Singapore – May 2024

MARKET IN MINUTES

Savills Research

Residential Sales

Sales volumes continue to fall in the quarter

While new sales increased in the quarter due to more new launches, secondary sales declined for a third consecutive quarter, possibly due to homebuyers waiting for interest rates to fall in the second half of the year.

- Following the fall in the number of launched units in the previous quarter, the number of launched units rebounded in Q1/2024, increasing 23.0% quarter-on-quarter (QoQ) to 1,304 units. This led to higher new sales with a quarterly growth of 6.6% to 1,164 units.

- On the other hand, secondary sales of private residential properties continued trending downward with a larger decrease of 5.4% to 3,066 units in the quarter. In contrast, the fall was less than 1% in the previous two quarters.

- The slowdown in sales of private residential homes was evident across all groups of homebuyers. Nevertheless, the largest impact was undoubtedly felt by foreigners with the high Additional Buyer's Stamp Duty (ABSD) rates and increased scrutiny as seen from the money laundering cases, resulting in non-landed home purchases falling further to 43 units.

- Although the residential sales volume decreased in the quarter, property prices continued to increase, albeit at a slower rate of 1.4%, versus the 2.8% in the previous quarter. While prices of both landed and non-landed homes rose, landed homes rose more.

- Average prices from Savills basket of high-end non-landed private residential projects decreased for a second consecutive quarter by a marginal 0.1% QoQ to S$2,594 per sq ft. Nevertheless, on a year-on-year (YoY) basis, prices continued to increase for a 13th consecutive quarter by 0.4%.

- With high income earners salaries rising each year, the pool of savings amassed annually will rise. This means that private property demand should, setting aside near-term sentiment volatility, remain strong, especially those who buy for investment. For 2024, given the fears that workers may have pertaining to their job security, we maintain our forecast for prices at 0%. The resale market may exhibit some weakness while new sale prices are still expected to increase given cost push pressures.

"An ageing population with ample savings is a strong medium-term demand driver for private residential properties here."

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MARKET OVERVIEW

Following a decline in the number of launched units in Q4/2023 because of the year end festive period, the number of units launched rebounded in the first quarter, increasing 23.0% QoQ to 1,304 units. This was relatively similar to the 1,312 units that were launched in the same period a year ago. The growth in number of launched units was attributed to the Rest of Central Region (RCR) and Outside Central Region (OCR). Across the three market segments, the RCR saw an increase from 50 units in Q4/2023 to 224 units in Q1/2024. The number of launched units in OCR rose 19.8% QoQ to 1,060 units. On the other hand, launches in CCR declined significantly by 84.0% from 125 units in Q4/2023 to a mere 20 units in Q1/2024, the lowest since Q3/2018 when only 19 units were launched. As such, bulk of the launched units in the quarter was from OCR, comprising 81.3% of the unit launches. The number of launched units in RCR and CCR made up 17.2% and 1.5% of the total unit launches respectively.

While there were more launched units and new launches in Q1/2024 (six compared to three in Q4/2023), the take-up of these new releases was largely slower. In Q4/2023, two of the three new launches recorded more than half of their total units sold in the quarter of launch. However, in the first quarter of 2024, only Lentor Mansion recorded a strong take-up rate of 76.0%, while the other new launches only had around 3% to 30% of their units sold. This large discrepancy in numbers could imply that while there is still demand from buyers, they have become more discerning and cautious in their purchasing decisions as uncertain economic conditions continue to persist. Lentor Mansion, which had the highest take-up rate among the new launches in the quarter, saw 405 of its total 533 units sold, with all of its 214 two-bedroom units (of sizes 527 sq ft and 657 sq ft) and a large proportion of the 199 three-bedroom units (of sizes between 786 sq ft and 1,023 sq ft) taken up during the launch weekend. This is also the first residential launch that has adopted the Urban Redevelopment Authority (URA)'s guidelines on the harmonisation of strata and gross floor area, whereby the units sold are based on liveable space. Transacted prices of the two-bedroom units ranged from S$1.14 million to S$1.59 million, while three-bedroom units were transacted for S$1.71 million to S$2.42 million.

