Singapore Industry Focus

Singapore Property

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DBS Group Research . Equity

12 May 2015

EC sales slide on eroding price advantage

- Eroding affordability of ECs relative to private condos keeping buyers on the sidelines
- Competition to heat up as nine projects with 4,900 units to enter the market by end of 2015
- Policy tweak in EC space could revive demand

Slow sales in recent EC launches more of a pricing issue. The recent five EC launches over Dec'14-Jan'15 are seeing mixed results. With the exception of Lake Life (located at Jurong West) which is substantially sold, the remaining projects - The Terrace (546 units) in Punggol, Bellewaters (651 units) in Sengkang, Bellewoods (561 units) in Woodlands, The Amore (378 units) in Punggo, have only managed a 26% sell-through rate, as of April'15.

We believe that apart from competition, given the close proximity for some of these projects, a key issue is price. Prices for ECs have been nipping at the heels of private condominiums in the Outside Central Region (OCR). Typically priced at a c.22% discount to private condominiums in the OCR in 2011, the differential closed to 11% in 2014. This means that ECs are losing that bit of their "relative value" compared to private condominiums. Affordability has steadily eroded, rising from 5.0 in 2011, to a high of 5.8 in 2014. Given tighter ownership restrictions and income limits, prospective buyers could be waiting in the sidelines for better prices in the upcoming launches.

Competition to heat up as nine new launches totalling 4,900 units will enter the market over 2015. Looking ahead, a further nine EC projects are expected to be launched by the end of 2015, and we believe that the hectic pace of supply entering the market mean that new launch prices are likely to be lower than current. As such, developers could see their margins squeezed to <10%, especially for projects in Sengkang and Sembawang (four projects totalling 2.2k units over 2015-2016). We are more upbeat on the outlook for upcoming projects in Yishun (City Dev, 490 units) and Choa Chu Kang (MCL Land, 1,328 units), given a lack of new EC supply in the respective micro-markets.

Any policy changes in this space? As the government "mulls over" changes in the monthly household income ceiling for HDBs and ECs, we believe that any policy changes could widen the addressable market and lift transaction volumes in the space, especially in the face of heightened competition from new project launches entering the market.

Impact on developers. Both FCL and City Dev have projects in the wings waiting to be launched from 3Q15 onwards. These are located at Sembawang and Yishun respectively. We believe that given more moderate winning bid prices, both projects could maintain c.10% margins.

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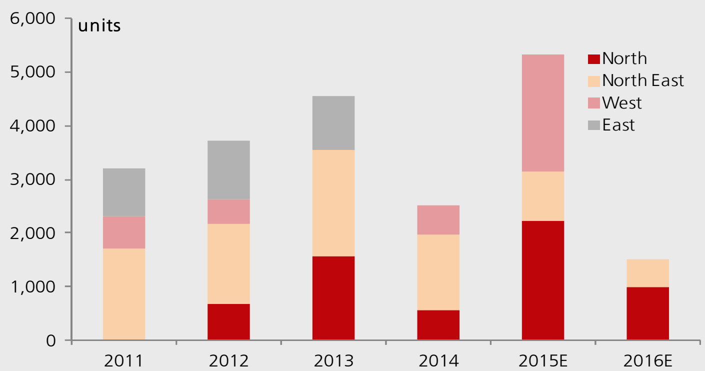
STOCKS

	Price S$	Mkt Cap US$m	Target Price S$	Performance (%) 3 mth	Performance (%) 12 mth	Rating
Frasers Centrepoint Ltd	1.83	3,988	2.36	8.3	4.0	BUY
City Development	10.3	7,057	11.54	1.1	(5.5)	BUY

Source: DBS Bank

EC pipeline and location breakdown



Source: DBS Bank estimates, URA, HDB

DBS VICKERS SECURITIES

Slow EC sales in the North and Northeast amid influx of new supply

Is there an oversupply within the executive condominium space? Introduced as a mixed private/public housing hybrid catering to Singaporeans, especially young graduates and professionals who can afford more than a public HDB flat but find private housing too out of reach, Executive Condominiums (EC) have been popular with buyers in recent years. However, slow sales momentum for the majority of EC launches in 2014 led us to ask the question: is there an oversupply of EC's in the market? We believe this question to be a pertinent one, as it has bearing on our sentiment towards the large number of EC launches slated for 2015, some of which will be in areas such as Choa Chu Kang and Yishun, which have not seen any new ECs since 2012.

