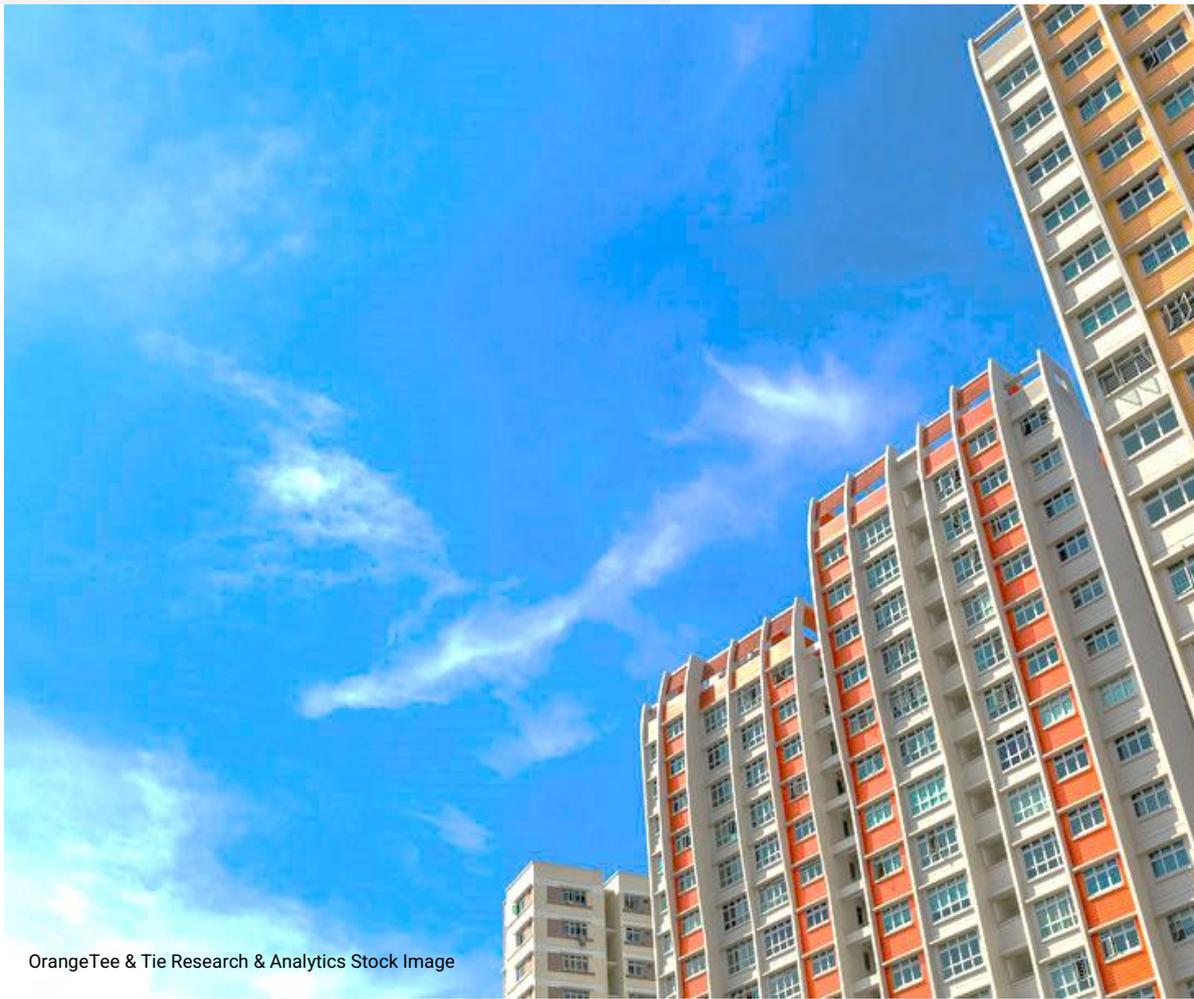


HDB Market Pulse

REAL ESTATE DATA TRENDS AND ANALYTICS Q1 2021

- HDB resale prices rose higher last quarter in tandem with the rising home values observed globally. A record number of flats were transacted for at least S\$700,000.
- Sales volume fell in Q1 2021 on the back of higher resale prices and rising cash-over-valuation (COV).
- Newer flats are not the key driver behind the recent price surge. Higher price growth was recorded for slightly older flats between 10 and less than 20 years old, and those between 30 and less than 40 years old.
- Yishun, Sengkang, Kallang and Choa Chu Kang will likely see the highest number of flats reaching MOP (Minimum Occupation period) this year.



OrangeTee & Tie Research & Analytics Stock Image

Prices inching closer to peak on stronger consumer confidence

Vaccine optimism and an anticipated global economic upswing stoked a frenzy of property buying activities around the world. The improving global economic outlook lifted consumers' confidence and the market sentiment for the HDB resale market. Demand for HDB resale flats started gaining traction from the second half of last year and resale prices have been inching higher in recent months.

