Looking back at 2023 | Performance of Recent Launches | Population Growth | Outlook and Navigating through 2024

Introduction

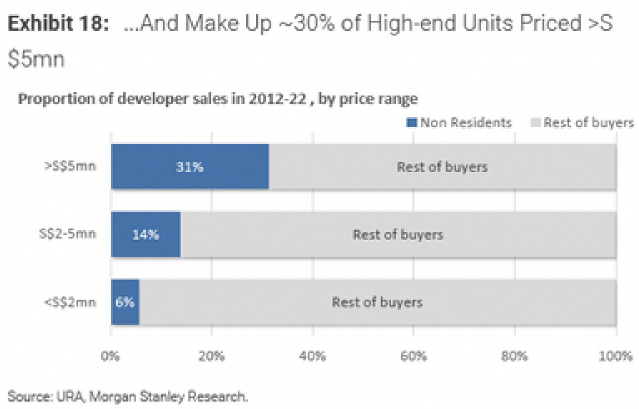
Looking back at 2023, we address some of the sentiments we have been feeling on the ground, as well as some phenomenon that have impacted the property market. We also highlight key considerations going into 2024, and how we can navigate through the year ahead.

Looking back at 2023

1. Foreign buyers deterred by 60% Additional Buyer Stamp Duties (ABSD)

One of the major changes to the Luxury and Ultra Luxury segment was the change in ABSD ruling affecting Foreigners, Permanent Residents (PRs) and Singaporeans with multiple properties. While this has reduced the number of foreigners purchasing properties, a proportion of them became newly minted PRs and Singaporeans, seeing an increased 3.7% and 1.6% respectively from June 2022 to June 2023.[i]

Foreigners who were priced out or refused to participate in Singapore's property market due to the increased ABSD helped reduce competition for homes typically sought after by this group, effectively easing the demand disparity between locals and PRs vs foreigners going for properties, particularly within the Core Central Region (CCR).



Wednesday, October 25, 2023 THE BUSINESS TIMES BT businesstimes.com.sg

Price gap between resale condos in CCR and RCR the smallest in 22 years: OrangeTee & Tie

Median price psf gap is 17.5 per cent in Q3, compared to 24.1 per cent in preceding quarter; it is narrowest since since Q3 2001's 14.5 per cent

By Samuel Oh
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PRICES of resale private homes in Singapore picked up slightly across all three market segments in the third quarter.

Prices of non-landed and landed homes – excluding executive condominiums (ECs) – in the Core Central Region (CCR) rose 0.3 per cent to S$2,087 per square foot (psf) in Q3 2023 from S$2,080 psf in Q2 2023, OrangeTee & Tie's report indicated on Tuesday (Oct 24).

Resale prices of homes in the Rest of Central Region (RCR) edged up 1.3 per cent to S$1,744 psf and those in the Outside Central Region (OCR) increased 2.2 per cent to S$1,421 psf in Q3 2023.

The report said the median price psf gap between non landed resale homes – excluding ECs – in CCR and RCR has narrowed to 17.5 per cent in the third quarter, down from 24.1 per cent in the preceding quarter and 27.5 per cent in Q1.

The third quarter's price gap was the smallest since Q3 2001 at 14.5 per cent, said Christine Sun, senior vice president of research and analytics at OrangeTee & Tie.

The price gap between non-landed resale homes in the RCR grew faster than those in the CCR in recent years, Sun said.

The price gap narrowed substantially after the onset of the pandemic, she added. Median prices of resale condos in the CCR climbed 13.6 per cent to S$2,011 psf in Q3 2023 and jumped 26.8 per cent to S$1,711 for RCR.

Sun attributed the price appreciation in the RCR in recent years to more condominiums obtaining their temporary occupation permits (TOP). Such condo units tend to fetch higher resale prices than older units.

"Around 12,800 units obtained TOP in the RCR from 2020 to H1 2023, surpassing the estimated 3,300 units in the CCR. Moreover, demand is stronger for private homes in the city fringe since they are still more affordable than luxury homes," added Sun.

For resale volume, the last two quarters experienced slower sales due to the Hungry Ghost Festival and elevated interest rates. Based on Urban Redevelopment Authority's Realis data, 2,748 units – excluding ECs – were sold in Q3 2023, compared to 3,121 units in the previous quarter.

For CCR, resale volume dropped 15.3 per cent to 476 units in Q3 from 562 units in Q2, while those in RCR declined 15.3 per cent to 808 units from 954 units over the same period.

Homes in the suburbs or OCR had the smallest decline in resale volume – decreasing 8.8 per cent to 1,464 units in Q3 from 1,605 units in Q2.

Sun expects demand to remain resilient in the condo market, especially in the OCR or suburbs.

With more resale properties completed in the market, she added that this increased supply may help to "mitigate runaway home prices in the secondary market".

"The total resale volume (excluding ECs) may reach 10,000 to 12,000 units for 2023, and overall resale prices may rise at a slower pace of 4 per cent to 6 per cent in 2023, down from the 8.7 per cent growth in 2022," said Sun.

Faster price growth in the city fringe was due to more condos obtaining their temporary occupation permits, according to OrangeTee & Tie. PHOTO: BT FILE

Chart A: Proportion of developer sales of non-residents

[i] https://www.population.gov.sg/media-centre/articles/population-in-brief-2023-key-trends/#:~:text=Overall%20population&text=The%20Singapore%20Citizen%20(SC)%20population,0.54%20million%20in%20June%202023.

This is due to a typically higher percentage of foreign buyers at higher purchase quantums as we see from Chart A. With reduced competition, prime CCR properties became more reasonably priced and hence attractive not just in the new but also the resale market, noting the price gap between resale condos in CCR and Rest of Central Region (RCR) being the smallest in 22 years.

2. Weakening Rental Demand

On the ground, we have felt weakening rental appetite since the end of Q3 2023 especially from domestic demand. This was as predicted due to the sheer number of completed new projects having collected their keys where they previously were renting, as well as a fresh injection of supply of rental units by owners who recently became landlords after these projects received their TOP (Temporary Occupation Permit) status.

These falling rents could be a drag on investor demand especially for those playing the purely rental yield game, since yields become less attractive. However, as vacancy rates go up and asking rents fall, there may be opportunities for buyers to get a good deal, especially if these sellers are investors looking to divest their assets out of property. While bulk of sellers may not be in a hurry to dispose of their units or drop their prices significantly, there may be others who want to take advantage of some of the new projects upcoming in 2024 in popular locations such as Lorong Chuan, One-North, Toa Payoh or even within existing launches.

THE BUSINESS TIMES

BT businesstimes.com.sg

Friday, November 17, 2023

Asking rents fall in Q3 as demand-supply gap in housing rental market closes: PropertyGuru

Rental demand slides 10.4 per cent qoq in Q3, shows online property portal's report; asking rents for private residential properties ease while those for HDB rise

By Ry-Anne Lim
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RENTS of residential properties are expected to ease further, with asking rents already coming down in the third quarter as demand moderates and more homes are completed to add to supply.

A market report by online property portal PropertyGuru on Thursday (Nov 16) showed that rental demand – which it tracks based on the number of enquiries of all rental listings on its portal – fell 10.4 per cent quarter on quarter in Q3.

Meanwhile, overall rental supply – based on the number of all rental listings on PropertyGuru's portal – rose 11.3 per cent in Q3.

This resulted in overall asking rents inching down by 2.5 per cent from Q2, marking a second straight quarter of contraction, said Tan Tee Khoon, country manager for Singapore at PropertyGuru.

"Effectively, this is the result of pandemic-induced rental demand pressures having abated," he added. "With land borders reopened, workers from Malaysia no longer need temporary rental lodgings. As more homes are completed, the number of local households moving into their new dwellings has also increased."

