

HDB Market Pulse

Real Estate Data Trend & Analytics



Q4 2022

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Housing market shows signs of cooling after September's property curbs

The housing market is finally cooling after catapulting to new heights this year. Home prices dipped across most flat types and in many housing estates after cooling measures were implemented in September 2022.

HDB Resale Price Index

HDB resale price growth slowed further to 2.3 per cent last quarter after prices grew by a slower pace of 2.6 per cent in Q3 (Charts 1 & 2). The second consecutive price slowdown came after new cooling measures were implemented in September.

Last quarter's price growth was the smallest quarterly increment since Q3 2020, when prices grew by 1.5 per cent. Nevertheless, prices have risen for 11 consecutive quarters and remained at a record high last quarter. For the whole of 2022, prices rose 10.4 per cent, less than the 12.7 per cent increase in 2021 but above the 5 per cent in 2020.

Price growth was modest last quarter because of September's cooling measures and rising interest rates. Many property curbs have been implemented, impacting most flat buyers' housing affordability.

For instance, for property loans from private financial institutions, the medium-term interest rate floor- which is used to compute the total debt servicing ratio (TDSR) and the mortgage servicing ratio (MSR) – has been raised by 0.5 percentage points. For loans granted by HDB, the interest rate floor used to calculate MSR will be raised to 3 per cent per annum or 0.1 percentage point above the prevailing CPF Ordinary Account interest rate - whichever is higher.

Recent interest rate hikes impacted buyers who are not eligible for an HDB loan. The fixed home loan rates offered by many banks are around 4 per cent, while some floating loan rates have already exceeded 3.5 per cent.

Chart 1 Market summary

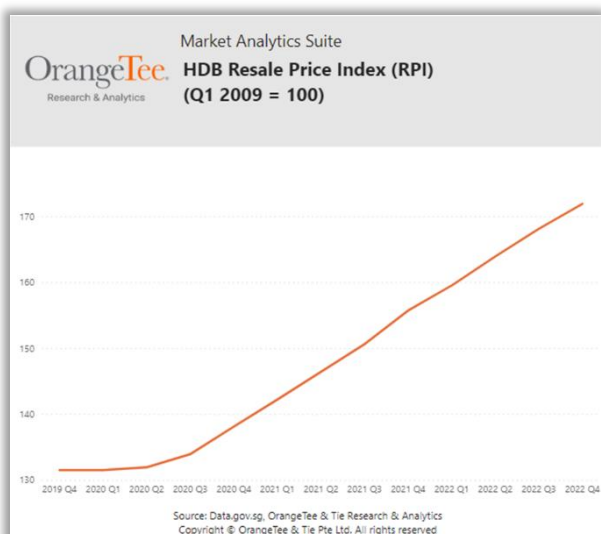


Source: HDB, OrangeTee & Tie Research & Analytics

Private homeowners buying HDB resale flats must wait 15 months before purchasing a non-subsidised HDB resale flat. This rule does not apply to seniors aged 55 and above moving from their private property to a 4-room or smaller resale flat.

This measure is done to slow down the housing demand from private homeowners and will likely reduce competition and make it easier for first-timers to purchase their flats.

Chart 2 Prices grew slower by 2.3 per cent q-o-q



Source: Data.gov.sg, OrangeTee & Tie Research & Analytics
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Prices softening across most flat types

Last quarter, resale prices moderated across most flat types and in many housing estates. Based on HDB data from data.gov.sg, resale prices of 3-room flats grew at a slower pace of 1.6 per cent in Q4 2022 when compared to 2.0 per cent in Q3 2022, while 5-room units grew slower by 0.8 per cent in Q4 2022 versus a 2.4 per cent increase in Q3 2022. Conversely, prices of 1-room (-0.2 per cent), 2-room (-0.4 per cent), and executive flats (-0.9 per cent) shrunk last quarter (Chart 3).