Due to the strong demand for housing, property prices have been escalating in many advanced cities. HDB resale prices rose higher last quarter in tandem with the rising home values observed globally. The supply and demand imbalance of flats has also caused prices of HDB resale flats to climb in many locations.

According to the HDB public housing data for Q1 2021, prices of HDB resale flats rose a fourth consecutive quarter by 3.0 per cent quarter-on-quarter (q-o-q). Year-on-year (y-o-y), prices rose 8.1 per cent. HDB resale prices are now inching closer to the peak price in Q2 2013. Last quarter, prices were just 4.8 per cent lower than the highest price recorded in Q2 2013. (Charts 1 and 2).

According to the HDB resale data from data.gov.sg, average price of resale flats rose q-o-q in 22 of the 26 towns in Q1 2021. For instance, 244 flats were transacted in Toa Payoh last quarter and the average price rose 17 per cent. Similarly, prices rose 11.2 per cent q-o-q in Bukit Timah (28 units) and 8.0 per cent in Bedok (402 units).

A drill down into the HDB data from data.gov.sg reveals that prices rose across all age range with the highest price growth recorded for flats between 10 and less than 20 years old (11.1 per cent) and between 30 and less than 40 years old (3.5 per cent) (Chart 4). Therefore, newer flats are not the key driver behind the recent price surge. In fact, prices of younger flats below ten years old rose marginally by 0.1 per cent last quarter, indicating a price resistance for younger flats possibly because prices of younger flats have run up quite significantly over the past year (9.8 per cent y-o-y increase in Q1 2021).

Chart 1 Market summary

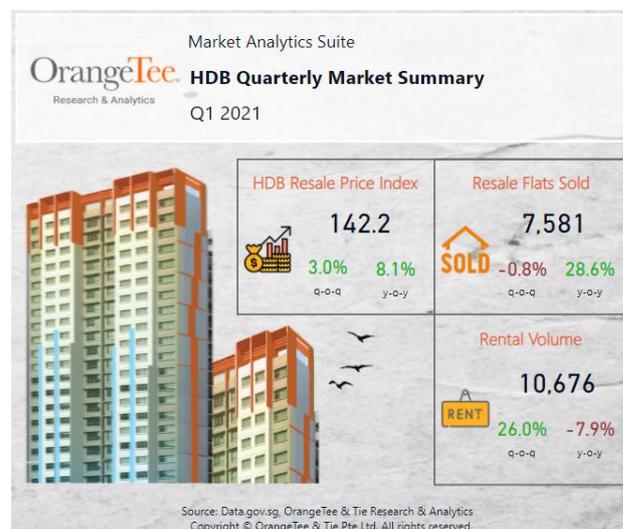


Chart 2 Overall price index rose by 3.0% q-o-q



Chart 3 Record number of flats sold at S\$700,000 and above

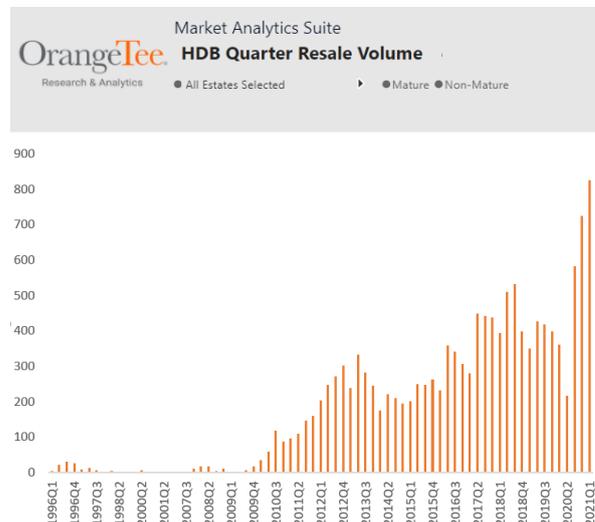
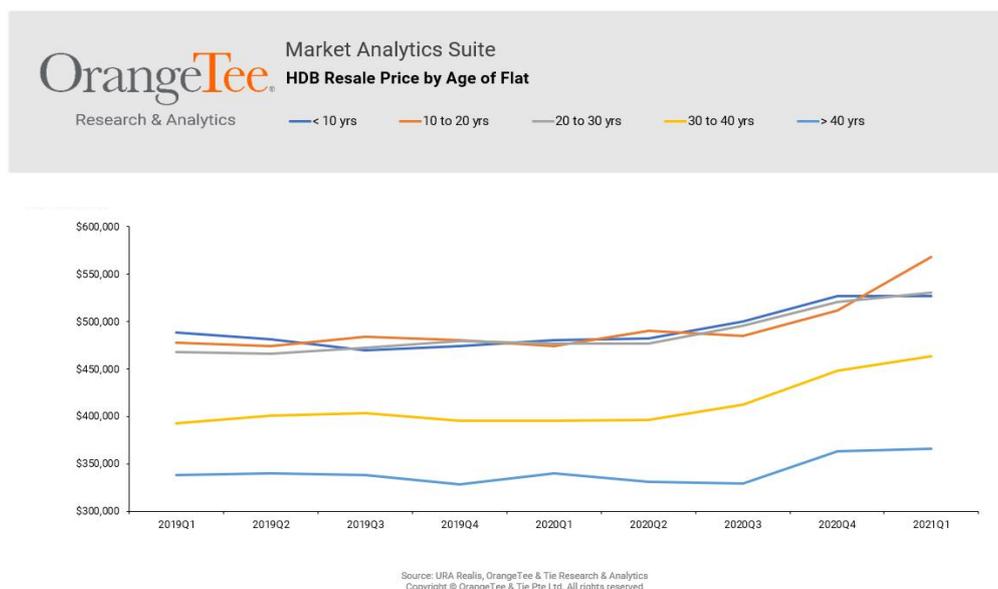


