

Residential Market Watch 2022Q3

# ALERT ON SURGE IN SUBURBAN PRICES

## DASHBOARD

	Price Index	Rental Index	New Sales (units)	Resales (units)	All Residential Sales (units)	Vacancy Rate (%)
Q-o-q Change	▲ +3.8%	▲ +8.6%	▼ -9%	▼ -12%	▼ -10%	▲ +30 basis pts
Y-o-y Change	▲ +13.6%	▲ +23.9%	▼ -38%	▼ -31%	▼ -32%	▼ -70 basis pts

### Government intervened to rein in price hikes

Advanced estimates showed that the Singapore economy grew at 4.4% in 2022Q3 in the midst of rising inflation and interest rates and geopolitical tensions. A technical recession was averted as the economy grew 1.5% quarter on quarter (q-o-q) on a seasonally adjusted basis, a turnaround from the 0.2% contraction in 2022Q2.

The private residential market also showed resilience despite the headwinds, with decent sales in the new and resale segments. The consistent housing demand supported a 3.8% q-o-q rise in the private residential price index, faster than the 3.5% gain in 2022Q2.

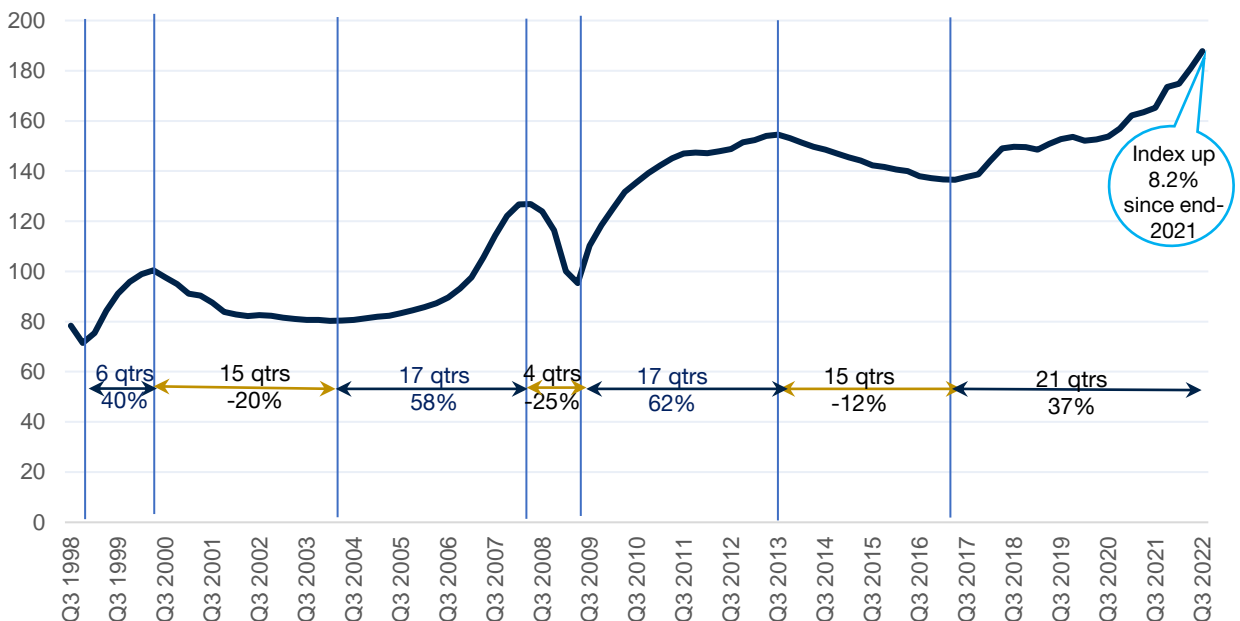
The hike in prices was led by non-landed homes, which rose by 4.4% q-o-q while landed homes rose by only 1.6% q-o-q. Prices of non-landed homes were generally driven by new launches whereas those of landed homes were largely driven by the resale market as new supply is few and far between.

The main driver of the non-landed price index in 2022Q3 was the Outside Central Region (OCR) which chalked up the biggest rise of 7.5% q-o-q. The surge was underpinned by three new launches – Amo Residence, Sky Eden @ Bedok and Lentor Modern – achieving a new benchmark of above \$2,000 psf for OCR. The price index for Rest of Central Region (RCR) took the second place with a 2.8% q-o-q gain followed by the Core Central Region (CCR) with a 2.3% q-o-q rise in the price index.

