

PROP Nex RESEARCH **2022 RESIDENTIAL PROPERTY MARKET OUTLOOK REPORT**



KEN WEE
CEA No. : R057375F



Summary

The private residential and public housing markets have had a remarkable year of recovery, with prices growing to an all-time high and achieving record-high sales volumes in the first 11 months of the year. According to data from the Urban Redevelopment Authority (URA), prices of private residential homes rose 5.2 per cent in the first three quarters of 2021, while resale prices of HDB flats rose by 8.9 per cent in the same period. There were a number of factors which had contributed to the stellar sales volume and rising price. Among them, the economic recovery, low interest rate environment, and the excess liquidity in the market.

Sales were brisk across many projects this year particularly in the Rest of Central Region (RCR) and the Outside Central Region (OCR). In all, more than 12,400 new private homes, excluding executive condominium units (EC), were sold in the first eleven months of 2021 – surpassing the annual sales recorded over the past seven years. Demand for private homes were largely supported by HDB upgraders who have sold their HDB flats – to capitalise on growth in the HDB resale market – and bought condominiums in the suburbs and the city fringe.

The demand from HDB upgraders contributed to the buying momentum which was sustained for most parts of the year. In the second half of 2021, rising land prices from public land tenders played a significant role in driving sales as buyers decided to enter the market to pick up units before new benchmark prices are introduced at future launches. The strong sales witnessed in 2021 had further depleted the inventory of unsold homes, particularly for the OCR, where the unsold inventory was less than 4,400 units as of the end of Q3 2021.

Besides the new home sales market, there were a number of bright spots in other property segments such as the HDB resale market, and the landed housing segment, in particular, the Good Class Bungalows (GCBs). The HDB resale market enjoyed rising resale prices and brisk sales, including a record number of million-dollar flat transactions.

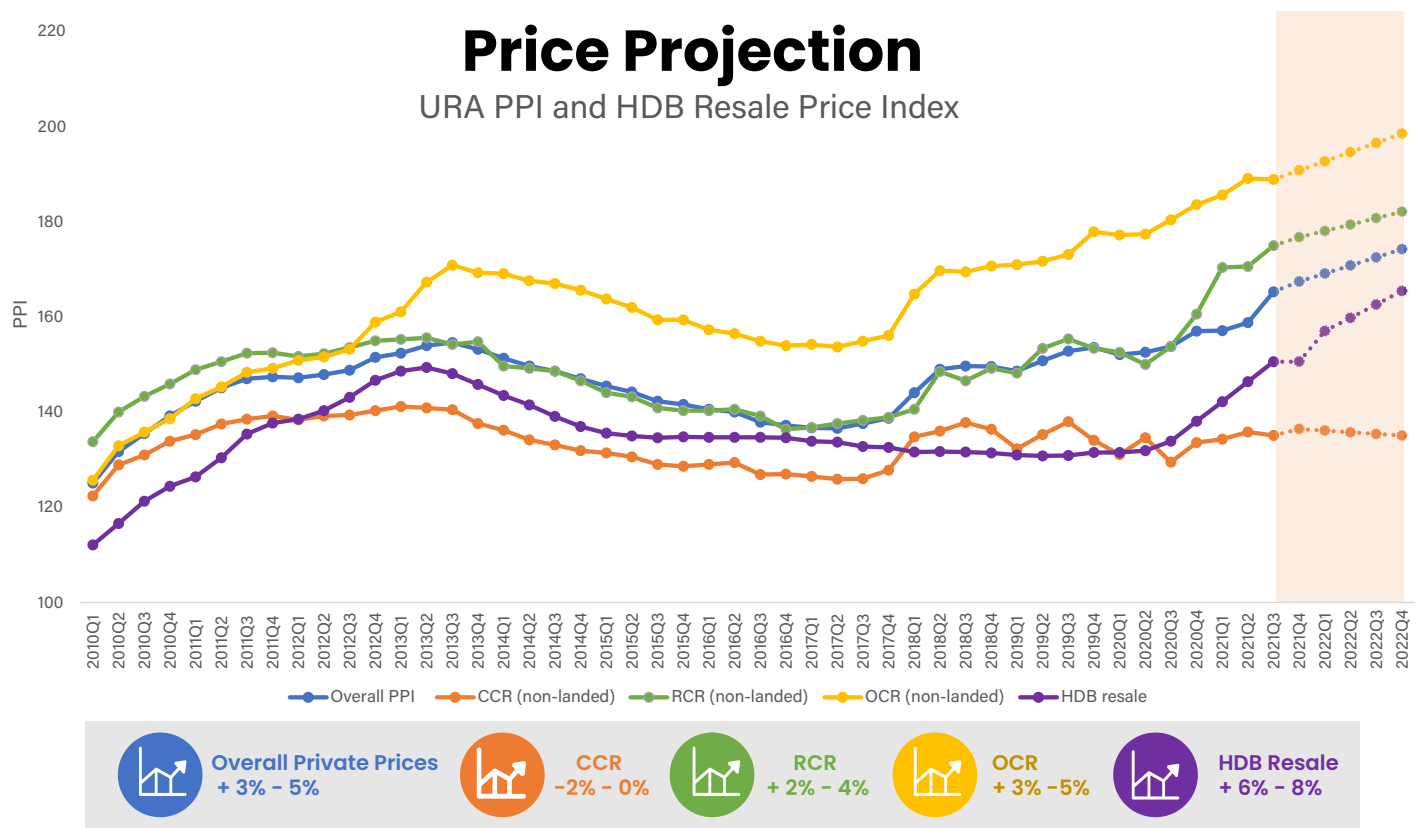
The rising HDB resale market was fuelled by the economic recovery and demand from homeowners, particularly young couples who wanted to avoid