Prices dipped or increased marginally for more than most HDB towns

The average prices at 10 out of 26 towns slipped last quarter. Serangoon and Jurong East saw the highest quarter-on-quarter price decline of 6.5 per cent in Q4 2022, followed by Toa Payoh at 6.0 per cent, Queenstown at 5.0 per cent, Kallang/ Whampoa at 3.5 per cent and Bedok at 3 per cent (Table 1).

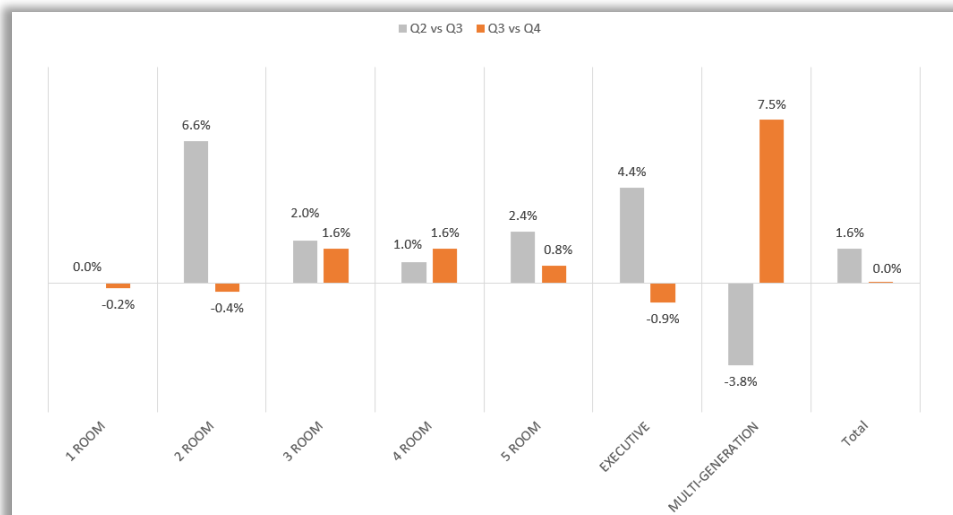
Prices of resale flats in the other 16 towns rose by 0.4 to 24 per cent last quarter. Six towns registered less than 1 per cent increase, such as Marine Parade, Jurong West, Choa Chu Kang, Clementi, Yishun and Bukit Batok. The highest quarterly increases were in Bukit Timah (24 per cent), Central Area (11.6 per cent), Geylang (6.4 per cent) and Bukit Merah (3.8 per cent).

Table 1 Prices change across HDB towns

Town	Avg Price Change Q2 vs Q3 2022	Avg Price Change Q3 vs Q4 2022	Percentage point change
TOA PAYOH	9.5%	-6.0%	-15.5%
BISHAN	7.8%	-2.0%	-9.7%
TAMPINES	5.7%	-1.7%	-7.5%
SERANGOON	0.9%	-6.5%	-7.4%
MARINE PARADE	6.5%	0.4%	-6.1%
BEDOK	2.7%	-3.0%	-5.7%
QUEENSTOWN	0.6%	-5.0%	-5.7%
BUKIT PANJANG	5.3%	-0.3%	-5.6%
KALLANG/WHAM POA	0.6%	-3.5%	-4.2%
JURONG EAST	-2.5%	-6.5%	-3.9%
SEMBAWANG	2.2%	-0.9%	-3.1%
JURONG WEST	3.2%	0.4%	-2.8%
HOUANG	3.3%	1.6%	-1.7%
CHOA CHU KANG	1.9%	0.4%	-1.5%
SENGKANG	2.6%	1.5%	-1.1%
WOODLANDS	1.7%	1.3%	-0.4%
PUNGGOL	2.9%	2.5%	-0.4%
PASIR RIS	1.8%	2.0%	0.2%
BUKIT BATOK	0.5%	0.9%	0.4%
YISHUN	-0.1%	0.7%	0.9%
CLEMENTI	-3.7%	0.7%	4.4%
BUKIT MERAH	-0.8%	3.8%	4.6%
ANG MO KIO	-4.6%	2.8%	7.4%
GEYLANG	-3.1%	6.4%	9.5%
BUKIT TIMAH	2.5%	24.0%	21.5%
CENTRAL AREA	-13.0%	11.6%	24.6%

