PRIVATE HOMES REPORT

FEBRUARY 2023

SINGAPORE Q4 2022

Positive trajectory intact but price growth to moderate

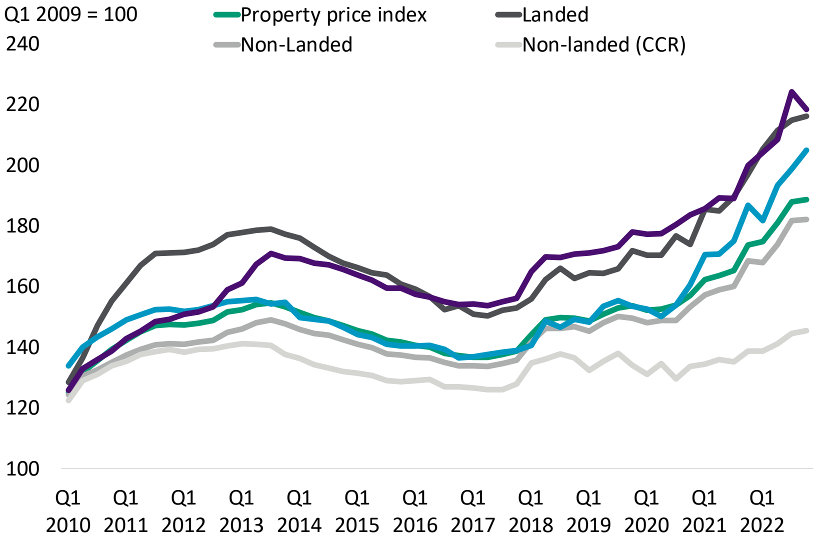
EDMUND TIE

General price trends

In spite of the softening economic outlook and rising interest rates, the residential overall price index inched up by 0.4% qoq in Q4 2022 for the eleventh straight quarter, after accelerating 3.8% qoq in the previous quarter. For the whole of 2022, property prices climbed by 8.6% compared to 10.6% in 2021, fuelled mainly by the landed segment (9.6% growth), where landed home prices have been underpinned by sustained demand amid limited supply.

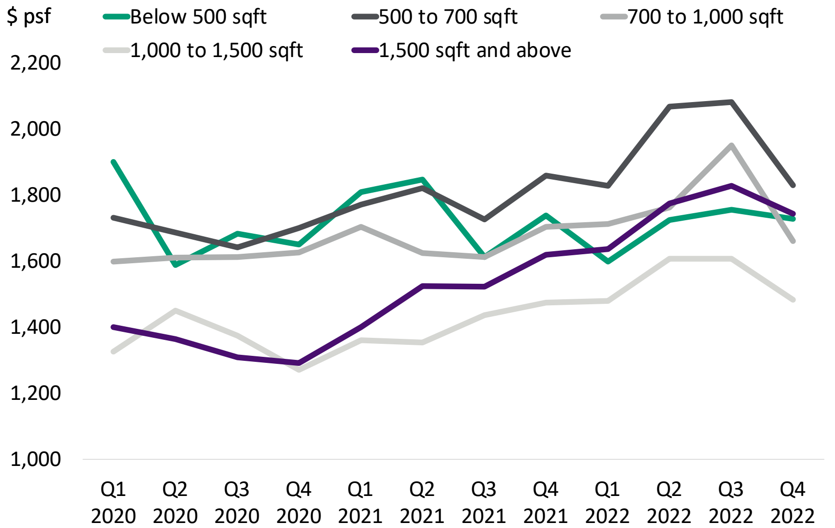
The non-landed median price of new homes fell across all unit sizes in Q4 2022. For the non-landed market, price growth was muted in Q4 2022 due to the decline in launches. For instance, the non-landed OCR segment saw prices decline by 2.6% qoq in Q4 2022, a reverse from the 7.5% growth in the previous quarter, due to a dearth of new project launches towards year end, while the previous quarter reported strong performance in various suburban projects.

