarta, notably southern Tangerang and Bekasi in West Java.

Consider themselves

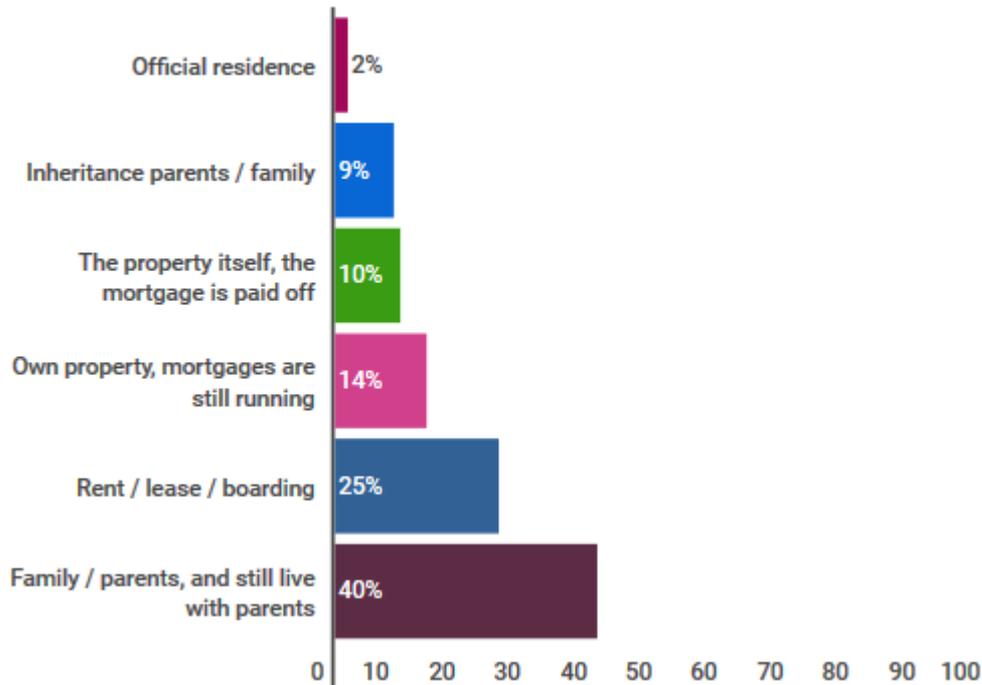


No of properties owned

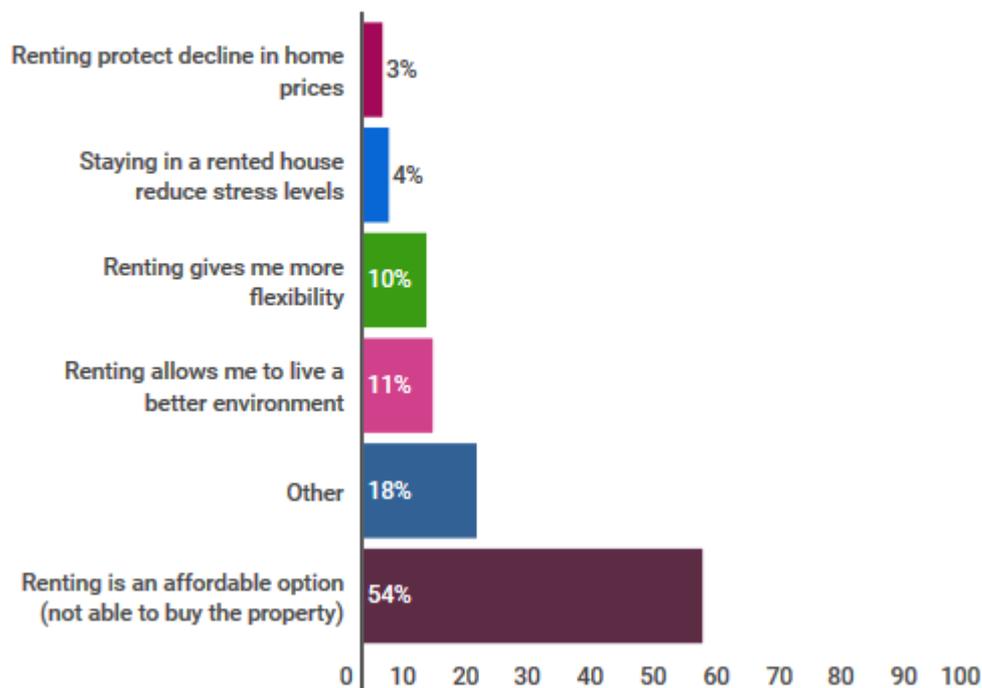


Most respondents still live with their parents (40%) in a family residence and 25% of respondents are currently renting because it is a more affordable option and they are not able to purchase property at the moment.

Status of property lived in



Reasons for renting



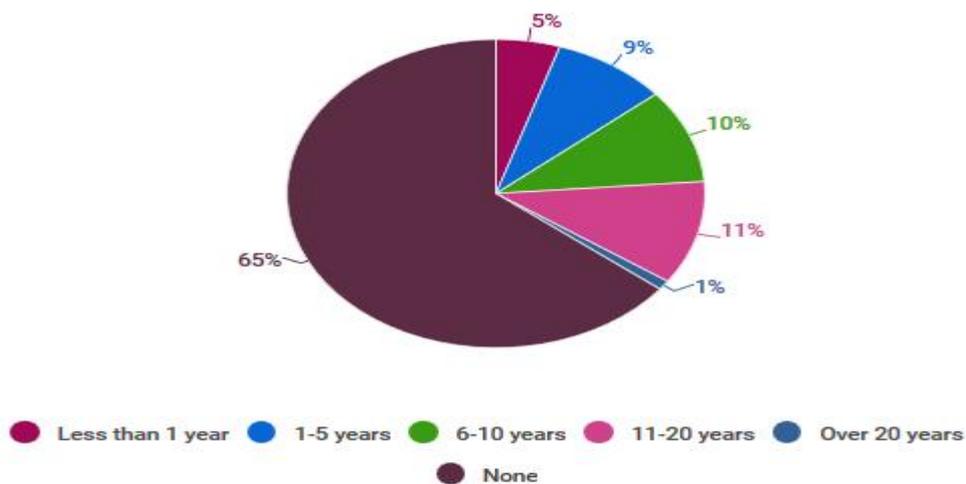
As most respondents are either first-time home buyers or observers, it translates to most respondents not having any home mortgage (65%).

Those who have mortgages find it okay or easy to manage their loan repayments.

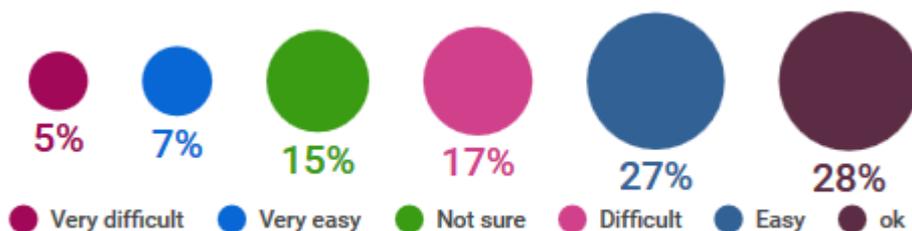
Up to April 2016, KPR growth was recorded at 7.61% y-o-y, down from the years 2012-2013 when the KPR growth as between 30% and 49% y-o-y.

Per August 2016, Indonesian home buyers will only have to cover a down payment of 15% for the first house, 20% for the second house, and 25% for the third house. Bank Indonesia stated that a strong property market will cause a multiplier effect in Indonesia's economy as strong house sales will also boost demand for cement, ceramic, aluminum, consultancy services and creative industries. With the setting of a LTV (loan-to-value) ratio of 85% for the purchase of a first home, Bank Indonesia hopes to see KPR growth back to double-digit figures.

How many more years of mortgage (Credit Pemilikan Rumah) do you have for your property

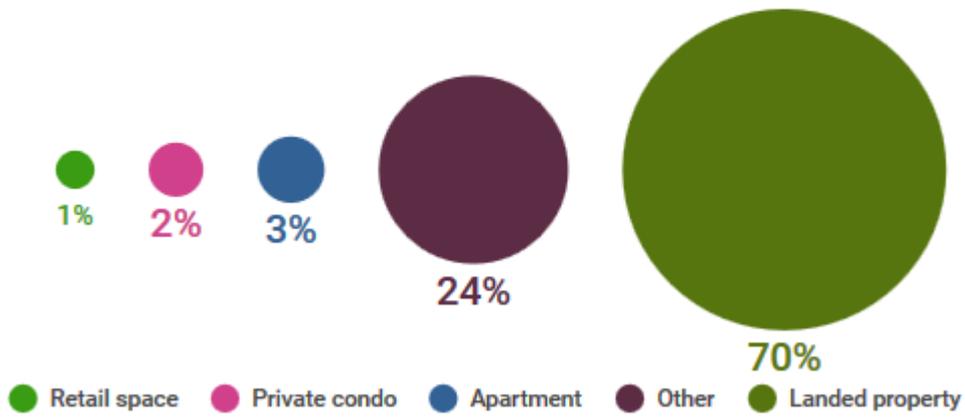


Over the past 12 months, how have you found managing your loan repayments

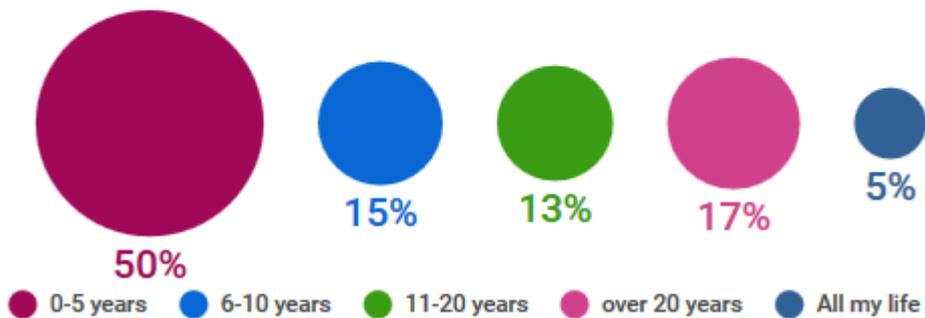


Most respondents own (70%) a landed home and have been living there 5 years or less (50%).

Type of property currently lived in

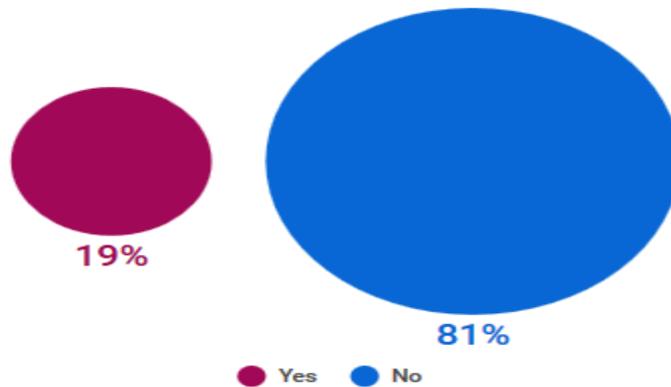


Years lived in current premises

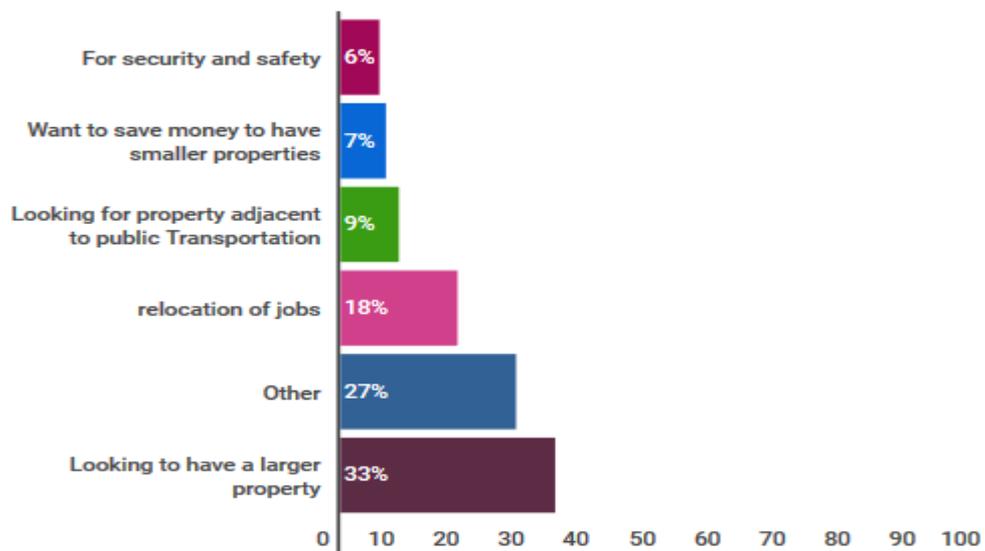


81% of respondents are not looking to sell their property, while majority (47%) are planning to move because they are looking for a bigger home (33%).

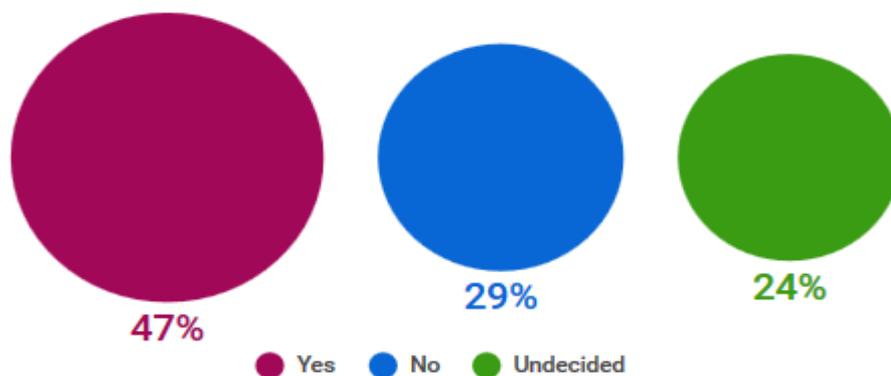
Considering to sell their property



Reason to move



Looking to move



65% of respondents seek new properties.

The country's newly implemented tax amnesty programme encourage taxpayers to repatriate money stashed offshore by imposing only a 2% to 10% percent tax had spurred expectations that Indonesia's property prices were set to surge.

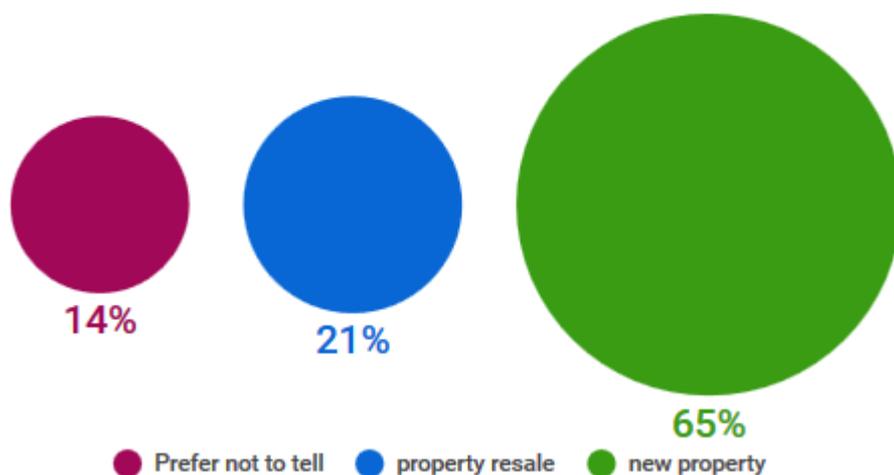
Based on a recent surge in the share prices of Indonesian property developers, the market appeared to expect the money funneled abroad to find its way back to the sector.

Indonesia will impose a 2% to 5% tax for assets brought back by March 2017 in return for a pardon for past evasions. The funds must be kept in Indonesia for three years and can be invested in several ways, including direct purchases of property. The amnesty comes amid heightened scrutiny in Singapore and wealth management centers elsewhere over undeclared wealth.

In July 2016, President Joko Widodo said his government will "go all out" to ensure the success of the scheme. He has roped in respected former World Bank managing director Sri Mulyani Indrawati as his new finance minister with a particular mandate to spearhead the tax drive.

Officials are betting that wealthy Indonesians would opt to pay the relatively low tax rates on their assets under the amnesty, rather than receiving a tougher penalty once the automatic information exchange kicks in.

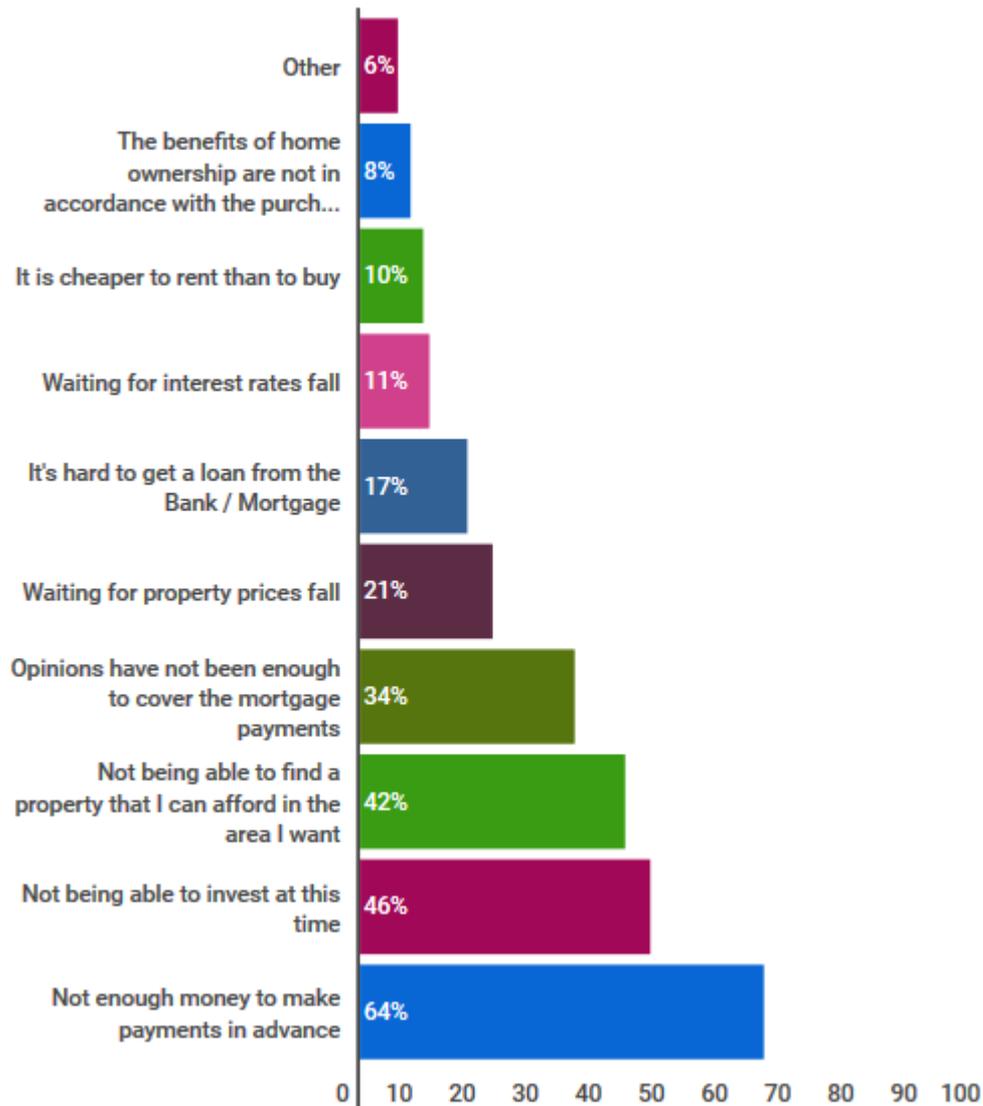
Type of property searched for



The top three reasons for not purchasing property at the moment are:

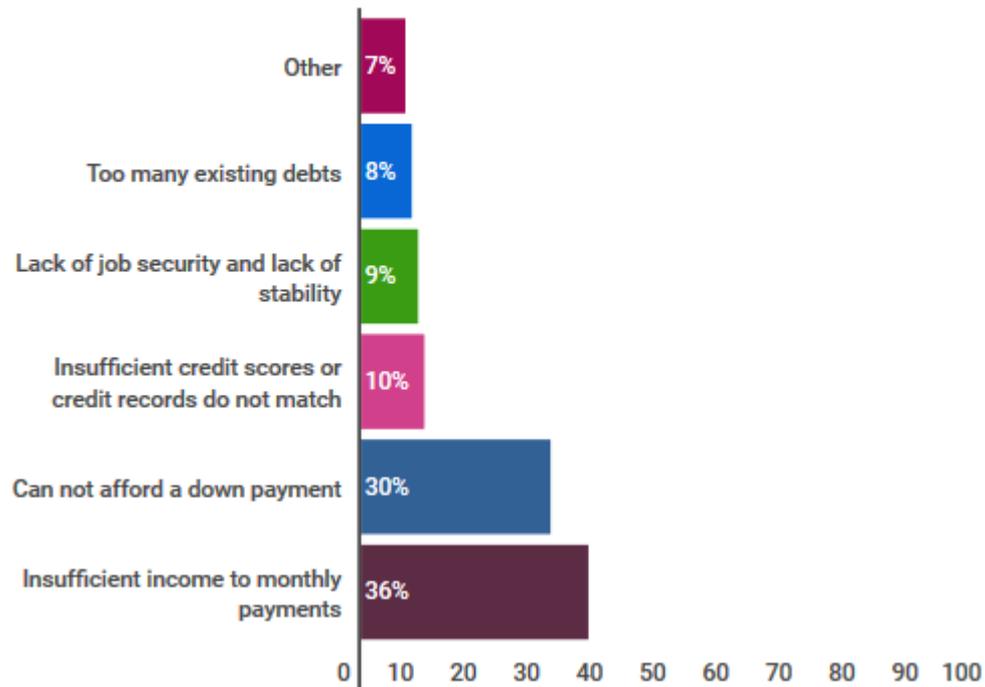
1. Insufficient funds for down payment
2. Unable to invest currently
3. Unable to find property that they can afford in their preferred area

What is preventing you from purchasing property at the moment



64% of respondents do not have enough funds for loan's monthly payments or can't afford the required down payment (34%).

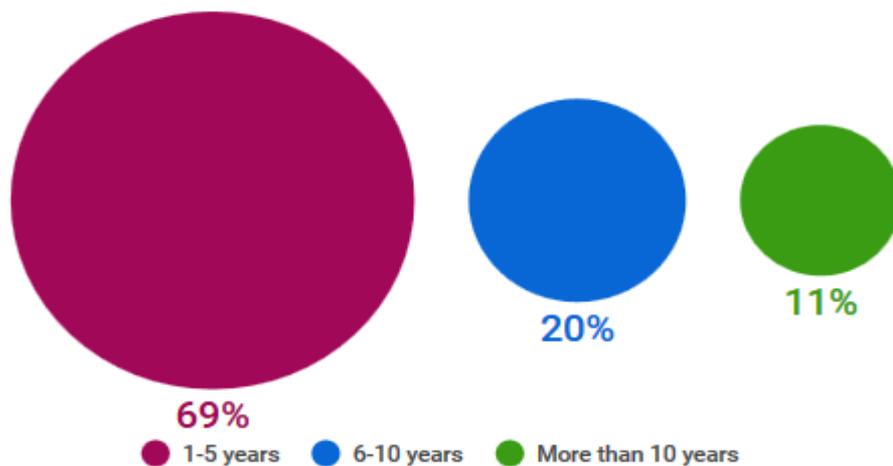
What would you say is your biggest obstacle in getting a mortgage to purchase a property



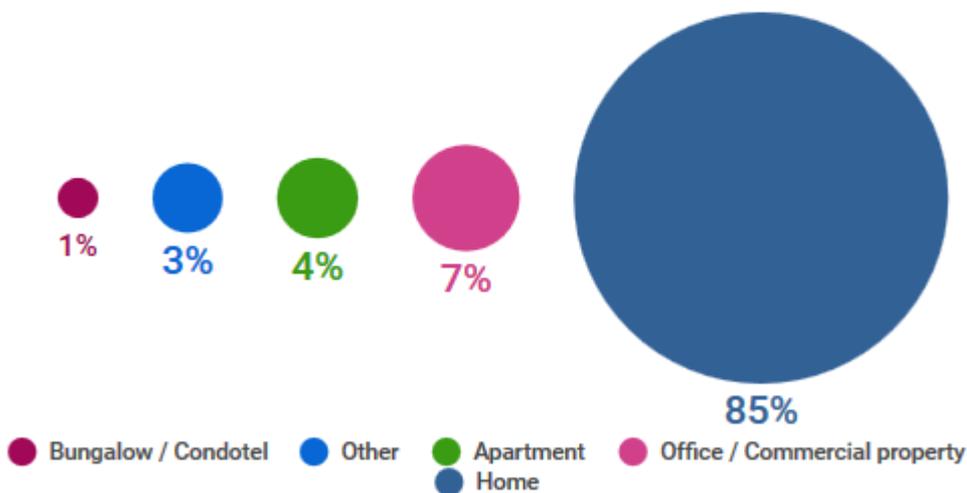
Most respondents (69%) would need to save between 1 and 5 years for a down payment, and the preferred property type is landed home (85%).

The Indonesian government's recently launched stimulus package includes looser regulations that should boost construction of low-cost housing and the government's "one million houses programme", Fitch Ratings said. However, this package announced on 23 August 2016 is unlikely to be the end of the changes for this segment of the housing market. Instead, Fitch believes it could be followed by more adjustments that could prove unfavourable for the developers' business, given the current government's emphasis on welfare improvement, especially for low-income earners. An example would be tougher enforcement of the 3:2:1 rule that requires developers to build three low-cost and two mid-priced houses for every high-end home they sell.

How long have you been saving to afford a down payment

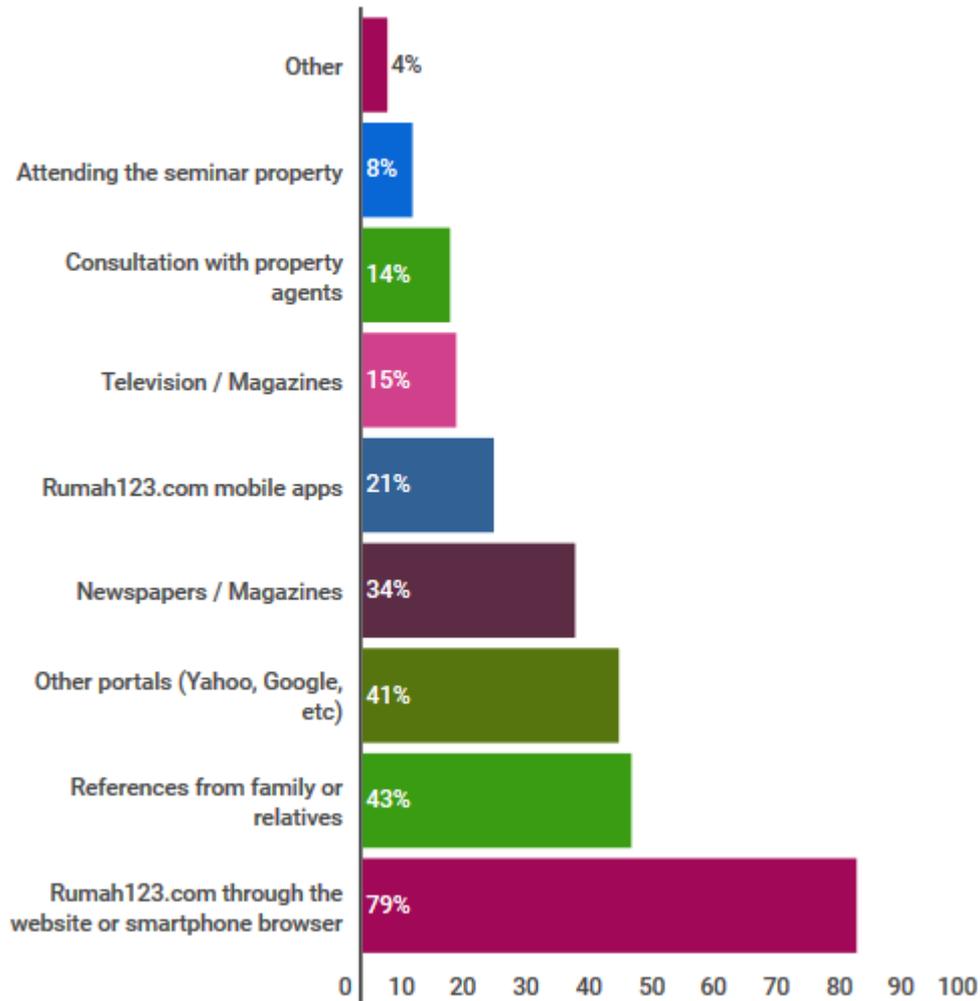


What type of property are you looking at purchasing

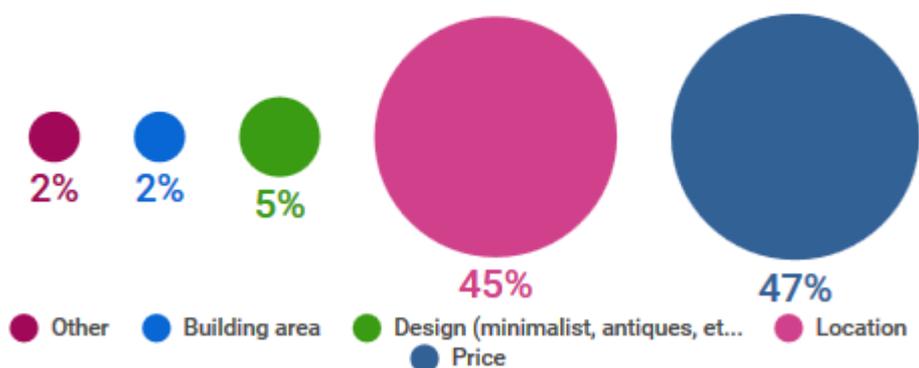


The key sources of information for respondents are online, family and friends, and newspapers/magazines. For online search, respondents will look at price and location.

Source of property information and news



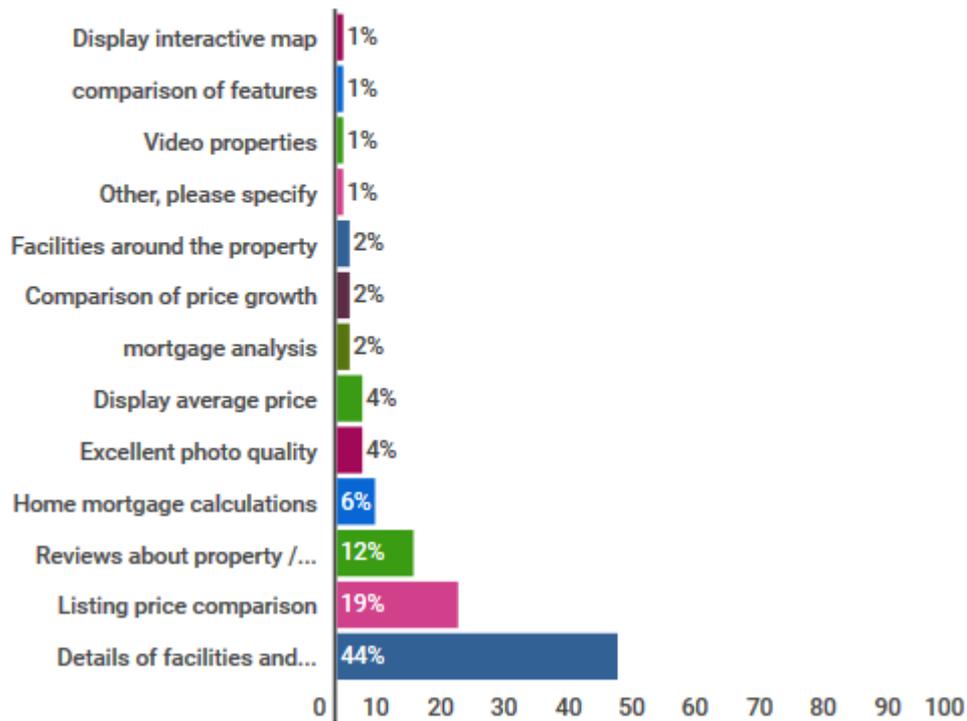
Keywords searched



The top 3 type of information that respondents seek in online listings are:

1. Detailed information about the property/facilities
2. Price comparisons
3. Reviews on the property/location

Information in online property listing that will help in decision-making



The top 3 locations that respondents are looking into:

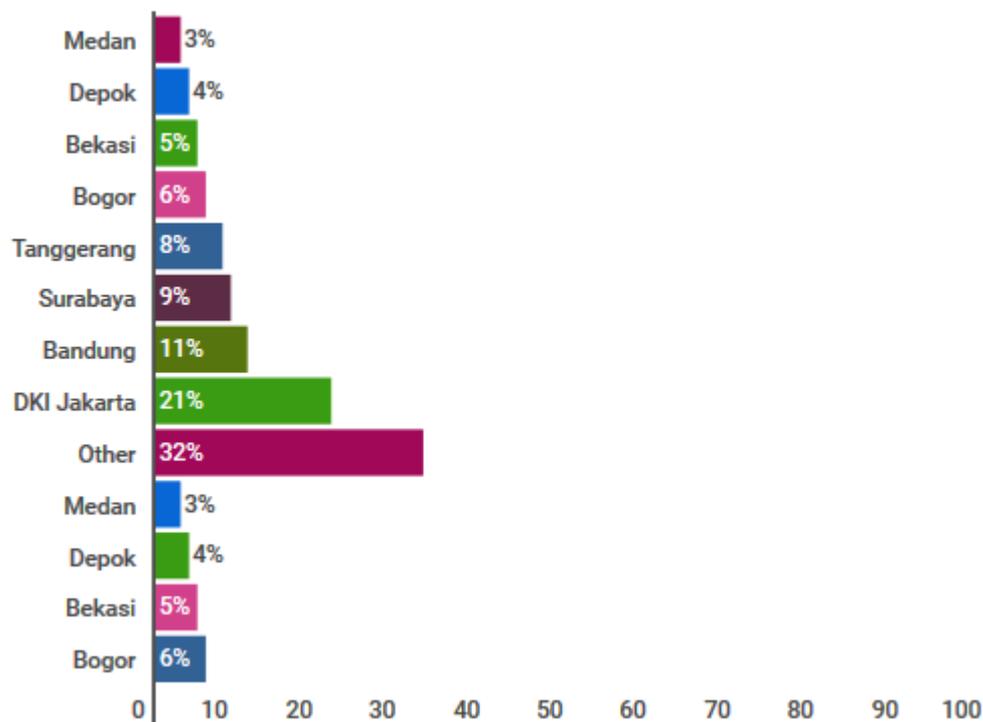
1. DKI (Daerah Khusus Ibukota) Jakarta (Special Capital Region of Jakarta)
2. Bandung
3. Tangerang

Indonesia's capital will continue to undergo a major urbanisation-driven transformation, similar to those seen in Shanghai and Shenzhen in China in the coming years, and some of its peripheral cities are already reaping the rewards.

Located on the eastern border within the Greater Jakarta region, Bekasi is the fastest-growing urban centre in Indonesia. Its proximity to toll road and train links to the Jakarta CBD and the expansion of industrial zones and port developments nearby have made it a popular choice for investors, while Serpong, also in Greater Jakarta, is another hugely attractive enclave.

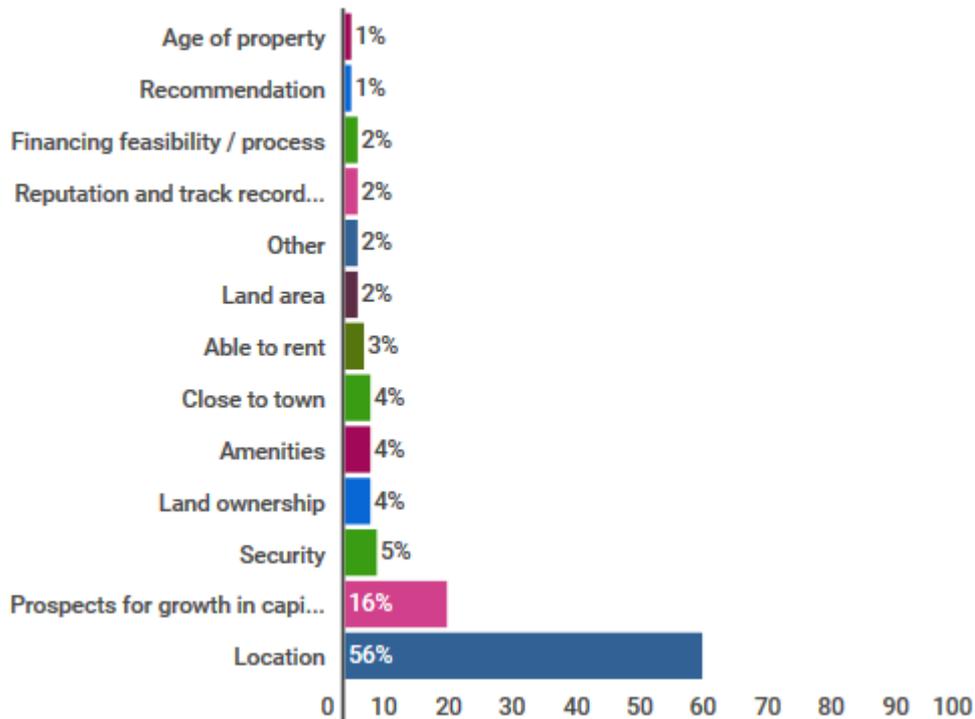
Expectations are also high that Bandung, the capital of West Java, will become a model urban development in Indonesia with its architect mayor, Ridwan Khamil, driving an acclaimed smart city initiative, which provides platforms for citizens to actively participate in the city's development via smart technology and social media.

Where to purchase



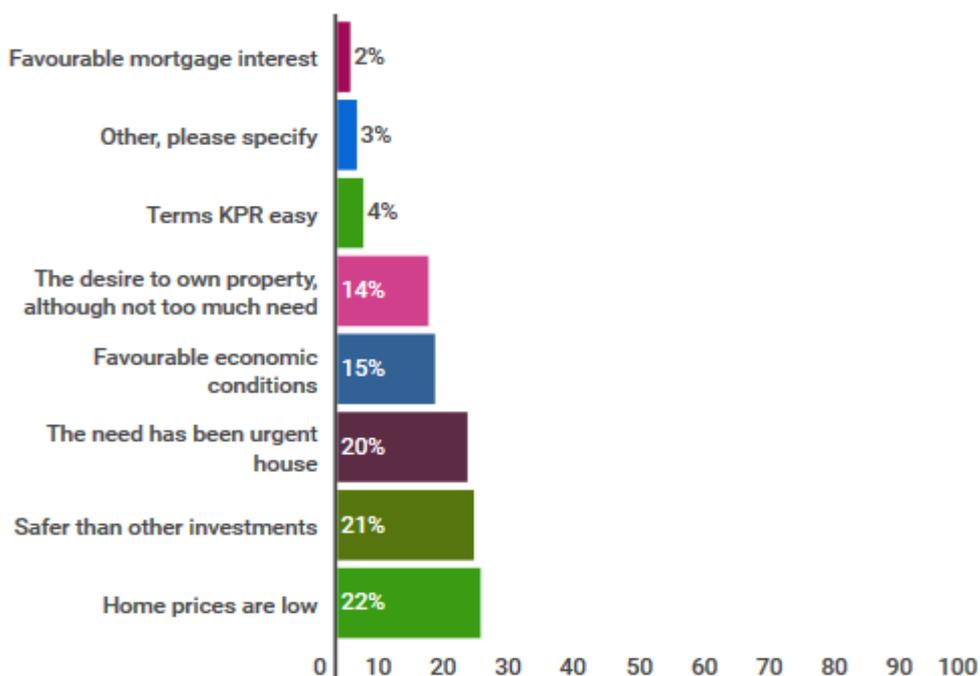
The two most important factors for property purchase to respondents are location (56%) and investment growth prospects (16%).

Which factor is most important to you when you purchase a property



Low home prices, urgent need for a home and safer option compared to other investments – these are respondents’ main reasons for purchasing property.

Main reason to purchase

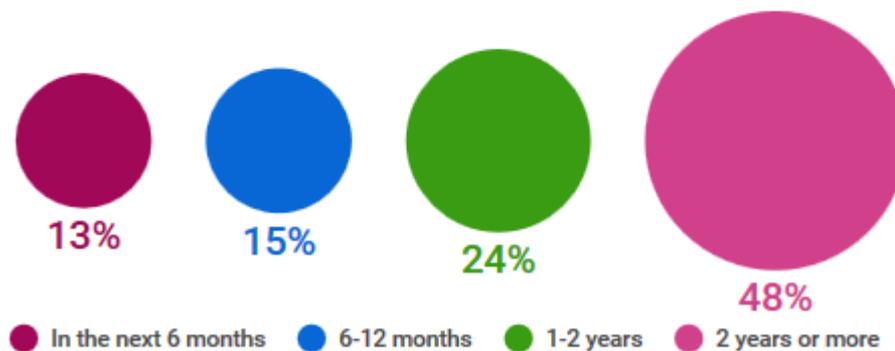


More respondents are looking at the long term. 48% are looking to purchase two years or more from now, while 24% are looking to purchase in one to two years.

According to Bank Indonesia's (BI) data, the growth of property ownership loans (KPRs) and apartment ownership loans (KPAs) in April 2016 was recorded at 8.08% year-on-year (y-o-y), lower than the same period in 2014 and 2015 at 20.78% and 12.91% y-o-y respectively.

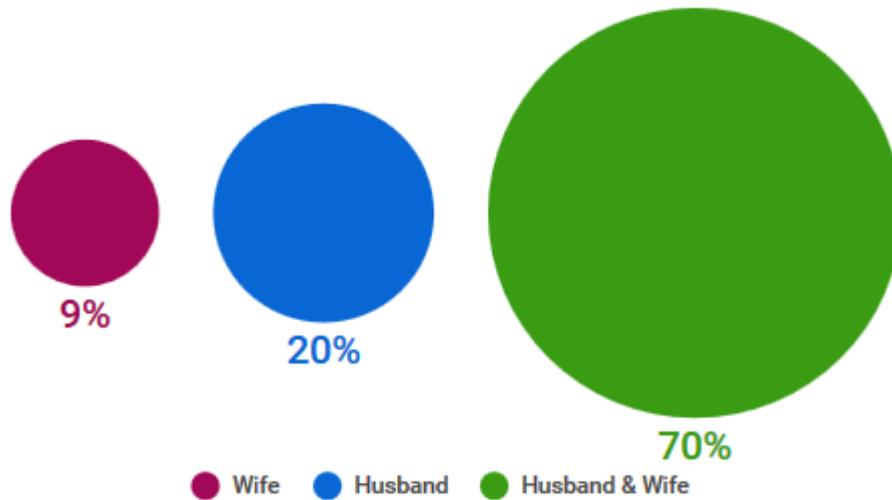
In line with that, housing sales did not show any improvement. Housing sales grew by only 1.51% quarter-to-quarter (q-t-q) in the first quarter of 2016, lower than the 15.33% q-t-q in the first quarter of 2014 and 26.62% q-t-q in the first quarter of 2015.

When to purchase



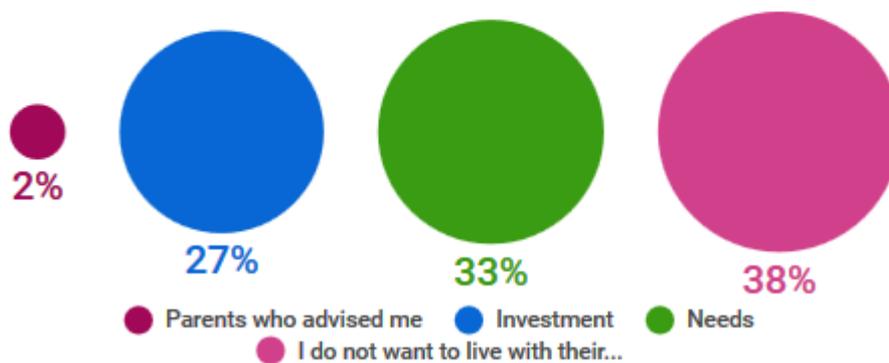
70% of respondents take the property search initiative together with their spouse.

For married couples, who initiates the search for property



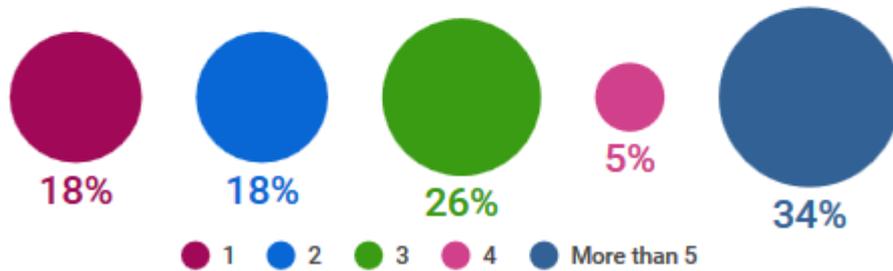
38% of respondents do not want to live with their parents and are seeking independence, while 33% needed a property.

Why did you choose to own your own property

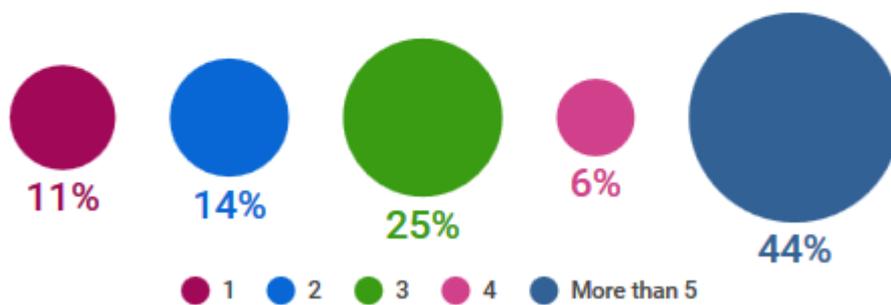


Regardless of whether it is shortlisting or site/show gallery visits, respondents would look at more than 5 properties or research on at least 3 properties.

How many properties do you consider before deciding on a property

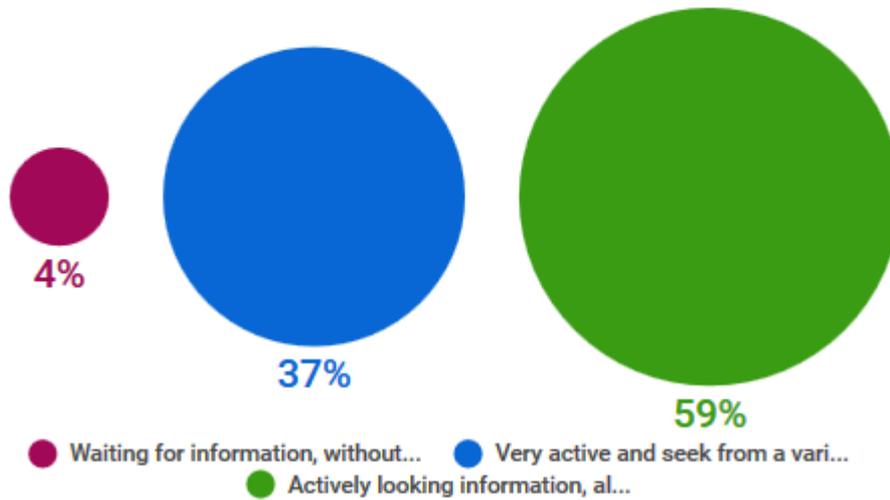


How many projects do you visit before purchasing a property



More than half of respondents (59%) would be moderately actively in seek information, while 37% would be very active in sourcing information from various sources.

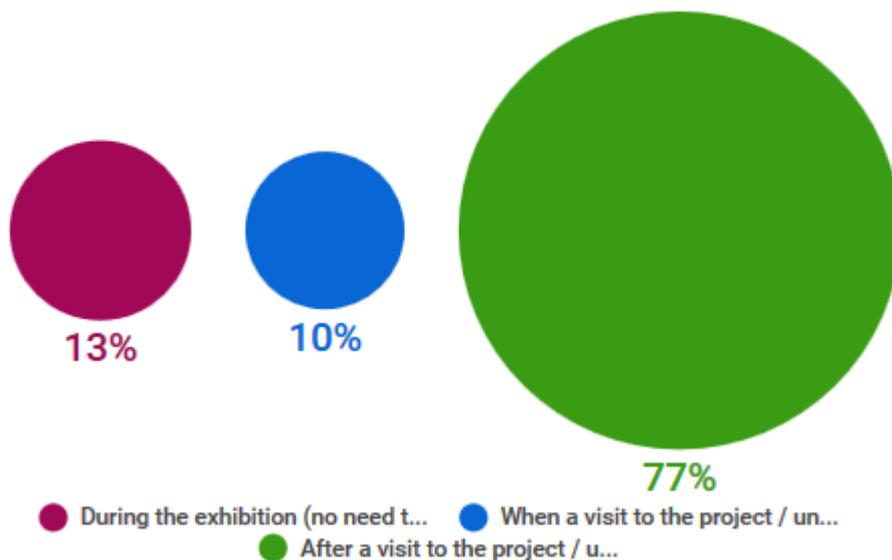
Before deciding on a property, which of the following description would describe your behaviour



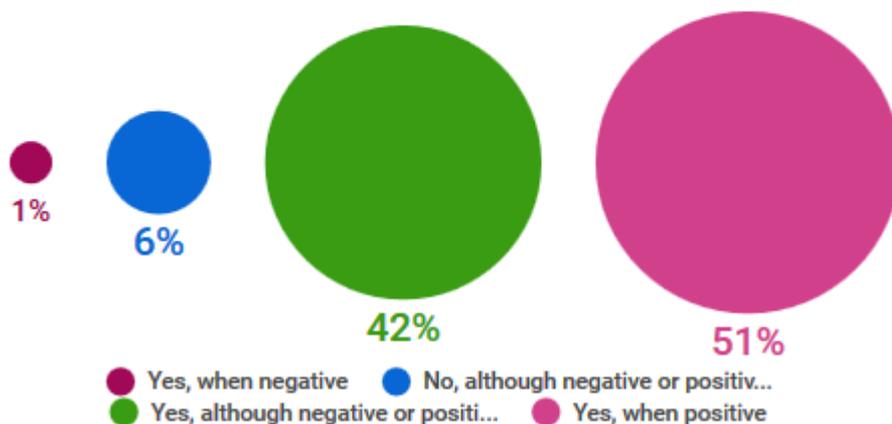
Most respondents, 77%, look at the options out there visit project sites before arriving at a decision. That's the rational thing to do since property is essentially a high-involvement product in one's life.

When respondents do purchase property, they are pro-sharing when it comes to their property purchase experience. 51% will share when it is a positive experience, while 42% will share regardless of whether it was positive or not.

When does the decision to purchase property arise



Do you willingly share your property purchase experience



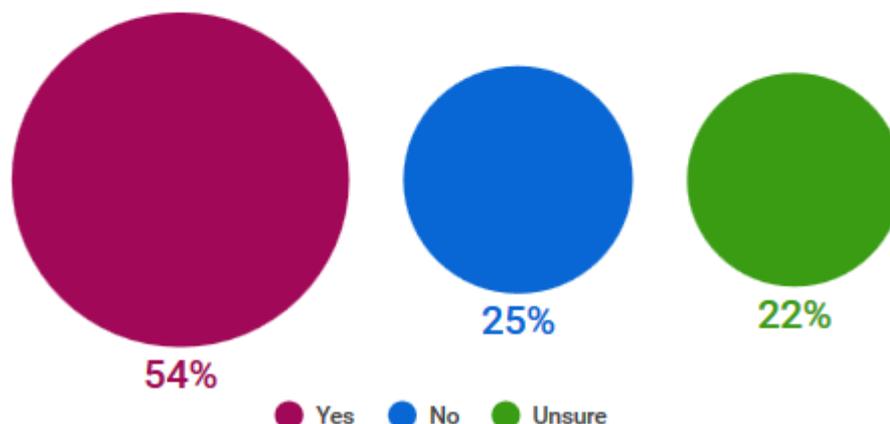
SENTIMENTS: DEFERRING INVESTMENTS DUE TO PROPERTY PRICE INCREASE, AND WANT MORE AFFORDABLE HOUSING SOLUTIONS

More than half respondents, 54%, have deferred their investment plans due to the increase in property prices.

