

PRIVATE NEW HOME SALES



PROPnex RESEARCH
MONTHLY REPORT
- JANUARY 2023



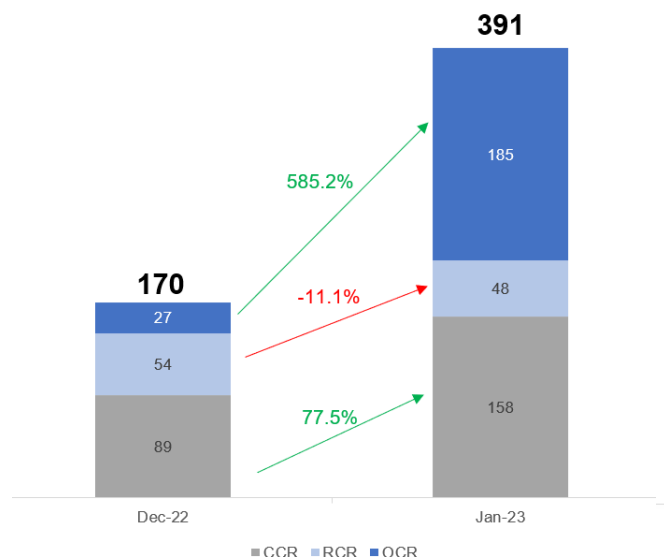
New private home sales in January doubled from December due to new project launch

- Developers' sales doubled in January, increasing by 130% from the previous month to 391 units (ex. EC), though sales were down by 43% year-on-year from the 684 units sold in January 2022.
- Sales in January were led by the Outside Central Region (OCR) where 185 units were transacted, accounting for 47% of total developers' sales in the month.

MONTHLY PRIVATE NEW HOME SALES

JANUARY 2023

Private New Home Sales (Excl. ECs)
(December 2022 vs January 2023)



Source: PropNex Research, URA

Developers' sales more than doubled in January from December, boosted by the launch of Sceneca Residence during the month. New private home sales in January came in at 391 units (ex. Executive Condos), marking a 130% jump from the 170 units transacted in the previous month. However, sales were still down on a year-on-year basis, falling by almost 43% from the 684 units shifted in January 2022. The 391 units sold in January is the highest monthly sales since 987 units changed hands in September 2022.

The healthy sales launch at Sceneca Residence in January could set the tone for major launches to come and it bodes well for new private home sales this year. The project alone accounted for about 40% (157 of 391 units) of developers' sales in January. Sceneca Residence, a residential project with commercial offerings on the first storey and located a stone's throw from the Tanah Merah MRT station sold 60% of its total units during its launch in mid-January, amid pent-up demand for mass market homes.

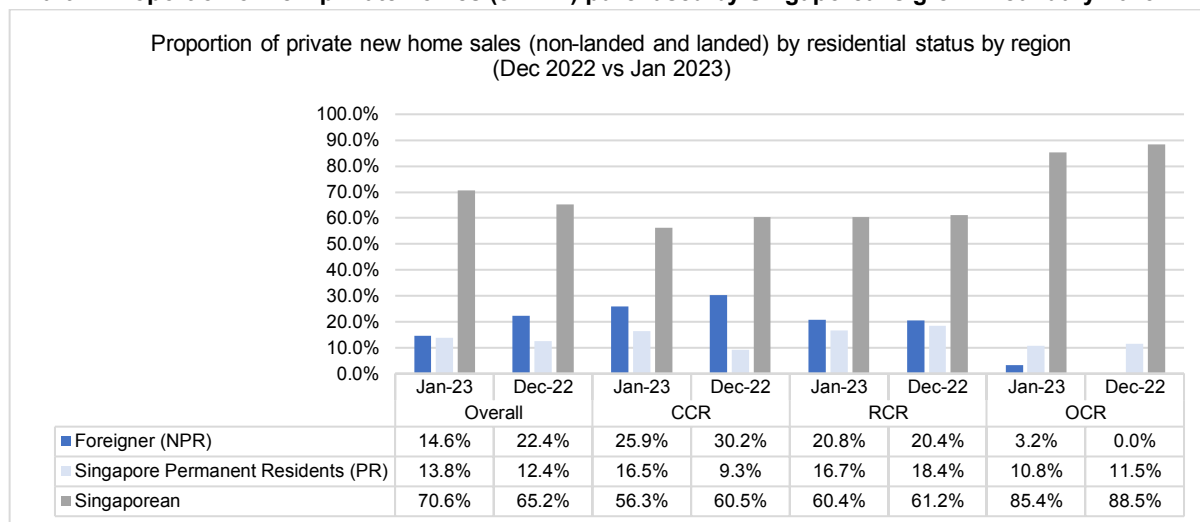
The **Outside Central Region (OCR)** segment – or mass market – led new home sales in January, transacting 185 units (ex. EC), rising sharply from the 27 units moved in December. Of these, new launch Sceneca Residence at Tanah Merah was the best-seller; it accounted for nearly 85% of OCR sales, transacting 157 units at a median price of \$2,083 psf. Coming at a distant second is The Gazania, having sold 9 units at a median price of \$2,306 psf.