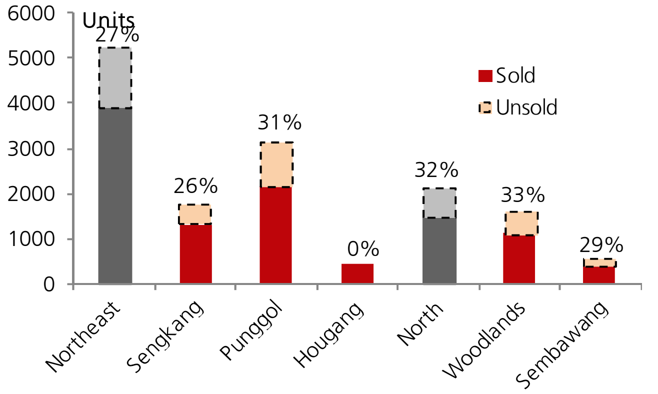
Deluge in Dec-14/Jan-15 after 13 month drought. After a 13-month absence, the EC market finally saw a spate of 5 new launches through Dec 2014 and Jan 2015: These projects are The Terrace (546 units) in Punggol, Bellewaters (651 units) in Sengkang, Bellewoods (561 units) in Woodlands, The Amore (378 units) in Punggol, and Lake Life (747 units) in Jurong West. With the exception of Lake Life, which saw 98% of all units snapped up in its launch month, sales momentum for the other new EC units has started slow and sales volume remained tepid in recent months. Excluding Lake Life, the remaining four ECs have achieved only 27% sell-through rate, as of April 2015.

Plenty of slack in the Northeast. At present, only four of the nine ECs under development in the Northeast region have been fully sold. Of the remaining five ECs, <50% available units have been sold. While ECs launched in 2013 are faring better (Ecopolitan and Waterwoods are 90% and 87% sold respectively), ECs launched in recent months (Bellewaters, The Amore and The Terrace) have only achieved a 27% sell-through rate on average. In terms of planning area, Punggol seems to be the hardest hit, having had two major EC launches in Dec-14 (The Terrace) and Jan-15 (The Amore) and managed to only sell c.50% of the development.

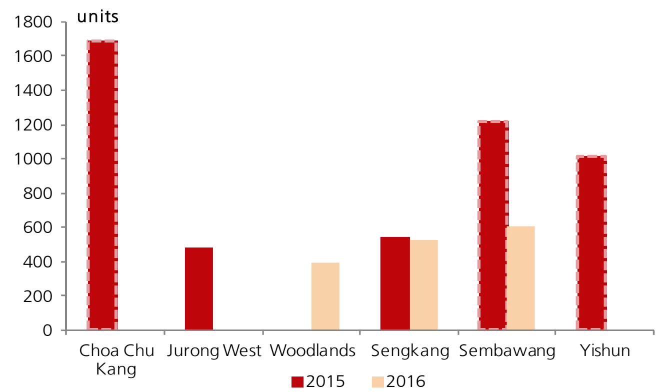
Mixed results elsewhere. The North region is also showing some softness in the quantum and pace of EC sales. In Woodlands, only 66% of available EC units have been sold, while in Sembawang, unsold units at one EC stands at 29%. Despite the slow sales momentum in the above-mentioned regions, we do not think the situation is endemic. In Jurong West, the 546-room Lake Life EC achieved 98% sales when launched in Dec-14, likely due to the lack of new EC launches in recent years.

Pricing still the pressing issue. At this stage, we argue that slow sales are less a function of oversupply, but more of a relative pricing issue. When we compare new EC transactions with private residential condominiums and apartments in the Outside Central Region (OCR), we find that the price differential between ECs and OCR condos has narrowed significantly over the past few years. Furthermore, higher EC prices have put some pressure on affordability for eligible buyers, who are subject to a monthly income cap of S$12k.

Sales rate for ECs in the Northeast and North regions



Anticipated EC supply by planning area



Source: DBS Bank, URA, HDB

Sales performance of ECs available for sale

Development	Location	Developer	Launch Period	Total units	Units sold (YTD)	% sold (YTD)
North						
Bellewoods	Woodlands	Qingjian Realty	4Q14	561	125	22%
SkyPark Residences	Sembawang	JBE Holdings	4Q13	506	364	72%
Twin Fountains	Woodlands	Opal Star	2Q13	418	387	93%
Forestville	Woodlands	Hao Yuan	3Q13	653	601	92%
Northeast						
The Amore	Punggol	Keong Hong	1Q15	378	97	26%
The Terrace	Punggol	Peak Square	4Q14	747	164	22%
Bellewaters	Sengkang	Qingjian Realty	4Q14	651	221	34%
Waterwoods	Punggol	Sing Holdings	4Q13	373	324	87%
Lush Acres	Sengkang	City Dev (Verspring	3Q13	380	380	100%
Ecopolitan	Punggol	Qingjian Realty	2Q13	512	460	90%
The Topiary	Sengkang	Peak Living	1Q13	700	700	100%
Waterbay	Punggol	Qingjian Realty	4Q12	383	383	100%
Heron Bay	Hougang	Ho Lee/ Eviva	4Q12	394	394	100%
Twin Waterfalls	Punggol	FCL/ Keong Hong	1Q12	728	728	100%
West						
Lake Life	Jurong West	Singxpress	4Q14	546	533	98%