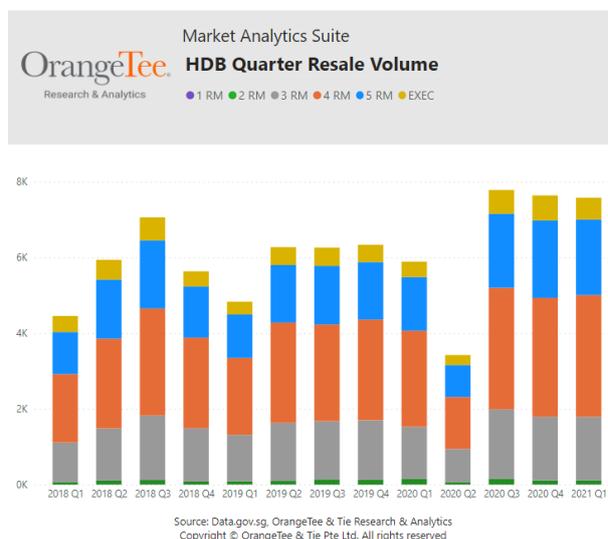
Chart 4 Price grew the most for flats between 10 and less than 20 years, and between 30 and less than 40 years



The number of flats sold at higher price tags hit a new high last quarter. 825 flats were sold above S\$700,000 in Q1 2021 (Chart 3), which is the highest number of flats recorded. Of this number, 393 units were transacted above S\$800,000.

Rising flat prices bode well for sellers as it is now more favourable for flats owners to ascend the property ladder. Some buyers are more inclined to pay top-dollar for resale flats in desirable locations especially those in mature estates or near popular primary schools, MRT stations, shopping malls and other amenities. These buyers could be downsizing from private properties or former enbloc homeowners who are still on the lookout for large, affordable replacement homes.

Chart 5 Sales fell on rising prices



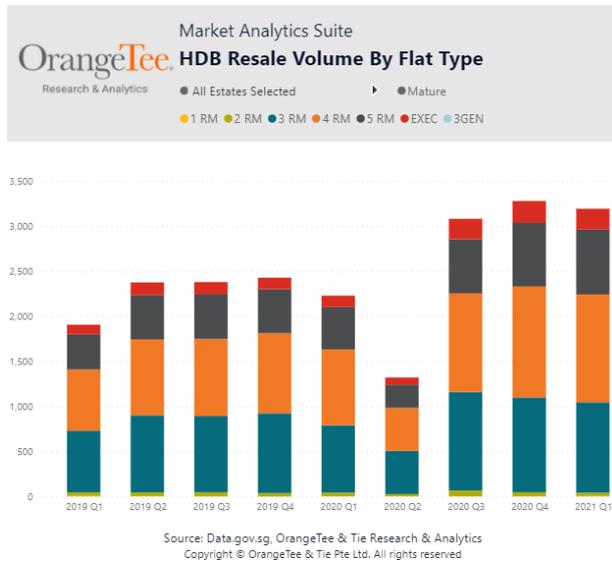
Others could be HDB dwellers looking to upgrade to a bigger space as their family size has expanded.

Multiple offers and price bidding wars for choice flats were common as many buyers were willing to shell out extra for premium flats as they believe that supply of these flats is limited, especially for newer resale flats in mature estates. Some well-located flats were snapped up almost immediately after listings have been put up.

53 resale flats changed hands for at least S\$1 million last quarter, the highest quarterly sales on record. This number has already surpassed the total number of million-dollar flats transacted in the full years before 2018. The total number of million-dollar transactions this year will likely surpass the record sales inked in 2020 (82 units).

According to the HDB public housing data for Q1 2021, overall resale volume dipped slightly last quarter on the back of higher resale prices and rising COV (Cash-Over-Valuation). The number of transactions fell 0.8 per cent from 7,642 units in Q4 2020 to 7,581 units in Q1 2021. Compared to a year ago, sales rose 28.6 per cent from 5,893 units in Q1 2020 (Chart 5).

