

# **SINGAPORE**

Healthy take-up of projects upon reopening of Singapore's economy will provide some confidence to developers

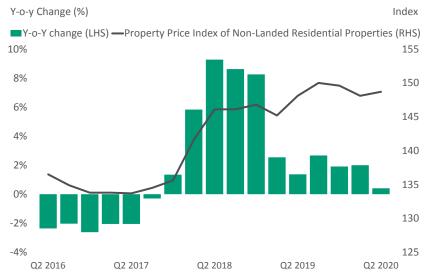


# General price trends

According to the URA All Residential Property Price Index (PPI), overall private home prices rebounded by 0.3% quarteron-quarter (q-o-q) in Q2 2020, a reversal from the 1.0% decline in Q1 2020. On a year-on-year (y-o-y) basis, prices still rose by 1.2% in Q2 2020 notwithstanding the current Covid-19 economic climate. The Non-Landed PPI registered a slight uptick of 0.4% q-o-q and y-o-y (Figure 1). Among the market segments, only the Non-Landed PPI in the Rest of Central Region (RCR) observed a q-o-q decline of 1.7%, while that of Core Central Region (CCR) and Outside Central Region (OCR) rose by 2.7% and 0.1% respectively. On the other hand, the Landed PPI remained unchanged in Q2 2020 after a a-o-a decline of 0.9% in Q1 2020. However. on a y-o-y basis, the Landed PPI still recorded an increase of 3.7% (Figure 2).

Prices increased despite the ongoing Covid-19 pandemic that led to a subdued market outlook, as well as the Circuit Breaker in both April and May 2020 that resulted in closure of sales galleries and prohibition of home viewings. The rebound may be attributed to the pent-up demand in June 2020 when the economy reopened in phases and showflats were allowed to reopen once again.

Figure 1: Non-landed PPI and y-o-y change



Source: URA, EDMUND TIE Research

Figure 2: Landed PPI and y-o-y change



Source: URA, EDMUND TIE Research

### Transaction volume

In June 2020, new sales more than doubled month-on-month (m-o-m) from 487 units in May 2020 to 998 units, following a 76% m-o-m growth in new sales in May 2020 (Figure 3). However, total transaction volumes of private homes in Q2 2020 was still weighed down by the closure of sales galleries and prohibition of physical home viewings during the Circuit Breaker period from 7 April to 1 June 2020. Hence, transaction volumes fell by 36% q-o-q to 2,664 units in Q2 2020, the lowest since Q1 2015 when transaction volumes amounted to 2,655 units (Figure 4). While new sales fell by 20% q-o-q to 1,173 units as showflats were closed during the Circuit Breaker period amid a lesser number of launches, the resale market was affected more severely: transaction volumes more than halved to 951 units in Q2 2020 as physical home viewings were a crucial part of the resale process. This was the first time secondary sales fell below the 1,000 mark since Q1 2003 which saw 980 units transacted. In 1H 2020, total transaction volume totaled 6,933 units, 19% lower than that in 1H 2019.

In the Core Central Region (CCR), 385 units were launched in Q2 2020, less than half of the 859 units in Q1 2020 (Figure 5). Due to the decline in launched units, there was a fall in transacted units to 210 new sale units in the CCR. The majority of the transacted new sale units in the CCR was Kopar at Newton (District 9), with its official launch in April 2020 and take-up rate of 32% (121 units sold, prices ranging from \$2,083 to \$2,531 per sq ft). Most of the units sold were the smaller one- and two-bedroom units. Apart from Kopar at Newton, 15 Holland Hill (District 10) was also launched in Q2 2020. Out of the total 59 units in the development, only 5 units were launched and 3 units were sold (prices ranging from \$2,702 to \$3,063 per sq ft). The units sold, in contrast, were larger units (4-bedroom units and above).

Figure 3: Monthly developer new sales

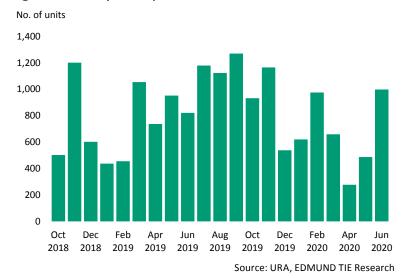


Figure 4: Transaction volume (new sales and secondary sales)

