

# HDB Upgraders Buying Fewer But Pricier Private Homes

## Private Residential Trends Q3 2023



Corals at Keppel Bay

Overall private home prices rebounded at a marginal pace of 0.5 per cent amid lower sales in Q3 2023. The number of private homes bought by HDB upgraders dipped last quarter. However, those who made a purchase in the first nine months of 2023 bought pricier private homes, with more than a hundred units crossing S\$3 million, and the priciest unit hitting S\$13.5 million!

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## PRICE TREND

Overall prices rebounded at a marginal pace of 0.5 per cent in Q3 2023, according to flash estimates from the Urban Redevelopment Authority (URA). Although prices rebounded from the 0.2 per cent decline in the second quarter, this is the second consecutive quarter when price gains were less than 1 per cent and lower than the past three years' quarterly average price growth of 2.1 per cent from Q3 2020 to Q2 2023 (Chart 1). Year to date, prices edged up 3.6 per cent in the first nine months of this year, a smaller increment compared to the same periods in 2022 at 8.2 per cent and 2021 at 5.3 per cent.

Prices climbed faster last quarter due to a higher proportion of new home sales, and new homes are usually sold at higher prices. Based on URA Realis data, 39 per cent of total transactions (landed and non-landed excluding executive condominiums or ECs) in Q3 2023 were new home sales, more than 38 per cent in Q2 and 28.9 per cent in Q1.

Among the sub-markets, prices rose the fastest by 5.1 per cent for condominiums in the suburbs or Outside of Central Region (OCR), followed by the city fringe or Rest of Central Region (RCR) with 2.3 per cent gains. Conversely, prices of landed properties dipped by 4.9 per cent, while condominium prices in the luxury or the Core Central Region (CCR) dipped by 2.6 per cent. This is the second consecutive price decline for the luxury market, possibly due to the increased ABSD and pullback in foreign purchasers (Chart 2).

Chart 1 URA PPI (flash estimates) rose 0.5% q-o-q

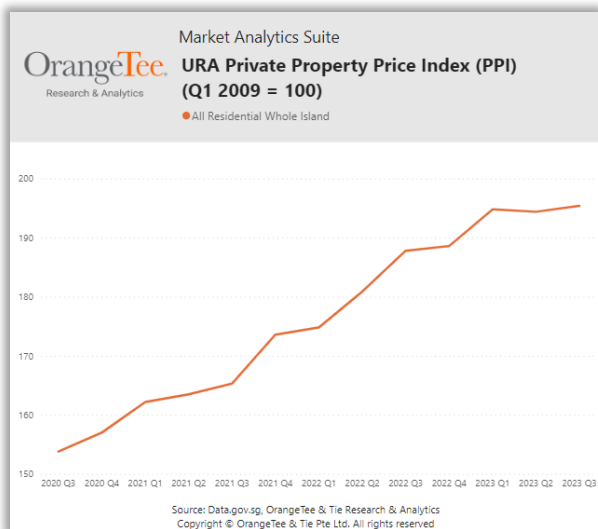
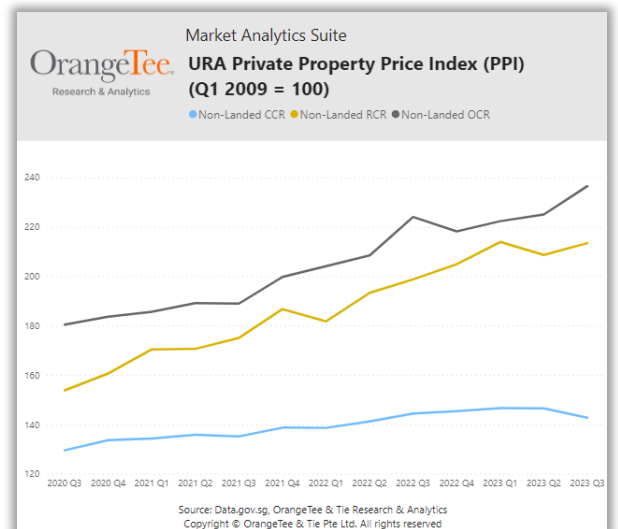


Chart 2 Prices rose the most for condos in OCR by 5.1%



# PRICES BY MARKET SEGMENT

Based on URA Realis data, the average price of non-landed private homes in CCR dipped by 5.2 per cent from S\$2,558 psf in Q2 to S\$2,424 psf in Q3 2023 (Table 1, Chart 3). The price drop was driven by a fall in resale prices, which slipped by 4.7 per cent from S\$2,173 psf to S\$2,070 psf over the same period.

