OrangeTee
Research & Analytics

Private Residential Market

Real Estate Data Trend & Analytics

Artist's Impression of CanningHill Piers

Q4 2021

Slower price momentum after new cooling measures

Pandemic-fuelled demand coupled with a depleting housing supply drove property prices in Singapore to new records last year. According to data from the Urban Redevelopment Authority (URA), the overall price index for private residential properties extended gains for a seventh consecutive quarter in Q4 2021, rising by 5 per cent quarter-on-quarter (q-o-q).

Prices accelerated at a much faster pace last quarter compared to the 1.1 per cent in the preceding quarter, and it marked the highest quarterly increase since the second quarter of 2010 when prices increased 5.3 per cent (Chart 1).

For the whole of 2021, overall prices jumped 10.6 per cent, which is the highest annual growth recorded since 2010, when prices climbed 17.6 per cent. In contrast, prices gained just 2.2 per cent in 2020.

The overall price growth was driven by the non-landed segment, which increased 5.3 per cent in the fourth quarter. Prices of non-landed homes rose across all three market segments.

Prices climbed the most in the city fringe, or Rest of Central Region (RCR) by 6.7 per cent, followed by the suburbs, or Outside of Central Region (OCR) by 5.7 per cent and the prime districts, or Core Central Region (CCR) by 2.7 per cent in Q4 2021 (Chart 2).

Prices of landed properties registered substantial gains of 3.9 per cent in the fourth quarter owing to a solid take-up of landed properties and a thriving Good Class Bungalow (GCB) market. For the whole of 2021, prices of landed properties surged 13.3 per cent, which is the highest price hike since 2010, when prices surged a whopping 30.8 per cent.

In Q4 2021, the overall price index has reached a historical high. Overall non-landed prices, landed property prices, and non-landed home prices in OCR and RCR have all risen to record highs.

Chart 1 Market summary

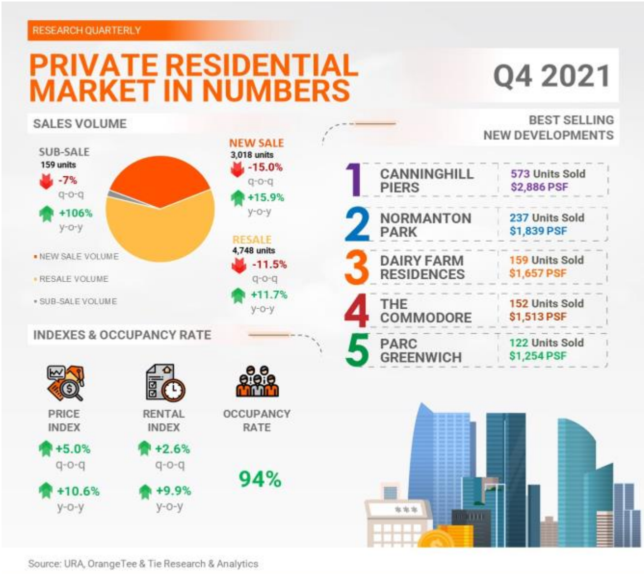


Table 1 Average price of non-landed homes

Market Segment	Type of Sale	Q3 2021	Q4 2021	Q-o-Q % change
Overall	**All**	**$1,616**	**$1,797**	**11.2%**
CCR	New Sale	$2,731	$2,834	**3.8%**
	Resale	$2,002	$2,038	**1.8%**
	Sub Sale	$2,791	$2,698	**-3.3%**
	Overall	**$2,250**	**$2,393**	**6.4%**
RCR	New Sale	$2,034	$2,418	**18.9%**
	Resale	$1,482	$1,519	**2.5%**
	Sub Sale	$1,865	$1,875	**0.5%**
	Overall	**$1,731**	**$2,023**	**16.9%**
OCR	New Sale	$1,611	$1,642	**1.9%**
	Resale	$1,151	$1,185	**3.0%**
	Sub Sale	$1,545	$1,594	**3.2%**
	Overall	**$1,368**	**$1,344**	**-1.7%**

