

HDB Market Pulse

Real Estate Data Trend & Analytics



Q2 2022

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Robust housing market amid an economic rebound

Sales activities remain robust in the public housing sector despite new cooling measures being introduced in December. HDB resale volume was healthy last quarter, while prices rose further, and at a faster pace when compared to the preceding quarter.

Prices

HDB resale prices rose at a faster pace by 2.8 per cent last quarter when compared to the 2.4 per cent quarter-on-quarter increase in Q1 2022, according to the public housing data from HDB (Charts 1 and 2). Year-to-date basis, prices have risen by 5.3 per cent. On a year-on-year basis, prices climbed by 12.0 per cent.

The continual price growth did not come as a surprise since property values across most market segments have appreciated in recent months. As a rising tide lifts all boats, it is within the expectation that HDB resale prices will climb in tandem with the other asset classes.

Buyers' confidence improved substantially since our economy has recovered much faster than other countries. Moreover, the public housing market is usually less susceptible to macroeconomic uncertainties. Key drivers like our high employment rate and healthy income growth have kept the market stable since most homeowners are able to service their home loans.

The median resale price of resale flats in non-matured estates rose 3 per cent from S\$500,000 in Q1 2022 to S\$515,000 in Q2 2022. Median resale price in matured estates rose at a faster pace of 6.9 per cent from S\$524,000 to S\$560,000 over the same period.

The median resale price of flats in 21 out of 26 towns increased last quarter. When compared to the first quarter of this year, the median resale price in Central Area (18 per cent), Ang Mo Kio (17.5 per cent), Serangoon (12.9 per cent) and Queenstown (11.5 per cent) rose the most in Q2 2022.

Chart 1 Market summary



Impact of interest rate hike

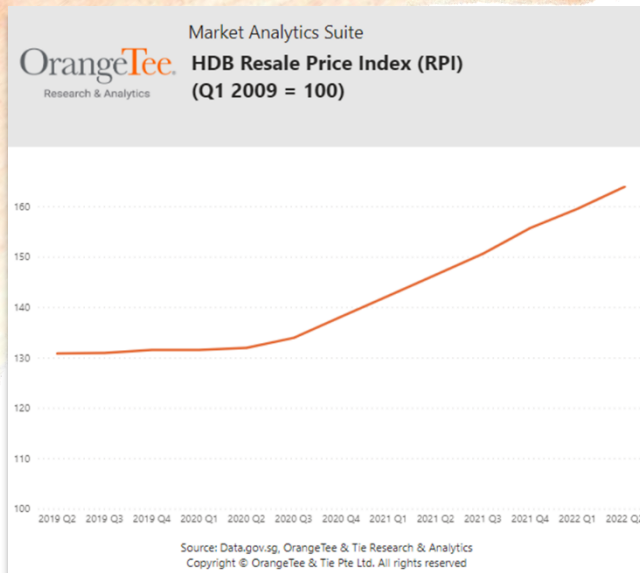
Mortgage rates have been rising and Singapore's largest lender, DBS, has recently removed its five-year fixed rate HDB package. The fixed-rate mortgages from many banks are now higher than the HDB loan rate, which is pegged at 0.1 percentage point above the Central Provident Fund Ordinary Account rate of 2.5 per cent.

The impact of the interest rate hikes will be dependent on the loan quantum and borrowing profile of the HDB homeowner. First-time buyers who have not taken any loans are likely to apply for an HDB loan since the latter's rates are lower.

More borrowers may take up an HDB loan first and switch to a bank mortgage later should rates drop in the future. However, they cannot go back to the HDB after taking a bank loan. HDB loan rates are not subjected to fluctuations, thus providing more financial stability for borrowers.

Most flat owners may not be too adversely affected by the rate hikes now given that safeguards are 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 one can borrow based on their income. As the loan quantum for most flats is not large, those who took private loans should still be able to service their mortgages despite the recent interest rate increases.

