

HDB MARKET PULSE

REAL ESTATE DATA TREND Q3 2019



- Demand for HDB resale flats remained resilient as 6,264 units were sold in Q3 2019 despite the global uncertainties and economic slowdown.
- Buying interest was buoyed by generous incentives and slew of policy initiatives dished out by the government.
- HDB resale prices rose 0.1 per cent, snapping a streak of four consecutive quarterly declines.
- Prices of HDB resale flats rose across many towns last quarter.
- Slower pace of price depreciation for older flats (40 years old and above).
- Resale transactions of younger flats (below 10 years old) increased substantially in recent years.

Clementi Cascadia / OrangeTee & Tie Research & Consultancy Photo

Policy changes sustain buying interest despite economic uncertainties

Buoyed by generous incentives and a slew of policy initiatives dished out by the government, demand for resale flats continued to be sustained in the third quarter of this year.

Last month, the government announced new policy changes to make public housing more affordable and accessible to Singaporeans, which included enhancing the housing grants for first-time buyers and raising the income ceiling of Singaporeans who wish to buy flats. These initiatives were in addition to earlier changes announced in the second quarter of this year which allowed buyers to have greater flexibility in using more Central Provident Fund monies and to secure bigger housing loans for their flat purchases. The cumulative effect of these policy changes may sustain interest or even stimulate new demand for HDB flats in the long term.

Contrary to most policies which would take time to come to fruition, the HDB resale market had already seen some positive changes. Despite a synchronised slowdown in many world economies, hampered by heightened trade tensions, demand for flats was surprisingly resilient last quarter. 6,264 resale flats changed hands in Q3, which would be almost on par with the 6,276 units transacted in the second quarter of this year (Table 1).

Table 1 Market summary

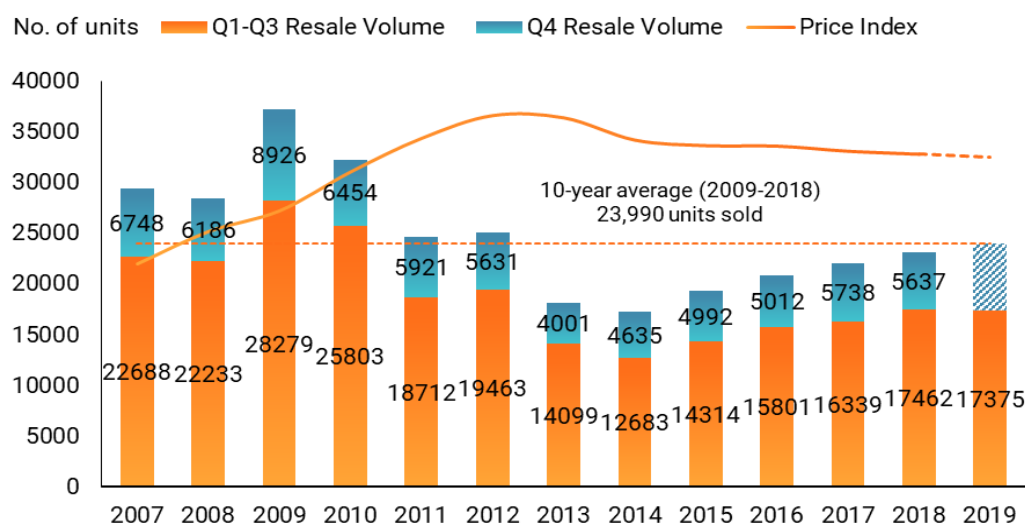
Indicators	Q2 2019	Q3 2019
Resale		
HDB Resale Index	130.8	130.9
Q-o-Q	-0.2%	0.1%
HDB Transaction volume	6,276	6,264
Q-o-Q	29.8%	-0.2%
Rental		
SRX Rental Index	118.2	117.7
Q-o-Q	0.7%	-0.4%
HDB Rental applications	12,335	12,006
Q-o-Q	4.8%	-2.7%

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

Although the resale transaction for Q3 2019 was 11.3 per cent lower than the 7,063 units inked year-on-year (y-o-y), it was the second-highest Q3 sales transactions in seven years. 17,375 HDB resale flats were sold in the first three quarters of this year, almost similar to the 17,462 units sold over the same period last year (Chart 1).

Based on the HDB resale price index, prices rose by 0.1 per cent quarter-on-quarter (q-o-q), snapping a streak of four consecutive quarterly declines. While it might be premature to conclude that prices had bottomed out, the recent policy changes would at least stabilise the market by mitigating further drastic price declines.

