

HDB Market Pulse

Real Estate Data Trend & Analytics



Q1 2022

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Run-up in prices may lose further steam as buyers become more price-sensitive

Prices of Housing Board (HDB) resale flats edged up further even as sales slipped during the seasonal lull leading up to the Lunar New Year. House viewings slowed down during the festivities while prospective buyers were reduced due to safe management measures that put a cap on the number of unique visitors per households.

On the macroeconomic front, the Russia-Ukraine conflict may reshape the geopolitical landscape and global economic outlook. Sky-rocketing oil prices and global supply chain disruptions triggered by the war have raised inflationary pressures worldwide. There is widespread concern over the mounting cost of living. Inflation and rising economic uncertainties may have an impact on buyer sentiment and purchase decision.

Prices

According to public housing data from HDB, prices increased by 2.4 per cent in the first quarter of this year, albeit at a slower pace when compared to the 3.4 per cent quarter on quarter increase in Q4 2021. This is the lowest price growth since Q3 2020 when prices rose 1.5 per cent (Charts 1 and 2). On a year-on-year basis, prices rose by 12.2 per cent.

Last quarter's slower price growth was not unexpected. As prices have already risen for eight consecutive quarters, some price resistance could be setting in.

Interest rate hike

With inflation rising faster than anticipated, the Federal Reserve made its first-interest rate increase in more than three years. The US Fed plans 6 more hikes this year.

As Singapore's domestic interest rates are highly influenced by global market movements, especially by the US, mortgage rates here are tipped to rise by around 3 times this year. The impact of the interest rate hikes is dependent on various factors like the loan quantum and the investment portfolio of a buyer.

Chart 1 Market summary



The majority of flat owners may not be adversely affected by the rate hikes given that safeguards are already put in place. All borrowers are subjected to the mortgage servicing ratio (MSR) and total debt servicing ratio (TDSR) which limits the amount of money that can be borrowed based on one's income.

Although more buyers are taking loans from private institutions in recent years, the loan quantum for most flats is not large. Buyers who have taken the HDB housing loans may be least affected by the interest rate hikes since the concessionary housing loan interest rate remains stable, pegged at 0.1 per cent above the CPF Ordinary Account interest rate.

