MARKET
IN
MINUTES
Savills Research

Residential Sales

savills

Rebound in the secondary sales market

Although new sales fell in Q2/2024, overall sales volume of private residential properties increased due to higher secondary sales. The increase may be due to the large price differential between new and secondary properties.

- After a rebound in Q1/2024, the number of units launched in Q2/2024 more than halved from 1,304 units to 634 units, the lowest since Q4/2022. This brought about a 37.7% quarter-on-quarter (QoQ) decline in new sales to 725 units. The largest fall was recorded in the mass market segment.

- Despite weaker sentiment in the new sales market, the secondary sales volume rebounded to 4,190 units. This was the highest since Q2/2022 when secondary sales hit 4,414 units. The large price disparity between new sales and secondary sales may have led to more homebuyers heading to the secondary sales market.

- After three consecutive quarters of contraction in the sales of private residential properties, sales volume rebounded in the quarter, with higher transaction volumes across all groups of buyers. The largest growth was from foreigners, surging 83.7% QoQ to 79 units in Q2/2024.

- Against the headwinds of elevated interest rates and global economic uncertainties, prices of private residential properties continued to increase for the fourth consecutive quarter, albeit at a moderated pace of 0.9% in Q2/2024.

- For Savills basket of luxury non-landed private residential projects, after two consecutive quarters of decline, prices stabilised at S$2,593 psf in the quarter. This has narrowed the price growth of these properties to a mere 0.1% on a year-on-year (YoY) basis.

- While there appears to be some indigestion in the new sales market, developers may not have the flexibility to lower prices. Unless the project has exceptionally attributes, first week new sales would likely hover around 25% to 30%. Moving forward, we may see a new trend, that projects may experience sales clustering around the start of launch and another as it nears completion. We maintain our forecast for prices to remain flat with some upside bias in 2024.

"Given record new sale prices, sales are now likely to cluster around the launch week and towards project completion."

ALAN CHEONG, SAVILLS RESEARCH

Savills team

Please contact us for further information

SINGAPORE

Marcus Loo
CEO, Singapore
+65 6836 6888

George Tan
Managing Director
Livethere Residential
+65 9792 8913
gtan@savills.com.sg

RESEARCH

Alan Cheong
Executive Director
Singapore
+65 6836 6888
alan.cheong@savills.com.sg

Simon Smith
Regional Head of
Research & Consultancy
Asia Pacific
+852 2842 4573
ssmith@savills.asia

MARKET OVERVIEW

After a rebound in Q1/2024, the number of units launched contracted in Q2/2024, more than halving from 1,304 units to 634 units, the lowest since Q4/2022 when 504 units were launched. On a year-over-year basis, the decline was 73.3%. This was due to a lack of larger-scale developments being launched. The contraction in launched units was mainly driven by a slump in units in the Outside Central Region (OCR), decreasing from 1,060 units in Q1/2024 to 126 units in Q2/2024, the lowest since Q2/2023 when only 40 units were launched in that market segment. On the other hand, launches in the two other market segments recorded quarterly increases. In the Core Central Region (CCR), the number of launched units surged from just 20 units in Q1/2024 to 259 units in Q2/2024. Similarly, the number of launched units in the Rest of Central Region (RCR) grew by 11.2% quarter-over-quarter to 249 units. Consequently, the bulk of the launched units in the quarter came from CCR, constituting 40.9% of the total. The proportion of launched units in RCR followed closely behind at 39.3%, with OCR at 19.9%. This was the first quarter since Q4/2022 when the proportion of launched units in CCR comprised the majority of the total launches in a quarter.

While the number of project launches was comparable to that of the previous quarter, these developments were generally smaller in scale, which may have led to slower take-up rates. The take-up of the six new launches in Q2/2024 ranged approximately between 0.5% and 30%, like most of the new launches in Q1/2024, excluding Lentor Mansion with its relatively high take-up of 76.0%. The development with the highest take-up in the quarter was The Hill @ One-North, which sold 43 of its 142 units, resulting in a take-up rate of 30.3%. The site where the project is situated was acquired by Kingsford Real Estate Development in September 2021, while the neighboring site was awarded to EL Development in the same period and is currently being developed into Blossoms By The Park, which saw 77.4% of its 275 units sold in the quarter of its launch (Q2/2023). As of the end of Q2/2024, around 90.9% of the units at Blossoms By The Park have been sold at an average of S$2,446 psf. In contrast, the average transacted prices at The Hill @ One-North were higher at S$2,598 psf, which may have led to the muted sales of the new launch. The unit types of the units that were taken up were quite well mixed, with around half being two-bedroom/two-bedroom+study and three-bedroom/three-bedroom+study units, respectively.

