

# HDB MARKET PULSE

## REAL ESTATE DATA TREND Q2 2019



Fernvale Ridge

OrangeTee & Tie Research & Consultancy Photo

- The HDB resale market received a new lease of life after the Government announced new policy changes in May.
- Resale transactions rose 29.8 per cent quarter-on-quarter (q-o-q) to 6,276 units in Q2 2019, the first-time sales volume had increased since Q3 2018.
- Resale price index slipped by a marginally lower pace of 0.2 per cent in the second quarter of this year.
- Demand for older flats surged two months after the recent policy changes. 4 and 5 room HDB flats above 30 years old saw a larger increase in sales volume.
- The number of approved applications for rent rose 4.8 per cent to 12,335 cases in Q2 2019.

## Demand for older flats may revive after policy changes

The HDB resale market may have received a new lease of life after the Government announced new changes that allow property buyers greater flexibility in using their Central Provident Fund (CPF) and get bigger housing loans for their property purchases, so long as the property's remaining lease covers the youngest buyer till the age of 95.

Based on the latest HDB public housing data, the volume of resale transactions surged 29.8 per cent in Q2 2019 to 6,276 units (Table 1). This is the first-time sales volume had increased since Q3 2018. For the first half of this year, 11,111 resale transactions were recorded, up 6.8 per cent from H1 2018 (Chart 1).

While the second quarter usually sees an uptick in sales activity and more units changing hands, resale transactions have also spiked 5.6 per cent year-on-year (y-o-y). This indicates that apart from a seasonal effect, the recent CPF changes may have been a major catalyst that has spurred buying demand last quarter.

The policy changes may revive demand for older flats in the coming months. Detailed analysis of HDB resale data downloaded from data.gov.sg (based on the latest update provided on July 8 2019) shows a significant surge in the number of older flats being sold two months after the policy implementation (See pages 3 and 4).

Table 1 Market summary

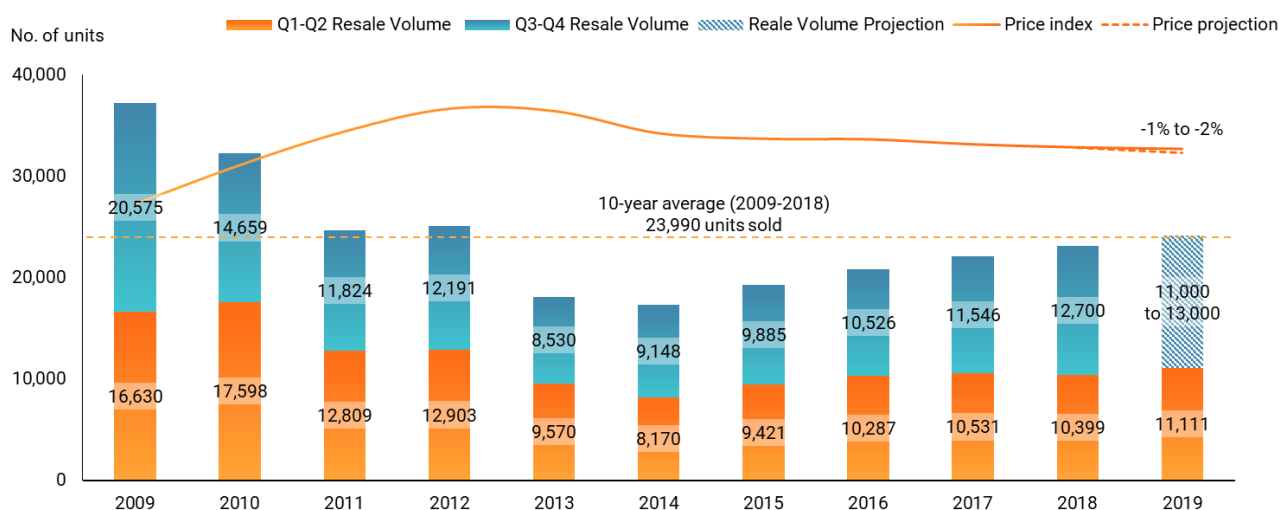
Indicators	Q1 2019	Q2 2019
<b>Resale</b>		
HDB Resale Index	131.0	130.8
Q-o-Q	-0.3%	-0.2%
Transaction volume	4,835	6,276
Q-o-Q	-14.2%	29.8%
<b>Rental</b>		
SRX Rental Index	117.4	118.0
Q-o-Q	0.4%	0.5%
Rental applications	11,775	12,335
Q-o-Q	2.6%	4.8%

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

4 and 5 room flats above 30 years old saw a bigger surge in sales volume when compared to other flat types.