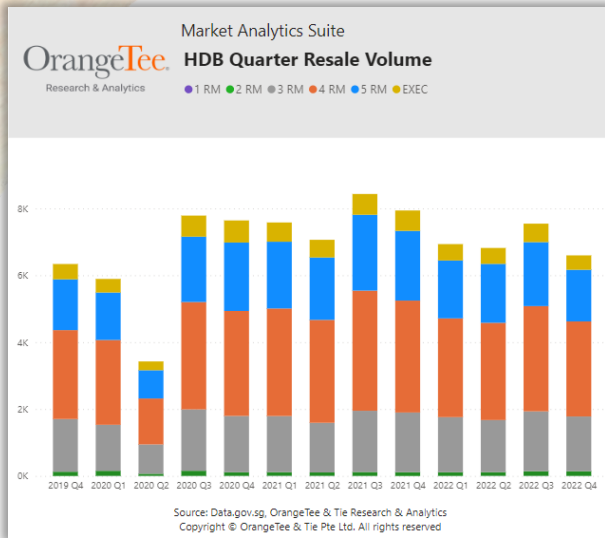
Source: Data.gov.sg, OrangeTee & Tie Research & Analytics

Chart 3 Price change across flat types



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

Chart 4 Sales volume dipped by 12.6 per cent in Q4



Sales volume

Sales dipped by 12.6 per cent from 7,546 units in Q3 to 6,597 units in Q4, based on figures released by HDB. Year-on-year, sales dipped by 16.9 per cent from 7,940 units in Q4 2021 (Chart 4).

For the whole of 2022, 27,896 flats were transacted, which is 10.1 per cent lower than the 31,017 units sold in 2021, but higher than the 23,714 units sold in 2019 and 24,748 units in 2020.

Last year’s sales performance is healthy considering prices are at record highs and competition has been stiff with many BTO flats launched.

Fewer units were sold last quarter due to the cooling measures and many people travelling overseas. With fewer house viewings during the year-end, lesser deals were consequently sealed.

The lull season may ride into January as sales activities tend to be muted during the Chinese New Year period. However, we expect sales to climb back gradually over the next few months as prices stabilise and sales activities pick up after the festivities.

Rental

According to the HDB public housing data for Q4 2022, the approved applications to rent out HDB flats rose by 3.5 per cent from 8,192 units in Q3 2022 to 8,476 units in Q4 2022.

On a year-on-year basis, volume declined by 19.7 per cent from 10,551 units in Q4 2021.

For the whole of 2022, 36,166 units were leased, 15.1 per cent lower than the 42,623 units in 2021 and the 38,798 units in 2020 (Chart 5).

Rental demand has been contracting as rents have escalated, and the available rental stock has been diminishing. Tenants are signing longer leases which will progressively lead to fewer homes available for rent.

Leasing transactions have also dipped during the year-end. There had been fewer house viewings as potential tenants and landlords were on holiday. Demand may start to pick up after the year-end holiday season.

Looking ahead, there will be fewer flats reaching MOP (minimum occupation period) this year which will translate to fewer units put up for lease. The decreasing supply, coupled with a declining housing stock, may push rents higher.

However, a worsening economic outlook and inflation may mitigate steep rental hikes. Therefore, the net effect may see rents rising at a slower pace of between 15 and 18 per cent this year.

