



Q2 2022 QUARTERLY REPORT
**RESIDENTIAL
PROPERTY REPORT**

Report prepared by PropNex Research team



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Private Residential Property Q2 2022

Overview

Private home prices continued to rise in Q2 2022, at a faster pace compared to the first quarter, according to flash estimates released by the Urban Redevelopment Authority (URA). This was despite the many uncertainties in the market which surfaced during the quarter, ranging from rising inflation, stock market turmoil and monetary tightening as central banks around the world raise interest rates to temper soaring inflation.

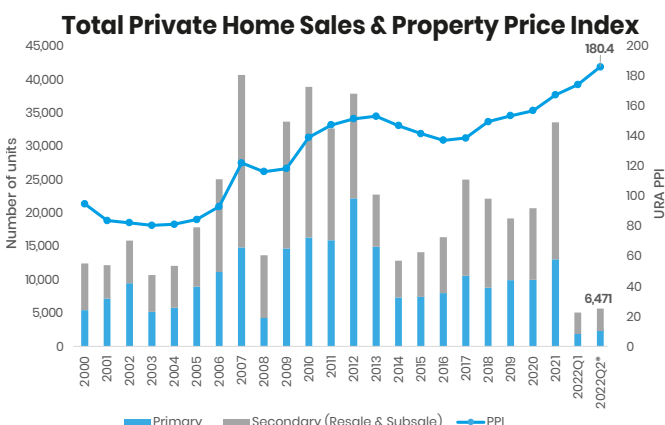
Prices

- URA's flash estimates showed that overall private home prices rose for the ninth straight quarter in Q2 2022, growing at a faster clip of 3.2% QOQ – following a 0.7% growth in the previous quarter.
- The price increase in Q2 2022 was led by the non-landed private home segment, where values rose by 3.3% in Q2 2022 – sharply reversing the 0.3% decline in Q1 2022.
- Prices of non-landed homes in the Core Central Region (CCR) grew by a modest 1.6% QOQ in Q2 2022. This comes despite the ample stock of unsold new units in this sub-market and the December 2021 cooling measures – aimed at reining in investment demand – which managed to quell price growth in the Q1 2022.
- In the Rest of Central Region (RCR), home values rebounded by 6% QOQ in Q2 2022, reversing the fall of 2.7% in Q1 2022. New projects Piccadilly Grand and Liv @ MB – which were launched in May 2022 – helped to prop up prices in the RCR sub-market, with robust sales at average prices of \$2,183 psf and \$2,409 psf respectively.

- Prices of non-landed homes in the Outside Central Region (OCR) rose by 1.7% QOQ in Q2 2022, slowing from the 2.2% QOQ growth in Q1. The dearth of fresh launches and dwindling unsold stock in the region have exerted some upward pressure on OCR home prices.
- Landed home values rose by 2.9% QOQ in Q2 2022, following the 4.2% increase in the previous quarter. The slower pace of growth came amid more sluggish landed home sales during the quarter as rising interest rates, volatility in stock markets, and concerns over a potential recession likely cooled buying demand.

Transactions

- Based on Realis caveat data, developers sold 2,504 new private homes (ex. Executive Condos) during the quarter – representing a 37% increase from 1,825 units shifted in Q1 2022.
- Projects in the RCR dominated new home sales in Q2 2022, accounting for 54.1% of new homes sold in the quarter. Of note, the top 4 selling projects during the quarter were from the RCR (see Table 1). It was followed by CCR at 23.3% and OCR at 22.6% of the transactions. The top-selling project in the quarter was Piccadilly Grand in Northumberland Road which sold 325 units.
- PropNex expects healthy buying interest for upcoming launches in Q3 2022 – including AMO Residence, Lantor Modern, and Sceneca Residence – which will play a part in keeping home values firm in the subsequent quarters.
- Meanwhile, 3,829 private homes were sold on the resale market in Q2 2022 – growing slightly after a muted first quarter, where 3,377 resale units were sold.
- Sub-sales remained relatively low at 138 units, taking total private homes transactions to 6,471 units (including new sale and resale) in Q2 2022



Source: PropNex Research, URA (based on flash estimates in 1 July 2022), URA Realis (*data up to 30 June 2022)

Top 5 selling projects in Q2 2022*

Project Name	Region	Units Sold in Q2 2022	Average Unit Price (\$PSF) in Q2 2022
PICCADILLY GRAND	RCR	325	\$2,183
LIV @ MB	RCR	231	\$2,411
NORMANTON PARK	RCR	112	\$1,865
RIVIERE	RCR	80	\$2,806
THE FLORENCE RESIDENCE	OCR	73	\$1,771

Source: PropNex Research, URA Realis (*Data up to 30 June 2022)

Private Residential Market Outlook

PropNex remains cautiously optimistic about the private residential market this year with several major new launches to come. Singapore remains an attractive and safe investment destination for investors and foreigners, and economic conditions also remained relatively healthy.

