

# 2020 QUARTERLY REPORT



A Subsidiary of PropNex Limited  
SGX Mainboard Listed Company



PROPNE X RESEARCH

## Private Residential Property and HDB Resale



**GOH KENG YEW**  
CEA No. : R062054A

# PRIVATE RESIDENTIAL PROPERTY

Notwithstanding the COVID-19 pandemic and economic slowdown, it appears that property prices have defied the odds to register a small growth in Q2 2020. This is an upside surprise given the unprecedented safe distancing measures and mass gathering restrictions in Q2 2020 which resulted in show flat closures and a standstill in the resale market.

- Private home prices rose by 0.3% in Q2 2020
- Overall private residential property sales volume fell to 2,664 units in Q2 2020
- Several mass market projects saw good take-up, supported by sensitive pricing
- Rentals of private homes weakened in Q2 2020, reversing the growth Q1 2020

## Market Overview Q2 2020

Overall private home prices in Singapore unexpectedly climbed by 0.3% in Q2 2020, following the 1% decline in the previous quarter, according to the latest real estate statistics from the Urban Redevelopment Authority. The marginal uptick in prices in Q2 reversed the forecast of a 1.1% decline in the flash estimate released earlier in July. Generally, the improvement in private home prices last quarter was led by the non-landed homes segment, particularly the Core Central Region (See Table 1)

During the quarter, developers launched 1,852 new private homes (excluding Executive Condos) – mostly in existing projects on the primary market – down by 11.5% quarter-on-quarter (QOQ) from the 2,093 units released for sale in Q1 2020 (See Chart 1). KOPAR At Newton in the CCR was the only major new project launch in the quarter.

URA Private Residential Property Price Index

Price Indices	1Q2020	2Q2020
Overall PPI	-1.0	0.3
Landed	-0.9	0.0
Non-Landed	-1.0	0.4
CCR	-2.2	2.7
RCR	-0.5	-1.7
OCR	-0.4	0.1

Table 1: (Source: PropNex Research, URA)

Total Units of Private Homes Launched by Developers in Q2 2020

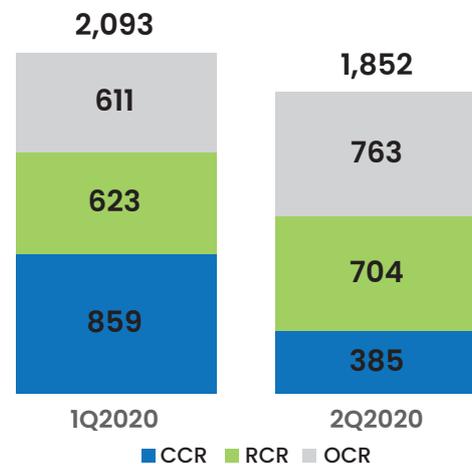


Chart 1: (Source: PropNex Research, URA)

In terms of sales volume, 2,664 private residential properties (Ex. EC) were sold (See Chart 2) in Q2 2020, representing a 37.6% QOQ decline as sales were hit by restrictions arising from the circuit breaker and Phase 1, which occurred over 10 weeks in Q2 2020.

Of the total 2,664 transactions in Q2 2020, 1,713 units (-20% QOQ) were new private homes (Ex.EC), while the secondary market booked 951 transactions (-55% QOQ).

We believe the sharp fall in volumes in Q2 was largely induced by the unprecedented people movement restrictions and does not mark the start of a demand slump. To the contrary, sales – particularly in the primary market – has picked up in the latter part of June upon the re-opening of the economy. At the time of writing, new home sales in July suggest that there is a good chance for the sales momentum to be sustained.

**Total Private Homes Sold in Q2 2020**  
(Primary vs. Secondary)

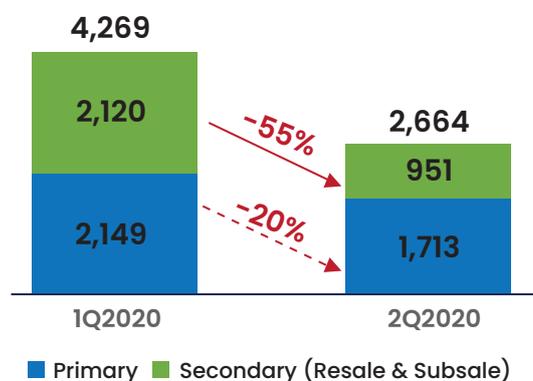


Chart 2: (Source: PropNex Research, URA)

”

The Singapore residential property market performed better-than-expected in Q2 2020 and held up well in the face of the pandemic. It is a testament to the resilience of the sector. In our view, the property market entered the crisis with strong fundamentals, as various property measures over the years have curbed overexuberance in the market.

“

*Ismail Gafoor, CEO of PropNex*

# Regional Analysis Q2 2020

## Core Central Region (CCR)

The CCR appeared to have withstood the pandemic and economic downturn. Non-landed home prices in the segment witnessed a turnaround in prices, rising by 2.7% in Q2 and reversing the 2.2% decline in the previous quarter (See Chart 3). Cumulatively, CCR private home prices have risen by 0.4% in 1H 2020 and is 4.7% below the all-time peak in Q1 2013, as tracked by the URA Property Price Index.

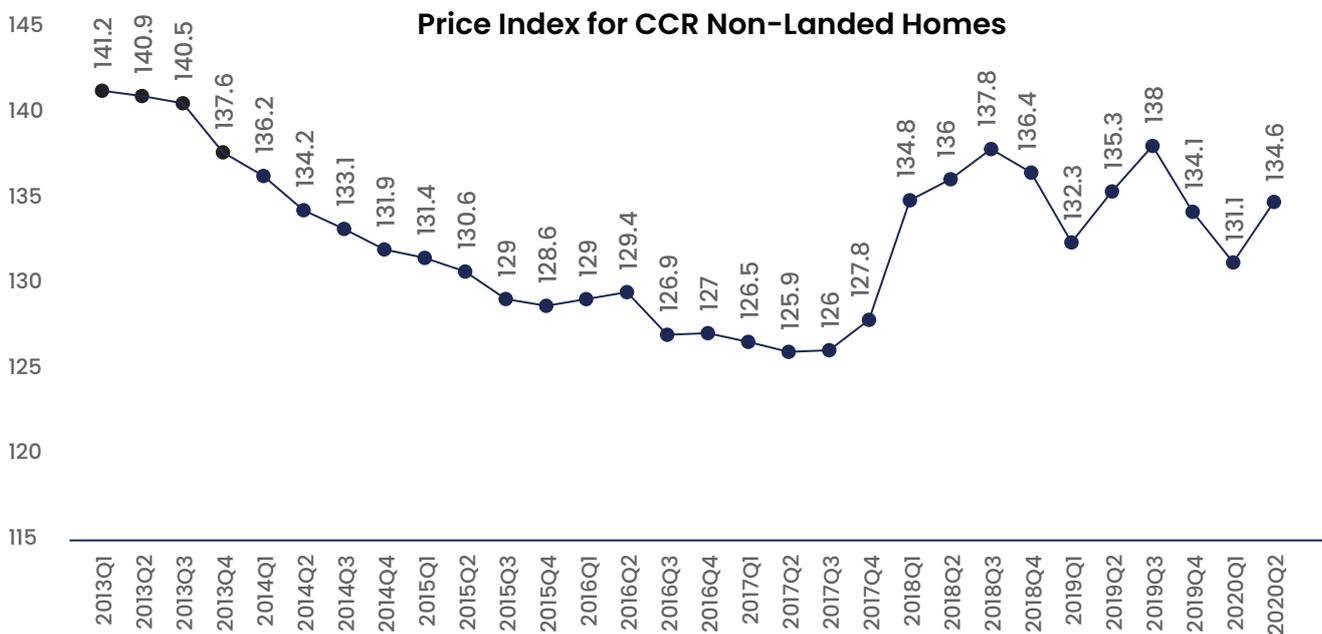


Chart 3: (Source: PropNex Research, URA)

Within the prime central area, developers sold 210 new private homes (ex. EC), driven by KOPAR At Newton which was launched in the first week of April before the start of the circuit breaker. The new home sales of 210 units in Q2 represents a 63% QOQ decline from 560 units transacted in the previous quarter. Meanwhile, in the CCR resale market, transactions fell by 59% QOQ to 211 units in Q2 2020 (See Chart 4).

