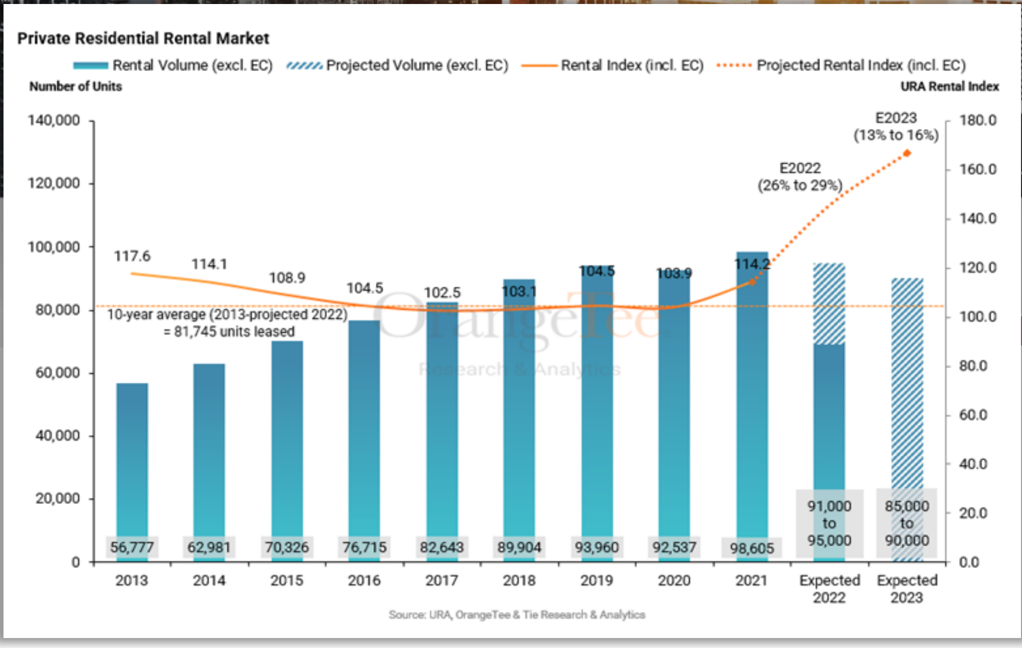
PRIVATE & HDB RENTAL
Market Outlook 2023

Both private residential and HDB rents hit record highs this year. As the housing supply dynamics will shift in 2023, landlords and tenants may experience some demand and rental price changes. Rental pressures may ease in some market segments, while other areas may experience more rental hikes.

OrangeTee
Research & Analytics

Uncovering Trends Through Data Analytics+

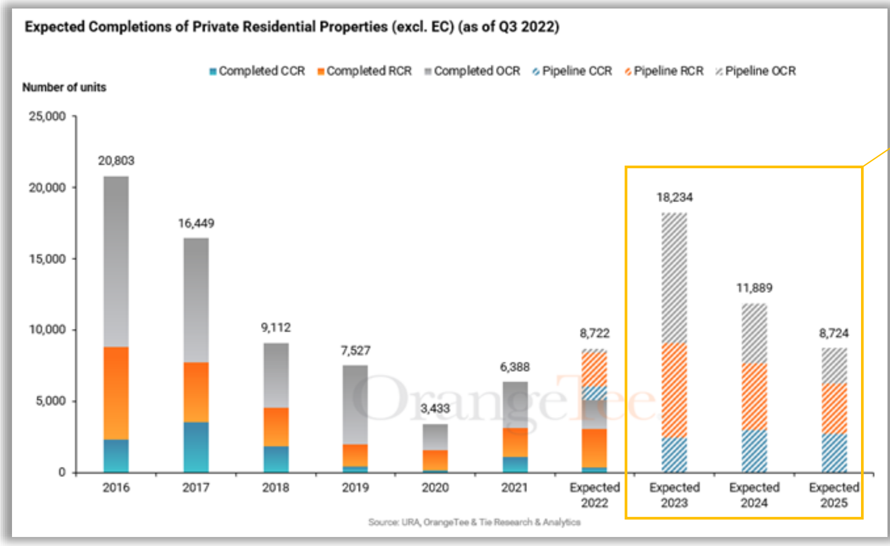


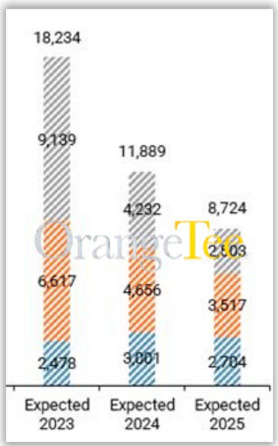
PRIVATE RENTAL

The influx of new home supply may ease rental pressures. Rents have been rising continuously for over two years as demand outstrips supply. Next year, there will be a significant ramp-up in housing supply, with more than 18,000 new private homes, excluding executive condominiums (EC), slated for completion.

