Market Outlook 2021

Private Residential and HDB

Terms of Use: The reproduction or distribution of this publication without the express consent of the author is prohibited. This publication is provided for general information only and should not be treated as an invitation or recommendation to buy or sell any specific property or as sales material. Users of this report should consider this publication as one of the many factors in making their investment decision and should seek specific investment advice. OrangeTee.com Pte Ltd and the authors of this publication shall not accept and hereby disclaim all responsibilities and liability to all persons and entities for consequences arising out of any use of this publication.
Copyright © OrangeTee & Tie Pte Ltd. All rights reserved.

Gearing up for recovery on fresh optimism

The pandemic is an unprecedented global crisis that has overwhelmed healthcare systems and upended global economies. Many countries are still experiencing a second, third or even fourth wave of Covid-19 cases as we head into winter. Singapore was not spared either. Our gross domestic product or GDP contracted by 5.8 per cent in the third quarter of 2020 when compared to a year ago, bringing the full year forecast to around -6 to -6.5 per cent.

Singapore's economy is already on the mend as the infection curve has flattened and many sectors have reopened. Investors around the world are gearing up for a steadier recovery in 2021.

Markets have already looked past current headwinds and are banking hopes on a vaccine success. Although the coronavirus is still raging in many countries and the outbreak will continue into 2021, experts around the world have been working hard to expediate the production of vaccines which will play a critical role in bringing the pandemic under control. A few vaccines have advanced into the final-stage trials with promising results. The speedy development and expected efficacies of the vaccines could be a game-changer.

The vaccine breakthroughs fuelled a global equity rally in November; sending transport, finance and energy stocks soaring through the roof. Beleaguered sectors like aviation, travel, retail, leisure and MICE may see better days ahead if the vaccines are proven effective in mitigating further virus transmissions. Mass inoculation programs have been planned in many nations and production capacities have been scaled up. Singapore has already received the first vaccine shipment and mass vaccination will be starting soon.

Since Q3 2020, the 'Covid cloud' was lifted in Singapore's property market as a burst of buying activities was observed after the Circuit Breaker period. During the height of the pandemic, showflats were shuttered and housing viewings barred to prevent the spread of the coronavirus.

Normanton Park

Private home sales dipped by 37.6 per cent from 4,269 units in Q1 2020 to 2,664 units in Q2 2020. Overall prices of private homes slipped 0.7 per cent in the first half of this year. The public housing market was not spared either. HDB resale transactions tumbled by more than 40 per cent quarter-on-quarter to 3,426 units in Q2 2020.

In a surprising turn of events, June's new home sales surged by more than 100 per cent month-on-month to the highest level in seven years. The positive buying momentum continued for another four months. The HDB segment stunned market watchers as prices of resale flats rose 1.5 per cent quarter-on-quarter (q-o-q) in Q3.

As 2020 winds down, we take a preview of how Singapore's property market may fare next year and what to keep an eye on.

Kopar at Newton

Terms of Use: The reproduction or distribution of this publication without the express consent of the author is prohibited. This publication is provided for general information only and should not be treated as an invitation or recommendation to buy or sell any specific property or as sales material. Users of this report should consider this publication as one of the many factors in making their investment decision and should seek specific investment advice. OrangeTee.com Pte Ltd and the authors of this publication shall not accept and hereby disclaim all responsibilities and liability to all persons and entities for consequences arising out of any use of this publication.
Copyright © OrangeTee & Tie Pte Ltd. All rights reserved.

Private Residential Market

Singapore's housing market will continue to be boosted by ample liquidity still circulating in the system. Governments and central banks around the world have enacted comprehensive fiscal programs and stimulus packages to counteract the disruptions caused by the pandemic.

The huge influx of capital from the massive quantitative easing programs is flowing offshore to financial systems and real estate markets worldwide. With cheaper borrowing costs, buyers flushed with cash have been hunting for properties in recent months.

After the end of the Circuit breaker in June, the property market 'roared back to life' as the total number of transactions excluding executive condominiums (EC) spiked by 164.5 per cent from 2,664 units in Q2 2020 to 7,047 units in Q3 2020.

