

# HDB Market Pulse

REAL ESTATE DATA TRENDS AND ANALYTICS Q3 2021

- HDB resale prices are at an all-time high after increasing 2.9 per cent quarter on quarter in Q3.
- More than 23,000 HDB resale flats have been transacted in the first three quarters of this year, almost on par with the full-year sales in 2018 and 2019.
- Sales rebounded strongly despite the hungry ghost month and viewing restrictions imposed during the stabilisation phase.
- Million-dollar transactions hit a fresh high with 174 resale flats sold in the first three quarters of this year; a five-room DBSS was sold for nearly S\$1.3 million in September.



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## HDB resale prices hit a record high

The HDB resale market is expected to end on a high note this year. The public housing segment has been 'on fire' with 23,077 resale flat transactions recorded in the first three quarters of this year which is almost on par with the full-year sales of 2018 (23,099 units) and 2019 (23,714 units), and close to the full-year sales of 2020 (24,748 units).

The stellar sales have driven prices of resale flats to a record high last quarter. Home prices are pushing new boundaries as demand outweighs supply in many locations. Moreover, the market exuberance has been propped up by a recovering economy, low mortgage rates, and new buyer demand as a result of construction delays of new BTO flats.

According to the HDB public housing data, resale flats posted a 2.9 per cent quarter on quarter (q-o-q) price gain in Q3, slightly slower than the 3.0 per cent increase in the preceding quarter (Chart 1). Year on year (y-o-y), prices are up by 12.5 per cent.

Prices climbed a sixth consecutive quarter and rose 9.1 per cent year-to-date (Chart 2). This is the steepest three-quarter price increase since 2010 when prices rose by 11.3 per cent over the first three quarters of that year. Prices are now at an all-time high, having surpassed the previous peak in Q2 2013 (price index 149.4) by 0.8 per cent.

Chart 2 Prices climbed a sixth consecutive quarter

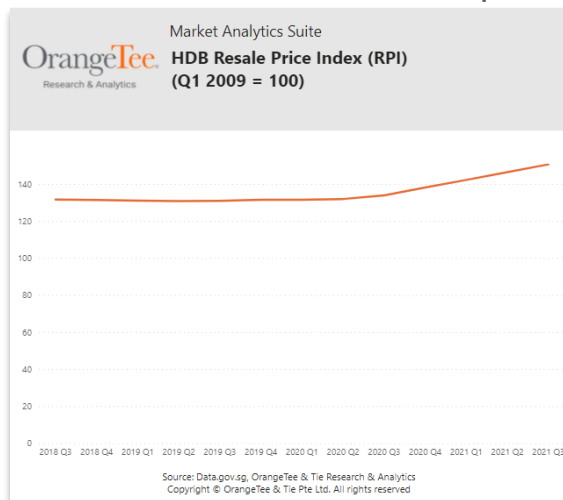


Chart 1 Market summary



According to HDB resale data from data.gov.sg, the average price of resale flats rose in 18 out of 26 towns last quarter. Bukit Timah posted the most significant q-o-q increase (up 11.7 per cent) in Q3 2021, followed by Kallang/Whampoa (9 per cent), Clementi (7.7 per cent) and Bukit Merah (6.1 per cent).

In the first three quarters of this year, a record 174 flats were sold for at least S\$1 million, surpassing the annual million-dollar sales for prior years (Chart 3). This year, 20 flats have been sold for more than S\$1.2 million, compared to seven in 2020 and three in 2019. None were sold at this price quantum before 2019.

In the first three quarters of this year, Central Area registered the highest number of million-dollar flats (48 units), followed by Bishan (29 units), Queenstown (27 units), Toa Payoh (17 units), Bukit Merah (16 units) and Kallang/Whampoa (12 units).

The priciest HDB resale flat was transacted for nearly S\$1.3 million this year. The 120 sqm 10-year-old 5 room DBSS unit at Bishan was sold for S\$1.295 million in September. This has smashed the S\$1.28 million record price at the same project in August this year.

