

Singapore

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LUXURY HOME PRICES UP DESPITE LOWER SALES



Singapore Luxury Homes 2022H1

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SLOWDOWN IN LUXURY HOME SALES

A lower number of luxury homes were sold in 2022H1 compared to 2021 H2 as sticky inflation, interest rates hikes, recession risks and uncertainties from geopolitical fronts dampened investors' confidence.

Caveat data shows that all three luxury segments were affected: Good Class bungalows (GCBs), bungalows at Sentosa Cove and luxury apartments in the Core Central Region (CCR).

In 2022H1, there were 28 bungalow deals in the GCB areas, down from 35 deals in 2021H2 and 55 deals in 2021H1. Over at Sentosa Cove, 8 bungalows were sold in 2022H1, compared with 15 and 11 bungalows sold in 2021H2 and 2021H1 respectively.

Despite the lower sales, bungalow prices were still heading up. The average price of \$1,760 psf for the bungalows in GCB areas was 3.6% higher than the \$1,698 psf in 2021H2. Over at Sentosa Cove, the average price of bungalows had risen by 6.2% to \$1,881 from \$1,771 psf in 2021H2. As a general yardstick for comparison, these average prices do not take into account the differences in location, age, built-up area, orientation, etc.

Similarly for luxury apartments, 219 units were sold in 2022H1, lower than the 296 units sold in 2021H1 and 245 units sold in 2021H1. The deals reflected an average price of \$2,971 psf, a shade higher than the \$2,966 psf in 2021H2.

Following the strong sales activity in 2021, there seems to be fewer good bungalows available for sale in 2022. Also, some properties have been taken off the market as owners are not desperate to sell and would rather wait for the best offers. Meanwhile, they can lease their properties to ultra-high-net-worth (UHNW) foreigners who are waiting for the approval for their Singapore permanent residence or citizenship. Some of the very large and luxurious bungalows that are designed by renown architects were able to fetch premium rents of above \$100,000 per month. As for luxury apartments, the top range could fetch rental of between \$40,000 and \$60,000 per month.

KEY INDICATORS				
Period	Sales Volume	Total Value (Mil)	Average Price/Unit (Mil)	Price psf
Good Class Bungalows[^]				
2022H1	28	\$691.42	\$24.69	\$1,760
2021H2	35	\$975.72	\$27.88	\$1,698
2021H1	55	\$1,597.49	\$29.04	\$1,689
Sentosa Cove Bungalows				
2022H1	8	\$108.25	\$16.28	\$1,881
2021H2	15	\$234.75	\$15.65	\$1,771
2021H1	11	\$205.69	\$18.70	\$1,786
Luxury Apartments[*]				
2022H1	219	\$1,708.35	\$7.80	\$2,971
2021H2	296	\$2,548.56	\$7.55	\$2,966
2021H1	245	\$2,206.50	\$9.72	\$3,025

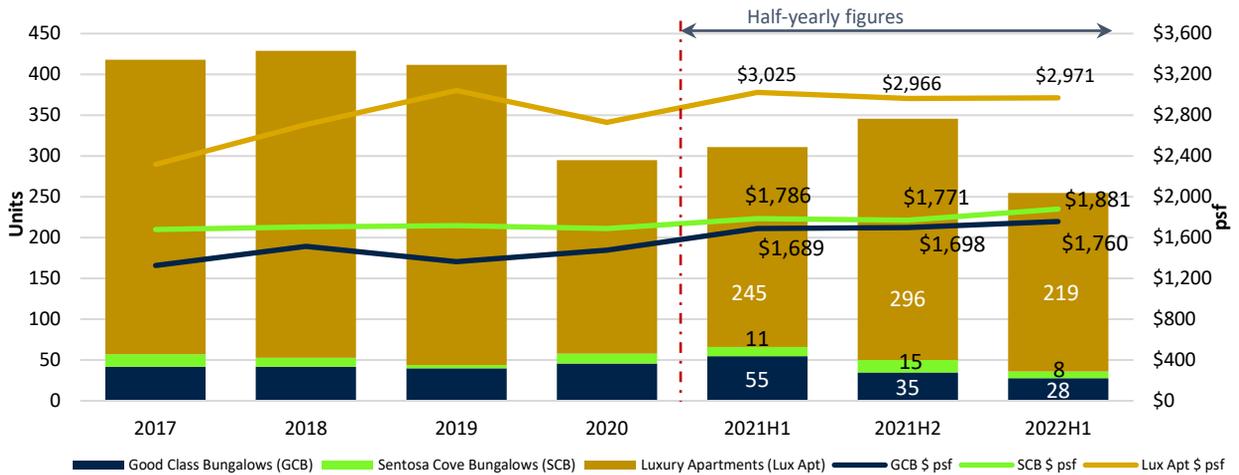
Source: URA; List SIR

[^] These are bungalows located within the 39 gazetted GCB Areas and include those with land areas smaller than 15,070 sq ft.