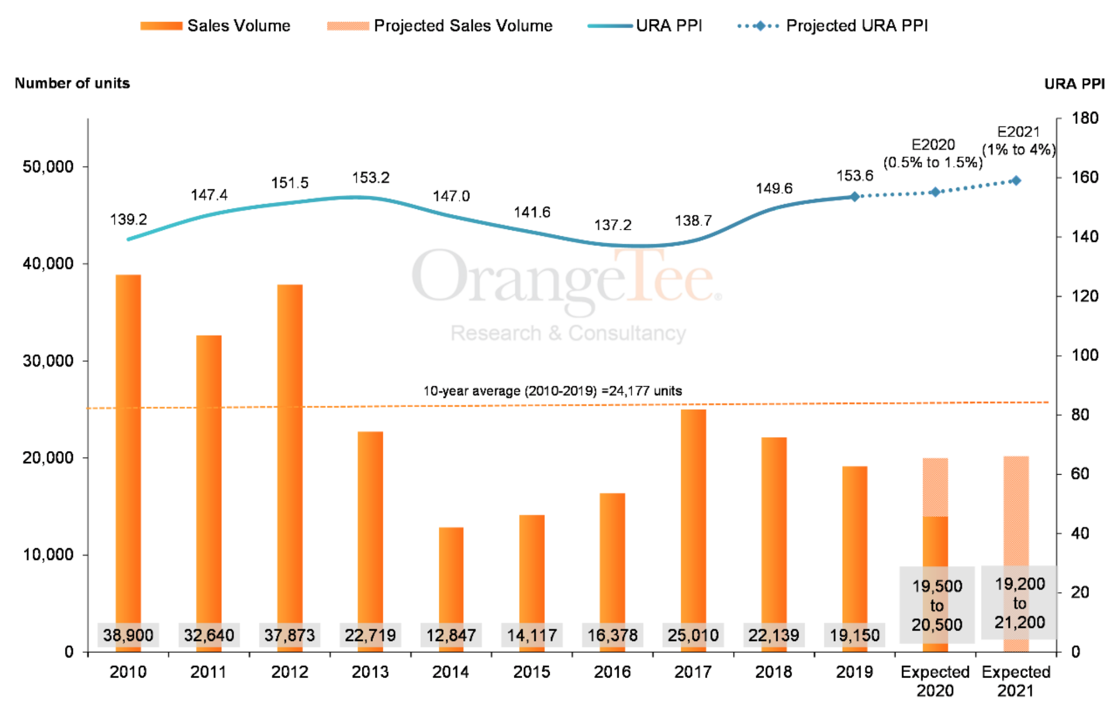
Indicators	2018	2019	2020 (estimate)	2021 (forecast)
Overall				
URA PPI Price Change	7.9%	2.7%	0.5% to 1.5%	1% to 4%
Sales Volume (excl.EC) (units)	22,139	19,150	19,500 to 20,500	19,200 to 21,200
New Sale (excl. EC)				
Price Change	10.8%	7.3%	2% to 3%	2% to 5%
Sales Volume (units)	8,795	9,912	9,500 to 10,000	9,000 to 10,000
Resale (excl. EC)				
Price Change	2.6%	3.5%	-3% to -2%	1% to 4%
Sales volume (units)	13,009	8,949	9,800 to 10,300	10,000 to 11,000
Rental (excl. EC)				
URA Rental Index	0.6%	1.4%	-0.5% to -1.5%	-1% to 2%
Leasing volume (units)	89,904	93,960	88,000 to 90,000	85,000 to 95,000

Source: URA, OrangeTee & Tie Research and Consultancy

We may expect demand to remain resilient next year. 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 and education standards, safe-haven status and political stability will continue to attract investors around the world.

Buyer sentiment is likely to improve further on the growing vaccine optimism and as we enter Phase 3 reopening. We expect overall home prices to rise further by 1 to 4 per cent in 2021, while between 19,200 and 21,200 private homes could change hands, slightly higher than the number inked in 2020 (Chart 1).

Chart 1 Overall private residential market



* Figures up to Q3 2020
Projection added for Q4 2020

Source: URA, URA Realis, OrangeTee & Tie Research & Consultancy
Copyright © OrangeTee & Tie Pte Ltd. All rights reserved.

Terms of Use: The reproduction or distribution of this publication without the express consent of the author is prohibited. This publication is provided for general information only and should not be treated as an invitation or recommendation to buy or sell any specific property or as sales material. Users of this report should consider this publication as one of the many factors in making their investment decision and should seek specific investment advice. OrangeTee.com Pte Ltd and the authors of this publication shall not accept and hereby disclaim all responsibilities and liability to all persons and entities for consequences arising out of any use of this publication.
Copyright © OrangeTee & Tie Pte Ltd. All rights reserved.

New Sales

The number of new projects slated to be launched next year is expected to be lower when compared to 2019 and 2020. Around 20 new developments could be launched in H1 2021.

In comparison, the last collective sales cycle notched a blockbuster performance in 2018 and 2019 with around 25 to 30 residential projects being launched in each of the half-years. However, around 15 projects were launched in H1 2020 as all showflats were closed during the Circuit Breaker period.

There will be fewer project launches next year as most mega projects have already been launched over the past two years. Further, the number of projects launched from the 2017-2018 spate of aggressive land deals have already neared its peak and is expected to taper from next year.

