

# AMERICANS UNSEATED MAINLAND CHINESE TO BE THE TOP FOREIGN BUYERS IN Q2

## Private Residential Trends Q2 2023



Americans were the top foreign buyers in Singapore, having purchased the most condos in Q2 2023. They have displaced Mainland Chinese buyers who took the first position in Q1 2023 and from 2017 to 2022. Nonetheless, total foreign purchases dipped last quarter after new cooling measures were implemented in April. Prices of private residential homes have also begun to show signs of moderation and stabilisation as more housing supply comes onstream.



## PRICE TREND

Private home prices in the second quarter of 2023 declined by 0.4 per cent, reversing the 3.3 per cent increase in the first quarter, flash estimates from the Urban Redevelopment Authority (URA) showed (Chart 1). This marks the first decline since Q1 2020, when prices fell 1 per cent during the onset of Covid-19.

Year on year, the index is up 7.2 per cent, which was the smallest increase since 7.1 per cent in Q2 2021. Year to date, private home prices edged up 2.9 per cent in the first six months of this year, less than the 4.2 per cent registered in the first half of 2022 and 4.1 per cent in the first half of 2021. The trends indicate that the market have begun to show some signs of moderation and stabilisation.

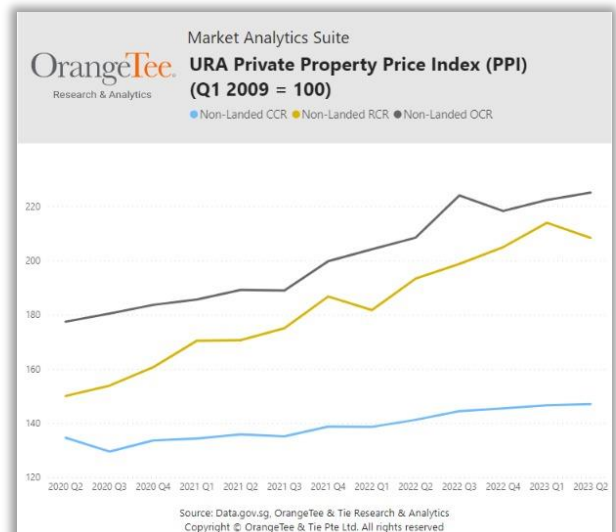
Price growth may have slowed after new cooling measures were implemented on September 2022 and April 2023, which raised the ABSD and affected the borrowing ability of buyers. Some buyers faced higher borrowing costs as interest rates remained elevated.

URA data showed that the non-landed segment dipped by 0.5 per cent, after a 2.6 per cent increase in the first quarter. The city fringe, or the rest of central region (RCR), led the non-landed sub-markets with a 2.6 per cent drop, compared with a 4.4 per cent gain in the preceding quarter (Chart 2). Conversely, prices of non-landed private residential properties in the suburbs or the outside central region (OCR) rose by 1.2 per cent in Q2 2023, slower than the 1.9 per cent growth in the previous quarter.

Chart 1 URA PPI (flash estimates) declined by 0.4%



Chart 2 URA PPI for non-landed RCR dipped 2.6%



# PRICES BY MARKET SEGMENT

Based on URA Realis data, the average price of new non-landed homes excluding executive condominiums (EC) in the RCR dipped by 3.7 per cent from S\$2,604 psf in Q1 to S\$2,509 psf in Q2 2023 (Table 1 and Chart 3).

The price fall in the city fringe could be driven by more new homes being sold at a price range of S\$2,400 psf to S\$2,500 psf last quarter. There were four major launches, i.e. The Reserve Residences, which sold 593 units at an average price of S\$2,492 psf, Tembusu Grand, which sold 362 units at S\$2,474 psf, The Continuum, which sold 228 units at S\$2,727 psf, and Blossoms By The Park which sold 214 units at S\$2,439 psf.

Comparatively, the best-selling new city fringe projects in Q1 2023 were sold at higher average prices, such as Terra Hill, which moved 91 units at S\$2,657 psf, and Riviere, which moved 37 units at S\$3,092 psf.