uncertainties arising from completion delays and extended waiting times for new Build-to-Order (BTO) flats. Meanwhile, the landed housing segment also enjoyed healthy sales including several record-breaking transactions of GCBs purchased by high net-worth individuals. One common driving point for the renewed interest in the HDB resale market and landed home market was the pandemic-induced demand for spacious homes, amid the work-from-home trend and people spending more time at home.

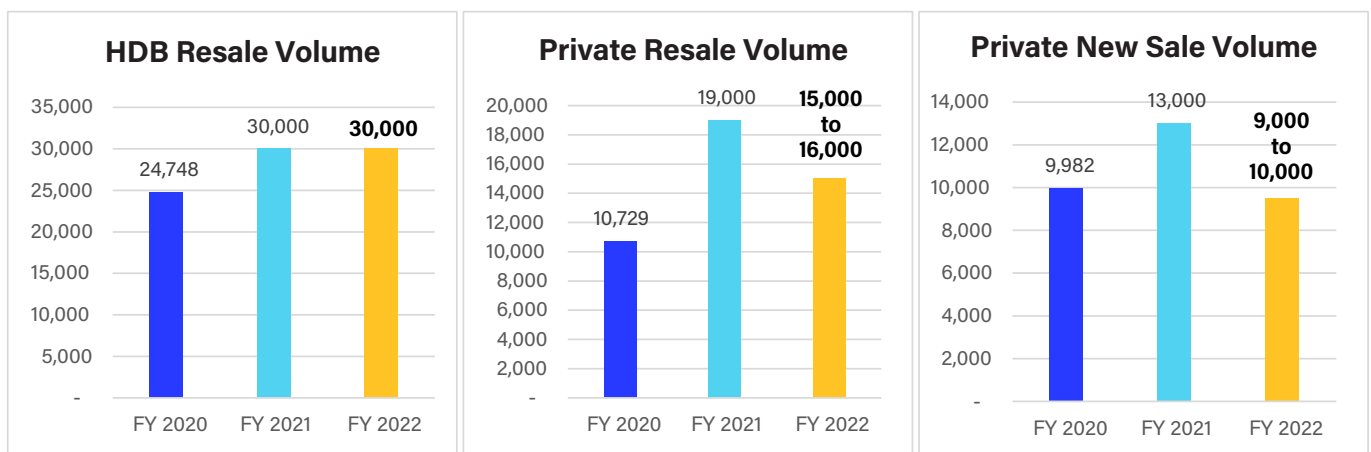
On 16th December 2021, the government implemented its latest round of property market cooling measures targeted at the private residential and HDB resale markets. The package of measures comprises revisions to the Additional Buyer's Stamp Duty (ABSD) rates, tighter Total Debt Servicing Ratio (TDSR) threshold, and tighter LTV limit for HDB loans. The new cooling measures virtually affect all categories of buyers, and will be the most significant stumbling block to the property market growth in 2022. The groups which bear the brunt of the cooling measures are foreigners and property investors. The CCR market will feel the most impact from the measures as a significant bulk of demand is derived from foreigners and investors who will be most affected by the hefty ABSD rates. Home prices in the CCR are likely to face some downward pressure – sellers and developers may dangle discounts to entice buyers, while opportunistic buyers may take advantage of the price correction to upgrade to a property in the CCR.

The Singapore economy is projected to grow by 3% to 5% in 2022, with several headwinds such as impending interest rate hikes, inflation creeping up as well as uncertainties over the severity of the new Omicron coronavirus variant. The initial optimism of reopening has dampened, as a number of countries battle with a new wave of cases due to the spread of Omicron. In Singapore, sales and home prices in 2022 are expected to be less buoyant than 2021, as a result of the cooling measures and diminishing supply of new homes in the outlying areas. Home sales will be largely driven by demand from resident homebuyers – especially upgraders and those buying their first home – since they are least affected by the revisions to the cooling measures.

