

A long-exposure photograph of the Singapore skyline at night, with numerous skyscrapers illuminated and their lights reflecting on the water in the foreground. The sky is a deep blue with some clouds.

**REAL ESTATE
TIMES**

OCTOBER 2021

SINGAPORE Q3 2021

Sustained growth in real estate going into 2022

ECONOMY – Growth recovery expected to sustain into 2022

KEY HIGHLIGHTS

GROSS DOMESTIC PRODUCT (GDP)

2Q 2021
14.7%

1Q 2021
1.5%

Rank performance of sectors based on GDP yoy growth rate (%)

Sector	1Q 2021	2Q 2021	
Overall GDP Growth	1.5	14.7	▲
Construction	-23.2	106.2	▲
Accommodation & Food Services	0.4	25.6	▲
Transportation & Storage	-15.8	20.9	▲
Manufacturing	11.4	17.7	▲
Information & Communications	6.8	9.6	▲
Real Estate, Professional Services*	-7.8	9.2	▲
Finance & Insurance	5.7	9.1	▲
Wholesale & Retail Trade	3.4	5.5	▲

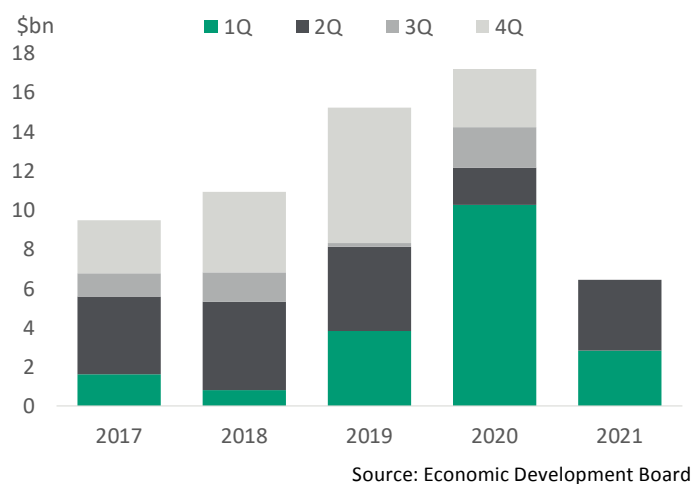
Unit: %

Source: Singapore Department of Statistics

FIXED ASSET INVESTMENTS (FAI)

2Q 2021
\$3.6bn

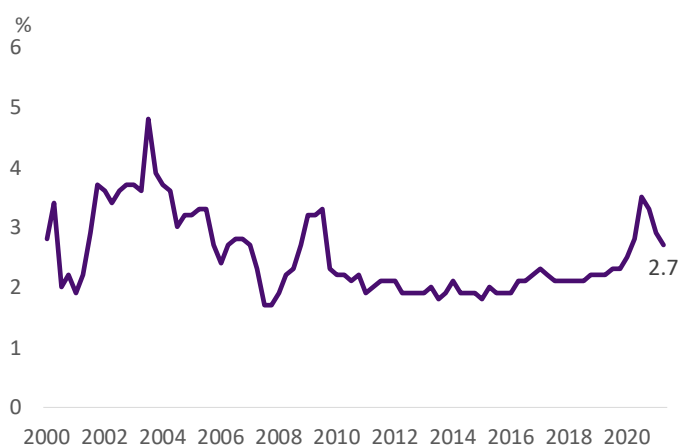
1Q 2021
\$2.8bn



UNEMPLOYMENT RATE

2Q 2021
2.7%

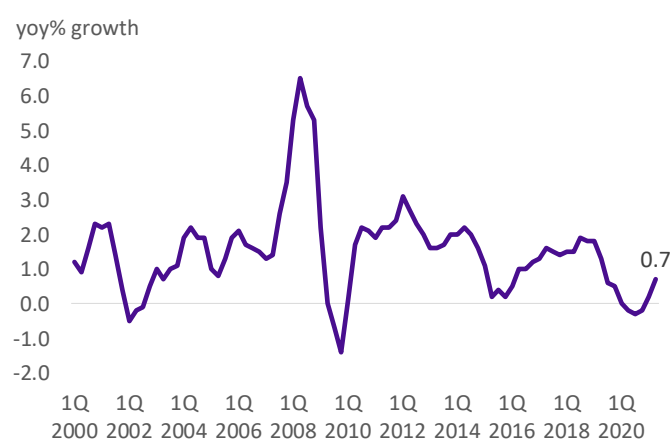
1Q 2021
2.9%



CONSUMER PRICE INDEX (CORE INFLATION)

2Q 2021
0.7 yoy% growth

1Q 2021
0.2 yoy% growth



MARKET COMMENTARY

- Singapore's economy grew by 14.7% yoy in 2Q 2021, a substantial increase from the 1.5% yoy in 1Q 2021.
- The manufacturing sector, which constituted a significant 23% of the GDP, expanded by 17.7% yoy in 2Q 2021, accelerating from the 11.4% growth recorded in the previous quarter. The services sector grew by 10.3% yoy in 2Q 2021, a reversal from -0.3% yoy in 1Q 2021. Finance & Insurance, which constituted 15% of the GDP, contributed the most by expanding 9.1% in 2Q 2021 from 5.7% in the previous quarter.
- Singapore attracted \$3.6bn in FAI in 2Q 2021, an increase from \$2.8bn in 1Q 2021 with the manufacturing sector leading at \$2.5bn.
- The labour market continued to recover from the impact of the COVID-19 pandemic. The unemployment rate declined to 2.7% in 2Q 2021 from 2.9% in 1Q 2021. In 2Q 2021, total employment contracted by 16,200 with manufacturing (-4,300), construction (-5,100), and food and beverage services (-5,700) declining the most. Employment growth was in sectors such as health and social services (+4,200), information and communications (+3,700), and professional services (+1,900). The unemployment rate for July increased to 2.8%.
- Core inflation in Singapore rose to 1.1% yoy (the fastest pace in more than two years) in August 2021, lifted by higher food prices. Inflation in 2021 forecasted between 1% to 2%, but MAS and MTI kept the core inflation outlook unchanged at 0% to 1%. Economists do not expect any monetary policy normalisation until early next year.

