

# HDB Market Pulse

Bringing you the latest trend in the heartlands

2 November 2016

## At a glance

- ❖ 23,716 HDB flats completed in FY2015/16
- ❖ Pressure on flat prices in Punggol and Sengkang
- ❖ Tengah Town Masterplan unveiled
- ❖ Shorter BTO completion times

### 23,716 HDB flats completed in FY2015/16

Based on HDB's 2015/2016 annual report, 23,716 HDB units were completed in the period of April 2015 to March 2016. Majority of completions were located in Punggol (6,232 units), Choa Chu Kang (4,032 units) and Sengkang (3,550 units). These completions would not have an effect on the resale market in the near term due to the 5-year Minimum Occupation Period (MOP).

### Pressure on flat prices in Punggol and Sengkang

According to the HDB annual report, there was a total of 11,541 HDB units completed in FY2012/2013 (April 2012 to March 2013). Flats completed in 2012 would have their MOP expire in 2017. With over half of the completions coming from Punggol (3,780 units) and Sengkang (2,231 units), available sellable supply will remain ample and pressure on prices in those areas is expected to persist in 2017.

### Tengah Town Masterplan unveiled

The key driving planning concept behind Tengah is the creation of a "Forest Town", with homes surrounded by lush greenery and nature, where residents can enjoy quality living and connect with the community in a myriad of amenities and green spaces. When completed, Tengah is estimated to provide about 42,000 new homes. Of these, about 30,000 units will be for public housing and 12,000 units will be for private housing.

### Shorter BTO completion times

The government is looking to shorten the wait for public housing by bringing forward construction and building ahead of BTO launches. By doing so, this would effectively bring down the waiting period for BTO flats from the current 3-4 years to 2-3 years. Notably, this would not apply to all BTO launches. The shortening of BTO completions may drive some demand from the resale market towards the BTO market. However, the impact is expected to be minimal, as location and pricing of new BTO launches still remain the main factors of demand.

## RESEARCH & CONSULTANCY

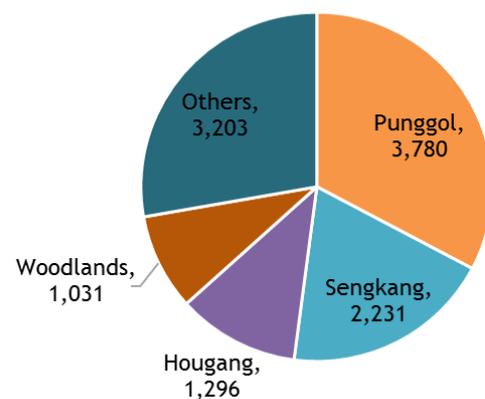
John Tay  
Research Analyst

Wong Xian Yang  
Head

E-mail: [research@orangetee.com](mailto:research@orangetee.com)  
Website: [www.orangetee.com](http://www.orangetee.com)

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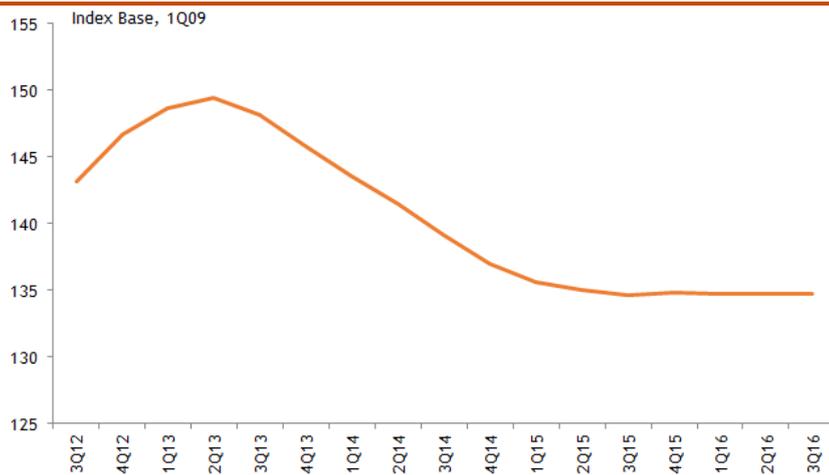
Estimated number of new flats which will complete their MOP in 2017