However, downside risks persist - mainly the higher interest rates. As home loan rates climb, the higher financing cost may affect some buyers, particularly against a backdrop of rising cost of living. Genuine homebuyers will continue to transact, but the rising home loan rates may test the affordability threshold, especially in the mass market segment.

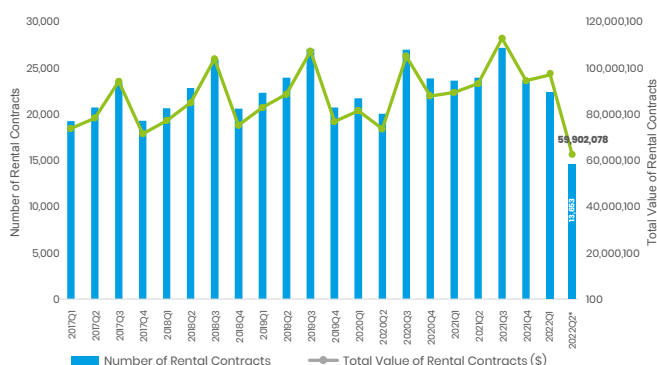
With interest rates expected to rise further, there is a possibility of a review of the medium-term "stress-test" interest rate of 3.5% that is currently applied to home loan applications when calculating the total debt servicing ratio (TDSR).

For 2022, PropNex projects that private home prices could rise by 5% to 6% - slowing from the 10.6% growth in 2021. Meanwhile, new home sales (ex. ECs) could range from 8,000 to 9,000 units and resale volume may cross 15,000 units.

Private Home Leasing

- In Q2 2022, a landlord's market continued to take hold, amid robust leasing demand from foreigners and locals. This pool of ready tenant demand has seen landlords staying firm on asking rents, with little room for negotiation.
- Owing to the limited stock of homes available for rent, transaction activity seemed to have thinned. Close to 14,000 rental contracts amounting to \$59.9 million were signed in April and May.
- Rents and demand are expected to stay elevated in 2022, supported by a return of foreign employment, tight rental stock, and tenants who are waiting for new homes to be completed.

Private Home Leasing Volume & Total Value (by quarter)



Source: PropNex Research, URA Realis (*Data includes up to May 2022 figures)

HDB Resale Q2 2022

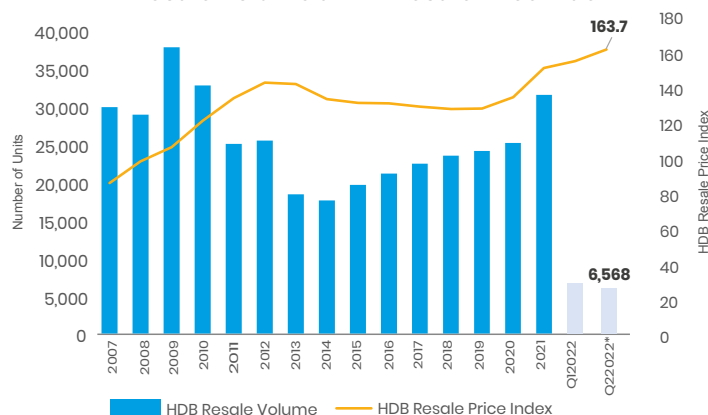
Overview

HDB resale price growth quickened in Q2 2022 despite the slightly lower resale volume. A combination of factors likely crimped sales, including the limited resale flat stock, a mismatch in price expectations between buyers and sellers creeping in, as well as demand having been met to some extent following the robust sales last year.

Transactions and Prices

- The flash estimate released by the Housing and Development Board showed that resale prices rose by 2.6% QOQ in Q2 2022, with an index reading of 163.7 in Q2 2022.
- Based on transaction data, 6,568 HDB flats were resold in Q2 2022 - down by about 5.3% from 6,934 units sold in Q1 2022.
- The HDB's Build-to-Order (BTO) exercise in May could also have siphoned off some demand from the resale market. May's BTO exercise featured several projects in attractive locations such as Jurong West, Toa Payoh, Bukit Merah and Queenstown - the latter two being under the Prime Location Public Housing model

HDB Resale Volume & HDB Resale Price Index



Source: PropNex Research, HDB, Data.Gov (*Price Index data based on flash estimate released on 1 July 2022)

HDB Resale Market Outlook

In 2022, PropNex expects the HDB resale market to continue to perform well, though prices will likely climb at a slower pace of 7% to 9%, as opposed to the 12.7% increase in 2021. Some of the demand drivers of resale flats will include the preference for more spacious homes, desire for a move-in ready flat to avoid the delays of new builds, and generally still affordable resale prices, compared to private homes.

PropNex projects resale volumes for 2022 to hit more than 27,000 transactions, supported by the healthy underlying home-occupier demand.

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