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MEDIA COMMENTS

EDMUND TIE Research & Consulting comments on 2Q URA statistics

SINGAPORE, 23 July 2021 – With the release of 2Q URA statistics, Mr Lam Chern Woon, Head of Research & Consulting at EDMUND TIE, gives his insights on the data trends.

Residential

The residential price index increased by 0.8% qoq in 2Q 2021, a slight downward revision from the flash estimate of 0.9% and demonstrated a more sustainable pace of growth compared to 1Q 2021's 3.3%. Residential price growth in 2Q 2021 was driven by the non-landed segment.

Non-landed prices gained the most in OCR, rising by 1.9% qoq in 2Q 2021 after 1.1% in 1Q 2021. The growth momentum was also strongest in the OCR, attesting to buoyant demand for mass market homes, underpinned by the ongoing shift to the new hybrid work paradigm.

Developers launched 2,356 units in 2Q 2021, 36.6% lower than 1Q 2021's launch volumes, reflecting a cautious approach till more visibility is obtained on the vaccination progress. The outbreak of the TTSH cluster and subsequent safety restrictions imposed would also have contributed to a more subdued property market sentiment.

Compared to launches, developer sales fell by a smaller magnitude of 15.1% to 2,966 units. The greatest growth of sales was recorded in the CCR, in line with higher launch volumes in the segment. Strong latent demand was observed in RCR where sales fell by only 37.5% despite a 75.1% drop in launches.

The resale market gained momentum in 2Q 2021, where transactions rose by 18.0% to 5,333 units and the share of the resale market rose to 63.1% in 2Q 2021 from 55.8% in 1Q 2021.

The share of sub-sale transactions rose to 1.8% in 2Q 2021 from 1.1% in 1Q 2021. This marked increase, especially in the RCR and OCR segments, is a cause of concern as it suggests that there are distress in various pockets of the housing market. With the seller stamp duty regime in place, the subsale transactions are likely to be loss-making in this climate.

The unsold pipeline with planning approvals dipped below the 20K mark to 19,384 units, while completed and unsold units stood at a mere 25 units. The low inventory will underpin demand for new project launches although the showroom capacity restrictions may place a lid on viewings and transactions in the near term.

The OCR recorded the highest rental growth of 3.6% qoq in 2Q 2021, supported by tightening vacancies. Nonetheless, rental growth in the CCR and RCR were also buoyant at 3.1% and 2.8% respectively.

Office

Office rents rose at a slower pace of 1.3% qoq in 2Q 2021, compared with a 3.3% increase in 1Q 2021. Median rents of quality Category 1 office space rose in the quarter, while that of Category 2 office space fell, reflecting the ongoing preference by occupiers for quality spaces.

Net absorption fell to -23K sqm in 2Q 2021 from -19K sqm in 1Q 2021 while the overall vacancy rate rose to 12.6%. Nonetheless, the continued growth of office rents suggests that there are pockets of strong leasing demand by various sectors such as technology and wealth management. In particular, the Fringe Area saw demand rising to 11K sqm 2Q 2021 from 7K sqm in 1Q 2021.

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About EDMUND TIE

EDMUND TIE is a full-service, real estate consulting firm with more than 400 skilled professionals in the region. It is headquartered in Singapore and supported by offices in Kuala Lumpur, Malaysia, and Bangkok, Thailand. We offer a comprehensive suite of agency and professional services including investment advisory, business space and retail, residential agency, auction and sales, valuation advisory, statutory valuation and property tax advisory, research and consulting, property management, and hospitality management. For more information, please visit www.etcsea.com.