Chart 1 Both resale volume and prices are still within our forecast for the year
HDB Resale Volume by Room Types



Source: HDB, OrangeTee & Tie Research & Consultancy

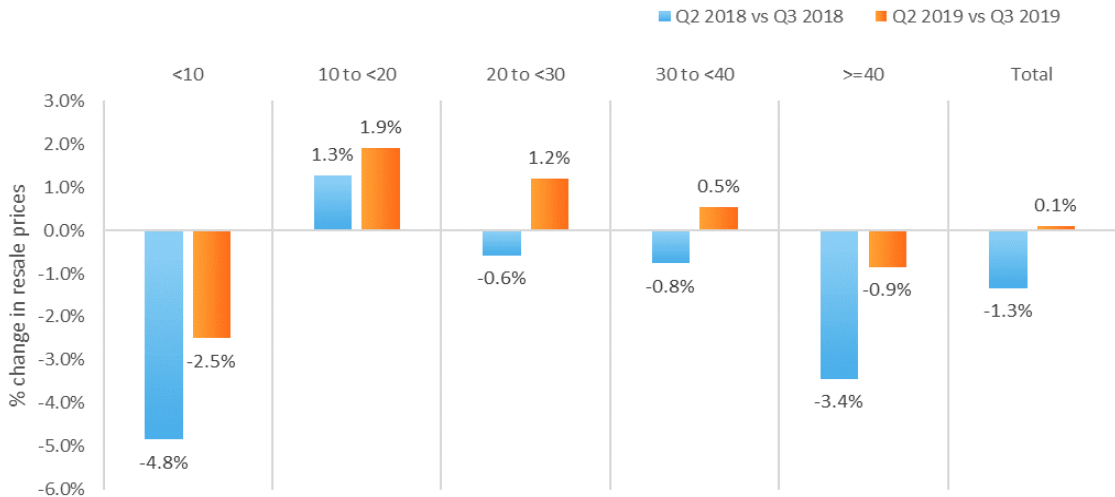
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TRENDING

Prices of resale flats rose across many towns in Q3 2019

While a slower pace of price depreciation was observed for younger and older flats

Chart 2 Prices of resale flats (by age of flat) have mostly improved in Q3 2019



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

Based on the HDB resale price index, prices of resale flats rose slightly by 0.1 per cent from the second quarter of this year. Demand for flats has also remained resilient with more than 6,000 units being transacted last quarter.

An analysis of HDB resale transactions downloaded from data.gov.sg seemed to indicate that resale prices had increased across many towns (Table 3) and for flats of different ages (Chart 2 and Table 2). Prices of flats between 10 and 40 years rose in Q3 2019 as compared with Q3 2018. For instance, flats between 10 and 20 years old saw a 1.9 per cent q-o-q increase in Q3 2019, which was higher than the 1.3 per cent q-o-q increase in Q3 2018. For flats between 20 and 30 years old, there was a 1.2 per cent q-o-q increase in Q3 2019, as opposed to the 0.6 per cent q-o-q decline in Q3 2018.

Table 2 Prices of resale flats rose in Q3 2019 for those between 10 and 40 years old

Age of flat	Q2 2019	Q3 2019	% change
Average transaction price in SGD			
<10 yr old	\$481,427	\$469,412	-2.5%
10 to <20 yr old	\$474,501	\$483,533	1.9%
20 to <30 yr old	\$466,144	\$471,702	1.2%
30 to <40 yr old	\$401,098	\$403,241	0.5%
≥ 40 yr old	\$340,188	\$337,293	-0.9%
Total	\$432,433	\$432,883	0.1%

