

## **Is there really a housing glut? Private residential sales and launches in Dec 2019**

### **Private residential primary market**

Based on the latest statistics released by URA, in December 2019, real estate developers launched 370 private housing units and sold 538 units, excluding Executive Condominium (EC), in Singapore.

The decline in the number of private residential units launched and sold by developers last month does not reflect a weak property market as it was due to the seasonal effect of the year-end lull period in December. The decrease in the sales was also due to the absence of new project launches last month.

Most developers were priming their new projects to be launched in 2020. In the first two weeks of January 2020, three major residential projects, namely Van Holland, Leedon Green and The Avenir, were reportedly launched, with more to follow after the Lunar New Year, which starts on 25 January 2020. For the residential projects to be launched after the Lunar New year, the developers hope that the long runway, uninterrupted by public holidays, would allow their new project launches to accelerate the sales momentum.

Despite the lower sales volume of private housing units (excluding EC) in December 2019, the take-up rate of 145.4% was an improvement over the take-up rate of 123.0% in November. In the last 3 months of 2019, the take-up rate has remained above 100%, illustrating robust demand in the primary residential property market. (See Table 1)

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Table 1: Residential property sales and take-up rate October to December 2019

	No. of housing units sold		Ratio of Total units Sold/ Total units Launched	
	Private & EC	Private residential only	Private & EC	Private residential only
<b>Oct-19</b>	959	932	105.5%	102.5%
<b>Nov-19</b>	1,186	1,165	125.2%	123.0%
<b>Dec-19</b>	551	538	148.9%	145.4%

**Source: URA, ERA Research & Consultancy**

Based on the preliminary figures, an estimated 10,164 private housing units (excluding EC) were sold by developers in 2019. This is a 15.6% year-on-year (yoy) increase over the private housing sales in 2018.

Another example of healthy primary market home-buying demand was the take-up rate of private housing units in the last three months of 2019 at 118.4%, which was higher than the 110.8% in 4Q 2018. (See Table 2)

Table 2: Residential property sales and take-up rate 4Q 2018 and 4Q 2019

	No. of units Sold		Ratio of Total units Sold/Launch	
	Private & EC	Private residential only	Private & EC	Private residential only
<b>4Q 2018</b>	1,865	1,836	112.6%	110.8%
<b>Oct-Dec 2019</b>	2,696	2,635	121.1%	118.4%

**Source: URA, ERA Research & Consultancy**

## Executive Condominium Market

Since the launched of the 820-unit Piermont Grand in July 2019, there were no other EC project launched in 2019. In total, 820 EC units were launched in 2019, 30.6% higher than the previous year. Developers sold an estimated 508 EC units last year, less than half of the 1,136 new EC units transacted in 2018.

Table 3: Best-selling projects in December 2019

Name of development	Locality	Number of units sold	Median Price \$psf
Parc Botannia	OCR	49	\$1,345
Parc Esta	RCR	45	\$1,666
Parc Clematis	OCR	40	\$1,638
Jadescape	RCR	37	\$1,715
One Holland Village Residences	CCR	35	\$2,768

*Source: HDB, ERA Research & Consultancy*

## Outlook

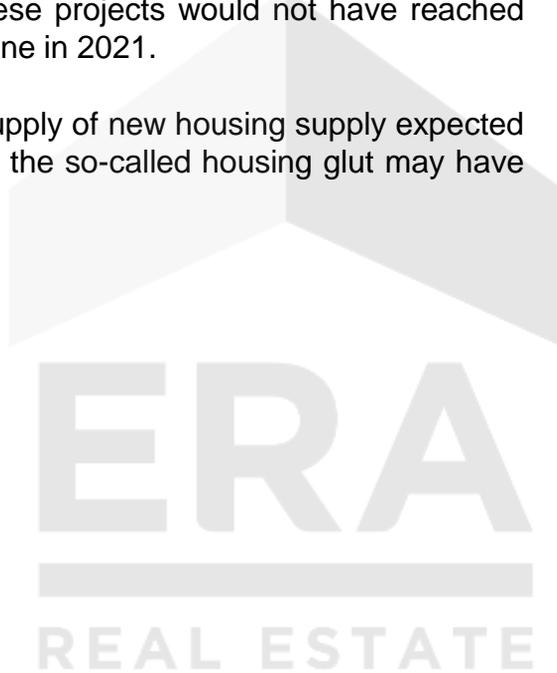
Despite some commenters pushing the narrative about a glut in the residential property market, the potential supply in 2020 does not appear to be too alarming. In 2019, 55 residential projects with a total of 16,606 units were launched for sale. This includes the sole EC project, Piermont Grand with 820 units.

For the rest of 2020, an estimated 39 projects with an estimated 12,600 units could potentially be launched. This include two EC projects, namely Parc Canberra (496 units) and Ola (548 units); but exclude the three projects, with a total of 1,083 units that were already launched in this January. These three projects were Van Holland, Leedon Green and The Avenir. .

Hence, the potential supply of new projects and number of units that could be launched in 2020 is lower than what was launched in the previous year.

As a large cloud of uncertainty has been lifted from the macro-economic environment with the agreement of Phase 1 of the US-China trade deal, the home-buying momentum that was built up last year could continue into 2020. Even if 12,600 units were launched in 2020 and developers sold around 10,000 units, which is about the same volume as in 2019, the market still have time to digest the remaining unsold units in the following year as these projects would not have reached their 5-year ABSD deadline in 2021.

With a relatively lower supply of new housing supply expected this year, the alarm over the so-called housing glut may have been overblown.



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