Chart 3 Record number of million-dollar flats

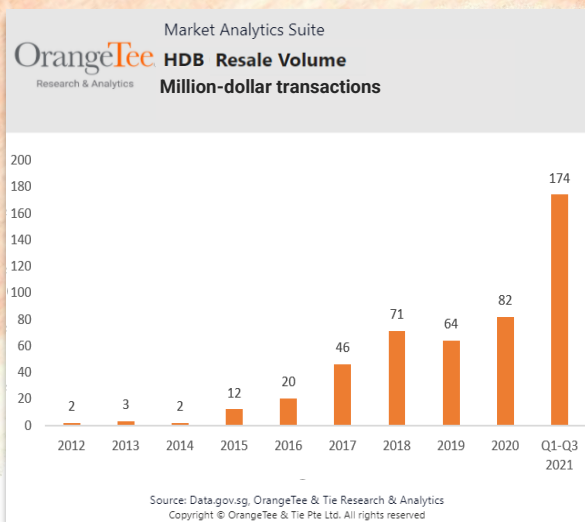
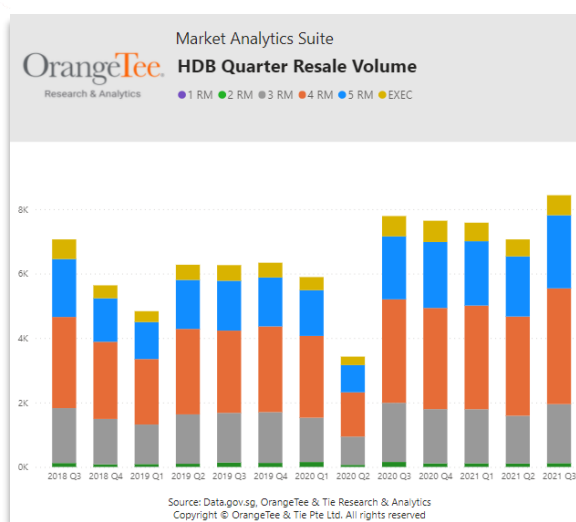


Chart 4 Sales rebounded strongly



Sales rebounded strongly despite the hungry ghost month and viewing restrictions being imposed during the heightened alert period and stabilisation phase that were put in place to curb the spread of Covid-19.

Last quarter, sales surged by 19.4 per cent from 7,063 units in Q2 2021 to 8,433 units (Chart 4). This is the strongest quarterly sales since Q2 2010 when 9,114 units were transacted.

Many non-mature estates saw a spike in flat demand last quarter. For instance, Sembawang registered the highest q-o-q increase in transactions at 51.4 per cent from 105 units in Q2 2021 to 159 units in Q3 2021, followed by 32.6 per cent in Choa Chu Kang, and 30.3 per cent in Yishun. Pasir Ris, a mature estate, recorded 31.2 per cent increase in sales over the same period.

Demand is currently outstripping supply in many locations. Well-located flats with good attributes are in hot demand. The housing boom has been largely fuelled by couples turning from the Build-To-Order (BTO) market to the resale market, and upgraders buying bigger flats.

As private home prices have been rising and private home supply is dwindling in the suburban areas, some flat owners have chosen to upgrade to bigger flats which are relatively more affordable than private housing. They may need more space as their families have expanded or to work more comfortably since the work-from-home or hybrid work may become a norm.

Further, more couples are opting for completed homes in the secondary market amid growing uncertainty about the completion dates of new BTO flats. It was announced that more BTO projects could be facing construction delays caused by manpower shortages, and supply chain disruptions.

