Singapore – February 2024

MARKET IN MINUTES

Savills Research

Residential Sales

savills

Home sales fall again in 2023

Against the backdrop of various economic and domestic factors, private residential sales fell to 19,044 units in 2023, the lowest level since 2016 when 16,378 units were transacted.

- Due to the year-end festive period and delays in obtaining the necessary approvals for sale, the number of launched units plummeted from 2,805 units in Q3/2023 to 1,060 units in Q4/2023. As a result, new sales fell 43.9% QoQ to 1,092 units. For the full year, the number of new launches came to 7,551 units or 66.8% higher on a YoY basis. New sales numbers fell for the second consecutive year by 9.6% to 6,421 units in 2023.

- Secondary sales of private residential properties declined for a second consecutive quarter by 0.4% to 3,242 units in the quarter. For 2023, secondary sales fell by 14.7% YoY to 12,623 units. The fall was likely due to homebuyers feeling the impact of higher mortgage rates.

- Plagued by various factors, particularly the sharp rise in the Additional Buyer's Stamp Duty (ABSD) rates, foreign purchases continued falling for a third consecutive quarter. In 2023, non-landed home purchases by foreigners declined 33.3% YoY to 616 units, the lowest since 1998 when 458 units were acquired.

- Following the 0.8% QoQ increase in Q3/2023, property prices accelerated in Q4/2023, increasing by 2.8%. This led to a 6.8% increase for the whole of 2023. However, this was lower than the 8.6% increase in 2022.

- The average price from Savills basket of high-end non-landed private residential projects recorded its first decline after 12 consecutive quarters of increase. However, the fall was marginal, at 0.2% QoQ to S$2,596 psf in Q4/2023. On a YoY basis, prices were still 1.1% higher. In 2022, average prices rose by 3.8%.

- For 2024, we believe that new sale prices are likely to increase with resale prices imbued with a negative bias. Although inflation has come off its peak, Nominal GDP growth will still be significant and given the positive historical correlation between the URA PPI and Nominal GDP, it may cause the URA index to rise marginally for the full year. However, at this juncture, we forecast overall prices to remain flat for 2024.

"New sale prices are still expected to rise but resale prices may prove less resilient."

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MARKET OVERVIEW

The number of launched units fell from 2,805 units in Q3/2023 to 1,060 units in Q4/2023 as delays in obtaining the relevant sales permits resulted in the approvals coming near the year end festive period when the population would be going overseas for vacation. Nevertheless, this was still double the 504 units launched in the same period a year ago. All three market segments registered quarterly declines in the number of units launched in Q4/2023, with the smallest decline of 20.1% coming from Outside Central Region (OCR) to 885 units. This was followed by declines of 40.5% and 96.6% QoQ to 125 units and 50 units in the Core Central Region (CCR) and the Rest of Central Region (RCR) respectively. As such, the bulk of the launched units in Q4/2023 came from the OCR, making up 83.5% of the launched units across all three market segments. The CCR and RCR made up 11.8% and 4.7% of total units launched in the quarter. For the whole of 2023, the number of launched units was 7,551 units, 66.8% higher than the 4,528 units in 2022. Both the RCR and the OCR saw YoY increases of 205.4% and 61.1% to 4,233 units and 2,688 units respectively in 2023, but the CCR recorded a 57.2% YoY decline to 630 units.

Despite fewer new launches in the final quarter, the demand for these new releases was strong, with two projects selling over half of their total units. Out of the three new launches in the last quarter of 2023, a project at Jurong East Central 1, named J'den, sold 326 of its total 368 units or a take-up rate of 88.6%. This 99-year leasehold condominium is developed on the site of the former JCube mall and the new mixed-use development, which will have retail space on the first and second floors, will be directly connected to Jurong East MRT station and malls in the vicinity such as Westgate, Jem and IMM. Due to its location attributes and because the last project launched in the area (J Gateway) was in 2013, there is pent-up demand for new products. During the maiden weekend launch, all the smaller units from 527 sq ft to 721 sq ft (one- and two-bedroom units) were taken up, with prices ranging from nearly S$1.21 million to S$1.91 million. The record sale price for a residential property in Jurong East to date also came from the sale of a 1,485 sq ft four-bedroom unit on the highest floor (40th storey) of the development for S$3.92 million, or S$2,639 psf.

