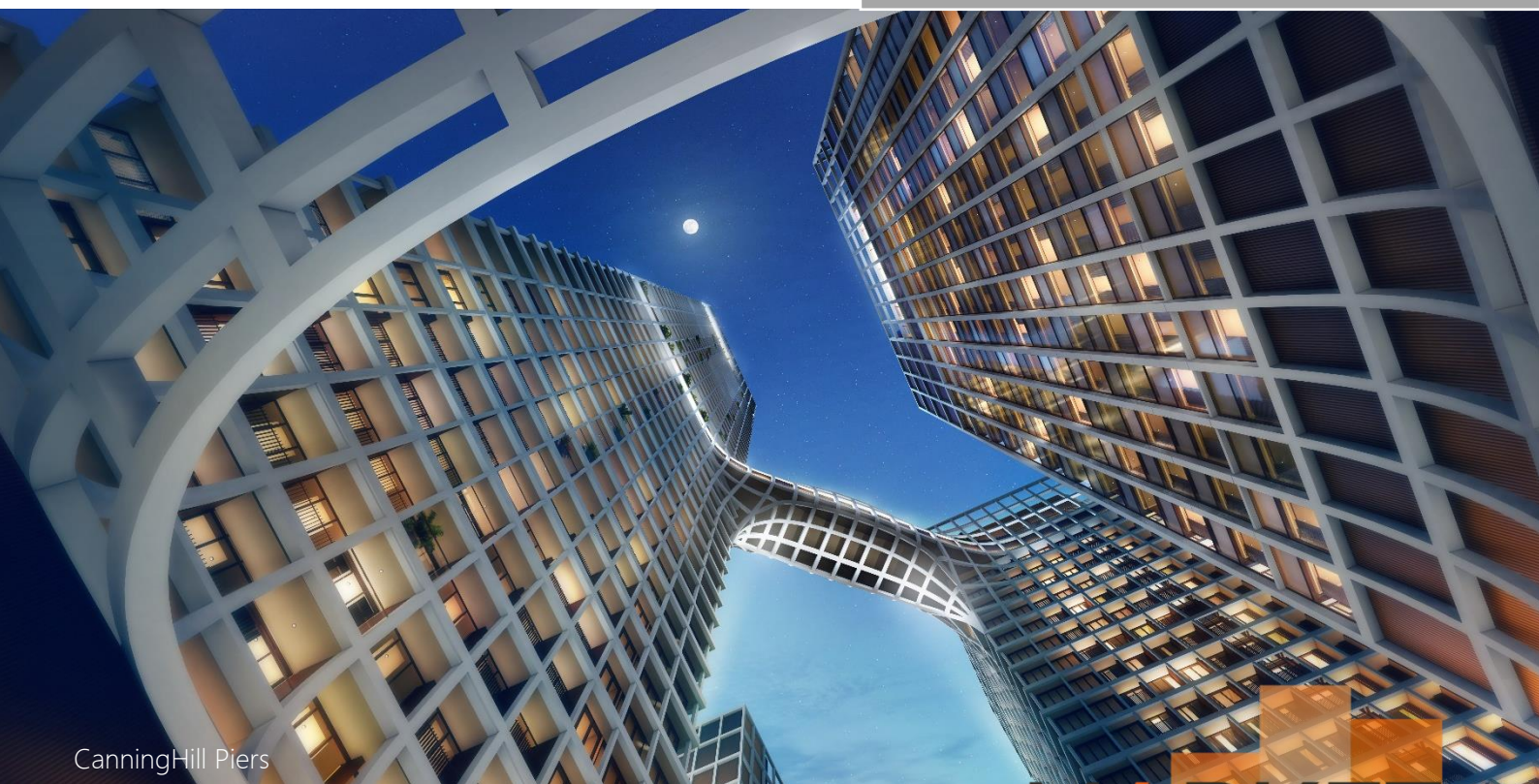


Foreign investors' interest in luxury homes unfazed by rate hikes



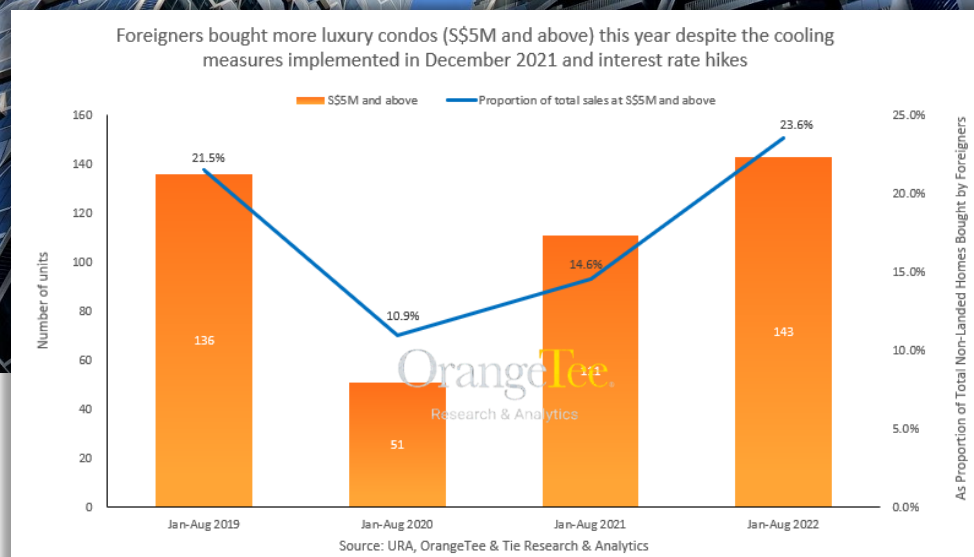
CanningHill Piers

Singapore remains to be a top investment destination among foreign investors. Despite the recent interest rate hikes and cooling measures implemented in December 2021, foreign buyers purchased more luxury condos priced at S\$5 million and above this year. Luxury condo purchases by foreigners and Singapore PRs have almost returned to the pre-pandemic levels (2019).

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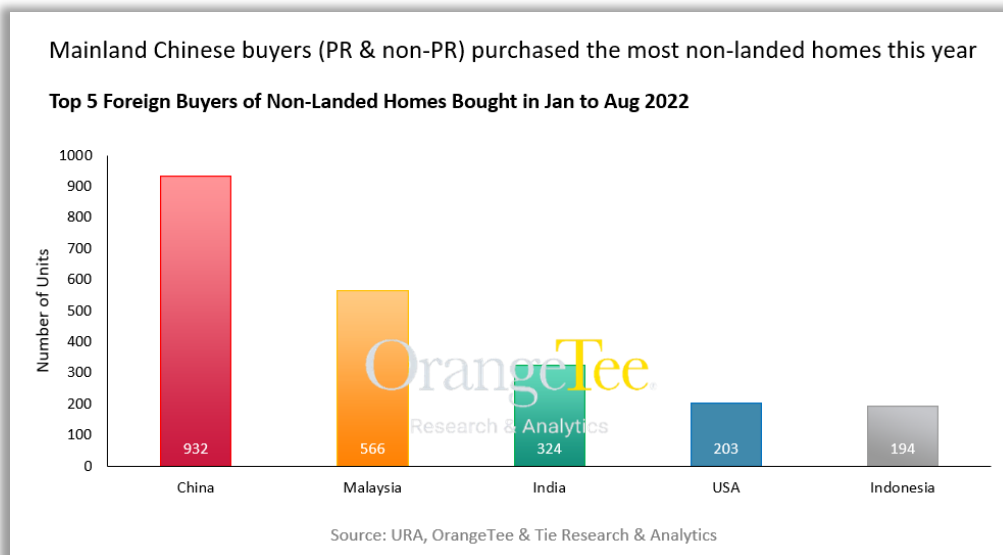
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Foreign buyers bought more luxury condos this year despite new cooling measures implemented in December 2021 and the interest rate hikes. Based on URA Realis data downloaded on 29 September 2022, foreigners (non-PR) purchased 143 non-landed homes (condos) priced at S\$5 million and above in the first eight months of this year, more than the 51 transactions inked in Jan-Aug 2020 and the 136 units in the pre-pandemic Jan-Aug 2019. The condo sales at S\$5 million and above as a proportion of total condos bought by foreigners rose from 10.9 per cent in Jan-Aug 2020 to 23.6 per cent in Jan-Aug 2022.

