Private Residential Market

REAL ESTATE DATA TRENDS AND ANALYTICS Q4 2020

- Prices of private homes rose a third consecutive quarter, posting the steepest quarterly increase in more than two years.
- Sales of new private condominiums in the city fringe hit a seven-year high while more mass-market condominiums were sold last year when compared to the prevailing year.
- Housing demand was surprisingly vibrant last year despite lockdowns and travel restrictions.
- While the prime segment usually takes a bigger hit during an economic crisis, sales of luxury homes remained surprisingly resilient last year, underscoring the income growth of the wealthiest during the pandemic.


Artist Impression of Normanton Park

Unexpected Property Boom Amid Pandemic Stimulus

Property markets around the world saw an unlikely boom during the worst economic fallout and health crisis in living memory. Property prices have been rising and the uptrend has been widespread across many countries including U.S., Canada, Europe, China, Australia, and Asia. In some advanced cities, prices have even exceeded pre-crisis levels.

Massive fiscal stimulus designed to fend off the economic disruption has been flowing into real estate markets and unwittingly pushed property prices higher. There is ample liquidity circulating in the system as investment funds have reallocated a large amount of capital from financial markets to real estate properties.

While the pandemic has triggered long-lasting scars and unprecedented challenges for the global economy, certain factors have made it more favourable for buyers who have been struggling to enter the market for several years. Attractive offers were dangled by developers while sellers eager to offload units were more open to price negotiations. Record-low interest rates have also lowered the hurdle of property ownership and encouraged undecided buyers to 'get off the fence'.

The strong demand for private homes is bolstering property prices in Singapore. According to the quarterly statistics released by the Urban Redevelopment Authority (URA), prices of private homes rose a third consecutive quarter by 2.1 per cent quarter-on-quarter (q-o-q) in Q4 2020 (Chart 2). This is the steepest quarterly increase in more than two years. For the whole of 2020, prices rose by 2.2 per cent, lower than the 2.7 per cent increase seen in 2019.

The price increase in Q4 2020 was mainly driven by the Rest of Central Region (RCR) and Core Central Region (CCR) where prices rose by 4.4 per cent and 3.2 per cent quarter-on-quarter (q-o-q). The Outside of Central Region (OCR) saw prices increase by 1.8 per cent q-o-q. For the full year, prices of homes in RCR and OCR rose the most by 4.7 per cent and 3.2 per cent.

The price growth did not come as a surprise as many projects revised their selling prices last quarter including Fourth Avenue Residences, Kopar at Newton, The M, The Avenir, Leedon Green, Royalgreen, Treasure at Tampines, The Garden Residences, Jadescape, Forett at Bukit Timah, Stirling Residences, and The Florence Residences.

Chart 1 Market summary

Table 1 Median price of non-landed homes

Market Segment	Type of Sale	Q3 2020	Q4 2020	Q-o-Q % change
Overall	**All**	**$1,545**	**$1,575**	**1.9%**
CCR	New Sale	$2,521	$2,698	**7.0%**
	Resale	$1,771	$1,772	**0.1%**
	Sub Sale		$2,227	**NA**
	Overall	**$2,096**	**$1,994**	**-4.9%**
RCR	New Sale	$1,786	$2,025	**13.4%**
	Resale	$1,352	$1,358	**0.5%**
	Sub Sale	$1,761	$1,900	**7.9%**
	Overall	**$1,706**	**$1,727**	**1.2%**
OCR	New Sale	$1,523	$1,633	**7.3%**
	Resale	$1,060	$1,065	**0.5%**
	Sub Sale	$1,486	$1,532	**3.1%**
	Overall	**$1,322**	**$1,379**	**4.3%**

