

# Private Residential Market

## REAL ESTATE DATA TRENDS AND ANALYTICS Q2 2021

- The overall price index for private residential properties rose a fifth consecutive quarter by 0.8 per cent in Q2 2021, albeit at a slower pace than the 3.3 per cent growth in Q1.
- Sales of private homes rose 4.3 per cent quarter-on-quarter despite stricter measures imposed during the heightened alert period.
- Despite the heightened alert period 811 new luxury condominiums were sold last quarter. This is the highest quarterly sales since Q4 2010
- Proportion of resale homes in suburban areas continue to rise, making up a higher percentage of total sales in OCR amid a supply crunch.
- Proportion of non-landed homes bought by foreigners rose to 4.1 per cent. There were significantly more buyers from USA, United Kingdom, Australia, France and Korea.



Artist Impression of Klimt Cairnhill

## Prices rising at a slower pace amid heightened alert

Against the backdrop of a global march towards widespread vaccination and gradual transition towards normalcy, an economic recovery is now in insight. Global growth prospects have improved tremendously with the rapid vaccination rollouts and the inoculation efforts boosted the H2 2021 GDP projections for many countries.

A number of advanced economies are expected to see robust growth expansion and their GDP could reach their precrisis levels by 2023. For Singapore, our economic growth is estimated to exceed the upper end of the official 4 to 6 per cent forecast range this year according to a recent statement released by the central bank chief at the Monetary Authority of Singapore.

The overall price index for private residential properties increased by 0.8 per cent in Q2 2021, slower than the 3.3 per cent growth in the previous quarter, data from the Urban Redevelopment Authority (URA) showed (Charts 1 & 2). This is the fifth consecutive quarterly increase. Year-on-year, prices rose 7.1 per cent. In comparison, the first quarter of this year saw the steepest quarterly price increment since Q2 2018.

The price increase in Q2 2021 was mainly driven by non-landed homes in the Outside of Central Region (OCR) which rose by 1.9 per cent quarter-on-quarter (q-o-q). Prices rose the fastest for the OCR where supply is leanest. In contrast, the price increment was less significant for the Core Central Region (CCR) at 1.1 per cent and 0.1 per cent in the Rest of Central Region (RCR).

There have been drastic changes in many facets of the market. For instance, there is enormous demand for completed homes in the suburban regions as the supply of new mass-market homes have been anaemic. Fewer new homes were completed as a result of the construction delays and labour crunch.

As resale homes formed a higher proportion of transactions last quarter the overall price index was pulled down by the lower prices. In Q2 2021, 63.1 per cent (5,333 units) were resale homes, higher than the 55.8 per cent (4,519 units) in the first quarter of this year.

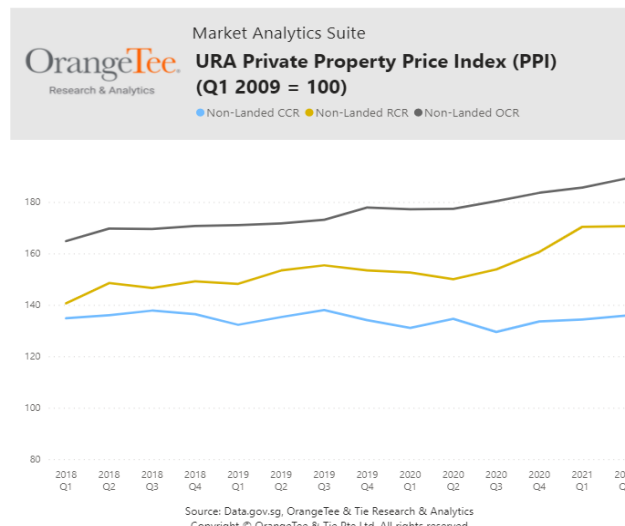
Chart 1 Market summary



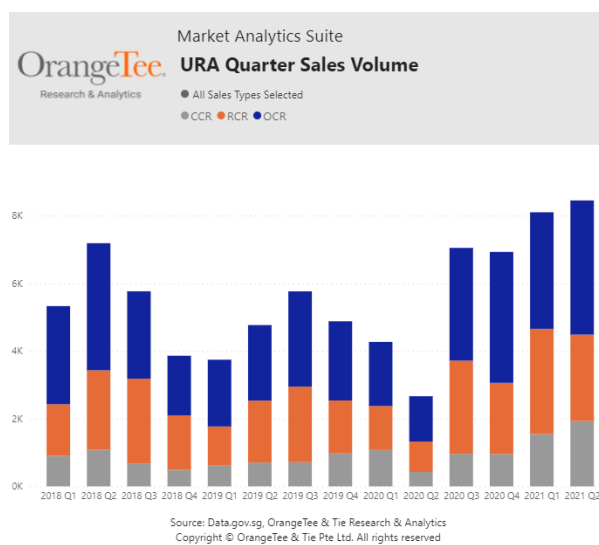
Table 1 Average price of non-landed homes

