

Private Residential Market

REAL ESTATE DATA TRENDS AND ANALYTICS Q1 2020

- The rental market beat the odds with better market performance last quarter.
- Overall residential prices and sales volume dipped q-o-q amid the global pandemic and macroeconomic uncertainties.
- Some mass market projects continued to clock healthy sales last quarter.
- Around 14,500 to 16,800 private homes could be transacted this year, of which new home sales may constitute around 7,500 to 8,500 units.



Artist Impression of Riverfront Residences

Rental segment was a bright spot amid the global uncertainties

Singapore's property market recovery came to an abrupt halt amid the global pandemic and macroeconomic uncertainties. According to the Urban Redevelopment Authority's (URA) real estate statistics, the overall price index for private homes slipped 1.0 per cent quarter-on-quarter (q-o-q) in Q1 2020, after rising three consecutive quarters. Year on year (y-o-y), the index was up 2.4 per cent (Chart 1).

While prices slipped last quarter at the onset of the pandemic, the magnitude of decline was not as severe as what was observed during the early stages of past crises. For instance, around the initial phase of the Asian Financial Crisis, the first quarterly decline of 1.9 per cent was recorded in Q3 1996, while the first decline of 2.4 per cent occurred in Q3 2008 during the Global Financial Crisis.

The price decline was mainly led by the Core Central Region (CCR) where non-landed prices fell 2.2 per cent q-o-q, followed by the Rest of Central Region (RCR) at -0.5 per cent and Outside of Central Region (OCR) at -0.4 per cent (Chart 2). The steeper price fall in CCR could be attributed to a higher proportion of luxury homes transacted below S\$2 million, which rose from 40.4 per cent in Q4 2019 to 58.4 per cent in Q1 2020.

Despite the price fall, we are not expecting dramatic price corrections in the coming months. Many property measures have already been put in place over the past years to ensure financial prudence among buyers. Moreover, the possibility of many homeowners slashing prices or defaulting on housing loans is not high.

Table 1 Average price of non-landed homes

Market Segment	Type of Sales	Q1 2019	Q1 2020	y-o-y % change
Overall	All	\$1,520	\$1,670	9.8%
CCR	New Sale	\$2,732	\$2,540	-7.0%
	Resale	\$2,019	\$2,020	0.0%
	Sub Sale	\$2,365	N.A	N.A
	Overall	\$2,253	\$2,320	3.0%
RCR	New Sale	\$1,727	\$1,834	6.2%
	Resale	\$1,375	\$1,370	-0.3%
	Sub Sale	\$1,829	\$1,504	-17.8%
	Overall	\$1,575	\$1,672	6.1%
OCR	New Sale	\$1,400	\$1,459	4.2%
	Resale	\$1,056	\$1,042	-1.4%
	Sub Sale	\$1,303	\$1,338	2.7%
	Overall	\$1,240	\$1,264	1.9%

Source: URA, OrangeTee & Tie Research & Consultancy

Chart 1 Overall price fell q-o-q but up y-o-y

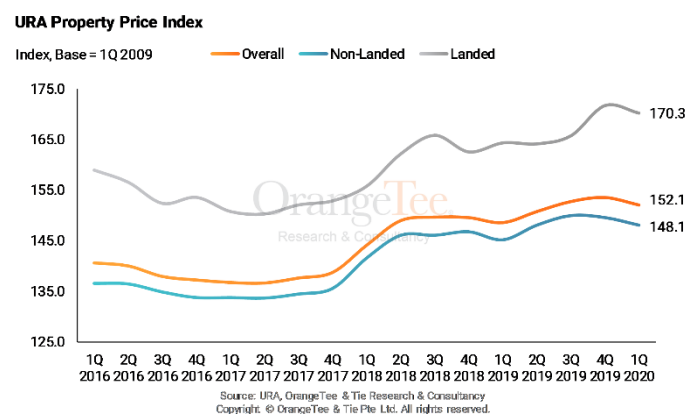


Chart 2 CCR had the largest q-o-q price decline



Table 2 Best-selling projects in Q1 2020 (non-landed exclude EC)

Project Name	Market Segment	Units Sold	Average Unit Price (\$\$PSF)
New Sales			
THE M	CCR	387	\$2,447
TREASURE AT TAMPINES	OCR	216	\$1,370
JADESCAPE	RCR	173	\$1,708
PARC ESTA	RCR	159	\$1,702
PARC CLEMATIS	OCR	92	\$1,593
PARC BOTANNIA	OCR	72	\$1,363
THE FLORENCE RESIDENCES	OCR	59	\$1,500
RIVERFRONT RESIDENCES	OCR	51	\$1,357
AFFINITY AT SERANGOON	OCR	45	\$1,556
WHISTLER GRAND	OCR	45	\$1,455
Resales			
MARINA ONE RESIDENCES	CCR	71	\$2,331
REFLECTIONS AT KEPPEL BAY	RCR	22	\$1,621
D'LEEDON	CCR	16	\$1,608
THE BAYSHORE	RCR	10	\$959
8 SAINT THOMAS	CCR	10	\$3,126
THE MINTON	OCR	9	\$1,053
EIGHT RIVERSUITES	RCR	9	\$1,545

