



PROP NEX RESEARCH
Q4 2023

RESIDENTIAL PROPERTY REPORT



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Private Residential Property Q4 2023

Overview

Residential property prices continued to climb in Q4 2023, with private home prices rising at a faster pace quarter-on-quarter – propped up by new launches during the quarter. According to flash estimates, overall private home prices have grown by 6.7% for in 2023 – moderating from the 8.6% growth in 2022.

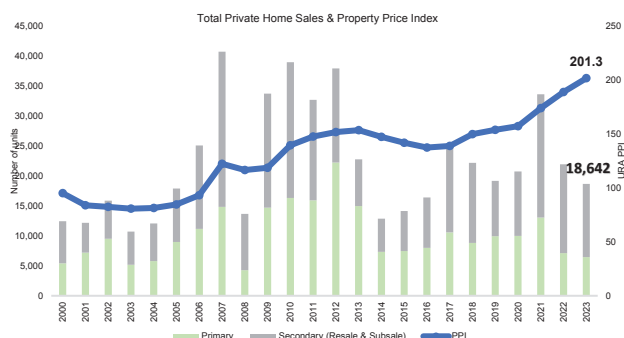
Prices

- URA's flash estimates showed that overall private home prices rose by 2.7% QOQ in Q4 2023, accelerating from the 0.8% QOQ increase in Q3.
- The price growth in Q4 2023 was led by the landed homes segment, where prices rose sharply by 4.5% QOQ, reversing the 3.6% decline in the previous quarter. The increase in landed home prices can be attributed to the rebound in detached home sales activity which saw transactions grow by about 8% QOQ in Q4.
- Based on URA Realis caveat data, the average unit price for detached houses expanded sharply by 15.4% QOQ in Q4, mitigating the price declines in the semi-detached and terrace homes segments which contracted by 4% and 5.7% QOQ respectively.
- For the whole of 2023, prices of landed homes grew by 7.8%, moderating from the 9.6% growth posted in 2022.
- In the non-landed private homes segment, prices continued to expand, rising by 2.2% QOQ in Q4. The price growth was mainly spurred by the Outside Central Region (OCR) and Core Central Region (CCR) sub-markets, bolstered by fresh launches during the quarter.
- Non-landed home prices in the OCR grew by 4.6% QOQ, building on the 5.5% QOQ expansion in Q3.

- Two OCR new launches were put on the market in Q4, namely J'den and Hillock Green, which helped to spur price growth in the OCR.
- Prices of non-landed homes in the CCR rose by 4.2% QOQ in Q4 – reversing the 2.7% decline in Q3. The uptick in prices in the CCR can be attributed to the launch of Watten House which achieved an average unit price of \$3,209 psf.
- The Rest of Central Region (RCR) was the only non-landed homes sub-market that saw a price decline, falling by 1.2% QOQ in Q4 compared with the 2.1% QOQ growth in Q3. The price decline in the RCR was due to a lack of fresh project launches in Q4.
- For the whole of 2023, prices of non-landed homes have grown by 6.5%, easing from the 8.1% increase recorded in 2022.

Transactions

- Developers' sales ended the last quarter of the year on a quieter note – in part due to the seasonal lull. Based on preliminary figures from URA Realis caveat data, developers sold 1,112 new private homes (ex. EC) in Q4 – representing a 42% decline from the 1,946 units shifted in Q3.
- The top selling project in Q4 was J'den which sold 327 of its 368 units at an average unit price of \$2,475 psf (see Table 1).
- The OCR sub-market drove new home sales in Q4, making up about 60% of new homes sold.
- Based on caveats lodged and URA figures, PropNex estimates that developers sold more than 6,400 new private homes (ex. EC) in 2023, the final figure will likely underperform the 7,099 new homes (ex. EC) sold in the full-year of 2022.
- Based on caveats lodged and URA figures, there were 2,501 private homes sold on the resale market in Q4 2023 – down by 13.8% QOQ from Q3 2023, where 2,900 units were resold.
- PropNex estimates that close to 11,000 resale homes (ex. EC) have been sold in 2023 – the private resale volume is expected to fall below the 14,026 units resold in 2022.
- Sub-sales, remained relatively stable at 309 units, taking total private homes transactions to 3,932 units (including new sale and resale) in Q4 2023, based on caveat data.