Also located in the Lentor Hills area is Lentoria, another new launch in the quarter. In contrast to the strong take-up of Lentor Mansion, the take-up of Lentoria was relatively weaker, with 60 of the total 267 units sold, translating to a take-up rate of 22.5%. With the launch of Lentoria and Lentor Mansion, there are five new launches in the Lentor area and the slow sales of the new launches (except for Lentor Mansion) may indicate the area may need a longer period to digest the flurry of launches. For that project, of the 60 units that were sold in the quarter, 36 were the smaller units (one- and two-bedroom+study units of sizes ranging from 538 sq ft to 732 sq ft). Prices of the transacted units ranged from S$1.19 million to S$1.21 million ($2,202 to S$2,252 per sq ft) for one-bedroom units, S$1.44 million to S$1.62 million (S$1,965 to S$2,281 per sq ft) for two- and two-bedroom+study units, S$1.87 million to S$2.37 million (S$2,000 to S$2,129 per sq ft) for three- and three-bedroom premium units, and S$2.54 million to S$2.94 million (S$2,107 to S$2,318 per sq ft) for four- and four-bedroom premium units.

There was another new launch in OCR in Q1/2024 called Hillhaven located at Hillview Rise. This is a project that is being developed on a Government Land Sales (GLS) site acquired by Far East Organization and Sekisui House in 2022. This was one of the first two new launches of the year and it got off to a sedantary start, with around 23.2% of the total 341 units sold. As not all the units were launched (only 200 units) in the quarter. Against this number the take-up rate would be 39.5%. Since the launch of Midwood in 2019, there has not been any new launches in the Hillview area and Hillhaven is strategically located to amenities such as HillV2, The Rail Mall, Bukit Timah Nature Reserve, Dairy Farm Nature Park and Hillview MRT station. With an average transacted unit price of S$2,067 per sq ft, the development is priced attractively, given that median prices of new sales in OCR have reached S$2,222 per sq ft in Q1/2024.

The Arcady At Boon Keng, located in Serangoon Road and categorised under RCR, was one of the first new launches in 2024. This freehold project will arise as a redevelopment of the former Euro-Asia Apartments that was purchased by a consortium led by KSH Holdings in 2022. The Arcady At Boon Keng is the first freehold project in District 12 since Verticus, located off Balestier Road, was launched in 2020. There is a range of unit mix, from one-bedroom+study to four-bedroom+study units, along with two penthouse units of 2,433 sq ft and 2,583 sq ft. Out of which, 50 of its total 172 units were taken up in Q1/2024, with a large proportion (39 units) being one-bedroom, two-bedroom and two-bedroom+study units. These 39 units were priced below S$2 million, with unit prices ranging from S$2,495 to S$2,721 per sq ft. Separately, there were two other small-scale projects in RCR that were also newly launched in the quarter, which only sold one unit each.

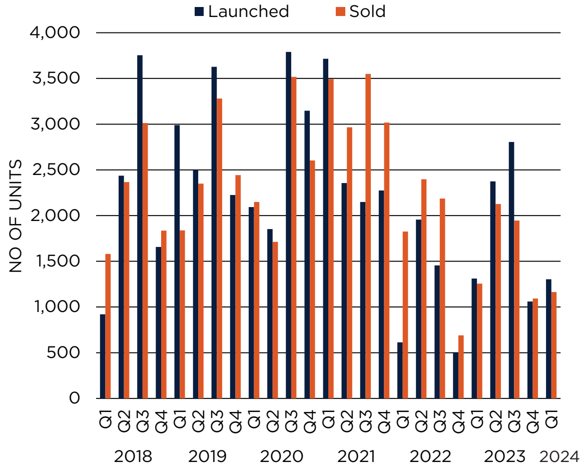
Corresponding to more units being launched, new sales rebounded in Q1/2024, a turnaround after a decline in the previous quarter. New sales volume rose 6.6% QoQ to 1,164 units. Nevertheless, on a YoY basis, it was still a 7.3% decrease. Due to higher number of launched units in OCR, the bulk, or 70.7% of the new sales in the quarter was from OCR, while new sales in RCR and CCR comprised 20.2% and 9.1% of total new sales respectively. Based on the absolute figures

