OrangeTee
Research & Analytics

Private Residential Market

Real Estate Data Trend & Analytics

Artist's Impression of Van Holland

Q2 2022

Prices rebound on steady sales

The private residential market was revved up as many developers ramped up launches and more buyers streamed back to the market last quarter. Buying sentiment picked up after most community safe management, and border measures were eased. Show flat and house viewings rose substantially, significantly boosting the sector.

Prices

According to data from the Urban Redevelopment Authority (URA), the overall price index for private residential properties rose faster by 3.5 per cent last quarter (Chart 1). It climbed by 4.2 per cent in the first 6 months of this year. Price growth was much slower at 0.7 per cent in the first quarter of this year after the market cooled down on the back of the curbs implemented in December 2021.

Non-landed prices rose by 3.6 per cent in the second quarter of this year, rebounding from the 0.3 per cent decline in Q1 2022. Landed home prices held firm, rising by 2.9 per cent quarter-on-quarter (q-o-q) in Q2 2022.

By market segment, prices rose the most in the city fringe, or Rest of Central Region (RCR), by 6.4 per cent. This is followed by non-landed homes in the suburbs or Outside Central Region (OCR), which increased by 2.1 per cent, and the prime districts, or Core Central Region (CCR), which rose by 1.9 per cent (Chart 2).

The faster price growth did not come as a surprise as significantly more new sales were inked last quarter. The number of new home transactions rose by 31.3 per cent from 1,825 units in Q1 2022 to 2,397 units in Q2 2022. Moreover, new homes constitute a higher proportion of the total sales last quarter. New home sales made up 35.2 per cent (2,397 units of 6,811 units) of total sales volume in Q2 2022, up from 34.2 per cent (1,825 units of 5,343 units) in Q1 2022.

A bigger proportion and a higher number of new sales usually uplift the overall price index as new homes are sold at higher prices than resale homes.

Chart 1 Market summary

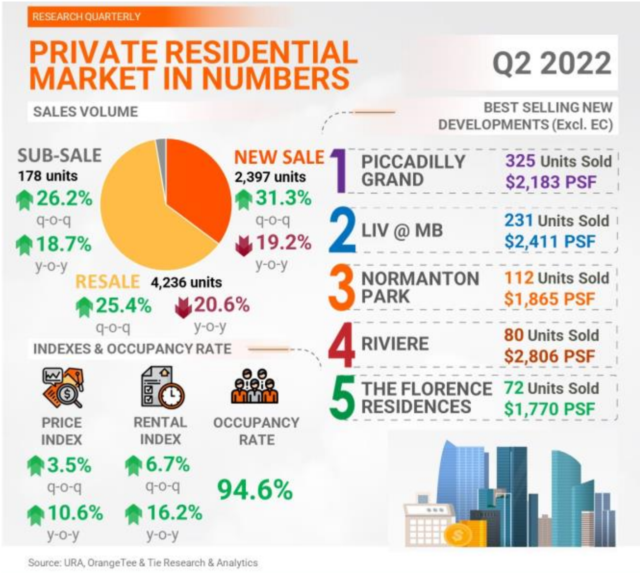


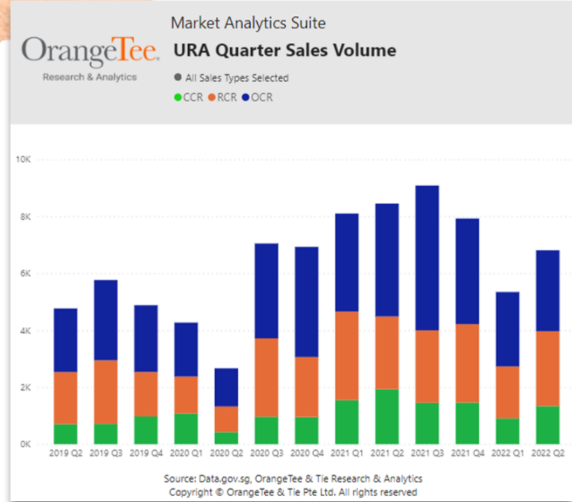
Table 1 Median price of non-landed homes

Market Segment	Type of Sale	Q1 2022	Q2 2022	Q-o-Q % change
Overall	**All**	**$1,626**	**$1,767**	**8.7%**
CCR	New Sale	$2,776	$2,747	**-1.0%**
	Resale	$1,961	$1,998	**1.9%**
	Sub Sale	$2,724	$2,707	**-0.6%**
	Overall	**$2,406**	**$2,511**	**4.4%**
RCR	New Sale	$1,994	$2,263	**13.5%**
	Resale	$1,532	$1,586	**3.5%**
	Sub Sale	$1,932	$1,991	**3.1%**
	Overall	**$1,822**	**$2,006**	**10.1%**
OCR	New Sale	$1,704	$1,779	**4.4%**
	Resale	$1,211	$1,253	**3.5%**
	Sub Sale	$1,551	$1,551	**0.0%**
	Overall	**$1,315**	**$1,354**	**3.0%**

