

Private Residential Market

REAL ESTATE DATA TRENDS AND ANALYTICS Q3 2020

- URA price index rebounded 0.8 per cent quarter-on-quarter after the Circuit Breaker period.
- A burst of home buying activities was observed across the island especially in the suburban and city fringe areas, causing a steep rebound in sales volume.
- Sales rose for big units while more mass-market homes were transacted at S\$2 million and above.
- Hit by the economic slowdown and rising unemployment among foreigners here, the rental market experienced a temporary slowdown.



Artist Impression of Hyll on Holland

Covid cloud brightens as market shows signs of recovery

The private residential market seems to be showing signs of a recovery nine months after the coronavirus outbreak. Although the pandemic has ravaged economies worldwide and severely affected businesses in many sectors, the skies seem brighter for Singapore's property sector that saw a surge of buyer interest and an uptick in sales. Investors were scouring for gems in the market while owner-occupiers were snapping up 'star-buy' units released by property developers.

Prices of private homes posted a second quarter increase. According to the quarterly statistics released by the Urban Redevelopment Authority (URA), prices of private homes rose 0.8 per cent quarter-on-quarter (q-o-q) in Q3 2020 after rebounding 0.3 per cent in the second quarter (Chart 1 & 2).

The price increase was largely driven by the Rest of Central Region (RCR) which rose by 2.5 per cent q-o-q, followed by the Outside of Central Region (OCR) at 1.7 per cent. Both market segments saw robust demand after the end of the Circuit Breaker period. Prices were also boosted by the landed segment which saw a spike in demand amid the health crisis.

For the first three quarters of this year, prices rose marginally by 0.1 per cent which outperformed our earlier projection of between -1 and -3 per cent for the whole of 2020. In comparison, prices increased by 2.1 per cent in the first three quarters of last year during the pre-pandemic period.

Chart 2 Slight rebound in prices

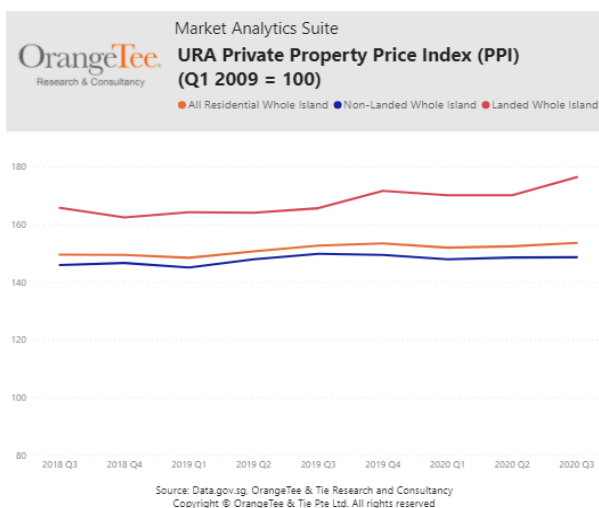


Chart 1 Market summary



The price increase is encouraging given the extent of uncertainties in the macroeconomy and job market. The property market beat expectations as it managed to avert a major price correction during the current pandemic that is considered to be one of the most severe health and economic crisis in recent decades. In comparison, prices posted four consecutive quarterly declines during the 2008 Global Financial Crisis and 10 consecutive quarterly decreases during the 1997 Asian financial crisis.

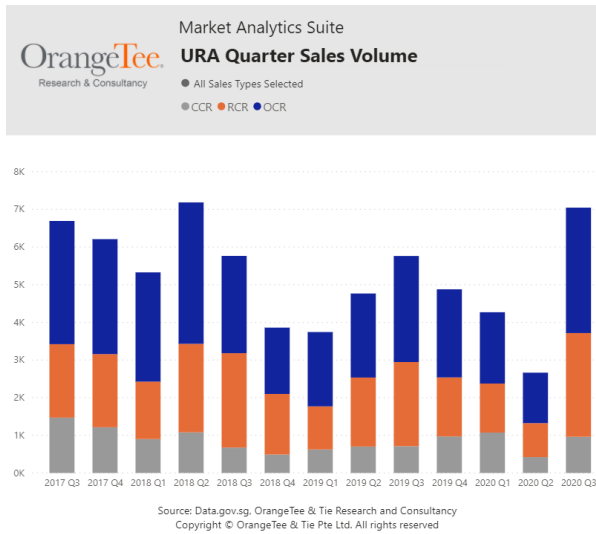
Various measures such as allowing borrowers to defer their loan repayments and temporary relief measures such as granting a waiver of extension charges of up to a total of six months for developers applying to extend their existing completion and/ or disposal deadline have probably prevented homeowners and developers from 'slashing' prices to move sales.

