

# LUXURY HOMES MARKET PERSEVERED AMIDST ECONOMIC UNCERTAINTIES



## Singapore Luxury Homes 2022H2

## ACTIVITY IN LUXURY HOMES MARKET MODERATED IN 2022

Prices of luxury homes held firm in 2022 notwithstanding a lower sales volume compared with 2021. A total of 511 luxury deals were contracted in 2022, down 24% compared to the 677 deals in 2021. In terms of investment value, 2022's quantum of \$5.185 billion was 35% lower than the \$7.932 billion achieved in 2021.

Based on caveat data provided by URA, the 514 deals in 2022 comprised 44 Good Class bungalows (GCBs), 18 bungalows at Sentosa Cove and 452 luxury apartments in the Core Central Region (CCR). Back in 2021, there were 90 GCB transactions, 26 bungalow deals at Sentosa and 561 luxury apartment sales. The lower transactions in 2022 could be attributed to the turn of global economic climate arising from the surging inflation, seven consecutive rate hikes by the Federal Reserve, a worsening geopolitical conflict between the US and China, and repercussions from Russia's invasion of Ukraine. In addition, the hike in home prices in 2021 has widened the gap between buyer's and sellers' expectations so that deals took a longer to be struck.

Prices of luxury homes, bungalow in particular, increased sharply in 2022. The average price in terms of psf of land for deals in GCB areas in 2022 was \$1,870 psf, an increase of 10.5% from \$1,692 psf last year. The 2021 figure was in turn 14.6% higher than 2020's. The average price of the bungalows at Sentosa Cove was \$1,940 psf, up 9.1% from \$1,778 psf last year which was in turn 5.3% higher than 2020's average price. These average psf prices do not take into account the differences between bungalows, such as their location, age/condition, built-up area, orientation and terrain.

As for luxury apartments, transactions in 2022 achieved an average price of \$2,972 psf, just a shade below the \$2,983 psf in 2021, but it was 9.2% above the price psf in 2020.

We continued to see high rentals achieved for luxury homes. Naturally, some owners chose to rent out their properties instead of selling. This also contributed to the lower sales volume in 2022. The strong leasing demand could be attributed to newer ultra-high-net-worth investors who entered Singapore after the economy reopened in April 2022 and those who recently set up their family offices here. According to the Monetary Authority of Singapore, more than 100 applications to set up single-family offices in the first four months of the year have been approved, in addition to the 700 family offices that had been established in Singapore by 2021. Furthermore, those who are opting for the Global Investor Programme (GIP) could apply for Singapore Permanent Residence (PR) status if they are successful.

With this strong influx of foreign wealthy families, there is a possibility that demand for luxury homes in 2023, especially GCBs and bungalows at Sentosa Cove, could remain at 2022 levels or be better, despite the uncertainties from economic and geopolitical issues on the global front.

KEY INDICATORS				
Period	Sales Volume	Total Value (Mil)	Average Price/Unit (Mil)	Price psf
<b>Good Class Bungalows<sup>^</sup></b>				
2022H2 vs. 2021H2	16 vs. 35	\$495.04 vs. \$975.72	\$30.94 vs. \$27.88	\$2,050 vs. \$1,698
2022 vs. 2021	44 vs. 90	\$1,186.46 vs. \$2,573.21	\$26.96 vs. \$28.59	\$1,870 vs. \$1,692
<b>Sentosa Cove Bungalows</b>				
2022H2 vs. 2021H2	10 vs. 15	\$207.45 vs. \$234.75	\$20.74 vs. \$15.65	\$1,979 vs. \$1,771
2022 vs. 2021	18 vs. 26	\$337.70 vs. \$440.44	\$18.76 vs. \$16.94	\$1,940 vs. \$1,778
<b>Luxury Apartments<sup>*</sup></b>				
2022H2 vs. 2021H2	222 vs. 297	\$1,866.64 vs. \$2,553.78	\$8.41 vs. \$8.60	\$2,979 vs. \$2,966
2022 vs. 2021	452 vs. 561	\$3,660.44 vs. \$4,918.59	\$8.10 vs. \$9.07	\$2,972 vs. \$2,983

