



Q3 2022 QUARTERLY REPORT **RESIDENTIAL PROPERTY REPORT**

Report prepared by PropNex Research team



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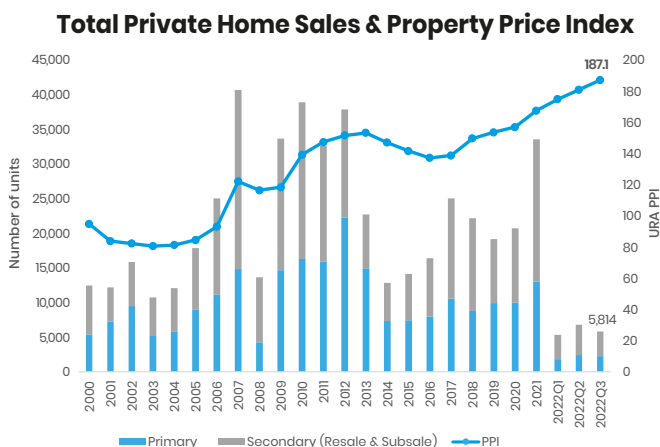
Private Residential Property Q3 2022

Overview

Private home prices grew unabated in Q3 2022, boosted by healthy housing demand. Fresh mass market condo launches achieved robust sales at new benchmark prices during the quarter, lifting overall prices. The latest cooling measures introduced from 30 September – including the revision of the medium-term interest rate for the total debt servicing ratio (TDSR) framework to 4% is not expected to have a severe impact on the private residential market.

Prices

- URA's flash estimates showed that overall private home prices rose for the tenth straight quarter in Q3 2022, growing at 3.4% QOQ – following a 3.5% growth in Q2. Private home prices have since risen by 7.8% from end-2021.
- The price increase in Q3 2022 was led by the non-landed private home segment, where values rose by 4.1% QOQ in Q3 2022 – continuing the strong growth of 3.6% in Q2 2022.
- Prices of non-landed homes in the Outside Central Region (OCR) surged by 7% QOQ in Q3 2022, up sharply from the 2.1% QOQ growth in Q2. New projects AMO Residence, Sky Eden @ Bedok and Lentor Modern which were launched in July and September 2022 – had helped to prop up prices in the OCR. All three launches achieved an average price of slightly more than \$2,100 psf.
- In the Rest of Central Region (RCR), the price growth slowed from 6.4% QOQ in Q2, to 2.5% QOQ in Q3 2022. Following the successful launch of Piccadilly Grand and Liv @ MB in Q2 2022, Q3 saw no new RCR launches, which led to buyers turning to previously-launched projects.



- Prices of non-landed homes in the Core Central Region (CCR) grew by a 2.3% QOQ in Q3 2022. With home prices rising at a faster pace in the other sub-markets, some buyers are finding value in the CCR market, particularly for freehold properties.
- Landed home values rose by 1.2% QOQ in Q3 2022, slowing from the 2.9% increase in the previous quarter. The price increase appears to be broad-based, with median transacted unit prices rising across all landed homes categories (Detached, Semi-detached, and Terrace) from Q2 to Q3, based on URA Realis caveat data.

Transactions

- According to caveats lodged, developers sold 2,258 new private homes (ex. Executive Condos) during the quarter – representing a 5.8% drop from 2,397 units shifted in Q2 2022.
- Projects in the OCR drove new home sales in Q3 2022, making up 55.8% of new homes sold. Of note, the top 3 selling projects during the quarter were from the OCR (see Table 1). Meanwhile, the RCR and CCR accounted for 17.4% and 26.7% of sales, respectively. PropNex expects new home sales activity for the coming quarter to slow with fewer launches lined up.
- There were 3,361 private homes sold on the resale market in Q3 2022 – down by 20.7% QOQ after a rebound in the second quarter, where 4,236 units were resold. Resale activity may pick up as new launch prices continue to rise and as more buyers potentially turn to the resale market, with the new 15-month wait-out period for private property owners (ex- and current) who wish to downgrade to HDB resale flats after selling their private homes.
- Sub-sales remained relatively low at 195 units, taking total private home transactions to 5,814 units (including new sale and resale) in Q3 2022.