Table 1 Median price of non-landed homes

Market Segment	Type of Sale	Q2 2020	Q3 2020	Q-o-Q % change
Overall	All	\$1,585	\$1,567	-1.1%
CCR	New Sale	\$2,347	\$2,539	8.2%
	Resale	\$2,045	\$1,777	-13.1%
	Sub Sale	\$2,072	N.A.	N.A.
	Overall	\$2,274	\$2,158	-5.1%
RCR	New Sale	\$1,769	\$1,785	0.9%
	Resale	\$1,334	\$1,353	1.4%
	Sub Sale	\$1,572	\$1,761	12.0%
	Overall	\$1,724	\$1,713	-0.6%
OCR	New Sale	\$1,483	\$1,522	2.6%
	Resale	\$1,028	\$1,050	2.1%
	Sub Sale	\$1,469	\$1,506	2.5%
	Overall	\$1,394	\$1,339	-3.9%

Source: URA, OrangeTee & Tie Research & Consultancy

Chart 3 Sales volume rebounded strongly



Last quarter, there was a burst of home buying across the island especially in the suburban and city fringe areas. According to the URA quarterly real estate statistics, 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 (Chart 3).

Investor exuberance for real estate properties seemed to have spilt over from the primary market to the secondary market. Last quarter, the new sales volume surged 105.3 per cent from 1,713 units in Q2 2020 to 3,517 units Q3 2020. The resale market registered a steeper q-o-q increase of 271.6 per cent from 933 units to 3,467 units over the same period. Resale homes also accounted for a bigger proportion of total sales last quarter at 49.2 per cent, when compared to 35.0 per cent in the preceding quarter.

Chart 4 Surge in sales of large condos

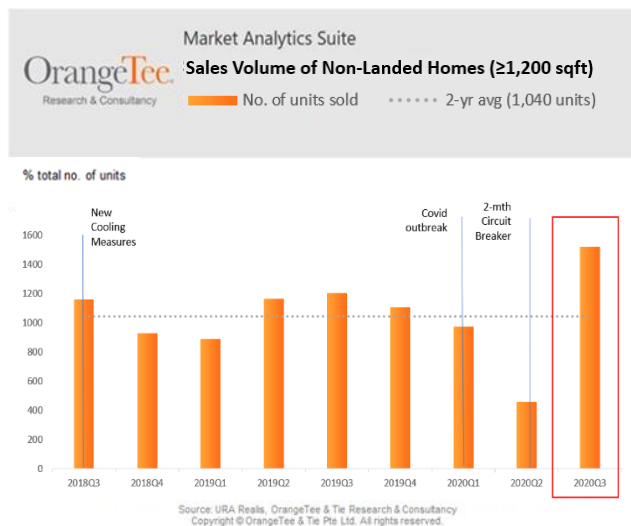


Table 2 Best-selling projects in Q3 2020

Project Name	Units Sold	Median Unit Price (\$PSF)
New Sale		
PENROSE	388	\$1,540
TREASURE AT TAMPINES	329	\$1,359
FORETT AT BUKIT TIMAH	246	\$1,932
PARC CLEMATIS	208	\$1,654
JADESCAPE	189	\$1,762
THE FLORENCE RESIDENCES	168	\$1,559
THE GARDEN RESIDENCES	150	\$1,580
THE WOODLEIGH RESIDENCES	149	\$1,893
DAINTREE RESIDENCE	145	\$1,690
STIRLING RESIDENCES	98	\$2,003
Resale		
MARINA ONE RESIDENCES	39	\$2,370
8 SAINT THOMAS	26	\$2,780
THE MINTON	23	\$1,072
HIGH PARK RESIDENCES	23	\$1,211
REFLECTIONS AT KEPPEL BAY	20	\$1,601
COSTA DEL SOL	19	\$1,256
SIMS URBAN OASIS	17	\$1,531
COCO PALMS	17	\$1,215
THE PANORAMA	15	\$1,459
CARIBBEAN AT KEPPEL BAY	15	\$1,451

Source: URA, OrangeTee & Tie Research & Consultancy

Buyers were snapping up larger condominiums during the current market downturn. According to the URA Realis data, the number of large condos at 1,200 sqft and above rose 248.1 per cent q-o-q and 32.0 per cent y-o-y to 1,591 units in Q3 (Chart 4). It is also higher than the 2-year average of 1,040 units.

The increase in sales of bigger condominiums can be observed across all market segments. Last quarter, the number of large condominiums increased 283.5 per cent q-o-q to 487 units in RCR, 254.1 per cent q-o-q to 772 units in OCR and 196.4 per cent q-o-q to 332 units for CCR.

We have similarly observed an increase in landed properties being transacted last quarter. In Q3 2020, a total of 598 landed homes changed hands, more than doubling the previous quarter's 212. This is also the strongest quarter since 775 landed homes were sold in Q2 2018.

