

Private Residential Market

REAL ESTATE DATA TRENDS AND ANALYTICS Q2 2020

- URA Prices and sales of private homes slipped under the effects of the pandemic and Circuit Breaker measures.
- There is sporadic 'green shoots' in certain locales where sales continue to move at some launches.
- Despite border lockdowns and traffic restrictions, the number of homes bought by foreigners hit triple-digits last quarter.
- The number of private homes sold this year could range between 14,500 and 16,800 units, of which new home sales may constitute around 7,500 to 8,500 units.



Artist Impression of Affinity At Serangoon

Sporadic 'green shoots' amid the global slowdown

The pandemic is one of the most severe global health crises we have encountered in recent decades. Considering that the macroeconomy is now in entirely uncharted waters and the strong headwinds facing Singapore's economy, housing demand was subdued across the globe. The private residential market in Singapore had not been spared as sales and prices of homes slipped in the first half of this year.

According to the quarterly statistics released by the Urban Redevelopment Authority (URA), prices of private homes rebounded 0.3 per cent quarter-on-quarter (q-o-q) in Q2 2020 after falling 1.0 per cent in Q1 (Chart 1 & 2). The price increase was led by the non-landed Core Central Region (CCR), where prices rose 2.7 per cent (Chart 3). Prices of non-landed homes in the Rest of Central Region (RCR) dipped 1.7 per cent while those in the Outside of Central Region (OCR) increased marginally by 0.1 per cent last quarter.

For H1 2020, overall prices for the first half of this year dipped by 0.7 per cent. This is approximately six months after the onset of the coronavirus in Singapore. While the price decline looks like a reminiscent of the 2008 and 1997 economic crises, the price correction did not seem to be as severe as initially feared. The URA price index dipped 4.6 per cent from Q2 to Q4 1996, around six months into the Asian Financial Crisis. Prices had similarly declined 8.3 per cent from Q2 to Q4 2008 during the first six-months of the Global Financial Crisis.

Chart 2 Slight rebound in prices

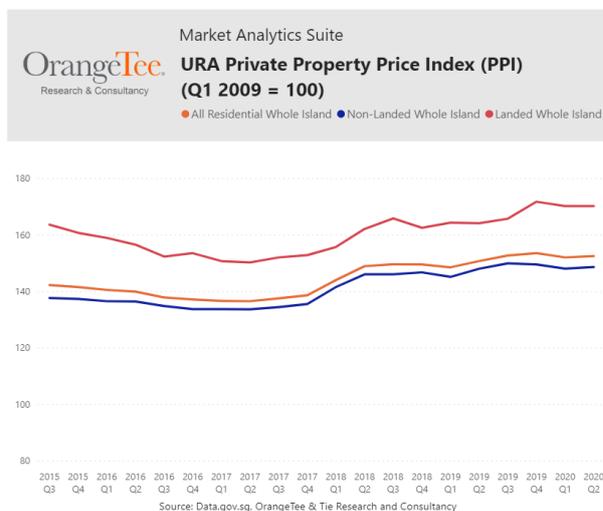
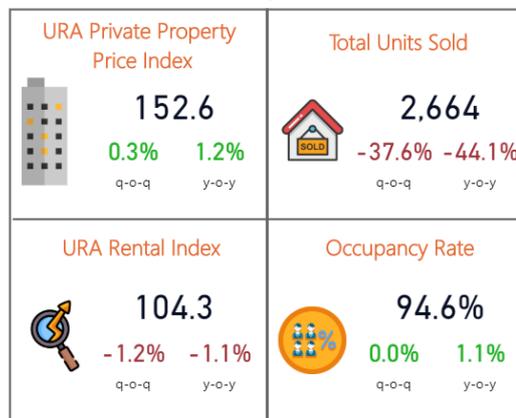


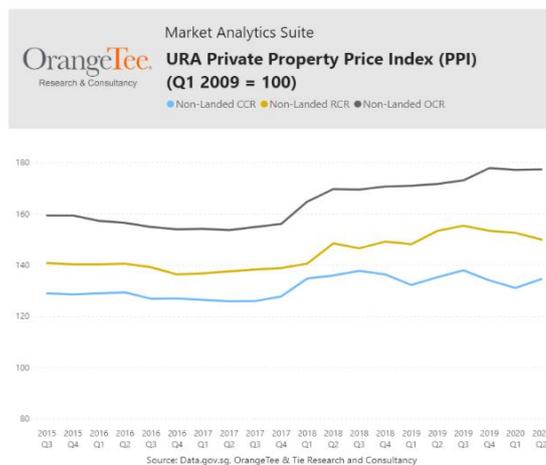
Chart 1 Market summary



Source: URA, OrangeTee & Tie Research & Consultancy

Currently, the escalating virus spread could continue to upend livelihoods and rattle global economies. However, several factors may mitigate the full extent of the economic shock on the property market in Singapore and prevent home prices from falling too significantly.

