

# What's Driving Demand For Million-dollar Flats?



SkyTerrace@Dawson

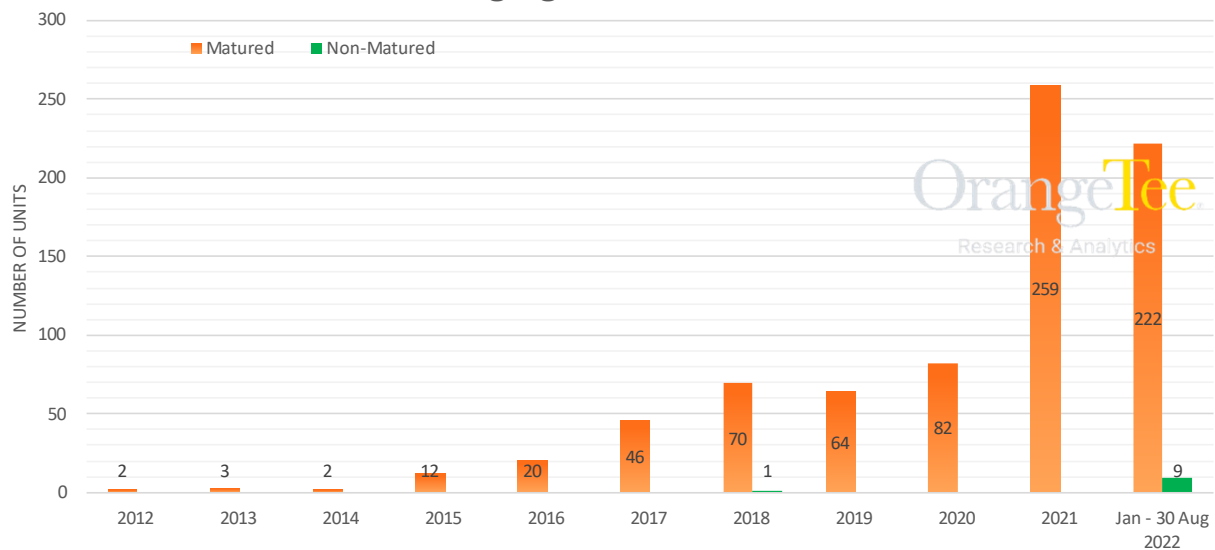
Million-dollar Housing Board (HDB) flat transactions are expected to hit a new high this year. 231 resale flats have already been sold for more than a million dollars in the first 8 months of 2022. The number is set to surpass 2021's full-year record of 259 units by September.

Million-dollar flats are getting pricier as more units are transacted above S\$1.2m. This year, 2 resale flats have been sold for at least S\$1.4m, on par with some private condos. What is driving demand for such flats? Will there be more million-dollar transactions?

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## Rising number of million-dollar flat transactions and some are emerging in the non-mature estates

