

HDB Market Pulse

REAL ESTATE DATA TRENDS AND ANALYTICS Q4 2020

- The HDB resale market performance was extraordinary last year as demand and prices rose strongly despite the pandemic and economic fallout.
- Last year, the HDB resale volume rose to its highest level in eight years; average price of resale flats was higher in 24 of 26 estates in Q4 2020.
- Despite the recent price hike, the HDB market may still not be at risk of a housing bubble now as prices are still 7.6 per cent below the peak in Q2 2013.
- The HDB resale market will continue to see a flurry of activities this year; prices and demand are expected to rise further.



Tampines Green Forest/ OrangeTee & Tie Research & Analytics Photo

HDB resale market remains in good shape despite economic slowdown

Ample liquidity from massive fiscal stimulus is boosting asset values and pushing property prices higher in many developed countries. In Singapore, the property market has largely held its own during the pandemic while other sectors are still struggling to recover from the economic fallout. For both the private and public housing sectors, home prices are pushing new boundaries in many locations and buyer demand remains buoyant despite the pandemic.

The HDB resale market was in good shape despite the difficult economic conditions. Last year, the market performance of the resale market was extraordinary as demand and prices rose strongly.

According to the HDB public housing data for Q4 2020, prices of HDB resale flats rose a third consecutive quarter by 3.1 per cent quarter-on-quarter (q-o-q) (Charts 1 and 2). This is also the highest quarterly increase since Q3 2011. For the whole of 2020, prices rose 5.0 per cent, the steepest increase since 2012 when prices rose 6.5 per cent. It is also more than the 0.1 per cent price gain in 2019.

Last year, resale volume rose to its highest level in eight years (Chart 4). According to the HDB public housing data for the fourth quarter of 2020, 7,642 units were transacted, 1.9 per cent lower than the 7,787 units sold in Q3 2020 but 20.6 per cent higher than the 6,339 units sold in Q4 2019 (Chart 5). For the whole of 2020, 24,748 resale units were transacted, the highest number recorded since 2012 when 25,094 units were sold then.

Against a backdrop of the worst economic crisis in living memory and a growing supply of HDB flats, the rapid rise in property prices was unexpected. Underpinning the resilience of the HDB market is an extensive slew of stimulus measures launched by the government to support the economy. Large scale government support on multiple fronts has limited income loss and prevented massive unemployment among Singaporeans. Most workers were able to keep their earnings with the help of various Jobs Support and Wage Credit schemes. Some buyers were confident that they have the ability to service their housing loans and proceeded with their new home purchases.