Perhaps people are now more acutely aware of the need to buy a bigger unit to set up a dedicated workspace or small office at home. Some astute buyers may be seizing the opportunity to buy a bigger home at the current 'lower price point' since prices are likely to rise after the pandemic or when a vaccine is found.

LUXURY SEGMENT

Demand for luxury homes strengthened after the Circuit Breaker period. According to URA Realis data, 811 non-landed private homes excluding EC in CCR were sold in Q3 2020, 100.7 per cent higher than the 404 units transacted in the preceding quarter (Chart 5). The number of non-landed luxury home transactions was also 32.3 per cent higher than the 613 units sold in Q3 2019.

Prices of new non-landed homes continued to rise last quarter. The average price of non-landed new sales rose 5.9 per cent from S\$2,438 psf in Q2 2020 to S\$2,582 psf in Q3 2020. Prices of resale non-landed homes slipped 7.3 per cent to S\$1,902 psf in Q3 2020 from S\$2,052 psf in Q2 2020 (Chart 6).

Last quarter, District 10 was the most popular district among luxury home buyers with 291 transactions (Chart 7). This is followed by District 9 with 253 transactions, District 11 with 141 units and District 1 with 62 units sold respectively. The most popular projects in District 10 with the highest sales volume were Fourth Avenue Residences (64 units), Leedon Green (15 units), and Royal Green (11 units). For District 9, the projects with the highest luxury home sales were Kopar at Newton (48 units), 8 Saint Thomas (26 units) and The Avenir (18 units).

This year, the most expensive luxury condominium sold in terms of price per sqft was an apartment at Wallich Residence that went for S\$4,987 psf or S\$17.5 million. The 326 sqm 61st floor unit was transacted in January this year. The priciest luxury home sale in terms of price quantum, was an 812 sqm sprawling apartment at Ardmore Park sold for S\$27.7 million in April this year. This is followed by a 610 sqm unit at the Marina One Residences that was transacted for S\$19.7 million in August, setting a new record price for the development.