Source: URA, OrangeTee & Tie Research & Analytics

Chart 2 Uptick in prices

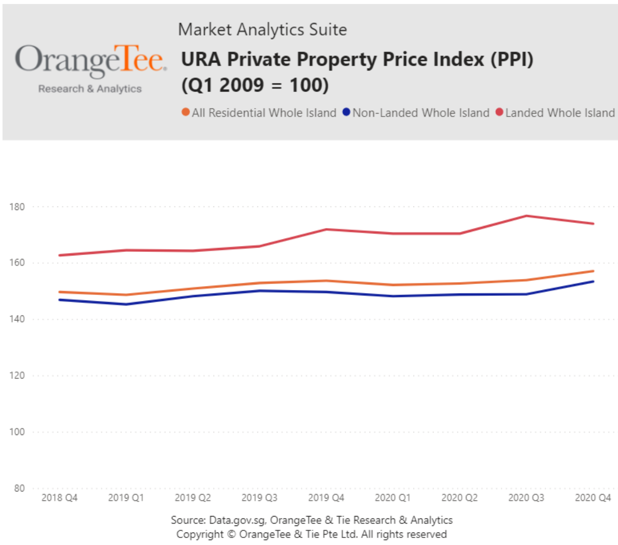
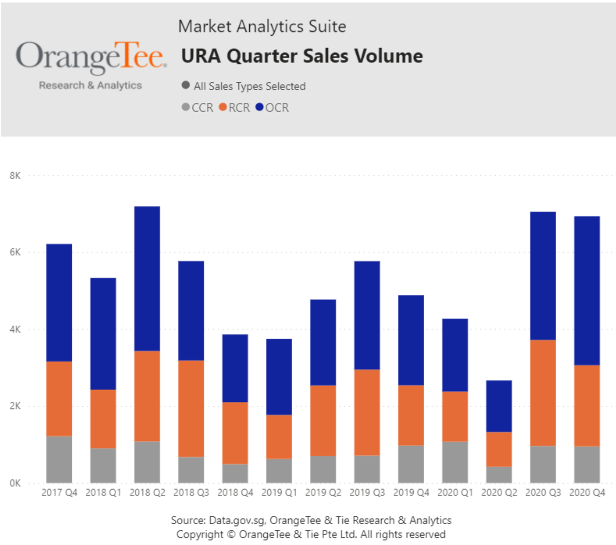


Chart 3 Sales exceeded the pre-pandemic 2019



Private home demand was surprisingly vibrant last year despite volume having suffered a temporary hit from lockdowns and travel restrictions. According to the quarterly statistics released by the Urban Redevelopment Authority (URA), 20,909 private homes excluding EC were sold last year, 9.2 per cent higher than the 19,150 units transacted in 2019 (Chart 3).

New home sales surpassed the 9,912 units sold in 2019, increasing marginally by 0.7 per cent to 9,982 units in 2020. The number of resale transactions surged 19.9 per cent year-on-year (y-o-y) from 8,949 units in 2019 to 10,729 units in 2020.

Even as the prime segment usually takes a bigger hit during an economic crisis, sales of luxury homes remained surprisingly resilient last year. The positive buying trend underscores the income growth of the wealthiest during the pandemic. With the exception of 2017, more luxury homes were sold in 2020 than the prevailing five years.

The richest people have seen their fortunes balloon during the pandemic and many have been snapping up glitzy real estate assets. The global economic recovery has shown diverging trends in recent months with some sectors bouncing back faster than others this year.

The recovery path has often been regarded as a K-shaped, bifurcated recovery. Professional workers in high growth industries like technology, healthcare, fintech, logistics, and software continue to do well, whereas those in the hospitality and brick-and-mortar businesses are still struggling for survival.

The wealth expansion of the former group bodes well for the real estate market as many have expanded their property investment portfolios in tandem with their income growth. Some bought luxury properties which may explain why our prime segment continues to do well despite the pandemic.

Table 2 Best-selling projects in Q4 2020

Project Name	Units Sold	Median Unit Price (SS$PSF)
New Sale		
CLAVON	472	$1,637
KI RESIDENCES AT BROOKVALE	170	$1,766
TREASURE AT TAMPINES	129	$1,411
THE LINQ @ BEAUTY WORLD	120	$2,171
THE GARDEN RESIDENCES	119	$1,613
THE LANDMARK	110	$2,137
PARC CLEMATIS	110	$1,651
JADESCAPE	80	$1,780
FORETT AT BUKIT TIMAH	75	$1,947
PIERMONT GRAND	72	$1,139
MIDWOOD	60	$1,621
AVENUE SOUTH RESIDENCE	57	$2,161
THE FLORENCE RESIDENCES	55	$1,625
Resale		
BLOSSOM RESIDENCES	36	$886
TWIN WATERFALLS	35	$984
1 CANBERRA	31	$897
HIGH PARK RESIDENCES	29	$1,231
HERON BAY	26	$940
THE MINTON	25	$1,082
THE TAMPINES TRILLIANT	23	$1,053
MARINA ONE RESIDENCES	22	$2,360

Source: URA, OrangeTee & Tie Research & Analytics

Artist Impression of Cairnhill 16

LUXURY SEGMENT

According to URA Realis data, more than 3,200 luxury homes were sold last year. Of this number, 2,978 units were non-landed homes (Chart 4), more than the luxury condominiums sold in 2015, 2016, 2018 and 2019. In 2020, resale condominiums formed the larger proportion of non-landed transactions in CCR with 1,796 units.

Prices of luxury condominiums dipped for both resale and new sales. The average price of non-landed new sales declined 9.2 per cent from S$2,818 psf in 2019 to S$2,560 psf in 2020. Prices of resale non-landed homes slipped 5.2 per cent to S$1,946 psf in 2020 from S$2,052 psf in 2019 (Chart 5).