By property type, the biggest decline was logged in the landed private property segment, with asking rents falling 7.6 per cent in Q3 from the second quarter. Asking rents for non-landed property decreased by 4 per cent, PropertyGuru's data showed.

In a LinkedIn post last week, Lee Nai Jia, head of real estate intelligence, data and software solutions at PropertyGuru, said: "We've observed a noticeable relaxation in private residential properties rose 0.8 per cent in Q3, slower than the 2.8 per cent increase in the previous quarter.

The increase in rents for non-landed properties slowed to 0.2 per cent, from 2.3 per cent in the previous quarter. Rentals of landed properties were up 4.4 per cent in Q3, a moderation from the 6.7 per

Around 20,400 private homes are expected to be completed this year, marking the biggest annual supply completion since 2017, says Tan Tee Khoon, country manager for Singapore at PropertyGuru. PHOTO: CHERYL ONG, BT

Non-landed private residential asking rents in October

ESTATE	DISTRICT	REGION	MEDIAN ASKING RENTS (S$)	% CHANGE OVER SEP
Eunos, Geylang, Paya Lebar	14	RCR	5.8K	-6.5
Orchard, River Valley	9	CCR	7.5K	-6.3
Buona Vista, West Coast,	5	OCR	6.2K	-4.6

goon, and the 1,472-unit Riverfront Residences.

"Coupled with completions in the first quarter... there is ample supply to satisfy existing demand," he said.

Around 9,000 private residential units, excluding executive condos, were also completed in Q3 – the highest number of quarterly

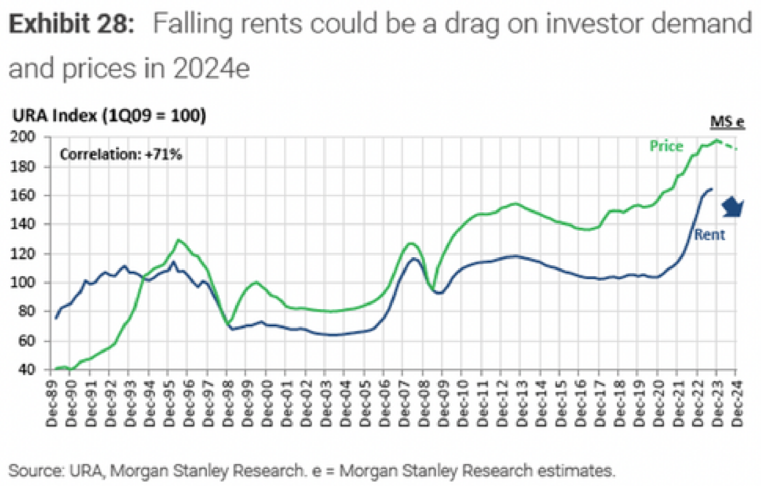

Chart B: Falling rents could be a drag on investor demand

3. Unconducive interest rate environment


THE STRAITS TIMES

Friday, September 22, 2023

Fed holds interest rate steady in 'higher for longer' stance

It hints at possible hike in Nov if needed, with no clear signals on rate cuts next year

The higher for longer interest rate stance held by the Fed for most part of 2023, which saw homeowners' mortgages rise above 4%, saw a dip in transaction volumes, especially for resale developments, where buyers have to contend with the full load of monthly mortgage payments all at one go.

Resale transactions Q1-Q3 2023 was down 25% from previous year and made up 58% of total transactions compared to 2022's 62%.

Number of units transacted in the whole of Singapore

Period	New Sale [1]			Sub-Sale [1]	Resale [1]	TOTAL	Sub-sale as % of Total	Resale as % of Total
	Uncompleted	Completed	Sub-Total					
2Q/2020	1,679	34	1,713	18	933	2,664	0.7%	35.0%
3Q/2020	3,487	30	3,517	63	3,467	7,047	0.9%	49.2%
4Q/2020	2,583	20	2,603	77	4,249	6,929	1.1%	61.3%
1Q/2021	3,457	36	3,493	88	4,519	8,100	1.1%	55.8%
2Q/2021	2,942	24	2,966	150	5,333	8,449	1.8%	63.1%
3Q/2021	3,502	48	3,550	171	5,362	9,083	1.9%	59.0%
4Q/2021	2,954	64	3,018	159	4,748	7,925	2.0%	59.9%
1Q/2022	1,774	51	1,825	141	3,377	5,343	2.6%	63.2%
2Q/2022	2,307	90	2,397	178	4,236	6,811	2.6%	62.2%
3Q/2022	2,133	54	2,187	242	3,719	6,148	3.9%	60.5%
4Q/2022	620	70	690	204	2,694	3,588	5.7%	75.1%
1Q/2023	1,163	93	1,256	243	2,622	4,121	5.9%	63.6%
2Q/2023	2,070	57	2,127	285	2,976	5,388	5.3%	55.2%
3Q/2023	1,926	20	1,946	355	2,900	5,201	6.8%	55.8%

Source: URA


US Fed flags end of rate hikes, sees drop in borrowing costs in 2024

Published Thu, Dec 14, 2023 · 6:12 am | Updated Thu, Dec 14, 2023 · 8:11 am

Fed Chair Jerome Powell flagged the uncertainty of the US economic outlook and said he couldn't definitively rule out higher rates at this point, even as officials looked toward a lower policy rate.
PHOTO: BLOOMBERG

Source: The Business Times

The rhetoric shifted closer to end of the year, when expectations of rate cuts were suggested following a better balance of inflation and employment risks.

Performance of Recent Launches

Despite all this, we have seen an overwhelming response for J'Den at Jurong East with 88% of its units sold on launch day, setting a new benchmark for OCR prices with its launch day average price at $2,451psf and highest transacted psf above $2,800psf.

As for the launch of Freehold Watten House in the Core Central Region, the 57% uptake was beyond market expectations as the total quantums tended to be on the higher side due to larger format layouts.

Monday, November 20, 2023 THE BUSINESS TIMES BT businesstimes.com.sg

UOL and SingLand's Watten House 57% sold in private preview

Units sold at average price of S$3,230 psf; 96% of buyers are Singaporeans and permanent residents

By Yong Jun Yuan
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PROPERTY developers UOL Group and Singapore Land Group (SingLand) have sold 57 per cent, or 102 out of 180 units, at Watten House in District 10.

At the end of a private preview on Saturday (Nov 18), UOL said that the units were sold at an average price of S$3,230 per square foot (psf).

The company also noted that 96 per cent of the 102 buyers are Singaporeans and Singapore permanent residents. The showflat was closed after the preview and will reopen for the development's public launch next year.

PropNex Realty chief executive Ismail Gafoor said sales at Watten House surprised on the upside and were beyond market expectations.

"Initially, there were some concerns as to whether buying demand will be severely affected due to the April 2023 cooling measures where the Additional Buyer's Stamp Duty (ABSD) rates were hiked, and the developer had opted to build larger luxury homes which would mean higher overall price quantum," he said.

Gafoor also noted that caveat data from the Urban Redevelopment Authority's Realis platform showed that the average transacted price quantum for the core central region freehold non-landed new homes stood at about S$2.96 million and average unit price was around S$3,011 psf this year.

"The positive buyers' response at recent launch J'den, and now Watten House, indicates that the market still has ample liquidity to be deployed when highly attractive developments become available."

He added: "The recent healthy sales add a little shine to what has been dull primary market sales in the last couple of months – probably a good way to round out a year fraught with uncertainties. It should give developers some confidence to launch their projects next year."

Located in Jurong East, mixed-use development J'den sold 88 per cent of its 368 residential units on launch day at an average price of S$2,451 psf.

Property developers UOL Group and Singapore Land Group have sold 102 units out of 180 units at Watten House in District 10. PHOTO: UOL GROUP

Meanwhile, ERA Singapore chief executive Marcus Chu said that there is a very limited supply of new freehold projects, and none of the four upcoming freehold projects to be launched are in prime districts.

