

“Despite buyers willing to offer price premiums, homeowners are reluctant to sell as it is challenging to find suitable family-sized replaceable homes in the current market. This resulted in a quieter H2 2022.”

NICHOLAS KEONG, HEAD, PRIVATE OFFICE



Singapore Research

Prime Non-Landed and Landed Residential H2 2022

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SHRINKING SALEABLE INVENTORY TRANSLATED TO LOWER SALES DESPITE DEMAND

Exhibit 1: Overview of Transactions, H2 2022

	PRIME NON-LANDED RESIDENTIAL ¹	LANDED RESIDENTIAL ²	GCB ³
H2 2022	Total Sales Volume S\$1.4 billion No. of Transactions 158 Average Price S\$2,495 psf	Total Sales Volume S\$2.5 billion No. of Transactions 255 Average Price S\$1,813 psf	Total Sales Volume S\$414.5 million No. of Transactions 10 Average Price S\$2,108 psf
H1 2022	Total Sales Volume S\$1.2 billion No. of Transactions 138 Average Price S\$2,473 psf	Total Sales Volume S\$3.1 billion No. of Transactions 324 Average Price S\$1,725 psf	Total Sales Volume S\$364.5 million No. of Transactions 10 Average Price S\$1,658 psf

Source: URA Realis, Knight Frank Research
 Note: Transactions are based on data available as at 30 December 2022. Unit prices for landed homes are based on land area.

transactions at unit prices ranging from S\$5,296 to S\$6,057 psf (S\$36.0 to S\$68.0 million) (Exhibit 2).

- A total of 296 luxury non-landed homes were sold in 2022, substantially lower than the 487 transactions recorded last year. The lack of family-sized units for sale resulted in the decline as owners grew cautious about selling before a replacement home is secured. Notwithstanding the drop in transaction volume, luxury non-landed home prices continued to rise, increasing 5.7% y-o-y from S\$2,360 psf in H2 2021 to S\$2,495 psf in H2 2022 as demand remains steady, despite the prevailing economic uncertainty and rising interest rate environment.

PRIME NON-LANDED RESIDENTIAL

Lack of larger-sized inventory continued to curb transactions

- There were 158 prime non-landed transactions in H2 2022, totalling S\$1.4 billion. While total sales value increased 18.5% from H1 2022, the cumulative sales in 2022 fell 36.4% to S\$2.5 billion against the almost S\$4.0 billion recorded in 2021. The low interest rate environment then encouraged buyers to make their purchases sooner-rather-than-later, but the present high interest rates have now checked buyers. Even so, Les Maisons Nassim which launched for sale in May 2021, continued to achieve top dollar in the second half of 2022, with four

Market outlook

- Decently furnished larger-sized units ready for immediate occupation in the prime area will continue to support sales in 2023, should these be placed on the market. As buyers search for such units for owner-occupation, projects under construction that will not be completing soon might have less appeal.
- With more buyers than sellers continuing to prevail, and with countries in Asia that were previously constrained by COVID travel restrictions likely to open gradually in 2023, prices of prime high-rise homes should continue to increase albeit at a more moderate pace. However, transaction volume is expected to ease and remain muted.

Exhibit 2: Top 5 Prime Non-Landed Residential Transactions, H2 2022

PROJECT NAME	ADDRESS	AREA (SF)	TRANSACTIONED PRICE (\$ MIL)	UNIT PRICE (\$ PSF)	SALE DATE
Les Maisons Nassim	14B Nassim Road #05-02	11,227	\$68.0	\$6,057	Oct-22
Les Maisons Nassim	14B Nassim Road #03-02	8,687	\$46.0	\$5,296	Sep-22
Les Maisons Nassim	14B Nassim Road #04-02	6,286	\$36.0	\$5,727	Sep-22
Les Maisons Nassim	14C Nassim Road #02-03	6,179	\$36.0	\$5,827	Nov-22
Tomlinson Heights	31 Tomlinson Road #36-01	4,951	\$23.0	\$4,645	Aug-22

Source: URA Realis, Knight Frank Research
 Note: Transactions are based on data available as at 30 December 2022.

¹Prime residential apartments are defined as non-landed private residential units with a floor area greater than or equal to 2,500 sf and fall within Districts 1, 2, 4, 9, 10 and 11. These districts constitute prime areas such as the Central Business District (CBD), Orchard Road, Sentosa, Bukit Timah as well as Thomson.

²Landed residential houses include homes transacted at S\$5.0 million and above.

³Good Class Bungalows (GCB) include bungalow developments larger than or equal to 1,400 sm located within Good Class Bungalow Areas (GCBA), or are designated GCBs by the authorities.