While Indonesian authorities tried to curb domestic property demand – particularly due to the excessive price growth – in the years 2013 and 2014 to avert the possible bursting of a property bubble, the same authorities started to implement measures to boost Indonesia's property sector in 2015 and 2016 after growth in the sector had slowed considerably amid the country's economic slowdown.

In April 2015, Indonesian President Joko Widodo launched the “One Million Houses Programme”. Through this programme, the government aims to provide adequate housing facilities to low income citizens. Widodo said he wants to see the construction of ten million new houses between 2015 and 2019 for the country’s low-income people. State-owned housing developer Perumnas is tasked with the construction of these ten million additional houses (and received an IDR 1 trillion capital injection from the government).

Did the surge of property prices delay your investment plans

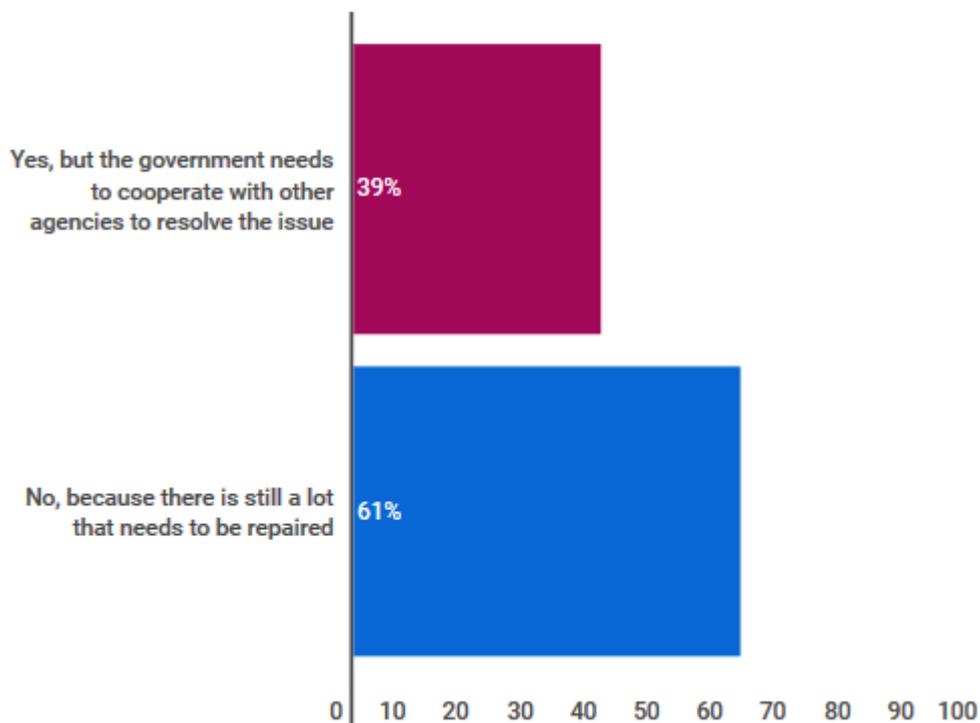


61% of respondents think that the government can do more to provide affordable housing for Indonesians.

The ‘One Million Houses Programme’ announced last year, will be carried out simultaneously in Jakarta, Tangerang, East Kotawaringin, Malang, Serang and Ungaran. In addition to this, Malaysian and Indonesian property companies have formed a partnership to develop affordable housing projects in Greater Jakarta to meet demand from the nation’s growing middle class.

Three Malaysian companies Sime Darby Bhd, I&P Group Sdn. Bhd, SP Setia Sdn and Indonesian developer PT Hanson International Tbk signed an agreement to develop 500 hectares of land in Maja, Tangerang (about 80km from Jakarta). The project has a gross development value of Rp11.29 trillion (RM3.5 billion). PT Hanson is one of Indonesia’s largest property developers by land bank, owning more than 3,500ha in greater Jakarta.

Has the government done enough to provide affordable housing for citizens of Indonesia



It's almost 50/50 here. 42% thinks that it is more difficult to purchase property now, while 41% think that it's easier now, compared to then.

46% of respondents think that it is easier to purchase now compared to the future generations.

In the shorter term, one of the biggest winners from an Indonesian tax amnesty may turn out to be the shares of real-estate developers, as funds get channeled into investments in the nation's houses and apartments.

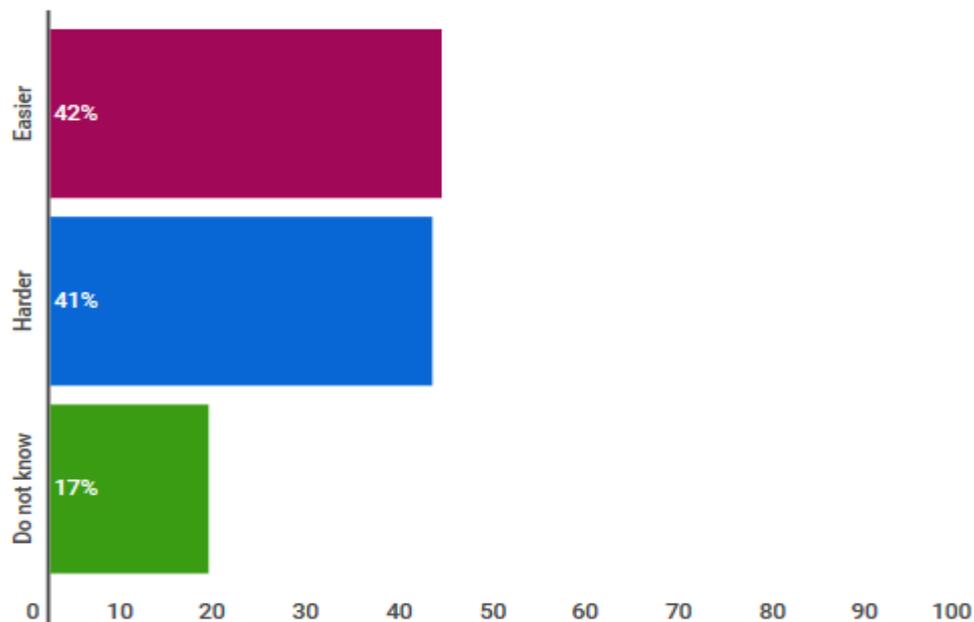
Residential sales should rise by around 10% this year as a result of the tax reprieve, mortgage rule and easier credit conditions, said Anthony Yunus, a property analyst at Nomura Holdings Inc. in Jakarta.



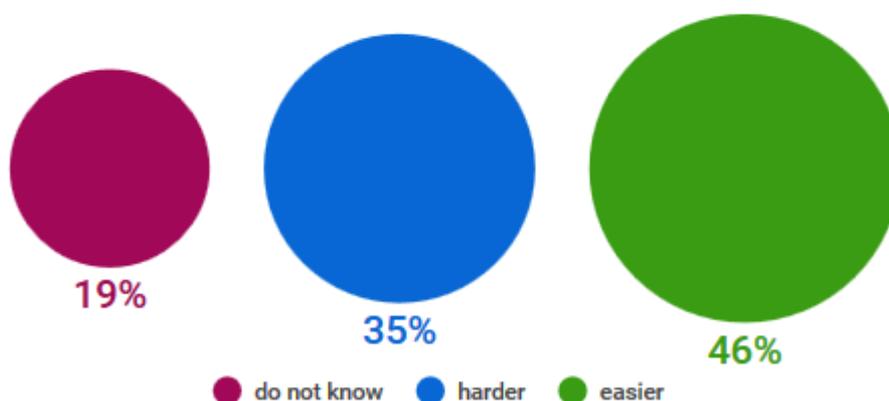
Real Estate Indonesia (REI) welcomes the recently passed tax amnesty law. REI chairman Eddy Hussy said the policy will allow Indonesia's economy to improve as there would be more money circulating in the market.

"This will turn the wheels of the economy faster. Properties would be more affordable and large companies will invest in infrastructure. And that will affect growth in the real sector, especially property," he said in June 2016.

Is purchasing property now easier or more challenging compared to the previous generations



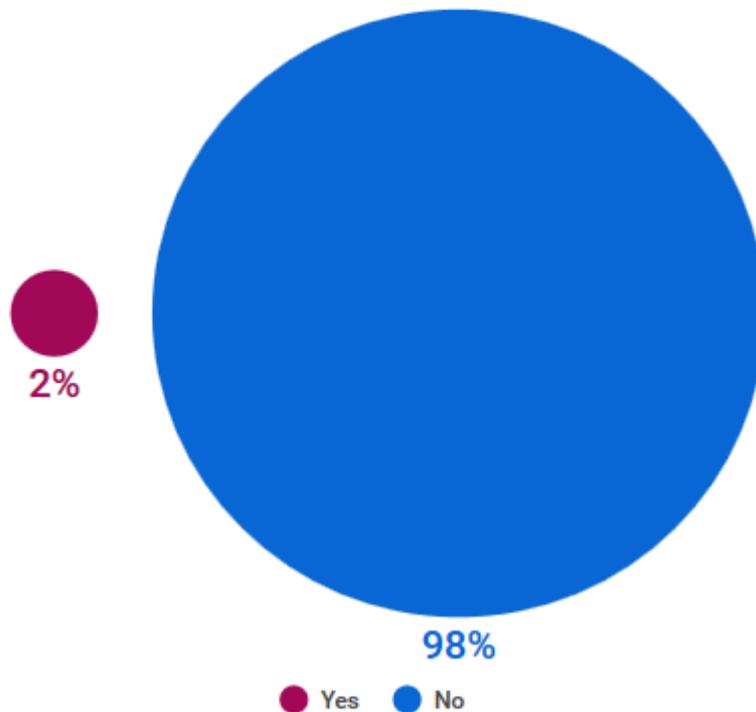
Will property purchase be easier or more challenging for future generations



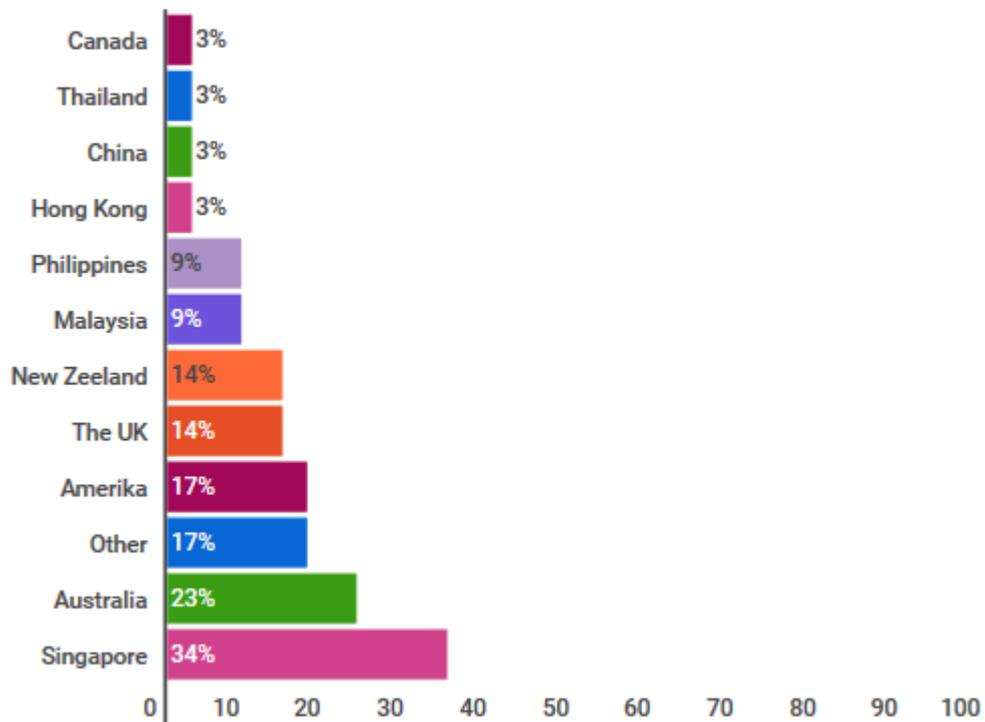
OVERSEAS SINGAPORE IS PREFERRED, THOUGH MAJORITY HAVE NOT CONSIDERED OVERSEAS PROPERTY: INVESTING

98% of respondents do not own properties overseas. The remaining 2% that purchased properties overseas opted for Singapore, Australia and the USA. Majority of respondents (37%) purchased through agents from the country they purchased the property from, followed by developers/seminars/exhibitions (29%).

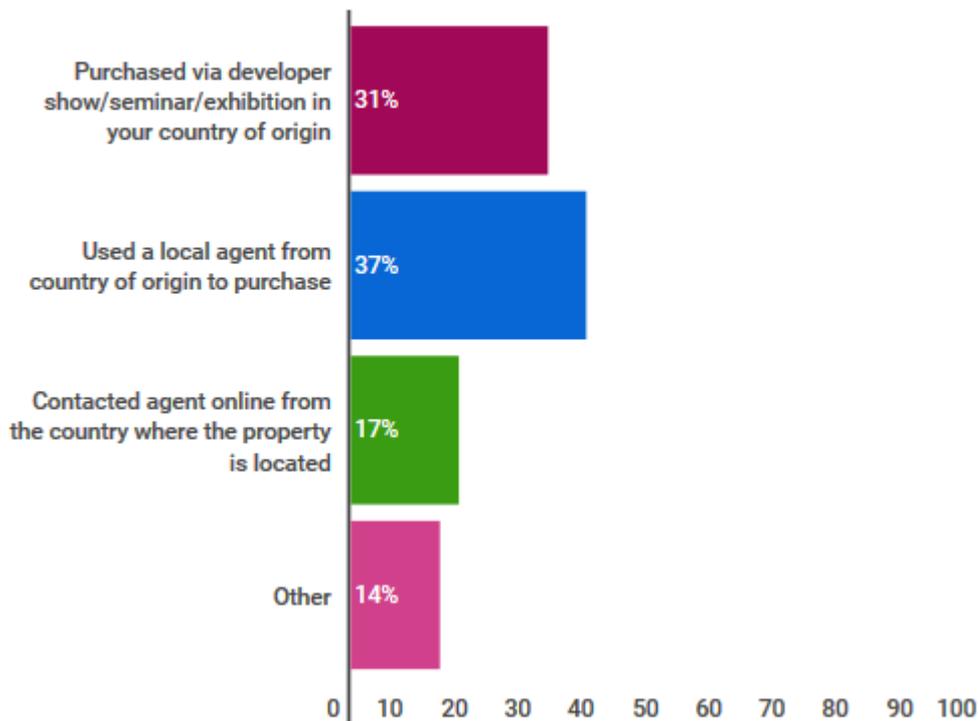
Own property overseas



Where did you purchase the property overseas?

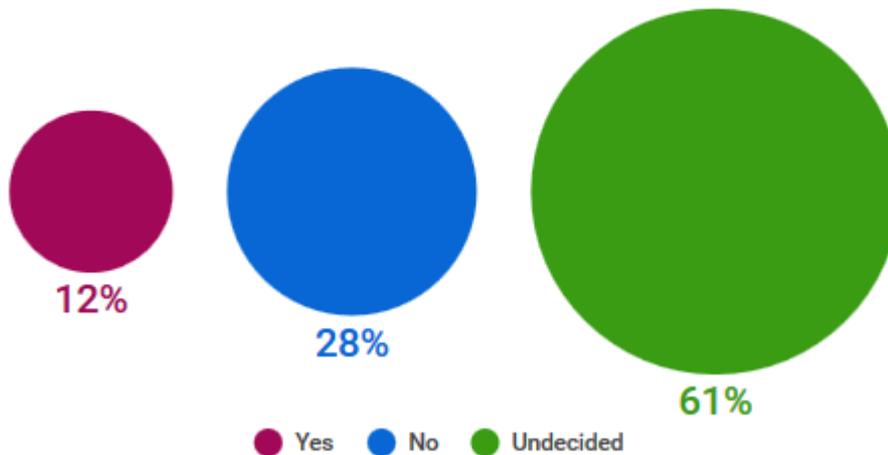


How did you purchase the property overseas

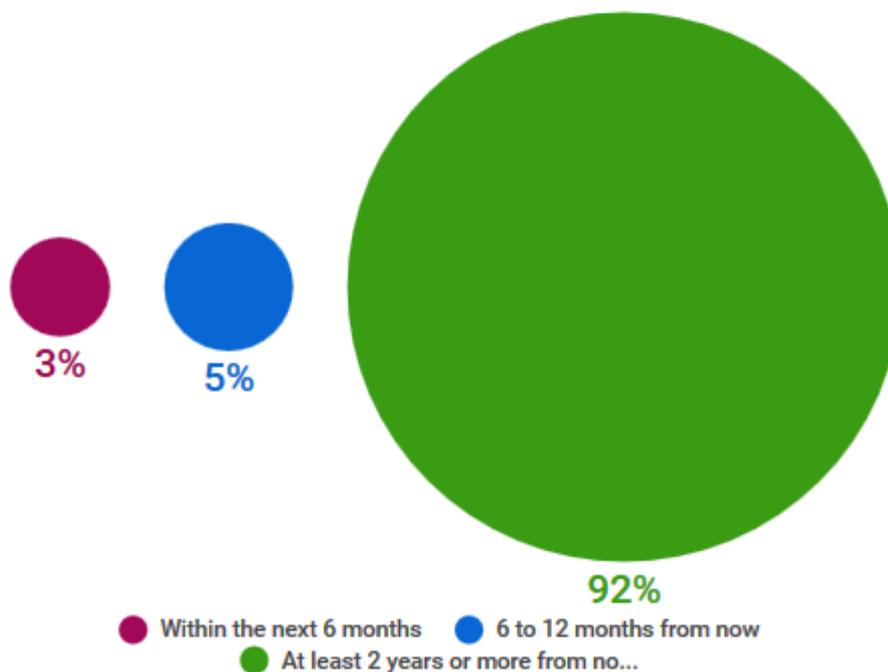


61% of respondents have not toyed with the idea of investing in properties overseas. Most respondents, 92%, would only look into investing in properties overseas two years or more from now.

Looking to invest overseas



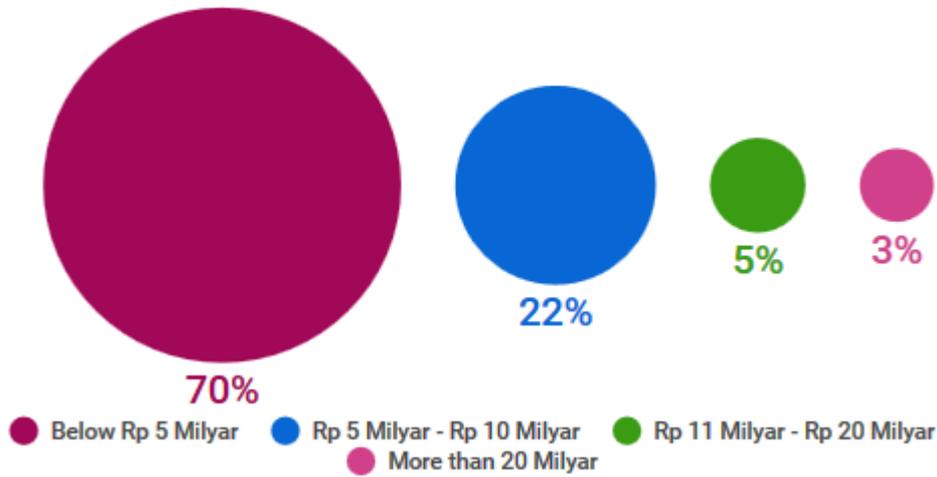
When do you intend to invest in properties overseas?



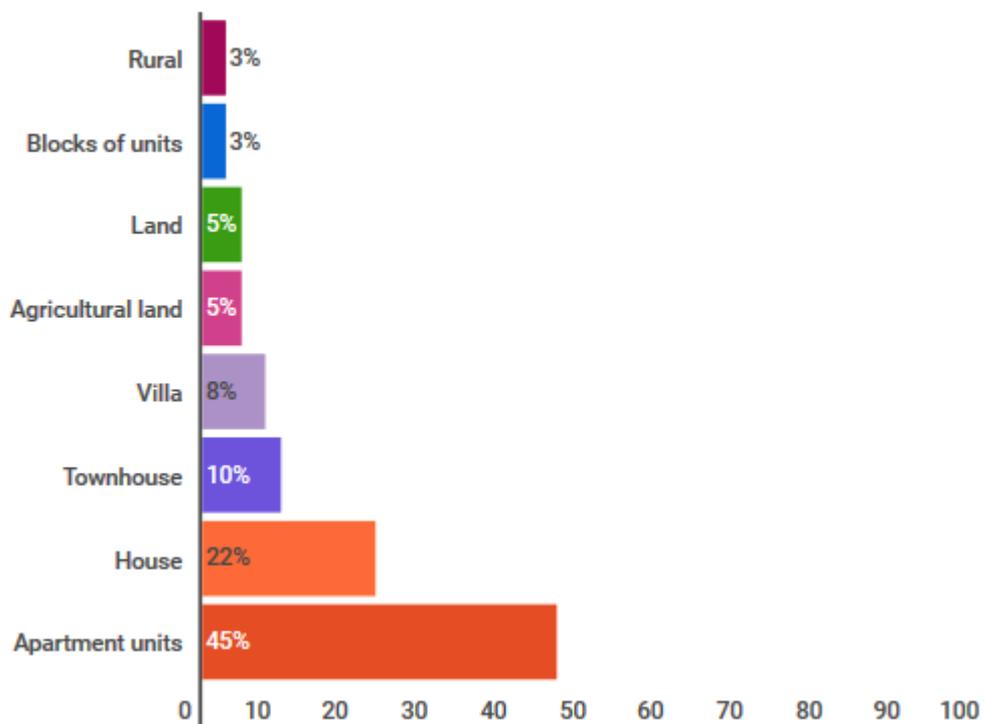
68% of respondents would spend less than Rp5 billion, while 22% would spend between Rp5 billion and Rp10 billion for properties overseas.

41% of respondents prefer apartments, while 23% would pick houses.

Budget to purchase

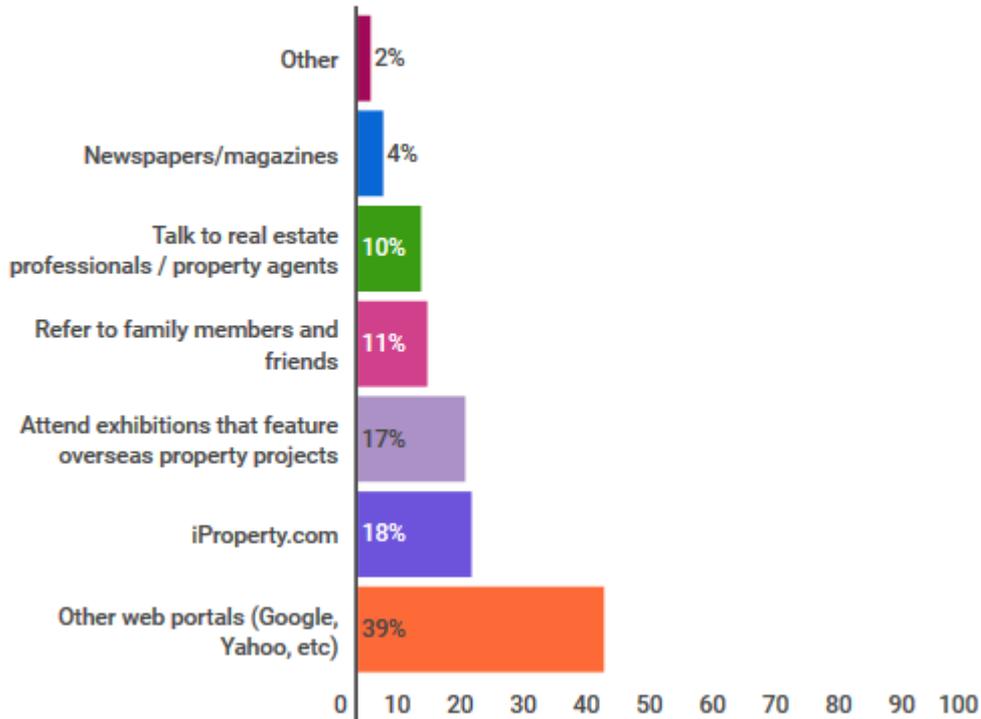


Type of property to purchase



The key sources of information for respondents are online and attending exhibitions featuring the overseas property that they are interested in

How do you source for properties overseas

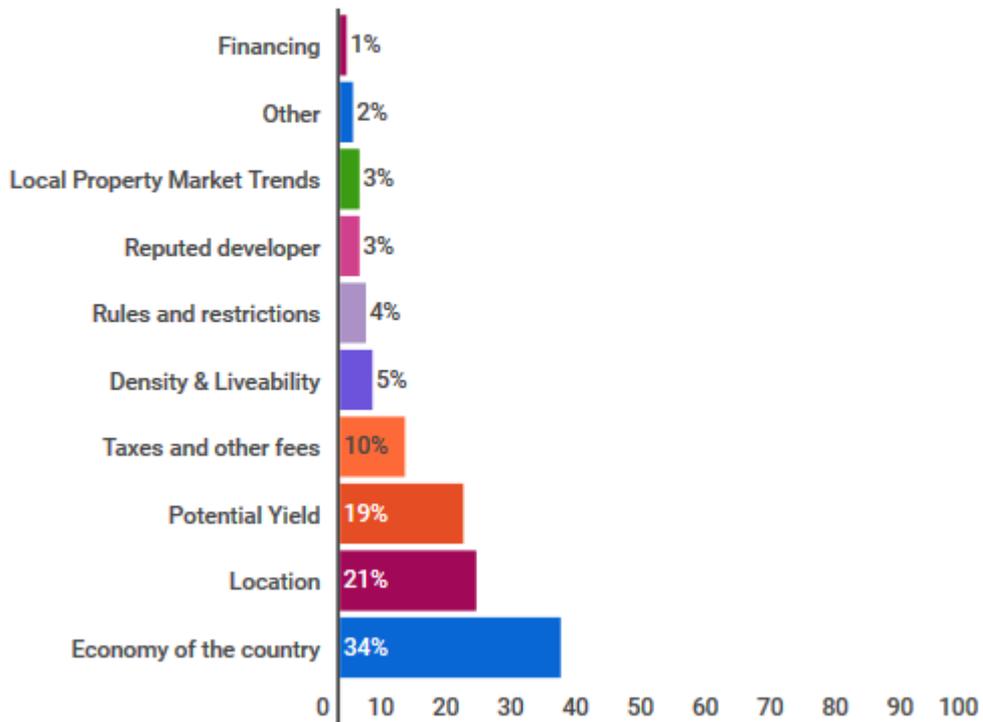


The top three information that respondents seek when investing in overseas properties are:

1. The country's economy
2. Location
3. A property's potential

The only difference compared to the previous survey is the third choice, which was political stability.

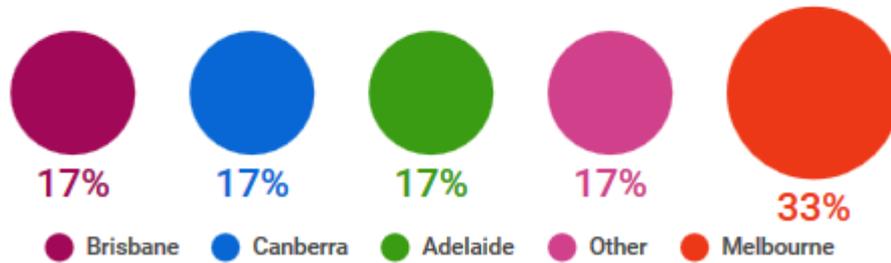
Information that you seek when investing in overseas property



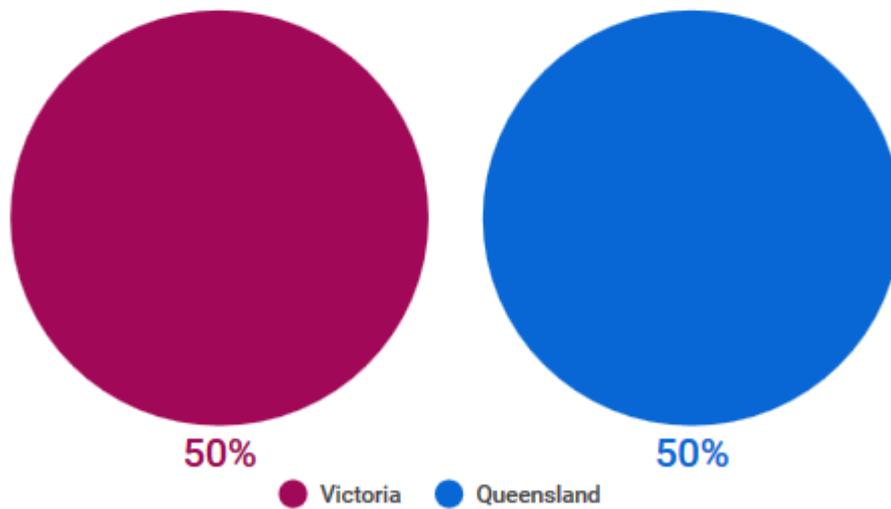
Respondents' top choice was Melbourne & Sydney. It's a three-way tie for the second spot – Brisbane, Canberra and Adelaide.

It's either Victoria or Queensland when it comes to preferred state.

Where in Australia would you purchase property



Which Australian state do you plan to purchase property



SINGAPORE: PROPERTY PRICES STILL DECLINING, BUT WITH MORE TRANSACTIONS IN RESALE AND SUBSALE. VARIOUS PARTIES ARE ALSO CALLING TO REMOVE COOLING MEASURES.

In July 2016, the Urban Redevelopment Authority (URA) released real estate statistics for 2nd quarter 2016. Prices of private residential properties decreased by 0.4% in 2nd quarter 2016, compared to the 0.7% decline in the previous quarter.

Key indicators	Change	1Q2016	2Q2016
Price index	-0.4%	140.6	140.0
Rental index	-0.6%	107.5	106.9
Take-up*	+59.0%	1,419	2,256
Pipeline supply*	-11.7%	53,512	47,250
Vacancy rate*	+1.4% points	7.5%	8.9%

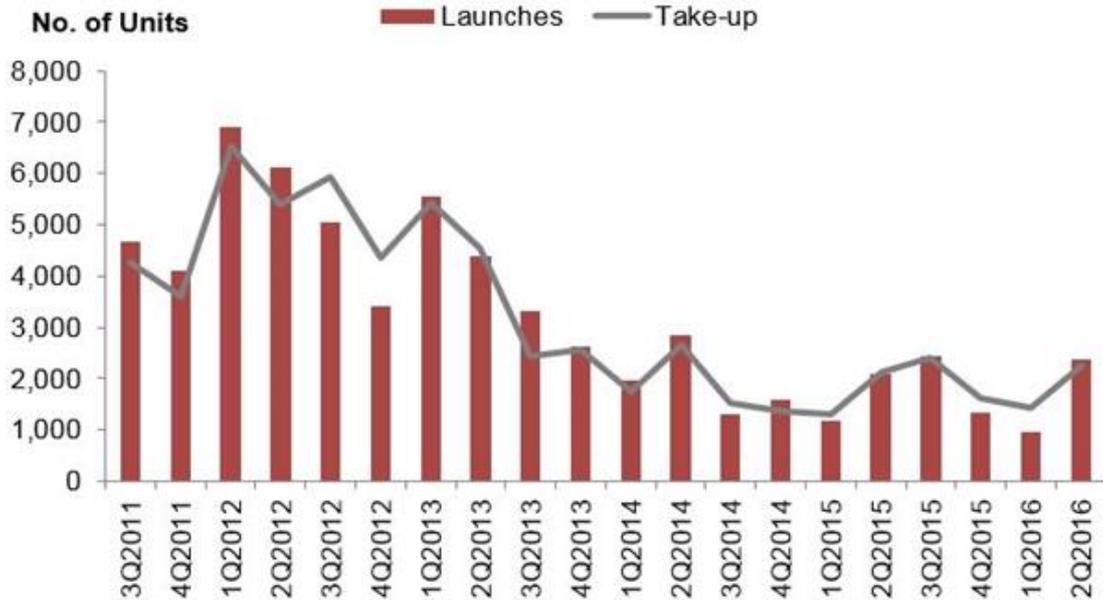
* Figures excluding ECs

Prices of landed properties declined by 1.5%, compared to the 1.1% decline in the previous quarter. Prices of non-landed properties decreased by 0.1%, compared to the 0.6% decline in the previous quarter.

Prices of non-landed properties in Outside Central Region (OCR) decreased by 0.5%, compared to the 1.3% decline previously. Prices of non-landed properties in Rest of Central Region (RCR) rose by 0.2% after remaining unchanged in the previous quarter. Prices of non-landed properties in Core Central Region (CCR) increased by 0.3%, after increasing 0.3% previously.

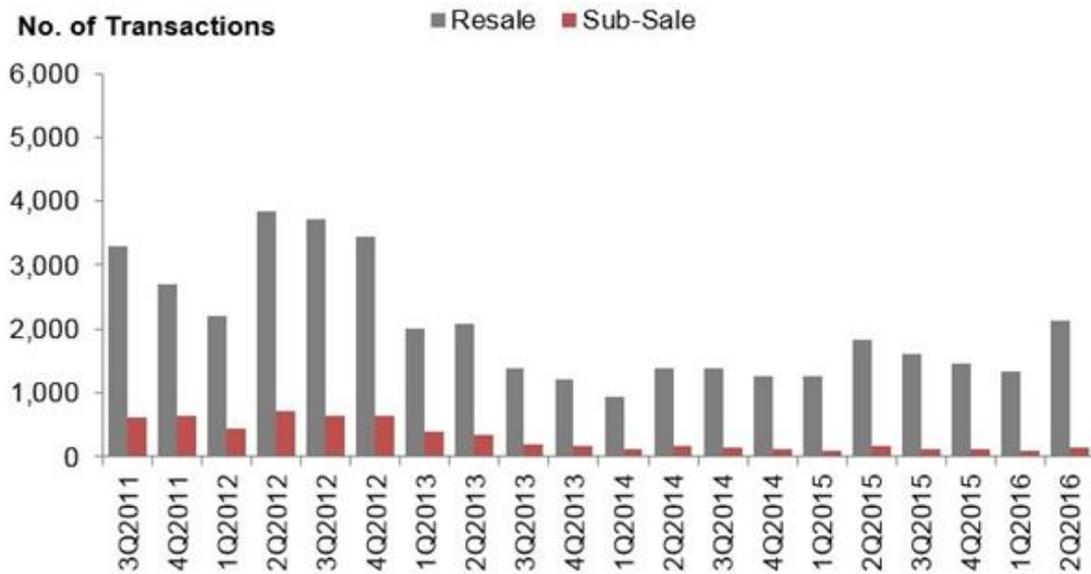
Rentals of private residential properties fell 0.6%, compared to the 1.3% decline in the previous quarter.

As for new launches, developers launched 2,371 uncompleted private residential units (excluding Executive Condominiums, ECs) for sale in 2nd quarter 2016, compared to the 953 units in the previous quarter. Developers sold 2,256 private residential units (excluding ECs) in 2nd quarter 2016, compared to the 1,419 units sold previously.



In resale, there were 2,140 transactions in 2nd quarter 2016, compared to the 1,340 units transacted in the previous quarter. Resale transactions accounted for 47.0% of all sale transactions in 2nd quarter 2016, compared to the 47.1% in the previous quarter.

There were 154 sub-sale transactions in 2nd quarter 2016, compared to the 88 units transacted in the previous quarter. Sub-sales accounted for 3.4% of all sale transactions in 2nd quarter 2016, compared to the 3.1% in the previous quarter.



‘Seriously unaffordable’

According to a survey by United States urban planning researcher Demographia, Singapore’s housing is considered ‘seriously unaffordable’. If Singapore is ranked against the 367 metropolitan areas in nine countries including Australia, Canada, China (Hong Kong), Ireland, Japan, New Zealand, United Kingdom and United States, Singapore is at 270 out of 367 or at the 73rd percentile (the higher the percentile, the more expensive it is). Housing prices in Singapore is five times the median household income.

According to the Urban Redevelopment Authority (URA) Property Price Index, property prices for private residential properties peaked at 154(based on rebased PPI) in the 3rd quarter of 2013. Since then, prices have steadily decreased due to a combination of different reasons such as interest rate climbing, government’s cooling measure, and the slowing down of the global economy.

Lower consumer spending

A report by Institute of Chartered Accountants in England and Wales (ICAEW) showed that the pace of consumer spending in Singapore has slowed compared to its long-term average, suggesting that steep household leverage is affecting the city-state’s growth prospects.

As for wages in Singapore, the median wages increased to S\$5483 per month in the first quarter of 2016 from S\$5205 per month in the fourth quarter of 2015. Wages in Singapore averaged S\$3155.32 per month from 1989 until 2016, reaching an all-time high of S\$5483 per month in the first quarter of 2016 and a record low of S\$1302 per month in the second quarter of 1989. Wages in Singapore is reported by Statistics Singapore.



Easing of cooling measures

Cooling measures that have been in place since 2009 include Seller's Stamp Duty (SSD), Total Debt Servicing Ratio (TDSR), and Additional Buyer's Stamp Duty (ABSD).

The cooling measures have led to eight consecutive drops in property prices since 2013. This is the longest decline streak in 13 years according to data from URA.

In May, the Monetary Authority of Singapore unexpectedly eased restrictions on car loans, both by raising the maximum permitted loan-to-value ratios and extending the maximum loan tenure from five years to seven.

Some analysts pointed to the eased car loan restrictions as a sign that the central bank may also soon ease measures that were aimed at slowing the flow of credit to the property sector. Those measures included limits on the total amount of debt a borrower could take on as a percentage of the borrower's income, as well as additional stamp duties on property buyers.

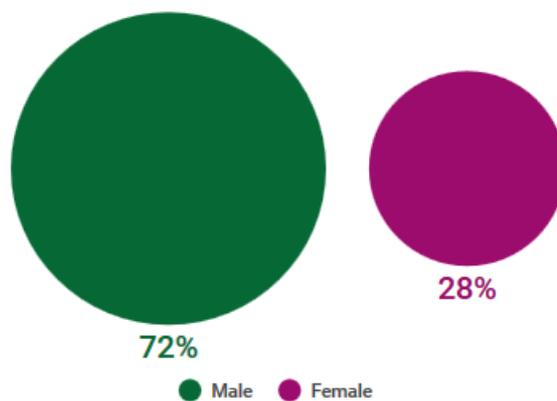
Credit Suisse said in June that it expected the market would begin pricing in rising chances that the days of cooling measures' were numbered. The bank predicted a change by the end of 2016 and pointed to the Additional Buyer's Stamp Duty (ABSD) as likely to be the first cooling measure to be tweaked.

DBS said in June that it would likely take another 13 to 15% decline in property prices before authorities start removing property cooling measures. Real estate agents said they believed that the ABSD was holding back buyers and that its removal was the catalyst needed to unleash pent-up demand.

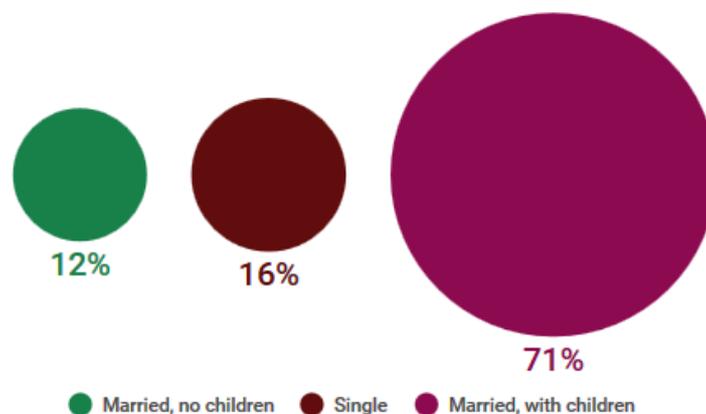
DEMOGRAPHICS: HOME OWNERS WANT TO UPGRADE TO A BIGGER HOME 2 YEARS FROM NOW AS THEY CAN'T AFFORD ANOTHER INVESTMENT AT THE MOMENT

The percentages are similar to previous surveys with more male respondents. Majority of respondents are also married (71%).

Gender



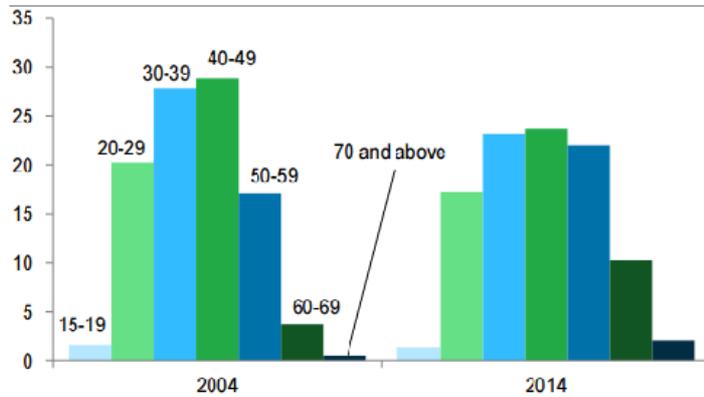
Gender



This time around, 55% of respondents are from the 41 – 45 years old age bracket, which is a shift from the previous survey where the largest group (50%) was the 31-40 yeargroup.

Figure 20: The labour force is ageing

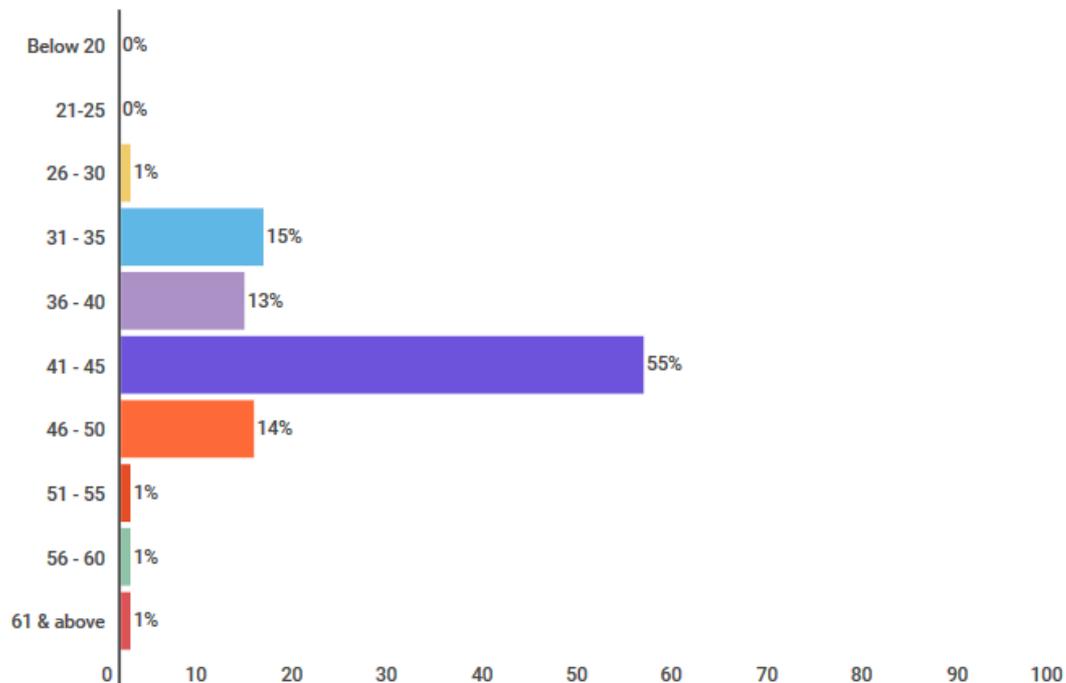
Singapore resident labour force, %



Source: Ministry of Manpower, Standard Chartered Research

According to a report by Standard Chartered, it is estimated that over 1 in 5 (22%) resident worker is aged 50 to 59. This is up from 17% a decade ago. Assuming a stable population trend and constant participation rates, the labour force is likely to peak between 2020 and 2025, and decreasing after 2025. However, the 20 to 29 as well as the 30 to 54 age groups are likely to peak from 2015 to 2020.

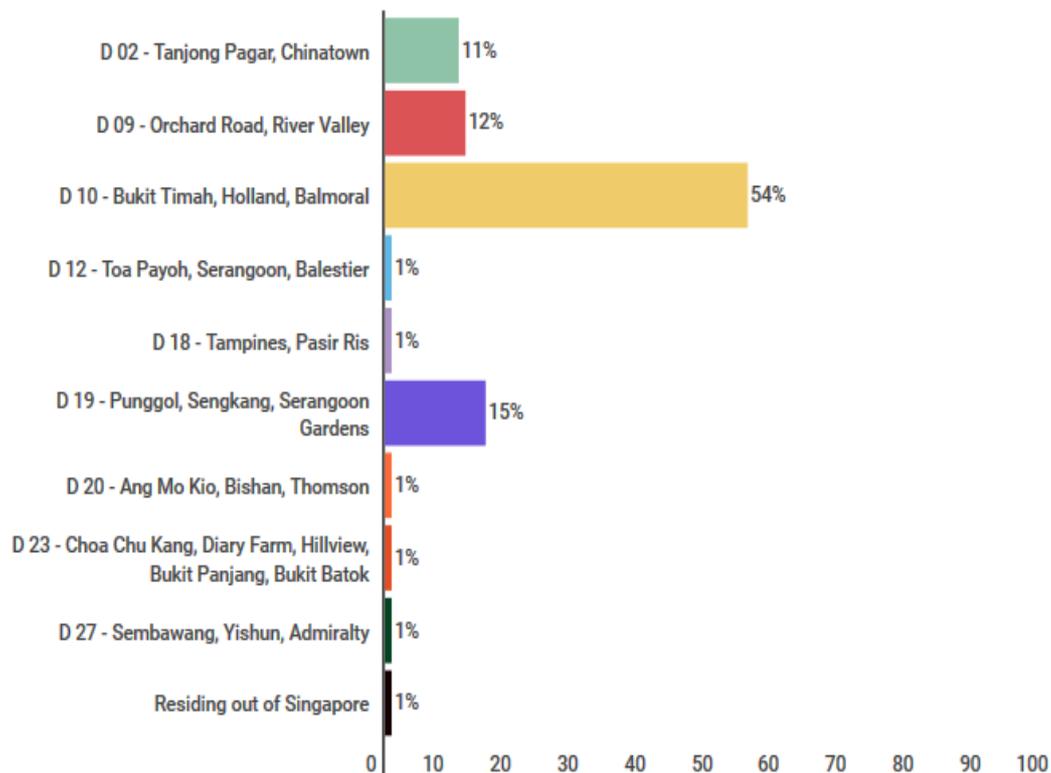
Age Group



The top 5 districts (in descending order) that respondents currently reside in are as follows.

	H2 2016	H1 2016
1	District 10 - Bukit Timah, Holland, Balmoral	District 10 - Ardmore, Bukit Timah, Farrer, Holland, Tanglin Rd
2	District 19 - Punggol, Sengkang, Serangoon Gardens	District 09 - Cairnhill, Orchard Rd, River Valley
3	District 09 - Orchard Road, River Valley	District 12 - Balestier, Serangoon, Toa Payoh
4	District 02 - Tanjong Pagar, Chinatown	District 16 - Bayshore, Bedok, Siglap, Upper East Coast Rd, Eastwood, Kew Dr
5	District 23 - Choa Chu Kang, Dairy Farm, Hillview, Bukit Panjang, Bukit Batok	District 15 - Amber Rd, Joo Chiat, Katong, Marine Parade, Meyer, Tanjong Rhu

Age Group



Majority of respondents (57%) are 'Executives/Managers'. This time round, majority of respondents' annual household income falls into the S\$140,001 – S\$180,000 group (55%), compared to the largest group in the previous survey, which was the S\$180,001 – S\$240,000 group (34%)

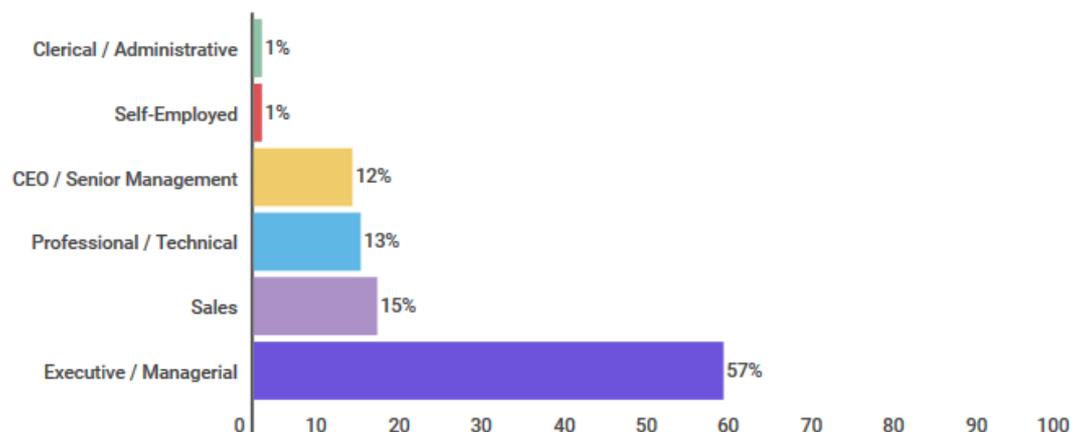
A tight labour market helped grow the median monthly income for employed households grew by 4.9% in 2015 compared to 2014 after accounting for inflation, according to government statistics released in February 2016.

Median monthly household income from work rose to S\$8,666 last year, up from S\$8,292 in 2014, according to the Department of Statistics' annual Key Household Income Trends survey. That is a 4.5% jump in nominal terms, or a 4.9% rise in real terms once inflation is taken into account.

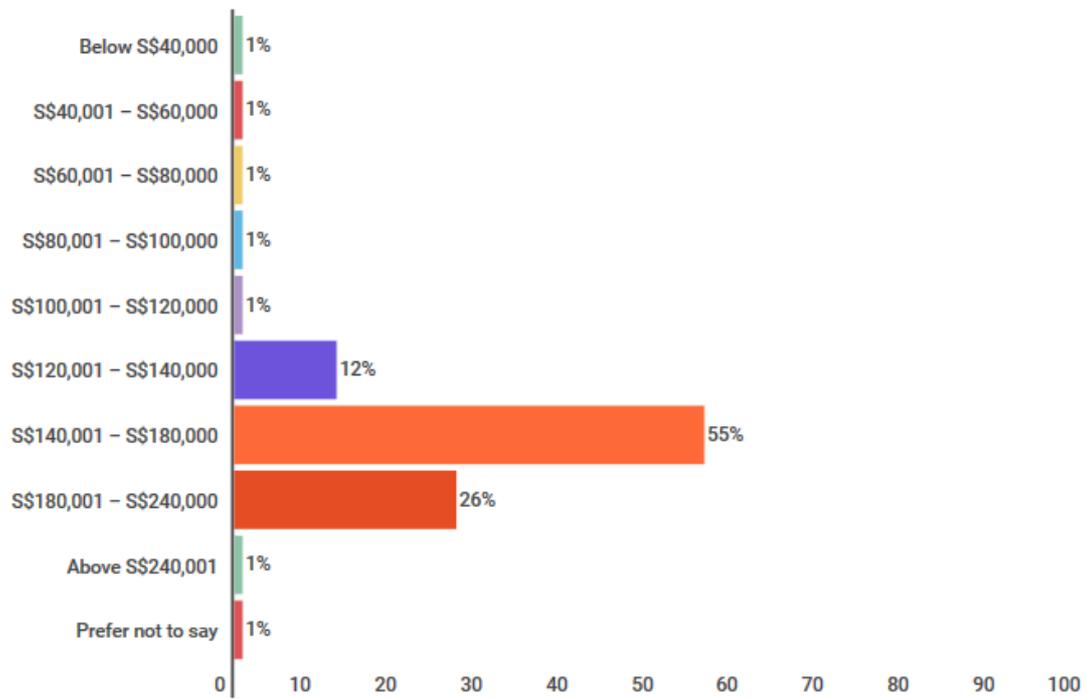
From 2010 to 2015, the lowest 50% households experienced faster real income growth than the top 50% households, according to government data.



