



IS IT STILL A GOOD
TIME TO BUY?
WILL PROPERTY
PRICES FINALLY
CORRECT?

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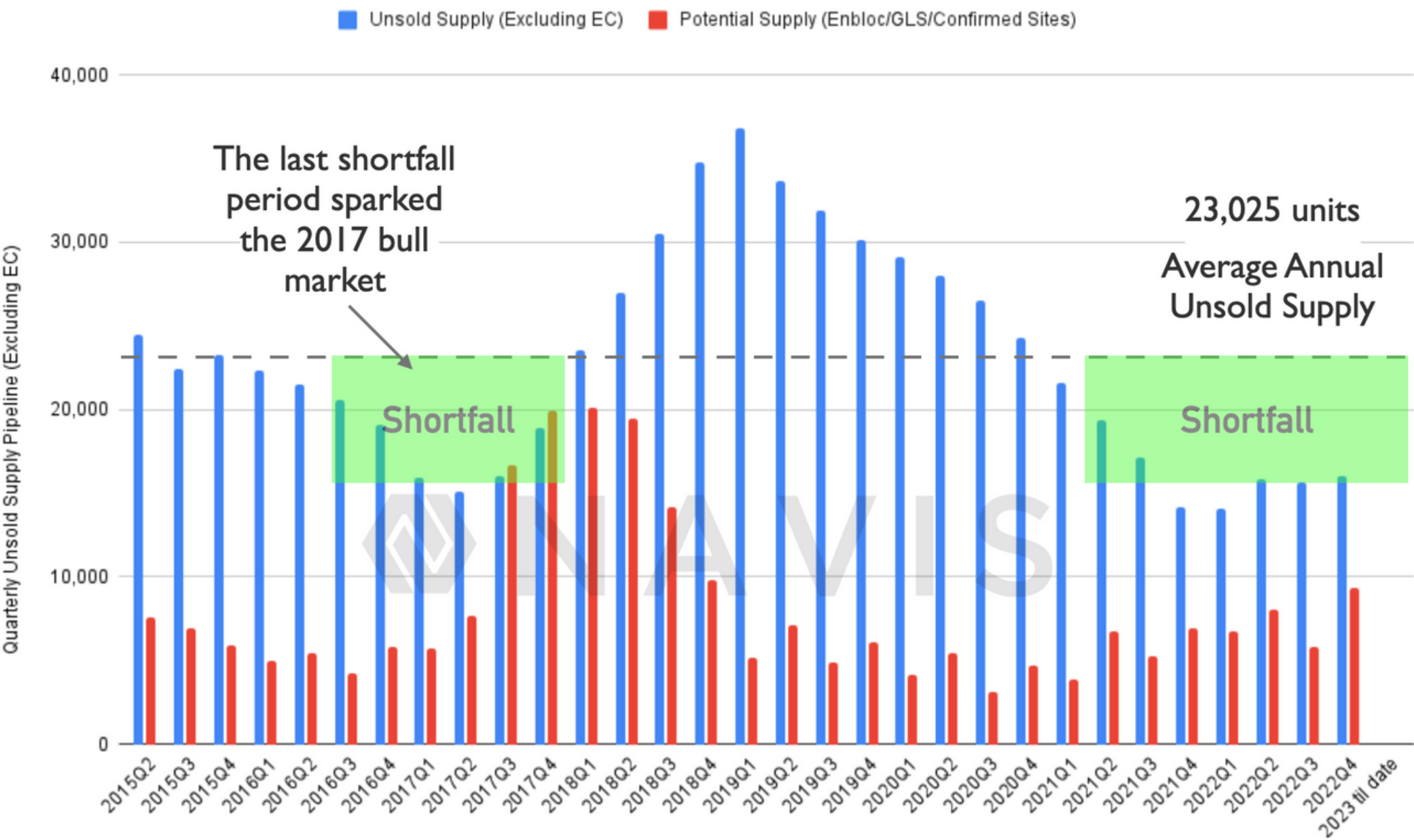
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The last unsold supply shortfall sparked a bull run

