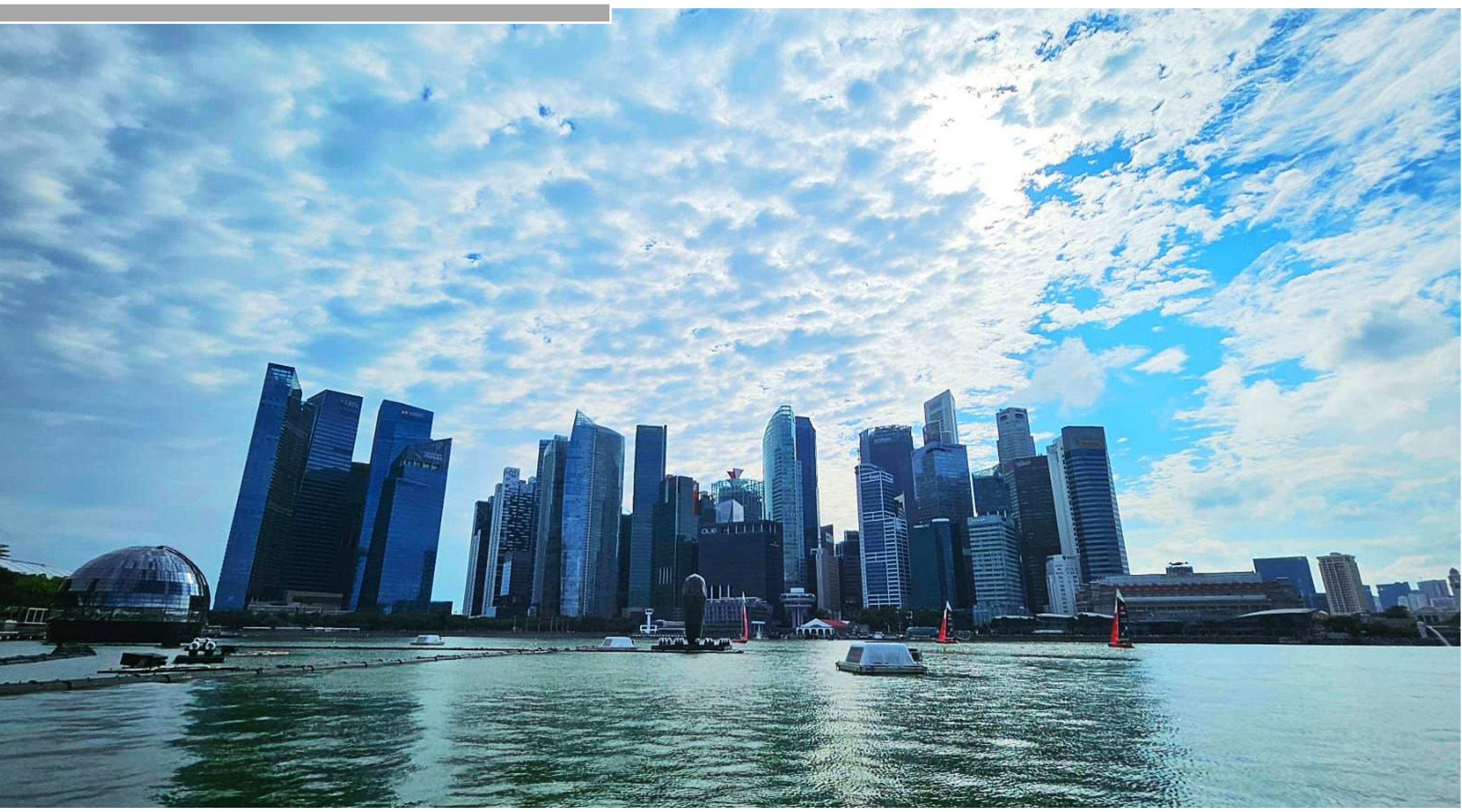
STRONGER ECONOMY & RATE CUTS TO DRIVE MARKET GROWTH

Private Residential Market Outlook 2025



OrangeTee photo taken by student intern Clara Grace Lim ZY

Rate cuts are anticipated to continue next year. Lower borrowing costs, an improving domestic economy, and the ramp-up of new project launches may drive private residential prices and volumes higher in 2025.