Year-on-year (y-o-y), prices in the OCR posted a total gain of 18.6%, followed by 13.5% for RCR and 6.9% for CCR. This led to a blended gain of 13.6% y-o-y in the prices of all non-landed homes while landed home prices grew by 13.2% over the same period. Overall, the residential price index climbed by 13.6% y-o-y.

The double-digit growth despite rising loan rates and darkening economic circumstances sounded the alarm which resulted in fresh cooling measures being introduced on the last day of the quarter.

## CYCLES OF THE URA RESIDENTIAL PRICE INDEX



Source: URA, List SIR

## Market dynamics

The main focus in 2022Q3 was the launch of three major non-landed projects in OCR, which saw the last major launch – The Commodore – in November 2021. Buyers comprising a mix of owner-occupiers, HDB upgraders and investors zoomed in on Amo Residence, Sky Eden @ Bedok and Lentor Modern in the first weekend of launch, turning in take-up rates well over 70% for each project. Another notable point was that these were the first 99-year leasehold suburban projects to be launched at above \$2,000 psf on the average, a new benchmark for OCR.

The three projects sold a total of 995 units in 2022Q3. Based on the caveats lodged, 42% of the units were priced between \$1.5 mil and \$2.0 mil, 25% of the units were in the \$1.0-1.5 mil price band while another 23% were in the \$2.0-2.5 mil price band. The remaining 10% were priced above \$2.5 mil.

The strong take-up of Amo Residence could be attributed to its being the first major residential launch in Ang Mo Kio after eight years. It's proximity to Mayflower MRT station is a plus. Both Sky Eden and Lentor Modern are mixed used projects with a retail component. Sky Eden is located in Bedok Central where there are various amenities as well as Bedok MRT station. Lentor Modern will have a mall with over 96,000 sq ft of F&B and retail shops, a 12,000 sq ft supermarket and a childcare centre. The project will be directly linked to Lentor MRT station.

The total of 2,187 new and 3,719 resale homes sold in 2022Q3 were lower than the corresponding 2,397 new and 4,236 resale homes sold in 2022Q2. The decline was unsurprising in view of rising prices and interest rates.

On September 29, 2022, the government released a slew of measures to promote sustainable conditions in the property market which included:

1. raising the medium-term interest rate floor used to compute the total debt servicing ratio (TDSR) and mortgage servicing ratio (MSR) by 0.5 percentage point for loans from private financial institutions;
2. Imposing a wait-out period of 15 months for current and former owners of private residential property to buy a non-subsidised HDB resale flat.

The first measure will crimp the loan amount for home buyers while the second will bar private homeowners from buying HDB resale flats for 15 months, which will in turn shrink the pool of HDB upgraders for private homes. These measures took effect from September 30, 2022 and are widely expected to slow down home sales in 2022Q4.

For the nine months in 2022, a total of 18,302 homes have been sold. URA statistics showed that 79% of the homes were bought by Singaporeans, 17% by permanent residents and 4% by foreigners. The top five foreign buyers came from China, Malaysia, India, USA and Indonesia.

Some 151 luxury homes were sold in 2022Q3, slightly lower than the 156 deals in 2022Q2. This brings the total to 416 transactions in the first nine months of 2022. The most expensive property sold in each segment in 2022Q3 was a GCB at 80 Belmont Road which fetched \$55.5mil, a villa at 256 Ocean Drive which fetched \$34.5 mil and a penthouse at Les Maisons Nassim which was sold for \$59.8 mil.

## PROJECTS THAT SOLD WELL IN 2022Q3

Name	Total Units	Units Sold#	Median psf#	Total Sold by Sep'22
<b>Core Central Region</b>				
Hyll On Holland	319	72	\$2,674	229
Leedon Green	638	66	\$2,803	473
Perfect Ten	230	65	\$2,938	119
The Hyde	117	39	\$3,001	106
Pullman Residences	340	38	\$3,023	193
<b>Rest of Central Region</b>				
Riviere	455	70	\$2,921	363
One Pearl Bank	774	38	\$2,662	679
Forett At Bukit Timah	633	28	\$2,248	616
Avenue South Residence	1,074	24	\$2,284	1,074
Meyer Mansion	200	24	\$2,697	189
<b>Outside Central Region</b>				
Lentor Modern*	605	512	\$2,108	512
Amo Residences*	372	362	\$2,110	362
Sky Eden @ Bedok*	158	121	\$2,119	121
The Gazania	250	33	\$2,235	201