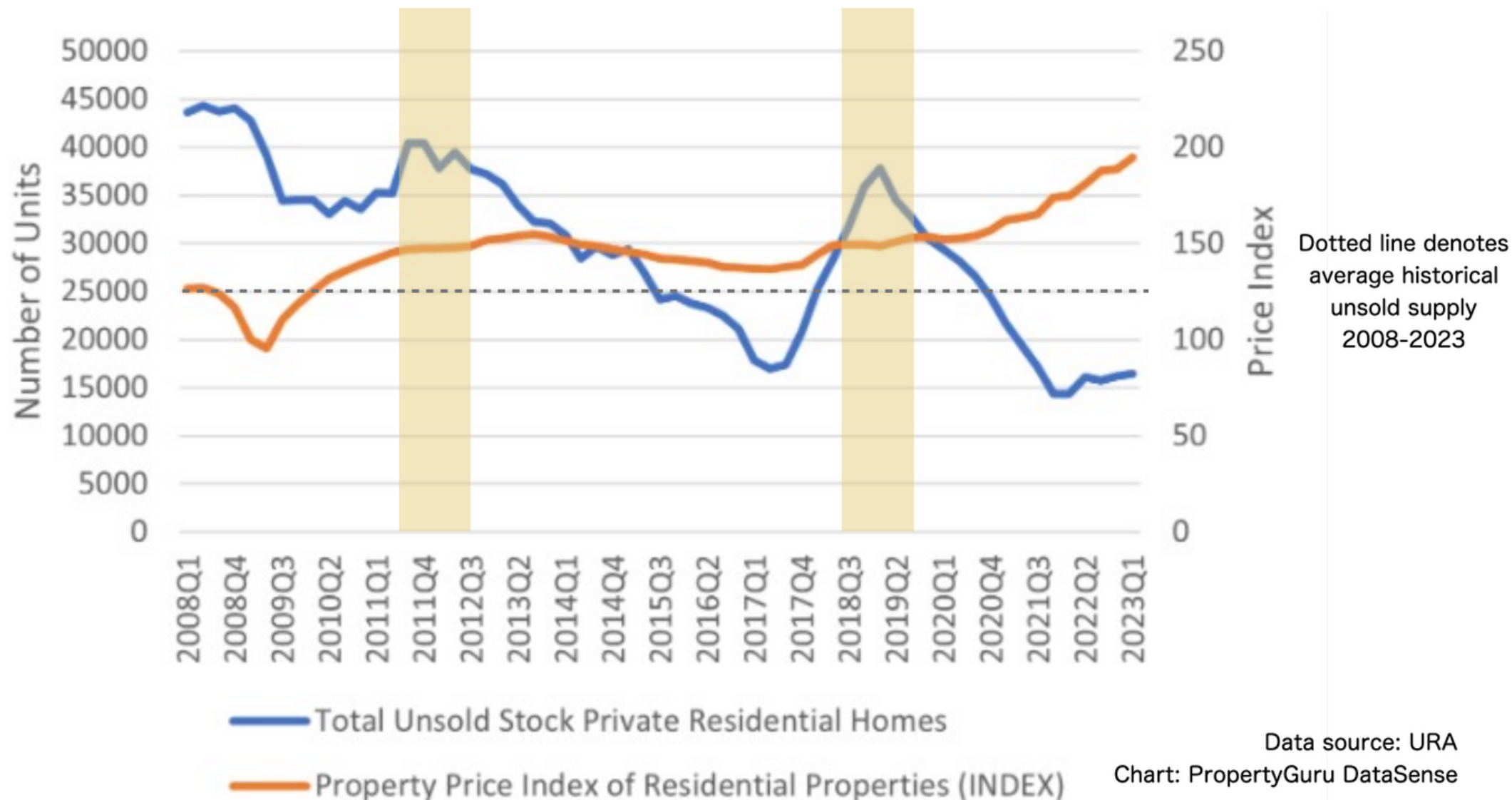
Quarterly Unsold Supply Pipeline (Excluding EC)



A near record low in unsold new private homes supply is likely to continue holding up developer’s pricing as their land bank remains low with a ‘low-stress’ balance sheet.

This gap, as a result of COVID induced supply side halt, is currently being filled up by higher government land sales (GLS), but which supply still falls far behind.

Will an increase in supply trigger a correction?