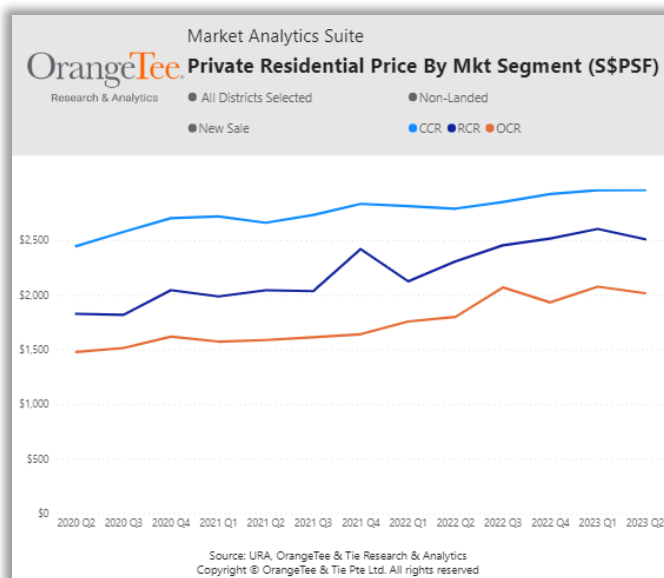
The average price of new non-landed homes excluding EC in OCR similarly declined by 2.8 per cent from S\$2,074 psf in Q1 2023 to S\$2,016 psf in Q2 2023. The price fall may be attributed to a lack of new project launches. New home transactions in the OCR plunged 77.6 per cent from 438 units in Q1 2023 to 98 units in Q2 2023.

Table 1 Average Price of Non-landed Homes

Type of Sale	Q1 2023	Q2 2023	Q-o-Q % change
<b>Core Central Region (CCR)</b>			
New Sale	\$2,959	\$2,960	0.1%
Resale	\$2,200	\$2,183	-0.8%
Sub Sale	\$2,903	\$3,018	4.0%
Overall	\$2,581	\$2,586	0.2%
<b>Rest of Central Region (RCR)</b>			
New Sale	\$2,604	\$2,509	-3.7%
Resale	\$1,666	\$1,711	2.7%
Sub Sale	\$2,060	\$2,050	-0.5%
Overall	\$1,925	\$2,241	16.4%
<b>Outside of Central Region (OCR)</b>			
New Sale	\$2,074	\$2,016	-2.8%
Resale	\$1,334	\$1,371	2.8%
Sub Sale	\$1,681	\$1,706	1.5%
Overall	\$1,540	\$1,444	-6.3%
<b>Total (CCR+RCR+OCR)</b>			
New Sale	\$2,562	\$2,580	0.7%
Resale	\$1,614	\$1,624	0.6%
Sub Sale	\$1,903	\$1,917	0.7%
Overall	\$1,927	\$2,066	7.2%

Source: URA, OrangeTee & Tie Research & Analytics

Chart 3 Prices of new non-landed homes in RCR dipped 3.7%



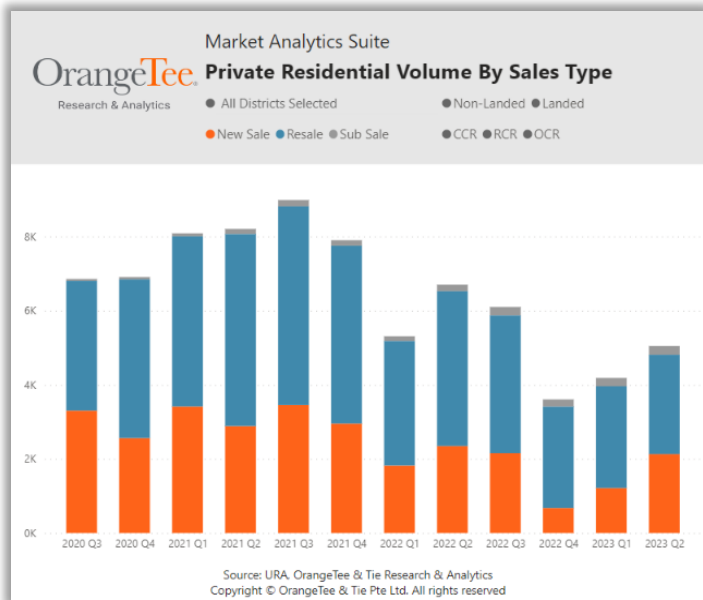
Consequently, the proportion of new sales in OCR dipped from 25.1 per cent to 6.9 per cent over the same period. The proportion of resale transactions in OCR rose from 69.1 per cent to 84.8 per cent. More resale homes were sold since many condos were completed.