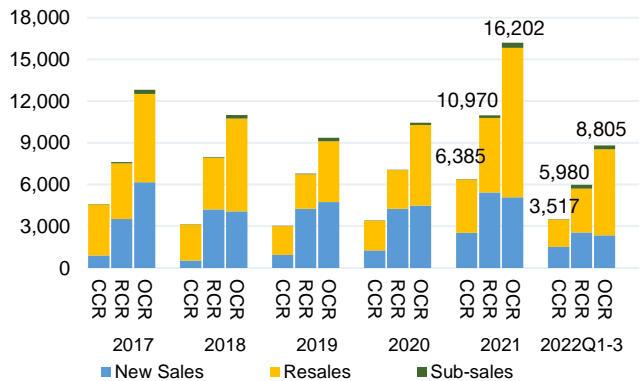
Source: URA, List SIR

#Units sold and median price in 2022Q3

\* New launches in 2022Q3

## HOMES SALES VOLUME

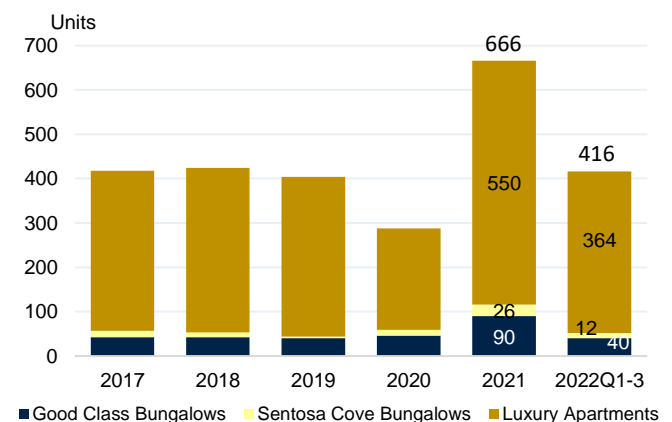
	2017	2018	2019	2020	2021	2022Q1-3
<b>Total</b>	<b>25,010</b>	<b>22,139</b>	<b>19,150</b>	<b>20,909</b>	<b>33,557</b>	<b>18,302</b>



Source: URA, List SIR

CCR= Core Central Region; RCR= Rest of Central Region; OCR= Outside Central Region

## LUXURY SALES VOLUME (New & Resale)



Source: URA, List SIR

Note: Luxury apartments defined as quality (and/or branded) developments in Core Central Region with price quantum above \$5 mil each.

## Rental market

The rental market remained robust in 2022Q3 and led to an 8.6% q-o-q rise in the rental index, higher than the 6.7% q-o-q gain in 2022Q2. This is the biggest quarterly increase since 2007Q3. Supporting factors included the re-opening of borders, new policies to attract professional talent as well as locals in need of interim housing. Landlords have also been eager to raise rents to offset higher mortgage costs and property taxes.

By property types, rents of landed homes rose significantly in 2022Q3 as seen by the 10.9% q-o-q jump in its rental index, much faster than the 3.2% rise in 2022Q2. Similarly for non-landed homes, swiftly rising rents translated to a 8.3% q-o-q rise in the rental index, higher than the 7.1% increase in 2022Q2. Rents for non-landed homes in RCR led the increase with a 9.6% q-o-q gain, followed by rises of 8.8% for OCR and 7.0% for CCR. Based on caveat data, the highest rental deals in 2022Q3 went to a bungalow at Dalvey Road at \$85,000 per month and a penthouse in One Shenton at \$80,000 per month.

A smaller number of 1,602 new homes were completed in 2022Q3, compared to the 2,682 new homes completed in the previous quarter. In total, the residential stock stood at 386,953 units at end-September. Prominent projects completed in the quarter were Parc Esta (931 out of 1,399 units), The Jovell (428 units) and Sycamore Tree (96 units).

There were 21,898 vacant homes in 2022Q3 reflecting a vacancy rate of 5.7%. Although this is slightly higher than the 20,765 vacant homes in 2022Q2, supply is still tight, homes for rent in particular.

