

# What is new at Novena?



# Contents.

<b>1.0</b>	<b>Growing Demand for Healthcare</b>	Pg 3
<b>1.1</b>	<b>Singapore's Medical Tourism</b>	Pg 4
<b>1.2</b>	<b>Growing Need for Healthcare</b>	Pg 4
<b>2.0</b>	<b>HealthCity Novena</b>	Pg 5
<b>3.0</b>	<b>Why is Novena the Location of Choice for Residents?</b>	Pg 6
<b>4.0</b>	<b>Potential Growth in Property Prices</b>	Pg 8
<b>5.0</b>	<b>Limited Supply Within Novena</b>	Pg 10
<b>6.0</b>	<b>Conclusion</b>	Pg 10



# 01

## **Novena, A Growing Medical Hub in Singapore.**

### **Growing Demand for Healthcare**

The Novena Planning Area comprises one of the prime districts in Singapore and has been a top location of choice among prospective buyers due to various vital attributes: central location, plethora of amenities, established schools, as well as the exclusivity of its high-end private residential estate among many. While Novena has already established itself as a prime location to live in, the prices of private residential properties in Novena have much room for capital appreciation as plans for HealthCity Novena come into fruition. The demand to own and rent a private residential property is likely to increase, backed by a growing population of medical professionals, increased interest in Singapore as an investment destination, as well as the rising need for long-term rehabilitation and state-of-the-art medical care by Singaporeans and medical tourists.



## 1.1 Singapore's Medical Tourism

The ageing population is an important demographic trend across the world today. According to PwC's Health Research Institute, about 11.6% of the world's population is made up of more than 668 million people over the age of 65. This age group is projected to make up a third of the world's population by 2025. Some of the most rapidly ageing countries can be found in Southeast Asia.

The rise of the middle- and upper-income population in the emerging economies in Southeast Asia will encourage them to come to Singapore for medical treatment. While healthcare in Singapore is relatively more costly compared to neighbouring nations, the city holds a reputation as a high-quality medical tourist destination. Based on the Bloomberg Health-Efficiency Index, Singapore ranked second, making it one of the top healthcare systems worldwide, providing medical care of good value through efficient use of resources.

## 1.2 Growing Need for Healthcare

Besides the blossoming of medical tourism in Singapore, the healthcare sector will see significant growth due to the ageing baby boomer population. According to Singstat, the proportion of elderly amongst the residential population in Singapore has increased from 13.0% in 2017 to 13.7% in 2018. In tandem with this growth, the Ministry of Health (MOH) has reported that the number of hospital admissions in acute hospitals increased by 2.9% to 584,819 in 2018.

Correspondingly, the operating surpluses of hospitals and western clinics have increased steadily from 2015 to 2018. The operating surplus of hospitals went up to S\$621.6 million in 2018 from S\$166.1 million while that of western clinics rose from S\$903.5 million to S\$1.1 billion over the same period. In conjunction with plans to expand the availability of healthcare infrastructures in Singapore, additional healthcare professionals will be needed to cater to the projected growth in the number of hospital admissions.



The number of doctors and registered nurses in Singapore has increased by 2.8% and 2.9% to 13,766 and 33,614 in 2018, respectively. The increase in healthcare professionals will lead to a rise in demand for homes near the medical clusters, of which the Orchard and Novena/Thomson medical precincts will be among the coveted.

## 02

## HealthCity Novena.

The Novena medical hub is expected to expand with upcoming developments slated for the area. The healthcare component of the region will be enhanced with the completion of the Integrated Care Hub (ICH) and National Skin Centre (NSC). Residents and visitors will also benefit from the presence of other amenities and communal spaces within the medical cluster. These attractions include a Central Park, where the community can be physically active and close to nature, and a Central Plaza with Food and Beverage terraces. The Central Plaza and Central Park will not only accentuate the vibrancy of the area, but these facilities will also add value to the surrounding residential properties.

Additionally, to create a highly connected and pedestrian-friendly network, pedestrian walkways and interconnected basement carparks will be constructed. The enhanced network will allow residents convenient access to shopping, health, and lifestyle amenities easily and safely.

