Singapore – November 2024

MARKET IN MINUTES

Savills Research

Residential Sales

Improving sentiment boosts home sales

The private residential market appears to be improving, evident from both new sales and secondary sales which recorded quarterly increases in Q3/2024.

- The number of launched units more than doubled to 1,284 units in Q3/2024. This led to new sales surging 60.0% quarter-on-quarter (QoQ) to 1,160 units. Nevertheless, this was still 40.4% lower on a year-on-year (YoY) basis.
- Secondary sales also recorded quarterly increases in Q3/2024, albeit at a much-moderated pace compared to the previous quarter. The higher new sales may have meant that more have entered the primary sales market, leading to a slower growth in the secondary sales market.
- The growth in non-landed home sales was concentrated amongst locals. Foreign non-landed home sales contracted 22.2% QoQ to 63 units as the cooling measures continue to dampen buying sentiments of this group of buyers.
- After four consecutive quarters of increase, prices of all private residential properties recorded their first quarterly decline of 0.7% in Q3/2024. This was the largest QoQ contraction since Q1/2020 when prices fell 1.0%.
- For the Savills basket of luxury non-landed private residential projects, prices fell slightly by 0.4% QoQ to S$2,582 psf in the quarter, after remaining unchanged in the previous quarter. Demand has slowed down for these properties, as seen from a decrease in transaction volume.
- For 2024, we are keeping to our price forecast to remain flat with a slight upside bias. For 2025, we are forecasting the price change to have a wider range, starting from -1% to +5%. The negative change could materialise because of the lower land prices in 2023, providing some buffer if demand is weak. The +5% may result if HDB resale prices continue to rise sharply, and if an even greater number of Singaporeans decide to plough their savings into property on behalf of their children.

"Owing to rapidly rising HDB resale prices, and the ample savings accumulated by retirees, private residential prices can continue rising despite economic challenges."

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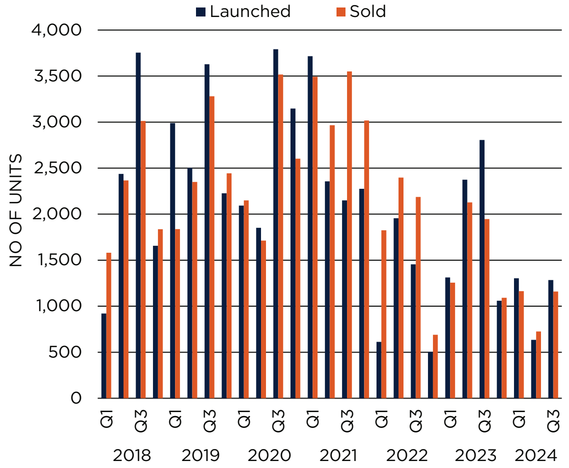
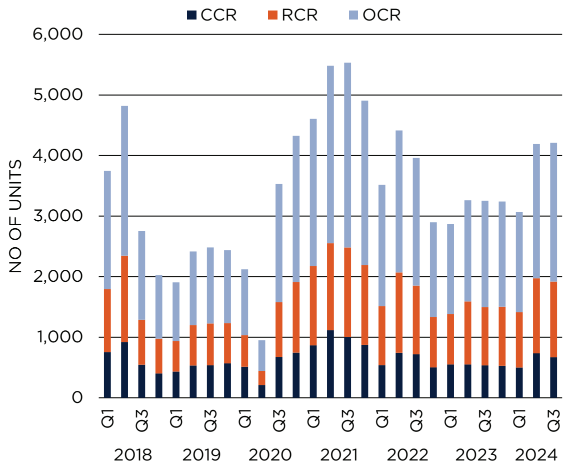
GRAPH 1: Number of Private Residential Units Launched and Sold in the Primary Market, Q1/2018 to Q3/2024



Source URA, Savills Research & Consultancy

GRAPH 2: Number of Private Residential Units Sold in the Secondary Market, Q1/2018 to Q3/2024



Source URA, Savills Research & Consultancy

MARKET OVERVIEW

Following a slump in launched units in Q2/2024, the number of units launched rebounded in Q3/2024, more than doubling from 634 units to 1,284 units. Nevertheless, it was still less than half of the 2,805 units launched in the same period a year ago. The QoQ surge in launched units mainly came from Rest of Central Region (RCR) and Outside Central Region (OCR). Launches in RCR almost doubled from 249 units in Q2/2024 to 468 units in Q3/2024, while that in OCR skyrocketed from 126 units in Q2/2024 to 782 units in the quarter. On the other hand, the number of launched units in Core Central Region (CCR) contracted 86.9% QoQ to a mere 34 units. As such, OCR constituted the largest proportion of launched units in the quarter, with 60.9%, followed by 36.4% in RCR and 2.6% in CCR.