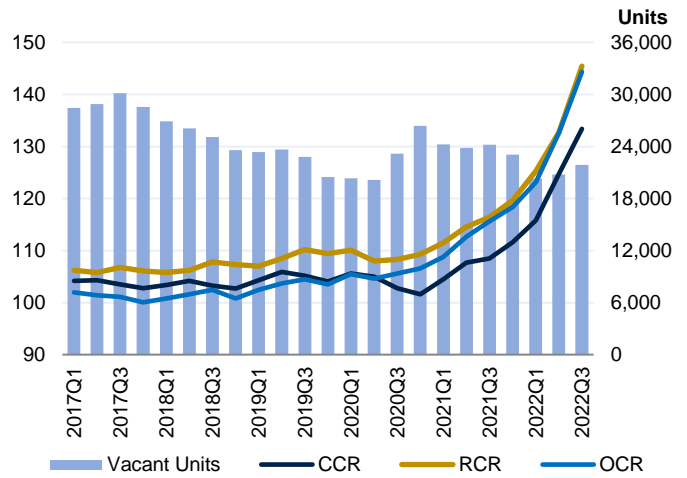
## Supply in the pipeline

The pipeline of housing units inched up as developers acquired new development sites. At the end of 2022Q3, developers had 49,384 uncompleted private homes in the pipeline with planning approvals, compared to 48,836 units in 2022Q2. Some 15,677 units (32%) remained unsold, slightly lower than the 15,805 units at end-June. The 15,677 unsold units comprised 4,398 units (28%) from projects that were either launched or not launched yet and 11,279 units (72%) from projects without the prerequisites for sale.

Weighed down by rising interest rates and inflation, mounting risk of global recession, potential job losses and government intervention, developers exercised caution when acquiring development land. In 2022Q3, developers bought four private residential sites by the collective sales route and three sites from the government land sales (GLS) programme.

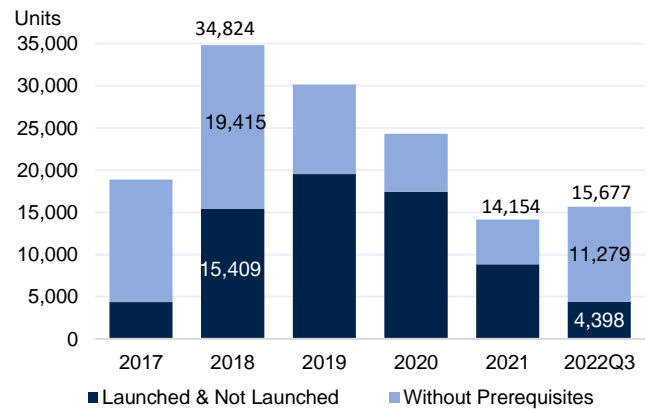
The biggest deal, Chuan Park, was reportedly sold to Kingsford Group/ MCC Land for \$890 mil or \$1,254 psf/plot ratio in July. The sale was subject to approval by Strata Titles Board. Two smaller developments – Euro-Asia Apartments and Park View Mansions – were also sold in the same month. A fourth site comprising a small apartment block at Jalan Ulu Siglap was sold to be developed into landed homes.

## RENTAL INDEX & VACANT UNITS



Source: URA, List SIR

## UNSOLD UNITS IN THE PIPELINE



Source: URA, List SIR

Note: Above figures refer to uncompleted residential units with planning approvals. Those without pre-requisites are not released for sale yet.

In the GLS tender, two parcels at Lentor Central and Lentor Hills Road received only three and two bids respectively. The corresponding top bids of \$1,108 psf/plot ratio and \$1,130 psf/plot ratio were very close. The muted response could be attributed to the supply buildup of some 3,000 units from six parcels in the location even though the first of these – Lentor Modern – was 85% sold when it was launched in September.

## Outlook

So far, the new projects to be launched in 2022Q4 are expected to be smaller projects like Hill House (72 units), Kovan Jewel (34 units) and Sophia Regency (36 units). There was no announcement of any major project launch. The Fed hiked interest rates by 75 basis points again in November. Coupled with the fresh limits on home loans in the latest cooling measures, sales momentum is expected to slow down even as any increase in home prices is likely to be marginal.

We estimate the total housing demand for the year will be around 8,000 new and 15,000 resale homes and the price index to rise by a total of 9%. This is unlike 2021, when some 13,000 new and 20,000 resale homes were sold, achieving a 10.6% y-o-y rise in the price index. Nevertheless, with sound economic fundamentals and close monitoring by the government, the residential market should stay the course in 2023.

