

# HUTTONS | RESIDENTIAL RESEARCH | UPDATES 1Q 2023

Prices in the private residential market increased by 3.3% quarter-on-quarter (QoQ) in 1Q 2023, led by the Rest of Central Region (RCR) where the price gains were 4.4%. Homes in the Outside Central Region (OCR) saw their prices going up by 1.9% QoQ while prices of homes in the prime Core Central Region (CCR) increased by 0.8%.

## DEVELOPER SALES

Launch activities picked up in 1Q 2023 after the seasonal lull in 4Q 2022. Three major non-landed projects were launched in 1Q 2023 – two in the OCR and one in the RCR.

Sceneca Residence in the OCR achieved a strong sales result on launch day in January, moving 60% of its units. The median price achieved was \$2,084 psf as of end-March 2023. In February, Terra Hill along Yew Siang Road in the RCR sold almost 40% of its units on launch day. The achieved median price was \$2,695 psf as of 1Q 2023. The Botany at Dairy Farm in the OCR sold almost 50% on launch day in Mar at a median price of \$2,067 psf.

Developers are estimated to have sold 1,256 units in 1Q 2023 against 1,312 launched units. This is 82.0% higher than 4Q 2022's 690 units. The strong sales seen for the launches in 2023 to-date is an indication that the desire to invest in properties is robust. Unsold units in the market remained low at 16,464 units and there is broad based support for prices in the market, thus giving buyers the confidence to enter the market.

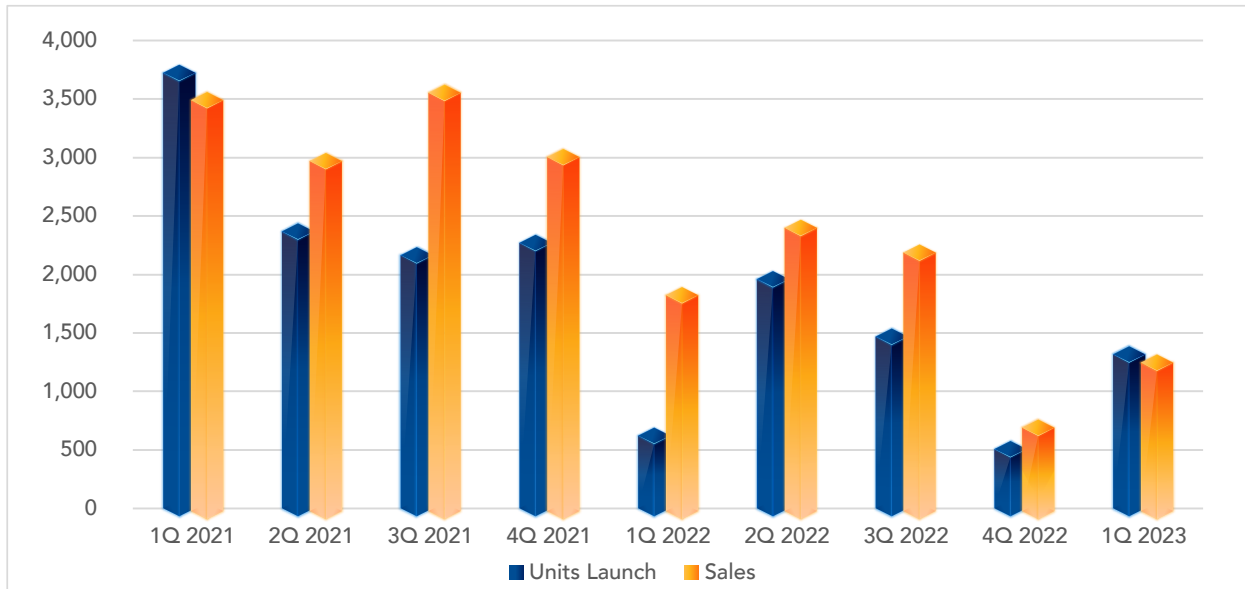
*Table 1: Top Ten Bestselling Projects in 1Q 2023*

Project	Region	Units sold	Median Price
The Botany at Dairy Farm	OCR	184	\$2,067 psf
Sceneca Residence	OCR	161	\$2,084 psf
Terra Hill	RCR	95	\$2,695 psf
Leedon Green	CCR	57	\$2,957 psf
Pullman Residences Newton	CCR	55	\$3,191 psf
The Landmark	RCR	41	\$2,618 psf
Hyll on Holland	CCR	37	\$2,858 psf
Perfect Ten	CCR	37	\$3,206 psf
Rivière	RCR	37	\$3,114 psf
Klimt Cairnhill	CCR	36	\$3,728 psf
Haus on Handy	CCR	32	\$2,751 psf
One Bernam	CCR	32	\$2,575 psf
Peak Residence	CCR	30	\$2,448 psf