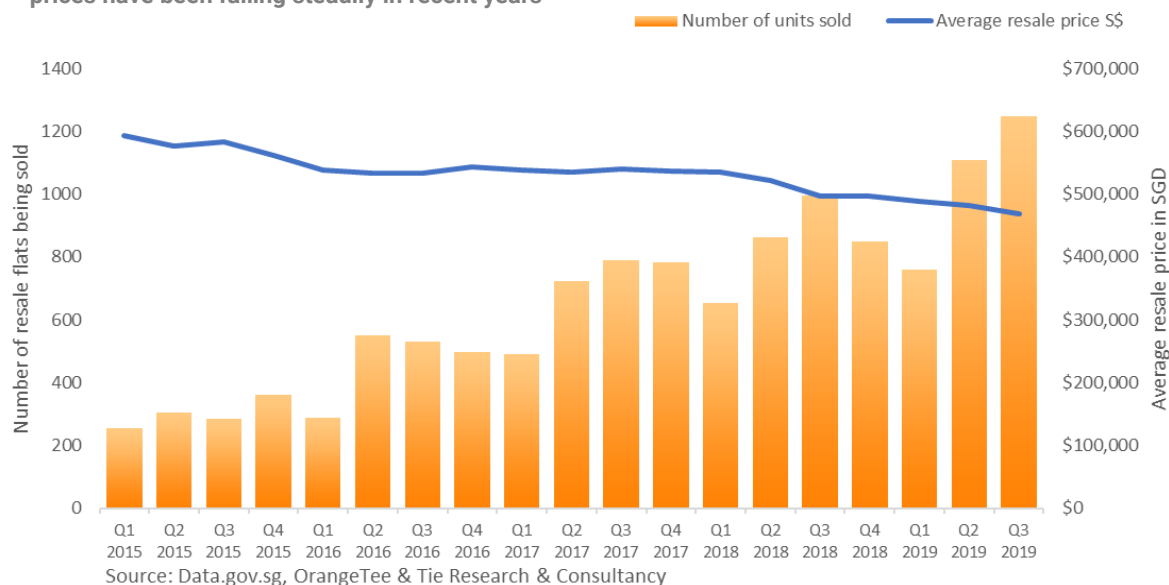
Source: Data.gov.sg, OrangeTee & Tie Research & Consultancy

While prices of younger flats below 10 years old and older flats aged 40 years and above had continued to decline q-o-q in Q3 2019, the rate of depreciation had slowed down significantly as compared with the same period in 2018. For older flats, prices declined 0.9 per cent q-o-q in Q3 2019, as opposed to a 3.4 per cent dip in Q3 2018. The slower price depreciation seemed to indicate that sentiment towards older flats might have improved in recent months. Similarly, for younger flats, prices fell at a slower rate of 2.5 per cent q-o-q in Q3 2019 as compared with the 4.8 per cent decrease in Q3 2018.

Prices of resale flats had picked up in various locations across the island (Table 3). For example, prices of flats that were 20 years but under 30 years old in Bukit Merah rose 19.2 per cent q-o-q last quarter while flats that were 10 years but under 20 years old in Woodlands increased 8.0 per cent over the same period.

Against a backdrop of growing economic uncertainties, the recent policy changes could be the positive catalysts behind the price growth of many HDB resale flats. The changes had likely spurred demand and instilled greater market confidence.

Chart 3 Resale transactions of younger flats (below 10 years old) have increased substantially while prices have been falling steadily in recent years



While prices had risen for many flat types, prices of younger flats (less than 10 years old) have continued to decline last quarter, albeit at a slower pace of 2.5 per cent. The price weakness has come on the back of more flats being sold within 10 years of completion in recent years (Chart 3). There were also more flats sold in the non-matured estates which may have brought down the overall average price of younger flats in recent years. For instance, 81.9 per cent of younger flat transactions in Q1-Q3 2019 were in the non-matured estates, as opposed to 51.5 per cent in 2015.

Based on records from data.gov.sg, the number of younger flats sold in Q3 2019 rose 12.4 per cent to 1,247 units in Q3 2019 from 1,109 units in Q3 2018. It was the highest number of new resale flats being transacted in a single quarter since Q3 2010 (1,510 units). Compared with five years ago, the number of new resale flat transactions inked last quarter was 351.8 per cent higher than the 276 units sold in Q3 2014.

The data may indicate that more families could be 'cashing out' on their flats earlier to upgrade to private property or a bigger HDB flat. Some owners may have sold their flats early for fear that the value of their flats would fall with age.

With more flats reaching their five-year minimum occupation period (MOP), we may expect the number of younger flat transactions to rise further in the coming months. As competition for potential buyers may intensify with the rising supply of flats, there could be some downward pressure on the prices of younger flats.