MARKET OUTLOOK

- The electronics and precision engineering clusters continued to see healthy expansions due to robust global demand for semiconductor and semiconductor equipment respectively. Singapore's manufacturing and electronics sectors remain resilient and should continue to provide a key pillar of support for near-term growth. The growth outlook for the Information & Communications, Finance & Insurance and Wholesale Trade sectors remains positive, supported by the strong demand for digital solutions and services.
- The impact of the Delta variant and the expiry of government support measures present downside risks to the employment outlook. The recent retrenchment of Panasonic's 700 workers also cautioned a delicate employment situation. Besides, the September spike in Covid-19 cases looms over the vaccination-enabled reopening.
- On 11 August 2021, MTI upgraded Singapore's GDP growth forecast for 2021 from "4% to 6%" to "6% to 7%". While some uncertainties remain, strengthening global demand and the Government's commitment to Singapore's reopening plans will drive the nation's economic recovery path. In a world of uncertainties today, Singapore provides a safe harbour with policy consistency and coherence for investors to plant their long-term investments here and for global businesses to operate out of Singapore as a key node in the global network and value chains. As Singapore transits to endemic living, we expect the country to reinforce its position as a business, travel, and talent hub.

INVESTMENT – Continued positive sentiment across most sectors

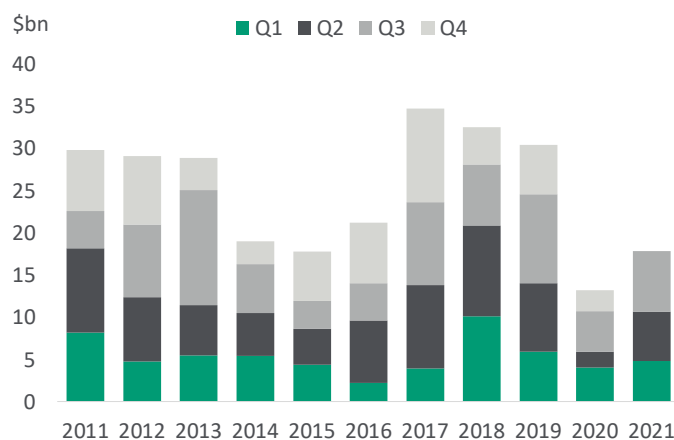
KEY HIGHLIGHTS

3Q 2021
\$7.19bn

2Q 2021
\$5.85bn

INVESTMENT SALES (\$ billion)

Total investment sales in 3Q 2021 increased by 23% as compared to 2Q 2021.



Source: EDMUND TIE Research

3Q 2021
\$1.20bn

2Q 2021
\$1.56bn

VALUE OF TOP 5 PRIVATE INVESTMENT DEALS (\$ billion)

The combined value of the top 5 private investment deals in 3Q 2021 represented 17% of total investment value in 3Q 2021.

Top 5 private investment deals in 3Q 2021

Development	Remaining tenure, yrs	Purchase price		Purchaser	Seller
		\$ mn	\$ psf		
Residential					
Flynn Park	Freehold	371.0	1,355 land area	Hoi Hup Realty and Sunway Developments	Collective sale
21 Anderson	Freehold	213.0	2,490 strata area	Kheng Leong Group	Far East Consortium International Limited
11 Queen Astrid Park	854.0	86.0	2,700 land area	Chew Shou Zi (TikTok CEO)	Unknown
Office					
61 Robinson	74.5	422.0	2,973 NLA	Rivulets Investments	ARA Private Funds
Retail					
Le Quest Mall	94	103.0	1,595 GFA	Firmus Capital	Qingjian Realty (South Pacific) Group Pte Ltd

Source: EDMUND TIE Research

MARKET COMMENTARY

- Total investment sales for 3Q 2021 rose significantly by 23% to \$7.2bn as compared to \$5.9bn in 2Q 2021, signalling the continued investor confidence.
- Investment sales in this quarter was led by residential which contributed to \$6bn (85%), followed by office contributing to \$0.5bn (8%).
- For residential sales, \$3.74bn were derived from Government Land Sales (GLS) programme. The three residential sites were strongly contested and drew 5 to 9 bidders per site, while a white site at Marina View was awarded to IOI Properties' subsidiary, which was the sole bidder. The quarter also saw a total of 17 Good Class Bungalow (GCB) transactions worth \$521mn.
- Commercial sales in 3Q 2021 comprised of 8% office, 2% retail and 1% shop house deals. In addition, the transactions for office and retail sales were predominantly strata-titled transactions.
- A fund managed by Rivulets Investments acquired 61 Robinson, a 20-storey office building, for \$422 million from ARA Private Funds. The property is undergoing asset enhancement works, including converting the car park at the fifth storey to a retail space. The enhancement work is scheduled to complete next month.
- Flynn Park, a freehold residential development with 72 units located in Pasir Panjang, was successfully sold en bloc for \$371 million to a joint venture between Hoi Hup Realty and Sunway Developments. It is the largest en bloc deal recorded thus far this year.
- Far East Consortium International Limited sold 21 Anderson, a freehold condominium in Orchard with 34 units, for \$213 million to Kheng Leong Group. The property, which has achieved its full development potential, is expected to provide rental income stream in the near term for the acquirer.
- We observe a rise in investor interest in alternative asset classes in the quarter. For instance, a multi-storey carpark and restaurant unit at People's Park Complex was purchased by Lucky Pinnacle, an entity of Far East Organisation, for \$39.33 million. A petrol station at 870 Dunearn Road was acquired for \$56 million by Gerbera Land Pte. Ltd, a subsidiary of Tuan Sing Holdings.