Current occupation



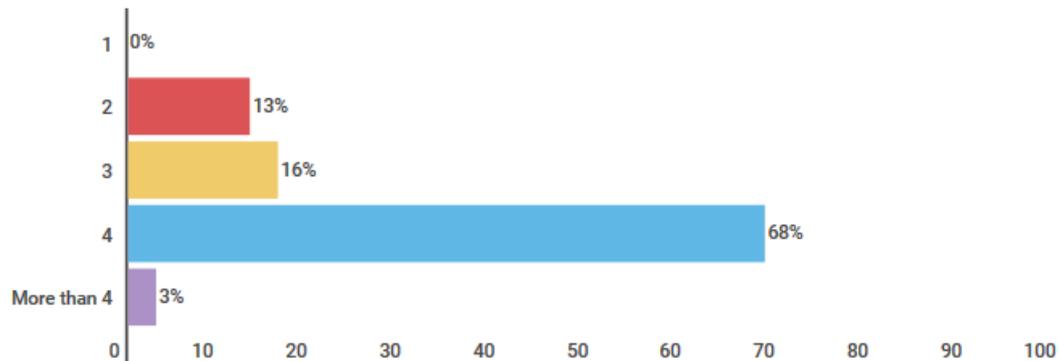
Annual household income



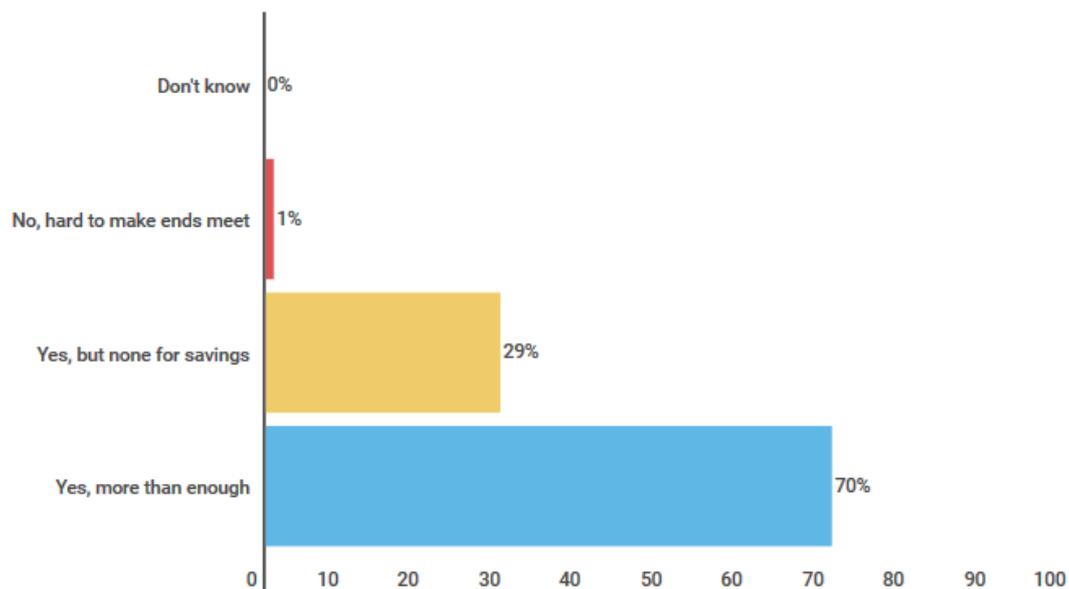
Majority of respondents (68%) have four people in their household.

While 58% were able to clear expenses but had no savings in the previous survey, this survey showed that respondents have more than enough to cover their expenses despite majority of respondents falling into the lower annual household income bracket.

No of dependents in a household

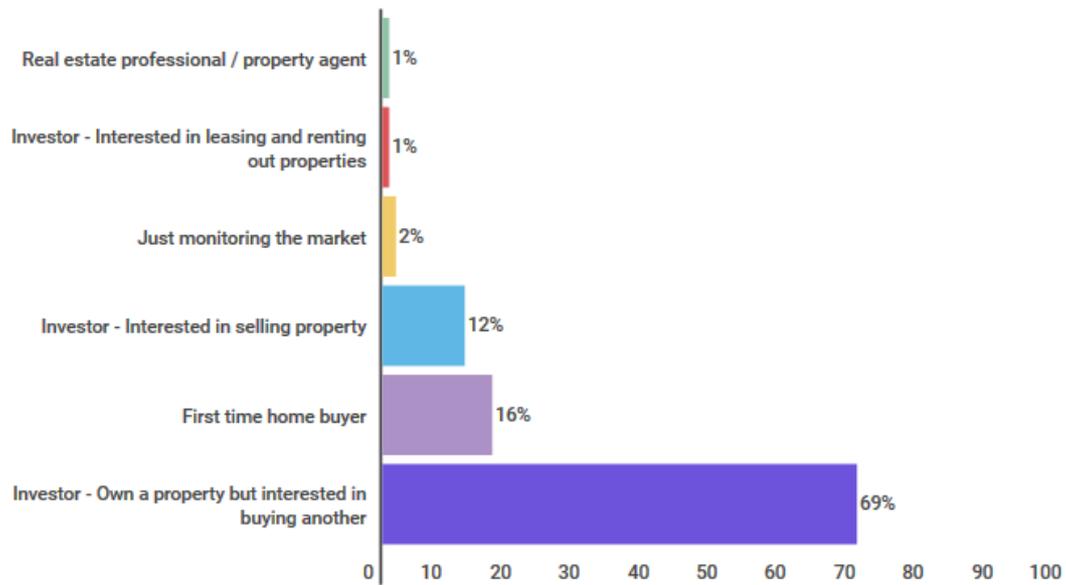


Household income enough to meet expenses

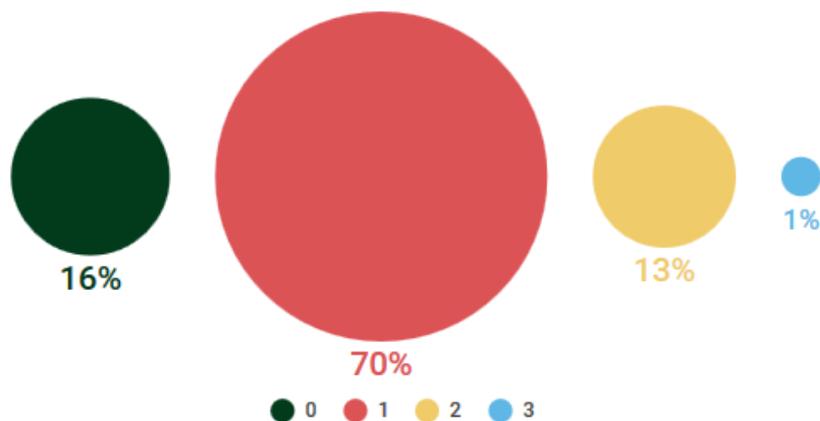


70% of respondents own a home, which is in line with the majority of respondents' profile – home owners who are interested in buying another property (69%). There are fewer first-time home buyers (16%) this survey, compared to the previous survey (32%).

Consider themselves



No of properties owned



Most survey respondents (72%) own 'Condominium/Apartment/Service Apartments', while 69% own the property they live in, with the mortgage fully paid.

According to the Singapore Department of Statistics, the home ownership rate of resident households was 90.8% in 2015. As March 2015, more than 80% of Singaporeans live in Housing Development Board (HDB) accommodations, with approximately 80% of the units owner-occupied. Through long-term planning and complementary economic policies, Singapore's leaders have transformed the island state into a nation of homeowners.

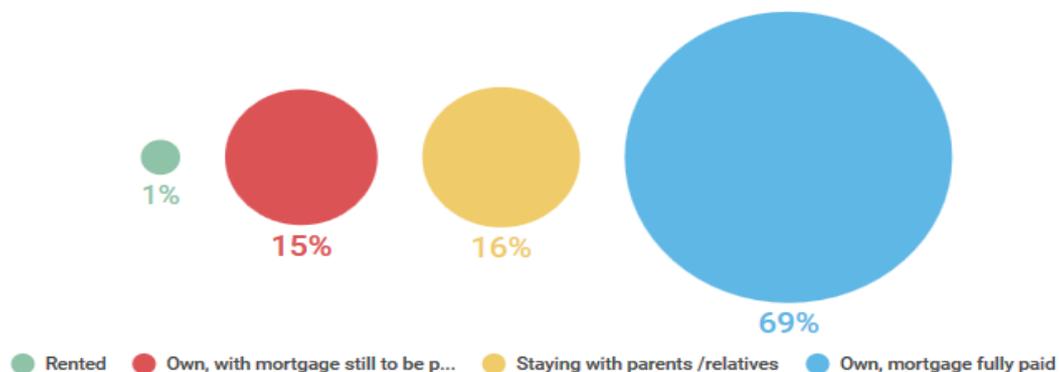
With a large majority of the island's population living in HDB accommodations, it is no surprise that when most Singaporeans think of a home, they picture a HDB flat.

Changes in flat ownership will now only be allowed under six circumstances including marriage, divorce, death of an owner, financial hardship, renunciation of citizenship and medical reasons. These new regulations took effect on 1st April 2016 and HDB will assess on a case by case basis if the request to change flat ownership does not fall under the above circumstances.

Type of property owned

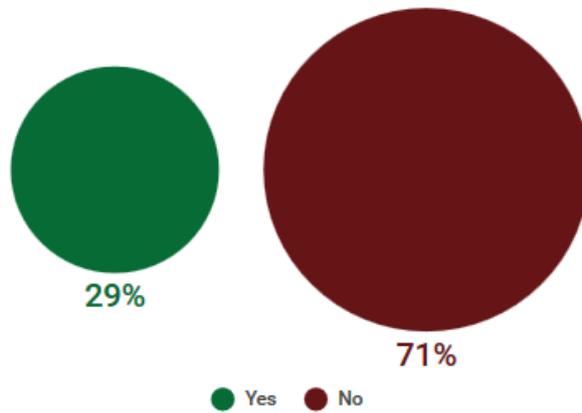


Status of property lived in



71% of respondents are not looking to sell their property. Those who are looking to sell because they are looking for a bigger accommodation or received a good offer for their property.

Looking to sell their property

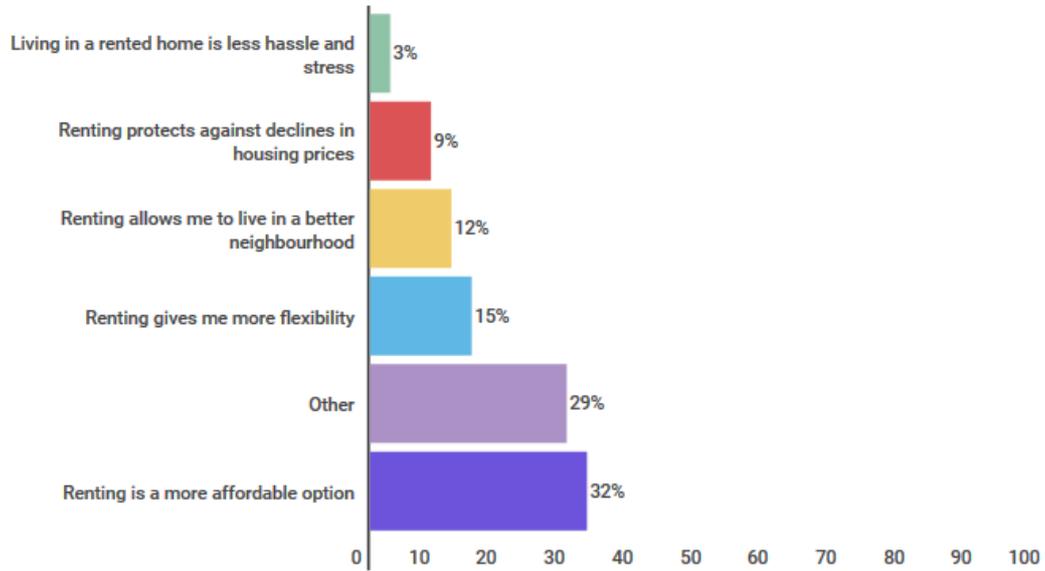


Reason for selling



Respondents who are currently renting are doing so as they view it as a more affordable option.

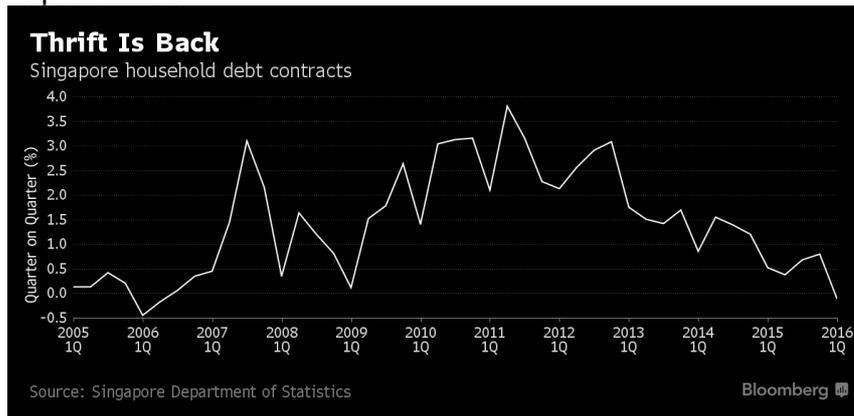
Reason for renting



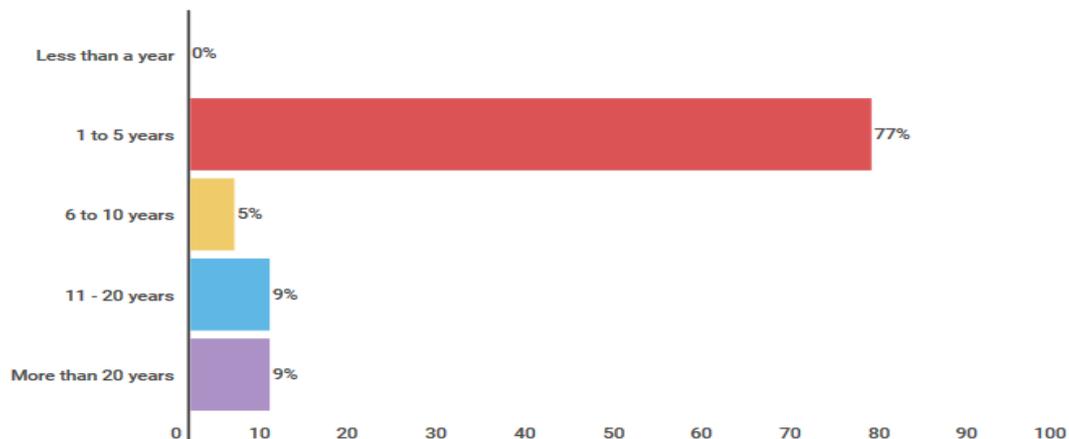
Majority of respondents (77%) have between 1 and 5 years left for their loan repayments. This is different from the previous survey where majority of respondents (54%) had 6 to 10 years of repayment left.

Despite the short number of years left on their loan, 78% of respondents find it difficult to manage their loan repayments.

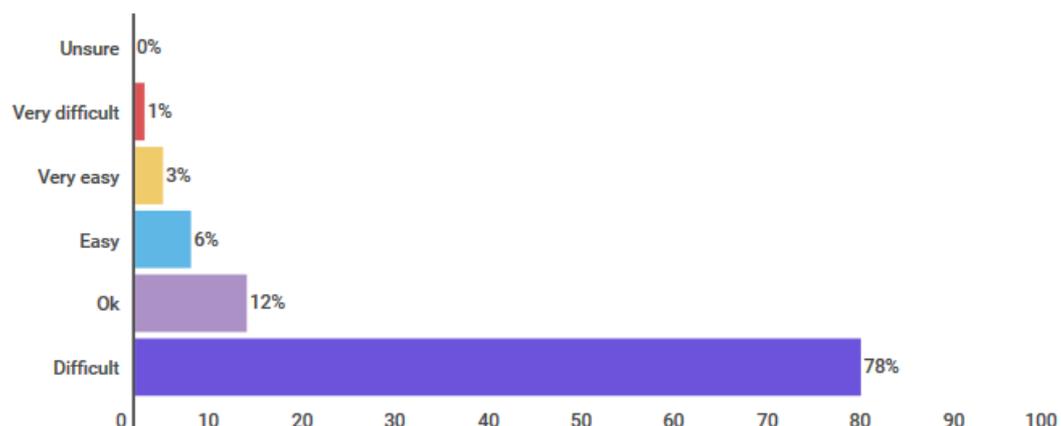
While debt has been growing at a slower pace since 2011, it contracted by 0.1% in the first quarter of 2016 as households curbed mortgages and credit-card expenditure.



Years of mortgage repayment left

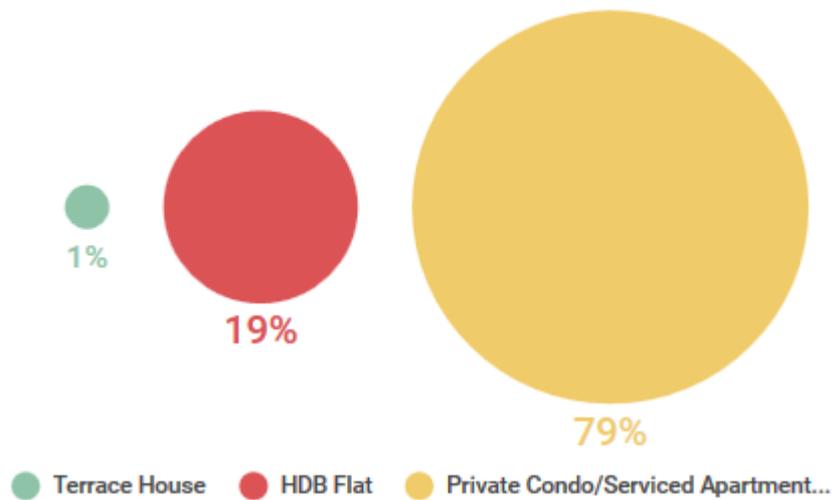


Over the past 12 months, how was the repayment of mortgage?

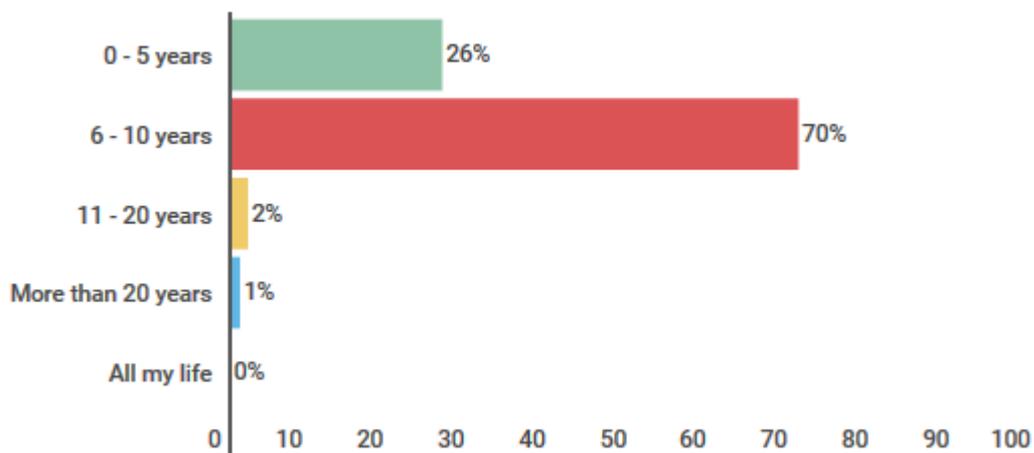


79% of respondents live in 'Private Condominium/Serviced Apartment' while 19% live in 'HDB Flat'. Most Singaporean respondents have been residing in their current abode for 6–10 years (70%), while 26% have been in the same place for less than 5 years.

Type of property currently lived in

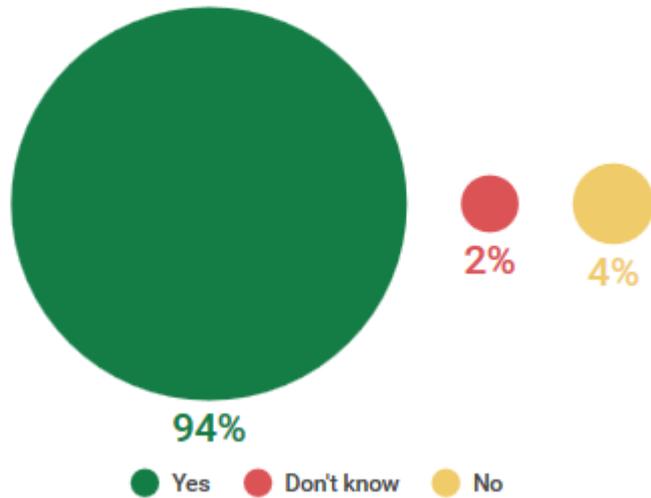


Years lived in current premises

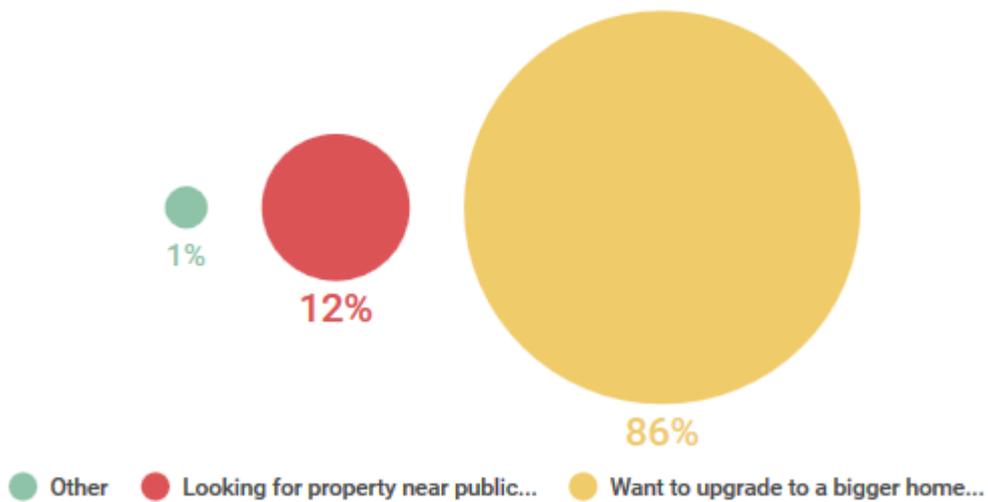


An overwhelming number of respondents (94%) are looking to move, with 86% stating that they are looking to upgrade to a bigger home.

Years lived in current premises



Reasons to move

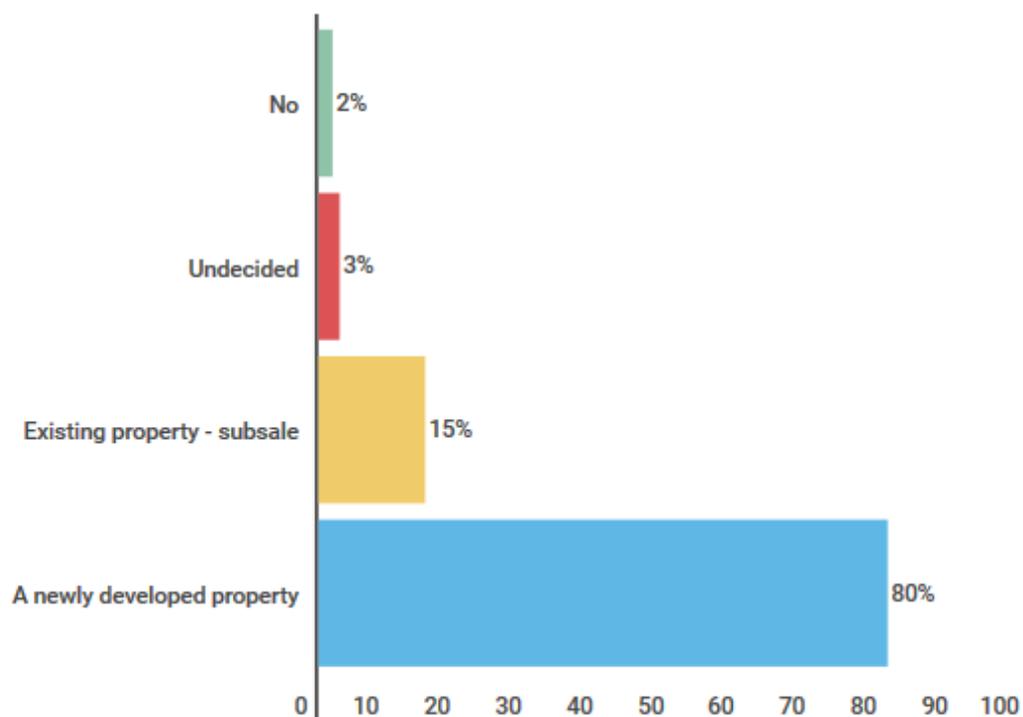


80% of respondents are looking to purchase a newly developed property.

In the prime residential market, an estimate of 500 units were sold, a 64% quarter-on-quarter and a 73% year-on-year increase for the first quarter of 2016. The sales were mainly due to the demand for residential units in the heart of the Orchard area.

However, other indicators in the property market remained negative. Gross rents in the prime sector fell 1.3% quarter-on-quarter basis in the first three months of 2016 while the luxury prime segment saw a decline of 2.7% over a similar timeframe.

Looking to purchase property



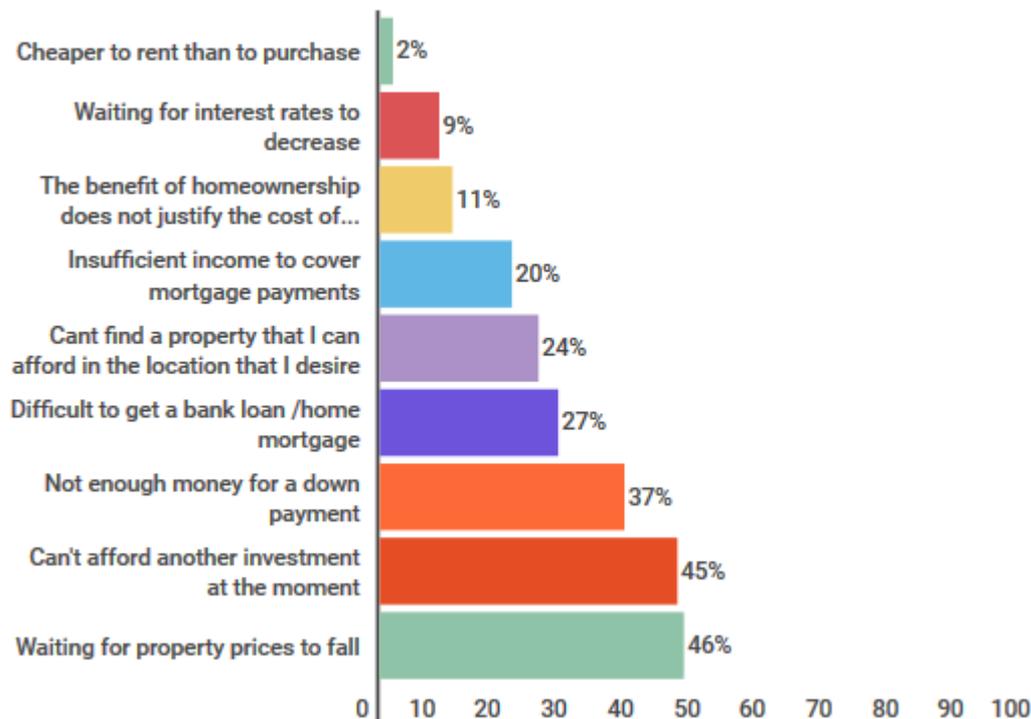
Most respondents are either waiting for property prices to fall or are unable to afford another investment at the moment.

Weak market sentiment continues to weigh heavily on the real estate market in Singapore, Real Estate Developers' Association of Singapore (REDAS) president Augustine Tan said in July 2016. As of May 2016, there is a supply of 57,597 new private residential units and 12,077 executive condominiums in the pipeline. While unsold units stand at around 15,000, the supply is still significant in view of the prevailing weak demand, said the REDAS chief.

Despite all the prevailing negative factors, Singapore remains a preferred investment destination for global investors and the demand for properties in Singapore remains high.

The reasons that are stopping people from buying is still affordability as a large cash down payment is required, with ABSD in place. Financing is strict with the TDSR framework. Some might have the cash for the down payment and to secure the loan, but yet others might be waiting for prices to fall. Making a wrong move can be financially detrimental especially when the funds involved are high.

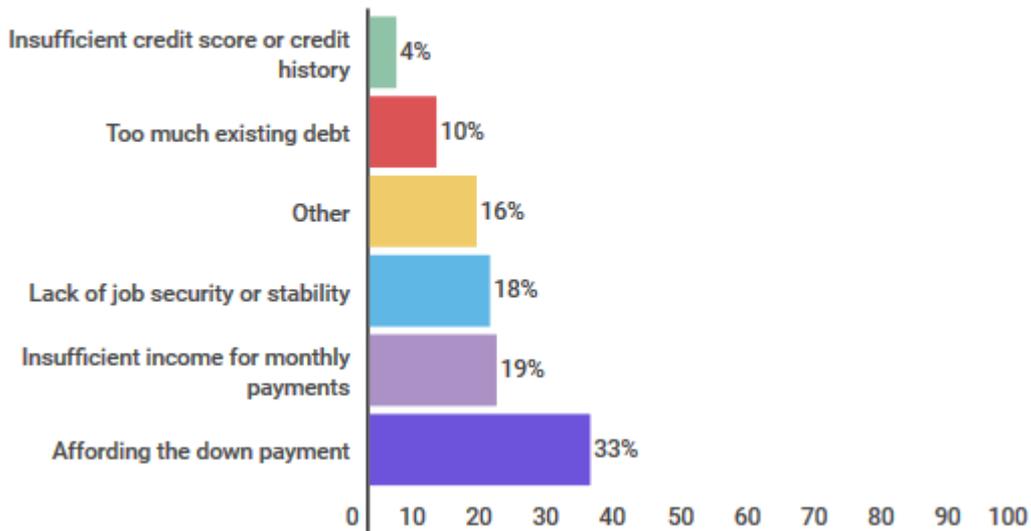
What is hindering you from purchasing a property now



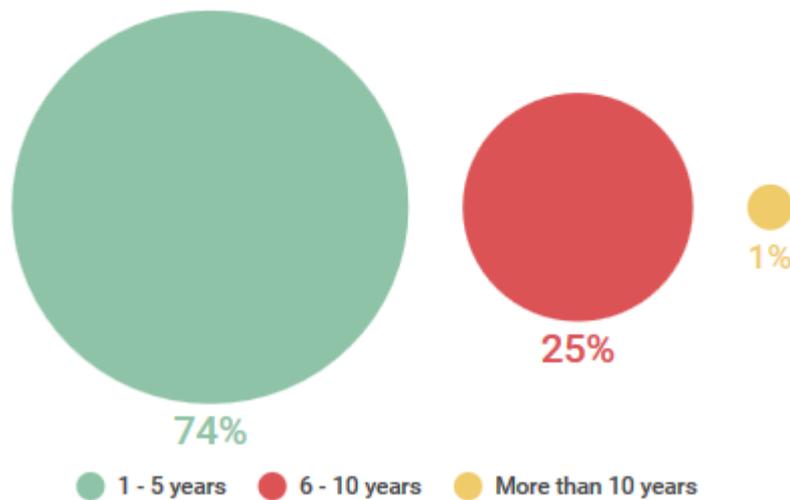
Slightly more than a third of respondents (33%) find that having sufficient funds for the down payment is the biggest obstacle to getting a property loan. 74% of respondents have been saving for 1 to 5 years for a down payment.

86% of respondents are looking to purchase 'Private Condominiums / Serviced Apartments', which is in line with majority of respondents' current type of home.

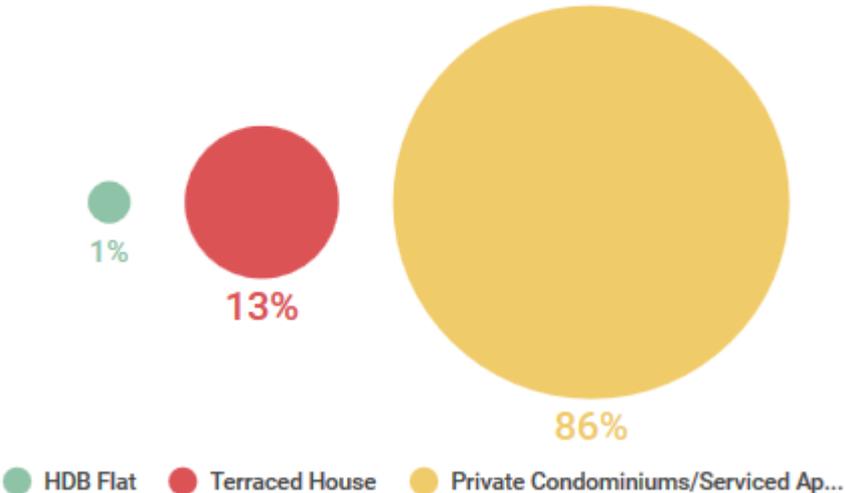
Biggest obstacle in getting a mortgage to purchase a property



How long would have you been saving to afford a down payment



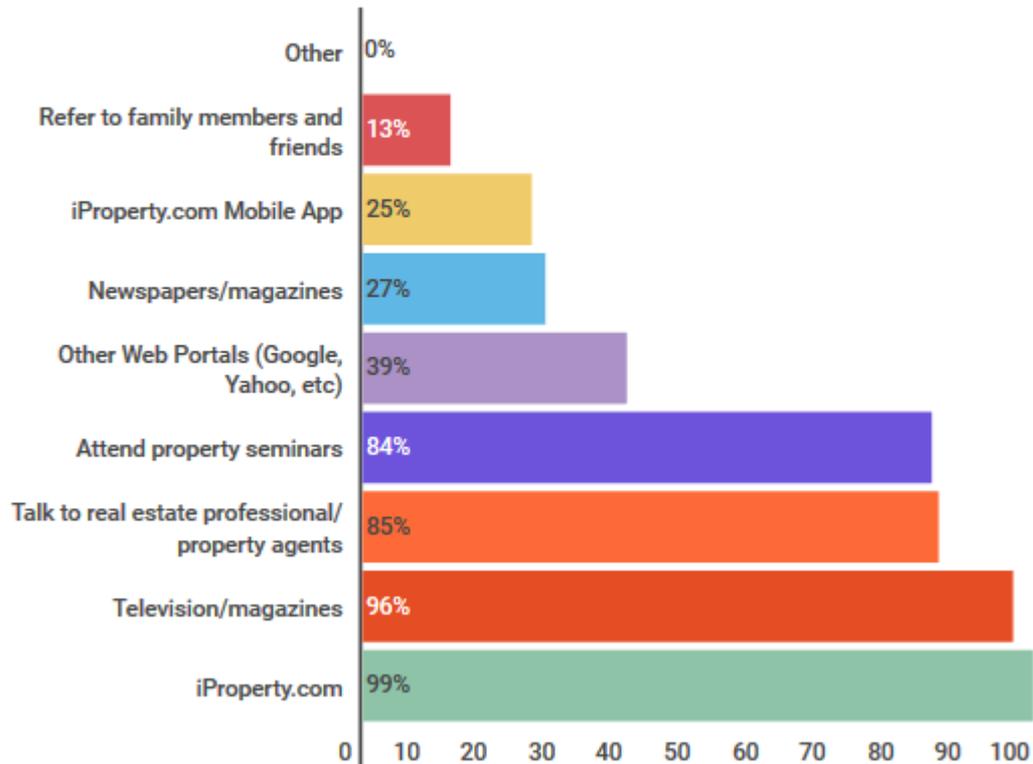
What type of property are you looking at purchasing?



Property websites are still the preferred source of information. Television/magazines are second, followed by real estate agents.

	H2 2016	H1 2016
1	Digital sources	Digital sources
2	Television/magazines	Newspapers/magazines
3	Real estate professionals/agents	Property seminars

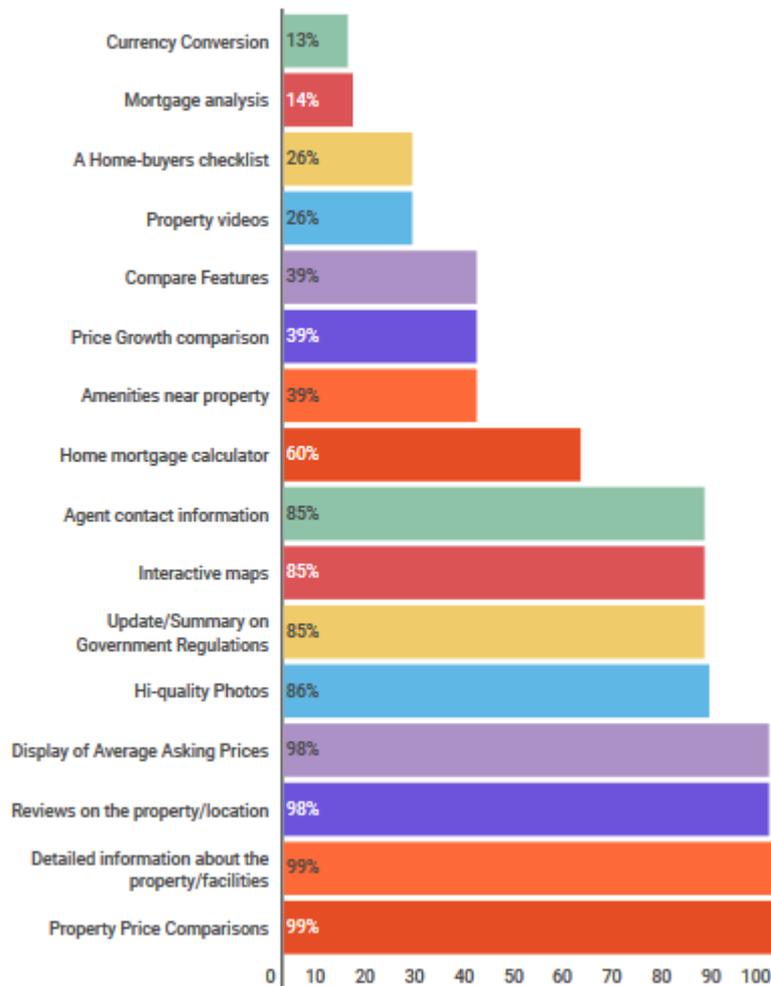
Source of property information and news



The top 5 types of information that respondents seek in online listings are the same compared to the previous survey.

4. Price comparisons
5. Detailed information about the property/facilities
6. Reviews on the property/location
7. Display of average asking prices
8. High quality photos

Information in online property listing that will help in decision-making

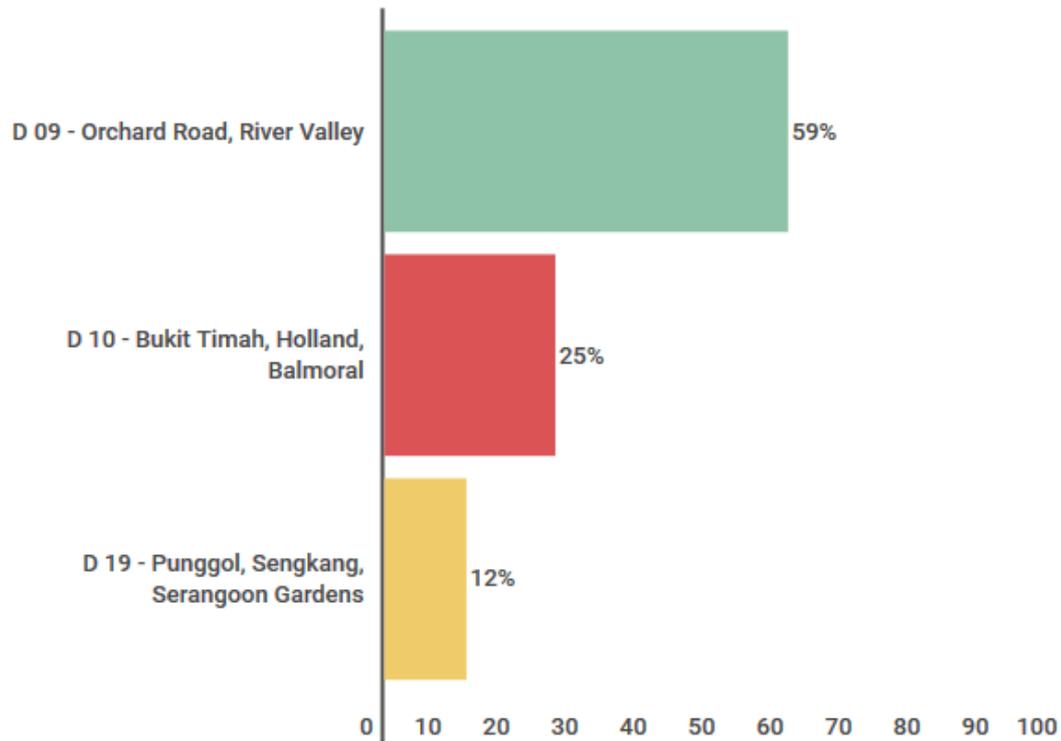


Respondents' top three preferred districts are:

- District 09 - Orchard Road, River Valley
- District 10 - Bukit Timah, Holland, Balmoral
- District 19 - Punggol, Sengkang, Serangoon Gardens

This is also in tandem with where most of the respondents are currently living.

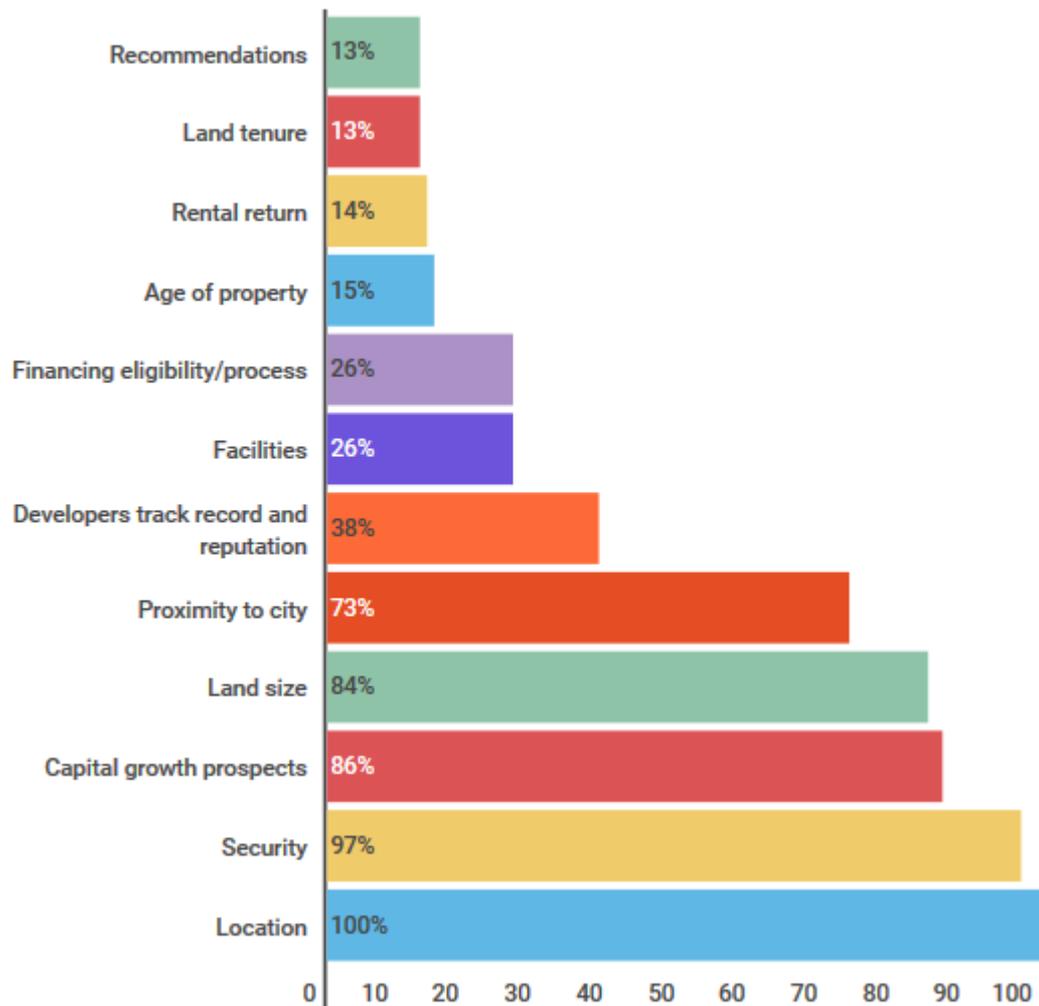
Where to purchase



The top 5 factors that influence decision-making are slightly different from the previous survey.

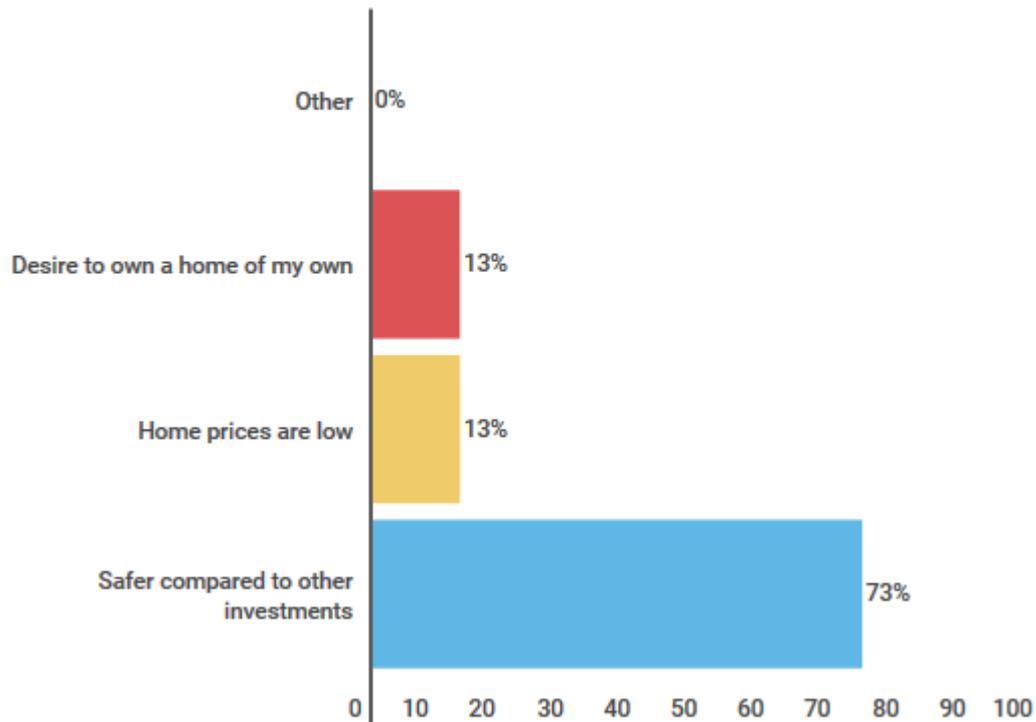
	H2 2016	H1 2016
1	Location	Location
2	Security	Capital growth prospects
3	Capital growth prospects	Capital growth
4	Land size	Security
5	Proximity to city	Age of property

Important factors when it comes to selecting a property to purchase

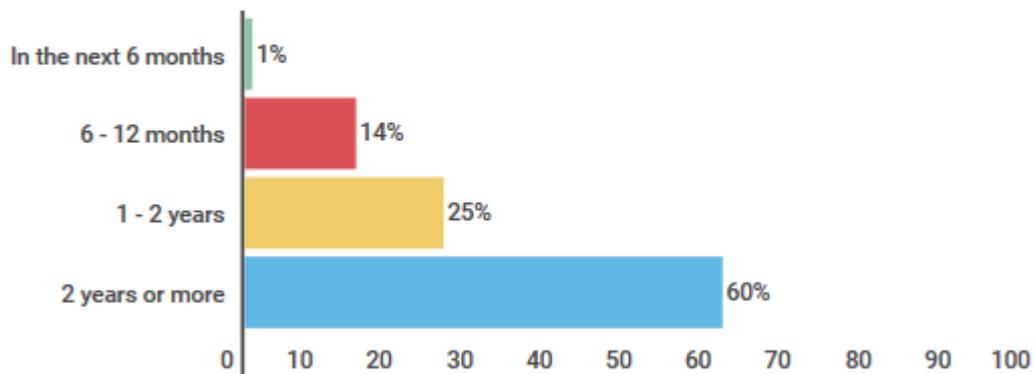


73% of respondents opine that property is a safer investment option compared to other forms of investment products 60% of respondents are in no apparent hurry as they are only looking to purchase 2 years or more from now.

Primary reason you would like to purchase this property



When are you looking at purchasing this property



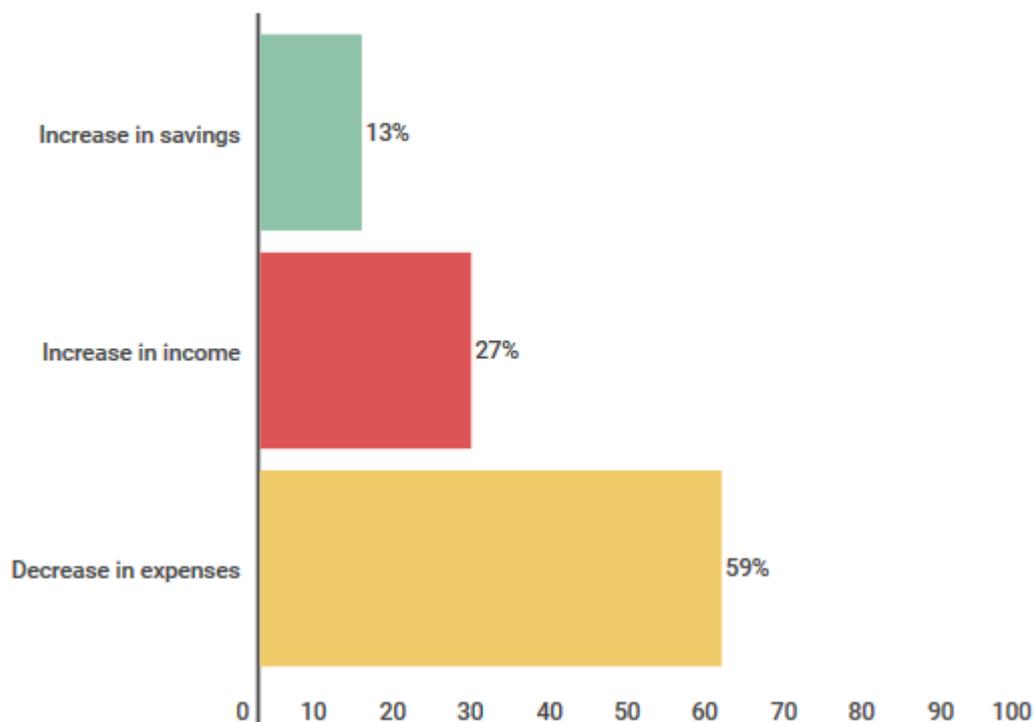
According to Singapore’s Ministry of Finance, about 840,000 Singaporean HDB households received the GST Voucher – Utilities-Save (U-Save) rebate in July 2016. Annually, those living in 1- and 2-room HDB flats are able to offset approximately three to four months of utilities bills on average with their regular GST Voucher – U-Save. Those living in 3- and 4-room HDB flats are able to offset about 1 to 2 months of utility bills on average.

GST Voucher – U-Save for July 2016

Flat type	Rebate for Jul 2016	To be given in Oct 2016	To be given in Jan 2017	To be given in Apr 2017	Total rebate annually
1- and 2-Room	\$65	\$65	\$65	\$65	\$260
3-Room	\$60	\$60	\$60	\$60	\$240
4-Room	\$55	\$55	\$55	\$55	\$220
5-Room	\$50	\$50	\$50	\$50	\$200
Executive/Multi-Generation	\$45	\$45	\$45	\$45	\$180

Note: Households whose members own more than one property are not eligible for the GST Voucher – U-Save.

What would the primary financial reason be for when you decide to buy a home at the time you do?