Due to the improving sentiment and revival of buying interest for older flats, HDB resale prices have declined at a marginally slower pace of 0.2 per cent in the second quarter of this year, when compared to the 0.3 per cent decline in the previous quarter. While this is a fourth consecutive quarterly decrease, prices have dipped less than one per cent over the past year indicating that the price decline has largely stabilized.

Chart 1 Both resale volume and prices are still within our forecast for the year  
Projection for HDB resale market

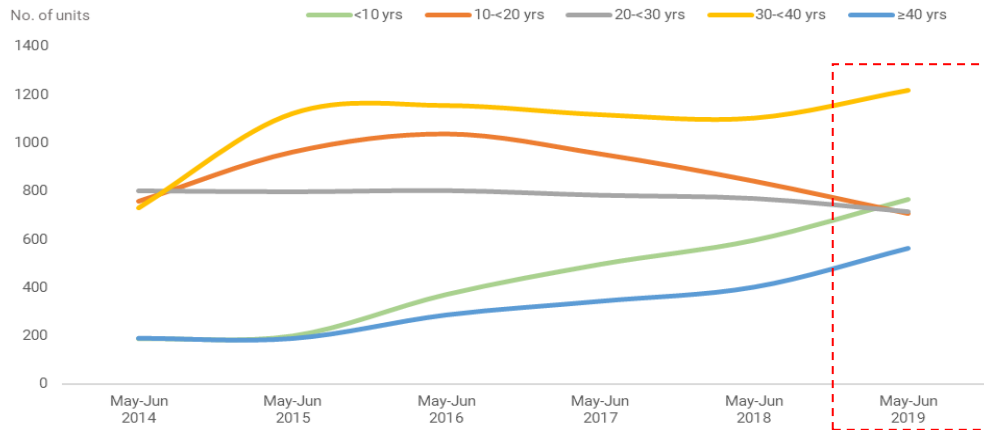


Source: HDB, OrangeTee & Tie Research & Consultancy

# TRENDING

## Policy changes may be seeing early success as demand for older flats soars

**Chart 2 Significant rise in older flat transactions two months after policy changes**  
Resale transactions by age of flat



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

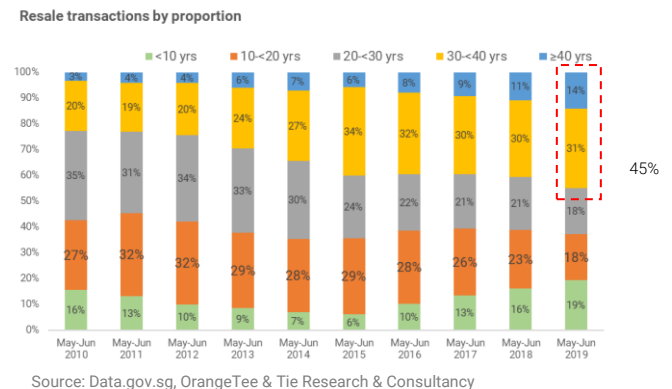
Recent policy changes intended to spur demand for older flats may be seeing early success. Demand for older flats has seen a significant spike two months after the policy implementation (Chart 2). The positive market response is aligned with Minister for National Development Lawrence Wong's intention of improving the liquidity of the resale market and making it easier for people to buy and sell old flats.

Based on HDB resale data downloaded from data.gov.sg on 16 July 2019, resale transactions for older flats spiked two months after the policy changes. The number of resale transactions for flats that are 40 years old and above rose 40.0 per cent from 403 units in May-June 2018 to 564 units in May-June 2019. Sales of flats that are 30 years old but under 40 years have similarly risen 10.4 per cent to 1,219 units over the same period.

