

Scarce supply, rising wealth to keep GCB market well supported

Demand for Singapore's most exclusive homes is expected to pick up again. BY MARY SAI AND KOH KAI JIE

LANDED homes are an exclusive minority in high-rise Singapore, where HDB blocks and private condominiums dominate the housing landscape. This will likely remain so, with landed supply not growing in any substantial manner, ever.

Among landed properties, which can typically only be purchased by Singaporeans, the most exclusive are the 2,600 or so detached homes in 39 specified Good Class Bungalow (GCB) Areas in postal districts 10, 11, 20, 21 and 23.

In the first nine months of 2024, 17 GCBs changed hands for a total sales value of S\$827 million. Transaction prices ranged between S\$15.5 million and S\$93.9 million (S\$1,067 psf and S\$6,198 psf on land).

The total transaction value in the first nine months of 2024 is presently 57.4 per cent higher than the total for the whole of 2023.

While 2024 is unlikely to mirror the recent peak in 2021, demand for these elite homes will be supported so long as affluence in Singapore remains on an upward trajectory. Between 2019 and 2023, the average GCB land rate derived from all GCBs sale transactions jumped from S\$1,451 psf to S\$2,601 psf on land, translating to an average land price growth of 79.3 per cent over four years as more wealthy families were willing to bolster premiums in their offers to acquire these trophy assets from existing owners.

The most recent peak in GCB transactions occurred in 2021 as Singapore started to recover from the pandemic-led recession in 2020. A total of 60 GCB transactions were recorded in 2021, translating to a record annual total sales value of S\$2.1 billion. The last time the total transaction value closed in on the S\$2 billion mark was 11 years prior in 2010 at S\$1.8 billion.

The surge in total sales value

Big deals

Top 5 GCB transactions between January and September 2024

ADDRESS	GCBA	LAND AREA (SQ FT)	TRANSACTION PRICE (S\$M)	UNIT PRICE (S\$ PSF ON LAND)	SALE DATE
1C Tanglin Hill	Ridley Park	15,150	93.9	6,198	Reported in July 2024
5 Bin Tong Park	Bin Tong Park	28,111	84.0	2,988	Reported in April 2024
59A Belmont Road	Belmont Park	24,566	73.7	3,000	Reported in July 2024
3 Jervois Hill	Chatsworth Park	15,094	58.0	3,843	May 2024
59 Belmont Road	Belmont Park	19,223	57.7	3,002	Reported in July 2024

Top 5 detached home transactions in GCB areas between January and September 2024

ADDRESS	GCBA	LAND AREA (SQ FT)	TRANSACTION PRICE (S\$M)	UNIT PRICE (S\$ PSF ON LAND)	SALE DATE
57 Sixth Avenue	Fourth/Sixth Avenue	9,214	27.5	2,985	May 2024
119 Gallop Park Road	Gallop Road/Woolleton Park	12,871	26.5	2,059	Jan 2024
8 Oriole Crescent	Raffles Park	10,116	20.0	1,977	Sep 2024
56 Garlick Avenue	Garlick Avenue	10,345	19.5	1,885	Feb 2024
36 Kingsmead Road	Victoria Park	6,924	17.4	2,516	Feb 2024

SOURCE: URA REALIS, KNIGHT FRANK RESEARCH, MULTIPLE REPORTED SOURCES GRAPHIC: HYRIE RAHMAT, BT

and volume was due to the low interest rate environment then, coupled with the shift in living and work patterns during the pandemic when indoor and outdoor living space became an increasingly non-negotiable attribute for those who could afford it, against a backdrop of movement controls.

GCBs offered the traditional local wealthy, high-net-worth (HNW) new citizens and the nouveau riche (those whose businesses expanded as a result of the pandemic) with big outdoor areas, exclusive seclusion, and landscaped greenery.

Nonetheless, the surge in momentum in 2021 was a one-off occurrence, as transaction volume slowed in 2022 with 20 GCB transactions and S\$779 million in total sales value, before shrinking further to 11 GCB sales amounting to S\$525.5 million in 2023.

The pace of GCB sales in 2021 could not be sustained indefinitely on a yearly basis due to the large ticket sizes, and also as many GCB buyers tend to purchase these homes for their own occupation and enjoyment, a status symbol to

be savoured and kept, rather than reselling for quick capital gains.

There is an estimated total of about 2,600 GCBs in Singapore, making up 24.2 per cent of 10,735 detached homes, 3.5 per cent of all 73,540 landed homes and just barely 0.6 per cent of all private homes (excluding executive condominiums) in Singapore.

