

“Despite the upward revisions in ABSD rates that are inhibitive for foreign buyers and residential investors, demand in the private home market from owner occupiers, looking to upgrade and right-size and are unaffected by ABSD, will still underpin the market.”

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Singapore Research

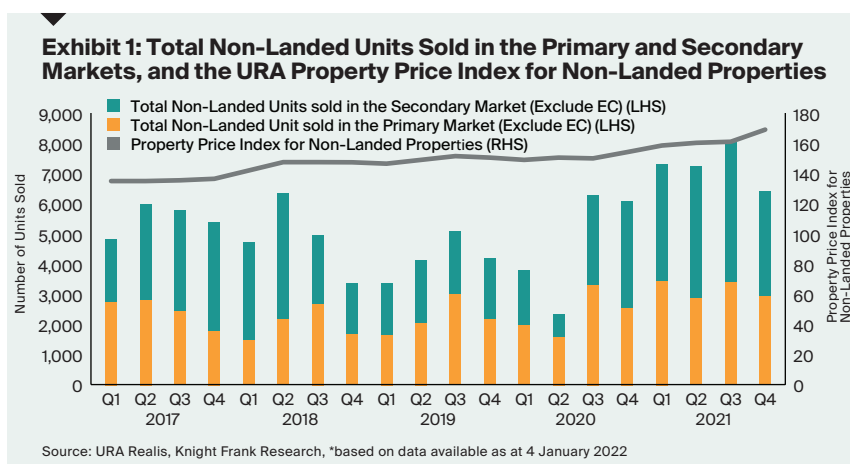
Residential

Q4 2021

COOLING MEASURES TO REIN-IN RED HOT HOME MARKET

URA flash estimates

- Growth in non-landed private residential home prices (excluding Executive Condominiums (ECs)) almost breached double digits in 2021 at 9.9%**, a new high since 2010 when prices rose 14.0%. In contrast, Singapore’s preliminary annual GDP growth in 2021 was 7.2%. The steep 5.4% q-o-q increase in Q4 2021 was the highest quarterly increase since Q4 2009, and possibly the trigger to a fresh round of cooling measures in December.
- There were 6,375 non-landed private home (excluding ECs) transactions in Q4 2021*, about one-fifth lower q-o-q. For the whole year, 28,795 units were transacted, some 57.4% more than the whole of 2020 despite recurring flareups of COVID-19 variants and changing restrictions*. Homebuying demand which had been encouraged by benign interest rates, will likely dampen due to the initial impact of the new cooling measures.
- Non-landed primary sales in 2021 jumped by 34.4% y-o-y to 12,593, while secondary sales volume recorded an even more robust 81.5% surge to 16,202*, as buyers with urgent timelines turned to the resale market. With several popular launches achieving new benchmark levels, the average new sale over resale price premium ended the year in the 40%-45% range, up from 35%-40% in 2020.



Core Central Region (CCR)

- Prices of non-landed homes in the CCR rose by 2.5% q-o-q in Q4 2021, bringing the full-year increase to 3.7%. While the increase was the most moderate among the market segments, it was an improvement from the marginal drop of 0.4% in 2020. This early nascent price growth might be affected by the new cooling measures in the next two quarters or so as buyers can be expected to negotiate harder.

MARKET SNAPSHOT

168.5 (Q4 2021**)

5.4% ▲ Q-O-Q | 9.9% ▲ Y-O-Y
NON-LANDED PRIVATE RESIDENTIAL
PROPERTY PRICE INDEX (FLASH ESTIMATE)

6,375 UNITS (Q4 2021*)

28,795 UNITS (2021)

20.1% ▼ Q-O-Q | 57.4% ▲ Y-O-Y
TOTAL NON-LANDED TRANSACTION
VOLUME EXCLUDING EC

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- Total non-landed transactions in the CCR dipped 4.2% q-o-q in Q4 2021 as resale transactions declined. Overall, 5,563 units were transacted in 2021, 84.9% higher than 2020*.

