

Residential Market Watch 2023Q2

STRONG BUYING BY LOCALS

DASHBOARD

	Price Index	Rental Index	New Sales (units)	Resales (units)	All Residential Sales (units)	Vacancy Rate (%)
Q-o-q Change	▼ -0.2%	▲ +2.8%	▲ +69%	▲ +13%	▲ +31%	▲ +30 basis pts
Y-o-y Change	▲ +7.5%	▲ +28.5%	▼ -11%	▼ -30%	▼ -21%	▲ +70 basis pts

Hikes in ABSD caught market unaware

The second quarter can be deemed as a period of transition for the residential property market due to the hike in additional buyer's stamp duty (ABSD) announced on 26 April 2023 which caught the market by surprise. The government raised ABSD rates by 3 to 30 percentage points, with the rate for foreigners doubling to 60 per cent to tame foreign investment demand. The new rates took effect from 27 April.

Developers of some major new launches in May reported that between 96 and 99 per cent of the buyers were Singaporeans and a handful of permanent residents (PR). Prior to this, a lower proportion of 88 to 90 per cent of the buyers were Singaporeans and PRs.

The URA residential price index eased 0.2 per cent, reversing a gain of 3.3 per cent in 2023Q1. This is the first decline since 2020Q1 when the pandemic struck. The decline was driven by a slowdown in the rate of price increase for landed homes to 1.1 per cent q-o-q, compared to a 5.9 per cent hike in 2023Q1 while non-

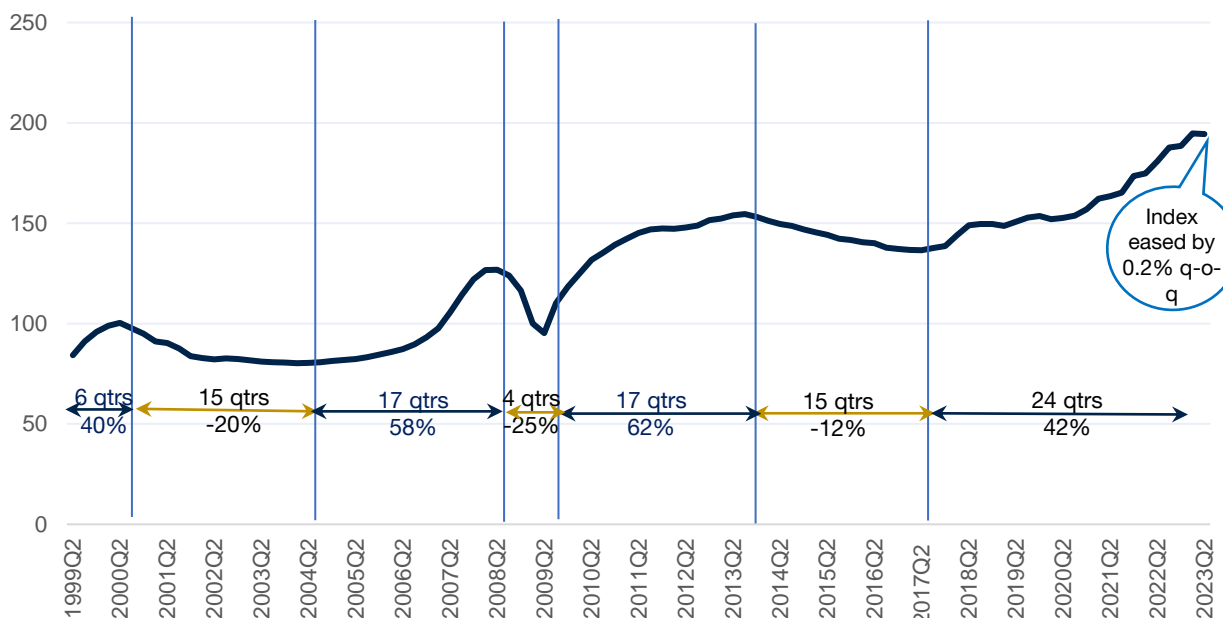
landed homes contracted by 0.6 per cent q-o-q in the quarter, in contrast to a 2.6 per cent gain in 2023Q1.

Year-on-year, the price index has risen by 7.5 per cent, compared to 11.4 per cent in the previous quarter.

Among the non-landed homes, prices of homes in the Rest of Central Region (RCR) suffered the biggest fall of 2.5 per cent q-o-q, after a gain of 4.4% in 2023Q1. The decline could be attributed to buyers opting for the lower priced resale homes as the price gap between new and resale properties widened. Prices of homes in Core Central Region (CCR) eased by a marginal 0.1 per cent. However, prices of homes in the Outside Central Region (OCR) showed a rise of 1.2 per cent from 2023Q1 as prices continued to climb due to a mismatch between supply and demand.