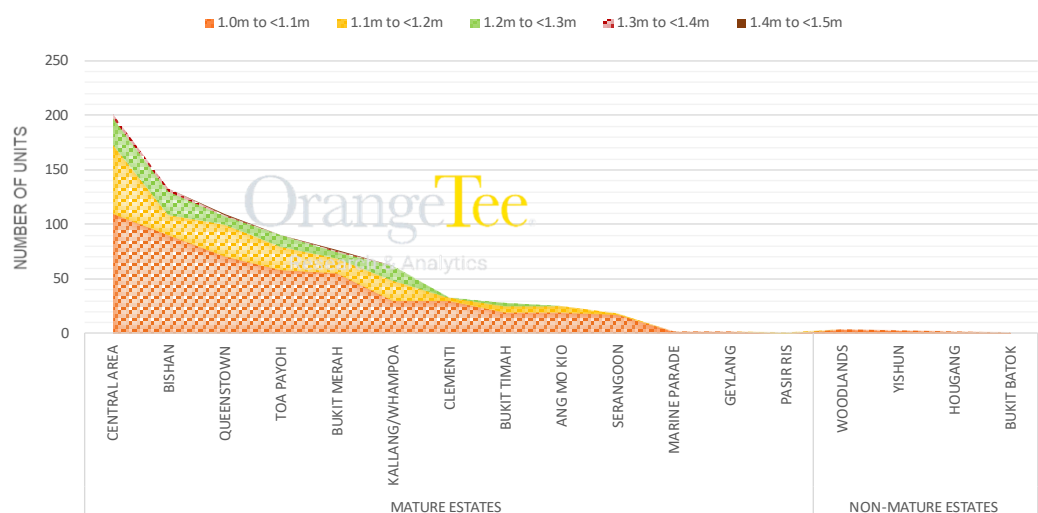


SOURCE: DATA.GOV.SG, ORANGETEE & TIE RESEARCH & ANALYTICS

**More million-dollar flats are emerging in the non-mature estates** – 231 flats were sold for at least a million dollars from 01 January to 30 August 2022, 9 of which are located in non-mature estates like Woodlands (4 units), Yishun (3 units), Hougang (1 unit) and Bukit Batok (1 unit). The 9 flats were either Maisonettes or large executive apartments with generous floor areas of around 138 sqm to 192 sqm. Comparatively, only 1 such transaction (Hougang) was recorded in 2018.

As million-dollar flats in mature estates get pricier, more buyers may seek cheaper alternatives in non-mature estates which may entail similar product attributes like big floor areas or spectacular views. Currently, 12.4 per cent or 97 of the 782 million-dollar flats in mature estates were sold for at least S\$1.2m. The bulk of these units (87 units) were transacted these 2 years and spanned across many towns like Central Area, Bishan, Kallang/ Whampoa, Toa Payoh, Queenstown, Bukit Merah and Bukit Timah. The trend indicates that prices of some premium flats are rising, and buyers may need to pay more for such homes in the future.

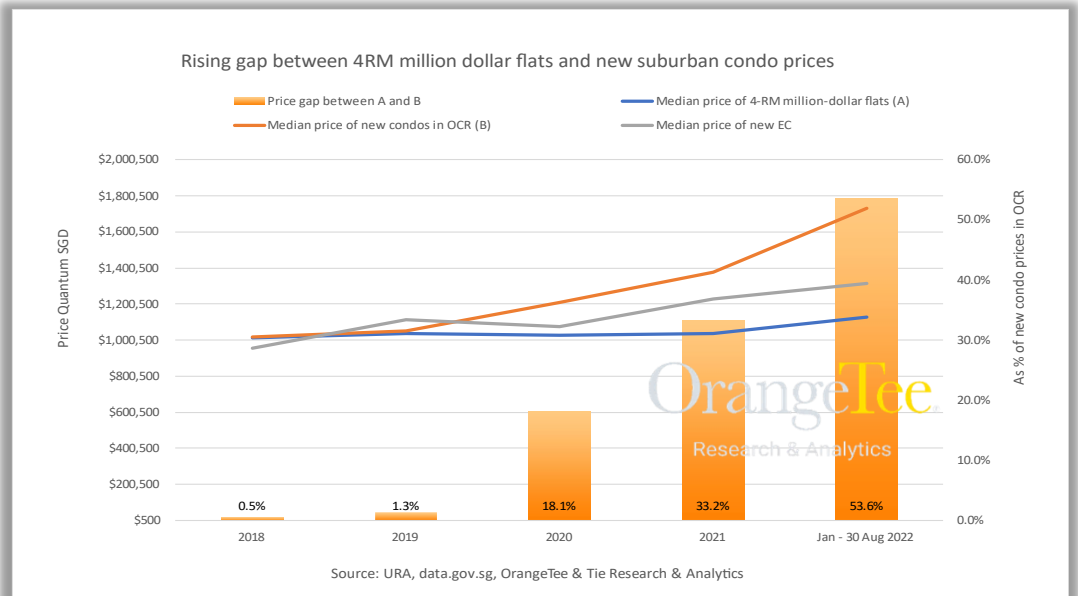
## Million-dollar flats in some mature estates are getting pricier