Price Projection 2022



Sales Projection



Private Residential Property Market

Overview

Private Residential Prices achieved new peaks and sold more units in the resale and new home sale market compared to past years. This was fuelled by the buoyant buyers' confidence, driven by the economic recovery, low interest rate environment and excess liquidity in the market.

Home prices and projections

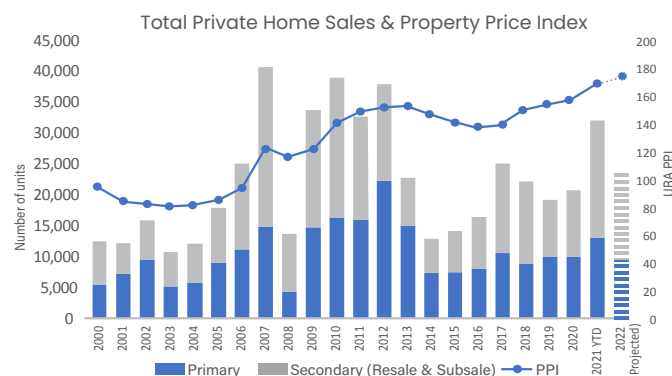
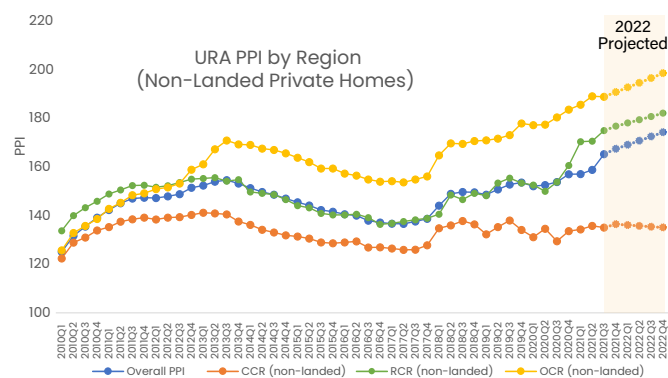
- Private home prices have climbed by 5.2% in the first three quarters of 2021; PropNex expects private home values to rise by 6% to 7% for the full year 2021. By regions, the prices of homes in the Rest of Central Region (RCR) had grew the fastest, climbing by 8.8% for the first 3 quarters of the year and is expected to grow by 10% for the full year. While prices in the Core Central Region (CCR) and Outside Central Region (OCR) are expected to post modest growths this year.

Private Residential Price Indices Year-on-Year Change (YOY%)

Price Indices	2021 YTD	2021 Projection	2022 Projection
Overall PPI	5.2%	6% to 7%	3% to 5%
Landed	9.0%	10% to 10.5%	4% to 5%
Non - Landed	4.3%	5% to 6%	2% to 3%
CCR	1.1%	2% to 2.5%	-2% to 0%
RCR	8.8%	9% to 10%	2% to 4%
OCR	2.9%	3% to 4%	3% to 5%

Source: PropNex Research, URA

- In view of the recent cooling measures, the growth in private home prices in 2022 is expected to moderate, rising by a slower pace of 3% to 5%. Given the hefty ABSD for foreigners and property investors, PropNex expects prices in the CCR to face more downward pressure, compared to the other sub-markets: RCR and OCR.
- PropNex estimates that overall CCR prices could see a slight decline or stay flat in the full year 2022. Meanwhile, home values in RCR and OCR should remain resilient given tighter supply in these segments and as upgrading demand lend support to pricing.





- The top selling project of the year was Normanton Park, selling more than 1,400 units out of its inventory of 1,862 units, with a median price of \$1,790 psf.

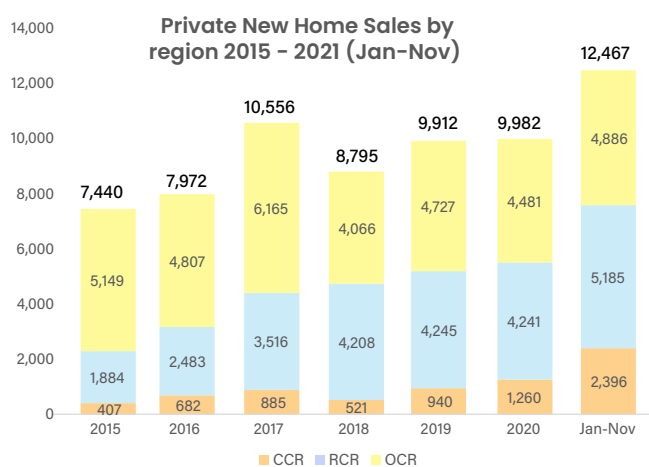
Top 5 New Launch Projects in 2021 by total number of units sold