There were many concerns raised about the depreciating value of older flats in the earlier part of last year and many sellers were struggling to find a buyer. Therefore, the y-o-y increase is considered commendable and could signal that the recent policy changes may have started to take effect in helping to spur demand for older flats.

While sales volume of flats below 10 years old have also increased substantially over the same period, the increase may be attributed more to a surge in housing supply of flats reaching their five-year Minimum Occupation Period (MOP), rather than the policy changes.

**Chart 3 Market share of older flats continues to grow**



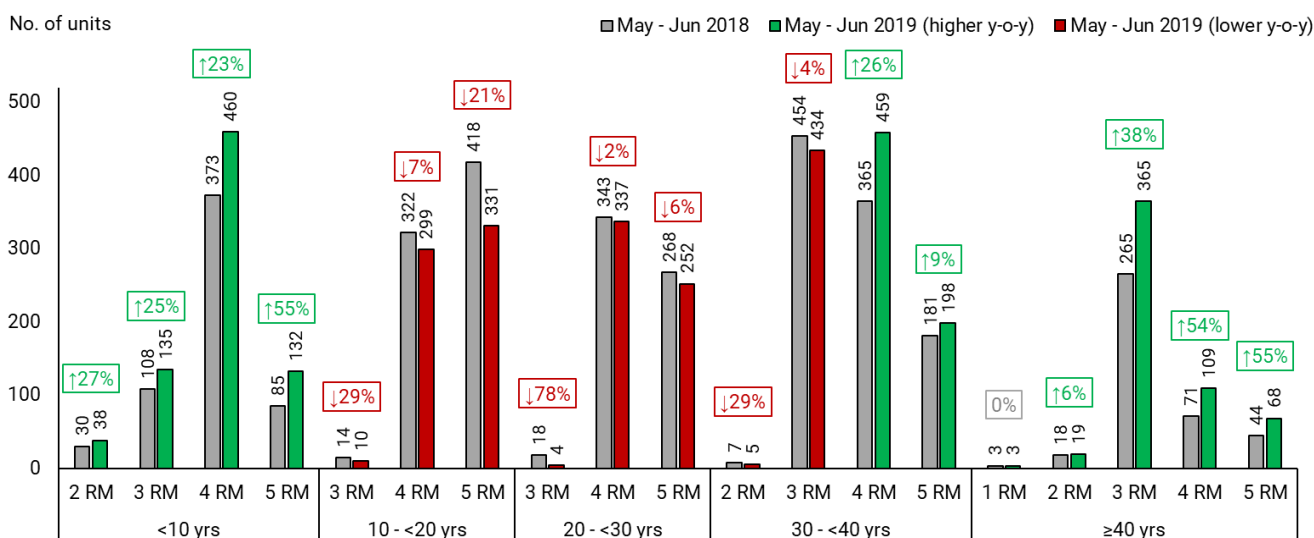
Source: Data.gov.sg, OrangeTee & Tie Research & Consultancy

In terms of market share, older flats that are 30 years old and above constitute 44.9 percent of total resale transactions in May-June 2019, up from the 40.6 percent recorded for May-June 2018 (Chart 3). Flats that are 40 years old and above have also seen an increase in market share from 10.8 per cent to 14.2 per cent over the same period. Conversely, flats that are 10 years old but under 30 years fell from 43.4 per cent to 35.8 per cent.

The demand shift may be attributed to the policy changes. The current regulation requires a property's remaining lease to cover the youngest buyer till the age of 95 if he wants to utilise more CPF. If a buyer can meet the criteria, then he could purchase an older, larger unit or an older flat located in the mature estate with ample amenities using less cash.

**Chart 4 Older and bigger flats seem to benefit more from the recent policy changes**

**HDB resale transactions**



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

Further analysis reveals that the policy changes may have benefited bigger and older flats. The number of resale transactions of 4 room flats that are 40 years old and above rose 53.5 per cent from May-Jun 2018 to May-Jun 2019, while 5 room flats increased 54.5 per cent over the same period (Chart 4 and Table 2). On the other hand, sales transactions of many younger flats that are above 10 years but under 30 years old dipped after the policy changes.

Mature estates like Bukit Batok, Geylang and Bedok saw the highest y-o-y increase in resale transactions for flats that are 30 years old and above in May-June this year (Table 2).

