

HDB Market Pulse

First uptick after nine quarters hints at a possible bottoming out of HDB resale prices

Q2/2018

Key indicators at a glance

HDB Indicators	1Q18	2Q18
Resale		
HDB Resale Index	131.6	131.7
Q-o-q change (%)	-0.8	0.1
Resale Volume (units)	4,458	5,941
Q-o-q change (%)	-22.3	33.3
SRX Rental Index		
SRX Rental Index	116.7	116.1
Q-o-q change (%)	-0.6	-0.5
Rental Volume (units)	11,721	12,024
Q-o-q change (%)	3.9	2.6



Singapore | Residential |

Note: 2Q18 SRX's HDB Rental Index figures are flash estimates

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

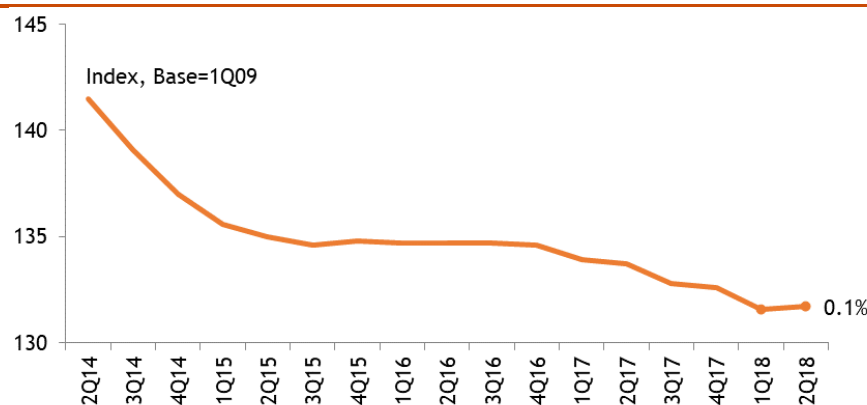
First uptick after nine quarters hints at a possible bottoming out of HDB resale prices

HDB resale prices in 2Q18 rose (0.1%) for the first time after nine quarters, hinting at a possible bottoming-out of HDB resale prices. Demand for resale homes remained strong as volume increased by 33.3% quarter-on-quarter (Q-o-Q) to 5,941 transactions.

The strong demand for resale homes could be supply-driven as more units had been completed in recent years and being put-up for resale after they reached the five-year MOP (Minimum Occupation Period). This correlation can be observed since 2016 where resale volume rose in tandem with the increased HDB flat completions in 2011. The number of completions spiked 124% from 6,902 units in 2008-2010 to 15,456 units in 2011-2013. Resale volume is expected to rise in the coming years as an avalanche of 25,323 HDB flats were completed from 2014-2017 and will reach MOP from next year.

We feel that demand for HDB resale flats could be sustained as the current cooling measures may deter some HDB upgraders from buying private condominiums and they may turn to the HDB resale market instead. The increased cash or CPF outlay, as a result of the stricter Loan-To-Value limit, could be hefty for HDB upgraders who tend to be more price sensitive. Some may upgrade to a bigger HDB resale flat and apply for an HDB loan instead. More displaced enbloc owners are currently buying larger HDB resale flats as their replacement homes due to the price affordability. As of 2Q18, we have already seen a sharp y-o-y (year-on-year) increase in sales of 5 room (11%) and executive flats (18%).

Exhibit 1: HDB Resale Price Index



First price uptick after nine quarters

Price rose 0.1% from 131.6 in 1Q18 to 131.7 in 2Q18. This is the first increase posted after nine quarters.

