MARKET IN MINUTES
*Savills Research*

# Residential Sales

## Sales slowing in prime areas

Although the number of units launched continued to increase, new sales fell after two consecutive quarters of rises. Secondary sales have also fallen, signalling a time of caution and selective performance in the private residential market.

- The number of launched units continued rising in Q3, increasing 18.2% quarter-on-quarter (QoQ) to reach its highest of 2,805 units since Q1/2021 when 3,716 units were launched. Despite this, new sales volume fell 8.5% QoQ and 11.0% year-on-year (YoY) to 1,946 units, indicating weaker market sentiment.

- Sales of private residential properties in the secondary market declined as well, albeit at a slower pace of 0.2% to 3,255 units. Although sales volume in the prime areas and city-fringe contracted, secondary sales in the suburban areas rose for a second consecutive quarter.

- Due to a tightening of the cooling measures mainly targeted at foreigners, along with increased scrutiny of foreign purchases (arising out of the billion-dollar money laundering cases), foreign purchases of non-landed homes declined significantly to 82 units, the lowest since Q1/1998 when foreigners purchased 68 homes.

- Although the economy is faced with uncertainties under a high interest rate environment, the URA property price index of all private residential properties rebounded with a 0.8% quarterly increase in Q3/2023 after a marginal decline of 0.2% in Q2/2023.

- While average prices in Savills basket of high-end non-landed private residential projects have not fallen, growth momentum has slowed from previous quarters, with an increase of 0.4% QoQ to S$2,601 per sq ft in Q3/2023.

- Prices are expected to remain flat in 2024 with projects with certain key attributes likely to perform better in terms of maiden launch sales volumes and pricing. Those attributes include: 1) Being the first major launch in a sub-zone after a 5-year or longer period; 2) Located near public transportation nodes; 3) Located within a kilometre of popular schools and/or amenities; 4) Executive Condominiums. For 2023, we maintain our 7% price increase.

> "For next year's launches, the market will be more discerning, gravitating towards projects with a few key attributes."
>
> ALAN CHEONG, SAVILLS RESEARCH


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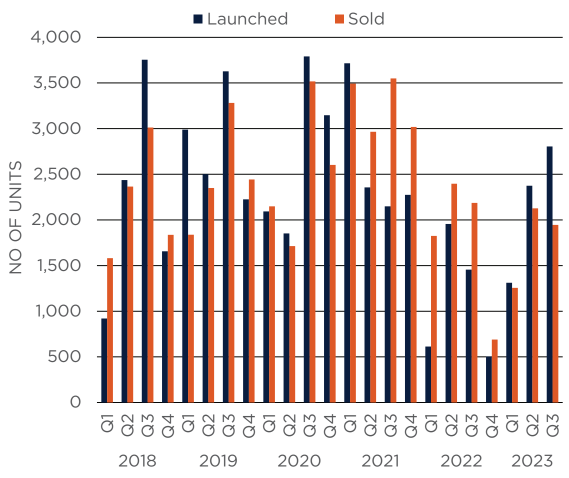
**GRAPH 1: Number of Private Residential Units Launched and Sold in the Primary Market, Q1/2018 to Q3/2023**




**Source** URA, Savills Research & Consultancy

## MARKET OVERVIEW

Despite the Hungry Ghost Festival which spanned the period from mid-August to mid-September, the number of launched units increased for a third consecutive quarter by 18.2% QoQ to 2,805 units in Q3/2023. This was the highest since Q1/2021 when 3,716 units were launched. On a YoY basis, the number of launched units in Q3/2023 almost doubled from the 1,455 units in the same period a year ago. The surge in the number of launched units was largely led by the Outside Central Region (OCR) from a mere 40 units in Q2/2023 to 1,107 units in Q3/2023.

Similarly, there was also a QoQ increase of 40.9% in number of launched units in Core Central Region to 210 units. This was the second consecutive quarter of increase. On the other hand, the number of launched units in Rest of Central Region (RCR) declined by 31.9% QoQ to 1,488 units after two consecutive quarters of increase. Despite the decline in launches in the RCR, this market segment still constituted the largest proportion of launched units across the three market segments, comprising bulk, or 53.0% of the launches in the quarter. This was followed by OCR and CCR, which accounted for 39.5% and 7.5% of the launches respectively.