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



Source: URA

Figure 2: Non-landed median $psf by unit size



Source: URA, EDMUND TIE Research

Transaction volume

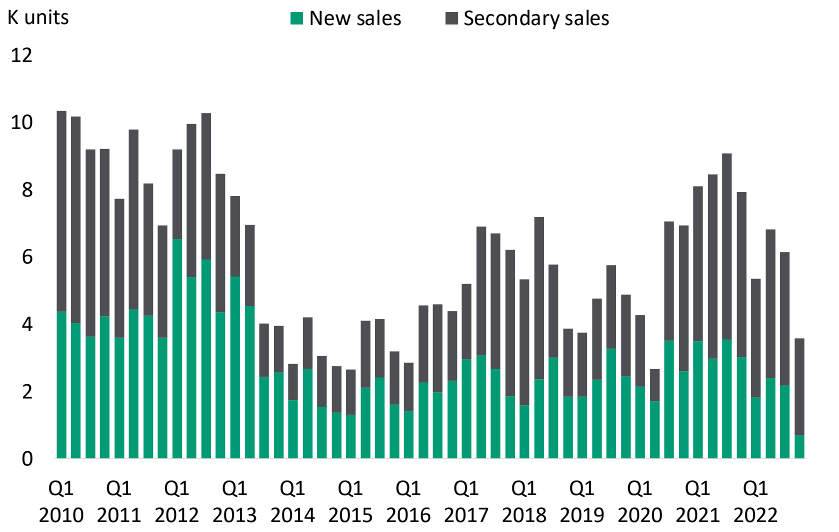
Overall transaction volume plunged in Q4 2022 by 41.6% qoq to 3,588 units for the second straight quarter. The primary market saw a larger decline of 68.4% qoq in transaction volume during the quarter, compared to the 26.8% qoq decrease in the secondary market, due to the dearth of new project launches in the quarter.

For the whole of 2022, overall transaction volume for private homes fell by 34.8% to 21,890 units, down from 33,557 units in 2021, with the primary market bearing the brunt. Developers sold 7,099 homes, 45.5% lower than 13,027 homes sold in 2021, and is the lowest in 14 years since the Global Financial Crisis in 2008, due to significantly lower launches in 2022. Transaction volumes in the secondary market fell by 28% to 14,791 units in 2022, on the back of a sombre economic outlook, as well as a new wave of cooling measures, that dampened demand.

In Q4 2022, total new sales volumes continued to outpace launch activity for the seventh consecutive quarters, driven by sales volume in the CCR which contributed 55.2% of total sales volumes. Total launched units in Q4 2022 plummeted by 65.4% qoq to 504 units, due to a dearth of new project launches.

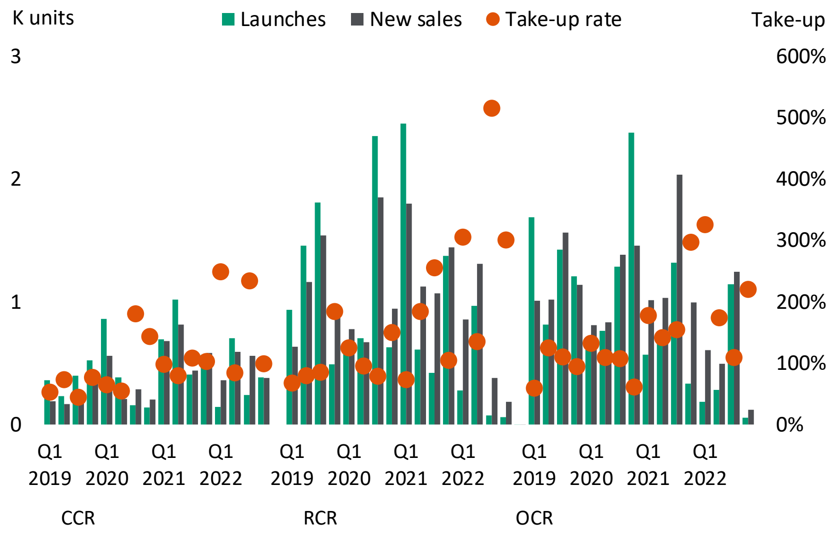
For the whole of 2022, total new sales transaction volume fell by 45.5% to 7,099 units, following 2021's 13,027, as total launches decline by 56.9% to 4,528 units in 2022, down from 10,496 units in 2021. Nonetheless, take-up rates improved to 156.8%, soaking up previously launched inventory, attesting to ample market liquidity and organic growth supporting housing demand.

