PropNex

Service You Trust

SINGAPORE

Q2 2021 QUARTERLY REPORT

RESIDENTIAL PROPERTY REPORT

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PROPNEX RESEARCH

Private Residential Property Q2 2021

Overview

The private residential market remained resilient in Q2 2021 despite the tightening of pandemic measures in May and June 2021. While the restrictions have had some impact on property viewings and the launch of new projects for sale during the quarter, transaction volumes and prices stayed relatively healthy in the quarter.

Market observations suggest that buyers' confidence remains generally intact, buoyed by the economic recovery and the more positive outlook for the Singapore economy. Looking ahead, home sales across all segments – private new home sales, private resale, and HDB resale – will likely outperform 2020's volumes.

Transactions

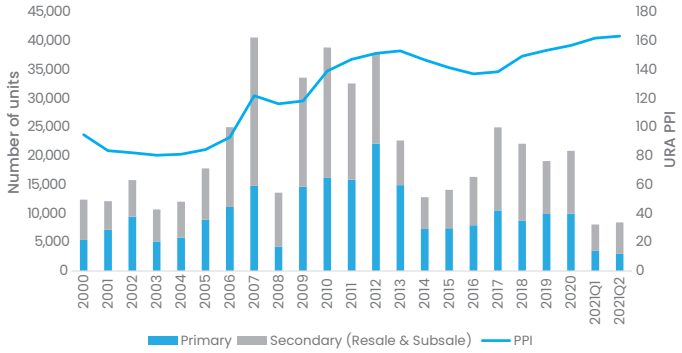
- Developers sold a total of 2,966 new private homes (ex. Executive Condos) during the quarter – representing a 15.1% decrease from 3,493 units shifted in Q1 2021. The decline in new sales is mostly due to the absence of new launches as many developers postpone their launch plans to after the Phase 2 Heightened Alert (PH2A). Year-on-year, the new homes sold in Q2 2021 is 73% higher than the 1,713 units sold in Q2 2020

- Meanwhile, the resale segment did particularly well in Q2 2021, with 5,333 units changing hands – this is the highest quarterly resale figure since 5,809 resale homes were sold in Q3 2009

- Sub-sales remained relatively low at 150 units, taking total private homes transactions to 8,449 units (including new sale and resale) in Q2 2021

- Singaporeans made up 81.9% of the non-landed new home sales in Q2 2021 – down slightly from 82.9% in Q1 2021. Meanwhile, the proportion of new non-landed private homes purchased by foreigners inched up to 4.9% in Q2 2021 from 4.2% in the previous quarter. The slight increase in foreign demand could be due to the several new launches in the Central Region in Q2

Total Private Home Sales & Property Price Index



Source: PropNex Research, URA

Prices

- Private home values grew at a slower pace in Q2 2021. According to the URA Property Price Index, private home prices climbed for the fifth straight quarter, posting a modest 0.8% QOQ increase in Q2 – easing from the 3.3% growth in the previous quarter

- The price increase in Q2 was led by the non-landed home segment which recorded a 1.1% QOQ growth, with increases observed across all three regional sub-markets; the OCR posted the highest QOQ growth of 1.9%, followed by the CCR and RCR which achieved QOQ growths of 1.1% and 0.1% respectively

- Meanwhile, landed homes prices declined by 0.3% QOQ, a reversal from the impressive growth of 6.7% in Q1 2021

- The new projects which debuted in Q2 2021 were launched in April and May as developers held back launches in June amid the P2HA measures

- Projects in the Central Region dominated new launches in Q2 2021, with Irwell Hill Residences and One-North Eden garnering a healthy response from buyers

New Project Launches in Q2 2021

Project Name	Region	Units Sold	Median Price in Q2 2021 ($PSF)
IRWELL HILL RESIDENCES	CCR	332	$2,630.00
ONE-NORTH EDEN	RCR	155	$1,997.00
ONE BERNAM	CCR	81	$2,471.00
PARK NOVA	CCR	13	$4,971.00
PEAK RESIDENCE	CCR	3	$2,663.00
GRANGE 1866	CCR	3	$2,692.00