Chart 3 Prices resilient in the CCR



Governments and central banks around the world have enacted comprehensive fiscal programs and sizable stimulus packages to counteract the disruptions caused by the pandemic. The Fed has cut its benchmark interest rates more than once this year and may keep rates staying near zero through 2022. The low-interest rates will keep the borrowing cost affordable for consumers while the massive QE (Quantitative Easing) programs will likely stimulate spending, increase consumer wealth and raise investor confidence. Both of these moves were effective in spurring economic growth and boosting property markets historically.

Chart 4 Sales slipped during the Circuit Breaker Period



To help businesses and households cope with the economic impact of the pandemic and prevent large-scale job losses, Singapore has unleashed four stimulus packages totally around S\$100 billion. This is by far the largest rescue package launched as previous downturns in 1998, 2001, 2003 and 2009 range between \$230 million to \$20.5 billion.

Last quarter, private home sales were adversely affected by both the pandemic and stricter safe distancing measures imposed during a two-month Circuit Breaker in April and May, during which all show flats were closed.

Table 1 Best-selling projects in Q2 2020

Project Name	Units Sold	Median Unit Price (S\$PSF)
New Sale		
TREASURE AT TAMPINES	185	\$1,357
THE FLORENCE RESIDENCES	150	\$1,513
PARC CLEMATIS	149	\$1,624
PARC ESTA	137	\$1,675
KOPAR AT NEWTON	122	\$2,275
STIRLING RESIDENCES	105	\$1,935
JADESCAPE	94	\$1,736
THE TAPESTRY	72	\$1,341
KENT RIDGE HILL RESIDENCES	54	\$1,760
DAINTREE RESIDENCE	49	\$1,671
AFFINITY AT SERANGOON	49	\$1,567
AVENUE SOUTH RESIDENCE	43	\$2,019
RIVERFRONT RESIDENCES	42	\$1,349
Resale		
MARINA ONE RESIDENCES	35	\$2,313
38 JERVOIS	14	\$2,052
8 SAINT THOMAS	13	\$2,764
HIGH PARK RESIDENCES	12	\$1,238
V ON SHENTON	7	\$2,338
D'NEST	6	\$1,080
THE SAIL @ MARINA BAY	6	\$1,805
REFLECTIONS AT KEPPEL BAY	6	\$1,614

Source: URA, OrangeTee & Tie Research & Consultancy

According to the URA quarterly real estate statistics, the total number of transactions dipped by 37.6 per cent from 4,269 units in Q1 2020 to 2,664 units in Q2 2020 (Chart 4), a third consecutive quarterly drop. The secondary market registered a steeper q-o-q fall of 55.1 per cent from 2,080 units in Q1 2020 to 933 units last quarter. Comparatively, new home sales dipped 20.3 per cent over the same period from 2,149 units to 1,713 units.

Despite the fall in new sales, there is sporadic evidence of 'green shoots' in certain areas where buyers were snapping up good bargains at selected new launches. Demand was also resilient at some luxury projects which continued to draw buying interest from well-heeled locals and foreign investors. In Q2 2020, 41 new non-landed homes were sold above S\$3 million; and five new condos were sold above S\$10 million, higher than the 2 units transacted in Q1.