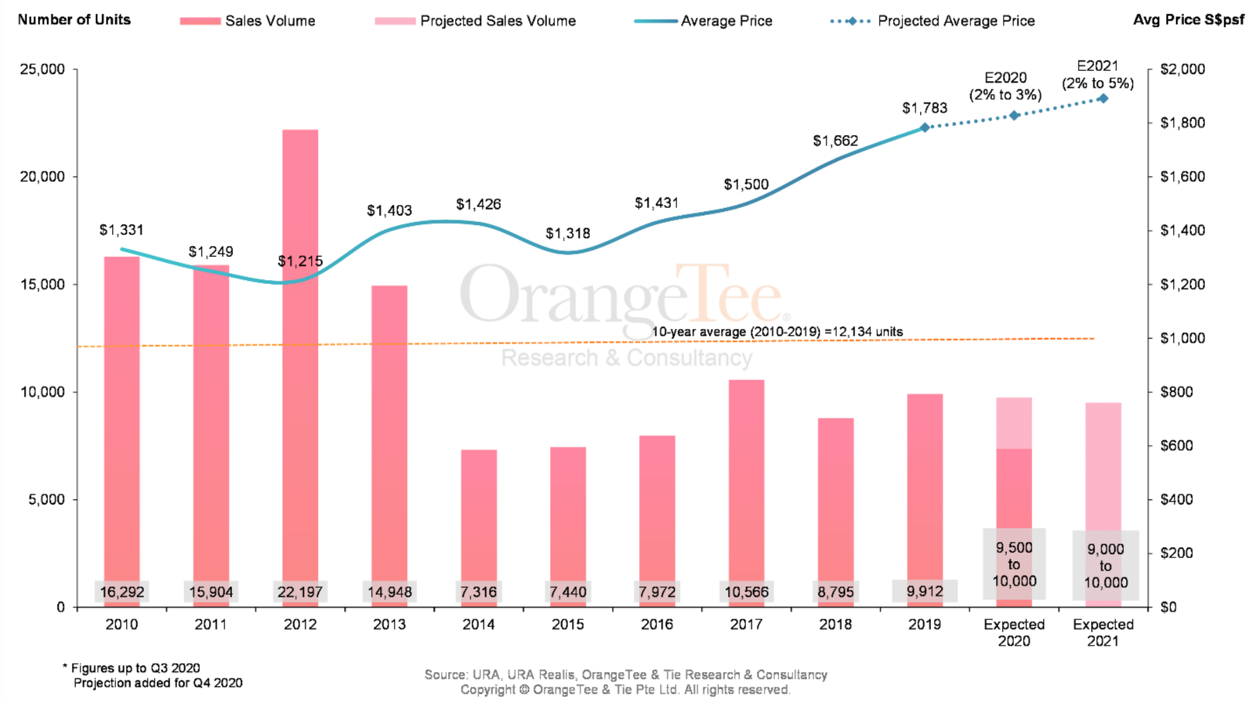
After new cooling measures were implemented in July 2018, collective sales came to an almost complete halt. The government has also calibrated the land supply of private residential homes. Over the past two years, there was a conservative slate of land released from the Government Land Sales (GLS) Programme to maintain a moderate supply of units to keep pace with the uncertain economic outlook and rising housing stock. For the H1 2021 GLS programme, around 1,600 units will be launched under the confirmed list, which is lesser than the 1,700 to 2,000 units released in each of the half years of 2019 and half years of around 2,700 units launched in 2018. The reduced supply and staggered land release allow current projects to clear more stock before new supply is being added to the market.

Some blockbuster launches to watch in 2021 include the luxury projects at Normanton Park, Park Nova (former Park House), Klimt Cairnhill (former Cairnhill Mansions), former Liang Court, Midtown Modern and the site at Irwell Bank Road. Other mass market projects to be launched include government land sites at Canberra, Fernvale and Pasir Ris.

Prices of new homes are unlikely to fall next year. Market sentiment will improve in response to the better economic outlook. While some projects may continue to experience some impact from the recent curbs on the re-issuing of option to purchase (OTP), others could see healthy demand as a result of the diminishing supply of choice sites.

We anticipate that prices of new homes may continue to rise at a faster pace of between 2 and 5 per cent (Chart 2). Around 9,000 to 10,000 new homes excluding ECs could be sold in 2021.

Chart 2 Private new home sales (exclude EC)



Terms of Use: The reproduction or distribution of this publication without the express consent of the author is prohibited. This publication is provided for general information only and should not be treated as an invitation or recommendation to buy or sell any specific property or as sales material. Users of this report should consider this publication as one of the many factors in making their investment decision and should seek specific investment advice. OrangeTee.com Pte Ltd and the authors of this publication shall not accept and hereby disclaim all responsibilities and liability to all persons and entities for consequences arising out of any use of this publication.
Copyright © OrangeTee & Tie Pte Ltd. All rights reserved.