In contrast to the six new launches in the previous quarter, there were nine projects which were newly launched in Q3/2023, which led to the surge in launches in the quarter. Three of these new projects were above 500 units. The largest new project released for sale in Q3/2023 was Grand Dunman, where all 1,008 units were offered on the first weekend launch date. This is also the only mega launch (with the development having over 1,000 units) this year. Over half, or 57.3% of the units were taken up in the quarter, with a large proportion of the two-bedroom units being sold. Given its size, this take-up rate is considered relatively healthy. This may be due to the development being located near to Dakota MRT station, as well as highly sought after schools such as Kong Hwa School, Chung Cheng High School (Main) and Tanjong Katong Girls' School. The one-bedroom units were generally priced below S$1.5 million, while the two-bedroom units were between S$1.5 million and S$2 million.

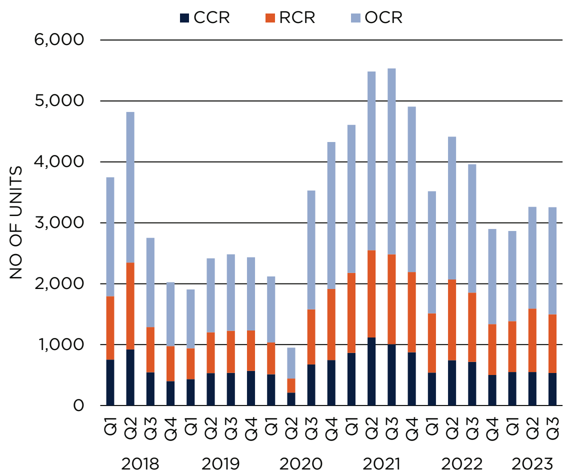
In the RCR, apart from Grand Dunman, there was another new launch – Pinetree Hill, a 520-unit 99-year leasehold condominium at Pine Grove. This is the first major residential development to be built in the private residential enclave of Mount Sinai in 14 years, after the launch of The Trizon in 2009. The 520 units of the project are spread across 3 24-storey towers and the development is within 1km to Henry Park Primary School and Pei Tong Primary School. Around 27.5% of the units were sold, with transacted prices ranging from nearly S$1.24 million for a 1-bedroom + study unit of 538 sq ft to around S$4.69 for a 5-bedroom premium unit of 1,733

**TABLE 1: New Launches, Q3/2023**

| PROJECT NAME | LOCATION | DEVELOPER | LOCALITY | TOTAL NO. OF UNITS | TOTAL NO. OF UNITS SOLD BY Q3/2023 | TAKE-UP | PRICE RANGE (S$ PER SQ FT) |
|---|---|---|---|---|---|---|---|
| Grand Dunman | Dunman Road | Grand Dunman Pte Ltd | RCR | 1,008 | 578 | 57.3% | 2,108-2,805 |
| Lentor Hills Residences | Lentor Hills Road | Lentor Hills Development Pte Ltd | OCR | 598 | 393 | 65.7% | 1,834-2,451 |
| Pinetree Hill | Pine Grove | United Venture Development (No. 5) Pte Ltd | RCR | 520 | 143 | 27.5% | 2,215-2,705 |
| The Myst | Upper Bukit Timah Road | CDL Aries Pte Ltd | OCR | 408 | 153 | 37.5% | 1,897-2,323 |
| The Lakegarden Residences | Yuan Ching Road | Winville Investment Pte Ltd | OCR | 306 | 71 | 23.2% | 1,880-2,362 |
| The Arden | Phoenix Road | CNQC Realty (Phoenix) Pte Ltd | OCR | 105 | 31 | 29.5% | 1,565-1,861 |
| Orchard Sophia | Sophia Road | Orchard Sophia Pte Ltd | CCR | 78 | 28 | 35.9% | 2,758-2,895 |
| TMW Maxwell | Maxwell Road | Maxwell Commercial Pte Ltd/ Maxwell Residential Pte Ltd | RCR | 324 | 6 | 1.9% | 3,143-3,739 |
| The Shorefront | Jalan Loyang Besar | 165@Loyang Pte Ltd | OCR | 23 | 3 | 13.0% | 1,897-1,919 |

