

2022

Property Market Outlook



Will real estate continue to be a good investment in 2022? How will the private residential, HDB and rental markets perform next year?



The private residential and public housing markets achieved brilliant sales this year. Prices of private residential properties rose for six consecutive quarters to a historical high in the third quarter of 2021. For the HDB resale market, prices have similarly reached record levels in the same quarter.

According to data from the Urban Redevelopment Authority (URA), prices of private residential homes rose 5.3 per cent in the first three quarters of 2021, surpassing the full-year growth in 2019 and 2020. Prices of city fringe condominium units in the Rest of Central Region (RCR) and landed properties reached their peaks last quarter, while suburban condominium unit prices in the Outside of Central Region (OCR) hit new highs in Q2.

The fast-growing prices did not hamper demand. Sales were brisk across many project launches this year. More than 25,000 private homes, excluding executive condominium units (EC), were sold in the first nine months of 2021, higher than the annual sales recorded over the past three years.

Demand for private homes was well-supported by an influx of HDB upgraders buying condominiums in the suburbs and city fringes. Many home owners sold their flats to capitalise on the rising resale prices and are looking for replacement homes. Other Singaporeans bought private homes for fear that prices may climb further when our economy picks up.

After this year's stellar performance, what will be the property market outlook for next year? How will property prices perform? What are the key trends to watch? While the property market may face headwinds like the possibility of more property curbs, uncertainty due to the pandemic and inflation, some positive factors may mitigate these risks.

The progressive easing of our border restrictions will support the recovery of our consumer-facing sectors and alleviate labour shortages in some industries. Our economy is poised to perform better next year which will improve market sentiment and boost buyer confidence. More Singaporeans, PRs and foreigners will be returning, and some may purchase homes and settle down.

The collective sales market could see a revival next year as many developers are keen to replenish their land bank. Recently, a few developments have been transacted including Thiam Siew Avenue, Peace Centre and Peace Mansion, Flynn Park and Watten Estate Condominium. The recent activities could be the start of more to come. A growing number of collective sale sites have been launched for sales, including Thomson View condominium, International Plaza and Elizabeth Towers.

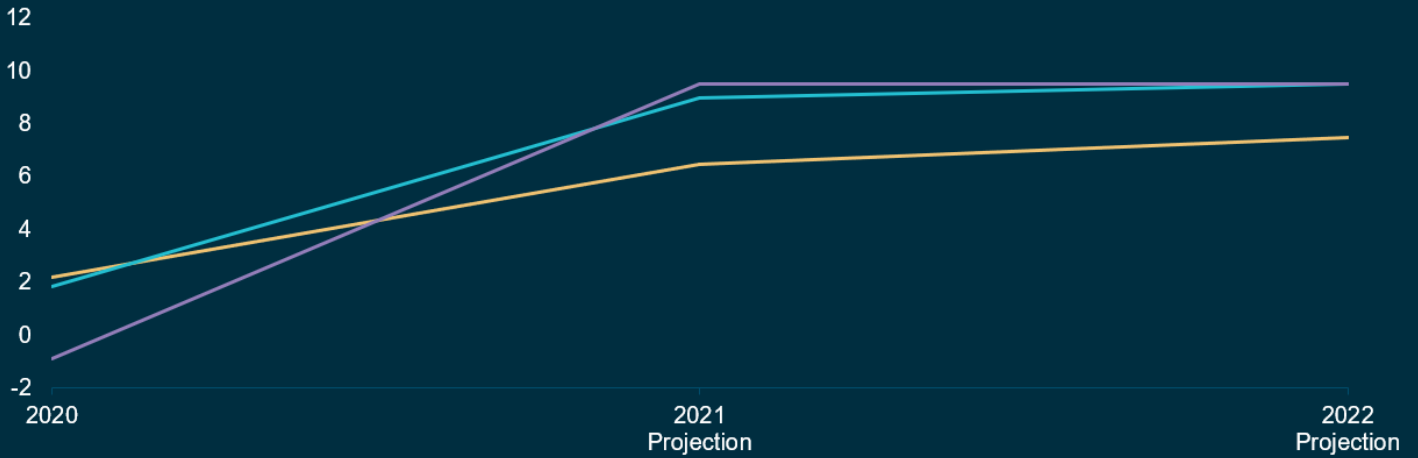
Recently, a new coronavirus variant Omicron has emerged. As little is known about its transmissibility and severity, it is too soon to incorporate the effects of the variant into our market forecasts. In this respect, our discussion will be based on the current economic status and foreseeable market development.



