

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 page, with a large red diagonal graphic element on the left side.

COMMENTARY

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Residential market took a breather during Lunar New Year period

Property developers' sales in February 2021

Market needs time to absorb new supply

Real estate developers released only 167 private housing units for sale in February 2021, the lowest number of units released in a single month since December 2018, when 101 units were released then. The 167 units released in February was a 93.6% drop from the 2,600 units released in January 2021.

The low launch volume was partly due to the Lunar New Year lull period, when many decision makers took a break from work. Another reason was because developers had already released more units than the market can absorb in the 3-month period from November 2020 to January 2021. During the 3-month period, developers released 5,324 private housing units, excluding Executive Condominiums (EC), which was almost half of the 10,883 units released for the whole of 2020.

During the said November to January 2021 period, property developers sold 3,623 units, excluding EC, which represented a take-up rate of 68.1%. With a limited number of new residential projects preparing to be launched in the coming months, developers would need to space out their major launches. In addition, they would also need to give the market some time to absorb the newly released supply.

Developers sold 645 private housing units and 111 EC units in February.

Residential project and sales in February

Only one residential project was launched last month, namely J@63. One unit in the 14-unit apartment project located at Lorong J Telok Kurau was sold at \$1,406 psf.

The top-selling project in February 2021 was The Reef at King's Dock. Located at the Keppel Bay area, the 429-units condominium project is located within walking distance to Harbourfront MRT interchange. In February, 102 units in the 99-year leasehold development were sold at the median unit price of \$2,226 psf. This was followed by Parc Central Residences EC and Normanton Park with 78 and 61 units sold respectively. .

Table 1 | Top 5 best-selling residential project

Name	Road name	Number of units sold in Feb 2021	Median unit price in Feb 2021 (\$psf)
The Reef At King's Dock	Harbourfront Avenue	102	\$2,226
Parc Central Residences	Tampines Street 86	78	\$1,159
Normanton Park	Normanton Park	61	\$1,800
Treasure At Tampines	Tampines Lane	44	\$1,376
Midwood	Hillview Rise	25	\$1,641

Source: URA, ERA Research & Consultancy

Boulevard 88 was the most expensive new launch last month based on the transacted unit price. One unit in the development was sold at \$3,735 psf of strata area in February 2021. On the other hand, the most expensive resale property was a terrace house at Emerald Hill Conservation Area, which was transacted at \$4,356 psf of land.

Table 2 | Most expensive project by unit price

Type of sale	Project Name	Address	Property Type	Max unit price (\$psf)
Resale	Emerald Hill Conservation Area	Emerald Hill Road	Terrace House	\$4,356
New sale	Boulevard 88	Orchard Boulevard	Non-landed	\$3,735
Sub sale	Seaside Residences	Siglap Link	Non-landed	\$2,203

Source: URA, ERA Research & Consultancy

Secondary market remained stable

Although the pace of sales in the private residential secondary market also slowed during the Lunar New Year period in February, the slow-down was milder than that in the primary market. In February 2021, 1,056 private residential units, excluding EC, were transacted, which was 16.3% lower than the preceding month. The decline was more moderate than the 60.5% month-on-month (mom) decrease in the developers' sales volume in February, indicating the stable demand and supply in the resale market.

Table 3 | Number of private housing units transacted (excluding EC)

Date	Primary market sales (units)	Secondary market sales (units)	Total private home sales (units)
Oct-20	654	1,472	2,126
Nov-20	774	1,332	2,106
Dec-20	1,217	1,482	2,699
Jan-21	1,632	1,262	2,894
Feb-21	645	1,056	1,701

Source: URA. ERA Research & Consultancy

In the past five months, despite the year-end and Lunar New Year festivities, sales in the secondary market had remained quite stable, ranging between 1,056 and 1,482 units transacted monthly.

Outlook

In the coming months, about 20 new residential projects, including EC, with a total of 4,270 units could be launched. The residential primary market sales volume will pick up again when property developers release more units for sale, especially when highly anticipated projects such as one-north Eden and Provence Residence (EC), are launched.

When new projects are launched, homebuyers will take heed of the government's advice. But instead of holding back, the buyers will be rushing to cement their acquisition before any new cooling measures are implemented.

Real estate developers launched 10,883 private housing units and sold 9,982 units last year. This year, developers may release fewer than 10,000 residential units for sale. As a result, the primary market sales volume in 2021 may also be lower than the volume last year. However, residential property prices could still increase by 4% to 6% this year on the back of the economic recovery and positive market sentiments.

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