PropNex
Service You Trust
SINGAPORE

Q1 2021 QUARTERLY REPORT

RESIDENTIAL PROPERTY REPORT

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PROPNEX RESEARCH

Private Residential Property Q1 2021

Overview

A bounce back in confidence on gradual economic recovery and the vaccine rollout, the availability of ample liquidity, as well as healthy housing demand have helped to spur home values in Q1 2021.

In addition, market sentiment has improved as reflected by the strong take-up of new project launches that are attractively-priced and well-located. The low interest rate environment also strengthened buying power and supported home financing.

As economic recovery continues to gain traction, private residential prices continued to rise unabated in Q1 2021, supported by strong take-up of new launches. Barring unforeseen shocks and new cooling measures, the private housing market is expected to remain resilient in 2021.

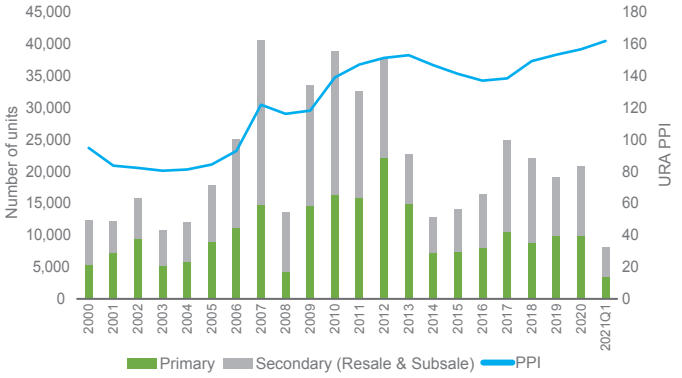
Transactions

- The positive sentiment has helped to drive sales in the private residential market in Q1 2021. Developers sold a total of 3,493 new private homes (excluding Executive Condos) during the quarter – representing a 62.5% increase from 2,149 units shifted in Q1 2020. This is also 34% higher than the 2,603 units sold in Q4 2020.

- Meanwhile, the resale private home market also saw strong demand, as transactions more than doubled to 4,519 units in Q1 2021 from 2,080 units in Q1 2020. This is the highest number of resale units sold in a quarter since 4,700 units changed hands in Q2 2018. Sub-sales remained relatively low at 88 units, taking total private homes transactions to 8,100 units (including new sale and resale) in Q1 2021.

- Private housing demand was largely driven by local buyers in Q1 2021, with Singaporeans accounting for about 81% of total private residential transactions. HDB upgraders and local investors were among the key demand drivers for both new private home sales and resale property transactions.

Total Private Home Sales & Property Price Index



Source: PropNex Research, URA

Prices

- Private home values remained resilient in Q1 2021, supported mainly by firm prices at new launches. According to the URA Property Price Index, private home prices climbed for the fourth consecutive quarter in Q1 2021, posting a 3.3% QOQ increase - which is also the fastest pace of quarterly price growth since the 3.4% rise in Q2 2018.

- The price increase in Q1 was led by the landed home segment which recorded a 6.7% QOQ increase, while the non-landed home segment achieved a 2.5% QOQ price growth, with price rise observed across all three regional sub-markets.

- Most new projects which debuted in Q1 2021 were well-received by buyers, reflecting strong underlying demand for well-located and rightly-priced properties.

Project Name	Region	Units Sold	Median Price in Q1 2021 ($PSF)
MIDTOWN MODERN	CCR	365	2,722
NORMANTON PARK	RCR	731	1,767
PARC CENTRAL RESIDENCES EC	OCR	510	1,175
THE ATELIER	CCR	3	2,998
THE REEF AT KING'S DOCK	RCR	341	2,259

Source: PropNex Research, URA Realis (26 April 2021)

Market Outlook

- Home sales momentum and pricing should continue to find support from the rising optimism, on the back of the progressive vaccine rollout and the brighter economic outlook for Singapore.

- PropNex expects private home values to climb by 6% to 7%, largely backed by new launches – many of which are in the CCR and RCR. In addition, the healthy demand for homes is set against a diminishing supply of unsold stock at 21,602 units (ex. ECs) at the end of Q1 2021 – a scenario that will help to sustain prices.