Figure 3: Transaction volume of primary and secondary sales



Source: URA

Figure 4: New launches and sales by market segment



Source: URA, EDMUND TIE Research

There were five new projects launches in Q4 2022 – Enchante, Hill House and Sophia Regency in the CCR, as well as Pollen Collection and Kovan Jewel in the OCR.

For the entire of 2022, there were a total of 18 new project launches, following 2021's 25 new launches. The OCR accounted for half of the new launches in 2022, while the CCR and RCR accounted for the remaining, at 28% and 22%, respectively. Notably, in the OCR, Lentor Modern moved 521 of the 605 units launched, while AMO Residence moved 367 of the 372 units launched. In the RCR, Piccadilly Grand moved 344 out of the 380 units launched.

Table 1: New project launches in 2022 (data as at 31 December 2022)

Launch Month	Development	Location	Developer	Tenure	Total Units	Cumulative Units Launched to-date (31 Dec 22)	Cumulative Units Sold to-date (31 Dec 22)	Take-up rate %	Lowest $ psf	Highest $ psf
CCR										
Jan-2022	Ikigai	Shrewsbury Road	Opulent Development Pte Ltd	Freehold	16	16	5	31%	$2,121	$2,281
Aug-2022	Landed Housing Development	Mount Rosie Road	Mount Rosie Development Pte Ltd	Freehold	6	6	1	17%	$3,812	$3,812
Oct-2022	Enchante	Evelyn Road	Evelyn Pte Ltd	Freehold	25	25	2	8%	$2,647	$2,703
Nov-2022	Hill House	Institution Hill	Mequity Hills Pte Ltd	999 yrs from 01/07/1841	72	72	13	18%	$2,783	$3,168
Nov-2022	Sophia Regency	Sophia Road	East Asia Sophia Development Pte Ltd	Freehold	38	38	0	0%	$0	$0
					157	157	21	13%		
RCR										
Feb-2022	Royal Hallmark	Haig Lane	H Homes Pte Ltd	Freehold	32	32	19	59%	$1,728	$2,237
May-2022	Atlassia	Joo Chiat Place	K16 Place Pte Ltd	Freehold	31	31	20	65%	$1,901	$2,206
May-2022	Liv @ Mb	Arthur Road	BSEL Development Pte Ltd	99 yrs from 23/11/2021	298	250	248	83%	$2,079	$2,869
May-2022	Piccadilly Grand	Northumberland Road	Maximus Residential SG Pte Ltd/Maximus Commercial SG Pte Ltd	99 yrs from 02/08/2021	407	380	344	85%	$1,870	$2,593
					768	693	631	82%		
OCR										
Jan-2022	Belgravia Ace	Belgravia Drive	Fairview Developments Pte Ltd	Freehold	107	85	82	77%	$1,012	$1,127
Apr-2022	Spring Waters Villas	Jalan Mata Ayer	South Island Mata Ayer Pte Ltd	953 yrs from 01/06/1931	6	6	3	50%	$1,710	$1,842
May-2022	Baywind Residences	Lorong N Telok Kurau	Baywind Properties Pte Ltd	Freehold	24	24	17	71%	$1,953	$2,155
Jul-2022	AMO Residence	Ang Mo Kio Rise	United Venture Development (2021) Pte Ltd	99 yrs from 30/08/2021	372	372	367	99%	$1,890	$2,406
Aug-2022	The Jardine Residences	Lorong Chuan	JGL Property Pte Ltd	Freehold	6	6	0	0%	$0	$0
Sep-2022	Lentor Modern	Lentor Central	Lentor Central Pte Ltd/ Lentor Modern Pte Ltd	99 yrs from 26/10/2021	605	605	521	86%	$1,837	$2,513
Sep-2022	Sky Eden@ Bedok	Bedok Central	Chempaka Development Pte Ltd	99 yrs from 05/01/2022	158	158	122	77%	$1,854	$2,286
Oct-2022	Pollen Collection	Pollen View	Singapore United Estates Pte Ltd	99 yrs from 09/12/2019	132	22	4	3%	$1,407	$2,191
Nov-2022	Kovan Jewel	Kovan Road	Soon Lian Realty Pte Ltd	Freehold	34	34	4	12%	$2,063	$2,200
					1,444	1,312	1,120	78%		
Total					**2,369**	**2,162**	**1,772**	**75%**		