Chart 5 Rental applications rose by 3.5 per cent in Q4

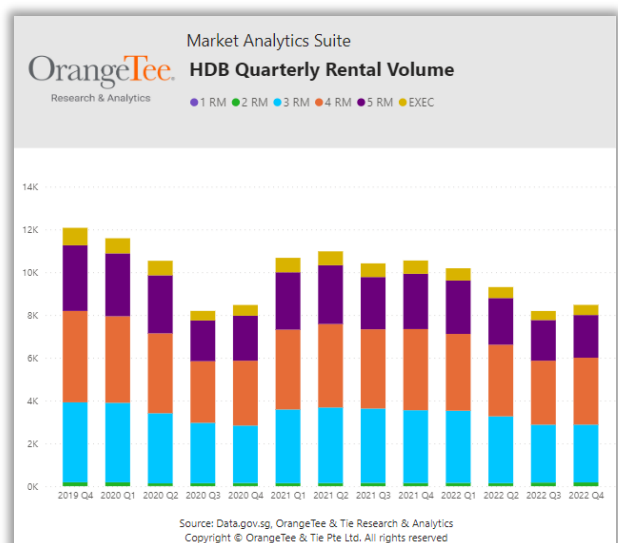
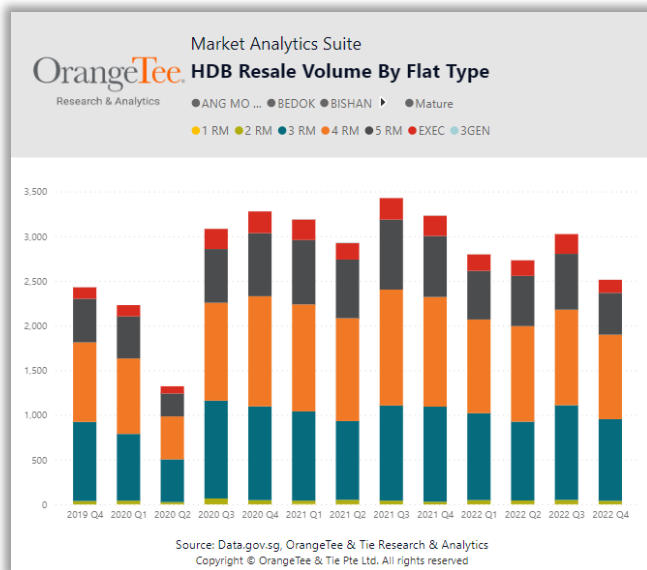


Chart 6 Sales in mature estates dipped last quarter

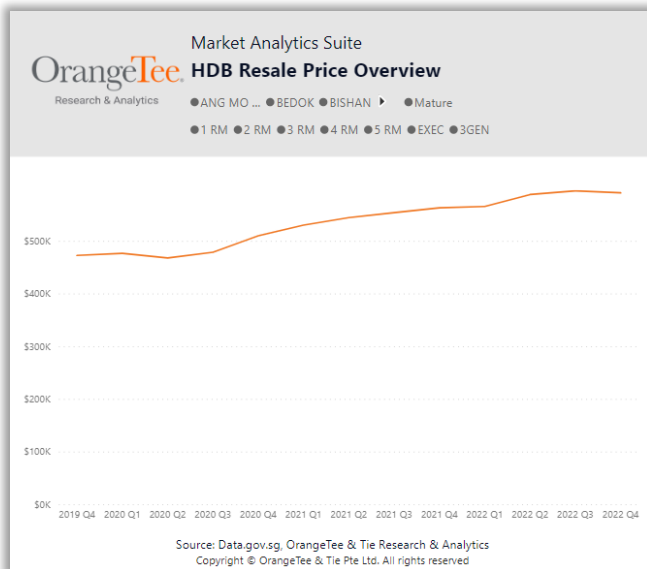


MATURE ESTATES

Last quarter, resale volume in mature estates dipped. Based on HDB data from data.gov.sg, the number of resale flat transactions in mature estates fell by 16.9 per cent from 3,024 units in Q3 2022 to 2,512 units in Q4 2022 (Chart 6). Average prices fell marginally by 0.6 per cent from S\$594,962 to S\$591,292 over the same period (Chart 7).

The most popular mature estates with the highest transactions were Tampines (435 units), Bedok (295 units), Ang Mo Kio (217 units), Kallang/Whampoa (204 units) and Toa Payoh (200 units) (Chart 8).

