

# SMALLEST PRICE GAP IN 22 YEARS BETWEEN RESALE CONDOS IN PRIME DISTRICTS & CITY FRINGE AREAS

## Private Resale Trends Q3 2023



Boulevard 88

Luxury condos may be looking more attractive to buyers as the price gap between resale condos in prime districts and city fringe narrowed further in Q3 2023, hitting the smallest gap since Q3 2001.

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## PRICE TREND

Overall prices for resale homes rebounded slightly as prices picked up across all three market segments in Q3 2023.

According to the Urban Redevelopment Authority (URA) Realis data, the average price of resale private homes excluding executive condominiums (EC) rose by 0.9 per cent from S\$1,616 psf in Q2 2023 to S\$1,631 psf in Q3 2023 (Chart 1), reversing the 0.4 per cent decline in the preceding quarter. Average resale prices in the landed segment rose 13.1 per cent quarter-on-quarter (q-o-q) in Q3 2023, whereas resale prices dipped by 0.9 per cent q-o-q for the non-landed segment.

Resale prices of non-landed and landed homes (exclude EC) in the prime districts or Core Central Region (CCR) grew marginally by 0.3 per cent from S\$2,080 psf in Q2 2023 to S\$2,087 psf in Q3 2023 (Chart 2). Over the same period, prices in the city fringe or Rest of Central Region (RCR) increased by 1.3 per cent from S\$1,722 psf to S\$1,744 psf, while those in the suburbs or Outside of Central Region (OCR) rose by 2.2 per cent from S\$1,391 psf to S\$1,421 psf.

Chart 1 Resale prices rebounded in Q3 2023

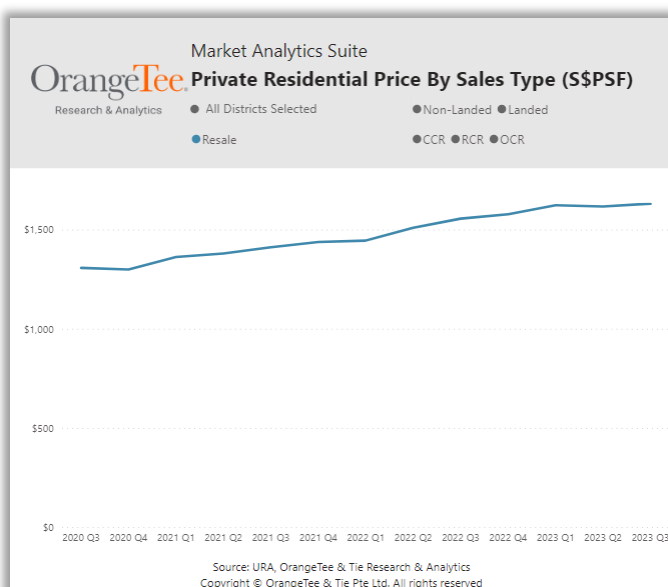
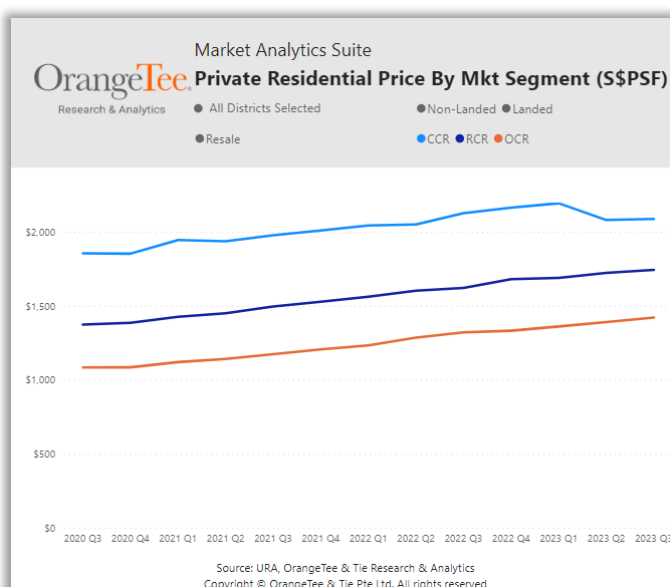
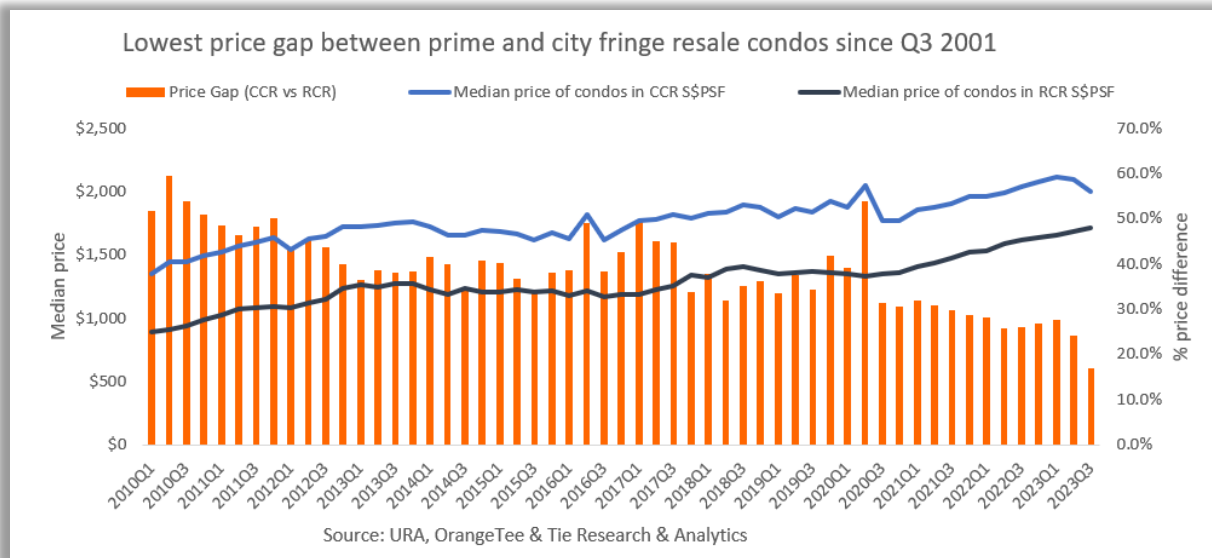


