

“Discounts will continue to be offered in order to encourage the transaction momentum seen in Q2 2020. Therefore in the second half of 2020, with the phased relaxation of restrictions and some measure of human interaction, transaction volumes should increase.”

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Singapore Research

Residential

Q2 2020

“THERE WAS ACTIVITY IN THE NEW HOME MARKET IN Q2 2020 DESPITE THE CIRCUIT BREAKER RESTRICTIONS”

URA flash estimates

- According to the URA Flash Estimates, the Property Price Index (PPI) for non-landed private residential properties decreased by 0.6% quarter-on-quarter (q-o-q) to 147.2 in Q2 2020, bringing the decline in the first half of 2020 to 1.6% (Exhibit 1).
- Despite the restrictions on physical viewings and the closure of showflats for most of Q2 2020, there were 2,253 transactions of non-landed private homes (excluding Executive Condominiums (ECs)) lodged in the quarter*. While transaction volumes were much lower, falling 40.5% q-o-q against Q1 2020, the sales activity showed that some buyers had adapted to these unprecedented conditions. Of the 2,253 transactions, about 70.6% or 1,591 were new sale transactions, with the remaining 662 being secondary sale transactions (Exhibit 1).
- New sale activity was down in April when the circuit breaker measures first kicked-in, recording 261 sales of non-landed private homes (excluding ECs). However, sales activity in the primary market improved as the quarter progressed, increasing to 455 and 875 transactions in May and June* respectively as developers' discounts encouraged buyers. Secondary sales however continued to slide, with 145 in May and 218 in June* as compared to 299 in April.

Core Central Region

- Prices of non-landed private residential properties in the Core Central Region (CCR) declined by 0.1% q-o-q to 131.0 in Q2 2020, moderating from the 2.2% q-o-q drop in Q1 2020.
- Non-landed transaction volumes (excluding EC) in the CCR decreased by 60.4% q-o-q to 381 units in Q2 2020*, after increasing steadily for the past two quarters. Projects in the CCR that launched for sale in the quarter were limited. These included Kopar at Newton and 15 Holland Hill.
- Kopar at Newton, which opened for public sale just ahead of the circuit breaker restrictions, had a total of 116 transactions at an average unit price of S\$2,275 per square foot (psf), the highest volume in Q2 2020. There were 71 transactions between 4 and 6 April alone before the mandatory closure of sale galleries.

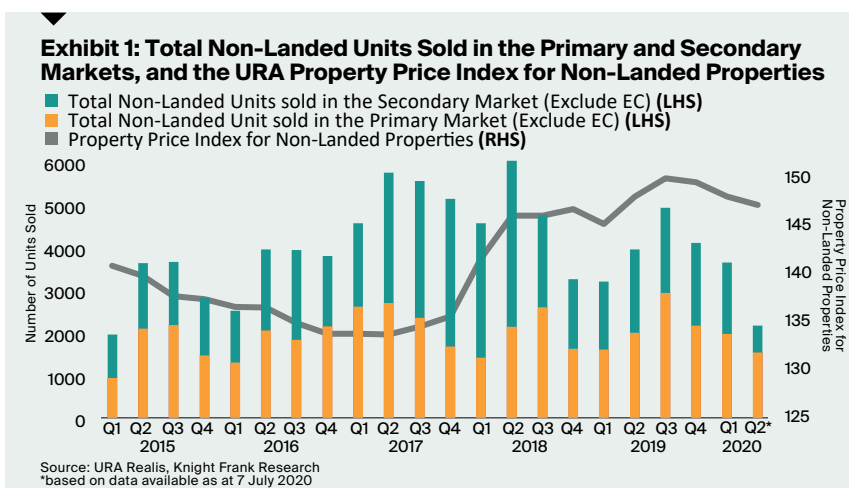
Outside Central Region

- The URA Price Index for non-landed properties in the Outside of the Central Region (OCR) remained flat after decreasing by 0.4% q-o-q in Q1 2020. While overall non-landed

MARKET SNAPSHOT

147.2 ▼0.6% Q-O-Q
NON-LANDED PRIVATE RESIDENTIAL
PROPERTY PRICE INDEX (FLASH ESTIMATE)

2253 UNITS
40.5% ▼Q-O-Q | 45.3% ▼Y-O-Y
TOTAL NON-LANDED TRANSACTION
VOLUME EXCLUDING EC (Q2 2020*)



transaction volume (excluding EC) dipped, new sale activity sustained with 773 transactions recorded*.