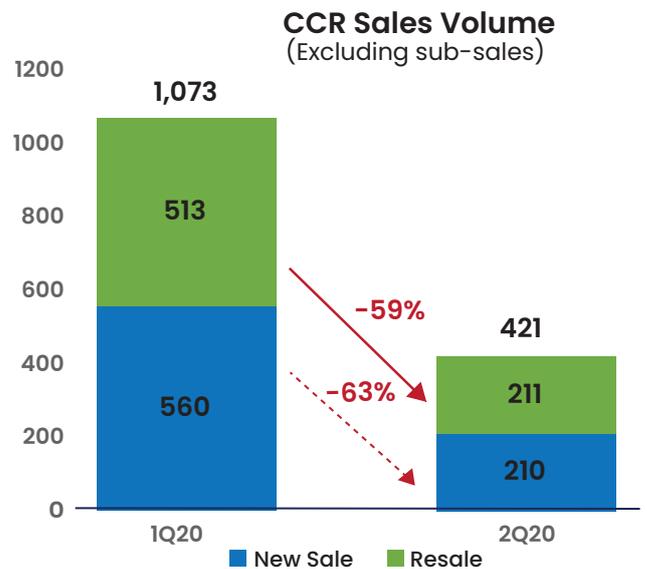


Chart 4: (Source: PropNex Research, URA)

The most expensive resale unit sold in the CCR in Q2 2020 was at Ardmore Park with a transacted price of \$27.7 million, while the priciest CCR unit in the new sale segment was at 15 Holland Hill, selling for \$15 million.

Based on Realis data, buyers bought more expensive homes in Q2 2020 compared with the previous quarter. The QOQ uptrend was most noticeable in the price brackets from \$1.5 million to up to \$5 million, as well as homes costing more than \$10 million (See Chart 5). This is encouraging and it suggests that luxury homes in Singapore remain on the radar of wealthy investors as the country continues to be a key investment destination amid the pandemic.

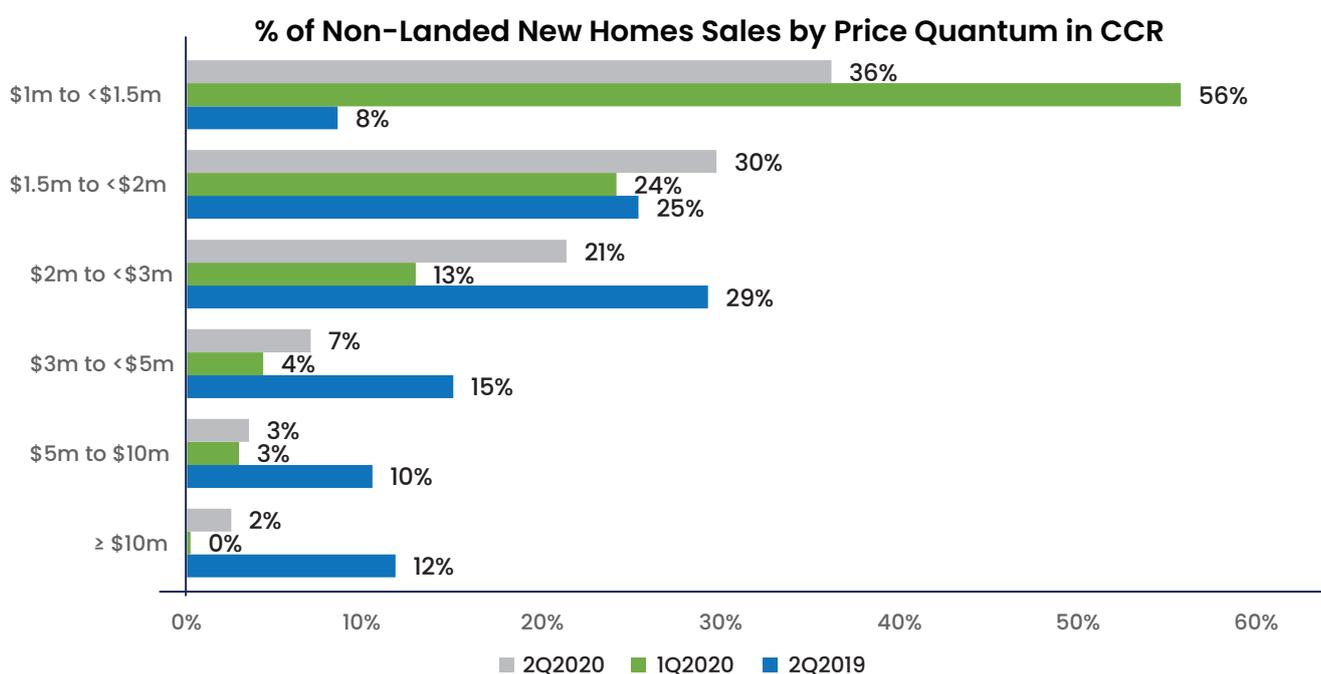


Chart 5: (Source: PropNex Research, URA Realis as of July 26)

Apart from new launches, recently completed projects such as Marina One Residences, 38 Jervois, 8 Saint Thomas, and V on Shenton also saw keen interest in Q2 2020. Specific to transactions in the four projects in Q2, Singaporeans accounted for 62.5% purchase, Singapore Permanent Resident (SPR) at 12.5%, and foreigners at 25% (See Table 2).

### Top-Selling Completed CCR Projects in Q2 2020

Project	Singaporean	Singapore Permanent Residents (PR)	Foreigner (NPR)	Total	Median Price (\$psf)
MARINA ONE RESIDENCES	12	-	3	15	\$2,314
38 JERVOIS	26	2	8	36	\$2,058
8 SAINT THOMAS	6	7	1	14	\$2,730
V ON SHENTON	1	-	6	7	\$2,338

Table 2: (Source: PropNex Research, URA Realis as of July 26)

## Rest of Central (RCR)

According to the URA Property Price Index, non-landed home prices in the RCR or the mid-tier market fell by 1.7% in Q2 2020, following a 0.5% decline in the preceding quarter (See Chart 6). Taken together, home prices in the RCR has declined by 2.2% in 1H 2020 and is 3.6% from the peak in Q2 2013. The softer prices seen in this sub-market could be due to the absence of new launches, which tend to help to support values.