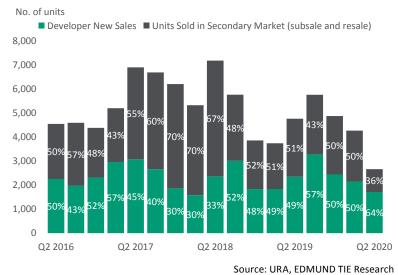
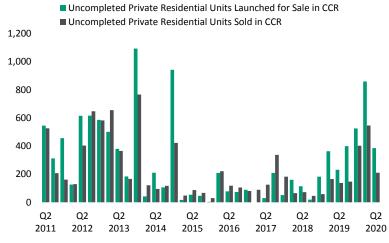


Figure 5: Uncompleted residential units launched and sold in CCR No. of units



Source: URA, EDMUND TIE Research

In the Rest of Central Region (RCR), on the other hand, the number of launched units continued to increase from 623 units in Q1 2020 to 704 units in Q2 2020 (Figure 6). However, the number of transacted units declined by 14% q-o-q to 658 units, which may have resulted in a decrease in the Non-Landed PPI in the RCR.

In the Outside Central Region (OCR), the number of launched units grew by 25% q-o-q to 763 units. Correspondingly, new sales in the OCR also increased by 4% from 778 units in Q1 2020 to 811 units in Q2 2020 (Figure 7). Apart from the newly launched Parkwood Residences (18 units) (District 19), four projects that were previously launched had more than 50 units launched in the market once again. For instance, Parc Clematis (District 5) and Treasure at Tampines (District 18) had another 335 and 200 units launched, with 154 and 185 units sold in Q2 2020 respectively.

Figure 6: Uncompleted residential units launched and sold in RCR

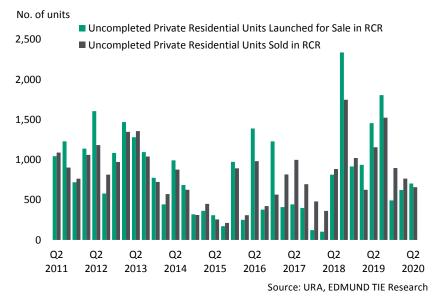
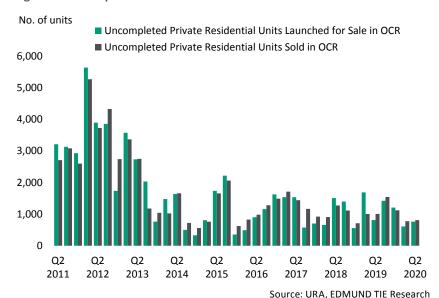


Figure 7: Uncompleted residential units launched and sold in OCR



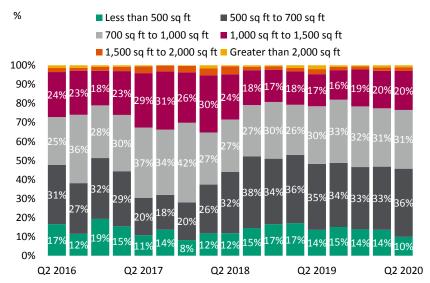
Source. ONA, EDIVIDING TIE Nesearch

### New Sale Units sold by floor area and price range

In the primary market, the highest proportion of transactions in Q2 2020 (by strata floor area) of 36% constituted units between 500 and 700 sq ft, an increase from the 33% in Q1 2020 (Figure 8). This unit size range mainly consists of 1- and 2-bedroom units. This was followed by units within the 700 sq ft to 1,000 sq ft size range, which comprised 31% of the transactions in Q2 2020. For this size range, bedroom configurations largely ranged from 1+study bedroom type in the prime districts and 2- to 3-bedroom types in other districts. There was also a decline in the proportion of transactions of units less than 500 sq ft, from 14% in Q1 2020 to 10% in Q2 2020.

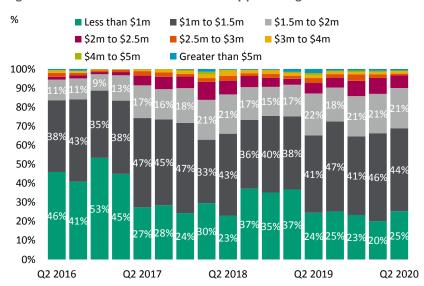
In terms of price range, the bulk, or 44% of the transactions were in the \$1m to \$1.5m price band in Q2 2020, a decline of 2 percentage points from the 46% in Q1 2020 (Figure 9). These were mainly from projects such as Parc Clematis, Treasure at Tampines, Stirling Residences (District 3), The Florence Residences (District 19) and Parc Esta (District 14). Homebuyers were also more cost conscious in Q2 2020 as there was a significant increase in the proportion of transactions of units less than \$1m from 20% in Q1 2020 to 25% in Q2 2020. The higher proportion of less costly transactions arose after two consecutive quarters of declines. These were largely from smaller units (less than 500 sq ft to 700 sq ft) in the OCR.

