

# HDB MARKET PULSE

REAL ESTATE DATA TREND Q4 2019



Anchorvale Cove / OrangeTee & Tie Research & Consultancy Photo

- The HDB resale market staged a remarkable turnaround last year with higher sales and prices.
- The cumulative effect of multiple policies seemed effective in mitigating further price falls and boosting buying interest of resale flats.
- The public housing sector is poised for brighter prospects this year as more resale flats could be transacted this year and prices may trend moderately higher.
- Hiring expectation remain upbeat this year which may bode well for the rental market.

## Market turned around last year after series of policy changes

The HDB resale market staged a surprising turnaround in the second half of last year as both prices and sales volume rebounded after a series of policy changes were implemented in recent months.

A number of important changes were made last year such as allowing buyers greater flexibility in using CPF to buy older flats and enhancing the CPF Housing Grant to increase housing affordability for more Singaporeans.

In 2019, 23,714 resale transactions were recorded, 2.7 per cent higher than the 23,099 units sold in 2018, reaching a seven-year high. HDB resale prices have also rebounded in the second half of last year, with a second consecutive uptick of 0.5 per cent in Q4 2019 after rising marginally by 0.1 per cent in the preceding quarter. For the whole of 2019, prices rose marginally by 0.1 per cent.

The cumulative effect of multiple policies seemed effective in mitigating further price falls arising from concerns surrounding the lease depreciation of older flats and the increasing housing supply. More older flats were sold over the past few months and price of older flats have also increased in some housing estates.

Table 1 Market summary

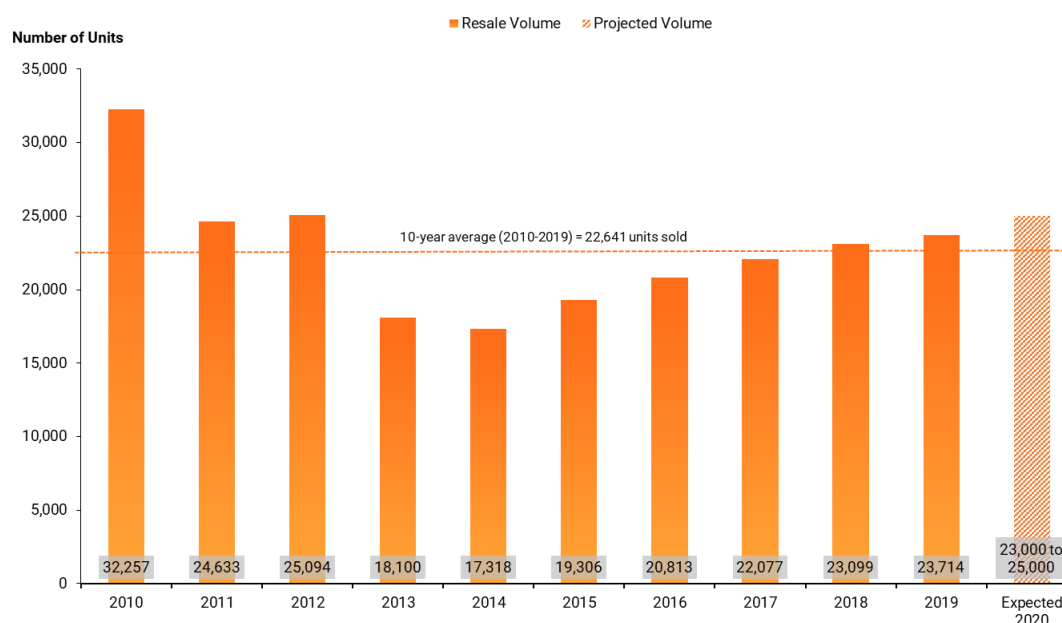
Indicators	2018	2019	Projection for 2020
<b>Resale</b>			
Price Change	-0.9%	0.1%	0% to 2%
Sales Volume (units)	23,099	23,714	23,000 to 25,000
<b>Rental</b>			
Rental Price Change (SRX)	-0.4%	1.3%	0% to 2%
Leasing volume (units)	46,440	48,195	48,000 to 51,000

Source: Data.gov.sg, HDB, SRX, OrangeTee & Tie Research & Consultancy

Barring any unforeseen circumstances, the positive impact of the recent policy changes may continue to create demand in the secondary market. With more flats reaching their Minimum Occupation Period this year, we may expect more homeowners put up their units for sale and upgrade to private properties or bigger flats.