Project Name	Region	Units Sold	Median selling price in 2021 (\$PSF)	Take-up rate
NORMANTON PARK	RCR	1,419	\$1,790	76.2%
CANNINGHILL PIERS	RCR	570	\$2,887	81.9%
PASIR RIS 8	OCR	427	\$1,627	87.7%
IRWELL HILL RESIDENCES	CCR	403	\$2,649	74.6%
MIDTOWN MODERN	CCR	402	\$2,700	72.0%

Source: PropNex Research, URA Realis (Data up till 30 Nov 2021)

New Home Sales Market

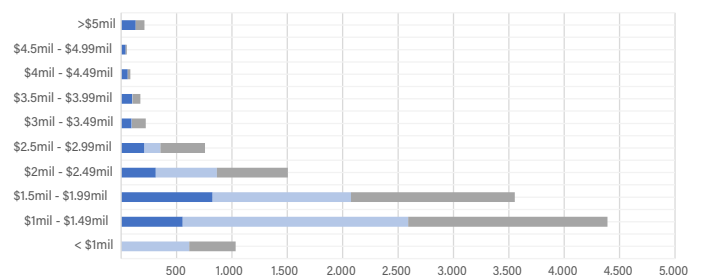
- Developers sold 12,467 new private homes (ex. Executive Condos) during the first 11 months of 2021 – on track to become the highest annual sales since 14,948 units were sold in 2013
- The sales momentum in the new launch market was driven mainly by the success of several major OCR and RCR launches namely, Pasir Ris 8, Normanton Park and CanningHill Piers. Rising land prices possibly spurred home sales in the OCR and RCR in 2H 2021, with buyers likely concerned about higher values in the future.
- The exuberant buying activity at new launches and rapidly depleting unsold inventory had led to a spill-over effect onto the resale home market and past launched projects in outlying areas.



Source: PropNex Research, URA, URA Realis (Data up till 30 Nov 2021)

- In terms of buyer profile, Singaporeans and Singapore Permanent Residents (PRs) made up 95.5% of the non-landed new home sales in 2021. Meanwhile, the proportion of new non-landed private homes purchased by foreigners made up 4.5% of sales. Despite the selective re-opening of borders, demand from foreigners may be dampened in the coming months due to higher ABSD rates for foreign buyers.
- In 2021, about 75% of the new private non-landed homes sales fall under the mass-market pricing sweet-spot of \$2 million. Most of these transactions comprised homes in the OCR (43.4%), followed by the RCR (41.2%) and a small portion in the CCR (15.4%).

Private New Home Sales (non-landed excl. ECs) by Quantum in 2021



	< \$1mil	\$1mil - \$1.49mil	\$1.5mil - \$1.99mil	\$2mil - \$2.49mil	\$2.5mil - \$2.99mil	\$3mil - \$3.49mil	\$3.5mil - \$3.99mil	\$4mil - \$4.49mil	\$4.5mil - \$4.99mil	> \$5mil
CCR	1	556	826	313	210	95	100	59	41	131
OCR	614	2,035	1,249	552	145	3	3			
RCR	418	1,800	1,479	640	402	125	71	25	10	79

Source: PropNex Research, URA REALIS (Data up till 30 Nov 2021)

- RCR projects dominated new home sales in 2021 – accounting for 41.6% of new homes sold. This was followed by new homes in the OCR (39.2%) and the CCR (19.2%).



Inventory and future launches

- The unsold inventory has dwindled to 17,140 units as at the end of Q3 2021 – the lowest level of unsold stock since 16,031 units in Q3 2017
- As at the end of Q3 2021, the unsold stock in the CCR, RCR, and OCR stood at 6,880, 5,878, and 4,382 units respectively. The unsold stock in the RCR and OCR has depleted rapidly over the past year due to the strong sales.
- Going by past year's sales level, the unsold stock in OCR are likely to be cleared out within a year or so without new injection of supply

Unsold inventory of new homes by region

Region	CCR	RCR	OCR
Unsold Inventory (units)	6,880	5,878	4,382
Annual sales (2004-2020)	2,031	3,528	5,674
Take-up rate (years)	3.39	1.67	0.77

Source: PropNex Research, URA

- The upcoming GLS Confirmed List slate for 1H 2022 will feature sites in RCR and OCR which will help to shore up new private home supply and meet demand for homes in the city fringe and suburbs.
- In 2022, an estimated 8,000 to 9,000 new units are expected to launch across various projects. Some new launches which homebuyers can look out for include Belgravia Ace, The Arden, North Gaia – Yishun Avenue 9 EC project – and the Tanah Merah Kechil Link mixed use development.
- In terms of new launch prices, projects in the RCR and OCR are expected to launch at benchmark prices – between 5% and 8% higher than the launch prices witnessed in 2021, owing to rising land rates as well as construction costs for developers. Whereas launch prices in the CCR could potentially soften owing to weakened demand from foreigners and investors due to the revision in ABSD rates.

