MARKET OUTLOOK 2024

SPOTLIGHT

On The Singapore Residential Market

A recap
of the Singapore residential market in 2023 and what lies ahead in 2024

Rising cost and the elevated interest rates have moderated residential property demand across the board in 2023. Residential demand tapered further with the Additional Buyer Stamp Duty (ABSD) hike in April that curtailed demand from investors and foreigner buyers. The roundup of money laundering cases in August involving several high-value residential property transactions, has led to the heightening of anti-money laundering checks.

But recent new sales performance seems to paint a different picture. J'den and Watten House, launched in November, have reported exceptional sales amid achieving benchmark prices. The residential market looks to have turned the corner with returning buyers' confidence.

Projected economic expansion, low unemployment rates and healthy household balance sheet to support homebuying activities in 2024

Despite the global slowdown, Singapore has emerged as the bright spot in Asia Pacific. Its economic growth is forecasted to expand by 2.3% in 2023. The labour force is largely stable with overall unemployment rate projected to stay low, even as retrenchment increases. Both headline and core inflation could begin abating and are projected to average 3.0%-4.0% and 2.5%-3.5% respectively in 2024. For now, the Singapore household balance sheet remains healthy. All of these factors will help support homebuying activities.

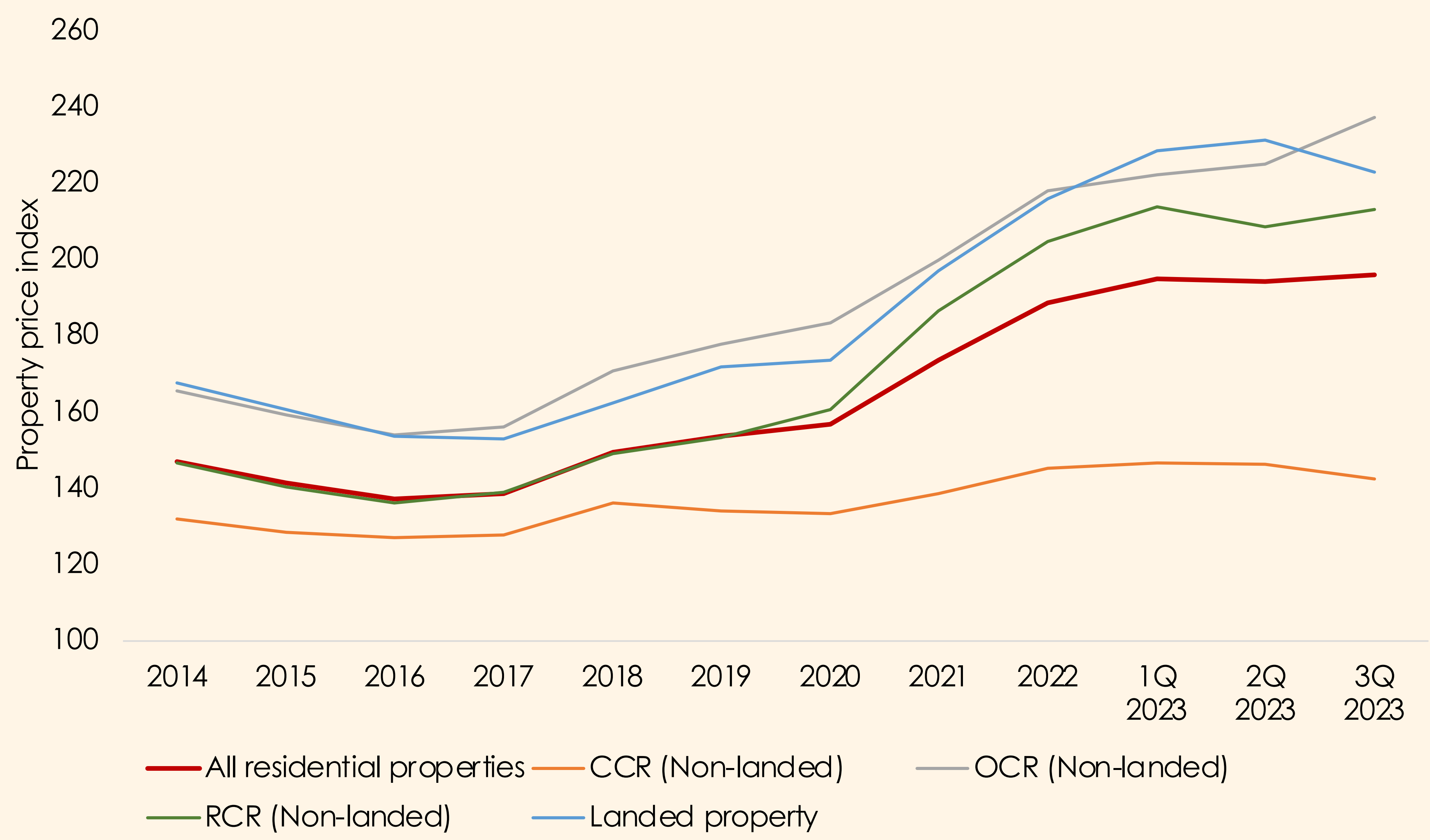
Analysts are hopeful that the Federal Reserve of United States could cut interest rate by up to 75 basis point in 2024. This could boost the residential market and bolster transaction volume in 2024.

