

HDB Market Pulse

Real Estate Data Trend & Analytics



Q4 2021

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Resale prices are set to ease this year after touching a record high in 2021

A limited supply of new flats and intense competition among home buyers drove prices of Housing Board (HDB) resale flats to a historic high last year. Demand for flats has been buoyed by a recovering economy, low-interest rates and construction delays of new Build-To-Order (BTO) flats.

The HDB public housing data shows that prices surged 12.7 per cent for the whole of 2021, which was the highest annual growth recorded since 2010, when prices grew by 14.1 per cent (Charts 1 and 2). In comparison, prices rose 5 per cent in 2020. For the fourth quarter of last year, prices climbed a seven consecutive quarter by 3.4 per cent, a faster pace than the 2.9 per cent growth in Q3.

Young couples who were in need of immediate housing turned to the resale market as the completion period for new flats were quite long. There was a construction backlog of BTO flats over the past year caused by manpower shortages within the construction industry, global supply chain disruptions and strict safe management measures that were put in place to stem the spread of the COVID-19 virus.

Strong demand for resale flats and a limited housing stock led to price bidding wars and sky-high cash offers for many popular flats. Some buyers paid beyond market valuation for desirable flats.

Chart 2 Prices climbed a seventh consecutive quarter

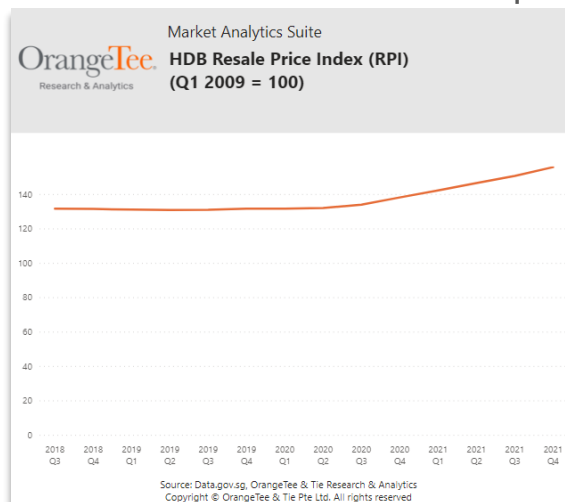


Chart 1 Market summary



The resale market ended on a high note in 2021. For the whole of 2021, 31,017 resale transactions were inked which has surpassed the 24,748 units sold in 2020 by 25.3 per cent. This is the highest resale volume since 2010 when 32,257 units were sold. Last quarter, sales dipped by 5.8 per cent from 8,433 units in Q3 2021 to 7,940 units in Q4 2021 (Chart 4).

At the upper end of the public housing market, the number of million-dollar flat transactions tripled to 259 units last year, from the 82 flats sold in the preceding year (Chart 3). This is the highest number of million-dollar flats transacted in a year on record.

In 2021, 40 resale flats were transacted for at least S\$1.2 million, which is a whopping 5.7 times increase from seven units in 2020. Three of such units were transacted in 2019.

Of the 40 million-dollar flats, two were above S\$1.3 million. The priciest flat ever sold was transacted last year as well. In December 2021, a 10-year-old 120 sqm five-room HDB DBSS flat in Bishan was sold for S\$1.36 million. The next priciest flat was a 122 sqm Premium Apartment Loft in Queenstown transacted for S\$1.328 million in the same month.