TABLE 1: New Launches, Q1/2024

PROJECT NAME	LOCATION	DEVELOPER	LOCALITY	TOTAL NO. OF UNITS	TOTAL NO. OF UNITS SOLD BY Q1/2024	TAKE-UP	PRICE RANGE (S$ PER SQ FT)
Hillhaven	Hillview Rise	East Residences Pte Ltd	OCR	341	79	23.2%	1,955-2,246
The Arcady At Boon Keng	Saint Barnabas Lane	KSH Ultra Unity Pte Ltd	RCR	172	50	29.1%	2,410-2,721
Lentor Mansion	Lentor Gardens	Lentor Mansion Pte Ltd	OCR	533	405	76.0%	2,104-2,476
Lentoria	Lentor Hills Road	Lentor View Pte Ltd	OCR	267	60	22.5%	1,965-2,318
Koon Seng House	Koon Seng Road	Mequity K Pte Ltd	RCR	17	1	5.9%	2,303
Ardor Residence	Haig Road	NS Property (Haig) Pte Ltd	RCR	35	1	2.9%	2,465

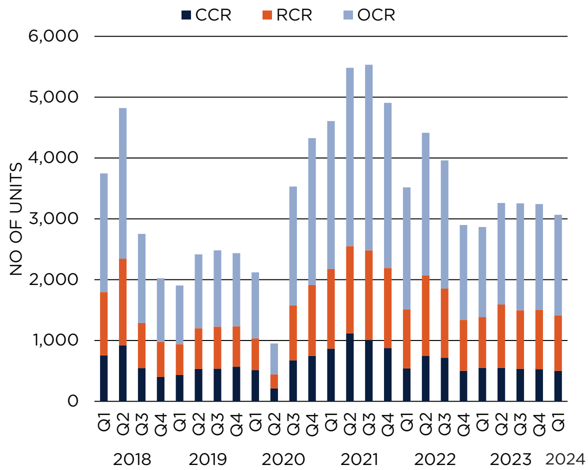
Source URA, Savills Research & Consultancy

GRAPH 1: Number of Private Residential Units Launched and Sold in the Primary Market, Q1/2018 to Q1/2024



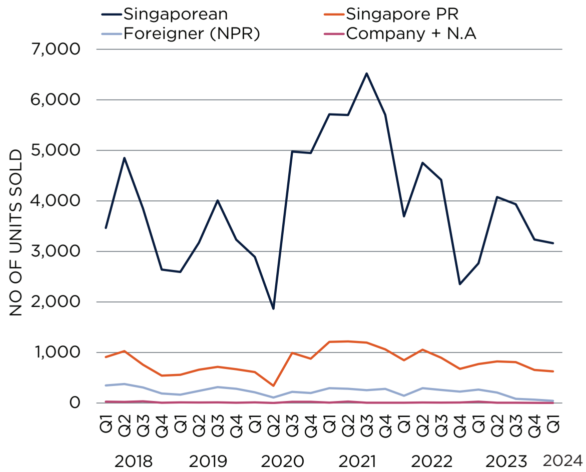
Source URA, Savills Research & Consultancy

GRAPH 2: Number of Private Residential Units Sold in the Secondary Market, Q1/2018 to Q1/2024



Source URA, Savills Research & Consultancy

GRAPH 3: Sales Volumes of Non-landed Private Residential Units by Residency Status, Q1/2018 to Q1/2024



Source URA, Savills Research & Consultancy

of new sales volume, new sales in the RCR and OCR registered quarterly increases of 0.9% and 27.8% to 235 units and 823 units respectively. For new sales in OCR, this was the largest since Q3/2022 when new sales amounted to 1,244 units. On the other hand, new sales in CCR contracted for the second consecutive quarter, halving from the 215 units in Q4/2023 to 106 units in Q1/2024. This can be attributed to few launches in the market segment, and the 60% ABSD levied on foreign buyers. With more projects in the pipeline that will be launching in this year, as well as possibility of lower interest rates in the second half of this year, potential homebuyers may in general be holding out and adopting a wait-and-see approach to purchasing decisions.