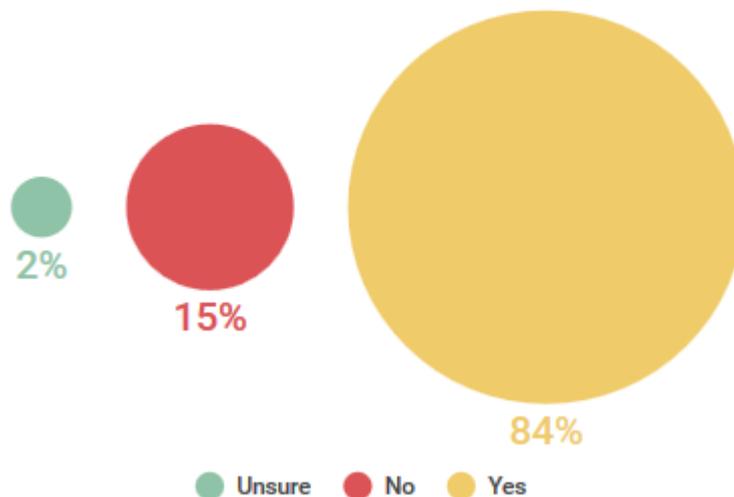


84% of respondents are concerned about a property price bubble.

In recent months, developers, property agents and industry associations have repeated their calls to relax the cooling measures, with some predicting that the measures may be lifted or amended by the end of 2016.

Some analysts pointed to the eased car loan restrictions in May 2016 as a sign that the central bank may also soon ease measures that were aimed at slowing the flow of credit to the property sector. Those measures included limits on the total amount of debt a borrower could take on as a percentage as income, as well as additional stamp duties for property buyers.

Has concerns around a property price bubble caused you to put investment plans on hold

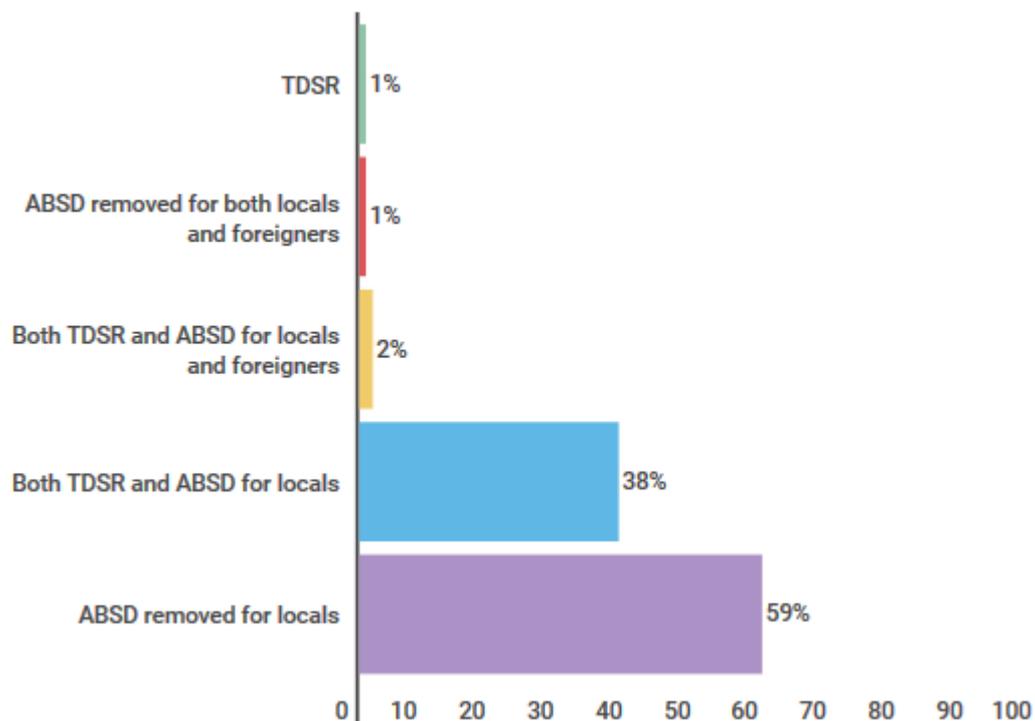


Singaporean respondents are in favour of removing ABSD for locals (59%), or removing both TDSR and ABSD for locals (38%).

The residential market awaits the looming deadlines for the Additional Buyer’s Stamp Duty remission. Developers do not have to pay ABSD on the purchase of land if they complete and sell all their units within 5 years of purchasing the land. Those who fail to do so will incur a levy of 10% of the purchase price of the site if they purchased the land between 8 December 2011 and 11 January 2013, and 15% if they purchased the land on or after 12 January 2013. A 5% interest rate per annum will also be imposed.

The TDSR was introduced on 28 June 2013 to “strengthen credit underwriting practices by financial institutions” and “encourage financial prudence among borrowers”. It is the percentage of income that can go toward servicing home loans, after taking into account other debts like credit card debt, car loan, personal loan and so on. It is a permanent structural reform that all banks and financial institutes are recommended to follow when assessing housing loans, refinancing or housing loans and loans secured by property. The monthly mortgage repayment and other debt obligations cannot exceed more than 60% of your monthly income, with only certain exceptions where they can grant loans greater than 60% of the borrower’s income, on a case by case basis.

Do you think cooling measure such as TDSR and ABSD should be removed



SENTIMENTS: FURTHER DIP IN PROPERTY PRICES EXPECTED, WITH NO RELAXATION OF COOLING MEASURES IN THE NEXT 2 YEARS

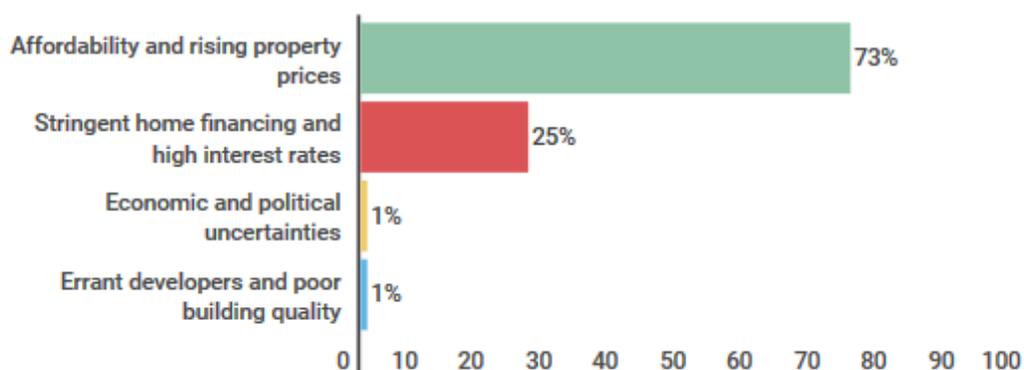
Affordability and rising property prices are respondents' main concerns regarding the property market.

In a note from June 2016, analysts at CIMB said they expected home prices to fall around 5 to 8% this year as looming ABSD penalties were expected to intensify from 2017 and developers would start clearing unsold inventory.

In July 2016, the URA released real estate statistics for 2nd quarter 2016. Prices of private residential properties decreased 0.4% in 2nd quarter 2016, compared to the 0.7% decline in the previous quarter.

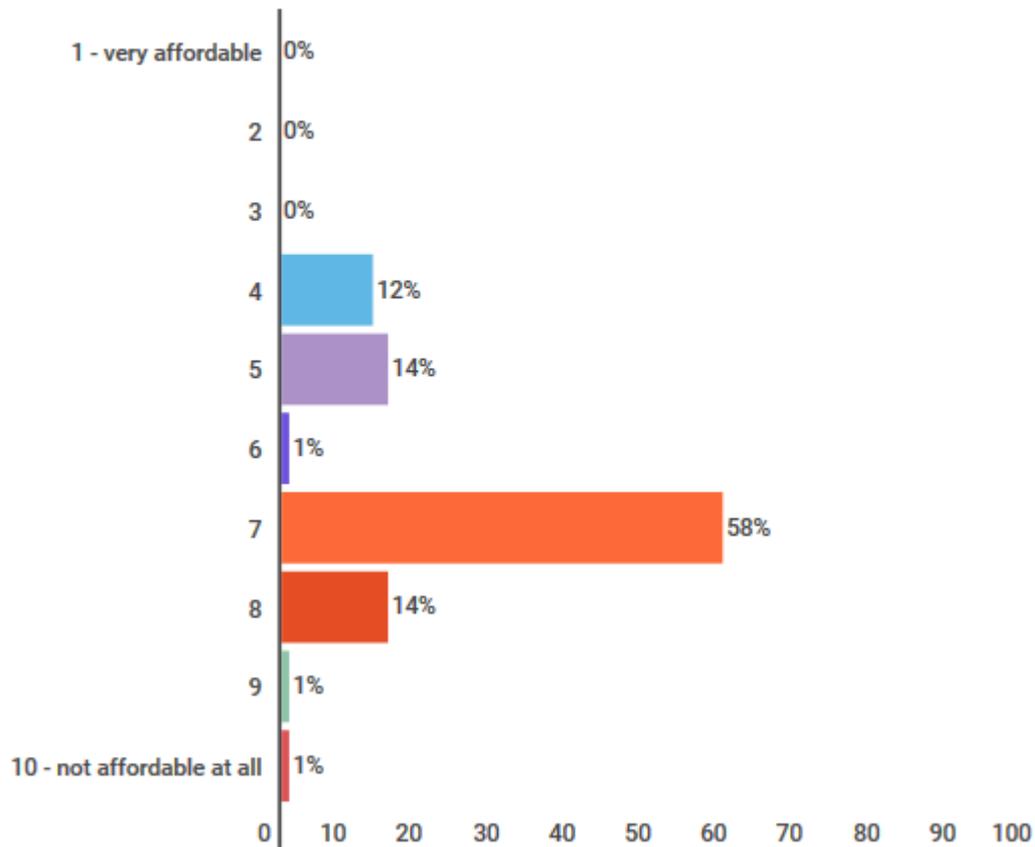


Main concern about the Singaporean property market



More than half of respondents (58%) feel that property prices are currently highly unaffordable (7 out of a scale of 10, with 10 being not affordable at all).

On a scale of 1 to 10, how would you characterize the current property prices in the country



Majority of respondents (59%) think that the resale prices of HDB flats are affordable for the average Singaporean.

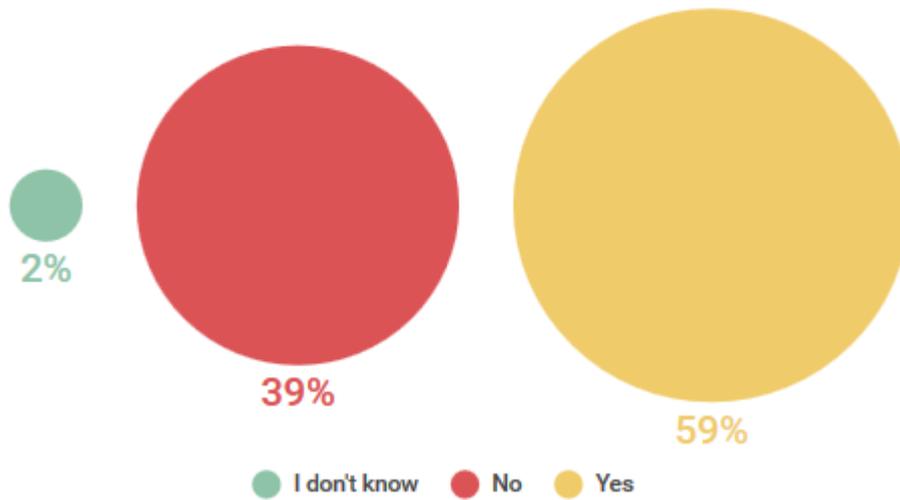
The resale market for HDB flats in Singapore fell slightly in the first quarter of 2016, with the Resale Price Index down by 0.1% and the number of transactions slipping 10.9% compared to the previous quarter.

In an April 2016 press release, HDB said that the Resale Price Index fell by 0.1%, from 134.8 in the fourth quarter of 2015 to 134.7 in the first quarter of 2016.

TOWNS	1-ROOM	2-ROOM	3-ROOM	4-ROOM	5-ROOM	EXECUTIVE
ANG MO KIO	-	*	\$318,000	\$465,000	\$680,000	*
BEDOK	-	*	\$300,000	\$400,000	\$573,000	*
BISHAN	-	-	*	\$545,000	\$739,000	*
BUKIT BATOK	-	-	\$288,000	\$400,000	*	*
BUKIT MERAH	*	*	\$350,000	\$605,000	\$750,000	-
BUKIT PANJANG	-	*	\$285,000	\$356,600	\$455,000	*
BUKIT TIMAH	-	-	-	*	*	*
CENTRAL	-	*	\$445,000	*	*	-
CHOA CHU KANG	-	*	*	\$352,000	\$416,500	\$557,900
CLEMENTI	-	-	\$330,000	\$514,000	*	*
GEYLANG	-	*	\$275,000	\$457,500	*	*
HOUGANG	-	*	\$298,000	\$383,900	\$500,000	*
JURONG EAST	-	*	\$300,000	\$405,000	\$607,000	*
JURONG WEST	-	*	\$285,000	\$384,000	\$480,000	\$570,000
KALLANG/WHAMPOA	-	*	\$342,000	\$572,500	*	*
MARINE PARADE	-	-	*	*	*	-
PASIR RIS	-	-	-	\$402,000	\$475,000	\$594,000
PUNGGOL	-	*	*	\$435,000	\$450,000	*
QUEENSTOWN	-	*	\$358,000	\$680,000	*	-
SEMPAWANG	-	-	-	\$366,000	\$416,500	\$495,000
SENGKANG	-	*	*	\$410,000	\$455,000	\$561,000
SERANGOON	-	*	*	\$467,000	*	*
TAMPINES	-	-	\$323,000	\$423,400	\$526,500	\$665,000
TOA PAYOH	-	*	\$303,000	\$510,000	*	*
WOODLANDS	-	-	\$276,500	\$360,000	\$425,000	\$584,500
YISHUN	-	-	\$289,000	\$360,000	\$460,000	*

Source: Channel News Asia

Is the current resale HDB flat prices affordable to the average Singaporean family



86% of respondents feel that foreign property buyers are responsible for driving up Singapore’s property prices.

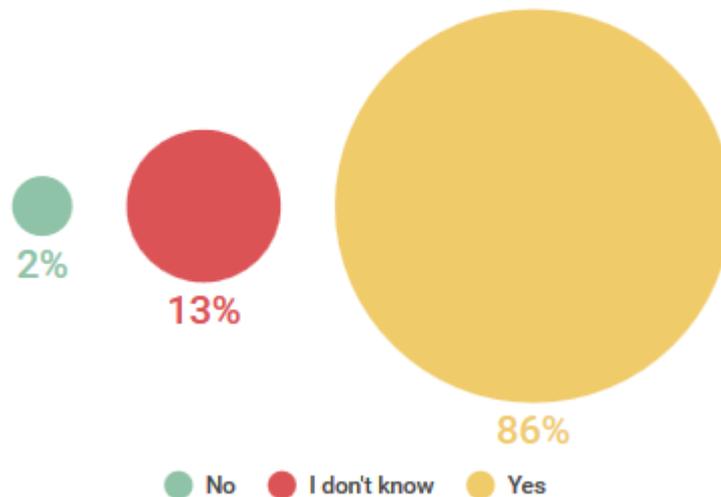
The demand for Singapore residential properties among foreign buyers has been diminishing due to the higher stamp duty imposed. According to statistics from the URA, the number of private residential properties purchased by foreign buyers has dipped 22%, from 1,148 transactions in 2014 to 895 units in 2015.

With no signs of the ABSD being removed just yet, foreigners have been looking for better real estate opportunities out of Singapore.

Among property purchases made by foreign buyers in Singapore, Chinese, Indians, Indonesians and Malaysians made up most of the transactions, with Chinese buyers topping the list. Based on the figures reported, the Chinese buyers acquired a total of 952 units in 2015 from a total of 3,415 total private homes purchased, a 4.6% decline from the 998 units transacted in 2014.

Malaysians were the second-biggest group, picking up 945 units in 2015, down 1.5% from 959 units in 2014. Indian citizens were third, with an 11.7% drop in the number of units to 325 last year. Indonesians were fourth after a 34.1% drop in private home purchases to 276 units last year.

Are foreign property buyers driving up Singapore's housing prices



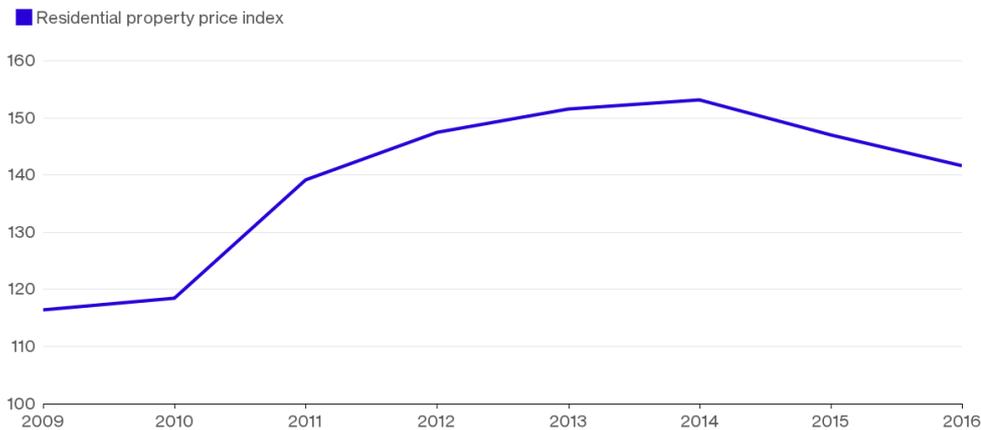
71% of respondents would like to see the government implement regulations on housing prices, while 96% of respondents feel that the government should be responsible for managing the prices of HDB flats.

Home prices in Singapore dropped for a tenth consecutive quarter, posting the longest losing streak in almost two decades, as tighter mortgage curbs cooled demand in Asia’s second-most expensive housing market.

An index tracking private residential prices fell 0.7% in the three months ended 31 March from the previous quarter, matching the longest series of losses since 1998, according to preliminary data from the URA in early 2016.

After low interest rates and demand from foreign buyers raised concerns that prices had risen too high too fast, residential property curbs have been implemented, including a cap on debt-repayment costs at 60% of a borrower’s monthly income (TDSR) and higher stamp duties on home purchases (including ABSD).

Home Prices Are Falling - But Not Enough



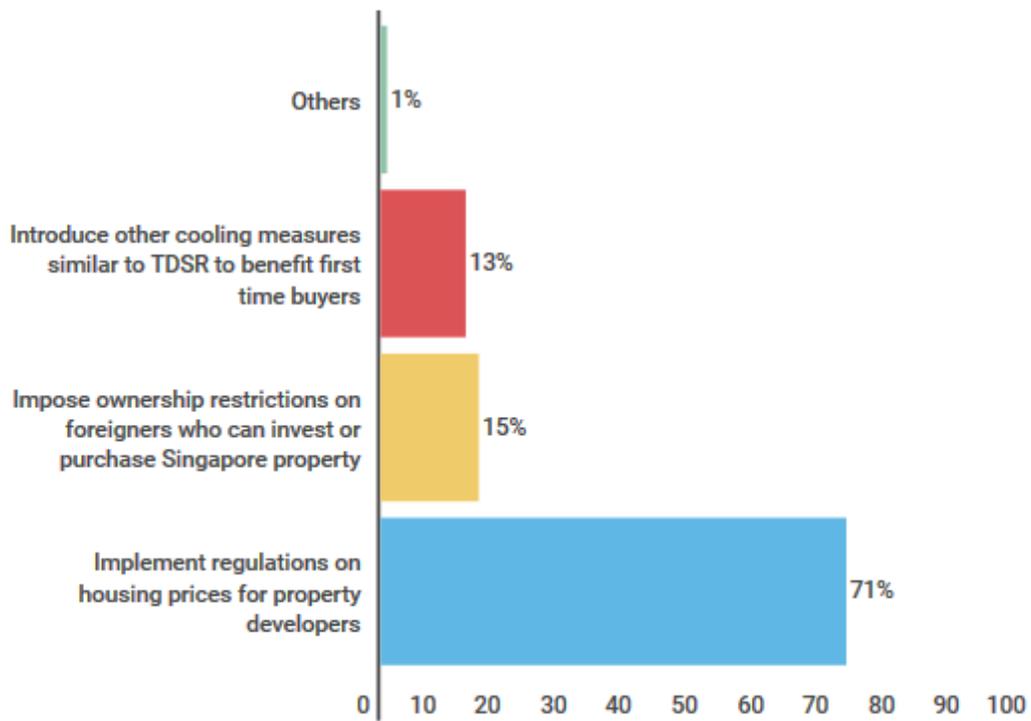
Source: Urban Redevelopment Authority of Singapore



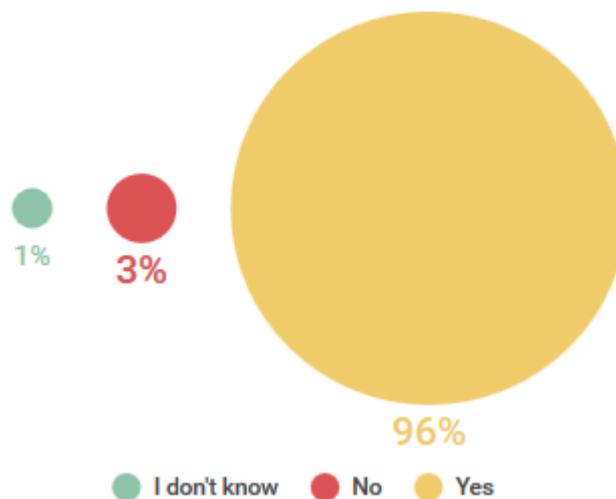
The URA released real estate statistics for the 1st quarter of 2016 in April. There were 1,340 resale transactions in 1st quarter 2016, compared to the 1,464 units transacted in the previous quarter, a quarter-on-quarter dip of 8.5%. Resale transactions accounted for 47.1% of all sale transactions in 1st quarter 2016, compared to the 45.8% in the previous quarter.

There were 88 sub-sale transactions in 1st quarter 2016, compared to the 132 units transacted in the previous quarter. Sub-sales accounted for 3.1% of all sale transactions in 1st quarter 2016, compared to the 4.1% in the previous quarter.

What measures do you think the government can implement to ensure prices are even more affordable



Should the government be responsible for only managing the prices of HDB flats and leave private properties to the open market forces

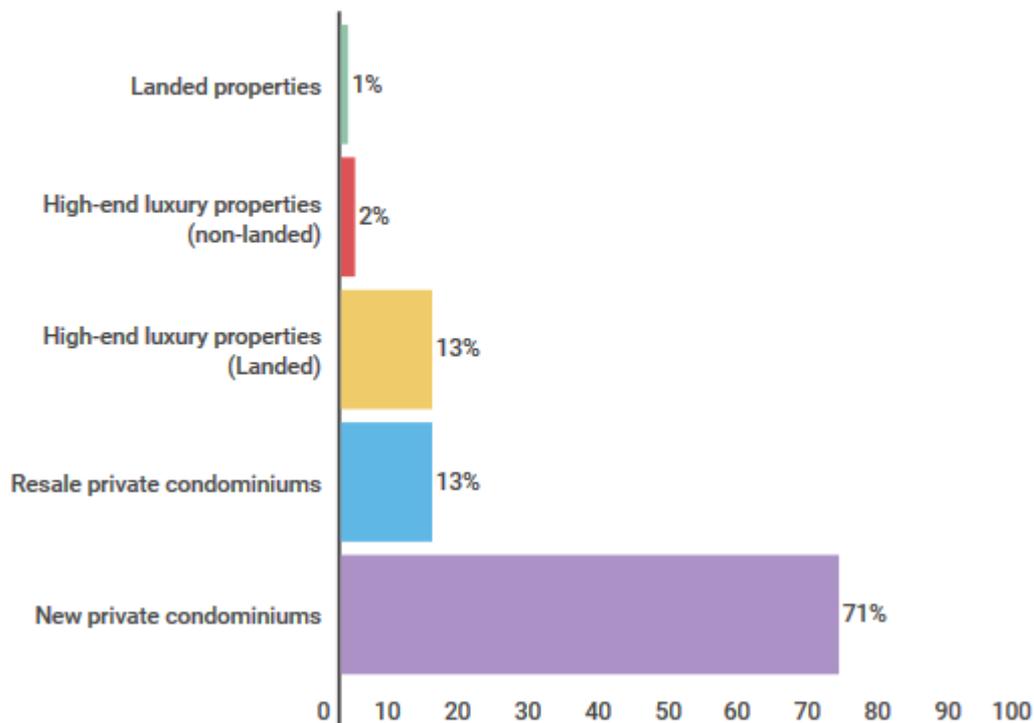


71% of respondents opined that new private condominiums would see a price drop in H2 2016, followed by resale private condominiums at a distant second.

According to statistics released by the URA in April for the 1st quarter 2016, a price decline of 1.3% was observed in Outside Central Region (OCR), where prices had previously remained unchanged. Prices of non-landed properties in Rest of Central Region (RCR) remained unchanged, compared to the 0.4% decline previously. Prices of non-landed properties in Core Central Region (CCR) rose 0.3%, compared to the 0.3% decline previously.

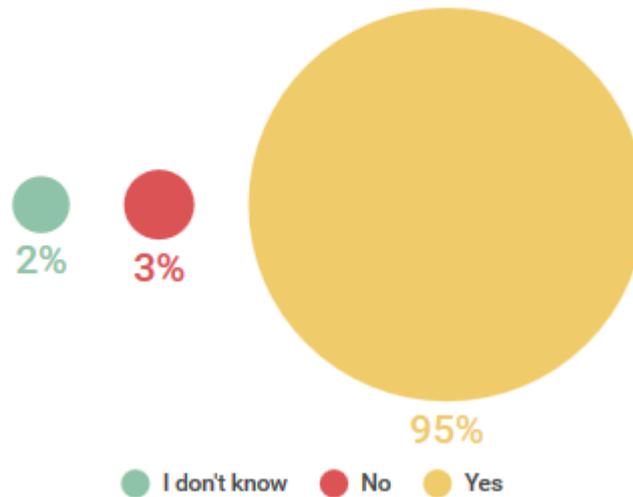
Developers launched 953 uncompleted private residential units (excluding Executive Condominiums, ECs) for sale in 1st quarter 2016, compared to the 1,333 units in the previous quarter. Developers sold 1,419 private residential units (excluding ECs) in 1st quarter 2016, compared to the 1,603 units sold in the previous quarter.

Which property type do you think will see a price drop in H2 2016



This is the opposite of previous survey's respondents (61%) who are unsure whether their home will retain its value in H1 2016. In this survey, 95% of respondents are confident that their property will retain its value in the second half of the year.

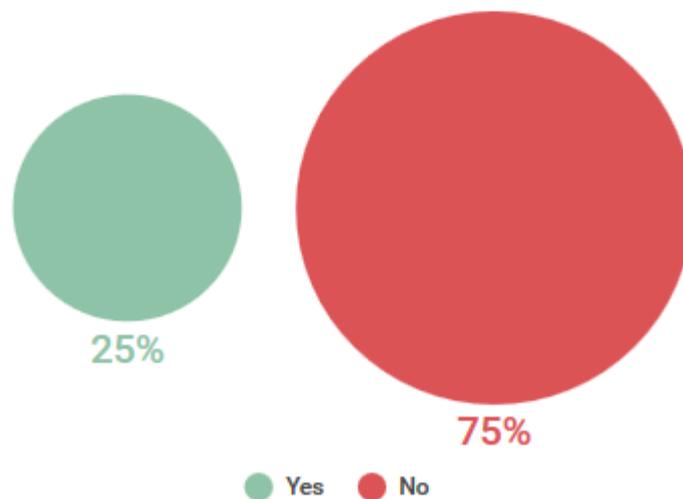
If you are a current homeowner, are you confident that your property will retain its value in H2 2016



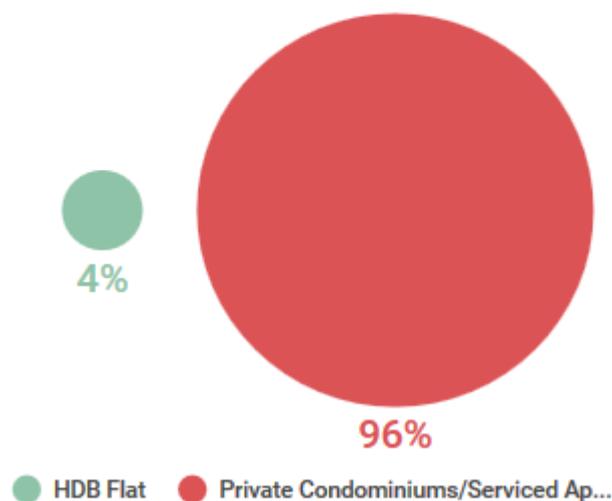
75% of respondents did not purchase property in the last two years. Those who purchased snapped up Private Condominiums/Service Apartments (96%) and HDB Flat (3.6%). This is a surprising change as 22% purchased Bungalows in the previous survey.

	H2 2016	H1 2016
1	Private Condominiums/Service Apartments	Private Condominiums/Service Apartments
2	HDB Flats	Bungalows

Did you purchase a property in the last 2 years



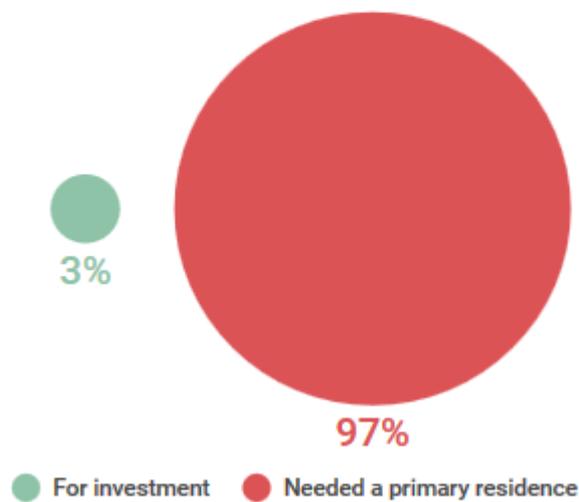
What kind of property did you purchase



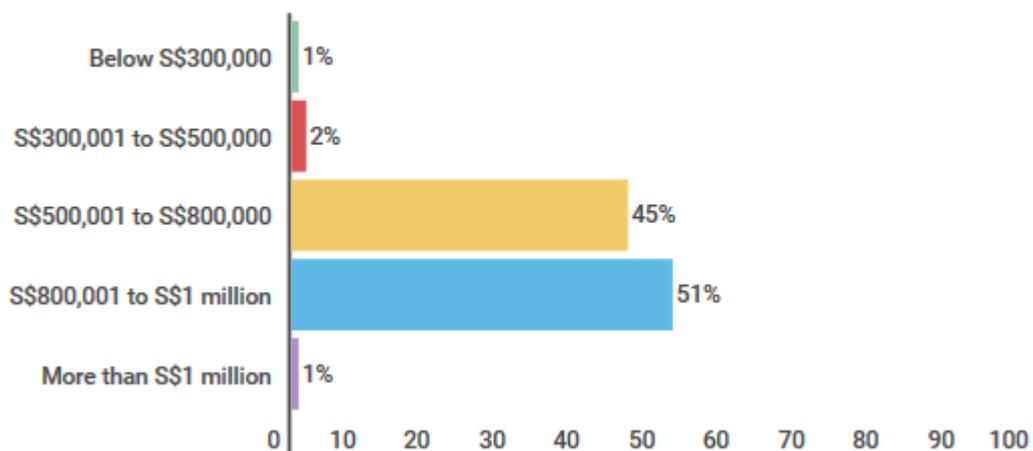
This survey consists of largely home owners and first-time home buyers who purchased property because they needed a primary residence. In the last survey, 97% purchased for investment purposes.

Slightly more than half (51%) purchased properties priced from S\$800,001 to S\$1 million, while 45% purchased properties priced from S\$500,001 to S\$800,000.

Why did you purchase the property

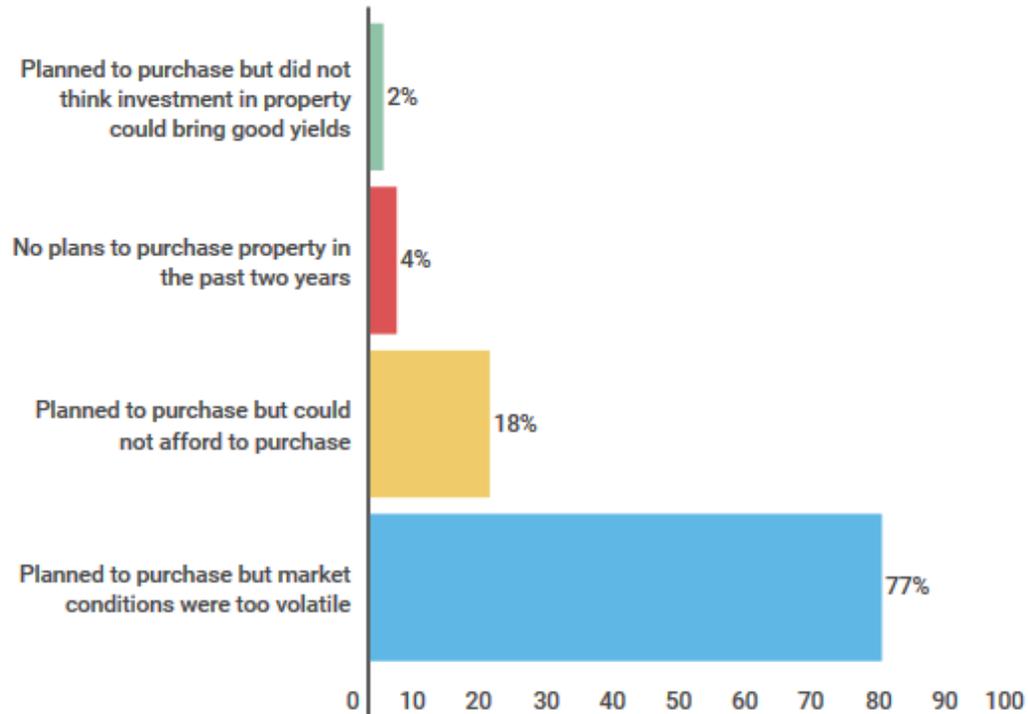


What was the purchase price of the property



77% of respondents had plans to purchase property in the last two years but were put off by volatile market conditions.

Why didn't you purchase property in the last 2 years



Most respondents (62%) think that the cooling measures will not be relaxed in the next two years.

On 25 July 2016, managing director of the Monetary Authority of Singapore (MAS) said that it is "too early" for the government to consider lifting the property cooling measures currently in place, as it looks to make sure the gains "painstakingly made" are entrenched.

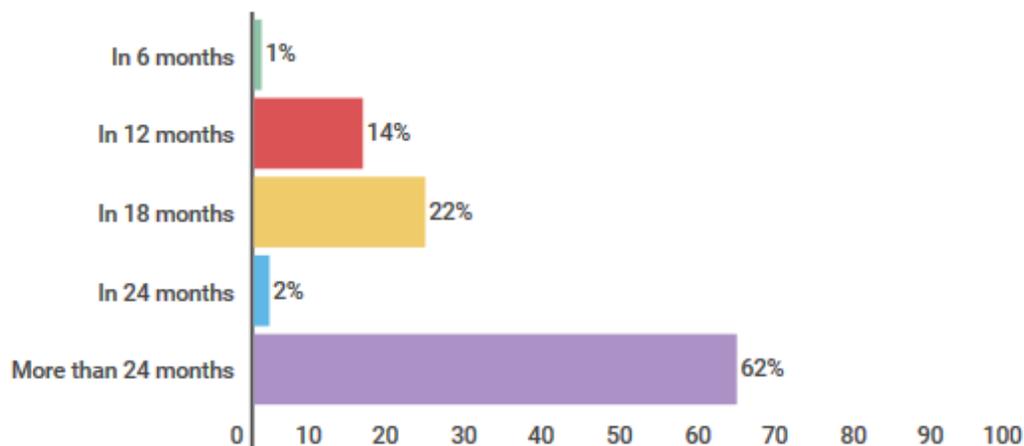
The MAS chief said the contribution of accommodation costs to inflation has come down significantly, while the balance sheets for households show signs of strengthening with the moderating of annual growth in household debt.

He added that the property market has been stabilising over the last two years since its peak in the third quarter of 2013. That said, property prices went up 60% between 2009 and 2013, while nominal incomes increased only 30% during the same period.

However, various parties, particularly developers, have called for the lifting of cooling measures. The Real Estate Developers' Association of Singapore said in February that there is a need to ensure a soft landing to prevent further damage to an already fragile local economy.

The release of second quarter property figures showed the number of private residential transactions spiking, as developers slashed prices and offered incentives to buyers. If the government relaxes policy measures, there would be further encouragement for more private property to be purchased.

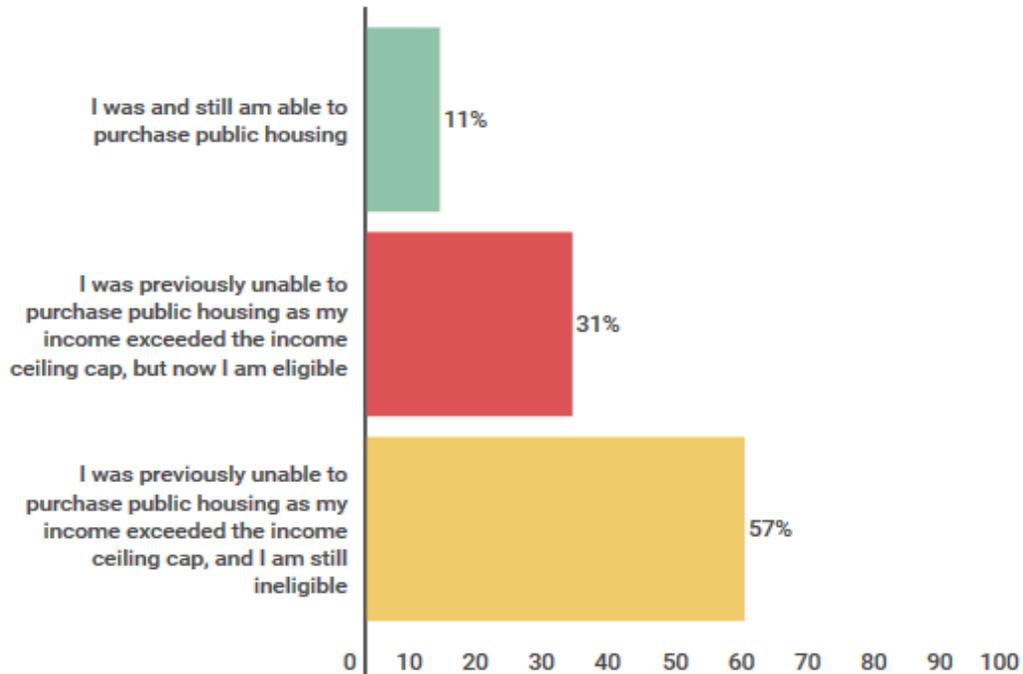
Do you think the property cooling measures will be relaxed soon



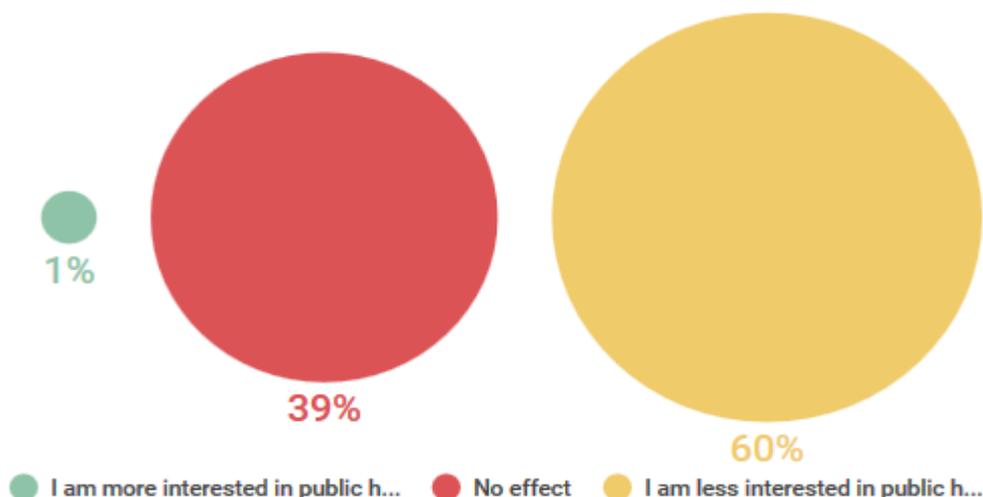
The revision of income ceiling gap had no effect on 57% of respondents as they were previously unable to purchase public housing before the change and are still ineligible.

60% are less interested in public housing. This might be due to how majority of respondents indicated in earlier questions that they are interested in purchasing private condominiums or serviced apartments.

Has the revised income ceiling gap, from S\$10,000 to S\$12,000, affected your eligibility to purchase public housing



Has the revised income ceiling gap, from S\$10,000 to S\$12,000, for BTOs (Build-To-Order) affected your decision to purchase



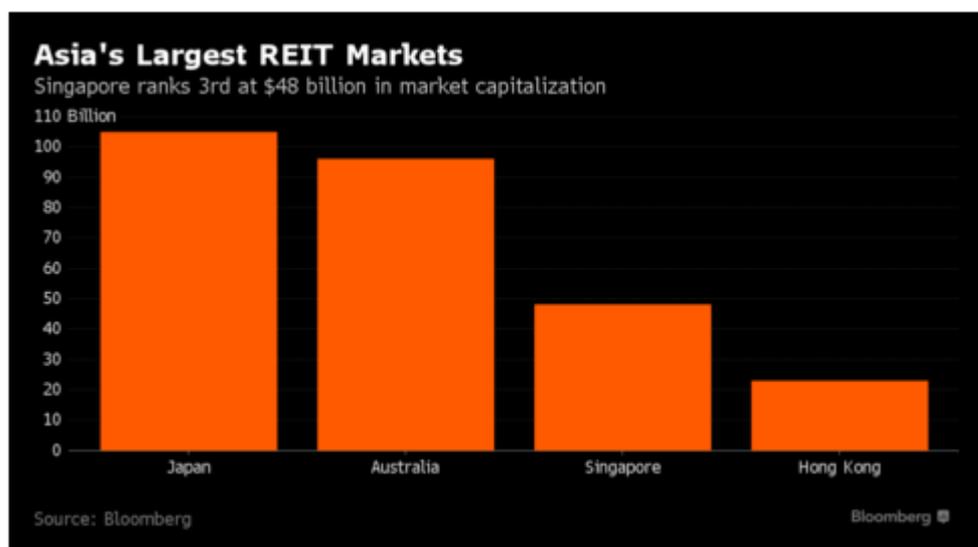
● I am more interested in public h... ● No effect ● I am less interested in public h...

98% of respondents see residential property as a viable long-term investment, and they prefer condominiums.

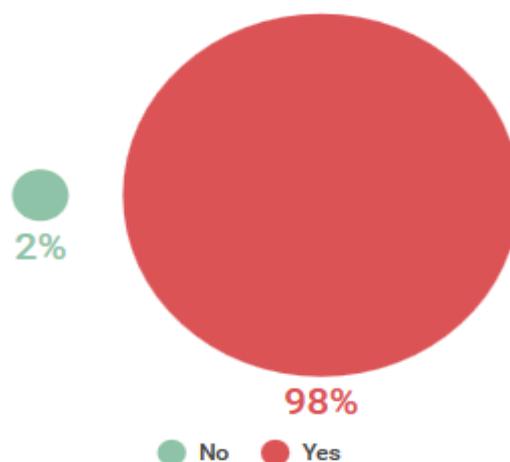
If respondents had to choose an investment option other than residential property investments, most (51%) would pick stocks and bonds. Slightly more than a third of respondents (39%) would invest in REITs.

Singapore's REITs or S-REITs are closely regulated and monitored by the Monetary Authority of Singapore (MAS). One of the most important rules that an S-REIT follows is that it has to distribute 90% of its taxable income to unit holders. Additionally, unit holders are entitled to the capital appreciation in the properties that have been purchased by the REITs.

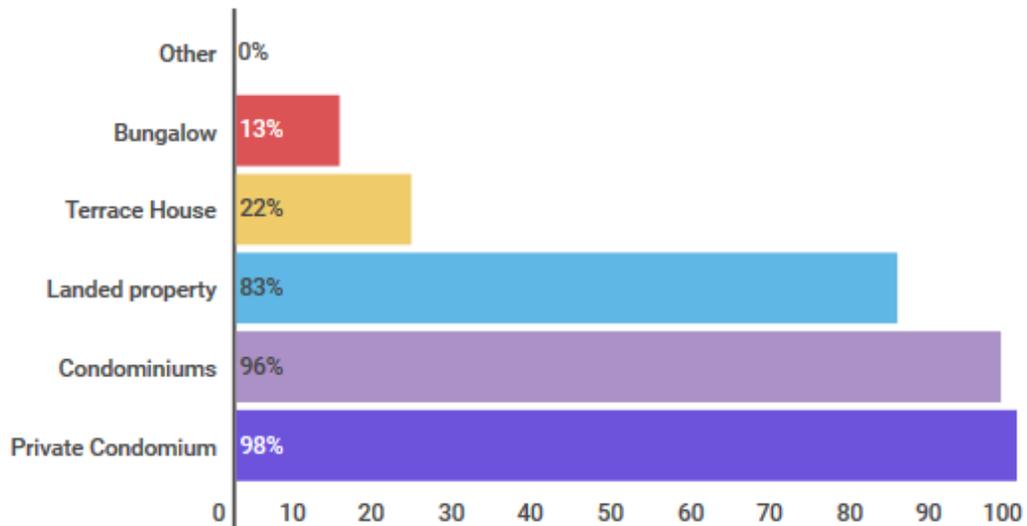
Today, REITs compare favourably with other REIT markets in the region.



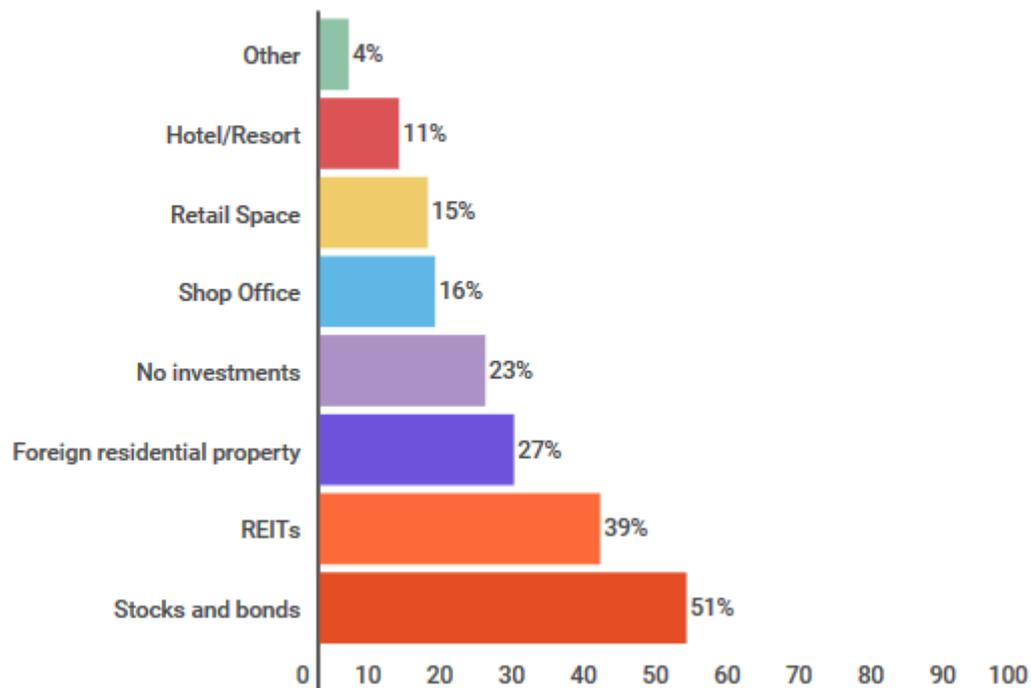
Given the current market situation, do you think Singapore's residential property remains a viable long-term investment (at least 5 years)



What type of residential property are you interested to invest in?



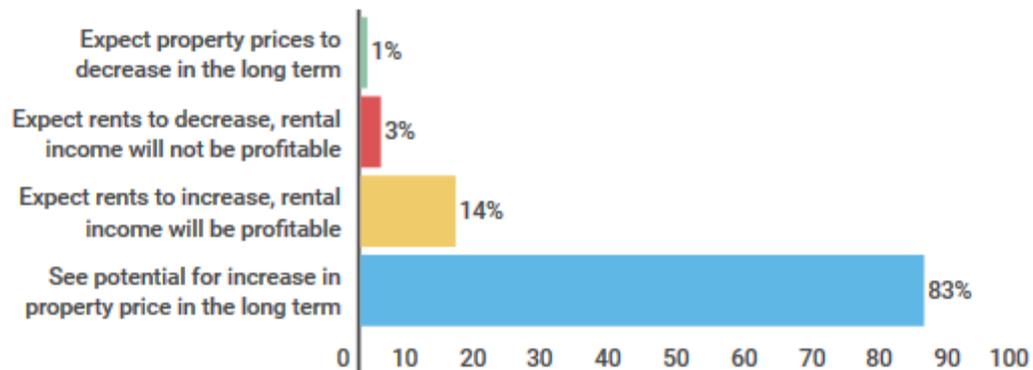
What other forms of investments do you prefer



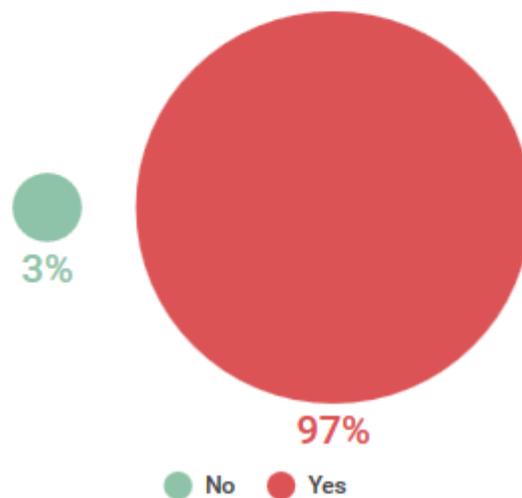
83% of respondents think that residential property prices will increase in the long term, while 97% of respondents think that property prices will drop further in the next 12 months.

Based on the statistics highlighted in previous pages, respondents are likely right about the price drop!