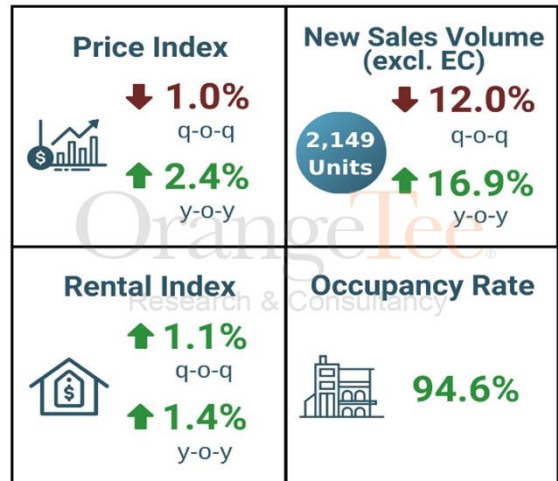
Source: URA, OrangeTee & Tie Research & Consultancy

Property sales were generally muted as lockdowns were imposed around the world while stricter safe distancing measures were put in place in Singapore. Potential buyers from foreign countries could not enter Singapore while many show flats were closed and house viewings postponed since the middle of March. Therefore, it is of no surprise that overall sales volume declined 12.5 per cent from 4,878 units in Q4 2019 to 4,269 units in Q1 2020 (Chart 3).

According to the URA real estate statistics, 2,080 resale homes were sold last quarter, fewer than the 2,149 new homes that were transacted over the same period. The number of sales transactions in the secondary market had been lagging behind the primary market since the property cooling measures were implemented in July 2018.

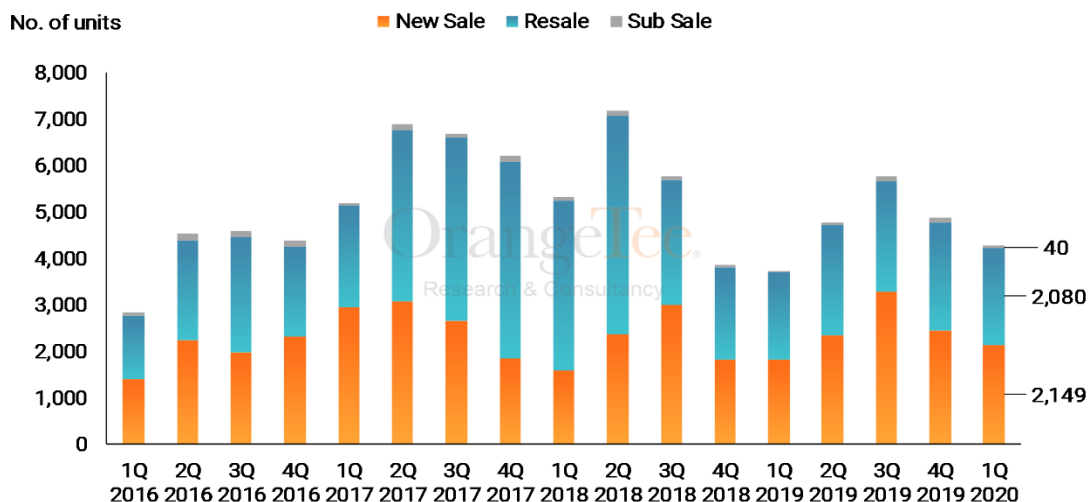
Sellers of resale homes faced stiff competition for potential buyers as there had been a ramp up of new home supply over the past months. There were also many aggressive marketing campaigns launched by new developments. The situation is now exacerbated during the circuit breaker period as no house viewings are currently allowed.

Chart 4 Market summary



Source: URA, OrangeTee & Tie Research & Consultancy

Chart 3 Sales slipped as stricter safe distancing measures were put in place
Sales Volume of Private Residential Units



Source: URA, OrangeTee & Tie Research & Consultancy
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LUXURY SEGMENT

Defying the odds of the current market uncertainties, demand for luxury homes rose last quarter. According to URA Realis data, 965 non-landed luxury homes were sold, up 7.1 per cent q-o-q from the 901 units transacted in the final quarter of last year. On a y-o-y basis, non-landed luxury homes surged 72.0 per cent from the 561 units sold in Q1 2019.

The stellar sales could be attributed to the new sale segment where 554 new luxury condominiums were transacted last quarter. (Chart 5). The M sold 387 units while Leedon Green moved 41 units. The average price of non-landed resale luxury homes held relatively steady at S\$2,020 psf while non-landed new homes in CCR was S\$2,540 psf in Q1 2020 (Chart 6). Sales picked up at several completed projects such as Marina One Residences which moved 71 units at an average price of S\$2,331 psf, while 16 units at D'Leedon were transacted at S\$1,608 psf and 10 units at 8 Saint Thomas at S\$3,126 psf.