Chart 7 Average prices fell by 0.6 per cent q-o-q



Flats in Bukit Timah fetched the highest average price at S\$855,231 in Q4. Other flats in Tampines were transacted at an average price of S\$581,146 while those in Bedok were S\$496,580, Ang Mo Kio at S\$533,931, Kallang/Whampoa at S\$634,107, and Toa Payoh at S\$567,343 (Chart 9).

83 million-dollar flats were transacted in mature estates last quarter. Central Area had the highest number of transactions (13 units), followed by Toa Payoh (12 units), Bukit Merah (11 units), and Bishan (9 units). Last quarter's priciest resale transaction was a 5-room DBSS flat at Toa Payoh sold for S\$1.38 million.

Chart 8 Tampines and Bedok were most popular

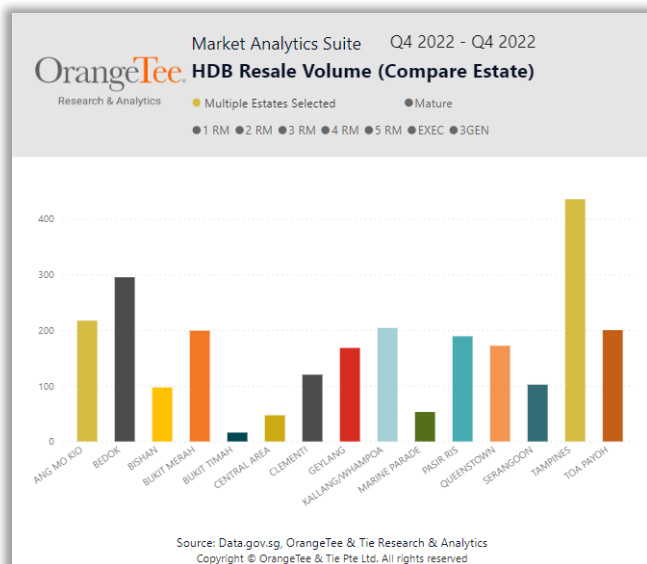
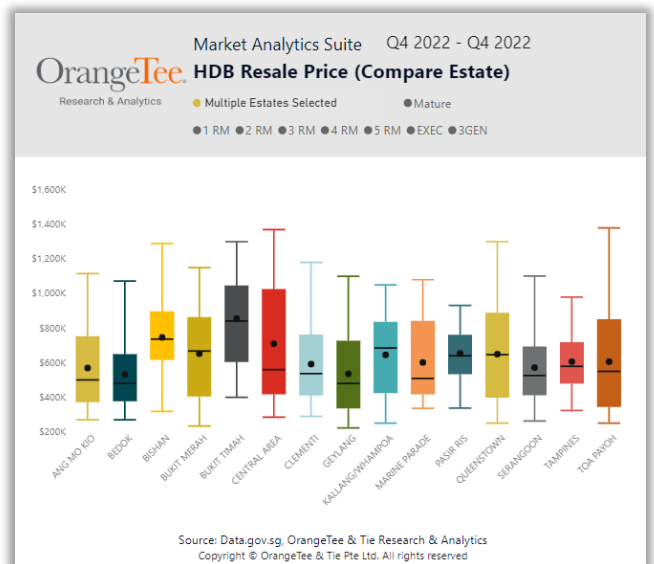


Chart 9 Flats in Bukit Timah fetched the highest average price



NON-MATURE ESTATES

For non-mature estates, resale transactions dropped last quarter by 9.6 per cent from 4,230 units in Q3 2022 to 3,824 units in Q4 2022 (Chart 10). Average resale prices grew marginally by 0.9 per cent from S\$531,907 to S\$536,617 over the same period (Chart 11).

The non-mature estates with the most resale transactions were Woodlands (559 units), Punggol (502 units), Sengkang (498 units), Yishun (463 units) and Jurong West (412 units) in Q4 2022 (Chart 12).

Last quarter, average resale prices increased in 8 out of 11 non-mature estates. The highest q-o-q increase was in Punggol (2.5 per cent), followed by Hougang (1.6 per cent), Sengkang (1.5 per cent), Woodlands (1.3 per cent) and Bukit Batok (0.9 per cent).

