

**REAL ESTATE
TIMES**

JANUARY 2022



SINGAPORE Q4 2021

Cautiously optimistic prospects for real estate in 2022

ECONOMY – Growth to moderate in 2022

KEY HIGHLIGHTS

GROSS DOMESTIC PRODUCT (GDP)

Q4 2021
5.9%

Q3 2021
7.1%

Performance of industry sectors (%)*

Sector	Q3 2021	Q4 2021*
Overall GDP Growth	7.1	5.9
Manufacturing	7.9	14.0
Construction	66.3	2.0
Information & Communications, Finance & Insurance and Professional Services	8.0	6.0
Wholesale & Retail Trade and Transportation & Storage	6.1	4.3
Accommodation & Food Services, Real Estate, Administrative & Support Services and Other Services	3.8	3.1

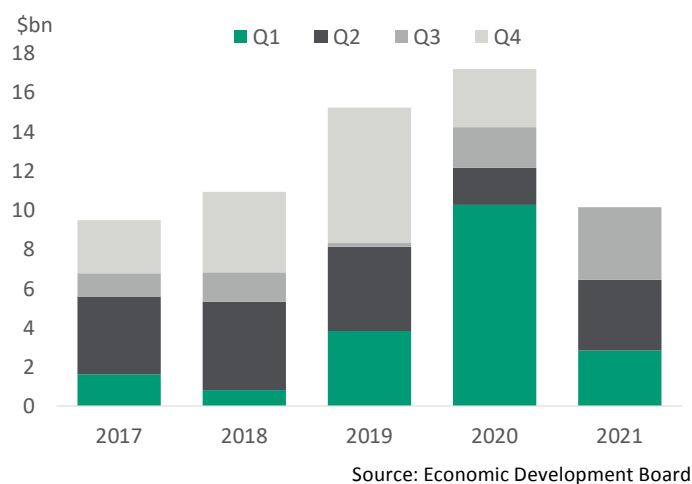
Unit: %

Source: Based on MTI advance estimates Q4 2021*

FIXED ASSET INVESTMENTS (FAI)

Q3 2021
\$3.7bn

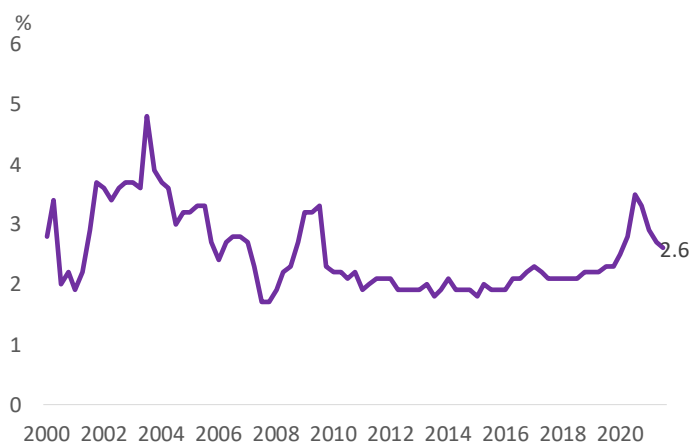
Q2 2021
\$3.6bn



UNEMPLOYMENT RATE

Q3 2021
2.6%

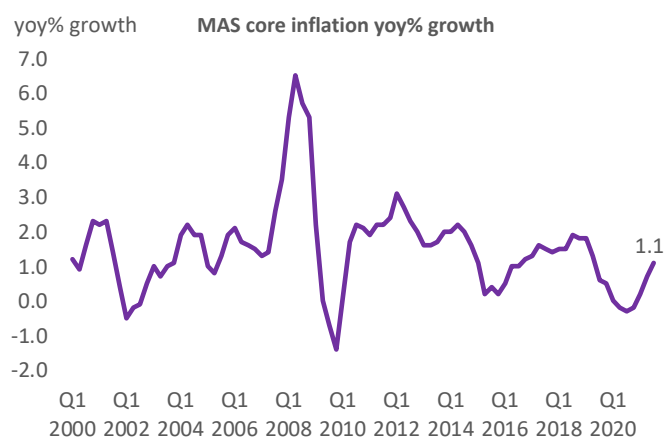
Q2 2021
2.7%



CONSUMER PRICE INDEX (CORE INFLATION)

Q3 2021
1.1 yoy% growth

Q2 2021
0.7 yoy% growth



MARKET COMMENTARY

- Singapore's economy grew by 5.9% yoy in Q4 2021, a moderation from the 7.1% in Q3 2021. However, full yoy growth stood at 7.2% in 2021, the highest since 2010.
- The manufacturing sector expanded by 14.0% yoy in Q4 2021, accelerating from the 7.9% growth recorded in the previous quarter. The services sector contracted by 4.6% yoy in Q4 2021, compared to a growth of 6.2% in Q3 2021.
- Singapore attracted \$3.7bn in FAI in Q3 2021, an increase from \$3.6bn in Q2 2021 with the electronics sector leading at around \$3.4bn.
- MAS kept its inflation outlook unchanged on 25 October 2021. Singapore's core inflation for 2021 will likely come near the upper end of its 0 - 1% forecast and increase to 1 – 2% in 2022. Overall inflation is forecast to come in around 2% in 2021 and average 1.5 - 2.5% in 2022.
- The labour market continued to recover from the impact of the COVID-19 pandemic. The unemployment rate declined marginally to 2.6% in Q3 2021 from 2.7% in Q2 2021. In Q3 2021, total employment contracted by 8,400, with construction (-6,600), food and beverage services (-2,100) and other service industries (-6,400) bearing the brunt. On the other hand, the information and communications (+4,000), and professional services (+2,500) and administrative and support (+2,000) recorded employment growth.