Canning Hill Piers

2022 Forecast At A Glance

Price Projection



**Overall
Y-o-Y Price Change**

2022 Projection 6% to 9%



**New Sales
Y-o-Y Price Change**

2022 Projection 8% to 11%



**Resale
Y-o-Y Price Change**

2022 Projection 8% to 11%

Rent Projection



8% to 11%

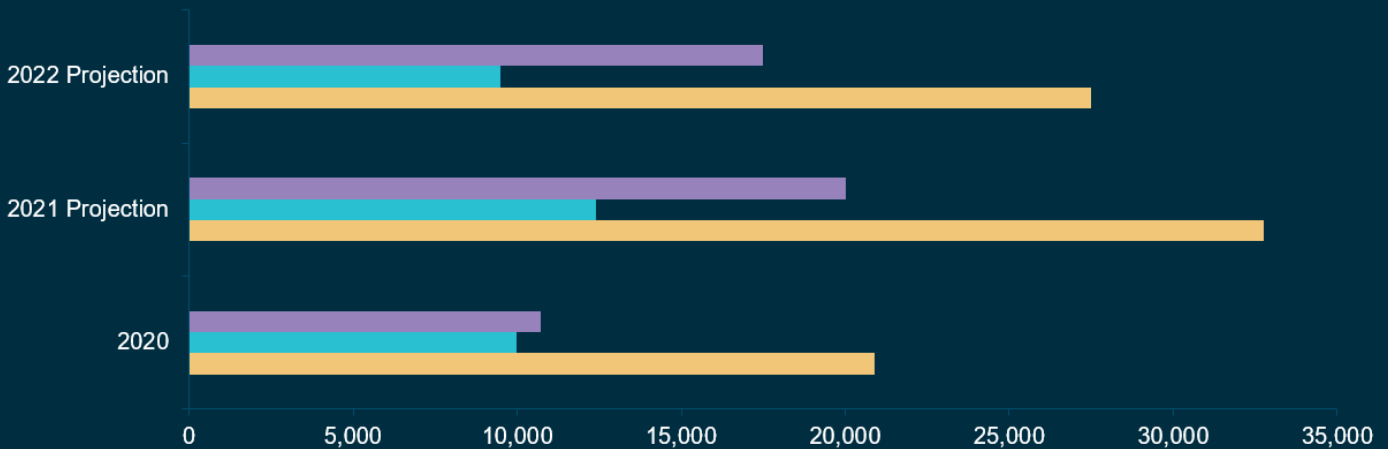
URA Rental Index
2022 Projection



**95,000 to
100,000 units**

Rental Volume
2022 Projection

Sales Projection



Overall Sales Volume

2022 Projection 26,500 to 28,500



New Sales Volume

2022 Projection 9,000 to 10,500



Resale Volume

2022 Projection 17,000 to 18,000

Private Residential Market

Next year, we anticipate that a constrained supply and robust demand may continue to prop up prices. More people could be buying properties than units available for purchase.

The unsold private housing inventory has dipped to an almost four-year low. The number of new project launches is expected to slide in 2022 as the land supply from the Government Land Sales (GLS) Programme was moderated over the past two years to keep pace with the uncertain economic outlook. Successful en bloc deals have been few and far between.

Therefore, sales may dip by 10 to 15 per cent to around 26,500- to 28,500- units, since fewer private homes could be launched (Chart 1). The overall private home prices may rise by 6 to 9 per cent in 2022, after an estimated increase of around 6 to 7 per cent this year.

| Indicators | 2018 | 2019 | 2020 | 2021 (projection) | 2022 (projection) |
|-----------------------------------|--------|--------|--------|-------------------|-------------------|
| Overall | | | | | |
| URA PPI Price Change (incl. EC) | 7.9% | 2.7% | 2.2% | 6% to 7% | 6% to 9% |
| Sales Volume (excl. EC) (units) | 22,139 | 19,150 | 20,909 | 32,000 to 33,500 | 26,500 to 28,500 |
| New Sale (excl. EC) | | | | | |
| Price Change | 10.8% | 7.6% | 0.7% | 8% to 10% | 8% to 11% |
| Sales Volume (units) | 8,795 | 9,912 | 9,982 | 12,000 to 12,500 | 9,000 to 10,500 |
| Resale (excl. EC) | | | | | |
| Price Change | 2.6% | 3.6% | -3.8% | 8% to 11% | 8% to 11% |
| Sales volume (units) | 13,009 | 8,949 | 10,729 | 19,500 to 20,500 | 17,000 to 18,000 |
| Rental | | | | | |
| URA Rental Index (incl. EC) | 0.6% | 1.4% | -0.6% | 6% to 8% | 8% to 11% |
| Leasing volume (units) (excl. EC) | 89,904 | 93,960 | 92,537 | 92,000 to 97,000 | 95,000 to 100,000 |