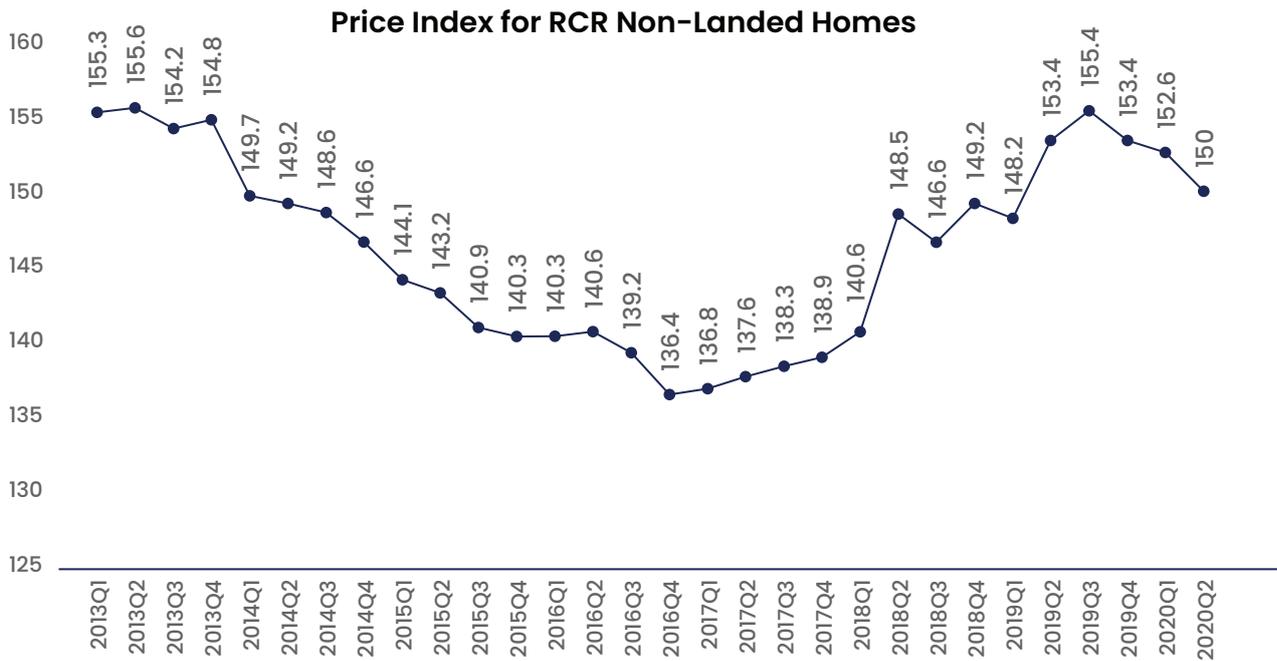


Chart 6: (Source: PropNex Research, URA Realis as of July 26)

Developers sold 670 new private homes (ex.EC) in the RCR in Q2 2020 – about 14% down from 779 units transacted in Q1 2020. In the resale market, transactions fell by 56% QOQ to 229 units in Q2 2020 (See Chart 7).

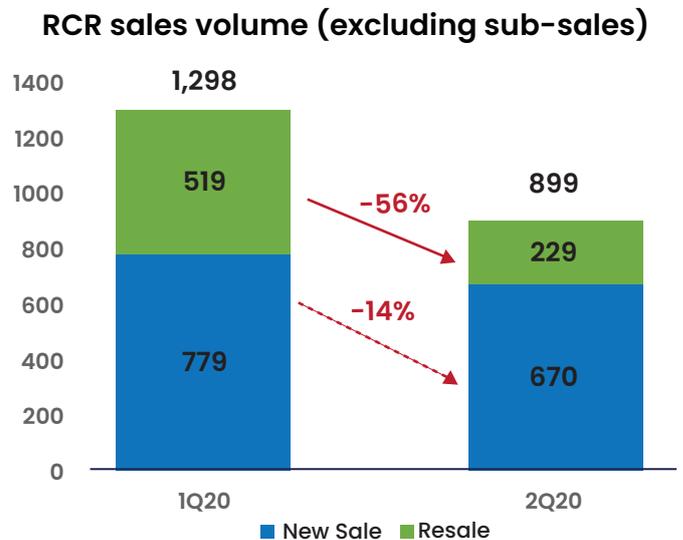


Chart 7: (Source: PropNex Research, URA )

Notably, all the new home sales in RCR during Q2 were from previously launched projects, including Parc Esta which sold 137 units at a median price of \$1,675 psf, Stirling Residences which shifted 105 units at a median price of \$1,935 psf, and Jadescape which moved 94 units at a median price of \$1,736 psf. These projects were among the top 10 best-selling developments across Singapore in Q2 2020 (See Table 3).

**Top 10 Best-Selling Private Residential Projects in Q2 2020**

Project	Units Sold	Region	Launch Date	Median Launch Price (\$psf)	Median Price 2Q20 (\$psf)	Price Change (%)
TREASURE AT TAMPINES	185	OCR	Mar-19	\$1,335	\$1,357	2%
PARC CLEMATIS	154	OCR	Aug-19	\$1,615	\$1,624	1%
THE FLORENCE RESIDENCES	150	OCR	Mar-19	\$1,434	\$1,513	6%
PARC ESTA	137	RCR	Nov-18	\$1,703	\$1,675	-2%
KOPAR AT NEWTON	121	CCR	Apr-20	\$2,241	\$2,272	1%
STIRLING RESIDENCES	105	RCR	Jul-18	\$1,749	\$1,935	11%
JADESCAPE	94	RCR	Sep-18	\$1,667	\$1,736	4%
THE TAPESTRY	72	OCR	Mar-18	\$1,408	\$1,341	-5%
KENT RIDGE HILL RESIDENCES	54	RCR	Nov-18	\$1,714	\$1,760	3%
AFFINITY AT SERANGOON	51	OCR	Jun-18	\$1,590	\$1,565	-2%

Table 3: (Source: PropNex Research, URA Realis as of July 24, 2020)

An analysis of transacted median prices from Realis showed that the psf price gap between non-landed CCR and RCR homes has narrowed from 33% in Q1 2020 to 25% in the last quarter (See Table 4). This trend bears monitoring as a further narrowing of price gap could potentially generate more buying interest in the CCR.

**Median Price Gap Between CCR & RCR Non-Landed Homes in 1H 2020**

	CCR	RCR	Price Gap	% Change
1Q2020	\$2,604	\$1,736	\$869	33%
2Q2020	\$2,323	\$1,742	\$581	25%

Table 4: (Source: PropNex Research, URA Realis as of July 26,2020)

## Outside Central Region (OCR)

Supported by owner occupiers and upgraders, the OCR or mass market segment continued to demonstrate resilience both in prices and sales volume. Non-landed private home prices in the OCR rose by 0.1% in Q2 2020, turning around a 0.4% decline in the previous quarter (See Chart 8). This meant that OCR prices have dropped 0.3% in 1H 2020 and is similarly 0.3% lower than its all-time peak in Q4 2019.