Our ground observation has been in tandem with the data findings. Sales inquiries for older flats have risen after the CPF changes. Some potential buyers who desire to live near their parents in mature estates may now be able to obtain a housing loan or fully utilise their CPF to buy an older flat in the vicinity under the new regulation. These buyers could have faced loan restrictions previously as the ability to obtain a loan is dependent on the age of the flat. Now the age of the buyer is taken to consideration together with the balance lease of the flat.

We have also observed more en-bloc owners purchasing older flats after collecting their sales proceeds. Some may regard older flats as affordable given their lower price quantum and large living spaces, and they get to keep a sizable amount of sales proceeds for retirement or reinvestment.

The HDB resale market may continue to benefit from the new policy changes. With more public education, concerns surrounding the lease decay issue may start focusing on a new narrative that emphasizes the importance of financial and retirement planning when a buyer makes a property purchase.

With a new perspective, older flats may see a revival in demand. More liquidity would also be unlocked in the market and sellers of older flats may be able to upgrade to a private property.

**Table 2 Number of resale transactions of flats that are 30 years old and above**

Towns	May-Jun 2018	May-Jun 2019	Difference
BEDOK	149	178	29
YISHUN	163	171	8
TAMPINES	173	154	-19
BUKIT BATOK	98	144	46
ANG MO KIO	128	137	9
JURONG WEST	73	123	50
HOUGANG	85	92	7
GEYLANG	55	86	31
TOA PAYOH	73	79	6
BUKIT MERAH	61	72	11
JURONG EAST	75	70	-5
KALLANG/WHAMPOA	65	69	4
CLEMENTI	60	68	8
WOODLANDS	41	54	13
QUEENSTOWN	34	53	19
SERANGOON	41	50	9
BISHAN	41	40	-1
BUKIT PANJANG	37	35	-2

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





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While the second quarter usually sees an uptick in sales activity and more units changing hands, resale transactions have also spiked on a year-on-year basis. This indicates that apart from a seasonal effect, the recent CPF changes may have been a major catalyst that has spurred last quarter's buying demand.

- Christine Sun

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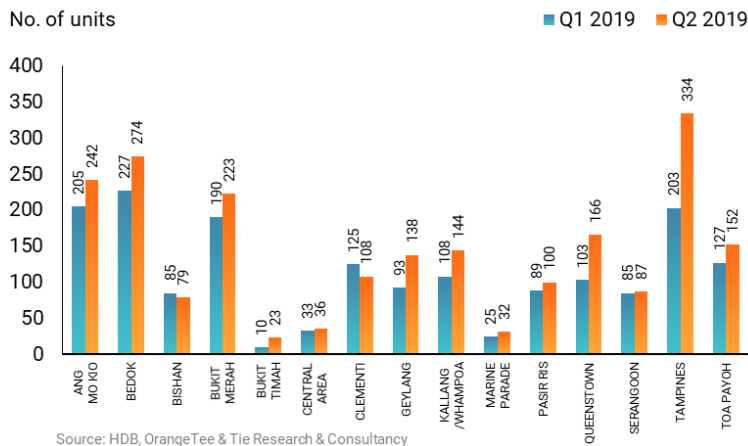
Fernvale Flora

OrangeTee & Tie Research & Consultancy Photo



Chart 5 Surge in resale transactions of standard\* flats at Tampines

HDB resale applications for standard flats



Source: HDB, OrangeTee & Tie Research & Consultancy

## MATURE ESTATES

Tampines, Bedok and Ang Mo Kio were the most popular towns in Q2 this year (Chart 5). The number of flats transacted in Tampines surged 64.5 per cent q-o-q from 203 units in Q1 2019 to 334 units in Q2 2019. The increase could be attributed to more flats reaching MOP this year, with some 1,300 units estimated to be eligible for resale by end of this year.

4 and 5 room flats across many towns saw price increases last quarter. (Table 3). 5 room flats at Kallang/ Whampoa achieved the highest price increase of 10.1 per cent q-o-q, followed by 4 room flats at Central Area (8.1 per cent) and Marine Parade (7.2 per cent).