Last year, the most popular new luxury projects were The M with 406 transactions at an average price of S$2,458 psf. This is followed by Kopar at Newton (168 units, S$2,304 psf), Fourth Avenue Residences (105 units, S$2,264 psf), Leedon Green (91 units, S$2,686 psf), The Avenir (54 units, S$3,149 psf), Pullman Residences Newton (47 units, S$2,719 psf), Royalgreen (36 units, S$2,694 psf) and Martin Modern (35 units, S$2,695 psf).

The most popular resale luxury project was Marina One Residences which achieved an outstanding level of sales. 180 units were transacted at an average price of S$2,367 psf last year. This is followed by 8 Saint Thomas with 65 units transacted at S$2,841 psf, D'Leedon with 47 units transacted at S$1,607 psf and The Sail @ Marina Bay with 45 units sold at S$1,834 psf.

Sales of landed properties remained robust last quarter. 96 landed homes changed hands in Q4 2020 which was almost similar to the 100 units sold in the prevailing quarter and above the 49 units sold in Q4 2019 (Chart 6). For the whole of 2020, 287 landed homes were transacted, 32.9 per cent higher than the 216 units sold in 2019.

Chart 4 More luxury condos were sold despite the pandemic

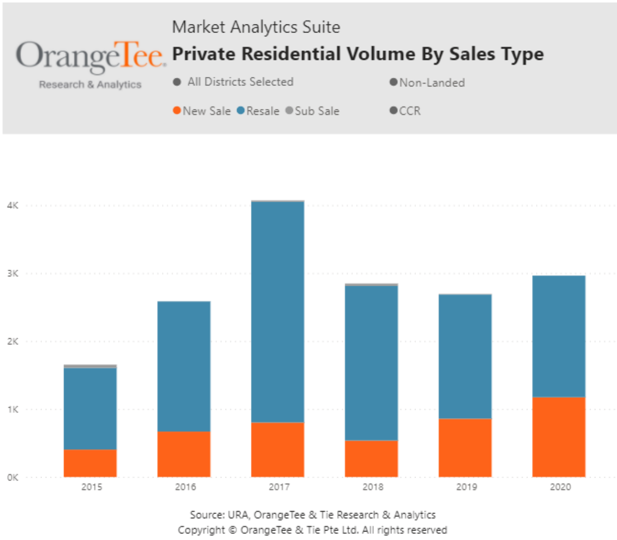


Chart 5 Prices dipped for both resale and new sale condos

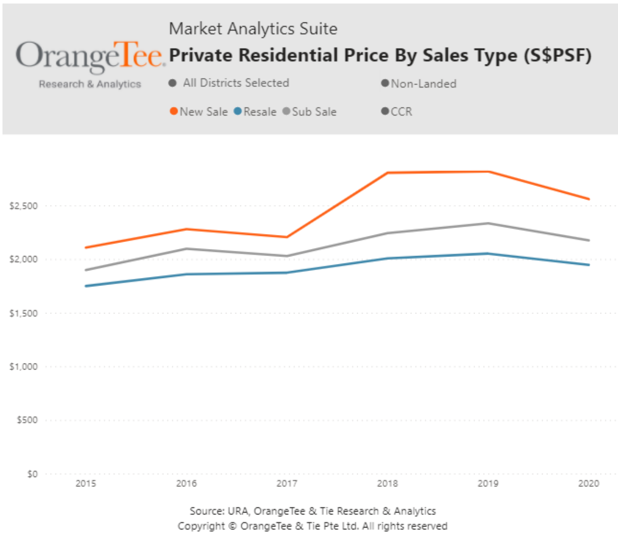
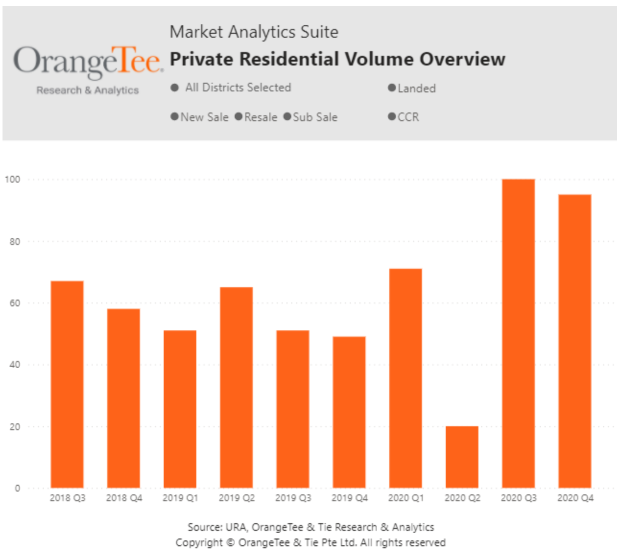


Chart 6 Landed property transactions remained robust



MID-TIER SEGMENT

Sales of new private condominiums in the city fringe remained strong despite the pandemic. According to URA Realis data, 4,080 new private non-landed homes (excluding EC) in RCR were sold, up from the 3,962 units sold in 2019 and 3,893 units in 2018 (Chart 7). This is also the highest sales inked in seven years.