Also, in the RCR was the project called The Hillshore, located on Pasir Panjang Road. This was the first project launch in the Pasir Panjang area since Terra Hill in February 2023. The 59-unit freehold boutique development saw three of its units sold at an average transacted price of S$2,602 psf in Q2/2024, with one being a two-bedroom unit and the other two being three-bedroom units. Most of the two-bedroom units and some of the penthouses were reportedly withheld from sale pending enhancements to the building plan, which need to be submitted to the Building and Construction Authority for approval. The units that were sold in the quarter were not affected by the enhancements.

The two project launches in OCR were much smaller, with Jansen House, a 21-unit 999-year leasehold development on Jansen Road and Straits at Joo Chiat, a 16-unit freehold project. Both developments sold two units each. For Jansen House, it is the latest project in Macly Group's House Series, a collection of boutique residential developments by the developer. Straits at Joo Chiat, a Peranakan-themed boutique development, is a redevelopment of a pair of semi-detached houses at Joo Chiat Place, which was previously acquired by Roxy-Pacific Holdings for S$16 million. Both units that were sold were three-bedroom+study ones (990 sq ft), with transacted prices below S$2.1 million (S$2,079 to S$2,104 psf).

There were also two new projects launched in the CCR in Q2/2024. The larger of the two was Skywaters Residences, with all 190 units released for sale. For the second quarter, one unit was sold, this being a 7,761 sq ft penthouse on the 57th floor. This is one of the eight penthouses in the residential component of the mixed-use development The Skywaters, which is built on the site of the former AXA Tower. Apart from residential units, the mixed-use development will also include office space, retail space, and a hotel. It will also surpass Guoco Tower in becoming the tallest tower in Singapore, standing at 305 meters tall when fully completed. The penthouse that was sold in the quarter was transacted for S$47.3 million, or S$6,100 psf, making it the first 99-year leasehold transaction to cross the S$6,000 psf mark. The buyer is understood to be a foreigner of unspecified nationality. The other new launch in CCR is 32 Gilstead, a 14-unit freehold development with three adjoining five-story blocks, each containing only one unit per floor: a four-bedroom unit with sizes ranging from 3,821 sq ft to 4,291 sq ft, providing exclusivity and seclusion to this group of homebuyers. In Q2/2024, three units were sold, with prices between S$14.4 million and S$14.5 million (S$3,431 psf to S$3,455 psf). The development is built on the site of 32 and 34 Gilstead Road, which was acquired by Kheng Leong for S$70 million in December 2021.

Due to a sharp drop in the number of launched units, new sales correspondingly contracted, falling 37.7% quarter-over-quarter to 725 units in Q2/2024. On a year-over-year basis, this was a larger decline of 65.9%. With more launched units in OCR from the previous quarters (compared to RCR and CCR), over half, or 57.1%, of the new sales in Q2/2024 were from suburban areas. New sales in RCR and CCR constituted 31.7% and 11.2% of new sales in the quarter, respectively.

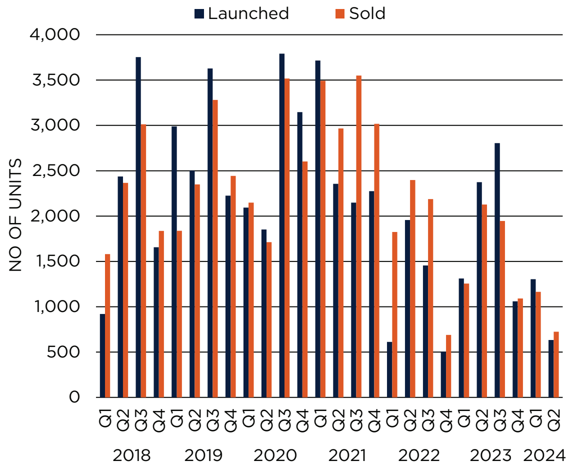
In terms of absolute figures, new sales volume declined across all three market segments, with the smallest decrease in RCR. New sales in this market segment fell 2.1% quarter-over-quarter to 230 units. This was followed by CCR, with new sales contracting for the third consecutive

