

Residential Market Watch Q1 2022

# PRICES STAYED FIRM ON LOW SUPPLY

DASHBOARD

	Price Index	Rental Index	New Sales (units)	Resales (units)	All Residential Sales (units)	Vacancy Rate
Q-o-q Change	▲ +0.7%	▲ +4.2%	▼ -40%	▼ -29%	▼ -33%	▼ -70 basis pts
Y-o-y Change	▲ +7.8%	▲ +12.1%	▼ -48%	▼ -25%	▼ -34%	▼ -110 basis pts

**Home prices resilient despite lower sales**

The residential market had a slow start in 2022Q1 with minimum new project launches, the lowest new sales volume and the smallest rise in prices since 2020Q2.

Only 613 new homes were launched and 1,825 new homes were sold, much lower than the 2,275 units launched and 3,018 units sold in 2021Q4. The price index edged up by only 0.7% q-o-q, compared to a 5% hike in 2021Q4. Besides the lack of new launches, home buyers were also checked by the introduction of new cooling measures in December 2021.

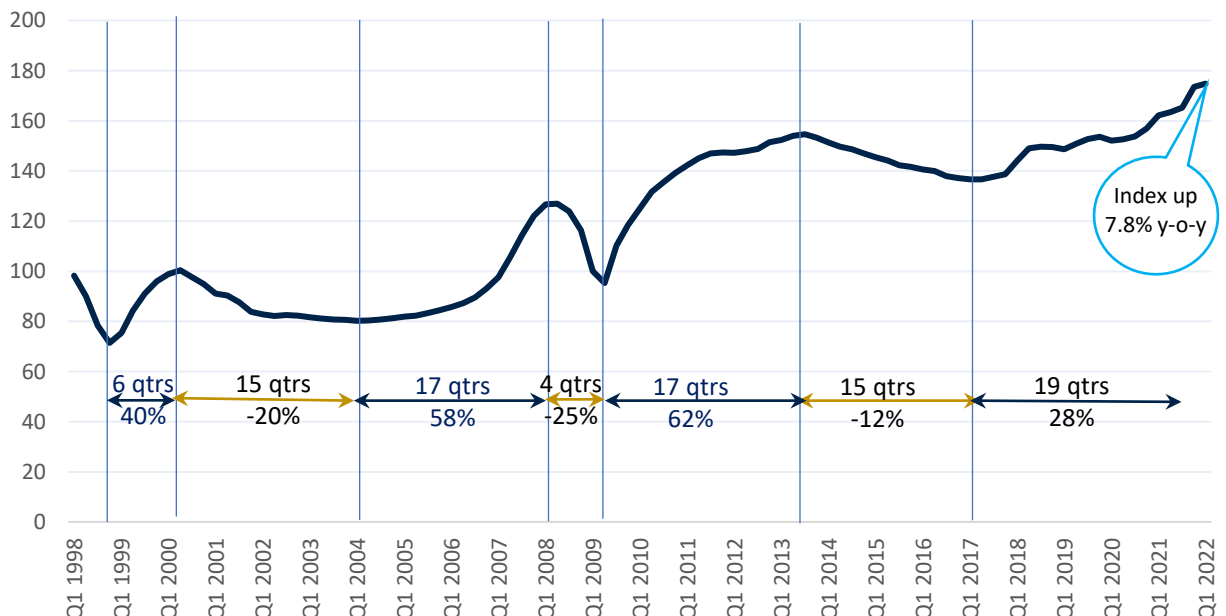
A closer analysis of the price index revealed that the weakness came from the non-landed segment where prices registered a 0.3% q-o-q contraction in 2021Q1, the first after seven consecutive quarters of positive growth. Prices of landed homes remained strong, posting a 4.2% q-o-q rise, and improving from the 3.9% growth in 2021Q4.

Prices of non-landed homes were dragged down by those in the Core Central Region (CCR) and Rest of Central Region (RCR) where the price index declined by 0.1% and 2.7% respectively from the previous quarter. However, prices of non-landed homes in Outside Central Region (OCR) bucked the trend with a 2.2% increase from 2021Q4. This was, however, a smaller increase compared to the 5.7% surge in 2021Q4.

The price weakness in CCR and RCR could be attributed to the higher number of resale properties sold, which generally fetch lower prices than new projects because of age, design and level of upkeep.

On the other hand, due to the lack of new launches in OCR, demand pressure pushed up prices of both new projects and resale properties. Some of the new projects which showed a higher price per square foot compared to the previous quarter were Dairy Farm Residences (74 units sold), Ki Residences (46 units sold) and Sengkang Grand Residences (27 units sold).