Figure 8: New sales of non-landed units by floor area



Source: URA REALIS (based on data as at 24 August 2020), EDMUND TIE Research

Figure 9: New sales of non-landed units by price range



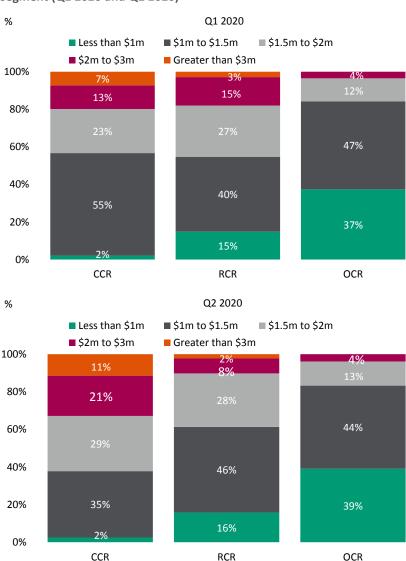
Source: URA REALIS (based on data as at 24 August 2020), EDMUND TIE Research

While the majority of the islandwide new sales in Q2 2020 was for less costly transactions as mentioned above, a different picture was depicted in the CCR. Although the proportion of new sales in the CCR priced below \$1m remained low at 2%, the proportion of transactions in the \$1m to \$1.5m price band declined significantly from 55% in Q1 2020 to 35% in Q2 2020 (Figure 10). Most of these transactions in the \$1m to \$1.5m price band were from 1-and 2-bedroom units of the newly launched Kopar at Newton, with floor areas between 500 and 700 sq ft.

As such, the proportion of transactions in the more costly price bands rose on a q-o-q basis, with new sales in the \$2m to \$3m price bracket increasing the most by 8 percentage points to 21% in Q2 2020. The proportions of transactions in the \$1.5m to \$2m as well as above \$3m also grew by 6 and 4 percentage points to 29% and 11% respectively. For new sales in the \$2m to \$3m price band, nearly half of these transactions were for 3-bedroom units of Kopar at Newton.

On the other hand, for new sales in the RCR, there were increases in the proportion of less costly price bands. In particular, the proportion of the \$1m to \$1.5m price band increased from 40% in Q1 2020 to 46% in Q2 2020. These mainly came from transactions of smaller units at Parc Esta (700 to 1,000 sq ft) and Stirling Residences (500 to 700 sq ft). However, the proportion of new sales between \$1m and \$1.5m in the OCR declined by 3 percentage points q-o-q to 44% in Q2 2020.

Figure 10: New sales of non-landed units by price range and market segment (Q1 2020 and Q2 2020)



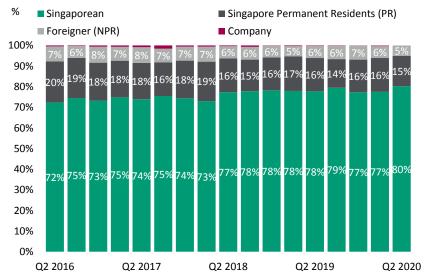
Source: URA REALIS (based on data as at 24 August 2020), EDMUND TIE Research

## Buyer profile

Due to travel restrictions, there was an increase in proportion of Singaporean purchasers for non-landed residential sales from 77% in Q1 2020 to 80% in Q2 2020 (Figure 11). Correspondingly, the proportions of purchasers that were Singapore Permanent Residents (PR) and foreigners (NPR) declined by 1 percentage point to 15% and 5% respectively.

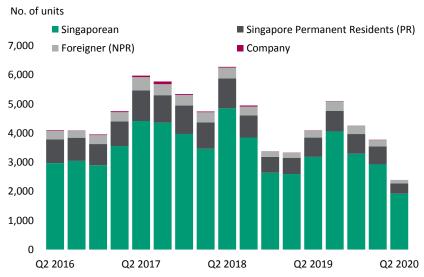
There was a total of 2,394 non-landed sales in Q2 2020. In terms of absolute transaction volumes, purchasers of all residential status declined, with the largest q-o-q fall of 45% from foreign purchasers to 119 units in Q2 2020, which was the lowest since Q4 2001 when foreigners purchased 104 units (Figure 12). Transaction volumes by Singaporeans and PRs decreased by 34% and 43% q-o-q to 1,921 and 353 units respectively in Q2 2020.