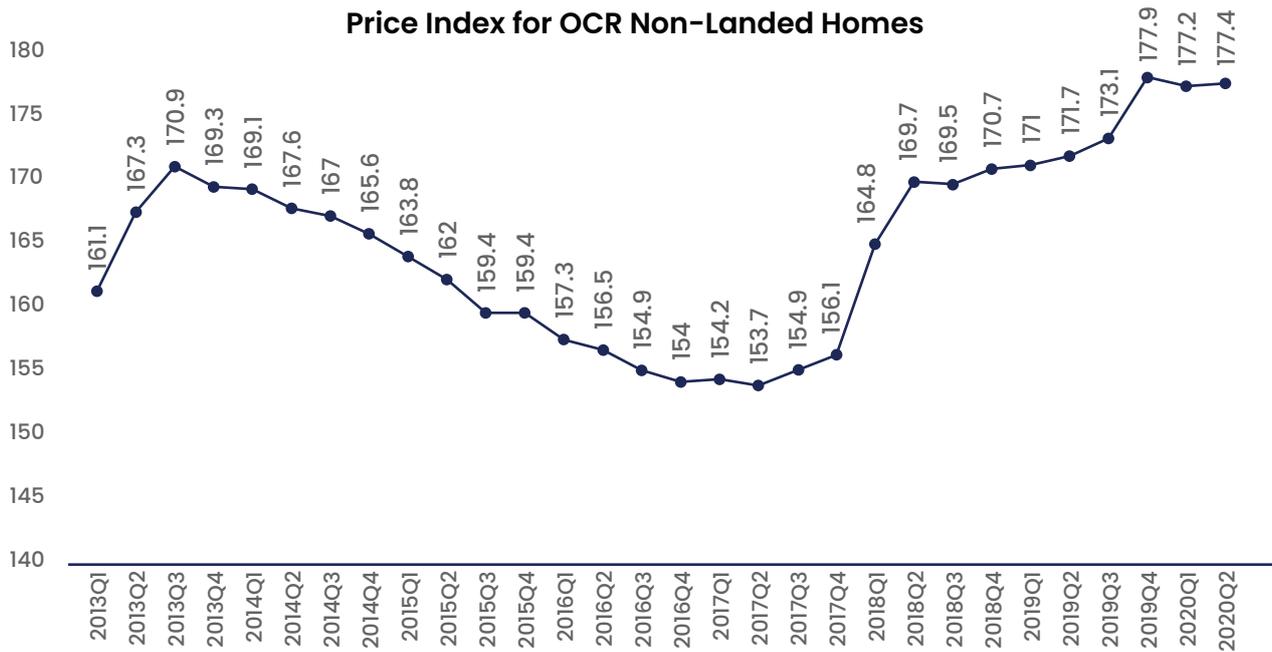


Chart 8: (Source: PropNex Research, URA)

In Q2 2020, new home sales in OCR bucked the down-trend, posting a 3% QOQ increase to 833 units (ex. EC), driven by stellar sales for several mass market projects. OCR resale transactions, however, mirrored other sub-markets, declining by 53% to 493 units in Q2 2020 (See Chart 9).

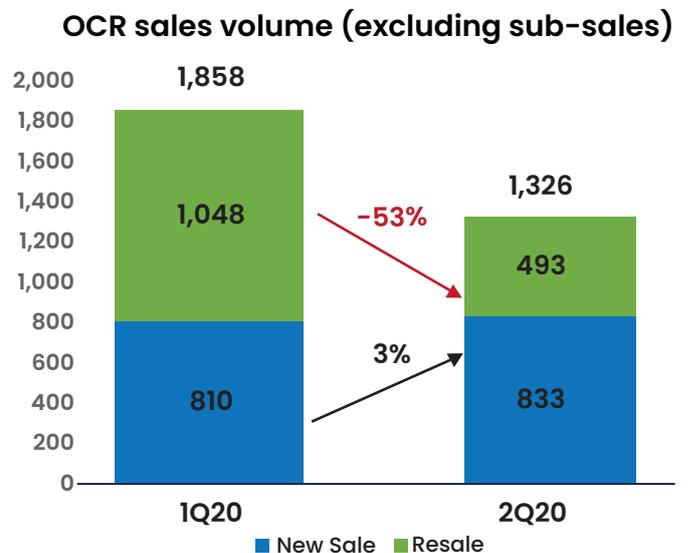


Chart 9: (Source: PropNex Research, URA)

A number of new projects in the OCR have booked healthy sales, with attractive price points attracting value conscious buyers. The top three overall best-sellers in Q2 2020 were all from the OCR: Treasure At Tampines sold 185 units at a median price of \$1,357 psf; Parc Clematis sold 154 units at a median price of \$1,624 psf; and The Florence Residences moved 150 units at a median price of \$1,513 psf (See Table 3). Apart from the attractive pricing, another factor that helped to boost volume could be the sheer size of the developments, which offered a greater selection of units to buyers.

Among the three sub-markets, we believe prices of OCR homes should remain relatively stable, owing to demand and supply dynamics. OCR homes accounted for 42.5% of the total new home sales of 3,862 units in 1H 2020, while the OCR's proportion of unsold inventory was 30.9% of the 27,977 unsold units as at the end of Q2 2020 (See Table 5). It suggests that mass market demand has outpaced supply – an imbalance which could help to maintain home values in the OCR sub-market.

### Supply and Demand Dynamics by Regions

	Total Unsold Inventory as at end Q2 2020		Total New Sales in 1H 2020	
	%	Units	%	Units
CCR	26.6%	7,437	19.9%	770
RCR	42.5%	11,895	37.5%	1,449
OCR	30.9%	8,645	42.5%	1,643

**Table 5:** (Source: PropNex Research, URA)

# Private Home Rental Market

Rentals of private residential properties decreased by 1.2% in Q2 2020, compared with the 1.1% increase in the previous quarter (See Chart 10). Anecdotally, landlords are more willing to accept rent offers that are slightly below asking rates in view of the economic slowdown and more muted sentiment. Another factor that could weigh on rentals is the potential cutback in accommodation budget for expatriates working in Singapore, as companies grapple with the economic impact of the pandemic.

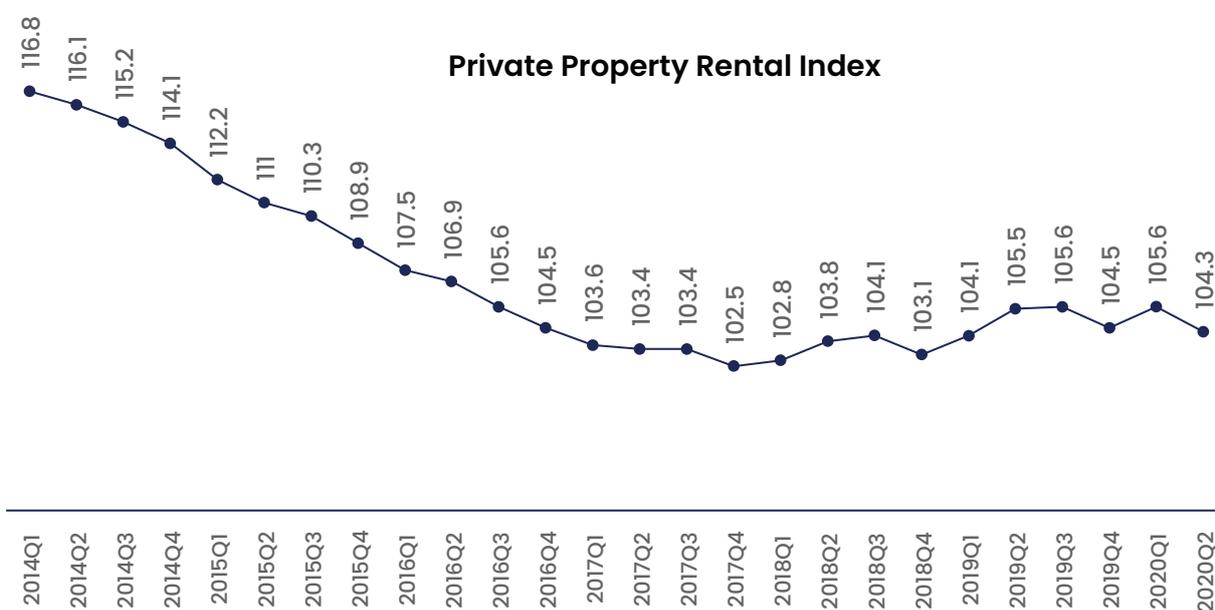


Chart 10: (Source: PropNex Research, URA)

Meanwhile, rental volume also eased, with the travel bans possibly keeping some expatriates from returning and corporates likely putting any headcount expansion plans on hold due to the weak growth outlook. Rental transactions fell 10% QOQ to 19,506 in Q2 2020, led by the CCR (See Chart 11).