Royalgreen

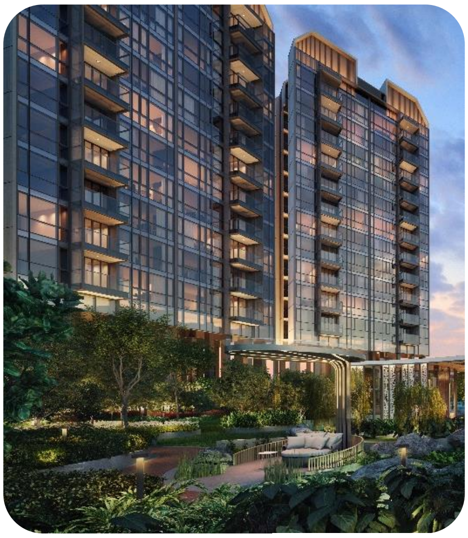
Leedon Green

Verdale

Guoco Midtown & Midtown Bay

Sloane Residences

Verticus



Hyll on Holland

Terms of Use: The reproduction or distribution of this publication without the express consent of the author is prohibited. This publication is provided for general information only and should not be treated as an invitation or recommendation to buy or sell any specific property or as sales material. Users of this report should consider this publication as one of the many factors in making their investment decision and should seek specific investment advice. OrangeTee.com Pte Ltd and the authors of this publication shall not accept and hereby disclaim all responsibilities and liability to all persons and entities for consequences arising out of any use of this publication.
Copyright © OrangeTee & Tie Pte Ltd. All rights reserved.

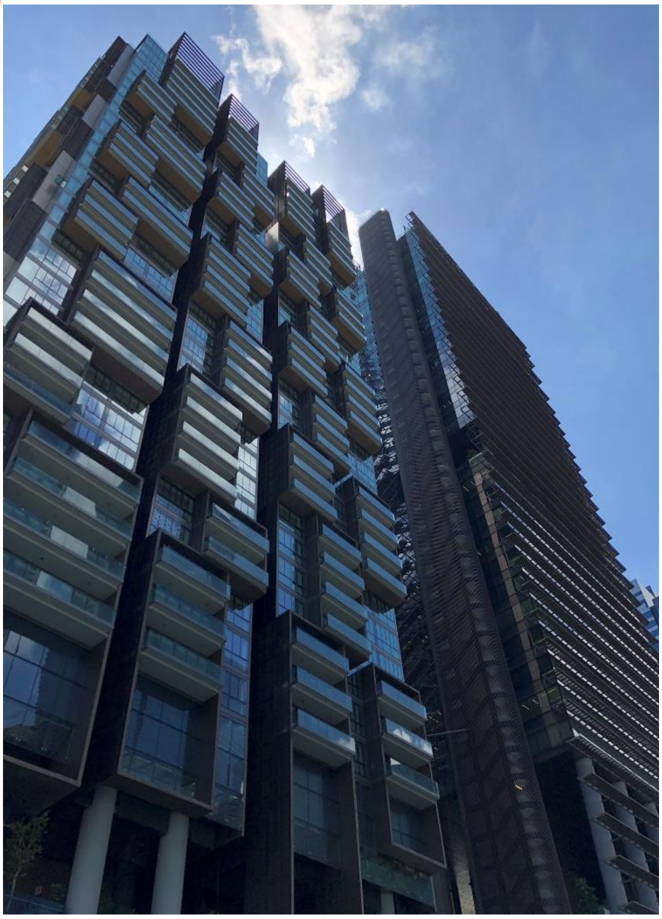
Resale

The property market showed a renewed interest in resale properties over the past few months. Demand and prices of resale homes have been muted since new cooling measures were implemented in 2018. Therefore, the recent increase in buying activities for the secondary market will bring much cheer to home owners.

The resale market registered a steeper q-o-q increase of 271.6 per cent from 933 units in Q2 2020 to 3,467 units in Q3 2020. Resale homes also accounted for a bigger proportion of total private homes sales in Q3 2020, standing at 49.2 per cent, when compared to 35.0 per cent in the preceding quarter.