TABLE 1: New Launches, Q2/2024

PROJECT NAME	LOCATION	DEVELOPER	LOCALITY	TOTAL NO. OF UNITS	TOTAL NO. OF UNITS SOLD BY Q2/2024	TAKE-UP	PRICE RANGE (S$ PER SQ FT)
32 Gilstead	Gilstead Road	Peak Vista Pte Ltd	CCR	14	3	21.4%	3,431-3,455
The Hill @ One-North	Slim Barracks Rise	Kingsford Real Estate Development Pte Ltd	RCR	142	43	30.3%	2,519-2,708
The Hillshore	Pasir Panjang Road	Hillside View Development Pte Ltd	RCR	59	3	5.1%	2,508-2,670
Jansen House	Jansen Road	Mequity GS Pte Ltd	OCR	21	2	9.5%	2,098-2,121
Skywaters Residence	Shenton Way	Shenton Residential Property Pte Ltd	CCR	190	1	0.5%	6,100
Straits at Joo Chiat	Joo Chiat Place	RH Katong Pte Ltd	OCR	16	2	12.5%	2,079-2,104

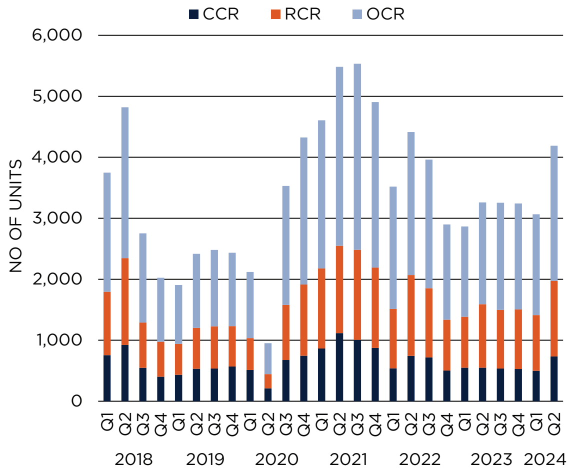
Source URA, Savills Research & Consultancy

GRAPH 1: Number of Private Residential Units Launched and Sold in the Primary Market, Q1/2018 to Q2/2024



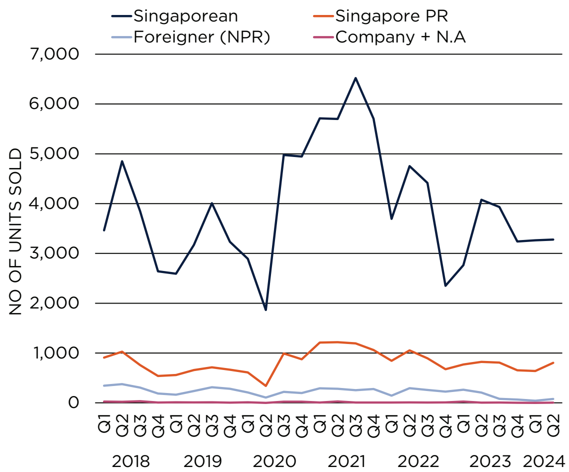
Source URA, Savills Research & Consultancy

GRAPH 2: Number of Private Residential Units Sold in the Secondary Market, Q1/2018 to Q2/2024



Source URA, Savills Research & Consultancy

GRAPH 3: Sales Volumes of Non-landed Private Residential Units by Residency Status, Q1/2018 to Q2/2024



Source URA, Savills Research & Consultancy

quarter by 23.6% quarter-over-quarter to 81 units, the lowest since Q4/2015 when CCR new sales amounted to only 64 units. New sales in suburban areas recorded the largest decline, almost halving from 823 units in Q1/2024 to 414 units in Q2/2024.

The CCR continues to be most affected in the new sales market due to weak demand from foreigners, who were previously a significant source of demand for this market segment. The cooling measures are primarily targeted at foreigners. In conjunction with high interest rates, economic uncertainties, and increasing wariness of foreigners after the money laundering cases, these may have deterred this group of buyers from entering the market. Singaporeans looking to enter the new sales market may have turned to the less expensive RCR and OCR market segments. For OCR, the large drop may be due to fewer new launches and homebuyers waiting on the sidelines for interest rates to fall.

Of the top five best-selling projects in Q2/2024, only one was a new launch during the quarter – The Hill @ One-North – while the remaining were previously launched projects. This was due to the smaller scale of the new launches in Q2/2024. Among the top five best-selling projects, three saw over 50 units sold. Besides Hillhaven, which was launched in Q1/2024 with 63 units sold in the quarter, The Botany at Dairy Farm and Lentor Hills Residences were launched in 2023, with 86 units and 55 units sold, respectively, in Q2/2024.