Residential home prices

The all residential property price index reported a modest increase in 2023, registering a 3.9% growth in 3Q 2023 since the beginning of the year. CCR non-landed home prices, the laggard among the regions, fell by 2.0% over the first nine months of 2023. By contrast, new home prices have lifted RCR and OCR non-landed home prices by 4.0% and 8.8% respectively in the first nine months of 2023.

Landed home prices have held steady, rising only 3.2% over the last nine months of 2023. This is in contrast to the last two years where the COVID-led boom sent landed prices soaring by 13.3% and 9.6% y-o-y in 2021 and 2022 respectively.

Chart 1 Singapore residential price index



Source: URA, ERA Research and Market Intelligence

The all residential property price index is forecasted to grow between 4%-5% year-on-year (y-o-y) in 2023, and another 5%-6% y-o-y in 2024. Meanwhile, landed home prices are anticipated to stay relatively stable and could see a potential growth of up to 2% by end 2024.

Non-landed new homes

According to caveats as at 15 Dec 2023, the islandwide average new home price in 4Q 2023 reached $2,541 psf (per square feet), registering 8.9% growth y-o-y. After a dearth of new home launches since August, November new home launches such as J'den and Watten House, have reported exceptional sales performance amid achieving benchmark prices. J'den sold at a median price of $2,475 per square feet (psf) while Watten House reached a median price of $3,198 psf.


