

Demand for Suburban Homes Strengthens

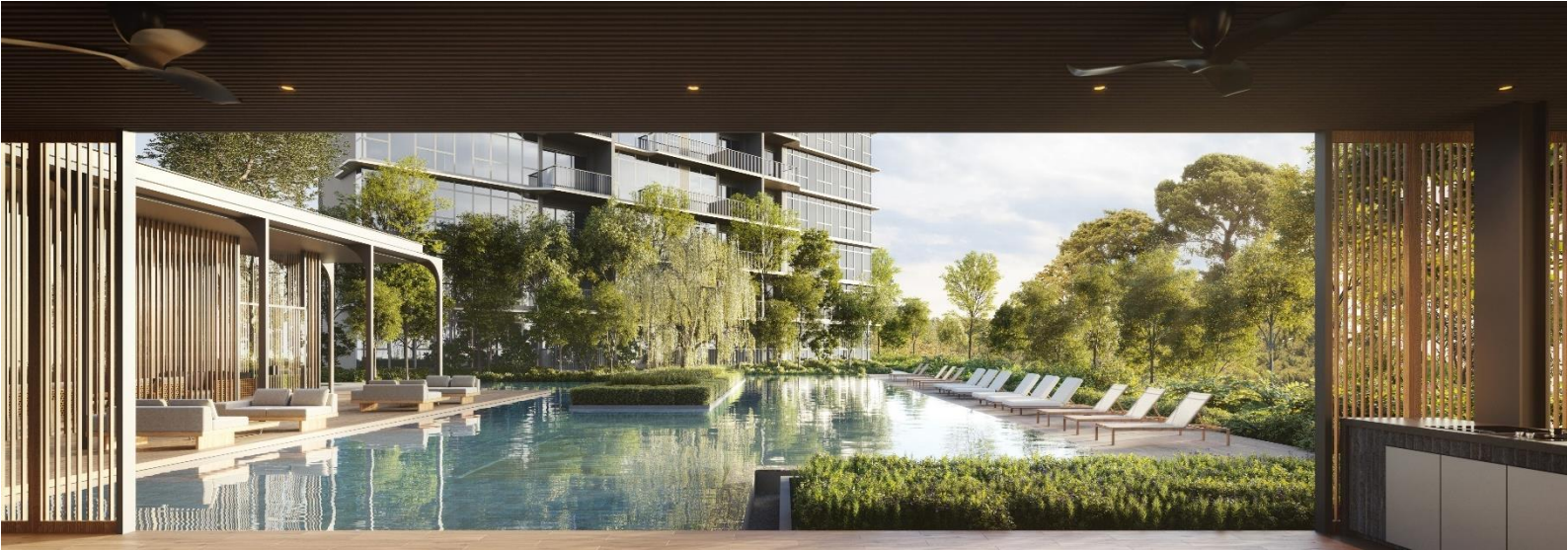
Private Residential Trends Q1 2024



SORA

More private homes were sold in the suburbs due to the launch of many new projects. 1,275 new homes (including executive condominiums) were sold in the suburban area, the highest quarterly sales since Q3 2021.





SORA

PRICE TREND

Private home prices grew at a slower pace in the first quarter of 2024, according to flash estimates released by the Urban Redevelopment Authority (URA). The URA property price index (PPI) rose by 1.5 per cent in Q1 2024, easing from the 2.8 per cent growth in Q4 2023 (Chart 1).

Prices of non-landed properties – or condos and apartments – climbed by 1 per cent in the first quarter, down from the 2.3 per cent gains in Q4 2023. Landed prices grew by 3.4 per cent in the first quarter, down from the 4.6 per cent growth in the preceding quarter.

Based on URA’s basket of properties or URA PPI, last quarter’s price growth was led by non-landed homes in the prime areas or Core Central Region (CCR), which saw prices rise by 3.1 per cent. Meanwhile, prices in the city fringe or Rest of the Central Region (RCR) and in the suburbs or Outside the Central Region (OCR) rose marginally by 0.2 per cent and 0.4 per cent, respectively.

Last quarter’s price growth could be attributed to a larger percentage of new home sales (excluding executive condominiums or EC), which went up from 25.4 per cent in Q4 2023 to 28.9 per cent in Q1 2024, based on URA Realis. On the other hand, resales decreased from 65.4 per cent to 64.1 per cent over the same period. New homes are usually priced higher than resale.

