

A low-angle photograph of a modern, multi-story apartment building with glass balconies and dark window frames, set against a blue sky with light clouds. The building is the central focus of the upper half of the page.

COMMENTARY

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Nicholas Mak

Head of Department, Research & Consultancy

ERA Singapore

ERA APAC Centre
450 Lorong 6 Toa Payoh
Singapore 319394

Tel: (65) 6226 2000
Fax: (65) 6220 0066

Appearance of full recovery but risks remain

Property developers' sales in December 2020

Private residential primary market sales in December 2020

Although December is traditionally a lull period in the Singapore real estate market, last month was particular active, thanks to the Covid-19 pandemic. The travel restrictions due to the pandemic had forced many market decision makers to remain in Singapore. As a result, real estate developers launched and sold more housing units last month compared to the corresponding period in 2019.

Property developers launched 1,349 private housing units, excluding Executive Condominium, for sale in December 2020, the third highest number of units launched in a single month last year.

Three new residential projects were launched last month, namely Ki Residences at Brookvale, Clavon, Phoenix Residences. All three new launches are located in Outside Central Region (OCR). Ki Residences at Brookvale and Clavon are bigger projects with 660 and 640 units respectively. On the other hand, Phoenix Residences, located at Bukit Panjang planning area, is smaller with 74 units.

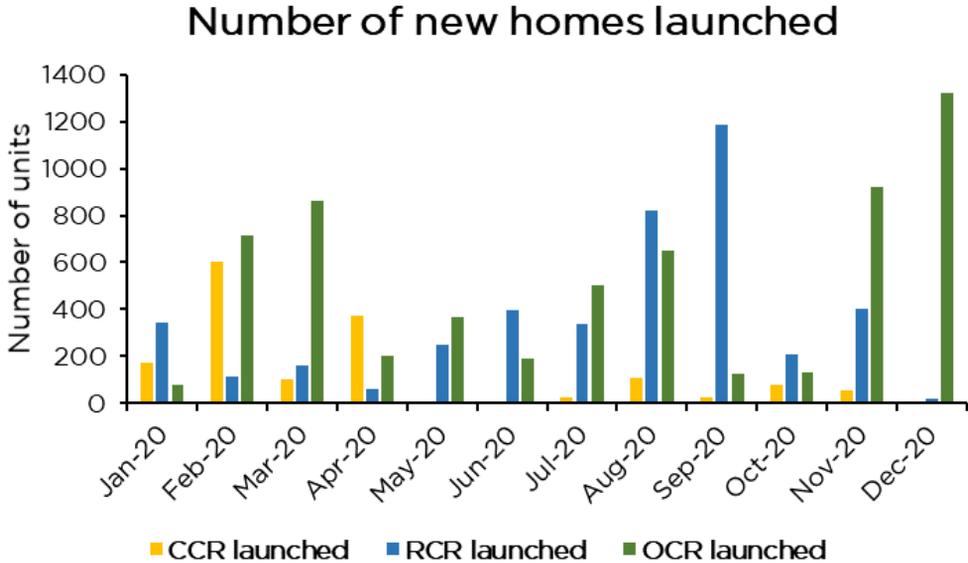
The top seller in December was the 99-year leasehold Clavon, with 473 units sold at the median price of \$1,637 psf. Over at Sunset Way, 172 units in the 999-year leasehold Ki Residences At Brookvale were sold at the median price of \$1,766 psf.

