

Key indicators at a glance

HDB Indicators	3Q17	4Q17
HDB Resale Index	132.8	132.6
Q-o-q change (%)	-0.7	-0.2
Resale Volume (units)	5,808	5,738
Q-o-q change (%)	-3.2	-1.2
HDB Rental Index	117.8	117.1
Q-o-q change (%)	-1.4	-0.6
Rental Volume (units)	10,698	11,279
Q-o-q change (%)	-2.1	5.4

Note: 4Q17 SRX's HDB Rental Index figures are advance estimates

Source: HDB, SRX, OrangeTee Research

RESEARCH & CONSULTANCY

Steven Tan
Managing Director

John Tay
Research Analyst

E-mail: research@orangetee.com
Website: www.orangetee.com

Follow us on 

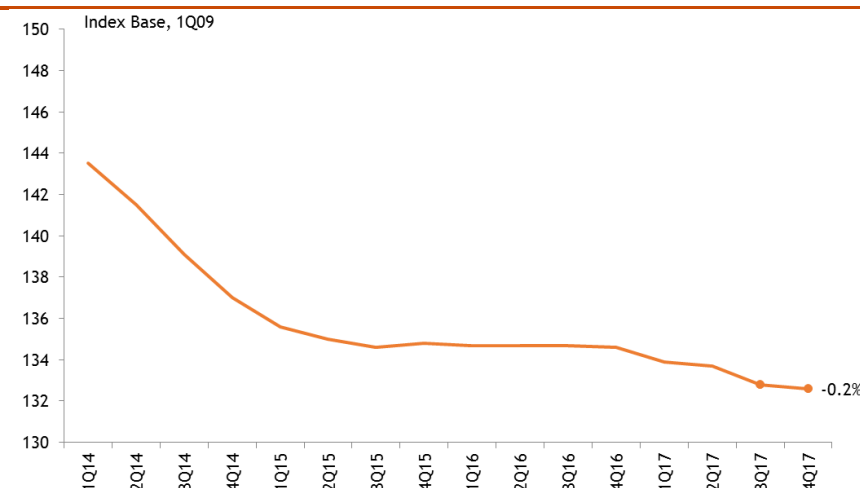
HDB resale prices tracking sideways

4Q17 HDB resale prices fell by just 0.2% q-o-q, after slipping by 0.7% in the preceding quarter. Prices have fallen by 1.5% in 2017, as compared to falls of 0.1% and 1.6% in 2016 and 2015 respectively. The fall in resale prices may possibly be due to an increase in the supply of resale flats from owners who are upgrading to private properties as the overall private property index is still 10.3% below the peak in 3Q13. The number of private property purchasers who are living in HDBs has increased by a whopping 23.4% in 2017 as compared to 2016. Resale prices may recover in 2018 given that transaction volume remains robust, and as the increase in grants is likely to increase the appeal of resale units for first timers.

Introduction of Punggol Digital District

The Punggol Digital District masterplan that was unveiled on 21 Jan envisions a district driven by technology and innovation. Though the development of the masterplan is expected to occur progressively, the district will eventually integrate a business park, a university, as well as community facilities. This is expected to bring an estimated 28,000 jobs to the Punggol and north-east region, with an emphasis on key growth sectors of the digital economy, such as cyber security and Internet of Things (IoT). The district will also integrate digital infrastructure, which could lay the groundwork for smart-enabled homes. The masterplan announcement is expected to drive resale flat prices and rentals in the Punggol district higher, as demand for units in the region increases.