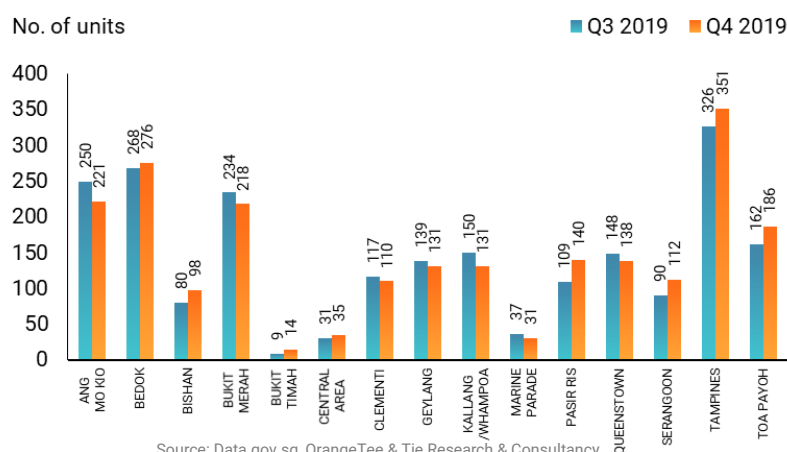
Sales volume may be stronger this year, possibly around 23,000 to 25,000 transactions (Chart 1). Prices of resale flats may stabilise or rise further, albeit at a modest pace of below 2 per cent this year. See pages 8 to 10 for more details on our market projection.

Chart 1 Sales volume is projected to rise higher this year  
Volume Projection for HDB Resale Market



Source: HDB, Data.gov.sg, OrangeTee & Tie Research & Consultancy  
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Chart 2 Resale transactions rose for some towns  
HDB resale applications for standard flats



Source: Data.gov.sg, OrangeTee & Tie Research & Consultancy

## MATURE ESTATES

The market performance was a mixed bag last quarter where the number of towns that saw a fall in demand was almost equal to the number of towns that saw an increase in demand. The largest increase was in Pasir Ris (31 units, 28.4 per cent), followed by Tampines (25 units, 7.7 per cent), and Toa Payoh (24 units, 14.8 per cent) (Chart 2).

Prices of standard flats in Marine Parade and Pasir Ris saw prices rise across the board for 3-, 4-, 5-room types in Q4 2019, while flats in Ang Mo Kio, Bedok, Bishan and Bukit Merah dipped across all flat types over the same period (Table 2).

Table 2 Prices of standard\* flats rose across the board in Marine Parade and Pasir Ris