MARKET OUTLOOK

- The road ahead is expected to remain uneven for various sectors of the economy. In particular, manufacturing and wholesale trade are expected to remain resilient due to external demand, although slowing Chinese growth does pose a key risk. The recovery for the aviation and tourism industry is also expected to slow due to the fresh Omicron threat.
- With the country's high vaccination rate and the rapid rollout of booster shots for a wider age group, industries in the service line such as hospitality and food and beverage industry should benefit from an uplift in sentiment and easing restrictions.
- On 24th November 2021, MTI announced that Singapore's GDP growth forecast for 2022 will be within the range of "3.0% to 5.0%" as more industries resume their activities progressively. As Singapore reconnects increasingly with the world and with the easing of borders, new areas of growth can be expected in terms of ramping up digitalisation and moving towards a greener economy. However, time is required to meet the manpower shortages in various industries, particularly the construction sector.

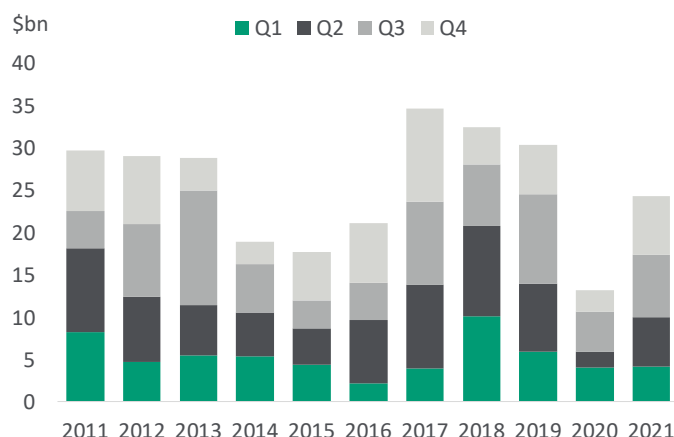
INVESTMENT – More cautious approach navigating new measures

KEY HIGHLIGHTS

Q4 2021
\$6.90bn
Q3 2021
\$7.40bn

INVESTMENT SALES (\$ billion)

Total investment sales in Q4 2021 decreased by 6.8% as compared to Q3 2021.



Source: EDMUND TIE Research

Q4 2021
\$3.61bn
Q3 2021
\$1.20bn

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

The combined value of the top 5 private investment deals in Q4 2021 represented 52% of total investment value in Q4 2021.

Top 5 private investment deals in Q4 2021

Development	Remaining tenure, yrs	Purchase price		Purchaser	Seller
		\$ mn	\$ psf		
Residential					
Thiam Siew Avenue land parcels	Freehold	815.0	1,440 land area	Hoi Hup Realty and Sunway Developments JV	Collective sale
Watten Estate Condominium	Freehold	550.8	1,723 land area	UOL Group and SingLand JV	Collective sale
Office					
One George Street	81	1,281.5	21,272 NLA	JPMorgan Global Alternatives and Nuveen Real Estate JV	CapitaLand Integrated Commercial Trust and FWD Group
Retail					
Peace Centre and Peace Mansion	97	650.0	1,388 land area	Chip Eng Seng, SingHaiyi Crystal, and Ultra Infinity JV	Collective sale
Central Square	72	315.0	6,491 NLA	City Developments Limited	Far East Hospitality Trust and OPH Riverside Pte Ltd

Source: EDMUND TIE Research

MARKET COMMENTARY

- Total investment sales for Q4 2021 dipped slightly from Q3 2021 to \$6.9bn amid investors' cautious sentiments.
- Investment sales in the quarter were led by residential, which contributed to \$3.3bn (48%), followed by office contributing to \$2.8bn (41%).
- For residential sales, nearly \$0.5bn was from the sale of two residential sites at Slim Barracks Rise under the Government Land Sales (GLS) programme.
- Office deals comprised 41% of the quarter's total investment sales. In addition, the transactions for office sales were predominantly strata-titled transactions.
- The collective sale market registered strong activity with a consecutive string of sites launched for sale. A total of six deals were sealed in the quarter, of which three of them constituted part of the top five private investment deals.
- The largest deal in the year was the acquisition of One George Street, a 23-storey office building, by a joint venture between JPMorgan Global Alternatives and Nuveen Real Estate for \$1.3bn from CapitaLand Integrated Commercial Trust and FWD Group. The transaction was completed in December.
- A joint venture between Hoi Hup Realty and Sunway Developments was awarded two freehold land parcels at Thiam Siew Avenue for \$815mn via a public tender exercise. It was the largest residential development site sold since the previous round of property cooling measures implemented in July 2018.
- Peace Centre and Peace Mansion, a mixed-use development, was sold via private treaty to a joint venture between Chip Eng Seng, SingHaiyi Crystal, and Ultra Infinity for \$650mn. It was launched for collective sale in September.
- Located at Shelford Road, Watten Estate Condominium was jointly sold to UOL Group and Singapore Land Group for \$550.8mil via collective sale in its third attempt.

