

# **SINGAPORE**

Sustained interest in private homes as economy charts its path of recovery

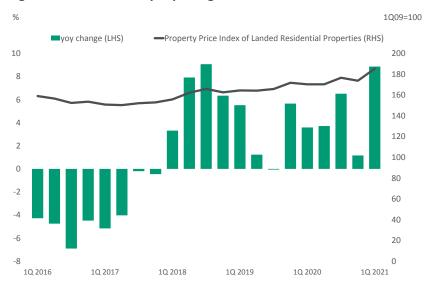


# General price trends

More than a year after the initial COVID-19 outbreak, property prices have continued to rise since Singapore entered Phase 3 of its reopening in December last year. Demand for private homes has remained strong amid expectations of an economic recovery for 2021. Homeowner interest is sustained by a relatively stable job market, while investor interest is piqued by stable returns, low interest rates, and ample liquidity.

According to the URA All Residential Property Price Index (PPI), overall private home prices rose for the fourth consecutive quarter by 3.3% quarter-on-quarter (qoq) in 1Q 2021, after a 2.1% qoq growth in 4Q 2021. On a year-on-year (yoy) basis, prices increased by 6.6% in 1Q 2021. The quarter's growth in private home prices encapsulated surges in prices of both landed and non-landed homes, with the Landed PPI expanding by 6.7% qoq and 8.9% yoy (Figure 1), and the Non-Landed PPI by 2.5% qoq and 6.1% yoy (Figure 2). For the Landed PPI, the qoq growth for the quarter was the highest since 3Q 2010, when the PPI grew by 7.8%.

Figure 1: Landed PPI and y-o-y change



Source: URA

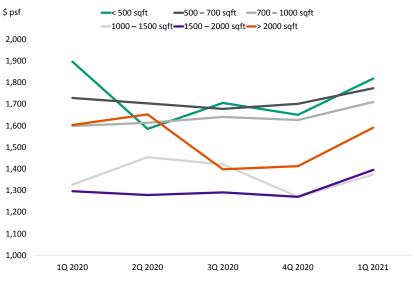
Figure 2: Non-landed Property Price Index (PPI) and y-o-y change



Source: URA

The trajectory of non-landed prices belies the differing performance of various segments by unit size (Figure 3). Median prices of units in the four segments (500 – 700 sq ft, 700 – 1,000 sq ft, 1,000 – 1,500 sq ft, and 1,500 – 2,000 sq ft) proved fairly resilient during the pandemic due to buoyant mass market demand, healthy affordability and a preference for more sizeable units due to pandemic-induced work-from-home arrangements. Median prices of small units below 500 sq ft saw the largest drop in 2Q 2020. Median prices of large units above 2,000 sq ft also exhibited a steep fall during 3Q 2020 before recovering thereafter.

Figure 3: Median \$ psf by size of units



Source: EDMUND TIE Research

## Transaction volume

In 1Q 2021, transaction volume remained robust with a total of 8,181 units sold by developers and in the secondary market (Figure 4). This marked a 18.1% qoq growth and a 91.6% yoy growth, reflecting improving sentiments within the residential property market despite the ongoing pandemic. The surge in launch volumes in the CCR and RCR helped propelled sales volumes.

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



Source: URA

In the CCR, 694 units were launched in 1Q 2021, almost five-fold of the 142 units launched in 4Q 2020 and constituted a turnaround after three consecutive quarters of diminishing number of units launched in the CCR (Figure 5). New unit sales in the CCR also rose more than threefold to 681 units in 1Q 2021, from the 204 units in 4Q 2020. Some major projects contributing to this increase in transaction volume include Midtown Modern at Tan Quee Lan Street, which sold 368 of the 447 units launched in the quarter, and RV Altitude at River Valley Road, which sold 84 units.

