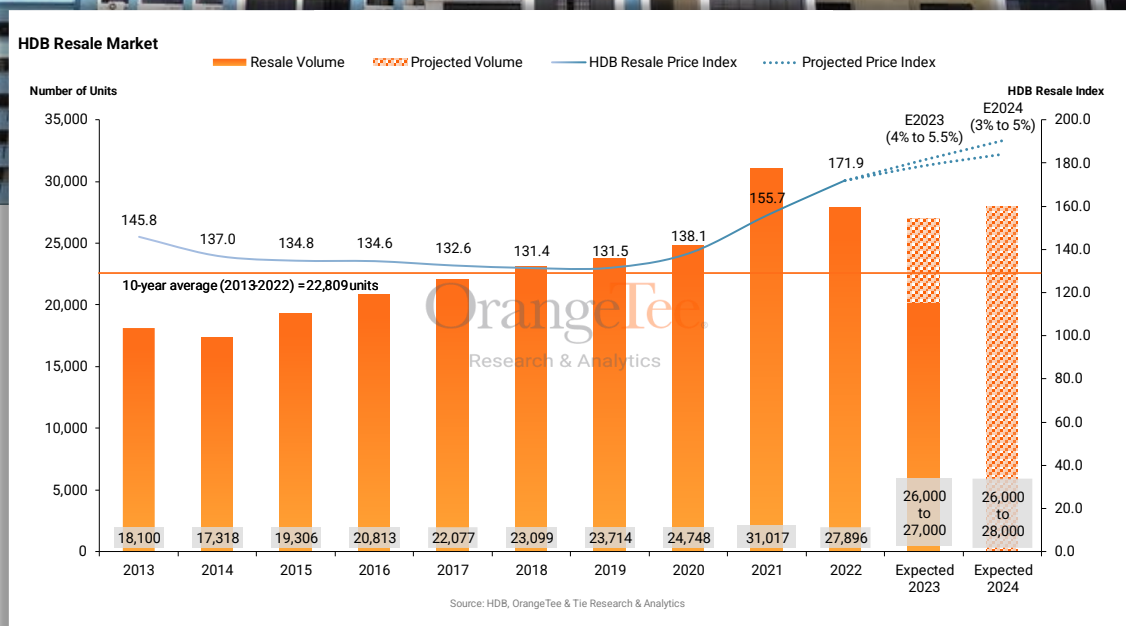


MODERATE PRICE GROWTH ON STABLE DEMAND HDB Resale Outlook 2024



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The prices of resale flats are expected to grow moderately in 2024 as demand stabilises. Fewer flats will reach their Minimum Occupation Period (MOP), leading to less flats available for resale. However, new flats in Plus and Prime locations are scheduled for release in the coming year and families who are unable to commit to the longer MOP requirement may shift to the secondary market, increasing resale demand in certain locations.



Resale flat prices in Singapore are expected to experience moderate growth in 2024 as demand stabilises. Cooling measures implemented in September 2022 have slowed the pace of price growth in the first three quarters of 2023. Declining sales and buyers resisting further price hikes due to inflationary concerns were additional factors.

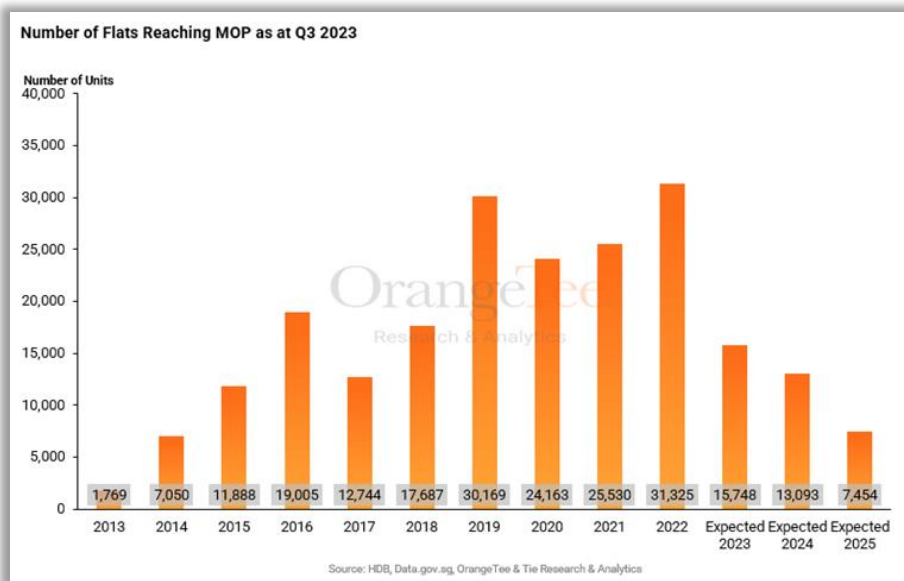
For the whole of 2024, prices are projected to rise by 3 to 5 per cent, on par or slightly lower than the 4 to 5.5 per cent in 2023, and significantly lower than the 10.4 per cent increase experienced in 2022 and the 12.7 per cent in 2021.

