



**PRIVATE
HOMES
REPORT**

MAY 2022

SINGAPORE Q1 2022

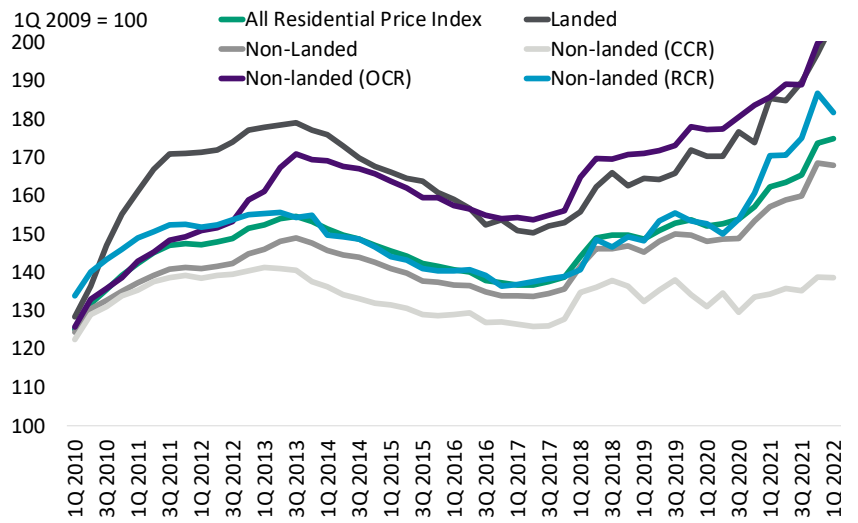
New launches to drive market pick up over 2022

General price trends

The residential market exhibited resilience in the aftermath of the cooling measures that took place at the end of 2021. Overall private property prices rose for the eighth consecutive quarter in 1Q 2022 amid sustained demand – at 0.7% qoq and 7.8% yoy increase. Nonetheless, landed prices rose at a faster clip of 4.2% qoq in 1Q 2022, compared to a decline of 0.3% for the non-landed segment.

Within the non-landed segment, the largest price decline in 1Q 2022 was posted in the Rest of Central Region (RCR) at 2.7% qoq, followed by the Core Central Region (CCR) at down 0.1% qoq. The 1Q price decline in RCR was likely a moderation from 4Q 2021, during which saw the strong sale of Canninghill Piers – 576 of the 696 units were sold in November 2021 at a median price of S\$2,887 psf. Meanwhile, following a 5.7% qoq increase in 4Q 2021, the Outside Central Region (OCR) continued its growth at 2.2% qoq in 1Q 2022. This was after the latest round of cooling measures at end 2021, and homebuyers turned their focus on more affordable properties in the OCR.

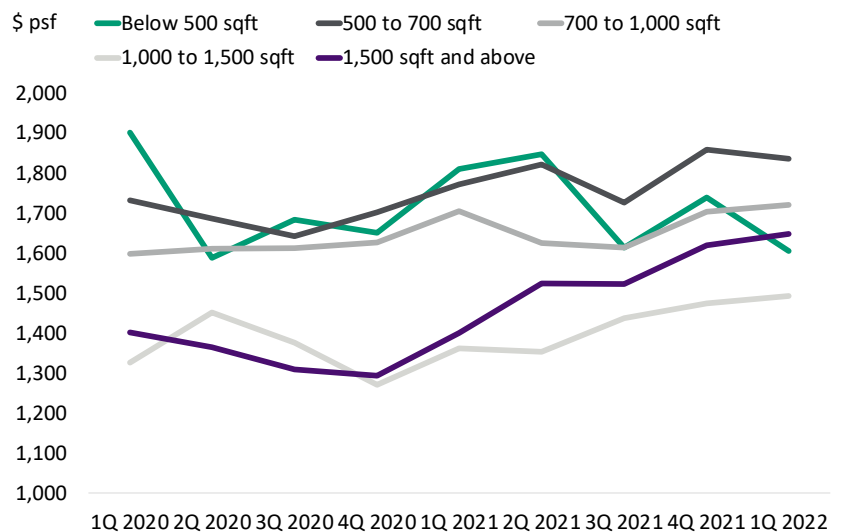
Figure 1: All residential, landed, and non-landed PPI



Source: URA

In 1Q 2022, there was a rise in demand for larger units (700 sqft and above), with the largest qoq price increase at 1.7% recorded in the category - units of 1,500 sqft and above. Home buyers are increasingly looking to acquire larger units of at least 700 sqft, as the pandemic has made hybrid work practices the norm and more employers are becoming flexible with work-from-home arrangements. In addition, home buyers are seeing a need to spend more time in an allocated workspace at home in anticipation of sustained levels of remote work. Conversely, homes of smaller units saw contraction in this quarter; the median psf price of units below 500 sqft and between 500 to 700 sqft have dipped by 7.7% and 1.2% qoq, respectively.