Region	Estimated No. of units to be launched in 2022	Notable Projects
CCR	2,200	1C Evelyn Road Sophia Ville/ Fairhaven 2,4,6 Mount Emily Road 20 Maxwell Road
RCR	3,400	Atlassia Gems Ville LIV @ MB Sophia Regency 870 Dunearn Road Northumberland Road (GLS)
OCR	3,400	Belgravia Ace North Gaia EC Pollen Collection The Arden Tanah Merah Kechil Link (GLS)

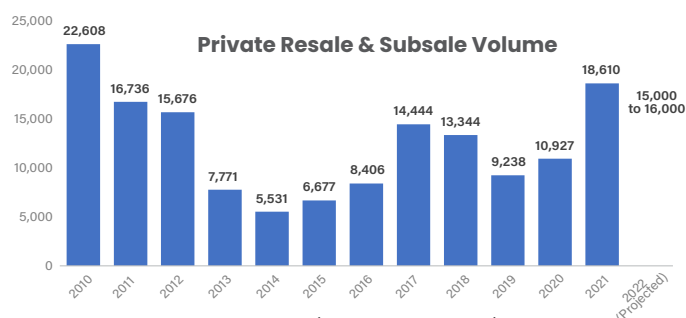
Source: PropNex Research, URA

New Sales Market Outlook

- The increase in housing supply next year, coupled with the new cooling measures implemented with effect from 16 December 2021, will provide more options for buyers as well as stabilize property prices, which have grown substantially over the past year.
- In 2021, PropNex projects that new private home sales will likely reach close to 13,000 units (ex. ECs); while in 2022, new sales volume may moderate to 9,000 to 10,000 units (ex. ECs) supported by genuine homebuyer demand from locals such as HDB upgraders.

Resale Market and Outlook

- The secondary market did well in 2021, with more than 18,000 units resold in the first 11 months of 2021 (Resale: 18,131 units; Subsale: 479 units).



Source: PropNex Research, URA REALIS (Data up till 30 Nov 2021)

- The most popular districts in the resale market included District 19 and District 15, which chalked up more than 1,600 and 1,400 deals in the first 11 months of 2021; these are popular areas amongst locals and HDB upgraders. In terms of transaction value, unsurprisingly, District 10 recorded a whopping \$3.9 billion worth of deals, driven by high-end luxury homes and Good Class Bungalow (GCB) deals
- For 2021, the resale and subsale market is expected to sell more than 19,000 units. In 2022, the resale transactions could hit between 15,000 and 16,000 units.

Top 5 Resale (Non-landed) Districts in 2021 by sales volume

District	Sales Volume	Sales value(\$)
D19 - Serangoon Garden, Hougang, Ponggol	1,618	\$1,908,508,480
D15- Katong, Joo Chiat, Amber Road	1,428	\$2,618,387,051
D10 - Ardmore, Bukit Timah, Holland Road, Tanglin	1,023	\$3,900,932,580
D18 - Tampines, Pasir Ris	945	\$1,040,440,759
D23 - Hillview, Dairy Farm, Bukit Panjang, Choa Chu Kang	889	\$1,024,380,875

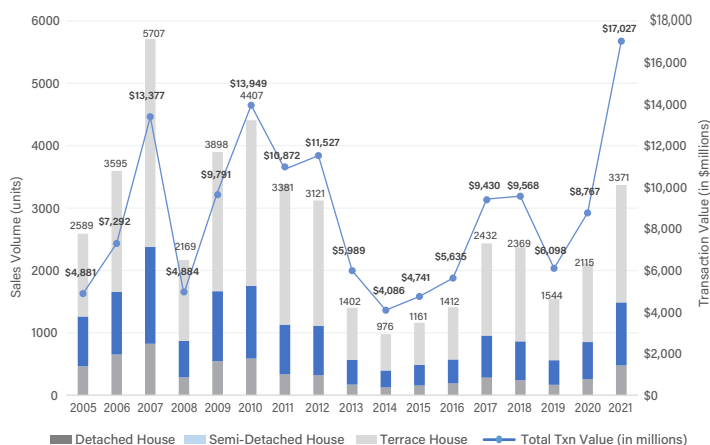
Source: PropNex Research, URA REALIS (Data up till 30 Nov 2021)



Landed Housing

- More than 3,300 landed homes changed hands in 2021 – the bulk of sales being terrace homes. In terms of transaction value, the deals sold in the first 11 months of 2021 amounted to more than \$17 billion. The value of transactions exceeded the last peak recorded in 2010, where the value of deals crossed \$13.9 billion.

Transaction Volume and Value of Residential Landed Home Sales



Source: PropNex Research, URA REALIS (Data up till 30 Nov 2021)

- While detached houses form the smallest share of deals (476 caveats lodged), the value of transactions from detached home sales was worth more than \$5.7 billion (or 34% of sales values) – in part boosted by the record-setting GCB deals in the earlier part of the year.

