

Key indicators at a glance

| HDB Indicators | 2Q17 | 3Q17 |
|-----------------------|--------|--------|
| Resale Market | | |
| HDB Resale Index | 133.7 | 132.8 |
| Q-o-q change (%) | -0.1 | -0.7 |
| Resale Volume (units) | 6,001 | 5,808 |
| Q-o-q change (%) | 32.5 | -3.2 |
| Rental Market | | |
| HDB Rental Index | 119.5 | 117.9 |
| Q-o-q change (%) | 0.0 | -1.3 |
| Rental Volume (units) | 10,929 | 10,698 |
| Q-o-q change (%) | 9.5 | -2.1 |

Note: 3Q17 SRX's HDB Rental Index figures are advance estimates

Source: HDB, SRX, OrangeTee Research

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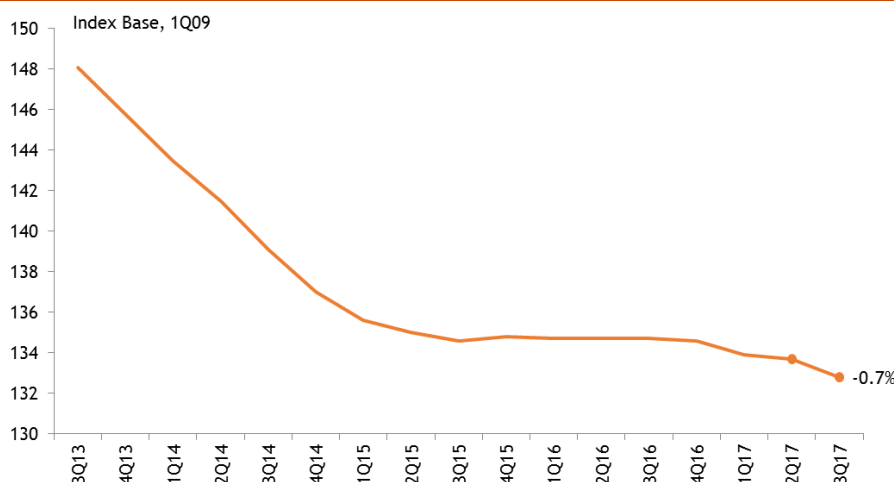
Decline in HDB resale prices likely to be short lived

HDB resale prices continue to fall, slipping by 0.7% q-o-q, the largest fall in 10 quarters. HDB resale prices have continued to fall for 4 consecutive quarters, shedding a cumulative total of 1.4%. The continuous fall in HDB resale prices could be attributed to increased supply in the market due to HDB owners upgrading to new private properties or Executive Condominiums (EC). A total of 12,200 private residential and 3,001 EC units were completed in the first 3 quarters of 2017. This comes after 2016 completions of 20,803 private residential and 5,485 EC units in 2016. However, given the enhancements in CPF housing grants for first-timers, the general uptrend in HDB resale volumes and lower numbers of completions from 2018 to 2019, we do not expect a protracted decline in HDB resale prices.

Game Changer in the HDB resale market

A potential game changer could be the new online resale portal that HDB will launch on 1 Jan 2018. The new portal aims to streamline the entire resale process by integrating all eligibility checks into one platform. The portal will also leverage technology and transaction data “to establish the reasonableness of the transacted price”, removing the need for valuation reports for most flats. These changes are expected to halve the time taken for resale transactions from 16 weeks to 8 weeks. The streamlining of HDB resale processes could allow agents to focus more on value-adding work such as marketing the flat. The impact on resale prices is likely to be negligible, but we could see lower volatility in HDB resale prices given that prices are likely to stick closely to their valuations.