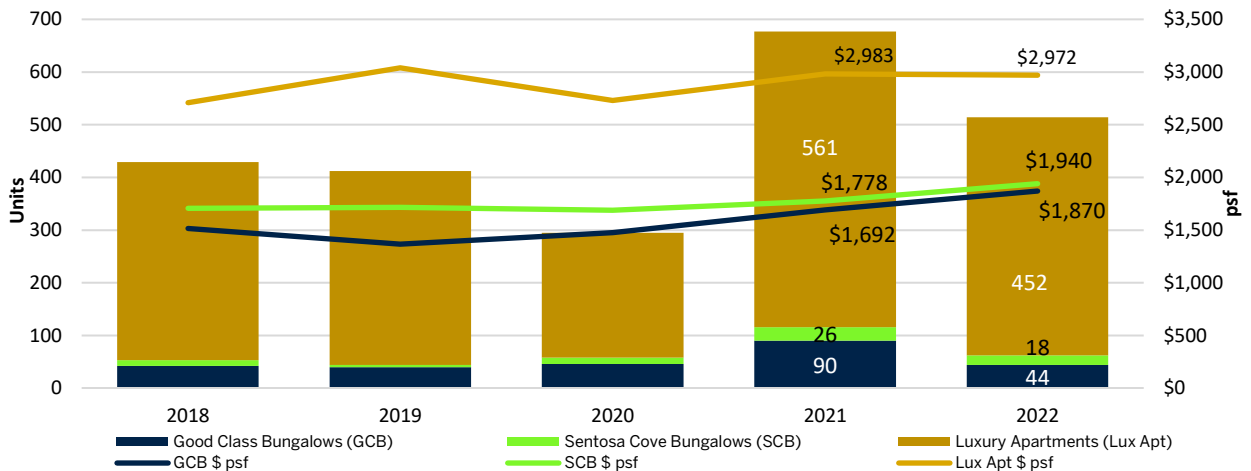
Source: URA; List SIR

<sup>^</sup> These are bungalows located within the 39 gazetted GCB Areas and include those with land areas smaller than 15,070 sq ft.

<sup>\*</sup> Luxury apartments are defined as good quality (and/or branded) developments in the Core Central Region (CCR) with price quantum of \$5mil and above.

Note: The above statistics were downloaded on Jan 6, 2023 and the latest caveats were dated Dec 29, 2022.

## LUXURY SALES VOLUME & PRICE PSF



Source: URA; List SIR

Note: The GCB figures were based on caveats lodged for bungalow transactions within the 39 gazetted GCB Areas regardless of land area. Luxury apartments are defined as good quality (and/or branded) developments in the Core Central Region (CCR) with price quantum of \$5 mil and above. The above statistics were downloaded on Jan 6, 2023 and the latest caveats were dated Dec 14, 2022.

### GOOD CLASS BUNGALOWS (GCBs)

In 2022H2, 16 bungalows in the GCB Areas were sold, lower than the 28 deals in the first half of the year. This brings the total for the year to 44 deals, slightly less than half of the 90 transactions in 2021. The total transaction value of \$1.186 billion works out to \$1,870 psf on land area. This is 10.5% higher than the \$1,692 psf in 2021 and 14.6% higher than the \$1,477 psf in 2020. The surge in prices in 2021 was due to the sale of two bungalows at above \$4,000 psf, a record level for the GCB market.

In 2022, the highest price psf was achieved by a bungalow at White House Park. Its \$45.5 mil price tag reflects \$3,017 psf, which was a new record for this location. The most expensive bungalow that was sold in the year went to a GCB at Chancery Lane with a large land area of 34,216 sq ft. It fetched a price of \$66.06 mil.

In September, three bungalows at Nassim Road were put up for sale by Cuscaden Peak Investments with an asking price of \$5,200 psf. Although it was reported that a few bids of close to \$5,000 psf had been submitted, the bungalows remained unsold by end-2022.