Is Singapore's residential property market a viable long-term investment

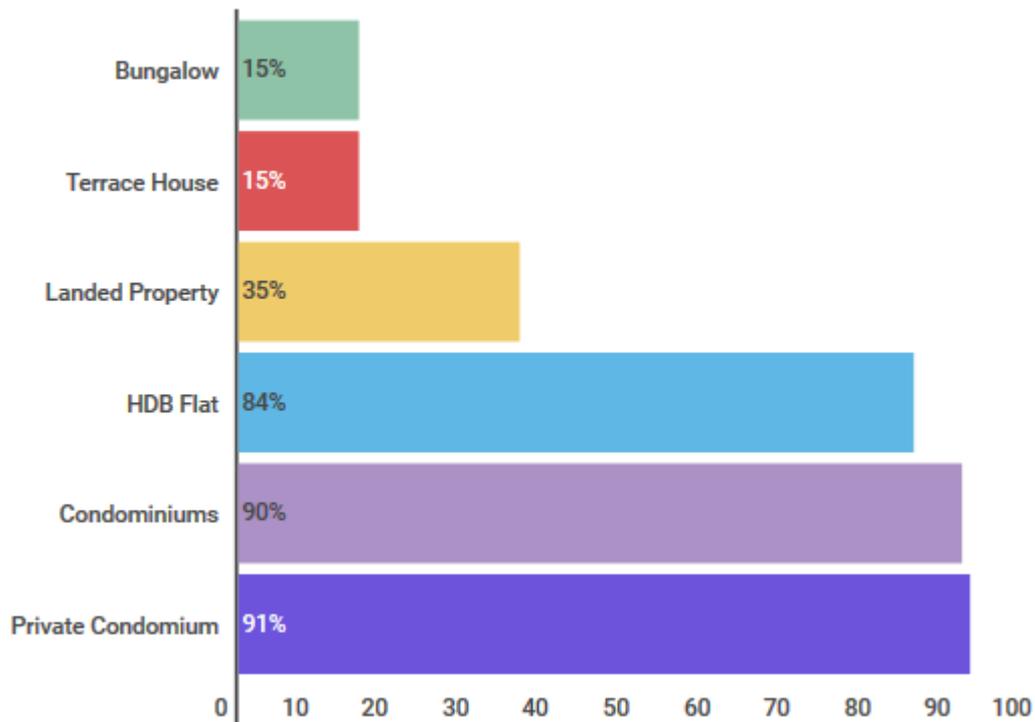


Do you think property prices will drop further in the next 12 months

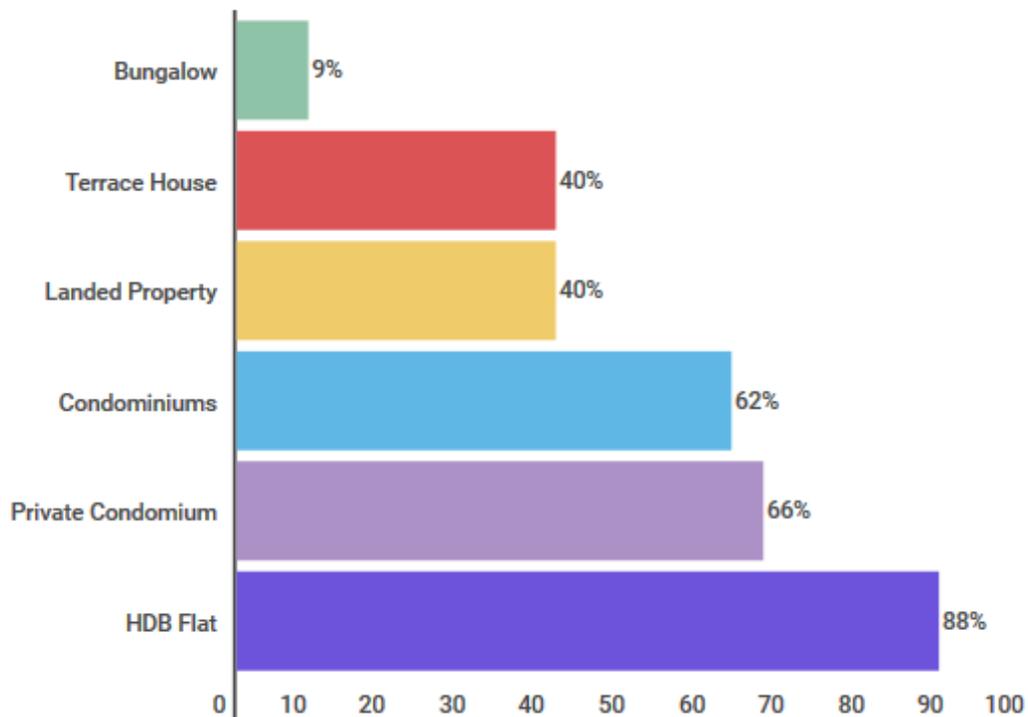


Respondents think that HDB flats, condominiums and private condominiums will see a price drop – for both rental and purchase prices.

What kind of property do you think will see a price drop



What kind of property do you think will see rental prices drop

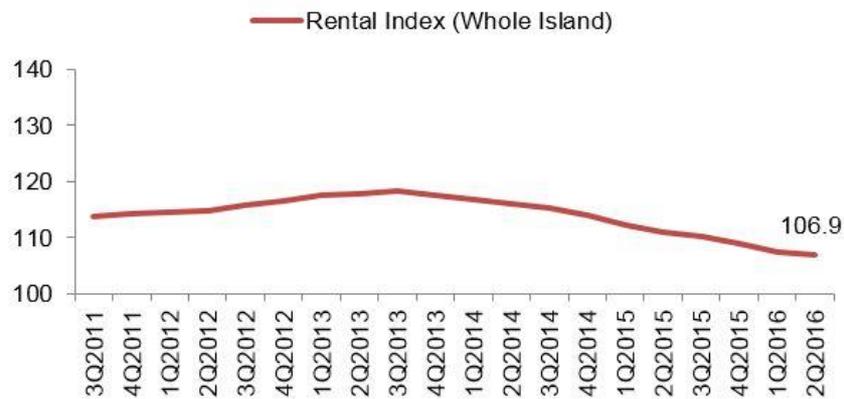


74% of respondents think that overall rental prices will not drop in the next 12 months, which is the opposite of the previous survey where majority expected a drop.

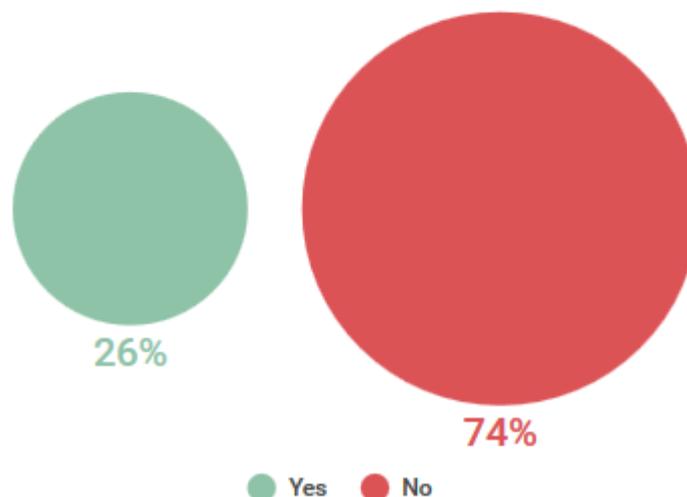
According to statistics for the 2nd quarter of 2016 by URA, rentals of private residential properties fell 0.6%, compared to the 1.3% decline in the previous quarter.

Rentals of landed properties fell 1.6%, compared to the 2.2% decline in the previous quarter. Rentals of non-landed properties decreased 0.4%, compared to the 1.2% decline in the previous quarter.

Rentals of non-landed properties rose 0.1% in Core Central Region (CCR), compared to the 1.7% decline in the previous quarter. Rentals in Rest of Central Region (RCR) and Outside Central Region (OCR) fell 0.6% and 1.2% respectively, the same rates of decline recorded previously.



Do you think rental prices will drop in the next 12 months



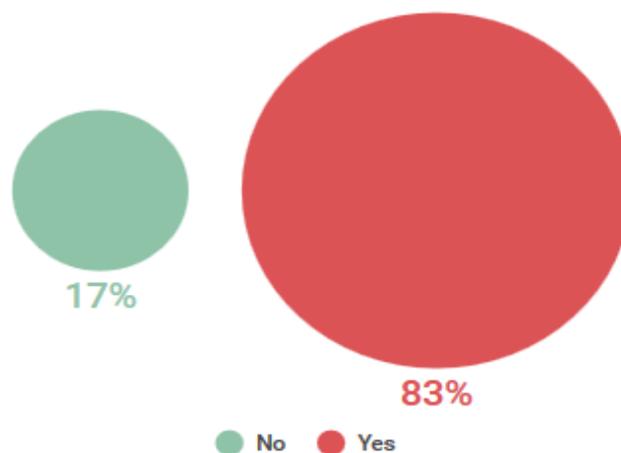
An overwhelming number of respondents (83%) expect an increase in housing loan interest rates in the next 6 months, but it will not deter 76% of respondents from purchasing property.

Banks are correcting their spreads to effective interest rates not seen for more than a year. This comes as interest rates in Singapore pulled back recently, as expectations for rate hikes by the US Federal Reserve dissipate.

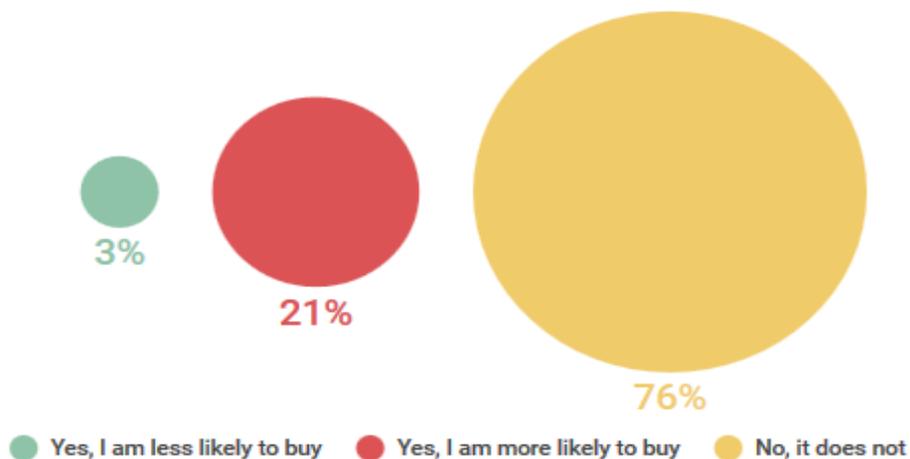
The drop in SIBOR (Singapore Interbank Offered Rate), used to set many home loans, and in the SOR (Swap Offer Rate), used to price commercial loans, has led several banks to cut their home loan rates in June 2016.

Now, some banks are offering one-month SIBOR (0.63%) with margin of 0.65% - effectively 1.28% - which calculates to a monthly payment of S\$3,118.

Do you expect interest rates of housing loans to increase in the next 6 months



Does it affect your decision to purchase property



OVERSEAS RESPONDENTS PURCHASE TWO OR MORE YEARS FROM NOW, AND THEY FAVOUR INVESTING IN AUSTRALIA AND PUTERI FOR ISKANDAR MALAYSIA

PROPERTY: CONSIDERING

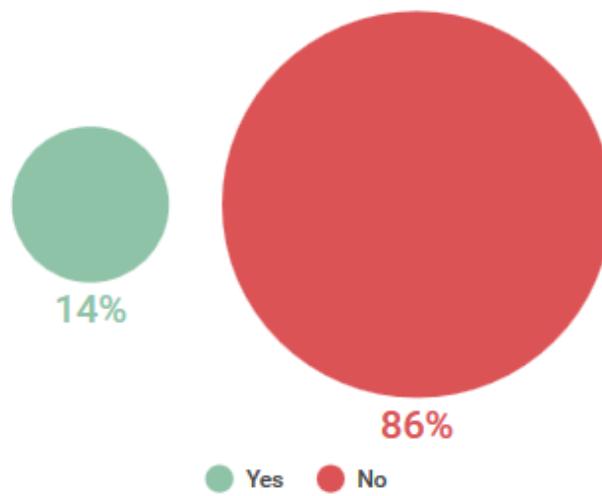
Most respondents (86%) do not own properties overseas.

Although most respondents do not own properties overseas at this point in time, 93% are considering to purchase.

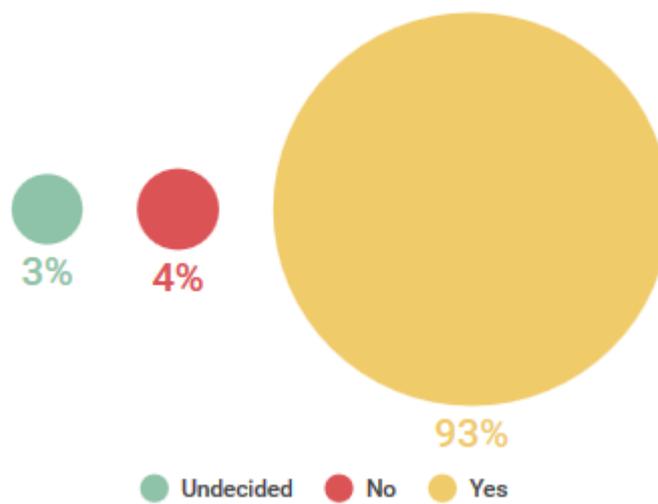
Singapore-based investors purchased US\$26.31 billion (S\$37.83 billion) in overseas real estate in 2015, up 49% from US\$17.63 billion in 2014, based on preliminary data compiled by real-estate data and analytics firm Real Capital Analytics (RCA) as of January 2016. The increase reflects Singapore investors' strategy of targeting the world's most liquid markets to diversify and grow their portfolios in the low-interest-rate environment.

Last year's record level of deals was boosted by purchases made by heavyweights such as GIC and Global Logistic Properties (GLP). Mid-sized and smaller property purchases were also made by Singapore developers and family offices increasingly turning overseas in the face of current market conditions in Singapore. In 2015, the US was the top investment destination for Singapore investors in search of overseas property.

Do you own any properties overseas



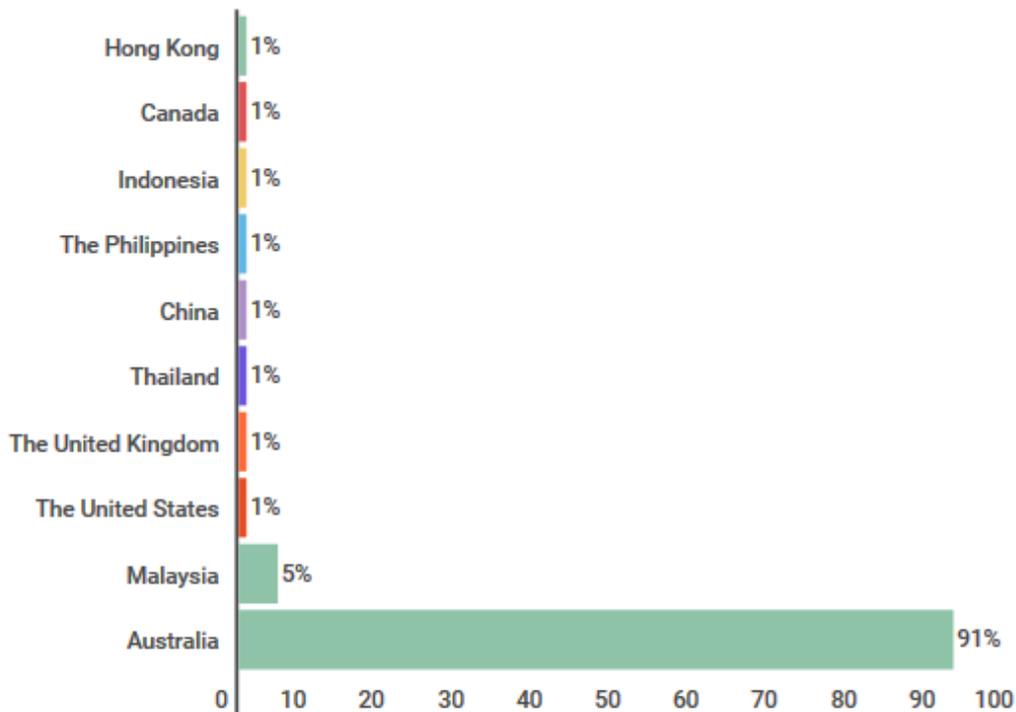
Are you considering investing in overseas property



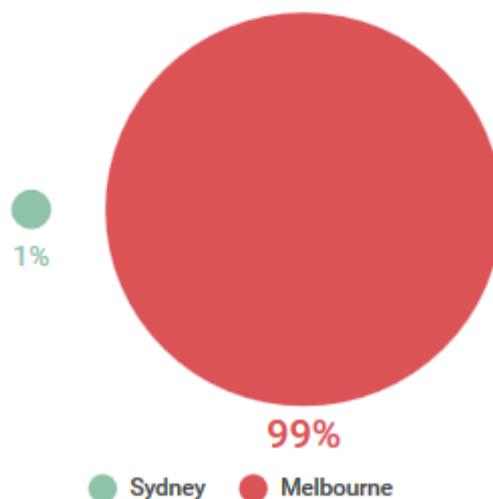
For those who own properties overseas, their properties are largely in Australia and Malaysia. The United Kingdom has fallen out of favour in this survey, largely due to the Brexit and resulting political and economic uncertainty. Melbourne is the overwhelming favourite for those who purchased property in Australia.

The properties were mainly purchased via online agents from the country they purchased in.

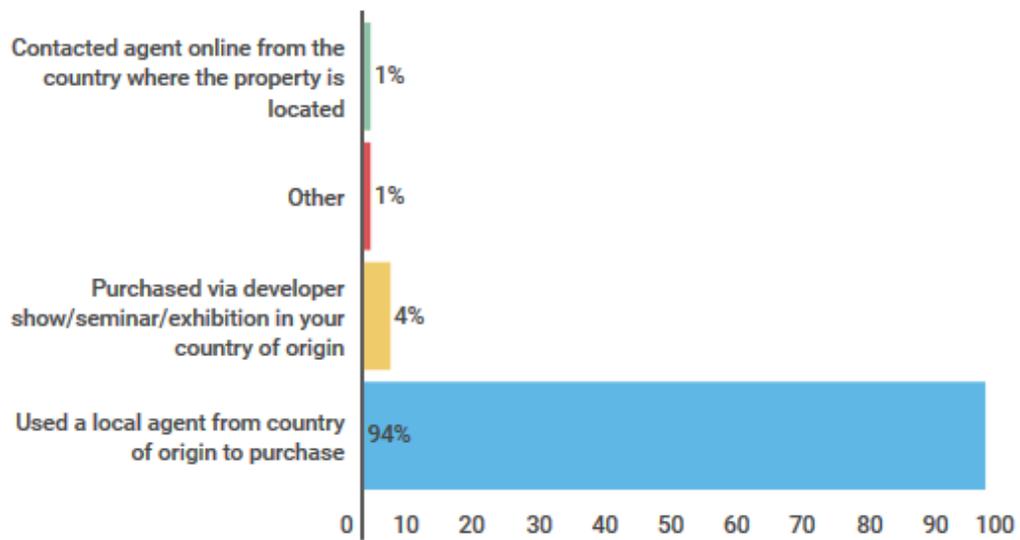
In which country did you purchase a property overseas



Which state capital in Australia did you purchase this property

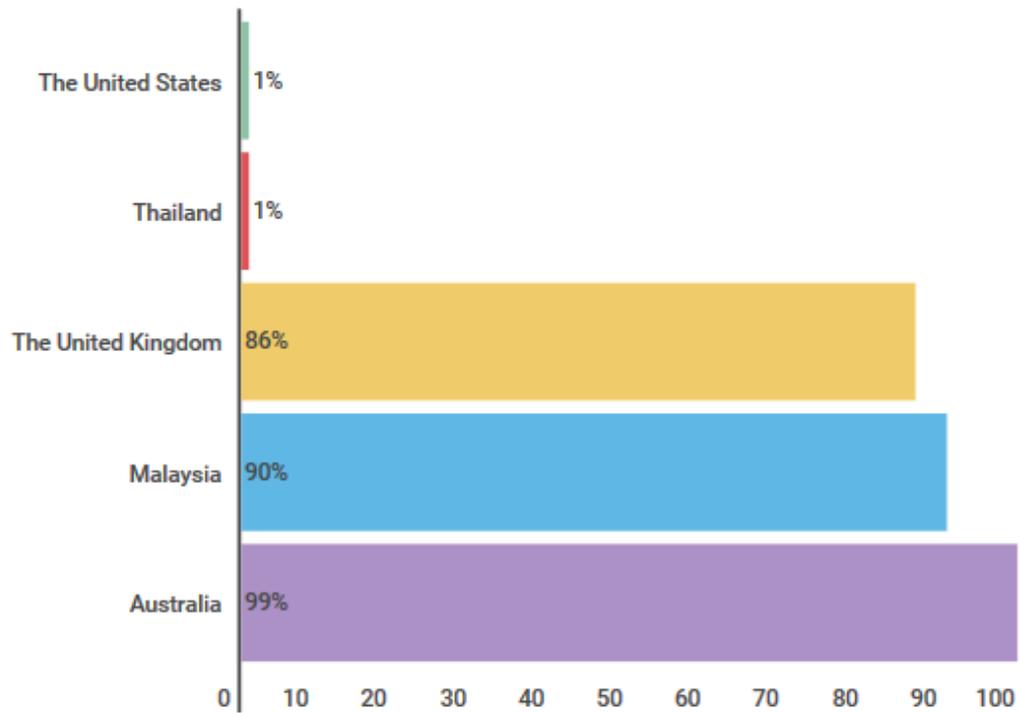


How did you complete the purchase

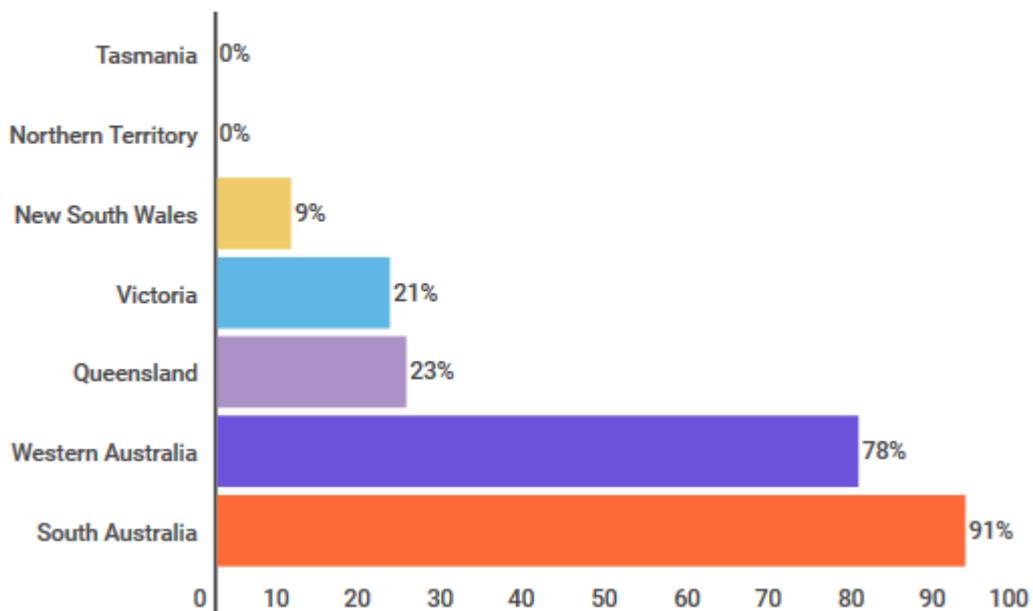


Interested respondents are looking to purchase in Australia (preferred areas are South Australia and Western Australia), Malaysia or the United Kingdom.

In which country are you planning to purchase this property

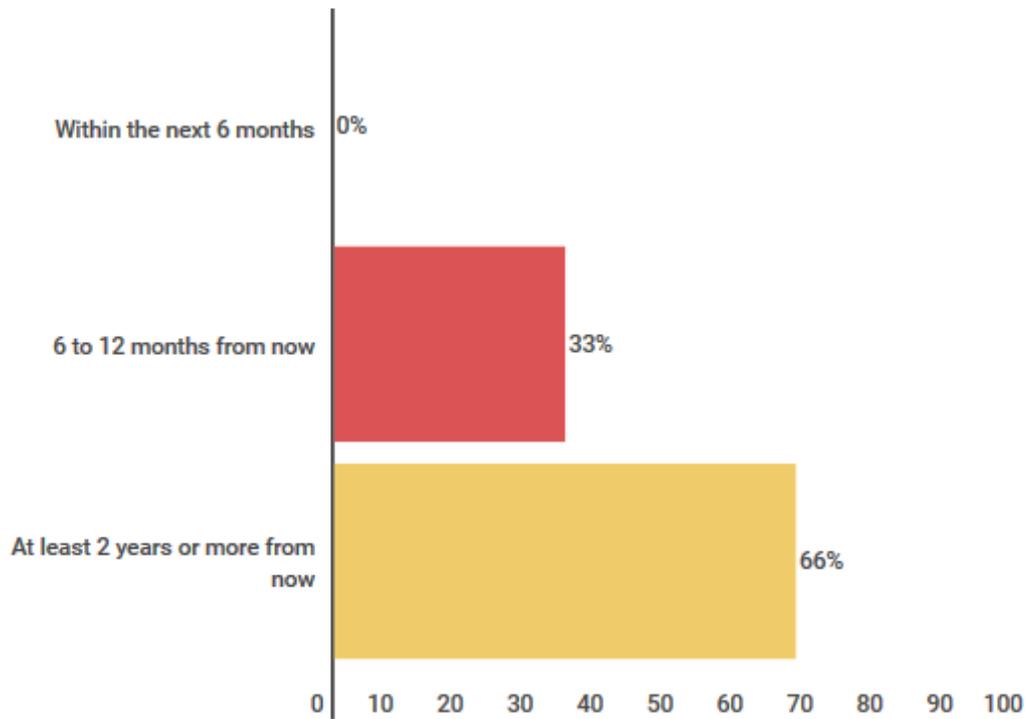


Where in Australia do you plan to purchase this property



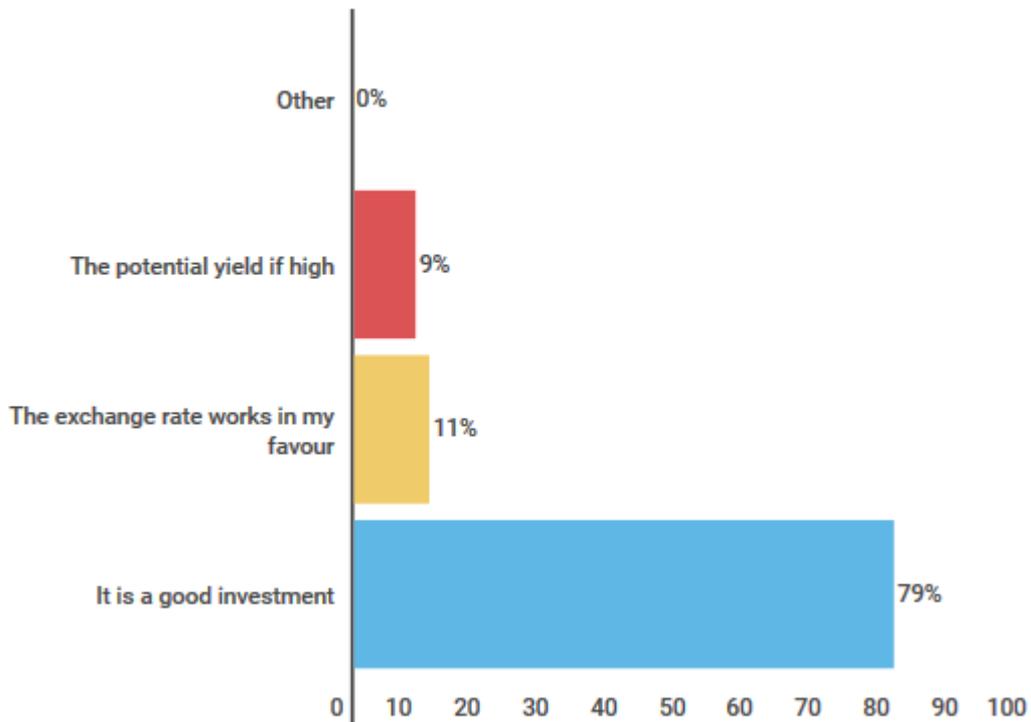
Similar to their purchase intent for local residential property, respondents are looking to purchase their overseas investment in two years or more from now.

When would you purchase this property

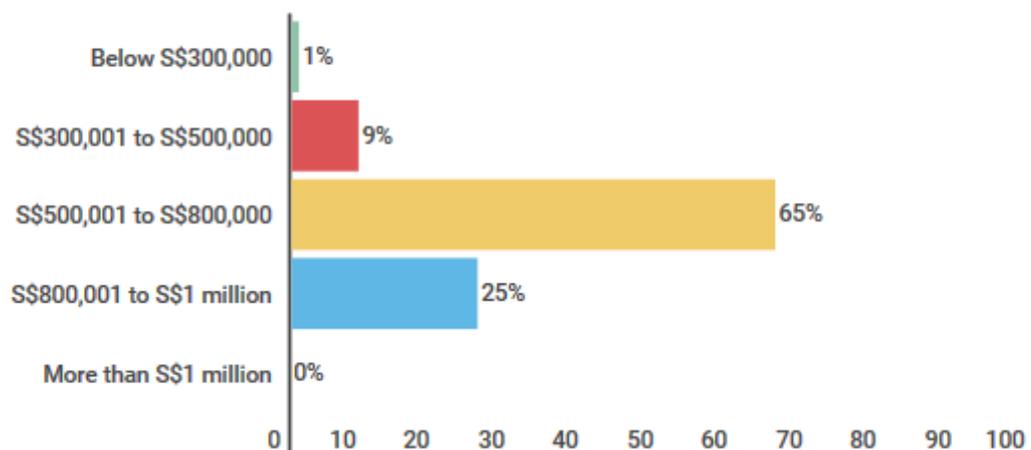


Respondents think that properties in Australia are a good investment and the exchange rate also works in their favour. Respondents are looking to spend either S\$500,001 to S\$800,000 or S\$800,001 to S\$1 million,

Why is property in that location attractive to you



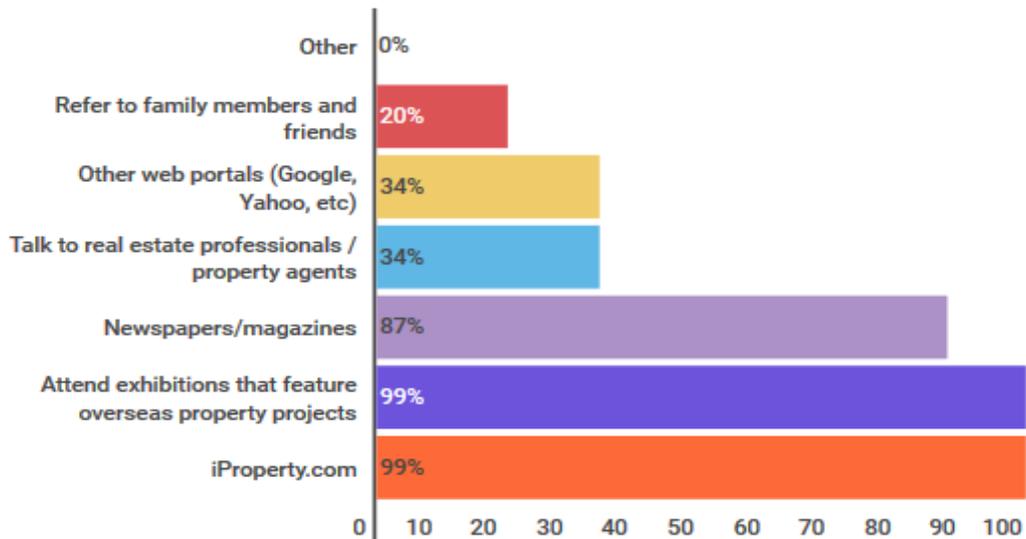
What price range are you considering purchasing a property in the aforementioned country



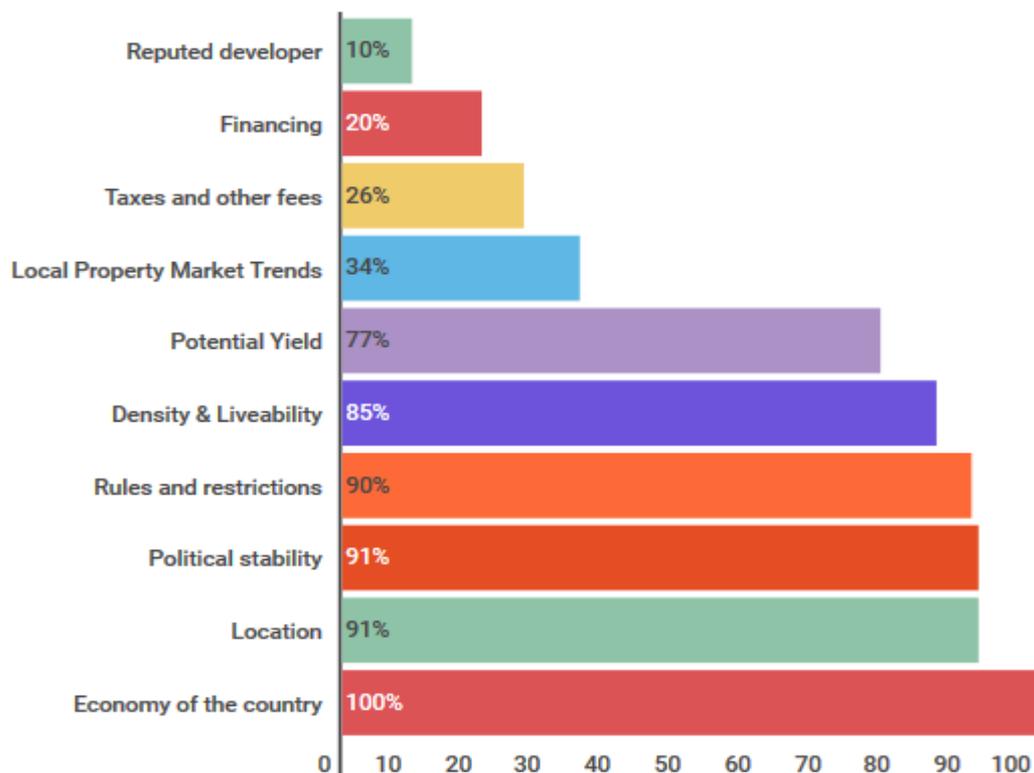
Online search is the preferred way of sourcing for information, followed rather closely by exhibitions featuring overseas properties and newspapers/magazines.

To make informed decisions on overseas properties, respondents read up on the economy of the country, location, political stability and rules and regulations. All these ranked higher than potential yield.

How do you search for overseas properties



What information do you look for when investing overseas



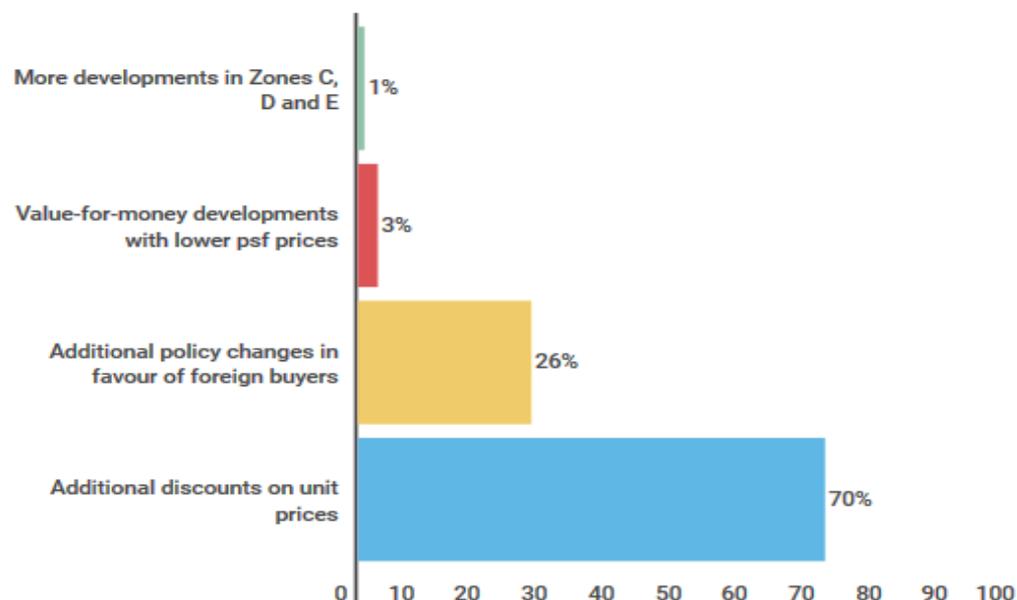
Just like in the previous survey, respondents appreciate additional discounts. They would also like to see additional policy changes that favour foreign buyers, despite thinking that it is easy for Singaporeans to purchase property in Iskandar Malaysia. They also feel that there is enough information out there, but more could be provided.

According to data from Iskandar Regional Development Authority (IRDA), at the peak of the market in 2013, almost 74% of non-Malaysian property buyers were from Singapore. Property expert Khalil Adis, in an email response to iProperty’s question on the current Singapore sentiment, is of the opinion that the falling ringgit has not led to stronger buying interest among Singaporeans. He says the current political situation and reports of oversupply is causing many to stay away from the market. Singaporean buyers are now far and few between and Malaysian developers with offices in Singapore are feeling the heat. However, Khalil thinks that Singaporeans will return to the market once the political situation has improved.

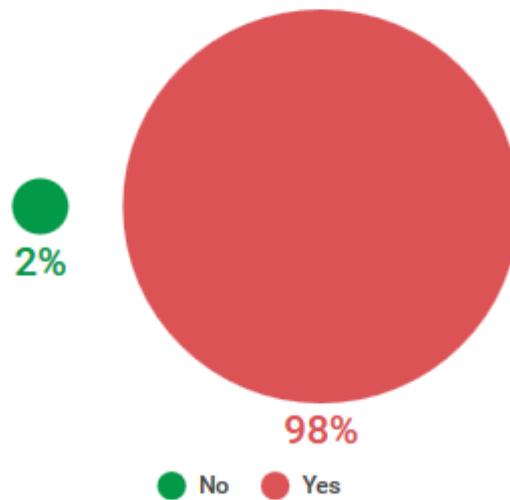
Aggressive marketing of huge developments by Chinese developers has also stoked fears of a glut. China developers who are projected to contribute the most to the housing glut are in fact mainly targeting foreigners. Overall, most investors have adopted a wait-and-see approach, amid the general economic slowdown and instability of the ringgit.

Property consultants and developers remain confident about the region. The High Speed Rail (HSR) could be the single biggest game changer on the horizon. Other considerations include the population in Iskandar through migration due to the availability of job opportunities, rapid economic growth from services and manufacturing including multi-billion dollar projects that are projected to drastically increase population in 2016 by at least 40,000.

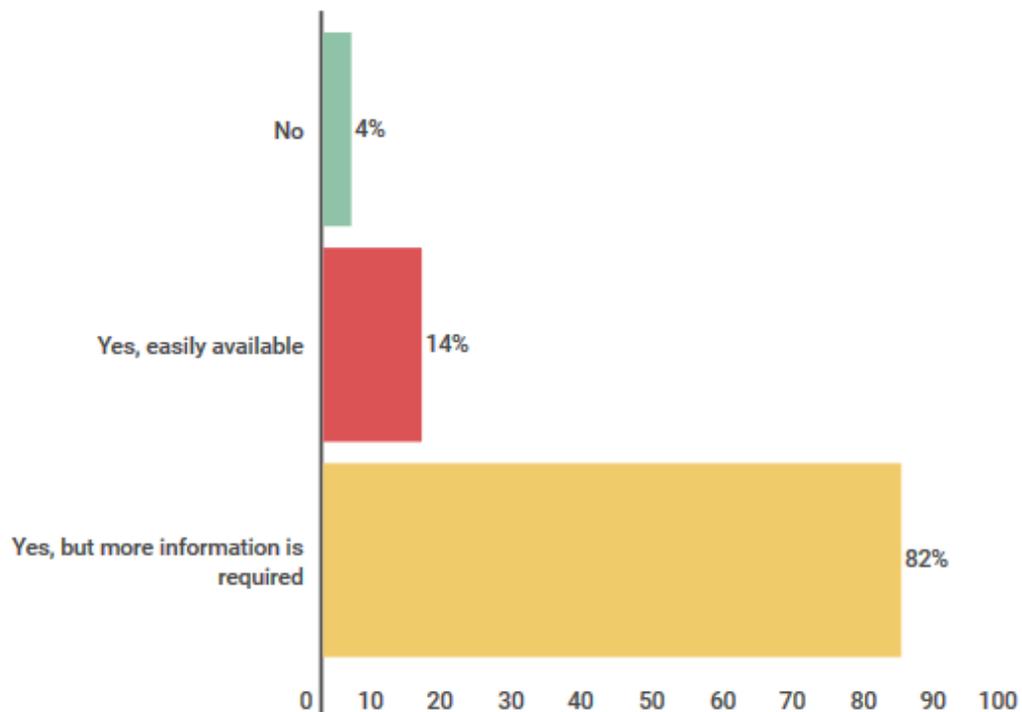
What would convince you to purchase despite the slow take-up rate in Iskandar Malaysia



**Is it easy for Singaporeans to purchase property in Iskandar
Malaysia**



**Do you think there is sufficient information available about Iskandar
Malaysia to help you make an informed decision**



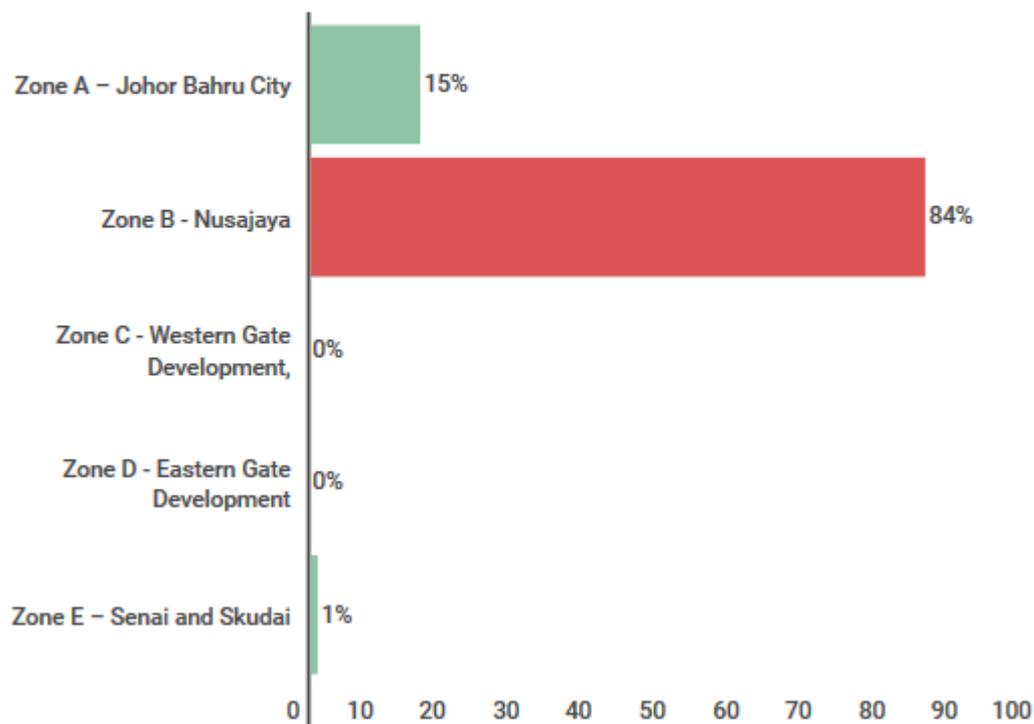
Nusajaya, or Iskandar Puteri (84%) and Johor Bahru City (15%), are the preferred investment locations within Iskandar Malaysia.

Iskandar Malaysia recorded RM208 billion in committed investments from 2006 until 30 June 2016. Prime Minister Datuk Seri Najib Razak said in a speech at the launch of Iskandar Malaysiaa Greenland Smart City Experiential Centre (SMARTXP) at Helios Cove in Permas Jaya, that between 2007 and 2015, Iskandar Malaysia created a total of 682,169 jobs in various sectors mostly in manufacturing, hospitality, food and beverage, as well as education.

Chief executive of Ho Chin Soon Research, Ishmael Ho, opined that in the next 10 years, skeptical consumers will regret not investing in the region earlier. The prices of residential and commercial properties in Iskandar’s Flagship A and B zones are expected to rise significantly over this period.

Property prices there could surpass those in Greater Kuala Lumpur by two-fold during the second half of Iskandar’s 20-year master plan, noted Ahyat Ishak, a popular speaker and author. He attributed this potential price hike to the upcoming Kuala Lumpur-Singapore High Speed Rail (HSR) and Johor Bahru-Singapore Rapid Transit System (RTS).

Among the five economic zones in Iskandar Malaysia and states in Malaysia, where would you choose to buy a property within Iskandar Malaysia



To Singaporean respondents, the top three reasons to purchase Iskandar Malaysia are the same as the previous survey:

1. Affordable property prices
2. Excellent bilateral ties between Singapore and Malaysia
3. Enhanced connectivity by 2018 via the RTS Network

It is surprising that the HSR is not among the top three reasons to purchase in Iskandar Malaysia, although 97.1% of respondents think that the confirmation of HSR will boost take-up rate for new launches in Iskandar Malaysia.

On 19 July 2016, Kuala Lumpur and Singapore signed a memorandum of understanding on the HSR which will see eight stations built between both points. Construction of the High Speed Rail line is expected to begin in 2018 and it is targeted to be up and running in 2026 approximately. The journey between the Singapore and Kuala Lumpur will take 90 minutes.

The two terminal stations will be at Jurong East in Singapore and Bandar Malaysia in KL. The High Speed Rail line will pass through another six intermediate stations in Malaysia – Iskandar Puteri, Batu Pahat, Muar, Ayer Keroh, Seremban and Putrajaya.

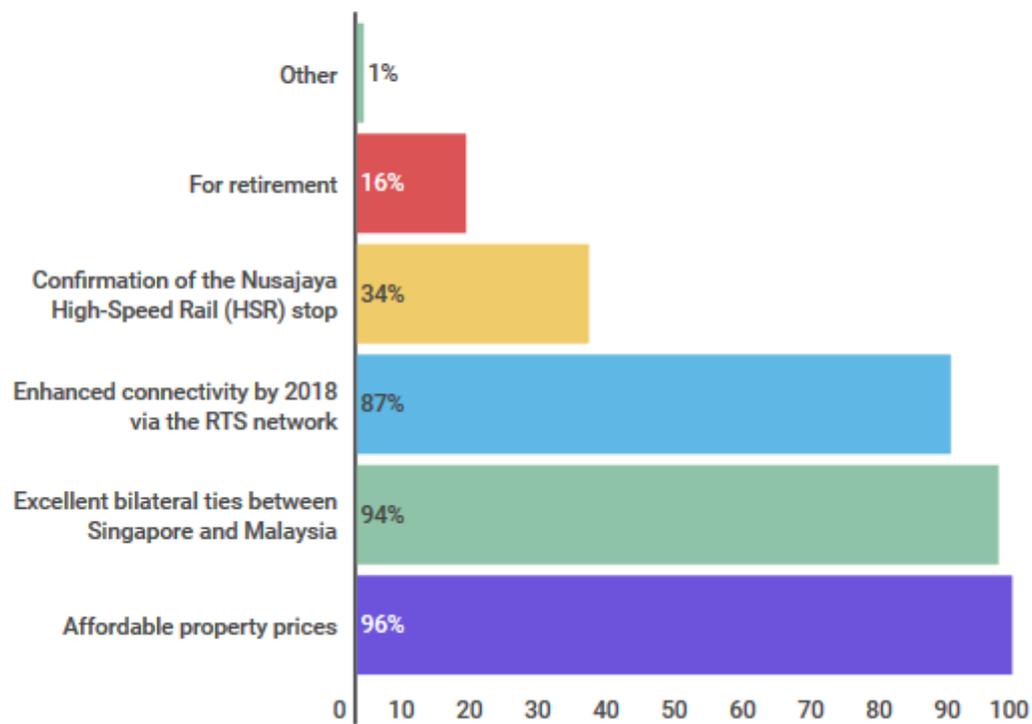
Singapore-KL High Speed Rail (HSR) project



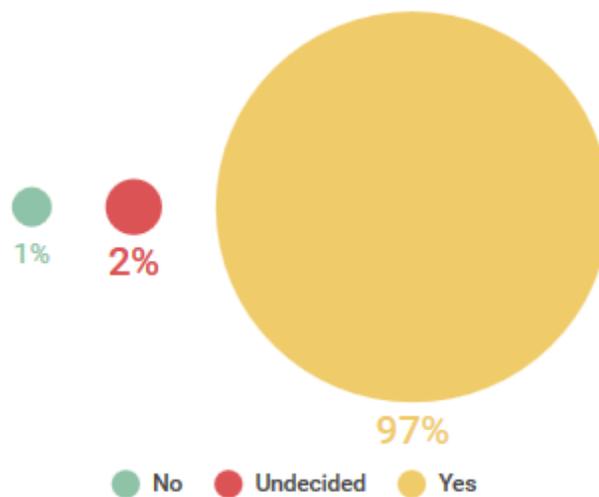
- 8 stations, with Singapore terminus in Jurong East and KL terminus in Bandar Malaysia
- Dedicated 350km alignment (335km in MY; 15km in SG)
- 90 minutes travel time on KL-SG Express Service

Sources: SPAD, LTA STRAITS TIMES GRAPHICS

What is the main reason that will drive you to buy a property in Iskandar Malaysia



Will the confirmation of the High Speed Rail (HSR) stations boost take-up rate for new launches in Iskandar Malaysia



HONG KONG: HOUSING MARKET IS GRADUALLY ON THE RISE AGAIN WITH FIRST-HAND STARTER HOMES BECOMING THE MAJOR DRIVE IN THE MARKET.

According to Colliers International, with the negative real interest rates persisting and the pace of interest rate increases likely to slow, the Hong Kong residential market has stabilised in Q2 2016 despite growing economic worries over Brexit.

According to data from Centaline Property Agency Ltd. Hong Kong home prices are 9.4 percent below their September peak, having fallen as much as 12.8 percent at the end of March.

Mortgage rates in Hong Kong, which are linked to the Federal Reserve rate via the pegged currency, may rise after Fed Chair Janet Yellen said last week the case to raise interest U.S. rates is getting stronger.

Nomura Holdings Inc also predicts a 5 percent drop in rental returns in fiscal 2017, as tourist arrivals decline and sales fall. Office rents may also fall as much as 5 percent as leasing demand slows. Despite the negative outlook, Nomura remains “positive on HK property names overall,” citing their healthy debt levels, solid balance sheets and potential for share buybacks. The analysts’ top picks are Sun Hung Kai Properties Ltd. and Kerry Properties Ltd., which are both trading at a discount to their net asset value.

Forecast at a glance



Demand

The primary market will dominate property sales as developers continue to offer greater incentives and launch new flats at attractive pricing



Supply

Housing supply increases to around 23,000 units per annum over the next 3 to 4 years



Rent

Luxury residential rents should slide 5% in 2016 in the wake of the increasing global economic risks and uninspiring business conditions. This followed a 9.8% growth in 2015



Price

Given the severely stretched affordability, slowing demand and rising supply, Hong Kong residential market should experience a soft landing. We predict home prices to fall by 10% to 15% in 2016

<http://www.colliers.com/-/media/files/marketresearch/apac/hongkong/hk-research/hk-residential-q2-2016-1.pdf>

A report by Colliers International also stated that despite the fact that sales of homes increased 45% quarter-on-quarter (QOQ) to 11,449 in the three-month period ending May 2016, transactions decreased 18% from a year ago over the same period and present a stark contrast to the long-run quarterly average of 22,969 transactions. The persistence of negative real interest rates (currently about -2% in Hong Kong) had helped the market to stabilise during Q2 2016: home prices rebounded for the second consecutive month in May, up 0.7% month-on-month (MOM) after a 0.9% growth in April, according to government figures. However, home prices are still 10% lower from their peak in September 2015.

Secretary for Development Paul Chan Mo-po advised caution amid a moderate recent rebound in the property market, with residential transactions staying above 4,000 for the past four consecutive months, and home prices climbing to a six-month high at HK\$11,203 per sq ft on average in July, according to research by Ricacorp Properties based on sales at 50 estates.

Government statistics showed home transactions stood at 19,900 in the first six months, while 50,000 to 60,000 were recorded each year between 2013 and 2015.

Eddie Hui Chi-man, a professor who specialises in real estate studies at Polytechnic University, said an ample land supply and deteriorating economic conditions would weigh on prices towards the end of the year, which he considered more fundamental elements moving the sector.

Developers offer aggressive financing schemes to speed up sales

In Q2 2016, some local developers offered greater incentives, such as proposing aggressive financing schemes, in an effort to speed up sales at a time of slackening demand.

Developers in Hong Kong are offering home loans up to 120% of a property's value in order to create demand in the falling Hong Kong real estate market. These mortgages are appealing buyers, who don't qualify for conventional mortgages.

A sudden increase in these types of mortgages has drawn the attention of the city's de facto central bank. Hong Kong Monetary Authority has asked banks to exercise greater caution when financing developers.

Cooling measures

Hong Kong government has imposed several restrictions on buyers and sellers in order to cool the property market. Besides, banks have toughened underwriting rules. As a result, property prices are on a decline in this one of the world's most expensive real estate markets.