- The GCB market has been on a roll this year, with a surge in sales volumes as well as land prices. The buying momentum for GCBs in the first half of 2021 emanated from both affluent locals and new citizens – a big group being tech-entrepreneurs riding high from the digital economy boom.
- Based on URA Realis caveats data, for GCB deals (detached homes with land area above 1,400 sqm in the GCB areas), there have been 56 recorded caveats in the first 11 months of 2021, with deals exceeding \$1.9 billion
- Given the ongoing uncertainty around the world – both from the pandemic and political unrest in some parts of the world, a number of the ultra-rich have been seen moving to Singapore in 2021. The exclusive landed homes at esteemed GCB estates were highly sought after by high net worth individuals.
- PropNex expects overall landed home prices to grow by 10% for the whole of 2021, while in 2022, the price growth could slow to 4% to 6%.
- Sales momentum in the landed homes market and GCB segment for the 2022 is expected to cool down after an exuberant year – but should remain resilient – there will still be sustained demand among the ultra-rich families looking for a home to call their own.



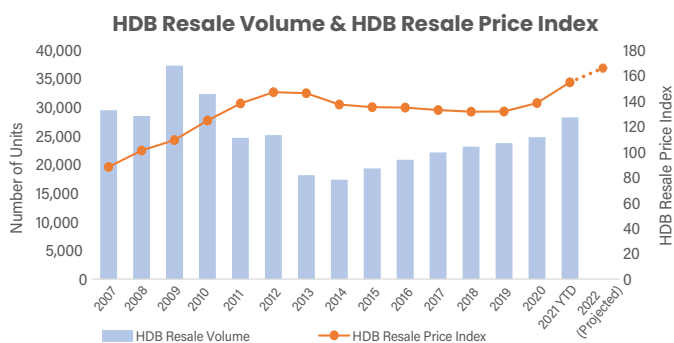
HDB Resale Market

Overview

The HDB resale market has had a stellar year of sales, selling more than 28,000 units in the first 11 months of 2021, beating annual figures over the last 10 years. At the same time, HDB resale prices have achieved a double-digit growth. The economic recovery, delays in the completion of new BTO flats, and generous resale housing grants for first-time buyers were all factors that have contributed to the buoyant resale market.

Transactions and Prices

- As of Q3 2021, the HDB resale index has recorded an index reading of 150.6 in Q3 2021. Year-on-year, this represents a double-digit growth of 12.5% - which is the highest YOY growth since Q3 2011, where prices climbed by 11.6% YOY.



Source: PropNex Research, HDB

- With an index reading of 150.6 in Q3 2021, the HDB resale price index has achieved a new high, surpassing the recent peak in Q2 2013 (149.4).
- The increase in prices was also reflected in average resale prices across 3-room, 4-room and 5-room resale flats, which rose to \$352,000, \$504,000 and \$603,000 respectively.

HDB Resale Prices by flat type and estate from 2018 to 2021 YTD

Flat Type	Estate	2018	2019	2020	2021
3 ROOM	Overall	\$306,000	\$299,000	\$313,000	\$352,000
	Mature	\$324,000	\$314,000	\$321,000	\$360,000
	Non-mature	\$277,000	\$278,000	\$298,000	\$338,000
4 ROOM	Overall	\$432,000	\$430,000	\$449,000	\$504,000
	Mature	\$528,000	\$515,000	\$520,000	\$578,000
	Non-mature	\$378,000	\$383,000	\$405,000	\$456,000
5 ROOM	Overall	\$528,000	\$527,000	\$541,000	\$603,000
	Mature	\$667,000	\$654,000	\$649,000	\$702,000
	Non-mature	\$449,000	\$460,000	\$486,000	\$546,000

Source: PropNex Research, HDB Data. Gov (Data up till 30 Nov 2021)

- In 2021, the average resale price for a 5-room flat in a mature estate can cost as much as \$701,000 while a 5-room flat in a non-mature estate was averaging at \$544,000.
- The number of HDB resale transactions in the first 11 months of year has surpassed the annual figures over the last 10 years, and is on track to end 2021 at around 30,000 units.
- The HDB estates that clocked the most transactions included non-mature towns such as Punggol and Seng Kang which sold more than 2,500 units in the first 11 months of 2021 - these are popular amongst young couples and home owners owing to their more affordable price points.

Top 5 HDB Resale Districts in 2021 by sales volume

HDB ESTATE	2018	2019	2020	2021
PUNGGOL	1,537	1,160	1,748	2,526
SENGKANG	1,641	1,795	2,159	2,513
TAMPINES	1,368	1,413	1,700	1,977
YISHUN	1,286	1,790	1,692	1,573
WOODLANDS	1,663	1,794	1,406	1,494

Source: PropNex Research, HDB Data.Gov (Data up till 30 Nov 2021)

Million Dollar HDB Resale Transactions

- In the first eleven months of 2021, more than 220 HDB flats were sold for at least \$1 million. This is a new record, and sales are not likely to slow down given the robust demand for resale flats.