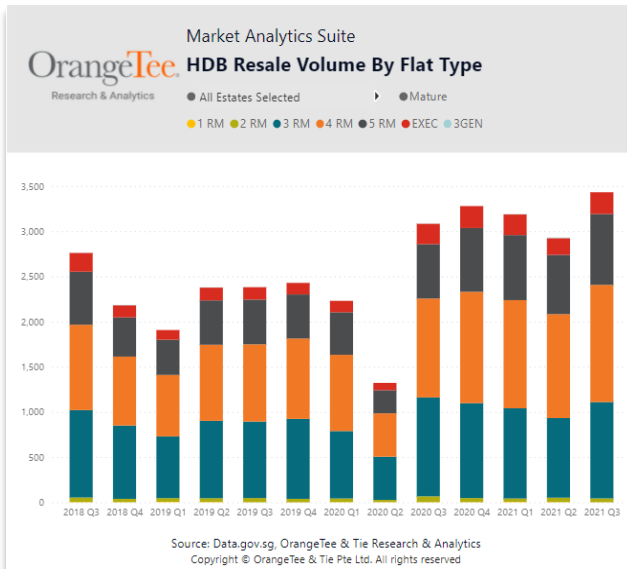
Some of the affected buyers may have chosen to pay slightly more for resale flats, even if the units are older or are situated in a slightly less ideal location since these flats are ready and they can proceed with their wedding or family planning.

Other buyers may see possible hold-up since a few main contractors were unable to continue operation due to financial difficulties. Some of the construction firms that will be shutting down include Greatearth Corporation and Greatearth Construction.

To minimise construction delays and provide BTO buyers with more certainty, the authorities have thrown a lifeline to construction companies by locking in prices and supplies for some raw materials.

The government has also extended the duration of steel price protection by HDB for a total of nine additional months and more supplies of concrete materials to contractors. They have also appointed new contractors to take over give BTO projects previously under Greatearth.

**Chart 5 Sales rebounded by 17.2 per cent last quarter**



## MATURE ESTATES

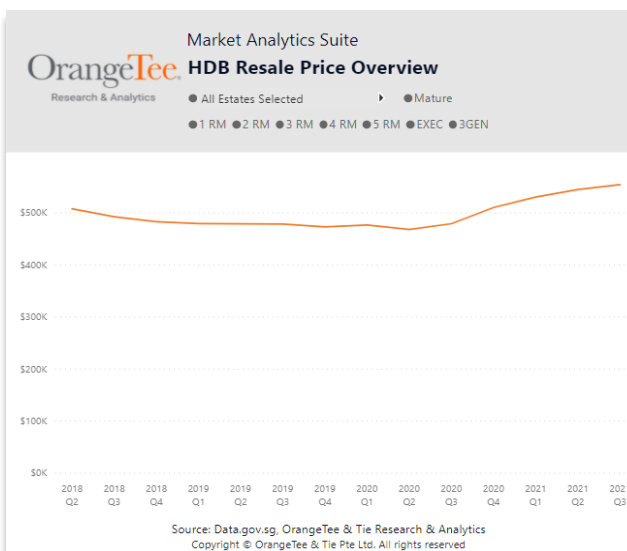
Based on HDB data from data.gov.sg, the number of HDB resale flats sold in mature estates rebounded by 17.2 per cent from 2,930 units in Q2 2021 to 3,433 units in Q3 2021 (Chart 5). Overall prices also rose by a further 1.7 per cent from S\$544,127 to S\$553,584 over the same period (Chart 6).

Last quarter, the most popular mature estate was Tampines with 597 transactions, Bedok with 439 transactions, Bukit Merah with 317 transactions, and Ang Mo Kio with 282 transactions (Chart 7).

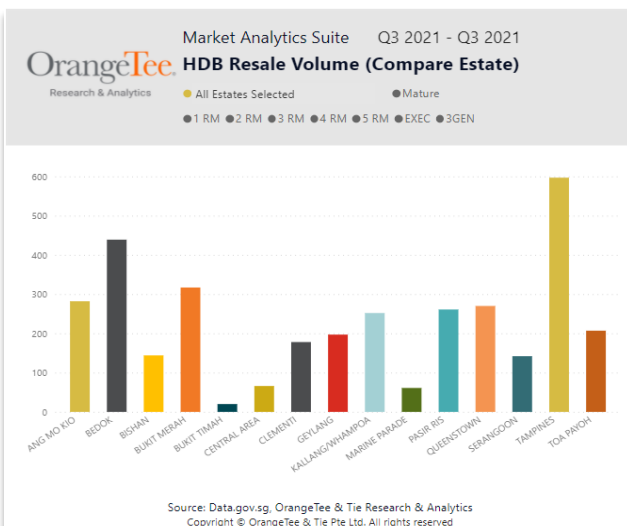
Last quarter, the average price of flats in Tampines was S\$541,297, while those in Bedok was S\$472,337, Bukit Merah was S\$628,257, and Ang Mo Kio was S\$451,865 (Chart 8).