Table 3 Prices tended to rise for bigger flat

Average resale price of standard\* flats in Q2 2019

Towns	3 ROOM			4 ROOM			5 ROOM		
	Q1 2019	Q2 2019	% Diff	Q1 2019	Q2 2019	% Diff	Q1 2019	Q2 2019	% Diff
ANG MO KIO	\$281,419	\$278,455	-1.1%	\$438,759	\$435,776	-0.7%	\$663,593	\$655,897	-1.2%
BEDOK	\$284,941	\$281,055	-1.4%	\$426,978	\$407,535	-4.6%	\$557,200	\$561,911	0.8%
BISHAN	\$374,714	\$369,389	-1.4%	\$531,953	\$530,051	-0.4%	\$687,923	\$712,993	3.6%
BUKIT MERAH	\$363,598	\$348,118	-4.3%	\$626,727	\$648,178	3.4%	\$775,096	\$763,267	-1.5%
BUKIT TIMAH	\$450,000	\$406,875	-9.6%	\$621,178	\$655,299	5.5%	\$796,250	\$812,648	2.1%
CENTRAL AREA	\$418,882	\$409,955	-2.1%	\$532,750	\$575,990	8.1%	\$720,500	\$645,000	-10.5%
CLEMENTI	\$321,123	\$310,141	-3.4%	\$550,626	\$505,597	-8.2%	\$671,667	\$674,681	0.4%
GEYLANG	\$288,370	\$277,446	-3.8%	\$507,778	\$520,445	2.5%	\$709,182	\$623,400	-12.1%
KALLANG/WHAMPOA	\$317,846	\$313,146	-1.5%	\$547,469	\$545,621	-0.3%	\$652,731	\$718,342	10.1%
MARINE PARADE	\$368,530	\$361,864	-1.8%	\$494,250	\$530,000	7.2%	\$777,000	\$825,736	6.3%
PASIR RIS	N.A.	N.A.	N.A.	\$397,805	\$409,311	2.9%	\$486,391	\$480,850	-1.1%
QUEENSTOWN	\$383,043	\$347,990	-9.2%	\$692,758	\$704,012	1.6%	\$842,914	\$837,461	-0.6%
SERANGOON	\$310,881	\$309,611	-0.4%	\$458,709	\$454,099	-1.0%	\$587,600	\$600,253	2.2%
TAMPINES	\$325,137	\$337,372	3.8%	\$430,532	\$432,899	0.5%	\$524,294	\$526,241	0.4%
TOA PAYOH	\$263,239	\$268,552	2.0%	\$518,297	\$545,102	5.2%	\$701,320	\$712,875	1.6%

\*Standard flats exclude adjoined flats, DBSS, improved-maisonette, maisonette, Model A-Maisonette, New Generation, Premium Apartments and Maisonette, Terrence, Type S1&S2

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

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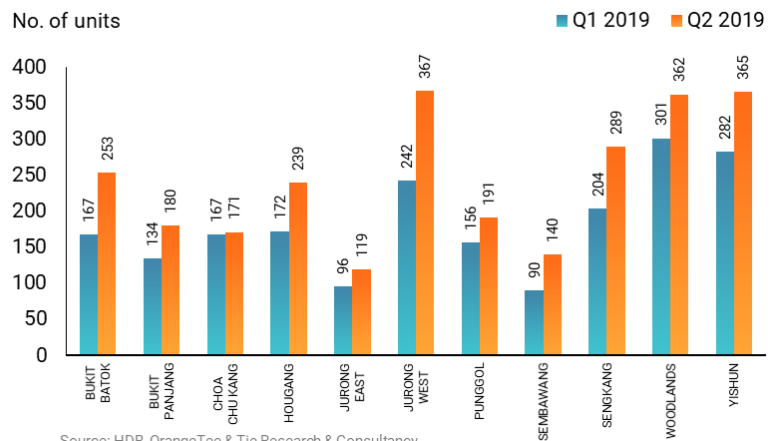
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## NON-MATURE ESTATES

The number of resale transactions rose across the board with Jurong West rising the most by 125 units or 51.7 per cent q-o-q. Sales transactions in Bukit Batok saw an increase of 86 units, followed by Sengkang (85 units) and Yishun (83 units) (Chart 6). The increase in transactions is within expectation as more flats are reaching MOP in these towns. For instance, more than 6,000 and 3,800 flats are estimated to reach MOP in Sengkang and Yishun respectively this year.