Chart 2 Prices climbed an eight consecutive quarter

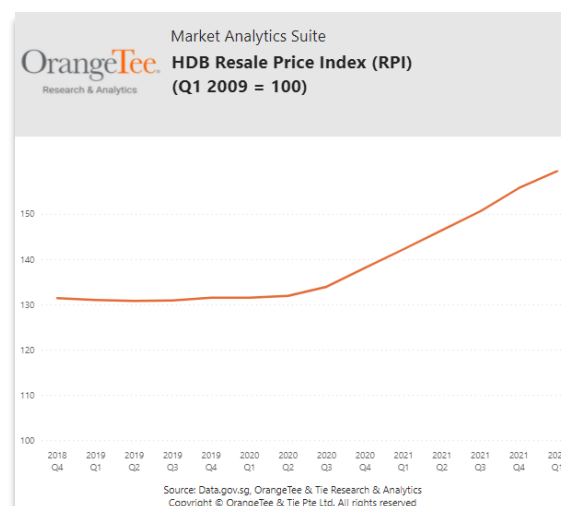


Chart 3 More million-dollar transactions

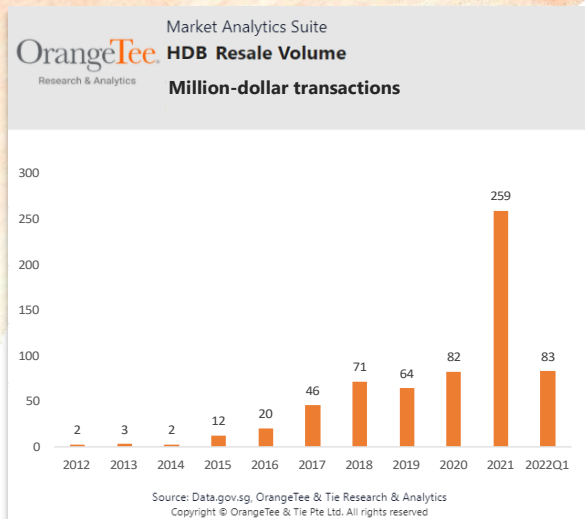
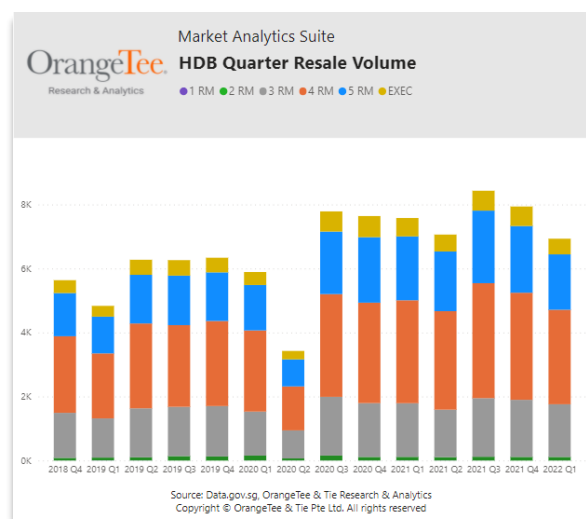


Chart 4 Sales volume dipped in Q1 2022



Sales volume

Sales momentum slipped last quarter based on figures released by HDB. 6,934 resale flats were transacted last quarter, dipping 12.7 per cent from the 7,940 units sold in Q4 2021 (Chart 4). This is the first time in nearly two years when sales volume dipped below 7,000 units. The previous low was in Q2 2020 when sales fell by 41.9 per cent to 3,426 units during the Circuit Breaker period in Q2 2020.

The drop in Q1 2022 can be observed across most flat types with 4 room, 5 room, and executive flats falling the most by 11.7 per cent, 17 per cent, and 19.7 per cent respectively when compared to the preceding quarter.

Million-dollar flats

At the upper end of the public housing market, 83 flats were sold for at least a million dollars last quarter, which was almost on par with the 85 transactions inked in the preceding quarter (Chart 3). Of the 83 units transacted last quarter, 34 units are between 110 and 130 sqm, while 23 units are bigger than 130 sqm.

The number of million-dollar flat transactions recorded last quarter exceeded the full-year sales inked in 2012 to 2020. No million-dollar flats were transacted prior to 2012.

Of the million-dollar transactions, more flats breached the S\$1.3 million mark and could be breaking the S\$1.4 million level soon. A total of 6 flats were transacted above S\$1.3 million in recent months, with 4 such units inked last quarter and another 2 units transacted in Q4 2021.

The rising number of resale transactions breaching the S\$1.3 million mark shows that more buyers are willing to pay top dollar for flats that are well located or large-sized.

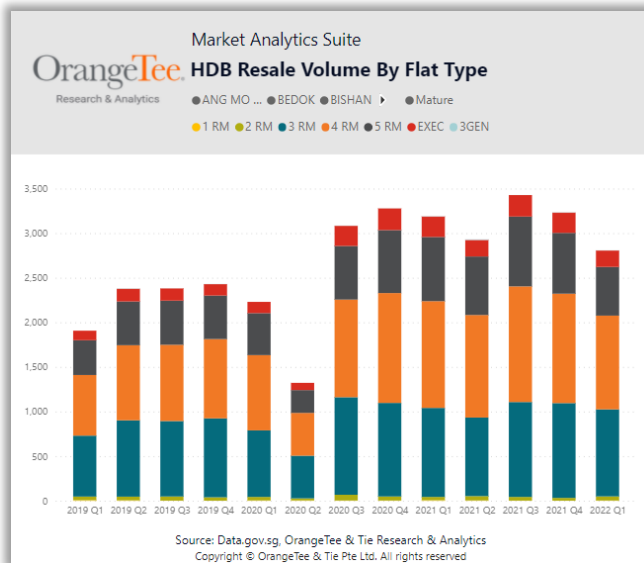
For instance, a 5 room HDB resale flat in Pinnacle@Duxton was sold for a record price of S\$1,388,889 in March this year, smashing the previous record for DBSS in Bishan transacted at S\$1.36 million in December last year.

Last quarter, a second resale flat in a non-mature estate has breached the million-dollar mark. A 187 sqm flat in Yishun Avenue 4 was sold for S\$1,038,000 in February this year. The first transaction was recorded in January 2018 when a 177 sqm maisonette in Hougang was sold for S\$1 million.