The rental market of bungalows in the GCB areas continued to grab headlines in 2022. In June, a 12-year-old bungalow at Queen Astrid Park was reportedly leased at \$200,000 a month, or \$2.4 mil a year. Statistics from URA showed that a GCB at Dalvey Estate was leased in April for \$150,000 per month while another GCB at Jalan Asuhan was leased at \$128,000 per month. Through the year, 25 bungalows were leased out at monthly rentals from \$60,000 and above. Back in 2021, only 12 bungalows were leased out from \$60,000 to \$125,000 per month.

### SENTOSA COVE BUNGALOWS

In 2022H2, sales activity at Sentosa Cove picked up slightly resulting in 10 deals done, compared to 8 in 2022H1. Although the total of 18 deals was 31% lower than the 26 deals registered in 2021, the average price of bungalows transacted was 5.3% higher at \$1,940 psf compared with \$1,778 psf in 2021.

The most expensive bungalow sold in 2022 was a \$34 mil waterway-facing property located at Ocean Drive. It is one of the rare plots with a large land area of 17,110 sq ft. The highest price psf was fetched by a bungalow at Cove Grove. Its price of \$22mil reflects \$2,396 psf. However, both these deals were lower than the top deal in 2021 for a Cove Drive bungalow which fetched the highest price of \$43.67 mil and highest price psf of \$2,419.

With Singapore emerging as Asia's family office hub, its low-tax regime and proximity to South east Asian growth markets have been able to draw the ultra rich from all over the world. Of the 18 deals in 2022, five were by foreigners and four by Singapore Permanent Residents (SPRs). By nationality, three were from China and one each from Brazil, Canada, Hong Kong, Indonesia, Portugal and Taiwan.

Due to the limited availability of bungalows for rent, leasing activity at Sentosa Cove reflected a similar enthusiasm as that for GCBs. Data from the URA showed that in 2022, 40 bungalows were leased at a monthly rental of \$12,000 to \$83,000 while in 2021, 38 bungalows were leased at \$16,000 to \$68,000. Interestingly, the top rental in both years were fetched by bungalows at Treasure Island.

## LUXURY APARTMENTS

222 luxury apartments were sold in 2022H2, lower than the 230 transactions in 2022H1. Of the 222 units, 179 units were in the \$5-\$10 mil price band and 43 units were priced from \$10 mil and above. In 2022H1, there were 199 units and 31 units respectively in the corresponding price bands.

For the whole year, the total of 452 luxury apartment transactions was 19% lower than the 561 transactions in 2021. This could be attributed to the absence of new luxury projects launched in 2022.

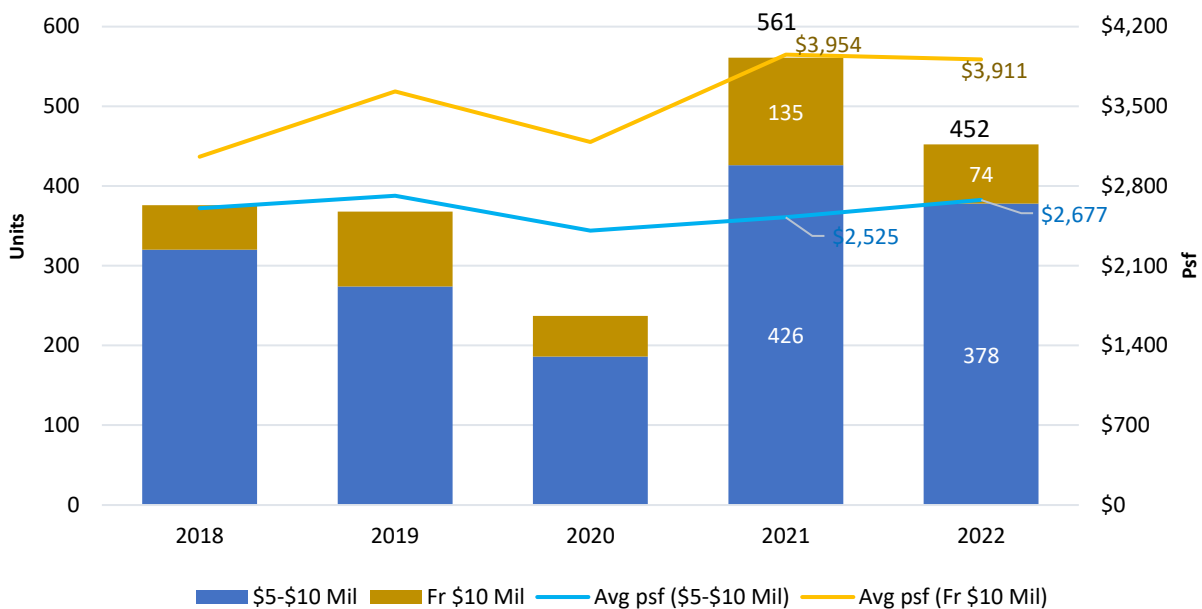
Within the \$5-\$10 mil band, the average price of apartments rose by 6.0% to \$2,677 psf from \$2,525 psf at end-2021 while the apartments priced from \$10 mil onwards eased by a marginal 1.1% to \$3,911 psf from \$3,954 psf over the same period. The price moderation in the higher price band is due to fewer large units and penthouses sold compared with 2021.