Source: PropNex Research, URA (*Price Index data based on flash estimate released on 2 Jan 2024), URA Realis

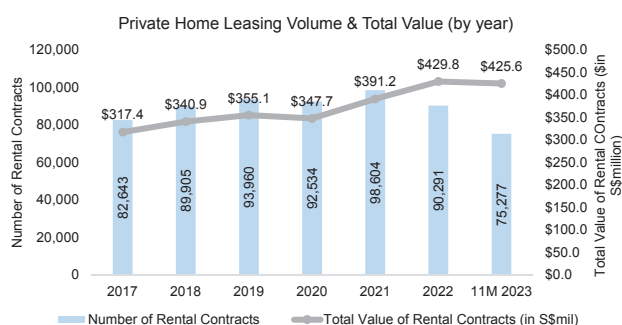
Table 1: Top selling projects in Q4 2023

Project Name	Region	Units Sold in Q4 2023	Average Unit Price (\$PSF) in Q4 2023
J'DEN	OCR	327	\$2,475
HILLOCK GREEN	OCR	132	\$2,123
WATTEN HOUSE	CCR	115	\$3,211
LENTOR HILLS RESIDENCES	OCR	46	\$2,112
THE RESERVE RESIDENCES	RCR	41	\$2,450

Source: PropNex Research, URA Realis

Private Home Leasing

- Private residential rentals have largely stabilised after growing by about 30% in 2022. In the first three quarters of 2023, private home rentals grew by 11% cumulatively from end-2022.
- In November 2023, median rentals of private homes stabilised at \$4.97 psf per month – after peaking in April 2023 at \$5.16 psf per month. November's median rent was up by 6.9% YOY from the median rental of \$4.65 psf per month in November 2022.
- About 75,277 rental contracts, amounting to nearly \$426 million were signed in the first 11 months of 2023 – down from 82,946 contracts signed in the same period in 2022. However, 2023's rental value was higher than the \$392 million worth of contracts inked in 11M 2022.
- Rentals of private homes are expected to continue to ease going forward, 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, starting from 22 January 2024 – which could provide more options for tenants especially in popular neighbourhoods.



Source: PropNex Research, URA Realis (2023 data up to November 2023 figures)

- Based on URA data, over 15,800 new private homes (ex. EC) have been completed in the first nine months of 2023. In addition, an estimated 3,167 units are expected to be completed in Q4 2023, with another 9,875 units expected to be ready in 2024 – potentially putting some downward pressure on rents.

Private Residential Market Outlook

Overall, private home prices remained largely resilient in 2023, posting a healthy growth of 6.7% for the whole year. It has been a relatively challenging year in 2023, as market sentiment turned more cautious and buyers are more hesitant, especially towards the later part of the year. The high interest rates, muted economic growth, combined with the cooling measures introduced in April, reined in sales activity and price growth.

That being said, the private residential market had several bright spots during the year. Project launches such as J'den and Watten House performed well above expectations, closing the year on a brighter note. Hillock Green – launched in Q4 – as well as Lentor Hill Residences which was launched previously, continued to garner steady sales despite the ample supply of new homes in the Lentor area. PropNex believes that the market still has ample liquidity to deploy with buyers waiting for the right project to come along.

In 2024, the Singapore economy is projected to grow at 1% to 3% – largely dependent on how global markets perform and how existing geopolitical conflicts unfold. The Ministry of Trade and Industry (MTI) is forecasting a global recovery to take place in the second half of the year. With the projected improvement in the economy and potential interest rate cuts, homebuyer sentiment should pick up as the year progresses.

Given some of the persisting market challenges and the ample pipeline of new launches in 2024, developers are likely to price units more sensitively, in a bid to drive sales momentum at launch weekends. With the tighter additional buyers' stamp duty rates keeping investors and foreign buyers at bay, home sales in 2024 will largely be driven by owner-occupiers and local buyers.

For 2024, PropNex expects private home prices to potentially increase by 3% to 4%, while new home sales could come in at 7,000 to 7,500 units (ex. EC); private residential resale volume may hover at around 13,000 to 14,000 units.