Although there were fewer projects launched in the quarter (three compared to six in the previous quarter), each of these projects had more units. Additionally, projects such as Tembusu Grand, Pinetree Hill, and Hillhaven that were launched in previous quarters, had over 100 units released for sale in Q3/2024. These two factors led to more units being launched in the quarter. In comparison to the six new launches in Q2/2024 (excluding Lentor Mansion with its take-up rate of 76.0%), the sales take-up of the new projects in Q3/2024 generally fared better, with two of the developments having over half of their units sold in the quarter of launch. These included Kassia and 8@BT. Between these two projects, Kassia had a slightly higher take-up of 59.4%, with 164 of its 276 units sold in the quarter. During the first weekend of launch, the freehold development sold over 50% of the units. This will be the final project in the cluster of private condominiums within the Flora Drive-Flora Road enclave by joint venture Tripartite Developers, consisting of Hong Leong Holdings, City Developments and TID that spanned across three decades. Developments in this enclave included Azalea Park, Ballota Park, Carissa Park, Dahlia Park, Edelweiss Park, Ferraria Park, The Gale, Hedges Park, The Inflora and The Jovell. Among the unit types within Kassia, the one- and two-bedroom units (including one-bedroom+study and two-bedroom+study) were the most popular, selling 146 of these units in the quarter of launch. These accounted for bulk, or 89.0% of the units sold for Kassia in the quarter. The relatively healthy take-up for the development may be due to the units being attractively priced, given its freehold tenure and well-connected to the Pan Island Expressway and East Coast Parkway. The one-bedroom units that were sold were largely below S$1 million, while the one-bedroom+study, two-bedroom and two-bedroom+study units were mainly transacted below S$1.5 million.

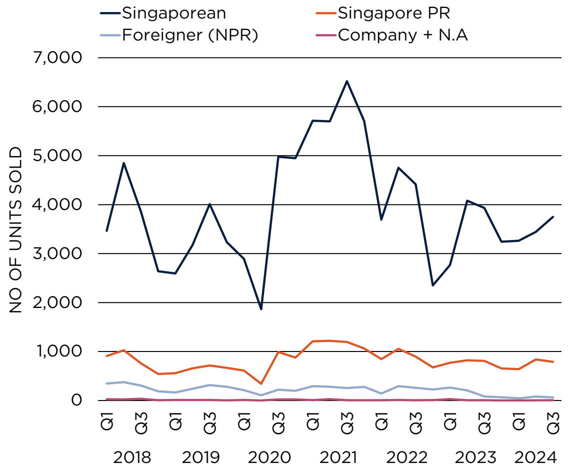
The other new project that saw over half of its units sold at launch in the quarter in review was 8@BT, located at Bukit Timah Link in the RCR. Around 81 of the total 158 units were sold, with an average price of S$2,731 psf. Close to 93.8% of the one-bedroom units were sold in the quarter, which were priced between S$1.34 million and S$1.59 million (S$2,527 psf to S$3,033 psf). Around 60.4%, or 29 of the two-bedroom units, priced from S$1.81 million to S$2.21 million (S$2,586 psf to S$3,014 psf), along with 42.6% of the three-bedroom units (20 units), priced between S$2.57 million and S$3.26 million (S$2,567 psf to S$2,846 psf) were also transacted in Q3/2024. The development is strategically located within walking distance to the Beauty World MRT station with renowned schools within proximity. Strong sales were also observed for the neighbouring projects, such as the freehold development The Linq @ Beauty World being launched in November 2020 and all its 120 units were sold in December

TABLE 1: New Launches, Q3/2024

PROJECT NAME	LOCATION	DEVELOPER	LOCALITY	TOTAL NO. OF UNITS	TOTAL NO. OF UNITS SOLD BY Q3/2024	TAKE-UP	PRICE RANGE (S$ PER SQ FT)
Kassia	Flora Drive	Tripartite Developers Pte Ltd	OCR	276	164	59.4%	1,821 - 2,177
Sora	Yuan Ching Road	Lakeside Residential Pte Ltd	OCR	440	111	25.2%	1,851 - 2,502
8@BT	Bukit Timah Link	Bukit One Pte. Ltd.	RCR	158	81	51.3%	2,527 - 3,033