Market Segment	Type of Sale	Q1 2021	Q2 2021	Q-o-Q % change
<b>Overall</b>	<b>All</b>	<b>\$1,677</b>	<b>\$1,681</b>	<b>0.3%</b>
<b>CCR</b>	New Sale	\$2,719	\$2,660	-2.2%
	Resale	\$1,988	\$1,971	-0.9%
	Sub Sale	\$2,553	\$2,667	4.5%
	<b>Overall</b>	<b>\$2,347</b>	<b>\$2,314</b>	<b>-1.4%</b>
<b>RCR</b>	New Sale	\$1,986	\$2,042	2.8%
	Resale	\$1,419	\$1,442	1.6%
	Sub Sale	\$1,811	\$1,783	-1.5%
	<b>Overall</b>	<b>\$1,760</b>	<b>\$1,743</b>	<b>-1.0%</b>
<b>OCR</b>	New Sale	\$1,571	\$1,591	1.3%
	Resale	\$1,100	\$1,124	2.2%
	Sub Sale	\$1,629	\$1,635	0.4%
	<b>Overall</b>	<b>\$1,269</b>	<b>\$1,291</b>	<b>1.7%</b>

Chart 2 Prices rose the most in OCR



**Chart 3 Sales exceeded the pre-pandemic 2019**



Prices have been bolstered by a flood of HDB upgraders entering the market, having sold their flats in recent months. Those who have sold their flats at higher prices will continue to upgrade to private homes. Local and foreign investors will similarly purchase homes for long-term rental income.

Further, the proportion of bigger home transactions rose in Q2. Space has become a valued asset as many homeowners saw their daily lives suddenly confined to their properties. Many owners were looking for homes with outdoor space and additional areas for solitude. Last quarter, 39.2 per cent of private homes (landed and non-landed) were at least 1,200 sqft, higher than the 35.9 per cent in the previous quarter. Therefore, the bigger units probably resulted in lower per square foot prices for some locations.

According to the quarterly statistics released by the Urban Redevelopment Authority (URA), 8,449 private homes excluding EC were sold in Q2 2021, 4.3 per cent higher than the 8,100 units transacted in the preceding quarter (Chart 3).

Last quarter, new home sales dipped 15.1 per cent from 3,493 units in Q1 2021 to 2,966 units last quarter. In contrast, the number of resale transactions rose by 18 per cent quarter-on-quarter (q-o-q) from 4,519 units in Q1 2021 to 5,333 units in Q2 2021. This is the highest quarterly resale volume since Q3 2009 (5,809 units).

Several factors have contributed to a relatively slower market in Q2. Movement restrictions were further tightened during Singapore's heightened alert period in May. Stricter measures were imposed on property sales galleries and house viewings in response to a resurgence of virus infections, resulting in fewer viewings and transactions.

Moreover, there were fewer launches last quarter due to Singapore's heightened alert period, when movements restrictions were tightened in sales galleries. Less new homes were sold and these properties are typically sold at higher price tags when compared to private homes in the secondary market.

Further, rising home values have triggered a slight market slowdown. The pullback in demand was within expectation since the overall URA price index has increased for five consecutive quarters and there are fewer affordable new units launched in the suburban areas.

**Table 2 Best-selling condominiums in Q2 2021**

Project Name	Units Sold	Median Unit Price (S\$PSF)
<b>New Sale</b>		
IRWELL HILL RESIDENCES	332	\$2,630
TREASURE AT TAMPINES	194	\$1,406
NORMANTON PARK	190	\$1,809
ONE-NORTH EDEN	155	\$1,997
THE FLORENCE RESIDENCES	112	\$1,660
MIDWOOD	110	\$1,646
AVENUE SOUTH RESIDENCE	92	\$2,216
SENGKANG GRAND RESIDENCES	86	\$1,693
HYLL ON HOLLAND	85	\$2,389
PARC CLEMATIS	81	\$1,666
ONE BERNAM	81	\$2,471
AMBER PARK	74	\$2,469
<b>Resale</b>		
D'LEEDON	24	\$1,660
BARTLEY RIDGE	24	\$1,452
REFLECTIONS AT KEPPEL BAY	23	\$1,583
THE PANORAMA	22	\$1,495
PARC ROSEWOOD	22	\$1,130
8 SAINT THOMAS	22	\$2,560
THE MINTON	21	\$1,147
HIGH PARK RESIDENCES	21	\$1,232
LA FIESTA	21	\$1,264
CARIBBEAN AT KEPPEL BAY	21	\$1,622

Source: URA, OrangeTee & Tie Research & Analytics



# LUXURY SEGMENT

Last quarter, quarterly sales of luxury homes hit an 11 year high. According to URA Realis data, 1,795 luxury homes were sold last quarter (Chart 4). This is the highest quarterly sales recorded since Q4 2010 (1,876 units).

Despite the heightened alert period 811 new luxury condominiums were sold last quarter. This is the highest quarterly sales since Q4 2010 when 855 units were transacted. The stellar sales could be attributed to a few luxury projects being launched in the CCR last quarter, including Irwell Hill Residences, One Bernam and Park Nova. Moreover, some developers conducted sales promotions to drive sales for selected units.

The best-selling luxury projects were Irwell Hill Residences (332 units), Hyll on Holland (85 units), One Bernam (81 units), Leedon Green (54 units), Fourth Avenue Residences (46 units), D'Leedon (24 units), Pullman Residence Newton (22 units), 8 Saint Thomas (22 units), Midtown Modern (22 units), Royalgreen (21 units) and The Avenir (21 units).