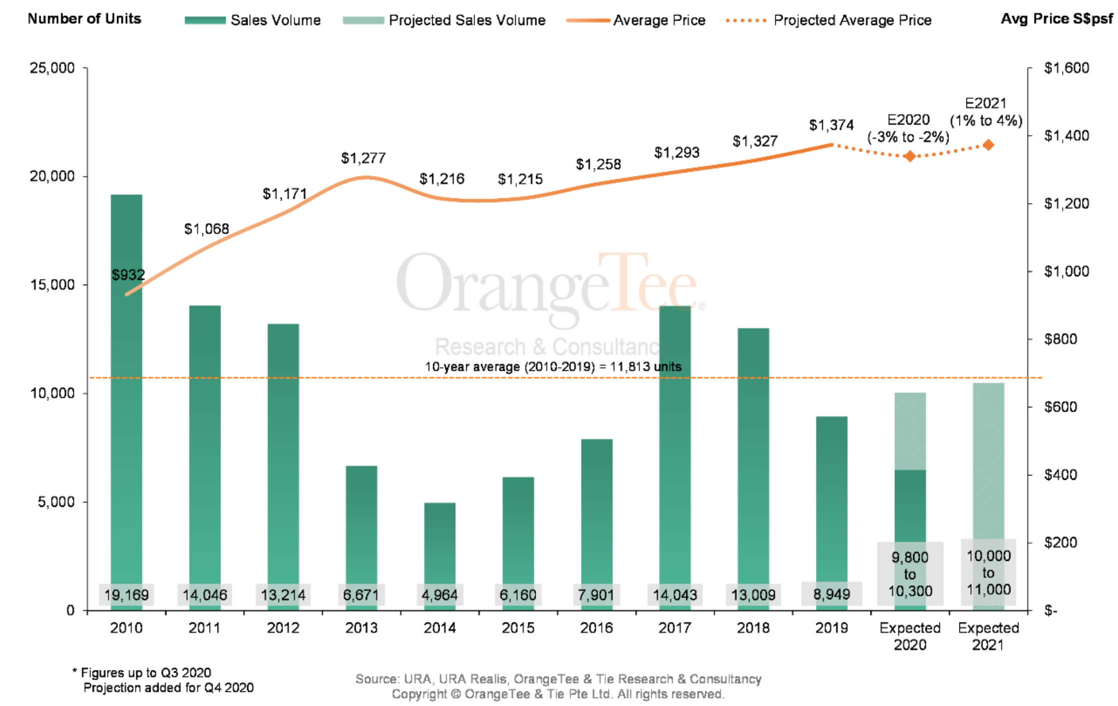
Luxury homes in the secondary market and big resale units have been in demand. Attractively priced private homes in the mass market and city fringe areas have also been snapped up.

We anticipate that demand for resale homes may continue to rise moderately by about 5 percent to around 10,000 to 11,000 units next year (Chart 3). Prices may rise between 1 and 4 per cent in 2021.



Marina One Residences
OrangeTee & Tie Research and Consultancy photo

Chart 3 Private resale market (exclude EC)



Terms of Use: The reproduction or distribution of this publication without the express consent of the author is prohibited. This publication is provided for general information only and should not be treated as an invitation or recommendation to buy or sell any specific property or as sales material. Users of this report should consider this publication as one of the many factors in making their investment decision and should seek specific investment advice. OrangeTee.com Pte Ltd and the authors of this publication shall not accept and hereby disclaim all responsibilities and liability to all persons and entities for consequences arising out of any use of this publication.
Copyright © OrangeTee & Tie Pte Ltd. All rights reserved.

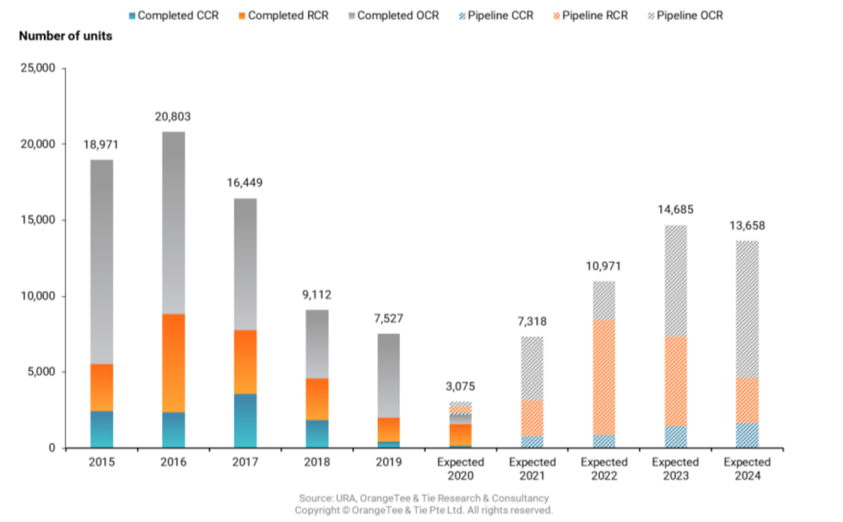
Private Rental

The private rental market is perhaps one of the 'greater casualties' of the pandemic when compared to other property segments. Rental price growth stalled temporarily, while demand remained tepid this year.

Due to the strict border controls and travel restrictions, fewer foreign expats were employed. Due to the strong government support for local employees, residents were relatively less vulnerable to redundancies than foreigners. The unemployment rate among foreigners working in Singapore has been rising in recent months. New foreign employment shrunk significantly amid a grimmer hiring outlook.

While the prospects of effective vaccines and resumption of air travel may lend some support to the leasing market, employment growth may remain slow next year, especially in the first half of 2021.