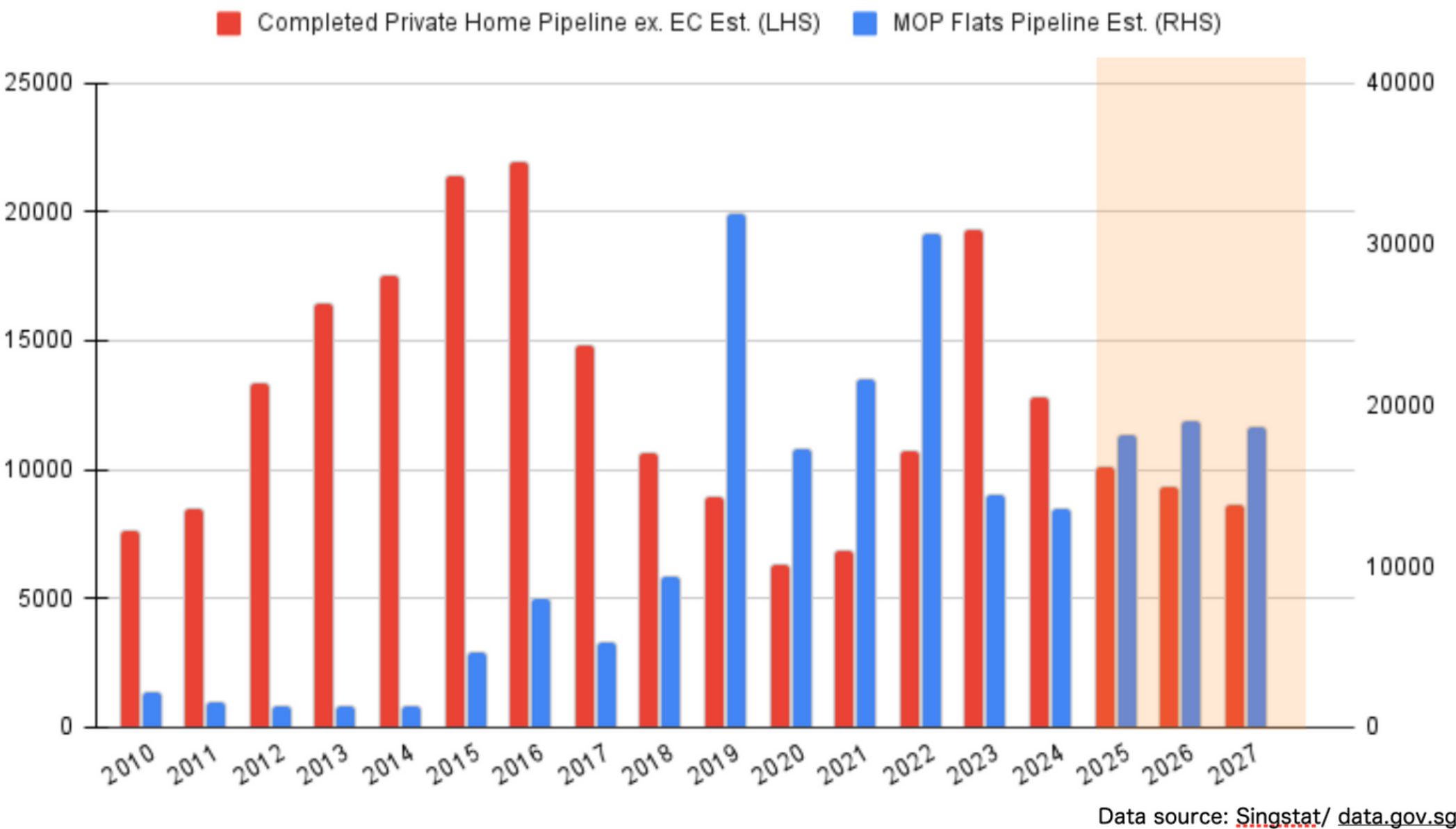


Current unsold private supply are at all time lows (<17,000 units) and below historical average. Adding in another 5160 confirmed units will only bring the total figure up to 22,000 estimated units.

Notably, even in recent high supply periods (highlighted) in 2011 and 2018 where unsold supply was 2x of today's figure (35-40,000 units), PPI moved sideways and upwards.

URA's recent increase in supply isn't likely to trigger any correction.