Towns	3 Room			4 Room			5 Room		
	Q3 2019	Q4 2019	% Diff	Q3 2019	Q4 2019	% Diff	Q3 2019	Q4 2019	% Diff
Ang Mo Kio	\$287,042	\$282,169	-1.7%	\$432,634	\$426,038	-1.5%	\$622,644	\$619,118	-0.6%
Bedok	\$285,501	\$278,328	-2.5%	\$426,797	\$407,816	-4.4%	\$567,447	\$546,500	-3.7%
Bishan	\$383,789	\$345,422	-10.0%	\$561,533	\$533,916	-4.9%	\$730,528	\$730,311	-0.03%
Bukit Merah	\$360,911	\$351,105	-2.7%	\$650,935	\$647,380	-0.5%	\$778,797	\$758,231	-2.6%
Bukit Timah	\$412,500	\$455,000	10.3%	\$585,000	\$608,127	4.0%	\$859,000	\$804,167	-6.4%
Central Area	\$398,868	\$416,100	4.3%	\$575,273	\$561,491	-2.4%	\$659,000	\$668,000	1.4%
Clementi	\$309,858	\$309,650	-0.1%	\$512,669	\$553,148	7.9%	\$736,799	\$673,565	-8.6%
Geylang	\$270,373	\$272,215	0.7%	\$519,553	\$503,571	-3.1%	\$670,972	\$743,000	10.7%
Kallang/Whampoa	\$336,699	\$324,888	-3.5%	\$524,800	\$574,355	9.4%	\$677,741	\$672,495	-0.8%
Marine Parade	\$361,980	\$362,267	0.1%	\$481,338	\$495,765	3.0%	\$762,300	\$770,000	1.0%
Pasir Ris	\$316,667	\$337,000	6.4%	\$422,199	\$449,245	6.4%	\$486,321	\$519,203	6.8%
Queenstown	\$339,350	\$356,119	4.9%	\$695,107	\$693,011	-0.3%	\$808,394	\$828,876	2.5%
Serangoon	\$305,690	\$301,962	-1.2%	\$466,977	\$443,715	-5.0%	\$545,691	\$581,527	6.6%
Tampines	\$336,669	\$335,202	-0.4%	\$430,727	\$444,145	3.1%	\$531,673	\$540,438	1.6%
Toa Payoh	\$260,283	\$271,015	4.1%	\$538,548	\$514,774	-4.4%	\$671,476	\$648,623	-3.4%

\*Standard flats exclude adjoined flats, DBSS, improved-maisonette, maisonette, Model A-Maisonette, New Generation, Premium Apartments and Maisonette, Terrence, Type S1&S2

Source: Data.gov.sg, OrangeTee & Tie Research & Consultancy

## NON-MATURE ESTATES

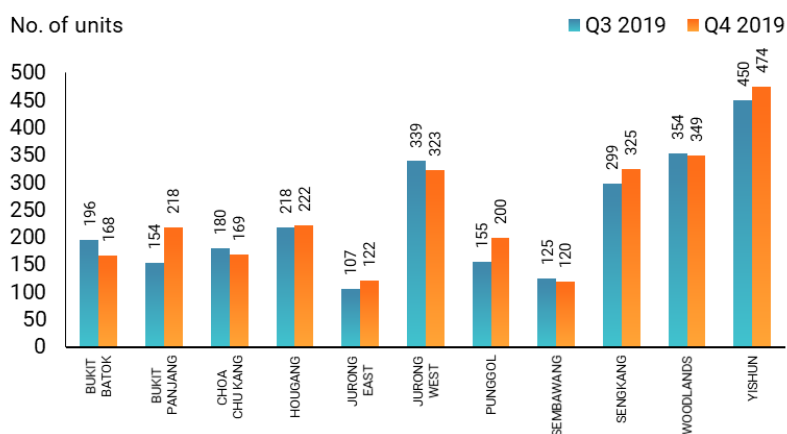
Resale transactions rose across many towns including Bukit Panjang, Hougang, Jurong East, Punggol, Sengkang, and Yishun in Q4 2019 (Chart 3).

Bukit Panjang saw the largest q-o-q jump in transaction volume (64 units, 41.6 per cent), followed by Punggol (45 units, 29.0 per cent) and Sengkang (26 units, 8.7 per cent).

There were more price increases than price drops for 4-room units (Table 3). The largest price increase was for 4 room flats at Bukit Panjang where prices rose 6.0 per cent q-o-q in Q4. Prices of 5-room flats in Bukit Panjang had also recorded the largest increase of 5.0 per cent over the same period.

Chart 3 Resale transactions rose for some towns

### HDB resale applications for standard flats



Source: Data.gov.sg, OrangeTee & Tie Research & Consultancy

Table 3 Prices of standard\* flats rose across the board in Sembawang and Sengkang

