

“Wealth generated in or imported into Singapore is driving demand for both non-landed and landed luxury homes.”



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Singapore Research

Prime Non-Landed and Landed Residential

H1 2021

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DEMAND GREW FOR LARGER SPACES IN PRIME NON-LANDED AND LANDED HOMES

Exhibit 1: Overview of Transactions, H1 2021

	PRIME NON-LANDED RESIDENTIAL ¹	LANDED RESIDENTIAL ²	GCB ³
H1 2021	Total Sales Volume S\$2.0 billion No. of Transactions 245 Average Price S\$2,438 psf	Total Sales Volume S\$4.3 billion No. of Transactions 403 Average Price S\$1,585 psf	Total Sales Volume S\$1.2 billion No. of Transactions 37 Average Price S\$1,669 psf
H2 2020	Total Sales Volume S\$1.0 billion No. of Transactions 152 Average Price S\$1,956 psf	Total Sales Volume S\$2.7 billion No. of Transactions 267 Average Price S\$1,446 psf	Total Sales Volume S\$712.0 million No. of Transactions 23 Average Price S\$1,520 psf

Source: URA Realis, Knight Frank Research
 Note: Transactions are based on data available as at 13 July 2021. Unit prices for landed homes are based on land area.

- As the pandemic changed the priorities and preferences of home purchasers, with many leaning towards larger floorplates to accommodate for both living and working in the comfort of their homes, demand for larger non-landed homes in the prime districts increased. Notable deals included the sale of all units at Eden by Swire Properties for S\$293 million or at an average of S\$4,827 per square foot (psf).
- Both foreign and local homebuyers/investors were looking to penthouses or larger units with more than 3,000 square feet (sf) from the newly-launched Park Nova and Midtown Modern, as well as in the resale market.

PRIME NON-LANDED RESIDENTIAL

The luxury market awakened by private wealth

- In H1 2021 alone, the prime non-landed residential segment recorded a flurry of deals amounting to S\$2.0 billion, the highest since H2 2010 where sales within the luxury market segment totalled some S\$2.4 billion. Rebounding from the pandemic-led recession last year, the sales activity in H1 2021 was double the amount of S\$1.0 billion registered in the later half of 2020, and surpassed the S\$1.7 billion transacted in the whole year 2020.

Exhibit 2: Top 5 Prime Non-Landed Residential Transactions, H1 2021

PROJECT NAME	ADDRESS	AREA (SF)	TRANSACTIONED PRICE (\$ MIL)	UNIT PRICE (\$ PSF)	SALE DATE
Eden	2 Draycott Park #04-01 etc	54,638	\$293.0	\$4,826	Mar-21
Les Maisons Nassim	14C Nassim Road #03-03	6,577	\$39.0	\$5,930	May-21
Park Nova	18 Tomlinson Road #20-01	5,899	\$34.4	\$5,838	May-21
Hilltops	101 Cairnhill Circle #20-06	8,385	\$33.5	\$3,995	Mar-21
Park Nova	18 Tomlinson Road #20-03	4,499	\$26.0	\$5,784	May-21

Source: URA Realis, Knight Frank Research
 Note: Transactions are based on data available as at 13 July 2021.

Market outlook

- There are early signs that Singapore’s attractiveness to foreign and local private wealth is just beginning to translate into increased activity supporting prices, given the stable business and political environment when measured against political tensions in other parts of Asia.
- With the current limited inventory of large luxury homes in the Core Central Region (CCR) coupled with the expected pent-up demand arising from prospective high-net-worth foreign buyers once travel measures ease, prices of these houses within the prime vicinity are expected to rise in the later half of the year.

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

Landed homes red hot amid the pandemic

- Based on real estate statistics from URA, the Property Price Index (PPI) of private landed residential homes decreased slightly by 0.3% quarter-on-quarter (q-o-q) to 184.8 in Q2 2021, but grew by 8.5% year-on-year (y-o-y). The latest marginal decline brought the total price index gain in the first six months of the year to 6.3%.
- According to the Census of Population 2020, over the past decade, the average total household income from work rose from S\$7,812 in 2010 to S\$10,608 in 2020. The proportion of resident households earning an income of at least S\$9,000 and above expanded from 29.7% in 2010 to 44.2% in 2020, with the proportion of those earning S\$20,000 and above doubling to 13.9% in 2020 from 6.6% ten years ago. The increasing disposable income and earning power provide a fundamental economic base where more households are able to transit to landed houses.
- Following the uptick in sales in the later half of 2020, a total of 403 units above S\$5 million was sold in H1 2021, translating into some S\$4.3 billion. The demand was primarily driven by home upgraders looking to move into larger accommodations, especially in close proximity to reputed schools, as well as residents selling their private homes at higher prices due to an active and robust private home market, driven in part by the nouveau riche from the technology, pharmaceutical and finance sectors. These also simultaneously resulted in a thriving Good Class Bungalow (GCB) market segment, with 37 transactions of such houses amounting to S\$1.2 billion. This was higher than the previous peak of about S\$1.1 billion in H1 2010 as the asset class remains coveted and well-sought after by the growing number of ultra-high-net-worth Singaporeans and newly minted citizens.

Exhibit 3: Top 5 Landed Residential Transactions, H1 2021

PROJECT NAME	ADDRESS	AREA (SF)	TRANSACTION PRICE (\$ MIL)	UNIT PRICE (\$ PSF ON LAND)	SALE DATE
N.A.	30 Nassim Road	32,160	\$128.8	\$4,005	Mar-21
N.A.	5 Swettenham Close	16,594	\$48.0	\$2,893	Jan-21
N.A.	71 Grange Road	28,288	\$48.0	\$1,697	Apr-21
N.A.	5 Astrid Hill	31,359	\$44.3	\$1,413	May-21
N.A.	21 Mount Rosie Road	30,659	\$43.8	\$1,429	May-21

Source: URA Realis, Knight Frank Research
Note: Transactions are based on data available as at 13 July 2021.

Market outlook

- Landed housing captured the housing headlines of late, especially with the interest in GCBs. Many high-net-worth individuals, especially those who have converted to Singapore citizens, would be attracted to landed homes of larger floor areas and close proximity to amenities such as parks.
- In addition, retired elderly landed home owners form a ready pool of sellers, incentivised to take profit and downgrade as they grow older and the cost to upkeep such properties become more burdensome.
- As such, Knight Frank envisages the landed market segment to see continued interest and activity in the rest of the year, with prices moving upwards led by GCB sales. The GCB market, which came alive after the circuit breaker of 2020, is expected to enter into a period of renaissance in the next 12 months, as pandemic-driven entrepreneurship and transformative COVID-19 industries creates new wealth and a new class of luxury home buyer.

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