Exhibit 1: HDB Resale Price Index



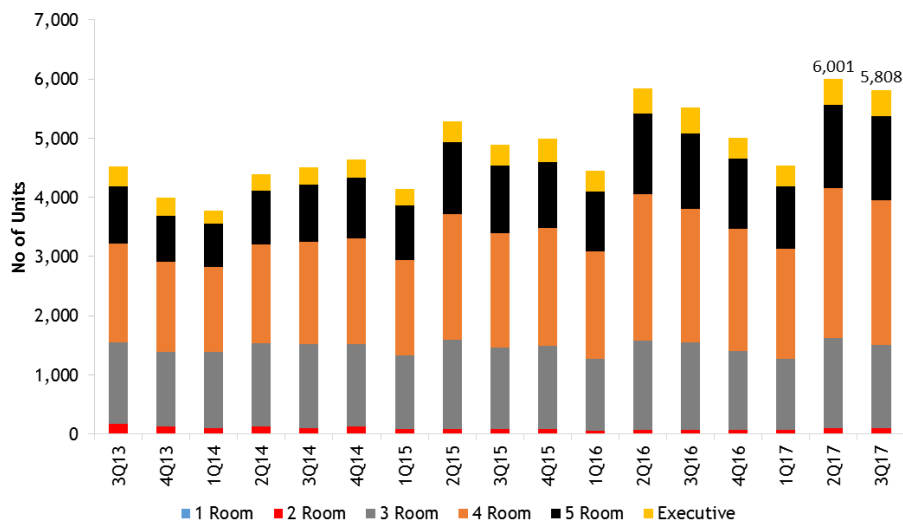
Source: HDB, OrangeTee Research

Prices fall by largest magnitude since 1Q15

HDB resale prices fell 0.7% q-o-q in 3Q17, the largest fall in 10 quarters. The steeper fall in prices could be partially due to the introduction of the Re-Offer of Balance Flats (ROF) exercise in August, which sapped demand away from the resale market.

On a y-o-y basis, prices have fallen 1.4%.

Exhibit 2: HDB Resale volume by room type



Resale volumes down marginally but remain healthy

Due to seasonal factors, resale volume fell marginally by 3.2% q-o-q, but is still 5.3% higher on a y-o-y basis. This suggests that resale volumes remain healthy and would help stabilise prices.

Volumes are expected to edge lower in 4Q17 as housing activities wind down as we approach the December school holidays.

Source: HDB, OrangeTee Research

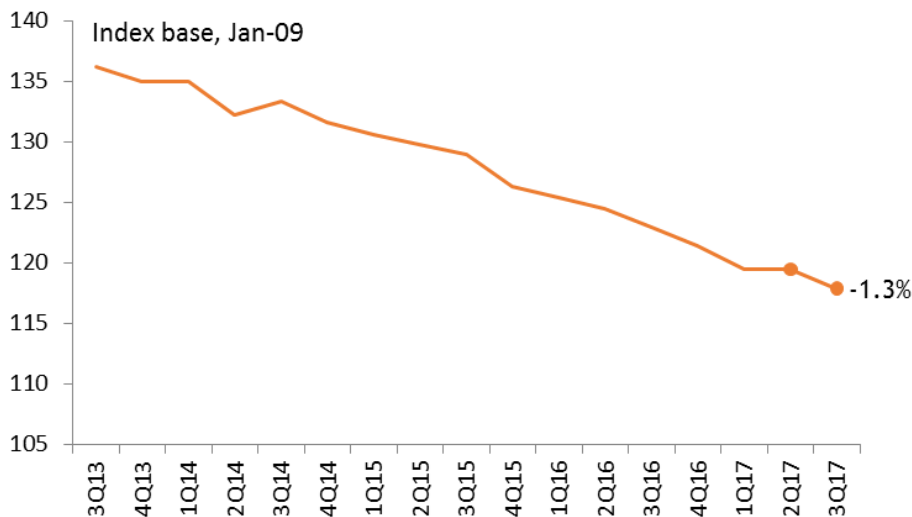
Exhibit 3: HDB Towns median resale price by room type