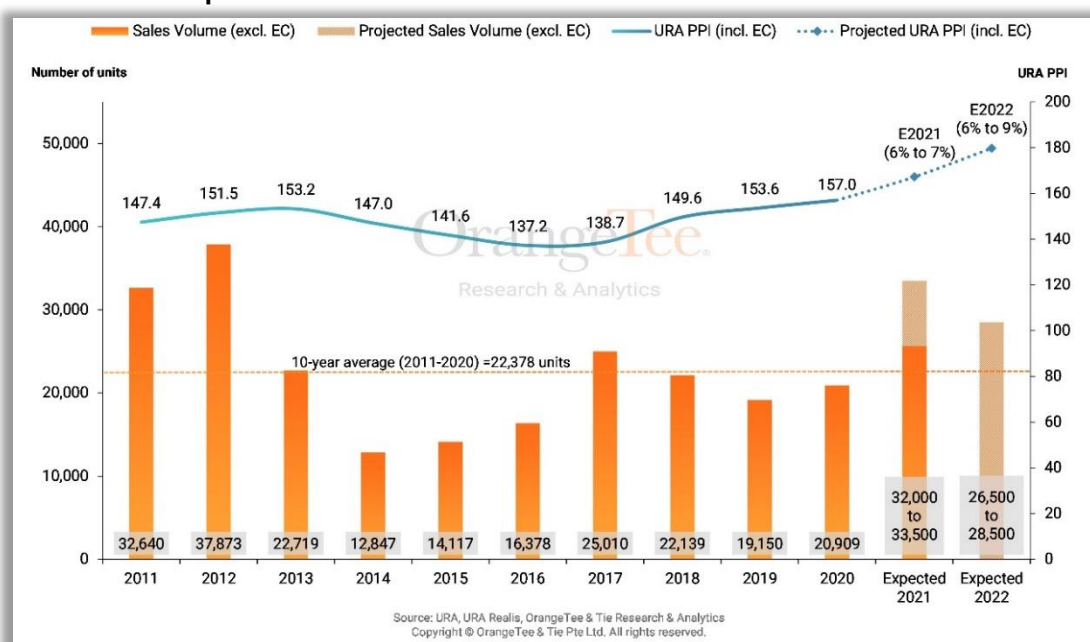
Source: URA, OrangeTee & Tie Research and Analytics

The overall economic-recovery scenario and travel corridor arrangement may have some positive impact on private home demand. Among the countries with Vaccinated Travel Lane (VTL) arrangements, we may see more impact from Malaysia, India and Indonesia as their citizens are among the top four foreign purchasers of condominiums in Singapore. From 2019 to Q3 2021,

these buyers bought around 4,000 condominiums.

The VTL with the United States, United Kingdom, Korea, France and Canada may have some moderate impact. Their citizens were among the top 12 foreign buyers of condominiums over the last three years, and they comprise around 12 per cent of the total foreign purchases here.

Chart 1 Overall private residential market



Private New Sales

Around 30 projects or less could be launched for sale next year, which will be in stark contrast to the 50 over projects launched in 2019. Close to 9,000 units including executive condominiums (EC) may be released into the market, and this is approximately 17 to 20 per cent lower than the number of private homes launched annually in 2019 and 2020.

There will be a few notable project launches in 2022. AXA Tower, opposite the Tanjong Pagar MRT station in Shenton Way along Cecil Street, will be redeveloped into a new mixed-development comprising residential units and office space. This is a joint-venture between Alibaba Singapore and a consortium led by Perennial Real Estate Holdings.

New projects at the former Maxwell House jointly developed by Chip Eng Seng Corp, SingHaiyi Investments and Chuan Investments and the Marina View white site by a wholly-owned subsidiary of Malaysian property developer IOI Properties Group, could be launched within the same precinct in H2 2022.

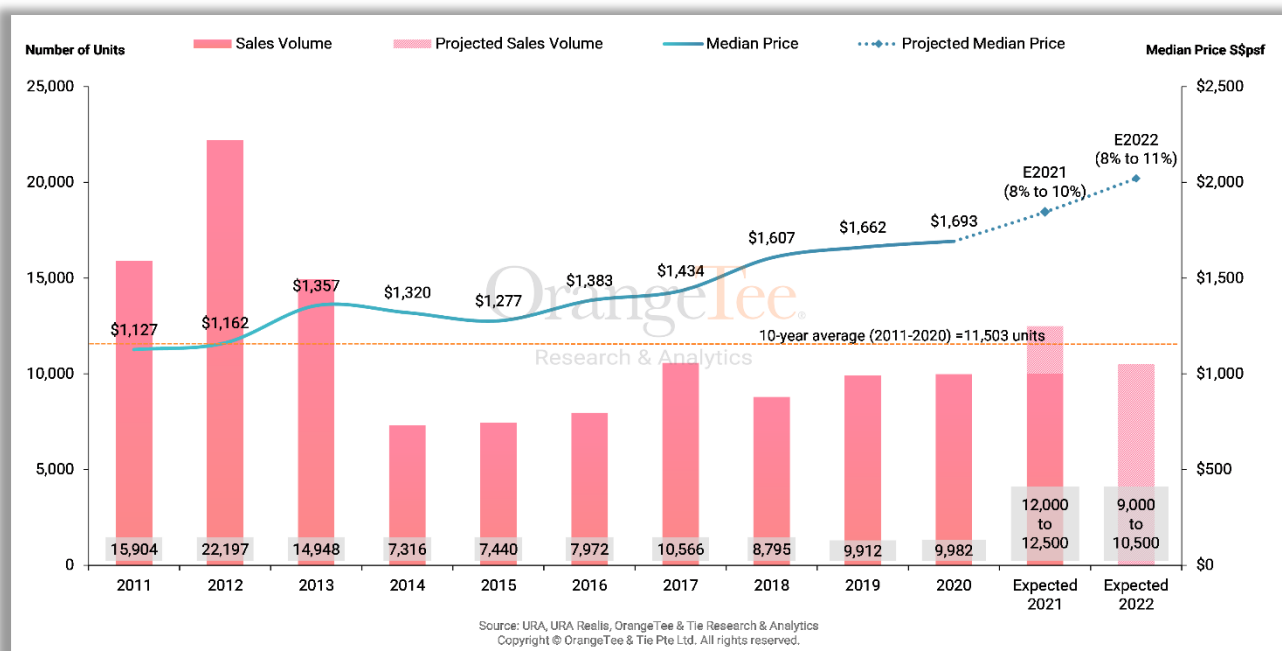
These launches could garner market interest as Downtown Core has been gaining traction as a new hotbed for luxury homes in recent years. The area is set to benefit further when it is rejuvenated alongside the planned development for the Greater Southern Waterfront.