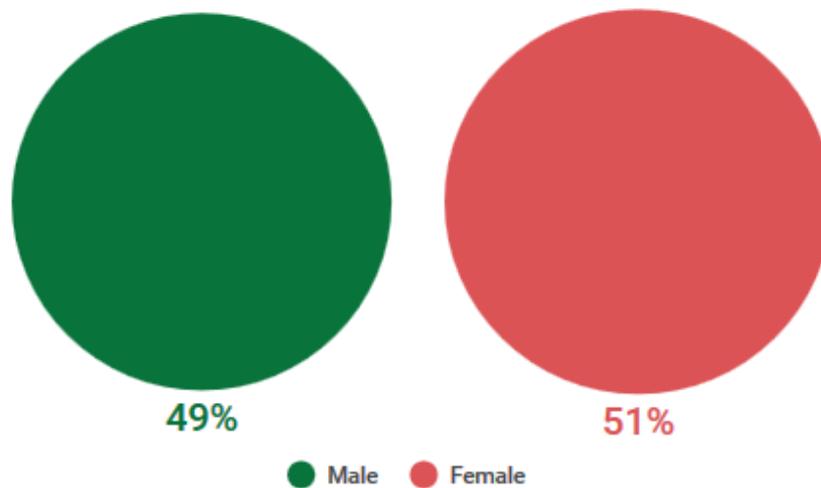
The Hong Kong Monetary Authority recently capped loans at 60% of the value of a property costing less than HK\$7 million (\$900,000), down from 70%. Nonbanks, which charge interest rates eight times higher than traditional lenders and offer 90% financing, are seizing the opportunity created by mortgage rules.

Buyers who don't have sufficient funds to make such a hefty down payment or fail to meet the banks' lending standards are falling into the trap of developers who are offering bigger home loans through their own financial subsidiaries without a mortgage stress test.

DEMOGRAPHICS: HONGKONGERS HOPE THAT THE GOVERNMENT CAN HELP THE UNDERPRIVILEGED BUY PUBLIC HOUSING UNITS

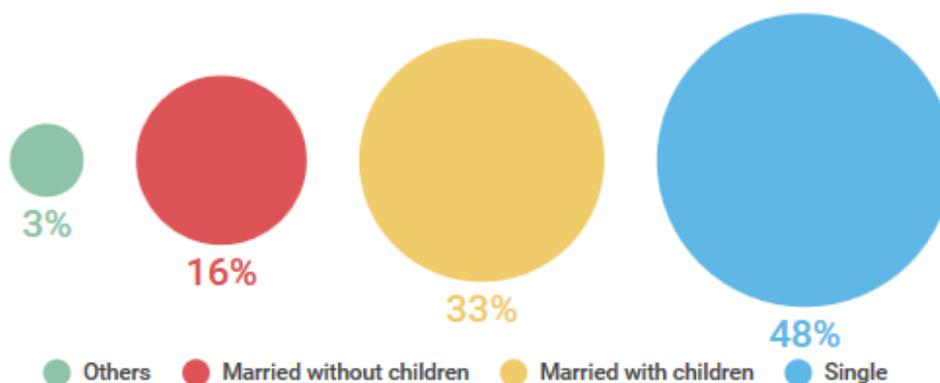
Compared to the previous survey, there is a slight decrease in the number of female respondents from 53% to 51%.

Gender



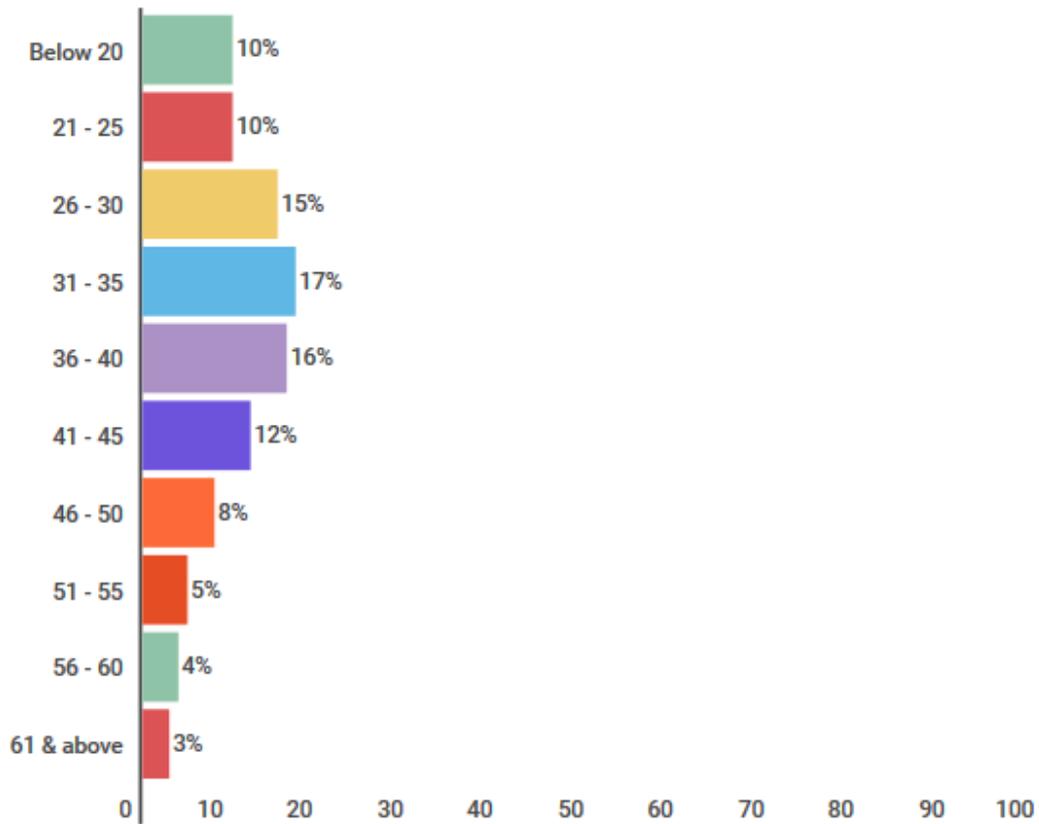
49% of survey respondents are married, while 48% are single.

Marital Status



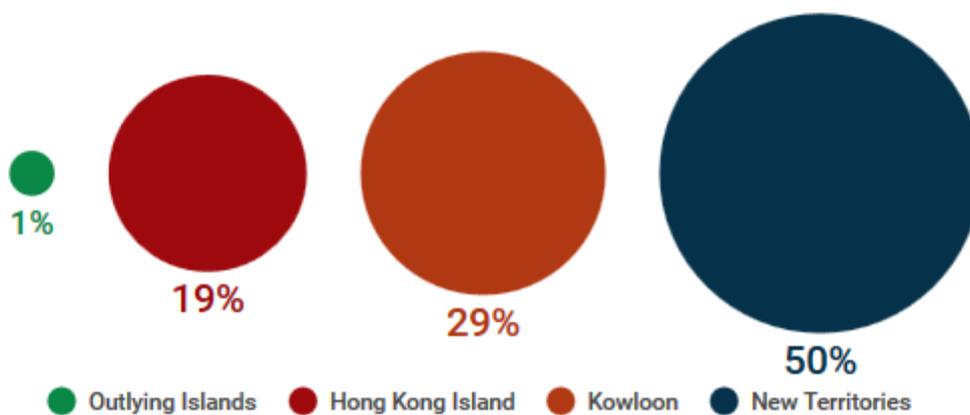
As per the previous survey, majority of respondents are aged between 31 to 40 years old.

Age Group



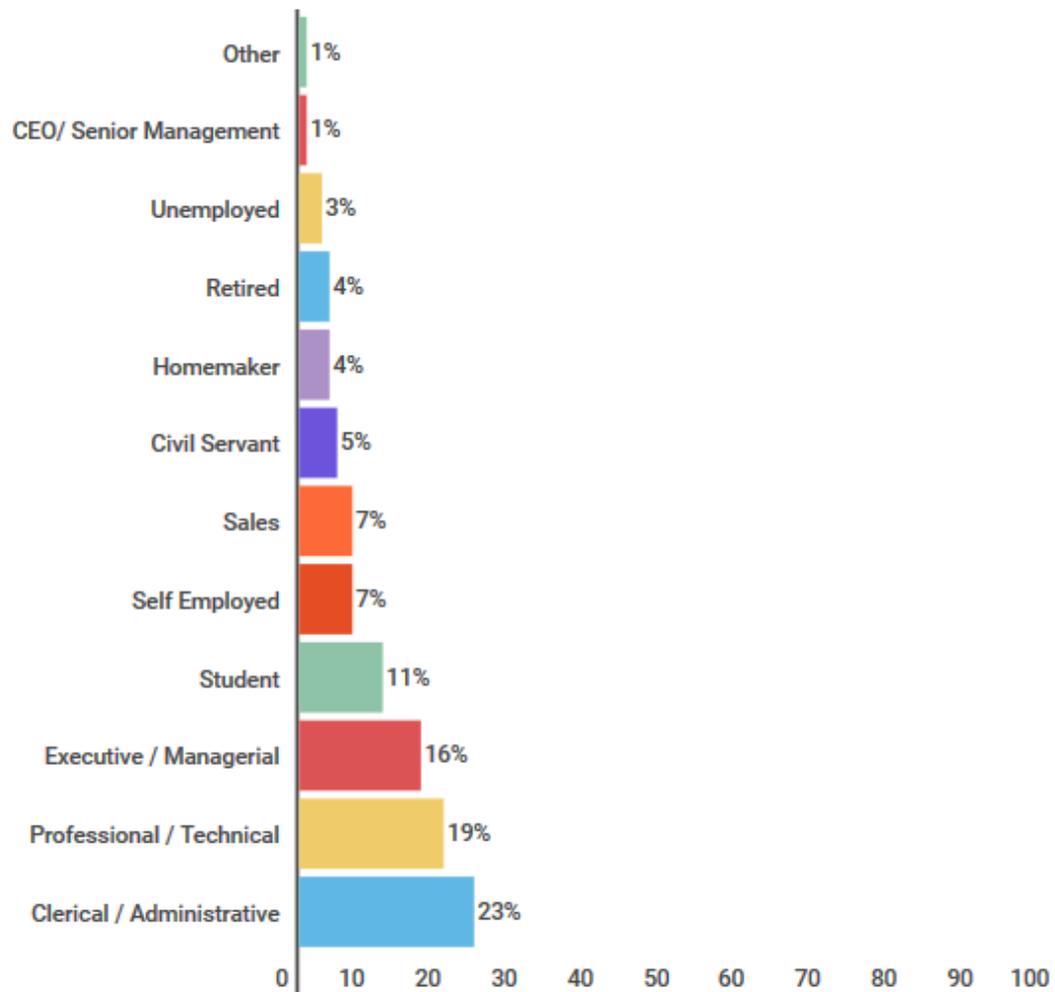
50% of respondents are currently residing in the new territories.

Currently Residing in



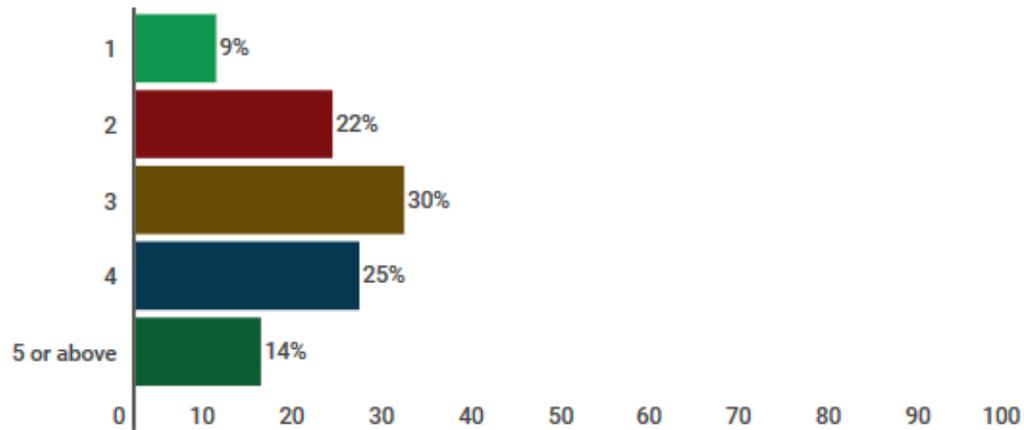
Compared to the previous survey where respondents were equally divided in their current occupation as Professional/Technical and Executive/Managerial, this survey showed that majority of respondents were in Clerical/ Administrative roles.

Current Occupation

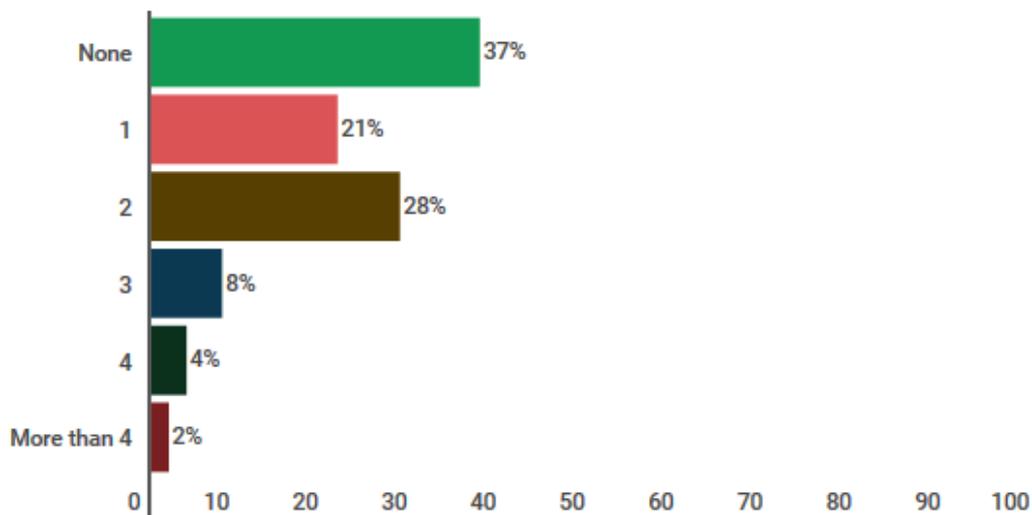


Close to 40% of respondents indicated that they have more than 4 people, including themselves living in a household. The results show that 69% have 3 or more dependents in their household.

Number of people in a household

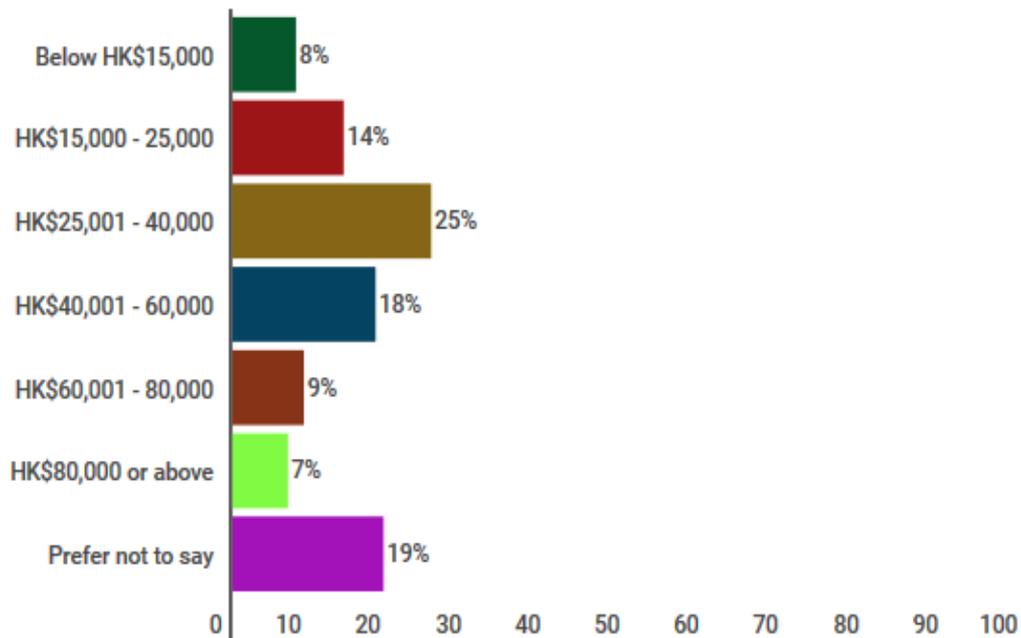


Number of dependents



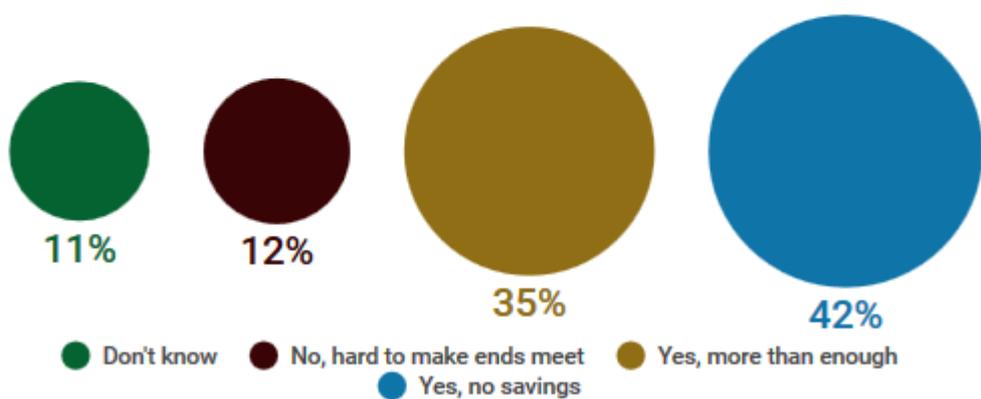
25% of respondents reported a monthly household income of between HK\$25,001 and HK\$40,000, an increase from the previous survey (24%).

Monthly Household Income



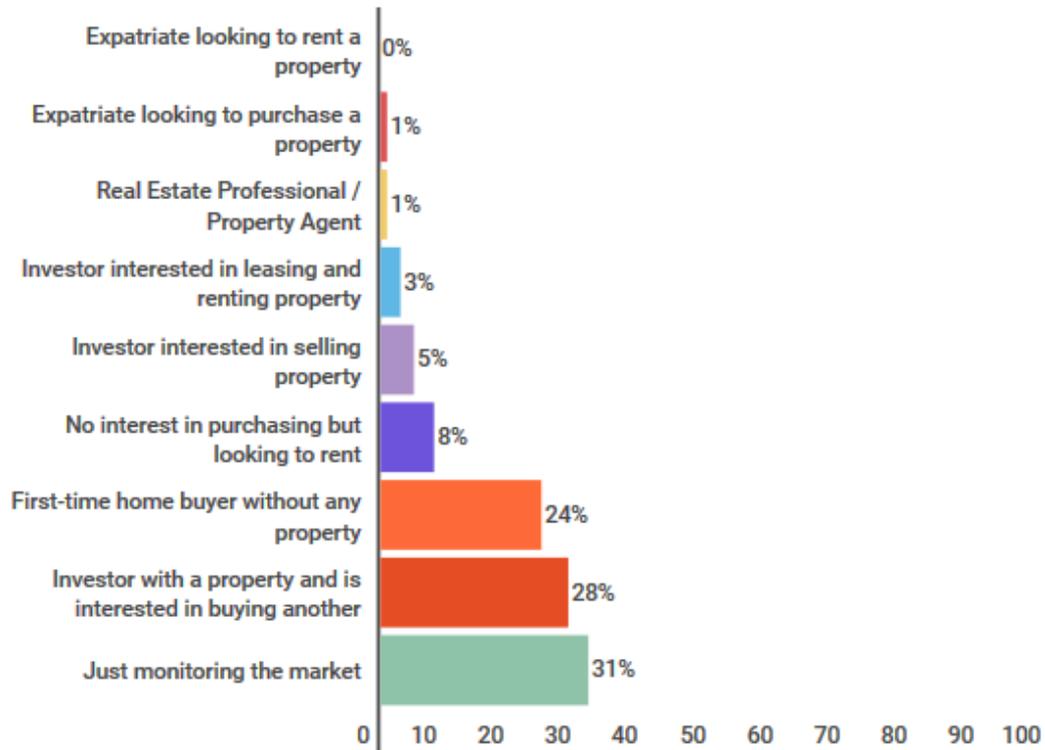
42% of respondents expressed that their current monthly household is sufficient for their monthly expenses, but none for savings.

Feel that current household income is sufficient for paying off expenses, including debt and mortgage payments?



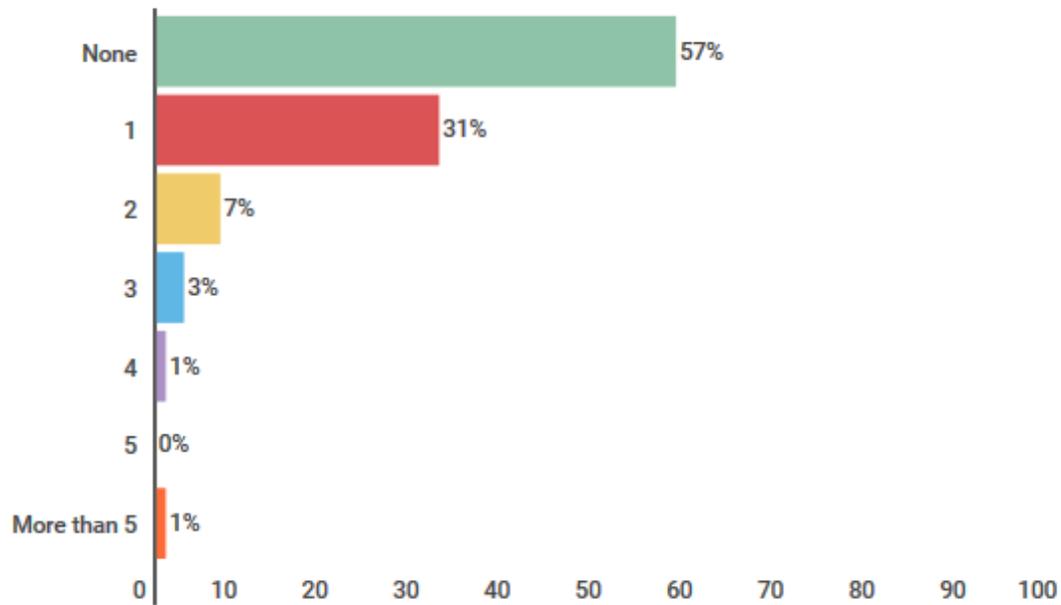
31% of respondents are just monitoring the property the market, an increase from the previous survey findings (20%). 28% consider themselves as Investors that looking at purchasing another property, while 24% are first time homebuyers.

Consider Themselves



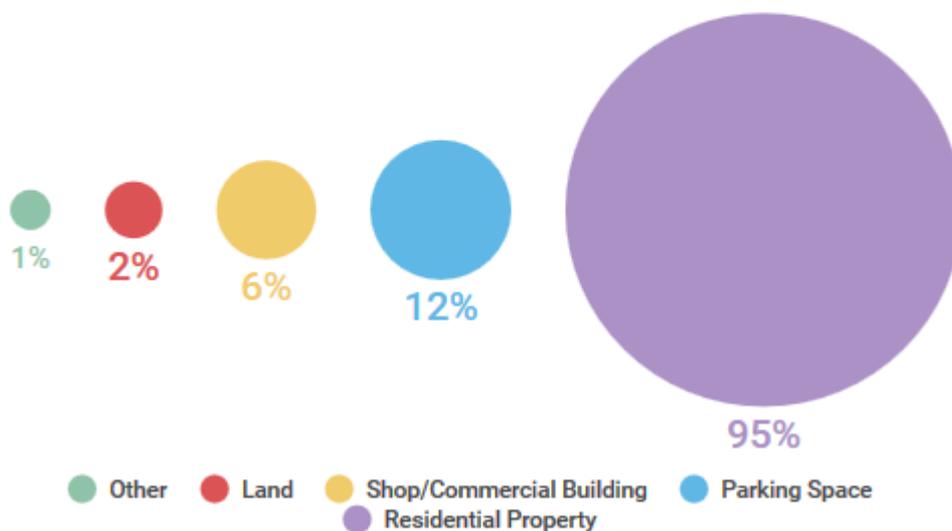
Compared to the previous survey, where 55% of respondents did not own a property, in this survey, 57% of respondents revealed that they don't own any property.

No of Properties Owned



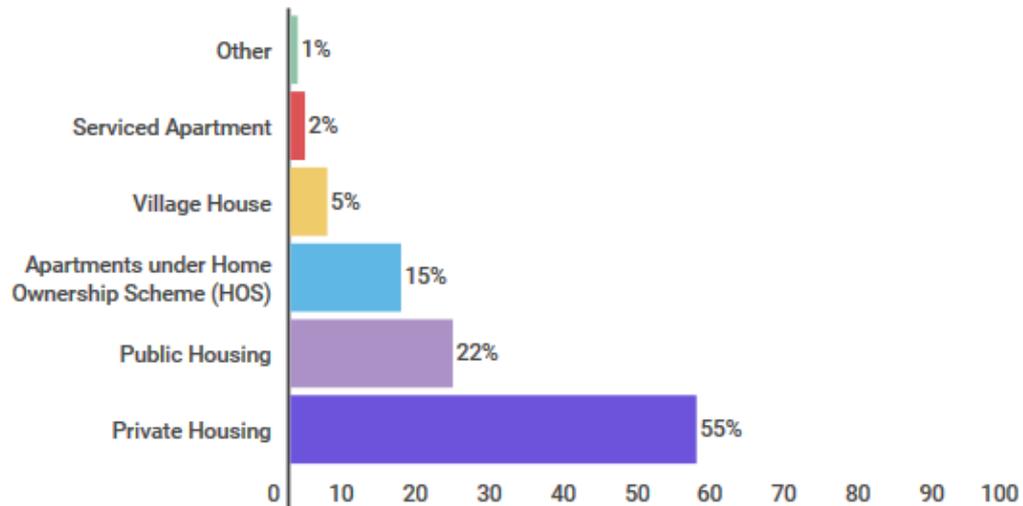
The 43% that own property revealed that they own residential property (95%).

Type of Property Owned



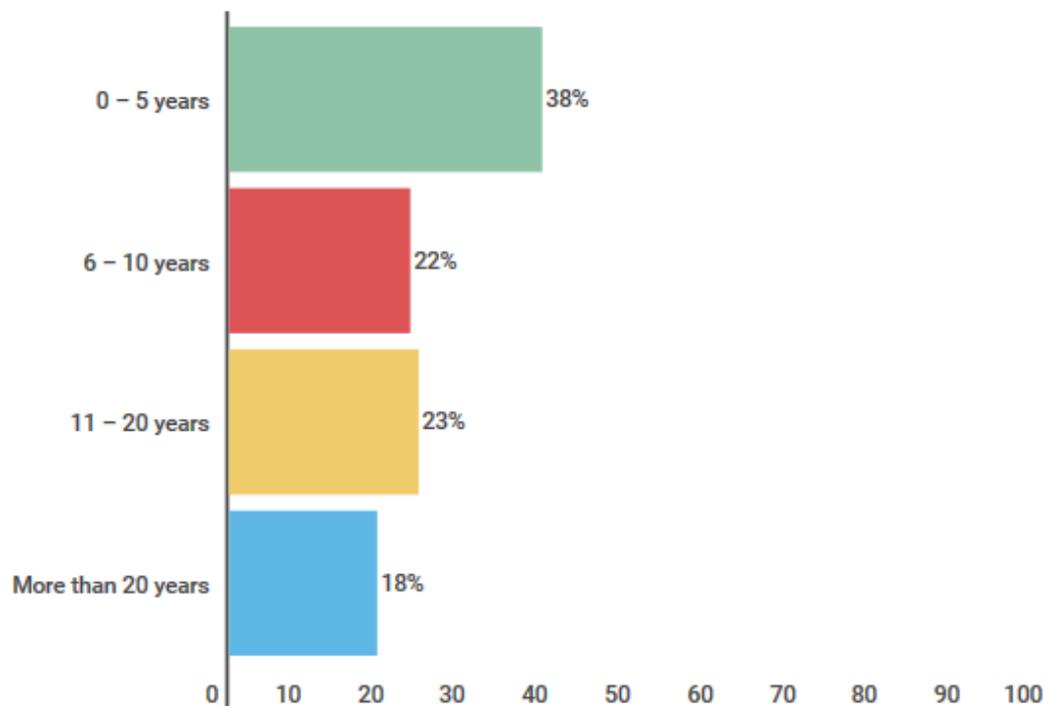
Similar to the previous survey, more than half of survey respondents live in private housing.

Currently Living in



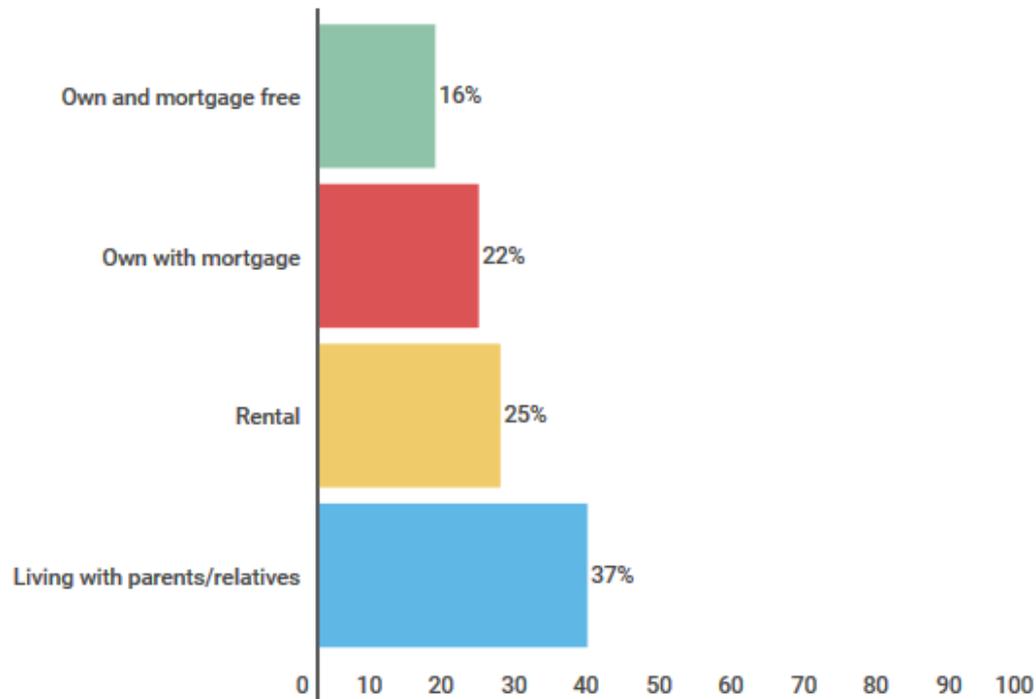
38% have been living in their current premises for less than 5 years. Only 18% have been living in the same property for than 20 years.

Years Lived in Current Premises



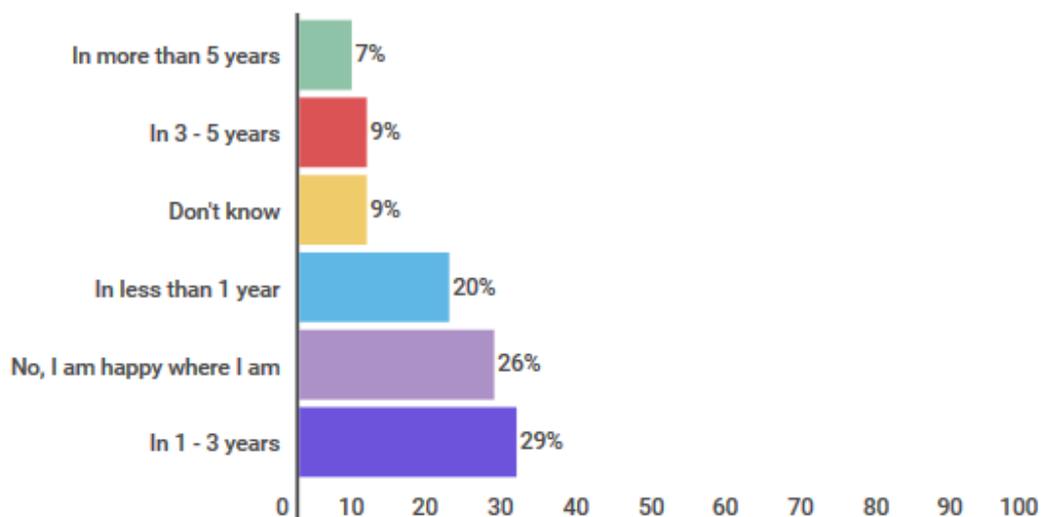
16% of respondents own the property that they live in mortgage free, while 37% are still living their parents. This correlates to the number of respondents that are single.

Status of Property Lived in



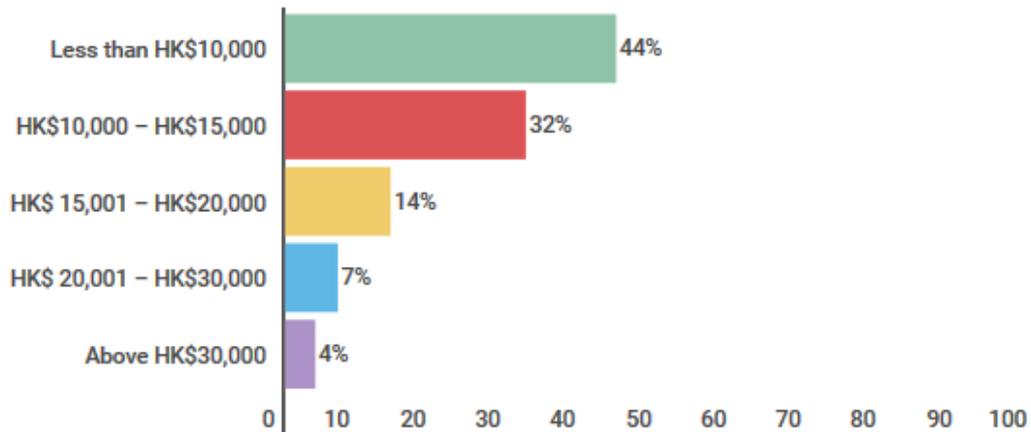
More than 65% of respondents are looking to move while 26% are happy where they are.

Looking to Move

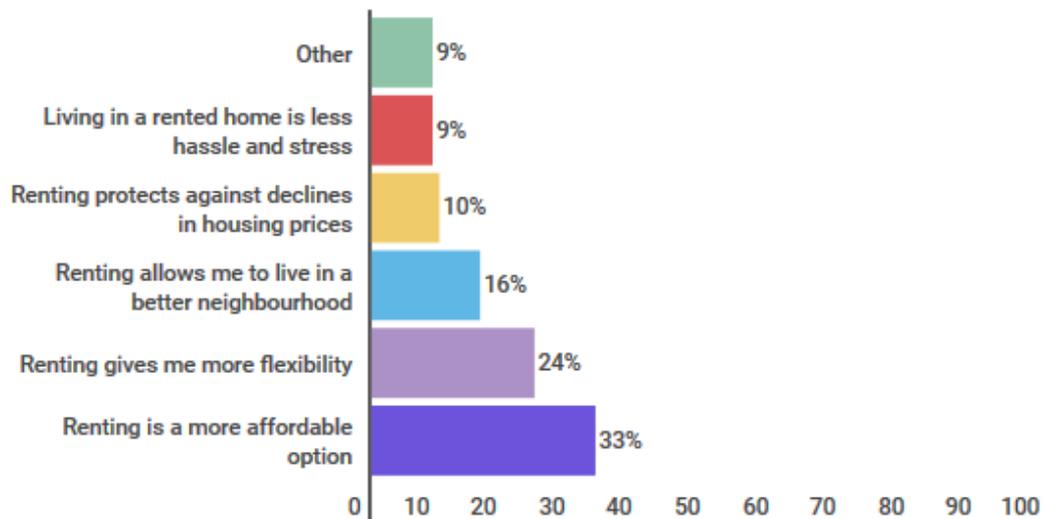


44% of respondents currently pay less than HK\$10,000 rent, and 32% pay between HK\$10,000 and HK\$15,000. This indicates that the costs of rent and repayment are similar. Therefore, there is still some attraction in “converting from renting to buying”.

Rental paid per month

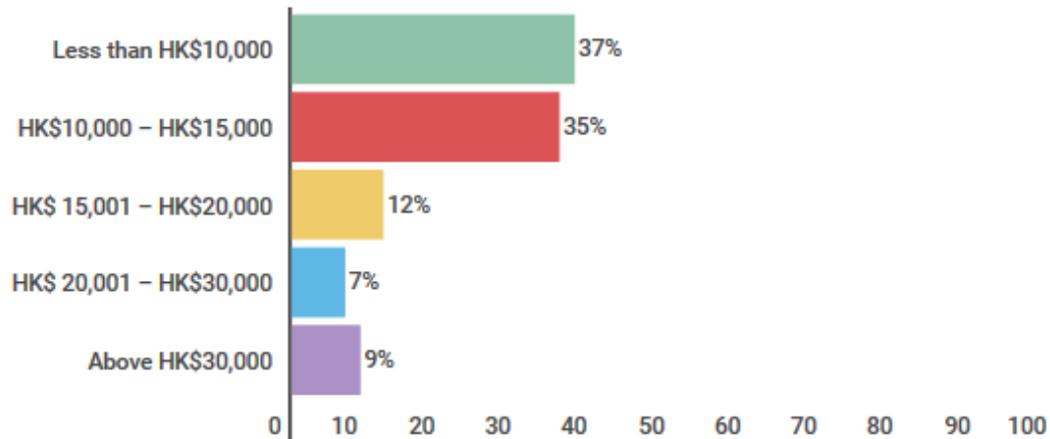


Reasons for Renting



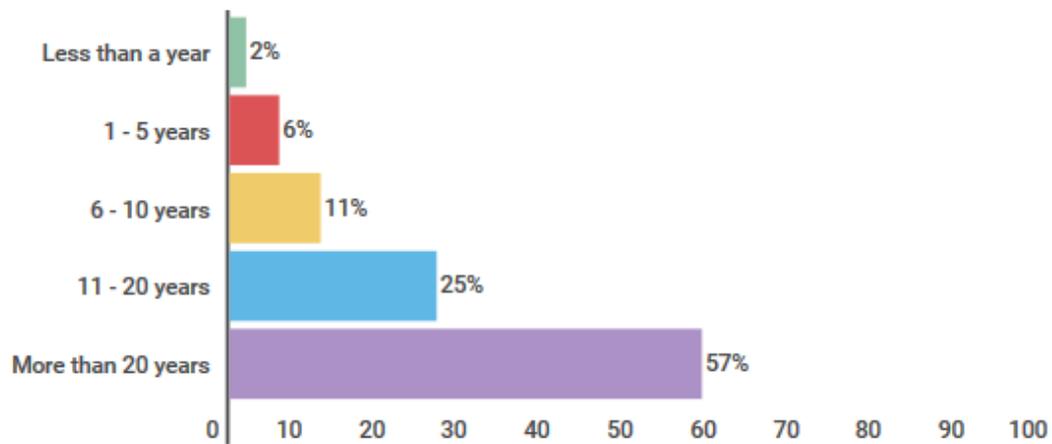
Out of the 16% of respondents that still have mortgages to be paid, 37% that are paying less than HK\$10,000, while 35% are paying between HK\$10,000 and HK\$15,000.

Mortgage paid per month



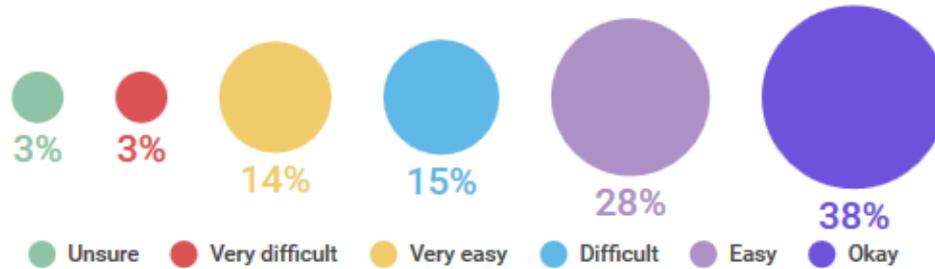
2% have less than a year to pay off their mortgage while 57% have more than 20 years of mortgage repayment left.

Years of mortgage repayment left



38% are ok with their payments while 28% are having a difficult time paying.

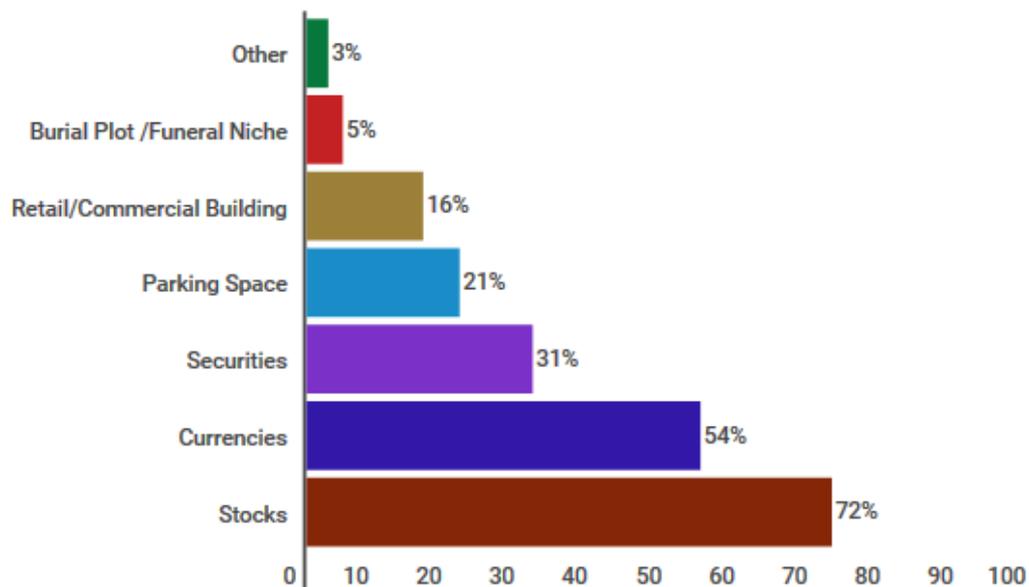
Over the past 12 months, how did you find managing your loan repayments?



Aside from properties, the top three investment opportunities that respondents are interested in was still:

1. Stocks
2. Currency
3. Securities

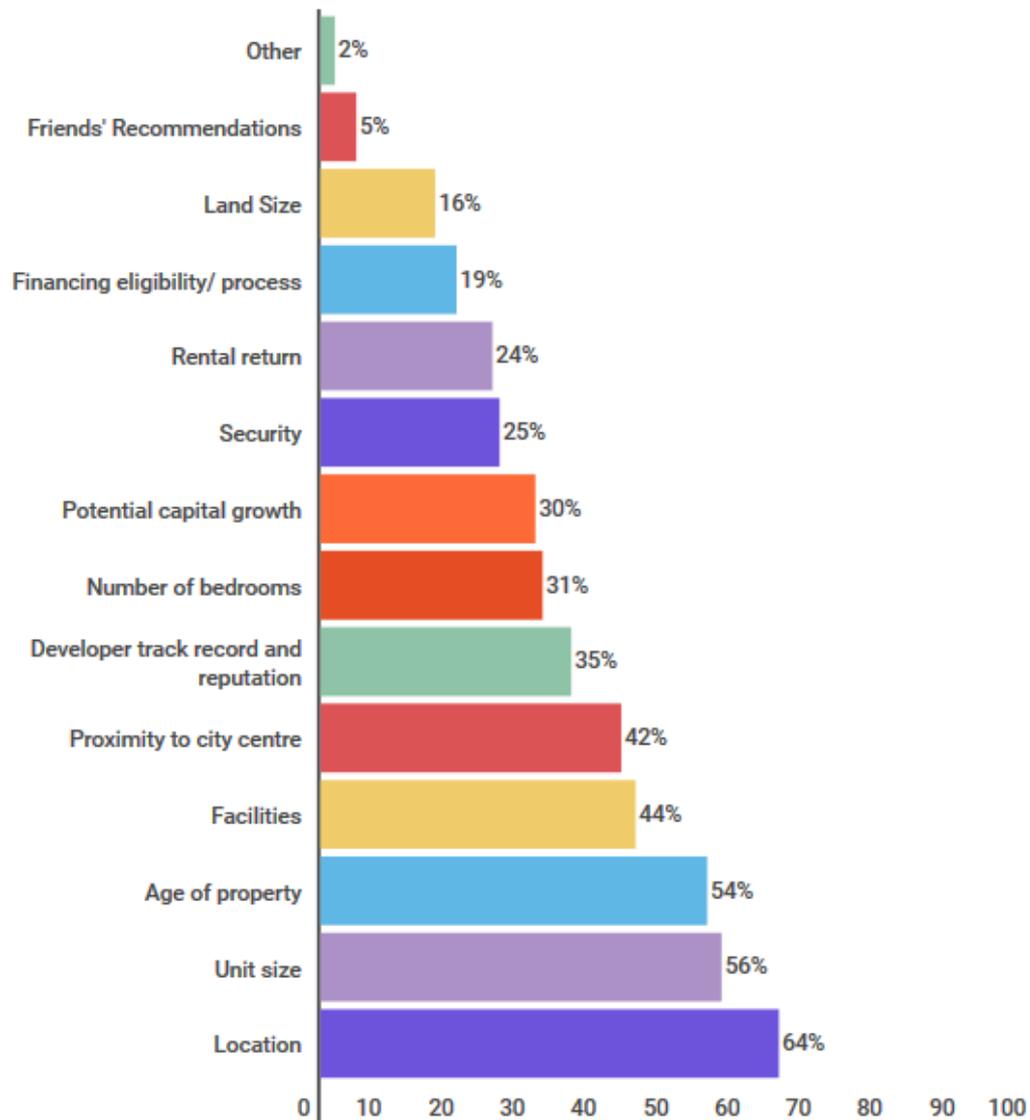
Aside from Properties, what else would they invest in?



The most important factors of consideration when selecting a property to purchase continues to be:

1. Location
2. Size
3. Age of property

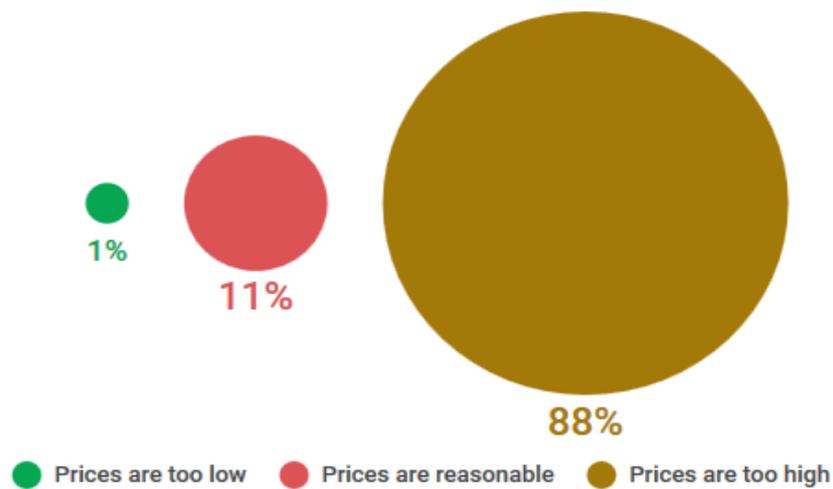
Factors of consideration when deciding to purchase



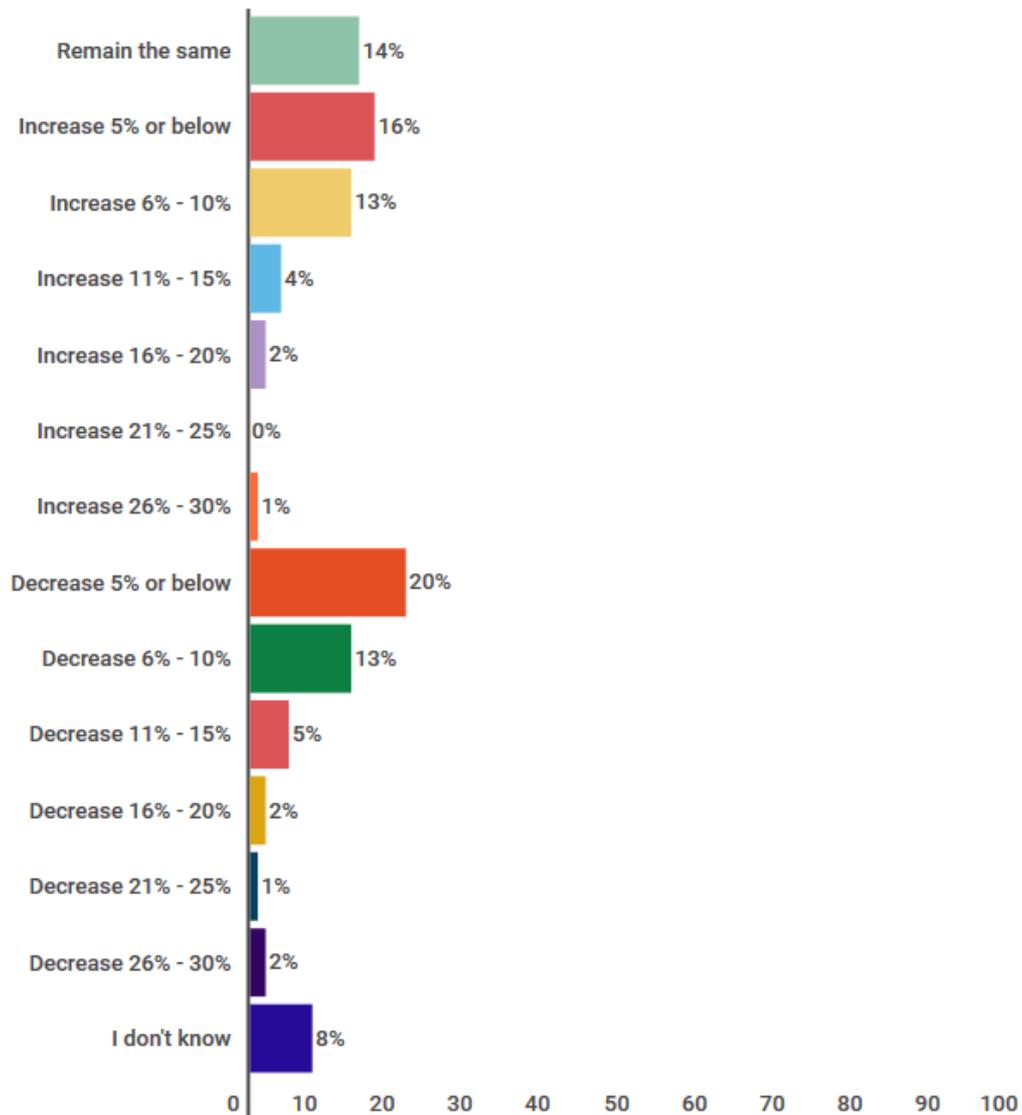
SENTIMENTS: NEARLY 90% OF THE RESPONDENTS BELIEVE THAT HONG KONG'S HOUSING MARKET IS OVERPRICED

Nearly 90% of the respondents believe that Hong Kong's housing market is overpriced and unaffordable. 36% believe that property prices will continue to grow (14% in the previous survey), and 42% believe that property prices will edge down (77% in the previous survey).

View on current property prices in Hong Kong



General prediction of Hong Kong property prices for the second half of 2016

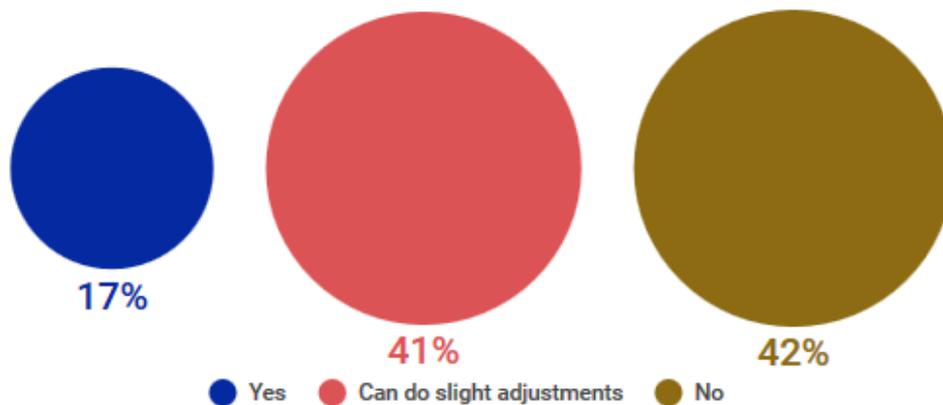


Respondents were somewhat divided in their response as to whether the government should cancel the cooling measures set. 42% responded No while 41% wanted slight adjustments made.

The Hong Kong government imposed three measures between 2012 and 2013, which have now taken full effect and have seen luxury property transactions in 2015 drop by more than 12 percent. These policies included the expansion of stamp duties on those who resell their property quickly and a 15- percent levy on both corporate buyers and non-permanent residents who require a visa to live, work or study in the city.