Chart 1 Market summary



Chart 2 Overall price index rose by 3.1% q-o-q



Chart 3 Prices remained resilient across the board

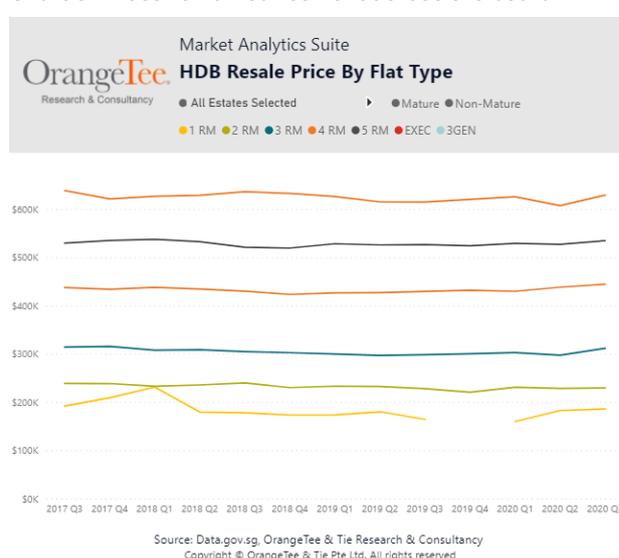


Chart 4 Highest volume in eight years

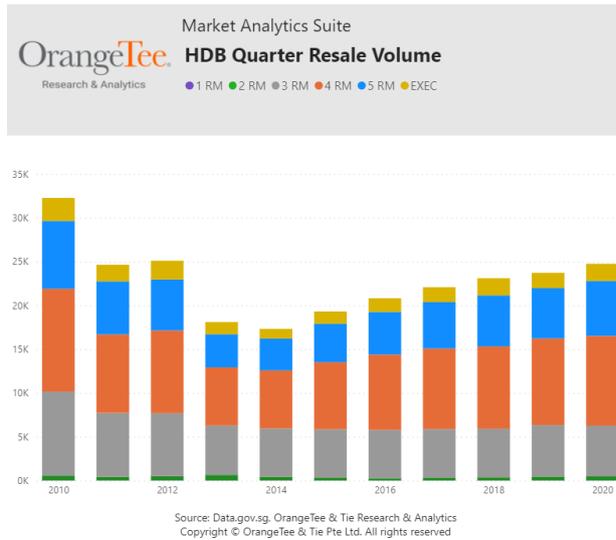


Chart 5 Volume in Q4 2020 was 20.6% higher y-o-y

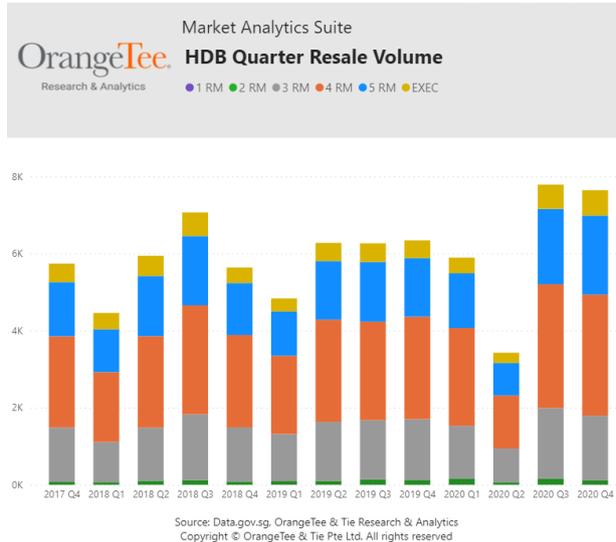
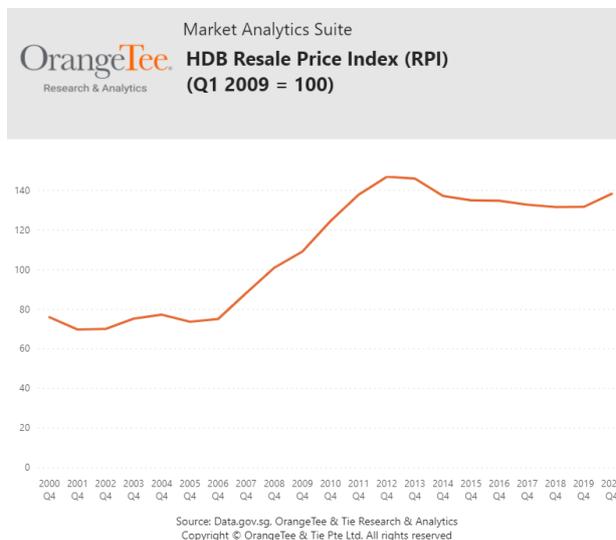


Chart 6 Prices are still below the peak



Further, we are now reaping a ‘harvest of market stability’ as a result of punitive measures like the Total Debt Servicing Ratio (TDSR), Mortgage Servicing Ratio (MSR) and Seller’s Stamp Duty (SSD) that were put in place over the years. On hindsight, these measures have sown good seeds of financial prudence and soundness in the financial system, which have prevented most buyers from overleveraging and built a buffer against huge credit losses in times of market uncertainties.