Chart 3 Record number of million-dollar flats

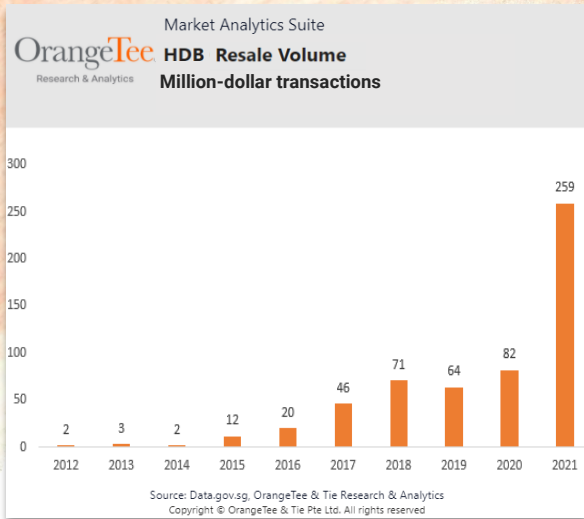
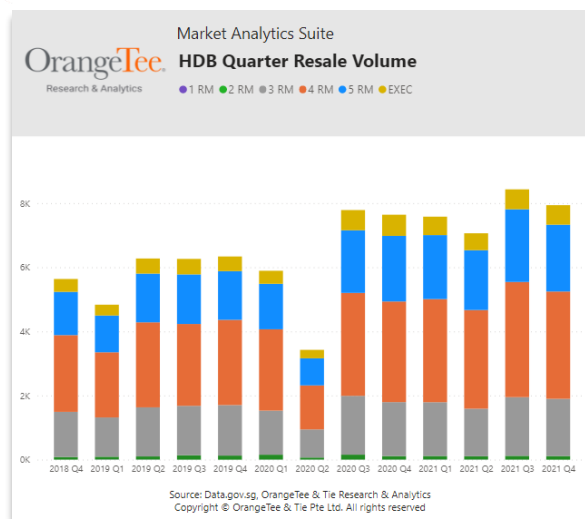


Chart 4 Sales volume dipped in Q4 2021



New Cooling Measures

To address the strong upward momentum in prices and rein in the housing market, the Government introduced fresh cooling measures. With effect from 16 December 2021, the Loan-To-Value (LTV) Limit, or the maximum amount that buyers can borrow from HDB, was lowered from 90 per cent to 85 per cent.

With a lower LTV limit, buyers will have to pay more cash when they purchase a Build-To-Order (BTO) or resale flat. For instance, the down payment for a S\$600,000 resale flat will be increased from 10 per cent (S\$60,000) to 15 per cent (S\$90,000) with smaller loans.

The effects of the measures could be ‘minimal to moderate’ depending on the family’s financial situation. Those who do not apply for a maximum loan or borrow from financial institutions will not be affected by the new cooling measures.

The BTO market may see some demand shifts. Due to the reduced LTV limit, young couples may reassess their affordability threshold when they apply for pricier flats in mature estates. Some buyers may opt for cheaper flats in non-mature estates.

The measures will be timely in calming the euphoria over prime location public housing (PLH) flats. The application rate was high for the first PLH flats launched at Rochor and more of such flats are slated for launch this year.

Record number of flats reaching MOP

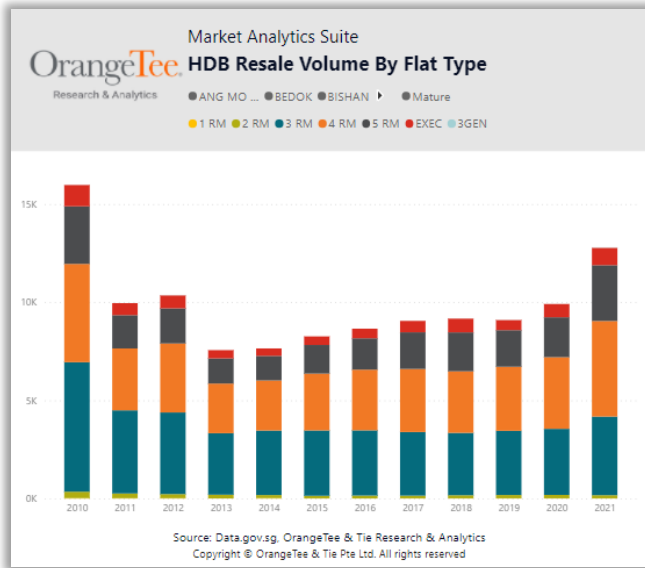
A record number of flats will reach their five-year minimum occupation period (MOP) this year, which may lead to more flats being put on the market for resale. According to data.gov.sg, 31,325 flats will be reaching MOP this year, above the 9-year average of 16,667 MOP flats (including DBSS units) from 2013 to 2021.