Chart 2 Prices continued to climb last quarter



Sales volume

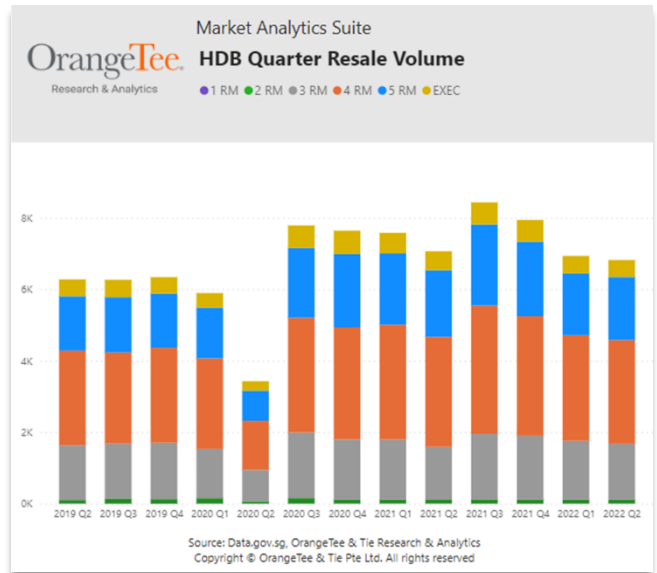
Sales held steady last quarter as 6,819 resale flats were sold as compared to 6,934 resale transactions in the first quarter of this year, based on figures released by HDB (Chart 3). Quarter-on-quarter, sales dipped marginally by 1.7 per cent while sales dipped 3.5 per cent on a year-on-year basis in Q2 2022.

Sales volume is healthy considering that prices have increased 9 consecutive quarters. Moreover, there is steeper competition for buyers as there were many flats in the matured estates, such as PLH model flats, launched for sale from recent BTO launches.

From November 2021 to May 2022, as many as 13,037 BTO units and 3,750 Sale of Balance Flats were released over the previous 3 BTO launches (November 2021, February 2022 and May 2022) within a short span of 7 months. The number of units released for BTO flats in the first six months of this year hit 8,536 units, which is 22.5 per cent higher than the 6,966 average BTO units released in the first half of each year from 2016 to 2021.

Currently, buyers have more housing options such as new PLH model flats in choice locations and BTO flats spread across the island. The authorities have also stepped up the construction of many new flats and shortened the expected completion period for new flats, thus giving buyers more confidence to buy BTO flats.

Chart 3 Sales volume held steady in Q2 2022



Rental

According to the HDB public housing data for the first quarter of 2022, the approved applications to rent out HDB flats dipped by 8.6 per cent from 10,189 units in Q1 2022 to 9,309 units in Q2 2022 (Chart 4). On a year-on-year basis, volume declined by 15.2 per cent from 10,979 units in Q2 2021.

Rents hit a new record last quarter, climbing 7.2 per cent quarter on quarter and 18 per cent year on year to reach 149.7, according to the SRX Rental Index.

Rents are likely climb on the back of rising inflation and declining stock. We estimate that overall rents may rise by 16 to 18 per cent in 2022, while volumes may reach between 40,000- and 42,000- units.