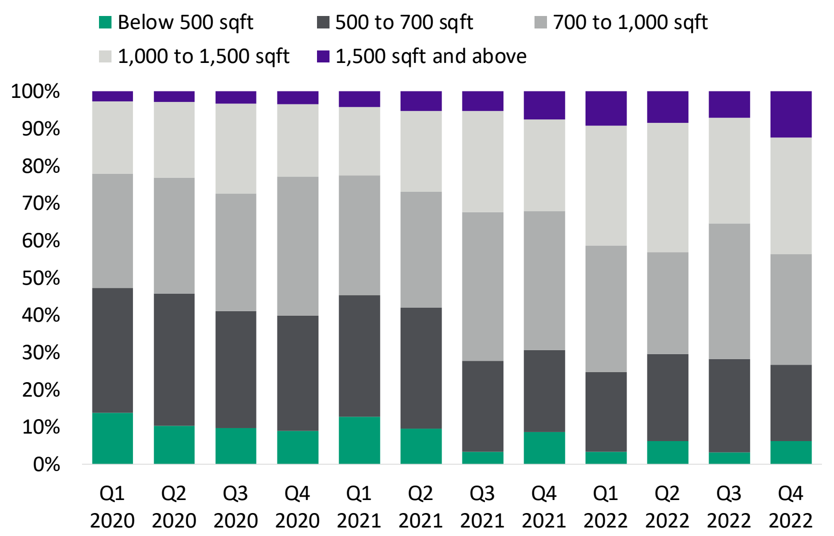
Source: URA, EDMUND TIE Research

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

In the non-landed primary market, the sweet spot in Q4 2022 by unit size was for units sized 1,000 sq ft and above at 43.7%, following 35.5% in the previous quarter. This is also consistent with the performance for the whole of 2022, as transaction volumes for units sized between 1,000 and 1,500 sq ft accelerated to 40.4%, following 2021's 28.4%, driven by a growing appetite for larger private homes.

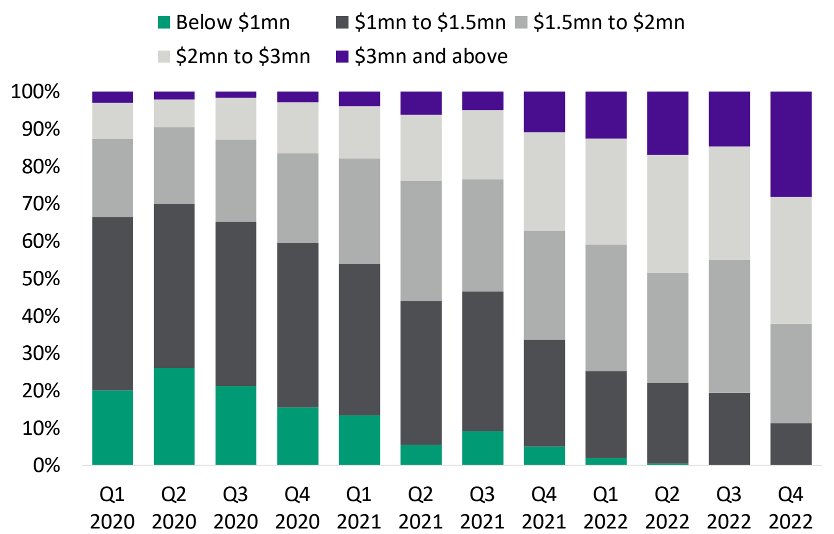
The share of new non-landed units priced $2mn and above rose from 45.0% in Q3 2022 to 62.1% in Q4 2022, reaching 46.9% for the whole of 2022, up from 25.2% in 2021. Such transactions in 2022 were mainly from sizeable new project launches such as AMO Residence, Normanton Park, Lentor Modern, Piccadilly Grand and Liv @ MB. For instance, 42% of the sales transactions in AMO Residence in 2022 were priced at $2mn and above. In 2022, the share of units for the smaller price quantum range in the two subsegments (below $1mn and $1mn to $1.5mn) saw a decline from 8.5% to 0.6% and 36.5% to 20.3%, respectively.