While new sales decreased amid the lack of significant launches, secondary sales rebounded in the quarter, increasing 36.7% quarter-over-quarter from 3,066 units in Q1/2024 to 4,190 units in Q2/2024, the highest since Q2/2022 when secondary sales reached 4,414 units. This came after three consecutive quarters of decline. Secondary sales in all three market segments registered quarterly increases, with the largest growth in CCR. CCR secondary sales surged 47.1% quarter-over-quarter from 499 units in Q1/2024 to 734 units in Q2/2024. Similarly, secondary sales in RCR and OCR grew 35.7% and 34.0% quarter-over-quarter to 1,239 units and 2,217 units, respectively.

Apart from the smaller number of new launches in the quarter, the large disparity in prices between new sales and secondary sales may have led homebuyers to turn to the secondary sales market. The price gap between these two markets across the three market segments ranged from 44.7% to 61.2%, with CCR recording the largest price difference of 61.2%. This may have led to the significant jump in secondary sales in this market segment. To illustrate the point, the resale unit price in CCR of S$2,044 psf was even lower than the new sale unit prices in both RCR and OCR, at S$2,615 psf and S$2,107 psf, respectively.

After three consecutive quarters of decline in private residential sales, sales volume finally rebounded in Q2/2024, with higher sales across all groups of buyers. Non-landed home sales by foreigners registered the largest growth (due to the low base effect), surging 83.7% from 43 units in Q1/2024 to 79 units in Q2/2024. This was the first increase after seven consecutive quarters of decline. Nevertheless, this is still a far cry from the last peak of 294 units in Q2/2022 but may still be seen as a positive amid various challenges, chief amongst which the high ABSD levied on them. Similarly, non-landed home purchases by Singapore permanent residents (PRs) increased as well, by 25.8% quarter-over-quarter to 805 units, after three consecutive quarters of decline.

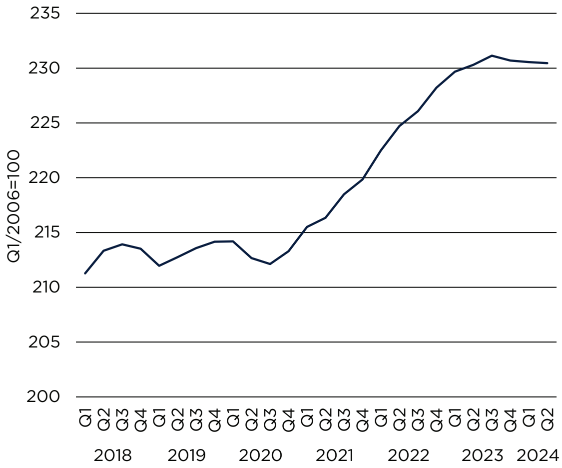
For local buyers, while non-landed sales volume continued to grow for the second consecutive quarter, the quarterly increase was much more moderate compared to that of PRs and foreigners. Non-landed home sales by Singaporeans rose 0.4% quarter-over-quarter from 3,264 units in Q1/2024 to 3,277 units in Q2/2024. Thus, due to larger increases in home sales by PRs and foreigners, the proportion of non-landed home sales by PRs grew by 3.1 percentage points to 19.3%, the highest since Q1/2023 when it was 20.1%. Similarly, the proportion of non-landed home purchases by foreigners rose by 0.8 percentage points to 1.9% in the quarter, the highest since Q2/2023 when the proportion was 4.0%.

While the proportion of foreign home purchases rose, the percentage remained low compared to the pre-COVID period when it was around 5% to 8%. The recent cooling measures mainly targeted at foreigners, along with economic challenges and heightened scrutiny of foreigners, have taken a toll on the private residential market and significantly affected home purchases by this group of buyers. As the proportion of non-landed home sales by PRs and foreigners increased in Q2/2024, that of Singaporeans declined correspondingly by 4.0 percentage points to 78.7%.

PRICES

With persistently high interest rates and global economic uncertainties, although prices continued rising in the quarter in review, the rate of change had been slowing in recent quarters. Homebuyers have also become more cautious in their purchasing decisions. The URA property index for all private residential properties grew for the fourth consecutive quarter by 0.9% in Q2/2024, slowing from 1.4% in Q1/2024 and 2.8% in Q4/2023. Landed home prices grew 1.9% quarter-over-quarter in Q2/2024, moderating from 2.6% in the previous quarter. Similarly, prices of non-landed homes islandwide rose 0.6% quarter-over-quarter in the quarter, slowing from 1.0% in Q1/2024.

