

PropNex

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SINGAPORE

1H 2022 GCB AND PRESTIGE LANDED REPORT



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OVERVIEW

The blistering pace of sales of good class bungalows (GCBs) in 2021 has slowed considerably this year and sales volume looks on track to underperform 2021's bumper year of transaction. The cool down in sales from last year's robust performance was unsurprising, as the availability of GCBs for sale has tightened on the back of 2021's impressive performance. Also, many prospective buyers and GCB owners are taking time to assess the market following the price growth and strong demand last year. In addition, GCBs tend to be tightly-held and owners are usually not in a hurry to sell or divest their property.

OVERALL LANDED HOME PRICES

According to the flash estimate released by the Urban Redevelopment Authority (URA), prices of landed homes rose by 2.9% QOQ in Q2 2022, climbing for the fourth consecutive quarter. Overall landed home prices have grown by 14.3% since Q2 2021. As of Q2 2022, the landed price index has hit a new high, with an index reading of 211.3 - the last peak being in 3Q 2013, where the price index posted a reading of 178.9 points. The robust growth in landed home prices is largely led by the price increase in the high-end landed market, namely GCB sales which achieved record-breaking prices over the last few months.

TABLE 1: PRIVATE LANDED RESIDENTIAL INDEX

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022 (FLASH)
INDEX	173.8	185.4	184.8	189.6	197.0	205.3	211.3
QOQ	-1.6%	6.7%	-0.3%	2.6%	3.9%	4.2%	2.9%
YOY	1.2%	8.9%	8.5%	7.4%	13.3%	10.7%	14.3%

Source: PropNex Research, URA (Q2 2022 figures are flash estimates released on 1 July 2022)



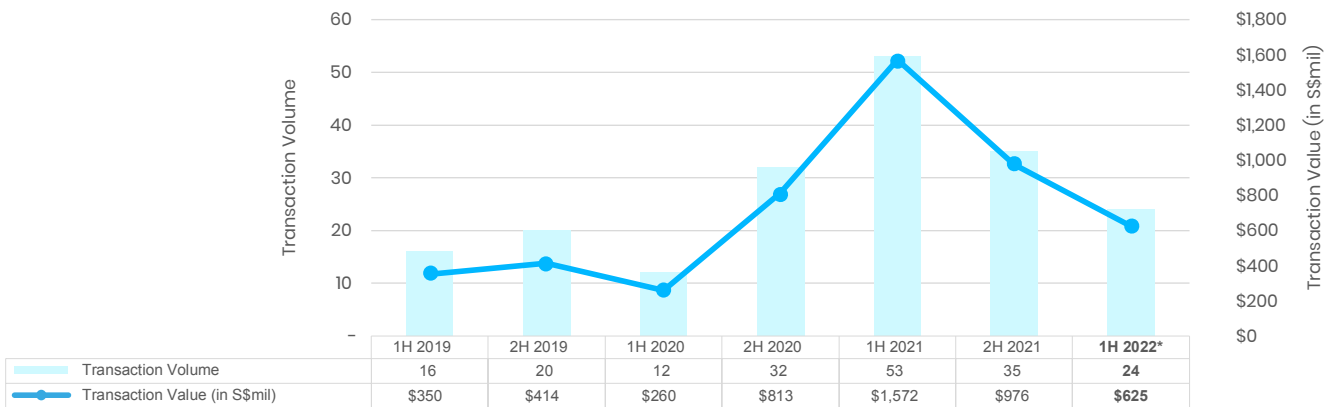
GOOD CLASS BUNGALOWS

1H 2022 PERFORMANCE

For year-to-12 June 2022, an estimated 24 GCBs valued at a combined **\$624.5 million** were transacted, according to URA Realis caveat data. It is unlikely that sales would touch the high of 2021, where 88 GCBs amounting to more than \$2.5 billion were sold (see Chart 1) for the full year. The GCB data compiled by PropNex Research reflects transactions for bungalows sold in GCB Areas (GCBAs).