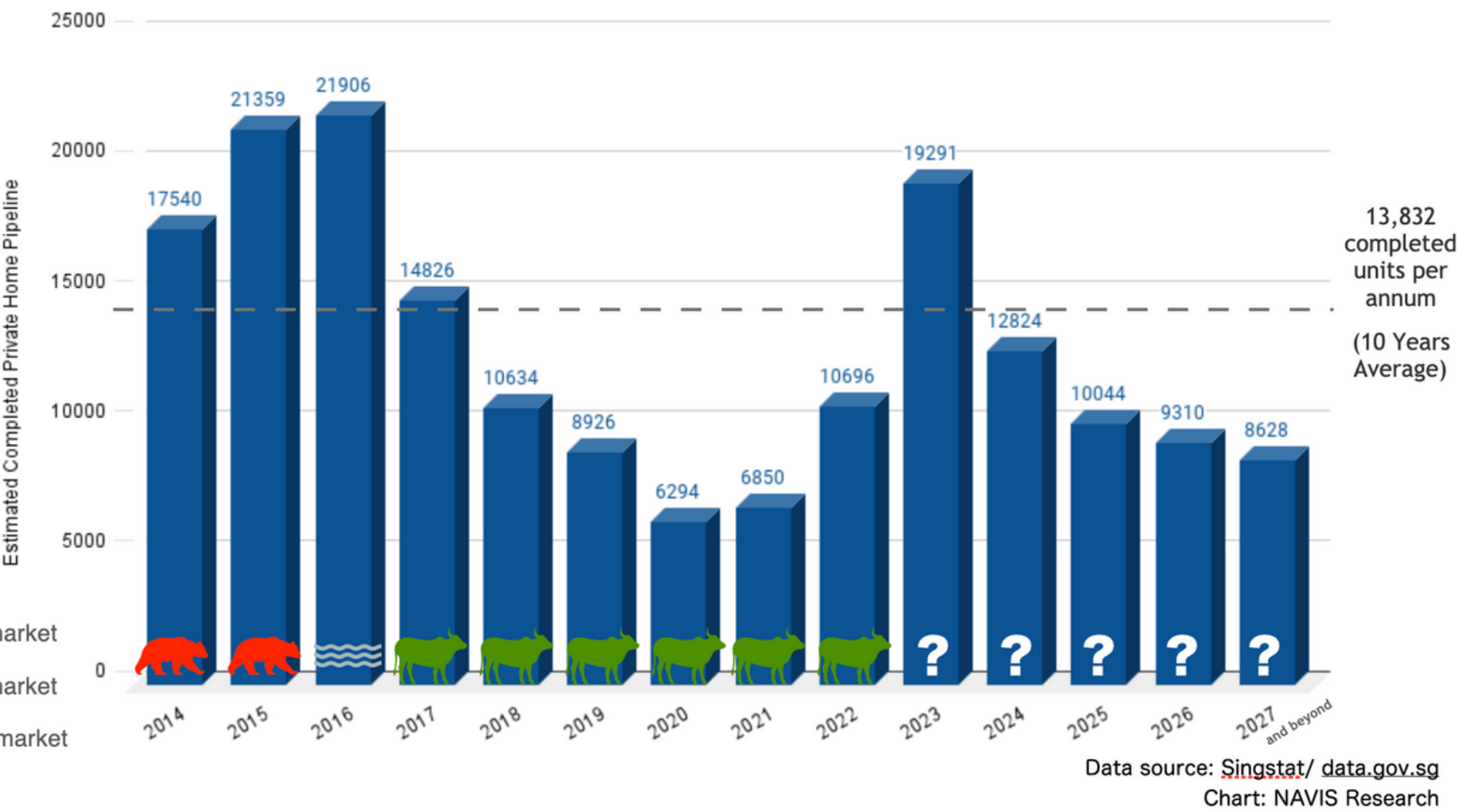
Upcoming more HDB upgraders than private completions



A declining volume of completed private homes juxtaposed against a rising volume of eligible HDB MOP upgraders poses yet another demand side pressure for private home prices in 2025-2027.

