

# **SINGAPORE**

Stabilisation of activities as evolving COVID-19 situation instils prudence



## General price trends

In 3Q 2021, prices have continued their general upward trend against the backdrop of strong demand and a controlled supply of private homes. According to the Urban Redevelopment Authority's (URA) All Residential Property Price Index (PPI), prices for private homes rose for the sixth consecutive quarter in 3Q 2021 by 1.1% quarter-on-quarter (qoq), following the 0.8% qoq growth in 2Q 2021 (Figure 1). On a yearon-year (yoy) basis, prices rose by 7.5% in 3Q 2021. The quarter's price growth was led by price increases for landed homes, whose PPI rose by 2.6% gog, following the 0.3% dip in 2Q 2021. The PPI for non-landed homes rose by a more modest 0.7% gog following the 1.1% gog growth in 2Q 2021, marking its sixth consecutive quarter of growth.

Among the market segments for non-landed homes, the PPI for the Rest of Central Region (RCR) posted the strongest qoq growth of 2.6% in 3Q 2021. The Core Central Region (CCR) and Outside Central Region (OCR) on the other hand posted a 0.5% and 0.1% qoq decline respectively. The dip in the PPI for OCR homes ended a 5-quarter streak of price growth, suggesting that the suburban home prices are consolidating, as market demand rotated towards the CCR.

The trajectory of non-landed median prices by unit size highlights the price growth of the larger units (Figure 2). In 3Q 2021, median prices for units in the 1,000 to 1,500 sqft category posted a qoq growth of 7.7%, indicating robust demand for more sizeable units due to longer times spent at home as a result of pandemic-induced live-work-play norms. Prices rose by a more moderate 0.9% for the 1,500 sqft and above category. The median prices for units below 1,000 sqft recorded qoq declines of 8.5% for the below 500 sqft category and 4.5% for the 500 to 700 sqft category, suggesting slowing mass market demand for the smaller units.

Figure 1: All residential, landed, and non-landed PPI

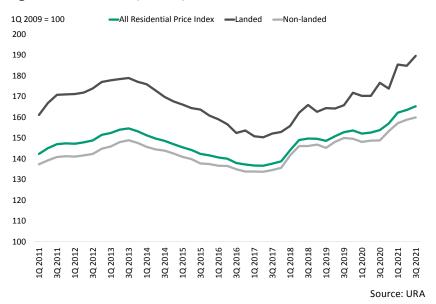
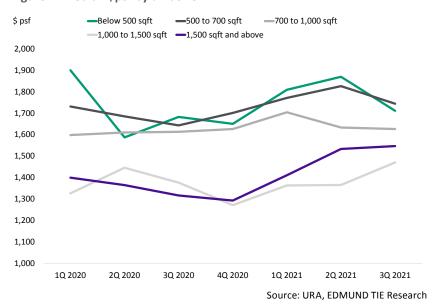


Figure 2: Median \$psf by unit size



### Transaction volume

In terms of the safe management measures arising from COVID-19, 3Q 2021 witnessed multiple rounds of easing and tightening throughout June and July, before progressing to the Preparatory Stage in August, which was the first policy indication of accepting COVID-19 as an endemic disease within Singapore. The changing mindset, easing of selected measures, and opening up of borders and improving buyer confidence contributed to the increase in sale activity in 3Q 2021, with primary sales growing by 19.7% gog to 3,550 units and secondary sales growing by 0.9% qoq to 5,533 units (Figure 3). All in all, overall transaction volume grew by 7.5% qoq to 9,083 units. On a yoy basis, overall transaction volume grew by a substantial 28.9%.

In 3Q 2021, among the market segments, the OCR recorded the largest gog growth of 28.3% in overall transaction volume, with qoq growths of 97.7% and 4.0% in primary sales and secondary sales respectively. The OCR's strong growth in primary sales volume for the quarter was accounted for by its sizeable 81.4% gog growth in new launches, which at 1,319 units was the most out of the market segments (Figure 4). The main projects contributing to this figure were Pasir Ris 8 by Allgreen Properties & Kerry Properties, which was launched in Jul 2021, and The Watergardens At Canberra by UOL Group, Kheng Leong, & Singland, launched in Aug 2021 (Table 1). These suburban projects have performed very well with take-up rates of above 87% based on data as at 15 Oct 2021, attesting to the sustained demand for suburban homes.