Last quarter, the overall average price of non-landed luxury homes in CCR dipped by 1.4 per cent from S\$2,347 psf in Q1 2021 to S\$2,314 psf in Q2 2021. The average price of new non-landed homes slipped marginally by 2.2 per cent from S\$2,719 psf in Q1 2021 to S\$2,660 psf in Q2 2021. Over the same period, the average price of resale non-landed homes declined 0.9 per cent from S\$1,988 psf to S\$1,971 psf (Chart 5).

For the super-luxury segment, 30 condominiums were sold for at least S\$10 million in the Q2 2021 while another 21 units were sold in Q1 of this year (excluding bulk purchase) (Chart 6). In H1 2021, 51 units were transacted, the highest half-year sales since H2 2019 (52 units).

Chart 4 Highest luxury sales since Q4 2010

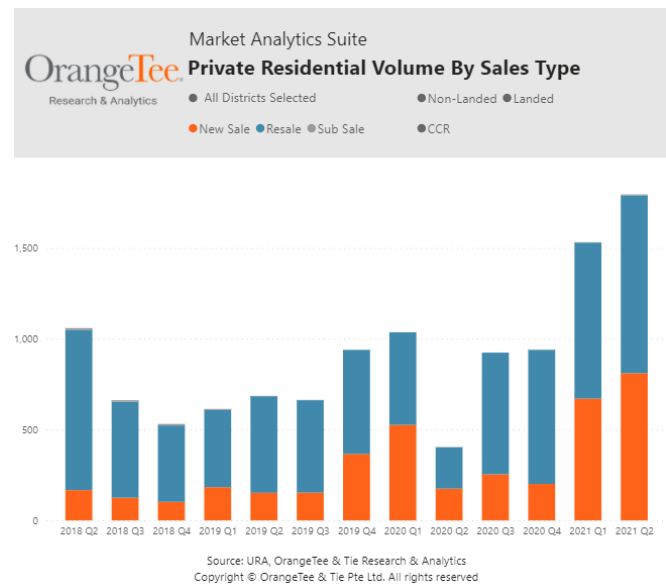


Chart 5 Prices dipped for both resale and new condos

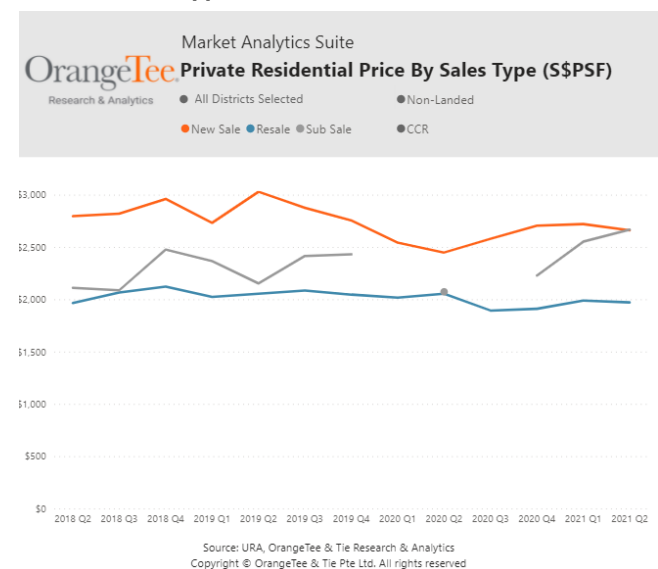
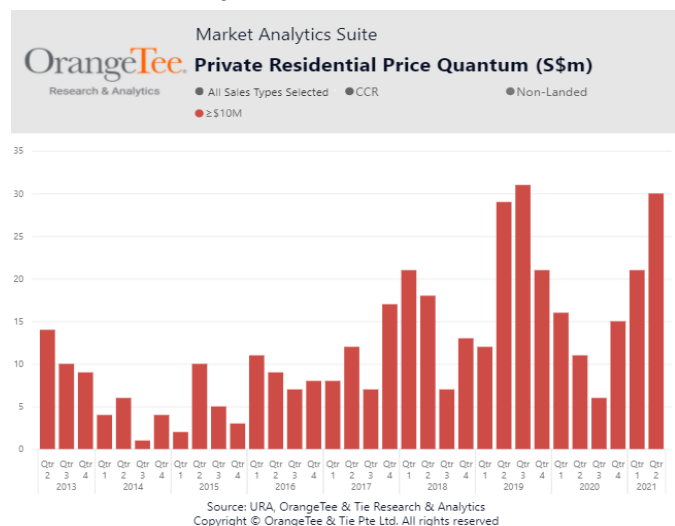
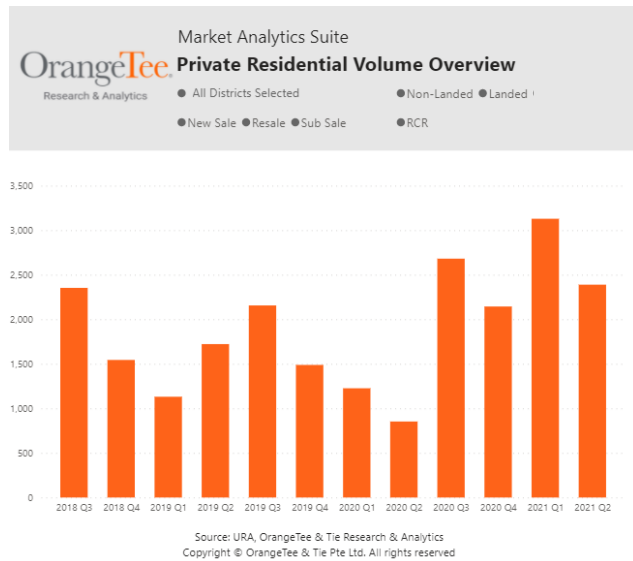


