NUS National University of Singapore
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# Spike in Singaporeans snapping up posh residential properties

**For luxury homes priced at S$5 million and above, the number of caveats lodged by Singaporeans jumped 44%; buyers included owner-occupiers and investors**

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LUXURY homes have surged in popularity among well-heeled Singaporean buyers in the last few quarters, based on caveats data, as both owner-occupiers and investors piled into high-end assets.

For residential properties priced at S$5 million and above, the number of caveats lodged by Singaporeans jumped by 44 per cent to 231 in the first quarter of this year, from 160 in Q4 2020, showed the URA Realis database as at May 10.

Year on year, it is more than double the 90 caveats in Q1 2020.

The latest figure is also 56 per cent higher than the 148 caveats lodged by Singaporeans for such properties in Q2 2018, which was in the midst of the previous en-bloc fever. Back then, many unit owners were flush with cash from windfall gains during the collective-sale bonanza that kicked off in 2016, thus stoking buying sentiment especially for landed homes at the time, said Lee Nai Jia, deputy director of the Institute of Real Estate and Urban Studies (IREUS) at the National University of Singapore.

Among Singapore permanent residents (PRs) and foreigners, buying interest in big-ticket deals has also heated up recently, albeit to a smaller extent. During Q1 2021, they lodged 33 and 29 caveats respectively for residential properties priced at S$5 million and more, up from 29 and 23 in the previous quarter.

Owner-occupiers have been turning their attention towards larger, more luxurious residential properties. This comes as many continue to spend more time at home due to pandemic-related measures and are seeking ways to improve their living environments, said Dr Lee.

For wealthy buyers less affected by the Covid-19 pandemic, it may be an ideal time now to expand their living spaces.

Owner-occupiers are turning to larger, more luxurious residential properties as many spend more time at home due to the Covid-19 pandemic and seek to improve their living environments, said IREUS' Dr Lee. BT FILE PHOTO

This is partly because the rising asset prices are "likely to induce more owners to put their properties on the market, especially if they can get a good return from their original investments", making it easier for well-heeled purchasers to bag the property they want, he added.

Affluent owner-occupiers with existing properties are also benefiting from the increasing prices in the current housing market when they sell, as they may reinvest their sale proceeds to upgrade to larger, more expensive homes, he noted.

Despite last year marking Singapore's worst recession, the number of ultra-high net worth individuals (UHNWIs) in the country rose 10.2 per cent to 3,732 in 2020, said a recent Knight Frank report.

Wealthy home-buyers are looking to penthouses or units spanning more than 3,000 square feet, Knight Frank Singapore head of research Leonard Tay told *The Business Times* (BT) last month. "With the limited availability of newly launched penthouses in previous months, penthouses in the resale market were sought after by these UHNWIs who place greater priority on quality and living spaces," he added.

From an investment point of view, landed properties and high-end apartments are viewed favourably among those with a longer-term investment horizon, Dr Lee said. "While most investors recognise that the housing market tends to be cyclical over time, many perceive that the value of high-end homes will be preserved or even increase in the long run."

Moreover, there is a general perception in the market that landed properties and luxury assets in prime locations such as the Orchard area are in limited supply, which will help support their prices, Dr Lee noted.

Foreigners have also been progressively entering the high-end residential market. More may soon be drawn to Singapore, encouraged by the city-state's effective management of the Covid-19 outbreak, he said.

He expects the number of caveats lodged for luxury residential properties to continue increasing in subsequent quarters, barring any unforeseen shocks or government intervention to cool the housing market.

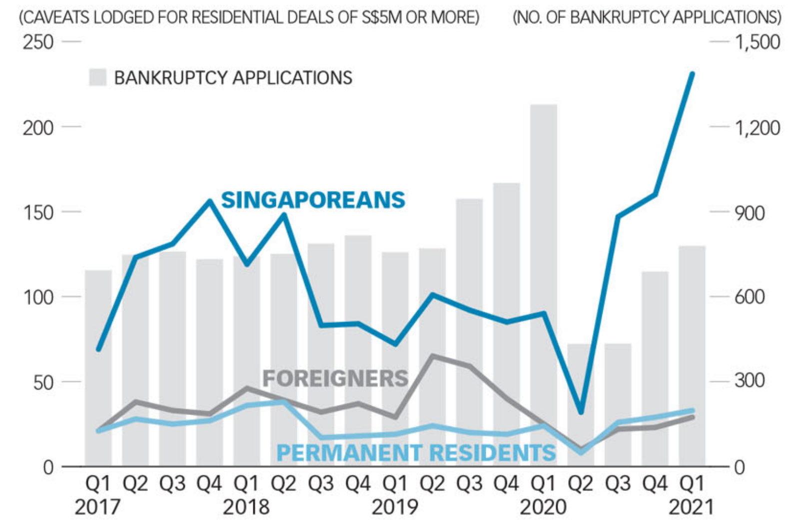
Meanwhile, in another indication of the Covid-19 pandemic's uneven impact, more individuals in the city-state applied for bankruptcy over the same period. Data from the Insolvency Office showed that the number of bankruptcy applications in the Republic went up by 13.2 per cent to 779 in January-March 2021, from 688 in the prior three months.

Despite this, the Q1 2021 total was 39 per cent lower year on year than the 1,278 applications recorded in Q1 2020.

To add, the number of people who were made bankrupt last year was at its lowest in five years. The Singapore government's timely measures in response to the global pandemic also helped to reduce the number of bankruptcy applications in Q2 2020 and Q3 2020, said Dr Lee. The increase in applications in Q1 2020 was largely due to the economic slowdown amid US-China trade tensions, he noted.

In spite of the coronavirus crisis, demand for residential properties has grown steadily, with prices of private housing and Housing Development Board (HDB) resale flats both rising for four straight quarters in Q1 2021. The gap between median household incomes and prices of new condominiums continued to widen in 2020, BT reported.

## Uneven impact




Sources: NUS IREUS, URA Realis, Ministry of Law Insolvency Office

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