

*“Buyers have shown an unanticipated resilience, the kind that will now embolden developers to launch projects to tap on this buyer demand before interest rates rise further. Foreign interest in Singapore private homes is also expected to increase with open borders.”*

NICHOLAS KEONG, HEAD, PRIVATE OFFICE



Singapore Research

# Residential

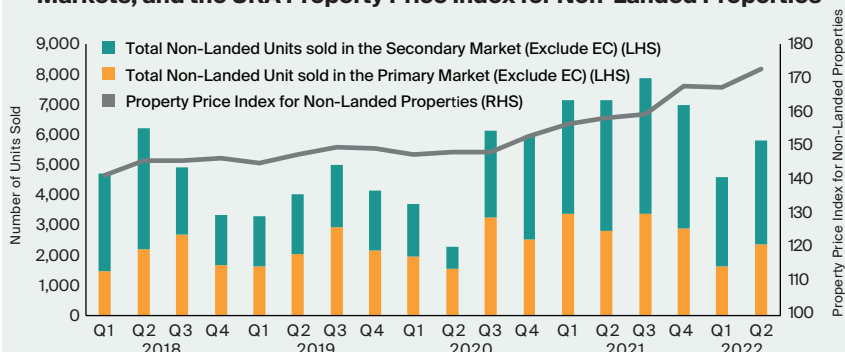
## Q2 2022

### NEW LAUNCHES BREAK MARKET OUT OF STALEMATE IN Q2 2022

#### URA flash estimates

- The state of pause in the private residential market last quarter was short-lived when compared to the previous imposition of cooling measures, as prices of non-landed private homes (excluding Executive Condominiums (ECs)) turned around and rose by 3.3% q-o-q in Q2 2022\*\* from the 0.3% dip in Q1 2022 when price growth was repressed.
- More than three months after the imposition of the December 2021 cooling measures, the total volume of non-landed private homes (excluding ECs) sold already witnessed a 25.9% q-o-q pick-up, with 5,844 units transacted in Q2 2022\*. This was attributed to the primary market where the pace of pickup was due to multiple headline new launches.
- Non-landed primary sales notably rebounded by 43.1% q-o-q in Q2 2022\* with 2,383 units sold, a recovery from the 42.6% q-o-q plunge in Q1 2022 sales. In contrast to only a couple of smaller-scale new launches (totalling 48 units) last quarter, at least four new developments (excluding North Gaia EC with 616 units) totalling 760 units were launched and readily absorbed in the market in Q2 2022.
- Unabated intrinsic demand from buyers seeking ready-to-move-in units also boosted resale transaction volumes in Q2 2022, which exceeded primary sale volumes by some 45.2%. A total of 3,461 resale units were sold in Q2 2022\*, a 16.3% q-o-q increase after two consecutive quarters of decline.

**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 12 July 2022

#### Core Central Region (CCR)

- Prices of non-landed homes in the CCR increased 1.6%\*\* q-o-q in Q2 2022, a reversal from the 0.1% decline in Q1 2022. The price increase coincides with the opening of air travel lanes from April onwards, allowing High-Net-Worth-Individuals (HNWIs) seeking private home investment opportunities in safe havens to buy properties in Singapore.
- The total non-landed transactions in the CCR expanded by 49.5% q-o-q in Q2 2022\*, as both primary and secondary sale volumes improved. Despite a lack of new launches, primary

#### MARKET SNAPSHOT

**173.4** (Q2 2022\*\*)

▲ 3.3% Q-O-Q | ▲ 9.2% Y-O-Y  
NON-LANDED PRIVATE RESIDENTIAL  
PROPERTY PRICE INDEX (FLASH ESTIMATE)

**5,844** UNITS (Q2 2022\*)

▲ 25.9% Q-O-Q | ▼ 19.0% Y-O-Y  
TOTAL NON-LANDED TRANSACTION  
VOLUME EXCLUDING ECS

Knight Frank Research  
Reports are available at knightfrank.com.sg/research

sale transactions in the CCR increased by 73.8% q-o-q to 596 in Q2 2022. Almost half of the existing launches managed to move more units in Q2 2022. Irwell Hill Residences, Perfect Ten and Hyll on Holland each sold at least four times the number of units in Q2 2022 compared to the previous quarter.

- The beginnings of an uptick in foreign homebuying have also surfaced in the CCR, with 141 CCR units bought by foreigners in Q2 2022 compared to 70 in Q1 2022.

