

Private New HOME SALES

PROPNE X RESEARCH
MONTHLY REPORT

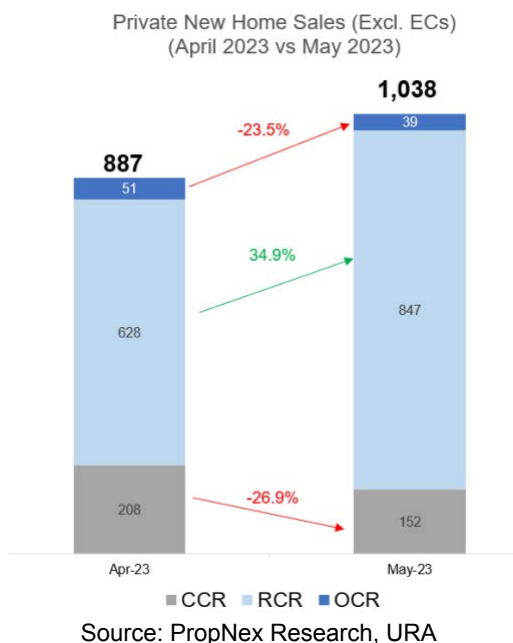
**MAY
2023**

New private home sales hit one-year high, on strong demand for fresh launches in the city fringe

- Developers' sales jumped further in May, rising by 17% from the previous month to 1,038 units (ex. EC); sales were down by 23.4% year-on-year from May 2022.
- Sales in May 2023 were led by the Rest of Central Region (RCR) where 847 units were sold, accounting for close to 82% of total developers' sales in the month.

MONTHLY PRIVATE NEW HOME SALES

MAY 2023



The sales momentum of new private homes continued to gain traction in May 2023, building on April's transaction growth. Developers' sales reached a one-year high in May 2023 as two fresh project launches – The Continuum and The Reserve Residences – drove a 17% month-on-month increase in sales to 1,038 units (ex. EC) from 887 units sold in the previous month. This follows an 80% MOM surge in developers' sales from March to April.

It is the first monthly developers' sales to surpass the 1,000-unit mark since May 2022, where 1,355 new homes were transacted. On a year-on-year basis, new home sales in May 2023 were down by 23.4% from a high base of units sold in May 2022, where the launch of Liv @ MB and Piccadilly Grand helped to prop up transactions then.

Once again, as with April, May's new home sales were led by the **Rest of Central Region (RCR)** which saw 847 new homes sold – up by 34.9% from April. New launches The Continuum and The Reserve Residences made up 88.3% of the RCR sales, with integrated development The Reserve Residences shifting 523 units at a median price of \$2,461 psf, and freehold The Continuum selling 225 units at a median price of \$2,720 psf.

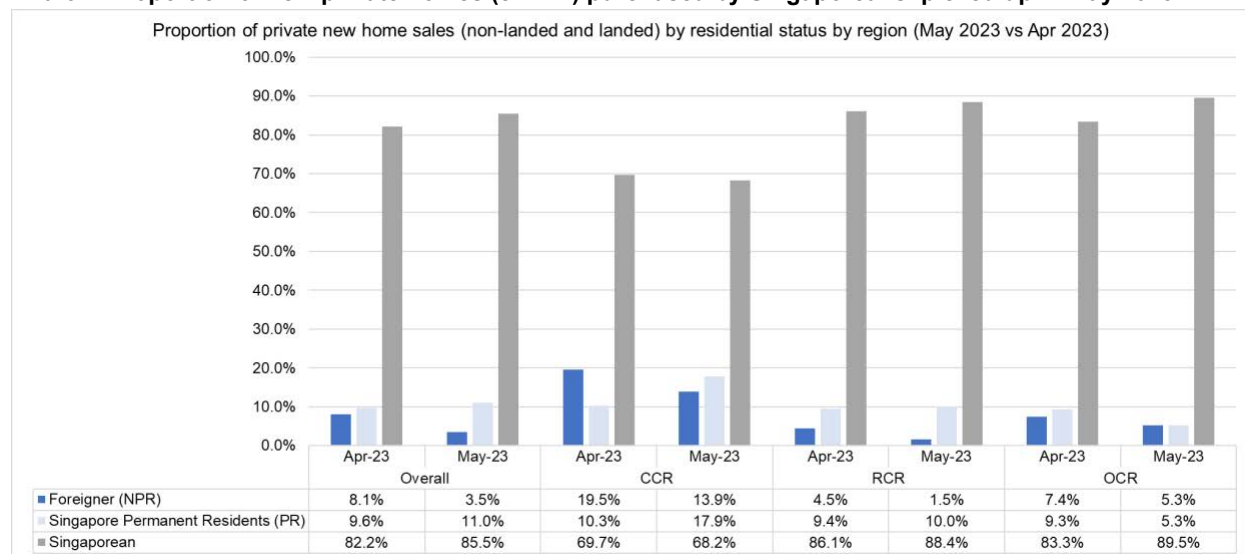
The Reserve Residences and The Continuum were the only new projects launched for sale in May. The primary market sales activity in June is expected to be more muted as no fresh projects are slated to be launched for sales booking, amid the school holiday period.