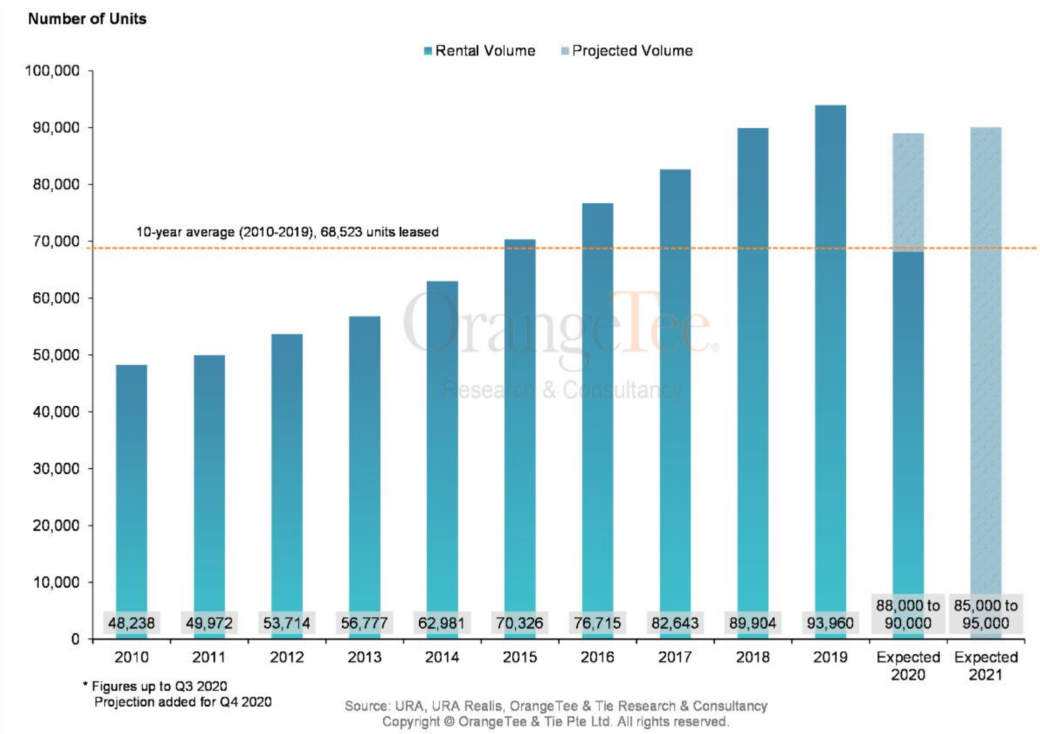
Chart 5 Expected completions of private residential properties (exclude EC) as at Q3 2020



The services and leisure industries which are a major source of foreign employment may take more time to recover. However, foreign professionals and higher skilled workers may continue to be employed especially in high growth industries and firms undergoing digital transformation.

Rental volume may hover around 85,000 and 95,000 units in 2021 (Chart4). Rising home completions and the macroeconomic uncertainties may exert some downward pressure on rentals which may trend between -1 and 2 per cent next year.

Chart 4 Private residential rental volume (exclude EC)



Terms of Use: The reproduction or distribution of this publication without the express consent of the author is prohibited. This publication is provided for general information only and should not be treated as an invitation or recommendation to buy or sell any specific property or as sales material. Users of this report should consider this publication as one of the many factors in making their investment decision and should seek specific investment advice. OrangeTee.com Pte Ltd and the authors of this publication shall not accept and hereby disclaim all responsibilities and liability to all persons and entities for consequences arising out of any use of this publication.
Copyright © OrangeTee & Tie Pte Ltd. All rights reserved.

HDB Market

Resale

The HDB resale market stunned market watchers with its stellar performance in 2020. In spite of the pandemic and rising flat supply, prices of HDB resale flats rose 1.5 per cent q-o-q in Q3, after increasing marginally by 0.3 per cent in the preceding quarter. More flats changed hands at higher prices year-on-year as well.

Indicators	2018	2019	2020 (estimate)	2021 (forecast)
Resale				
Price Change	-0.9%	0.1%	2% to 3.5%	2% to 5%
Sales Volume (units)	23,099	23,714	23,500 to 25,000	24,000 to 26,000
Rental				
Rental Price Change (SRX)	-0.4%	1.5%	0.5% to 1.5%	1% to 3%
HDB Rental Applications (units)	46,440	48,195	39,000 to 41,000	42,000 to 44,000