When compared to mature estates, 3 room flats in many towns saw price increases last quarter (Table 4). The increase could be due to a lack of supply of 3 room flats in non-mature estates.

Chart 6 More flats sold in Jurong West, Bukit Batok, Sengkang and Yishun  
HDB resale applications for standard flats



Source: HDB, OrangeTee & Tie Research & Consultancy

Table 4 Standard 3 room flats in many towns saw prices increase

Average resale price of standard\* flats in Q2 2019

Towns	3 ROOM			4 ROOM			5 ROOM		
	Q1 2019	Q2 2019	% Diff	Q1 2019	Q2 2019	% Diff	Q1 2019	Q2 2019	% Diff
<b>BUKIT BATOK</b>	\$254,609	\$251,858	-1.1%	\$368,778	\$367,545	-0.3%	\$521,725	\$514,670	-1.4%
<b>BUKIT PANJANG</b>	\$285,611	\$297,271	4.1%	\$385,934	\$389,327	0.9%	\$485,721	\$487,408	0.3%
<b>CHOA CHU KANG</b>	\$288,300	\$282,083	-2.2%	\$342,069	\$336,124	-1.7%	\$404,523	\$395,638	-2.2%
<b>HOUGANG</b>	\$279,910	\$282,283	0.8%	\$379,904	\$389,190	2.4%	\$484,912	\$505,996	4.3%
<b>JURONG EAST</b>	\$273,200	\$275,807	1.0%	\$400,071	\$389,103	-2.7%	\$544,304	\$498,160	-8.5%
<b>JURONG WEST</b>	\$250,681	\$251,422	0.3%	\$355,036	\$355,905	0.2%	\$426,045	\$428,938	0.7%
<b>PUNGGOL</b>	\$349,944	\$354,920	1.4%	\$454,752	\$448,005	-1.5%	\$522,785	\$489,695	-6.3%
<b>SEMBAWANG</b>	\$284,849	\$289,824	1.7%	\$343,761	\$338,512	-1.5%	\$387,774	\$404,421	4.3%
<b>SENGKANG</b>	\$331,764	\$325,817	-1.8%	\$385,568	\$399,440	3.6%	\$470,825	\$451,852	-4.0%
<b>WOODLANDS</b>	\$252,106	\$243,746	-3.3%	\$324,167	\$324,120	-0.01%	\$399,348	\$403,026	0.9%
<b>YISHUN</b>	\$264,210	\$266,322	0.8%	\$335,552	\$349,181	4.1%	\$439,774	\$470,526	7.0%

\*Standard flats exclude adjoining flats, DBSS, improved-maisonette, maisonette, Model A-Maisonette, New Generation, Premium Apartments and Maisonette, Terrence, Type S1&S2

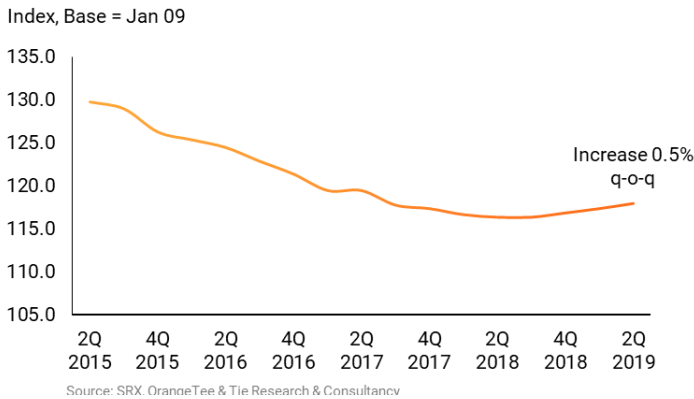
Source: Data.gov.sg, OrangeTee & Tie Research & Consultancy



# RENTAL

Chart 7 Slight uptick in rents

## SRX HDB Rental index



Using SRX HDB rental index, rents rose for a third consecutive quarter by 0.5 per cent from March to June this year. On a y-o-y basis, rents rose 1.4 per cent in June (Chart 7). We may expect some downward pressure on rental prices in the coming months due to an increasing supply of flats reaching their MOP and being eligible for lease.