The proportion of luxury homes transacted at a lower price quantum rose last quarter. In Q1 2020, 80.5 per cent were transacted below S\$3 million, compared to 73.9 per cent in the preceding quarter (Chart 7).

Chart 5 Demand rose for luxury homes

Sales Volume of Private Non-Landed Residential Units in CCR

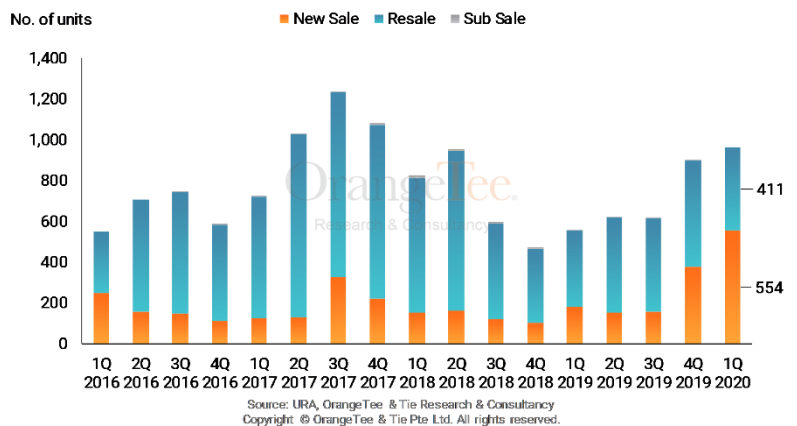


Chart 6 Price of non-landed resale homes held steady

Average Price of Non-Landed Residential Homes in CCR

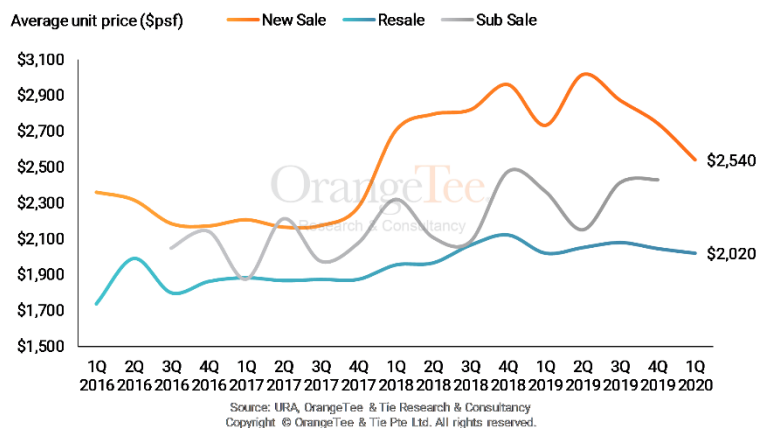


Chart 7 Higher proportion of luxury homes transacted below S\$3 million

Price Range of Private Non-Landed Homes Sold in CCR

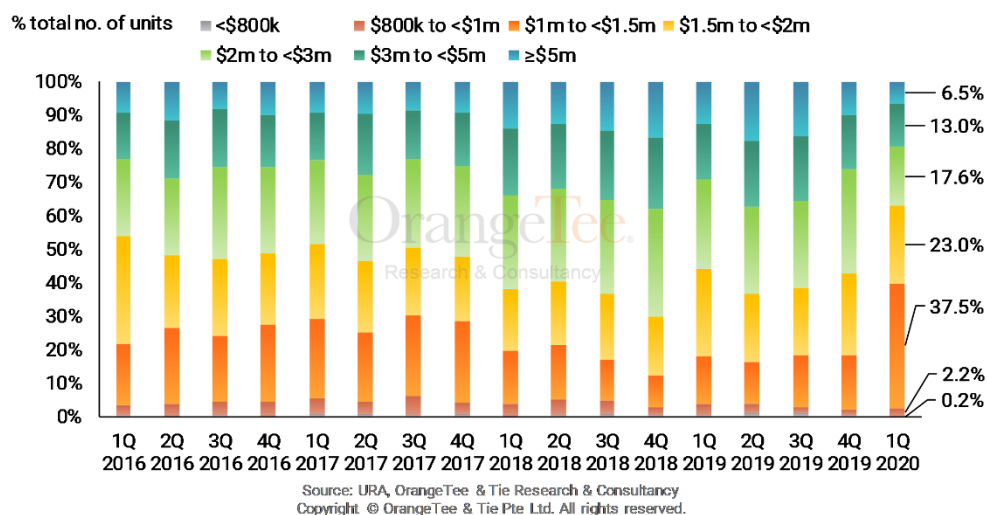
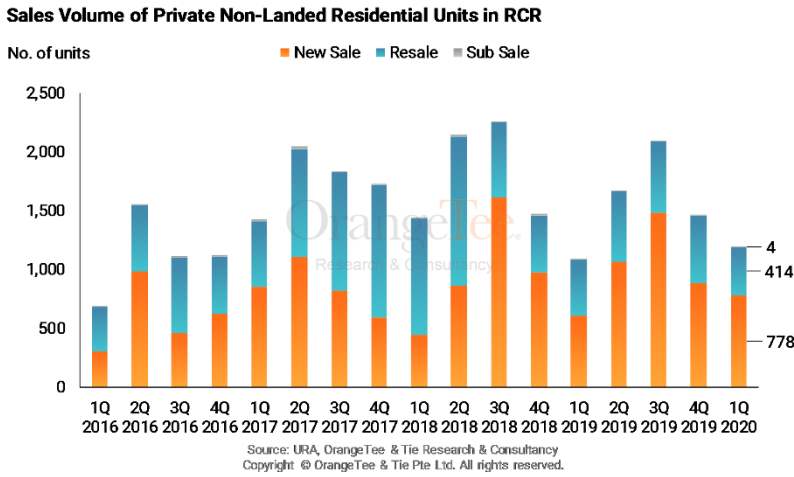