Almost all mature towns saw an increase in demand last quarter. 13 out of 15 towns saw an increase in resale transactions compared to the previous quarter, with Pasir Ris registering the most significant increase of 31.2 per cent to 261 units, Kallang/Whampoa increasing 28.6 per cent to 252 units, Tampines rising 26.5 per cent to 597 units and Serangoon increasing 25.7 per cent to 142 units.

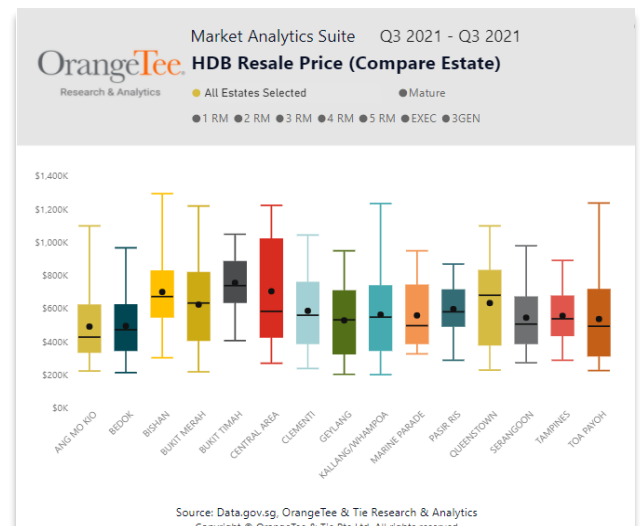
**Chart 6 Average price rose by 1.7 per cent q-o-q**



**Chart 7 Tampines and Bedok were most popular**



**Chart 8 Flats in Bukit Timah fetched the highest average price**



## NON-MATURE ESTATES

The volume of resale flat transactions in non-mature estates increased by 22.6 per cent from 3,663 units in Q2 2021 to 4,491 units in Q3 2021 (Chart 9). Prices of resale flats rose by 1.6 per cent from S\$479,432 to S\$487,140 over the same period (Chart 10).

The most popular non-mature estates were Sengkang (770 units), Punggol (758 units), Woodlands (471 units) and Choa Chu Kang (464 units) (Chart 11). Last quarter, the average price of flats in Sengkang was S\$512,461, Punggol was S\$516,381, Woodlands was S\$472,142, and Choa Chu Kang was S\$489,845 (Chart 12).

The average resale price increased in nine out of 11 non-mature estates from Q2 2021 to Q3 2021. Sembawang saw the highest price growth of 5.5 per cent over the last quarter, followed by Sengkang with 4.2 per cent, Bukit Batok with 4.0 per cent, and Woodlands with 2.5 per cent.

Four flats were transacted for at least S\$900,000 last quarter, with the most expensive transaction recorded for a 144 sqm Executive Apartment in Hougang for S\$910,000. Three other flats were transacted for S\$900,000 each in Bukit Batok, Hougang, and Woodlands.