- New sales were boosted by developer discounts in projects such as Treasure at Tampines and Parc Clematis, with both registering above 150 units this quarter.
- A unit at Hillion residences, a 99-year leasehold project that was completed in 2017, changed hands for S\$2.7 million or S\$1,032 psf and had the highest value in Q2 2020 in the OCR.

*based on data available as at 7 July 2020

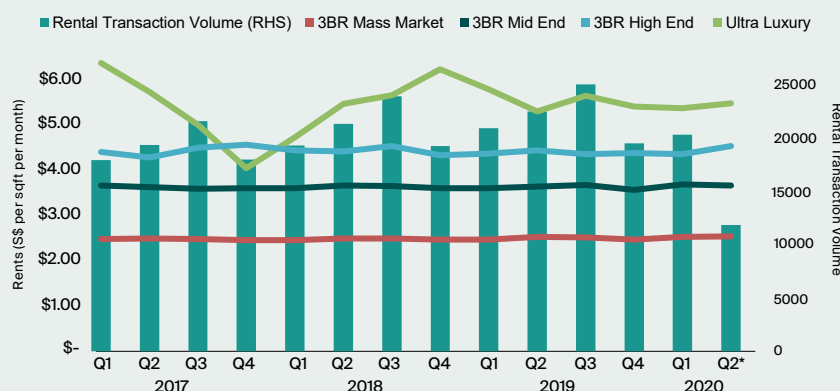
Rest of the Central Region

- Prices in the Rest of the Central Region (RCR) witnessed the sharpest drop this quarter, with the PPI for non-landed private homes declining by 1.9% q-o-q to 149.7.
- Transaction volumes for non-landed homes (excluding EC) in the RCR declined by 33.7% q-o-q to 795 units in Q2 2020*, of which 77.7% were new sale transactions. Despite the lack of new project launches, developments that were previously launched continued to sell, supporting primary sale volumes. Projects that were launched in 2018 contributed to just over 50% of new sales in Q2 2020*.
- Meyer Mansion, which launched in September 2019, had the top transaction value in the RCR this quarter, with a freehold unit selling at a nett price of almost S\$5.2 million or S\$2,475 psf.

Rental Movements

- April and May 2020 showed a marked decline in rental transaction volumes with about 11,900 leases of non-landed private homes commencing island-wide, a 19.0% year-on-year (y-o-y) decline compared to some 14,700 in April and May 2019.
- Rental volumes in the first two months of Q2 2020 are only slightly above half of the total leasing transactions recorded in the previous quarter and are unlikely to reach Q1 2020 levels by the end of June. Leasing demand has declined amid the outbreak with prospective tenants unable to go for physical viewings for most of the quarter.
- Despite the softer leasing demand, market rents were generally stable across the market segments with landlords holding onto their rental expectations.

Exhibit 2: Average Rents (S\$ per sqft per month) and Rental Transaction Volume of non-landed private residential properties (exclude EC)



Source: URA Realls, Knight Frank Research
*Q2 2020 includes the number of transactions for April and May only

MARKET OUTLOOK

- While Q2 2020 was mostly characterised by the imposition of circuit breaker measures that disrupted real estate activities, the progressive lifting of restrictions and the resumption of human activity is expected to contribute to a pickup in sales activity for the rest of the year. Thus, new sale volumes are forecasted to reach around 6,000 to 7,000 units for the whole of 2020.
- Nevertheless, with recessionary pressures weighing heavily on and affecting all sectors of the economy, the URA's non-landed price index is likely to drop by about 5% for 2020 depending on the extent of Singapore's economic contraction.

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