Exhibit 1: HDB Resale Price Index



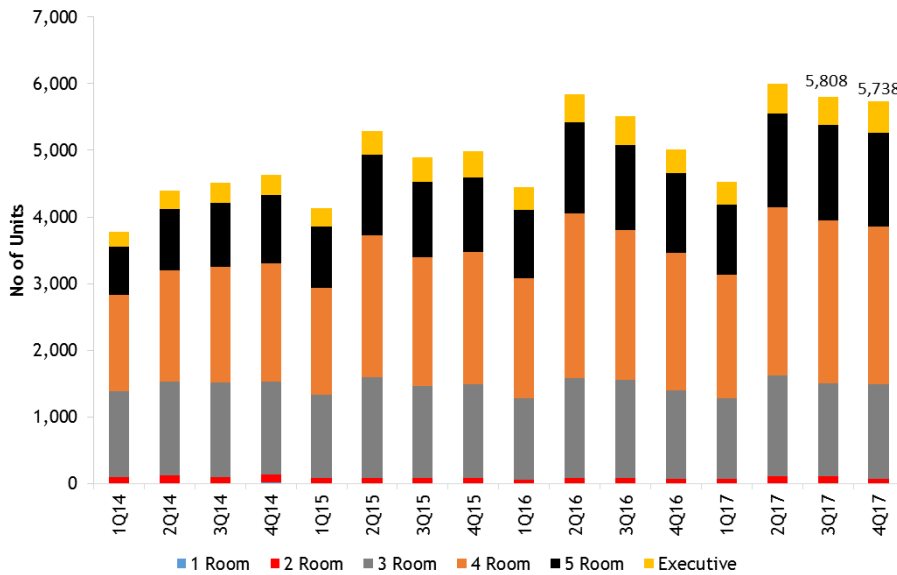
Source: HDB, OrangeTee Research

Prices fell by 1.5% in 2017

HDB resale prices fell by just 0.2% q-o-q in 4Q17, after falling by an unexpected 0.7% in 3Q17. The slower pace of decline indicates that overall prices are not headed for a fresh cycle of price correction.

HDB resale prices may recover in 2018 given the enhancement in housing grants for first timers and potentially higher prices in the private market.

Exhibit 2: HDB Resale volume by room type



2017 resale volumes at highest level since 2012

Resale volume fell marginally by 1.2% q-o-q due to seasonal factors, but is 14.5% higher on a y-o-y basis. Resale volumes rose by 6.1% in 2017, and the full-year figure of 22,077 units transacted is the highest since 2012.

Resale volumes may have been boosted as the falling resale price index and the increased grant quantum may have sweetened the appeal of resale units to more first-timers.

Source: HDB, OrangeTee Research

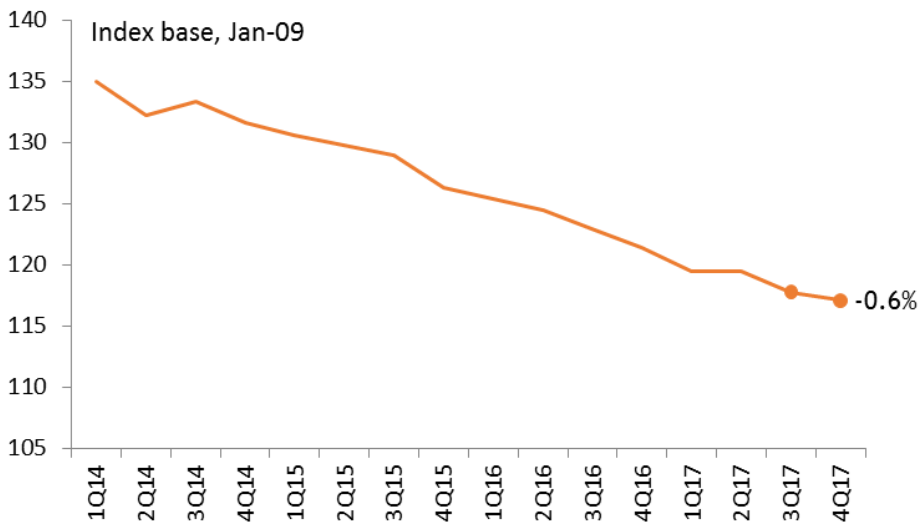
Exhibit 3: HDB Towns median resale price by room type