MARKET OUTLOOK

- **RESIDENTIAL:** The demand for Good Class Bungalows (GCB) is expected to remain strong, though transaction sale volume may ease due to limited available listings. Given the fresh property cooling measures, developers will be subjected to a higher additional buyer's stamp duty (ABSD) rate of 35 per cent (including 5 per cent non-remittable) and are likely to adopt a more cautious approach towards their land bids. However, amid the tight unsold inventory of private housing units, developers may continue to turn towards the collective sale market to stock up on their land banks.
- **RETAIL:** Amid the uncertainty brought about by the emergence of the Omicron variant and current restrictive safe management measures, investor sentiment in the retail market remains cautious. Prime retail assets are also tightly held, limiting transaction activity.
- **OFFICE:** With the gradual resumption of the workforce back to the office, starting with 50 per cent from 1 January 2022, demand for high quality and green spaces will rise to suit occupiers' evolving requirements. The office market rental recovery has supported investment activity, which is expected to continue in 2022 amid tight supply and companies' realignment of workplace space strategies.
- **INDUSTRIAL:** Industrial assets are anticipated to remain attractive to investors due to the sector's resilient performance and its growing importance accentuated by the pandemic. Amid rising environmental concerns, more investors will place their environmental, social and governance (ESG) agenda at the forefront of investment decision-making efforts.

OFFICE – Quality office spaces fuel rental growth

KEY HIGHLIGHTS

Average monthly gross rents (SGD/sq ft)

Location	Subzone	Grade	Q3 2021	Q4 2021	Qoq change (%)
CBD	Marina Bay	Premium	12.01	12.08	0.5
	Raffles Place	A	10.03	10.11	0.8
	Shenton Way/Robinson Road/Tanjong Pagar	Premium	10.87	10.8	0.1
		A	8.65	8.65	0.0
		B	6.95	6.95	0.0
Non-CBD	Marina Centre	A	9.62	9.63	0.1
	City Hall/Bugis	Premium	10.71	10.7	0.0
		*	6.95	6.95	0.0
	Orchard Road	*	8.84	8.85	0.1
Decentralised areas	Decentralised areas	*	6.00	6.00	0.1

Source: EDMUND TIE

SUPPLY – Singapore OFFICE SUPPLY (sq ft)



OCCUPANCY RATE OF PRIME CBD OFFICE SPACES



OFFICE SUPPLY PIPELINE (Q4 2021-2024) (sq ft)

In the quarter, CapitaSpring has obtained TOP for the full office component, offering 29 floors of premium Grade A offices and 299 units of serviced apartment.

Development	Location	Zone	NLA '000 sq ft	Total	Status
2021 Surbana Jurong Campus	Cleantech Loop	Decentralised Areas	200	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
				2,749	

*Selected major developments in the pipeline

Source: URA, EDMUND TIE

MARKET COMMENTARY

- Based on EDMUND TIE Research statistics, overall net absorption islandwide improved from a negative 43,200 sq ft in 3Q 2021 to 597,000 sq ft in 4Q 2021. Prime office spaces in the central region experienced a positive uptick in leasing demand in the fourth quarter as companies prepared to work from the office in the new year. The occupancy rate for office spaces in the CBD rose by 0.7% to 93.0% in 4Q 2021. Amid flight to quality, Premium and Grade A CBD rents fell marginally by 0.1% in 2021 although overall CBD rents fell by 3.6%. CBD occupancy rate fell marginally by 0.1% last year; the market was weighed down in the first half of the year before sentiment stabilised.
- With an improved business confidence in 2H 2021 technology companies and the financial sector, in particular the wealth management sector and family offices, continued to expand their office footprint and drive leasing demand. Additionally, with Singapore being a safe haven for global investors and international firms, companies are setting up offices locally in anticipation of a reopening of the workplace.
- Another driver for prime office demand is derived from displaced tenants of Grade B office buildings, who are looking to upgrade to Grade A office buildings. With anticipation for employees to return to the office in 2022, employers are finding the right ways to entice employees to work from the physical office to enhance the company culture and drive innovation.
- Some examples of leasing demand for the quarter are Shopee who is expanding their office into Rochester Commons, PGIM's relocation from One Raffles Place to CapitaSpring, Gojek shifting from AXA Tower to Suntec Tower 5 and Twitter's expansion into CapitaSpring from their current office located at CapitaGreen.