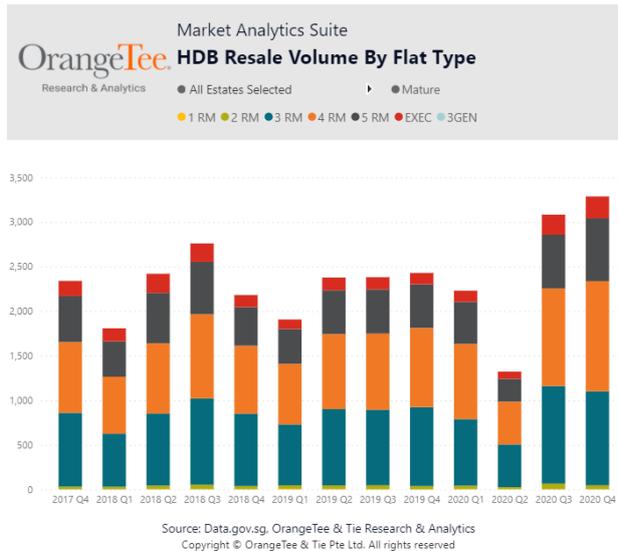
Various financial assistance schemes and loan deferment options were also made available to individuals facing temporary cashflow difficulties. As a result, potential indebtedness which could have triggered panic selling and collapsing property prices were largely avoided.

Other factors that may have contributed to the market recovery include the slew of policy measures done to improve the housing affordability for Singaporeans and increase older flats’ attractiveness. Some of these policies include the enhancement of housing grants for first-time buyers and raising the income ceiling of Singaporeans buying flats. Buyers were also given greater flexibility in using more Central Provident Fund monies for their flat purchases. The cumulative effect of many policy changes sustained buying interest or have even created new demand for housing flats.

Despite the price hikes, the HDB market may still not be at risk of a housing bubble now. Typical signs of an asset bubble include the decoupling of prices from housing income, excessive speculative buying activities and many buyers overleveraging in their property purchase. Many measures have already been put in place to prevent some of these scenarios from occurring.

Further, prices have only increased by 5.6 per cent from Q2 2019 to Q4 2020. Last quarter, prices of HDB resale flats are still 7.6 per cent below the peak in Q2 2013 (Chart 6). Previously, prices soared by 17 continuous quarters from Q1 2009 to Q2 2013 to reach the peak price. The cumulative price growth was 49.4 per cent over that period. Subsequently, prices either stagnated or fell quarterly for about six years. Resale prices have just emerged from the doldrums last year and are still on a slow climb up.

Chart 7 Volume rose further last quarter



MATURE ESTATES

Resale transactions of HDB flats in mature estates rose further last quarter. The total number of transactions increased by 6.6 per cent from 3,085 units in Q3 2020 to 3,288 units in Q4 2020 (Chart 7).

The most popular estate was Tampines with 547 units transacted last quarter. This is followed by Bedok with 394 transactions and Ang Mo Kio with 296 transactions in Q4 2020 (Chart 8).

The average price of flats was highest at Bukit Timah at S\$711,181, followed by Queenstown at S\$627,930, Bishan at S\$626,469, and Central Area at S\$626,209 in Q4 2020 (Chart 9).

Average price of flats in 13 of the 15 estates saw an increase last quarter (Table 1). Resale flats in Marine Parade rose the most by 14.8 per cent, followed by Geylang by 11.1 per cent.