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

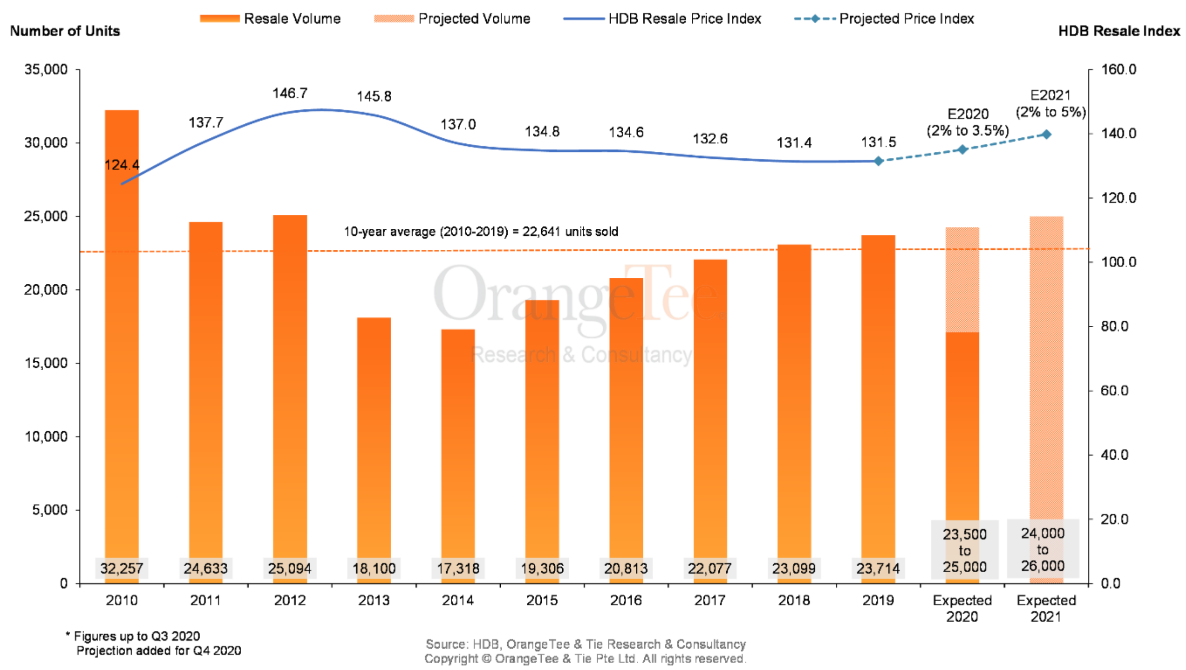
Many buyers flocked back to the market after the Circuit Breaker period. Demand for resale flats remained strong as more than 2,400 transactions were recorded for four consecutive months.

The market recovery can be attributed to the slew of policy changes made over the past two years to improve the housing affordability for Singaporeans and increase the attractiveness of older flats.

Despite the rising supply of flats reaching their five-year minimum occupation period (MOP) (Chart 7), prices of flats have remained stable. The long waiting completion period of recent BTO launches has diverted some demand to the resale market. As the completion period for November BTO launches is expected to be long, couples with immediate housing needs will likely turn to the resale market in the coming months.

The macroeconomic uncertainties and weak employment market may cause more families to downgrade to HDB flats. As such, we anticipate that resale volume may rise 3 to 5 per cent, to around 24,000 to 26,000 units (Chart 5). Prices of resale flats may continue to rise by 2 to 5 per cent in light of the higher demand.

Chart 5 HDB resale market



Terms of Use: The reproduction or distribution of this publication without the express consent of the author is prohibited. This publication is provided for general information only and should not be treated as an invitation or recommendation to buy or sell any specific property or as sales material. Users of this report should consider this publication as one of the many factors in making their investment decision and should seek specific investment advice. OrangeTee.com Pte Ltd and the authors of this publication shall not accept and hereby disclaim all responsibilities and liability to all persons and entities for consequences arising out of any use of this publication.
Copyright © OrangeTee & Tie Pte Ltd. All rights reserved.

HDB Rental

In light of the challenging employment climate and travel restrictions, rental demand may be slower next year especially since more flats will be reaching MOP and are eligible to be leased.

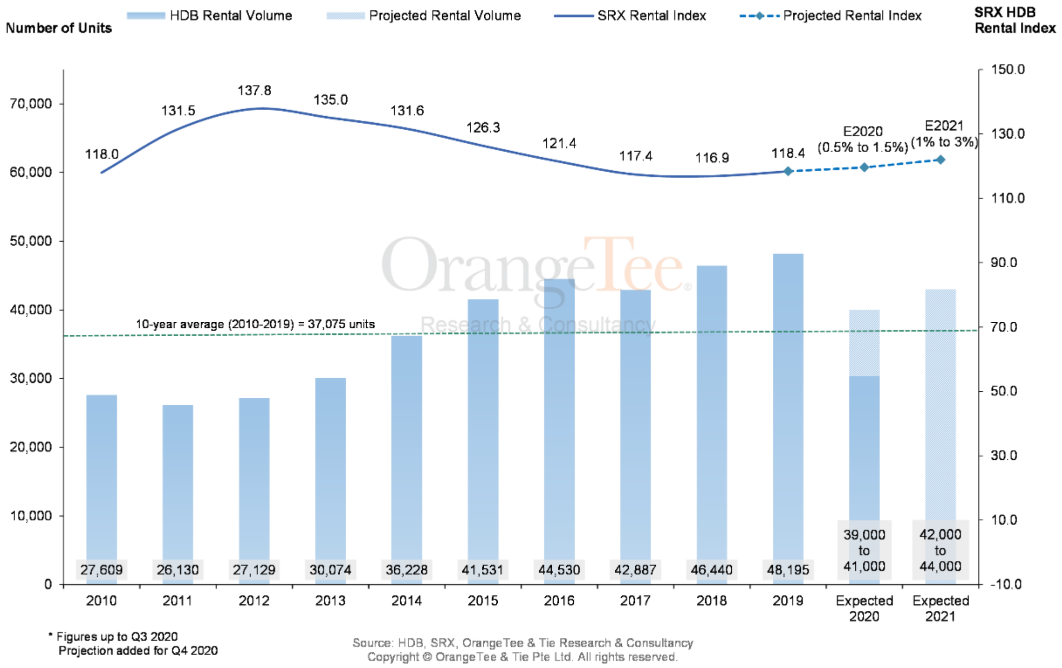
Nevertheless, flats in certain locations may continue to be demand, especially residential homes located near industrial sites. Many employers are still scouting for accommodations to relocate their workers from dormitories.