Based on the current price trend for Yishun, although more flats were sold for at least S\$800,000 since last year, the number is not huge. The median price of five-room flats was S\$582,500 in the first quarter of this year. Therefore, the probability of many flats in Yishun transacting above a million-dollars may not be big.

Since the number of million-dollar flat transactions in non-mature estates is still small, we may need to observe a while more before determining if there is a growing trend of million-dollar transactions emerging in the non-mature estates.

Chart 5 Sales in mature estates declined by 13.2 per cent



MATURE ESTATES

Last quarter, the volume of resale transactions in mature estates dipped. Based on HDB data from data.gov.sg, the number of HDB resale flats sold in mature estates decreased by 13.2 per cent from 3,234 units in Q4 2021 to 2,807 units in Q1 2022 (Chart 5). The overall average price climbed marginally by 0.4 per cent from S\$562,794 to S\$565,024 over the same period (Chart 6).

The most popular mature estates in terms of transactions were Tampines with 426 transactions, Bedok with 343 transactions, Bukit Merah with 244 transactions, Ang Mo Kio with 244 transactions, and Kallang/Whampoa with 243 transactions (Chart 7). The average price of flats in Tampines was S\$552,018 while those in Bedok was S\$460,898, Bukit Merah was S\$636,231, Ang Mo Kio was S\$460,065, and Kallang/Whampoa was S\$628,478 (Chart 8).

Prices of flats rose across in 10 out of 15 mature estates last quarter. Flats in Bukit Timah registered the steepest q-o-q increase of 7.4 per cent, followed by Toa Payoh (4.9 per cent), Kallang/Whampoa (3.1 per cent), Tampines (3.0 per cent), and Bukit Merah (2.4 per cent).

Chart 6 Average prices grew 0.4 per cent q-o-q

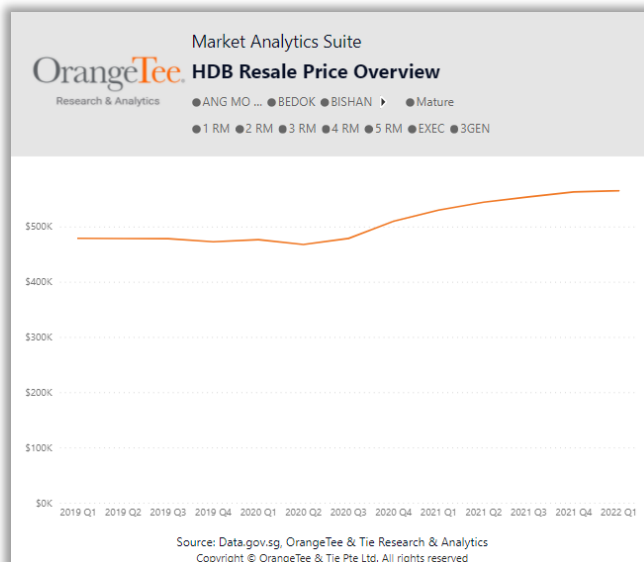


Chart 7 Tampines and Bedok were most popular

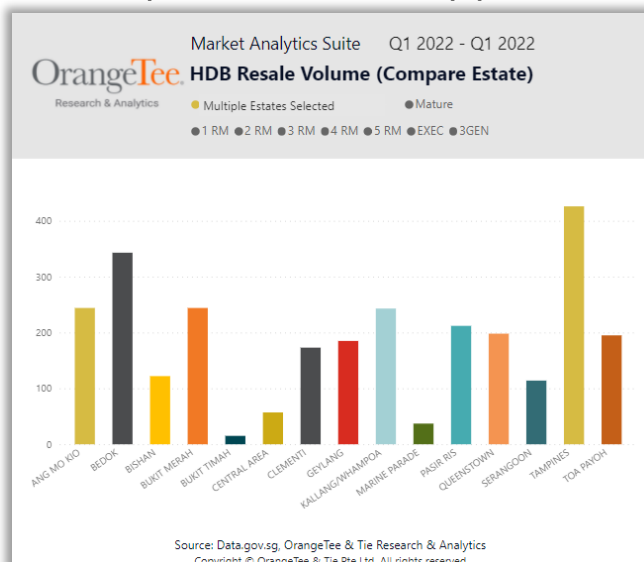
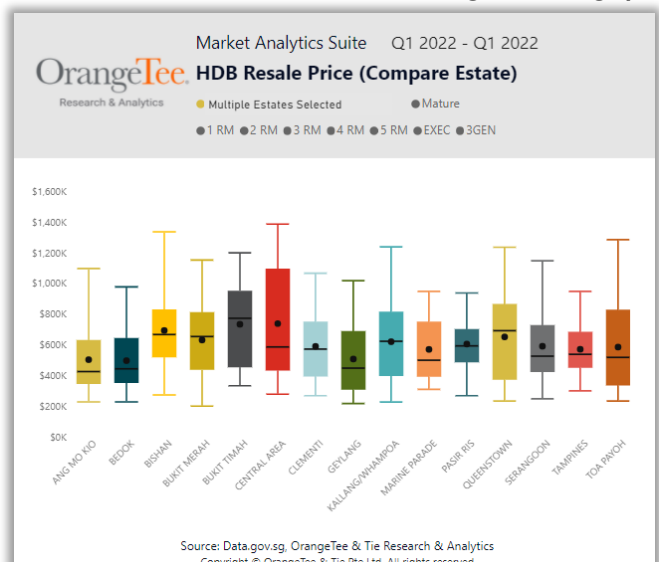