Towns	3 Room			4 Room			5 Room		
	Q3 2019	Q4 2019	% Diff	Q3 2019	Q4 2019	% Diff	Q3 2019	Q4 2019	% Diff
Bukit Batok	\$253,552	\$252,976	-0.2%	\$364,809	\$366,778	0.5%	\$510,997	\$506,573	-0.9%
Bukit Panjang	\$299,265	\$291,995	-2.4%	\$368,130	\$390,315	6.0%	\$470,923	\$494,667	5.0%
Choa Chu Kang	\$286,576	\$273,900	-4.4%	\$342,833	\$343,327	0.1%	\$403,111	\$416,181	3.2%
Hougang	\$285,341	\$278,980	-2.2%	\$394,399	\$395,017	0.2%	\$500,621	\$488,324	-2.5%
Jurong East	\$270,652	\$271,142	0.2%	\$395,655	\$378,894	-4.2%	\$518,030	\$511,379	-1.3%
Jurong West	\$247,813	\$247,101	-0.3%	\$360,698	\$354,443	-1.7%	\$434,465	\$438,410	0.9%
Punggol	\$349,471	\$352,235	0.8%	\$448,973	\$450,772	0.4%	\$524,528	\$503,634	-4.0%
Sembawang	\$292,949	\$297,455	1.5%	\$350,904	\$355,638	1.3%	\$397,644	\$402,870	1.3%
Sengkang	\$331,519	\$332,806	0.4%	\$404,349	\$408,948	1.1%	\$477,702	\$485,593	1.7%
Woodlands	\$254,263	\$244,101	-4.0%	\$334,840	\$332,046	-0.8%	\$406,463	\$397,428	-2.2%
Yishun	\$269,963	\$266,455	-1.3%	\$351,227	\$353,142	0.5%	\$473,137	\$460,905	-2.6%

\*Standard flats exclude adjoining flats, DBSS, improved-maisonette, maisonette, Model A-Maisonette, New Generation, Premium Apartments and Maisonette, Terrence, Type S1&S2

Source: Data.gov.sg, OrangeTee & Tie Research & Consultancy



### **Better Prospects Ahead**

The public housing sector is poised for brighter prospects this year, barring any unforeseen circumstances. The positive impact from the recent policy changes will continue to create demand while overall prices may continue to stabilise or rise modestly by less than 2 per cent this year.