Table 2 Median price of non-landed homes

Market Segment	Type of Sale	Q1 2020	Q2 2020	Q-o-Q % change
Overall	All	\$1,561	\$1,593	2.0%
CCR	New Sale	\$2,477	\$2,365	-4.5%
	Resale	\$1,875	\$2,042	8.9%
	Sub Sale	NA	\$2,072	NA
	Overall	\$2,378	\$2,283	-4.0%
RCR	New Sale	\$1,737	\$1,772	2.0%
	Resale	\$1,345	\$1,343	-0.2%
	Sub Sale	\$1,447	\$1,296	-10.5%
	Overall	\$1,686	\$1,728	2.5%
OCR	New Sale	\$1,440	\$1,483	3.0%
	Resale	\$1,030	\$1,023	-0.7%
	Sub Sale	\$1,303	\$1,441	10.6%
	Overall	\$1,296	\$1,398	7.9%

Source: URA, OrangeTee & Tie Research & Consultancy

According to URA Realis data, prices of new non-landed homes in the CCR dipped 4.5 per cent q-o-q to a median unit price of S\$2,365 psf last quarter (Table 2). Prices of new non-landed homes in RCR and OCR rose by 2.0 per cent and 3.0 per cent q-o-q respectively.

For the resale market, prices dipped for non-landed homes in RCR (-0.2 per cent) and OCR (-0.7 per cent). However, prices of resale condos in CCR increased 8.9 per cent from S\$1,875 psf in Q1 2020 to S\$2,042 psf in Q2 2020.

LUXURY SEGMENT

Market sentiment in the luxury home segment weakened last quarter amid the Covid-19 Circuit Breaker and an absence of new launches. According to URA Realis data, 403 non-landed private homes excluding EC in CCR were sold in Q2 2020, down 58.1 per cent q-o-q from the 962 units transacted in the first quarter of this year (Chart 5). On a y-o-y basis, non-landed luxury home sales dipped 35.2 per cent from the 622 units sold in Q2 2019.

Despite the pandemic, resale prices held relatively steady compared to new sales over the past few quarters. In Q2 2020, the average unit price of non-landed resale homes in CCR held relatively steady at S\$2,056 psf, rising by 2.1 per cent from the S\$2,014 psf in Q1. Prices of non-landed new sales dipped by 3.7 per cent q-o-q to S\$2,444 psf in Q2 2020 from S\$2,539 psf in Q1 2020 (Chart 6).

Last quarter, 10 non-landed homes were sold above S\$10 million last year (Chart 7). The priciest unit was a 29th floor unit at the Ardmore Park transacted at S\$27.7 million or S\$3,163 psf in April 2020. A 25th floor unit at the Claymore was sold for S\$17 million or S\$3,456 psf in April 2020. Two units at 15 Holland Hill were sold for S\$15 million and S\$13.82 million last quarter.

Chart 5 Sales dipped amid absence of new launches

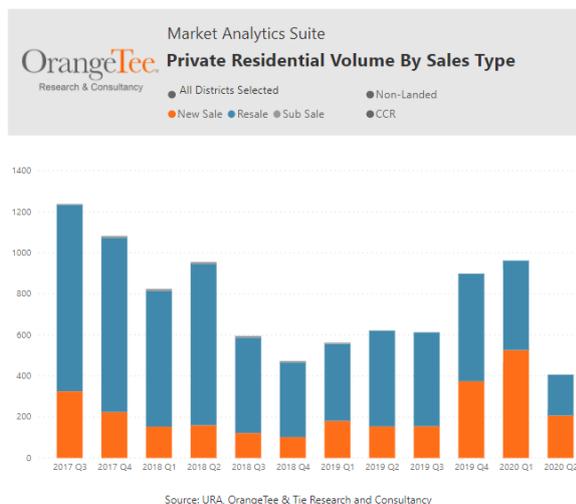


Chart 6 Resale condo home prices held steady



Chart 7 Super luxury condos sold above S\$10 million in Q2 2020

Block	Floor	Unit No.	Project Name	Type of Sale	Sale Date	Transacted Price	Unit Price (\$psf)	Area Range
15	29	3	ARDMORE PARK	Resale	Apr 2020	\$27.65M	\$3,163	8700 - <8800
27	25	3	THE CLAYMORE	Resale	Apr 2020	\$17.00M	\$3,456	4900 - <5000
15	12	3	15 HOLLAND HILL	New Sale	Jun 2020	\$15.00M	\$2,765	5400 - <5500
15	12	5	15 HOLLAND HILL	New Sale	Apr 2020	\$13.82M	\$2,692	5100 - <5200
18	2	6	THE NASSIM	Resale	Jun 2020	\$10.90M	\$3,398	3200 - <3300
19	3	12	NASSIM PARK RESIDENCES	Resale	May 2020	\$10.60M	\$3,058	3400 - <3500
88	7	5	BOULEVARD 88	New Sale	Apr 2020	\$10.32M	\$3,714	2700 - <2800
88	7	6	BOULEVARD 88	New Sale	Apr 2020	\$10.26M	\$3,711	2700 - <2800
88	5	6	BOULEVARD 88	New Sale	Jun 2020	\$10.18M	\$3,680	2700 - <2800
329	25	1	YONG AN PARK	Resale	Jun 2020	\$10.10M	\$1,509	6600 - <6700