Chart 5 Sales volume rose after the Circuit Breaker period

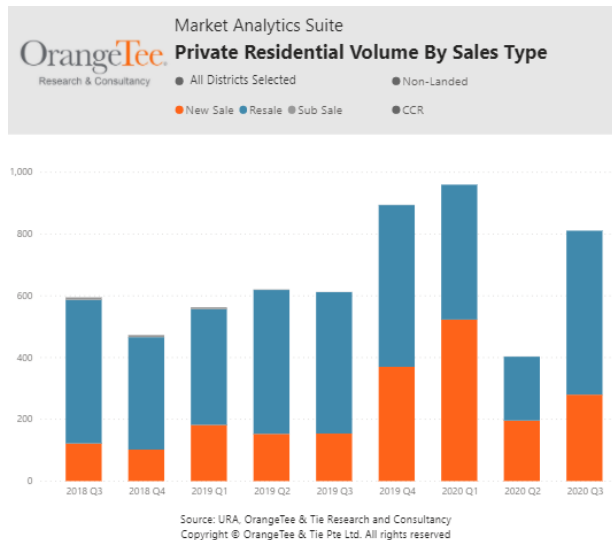


Chart 6 Price of new non-landed homes rose 5.9% q-o-q

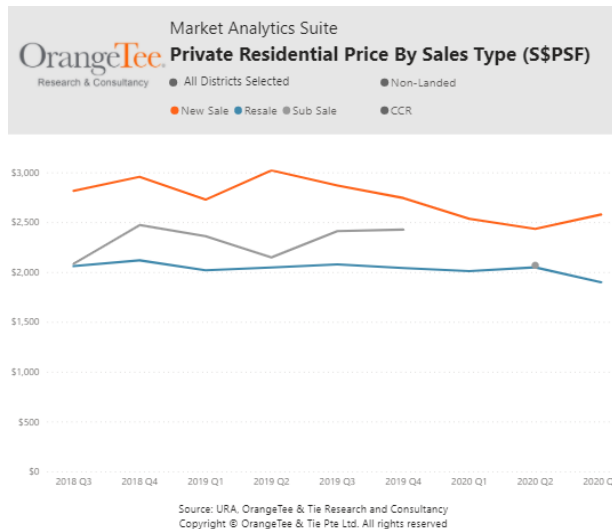


Chart 7 District 10 had the most luxury home transactions

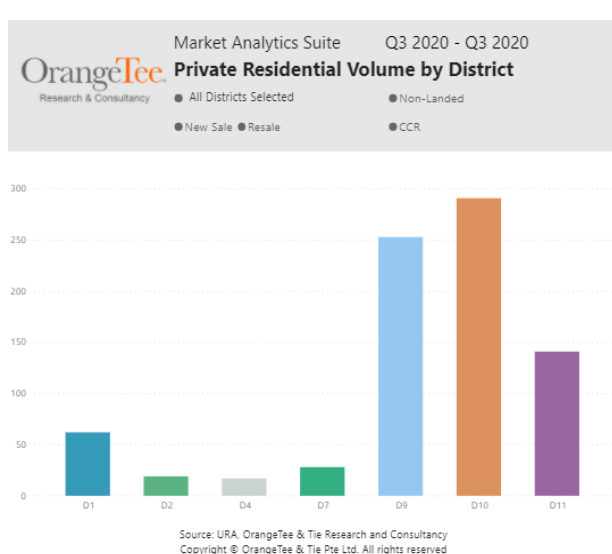


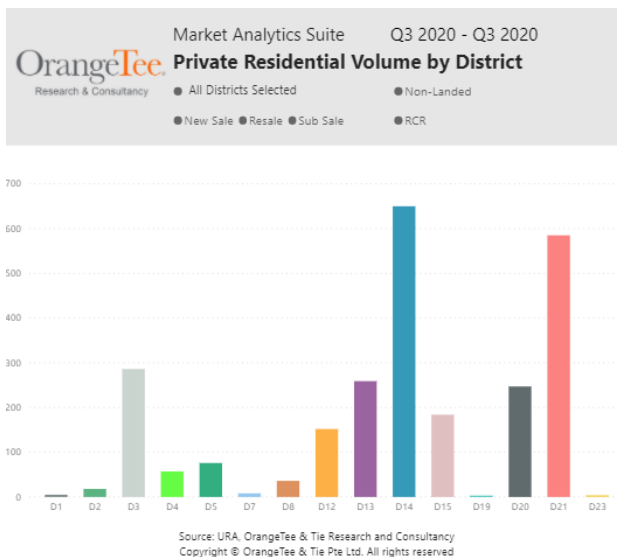
Chart 8 Spike in sales of city fringe homes



Chart 9 Sales volume rose for five consecutive months



Chart 10 Most popular districts in RCR – D14 and D21



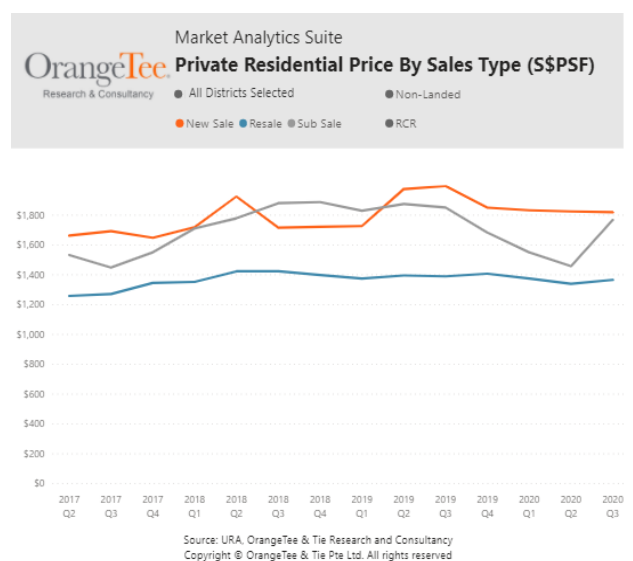
MID-TIER SEGMENT

Demand for private homes in the city fringe spiked in Q3. According to URA Realis data, private homes (excluding EC) in RCR rose 205.2 per cent q-o-q from 842 units in Q2 2020 to 2,570 units last quarter after slipping three consecutive quarters. Sales volume was 23.9 per cent higher y-o-y when compared to the 2,074 units sold in Q3 2019 (Chart 8).

Sales rose for five consecutive months since April when showflats were closed during the Circuit breaker. Last quarter, the most popular projects were Penrose that sold more 388 units, followed by Forett at Bukit Timah (246 units), Jadescape (189 units), The Woodleigh Residences (149 units), Daintree Residences (145 units), Stirling Residences (98 units) and Parc Esta (88 units). District 14 and District 21 were the most popular districts in Q3 2020 (Chart 10).

The average price of new non-landed homes held relatively stable last quarter at S\$1,820 psf in Q3 2020, slipping marginally from S\$1,825 psf in Q2 2020 (Chart 11). Prices of resale non-landed homes rose 1.9 per cent from S\$1,340 psf in Q2 2020 to S\$1,366 psf last quarter.

Chart 11 New sale price for non-landed homes held steady



MASS MARKET SEGMENT

Sales volume for mass-market non-landed homes rebounded strongly last quarter. According to URA Realis data, 2,701 mass-market non-landed homes were transacted in Q3 2020, up 135.7 per cent from the 1,146 units sold in the preceding quarter (Chart 12). Non-landed new home sales rose 72.0 per cent q-o-q to 1,359 units while resales increased 282.7 per cent to 1,309 units in Q3 2020.