Figure 11: Proportion of non-landed sales by residential status



Source: URA REALIS (based on data as at 24 August 2020), EDMUND TIE Research

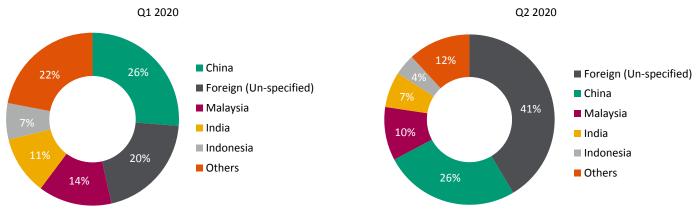
Figure 12: Non-landed sales by number of units and residential status



Source: URA REALIS (based on data as at 24 August 2020), EDMUND TIE Research

Out of the non-landed transactions by non-Singaporean homebuyers, unspecified foreign buyers made up the bulk, or 41% in Q2 2020, followed by mainland Chinese buyers, constituting 26% (Figure 13). For the mainland Chinese buyers, this proportion was similar to that in Q1 2020.

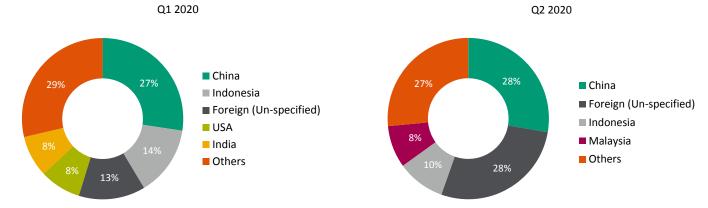
Figure 13: Top foreign buyer purchasers (by nationalities) in Q1 2020 and Q2 2020, islandwide



Source: URA REALIS (based on data as at 24 August 2020), EDMUND TIE Research

In the traditional prime districts (i.e. Districts 9, 10 and 11), mainland Chinese and foreign (un-specified) were the top foreign homebuyer groups in Q2 2020, with the proportion of mainland Chinese homebuyers of 28% in Q2 2020 being relatively similar to that (27%) in Q1 2020, due to a low base in Q2 2020 (Figure 14). In terms of absolute transaction volumes, mainland Chinese purchased 23 non-landed homes in Q2 2020, almost half of the 43 in Q1 2020. Other top nationalities in Q2 2020 included Indonesians (10%) and Malaysians (8%).

Figure 14: Top foreign buyer purchasers (by nationalities) in Q1 2020 and Q2 2020, Traditional Prime Districts

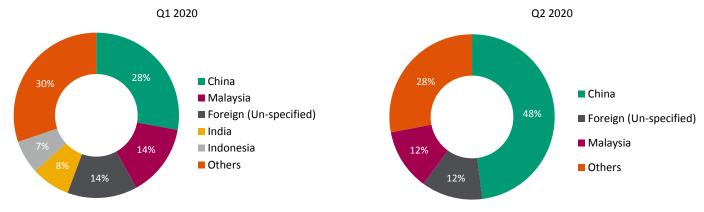


\*Prime districts refer to Districts 9, 10 and 11  $\,$ 

Source: URA REALIS (based on data as at 24 August 2020), EDMUND TIE Research

In the city and emerging districts (i.e. Districts 1, 2, 4, 7 and 15), mainland Chinese also remained as the top foreign homebuyer group in Q2 2020, constituting 48% of the foreign purchases (Figure 15), due to the low base. The transaction volumes by mainland Chinese more than halved from 59 units in Q1 2020 to 24 units in Q2 2020. Other top nationalities included foreign (unspecified) (12%) and Malaysians (12%).

Figure 15: Top foreign buyer purchasers (by nationalities) in Q1 2020 and Q2 2020, City and Emerging Districts

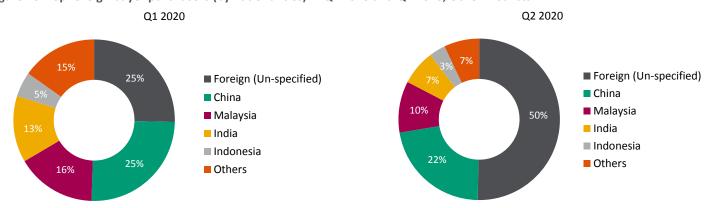


<sup>\*</sup>City and Emerging districts refer to Districts 1, 2, 4, 7 and 15

Source: URA REALIS (based on data as at 24 August 2020), EDMUND TIE Research

In the other districts (mainly city fringe and suburban districts), mainland Chinese and Malaysians constituted the top two foreign homebuyer groups in Q2 2020 after foreign (un-specified), followed by Indians and Indonesians (Figure 16). While transaction volumes of these nationalities largely fell by nearly half, there was an increase in transaction volume of around 40% by the foreign (un-specified) group. Among these few top nationalities, the decline in transaction volume was the smallest for mainland Chinese homebuyers, of 38% to 75 units in Q2 2020.