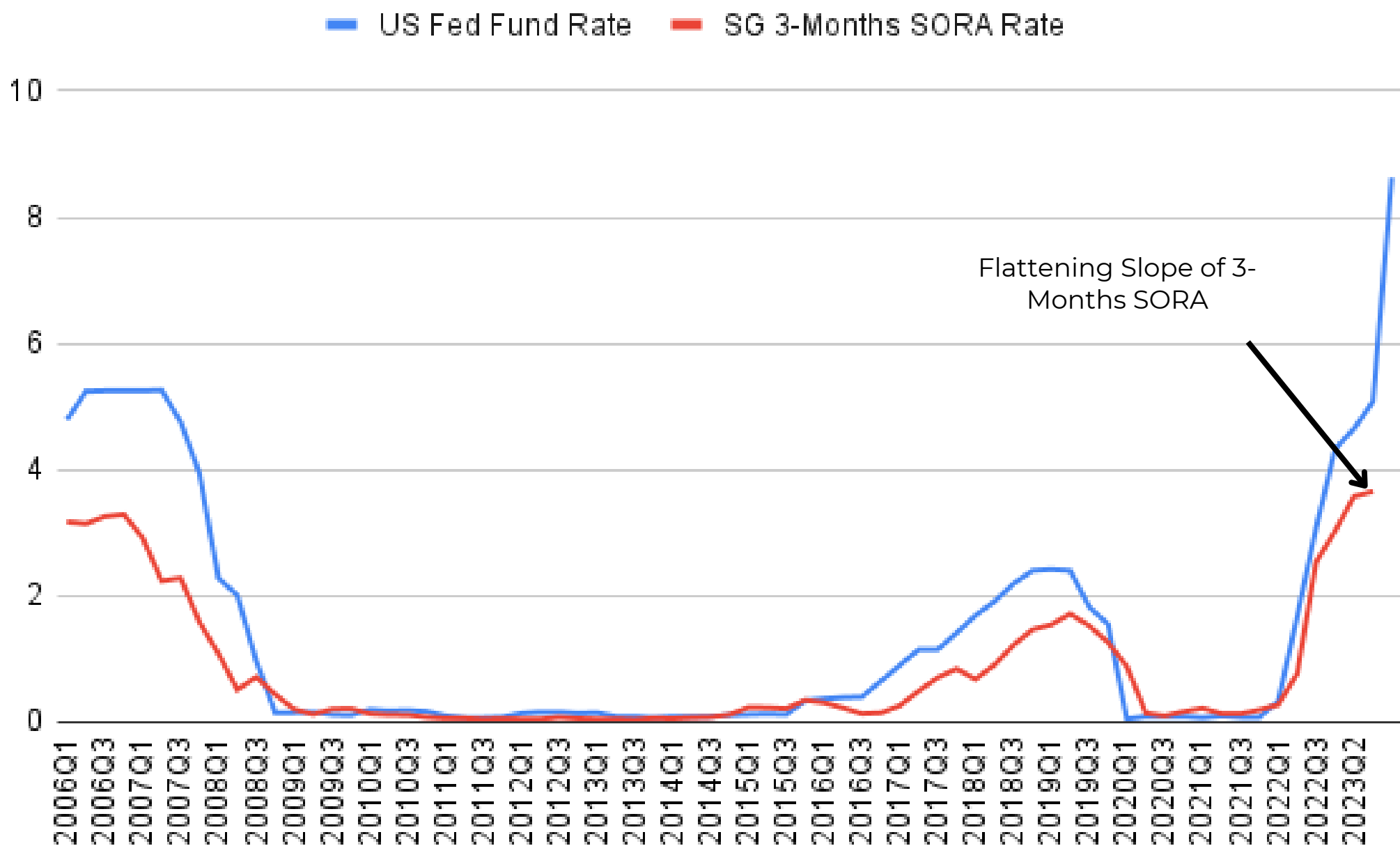
Shortfall of completed supply 2024-2027

10 Years Average (2014-2023) vs Upcoming Completed Private Home Supply



Past years with completed supply shortfalls were all bullish for property prices. This is likely to play out again in the coming years.

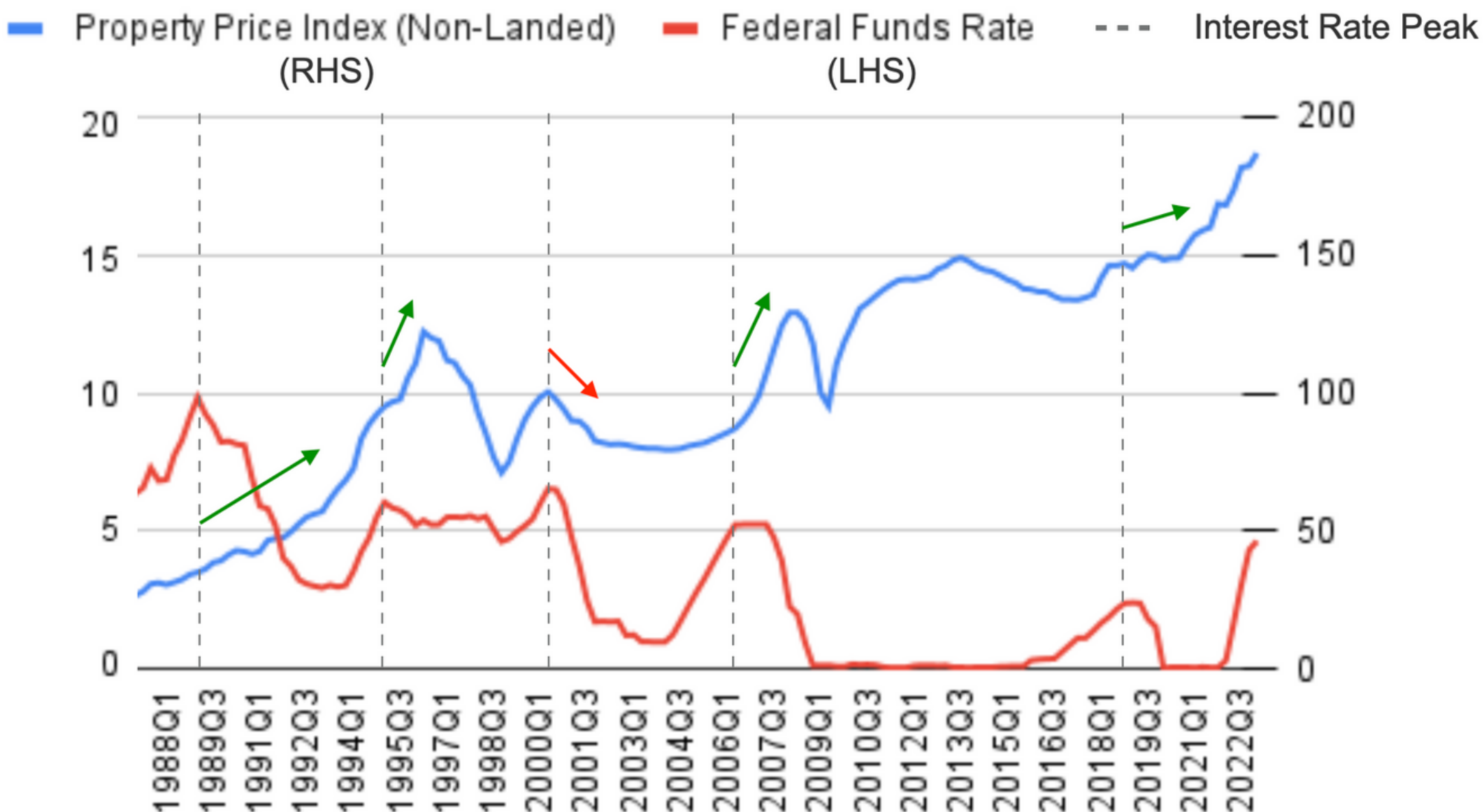
Interest Rates in Singapore Appears To Have Peaked



Singapore mortgage closely track but are not directly correlated to US interest rates.