CHART 1: GCB TRANSACTIONS AND TOTAL VALUE FROM 2019 TO JUNE 2022*

GCB TRANSACTION VOLUME AND TOTAL VALUE



Source: PropNex Research, URA Realis (*data up to 12 June 2022, retrieved 20 June 2022)

Based on caveats lodged, the top GCB deal in January to June this year was the sale of a GCB property along **Chancery Lane for about \$66.1 million** (see Table 1) – translating to \$1,931 psf on land area. The property which sits on a 34,216 sq ft of freehold land was reportedly sold to Kelsey Cheng Tan, wife of Kester Tan who is the son of a Filipino tycoon.

The next priciest GCB transacted this year was for a GCB property along **Olive Road – in the Caldecott GCB Area** – which changed hands for **\$50.2 million** in April. The price works out to \$1,800 psf on land area of 27,909 sq ft. Media reports indicated that the buyer is the grandson of the late property magnate and hotelier Wee Thiam Siew.

TABLE 2: TOP 10 GCB DEALS IN JANUARY TO JUNE 2022*

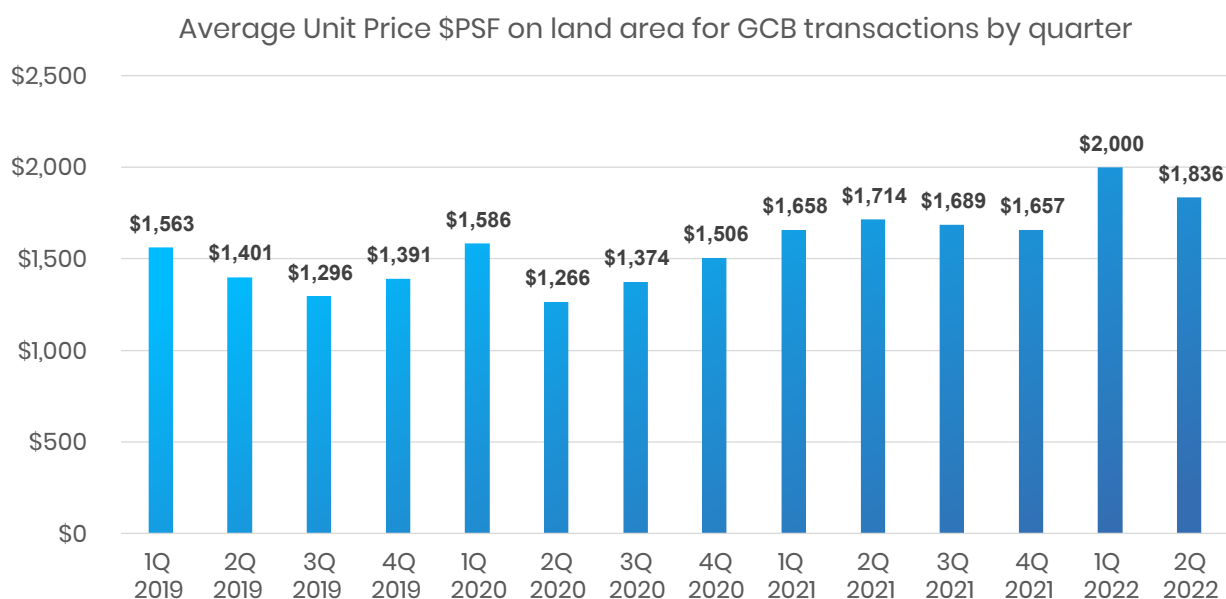
	Sale Date	Address	Transacted Price (\$)	Area (SQFT)	Unit Price (\$ PSF) on Land Area	Tenure
1	3 Mar 2022	4X CHANCERY LANE	66,060,000	34,216	1,931	Freehold
2	14 Apr 2022	1X OLIVE ROAD	50,236,200	27,909	1,800	Freehold
3	1 Mar 2022	9X GALLOP PARK ROAD	35,500,000	13,037	2,723	Freehold
4	10 Jun 2022	5X ANDREW ROAD	33,000,000	26,934	1,225	Freehold
5	8 Feb 2022	1X GARLICK AVENUE	29,880,000	15,137	1,974	Freehold
6	21 Mar 2022	X CHESTNUT CLOSE	29,300,000	22,472	1,304	Freehold
7	15 Mar 2022	4X ORIOLE CRESCENT	29,000,000	10,481	2,767	Freehold
8	11 Apr 2022	X ASH GROVE	25,000,000	9,885	2,529	Freehold
	26 Apr 2022	X DUNEARN CLOSE	25,000,000	17,871	1,399	Freehold
9	4 Jan 2022	2XX LORNIE ROAD	24,800,000	25,272	981	Freehold
	4 Feb 2022	1X NAMLY HILL	24,800,000	11,087	2,237	Freehold
10	15 Feb 2022	X ORIOLE CRESCENT	24,100,000	10,300	2,340	Freehold