The average price of non-landed mass-market resale homes increased by 2.4 per cent q-o-q to S\$1,058 psf while the average price of non-landed new homes rose by 2.5 per cent to S\$ 1,512 psf in Q3 2020 (Chart 13). Year-on-year, prices of new condos rose 3.6 per cent and prices of resale condos increased 1.7 per cent last quarter.

Last quarter, 168 non-landed homes in OCR were transacted at S\$2 million and above (Chart 14). This is much higher than the 38 units sold in Q2 and 58 units sold in Q1 of this year. It is also higher than the 54 units transacted in Q3 2019. Of the 168 units transacted last quarter, 35 units were at Parc Clematis, 24 units at Treasure at Tampines, 12 units at Seaside Residences and 10 units at The Florence Residences.

The priciest mass market condominium transacted in Q3 2020 was a 428 sqm resale unit at The Triling that was sold for S\$4.8 million or S\$1,042 psf in September. This is followed by a resale unit at The Tembusu, which was a 361 sqm freehold condominium sold for S\$4.6 million or S\$1,184 per sq ft in August.

In terms of price per sqft, nine units were transacted at S\$2,000 psf last quarter, more than the 4 units transacted in H1 2020. The priciest unit by price per sq ft was a 70 sqm new apartment at the Infini at East Coast transacted at S\$2,098 psf in August 2020.

Chart 12 Sales volume rebounded last quarter

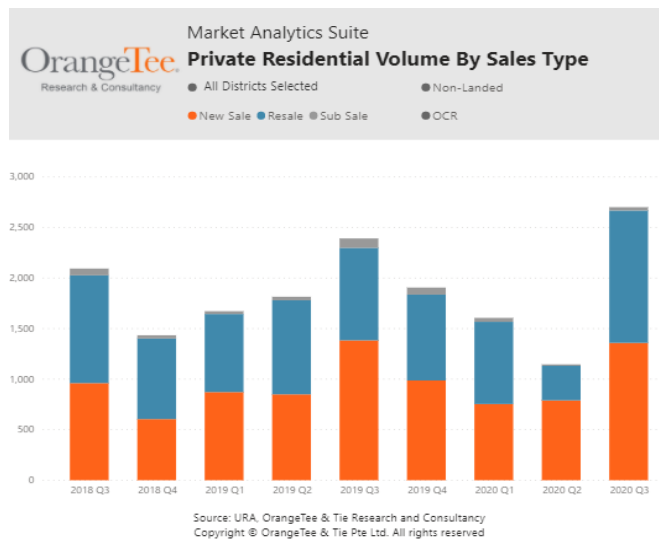


Chart 13 Prices rose for both new and resale condominiums

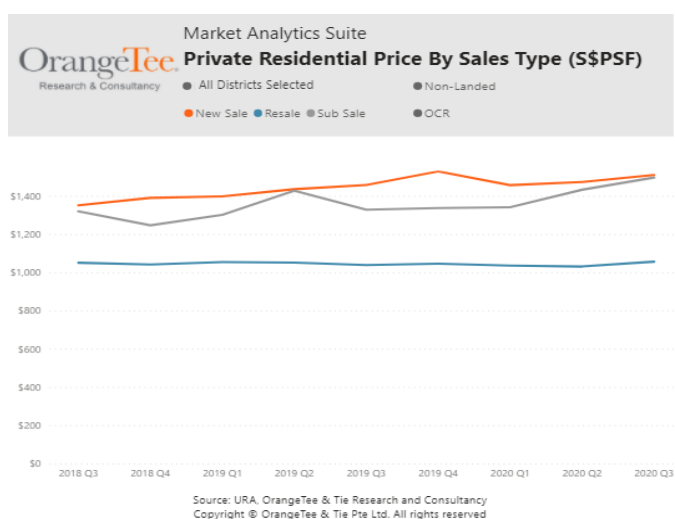
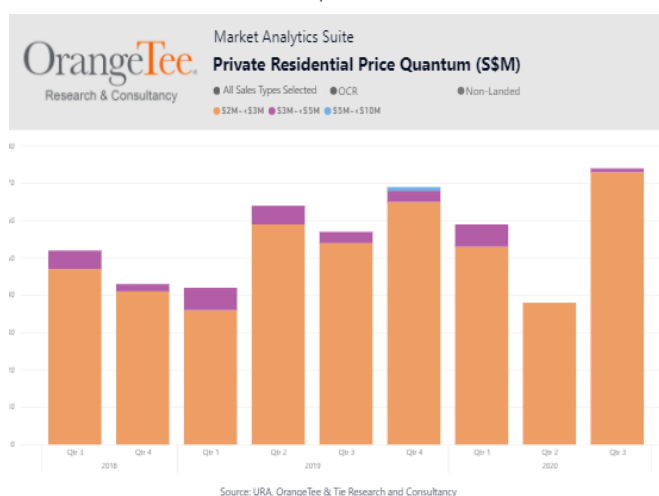


Chart 14 More units sold at \$2 million and above





Artist's Impression of Verdale



Artist's Impression of Rymden 77



Although the pandemic has ravaged economies worldwide and severely affected businesses in many sectors, the skies seem brighter for Singapore's property sector as prices of private homes posted a second quarterly uptick and sales volume rebounded strongly in recent months.