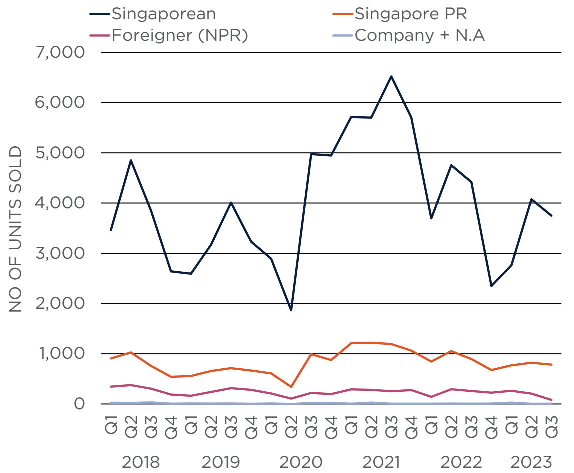
**Source** URA, Savills Research & Consultancy

**GRAPH 2: Number of Private Residential Units Sold in the Secondary Market, Q1/2018 to Q3/2023**



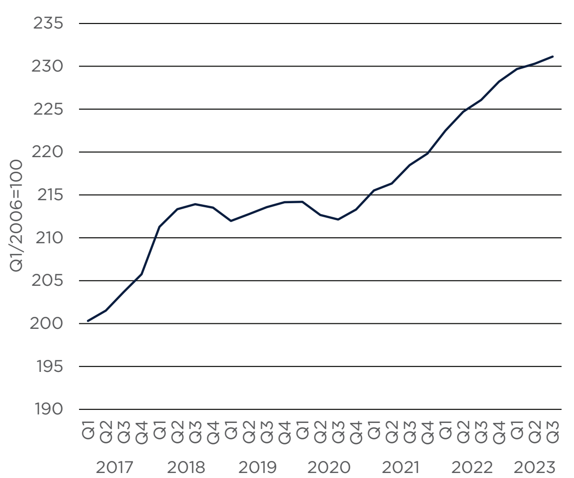

**Source** URA, Savills Research & Consultancy

**GRAPH 3: Sales Volumes of Non-landed Private Residential Units by Residency Status, Q1/2018 to Q3/2023**




**Source** URA, Savills Research & Consultancy

**GRAPH 4: Savills High-end Non-landed Home Price Index, Q1/2017 to Q3/2023**




**Source** Savills Research & Consultancy

sq ft. Apart from being near to reputable primary schools, the project is also in close proximity to tertiary institutions, the CBD, Orchard Road, one-north and Science Park, which may make it a desirable location for both owner-occupiers and investors.

Up to the third quarter, Orchard Sophia was the only new launch in the CCR this year. Developed on the former sites of Fairhaven and Sophia Ville, the five-storey condominium has 78 units, with two-bedroom units of 581 sq ft to 710 sq ft making bulk, or 71% of the unit mix. One-bedroom units of 441 sq ft to 484 sq ft constituted 15% of the total units, with the remaining being three-bedroom and three-bedroom dual key units sized from 764 sq ft to 840 sq ft. Since its launch in August 2023, 35.9% of the units have been taken up at an average price of S$2,817 per sq ft. Relatively speaking, this is a good performance considering the tightening of the cooling measures on 27th April 2023 which slowed sales in the CCR. The sales performance can be attributed to the ideal location of the project, providing proximity to the prime shopping district of Orchard Road but yet ensconced in a serene residential neighbourhood.

There were five new launches in the OCR in the quarter. Amongst them, Lentor Hills Residences recorded the highest take-up with 65.7% of the 598 units sold. This take-up rate was also the highest across all the nine new launches in Q3/2023. Lentor Hills Residences is the second project to be launched in the Lentor Hills estate, following the launch of Lentor Modern in September 2022. Bulk of the transacted units in the quarter were the smaller one-bedroom and two-bedroom units. Prices of the transacted units ranged from S$945,000 for a one-bedroom unit to nearly S$2.91 million for a four-bedroom unit on the high floors. Buyers may be attracted to the project as the development is a five-minute walk to the new Lentor MRT station on the Thomson-East Coast Line.