Chart 9 Sales grew 22.6 per cent q-o-q

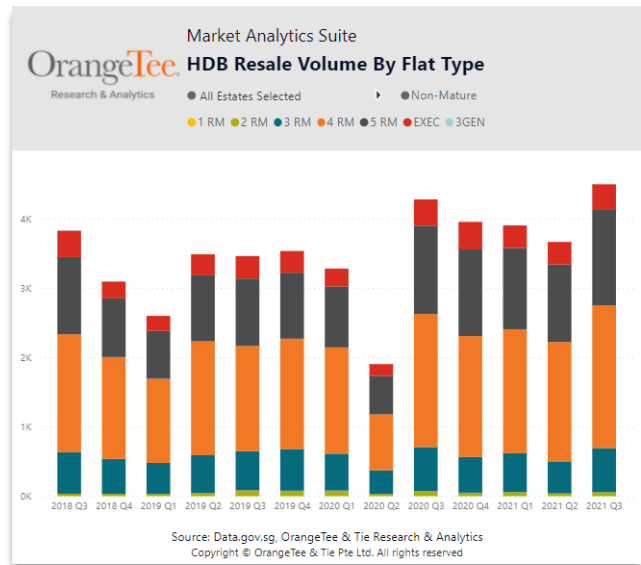


Chart 10 Prices rose by 1.6 per cent q-o-q

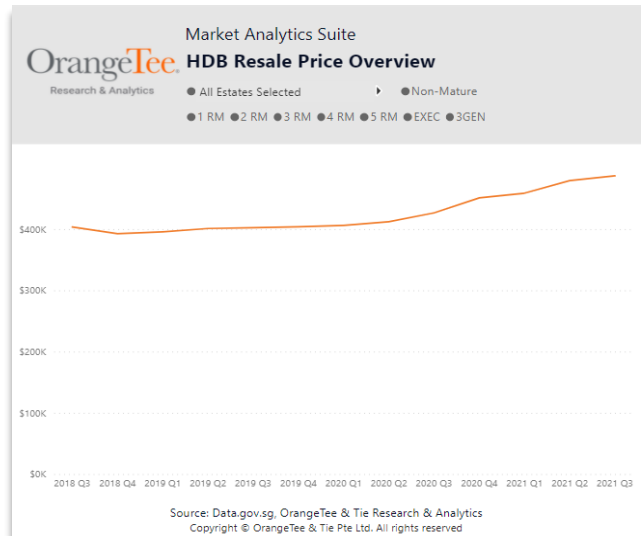


Chart 11 Sengkang and Punggol were most popular

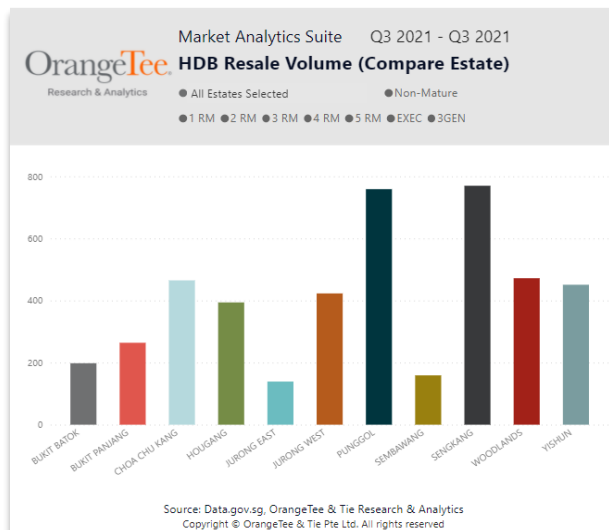


Chart 12 Flats in Punggol fetched the highest average price



## “ Stellar demand

Demand is currently outstripping supply in many locations. The high buyer demand and still-lagging supply may keep prices growing.