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

Chart 8 Sales dipped for a third consecutive quarter

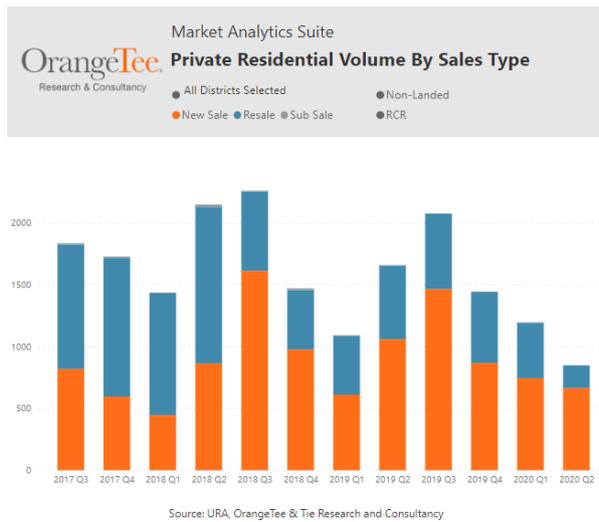
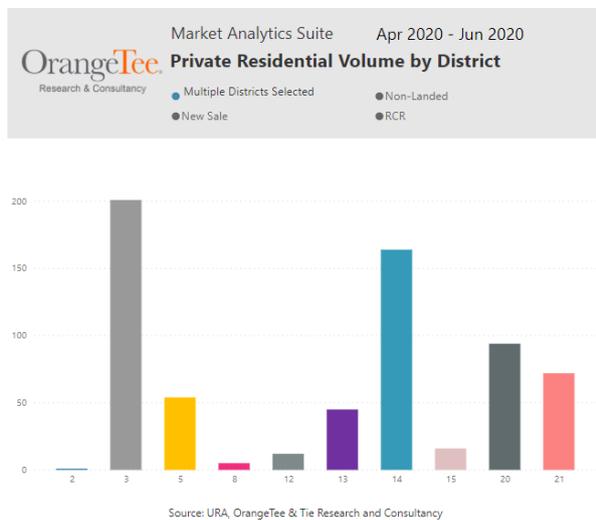


Chart 9 New & resale prices held relatively steady



Chart 10 Most popular districts in RCR – D3 and D14



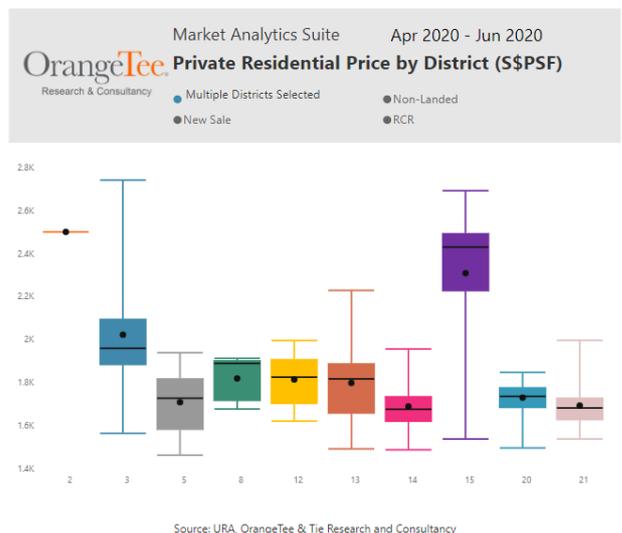
MID-TIER SEGMENT

According to URA Realis data, private homes (excluding EC) in RCR shrank for a third consecutive quarter in Q2 2020 to 850 units. On a y-o-y basis, private home sales dipped 48.8 per cent from 1,661 units in Q2 2019 (Chart 8). The sales decline could be attributed to a dearth of new launches and the impact of the pandemic.

