

“As overall prices increased moderately in Q3 2021, the Core Central Region continues to lag, offering good value opportunities for prime homes.”

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Residential

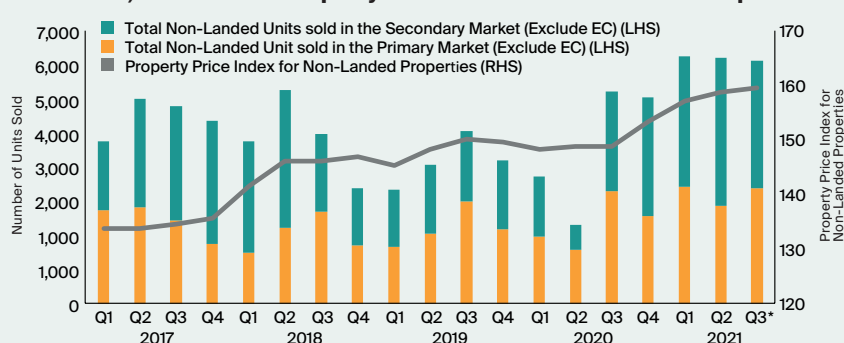
Q3 2021

PRIVATE RESIDENTIAL MARKET STRONG DESPITE SPIKE IN INFECTIONS

URA flash estimates

- Prices of non-landed private residential properties (excluding Executive Condominiums (ECs)) grew by a marginal 0.5% quarter-on-quarter (q-o-q) in Q3 2021** to 159.6, with transactions in the Rest of Central Region (RCR) being the main contributor to the rise. The quarterly increase was moderated when compared to Q1 and Q2 2021, where the index grew by 2.5% and 1.1% respectively.
- There were 7,103 non-landed private homes (excluding ECs) transactions in Q3 2021*, a slight 1.4% decrease q-o-q. While both Q2 and Q3 2021 included periods where Singapore was in or reverted to Phase 2 (Heightened Alert), quarterly sales volume largely held up above a respectable 7,000 units. Especially when compared to an average of about 4,162 units during the pre-pandemic year of 2019*.
- Fewer project launches in Q3 2021 also did not dampen overall non-landed primary sales volume. There were 3,358 new sale transactions compared to 2,838 in the previous quarter*.
- Sales volume in the non-landed secondary sale market made up about 52.7% of total transactions in Q3 2021, exceeding the primary market with 3,745 transactions*. With rising new sale prices and construction delays, a portion of buyer demand funnelled to the resale market.

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 1 October 2021

Core Central Region (CCR)

- As there was only one new launch (Klimt Cairnhill) in the CCR in Q3 2021, the total non-landed primary sales volume declined by 48.2% q-o-q to 411 transactions. Secondary

MARKET SNAPSHOT

159.6 (Q3 2021)**
 0.5% ▲ Q-O-Q | 7.3% ▲ Y-O-Y
 NON-LANDED PRIVATE RESIDENTIAL
 PROPERTY PRICE INDEX (FLASH ESTIMATE)

7,103 UNITS (Q3 2021*)
 1.4% ▼ Q-O-Q | 14.2% ▲ Y-O-Y
 TOTAL NON-LANDED TRANSACTION
 VOLUME EXCLUDING EC

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sales volume dropped by a more moderate 19.2% q-o-q with 709 units transacted*.

- New sale units commanded an average premium of 35.7% over resale units in the first three quarters of 2021*, and the decline in primary sales possibly led to the 0.6% q-o-q dip in CCR prices in Q3 2021** after increasing 1.6% in H1 2021.
- Given that price increases in the RCR and OCR outpaced the CCR in 2021 thus far, there should be value opportunities in the luxury class of homes.