Chart 4 Rental applications dipped last quarter

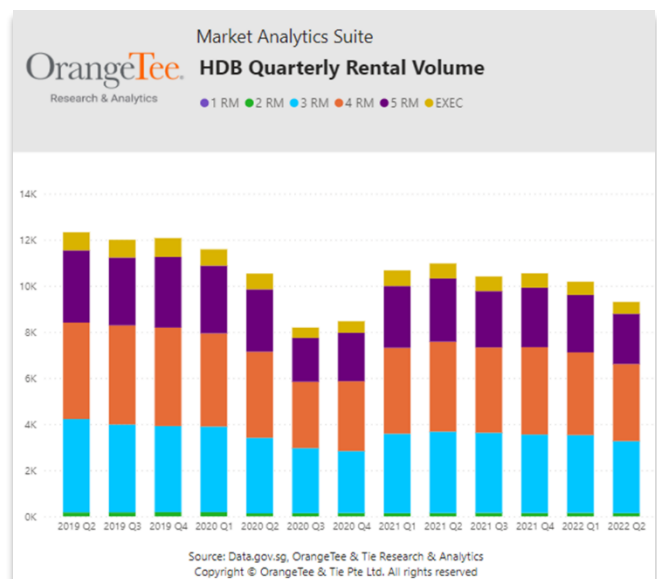
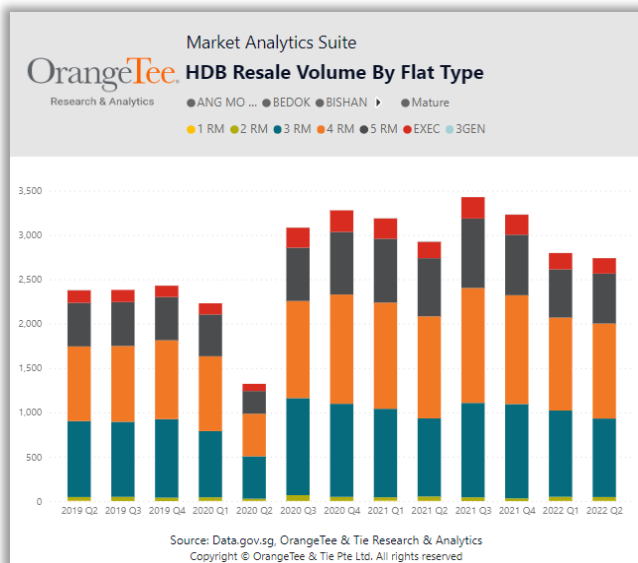


Chart 5 Sales in mature estates remained consistent



MATURE ESTATES

The volume of resale transactions in mature estates held steady last quarter. Based on HDB data from data.gov.sg, the number of HDB resale flats sold in mature estates decreased by 2.1 per cent from 2,799 units in Q1 2022 to 2,740 units in Q2 2022 (Chart 5). The overall average price grew by 3.9 per cent from S\$565,323 to S\$587,398 over the same period (Chart 6).

The most popular mature estates in terms of transactions were Tampines with 408 transactions, Bedok (335 units), Bukit Merah (266 units), Ang Mo Kio (266 units) and Kallang/Whampoa (235 units) (Chart 7). The average price of flats in Tampines was S\$558,866 while those in Bedok was S\$498,892, Bukit Merah was S\$636,793, Ang Mo Kio was S\$543,534, and Kallang/Whampoa was S\$653,302 (Chart 8).

79 million-dollar flats were transacted in mature estates last quarter, with Bukit Merah having the most at 14 units, followed by Central Area (13 units), Bishan (12 units), and Ang Mo Kio (9 units). The most expensive HDB flat sold last quarter was a 5-room flat at City Vue @ Henderson, transacting at S\$1.4 million.