Figure 5: Uncompleted residential units launched and sold in CCR

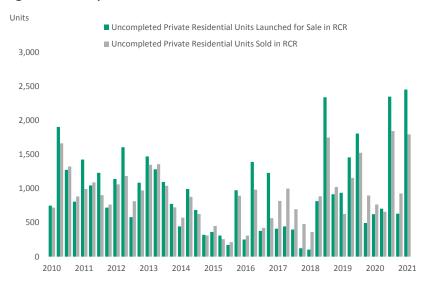


Source: URA

In the RCR, 2,452 units were launched in 1Q 2021, compared to just 630 units in 4Q 2020 (Figure 6). New unit sales in the RCR almost doubled to 1,795 units in 1Q 2021 from 928 units in 4Q 2020. The significant increases in launch and new sales figures are likely due to the launches of sizeable condominium projects such as the 429-unit The Reef At King's Dock at Harbourfront Avenue and 1,862-unit Normanton Park at Normanton Park in this quarter. The Reef At King's Dock sold 343 of its 400 launched units, while Normanton Park sold 735 out of 1,862 launched units.

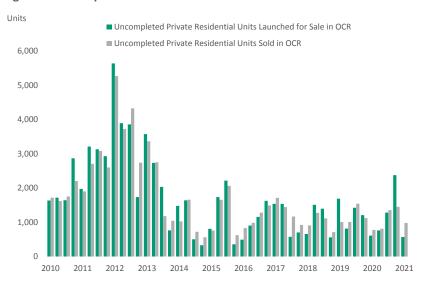
On the other hand, the OCR witnessed declines in both the number of units launched as well as the number of new units sold (Figure 7). The number of launched units declined 76.0% from 2,375 in 4Q 2020 to 570 in 1Q 2021, while new unit sales dropped 32.4% to 981 from 1,451 in 4Q 2020. This is likely due to there being just one new project launch for the quarter, which is J@63 at Lorong J Telok Kurau that sold 4 out of its 14 apartment units.

Figure 6: Uncompleted residential units launched and sold in RCR



Source: URA

Figure 7: Uncompleted residential units launched and sold in OCR



Source: URA

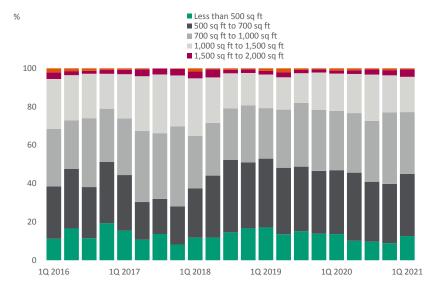
# New Sale Units sold by floor area and price range

In the primary market, the highest proportion of transactions in 1Q 2021 (by strata floor area) were of units between 500 and 700 sq ft, amounting to 32.4% of all primary market transactions (Figure 8). This reflected a slight increase from the 30.9% in 4Q 2020, when the highest proportion of transactions were for units between 700 sq ft to 1,000 sq ft. Furthermore, there was an increase in the proportion of transacted units less than 500 sq ft, from 8.9% in 4Q 2020 to 12.6% in 1Q 2021, suggesting that buyers might be turning to smaller and more affordable units against the backdrop of rising property prices.

In terms of price range, the bulk or 40.6% of the transactions of 1Q 2021 were in the \$1mn to \$1.5mn band, which is a decline from the 44.2% recorded in 4Q 2020 (Figure 9). These transactions were mainly from projects such as Clavon at Clementi Avenue 1, Forett at Bukit Timah, Midtown Modern at Tan Quee Lan Street, and Normanton Park.

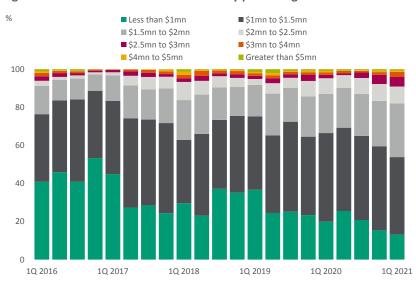
There was also a decline in the proportion of transactions below \$1mn, from 15.4% in 4Q 2020 to 13.2% in 1Q 2021, which could be an indication of there being fewer units that are priced within this range due to rising property prices. There were sharp growths in the proportions of transactions in the higher price ranges, namely the \$1.5mn to \$2mn band and \$3mn to \$4mn band, from 23.8% and 1.4% in 4Q 2020 to 28.2% and 2.7% in 1Q 2021 respectively, suggesting a shift towards pricier homes.