Chart 1 URA PPI rose 1.5% q-o-q in Q1 2024

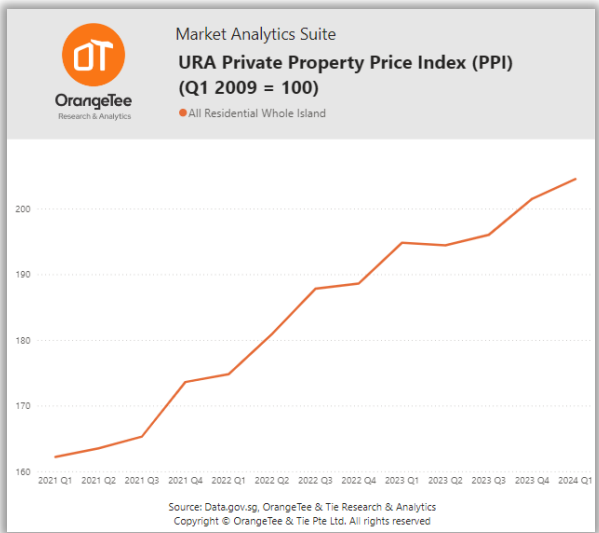
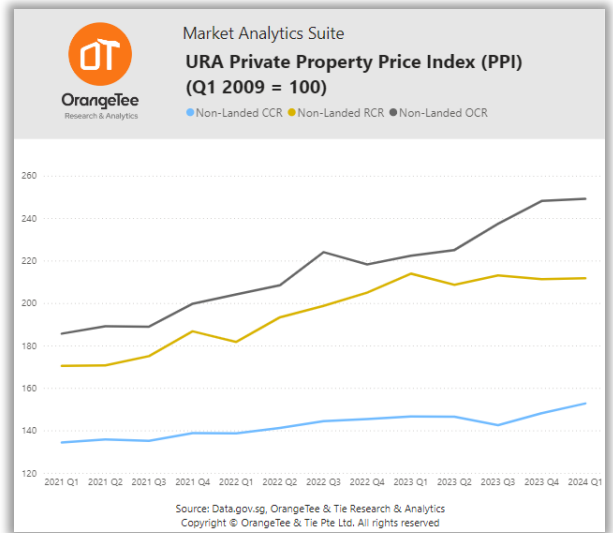


Chart 2 Prices rose the most for condos in CCR by 3.1%



PRICES BY MARKET SEGMENT

Based on URA Realis caveat data, the average price of non-landed private homes (excluding ECs) in the CCR dipped by 2.8 per cent from S\$2,464 psf in Q4 2023 to S\$2,395 psf in Q1 2024 (Table 1, Chart 3). The price decrease was due to a fall in new sale transactions. As a result, the proportion of resales climbed to 79.3 per cent last quarter, up from 67.1 per cent in Q4 2023. Moreover, new sale prices fell by 0.5 per cent from S\$3,155 in Q4 2023 to S\$3,140 psf last quarter.

The best-selling new CCR projects in Q1 2024 were 19 Nassim, Watten House, Klimt Cairnhill, One Bernam and Enchanté.

Average prices of non-landed homes (excluding ECs) in the city fringe or RCR rose by 1.5 per cent from S\$1,952 psf in Q4 2023 to S\$1,981 psf in Q1 2024. The price increase was driven by a surge in new sale prices by 2.6 per cent from S\$2,499 psf to S\$2,564 psf during the same period, reversing the 1.1 per cent decline in the preceding quarter.

The best-selling new projects in the city fringe in Q1 2024 were The Arcady at Boon Keng which moved 50 units at an average price of S\$2,575 psf, Pinetree Hill (34 units) at S\$2,459 psf, The Landmark (31 units) at S\$2,725 psf, The Continuum (26 units) at S\$2,815 psf and Grand Dunman (25 units) at S\$2,538 psf.

