

## Developers' sales increased but more cooling measures are unnecessary

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### Private residential primary market sales

After the end of the Hungry Ghost Month which was in August 2019, the Singapore residential real estate market became more active in September as developers released and sold more residential properties.

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Real estate developers released 1,714 private housing units (excluding Executive Condominium) for sale in September 2019, 68.9% more than the number of units released in the preceding month and 46.6% more than in September 2018.

Five new projects were launched in September. They include Cuscaden Reserve, Meyer Mansion and Avenue South Residence. The new launches are located in the Core Central Region (CCR) and Rest of Central Region (RCR). No new residential project in the suburban Outside Central Region (OCR) was launched in September.

Table 1: New Residential Launches in September 2019

Project	Location	Locality	Postal district	Tenure	Total units	Median price* (\$psf)
Cuscaden Reserve	Cuscaden Road	CCR	10	99-year	192	\$3,341
Avenue South Residence	Silat Avenue	RCR	3	99-year	1,074	\$1,941
Meyer Mansion	Meyer Road	RCR	15	Freehold	200	\$2,715
The Antares	Mattar Road	RCR	14	99-year	265	\$1,793
Uptown @ Farrer	Perumal Road	RCR	8	99-year	116	\$1,857

Source: URA, ERA Research & Consultancy Dept.

\* Note: Median price of units sold in September 2019

The primary market sales in September was the highest monthly sales since July 2018, when the government rolled out the latest round of market cooling measures. Developers sold 1,270 private residential units last month, 13.1% more than in August 2019 and 36.3% higher than last September.

When the latest cooling measures were introduced in July 2018, developers sold 1,724 private housing units in that month, partly due to the homebuyers' last-minute purchases before the new measures took effect.

In the first nine months of this year, the residential real estate primary market was also busier than the corresponding period in 2018. Developers launched 9,237 private housing units in the January to September period this year, 29.9% more than in the same period in 2018. They sold 8,028 units (excluding EC) in the first nine months of 2019, which was 15.4% more than the sales volume in the first three quarters last year.

Table 2: Launch & Sales volume in the first 9 months of 2018 and 2019

	Number of units launched			Number of units sold		
	Private & EC housing units launched	Private housing units launched	EC units launched	Private & EC housing units sold	Private housing units sold	EC units sold
Jan to Sep 2018	7,740	7,112	628	8,066	6,959	1,107
Jan to Sep 2019*	9,950	9,130	820	8,230	7,760	470

Source: URA, ERA Research & Consultancy Dept.

\* Note: Estimated launch and sale volume for January to September 2019.

This illustrated the steady supply of new residential projects that were developed on land acquired from 2016 to 1H 2018. As homebuyers are faced with a growing choice of new residential properties, they could be taking more time to select the properties that they will eventually purchase.

## Unnecessary to introduce any additional cooling measures

Although developers sold more housing units in September and the URA flash estimates of the private residential property price index continued to increase in 3Q 2019, it is premature for the authorities to implement more cooling measures simply because the market is not over-heating.

Firstly, the higher primary market sales in September was on the back of more units launched in that month. It is very typical for the primary market sales to be positively correlated with the launch volume.

Secondly, even though the private residential property price index grew 0.9% quarter-on-quarter (qoq) in the previous quarter, the rate of growth decelerated.

Thirdly, there is a large supply of unsold units in residential projects that are launched or waiting to be launched. The market needs time to digest this supply. Any additional market curbs would reduce buying demand, resulting in a glut that would drag down not only the property market, but the banking sector as well because the banks are lenders to both real estate developers and homebuyers.

An example where the market needs more time to absorb the new supply was the sales-to-launch take-up rate in September, which was weaker than the three-month period of June to August 2019. In the June to August 2019, the take-up rate ranged between 110% and 130% per month. The take-up rate slipped to 74.1% in September, even though the sales volume was the highest in the past 15 months.

This suggests that homebuyers are taking more time to select the properties but they will eventually commit to the purchases.

Chart 1: Rising trend in 2019 (Primary market sales volume)



Source: URA, ERA Research & Consultancy Dept.

## Executive Condominium primary market sales

No new Executive Condominiums (EC) project was launched in September 2019. Only Northwave, Piermont Grand and Rivercove, all located in the OCR, had units left unsold. In the whole EC primary market, 28 EC units changed hands at the median price of \$1,108 psf. These 28 units were all in the Piermont Grand EC project. As of last month, more than half, or 51.8% of the 820 units in this project were sold.

Table 3: Thinning supply (Executive Condominium with available units for sales as of September 2019)

Project	Location	District	Total no. units in project	No. of units unsold*
Northwave EC	Woodlands View	25	358	1
Piermont Grand EC	Sumang Walk	19	820	395
Rivercove Residences EC	Anchorvale Lane	19	628	3

Source: URA, ERA Research & Consultancy Dept.

\* Note: Unsold EC units as of September 2019.

## Outlook

The sales momentum in the first nine months of 2019 appears to be stronger than that in the previous year. At the current rate of sales in the primary market and barring any unexpected shocks to the market, the developers' sales for the whole of this year could range from 9,000 to 11,000 private housing units, higher than the 8,795 units sold in 2018. At this level of healthy demand, prices of private residential property would continue to appreciate at a gradual rate.

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