

4Q2020 QUARTERLY REPORT



PROPNEX RESEARCH

2020 Residential Property Report



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Private Residential Property Q4 2020

Overview

The Singapore residential property market was a standout in 2020, defying pandemic woes and economic malaise to achieve stellar sales and moderate price growth. Previous rounds of cooling measures have ensured that the property market entered the crisis on surer footing, with prices stable and households generally prudent in their home purchase.

The government's robust and timely stimulus measures to cushion the impact of the pandemic have helped companies and individuals, in turn shoring up confidence. Meanwhile, pent-up demand for homes, ample liquidity in the market, low interest rates, and the vastly improved sentiment have led to a stunning rebound in the housing market in the second half of 2020.

Transactions

- Despite the pandemic and economic recession, the new sale and secondary (including sub-sales) markets outperformed expectations in 2020, registering a total of 20,909 transactions for the whole year, surpassing the 19,150 in 2019.
- Developers sold 2,603 new units in Q4 2020, driven by attractive launches such as The Linq At Beauty World, The Landmark, Clavon, and Ki Residences At Brookvale. This took annual new home sales to 9,982 units – 0.7% higher than 2019's 9,912 units.
- Demand for resale private homes was also resilient, partly driven by the HDB upgraders segment. More realistic pricing amid the pandemic may also have facilitated sales – 4,249 units were resold in Q4 2020, up from 3,467 units in Q3 2020. Resale volume rose by 19.9% (YoY) to 10,729 units in 2020.
- With foreign buyers mostly absent, demand was firmly driven by local buyers in 2020, with Singaporeans accounting for about 82% of total private residential transactions.

Total Private Home Sales & Property Price Index



Source: PropNex Research, URA Realis

Prices

- Private home prices were more resilient than expected, rising by 2.1% in Q4 2020 and 2.2% for the whole year, as per the URA Property Price Index. The price growth in Q4 2020 was the fastest pace of increase since Q2 2018.
- Firmer home values were observed across all three sub-markets, mainly supported by prices of new projects. In Q4 2020, the median transacted prices (see table below) at Clavon, Ki Residences At Brookvale, The Landmark, and The Linq At Beauty World were all higher than the median prices in the Outside Central Region (OCR) at \$1,632 psf, and Rest of Central Region (RCR) at \$2,025 psf.

Project	Region	Median Price in Q4 2020 (\$ PSF)
CLAVON	OCR	\$1,637
KI RESIDENCES AT BROOKVALE	OCR	\$1,766
THE LANDMARK	RCR	\$2,137
THE LINQ @ BEAUTY WORLD	RCR	\$2,171

Source: PropNex Research, URA Realis

Market Outlook

- Buoyed by growing optimism surrounding the vaccine roll-out in Singapore and the improving economy, the momentum in sales and prices is expected to carry over to 2021

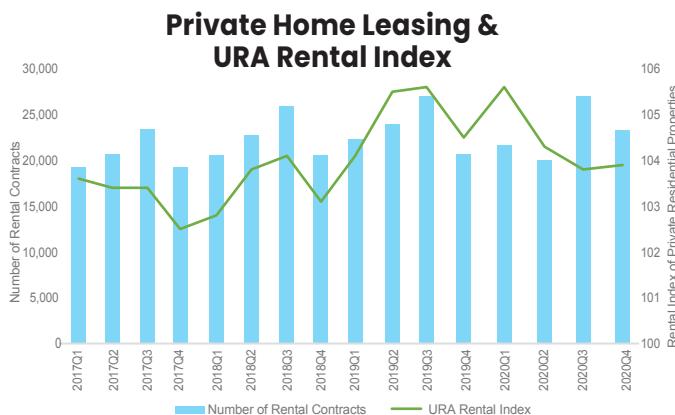
- PropNex expects private home prices to climb by 3% to 4% in 2021. Another factor that will lend support to prices is the declining unsold inventory which has dropped to 24,296 units as at the end of Q4 2020 from 26,483 units in the previous quarter.

Positive market sentiment and low interest rates will help to drive sales, while Singapore's effective management of the pandemic adds further gloss to the Republic's reputation as an investment safe haven. PropNex expects 8,000 to 9,000 new private homes to be sold in 2021. Meanwhile, resale transactions are expected to cross 10,000 units in 2021, as the entry prices in the resale segment are seen to be more attractive compared to many new launches.

- The resurgence in COVID-19 cases, the uneven economic recovery, and weak employment sentiment remain the key risks in 2021. In addition, policy risk looms should the government judge that home prices are getting ahead of economic fundamentals.

Private Home Leasing

- Home leasing demand was relatively healthy in Q4 2020 as more overseas Singaporeans and long-term pass holders return to Singapore.
- Compared to Q3 2020, the number of rental contracts fell by 13% to 23,344 in Q4 2020. For the whole of 2020, there were 92,027 rental contracts, lower than the 93,960 in 2019.
- Based on the URA Rental Index of private residential properties, rents increased by 0.1% in Q4 2020 as compared to -0.5% in Q3 2020. For the whole of 2020, rentals fell by 0.6%.



Source: PropNex Research, URA

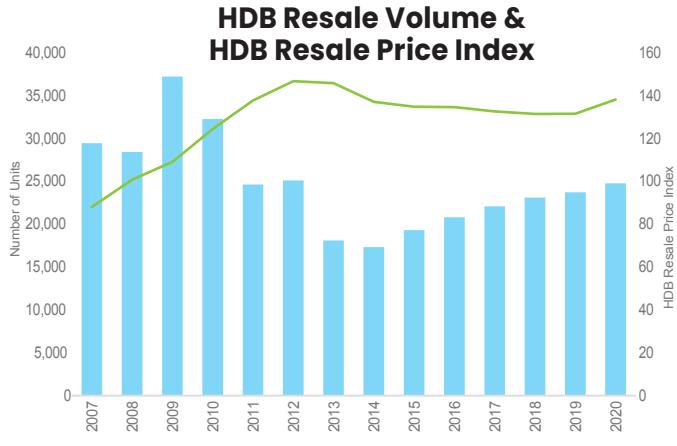
HDB Resale Q4 2020

Overview

Several factors drove the remarkable recovery in the HDB resale market. On the policy front, changes introduced in 2019, such as the generous housing grants for first-time buyers and updated rules on CPF usage and HDB housing loan have gained greater traction in 2020. Meanwhile, the delay in completion of new flats due to the pandemic's impact on the construction sector may also have diverted buyers to look at resale flats.

Transactions and Prices

- Resale flat volume dipped by 1.9% QoQ to 7,642 units in Q4 2020, ending the year with a total of 24,748 resale transactions – 4.4% higher than the 23,714 units resold in 2019.
- Resale flat prices rose by 3.1% in Q4 2020, representing the largest quarterly increase in the HDB resale price index in over nine years, since the 3.8% price growth in Q3 2011. For the full year, resale flat values climbed by 5.0%.



Market Outlook

- HDB resale flat demand should stay relatively healthy, as the rising supply of newer resale flats entering the market will help to stimulate demand and support prices.
- An estimated 25,530 HDB flats could reach their 5-year Minimum Occupation Period (MOP) in 2021 – higher than the 24,163 flats in 2020 – making them eligible to be resold.
- PropNex expects HDB resale prices to rise by 3% to 5% in 2021 and resale volume could hit 25,000 units, on keen buying interest.

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