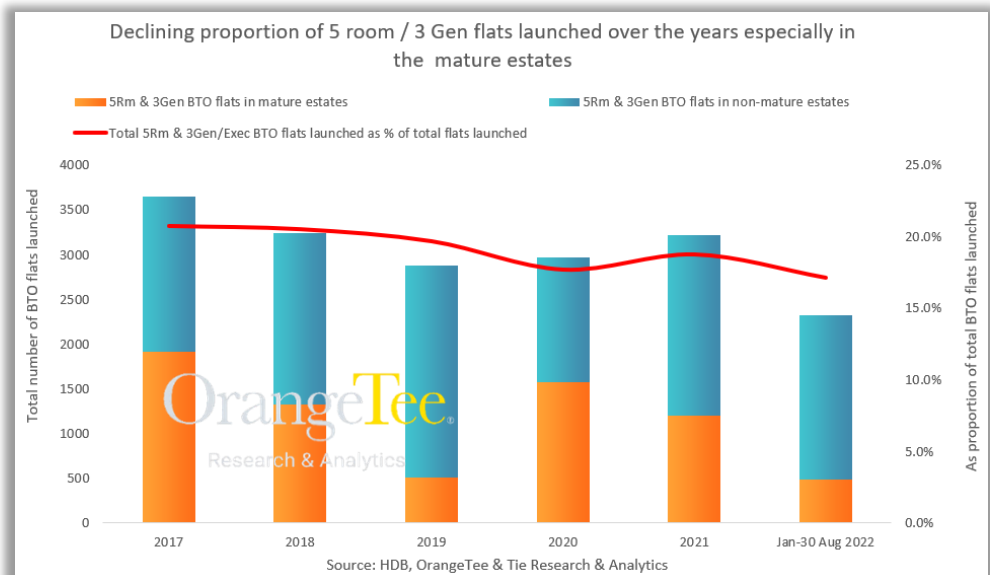
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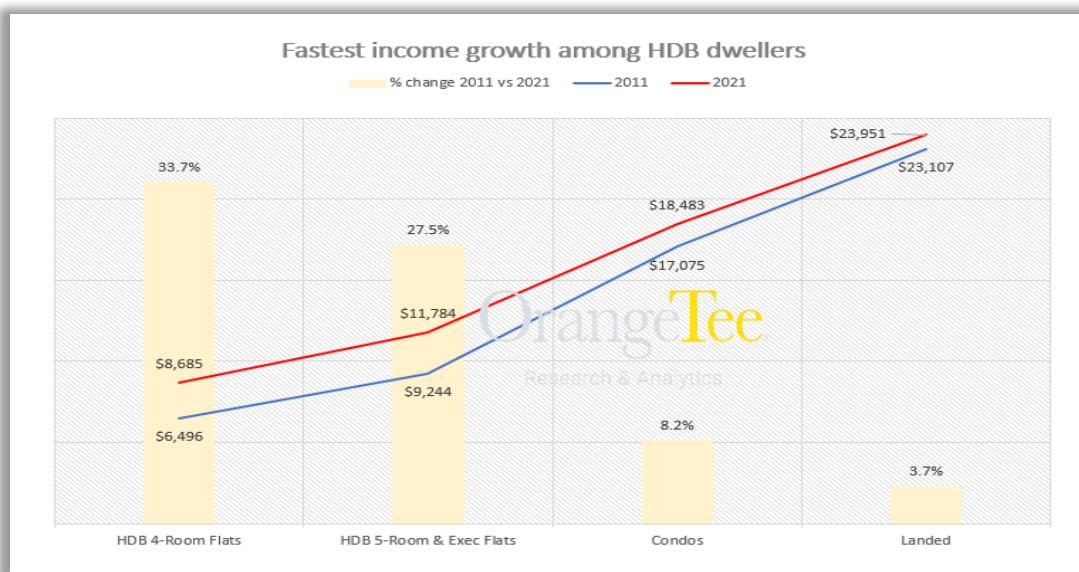
**Demand for million-dollar flats may be fuelled by a rising price gap with new suburban private condos** – the price gap between 4-room million-dollar flats (median price of S\$1.01m) and new condos in the suburbs (Outside of Central Region OCR) (median price of S\$1.02m) was 0.5 per cent in 2018; growing to 1.3 per cent in 2019. However, the price gap widened to 33.2 per cent in 2021. In the first 8 months of this year, the price gap is 53.6 per cent, and some buyers may find million-dollar flats significantly cheaper as the median price of 4-room million-dollar flats is S\$1.13m while the median price of new condos in OCR is S\$1.73m.