Source: URA, OrangeTee & Tie Research & Analytics

Chart 2 Prices hit new peaks in RCR and OCR

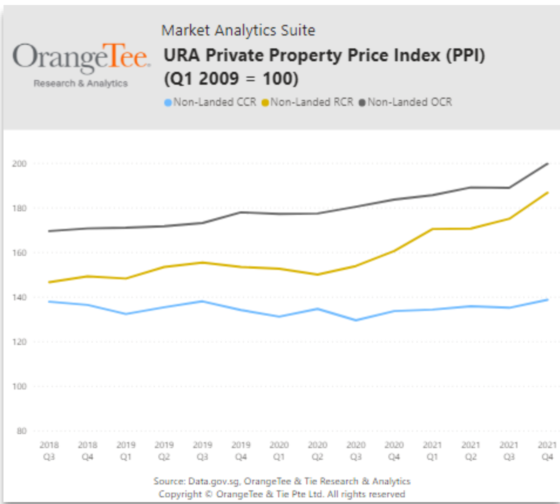
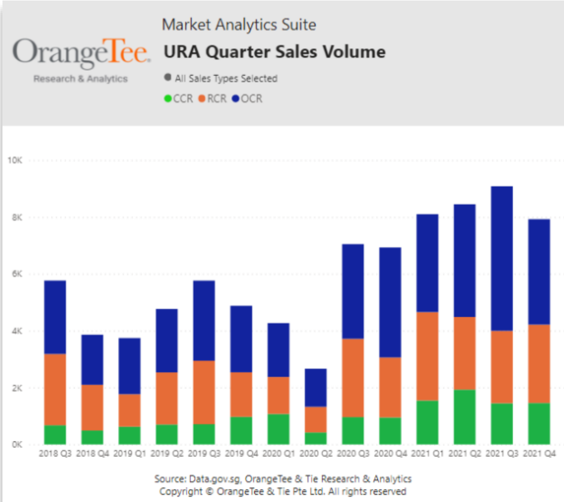


Chart 3 Sales volume dipped slightly last quarter



The fast-growing prices did not hamper demand, and sales were brisk across many project launches and resale developments last year. According to URA data, 7,925 private homes excluding EC were sold in Q4 2021, (Chart 3).

33,557 units were transacted for the whole of 2021. There were 13,027 new home transactions last year. 19,962 resale homes excluding ECs were sold in the previous, the highest resale since 2007 (20,980 units).

New Cooling Measures

Heated home prices and potential interest rate hikes drew government intervention to rein in the housing market. The authorities upped the ante by imposing a more comprehensive slew of property curbs and ramped up housing supply for both the public and private markets.

From 16 December 2021, the additional buyers' stamp duty (ABSD) rates were increased, and the total debt servicing ratio (TDSR) was tightened to tamper demand.

The new measures may impact many buyers. Investors holding multiple properties, permanent residents (PR) and foreigners could bear the biggest brunt as they face the highest ABSD increases.

For instance, Singaporeans buying a third property and PRs purchasing a second property will experience a 10-percentage point increase in ABSD, a steeper rise than the 5-percentage point adjustment during the last round of cooling measures in 2018.

With the new measures, we expect a temporary pullback in demand for the upper end of the property market, as investors and foreigners form a substantial bulk of purchasers. The super-wealthy investors may proceed with their purchases. The advantages of parking their money here, with Singapore's haven status and strong economic fundamentals, may outweigh the additional costs to these well-heeled buyers.

The new measures have little impact on Singaporeans purchasing their first private property as they are exempted from paying the ABSD. As investors take a temporary backseat, some HDB upgraders may take the chance to enter the property market now since there is less competition and prices will be stabilising after the new measures.

However, the window of opportunity is narrow. Even as price growth is expected to slow after the cooling measures, a supply lag in the suburban areas is likely to persist. Prices may still rise eventually in the mid-term since more upgraders will be selling their flats.

We are expecting a record number of flats to reach their five-year minimum occupation period this year. According to data.gov.sg, 31,325 flats will be reaching MOP, above the 9-year average of 16,667 MOP flats (including DBSS units) from 2013 to 2021. More flats will be put on the market for resale and more families may upgrade to private homes.

The private housing supply will also be raised to meet the increased demand and address developers' dwindling supply of unsold homes. For the H1 2022 Government Land Sales (GLS) programme, the supply of private homes from sites on its confirmed list has been increased about 40 per cent compared with the second half of last year.

LUXURY SEGMENT

Luxury home sales reached an 11-year high in 2021. According to URA Realis data, 6,211 private homes in CCR were sold last year, surging by 88.4 per cent from the 3,297 units transacted in 2020 (Chart 4). New home sales jumped 116.3 per cent from 1,148 units in 2020 to 2,483 units in 2021. Resale volume similarly increased by 73 per cent from 2,146 units to 3,712 units over the same period.

Prices of both new and resale non-landed homes in the CCR rose last year. The average price of new condos increased 6.5 percent from S$2,564 psf in 2020 to S$2,729 psf in 2021. Likewise, for resale condos, the average price grew 2.7 per cent from S$1,946 psf to S$1,999 psf over the same period (Chart 5).

Last year, the best-selling new condos in CCR were Irwell Residences (409 units), Midtown Modern (405 units), Leedon Green (230 units), Fourth Avenue Residences (186 units), The Avenir (145 units), Hyll on Holland (105 units), Royalgreen (103 units) and Jervois Mansion (102 units).

The most popular resale condos were D'Leedon (106 units), Marina One Residences (101 units), The Sail @ Marina Bay (54 units), 8 Saint Thomas (54 units), Icon (39 units), Nouvel 18 (36 units) and The Oceanfront @ Sentosa Cove (34 units).