There was another new launch in the OCR, that of Hillock Green, a 474-unit condominium located within the Lentor Hills precinct. In contrast to the high take-up of J'den, 124 of the units (or 26.2%) were sold by the end of the fourth quarter. The lower take-up of the project may be due to it being the third project sales in the area within a few years. This project launch comes after the sale of Lentor Modern in September 2022 and Lentor Hills Residences in July 2023. Prices of the units at Hillock Green ranged from S$1.09 million to S$1.25 million (S$2,100 to S$2,423 psf) for one-bedroom units, S$1.27 million to S$1.73 million (S$1,882 to S$2,287 psf) for two-bedroom and two-bedroom with study units, S$1.80 million to S$2.15 million (S$1,987 to S$2,160 psf) for three-bedroom and three-bedroom with study units, as well as S$2.39 million to S$2.88 million (S$1,954 to S$2,178 psf) for four-bedroom units. The project possesses good locational attributes, with a sheltered walkway to the Lentor MRT station, as well as being near established schools such as CHIJ St Nicholas Girls' School and Anderson Primary School. Although the sales rate at the launch is low, given time, this project should see a complete sell out as the number of units is not deemed large by local standards.

The first launch of the year in the CCR was Orchard Sophia. The second new launch was Watten House, a luxury freehold 180-unit condominium project developed on the site of the former Watten Estate Condominium that was sold to UOL and SingLand via a collective sale in October 2021. Sales of the project exceeded expectations, given that it is located in CCR, whereby the cooling measures had a larger impact on foreign buyers who often gravitated towards prime properties. Out of the 180 units in total, 115 units were sold at an average price of S$3,235 psf. This translated to a take-up rate of 63.4%. Orchard Sophia, however, achieved a 35.9% sales rate in the quarter when it was launched. At Watten House, four of the eight penthouses of sizes from 3,412 sq ft to 4,080 sq ft were also taken up in the quarter with transacted prices ranging from S$11.75 million (S$3,432 psf) to S$14.50 million (S$3,545 psf). In contrast, for RCR and OCR projects, at the maiden launch period, a high proportion of one- and two-bedroom units sold fastest. Watten House, on the other hand does not have such unit types, and comprises only three-bedroom, three-bedroom and study, four-bedroom, five-bedroom, and penthouse units. The project is also near to Tan Kah Kee MRT station, renowned schools such as Nanyang Primary School, Raffles Girls' Primary, Hwa Chong Institution, Nanyang Girls' High School and National Junior College, as well as amenities like Coronation Shopping Plaza, Serene Centre and Botanic Gardens.

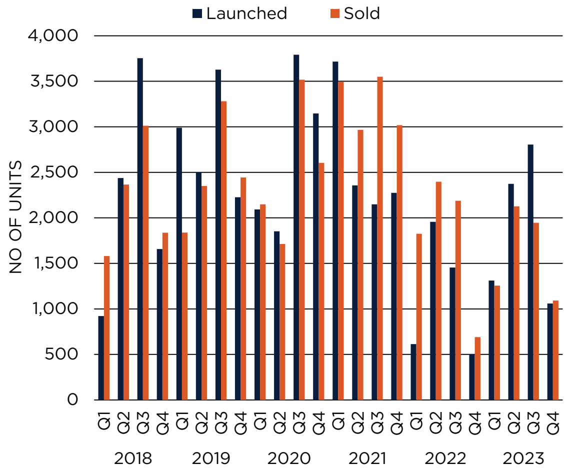
Owing to the decline in new launches, new sales volume fell 43.9% QoQ to 1,092 units in the quarter. This was the second consecutive quarter of decline, signalling a potential slowdown in the new sales market. However, compared to the same period a year ago, new sales volume was still 58.3% higher in Q4/2023. For the quarter in review, over half, or 59.0% of new sales came from OCR (644 units), New sales in RCR recorded the largest decline, coinciding with a significant drop in new launches, by 75.9% QoQ to 233 units, but was still 25.3% higher YoY. For CCR, while new launches fell 40.5% QoQ, new sales fell less, by 15.0% QoQ to 215 units. About half of these sales came from Watten House. This was its third consecutive quarter of decline. The recalibration of the cooling measures and increased scrutiny

