Singapore – March 2023

MARKET IN MINUTES
Savills Research

Residential Sales

savills

Lower sales volume with fewer new launches

Following stellar sales volume in 2021, macroeconomic and interest rate factors, together with much lower new launches, brought about a fall in sales volume in 2022.

- The number of launched units declined further in Q4/2022, falling 65.4% quarter-on-quarter (QoQ) to 504 units. On a year-on-year (YoY) comparison, the decline was 77.8%.
- Due to the significant decrease in new launches, new sales volume plummeted in tandem, declining for the second consecutive quarter by 68.4% QoQ to 690 units in Q4/2022.
- The continual increase in interest rates amid macroeconomic uncertainties led secondary sales volume to decline as well, falling further by 26.8% QoQ to 2,898 units in Q4/2022.
- The abovementioned factors led to a more conservative and cautious stance of homebuyers towards purchasing decisions. This particularly impacted the locals, as non-landed purchases by Singaporeans almost halved to 2,303 units in Q4/2022. Similarly, sales volume of non-landed homes by Singapore Permanent Residents (PRs) and foreigners declined in the quarter.
- Despite the economic uncertainties, the URA property price index of all private residential properties continued to rise for the 11th consecutive quarter, albeit by just 0.4% in Q4/2022. In Q3/2022, it rose 3.8% QoQ.
- The average price from Savills' basket of high-end non-landed private residential projects increased further for the ninth consecutive quarter by 0.9% QoQ to S$2,568 psf in Q4/2022.
- The performance seen in the first 2 launches of 2023 strongly suggests that higher mortgage rates and challenging economic circumstances have not deterred enough buyers to turn the market around. On the contrary, the demand curve has shifted significantly to the right for 2 and to a less degree for 3-bedroom types. We maintain our forecast for private residential property prices to rise 7% in 2023.

"The new sale market has so far shrugged off the pressure of economic malaise and higher mortgage rates and instead, is setting price records."

ALAN CHEONG, SAVILLS RESEARCH

Savills team

Please contact us for further information

SINGAPORE

Marcus Loo
CEO, Singapore
+65 6415 3893
marcus.loo@savills.com.sg

Jacqueline Wong
Executive Director
Residential Leasing and The Private Office Sales
+65 6415 3878
jacqueline.wong@savills.com.sg

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

RESEARCH

Alan Cheong
Executive Director
Singapore
+65 6415 3641
alan.cheong@savills.com.sg

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

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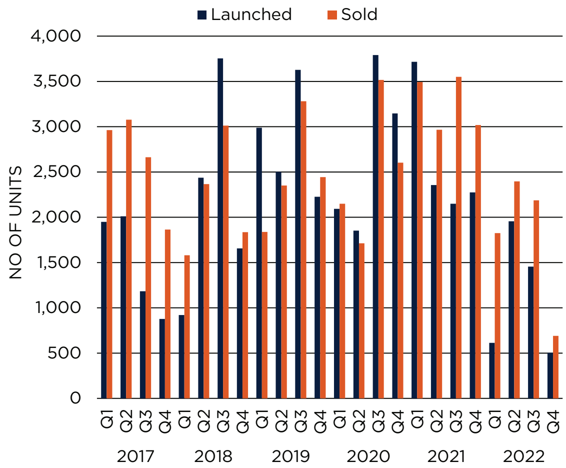
Company Reg No. 198703410D

GRAPH 1: Number of Private Residential Units Launched and Sold in the Primary Market, Q1/2017 to Q4/2022



