

Private Residential Market 2024 Mid-year Review & Market Outlook



Tembusu Grand

More buyers are turning to the secondary market in search of affordable housing options, especially for resale homes priced below S\$2 million, as interest rates are not decreasing as rapidly as expected.



OrangeTee
Research & Analytics

Uncovering Trends Through Data Analytics+



Tembusu Grand

PRICE TREND

Private residential prices experienced slower growth in the first half of this year. The URA property price index (PPI) released by the Urban Redevelopment Authority (URA) rose by a smaller rate of 0.9 per cent in the second quarter of 2024, reflecting a further easing from the 1.4 per cent growth seen in Q1 2024 (Chart 1).

For the first half of 2024, prices grew by 2.3 per cent, lower than the 3.1 per cent in 1H 2023 and the 4.2 per cent in 1H 2022.

Q2's slower overall price growth may be attributed to the smaller price gains for both landed and non-landed private homes. Prices of non-landed properties – or condos and apartments – climbed by 0.6 per cent in the second quarter, down from the 1.0 per cent gain in the first quarter of 2024. Landed prices rose by a smaller pace of 1.9 per cent in Q2, down from the 2.6 per cent growth in the preceding quarter.

Among the sub-markets, prices of condos and apartments in the luxury or the Core Central Region (CCR) dipped marginally by 0.3 per cent in Q2 2024, reversing the 3.4 per cent gains in the first quarter. Prices in the suburbs or Outside Central Region (OCR) saw a slight increase of 0.2 per cent in the second quarter, remaining unchanged from the 0.2 per cent rise in the first quarter. Prices increased the most by 1.6 per cent in the city fringe or the Rest of Central Region (RCR) (Chart 2).

Chart 1 URA PPI rose 0.9% q-o-q in Q2 2024

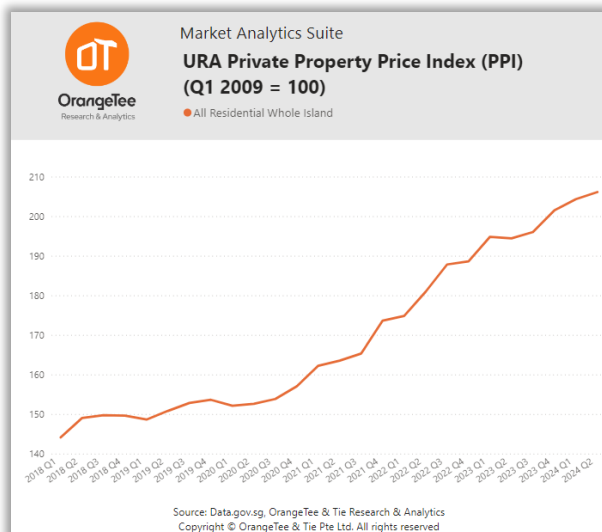
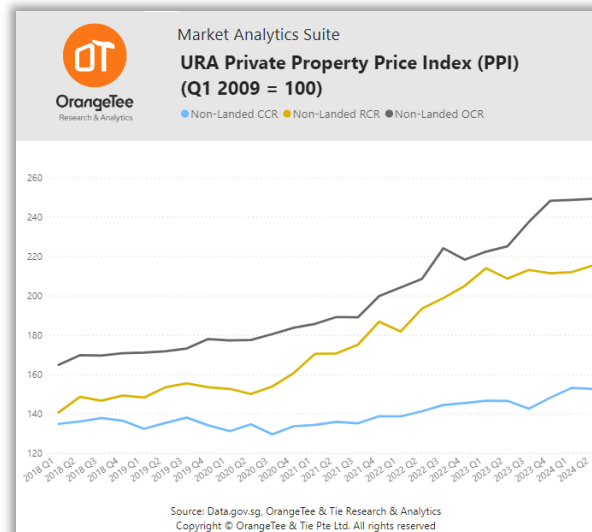


Chart 2 Prices rose the most for condos in RCR by 1.6%



SALES VOLUME

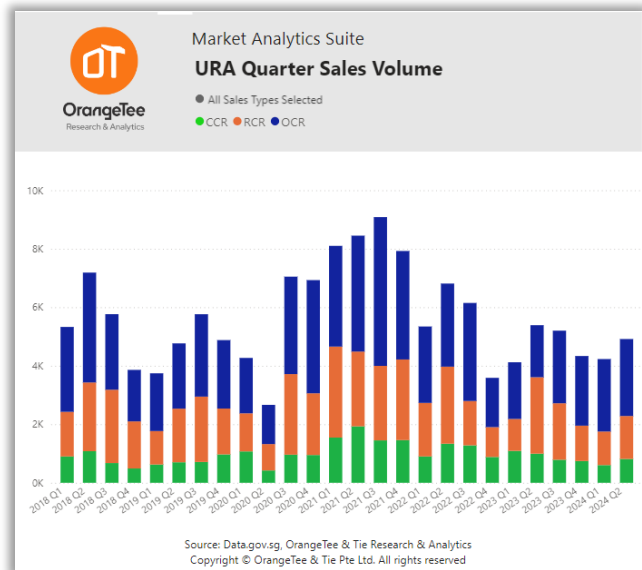
Private home sales (non-landed and landed excluding executive condominiums or ECs) increased by 16.2 per cent from 4,230 units in the first quarter of 2024 to 4,915 units in the second quarter (Chart 3).

