



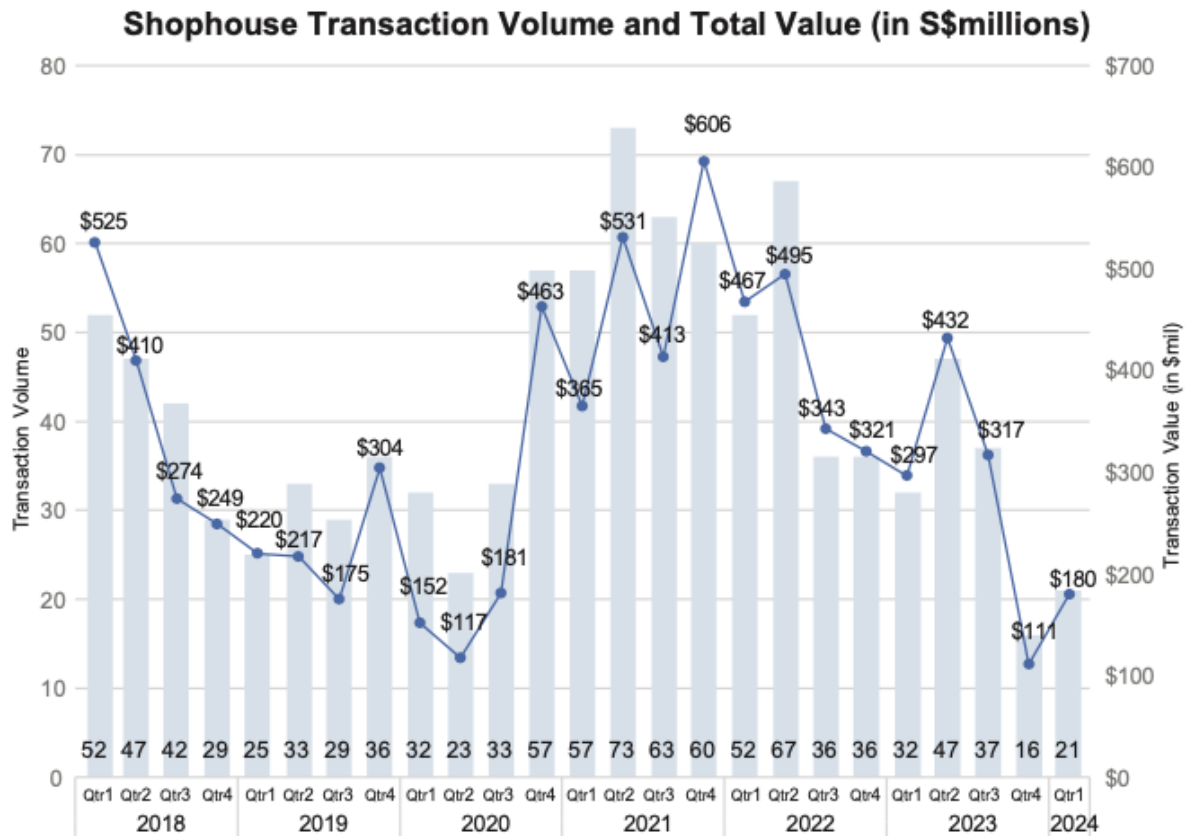
Shophouse Market Q1 2024: Cautious Optimism Amidst Mixed Signals

Singapore's shophouse market displayed a mix of muted transactions and continued investor interest in Q1 2024. While transaction volume remained subdued compared to pre-pandemic levels, there were signs of resilience in rental prices and potential buying opportunities.

Sales Transactions in Q1 2024

Based on URA caveats, shophouse transactions rose by 31% quarter-on-quarter (QOQ) to 21 deals in Q1 2024, compared to 16 in Q4 2023. However, year-on-year (YOY), transactions fell by 34% from the 32 deals recorded in Q1 2023. This decline is likely due to a combination of cautious market sentiment, seasonal factors, and stricter due diligence processes.

Despite the lower transaction volume, the total sales value for shophouses in Q1 2024 reached S\$180 million, a significant increase of 62% from the previous quarter. This growth can be attributed to a few high-value deals. However, compared to Q1 2023, the sales value is down by 39% (S\$297 million) due to the overall lower sales activity.



Source: PropNex Research, URA Realis

Record High Unit Price Achieved

The top shophouse transaction of the quarter was the sale of a three-storey shophouse in Pagoda Street for S\$19 million in March. This translates to a record unit price of S\$14,504 per square foot (psf) on land area, highlighting the continued potential for high prices in prime locations.

