

“The limited stock of landed homes will continue to underpin the market, while we expect wealthy foreign buyers to still have an eye on prime property in Singapore as a long-term store of value and investment in stability.”

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Singapore Research

Prime Non-Landed and Landed Residential

H2 2021

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LANDED HOME SALES AT AN ALL-TIME HIGH, WHILE LUXURY HOMES HIT WITH MEASURES

Exhibit 1: Overview of Transactions, H2 2021

	PRIME NON-LANDED RESIDENTIAL ¹	LANDED RESIDENTIAL ²	GCB ³
H2 2021	Total Sales Volume S\$1.9 billion No. of Transactions 225 Average Price S\$2,364 psf	Total Sales Volume S\$4.3 billion No. of Transactions 455 Average Price S\$1,610 psf	Total Sales Volume S\$751.4 million No. of Transactions 21 Average Price S\$1,696 psf
H1 2021	Total Sales Volume S\$2.0 billion No. of Transactions 250 Average Price S\$2,424 psf	Total Sales Volume S\$4.6 billion No. of Transactions 421 Average Price S\$1,602 psf	Total Sales Volume S\$1.3 billion No. of Transactions 39 Average Price S\$1,742 psf

Source: URA Realis, Knight Frank Research
 Note: Transactions are based on data available as at 13 January 2022. Unit prices for landed homes are based on land area.

While the encouraging pace of sales in 2021 pointed towards hopeful signs of a recovery, the announcement of the latest cooling measures, imposing a 10% Additional Buyers' Stamp Duty (ABSD) hike on foreign buyers purchasing any residential properties, has affected the nascent recovery of the housing market in the Core Central Region (CCR). Some foreigners might now be deterred by the increase in ABSD. However, others might still be interested in purchasing luxury homes in the CCR as prices did not increase as much as the other market segments (about 3.7% increase in 2021, compared to the 16.9% gain in the Rest of Central Region (RCR) and the 8.4% growth in the Outside Central Region (OCR) based on the flash estimates of 3 January 2022).

PRIME NON-LANDED RESIDENTIAL

Cooling measures hit luxury homes

In contrast to the first six months of the year, luxury non-landed sales in H2 2021 eased to S\$1.9 billion with 225 units being transacted, posting a half-yearly decline of about 9.0% in total sales value. District 10 remained the top location of choice, recording 103 sales within this prime region. The transaction of units particularly within the Les Maisons Nassim development led sales performance in the second half of the year, with a penthouse unit and a first floor unit sold for S\$75.0 million and S\$35.0 million respectively.

Exhibit 2: Top 5 Prime Non-Landed Residential Transactions, H2 2021

PROJECT NAME	ADDRESS	AREA (SF)	TRANSACTIONED PRICE (\$ MIL)	UNIT PRICE (\$ PSF)	SALE DATE
Les Maisons Nassim	14C Nassim Road #05-03	12,077	\$75.0	\$6,210	Oct-21
Les Maisons Nassim	14C Nassim Road #03-01	6,523	\$37.0	\$5,672	Dec-21
Les Maisons Nassim	14C Nassim Road #01-03	6,049	\$35.0	\$5,786	Dec-21
Alba	8 Cairnhill Rise #18-01	6,437	\$26.4	\$4,098	Nov-21
Le Nouvel Ardmore	1A Ardmore Park #09-01	5,360	\$26.3	\$4,906	Sep-21

Source: URA Realis, Knight Frank Research
 Note: Transactions are based on data available as at 13 January 2022.

Market outlook

Being one of Asia's key trading hubs, characterised by a predominantly-open investment regulatory framework, luxury homes in Singapore are nonetheless expected to continue to receive keen interest from foreign investors despite increased ABSD rates. The establishment of more Vaccinated Travel Lanes (VTL) and extension of current ones should draw some of the globally mobile wealthy who are still prepared to pay the 30% ABSD for entry into Singapore's stable prime residential market.

As such, the sales performance of luxury homes in the year ahead is expected to improve with the opening of borders and Singapore's reputation as a key destination for wealth preservation.