Chart 6 Volume dipped slightly last quarter



MATURE ESTATES

Based on HDB data from data.gov.sg, the number of HDB resale flats sold in mature estates dipped slightly by 2.7 per cent from 3,282 units in Q4 2020 to 3,195 units in Q1 2021 (Chart 6). Overall prices rose by 4.0 per cent from S\$509,576 to S\$529,773 over the same period (Chart 7).

The most popular estate was Tampines with 520 units transacted last quarter, followed by Bedok with 402 transactions and Ang Mo Kio with 273 transactions in Q1 2021 (Chart 8).

The average price of flats in Tampines was S\$501,776, while those in Bedok was S\$464,160 and Ang Mo Kio was S\$420,411 last quarter (Chart 9). The priciest flats were in Bukit Timah with an average price of S\$791,167.

Last quarter, 53 flats in mature estates were sold for at least S\$1 million. The priciest flats transacted last quarter were two 120 sqm DBSS units at Bishan for S1.22 million and S\$1.21 million; and a 154 sqm Maisonette at Bukit Timah which was sold for S\$1.21 million.

Chart 7 Average price rose by 4.0 per cent q-o-q

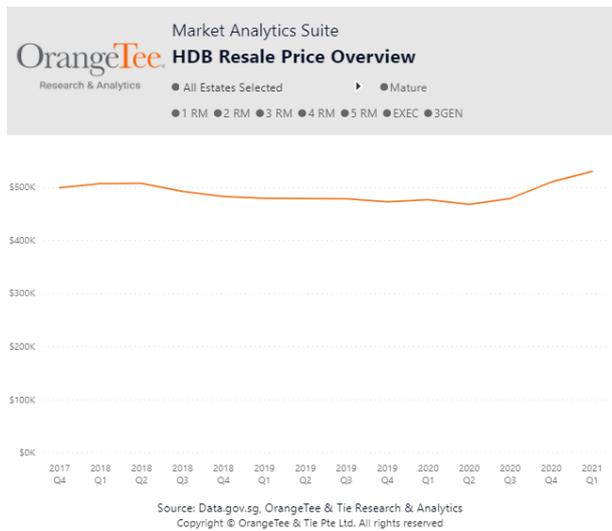


Chart 8 Tampines and Bedok were most popular

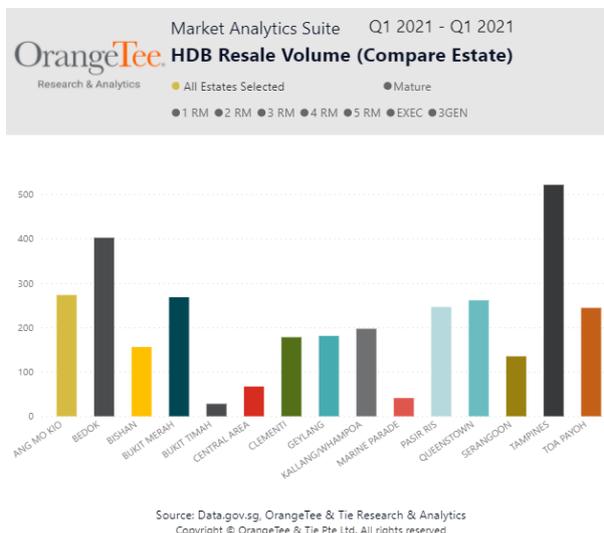


Chart 9 Flats in Bukit Timah fetched the highest price



NON-MATURE ESTATES

The number of resale flat transactions in non-mature estates slipped slightly by 1.2 per cent from 3,961 units in Q4 2020 to 3,912 units in Q1 2021 (Chart 10). Prices of resale flats rose 1.7 per cent from S\$450,950 to S\$458,893 over the same period (Chart 11).

The most popular non-mature estates were Punggol (677 units), Sengkang (652 units), Yishun (411 units), Jurong West (390 units), and Hougang (353 units) (Chart 12). The average price of flats in Punggol was S\$495,675, Sengkang was S\$476,095, Yishun was S\$418,203, Jurong West was S\$433,335, Hougang was S\$480,288 last quarter (Chart 13).

More flats in non-mature estates are being sold above S\$700,000 in Q1 2021 (112 units) compared to Q4 2020 (95 units). Of this number, 23 flats were transacted for at least S\$800,000 last quarter, the highest quarterly sales on record. Six of these flats were in Hougang that was transacted at an average price of S\$843,833. 4 units in Woodlands were transacted at an average price of S\$810,722 and another 4 units in Bukit Batok were sold at an average price of S\$849,222.

245 flats in non-mature estates have been sold for at least S\$800,000 since 1990. 15 units have crossed the S\$900,000-mark. Last quarter, the priciest resale transaction in the non-mature estate was a 147 sqm 5 room premium apartment in Punggol sold for S\$910,000 in March.