From the most recent quarter's flattening of the 3-Months SORA rates, we are likely witnessing the peak of interest rate hikes and from Fed Fund Rate projections, 2024/25 are likely to see interest rate declines. Lower interest rates bodes well for real estate investments.

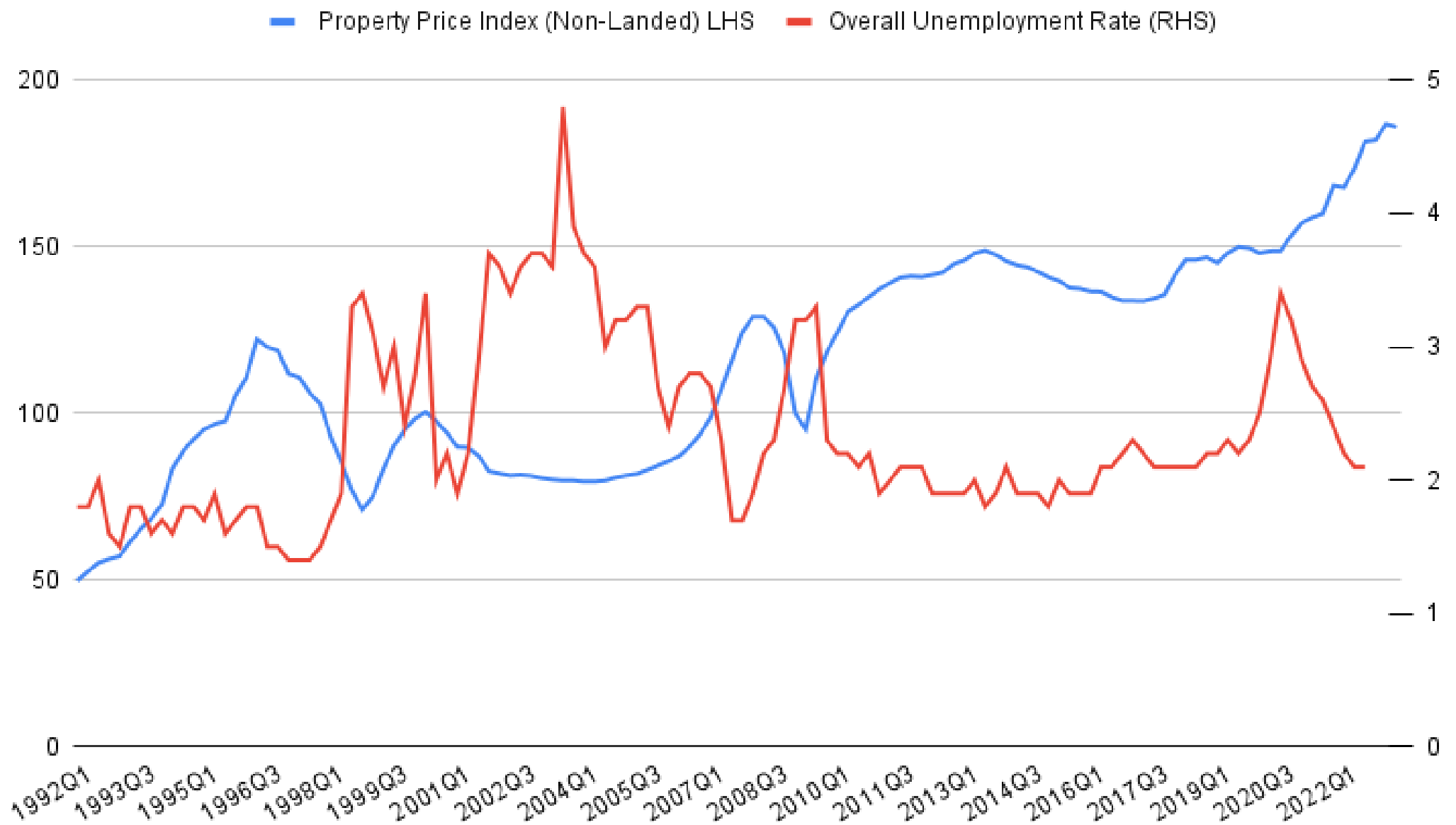
Interest rate peak as a signal for further growth



A neutral to reducing interest rate market (Which we are entering into) tends to bring in more demand.