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 likely unshaken by cooling measures

- Based on flash estimates released by URA, the Property Price Index (PPI) for landed homes expanded by 3.7% q-o-q in Q4 2021, bringing the total price index change for the whole year to a robust 13.1%.
- Despite increased ABSD rates effective from 16 December 2021, the impact on the landed market is likely to be marginal. The stock of landed houses has remained stable and relatively unchanged for more than 25 years – accounting for just 19.3% of the whole private residential market today based on URA's Q3 2021 data – a scarce residential asset class in high-rise Singapore. These homes are considered a secure source of investment. In H2 2021, a total of S\$4.3 billion worth of landed homes were transacted, representing a 6.2% half-yearly decline from the S\$4.6 billion recorded in the first six months of the year (Exhibit 3). The total for the full year was around S\$8.9 billion, the highest since the data became available.

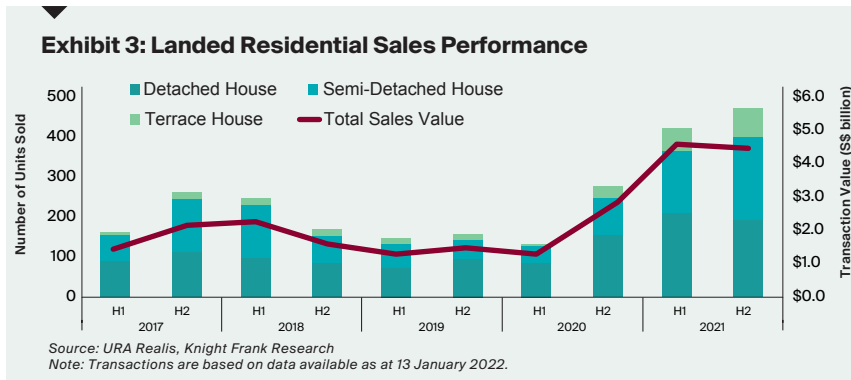


Exhibit 4: Top 5 Landed Residential Transactions, H2 2021

PROJECT NAME	ADDRESS	AREA (SF)	TRANSACTION PRICE (\$ MIL)	UNIT PRICE (\$ PSF ON LAND)	SALE DATE
Queen Astrid Park	11 Queen Astrid Park	31,807	\$86.0	\$2,704	Jul-21
N.A.	3 Bishopsgate	29,435	\$65.0	\$2,208	Jul-21
N.A.	26 Third Avenue	30,954	\$52.8	\$1,706	Jul-21
N.A.	25 Yarwood Avenue	31,863	\$48.8	\$1,532	Dec-21
N.A.	62 Belmont Road	32,627	\$45.0	\$1,379	Aug-21

Source: URA Realis, Knight Frank Research
Note: Transactions are based on data available as at 13 January 2022.

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- Within the landed housing market, the continued allure of Good Class Bungalows (GCB) moved sales significantly in 2021. In the second half of the year, the GCB market recorded an estimated sales value totalling S\$751.4 million as larger quantum deals in the third quarter led sales movement. The change of hands of the bungalow at 11 Queen Astrid Park for S\$86.0 million by TikTok CEO Chew Shou Zi earlier in July 2021 was pencilled in as the second largest GCB sale for the whole year, followed by the sale of a GCB at 3 Bishopsgate for S\$65.0 million in the same month (Exhibit 4).

Market outlook

- Overall, the landed residential market performed well in 2021, establishing an all-time high sales transaction value. According to Knight Frank's Global Buyer Survey, Singapore homebuyers showed a preference for larger indoor and outdoor space. Combined with the limited availability of landed homes, and with foreign ultra-high-net-worth families willing to pay rental premiums for such properties, especially GCBs, the landed residential market will continue to draw strong interest in 2022. Even though sales volume is projected to move at a more moderate pace as much of the saleable landed homes supply was taken up in 2021, housing prices in the landed residential market are expected to increase by some 5% for the whole of 2022.

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