"Over the past two years, prices of freehold properties in prime districts grew four times faster than leasehold ones. This indicates a preference amongst prime location homebuyers for freehold properties in the post-Covid property upswing," he said.

UOL shares closed down 1.8 per cent or S$0.11 at S$6.15, while SingLand shares closed up 1 per cent or S$0.02 at S$1.99 on Friday, before the private preview of Watten House.

This is likely due to the rarity of such a development with limited Freehold launches especially from fewer enblocs and buyers refusing high asking prices of existing resale properties in the prime area. For projects that have exceptional traits such as a large plot of Freehold land in the Core Central region above 200,000 sqft, within 1KM from at least one reputable primary school, we believe these will still be highly sought after as attributes such as these constitutes less than 1% of Singapore's total residential developments.

Population Growth

On the ground, we continue to witness demand for properties persisting from newly minted citizens and Permanent Residents (PRs). This is consistent with data that Singapore's total population growth is a record high this year at 5%. Bulk of the new citizenship population belong to the working population age group, hence having the budget to afford properties.

Exhibit 7: Population Growth Assumptions

Population		YoY Growth (%)					
Millions	2023	2019	2020	2021	2022	2023	2024e
Total Population	5.9	1.2	(0.3)	(4.1)	3.4	5.0	2.3
Citizens	3.6	0.8	0.6	(0.7)	1.6	1.6	1.0
Permanent Residents	0.5	0.6	(0.8)	(6.2)	6.3	3.7	2.0
Non Residents	1.8	2.0	(2.1)	(10.7)	6.6	13.1	5.0
EP + SP	0.4	3.4	(2.1)	(12.5)	2.1	10.8	5.0
WP	1.1	1.5	(4.2)	(11.3)	13.1	15.0	5.0
Other	0.3						

Source: Singstat, Morgan Stanley Research. e = Morgan Stanley Research estimates. EP = Employment Pass, SP = Special Pass, WP =Work Permit.

Saturday, September 30, 2023 THE BUSINESS TIMES BT businesstimes.com.sg

Singapore's total population up 5% to record high of 5.92 million as at June

Average total population growth rate over past five years is comparable to the preceding five-year period: report

By Sharon See
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SINGAPORE'S total population set a new record at 5.92 million as at June this year, an increase of 5 per cent from the year before, the annual Population in Brief (PIB) publication reported on Friday (Sep 29).

Last year, the total population rose for the first time since the Covid-19 pandemic hit, to 5.64 million.

The publication by the National Population and Talent Division and partner agencies said: "Taking into account the decline in total population in 2020 and 2021 amid the Covid-19 pandemic, the average total population growth rate over the past five years was comparable to the preceding five-year period."

The total population in the city-state in 2019, before the pandemic hit, was 5.7 million. In the two years following, many countries (including Singapore) closed their borders to stem the spread of the coronavirus. This led to a dip in the total population to 5.45 million in 2021.

The Singapore citizen population rose by 1.6 per cent year on year in June to 3.61 million; the permanent resident (PR) population rose 3.7 per cent to 540,000 over the same period.

The PIB report said the largest contributing factor was the easing of travel restrictions related to Covid-19, which led to more citizens and PRs returning to Singapore.

As at June, there were 205,200 overseas Singaporeans, an increase of 10.4 per cent from the year before.

Meanwhile, non-resident population grew 13.1 per cent to 1.77 million as at June this year.

The increase was across all pass types, said PIB. The largest increase came from work permit holders in the construction, marine shipyard and process (CMP) sectors, as contractors hired more workers to catch up on projects that were delayed by Covid-19.

Singapore's citizen population increased by 1.6 per cent to 3.61 million as at June, while the PR population rose 3.7 per cent. PHOTO: BT FILE

CMP work permit holders made up the largest proportion among non-residents, at 24 per cent. This was followed by non-CMP work permit holders at 20 per cent, dependants of citizens, PRs and work pass holders at 16 per cent, and migrant domestic workers at 15 per cent. Employment Pass holders constituted 11 per cent, while S Pass holders accounted for 10 per cent. The remaining 4 per cent were students.

Singapore's population continued to age rapidly, with lower fertility rates and longer life expectancies.

The proportion of the population aged 65 and above was 19.1 per cent as at June, compared with 18.4 per cent a year earlier. In June 2013, the figure was 11.7 per cent. Citizen median age crept up to 43, up from 42.8 in June last year. Ten years ago, it was 40.

For the whole of 2022, there were 30,429 citizen births, 4 per cent lower than the year before. However, the number of marriages involving at least one citizen rose to a record high of 24,767, increasing for the second consecutive year since 2020, when the number fell due to the pandemic.

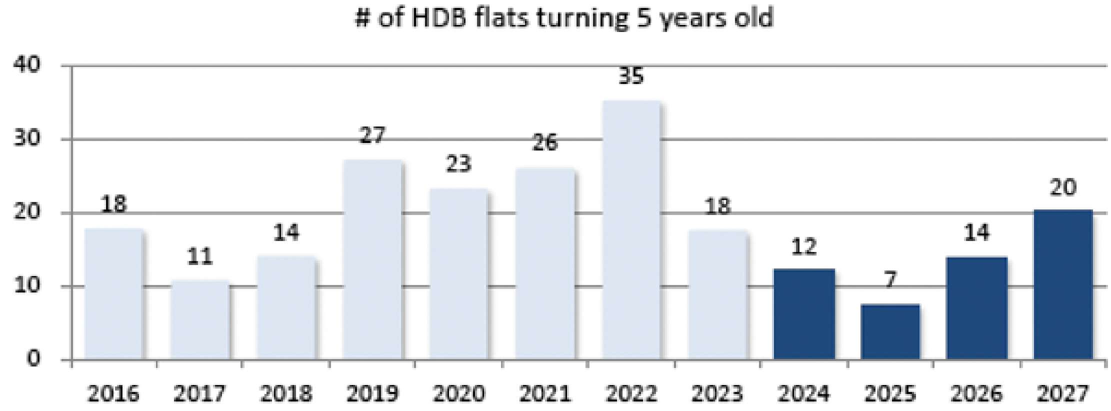
However, PIB noted that the annual average number of citizen marriages in the last five years, at 22,700, remained lower than that of the preceding five years at 23,600.

Outlook for 2024

Fewer HDB units hitting MOP next year

We notice a lower number of HDB Owners eligible to sell their flats after MOP in 2024 and 2025. This number starts to increase gradually in 2027. Should HDB prices start to stagnate or come down due to fewer newly MOPed flats commanding higher prices, and lower volumes resulting in correction of prices, HDB upgraders may face with higher replacement costs.

Exhibit 21: Fewer HDB Owners Eligible to Sell Their Flats (after occupying for five years) in 2023 and 2024



Source: data.gov.sg, Morgan Stanley Research.

Local buyers upgrading from HDB flats typically account for an average of 45% of units sold by developers from 1995-2022. Between 2019-2022, there was a huge number of units hitting MOP (28k on average). However, in 2022, only 28% of private transactions came from HDB upgraders, way below the long-term average. We also note a trend of many MOP units perhaps, adopting a wait-and-see approach to their upgrading plans because of the high interest rate and uncertain environment. Whether or not there will be fewer HDB upgraders in 2024 will depend on how many of them will eventually decide to upgrade once interest rates start to fall or perhaps shelf their plans for the long run. Should fewer HDB upgraders decide to take the move towards the private property market, we may continue to see lower transaction volumes in the private market and developer’s take-up rates slowing down, especially in the OCR.

