



COMMENTARY

17 August 2020

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

Almost back to business as usual

Property developers' sales in July 2020

Residential primary market sales increased

The buying momentum in the residential primary market that started after the easing of the partial lockdown or “circuit breaker” in June continued into July 2020. Real estate developers sold 1,080 private housing units (excluding Executive Condominium) last month, which was about 30% more than the monthly average sales of 826 units in 2019, before Covid-19 entered our vocabulary.

Property developers also took advantage of the buying momentum to release more private housing units for sale last month. Although no new residential project was launched in July, 869 private residential units from existing launched projects were released for sale.

Table 1 | Top-selling projects in July 2020

Name of projects	Road name	Number of units sold in July 2020	Median transacted price (\$psf)
Treasure At Tampines	Tampines Lane	112	\$1,344
Parc Clematis	Jalan Lempeng	87	\$1,649
The Florence Residences	Hougang Avenue 2	78	\$1,559
Jadescape	Shunfu Road	75	\$1,739
Daintree Residence	Toh Tuck Road	56	\$1,641

Source: URA

Sales grew in Executive Condominium market

Currently, there are only three launched Executive Condominium (EC) projects with units available for sale by developers. No new EC unit was released for sale last month.

Despite not launching any new projects, developers sold 62 EC units in July, almost double the 33 units sold in June 2020.

Normally, developers would sell a higher number of EC units in the month that a new EC project is launched. The EC sales in June 2020 was the highest in the month without any new EC project launch since June 2018. After the government implemented the latest cooling measures in July 2018, developers' monthly sales of EC were typically fewer than 60 units in the months when no new EC project was launched.

Strong take-up rate

Developers sold 24% more private housing units than the number of units launched last month.

July 2020 was the second month in a row that the take-up rate for private (excluding EC) exceeded 100%, illustrating the strength of buying demand. The take-up rate is the ratio of the number of units sold to the number of units launched in the month.

One reason for the strong buying momentum was the pent-up demand built up during the Circuit Breaker. Another contributing factor was that most market participants, such as buyers and property agents, became more active in July compared to the preceding month.

Outlook

Some developers would capitalize on the current buying momentum to launch their new projects in the coming months.

The 633-unit freehold project “Forett at Bukit Timah” was launched in August. Other residential projects that could be launched in 3Q 2020 include the 319-unit Hyll on Holland and the 566-unit Penrose.

Most of the buyers would be Singaporeans. Although the Covid-19 travel restrictions are still in place, the increasing use of technology to market residential projects has attracted some foreign buyers.

As long as sentiments in the real estate market continue to improve, the primary market sales this year could range between 8,000 and 9,000 units, which is about same sales volume in 2018, when the government implemented the latest cooling measures.

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