Of the top five best-selling projects in Q1/2024, four of which were from the new launches in the quarter, while the other was a previously launched project – The Botany at Dairy Farm. The latter was launched in March 2023 and had a take-up rate of 47.4% during the quarter of launch. With the addition of the units sold in Q1/2024 (58 units), 285 of the 386 units have been sold, working out to a take-up rate of 73.8%. Amongst the four best selling projects launched in the quarter, qther than Lentor Mansion, that sold over 400 units, the others sold less than 100 units each.

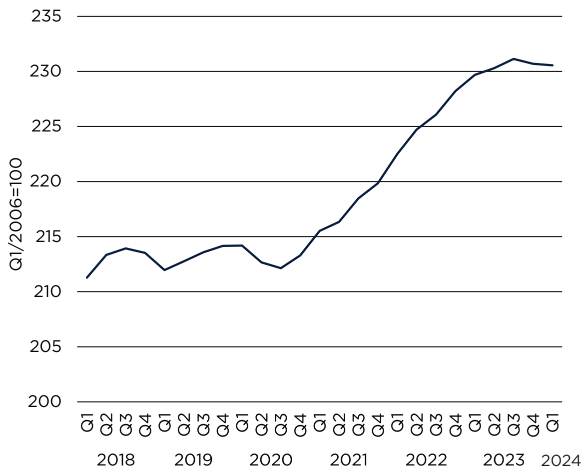
On the other hand, secondary sales fell for the third consecutive quarter by a larger 5.4% QoQ to 3,066 units in Q1/2024. This could be due to increasing likelihood that interest rates may fall in the coming months, leading potential homebuyers to wait it out before committing. All three market segments recorded declines in secondary sales volume, with the largest contraction in RCR. Secondary sales in RCR fell 6.5% QoQ from 976 units in Q4/2023 to 913 units in Q1/2024. Similarly, secondary sales in CCR and OCR decreased for the second consecutive quarter by 5.7% and 4.8% QoQ to 499 units and 1,654 units respectively in the quarter. For CCR, this was the lowest since Q2/2020 when the Covid-19 pandemic struck and borders were closed, resulting in lack of demand from foreign buyers, which make up a large proportion of CCR home purchases.

The weaker economic sentiments, persistently high interest rates, cooling measures and sticky home prices have led to a continual slowdown in private residential home sales. Transaction volumes for all groups of buyers fell for the second consecutive quarter. Similar to the previous quarters, residential demand from foreigners was impacted the hardest, as non-landed homes acquired by foreigners declined 34.8% QoQ to 43 units, becoming the lowest ever since the data was made available in URA REALIS since Q1/1995. This was a larger decline than the 19.5% decline in the previous quarter. Apart from 60% ABSD that is levied on foreign purchasers, the enhanced enforcement of anti-money laundering measures has also deterred foreigners from entering Singapore's residential market. Together, these have resulted in the number of foreigners buying homes here to trend down. A similar pattern also developed for non-landed home purchases by permanent residents (PRs) and Singaporeans. These two groups saw buying activity fall for the third consecutive quarter by 2.3% and 4.3% to 3,163 units and 626 units respectively in the quarter, as compared to the 17.7% and 19.2% decline in the previous quarter. With the significant decline in non-landed home purchases by foreigners, the proportion of foreign home purchases against total non-landed home transaction volumes fell 0.6 of a ppt from 1.7% in Q4/2023 to 1.1% in Q1/2024. Proportion of non-landed home sales of permanent residents (PRs) contracted by a marginal 0.2 of a ppt to 16.3%, while those of Singaporeans rose by 0.7 of a ppt from 81.8% in Q4/2023 to 82.5% in Q1/2024. For non-landed home sales of Singaporeans, the proportion of 82.5% was the highest since Q3/2001 when it was 83.4%.