Top 5 Shophouse Transactions in Q1 2024

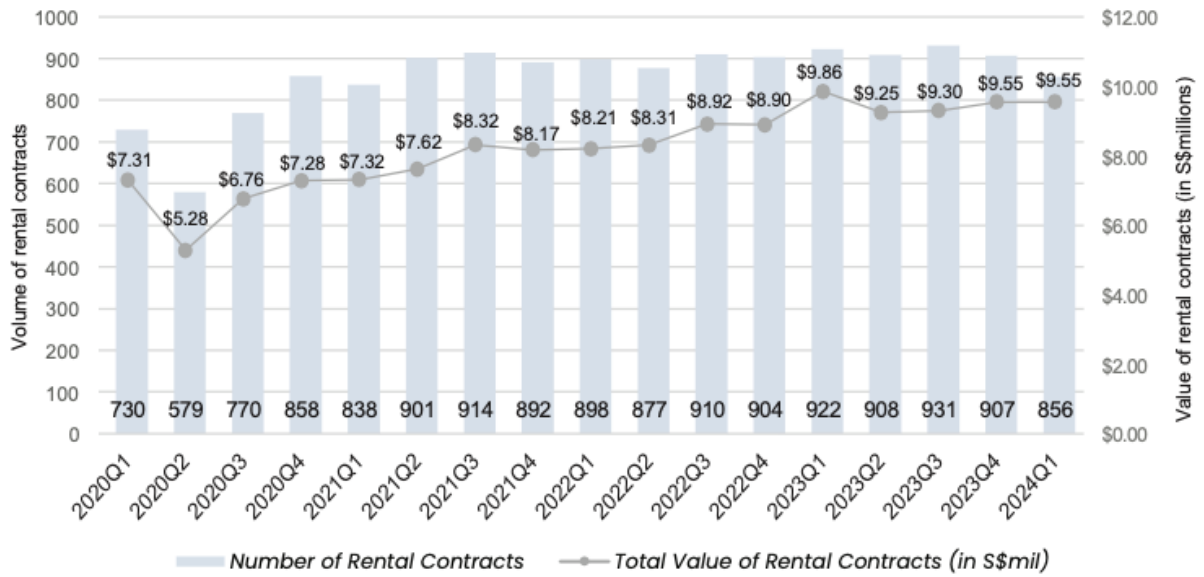
Location	Sale Date	Postal District	Transacted Price (\$)	Area (SQFT)	Unit Price (\$ PSF) on land area	Tenure
3X PAGODA STREET	13 Mar 2024	1	19,000,000	1,310	14,504	Freehold
22X,22X,22X GEYLANG ROAD	26 Feb 2024	14	18,680,000	4,319	4,326	Freehold
3X MOSQUE STREET	6 Mar 2024	1	15,930,000	1,202	13,249	Freehold
7X SYED ALWI ROAD	15 Feb 2024	8	14,380,000	2,709	5,308	Freehold
X SIXTH AVENUE	21 Mar 2024	10	13,800,000	2,451	5,630	Freehold

Source: PropNex Research, URA Realis

Rental Market Stays Strong

The shophouse rental market remained resilient in Q1 2024, supported by recovering tourism and tight occupancy rates. Although the number of rental contracts signed (856) fell slightly compared to Q1 2023 (922), the median monthly rent reached a new high of S\$6.48 psf. Notably, shophouses in the city fringe saw the most significant rental growth, with districts 14 and 15 experiencing a 10.5% and 5.4% QOQ increase respectively.

Shophouse Leasing Transactions and Contract Value (in S\$mil)



Source: PropNex Research, URA Realis

Shophouse median monthly rentals (\$PSF) by quarter



Source: PropNex Research, URA Realis

Median Rentals (\$PSF per month) by district (selected districts)

Median Rentals by district (\$PSF per month)	Q1 2023	Q4 2023	Q1 2024	QOQ	YOY
D01	\$6.43	\$7.83	\$7.44	-5.0%	15.7%
D02	\$7.53	\$7.68	\$7.61	-0.9%	1.1%
D07	\$6.11	\$7.09	\$6.97	-1.7%	14.1%
D08	\$5.20	\$5.70	\$5.85	2.6%	12.5%
D14	\$4.73	\$4.39	\$4.85	10.5%	2.5%
D15	\$5.51	\$5.36	\$5.65	5.4%	2.5%

Source: PropNex Research, URA Realis

Outlook: Potential for Opportunistic Buys

Market analysts anticipate a potential shift in buying behavior due to a softer market sentiment. Savvy investors may be drawn to opportunistic buys, particularly in fringe and secondary locations where sellers are more open to price negotiations. Prime districts, however, are expected to see fewer transactions as shophouses there are typically held long-term by their owners.

Looking ahead, several factors could potentially drive the shophouse market in 2024. These include the projected economic improvement in the second half of the year, the recovery of tourism, and Singapore's increased global visibility from hosting major events. Additionally, the higher property tax for investment residential properties and additional buyer's stamp duty (ABSD) for foreign investors on residential purchases could potentially channel some investment interest towards shophouses, which are not subject to ABSD.

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