Source: PropNex Research, URA Realis (*data up to 12 June 2022, retrieved 20 June 2022)

Prices of GCBs have been on an upward trend since the end of 2020, with average unit prices on land areas for GCB transactions hitting \$2,000 psf on land area in 1Q 2022 – a considerable leap from last year where the average price of GCBs has been ranging between \$1,600 to \$1,700 psf. The rise in prices can be attributed to the tight supply of GCBs up for sale and owners raising their asking prices, after the strong showing in 2021.

Prices of GCBs are expected to remain elevated in the near-term with sellers remaining firm on their higher asking prices for these exclusive homes. However, the interest rate hikes and a potential global economic slowdown may tame GCB demand and could in turn weigh on prices in the medium term.

CHART 2: GCB AVERAGE UNIT PRICE ON LAND AREA (\$PSF) FROM 2019 TO JUNE 2022*



Source: PropNex Research, URA Realis (*data up to 12 June 2022, retrieved 20 June 2022)

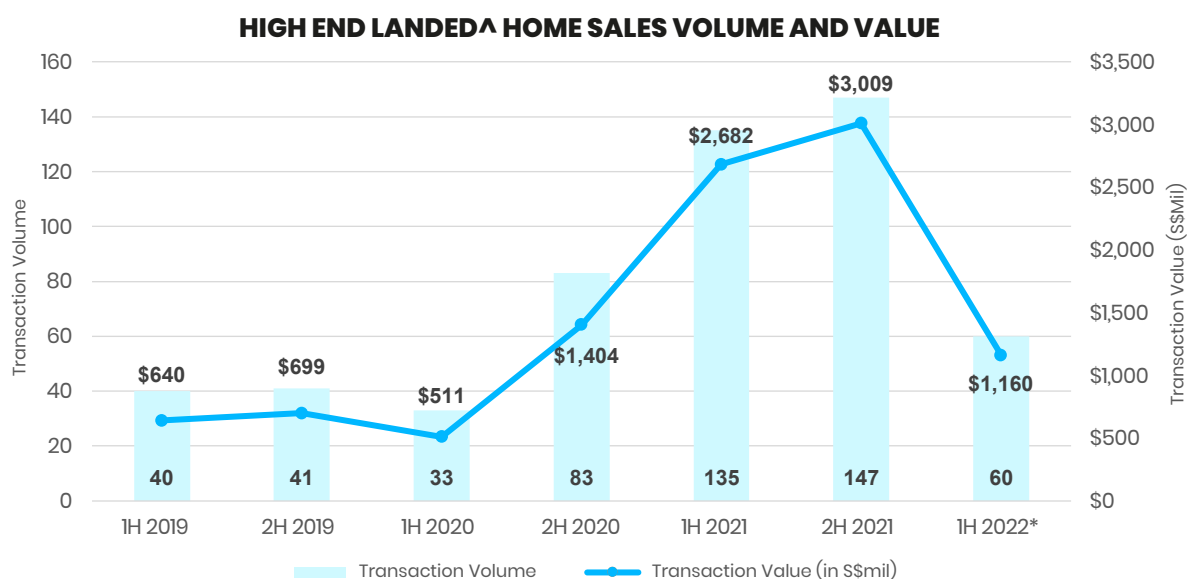
PRESTIGE LANDED HOMES

1H 2022 PERFORMANCE

With sales activity in the GCB market being relatively muted, sales momentum in the prestige landed homes sector has also quietened down considerably from last year's high. In the first half of 2022, transactions for prestige or high-end landed homes – defined by PropNex as landed homes valued above \$10 million – recorded 60 deals, amounting to about \$1.16 billion.