Source URA, Savills Research & Consultancy

MARKET OVERVIEW

In the fourth quarter, the number of units launch more than halved from the 1,455 units in Q3/2022 to 504 units. On a YoY basis, it fell 77.8%. While the number of launched units in Core Central Region (CCR) increased QoQ, the number of launched units in Rest of Central Region (RCR) and Outside Central Region (OCR) fell. The largest decline was in the OCR where it fell 95.1% QoQ from the 1,141 units recorded in Q3/2022 to just 56 units in Q4/2022, the lowest in record since the data was compiled in Q1/2004. Also, the number of units launched in the RCR continued to remain low, decreasing 16.2% QoQ to 62 units. On the other hand, the number of launched units in the CCR surged 60.8% QoQ from 240 units in Q3/2022 to 386 units in Q4/2022. Consequently, the CCR constituted the bulk of the new launches across the three market segments. For 2022, the number of units launched more than halved from 10,496 units in 2021 to 4,528 units. For the full year, the RCR recorded the largest decrease in launches, plummeting 71.4% from 4,854 units in 2021 to 1,386 units in 2022. Over the same period, the launches in CCR and OCR declined 45.3% and 43.4% YoY to 1,473 units and 1,669 units respectively. In terms of the breakdown of units launched by locality, the bulk, or 36.9% of the launches in the year were in OCR, followed by 32.5% in CCR and 30.6% in RCR. In 2021, the RCR made up the bulk of new launches.

In the quarter, six projects were newly launched, with most of them located in CCR. In Q4/2022, the launches were from smaller projects, with the largest constituting only 132 units. This was for the 99-year leasehold Pollen Collection, which comprises 128 terrace houses and 4 semi-detached houses. The launch of Pollen Collection was the first major landed (including strata landed) project since Belgravia Ace (107 strata landed units) was open for booking in January 2022. Developed by Bukit Sembawang Estates, the transacted prices at Pollen Collection ranged from S$3.54 million to S$4.09 million. Each unit has three storeys with five ensuite bedrooms, a private lift, and a car porch for at least two cars. Some corner terraces also include an outdoor pool on the first floor. In the fourth quarter, 22 units of this project were launched. Four units (three terrace houses and a semi-detached house) were sold in the quarter.

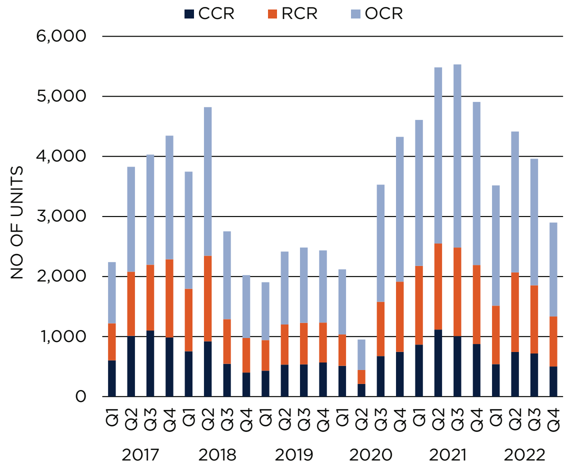
Among the six new launches in the quarter, the project with the highest take-up rate is Hill House, a 999-year leasehold development located at Institution Hill with a total of 72 units. All 72 units were launched in the quarter and 13 of them were sold. This translated to a take-up rate of 18.1%. Transacted prices ranged from S$2,783 to S$3,168 per sq ft. Hill House is a redevelopment of two residential sites at 10A and 10B Institution Hill, which were acquired through collective sale for S$33.6 million by a consortium comprising Macly Group, Roxy-Pacific Holdings and LWH Holdings in February 2021. In the OCR, besides the Pollen Collection, there was another new launch called the Kovan Jewel. This freehold development, located at Kovan Road was developed on the site of the former Kovan Lodge, is a small project consisting of 34 units. Four units were sold in the quarter and this works out to a take-up rate of 11.8%.

TABLE 1: New Launches, Q4/2022

PROJECT NAME	LOCATION	DEVELOPER	LOCALITY	TOTAL NO. OF UNITS	TOTAL NO. OF UNITS SOLD BY Q4/2022	TAKE-UP (%)	PRICE RANGE (S$ PSF)
Pollen Collection	Pollen View/Pollen Crescent/Pollen Walk/Pollen Place	Singapore United Estates Pte Ltd	OCR	132	4	3.0%	1,407 - 2,191
Hill House	Institution Hill	Mequity Hills Pte Ltd	CCR	72	13	18.1%	2,783 - 3,168
Sanctuary@Newton	Surrey Road	ASK Development Pte Ltd	CCR	38	0	0%	-
Sophia Regency	Sophia Road	East Asia Sophia Development Pte Ltd	CCR	38	0	0%	-
Kovan Jewel	Kovan Road	Soon Lian Realty Pte Ltd	OCR	34	4	11.8%	2,063 - 2,200
Enchante	Evelyn Road	Evelyn Pte Ltd	CCR	25	2	8.0%	2,647 - 2,703