Low volumes, relatively stagnant prices in 1H with slight pick-up in the 2H

With interest rates likely to remain elevated in 1H 2024, as well as lower number of newly MOP HDBs in 2024, we do expect private transaction volumes to remain low overall, at least for the 1H. The elevated interest rates could continue to lead to relatively stagnant prices in 1H as well. Furthermore, the number of new launches in 2024 are likely to be around 11,600 units, in 38 projects, up from an estimate of 7,500 units in 2023. This higher supply of new launches could help keep prices in check as developers may tend to be more prudent in their pricing with many options available for buyers to choose from.

THE BUSINESS TIMES

BT businesstimes.com.sg

Monday, December 18, 2023

OUTLOOK 2024

Higher supply in softening market to keep private home prices in check next year

Cooling measures and peaking prices keep buyers cautious; sentiment may improve in second half with interest rate cuts

By Ry-Anne Lim
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A SLEW of new launches to come into a softening market will keep Singapore's private home prices in

cludes projects such as CDL's 246-unit Newport Residences, the 215-unit Skywaters Residences by Perennial Holdings, and the former Peace Centre with 373 units, developed by CEL Development. Sing-

With interest rate cuts likely happening in the 2H, we may start to see more buyers who were originally waiting at the sidelines take action. This could lead to more activity in both the resale and new launch market which could lead to a pick-up in prices. On the resale market side, we may see similar trends as this year, volumes relatively low, perhaps picking up in the later part of next year. In 2023's resale market, we've noticed resale prices holding firm as many sellers are sticky with their prices even though demand has dropped. They are able to do so because they have strong holding power due to all the cooling measures in place to ensure the health of their balance sheets. We may likely see the same trend next year, and perhaps prices increasing more in the 2H once interest rates start to drop and more buyers re-enter the market.

Navigating through 2024

Fundamentals

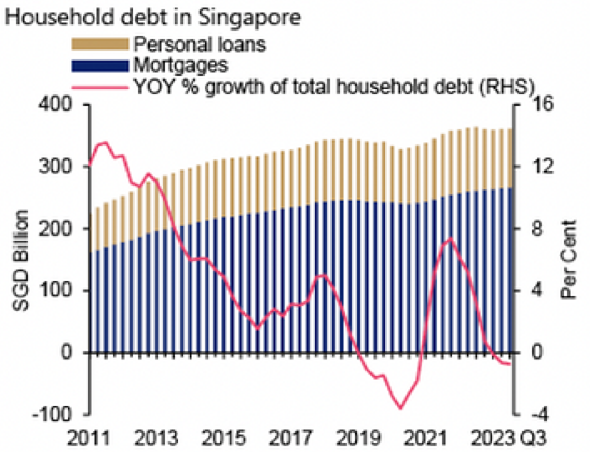
For a start, we focus on the fundamentals such as Singapore's economic and political stability as a whole, to determine its safety for property purchase or investment. Questions we typically ask ourselves are whether we are in a housing bubble, and how do we foresee Singapore's economic outlook for the next 10 years, as well as longer-term prospects.

For now, we can have a look at some charts below, taken from MAS Financial Stability Report 2023, such as Chart 3.1 which shows how household debt has dropped vs Personal Disposable Income (PDI), as well as Chart 3.2, showing negative growth of total household debt (i.e. many households paid down their debts this year in order to reduce their interest payments).

Chart 3.1 Household debt-to-PDI has fallen further in Q3 2023

Source: DOS, MAS estimates

Chart 3.2 Y-o-y growth in household debt has been negative since Q2 2023

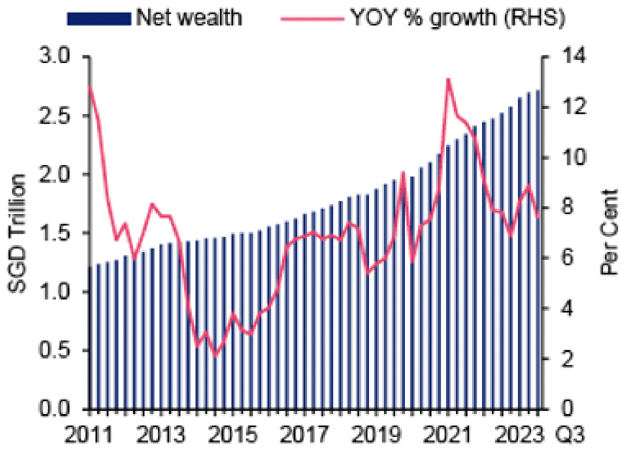


Sources: DOS, MAS estimates

Chart 3.11 also explains why households are able to pay down their debts – while household debt has remained relatively stable over the past few years, total currency and deposits on the other hand have increased significantly. Chart 3.10 also shows that Households' Net Wealth has been gradually increasing; while Y-o-Y growth has moderated after Covid, it is still well in the positive territory.

Chart 3.10 Aggregate household net wealth continued to be healthy

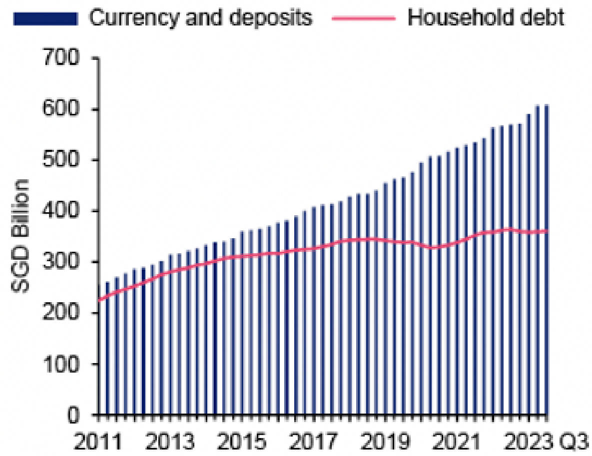
Household net wealth



Source: DOS, MAS estimates

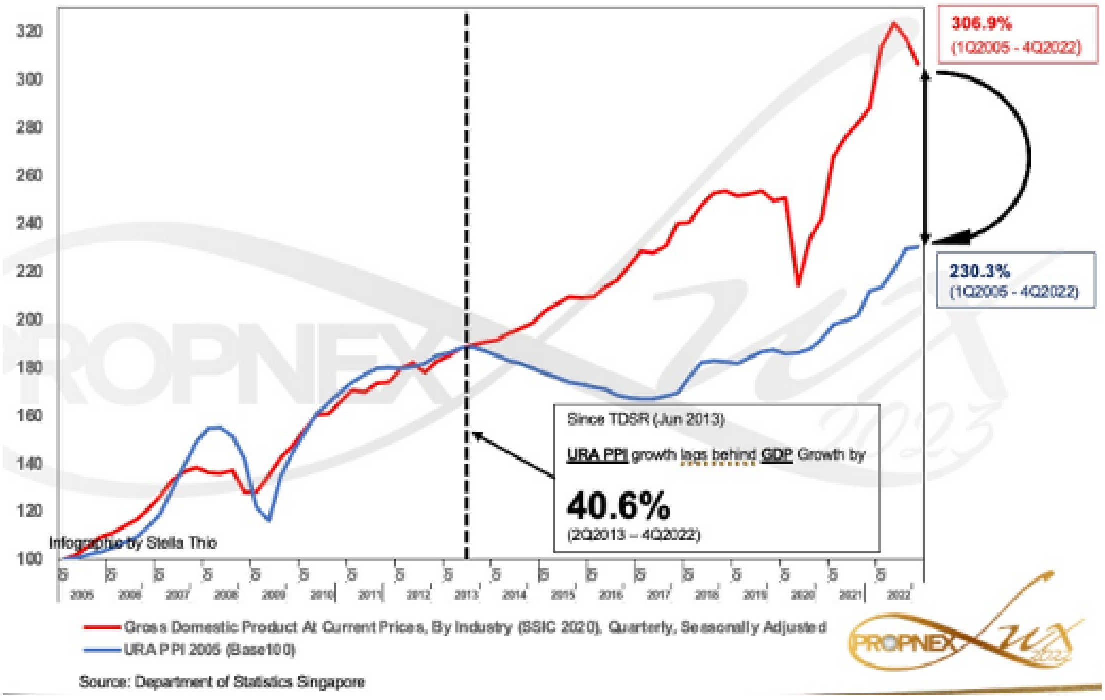
Chart 3.11 Liquid assets remain much larger than overall household debt

Household cash and debt



Source: DOS, MAS estimates

We also compared the growth of GDP vs URA property price index to assess whether we are in an overvalued property market environment. In the chart below, when the blue line (URA PPI growth) exceeds the red line (GDP growth), we are in a housing bubble environment which can be observed during the Global Financial Crisis and in 2011-2012, which was what sparked the major slew of cooling measures over the 2011-2013 period.