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

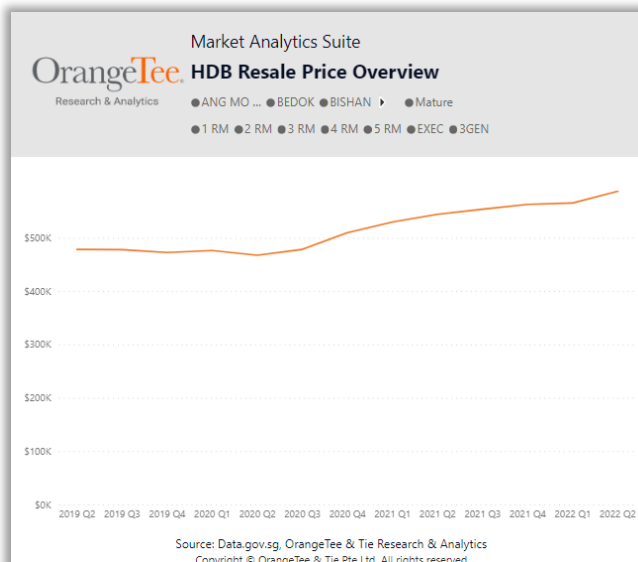


Chart 7 Tampines and Bedok were most popular

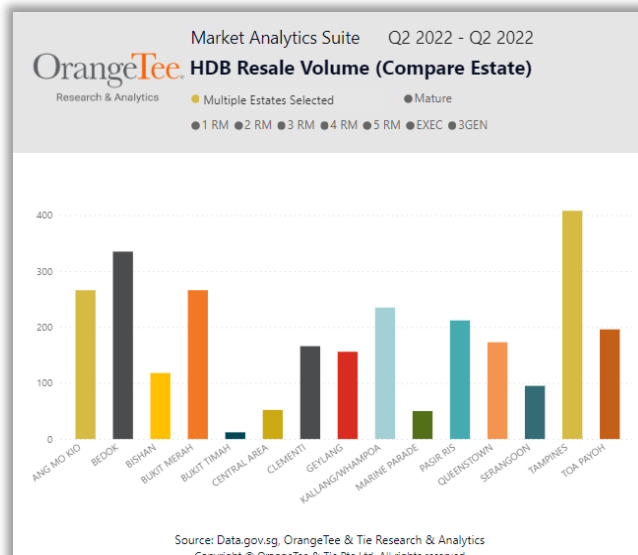
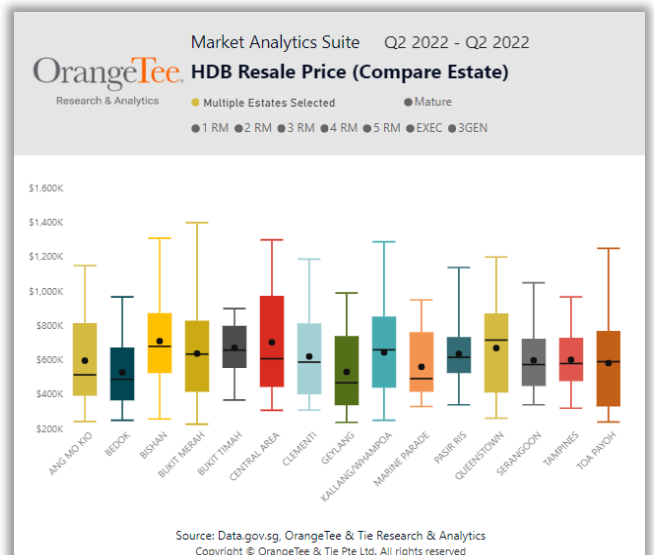


Chart 8 Flats in Central Area fetched the highest average price



NON-MATURE ESTATES

There was a slight increase in resale transactions in non-mature estates last quarter. Resale volume grew by 0.7 per cent from 3,801 units in Q1 2022 to 3,826 units in Q2 2022 (Chart 9). Average resale prices of flats grew by 2.7 per cent from S\$507,932 to S\$521,746 over the same period (Chart 10).

The non-mature estates with the most transactions in Q2 2022 were Sengkang (584 units), Punggol (488 units), Yishun (463 units), Woodlands (438 units) and Jurong West (435 units) (Chart 11). The average price of resale flats in Sengkang was S\$546,764, Punggol was S\$557,510, Yishun was S\$483,027, Woodlands was S\$510,300, and Jurong West was S\$492,034 (Chart 12).

Last quarter, average resale prices increased in all non-mature estates. The highest q-o-q increase was in Jurong East (5.2 per cent), followed by Bukit Batok (5.2 per cent), Punggol (4.8 per cent), Bukit Panjang (3.7 per cent) and Sengkang (3 per cent).

4 more million-dollar flats were sold in non-mature estates last quarter. These flats were Executive Apartments, with 2 located in Yishun, and the other 2 in Woodlands.