Source: URA, OrangeTee & Tie Research & Analytics

Chart 2 Prices rose across all market segments

Chart 3 Rebound in sales volume last quarter



For instance, based on Realis data, the median price of new homes in RCR rose 13.5 per cent q-o-q in Q2 2022, whereas resales increased only by 3.5 per cent. Similarly, prices of new homes in OCR rose faster at 4.4 per cent q-o-q in Q2 2022 compared to resales at 3.5 per cent over the same period (Table 1).

Further, the number of pricier transactions of at least S$2 million rose from 1,857 units (35.4 per cent of the total transactions excluding EC) in Q1 2022 to 2,481 units in Q2 2022 (38.1 per cent). Higher price quantum purchases of at least S$5 million similarly rose from 272 units (5.2 per cent) in Q1 2022 to 361 units (5.5 per cent) last quarter.

Sales volume

URA data shows sales volume rose by 27.5 per cent from 5,343 units in Q1 to 6,811 in Q2 2022 (Chart 3). The sales increase was observed across all sales types. New home sales excluding EC rose by 31.3 per cent from Q1 2022 to Q2 2022, resales climbed by 25.4 per cent from 3,377 units to 4,236 units over the same period, while subsale increased by 26.2 per cent.

Nationality

Foreigner and PR purchases rebounded last quarter. Based on URA Realis data, the number of non-landed homes bought by foreigners rose by 102.8 per cent from 144 units in Q1 2022 to 292 units in Q2 2022 (Chart 4). Purchases by PRs surged by 21.4 per cent from 841 units to 1,021 units over the same period. Singaporean purchases increased by 27.3 per cent quarter on quarter from 3,650 to 4,648 units last quarter.

The rebound in foreigner and PR purchases indicates that many foreigners are still keen to park their money in Singapore despite the cooling measures. Given the geopolitical and economic uncertainties in other Asian countries, Singapore has emerged as their top investment destination. We are one of the earliest nations to transit smoothly into endemic living, which has boosted foreign investors' confidence.

Last quarter, the largest non-local buyers (non-PR and PR) were from Mainland China, who purchased 342 non-landed homes. Following that were buyers from Malaysia (218 units) and India (123 units) (Chart 5).

Chart 4 Uptick in homes bought by PRs

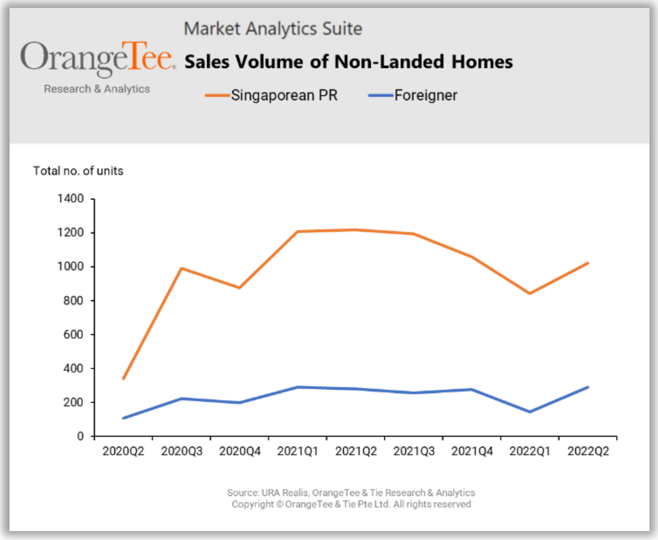
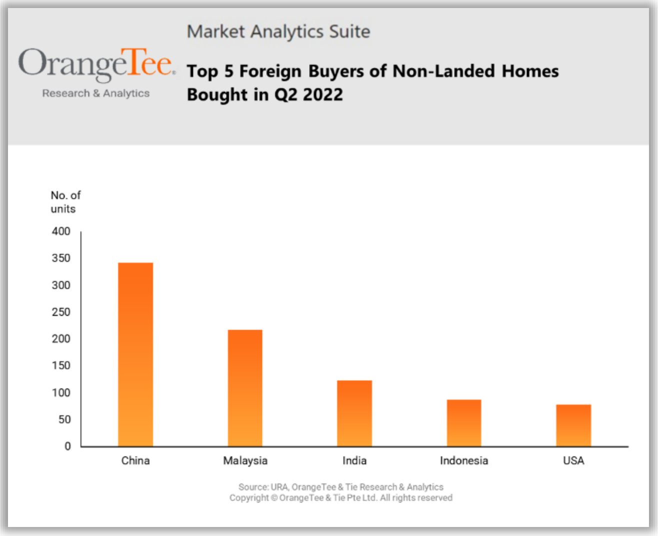