TABLE 1: New Launches, Q4/2023

PROJECT NAME	LOCATION	DEVELOPER	LOCALITY	TOTAL NO. OF UNITS	TOTAL NO. OF UNITS SOLD BY Q4/2023	TAKE-UP	PRICE RANGE (S$ PER SQ FT)
Hillock Green	Lentor Central	Lentor Central Developments Pte Ltd	OCR	474	124	26.2%	1,882-2,423
J'den	Jurong East Central 1	Tanglin R.E. Holdings Pte Ltd	OCR	368	326	88.6%	2,109-2,824
Watten House	Shelford Road	United Venture Development (Watten) Pte Ltd	CCR	180	115	63.4%	3,077-3,545

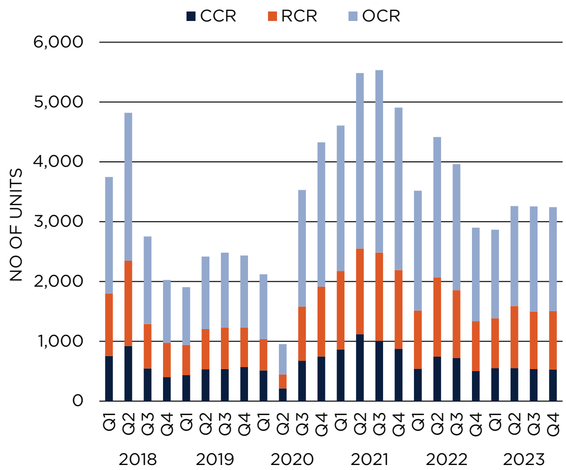
Source URA, Savills Research & Consultancy

GRAPH 1: Number of Private Residential Units Launched and Sold in the Primary Market, Q1/2018 to Q4/2023



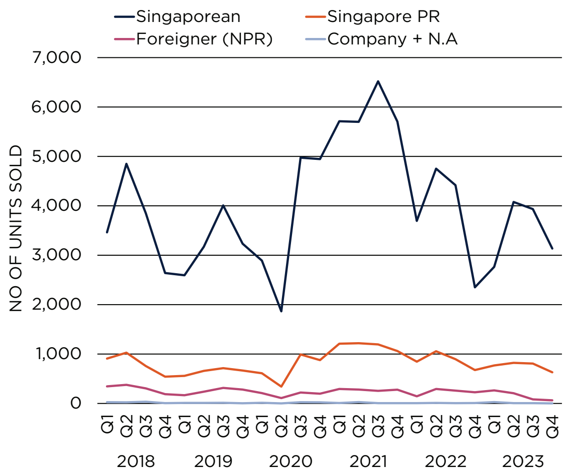
Source URA, Savills Research & Consultancy

GRAPH 2: Number of Private Residential Units Sold in the Secondary Market, Q1/2018 to Q4/2023



Source URA, Savills Research & Consultancy

GRAPH 3: Sales Volumes of Non-landed Private Residential Units by Residency Status, Q1/2018 to Q4/2023



Source URA, Savills Research & Consultancy

arising from the money-laundering cases have deferred some potential foreign buyers action plans. For the whole of 2023, new sales declined for the second consecutive year by 9.6% to 6,421 units, the lowest since 2008 when 4,264 units were sold during the global financial crisis. This was largely led by YoY decreases of 23.3% and 21.7% in new sales in CCR and OCR, while RCR new sales recorded an increase of 10.9% YoY. The overall take-up rate (total new sales over total new launches) was also lower in 2023, at 85.0%, compared to above 100% in 2021 and 2022. This take-up rate of 85.0% was also the lowest since 2008, when the take-up amounted to 69.8%.

