

Mixed Fortunes



Note: CBRE Research, Singstat, MAS

Executive Summary

- In H1 2024, 13 GCBs worth \$457.08 mil were transacted, double the \$202.05 mil across 9 GCBs sold in H2 2023, albeit still down 20.5% y-o-y from the \$575.27 mil across 14 GCBs transacted in H1 2023.
- Sales saw a sequential rebound possibly on better sentiment after clarity on the money laundering case, recovering stock markets and more realistic price expectations from owners with a genuine motivation to sell.
- Looking ahead, a narrowing bid-ask spread between keen buyers and motivated sellers, and a clearer interest rate outlook could spur more GCB market activity in H2 2024 and 2025.
- The Sentosa Cove market observed a mixed performance in H1 2024. Sentosa Cove bungalow sales remained tepid while Sentosa Cove condominium sales jumped on a significant developer price cut. Prices for both bungalows and condominiums declined.
- Luxury apartment sales remained weak since the doubling of ABSD for foreigners in April 2023. 46 luxury apartment units with a total transaction value of \$458.04 mil changed hands in H1 2024, down 24.0% h-o-h from the \$602.65 mil across 65 units in H2 2023. Average luxury apartment prices fell 5.5% in H1 2024.
- Hefty cooling measures continue to weigh on the luxury apartment and Sentosa Cove markets. Amid delayed rate cuts and overhang over luxury properties seized from money laundering associates, activity could remain subdued in H2 2024.

TABLE 1: Selected Luxury Transactions in H1 2024

Location/Property	Type	Land/Floor Area (sq. ft.)	Price (\$mil)
Bin Tong Park	GCB	28,111	84.00
Jervois Hill	GCB	15,094	58.00
Dalvey Estate	GCB	19,050	57.00
Skywaters Residences	Penthouse	7,761	47.34
8F Gallop Road	GCB	16,703	42.50
15 Ford Avenue	GCB	19,554	39.50
The Ritz-Carlton Residences Singapore Cairnhill	Apt	3,057	16.50
258 Ocean Drive	Bungalow	8,675	16.00
32 Gilstead	Apt	4,209	14.54
Hilltops	Apt	2,874	13.05

Source: URA, CBRE Research, Aug 2024

Good Class Bungalows (GCB)

GCB sales saw a rebound on better sentiment and more realistic expectations

In H1 2024, 13 GCBs worth \$457.08 mil were transacted, double the \$202.05 mil across 9 GCBs sold in H2 2023, albeit still down 20.5% y-o-y from the \$575.27 mil across 14 GCBs transacted in H1 2023. This follows 2023’s historic low annual count of 23 GCBs. Despite ongoing economic uncertainty and still-high interest rates, sales saw a sequential rebound possibly on better sentiment after clarity on the money laundering case, recovering stock markets and more realistic price expectations from owners with a genuine motivation to sell.

Prices in H1 2024 were generally stable

Similarly, average GCB prices were up h-o-h in H1 2024, but down y-o-y at \$2,400 psf. Average per sq. ft. price on land area was 22.3% higher h-o-h from the \$1,963 psf in H2 2023 when buyers largely moved to the sidelines amid the money laundering crackdown and most transactions were of smaller GCBs at attractive prices. Compared to 2023’s full year average, prices were relatively stable.

GCB rents continued to ease in H1 2024 alongside the broader rental market

Realis data showed median rents for detached houses in GCB Areas continued to ease in H1 2024, tracking islandwide bungalow rents. Similarly, URA’s landed rental index extended its decline, falling 0.9% q-o-q in Q2 2024. Cumulatively, landed rents have recorded a 9% correction since the last peak in Q3 2023, but are still 62% above the COVID-19 trough in Q3 2020. GCB rents first surged in 2022, driven by higher demand from UHNW foreigners willing to pay a premium to rent a spacious residence to accommodate their lifestyles. With the money-laundering crackdown and a slowdown in the general leasing market, GCB owners have become more realistic on asking rents.

Market activity could pick up further in H2 2024

There has been a near-term resurgence in interest for GCBs, with several deals already closed in the month of July. Recent media reports also point to a *Tanglin Hill* GCB which is in the early stages of being sold for close to \$93.90 mil, or nearly \$6,200 psf, a new record GCB land rate. This indicates that there remains a healthy pool of buyers prepared to pay a high premium if the right property becomes available. Looking ahead, a narrowing bid-ask spread between keen buyers and motivated sellers, and a clearer interest rate outlook could spur more market activity in H2 2024 and 2025.

