

The Commentary

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Prime housing attracts more buyers in February

Introduction

Real estate developers sold more private housing units (excluding Executive Condominium) in February 2023. A total of 432 private housing units (excluding Executive Condominium) were sold in the primary market in February 2023, 10.5% more units compared to the preceding month. This is in spite of a slight dip in the number of units launched in February. Developers released 401 units for sale last month, 2.2% fewer than the number of units released in January.

Over in the Executive Condominium (EC) primary market, no new EC project or unit was launched in February. This resulted in a 76% decline of EC units sold from 159 units in January to 38 units in February.

Figure 1: Private residential units launched and sold



Source: URA, ERA Research & Consultancy

New projects launched in February

Two residential projects were launched last month, namely Terra Hill and Gems Ville. Both developments are located in the city fringe area.

Terra Hill was launched in February 2023. It is a freehold residential development located at Yew Siang Road, off Pasir Panjang Road, in District 5. All the 270 housing units in this 5-storey development were launched. A total of 97 units were reportedly sold in February at the median price of \$2,699 psf.



More sales in the prime residential districts

The number of private housing units sold in the prime residential districts took off in February. A total 222 private housing units were sold in the Core Central Region (CCR) primary market, more than double the 107 units released in the CCR last month.

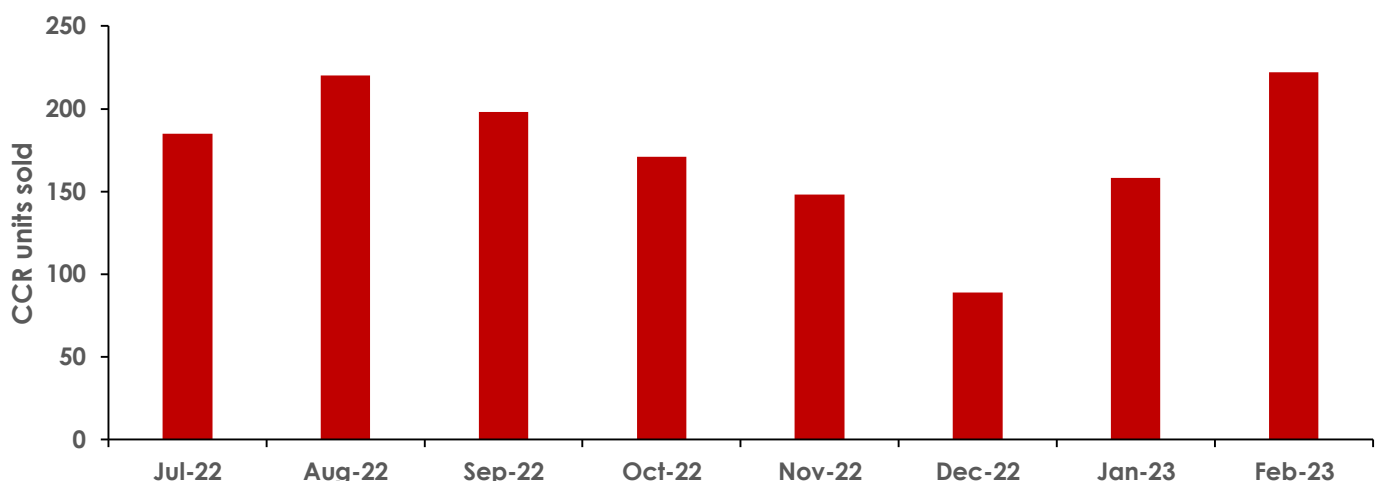
The primary market sales in the CCR last month also increased 40.5% compared to January 2023.

Another indicator of the strength of the sales in the CCR is that about 51.4% or slightly over half of the private housing units sold in February are located in the prime districts.

One reason for the higher sales in the CCR is that some of the prime condo projects are expected to be completed this year, such as Haus on Handy, Kopar at Newton and Wilshire Residences. This would attract buyers who prefer to buy projects that are near to completion or are newly completed. These buyers prefer to be the first owners of the property, but they may be unwilling or unable to wait the three years or so, from the project launch to the completion of the development.

