

“Notwithstanding the Heightened Alert in Q2 2021, steady demand continues to be underpinned by a strong pool of homebuyers that have benefited from increased household incomes in the past decade.”

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Residential

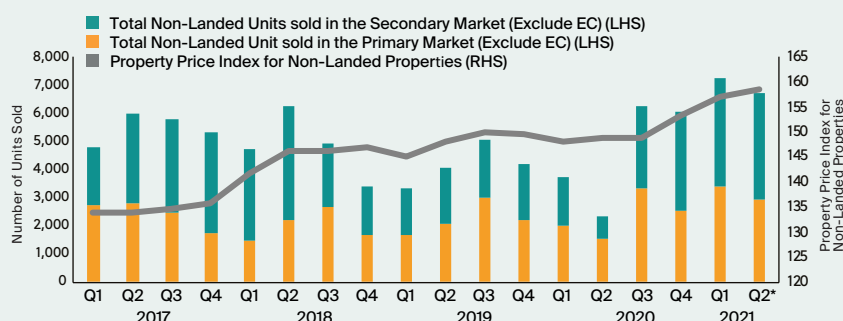
Q2 2021

PRIVATE HOME DEMAND STEADY IN Q2 2021

URA flash estimates

- Prices of non-landed private residential properties (excluding Executive Condominiums (ECs)) grew by 0.9% quarter-on-quarter (q-o-q) in Q2 2021** to 158.5. Despite the marginal q-o-q increase, the index rebounded some 6.6% from Q2 2020 exceeding pre-pandemic levels.
- The total sales volume of non-landed private units (excluding ECs) in Q2 2021* was 6.8% lower than the high of 7,215 in Q1 2021 at 6,723 units, owing in part to tightened COVID-19 restrictions from mid-May. Developers held back in June with no new project launches, and new sales dipped to 845 in May and 858 in June from 1,213 in April 2021. Nevertheless, total sales volume recovered to 13,938 units in the first half of 2021, 130.2% more than in H1 2020.
- The current resilience of the private housing market coincides with significantly low interest rates. The 3M-SIBOR dipped from a high of 2.0% in June 2019 to 0.44% in March 2021, spurring more housing purchases in the current window of opportunity, especially with the US Federal Reserve forecasting at least two rate hikes by 2023. At the same time, about 39.9% of all resident households were earning at least S\$10,000 in 2020 according to the latest census results, providing a base for private home sales volume and prices.

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 9 July 2021

Core Central Region (CCR)

- CCR prices inched up 0.6% q-o-q in Q2 2021**, bringing the half-year increase in 2021 to 1.1%. Yet-to-be-completed project Hyll on Holland dangled discounts of up to 13.2%

MARKET SNAPSHOT

158.5 (Q2 2021)**
0.9% ▲ Q-O-Q | 6.6% ▲ Y-O-Y
NON-LANDED PRIVATE RESIDENTIAL
PROPERTY PRICE INDEX (FLASH ESTIMATE)

6,723 UNITS (Q2 2021*)
6.8% ▼ Q-O-Q | 188.9% ▲ Y-O-Y
TOTAL NON-LANDED TRANSACTION
VOLUME EXCLUDING EC

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on 26-27 June, leading to a boost of 41 units being sold in the weekend alone* which might impact the finalised price index for the CCR.

- Luxury project Park Nova hit new benchmark prices, averaging S\$5,068 per square foot (psf) for the 14 units sold. Limited penthouse inventory and demand for spacious floor areas held sway, and all three penthouses were sold from S\$5,320 psf to S\$5,838 psf (S\$17.2 million to S\$34.4 million).
- The primary and secondary markets each recorded 807 sales, climbing by 20.3% and 12.2% q-o-q respectively. At least five projects were launched in April and May, with Irwell Hill Residences the top project in terms of sales volume across all regions, selling 332 units at S\$2,638 psf.

Rest of Central Region (RCR)

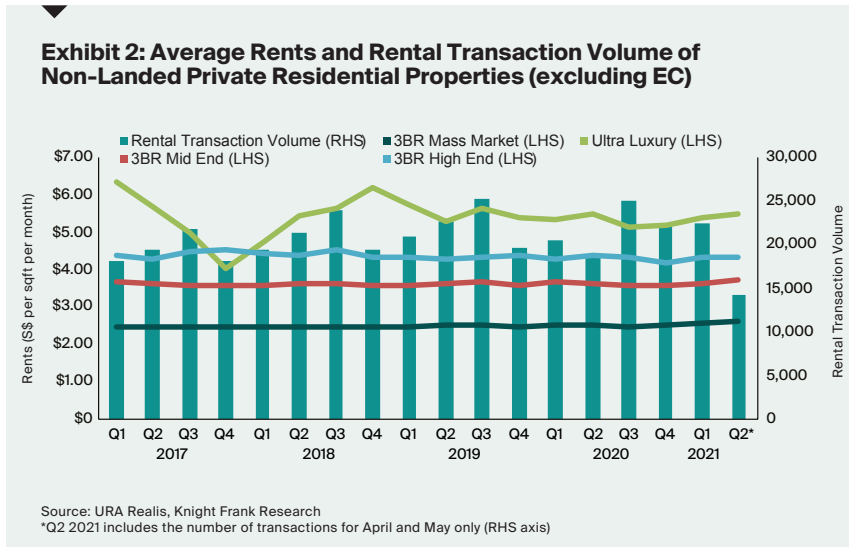
- Non-landed prices in the RCR stabilised in Q2 2021** with prices inching up by a marginal 0.3%, a contrast to the 6.1% q-o-q jump in Q1 2021 and the 7.1% gain in the second half of 2020.
- Total non-landed sales volume in Q2 2021 dipped by 25.8% to 2,201 following a high base in Q1 2021. There was one major new launch, One-North Eden, which sold 155 out of 165 units at an average of S\$1,992 psf.

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Outside Central Region (OCR)

- OCR prices continued in an upward trajectory with a 1.8% q-o-q increase in Q2 2021**.
- A total of 2,908 non-landed units (excluding ECs) transacted in Q2 2021, a slight 1.7% q-o-q increase after an 11.3% q-o-q dip in Q1 2021. Larger-scale suburban projects such as Treasure at Tampines, The Florence Residences and Midwood made up sales volume during the quarter.

Rental movements



- Islandwide rental transactions of non-landed private homes totalled 14,183 rental contracts in April and May 2021, 3.4% lower than some 14,679 in January and February 2021 (Exhibit 2). Nevertheless, this was a 15.1% improvement from the same period in 2020 despite the COVID-19 pandemic.
- While near-term demand will remain supported by housing needs from foreigners in limbo due to travel restrictions, demand and rental prospects over the longer term will alter according to structural changes in the workforce of the future. Expatriates that have been apart from their families for an extended period might also decide to return to their home countries sooner-rather-than-later.

Market outlook

- Despite the reimposition of safety restrictions after a surge in COVID-19 community cases, private sale volumes and prices in Q2 2021 have largely withstood the tightened measures. The market continues to be bolstered by genuine demand from buyers working in sectors such as technology and pharmaceuticals that have benefitted economically from the COVID-19 climate, as well as HDB upgraders or former collective sale owners who have amassed enough financial dry powder.
- Overall private residential prices are projected to increase within the range of around 7-9%, while rents could rise 5-8% for the whole of 2021.

*based on available caveats as at 9 July 2021

**based on flash estimates announced on 1 July 2021

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