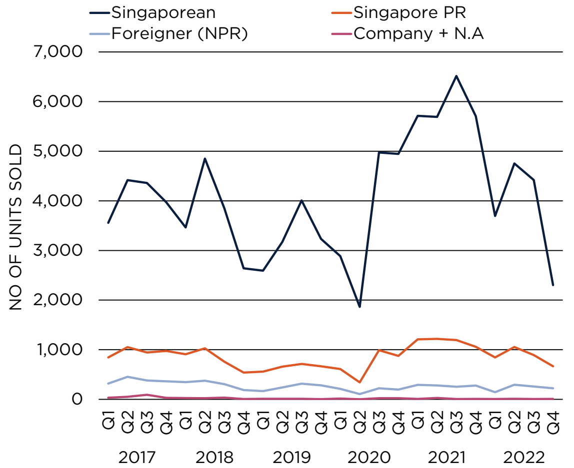
Source URA, Savills Research & Consultancy

GRAPH 2: Number of Private Residential Units Sold in the Secondary Market, Q1/2017 to Q4/2022



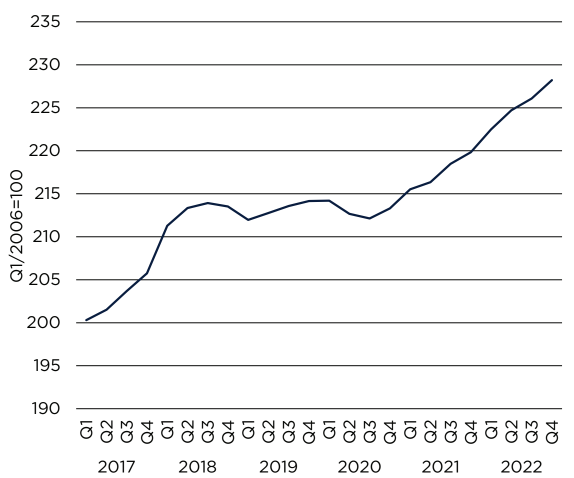
Source URA, Savills Research & Consultancy

GRAPH 3: Sales Volumes of Non-landed Private Residential Units by Residency Status, Q1/2017 to Q4/2022



Source URA, Savills Research & Consultancy

GRAPH 4: Savills High-end, Non-landed Home Price Index, Q1/2017 to Q4/2022



Source Savills Research & Consultancy

Apart from these new launches, the new units released for sale from projections previous launched were low in the quarter. Other than Hill House that released the highest number of units for sale in Q4/2022 (72 units), there were only two other projects, namely Perfect Ten and Riviere, where 60 and 50 units respectively were released for sale in the quarter.

Due to the significant fall in new launches, new sales volume plunged in tandem as well. New sales declined for the second consecutive quarter by 68.4% QoQ to 690 units in Q4/2022, the lowest since Q4/2008 when new sales volume amounted to 419 units. On a YoY basis, the decrease was a larger 77.1%. For the first quarter since Q4/2009, CCR constituted the largest proportion of new sales across the three market segments (55.2%, or 381 units), followed by RCR (27.0%, or 186 units) and OCR (17.8%, or 123 units) respectively. New sales volume across all three market segments fell on a QoQ basis, with the largest decline in OCR (-90.1%), which corresponded to the plunge in new launches. New sales in CCR and RCR decreased 32.2% and 51.2% QoQ to 381 units and 186 units respectively. For RCR, the new sales volume was the lowest since Q4/2008 when only 85 units were sold. For the whole of 2022, new sales totalled 7,099 units, 45.5% lower than the 13,027 units sold in the primary market in 2021. This was also the lowest since 2008 when new sales volume amounted to 4,264 units. Although new launches in RCR was the lowest in the year, it comprised the largest proportion of 38.5% in terms of total new sales. Nevertheless, this was around half the new sales volume in the previous year. New sales in OCR constituted 34.8% of total new sales (2,471 units) while that in CCR amounted to 26.7% of new sales volume (1,896 units).