PRICES

Despite the cautiousness of buyers, property prices continued the trending up in Q1/2024, albeit at a slower pace. The URA property index of all private residential properties rose for the third consecutive quarter by 1.4% in the quarter, slower than the 2.8% in the previous quarter. Prices of both landed and non-landed homes recorded quarterly increases, with larger growth from landed homes. Prices of landed homes rose for the second consecutive quarter by 2.6%, lower than the 4.6% in Q4/2023. Similarly, non-landed home prices extended its growth for the third consecutive quarter in Q1/2024 by a moderated 1.0%, in comparison to the 2.3% in Q4/2023. For the non-landed homes segment, all three market segments registered quarterly increases. The largest increase was in the CCR, rising for the second consecutive quarter by 3.4%. Non-landed homes in the RCR and OCR recorded marginal price increases of 0.3% and 0.2% respectively. For the RCR, this was a reversal from the 0.8% QoQ decline in the previous quarter. While this was the fifth consecutive quarter of increase for non-landed homes in OCR, the growth momentum for prices slowed down after larger quarterly increases of 5.5% and 4.5% in Q3/2023 and Q4/2023. Prices of non-landed homes in the suburban areas observed stable increases with strong demand from

GRAPH 4: Savills High-end Non-landed Home Price Index, Q1/2018 to Q1/2024



Source Savills Research & Consultancy

new projects such as Lentor Mansion.

For the basket of luxury non-landed private residential projects tracked by Savills, although prices continued to decline, the drop was marginal of 0.1% QoQ, after a dip of 0.2% in Q4/2023, to S$2,594 per sq ft in Q1/2024. Owing to uncertain economic conditions and the cooling measures, the demand for such properties slowed, evident from lesser transaction volumes. This led to no price movement for these luxury properties in the quarter. Nevertheless, on a YoY basis, prices continued to increase for the 13th consecutive quarter by 0.4%.

FUTURE SUPPLY

At the end of Q1/2024, there were 38,167 private residential units with planning approvals (excluding executive condominiums (ECs)) in the supply pipeline. This was 11.4% higher on a QoQ basis and came after five consecutive quarters of decline. Of the total pipeline supply, 52.2% (19,936 units) are unsold, a 17.8% increase from last quarter's figure of 16,929 units. This figure was the highest since Q1/2021 when uncompleted unsold units amounted to 21,602 units.

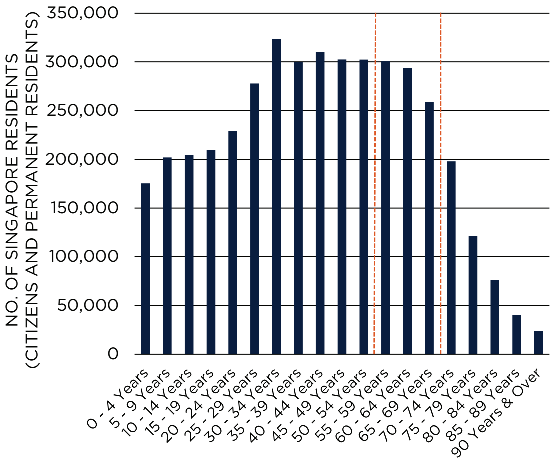
In the coming quarters, new projects across all three market segments will be expected to be launched, with majority coming from RCR and OCR. This will include the larger developments such as The Chuan Park (916 units), Emerald of Katong (847 units) and Marina View Residences (683 units). These projects have obtained the Housing Developer Licence and hence will be expected to be launched in the next few quarters.