MARKET OUTLOOK

- **RESIDENTIAL:** The GCB market is expected to continue to be abuzz with a strong interest and activity, such as from new economy entrepreneurs and wealthy families purchasing for the next generation. Against the backdrop of a positive market outlook, the revival of the collective sale market saw a string of developments, such as Fortune Park and Watten Estate, put up on the market in the quarter, with more developments like Elizabeth Towers expected to follow suit. Due to the limited supply of land from the Government Land Sales programme, developers are turning to the en bloc market to acquire land due to their dwindling unsold inventory of private housing units and stock up on their land banks amidst robust housing demand.
- **RETAIL:** Singapore's high population vaccination rate and the resultant gradual easing of restrictive measures and reopening of borders brings optimism to the recovery of the sector. In particular, suburban malls have proved to be resilient and are expected to continue performing well and receive strong investor interest.
- **OFFICE:** The expected rental recovery coupled with the low interest rates and ample liquidity in the market are driving forces behind improving investment sentiment. In particular, leasing demand is expected to remain strong from tech companies, investment, and wealth management businesses looking to expand their office footprint locally. Several ongoing major office deals are expected to conclude soon, highlighting the positive market outlook.
- **INDUSTRIAL:** The sector's resilient performance during the pandemic was uplifted by the manufacturing and logistics sectors. Against the backdrop of the growing manufacturing and e-commerce sector, the industrial sector is poised for a further growth trajectory. The COVID-19 pandemic has shone a spotlight on the growing demand and importance for logistics assets such as cold storage facilities for vaccine supplies storage and transport.
- Lastly, the growing commitment to Environmental, Social and Governance (ESG) has paved the way for asset owners to reallocate capital to push towards sustainability agenda. For example, DBS will be investing \$5 million to convert its office building at Bukit Timah into a net-zero energy building. Through means such as green financing, their assets will be in a better position to be attract investors in the future.

OFFICE – Anticipation of a gradual recovery

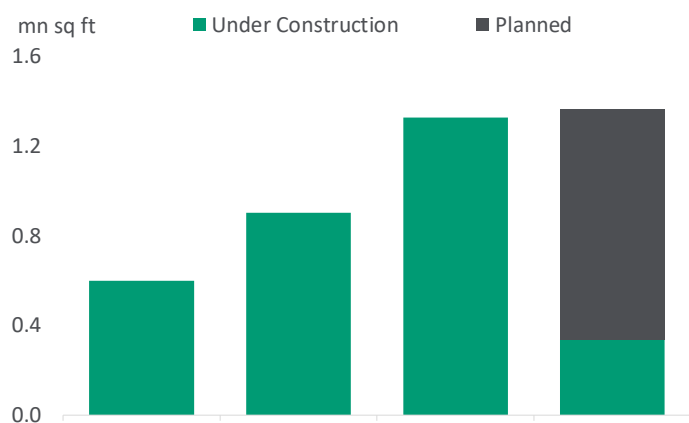
KEY HIGHLIGHTS

Average monthly gross rents (SGD/sq ft)

Location	Subzone	Grade	2Q 2021	3Q 2021	Qoq change (%)
CBD	Marina Bay	Premium	11.99	12.01	0.2
	Raffles Place	A	10.01	10.03	0.2
	Shenton Way/Robinson Road/Tanjong Pagar	Premium	10.86	10.87	0.1
		A	8.65	8.65	0.0
		B	6.98	6.95	-0.5
Non-CBD	Marina Centre	A	9.60	9.62	0.2
	City Hall/Bugis	Premium	10.69	10.71	0.2
		*	6.95	6.95	0.0
	Orchard Road	*	8.84	8.84	0.0
Decentralised areas	Decentralised areas	*	6.01	6.00	0.0

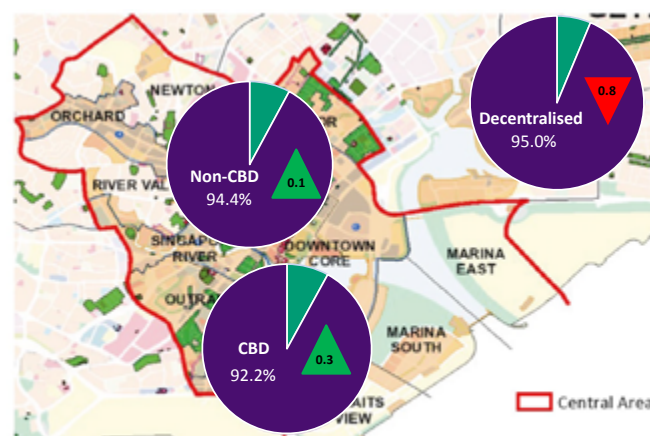
Source: EDMUND TIE

SUPPLY – Singapore OFFICE SUPPLY (sq ft)



Source: URA, EDMUND TIE

OCCUPANCY RATE OF PRIME CBD OFFICE SPACES



* In-house estimates of purpose-built office developments and mixed-use premises with NLA of 20,000 sq ft and above

Source: URA, OneMap, EDMUND TIE Research

OFFICE SUPPLY PIPELINE (2021-2024) (sq ft)

CapitaSpring had received the first phase of Temporary Occupational Permit and is on track to be fully completed in 4Q 2021, offering 29 floors of premium Grade A offices and 299 units of serviced apartment.