FIGURE 1: GCB Sales Activity

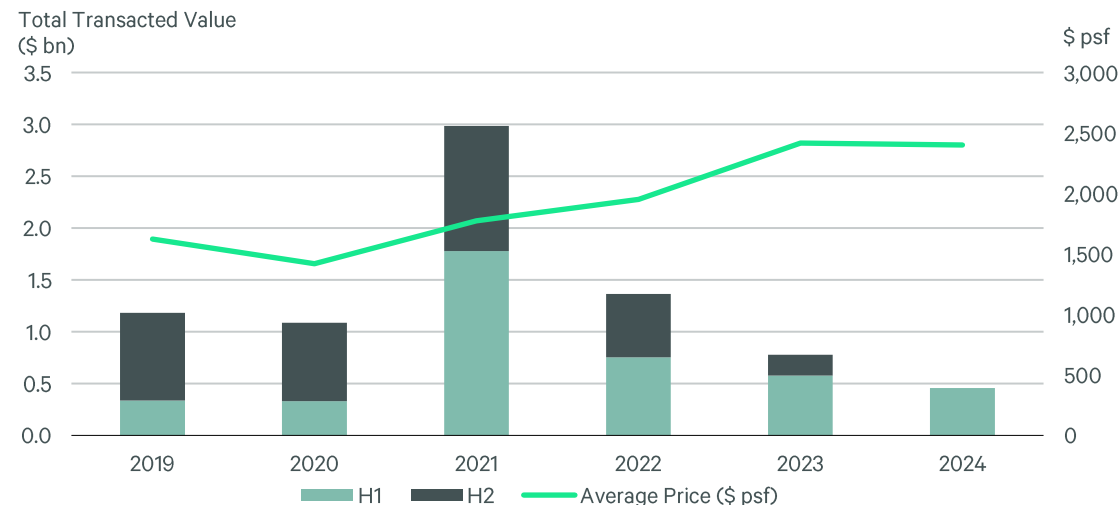
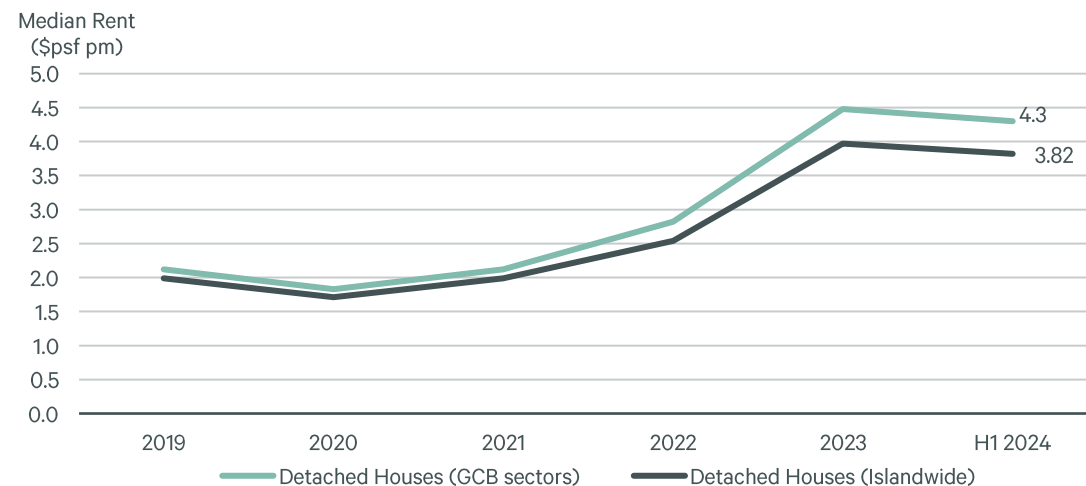


FIGURE 2: Median rents of GCBs and Detached Houses



Source: URA, CBRE Research, Aug 2024

Sentosa Cove

Sentosa Cove: bungalow sales slowed further while condominium sales jumped on price cut

The Sentosa Cove market observed a mixed performance in H1 2024. Sentosa Cove bungalow sales remained tepid while Sentosa Cove condominium sales jumped on a significant developer price cut.

Only 1 Sentosa Cove bungalow amounting to \$16.00 mil was sold in H1 2024, down 55.1% h-o-h from \$35.66 mil across 2 bungalows sold in H2 2023 and 88.5% y-o-y from 7 bungalows worth \$139.39 mil transacted in H1 2023. The market is seeing a near-term overhang as seized plots associated with the money laundering case are being put up for auction, prompting potential buyers to stay on the sidelines. H1 2024's sole bungalow transaction changed hands at a land rate of \$1,844 psf, 22.7% lower than the average price of \$2,384 psf recorded in H2 2023.

For Sentosa condominiums, 99 units amounting to \$337.36 mil were transacted in H1 2024, more than doubling the \$143.24 mil across 35 units sold in H2 2023 on the back of the relaunch of *The Residences at W Singapore Sentosa Cove*. The project benefitted from local demand after the developer relaunched at prices 30 – 35% below earlier launch prices. 71 units were sold at a median price of \$1,801 psf in Q2 2024, compared to 20 units sold at a median price of \$2,810 psf over 2010 – 2014. Excluding this relaunch, transaction value would be down 15.4% h-o-h at \$119.37 mil. Overall, the average unit price of Sentosa condominiums in H1 2024 fell 2.6% h-o-h and 11.7% y-o-y to \$1,825 psf.