The average price of resale flats in Woodlands was S\$525,288, followed by Punggol at S\$587,897, Sengkang at S\$569,159, Yishun at S\$485,901, and Jurong West at S\$510,465 (Chart 13).

Ten more million-dollar flats were sold in non-mature estates last quarter. Four were located in Woodlands, three in Hougang, two in Yishun and one in Jurong East. There were 22 million-dollar HDB resale flat transactions in non-mature estates last year.

Chart 10 Sales in non-mature estates dropped last quarter

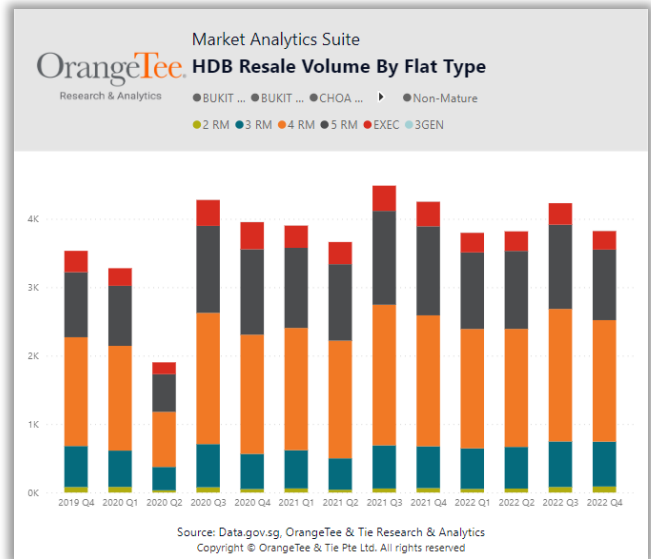


Chart 11 Average prices grew by 0.9 per cent q-o-q

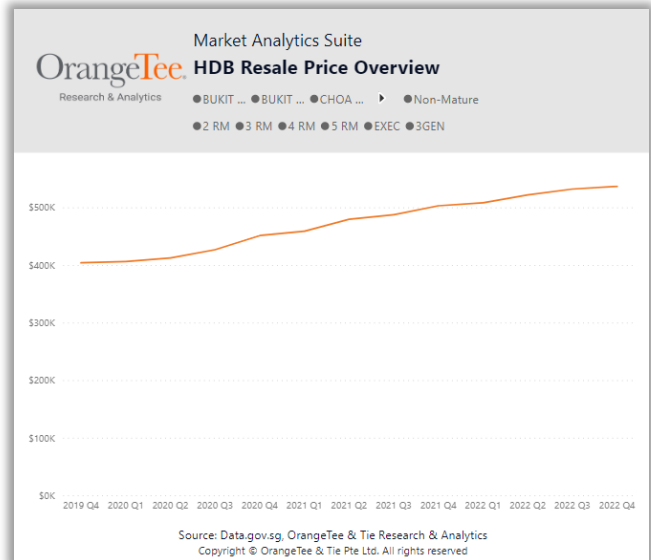