**CYCLES OF THE URA RESIDENTIAL PRICE INDEX**



Source: URA, List SIR

**Market dynamics**

Developers launched only 613 new homes for sale in 2021Q1, the lowest new supply since 2003Q1 when Singapore was hit by the outbreak of Severe Acute Respiratory Syndrome (SARS). Initially, developers were waiting for the dust to settle on the cooling measures introduced in December 2021. However, when the persistent high inflation – exacerbated by the war in Ukraine – required unanticipated policy adjustments, more uncertainties set in from February onwards.

Developers sold 1,825 new homes during the quarter, 40% lower than the volume in 2021Q4. Belgravia Ace, a new strata landed project, sold 71 semi-detached and 3 terrace houses at \$4.0-\$4.6 mil each. The rest of the new sales were mainly from projects that were in the market for past few years. Normanton Park, a mega project launched in January 2021, topped the list with 258 units sold in 2022Q1. Two other mega projects, The Florence Residences and Avenue South Residences sold 88 and 68 units respectively. All three projects were over 90% sold by end-March.

In the absence of new projects, home buyers bought the remaining units in existing projects. At this rate, most of the projects in OCR and RCR could be fully sold before they reach their five-year completion deadline. Hence, these developers would be spared from paying the Additional Buyer's Stamp Duty (ABSD) on the land price. As for the projects in the CCR, data at end-March showed that there were around 3,700 unsold units, or 45% of a total of 8,100 unsold units. Most of these projects are being built on sites that were sold during the en bloc sales frenzy in 2017-18. Buyers were not in a hurry to buy because of the many choices out there.

The resale market did fairly well with 3,377 transactions during the quarter. The 29% decline from the volume in 2021Q4 was in line with the new sales market, attributable to the overall weaker market sentiment in 2022Q1. Including the 141 sub-sales, a total of 5,343 homes were sold in 2022Q1.

In terms of buyers' profile, statistics provided by URA showed that compared to 2021Q4, the biggest decline of 47% was seen among foreign buyers. The hike in ABSD from 20% to 30% could have caused some of them to hold back their purchase. Singaporean buyers fell by 36% while permanent resident buyers fell by 21%. Nevertheless, the top five foreign nationalities remained consistent, coming from China, India, Indonesia Malaysia and the USA.

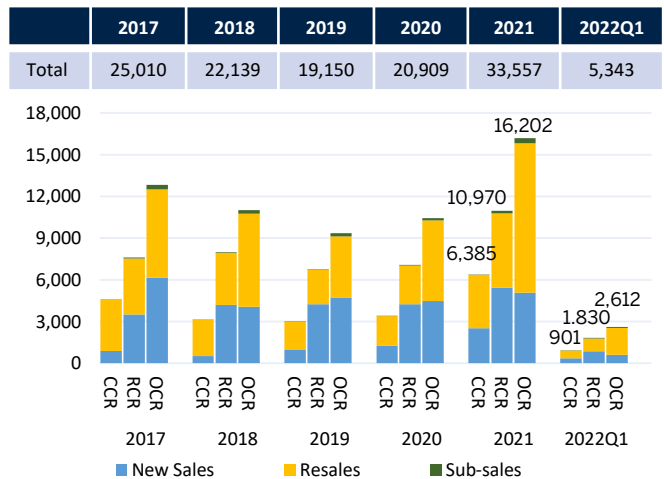
There were only 111 luxury transactions, down from 166 deals in 2021Q4. This comprised 89 luxury apartments, 3 bungalows in Sentosa Cove and 19 bungalows in the Good Class Bungalow (GCB) areas. Significant deals included a 12,066-sq ft super penthouse at Les Maisons Nassim that was sold for \$59.77 mil (\$4,953 psf) in March and a GCB at Chancery Lane that was sold for \$66.06 mil to Kelsey Cheng Tan, daughter-in-law of Filipino tycoon Andrew Tan in March.

**PROJECTS THAT SOLD WELL IN 2022Q1**

Name	Total Units	Units Sold*	Median psf*	Total Sold By Mar'22
<b>Core Central Region</b>				
Leedon Green	638	45	\$2,816	360
Kopar At Newton	378	37	\$2,463	271
The Avenir	376	37	\$3,119	236
Fourth Avenue Residences	476	30	\$2,465	426
<b>Rest of Central Region</b>				
Normanton Park	1,862	258	\$1,857	1,748
Avenue South Residence	1,074	68	\$2,354	981
One Pearl Bank	774	55	\$2,486	586
The Woodleigh Residences	667	52	\$2,166	614
<b>Outside Central Region</b>				
The Florence Residences	1,410	88	\$1,710	1,329
Belgravia Ace*	107	74	\$1,080	74
Dairy Farm Residences	460	74	\$1,692	444
Ki Residences	660	47	\$1,932	567