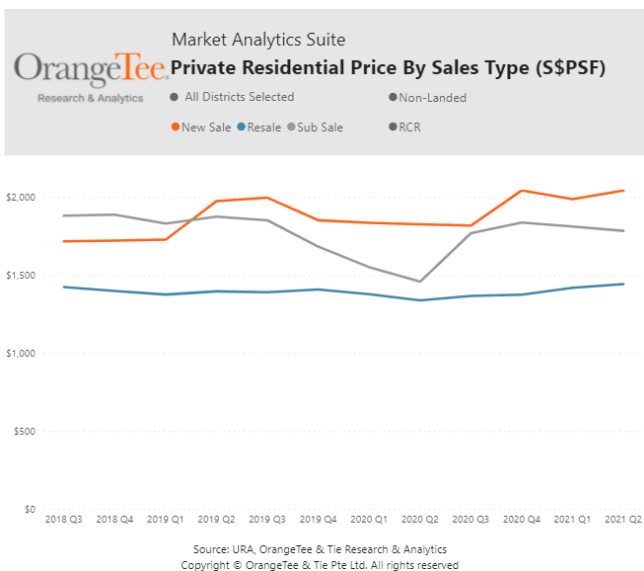
Chart 6 More luxury homes sold above S\$10 million



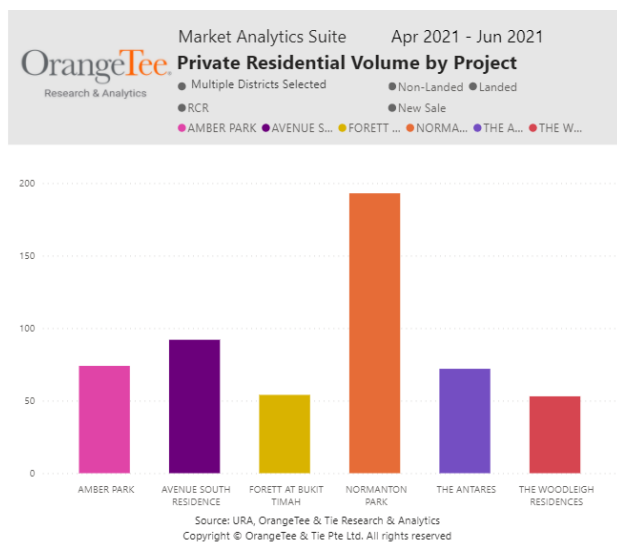
**Chart 7 Sales slipped on back of heightened alert measures**



**Chart 8 Prices of resale and new condominiums rose**



**Chart 9 Best-selling projects in Q2 2021**



## MID-TIER SEGMENT

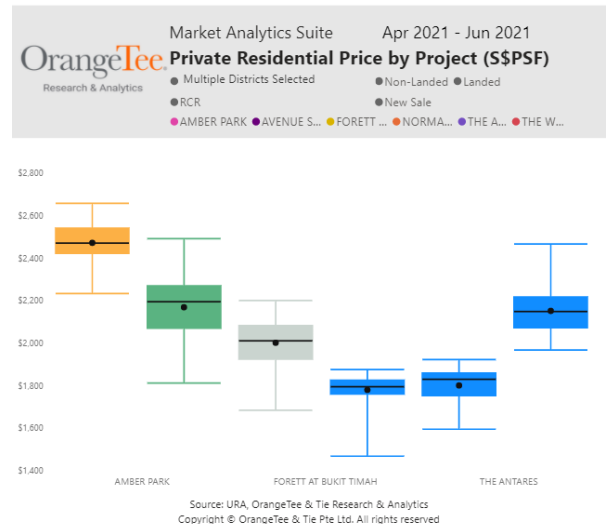
Demand for city fringe homes dipped last quarter on an absence of major launches and heightened alert restrictions. According to URA Realis data, 2,388 private homes (excluding EC) in RCR were sold, down 23.6 per cent from the 3,127 units sold in Q1 2021 (Chart 7).

Last quarter more resale units were sold than new home sales. Resale homes made up 52 per cent (1,241 units) of the total private homes (excluding ECs) sold in the RCR.

The best-selling projects were Normanton Park (190 units), One-North Eden (155 units), Avenue South Residence (92 units), Amber Park (74 units), The Antares (72 units), Forett at Bukit Timah (54 units) and The Woodleigh Residences (53 units) (Charts 9 and 10).

The average price of new non-landed homes rose 2.8 per cent from S\$1,986 psf in Q1 2021 to S\$2,042 psf in Q2 2021 (Chart 8). The average price of resale homes similarly climbed 1.6 per cent from S\$1,419 psf to S\$1,442 psf over the same period.

**Chart 10 Best-selling projects in Q2 2021 (\$PSF)**



## MASS MARKET SEGMENT

Due to the lack of new launches and viewing restrictions, more mass-market private homes were sold (excluding EC) last quarter. According to URA Realis data, 3,596 private homes excluding EC were transacted last quarter, increasing by 5.2 per cent from 3,419 units in the preceding quarter (Chart 11).