With new sales having a lacklustre performance in the quarter, sales at the top five best-selling projects were relatively low. The new sales volume of all top five best-selling projects in Q4/2022 were below 100 units and none of these projects were new launches in the quarter. Three of these projects were situated in CCR while the remaining two were in RCR. The best-selling project in Q4/2022 was Perfect Ten, which sold 58 units in the quarter. This increase could be due to the release of the second tower for sale since 10th September. Since the launch of the second tower, 79 of the 115 units in the second tower have been sold. Transacted prices of the units sold were between S$2.08 million and S$4.40 million (S$2,649 psf to S$3,585 psf). The two other projects under the top five best-selling list that are located in CCR included Leedon Green (31 units sold) and One Holland Village Residences (26 units sold). The other two remaining best-selling projects that are situated in RCR were Riviere and One Pearl Bank, which sold 45 units and 26 units respectively in the quarter.

Secondary sales declined in Q3/2022 and this was followed by another 26.8% drop to 2,898 units in Q4/2022. Secondary sales volume recorded the largest decline in CCR, falling for the second consecutive quarter by 30.1% QoQ to 502 units. On a YoY basis, secondary sales fell 42.6%. Transaction volume in the secondary sales market for RCR and OCR declined 26.5% and 25.9% QoQ to 834 units and 1,562 units respectively. For the whole of 2022, the total secondary sales volume was 14,791 units. This was a drop of 28.0% YoY after two consecutive years of increase. The largest decrease was observed in CCR, contracting 35.2% YoY to 2,504 units. Secondary sales in RCR and OCR also recorded yearly decreases, declining 22.9% and 27.9% to 4,268 units and 8,019 units respectively.

By buyers' nationality status, there was a significant drop in Singaporeans buying, almost halving from the 4,420 units in Q3/2022 to 2,303 units in Q4/2022. This was the lowest since Q2/2020 when local purchases amounted to a mere 1,865 units. Purchases by PRs and foreigners also declined in the quarter, albeit at a moderated pace of 25.3% and 13.5% to 667 units and 224 units respectively. With the larger contraction in sales volume of Singaporeans, the proportion of non-landed purchases by local buyers fell significantly by 7.3 ppts from 79.2% to 71.9%, the lowest since Q1/2016 when it was 67.7%. Correspondingly, the proportion of non-landed sales volume by PRs and foreigners rose in accordance by 4.8 ppts and 2.4 ppts to 20.8% and 7.0% respectively in the quarter. For the whole of 2022, local purchases of non-landed homes totalled 15,172 units, 35.8% lower than the 23,626 units in 2021. Similarly, non-landed purchases by PRs and foreigners also declined on a YoY basis, dropping 26.1% and 16.6% to 3,460 units and 922 units respectively. This resulted in a 2.7-ppt fall in proportion of non-landed purchases by Singaporeans against total non-landed sales volume to 77.5%, while that of PRs and foreigners rose 1.8 ppts and 0.9 of a ppt to 17.7% and 4.7% respectively in 2022.

PRICES

The URA property price index of all private residential properties continued rising for the 11th consecutive quarter. However the increase was much lower at 0.4% QoQ compared to the 3.8% rise Q3/2022. The positive change in prices of both landed and non-landed properties slowed, with the price index of landed homes increasing 0.6%

QoQ, following the 1.6% in the previous quarter, while that of non-landed homes inched up 0.3% QoQ after a 4.4% increment in Q3/2022. Non-landed property prices in the RCR surged 3.1% and those in the CCR rose 0.7% QoQ. However, prices of non-landed homes in OCR fell 2.6% QoQ. This may be due to fewer new launches in the quarter. For the whole of 2022, the URA property price index of private residential properties rose 8.6%, moderating from the 10.6% recorded in 2021. This increase can be broken down to the relatively slower growth in prices of both landed and non-landed homes that grew 9.6% and 8.1% in 2022 respectively. In contrast, for 2021, they rose 13.3% and 9.8% respectively.