Transactions at Les Maisons Nassim led the pack with caveats lodged for seven units ranging from \$34.61 mil to \$68.0 mil. The \$68.0 mil was the price of a mega-apartment with a floor area of 11,227 sq ft, which translates to \$6,057 psf and is a record price psf in 2022. At Park Nova, 14 units were sold at between \$7.0 mil and \$13.5 mil. Both luxury projects were developed by Shun Tak and are over 80% sold by end-2022.

Similar to bungalows, luxury apartments with floor areas in excess of 6,000 sq ft fetched phenomenal rents. An apartment at The Marq On Paterson Hill was leased out at a monthly rental of \$100,000 in 2022Q4. Another unit in the same development as well as a unit in One Shenton were each leased out at \$80,000 per month in 2022Q3. In the same period, a unit at Le Nouvel Ardmore were leased out at \$70,000 and another at \$68,888.

### LUXURY APARTMENT MARKET

Avg Price	2018	2019	2020	2021	2022
Fr \$10M	\$13.76M	\$14.70M	\$13.90M	\$15.48M	\$15.57M
\$5M-\$10M	\$6.76M	\$6.77M	\$6.72M	\$6.66M	\$6.64M



Source: URA; List SIR

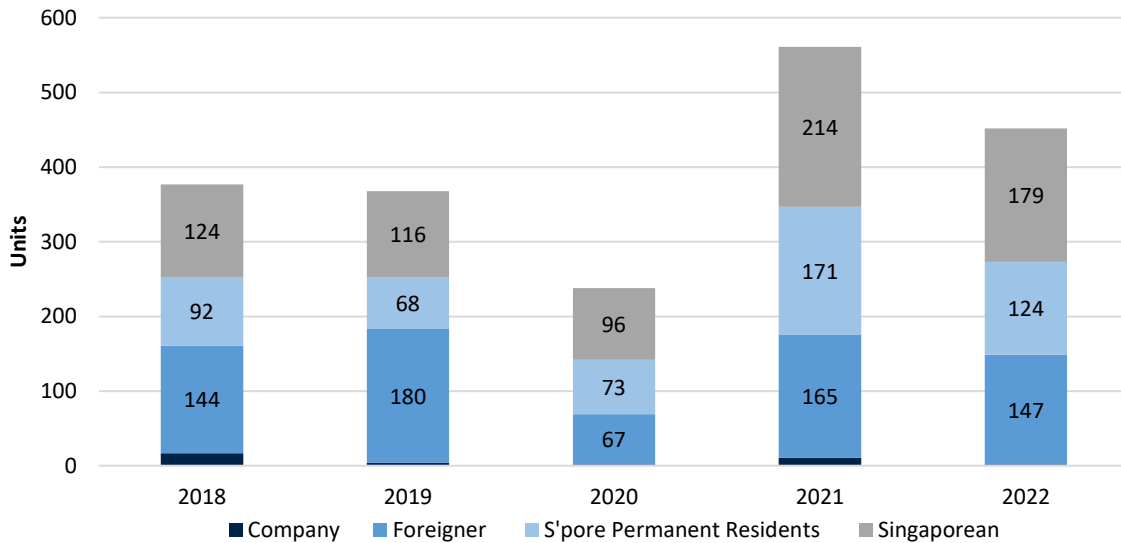
Note: The above statistics were downloaded on Jan 6, 2023 and the latest caveats were dated Dec 29, 2022.