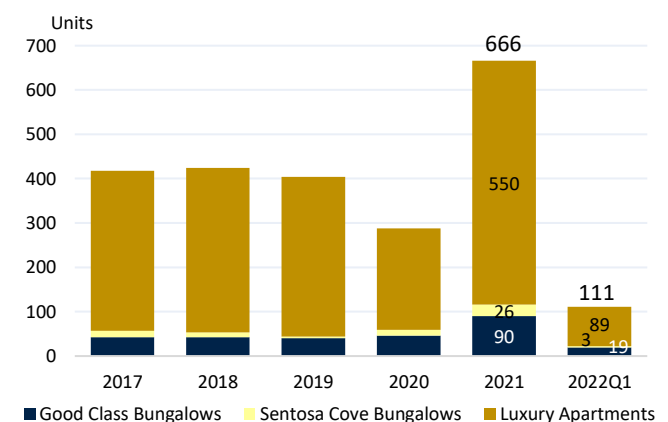
Source: URA, List SIR  
#Units sold and median price in 2022Q1 \* New launches in 2022Q1

**HOMES SALES VOLUME**



Source: URA, List SIR  
CCR= Core Central Region; RCR= Rest of Central Region; OCR= Outside Central Region

**LUXURY SALES VOLUME (New & Resale)**



Source: URA, List SIR  
Note: Luxury apartments defined as quality (and/or branded) developments in Core Central Region with price quantum above \$5 mil each.

## Rental market

Private home rents accelerated in 2022Q1, rising by 4.2% q-o-q, faster than the 2.6% gain in 2021Q4. By property types, the rental index of landed homes surged by 5.3% q-o-q while that of non-landed homes gained 4.1% from 2021Q4. Within the non-landed segment, rents in RCR led the charge with a rise of 4.7%, followed by 4.0% for OCR and 3.8% for CCR.

The main reason for the surge was the shortage of rental homes as families who hit by construction delays had to rent interim accommodation. Another reason could be the 10 percentage point rise in ABSD which caused some foreigners who were planning to buy to continue to rent instead. Given the strong rental market, the number of vacant homes fell further to 20,299 units from 23,060 in 2021Q4. At this level, the vacancy rate fell to 5.3% from 6.0% previously.

In 2022Q1, only 819 new homes were completed, well below the 2,055 completions in 2021Q4. New projects completed included Parc Botannia (378 units), Juniper Hill (115 units), Meyerhouse (56 units), Petit Jervois (55 units) and others. The total private housing stock was 382,978 homes at end-March.

## Supply in the pipeline

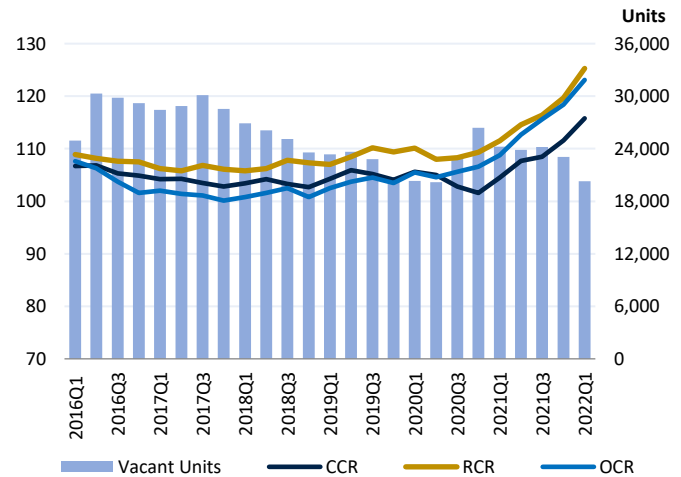
Statistics from URA showed that there was a total supply of 47,415 uncompleted private homes in the pipeline with planning approvals at the end of 2022Q1, higher than the 46,276 units in 2021Q4. Of this number, 14,087 (30%) were still unsold, marginally below the 14,154 units at end-2021. The 14,087 units comprised 7,492 units (53%) from projects that were either launched or not launched yet and 6,595 units (47%) from projects without the prerequisites for sale.

With the latest cooling measures, geopolitical issues, inflationary pressures and rising interest rates, demand for new homes could be around 8,000 units this year. The 14,087-unit supply seemed sufficient in the short term. However, it is in the interest of developers to have a longer runway since any new sites they acquire will need 9 to 12 months to plan and obtain approvals before sales begin. Sites from the government land sales (GLS) programme is limited while sites from the private collective sale route could be cumbersome and risky.

