

More Consumers Purchasing Lower-value Private Homes

Private Residential Trends Q3 2024



The Chuan Park

As affordability and lower entry prices are important factors, more consumers have purchased lower-value private homes below S\$2 million, while demand for higher-priced units has dipped. The combination of factors caused the overall property prices to decline in the third quarter of 2024.





Emerld of Katong

PRICE TREND

Prices of private homes fell for the first time since the second quarter of 2023 as more consumers opted for lower-value private homes.

Prices of private homes in the third quarter declined by 0.7 per cent, a reversal from the 0.9 per cent growth in the second quarter of this year, according to data released by the Urban Redevelopment Authority (URA) (Chart 1). This is the biggest quarterly decline since Q1 2020, when prices fell 1 per cent.

In the first three quarters of 2024, there was a 1.6 per cent increase in prices, which was significantly slower than the 3.9 per cent upturn observed during the corresponding period in 2023 and 8.2 per cent growth in the first three quarters of 2022.

The price decrease was led by the landed segment, which declined by 3.4 per cent. Prices of non-landed properties – or condos and apartments – rose marginally by 0.1 per cent in the third quarter of 2024.

Among the sub-markets, prices of condos and apartments dipped the most by 1.1 per cent in the luxury or the Core Central Region (CCR). Prices remained unchanged in the suburbs or Outside Central Region (OCR), while prices rose by 0.8 per cent in the city fringe or the Rest of Central Region (RCR) (Chart 2).

Chart 1 URA PPI fell by 0.7% q-o-q in Q3 2024

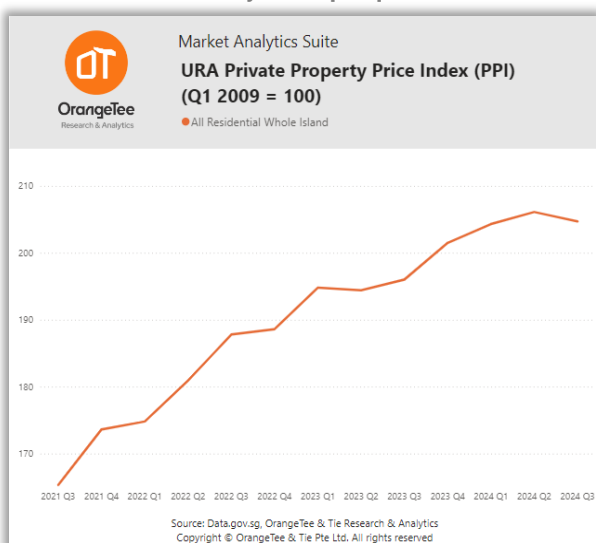
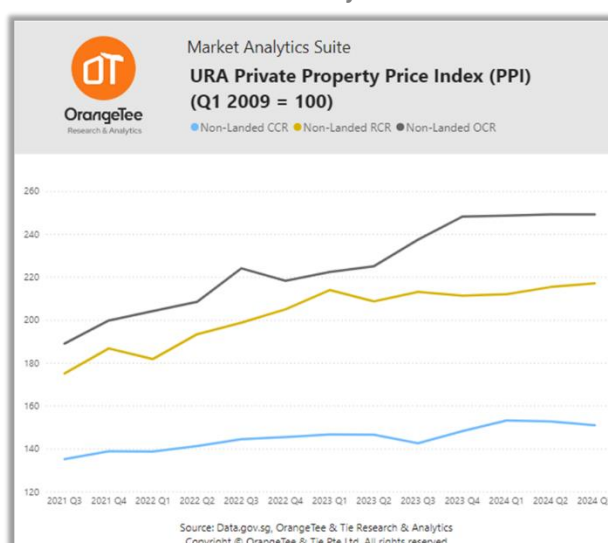


Chart 2 Prices rose the most by 0.8% in RCR



The price decline may be attributed to more consumers exhibiting greater caution in their purchasing decisions, as they were more restrained in their affordability due to the elevated cost of living and interest rates.

Moreover, others could have delayed their purchases in anticipation of further dips in interest rates.

Most new transactions excluding executive condominiums or EC, took place in the suburban OCR, which rose from 414 units (57.1 per cent of the total 725 new sales) in Q2 2024 to 715 units (61.6 per cent of the total 1,160 new sales) in Q3 2024.

As most of such suburban properties were sold at lower prices than other market segments, the higher sales volume of these lower-priced properties impacted the overall price index.