Should the price index continue to contract in the second half of 2023, it would mean that home prices had peaked in 2023Q1. We expect that any price moderations will be project-specific, a function of product attributes as well as competing new projects.

CYCLES OF THE URA RESIDENTIAL PRICE INDEX



Market dynamics

2023Q2 sold 69% more new homes than that in the first quarter. The sales were anchored by four new launches The Reserve Residences, The Continuum, Tembusu Grand and Blossoms By The Park, which sold a total of 1,379 units.

The Reserve Residences was extremely popular because it will be part of an integrated development that includes the Bukit V mall, a possible childcare centre, a bus interchange, and around 160 serviced apartments. It is also linked to Beauty World MRT station. The other three projects are also located in popular districts and are within walking distance to MRT stations.

Existing projects continued to sell but choices were limited as the stock of unsold units was depleting fast, especially for projects located in OCR. In total, developers launched 2,374 units for sale, 81% more than the 1,312 new homes launched in 2023Q1. They sold 2,127 new homes, 69% higher than the 1,256 units sold in 2023Q1. The 2,127 units were distributed as follows: 445 units (21%) in CCR, 1,573 units (74%) in RCR and 109 units (5%) in OCR.

Resale volume also saw an improvement from 2023Q1's 2,622 units to 2,976 units. Due to affordability and high interest rates, budget-conscious home buyers would opt for resale homes instead. Of the 2,976 units, 541 (18%) and 908 units (31%) were located in CCR and RCR respectively, while 1,527 units (51%) were located in OCR.

There were 285 subsales in 2023Q2, a slight increase from 243 subsales in 2023Q1. The increase could be due to investors disposing the units they bought two or three years ago in order to realise profits as prices have risen.

The total sales volume in 2023Q2 was 5,388, 31% higher than the 4,121 homes sold in 2023Q1. This brings the total tally in 2023H1 to 9,509 units, a fairly good showing considering the high interest rates environment and the latest hikes in ABSD. However, it seems unlikely that the full-year demand will outperform 2022's sales volume.

Based on caveats lodged, the proportion of HDB addressees – a proxy of HDB upgraders – buying new homes has declined from 27% in 2022Q2 to 18% in 2023Q2. As for resale homes, 31% of the buyers were HDB upgraders in 2023Q2, down from 33% a year ago. This could be an indication that HDB upgraders have been priced out of new homes or that they prefer resale homes which are bigger in size for the same price they pay.

In terms of nationality, foreigners' share of all homes was 4% in 2023Q2, down from 7% in 2023Q1. Similarly, the proportion of permanent resident (PR) buyers fell to 15% in 2023Q2 from 18% in the previous quarter. By country, the top five foreign buyers in 2023H1 came from China, Malaysia, India, USA and Indonesia.

The luxury market also slowed down in 2023Q2, in line with the wider market. 89 luxury homes were sold in 2023Q2, down from 141 sold in 2023Q1. The properties sold in 2023Q2 comprised two bungalows in the Good Class Bungalows areas, one at Sentosa Cove, and 86 luxury apartments. Notably, the last three luxury apartments at the 14-unit Les Maisons Nassim were sold in the quarter at \$30.76 mil, \$32.75 mil and \$45.00 mil.