Source: URA

Salient details of upcoming EC launches in 2015/2016

Award Date	Location	Est. Launch	Planning Area	Unit	Developer	Winning bid (S$'m)	Land Price psf ppr**	Est, Breakeven price
Feb-15	Woodlands Avenue 12	May-16	Woodlands	390	Hao Yuan Investment	103.8	278	628
Feb-15	Anchorvale Crescent	May-16	Sengkang	525	Sim Lian Land Pte Ltd	157.8	280	630
Oct-14	Sembawang Road / Canberra Link	Jan-16	Sembawang	605	Qingjian Realty	229.4	353	706
Sep-14	Choa Chu Kang Drive	Dec-15	Choa Chu Kang	535	Sim Lian Land Pte Ltd	207.4	361	714
Jul-14	Sembawang Avenue	Oct-15	Sembawang	620	FCL & KH Capital	214.1	320	672
May-14	Yishun Street 51 (Parcel A)	Aug-15	Yishun	490	City Developments	178.5	330	682
May-14	Yishun Street 51 (Parcel B)	Aug-15	Yishun	520	1 JBE Holdings Pte Ltd	184.1	335	687
Mar-14	Choa Chu Kang Grove (Parcel A)	Jun-15	Choa Chu Kang	575*	MCL Land	232.5	375	728
Mar-14	Choa Chu Kang Grove (Parcel B)	Jun-15	Choa Chu Kang	575*	MCL Land	210.1	339	691
Feb-14	Anchorvale Crescent	May-15	Sengkang	545	Singhaiyi	192.9	367	720
Jan-14	Canberra Drive	Apr-15	Sembawang	600	City Developments	226.0	350	703
Jan-14	Westwood Avenue	Apr-15	Jurong West	485	Koh Brothers & Heeton Homes	198.9	382	735

**Based on data from URA, MCL will launch a 1,328 unit EC comprising both Parcels A and B.*
*** psf ppr : per square foot per plot ratio*
Source: DBS Bank estimates, URA, HDB

Eroding affordability and relative pricing hurts sales momentum for recent launches

Declining affordability of EC since 2011. Since 2005, average transaction values for new EC transaction values grew by a CAGR of 9% p.a. from S$460k to S$960k in 2014. Measured against the same income cap of S$12k per month, EC prices have grown at a CAGR of 7.4% since 2011 (when the monthly cap was adjusted from S$10k per month). However, the rise in EC prices has not come with a commensurate growth in household income, given the income ceiling. As a result, affordability has steadily eroded, rising from 5.0 in 2011, to a high of 5.8 in 2014, and surpassing its prior peak of 5.7 in 2010, when the income cap was S$10k per household per month.

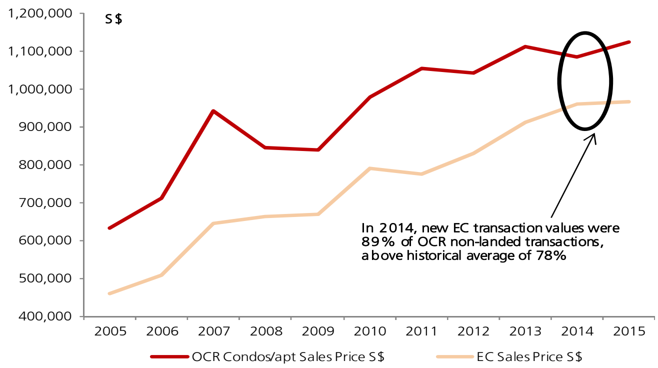
Prices of ECs playing catch-up with OCR non-landed homes. The situation for OCR non-landed has been more benign, rising 6% p.a. between 2005 and 2014. Developers of private residences have sought to keep home prices affordable by shrinking the average unit sizes amid rising psf prices. However, EC developers have been less aggressive in their use of this strategy, resulting in a considerable narrowing in the price differential between new ECs and OCR non-landed.

Based on our analysis on private residential transactions over the past 10 years, we find that the average EC transaction has been typically priced at a 22% discount relative to the average price of OCR non-landed homes. In the past four years alone however, the differential has narrowed from 26% in 2011, to a high of 11% in 2014, even though psf prices of OCR non-landed have pulled away from ECs.