Chart 8 Tampines and Bedok were most popular among buyers

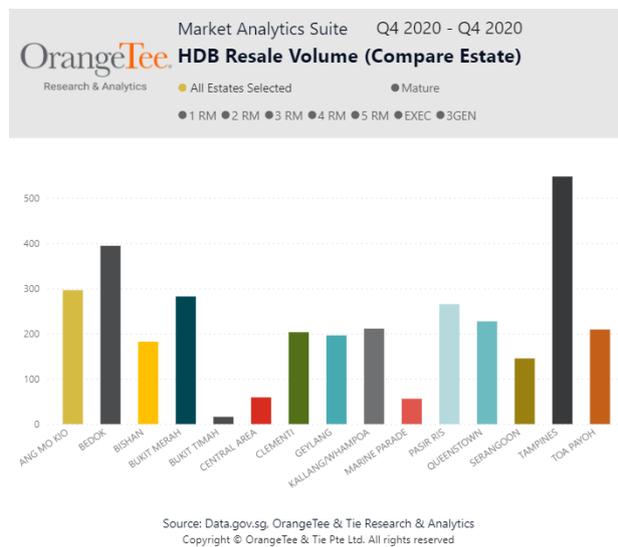


Chart 9 Flats in Bukit Timah fetched the highest price



Table 1 Prices rose in 13 of 15 estates

Town	Q3 2020	Q4 2020	% change
MARINE PARADE	\$453,140	\$520,372	14.8%
GEYLANG	\$431,656	\$479,556	11.1%
TOA PAYOH	\$419,783	\$458,450	9.2%
ANG MO KIO	\$396,908	\$428,380	7.9%
KALLANG/WHAMPOA	\$471,836	\$502,020	6.4%
PASIR RIS	\$498,602	\$527,761	5.8%
QUEENSTOWN	\$593,729	\$627,930	5.8%
BUKIT MERAH	\$545,005	\$573,687	5.3%
BEDOK	\$409,281	\$429,119	4.8%
CLEMENTI	\$484,986	\$508,172	4.8%
SERANGOON	\$482,736	\$502,875	4.2%
TAMPINES	\$486,143	\$495,933	2.0%
CENTRAL AREA	\$617,476	\$626,209	1.4%
BISHAN	\$633,326	\$626,469	-1.1%
BUKIT TIMAH	\$731,077	\$711,181	-2.7%

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

NON-MATURE ESTATES

Resale transactions of HDB flats dipped 7.1 per cent last quarter from 4,281 units in Q3 2020 to 3,975 units in Q4 2020 (Chart 10). The decline in sales transactions was observed across 9 estates out of 11 last quarter. Of the 11 estates, sales volume rose in Sengkang and Punggol in Q4 2020.

The most popular non-mature estates were Sengkang (725 units), Punggol (646 units), Jurong West (406 units), Yishun (389 units), and Hougang (386 units) (Chart 11).

Transactions declined amid a price surge seen across all non-mature estates. Last quarter, prices rose across the board with all 11 estates experiencing a surge in prices (Table 2). Average prices rose the most in Jurong (12.1 per cent), followed by Yishun (8.3 per cent) and Woodlands (6.5 per cent).

In terms of price quantum, average price of flats was highest at Punggol at S\$483,126, followed by Hougang at S\$472,031, and Sengkang at S\$464,691 in Q4 2020 (Chart 12).

Chart 10 Sales dipped 7.1% q-o-q

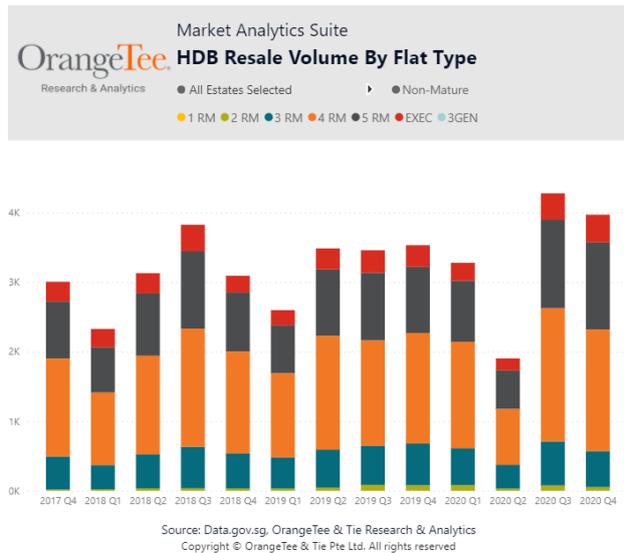


Chart 11 Sengkang and Punggol were most popular



Table 2 Prices rose across the board in Q4 2020

Town	Q3 2020	Q4 2020	% change
JURONG EAST	\$406,146	\$455,453	12.1%
YISHUN	\$377,964	\$409,415	8.3%
WOODLANDS	\$403,769	\$429,847	6.5%
BUKIT PANJANG	\$440,325	\$463,868	5.3%
HOUGANG	\$448,206	\$472,031	5.3%
JURONG WEST	\$413,095	\$433,984	5.1%
BUKIT BATOK	\$412,131	\$429,910	4.3%
CHOA CHU KANG	\$411,946	\$429,034	4.1%
PUNGGOL	\$464,901	\$483,126	3.9%
SEMBAWANG	\$402,067	\$414,249	3.0%
SENGKANG	\$453,965	\$464,691	2.4%

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

Chart 12 Punggol flats fetched the highest price





Harvest of Market Stability

We are now reaping a 'harvest of market stability' as a result of many punitive measures that were put in place over the years.