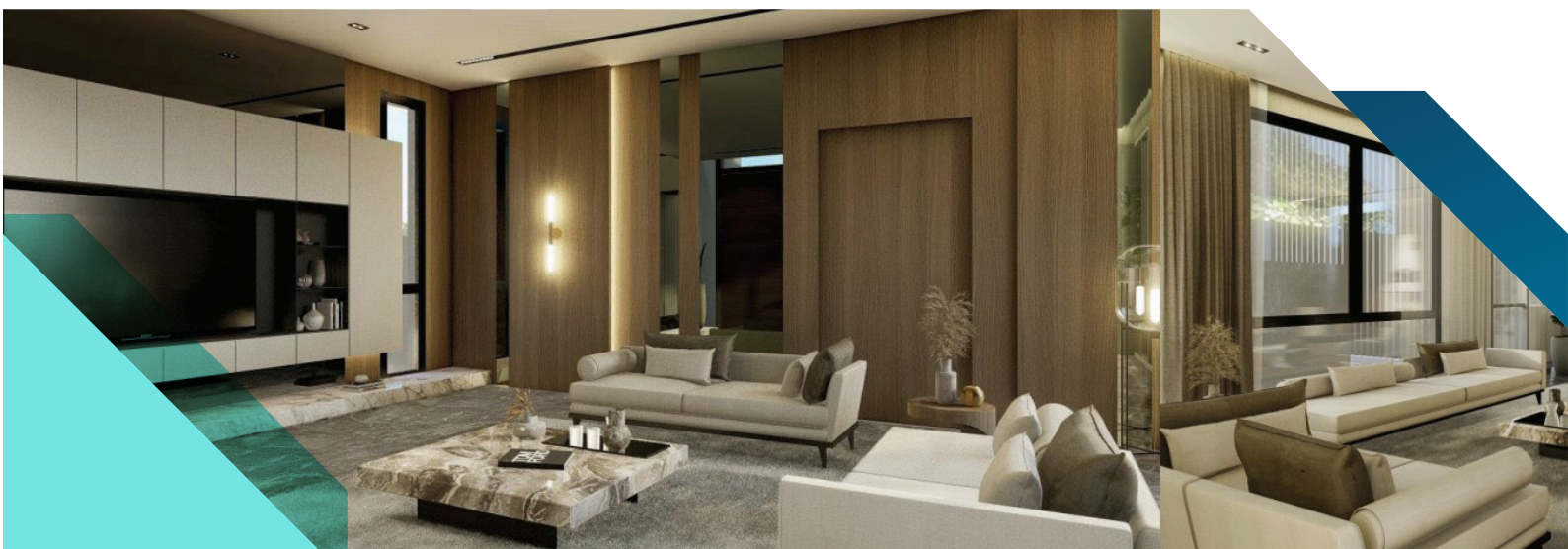
The \$1.16 billion worth of sales for the first half of 2022 pales in comparison to the first and second half of 2021, where an impressive \$2.68 billion and \$3 billion of sales were recorded respectively. That said, the sales performance of the prestige landed segment in 1H 2022 was still commendable, trending above pre-pandemic levels in 2019. In addition, the government also rolled out new property cooling measures in December 2021 and announced impending property tax hikes that will have a bigger impact on pricier, high-end residential properties.