The ICH, a 500-bed rehabilitation complex, will open in 2022 and cater to the needs of the ageing population. The highest level of rehabilitation provided at the ICH will serve patients with complex needs, such as patients with traumatic brain or spinal cord injuries, complex stroke, and catastrophic limb loss.

Aside from healthcare facilities, the Nanyang Technological University's (NTU) Lee Kong Chian School of Medicine (LKCMedicine) sets itself as a cornerstone of the HealthCity, creating a symbiosis of education, research, and healthcare in Novena.

As Singapore sets itself apart as one of the top medical tourism destinations, HealthCity Novena will appeal to foreign homebuyers. Medical services in Singapore are relatively more costly compared to Malaysia and Thailand. Given the higher cost, Knight Frank Research believes this will, in turn, shift the source of foreign demand for medical services towards a niche market, the high-net-worth individuals (HNWI). According to Knight Frank 2019 Wealth Report, HNWIs have continually chosen Singapore as one of the top cities due to the burgeoning nature of the economy as well as the nation's reputation for providing quality services. Hence, the development of medical infrastructure within HealthCity Novena will lead to a potential increase in the demand deriving from foreigners interested in purchasing or renting a home.

# 03

## Why is Novena the Location of Choice for Residents?

Novena stands as one of the most attractive residential locations in Singapore. The availability of amenities as well as transportation networks ensures convenient access to the region and other parts of Singapore. As part of the government initiatives within the Novena Master Plan, the central region has been earmarked as one of the healthcare hubs with HealthCity Novena slated for completion by 2030. This is in line with the government's vision to ensure healthy living is easily accessible and within reach for all residents by 2020. As the health landscape of the city continues to evolve over the years, Novena is expected to experience dynamic changes in the demand for residential properties in the region as need for medical services arises. With this, the area could see potential growth in prices of homes as new amenities boost the appeal of the region to foreign investors and locals alike.

Today, Novena is moving towards becoming Singapore's largest healthcare cluster. It is currently one of the most well-established medical hubs in Singapore and is home to numerous reputable medical centres such as the Novena Medical Centre, Mount Elizabeth Novena Hospital, Tan Tock Seng Hospital, and the National Neuroscience Institute (NNI).

Being an established medical cluster, Novena appeals to many medical professionals as they would prefer to stay near their workplaces. Working hours of the professionals are typically a critical factor in deciding the location of their residences. In the case of a medical researcher, working hours tend to be irregular due to the unpredictable timeline of the studies conducted. Similarly, doctors would prefer to stay near the medical cluster due to the nature of their jobs where reaction times in emergencies are critical. Locating near their workplaces would reduce travel time. Given the ease of connectivity of Novena to other medical clusters, the region would present as an attractive location for these professionals, especially doctors and specialists who must travel to the different medical clusters on a daily basis.

Separately, the Novena area also attracts foreign buyers and tenants who have family members receiving medical care in the facilities. This demand is expected to grow further with the development of HealthCity Novena. To meet the rising demand, more healthcare professionals will be needed to cater to the varying medical needs. Under the 2020 Healthcare Manpower Plan, a total of approximately 30,000 new healthcare jobs are forecasted to be created with the erection of the medical facilities.

Developments located within the region could also serve as an attractive rental catchment for those looking to stay for a shorter time. As the availability of medical and educational facilities increase, a potential pool of demand could come from doctors, nurses, and students looking for short-term accommodation due to the nature of their work where travelling time is key.

Additionally, prospective homebuyers in Novena will be spoiled for choices as various food centres such as the Pek Kio Market & Food Centre and shopping malls in the likes of Velocity @ Novena Square and United Square are located within close proximity. Residents do not have to worry about the accessibility to other parts of Singapore as the Novena MRT station and major roads and expressways like the Central Expressway (CTE) and Pan-Island Expressway (PIE) are seamlessly connected within HealthCity Novena.

**Exhibit 3.1:  
Estimated Travel Time from Novena to Other Key Destinations in Singapore**

Source: OneMap, SMRT, Knight Frank Research

\*Note: MRT stations of the respective destinations are used as a proxy to estimate the travel time by car.