The Reserve Residences


Grand Dunman


Lentor Hills Residences


Tembusu Grand

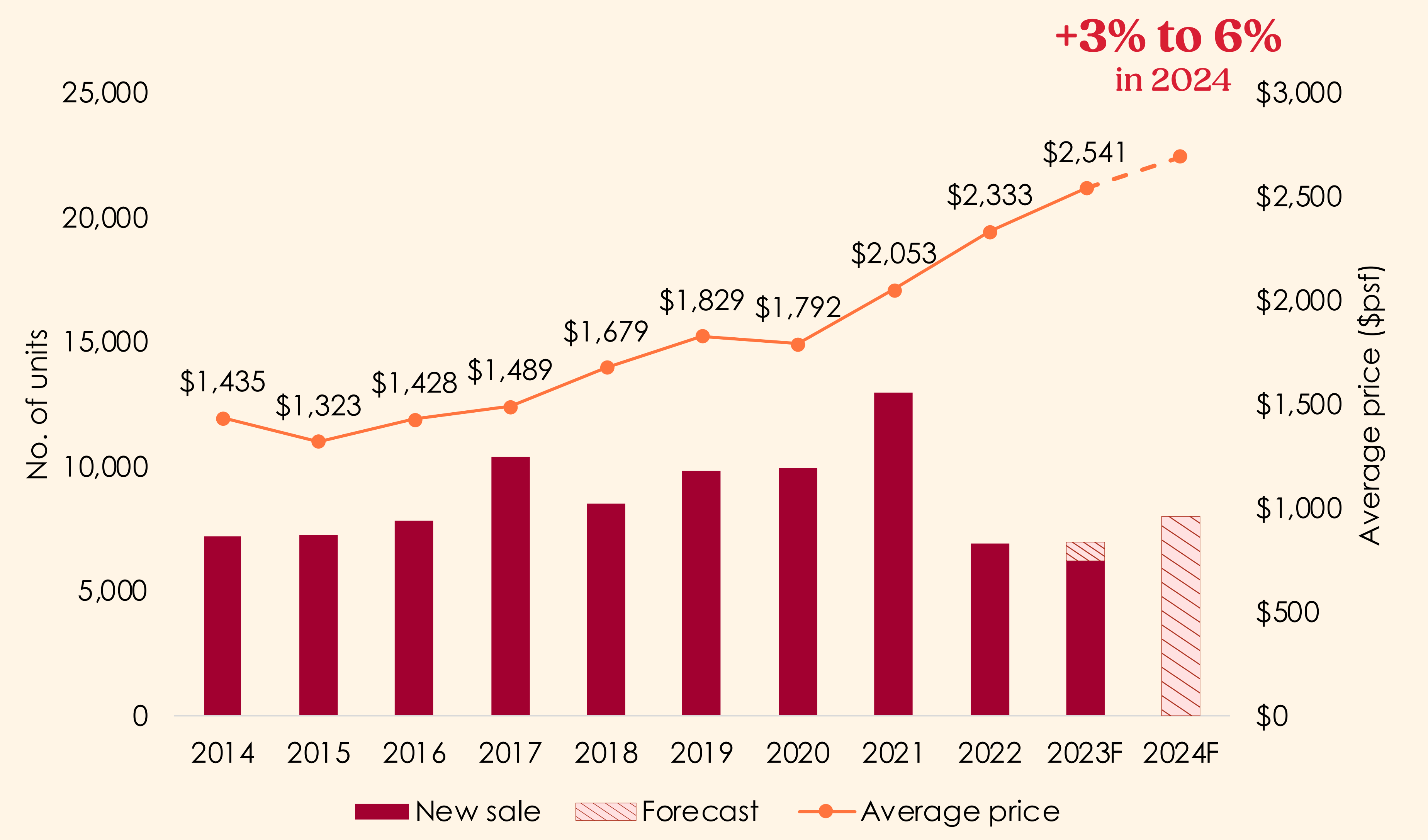

J'den

Despite an increase in new home launches this year, sales volume has moderated. In 2023, the new home market welcomed 22 new launches and one Executive Condominium (EC) launch. An estimated of 7,600 new homes (excluding EC) could be launched in 2023, which is 52% higher than in 2022 (4,987 units).

The top five best-selling projects by units in 2023 are as follow: The Reserve Residences, Grand Dunman, Lentor Hills Residences, Tembusu Grand and J'den.

ERA projects total new home sale could reach between 6,500 and 7,000 in 2023, just a shade lower than 2022 where 7,099 new homes were sold.

Chart 2 New sale transactions and average price



Source: URA as at 15 Dec, ERA Research and Market Intelligence

Table 1 Top five Best-selling projects (excluding EC) in 2023

Project name	Total units	Tenure	Market Segment	Total units sold in 2023	Average price ($psf)	Proportion of units sold
THE RESERVE RESIDENCES	732	99 Years	RCR	676	$2,470	92%
GRAND DUNMAN	1,008	99 Years	RCR	622	$2,522	62%
LENTOR HILLS RESIDENCES	598	99 Years	OCR	436	$2,084	73%
TEMBUSU GRAND	638	99 Years	RCR	376	$2,463	59%
J'DEN	368	99 Years	OCR	329	$2,457	89%