Chart 8 Non-landed sales volume shrunk 18.3 per cent q-o-q



MID-TIER SEGMENT

According to URA Realis data, non-landed sales volume in RCR shrank 18.3 per cent q-o-q from 1,464 units in Q4 2019 to 1,196 units in Q1 2020 (Chart 8). The sales decline could be attributed to a dearth of new launches and impact of the pandemic.

The average price of resale condominiums slipped 1.0 per cent q-o-q from S\$1,853 psf in Q4 2019 to S\$1,834 psf last quarter (Chart 9). Prices of resale non-landed homes dipped 2.6 per cent over the same period from S\$1,407 psf to S\$1,370 psf.

Despite the price fall, the proportion of non-landed homes by unit size range remained similar to that of the preceding quarter. Last quarter, 532 or 44.4 per cent of non-landed home sales in RCR were below 800 sqft.

Chart 9 Prices slipped across all sales types

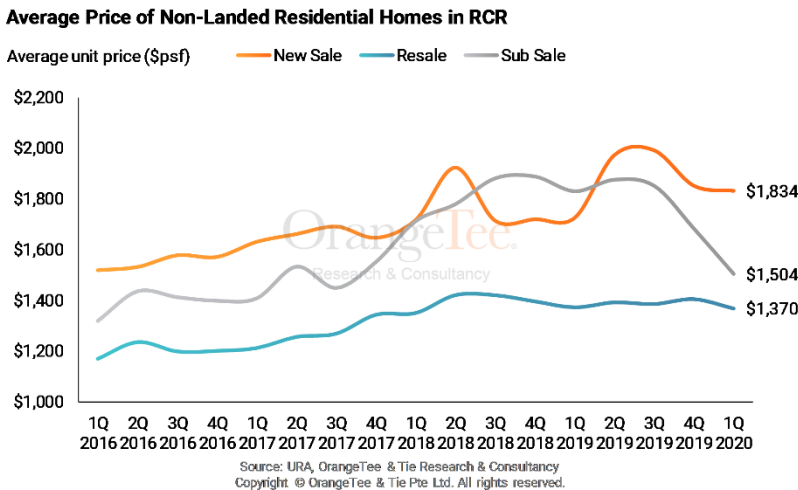
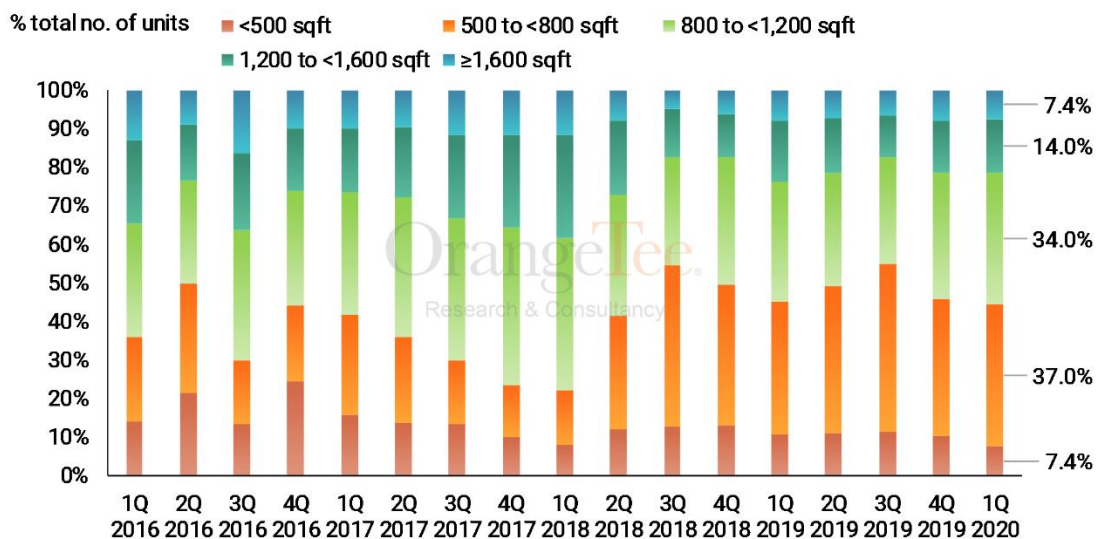


Chart 10 No significant change to the proportion of home sales by unit size range

Size Range of Private Non-Landed Homes Sold in RCR



MASS MARKET SEGMENT

According to URA Realis data, the average price of resale mass market condominiums held steady last quarter at S\$1,042 psf. The average price of new non-landed homes in OCR dipped 4.8 per cent from S\$1,530 psf in Q4 2019 to S\$1,459 psf in Q1 2020 (Chart 11).