Table 3 Towns with the highest price increases

Age of flat	Q2 2019	Q3 2019	% change
Number of resale transactions			
<10 years old			
Ang Mo Kio	\$661,452	\$711,985	7.6%
Clementi	\$683,167	\$733,599	7.4%
Choa Chu Kang	\$326,083	\$345,905	6.1%
10 to <20 years old			
Woodlands	\$368,103	\$397,538	8.0%
Geylang	\$596,462	\$642,214	7.7%
20 to <30 years old			
Bukit Merah	\$673,486	\$802,909	19.2%
Queenstown	\$744,859	\$818,589	9.9%
Hougang	\$472,574	\$518,348	9.7%
Bukit Batok	\$483,805	\$521,115	7.7%
30 to <40 years old			
Toa Payoh	\$441,774	\$499,900	13.2%
Central Area	\$481,993	\$537,589	11.5%
Kallang/Whampoa	\$456,559	\$503,576	10.3%
Bishan	\$608,706	\$658,865	8.2%
≥40 years old			
Ang Mo Kio	\$314,508	\$351,006	11.6%
Bukit Merah	\$369,388	\$397,688	7.7%
Kallang/Whampoa	\$354,670	\$368,012	3.8%

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



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Buoyed by generous incentives dished out by the government and a slew of policy initiatives, demand for resale flats have continued to be sustained in the third quarter of this year.

- Christine Sun

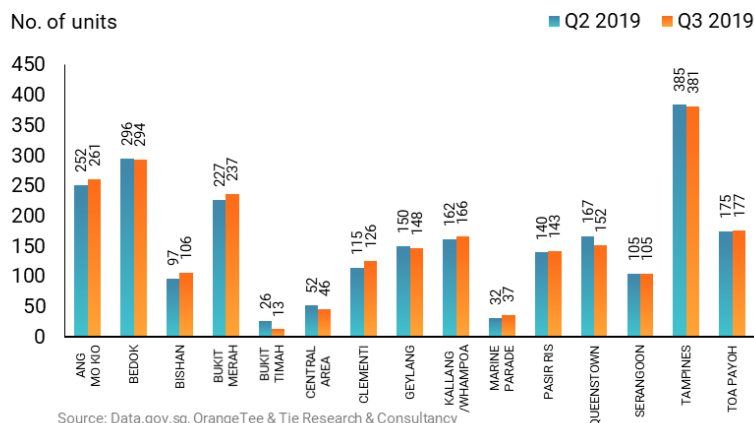
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Anchorvale Horizon / OrangeTee & Tie Research & Consultancy Photo



Chart 4 Demand held steady across most towns

HDB resale applications for standard flats



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

MATURE ESTATES

Demand for HDB resale flats held steady across most towns in Q3. Comparing Q2 and Q3 2019 resale transactions, there was a less than 10-unit difference in sales volume across most towns. Tampines, Bedok and Ang Mo Kio were the most popular towns last quarter (Chart 4).

Prices of flats in Bedok, Bishan and Bukit Merah rose across the board for 3-, 4-, 5-room types in Q3 2019.

Table 4 Prices rose across the board in Bedok, Bishan and Bukit Merah

Average resale price of flats in Q3 2019

Towns	3 Room			4 Room			5 Room		
	Q2 2019	Q3 2019	% Diff	Q2 2019	Q3 2019	% Diff	Q2 2019	Q3 2019	% Diff
Ang Mo Kio	\$278,455	\$286,779	3.0%	\$454,416	\$444,078	-2.3%	\$666,341	\$657,876	-1.3%
Bedok	\$280,874	\$285,448	1.6%	\$414,539	\$435,480	5.1%	\$567,863	\$572,398	0.8%
Bishan	\$369,389	\$383,789	3.9%	\$538,592	\$573,465	6.5%	\$749,126	\$752,509	0.5%
Bukit Merah	\$358,056	\$363,683	1.6%	\$648,178	\$650,935	0.4%	\$760,708	\$778,797	2.4%
Bukit Timah	\$406,875	\$412,500	1.4%	\$655,299	\$585,000	-10.7%	\$812,648	\$859,000	5.7%
Central Area	\$409,955	\$398,868	-2.7%	\$759,990	\$784,513	3.2%	\$989,967	\$917,200	-7.4%
Clementi	\$310,141	\$309,343	-0.3%	\$505,597	\$512,669	1.4%	\$674,681	\$740,987	9.8%
Geylang	\$277,446	\$270,373	-2.5%	\$520,445	\$519,553	-0.2%	\$663,167	\$686,250	3.5%
Kallang/Whampoa	\$349,711	\$361,353	3.3%	\$566,813	\$526,775	-7.1%	\$745,188	\$727,902	-2.3%
Marine Parade	\$361,864	\$361,980	0.03%	\$530,000	\$481,338	-9.2%	\$825,736	\$762,300	-7.7%
Pasir Ris		\$316,667	N.A.	\$409,311	\$422,199	3.1%	\$480,850	\$485,783	1.0%
Queenstown	\$347,990	\$347,088	-0.3%	\$704,012	\$695,107	-1.3%	\$837,461	\$810,852	-3.2%
Serangoon	\$309,611	\$305,690	-1.3%	\$454,099	\$466,977	2.8%	\$600,253	\$565,631	-5.8%
Tampines	\$337,372	\$345,875	2.5%	\$433,727	\$438,851	1.2%	\$549,094	\$540,914	-1.5%
Toa Payoh	\$275,816	\$261,598	-5.2%	\$577,107	\$550,853	-4.5%	\$764,633	\$736,679	-3.7%