Chart 3 Prices of condos in CCR dipped by 2.8%

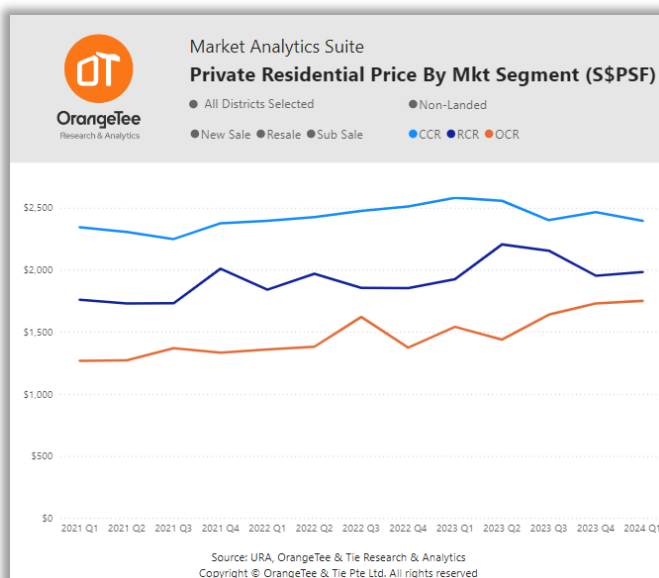


Table 1 Average price of non-landed homes (excluding ECs)

Type of Sale	Q4 2023	Q1 2024	Q-o-Q % change
Core Central Region (CCR)			
New Sale	\$3,155	\$3,140	-0.5%
Resale	\$2,124	\$2,208	4.0%
Sub Sale	\$3,227	\$2,649	-17.9%
Overall	\$2,464	\$2,395	-2.8%
Rest of Central Region (RCR)			
New Sale	\$2,499	\$2,564	2.6%
Resale	\$1,771	\$1,767	-0.3%
Sub Sale	\$2,133	\$2,177	2.1%
Overall	\$1,952	\$1,981	1.5%
Outside Central Region (OCR)			
New Sale	\$2,287	\$2,190	-4.2%
Resale	\$1,426	\$1,417	-0.6%
Sub Sale	\$1,787	\$1,820	1.8%
Overall	\$1,728	\$1,750	1.2%
Total (CCR+RCR+OCR)			
New Sale	\$2,500	\$2,358	-5.7%
Resale	\$1,662	\$1,685	1.4%
Sub Sale	\$1,916	\$1,944	1.5%
Overall	\$1,916	\$1,914	-0.1%

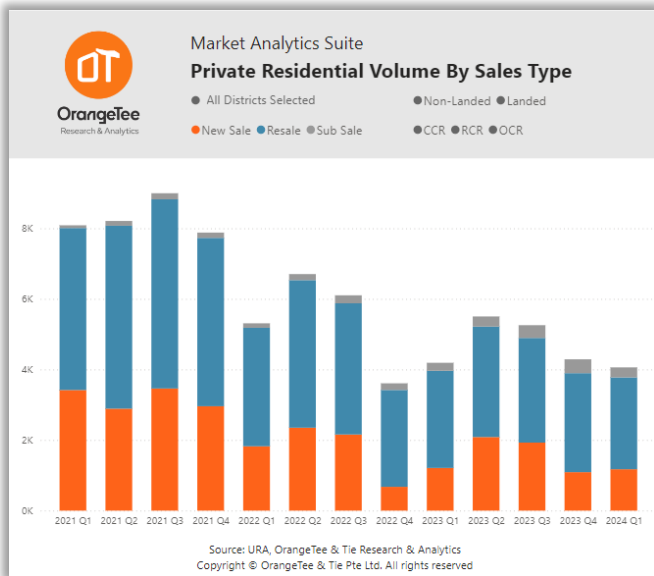
Source: URA, OrangeTee & Tie Research & Analytics

In the suburbs, prices of condos (excluding ECs) grew by 1.2 per cent from S\$1,728 psf in Q4 2023 to S\$1,750 psf in Q1 2024. Compared to Q4 2023, when prices in the OCR grew by 5.5 per cent, last quarter's smaller price increase was driven by a fall in prices of new homes, which declined by 4.2 per cent from S\$2,287 psf to S\$2,190 psf.

808 new suburban condos (excluding ECs) were sold last quarter. 730 units or 90.3 per cent were transacted at higher price tags of above S\$2,000 psf. The remaining units were sold for at least \$1,500 psf but below S\$2,000 psf. For the third straight quarter, no private homes excluding EC were sold for less than S\$1,500 psf in OCR.