Chart 9 Sales in non-mature estates grew last quarter

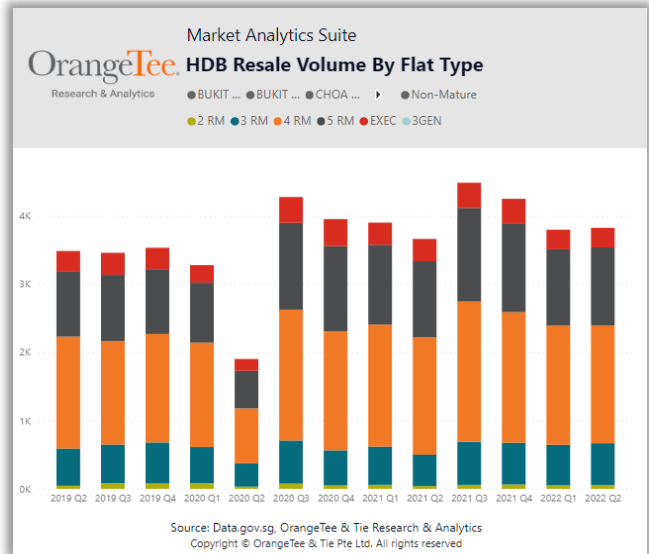


Chart 10 Average prices grew by 2.7 per cent q-o-q

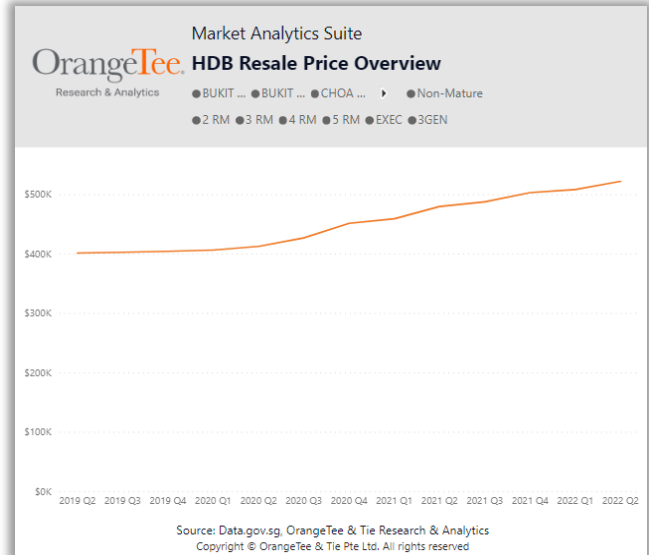


Chart 11 Sengkang and Punggol remained the most popular

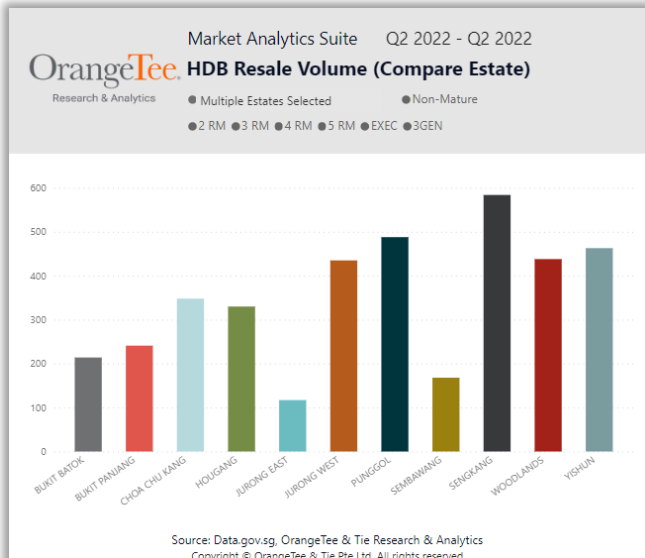
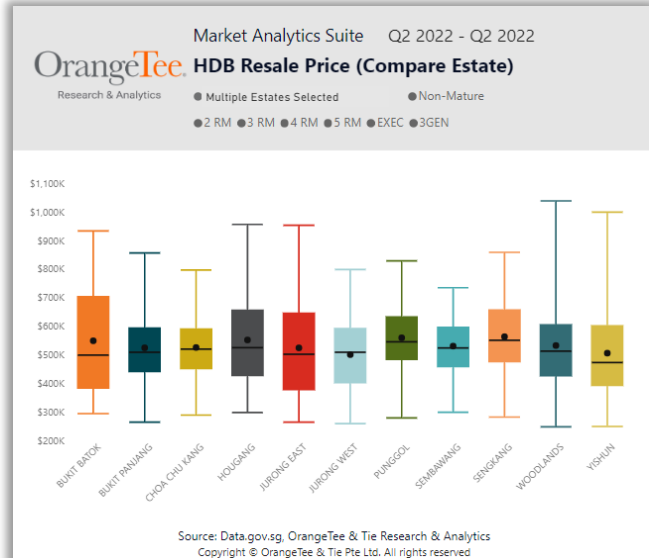


Chart 12 Flats in Punggol fetched the highest average price





Price growth determinants

In the second half of 2022, some of the factors that may influence housing demand and prices include the interest rate movement and housing supply.