The number of approved applications to rent out HDB flats rose 4.8 per cent q-o-q and 2.6 y-o-y to 12,335 units in Q2 2019 (Chart 8). The increase in applications is within expectation as the second quarter of the year is usually a peak rental season.

Chart 8 Increase in rental volume in Q2 2019

## HDB rental applications

No. of units

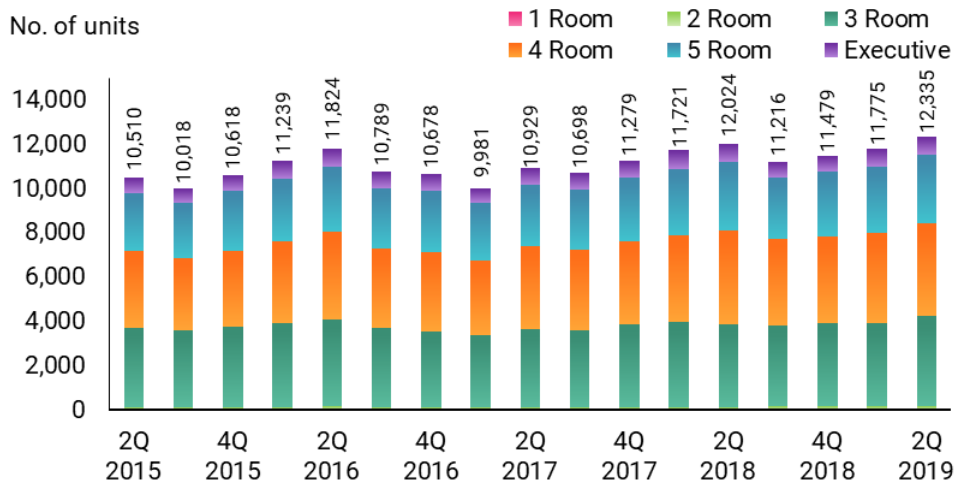


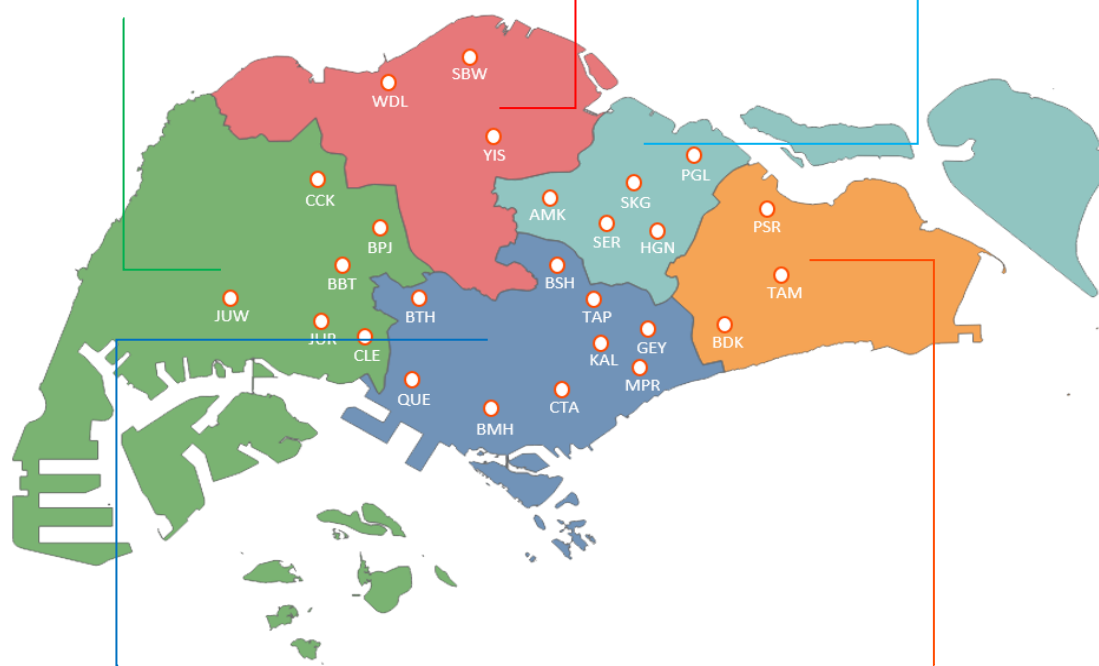


Chart 9 Summary of HDB resale transactions and average resale prices for Q2 2019

North Region				
Planning Area	Total no. of units	Average Resale Price		
		3-Room	4-Room	5-Room
Sembawang (SBW)	140	\$289,800	\$338,500	\$404,400
Woodlands (WDL)	362	\$243,700	\$324,100	\$403,000
Yishun (YIS)	365	\$266,300	\$349,200	\$470,500

West Region				
Planning Area	Total no. of units	Average Resale Price		
		3-Room	4-Room	5-Room
Bukit Batok (BBT)	253	\$251,900	\$367,500	\$514,700
Bukit Panjang (BPJ)	180	\$297,300	\$389,300	\$487,400
Choa Chu Kang (CCK)	171	\$282,100	\$336,100	\$395,600
Clementi (CLE)	108	\$310,100	\$505,600	\$674,700
Jurong East (JUR)	119	\$275,800	\$389,100	\$498,200
Jurong West (JUW)	367	\$251,400	\$355,900	\$428,900

North-East Region				
Planning Area	Total no. of units	Average Resale Price		
		3-Room	4-Room	5-Room
Ang Mo Kio (AMK)	242	\$278,500	\$435,800	\$655,900
Hougang (HGN)	239	\$282,300	\$389,200	\$506,000
Punggol (PGL)	191	\$354,900	\$448,000	\$489,700
Sengkang (SKG)	289	\$325,800	\$399,400	\$451,900
Serangoon (SER)	87	\$309,600	\$454,100	\$600,300



Central Region				
Planning Area	Total no. of units	Average Resale Price		
		3-Room	4-Room	5-Room
Bishan (BSH)	79	\$369,400	\$530,100	\$713,000
Bukit Merah (BMH)	223	\$348,100	\$648,200	\$763,300
Bukit Timah (BTH)	23	\$406,900	\$655,300	\$812,600