Since 1988, the property market continued appreciating 4 out of 5 times (80%) after interest rates peaked.

Unemployment Rate Still Near All time Lows

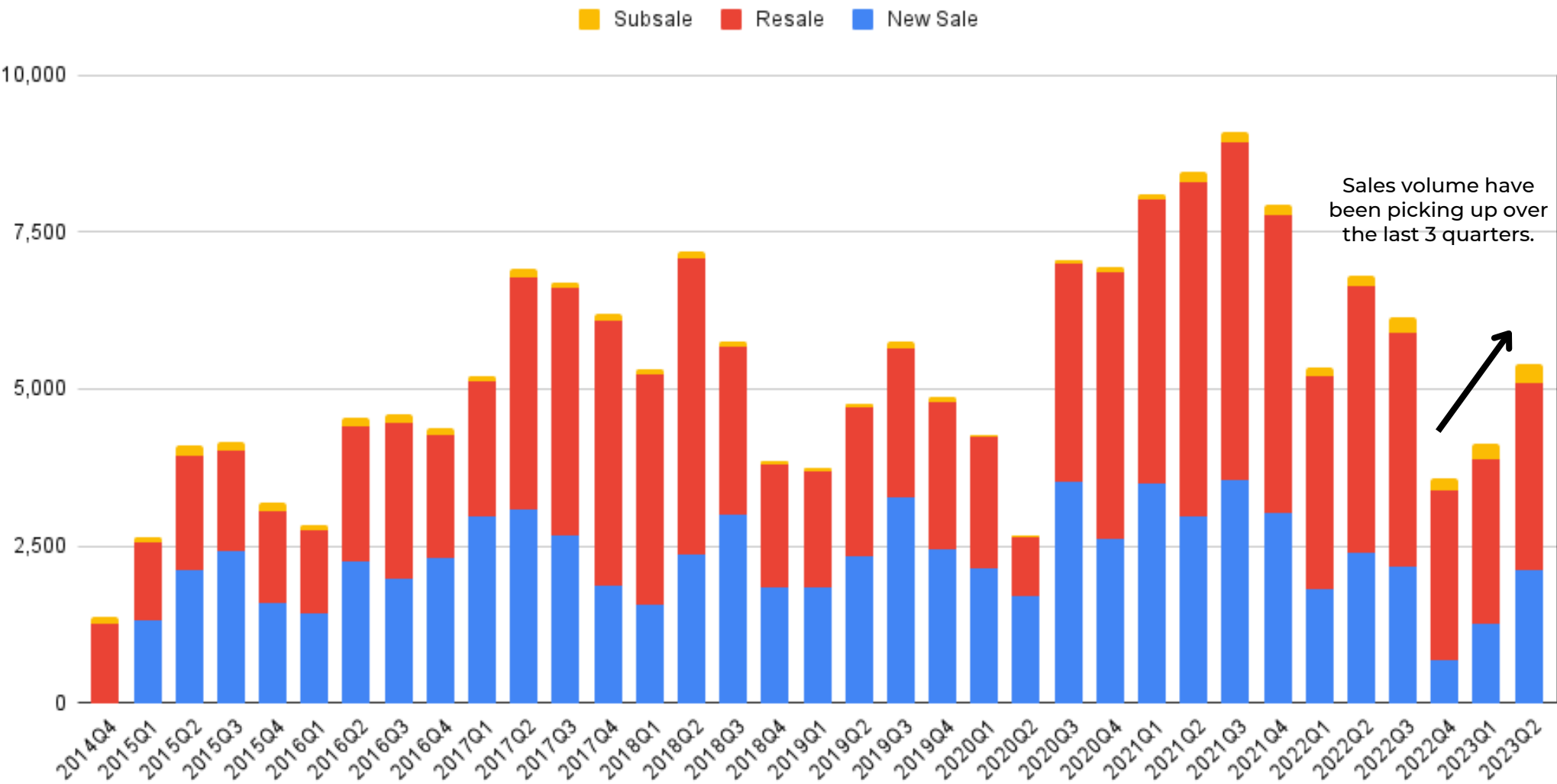


As of end 2Q2023, unemployment rates remained near all-time lows of 1.9%.

This indicates a lower probability of household balance sheets stress and higher financial resilience in the economy.