Affluent buyers scooped up more luxury condos despite the pandemic. The number of non-landed private homes sold for S$5 million and above in CCR (excluding bulk purchases) surged 128.1 per cent from 235 units in 2020 to 536 units in 2021, the highest sales since 2010, when 614 units were transacted (Chart 6).

115 condos were transacted for at least S$10 million last year. The priciest condominium transaction was for a 1,122 sqm Les Maisons Nassim sold for S$75 million or S$6,210 psf in October 2021.

Chart 4 Private home sales in CCR reached 11-year high

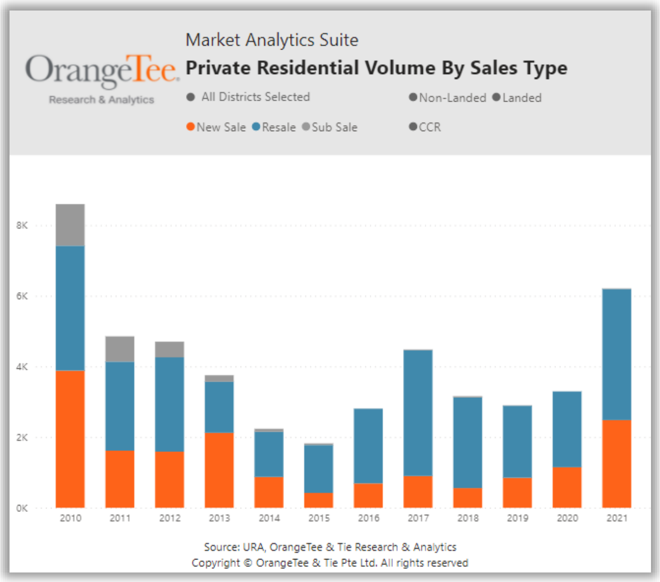


Chart 5 Prices of both resale and new condos rose last year

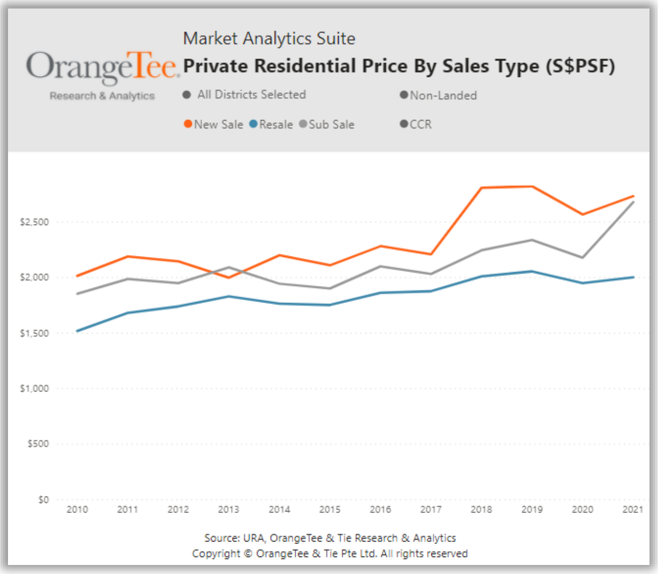


Chart 6 Surge in pricier luxury condos

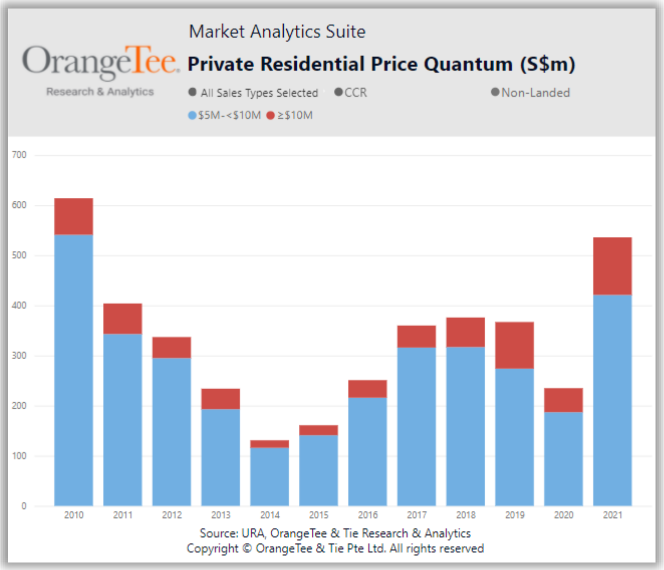


Chart 7 Private home sales in RCR reached 11-year high

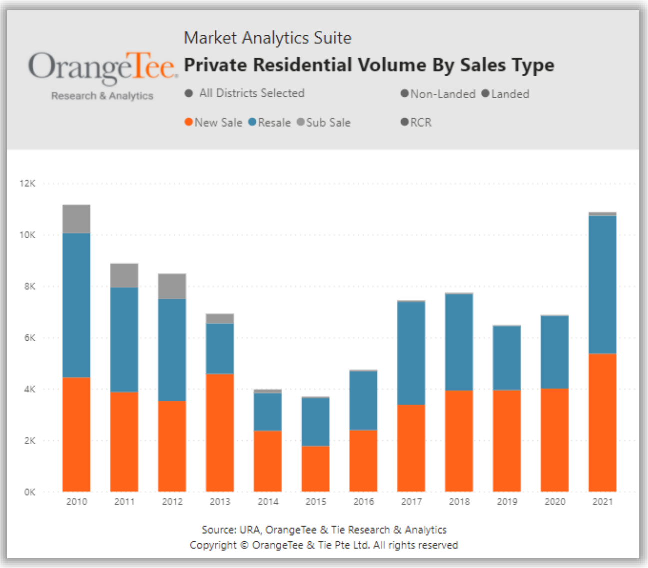
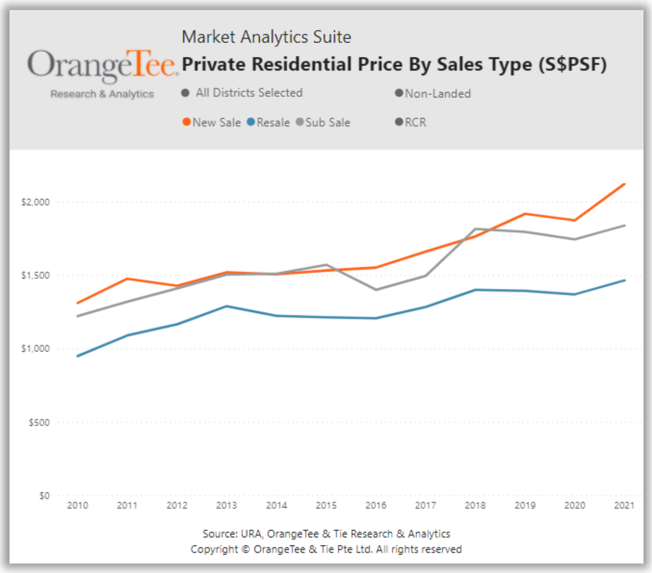


Chart 8 Prices of new condos surged by 13.2 per cent



MID-TIER SEGMENT

Demand for city fringe homes rose last year. Based on URA Realis data, private home sales in RCR excluding EC increased by 58.2 per cent in 2021 from 6,877 units (excluding EC) to 10,878 units in 2021 (Chart 7).