Sales volume for mass market non-landed homes decreased last quarter on the back of fewer new launches and effects of the pandemic. In Q1 2020, 799 new mass market were transacted, down 23.5 per cent from the 1,044 units sold in the preceding quarter (Chart 12). Resale non-landed homes had also dipped 16.0 per cent over the same period from 848 units in Q4 2019 to 712 units in Q1 2020.

Some mass-market new projects continued to clock healthy sales last quarter. For instance, the best-selling projects - Treasure at Tampines sold 216 units while Parc Clematis and Parc Botannia moved 93 units and 72 units respectively. Other projects like The Garden Residences, Whistler Grand, Affinity at Serangoon, Riverfront Residences and The Florence Residences had more than 40 transactions.

Chart 11 Average price of resale mass market homes held steady

Average Price of Non-Landed Residential Homes in OCR

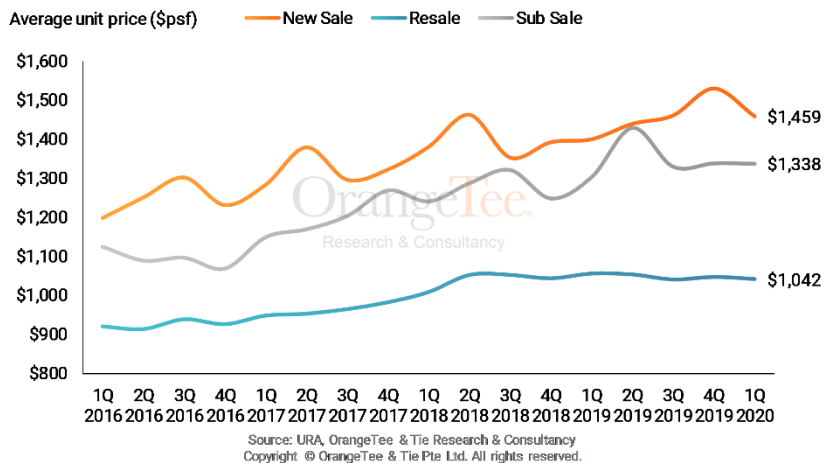


Chart 12

Sales Volume of Private Non-Landed Residential Units in OCR

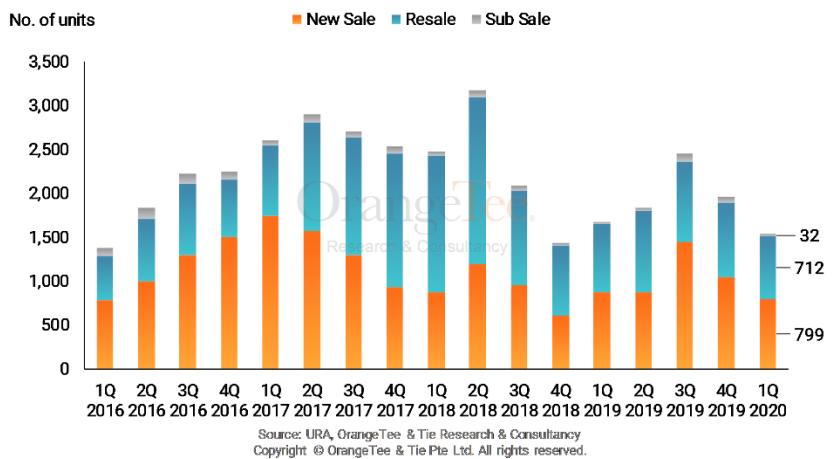
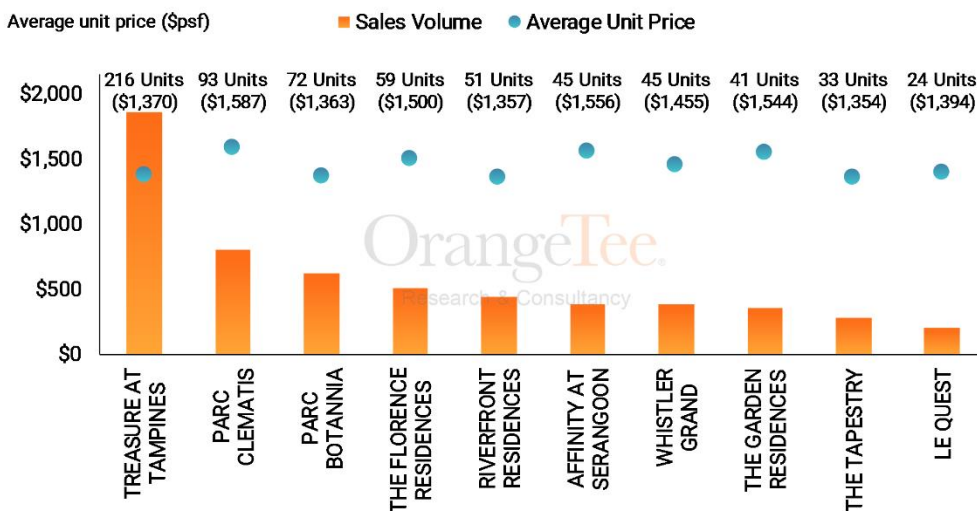


