

“Despite the COVID-19 outbreak, there is still keen interest in choice properties that are attractively priced, and we expect transactions to resume when some of the social distancing measures are lifted. That said, there is a growing mismatch in price expectations between buyers and sellers and transactions will take longer to proceed.”

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Singapore Research

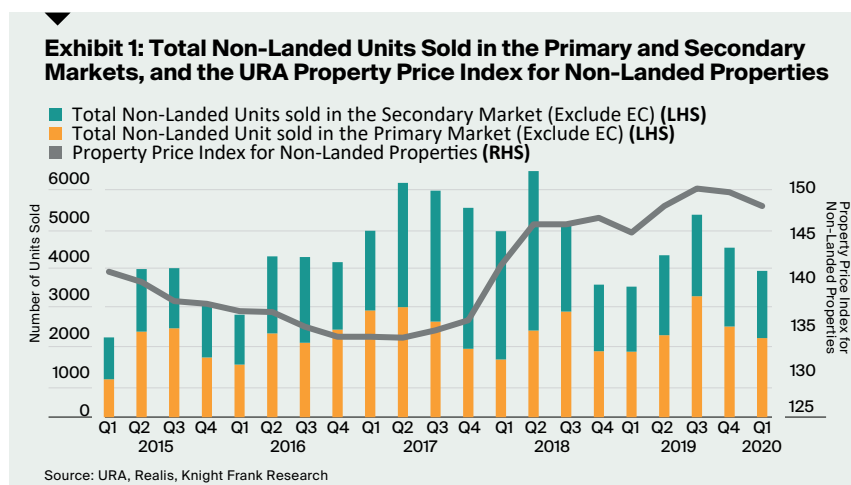
Residential

Q1 2020

THE RESIDENTIAL MARKET SHOWED SIGNS OF SLOWING IN Q1 2020

URA flash estimates

- According to the URA Flash Estimates, the Property Price Index (PPI) of non-landed private residential properties decreased by 1.0% quarter-on-quarter (q-o-q) to 148.1 in Q1 2020, reversing part of the 1.9% price increase posted in 2019 (Exhibit 1). Prices also decreased across the three market segments.
- Primary sales of non-landed properties (excluding EC) declined by 8.4% q-o-q to 2,115 transactions in Q1 2020, while secondary sales recorded a sharper fall of 25.3% q-o-q to 1,507 transactions (Exhibit 1). The private housing market was initially resilient against the downward pressure caused by the coronavirus disease 2019 (COVID-19) outbreak as sales continued to move in January and February, with transactions increasing by 29% and 67% y-o-y respectively to 1,142 and 1,399. The outbreak was initially largely contained in China, with the general perception that it will subside by June using the SARs outbreak as a guide. However, the spread of the outbreak in the United States and Europe, and the hike in cases in March, impacted sales after social distancing measures adversely impacted on sentiments. Sales volume dropped by 32.9% y-o-y to 1,081 transactions for the whole of March.



Core Central Region

- The URA Price Index for non-landed private residential properties in the Core Central Region (CCR) declined by 1.5% q-o-q to 132.1 in Q1 2020, extending the 2.8% q-o-q drop in the last quarter.
- Transaction volumes increased by 6.2% q-o-q and 70.8% y-o-y, with 958 units sold this quarter in the CCR. Primary sales led the increase with most of the new launches in Q1 located in the CCR, recording a 47.2% q-o-q jump. Secondary sales however decreased by 23.5% q-o-q.
- For primary sales, The M had the highest number of units sold with 389 transactions. The project was priced attractively compared to surrounding projects with its location appealing to buyers. Units were transacted at S\$1.35 million on average, with an average size of 562 sqft.
- The most expensive caveated primary sale in the CCR in Q1 2020 was a condominium unit at Boulevard 88, which transacted at S\$10.4 million or S\$3,744 psf.

Outside Central Region

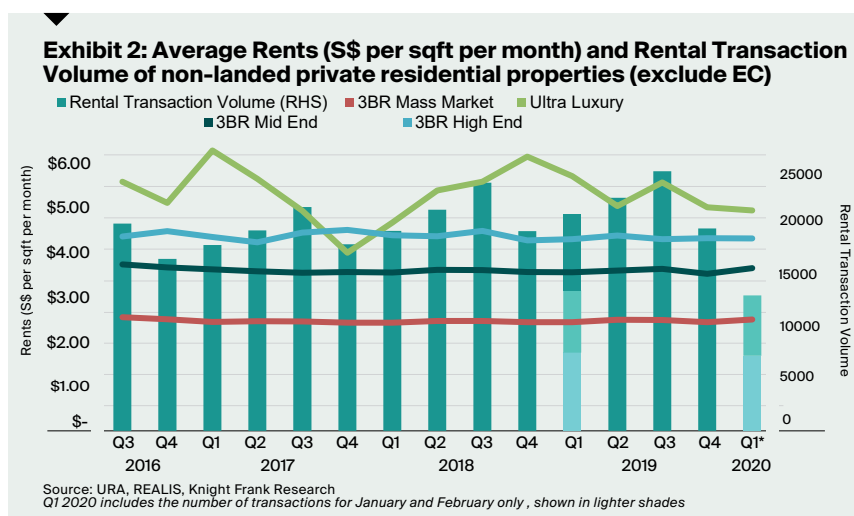
- The URA Price Index for non-landed properties in the OCR declined by 1.0% q-o-q to 176.1 after a robust increase of 4.2% in 2019. Transaction volumes decreased by 23.6% q-o-q to 1,498 transactions.
- Parc Clematis, which sold 92 units this quarter, had the top transaction value in the OCR with a 99-year leasehold unit transacted at close to S\$2.8 million or S\$1,624 psf.

Rest of the Central Region

- Prices in the Rest of the Central Region (RCR) were the most resilient, with the PPI for non-landed private residential properties declining by 0.5% q-o-q to 152.6, the lowest drop among the three segments. Transaction volumes declined by about 20.3% q-o-q to 1,166 transactions.
- Jadescape had the highest sales volume in Q1 2020, with caveats lodged for 173 units at S\$1,708 psf. Launched in September 2018, the project has since sold about 60% of its units.
- A freehold condominium unit at Amber Park netted the most expensive caveated primary sale in the RCR this quarter and transacted at S\$5.6 million or S\$2,415 psf.

Rental Movements

- Comparing rental transaction volumes in the first two months of 2020 to the same period last year, the number of rental contracts declined by 3.5% y-o-y. Rental transaction volumes are however expected to taper off further in March due to the reduced demand from travel restrictions globally.
- Overall, market rents stayed flat as the impact of COVID-19 is likely to have been felt more in March when the travel restrictions extended to more countries and the social distancing measures were implemented.



MARKET OUTLOOK

- Market sentiments are expected to weaken amid concerns over job security and restrictive containment measures due to the COVID-19 virus. With the restrictions on show-flats with the social-distancing measures and reduced viewings, we anticipate the transaction volume to decrease.
- Despite the outbreak, it is unlikely that the prices in the primary market will decrease, given that most developers have the reserves to tide through this period. In contrast, the prices in the secondary market will be subject to greater downward pressure as firms undertake cost-cutting measures.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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