This sales increase was driven by the secondary market, where resale transactions surged 41.4 per cent from 2,689 units in Q1 2024 to 3,802 units in Q2 2024.

On the other hand, the primary market exhibited a more subdued performance, with new sales volume falling by 37.7 per cent from 1,164 units in Q1 2024 to 725 units in Q2 2024.

For the first half of 2024, new home sales volume dropped to an all-time low of 1,889 units. The steep decline in sales can be attributed to the record-low number of homes being launched.

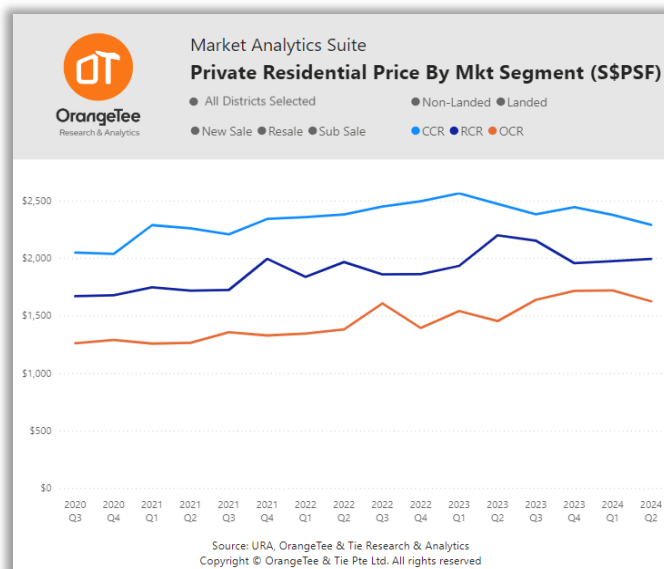
Chart 3 Overall sales volume rose in Q2 2024



Only 1,938 units excluding EC were released for sale in 1H2024, compared to the previous low of 2,080 units in 1H 2004. When there are fewer new homes available for purchase, the number of home sales typically decreases as well.

PRICES BY MARKET SEGMENT

Chart 4 Avg price in RCR rose by 0.9 per cent in Q2 2024



Despite fewer new homes being transacted last quarter, the average price of new private homes (including landed and non-landed, excluding EC) rose 2.5 per cent from S\$2,353 per square foot (psf) in the first quarter to S\$2,411 psf (Table 1), based on URA Realis data.

With strong demand, overall average resale prices rose 1.1 per cent, from S\$1,695 psf to S\$1,714 psf over the same period.

Table 1 Avg price of non-landed & landed homes (excluding ECs)

Type of Sale	Q1 2024	Q2 2024	Q-o-Q % change
Core Central Region (CCR)			
New Sale	\$3,136	\$3,281	4.6%
Resale	\$2,226	\$2,146	-3.6%
Sub Sale	\$2,707	\$2,766	2.2%
Overall	\$2,376	\$2,287	-3.7%
Rest of Central Region (RCR)			
New Sale	\$2,561	\$2,611	2.0%
Resale	\$1,781	\$1,833	3.0%
Sub Sale	\$2,177	\$2,159	-0.8%
Overall	\$1,973	\$1,991	0.9%
Outside Central Region (OCR)			
New Sale	\$2,190	\$2,114	-3.5%
Resale	\$1,444	\$1,494	3.4%
Sub Sale	\$1,814	\$1,848	1.9%
Overall	\$1,719	\$1,624	-5.5%
Total (CCR+RCR+OCR)			
New Sale	\$2,353	\$2,411	2.5%
Resale	\$1,695	\$1,714	1.1%
Sub Sale	\$1,947	\$2,010	3.2%