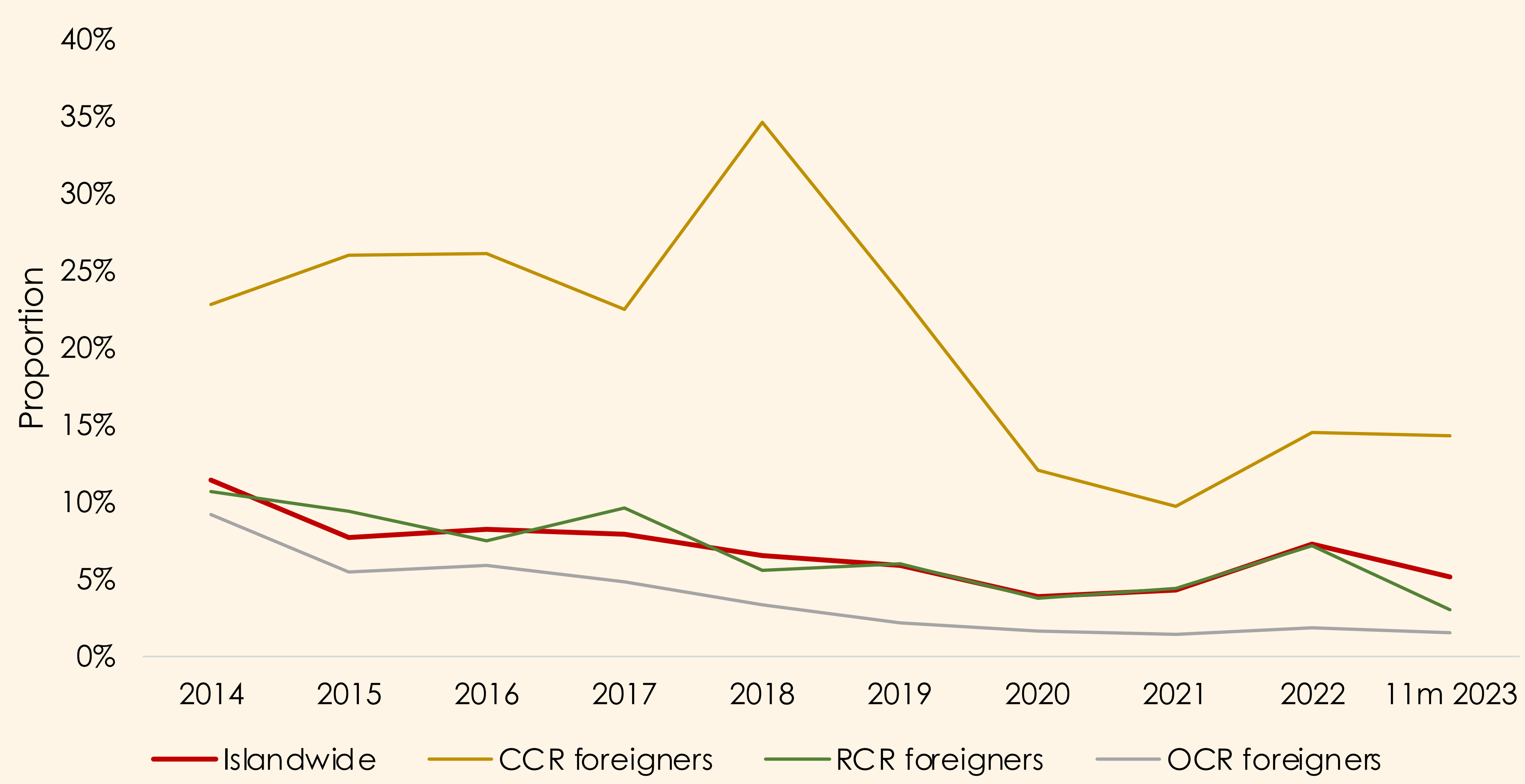
Source: ERApro, URA as at 15 Dec, ERA Research and Market Intelligence

Buyer profile for new homes

The ABSD hike in April 2023, which included the doubling of ABSD for foreign buyers, has curtailed demand from foreign buyers across the board.

Among the market segments, CCR was the most impacted. Prior to the pandemic, foreign buyers accounted for close to one quarter of the buyers for homes in CCR, but this proportion has trended between 12% and 14% since 2020. RCR and OCR have seen similar declines, even as they reported a marginal decline in the proportion of foreign buyers.

Chart 3 Proportion of foreign buyers



Source: URA as at 15 Dec, ERA Research and Market Intelligence

Government Land Sales exercise

A total of eight residential and two EC sites were awarded in 2023. Some Government Land Sale sites have attracted up to six bids this year, and more developers have partnered up and put in joint bids. Both of the EC sites received nine bids.

Developers have been eager to replenish their land bank in 2023 as the unsold residential stock fell to only 17,576 (including ECs) units in 3Q 2023. Land costs have inflated and this paves way for higher new home prices in the near term. For instance, the Toa Payoh Lor 1 site closed in Nov, achieved a bid of $968 million, which worked out to a land rate of $1,360 per square feet per plot ratio (psf ppr). The Pine Grove (Parcel B) site drew a bid of $692 million ($1,223 psf ppr) and the Clementi Avenue 1 site drew a bid of $633 million ($1,250 psf ppr).

New home outlook

In 2024, there could be as many as 32 new home launches and one EC launch scheduled in the pipeline. This could contribute to a total of more than 11,000 new homes. The 2023 land sale performance suggests prices of new homes in 2024 will continue to grow at a more measured pace. ERA forecasts prices of new homes to grow between 3%-6% by end-2024 while demand for new homes in 2024 will remain largely similar to 2023, falling in the range of 7,000 to 8,000 units.