Since 2013, the URA PPI index growth has dropped and was muted for many years before recovering, while GDP growth has shot up significantly, especially during the COVID years. Based on advance estimates, MTI has estimated GDP growth to come in around 1.2% in 2023. While property price index have grown approximately 6.7% in 2023, we still have a very good buffer between the two metrics and the property market is unlikely to be in an overvalued state.

Micro aspects

We strongly advocate active research on the properties we are considering, including transacted and average prices, valuations, and prices in the neighbouring estates down to age and individual attributes of the properties and units. As the price trends of individual projects behave very differently, having a deeper understanding of the market and the factors that affect a development's value will help us identify pockets of opportunity.

This has to be done in tandem with understanding our own preferences and needs – am I placing too much value on a certain location/experience at the expense of its investment potential, and am I okay with it?

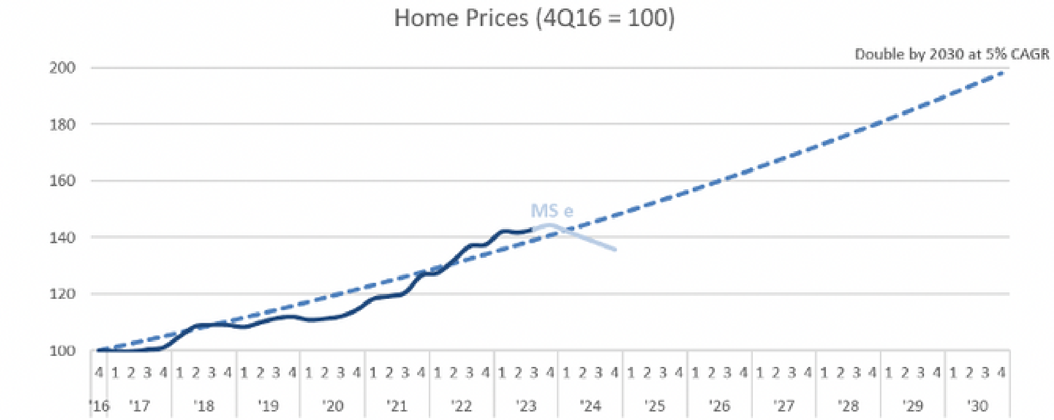
Exit Strategy

We also encourage looking beyond just what we are purchasing to also planning ahead, E.g. can I exit from this property in 5-10 years to go for my next home? How easy will it be? What is the transformation in the area and how likely are we to see land values going up in the region I am considering?

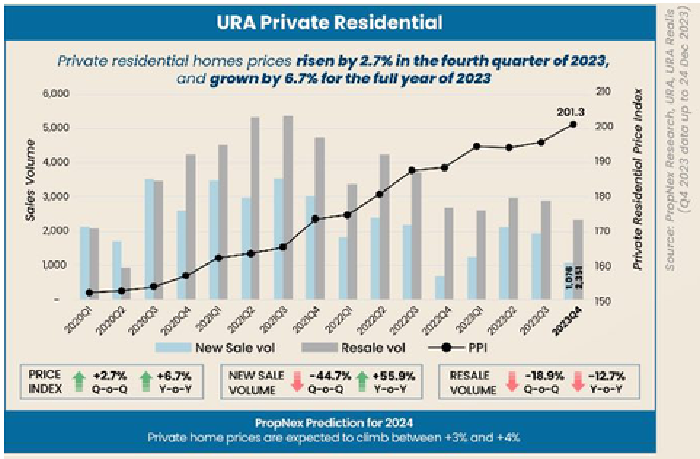
Preparedness

If interest rates fall sharply and in a global recession scenario, Singapore's property market tend to be relatively defensive, and property may outperform many other types of investments. Especially with the introduction of the cooling measures, now the government has the ability to relax and tighten the cooling measures as need be in order to achieve their goal, which is a sustainable and stable growing property market.

Exhibit 34: Downturn To Be Cyclical, Not Structural



Source: URA, Morgan Stanley Research.



The property market is also now more resilient even in the event of any shocks in the economy. While key risks to household balance sheets are higher interest rates and falling incomes, Singapore's household overall financial vulnerabilities remained fairly low over the past year, with most having adequate buffers to manage shocks to income and financing costs.

At the end of the day, with volatility of prices remaining low, timing the market is no longer as relevant or as important. More significant would be to understand fundamentally your reasons for wanting to make this move. Through a deeper understanding of your goals and concerns, coupled with a deep knowledge of the macro environment and understanding of the micro factors to identify the right properties for you, we believe we will be able to value add to your property journey and help you achieve your goals.

Feel free to message us privately and we'll be happy to be in touch with you!

Kindest regards,
STL Properties

Price gap between resale condos in CCR and RCR the smallest in 22 years: OrangeTee & Tie

Median price psf gap is 17.5 per cent in Q3, compared to 24.1 per cent in preceding quarter; it is narrowest since since Q3 2001's 14.5 per cent

By Samuel Oh
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PRICES of resale private homes in Singapore picked up slightly across all three market segments in the third quarter.

Prices of non-landed and landed homes – excluding executive condominiums (ECs) – in the Core Central Region (CCR) rose 0.3 per cent to S$2,087 per square foot (psf) in Q3 2023 from S$2,080 psf in Q2 2023, OrangeTee & Tie's report indicated on Tuesday (Oct 24).

Resale prices of homes in the Rest of Central Region (RCR) edged up 1.3 per cent to S$1,744 psf and those in the Outside Central Region (OCR) increased 2.2 per cent to S$1,421 psf in Q3 2023.

The report said the median price psf gap between non-landed resale homes – excluding ECs – in CCR and RCR has narrowed to 17.5 per cent in the third quarter, down from 24.1 per cent in the preceding quarter and 27.5 per cent in Q1.

The third quarter's price gap was the smallest since Q3 2001 at 14.5 per cent, said Christine Sun, senior vice-president of research and analytics at OrangeTee & Tie.

The price gap between non-landed resale homes in the RCR grew faster than those in the CCR in recent years, Sun said.

The price gap narrowed substantially after the onset of the pandemic, she added. Median prices of resale condos in the CCR climbed 13.6 per cent to S$2,011 psf in Q3 2023 and jumped 26.8 per cent to S$1,711 for RCR.

Sun attributed the price appreciation in the RCR in recent years to more condominiums obtaining their temporary occupation permits (TOP). Such condo units tend to fetch higher resale prices than older units.

"Around 12,800 units obtained TOP in the RCR from 2020 to H1 2023, surpassing the estimated 3,300 units in the CCR. Moreover, demand is stronger for private homes in the city fringe since they are still more affordable than luxury homes," added Sun.

For resale volume, the last two quarters experienced slower sales due to the Hungry Ghost Festival and elevated interest rates. Based on Urban Redevelopment Authority's Realis data, 2,748 units – excluding ECs – were sold in Q3 2023, compared to 3,121 units in the previous quarter.

For CCR, resale volume dropped 15.3 per cent to 476 units in Q3 from 562 units in Q2, while those in RCR declined 15.3 per cent to 808 units from 954 units over the same period.