The **Core Central Region (CCR)** transacted 152 new private homes, representing a 26.9% MOM decline from April's sales. The top-selling CCR projects included The Atelier which sold 22 units at a median price of \$2,685 psf, and Pullman Residences Newton which transacted 16 units at median prices of \$3,278 psf.

New home sales in the **Outside Central Region (OCR)** fell by 23.5% MOM to 39 units in May in the absence of fresh projects and the tight supply of unsold stock in the OCR. The best-selling OCR project during the month was The Botany at Dairy Farm, where 16 units were sold at a median price of \$2,125 psf. Based on URA data, out of the mass market projects that have been launched for sale in the OCR, about 93% of the units (ex. EC) in the developments have already been sold – presenting few available options to buyers.

Developers placed 1,595 new units (ex. ECs) for sale in May (largely from The Continuum and The Reserve Residences) – up from 798 units that were put on the market in April 2023.

Chart 1: Proportion of new private homes (ex. EC) purchased by Singaporeans picked up in May 2023



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

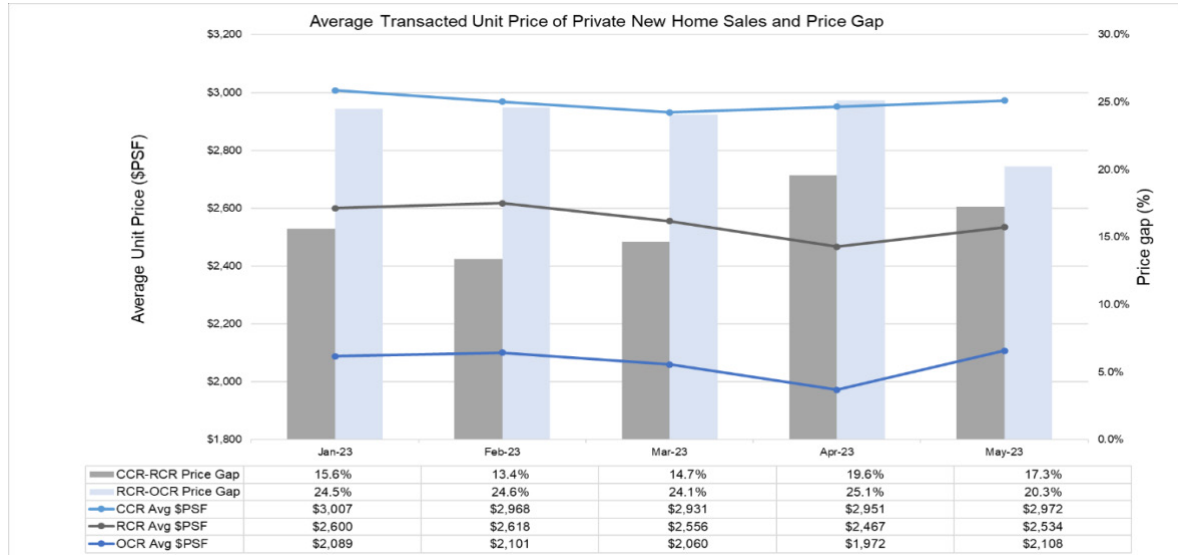
As private home sales are broadly underpinned by local demand, the overall transaction volume is still healthy in spite of the recent hike in additional buyer’s stamp duty (ABSD) rate to 60% for foreigners, which was implemented from 27 April 2023. Looking at URA Realis caveat data, we note that the proportion of new non-landed and landed private home sales to foreigners (non-PRs) has fallen significantly in May to 3.5% of the monthly sales, compared to the 8.1% in April (see Chart 1).

At 3.5%, this would be the lowest proportion since December 2021, where the portion of new private homes purchased by foreigners was at 3.2% of the monthly total. It may be early days yet, but this could be a sign that the punitive 60% ABSD rate is working through the market and trimming foreign investment demand, as investors consider their options. Foreign buyer participation in the CCR during the month, accounted for 13.9% of CCR’s monthly new home sales in May, falling from 19.5% in the previous month. Meanwhile, the proportion of overall sales to PRs and Singaporeans picked up slightly to 11.0% and 85.5% respectively in May (from 9.6% and 82.2% in April).