For the whole year, the profile of the 452 buyers by residential status comprised 147 foreigners (33%), 124 PRs (27%) and 179 Singaporeans (40%). The remaining two units were purchased by companies. Compared with 2021, buyers of the 561 units comprised 165 foreigners (29%) and 171 PRs (31%) and 214 Singaporeans (38%) and 11 units by companies (2%).

The top five foreign investors (including PRs) in 2022 came from China, USA, Indonesia, Malaysia and Taiwan.

Based on the profile of buyers, foreigners and PRs generally account for 60% of the share of luxury apartments market. This is despite the hike in ABSD for these groups of buyers since December 2021. We attribute this to Singapore's political stability, open and transparent policies for foreign investments as well as proximity to Southeast Asian growth markets which is able to draw ultra-rich investors to be based here.

## PROFILE OF BUYERS OF LUXURY APARTMENTS IN CORE CENTRAL REGION



Source: URA; List SIR

Note: The above statistics were downloaded on Dec 30, 2022 and the latest caveats were dated Dec 14, 2022.

## OUTLOOK

Based on the expected launches announced by developers/marketing agents so far, there is no luxury project in view. However, a few upcoming high-rise mixed developments in the downtown may offer penthouses with a high price tag. These include 8 Shenton Way (former AXA Tower), Newport Residences (former Fuji Xerox Tower) and Marina View Residences. Foreign UHNW investors would be attracted to such luxury assets because there is no ownership restriction and they are deemed as a safe avenue to park their funds.

Looking at the wider picture, Singapore's economy grew by 3.8% in 2022, slowing sharply from the 7.6% growth in 2021, according to the Ministry of Trade and Industry. The threat of global recession in 2023 seems unavoidable as the Russian-Ukraine conflict continues, US-China tensions are likely to persist and China's recovery from Covid-19 remains to be seen.

These factors may lead to reduced investments in Singapore as external investors opt to hold back acquisition activities until projections of global economic health become clearer. As such, we can expect a more cautious stance in the first half of 2023, resulting in some moderation of luxury home sales and prices.

## SELECTED LUXURY TRANSACTIONS IN 2022

Location	Transacted Price \$	Land (sq ft)	Price \$psf	Sale Date
<b>GOOD CLASS BUNGALOW (GCB) AREAS</b>				
LORNIE ROAD	24,800,000	25,272	981	4-Jan-22
CASSIA DRIVE	22,000,000	9,973	2,206	8-Jan-22
GARLICK AVENUE	19,000,000	12,778	1,487	28-Jan-22
NAMLY HILL	24,800,000	11,087	2,237	4-Feb-22
ORIOLE CRESCENT	24,100,000	10,300	2,340	15-Feb-22
GALLOP PARK ROAD	35,500,000	13,037	2,723	1-Mar-22
CHANCERY LANE	66,060,000	34,216	1,931	3-Mar-22
ASH GROVE	25,000,000	9,885	2,529	11-Apr-22
OLIVE ROAD	50,236,200	27,909	1,800	14-Apr-22
DUNEARN CLOSE	25,000,000	17,871	1,399	26-Apr-22
JALAN HARUM	18,180,000	8,633	2,106	31-May-22
ANDREW ROAD	33,000,000	26,934	1,225	10-Jun-22
SWISS CLUB ROAD	26,300,000	19,406	1,355	17-Jun-22
SIXTH AVENUE	13,080,000	9,214	1,420	21-Jul-22
WHITE HOUSE PARK	45,500,000	15,081	3,017	4-Aug-22
BELMONT ROAD	55,500,000	27,000	2,056	14-Aug-22
LEEDON PARK	34,000,000	15,256	2,229	21-Sep-22
CORNWALL GARDENS	47,000,000	21,740	2,162	29-Sep-22
YARWOOD AVENUE	29,700,000	18,519	1,604	1-Nov-22
ASTRID HILL	55,088,000	27,699	1,989	18-Nov-22
<b>Total (20 bungalows)</b>	<b>673,844,200</b>	<b>361,810</b>	<b>1,862</b>	

Source: URA; List SIR

Note: The above statistics were downloaded on Jan 6, 2023 and the latest caveats were dated Dec 14, 2022.