New sale prices in the prime districts, or core central region (CCR), increased marginally by 0.1 per cent from S\$2,959 psf in the first quarter of this year to S\$2,960 psf in the second quarter.

The price growth was supported by continual sales at luxury projects like The Atelier, Leedon Green, Hyll on Holland, Midtown Modern, Klimt Cairnhill, The Avenir, Cairnhill 16, Irwell Hill Residences, Midtown Bay and Perfect Ten.

# SALES VOLUME

Chart 4 Overall sales rebounded on more new launches



Overall sales volume rebounded last quarter as more projects were launched. According to URA Realis data, overall sales (landed + non-landed excluding ECs) rose by 20.7 per cent from 4,187 units in Q1 to 5,052 units in Q2 2023 (Chart 4). However, on a year-on-year basis, sales dipped by 24.6 per cent from 6,703 units in Q2 2022.

By sales types, new home sales, excluding ECs, surged by 75.1 per cent from 1,218 units in Q1 2023 to 2,133 units in Q2 2023. Conversely, fewer resale homes were sold, slipping by 2.3 per cent from 2,744 units in Q1 2023 to 2,682 units in Q2 2023. The number of sub-sales rose marginally from 225 units in Q1 to 237 units in Q2 this year.

# SALES BY NATIONALITY

New property cooling measures were imposed on 27 April 2023, when the Additional Buyer's Stamp Duty (ABSD) rates were raised. Locals purchasing their first properties were unaffected, while foreign buyers were charged the highest ABSD of 60 per cent.

The recent cooling measures did not seem to affect local demand as they bought more private homes last quarter. Singaporeans purchasing non-landed properties (excluding EC) surged 40.8 per cent from 2,766 units in Q1 2023 to 3,895 units in Q2 2023. As a result, the proportion of non-landed home purchases by locals jumped from 72.3 per cent to 79.9 per cent over the same period, which was the highest proportion since Q4 2021 (80.9 per cent).

In contrast, foreigners (non-permanent residents or non-PR) purchasing non-landed homes excluding EC dipped by 22.6 per cent from 265 units in Q1 2023 to 205 units in Q2 2023. This is the lowest transaction volume since 145 units were transacted in Q1 2022 after the implementation of cooling measures in December 2021. The proportion of foreign purchases had also dipped from 6.9 per cent to 4.2 per cent over the same period.

As citizens from the USA are accorded the same stamp duty treatment as Singapore citizens, the proportion of American non-PR purchasing non-landed homes rose from 23.8 per cent in Q1 2023 to 27.3 per cent in Q2 2023. In contrast, the proportion of non-landed homes bought by Mainland Chinese non-PR fell from 41.1 per cent to 24.9 per cent over the same period.

In absolute terms, non-PRs from the USA bought 56 non-landed homes in Q2 2023, slightly more than the 51 units inked by Mainland Chinese buyers (Table 2). Thus, foreign buyers from the USA have displaced those from China as the top foreign buyers in Q2 2023. Moreover, transactions by Mainland Chinese fell by a bigger margin after April's new cooling measures, dipping by 53.2 per cent from 109 units in Q1 2023. Comparatively, transactions by American buyers dipped only 11.1 per cent from 63 units in Q1 2023.