The average price of new non-landed homes slipped 2.2 per cent from S$1,918 psf in 2019 to S$1,875 psf in 2020 (Chart 8). Prices of resale non-landed homes similarly dipped 1.7 per cent from S$1,393 psf in 2019 to S$1,369 psf in 2020.

Last year, the most popular new projects were Jadescape which sold 522 units, followed by Penrose (414 units), Parc Esta (384 units), Forett at Bukit Timah (319 units), Stirling Residences (286 units), The Woodleigh Residences (231 units) and Daintree Residence (229 units) (Chart 9).

Among the new launches, a number of projects hit S$2,000 psf last year (Chart 10). These include Meyer Mansion which was transacted at an average unit price of S$2,705 psf, Sky Everton at S$2,624 psf, One Meyer at S$2,613 psf, Rivière at S$2,611 psf, One Pearl Bank at S$2,485 psf and Amber Park at S$2,464 psf.

Chart 7 Sales of new city fringe homes remained strong

Chart 8 Slight dip in prices

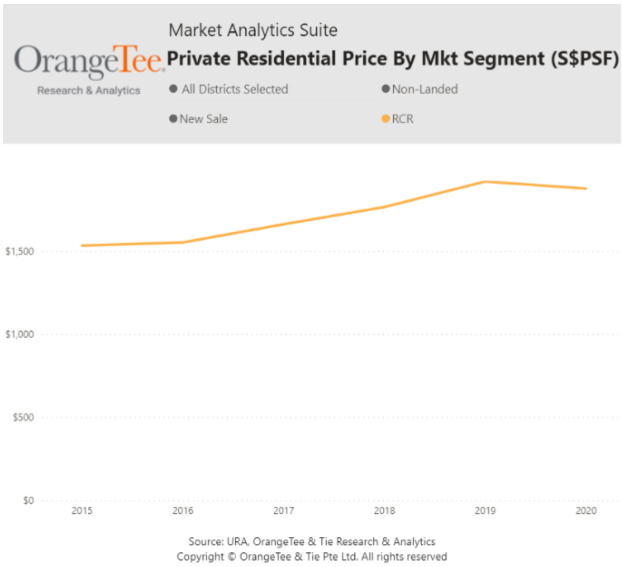


Chart 9 Most popular new projects in RCR

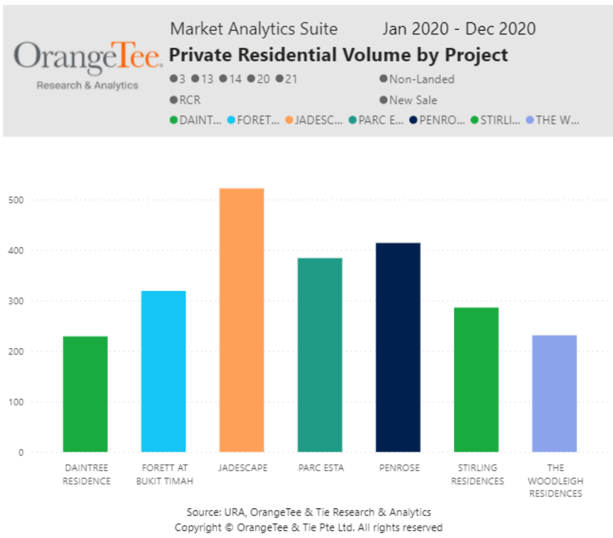
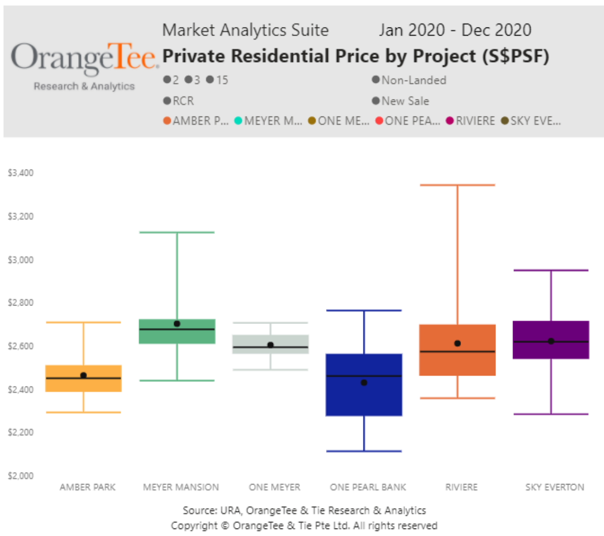


Chart 10 Some projects transacting above S$2,000 psf



MASS MARKET SEGMENT

More mass-market condominiums were sold last year than the prevailing year. According to URA Realis data, 8,602 non-landed homes excluding executive condominiums (EC) in OCR were transacted in 2020, which was 10.9 per cent higher than the 7,760 units sold in 2019.

