

PROP NEX RESEARCH
Q1 2024

RESIDENTIAL PROPERTY REPORT



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Private Residential Property Q1 2024

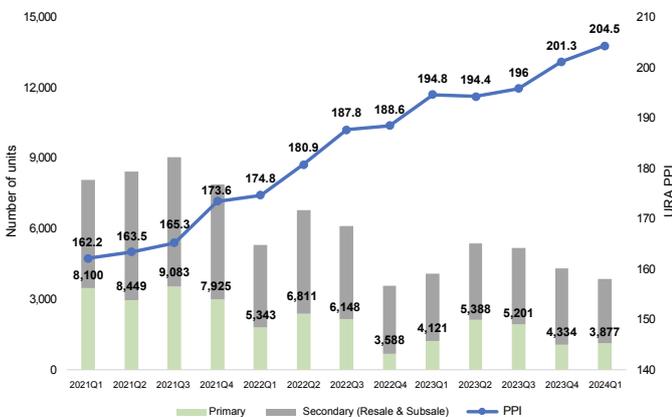
Overview

Residential property prices continued to climb in Q1 2024, with private home prices rising at a modest pace quarter-on-quarter. The moderation in price growth can be attributed to the relatively tepid sales in Q1 amid the festive seasons, and tentative buying sentiment following slower transactions in 2023.

Prices

- URA's flash estimates showed that overall private home prices rose by 1.5% QOQ in Q1 2024, slowing from the 2.8% QOQ increase in Q4.
- The price growth in Q1 2024 was led by the landed homes segment, where prices rose by 3.4% QOQ, easing from the 4.6% QOQ increase in the previous quarter. The price growth came despite a slight decline in transaction volumes of landed homes in Q1.
- According to caveats lodged, there were 336 landed home transactions in Q1 2024 – comparative to the 330 transactions in Q4.
- Based on URA Realis caveat data, average unit prices of semi-detached homes (\$1,723 psf) led the price increase, growing by 4.1% QOQ. Meanwhile, detached homes (\$1,634 psf) and terrace houses (\$1,763 psf) saw their average unit prices fall by 4.5% and 1.0% QOQ respectively in Q1.
- In the non-landed private homes segment, prices continued to grow, rising by 1% QOQ in Q1. The price growth was mainly spurred by the Core Central Region (CCR) sub-market.

Total Private Home Sales & Property Price Index



Source: PropNex Research, URA (*Price Index data based on flash estimate released on 1 Apr 2024), URA Realis

- Non-landed home prices in the CCR grew by 3.1% QOQ, building on the 3.9% QOQ expansion in Q4. Transactions at Watten House had helped to lift prices during the quarter, moving about 21 units at an average price of \$3,277 psf.
- Prices of non-landed homes in the OCR inched up by 0.4% QOQ in Q1 – slowing considerably from the 4.5% QOQ growth in Q4 2023 where the launch of J'den at benchmark prices and sales at Hillock Green helped to push up prices. The 0.4% QOQ price growth is the slowest quarterly increase in the OCR in five quarters.
- Major OCR projects launched in Q1 2024 included Hillhaven, Lentoria, and Lentor Mansion; the latter became the best performing new launch project this year when it transacted more than 75% of its units at an average price of \$2,278 psf.
- Among the new projects in the Lentor area, Lentor Mansion has fetched a higher overall average price on \$PSF basis, as it is the first project to be affected by the guidelines on harmonisation of gross floor area definitions.
- The Rest of Central Region (RCR) sub-market saw prices ticking up by 0.2% QOQ in Q1, reversing the 0.8% QOQ decline in Q4. New launch freehold project, The Arcady at Boon Keng which sold 50 units at an average price of \$2,575 psf (based on URA Realis caveats), along with higher average unit prices at several other projects in Q1 have helped to support home prices in the RCR.

