



JULY-2020

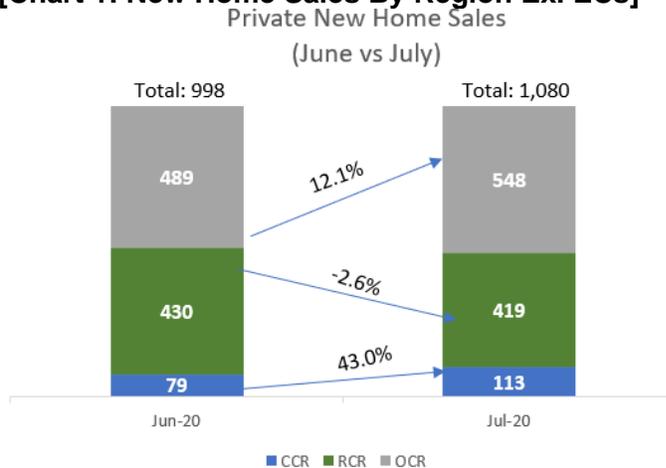
Amid the pandemic and economic downturn, developers' sales continued to outperform expectations in July, booking the highest monthly sales in eight months. Latest data from the Urban Redevelopment Authority (URA) showed that 1,080 new private homes (excluding Executive Condos) were sold in July 2020 – up by 8.2% from the 998 units transacted in the previous month and 8.4% lower than 1,179 units sold in July 2019.

July's new home sales of 1,080 units were also the highest monthly tally since 1,165 units were shifted in November 2019. In total, 4,942 new private homes were sold in the first seven months of 2020, representing an 8% year-on-year (YOY) decline from 5,367 units transacted in the corresponding period of 2019.

The increase in sales in July was led by the Core Central Region (CCR) and Outside Central Region (OCR) which saw transactions rise by 43.0% and 12.1% month-on-month (MOM), respectively. Meanwhile, new home sales dipped by about 2.6% MOM to 419 units in the Rest of Central Region (RCR) (See Chart 1).

Developers launched 869 new units for sale in July, representing a 45.6% increase from the 597 units put on the market in June 2020.

[Chart 1: New Home Sales By Region Ex. ECs]



Source: PropNex Research, URA

The private new home sales market has wind in its sails right now, driven by underlying housing demand, ample liquidity in the system, low interest rates, and attractively priced projects. With no new major launches in July, the market continued to absorb units from previously launched projects – at a pace which we think is commendable given the substantial economic headwind from the pandemic.

Regional analysis

In July, the **OCR** continued to drive new home sales, accounting for 51% or 548 units of the total transactions. The top three best-selling projects in the month – Treasure At Tampines, Parc Clematis, and The Florence Residences – were all in the OCR. We believe the mass market segment will continue to do well underpinned by demand from HDB upgraders.

Meanwhile, the **CCR** also posted a sharp spike in sales from June to July, spurred by right pricing strategy at projects including KOPAR at Newton, Fourth Avenue Residences, The Avenir, and The M.

Based on our analysis of Realis data, we found that more Singaporeans have bought CCR units in recent years, accounting for 63.2% of total CCR transactions in 2019 compared with 48.3% in 2018. This momentum has continued into this year with Singaporeans contributing to 77.8% of total CCR transactions in the first seven months of 2020 (See Table 1). It seems like Singaporeans have picked up the slack following the pull-back in foreign purchases after the increase in additional buyer's stamp duty (ABSD) for foreigners in 2018 and more recently, the travel bans due to the pandemic.

In addition, developers have also priced CCR units competitively amid the challenging economic landscape compared with more positive times. For instance, the median transacted price at KOPAR at Newton was \$2,292 psf in July 2020 – relatively more attractive than the median price range of \$2,600 - \$3,400 psf transacted in District 9's new launches back in 2019.

Over in the **RCR**, sales remained fairly steady from June to July, with Jadescape, Daintree, and Parc Esta being the top performers in the segment. We expect the newly launched Forett @ Bukit Timah – which has reportedly sold 190 units (or 30% of the total 633 units) during its launch weekend over National Day – to prop up overall new home sales in August. With more new launches planned for the rest of the year, we anticipate a reasonably active primary market in the months to come – particularly after the traditional Hungry Ghost month (Aug 19 to Sept 16).

[Table 1: New Home Sales in CCR By Nationality]

Private New Home Sales in CCR			
Nationality	2018	2019	First 7 Months (2020)
Singaporean	48.3%	63.2%	77.8%
Singapore Permanent Residents (PR)	18.1%	13.1%	12.4%
Foreigner (NPR)	33.6%	23.7%	9.8%
Total	553	864	834

Source: PropNex Research, URA Realis as of 17 Aug

Sales analysis

The top selling private residential projects in July included: Treasure At Tampines which sold 112 units at a median price of \$1,344 psf; Parc Clematis which moved 87 units (\$1,649 psf); The Florence Residences which sold 78 units (\$1,559 psf); Jadescape which shifted 75 units (\$1,739 psf); and Daintree Residences which transacted 56 units (\$1,641 psf). Many of the top 10 best sellers held prices relatively steady in July with a slight increase in median prices as compared with their respective median launch prices (See Table 2).