Source: HDB, OrangeTee Research

Note: These numbers are derived from the number of completions in HDB FY 2012/2013 (April 2012 - March 2013)

### Exhibit 1: HDB Resale Price Index



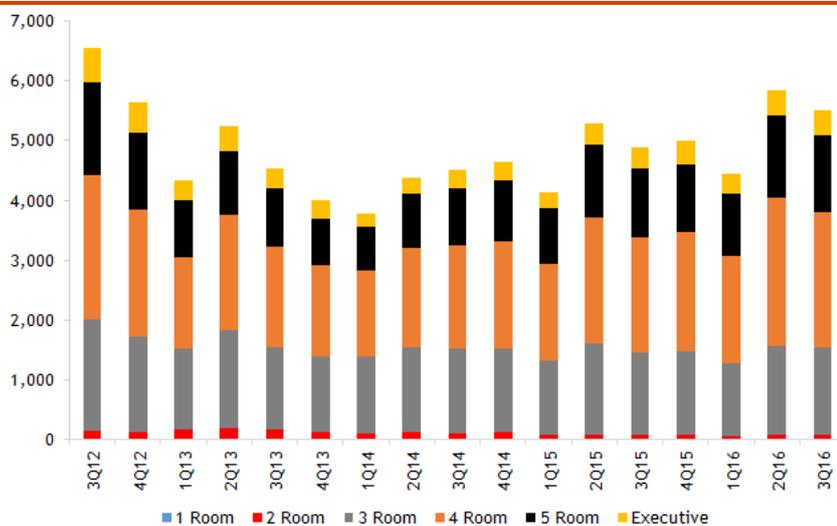
Source: HDB, OrangeTee Research

#### Resale prices remain flat

HDB resale prices remained flat in 3Q16, unchanged from 2Q16. In 2016 YTD, prices have corrected only -0.1%.

The HDB resale market has likely reached equilibrium. Given the weak economy and HDB cooling measures, we expect resale prices to continue to trend sideways with slight variations in either direction.

### Exhibit 2: HDB Resale volume by room type



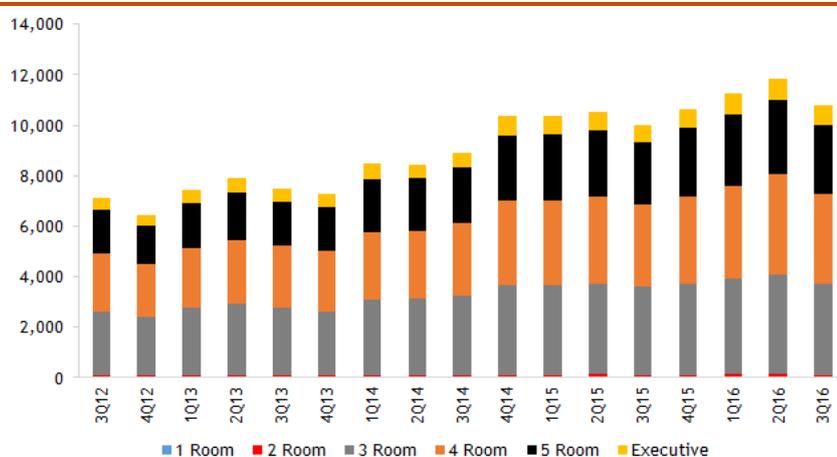
Source: HDB, OrangeTee Research

#### Resale volumes remains healthy

Overall HDB resale volumes fell slightly, with 5,514 units sold in 3Q16 compared to 5,838 units in 2Q16. This can be attributed to seasonal factors, as some buyers stay away from the market during the Hungry Ghost Festival.

However, 2016 YTD resale volumes are up 10.4%, compared to the same period in 2015. Stabilising prices have given buyers more confidence to enter the market.

### Exhibit 3: HDB Rental volume by room type



Source: HDB, OrangeTee Research

#### HDB rental market still weak

The overall HDB rental market remains weak, with the majority of HDB towns seeing a fall in median rents.

However, transaction volume remains healthy, and more demand may move towards the HDB rental market as tenants look to save costs, in view of the weak economy.