LANDED RESIDENTIAL

Tight inventory also characterised the landed market

- Due to scarcity in high-rise Singapore, prices of landed homes continued to rise only held back by sellers' reluctance to place their homes on the market, a situation similar to prime non-landed homes. Based on flash estimates released by URA, the Property Price Index (PPI) for landed homes rose a further 0.5% q-o-q in Q4 2022**, bringing the total increase to 9.5%** for the year.
- A total of S\$2.5 billion landed homes were transacted in H2 2022, a decline of 20.3% half-yearly from S\$3.1 billion in H1 2022 (Exhibit 3). Overall sales value for 2022 at S\$5.6 billion was 43.8% down from the record high of almost S\$10.0 billion last year. And even though buyers are willing to offer decent price premiums to incentivise landed homeowners to sell, most were decidedly averse, with some deterred by the 15-month wait-out for downgraders looking to purchase HDB flats. Nevertheless, the average unit price has risen some 24.4% to S\$1,813 psf (on land) since H1 2020 when the pandemic began to drive demand for larger living spaces by homebuyers with housing aspirations.

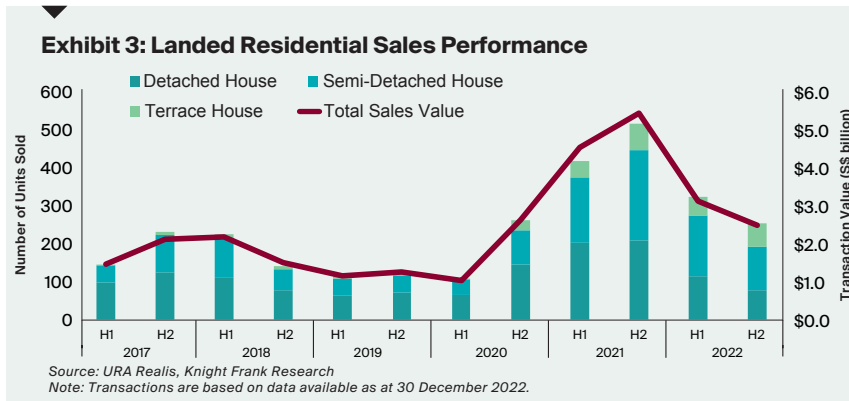


Exhibit 4: Top 5 Landed Residential Transactions, H2 2022

PROJECT NAME	ADDRESS	AREA (SF)	TRANSACTION PRICE (\$ MIL)	UNIT PRICE (\$ PSF ON LAND)	SALE DATE
N.A.	80 Belmont Road	27,000	\$55.5	\$2,056	Aug-22
N.A.	4 Astrid Hill	27,699	\$55.1	\$1,989	Nov-22
N.A. (Uncaveated)	Cluny Hill	18,255	\$50.0	\$2,740	Sep-22
N.A.	54 Cornwall Gardens	21,740	\$47.0	\$2,162	Sep-22
White House Park	32 White House Park	15,081	\$45.5	\$3,017	Aug-22

Source: URA Realis, Knight Frank Research
Note: Transactions are based on data available as at 30 December 2022.
* estimated

- Within the landed housing market, the average land prices of Good Class Bungalows (GCB) continued to increase, gaining 27.1% to S\$2,108 psf in H2 2022 from the S\$1,658 psf in H1 2022 and 25.3% y-o-y. However, transaction volume shrank three times from the 60 in 2021 to 20 in 2022. Due to the substantial price quantum characteristic of such rarefied luxury homes, the high volume recorded in 2021 cannot realistically be duplicated over consecutive years. Nonetheless, a bungalow on 27,000 sf of land in the Belmont Park GCB Area (GCBA) transacted twice in less than three years, setting the top price of S\$55.5 million (S\$2,056 psf on land) in the second half of 2022. The unit land price was 60.9% higher than the previous transaction recorded in October 2019. Another prominent reported sale was a GCB on 18,255 sf of land at Cluny Hill by Shi Yonghong, co-founder of Haidilao, from Dr Lee Wei Ling for S\$50.0 million (S\$2,740 psf on land).

Market outlook

- With many landed homeowners holding back, transaction activity is likely to remain subdued in the first half of 2023. Additionally, the increasingly uncertain economic outlook might also shift some buyers to the side-lines. As such, while the increase in prices in the landed residential market was 9.5% for the whole of 2022**, price growth in 2023 is expected to be more modest. Despite this, the long-term outlook for landed homes in Singapore remains positive. Especially with the growth of the electric vehicle population, these homes afford owners an exclusive charging point right at their doorstep.

**based on flash estimates announced on 3rd January 2023.

For Prime Residential Sales enquiries, please contact:



Nicholas Keong
Head
Private Office
+65 6228 6870
nicholas.keong@sg.knightfrank.com

For further information on the report, please contact:



Leonard Tay
Head
Research
+65 6228 6854
leonard.tay@sg.knightfrank.com



Koh Kai Jie
Analyst
Research
+65 6228 6857
kaijie.koh@sg.knightfrank.com

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