Table 2 Project launches in 2024

	Private Residential Projects	Region	Location	District	Tenure	Estimated number of units
1	TBC (Marina Gardens Lane GLS)	CCR	Marina Lane	1	99 LH	790
2	Marina View Residences	CCR	Marina View	1	99 LH	683
3	Newport Residences	CCR	Anson Road	2	FH	246
4	Former Peace Centre	CCR	Sophia Road	9	99 LH	240
5	Skywaters Residences	CCR	Shenton Way	1	99 LH	215
6	21 Anderson	CCR	Anderson Road	10	FH	18
7	32 Gilstead Road	CCR	Gilstead Road	11	FH	14
8	Former Kew Lodge	CCR	Kheam Hock Road	11	FH	TBC
9	TBC (Jalan Tembusu GLS)	RCR	Jalan Tembusu	15	99 LH	840
10	TBC (Lorong 1 Toa Payoh GLS)	RCR	Lorong 1 Toa Payoh	12	99 LH	800
11	TBC (Pine Grove GLS)	RCR	Pine Grove	21	99 LH	565
12	Former Central Mall / Central Square	RCR	Havelock Road	1	99 LH	366
13	Former Meyer Park	RCR	Meyer Road	15	FH	230
14	The Arcady at Boon Keng	RCR	St Barbabas Lane	12	FH	172
15	TBC (Bukit Timah Link GLS)	RCR	Bukit Timah Link	21	99 LH	160
16	The Hill @ One-North	RCR	Slim Barracks Rise	5	99 LH	142
17	Former La Ville	RCR	Tanjong Rhu Road	15	FH	107
18	Keppel Bay Plot 6	RCR	Keppel Island	4	99 LH	86
19	The Hillshore	RCR	Pasir Panjang Road	5	FH	59
20	Ardon Residence	RCR	Haig Road	15	FH	35
21	Former Golden Mile Complex	RCR	Beach Road	7	99 LH	TBC
22	TBC (Tampines Avenue 11 GLS)	OCR	Tampines Avenue 11	18	99 LH	1,190
23	Former Chuan Park	OCR	Lorong Chuan	19	99 LH	900
24	Lentor Mansion	OCR	Lentor Gardens	26	99 LH	533
25	TBC (Clementi Avenue 1 GLS)	OCR	Clementi Avenue 1	5	99 LH	501
26	TBC (Lentor Central GLS)	OCR	Lentor Central	26	99 LH	475
27	Sora	OCR	Yuan Ching Road	22	99 LH	440
28	TBC (Champions Way GLS)	OCR	Champions Way	25	99 LH	350
29	Hillhaven	OCR	Hillview Rise	23	99 LH	341
30	Kassia	OCR	Flora Drive	17	FH	276
31	Lentoria	OCR	Lentor Hills Road	26	99 LH	267
32	Former Bagnall Court	OCR	Upper East Coast Road	16	FH	113

	Executive Condominium Project	Region	Location	District	Tenure	Estimated number of units
1	Lumina Grand	OCR	Bukit Batok West Avenue 5	23	99 LH	496