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

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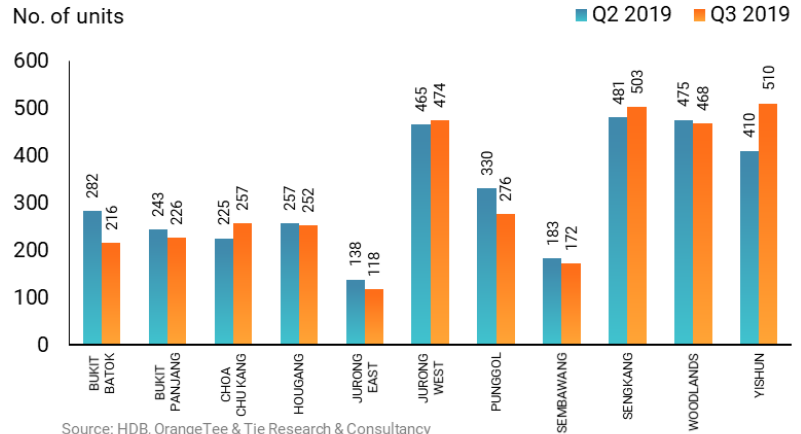
NON-MATURE ESTATES

Resale transactions fell across some towns except Yishun, Choa Chu Kang, Sengkang, and Jurong West in Q3 2019 (Chart 5).

Yishun saw the largest q-o-q jump in transaction volume (24.4 per cent, 100 units) in Q3 2019. This was followed by Choa Chu Kang (14.2 per cent, 32 units), Sengkang (4.6 per cent, 22 units) and Jurong West (1.9 per cent, 9 units).

There were more price increases than price drops in Q3 across the board (Table 5). The largest price increase was at Sengkang where prices of 5 room flats rose 5.8 per cent q-o-q in Q3, followed by 3 room flats in Woodlands (3.1 per cent) and 5 room flats in Jurong East (2.8 per cent).

Chart 5 Resale transactions fell for some towns
HDB resale applications for standard flats



Source: HDB, OrangeTee & Tie Research & Consultancy

Table 5 Prices rose across the board in Choa Chu Kang and Woodlands

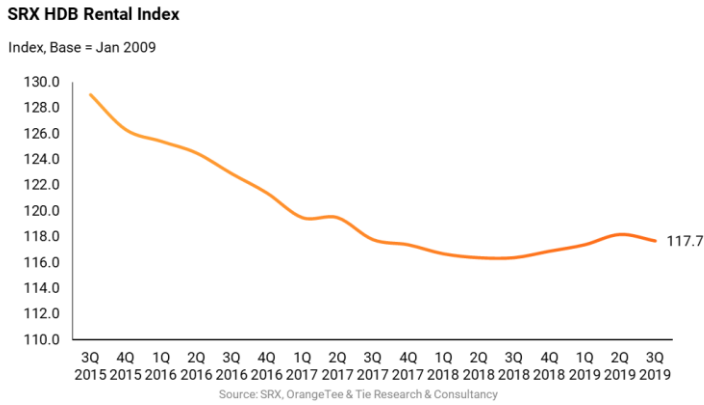
Average resale price of flats in Q3 2019