Moreover, given that the accommodation budgets of some foreign expats could be reduced in the coming months, they may downgrade from private homes to HDB flats. Some expats especially singles do not mind renting newer flats especially those in the city fringe.

We estimate that overall rents may increase slightly by up to 3 per cent next year (Chart 6). Depending on how fast air travel can fully resume, rental volume may hit 42,000 to 44,000 units in 2021.

Belvia DBSS
OrangeTee & Tie Research & Consultancy Photo

Chart 6 HDB rental market



Terms of Use: The reproduction or distribution of this publication without the express consent of the author is prohibited. This publication is provided for general information only and should not be treated as an invitation or recommendation to buy or sell any specific property or as sales material. Users of this report should consider this publication as one of the many factors in making their investment decision and should seek specific investment advice. OrangeTee.com Pte Ltd and the authors of this publication shall not accept and hereby disclaim all responsibilities and liability to all persons and entities for consequences arising out of any use of this publication.
Copyright © OrangeTee & Tie Pte Ltd. All rights reserved.

Chart 7 Number of flats reaching MOP as at Q3 2020

Expected Number of Flats reaching MOP							
Town	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Grand Total**
Yishun	3,710	3,822	840	3,366	1,882	1,548	15,168
Sengkang	3,378	6,039	3,550	2,934	624	511	17,036
Kallang/Whampoa	0	0	626	2,827	0	738	4,191
Sembawang	1,434	456	0	2,561	3,962	518	8,931
Choa Chu Kang	874	0	4,032	2,476	0	0	7,382
Jurong West	1,078	1,432	348	1,640	1,223	907	6,628
Punggol	2,238	4,638	6,232	1,638	5,844	680	21,270
Hougang	464	2,020	878	1,338	467	2,234	7,401
Bukit Batok	180	700	224	1,232	6,884	3,014	12,234
Clementi	0	888	0	962	502	0	2,352
Ang Mo Kio	0	256	0	859	712	0	1,827
Tampines	849	2,074	462	852	902	1,943	7,082
Woodlands	1,924	687	1,002	818	3,701	1,746	9,878

Expected Number of Flats reaching MOP							
Town	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Grand Total**
Geylang	0	0	975	584	0	108	1,667
Bukit Merah	0	2,966	340	570	2,023	689	6,588
Toa Payoh	0	0	436	465	542	557	2,000
Bishan	0	0	0	408	0	0	408
Queenstown	557	758	960	0	1,179	0	3,454
Bedok	0	911	1,104	0	728	330	3,073
Serangoon	0	0	195	0	150	0	345
Bukit Panjang	816	1,136	862	0	0	0	2,814
Pasir Ris	185	1,386	447	0	0	0	2,018
Jurong East	0	0	518	0	0	225	743
Bukit Timah	0	0	132	0	0	0	132
Marine Parade	0	0	0	0	0	0	0
Central Area	0	0	0	0	0	0	0
Tengah	0	0	0	0	0	0	0

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

Please contact us if you have any research quries:

Christine Sun
Head
Research and Consultancy
+65 6303 2662
christine.sun@orangetee.com

Timothy Eng
Research Analyst
Research and Consultancy
+65 6303 2662
timothy.eng@orangetee.com

Daniel Chiang
Data Analyst
Research and Consultancy
+65 6303 2662
daniel.chiang@orangetee.com

Terms of Use: The reproduction or distribution of this publication without the express consent of the author is prohibited. This publication is provided for general information only and should not be treated as an invitation or recommendation to buy or sell any specific property or as sales material. Users of this report should consider this publication as one of the many factors in making their investment decision and should seek specific investment advice. OrangeTee.com Pte Ltd and the authors of this publication shall not accept and hereby disclaim all responsibilities and liability to all persons and entities for consequences arising out of any use of this publication.
Copyright © OrangeTee & Tie Pte Ltd. All rights reserved.