Chart 2 Resale prices grew across all market segments



# PRICE GAP ANALYSIS

Chart 3 Smallest price gap

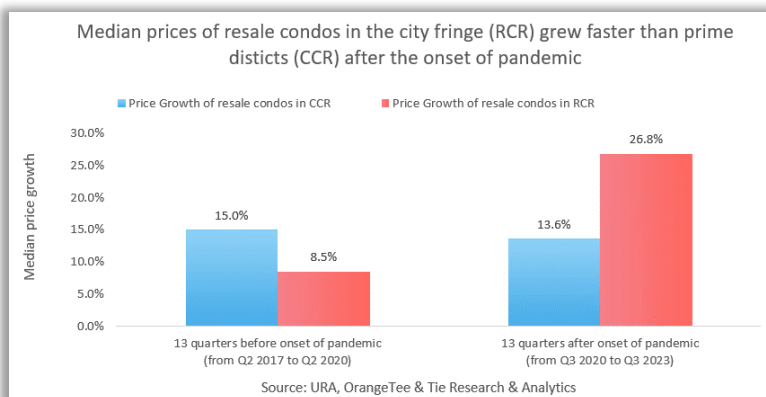


The median price per square foot (psf) gap between non-landed resale homes (exclude EC) in CCR and those in RCR narrowed further to 17.5 per cent in Q3 2023, from 24.1 per cent in Q2 2023 and 27.5 per cent in Q1 2023. Last quarter's price gap was the smallest since Q3 2001 at 14.5 per cent. Comparatively, within the last decade, the widest price gap hit 53.9 per cent in Q2 2020 (Chart 3).

The price gap narrowed substantially as the median price of non-landed resale homes in RCR grew much faster than those in CCR in recent years. After the onset of the pandemic, median prices of resale condos in CCR rose by 13.6 per cent since the start of the pandemic, from S\$1,771 psf in Q3 2020 to S\$2,011 psf in Q3 2023 over 13 quarters. The median prices of resale condos in RCR jumped by 26.8 per cent from S\$1,349 psf to S\$1,711 psf over the same periods (Chart 4).