^{*} Luxury apartments are defined as good quality (and/or branded) developments in the Core Central Region (CCR) with price quantum of \$5mil and above.

Note: The above statistics were downloaded on July 5, 2022 and the latest caveats were dated June 27, 2022.

LUXURY SALES VOLUME



Source: URA; List SIR

Note: The GCB figures were based on caveats lodged for bungalow transactions within the 39 gazetted GCB Areas regardless of land area. Luxury apartments are defined as good quality (and/or branded) developments in the Core Central Region (CCR) with price quantum of \$5 mil and above.

The above statistics were downloaded on July 5, 2022 and the latest caveats were dated June 27, 2022.

GOOD CLASS BUNGALOWS (GCBs)

Based on caveat data, 28 bungalows were sold in 2022H1, slowing down from 35 deals in 2021H1 and 55 deals in 2021H1. However, bungalow prices were still heading up despite the lower volume. The total transaction value of \$691.42 mil reflects a per square foot rate of \$1,760, which is 3.6% higher than the \$1,698 psf in 2021H2 and 4.2% higher than the \$1,689 psf in 2021H1. An interesting note is that of the 28 bungalow deals in 2022H1, 12 of them were sold at above \$2,000 psf whereas in the whole of 2021, only 14 out of the 90 bungalow deals crossed the same threshold.

Notable transactions included a bungalow at Gallop Park Road that was sold at \$2,723 psf or \$35.5 mil in March and a bungalow at Olive Road that was sold at \$1,800 psf or \$50.2 mil in April. The last record price in the Gallop Park/ Gallop Road area was \$1,940 psf, for a GCB that was sold in December 2020. The Olive Road GCB trumped the previous record of \$1,537 psf achieved by its opposite neighbour in June 2021.

The rental market of bungalows in the GCB areas has come into focus in recent months as more of such properties were known to be leased at phenomenal levels. It was reported in June that a 12-year-old bungalow at Queen Astrid Park was leased at \$200,000 a month, or \$2.4 mil a year. This could well be the highest known rental fetched by a GCB. Statistics from URA showed that a GCB at Dalvey Estate was leased in April for \$150,000 per month while another GCB at Jalan Asuhan was leased at \$128,000 per month. To achieve such rentals, these bungalows are usually fairly new, with a large sprawling land, a generous built-up area of over 20,000 sq ft and designed by renown architects. These tenants are willing to pay not only to enjoy the luxury lifestyle, but also for the status symbol and to be able to entertain their friends.

SENTOSA COVE BUNGALOWS

Eight bungalows at Sentosa Cove were known to be sold in 2022H1, after a short-lived resurgence in sales activity in 2021 leading to 26 bungalow deals through the year.

Prior to the worsening macroeconomic and geopolitical issues in early 2022, there was the cooling measures introduced in December 2021 which raised the upfront costs for home buyers. All foreign buyers have to pay a 30% additional buyer's stamp duty (ABSD), up from 20% previously. Buyers who are permanent residents (PRs) have to pay ABSD of 25% and 30% for the second and third property purchase respectively. The Sentosa Cove bungalow market has been relatively more reliant on these two groups of buyers because it is the only location in Singapore where foreigners and PRs can get approval to buy landed homes.

The eight bungalows sold in 2022H1 amounted to \$108.25 mil which translates to \$1,881 psf. This per square foot rate is a 6.2% increase over the \$1,771 psf achieved in 2021H2, in line with the price uptrend in the wider residential market.

Caveat data showed that the investors in 2022H1 were predominantly Singaporeans. The 8 bungalows were bought by four Singaporeans, two foreigners and two PRs. The foreign and PR investors were from Brazil, China, Indonesia and Portugal.

LUXURY APARTMENTS

In 2022H1, 219 luxury apartments were sold, slowing down from 296 transactions in 2021H2 and also lower than the 267 units sold in 2021H1. Of the 219 units, 191 units were in the \$5-\$10 mil price band and 28 units were priced from \$10 mil and above. Besides the dampening effect of the macroeconomic factors and war in Ukraine, there was no new launch of luxury projects to stimulate the market.