Looking ahead, sellers will continue to face stiff competition for buyers. The government has launched over 63,000 Build-To-Order (BTO) flats from 2021 to 2023, which has diverted some demand from the resale market. The government may continue to launch an additional 37,000 flats over the next two years to meet the supply target of up to 100,000 flats from 2021 to 2025.

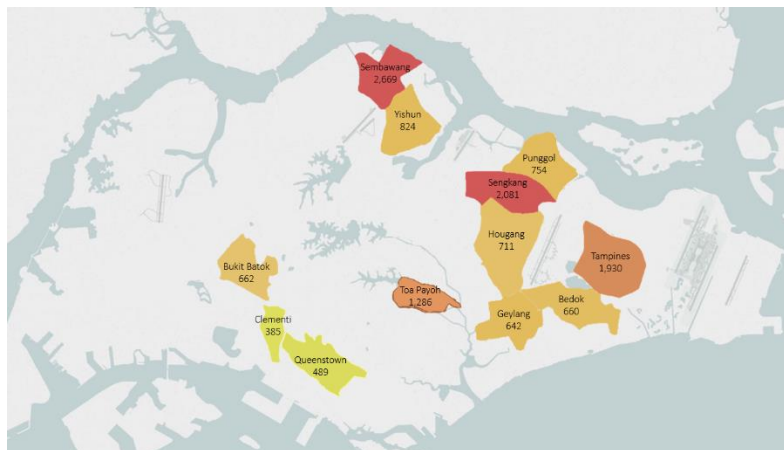
In the secondary market, the number of flats reaching their five-year minimum occupation period (MOP) decreased by around half, from 31,325 units in 2022 to 15,748 units in 2023. The supply of MOP flats is expected to decline further in 2024 to 13,093 units, leading to less flats available for resale. The ramp-up in BTO supply is expected to address the impending supply-demand imbalance and prevent resale prices from escalating further.

More buyers may opt for BTO flats as construction continues to step up and wait times for new flats shortened. Buyers who are keen to buy a BTO flat have a higher chance of obtaining a new flat with the non-selection penalty in effect. The new ruling may dissuade some buyers from applying for a flat if they are not ready to commit to the purchase by downgrading their priority status and increasing the chances of success for serious buyers.

Despite the increased competition from the BTO market, a resale price correction is not expected next year. The dwindling supply of MOP flats will help prop up prices in some locations. Existing stock may continue to shrink as some flat owners may delay their upgrading plans and stay put in their flats due to the high replacement cost of a new home. Buyers who need immediate housing will continue to buy resale flats, especially given the resale grants and subsidies.



In 2024, the proportion of Minimum Occupation Period (MOP) flats in mature estates will be higher, which may push up the overall price index slightly. The number of MOP flats in mature estates will increase from 4,365 units in 2023 to 5,392 units in 2024. By proportion, MOP flats in mature estates will rise from 27.7 per cent in 2023 to 41.2 per cent in 2024. Conversely, those in non-mature estates will drop from 72.3 per cent to 58.8 per cent over the same period.