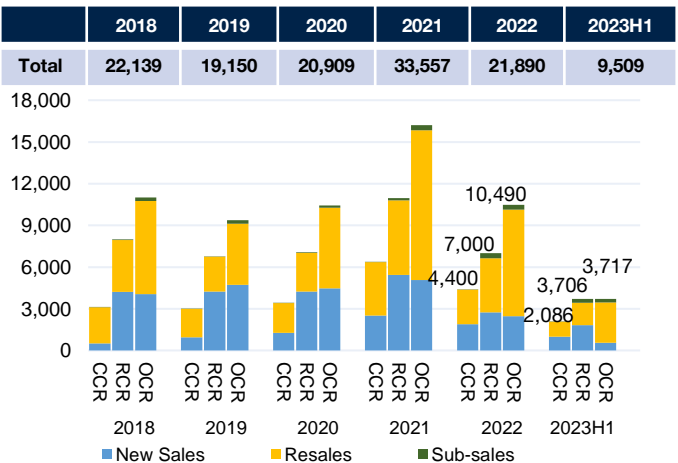
PROJECTS THAT SOLD WELL IN 2023Q2

Name	Total Units	Units Sold#	Median psf#	Sold by Jun '23
Core Central Region				
The Atelier	120	74	\$2,662	114
Leedon Green	638	45	\$2,869	598
Pullman Residences	340	38	\$3,216	301
Hyll On Holland	319	32	\$3,728	309
One Holland Village Residences	296	29	\$2,906	291
Rest of Central Region				
The Reserve Residences	732	590	\$2,473	590
Tembusu Grand	638	362	\$2,462	362
The Continuum	816	214	\$2,721	214
Blossoms By The Park	275	213	\$2,433	213
The Landmark	396	44	\$2,674	287
Piccadilly Grand	407	37	\$2,069	394
Outside Central Region				
The Botany At Dairy Farm	386	31	\$2,094	208
Lentor Modern	605	16	\$2,035	544

Source: URA, List SIR

#Units sold and median price in 2023Q2

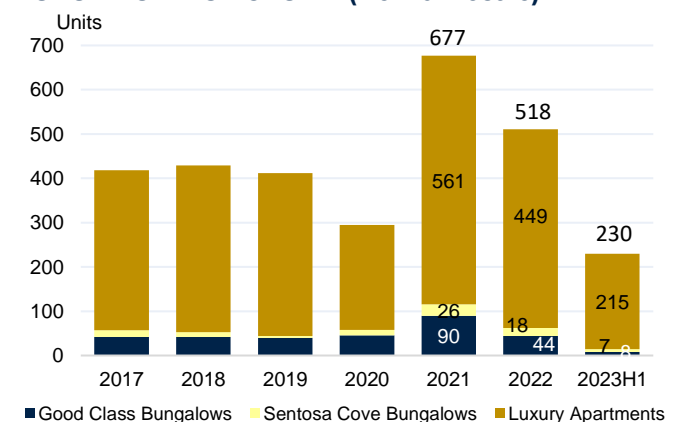
HOMES SALES VOLUME



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

Vacant units rose by 6 per cent from 23,624 in 2023Q1 to 25,052 units in 2023Q2, bringing the resultant vacancy rate to 6.3%, up from 6.0% previously. This could be due to the high number of new completions in the quarter.

The pace at which rents were rising slowed down further in 2023Q2. The URA rental index rose by 2.8 per cent q-o-q, compared to a 7.2 per cent hike in 2023Q1. Landed home rents performed better with a gain of 6.7 per cent in 2023Q2 while non-landed home rents rose by 2.3 per cent. Based on URA's rental data, the highest rental in 2023Q2 went to a bungalow at Garlick Avenue for \$125,000 per month.

For non-landed homes, both the rental index of CCR and RCR gained 2.0 per cent q-o-q while the OCR index rose by 2.9 per cent in 2023Q2. Back in 2023Q1, the rental index for the three regions grew by 6.4, 6.1 and 6.2 percent respectively. The top performer in the quarter was a luxurious apartment at Le Nouvel Ardmore which fetched \$75,000 a month.

A total of 4,401 new homes were completed in 2023Q2, higher than the 2,965 new homes completed in 2023Q1. The total residential stock stood at 398,289 units at end-June. Notable projects completed in 2023Q2 included Riverfront Residences (1,451 units), Affinity At Serangoon (1,012 units), The Woodleigh Residences (667 units), Urban Treasures (237 units) and Cuscaden Reserve (192 units).

With 7,366 new homes completed in 2023H1 and another 11,800 units expected to be completed in 2023H2, this year will see a bumper crop of over 19,000 new homes ready for occupation. This will make available more homes for rental. Hence we can expect home rents to ease for the rest of the year.

Supply in the pipeline

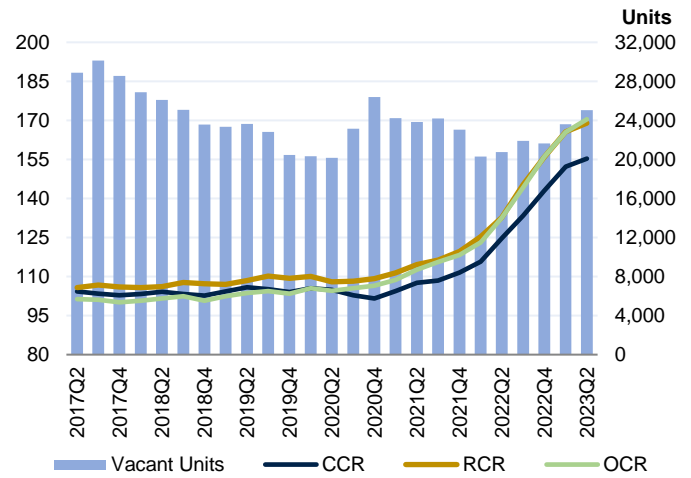
At end-June, the supply pipeline of uncompleted private homes with planning approvals was 44,157 units, slightly lower than 44,846 units at end-March. Of this number, 17,484 units were unsold, comprising 7,341 units (42%) from projects that were either launched or not launched yet and 10,143 units (58%) from projects without the prerequisites for sale.