A sprawling hilltop site at the former Caldecott Broadcast Centre in Andrew Road jointly owned by Perennial Real Estate Holdings and its chairman, Mr Kuok Khoon Hong, could also be launched. It was cited in some news reports that the 752,015 sqft site could be redeveloped into 67 two-storey bungalows with a land area of 800 sqm each.

An upcoming EC project in Tampines Street 62 by Qingjian Realty and Santarli Construction and two leasehold sites - a private residential development with commercial space at Lentor Central by GuocoLand and a private housing site at Ang Mo Kio Avenue 1 opposite the Bishan-Ang Mo Kio Park by a joint venture between UOL Group, Singapore Land Group and Kheng Leong Company – may be keenly watched as these projects could set new price levels in those areas based on their record land prices and attractive locations.

Other residential projects that may draw buyers' interest include Liv @ MB at Arthur Road in District 15 and the Pollen Collection, which is third phase of strata landed houses to be launched at Nim Road. New condominiums at Northumberland Road bought by City Developments (CDL) and joint venture partner MCL Land, and Tanah Merah Kechil Link bought by MCC Land (Singapore) may be launched too.

Chart 2 Private new home sales (exclude EC)





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Riviere



Normanton Park



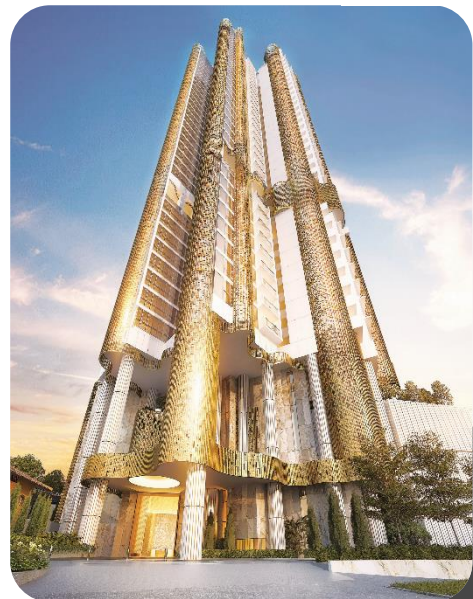
The Avenir



Irwell Hill Residences



Hyll on Holland



Klimt Cairnhill

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Private Resale

The private resale market saw a significant rebound in buyers' interest this year. The number of resale transactions rose by 0.5 per cent quarter-on quarter (q-o-q) from 5,333 units in Q2 2021 to 5,362 units in Q3 2021. This is the highest quarterly resale volume registered since Q3 2009 when 5,809 units were sold.

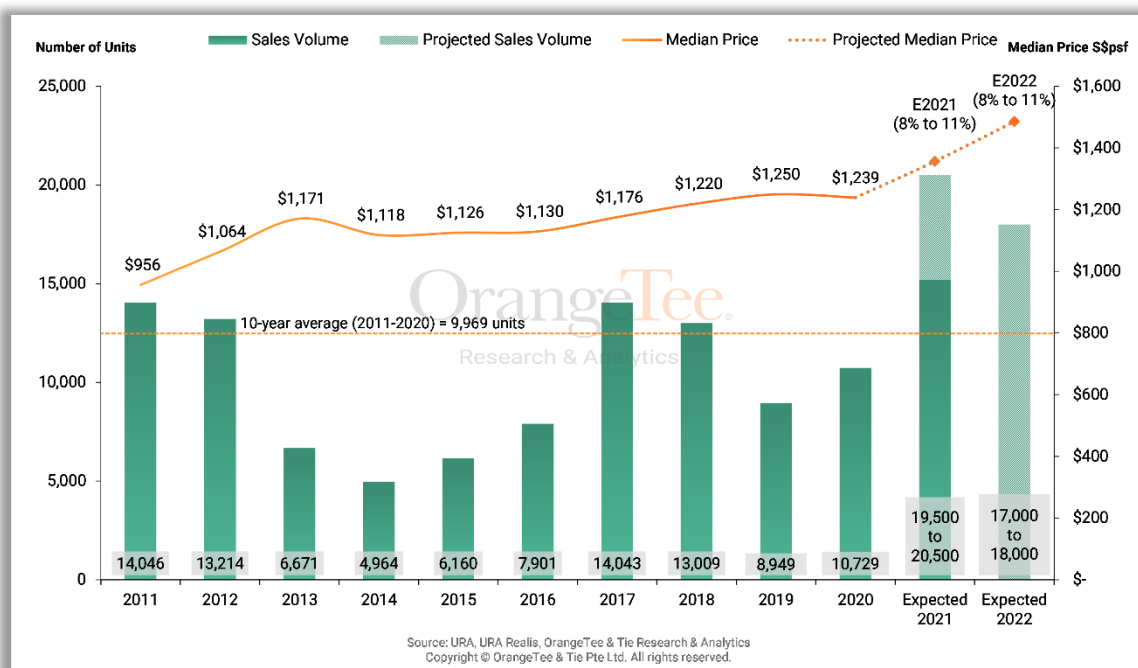
A growing number HDB upgraders are turning to the resale market to meet their housing needs. The increased demand was more apparent in the suburbs as mass market condominiums tend to more affordable and supply of new homes in the suburban areas have been dwindling in recent months.