Source: PropNex Research, URA Realis

Private Home Leasing

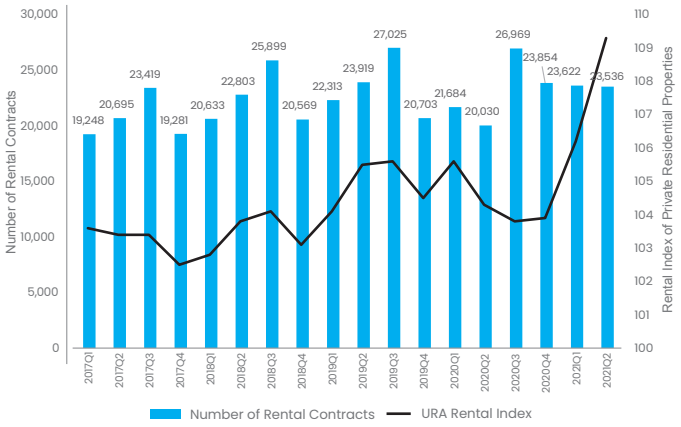
- Home leasing demand remained buoyant in Q2 2021. Based on the URA Rental Index of private residential properties, rents rose by 2.9% in Q2 2021 as compared to 2.2% growth in Q1 2021

- The growth in rentals was led by the non-landed home segment which increased by 3.1% QOQ; while rentals in the landed homes segment were up by 1.4% QOQ

- Landlords may find themselves in a better position to raise rentals as leasing demand is lifted by those seeking a larger home as work-from-home remains the default, and tenants needing an interim accommodation due to the delay in the completion of their new home

- There were 23,536 rental contracts in Q2 2021 – down by 0.4% from 23,622 contracts in the previous quarter. In terms of rental value, leasing contracts in Q2 2021 amounted to $91.5 million, up by 2.5% from the previous quarter ($89.3 million)

Private Home Leasing & URA Rental Index



Source: PropNex Research, URA Realis

Private Residential Market Outlook

- As Singapore re-enters P2HA from 22 July to 18 August, it may pose some uncertainty for developers in terms of launch activities over the next quarter, but this should not impact demand or prices significantly

- PropNex expects private home values to climb by 6% to 7% in 2021. The healthy demand for homes as well as the diminishing unsold stock will help support home prices. As of Q2 2021, there are 19,834 unsold units (ex. ECs)

- Barring any new cooling measures, PropNex projects between 11,000 and 12,000 new private homes and more than 16,000 resale units to be transacted in the full-year 2021

HDB Resale Q2 2021

Overview

HDB resale prices continued to climb in Q2 2021. The more positive economic outlook, delays in the completion of new Build-to-Order flats, and generous housing grants for first-time buyers purchasing resale flats are all factors that have contributed to the resale price growth.

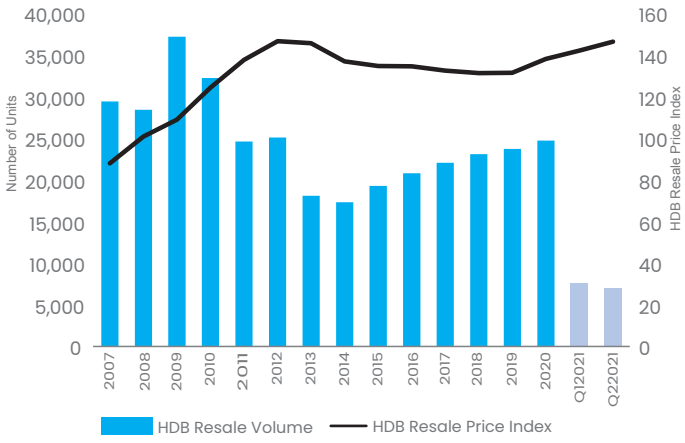
In Q2 2021, there was a dip in resale transactions from the previous quarter. The decline in sales volume was not unexpected as the P2HA period in the quarter likely restricted home viewings. Nevertheless, the resale volume achieved in Q2 2021 is still impressive, coming in higher than many pre-pandemic quarterly sales numbers

Transactions and Prices

- There were 7,063 resale flats sold in Q2 2021, more than twice the 3,426 units resold in Q2 2020, but was 6.8% down from 7,581 units transacted in Q1 2021

- HDB resale prices rose by 3.0% in Q2 2021, mirroring the 3.0% rise in Q1 2021. With an index reading of 146.4 in Q2 2021, the HDB resale price index is now 2% below the last peak in Q2 2013.

HDB Resale Volume & HDB Resale Price Index



Source: PropNex Research, HDB

HDB Resale Market Outlook

With the re-introduction of P2HA from 22 July to 18 August, HDB resale volume for Q3 2021 is likely to remain stable at the level seen in Q2 2021. For the first half of 2021, 14,644 resale flats were sold and overall resale prices have climbed by 6%. PropNex expects that resale volume could exceed 26,000 flats and that resale prices are likely to increase by 10% to 11% for the whole of 2021.

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