Rising Volumes Across The Market

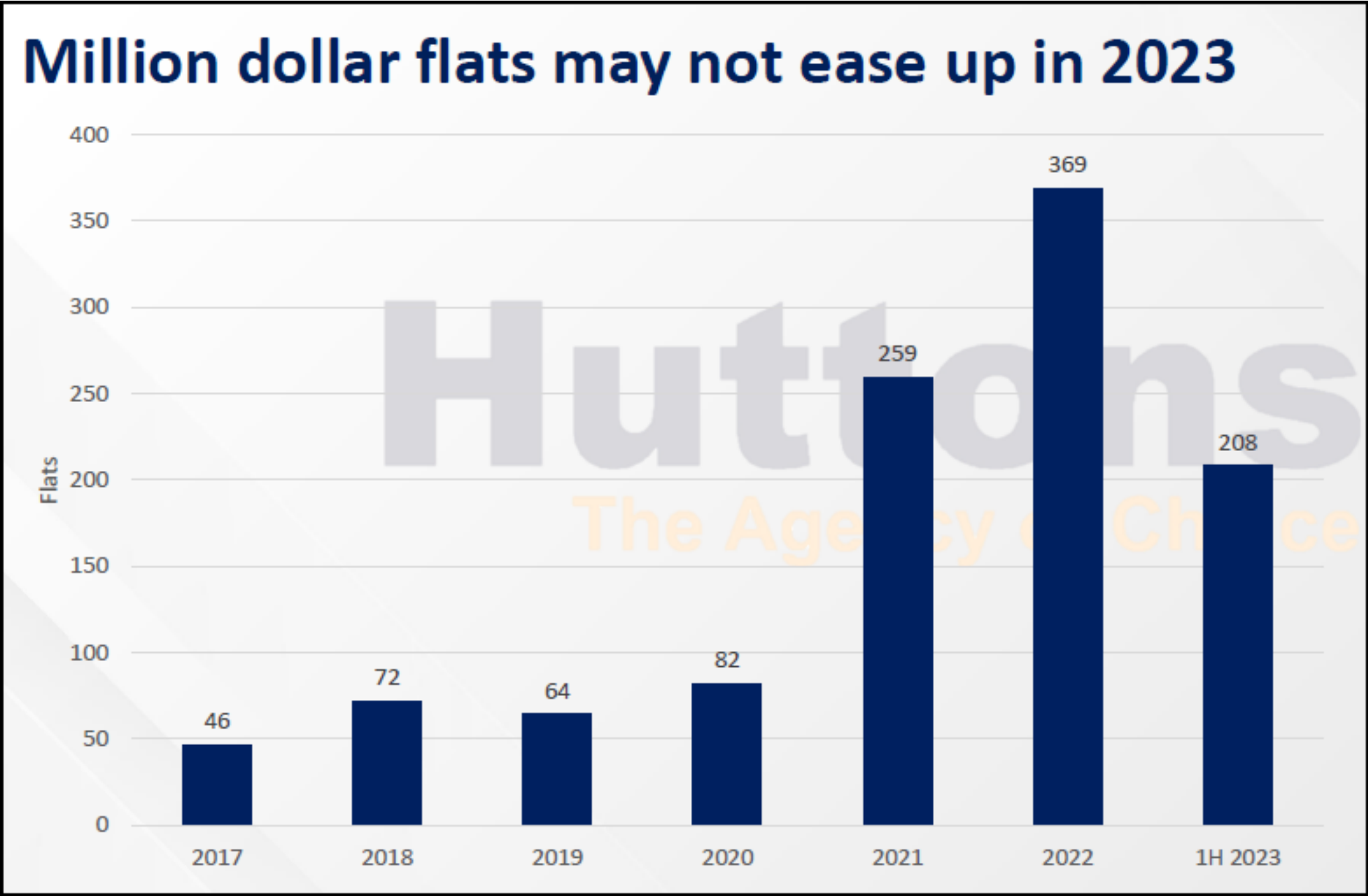
New vs Resale vs Subsale Volume (Quarterly)



Despite higher interest rates, sales volume across new, resale and subsale markets have been rising over the last 3 quarters.

This indicates broad acceptance of the temporary higher interest rates and that resident households are generally well-capitalised.

Higher Price Expectations of HDB Flat Owners Likely To Continue



With the increasing number of million dollar flats sold, and many others with higher profits but below \$1M, we can expect a higher number of cash rich buyers to move up the property ladder into private homes, thereby fueling genuine and constant demand.

Summary

Although there is an air of uncertainty in recent months on the back of high interest rates, recessionary fears and a China slow down, fundamentals are likely to play a bigger part in influencing property prices today.

This is evident from the growth we have witnessed which is mainly driven by Singaporeans and PRs buying since 2020.

Low unsold supply and land bank is likely to keep developers bullish in the mid to long term while low completed supply amidst high MOP periods in 2025-2027 is likely to create upwards price pressures as a result of supply & demand theory.

The current 'softness' in sellers' positions as a result of recent market conditions and fear are a great window of opportunity for buyers to negotiate for better deals as such opportunities were scarce in the last 3 years.

In the grander scheme of things, Singapore real estate is a highly effective 'all-seasons' investment choice as history has shown.

The crux is to buy within your means, select investment grade properties with good attributes and enter at a fair market price.