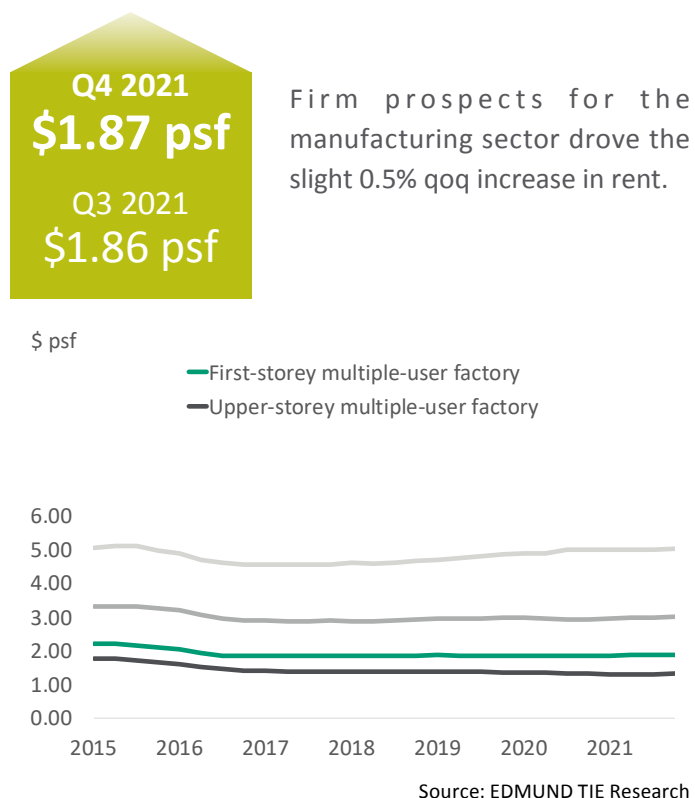
MARKET OUTLOOK

- Moving into 2022, we expect flexibility to be the key theme for the office sector. Flexibility for employees working in the office and companies adopting a hybrid work approach in the long haul, as well as flexibility for tenants as they prefer more flexible lease options. Some companies may gravitate towards incorporating co-working spaces for the employees as an added amenity.
- With office employment improving, companies are also looking to rethink and redesign their office space for current and future employees. Information and communications sector employment has experienced the most growth, followed by financial and insurance services. As the labour market for office employment gradually improves, the government has also been pushing to upskill workers to meet the market demands.
- With Singapore progressing along with its Covid-19 endemic road map, we expect leasing demand to pick up further. In line with the changing preferences of occupiers, traditional office spaces are evolving to facilitate and encourage collaboration and brainstorming of ideas.
- We expect a positive net absorption for 2022, with rental growth of likely 3% to 5% for good quality office buildings as demand continues to strengthen. We expect companies to acknowledge the importance of well-designed quality workspaces in facilitating business networking, employee collaboration and fostering company culture. With the redevelopment of older office stock and a tight supply pipeline in the year, vacancy is expected to fall, and office rents are expected to rise, led by the prime segment.

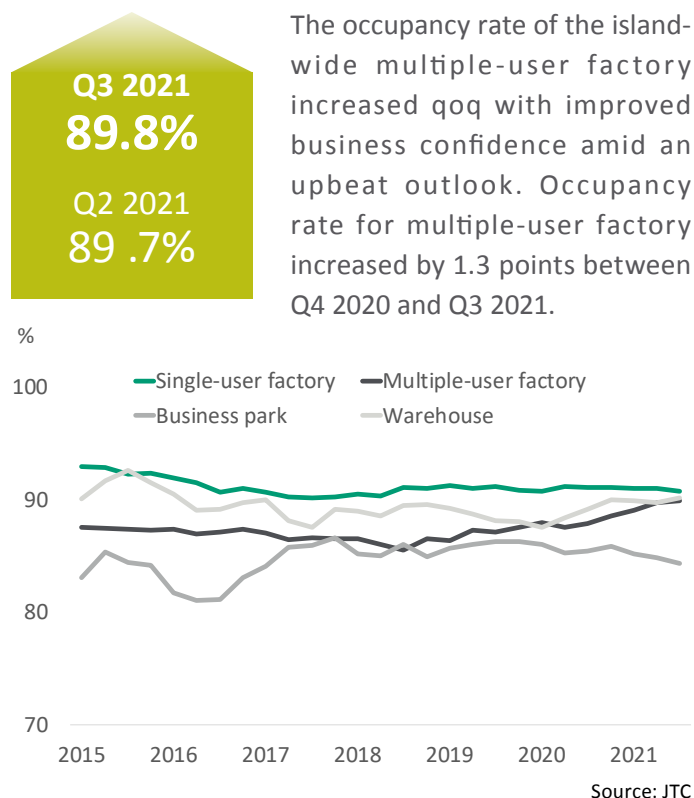
INDUSTRIAL – Optimism for 2022 held back by Omicron

KEY HIGHLIGHTS

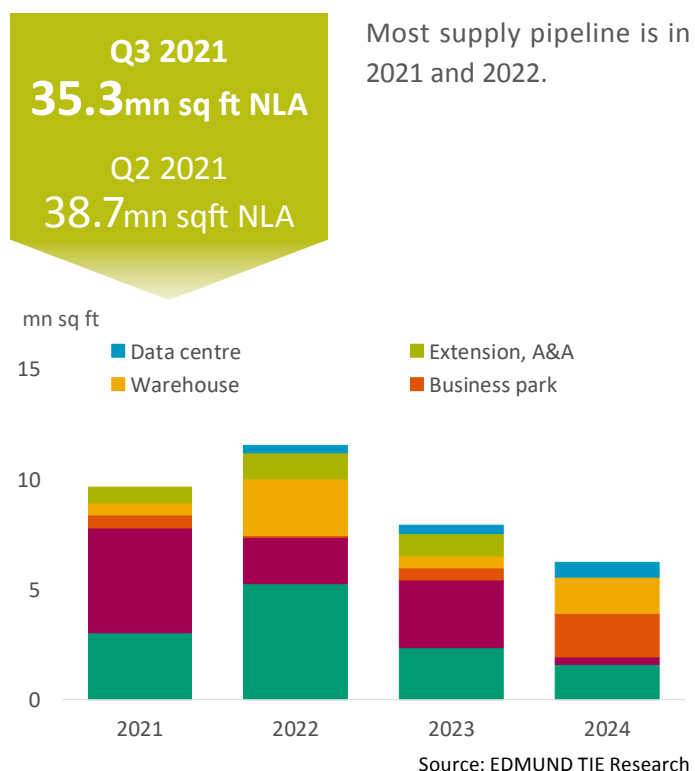
RENTAL OF FIRST STOREY MULTIPLE-USER FACTORY



OCCUPANCY RATE OF MULTIPLE-USER FACTORY



SUPPLY OF INDUSTRIAL SPACES (sq ft)



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
Google Asia Pacific	Lok Yang Way	1,060
Private warehouses developments		
Pandan Crescent	Pandan Crescent	1,108
Allied Sunview	Sunview Road	1,081
Private business park developments		
CapitaLand	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

