

RESIDENTIAL PROPERTY REPORT

PROPNEX RESEARCH
Q3 2024



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Private Residential Property Q3 2024

Overview

In Q3 2024, private home prices moderated for the first time in five quarters, since Q2 2023. The softer prices came amid tepid home sales due to limited number of launches, the market lull during the lunar seventh month period, and tentative buyer sentiment.

Prices

- URA's flash estimates showed that overall private home prices fell by 1.1% QOQ in Q3, compared with the 0.9% QOQ increase in Q2.
- Cumulatively, private home prices rose by 1.1% in the first nine months of 2024, slowing from the 3.9% price growth in the same period in 2023.
- The drag on home prices can be attributed to the landed homes segment, where prices fell by 3.8% QOQ, easing from the 1.9% QOQ increase in the previous quarter. The price decline came amidst a slowdown in transaction volumes of landed homes during the quarter.
- According to caveats lodged, there were 477 landed home transactions in Q3 2024 – down from the 523 landed home transactions in Q2.
- Based on URA Realis caveat data, average unit prices on land area of detached homes (\$1,693 psf) and terrace houses (\$1,839 psf) led the price decline, easing by 3.5% QOQ and 3.2% QOQ, respectively. Semi-detached homes (\$1,698 psf) saw their average unit price slip by 1.7% QOQ in Q3 2024.
- Despite a decline in landed home prices, PropNex noted a rise in good class bungalow

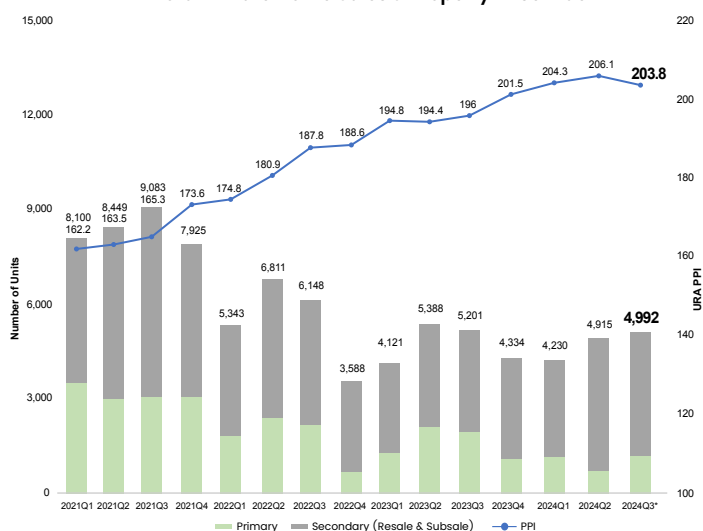
(GCB) deals which amounted to nearly \$259 million – the largest quarterly transaction value recorded since Q3 2022 where GCBs worth \$357 million were sold.

- In the non-landed private homes segment, prices dipped by 0.3% QOQ in Q3. In the first nine months of 2024, non-landed home prices have climbed by a cumulative 1.3%, slower than the 4.2% increase for the corresponding period in 2023.
- Within the non-landed homes segment, prices in the Core Central Region (CCR) fell by 1.5% QOQ in Q3 2024, while the Outside Central Region (OCR) saw a 0.1% QOQ dip in prices.
- The Rest of Central Region (RCR) bucked the down-trend, posting a marginal 0.2% QOQ price growth in Q3.

Transactions

- Private home sales in Q3 2024 were led by the resale market, while several new launches in the quarter – Kassia, Sora, and 8@BT – also helped to prop up overall home sales.
- Based on URA Realis caveat data and monthly sales data, developers sold 1,181 new private homes (ex. EC) in Q3 – surpassing the 725 new units sold in Q2 2024.
- Along with the 1,164 units sold in Q1, this takes the total number of new homes sold by developers to around 3,070 units for the first nine months of 2024.
- The top selling project in Q3 was Kassia in the OCR, which sold 164 units at an average unit price of \$2,017 psf (see Table 1). The 276-unit freehold project was launched for sale in July.
- The OCR sub-market drove new home sales in Q3, making up about 62% of new units sold.
- Based on market observations and transaction data, it appears that the sales momentum at some previously launched projects has gained traction in Q3 2024, with developers giving project marketing a fresh boost and riding on the buzz created by upcoming launches.