Chart 8 Flats in Bukit Timah fetched the highest average price



NON-MATURE ESTATES

Resale transactions in non-mature estates also took a hit last quarter. Resale volume dropped by 10.7 per cent from 4,257 units in Q4 2022 to 3,802 units in Q1 2022 (Chart 9). On the other hand, prices of resale flats grew by 1 per cent from S\$502,743 to S\$507,919 over the same period (Chart 10).

The most popular non-mature estates in 2021 were Sengkang (575 units), Punggol (506 units), Yishun (475 units), Choa Chu Kang (395 units) and Jurong West (379 units) (Chart 11). The average price of resale flats in Sengkang was S\$530,956, Punggol was S\$531,785, Yishun was S\$469,235, Choa Chu Kang was S\$516,796, and Jurong West was S\$484,863 (Chart 12).

Last quarter, average resale prices increased in 8 out of 11 non-mature estates. The highest q-o-q increase was in Sembawang (6.1 per cent), followed by Bukit Batok (4.9 per cent), Woodlands (3.6 per cent), Choa Chu Kang (2.7 per cent) and Sengkang (2.4 per cent).

Besides the million-dollar flat sold in Yishun earlier this year, the next most expensive resale flats transacted include a 189 sqm executive apartment in Woodlands (S\$950,000), a 148 sqm maisonette in Hougang (S\$928,000), and a 177 sqm executive apartment in Woodlands (S\$910,000).