Figure 2: Median \$psf by unit size



Source: URA, EDMUND TIE Research

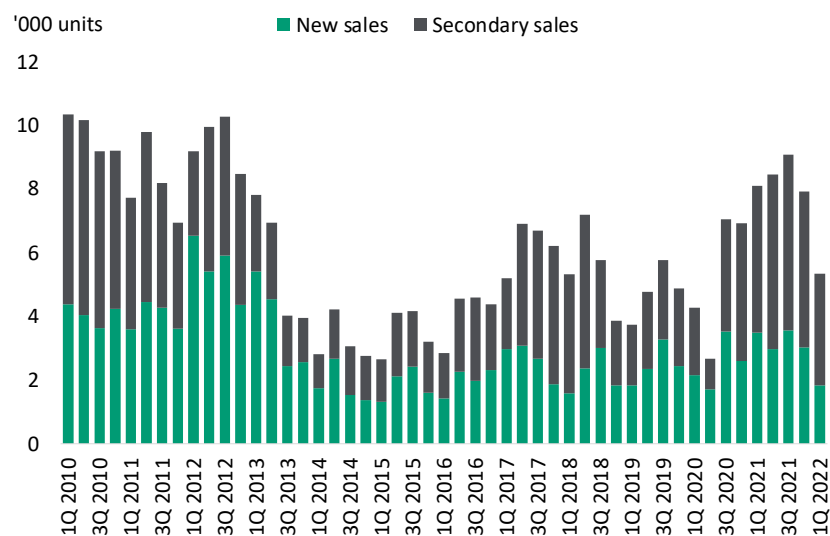
Transaction volume

Overall transaction volumes dipped in 1Q 2022 by 33% qoq to 5,343 units, from 4Q 2021's 7,925 units. Buying demand slowed, amid looming uncertainties from the cooling measures introduced at the end of 2021, tight residential housing supply, seasonal Chinese New Year lull and geopolitical tensions from the Russian invasion of Ukraine in 2022.

The primary market saw a larger decline of 40% qoq in transaction volume during the quarter, compared to the 28% qoq slide in the secondary market. In 1Q 2022, developers moved 1,825 residential units, a dip from 4Q 2021's 3,018 units. Consequently, sales volumes in both the primary and secondary markets fell to the lowest level since the circuit breaker period in 2Q 2020.

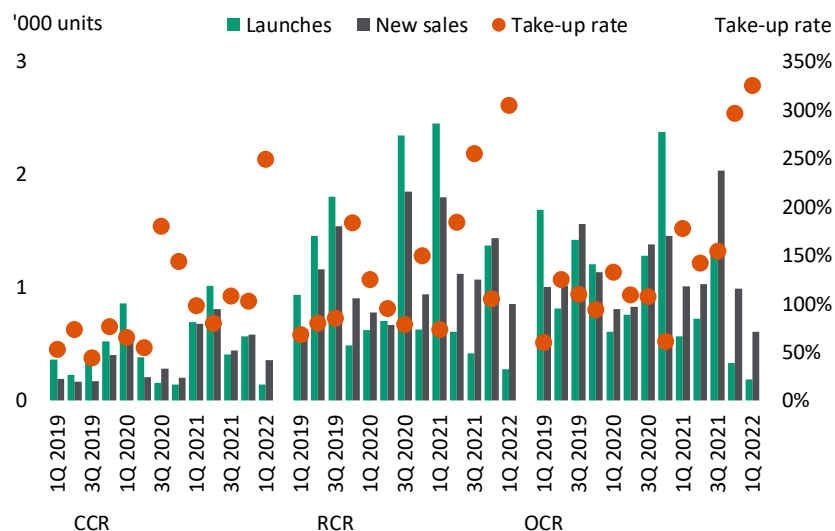
In 1Q 2022, new sales volumes continued to outpace launch activity. Despite the 73% qoq drop in total launched units during the first quarter, the sales take-up rate soared to 298% in 1Q 2022, compared to 133% in the previous quarter. Nonetheless, new sales volumes in RCR, OCR and CCR saw a decline of 41% qoq, 39% qoq and 38% qoq, respectively. For the RCR, although launched units fell by 80% qoq, primary sales dipped by only 41%, and take-up rates remained at close to 300%, soaking up previously launched inventory.