If PRs were included, buyers from China bought the most non-landed homes with 271 transactions in Q2 2023, followed by Malaysia (164 units), India (101 units) and the USA (64 units) (Table 3).

Americans may continue to be among the top foreign buyers here since they are less affected by the increased ABSD. Other foreigners may purchase properties after becoming citizens or PRs since they pay less ABSD. Other foreigners may switch to buying non-residential properties.

**Table 2 Number of non-landed homes bought by NPR (foreigners)**

2017	2018	2019	2020	2021	2022	Q1 2023	Q2 2023
China 541	China 525	China 340	China 238	China 368	China 264	China 109	USA 56
Malaysia 155	Indonesia 140	USA 109	USA 115	USA 194	USA 251	USA 63	China 51
Indonesia 150	USA 109	Indonesia 91	Indonesia 49	Indonesia 80	Indonesia 74	Indonesia 13	Indonesia 7
USA 142	Malaysia 57	Hong Kong 37	Malaysia 21	India 60	Malaysia 29	India 6	Hong Kong 4
India 71	India 47	Malaysia 29	India 20	Malaysia 31	Hong Kong 18	Taiwan 5	India 4

Source: URA, OrangeTee & Tie Research & Analytics, caveats downloaded on 18 July 2023

**Table 3 Number of non-landed homes bought by NPR + PR**

2017	2018	2019	2020	2021	2022	Q1 2023	Q2 2023
China 1692	China 1548	China 1153	China 1047	China 1740	China 1381	China 341	China 271
Malaysia 1238	Malaysia 943	Malaysia 630	Malaysia 564	Malaysia 1074	Malaysia 843	Malaysia 166	Malaysia 164
India 510	India 380	India 320	India 396	India 695	India 476	India 118	India 101
Indonesia 365	Indonesia 344	Indonesia 256	Indonesia 202	Indonesia 365	USA 308	USA 75	USA 64
USA 193	USA 160	USA 145	USA 164	USA 269	Indonesia 268	Indonesia 48	Indonesia 47

Source: URA, OrangeTee & Tie Research & Analytics, caveats downloaded on 18 July 2023

## Private Residential Market Projections

Indicators (All exclude EC except for URA PPI)	2019	2020	2021	2022	Q1 2023	Q2 2023	H1 2023	Projection for 2023
<b>Overall</b>								
URA Property Price Index (Price Change) (incl.EC)	2.7%	2.2%	10.6%	8.6%	3.3%	-0.2%	3.1%	4% to 6%
Sales Volume (units)	19,150	20,909	33,557	21,890	4,121	5,388	9,509	17,500 to 20,500
<b>New Sale</b>								
Average \$PSF Price Change	7.5%	0.8%	13.3%	12.5%	-2.8%	0.5%*	-2.3%*	3% to 5%
Sales Volume (units)	9,912	9,982	13,027	7,099	1,256	2,127	3,383	7,000 to 8,000
<b>Resale</b>								
Average \$PSF Price Change	3.6%	-3.9%	5.8%	8.7%	2.8%	-0.2%*	2.6%*	5% to 7%
Sales volume (units)	8,949	10,729	19,962	14,026	2,622	2,976	5,598	10,000 to 12,000

Source: URA, OrangeTee & Tie Research & Analytics  
\* URA Realis caveat data

### Outlook

Barring a global economic downturn or unforeseen circumstances, buying activities may persist in the second half of this year. Developers may bring forward their project launches before the lunar seventh month, which may boost new home sales. More private homes will also be completed, which will boost the resale market.

Moreover, some Singaporeans will continue to downgrade to unlock their property values for retirement, while others upgrade their properties as part of asset progression. With more housing supply coming onstream, we estimate that overall property prices will continue stabilising, and the full-year growth could be slower at around 4 to 6 per cent, compared to 8.6 per cent in 2022 and 10.6 per cent in 2021.

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