Total Private Home Sales & Property Price Index



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

Table 1: Top Selling Projects In Q3 2024

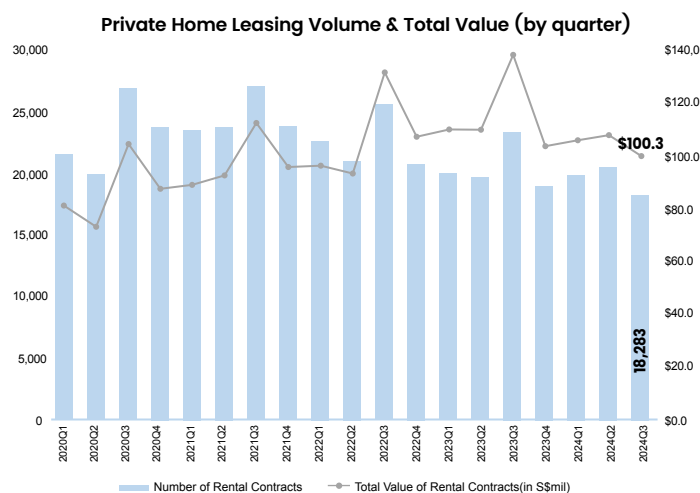
Project Name	Region	Units Sold in Q3 2024	Average Unit Price (\$PSF) in Q3 2024
KASSIA	OCR	164	\$2,017
SORA	OCR	111	\$2,151
PINETREE HILL	RCR	89	\$2,505
HILLHAVEN	OCR	87	\$2,112
TEMBUSU GRAND	RCR	85	\$2,473

Source: PropNex Research, URA Realis

- Homebuyers picked up units at projects such as Hillhaven, Pinetree Hill, and Tembusu Grand which sold more than 80 units each during the quarter. It is possible that nearby new projects such as 8@BT, Nava Grove, and Emerald of Katong have kicked up more interest for new units in those areas.
- Meanwhile, the resale market witnessed slower sales in Q3 with 3,535 units transacted, down by 7% QOQ from 3,802 units resold in Q2 – as the Ghost Month and high interest rates weighed on private home resale volume.
- The top selling resale project during the quarter was the mega condo project, Treasure at Tampines, which shifted 60 units at an average price of \$1,706 psf.
- The volume of sub-sales declined to about 276 units, falling by 29% QOQ from Q2 2024, which saw 388 units being transacted. This takes the total private homes transactions to 4,992 units (including new sale and resale) in Q3 2024, based on URA Realis caveat data.

Private Home Leasing

- In the second quarter of 2024, the private home rental index eased by 0.8% QOQ, following the 1.9% QOQ decrease in Q1 2024. For the first half of 2024, private home rentals have eased by 2.7% since the end of 2023.
- In August 2024, the median rentals of private homes stood at \$4.89 psf per month – down by 5.2% from the peak in April 2023 at \$5.16 psf.
- About 18,283 rental contracts, amounting to \$100.3 million were signed in July and August 2024 – compared to the 16,985 contracts worth \$100.7 million signed in the same period in 2023.
- For the first eight months 2024, about 58,940 rental contracts worth \$314.9 million were signed, compared with the 57,718 rental contracts worth \$325 million inked in the same period last year.
- Leasing demand has remained lukewarm, along with the steady stream of new completions entering the market. Rentals of private homes are expected to remain soft, going into the last quarter of 2024 and into 2025.



Source: PropNex Research, URA Realis (Q3 2024 data up to August 2024 figures)

Private Residential Market Outlook

In view of the modest sales activity in Q3, PropNex has adjusted its projections for new private home sales to around 5,000 to 5,500 units (ex. EC), from its initial forecast of 5,000 to 6,000 units (ex. EC) for the whole of 2024. PropNex remains cautiously optimistic that developers' sales could see a rebound in Q4 2024, as several sizable projects are expected to hit the market.

Oncoming new projects in Q4 2024 include the 226-unit Meyer Blue, 552-unit Nava Grove, 348-unit Norwood Grand, 846-unit Emerald of Katong in Jalan Tembusu, 916-unit at The Chuan Park, which can collectively offer nearly 2,900 new private residential units.

For the full year 2024, PropNex projects that the overall private home prices could rise by 2.5% to 3% – slowing from the 6.8% increase in 2023.

Prices of new launches are likely to stay fairly resilient owing to the high land acquisition cost, rising construction costs, as well as elevated financing cost borne by property developers. Meanwhile, sites that are affected by the new rules on harmonisation of gross floor area definitions will also see higher PSF pricing due to the reduction in the saleable area in the development.

In September, the US Federal Reserve had announced a mega rate cut of 0.5%-pt. The US Federal Reserve has also signalled several more rate cuts to come, including another rate cut before the end of 2024. The start of the Fed rate-cut cycle could lift sentiment and encourage more buyers to enter the market in the coming months, though PropNex does not expect a huge surge in sales as mortgage rates are not likely to fall sharply.