Chart 13 Some new mass market projects continued to clock healthy sales last quarter

Best Selling New Projects in OCR in 1Q 2020





Artist's Impression of Fourth Avenue Residences



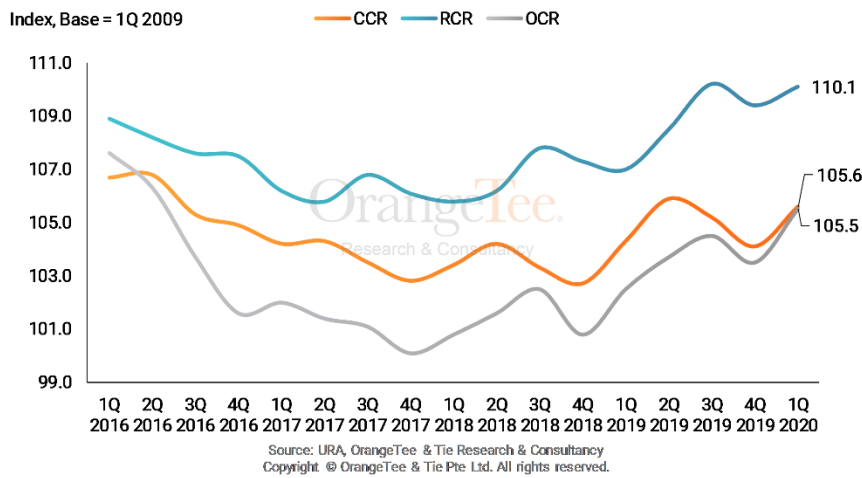
Artist's Impression of Parc Esta

Looking on the bright side, Singapore's property market had always recovered after every economic crisis. Buying activities could pick up faster than past downturns given the pent-up demand from many weeks of home isolation.

~ Christine Sun

Chart 14 Rental prices rose across all three market segments

URA Non-Landed Property Rental Index



RENTAL

Private rental volume surprised on the upside as the number of transactions rose 2.4 per cent from 20,703 units in Q4 2019 to 21,191 units in Q1 2020 (Chart 16).

Rental renewals rose last quarter as many foreign workers required immediate lodging prior to the circuit breaker measures and lockdowns imposed by Malaysia. Many tenants were also reluctant to scout around for alternate housing to minimise the possibility of catching the virus.

The tight supply of private housing and spike in short-term demand propped up rental prices last quarter. The overall rental index rose 1.1 per cent q-o-q and 1.4 per cent y-o-y. Rents also increased across all three market segments (Chart 14).

Occupancy rates continued to improve last quarter. Overall occupancy rates rose from 94.5 per cent in Q4 2019 to 94.6 per cent in Q1 2020 (Chart 15).

Chart 15 Occupancy continued to improve

Occupancy Rates of Completed Private Residential Homes

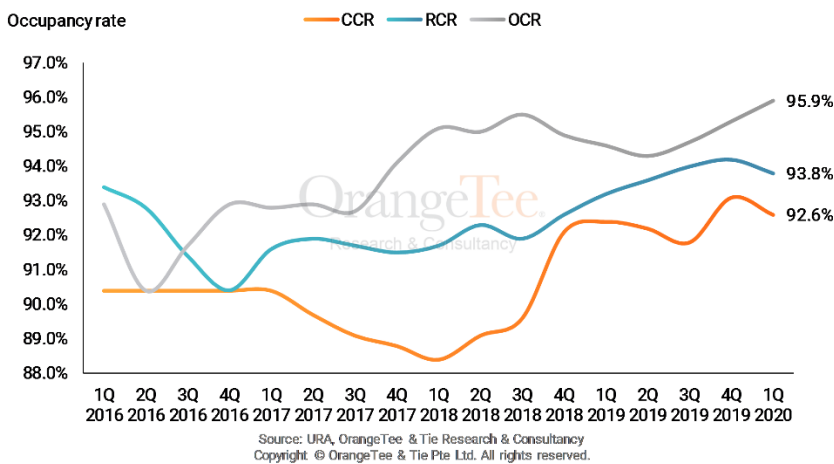
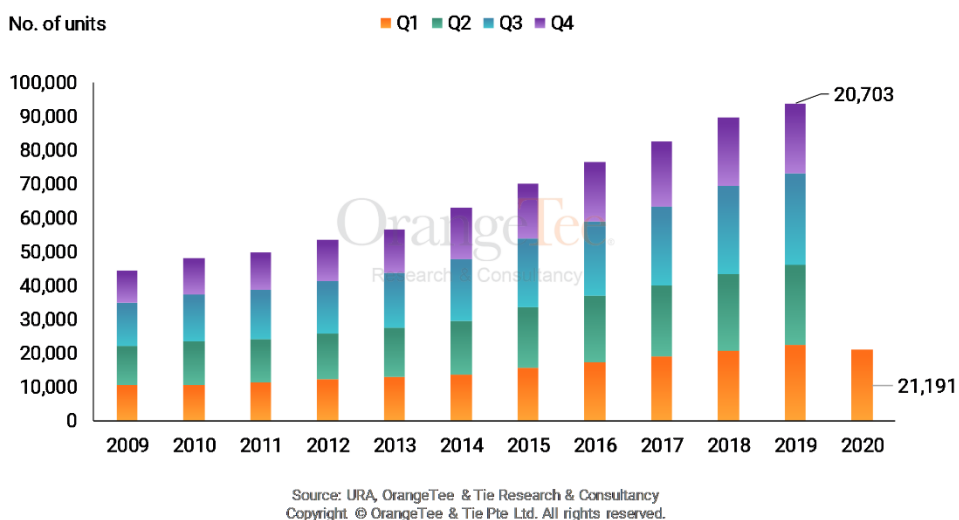