Transactions

- Developers' sales got off to a slow start in 2024 – in part due to the festive season and cautious market sentiment. Based on preliminary figures from URA Realis caveat data, developers sold 1,150 new private homes (ex. EC) in Q1 – 5.3% higher compared with the 1,092 units sold in Q4.
- The top selling project in Q1 was Lentor Mansion which sold 409 of its 533 units at an average unit price of \$2,278 psf (see Table 1).
- The OCR sub-market drove new home sales in Q1, making up about 70% of new homes sold.
- Based on caveats lodged, there were 2,459 private homes sold on the resale market in Q1 2024 – contracting by 13.1% QOQ from Q4 2023 where 2,831 units were resold.
- The volume of sub-sales declined to about 268 units, falling sharply by 35% QOQ from Q4 2023 which saw 411 units being transacted, the highest sub-sales in a quarter since Q4 2012 when 652 sub-sale units were sold. This takes the total private homes transactions to 3,877 units (including new sale and resale) in Q1 2024, based on caveat data.

Table 1: Top selling projects in Q1 2024

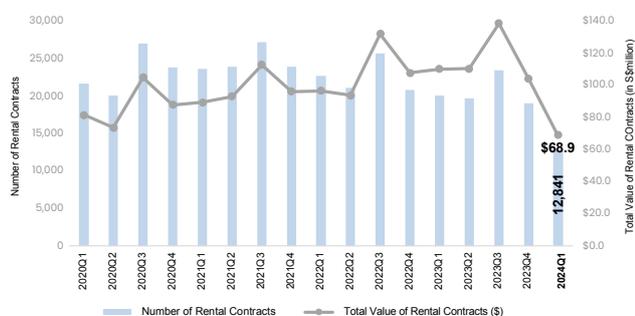
Project Name	Region	Units Sold in Q1 2024	Average Unit Price (\$PSF) in Q1 2024
LENTOR MANSION	OCR	406	\$2,278
HILLHAVEN	OCR	72	\$2,065
LENTORIA	OCR	59	\$2,129
THE ARCADY AT BOON KENG	RCR	49	\$2,575
THE BOTANY AT DAIRY FARM	OCR	47	\$2,026

Source: PropNex Research, URA Realis

Private Home Leasing

- Growth of private residential rentals continued to ease after moderating in 2023. For the whole of 2023, rentals grew just 8.7%, compared with the 29.7% growth posted in 2022.
- In February 2024, median rentals of private homes stood at \$4.99 psf per month – down by 3.3% from the peak in April 2023 at \$5.16 psf per month. February’s median rent was also down by 1.2% YOY from the median rental of \$4.65 psf per month in February 2023.
- About 12,841 rental contracts, amounting to \$68.9 million were signed in the first two months of 2024 – down from 13,559 contracts worth \$74.2 million signed in the same period in 2023.
- Rentals of private homes are expected to ease further in 2024, with more supply of newly-completed homes entering the market, as well as the latest temporary increase in occupancy cap for larger HDB flats and private residential homes from 22 January 2024.
- Based on URA data, about 19,968 new private homes (ex. EC) have been completed for the whole of 2023. About 9,636 units are expected to be ready in 2024 – potentially putting more downward pressure on rents.

Private Home Leasing Volume & Total Value (by quarter)



Source: PropNex Research, URA Realis (Q1 2024 data up to February 2024 figures)

Private Residential Market Outlook

The private home sales market started slowly in 2024, but there have been signs of rekindling interest amongst homebuyers, particularly in March where the launch of Lentor Mansion saw 75% of the total units transacted in a single weekend. The relaunch of Cuscaden Reserve recently also raked in sales at the CCR project, with Singaporeans accounting for a big chunk of the transactions.

These are encouraging signs and could help to lift market sentiment ahead, following a lackluster 2023 which saw developers’ sales hit a 15-year low. Other factors that could help to support the housing market later in the year include the potential easing of interest rates and prospects for further improvement in the Singapore economy.

Based on market observations, there is still resilience and ample liquidity in the market, though buyers are perhaps holding back, waiting for the right projects that are sensitively-priced and that the price quantum will sit well within their housing budget. It is telling that the attractive price quantum at Lentor Mansion, and the price adjustment at Cuscaden Reserve have pulled buyers in.

After several years of rising home prices, buyers should find some relief that prices have started to stabilise. With developers managing launch prices carefully to garner sales momentum at the initial stage of the launch, new home sales momentum could pick-up further in the rest of the year as more new projects come on.

Moving forward, private home sales are expected to be driven predominantly by Singaporeans and Singapore PRs. Hence, developers and sellers will need to consider the budget and needs of these local buyers when they price and design their projects – so as to better cater to the local market.