The bulk of new home completions will be in the suburbs or Outside of Central Region (OCR), with around 9,139 units, followed by the city fringe or the Rest of Central Region (RCR), with approximately 6,617 units, and the prime areas or Core Central Region (CCR) with about 2,478 units.

The increased housing supply may ease rental pressures, especially in the suburbs and city fringe areas. There could be some relief in sight for HDB upgraders and Singaporeans who are renting as they wait for the completion of their new homes. There will be more housing options, and possibly an increased number of suburban homes offering affordable rents.





Private Residential Market Projection (landed and non-landed exclude EC)

Indicators	2019	2020	2021	Q2 2022	Q3 2022	Q1-Q3 2022	Projection for 2022	Projection for 2023
Rental								
URA Rental Index (Price Change) (incl. EC)	1.4%	-0.6%	9.9%	6.7%	8.6%	20.8%	26% to 29%	13% to 16%
Leasing volume (units)	93,960	92,537	98,605	21,068	25,382	69,169	91,000 to 95,000	85,000 to 90,000

Source: URA, OrangeTee & Tie Research & Analytics

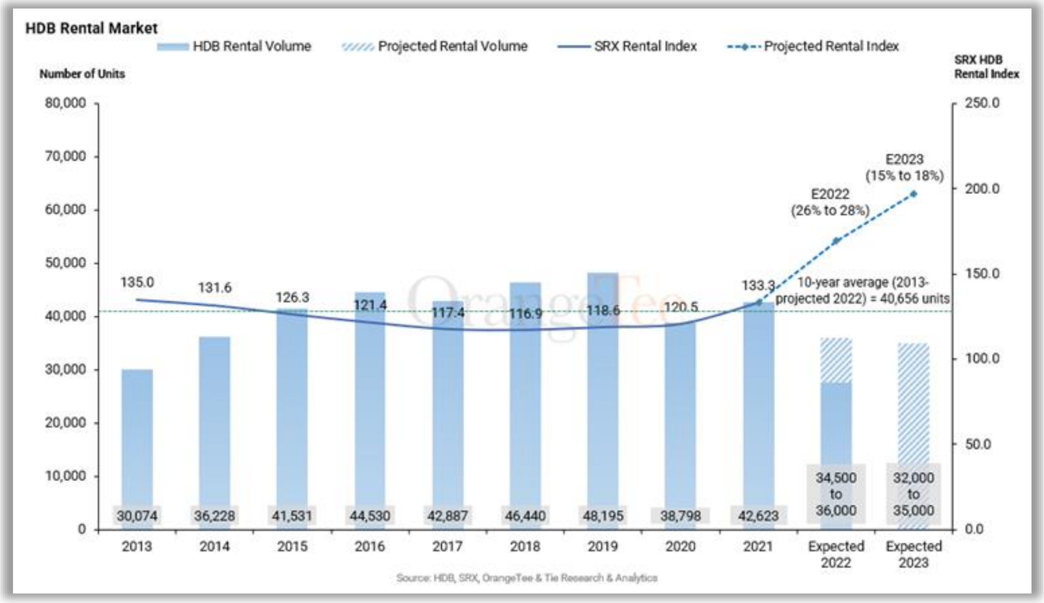
Rents may rise further next year, albeit at a slower pace. The increased supply and more intense competition for tenants may help to rein in runaway rental prices. These factors will not be sufficient to cause rents to fall significantly as landlords may not be willing to drop rents given the rising cost of living, higher property taxes and increased mortgage rates. Therefore, the net effect may see rents rising slower by around 13 to 16 per cent in 2023 after an estimated increase of about 26 to 29 per cent this year.

Rental volume may moderate slightly as rents continue to rise and overall housing stock shrinks. Even with the increased supply, the total rental volume in 2023 may still be lower than in previous years. Tenants are signing longer leases of around two to three years. The rental market will eventually get tighter as the total rental stock continues to shrink in the long term.