| Date | | 3 Room | | | 4 Room | | | 5 Room | | |
|------------|-----------------|-----------------------------|---------------------|---------------------|-----------------------------|---------------------|---------------------|-----------------------------|---------------------|---------------------|
| Region | Town | Median Resale Price (\$psf) | Median Resale Price | QoQ Absolute Change | Median Resale Price (\$psf) | Median Resale Price | QoQ Absolute Change | Median Resale Price (\$psf) | Median Resale Price | QoQ Absolute Change |
| Central | Bishan | * | * | \$0 | \$538 | \$580,000 | \$12,000 | \$597 | \$770,000 | -\$9,500 |
| | Bukit Merah | \$492 | \$350,000 | -\$17,500 | \$694 | \$692,500 | \$4,500 | \$533 | \$718,500 | -\$26,500 |
| | Bukit Timah | * | * | \$0 | * | * | \$0 | * | * | \$0 |
| | Central | - | - | \$0 | - | - | \$0 | - | - | \$0 |
| | Geylang | \$405 | \$268,000 | -\$2,000 | \$556 | \$480,000 | -\$20,000 | * | * | \$0 |
| | Kallang/Whampoa | \$466 | \$326,000 | \$6,000 | \$522 | \$533,800 | -\$34,700 | \$531 | \$702,500 | -\$9,000 |
| | Marine Parade | * | * | \$0 | * | * | \$0 | * | * | \$0 |
| | Queenstown | \$553 | \$355,500 | -\$13,500 | \$711 | \$718,000 | \$23,000 | \$680 | \$800,000 | \$0 |
| Toa Payoh | \$414 | \$302,500 | -\$2,000 | \$541 | \$600,000 | \$46,000 | \$725 | \$880,000 | \$126,000 | |
| North | Sembawang | - | - | \$0 | \$348 | \$339,000 | -\$10,600 | \$340 | \$405,000 | -\$4,000 |
| | Woodlands | \$353 | \$265,000 | \$1,000 | \$334 | \$348,000 | \$2,000 | \$327 | \$415,000 | \$0 |
| | Yishun | \$389 | \$280,000 | \$0 | \$341 | \$350,000 | -\$8,000 | \$381 | \$470,000 | \$5,000 |
| North-East | Ang Mo Kio | \$403 | \$310,000 | \$1,100 | \$454 | \$458,000 | -\$7,500 | \$512 | \$665,000 | -\$2,500 |
| | Hougang | \$402 | \$288,000 | -\$10,000 | \$367 | \$380,000 | -\$10,000 | \$369 | \$480,400 | \$400 |
| | Punggol | \$485 | \$358,000 | -\$2,000 | \$425 | \$438,400 | -\$3,100 | \$363 | \$432,500 | -\$7,500 |
| | Sengkang | \$486 | \$342,000 | \$0 | \$414 | \$415,000 | \$0 | \$366 | \$438,000 | -\$2,000 |
| | Serangoon | \$439 | \$305,000 | -\$21,500 | \$394 | \$456,500 | \$22,600 | \$396 | \$512,000 | \$0 |
| East | Bedok | \$422 | \$300,000 | \$0 | \$413 | \$420,000 | \$5,000 | \$440 | \$563,000 | \$3,000 |
| | Pasir Ris | * | * | \$0 | \$361 | \$405,000 | \$5,000 | \$353 | \$469,000 | -\$6,000 |
| | Tampines | \$424 | \$320,000 | -\$12,000 | \$395 | \$430,000 | -\$5,000 | \$403 | \$538,900 | \$3,900 |
| West | Bukit Batok | \$376 | \$272,000 | -\$3,000 | \$375 | \$400,000 | \$5,000 | \$403 | \$547,500 | \$12,500 |
| | Bukit Panjang | * | * | \$0 | \$350 | \$375,000 | \$5,000 | \$391 | \$471,500 | \$6,500 |
| | Choa Chu Kang | * | * | \$0 | \$321 | \$350,000 | \$5,000 | \$317 | \$408,000 | -\$2,000 |
| | Clementi | \$465 | \$336,000 | -\$6,500 | \$424 | \$564,800 | -\$45,200 | * | * | \$0 |
| | Jurong East | \$372 | \$280,000 | -\$15,000 | \$383 | \$415,000 | \$7,000 | \$373 | \$513,000 | \$0 |
| | Jurong West | \$366 | \$260,000 | -\$12,500 | \$340 | \$363,900 | \$3,900 | \$383 | \$457,000 | -\$11,000 |

*Refers to cases where there are less than 20 resale transactions in the quarter for the particular town and flat type. The median prices of these cases are not shown as they may not be representative.