The total number of foreign buyers is inching towards the pre-pandemic levels. From January to August 2022, non-PRs bought 607 condos, a tad lower than the 632 units transacted in Jan-Aug 2019 and slightly below the 4-year average of 617 units. This year's transactions are higher than the 466 units transacted in Jan-Aug 2020 but lower than the 762 units sold in Jan-Aug 2021. In terms of proportion, foreigner buyers constitute 4.3 per cent of the total condo purchasers in Jan-Aug 2022, up from 3.8 per cent in Jan-Aug 2021. The proportion of condos bought by PRs (2,454 out of 14,120 units) similarly rose to 17.4% in the first eight months of 2022, from 16.3 per cent over the same period in 2021.

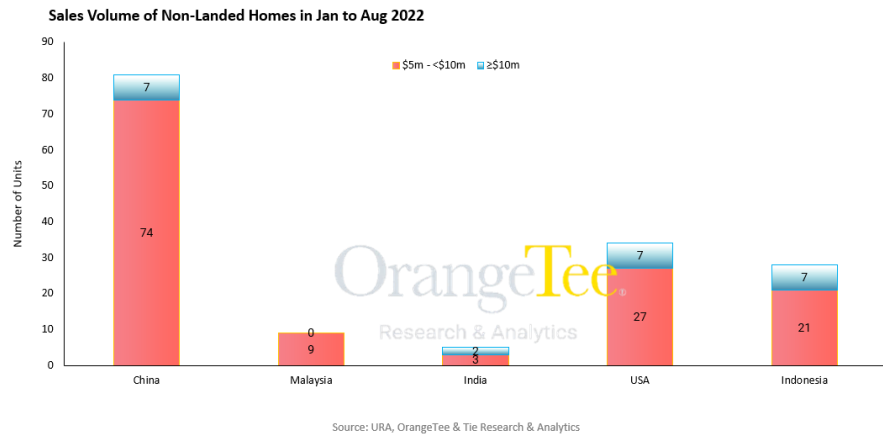


Mainland Chinese buyers* purchased the most non-landed homes this year. Buyers (PR and non-PR) from China purchased 932 non-landed homes in the first eight months of 2022, followed by buyers from Malaysia (566 units), India (324 units), USA (203 units) and Indonesia (194 units). *Please note that URA combines PR and non-PR data for country analysis, hence the data cannot be separated.

District 10 was the most popular district among foreign (non-PR) buyers. This is followed by Districts 9, 3 and 6. The most popular new projects among non-PR were CanningHill Piers (43 units), The Avenir (30 units), Riviere (30 units) and Irwell Hill Residences (16 units). The most popular resale projects were Nouvel 18 (13 units), D'Leedon (10 units), Marina One Residences (9 units) and Wallich Residence (9 units).



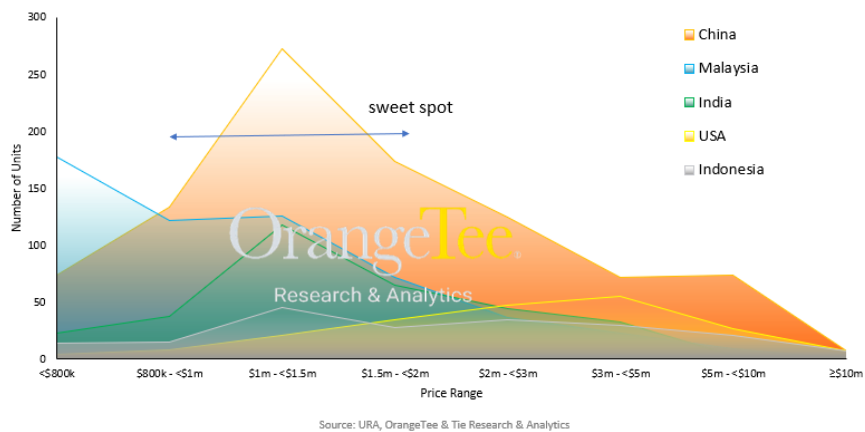
About 20% (81 units) of luxury condos priced at S\$5 million and above were bought by Mainland Chinese buyers