Similarly, in the secondary market, most transactions were in the suburban OCR, accounting for 54.7 per cent (2,113 units) of the total resale volume (3,860 units) in the third quarter of 2024.

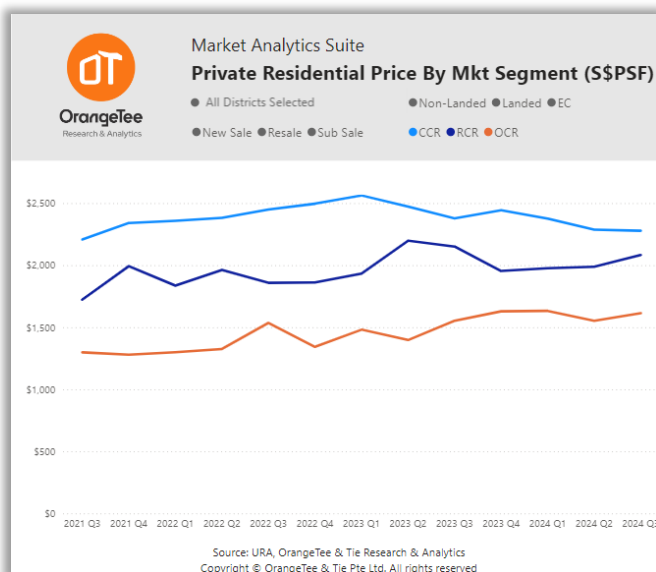
According to URA Realis data, the market share of lower-priced private homes excluding EC below \$2 million rose from 56.9 per cent in Q2 2024 to 57.9 per cent in Q3 2024.

Furthermore, there were fewer private homes sold at higher price tags. The number of non-landed and landed homes excluding EC sold for at least S\$5 million decreased slightly from 273 units in Q2 2024 to 242 units in Q3 2024.

Private homes transacted for at least S\$10 million had similarly dropped from 50 units to 36 units over the same period.

PRICES BY MARKET SEGMENT

Chart 3 Avg prices in RCR rose by 4.3 per cent in Q3 2024



For new sales, although more new homes were sold last quarter, the average price of new private homes—both landed and non-landed, excluding executive condominiums—fell by 3.5 per cent. It dropped from S\$2,419 per square foot (psf) in the second quarter of 2024 to S\$2,333 psf in the third quarter of 2024, according to data from URA Realis (see Table 1). For resale, average resale prices remained unchanged over the same period even though more buyers were diverted to the primary market.

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

Type of Sale	Q2 2024	Q3 2024	Q-o-Q % change
Core Central Region (CCR)			
New Sale	\$3,263	\$3,215	-1.5%
Resale	\$2,146	\$2,181	1.6%
Sub Sale	\$2,817	\$2,900	2.9%
Overall	\$2,286	\$2,273	-0.6%
Rest of Central Region (RCR)			
New Sale	\$2,606	\$2,596	-0.4%
Resale	\$1,837	\$1,863	1.4%
Sub Sale	\$2,166	\$2,201	1.6%
Overall	\$1,989	\$2,074	4.3%
Outside Central Region (OCR)			
New Sale	\$2,115	\$2,121	0.3%
Resale	\$1,495	\$1,489	-0.4%
Sub Sale	\$1,847	\$1,892	2.4%
Overall	\$1,618	\$1,670	3.2%
Total (CCR+RCR+OCR)			
New Sale	\$2,419	\$2,333	-3.5%
Resale	\$1,713	\$1,713	0.0%
Sub Sale	\$2,011	\$2,045	1.7%

Source: URA, OrangeTee & Tie Research & Analytics

In the prime CCR, the average price of private homes (excluding EC) decreased slightly by 0.6 per cent, dropping from S\$2,286 psf in Q2 2024 to S\$2,273 psf in Q3 2024. This decline was primarily due to a 1.5 per cent decrease in new sale prices. In contrast, resale and subsale prices in the CCR rose by 1.6 per cent and 2.9 per cent, respectively.

In the third quarter of 2024, the average price of private homes (excluding EC) in the city fringe RCR, increased by 4.3 per cent, rising from S\$1,989 psf in the second quarter to S\$2,074 psf. This price increase was fueled by a 1.4 per cent rise in resale prices and a 1.6 per cent increase in subsale prices.