Source: HDB, OrangeTee Research

Exhibit 4: SRX HDB Rental Index

**Rental prices stabilising**

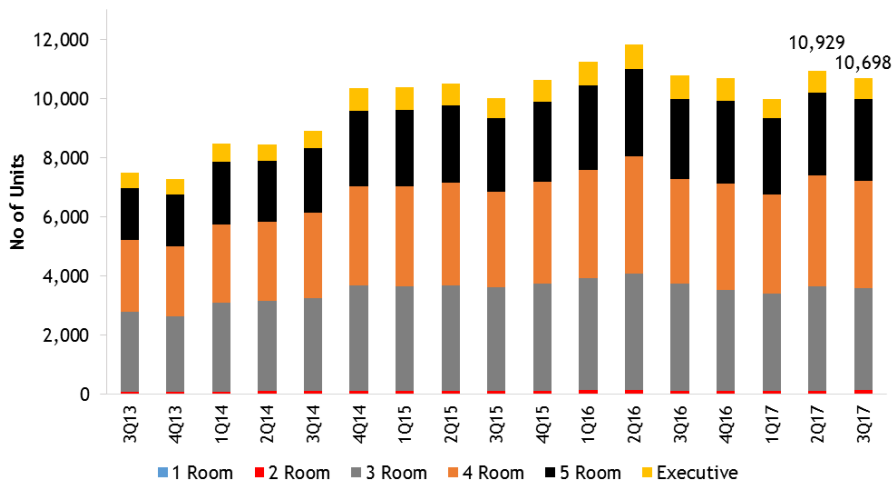
According to SRX flash figures for September, rentals have fallen by 1.3% q-o-q.

YTD, rents have fallen by just 1.3% in 2017, as compared to a 3.2% rental slide in 2016, largely due to rentals staying flat in 2Q17 vis-a-vis 1Q17.

Rents should stabilize by 2018 as we anticipate higher tenant demand due to improving economic growth and a stabilising labour market.

Source: SRX, OrangeTee Research

Exhibit 5: HDB Rental Volume by Room Type

**Rental volume remains robust**

Rental volumes remain healthy, falling marginally by 2.1% q-o-q and 0.8% y-o-y. This is 12.4% higher than the 5-year average for rental volumes.

3 room and 4 room flat types continue to dominate leasing demand taking up 32% and 34% of leasing transactions respectively.

Source: URA, OrangeTee Research

Exhibit 6: HDB Towns Estimated Rental Yields by Room Type

| Town | Estimated Rental Yield | | | Town | Estimated Rental Yield | | | Town | Estimated Rental Yield | | |
|------------------|------------------------|------|------|------------|------------------------|------|------|---------------|------------------------|------|------|
| | 3-Rm | 4-Rm | 5-Rm | | 3-Rm | 4-Rm | 5-Rm | | 3-Rm | 4-Rm | 5-Rm |
| Bishan | - | 4.8% | 4.1% | Sembawang | - | 6.4% | 5.9% | Bedok | 6.8% | 6.0% | 4.9% |
| Bukit Merah | 6.9% | 4.5% | 4.7% | Woodlands | 6.6% | 6.2% | 5.5% | Pasir Ris | - | 5.9% | 5.4% |
| Bukit Timah | - | - | - | Yishun | 6.9% | 6.2% | 5.4% | Tampines | 6.4% | 5.7% | 4.9% |
| Central | - | - | - | Ang Mo Kio | 6.6% | 5.8% | 4.4% | Bukit Batok | 7.1% | 6.0% | 4.8% |
| Geylang | 8.1% | 5.8% | - | Hougang | 6.9% | 6.3% | 5.5% | Bukit Panjang | - | 5.6% | 4.7% |
| Kallang/ Whampoa | 7.0% | 5.4% | 4.5% | Punggol | - | 4.9% | 5.1% | Choa Chu Kang | - | 6.2% | 5.9% |
| Marine Parade | - | - | - | Sengkang | - | 5.5% | 5.2% | Clementi | 6.4% | 5.2% | - |
| Queenstown | 6.4% | 4.3% | 4.2% | Serangoon | 6.9% | 5.8% | 5.4% | Jurong East | 7.5% | 6.1% | 5.4% |
| Toa Payoh | 7.1% | 4.6% | 3.5% | | | | | Jurong West | 7.8% | 6.9% | 6.0% |