On hindsight, these measures have sown good seeds of financial prudence and soundness in the financial system, which have prevented most buyers from overleveraging and built a buffer against huge credit losses in times of market uncertainties.

- *Christine Sun*

Parkland Residences / OrangeTee & Tie Research & Analytics Photo



Chart 13 Rental applications rose slightly

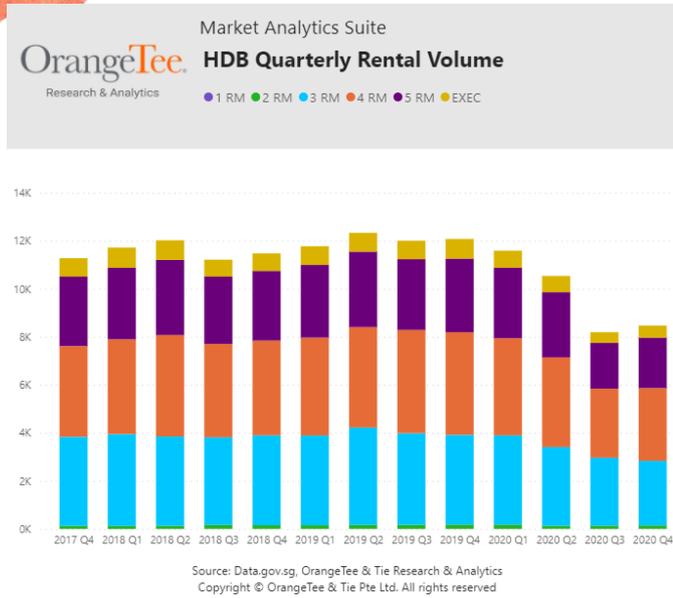
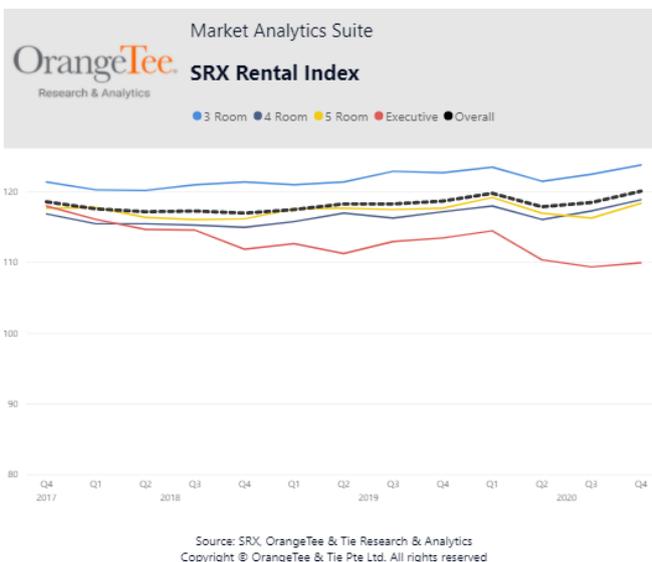


Chart 14 Rental index rose 1.2 per cent in 2020



RENTAL

In light of the challenging employment climate and travel restrictions, the rental market may continue to face some challenges this year. Nevertheless, flats in certain locations may still be in high demand, especially residential homes located near industrial sites. Many employers are still scouting for accommodations to relocate their workers from dormitories.

Given that the accommodation budgets of some foreign expats have been reduced, some have downgraded from private home rentals to flats. Some expats especially singles do not mind renting newer flats especially those in the city fringe. The number of overseas students entering Singapore have also grown over the past few months, propping up rental demand for flats that are located near international schools.

The approved applications to rent out HDB flats increased by 3.4 per cent from 8,196 units in Q3 2020 to 8,472 units in Q4 2020 according to the HDB public housing data for the fourth quarter of 2020. Compared to Q4 2019, the number of approved applications was 29.9 per cent lower than the 12,079 units (Chart 13). For the whole of 2020, 38,798 applications were recorded, dipping 19.5 per cent year-on-year. As at the end of Q4 2020, 59,092 flats were rented out.