**Mins By Car\***



*Approx.*

**Mins By Train**



*Approx.*

	<b>Mins By Car*</b>	<b>Mins By Train</b>
<b>Orchard Road</b>	<b>8</b>	<b>4</b>
<b>Raffles Place</b>	<b>11</b>	<b>11</b>
<b>Jurong East</b>	<b>22</b>	<b>36</b>
<b>Woodlands</b>	<b>27</b>	<b>27</b>
<b>Changi Airport</b>	<b>27</b>	<b>41</b>

# 04

## Potential Growth in Property Prices.

Since Q1 2018, the median rent of non-landed private residential homes in the Novena Planning Area has generally increased. In the recent quarter, there was a slight increase of 4.6% year-on-year (y-o-y) to S\$3.83 per square foot per month (psf pm) in Q3 2019.

Non-landed private residential properties in the region are highly in demand, with prices of new developments steadily increasing over the years. As of Q3 2019, the median unit price of new sale non-landed private residential units in the Novena Planning Area rose by 76.4% over the last decade.

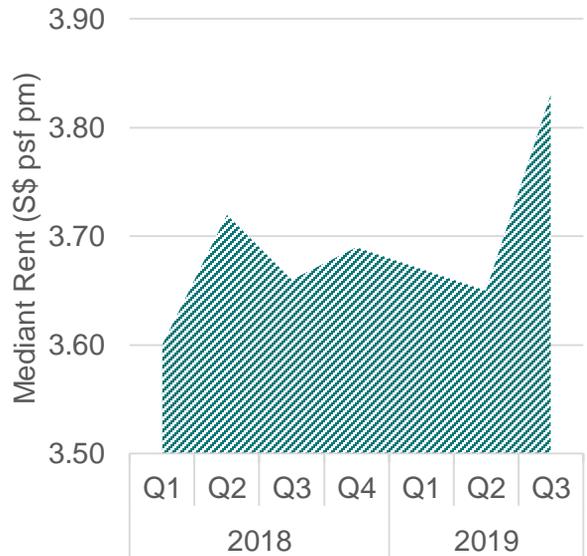
With the completion of the numerous components of HealthCity Novena, Knight Frank Research anticipates rents of private condominium units to increase further while prices correspondingly appreciate. Given that the Novena MRT station is the nearest train network to the medical cluster, developments located within close vicinity to the station are expected to see greater growth in prices as compared to other regions.

However, existing literature on the impact of MRT stations on surrounding developments has shown that there is a time lag in the effect of future development plans slated for the area on the prices of existing developments. Consequently, the potential price increase of residential properties in the Novena Planning Area is likely to take place when the infrastructures and amenities earmarked for HealthCity Novena have been fully constructed by 2030. Hence, the prospective homebuyers would be well-positioned to gain from the potential price appreciation if they purchased a home in the region sooner than later.