The proportion of resale homes in the suburban area continue to form the bulk of purchases as supply of new homes dwindle. Resale homes constitute 69.5 percent of total sales in OCR (2,500 units) in Q2 2021, as opposed to 28.6 per cent new sales (1,028 units).

Last quarter, the best-selling resale projects were The Paranoma (22 units), Parc Rosewood (22 units), The Minton (21 units), La Fiesta (21 units), High Park Residences (21 units) and Ripple Bay (20 units).

Developers continue to pare down their launched units. The bestselling new projects were Treasure at Tampines (194 units), The Florence Residences (112 units), Midwood (110 units), Sengkang Grand Residences (86 units), Parc Clematis (81 units), Ki Residences at Brookvale (72 units), and Affinity at Serangoon (58 units) (Chart 13).

The average price of both non-landed mass-market new homes and resale homes rose last quarter. Prices of new non-landed homes increased by 1.3 per cent from S\$1,571 psf in Q1 2021 to S\$1,591 psf in Q2 2021 while the average price of resale homes rose by 2.2 per cent from S\$1,100 psf to S\$1,124 psf over the same period (Chart 12).

Chart 11 More mass-market homes were sold

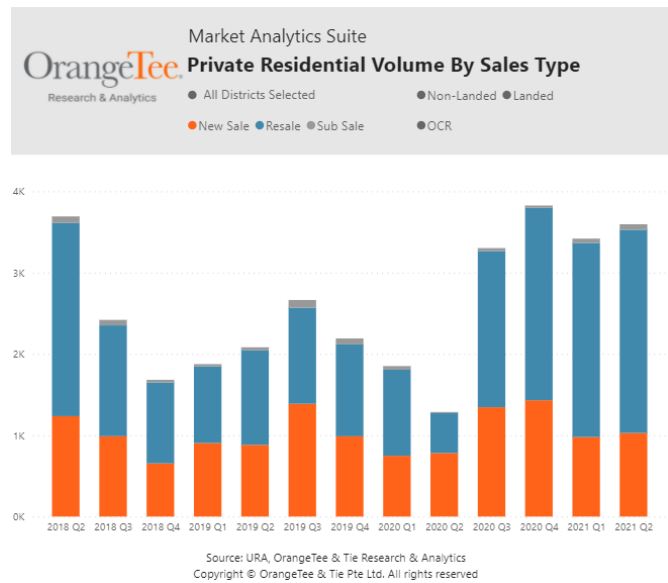


Chart 12 Prices rose for both new and resale condominiums

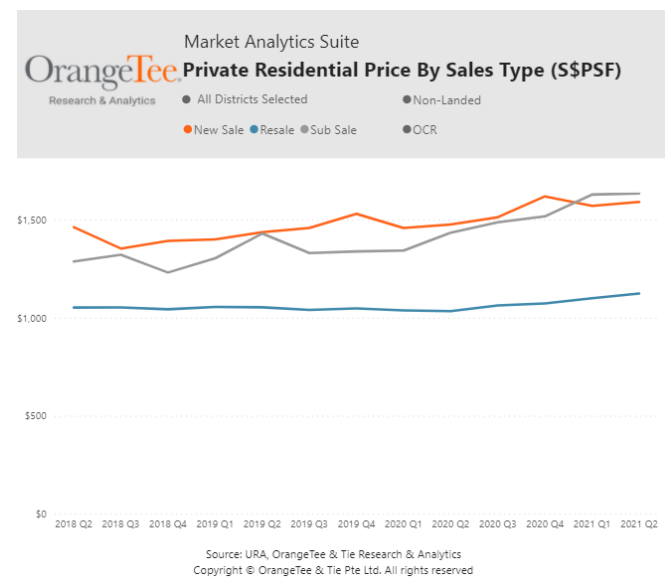
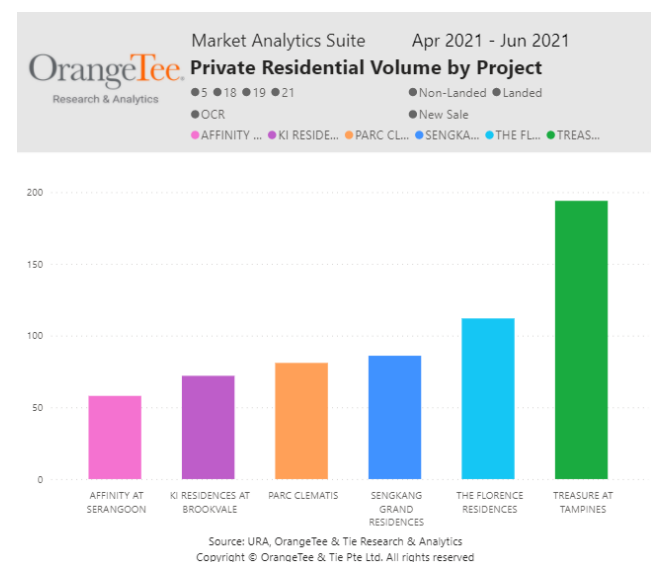