- Most of these million-dollar flats are either located in prime mature estates or have fairly large floor areas which contributed to their hefty price tags. The HDB estates in Central Area, Queenstown, and Bishan had the greatest number of million-dollar deals.

Number of Million Dollar Deals in 2021 by HDB estate

HDB Estate	No. of Million Dollar Deals
CENTRAL AREA	65
QUEENSTOWN	33
BISHAN	32
TOA PAYOH	27
BUKIT MERAH	21
KALLANG/WHAMPOA	17
BUKIT TIMAH	11
CLEMENTI	9
SERANGOON	5
ANG MO KIO	3
TOTAL	223

Source: PropNex Research, HDB Data.Gov (Data up till 30 Nov 2021)

- Resale flats in the Pinnacle @ Duxton, Skyville @ Dawson and Natura Loft @ Bishan – where a number of record-breaking HDB transactions took place – were seen to have helped to prop up HDB resale prices.
- The most expensive resale flat in 2021 was a five-room flat at Natura Loft @ Bishan which changed hands for an all-time record \$1.36 million in October. It smashed the previous high of \$1.295 million logged in July by a five-room unit in the same project.

Public Housing Supply

- The Housing and Development Board (HDB) has announced plans to raise flat supply by 35% over the next two years, with up to 23,000 BTO flats slated for launch in 2022 and 2023.
- Based on data tracked by PropNex, the 23,000 BTO flat supply planned for 2022 will be the highest annual supply since about 25,000 new flats were launched for sale in 2013. The sizable increase in BTO supply by 34.5% YOY to 23,000 units in 2022 will offer more affordable housing options for Singaporean households.
- Given the strong demand for BTO flats, the move to ramp up supply will give Singaporeans more opportunities to secure a new flat, as well as soothe the strong demand for HDB resale flats, thus keeping HDB resale prices in check.

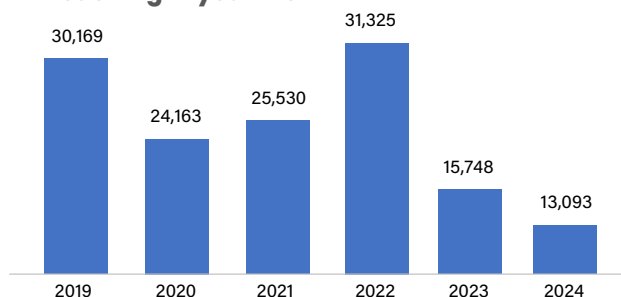
- In spite of the higher BTO supply, there will be a significant number of home buyers that would turn to the HDB resale market for housing options due to the generous housing grant for first-timers, a wider selection of units in the open market, and also being able to move in to resale flats fairly quickly, as opposed to the long waiting time for BTO project completions.

- With a bumper crop of HDB flats attaining their 5-year MOP in 2022 – estimated more than 31,000 units – it will help support growth of HDB resale prices.

HDB Resale Market Outlook

- In the first 11 months of 2021, 28,165 resale flats were sold – already topping the 24,748 flats resold in 2020. PropNex expects that resale volume could exceed 30,000 flats and that resale prices are likely to increase by 11% to 12% for the whole of 2021.
- In the light of the recent cooling measures, PropNex does not expect the tighter LTV limit (85%) for HDB loans to have a significant impact on demand as some buyers have tapped financing from the banks to fund their purchase.
- PropNex projects that HDB resale volume could trend close to 30,000 units in 2022 – driven by factors such as delays in construction of new homes, generous housing grants for resale flats, and affordability of public housing. HDB resale prices may well rise at a slower pace of between 6 and 8% in 2022, as the buoyant sentiment in the overall property market moderates on the back of the new measures.
- The hike in ABSD rates may encourage more HDB flat owners who are looking to upgrade to a private property to sell their flat first before picking up a private home as they may not have sufficient funds for the upfront ABSD payment. Some HDB upgraders may also take a wait-and-see approach over the next few months to understand the impact of the measures on the private property market before making the next move.