Rents rose further last year, although at a slow pace than the prevailing year. According to the SRX Rental Index, rents of HDB resale flats rose 1.2 per cent for the whole of 2020, less than the 1.4 per cent increase in 2019 (Chart 14).

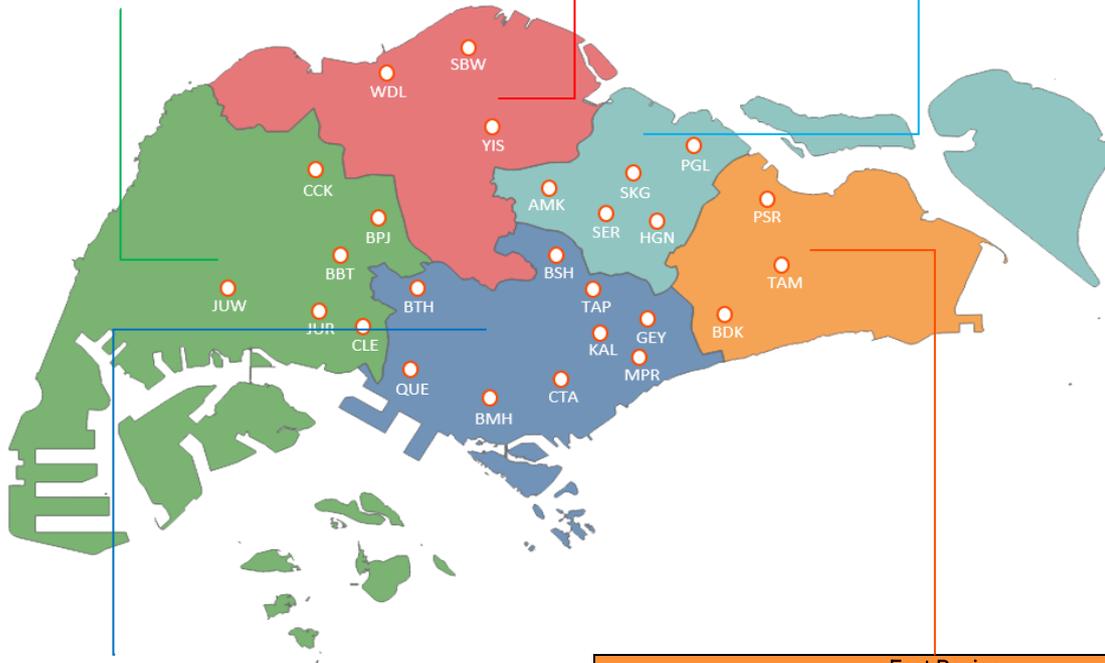
We estimate that overall rents may increase slightly by up to 3 per cent this year (Chart 17 and Table 3). Depending on how fast air travel can fully resume, the rental volume may hit 42,000 to 44,000 units in 2021.

Chart 15 Summary of HDB resale transactions and average resale prices for Q4 2020

North Region				
Planning Area	Total no. of units sold	Median Resale Price		
		3-Room	4-Room	5-Room
Sembawang (SBW)	101	\$309,500	\$372,237	\$425,479
Woodlands (WDL)	377	\$277,023	\$370,361	\$444,969
Yishun (YIS)	389	\$297,741	\$395,016	\$503,987

West Region				
Planning Area	Total no. of units sold	Median Resale Price		
		3-Room	4-Room	5-Room
Bukit Batok (BBT)	185	\$276,239	\$383,426	\$534,311
Bukit Panjang (BPJ)	332	\$315,247	\$426,061	\$532,231
Choa Chu Kang (CCK)	273	\$332,886	\$395,587	\$466,047
Clementi (CLE)	203	\$361,719	\$554,949	\$751,614
Jurong East (JUR)	155	\$310,792	\$430,452	\$519,760
Jurong West (JUW)	406	\$281,739	\$393,369	\$474,329

North-East Region				
Planning Area	Total no. of units sold	Median Resale Price		
		3-Room	4-Room	5-Room
Ang Mo Kio (AMK)	296	\$309,805	\$437,501	\$680,157
Hougang (HGN)	386	\$305,908	\$424,686	\$550,633
Punggol (PGL)	646	\$373,111	\$477,328	\$538,031
Sengkang (SKG)	725	\$354,532	\$439,839	\$502,947
Serangoon (SER)	145	\$313,679	\$458,870	\$587,826