The number of resale homes (5,368 units) were almost on par with new home sales (5,371 units). When compared to 2020, resale transactions leapt by 89.5 per cent from 2,833 units, whereas new sales increased by 33.9 per cent from 4,010 units.

The overall average price for new condos in RCR surged by 13.2 per cent from S$1,874 psf in 2020 to S$,2122 psf in 2021. Resale condos rose by a slower rate of 7 per cent from S$1,369 psf to S$1,464 psf over the same period (Chart 8).

The best-selling new condos in the RCR were Normanton Park (1,469 units), CanningHill Piers (573 units), The Reef at King's Dock (382 units), Avenue South Residence (305 units) and Amber Park (265 units) (Charts 9 and 10). The most popular resale condos were Reflections at Keppel Bay (109 units), Eight Riversuites (85 units), Bartley Ridge (83 units), Sims Urban Oasis (77 units), The Interlace (74 units) and Caribbean at Keppel Bay (69 units).

Chart 9 Best-selling new projects in RCR

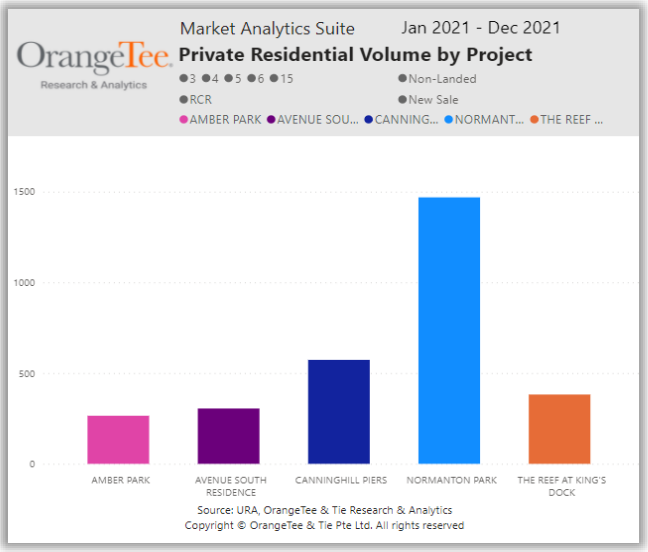
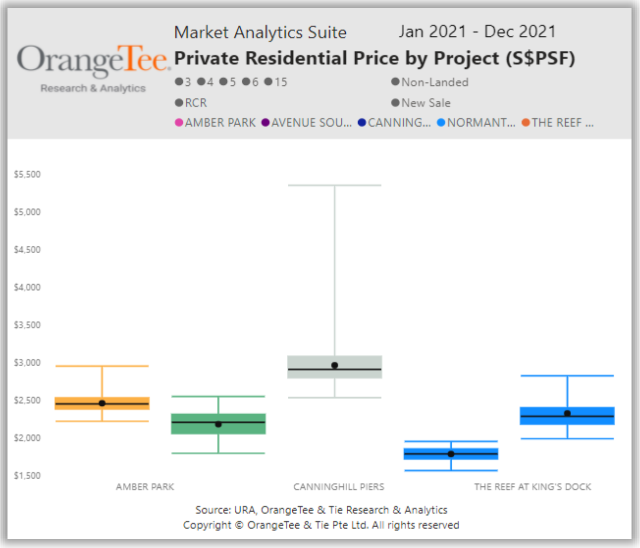