TABLE 2: Major Upcoming Launches from Q2/2024

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
Emerald Of Katong	Jalan Tembusu	Sim Lian JV (Katong) Pte Ltd	RCR	847
Landed housing development	Luxus Hill Heights/ Seletar Green Walk	Singapore United Estates Pte Ltd	OCR	156
Landed housing development	Nim Road/ Ang Mo Kio Avenue 5	Singapore United Estates Pte Ltd	OCR	186
Arina East Residences	Tanjong Rhu Road	ZACD LV Development Pte Ltd	RCR	107
The Chuan Park	Lorong Chuan	Chuan Park Development Pte Ltd	OCR	916
Union Square Residences	Magazine Road/Havelock Road/ Keng Cheow Street	CDL Libra Pte Ltd/CDL Conservo Pte Ltd/ Centro Property Holding Pte Ltd	RCR	366
Residential apartments	Champions Way	CDL Stellar Pte Ltd	OCR	348
Meyer Blue	Meyer Road	United Venture Development (Meyer) Pte Ltd	RCR	226
Aurea	Beach Road/ Nicoll Highway	GMC Property Pte Ltd	CCR	176
Condominium development	Bukit Timah Link	Bukit One Pte Ltd	RCR	160

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

GRAPH 5: Singapore Resident Population Pyramid, 2023



Source Singstat, Savills Research & Consultancy

OUTLOOK

This year is likely to be one where we see how challenging business conditions may affect home buyer sentiment or whether it is a case where demand still holds strong arising from the store of wealth held by those who are inured from the vicissitudes of the job market. Towards the end of the year, there may be a new consideration to account for regarding next year's new sales pricing, when we wonder at what levels developers may sell their projects built on GLS sites awarded this year at prices below expectations. On the latter, it may not necessarily be the case that developers will adjust selling prices down when they are launched in 2025. Much depends on the cost of construction and market sentiment at the point of launch. For now, if things remain constant, it may simply mean that developers are building in a slightly larger buffer to account for greater uncertainties expected in future.

With regards to the former point, as most of the recent launches in the RCR and OCR have exhibited stronger sales for the one- and two-bedroom types, and so likely to be bought for investment purposes, we have observed that many of the buyers are likely to have tapped some level of savings from those born in the 1950s to 1970. This could come in the form of parental support, from inheritance or the windfall gains of a collective sale. Thus, besides their fundamental income, the largesse of savings from the previous generations have propelled prices to over S$2,000 per sq ft as a base case for a new OCR project launch in 2023. (The argument for rising HDB flat prices pushing up private property prices is the same. Namely, savings from the previous generations have lent support for buyers of resale flats.) The question is whether this pool of liquidity will last because once tapped, it is unlikely to be recharged since they are close to their end of their productive work life. We think that the pool will, for the next decade, continue to be refilled by more of the resident population falling into the ageing pot.

In 2023, there were about 854,000 Singapore residents (citizens and permanent residents) aged between 55 and below 70. From Q1/2018 to Q1/2024, excluding Executive Condominiums (EC), the number of sales of new launches was about 50,000 units. If we include ECs, that number inflates to about 63,800 units. The new sales numbers therefore make up about 5.8% (excluding ECs) to 7.5% (including ECs) of the abovementioned age group. That may not seem like much but if we lop off 70% of that population, leaving us presumably with the top 30% of wealth holders, that is 256,200, the percentage rises to 19.5% and 24.9%. In 2017, the same measure gave percentages of 19.7% and 26.3% respectively, quite similar to the latest figures. That percentage will likely remain constant because the population size in the 55 to below 70 age group is likely to remain stable for the next decade and if the authorities continue to release GLS sites at a constant rate.

In summary, with high income earners salaries rising each year, the pool of savings amassed annually will rise. This means that private property demand should, setting aside near-term sentiment volatility, remain strong, especially those who buy for investment. For 2024, given the fears that workers may have pertaining to their job security, we maintain our forecast for prices at 0%. The resale market may exhibit some weakness while new sale prices are still expected to increase given cost push pressures.