- *Christine Sun*

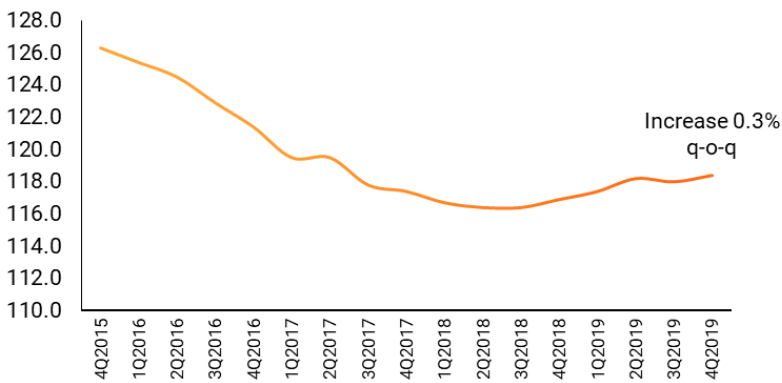


# RENTAL

Chart 4 Slight increase in rents

## SRX HDB Rental index

Index, Base = Jan 09



Source: SRX, OrangeTee & Tie Research & Consultancy

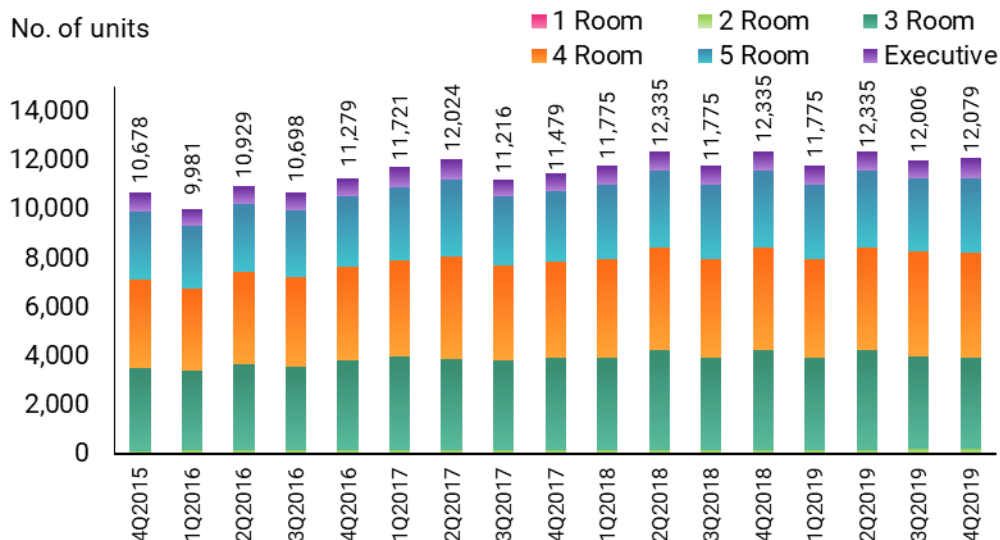
The HDB rental market continued to strengthen last quarter. The number of approved applications to rent out HDB flats rose slightly by 0.6 per cent q-o-q from 12,006 units in Q3 2019 to 12,079 units in Q4 2019 (Chart 5). As at September 2019, there were 57,224 HDB flats rented out, an increase of 1.3 per cent over the previous quarter. The increase is within expectations as more flats are now eligible to be leased after reaching their five-year MOP.

Rents have also increased last quarter. Based on SRX HDB rental index, rents rose marginally by 0.3 per cent from October to December last year. On a y-o-y basis, rents rose 1.3 per cent (Chart 4).

Chart 5 Rental volume rose slightly last quarter

## HDB rental applications

No. of units



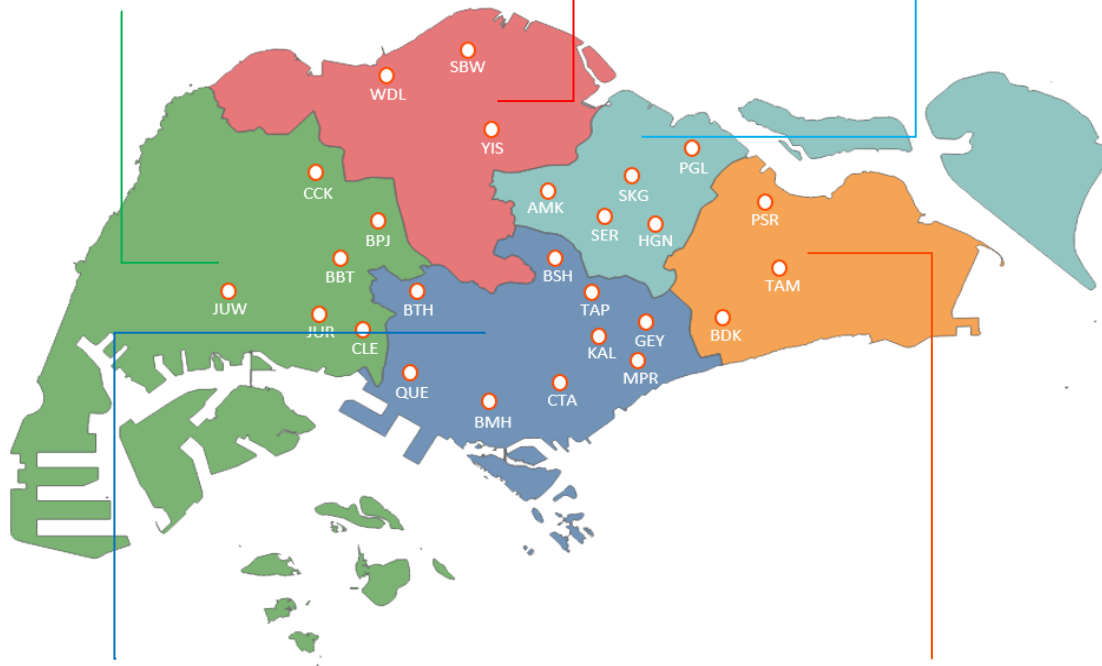
Source: HDB, OrangeTee & Tie Research & Consultancy