Last quarter, 2,995 non-landed homes excluding EC were sold (Chart 11). This is a 4.2 per cent q-o-q increase and the highest quarterly sales inked since Q2 2018 (3,171 units). Of the 2,995 units, 1,437 units were new homes and 1,538 units were resales.

The average price of non-landed mass-market resale homes increased by 1.0 per cent q-o-q to S$1,074 psf while the average price of non-landed new homes rose by 7.1 per cent to S$1,620 psf in Q4 2020 (Chart 12). Compared to the same period last year, prices of new condos rose 5.9 per cent and prices of resale condos increased 2.6 per cent in Q4 2020.

Last quarter, the most popular districts were District 5, followed by Districts 19, 18, 23 and 21 (Chart 13). The most popular project was Clavon in District 5 which sold 472 units last quarter. This was followed by Ki Residences in District 21 which sold 170 units, Treasure at Tampines in District 18 which sold 129 units, The Garden Residences in District 19 which sold 119 units and Parc Clematis in District 5 which sold 110 units.

For the above-mentioned projects, the average transacted price was mostly above S$1,500 psf. For instance, Clavon was sold at an average price of S$1,647 psf last quarter. Ki Residences was transacted at S$1,779 psf, The Garden Residences at S$1,605 psf and Parc Clematis at S$1,643 psf.

Chart 11 Highest quarter sales since Q2 2018

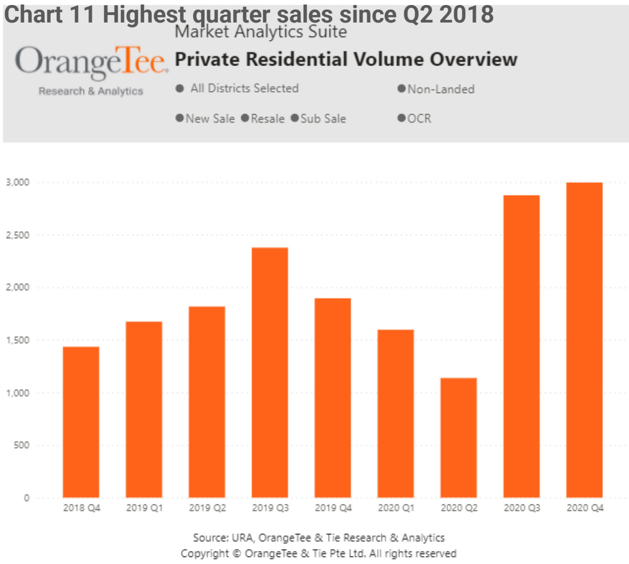


Chart 12 Prices rose for both new and resale condominiums

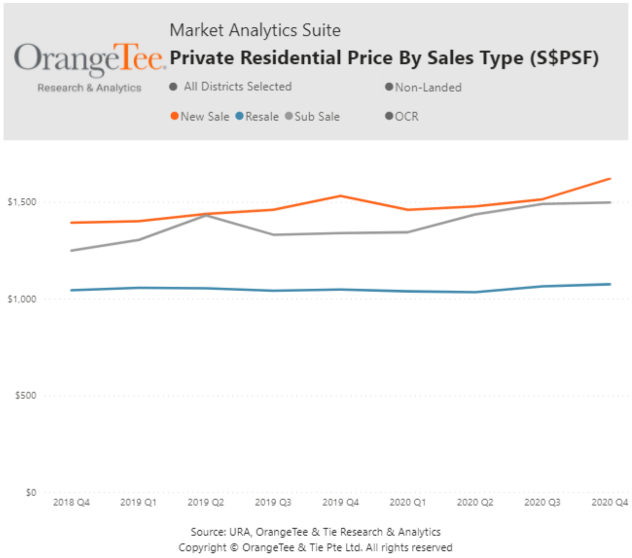
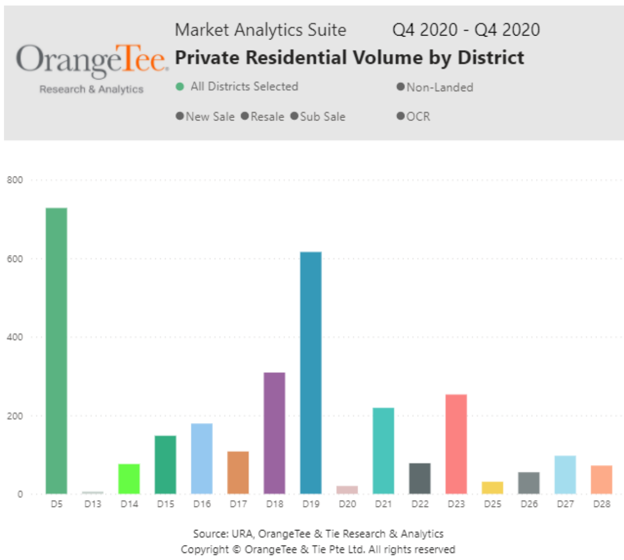