Over in the **Core Central Region (CCR)**, developers saw new home sales surged by nearly 78% from 89 units in December to 158 units in January, as existing CCR launches continued to clock steady sales. The top-selling CCR project was Leedon Green which shifted 21 units at a median price of \$2,957 psf. This is followed by Klimt Cairnhill which sold 17 units at a median price of \$3,784 psf in the month.

New home sales in the **Rest of Central Region (RCR)** bucked the trend as its transaction volume declined by 11% month-on-month to 48 units in January. Once again, Riviere was the most popular RCR project, selling 13 units at a median price of \$3,087 psf in January. A dearth of RCR project launches and the paring down of unsold stock in this sub-market have led to the more subdued sales in the RCR in recent months.

In terms of launches, developers placed 410 new units (ex. ECs) for sale in January – up from 45 units that were put on the market in the previous month. Of the 410 units launched in January, more than 65% were from Sceneca Residence which put out 268 units in the month.

Chart 1: Proportion of new private homes (ex. EC) purchased by Singaporeans grew in January 2023



Source: PropNex Research, URA Realis (data retrieved 15 February 2023)

According to URA Realis caveat data, the proportion of Singaporean buyers rose to 70.6% in January, up from 65.2% in December 2022, largely driven by more deals in the OCR. Interestingly, the proportion of Singaporean buyers across all regions dwindled in January from the previous month (See Chart 1). Notably, the overall proportion of foreign buyers for private new home sales sank to around 15% in January, after reaching 22.4% in December. Foreign buyers continued to account for more than a quarter of new home sales in the CCR, with about 26% of CCR new homes being purchased by foreigners in January. PropNex expects this figure to climb in 2023 in anticipation of more mainland Chinese investors and settlers arriving in Singapore following China’s reopening.

Table 1: Median Transacted Unit Price (\$PSF) of New Home Sales (ex. EC) by Region

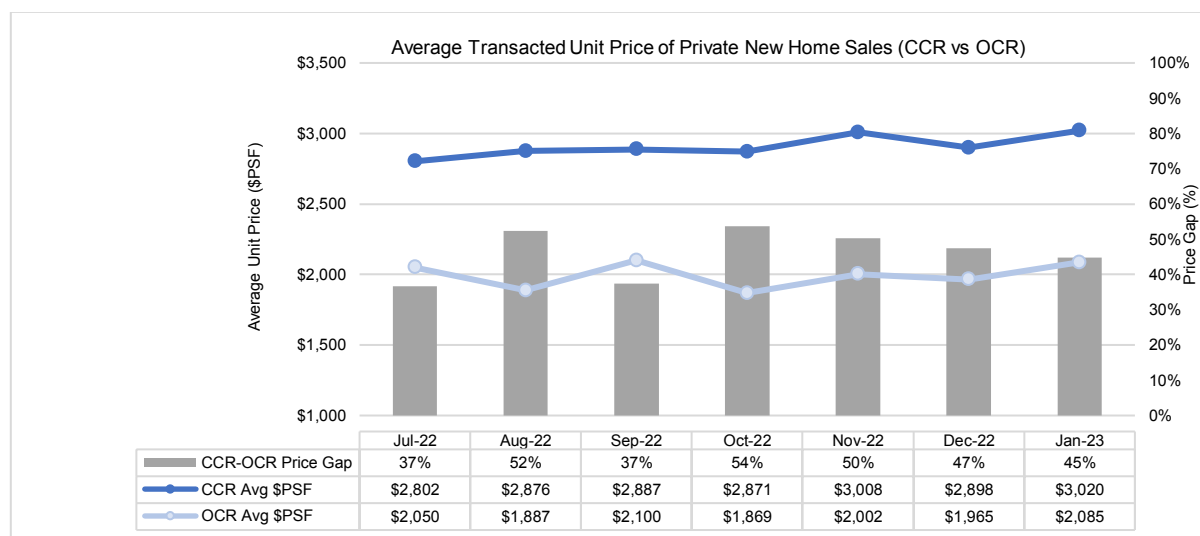
Region	Median \$PSF Price of New Home Sales (ex. EC)		
	Dec-22	Jan-23	% change MOM
CCR	\$2,892	\$2,896	0.1%
RCR	\$2,656	\$2,587	-2.6%
OCR	\$2,056	\$2,083	1.3%