Chart 12 Woodlands and Punggol were most popular

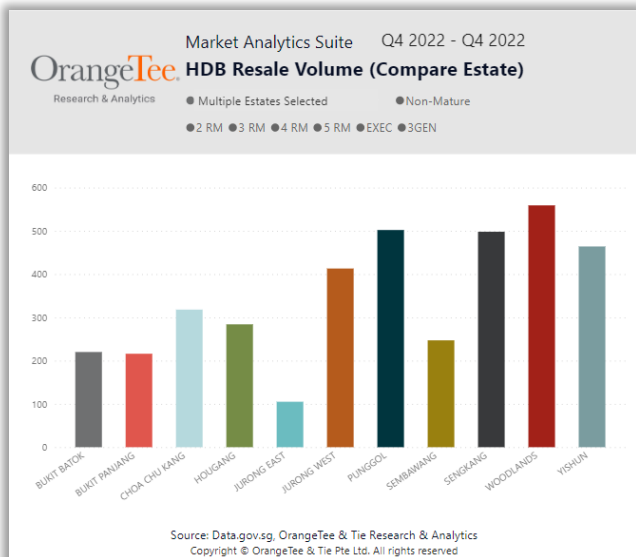
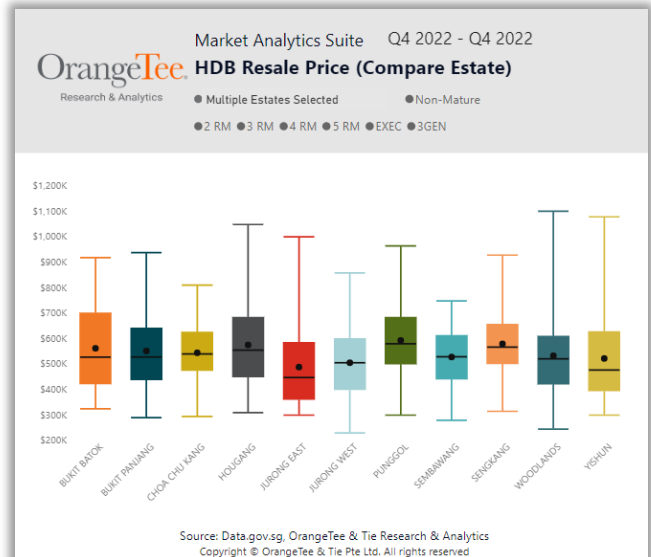


Chart 13 Flats in Punggol fetched the highest average price





We expect price growth to remain moderate this year in view of the economic uncertainties, cooling measures and rising interest rates. Prices may rise by 5 to 9 per cent for the whole of 2023.



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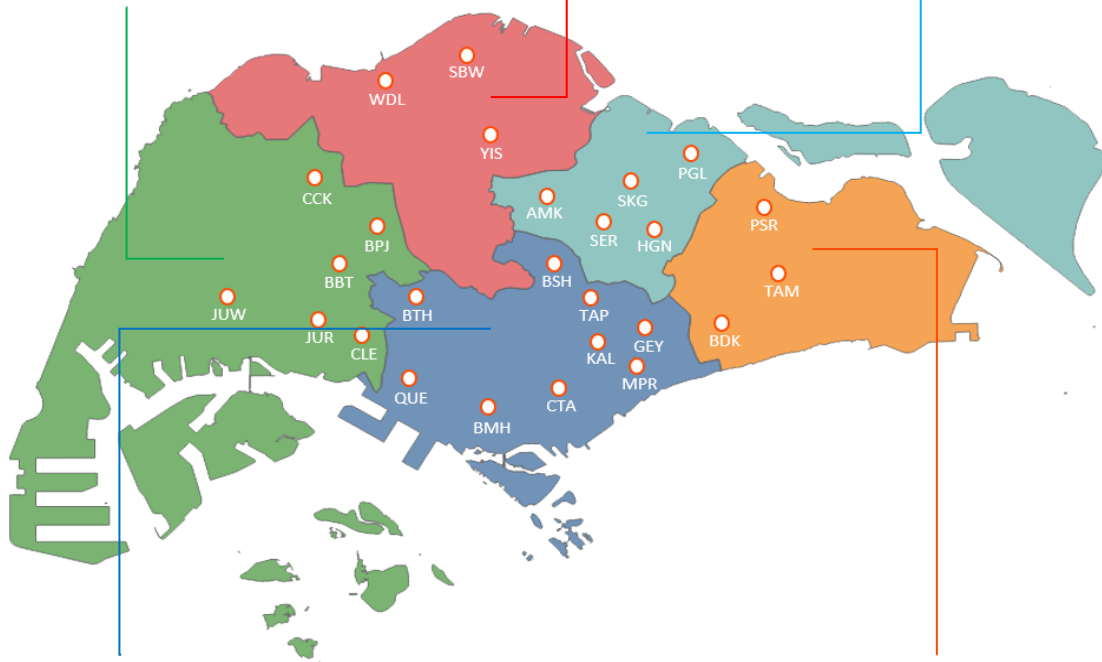
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Chart 14 Summary of HDB resale transactions and average resale prices for Q4 2022

North Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Sembawang (SBW)	247	\$430,530	\$528,930	\$612,619
Woodlands (WDL)	559	\$381,362	\$496,837	\$595,467
Yishun (YIS)	463	\$378,472	\$478,026	\$632,122

West Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Bukit Batok (BBT)	220	\$370,240	\$546,180	\$712,480
Bukit Panjang (BPJ)	216	\$383,194	\$493,265	\$607,570
Choa Chu Kang (CCK)	318	\$380,790	\$500,439	\$588,446
Clementi (CLE)	120	\$409,704	\$639,130	\$791,714
Jurong East (JUR)	105	\$366,307	\$480,925	\$628,583
Jurong West (JUW)	412	\$359,951	\$491,963	\$574,731

North-East Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Ang Mo Kio (AMK)	217	\$392,833	\$634,462	\$856,889
Hougang (HGN)	284	\$383,682	\$529,223	\$659,553
Punggol (PGL)	502	\$452,734	\$575,325	\$677,769
Sengkang (SKG)	498	\$443,215	\$551,188	\$606,908
Serangoon (SER)	102	\$390,607	\$558,660	\$717,699



Central Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Bishan (BSH)	97	\$438,618	\$688,472	\$886,954
Bukit Merah (BMH)	199	\$461,966	\$727,675	\$894,518
Bukit Timah (BTH)	16	\$422,500	\$676,000	\$929,222
Central Area (CTA)	46	\$449,737	\$946,731	\$1,230,000
Geylang (GEY)	167	\$356,765	\$620,305	\$812,908
Kallang / Whampoa (KAL)	204	\$446,421	\$761,355	\$794,691
Marine Parade (MPR)	53	\$426,693	\$593,413	\$898,592
Queenstown (QUE)	172	\$447,590	\$810,161	\$980,431
Toa Payoh (TAP)	200	\$369,708	\$742,930	\$900,295

East Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Bedok (BDK)	295	\$374,088	\$521,471	\$677,402
Pasir Ris (PSR)	189	\$472,333	\$542,011	\$661,953
Tampines (TAM)	435	\$418,987	\$550,738	\$681,937

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

OUTLOOK

HDB Market Projection

Indicators	2019	2020	2021	Q4 2022	2022	Projection for 2023
Resale						
Price Change	0.1%	5.0%	12.7%	2.3%	10.4%	5% to 8%
Sales Volume (units)	23,714	24,748	31,017	6,597	27,896	23,000 to 26,000
Rental						
HDB Rental Applications (units)	48,195	38,798	42,623	8,476	36,166	32,000 to 35,000

Source: HDB, OrangeTee & Tie Research & Analytics

Housing supply is expected to remain tight over the next few years. Flats obtaining their five-year Minimum Occupation Period (MOP) are slated to drop significantly from 31,325 units in 2022 to 15,748 units in 2023, dipping further to 13,093 units in 2024 and 8,234 units in 2025.

Although supply will drop this year, prices are not expected to rise extensively, given the cooling measures and high cost of living. Flats that have obtained MOP last two years will continue to be sold.

As prices have already hit a record in many areas, there will be some price resistance. Buyers may hesitate to pay too much for a flat as mortgage rates are still climbing. We expect price growth to remain moderate this year in view of the economic uncertainties, cooling measures and rising interest rates.

More BTO flats will be launched this year which will help to mitigate excessive price surges in the secondary market. HDB plans to offer up to 23,000 BTO flats in 2023.

Therefore, prices of HDB resale flats are expected to grow at a slower pace of 5 to 8 per cent this year.

The slower pace of price growth may result in a healthy number of deals being sealed as volumes have already climbed back gradually over the past months after cooling measures were implemented in September.

We estimate that the total sales volume this year may hit around 23,000 to 26,000 units, slightly lower than the 27,896 units sold in 2022, and below the 31,017 units in 2021, but possibly on par with the 23,714 units sold in 2019 and 24,748 units in 2020.

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