Chart 5 Mainland Chinese remain the top foreign buyer



LUXURY SEGMENT

The luxury market saw an uptick in sales last quarter after a dip in the first quarter in 2022. According to URA Realis data, 1,283 private homes in CCR were sold in Q2 2022, an increase of 47.5 per cent compared to the 870 units sold in Q1 2022 (Chart 6). Both new home sales and resale volume increased last quarter. New home sales volume grew by 70.2 per cent from 346 units in Q1 2022 to 589 units in Q2 2022, while resale volume increased by 32.8 per cent from 518 units to 688 units over the same period.

Prices for new luxury condos dropped for a second consecutive quarter, while resale condo prices continued to rise. The average price of new non-landed condos dipped by 1.1 percent from S$2,814 psf in Q1 2022 to S$2,782 psf in Q2 2022. Over the same period, the average price for resale condos grew 1.3 per cent from S$2,063 psf to S$2,089 psf (Chart 7).

Last quarter, the best-selling new condos in CCR were Leedon Green (53 units), Haus on Handy (52 units), Irwell Hill Residences (49 units), The Avenir (48 units) and Hyll on Holland (41 units) (Charts 8 and 9).

Chart 6 Private home sales in CCR rebounded last quarter

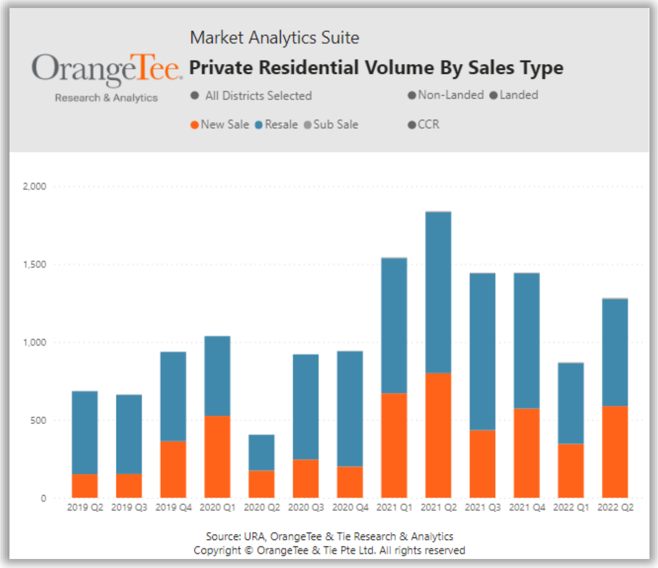


Chart 7 Prices of resale condos continued to rise last quarter

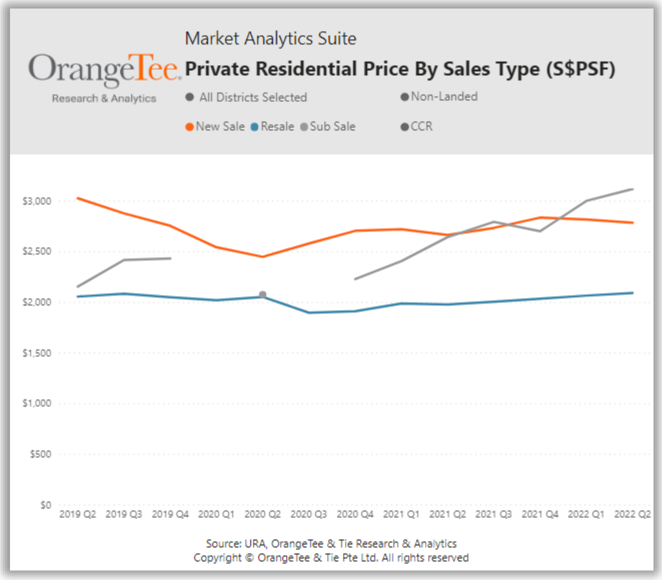


Chart 8 Best-selling new projects in CCR

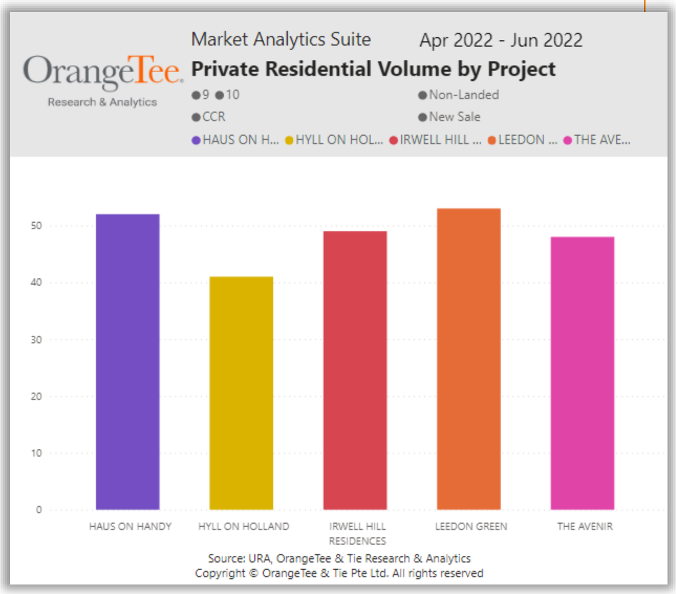


Chart 9 Best-selling new projects in CCR (S$psf)

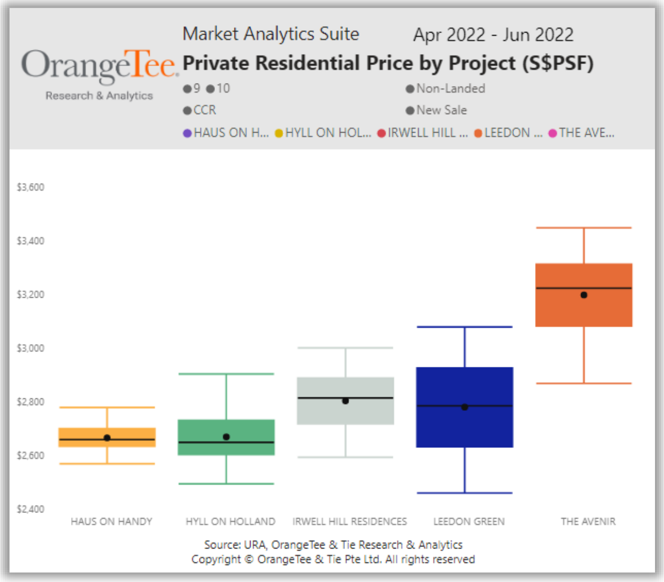


Chart 10 Private home sales in RCR spiked last quarter

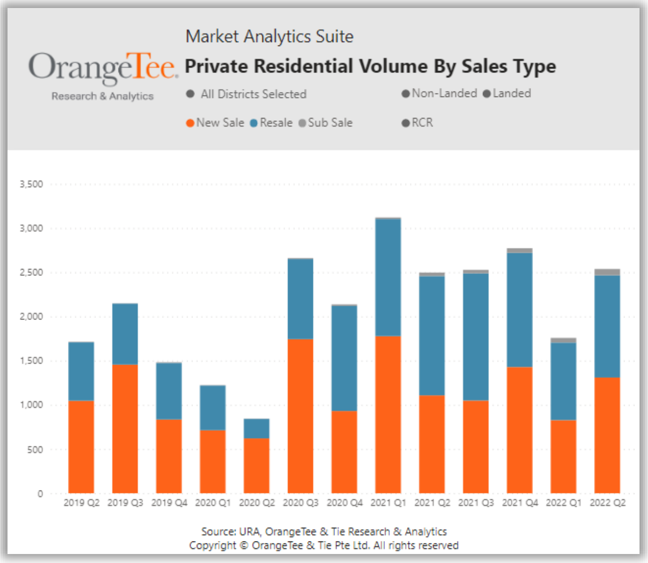
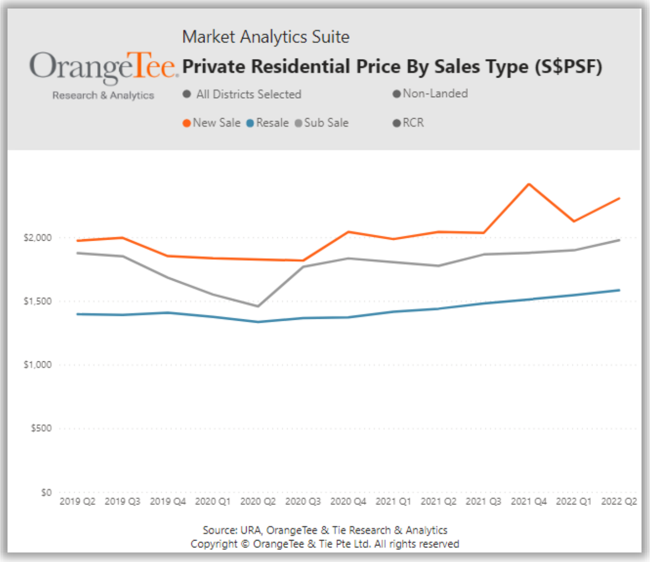


Chart 11 Prices of RCR condos grew overall



MID-TIER SEGMENT

With the launch of 2 major projects, sales volume in the mid-tier market grew last quarter. Based on URA Realis data, private home sales in RCR excluding ECs increased by 44.4 per cent from 1,758 units in Q1 2022 to 2,538 units in Q2 2022 (Chart 10). Both new sale and resale volume rose, growing 58.2 per cent from 828 units to 1,310 units and 31.8 per cent from 878 units to 1,157 units respectively over the same time period.