Chart 13 Districts 5 and 19 were most popular



Artist's Impression of Guoco Midtown & Midtown Bay

Artist's Impression of Kopar at Newton

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Ample liquidity as a result of massive quantitative easing is boosting asset values and property prices higher in many developed countries, including Singapore.

~ Christine Sun

Chart 14 Rental volume dipped last quarter

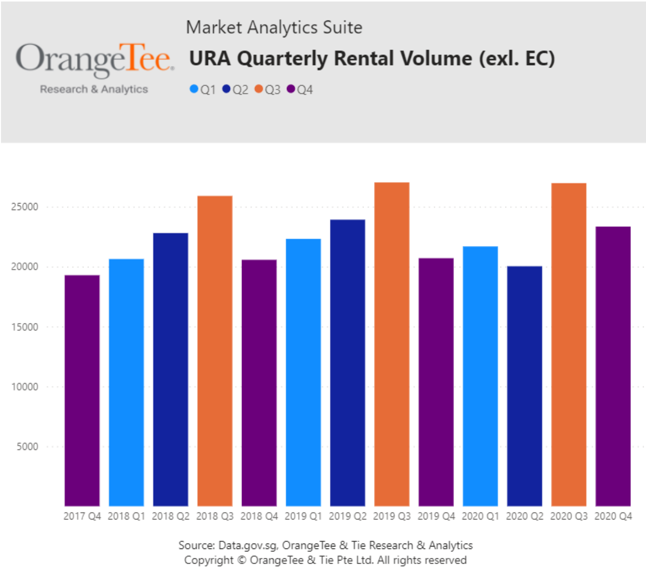


Chart 15 Rental index slipped 0.6 per cent in 2020

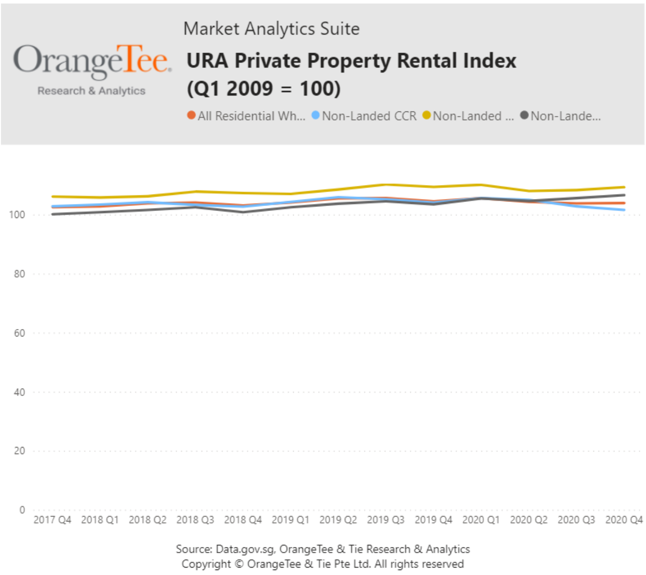
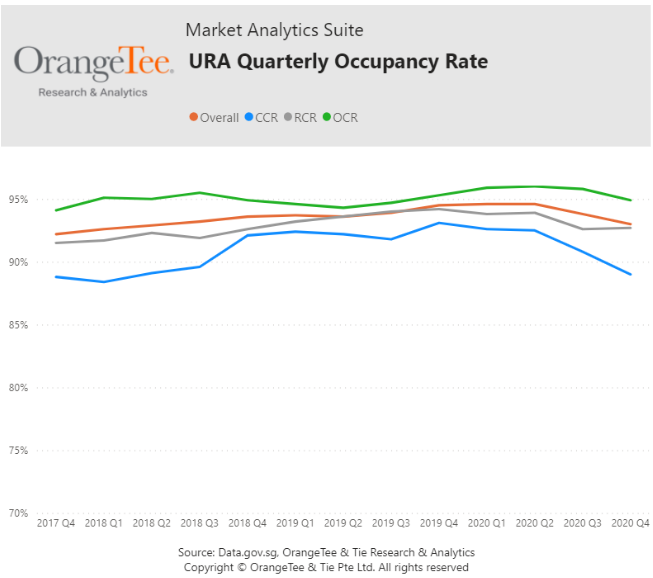