We anticipate that prices of resale homes may continue to rise next year by around 8 to 11 per cent in tandem with the price growth of new private homes. As prices of homes are expected to rise further, sales may slow down next year to around 17,000- to 18,000- units (Chart 3). However, the sales volume for 2022 will still be higher than the ten-year average of around 9,969 units.

The recent enbloc sale at Peace Centre and Peace Mansion purchased by Chip Eng Seng, Sing-Haiyi Crystal and Ultra Infinity could also add to the new launches next year as a mixed-use development.

South Beach Residences

Chart 3 Private resale market (exclude EC)



Private Rental

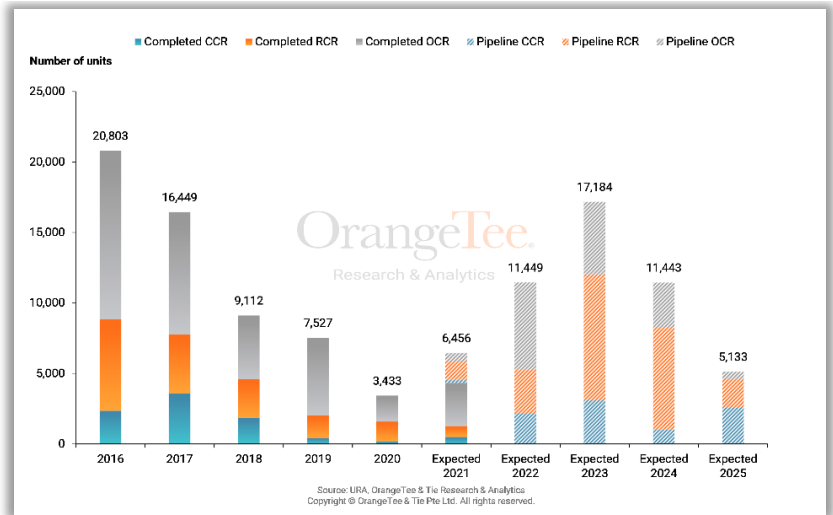
Barring new developments from the Omicron variant and border controls are not tightened, rental demand is poised to bounce back stronger next year when international air travel continues to be restored.

VTLs have been established with many countries, and we are expecting more foreign expats, business partners, and students to return after a two-year exodus.

Many permanent residents (PRs), Singaporeans and foreigners have returned over the past few weeks. Further, the long-awaited reopening between Singapore and Malaysia will see many stranded Malaysian workers returning.

Hiring prospects may improve for certain sectors like aviation, hospitality, MICE (*Meetings, Incentives, Conferences & Exhibitions*) and tourism, which may help drive up rental demand.