Source: ERA Research and Market Intelligence

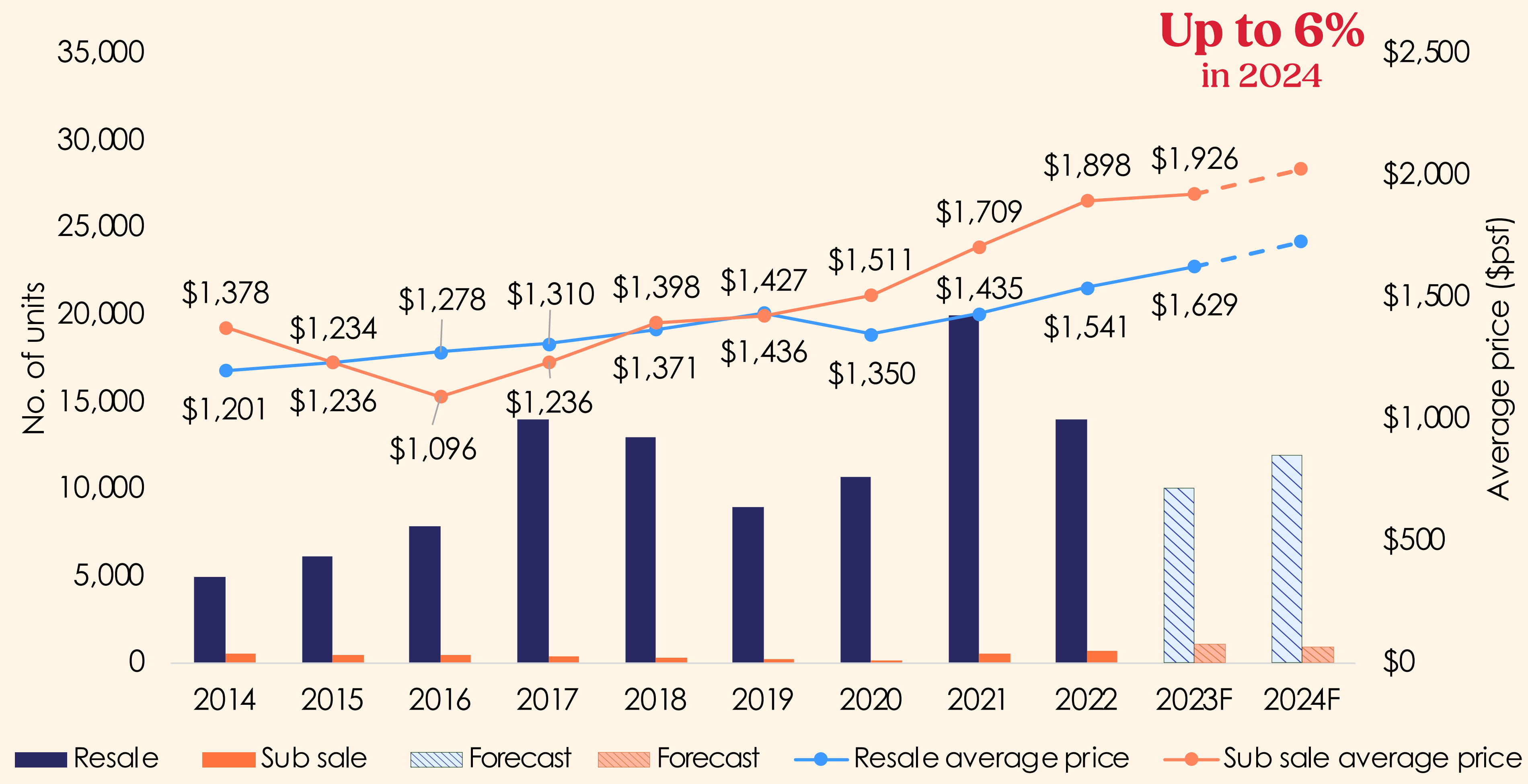
Non-landed resale and sub sale market

Based on caveats lodged as at 15 Dec 2023, the islandwide average non-landed resale prices grew 5.7% in 2023 while the average non-landed sub sale prices grew 1.5% y-o-y.

Some 9,455 resale units were sold, the lowest transaction volume since 2020, and another 1,095 sub sale units were sold in 2023. Compared to 2022, resale transactions have moderated by 22.0% y-o-y. On the back of more new homes approaching completion, sub sale transactions have rose substantially by 56.7% y-o-y.

The price gap between new home and resale home have prompted some buyers to turn towards the sub sale and resale market instead. RCR and OCR saw more newly completed homes transacted in recent months and this trend is expected to persist into 2024. Newly completed homes have taken centre stage as they are increasingly popular with buyers, given their brand-new condition and readiness for immediate occupancy.