Towns	3 Room			4 Room			5 Room		
	Q2 2019	Q3 2019	% Diff	Q2 2019	Q3 2019	% Diff	Q2 2019	Q3 2019	% Diff
Bukit Batok	\$251,858	\$253,552	0.7%	\$367,545	\$364,381	-0.9%	\$514,670	\$509,608	-1.0%
Bukit Panjang	\$297,271	\$303,612	2.1%	\$394,850	\$377,754	-4.3%	\$482,428	\$464,206	-3.8%
Choa Chu Kang	\$282,083	\$286,576	1.6%	\$342,326	\$343,569	0.4%	\$400,048	\$409,124	2.3%
Hougang	\$282,283	\$285,341	1.1%	\$389,361	\$394,399	1.3%	\$519,441	\$509,928	-1.8%
Jurong East	\$275,807	\$270,652	-1.9%	\$389,103	\$395,655	1.7%	\$504,167	\$518,239	2.8%
Jurong West	\$251,392	\$249,927	-0.6%	\$358,741	\$368,480	2.7%	\$437,642	\$442,326	1.1%
Punggol	\$358,724	\$353,550	-1.4%	\$459,301	\$462,252	0.6%	\$505,719	\$518,796	2.6%
Sembawang	\$289,824	\$292,949	1.1%	\$340,865	\$349,639	2.6%	\$403,203	\$394,847	-2.1%
Sengkang	\$343,745	\$347,862	1.2%	\$428,605	\$426,516	-0.5%	\$469,268	\$496,683	5.8%
Woodlands	\$253,719	\$261,584	3.1%	\$332,779	\$340,982	2.5%	\$403,517	\$406,947	0.8%
Yishun	\$268,924	\$275,003	2.3%	\$367,071	\$363,861	-0.9%	\$477,868	\$490,997	2.7%

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

RENTAL

Chart 6 Slight dip in rents



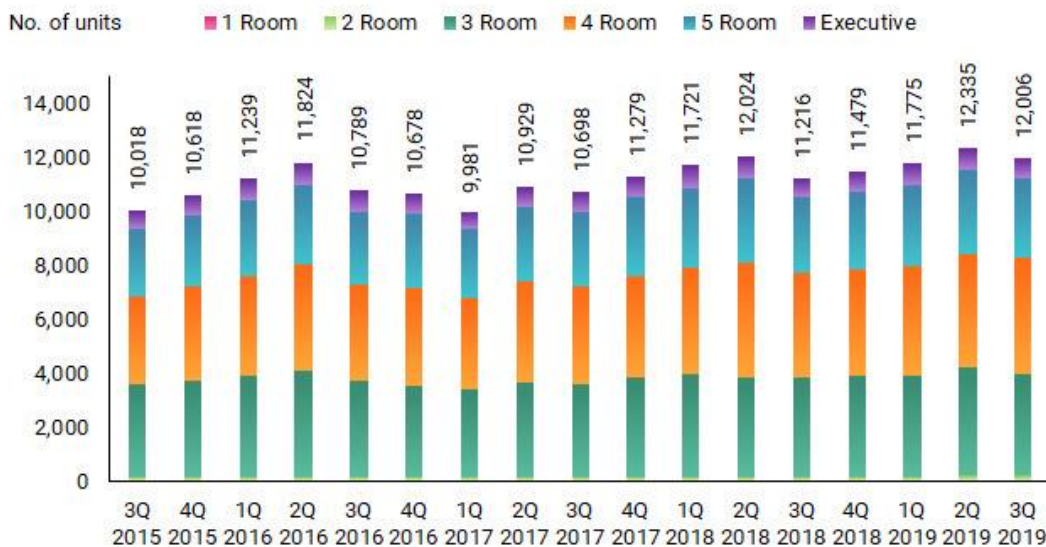
Based on SRX HDB rental index, rents slipped 0.4 per cent from June to September this year after rising for three consecutive quarters. On a y-o-y basis, rents rose 1.1 per cent in Q3 this year (Chart 6).

The number of approved applications to rent out HDB flats dipped 2.7 per cent q-o-q but surged 7.0 y-o-y to 12,006 units in Q3 2019 (Chart 7). As at September 2019, there were 56,474 HDB flats rented out, an increase of 1.3 per cent over the second quarter of this year.

We may expect some downward pressure on rental prices in the coming months due to the increasing number of flats that would have reached MOP this year and be eligible for lease.