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



Source: URA

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



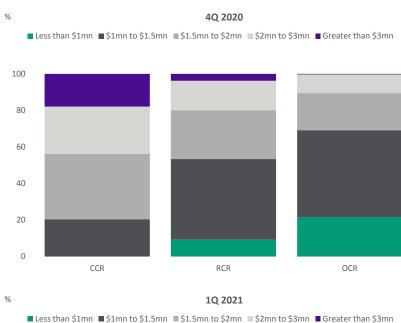
Source: URA

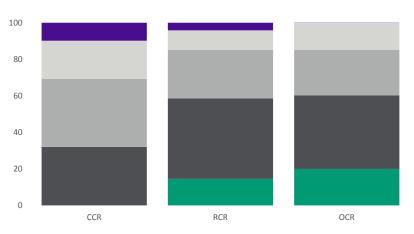
In the CCR, the largest proportion of transactions for 1Q 2021 were in the \$1.5mn to \$2mn band (Figure 10). These were mostly for the units at Midtown Modern. The proportion of transactions in the \$1mn to \$1.5m band increased to 32% in 1Q 2021 from 20% in 4Q 2020, while the proportion of transactions above \$2mn decreased to 31% in 1Q 2021 from 44% in 4Q 2020.

For new sales in the RCR, the proportion of transactions in the \$2mn to \$3mn band dropped to 11% in 1Q 2021 from 16% in 4Q 2020. Conversely, there was an increase in the proportion of transactions in the less than \$1mn price band, from 9% in 4Q 2020 to 15% in 1Q 2021, which could be attributed to the sizeable transaction volumes for the smaller units at Jadescape and Normanton Park.

In the OCR, the proportion of new sales less than \$1mn decreased from 22% in 4Q 2020 to 20% in 1Q 2021. The proportion of transactions in the \$1mn to \$1.5mn band dipped as well, from 48% in 4Q 2020 to 40% in 1Q 2021. Conversely, the proportions of transactions in the \$1.5mn to \$2mn and \$2mn to \$3mn bands rose to 25% and 15% respectively in 1Q 2021, from 20% and 10% in 4Q 2020. These pricier transactions arose from the larger units at Parc Clematis at Jalan Lempeng, Treasure at Tampines, and Ki Residences at Brookvale.

Figure 10: New sales of non-landed units by price range and market segment (2Q 2020 and 3Q 2020)





Source: URA

# Buyer profile

In response to the general relaxation of travel restrictions as part of Phase 3 reopening, the proportion of foreign purchasers (excluding permanent residents) in non-landed sales has shown signs of bottoming out by marginally increasing to 4% in 1Q 2021 from 3% in 4Q 2020, ending four consecutive quarters of decline (Figure 11). The proportion of Singapore Permanent Residents (PR) purchasers also showed signs of recovery, growing from 14% in 4Q 2020 to 17% in 1Q 2021. Despite a decline in proportion, the bulk of the non-landed residential sales in 1Q 2021 was contributed by Singaporean purchasers, making up 79% of the transactions.

There was a total of 7,031 non-landed sales in 1Q 2021 (Figure 12). In absolute numbers, purchasers of all residential status grew gog, owing to the recovering economy and rising market confidence. Furthermore, the government's high degree of calibration in regard to border controls as well as Phase 3's general relaxation of safe management measures have minimised impacts on show flat viewing and consequently purchasing activity for 1Q 2021. Transactions by foreigners grew the most, recording a goq growth of 44.5% in 1Q 2021, followed by transactions by PRs, which recorded a 34.6% gog growth. Purchases by Singaporeans also increased by 13.0% gog.