Top 5 selling projects in Q3 2022*

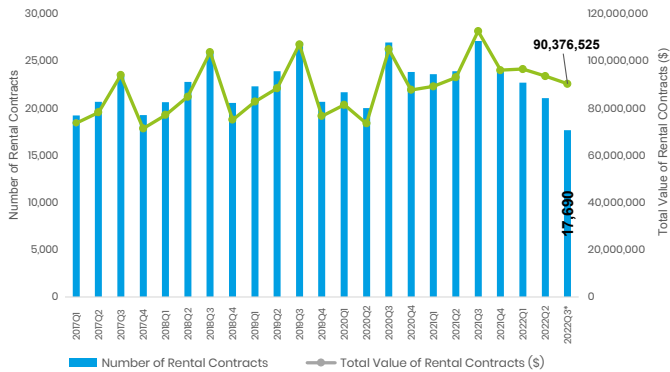
Project Name	Region	Units Sold in Q3 2022	Average Unit Price (\$PSF) in Q3 2022
LENTOR MODERN	OCR	512	\$2,126
AMO RESIDENCE	OCR	362	\$2,114
SKY EDEN@BEDOK	OCR	121	\$2,112
HYLL ON HOLLAND	CCR	76	\$2,689
RIVIERE	RCR	70	\$2,890

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

Private Home Leasing

- In Q3 2022, landlords continued to enjoy a strong negotiation position due to robust demand from tenants, both foreign and local.
- Rental activity remained robust. More than 17,600 rental contracts, amounting to over \$90 million were signed in July and August.

Private Home Leasing Volume & Total Value (by quarter)



Source: PropNex Research, URA Realis (Q3 2022 data up to Aug 2022)

- Rental demand could grow further beyond 2022, supported by the limited rental stock, and ex-private property owners looking for interim housing before they can buy a resale flat due to the newly-imposed 15-month wait-out period.

Private Residential Market Outlook

Latest cooling measures will act as speed bumps to put the brakes on price growth, ensuring that private home prices remain stable. That being said, PropNex does not expect prices to correct significantly as developers have little room to cut prices due to high development costs and limited unsold stock.

With interest rates set to rise further and slower economic growth looming, the latest cooling measures will help to instil more caution and prudence into the property market. Buyers may opt for less central locations or smaller units to keep price quantum low.

Looking ahead, the factors that will support housing demand include the recovery in foreign employment levels as more expatriates return to Singapore after the easing of travel restrictions, the welcoming of new citizens and permanent residents, as well as family formation.

For 2022, PropNex projects that overall private home prices could rise by 8% to 9%, as the tight inventory of unsold new private homes, fewer launches, and limited resale stock may help to support prices. Meanwhile, new private home sales (ex. ECs) could come in at 8,000 to 8,500 units and resale volume may cross 14,000 units for the full year.

HDB Resale Q3 2022

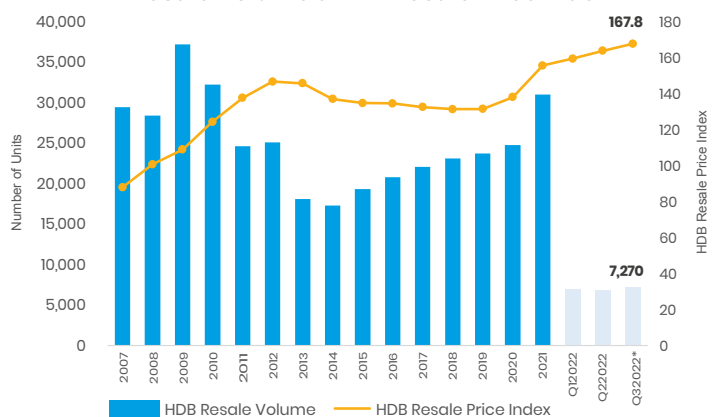
Overview

HDB resale price growth eased slightly in Q3 2022 amidst a rebound in sales. Despite the uncertain market outlook as rate hikes raise the spectre of potential recession in global economies, sentiment in the HDB resale market remained lively in Q3.

Transactions and Prices

- The flash estimates released by the HDB showed that resale prices rose by 2.4% QOQ in Q3 2022, with an index reading of 167.8. HDB resale prices have grown by 27.6% since the start of the pandemic in 2020 Q1.
- Based on transaction data, 7,270 HDB flats were resold in Q3 2022 – up by about 6.6% from 6,819 units sold in Q2 2022.
- Of note, 111 HDB resale flats were transacted for at least \$1 million in Q3 2022 – a record for such sales in a quarter.

HDB Resale Volume & HDB Resale Price Index



Source: PropNex Research, HDB, data.gov.sg (based on flash estimates in 3 Oct 2022)

HDB Resale Market Outlook

The new 15-month wait-out period introduced as part of the latest cooling measures will moderate demand for larger flats, especially flats in prime locations. There may be a period of impasse where would-be buyers are waiting for prices to fall while sellers look to hold on to their asking price. This may play out and cause resale volume to ease slightly perhaps in the next 2 to 3 months, before the market adjusts and finds an equilibrium.

Supported by strong underlying demand, HDB resale prices are not expected to decline significantly; the cooling measures will ensure a more sustainable pace of price growth. For the full-year 2022, overall HDB resale prices could rise by 9% to 10% – slowing from the 12.7% growth in 2021.

In terms of resale volume, PropNex projects that 27,000 to 28,000 flats may be resold this year.

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