Chart 4 Resale and sub sale transactions and average price

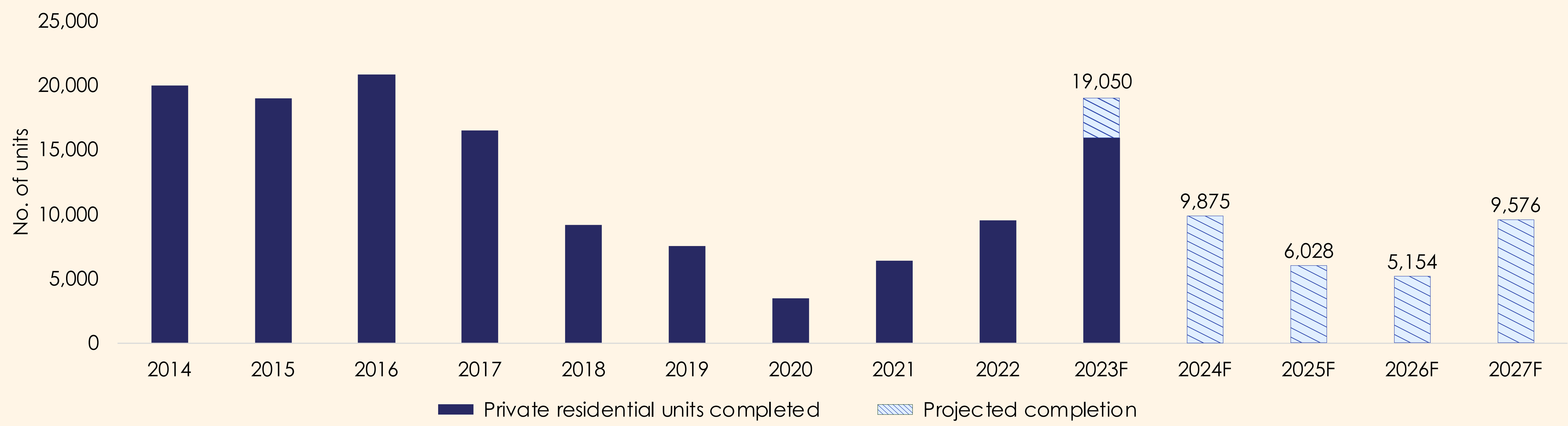


Source: URA as at 15 Dec, ERA Research and Market Intelligence

New home completions

For the whole of 2023, some 19,000 private residential units (excluding EC) are expected to complete, marking the highest annual supply completion since 2016. Another 10,000 units are schedule to be completed in 2024.

Chart 5 Private residential completions



Source: URA, ERA Research and Market Intelligence

Resale and sub sale outlook

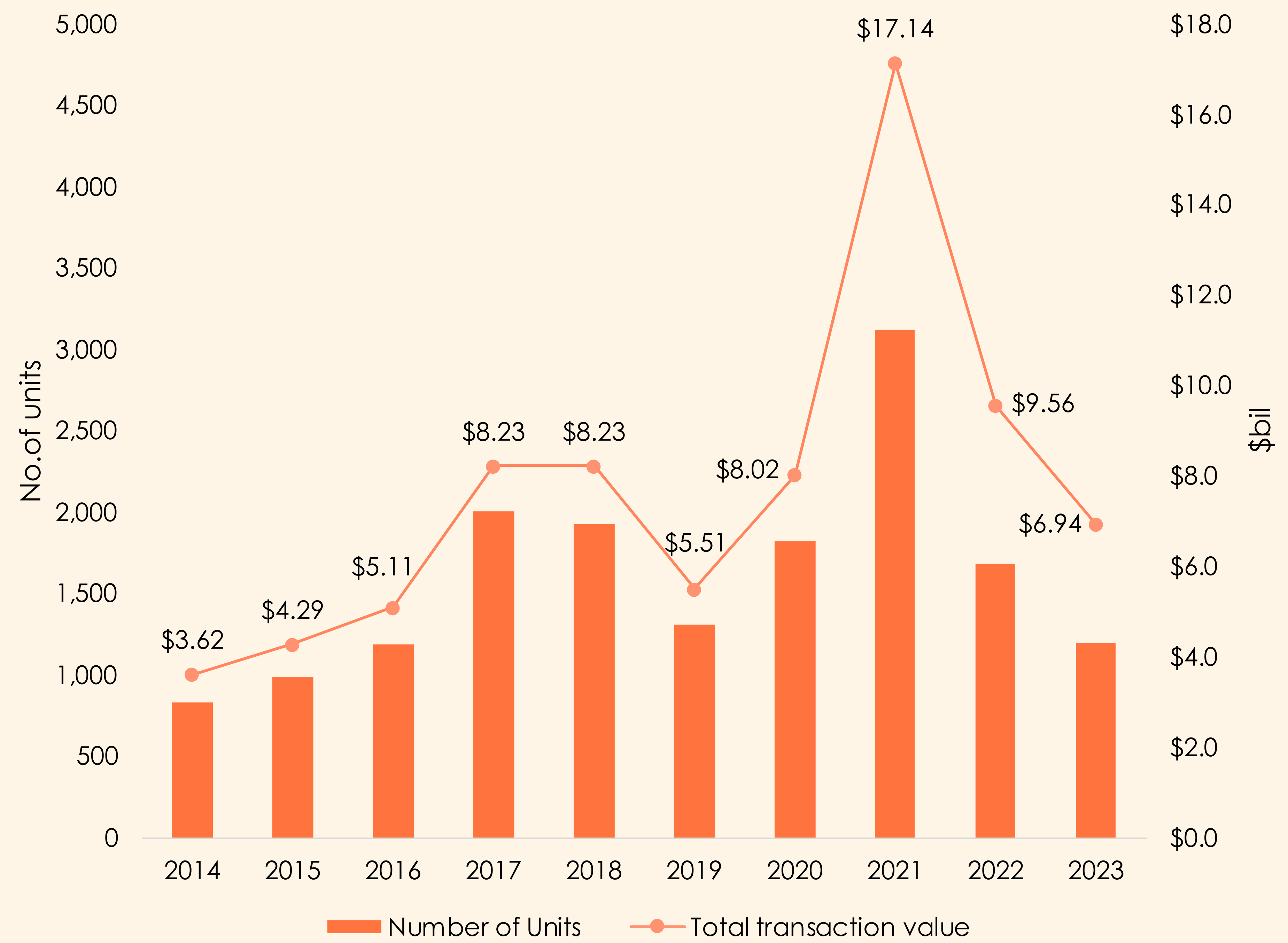
The surge in new home completions could regulate the pace of resale price growth and drive transaction volume in 2024. For the whole of 2023, ERA forecasts the average non-landed resale and sub sale price could increase by 6% y-o-y in 2024. The total non-landed resale and sub sale are estimated to reach between 11,000 and 11,500 units in 2023, and between 12,000 and 13,000 units in 2024.