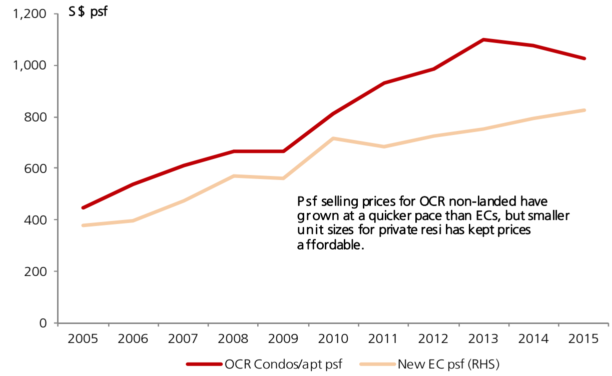
Potential EC buyers sidelined as they await a correction in private condo prices. Against a backdrop of eroding EC affordability and the narrowing price differential between ECs and private condos, we believe that it will make sense for eligible EC homebuyers to wait in the sidelines for any potential correction in prices, especially since home prices are widely expected to decline in the next two years. As the prices of new ECs and private condos converge, potential buyers could be tempted to cough up slightly more money to purchase private homes which have lesser sales restrictions and potentially better qualitative aspects such as location and accessibility.

2015 – The beginnings of a slight correction. YTD 2015, we have seen a slight improvement in the relative matrices between new ECs and OCR non-landed. Transaction pricing differential, which hit a peak of 11% in 2014, has since improved marginally to 86%, largely a result of smaller EC units being sold (average size of 1,170 vs 1,210 sqft in 2014) coupled with larger OCR non-landed units being transacted (2015: 1,100 sqft vs 2014: 1,010 sqft).

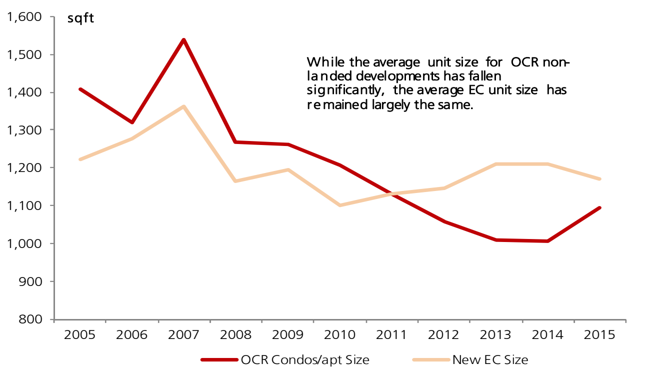
Transaction values: New ECs vs. OCR non-landed



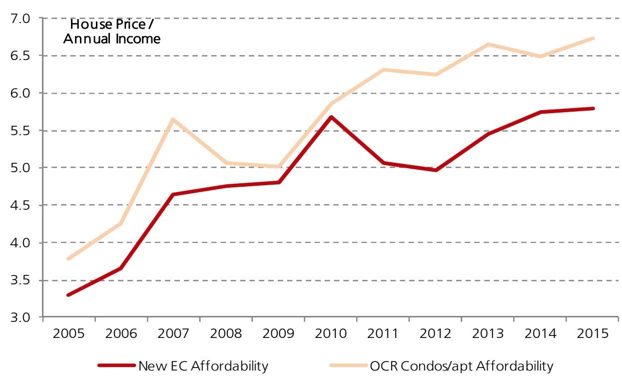
Psf prices: New ECs vs. OCR non-landed



Average unit size: New ECs vs. OCR non-landed



Affordability: New ECs vs. OCR non-landed

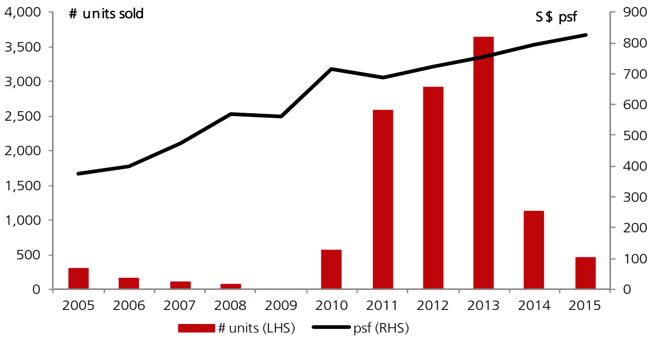


Source: URA, HDB, DBS Bank

Outlook for upcoming EC launches

Pricing expectations ran ahead of demand. The EC market has had a very strong run since 2011, both in terms of units sold as well as psf pricing for new units. This was particularly the case in 2013, where sales volume hit a peak of 3.6k units, and average selling price psf jumped 10% from 2011 levels. It is no surprise, then, that 2014 represented the height of the competitive bidding landscape for EC land sales. Winning bids were priced c.7-10% higher than 2012 tenders on average, possibly reflective of expectations that the strong EC momentum would continue. Looking at EC launches in 2014/15 (which were won in mid-2013) however, we note that while psf prices have risen in step with higher land prices, there has been a sharp drop-off in the sales volume. In short, developers have kept their asking prices firm at the expense of reduced transactions.