Out of the top five best-selling projects in Q4/2023, the top three were from the slate of new launches in the quarter. Apart from that, the two other projects were from previously launched developments – Lentor Hills Residences (launched in Q3/2023 with 46 units sold in Q4/2023) and The Reserve Residences (launched in Q2/2023 with 39 units sold in Q4/2023).

Secondary sales also declined for a second consecutive quarter by 0.4% to 3,242 units in Q4/2023. The contraction in secondary sales volume was evident in both CCR and OCR, with a fall of 1.1% to 529 units and 1,737 units respectively. Nevertheless, on a YoY basis, the sales volumes were still 5.4% and 11.2% higher. On the other hand, while new sales in RCR plummeted in the quarter, secondary sales rebounded with a 1.3% QoQ increase to 976 units in Q4/2023 after a decline in the previous quarter. For 2023, secondary sales slowed down for a second consecutive year, falling 14.7% to 12,623 units. The decline was felt largely in the OCR where there was a drop of 17.1% to 6,644 units. This was followed by a 13.6% fall in the CCR and a 10.6% decline in RCR secondary sales. The high interest rate environment slowed transactions.

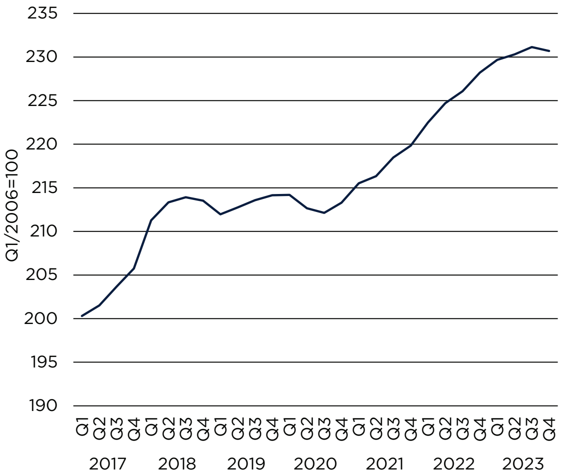
Economic uncertainties, high interest rates and cooling measures have all affected buying decisions for private residential properties. Foreign buyers have been most adversely affected by the 60% ABSD rates. Non-landed residential homes bought by foreigners fell for a third consecutive quarter by 23.2% to 63 units, the lowest since the data was publicly available via URA REALIS since Q1/1995. Similarly, non-landed home purchases by permanent residents (PRs) and Singaporeans also declined for a second consecutive quarter by 21.8% and 20.3% QoQ to 631 units and 3,135 units respectively in the quarter. This was a larger contraction compared to the magnitude of decline in the previous quarter. Due to the larger decrease for both PRs and foreigners, the proportion of non-landed residential sales by PRs and foreigners fell by 0.2 of a ppt and 0.1 of a ppt QoQ to 16.5% and 1.6% respectively in Q4/2023. For the whole of 2023, foreigners recorded the largest decline in non-landed home purchases across all residential statuses, falling 33.3% YoY to 616 units, the lowest since 1998 when 458 units were recorded. Non-landed home purchases by locals and PRs also fell 8.6% and 12.7% YoY to 13,911 units and 3,030 units respectively in the year. For Singaporeans, this sales volume was the lowest since 2019 when 13,007 non-landed home were acquired by this group of buyers amid global trade tensions and slowdown in economy. Arising from the significant decline in foreign purchases, the proportion of non-landed properties bought by foreigners fell 1.2 ppts to 3.5% in 2023. In a similar light, the proportion of non-landed purchases by PRs also declined 0.5 of a ppt to 17.2%. Correspondingly, this led to the proportion of non-landed home purchases by locals to increase 1.6 ppts to 79.1%.