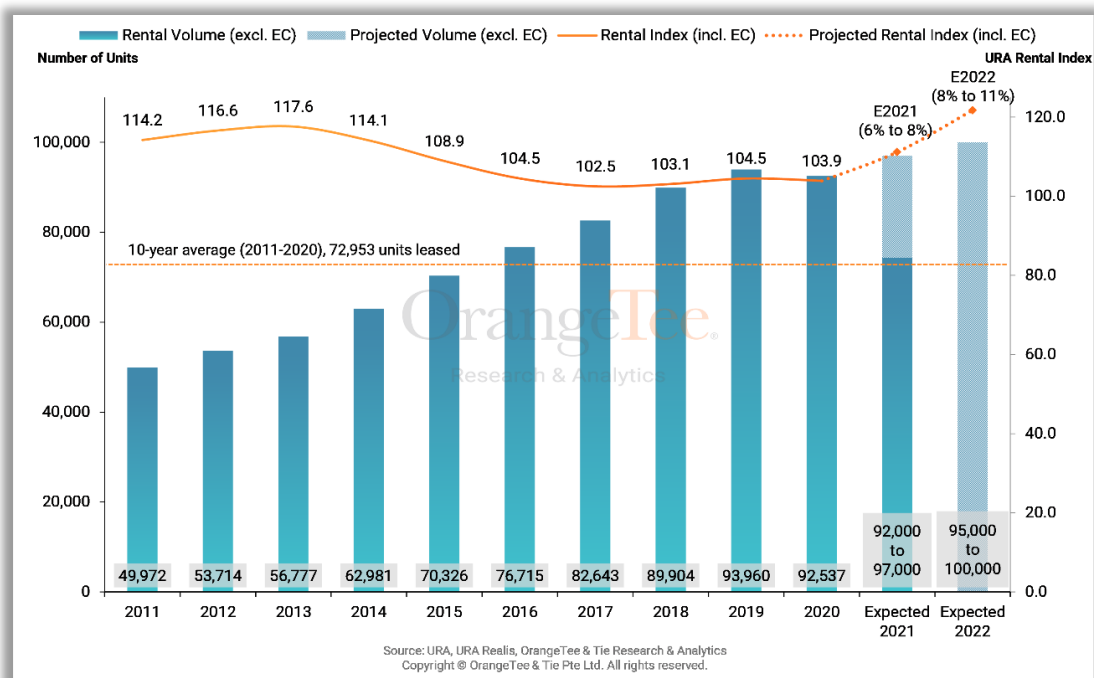
Chart 5 Expected completions of private residential properties (exclude EC) as at Q3 2021



Rents have been rising over the past year amid a tight supply of completed homes and robust demand. We estimate that rents may increase by 6 to 8 per cent this year, and may rise at a faster pace of between 8 and 11 per cent next year (Chart 4).

We anticipate that the overall leasing volume may reach around 92,000- to 97,000-units this year, rising further by 3 to 4 per cent to around 95,000- to 100,000-units in 2022.

Chart 4 Private residential rental volume (exclude EC)



HDB Resale Market

Resale

The HDB resale market will be ending the year on a high note. 23,077 resale transactions were inked in the first three quarters of this year, which is almost on par with the full-year sales in 2018 (23,099 units) and 2019 (23,714 units). The total resale transactions for 2021 is poised to surpass last year's numbers, which stands at 24,748 units.

The public housing sector may be looking at another banner year in 2022. Even as the authorities push out more BTO flats to meet the increasing housing needs, the construction sector may struggle to clear the backlog of flat completions. The sector may continue to grapple with global supply chain disruptions and manpower shortages. As such, the supply chain bottlenecks may slow down

| Indicators | 2018 | 2019 | 2020 | 2021 (projection) | 2022 (projection) |
|---------------------------------|--------|--------|--------|-------------------|-------------------|
| Resale | | | | | |
| Price Change | -0.9% | 0.1% | 5.0% | 10% to 12% | 8% to 11% |
| Sales Volume (units) | 23,099 | 23,714 | 24,748 | 29,000 to 31,000 | 25,000 to 27,000 |
| Rental | | | | | |
| Rental Price Change (SRX) | -0.4% | 1.5% | 1.6% | 7% to 9% | 7% to 10% |
| HDB Rental Applications (units) | 46,440 | 48,195 | 38,798 | 42,000 to 44,000 | 46,000 to 48,000 |

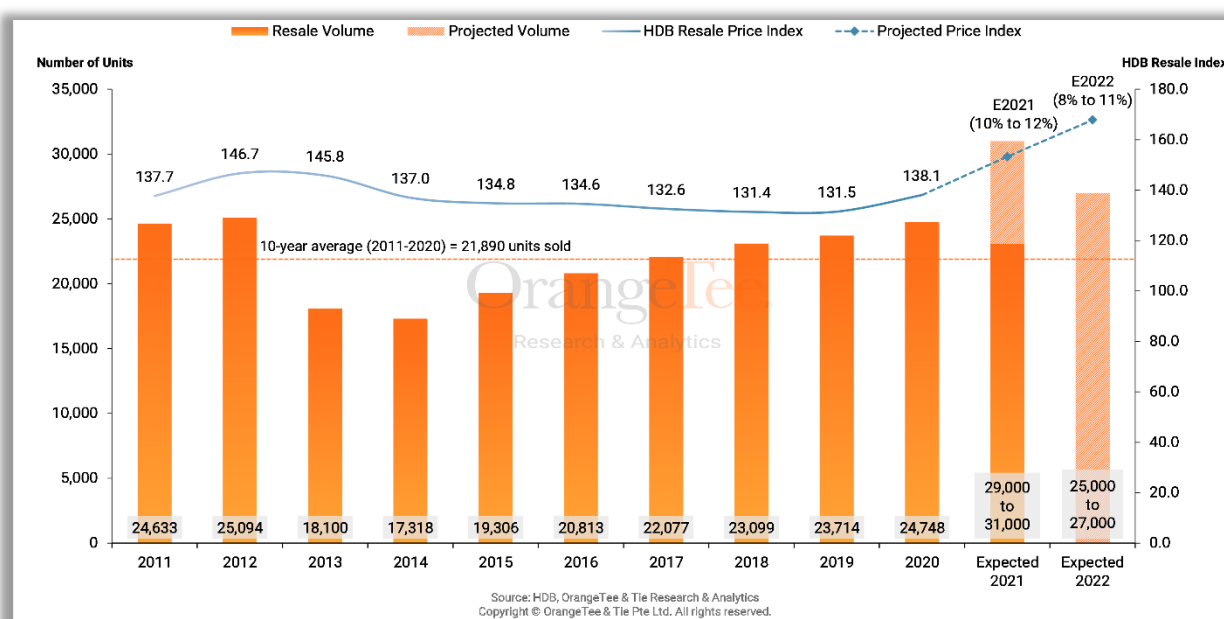
Source: HDB, Data.gov.sg, SRX, OrangeTee & Tie Research and Analytics