In GCB areas, only bungalow developments are allowed, with land sizes of 1,400 square metres (15,069 square feet) and larger. Additionally, for a detached home to be classified as a GCB, it must also fulfil a set of development criteria. For one, site coverage is capped at 40 per cent of the land plot, and the property cannot be developed to more than two storeys high (excluding attic and basement). This is the pinnacle of housing in Singapore, coveted and owned by HNW individuals and families. Growing the current stock of GCBs is challenging. Usually, a large GCB site when acquired, can be divided into smaller GCB-sized lots. However, this is limited due to the complex-

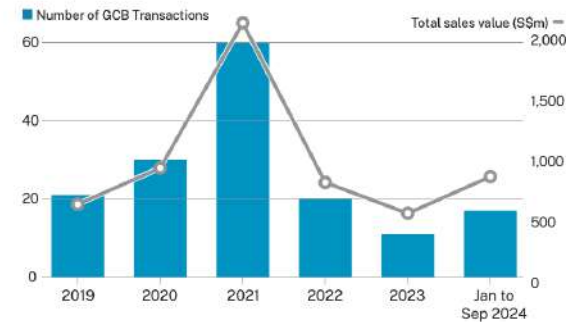
ities involved in identifying and purchasing a suitable site and subdividing according to the site terrain and required perimeters set by the authorities. Coupled with the high cost of construction in redeveloping all-new GCBs with modernised interiors, this class of housing will always remain a rare breed.

According to the latest Knight Frank Wealth Sizing Model in the Wealth Report 2024, the population of ultra-high-net-worth individuals (UHNWIs with a net worth of US\$30 million or more) in Singapore grew steadily by 4 per cent, rising from 4,601 in 2022 to 4,783 in 2023. And this growth in Singapore's wealth population is expected to increase 15.7 per cent to 5,535 UHNWIs in the city-state by 2028.

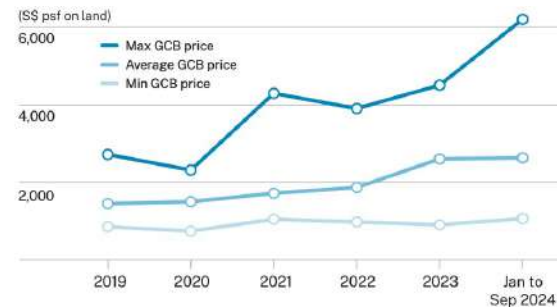
With the emerging and growing global trend of more Generation Z individuals joining the ranks of UHNWIs as wealth is transferred from an older generation to the next, as well as self-made multimillionaires in the post pandemic economy, GCBs in Singapore are

Picking up

Volume and value of GCBs transacted from 2019 to September 2024



Average GCB land price (S\$psf on land) from 2019 to September 2024



SOURCE: URA REALIS, KNIGHT FRANK RESEARCH, MULTIPLE REPORTED SOURCES GRAPHIC: HYRIE RAHMAT, BT

gradually shifting to house a new breed of younger HNWs.

Ian Ang, a co-founder of gaming chair company Secretlab, who was 29 years old then when it was reported that he purchased a S\$36 million GCB (S\$1,537 psf on land) at Caldecott Hill Estate, setting one of the highest transaction prices in terms of land rate in the area at the time. Detached homes with a land size less than 1,400 sq m can also be found in GCB areas. The comparatively smaller land size translates to more affordable price quantum, while at the same time retaining the exclusive locations and elite addresses.

From January to September 2024, eight of these homes were sold. These detached homes transacted at a price range of S\$12.7 million and S\$27.5 million (S\$1,342 psf and S\$2,985 psf on land), lower than GCB prices that ranged be-

tween S\$15.5 million and S\$93.9 million (S\$1,067 psf and S\$6,198 psf on land) in the same period.

With the announcement of interest rate cuts in September 2024 and improving economic conditions, activity in the GCB market is expected to pick up, driven by naturalised HNW Singaporean families, subsequent generations of local HNW families, business owners and industry leaders.

One thing is clear – the almost immutable fixed supply of GCBs paired with steadily rising affluence will inevitably drive prices of GCBs upwards, barring a major national crisis that drastically changes Singapore's economic fundamentals.

Mary Sai is executive director, Capital Markets and Koh Kai Jie is senior analyst, Research at Knight Frank Singapore