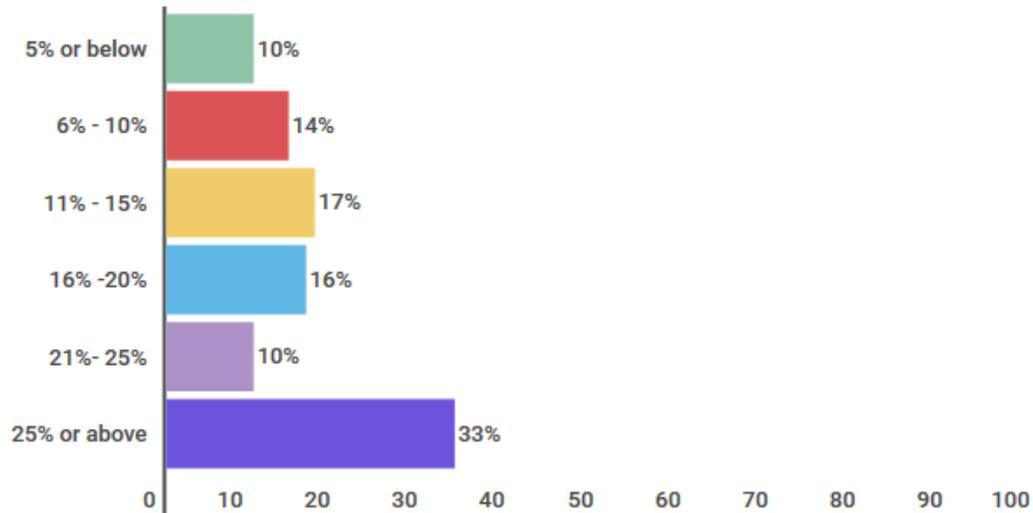
A double stamp duty on all properties costing more than HK\$2 million was also introduced, excluding those bought by permanent residents who are either first-time buyers or are selling their only home to buy another. Further contributing to the slowdown is the fact that many buyers still remain priced out of the market, as average current prices in Hong Kong remain at around HK\$38,000 – HK\$45,000 per square foot, with new build properties and lot sales achieving even higher prices.

Should the Government cancel the current Cooling Measures?



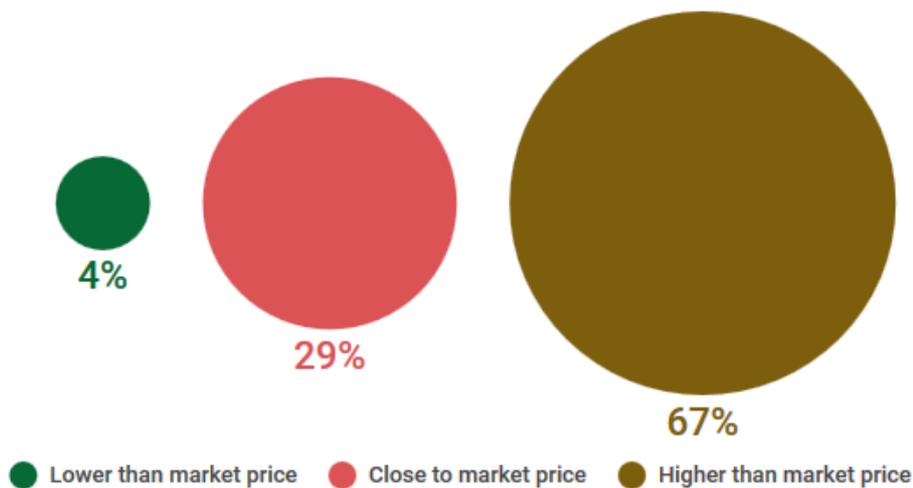
33% were of the opinion that property prices should decrease by 25% or above before the government can consider withdrawing the cooling measures set.

How much should property prices decrease before the government considers withdrawing the "cooling measures"?



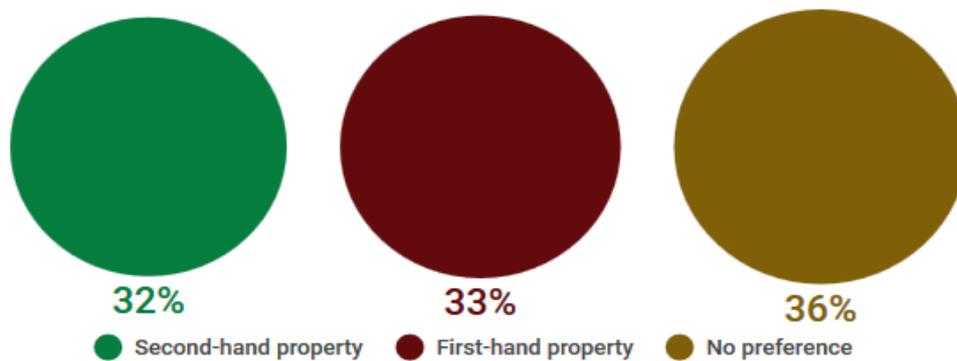
67% of respondents feel that the current price per sq ft for first-hand properties are priced higher than market prices.

Views on the current price (per sq ft) of first-hand properties?



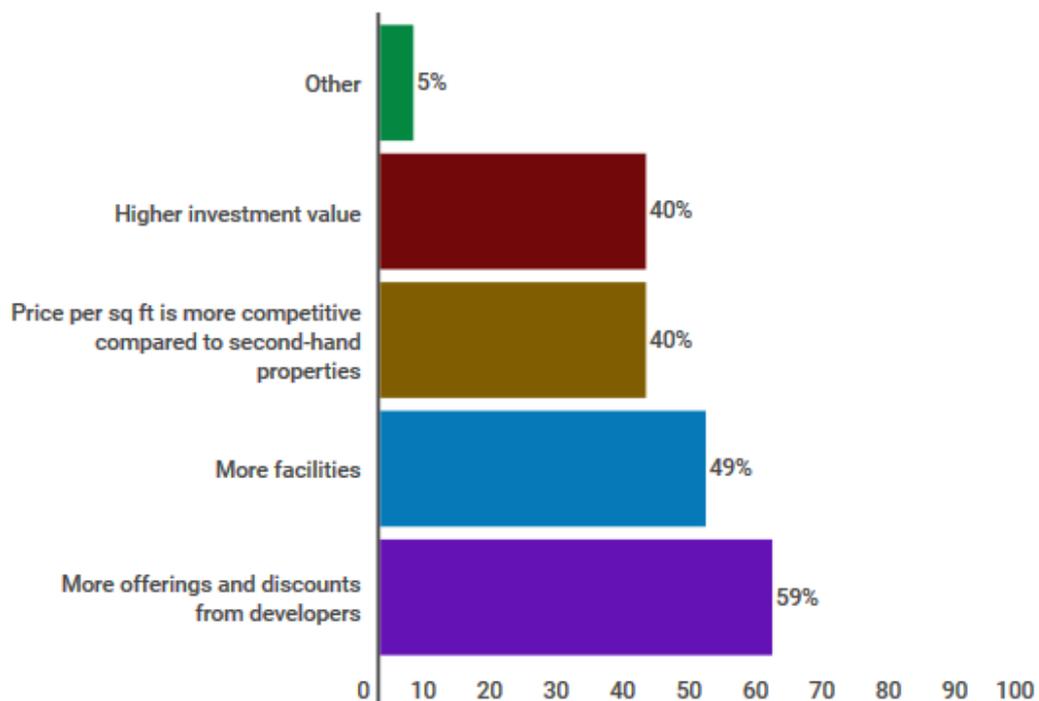
The findings revealed that the number of respondents who prefer to buy first-hand property (33%) is slightly higher than the number of respondents who prefer second-hand property (32%).

Want to purchase first-hand property from developer or second-hand property?



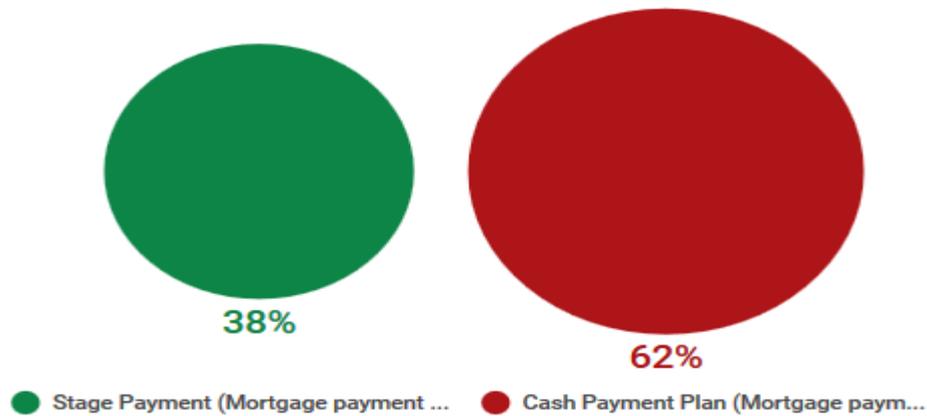
Among the respondents who prefer first-hand property, around 60% say that it is because of the special offers and discounts offered by developers. The second highest chosen reason is that new property has more facilities (49%).

Reasons to consider purchasing first-hand property? (Select all that applies)



Among the owners who have bought first-hand property from developers, 62% chose cash payment plans (repayment begins right after the down payment), and 38% chose stage payment plans (repayment begins after flat in-take).

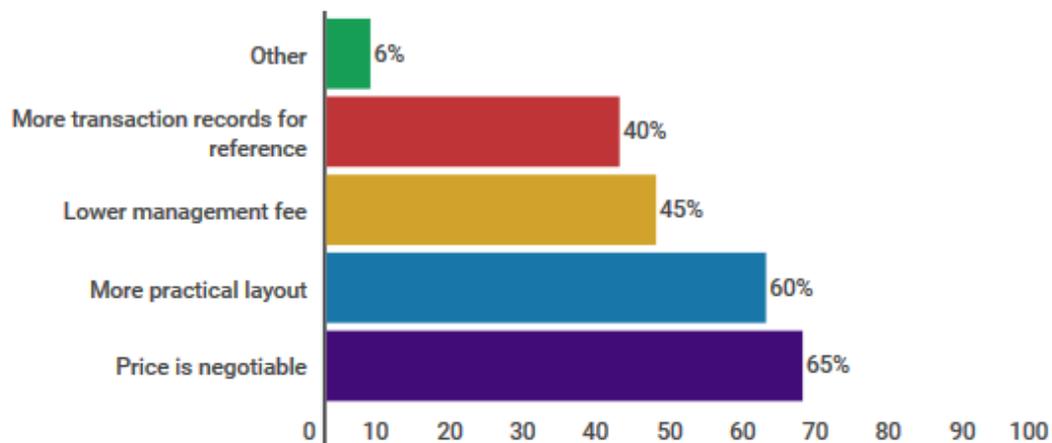
Payment methods provided by developers did you use when purchasing a new property in the past?



Among the respondents who prefer first-hand property, the top three reasons cited were:

1. Price is Negotiable
2. More practical Layout
3. Lower Management Fee

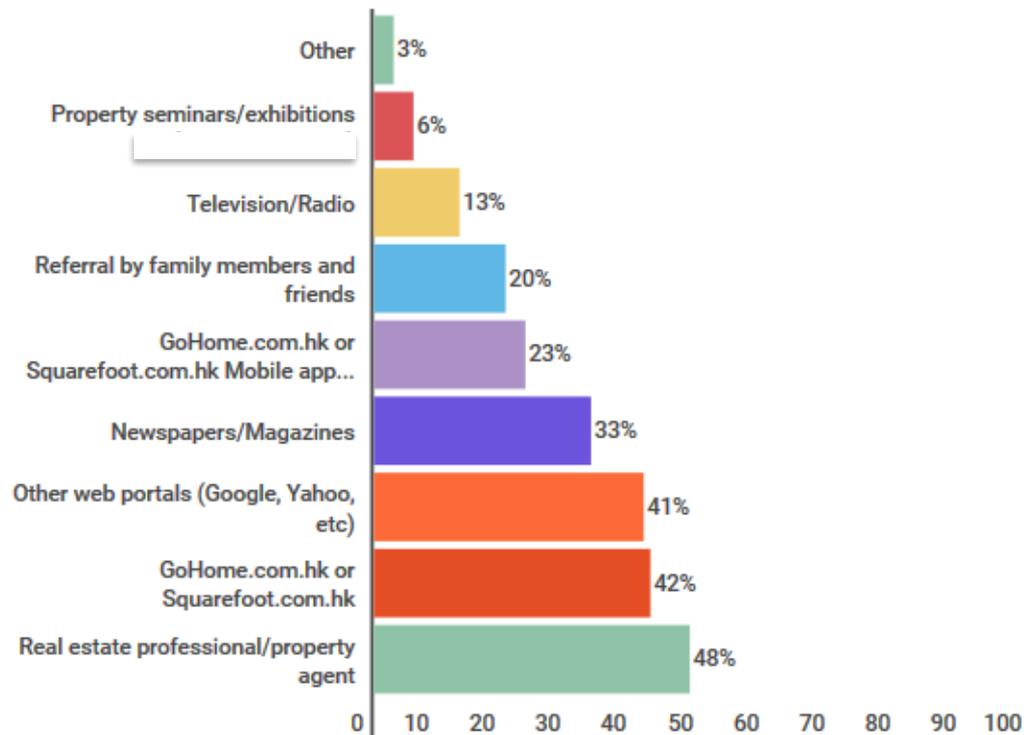
Main reason to buy a second-hand property? (Select all that applies)



When it comes to searching for information and news on property, respondents opted for:

1. Real estate professional/ property agent
2. GoHome.hk / Squarefoot.com.hk
3. Other web portals

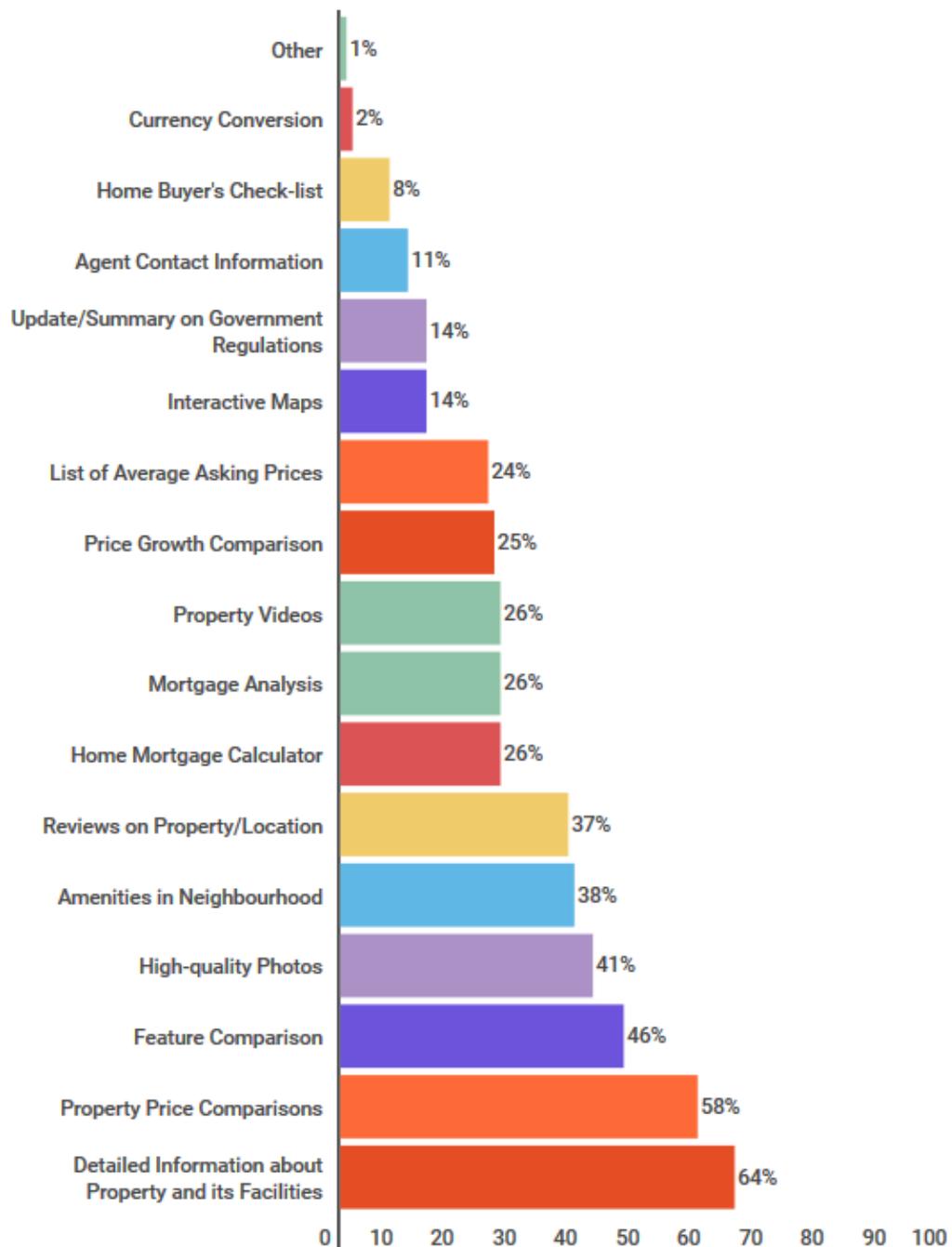
Search for information and news on property? (Select all that applies)



The top three information that respondents would like to see online that will help them make an informed decision were:

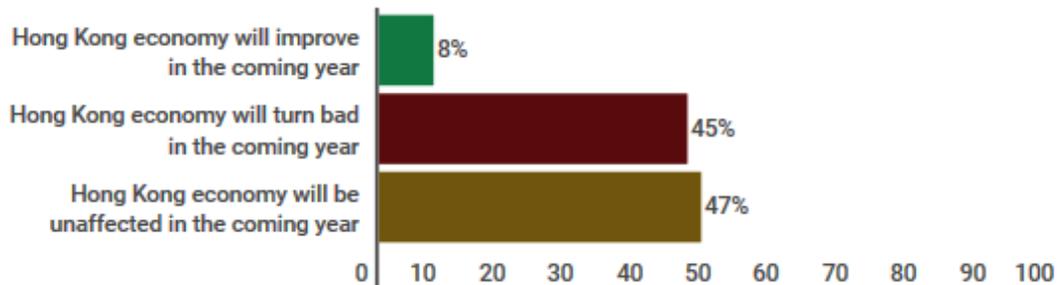
1. Detailed information on the property
2. Property price comparison
3. Feature comparison

Information needed online to make a property purchase decision



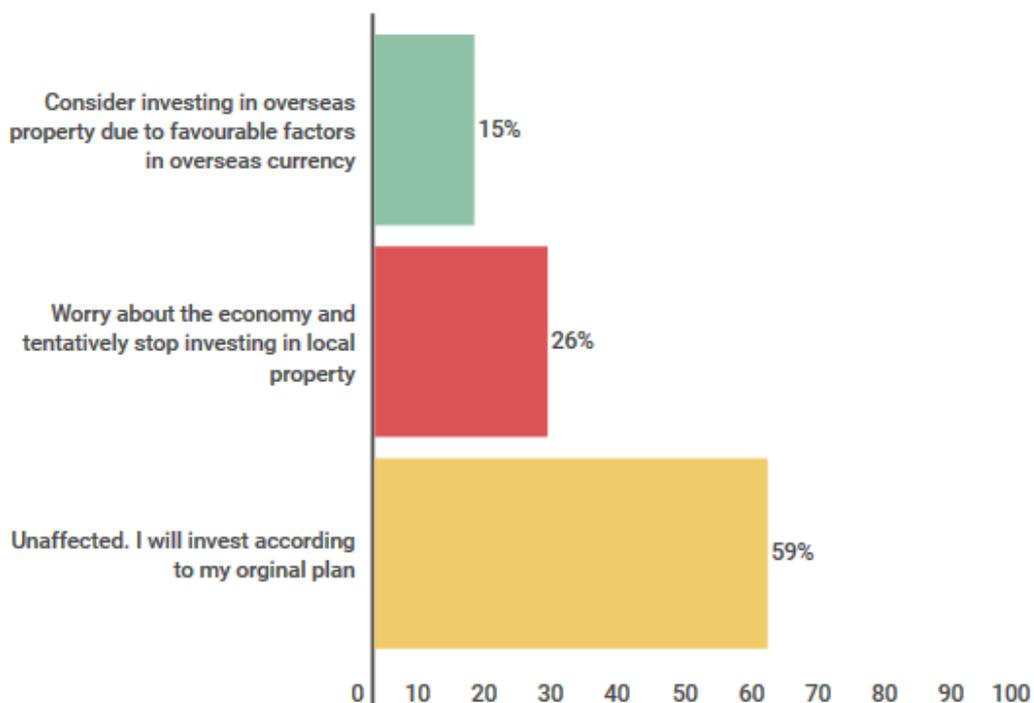
Regarding the influence of “Brexit” 47% of respondents believe the local economy will remain the same.

With the UK’s decision to leave the EU, what is your view towards the economy?



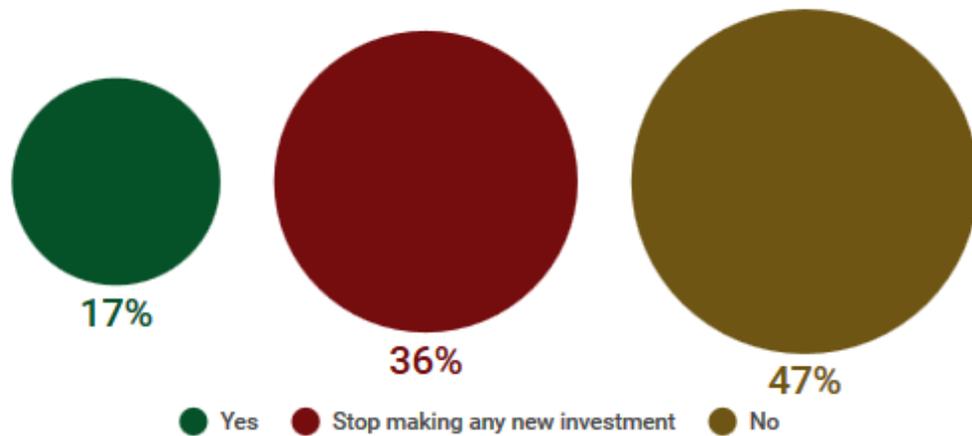
Nearly 60% of the respondents think that “Brexit” will have no influence on housing decisions, and that they will make property investment choices according to their original plans.

With the UK’s decision to leave the EU, how will it affect your decision to purchase property in the upcoming year?



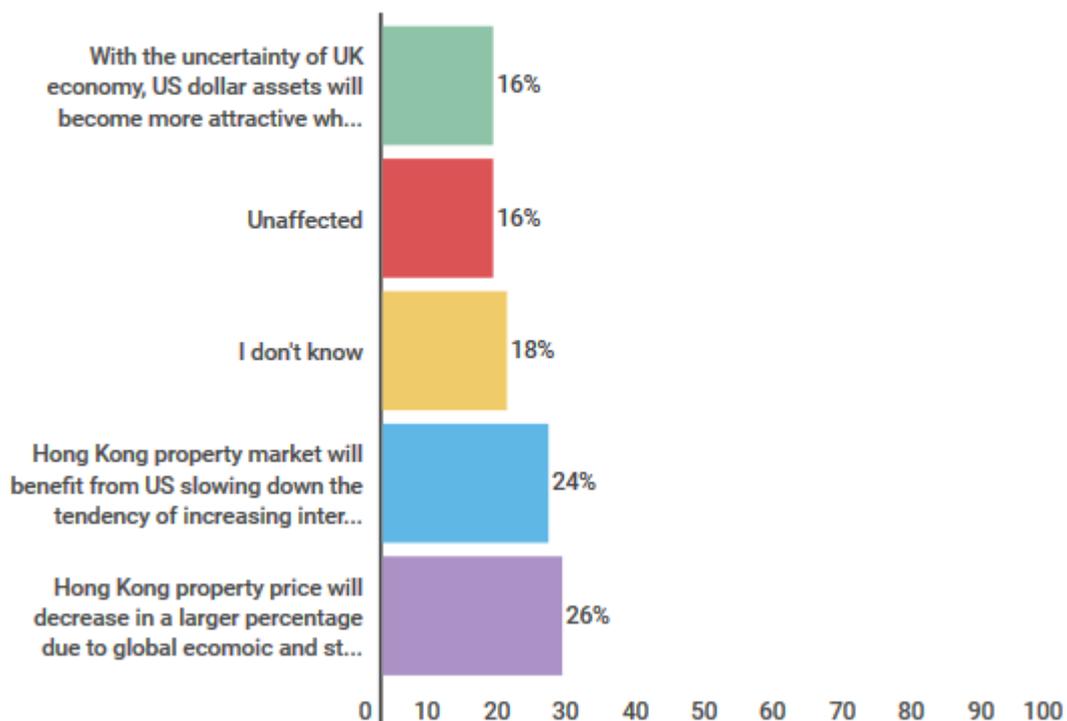
On the other hand, close to a half of the respondents will not transfer their funds from property market to other investment items, and around 40% say that they currently will not make any new investment.

Under the current situation of UK leaving EU, would you consider shifting your capital from property to other investment options?



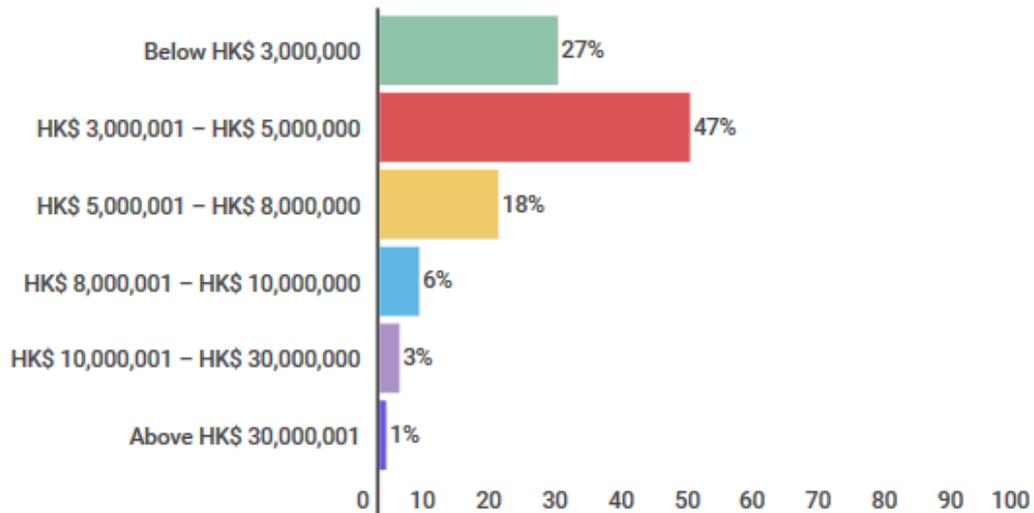
24% of the respondents think that “Brexit” will slow down the US interest rate rise. On the other hand, 16% agree that the turbulence in UK economy makes US dollar assets more attractive.

With the UK's decision to leave the EU, how will it affect Hong Kong property market in 2016 H2?

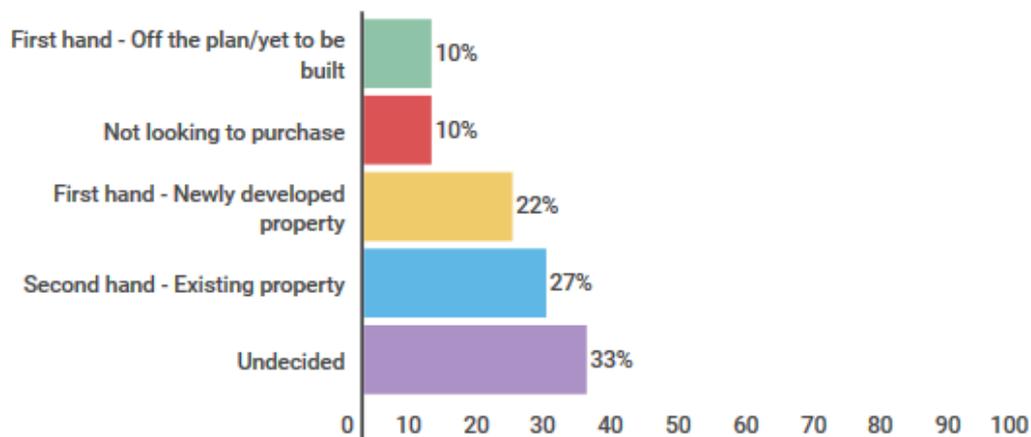


Close to a half (42%) of the respondents have a housing budget of \$3.001 million to \$5 million, and 27% have a budget below \$3 million. The latest findings indicate that 18% of the property have an asking price below \$3 million (only 8% in the last survey), which reveals that the gap between asking prices and offer prices is drawing closer in the second-hand market, with an increasing amount of starter homes, it is expected that there will be more transactions.

Budget to Purchase

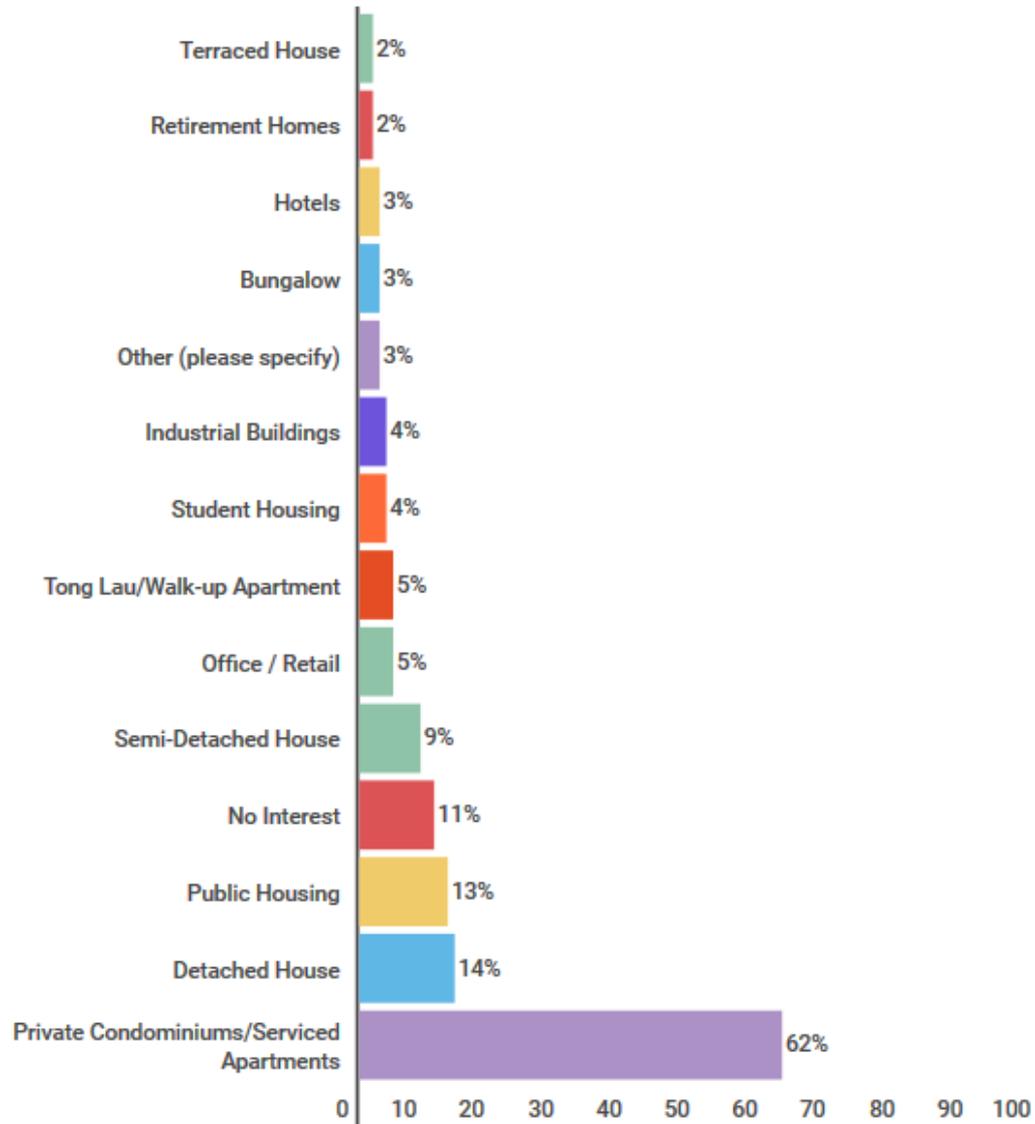


Type of Property to Purchase



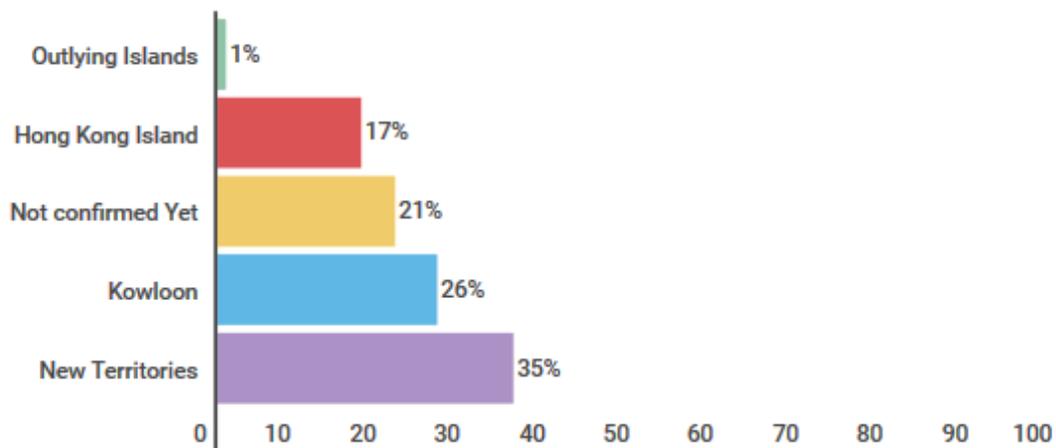
62% of respondents are looking at purchasing private condominiums /serviced apartments.

Type of property to purchase



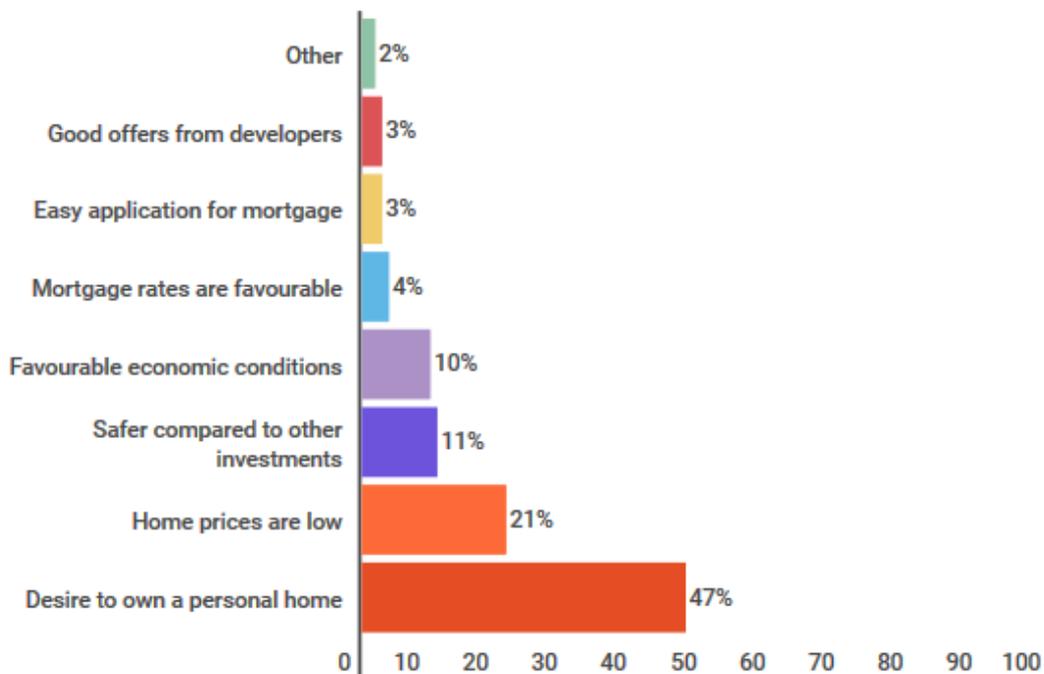
Respondents are looking at purchasing property in New Territories (35%), followed by Kowloon at 26% and Hong Kong Island at 17%. 21% are unsure where to purchase as yet.

Where to purchase?



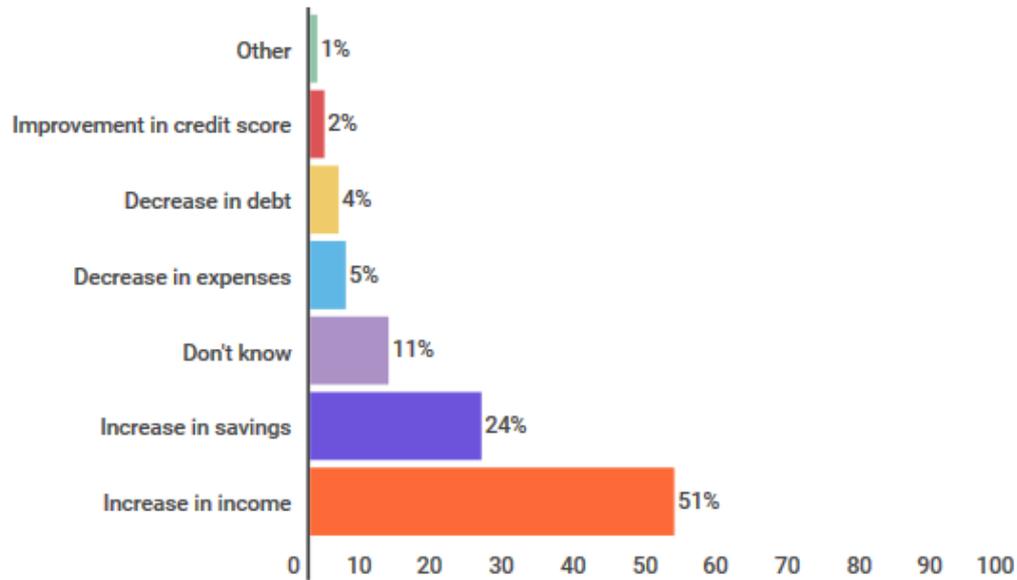
The primary reason to purchase was the desire to own their own home.

Reason to purchase



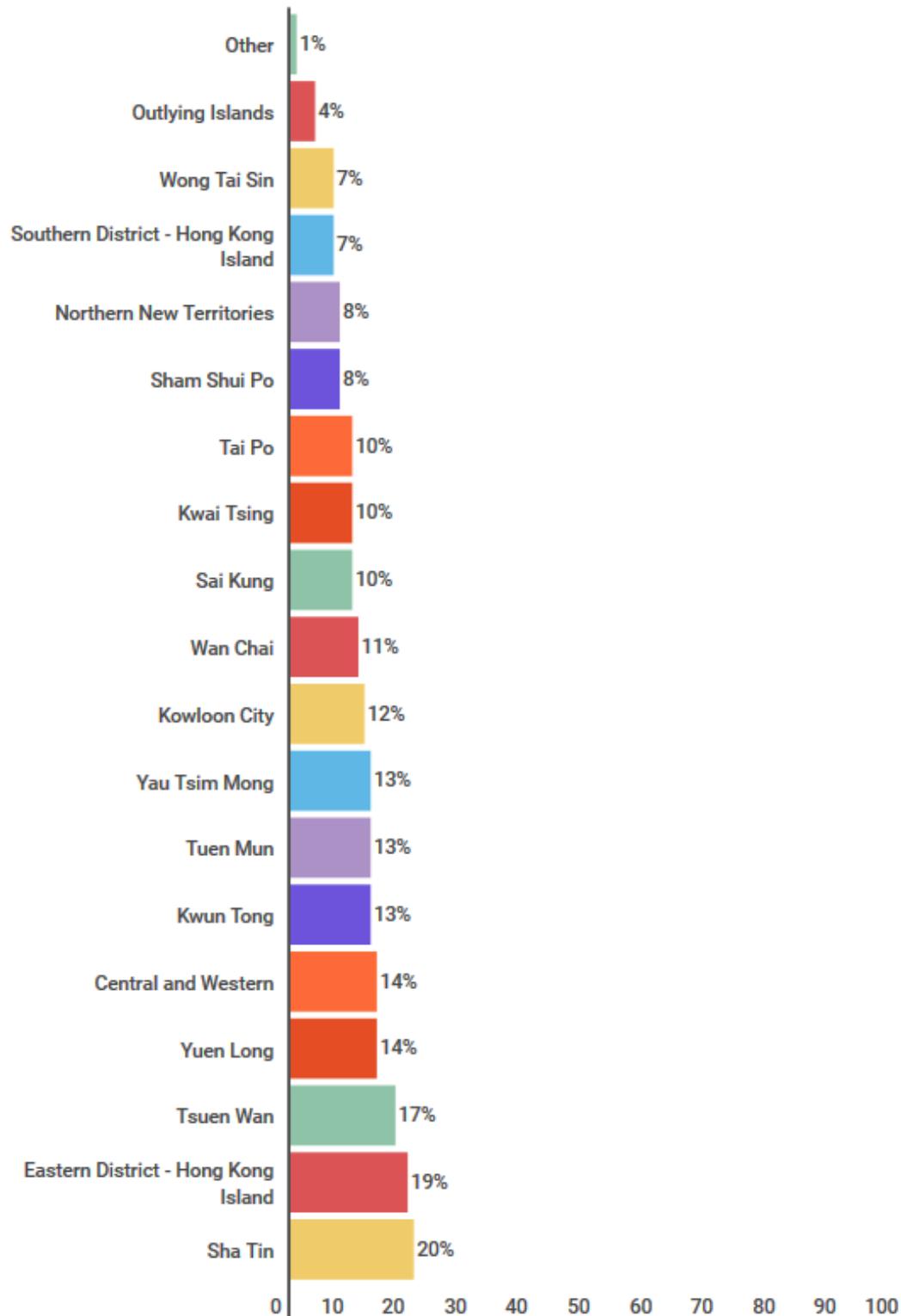
51% of respondents stated that an increase in income would be a crucial factor in their decision to purchase.

Which of the following financial reasons will be crucial in your decision to buy a property?



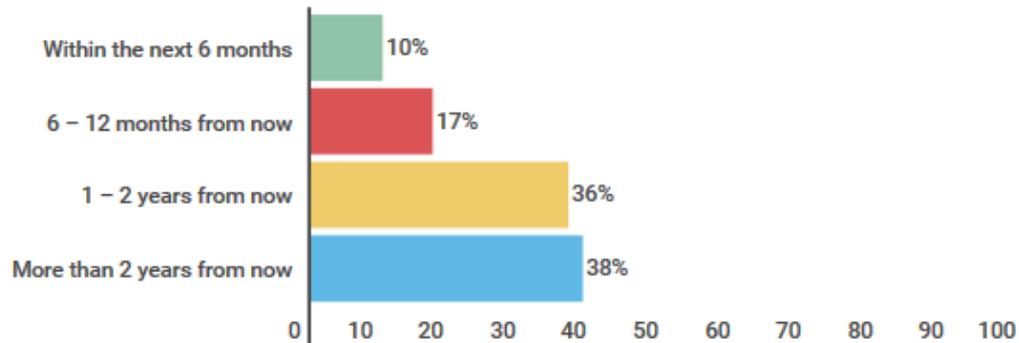
20% of respondents answered that they are looking at purchasing property in Sha Tin, followed closely by Eastern District – Hong Kong Island and Tsuen Wan.

Which district in Hong Kong would you consider for your purchase?



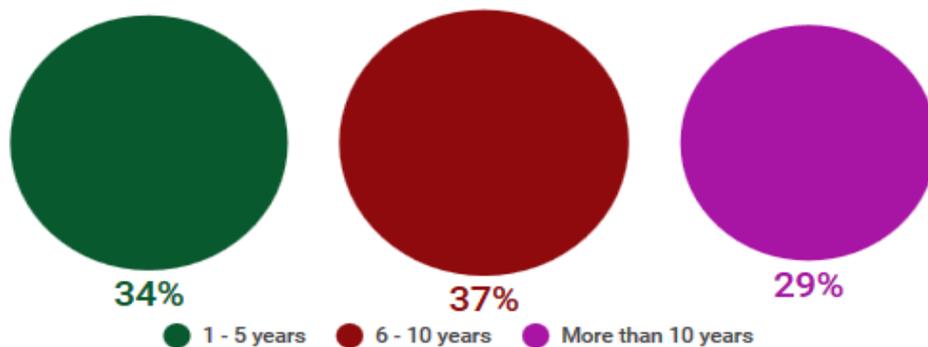
Respondents are in no hurry to purchase as 36% of respondents are looking to purchase property in 1 to 2 years from now while 38% are looking at purchasing in more than 2 years from now.

When to purchase



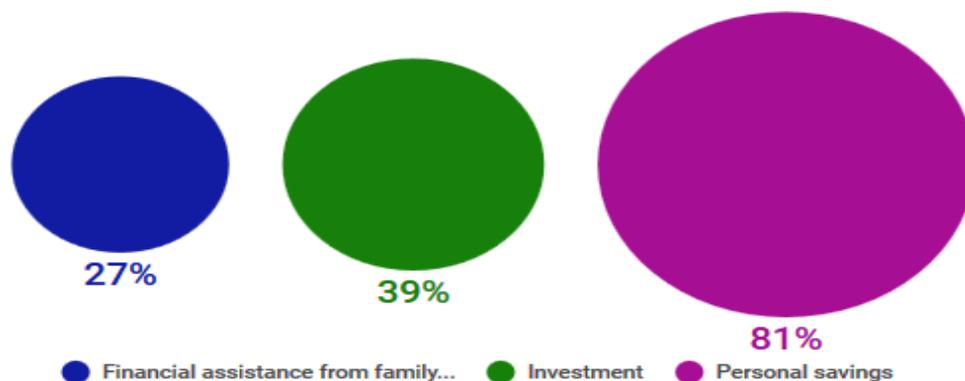
34% of respondents took between 1 to 5 years to save for a down payment, while 37% saved for more than 6 years. 29% saved for more than 10 years.

Years to save for a downpayment



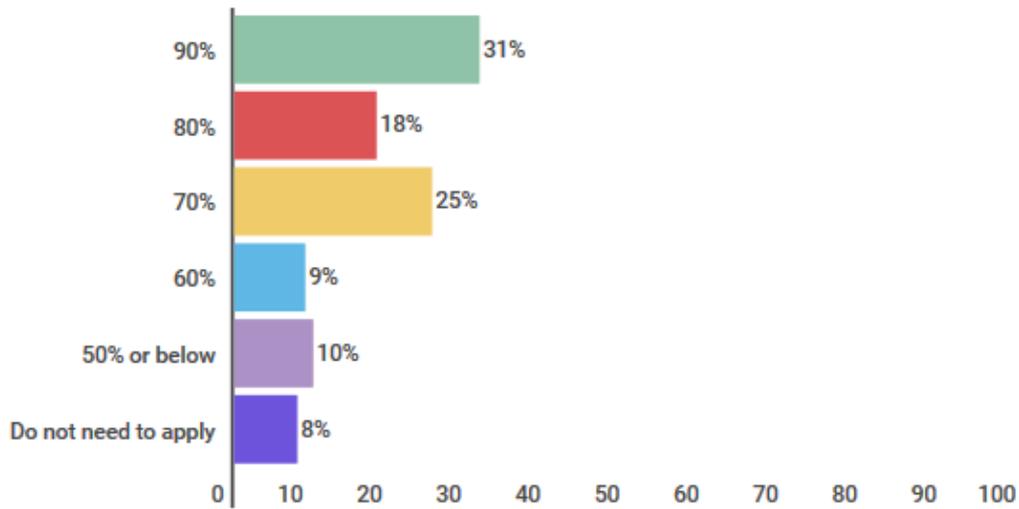
Regarding the methods of earning the down payment, 80% of the respondents prefer savings, followed by investment, and financial assistance by family members is ranked last.

How did they fund the downpayment



For mortgage repayment, 31% choose 90% mortgage, 18% choose 80% mortgage, 25% choose 70% mortgage. The current monthly repayment amount for 37% of the respondents is less than HK\$10,000, and it is HK\$10,000–HK\$15,000 for 35% of the respondents. Among these respondents, around 60% currently have a repayment period longer than 20 years.

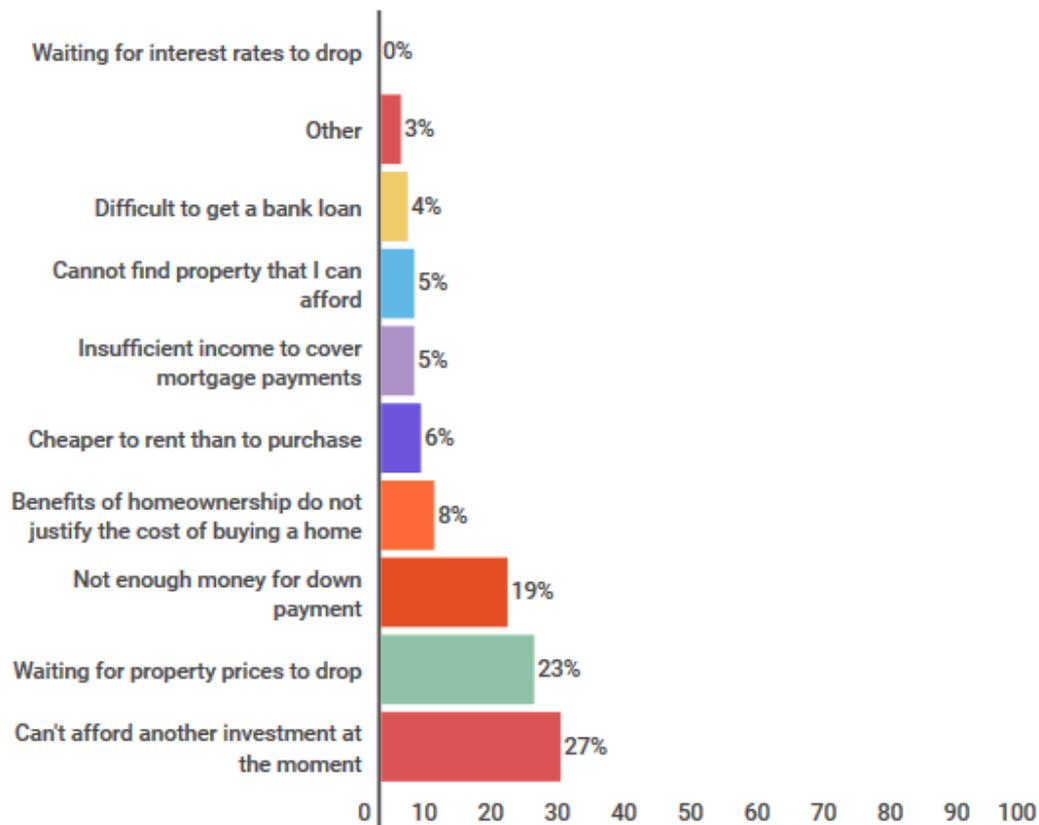
How much mortgage to apply ?