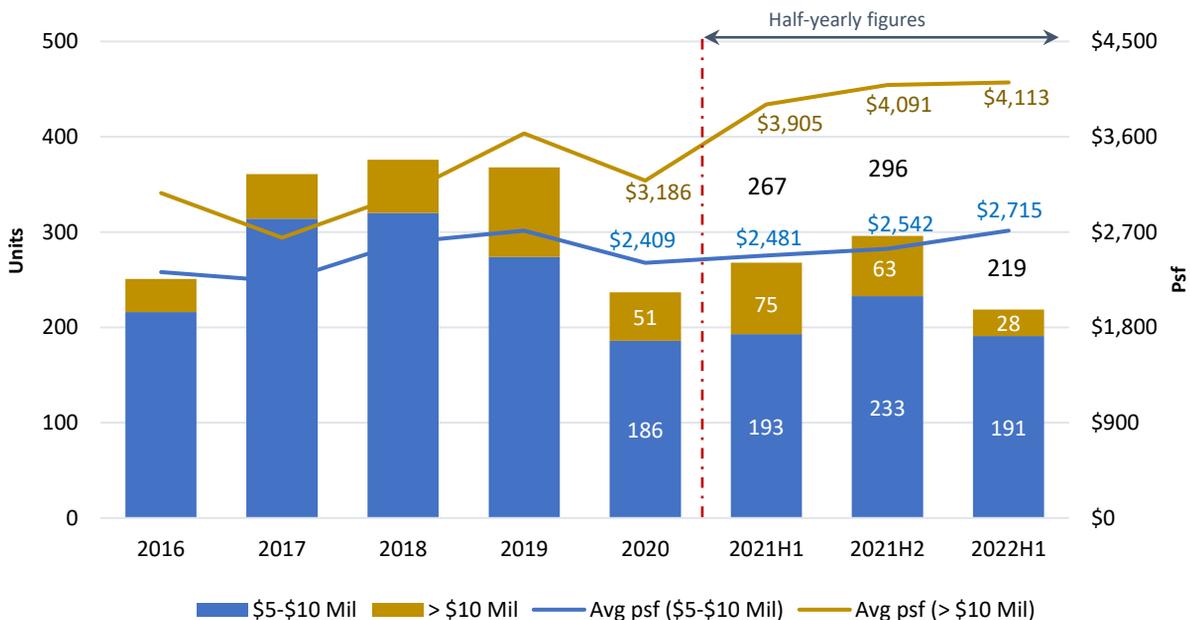
An analysis of the prices showed that the average price of apartments within the \$5-\$10 mil band rose by 6.8% to \$2,715 psf from six months ago while the price of apartments priced from \$10 mil onwards edged up by a marginal 0.5% to \$4,113 psf. This could be attributed to the scarcity of such large sized, pristine quality trophy homes available for sale. Developers are less keen to provide for them in new projects because due to the high price quantum, they usually take a longer time to sell.

A notable deal during the period included the sale of the second and final penthouse at the ultra-luxurious Les Maisons Nassim at \$59.77 mil or \$4,953 psf to a permanent resident. The price included the customisation of the unit but exclude finishes and fittings so that the buyer can fit it out according to his own preference. Another significant deal was the sale of a 4,609 sq ft, four-bedroom apartment at The Nassim for \$20 mil or \$4,915 psf, inclusive of furniture and fittings.

Similar to the bungalow market, luxury apartments with floor areas of 6,000-7,300 sq ft were known to clinch top rents in 2022H1. The highest rental of \$65,000 per month went to a five-bedroom apartment in The Nassim, followed by \$60,000 per month to a four-bedroom apartment in The Marq. A four-bedroom penthouse at V On Shenton was leased at \$48,000 per month in April.

LUXURY APARTMENT MARKET

Avg Price	2017	2018	2019	2020	2021H1	2021H2	2022H1
Fr \$10M	\$13.43M	\$13.76M	\$14.70M	\$13.90M	\$14.59M	\$15.80M	\$15.48M
\$5M-\$10M	\$6.74M	\$6.76M	\$6.77M	\$6.96M	\$6.67M	\$6.66M	\$6.67M



