

## Take-up remained healthy despite Covid-19 outbreak

Nicholas Mak

Head of Department  
Research & Consultancy

ERA Realty Network Pte Ltd  
229 Mountbatten Road #03-01  
Mountbatten Square Singapore  
398007  
T : (65) 6226 2000

### Residential primary market in March 2020

As COVID-19 began to hog the media headlines in March 2020, there was growing concern about the impact of the virus outbreak on the economy and real estate market.

Some developers became more cautious in releasing the number of new residential units for sale. As a result, the number of private housing units, excluding Executive Condominium (EC), released for sale in March fell by 38.0% month-on-month (mom) to 578 units, which was about the same number of units released in January 2020.

Table 1: Number of residential units released for sale

Date	Private & EC units released	Private housing units released	EC units launched
Dec-19	370	370	0
Jan-20	598	598	0
Feb-20	1,429	933	496
Mar-20	1,126	578	548

Source: URA, ERA Research & Consultancy Dept.

A total of five new residential projects were launched in March 2020. The new launches were Ola, 77 @ East Coast and Tedge, which were located in the Outside Central Region (OCR); while Kopar at Newton and 19 Nassim were located in CCR.

Table 2: Residential launches in March 2020

Project name	Location	Land tenure	Total number of units	Median transacted price* (\$psf)
Ola (Executive Condo)	Anchorvale Crescent	99-year Leasehold	548	\$1,139
77 @ East Coast	Upper East Coast Road	Freehold	41	\$1,731
19 Nassim	Nassim Hill	99-year Leasehold	101	\$3,351
Tedge	Changi Road	Freehold	42	\$1,596
Kopar at Newton	Makeway Avenue	99-year Leasehold	378	\$2,385

Source: URA, ERA Research & Consultancy Dept.

\* Note: Median price of units sold in March 2020

A total of 660 private housing units were sold in March, 32.4% lower than the sales in the preceding month, but higher than the sales in December 2019 and January. Although much media hype had been generated about the decline in sales in March, the figures must be viewed in the context of the current climate.

Market confidence was already shaken by the COVID-19 pandemic in March 2020. Hence, the decrease in sales was widely anticipated. Furthermore, the decline was not as disastrous as some would like to paint it, as the sales in March was higher than that in December 2019 and January 2020.

Table 3: Number of residential units sold

Date	Private & EC units sold	Private housing units sold	EC units sold
Dec-19	551	538	13
Jan-20	640	620	20
Feb-20	1,315	976	339
Mar-20	904	660	244

Source: URA, ERA Research & Consultancy Dept.

In addition, the take-up rate stood at 114.2% in March, which indicated healthy underlying demand. The take-up rate is the ratio of the number of housing units sold to the number launched in the same period. A take-up rate of above 100% means that the number of units sold was higher than the number launched, resulting in a drop in the number of unsold units.

In another illustration of the healthy housing demand, the take-up rate had remained above 100% for the past 6 consecutive months since September 2019. Such a long period of strong take-up has not been seen since the market recovery from mid-2017 to mid-2018.

## Executive Condominium market

With a very limited number of EC projects yet to be launched, new launches of EC development are quite infrequent. However, there were two EC launches in the first quarter of this year. Parc Canberra, a 496-unit EC development, was launched in February 2020. This was followed by the launch last month of Ola, a 548-unit EC project located at Anchorvale Crescent in Sengkang.

In March 2020, 548 EC units were launched, while 244 units were sold. Seven out of every ten EC units sold in March was from Ola. With 170 units in Ola were sold last month at the median transacted price of \$1,139 psf, Ola was the bestselling project in that month.

The developers' inventory of launched and unsold EC units at the end of March 2020 stood at 829 units, an increase from the 507 units in February due to the launch on Ola. Currently, there are only 3 new EC projects with units available for sale, namely Ola, Parc Canberra and Piermont Grand. The majority of the available units are found in Ola and Piermont Grand with 378 and 310 available units respectively.

EC is still popular among homebuyers, especially first-time buyers with monthly household income of \$10,000 to \$14,000. The recent policy adjustment that increased the income ceiling of eligible buyers from S\$14,000 to S\$16,000 led to an increase in the number of interested EC buyers. However, as the prices of newer EC increase with each subsequent launches, buyers would become more selective and the pace of sales would slow down.

Furthermore, the monthly household income of eligible buyers of HDB flats from the government was also increased from \$12,000 to \$14,000. This means that homebuyers with monthly income of up to \$14,000 could also buy new Build-To-Order (BTO) HDB flats, as well as EC.

## Outlook

As residential show-flats are ordered to be closed and meetings between buyers and agents are disallowed during the "circuit breaker" period which started on 7 April 2020, it is not practical to launch new residential projects until the restrictions are lifted. However, some property agencies are utilizing technology, such as online virtual tours of the project, to market the existing launches. At the time that this report was written, ERA offers online virtual tours for at least 60 residential projects.

The number of residential units launched and sold in April is expected to drop sharply due to the "circuit breaker" restrictions. However, anecdotal evidence indicates that some sales are still concluded in April with buyers who are familiar and confident with the properties and locations or have visited the developments before the "circuit breaker" kicks in.

Furthermore, there is nothing to stop some developers from releasing new units for sale in their projects that were previously launched. Therefore, the number of residential units expected to be released and sold in April would not be zero.

The “circuit breaker” period could result in pent-up supply and demand which could lead to an increase of new launches and sales activities once the restrictions are lifted and confidence returns to the market. Some residential projects that are waiting to be launched in the coming months include 15 Holland Hyll, Cairnhill 16, Hyll on Holland, and Forrett at Bukit Timah.



## Disclaimer

The information contained in this document is for general information purposes only and does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. This report is prepared by Research & Consultancy Department of ERA Realty Network Pte Ltd (“ERA”). This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person or parties without the prior written permission of ERA.

The information, views or opinions contained in this document (“Information”) has been obtained or derived from sources believed by ERA to be reliable. However, ERA is not responsible for and makes no representation as to the accuracy or completeness of such sources or the Information and ERA accepts no liability whatsoever for any loss or damage arising from the use of or reliance in whole or in part on the Information. ERA and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of ERA and its connected persons are subject to change without notice. ERA reserves the right to act upon or use the Information at any time, including before its publication herein.

The recipient should not treat the contents of this document as advice relating to legal, taxation or investment matters. Any person or party interested in further pursuing the matters contained herein are advised to make their own independent investigations and verification of the Information and any other information such persons or parties may consider to be relevant or appropriate in the circumstances.

This document does not, nor is it intended to, constitute an offer or a solicitation to purchase or sell any asset or property, or to enter into any legal relations, nor an advice or a recommendation with respect to such asset or property.