Central Area (CTA)	36	\$410,000	\$576,000	\$645,000
Geylang (GEY)	138	\$277,400	\$520,400	\$623,400
Kallang / Whampoa (KAL)	144	\$313,100	\$545,600	\$718,300
Marine Parade (MPR)	32	\$361,900	\$530,000	\$825,700
Queenstown (QUE)	166	\$348,000	\$704,000	\$837,500
Toa Payoh (TAP)	152	\$268,600	\$545,100	\$712,900

East Region				
Planning Area	Total no. of units	Average Resale Price		
		3-Room	4-Room	5-Room
Bedok (BDK)	274	\$281,100	\$407,500	\$561,900
Pasir Ris (PSR)	100	N.A	\$409,300	\$480,900
Tampines (TAM)	334	\$337,400	\$432,900	\$526,200

Asterisks (" \* ") refer to cases where there are less than 20 resale transactions in the quarter for the particular town and flat type. The median prices of these cases are not shown as they may not be representative.

Source: HDB, OrangeTee & Tie Research & Consultancy

# OUTLOOK

Barring any unforeseen external market shocks, we expect demand for resale flats to remain resilient. While sales volume may continue to trend upwards in the coming months, a price recovery may not be as quick given the increasing supply of HDB resale flats.

With an influx of HDB flats reaching their MOP this year, more sellers maybe vying for buyers. Therefore, prices of flats may continue to face some downward pressure for selected locations. We maintain our price projection of between -1 and -2 per cent for the whole of this year (Table 5).

**Table 5 Full year market forecast for 2019**

Indicators	H1 2019	2019 Full Year Forecast
HDB resale price index	-0.5%	-1% to -2%
HDB resale volume	11,111	22,000 to 24,000
SRX rental index	0.9%	-1% to -3%
HDB rental volume	24,110	46,000 to 48,000

Source: HDB, SRX, OrangeTee & Tie Research & Consultancy



Belvia DBSS

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