Date		2017Q4			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	\$542	\$560,000	-\$20,000	\$568	\$815,000	-\$45,000			
	Bukit Merah	\$510	\$365,000	-\$15,000	\$686	\$690,000	-\$2,500	\$588	\$768,000	-\$49,500			
	Bukit Timah	*	*	\$0	*	*	\$0	*	*	\$0			
	Central	-	-	\$0	-	-	\$0	-	-	\$0			
	Geylang	\$416	\$280,000	-\$12,000	\$478	\$505,000	-\$25,000	*	\$641,400	\$0			
	Kallang/Whampoa	\$437	\$310,000	-\$16,000	\$523	\$506,300	-\$27,500	\$538	\$690,000	-\$12,500			
	Marine Parade	*	*	\$0	*	*	\$0	*	*	\$0			
	Queenstown	\$478	\$345,000	-\$10,500	\$713	\$716,000	-\$2,000	\$675	*	\$0			
Toa Payoh	\$422	\$301,900	-\$600	\$581	\$620,000	-\$20,000	\$703	\$855,000	-\$25,000				
North	Sembawang	-	-	\$0	\$343	\$340,000	-\$1,000	\$337	\$405,000	\$0			
	Woodlands	\$339	\$259,000	-\$6,000	\$324	\$330,000	-\$18,000	\$318	\$408,000	-\$7,000			
	Yishun	\$363	\$268,000	-\$12,000	\$343	\$341,000	-\$9,000	\$350	\$465,000	-\$5,000			
North-East	Ang Mo Kio	\$399	\$300,000	-\$10,000	\$446	\$464,000	-\$6,000	\$487	\$660,000	-\$5,000			
	Hougang	\$388	\$283,000	-\$5,000	\$370	\$380,000	\$0	\$371	\$472,000	-\$8,400			
	Punggol	\$471	*	\$0	\$435	\$440,000	-\$1,600	\$367	\$438,000	-\$5,500			
	Sengkang	\$466	\$340,000	-\$2,000	\$400	\$405,000	-\$10,000	\$360	\$440,000	-\$2,000			
	Serangoon	\$465	\$321,000	-\$16,000	\$515	\$461,500	-\$5,000	\$411	*	\$0			
East	Bedok	\$410	\$300,000	\$0	\$420	\$418,000	-\$2,000	\$451	\$586,000	-\$23,000			
	Pasir Ris	*	-	\$0	\$357	\$402,500	-\$2,500	\$355	\$475,000	-\$6,000			
	Tampines	\$424	\$334,000	-\$14,000	\$396	\$430,000	\$0	\$400	\$534,000	-\$4,900			
West	Bukit Batok	\$366	\$268,000	-\$4,000	\$373	\$391,000	-\$9,000	\$422	\$545,000	-\$2,500			
	Bukit Panjang	*	\$283,000	\$0	\$346	\$365,500	-\$9,500	\$380	\$456,900	-\$14,600			
	Choa Chu Kang	*	\$270,000	\$0	\$310	\$338,000	-\$12,000	\$316	\$410,000	-\$2,000			
	Clementi	\$433	\$343,500	-\$7,500	\$541	\$521,500	-\$43,300	*	*	\$0			
	Jurong East	\$387	\$290,000	-\$10,000	\$445	\$435,000	-\$20,000	\$407	\$541,500	-\$28,500			
	Jurong West	\$359	\$270,000	-\$10,000	\$345	\$358,000	-\$5,900	\$366	\$449,800	-\$7,200			

*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 fall at slower pace

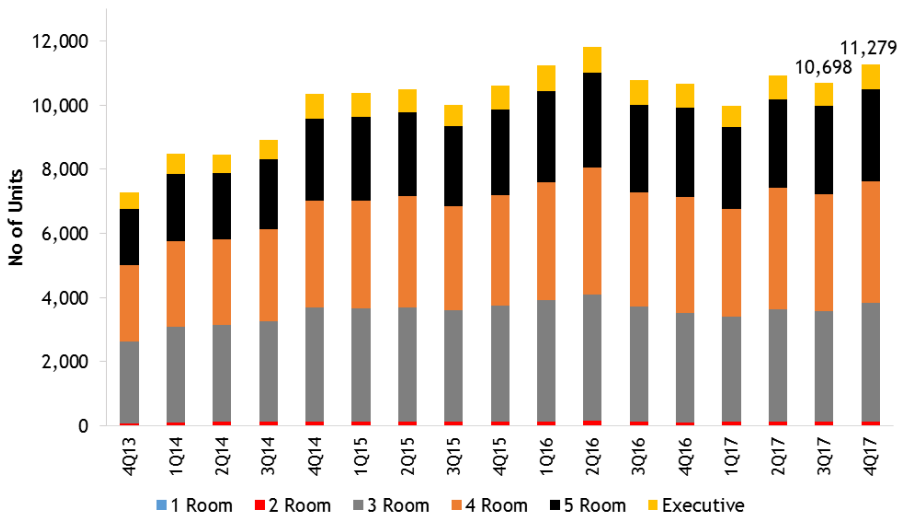
SRX flash figures for December reflects a 0.6% decrease in rentals on a q-o-q basis.

Rents fell by 3.5% in 2017, a marginally slower pace than the 3.9% and 4.0% rental slide in 2016 and 2015 respectively.