The highest number of MOP flats for 2021 will be located in Bukit Batok (6,884 units), Punggol (5,844 units), Sembawang (3,962 units), and Woodlands (3,701 units). MOP flats in Bukit Batok, Sembawang and Woodlands will reach a record this year. The spike in housing supply may exert some downward pressure on prices and rents in these locations.

This year, about 5,000 MOP flats are located in Bukit Merah, Queenstown, Ang Mo Kio, Toa Payoh and Clementi. As these flats typically fetch high prices than average, more million-dollar transactions could be inked this year. 24 million-dollar flats have already been inked in January 2022. Another unit has breached the S\$1.3 million mark - a 120 sqm DBSS unit at Bishan sold for S\$1,338,888.

From 2013 to 2022, Punggol has the highest number of MOP flats at 32,495 units, followed by Sengkang (24,515 units), Yishun (16,188 units), Woodlands (10,163 units), Bukit Batok (9,580 units) and Sembawang (9,170 units).

Chart 5 Sales in mature estates reached 11-year high



MATURE ESTATES

Sales of flats in the mature estates reached an 11-year high last year. Based on HDB data from data.gov.sg, the number of HDB resale flats sold in mature estates rose by 29.0 per cent from 9,916 units in 2020 to 12,787 units in 2021 (Chart 5). The overall average price climbed 12.5 per cent from S\$547,908 to S\$486,816 over the same period (Chart 6).

The most popular mature estates in terms of transactions were Tampines with 2,151 transactions, Bedok with 1,616 transactions, Bukit Merah with 1,173 transactions, and Ang Mo Kio with 1,056 transactions (Chart 7). The average price of flats in Tampines was S\$526,512 while those in Bedok was S\$473,317, Bukit Merah was S\$609,753, and Ang Mo Kio was S\$443,097 (Chart 8).

Prices of flats rose across all mature estates last year. Central area registered the steepest y-o-y increase of 20.9 per cent, followed by Toa Payoh (18 per cent), Marine Parade (16.2 per cent), Bedok (15.1 per cent), Geylang (14.7 per cent), Kallang/ Whampoa (14.1 per cent), Clementi (12.5 per cent) and Pasir Ris (12.4 per cent).