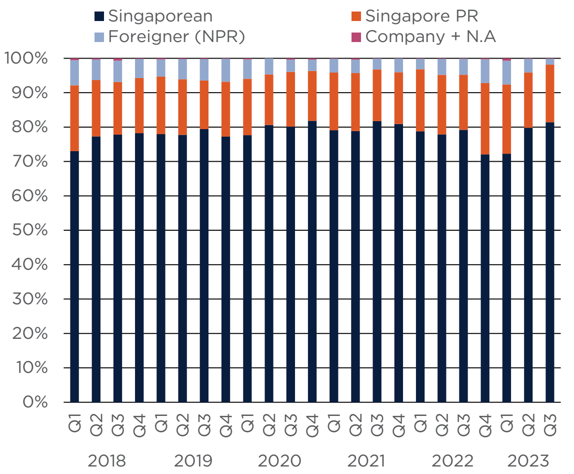
Source URA, Savills Research & Consultancy

GRAPH 3: Sales Volumes of Non-landed Private Residential Units by Residency Status, Q1/2018 to Q3/2024



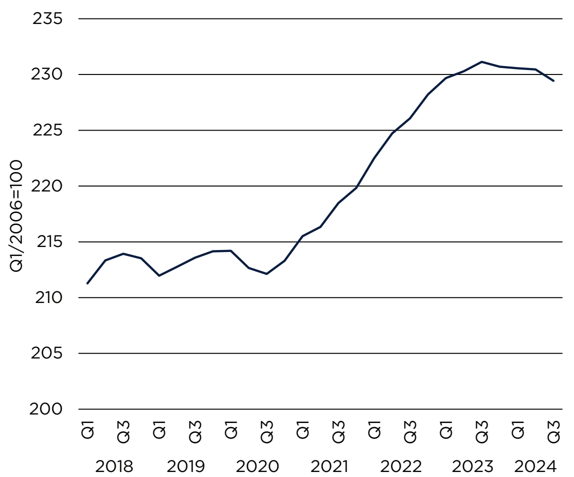
Source URA, Savills Research & Consultancy

GRAPH 4: Proportion by Residency Status, Q1/2018 to Q3/2024



Source URA, Savills Research & Consultancy

GRAPH 5: Savills High-end Non-landed Home Price Index, Q1/2018 to Q3/2024



Source Savills Research & Consultancy

2021 and The Reserve Residences being launched in May 2023 and 711 of the 732 units (97.1%) were sold as at end Q3/2024.

In line with the surge in number of launched units, providing a wider variety of options to homebuyers, new sales expanded 60.0% QoQ to 1,160 units in Q3/2024. However, on a YoY basis, it was still 40.4% lower. As there were more units launched in RCR and OCR, new sales in these two market segments grew by 70.0% and 72.7% on a QoQ basis to 391 and 715 units respectively. For OCR, this was the second consecutive quarter that new sales have surpassed launches. Separately, 54 units were sold in the primary market in CCR. For CCR, this was the sixth consecutive quarter of decline. Despite the contraction, new sales still exceeded launches in the market segment. Consequently, new sales in CCR only constituted 4.7% of total new sales in the quarter, while that in RCR and OCR comprised 33.7% and 61.6% respectively.

Owing to the lack of significant new launches and hike in the Additional Buyer's Stamp Duty (ABSD) rates for foreigners, sales in the CCR have been severely impacted, with new sales continuing to fall. As demand for homes in CCR is largely driven by foreigners, who have now taken a backseat, things have appeared to be looking better for RCR and OCR, whereby the target market is largely Singapore residents. With more new launches and interest rates starting to decline, sentiments from homebuyers may have turned positive, which have led to an improvement in new sales.

Of the top five best-selling projects in Q3/2024, two of the new launches in the quarter took the top two positions, with Kassia and Sora selling over 100 units each. The other three projects were previously launched developments, which sold over 80 units each. These included Hillhaven (launched in Q1/2024 and 87 units sold in the quarter), Pinetree Hill (launched in Q3/2023 and 87 units sold in the quarter) and Tembusu Grand (launched in Q2/2023 and 85 units sold in the quarter).