Estimated Number of HDB Flats Reaching 5-year MOP



Source: PropNex Research, HDB

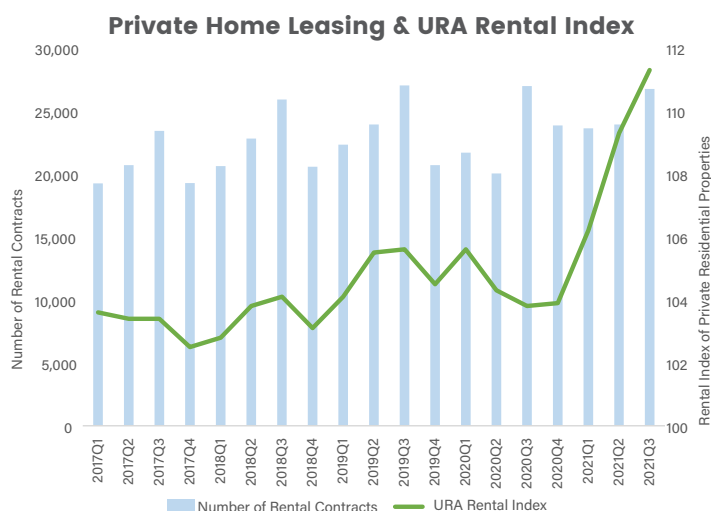
Residential Leasing Market

Overview

In 2021, the leasing market was fairly buoyant, in terms of volume of leasing transactions as well as rental value. Leasing demand is expected to grow further in 2022, amid the positive economic outlook as well as the resumption of international travel and the potential rise in foreign workforce.

Private Home Leasing

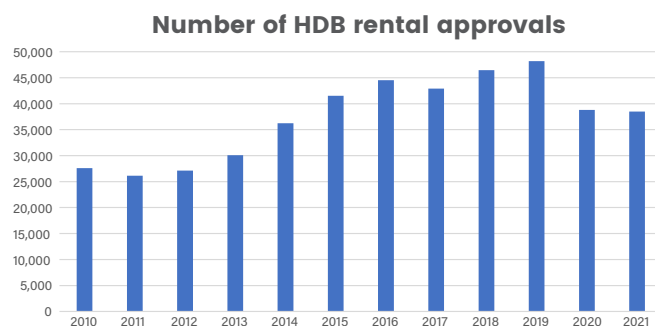
- As of the end of Q3 2021, the URA Rental Index of private residential grew by a decent 7% over the past year.
- With work-from-home remaining as the default mode for extended periods in 2021, many landlords were in a better position to raise rentals with robust leasing demand, especially for larger apartments and landed houses.
- In terms of leasing volume, there were close to 90,000 rental contracts in the first 11 months of 2021 – on track to hit more than 96,000 contracts for the full year 2021.
- In terms of rental value, leasing contracts in the first 11 months of 2021 amounted to a whopping \$355 million and is projected to reach more than \$360 million in the full year.
- Rental demand is expected to soften in December 2021 and January 2022 as borders re-open – foreign expatriates may return to their home countries, especially during the festive season – which may rein in leasing activity as well as median rentals in the next few months.



Source: PropNex Research, URA, URA Realis

HDB Leasing

- For HDB leasing market, more than 33,300 rental transactions were done over the first 11 months of 2021.



Source: PropNex Research, HDB (data up to 30 Nov 2021)

- A key demand driver for HDB flat leasing was likely from those seeking interim housing – couples waiting for their BTO flats to be ready and those waiting for home renovations to be completed.

Leasing Market Outlook

- For 2022, we hold a relatively positive view of the leasing market owing to the pandemic recovery, re-opening of borders and more positive business sentiment. With the opening of more Vaccinated Travel Lanes (VTLs) and expatriates returning to Singapore, demand for leasing for both private homes and HDB flats are expected to grow.
- Rentals will likely remain firm as leasing volume is expected to hit 100,000 transactions for private homes and cross 37,000 transactions for HDB flats.
- The growth in demand will be fuelled by foreign expatriates from high-value industries such as finance and tech sectors – many have been facing a shortage of skilled workers in the local talent pool – with travel restrictions being lifted, we will see more high skilled foreign labour entering the country over the next few months to fill the gap in the labour market.

Volume of rental transactions in private and HDB

Postal District	2021 YTD	FY 2021 (projected)	FY 2022 (projected)
Private landed (Jan-Nov)	5,466	7,000	6,000
Private non-landed (Jan-Nov)	84,125	91,000	93,000-94,000
HDB (Jan-Nov)	33,386	37,000	36,000-38,000

Source: PropNex Research, URA Realis, HDB (data up to 30 Nov 2021)

Author:

Wong Siew Ying

Head of Research and Content

Main : (65) 6829 6637 | Fax : (65) 6829 6600

Email: siewying.wong@propnex.com

Jean Choo (Ms)

Research Analyst | Marketing & Communications

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

Email: jean@propnex.com

Marketing and Communications:

Carolyn Goh

Director, Corporate Communications and Marketing

PropNex Limited (SGX Mainboard Listed Company)

DID : (65) 6829 6748 / 9828 7834

Email: carolyn@propnex.com

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

Fazilla Nordin

Corporate Communications Manager

DID : (65) 6829 6746 / 9188 5760

Email: fazilla@propnex.com

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