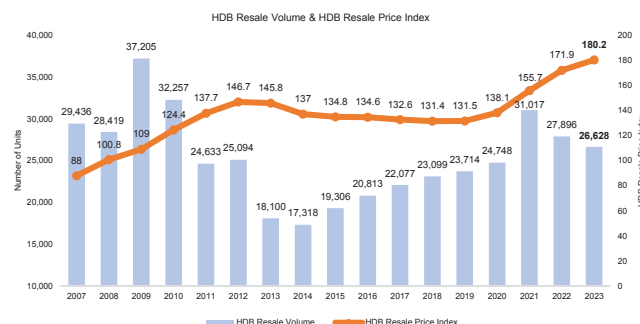
HDB Resale Q4 2023

Overview

Following two years of healthy gains, HDB resale flat prices are growing at a more sustainable trend. The growth momentum of HDB resale prices continued to moderate in Q4 2023, on impact of cooling measures, price resistance, and supply of build-to-order (BTO) flats.

Transactions and Prices

- Flash estimates released by the HDB showed that resale flat prices rose by 1.0% QOQ in Q4, with an index reading of 180.2.
- It is the fourth 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.
- For the whole of 2023, the HDB resale price index grew by 4.8% - slower than the 10.4% and 12.7% increase in 2022 and 2021, respectively
- Based on figures from the HDB, 6,440 flats (data up till 28 December 2023) were resold in Q4 – down by about 2.3% from the 6,592 units sold in Q3 (up to 28 September). In the year-to-28 December period, the resale volume came in at 26,628 units – down by 3.8% from 27,686 transactions in the same period in 2022.
- According to transaction data, the price growth in Q4 2023 was driven by 4-room resale flats, with the average price inching up by 0.7% QOQ to over \$594,200. Meanwhile, the average price of 5-room flats rose by 0.6% QOQ, while that of executive flats climbed by 0.3% QOQ in Q4 2023.
- The number of flats resold for at least \$1 million surpassed the quarterly record set in Q3 2023. There were 134 resale HDB flats which fetched at least \$1 million in Q4 2023 - higher than the 128 units transacted in Q3.
- Including the 103 and 105 units of “million-dollar” resale flats sold in Q1 and Q2 respectively, there were 470 such deals done in 2023 – smashing the record 369 units resold in 2022. This is also the first year that every quarter witnessed more than 100 flats resold for \$1 million or more. Million-dollar resale flats will likely remain elevated as buyers find value in such units owing to their unique attributes and superior locations.



Source: PropNex Research, HDB, Data.gov.sg (*Price Index data based on flash estimate released on 2 Jan 2024, resale volume figures up to 28 December 2023)

HDB Resale Market Outlook

Apart from the September 2022 cooling measures – such as the 15-month wait-out period, and tighter conditions for home loans granted by the HDB – peaking resale prices and a mismatch in price expectations also weighed on sales and curbed excessive price upside. The HDB’s efforts to ramp up BTO supply and shorten waiting times likely drew some flat buyers away from the resale market, particularly those who have no urgent need for a move-in ready home. The BTO exercises in October and December 2023 offered a total of nearly 13,000 new flats.

Demand for HDB resale flats should remain fairly resilient, lending support to HDB resale prices. The resale market may also potentially benefit from policy changes, with the stricter non-selection rule for BTO exercises and the upcoming reclassification framework for flats (specifically Plus and Prime flats which will be subjected to stricter resale and rental conditions, and a 10-year minimum occupation period) from 2H 2024 possibly encouraging some buyers to look at resale flats.

In addition, former private home owners who have fulfilled their 15-month wait-out period will likely slowly trickle back into the resale market. With more financial means to pay a higher price for choice flats, the market could perhaps see more million-dollar resale flat transactions in 2024.

PropNex anticipates that HDB resale prices could grow by 5% to 6% in 2023, slowing substantially from the double digit growths in 2022 (10.4%), and in 2021 (12.7%). For 2024, PropNex projects that overall HDB resale prices could rise by 4% to 5%, and resale volume to potentially come in at around 26,000 to 27,000 units.

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