Compared to a lower supply pipeline of 16,024 units back in December 2022, coupled with a likely slowdown in demand for new homes to around 8,000 units in 2023, the shortage in supply is less acute.

Developers' interest in development sites seemed to be waning in 2023Q2. In early April, only one bid was submitted for a residential site at Lenton Gardens. At \$985 psf/plot ratio, it was the lowest out of five land parcels sold in this estate since July 2021. Developers are probably wary of the supply of some 1,700 units from the projects here that are launched and not launched yet.

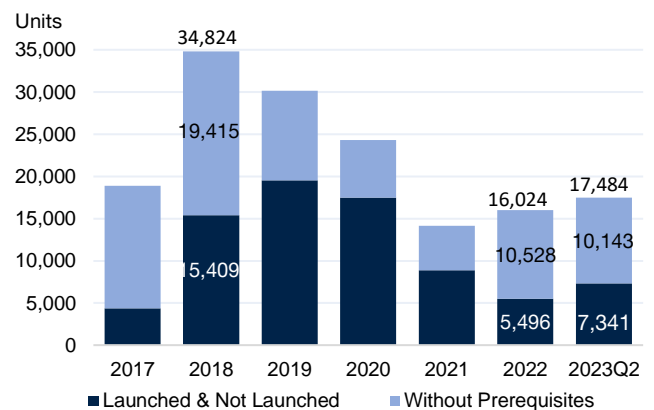
In May, Aurum Land acquired freehold Kew Lodge through a collective sale tender. This 34,433 sq ft site is zoned for two-storey mixed landed housing.

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.

Also in May, the High Court ruled that the collective sale of Chuan Park at \$890 mil was done in good faith and granted the Order of Sale. This sale was closed in July 2022 but had been stalled by six minority owners who objected to the transaction.

Outlook

According to the Ministry of Trade and Industry, Singapore's full-year growth forecast for 2023 has been narrowed to a range of 0.5 to 1.5 per cent from 0.5 to 2.5 per cent, as the external demand outlook for the rest of the year remains weak. Downside risks in the global economy remain, including inflation, risk of escalation in the war in Ukraine and geopolitical tensions among major powers.

Against this backdrop, we expect investors to be more circumspect about buying residential properties, not forgetting the burden of ABSD payment. As such, demand will mostly come from first-timers and upgraders who are swapping one property for another.

While developers would be launching more projects in 2023H2, they are aware that demand may weaken and competition will heat up. The resale market is likely to perform better than new homes as sellers would have more room to adjust pricing. The rental market would ease too, as more homes become available for rent.

NEW PROJECTS LAUNCHED IN 2023Q2

Launch Date	Name	Total Units	Units Sold by Jun 2023	Median psf#	Developer
Apr-23	Tembusu Grand	638	362	\$2,465	City Developments/ MCL Land
Apr-23	Blossoms By The Park	275	214	\$2,433	EL Development
May -23	The Continuum	816	214	\$2,721	Hoi Hup/ Sunway Developments
May-23	The Reserve Residences	732	590	\$2,473	Far East Ord/ Sino Group
Jun-23	Lavender Residence	17	8	\$1,972	FLJ Property Pte Ltd
Total		2,478	1,388		

Source: URA, List SIR

LAND SALES IN 2023Q2

Date of Sale	Property	Location	Tenure	Proposed Units	Price Mil	Land psfppr	Buyer
Private Land Sales							
May-23	Kew Lodge	Kheam Hock Road	Fh	113	\$66.80	\$1,940	Aurum Land
May-23	Chuan Park (Granted Order of Sale)	Lorong Chuan	99y	900	\$890.00	\$1,254	Kingsford/ MCC Land
Sub-total				1,013	\$956.80		
Government Land sales							
Apr-23	Residential Site	Lentor Gardens	99y	530	\$486.80	\$985	GuocoLand (Singapore) Pte. Ltd/ Intrepid Investments Pte. Ltd.
Total				1,543	\$1,443.60		

Source: URA, List SIR.



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