By buying properties that are nearly completed, the buyer could take the key to the property shortly after the purchase.

Figure 2: No. of private residential units sold in the CCR market



Source: URA, ERA Research & Consultancy

Singaporeans buying more primary market properties, especially in the CCR

Local property buyers, both Singaporeans and Singapore permanent residents (SPR), were more active and purchased more private homes in the primary market last month, compare to January 2023.

The increase in the number of private housing units sold last month was mainly driven by local buyers. About 71.6% of the private housing units sold by developers islandwide were acquired by Singaporeans, a rise from the 70.2% in January 2023. Similarly, 15.8% of the primary market private housing units were bought by SPR, 0.8 percentage points higher than the 15% in the preceding month. (Please refer to Table 1)

After hitting the peak of 21.7% of the private homes sold in the primary market last December, the proportion of new private residential properties bought by non-permanent resident (non-PR) foreigners slipped to 12.6% in February 2023.

Table 1: Islandwide proportion of private housing sales (excluding EC) based on buyers' resident status

Date	Singapore citizen	SPR	Non-PR foreigner	Company	Total
Oct-22	74.8%	13.8%	11.3%	0.0%	100.0%
Nov-22	66.1%	15.3%	18.6%	0.0%	100.0%
Dec-22	67.1%	11.2%	21.7%	0.0%	100.0%
Jan-23	70.2%	15.0%	14.2%	0.5%	100.0%
Feb-23	71.6%	15.8%	12.6%	0.0%	100.0%

Source: URA, ERA Research & Consultancy

The increase in the number of CCR units sold coupled with a higher participation rate from Singaporean buyers meant that more Singaporeans purchased private homes in the prime districts in February 2023.

As shown in Table 2, Singaporean buyers bought about two-third of the CCR housing units sold by developers last month, an increase over the 56.2% of the units transacted in the CCR primary market in January 2023.

Table 2: Proportion of private housing sales (excluding EC) in CCR based on buyers' resident status

Date	Singapore citizen	SPR	Non-PR foreigner	Company	Total
Oct-22	73.0%	14.5%	12.6%	0.0%	100.0%
Nov-22	65.9%	10.4%	23.7%	0.0%	100.0%
Dec-22	61.9%	7.1%	31.0%	0.0%	100.0%
Jan-23	56.2%	18.5%	24.0%	1.4%	100.0%
Feb-23	66.4%	17.7%	15.9%	0.0%	100.0%

Source: URA, ERA Research & Consultancy

On the other hand, over the past five months, the proportion of CCR private housing units bought by non-PR foreigners slipped from the peak of 31.0% in December to 15.9% last month, indicating a lower presence of foreign buyers in the CCR primary market in the past two months.

Singaporeans bought more luxury condo units

There was also an increase in the number of luxury condo unit sold by developers in February 2023. A total 31 luxury condo units were sold last month by developers and about half of the units were bought by Singaporeans.

Table 3: Luxury condo units sold based on purchasers' residential status

Date	Singapore citizen	SPR	Non-PR foreigner	Company	Total
Oct-22	9	1	3	0	13
Nov-22	4	3	6	0	13
Dec-22	4	0	8	0	12
Jan-23	5	4	13	2	24
Feb-23	15	8	8	0	31

Source: URA, ERA Research & Consultancy

Note: A luxury condo unit is one that is sold at S\$5 million or more.

Conclusion

The savvy Singaporean homebuyers know a good deal when they see one. As a result, they were buying more prime residential properties in February.

Despite the expectation that the lifting of the travel restrictions in China starting in late January would bring more Chinese property buyers to the Singapore market, the crowd has not arrived yet. But this could change in the coming months as property buyers and investors from overseas gradually explore the Singapore property market, attracted by the stability and transparency of the local property market, the robust rental market, the strong rule of law that protects property rights of both locals and foreigners, and the stability of the Singapore currency.



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