Chart 10 Sales slipped slightly by 1.2% q-o-q

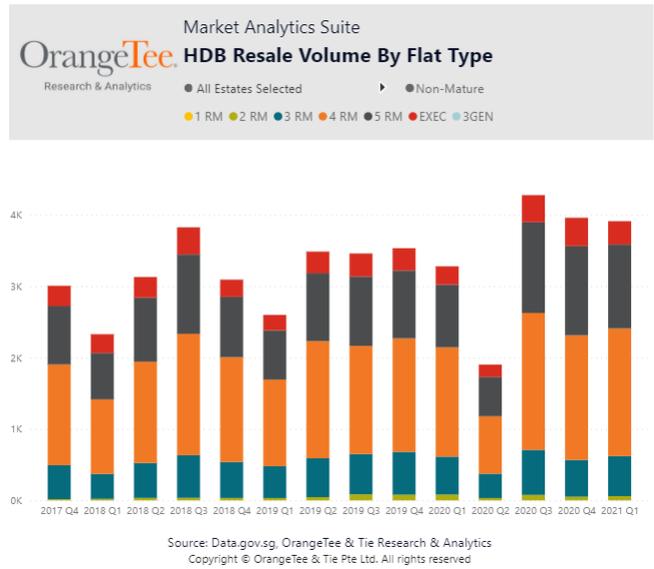


Chart 11 Prices rose 1.7 per cent q-o-q

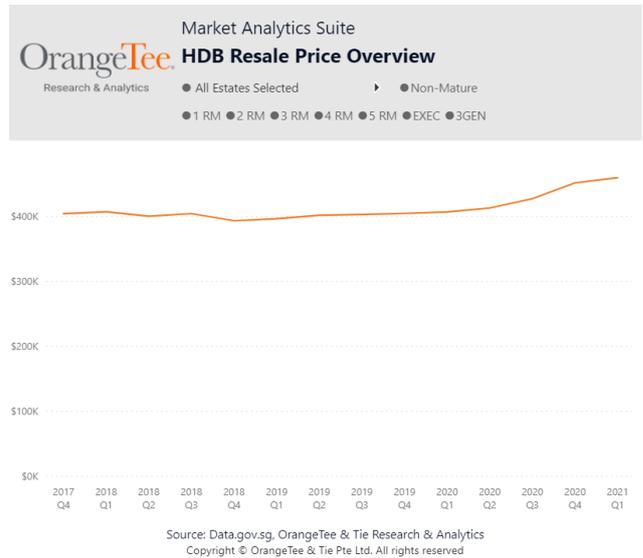


Chart 12 Sengkang and Punggol were most popular

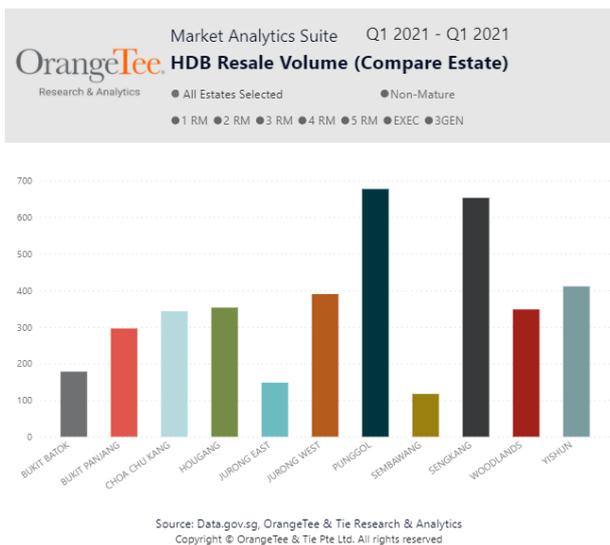


Chart 13 Flats in Punggol fetched the highest average price





Prices are trending north

Demand for housing started gaining traction late last year as vaccine rollout and efficacy turned out better-than-expected ... the HDB resale prices are trending further north last quarter in tandem with the rising home values observed around the world.

- *Christine Sun*

Belvia / OrangeTee & Tie Research & Analytics Photo

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Chart 14 Rental applications rose last quarter