In the suburbs, the average price of private homes (excluding EC) in OCR increased by 3.2 per cent, rising from S\$1,618 psf in Q2 2024 to S\$1,670 psf in Q3 2024. There was a slight uptick of 0.3 per cent in new home prices, along with a moderate rise of 2.4 per cent in subsale prices during the same period.

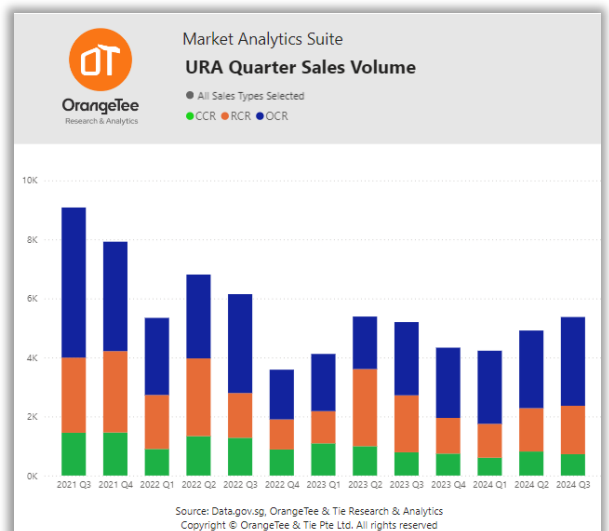
SALES VOLUME

Private home sales (non-landed and landed excluding EC) increased by 9.3 per cent from 4,915 in the second quarter of 2024 to 5,372 units in the third quarter (Chart 4). 14,517 private homes, excluding EC, were sold in the first three quarters of 2024, lower than the 14,710 units sold over the same period in 2023.

Last quarter, the sales growth was largely led by an uptick in new home demand. New home sales surged 60 per cent from 725 units in Q2 2024 to 1,160 units in Q3 2024. The sales increase can be attributed to more private homes launched in Q3, which jumped by 102.5 per cent from 634 units in Q2 2024 to 1,284 units in Q3.

On the other hand, the secondary market exhibited a more subdued performance due to increased competition from the primary market. Resale volume rose by a slower pace of 1.5 per cent from 3,802 units in Q2 2024 to 3,860 units in Q3 2024.

Chart 4 Overall sales volume rose 9.3% q-o-q in Q3 2024



Private Residential Market Projection

Indicators (All exclude EC except for URA PPI and URA RI)	2021	2022	2023	Q2 2024	Q3 2024	Q1-Q3 2024	Projection for 2024
Overall							
URA Property Price Index (Price Change) (incl. EC)	10.6%	8.6%	6.8%	0.9%	-0.7%	1.6%	2% to 2.5%
Sales Volume (units)	33,557	21,890	19,044	4,915	5,372	14,517	18,600 to 19,600
New Sale							
Average S\$PSF (Price Change) *	13.2%	12.5%	9.6%	2.7%	-3.5%	-6.9%	0% to 2%
Sales Volume (units)	13,027	7,099	6,421	725	1,160	3,049	4,500 to 4,800
Resale							
Average S\$PSF (Price Change)*	5.8%	8.7%	7.5%	1.0%	0.0%	2.6%	5.5% to 6.5%
Sales volume (units)	19,962	14,026	11,329	3,802	3,860	10,351	12,800 to 13,500
Rental							
URA Rental Index (Price Change) (incl. EC)	9.9%	29.7%	8.7%	-0.8%	0.8%	-1.9%	-3% to 1%
Leasing volume (units)	98,604	90,291	82,268	20,676	25,731	66,388	85,000 to 88,000

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

Outlook

In the fourth quarter, we anticipate a rise in private home transactions due to the launch of several prominent projects, including Norwood Grand, The Chuan Park, Emerald of Katong, Nava Grove and Union Square Residences. These large developments will provide more housing options for buyers. Sales volume for new homes will likely rise in the second half of 2024 and exceed those in the first half. The new project launches may also have a spillover effect on the secondary market. Some buyers may explore the lower-price resale homes that are close by.

After the Federal Reserve announced the interest rate cut in September, we do not expect an immediate surge in home buying. This is because most financial institutions likely have already factored the interest rate adjustments into their mortgage plans. However, should the Federal Reserve continue to lower interest rates in the coming months, buying sentiment is expected to improve as housing becomes more affordable. Furthermore, the drop in interest rates could encourage people to buy bigger homes or properties in high-end areas, as their mortgage payments would decrease. As a result, there may be an increase in interest for new property launches in both city fringe and prime locations.

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