CHART 3: PRESTIGE LANDED TRANSACTIONS AND TOTAL VALUE FROM 2019 TO JUNE 2022*



Source: PropNex Research, URA Realis (*data up to 12 June 2022, retrieved 20 June 2022)

^High-end landed homes refer to properties transacting above \$10 million, excluding GCB transactions



BUOYANT LEASING DEMAND FOR HIGH-END LANDED HOMES

While sales momentum has cooled in 1H 2022, rental and occupier demand for high-end landed homes has not shown any signs of slowing. Recent news reports of overseas high net-worth individuals renting sprawling bungalows for several hundred thousand dollars per month is not surprising, especially since many of these ultra-wealthy foreigners are unable to buy a GCB under local restrictions. Of note, the top leasing transaction signed in the first five months of 2022 was done in April 2022, where a GCB in Dalvey Estate was rented out for a monthly rental of \$150,000 – which is equivalent to an annual rental of \$1.8 million.

Rental demand and interest from high net-worth foreigners for luxury landed homes will likely continue to be elevated in the near-term. In the light of geopolitical instabilities in several regions of the world, Singapore's status as a safe haven has possibly prompted some foreign high net-worth individuals and their families to seek residences in the city state.

According to the latest Henley Global Citizens Report, released on June 13, Singapore is expected to see a net inflow of 2,800 high net-worth individuals in 2022. The report was published by international residence and citizenship investment advisory firm Henley & Partners, which tracks private wealth and investment migration trends worldwide. Singapore ranks third place behind the United Arab Emirates (UAE) and Australia in terms of net inflow.

As per the report, countries with the highest projected outflow of high net-worth individuals in 2022 are Russia, China, India and Hong Kong – as a result of geopolitical turmoil and uncertainties in these cities. With more high net-worth individuals expected to migrate and perhaps settle down in Singapore, the high-end landed market is expected to be the largest beneficiary from this inflow.





TABLE 3: TOP 10 LANDED LEASING TRANSACTIONS FROM JANUARY TO MAY 2022

Street Name	Postal District	Property Type	Monthly Rent (\$)	Floor Area (SQFT)	Lease Commencement
DALVEY ESTATE	10	Detached House	150,000	22,500 - 22,600	Apr-22
JALAN ASUHAN	11	Detached House	128,000	26,100 - 26,200	Mar-22
CLUNY ROAD	10	Detached House	85,000	32,000 - 32,100	Jan-22
QUEEN ASTRID PARK	10	Detached House	83,888	27,300 - 27,400	Feb-22
CHEE HOON AVENUE	11	Detached House	80,000	15,400 - 15,500	Jan-22
CLUNY PARK	10	Detached House	80,000	18,000 - 18,100	Jan-22
TANGLIN HILL	10	Detached House	80,000	34,500 - 34,600	Mar-22
CLUNY PARK	10	Detached House	80,000	18,000 - 18,100	Apr-22
GARLICK AVENUE	10	Detached House	75,000	22,500 - 22,600	Apr-22
MARYLAND DRIVE	10	Detached House	70,000	20,800 - 20,900	Feb-22

Source: PropNex Research, URA Realis (*data up to May 2022, retrieved 20 June 2022)



IMPACT OF HIKES IN ABSD AND PROPERTY TAX LIKELY MUTED

In December 2021, the government announced a slew of measures targeting the residential property market, one of which was the revision in additional buyer's stamp duty (ABSD) rates.

The revision saw ABSD rates increasing the most for foreigners and investors who owned multiple properties. While the ABSD can be a hefty sum – up to 25% for Singaporean investors and 30% for foreigners – the GCB market is not likely to be significantly impacted by the latest hikes. Firstly, only Singaporeans are allowed to purchase GCBs. Secondly, for many GCB buyers, they are mostly new citizens – and the GCB property is usually their first home purchase and hence they will not be hit by the ABSD. Some ultra-wealthy buyers may choose to buy the property under a living trust; a trustee may apply to the Inland Revenue Authority of Singapore (IRAS) for a refund of the ABSD (Trust), subject to fulfilling various conditions.



Even if the GCB purchase was not their first property, most buyers are ultra-high net worth individuals and business magnates, who should be in the position to afford the large ABSD sums.

Besides the cooling measures, in February 2022, as part of the Budget 2022 package announcement, the government stated that it will increase the progressivity of property tax rate for both owner-occupied and non-owner occupier residential properties in two steps, in January 2023 and January 2024. The change will see higher end properties facing a steeper increase in tax rates.