Similarly, prices of luxury non-landed private residential projects tracked by Savills trended upwards for the ninth consecutive quarter by 0.9% QoQ to S$2,568 psf in the final quarter of 2022. As such, prices rose 3.8% on a YoY basis, the largest growth in a year since 2018 when prices grew by 3.8% as well. The rise was partially driven by Singapore's safe haven status which had been a draw for high-net-worth individuals.

FUTURE SUPPLY

As at end-Q4/2022, there were 46,041 private residential units with planning approvals (excluding executive condominiums (ECs)) in the supply pipeline. This was 6.8% lower than the 49,384 units recorded in the previous quarter. This was the first quarterly decline after three consecutive quarters of increase, which can be attributed to a timing issue on land sales front. There could exists periods where the planning approvals or the closure of land sales may not land in a particular quarter. Of this, around 34.8% (16,024 units) of these units remain unsold, a 2.2% increase from the previous quarter's figure of 15,677 units. Despite the increase, the unsold stock remains tight compared to the peak of 36,839 units in Q1/2019. While there is not many known significantly large new launches (above 500 units) expected to come into the market in 2023, the macroeconomic uncertainties and escalating interest rates may result in the price appreciation to moderate.

For 2023, bulk of the new launches are expected to emanate from the RCR, where some of the larger projects such as Grand Dunman (1,012 units), The Reserve Residences (900 units), The Continuum (807 units) and Tembusu Grand (640 units) are expected to be opened for sale.

OUTLOOK

The first two major launch of private non-landed residential projects in February and March 2023 for their respective micro-locations to set price records. Yet, despite the sharp increase in sales prices while bearing in mind the economic/ tech space challenges and the spectre of even higher mortgage rates in future, the sales rate in the first weekend of launch was nevertheless healthy.

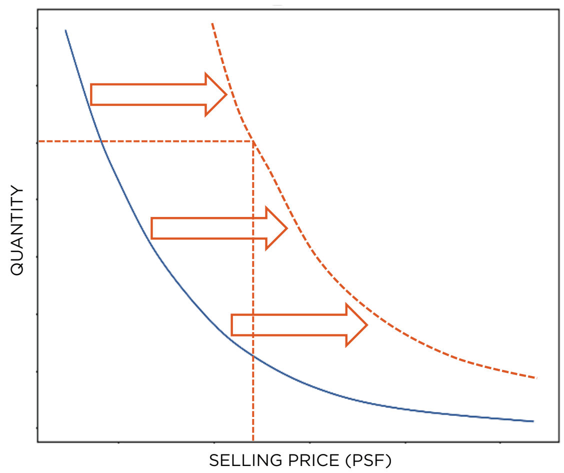
On the first weekend launch on the 25th and 26th of February 2023, Terra Hills, a 270-unit condominium located in the RCR, managed a 38% sales rate at an average price of approximately S$2,650 psf. A week later, The Botany at Dairy Farm, a project located in the OCR, managed a maiden