- *Christine Sun*

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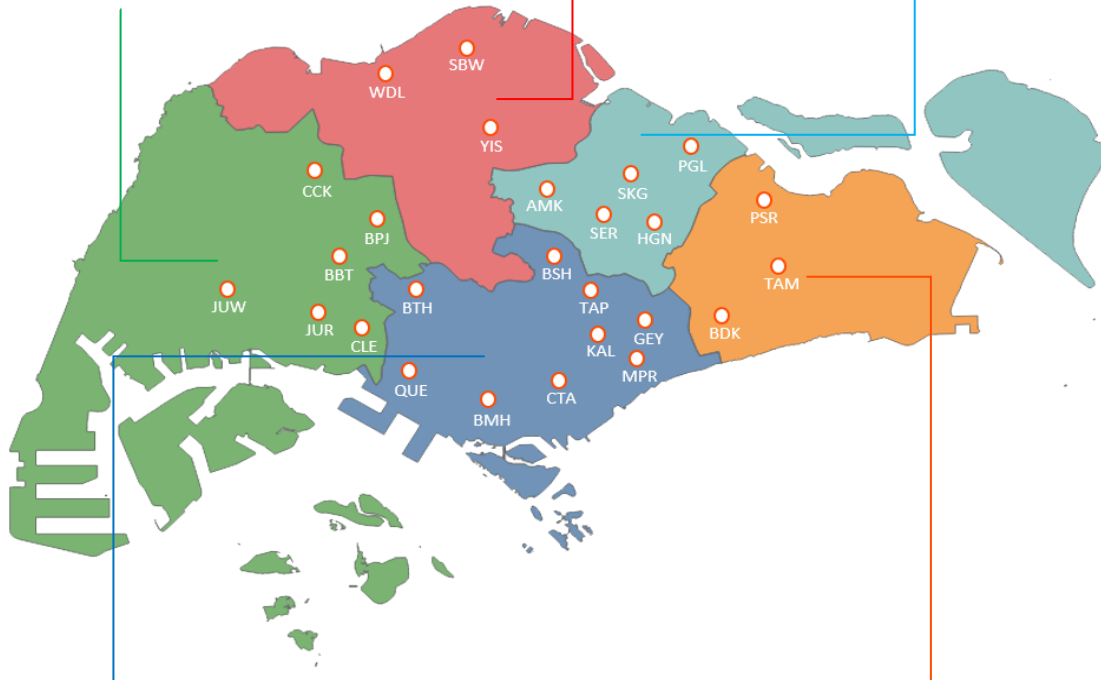
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Chart 15 Summary of HDB resale transactions and average resale prices for Q2 2022

| North Region | | | | |
|-----------------|-------------------------|----------------------|-----------|-----------|
| Planning Area | Total no. of units sold | Average Resale Price | | |
| | | 3-Room | 4-Room | 5-Room |
| Sembawang (SBW) | 168 | \$416,786 | \$489,783 | \$577,121 |
| Woodlands (WDL) | 438 | \$344,956 | \$453,297 | \$547,204 |
| Yishun (YIS) | 463 | \$368,739 | \$467,615 | \$615,481 |

| West Region | | | | |
|---------------------|-------------------------|----------------------|-----------|-----------|
| Planning Area | Total no. of units sold | Average Resale Price | | |
| | | 3-Room | 4-Room | 5-Room |
| Bukit Batok (BBT) | 214 | \$359,553 | \$529,573 | \$742,709 |
| Bukit Panjang (BPJ) | 241 | \$367,126 | \$483,934 | \$609,160 |
| Choa Chu Kang (CCK) | 348 | \$389,792 | \$484,355 | \$572,407 |
| Clementi (CLE) | 166 | \$408,050 | \$690,291 | \$880,336 |
| Jurong East (JUR) | 117 | \$358,250 | \$494,222 | \$630,869 |
| Jurong West (JUW) | 435 | \$342,362 | \$483,856 | \$553,836 |