Chart 10 Prices of best-selling new projects in RCR (S$psf)



MASS MARKET SEGMENT

Demand remained resilient in the mass market segment. Based on URA Realis data, 15,793 units (excluding EC) were transacted in OCR for the whole of 2021, a 54.3 per cent increase from the 10,232 units sold 2020 (Chart 11).

Of the total transactions, resale homes (excluding EC) formed the bulk of purchases. 10,558 resale units were sold in 2021, 81.4 per cent higher than the 5,819 units sold in 2020. New home sales rose by 14.4 per cent from 4,268 units in 2020 to 4,881 units in 2021 (Chart 11).

The average prices of new and resale condos in OCR rose last year. For new condos, the average price increased by 4.7 per cent from S$1,532 psf in 2020 to S$1,605 psf in 2021. The average price of resale condos increased at a faster pace of 7.6 per cent from S$1,058 psf to S$1,139 psf (Chart 12).

The top selling OCR projects excluding ECs in 2021 were Treasure at Tampines (562 units), Pasir Ris 8 (429 units), Midwood (407 units), Parc Clematis (373 units), Ki Residences at Brookvale (361 units), The Florence Residences (331 units), The Watergardens at Canberra (330 units), and Dairy Farm Residences (328 units).

Many resale projects were in hot demand last year. These include Parc Rosewood (93 units), High Park Residences (89 units), D'Nest (89 units), The Minton (85 units), Parc Riviera (79 units) and Kingsford Waterbay (77 units) (Chart 13).