Prices increased for both new sales and resales for non-landed homes in the RCR. For new condos, the average psf price grew from S$2,125 psf in Q1 2022 to S$2,305 psf in Q2 2022, rising by 8.5 per cent. Over the same period, resale prices increased by 2.4 per cent from S$1,546 psf to S$1,583 psf (Chart 11).

Last quarter, new launches in the RCR included Piccadilly Grand and Liv @ MB. These 2 projects were highly popular, selling 325 units and 231 units respectively. Both these projects were the best-selling projects, followed by Normanton Park (112 units), Riviere (80 units), and Avenue South Residence (70 units) (Charts 12 and 13).

Chart 12 Best-selling new projects in RCR

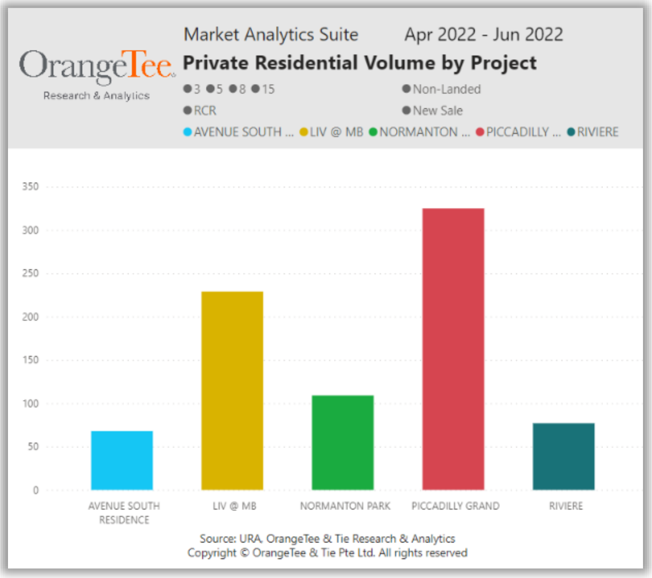
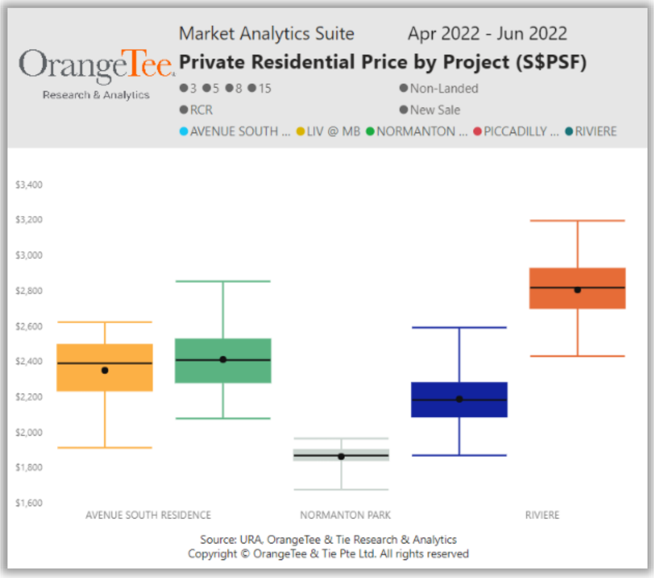


Chart 13 Best-selling new projects in RCR (S$psf)



MASS MARKET SEGMENT

In the mass market region, overall private sales volume grew marginally. Based on URA Realis data, 2,692 private homes (excluding ECs) were transacted in the OCR last quarter, increasing 2.7 per cent from 2,620 units sold in Q1 2022 (Chart 14).

With a lack of major new launches last quarter, new home sales volume continued to decrease, dipping by 16.6 per cent from 603 units in Q1 2022 to 503 units in Q2 2022. On the other hand, the transaction volume for resale condos increased by 8.6 per cent from 1,952 units in Q1 2022 to 2,119 units in Q2 2022.

Prices continued to climb for both new sales and resales. Prices for new non-landed condos (excluding ECs) grew 5.1 per cent from S$1,719 psf in Q1 2022 to S$1,806 psf in Q2 2022. For resale condos, prices rose 4.0 per cent from S$1,215 psf to S$1,264 psf over the same time period (Chart 15).