Source: HDB, OrangeTee & Tie Research & Consultancy

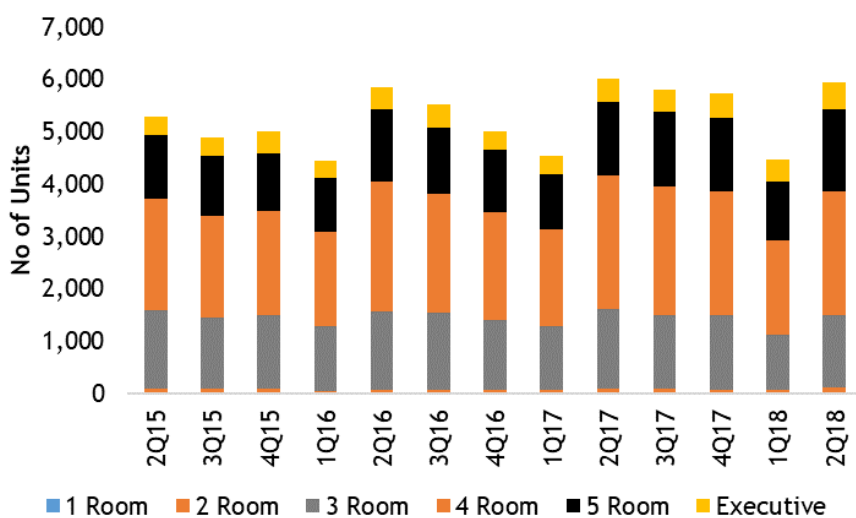
Exhibit 2: HDB Towns median resale price by room type

2018 Q2		3 Room		4 Room		5 Room	
Region	Town	Median Resale Price	QoQ Absolute Change	Median Resale Price	QoQ Absolute Change	Median Resale Price	QoQ Absolute Change
Central	Bishan	*	*	\$580,000	\$ 36,000	\$756,000	-\$ 13,000
	Bukit Merah	\$335,000	\$ 1,500	\$662,500	\$ 12,500	\$800,400	\$ 40,400
	Bukit Timah	*	*	*	*	*	*
	Central	*	*	-	-	-	-
	Geylang	\$305,300	\$ 15,300	\$480,000	-\$ 57,000	*	*
	Kallang/Whampoa	\$300,000	-\$ 13,000	\$600,000	\$ 100,000	\$769,600	\$ 67,100
	Marine Parade	*	*	*	*	*	*
	Queenstown	\$348,400	\$ 20,400	\$738,000	\$ 15,500	\$838,000	-
	Toa Payoh	\$275,000	\$ 0	\$580,000	\$ 500	\$845,000	-\$ 5,000
North	Sembawang	-	-	\$334,900	-\$ 8,600	\$393,900	\$ 18,900
	Woodlands	\$270,000	-\$ 900	\$330,000	\$ 0	\$408,400	\$ 2,400
	Yishun	\$270,000	-\$ 1,000	\$340,000	-\$ 3,000	\$458,000	-\$ 17,300
North-East	Ang Mo Kio	\$290,000	\$ 1,600	\$460,000	\$ 8,000	\$697,500	\$ 38,500
	Hougang	\$282,500	\$ 0	\$372,000	-\$ 8,000	\$460,000	-\$ 15,000
	Punggol	\$349,000	\$ 5,000	\$441,500	-\$ 3,500	\$432,500	-\$ 2,500
	Sengkang	\$320,000	-	\$410,000	\$ 11,000	\$437,400	-\$ 1,000
	Serangoon	\$315,000	-	\$410,000	-\$ 60,000	\$520,000	\$ 12,500
East	Bedok	\$287,000	-\$ 13,000	\$408,000	-\$ 4,000	\$581,500	\$ 6,500
	Pasir Ris	-	-	\$405,900	-\$ 6,100	\$480,000	\$ 0
	Tampines	\$330,000	\$ 0	\$431,000	\$ 2,000	\$547,500	\$ 22,500
West	Bukit Batok	\$264,000	-\$ 4,000	\$380,000	-\$ 10,000	\$500,000	-\$ 38,000
	Bukit Panjang	*	*	\$368,000	\$ 3,500	\$470,000	\$ 1,000
	Choa Chu Kang	*	*	\$330,000	-\$ 1,000	\$410,000	\$ 30,000
	Clementi	\$320,000	\$ 0	\$557,500	-\$ 82,500	*	*
	Jurong East	\$285,000	\$ 2,000	\$407,500	-\$ 10,000	\$543,900	\$ 17,000
	Jurong West	\$260,000	\$ 12,000	\$365,000	\$ 15,000	\$440,000	\$ 10,000