Chart 6 Summary of HDB resale transactions and average resale prices for Q4 2019

North Region				
Planning Area	Total no. of units	Average Resale Price		
		3-Room	4-Room	5-Room
Sembawang (SBW)	166	\$297,455	\$354,247	\$405,229
Woodlands (WDL)	456	\$250,074	\$337,614	\$398,571
Yishun (YIS)	547	\$274,456	\$370,902	\$469,160

West Region				
Planning Area	Total no. of units	Average Resale Price		
		3-Room	4-Room	5-Room
Bukit Batok (BBT)	184	\$252,976	\$366,778	\$506,573
Bukit Panjang (BPJ)	293	\$295,740	\$398,011	\$495,429
Choa Chu Kang (CCK)	231	\$273,900	\$344,392	\$419,125
Clementi (CLE)	110	\$309,650	\$553,148	\$673,565
Jurong East (JUR)	137	\$271,142	\$378,894	\$512,333
Jurong West (JUW)	438	\$255,525	\$367,487	\$448,448

North-East Region				
Planning Area	Total no. of units	Average Resale Price		
		3-Room	4-Room	5-Room
Ang Mo Kio (AMK)	231	\$282,169	\$440,298	\$637,184
Hougang (HGN)	271	\$283,647	\$398,032	\$513,750
Punggol (PGL)	306	\$353,646	\$458,831	\$519,313
Sengkang (SKG)	509	\$342,345	\$431,155	\$502,382
Serangoon (SER)	131	\$301,962	\$443,715	\$581,527



Central Region				
Planning Area	Total no. of units	Average Resale Price		
		3-Room	4-Room	5-Room
Bishan (BSH)	109	\$345,422	\$543,935	\$743,845
Bukit Merah (BMH)	223	\$354,311	\$650,485	\$758,231
Bukit Timah (BTH)	18	\$455,000	\$608,127	\$804,167
Central Area (CTA)	46	\$416,100	\$734,984	\$809,978
Geylang (GEY)	140	\$272,215	\$503,571	\$771,125
Kallang / Whampoa (KAL)	152	\$345,216	\$597,961	\$741,105
Marine Parade (MPR)	31	\$362,267	\$495,765	\$770,000
Queenstown (QUE)	140	\$356,119	\$682,406	\$828,876
Toa Payoh (TAP)	208	\$275,125	\$528,414	\$724,377

East Region				
Planning Area	Total no. of units	Average Resale Price		
		3-Room	4-Room	5-Room
Bedok (BDK)	309	\$284,708	\$420,249	\$558,453
Pasir Ris (PSR)	175	\$337,000	\$449,245	\$519,203
Tampines (TAM)	417	\$336,543	\$461,817	\$558,740

Source: Data.gov.sg, OrangeTee & Tie Research & Consultancy

# PROJECTION FOR 2020

## HDB resale

The public housing sector is poised for brighter prospects this year. The positive impact of the recent policy changes, such as enhancement of CPF Housing Grants, allowing buyers more flexibility to use CPF monies to buy older flats and the ongoing Home Improvement Programme, will continue to create demand in the secondary market.