Homes in the suburbs or OCR had the smallest decline in resale volume – decreasing 8.8 per cent to 1,464 units in Q3 from 1,605 units in Q2.

Sun expects demand to remain resilient in the condo market, especially in the OCR or suburbs.

With more resale properties completed in the market, she added that this increased supply may help to "mitigate runaway home prices in the secondary market".

"The total resale volume (excluding ECs) may reach 10,000 to 12,000 units for 2023, and overall resale prices may rise at a slower pace of 4 per cent to 6 per cent in 2023, down from the 8.7 per cent growth in 2022," said Sun.

Faster price growth in the city fringe was due to more condos obtaining their temporary occupation permits, according to OrangeTee & Tie. PHOTO: BT FILE

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Asking rents fall in Q3 as demand-supply gap in housing rental market closes: PropertyGuru

Rental demand slides 10.4 per cent qoq in Q3, shows online property portal's report; asking rents for private residential properties ease while those for HDB rise

By Ry-Anne Lim
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RENTS of residential properties are expected to ease further, with asking rents already coming down in the third quarter as demand moderates and more homes are completed to add to supply.

A market report by online property portal PropertyGuru on Thursday (Nov 16) showed that rental demand – which it tracks based on the number of enquiries of all rental listings on its portal – fell 10.4 per cent quarter on quarter in Q3.

Meanwhile, overall rental supply – based on the number of all rental listings on PropertyGuru's portal – rose 11.3 per cent in Q3.

This resulted in overall asking rents inching down by 2.5 per cent from Q2, marking a second straight quarter of contraction, said Tan Tee Khoon, country manager for Singapore at PropertyGuru.

"Effectively, this is the result of pandemic-induced rental demand pressures having abated," he added. "With land borders reopened, workers from Malaysia no longer need temporary rental lodgings. As more homes are completed, the number of local households moving into their new dwellings has also increased."

By property type, the biggest decline was logged in the landed private property segment, with asking rents falling 7.6 per cent in Q3 from the second quarter. Asking rents for non-landed property decreased by 4 per cent, PropertyGuru's data showed.

In a LinkedIn post last week, Lee Nai Jia, head of real estate intelligence, data and software solutions at PropertyGuru, said: "We've observed a noticeable relaxation in asking rents within the Eunos/Paya Lebar region, closely followed by the Orchard Road area."

The portal's data showed median asking rents in the Eunos/Payar Lebar and Orchard regions coming down by about 6 per cent in October, compared to the previous month.

"It appears that landlords in these traditionally sought-after locales are adapting to a shift in demand, which has seen a significant decrease from the previous year," said Lee.

Latest available government data shows overall transacted rents of private residential properties rose 0.8 per cent in Q3, slower than the 2.8 per cent increase in the previous quarter.

The increase in rents for non-landed properties slowed to 0.2 per cent, from 2.3 per cent in the previous quarter. Rentals of landed properties were up 4.4 per cent in Q3, a moderation from the 6.7 per cent increase in Q2.

In the public housing segment, rental demand as measured by PropertyGuru dropped 14.7 per cent quarter on quarter in Q3, while rental supply rose 7.8 per cent. Yet, asking rents for Housing and Development Board (HDB) flats rose 3.5 per cent over the same period.

"In line with rising rents, tenants who typically rented private properties might have moved to explore more affordable options in the HDB rental market," said Tan.

Those renting out a HDB flat or a single room are also less likely to face financial pressure to lower their rents, he said. "This could be due to their smaller loan amounts or their being less affected by rising interest rates as compared to private housing owners."

The non-landed private property market appears to have peaked. Asking rents were 4 per cent lower in Q3 compared to the previous quarter, Tan pointed out.

This follows an influx of new private homes in previous quarters, adding to supply available for rent.

In Q2, several projects received their temporary occupation permits, Tan said. These include the 667-unit The Woodleigh Residences, the 1,052-unit Affinity at Serangoon, and the 1,472-unit Riverfront Residences.

"Coupled with completions in the first quarter... there is ample supply to satisfy existing demand," he said.

Around 9,000 private residential units, excluding executive condos, were also completed in Q3 – the highest number of quarterly completions since Q2 2016, Tan highlighted. This puts the number of completed units in the first three quarters of 2023 at 17,199, more than three times that for the same period in 2022.

Going forward, Tan expects about 20,400 private homes to be completed this year; this would mark the biggest annual supply completion since 2017.

Another 8,959 units are predicted to be completed in 2024, he added. "Asking rents should soften as further supply increases and pressure from domestic demand eases."

Around 20,400 private homes are expected to be completed this year, marking the biggest annual supply completion since 2017, says Tan Tee Khoon, country manager for Singapore at PropertyGuru. PHOTO: CHERYL ONG, BT

Non-landed private residential asking rents in October

ESTATE	DISTRICT	REGION	MEDIAN ASKING RENTS (S$)	% CHANGE OVER SEP
Eunos, Geylang, Paya Lebar	14	RCR	5.8K	-6.5
Orchard, River Valley	9	CCR	7.5K	-6.3
Buona Vista, West Coast, Clementi New Town	5	OCR	6.2K	-4.6
Bedok, Upper East Coast	16	OCR	5.6K	-4.3
Clementi Park, Upper Bukit Timah	21	RCR	6.3K	-3.1
Tanglin, Holland, Bukit Timah	10	CCR	7K	-2.8
Hougang, Punggol, Sengkang	19	OCR	5.5K	0
East Coast, Marine Parade	15	RCR	6.5K	0

SOURCE: DATASENSE BY PROPERTYGURU FOR BUSINESS GRAPHIC: BTVISUAL

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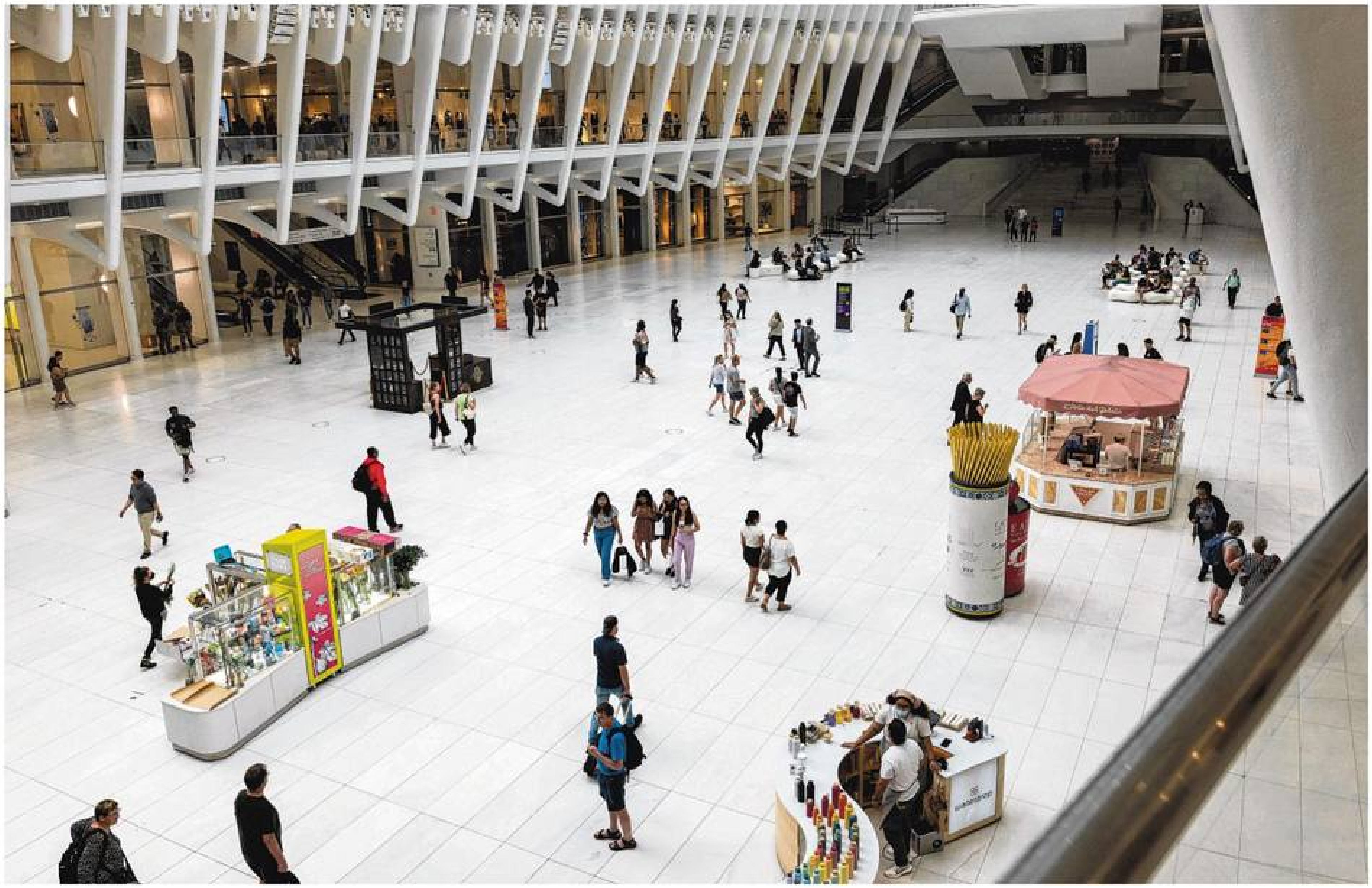