Respondents that were undecided or not looking to purchase stated that they are unable to purchase due to:

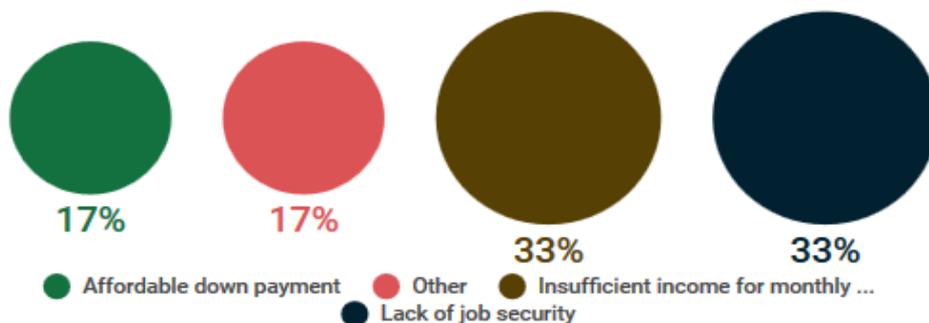
1. Can't afford another investment at the moment
2. Waiting for property prices to drop
3. Not having enough money for a down payment

Reasons for not being able to purchase



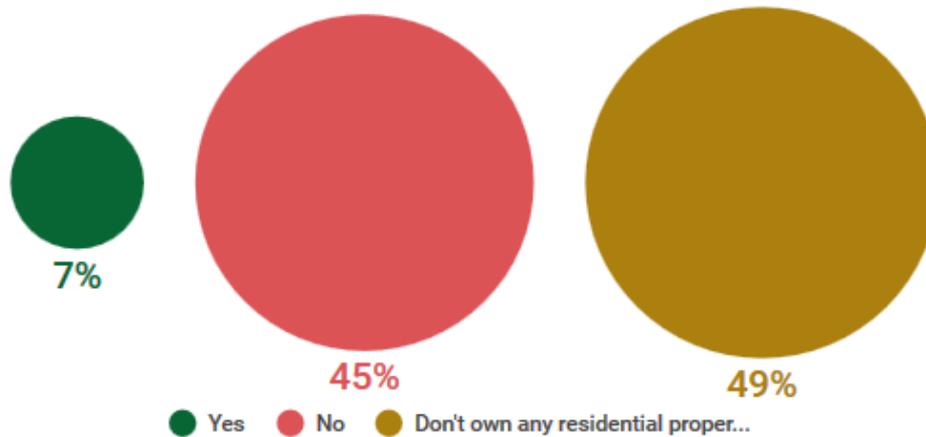
The 4% that stated that they were unable to get a bank loan was due to lack of job security (33%) and insufficient income for monthly payments (33%)

Reasons for not being able to obtain a home loan

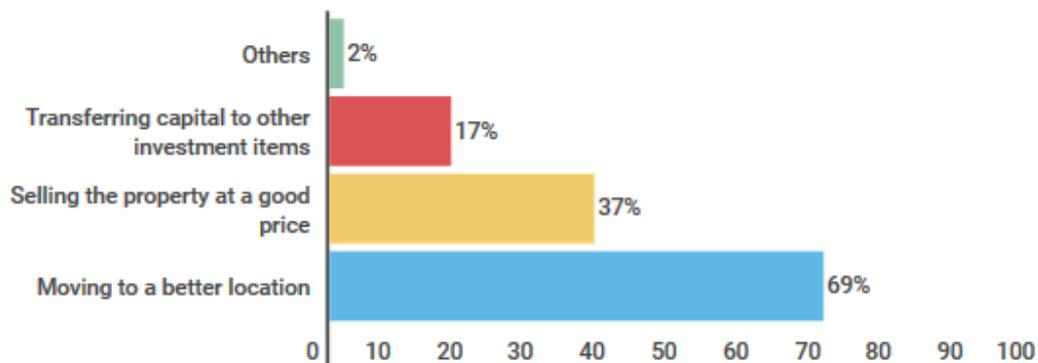


Only 7% of respondents are looking at selling their residential property in the second half of 2016 with 69% cutting the desire to move to a better location as the main reason of selling. 46% of respondents are looking at selling their property between HK\$3million and HK\$4.99 million.

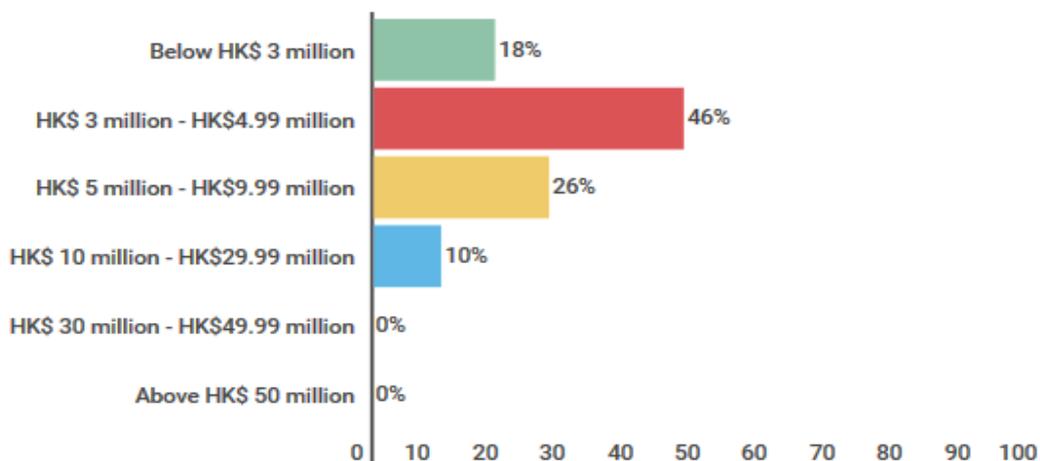
Considering to sell their residential property in H2 2016



Considering to sell their residential property in H2 2016

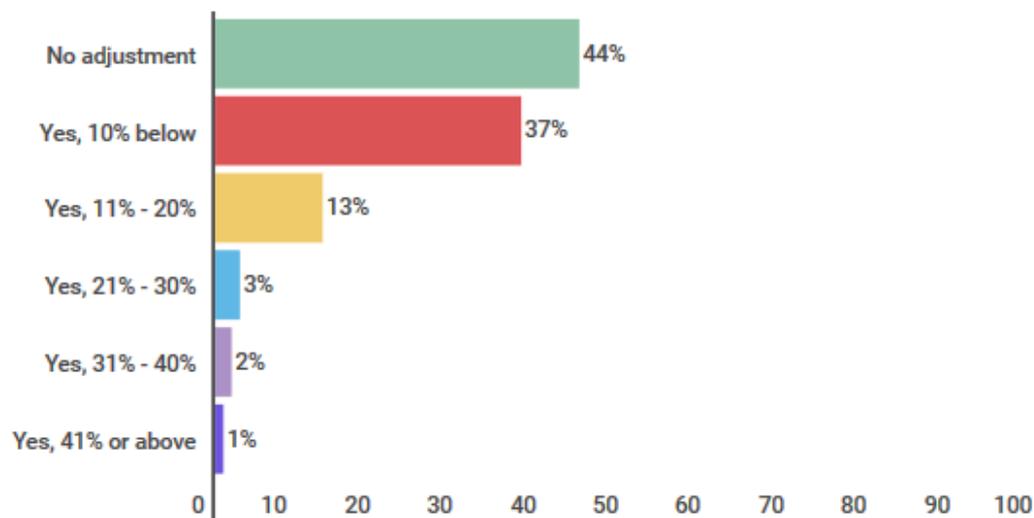


Price to Sell



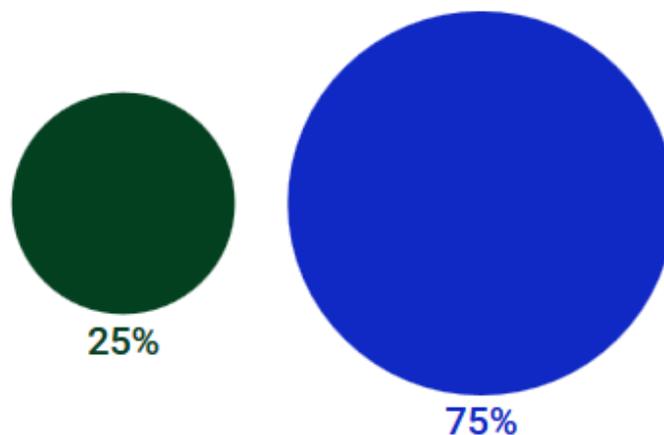
Although more owners are selling starter homes in the second-hand market, 37% of the sellers express that there will be less than 10% price range for negotiation, 16% less than the last survey. 44% sellers express that there will be no room for negotiation, 18% more than the last survey. This indicates that most sellers expect an upturn in housing market and believe that there is not much room for the prices to further decline, hence narrowing their perceived price range.

How will you adjust the asking price when selling your residential property?



75% of respondents expressed that an increase in interest rate would not affect their decision to sell property.

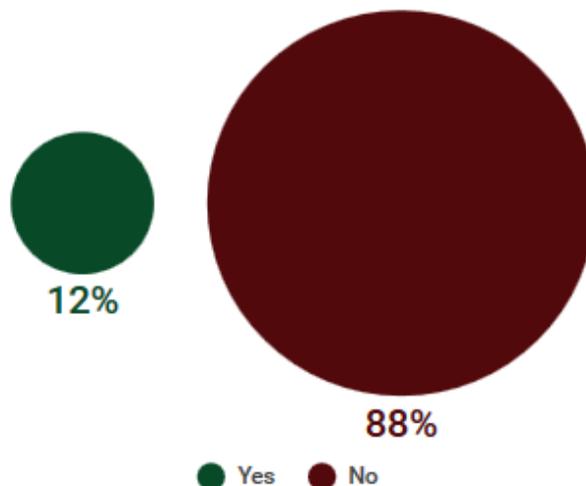
Would an increase in interest rate affect your decision to sell property now?



OVERSEAS PROPERTY: RISING TREND IN THE EAGERNESS OF RESPONDENTS TO PURCHASE PROPERTY IN THE MAINLAND AND THE UK

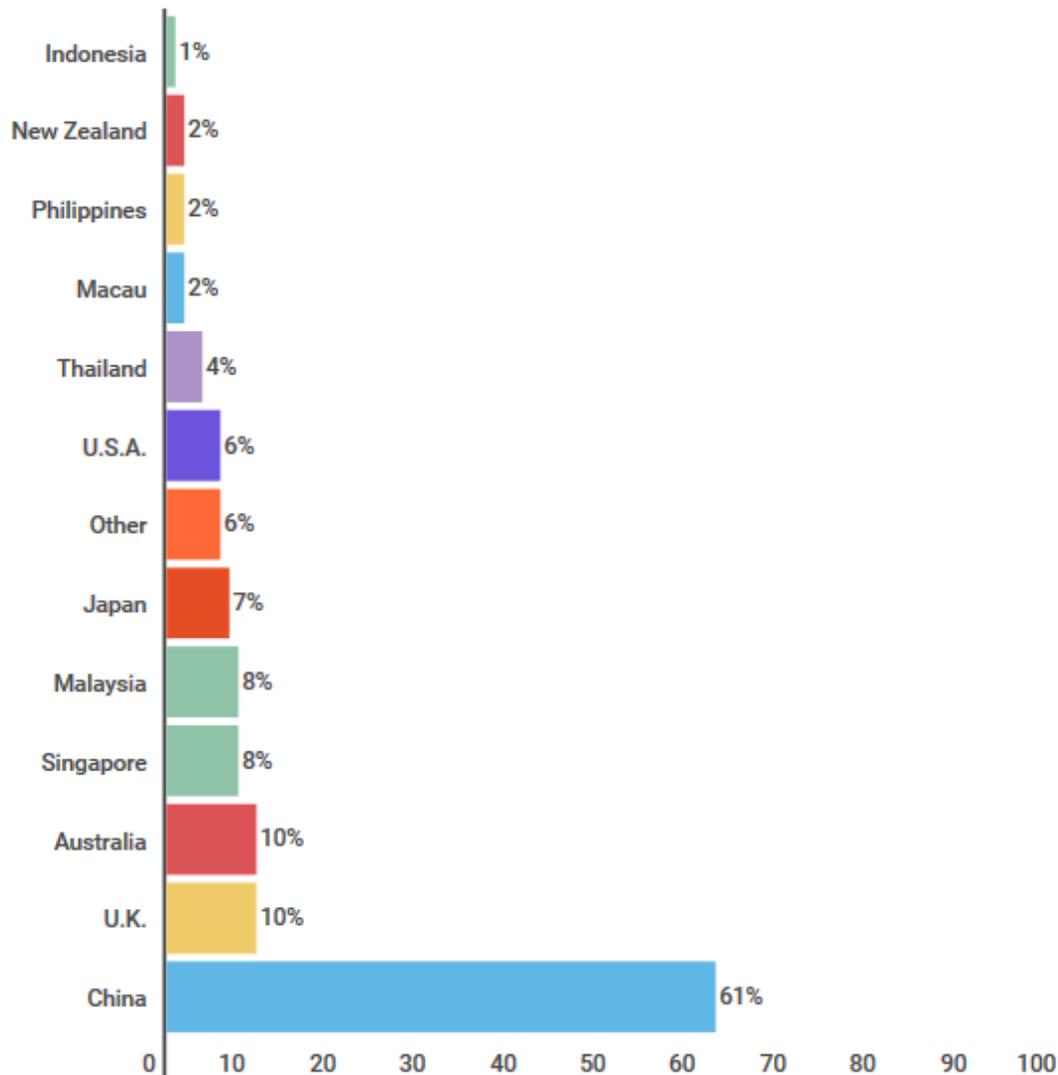
88% of respondents currently do not own any overseas property.

Own property overseas or in China



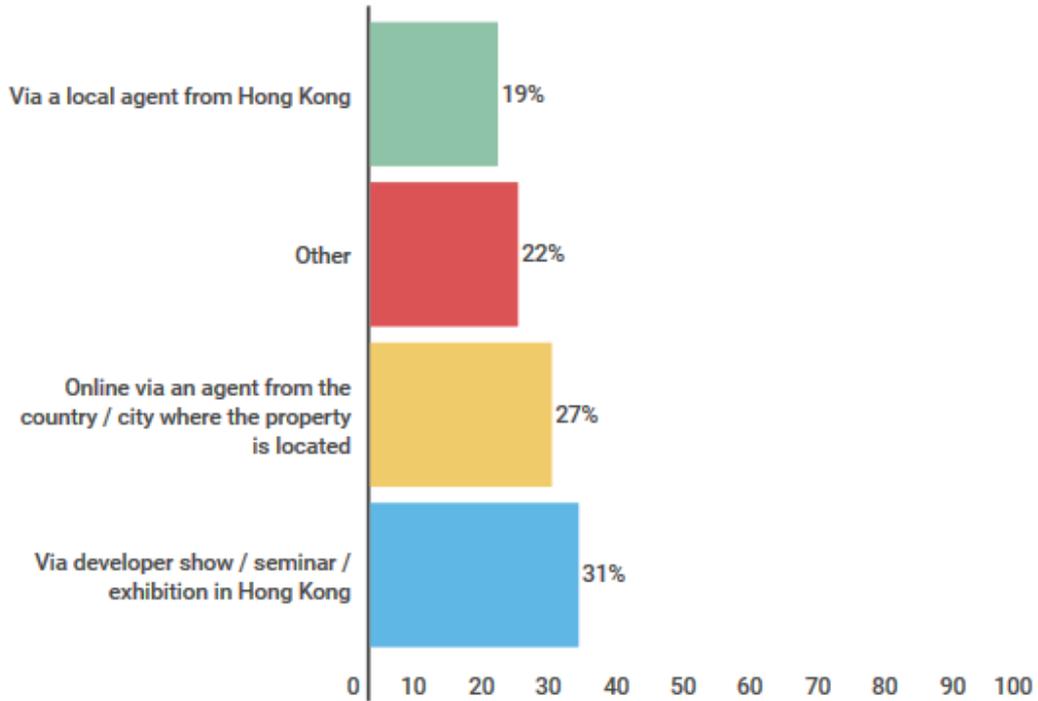
Among the respondents who own overseas property, 61% have premises in mainland China, compared to only 45% in the last survey, there is a significant increase, which is probably influenced by the Chinese policy to reduce inventory and easing monetary conditions. Property in the UK (10%) and Australia (10%) has also been popular in Hong Kong, and ranked second together in the latest survey. Ranked third is property in Singapore (8%) and Malaysia (8%), followed by the fourth-ranking Japan (7%).

In which country is the property located?



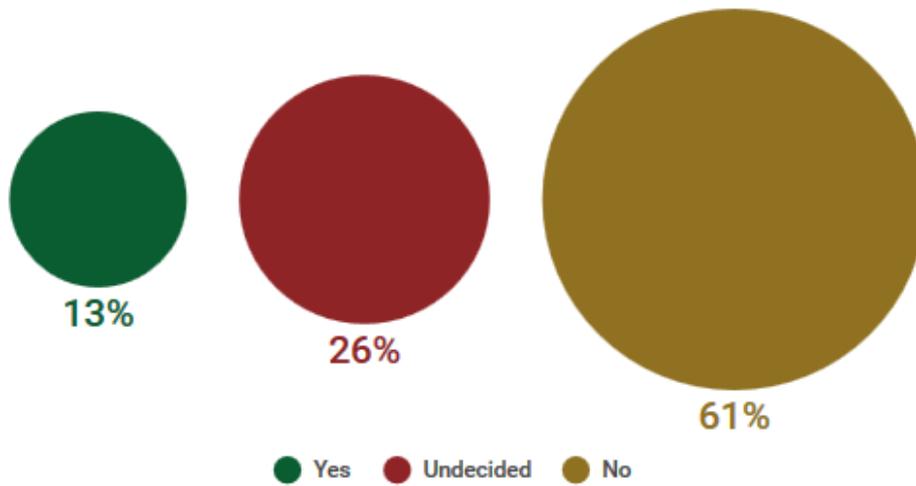
31% of respondents expressed that the property was purchased via developer show seminar/exhibition in Hong Kong.

How was the property purchased



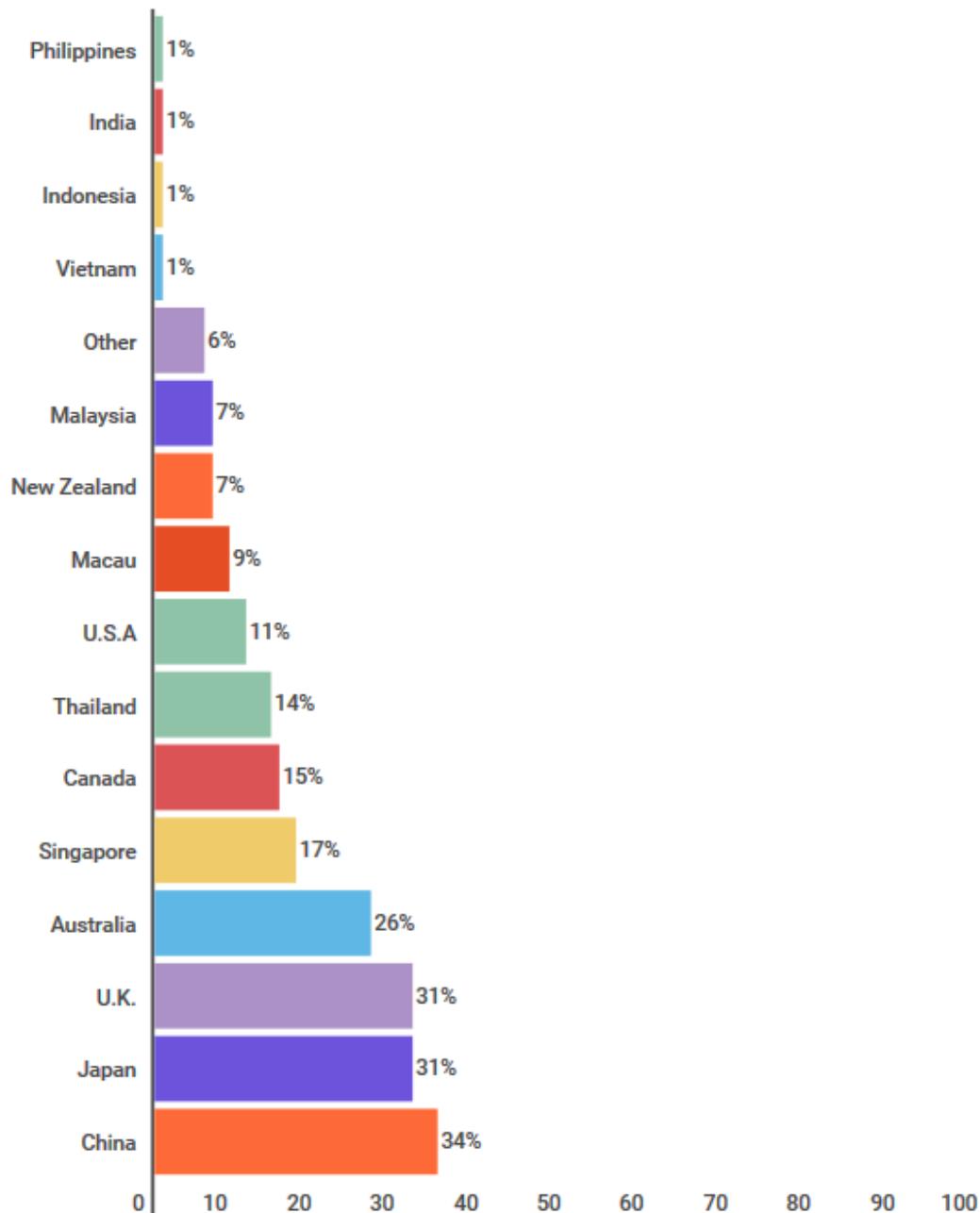
13% of respondents are looking at purchasing property overseas.

Looking to purchase property overseas



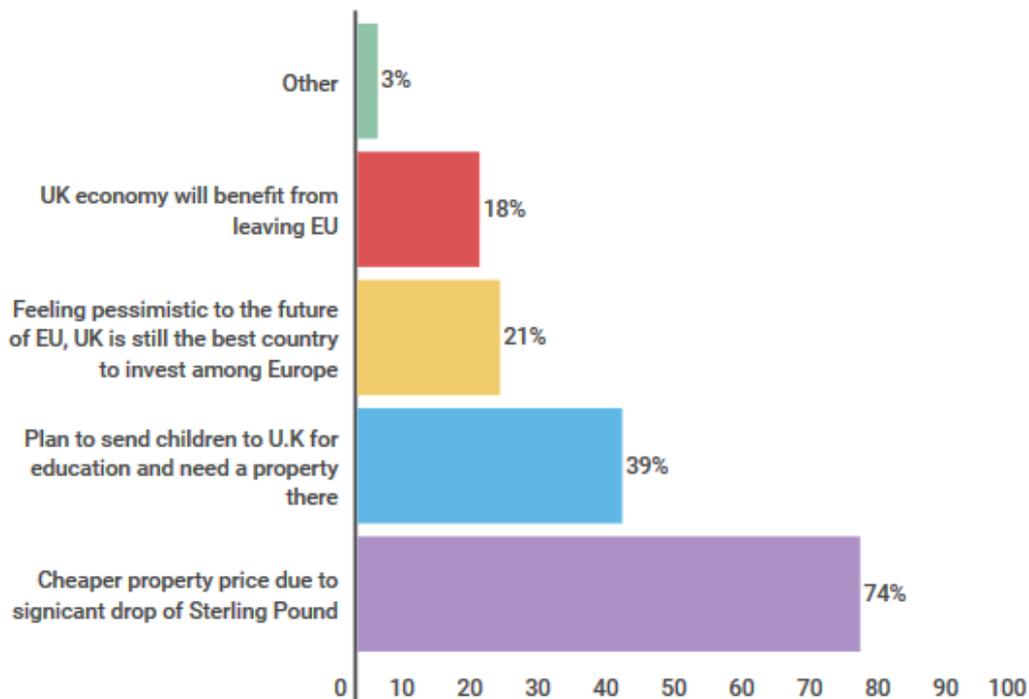
Over 34% of the respondents consider China as the most promising investment destination, followed by the UK and Japan (31%), which are tied in second, and Australia is ranked at third (26%). The latest survey reflects that there are 12 percentage point more respondents showing interest in mainland property, compared to the last survey, and there is also a 13 percentage point increase in interest in investing in the UK, which is probably a result linked to “Brexit”.

Where to purchase



Respondents show a slight increase in the eagerness to purchase property in the UK. Around 80% of the respondents think that the significant plunge of pound makes property prices in the UK cheaper. Close to 40% are planning to send their children to study in the UK, so they want to invest in UK property. Some respondents even think that “Brexit” has a positive impact on UK economy. It is believed that, because of the ongoing falling value of pound, there will be a slight increase in the investment of UK property in the future.

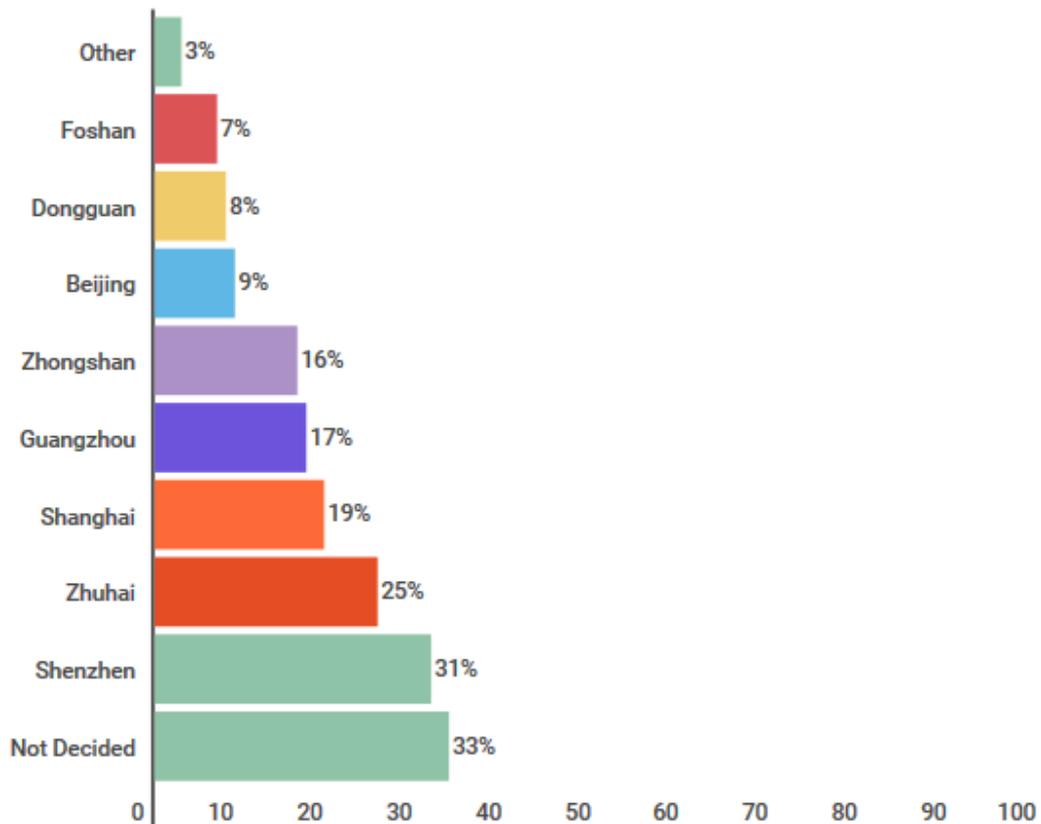
Why would you continue to invest in U.K?



The top three popular areas that in Mainland China that respondents were interested in were:

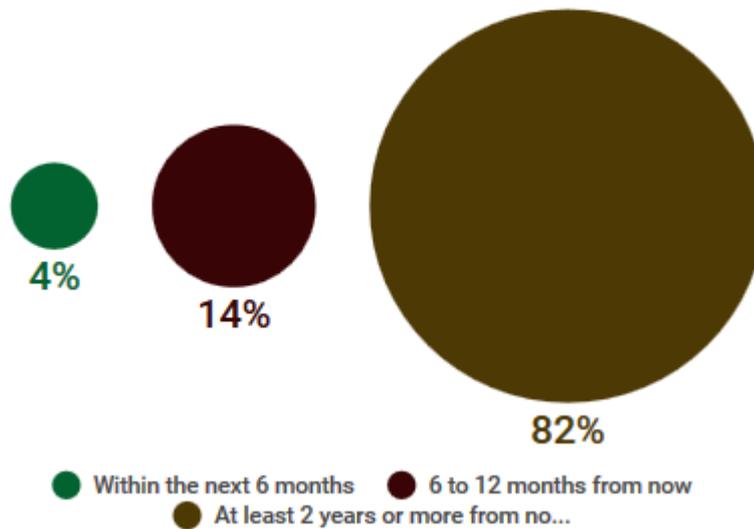
1. Shenzhen
2. Zhuhai
3. Shanghai

In which Chinese cities are you interested in buying property? (Select all that applies)



82% of respondents are looking at purchasing property overseas in at least 1 to 2 years or more.

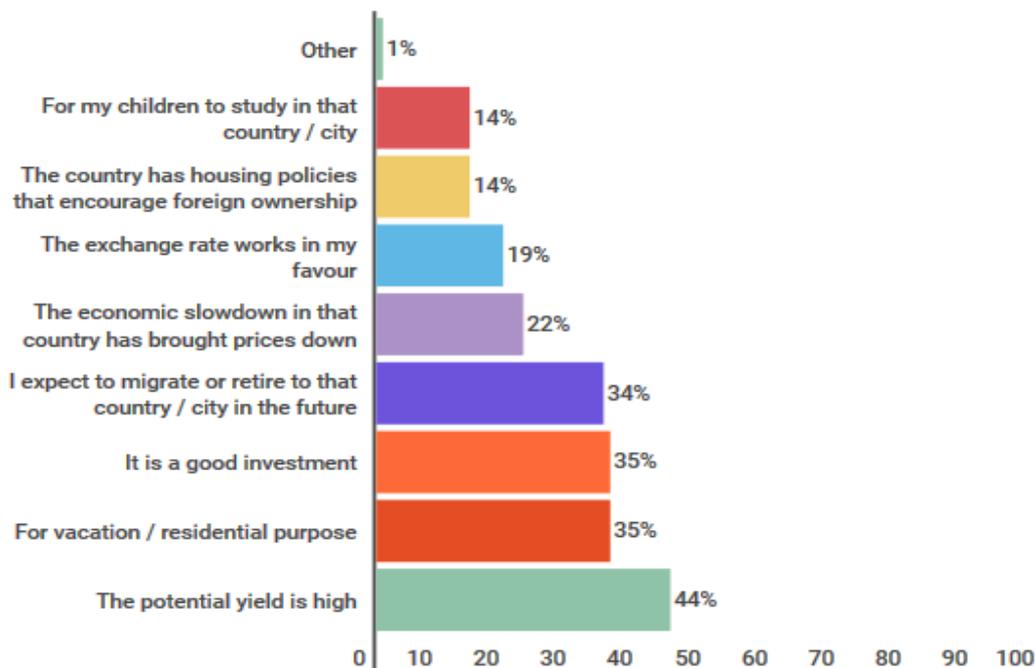
When to Purchase



The top three reasons cited by respondents in wanting to purchase property overseas or in Mainland China were:

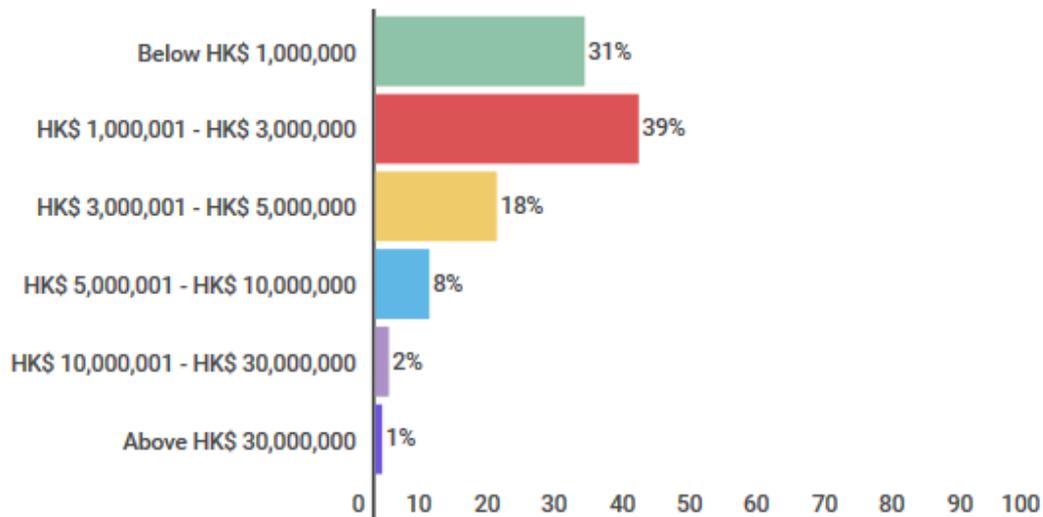
1. The potential yield is high
2. For vacation/residential purposes
3. It's a good investment

Motivation to purchase



39% of the respondents expressed that they would consider buying overseas properties priced in the range of between HK\$1.01 and HK\$3 million apiece. Those eyeing an overseas property priced at below HK\$1 million account for 31%.

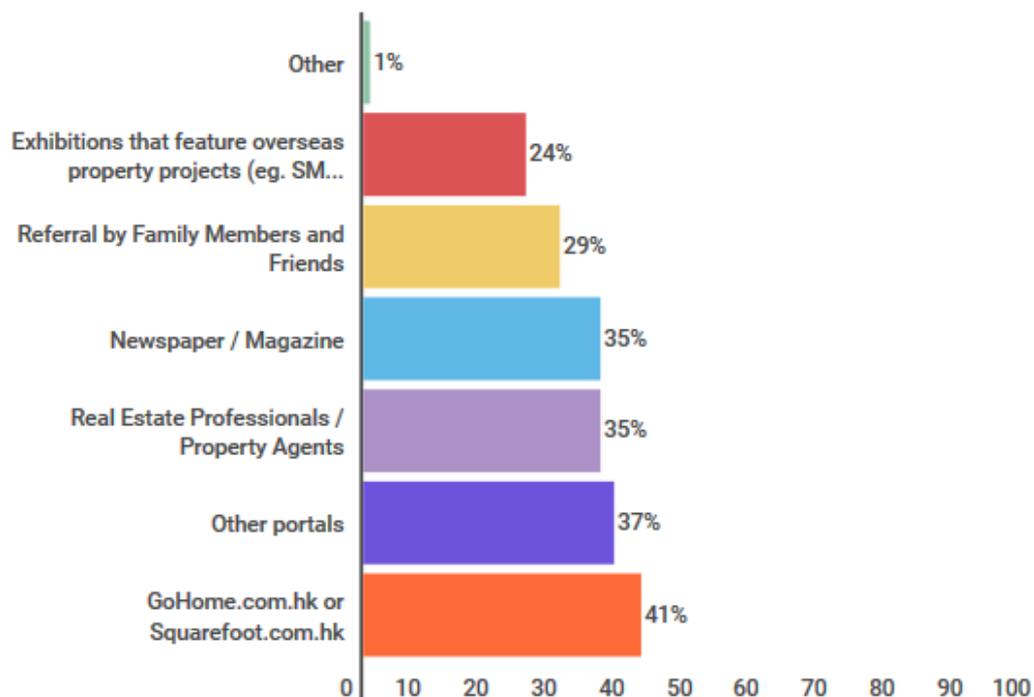
Budget to purchase



When it comes to searching for property overseas, the top three choices were:

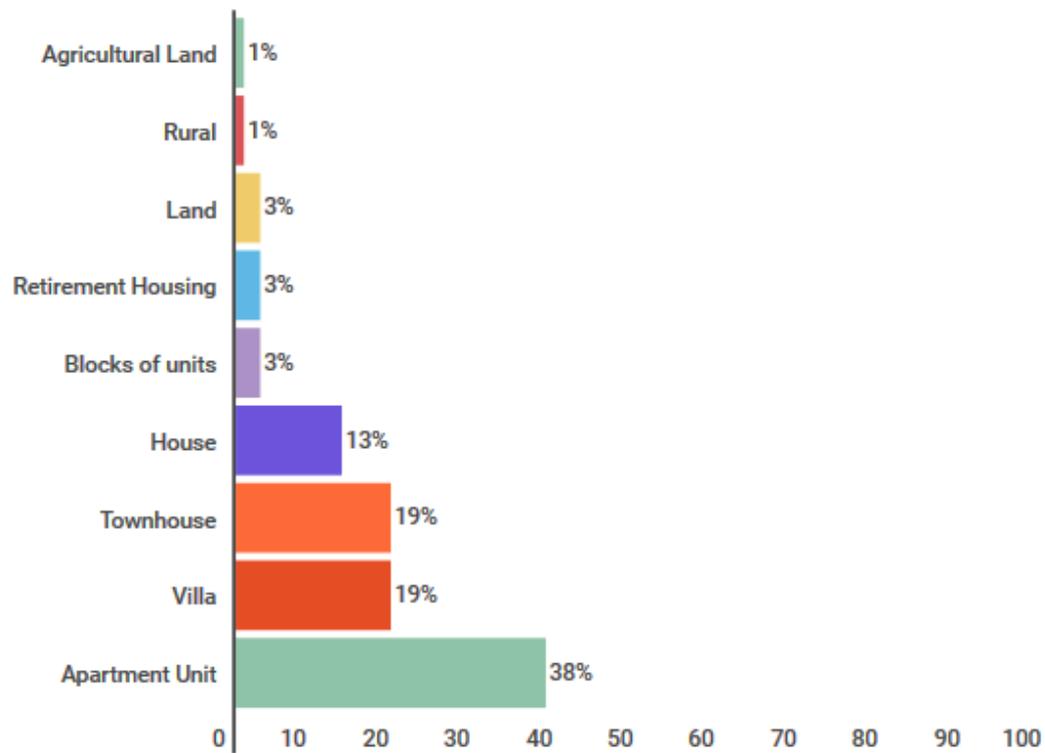
1. Gohome.com.hk or Squarefoort.com.hk
2. Other Web Portals
3. Talk to real estate professionals/ property agents

How do you search for property overseas?



38% of respondents are looking at purchasing apartment units.

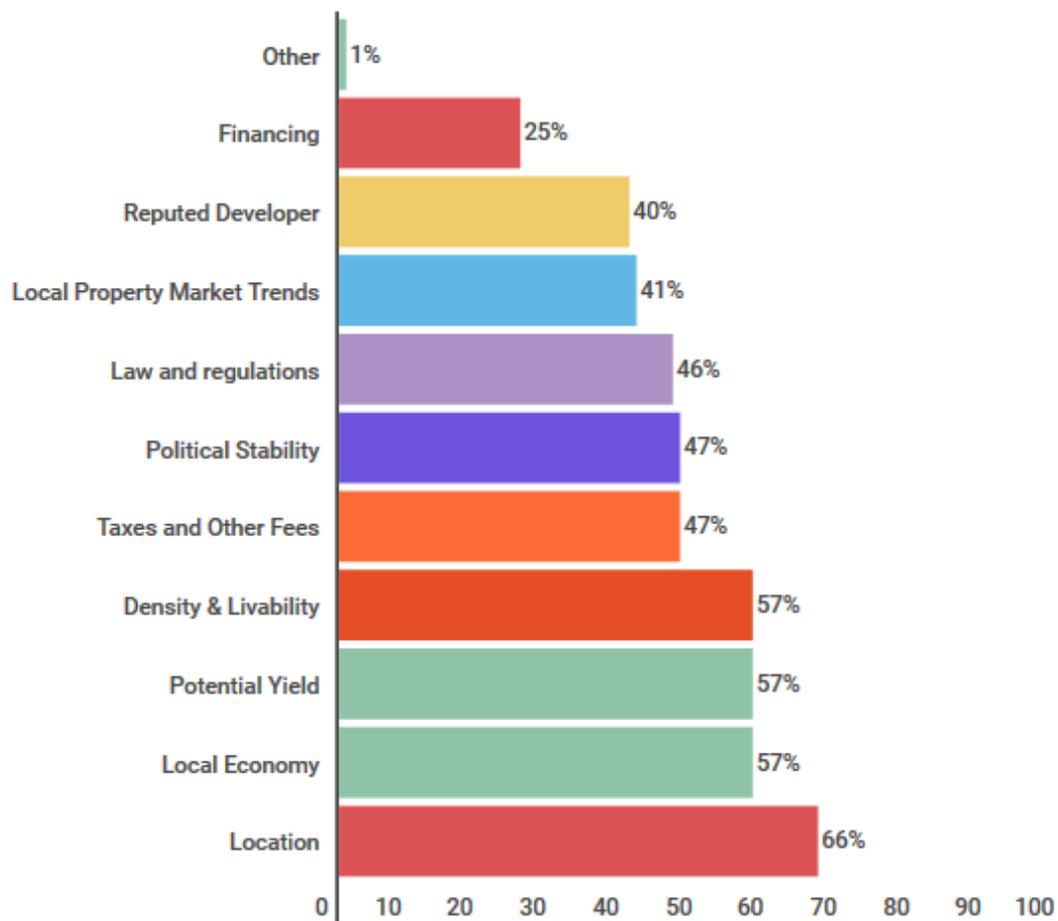
Property to purchase



The top three information searched for when looking for property overseas are:

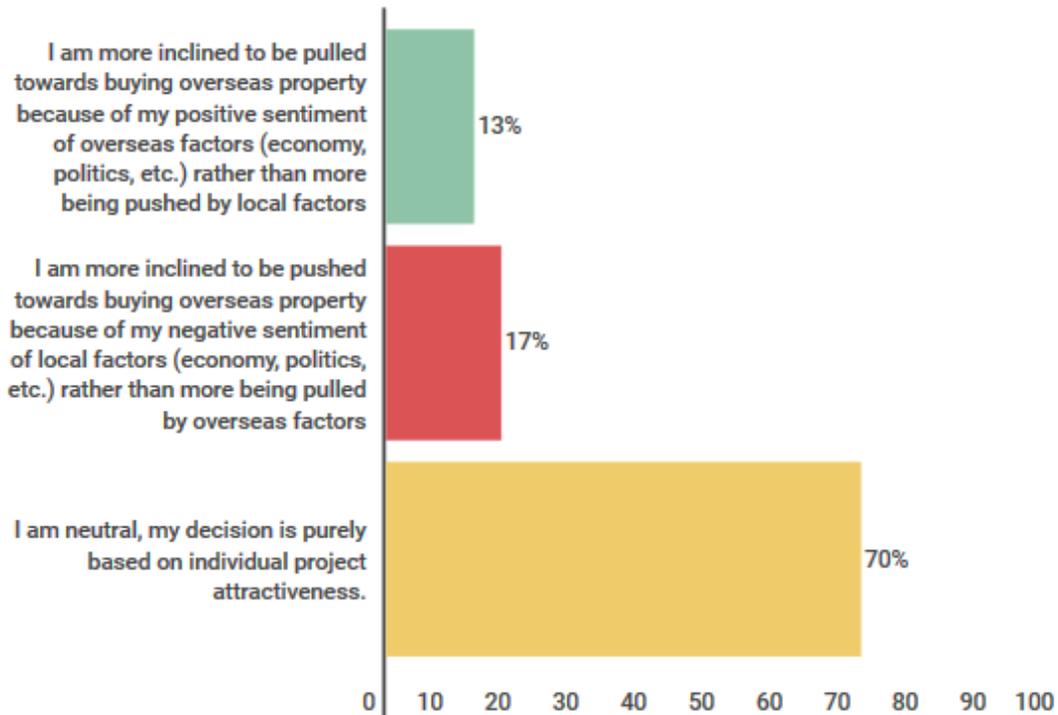
1. Location
2. Local Economy
3. Potential Yield

What kind of information do you look up when investing overseas



70% of respondents stated that their decision to purchase overseas property is purely based on individual project attractiveness.

Which of the following statement is more applicable to you?



CONCLUSION

In Malaysia, Slightly more than a quarter of respondents are first-time home buyers.

Overall, respondents are largely from Selangor and Kuala Lumpur. A little over half the respondents' current household income is sufficient for expenses they have, including debts and mortgages. Most own their own homes and are interested in upgrading to a bigger home and not looking to sell their current property.

The two largest stumbling blocks in getting a home mortgage is due to the inability to repay monthly installments and affording the required down payment. Hence, if respondents get an increase in income, they are likely to purchase properties now. Almost all respondents do not own properties overseas. Those who purchased chose Australia as their preferred investment location.

With increased costs in living, Malaysians' purchasing power has waned. This brings about the affordability issue as properties are priced out of their means. Additionally, BNM enforced a strict debt-to-income ratio for loan qualifications to address the country's growing household debt, but the move has been criticised for causing applicants to be disqualified from mortgages due to their combined repayments.

Experts also expect the property market in Malaysia to remain flattish in 2017 due to uncertainties in the global economies. The country's housing market is forecasted to see zero growth until 2017, according to a July report from the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector.

While unbilled sales remain healthy for near-term earnings visibility, weaker-than-expected sales replenishment over the next 12 months could pose further earnings risk come 2017 and 2018. With most developers vying for the affordable housing space currently, this could come at the expense of margins. Aggressive promotions and rebates have been offered to boost sales, though potential buyers continue to be cautious with their property purchase.

The property industry has been putting pressure on the central bank (Bank Negara Malaysia) to reintroduce DIBS (Developer Interest Bearing Scheme) as a stimulant to keep the industry going. On 8 September 2016, the Urban Wellbeing, Housing and Local Government Ministry announced the introduction of an initiative that enables property developers to give out loans to buyers.

He explained that the ministry decided to introduce this initiative after industry players urged Putrajaya to reintroduce the Developer Interest Bearing Scheme (DIBS) that was abolished in 2014 after it led to massive speculation in the property sector. He explained that all developers will be able to apply to the ministry for a money lending license in accordance to the Moneylenders Act

1951. However the government's award of such licenses will be dependent on a variety of factors, especially the company's financial standing.

He added that the scheme will not involve the central bank and will be wholly handled by the ministry. Additionally, he said developers will have full autonomy to decide who will receive the loans as it will not be restricted to first-time home buyers, unlike the DIBS. The ministry also did not impose any restrictions on the types of properties the loans will apply to. Loans will be given out at an 18 per cent interest rate without collateral and at a 12 per cent interest rate with collateral. This initiative has received mixed reaction from consumers, developers and property and financial experts, and it is still being reviewed and debated.

In Singapore, majority of respondents are male and more than half of respondents are from the 41-45 age bracket. Most respondents' current household income is sufficient for expenses they have, including debts and mortgages. They own their own homes and are interested in upgrading to a new and larger home. The preferred type of property is condominium units.

Most are not looking to sell their property at this point in time. In this survey, most have only between one and five years left for their loan repayments. Most respondents either can't afford another investment at the moment or are waiting for property prices to fall. Slightly more than a third of respondents' biggest obstacle in getting a property loan is affording the required down payment.

Property prices are considered highly unaffordable to more than half of respondents. This sentiment is in tandem with a survey conducted by United States urban planning researcher Demographia, where it reports that Singapore's housing is considered 'seriously unaffordable.'

Additionally, majority of respondents opine that the cooling measures will not be relaxed in the next 2 years. The successive introduction of property cooling measures from 2009, the demand for private residential property has fallen sharply on the back of a hefty supply. Private home prices in Singapore surged more than 60 per cent after the global financial crisis in 2009 to peak in the third quarter of 2013. Since then, prices have declined 9.4 per cent over 11 consecutive quarters to log the longest losing streak on record, according to second-quarter flash estimates by the Urban Redevelopment Authority (URA) in July 2016. Even so, industry experts are not expecting the cooling measures to be eased anytime soon.

Most respondents do not own properties overseas but almost all are considering to purchase. Those who purchased chose Australia and Malaysia as their preferred investment locations.

The Straits Times cited a wealth report from Julius Baer where Singapore has been ranked as the second most expensive city in Asia, overtaking Hong Kong which is in third place. Shanghai remains the most expensive city for the second year in a row. The findings are part of the bank's lifestyle index, which shows the costs of luxury living by looking at 20 goods and services across 11 Asian

cities, with the data gathered from June 2015 to June 2016. It noted that property prices in Singapore remained soft as property loan restrictions and stamp duties deterred non-resident investors and dampened speculative activity.

According to LaSalle Investment Management, which oversees more than \$58 billion in real estate funds, Singapore's property market may be closer to a bottom than Hong Kong. Governments in Asia's two most expensive residential markets (Hong Kong and Singapore) have imposed curbs in recent years to tame prices and improve affordability. As demand has dropped amid a slowdown in the region's economies, home prices in both cities are in the midst of a correction.

Residential property prices could begin bottoming out over the next few quarters, prompting a "moderate" recovery from 2018. In the mass market space, growth in demand will continue to be slow with gradual price adjustments given the supply overhang and policy measures. The residential rental market will also continue to remain soft.

In Indonesia, the demographics and psychographics of respondents differ from those in both Malaysia and Singapore. Majority of respondents are female and are mainly from the younger age bracket (22-28).

Majority of respondents in Indonesia do not own their own property and are mainly first-time home buyers. As most respondents are either first-time home buyers or observers, it translates to most respondents not having any home mortgage. Therefore, most respondents' current household income is sufficient for expenses they have, including debts and mortgages.

Most respondents own a landed home and are interested in upgrading to a new and bigger home and not looking to sell their property. Slightly more than a third of respondents' largest obstacles in getting a property loan are affording the monthly payments and the required down payment.

Most respondents either can't afford another investment at the moment or are waiting for property prices to fall. Most are only looking to purchase two years or more from now. Those who answered the survey in Indonesia are mainly interested in purchasing landed homes. Respondents in Indonesia have deferred their investment plans due to the increase in property prices.

Almost all respondents do not own any properties overseas. Those who purchased opted to invest in properties in Singapore. More millionaires are now living in Indonesia than in other capital cities in Southeast Asia, except Singapore, according to [The Asia Pacific 2016 Wealth Report](#) by consultancy firm [New World Wealth](#).

The new survey, which ranks the growth of high-net-worth individuals (HNWI) and multi-millionaires, stated that Indonesia is currently home to about 48,500 millionaires as of the end of 2015. Since year 2000, the growth of the super-rich population in Indonesia was reported at 525%, exceeding the rate in China

and India, which placed second and fourth, respectively, last year. Japan took the top spot in 2015, with 1.3 millionaires who had a combined wealth of USD15.23 trillion.

Credit Suisse noted that Indonesians have historically been amongst the largest foreign buyers of prime residential property in Singapore. Singapore's wealth management industry is likely to be affected as rich Indonesians move some money back home to take advantage of a tax amnesty, but the exodus of funds isn't going to be as big as Jakarta is predicting. Consultants, lawyers and bankers closely involved with the industry expect roughly USD30 billion to go to Indonesia under the amnesty, which was launched in July 2016 and allows all past evaders to be forgiven upon the payment of up to 5% tax on the money.

At the Monetary Authority of Singapore's (MAS) annual news conference in July 2016, its managing director Ravi Menon said he doesn't expect big outflows of funds, and he stressed that the city won't be taking any particular action to stem any such transfers. Still, government revenue from taxing USD30 billion could still be as much as three times higher than the money recouped during a previous Indonesian tax amnesty in 2008, which only pulled in about USD500 million in tax.

In September 2016, the Indonesian government said that the tax amnesty programme has attracted 135.4 trillion rupiah (USD10.5 billion) in asset repatriation. The Tax Directorate General's office said that the programme also so far brought in 86.9 trillion rupiah (USD6.7 billion) to state coffers from penalties paid in exchange for pardons, or more than half the 165 trillion rupiah that are eventually expected. Penalties are also paid on domestic assets undeclared previously and offshore assets declared but left outside the country.

"The (results) are very encouraging," Finance Minister Sri Mulyani Indrawati told reporters. "We are very touched and grateful with the public enthusiasm. It shows big trust of the government's tax management."

President Joko Widodo's administration is striving to boost tax revenue to help fund much-needed infrastructure projects across Indonesia.

In Hong Kong, Within Asia, a key difference between Hong Kong and most other markets is lower currency risk, thanks to the US dollar peg system. For this reason, the territory's capital markets in general represent a relatively safe harbour for long-term investment. While the Hong Kong stock market is highly geared to the slowdown in China (considering that mainland companies or the mainland operations of companies domiciled in Hong Kong represent a high proportion of the stock market's value), we believe that in particular the commercial property market is less exposed.

Recovering from the pessimistic atmosphere of the market downturn identified in the last survey, the latest survey discovers that respondents are gradually recovering their confidence in property market, which shows signs of an upturn. It is expected that more people will consider starting a new home in the near

future, and to attract home starters, developers will continue to launch high ratio mortgage loans and a variety of special offers that might cause the starter home market to lean towards first-hand property. Furthermore, the latest survey also reveals that the local market might be benefited from 'Brexit'. In conclusion, it is expected that the market in the second half of the year will be on the rise again.

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iProperty Group operates Asia's No.1 network of property websites under the REA Group umbrella brand.

Headquartered in Kuala Lumpur, Malaysia, the Group, with the vision 'Think Property, Think iProperty', is focused on developing and operating leading real estate portals and delivering the most comprehensive set of related real estate services and project marketing across the Region. The Group owns portals which are market leaders in Malaysia, Thailand, Indonesia and the Hong Kong Region and a leading portal in Singapore.

The iProperty Group is continuously working to capitalise on its market-leading positions and the rapidly growing online property advertising market throughout the region.

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