New sale prices in CCR rose by 1 per cent from S\$2,963 psf in the second quarter to S\$2,994 psf in the third quarter. The best-selling new CCR projects in Q3 2023 were Pullman Residences Newton, One Bernam, Orchard Sophia, Leedon Green and Midtown Modern.

Non-landed homes excluding executive condominiums (EC) in the city fringe or RCR dipped slightly by 1.5 per cent from S\$2,205 psf in Q2 to S\$2,173 psf in Q3 2023. New sale prices in RCR climbed by 1 per cent to S\$2,531 psf last quarter.

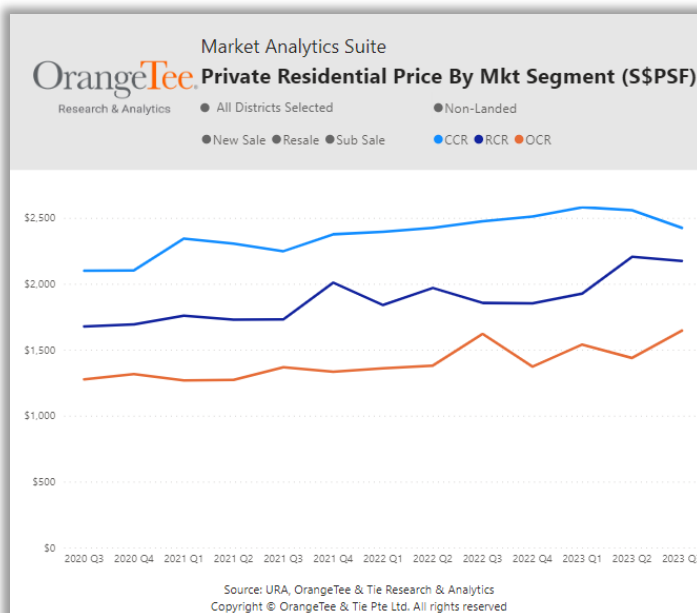
The best-selling new projects in the city fringe were Grand Dunman which moved 580 units at an average price of S\$2,536 psf, Pinetree Hill with 145 transactions at S\$2,371 psf, The Continuum with 62 transactions at S\$2,761 psf, One Pearl Bank with 40 transactions at S\$2,814 psf and The Reserve Residences with 34 transactions at S\$2,483 psf.

Table 1 Average Price of Non-landed Homes

Type of Sale	Q2 2023	Q3 2023	Q-o-Q % change
<b>Core Central Region (CCR)</b>			
New Sale	\$2,963	\$2,994	1.0%
Resale	\$2,173	\$2,070	-4.7%
Sub Sale	\$3,005	\$2,601	-13.4%
<b>Overall</b>	<b>\$2,558</b>	<b>\$2,424</b>	<b>-5.2%</b>
<b>Rest of Central Region (RCR)</b>			
New Sale	\$2,506	\$2,531	1.0%
Resale	\$1,707	\$1,710	0.2%
Sub Sale	\$2,054	\$2,152	4.8%
<b>Overall</b>	<b>\$2,205</b>	<b>\$2,173</b>	<b>-1.5%</b>
<b>Outside of Central Region (OCR)</b>			
New Sale	\$2,006	\$2,074	3.4%
Resale	\$1,374	\$1,387	0.9%
Sub Sale	\$1,699	\$1,728	1.7%
<b>Overall</b>	<b>\$1,438</b>	<b>\$1,646</b>	<b>14.5%</b>
<b>Total (CCR+RCR+OCR)</b>			
New Sale	\$2,581	\$2,424	-6.1%
Resale	\$1,620	\$1,606	-0.9%
Sub Sale	\$1,917	\$1,901	-0.8%
<b>Overall</b>	<b>\$2,027</b>	<b>\$1,967</b>	<b>-3.0%</b>