Exhibit 4: Top and Bottom 5 performers 3Q16 (Based on Resale Transactions)

Top 5 Spsf			Bottom 5 Spsf			Top 5 Sellers			Bottom 5 Sellers		
Rank	Town	Spsf	Rank	Town	Spsf	Rank	Town	No. of Units	Rank	Town	No. of Units
1	Central Area	\$ 743.95	1	Choa Chu Kang	\$ 323.10	1	Sengkang	393	1	Bukit Timah	12
2	Queenstown	\$ 602.17	2	Woodlands	\$ 341.75	2	Jurong West	381	2	Marine Parade	27
3	Bukit Timah	\$ 592.43	3	Sembawang	\$ 350.97	3	Bedok	347	3	Central Area	46
4	Marine Parade	\$ 581.98	4	Pasir Ris	\$ 361.29	4	Tampines	326	4	Bishan	93
5	Bukit Merah	\$ 551.03	5	Bukit Panjang	\$ 362.37	5	Woodlands	320	5	Jurong East	117

Source: HDB, OrangeTee Research

Exhibit 5: HDB Towns median resale price by room type

Date	3Q16	3-Room		4-Room		5-Room	
		Median Resale Price	QoQ Absolute Change	Median Resale Price	QoQ Absolute Change	Median Resale Price	QoQ Absolute Change
Region	Town						
Central	Bishan	*	\$0	\$561,000	-\$14,000	\$730,000	-\$22,000
Central	Bukit Merah	\$340,000	-\$25,000	\$630,000	-\$12,500	\$737,500	-\$38,500
Central	Bukit Timah	*	\$0	*	\$0	*	\$0
Central	Central	*	\$0	\$784,000	\$164,000	*	\$0
Central	Geylang	\$287,000	-\$3,000	\$463,000	-\$184,500	*	\$0
Central	Kallang/Whampoa	\$329,000	-\$25,000	\$581,500	\$6,500	\$785,000	-\$2,500
Central	Marine Parade	*	\$0	*	\$0	*	\$0
Central	Queenstown	\$354,000	-\$14,000	\$700,000	\$15,000	*	\$0
Central	Toa Payoh	\$300,000	-\$10,000	\$580,000	-\$40,000	\$727,500	\$25,500
North	Sembawang	-	\$0	\$360,000	-\$3,000	\$415,000	\$0
North	Woodlands	\$268,500	-\$1,500	\$358,000	\$0	\$422,000	-\$8,000
North	Yishun	\$288,000	-\$2,000	\$365,000	-\$5,000	\$457,900	\$8,900
North-East	Ang Mo Kio	\$320,000	\$2,000	\$459,000	-\$9,000	\$655,000	\$5,000
North-East	Hougang	\$295,000	-\$7,800	\$376,000	-\$4,000	\$507,000	\$17,000
North-East	Punggol	*	\$0	\$445,000	\$0	\$448,900	-\$1,100
North-East	Sengkang	*	\$0	\$420,000	\$4,100	\$458,000	\$8,000
North-East	Serangoon	\$323,000	\$8,000	\$425,000	-\$9,500	*	\$0
East	Bedok	\$300,000	-\$4,400	\$410,000	\$10,200	\$548,000	\$8,000
East	Pasir Ris	*	\$0	\$405,000	\$0	\$466,500	-\$3,500
East	Tampines	\$330,000	\$0	\$428,000	\$5,000	\$528,000	\$3,000
West	Bukit Batok	\$280,000	-\$5,500	\$400,000	-\$8,000	\$560,000	\$0
West	Bukit Panjang	\$285,000	-\$5,000	\$350,000	-\$9,000	\$485,000	\$28,500
West	Choa Chu Kang	*	\$0	\$345,000	-\$12,000	\$412,000	-\$1,200
West	Clementi	\$336,000	-\$4,000	\$530,900	\$30,900	*	\$0
West	Jurong East	\$303,000	-\$1,000	\$419,000	-\$1,000	\$615,000	\$0
West	Jurong West	\$280,000	-\$2,500	\$390,000	\$10,000	\$460,000	\$5,000

