

PRIVATE NEW HOME SALES

PROPnex RESEARCH MONTHLY REPORT DECEMBER 2022



Sluggish new private home sales in December due to seasonal lull and absence of new launches

- Developers' sales continued its downward trend in December, falling by 35% from the previous month to 170 units (ex. EC). This is the lowest monthly figure since January 2009 where 108 units were sold then.
- Private new home sales across all three regions fell; sales in December were led by the Core Central Region (CCR) where 89 units were transacted, accounting for 52% of total developers' sales in the month.

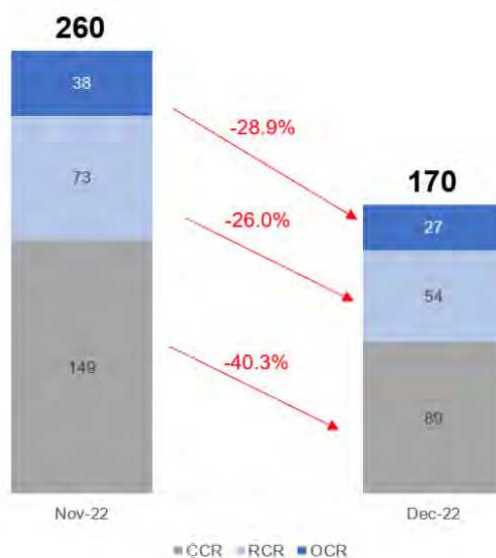


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MONTHLY PRIVATE NEW HOME SALES

DECEMBER 2022

**Private New Home Sales (Excl.ECs)
(November 2022 vs December 2022)**



Source: PropNex Research, URA

Developers posted sluggish new private home sales in December, transacting just 170 units (ex. Executive Condos) – the lowest monthly home sales tally since January 2009 where 108 units were sold. On a month-on-month basis, December’s sales were down by 34.6% from the 260 units shifted in November. Meanwhile, sales fell by nearly 74% year-on-year when compared to the 650 units transacted in December 2021.

The pullback in sales could be attributed largely to the lack of major private residential project launches during the month and the year-end seasonal lull. On the other hand, sales of ECs – a public-private housing hybrid - were boosted with the successful launch of Tenet EC in Tampines in December. Developers sold 468 new ECs in December, up from 186 units moved in November. The 618-unit Tenet EC sold 451 units at a median price of \$1,381 psf – accounting for about 96% of EC sales in December.

For the third consecutive month, new home sales volumes fell month-on-month across the board in the three sub-markets. The **Core Central Region (CCR)** accounted for about 52% of the monthly sales, transacting 89 units – down from 149 units in the previous month. Leedon Green was the best-selling CCR project in December, with 11 transactions at a median price of \$2,886 psf.

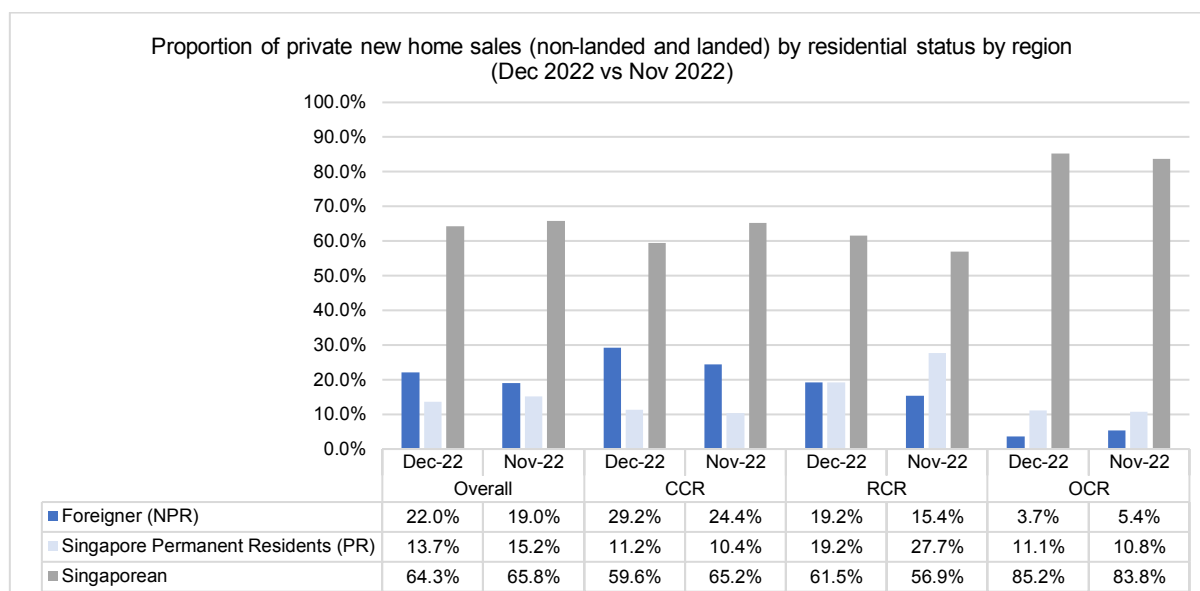
Over in the **Rest of Central Region (RCR)**, developers sold 54 new private homes in December, representing a 26% fall from 73 units transacted in the previous month. Riviere and The Landmark came out as the top-selling projects for the month, shifting 14 units at a median price of \$2,978 psf and \$2,590 psf respectively.