Figure 3: Transaction volume of primary and secondary sales

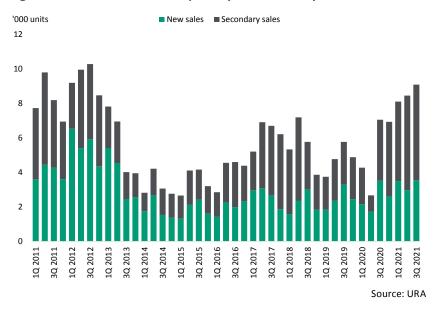
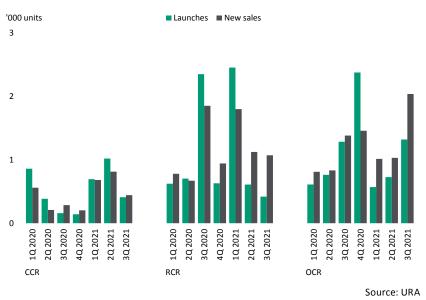


Figure 4: Non-landed new launches and sales by market segment



In the CCR, overall transaction volume slid by 24.9% qoq in 3Q 2021. Secondary sales volume decreased by 9.8% qoq, while primary sales dipped by a more significant 45.5% qoq, which corresponded to the 59.8% qoq fall in new launches within the CCR for 3Q 2021. The new project launches for the quarter were Klimt Cairnhill by Glopeak Development, launched in Aug 2021, and Jervois Mansion by Kimen Realty, launched in Sep 2021. Based on data as at 15 Oct 2021, new sales in these projects have all been transacted at above \$2,300 psf so far.

In the RCR, overall transaction volume in 3Q 2021 remained relatively unchanged with a 0.4% qoq decline. Primary sales fell by 4.6% qoq, while secondary sales increased by 3.0% qoq. Developer launch activity in the RCR for 3Q 2021 was subdued, with the only significant launch being the 115-unit Bartley Vue by Wee Hur that was launched in Sep 2021.

Table 1: Significant non-landed new project launches (data as at 15 Oct 21)

Month	Development	Location	Developer	Tenure	Total Units	Launched	Sold	Take-up % (Sold/ Launched)	Lowest \$ psf	Highest \$ psf
CCR										
Mar	MIDTOWN MODERN	TAN QUEE LAN ST	GuocoLand Ltd	99 years	558	447	394	88.1	2,299	4,213
Mar	THE ATELIER	MAKEWAY AVE	Bukit Sembawang Land Pte Ltd	Freehold	120	20	4	20.0	2,743	3,040
Apr	GRANGE 1866	GRANGE ROAD	Grange 1866 Pte Ltd	Freehold	60	60	8	13.3	2,674	2,794
Apr	IRWELL HILL RESIDENCES	IRWELL HILL	CDL Perseus Pte Ltd	99 years	540	380	374	98.4	2,460	4,123
Apr	PEAK RESIDENCE	THOMSON ROAD	TSRC Novena Pte Ltd	Freehold	90	90	5	5.6	2,388	2,846
May	LES MAISONS NASSIM	NASSIM ROAD	Shun Tak Holdings Ltd	Freehold	14	2	2	100.0	5,786	5,930
May	ONE BERNAM	BERNAM ST	HY-MCC (Bernam) Pte Ltd	99 years	351	100	85	85.0	2,223	2,897
May	PARK NOVA	TOMLINSON ROAD	Shun Tak Holdings Ltd	Freehold	54	54	19	35.2	4,693	5,838
Aug	KLIMT CAIRNHILL	CAIRNHILL ROAD	Glopeak Development Pte Ltd	Freehold	138	138	1	0.7	3,818	3,818
Sep	JERVOIS MANSION	JERVOIS ROAD	Kimen Realty Pte Ltd	Freehold	130	1	1	100.0	2,372	2,372
					2,055	1,292	893	69.1		
RCR										
Jan	NORMANTON PARK	NORMANTON PARK	Kingsford Development Pte Ltd	99 years	1,862	1,862	1,249	67.1	1,469	1,928
Jan	THE REEF AT KING'S DOCK	HARBOURFRONT AVE	Keppel Land Ltd	99 years	429	400	378	94.5	1,995	2,831
Apr	ONE-NORTH EDEN	SLIM BARRACKS RISE	One North Development Pte Ltd	99 years	165	165	158	95.8	1,779	2,257
Sep	BARTLEY VUE	JALAN BUNGA RAMPAI	Wee Hur (Bartley) Pte Ltd	99 years	115	115	28	24.3	1,741	2,021
					2,571	2,542	1,813	71.3		
OCR										
Feb	J@63	LORONG J TELOK KURAU	Distinct Home (TKJ) Pte Ltd	Freehold	14	14	12	85.7	1,332	1,725
Jul	PASIR RIS 8	PASIR RIS DRIVE	Allgreen Properties & Kerry Properties	99 years	487	487	425	87.3	1,411	2,084
Aug	THE WATERGARDENS AT CANBERRA	CANBERRA DRIVE	UOL Group Ltd, Kheng Leong, & Singland	99 years	448	300	290	96.7	1,232	1,579
					949	801	727	90.8		
Total					5,575	4,635	3,433	74.1		