A mall in New York City. The Fed's hold on rates comes as US inflation has trended downwards since June, with the consumer price index rising by just over 3 per cent in the past two months, in contrast to 9 per cent at its peak a year ago. PHOTO: AFP

Fed holds interest rate steady in 'higher for longer' stance

It hints at possible hike in Nov if needed, with no clear signals on rate cuts next year

Ven Sreenivasan
Associate Editor & Senior Columnist

While the Federal Reserve kept its benchmark interest rate unchanged, markets will not like what they see as a "hawkish pause" with one more rate hike this year and a small chance of a rate cut in the next 12 months.

Stocks in Asia slid on Thursday and United States markets fell overnight, while the US dollar strengthened after the Fed signalled interest rates will be higher for longer.

Japan's Nikkei 225 fell 1.37 per cent, while Hong Kong's Hang Seng Index lost 1.3 per cent and the Shanghai Composite dipped 0.8 per cent.

South Korea's Kospi index tumbled 1.75 per cent, while Australia's S&P/ASX 200 dropped 1.4 per cent.

In Singapore, the Straits Times Index closed down 1.2 per cent.

Overnight, the Dow Jones Industrial slipped 0.2 per cent, while the S&P 500 slid 0.9 per cent and the tech-heavy Nasdaq fell 1.5 per cent following the Fed announcement.

The US dollar rallied against major currencies.

Following 11 rate hikes since the beginning of 2022, the Federal Open Market Committee (FOMC) held the Fed funds rate at between 5.25 per cent and 5.5 per cent at its Wednesday meeting.

The Fed also hinted that it could hike its key lending rate in November if necessary. There were no clear indications if the Fed would cut rates any time in 2024 either.

In short, rates will remain high for longer.

OCBC Bank's chief economist Selena Ling described the latest Fed decision as a classic hawkish pause.

"We saw 12 out of 19 members of the Fed signalling one more hike to go 'if appropriate', and much less easing in 2024 than what market players had hoped for given a projected soft landing for the US economy," she said.

US Federal Reserve chairman Jerome Powell said the Fed is cognisant of the need not to trip up the US economy.

"The knee-jerk risk-off sentiment saw the S&P 500 go lower and US Treasury yields go higher. Asian markets are likely to react similarly in a defensive manner today as investors brace (themselves) for a higher-for-longer US interest rate environment."

The Fed's hold on rates comes as US inflation has trended downwards since June, with the consumer price index rising by just over 3 per cent in the past two months, in contrast to 9 per cent at its peak a year ago.

"We want to see that the good inflation data we've received for the three months is more than just three months," Fed chairman Jerome Powell said in remarks on Wednesday.

The biggest concern now appears to be stubbornly high energy prices.

The problem for financial markets and ordinary folk is the lagged effect of high-for-longer rates.

Ultimately, higher interest rates will hit corporate earnings of companies with high borrowings.

Households and consumers could also be impacted, especially those with big housing loans.

But Mr Powell also indicated that amid the tightening of policy to rein in inflation, the Fed was also cognisant of the need not to trip up the US economy at a time when political infighting portends a government shutdown, while American auto workers strike.

Mr Stephen Innes, managing partner at SPI Asset Management, reckons the critical question is where interest rates will ultimately settle once the Fed concludes its hiking cycle.

He noted that whether the US economy avoids a recession is a significant consideration for both stock and bond investors.

"However, based on their projections of sharply higher GDP (gross domestic product) growth, a lower unemployment rate and lower core inflation, the Fed is more self-assured that it can achieve a soft landing and that the economy can sustain higher rates for a longer period.

"Even if the Fed doesn't hike, they will be in no rush to cut rates," he wrote.

Mr Powell reiterated that he thought there is a plausible path for a "soft landing", but declined to call his baseline expectation and "handicap" its likelihood.

"We've been seeing progress (in bringing down inflation) without higher unemployment," he said.

Still, economists and market experts generally saw a more confident Fed, which rates the US economy as doing reasonably well despite the tightest monetary stance in almost four decades.

Mr Alvin Liew, senior economist at UOB, noted that the most consequential release of the September FOMC meeting is the "dotplot" which indicated strong but not unanimous support among policy members for one more hike in 2023.

"The implication is very clear, that expectations for rate cuts in 2024 have been drastically curbed, and Fed policy could remain tight for a much longer duration than what we previously believed," he noted.

"We also expect the Fed rate cuts to be delayed till mid-2024 (from the previous forecast of first quarter 2024) and at a less aggressive pace of just 75 basis points (bps) of rate cuts for 2024 (from the previous forecast of a 125bps cut)."

Goldman Sachs economists pushed back their forecast for the Fed to begin cutting rates to the fourth quarter of 2024, later than an earlier prediction of a second-quarter cut.

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UOL and SingLand's Watten House 57% sold in private preview

Units sold at average price of S$3,230 psf; 96% of buyers are Singaporeans and permanent residents

By Yong Jun Yuan
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PROPERTY developers UOL Group and Singapore Land Group (SingLand) have sold 57 per cent, or 102 out of 180 units, at Watten House in District 10.

At the end of a private preview on Saturday (Nov 18), UOL said that the units were sold at an average price of S$3,230 per square foot (psf).

The company also noted that 96 per cent of the 102 buyers are Singaporeans and Singapore permanent residents. The showflat was closed after the preview and will reopen for the development's public launch next year.

PropNex Realty chief executive Ismail Gafoor said sales at Watten House surprised on the upside and were beyond market expectations.

"Initially, there were some concerns as to whether buying demand will be severely affected due to the April 2023 cooling measures where the Additional Buyer's Stamp Duty (ABSD) rates were hiked, and the developer had opted to build larger luxury homes which would mean higher overall price quantum," he said.

Gafoor also noted that caveat data from the Urban Redevelopment Authority's Realis platform showed that the average transacted price quantum for the core central region freehold non-landed new homes stood at about S$2.96 million and average unit price was around S$3,011 psf this year.

"The positive buyers' response at recent launch J'den, and now Watten House, indicates that the market still has ample liquidity to be deployed when highly attractive developments become available."