*Source: URA, Huttons Research (Based on caveats downloaded on 28 Apr 2023)*



Figure 1: Developer's New Sales Volume

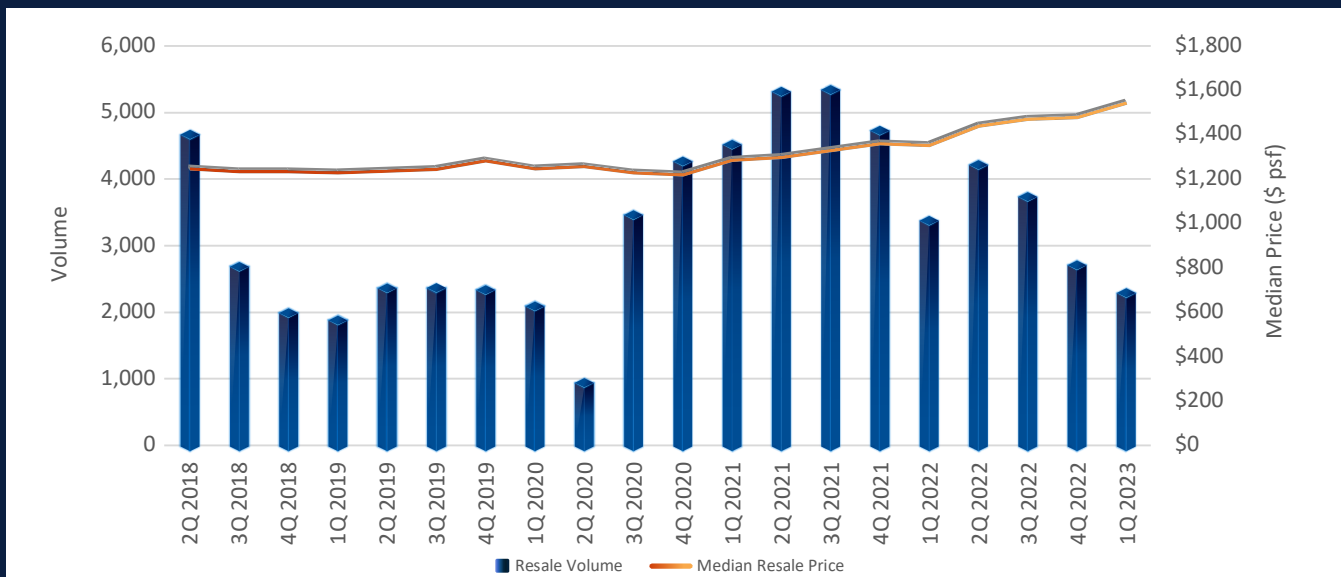


Source: URA monthly developer sales, Huttons Research as of 28 Apr 2023

## RESALE MARKET

Buyers continued to search the resale condo market for more affordable options thereby pushing up the overall transaction volume to 2,622 units in 1Q 2023. Volume is 2.7% lower than 4Q 2022 probably due to the high interest rate. Prices increased by 4.4% due to the return of higher demand from both local and foreign investors.

Figure 2: Resale Volume and Prices



Source: URA, Huttons Research (Based on caveats downloaded on 28 Apr 2023)

## RENTS

Gains in private property rents eased for the two quarters in a row to 7.2% in 1Q 2023. The gains were largely driven by the landed segment and the CCR which grew 14.5% and 6.4%, respectively. A detached house in the Good Class Bungalow area (GCBA) was rented for \$170,000 per month while a 4-bedroom unit at The Marq on Paterson Hill was leased for a monthly rent of \$100,000. These deals are probably by UHNWIs who are awaiting the approval of their permanent residency application before buying their first home in Singapore.

## BUYER'S PROFILE

There was an increase of 14.2% for purchases by foreigners in 1Q 2023 to 258 compared to 226 in 4Q 2022. Some of them could be relocating to a safe haven like Singapore in view of geopolitical tensions. Some of these buyers went for newly completed projects like Royalgreen, Juniper Hill and Petit Jervois.

Demand from foreigners made up 6.9% in 1Q 2023 similar to 4Q 2022. The Top Five Nationalities buying homes in Singapore are China, Malaysia, India, USA and Indonesia.