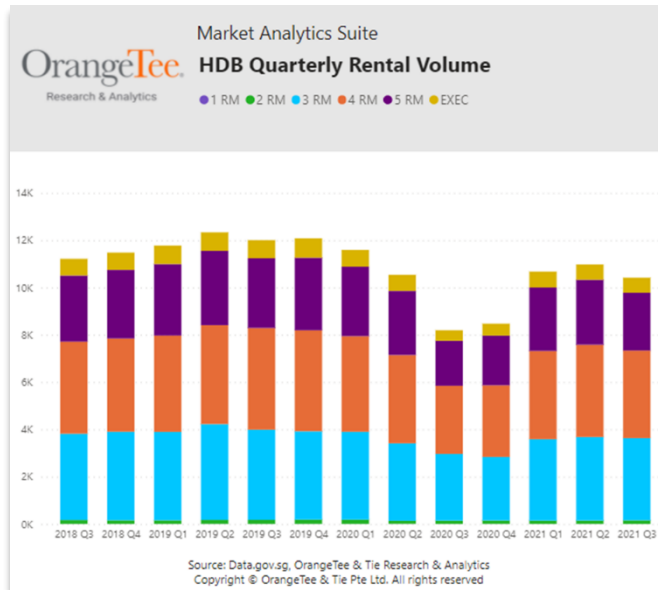
- *Christine Sun*

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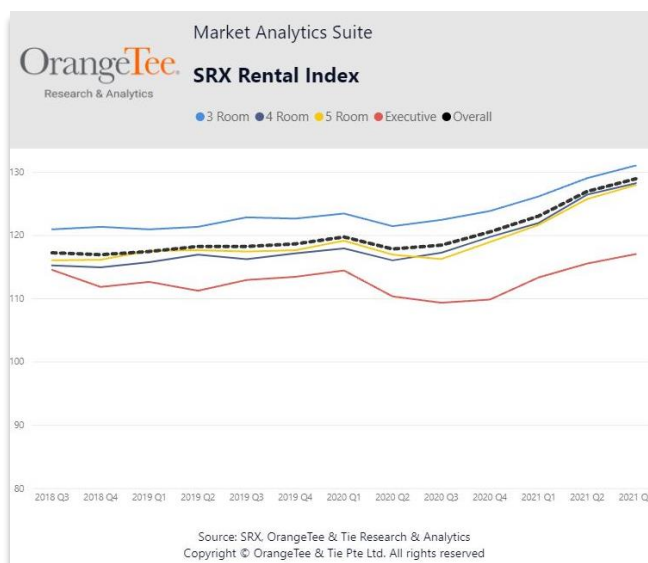
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**Chart 13 Rental applications dipped last quarter**



**Chart 14 Rents continue to rise**



## RENTAL

According to the HDB public housing data for the third quarter of 2021, the approved applications to rent out HDB flats dipped by 5.1 per cent from 10,979 units in Q2 2021 to 10,417 units in Q3 2021. Compared to Q3 2020, the number of approved applications was 27.1 per cent higher (Chart 13).

Rents have continued to rise amid a shrinking demand. According to the SRX Rental Index, rents of HDB resale flats rose at a slower pace of 1.6 per cent q-o-q in Q3 2021 compared to a 3.2 per cent growth in Q2 2021 (Chart 14). For the first three quarters of this year, rents increased 7 per cent.

A lack of flat supply may have driven the rental growth as many resale flats have been sold and taken off the rental market in recent months. Demand may have been propped up by HDB upgraders who have sold their flats and young couples who were renting temporarily in light of the construction delays.

As Singapore reopen its borders with more Vaccinated Travel Lanes set up, we may expect more Singaporeans, PRs and foreigners to return. Many companies may ramp up hiring foreign expats and work pass holders, which will spur rental demand.