**Exhibit 4.1:**

### Median Rent of Non-Landed Private Residential Units in Novena Planning Area

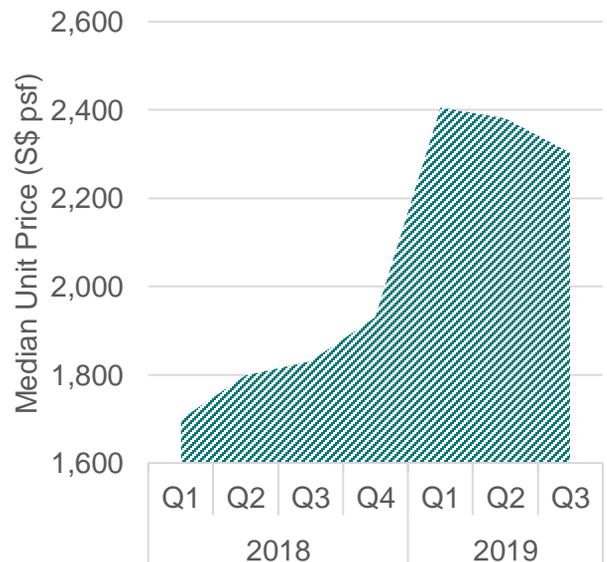
Source: REALIS, Knight Frank Research



**Exhibit 4.2:**

### Median Unit Price of New Sale Non-Landed Private Residential Units in Novena Planning Area

Source: REALIS, Knight Frank Research



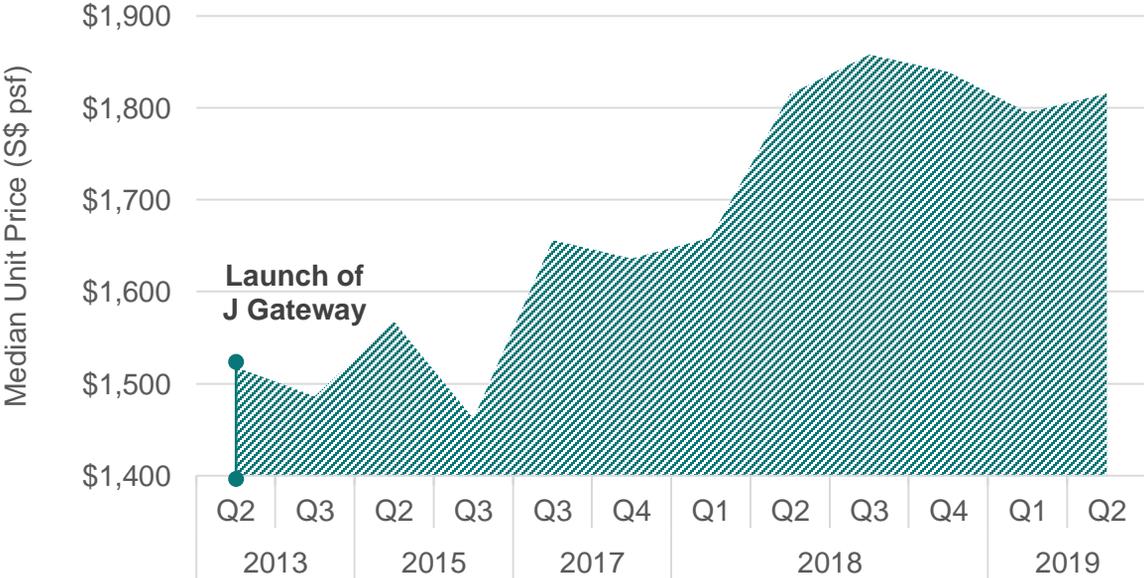
Additionally, the residential properties in the Novena Planning Area also provide a hedge against economic uncertainties. While the downside risks may weigh down the capital appreciation of residential properties islandwide, the prices of residential properties in areas with potential for further growth are likely to remain resilient.