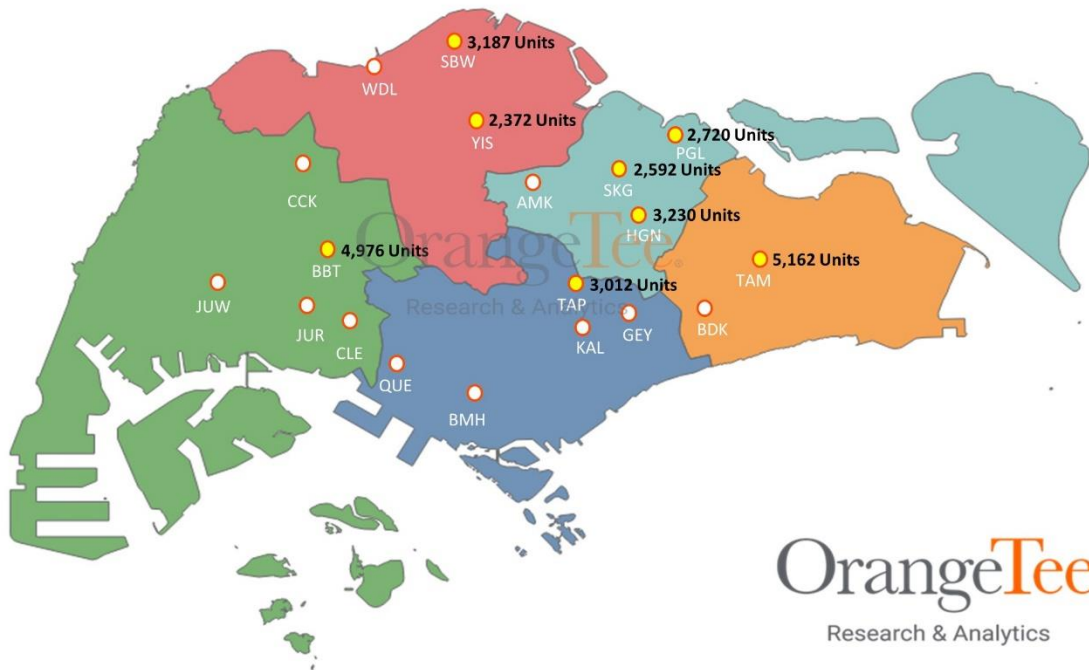


Town	No. of Units
Sembawang	2669
Sengkang	2081
Tampines	1930
Toa Payoh	1286
Yishun	824
Punggol	754
Hougang	711
Bukit Batok	662
Bedok	660
Geylang	642
Queenstown	489
Clementi	385

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

The mature estates with the highest number of flats reaching MOP next year are Tampines (1,930 units), Toa Payoh (1,286 units), Bedok (660 units), and Geylang (642 units). These locations may see more million-dollar transactions in 2024.

For non-mature estates, Sembawang (2,669 units), Sengkang (2,081 units), Yishun (824 units) and Punggol (754 units) will have the highest number of flats reaching MOP.



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Estimated HDB Flats Reaching MOP 2023-2025

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

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HDB Market Projection

Indicators	2021	2022	Q1 to Q3 2023	Projection for 2023	Projection for 2024
Resale					
Price Change	12.7%	10.4%	3.8%	4% to 5.5%	3% to 5%
Sales Volume (units)	31,017	27,896	20,188	26,000 to 27,000	26,000 to 28,000
Rental					
Rental Price Change (SRX-99.co)	7.1%	28.5%	8.7%	10% to 12%	1% to 3%
HDB Rental Applications	42,623	36,166	29,351	36,000 to 38,000	33,000 to 35,000

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

New flats in Plus and Prime locations will be released for sale under the Build-to-Order (BTO) scheme from the second half of 2024. Given that future Plus and Prime flats entail a 10-year MOP, families who are unable to commit to the longer MOP requirement may shift to the secondary market, leading to an increase in resale demand in certain locations. The increased demand could drive more million-dollar resale transactions in some of these locations. However, some singles may be diverted from the resale market since they can now apply for new flats in all locations.

Outlook

While global economic uncertainties are mounting, Singapore's economy has performed better than expected in the third quarter of 2023. The government has forecast that growth may quicken in 2024, lowering the possibility of a recession.

If job prospects continue to look up and income growth remains positive, demand for HDB resale flats should remain above the 10-year average of 22,809 units from 2013 to 2022. The total resale volume may range between 26,000 and 27,000 units for the whole of 2023, and stabilise at 26,000 to 28,000 in 2024.

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