EC sales, by psf prices and number of units sold

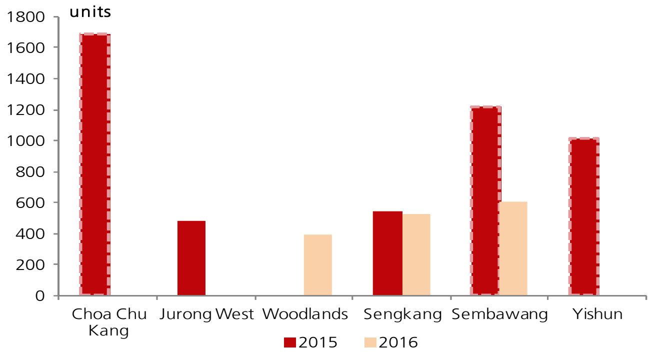


Source: URA, HDB, DBS Bank

Developers pricing in more moderate expectations for land tenders in 2015. In keeping with slow sales momentum observed in 2014, new EC land sales from 2015 have since corrected – in February, Hao Yuan won a land tender to construct 390 EC units in Woodlands for S$278 psf, c.18% lower than the previous bid of S$341 (Bellewoods). Similarly, Sim Lian won the tender to construct 525 units at Anchorvale Crescent for S$280 psf ppr, a 24% decline from the S$367 rate Singhaiyi paid for land next door.

Mixed prospects for upcoming launches. In light of the slow pace of sales for recent EC launches (which were tendered in mid-2013), we are more circumspect about how upcoming launches, which were tendered in 2014, will perform. In the following section, we look at the following areas: (a) Sengkang, (b) Sembawang, (c) Choa Chu Kang, and (d) Yishun, which will see >1k new units entering the market in 2015 and 2016. We foresee that developers will have to temper their pricing expectations, particularly in **Sengkang** and **Sembawang**, due to a significant number of EC units available for sale in the surrounding areas. Meanwhile, how developments in **Yishun** and **Choa Chu Kang** fare will be contingent on several factors such as average unit size, total sales quantum, location, and relative pricing to private condos.

Anticipated EC supply by planning area



Source: DBS Bank, URA, HDB

Winning tender prices for EC developments

Date of Award	Units	Project Name	S$ psf
Woodlands			
7-May-12	653	Forestville	318
16-Oct-12	418	Twin Fountains	302
13-May-13	561	Bellewoods	341
12-Feb-15	390	[Hao Yuan]	278
Sengkang			
5-Mar-10	573	Esparina Residences	315
27-May-10	540	Austville Residences	321
5-Apr-12	700	The Topiary	296
12-Nov-12	380	Lush Acres	296
31-May-13	651	Bellewaters	331
19-Feb-14	545	[Singhaiyi]	367
5-Feb-15	525	[Sim Lian]	280
Punggol			
17-Jun-10	680	Prive	308
27-Sep-10	504	RiverParc Residences	237
8-Jul-11	728	Twin Waterfalls	270
2-Apr-12	383	Waterbay	320
6-Sep-12	512	Ecopolitan	314
10-Dec-12	373	Waterwoods	351
2-Aug-13	747	The Terrace	355
2-Aug-13	378	The Amore	356
Sembawang			
17-Dec-12	506	SkyPark Residences	324
29-Jan-14	600	[City Dev/TID]	350
14-Jul-14	620	[FCL]	320
2-Oct-14	605	[Qingjian]	353
Choa Chu Kang			
31-Mar-11	466	The Rainforest	321
3-Mar-14	575	[MCL Land]	375
3-Mar-14	575	[MCL Land]	339
9-Sep-14	535	[Sim Lian]	361
Yishun			
15-Mar-10	406	The Canopy	281
31-Oct-11	665	OneCanberra	293
26-May-14	490	[City Dev]	330
26-May-14	520	[1JBE]	335
Jurong West			
2-Aug-13	546	Lake Life	419
14-Jan-14	485	[Koh Bros/ Heeton]	382

Source: URA, HDB, DBS Bank

Sengkang – Tighter margins to eat into profits

One more property launch in 2015; high entry cost means margins could drop by 10%. In 2015, we expect only one launch in the Northeast region: a c.525-room EC in Anchorvale Crescent, Sengkang, which will be jointly developed by Singhaiyi (80%) and Kay Lim Investment (20%). The JV's winning bid of S$367 psf ppr is 11% higher than that of Bellewaters, also located at Anchorvale Crescent. Bellewaters has achieved only c.34% sales since its launch in Dec-14, based on sales data from URA, with average psf transaction price of c.S$810.

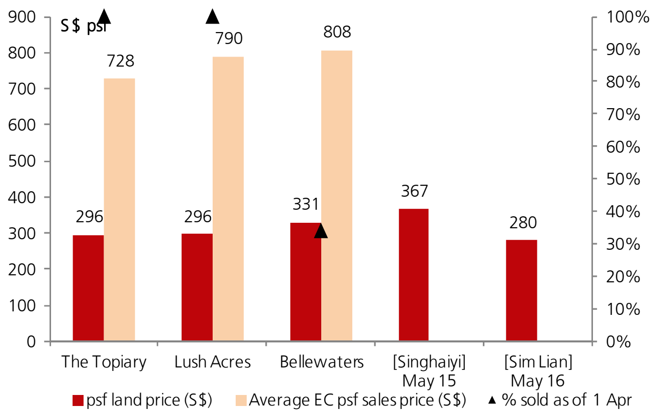
Given sluggish sales for current ECs in the market, we believe that launch prices for this upcoming EC will be capped, an indication that the micro-market has probably hit a ceiling. In addition, close to another c.1k unsold units in Punggol, located next to Sengkang, are also likely to be an overhang on prices and transaction volumes in the area.