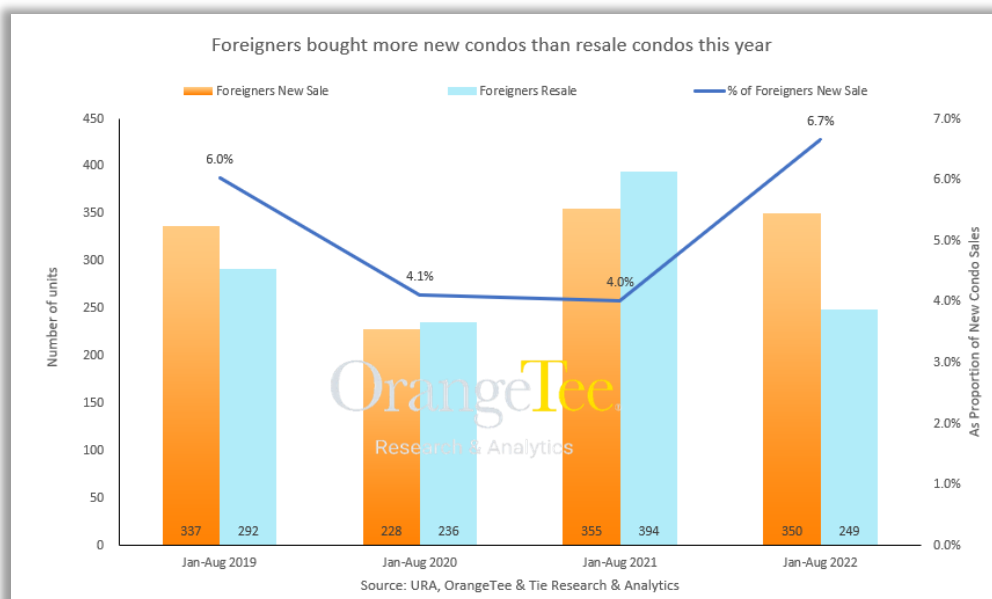
About 20 per cent of the luxury condos priced at S\$5 million and above were bought by Mainland Chinese in the first eight months of this year. 422 condos were sold for S\$5 million and above, of which 19.2 per cent or 81 units were bought by Mainland Chinese buyers (PR and non-PR), while 34 units were bought by citizens from USA and 28 units from Indonesia.

Sweet spot for most of the top 5 foreign buyers is between S\$800,000 and less than S\$2 million

Sales Volume of Non-Landed Homes in Jan to Aug 2022



The sweet spot for most of the top five foreign buyers is between S\$800,000 and less than S\$2 million. The bulk of 75.6 per cent of condos bought by Mainland Chinese buyers was between S\$800,000 and less than S\$3 million, while the bulk of condos bought by Malaysian buyers (88 per cent) were less than S\$2 million. 81.5 per cent of Indian buyers bought condos that were between S\$800,000 and less than S\$3 million. For Indonesian buyers, their buying preference is distributed quite evenly among all the price ranges.



Foreign buyers bought more new condos than resale condos this year. Foreigners purchased 350 new condos in the first eight months of 2022, 40.6 per cent more than the 249 resale condos over the same period. The number of new condo transactions for the first eight months of this year is almost on par with the 355 units transacted in Jan-Aug 2021. As a proportion of total new condo sales, foreigner purchases rose from 4 per cent in Jan-Aug 2021 to 6.7 per cent in Jan-Aug 2022.

Outlook

Many foreign investors continue to view luxury properties here favourably. Despite the increased Additional Buyer's Stamp Duty (ABSD), some buyers consider luxury properties here to be cheaper than in many other cities, given that prices have similarly increased in those places. Even with the new cooling measures implemented on 30 September 2022, the impact of the measures is not likely to be significant as high-net-worth individuals have sufficient cash or capital. Some may redeploy funds from other investments to pay their home loans.

With a strengthening Singapore dollar amid the growing economic uncertainties, properties here will continue to be regarded as safe-haven assets. Singapore has just announced new initiatives to attract top foreign talent in key sectors and will be issuing new work passes for high earners and high-achievers. The move will likely benefit the luxury market as some expatriates may purchase a home to settle down for the long term.

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