Chart 13 Best-selling new projects in Q2 2021





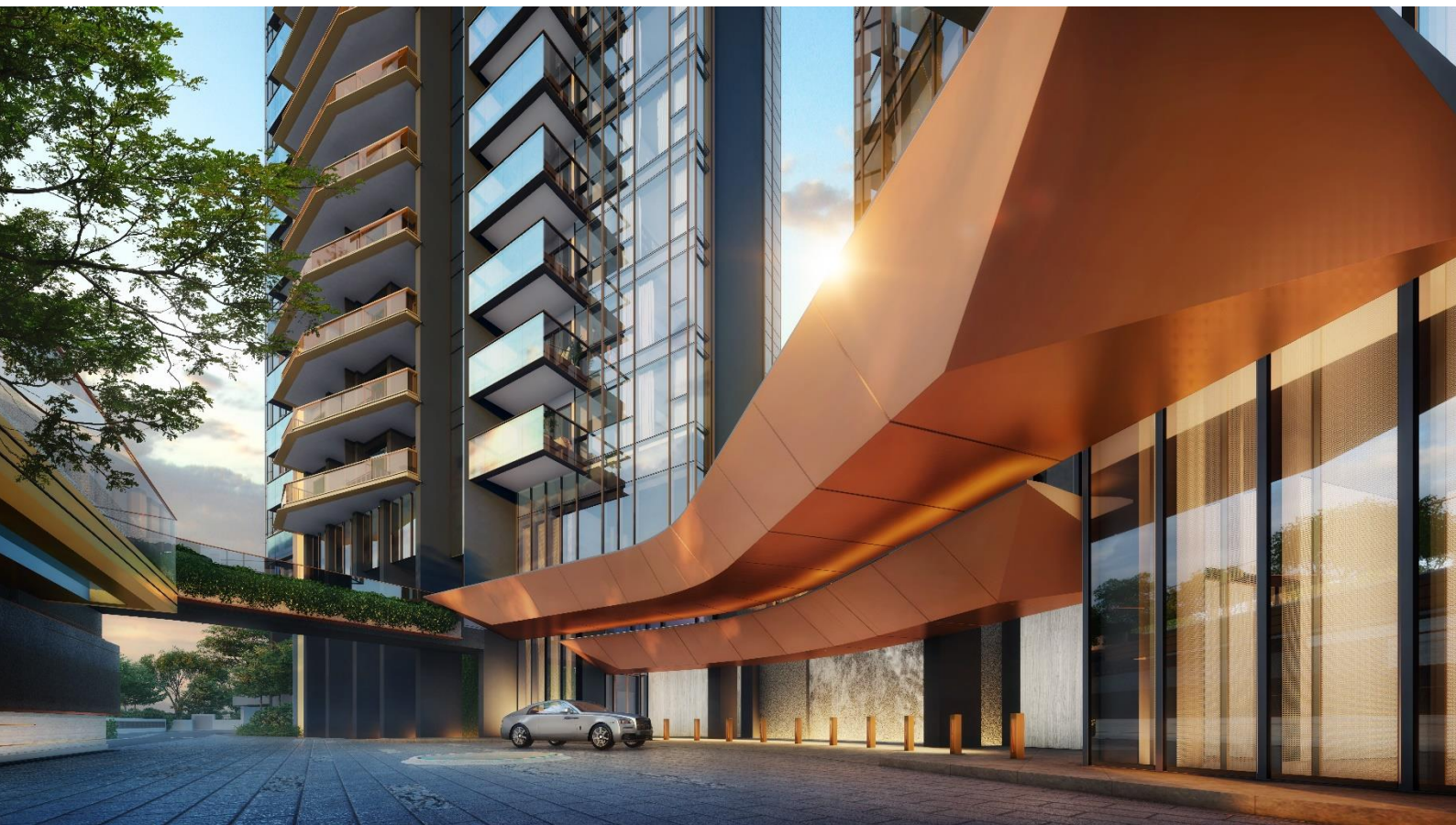


Against the backdrop of a global march towards widespread vaccination and gradual transition towards normalcy, an economic recovery is now in sight.