	Development	Location	Zone	NLA '000 sq ft	Total	Status
2021	CapitaSpring	Chulia Street/Church Street/Market Street	CBD	208	408	Under construction
	Surbana Jurong Campus	Cleantech Loop	Decentralised Areas	200		Under construction
2022	Guoco Midtown	Beach Road	Bugis/City Hall	650	650	Under construction
2023	Central Boulevard Towers	Central Boulevard	CBD	1,258	1,258	Under construction
2024	Office/retail development	Labrador Villa Road/Pasir Panjang Road	Decentralised Areas	641	641	PP: Sep-20
					2,957	

*Selected major developments in the pipeline

Source: URA, EDMUND TIE

MARKET COMMENTARY

- Based on EDMUND TIE Research statistics, overall net absorption islandwide fell from 306,000 sq ft in 2Q 2021 to a negative 43,200 sq ft in 3Q 2021. However, prime office spaces experienced a positive net absorption as leasing demand gradually picked up.
- Office demand continues to be bolstered by the upbeat office employment outlook from information and communications, finance, and insurance sectors, fuelled by government support, job schemes and overseas foreign investment. The growth is especially so for technology related jobs and traineeships by the Singapore government and the private sector as more opportunities are available to upskill and work in the information and communication sector.
- With older office stock such as Fuji Xerox Towers, AXA Tower, Realty Centre, and Maxwell House also slated for redevelopment into mixed developments, office demand in the CBD is currently being boosted from the displaced tenants seeking alternative office premises. Further, coupled with the easing of COVID-19 restrictive measures, we expect a slight resurgence in positive sentiments for the office market.
- Growth sectors include co-working spaces and technology companies. Leasing transactions include the expansion of co-working space, The Executive Centre, at One Raffles Quay (39,000 sq ft) and IWG's addition of 22,000 sq ft of flexible workspace at PLUS into their portfolio. Technology firms such as IBM RedHat are also relocating from AXA Tower to CapitaSpring, expanding their space from 33,000 sq ft to 60,000 sq ft. Twitter has also expanded its office by leasing an additional floor at CapitaGreen.
- Payar Lebar Central was added to URA Pilot Business Improvement District Programme to inject vibrancy of the precinct. The collaboration involves stakeholders from Lendlease, Sun Venture and Singapore Post Limited, to create a friendly commercial hub, focusing on sustainability, active living and cultural diversity.

MARKET OUTLOOK

- Moving forward, we can expect landlords to continue sprucing up and utilising technology at their properties to attract tenants. More flexible options are also available, such as co-working spaces as part of their tenant mix and making it available for their tenants in the same development. Developers are also increasingly creating their own co-working spaces to incentivise tenants to take up leases.
- Rents for prime and grade A spaces in the CBD are bottoming out with the improving economic outlook in the quarter, due to the lifting of workplace restrictions, where up to 50% of workers are allowed to return to the office from August 2021. However, rents for grade B office spaces dipped slightly as tenants looked for better quality offices.
- We expect a gradual recovery in the office market as Singapore phases out its Covid-19 endemic road map. However, with the new hybrid working normal and tenants looking to maximise their office spaces, landlords must continue to better understand the needs of their tenants in order to retain and attract future occupiers by creating more collaborative spaces for connection and touchless surfaces at common areas such as lifts and automatic doors.

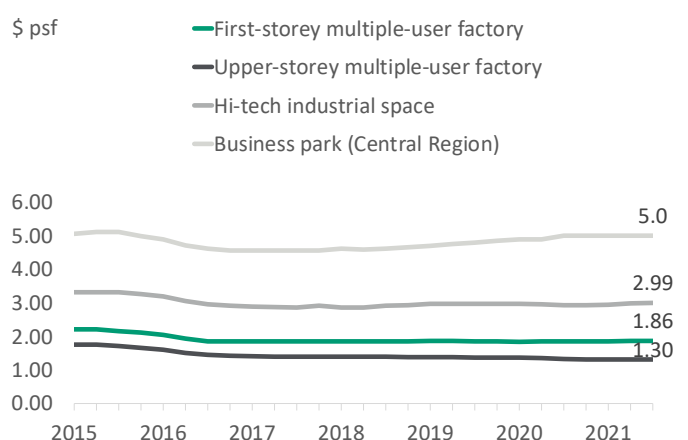
INDUSTRIAL – Embracing an ecosystem of innovation, tech and ESG

KEY HIGHLIGHTS

RENTAL OF FIRST STOREY MULTIPLE-USER FACTORY

3Q 2021
\$1.86 psf
2Q 2021
\$1.86 psf

Firm prospects for the manufacturing sector drove the slight 0.4% qoq increase in rent.

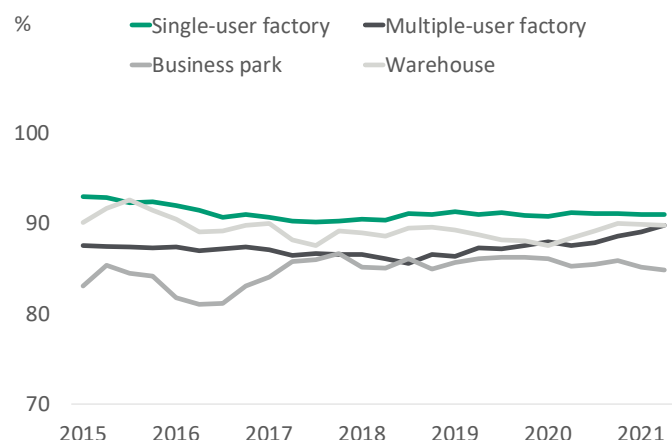


Source: EDMUND TIE Research

OCCUPANCY RATE OF MULTIPLE-USER FACTORY

2Q 2021
89.7%
1Q 2021
89%

The occupancy rate of the island-wide multiple-user factory increased qoq with improved business confidence amid an upbeat outlook.