- The manufacturing PMI reading fell by 0.2 points from 50.9 in August 2021 (last publication) to 50.7 in December 2021. The overall manufacturing sector has now recorded the 18th month of expansion, albeit slowing growth amid concerns over the Omicron variant of Covid-19 and disruptions to supply chains.
- On a 3-month moving average yoy basis, NODX grew by 17.9% yoy in November 2021, following a 10.5% rise in October 2021. Both electronics and non-electronics grew.
- Overall industrial net absorption decreased from 3.9mn sq ft in Q2 2021 to 2.4mn sq ft in Q3 2021, possibly due to uncertainties surrounding global trade markets and concerns about cost escalation from fuel, transport, materials and labour amid disruptions from Covid-19. The drivers were multiple-user factory segment (1.1mn sq ft), warehouse segment (0.6mn sq ft), business park segment (0.4mn sq ft) and single-user factory segment (0.3mn sq ft).
- Island-wide, the occupancy rate for warehouse increased 0.4% qoq to 90.1% in Q3 2021, whilst that of the multiple-user factory increased 0.1% qoq to 89.8% in Q3 2021. The rest of the occupancy rates for other industrial segments decreased, with business parks declining the most at 0.5% qoq to 84.3% in Q3 2021.
- As of Q3 2021, approximately 27% of the supply pipeline will be completed in 2021, followed by 33% in 2022. Multiple-user factories accounted for the bulk (35%) of the supply pipeline with approximately 12.2mn sq ft NLA. Single-user factory space made up 29% of the supply pipeline, projected to be about 10.3mn sq ft NLA.
- Amid robust manufacturing activity in Q4 2021, multiple-user factory rents rose by 0.2-0.5% qoq in the quarter. Buoyant demand for spaces with modern specifications pushed up rents by 0.5% qoq for hi-tech spaces in Q4 2021. For the full year, rents of hi-tech spaces rose by 2.7%, while multiple-user (ground floor) factory rents rose by 1.9%. On the other hand, upper storey factory rents fell by 0.3%.

MARKET OUTLOOK

- Looking ahead, while the prospects for the industrial sector remain robust and intact, especially for high-specification logistics and factory spaces, the significant supply pipeline and other ongoing economic and business risks will cap the strength of the recovery. As major global economies prepare to embark on policy normalization, coupled with slowing China's growth and global supply chain bottlenecks, trade momentum could slow in the coming months. Businesses are thus expected to be cautious with their space requirements. However, we see firm expansion from firms in certain clusters such as pharmaceuticals, electronics, precision engineering and logistics.
- Supported by Industry 4.0 and the e-commerce avalanche, new-economy assets such as logistics warehouses, high-specs industrial properties and business parks will continue to feature steady investment activity and fuel potential price growth in the near term.
- Rents of industrial space are likely to grow between 2-3% for multiple-user factory space in 2022, while hi-tech factory and warehouse spaces will likely see higher rental growth of 3-5%. Even as demand prospects improve, the sizeable supply pipeline will cap the upside of rental growth.
- Even as global Covid-19 vaccination rates increase and businesses continue to reopen, global growth is expected to soften for 2022. Furthermore, the spread of omicron infections may prove to be a wildcard going forward. On balance, the positive outlook for the industrial sector is tempered by some downside risks.

RETAIL – Stabilising prospects for the retail market

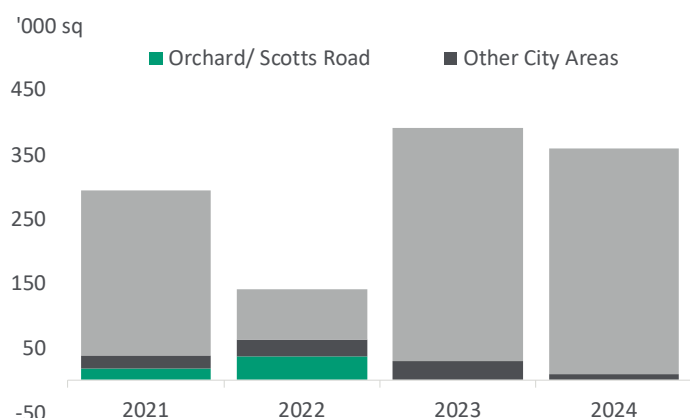
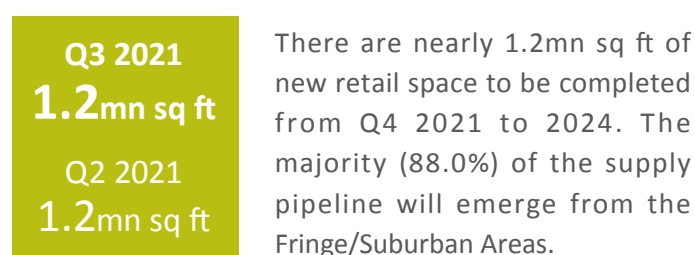
KEY HIGHLIGHTS

AVERAGE RETAIL RENTAL (SGD/sq ft)

Location	Level	Q3 2021	Q4 2021	Qoq change (%)
Orchard/Scotts Road (OSR)	First storey	37.27	37.38	0.3
	Upper storey	15.93	15.95	0.1
Other city areas (OCA)	First storey	19.26	19.26	0.0
	Upper storey	9.70	9.68	-0.2
Fringe/Suburban areas (FSA)	First storey	30.72	30.97	0.8
	Upper storey	17.20	17.23	0.2