PRICES

Following a QoQ increase of 0.8% in the previous quarter, property price increases reaccelerated in Q4/2023. The URA property index of all private residential properties grew by 2.8% QoQ in the quarter, leading to a 6.8% increase for the whole of 2023. However, this was lower than the 8.6% growth in 2022. While prices of both landed and non-landed homes rose in Q4/2023, the magnitude of increase was larger for landed homes with a growth of 4.6% QoQ, a reversal from the 3.6% decline in the previous quarter. Prices of non-landed homes rose for the second consecutive quarter by 2.3% in Q4/2023. Prices of non-landed homes in CCR rebounded after two consecutive quarters of decline, which is largely attributed to higher prices in the new sales and sub sales markets.

Compared to 2022, for 2023, almost all the property segments recorded slower price appreciation. This may be signalling a slowdown in the property market due to factors such as economic headwinds and high mortgage rates. Prices of landed homes grew 8.0% in 2023, slower than the 9.6% in 2022. Similarly, non-landed home prices rose 6.6% for the whole of 2023, lower than the 8.1% increase of the previous year. Across the three market segments, the largest price

GRAPH 4: Savills High-end Non-landed Home Price Index, Q1/2017 to Q4/2023



Source Savills Research & Consultancy

appreciation was from the OCR, increasing 13.7% YoY, higher than the 9.3% in 2022. This was the only property segment that has registered higher YoY change in 2023. On the other hand, non-landed home prices in CCR and RCR recorded lower price increases of 1.9% and 3.1% in 2023, as compared to 4.8% and 9.7% in 2022.

For the basket of luxury non-landed private residential projects tracked by Savills, after 12 consecutive quarters of increase, a drop was recorded in Q4/2023, albeit at a marginal magnitude of 0.2% to S$2,596 psf. Nevertheless, on a YoY basis, this was still 1.1% higher, but lower than the 3.8% measured in 2022. Like the general pattern of decelerating sales volume to price changes, transaction volumes for these properties have fallen, resulting in slower price increase.

FUTURE SUPPLY

As at end of Q4/2023, there were 34,251 private residential units with planning approvals (excluding executive condominiums (ECs)) in the supply pipeline. This was the fifth consecutive quarter of decrease. However, the drop is at a more moderate pace of 7.3% compared to the 16.3% contraction in the previous quarter. Of the total supply pipeline, 49.4% (16,929 units) remain unsold, a 1.1% increase from the previous quarter's figure of 16,747 units.

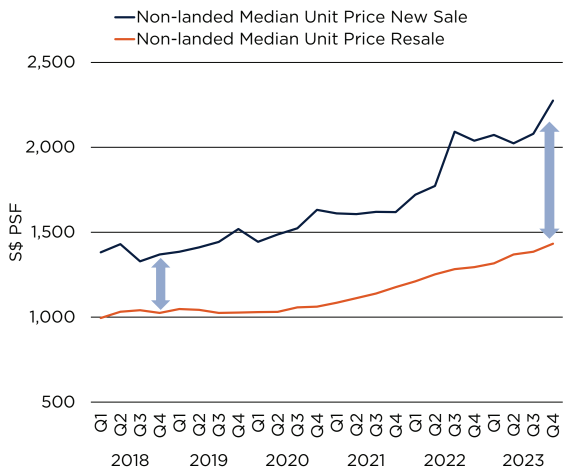
In the coming quarters, we can expect new launches but most of them are from smaller projects. The exception will be Lentor Mansion (533 units), Marina View Residences (683 units) and a condominium development at Jalan Tembusu (847 units). While these are the projects that have obtained the Housing