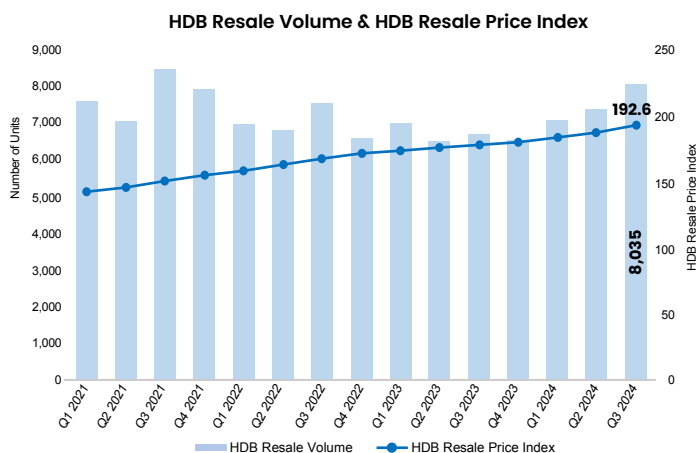
HDB Resale Q3 2024

Overview

In Q3 2024, HDB resale flat prices continued to rise, building on the growth in the previous quarter. Flash estimates released by the Housing and Development Board (HDB) indicated that resale flat prices rose by 2.5% QOQ in Q3 2024, accelerating from the 2.3% QOQ increase in the previous quarter. This marks the 18th straight QOQ growth in the HDB Resale Price Index.

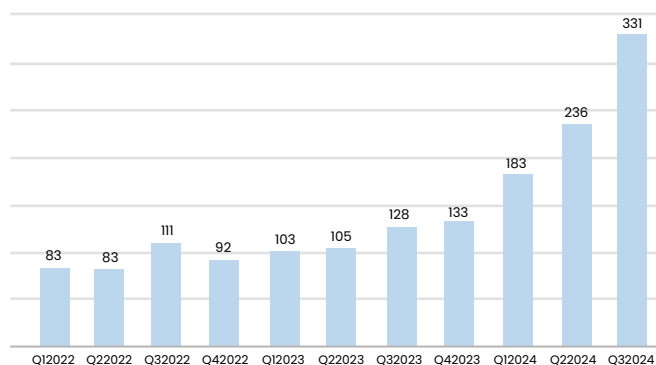
Transactions and Prices

- As per the flash estimates, the HDB resale price index hit a new high in Q3 2024 with an index reading of 192.6 points, reflecting an increase of 2.5% QOQ – the highest quarterly price gain since Q3 2022 (+2.6% QOQ).
- 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, and a slightly larger proportion of flats sold at a higher price range.
- Based on figures from the HDB, 8,035 flats (data up till 29 September 2024) were resold in Q3 – This has surpassed the 7,068 units resold in Q1 2024, and 7,352 units transacted in Q2 2024 – marking what would be the strongest quarterly resale volume since Q3 2021 where 8,433 flats were resold. In the first nine months of 2024 (till 29 September), HDB resale volume has reached 22,455 units.
- Meanwhile, the number of HDB flats resold for at least \$1 million has risen for the seventh straight quarter in Q3 2024, with a record 331 such flats sold – up by about 40% from 236 such flats sold in the previous quarter.



Source: PropNex Research, HDB, Data.gov.sg (*Price Index data based on flash data released 1 October 2024, resale volume figure up to 29 September 2024)

Number Of Million-Dollar HDB Flat Transactions



Source: PropNex Research, Data.gov.sg

- This takes the number of such flats transacted to 750 units in the first nine months of the year – already surpassing the record of 469 units resold in the entire 2023. In Q3 2024, million-dollar resale flats made up around 4.2% of the quarter's sales, based on transaction data

HDB Resale Market Outlook

From 20 August 2024, the government had cut the loan-to-value (LTV) limit for HDB loans from 80% to 75%, potentially to curb demand in the top end of the HDB resale market. Still, the number of million-dollar resale flats sold remained elevated at 106 units in September, higher than the 105 units in August but easing from a high of 120 units in July.

That being said, it is possible that many of these million-dollar resale flat buyers are higher income households who do not tap HDB loans, or perhaps are able to utilise cash proceeds from the sale of a previous private home to finance the resale flat purchase. Hence, they may not necessarily be affected by the tighter LTV limit for HDB loans. PropNex remains watchful of the possible impact of these new measures on the HDB resale segment in the coming months.

Given the flash estimates, the HDB resale price index has risen by a cumulative 6.8% in the first nine months of 2024. PropNex projects that the overall HDB resale prices could rise by 8% to 9% for the whole of 2024. Meanwhile, the overall HDB resale volume is projected to come in at 28,500 to 29,500 units in 2024.

The HDB's upcoming build-to-order (BTO) sales exercise in October – where about 8,500 new flats across 15 towns will be offered – may draw some demand from the resale segment, as some families may be keen on the attractive BTO projects being offered (e.g. in Bayshore, Kembangan and Pasir Ris).

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