The top selling OCR non-landed projects excluding ECs last quarter were The Florence Residences (72 units), The Watergardens at Canberra (55 units), The Gazania (53 units), Urban Treasures (47 units), and Ki Residences at Brookvale (45 units) (Charts 16 and 17).

Chart 14 Private home sales in OCR increased last quarter

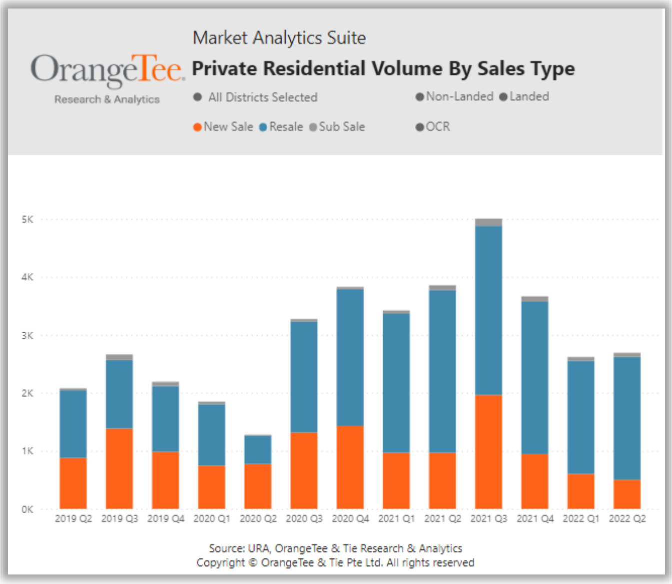


Chart 15 Prices rose for both new and resale condos last quarter

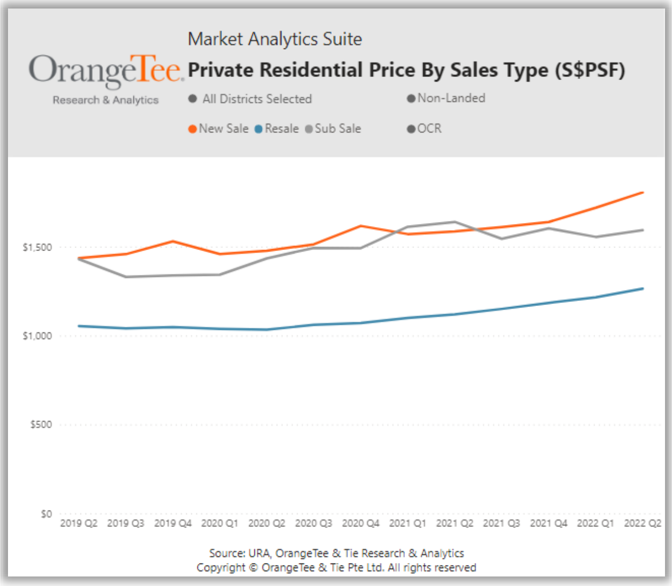


Chart 16 Best-selling new projects in OCR

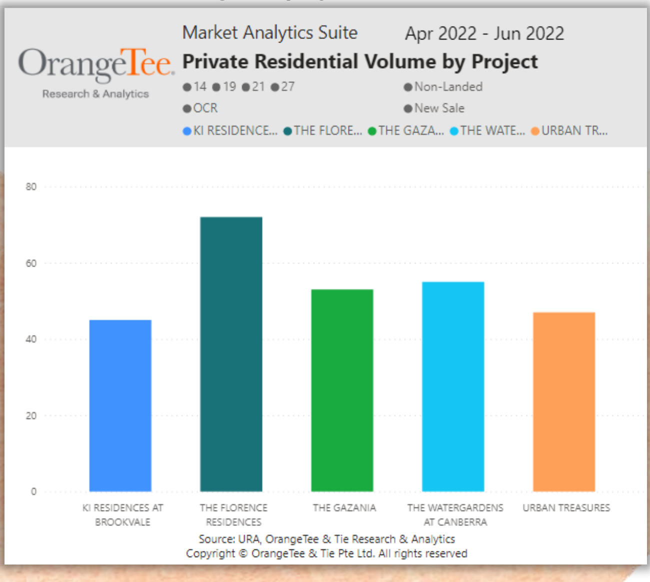
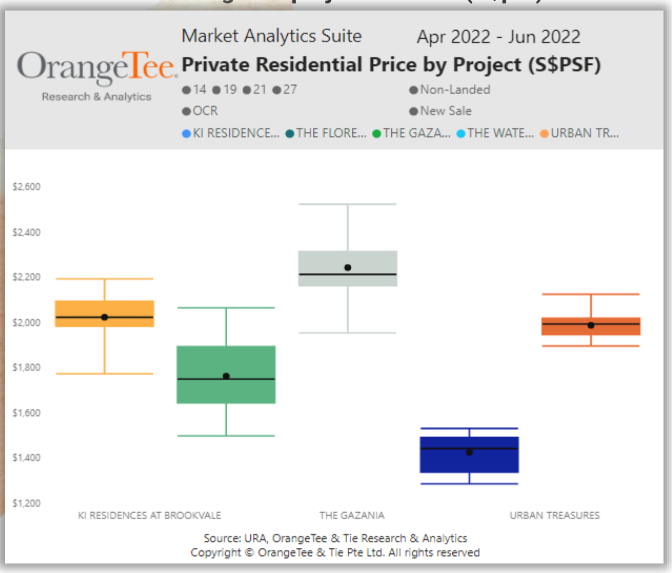