Sembawang – Slow EC sales in Woodlands could be a drag on buyer demand for new ECs

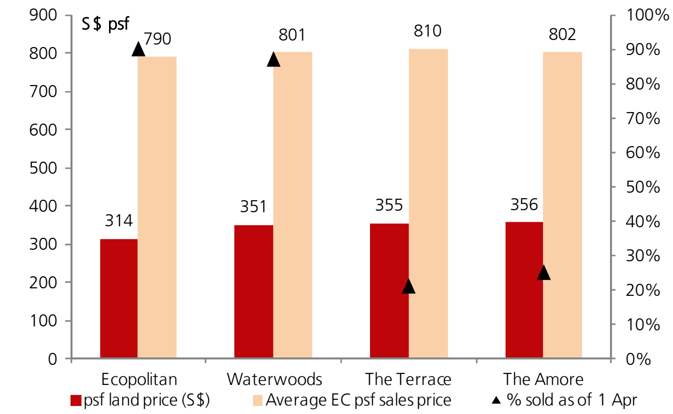
Slew of new launches as competition heats up. In Sembawang, we are more cautious about buyers' demand when the three ECs in the pipeline totalling 1,825 units are launched through 2015 and 2016. While there is currently only one EC (Skypark Residences) available for sale in the planning area, we note that there are still c.30% unsold units although they have been in the market for 16 months (Nov-13 launch).

Sales have been plodding along at c.S$800 psf, and the developer is in no hurry to drop asking prices. We believe that new EC launches in Sembawang will also be measured against prices in Woodlands – The Bellewoods, which was launched in Dec-14, has only achieved 22% sales with average transactions at c.S$790 psf. We believe this would cap the pricing expectations for new launches in the Sembawang area.

