

Press Release



Research Highlights of Good Class Bungalows in First Half of 2006

Singapore, August 14, 2006: A research report highlighting the sales volume, demand and supply, emerging trends and the outlook of good class bungalows (GCB) has been developed. This is a research report produced by the consultancy and research department together with Regal Homes, a business unit of the residential department within Knight Frank Pte Ltd specialising in the marketing of GCBs.

Market Review

After a spectacular performance of the GCB market in 2005, the first half of 2006 saw an encore in the growth of prices and sales volume. GCBs are the cream of the real estate market due to their scarcity and exclusivity. The health of this market segment can be a leading indicator of the broad real estate market, as GCBs are primarily owned by the captains of industries and senior government officials in Singapore, who are keenly aware of the pulse of the economy. In 1Q 2006, Singapore's GDP grew by 10.6% year-on-year (yoy), the highest since 2Q 2004 which was followed by a 7.5%¹ yoy growth in 2Q 2006. The robust economy has now seen 12 quarters of sustained expansion and this is reflected by the performance of the GCB market.

Sales & Volume

The number of GCB sales remained robust in 1H 2006. Based on the preliminary figures for 1H 2006, the number of GCBs

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¹ 7.5% GDP for 2Q 2006 is an advance estimate.

transactions during this period was about 40, which was a 14% increase over the corresponding period in 2005.

For the entire 2005, total value of GCB transactions reached a high of \$733 million, about 66% higher than that in 2004. The strong momentum continued into the first half of 2006 where \$387 million worth of GCB transactions occurred. This represented a 24% growth over 1H 2005, which witnessed \$312 million of sales.

The average price of each GCB sold also increased in the first six months of 2006. During this period, the average price of each GCB sold was \$9.7 million, which was an 11.5% increase over the average GCB sale price of \$8.7 million in 2005.

The largest transaction in 2Q 2006 occurred in 25 Olive Road where the piece of vacant land was sold for \$20 million (\$353 psf). The biggest transaction for a GCB house took place in Bukit Timah area where 6 Leedon Park was sold for \$17.85 million (\$441 psf). 6 Leedon Park which sits on a large land area of 40,462 sq ft is likely to be subdivided into 2 GCBs. Another notable transaction in 1H 2006 was the sale of a GCB in Queen Astrid Park, which was transacted at \$12.5 million in April and subsequently resold again for \$16 million in May.

Average transacted GCB price² on a per square foot basis also increased strongly. In 1H 2006, average price of GCBs grew to \$514 psf, which was a 25% jump as compared to 2H 2005 and a 32% surge yoy. Some of the record prices in the first six months of 2006 were seen in the sale of 11 White House Park (\$783 psf) and 35 Belmont Road (\$756 psf).

² Transactions that were included in the computation of average price per sq ft are strictly sales of houses. Land sales of GCB were excluded.

Demand & Supply

For the whole of 1H 2006, demand for GCBs remained healthy and was mainly driven by Singaporeans. District 10, where most GCBs are located, contributed about 80% of total transactions in the first half of the year.

On the whole, new supply for GCBs remains limited and this can be reflected in the existing market condition. Currently, the GCB market is predominantly a resale market as very few new GCBs are constructed. In 1H 2006, out of all transactions, only a handful such as 31, 33 and 35 Belmont Road are new sales. The rest are mainly resale transactions. Total available stock for sale remains at around 100 units, which translates into an availability rate of about 4% to 5%.

Emerging trends

With the relaxation of curbs on foreign ownership of landed property in Singapore, it was observed that there is a rise in the number of Permanent Residents (PRs) buying GCBs. This could be due to Singapore's long-standing attributes of a safe and stable environment as well as recent efforts to make the city into a vibrant place to work and live in. Exact figure for the percentage of GCBs purchased by PRs is not known but according to caveats lodged, about 10% of buyers who bought detached houses in the first half of 2006 are PRs.

Outlook

The outlook in the GCB market is likely to remain positive for the rest of 2006 due to the continuing optimism in the luxury property segment. High benchmark prices that are established by new luxury projects just as St Regis could support the price expansion of GCBs.

The healthy economic outlook would also bode well for the GCB market. Despite an expected moderation in the second half of

2006, economic growth is likely to achieve, if not exceed the upper end of the government's official full-year forecast of 5% to 7%.

As supply of GCBs remain limited and coupled with rising demand, land prices for prime GCB areas such as Nassim Road and Cluny Hill which flit around the range of \$580 to \$620 psf in 1H 2006, are likely to be sustained within this range in the second half of the year and could potentially be higher.

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A global partnership with prominent New York - based real estate firm, Newmark Knight Frank, has created a network of more than 140 offices in over 30 countries, staffed by more than 4,500 professionals.

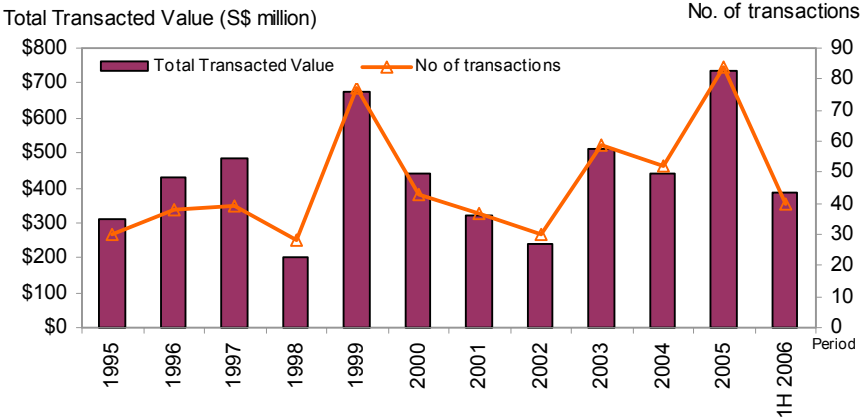
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Attachment

Good class bungalow sales volume



Source: Realis, Knight Frank Research