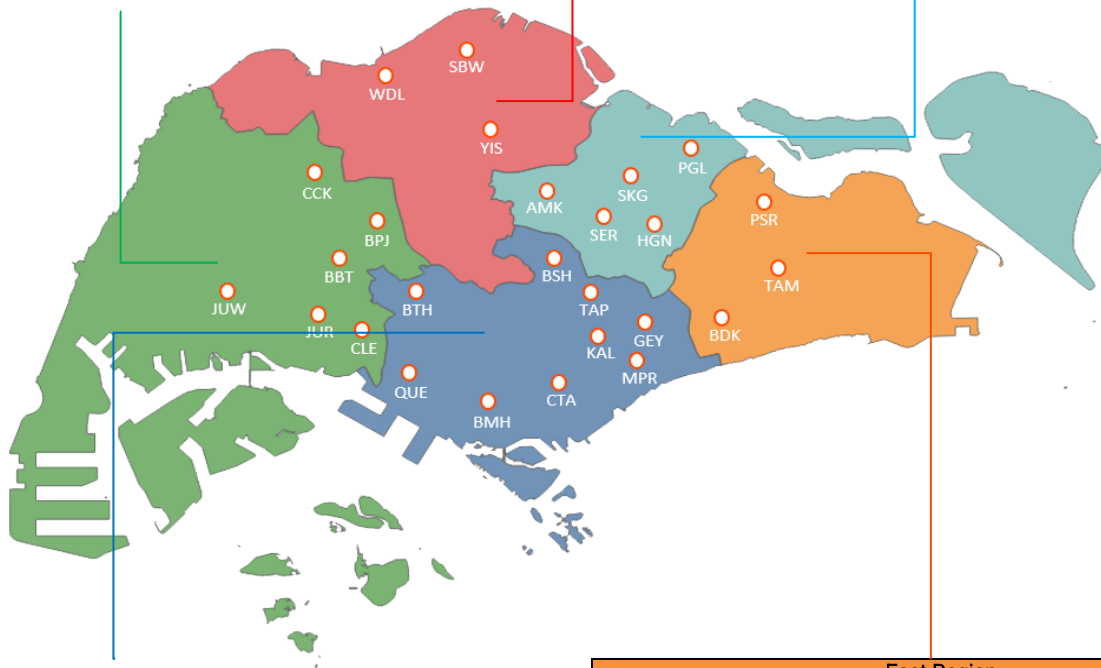
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Chart 15 Summary of HDB resale transactions and average resale prices for Q3 2021

| North Region    |                         |                      |           |           |
|-----------------|-------------------------|----------------------|-----------|-----------|
| Planning Area   | Total no. of units sold | Average Resale Price |           |           |
|                 |                         | 3-Room               | 4-Room    | 5-Room    |
| Sembawang (SBW) | 159                     | \$335,800            | \$417,734 | \$489,295 |
| Woodlands (WDL) | 471                     | \$318,399            | \$422,683 | \$501,822 |
| Yishun (YIS)    | 451                     | \$331,480            | \$429,695 | \$552,275 |

| West Region         |                         |                      |           |           |
|---------------------|-------------------------|----------------------|-----------|-----------|
| Planning Area       | Total no. of units sold | Average Resale Price |           |           |
|                     |                         | 3-Room               | 4-Room    | 5-Room    |
| Bukit Batok (BBT)   | 198                     | \$323,609            | \$464,647 | \$629,103 |
| Bukit Panjang (BPJ) | 264                     | \$340,229            | \$456,632 | \$570,762 |
| Choa Chu Kang (CCK) | 464                     | \$366,991            | \$452,561 | \$540,581 |
| Clementi (CLE)      | 178                     | \$373,120            | \$654,886 | \$802,130 |
| Jurong East (JUR)   | 139                     | \$326,746            | \$446,646 | \$561,738 |
| Jurong West (JUW)   | 423                     | \$309,974            | \$443,274 | \$515,220 |

| North-East Region |                         |                      |           |           |
|-------------------|-------------------------|----------------------|-----------|-----------|
| Planning Area     | Total no. of units sold | Average Resale Price |           |           |
|                   |                         | 3-Room               | 4-Room    | 5-Room    |
| Ang Mo Kio (AMK)  | 282                     | \$340,196            | \$497,090 | \$695,207 |
| Hougang (HGN)     | 394                     | \$346,688            | \$467,346 | \$607,541 |
| Punggol (PGL)     | 758                     | \$395,564            | \$496,673 | \$582,832 |
| Sengkang (SKG)    | 770                     | \$393,290            | \$487,614 | \$554,179 |
| Serangoon (SER)   | 142                     | \$342,667            | \$493,583 | \$664,609 |