Figure 3: Transaction volume of primary and secondary sales



Source: URA

Figure 4: New launches and sales by market segment



Source: URA

There were only three new project launches in 1Q 2022 – Ikigai, Royal Hallmark and Belgravia Ace (strata-landed). Notably, Belgravia Ace moved 74 of the 85 units launched in Q1 2022, while Royal Hallmark moved 11 of the 32 units launched.

The bulk of the remaining sales activity was contributed by sales of units at previously launched projects, mostly in the RCR and OCR market segments, such as Normanton Park (1,748 units), Canninghill Piers (602 units), Pasir Ris 8 (432 units), Irwell Hill Residences (422 units), Midtown Modern (412 units), The Reef at King’s Dock (384 units) and The Watergardens at Canberra (350 units).

Table 1: Significant non-landed new project launches since 2021 (data as at 15 Apr 2022)

Month	Development	Location	Developer	Tenure	Total Units	Launched	Sold	Take-up %	Lowest \$ psf	Highest \$ psf
CCR										
Mar-21	The Atelier	Makeway Avenue	Bukit Sembawang Land Pte Ltd	Freehold	120	20	10	8%	2,530	3,040
Apr-21	Irwell Hill Residences	Irwell Hill	CDL Perseus Pte Ltd	99 years	540	440	422	78%	2,460	4,123
May-21	One Bernam	Bernam Street	HY-MCC (Bernam) Pte Ltd	99 years	351	100	92	26%	2,223	2,955
Mar-21	Midtown Modern	Tan Quee Lan Street	GuocoLand Ltd	99 years	558	510	412	74%	2,299	4,278
May-21	Les Maisons Nassim	Nassim Road	Shun Tak Residential Development Pte Ltd	Freehold	14	6	6	43%	4,953	6,210
May-21	Park Nova	Tomlinson Road	Shun Tak Cuscaden Residential Pte Ltd	Freehold	54	54	35	65%	4,540	5,838
Aug-21	Klimt Cairnhill	Cairnhill Road	Glopeak Development Pte Ltd	Freehold	138	138	5	4%	3,574	5,309
Sept-21	Jervois Mansion	Jervois Close	Kimen Realty Pte Ltd	Freehold	130	105	103	79%	2,171	2,916
Dec-21	Perfect Ten	Bukit Timah Road	Japura Development Pte Ltd	Freehold	230	50	16	7%	3,084	3,504
					2,135	1,423	1,101	52%		
RCR										
Jan-21	The Reef At King’s Dock	Harbourfront Ave	Keppel Land Ltd	99 years	429	429	384	90%	1,995	2,831
Jan-21	Normanton Park	Normanton Park	Kingsford Development Pte Ltd	99 years	1,862	1,862	1,748	94%	1,455	1,993
Apr-21	One-North Eden	Slim Barracks Rise	One North Development Pte Ltd	99 years	165	165	165	100%	1,779	2,257
Sept-21	Bartley Vue	Jalan Bunga Rampai	Wee Hur (Bartley) Pte Ltd	99 years	115	115	32	28%	1,741	2,021
Nov-21	Canninghill Piers	Clarke Quay	DBS Trustee Limited/ Legend Commercial Trustee Pte Ltd/Legend Quay Pte Ltd	99 years	696	696	602	86%	2,541	5,360
Dec-21	Mori	Guillemard Road	RL East Pte Ltd	Freehold	137	100	91	66%	1,619	2,106
					3,404	3,367	3,022	89%		
OCR										
Jul-21	Pasir Ris 8	Pasir Ris Drive	Allgreen Properties & Kerry Properties	99 years	487	487	432	89%	1,411	2,092
Aug-21	The Watergardens At Canberra	Canberra Drive	UOL Group Ltd, Kheng Leong, & Singland	99 years	448	358	350	78%	1,232	1,593
Nov-21	The Commodore	Canberra Drive	JBE (Canberra) Pte Ltd	99 years	219	219	162	74%	1,289	1,670
Jan-22	Belgravia Ace	Belgravia Drive	Fairview Developments Pte Ltd	Freehold	107	85	74	69%	1,012	1,127
					1,261	1,149	1,018	81%		
Total					6,800	5,939	5,141	76%		