Chart 9 Sales in non-mature estates dipped last quarter

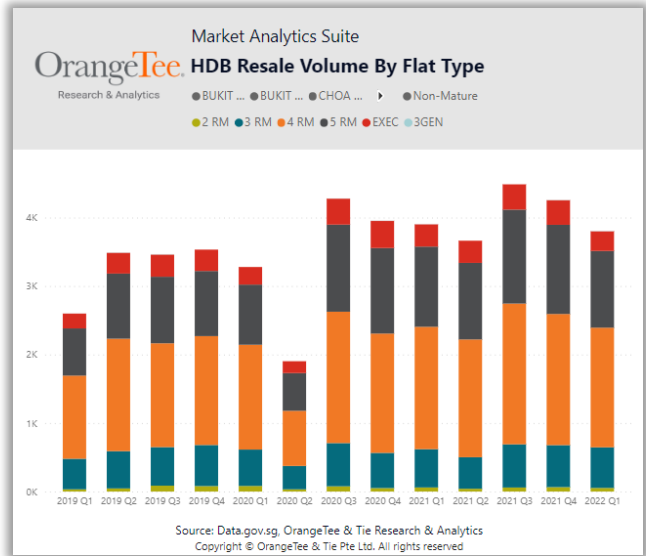


Chart 10 Prices grew marginally by 1 per cent q-o-q

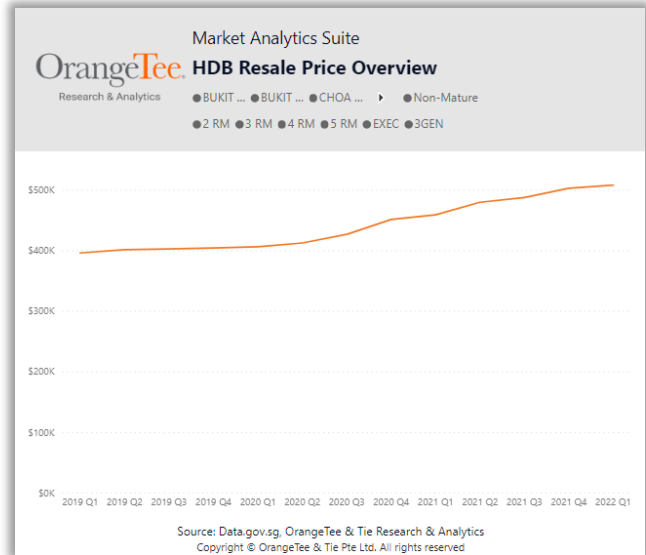
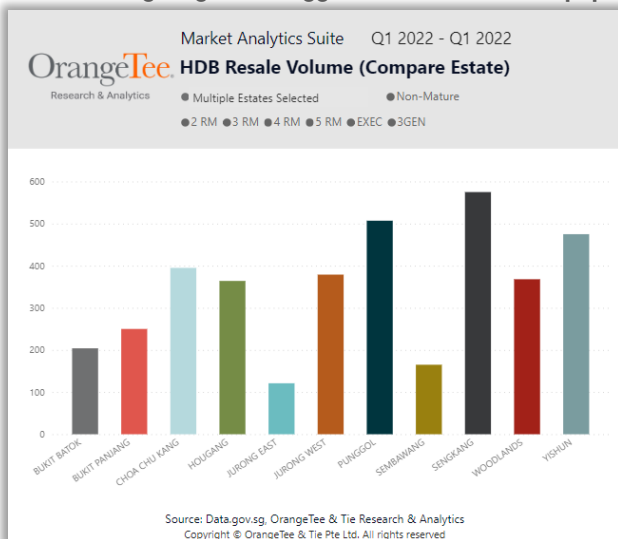


Chart 11 Sengkang and Punggol remained the most popular | Chart 12 Flats in Punggol fetched the highest average price





Price growth may slow further

With low visibility on the macro front, the run-up in home prices may lose further steam as rising inflation erode the affordability of some buyers.

More people may opt for smaller flats or flats in non-mature estates which are more affordable.

- *Christine Sun*



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Chart 13 Rental applications dipped last quarter

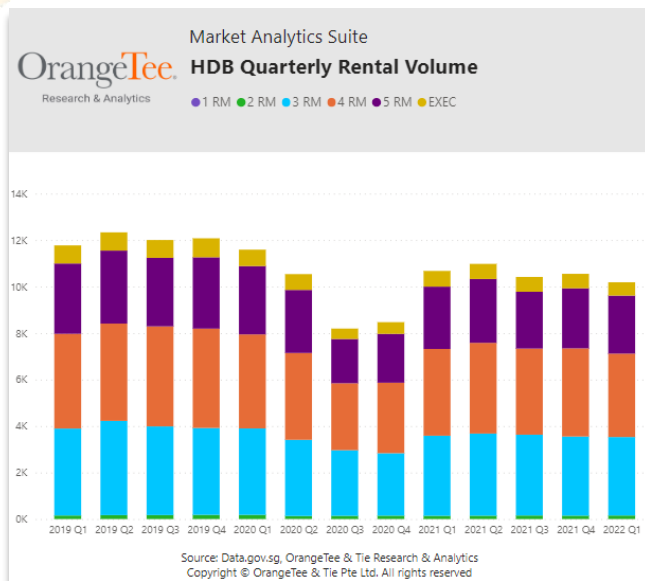
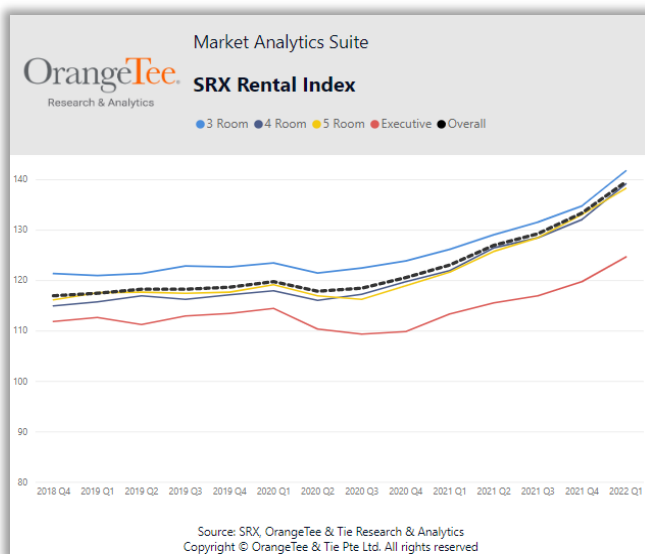