Rest of Central Region (RCR)

- The RCR was the star performer of the year, eclipsing the other segments in terms of price growth and primary sale volume. The non-landed RCR price index spiked by 7.3% q-o-q in Q4 2021, contributing to an astounding 16.9% increase in 2021**.
- New sales in the RCR thrived as a succession of popular launches were well-received by buyers. A total of 5,292 RCR units transacted in the primary market in 2021, 32.1% more than in 2020. This was also almost 10.0% more than the OCR and more than double the CCR.
- Integrated developments remained coveted and commanded price premiums. Canninghill Piers, which also comprises a two-storey retail podium, sold 582 units at an average of S\$2,937 psf, the highest average unit price among RCR projects in the last five years*.

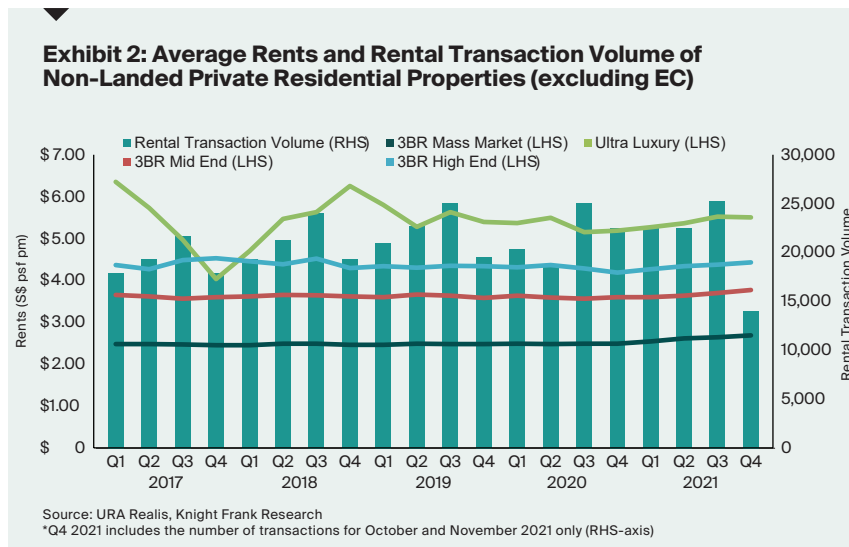
Outside Central Region (OCR)

- OCR home prices increased by a significant 5.4% in Q4 2021** compared to the 2.9% growth over the first three quarters of the year. A total of 974 new sale units were sold in the quarter, a 36.8% q-o-q decline.

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- ◆ The only major project launch in Q4 2021 was The Commodore, which sold 168 units at an average of S\$1,509 psf. Separately, the integrated project Pasir Ris 8 has since sold about 88.1% of its units at S\$1,619 psf on average*.

Rental movements



- ◆ Islandwide rental contracts of non-landed private homes totalled 84,161 in the first eleven months of 2021, 7.3% higher than the same period last year. The healthy volume of rental contracts was supported by a tight inventory of rental stock in the high-rise market. (Exhibit 2)
- ◆ Rental rates generally rose across all segments, increasing in the range of 5%-8% in 2021. Tenants will likely maintain their leases amid the uncertainties of travel through VTLs and open borders.

Market outlook

- ◆ The imposition of new cooling measures has clouded the private residential market outlook after a strong run in 2021. Volumes and prices are expected to show tentativeness in Q1 and perhaps Q2 2022 before strong underlying fundamentals kick in to re-establish homebuying demand.

- ◆ A lack of inventory will continue to underpin demand with 17,140 unsold units in the market as of Q3 2021, down from about 24,300 at the end of 2020. Owner occupiers, looking to upgrade and right-size, are generally unaffected by the ABSD revisions and will comprise the majority of buyers in 2022.
- ◆ Stability can command a premium in today's world. While the upward revisions in ABSD rates will be inhibitive on foreign buyers and residential investors for prime CCR properties, Singapore's safe-haven status and current absence of a wealth tax will nonetheless continue to be compelling.
- ◆ Overall private residential prices are projected to increase around 1%-3% in 2022 considering the cooling measures and interest rate hikes. New sale volume could reach around 8,000 to 9,000 units with lesser launches in the pipeline.

*based on data available as at 4 January 2022. Figures exclude Executive Condominiums (ECs).

**based on flash estimates announced on 3 January 2022.

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