Chart 7 Slight decline in rental volume

HDB Rental Applications by Room Types



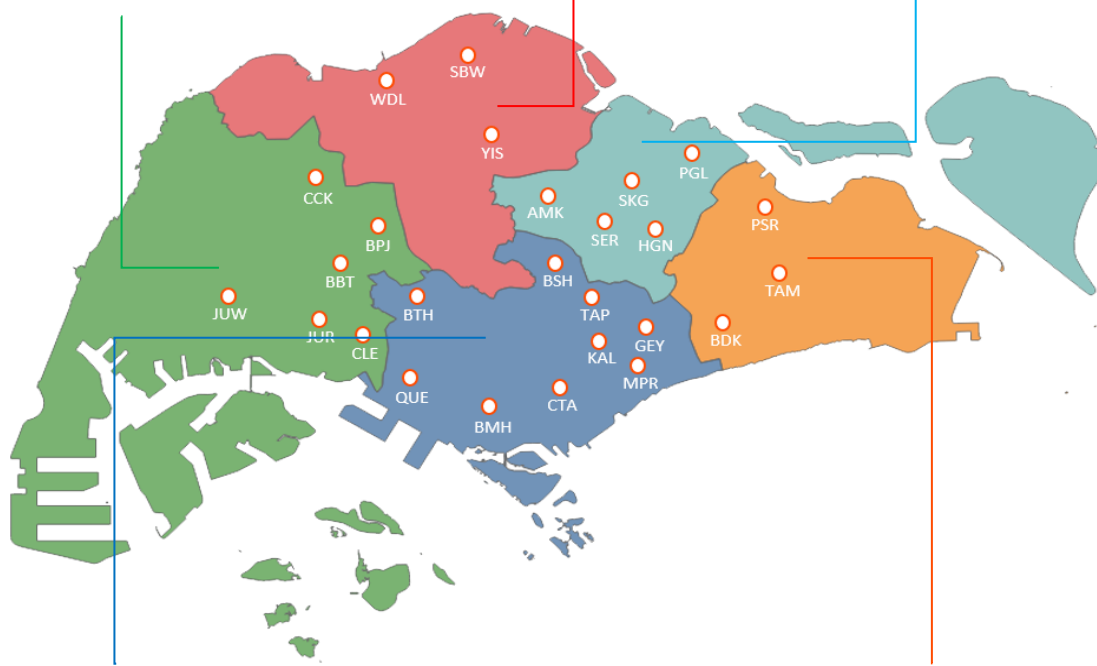
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Chart 8 Summary of HDB resale transactions and average resale prices for Q3 2019

North Region				
Planning Area	Total no. of units	Average Resale Price		
		3-Room	4-Room	5-Room
Sembawang (SBW)	172	\$292,949	\$349,639	\$394,847
Woodlands (WDL)	468	\$261,584	\$340,982	\$406,947
Yishun (YIS)	510	\$275,003	\$363,861	\$490,997

West Region				
Planning Area	Total no. of units	Average Resale Price		
		3-Room	4-Room	5-Room
Bukit Batok (BBT)	216	\$253,552	\$364,381	\$509,608
Bukit Panjang (BPJ)	226	\$303,612	\$377,754	\$464,206
Choa Chu Kang (CCK)	257	\$286,576	\$343,569	\$409,124
Clementi (CLE)	126	\$309,343	\$512,669	\$740,987
Jurong East (JUR)	118	\$270,652	\$395,655	\$518,239
Jurong West (JUW)	474	\$249,927	\$368,480	\$442,326

North-East Region				
Planning Area	Total no. of units	Average Resale Price		
		3-Room	4-Room	5-Room
Ang Mo Kio (AMK)	261	\$286,779	\$444,078	\$657,876
Hougang (HGN)	252	\$285,341	\$394,399	\$509,928
Punggol (PGL)	276	\$353,550	\$462,252	\$518,796
Sengkang (SKG)	503	\$347,862	\$426,516	\$496,683
Serangoon (SER)	105	\$305,690	\$466,977	\$565,631



Central Region				
Planning Area	Total no. of units	Average Resale Price		
		3-Room	4-Room	5-Room
Bishan (BSH)	106	\$383,789	\$573,465	\$752,509
Bukit Merah (BMH)	237	\$363,683	\$650,935	\$778,797
Bukit Timah (BTH)	13	\$412,500	\$585,000	\$859,000
Central Area (CTA)	46	\$398,868	\$784,513	\$917,200
Geylang (GEY)	148	\$270,373	\$519,553	\$686,250
Kallang / Whampoa (KAL)	166	\$361,353	\$526,775	\$727,902
Marine Parade (MPR)	37	\$361,980	\$481,338	\$762,300
Queenstown (QUE)	152	\$347,088	\$695,107	\$810,852
Toa Payoh (TAP)	177	\$261,598	\$550,853	\$736,679

East Region				
Planning Area	Total no. of units	Average Resale Price		
		3-Room	4-Room	5-Room
Bedok (BDK)	294	\$285,448	\$435,480	\$572,398
Pasir Ris (PSR)	143	\$316,667	\$422,199	\$485,783
Tampines (TAM)	381	\$345,875	\$438,851	\$540,914