Overall, PropNex projects that private home prices could rise by a slower 4% to 5% in 2024, while new private home sales could possibly come in at 7,000 to 7,500 units (ex. EC), and private resale volume may hover at around 13,000 to 14,000 units.

HDB Resale Q1 2024

Overview

In Q1 2024, HDB resale flat prices found renewed strength with price growth picking up pace, helped by more high value transactions in the quarter. Flash estimates released by the Housing and Development Board (HDB) indicated that resale flat prices rose by 1.7% QOQ, accelerating from the 1.1% QOQ increase in the previous quarter. This marks the 16th straight QOQ growth in the HDB Resale Price Index.

Transactions and Prices

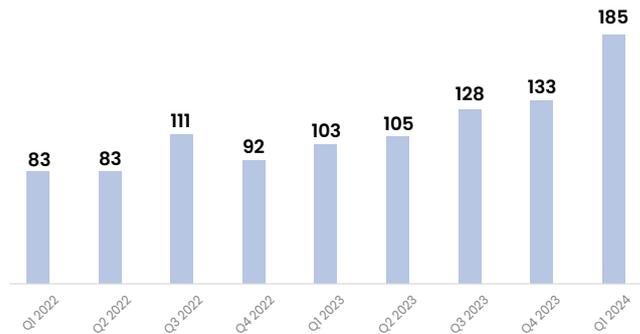
- Flash estimates showed that HDB resale price index recorded a new high with an index reading of 183.5 in Q1 2024, this reflects an increase of 1.7% QOQ – the highest quarterly price gain since Q4 2022 (+2.3% QOQ).
- It is the fifth consecutive quarter where the HDB resale price index grew at a rate below the 2%-mark, following nine previous quarters where prices rose by more than 2% to 3% per quarter.
- The price growth is likely supported by several factors, including healthy resale flat demand, a higher number of flats resold for at least \$1 million, a slightly larger proportion of flats sold at a higher price range, as well as a steady proportion of relatively newer resale flats sold in Q1 which supported prices.
- Based on figures from the HDB, 6,928 flats (data up till 27 March 2024) were resold in Q1 – up by about 5.5% from the 6,567 units sold in the previous year (up to 27 March 2023).
- According to sales data, the resale price growth in Q1 2024 was driven by executive flats, with the average price expanding by 1.8% QOQ to over \$854,000. Meanwhile, the average prices of 5-room and 4-room resale flats rose by 1.5% QOQ and 1.3% QOQ respectively in Q1 2024.

HDB Resale Volume & HDB Resale Price Index



Source: PropNex Research, HDB, Data.gov.sg (*Price Index data based on flash estimate released on 1 Apr 2024, resale volume figures up to 27 March 2024)

Number of Million-dollar HDB Flat Transactions



Source: PropNex Research, HDB, Data.gov.sg

- According to transaction data, the number of HDB flats resold for at least \$1 million has risen for the fifth straight quarter in Q1 2024, with 185 such flats sold. This is also the highest number of million-dollar resale flats transacted on a quarterly basis – boosted by the record-breaking 74 deals done in January 2024 (50 units in February; 61 units in March).
- Million-dollar HDB resale flat transactions accounted for about 2.7% of the sales volume in Q1 2024 – up from 2.1% in Q4 2023.

HDB Resale Market Outlook

HDB resale price growth has largely stabilised from the double-digit growth witnessed in 2021 and 2022. The slight pick-up in prices in Q1 can be partly attributed to more former private home owners returning to purchase a resale flat after fulfilling the 15-month wait-out period, which was implemented in September 2022 in a bid to cool the market. This group of buyers typically has greater financial means to pay a higher price for choice flats. In 2024, the HDB resale market could continue to see more million-dollar resale flats being transacted.

Another factor that could have helped to prop up prices could be the relatively steady proportion of newer flats resold in Q4 2023 and Q1 2024 as such flats tend to command higher prices in view of their longer remaining lease. Based on transaction data, about 27% of the resale flats sold in each of the two quarters had a lease balance of 90 years or more.

Overall, PropNex expects the HDB resale market to remain stable this year, with resale prices projected to rise at 5% to 6% for the whole of 2024. Meanwhile, the resale flat volume is estimated to come in at around 26,000 to 27,000 units this year.

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