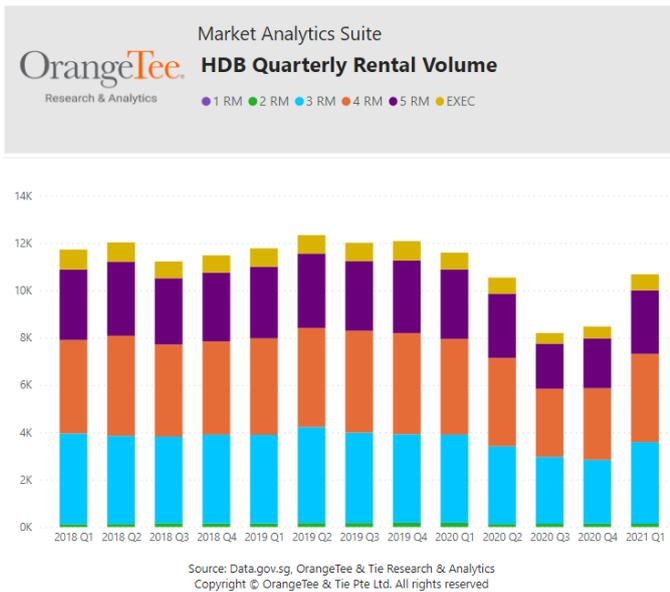
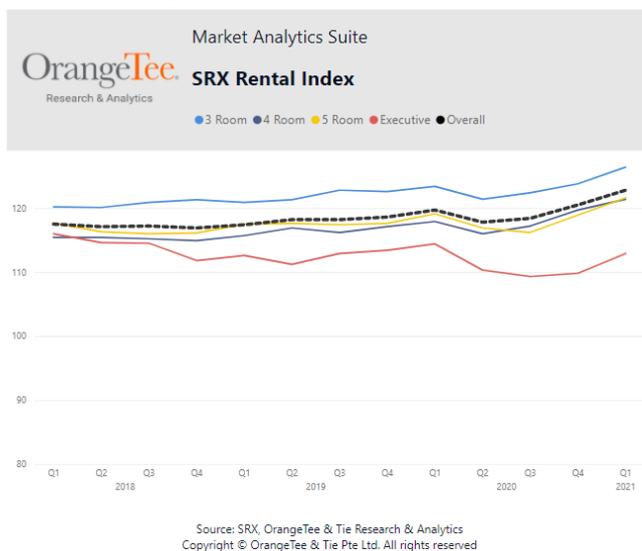


Chart 15 Rising rents



RENTAL

Rental demand rose last quarter despite rising rents. According to the HDB public housing data for the first quarter of 2021, the approved applications to rent out HDB flats increased by 26.0 per cent from 8,472 units in Q4 2020 to 10,676 units in Q1 2021. Compared to Q1 2020, the number of approved applications was 7.9 per cent lower (Chart 14).

According to the SRX Rental Index, rents of HDB resale flats rose 1.9 per cent in Q1 2021, 0.1 percentage points more than the 1.8 per cent increase in Q4 2020 (Chart 15).

Declining stock in the market has resulted in higher rents last quarter. Currently, many tenants have renewed their leases, resulting in high occupancy rates and fewer units being put up for lease. Although borders have been gradually reopened, many Malaysians working in Singapore have renewed their leases as they found difficulty travelling across the causeway on a daily basis.

Depending on how fast air travel can fully resume, the rental volume for the full year of 2021 may be higher than 2020 but lower than 2019 at around 42,000 to 44,000 units.



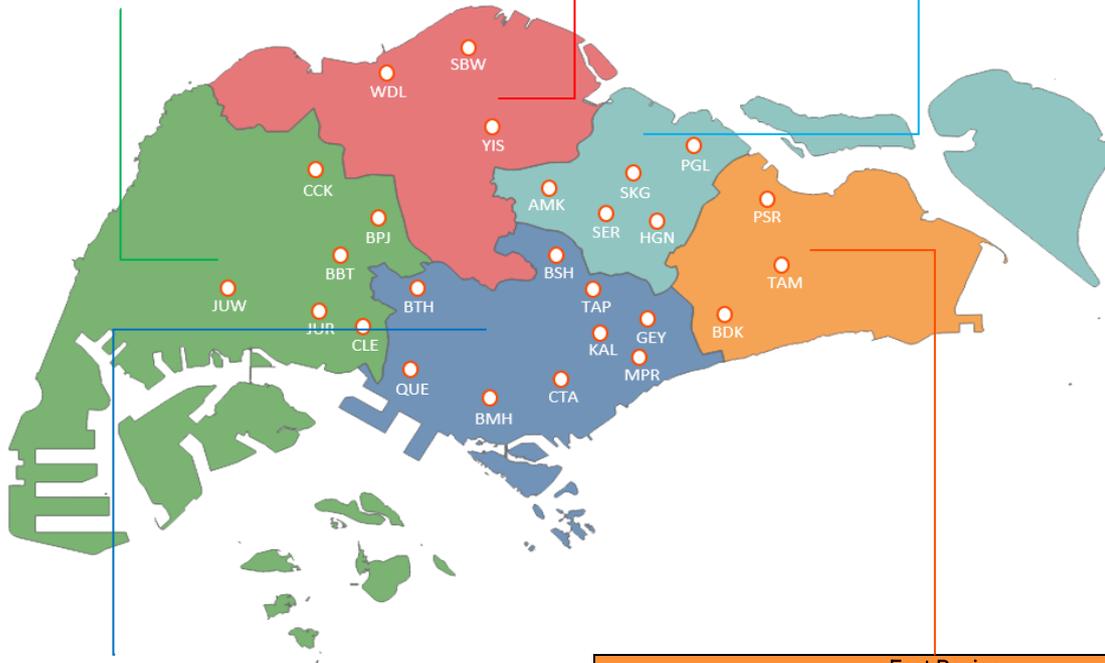
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Chart 16 Summary of HDB resale transactions and average resale prices for Q1 2021

North Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Sembawang (SBW)	117	\$319,250	\$396,875	\$456,309
Woodlands (WDL)	347	\$291,703	\$388,420	\$470,457
Yishun (YIS)	411	\$307,365	\$404,393	\$520,394

West Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Bukit Batok (BBT)	178	\$295,537	\$401,188	\$532,038
Bukit Panjang (BPJ)	296	\$331,379	\$436,951	\$543,755
Choa Chu Kang (CCK)	343	\$330,832	\$424,693	\$486,734
Clementi (CLE)	178	\$347,874	\$587,784	\$801,079
Jurong East (JUR)	148	\$327,906	\$438,374	\$562,734
Jurong West (JUW)	390	\$295,335	\$408,233	\$481,647

North-East Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Ang Mo Kio (AMK)	273	\$313,232	\$475,326	\$689,695
Hougang (HGN)	353	\$322,785	\$432,895	\$572,592
Punggol (PGL)	677	\$377,290	\$481,398	\$565,589
Sengkang (SKG)	652	\$362,997	\$450,723	\$520,986
Serangoon (SER)	135	\$339,222	\$475,810	\$590,366



Central Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Bishan (BSH)	156	\$382,524	\$557,115	\$783,648
Bukit Merah (BMH)	268	\$391,860	\$674,460	\$787,519
Bukit Timah (BTH)	28	\$413,250	\$582,114	\$841,722
Central Area (CTA)	67	\$415,191	\$786,196	\$906,844
Geylang (GEY)	181	\$307,432	\$564,815	\$724,444
Kallang / Whampoa (KAL)	196	\$334,331	\$557,869	\$752,030
Marine Parade (MPR)	41	\$378,000	\$467,256	\$768,937
Queenstown (QUE)	260	\$406,238	\$773,051	\$841,973
Toa Payoh (TAP)	244	\$297,113	\$592,384	\$814,234

East Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Bedok (BDK)	402	\$317,898	\$483,212	\$603,642
Pasir Ris (PSR)	246	\$444,813	\$472,035	\$541,855
Tampines (TAM)	520	\$358,183	\$463,101	\$584,694

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

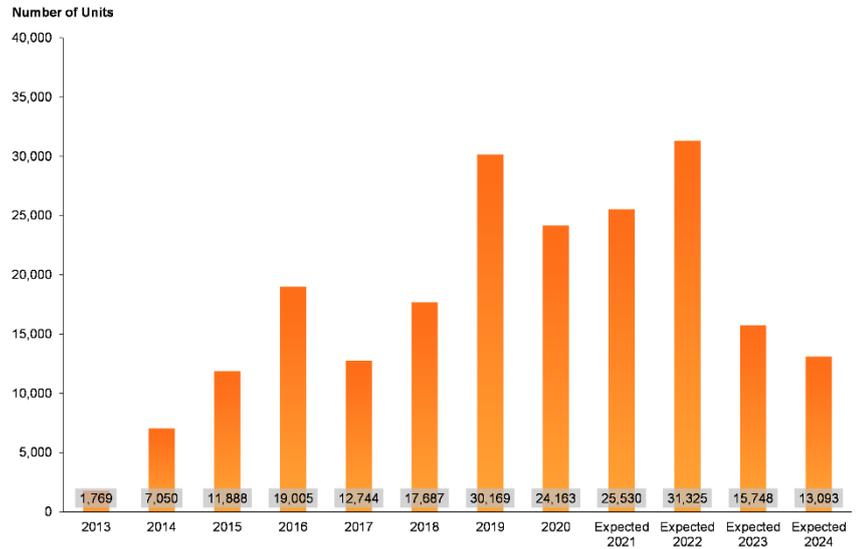
FLATS REACHING MOP

More flats are expected to reach MOP this year. Based on HDB data from data.gov.sg, 25,530 flats will be reaching their five-year MOP this year, up from the 24,163 units in 2020 (Chart 17). Yishun, Sengkang, Kallang and Choa Chu Kang are expected to see the highest number of flats reaching MOP in 2021 (Chart 18). The number of flats reaching MOP is poised to rise further next year to 31,325 units.

More flats will be reaching MOP in mature estates such as Kallang (2,827 units), Clementi (962 units), Ang Mo Kio (859 units), Tampines (852 units), Geylang (584 units), Bukit Merah (570 units), Toa Payoh (465 units), and Bishan (408 units). With more flats reaching MOP this year, we may see a new record number of million-dollar flat sales.