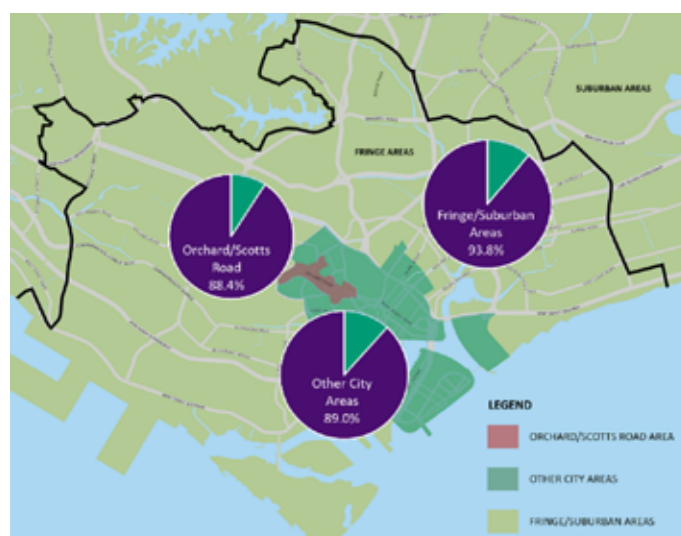
Source: EDMUND TIE

SUPPLY OF RETAIL SPACES (SQ M)



Source: URA, EDMUND TIE

RETAIL OCCUPANCY RATES



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

The i12 Katong mall has started to open progressively from Q4 2021, where six levels of retail shops will consist of about 180 stores. A large portion of the new upcoming supply will be in the form of refurbishing existing retail assets and creating 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	WP: Oct-19 Wp: May-18
	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 Q2 2021 to 355,000 sq ft in Q3 2021. The occupancy rate improved marginally by 0.4% to 91.9% in Q3 2021. In 2021, the occupancy rate grew by 1.5% points, mainly uplifted by the growth in the Fringe/Suburban Area. Rent for Fringe/suburban rose by 2.6% for the year, compared to a marginal growth of 0.1% in Orchard/Scotts Road and a fall in rental rates of 1.2% in Other City Areas.
- The occupancy rate for the Fringe/ Suburban Area improved by 0.2% points to 93.8% in Q3 2021, the fifth quarter of consecutive increase since the start of the COVID-19 pandemic.
- Retail openings in Q4 2021 include GoldHeart at Causeway Point, Tsui Wah at The Heeren, Yakiniku Like at Sengkang Compass One and Don Don Donki opening at Tampines Mall. Retail closures include Omakase Burger closing all their outlets in Singapore, Food Junction at Bugis Junction and Ben's cookies at Wisma Atria.
- The 3-month moving average of yoy change in retail sales (excluding motor vehicles) has fallen from 7.5% in August 2021 to 8.0% in November 2021. Retail sales for Petrol Service Stations, Computer & Telecommunications Equipment and Watches & Jewellery experienced the greatest improvement yoy in 3Q 2021. The majority of the retail trade categories experienced a positive growth except for Optical Goods & Books, Others and Departmental stores which are the top three categories that experienced losses.
- For the food and beverage services index for Q3 2021, Restaurants reported the highest decline of 16.8% yoy, due to the dining restrictions. Fast food outlets recorded the most improvement increasing by 12.6% yoy in Q3 2021 followed by Cafes, Food Courts & Other Eating Places which rose by 5.7% yoy.
- Northshore Plaza I, located in the Punggol Northshore district, has also opened. The new development features a supermarket, eateries, shops, childcare centre and enrichment centres to cater to the needs of residents in the area.

MARKET OUTLOOK

- We expect suburban malls to continue their outperforming pace in 2022. With their curated tenant mix over the years, the malls are able to cater to the needs of the residential catchment, catering to the daily needs, which further encourage them to patronise the malls. As Covid gains acceptance as endemic within the community, retail sentiment will improve further and we expect stabilisation in the retail sector in 2022. Suburban retail rents will lead the recovery with around 5% to 10% of rental growth, while prime rents in OCR and OCA are also poised for a recovery in 2022.
- Despite the pandemic, some international brands are still looking for opportunities to expand their presence in the Singapore market, particularly F&B brands. Local brands, such as By Invite Only, The Editors Market and Bynd Artisan, have also expanded their retail footprint despite the pandemic.
- Digitalisation, adoption of an omni channel approach and experimental retail are key trends going into 2022 for the retail sector. Retailers will continue to reinvent themselves and build their online presence, allowing their online and physical storefronts to complement each other. Malls will also continue to adjust their tenant mix, including securing unique and well-known international brands to entice more customers and increase footfall and spending in the malls.

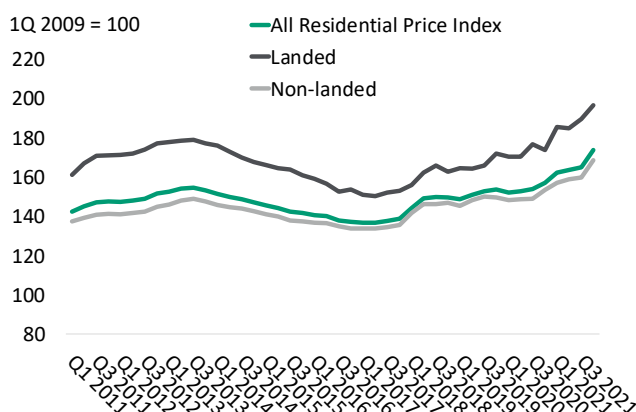
RESIDENTIAL – Upward trajectory of demand and price attesting to resilience of the private residential sector

KEY HIGHLIGHTS

PROPERTY PRICE INDEX OF ALL PRIVATE RESIDENTIAL PROPERTIES

Q4 2021
(URA flash estimate)
173.6
Q3 2021
165.3

In Q4 2021, based on URA's flash estimate, the overall Property Price Index (PPI) for private residential properties rose for the seventh consecutive quarter by 5% qoq. This rise can be attributed to a 5.4% qoq increase in the PPI for non-landed private properties and a 3.7% qoq increase for the landed private properties.