Chart 11 Private home sales in OCR reached 9-year high

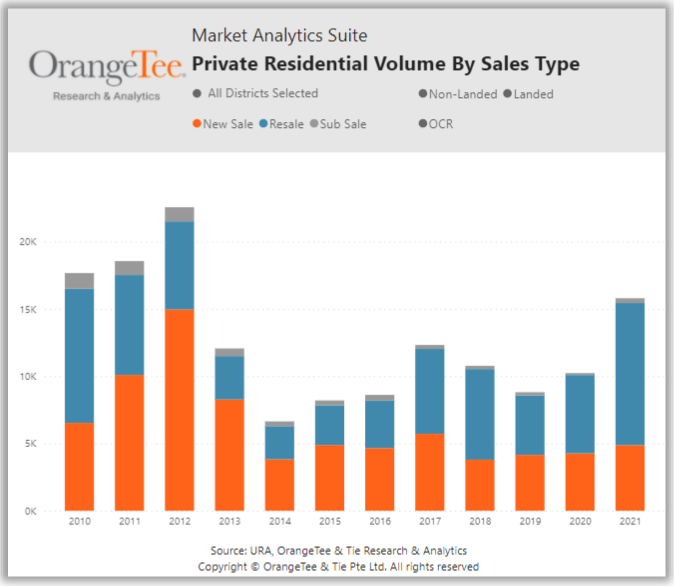


Chart 12 Prices rose for both new and resale condos in 2021

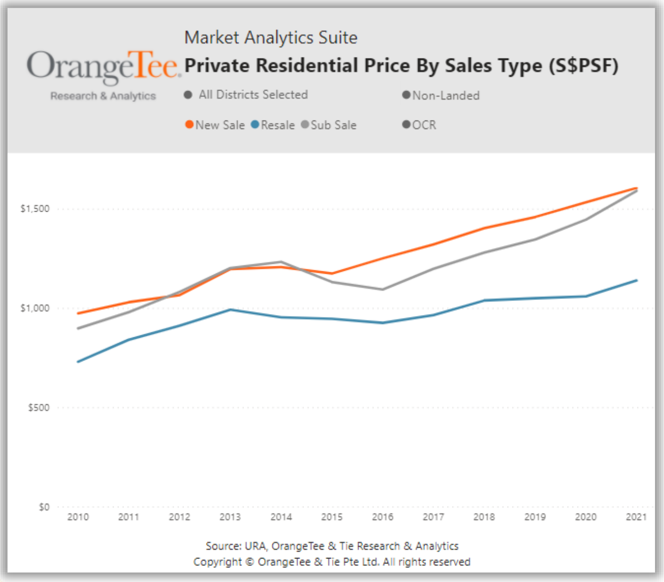
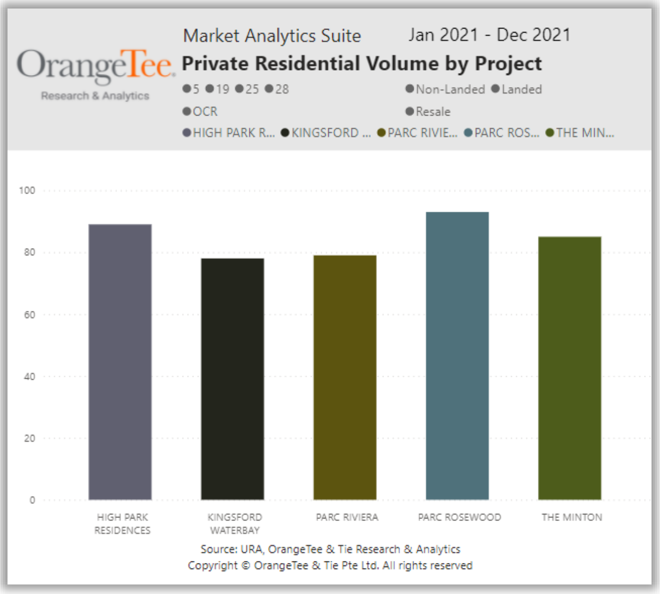


Chart 13 Best-selling OCR resale projects in 2021



Artist's Impression of Verticus

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New cooling measures may impact the growth momentum of private home prices. Prices may flatline in the first half of this year, and possibly pick up from the second half when the supply of new homes starts depleting.

~ Christine Sun

Artist's Impression of Cairnhill 16

Chart 14 Rental volume dipped 13.5 per cent q-o-q

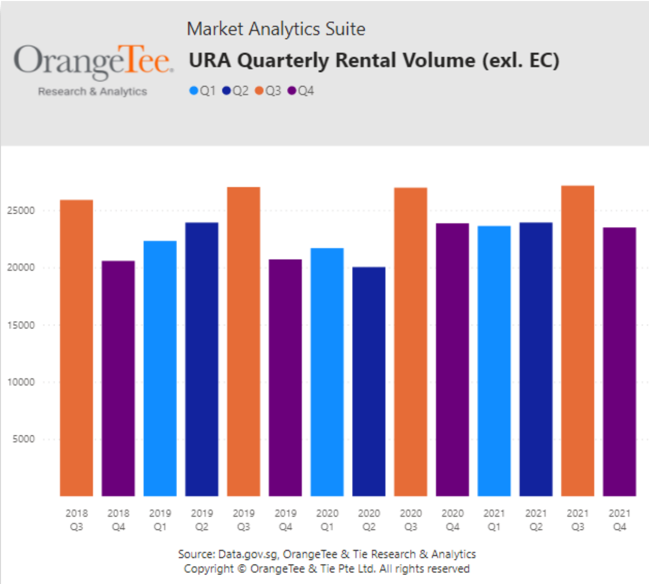


Chart 15 Rents rose by 2.6 per cent q-o-q

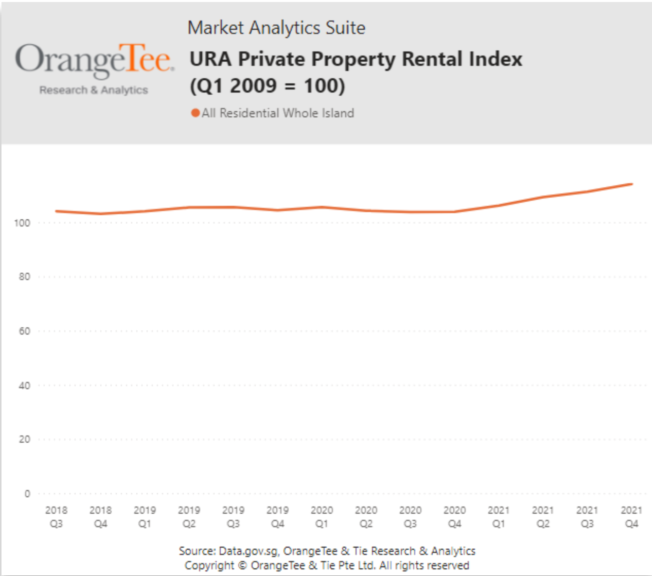
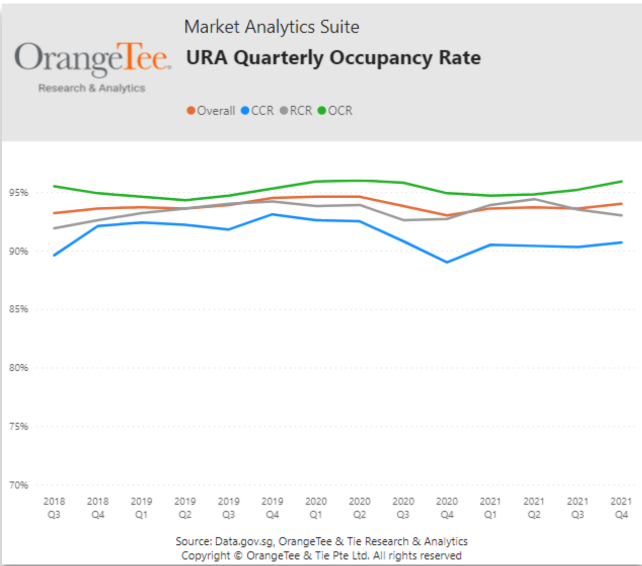