~ Christine Sun

Chart 15 Rental volume picked up after Circuit Breaker

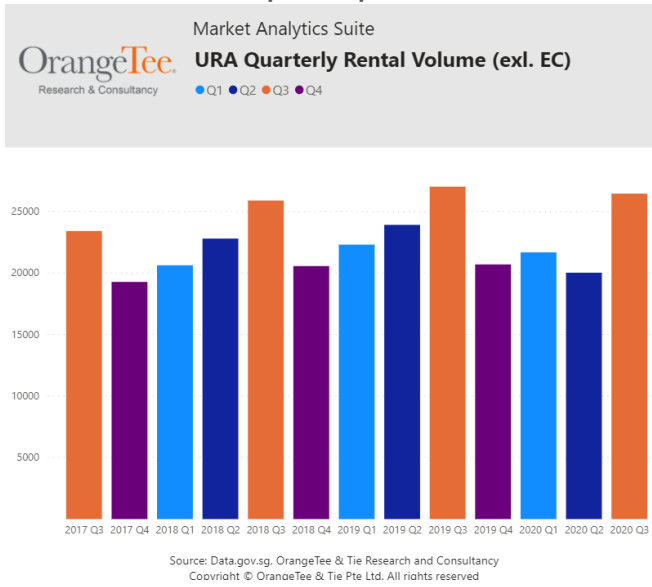


Chart 16 Rental index slipped

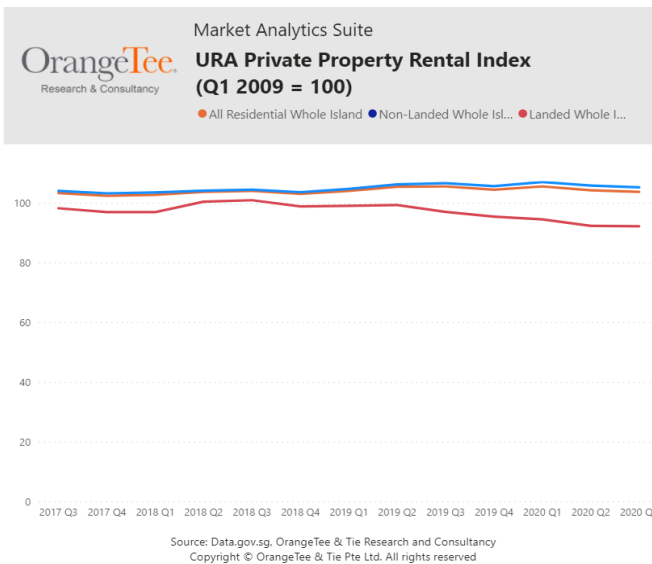
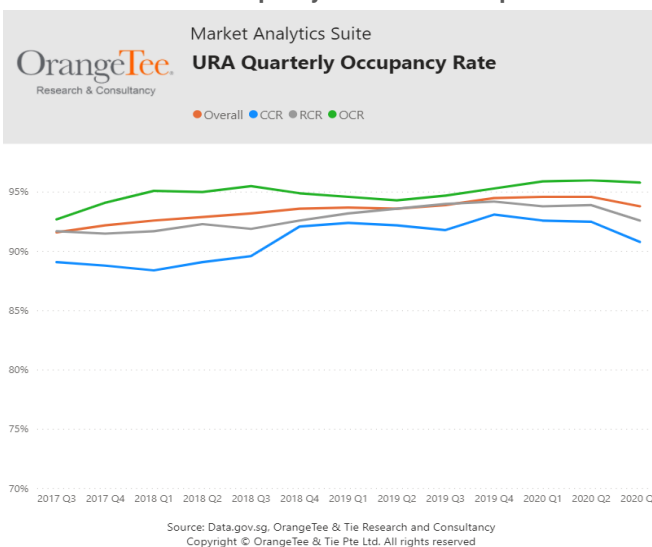


Chart 17 Overall occupancy rate fell to 93.8 per cent



RENTAL

The rental market could be experiencing the start of a domino effect of an economic slowdown and rising unemployment among foreigners here. The pandemic has temporarily stalled the rental price growth last quarter.