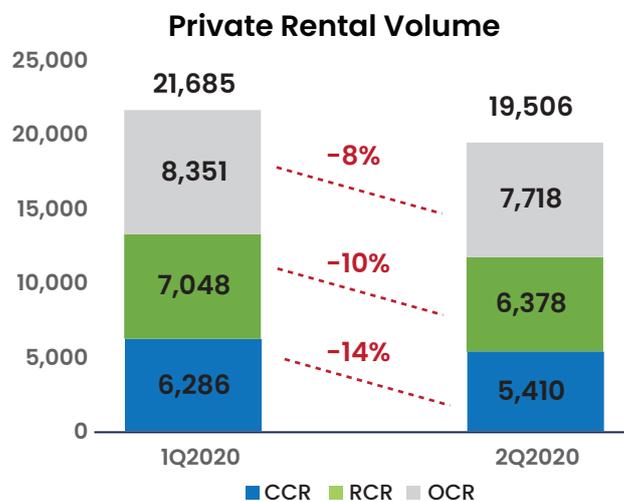


Chart 11: (Source: PropNex Research, URA)

According to Realis, The Sail @ Marina Bay had the most rental transactions in Q2 2020 at 134, with a median rent of \$5 psf per month (psf pm). This was followed by Watertown with 126 transactions at \$3.4 psf pm; and Euhabitat with 113 transactions at \$3.50 psf pm (See Table 6).

**Top Rental Transactions in Q2 2020**

	Project Name	Transactions	Median (\$psf pm)
1	THE SAIL @ MARINA BAY	134	\$5.0
2	WATERTOWN	126	\$3.4
3	EUHABITAT	113	\$3.5
4	SIMS URBAN OASIS	111	\$3.9
5	PARC RIVIERA	108	\$3.5
6	D'LEEDON	97	\$3.9
7	V ON SHENTON	97	\$5.1
8	COMMONWEALTH TOWERS	94	\$5.1
9	MELVILLE PARK	91	\$2.3
10	BAYSHORE PARK	88	\$2.5

Table 6: (Source: PropNex Research, URA Realis as of July 26,2020)

In terms of overall vacancy rate, it remained unchanged in Q2 2020 at 5.4%, after gradually declining since Q2 2016 (See Chart 12).

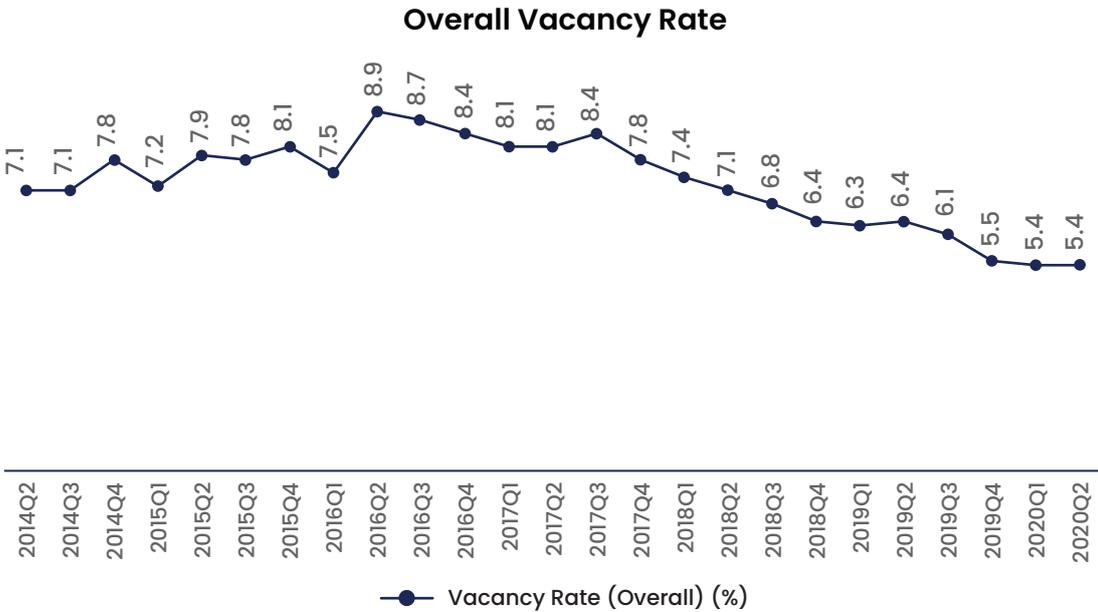
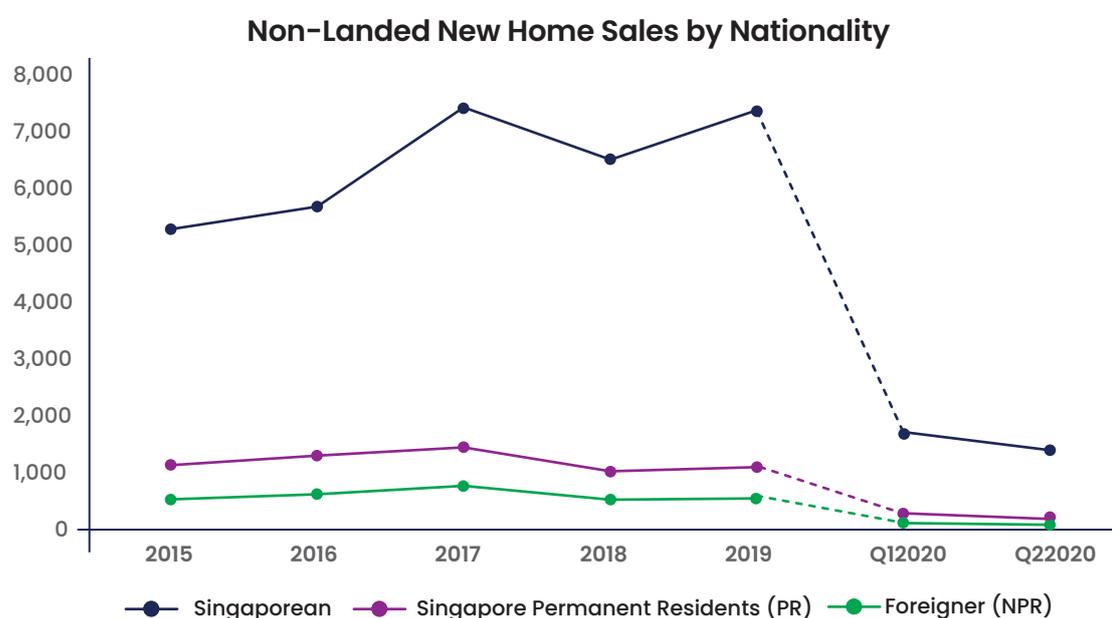


Chart 12: (Source: PropNex Research, URA)

# Private Residential Property Outlook

## Nationality

By nationality, Singaporeans continued to account for a lion’s share of new private home purchases in Q2 2020 - although this number fell by 16.7% QOQ to 1,399 units, as a result of the lockdown for most part of the quarter. Purchases made by Singapore Permanent Residents (SPR) and foreigners (or Non-PR) also similar dipped in Q2 (See Chart 13). With the gradual re-opening of the economy and as consumers and property agents become more comfortable transacting digitally, we expect that sales to foreigners could pick up gradually in the months ahead.