Source: HDB, OrangeTee Research

(\*) refer to cases where there are less than 15 resale transactions recorded

(-) refer to cases where there are no resale transactions

Exhibit 6: HDB Towns median rents by room type

Date	3Q16	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	\$2,000	\$100	\$2,400	-\$30	\$2,700	\$0
Central	Bukit Merah	\$2,000	-\$50	\$2,700	\$0	\$3,000	\$0
Central	Bukit Timah	*	\$0	*	\$0	*	\$0
Central	Central	\$2,250	-\$50	\$3,100	\$100	\$3,600	\$0
Central	Geylang	\$1,850	-\$50	\$2,500	\$50	\$2,680	-\$20
Central	Kallang/Whampoa	\$2,000	\$0	\$2,600	\$100	\$2,800	\$50
Central	Marine Parade	\$1,900	-\$80	\$2,330	\$30	\$2,500	-\$150
Central	Queenstown	\$2,000	-\$100	\$2,700	-\$100	\$2,950	-\$50
Central	Toa Payoh	\$1,950	-\$50	\$2,500	\$100	\$2,700	\$0
North	Sembawang	-	\$0	\$1,950	-\$50	\$2,100	\$0
North	Woodlands	\$1,500	\$0	\$1,900	\$0	\$2,000	-\$50
North	Yishun	\$1,650	-\$50	\$2,000	\$0	\$2,200	\$0
North-East	Ang Mo Kio	\$1,800	\$0	\$2,300	\$0	\$2,500	-\$100
North-East	Hougang	\$1,700	-\$50	\$2,100	\$0	\$2,250	-\$50
North-East	Punggol	*	\$0	\$1,900	\$0	\$2,000	\$0
North-East	Sengkang	*	\$0	\$2,000	\$0	\$2,000	-\$100
North-East	Serangoon	\$1,800	-\$50	\$2,330	\$30	\$2,420	-\$80
East	Bedok	\$1,800	\$0	\$2,200	\$0	\$2,500	\$100
East	Pasir Ris	*	\$0	\$2,100	\$0	\$2,200	-\$100
East	Tampines	\$1,800	-\$50	\$2,200	\$0	\$2,400	\$0
West	Bukit Batok	\$1,700	-\$100	\$2,100	-\$50	\$2,400	\$50
West	Bukit Panjang	\$1,550	-\$50	\$1,800	\$0	\$1,900	-\$80
West	Choa Chu Kang	*	\$0	\$1,900	-\$100	\$2,100	\$0
West	Clementi	\$2,000	\$0	\$2,600	\$0	*	\$0
West	Jurong East	\$1,850	\$50	\$2,300	-\$100	\$2,500	\$0
West	Jurong West	\$1,800	\$0	\$2,250	-\$50	\$2,500	\$50

Source: HDB, OrangeTee Research

(\*) refer to cases where there are less than 15 rental transactions recorded

(-) refer to cases where there are no rental transactions

Exhibit 7: 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	-	5.1%	4.4%	Sembawang	-	6.5%	6.1%	Bedok	7.2%	6.4%	5.5%
Bukit Merah	7.1%	5.1%	4.9%	Woodlands	6.7%	6.4%	5.7%	Pasir Ris	-	6.2%	5.7%
Bukit Timah	-	-	-	Yishun	6.9%	6.6%	5.8%	Tampines	6.5%	6.2%	5.5%
Central	-	4.7%	-	Ang Mo Kio	6.8%	6.0%	4.6%	Bukit Batok	7.3%	6.3%	5.1%
Geylang	7.7%	6.5%	-	Hougang	6.9%	6.7%	5.3%	Bukit Panjang	6.5%	6.2%	4.7%
Kallang/Whampoa	7.3%	5.4%	4.3%	Punggol	-	5.1%	5.3%	Choa Chu Kang	-	6.6%	6.1%
Marine Parade	-	-	-	Sengkang	-	5.7%	5.2%	Clementi	7.1%	5.9%	-
Queenstown	6.8%	4.6%	-	Serangoon	6.7%	6.6%	-	Jurong East	7.3%	6.6%	4.9%
Toa Payoh	7.8%	5.2%	4.5%					Jurong West	7.7%	6.9%	6.5%

Source: HDB, OrangeTee Research