Source: URA; List SIR

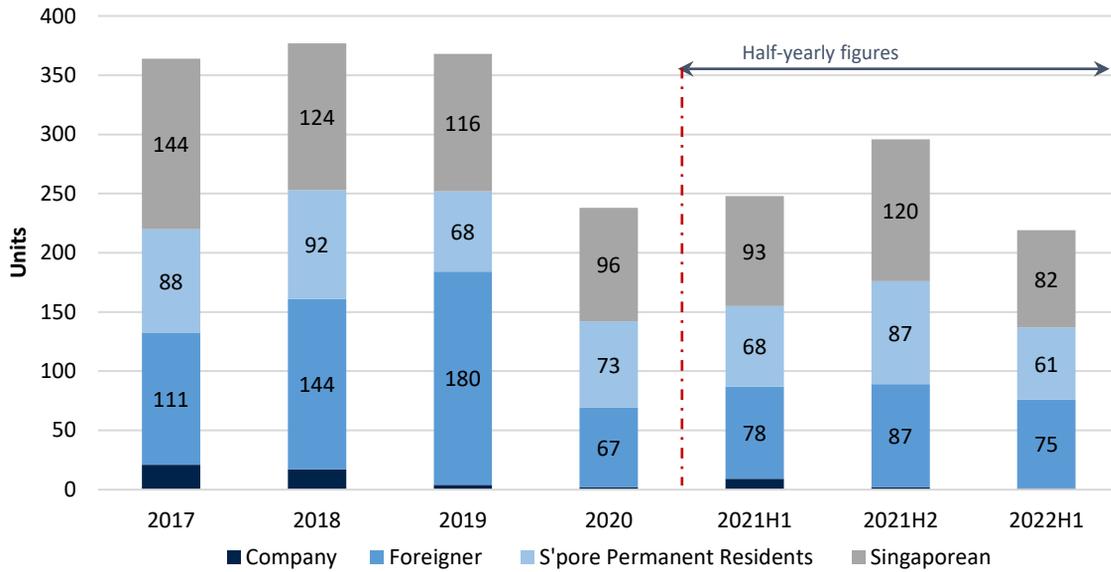
Note: The above statistics were downloaded on July 5, 2022 and the latest caveats were dated June 27, 2022.

By residential status, the luxury apartment buyers comprised 75 foreigners (34%), 61 PRs (28%) and 82 Singaporeans (37%). Back in 2021H2, buyers of the 296 units comprised 87 foreigners and 87 PRs (29% each) and 120 Singaporeans (41%).

The top five foreign investors (including PRs) in 2022H1 came from China, USA, Indonesia, Malaysia and Korea.

At this point, it is still too early to tell whether the demand for luxury homes from foreign investors has returned even though the lifting of travel restrictions has boosted investors' confidence. Besides the hike in ABSD for foreign buyers, recent market instability, such as the turbulent stock markets and the volatile cryptocurrency market, could have led to foreigners exploring their options in the Singapore property market,

PROFILE OF BUYERS OF LUXURY APARTMENTS IN CORE CENTRAL REGION



Source: URA; List SIR

Note: The above statistics were downloaded on July 5, 2022 and the latest caveats were dated June 27, 2022.

OUTLOOK

Singapore has been courting billionaires to its shores with tax breaks and a friendly business environment. The Monetary Authority of Singapore (MAS) estimated that there were about 700 single family offices at the end of 2021, compared with about 400 as at end-2020. In the first four months 2022, MAS approved more than 100 applications to set up family offices, underlining the island state's growing stature as a preferred investment destination for the rich.

Large companies like L'Oreal, Moët Hennessy and VF Corporation have relocated to Singapore from Hong Kong because people are attracted to the ease of business, family friendliness, tax incentives and open borders. More are expected to come.

These factors will continue to support the sale and rental of luxury homes, in addition to the growing pool of wealthy locals. Nevertheless, we do expect a slowdown in sales volume in 2022H2 due to rising inflation and interest rates as well as repercussions from the war in Ukraine.

