

Q1 2024

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## Homebuyers more selective with more choices available

“Homebuyers have more choices now than they did in the property boom during the pandemic, and the variety of options have led to longer decision-making before purchase. Nevertheless, demand remains intact.”

NICHOLAS KEONG, HEAD, RESIDENTIAL & PRIVATE OFFICE

### URA FLASH ESTIMATES

Sales activities in the non-landed residential market started off at a muted pace in the first two months of 2024, but picked up in March, resulting in a total of 3,376 sales in Q1 2024\*. While this is nowhere near the 3,956 sales in Q4 2023\*, the pick up in sales represented some measure of growing confidence among homebuyers despite the prevailing tentativeness in the overall market. The overall moderation in sales activities also translated to more modest growth in home prices as homebuyers began to resist improbable premiums in asking prices. According to flash estimates by the Urban Redevelopment Authority (URA), prices of non-landed private homes (excluding Executive Condominiums (ECs)) moved up 1.0% q-o-q and 5.0% y-o-y in Q1 2024\*\*.

Even though strong turnouts at sales showrooms and the runaway success of a few new launch projects appeared on

news headlines, this was not a true reflection of the entire primary sales market, as new sales declined 0.6% q-o-q to 1,076 transactions in Q1 2024\*.

Meanwhile, sales in the secondary market have been trending downward since Q2 2023, with transactions again decreasing 19.9% q-o-q to 2,300 sales in the first three months of 2024\*. However, the number of subsale transactions (the resale of homes before the Certificate of Statutory Completion has been issued to a project) has been on the increase throughout 2023, with a quarterly average of some 314 subsales (79.4% more than the quarterly average of 175 units in 2022) and this continued into Q1 2024 with 253 subsales. These comprised nearly-completed homes in the fringe and suburban areas, as homebuyers were willing to fork out decent premiums for almost ready-to-move-in newly minted homes.

**196.1** (Q1 2024\*\*)

Non-landed Private Residential Property Price Index (Flash Estimate)  
1.0% ▲ Q-O-Q | 5.0% ▲ Y-O-Y

**3,376** UNITS (Q1 2024\*)

Total Non-landed Transaction Volume excluding ECs  
14.7% ▼ Q-O-Q | 11.8% ▼ Y-O-Y

### CORE CENTRAL REGION (CCR)

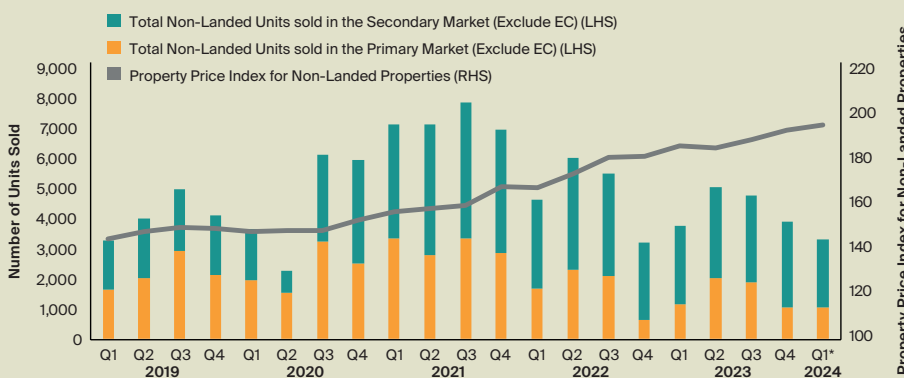
In the CCR, the highlight during the quarter was the healthy take up of Watten House which sold 31 out of the 180 units during its official launch. This was after 102 units were sold in an exclusive private preview last November. In all, 74% of units in the development have been sold. Singaporeans and permanent residents (PR) made up the majority of buyers, suggesting underlying local demand for homes in the prime areas for owner occupation, especially in neighbourhoods where popular schools are located. Nevertheless, the success of one project does not necessarily indicate a trend, as new sales in the prime residential districts declined 54.0% to 97 in Q1 2024\*. It was also reported that 80 units were also sold at the newly completed Cuscaden Reserve with prices cut by some 20% to average slightly over S\$3,000 psf during a relaunch exercise. Secondary sales formed the bulk of transactions in the CCR with 400 homes in Q1 2024\*. This brought total sales in the CCR to 497\* in the quarter.

Prices of non-landed homes in the CCR grew 3.1% q-o-q and 4.2% y-o-y in Q1 2024\*\*, with much of the growth attributed to the strong take-up rate of new sale transactions.