With many global economies still reeling from the pandemic, coupled with strict border controls and an uncertain employment climate, the overall rental index declined by 0.5 per cent q-o-q and 1.7 per cent y-o-y (Chart 16). Occupancy rates fell from 94.6 per cent in Q2 2020 to 93.8 per cent last quarter (Chart 17).

However, the private rental volume rose by 32.1 per cent from 20,030 units in Q2 2020 to 26,462 units in Q3 2020 after the Circuit Breaker period (Chart 15).

There seem to be more Singaporeans renting private homes recently. Some may prefer the privacy and convenience of living apart from their families, especially since more people are working from home.

A growing number of tenants have also opted for shorter leases with the intention of moving elsewhere if they manage to find cheaper accommodation. As leases are now shorter, there could be more transactions recorded over time.

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 Q3 2020, comprising 80.7 per cent with 4,754 sales. This is the highest proportion since Q1 2009 at 82.5 per cent (Chart 18). PRs bought 901 non-landed homes while non-PRs bought 215 units in Q3 2020.

Last quarter, Mainland Chinese remained as the top foreign buyer. They purchased 225 non-landed homes, followed by buyers from Malaysia (122 units), India (113 units) and Indonesians (42 units) (Chart 19). Another 421 units were classified as Foreign Unspecified.

Most buyers bought homes below S\$2 million last quarter. For Mainland Chinese, 60.0 per cent of buyers bought homes ranging from S\$500,000 to S\$1.5 million. Almost 20 per cent bought pricier homes above S\$3 million. Of this number, 19 were above S\$5 million. In terms of price per sqft, most Mainland Chinese buyers bought homes below S\$18,000 psm or S\$1,672 psf (Chart 20).

The most popular district among Mainland Chinese buyers were District 19 (26 units), District 5 (23 units), District 10 (22 units) and District 14 (17 units) (Chart 21).