After two consecutive quarters of increase, despite the increase in launched units, new sales volume declined 8.5% QoQ to 1,946 units. On a YoY basis, it was 11.0% lower. This may indicate buyers' selectivity as the high interest rate environment may cause them to choose their project with greater scrutiny. For the quarter in review, nearly half, or 49.7% of the new sales came from RCR. However, corresponding to lesser launched units on a QoQ basis, this was a 38.5% quarterly decrease from the 1,573 units in the previous quarter. Notwithstanding more launched units in the CCR, new sales in that market segment fell 43.1% QoQ to 253 units. The CCR has appeared to be affected by the recalibration of the cooling measures and the increased scrutiny evident from the billion-dollar money laundering cases. On the other hand, new sales in OCR surged from 109 units in Q2/2023 to 725 units in Q3/2023, the highest since Q3/2022, when suburban new sales amounted to 1,244 units. Nevertheless, on a YoY basis, this was still a decline of 41.7%.

All the top five best-selling projects in the quarter were from those launched in the quarter. Each of these developments recording sales of over 70 units in Q3/2023. The best-selling project was Grand Dunman, which sold 578 units, making it the second best-selling project (in terms of units sold in the quarter) for the first three quarters of 2023. For the first nine months of the year, the best seller was The Reserve Residences. This project was launched in Q2/2023 and 593 of the total 892 units were sold by the end of that quarter.

While new sales recorded a QoQ decline of 8.5% in Q3/2023, secondary sales also decreased, albeit at a sedated pace of 0.2% to 3,255 units. On a YoY basis, secondary sales continued to trend downwards by a smaller 17.8%, as compared to the 26.1% in the previous quarter. In the third quarter, secondary sales in both the CCR and RCR fell by 2.7% and 7.5% QoQ to 535 units and 963 units respectively. For the OCR, secondary sales continued to increase for the second consecutive quarter by 5.2% QoQ to 1,757 units. Apart from escalating HDB prices, this may also be due to the large price differential between new sales and resale homes.

Due to the high Additional Buyer's Stamp Duty (ABSD) rates that foreigners (those without permanent residency) must pay, their purchases of non-landed homes fell significantly to 82 units, the lowest since Q1/1998 when foreigners acquired 68 homes, down 60.4% from the 207 recorded in Q2/2023. This was even lower than the sales volume during the Covid-19 pandemic when international borders were closed, and travel restrictions were imposed. Non-landed home purchases by permanent residents (PRs) and locals also declined, albeit at a much slower pace of 4.5% and 8.0% QoQ, to 784 units and 3,751 units respectively in the quarter. This came after two consecutive quarters of increase. As such, the proportion of local purchases grew 1.3 ppts to 81.1%, the first time exceeding the 80% mark since Q4/2021 after travel restrictions in Singapore were lifted. The proportion of non-landed home purchases by PRs also increased 0.9 of a ppt to 17.0%, while that of foreigners fell 2.3 ppts QoQ to 1.8%, the lowest since the data was made publicly available via URA REALIS.

## PRICES

Despite the uncertain economic outlook and high interest rates, the URA property index of all private residential properties rebounded with an increase of 0.8% QoQ in Q3/2023. This was a turnaround after a marginal decline of 0.2% QoQ in Q2/2023. On a YoY basis, it was 4.4% higher. The quarterly growth in residential prices was attributed to a 2.2% rise in non-landed home prices, a reversal from the 0.6% contraction in the previous quarter. On the other hand, prices of landed homes recorded its first QoQ decline of 3.6% after eight consecutive quarters of increase. In the non-landed segment, prices in the city-fringe and suburban areas (ie. RCR and OCR) strengthened in the quarter, increasing by 2.1% and 5.5% QoQ respectively. This came after a decline of 2.5% for RCR homes and a smaller increase of 1.2% for OCR homes. The increase in prices of non-landed homes in these two market segments may be due to more new launches in the quarter. However, for CCR, after a slight dip of 0.1% in Q2/2023, prices of non-landed homes decreased for the second consecutive quarter by a larger 2.7% QoQ in Q3. The higher ABSD rates and the dragnet on money launderers may have dampened market sentiments and also deterred foreigners from buying (often in prime locations) for now.