[Table 2: Top 10 Best Selling Private Residential Projects in July]

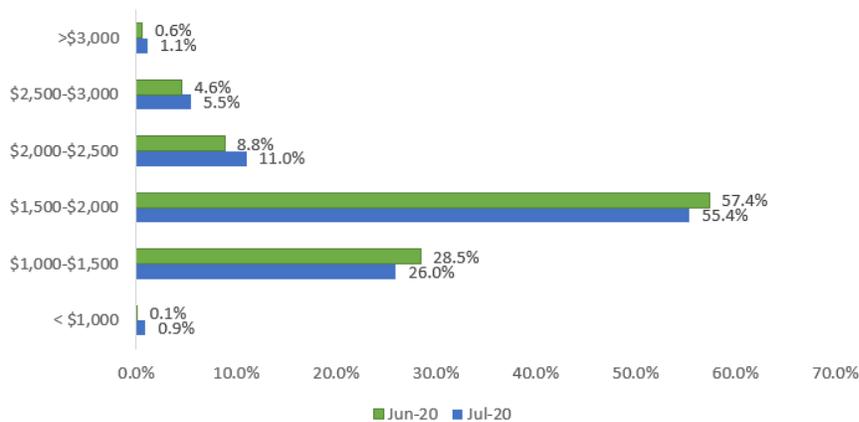
Top 10 Best Selling Projects in July (Excluding ECs)						
Project	Units Sold	Region	Launch Date	Median Launch Price (\$psf)	Median Price (\$psf) in Jul-20	Price Change (%)
TREASURE AT TAMPINES	112	OCR	Mar-19	\$1,335	\$1,344	0.7%
PARC CLEMATIS	87	OCR	Aug-19	\$1,615	\$1,649	2.1%
THE FLORENCE RESIDENCES	78	OCR	Mar-19	\$1,434	\$1,559	8.7%
JADESCAPE	75	RCR	Sep-18	\$1,667	\$1,739	4.3%
DAINTREE RESIDENCE	56	RCR	Jul-18	\$1,699	\$1,641	-3.4%
PARC ESTA	50	RCR	Nov-18	\$1,703	\$1,710	0.4%
THE TAPESTRY	44	OCR	Mar-18	\$1,408	\$1,365	-3.1%
STIRLING RESIDENCES	38	RCR	Jul-18	\$1,749	\$1,979	13.2%
AFFINITY AT SERANGOON	34	OCR	Jun-18	\$1,590	\$1,534	-3.5%
THE WOODLEIGH RESIDENCES	34	RCR	Nov-18	\$2,007	\$1,875	-6.6%

Source: PropNex Research, URA

According to Realis data, 81.4% of the new private homes sold in July were priced at between \$1,000 and \$2,000 psf (See Chart 2) – lower than 85.9% in June. Notably, more homes were transacted in the pricier categories of above \$2,000 psf – 17.6% in July versus 14% in June - perhaps reflecting the better take-up of units in the CCR during the month.

[Chart 2: New Home Sales by Unit Price]

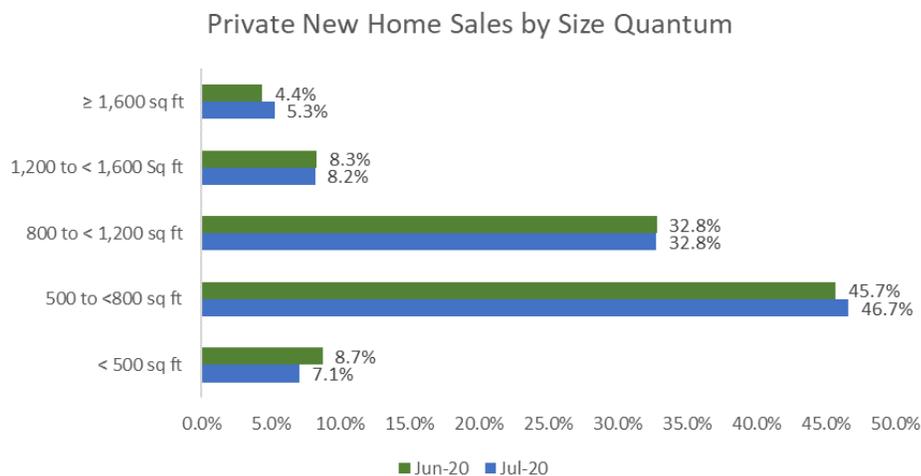
Private New Home Sales by Unit Price (\$psf)



Source: PropNex Research, URA Realis as of 17 Aug

By unit size, 53.8% of new homes sold in July were under 800 sq ft – marginally down from 54.4% in June. Meanwhile, the take-up of larger new private homes as a proportion of total sales (above 800 sq ft) inched up to 46.3% in July from 45.5% in the previous month (See Chart 3).

[Chart 3: New Home Sales by Unit Size]



Source: PropNex Research, URA Realis as of 17 Aug

Outlook

While the relatively brisk sales in recent months may seem at odds with the gloomy economic prognosis, it must be said that the current downturn is not felt evenly across all sectors of the economy. Some sectors – such as financial services and tech - have held up better than others amid the COVID-19 pandemic. As such, there are still segments of the population - those who feel more secure about their job prospects or have built up substantial savings over the years or perhaps have been thinking of upgrading to a condo - may see this as an opportune time to enter the market.

PropNex Research remains cautiously optimistic about the new home sales volume which should find support from the new launches that are still to come. Some upcoming launches include Penrose in Sims Drive; The Landmark in Chin Swee Road; Myra in Potong Pasir; Verdale in Jalan Jurong Kechil; and Ki Residences in Brookvale Drive. However, downside risks persist and there remains a high degree of uncertainty over the pandemic situation and Singapore's economic outlook. Apart from the pandemic, global geopolitical and trade tensions also bear watching as any intensification could further weigh on the economy.

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