Luxury Apartments

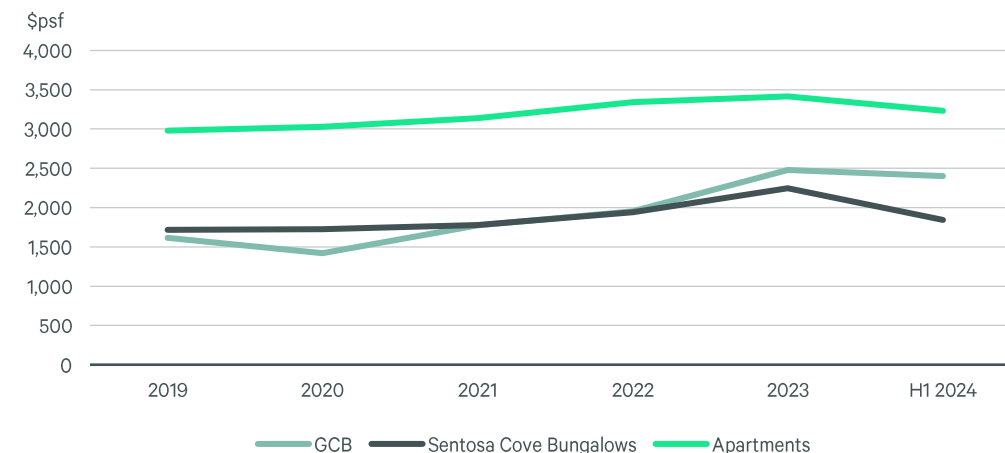
Luxury apartment sales remained sluggish, average prices fell in H1 2024

Luxury apartment sales remained weak since the doubling of ABSD on foreigners in April 2023. 46 luxury apartment units with a total transaction value of \$458.04 mil changed hands in H1 2024, down 24.0% h-o-h from the \$602.65 mil across 65 units in H2 2023, and down 52.2% y-o-y from \$957.27 mil across 91 units in H1 2023. H1 2024 was mainly boosted by the sale of a penthouse unit for \$47.34 mil (\$6,100 psf) at new *Skywaters Residences*. Based on CBRE Research's basket of freehold luxury projects, average luxury apartment prices fell 5.5% to \$3,230 psf in H1 2024 from \$3,417 psf in H2 2023.

Market activity for luxury apartments to remain subdued in near term

Hefty cooling measures continue to weigh on the luxury apartment and Sentosa Cove markets. Amid delayed rate cuts and overhang over luxury properties seized from money laundering associates, activity could remain subdued in H2 2024. Nonetheless, Singapore's strong fundamentals as a business and wealth hub should continue to draw investors looking for a safe haven to park their wealth. This could underpin luxury home demand once the economy recovers more significantly in 2025.

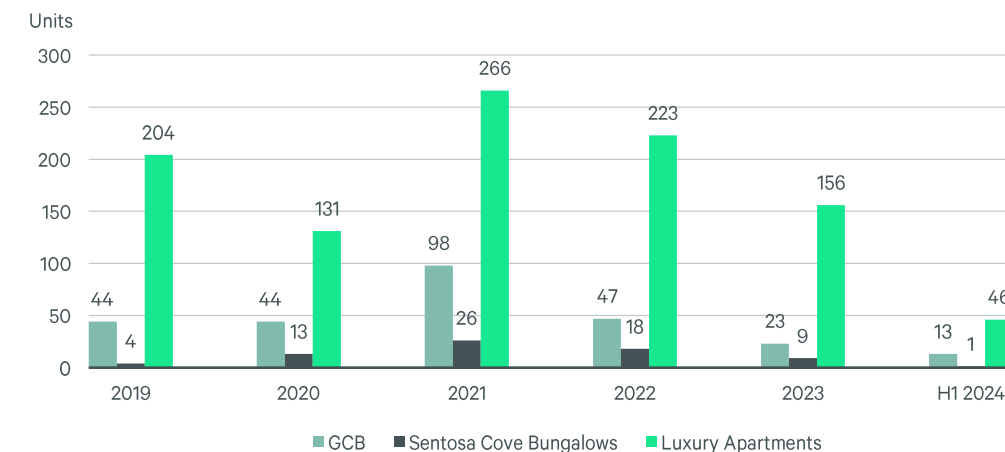
FIGURE 3: Average Luxury Residential Prices



Source: URA, CBRE Research, Aug 2024

Note: Apartment prices are based on a basket of freehold properties in D9 and 10.

FIGURE 4: Luxury Sales Volume (units)



Source: URA, CBRE Research, Aug 2024

Note: Apartments in Core Central Region (CCR) that are larger than 2,000 sq ft and sold for \$2,500 psf and above were adopted as a proxy for luxury apartments.

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