Chart 6 Average prices climbed 12.5 per cent y-o-y

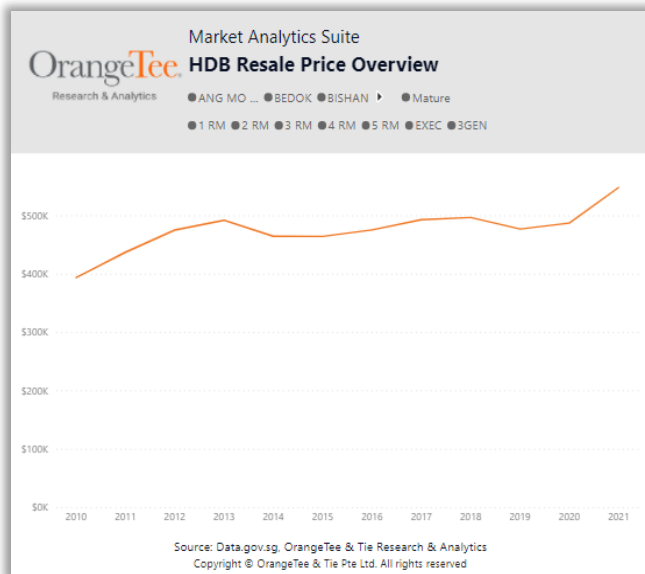


Chart 7 Tampines and Bedok were most popular

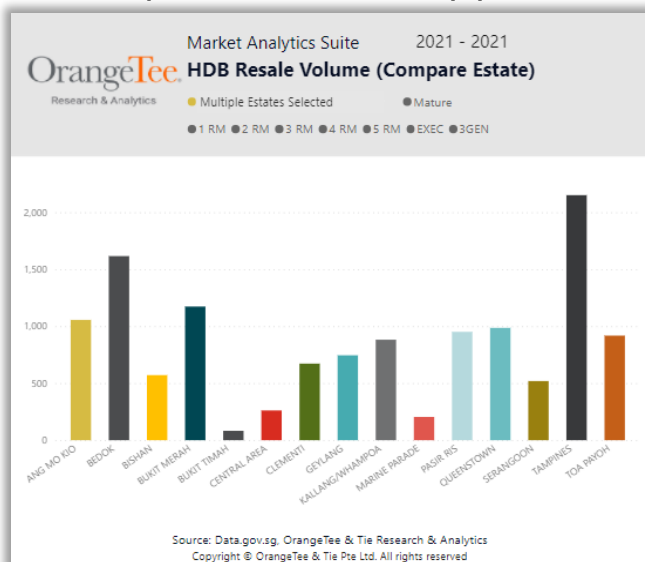
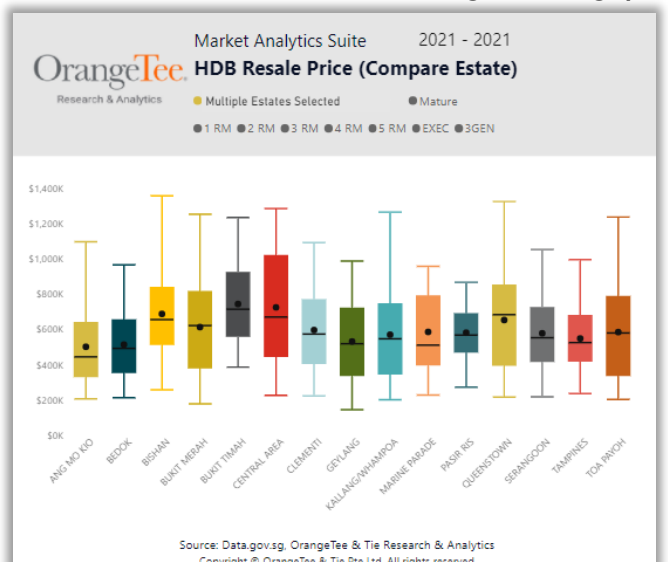


Chart 8 Flats in Bukit Timah fetched the highest average price



NON-MATURE ESTATES

Sales volume in non-mature estates has similarly reached an 11-year high last year. Resale volume rose by 21.6 per cent from 13,417 units in 2020 to 16,317 units in 2021 (Chart 9). Prices of resale flats surged by 13.1 per cent from S\$426,755 in 2020 to S\$482,722 in 2021 (Chart 10).

The most popular non-mature estates in 2021 were Sengkang (2,752 units), Punggol (2,743 units), Yishun (1,750 units), Woodlands (1,638 units) and Choa Chu Kang (1,572 units) (Chart 11). The average price of resale flats in Sengkang was S\$500,658, Punggol was S\$513,775, Yishun was S\$440,460, Woodlands was S\$463,089, and Choa Chu Kang was S\$483,140 (Chart 12).

The average resale price increased across all non-mature estates from 2020 to 2021. The highest y-o-y increase was in Choa Chu Kang (17.8 per cent), followed by Woodlands (15.7 per cent), Jurong East (15.7 per cent), Sembawang (15.6 per cent) and Yishun (14.8 per cent).

15 flats were transacted for at least S\$900,000 last year, the highest number on record. This is a huge spike from the single unit sold in 2020. One flat was sold for almost S\$1 million last year. In October last year, a 189 sqm flat in Woodlands Street 81 was transacted for S\$980,000. In November, a five-room premium apartment loft in Punggol was sold for S\$970,000.

