



Commentary | 15 November 2021

Residential property sales remained robust despite COVID-19 restrictions

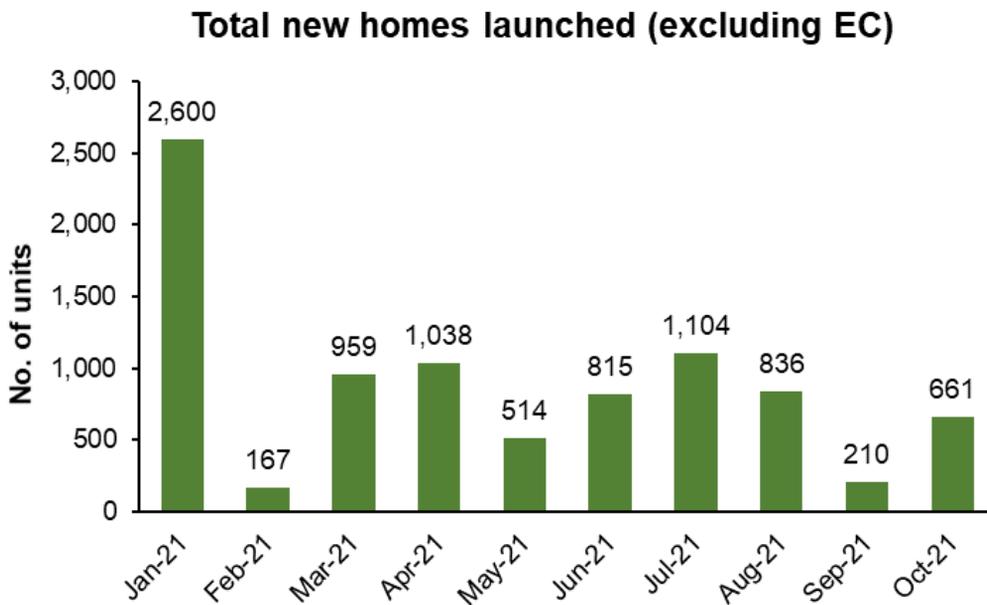
Residential property sales remained robust despite COVID-19 restrictions

Introduction

Although real estate developers in Singapore did not officially launch any new residential projects for sale in October 2021, they still released 661 private housing units in that month, according to URA figures. No new Executive Condominium (EC) unit or project was released last month as well.

The 661 private housing units released last month from projects that were launched before October 2021 were three times the 210 units released in this September. Developers would usually release the units in their bigger projects gradually depending on the demand. The increase in the number of units released last month was one of the indications that homebuying demand remained robust despite the COVID-19 restrictions that were in place in October.

Figure 1 | Number of new homes launched



Source: URA, ERA Research & Consultancy

Residential property primary market sales

Another indication of the strong homebuying demand was the increase in the number of units sold in the primary market in October. Property developers sold a total of 909 private housing units (excluding EC units) last month, 9.0% more than the sales in September 2021.

Table 1 | Residential property primary market sales

	CCR Primary market sales	RCR Primary market sales	OCR Primary market sales	Total private New sale (exclude EC)	EC Primary market sales	Total new sales, including EC
Aug-21	152	343	720	1,215	107	1,322
Sep-21	168	310	356	834	462	1,296
Oct-21	281	281	347	909	136	1,045

Source: URA, ERA Research & Consultancy

At the same time, 136 EC units were sold in the primary market last month. The primary market EC sales in September was higher because Parc Greenwich, a 496-unit EC development was launched in that month. Without any new EC project launched in October, the EC sales returned to the usual monthly range of 70 to 160 units last month.

Prime residential property sales increased in October

The prime Core Central Region (CCR) primary market sales usually occupies the smallest market share among the three private property market segments in Singapore. Typically, fewer than 200 units in the CCR were sold each month. However, in the first ten months of 2021, the monthly number of CCR units sold exceeded 200 units in four of the ten months, namely March, April, June and October.

Some developers of CCR residential projects are renewing their marketing efforts as Singapore gradually eases travel restrictions and more foreign buyers could come to Singapore.

Furthermore, the buyers' attention could also shift to the CCR projects as the available stock of unsold units in suburban residential projects gradually decreased.

Property developers sold 281 private housing units in the CCR last month, 67.3% more than in September. As a result, the market share of the CCR increased from 20.1% in September to 30.9% in the following month. The CCR market share in October was the same as the market share of the city-fringe Rest of Central Region (RCR). These two market segments gained their market share at the expense of the suburban Outside Central Region (OCR) residential projects.

Table 2 | Market share of residential property primary market sales in each market segment

	CCR Primary market sales	RCR Primary market sales	OCR Primary market sales	Total private New sale (exclude EC)
Aug-21	12.5%	28.2%	59.3%	100.0%
Sep-21	20.1%	37.2%	42.7%	100.0%
Oct-21	30.9%	30.9%	38.2%	100.0%

Source: URA, ERA Research & Consultancy

Jervois Mansion, a freehold 130-unit residential development at Jervois Close, was the best-selling residential project in October with 99 units sold at the median price of \$2,553 psf. Some buyers were drawn to Jervois Mansion as they felt that the price of Jervois Mansion was attractive for a new freehold property in the prime residential area of District 10.

Outlook

The upcoming residential projects planned to be released in the last two months of this year will cover all three market segments. Three of the residential projects lined up for launches include The Commodore, Canninghill Piers and Cairnhill 16, which are located in the OCR, RCR and CCR respectively. The Mori, a 137-unit residential development in the Geylang area is also planned to be launched in 4Q 2021.

Therefore, the supply of newly launched units in November and December will increase with the launch of these new projects.

Table 3 | New and upcoming residential project launches

Residential Project	Street name	Postal district	Locality	Preview date	Booking date
Canninghill Piers	River Valley Road	6	CCR	5-16 Nov 2021	20-Nov-21
Cairnhill 16	Cairnhill Rise	9	CCR	13-25 Nov 2021	27-Nov-21
The Commodore	Canberra Drive	27	OCR	12-24 Nov 2021	27-Nov-21
Mori	Guillemard Road	14	RCR	Starting from 12 Nov 2021	4-Dec-21

Source: URA, ERA Research & Consultancy

Some potential homebuyers may still be putting their year-end overseas vacation plans on hold. Although there is a growing number of Vaccinated Travel Lanes (VTL) between Singapore and other countries recently, the onset of winter is causing another wave of Covid-19 infections in Europe and other countries in the northern hemisphere. This could discourage some people from travelling.

In addition, the additional costs and inconveniences of COVID tests and verifications before each flight to and from the oversea destinations could also deter some people from taking overseas vacations for the time being.

Therefore, as some homebuyers postpone their long overseas vacations and stay in Singapore, coupled with the increase in the supply of newly launched residential projects, the primary market could stay active in the last quarter of this year.

As a result, the primary market sales in 2021 could reach the highest volume since 2013, when 14,948 private housing units were sold by developers then. This year, property developers could sell between 12,000 and 13,000 private housing units and about 2,000 EC units, resulting in a new 8-year peak for primary market residential property sales.

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