Source: PropNex Research, URA Realis

Based on URA Realis caveat data, the median transacted price quantum of new private homes (ex. EC) was \$1.9 million in January – down from nearly \$2.4 million in the previous month, as the increase in OCR home sales volume likely helped to lower the overall median price. In terms of median price on a PSF basis, the CCR and OCR achieved a slight month-on-month increase from December to January, while that of RCR declined by 2.6% (see Table 1).

The average unit price gap between CCR and OCR narrowed to around 45% as of January 2023, as OCR new home prices crept up due to the new launch Sceneca Residence (see Chart 2). The price gap between CCR and OCR new launches are expected to stabilise, with new launch prices expected to remain relatively stable.

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



Source: PropNex Research, URA Realis (data retrieved 15 February 2023)

Outlook

The sales response at project launches in the past year continues to suggest that there is genuine underlying demand. Home buyers are also discerning and price-conscious, weighing the project’s attributes against the selling price. Many buyers appear to be more willing to accept today’s launch prices if the new project is located close to an MRT station, has a wide range of amenities nearby or commercial components within the development, or is situated within an area with good growth potential.

While the high interest rates remain a key consideration for home buyers, those purchasing new homes from developers under the progressive payment scheme may feel less heat – as they will be able to pay a lower mortgage amount initially because the mortgage payment will rise gradually according to the project’s construction milestones. Meanwhile, the US Federal Reserve has dialled down on its rate hike in February, and latest data showed that US inflation has eased in January, albeit still high – signalling that the Fed would continue to raise rates. That said, some home buyers may still choose to enter the market, sensing that the most aggressive rate hikes are likely behind them, and that new launch prices are not expected to see a significant decline this year.

In the Budget 2023 announcement on 14 February, the government introduced higher marginal Buyer’s Stamp Duty (BSD) rates for higher-value residential and non-residential properties, effective from 15 February. PropNex expects that the BSD changes will likely affect a good number of home buyers. Looking at URA Realis caveat data for the most recent project launches (AMO Residence, Lentor Modern, Liv @ MB, Piccadilly Grand, Sky Eden @ Bedok, and Sceneca Residence), about 65% of units sold were priced between \$1.5 million and \$3 million, while nearly 7% of units sold were priced above \$3 million.

However, the BSD changes are unlikely to impact home sales significantly as the increase in BSD payment is marginal and should still be manageable for buyers of homes priced over \$1.5 million and in excess \$3 million. For a \$2-million property, the additional BSD payable is \$5,000, while for a \$3-million property, it would be \$15,000 – not excessive for purchasers buying at those price points. Hence, the BSD changes are not expected to deter buyers, who are more focused on the long-term capital appreciation of the properties.

With the upcoming launch of freehold Terra Hill in the RCR, and continued sales momentum at existing projects, PropNex expects new home sales will likely cross the 500-unit mark in February. The 270-unit Terra Hill project in Pasir Panjang is slated for sales launch on 25 February and it has drawn strong buying interest, attracting some 5,000 visitors to its sales gallery during the preview weekend recently

Table 2: Top 10 Best-Selling Private Residential Projects (Ex. ECs) in January 2023

S/N	Project	Region	Units Sold in Jan 2023	Median Price in Jan 2023 (\$PSF)
1	SCENECA RESIDENCE	OCR	157	\$2,083
2	LEEDON GREEN	CCR	21	\$2,957
3	KLIMT CAIRNHILL	CCR	17	\$3,784
4	ONE HOLLAND VILLAGE RESIDENCES	CCR	16	\$2,791
5	RIVIERE	RCR	13	\$3,087
6	HAUS ON HANDY	CCR	11	\$2,746
	PERFECT TEN	CCR	11	\$3,168
7	THE LANDMARK	RCR	10	\$2,555
	WILSHIRE RESIDENCES	CCR	10	\$2,716
8	THE GAZANIA	OCR	9	\$2,306
9	CAIRNHILL 16	CCR	8	\$2,675
	HYLL ON HOLLAND	CCR	8	\$2,788
	PULLMAN RESIDENCES NEWTON	CCR	8	\$3,092
10	PARC CLEMATIS	OCR	7	\$1,801

Source: PropNex Research, URA

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