the construction of new flats and delay completion timelines, which may cause more buyers to turn to the resale market to meet their housing needs.

Next year, we may see more million-dollar flat transactions as more flats are expected to reach their five-year occupation period. Some of these flats are located in mature estates like Bukit Merah, Queenstown, Ang Mo Kio and Toa Payoh, which tend to fetch higher resale prices.

We anticipate that resale flat prices may rise by 10 to 12 per cent this year (Chart 6). Prices could climb further but at a slower pace of between 8 and 11 per cent next year due to the higher selling prices and price resistance seen at some locations. As prices continue to climb, resale volume may dip by around 13 per cent to between 25,000- and 27,000- units in 2022.

Chart 6 HDB resale market



HDB Rental

The rental stock has been diminishing since many owners have sold their flats in recent months. On the other hand, demand has been picking up considerably after Singapore reopened its borders and many needed new accommodation.

If our borders remain open despite the emergence of the new variant, more PRs, foreigners and students could return next year. More companies may ramp up the hiring of foreign expats and work pass holders, which may spur rental demand further.

We estimate that overall rents may rise by 7 to 10 per cent next year while volumes may increase around 9 per cent to between 46,000- and 48,000- units next year (Chart 7).



SkyTerrace@Dawson

Chart 7 HDB rental market

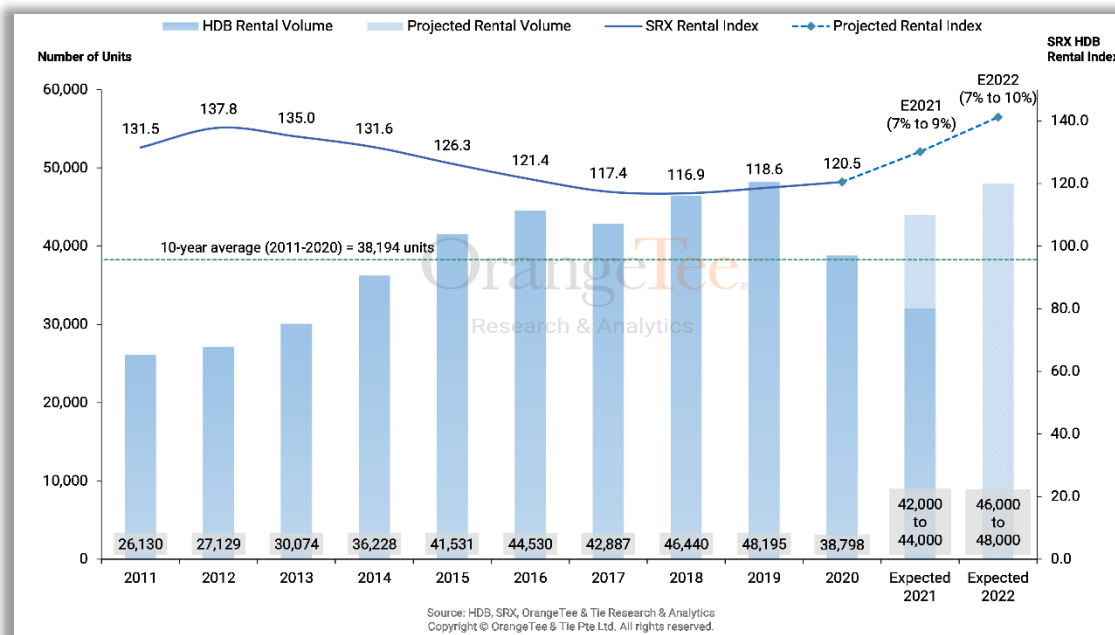
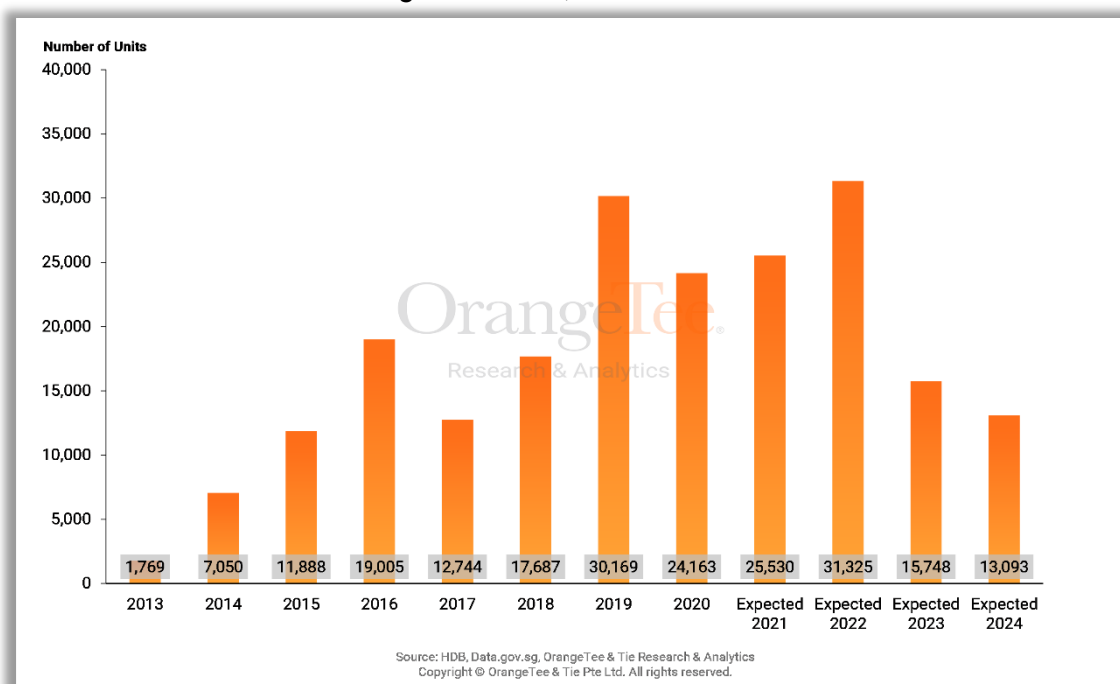