Chart 16 Overall occupancy rate fell to 93 per cent



RENTAL

The pandemic seemed to have reversed a decade of rampant growth in rental demand. Owing to the rising unemployment among foreigners, weak hiring prospects and travel restrictions, the total number of rental transactions in 2020 was lower than the prevailing year.

According to URA data, 23,344 private homes excluding EC were leased last quarter. The private rental volume dipped 13.4 per cent q-o-q (Chart 14). 92,027 units were transacted in 2020, 2.1 per cent lower than the 93,960 units in 2019.

Rents dipped 0.6 per cent for the whole of 2020, reversing the 1.4 per cent increase in 2019 and 0.6 per cent growth in 2018 (Chart 15). Occupancy rates for private residential properties excluding EC fell from 93.8 per cent in Q3 2020 to 93.0 per cent last quarter (Chart 16).

We observed growing rental demand from overseas Singaporeans, Permanent Residents (PR), and long-term pass holders who have returned to Singapore in recent weeks. They require a temporary place to stay while searching for a more permanent accommodation.

More overseas students are also looking for rental units now. Some locals who have just sold their private homes or flats have also rented a unit in the interim as they wait for the completion of their new place.

Mass vaccination programs launched across the world and Phase 3 reopening may lend some support to the leasing market this year. We expect rents and volumes to improve if governments around the world gain better control of the pandemic situation and air travel resumes substantially this year.

NATIONALITY

Domestic home buyers continue to pour into the market as the proportion of Singaporean purchases hit a new high last quarter. Based on URA Realis data, Singaporeans formed the bulk of buyers for non-landed homes (all types of sales) in Q4 2020, comprising 82.0 per cent with 4,674 units. This is the highest proportion in recent years (Chart 17).

Last quarter, PRs bought 808 non-landed homes constituting 14.2 per cent of all non-landed home sales. Non-PRs bought 192 units, constituting 3.4 per cent of all non-landed home sales.

Mainland Chinese (Non-PRs and PRs) remained as the top foreign buyer in Q4 2020 (Chart 18). They purchased 232 non-landed homes. For the whole of 2020, they bought 943 non-landed homes.

The second top foreign buyers (Non-PRs and PRs) were from Malaysia (514 units), followed by India (373 units), Indonesia (189 units) and USA (155 units) (Chart 18). Another 854 units were classified as Foreign Unspecified.

The most popular districts among Mainland Chinese buyers were District 19 (24 units), District 5 (18 units), District 10 (18 units), District 16 (16 units), District 3 (15 units) and District 9 (15 units) (Chart 19).