OrangeTee Research & Analytics

Uncovering Trends Through Data Analytics+

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Private home demand and prices are expected to rise moderately in 2025

Changes in interest rates will continue to have a significant impact on the real estate industry. Consumers who were previously cautious may now perceive the property market to have reached a pivotal juncture and could be more inclined to re-enter the market since interest rates have declined from their record highs. The prospect of financing a home is becoming more affordable in the foreseeable future, and worries about additional rate hikes have eased.

Nonetheless, interest rate declines may be gradual in 2025 as the economic environment has become more complex following the U.S. presidential election. The Federal Reserve may reevaluate and adjust its rate cuts, considering the potential effects of forthcoming policy changes on inflationary trends. The economic strategy proposed by President Trump, which is centred around tax reductions and broad-based tariffs, will likely boost the U.S. economy. Stricter immigration controls will increase domestic employment and reaccelerate wage growth. Collectively, these factors may elevate inflationary risks, potentially constraining the Federal Reserve's rate-cut initiatives.

The global and domestic economic outlook will be additional factors that may impact the property market. According to the World Economic Outlook Report by the International Monetary Fund (IMF), global growth is expected to remain stable next year. Upgrades to the growth forecast for the United States - a major driver of global growth - are expected to offset downgrades for other advanced economies in Europe. Some emerging economies in Asia are projected to perform better due to the heightened demand for semiconductors and electronics, and increased investments in artificial intelligence.

Singapore's economy is projected to grow at a pace similar to this year, supported by the ongoing upswing in the global technology cycle and the general easing of financial conditions worldwide, according to the Monetary Authority of Singapore (MAS). A stable macroeconomic environment and positive domestic growth outlook will enhance consumer confidence and encourage more investment in the real estate market.

Moreover, many new projects are expected to be launched for sale next year. Around 7,000 to 9,000 new homes could be sold in 2025, up from the estimated 6,200 to 6,400 new home sales in 2024. Nine large-scale project launches, each exceeding 500 units, may be launched, boosting sales activities significantly (Chart 2). This is an increase from four large-scale projects launched in 2024 and six in 2023. There will be six mid-sized projects expected to launch next year, with units ranging from 200 to 500.

Conversely, the number of private home completions or homes obtaining Temporary Occupation Permit (TOP) is expected to dwindle further in 2025. The tight supply will likely drive resale prices higher, especially in the suburbs where demand is likely to outstrip supply.

With more project launches and higher resale prices, residential prices for the overall market may grow by 4 to 7 per cent in 2025 (Chart 7 & Table 1). Total sales volume (excluding executive condominiums or EC) may hold steady at around 18,000-22,000 units in 2025 (Chart 7).

NEW SALE

Chart 1 Forecast of new project launches in 2025 (exclude EC)

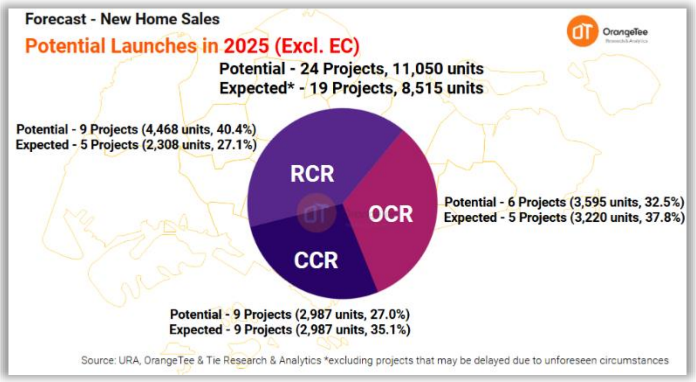


Chart 2 Forecast of new project launches by project sizes (exclude EC)