	2015	2016	2017	2018	2019	2020Q1	2020Q2
—●— Singaporean	5,279	5,678	7,424	6,503	7,373	1,680	1,399
—●— Singapore Permanent Residents (SPR)	1,131	1,302	1,446	1,028	1,100	244	213
—●— Foreigner (NPR)	529	622	770	527	549	114	69
% Singaporean	76.1%	74.7%	77.0%	80.7%	81.7%	82.4%	83.2%
% PR	16.3%	17.1%	15.0%	12.8%	12.2%	12.0%	12.7%
% Foreigner (NPR)	7.6%	8.2%	8.0%	6.5%	6.1%	5.6%	4.1%

Chart 13: (Source: PropNex Research, URA Realis as of July 26,2020)

## Unsold Units

As developers progressively sell units, the unsold inventory continued to decline to 27,977 as at the end of Q2 2020 (See Chart 14), down from 29,149 units in the preceding quarter. Based on the historical 10-year annual average for new home sales at around 12,000 units per year, it would take just over two years to clear the remaining unsold units. Even adopting a conservative sell-through rate of 7,000 units per annum, the unsold stock could be cleared in about four years - which is still a reasonably healthy timeline.

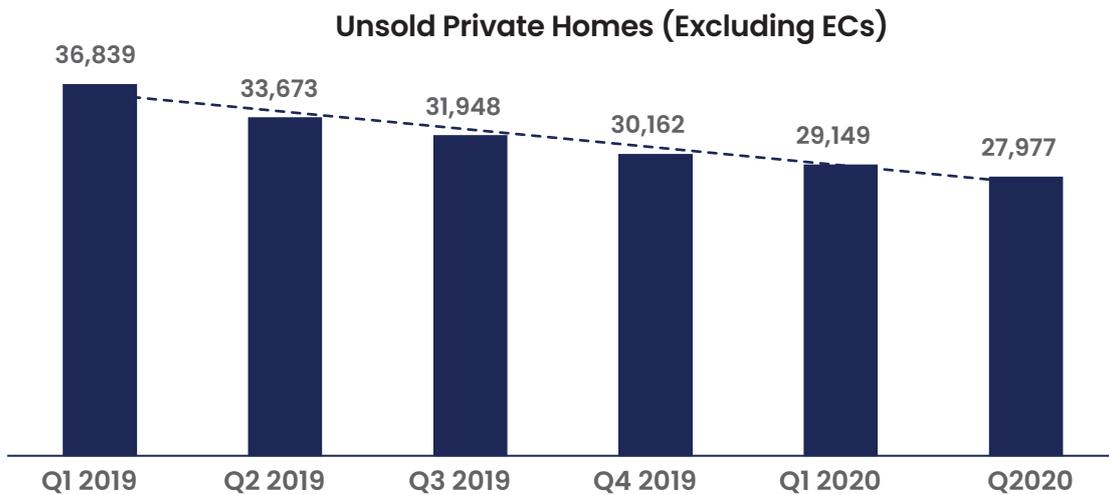


Chart 14: (Source: PropNex Research, URA)

## PropNex Projections

In 1H 2020, the private residential Property Price Index has fallen by a cumulative 0.7% (See Chart 15). We are adjusting our forecast for overall private home prices to fall by 1 to 2% this year, rather than the 3% drop in our earlier projection. Our observations on the ground suggest that private home prices will generally be fairly stable. In addition, home values could find more support in the near-term with several new launches still to come as well as the potential for economic recovery – albeit uneven – in the quarters ahead.

Meanwhile, developers’ sales may fall to about 7,500 units (ex EC) this year – down by about 24% from 9,912 transacted in 2019. One of the biggest downside risks to sales is unemployment rate and the severe economic downturn. However, we believe the benign interest rates and strong fiscal policy measures to help businesses and individuals should still broadly lend support to housing demand and underpin sales.

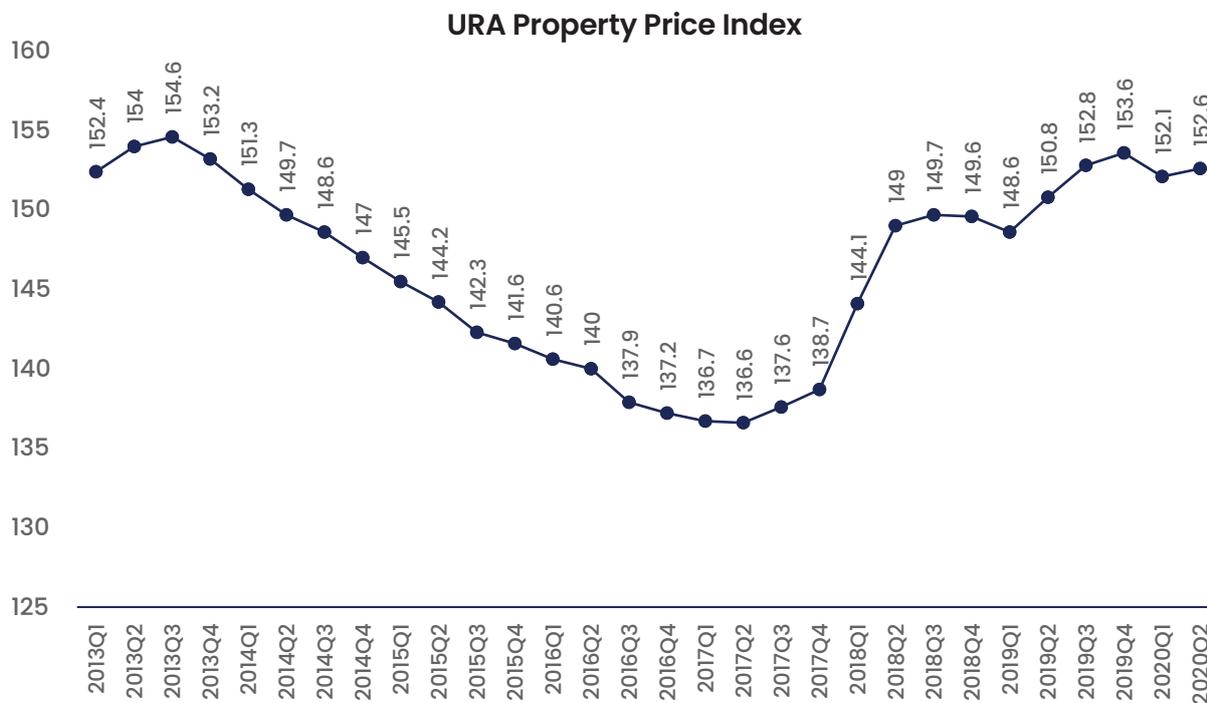


Chart 15: (Source: PropNex Research, URA)

# HDB RESALE

The HDB Resale prices likely bottomed after staying off the negative territory for four straight quarters. The fact that prices held up in recent quarters – amid the pandemic – reflects the strength of the HDB resale market, where sellers still have sufficient holding power and are able to maintain their asking prices.