Table 1 | New launches in December 2020

Name	Location	Total no. of units	Tenure	Median transacted price in Dec 2020
Clavon	Clementi Avenue 1	640	99-year	\$1,637
Ki Residences At Brookvale	Brookvale Drive	660	999-year	\$1,766
Phoenix Residences	Phoenix Drive	74	99-year	\$1,520

Source: URA, ERA Research & Consultancy

Figure 1 | Number of new homes launched in 2020

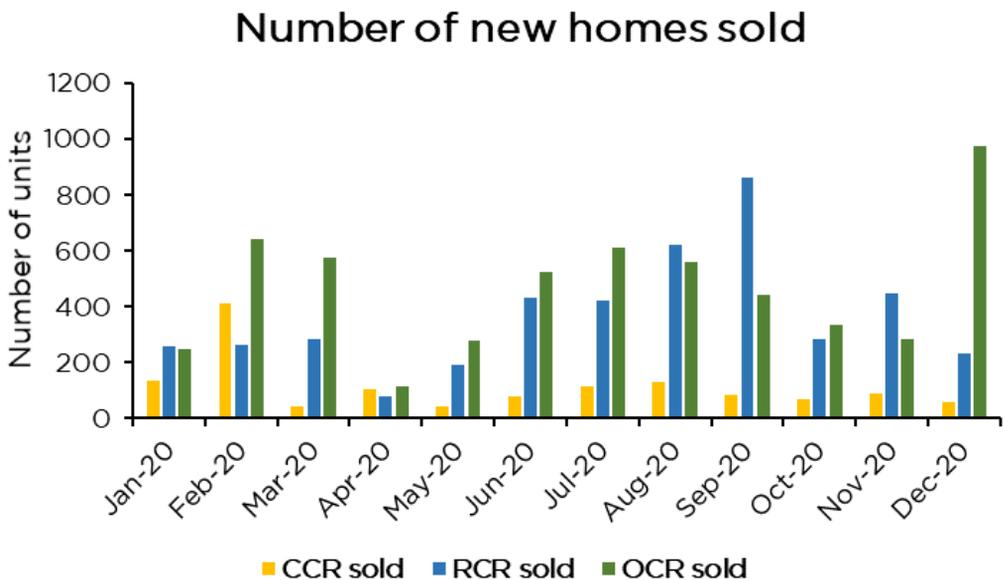


Source: URA, ERA Research & Consultancy

Subsequently, developers sold 1,217 private housing units in December, 57% higher than in November 2020, mainly contributed by the new major launches. As a result, about 75.9% of all the private housing units sold by developers in December was located in the OCR.

Although no new Executive Condominium (EC) project was launched in 4Q 2020, 48 EC units were sold in December, which was the same number as the preceding month.

Figure 2 | Number of new homes sold in 2020



Source: URA, ERA Research & Consultancy

Crossing the 10,000-unit benchmark

Despite launching fewer private housing units and the property market being battered by the pandemic and economic recession in 2020, developers sold 10,024 private housing units in 2020, 1.1% higher than the 9,912 units sold in 2019, based on the figures released by URA today.

Table 2 | Primary market launch, sales volume and take-up rates

Year	Private housing units launched	EC units launched	Private housing units sold	EC units sold	Private housing Take-up	EC Take-up
2019	11,345	820	9,912	505	87.4%	61.6%
2020 *	10,883	1,044	10,024	961	92.1%	92.0%

Source: URA. ERA Research & Consultancy

* Note: Based on preliminary numbers

As a result, the take-up rate for private residential units has improved from 87.4% in 2019 to 92.1% last year. The increase in the take-up rate of EC was even more dramatically, from 61.6% in 2019 to 92.0% in the following year.

The improvement in the take-up rate was because developers were holding back the launches of major projects in the first half of 2020 due to the high level of pandemic-driven uncertainties in the market at that time. However, the sales and marketing activities continue unabated, leading to the higher sales volume last year.

Outlook

The Singapore residential property market has ended 2020 on a positive note. The launch and sales momentum are likely to continue into the first quarter of this year with the launch of major projects such as Normanton Park, Parc Central Residences and The Reef at King's Dock.

As the vaccination programme is rolled out in Singapore, the housing demand could increase in the second half of this year as the economy and job market improve. At the same time, homebuyers from overseas could return to Singapore as travel restrictions are gradually eased as more people are vaccinated.

However, there could be fewer major residential launches in 2021 compared to last year. As a result, some housing demand would spill over to the resale property market, unless the government were to intervene in the real estate market again.

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