He added: "The recent healthy sales add a little shine to what has been dull primary market sales in the last couple of months – probably a good way to round out a year fraught with uncertainties. It should give developers some confidence to launch their projects next year."

Located in Jurong East, mixed-use development J'den sold 88 per cent of its 368 residential units on launch day at an average price of S$2,451 psf.

Property developers UOL Group and Singapore Land Group have sold 102 units out of 180 units at Watten House in District 10. PHOTO: UOL GROUP

Meanwhile, ERA Singapore chief executive Marcus Chu said that there is a very limited supply of new freehold projects, and none of the four upcoming freehold projects to be launched are in prime districts.

"Over the past two years, prices of freehold properties in prime districts grew four times faster than leasehold ones. This indicates a preference amongst prime location homebuyers for freehold properties in the post-Covid property upswing," he said.

UOL shares closed down 1.8 per cent or S$0.11 at S$6.15, while SingLand shares closed up 1 per cent or S$0.02 at S$1.99 on Friday, before the private preview of Watten House.

Singapore's total population up 5% to record high of 5.92 million as at June

Average total population growth rate over past five years is comparable to the preceding five-year period: report

By Sharon See
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SINGAPORE'S total population set a new record at 5.92 million as at June this year, an increase of 5 per cent from the year before, the annual Population in Brief (PIB) publication reported on Friday (Sep 29).

Last year, the total population rose for the first time since the Covid-19 pandemic hit, to 5.64 million.

The publication by the National Population and Talent Division and partner agencies said: "Taking into account the decline in total population in 2020 and 2021 amid the Covid-19 pandemic, the average total population growth rate over the past five years was comparable to the preceding five-year period."

The total population in the city-state in 2019, before the pandemic hit, was 5.7 million. In the two years following, many countries (including Singapore) closed their borders to stem the spread of the coronavirus. This led to a dip in the total population to 5.45 million in 2021.

The Singapore citizen population rose by 1.6 per cent year on year in June to 3.61 million; the permanent resident (PR) population rose 3.7 per cent to 540,000 over the same period.

The PIB report said the largest contributing factor was the easing of travel restrictions related to Covid-19, which led to more citizens and PRs returning to Singapore.

As at June, there were 205,200 overseas Singaporeans, an increase of 10.4 per cent from the year before.

Meanwhile, non-resident population grew 13.1 per cent to 1.77 million as at June this year.

The increase was across all pass types, said PIB. The largest increase came from work permit holders in the construction, marine shipyard and process (CMP) sectors, as contractors hired more workers to catch up on projects that were delayed by Covid-19.


Singapore's citizen population increased by 1.6 per cent to 3.61 million as at June, while the PR population rose 3.7 per cent. PHOTO: BT FILE

CMP work permit holders made up the largest proportion among non-residents, at 24 per cent. This was followed by non-CMP work permit holders at 20 per cent, dependants of citizens, PRs and work pass holders at 16 per cent, and migrant domestic workers at 15 per cent. Employment Pass holders constituted 11 per cent, while S Pass holders accounted for 10 per cent. The remaining 4 per cent were students.

Singapore's population continued to age rapidly, with lower fertility rates and longer life expectancies.

The proportion of the population aged 65 and above was 19.1 per cent as at June, compared with 18.4 per cent a year earlier. In June 2013, the figure was 11.7 per cent. Citizen median age crept up to 43, up from 42.8 in June last year. Ten years ago, it was 40.

For the whole of 2022, there were 30,429 citizen births, 4 per cent lower than the year before. However, the number of marriages involving at least one citizen rose to a record high of 24,767, increasing for the second consecutive year since 2020, when the number fell due to the pandemic.

However, PIB noted that the annual average number of citizen marriages in the last five years, at 22,700, remained lower than that of the preceding five years at 23,600.

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OUTLOOK 2024

Higher supply in softening market to keep private home prices in check next year

Cooling measures and peaking prices keep buyers cautious; sentiment may improve in second half with interest rate cuts

By Ry-Anne Lim
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A SLEW of new launches to come into a softening market will keep Singapore's private home prices in check, although talk of interest rate cuts has sparked some optimism for the second half of the year.

And where residential prices have risen the fastest in the last few years, in suburban Outside Central Region (OCR) locations, househunters will be watching if prices might ease.

"The current price levels (in the OCR) are nearing the affordability limit for most property seekers," said Lee Nai Jia, head of real estate intelligence, data and software solutions at PropertyGuru.

"Although buyers have relied on external financing, such as support from their parents, in the past few years there has been a noticeable easing in demand, as evidenced by the slowing number of transactions."

Overall, private home prices have risen 3.9 per cent in the first three quarters of the year, and are expected to close out 2023 with growth of between 4 and 5 per cent. Forecasts for 2024 are pitched around 3 per cent. Prices rose 8.6 per cent in 2022 and 10.6 per cent in 2021.

Homebuyers contended with tighter lending limits and higher interest rates this year, along with hikes in stamp duties and property taxes.

Buyers will "continue to be sensitive towards pricing, particularly with tighter credit control and higher tax burdens", said Chia Siew Chuin, head of residential research in Singapore at JLL Research & Consultancy.

Analysts believe that prices will moderate further in 2024, with developers turning conservative when pricing new launches. PHOTO: BT FILE

CBRE head of research for Singapore and South-east Asia Tricia Song said: "The current tentative buying sentiment could stretch into H1 2024 amid still-high interest rates and uncertain economic conditions, before recovering more significantly in H2 2024 when interest rates ease and the economy recovers."

She expects new home sales to tally in the range of 7,000 to 8,000 in 2024. This would be higher than the 6,500 to 6,700 units she estimates for 2023, but well below the five-year average of 9,763 units. Some 7,100 new units were sold in 2022.

New supply is tipped to expand to between 9,000 and 11,000 units next year.

Based on Huttons Asia's estimate, the supply of new condos could pick up to around 11,600 units in 38 launches next year. Even if developers were to push back launches, there would still be at least 20 launches yielding up to 8,800 units, said Christine Sun, OrangeTee & Tie's senior vice-president of research and analytics.

This includes six to nine large projects with more than 500 units each, such as Sim Lian Group's Jalan Tembusu development, which will put 840 units on the market, IOI Properties' 748-unit Marina View Residences, and the 512-unit Lumina Grand executive condo in Bukit Batok by City Developments Ltd (CDL).

Developers launched 6,491 units of private non-landed homes in the first nine months of 2023. Analysts put the full-year figure at about 7,500.

Lee Sze Teck, Huttons senior director of data analytics, said there may be up to 2,968 units launched in the prime Core Central Region (CCR) next year. This would be the largest supply since 2021, and includes projects such as CDL's 246-unit Newport Residences, the 215-unit Skywaters Residences by Perennial Holdings, and the former Peace Centre with 373 units, developed by CEL Development, Sing-Haiyi Group and KSH Holdings.

"The CCR segment, in particular the leasehold units in the Central Business District, may see prices ease further as more supply is coming through," said CBRE's Song. "This is also the segment that historically attracted more investors and foreign buyers, whose activity may continue to be constrained by the cooling measures such as high Additional Buyer's Stamp Duty."

JLL's Chia observed that prices in the CCR market have eased by 2 per cent in the first three quarters of 2023, but could hold steady in Q4, supported by prices at Watten House. In 2024, "demand for homes in the CCR is likely to remain soft, and CCR home prices could slip further on the lack of market demand catalysts in the market segment", she said.

Others believe that prices in the OCR could moderate with the new projects to come to market and prices already at new highs.

Huttons sees up to 5,583 units being launched in the suburbs, the highest for the region in 11 years. This includes a 1,190-unit integrated mixed-use project along Tampines Avenue 11 by UOL Group and CapitaLand, as well as three more projects in the Lentor area.

Government data showed that 5,201 private homes were transacted in Q3, compared with 5,388

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