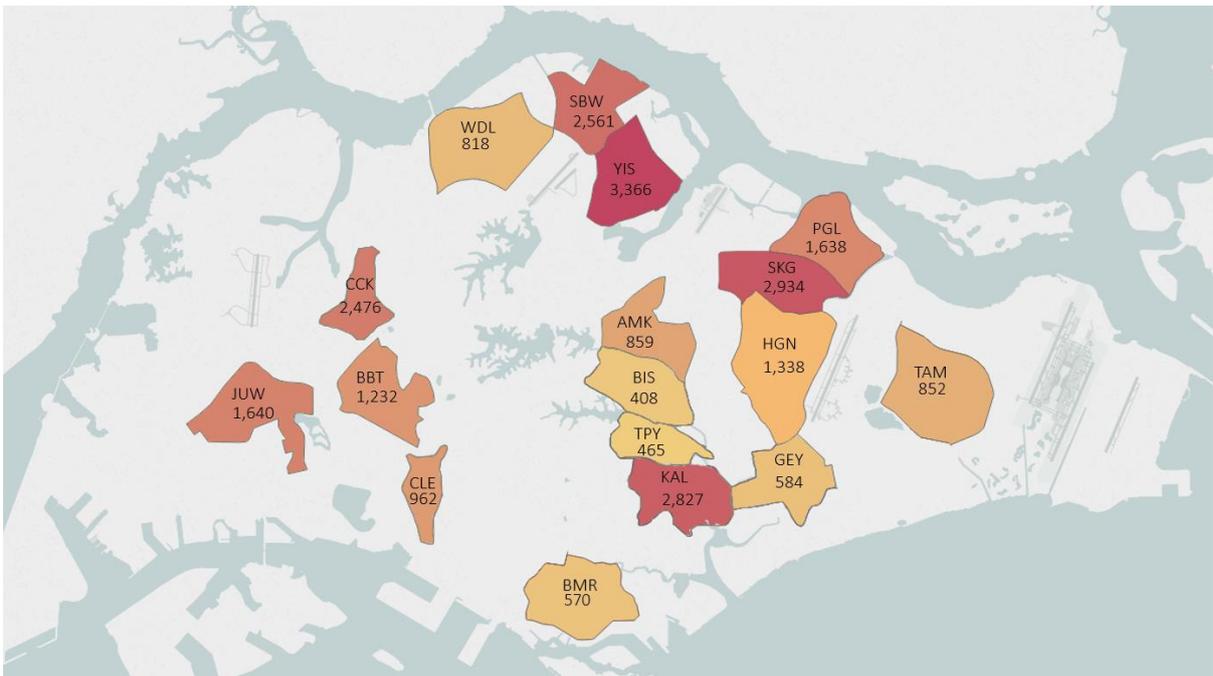
Chart 17 More flats reaching MOP this year

Number of Flats Reaching MOP as at Q1 2021



Source: HDB, Data.gov.sg, OrangeTee & Tie Research & Analytics
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Chart 18 Resale hotspots – Towns that may see more resale transactions in 2021



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

Table 1 HDB Market projection

Indicators	2018	2019	2020	Q1 2021 Q-o-Q	Projection for 2021
Resale					
Price Change	-0.9%	0.1%	5.0%	3.0%	5% to 9%
Sales Volume (units)	23,099	23,714	24,748	7,581	27,000 to 29,000
Rental					
Rental Price Change (SRX)	-0.4%	1.5%	1.6%	1.9%	1% to 3%
HDB Rental Applications (units)	46,440	48,195	38,798	8,472	42,000 to 44,000

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

Vaccine rollout and efficacy are turning out to be better-than-expected and the vaccination breakthrough is moving the world a step closer to the end of the pandemic. As more borders are expected to be reopened, global economies are primed to boom.

Property investors and cash-rich buyers seemed to be returning as the global economy improves and consumer confidence surges. Owner occupiers and first-time home buyers may flood back into the market as most are expecting prices of properties to surge post-pandemic.

The HDB resale market is likely to see a continual stream of new entrants in the coming months. Supply of Build-to-Order (BTO) flats in the upcoming project launches will continue to be limited and the number of unsuccessful BTO flat applicants will remain high especially for popular sites or mature estates. Unsuccessful BTO flat applicants may turn to the HDB resale market to satisfy their housing needs.

Couples and families who need immediate housing will likely continue to buy HDB resale flats in the coming months. These people may include couples with wedding plans, expanding families with school-going children and those with eldercare needs.

The completion period for yet-to-be launched BTO projects over the next two BTO exercises is expected to remain long as there is still a backlog of projects facing construction delays caused by the pandemic. The situation could be exacerbated as further construction delays may be expected as a result of new quarantine orders arising from the recent resurgence of Covid-19 cases in certain dormitories.

With more flats reaching MOP, we may expect more transactions this year. Therefore, we are optimistic that the HDB resale volume may hit around 27,000 to 29,000 units. Prices of resale flats may rise by 5 to 9 per cent for the whole of 2021.

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