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

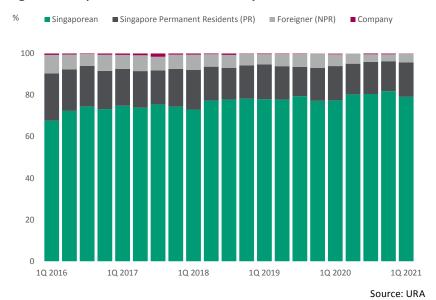
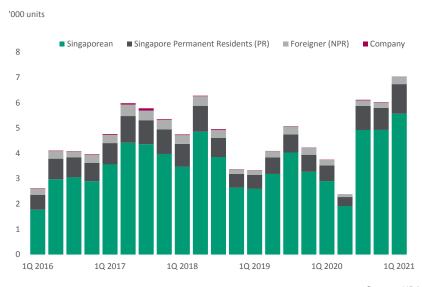


Figure 12: Non-landed sales by number of units and residential status



Source: URA

Among non-Singaporeans, mainland Chinese buyers made up the bulk of non-landed purchasers in 1Q 2021, recording a proportion of 28.2% this quarter, from 27.6% in 4Q2020 (Figure 13). The purchases by Malaysians followed behind, constituting 15.3% of the total non-landed residential sales in 1Q 2021, a decline from the 18.0% recorded in 4Q 2020. Additionally, the proportions of non-landed purchases by the Indians, Americans, and Indonesians held relatively steady at 12.4%, 4.4%, and 4.4% respectively. The order of non-landed purchasers by nationality has remained unchanged from last quarter.

4Q 2020 1Q 2021 ■ Mainland China ■ Mainland China ■ Malaysia Malavsia India ■ India Indonesia USA USA Indonesia Others Others 18.0% 15.3% 12.3%

Figure 13: Top foreign purchasers (by nationalities) in 4Q 2020 and 1Q 2021, islandwide

Source: URA, EDMUND TIE Research

In the traditional prime districts (i.e. Districts 9, 10 and 11), the mainland Chinese remained the top foreign homebuyer group in 1Q 2021, even though the proportion of mainland Chinese homebuyers declined to 21.7% in 1Q 2021 from 27.5% in 4Q 2020 (Figure 14). Nevertheless, transaction volume by mainland Chinese purchasers rose to 48 units in 1Q 2021 from 42 units in the previous quarter. Other top nationalities in 1Q 2021 included the Indonesians (12.7%) and the Taiwanese (10.9%).

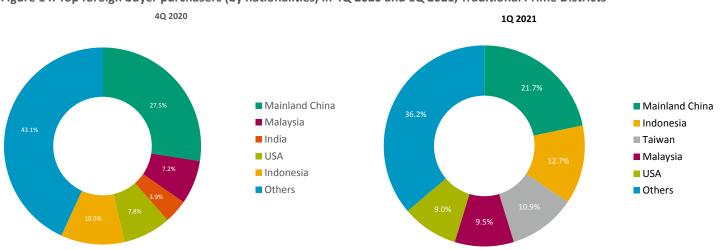


Figure 14: Top foreign buyer purchasers (by nationalities) in 4Q 2020 and 1Q 2021, Traditional Prime Districts

Source: URA, EDMUND TIE Research

In the city and emerging districts (i.e. Districts 1, 2, 4, 7 and 15), the mainland Chinese formed the top foreign homebuyer group in 1Q 2021, having made 22.9% of the purchases (Figure 15). While this proportion was a dip from the 32.4% in 4Q 2020, the transaction volume by mainland Chinese increased from 45 units in 4Q 2020 to 68 units in 1Q 2021. Other top nationalities included the Malaysians (10.1%) and the Indians (9.1%).