Private developments including executive condominiums obtaining TOP (Temporary Occupation Permit) in 2023

Project Name	Number of Units	Launch Year	District	Address
Core Central Region (CCR)				
LEEDON GREEN	638	2020	10	Leedon Heights
KOPAR AT NEWTON	378	2020	9	Makeway Avenue
ONE HOLLAND VILLAGE RESIDENCES	296	2019	10	Holland Village Way
CUSCADEN RESERVE	192	2019	10	Cuscaden Road
HAUS ON HANDY	188	2019	9	Handy Road
BOULEVARD 88	154	2019	10	Orchard Blvd
PARKSUITES	119	2018	10	Holland Grove Road
19 NASSIM	101	2020	10	Nassim Hill
NEU AT NOVENA	87	2019	11	Moulmein Rise
WILSHIRE RESIDENCES	85	2019	10	Farrer Road
Rest of Central Region (RCR)				
AVENUE SOUTH RESIDENCE	1,074	2019	3	Silat Avenue
RIVIERE	455	2019	3	Jiak Kim Street
DAINTREE RESIDENCE	327	2018	21	Toh Tuck Road
THE ANTARES	265	2019	14	Mattar Road
SKY EVERTON	262	2019	2	Everton Road
VIEW AT KISMIS	186	2019	21	Lor Kismis
ONE MEYER	66	2019	15	Meyer Place
1953	58	2019	8	Tessensohn Road
THE ADDITION	26	2018	13	Meyappa Chettiar Road
Outside of Central Region (OCR)				
TREASURE AT TAMPINES	2,203	2019	18	Tampines Lane
PARC CLEMATIS	1,468	2019	5	Jalan Lempeng
THE FLORENCE RESIDENCES	1,410	2019	19	Hougang Avenue 2
PIERMONT GRAND	820	2019	19	Sumang Walk
SENGKANG GRAND RESIDENCES	680	2019	19	Compassvale Bow
OLA	548	2020	15	Anchorvale Crescent
PARC CANBERRA	496	2020	19	Canberra Walk
PARC KOMO	276	2019	18	Upper Changi Rd North
BELGRAVIA GREEN	81	2018	28	Belgravia Drive

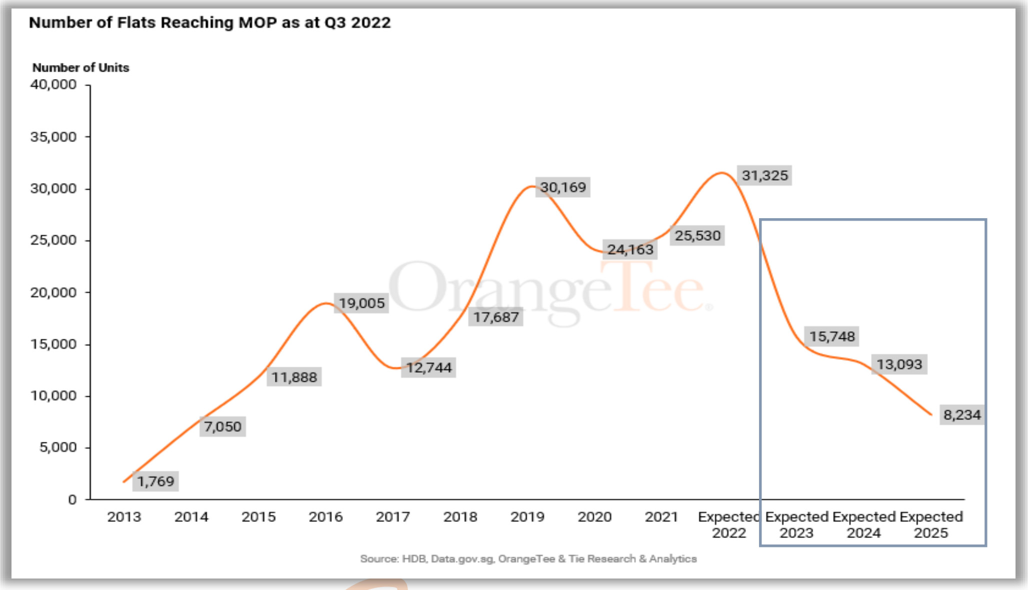
Source: URA, OrangeTee & Tie Research & Analytics



HDB RENTAL

The HDB rental market may experience a supply crunch in the next few years. The HDB rental market may face a triple whammy. First, new home supply will fall as the number of MOP flats continue to decline. 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. Second, rental stock will shrink in the long term as tenants sign longer leases.