- HDB Resale Prices rose by 0.3% in Q2 2020, building on the price resilience seen in recent quarters
- Resale volume hard hit by safe distancing measures, plunging by 41.9% QOQ in Q2 2020
- Eleven HDB resale transactions crossed the million-dollar mark in Q2 2020

## HDB Resale Market Overview Q2 2020

Resale values of public housing flats inched up by 0.3% in Q2 2020 (See Table 7), after staying unchanged at 0% in the previous quarter. As a result, the HDB Resale Price Index posted a growth of 0.3% in 1H 2020 (See Chart 16). We think there are signs that the HDB resale market is bottoming, following six years of decline from 2013 to 2018.

HDB Resale Price Index	
2016 Overall	-0.1%
2017 Overall	-1.5%
Q1 2018	-0.8%
Q2 2018	0.1%
Q3 2018	-0.1%
Q4 2018	-0.2%
<b>2018 Overall</b>	<b>-0.9%</b>
Q1 2019	-0.3%
Q2 2019	-0.2%
Q3 2019	0.1%
Q4 2019	0.5%
<b>2019 Overall</b>	<b>0.1%</b>
Q1 2020	0.0%
Q2 2020	0.3%

Table 7: (Source: PropNex Research, HDB)

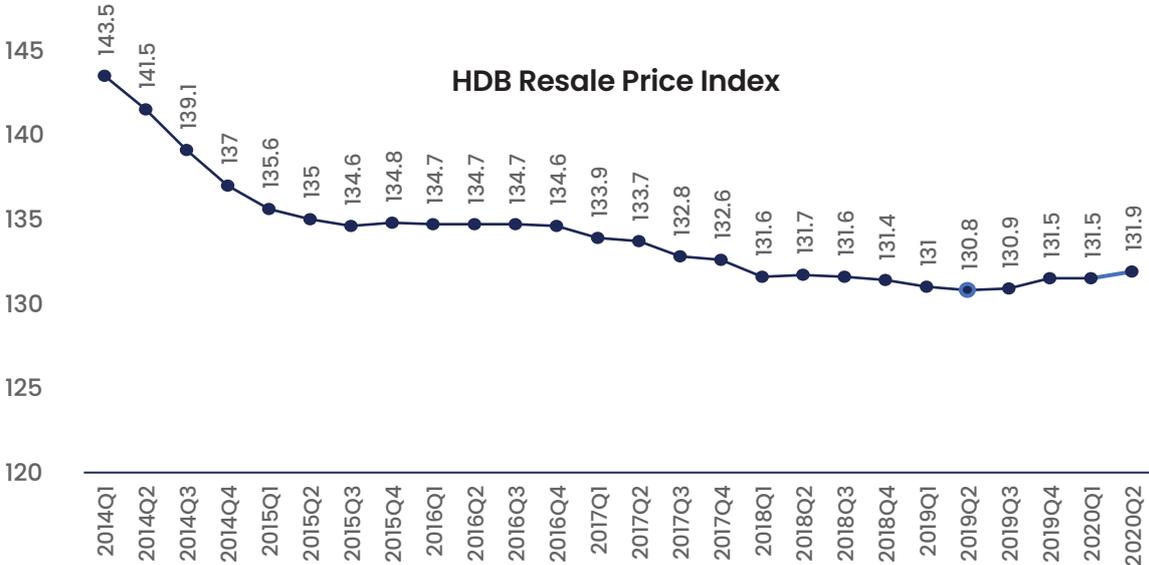


Chart 16: (Source: PropNex Research, HDB)

HDB resale transactions have been on a growth trajectory from 2014 (See Chart 17), growing each year to reach 23,714 units in 2019. The sales momentum spilled into Q1 2020 where 5,893 HDB flats were resold. We believe the 41.9% QOQ decline in HDB resale volume to 3,426 units in Q2 2020 does not reflect weaker demand for such homes, but rather the effects of the circuit breaker and Phase 1 restrictions which prohibited agents from conducting property viewings.

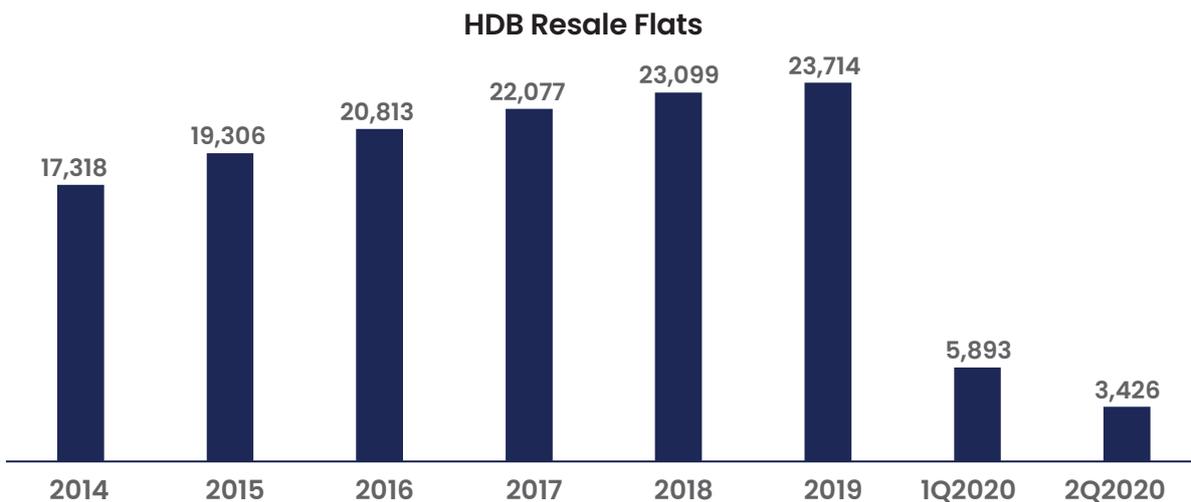


Chart 17: (Source: PropNex Research, HDB)

## Featured Analysis (HDB Resale)

### “Million-dollar” club

Despite the gloomy economic outlook, the HDB resale sector still raked in 11 “million-dollar” deals in Q2 2020 – just marginally lower than 13 such transactions in the previous quarter (See Chart 18), according to Data.gov figures retrieved on 24 July 2020. This shows that buyers are still willing to fork out top-dollar for choice HDB resale units given the right location – typically in the city centre or city fringe – and attractive attributes such as panoramic views or excellent transport connectivity.

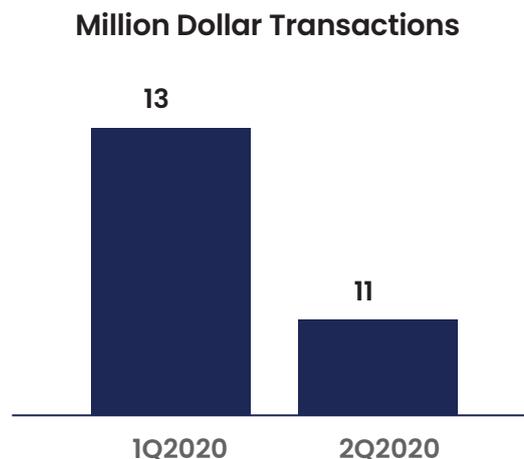


Chart 18: (Source: PropNex Research, Data.gov.sg as of 24 July, 2020)

## Popular Towns and Flat Types

Based on our analysis of the data, the top five most popular HDB estates in Q2 2020 were: Yishun with 263 resale transactions; Sengkang (234); Tampines (200); Woodlands (192); and Punggol (184). A comparison of average transacted resale price in these five towns across 3- to 5-room types generally suggests more stable prices for larger units (See Table 8).