GRAPH 4: Savills High-end Non-landed Home Price Index, Q1/2018 to Q2/2024



Source Savills Research & Consultancy

Across non-landed homes in the three market segments, prices of homes in CCR dipped 0.3% quarter-over-quarter after two consecutive quarters of increase. While non-landed home prices in RCR and OCR continued to trend upwards, prices in RCR observed a larger growth of 1.6% in Q2/2024, faster than the marginal 0.3% in Q1/2024. Prices of non-landed homes in OCR recorded a quarterly increase for the sixth consecutive quarter, rising by 0.2%, a rate similar to what was recorded in the previous quarter.

For the basket of luxury non-landed private residential projects tracked by Savills, after two consecutive quarters of decline, prices have stabilized, hovering at S$2,593 psf in Q2/2024. Due to the lack of demand for such properties, the luxury residential market has been quiet in recent quarters, arising from the challenging economic environment and cautiousness of buyers, particularly foreign buyers, who comprised a large proportion of this market. As such, prices of these luxury properties remained stable. On a year-over-year basis, growth in prices of properties in the basket narrowed to 0.1%.

FUTURE SUPPLY

The pipeline supply of residential properties (excluding executive condominiums (ECs)) that have obtained planning approvals remains relatively low, with 37,768 units as of the end of Q2/2024. This represents a slight dip of 1.1% from the previous quarter, following a rebound surge of 11.4% in Q1/2024. Of these, around 54.5% (20,566 units) remain unsold, which is 3.2% higher than the 19,936 units in the previous quarter, making it the highest since Q1/2021 when uncompleted unsold private residential units amounted to 21,602

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
Bagnall Haus	Upper East Coast Road	RL Bagnall Pte Ltd	OCR	106
Kassia	Flora Drive	Tripartite Developers Pte Ltd	OCR	276
Condominium development	Pine Grove	Golden Ray Edge 3 Pte Ltd	RCR	552
Newport Residences	Anson Road	Hong Leong Properties Pte Ltd	CCR	443
Residential apartments	Clementi Avenue 1	HC Land (Clementi) Pte Ltd	OCR	501
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	366
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	161
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
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
Norwood Grand	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	186
8@BT	Bukit Timah Link	Bukit One Pte Ltd	RCR	158

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

units. The soaring prices of new launches, alongside high interest rates, global economic uncertainties, and the smaller scale of the projects, may have deterred homebuyers from entering the new sales market, as evidenced by the slow take-up of recent launches in the past few quarters.

In the second half of the year, the take-up of new projects is expected to pick up with the slated launches of larger-scale projects across all three market segments (mainly in the fringe and suburban areas) and given that interest rates start to come down. Projects in CCR may face challenges with the cooling measures targeting foreigners, who are a significant group of buyers in this market segment, as well as heightened scrutiny after the money-laundering cases.

OUTLOOK

Transactional activity in the primary market is likely to stay tepid until the slew of new launches hit the road in 2H/2024. Table 2 shows the list of major new launches slated for launch in the second half of this year and the total number of units is expected at 6,868 units. This increase is by a factor of 3.5x over the 1,938 units launched in 1H/2024. Although supply tends to bootstrap up demand, that is, with more launches, new sales should increase, observations from recent launches seems to suggest that the market has some near-term indigestion problem. Although the baseline price for OCR projects is currently slightly over S$2,000 psf, the sales rate of recent launches at the first week of launch is about 30% or less. On the other hand, resale volumes are up, and for the OCR and RCR, record prices are achieved in the secondary market as they play catch up to new sale prices. We believe that at this juncture, buyers of private properties who seek to live in them are mainly those that are looking to find an immediate move in rather than wait for the project to complete. Depending on the market segment, the average pricing gap between new and resale is wide, ranging from 44.7% to 61.2%. An upgrader to a new sale may feel that the effectual timing of the sale of his/her current home to match the completion date of the new home as two uncertain events. If the upgrader sells early, he/she may have to rack up rental expenses which increases the all-in cost of the new purchase. Therefore, given the great abyss between a new launch price with what is available on the resale market, the optionality value to the upgrader is higher for the latter. Thus, we may continue to see new launch sales cluster around the 1-to-2-bedrom types as these appeal to investors and singles.

Unfortunately, developers who bought land in 2022 to 2023 may not have the flexibility to lower prices below S$2,000 psf (for the OCR market). Given this impasse, a stalemate may arise for a period of a quarter or two. The market for new sales would come back to life under two conditions. One is if new sale prices remained flat while resales climbed to narrow the gap. Two is when the new sale is nearing completion and potential buyers have greater confidence in the delivery date of their new unit. On this second point, this means that a project may see two sales peak, one at the start of launch, and another building momentum towards the project's completion date. We are maintaining our forecast for prices to remain flat with some upside bias in 2024.