Chart 9 Sales in non-mature estates reached 11-year high

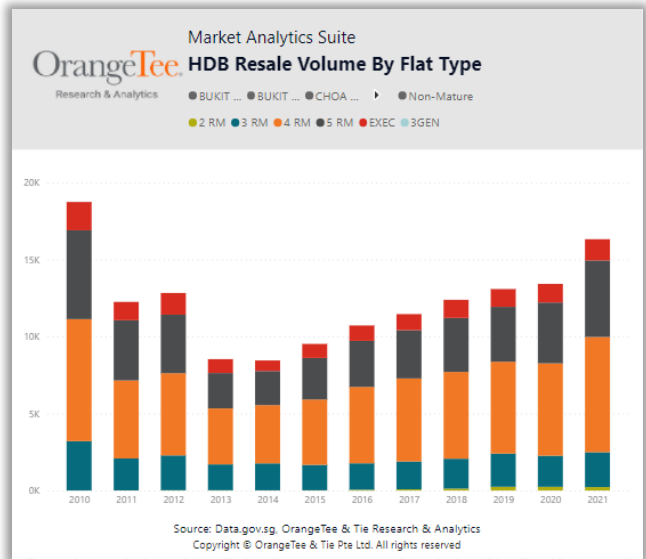


Chart 10 Prices surged by 13.1 per cent y-o-y in 2021

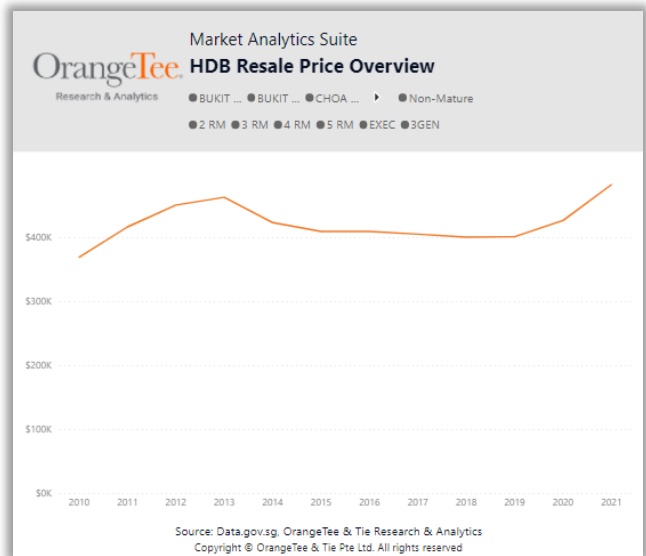


Chart 11 Sengkang and Punggol were most popular

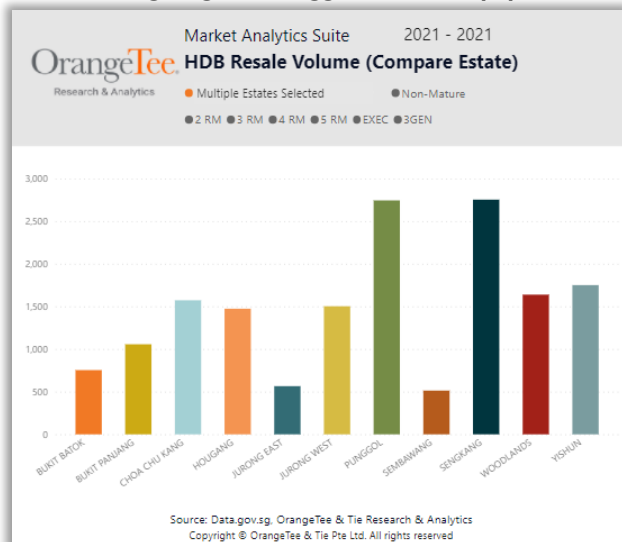