Figure 5: Non-landed new sales by unit size



Source: URA, EDMUND TIE Research

Figure 6: Non-landed new sales by price range



Source: URA , EDMUND TIE Research

For the whole of 2022, the number of homes sold to foreigners fell by 28% to 3,359 units, as compared to 4,682 units in 2021.

Nonetheless, in terms of proportion, the share of homes sold to foreigners rose to 4.7% in 2022, up from 3.8% in 2021.

Americans overtook the Mainland Chinese in 2022, taking the top spot in foreign demand in the CCR, accounting about a one-quarter of the transactions in the segment, as buyers from the United States of America are exempted from paying any ABSD on the first residential property purchase in Singapore due to a free-trade agreement.

In 2022, Mainland Chinese continued to take the top position in both RCR and OCR, for the tenth consecutive year, attracted to Singapore as a safe haven to park their assets. Moreover, more Mainland Chinese buyers are expected to gradually return to Singapore and invest in real estate, as China moves away from its zero-Covid stance towards the start of 2023.

Table 5: Foreigner buyer profile by market segment

Nationality	Q3 2022	Q4 2022	qoq change	2021	2022	yoy change
CCR: % of all purchases by foreigners (non-PR)	**11.4**	**15.5**	**4.1**	**3.8**	**4.7**	**0.9**
Top nationalities and % share of foreign purchases						
American	23.1	16.5	-6.6	18.0	24.3	6.3
Mainland Chinese	20.1	14.2	-5.9	29.7	18.4	-11.3
Indonesian	8.2	3.9	-4.3	10.0	9.6	-0.4
RCR: % of all purchases by foreigners (non-PR)	**4.7**	**6.6**	**1.9**	**3.4**	**4.4**	**1.0**
Top nationalities and % share of foreign purchases						
Mainland Chinese	14.3	40.7	26.4	33.1	28.2	-4.9
American	20.6	16.9	-3.7	18.3	23.9	5.6
Hong Kong	3.2	1.7	-1.5	1.4	2.5	1.1
OCR: % of all purchases by foreigners (non-PR)	**2.0**	**2.4**	**0.6**	**1.8**	**1.7**	**-0.1**
Top nationalities and % share of foreign purchases						
Mainland Chinese	30.4	31.3	0.9	40.8	28.2	-12.6
American	17.9	34.4	16.5	15.5	26.2	10.7
Indonesia	1.8	6.3	4.5	4.6	5.4	0.8

Source: URA, EDMUND TIE Research

Outlook

Looking ahead, we expect overall housing demand to see a slight moderation in 2023, amid macro headwinds and economic uncertainties. Nonetheless, the overall residential market will be supported by a tight labour market, strong household balance sheets and healthy demand-supply dynamics in the property market, with demand largely from local first-time home buyers and HDB upgraders. Primary sales volume is poised to reach about 8,000-9,000 units in 2023, up from about 7,099 units for 2022, as developers pick up on the pace of launches to about 10,000 units in 2023. Secondary sales volume is expected to reach about 10,000-12,000 units in 2023, down from 14,791 units for 2022, due to the tighter overall financing environment and rising interest rate, as homebuyers tighten their belts. Amid slower economic growth projections and rising interest rates, we expect property prices to continue heading north in 2023, albeit at a slower pace. Price growth could moderate to 1-3% for 2023, down from 2022's 8.6%.

The government ramped up the confirmed list supply for the first half of 2023 to 4,090 units, the highest since the H1 2014 release. As more new homes are expected to be completed next year, this would likely alleviate the pressure on the tight rental market in the coming months, and rental growth could soften to a 5-10% growth for 2023, following 29.7% in 2022.

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