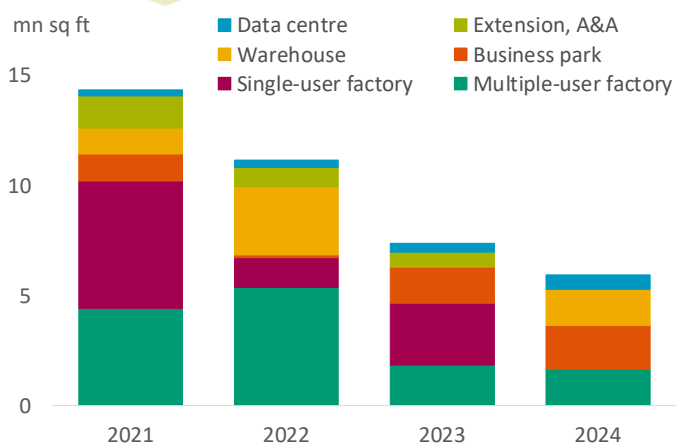


Source: JTC

SUPPLY OF INDUSTRIAL SPACES (sq ft)

2Q 2021
38.7mn sq ft NLA
1Q 2021
41.7mn sq ft NLA

Most supply pipeline is in 2021 and 2022.



Source: EDMUND TIE Research

INDUSTRIAL SUPPLY PIPELINE (2021-2024) (sq ft)

Developer/development	Location	NLA '000 sq ft
Private multiple-user factory developments		
Solaris @ Tai Seng	Tai Seng Avenue	929
Mapletree Industrial Trust	Kallang Way	710
Private single-user factory developments		
Malkoha	Sunview Way	1,512
Global Foundries Singapore	Woodlands Industrial Park D Street 2	849
Private warehouses developments		
Logos eHub	Pandan Crescent	1,109
Allied Sunview	Sunview Road	1,081
Private business park developments		
CapitaLand Singapore (BP&C)	Science Park Drive	993
Surbana Jurong Campus	Cleantech Loop	365
Public industrial developments		
JTC Defu Industrial City	Defu South Street 1	2,875
JTC Punggol Digital District (Phase 1)	Punggol Way	2,001

* New supply of major industrial developments

Source: JTC

MARKET COMMENTARY

- Similar to June (last publication), the manufacturing PMI reading remained constant at 50.8 in September 2021. The overall manufacturing sector has now recorded the 15th month of expansion, albeit slightly slower than July (51.0) amid supply chain disruptions from a resurgence in Covid-19 cases across the region.
- NODX grew by 2.7% yoy in August 2021, after the 12.7% increase in the July 2021. Electronics grew while non-electronics declined.
- Overall industrial net absorption increased from 1.5mn sq ft in 1Q 2021 to 3.9mn sq ft in 2Q 2021. The drivers were warehouse segment (1.4mn sq ft), multiple-user factory segment (1.3mn sq ft), single-user factory segment (1.0mn sq ft) and business park segment (0.2mn sq ft).
- Island-wide, only the multiple-user factory occupancy rate increased in 2Q 2021 (0.8% qoq). The rest of the occupancy rates for other industrial segments decreased, with business park declining the most at 0.4% qoq.
- Approximately 37% of the supply pipeline will be completed in 2021, followed by 29% in 2022. Multiple-user factories accounted for the bulk (34%) of the supply pipeline with approximately 13.2mn sq ft NLA. Single-user factory space made up 26% of the supply pipeline, projected to be about 9.9mn sq ft NLA.

MARKET OUTLOOK

- The full-year trajectory for manufacturing remains sound. Barring a worsening of the Covid-19 situation, the manufacturing sector is expected to be one of the key pillars of growth, as export-oriented industries ride on global trade growth. As the nation moves up the manufacturing value chain, modern and high-specs properties will see an uplift in demand.
- The outlook for the industrial sector is optimistic, as prices and rentals of industrial space are likely to remain stable for 2021 as improving demand soaks up new supply.
- Post-pandemic, the Singapore government has urged local industries to evolve and embrace trends, such as sustainability, digitalisation, automation, supply chain resilience. Companies are urged to innovate, transform, build strength and remain resilient for the future. On the horizon, we expect more companies to tap on opportunities in areas, such as clean energy solutions, green tech, and green financing. They are also encouraged to undergo technological transformation to increase productivity and lower costs and reskilling & upskilling their workers as the nation strives towards being a trusted hub for commerce, trade, and talent and a global node for manufacturing activities.

RETAIL – Continues to be weighted down by the restrictions

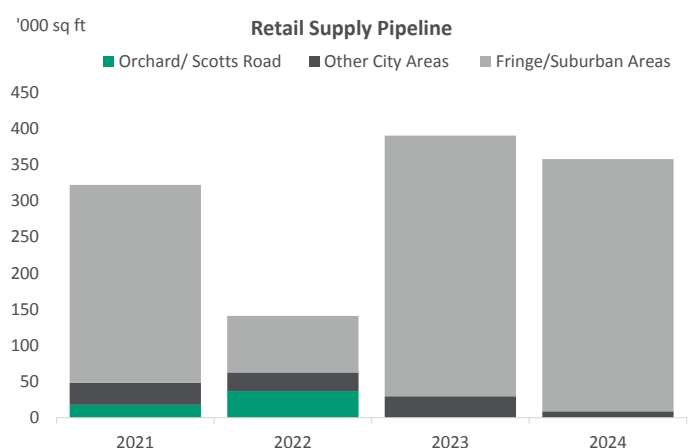
KEY HIGHLIGHTS

AVERAGE RETAIL RENTAL (SGD/sq ft)

Location	Level	2Q 2021	3Q 2021	Qoq change (%)
Orchard/Scotts Road (OSR)	First storey	37.72	37.72	0.0
	Upper storey	15.96	15.93	-0.2
Other city areas (OCA)	First storey	19.35	19.26	-0.5
	Upper storey	9.78	9.70	-0.8
Fringe/Suburban areas (FSA)	First storey	30.57	30.72	0.5
	Upper storey	17.20	17.2	0.0