Launch Period	New homes launched (Exclude EC)	Project Launches (Exclude EC)	Small Project (less than 200 units)	Medium Project (200 to 500 units)	Large Project (more than 500 units)
2019	11,345	52	31	13	8
2020	10,883	26	15	5	6
2021	10,496	25	15	6	4
2022	4,528	19	15	3	1
2023	7,551	22	7	9	6
Expected 2024	6,456	22	11	7	4
Potential 2025* (Expected 2025)	Est. 11,050 (Est. 8,515)	24 (19)	6 (6)	9 (6)	9 (7)

Source: URA, OrangeTee & Tie Research & Analytics
*Projects with less than 50 units are omitted, Total no. of launches and no. of units from each launch subject to variation

There will be a ramp-up in project launches

Approximately 24 projects could be launch-ready in 2025, introducing over 11,000 new homes (excluding EC) to the primary market (Chart 1). If developers were to delay or stagger their launches, around 19 projects, totalling an estimated 8,515 units, may be launched.

Based on the conservative estimate of 19 project launches, 3,220 of the 8,515 newly launched units—equivalent to 37.8 per cent—will be located in the suburbs or Outside the Central Region (OCR). 2,308 units, or 27.1 per cent, are expected to be in the city fringe or the Rest of Central Region (RCR). In the prime location or Core Central Region (CCR), around 2,987 units, representing 35.1 per cent, are expected to be launched.

Several notable projects in the suburban and city fringe areas include the 1,195-unit Parktown Residence at Tampines Avenue 11, the 941-unit GLS site at Upper Thomson Road (Parcel B), the 937-unit GLS site at Marina Gardens Lane and the 777-unit The Orie at Lorong 1 Toa Payoh (Chart 4). There will be three EC launches: the 760-unit Aurelle of Tampines, the 710-unit site at Jalan Loyang Besar and a 560-unit development at Plantation Close. Closer to the downtown core, key launches include the 367-unit The Collective at One Sophia, the 735-unit GLS site at Zion Road (Parcel A) and the 460-unit GLS site at Margaret Drive.

We anticipate that prices of new homes may grow modestly by 2 to 4 per cent (Chart 3) next year, as most launches are in the suburbs and city fringe areas, where prices tend to be lower. With more project launches and marketing activities, new home sales are likely to rise further next year. The positive sales momentum could propel total new sales volume to anywhere between 7,000 and 9,000 units in 2025, up from 6,200 to 6,400 units in 2024. This brings the sales figures back in line with past 10-year average of 8,751 units, reflecting a robust recovery in the market.

Chart 3 Market Projection (New Home Sales)