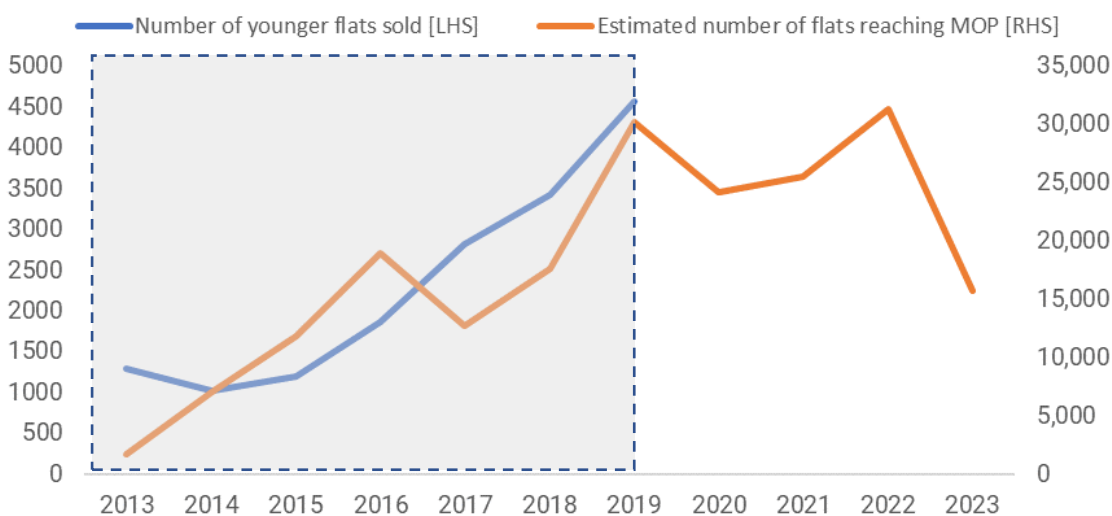
We are optimistic that sales volume may be stronger with around 23,000 to 25,000 units to be transacted this year (Chart 1). Based on historical data, there seems to be a strong correlation between the number of younger flats being sold and the number of flats that have reached their Minimum Occupation Period (MOP) in that year (the correlation coefficient is 0.82) (Chart 7).

The correlation suggests that the number of younger flats being sold may rise in tandem with more flats projected to reach MOP this year. Many homeowners could be keen to put up their units for sale and upgrade to private properties or bigger flats. Using HDB data downloaded from data.gov.sg, about 24,000 new flats are projected to reach their MOP in 2020 (Chart 8).

However, the swift increase in housing supply could create a surplus that may slow down the rate of price growth for resale flats especially in the newer housing estates. More than 60,000 flats have reached MOP over the last three years. Overall prices may continue to stabilise or rise modestly by less than 2 per cent this year (Chart 9).

Chart 7 More flats expected to be sold this year in tandem with more flats reaching MOP