**Top 5 Best-Selling HDB Town and their Average Resale Prices in Q2 2020**

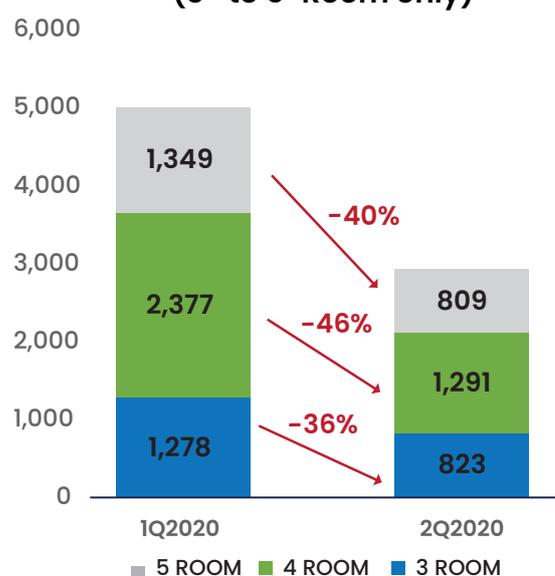
Top 5 Best Selling Town in 2Q2020											
	Town	Transactions	3 Room (Avg Resale Price)			4 Room (Avg Resale Price)			5 Room (Avg Resale Price)		
			1Q20	2Q20	%Change	1Q20	2Q20	%Change	1Q20	2Q20	%Change
1	YISHUN	263	\$279.4K	\$273.3K	-2.2%	\$360.5K	\$372.2K	3.3%	\$479.0K	\$484.5K	1.2%
2	SENGKANG	234	\$347.1K	\$333.5K	-3.9%	\$431.0K	\$424.8K	-1.4%	\$490.7K	\$501.6K	2.2%
3	TAMPINES	200	\$332.0K	\$340.2K	2.5%	\$447.4K	\$439.1K	-1.9%	\$560.4K	\$561.4K	0.2%
4	WOODLANDS	192	\$267.1K	\$249.8K	-6.5%	\$344.2K	\$345.6K	0.4%	\$408.8K	\$408.5K	-0.1%
5	PUNGGOL	184	\$353.9K	\$356.6K	0.8%	\$462.4K	\$463.0K	0.1%	\$521.2K	\$513.9K	-1.4%

Table does not include average resale prices of flats smaller than 3-room, and larger than 5-room

**Table 8:** (Source: PropNex Research, Data.gov.sg)

Meanwhile, our evaluation of overall transactions by flat type (3- to 5-room) found that 4-room flats were most sought-after in Q2, selling 1,291 units – markedly higher than 823 3-room flats and 809 5-room units (See Chart 19)

**Overall HDB Resale Volume by Flat Type (3- to 5-Room only)**



**Chart 19:** (Source: PropNex Research, Data.gov.sg)

More than a year since the change in rules (effective 10 May 2019) to allow more flexibility in using CPF funds to buy older flats, we have not noticed any sustained increase in the purchase of flats with remaining lease of 60 years and below, beyond the slight uptick in Q3 2019 (See Chart 20).

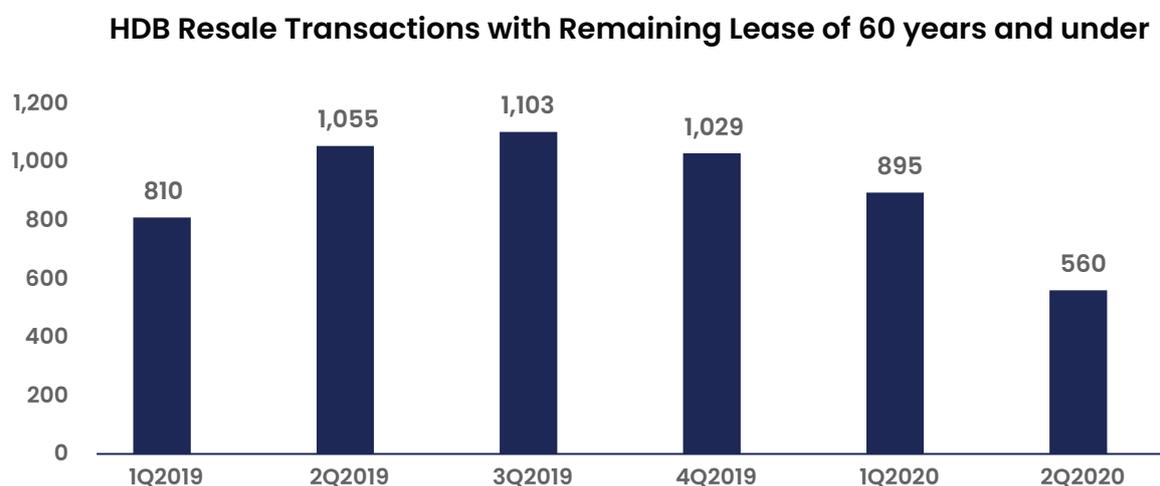


Chart 20: (Source: PropNex Research, Data.gov.sg)

## HDB Resale Outlook

We believe factors that would help to keep prices fairly stable in the HDB resale market include: 1) the Mortgage Servicing Ratio of 30%; 2) buyers of resale flats are mostly owner occupiers; 3) limited speculative activity; and 4) healthy underlying demand for resale flats. Hence, we expect HDB resale prices to remain flat for the rest of the year, with a potential for marginal upside of up to 1% increase for the whole of 2020.

Demand for resale flats is likely to remain fairly healthy and we anticipate that HDB resale volume should improve in the quarters to come. In terms of sales volume, a total of 9,319 HDB flats were resold in 1H 2020. We are projecting overall HDB resale volume to come in at 21,000 to 22,000 flats for the full-year 2020, compared with 23,714 units resold in 2019.

## **Authors:**

### **Wong Siew Ying**

Head of Research and Content

DID : (65) 6829 6669 / 9745 3035

Main : (65) 6820 8000 | Fax : (65) 6829 6600

### **Mohan Sandrasegeran**

Research Analyst

DID : (65) 6829 6678 / 9111 5740

Main : (65) 6820 8000 | Fax : (65) 6829 6600

## **Marketing and Communications:**

### **Carolyn Goh**

Director, Corporate Communications and Marketing

PropNex Limited (SGX Mainboard Listed Company)

DID : (65) 6829 6748 / 9828 7834

Main : (65) 6820 8000 | Fax : (65) 6829 6600

### **Fazilla Nordin**

Corporate Communications Manager

DID : (65) 6829 6746 / 9188 5760

Main : (65) 6820 8000 | Fax : (65) 6829 6600

### **PropNex Realty**

(A subsidiary of PropNex Limited)

480 Lorong 6 Toa Payoh #10-01 HDB Hub East Wing Singapore 310480