Chart 17 Best-selling new projects in OCR (S$psf)



Artist's Impression of Midtown Modern

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Macroeconomic influences may play a more central role in determining housing demand and property prices in the second half of this year

~ Christine Sun

Artist's Impression of The Gazania

Chart 18 Rental volume dipped 8.7 per cent q-o-q

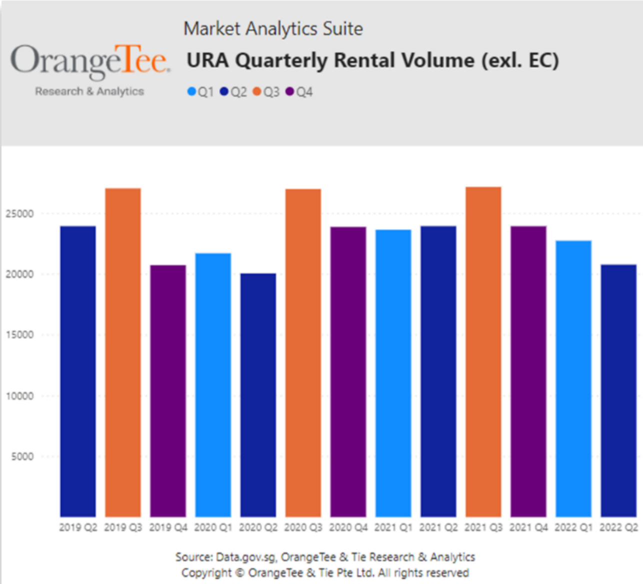


Chart 19 Rents rose by 6.7 per cent q-o-q

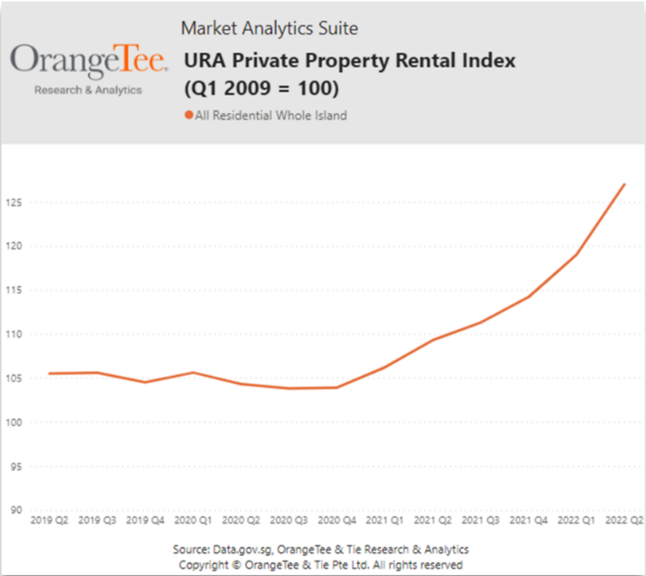
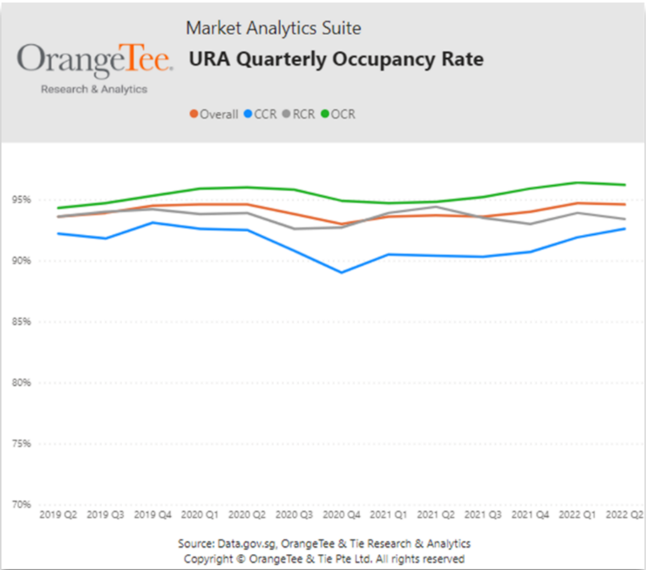


Chart 20 Overall occupancy rate at 94.6 per cent



RENTAL

The URA rental index of private residential properties reached a record high last quarter. According to URA data, rents climbed at a faster pace by 6.7 per cent, after rising 4.2 per cent in the first quarter (Chart 19). This is the highest quarterly increase since Q4 2007. Over the past six months, rents rose 11.2 per cent.