Chart 8 Number of flats reaching MOP as at Q3 2021



| Number of Flats reaching MOP | | | | | | | |
|------------------------------|-------|-------|-------|-------|-------|-------|-------------|
| Town | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Grand Total |
| Bukit Batok | 700 | 224 | 1,232 | 6,884 | 3,014 | 662 | 12,716 |
| Punggol | 4,638 | 6,232 | 1,638 | 5,844 | 680 | 754 | 19,786 |
| Sembawang | 456 | 0 | 2,561 | 3,962 | 518 | 2,669 | 10,166 |
| Woodlands | 687 | 1,002 | 818 | 3,701 | 1,746 | 0 | 7,954 |
| Bukit Merah | 2,966 | 340 | 570 | 2,023 | 689 | 0 | 6,588 |
| Yishun | 3,822 | 840 | 3,366 | 1,882 | 1,548 | 824 | 12,282 |
| Jurong West | 1,432 | 348 | 1,640 | 1,223 | 907 | 0 | 5,550 |
| Queenstown | 758 | 960 | 0 | 1,179 | 0 | 489 | 3,386 |
| Tampines | 2,074 | 462 | 852 | 902 | 1,943 | 1,930 | 8,163 |
| Bedok | 911 | 1,104 | 0 | 728 | 330 | 660 | 3,733 |
| Ang Mo Kio | 256 | 0 | 859 | 712 | 0 | 0 | 1,827 |
| Sengkang | 6,039 | 3,550 | 2,934 | 624 | 511 | 2,081 | 15,739 |
| Toa Payoh | 0 | 436 | 465 | 542 | 557 | 1,286 | 3,286 |
| Clementi | 888 | 0 | 962 | 502 | 0 | 385 | 2,737 |

| Number of Flats reaching MOP | | | | | | | |
|------------------------------|-------|-------|-------|------|-------|------|-------------|
| Town | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Grand Total |
| Hougang | 2,020 | 878 | 1,338 | 467 | 2,234 | 711 | 7,648 |
| Serangoon | 0 | 195 | 0 | 150 | 0 | 0 | 345 |
| Choa Chu Kang | 0 | 4,032 | 2,476 | 0 | 0 | 0 | 6,508 |
| Kallang/Whampoa | 0 | 626 | 2,827 | 0 | 738 | 0 | 4,191 |
| Geylang | 0 | 975 | 584 | 0 | 108 | 642 | 2,309 |
| Bukit Panjang | 1,136 | 862 | 0 | 0 | 0 | 0 | 1,998 |
| Pasir Ris | 1,386 | 447 | 0 | 0 | 0 | 0 | 1,833 |
| Jurong East | 0 | 518 | 0 | 0 | 225 | 0 | 743 |
| Bishan | 0 | 0 | 408 | 0 | 0 | 0 | 408 |
| Bukit Timah | 0 | 132 | 0 | 0 | 0 | 0 | 132 |
| Tengah | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Marine Parade | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Central Area | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Source: Data.gov.sg, OrangeTee & Tie Research and Analytics

Please contact us for more information:



Christine Sun
Senior Vice President
christine.sun@orangetee.com



Timothy Eng
Senior Research Analyst
timothy.eng@orangetee.com



Kenneth Tan
Research Analyst
kenneth.tan@orangetee.com