SELECTED LUXURY TRANSACTIONS IN 2022H1

Location	Transacted Price \$	Land (sq ft)	Price \$psf	Sale Date
GOOD CLASS BUNGALOW (GCB) AREAS				
LORNIE ROAD	24,800,000	25,272	981	4-Jan-22
CASSIA DRIVE	22,000,000	9,973	2,206	8-Jan-22
GARLICK AVENUE	19,000,000	12,778	1,487	28-Jan-22
NAMLY HILL	24,800,000	11,087	2,237	4-Feb-22
GARLICK AVENUE	29,880,000	15,137	1,974	8-Feb-22
ORIOLE CRESCENT	17,100,000	9,962	1,717	10-Feb-22
ORIOLE CRESCENT	24,100,000	10,300	2,340	15-Feb-22
GALLOP PARK ROAD	35,500,000	13,037	2,723	1-Mar-22
CHANCERY LANE	66,060,000	34,216	1,931	3-Mar-22
ORIOLE CRESCENT	22,000,000	10,600	2,075	5-Mar-22
ORIOLE CRESCENT	29,000,000	10,481	2,767	15-Mar-22
CHESTNUT CLOSE	29,300,000	22,472	1,304	21-Mar-22
OEI TIONG HAM PARK	22,800,000	10,933	2,085	23-Mar-22
CASSIA DRIVE	22,000,000	10,625	2,071	11-Apr-22
ASH GROVE	25,000,000	9,885	2,529	11-Apr-22
OLIVE ROAD	50,236,200	27,909	1,800	14-Apr-22
DUNEARN CLOSE	25,000,000	17,871	1,399	26-Apr-22
JALAN HARUM	18,180,000	8,633	2,106	31-May-22
ANDREW ROAD	33,000,000	26,934	1,225	10-Jun-22
SWISS CLUB ROAD	26,300,000	19,406	1,355	17-Jun-22
Total (20 bungalows)	566,056,200	317,511	1,783	

Source: URA; List SIR

Note: The above statistics were downloaded on July 5, 2022 and the latest caveats were dated June 27, 2022.

SELECTED LUXURY TRANSACTIONS IN 2022H1 (cont'd)

Location	Transacted Price \$	Land (sq ft)	Average Price \$psf	Sale Date
SENTOSA COVE				
TREASURE ISLAND	14,300,000	8,631.65	1,657	12-Jan-22
LAKESHORE VIEW	17,600,000	7,887.86	2,231	9-Feb-22
COVE WAY	18,400,000	8,943.81	2,057	22-Mar-22
OCEAN DRIVE	13,000,000	7,270.01	1,788	14-Apr-22
COVE GROVE	21,000,000	10,116.01	2,076	29-Apr-22
SANDY ISLAND	10,800,000	7,532.65	1,434	20-May-22
PARADISE ISLAND	13,150,000	7,433.62	1,769	1-Jun-22
COVE DRIVE	22,000,000	11,430	1,925	16-Jun-22
Total (8 bungalows)	130,250,000	69,246	1,881	
LUXURY APARTMENTS				
KOPAR AT NEWTON #23	7,518,500	2,960	2,540	4-Jan-22
JUNIPER AT ARDMORE #02	10,250,000	3,520	2,912	5-Jan-22
BOULEVARD 88 #10	12,500,000	2,777	4,501	12-Jan-22
BELLE VUE RESIDENCES #05	6,930,000	4,004	1,731	20-Jan-22
PARK NOVA #07	10,388,000	2,207	4,708	1-Feb-22
ARDMORE THREE #23	5,250,000	1,744	3,011	7-Feb-22
NOUVEL 18 #20	8,524,000	2,476	3,443	10-Feb-22
FOUR SEASONS PARK #20	6,900,000	2,260	3,053	23-Feb-22
3 ORCHARD BY-THE-PARK #12	8,200,000	2,260	3,628	1-Mar-22
ST REGIS RESIDENCES SINGAPORE #14	5,050,000	2,153	2,346	10-Mar-22
TOMLINSON HEIGHTS #27	10,129,000	2,745	3,690	22-Mar-22
PARK NOVA #06	10,200,000	2,207	4,622	23-Mar-22
TWENTYONE ANGULLIA PARK #21	10,200,000	2,260	4,512	23-Mar-22
THE ORCHARD RESIDENCES #44	10,250,000	2,852	3,593	1-Apr-22
GRANGE RESIDENCES #07	7,150,000	2,583	2,768	5-Apr-22
LES MAISONS NASSIM #04	36,977,280	6,771	5,461	28-Apr-22
GRAMERCY PARK #14	9,050,000	2,680	3,377	28-Apr-22
NASSIM PARK RESIDENCES #05	13,500,000	3,520	3,835	10-May-22
MARINA BAY RESIDENCES #52	9,400,000	4,435	2,120	13-May-22
KLIMT CAIRNHILL #27	5,478,000	1,432	3,826	17-May-22
THE NASSIM #03	20,000,000	4,069	4,915	25-May-22
EDEN RESIDENCES CAPITOL #10	10,584,600	3,068	3,450	26-May-22
MARINA COLLECTION #04	7,000,000	3,789	1,847	1-Jun-22
WALLICH RESIDENCE #54	6,015,000	1,658	3,629	13-Jun-22
THE AVENIR #31	7,028,000	2,056	3,418	23-Jun-22
Total (25 apartments)	254,472,380	72,485	3511	

Source: URA; List SIR

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