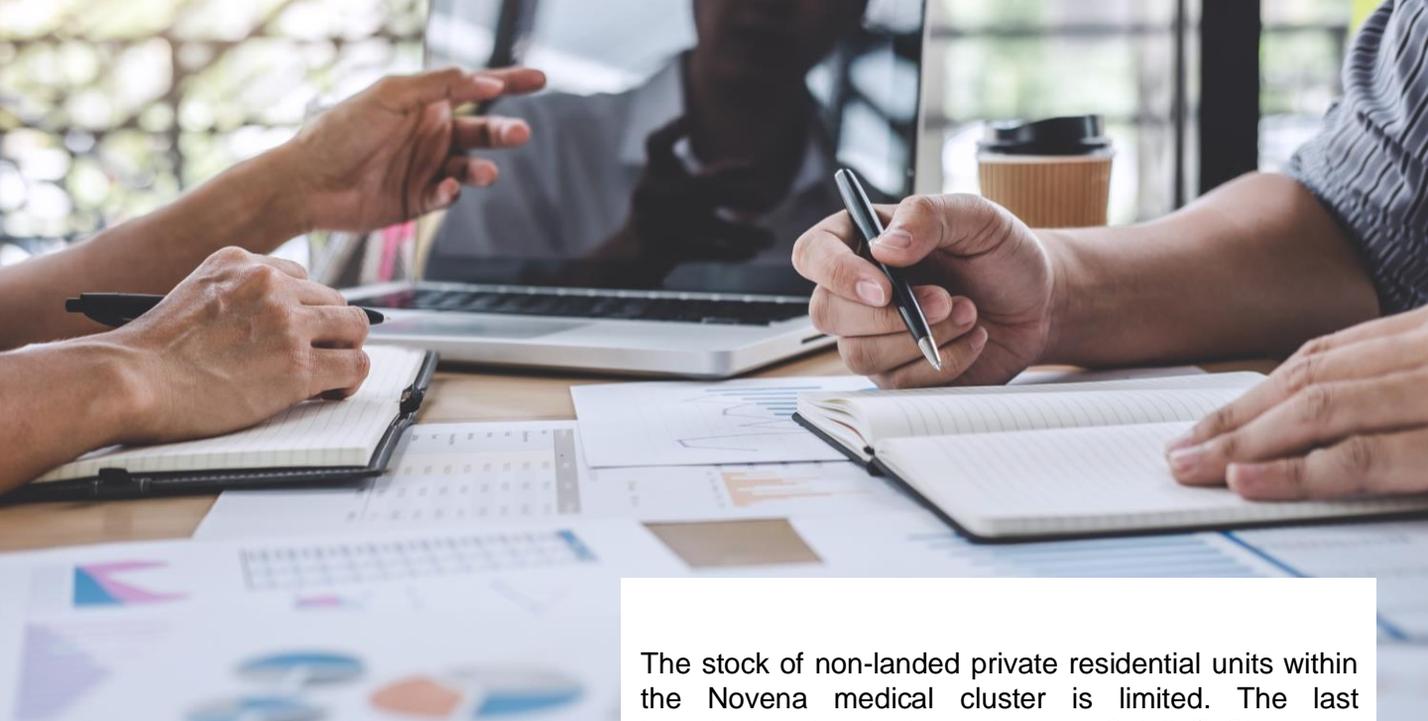
For instance, J Gateway serves as a case study on how projects within upcoming business hubs can withstand downward pressure from the general market. J Gateway, launched in June 2013, is located in the heart of the Jurong Business District, with amenities such as the Jurong East MRT Interchange and shopping malls like Westgate, Jem as well as JCube located within walking distances from the condominium. After the project was launched, the government introduced the Total Debt Servicing Ratio (TDSR) in 2015. Despite the slower market in 2015 due to the TDSR, prices of units in J Gateway remained resilient and appreciated rapidly to more than S\$1,800 psf when the market recovered in H1 2018.

From the case study of J Gateway, prices of residential developments in Novena can be expected to gradually increase in anticipation of the completion of HealthCity Novena. The effect of the medical hub is expected to be fully capitalised into home prices only with the completion of the health cluster. Hence, it would be beneficial for interested parties to purchase a home in Novena now rather than later in order to fully experience the potential growth in prices.

**Exhibit 4.3:  
Minimal Impact of TDSR on J Gateway Due to Plans Slated for Jurong Business District**

Source: REALIS, Knight Frank Research





## 05

### Limited Supply within Novena Medical Hub.

The stock of non-landed private residential units within the Novena medical cluster is limited. The last launched project in the region was Soleil @ Sinaran in 2007. Since then, there have been no new launches over the past 12 years within the area. There is a lack of supply pipeline of freehold developments located close to HealthCity Novena. The nearest project to HealthCity Novena in the pipeline is NEU at Novena, a freehold development with 87 residential units and within 2 minutes' walk to the Novena MRT station

Additionally, there are no land parcels within the Novena Planning Area in the H2 2019 Government Land Sales (GLS) Programme. Barring any en bloc sales, the supply of new freehold residential developments within the medical hub is expected to be capped as the area within the medical cluster is fully built-up or reserved for the expansion of the amenities and medical facilities under the master plan of HealthCity Novena.

With demand expected to grow and supply being limited, the price of freehold developments within the medical cluster has strong potential upside for future capital appreciation.

## 06

### Conclusion.

Despite the uncertain external environment, there are still pockets of opportunities in Singapore private residential market for investors and buyers. Freehold residential properties in prime precincts that are earmarked for further development will be an excellent asset to hedge against the risk and yield higher capital appreciation in future.

## For Enquiries

### **Lee Nai Jia**

Head, Research

+65 6228 6878

[naijia.lee@sg.knightfrank.com](mailto:naijia.lee@sg.knightfrank.com)

### **Nor Adila Rahim**

Analyst, Research and Consultancy

+65 6228 7376

[nor.adila@sg.knightfrank.com](mailto:nor.adila@sg.knightfrank.com)



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