Meanwhile, sales (ex. EC) in the **Outside Central Region (OCR)** remained lacklustre in December. Buyers picked up a total of 27 new homes from eight projects amid the dwindling unsold inventory in this sub-market. Based on the new sales data released by the URA, 25

out of the 37 existing OCR new launches are either fully sold or more than 90% sold. The limited unsold stock is a key factor that has weighed on OCR sales in recent months.

Developers placed 45 new units (ex. ECs) for sale in December – down from 319 units that were put on the market in the previous month. This is possibly the lowest number of launched units in a month in more than 10 years. Meanwhile, the EC market saw an injection of 618 new units with the launch of Tenet during the month.

Chart 1: Proportion of new private homes (ex. EC) purchased by foreigners grew in December



Source: PropNex Research, URA Realis (data retrieved 16 January 2023)

According to URA Realis caveat data, the overall proportion of foreign buyers for private new home sales continued its upward trend, growing to 22% in December from 19% in November, largely driven by more deals in the CCR. In particular, foreign buyers accounted for more than a quarter of new home sales in the CCR, growing from the proportion in November (24.4%, See Chart 1). The proportion of Singaporean buyers in the RCR and OCR grew slightly in December from the previous month – accounting for 61.5% of sales in the RCR and 85.2% in the OCR - rising from 56.9% and 83.8% in the previous month, respectively.

Table 1: Median Transacted Unit Price (\$PSF) of New Private Homes (ex. ECs)

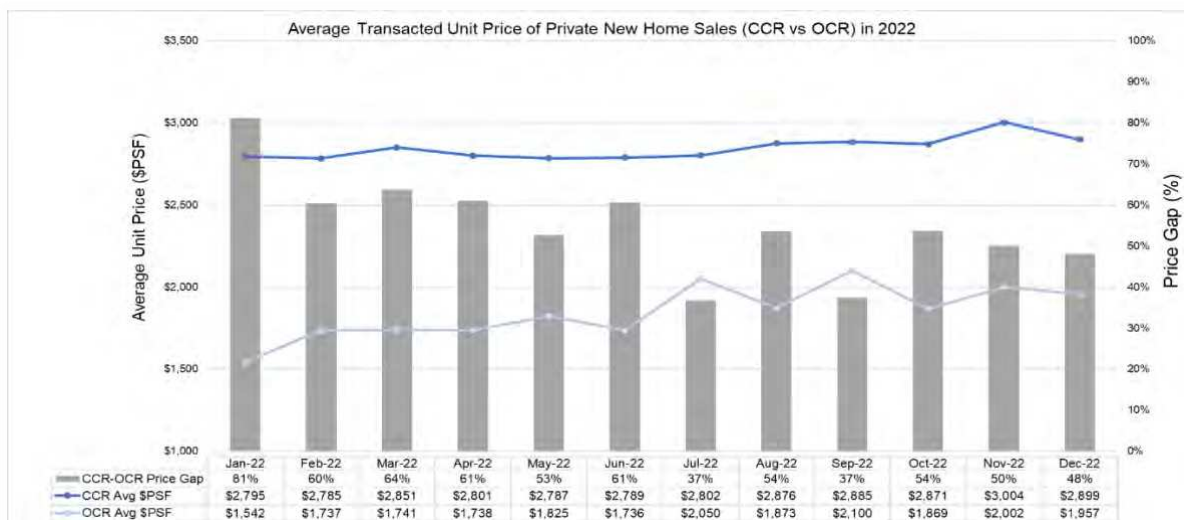
Market Segment	Nov-22	Dec-22	MOM % Change
Core Central Region	2,938	2,898	-1.4%
Rest of Central Region	2,511	2,648	5.5%
Outside Central Region	2,063	2,038	-1.2%

Source: PropNex Research, URA Realis (data retrieved 16 January 2023)

The median unit price of new private homes (non-landed and landed, excl. EC) fell slightly for new homes in the CCR and OCR (See Table 1) from November to December. The median transacted unit price in the OCR fell by 1.2% MOM to \$2,038 psf, while that of the CCR fell by 1.4% to \$2,898 psf. Meanwhile, the median price of new private homes in the RCR grew by 5.5% to \$2,648 psf.

The average unit price gap between CCR and OCR remained steady at 48% as of December 2022, as OCR new home prices stabilised amid the lack of new launches (see Chart 2).