### REST OF CENTRAL REGION (RCR)

Prices of non-landed homes in the RCR rose 0.2% q-o-q but declined 1.0% y-o-y in Q1 2024\*\*. The modest price growth in the quarter could be attributed to the sole launch of The Arcady at Boon Keng which achieved a reported average price of S\$2,570 psf for the 51 units (or about 30%) sold on the launch weekend.

**Exhibit 1: Total Non-Landed Units Sold in the Primary and Secondary Markets, and the URA Property Price Index for Non-Landed Properties**



Source: URA Realis, Knight Frank Research, \*based on data available as at 5 April 2024

Total sales declined 18.2% q-o-q to 928 transactions, with new sales decreasing 10.1% q-o-q to 204 and secondary market volume falling 20.3% q-o-q to 724 in Q1 2024\*.

## OUTSIDE CENTRAL REGION (OCR)

Non-landed home prices in the OCR grew 0.4% q-o-q in Q1 2024\*\*, moderating from the 4.5% q-o-q gain in the Q4 2022. The price expansion was backed by the new launches of Lentor Mansion and Latoria. There were 400 units (75% out of the 533 units) sold at Lentor Mansion during its launch weekend, boosting new sale transactions in OCR to 775 in Q1 2024\*, an increase of 20.2% q-o-q from the previous quarter.

The total sales in the OCR dipped 9.5% q-o-q with 1,951 sales, and secondary sales fell 22.1% q-o-q to 1,176 transactions in Q1 2024\*.

## RENTAL MOVEMENTS

Islandwide leasing contracts for non-landed private homes totalled 12,084 in January and February 2024, a 4.2% increase when compared to October and November 2023, but 5.2% lower than the same period in 2023.

Rents were observed to decrease across all market segments, with declines ranging between 1% and 8%. Despite the larger trend of rents falling islandwide, some renters might still face increments when relocating to newer private homes in more popular locations that may offer better facilities. Tenants who are presently in the process of renewing leases might also be confronted with increased rents depending on the committed rates of their former leases. Nevertheless, rents are no longer increasing aggressively due to the under-supply of homes for rent, and are plainly trending downwards. In the months ahead, landlords will be compelled to be realistic in their asking rents, in order to maintain a stable base of recurring income and to keep their apartments filled.

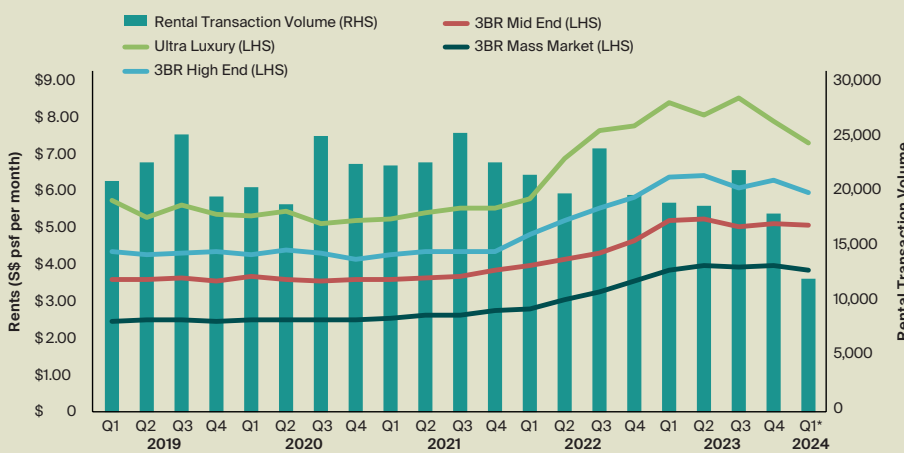
owner-occupation. With interest rates expected to tamper down sometime in 2024, this could perhaps be the catalyst that will inject fresh activity in the market, spurring homebuyers to step out from the sidelines.

Given the buffet spread of choices from current available projects to upcoming launches throughout the year, the buying decision of homebuyers will ultimately be motivated by the quality of the new project, location of the development, and the track record of the developer. As price growth in 2024 will be driven by sales at new launches, Knight Frank maintains that private home prices will grow 3% to 5% in the year. Overall private home sales volume is expected to fall between 15,000 and 18,000 units.

\* based on data available as at 5 April 2024. Figures exclude Executive Condominiums (ECs).

\*\*based on flash estimates announced on 1 April 2024.

**Exhibit 2: Average Rents and Rental Transaction Volume of Non-Landed Private Residential Properties (excluding EC)**



Source: URA Realis, Knight Frank Research  
\*Q1 2024 includes the number of transactions for January and February 2024 only (RHS-axis)

## MARKET OUTLOOK

Although the pace of sales in the private residential market slowed, homebuyers were still able to identify value opportunities and acquire suitable properties for

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For further information on the report, please contact:



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



**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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