TABLE 2: Major Upcoming Launches from Q1/2024

PROJECT NAME	LOCATION	DEVELOPER	LOCALITY	TOTAL NO. OF UNITS
Amber Sea	Amber Gardens	Urban Park Pte Ltd	RCR	132
Residential apartments	Enggor Street	New Vision Holding Pte Ltd	CCR	114
Kassia	Flora Drive	Tripartite Developers Pte Ltd	OCR	280
The Hill @ One-North	Slim Barracks Rise	Kingsford Real Estate Development Pte Ltd	RCR	142
Residential apartments	Cairnhill Rise	Ju-I Properties Pte Ltd	CCR	75
Newport Residences	Anson Road	Hong Leong Properties Pte Ltd	CCR	443
Skywaters Residences	Shenton Way	Perennial Shenton Property Pte Ltd	CCR	201
Marina View Residences	Marina View	Boulevard Development Pte Ltd/ Boulevard Midtown Pte Ltd	CCR	683
Sora	Yuan Ching Road	Lakeside Residential Pte Ltd	OCR	440
The Collective At One Sophia	Sophia Road	Sophia Residential Pte Ltd/ Sophia Commercial Pte Ltd	CCR	367
Hillhaven	Hillview Rise	East Residences Pte Ltd	OCR	341
Lentoria	Lentor Hills Road	Lentor View Pte Ltd	OCR	267
The Arcady At Boon Keng	Serangoon Road	KSH Ultra Unity Pte Ltd	RCR	172
Condominium development	Jalan Tembusu	Sim Lian JV (Katong) Pte Ltd	RCR	847
Lentor Mansion	Lentor Gardens	Lentor Mansion Pte Ltd	OCR	533
Landed housing development	Luxus Hill Heights/ Seletar Green Walk	Singapore United Estates Pte Ltd	OCR	156
Residential apartments	Tanjong Rhu Road	ZACD LV Development Pte Ltd	RCR	107

Source Savills Research & Consultancy
Note Expected launch dates are subject to change. This list is not exhaustive.

GRAPH 5: Widening Price Gap between New Sale and Resale Non-landed Homes, 2018 to 2023



Source Savills Research & Consultancy, Realis

Developer Licences, there are some sizeable developments in the launch pipeline that have yet obtained the licences. One such project is Chuan Park Residences (916 units).

OUTLOOK

The outlook for prices this year is more uncertain for a couple of reasons. For one, the recent slate of layoffs by technology companies and banks though not affecting most of the workforce here, may see some fallout. While elevated levels of interest rates may deter some dithering on the sidelines, we believe that it is not on the list of top concerns. How the job market fares for the top income brackets will be crucial to determine whether upgraders will commit to buying resale units or there will be those who seek to downgrade because of income related issues.

The countervailing force lifting prices comes from the high breakeven prices from the projects being launched this year. Because developers will still have between 42 to 48 months to sell the units, failing which they will be slapped with a 35% ABSD on the cost of the land, the pressure to lower prices is less in their maiden launch. However, although some projects will set record prices for their micro markets, they may be comparable to the 2023 vintage of projects launched in their respective regions, i.e. CCR, RCR and OCR.

However, these regions cover large areas while price indices are built using smaller blocks within each of these regions. So region wise, prices may not have changed but at a micro level, they have moved. To illustrate this, say a mixed development is launched in the far east of the OCR where there had been no new launches in that particular micro-location for many quarters and say the previous new launch was priced at S$1,850 psf. If the pricing is benchmarked to a recently launched project in for example, Jurong East, because of relatively similar attributes of the surroundings, then the new launch price of say S$2,450 psf in the east would set a benchmark for that region and would lift prices for that region. Therefore, even if Jurong East sees no new sales in that quarter, that singular project launch in the east would move the overall price needle for the OCR.

This scenario for new sales may well play out in 2024 and could lead to a slight positive bias for new sale price indices. What is left is how resale prices may react and that it could either be dragged down by the vicissitudes of the economy or rise as prices try to close the gap to new sale prices (Please refer to Graph 5).

For 2024, we believe that new sale prices are likely to increase with resale prices imbued with a negative bias. Although inflation has come off its peak, Nominal GDP growth will still be significant and given the positive historical correlation between the URA PPI and Nominal GDP, it may cause the URA index to rise marginally for the full year. However, at this juncture, we forecast overall prices to remain flat for 2024.