Chart 16 Rental volume rose 2.4 per cent q-o-q

Rental Transaction Volume



NATIONALITY

Fewer homes were bought by foreigners last month as stricter border controls were implemented across many countries and potential buyers were not able to visit Singapore to view the properties here.

Based on URA Realis data, the proportion of non-landed homes bought by foreign buyers (PR and non-PR) slipped marginally from 22.6 per cent in Q4 2019 to 21.8 per cent last quarter. The number of non-landed homes bought by these buyers had also decreased from 976 units to 811 units over the same period (Chart 17).

Nevertheless, buying interest remained steady among the top five foreign buyer groups. Last quarter, Mainland Chinese and Malaysian buyers were the top foreign buyers in Singapore (Chart 18). Mainland Chinese, Malaysians, and Indian buyers seemed to have bought a higher proportion of lower-priced non-landed homes with the bulk of purchases below S\$1.5 million last quarter (Chart 19). Conversely, the majority of buyers from USA, United Kingdom, Australia, France and Hong Kong bought pricier homes that were above S\$1.5 million.

Chart 17 Foreign purchases dipped as stringent border controls were imposed by many countries

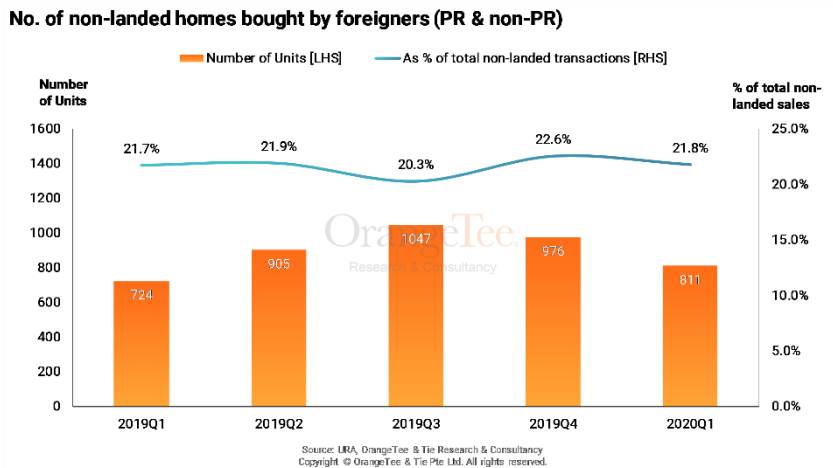


Chart 18 Mainland Chinese and Malaysians were top foreign buyers
Sales volume of non-landed homes by nationality