In 2022Q1, developers bought 4 sites from GLS programme and 3 sites via collective sale by owners. One of the prominent sites which was sold in 2022Q1 is located at Lentor Hills Road, within walking distance to the future Lentor MRT station. It was awarded to the joint venture of Hong Leong, GuocoLand and TID at the price of \$586.59 mil (\$1,060 psf/plot ratio). Another site located at Jalan Tembusu is within walking distance to the future Tanjong Katong MRT station. It was awarded to City Developments at \$768 mil (\$1,302 psf/plot ratio). It was reported in March that MCL Land became a partner by buying a 49% stake in this project.

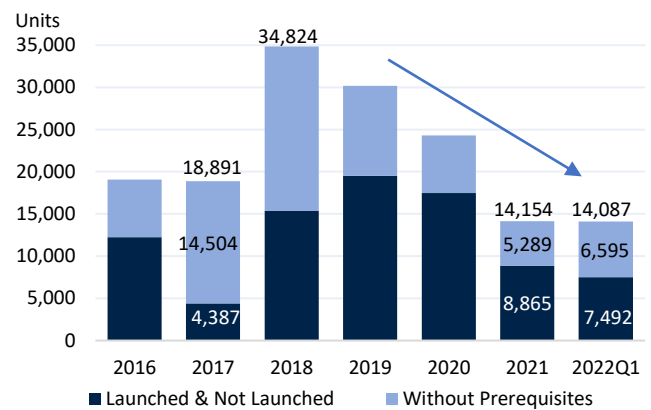
At end-March, it was announced that a consortium

## RENTAL INDEX & VACANT UNITS



Source: URA, List SIR

## UNSOLD UNITS IN THE PIPELINE



Source: URA, List SIR

Note: Above figures refer to uncompleted residential units with planning approvals. Those without pre-requisites are not released for sale yet.

formed by Far East Organization and Perennial Holdings offered \$700 mil to buy Golden Mile Complex, \$100 mil lower than its reserve price. Built in 1973, Golden Mile Complex was gazetted as a conserved building by the URA for its historical and architectural significance in October 2021. With the bonus floor area and alienation of the adjoining state land, the site's gross floor area would be increased by 45% to around 81,000 sq m, with the option to build a new tower of about 30 storeys beside the main building. The sale was confirmed in early May.

## Outlook

According to the MAS, while Singapore's direct trade exposure to Russia is minimal, the disruption to its exports because of its war with Ukraine can still hurt the Republic's growth prospects. Clouded by these circumstances, market sentiments will remain cautious.

New project launches will help to liven up the market. The line-up for 2022Q2 include Piccadilly Grand, Liv @ MB, Atlassia and The Arden which could help to boost sales volume. The resale market will remain active as they offer immediate occupation. We expect home prices to remain firm with a marginal upside as project launches set new benchmarks.

## LAND SALES IN 2022Q1

Date of Sale	Property	Location	Tenure	Proposed Units	Price Mil	Land psf/PR	Buyer
<b>Government Land Sales</b>							
Jan-22	Residential (Parcel A)	Lentor Hills Road	99-yr	595	\$586.59	\$1,060	Hong Leong Holdings, GuocoLand, TID
Jan-22	Residential	Jalan Tembusu	99-yr	640	\$768.00	\$1,302	City Developments
Mar-22	Residential	Dairy Farm Walk	99-yr	385	\$347.00	\$980	Sim Lian Group
Mar-22	Executive Condo	Bukit Batok West Avenue 8	99-yr	375	\$266.00	\$662	Qingjian Realty, Santarli Construction
<b>Total</b>				<b>1,995</b>	<b>\$1,967.59</b>		
<b>Private Land sales</b>							
Jan-22	Gloria Mansion	Pasir Panjang Road	Fh	59	\$70.30	\$1,098	Fraxtor Capital & investors
Mar-22	Vicenta Lodge	Lorong Marzuki	Fh	27	\$27.20	\$968	NA
Mar-22	Golden Mile Complex	Beach Road	99-yr	NA	\$700.00	-	Perennial Holdings, Sino Land, Far East Organization
<b>Total</b>				<b>-</b>	<b>\$797.50</b>		

## GLS Programme - Confirmed List for 2022H1

No	Location	Site Area (Ha)	Gross Plot Ratio	Estimated No. of Residential Units	Estimated Launch Date
<b>Residential Sites</b>					
1	Pine Grove (Parcel A)	2.25	2.1	520	) Tender Closing on
2	Dunman Road	2.52	3.5	1,035	) 2 Jun 2022
3	Lentor Central	1.34	3.0	470	May-22
4	Lentor Hills Road (Parcel B)	1.08	2.1	265	May-22
5	Bukit Batok West Avenue 5 (EC)	1.66	3.0	495	Jun-22
<b>Total</b>				<b>2,785</b>	

Source: URA; List SIR



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