*Refers 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 and Consultancy

Exhibit 3: HDB Resale volume by room type



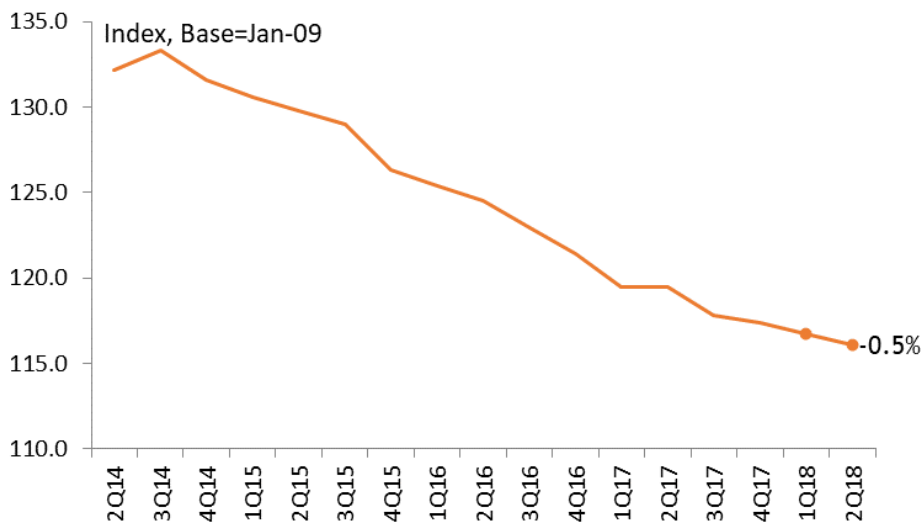
HDB resale volumes rose significantly

Resale volume rose 33.3% q-o-q from 4,458 units to 5,941 unit in 2Q18.

The increase in resale volume can be seen across all room types. 3 room flats saw a 32.1% increase, followed by a 31% increase for 4 room flats, 40.3% increase for 5 rooms flats and 23.6% increase for executive flats.

Source: HDB, OrangeTee & Tie Research and Consultancy

Exhibit 4: SRX HDB Rental Index

**HDB rents continued to slide**

Based on SRX flash estimates, HDB rental index continued its downtrend, sliding 0.5% q-o-q to 116.1 in 2Q18. This is a consecutive 15 quarter fall since 3Q14 (omitting 2Q17 where there was no q-o-q change in prices).

Note: As SRX provides only monthly data, we used the index of the last month to indicate the index for that quarter.

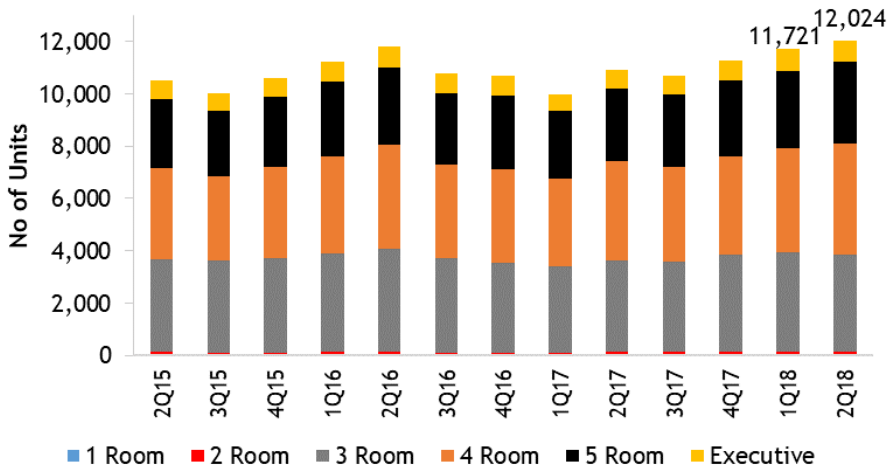
Source: SRX, OrangeTee & Tie Research and Consultancy