For the basket of luxury non-landed private residential projects tracked by Savills, the price increase slowed. Nevertheless, prices of luxury non-landed homes in the Savills' basket rose for a 12th consecutive quarter by 0.4% QoQ to S$2,601 per sq ft in Q3/2023. This QoQ growth is close to the 0.3% increase recorded in Q2/2023. With transaction volumes of such homes slowing down and weakening market sentiment particularly for this target market, prices of luxury homes are expected to decline in subsequent quarters.

## FUTURE SUPPLY

As at end-Q3/2023, there were 36,949 private residential units with planning approval (excluding executive condominiums (ECs)) in the supply pipeline. This was a significant decline of 16.3% from the 44,157 units recorded in the previous quarter and also the fourth consecutive quarter of decrease. Of the total supply pipeline, 45.3% (16,747 units) remain unsold, a 4.2% decline from the previous quarter's figure of 17,484 units. This was a reversal from the three consecutive quarters of increase.

In subsequent quarters, there are not many large projects of over 500 units expected to be launched. Out of the supply pipeline, only two have obtained Housing Developer Licences, and the bulk will be situated in the CCR. Nevertheless, with the muted demand from foreigners and cautiousness amid the global economic challenges, there lies much uncertainty as to the take-up of properties in the luxury segment.

## OUTLOOK

While new sales numbers are expected to fall from 7,099 units in 2022 to about 6,500 units in 2023, and resales from 14,026 units to about 11,300 units over the same period of comparison, prices are still expected to rise this year. The price increase for 2023 is driven mainly by cost push

**TABLE 2: Major Upcoming Launches from Q3/2023**

| PROJECT NAME | LOCATION | DEVELOPER | LOCALITY | TOTAL NO. OF UNITS |
|---|---|---|---|---|
| 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 | 215 |
| J'den | Jurong East Central 1 | Tanglin R.E. Holdings Pte Ltd | OCR | 368 |
| The Lakegarden Residences | Yuan Ching Road | Winville Investment Pte Ltd | OCR | 306 |
| Marina View Residences | Marina View | Boulevard Development Pte Ltd/ Boulevard Midtown Pte Ltd | CCR | 683 |
| Hillock Green | Lentor Central | Lentor Central Developments Pte Ltd | OCR | 474 |
| Sora | Yuan Ching Road | Lakeside Residential Pte Ltd | OCR | 440 |
| Residential apartments | Sophia Road | Sophia Residential Pte Ltd/ Sophia Commercial Pte Ltd | CCR | 373 |
| Hillhaven | Hillview Rise | East Residences Pte Ltd | OCR | 341 |
| Lentoria | Lentor Hills Road | Lentor View Pte Ltd | OCR | 267 |
| Watten House | Shelford Road | United Venture (Watten) Pte Ltd | CCR | 180 |
| The Arcady At Boon Keng | Serangoon Road | KSH Ultra Unity Pte Ltd | RCR | 172 |

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

pressures as the land on which these projects are located was purchased in 2021 and 2022 when land prices were rising.

We believe that for 2024, the market tapestry will be one that weaves out a consolidative pattern. The sharp run up in land prices from 2020 to 2022, pushed selling prices well past the S$2,000 per sq ft resistance level for both the RCR and OCR. When these projects were marketed in 2022, the new pricing regime was accepted because during the peak of the pandemic measures in 2020 and 2021, the market was starved of new launches. Revenge buying manifested itself in 2022 and the momentum followed through to Q1 and, for some projects, into Q2/2023. However, while prices could continue to rise, the air is getting thinner. We saw this from the second quarter of 2023 when some projects mustered sales of less than 30% on the first weekend of launch.

As land price increases took a breather in 1H/2023, it will give developers a respite in 2H/2024 from pushing the pricing frontier further. Prices are expected to remain flat in 2024 with projects having the following characteristics likely to perform better: 1) Being the first major launch in the sub-zone after a 5 year or longer period; 2) Located near public transportation nodes; 3) Located within a kilometre of popular schools and/or amenities; 4) Executive Condominiums. Other characteristics are going to prove less appealing including: 1) Projects in an area which has been saturated with previous launches over the past few years; 2) No unique selling features like not being near popular schools and transportation hubs. For them, buyers will be more price sensitive. We maintain our 7% YoY price increase for 2023 as a whole.