The average price of new non-landed homes held relatively stable last quarter at S\$1,828 psf in Q2 2020, slipping marginally by 0.3 cent q-o-q from S\$1,833 psf in Q1 2020 (Chart 9). Prices of resale non-landed homes, on the other hand, dipped 2.0 per cent from S\$1,374 psf to S\$1,346 psf over the same period.

District 3 and district 14 were the most popular districts for new non-landed private homes in Q2 2020 (Chart 10). Last quarter, the most popular projects in district 3 was Stirling Residences that sold 105 units, followed by Avenue South Residences (43 units), One Pearl Bank (19 units), Margaret Ville (11 units) and Queens Peak (11 units). In district 14, the most popular project was Parc Esta with 137 units sold.

Chart 11 Average prices were mostly below S\$2,000 psf



MASS MARKET SEGMENT

According to URA Realis data, the average price of resale, mass-market condominiums was dipped marginally last quarter by 1.3 per cent to S\$1,025 psf. The average price of new non-landed homes in OCR rose by 1.2 per cent from S\$1,456 psf in Q1 2020 to S\$ 1,474 psf in Q2 2020 (Chart 12). Resale prices of non-landed homes dipped 1.3 per cent to S\$1,025 psf over the same period.

Sales volume for mass-market non-landed homes decreased for a third consecutive quarter on the back of fewer new launches and effects of the pandemic. In Q2 2020, 1,139 mass-market homes were transacted in OCR, down 29.7 per cent from the 1,620 units sold in the preceding quarter (Chart 13). New home sales rose last quarter by 5.7 per cent over the same period from 770 units in Q1 2020 to 814 units in Q2 2020.

The best-selling projects excluding ECs were Treasure at Tampines (185 units), Parc Clematis (154 units), The Florence Residences (150 units), The Tapestry (72 units), Affinity at Serangoon (51 units), Riverfront Residences (42 units), Whistler Grand (35 units) and The Garden Residences (30 units) (Chart 14).

Chart 12 Prices held firm in OCR



Chart 13 Sales volume dipped for third consecutive quarter

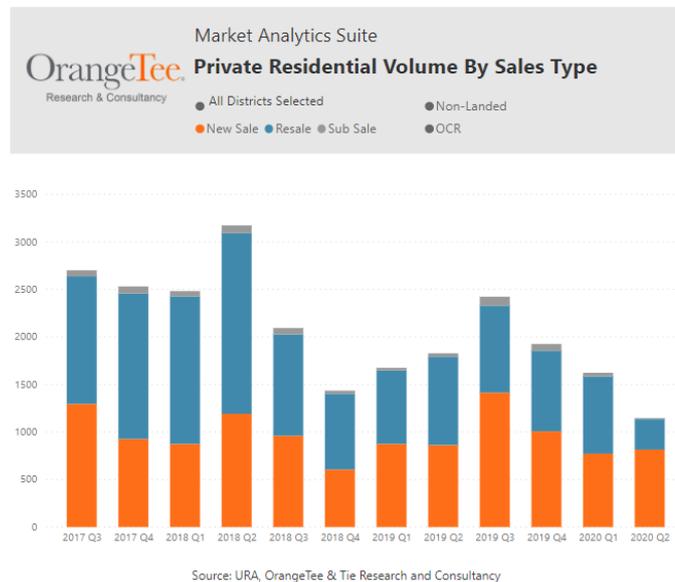
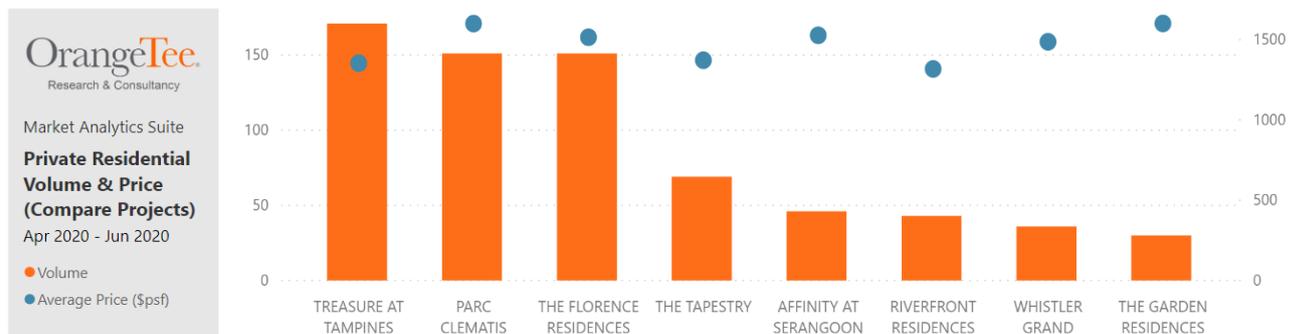