Third, fewer flat owners may put up their units for lease. More families may stay put in their units since their upgrading opportunities could be affected by the new cooling measures. For instance, some HDB upgraders may take longer to find suitable buyers since the purchasing power of potential buyers may be affected by tighter borrowing limits. Sellers' flats may not fetch as high a price as before the measures. With interest rate hikes and prices of private homes not expected to fall anytime soon, fewer people may purchase a private property for owner-occupation and lease their flats for rental income, resulting in fewer flats put up for lease.



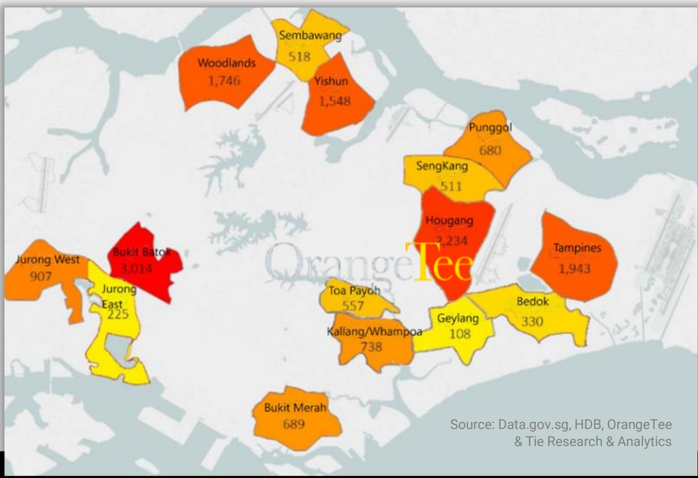
HDB Market Projection

Indicators	2019	2020	2021	Q2 2022	Q3 2022	Q1-Q3 2022	Projection for 2022	Projection for 2023
Rental								
Rental Price Change (SRX)	1.5%	1.6%	10.6%	7.4%	7.5%	20.9%	26% to 28%	15% to 18%
HDB Rental Applications (units)	48,195	38,798	42,623	9,309	8,192	27,690	34,500 to 36,000	32,000 to 35,000

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

> **Rental price growth may slow, and leasing volume may slip slightly in 2023.** We expect HDB rents to rise at a slower pace of around 15 to 18 per cent next year, down from the estimated 26 to 28 per cent for 2022. Rental volume is expected to be robust as flats will continue to be an affordable, entry-level housing option for many tenants. Bigger flats may be in demand among local families and foreigners with tight budgets. Private homeowners affected by the 15-month wait-out period before they purchase a resale flat may turn to the HDB rental market for their interim housing needs. Around 34,500 to 36,000 units may be leased this year, and the numbers may dip slightly to 32,000 to 35,000 next year.

HDB flats obtaining MOP in 2023 (by housing estates)



Town	No. of Units
Bukit Batok	3,014
Hougang	2,234
Tampines	1,943
Woodlands	1,746
Yishun	1,548
Jurong West	907
Kallang/Whampoa	738
Bukit Merah	689
Punggol	680
Toa Payoh	557
Sembawang	518
Sengkang	511
Bedok	330
Jurong East	225
Geylang	108

Mid-Term Outlook

Both public and private rental markets will face a supply crunch over the next few years. After 2023, there will be fewer private homes completed, as well as a dip in the number of MOP flats. Construction delays during the pandemic and supply chain disruptions arising from the Russia-Ukraine war have caused the supply lag. The collective sales market has similarly ground to a halt, and fewer government land parcels were released during the height of the pandemic.

Although more land parcels were released from H2 2021 onwards, and many Build-To-Order flats were released for sale, these homes will only be completed and ready for lease many years later. Therefore, the rental markets will face supply challenges from 2024. Tenants staying here for a long term and having the finances may consider signing longer leases next year, given the upcoming supply crunch and possibly more rental hikes.

For research enquiries, please contact:

Christine Sun, Senior Vice President, Research & Analytics christine.sun@orangetee.com

Timothy Eng, Assistant Manager timothy.eng@orangetee.com

Kenneth Tan, Research Analyst kenneth.tan@orangetee.com

Visit https://www.orangetee.com/Home/Researchv2 to view our research reports.

For sales enquiries, please contact your preferred OrangeTee agents or visit https://www.propertyagentsreview.com/