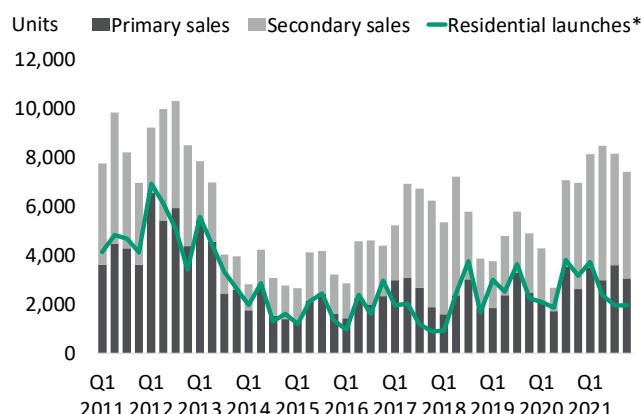


Source: URA

PRIMARY AND SECONDARY SALES TRANSACTION VOLUME

Q4 2021
7,377 units
Q3 2021
8,973 units

Based on caveats lodged between 1 Oct 2021 and 31 Dec 2021, overall sales transaction volumes for private residential units decreased qoq by 9.3% in Q4 2021. The transaction volumes for both the primary and secondary markets declined qoq, by 15% and 4.7% respectively.



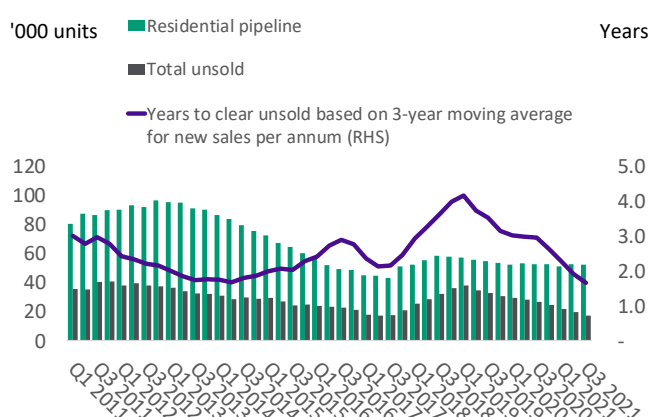
* Residential launch data for Q4 2021 is based on new launches in Oct 2021 and Nov 2021 only.

Source: URA

RESIDENTIAL PIPELINE SUPPLY

Q3 2021
52,101 units,
21,551 total unsold
Q2 2021
52,390 units,
24,702 total unsold

The pipeline supply for private homes remained relatively unchanged, with a marginal decline of 0.6% qoq in Q3 2021. The total number of unsold units contracted by 12.8% qoq and we expect the units to be absorbed in 2.0 years (previously 2.0 years).

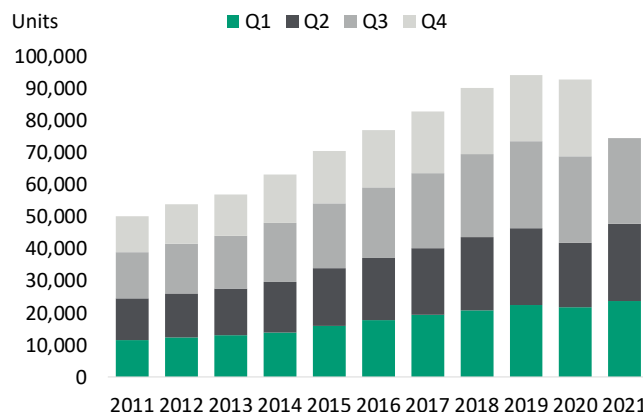


Source: URA

PRIVATE HOME RENTAL TRANSACTIONS

Q3 2021
26,759 units
Q2 2021
23,923 units

The number of private rental transactions grew significantly by 11.9% qoq in Q3 2021, driven by the continual ongoing uncertainties within the construction sector, which created demand for rental units. On a yoy basis, rental transactions remained relatively similar with a total of 26,969 private rental transactions in Q3 2020.



Source: URA

MARKET COMMENTARY

- According to URA's flash estimate for Q4 2021, the Property Price Index (PPI) for private residential properties rose for the seventh consecutive quarter by 5% qoq to 173.6. Prices for the landed properties grew by 3.7%, while the non-landed prices by 5.4%.
- Based on caveats lodged, new sales and secondary transaction volumes dipped 15% and 4.7% qoq respectively in 4Q 2021. Across the market segments, new sales volumes within the OCR witnessed decline of 50% qoq due to a sharp decline in launched units, while new sales volume in the CCR and RCR recorded qoq growth of 35.0% and 37.0% respectively. On the other hand, secondary sales volume recorded a more uniform decline of about 16.0% - 20.0% qoq across all segments in 4Q 2021.
- Despite the dropped in sale volume, prices continued to climb. The price increase was observed across all segments in Q4 2021, with RCR registering the highest qoq price growth of 7.3%, while CCR and OCR saw an increase of 2.5% and 5.4% respectively. The RCR price growth was attributable to the robust sale of CanningHill Piers at an average price of \$2,937 psf.
- There were 4 new non-landed project launches, namely Cairnhill 16 (CCR), Perfect Ten (CCR), CanningHill Piers (RCR) and The Commodore (OCR). The robust take-up rate of 82.8% for CanningHill Piers attested to demand for RCR properties while nearly 75% take-up rate for The Commodore indicated the continual interest for homes in the suburbs. In contrast, Perfect Ten sold only 12 out of 230 units, as it was launched in the immediate aftermath of the 16 December cooling measures.
- The pipeline supply for private residential homes as of Q3 2021 fell by 0.6% qoq to 52,101 units. Likewise, the total number of unsold units for Q3 2021 dropped by 12.8% qoq to a record low of 21,551 units for the period commencing from Q4 2017. Based on the last four quarters' sales pace of new units, it would take just 2.0 years to absorb the unsold supply, attesting to the tight inventory situation.
- Non-landed rental transactions grew by 11.9% qoq to 26,759 transactions in Q3 2021. The growth in rental volume was likely fuelled by delays in the completion of the properties arising from the supply chain disruption, coupled with the return of expatriates/students via the vaccinated travel lanes (VTL). The growth across all the market segments was broad-based, roughly 11.2% to 12.4% qoq in Q3 2021.