Figure 16: Top foreign buyer purchasers (by nationalities) in Q1 2020 and Q2 2020, Other Districts



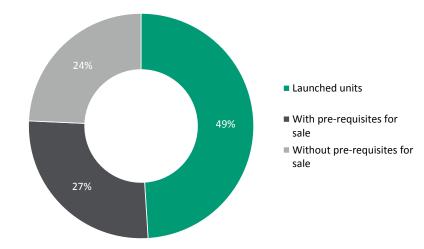
<sup>\*</sup>Other districts refer to those districts in the suburban and city fringe

Source: URA REALIS (based on data as at 24 August 2020), EDMUND TIE Research

## Pipeline launches

According to URA statistics as at Q2 2020, the total pipeline supply stood at 53,055 units. The bulk, or 49% of total pipeline supply (26,002 private residential units) have been launched for sale, while 27% (14,175 units) have obtained pre-requisites for sale but not yet launched (Figure 17). The remaining 24% (12,878 units) have not obtained pre-requisites for sale.

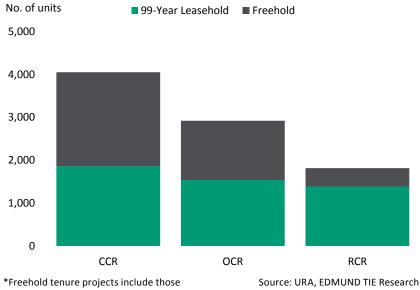
Figure 17: Proportion of launched, unlaunched units with pre-requisites for sale and units without pre-requisites for sale (landed and non-landed)



Source: URA, EDMUND TIE Research

Up till July 2020, there have already been 12 new launches of non-landed projects in 2020, most of which are in the CCR. Based on EDMUND TIE Research estimates, there are more than 6,000 new sale units of pipeline launch supply that is expected to come onboard for the rest of 2020, barring any unforeseen circumstances for each project on approval process before launch. Out of the pipeline launches, nearly 3,800 units are of 99-year leasehold tenure while around 2,000 units will be launched in the CCR. For 2020 as a whole, around 4,000 units will be launched in the CCR (Figure 18).

Figure 18: Number of (estimated) units to be launched in 2020, by tenure and market segment (includes launches from January to July 2020)



\*Freehold tenure projects include those projects with 999-leasehold

### Outlook

Since the reopening of sales galleries in 19 June 2020 after nearly two months of closure, there was a significant pickup in new sales which can be attributed to the pentup demand. In June 2020, developer sales more than doubled to 998 units, and continued to increase again in July 2020 to 1,080 units, the highest since November 2019 when 1,165 units were transacted in the new sales market. Despite the growth, the sales figure in July 2020 was still 8.4% lower y-o-y. Although there were no new launches in July 2020, previously launched projects continued to see take-up, with five projects selling 50 units and above in the month alone. While the low interest rate and strong liquidity environment are expected to support residential sales in the near term, there are challenges arising from a more uncertain employment outlook.

Due to travel restrictions imposed globally, residential sales will be largely dominated by Singaporeans. Nevertheless, purchases by non-Singaporeans upon the reopening of Singapore's economy have exceeded the pre-Covid figures in the first two months of 2020. In July 2020, non-landed purchases by SPRs and NPRs amounted to 365 units, higher than the 294 and 298 units in January and February 2020 respectively. This reflects the confidence of foreigners in Singapore's residential market and Singapore in general. We expect foreign demand for residential properties in Singapore to pick up further when the travel restrictions/lockdown measures are eased.

The healthy volume in the new sales market will provide some confidence to developers to plan for their launches in the rest of 2020. Based on EDMUND TIE Research's estimates, there are around 20 projects that are expected to be launched in the rest of 2020. Virtual marketing efforts are necessary to complement the physical sales galleries. Forett at Bukit Timah, which was launched in August 2020, conducted Singapore's first Virtual Booking Day and saw 30% of its 633 units sold over the weekend launch, signalling the receptiveness of purchasers to virtual marketing techniques.

We also expect changing preferences of purchasers as they adapt to the new normal after the reopening of Singapore's economy. Projects may now need to provide more communal spaces that can be easily converted to meeting rooms, and units may need to have multifunctional layouts for seamless transition between living and working, as remote working will likely be more prevalent in the new normal.

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