Source: URA, EDMUND TIE Research

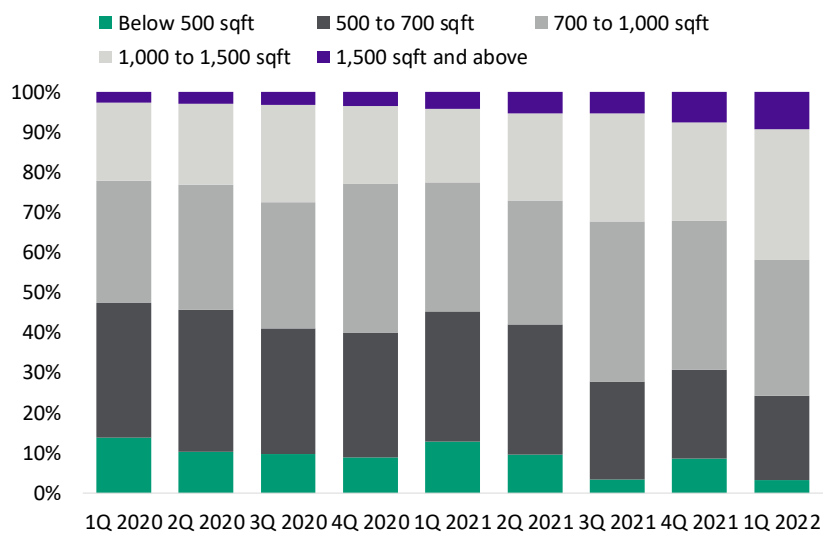
Trends in unit size, price range and foreign buyer profile

In the non-landed primary market, the highest proportion of transactions in 1Q 2022 by unit size was for units between 700 and 1,000 sqft at 34%, down from 37% in the previous quarter. Another category that saw a drop in proportion of transaction was the below-500-sqft segment whose share fell from 9% to 3%. The 500-700-sqft segment also saw a decline in the proportion of transaction.

During the quarter, the rise in transaction share was recorded in the larger ends of the size spectrum, namely units sized between 1,000 to 1,500 sqft (from 25% to 33%) and units sized 1,500 sqft and above (from 8% to 9%).

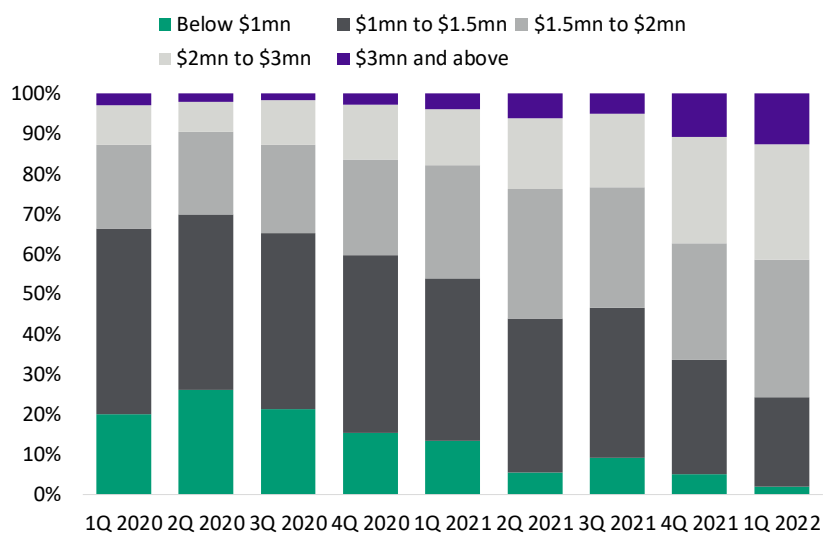
The interest in larger units persisted in 1Q 2022; the share of new non-landed units priced \$3 mn and above rose to 13% from 11% in the previous quarter. Similarly, the share of transactions in the next two pricing subsegments (\$1 mn to \$1.5 mn, and \$1.5mn to \$2mn) also rose qoq from 29% to 34% and 27% to 29%, respectively. This was likely due to the rise in demand for larger units (700 sq ft and above), as noted in Figure 2. However, the share of smaller units in the two subsegments (below \$1mn, and \$1mn to \$1.5mn) saw a decline from 5% to 2% and 29% to 22%, respectively. Compared to the start of the pandemic in 1Q 2020, transactions priced \$2mn and above have seen a tripling in their share from 13% in 1Q 2020 to 41% in 1Q 2022, driven by rising unit property prices and a preference for larger units.