Rest of Central Region (RCR)

- The RCR was the only segment that registered a price increase in Q3 2021, climbing 2.2% q-o-q**. This was on top of a 6.2% growth in H1 2021 and marked the fifth consecutive quarter of increase since prices fell in Q2 2020 due to the pandemic.
- Price increases were observed in some projects, such as Normanton Park, Avenue South Residences, Verdale and Meyer Mansion, where average unit prices rose between 0.9% to 1.7% over 446 transactions. The Reef at King's Dock also recorded a 6.8% increase to S\$2,477 psf, while Forett at Bukit Timah sold 57 units that were 4.1% higher on average than in the previous quarter*.

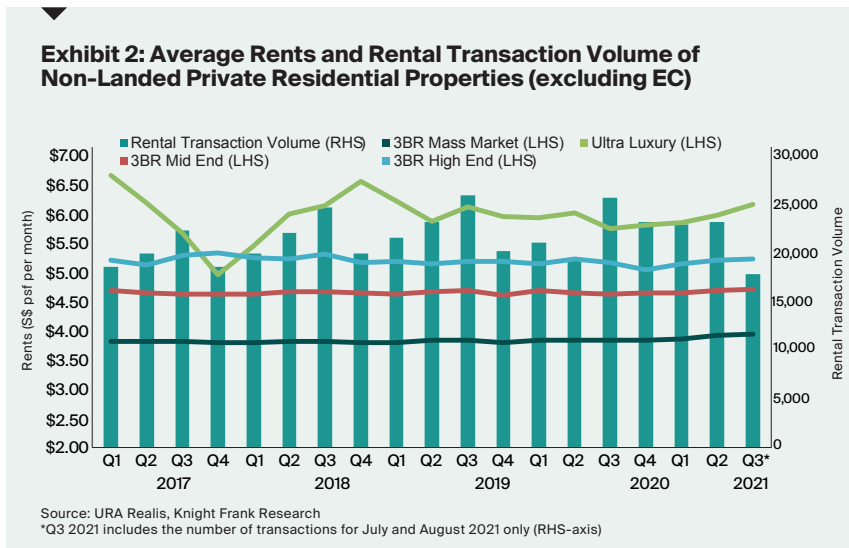
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- ◆ The total non-landed sales volume in Q3 2021 dipped by 11.9% to 2,055, of which 980 (47.7%) were new sales and 1,075 (52.3%) secondary sales*.

Outside Central Region (OCR)

- ◆ OCR prices decreased by a marginal 0.2% in Q3 2021**. While three units at Pasir Ris 8 sold above S\$2,000 psf, unit prices for the project averaged S\$1,617 psf in the quarter*.
- ◆ A total of 3,928 non-landed units were sold in Q3 2021*. This represented a 22.9% q-o-q increase, with new launches Pasir Ris 8 and The Watergardens at Canberra collectively selling more than 700 units in the quarter alone.

Rental movements



- ◆ Islandwide rental contracts of non-landed private homes totalled 17,252 in July and August 2021, a 17.7% spike compared to some 14,657 in April and May 2021 (Exhibit 2). The volume of rental transactions remained healthy amid tight inventory in the market.
- ◆ Tenants are also generally beginning to take on longer lease terms, as they evaluate their longer-term accommodation needs as countries press on in a slow fight against COVID-19. Additionally, expatriates are also contributing to rental demand, as companies such as those in the tech sector ramp up their activities in Singapore.

Market outlook

- ◆ Despite Singapore reverting to Phase 2 (Heightened Alert) from July 22 to August 18 and August traditionally being a quiet month due to the Chinese Hungry Ghost Festival, there was no significant drop in demand in Q3 2021. The opening of more travel lanes once cases stabilise will also release pent-up international demand, especially for the CCR. Overall private residential prices are projected to increase around 7%-9% for the whole of 2021.
- ◆ As more time is spent in homes working, unwinding, and interacting with family, buyers looking for owner-occupied properties on a needs-basis are likely to pay a premium, urged on by market conditions to make major life decisions more quickly. On the other hand, investors with more time on their side can be expected to hold out for a good price or opportunity as properties get more expensive.

*based on data available as at 1 October 2021. Figures exclude Executive Condominiums (ECs).

**based on flash estimates announced on 1 October 2021.

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