**The declining supply of large BTO flats in mature estates may have driven demand for million-dollar flats in recent years.** Currently, 86.1 per cent, or 682 units of the total 792 million-dollar flat transactions, were either 5-room or executive flats. This may be due to a lack of supply of large BTO flats in mature estates. In 2017, 1,911 5-room and 3-generation BTO flats in mature estates were launched, constituting 10.9 per cent of the total BTO flat launches. The number dropped to 1,204 units in 2021 (7 per cent), and 489 (3.6 per cent) were launched in 2022 to date. However, the number of such flat launches in non-mature estates has increased from 1,736 units in 2017 to 2,008 units in 2021 and 1,833 in 2022 to date. As a result, buyers who wish to stay in mature estates and desire a large flat will have to turn to the resale market.



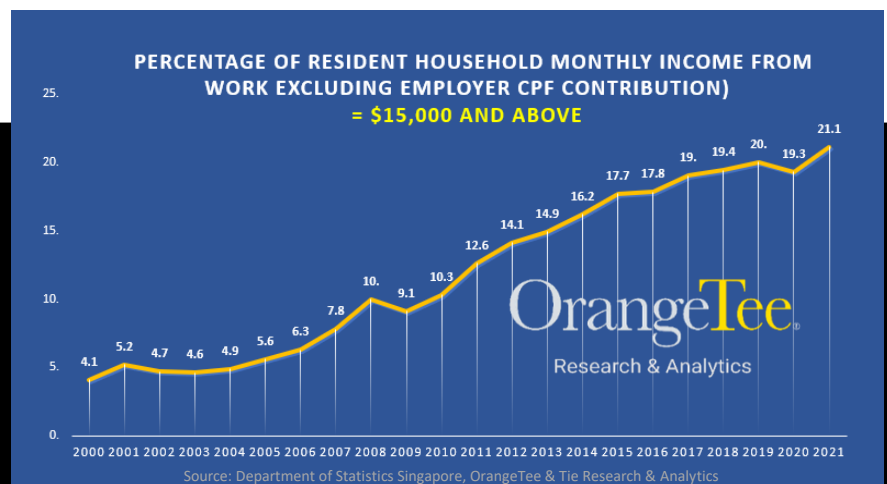




## Outlook

As long as the supply of large flats in mature estates remains limited, million-dollar flat transactions may continue to grow. Even as more BTO flats have been launched in mature estates under the Prime Location Public Housing (PLH) model recently, all the units are 3-room and 4-room flats, possibly to keep prices affordable.

Moreover, growing affluence may support the housing affordability of Singaporeans. According to the Department of Statistics Singapore, the percentage of resident households with a S\$15,000 monthly income from work has climbed steadily over the years, hitting 21.1 per cent in 2021. HDB dwellers, especially those staying in 4-room flats saw the fastest income growth, surging by 33.7 per cent from S\$6,496 in 2011 to S\$8,685 in 2021. The income of those staying in 5-room and executive flats similarly rose by 27.5 per cent. It is no wonder why many HDB dwellers have the financial means to upgrade to private housing in recent years. The trend is set to continue as Singapore's economy strengthens further and employment expands in the years ahead.



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