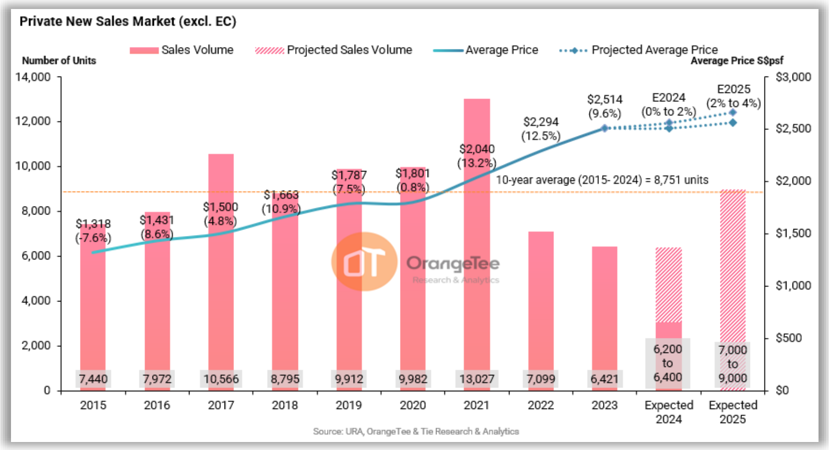
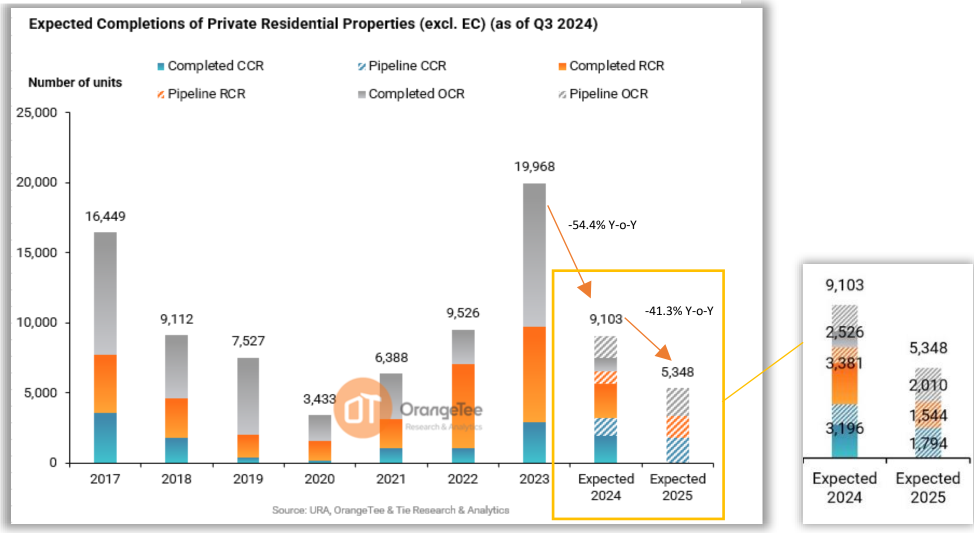


Chart 4 Potential private home launches in 2025 (including ECs)

OrangeTee photo taken by student intern Nicholas Khoo

RESALE

Chart 5 Number of properties obtaining TOP



Resale prices are expected to rise as demand will likely exceed supply

Demand for resale homes is anticipated to strengthen as credit conditions become more favourable. However, the inventory available for purchase will decline further as fewer homes will be completed.

The number of private home completions or homes obtaining their Temporary Occupation Period (TOP), excluding ECs, decreased by 54.4 per cent, falling from 19,968 units in 2023 to 9,103 units in 2024 (Chart 5). In 2025, this figure will decline further by 41.3 per cent year-on-year to 5,348 units.

There is a strong likelihood that resale prices will experience robust growth as demand is expected to outstrip supply next year. We anticipate that resale prices may rise by 4 to 7 per cent in 2025 (Chart 6), with prices growing most rapidly in the suburban OCR, where demand is typically strongest. Moreover, the expected completions in OCR are projected to decline significantly by 20.4 per cent—from 2,526 units in 2024 to just 2,010 units in 2025, well below the 10-year average supply of 7,143 units from 2014 to 2023. In city fringe areas, expected completions will decrease by 54.3 per cent from 3,381 units in 2024 to 1,544 units in 2025. Similarly, the Core Central Region (CCR) will experience a 43.9 per cent reduction, dipping from 3,196 units to 1,794 units during the same period.

Owing to the limited supply of resale completions, resale transactions could drop to 10,000-12,000 units in 2025, down from 12,800-13,500 units in 2024 (Chart 6).

Chart 6 Market Projection (Resale)