Source: HDB, OrangeTee Research

Exhibit 7: HDB Towns Median Rents by Room Type

| Date | 2017Q3 | | 3-Room | | 4-Room | | 5-Room | |
|------------|-----------------|--------------|---------------------------|--------------|---------------------------|--------------|---------------------------|--|
| Region | Town | Median Rents | QoQ Absolute Change | Median Rents | QoQ Absolute Change | Median Rents | QoQ Absolute Change | |
| Central | Bishan | \$1,900 | \$100 | \$2,300 | \$0 | \$2,600 | \$0 | |
| | Bukit Merah | \$2,000 | \$50 | \$2,600 | \$0 | \$2,800 | \$50 | |
| | Bukit Timah | * | \$0 | * | \$0 | * | \$0 | |
| | Central | \$2,200 | \$0 | \$2,750 | \$50 | * | \$0 | |
| | Geylang | \$1,800 | \$0 | \$2,300 | -\$100 | \$2,600 | \$100 | |
| | Kallang/Whampoa | \$1,900 | \$0 | \$2,400 | -\$100 | \$2,650 | -\$50 | |
| | Marine Parade | \$1,800 | \$0 | \$2,150 | -\$50 | * | \$0 | |
| | Queenstown | \$1,900 | -\$100 | \$2,600 | \$0 | \$2,800 | -\$150 | |
| | Toa Payoh | \$1,800 | \$0 | \$2,300 | -\$70 | \$2,600 | \$0 | |
| North | Sembawang | - | \$0 | \$1,800 | -\$50 | \$2,000 | \$0 | |
| | Woodlands | \$1,450 | -\$30 | \$1,800 | \$0 | \$1,900 | \$0 | |
| | Yishun | \$1,600 | \$0 | \$1,800 | -\$100 | \$2,100 | \$0 | |
| North-East | Ang Mo Kio | \$1,700 | -\$50 | \$2,200 | -\$50 | \$2,450 | \$50 | |
| | Hougang | \$1,650 | \$0 | \$2,000 | \$0 | \$2,200 | \$100 | |
| | Punggol | * | \$0 | \$1,800 | \$0 | \$1,850 | \$0 | |
| | Sengkang | * | \$0 | \$1,900 | \$100 | \$1,900 | \$0 | |
| | Serangoon | \$1,750 | -\$50 | \$2,200 | -\$100 | \$2,300 | \$0 | |
| East | Bedok | \$1,700 | \$0 | \$2,100 | \$0 | \$2,300 | \$50 | |
| | Pasir Ris | * | \$0 | \$2,000 | \$0 | \$2,100 | -\$80 | |
| | Tampines | \$1,700 | \$0 | \$2,050 | -\$50 | \$2,200 | \$0 | |
| West | Bukit Batok | \$1,600 | -\$50 | \$2,000 | \$0 | \$2,200 | -\$100 | |
| | Bukit Panjang | \$1,550 | \$50 | \$1,750 | \$0 | \$1,850 | -\$30 | |
| | Choa Chu Kang | * | \$0 | \$1,800 | \$0 | \$2,000 | \$100 | |
| | Clementi | \$1,800 | -\$100 | \$2,450 | \$0 | \$2,700 | -\$30 | |
| | Jurong East | \$1,750 | \$0 | \$2,100 | -\$50 | \$2,300 | \$0 | |
| | Jurong West | \$1,700 | \$0 | \$2,100 | \$50 | \$2,300 | \$0 | |

Source: URA, OrangeTee Research