MARKET OUTLOOK

- The strong sales momentum from Q3 2021 initially continued into the first two months of Q4 2021 but slowed in December on the back of the cooling measures and a limited number of new project launches.
- With the imposition of the latest cooling measures to promote housing affordability and curb market exuberance, price growth is expected to moderate. However, we do not expect strong pressures on developers to reduce prices, especially for projects with limited unsold inventory.
- Looking ahead, the tightening of the Total Debt Servicing Ratio (TDSR) could divert some demand towards suburban homes which are more affordable. We also expect some rotation of demand from RCR to OCR in 2022, given the strong price increases in RCR in 2021.
- Demand will continue to be largely supported by local first-time home buyers and HDB upgraders, who are least impacted by the cooling measures. Stable economic prospects and an improving job market in 2022 will further support the demand for private homes.
- However, sales momentum is expected to slow on the back of fewer units from new launches in 2022. Developers will likely exercise more caution in bidding for land parcels over the next few months. We expect a recovery in launch and sales activity in 2H 2022 if the collective sales market stabilises.
- While the cooling measures will dampen sales momentum, the overall market remains supported by a robust labour market, ongoing economic growth, and healthy demand-supply dynamics in the property market. The nation is also better prepared to face new Covid challenges, given the high vaccination rates and booster programme. Our base projection is for a slight correction of primary sales to about 11,000 – 12,000 units for 2022.
- 2022 will be a robust year for the rental market. With the VTL and resumption of air travel bringing more expatriates, foreign workers and students back to Singapore, we foresee rental demand to strengthen further in 2022.

CONTACTS

Desmond Sim
Chief Executive Officer
+65 6393 2366
desmond.sim@etcsea.com

PROFESSIONAL SERVICES

Valuation Advisory

Poh Kwee Eng
Executive Director
Regional Head of Valuation Advisory
+65 6393 2312
kweeeng.poh@etcsea.com

Nicholas Cheng
Executive Director
+65 6393 2317
nicholas.cheng@etcsea.com

Property Tax Advisory & Statutory Valuation

Ng Poh Chue
Executive Director
+65 6393 2515
pohchue.ng@etcsea.com

Research & Consulting

Lam Chern Woon
Senior Director
+65 6393 2340
chernwoon.lam@etcsea.com

Hospitality

Kwok Sai Kuai
Executive Director
+65 6417 9229
saikuai.kwok@etcsea.com

Tay Hock Soon
Senior Director
+65 6887 0088
tayhs@treetops.com.sg

Property Management

Kwok Sai Kuai
Executive Director
Regional Head of Property Management
+65 6417 9229
saikuai.kwok@etcsea.com

Paul Wong
Senior Director
+65 6417 9225
paul.wong@etcsea.com

AGENCY SERVICES

Investment Advisory

Poh Kwee Eng
Executive Director
+65 6393 2312
kweeeng.poh@etcsea.com

Swee Shou Fern
Executive Director
+65 6393 2523
shoufern.swee@etcsea.com

Business Space & Retail

Chua Wei Lin
Executive Director
Regional Head of Business Space
+65 6393 2326
weilin.chua@etcsea.com

Auction & Sales

Chua Wei Lin
Executive Director
+65 6393 2326
weilin.chua@etcsea.com

Joy Tan
Senior Director
+65 6393 2505
joy.tan@etcsea.com

Residential

Margaret Thean
Executive Director
Regional Head of Residential
+65 6393 2383
margaret.thean@etcsea.com

Karen Ong
Executive Director
+65 6393 2366
karen.ong@etcsea.com

China Desk

Desmond Sim
Chief Executive Officer
+65 6393 2366
desmond.sim@etcsea.com

REGIONAL OFFICES

Malaysia

Eddy Wong
Managing Director
+603 2024 6380
eddy.wong@ntl.my

Thailand

Punnee Sritanyalucksana
Chief Operating Officer
EDMUND TIE Thailand
+66 2257 0499 ext 101
punnee.s@etcthailand.co.th

Editor:

Saleha Yusoff
Executive Director
Regional Head of Research & Consulting
+603 2161 7228 ext 302
saleha.yusoff@etcsea.com

Authors:

Lam Chern Woon
Senior Director
Research & Consulting
+65 6393 2340
chernwoon.lam@etcsea.com

Amanda Goh
Research Analyst
Research & Consulting
+65 6393 2382
amanda.goh@etcsea.com

Adel Lim
Senior Manager
Research & Consulting
+65 6393 2341
adel.lim@etcsea.com

Hailee Fong
Research Analyst
Research & Consulting
+65 6393 2548
hailee.fong@etcsea.com

Elizabeth Lee
Assistant Manager
Research & Consulting
+65 6393 2372
elizabeth.lee@etcsea.com

For more information, please contact us at research.sg@etcsea.com.

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Edmund Tie & Company (SEA) Pte Ltd

5 Shenton Way, #13-05 UIC Building, Singapore 068808.

T. +65 6293 3228 | F. +65 6298 9328 | mail.sg@etcsea.com | Please visit www.etcsea.com and follow us on



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