Figure 5: Non-landed new sales by unit size



Source: URA

Figure 6: Non-landed new sales by price range



Source: URA

Foreign demand was impacted considerably by the new cooling measures at end of last year that saw a rise in Additional Buyer's Stamp Duty (ABSD) on foreigners by 10 percentage points from 20% to 30%. This was twice as high as the previous round, which saw a rise in ABSD on foreigners by 5 percentage points in July 2018 from 15% to 20%.

The share of homes sold to foreigners fell from 3.9% in 4Q 2021 to 3.2% in 1Q 2022. Foreign demand fell in 1Q 2022 in all regions - CCR, RCR and OCR. Notably, CCR

experienced the largest kneejerk drop in foreign demand share from 10.2% in 4Q 2021 to 8.8% in 1Q 2022, as this is the market segment with the highest level of foreign demand.

However, the Americans overtook the Mainland Chinese in 1Q 2022, taking the top spot in foreign demand in both CCR and RCR, accounting for about a quarter of the transactions by foreigners in the respective region. Meanwhile, the Mainland Chinese and Indonesians ranked a distant second and third in 1Q 2022. The primary reason is that buyers from the United States of America are exempted from paying any ABSD on the first residential property purchase in Singapore due to free-trade agreement.

Table 2: Foreigner buyer profile by market segment

Nationality	2021	4Q 2021	1Q 2022	qoq change
CCR: % of all transactions by foreigners (non-PR)	9.1	10.2	8.8	-1.4
Top nationalities and % share of foreign purchases				
Mainland Chinese	29.7	27.7	18.6	-9.1
American	18.0	14.6	27.1	12.5
Indonesian	10.0	10.2	2.9	-7.3
RCR: % of all transactions by foreigners (non-PR)	3.4	3.5	3.0	-0.5
Top nationalities and % share of foreign purchases				
Mainland Chinese	32.6	26.4	18.0	-8.4
American	18.3	16.5	26.0	9.5
Indonesia	4.9	8.8	0.0	-8.8
OCR: % of all transactions by foreigners (non-PR)	1.8	1.6	1.2	-0.4
Top nationalities and % share of foreign purchases				
Mainland Chinese	40.5	46.0	36.0	-10.0
Indian	18.6	22.0	0.0	-22.0
American	15.6	8.0	24.0	16.0

Source: URA REALIS

Outlook

We expect pent-up demand in anticipation of some new launches – such as the 407-unit Piccadilly Grand, 370-unit AMO Residences and 298-unit Liv@MB. Homebuyers will continue to favour larger units, although affordability constraints would mean that smaller units remain an essential element of the housing ecosystem.

Given the dwindling unsold stock, developers will continue to retain pricing power, although they need to be mindful of the sweet spot for home prices, especially as the TDSR limit is now lowered to 55%.

The MOF has recently imposed the application of ABSD (Trust) of 35% on the transfer of residential property into a living trust with effect from 9 May this year. The overall market impact is not likely to be significant, as most property purchases are not made via trusts, although this is likely to cause families to reconsider providing a conditional legacy for their children via the trust route. In the short-term, buyers may adopt a ‘wait-and-see’ approach to observe the impact of the recent cooling measures. In the medium- to long-term, the reopening of the borders, sustained economic growth and tight supply will likely fuel demand especially in the OCR and RCR market segments.

Looking ahead, primary sales activity for 2022 is still likely to moderate to about 10,000 units – on the back of slower overall launch activity this year, rising interest rates and tighter financing rules. Nonetheless, economic fundamentals remain sound and homebuying demand remains intact.

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