Source: URA, EDMUND TIE Research

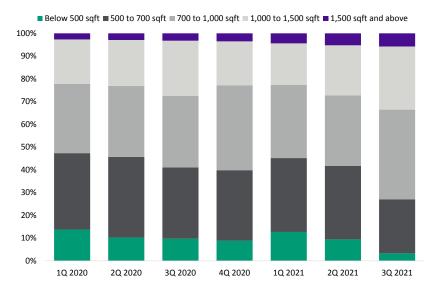
# Trends in unit size, price range, and foreign buyer profile

In the non-landed primary market, the highest proportion of transactions in 3Q 2021 by unit size were of units between 700 and 1,000 sqft, which accounted for 39.4% of the quarter's total primary sales (Figure 5). This is a change from 2Q 2021, when the largest proportion of transaction units at 32.3% were of units between 500 and 700 sqft, suggesting a shift in preference to slightly larger units. Projects that have transacted a significant number of units between 700 to 1,000 sqft in 3Q 2021 were Pasir Ris 8, which transacted 206 such units, followed by The Watergardens At Canberra and Normanton Park, which sold 170 and 114 units respectively.

For the smallest unit type of below 500 sqft, 3Q 2021 recorded a sharp qoq decline in the proportion of transactions for such units, from 9.4% in 2Q 2021 to 3.3%, marking the third consecutive quarter of decline. Conversely, there was an increase in the proportion of transactions of larger units above 1,000 sqft, which collectively made up 33.5% of the primary sales in 3Q 2021 as compared to 27.3% in 2Q 2021, marking the third consecutive quarter of increase. These trends suggest that studio apartments have lost some appeal amongst buyers despite their lower price quanta, while the larger units with more bedrooms are growing in popularity in the race for space. Projects that have transacted significant number of units above 1,000 sqft in 3Q 2021 were Pasir Ris 8, which sold 128 units, followed by Treasure At Tampines, which sold 107 units, and Parc Clematis, which sold 105 units.

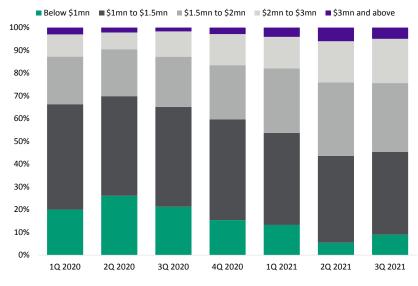
In terms of price, the majority or 36.4% of primary transactions in 3Q 2021 were in the \$1mn to \$1.5mn band, a slight decline from the 38.2% recorded in 2Q 2021 (Figure 6). The transactions within this range for the quarter were mainly from The Watergardens At Canberra, Pasir Ris 8, and Normanton Park. There were similar declines in the proportion of transactions in the \$1.5mn

Figure 5: Non-landed new sales by unit size



Source: URA

Figure 6: Non-landed new sales by price range



Source: URA

to \$2mn as well as the \$3mn and above bands, from 32.2% and 6.0% respectively in 2Q 2021 to 30.2% and 4.9% in 3Q 2021.

There was however growth in the proportion of transactions below \$1mn, from 5.4% in 2Q 2021 to 9.0% in 3Q 2021, taking share away from transactions in the \$1 to \$1.5mn range. This suggests robust availability and mass market demand for units that were priced at a lower quantum. There was also some slight growth in the proportion of transactions in the \$2 to \$3mn range from 18.1% in 2Q 2021 to 19.5% in 3Q 2021. Notable projects posting transactions in this range in 3Q 2021 were Parc Clematis, The Florence Residences, and Avenue South Residence.