While new sales rebounded following an increase in launches, secondary sales continued on the rise, albeit at a much-moderated pace as compared to the previous quarter. In comparison to the 36.7% surge in Q2/2024, secondary sales inched up marginally by 0.5% QoQ to 4,212 units in Q3/2024. This was the second consecutive quarter of increase and the highest secondary sales volume since Q2/2022 when it amounted to 4,414 units. Across the three market segments, secondary sales in RCR and OCR grew for the second consecutive quarter by 0.8% and 3.4% QoQ to 1,249 units and 2,293 units respectively. On the other hand, secondary sales in CCR declined 8.7% QoQ to 670 units in the quarter, after a quarterly increase in the previous quarter. Nevertheless, the secondary sales in CCR were still 25.2% higher YoY.

Total non-landed residential sales volume grew for a second consecutive quarter, with sales to locals increasing. After showing growth in Q2/2023, non-landed sales volume by Singapore permanent residents (PRs) and foreigners fell 5.7% and 22.2% QoQ to 791 units and 63 units respectively in Q3/2024 respectively. As such, this is further reinforcing the view that the higher ABSD rates are deterring foreigners and PRs from acquiring residential properties. This is especially seen in the case of foreigners with foreign home purchases plunging to below 100 units per quarter since Q3/2023. Non-landed home purchases of Singaporeans, on the other hand, grew steadily for the third consecutive quarter by 8.9% QoQ to 3,749 units in the quarter, the highest since Q3/2023 when sales volume by locals amounted to 3,932 units. Falling mortgage rates may have improved buyers' confidence to enter the private residential market, especially for many that have been sitting on the sidelines amid the high-interest rate environment.

Owing to the increase in non-landed home purchases of Singaporeans, the proportion of non-landed sales by this group of buyers grew 2.5 ppts from 78.8% in Q2/2024 to 81.3% in Q3/2024. Consequently, the proportion of non-landed sales by PRs and foreigners declined by 2.0 ppts and 0.5 of a ppt to 17.2% and 1.4% in the quarter. For foreigners, this was the fifth consecutive quarter that proportion of home purchases by foreigners has fallen to below 2% since the higher ABSD rates were imposed.

PRICES

After four consecutive quarters of increase, the URA property index for all private residential properties registered a QoQ contraction of 0.7% in Q3/2024. This was the largest quarterly decline since Q1/2020 when prices fell 1.0%. While prices of landed homes fell 3.4% on a QoQ basis after increasing for three consecutive quarters, prices of non-landed properties continued trending up for the fifth consecutive quarter by a mere 0.1% in Q3/2024, slower than the 0.6% growth in the previous quarter. This was the slowest growth in the past five quarters.

Across non-landed homes in the three market segments, prices of homes in CCR decreased by a larger 1.1% QoQ, compared to 0.3% in Q2/2024. This may be due to the lack of significant launches in the recent quarters, leading to lower new sales which are often priced higher than those in the secondary market. In addition, because of lower foreign demand property prices in this market segment had to adjust. On the other hand, prices of non-landed homes in RCR continued on an upward trend for a third consecutive quarter, albeit at a moderated pace of 0.8% in Q3/2024 compared to 1.6% in the previous quarter. Prices of non-landed homes in OCR, however, remained unchanged for the first time after increasing for six consecutive quarters. Nevertheless, on a YoY basis, non-landed home prices across all three market segments continued to record increases.

For the basket of luxury non-landed private residential projects tracked by Savills, prices of these properties declined marginally by 0.4% QoQ to S$2,582 psf in Q3/2024. It was unchanged in Q2/2024. This was in line with the movement of the URA price index of non-landed residential properties in CCR. Transaction volume have also decreased. On a YoY basis, prices contracted for the first time since Q4/2020, falling by 0.7%.

FUTURE SUPPLY

The pipeline supply of residential properties (excluding executive condominiums (ECs)) which have obtained planning approvals declined further to 35,475 units at the end of Q3/2024. Compared to the 1.0% contraction in the previous quarter, this quarter saw a 6.1% decrease in the pipeline supply of residential homes of which about 56.2% (19,940 units) remain unsold, representing a 3.0% contraction from the previous quarter. This was the first quarter when the number of unsold units declined, after three consecutive quarters of increase. It came with an improvement in new sales in this quarter, as well as relatively better take-up rates of recent new launches, amid the falling interest rates.

In the last quarter of the year, there will be various large-scale developments expected to be launched. These projects are mainly in the RCR and OCR and likely to hit the market in November to beat the December travelling season. For some of these projects which have opened for previews (as at the date of release of this report), it seems that there is much interest from potential homebuyers with the public queuing to enter the show flats. This provides increasing confidence for developers and hence, hastening their pace to launch the projects.