Chart 17 Sales continue to be supported by domestic demand

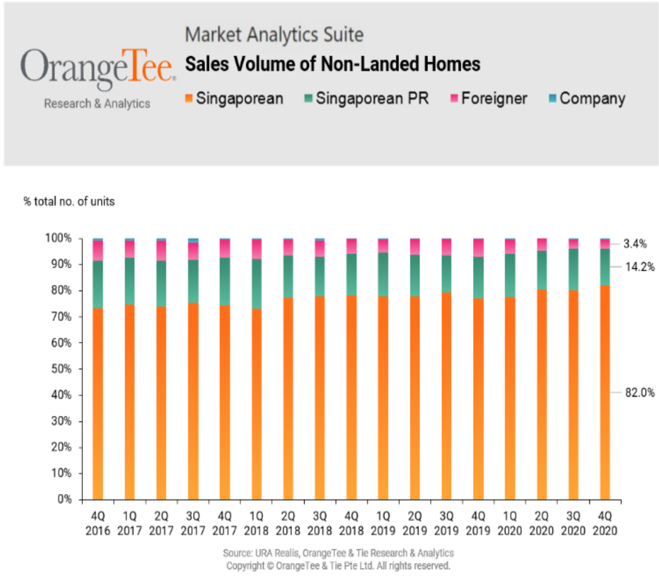


Chart 18 Top foreign buyers in 2020

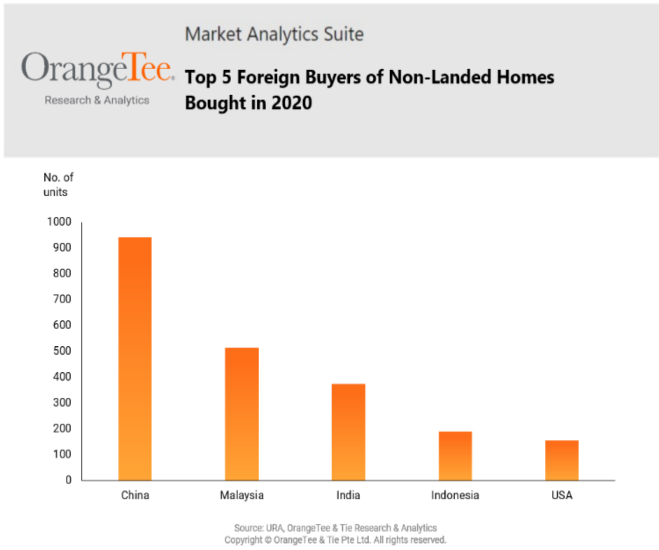
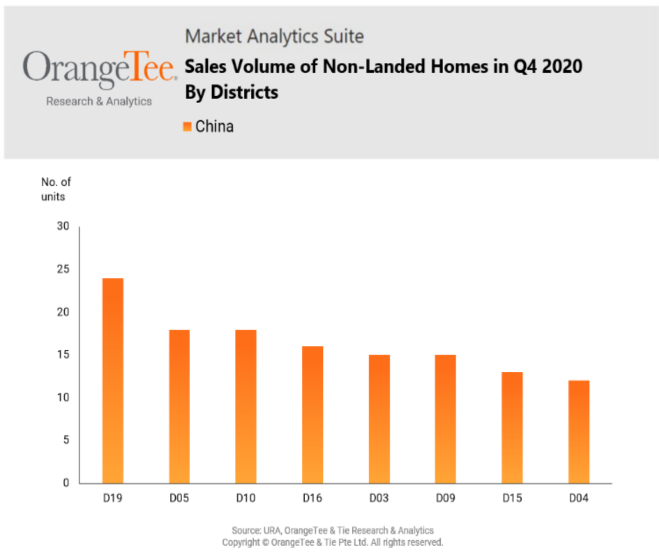


Chart 19 Most popular districts among Mainland Chinese buyers



OUTLOOK

Indicators	2018	2019	Q4 2020 (Q-o-Q)	2020	Projection for 2021
Overall					
URA PPI Price Change	7.9%	2.7%	2.1%	2.2%	2 %to 5%
Sales Volume (excl.EC) (units)	22,139	19,150	6,929	20,909	19,200 to 21,200
New Sale (excl. EC)					
Price Change	10.8%	7.3%	3.2%	1.9%	2% to 5%
Sales Volume (units)	8,795	9,912	2,603	9,982	9,000 to 10,000
Resale (excl. EC)					
Price Change	2.6%	3.5%	-0.2%	-0.7%	2% to 5%
Sales volume (units)	13,009	8,949	4,249	10,729	10,000 to 11,000
Rental (excl. EC)					
URA Rental Index	0.6%	1.4%	0.1%	-0.6%	-1% to 2%
Leasing volume (units)	89,904	93,960	23,344	92,027	85,000 to 95,000

Source: URA, OrangeTee & Tie Research & Analytics

This year may see the market swinging back in favour of sellers as housing stock is depleting. Demand for property has been healthy and is expected to remain strong amid further improvements in the macroeconomic outlook.

Land sales have declined drastically in recent years as the collective sales activities came to an almost complete halt in 2018. Government land sales have also been conservative over the past years. For the first half of this year, the supply of new homes will remain moderate. Around 1,600 units may be launched from the confirmed list which will be lower the 2,700 average units released in each of the half years in 2018.

The oversupply risk of our private residential market may be easing soon. With a healthy net absorption of new homes over the last three years, the higher take-up numbers against a conservative supply have resulted in fewer unsold, uncompleted private homes. As such, the cumulative unsold units may be nearing its peak and may start tapering this year.

We may expect demand for private homes to remain resilient this year. Buyer sentiment is likely to improve further as global growth is expected to accelerate this year, underpinned by a gradual return to normality with the virus vaccines and wave of liquidity.

The long-term prospects of Singapore's property market will continue to be positive as key fundamentals have been intact in spite of the pandemic. For instance, our pro-business environment, excellent healthcare system, safe-haven status and political stability will continue to attract investors around the world.

We expect overall home prices to rise further by 2 to 5 per cent in 2021 and new home prices may similarly increase up to 5 per cent. Between 19,200 and 21,200 private homes could change hands, which will be slightly higher than the number inked in 2020. Of this number, around 9,000 to 10,00 new homes could be sold this year. The resale market may also see keen interest, with around 10,000 to 11,000 units changing hands this year.

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