Source: URA, OrangeTee & Tie Research & Analytics

Chart 3 Prices of condos in OCR grew the most by 14.5%



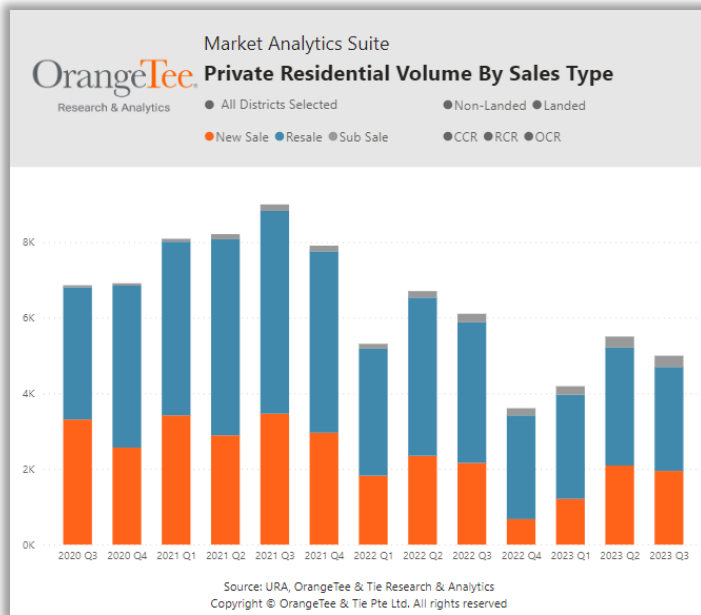
In the suburbs, prices of condos (excluding EC) grew the most by 14.5 per cent from S\$1,438 psf in Q2 2023 to S\$1,646 psf. The price increase was driven by a 3.4 per cent increase in new home prices from S\$2,006 psf to S\$2,074 psf.

The higher prices can be attributed to more projects being launched, including Lentor Hills Residences, The Myst, The Lakegarden Residences and The Arden.

Moreover, 709 new suburban condos (excluding EC) were sold, of which 545 units or 76.9 per cent were transacted at higher price tags of above S\$2,000 psf last quarter. The remaining units sold for \$1,500 psf to S\$2,000 psf. No new condos in OCR were transacted below S\$1,500 psf last quarter.

# SALES VOLUME

Chart 4 Sales volume contracted in Q3 2023



There were more signs of price resistance as sales (excluding EC) contracted by 9.2 per cent in the third quarter of this year to 4,995 units from 5,501 units, according to URA Realis data (Chart 4). Year-on-year, sales fell by 18.2 per cent from 6,104 units in Q3 2022.

Resale volume slipped last quarter as some demand may have been diverted to the primary market. There were nine new project launches last quarter. Resale volume fell by 12 per cent from 3,121 units in Q2 2023 to 2,748 units in Q3 2023, while new sales dipped by a smaller margin of 6.8 per cent from 2,091 units to 1,949 units over the same period.

## HDB Upgrader Purchases

Since the ABSD has been increased, fewer HDB upgraders bought non-landed homes (excluding EC) or condominiums. Demand was further hampered by higher mortgage rates and private home prices. Based on URA Realis data, the number of non-landed homes bought by buyers with HDB addresses was down 50.1 per cent from 7,766 units in the first nine months of 2013 to 3,876 units during the same period in 2023 (Chart 5). In terms of proportion, buyers with HDB addresses accounted for 28.6 per cent of total non-landed home transactions (excluding EC) in the first nine months of 2023, lower than the 45.8 per cent in the first nine months of 2013.