SALES VOLUME

Chart 4 Sales volume contracted in Q1 2024



Private home sales (non-landed and landed exclude ECs) contracted for the third consecutive quarter, declining by 5.3 per cent to 4,060 units in the first quarter of 2024 from 4,289 units in Q4 2023 (Chart 4), according to URA Realis data. Compared to the same period last year, sales were down by 3.1 per cent from 4,190 units.

Resale volume dipped 7.2 per cent from 2,806 units in Q4 2023 to 2,603 in Q1 2024. Resale activities were generally slower in the first quarter due to the Chinese New Year festivities and March school holidays. However, new home sales climbed by 7.6 per cent from 1,090 units to 1,173 units over the same period as developers stepped up on launches.

MORE SUBURBAN HOME SALES

More private homes were sold in the suburbs due to the launch of many new projects. In the first quarter of this year, the 533-unit Lentor Mansion, 512-unit Lumina Grand EC, 341-unit Hillhaven, 267-unit Lentoria and the 172-unit The Arcady at Boon Keng were launched for sale. Other previously launched projects like Hillock Green, J'den and Watten House continued to move units.

In the first quarter of 2024, 1,275 new homes (including EC) were sold in the suburban OCR, up from 701 units in the preceding quarter. This is also the highest quarterly new home sales in OCR since Q3 2021, when 2,629 transactions were recorded.

The higher new home sales were expected, as over 4,400 new non-landed suburban homes are projected to be launched for sale for the whole of 2024, which is higher than the 5-year annual average of 3,495 units launched in 2019-2023.

The sales performance in the first quarter of 2024 is remarkable, with 27.5 per cent of new home sales (or 351 units) in the suburban areas transacting at S\$2 million and above.

Regarding per-square-foot pricing, 58.4 per cent (or 744 units) were more than S\$2,000 psf in Q1 2024. For new ECs, 62.5 per cent were more than S\$1,500 psf in Q1 2024, whereas none were transacted at that price range before Q3 2023.

The trends suggest that buyers are increasingly willing to pay higher prices for new ECs and condos in the suburbs.

Table 2 Best-selling new suburban projects in Q1 2024

Project Name	District	Number of Transactions	Avg Price S\$PSF
Lentor Mansion	26	409	\$2,278
Lumina Grand (EC)	23	370	\$1,514
Hillhaven	23	79	\$2,070
Lentoria	26	60	\$2,126
The Botany at Dairy Farm	23	59	\$2,021
North Gaia (EC)	27	54	\$1,322
Lentor Hills Residences	26	49	\$2,119
Hillock Green	26	43	\$2,167
The Myst	23	42	\$2,127

Source: URA, OrangeTee & Tie Research & Analytics

Private Residential Market Projections

Indicators (All exclude EC except for URA PPI)	2021	2022	2023	Q4 2023	Q1 2024	2024 Full-Year Projection
Overall						
URA Property Price Index (Price Change) (incl.EC)	10.6%	8.6%	6.8%	2.8%	1.5%^	3% to 6%
Sales Volume (units)	33,557	21,890	19,044	4,334	4,060*	16,000 to 19,000
New Sale						
Average S\$PSF Price Change *	13.2%	12.5%	9.6%	3.5%	-6.0%	2% to 4%
Sales Volume (units)	13,027	7,099	6,421	1,092	1,173*	6,500 to 7,500
Resale						
Average S\$PSF Price Change*	5.8%	8.7%	7.5%	2.3%	1.4%	3% to 5%
Sales volume (units)	19,962	14,026	11,329	2,831	2,603*	9,000 to 11,000

Source: URA, OrangeTee & Tie Research & Analytics * URA Realis caveat data, ^ URA quarterly flash estimates

Outlook

We expect prices to grow at a steady rate at around 3 to 6 per cent this year. New home demand may remain resilient as more projects are slated for launch in Q2. It is anticipated that between six and nine large projects, each with over 500 units, could be launched this year. This may result in sales exceeding 1,000 units for certain months. In comparison, four large projects were launched in 2021, only one in 2022 and six in 2023.

If interest rates moderate in second half of this year, buying sentiment may pick up in tandem. As mortgages become more affordable and financial costs improve, home buyers may feel more motivated to purchase or upgrade their homes. The impact may be more noticeable for resale homes due to the immediate impact of interest rate fluctuations on loan repayment.

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