



COMMENTARY

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Hungry Ghosts are no match for the hungry homebuyers

Property developers' sales in August 2020

Residential primary market sales in August 2020

After hitting the trough in April 2020 due to the Covid-19 partial lockdown, the private residential primary market sales or developers' sales, had recovered robustly in the past four months. In August, real estate developers reportedly sold 1,256 private housing units, excluding Executive Condominiums (EC). This was 16.3% higher than the 1,080 private residential units sold in July 2020.

A key contributing factor to the higher sales was the improving investment sentiments and active marketing efforts by developers and their agents. In addition, developers released more new housing units for sale in August. Furthermore, three new residential projects were launched last month, which helped to stimulate the primary market.

Another reason for the higher sales was that almost all local homebuyers were conditioned by the property market cooling measures, especially the Seller's Stamp Duty, to be prepared to own a newly acquired property for at least three years. Hence, the investment horizon of most homebuyers were typically three years or more. With this perspective, a motivation for some buyers to purchase residential properties during a pandemic is the belief that real estate prices will rise when the Covid-19 outbreak is contained, which could happen as early as in 2021.

The sales volume in August was close to the volume in September 2019, which was the month after the Hungry Ghost month last year. The Hungry Ghost month in 2020 started on 19 August, which meant that the Ghost Month covered about 40% of August. The strong sales were achieved last month despite some people would traditionally avoid buying real estate during the Ghost Month. However, in view of the robust home-buying momentum, it appears that the Hungry Ghosts are no match for the hungry homebuyers.

Table 1 | Top-selling projects in August 2020

Name of projects	Road name	Number of units sold in August 2020	Median transacted price (\$psf)
Forett At Bukit Timah	Toh Tuck Road	213	\$1,933
Treasure At Tampines	Tampines Lane	109	\$1,364
Parc Clematis	Jalan Lempeng	90	\$1,665
The Garden Residences	Serangoon North View	65	\$1,576
The Woodleigh Residences	Bidadari Park Drive	59	\$1,893

Source: URA

New launches

Three new residential projects were launched last month, namely Forett at Bukit Timah, Mooi Residences and Noma. In total, developers released 1,582 new housing units last month, 82.0% more than the launch volume in July 2020.

Executive Condominium market

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

Despite not launching any new projects, developers sold 51 EC units in August, slightly fewer than the 62 units sold in July 2020.

A new EC project named Parc Central Residences could be launched in the coming months. The previous EC project that was launched was the 548-unit “Ola” in March 2020.

Outlook

The Hungry Ghost Month in 2020 would end on 16 September. A few major condominium projects, such as Penrose and Verdale, are slated to be launched this month. These new launches are expected to benefit from the current buying momentum.

Developers had reportedly sold 6,198 private housing units in the first eight months of this year. As long as sentiments in the real estate market remains buoyant, the primary market sales this year could range between 9,000 and 10,000 units, which is about same sales volume in 2019, before Covid-19 and coronavirus became a household word.

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