Chart 5 Fewer HDB upgraders bought condos after ABSD increased

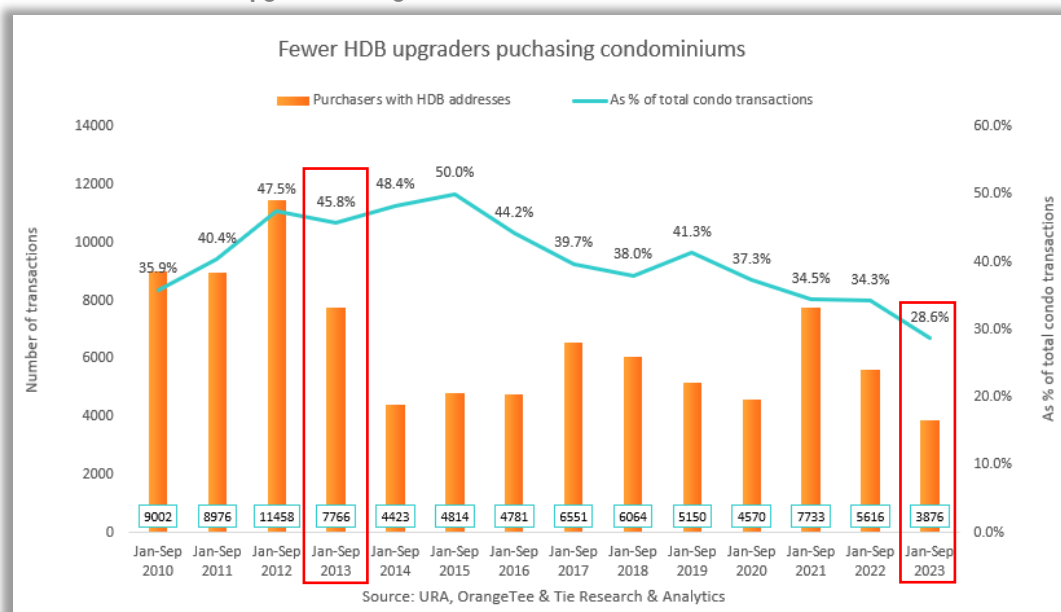
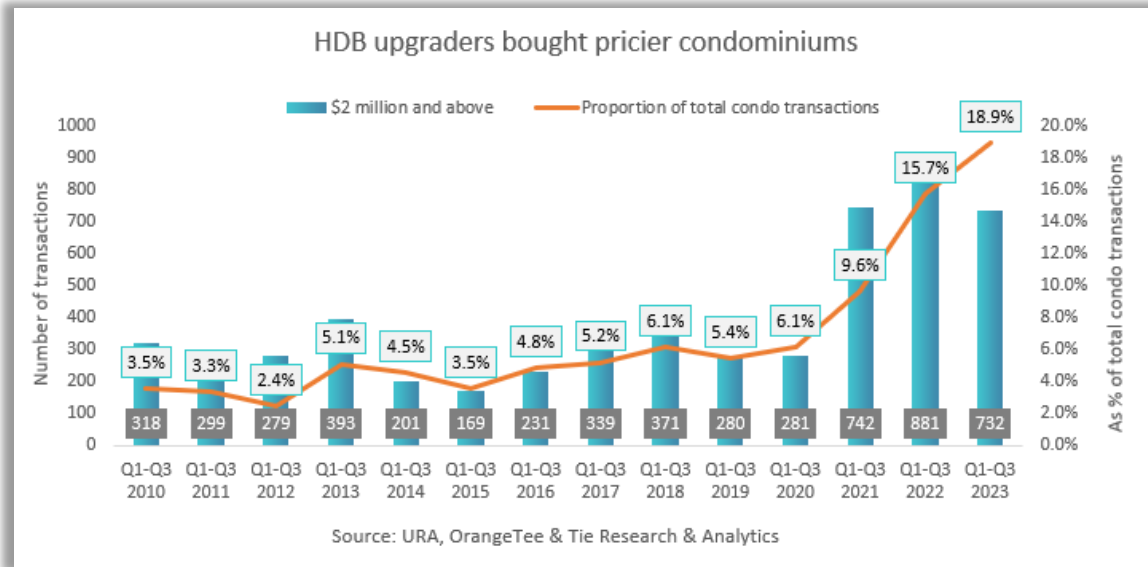