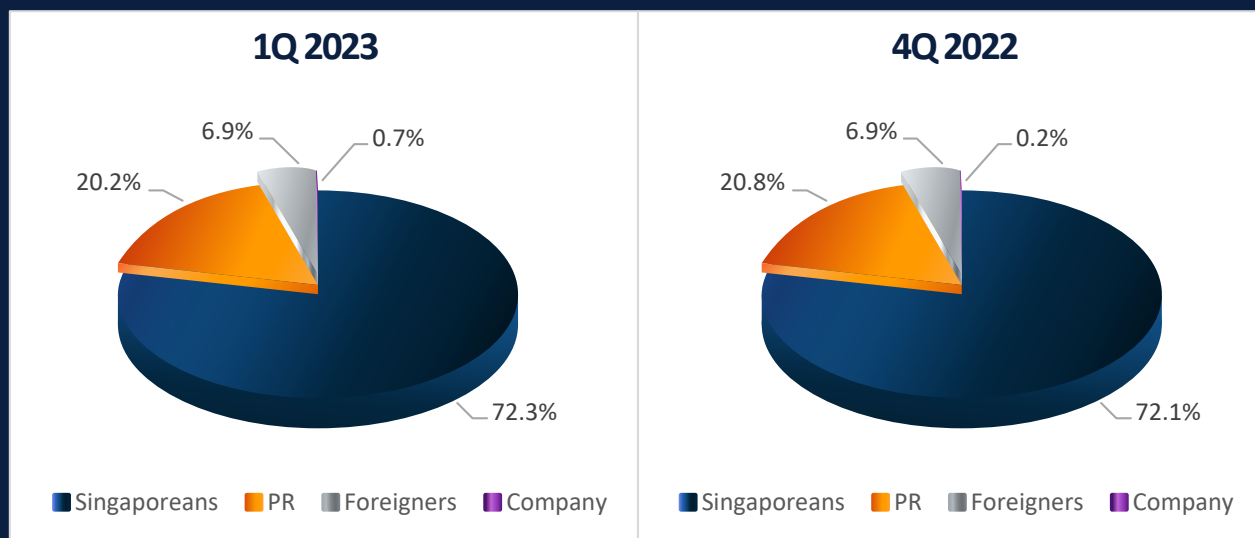
40.7% of the transactions in 2022 are priced below \$1.5 million, 25.0% are between \$1.5 million to \$2 million and 34.3% above \$2 million. 72.3% of purchases are by Singaporeans with PRs and foreigners making up 20.2% and 6.9%, respectively, in 1Q 2023.

*Table 2: Comparison of Price Range and Residential Status (All Sale Types) in 1Q 2023*

	<\$1.5 million	\$1.5 to <\$2 million	\$2 to <\$5 million	>\$5 million	Total
Companies	1	7	10	7	25
Foreigners	37	40	121	60	258
Permanent Residents	377	152	189	38	756
Singaporeans	1,108	737	811	50	2,706
Total	1,523	936	1,131	155	3,745

Source: URA, Huttons Research (Based on caveats downloaded on 28 Apr 2023)

*Figure 3: Comparison of Nationalities among Buyers (All Sale Types)*



Source: URA, Huttons Research (Based on caveats downloaded on 28 Apr 2023)

## EXECUTIVE CONDOMINIUMS

More than 206 uncompleted EC units were sold in 1Q 2023 as buyers went for more affordable options to upgrade their lifestyle. As of 1Q 2023, there is only 419 unsold EC units in the market.

The next upcoming EC launch will be Altura, along Bukit Batok West Avenue 8. With a very low level of unsold EC units, this EC project should do well.



# MARKET OUTLOOK

Based on advance estimates, Singapore's economy slowed to 0.1% on a year-on-year (YoY) basis in 1Q 2023, much lower than the previous quarter 2.1% YoY growth.

The slower economic growth is unlikely to impact the property market due to the low inventory of unsold units and healthy liquidity in the market. As of 1Q 2023, the number of unsold units is 16,464 units, 11,303 units below the ten-year average of 27,767 unsold units.

However, the fresh set of cooling measures announced on 26 April 2023 targeted at foreigners might result in a knee-jerk reaction in the short term. and demand will ease in the next 3 months. This is to be expected as buyers will reassess their finances before making their decision on a property purchase.

The mass market and city fringe projects are likely to go ahead with their launches as the buyers are predominantly Singaporeans and PRs. The high-end market which is targeted at more foreigners may hold back for the time being for the market to absorb the impact of the announcement.

The cooling measures was probably triggered by the sharp rise in property prices in 1Q 2023 and the continuous increase in the number of foreigners buying residential properties in Singapore.

The opening up of Singapore borders to the world is one factor behind the increase in foreigners buying residential properties. This allowed more foreigners to relocate to Singapore. The second reason could be due to the relaxation of borders by China in Jan 2023. There has been an increase in enquiries from Chinese corporates and UHNWIs looking to set up their headquarters and family offices in Singapore in recent months. Another reason fuelling the increase in proportion of purchases by foreigners is geopolitical tensions. According to reports, there is an increase in enquiries from Taiwanese UHNWIs looking to manage and preserve their wealth in Singapore. There has been a significant increase in the number of Taiwanese buying residential properties in Singapore.

The doubling in ABSD for foreigners may be seen as discouraging for them. Some of them want to sink their roots here and contribute to the economy. This may be a pre-emptive move to stem the number of high-end luxury home sales. Foreigners are likely to rent for the moment while they apply for their permanent residency or citizenship. Anecdotally there are foreigners who rent with an option to purchase the home once they become PR or citizen. The rental market will pick up in the coming months and rents are estimated to grow around 10% in 2023.

The rental and EC markets are likely to see more demand after this announcement. It is getting too expensive for Singaporean buyers to buy a second home. Hence most of them are likely to sell off their first property and rent in the interim. ECs have become even more attractive as they are given upfront remission on ABSD. The upcoming EC, Altura along Bukit Batok West Ave 8 may see overwhelming interest.

Prices may not ease given the low number of unsold units in the market. What was observed previously during 2018 was that prices consolidated before it went on a run for 15 quarters. Developers are estimated to sell around 8,000 units with prices increasing up to 5% in 2023 due to higher construction costs and interest rates.

CONTACT ME FOR A DETAILED DISCUSSION OF THE LATEST TRENDS



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