- Although prices on a PSF basis have either stayed firm or increased slightly for some new launches, the average transacted quantum for new private homes in Q1 2021 was in the region of around $1.6 million – within the pricing sweet spot that is still palatable for many buyers.

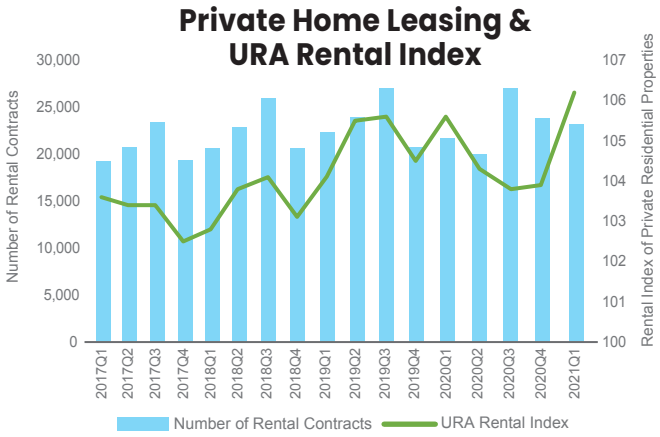
- Local end-user and investor demand should remain healthy, while foreign investors are likely to rate Singapore highly as an attractive investment destination, given its solid fundamentals. Barring any new cooling measures, PropNex expects over 10,000 new private homes and more than 12,000 resale units to be transacted in 2021.

Private Home Leasing

- Home leasing demand remained healthy in Q1 2021, supported by overseas Singaporeans and long-term pass holders who have returned to the country and those affected by completion delays of their new home.

- There were 23,123 rental contracts (valued at $87.4 million) in Q1 2021 – down by 3.1% QOQ from 23,854 contracts in the previous quarter. On a YOY basis, the number of rental contracts increased by 6.6% from 21,684 in Q1 2020.

- Based on the URA Rental Index of private residential properties, rents rose by 2.2% in Q1 2021 as compared to 0.1% growth in Q4 2020.



Source: PropNex Research, URA, URA Realis (26 April 2021)

HDB Resale Q1 2021

Overview

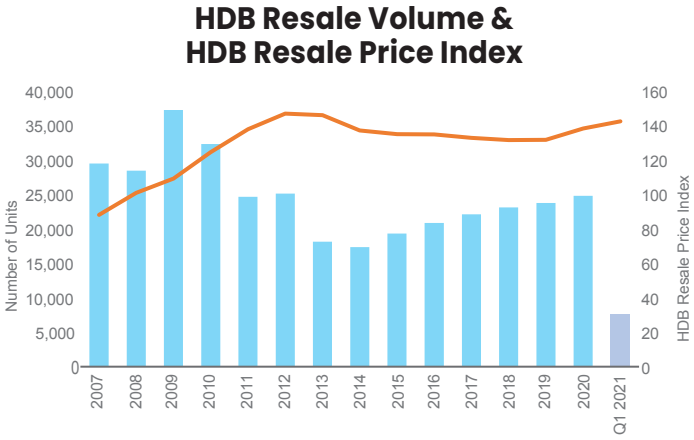
HDB resale prices continued to climb in Q1 2021. The more positive economic outlook, delays in the completion of new Build-to-Order flats, and generous housing grants for first-time buyers buying resale flats are all factors that have contributed to the robust demand in the HDB resale market, which in turn has helped to push prices higher.

An estimated 25,530 HDB flats will exit their 5-year Minimum Occupation Period (MOP) in 2021, making them eligible to be resold. This potential supply of resale units will help to stimulate demand, particularly for flats in prime locations.

Transactions and Prices

- There were 7,581 resale flats sold in Q1 2021, up by about 29% YOY from the 5,893 units resold in Q1 2020, but 0.8% down from 7,642 units transacted in Q4 2020.

- HDB resale prices rose by 3.0% in Q1 2021, following the 3.1% rise in Q4 2020. With an index reading of 142.2 in Q1 2021, the HDB resale price index is now 4.8% below the last peak in Q2 2013.



Source: PropNex Research, HDB

Market Outlook

PropNex expects HDB resale prices to grow by 6% to 7% and transaction volume will likely hit 26,000 units. As prices recover, some HDB flat owners may see this as an opportune time to sell their flat and trade up to a private home, thereby boosting the private residential market.

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