Chart 14 Best-selling projects in OCR





Artist's Impression of Royalgreen



Artist's Impression of Treasure At Tampines

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Governments and central banks around the world have enacted sweeping fiscal programs and sizable stimulus packages to counteract the disruptions caused by the pandemic. Singapore has also unleashed four stimulus packages totally around S\$100 billion which may help to keep our economy and property market afloat.

~ Christine Sun

Chart 15 Rental volume dipped 10.0 per cent q-o-q

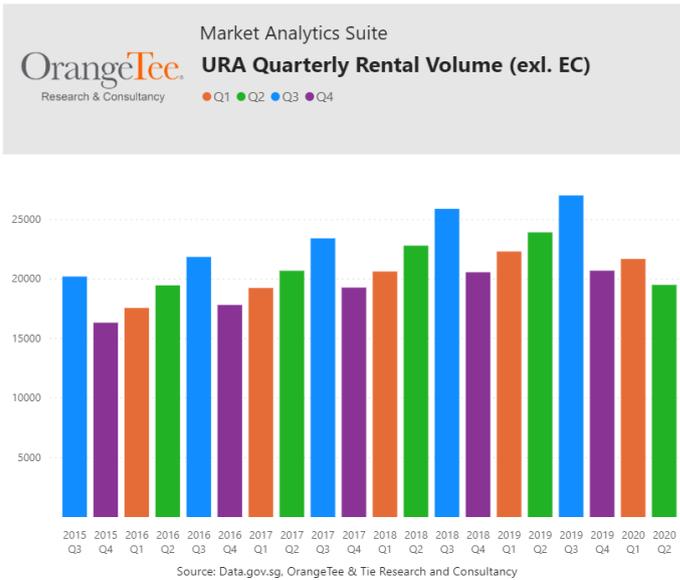


Chart 16 Rental prices remained stable

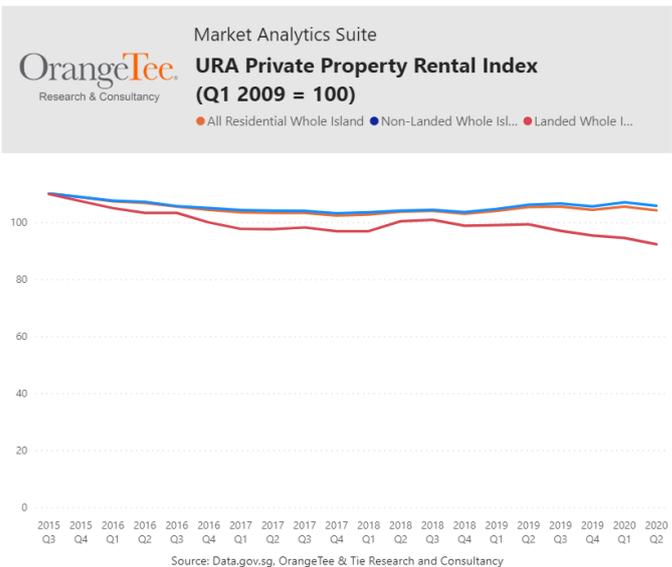
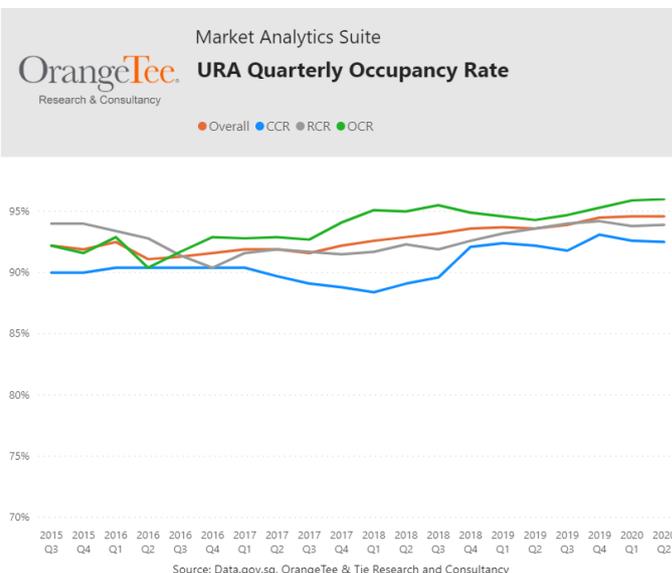