TABLE 2: Major Upcoming Launches from Q1/2023

PROJECT NAME	LOCATION	DEVELOPER	LOCALITY	TOTAL NO. OF UNITS
Amber Sea	Amber Gardens	Urban Park Pte Ltd	RCR	132
The Reserve Residences	Jalan Anak Bukit	FE Landmark Pte Ltd	RCR	900
The Continuum	Thiam Siew Avenue	Hoi Hup Sunway Katong Pte Ltd	RCR	807
The Arden	Phoenix Road	CNQC Realty (Phoenix) Pte Ltd	OCR	105
Orchard Sophia	Sophia Road	Orchard Sophia Pte Ltd	CCR	90
Residential apartments	Enggor Street	New Vision Holding Pte Ltd	CCR	114
Blossoms By The Park	Slim Barracks Rise	EL Development (Buona Vista) Pte Ltd	RCR	275
Terra Hill	Yew Siang Road	Hoi Hup Sunway Kent Ridge Pte Ltd	RCR	270
Kassia	Flora Drive	Tripartite Developers Pte Ltd	OCR	276
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
Tembusu Grand	Jalan Tembusu	Tembusu Residential Pte Ltd	RCR	640
The Botany At Dairy Farm	Dairy Farm Walk	Sim Lian JV (Dairy Farm) Pte Ltd	OCR	386
Skywaters Residences	Shenton Way	Perennial Shenton Property Pte Ltd	CCR	215
TMW Maxwell	Maxwell Road	Maxwell Commercial Pte Ltd/ Maxwell Residential Pte Ltd	RCR	324
Grand Dunman	Dunman Road	Sing-Haiyi Jade Pte Ltd	RCR	1,012
Condominium development	Pine Grove	United Venture Development (No. 5) Pte Ltd	RCR	520

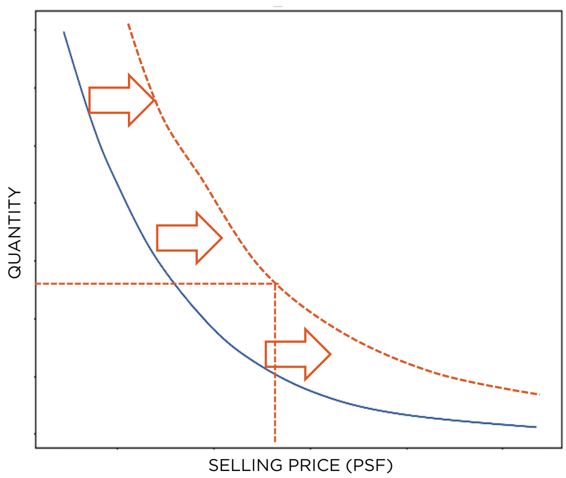
Source Savills Research & Consultancy
*Expected launch dates are subject to change. This list is not exhaustive.

GRAPH 5a: Demand Curve for 2-bedroom in the Buona Vista and Pasir Panjang Micro-location



Source REA, Savills Research & Consultancy

GRAPH 5b: Demand Curve for 3-bedroom in the Buona Vista and Pasir Panjang Micro-location



Source REA, Savills Research & Consultancy

weekend sales rate of about 48% at an average price of S$2,070 psf. All these prices were records for their respective micro-locations.

In a new pricing regime, the two launches in 2023 provided some insights into buyers' behaviour. Other than seeing prices for the RCR and OCR taking root at a baseline of >S$2,000 psf, we also find that for new launches in the Buona Vista and Pasir Panjang micro-location (part of District 5), the demand curve for 2 and 3 bedrooms have shifted to the right, with different increments.

The smooth curves in Graph 5a and 5b represented what the demand curve in the Buona Vista and Pasir Panjang micro-location would have been in early February 2023. The dotted red line is the demand curve for the same micro-location after the launch of Terra Hills. For the for 2-bedroom units in the micro-location, there was a gapping right shift in the demand curve while the move for the 3-bedroom units was by a lesser degree. The behaviour of buyers in the new sales market hints of their yearning for new private residential properties and that the desire to own one is driven by budget rather than by the number of bedrooms. Therefore, when prices on a S$psf go up, for buyers with a fixed budget, all else holding constant, demand would cascade to smaller units.

For the remainder of 2023, we are likely to experience the demand curve for the rest of the micro-locations in the RCR and OCR that had not seen new launches in 2022 and Q1/2023 adjust by shifting right across the board for various bedroom types. The quanta of the shift being more for the smaller units and lesser for the larger ones. For the CCR, we will also get to see a similar pattern because of the lack of launches. The catalyst for the luxury segment will be from a new launch that rewrites the record books in a micro-location. This would send out waves of upward revaluation for the rest of the luxury segment.

The performance seen in the first 2 launches of 2023 strongly suggests that the higher mortgage rates and challenging economic circumstances have not deterred enough buyers to turn the market around at this juncture. We maintain our forecast for private residential property prices to rise 7% in 2023.