Chart 14 Rents continued to grow last quarter



RENTAL

According to the HDB public housing data for the first quarter of 2022, the approved applications to rent out HDB flats dipped by 3.4 per cent from 10,551 units in Q4 2021 to 10,189 units in Q1 2022 (Chart 13). On a year-on-year basis, volume declined by 4.6 per cent from 10,676 units in Q1 2021.

Rents hit new records last quarter. According to the SRX Rental Index, rents of HDB resale flats climbed 4.7 per cent from 133.3 in Q4 2021 to 139.5 Q1 2022. (Chart 14).

Many would-be homebuyers who were priced out of the market are boosting demand for rentals and pushing rents higher. Some flat owners may also be renting in the interim while they wait for the completion of their new flats.

More Malaysians are expected to head home as safe management measures are further lifted. We are expecting more work pass holders to return, who may drive rental demand higher especially in areas near the causeway. The northern region like Yishun, Sembawang and Woodlands, and western part of Singapore like Jurong may be popular too.

Inflation and rising costs may have a snowball effect on rents as landlords pass on the costs to tenants. Therefore, rents may continue to climb if inflationary pressures escalate in the coming months. We estimate that overall rents may rise by 7 to 10 per cent in 2022, while volumes may increase to between 46,000- and 48,000- units.



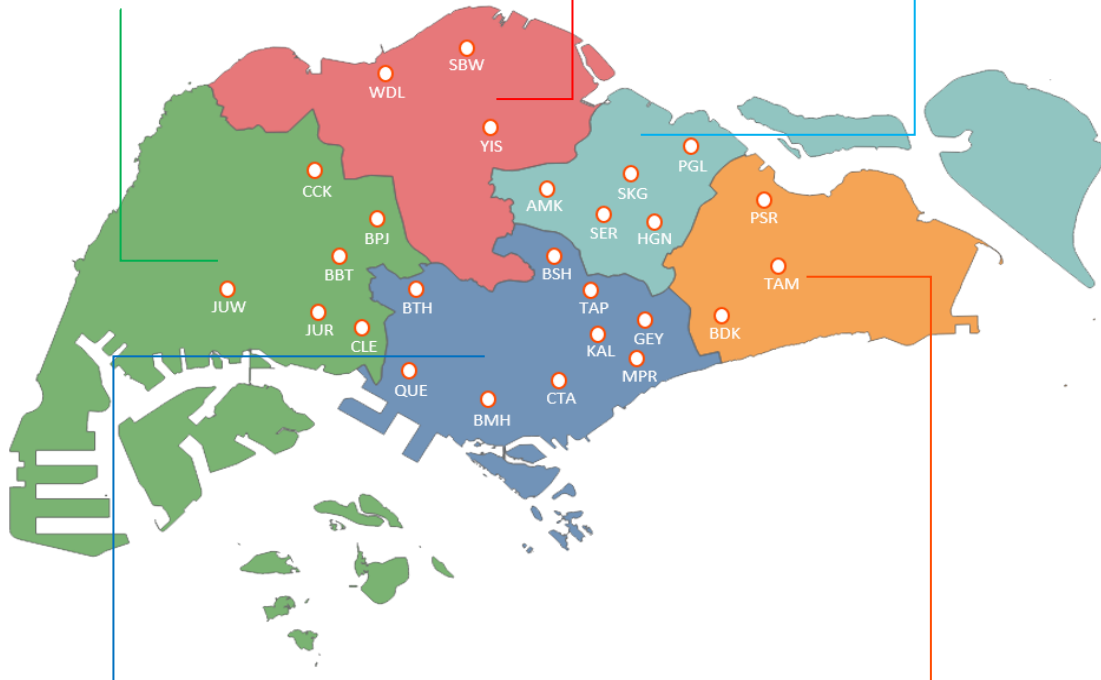
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Chart 15 Summary of HDB resale transactions and average resale prices for Q1 2022

North Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Sembawang (SBW)	165	\$377,667	\$474,856	\$558,055
Woodlands (WDL)	368	\$342,781	\$451,499	\$536,460
Yishun (YIS)	475	\$366,746	\$452,282	\$584,959

West Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Bukit Batok (BBT)	204	\$348,265	\$494,425	\$671,298
Bukit Panjang (BPJ)	250	\$357,140	\$463,951	\$589,459
Choa Chu Kang (CCK)	395	\$378,118	\$471,898	\$567,286
Clementi (CLE)	172	\$419,463	\$664,974	\$810,851
Jurong East (JUR)	121	\$353,092	\$461,908	\$566,099
Jurong West (JUW)	379	\$333,729	\$461,260	\$540,203

North-East Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Ang Mo Kio (AMK)	244	\$360,008	\$527,150	\$753,396
Hougang (HGN)	364	\$369,807	\$510,522	\$616,337
Punggol (PGL)	506	\$410,201	\$519,813	\$604,256
Sengkang (SKG)	575	\$408,243	\$510,864	\$580,129
Serangoon (SER)	114	\$370,173	\$523,729	\$661,561



Central Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Bishan (BSH)	122	\$373,368	\$616,581	\$863,357
Bukit Merah (BMH)	244	\$456,865	\$724,902	\$820,359
Bukit Timah (BTH)	15	\$420,000	\$709,800	\$800,000
Central Area (CTA)	57	\$429,913	\$812,309	\$1,212,178
Geylang (GEY)	185	\$324,388	\$581,199	\$801,639
Kallang / Whampoa (KAL)	243	\$413,733	\$721,876	\$817,492
Marine Parade (MPR)	37	\$393,929	\$511,182	\$827,750
Queenstown (QUE)	198	\$406,568	\$776,600	\$961,403
Toa Payoh (TAP)	195	\$347,209	\$621,697	\$864,226

East Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Bedok (BDK)	343	\$341,202	\$491,834	\$645,891
Pasir Ris (PSR)	212	\$466,571	\$510,428	\$609,507
Tampines (TAM)	426	\$390,868	\$512,167	\$628,121

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

OUTLOOK

HDB Market Projection

Indicators	2018	2019	2020	2021	Q1 2022	Projection for 2022
Resale						
Price Change	-0.9%	0.1%	5.0%	12.7%	2.4%	5% to 8%
Sales Volume (units)	23,099	23,714	24,748	31,017	6,934	25,000 to 28,000
Rental						
Rental Price Change (SRX)	-0.4%	1.5%	1.6%	10.6%	4.7%	7% to 10%
HDB Rental Applications (units)	46,440	48,195	38,798	42,623	10,189	46,000 to 48,000

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

Due to the interconnectedness of the world economy, a lengthy political impasse and prolonged economic warfare in the Russia-Ukraine conflict may worsen global supply chains and inflationary pressures. If more BTO projects experience delays in completion, more buyers may shift to the secondary market.

The impact of the war has already rippled across the globe, triggering turmoil in the global financial markets and causing massive inflation. The cost of food, energy, metals and transport raced higher as a result of the sanctions and war.

With low visibility on the macro front, the run-up in flat prices may lose further steam this year as rising inflation erode the affordability of some buyers. Middle- and lower-income Singaporeans, who form the bulk of purchasers of HDB flats, may be more affected by a rising cost of living.

As people spend more on basic necessities and allocate more budget to other expenses, they may be reluctant to pay top dollar for resale flats. Should inflation continue to worsen, some may opt for smaller flats or flats in non-mature estates which are more affordable.

The government will be ramping up supply in the coming months. Some of the new BTO flats to be launched in May will be located in popular locations like Bukit Merah, Queenstown, and Toa Payoh. In August, new flats will be released in Ang Mo Kio, Bukit Merah, and Queenstown. As such, some demand may be diverted to the BTO market.

We anticipate that resale transactions may fall this year to between 25,000 and 28,000 units. Resale prices may continue to rise but at a slower pace of between 5 and 8 per cent.

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