Comparatively, median prices of resale condos in CCR climbed faster over a 13-quarter period prior to the onset of pandemic by 15.0 per cent from S\$1,775 psf in Q2 2017 to S\$2,042 psf in Q2 2020. Median prices in RCR rose by 8.5 per cent from S\$1,223 psf to S\$1,327 psf.

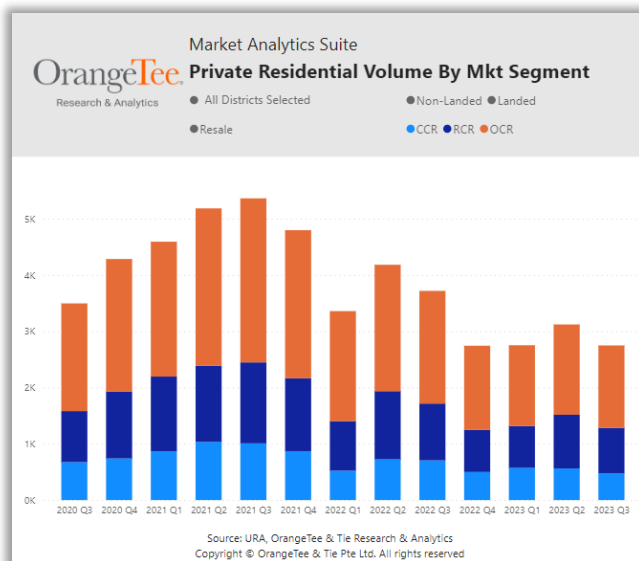
Chart 4 Median prices of resale condos in RCR grew faster



The faster price appreciation in RCR may be attributed to more condominiums obtaining their TOP (temporary occupation permit) in recent years, and newly TOP projects tend to fetch higher resale prices than older units. For instance, around 12,800 units obtained TOP in RCR from 2020 to 1H2023, surpassing the estimated 3,300 units in CCR. Moreover, demand is stronger for private homes in the city fringe since they are still more affordable than luxury homes. Many homes in the prime location are tenanted too.

# RESALE VOLUME

Chart 5 Resale volume declined in Q3 2023



Resale volume slipped last quarter owing to slower sales during the seventh lunar month and elevated interest rates. Based on URA Realis data, 2,748 resale homes (2,378 non-landed, 370 landed) excluding EC were sold in Q3 2023, slipping by 12 per cent from 3,121 units (2,746 non-landed, 375 landed) in Q2 2023 (Chart 5).

Resale volume in the CCR dipped by 15.3 per cent from 562 units in Q2 2023 to 476 units in Q3 2023, while those in the RCR also declined by 15.3 per cent from 954 units to 808 units in the same time frame. Resale transactions in the OCR were the least impacted, dropping by 8.8 per cent, from 1,605 units in the second quarter to 1,464 units in the third quarter of this year.

## Outlook

Demand may remain resilient for condos in the suburbs. HDB upgraders prefer such homes for their big living spaces and affordability. Others may like resale homes that are well maintained and in 'move-in' condition. Such owners can apply for the Additional Buyer's Stamp Duty remission after disposing their HDB flat within 6 months of buying a resale condo.

More resale properties will be completed. The increased supply may help to mitigate runaway home prices in the secondary market.

We estimate that the total resale volume (excluding EC) may reach 10,000 to 12,000 units this year. Overall resale prices may rise at a slower pace of 4 per cent to 6 per cent in 2023, down from 8.7 per cent in 2022.

Please contact us for research inquiries. For sales enquiries, please contact your preferred OrangeTee agents.



Christine Sun  
Senior Vice President  
christine.sun@orangetee.com



Timothy Eng  
Assistant Manager  
timothy.eng@orangetee.com



Kenneth Tan  
Research Analyst  
kenneth.tan@orangetee.com



Yuvana Mahendran  
Research Analyst  
yuvanalakshmi.m@orangetee.com