Landed property

The landed property segment reported subdued sales in 2023, primarily on the back of higher home prices and a lack of inventory. Landed home owners, who have stronger holding power and are facing higher costs of replacement homes, are inclined to set higher prices and showed little urgency to sell. The demand, on the other hand, has remained fairly stable. In light of this situation, more landed deals have fallen through as buyers and sellers reached an impasse on home prices.

Landed home prices have held steady, rising only 3.2% over the last nine months of 2023. This is in contrast to the last two years where the COVID-led boom sent landed prices soaring by 13.3% and 9.6% y-o-y in 2021 and 2022 respectively.

Chart 6 Landed property transaction volume and transaction value



Source: URA as at 15 Dec, ERA Research and Market Intelligence

The total volume of landed property transactions has declined to 1,198 units, with the total transaction value reaching $6.9 billion. Compared to a year ago, both the transaction volume and transaction value have declined by 28.8% and 27.4% respectively. For the whole of 2023, the total volume of landed property transactions could reach 1,200 – 1,300 units, with the total transaction value expected to surpass $7 billion.

Looking ahead to 2024, the landed property segment is projected to see muted activities largely due to rising costs. ERA foresees total landed transaction volume could moderate to between 1,100 and 1,200 units, with total transaction value reaching between $6.0 - $6.5 billion. Landed home prices are anticipated to stay relatively stable and could see a potential growth of up to 2% by end 2024.

Landed homes in Bukit Timah

Conclusion

Looking ahead to 2024, the new home segment could see as many as 32 new home launches and one EC launch scheduled in the pipeline. ERA forecasts prices of new homes could grow between 3%-6% by end-2024 largely attributed to higher land prices. Demand for new homes in 2024 could moderate to the range of 7,000 to 8,000 units.

More new home completions in 2024 could regulate the pace of non-landed resale price growth and drive transaction volume in 2024. ERA projects non-landed resale prices could increase by up to 6% y-o-y in 2024, with the total resale and sub-sale transactions ranging between 12,000 and 13,000 units in 2024.

The landed property segment is projected to see muted activities and stable price growth in 2023. ERA foresees total landed transaction volume could moderate to between 1,100 and 1,200 units, with total transaction value reaching between $6.0 - $6.5 billion. Landed home prices are anticipated to stay relatively stable and could see a potential growth of up to 2% by end 2024.

In conclusion, the private residential market appears to have turned a corner. Macroeconomic indicators are showing signs of cautious optimism in 2024, and there is quiet confidence that the residential market will recover in 2024. The second half of 2024 is projected to bring about more positive economic developments that could propel the Singapore private residential market further.

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