Exhibit 5: HDB Towns Median Rents by Room Type

2018 Q2		3-Room		4-Room		5-Room	
Region	Town	Median Rents	QoQ Absolute Change	Median Rents	QoQ Absolute Change	Median Rents	QoQ Absolute Change
Central	Bishan	\$1,850	\$ 50	\$2,300	\$ 50	\$ 2,550	\$ 50
	Bukit Merah	\$1,900	\$ 0	\$2,500	\$ 0	\$ 2,750	-\$ 50
	Bukit Timah	*	*	*	*	*	*
	Central	\$2,150	\$ 50	\$2,750	\$ 170	*	*
	Geylang	\$1,800	\$ 50	\$2,250	-\$ 50	\$ 2,450	-\$ 100
	Kallang/Whampoa	\$1,900	\$ 50	\$2,400	-\$ 100	\$ 2,600	\$ 0
	Marine Parade	\$1,800	\$ 0	\$2,100	-\$ 100	*	*
	Queenstown	\$1,850	\$ 0	\$2,600	\$ 0	\$ 2,800	\$ 0
	Toa Payoh	\$1,800	\$ 0	\$2,350	\$ 100	\$ 2,480	-\$ 120
North	Sembawang	-	-	\$1,750	-\$ 100	\$ 1,900	\$ 0
	Woodlands	\$1,400	\$ 0	\$1,700	-\$ 100	\$ 1,850	-\$ 50
	Yishun	\$1,500	-\$ 30	\$1,900	\$ 10	\$ 2,000	\$ 0
North-East	Ang Mo Kio	\$1,700	\$ 0	\$2,000	-\$ 100	\$ 2,400	\$ 100
	Hougang	\$1,600	\$ 0	\$1,900	\$ 0	\$ 2,100	\$ 0
	Punggol	*	*	\$1,800	\$ 0	\$ 1,850	\$ 50
	Sengkang	*	*	\$1,800	\$ 0	\$ 1,900	\$ 0
	Serangoon	\$1,800	\$ 50	\$2,200	\$ 0	\$ 2,250	-\$ 100
East	Bedok	\$1,700	\$ 0	\$2,000	-\$ 50	\$ 2,300	\$ 0
	Pasir Ris	*	*	\$1,900	-\$ 100	\$ 2,000	-\$ 100
	Tampines	\$1,700	\$ 0	\$2,000	\$ 0	\$ 2,200	\$ 0
West	Bukit Batok	\$1,600	\$ 0	\$1,900	\$ 0	\$ 2,100	\$ 0
	Bukit Panjang	\$1,500	\$ 0	\$1,650	-\$ 50	\$ 1,800	\$ 0
	Choa Chu Kang	*	*	\$1,800	\$ 50	\$ 1,900	\$ 0
	Clementi	\$1,890	\$ 90	\$2,300	\$ 0	\$ 2,600	\$ 100
	Jurong East	\$1,700	\$ 0	\$2,000	-\$ 100	\$ 2,300	\$ 0
	Jurong West	\$1,600	-\$ 50	\$2,000	\$ 0	\$ 2,100	-\$ 50

Source: URA, OrangeTee & Tie Research and Consultancy

Exhibit 6: HDB Rental Volume by Room Type



Rental volume continued to inch up

Rental volume rose by 2.6% q-o-q from 11,721 flats in 1Q18 to 12,024 flats in 2Q18. This is the third quarterly increase, indicating that demand for HDB rental flats is strengthening.

Source: HDB, OrangeTee & Tie Research and Consultancy

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