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

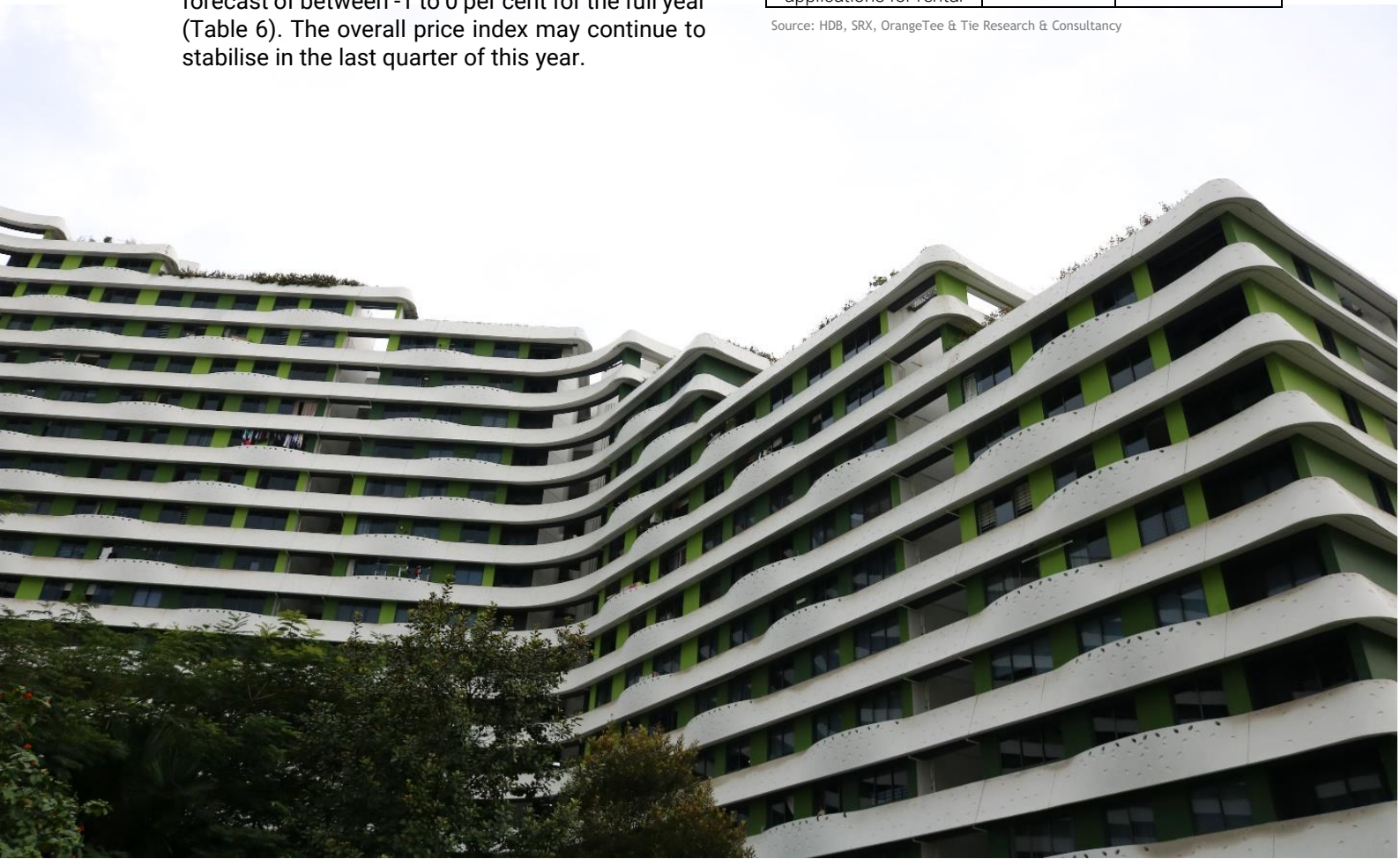
A total of 17,375 HDB resale flats have been sold in the first three quarters of this year, which is almost on par with the 17,462 units sold over the same period last year. We expect between 22,000 and 24,000 resale transactions to be inked this year.

Prices have dipped 0.4 per cent in the first three quarters of 2019 which is still within our forecast of between -1 to 0 per cent for the full year (Table 6). The overall price index may continue to stabilise in the last quarter of this year.

Table 6 Full year market forecast for 2019

Indicators	Q1-Q3 2019	2019 Full Year Forecast
HDB resale price index	-0.4%	-1% to 0%
HDB resale volume	17,375	22,000 to 24,000
SRX rental index	0.7%	-3% to -1%
HDB approved applications for rental	36,116	46,000 to 48,000

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



Punggol Waterway Terrace / OrangeTee & Tie Research & Consultancy Photo

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