

## Residential property market stirring back to life

### Residential property primary market in May 2020

Despite releasing about the same number of private housing units (excluding Executive Condominium) for sale in April and May 2020, real estate developers managed to sell 75% more units last month.

The feat is even more remarkable considering that there was an absence of new project launched in May 2020. Developers are waiting to launch their new residential project when show flats are allowed to open.

Developers released 615 new private dwelling units for sale in May, about the same number as the 640 units released in April. They sold 486 units (excluding Executive Condominium) in May, 75% higher than the 277 units sold in the preceding month.

Table 1: Top 5 Bestsellers in May 2020

Project name	Address	Total no. of units in project	No. of units sold at end-May 2020	% of units sold in whole project	No. of units sold in May 2020
Treasure at Tampines	Tampines Lane	2,203	1,165	52.9%	56
Parc Clematis	Jalan Lempeng	1,468	673	45.8%	55
The Florence Residences	Hougang Avenue 2	1,410	664	47.1%	54
Parc Esta	Sims Avenue	1,399	1,214	86.8%	45
Jadescape	Shunfu Road	1,206	778	64.5%	27

Source: URA, ERA Research & Consultancy

### Reasons

Some of the key reasons for the increase in sales in May are as follow:

Firstly, there was an increase in the number of residential projects being marketed online during the 8-week “Circuit breaker” period. For example, in April, ERA offered virtual online tours of about 40 projects. By mid-June, buyers could view 85 residential projects marketed by ERA through virtual online tours.

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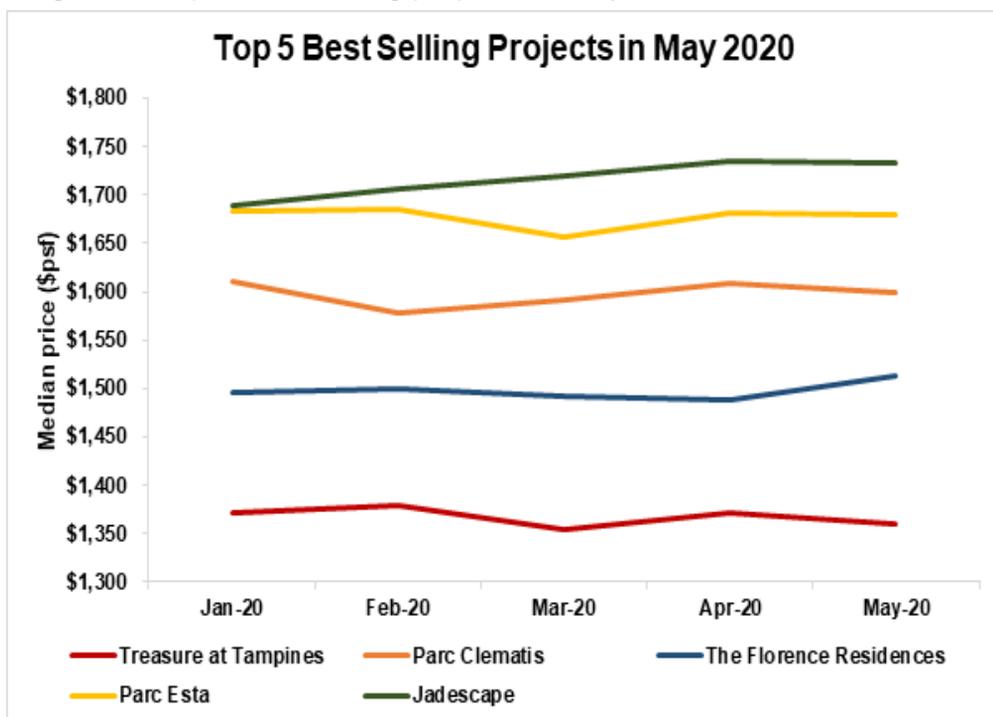
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Secondly, some buyers adopted a wait and see approach and put their home purchase plans on hold in April during the start of the “Circuit breaker”. When the government extended the partial lockdown in May, and the show flats continued to remain closed during Phase 1 of the partial lifting of the “Circuit breaker” in June, some buyers may feel that there was no point to continue to put off their homebuying plans. They proceeded to buy their desired properties based on information obtained online and from their sales agents remotely.

Thirdly, based on our analysis of the price trends of the top 5 best-selling residential projects in May 2020, the median transacted prices of four of the projects decreased in May, while the median price of one of the projects, namely The Florence Residences, increased 1.6% month-on-month to \$1,513 psf. The reduction in the median prices of the four projects range from 0.1% to 0.9% month-on-month in May. The more attractive prices could have drawn in more buyers. Overall, property prices continue to remain stable during the circuit breaker period.

The graph below shows the price trends of the five projects from January to May 2020.

Figure 1: Top 5 best-selling projects in May 2020



## Executive condominium market May 2020

No new Executive Condominium (EC) project was launched during the circuit breaker period in April and May 2020. Only three EC projects were available for sale, namely Ola, Parc Canberra and Piermont Grand.

Despite the extension of the circuit breaker in May, developers sold a total of 23 EC units, 43.8% more units compared to April 2020. The increase was mainly contributed by the sales in Piermont Grand EC with 17 units sold last month, which was almost 6 times the number of units sold in April 2020. On the other hand, the sales volume of Parc Canberra EC and Ola EC contracted in May 2020.

The increase in sales volume for Piermont Grand EC could be due to the reduction in price. The median transacted price of Piermont Grand EC contracted by 2% month-on-month from \$1,151 psf in April 2020 to \$1,128 psf in May 2020. Piermont Grand EC was the only EC project where the median transacted price fell. By contrast, the median transacted prices of the other two EC projects increased in May.

Table 2: Number of units sold and median transacted price for executive condominium projects

	Number of units sold in the month			Median transacted price in the month (\$psf)		
	Ola	Parc Canberra	Piermont Grand	Ola	Parc Canberra	Piermont Grand
April 2020	8	5	3	\$1,059	\$1,105	\$1,151
May 2020	1	5	17	\$1,181	\$1,125	\$1,128

Source: URA, ERA Research & Consultancy

## Outlook

As the Phase 2 lifting of the “circuit breaker” could occur in the coming weeks, and residential show flats could be open again, developers would likely release more units for sale in the coming months. At the same time, confidence is also gradually returning to the property market. Buyers and property market participants are also getting accustomed to the “new normal” practices of virtual online marketing.

In the first five months of this year, developers reportedly sold a total of 2,912 private housing units, which is 17.4% lower than the 3,527 units sold in the corresponding period last year. Although sales in the primary residential property market are expected to increase in the coming months compared to the volume in April and May, developers’ sales for the whole of this year could still be lower than last year due to the impact of COVID-19 pandemic.



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