Chart 18 Singaporean purchases hit a high

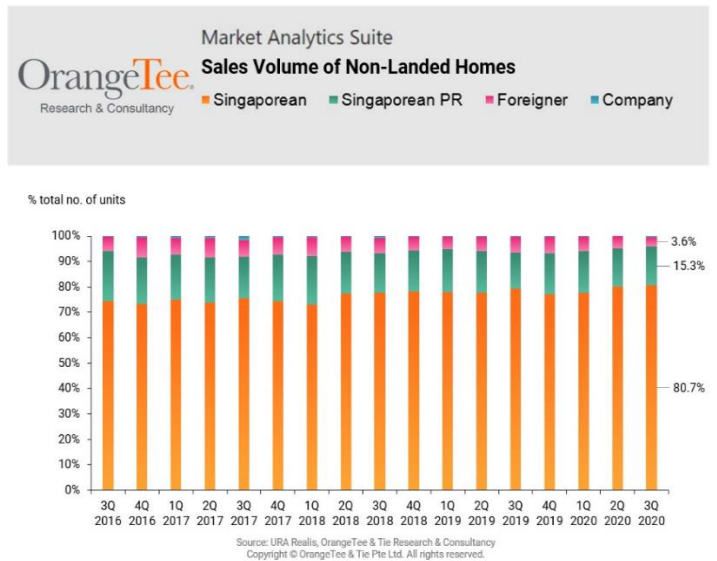


Chart 19 Buyers from USA, Indonesia and France bought pricier homes

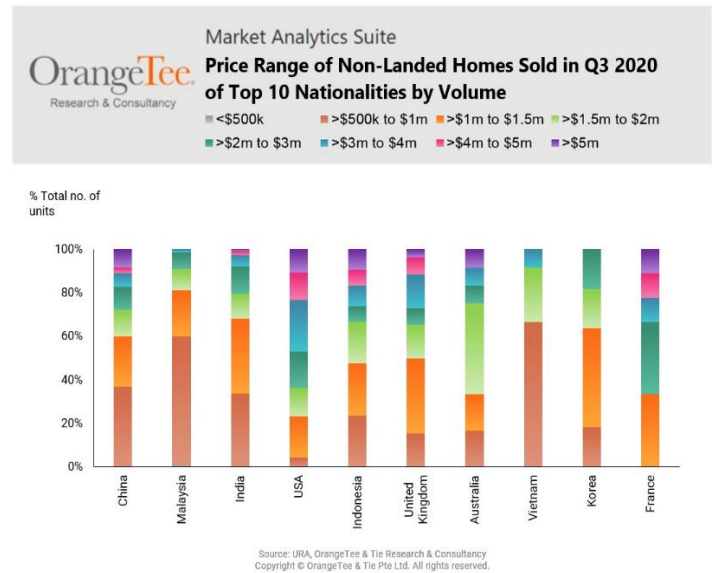


Chart 20 Price range of condos bought by Mainland Chinese

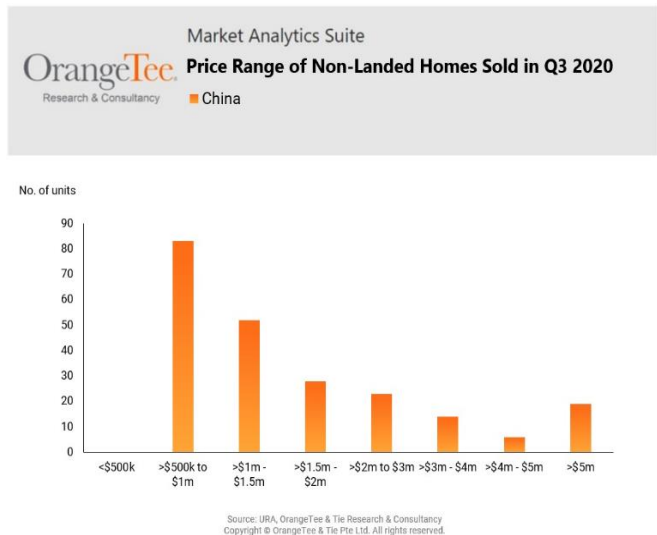
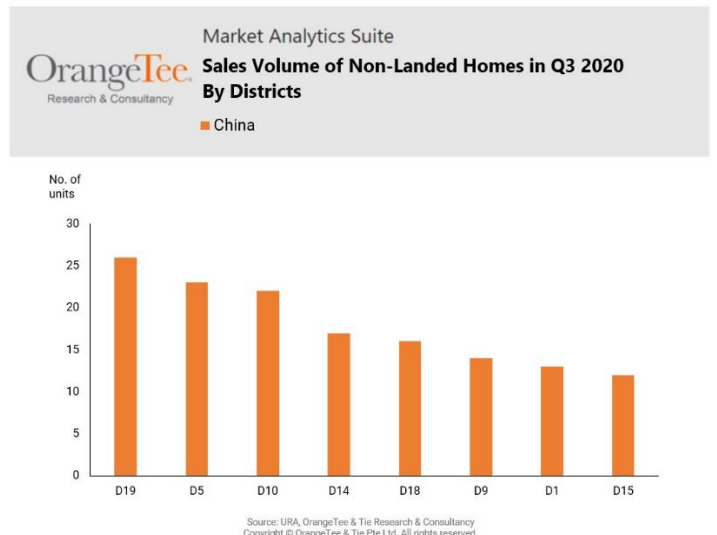


Chart 21 Most popular districts among Mainland Chinese buyers



OUTLOOK

Indicators	2018	2019	Q3 2020 (Q-o-Q)	Q1-Q3 2020	Projection for the whole of 2020
Overall					
URA PPI Price Change	7.9%	2.7%	0.8%	0.1%	-1 %to 1%
Sales Volume (excl.EC) (units)	22,139	19,150	7,047	13,980	17,500 to 18,800
New Sale (excl. EC)					
Price Change	10.8%	7.3%	2.2%	-1.8%	-1% to 1%
Sales Volume (units)	8,795	9,912	3,517	7,379	9,000 to 9,800
Resale (excl. EC)					
Price Change	2.6%	3.5%	-1.8%	-3.0%	-2% to -4%
Sales volume (units)	13,009	8,949	3,467	6,480	8,500 to 9,000
Rental (excl. EC)					
URA Rental Index	0.6%	1.4%	-0.5%	-0.7%	-3% to 0%
Leasing volume (units)	89,904	93,960	26,462	68,176	86,000 to 88,000

Source: URA, OrangeTee & Tie Research & Consultancy

Consumer confidence is steadily returning as more sectors of our economy are reopening. Many long-term investors and wealthy buyers are still on the prowl for real estate properties as many are repositioning their wealth from riskier assets in light of the macroeconomic uncertainties.

During this pandemic, Q4 may see stronger real estate activities when compared to previous years, which could help to mitigate the adverse impact from the new regulations imposed on the reissuing of options to purchase (OTPs). To encourage financial prudence among buyers, property developers are now restricted from re-issuing OTPs to the same buyer of the same unit within 12 months after the expiry of the earlier OTP. As most locals will remain in Singapore due to the global travel restrictions, some may spend their holidays visiting showflats or attending virtual home tours.

The restrictions on the reissue of OTPs is unlikely to put a significant dent on home prices. Prices of homes may continue to stabilise, trending between a narrow range of between -1 and 1 per cent for the full year of 2020. We estimate that around 2000 to 2,500 new homes could be sold in the final quarter of this year. Around 9,000 to 9,800 new homes could be sold this year.



Artist's Impression of Midtown Bay

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