Meanwhile, caveat data showed that the median transacted price quantum of new non-landed private homes (ex. EC) was \$1.95 million in May – growing from the \$1.91 million in the previous month.

The average unit price gap between new private home sales in the CCR and the RCR have fallen from April to May to 17.3% as average prices of new homes in RCR gained slightly MOM. Meanwhile, the average unit price gap between the RCR and OCR also fell to 20.3%, as average selling prices in the OCR ticked up to \$2,108 psf (see Chart 2).

Chart 2: Average Unit Price Gap between sub-markets for Private New Homes (ex. EC) sales



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

Outlook

Despite three rounds of cooling measures since December 2021, high home loan mortgage rates, slower economic growth outlook, and firm home prices, demand for new private residential launches has remained resilient. The two new projects out in May – The Continuum and The Reserve Residences – collectively accounted for about 72% of May’s sales.

The still healthy property demand stems from Singaporeans’ confidence in the local property market which - while subjected to market vagaries and cycles – has generally been relatively stable, with prices having been on an up-trend over the time. Since 2009, the government has also been intervening from time to time, with various cooling measures to ensure the residential property market does not overheat and prices do not get ahead of economic fundamentals. In addition, buyers may also feel assured about their job and income, and about Singapore’s long-term prospects.

This confidence, coupled with an ample dry powder keg at the ready – be it from personal savings, intergenerational wealth transfer, and/or capital unlocked from a property sale (e.g. HDB upgraders) or other investments – have seen buyers entering the market when attractive projects come along. Meanwhile, the progressive payment scheme for new launches certainly helps in cushioning buyers from bearing the full weight of the high interest payments from the get-go.

PropNex expects new private home sales to be muted in June owing to a dearth of launches, but the transaction volume should rebound in July with several project launches lined up. We are anticipating the sales launch of Lantor Hills Residences and The Myst in early-July, while Pinetree Hill, Grand Dunman, and Lake Garden Residence could potentially come on the market as well. Collectively, the five projects in the RCR and OCR can offer a total of more than 2,800 residential units, providing prospective buyers with a wider range of options - especially in the OCR where the unsold stock has been low.

Table 1: Top 10 Best-Selling Private Residential Projects (Ex. ECs) in May 2023

S/N	Project	Region	Units Sold in May 2023	Median Price in May 2023 (\$PSF)
1	THE RESERVE RESIDENCES	RCR	523	\$2,461
2	THE CONTINUUM	RCR	225	\$2,720
3	THE LANDMARK	RCR	25	\$2,610
4	THE ATELIER	CCR	22	\$2,685
5	PICCADILLY GRAND	RCR	18	\$2,083
6	PULLMAN RESIDENCES NEWTON	CCR	16	\$3,278
	THE BOTANY AT DAIRY FARM	OCR	16	\$2,125
7	TEMBUSU GRAND	RCR	15	\$2,436
8	LEEDON GREEN	CCR	14	\$2,898
9	HYLL ON HOLLAND	CCR	13	\$2,914
	ONE HOLLAND VILLAGE RESIDENCES	CCR	13	\$2,886
10	THE AVENIR	CCR	10	\$3,112
	MIDTOWN MODERN	CCR	10	\$2,850

Source: PropNex Research, URA

Research

Wong Siew Ying

Head of Research and Content
DID : (65) 6829 6669 / 9745 3035
Email : siewying.wong@propnex.com

Jean Choo

Research Analyst
DID: (65) 6829 6708
Email : jean@propnex.com

Corporate Communications & Business Development

Carolyn Goh

Senior Director
PropNex Limited (SGX Mainboard Listed Company)
DID : (65) 6829 6748 / 9828 7834
Email : carolyn@propnex.com

Fazilla Nordin

Senior Manager
DID : (65) 6829 6746 / 9188 5760
Email : fazilla@propnex.com

PropNex Realty (A subsidiary of PropNex Limited)

480 Lorong 6 Toa Payoh #10-01 HDB Hub East Wing Singapore 310480
Main : (65) 6820 8000

Disclaimer:

While every reasonable care is taken to ensure the accuracy of information printed or presented here, no responsibility can be accepted for any loss or inconvenience caused by any error or omission. The ideas, suggestions, general principles, examples and other information presented here are for reference and educational purposes only.

This information contained herein is not in any way intended to provide investment, regulatory or legal advice or recommendations to buy, sell or lease properties or any form of property investment. PropNex shall have no liability for any loss or expense whatsoever, relating to any decisions made by the audience.

All copyrights reserved.

Compiled on 15 June 2023