OUTLOOK

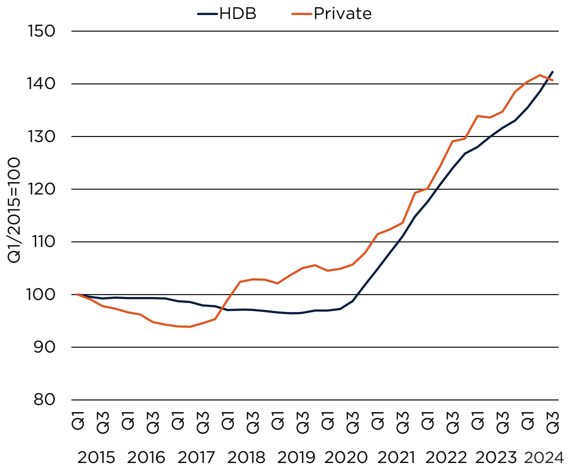
Notwithstanding the global economic and business malaise, the private residential market here is expected to surprise counterintuitively. The 77% maiden launch sales of Chuan Park on

TABLE 2: Major Upcoming Launches from Q4/2024

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	113
Nava Grove	Pine Grove	Golden Ray Edge 3 Pte Ltd	RCR	552
Newport Residences	Anson Road	Hong Leong Properties Pte Ltd	CCR	246
Elta	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
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	846
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	188
Residential apartments	Marina Gardens Lane	Kingsford Marina Development Pte Ltd	CCR	937
The Orie	Lorong 1 Toa Payoh	Transcend Residential (Toa Payoh) Pte Ltd	RCR	777

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

GRAPH 6: HDB Prices Outperforming Private Residential Prices since 2020



Source Savills Research & Consultancy, Realis, HDB

TABLE 3: Median Sizes of Units Transacted

	2014	2018	2023	JAN-SEP 2024
New Sale Freehold/ 999-year	743	689	818	753
Resale Freehold/ 999-year	1,281	1,195	1,071	1,130
New Sale 99-year	764	743	764	926
Resale 99-year	1,238	1,142	996	979

Source URA, Savills Research & Consultancy

the 10th of November was a project which reinforced our view of the demand drivers for new launch private residential properties. Prior to this launch, the first positive indications came from the success of 8@BT which saw over half of its 158 units sold on the first weekend of launch. Then came the equally successful Norwood Grand which saw 84% of its 348 units sold in the maiden launch.

Therefore, looking at the list of launches in Table 2, we will find that other than for projects such as Chuan Park, Norwood Grand and Union Square Residences which are already launched, the remaining ones in the RCR and OCR have very palatable unit sizes. The average total number of units per project is about 360. Given this information, we believe that new sales in Q4/2024 may be close to the 3,000-unit level, bringing the total for the year to about 6,000 units. However, this is still below 2023's 6,421 units.

A new trend could have emerged in that the sizes of new sales units amongst 99-year non-landed projects has risen significantly. Table 3 shows the median sizes of units sold at several intervals from 2014 onwards. For the period January to September 2024, the median sizes of units sold in the 99-year leasehold market jumped to 926 sq ft. For the year 2014, 2018 and even as recent as 2023, the sizes were 764 sq ft, 743 sq ft and 764 sq ft respectively. This increase could have been borne out of the recent rise in HDB resale prices. From the end of 2020 till Q3/2024, HDB resale price rose by 39.5%.

In contrast, median new sale prices of non-landed properties in the RCR and OCR rose by 28.3% and 29.2%. This narrowing in prices between the public and private domains of the market is the likely factor that is motivating HDB upgraders to buy into new sale properties for living in. Please refer to Graph 6.

This asymmetrical rate of price changes is likely to spawn greater upgrader demand from the HDB market for larger private homes in the coming quarters, replacing investment demand that often funnels into the 1- and 2-bedroom types for OCR launches. This incipient trend may be something for developers and architects to take note when they plan for their next project.

For 2024, we are maintaining our forecast for overall prices to remain flat with a slight upside bias. For 2025, we are forecasting prices to have a wider range, starting from -1% to +5%. The negative change could materialise because the lower land prices developers have paid since 2023 allowing them a buffer to adjust their launch prices to accommodate demand. However, the +5% may turn out to be the case if HDB resale prices continue to rise sharply, and if an even greater number of Singaporeans, particularly the baby boomers and the earlier group of Generation Xs decide to plough their savings into property on behalf of their children.