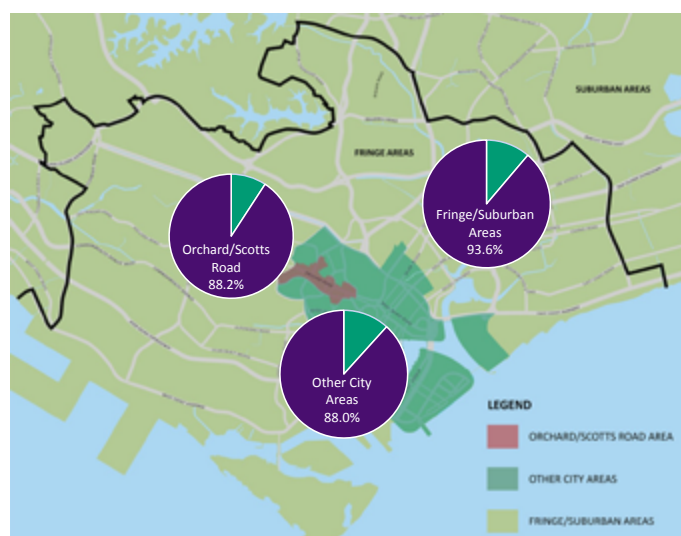
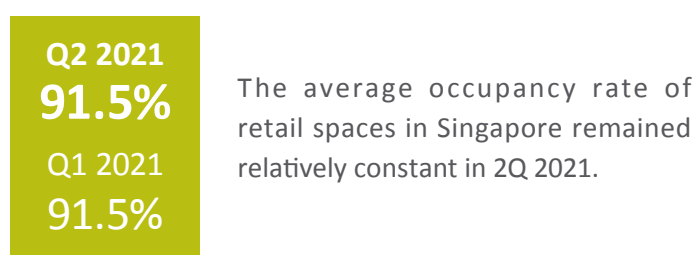
Source: EDMUND TIE

SUPPLY OF RETAIL SPACES (SQ M)



Source: URA, EDMUND TIE

RETAIL OCCUPANCY RATES



SUPPLY OF RETAIL SPACES (2021-2024) (sq ft)

The largest development in the immediate term is the A&A to i12 Katong in 4Q 2021. Punggol Digital District is also slated to open in 2024, where the new retail spaces will bring forth vibrancy and life into the area. A large portion of the new upcoming supply is in the form of refurbishment of existing retail assets and new ancillary retail components.

	Development	Location	Developer	NLA '000 sq ft	Total	Status
2021	A&A to existing i12 Katong	East Coast Road	Keppel Land Pte Ltd	189	189	Under construction
2022	A&A to Grantral Mall @ Macpherson	Macpherson Road	Wujie Times Square Pte Ltd	63	63	Under construction
2023	Sengkang Grand Mall	Compassvale Bow/ Sengkang Central	CapitaLand and City Developments Limited	109	190	Under construction
	One Holland Village	Holland Road	Far East Organization, Sinoland and Sekisui House	81		
2024	Punggol Digital District	Punggol Way	JTC Corporation	173	323	Under construction
	The Woodleigh Mall	Upper Aljunied Road	SPH and Kajima Development	150		
					765	

*Selected major developments in the pipeline

Source: URA, EDMUND TIE

MARKET COMMENTARY

- Based on EDMUND TIE Research, islandwide net absorption has improved from 151,000 sq ft in 2Q 2021 to 301,000 sq ft in 1Q 2021. The occupancy rate remained relatively constant at 91.5% in 2Q 2021.
- The occupancy rate for the Fringe/ Suburban area improved by 0.2% points to 93.6% in 2Q 2021, the fourth quarter of consecutive increase since the start of the COVID-19 pandemic.
- Retail leasing transactions in 3Q 2021 includes Paris Baguette at Ion Orchard (3,000 sq ft), Bynd Artisan at Ion Orchard (1,200 sq ft), Haidilao Hot Pot opening its 14th outlet at City Square Mall and Eggsbut opening its first outlet in Southeast Asia at Scotts Square. Retail closures include Isetan closing its Parkway Parade outlet when their lease expires in March 2022, and luxury boutique Pedder on Scotts, which previously occupied 20,000 sq ft in Scotts Square, ceased operations from 26th September 2021.
- The 3-month moving average of yoy change in retail sales (excluding motor vehicles) has fallen from 40.1% in June 2021 to 7.0% in August 2021. This drop is due to the tightening of safe management measures during the recent Heightened Alert phases. Retail sales for departmental stores, apparel & footwear and watches & jewellery experienced the greatest improvement yoy in 2Q 2021. The majority of the retail trade categories experienced a positive growth except for Mini-marts & Convenience Stores and Supermarkets & Hypermarkets due to the high base in 2Q 2020.
- For the food and beverage services index for 2Q 2021, food caterers continued to report the highest decline of 44.0% yoy due to the continued restriction of large social gatherings, resulting in the low demand for event catering. Restaurants experienced the most significant improvement compared to a year ago, increasing by 73.2% yoy in 2Q 2021 followed by Cafes, Food Courts & Other Eating Places which rose by 45.0% yoy, due to the low base in 2Q 2020.
- The majority of the upcoming retail pipeline are ancillary retail and integrated developments with retail malls and commercial segments. Such projects include Sengkang Grand Mall, Pasir Ris 8, The Woodleigh Mall and One Holland Village.