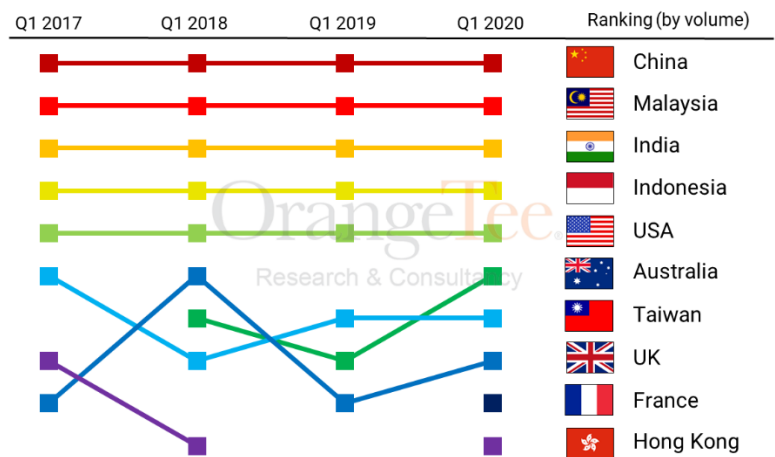
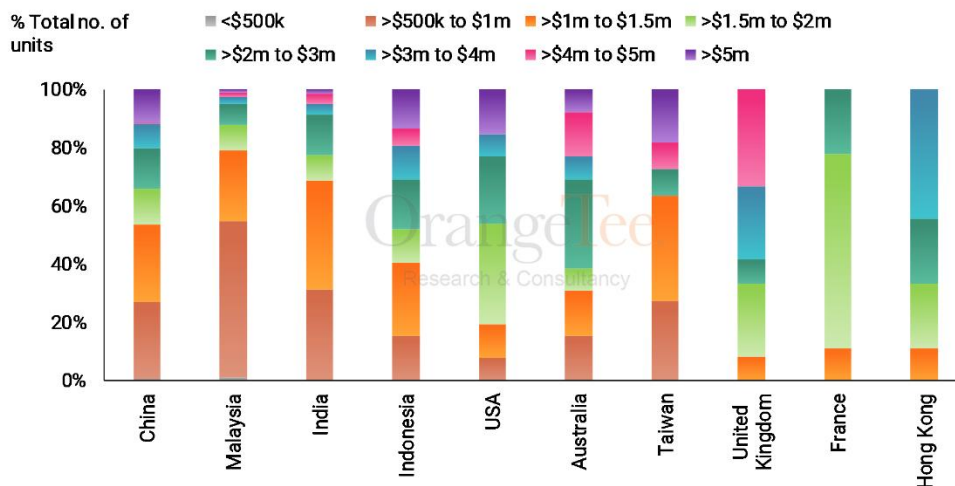


Chart 19 Mainland Chinese, Malaysians and Indian buyers bought lower-priced condominiums
Price Range of Non-Landed Homes Sold in Q1 2020 of Top 10 Nationalities by Volume

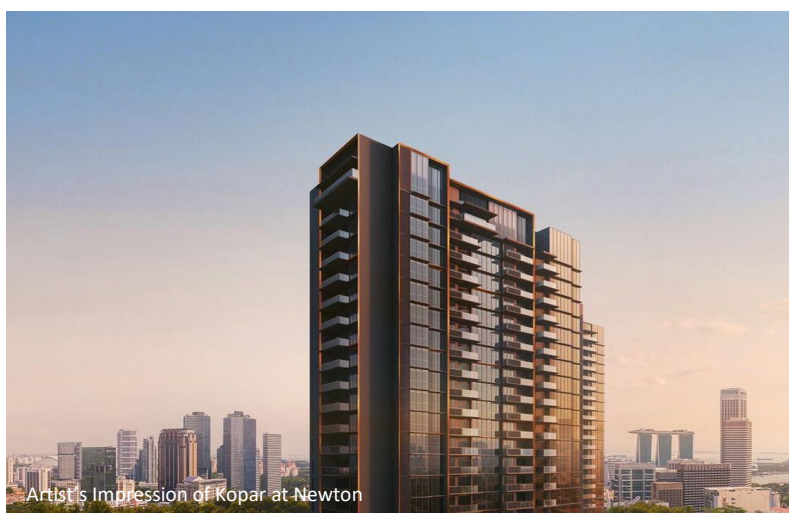


OUTLOOK

Against the backdrop of the current macroeconomic uncertainties, many sectors will not be able to escape the pandemic unscathed. Nevertheless, many nations had unveiled various stimulus packages of extraordinary scale to rescue jobs and keep their economies afloat.

There will be some price and demand weakness as part of the short-term consequence of the circuit breaker measures and movement restrictions. Prices of private homes may decline up to 4 per cent for the full year if the pandemic continues to drag on. Around 14,500 to 16,800 private homes could be transacted this year, of which new home sales may constitute around 7,500 to 8,500 units.

We have also observed many sales agents using innovative ways to conduct viewings such as virtual house tours through virtual reality software or augmented reality. The use of technological tools may help to retain some buying interest during the current Circuit Breaker Measures.



The long-term effects of the pandemic remain uncertain. Looking at the bright side, Singapore's property market had always recovered after every economic crisis. Buying activities could pick up faster than other downturns given the pent-up demand from many weeks of home isolation.

Moreover, the real estate market moves in cycles. Buyers should always adopt a long-term view in any property investment and Singapore will remain an attractive investment destination.

Indicators	2018	2019	Projection for 2020
Overall			
URA PPI Price Change	7.9%	2.7%	-2% to -4%
Sales Volume (excl. EC) (All sales in units)	22,139	19,150	14,500 to 16,800
New Sale (excl. EC)			
Price Change	10.8%	7.3%	-1% to 1%
Sales Volume (units)	8,795	9,912	7,500 to 8,500
Resale (excl. EC)			
Price Change	2.6%	3.5%	-2% to -4%
Sales volume (units)	13,009	8,949	7,000 to 8,000
Rental (excl. EC)			
Rental Index	0.6%	1.4%	-3% to 0%
Leasing volume (units)	89,906	93,447	81,000 to 84,000
Home Completions (units)	9,112	7,527	6,294

Source: URA, OrangeTee & Tie Research & Consultancy

Please contact us for further inquiries

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