Rental volume slipped last quarter on the back of escalating rents and dwelling stock. Rental volumes slipped 5 per cent in the first quarter of the year to 22,719 units and the descent deepened in Q2 by another 8.7 per cent to 20,751 transactions (Chart 18).

The lease decline indicates that some market resistance could be setting in. Some Malaysians have chosen not to renew their leases as travelling across the Causeway is now a viable and cheaper option for them, although it is more time-consuming. Some foreign expatriates have also returned to their home countries after our borders are almost fully eased.

Moreover, occupancy rates remained high at 94.6 per cent in Q2 2022 (Chart 20). This may have resulted in fewer units being leased since the available rental stock is currently very low.

More tenants are signing extended lease periods of at least two years to lock in the current rental rate as they anticipate that rents will rise further in the coming months. Others are accepting extended leases to secure units. Landlords are usually more receptive to rent negotiations and keener to take in tenants willing to sign longer leases.

As interest rates rise, some investors may increase their asking rents to cover the higher mortgage repayments. Others may pay off part of their financial obligations to offset their higher monthly instalment. We estimate that rents may rise by around 13 to 15 per cent this year. Overall leasing volume may reach about 95,000- to 100,000 units in 2022.

Private Residential Market Projection (landed and non-landed exclude EC)

Indicators	2019	2020	2021	Q1 2022	Q2 2022	H1 2022	Projection for 2022
URA Property Price Index (Price Change) (incl.EC)	2.7%	2.2%	10.6%	0.7%	3.5%	4.2%	6% to 8%
Sales Volume (units)	19,150	20,909	33,557	5,343	6,811	12,154	19,500 to 22,500
New Sale (excl. EC)							
Price Change	7.5%	0.8%	13.2%	-7.0%	10.9%	3.1%	6% to 8%
Sales Volume (units)	9,912	9,982	13,027	1,825	2,397	4,222	8,000 to 9,000
Resale (excl. EC)							
Price Change	3.6%	-3.9%	5.7%	0.4%	4.7%	5.1%	6% to 8%
Sales volume (units)	8,949	10,729	19,962	3,377	4,236	7,613	11,000 to 13,000
Rental							
URA Rental Index (Price Change) (incl. EC)	1.4%	-0.6%	9.9%	4.2%	6.7%	11.2%	13% to 15%
Leasing volume (units)	93,960	92,537	98,605	22,719	20,751	43,470	95,000 to 100,000

Source: URA, OrangeTee & Tie Research & Analytics

OUTLOOK

Macroeconomic influences may play a more central role in determining housing demand and property prices in the second half of this year. Global inflation, interest rate hikes and supply chain disruptions arising from the Ukraine war and China lockdowns have already impacted global economies.

Mortgage rates here are creeping up from their rock-bottom levels as Singapore banks took their cue from the US Federal Reserve, raising rates to tame the hotter-than-expected inflation. Home buyers now face higher borrowing costs, but the impact of the interest rate hikes depends on a borrower's risk exposure, income level and loan quantum.

Most existing homeowners should be able to service their home loans now. As the TDSR (Total Debt Servicing Ratio) threshold for property loans uses a stringent 3.5 per cent interest rate computation, there should be sufficient buffer for rates to move before monthly mortgage obligations exceed borrowers' gross monthly income.

Developers are now hard-pressed on many sides. They must grapple with higher construction and land costs and keep units affordable as interest rate hikes hamper buyers' affordability. Therefore, we may expect developers to exercise more caution in the upcoming land bids and acquisitions.

Amidst global headwinds, Singapore's robust economic growth and consistently high employment rate may help cushion homeowners from the impact of the global economic uncertainties. Moreover, investors flocking to traditional save havens to preserve their capital may still park their money here as our property investment market is considered one of the safest and most stable in the world.

We estimate that prices of new homes excluding ECs may rise 6 to 8 per cent this year while sales volume may be around 8,000 to 9,000 units. For the resale market, prices may increase by 6 to 8 per cent, and about 11,000 to 13,000 homes could be sold.

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