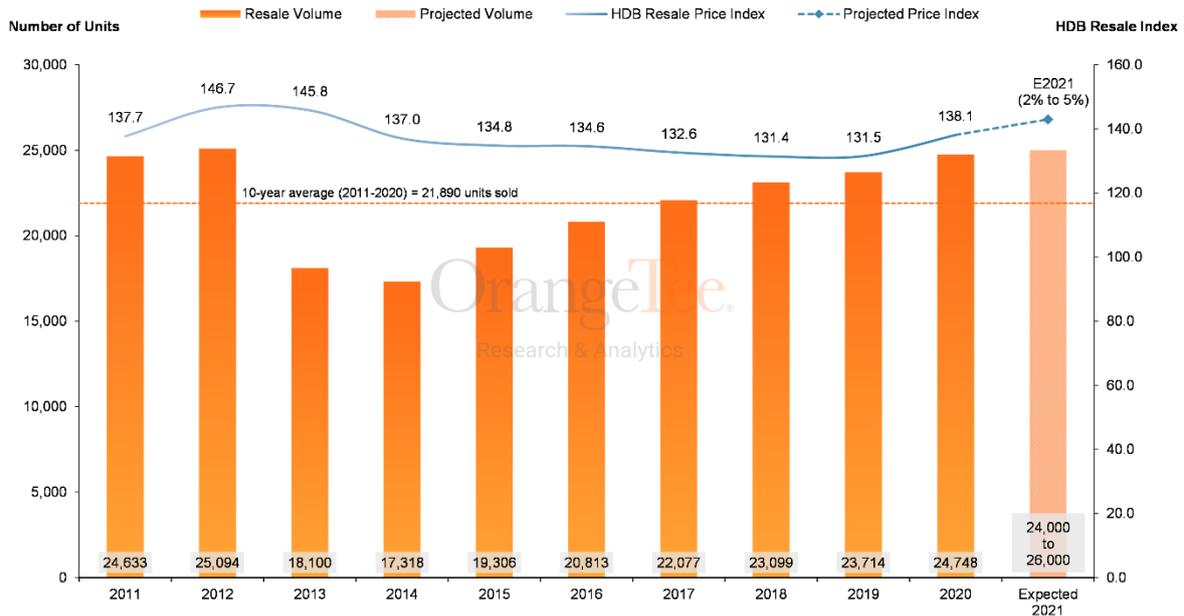
Central Region				
Planning Area	Total no. of units sold	Median Resale Price		
		3-Room	4-Room	5-Room
Bishan (BSH)	182	\$340,417	\$540,246	\$748,181
Bukit Merah (BMH)	282	\$375,191	\$663,048	\$750,667
Bukit Timah (BTH)	16	\$362,000	\$700,222	\$874,250
Central Area (CTA)	59	\$429,572	\$702,744	\$898,921
Geylang (GEY)	196	\$307,383	\$586,967	\$700,941
Kallang / Whampoa (KAL)	211	\$346,310	\$558,393	\$679,181
Marine Parade (MPR)	56	\$362,530	\$471,591	\$799,082
Queenstown (QUE)	227	\$398,851	\$766,613	\$893,865
Toa Payoh (TAP)	209	\$279,756	\$559,713	\$760,014

East Region				
Planning Area	Total no. of units sold	Median Resale Price		
		3-Room	4-Room	5-Room
Bedok (BDK)	394	\$305,834	\$465,726	\$595,323
Pasir Ris (PSR)	265	\$381,250	\$461,884	\$527,200
Tampines (TAM)	547	\$341,577	\$457,062	\$571,626