Chart 17 Occupancy held steady at 94.6 per cent



RENTAL

Border controls and travel restrictions imposed by many countries around the world have adversely impacted the rental market here. Private rental volume dipped by 10.0 per cent from 21,685 units in Q1 2020 to 19,506 units in Q2 2020 (Chart 15).

The bulk of the rental transactions seems to be renewals since new foreign expats were not able to enter Singapore during the Circuit Breaker period. Many tenants chose to renew their contracts to avoid the hassle of scouting for new housing. Some faced difficulty arranging house movers during that period should they decide to rent another place.

The overall rental index dipped 1.2 per cent q-o-q and 1.1 per cent y-o-y (Chart 16). Occupancy rates held steady at 94.6 per cent last quarter (Chart 17).

In recent weeks, we have observed more Singaporeans, renting apartments. Some are singles who were moving out to enjoy greater privacy while others needed a more conducive environment to work from home.

Some were also renting small apartments with friends as they were used to living independently overseas but are now back in Singapore for local work assignments since they cannot travel abroad during the pandemic.

NATIONALITY

Amid the macroeconomic uncertainty caused by the pandemic, buying interest from locals helped to keep the private residential market afloat. Based on URA Realis data, Singaporeans formed the bulk of buyers for non-landed homes (all types of sales) in Q2 2020, comprising 80.5 per cent. This is the highest proportion since Q1 2009 at 82.5 per cent (Chart 18).

Foreign buying interest (Singapore PR and non-PR) remained healthy despite the global lockdowns. While the number of condos bought by foreigners slipped when compared to last year, triple-digit sales were inked last quarter as PRs bought 350 units and non-PRs picked up 120 units.

Buying activities picked up significantly after show flats opened after the Circuit Breaker period. There was a significant spike in new condos bought by foreigners in June this year, rising by 139.4 per cent m-o-m to 170 units from 71 units and increasing 42.9 per cent y-o-y from 118 units. Including resales and sub-sales, 250 non-landed homes were bought by foreigners in June 2020, similar to the 250 units inked in June 2019.

Last quarter, more than half of the caveats (243 units) of foreign buyers were indicated as 'foreign unspecified' in URA Realis. Of those that reported their nationalities (227 units), 43.2 per cent were Mainland Chinese 98 units, 16.3 per cent were Malaysia (37 units), and 12.8 per cent were Indians (29 units).

Anecdotally we have observed an increase in buyers from Hong Kong, the United States and China. Over the past year (Q3 2019 to Q2 2020), 49 non-landed homes were bought by Hong Kong citizens. This number could be higher as some units may be classified under Mainland Chinese or 'foreign unspecified'. Americans bought 119 non-landed homes, while Mainland Chinese bought 932 units over the same period.