Chart 16 Overall occupancy rate at 94 per cent



RENTAL

Rental demand strengthened last year as border controls eased and international air travel increased. According to URA data, rental volume excluding EC dipped by 13.5 per cent q-o-q from 27,146 units in Q3 2021 to 23,489 units in Q4 2021 to (Chart 14). For the whole of 2021, 98,179 private homes were leased, which was 6.1 per cent more than the 92,537 rental volume inked in 2020.

Rents have been rising amid a tight supply of completed homes and robust rental demand over the past year. Rents increased by 2.6 per cent last quarter (Chart 15) and by 9.9 per cent for the whole year. Occupancy remained healthy at 94 per cent in Q4 2021 (Chart 16).

Rental demand is likely to pick up further this year. In light of the new cooling measures, HDB flat owners who do not wish to pay the ABSD may first opt to sell their flats before buying a new home, and renting a unit in the interim.

Moreover, employment in industries decimated by the pandemic may start picking up this year as there is more economic certainty. Healthcare, technology, logistics, transportation and digital-related sectors are hiring at scale. The surge in hiring will benefit the rental market as more foreign ex-pats, PRs and employment pass holders return to Singapore.

We estimate that rents may rise faster at between 8 and 11 per cent this year. Overall leasing volume may reach about 95,000- to 100,000-units in 2022.

NATIONALITY

Condo purchases by foreigners (non-permanent residents and permanent residents - PR) rose significantly last year.

Based on URA Realis data, the number of non-landed homes bought by foreigners surged 50.1 per cent from 737 units in 2020 to 1,106 units in 2021 (Chart 18). Purchases by PRs similarly rose 65.5 per cent from 2,818 units to 4,664 units. In comparison, Singaporean purchases increased at a slower rate of 59.7 per cent from 14,674 units to 23,435 units over the same period.

The increase in foreign and PR purchases could be attributed to border controls being eased last year and the quarantine-free travel lanes set up with a number of countries under the Vaccinated Travel Lane (VTL) Scheme.

In terms of proportion of total condo sales, Singaporean purchases held steady at 80.1 per cent in 2021, versus 80.2 per cent in 2020. The proportion of PR and non-PR purchases did not vary too significantly as well (Chart 17).

Last year, Mainland Chinese buyers remain as the largest group of foreign buyers with 1,671 transactions, the highest sales since 2017 (1,692 units).

The next largest group of foreign buyers were from Malaysia (1,036 units), India (680 units), Indonesia (351 units) and USA (263 units) (Chart 29). Malaysian buyers rose 83.7 per cent from 564 units in 2020. Indian and Indonesia buyers increased by 71.7 per cent from 396 units and 73.8 per cent from 202 units in 2020 respectively.