~ Christine Sun

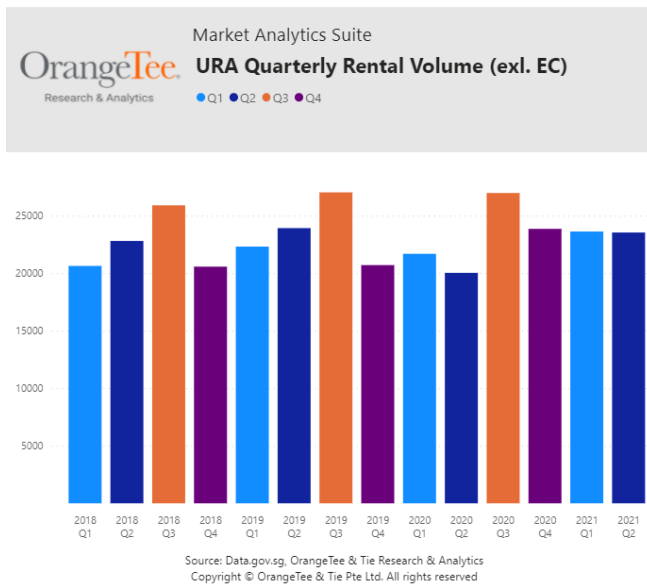


Artist's Impression of Myra

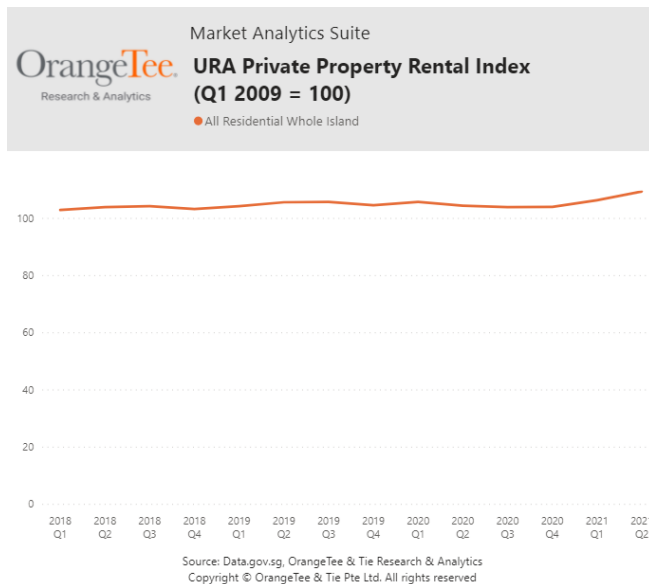


Artist's Impression of Perfect Ten

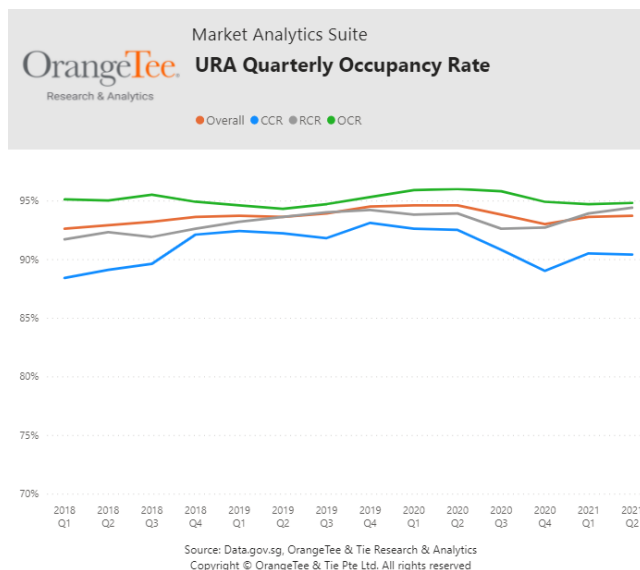
**Chart 14 Rental volume dipped marginally**



**Chart 15 Rents rose by 2.9 per cent last quarter**



**Chart 16 Overall occupancy rate rose to 93.7 per cent**



# RENTAL

The recent tightening of border controls and viewing restrictions during Singapore’s heightened alert period was a setback to a full rental market recovery.

According to URA data, rental volume excluding EC dipped marginally by 0.4 per cent q-o-q to 23,536 units in Q2 2021 from 23,622 private homes in Q1 2021 (Chart 14). Compared to a year ago, rental volume rose 17.5 per cent y-o-y from 20,030 units in Q2 2020.

Based on ground observations, the market seems to be propped up by tenants renewing leases and new tenant groups entering the market. For instance, many HDB homeowners who have sold their flats recently are renting temporarily. They did not find a replacement home as they wish to offload their units quickly to capitalise on the fast-rising prices.

More landlords have sold their condominiums since private resale prices have been recovering. The affected tenants have to search for new accommodation including those units that were sold with tenancy.

As the available stock continues to be limited and the new supply of homes is being hampered by construction delays, the supply crunch resulted in higher rents in recent months. According to URA data, rents rose by 2.9 per cent last quarter, a steeper rise than the 2.2 per cent increase in the previous quarter (Chart 15). Occupancy remained healthy at 93.7 per cent (Chart 16).

If the Covid situation continues to improve in Singapore and borders gradually reopen, the rental market may pick up again in the coming months.



# NATIONALITY

The proportion of non-landed homes bought by foreigners (excluding ECs) rose further last quarter, although the absolute number has dipped when compared to the preceding quarter (Chart 18). The proportion of non-landed home purchases by non-permanent residents (NPR) rose to 4.1 per cent (284 units), from 4 per cent (292 units) in Q1 2021 and 3.3 per cent (198 units) in Q4 2020.

In contrast, the percentage of non-landed homes bought by PRs held steady at 16.7 per cent (1,145 units) in Q2 2021 (Chart 17). The proportion of Singaporean purchases fell to 78.8 per cent last quarter from 79.1 per cent in the preceding quarter.

Mainland Chinese (Non-PRs and PRs) remained as the top foreign buyer. They purchased 320 non-landed homes in Q2 2021, followed by buyers from Malaysia (230 units), India (162 units) and Indonesia (82 units) (Chart 19). All these numbers are expected to be higher as 314 units are still pending reclassification when caveats are being lodged and are currently stated as Foreign Unspecified.

There were significantly more buyers from USA who bought 67 units last quarter, higher than the past two year quarterly average of 44 units recorded between Q2 2019 to Q1 2021. Similarly, there were more homes bought by buyers from United Kingdom (42 units in Q2 2021, above 2-year average of 19 units), Australia (35 units, average 15 units), France (20 units, average 9 units) and Korea (20 units, average 15 units). The sales increase could be in tandem with a broad-based economic recovery for some of these countries or strengthening of foreign currencies, which led to more foreigners purchasing homes here.