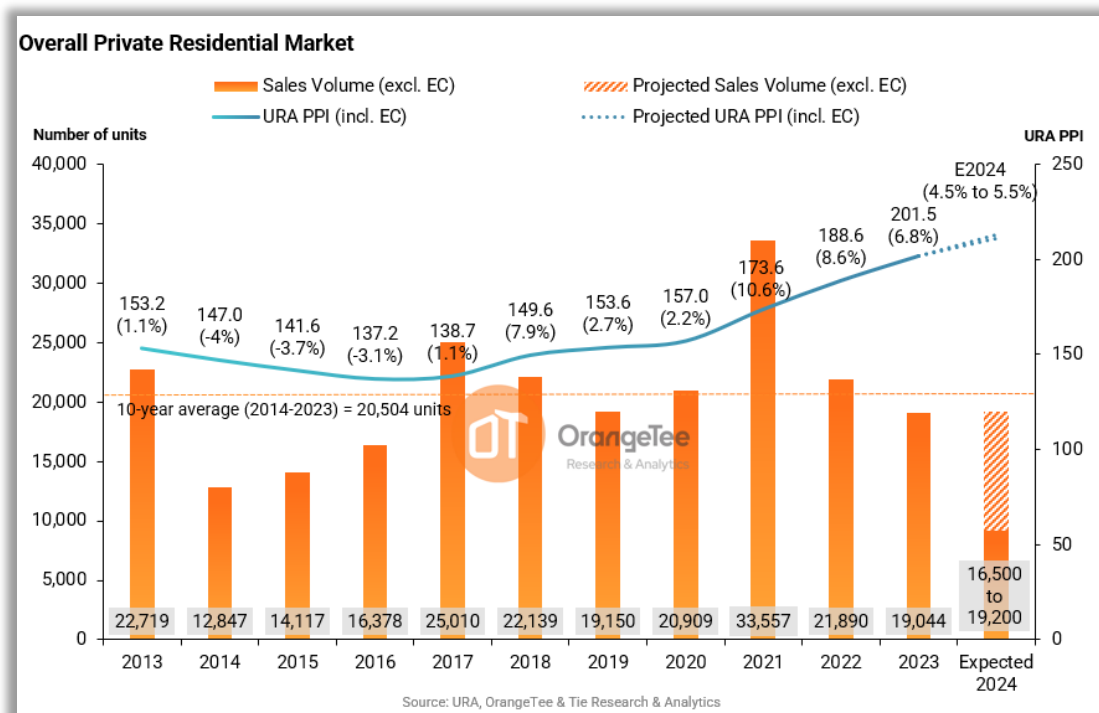
Source: URA, OrangeTee & Tie Research & Analytics

By market segment, the average price of private homes in the Core Central Region (CCR) decreased by 3.7 per cent, falling from S\$2,376 psf in Q1 to S\$2,287 psf in Q2. This price decline was driven by a 3.6 per cent decrease in resale prices. In contrast, new sale prices in CCR increased by 4.6 per cent.

The average price of private homes (excluding ECs) in the city fringe or RCR rose by 0.9 per cent from S\$1,973 psf in Q1 2024 to S\$1,991 psf in Q2 2024 (Chart 4). The price increase was led by a 2 per cent increase in new sale prices and a 3 per cent rise in resale prices.

In the suburbs, prices of condos (excluding ECs) dipped by 5.5 per cent from S\$1,719 psf in Q1 2024 to S\$1,624 psf in Q2 2024. Last quarter's price drop was driven by a 3.5 per cent decline in new home prices from S\$2,190 psf to S\$2,114 psf over the same period.

Market Projection



Private Residential Market Projection

Indicators (All exclude EC except for URA PPI and URA RI)	2021	2022	2023	Q1 2024	Q2 2024	H1 2024	Projection for 2024
Overall							
URA Property Price Index (Price Change) (incl. EC)	10.6%	8.6%	6.8%	1.4%	0.9%	2.3%	4.5% to 5.5%
Sales Volume (units)	33,557	21,890	19,044	4,230	4,915	9,145	16,500 to 19,200
New Sale							
Average S\$PSF (Price Change) *	13.2%	12.5%	9.6%	-6.1%	2.5%	-3.7%	1% to 3%
Sales Volume (units)	13,027	7,099	6,421	1,164	725	1,889	5,000 to 6,200
Resale							
Average S\$PSF (Price Change)*	5.8%	8.7%	7.5%	1.5%	1.1%	2.7%	4.5% to 6%
Sales volume (units)	19,962	14,026	11,329	2,689	3,802	6,491	10,500 to 12,000
Rental							
URA Rental Index (Price Change) (incl. EC)	9.9%	29.7%	8.7%	-1.9%	-0.8%	-2.7%	-5% to -3%
Leasing volume (units)	98,604	90,291	82,268	19,981	20,326	40,307	76,000 to 80,000

Source: URA, OrangeTee & Tie Research & Analytics * URA Realis caveat data data

Outlook

Based on current economic indicators, private home prices are expected to maintain a stable growth trajectory for the rest of the year, given our steady economy and favourable employment prospects. Most consumers will likely remain prudent in their financial decision-making even though inflationary pressures are easing. Since interest rates have not decreased as rapidly as expected, most buyers may opt for affordable housing options, such as resale or smaller new private homes. As a result, significant increases in home prices are not anticipated. Our full-year price forecast for 2024 has been revised and narrowed from 3 - 6 per cent to 4.5 - 5.5 per cent.

Demand for resale homes may stay robust, with sales volume for the entire year potentially matching last year's levels. We anticipate an uptick in new home sales, driven by the launch of several major projects in the second half of the year. However, the total new sales volume for 2024 may still be lower than previous years, estimated to be between 5,000 and 6,200 units, due to the historically low number of new launches this year.

Please contact us for research inquiries. For sales enquiries, please contact your preferred OrangeTee agents.



Christine Sun
Chief Researcher & Strategist
christine.sun@orangetee.com



Timothy Eng
Assistant Manager
timothy.eng@orangetee.com



Kenneth Tan
Research Analyst
kenneth.tan@orangetee.com



Yuvana Mahendran
Research Analyst
yuvanalakshmi.m@orangetee.com