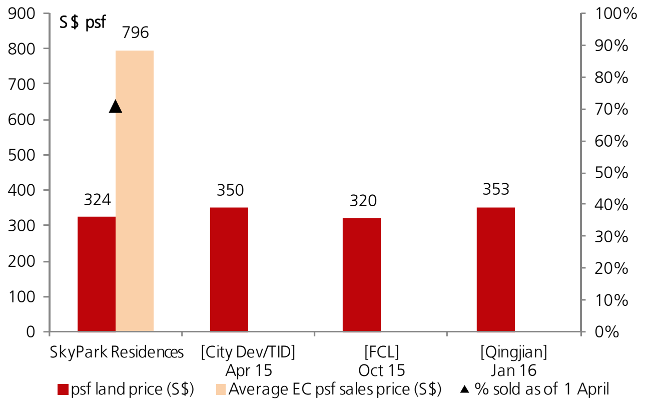
EC sales data for Sengkang



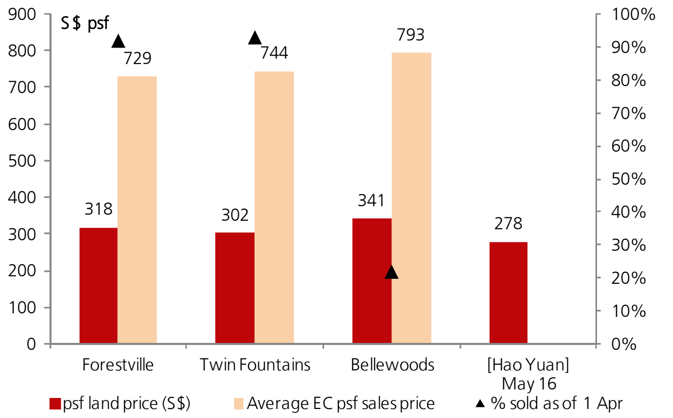
EC sales data for Punggol



EC sales data for Sembawang



EC sales data for Woodlands



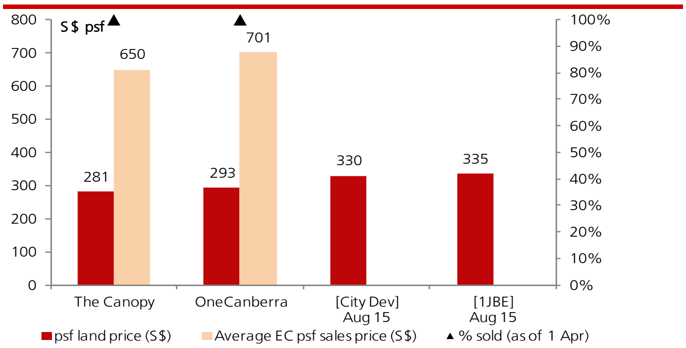
Source: URA, HDB, DBS Bank

Yishun – Attractive pricing point relative to adjacent private condo

We expect two EC launches in Aug-15 or later – Yishun Street 51 Parcels A and B, totalling c.1,010 units, which were won by City Dev and 1JBE respectively. Given land prices of S$330-335 psf ppr, we estimate that the development could be launched at c.S$780-800 psf. We note that Skies Miltonia, a private condominium located just across the road from the land parcels and launched in 2012, transacted at an average of S$1,050 psf, based on caveats lodged with URA.

If we compare psf prices directly, S$780-800 psf could be an attractive selling price for potential buyers, ceteris paribus. However, we note that average unit size of c.920 sqft has kept transaction price to ~S$960k for Skies Miltonia. As such, how these upcoming developments fare will depend on average unit sizes offered by EC developers.

EC sales data for Yishun



Source: URA, HDB, DBS Bank

Choa Chu Kang – Large incoming supply amid dearth of new developments

Tough call for the potential performance for the expected launch of a large project in Choa Chu Kang.. In Choa Chu Kang, 1.8k new units will be launched in 2015. MCL Land is set to launch a 1,328-unit EC at Choa Chu Kang Grove, having won the tenders for both Parcel A and Parcel B at S$375 psf ppr and S$339 psf ppr respectively. The last EC launch in the area was The Rainforest in 2012, which transacted at an average selling price of S$740 psf, based on caveats lodged with URA.

Based on land prices, we estimate that the development could be launched at S$790-830 psf, translating into average sales quantum of S$950k-1m. We believe demand for new ECs in CCK could be boosted by the lack of any new developments in the area since 2012. Furthermore, the large number of units in the development means that MCL Land could offer a wide range of unit sizes to target homebuyers at different price points. In Sep-14, Sim Lian won a land tender to construct a 535-unit EC. Similarly, we reckon that average launch prices could come in at S$800-820 psf.

In a bear scenario, downside to psf prices capped at 5-10%. Even in a distressed scenario, we reckon that developers are not likely to drop their psf asking prices by more than 5-10%, given tighter net profit margins of 9-13% for recent launches, vs. c.13% for EC launches during the "boom times" of 2011-2013. Tighter profit margins are a function of (a) higher land prices, (b) higher construction costs due to the use of pre-fab technology, and (c) a seeming cap to the developers' asking prices for their units. Given the sluggish pace of new EC sales in the past year, we believe that developers will be more aggressive in their marketing efforts, and could possibly offer more incentives to prospective buyers.

Outlook - Developers' pricing strategies unlikely to change yet as they are not time-pressed to sell

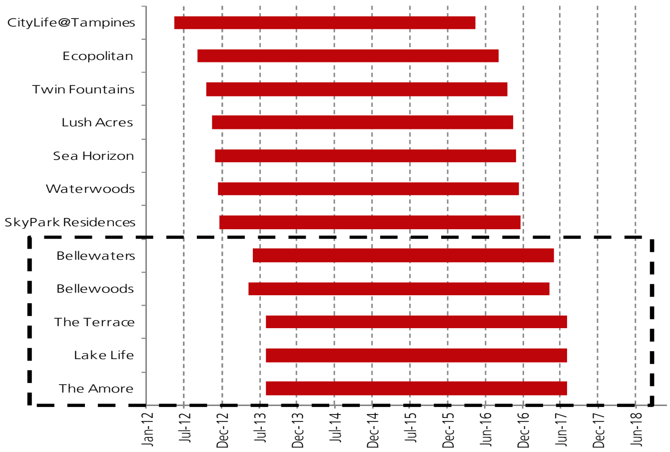
Developers in no hurry to drop prices. Despite slowing EC sales in the north and northeast, we do not believe that there will be any major correction in new EC prices in the near term. Under the *Project Completion Period (PCP)* guidelines set forth by the URA, developers of ECs are required to complete and sell units within 48 months of land purchase. Thus, developers face no time pressure to clear unsold inventories for now.

No major correction in prices yet; but developers could dangle other forms of "discounts" to clear unsold stock . Looking at the last five ECs which were launched in 2014/15, we note that developers need only to complete and sell their respective developments in mid-2017, which is a good two years from today, meaning that developers will continue to focus on marketing efforts and potentially offer other forms of discounts to entice buyers (i.e. furniture or shopping vouchers). In terms of sales momentum, we also note from other EC projects that there is usually a pick-up in sales once the developments approach TOP, especially from buyers who prefer not to wait for a new unit.

However, given the existing slack in the market, particularly in the northeast region, we believe that developers of upcoming EC launches will have to moderate their pricing expectation vis-a-vis existing EC prices. As a result, profit margins could slide to single-digit levels.