Chart 2: Average Price Gap between CCR and OCR Private New Homes (ex. EC) Stabilising

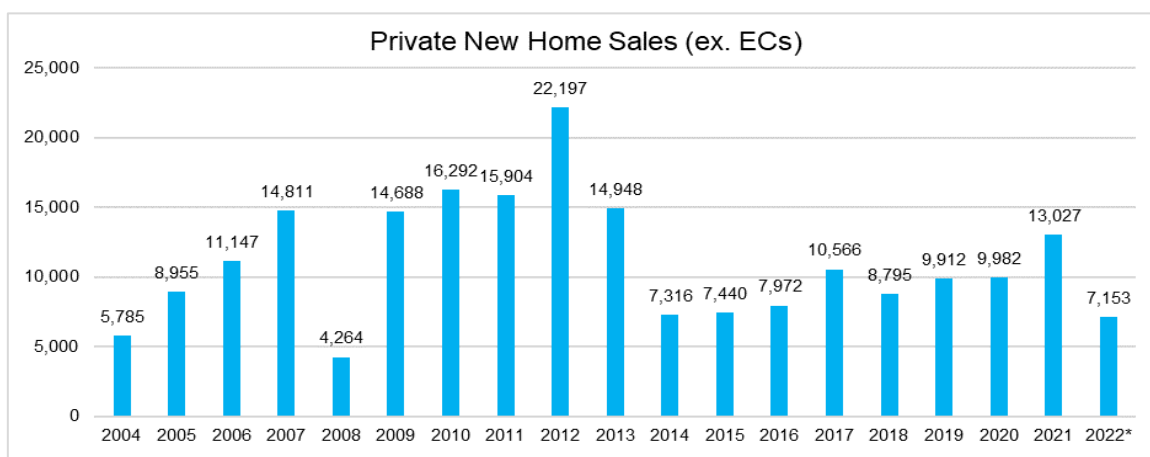


Source: PropNex Research, URA Realis (data retrieved 16 January 2023)

Outlook

Taking in December’s sales, developers sold an estimated 7,153 new private homes (ex. EC) in 2022, sharply down from the robust sales of 13,027 in 2021. Based on the transaction data, this would be the lowest annual new home sales since 2008 (see Chart 3). That being said, in view of the various challenges in 2022 - from recession concerns to rising interest rates to high inflation – and a fresh bout of cooling measures in September, the annual new homes sales upwards of 7,100 units are fairly decent.

Chart 3: New private homes (ex. ECs) transacted by Year (2004-2022*)



Source: PropNex Research, URA (*Figure for 2022 denotes PropNex’s estimates)

While December’s sales of 170 units (ex. EC) seem relatively dismal, it is largely a function of the lack of major launches during the month, as well as the depleted unsold stock, particularly in the RCR and OCR where the bulk of the owner-occupied and HDB upgrader demand sit. Meanwhile, revenge travel post-pandemic could also have taken some buyers out of the market.

The fresh cooling measures in September and high interest rates will influence buying decisions, but they are not likely to dampen housing demand significantly. Many buyers are

still in the market for new homes, as evidenced by the positive sales response at Sceneca Residence – which was launched over the weekend. The project in Tanah Merah sold 60% of its 268 units at an average price of \$2,072 psf.

Over in the EC market, the brisk sales at Tenet EC in December, and the sold-out Copen Grand EC meant that the unsold supply of new ECs remains limited. Prospective EC buyers can look at North Gaia, where there is still an ample number of units, or may opt to wait for the next new EC launch in Bukit Batok West, which could potentially come on towards the later part of 2023.

PropNex notes that the daily 3-Month Compounded SORA has shown signs of slowing over the past weeks. It dipped to 2.9980% p.a. on 9 January 2023 and is at 3.0298% p.a. as at 16 January, compared to the recent high of 3.1415% p.a. on 27 December 2022. Although interest rates will likely remain elevated in 2023, hopes of a slower pace of growth and the possibility of a fall in rates in 2024 could encourage some buyers to enter the market to buy new homes this year – as opposed to waiting for interest rates to drop, which may spark a surge in housing demand at that time.

Table 2: Top 5 Best-Selling Private Residential Projects (Ex. ECs) in December 2022

S/N	Project	Region	Units Sold in Dec 2022	Median Price in Dec 2022 (\$PSF)
1	RIVIERE	RCR	14	\$2,978
	THE LANDMARK	RCR	14	\$2,590
2	LEEDON GREEN	CCR	11	\$2,886
3	PERFECT TEN	CCR	10	\$3,122
4	HYLL ON HOLLAND	CCR	7	\$2,675
	ONE HOLLAND VILLAGE RESIDENCES	CCR	7	\$2,812
	THE GAZANIA	OCR	7	\$2,316
5	ONE BERNAM	CCR	6	\$2,561
	PULLMAN RESIDENCES NEWTON	CCR	6	\$3,070
	THE COMMODORE	OCR	6	\$1,511

Source: PropNex Research, URA

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