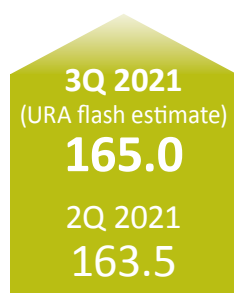
MARKET OUTLOOK

- Retail in the central region continue to be affected more by their suburban counterparts as work-from-home practices remain prevalent. Especially for F&B retailers, the thinning of office crowds due to work-from-home has affected their businesses badly. Also, with the sudden surge in cases, more families are opting to be more vigilant and spend less time patronising malls.
- The new norm for F&B players includes reinventing themselves and adopting deliveries as part of their business model. We expect the food delivery trend to be the new norm in the F&B culture post-COVID, as the pandemic entrench habits of ordering food delivery. The online share of F&B sales surged during the Circuit Breaker in 2020 and Phase 2 (Heightened Alert) in 2021.
- Our emergence from Phase 2 (Heightened Alert) has emphasised the importance of digitalisation for retailers to be future-proof and increase the visibility of their products and the company.
- The ongoing safe management restrictions will weigh on the retail outlook in the near-term, although shopper traffic and retail sales is likely to pick up in the coming months should the Covid situation come under better control and sentiment improves.
- The recovery of the retail sector, particularly for retailers located at the Orchard/Scotts subzone, continues to be weighed down by the lack of tourists due to the international travel restrictions. However, with Singapore gradually easing border restrictions and a roadmap for an endemic covid-19, we expect rents to hold steady.

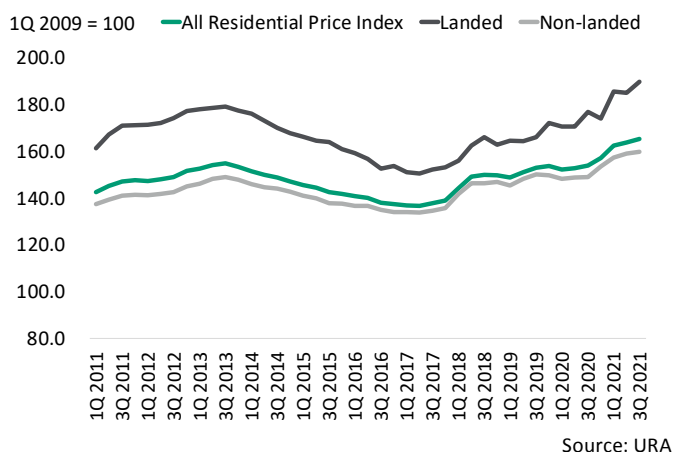
RESIDENTIAL – Stabilisation of activities as evolving COVID-19 situation instills prudence

KEY HIGHLIGHTS

PROPERTY PRICE INDEX OF ALL PRIVATE RESIDENTIAL PROPERTIES



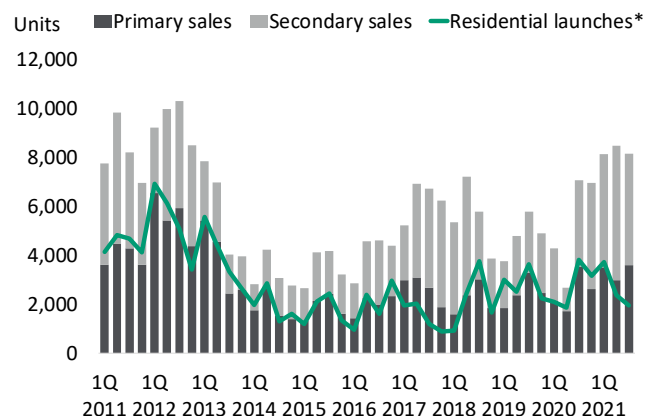
In 3Q 2021, based on URA's flash estimate, the Property Price Index (PPI) for all private residential properties including Executive Condominiums rose by 0.9% qoq. The 2.5% qoq growth in the PPI for landed private properties contributed to the rise in the overall PPI. The PPI for non-landed private properties recorded a more muted qoq growth of 0.5% in 3Q 2021.



PRIMARY AND SECONDARY SALES TRANSACTION VOLUME



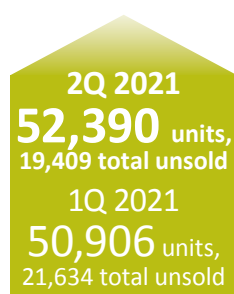
Based on caveats lodged between 1 Jul 2021 and 30 Sep 2021, overall sales transaction volume for private residential units recorded a 3.8% qoq decline in 3Q 2021. The volume of secondary transactions declined by 17.1% qoq, while new sales volume grew by 20.8% qoq in 3Q 2021.



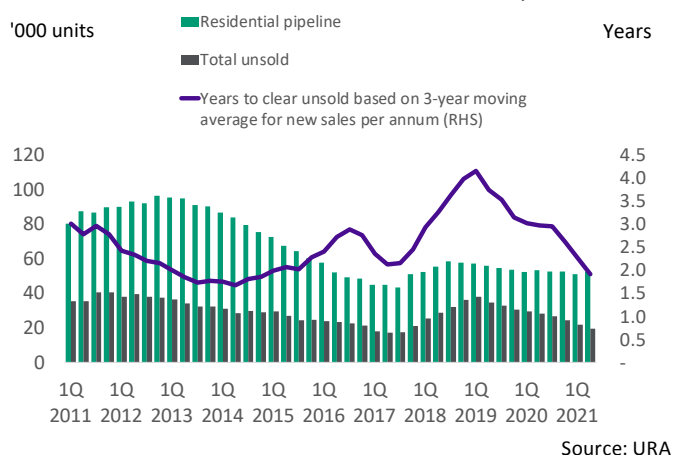
* Residential launch data for 3Q 2021 is based on new launches in Jul 2021 and Aug 2021 only.