Rents may stabilise in 2018 on the back of an improving labour market.

Source: SRX, OrangeTee Research

Exhibit 5: HDB Rental Volume by Room Type



2017 rental volumes slightly lower

Rental volume rose by 5.4% on a q-o-q basis, and is 5.6% higher on a y-o-y basis. However, volumes for full-year 2017 fell by 3.7% as compared to 2016.

The decrease in rental volumes could be due to tenants entering the resale market as prices may have fallen to attractive levels.

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	-	4.9%	3.8%	Sembawang	-	6.4%	5.6%	Bedok	6.8%	6.0%	4.5%
Bukit Merah	6.2%	4.5%	4.5%	Woodlands	6.5%	6.4%	5.6%	Pasir Ris	-	5.7%	5.3%
Bukit Timah	-	-	-	Yishun	6.9%	6.6%	5.2%	Tampines	6.1%	5.6%	4.9%
Central	-	-	-	Ang Mo Kio	6.8%	5.7%	4.5%	Bukit Batok	7.2%	6.1%	4.6%
Geylang	7.7%	5.7%	4.7%	Hougang	6.8%	6.0%	5.3%	Bukit Panjang	6.4%	5.6%	4.9%
Kallang/Whampoa	7.4%	5.9%	4.7%	Punggol	-	4.9%	4.9%	Choa Chu Kang	-	6.4%	5.5%
Marine Parade	-	-	-	Sengkang	-	5.3%	5.2%	Clementi	6.3%	5.5%	-
Queenstown	6.6%	4.4%	-	Serangoon	6.7%	5.7%	-	Jurong East	7.0%	5.8%	5.1%
Toa Payoh	7.2%	4.5%	3.6%					Jurong West	7.6%	6.7%	5.9%

Source: HDB, OrangeTee Research

Exhibit 7: HDB Towns Median Rents by Room Type

Date		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	\$0	\$2,300	\$0	\$2,600	\$0
	Bukit Merah	\$1,900	-\$100	\$2,600	\$0	\$2,850	+\$50
	Bukit Timah	*	\$0	*	\$0	*	\$0
	Central	\$2,200	\$0	\$2,750	\$0	*	\$0
	Geylang	\$1,800	\$0	\$2,380	+\$80	\$2,530	-\$70
	Kallang /Whampoa	\$1,900	\$0	\$2,500	+\$100	\$2,680	+\$30
	Marine Parade	\$1,800	\$0	\$2,200	+\$50	*	\$0
	Queenstown	\$1,900	\$0	\$2,600	\$0	\$2,800	\$0
	Toa Payoh	\$1,800	\$0	\$2,350	+\$50	\$2,600	\$0
North	Sembawang	*	\$0	\$1,800	\$0	\$1,900	-\$100
	Woodlands	\$1,400	-\$50	\$1,750	-\$50	\$1,900	\$0
	Yishun	\$1,550	-\$50	\$1,880	+\$80	\$2,000	-\$100
North-East	Ang Mo Kio	\$1,700	\$0	\$2,200	\$0	\$2,450	\$0
	Hougang	\$1,600	-\$50	\$1,900	-\$100	\$2,100	-\$100
	Punggol	*	\$0	\$1,800	\$0	\$1,800	-\$50
	Sengkang	*	\$0	\$1,800	-\$100	\$1,900	\$0
	Serangoon	\$1,800	+\$50	\$2,200	\$0	\$2,200	-\$100
East	Bedok	\$1,700	\$0	\$2,100	\$0	\$2,200	-\$100
	Pasir Ris	-	\$0	\$1,900	-\$100	\$2,100	\$0
	Tampines	\$1,700	\$0	\$2,000	-\$50	\$2,200	\$0
West	Bukit Batok	\$1,600	\$0	\$2,000	\$0	\$2,100	-\$100
	Bukit Panjang	\$1,500	-\$50	\$1,700	-\$50	\$1,850	\$0
	Choa Chu Kang	*	\$0	\$1,800	\$0	\$1,890	-\$110
	Clementi	\$1,800	\$0	\$2,400	-\$50	\$2,530	-\$170
	Jurong East	\$1,700	-\$50	\$2,100	\$0	\$2,300	\$0
	Jurong West	\$1,700	\$0	\$2,000	-\$100	\$2,200	-\$100

Source: URA, OrangeTee Research