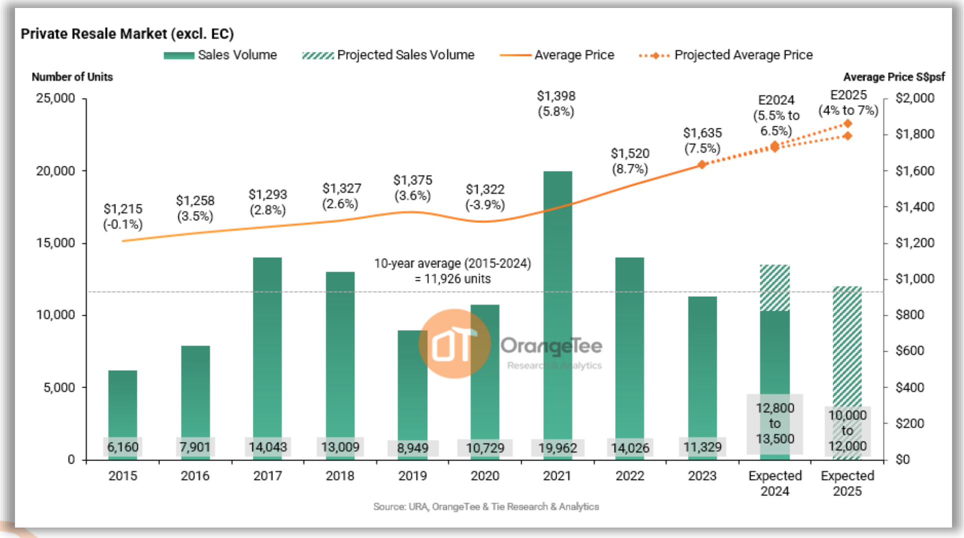


Chart 7 Market Projection (Overall Private Residential Market)

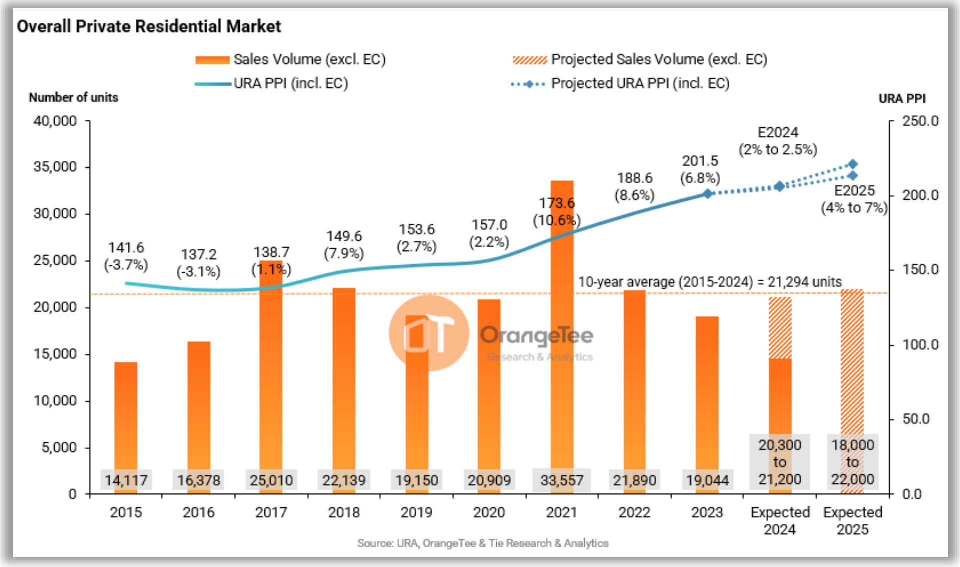


Table 1 Market Projection (Overall Private Residential Market)

Indicators	2021	2022	2023	Projection for 2024	Projection for 2025
Overall					
URA Property Price Index Price Change (incl.EC)	10.6%	8.6%	6.8%	2% to 2.5%	4% to 7%
Sales Volume (units)	33,557	21,890	19,044	20,300 to 21,200	18,000 to 22,000
New Sale					
Average S$PSF Price Change (excl.EC) *	13.2%	12.5%	9.6%	0% to 2%	2% to 4%
Sales Volume (units)	13,027	7,099	6,421	6,200 to 6,400	7,000 to 9,000
Resale					
Average S$PSF Price Change (excl.EC) *	5.8%	8.7%	7.5%	5.5% to 6.5%	4% to 7%
Sales volume (units)	19,962	14,026	11,329	12,800 to 13,500	10,000 to 12,000
Rental					
URA Rental Index Price Change (incl. EC)	9.9%	29.7%	8.7%	-3% to 1%	2% to 4%
Leasing volume (units)	98,604	90,291	82,268	85,000 to 88,000	78,000 to 82,000

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

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