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

Chart 16 Projection for HDB Resale Price and Volume

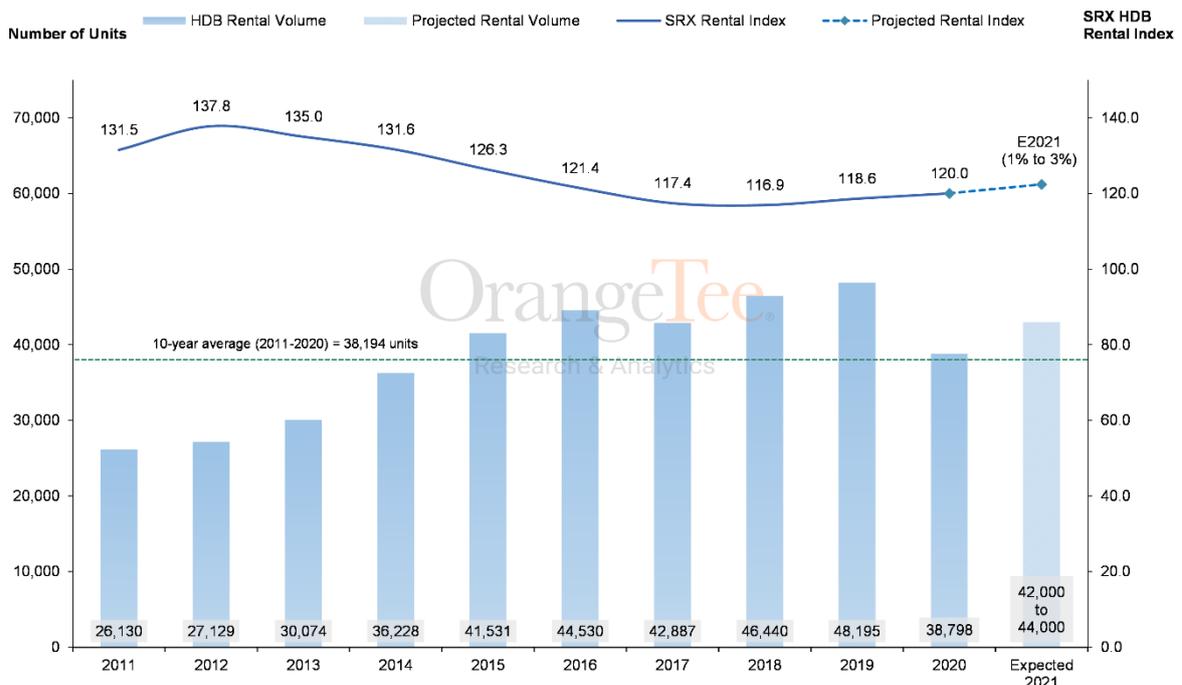
HDB Resale Market



Source: HDB, OrangeTee & Tie Research & Analytics
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Chart 17 Projection for HDB Rental Price and Volume

HDB Rental Market



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Table 3 HDB Market projection

Indicators	2018	2019	Q4 2020 Q-o-Q	2020	Projection for 2021
Resale					
Price Change	-0.9%	0.1%	3.1%	5.0%	2% to 5%
Sales Volume (units)	23,099	23,714	7,642	24,748	24,000 to 26,000
Rental					
Rental Price Change (SRX)	-0.4%	1.5%	1.4%	1.2%	1% to 3%
HDB Rental Applications (units)	46,440	48,195	8,472	38,798	42,000 to 44,000

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

Prices and demand for resale flats are expected to rise further as the global economic outlook is likely to be more favourable this year. With mass immunization being rolled out globally, the worst of the pandemic could be over this year and key economies may fare better than last year. Moreover, there is still ample liquidity circulating in the system as investment funds have reallocated a massive amount of capital from financial markets to real estate properties.

The HDB resale market will continue to see a flurry of activities this year. The soft employment market may cause more families to downgrade from private homes to HDB flats. On the other hand, couples who are still thriving in their jobs may proceed with their upgrading plans which may lead to more flats being put up in the market for sale.

There will also be more flats reaching Minimum Occupation Period (MOP) this year. According to the latest data released by data.gov.sg in January 2021, 25,530 HDB flats will be reaching MOP this year, 5.7 per cent more than 2020 (Chart 18).

With more flats reaching MOP, we may expect more transactions this year. Therefore, we are optimistic that the HDB resale volume may rise further by up to 5 per cent this year, to around 24,000 to 26,000 units (Chart 16 and Table 3). Prices of resale flats may continue to rise by 2 to 5 per cent for the whole of 2021.

Chart 18 More flats reaching MOP this year

Number of Flats Reaching MOP as at Q4 2020



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