Despite the Multi-Ministry Taskforce's announcements of the country classifications and the Vaccinated Travel Lanes (VTLs) in Aug 2021, which sought to provide a higher degree of flexibility to Singapore's border measures, the number of purchases made by foreign non-PR buyers in 3Q 2021 dipped 6.3% qoq to 266 units, marking the third consecutive quarter of decline. This could be due to Singapore's new stance of treating COVID-19 as an endemic disease, which might not have endeared the city to citizens of certain regions, such as Mainland China, Hong Kong, and Taiwan, whose COVID-19 strategies were founded on the basis of achieving zero cases.

Across market segments, the CCR and RCR recorded qoq dips of 12.2% and 16.9% respectively in the number of home purchases made by foreign non-PR buyers in 3Q 2021. Conversely, the number of transactions in the OCR recorded a qoq growth of 22.0% in 3Q 2021, driven by the strong growth of new launches in the OCR.

In 3Q 2021, 10.5% of transactions in the CCR were made by foreign buyers, representing a 1.5% points increase from 2Q 2021 (Table 2). Transactions were largely driven by the Mainland Chinese, who contributed 20.8% of all foreign purchases in the CCR, followed by the Americans and the Indonesians, who contributed 14.6% and 6.2% respectively.

In the RCR, the proportion of all purchases that were made by foreign buyers fell from 3.4% in 2Q 2021 to 2.8% in 3Q 2021. The top three foreign buyer groups were the Mainland Chinese, Americans, and Indians, who contributed 26.6%, 17.2%, and 4.7% respectively to the foreign transactions made for homes in the RCR in 3Q 2021.

In 3Q 2021, the OCR continued to be the least active market for the foreign buyers, suggesting a continued preference amongst foreigners in regard to living in more central areas. The Mainland Chinese were again the top foreign buyer group for the quarter, making 27.8% of all purchases by foreigners in the OCR. The Americans replaced the Indians as the second largest foreign buyer group, making 12.5% of the purchases. The Indians, who were the third most significant foreign buyer group, made 8.3% of the purchases in 3Q 2021.

Table 2: Foreigner buyer profile by market segment

Nationality	2Q 2021	3Q 2021	qoq change	
CCR: % of all transactions by foreigners (non-PR)	9.0	10.5	1.5	
Top nationalities and % share of foreign purchases				
Mainland Chinese	25.0	20.8	-4.2	
American	18.2	14.6	-3.6	
Indonesian	8.1	6.2	-1.9	
RCR: % of all transactions by foreigners (non-PR)	3.4	2.8	-0.6	
Top nationalities and % share of foreign purchases				
Mainland Chinese	23.4	26.6	3.2	
American	20.8	17.2	-3.6	
Indian	3.9	4.7	0.8	
OCR: % of all transactions by foreigners (non-PR)	1.9	1.7	-0.2	
Top nationalities and % share of foreign purchases				
Mainland Chinese	35.6	27.8	-7.8	
American	15.3	12.5	-2.8	
Indian	18.6	8.3	-10.3	

Source: URA

# Resale profitability

In spite of tighter viewing restrictions in recent months due to efforts to contain the COVID-19 situation, the loss-making share for the overall market (landed and non-landed) fell from 13.8% in Jun 2021 to a low of 9.2% in Sep 2021 (Figure 7). The higher spate of profitable resale transactions is congruent and driven by rising property prices. On a quarter basis, the share of loss-making transactions in 3Q 2021 was 11.0%, a continued improvement from 2Q 2021's 12.0%. The trend was similar for the non-landed segment. The percentage of lossmaking share for the overall market (landed and non-landed) for the three quarters of 2021 combined was about 12.4%, which is lower than the pre-Covid figure of 14.3% in 2019.

The buoyant housing market remains driven by abundant liquidity and delays in housing construction, which in turn have caused knock-on effects across the public resale and private resale housing markets alike. We believe that the resale momentum will continue amid an improving economic

Figure 7: Profit and loss-making non-landed transactions from Jan 2021 to Jun 2021



Source: URA, EDMUND TIE Research

climate and expect a greater incidence of resale profitability in the fourth quarter of the year. The addition of more countries on the VTL scheme will also widen the foreign market for resale homes, especially those in the prime areas.

### Outlook

In 3Q 2021, the nation experienced a multitude of changes to the COVID-19 measures before finally transitioning to the Preparatory Stage of living with COVID-19 as an endemic disease. Transaction volumes and prices within the private homes market grew as a result, though we expect the market to continue exercising prudence due to concerns over rising COVID-19 cases and Singapore's hospital capacities.

We expect homebuying demand to remain 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. Given the improving fundamentals, we expect the residential market to remain on sound footing as we move into the final quarter of the year.

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