### High correlation between sales of younger flats under 10 years old and those that reach MOP in the same year

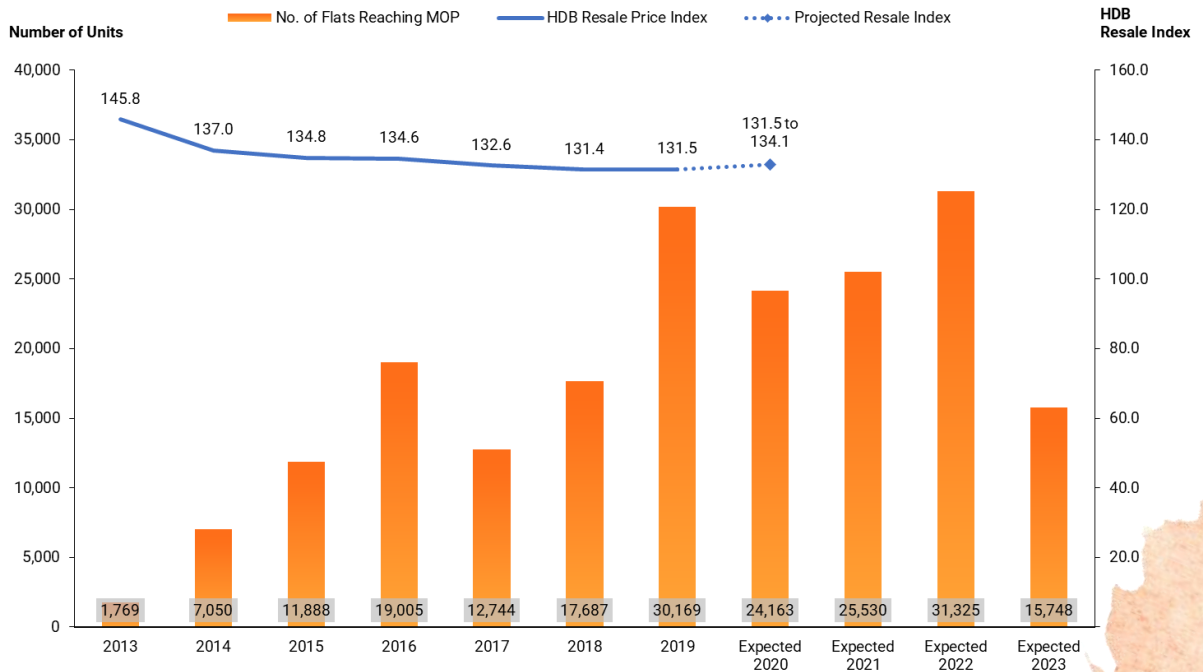


Source: Data.gov.sg, OrangeTee & Tie Research & Consultancy



**Chart 8 More than 24,000 HDB flats projects to reach MOP this year**

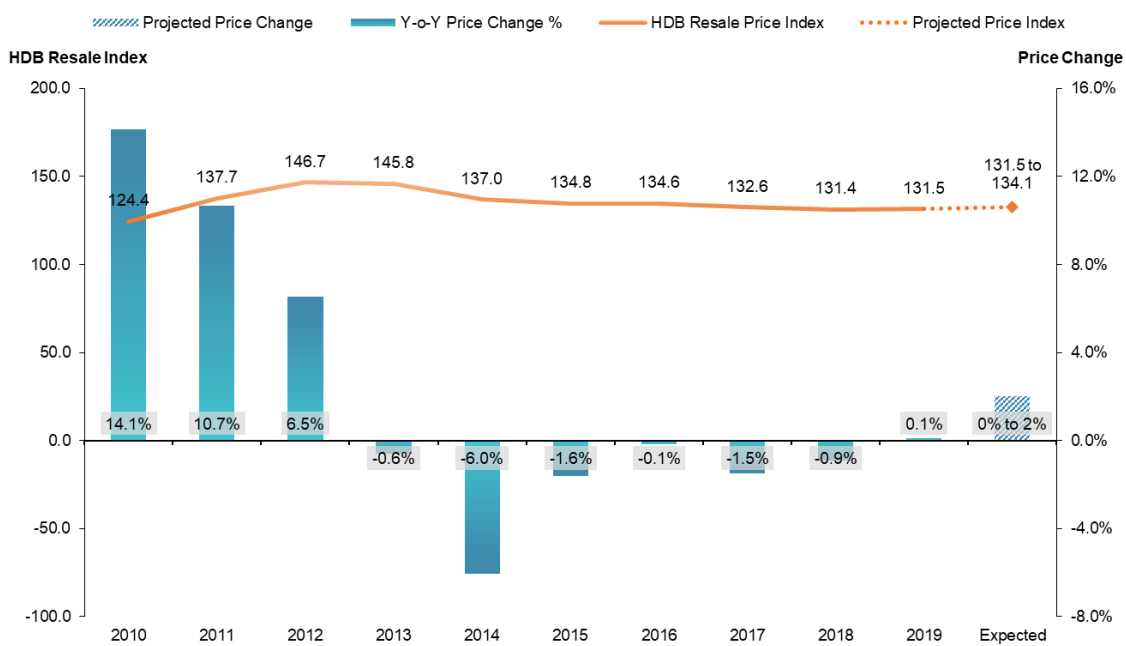
**Projection of Number of Flats Reaching MOP as at Jan 2020**



Source: HDB, Data.gov.sg, OrangeTee & Tie Research & Consultancy

**Chart 9 Prices projected to stabilise or rise modestly in 2020**

**Price Projection for HDB Resale Market**



Source: HDB, Data.gov.sg, OrangeTee & Tie Research & Consultancy

## HDB rental

Singapore's employment market turned out better than expected last year. It was reported that employment growth was one of the highest in recent years. Hiring expectation may remain positive this year with more employers intending to expand their hiring which will bode well for the rental market.

Given that more flats could be put up for lease after reaching MOP, we may expect the rental volume to rise further this year to about 48,000 and 51,000 this year (Chart 10). Rental prices may also rise marginally below 2 per cent for 2020.

Chart 10 Rental volume projected to rise further this year

### Projection of Rental Applications for HDB Rental Market



Source: HDB, Data.gov.sg, OrangeTee & Tie Research & Consultancy

### Please contact us for further inquiries

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