Chart 18 Singaporean purchases hit a high since Q1 2009

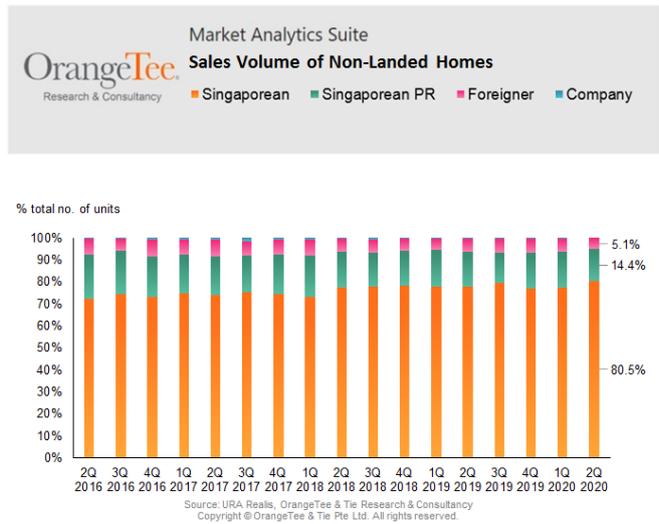


Chart 19 Indonesia, Australia, Hong Kong buyers bought pricier homes

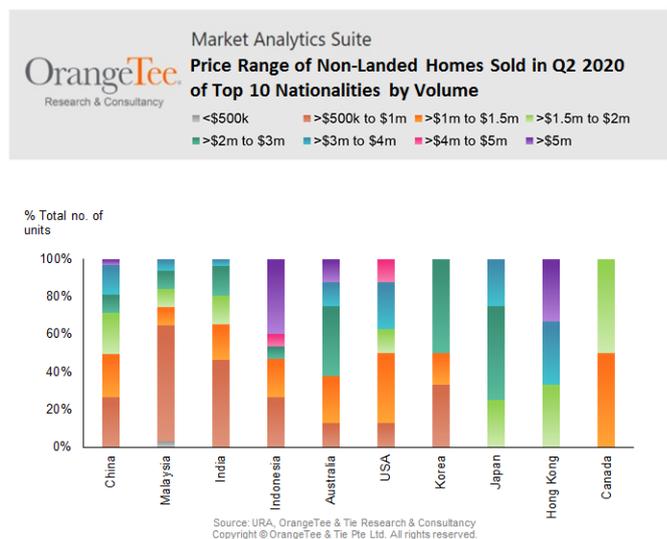
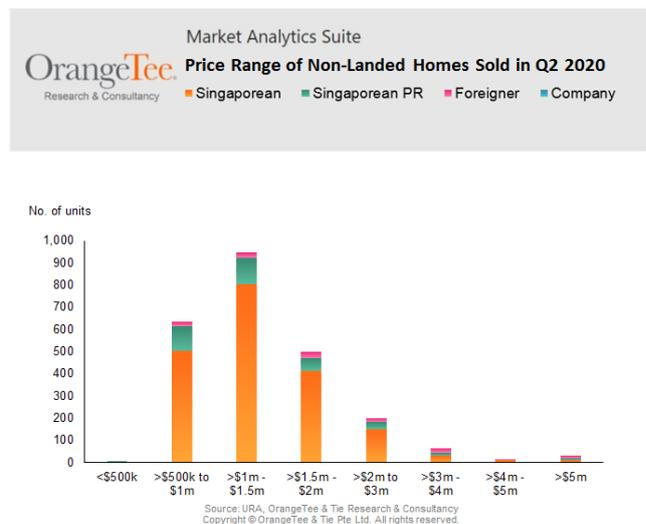


Chart 20 Most buyers bought homes below S\$2 million



OUTLOOK

Indicators	2018	2019	H1 2020	Projection for the whole of 2020
Overall				
URA PPI Price Change	7.9%	2.7%	-0.7%	-1% to -3%
Sales Volume (excl. EC) (units)	22,139	19,150	6,933	14,500 to 16,800
New Sale (excl. EC)				
Price Change	10.8%	7.3%	-6.0%	-1% to 1%
Sales Volume (units)	8,795	9,912	3,862	7,500 to 8,500
Resale (excl. EC)				
Price Change	2.6%	3.5%	1.0%	-2% to -4%
Sales volume (units)	13,009	8,949	3,013	7,000 to 8,000
Rental (excl. EC)				
Rental Index	0.6%	1.4%	-0.2%	-3% to 0%
Leasing volume (units)	89,904	93,960	41,191	81,000 to 84,000
Home Completions (units)	9,112	7,527	1,614	6,294

Source: URA, OrangeTee & Tie Research & Consultancy

The future of Singapore's real estate market against the backdrop of an impending macroeconomic crisis and evolving pandemic, remains uncertain and a full recovery may take some time.

Our domestic demand may continue to prop up the property market here. While a growing number of foreigners are becoming accustomed to buying properties online, some may still prefer to visit Singapore to choose the properties in person but they face travel restrictions in their home countries.

Prices may remain soft in the coming months owing to the growing economic uncertainties and escalating tensions. We estimate that overall prices may dip up to three per cent this year. 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's Impression of Daintree Residences

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