But status quo looks set to continue in the near term. To date, developers appear unfazed by the sluggish EC market – psf selling prices have held firm in 2015, although sales of smaller units have contributed to a drop in overall transaction values. A 48-month project completion period means that developers of recent EC launches (such as Bellewaters, The Amore, etc.) can afford to wait until 2H16 at least before considering a review of prices to move sales. Furthermore, the prospect of policy changes to the EC income cap offers developers potential upside of 8-10% in total transaction values.

Estimated PCP deadlines for EC developments



Source: URA, HDB, DBS Bank

New launches could face a more difficult environment. With significant slack in certain regions in the north and northeast, new EC launches in **Sengkang** and **Sembawang** could face headwinds. Winning bids for these land plots were priced c.7-10% higher than those that won in 2012, and developers could face declining profit margins, especially if transactions and psf selling prices in these areas are not rising. Developers could attempt to maximise profits by designing smaller housing units, but whether or not they will sell well is up for deliberation. As such, we believe that developers could be faced with tighter margins of <10% for new launches.

We are more upbeat about new launches in **Yishun**, **Choa Chu Kang**, and **Jurong East**. However, we note that demand will be contingent upon market dynamics in the respective micro-markets. Developers will have to be more sensitive to sizing and pricing considerations, particularly if the total transaction values of new ECs in these areas come up too close to their mass market condo counterparts. In such a case, eligible buyers could be tempted to trade off the psf value of ECs with other intangible qualities such as location and accessibility.

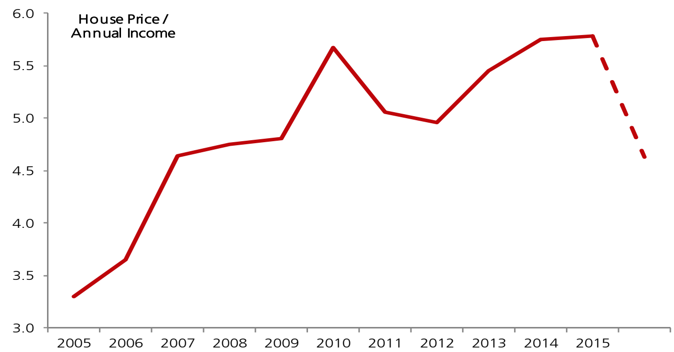
Are developers waiting for the other shoe to drop?

Potential policy changes could spark more transaction volumes into the EC. Amid sluggish sales, a catalyst for a rebound in EC transaction volumes could be a review of the S$12k cap by the Housing Development Board (HDB). In an address to Parliament in February 2015, Ministry of National Development (MND) Minister Khaw Boon Wan noted calls by several MPs for the HDB income ceiling to be raised, and acknowledged that the government "must be prepared to adjust the ceiling". While he indicated that he would "mull over" any potential adjustment in the income ceiling, any such adjustment for ECs would widen the address market that ECs can capture, which we believe will lift transaction volumes

Assuming the average transaction price of S$970k in 2014, lifting the monthly household income ceiling to S$15k would bring house price/income ratio down to 4.6 and transaction volumes could rise again.

Assuming (a) a 5.0 house price/income ratio, and (b) annual household income of S$209k (inclusive of employer CPF contribution), we believe that transaction volume, we believe that that new clearing levels may even rise 8-10% from current levels but we believe developers will prefer to clear volumes first given the supply onslaught.

Affordability Ratio to drop to 4.6 if income cap is revised to S$15k



Source: URA, HDB, DBS Bank

Peer Comparison table

Company	FYE	Mkt Cap (S$m)	Price 11-May-15 (S$)	RNAV (S$)	*Assumed Discount (%)	Target Price (S$)	Upside %	Rcmd	P/RNAV (x)	Latest Qtr P/NBV
Residential Developers										
Capitaland	Dec	15,745	3.58	5.14	-20%	4.11	15%	Buy	0.72	0.96
City Dev	Dec	9,703	10.31	12.82	-10%	11.54	12%	Buy	0.83	1.15
Fraser Centrepoint Ltd	Sep	5,486	1.84	3.37	-30%	2.36	28%	Buy	0.56	0.89
Ho Bee	Dec	1,548	2.27	3.50	-	NR		-	0.66	0.67
Wheelock	Dec	2,297	1.85	2.57	-	NR		-	0.75	0.72
Wing Tai	Dec	1,530	1.97	3.41	-35%	2.22	13%	Buy	0.57	0.51
Landlords										
Global Logistics Properties	Mar	13,310	2.69	3.31	-10%	2.98	11%	Buy	0.83	1.21
UOL	Dec	6,285	7.57	12.40	-25%	9.31	23%	Buy	0.64	0.94

Source: DBS Bank, Bloomberg Finance L.P.

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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return i.e. > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

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