Source: URA

RESIDENTIAL PIPELINE SUPPLY



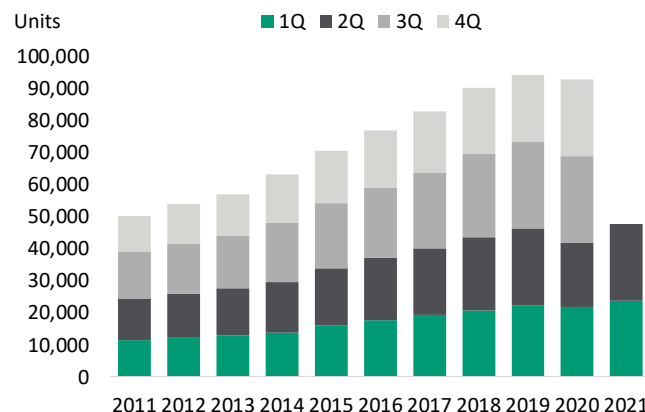
The pipeline supply for private homes grew by 2.9% qoq in 2Q 2021 due to the government's moderate increase of the private housing supply through the 2H 2021 Government Land Sales (GLS) programme. However, the total number of unsold units fell by 10.3% qoq, alongside the estimated number of years to absorb the unsold supply based on the current 3-year moving average for new sale transactions per annum.



PRIVATE HOME RENTAL TRANSACTIONS



The number of private rental transactions grew by 1.3% qoq in 2Q 2021, driven by the ongoing uncertainties within the construction sector and prevailing border controls, which create demand for rental units. On a yoy basis, the growth is more significant at 19.4%, arising from the low base effect from the Circuit Breaker viewing restrictions in 2Q 2020.



MARKET COMMENTARY

- In 3Q 2021, according to URA's flash estimate, the Property Price Index (PPI) for all private residential properties rose for the sixth consecutive quarter by 0.9% qoq to 165.0. Prices for landed properties grew by 2.5%, while that for non-landed properties by 0.5%. The performance of non-landed prices across market segments was uneven, with prices in the Core Central Region (CCR) and Outside Central Region (OCR) falling by 0.6% and 0.2% respectively, and the Rest of Central Region (RCR) rising by 2.2% in 3Q 2021.
- Based on caveats lodged between 1 Jul 2021 and 30 Sep 2021, overall transaction volume dropped by 3.8% qoq to 8,129 units in 3Q 2021. New sales volume grew by 20.8% qoq to 3,584 units, driven by the OCR's strong 99.7% qoq growth in new sales, suggesting robust interest for suburban homes amid the success of government decentralisation efforts. The CCR and RCR witnessed qoq declines of 44.4% and 4.3% respectively, likely due to the subdued developers launch activity for 3Q 2021 arising from concerns over tightened safe management measures.
- Secondary transaction volume declined by 17.1% qoq to 4,545 units in 3Q 2021. Q-o-q declines were recorded across all market segments, at 22.8%, 13.7%, and 16.6% for the CCR, RCR, and OCR respectively.
- Based on URA's statistics for developers' sales in Jul 2021 and Aug 2021, there were three new non-landed project launches in 3Q 2021, namely Pasir Ris 8 in Jul 2021, and The Watergardens At Canberra and Klimt Cairnhill in Aug 2021. Pasir Ris 8 and The Watergardens At Canberra, both sited in the OCR, have achieved around 90% take-up rate to date, indicating robust interest for homes in the suburbs.
- Following the government's moderate increase of the private housing supply through the 2H 2021 Government Land Sales (GLS) programme, the pipeline supply for private residential homes as at 2Q 2021 grew by 2.9% qoq to 52,390 units. Despite the increase in supply, the total number of unsold units for 2Q 2021 fell by 10.3% qoq to a record low of 19,409 units for the period commencing from 4Q 2017. Based on the current 3-year moving average of new units take-up per annum, it would take an estimated 1.9 years to absorb the unsold supply, pointing to a tight supply situation.
- Non-landed rental transactions grew slightly by 1.3% qoq to 23,923 transactions in 2Q 2021. The delay of numerous projects arising from the uncertainties within the construction sector and the existing border control measures fuelled the growth in rental volume. These factors have compelled existing tenants or new homeowners to extend their rental contracts. Across the market segments, the CCR and OCR both experienced a qoq growth of 2.5% in rental volumes in 2Q 2021, while the RCR witnessed a qoq dip of 1.3%.

MARKET OUTLOOK

- The outlook of the residential sector in 3Q 2021 was to some extent dampened by fresh uncertainty and concerns over the rising cases of COVID-19. Notwithstanding, liquidity and demand remain buoyant amid a recovering economy and high vaccination rates. The cautious undertones for the sector would likely extend into 4Q 2021 as the government continues to grapple with the evolving nature of COVID-19 by implementing new measures, such as the booster vaccination drive and setting up of new community care facilities.
- Prices have remained relatively steady, and demand in both the primary and secondary markets has remained robust relative to the last few quarters. While fundamentals remain sound, the current Covid restrictions would impede the viewing process and could cap the sales momentum moving into 4Q 2021.
- Homebuying demand remained buoyant especially in the suburban locations where the pricing quanta are lower and relatively more affordable. As WFH practices become more entrenched within the economy, homebuyers are gravitating towards the less central locations. While location and price remain the key drivers of demand, buyers will increasingly factor in other project features such as flexible unit design and layout efficiency, communal areas and facilities, and smart-living features.
- Looking ahead, concerns over the rising cases of COVID-19 infections could cause some developers to slow the pace of launches and maintain a moderate pricing strategy. However, we expect full-year developer sales to clock in above 12,000 units for 2021, a marked increase from the 9,982 units in 2020. Developers will likely continue incorporating fresh live-work-place-learn concepts that support the new norms of living into their products.
- Even as the construction sector regains its footing, we expect some knock-on effects of project delays to persist into 4Q 2021, creating demand for rental units.

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