| North-East Region | | | | |
|-------------------|-------------------------|----------------------|-----------|-----------|
| Planning Area | Total no. of units sold | Average Resale Price | | |
| | | 3-Room | 4-Room | 5-Room |
| Ang Mo Kio (AMK) | 266 | \$376,385 | \$615,881 | \$819,178 |
| Hougang (HGN) | 330 | \$376,739 | \$518,686 | \$631,338 |
| Punggol (PGL) | 488 | \$436,288 | \$548,160 | \$607,591 |
| Sengkang (SKG) | 584 | \$421,551 | \$515,845 | \$607,247 |
| Serangoon (SER) | 95 | \$382,118 | \$546,866 | \$700,041 |



| Central Region | | | | |
|-------------------------|-------------------------|----------------------|-----------|-------------|
| Planning Area | Total no. of units sold | Average Resale Price | | |
| | | 3-Room | 4-Room | 5-Room |
| Bishan (BSH) | 118 | \$412,689 | \$634,253 | \$886,953 |
| Bukit Merah (BMH) | 266 | \$416,888 | \$703,211 | \$864,493 |
| Bukit Timah (BTH) | 12 | \$368,000 | \$633,986 | \$876,000 |
| Central Area (CTA) | 52 | \$447,000 | \$892,453 | \$1,034,775 |
| Geylang (GEY) | 156 | \$360,594 | \$591,596 | \$804,722 |
| Kallang / Whampoa (KAL) | 235 | \$438,808 | \$757,803 | \$865,659 |
| Marine Parade (MPR) | 50 | \$411,887 | \$517,591 | \$817,135 |
| Queenstown (QUE) | 173 | \$440,703 | \$786,421 | \$887,787 |
| Toa Payoh (TAP) | 196 | \$367,489 | \$687,486 | \$802,998 |

| East Region | | | | |
|-----------------|-------------------------|----------------------|-----------|-----------|
| Planning Area | Total no. of units sold | Average Resale Price | | |
| | | 3-Room | 4-Room | 5-Room |
| Bedok (BDK) | 335 | \$354,846 | \$503,672 | \$668,013 |
| Pasir Ris (PSR) | 212 | \$486,000 | \$517,083 | \$611,219 |
| Tampines (TAM) | 408 | \$397,468 | \$529,664 | \$643,811 |

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

OUTLOOK

HDB Market Projection

| Indicators | 2019 | 2020 | 2021 | Q1 2022 | Q2 2022 | H1 2022 | Projection for 2022 |
|---------------------------------|--------|--------|--------|---------|---------|---------|---------------------|
| Resale | | | | | | | |
| Price Change | 0.1% | 5.0% | 12.7% | 2.4% | 2.8% | 5.3% | 7% to 9% |
| Sales Volume (units) | 23,714 | 24,748 | 31,017 | 6,934 | 6,819 | 13,753 | 25,000 to 28,000 |
| Rental | | | | | | | |
| Rental Price Change (SRX) | 1.5% | 1.6% | 10.6% | 4.8% | 7.2% | 12.3% | 16% to 18% |
| HDB Rental Applications (units) | 48,195 | 38,798 | 42,623 | 10,189 | 9,309 | 19,498 | 40,000 to 42,000 |

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

In the second half of 2022, interest rate movement and housing supply may play a more significant role in determining the trajectory of flat prices and housing demand. Higher interest rates will translate to higher borrowing costs, which will moderate demand and price growth. However, since there has been a long run-up in resale prices, a steep price correction may not happen so soon.

Currently, the interest rate hike has not affected the public housing market substantially as the loan quantum of most HDB flats is not high, and most homeowners are not overleveraged. However, the interest rate hike may be more keenly felt when rates move above 3.5 per cent.

Should such a situation occur, more first-time borrowers may switch to an HDB loan pegged to 2.6 per cent. Other borrowers may pay down their loans to reduce their monthly instalments.

As HDB continues to launch more BTO flats in the second half of this year, the increased housing supply will continue to draw demand away from the resale market, which may help to regulate the pace of price growth and tame market exuberance.

We anticipate that 25,000 to 28,000 resale flats may be transacted this year. Resale prices may grow by 7 to 9 per cent for the entire year.

Please contact us for research enquiries. For sales enquiries, please contact your preferred OrangeTee agents.



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