## SELECTED LUXURY TRANSACTIONS IN 2022 (cont'd)

Location	Transacted Price \$	Land (sq ft)	Average Price \$psf	Sale Date
<b>SENTOSA COVE</b>				
TREASURE ISLAND	14,300,000	8,631.65	1,657	12-Jan-22
LAKESHORE VIEW	17,600,000	7,887.86	2,231	9-Feb-22
COVE WAY	18,400,000	8,943.81	2,057	22-Mar-22
COVE GROVE	21,000,000	10,116.01	2,076	29-Apr-22
SANDY ISLAND	10,800,000	7,532.65	1,434	20-May-22
COVE DRIVE	22,000,000	11,430	1,925	16-Jun-22
OCEAN DRIVE	34,500,000	17,110	2,016	26-Jul-22
COVE GROVE	22,000,000	9,182	2,396	21-Oct-22
PEARL ISLAND	12,800,000	7,433	1,722	27-Oct-22
COVE DRIVE	17,050,000	7,934	2,149	14-Dec-22
<b>Total (10 bungalows)</b>	<b>200,450,000</b>	<b>102,949</b>	<b>1,947</b>	
<b>LUXURY APARTMENTS</b>				
JUNIPER AT ARDMORE #02	10,250,000	3,519.83	2,912	5-Jan-22
BEVERLY HILL #20	9,300,000	3,778.16	2,462	17-Jan-22
ARDMORE THREE #21	5,250,000	1,743.77	3,011	7-Feb-22
KLIMT CAIRNHILL #27	5,760,000	1,496.20	3,850	17-Feb-22
ST REGIS RESIDENCES #14	5,050,000	2,152.80	2,346	10-Mar-22
LES MAISONS NASSIM #05	59,768,640	12,066.44	4,953	18-Mar-22
CLIVEDEN AT GRANGE #22	5,700,000	2,152.80	2,648	21-Apr-22
MIDTOWN MODERN #18	5,239,080	1,808.35	2,897	29-May-22
WALLICH RESIDENCE #54	6,015,000	1,657.66	3,629	13-Jun-22
LE NOUVEL ARDMORE #08	22,289,400	3,842.75	5,800	5-Jul-22
THE OCEANFRONT @ SENTOSA COVE #07	7,000,000	3,013.92	2,323	18-Jul-22
NOUVEL 18 #10	7,976,000	2,475.72	3,222	19-Jul-22
DRAYCOTT EIGHT #08	6,500,000	2,863.22	2,270	26-Aug-22
TOMLINSON HEIGHTS #36	23,000,000	4,951.44	4,645	26-Aug-22
LEEDON RESIDENCE #09	7,000,000	2,669.47	2,622	19-Sep-22
DUO RESIDENCES #49	11,475,720	4,391.71	2,613	20-Sep-22
THE MARQ ON PATERSON HILL #17	14,000,000	3,056.98	4,580	30-Sep-22
JUNIPER HILL #12	7,073,000	2,217.38	3,190	3-Oct-22
3 ORCHARD BY-THE-PARK #14	13,003,000	3,250.73	4,000	12-Oct-22
LES MAISONS NASSIM #05	68,000,000	11,227	6,057	17-Oct-22
THE ORCHARD RESIDENCES #34	9,100,000	2,852.46	3,190	1-Nov-22
PARK NOVA #11	6,504,000	1,431.61	4,543	30-Nov-22
PARK NOVA #10	6,434,000	1,431.61	4,494	30-Nov-22
NEW FUTURA #15	12,000,000	2,691	4,459	9-Dec-22
CAPE ROYALE #18	10,515,600	4,768.45	2,205	14-Dec-22
<b>Total (25 apartments)</b>	<b>286,244,440</b>	<b>78,868</b>	<b>3,629</b>	

Source: URA; List SIR

Note: The above statistics were downloaded on Jan 6, 2023 and the latest caveats were dated Dec 29, 2022.



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