Chart 6 HDB upgraders bought pricier condos

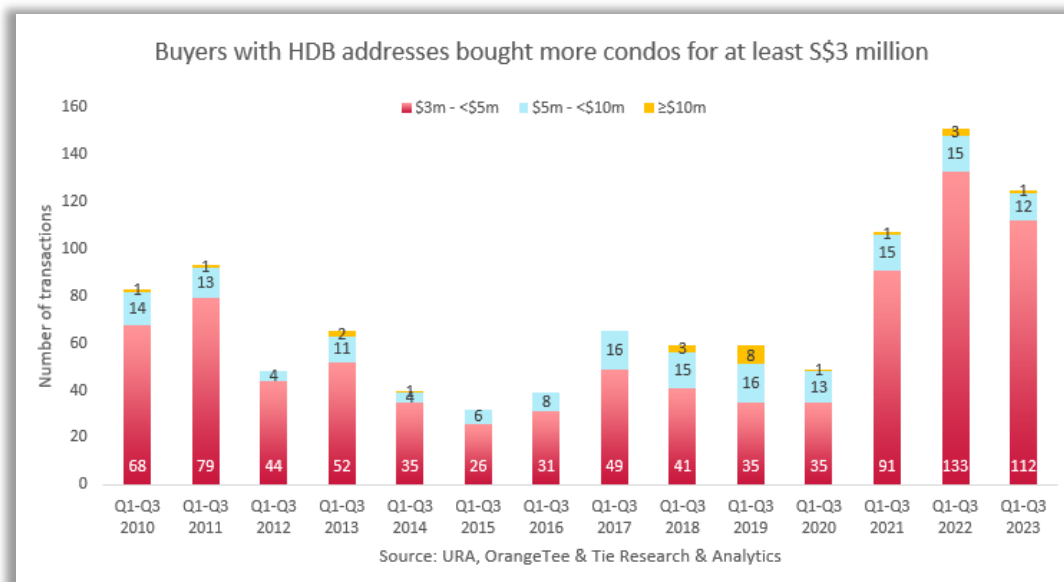


Although HDB upgraders bought fewer condominiums, they bought pricier ones. In the first three quarters of 2023, buyers with HDB addresses bought 732 non-landed homes (excluding EC) for at least S\$2 million, 86.3 per cent more than the 393 transactions registered during the same period in 2013. This year's transactions constituted 18.9 per cent of the total condo bought by HDB upgraders, higher than the 5.1 per cent during the same period in 2013 (Chart 6).

The priciest private home bought by a buyer with an HDB address was for a 563 sqm apartment at St Regis Residences for S\$13.5 million in April this year. Other transactions involving buyers with HDB addresses include 12 units transacted for at least S\$5 million but less than S\$10 million at various projects such as Wallich Residence, Ardmore II, Klimt Cairnhill, 19 Nassim, Cyan, Cliveden at Grange, Cairnhill Astoria, Cityvista Residences, Terra Hill and Seneca Residence.

HDB upgraders bought another 112 condos for at least S\$3 million but less than S\$5 million in the first three quarters of this year (Chart 7). Some of the purchases include luxury condos like Helios Residences, Marina Bay Suites, Cairnhill 16, The Atelier, Kopar at Newton, Hyll on Holland, Leedon Green, One Balmoral and Van Holland.

Chart 7 Buyers with HDB addresses bought more condos for at least S\$3 million



## Private Residential Market Projections

Indicators (All exclude EC except for URA PPI)	2019	2020	2021	2022	Q2 2023	Q3 2023	Q1 to Q3 2023	Projection for 2023
<b>Overall</b>								
URA Property Price Index (Price Change) (incl. EC)	2.7%	2.2%	10.6%	8.6%	-0.2%	0.8%	3.9%	4% to 5.5%
Sales Volume (units)	19,150	20,909	33,557	21,890	5,388	5,201	14,710	17,000 to 19,000
<b>New Sale</b>								
Average \$PSF Price Change*	7.5%	0.8%	13.2%	12.5%	0.5%	-5.9%*	-8.2%*	1% to 3%
Sales Volume (units)	9,912	9,982	13,027	7,099	2,127	1,946	5,329	6,300 to 6,800
<b>Resale</b>								
Average \$PSF Price Change*	3.6%	-3.9%	5.8%	8.7%	-0.4%	0.9%*	3.3%*	4% to 6%
Sales volume (units)	8,949	10,729	19,962	14,026	2,976	2,900	8,498	10,000 to 12,000

Source: URA, OrangeTee & Tie Research & Analytics

\* URA Realis caveat data

^ URA quarterly real estate and URA Realis caveat data

### Outlook

Interest rates are now staying higher for longer than what markets had earlier anticipated. Homeowners face steeper monthly payments amid higher costs of living.

As more banks revise the mortgage rates to above 4 per cent for their floating packages, the affordability threshold of potential buyers will be further reduced. Therefore, markets may continue to face pushback against higher prices. As such, price growth may remain moderate for the rest of the year.

We estimate that overall prices may grow by 4 to 5.5 per cent for 2023. Total sales volume (exclude EC) may range between 17,000 and 19,000 units, lower than the 21,890 units sold in 2022.

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