#### Rest of the Central Region (RCR)

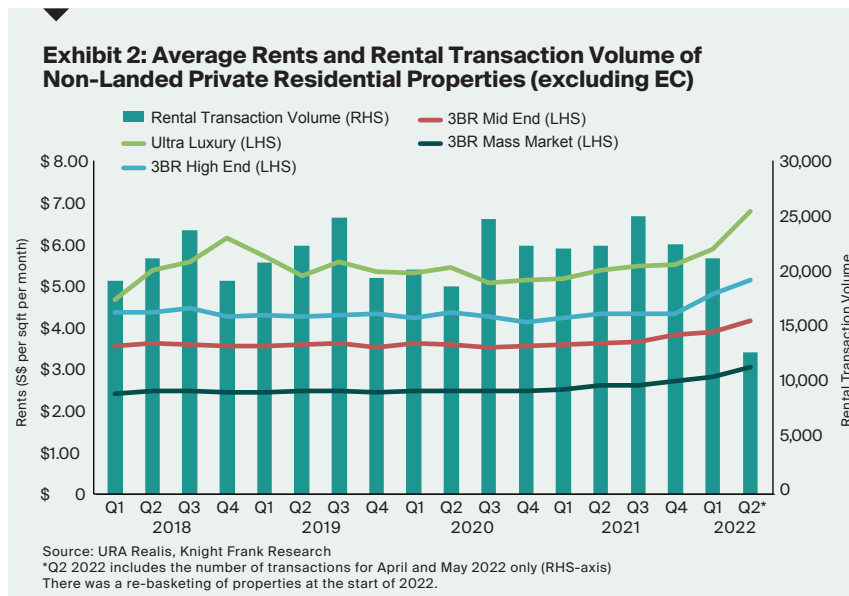
- New launches in the RCR captured homebuyer attention and stimulated public interest, with the price index rebounding by 6.0%\*\* q-o-q in Q2 2022, a reversal from the 2.7% drop last quarter.
- After a 36.0% q-o-q fall in overall transaction volumes last quarter when developers held back on launches, new launches in the RCR broke the private home market out of its state of pause wrought from the aftermath of the cooling measures. Primary sales transactions saw a 60.7% q-o-q increase in Q2 2022, with 1,305 new sale units sold\*.
- New launch projects Piccadilly Grand and LIV@MB accounted for some 42.6% of the total new sale units transacted. Projects in the RCR with compelling selling points are expected to reach new benchmark prices. Average new sale prices this quarter increased by 8.5% q-o-q to S\$2,305 psf.

Continued on next page

## Outside Central Region (OCR)

- Non-landed homes in the OCR continued to record price increases, albeit at a more restrained 1.7%\*\* q-o-q in Q2 2022.
- The OCR recorded a slight overall increase in sales in Q2 2022, with newly launched projects in the RCR dominating buyers' attention. A total of 482 new sale and 1,774 resale units were sold in the quarter\*, a 5.5% q-o-q decline and 5.7% q-o-q increase respectively. Baywind Residences, which launched in the quarter, sold ten units (41.7% of the project) at S\$2,044 on average, reportedly to all Singaporean buyers.

## Rental movements



- Islandwide rental contracts of non-landed private homes totalled 12,893 in April and May 2022, about 9.6% lower than the same period last year. Despite the dip in rental volumes, rents have increased between 6% to 16% q-o-q across the various market segments with competition remaining fierce among lessees. Companies who have not adjusted their accommodation budgets accordingly for expatriates might face challenges settling in employees.
- Rental demand will continue to flow in from multiple target sources, vying for the same piece of the leasing pie. Expatriates from Hong Kong who secured professional opportunities in Singapore are expected to be a key source of rental demand, with many renting homes while waiting for permanent residency status or citizenship, while time will be needed for projects affected by construction delays to complete.

## Market outlook

- While the cooling measures muted residential market activity in Q1 2022, the sheer weight of demand is outpacing the backlog of supply as Singapore normalises from the pandemic years. Nevertheless, activity could taper in the coming months with rising interest rates acting as a natural cooling measure in H2 2022, reining in homebuyer affordability.
- Overall, private residential prices are now projected to increase around 5% to 7% for the whole of 2022, against the initial conservative forecast of 1% to 3% growth when the cooling measures were first announced in December 2021. Buyers have shown an unanticipated resilience, the kind that will now embolden developers to launch projects to tap on this buyer demand before interest rates rise further. Notwithstanding the Additional Buyer's Stamp Duty (ABSD) for foreigners, interest in Singapore homes in a flight to safety will also gain momentum with increasingly open borders.

\* based on data available as at 12 July 2022. Figures exclude Executive Condominiums (ECs).

\*\* based on flash estimates announced on 1 July 2022.

## Recent Publications



THE WEALTH REPORT 2022



RESIDENTIAL Q1 2022

## For further information on the report, please contact:



**Nicholas Keong**  
 Head  
 Private Office  
 +65 6228 6870  
[nicholas.keong@sg.knightfrank.com](mailto:nicholas.keong@sg.knightfrank.com)



**Leonard Tay**  
 Head  
 Research  
 +65 6228 6854  
[leonard.tay@sg.knightfrank.com](mailto:leonard.tay@sg.knightfrank.com)



**Khoo Zi Ting**  
 Senior Analyst  
 Research  
 +65 6228 6857  
[ziting.khoo@sg.knightfrank.com](mailto:ziting.khoo@sg.knightfrank.com)

**SUBSCRIBE** for updates  
 and reports delivered  
 to your inbox

### About Knight Frank Singapore

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank has more than 16,000 people operating from 384 offices across 51 territories. The Group advises clients ranging from individual owners and buyers to major developers, investors and corporate tenants. Knight Frank has a strong presence in Singapore with a head office and two subsidiaries: Knight Frank Property Asset Management and KF Property Network. For further information about the Company, please visit [www.knightfrank.com.sg](http://www.knightfrank.com.sg).

### © Knight Frank 2022

This report is published for general information only. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no legal responsibility can be accepted by Knight Frank Research or Knight Frank for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects. Reproduction of this report in whole or in part is allowed with proper reference to Knight Frank Research.