4Q 2020

1Q 2021

Mainland China
Malaysia
India
USA
Indonesia
Others

13.7%

Figure 15: Top foreign buyer purchasers (by nationalities) in 4Q 2020 and 1Q 2021, City and Emerging Districts

Source: URA, EDMUND TIE Research

In the other districts (mainly city fringe and suburban districts), the mainland Chinese are the top foreign homebuyer group in 1Q 2021, followed by the Malaysians (18.2%) and the Indians (15.6%) (Figure 16). The proportion of transactions by mainland Chinese buyers grew from 26.8% in 4Q 2020 to 31.4% in 1Q 2021.

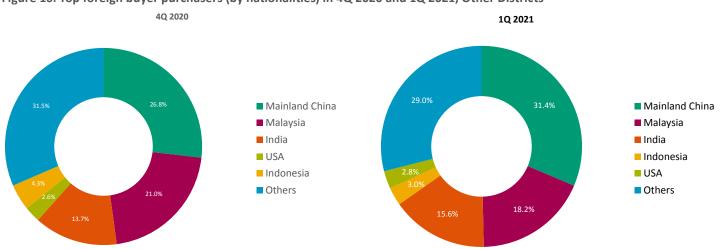


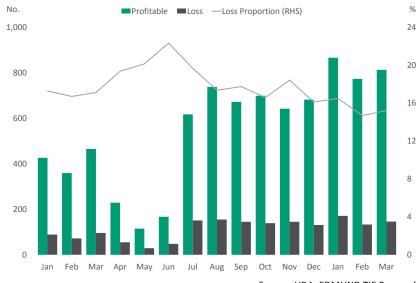
Figure 16: Top foreign buyer purchasers (by nationalities) in 4Q 2020 and 1Q 2021, Other Districts

Source: URA, EDMUND TIE Research

# Resale profitability

Resale profitability has improved in 1Q 2021 as the property climate stabilised against the backdrop of a recovering economy. The proportion of loss-making transactions for the quarter declined to 15.5% from 17.0% for 4Q 2020 (Figure 17). The improving figures suggest that the volume of distressed sales may be contained in the near term as the property market continues to improve.

### Figure 17: Number of profit- and loss-making non-landed transactions from Jan 20 to Mar 21

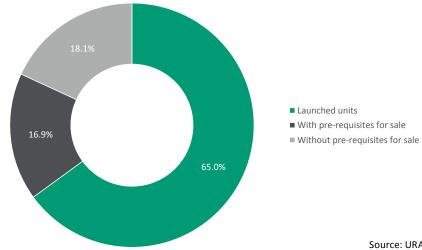


Source: URA, EDMUND TIE Research

Pipeline launches

According to URA statistics as at 1Q 2021, the total private residential (excluding EC) pipeline supply stood at 50,906 units. The bulk (65.0%) of total pipeline supply (33,071 private residential units) have been launched for sale, while 16.9% (8,608 units) have obtained pre-requisites for sale but were not yet launched (Figure 18). The remaining 18.1% (9,227 units) have not obtained prerequisites for sale.

Figure 18: Proportion of launched, unlaunched units with pre-requisites for sale and units without pre-requisites for sale (landed and non-landed)



# Outlook

Source: URA

Barring a possible imposition of policy measures to cool the market, the private homes market is likely to remain on sound footing with transaction activity staying robust. From the supply side, developers could continue to price new units at a premium to account for increases in construction costs resultant from a tight foreign labour market and delayed timelines due to COVID-19. The demand for private homes will likely hold steady amidst a low interest rate environment with ample liquidity and robust market sentiments.

On 16 May 2021, Singapore entered Phase 2 (Heightened Alert) in response the growing numbers of COVID-19 transmission locally and within Asia. This has resulted in a reimposition and tightening of pandemic-related curbs and restrictions, such as the introduction of more stringent safe management measures as well as border controls to manage the situation. As a result, show flat viewings, in particular by foreigners, are likely to dwindle in numbers. Decision-making process for buyers might be lengthened, which in turn could dampen transaction volumes. We expect developers to be cautious with new project launches moving forward, until the local COVID-19 situation improves.

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