Chart 17 Higher proportion of homes bought by non-PRs

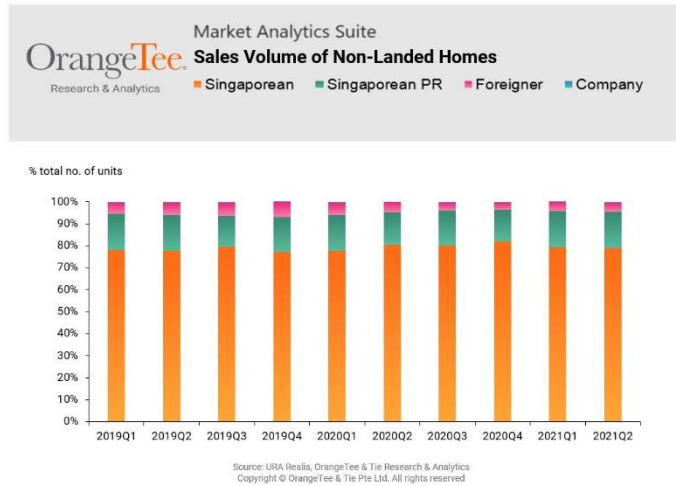


Chart 18 Non-PR and PR purchases slipped slightly

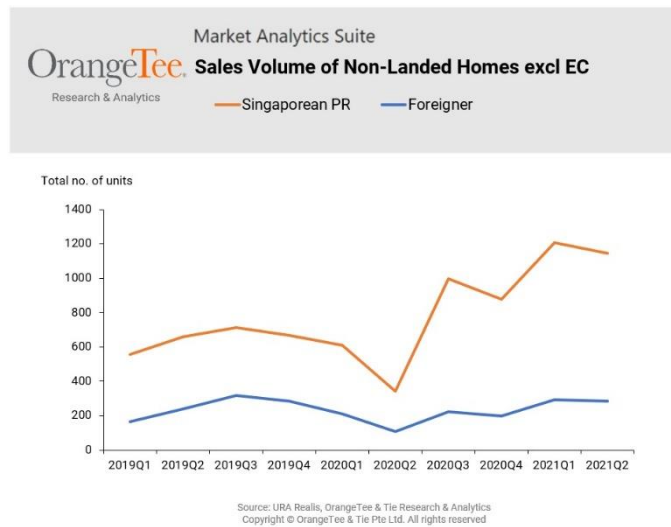


Chart 19 Mainland Chinese are the top foreign buyers in Q2 2021



# OUTLOOK

Indicators	2018	2019	2020	Q2 2021 (Q-o-Q)	H1 2021	Projection for 2021
<b>Overall</b>						
URA PPI Price Change	7.9%	2.7%	2.2%	0.8%	4.1%	6% to 9%
Sales Volume (excl. EC) (units)	22,139	19,150	20,909	8,449	16,549	27,000 to 29,000
<b>New Sale (excl. EC)</b>						
Price Change	10.8%	7.6%	0.7%	2.0%	10.4%	11% to 14%
Sales Volume (units)	8,795	9,912	9,982	2,966	6,459	10,000 to 11,000
<b>Resale (excl. EC)</b>						
Price Change	2.7%	3.6%	-3.8%	1.6%	6.6%	8% to 11%
Sales volume (units)	13,009	8,949	10,729	5,333	9,852	17,000 to 18,000
<b>Rental (excl. EC)</b>						
URA Rental Index	0.6%	1.4%	-0.6%	2.9%	5.2%	5% to 8%
Leasing volume (units)	89,904	93,960	92,537	23,536	47,158	85,000 to 95,000

Source: URA, OrangeTee & Tie Research & Analytics

The property market is currently propelled by strong upgrader demand, a recovering economy and low mortgage rates. There was strong job creation in the first half of this year and the hiring prospects are expected to brighten further.

The housing market may experience countervailing forces of a higher push from a global economic recovery, but a pull back of rising mortgage rates. Mortgage rates have been creeping up gradually after hitting record lows last year. Most economists are expecting rates to inch higher which may augur a slight demand slowdown from 2022.

However, many longer-term trends are at play which may sustain the property market even after the pandemic-driven boom fades. Singapore, as a magnet to the super-rich and foreign investors, will continue to pull in strong investments year after year. As most mass-market projects have been launched, the supply of new mass-market homes will remain limited. The scarcity of suburban homes may keep resale properties attractive.

According to the central bank chief of The Monetary Authority of Singapore, it appears that the probability of property curbs being implemented in the near future may not be high since they do not deem the market to be overheated.

The information may help to reassure buyers and stabilise the market as there is now more clarity. Earlier speculations of new cooling measures resulted in some panic buying and nudged on-the-fence buyers to take action before new buying criteria or borrowing limits are changed.

Barring unforeseen circumstances, the overall home prices may rise by 6 to 9 per cent for the whole of 2021. Buyers looking for affordable homes may continue to turn to the resale market in the suburban regions or selected city fringe areas. Therefore, this year's resale volume is estimated to hit 17,000 to 18,000 units, which will surpass the total resale volume in 2019 and 2020.

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