This would mean the property tax payable for investment properties, luxury apartments in the city, landed homes and GCBs, will increase starting from 2023 onwards. Despite this, sales and prices of high-end landed homes are not expected to be significantly impacted as buyers of such homes tend to be wealthy and would likely be able to absorb the higher tax. Moreover, most of these owners are expecting capital values to rise in the future, thereby mitigating the property tax hike.



MARKET OUTLOOK

Singapore – which is projecting a 3% to 5% GDP growth in 2022 – continues to be a highly attractive investment destination, with its stable political environment and currency, pro-business policies, safety, and well-developed infrastructure. As the Singapore economy reopens with the lifting of most Covid-19 restrictions, more investors are expected to return to the market. Singapore real estate is likely to be a significant beneficiary of the safe-haven capital flows amid the pandemic-lockdowns in China as well as uncertainties around global growth due to the rapid inflation and sharper interest rate hikes in many advanced economies, on the back of the Ukraine-Russia war.

Demand for landed homes will likely stay elevated as buyers look for more “defensive assets” to park their funds in. Landed homes – particularly GCBs – are in extremely limited supply in land-scarce Singapore, making them a good store of value over time. To this end, freehold GCBs are also seen by owners as a way to preserve and grow wealth as well as legacy planning, by handing down the property to future generations. With inflation climbing higher, residential properties could also be a hedge against inflation risks, as their values tend to appreciate over a period of time.

Despite the heightened uncertainties and economic headwinds, PropNex’s GCB and Prestige Landed team noted that the buying interest in GCBs remains keen, likely outstripping the supply of properties listed for sale on the market. Looking ahead, asking prices are also expected to remain firm for the rest of the year amid the steady demand and limited stock.



FEATURED

GOOD-CLASS BUNGALOW LISTINGS



2-storey GCB in Brizay Park GCB area

Land area	25,700 sq ft
Built-up area	11,000 sq ft
Other Details	<ul style="list-style-type: none">• Elevated plot• 9 ensuite bedrooms• 2 helper rooms• Large lap pool• Private carpark with 8 lots

Guide Price: S\$54 million



2-storey GCB in Swiss Club Road GCB area

Land area	20,000 sq ft
Built-up area	10,000 sq ft
Other Details	<ul style="list-style-type: none">• Elevated plot• Bird's eye view of surrounding Swiss Club estate• 6 ensuite bedrooms• 1 helper room

Guide Price: S\$60 million



2-storey GCB in Cluny Road GCB area

Land area	15,000 sq ft
Built-up area	6,000 sq ft
Other Details	<ul style="list-style-type: none">• Elevated plot• 5 bedrooms• 1 helper room• Currently tenanted

Guide Price: S\$65 million

FEATURED

PRESTIGE LANDED PROPERTY LISTINGS



2.5-storey Detached House along University Road

- Land area** 5,200 sq ft
Built-up area 8,000 sq ft
Other Details
- Elevated plot with wide frontage
 - 5 ensuite bedrooms
 - 1 helper room
 - Swimming pool
 - Private elevator
 - Basement carpark

Guide Price: S\$18.2 million



3.5-storey Detached House in Astrid Hill area

- Land area** 5,900 sq ft
Built-up area 9,000 sq ft
Other Details
- Elevated plot
 - 5 ensuite bedrooms
 - 1 helper room
 - Swimming pool
 - Private elevator
 - Private carpark with 4 lots

Guide Price: S\$18.8 million



2.5-storey Detached House along Berrima Road area

- Land area** 4,300 sq ft
Built-up area 9,000 sq ft
Other Details
- Elevated plot with panoramic view
 - 5 ensuite bedrooms
 - 1 helper room
 - Swimming pool
 - Private elevator
 - Basement carpark

Guide Price: S\$15.5 million



2 storey Detached House along Dyson Road

- Land area** 7,500 sq ft
Built-up area 5,000 sq ft
Other Details
- Elevated plot
 - Newly renovated, ready to move-in
 - 4 bedrooms

Guide Price: S\$16 million