## NEW PROJECTS LAUNCHED IN 2022Q1-3

Launch Date	Name	Total Units	Units Sold by end-Sept	Median psf#	Developer
Jan-22	Belgravia Ace (strata semi-detached houses)	107	82	From \$4.1 mil	Fairview Developments Pte Ltd
Jan-22	Ikigai	16	3	\$2,180	Opulent Development Pte Ltd
Feb-22	Royal Hallmark	32	17	\$1,930	H Homes Pte Ltd
May-22	Piccadilly Grand	407	344	\$2,170	City Developments & MCL
May-22	Liv @ MB	298	242	\$2,420	BSEL Development Pte Ltd
May-22	Baywind Residences	24	14	\$2,030	ABR Holdings & LWH Holdings
May-22	Atlassia	31	19	\$2,080	K16 Development
Jul-22	Amo Residence	372	362	\$2,110	United Venture Development
Aug-22	The Jardine Residences	6	0	From \$5.8 mil	JGL Property Pte Ltd
Ug-22	Mount Rosie Signature collection	6	1	From \$10.8 mil	Mount Rosie Development
Sep-22	Sky Eden @ Bedok	158	121	\$2,118	Chempaka Development
Sep-22	Lentor Modern	605	512	\$2,108	GuocoLand
		<b>Total</b>	<b>2,062</b>	<b>1,717</b>	
Apr-22	North Gaia Executive Condo	616	174	\$1,298	Sing Holdings (Yishun) Pte Ltd

## LAND SALES IN 2022Q1-3

Date of Sale	Property	Location	Tenure	Proposed Units	Price Mil	Land psfppr	Buyer
<b>Private Land Sales</b>							
Jan-22	Gloria Mansion	Pasir Panjang Rd	Fh	59	\$70.30	\$1,098	Fraxtor Capital & group led by Daniel Teo & Teo Teck Weng
Apr-22	Apartment block	Haig Rd/ Seraya Lane	Fh	38	\$49.30	\$1,286	Nanshan Group
May-22	Golden Mile Complex	Beach Road	99y	Subject to approval	\$700.00	-	Perennial Holdings Private Limited, Sino Land, Far East Organization
May-22	Lakeside Apartments	Yuan Ching Rd	99y	307	\$273.89	\$1,226	Winville Investments
Jun-22	East Court	Koon Seng Rd	Fh	20	\$19.88	\$1,063	Macly Pte Ltd
Jun-22	Jansen Mansions	Jansen Road	999y	21	\$19.10	\$822	Macly Capital
Jul-22	Chuan Park	Lorong Chuan	99y	900	\$890.00	\$1,254	Kingsford & MCC Land
Jul-22	Euro-Asia Apartments	Serangoon Road	Fh	172	\$222.18	\$1,405	KSH Ultra Unity
Jul-22	Park View Mansions	Yuan Ching Road	99y	440	\$260.00	\$1,050	CEL Development, Sing-Haiyi Pearl ("SHPPL") and TK 189 Development
Jul-22	Apartment block	Jalan Ulu Siglap	Fh	3	\$10.30	\$1,499	Sevens Group
<b>Approximate Supply including Golden Mile Complex</b>				<b>2,000</b>	<b>\$2,514.95</b>		
<b>Government Land sales</b>							
Jan-22	Parcel A	Lentor Hills Road	99y	595	\$586.59	\$1,060	Intrepid Investments, GuocoLand (S'pore) & TID Residential Pte. Ltd.
Jan-22	Residential site	Jalan Tembusu	99y	640	\$768.00	\$1,302	CDL Triton Pte Ltd
Mar-22	Residential site	Dairy Farm Walk	99y	385	\$347.00	\$980	Sim Lian Land Pte Ltd & Sim Lian Development
Mar-22	Exec Condo	Bukit Batok West Ave 8	99y	375	\$266.00	\$662	CNQC-OS (2) Pte. Ltd. and SNC Realty Pte. Ltd.
Jun-22	Parcel A	Pine Grove	99y	520	\$671.50	\$1,318	United Venture Development (No. 5) Pte. Ltd
Jun-22	Residential site	Dunman Road	99y	1,040	\$1,283.89	\$1,350	Sing-Haiyi Jade Pte Ltd
Sep-22	Residential site	Lentor Central	99y	470	\$481.03	\$1,108	Forsea Residence, UED Alpha & Soilbuild Group
Sep-22	Residential site	Lentor Hills Road	99y	265	\$276.36	\$1,130	TID Residential Pte. Ltd.
Sep-22	Exec Condo	Bukit Batok West Ave 5	99y	495	\$336.07	\$626	CDL Zenith Pte. Ltd.
<b>Supply from GLS sites excluding ECs</b>				<b>3,915</b>	<b>\$4,414.37</b>		
<b>Total Estimated Supply (private &amp; public)</b>				<b>5,915</b>			

Source: URA, List SIR