Chart 17 Proportion held relatively steady across buyer groups

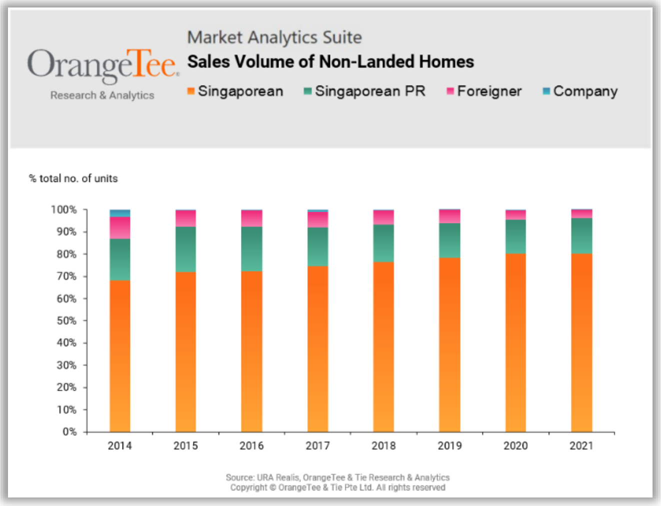


Chart 18 Condo purchases by foreigners rose significantly

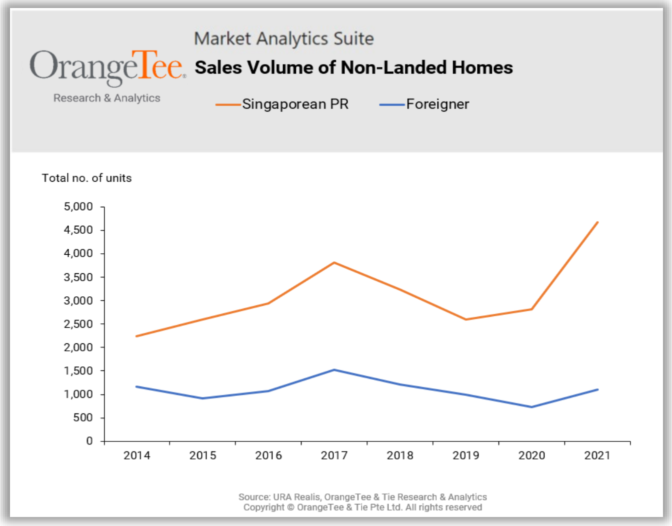
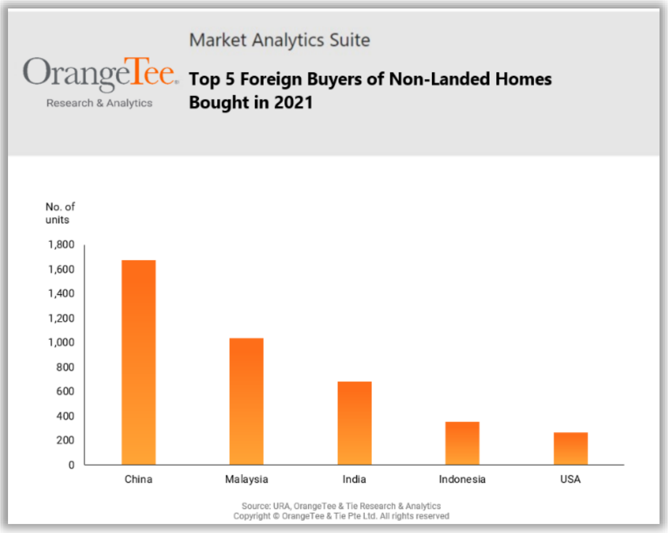


Chart 19 Mainland Chinese remain to be the top foreign buyer



OUTLOOK

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

Indicators	2018	2019	2020	2021	Projection for 2022
URA Property Price Index (Price Change) (incl.EC)	7.9%	2.7%	2.2%	10.6%	0% to 3%
Sales Volume (units)	22,139	19,150	20,909	33,557	23,500 to 26,500
New Sale (excl. EC)					
Price Change	10.8%	7.5%	0.8%	13.1%	3% to 6%
Sales Volume (units)	8,795	9,912	9,982	13,027	8,000 to 9,000
Resale (excl. EC)					
Price Change	2.7%	3.6%	-3.9%	5.8%	3% to 6%
Sales volume (units)	13,009	8,949	10,729	19,962	15,000 to 17,000
Rental					
URA Rental Index (Price Change) (incl. EC)	0.6%	1.4%	-0.6%	9.9%	8% to 11%
Leasing volume (units)	89,904	93,960	92,537	98,179	95,000 to 100,000

Source: URA, OrangeTee & Tie Research & Analytics

Prices may flatline in the first half of this year and pick up from the second half when the supply of new homes starts depleting. The impact of the new cooling measures, rising interest rates, and inflation may crimp buyers' spending binges. We estimate that private home prices may grow up to 3 per cent this year.

This year, close to 9,000 new homes, including ECs, could be launched. This year's new home supply is approximately 17 to 20 per cent lower than the units launched annually in 2019 and 2020. The supply of new condominiums in the suburban region will be moderated further this year. Less than 4,000 new private homes over ten residential projects (including ECs) could be launched in the OCR, about 33 per cent lower than the 6,000 units released annually in 2019 and 2020.

As fewer projects will be launched next year, new home sales may slip correspondingly to around 8,000 to 9,000 units this year. Some buyers may turn to the secondary market due to the supply lack in the new home market.

Around 15,000 to 17,000 resale homes could be transacted this year, higher than the 10-year average of over 9,000 units. Total sales transactions, including new sales, resales and subsales, may reach around 23,500- and 26,500-units.

Although the authorities will be ramping up supply in the upcoming GLS programmes, these projects will be launched only from 2023. Price pressures may likely ebb when supply catches up with demand from 2023.

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