| Central Region          |                         |                      |           |             |
|-------------------------|-------------------------|----------------------|-----------|-------------|
| Planning Area           | Total no. of units sold | Average Resale Price |           |             |
|                         |                         | 3-Room               | 4-Room    | 5-Room      |
| Bishan (BSH)            | 144                     | \$398,978            | \$587,024 | \$831,211   |
| Bukit Merah (BMH)       | 317                     | \$404,266            | \$724,107 | \$811,293   |
| Bukit Timah (BTH)       | 20                      | \$408,000            | \$642,190 | \$868,500   |
| Central Area (CTA)      | 66                      | \$420,313            | \$874,757 | \$1,051,659 |
| Geylang (GEY)           | 197                     | \$329,120            | \$612,308 | \$684,252   |
| Kallang / Whampoa (KAL) | 252                     | \$392,023            | \$645,392 | \$749,530   |
| Marine Parade (MPR)     | 61                      | \$399,055            | \$502,692 | \$807,944   |
| Queenstown (QUE)        | 270                     | \$397,017            | \$755,491 | \$913,169   |
| Toa Payoh (TAP)         | 207                     | \$309,039            | \$587,000 | \$807,319   |

| East Region     |                         |                      |           |           |
|-----------------|-------------------------|----------------------|-----------|-----------|
| Planning Area   | Total no. of units sold | Average Resale Price |           |           |
|                 |                         | 3-Room               | 4-Room    | 5-Room    |
| Bedok (BDK)     | 439                     | \$331,806            | \$497,140 | \$610,890 |
| Pasir Ris (PSR) | 261                     | \$406,400            | \$503,123 | \$581,385 |
| Tampines (TAM)  | 597                     | \$375,642            | \$494,367 | \$610,651 |

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



# OUTLOOK

## HDB Market Projection

| Indicators                      | 2018   | 2019   | 2020   | H1 2021 | Q3 2021 | Projection for 2021 | Projection For 2022 |
|---------------------------------|--------|--------|--------|---------|---------|---------------------|---------------------|
| <b>Resale</b>                   |        |        |        |         |         |                     |                     |
| Price Change                    | -0.9%  | 0.1%   | 5.0%   | 6.0%    | 2.9%    | 10% to 12%          | 8% to 11%           |
| Sales Volume (units)            | 23,099 | 23,714 | 24,748 | 14,644  | 8,433   | 29,000 to 31,000    | 25,000 to 27,000    |
| <b>Rental</b>                   |        |        |        |         |         |                     |                     |
| Rental Price Change (SRX)       | -0.4%  | 1.5%   | 1.6%   | 5.3%    | 1.6%    | 7% to 9%            | 7% to 10%           |
| HDB Rental Applications (units) | 46,440 | 48,195 | 38,798 | 21,655  | 10,417  | 42,000 to 44,000    | 46,000 to 48,000    |

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

Singapore's economy is likely to remain above trend in the quarters ahead which will boost market sentiment and investor confidence. As Singapore draws up the endemic road map to transit the nation to a new normal, more Covid-19 curbs could be further lifted in the coming months. The easing of viewing restrictions may unleash more pent-up demand from buyers who have been waiting to view the actual units before confirming a purchase.

Therefore, sales demand may remain resilient in the coming months. The leasing market is also expected to improve as our borders reopen further. We estimate that around 29,000 to 31,000 HDB flats could be transacted this year, higher than the 24,748 units sold in 2020 and the 23,714 units transacted in the pre-pandemic 2019. Rental transactions are expected to reach around 42,000 to 44,000 units in 2021, improving further to around 46,000 to 48,000 units next year. Rents may rise by more than 7 per cent in 2021 and 2022.

The strong buyer demand and still-lagging supply are expected to keep prices growing albeit at a slower pace next year. The fast-rising prices may be setting a bigger barrier of entry for first-time buyers. Some price resistance could set in next year as prices have risen to new highs in many locations. Moreover, some buyers may have to contend with mortgages rate adjustments and affordability challenges from rising inflation expectations.

Fed has already indicated that interest rates may rise from the second half of next year which may impact housing affordability. While inflation has been climbing on the back of higher labour, production and material costs, To address the rising inflation, Singapore's central bank has tightened its monetary policy recently to strengthen the local dollar to ensure price stability over the medium term. We estimate that prices of resale flats may rise by 10 to 12 per cent for the whole of 2021, and around 8 to 11 per cent next year.

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