Chart 12 Flats in Punggol fetched the highest average price

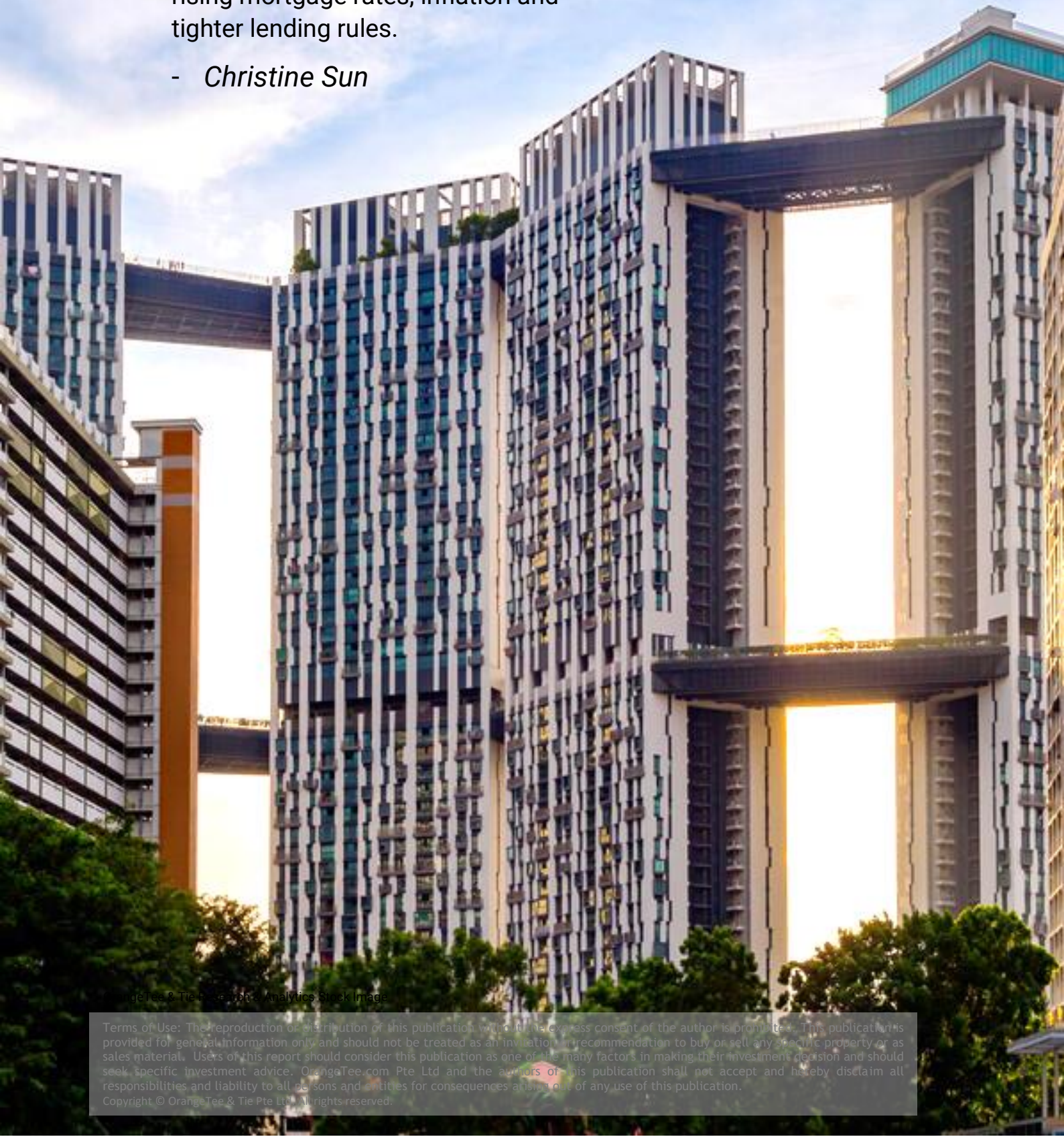




Price growth to moderate

After soaring to new heights in 2021, prices are tipped to climb further this year, but at a slower rate, owing to rising mortgage rates, inflation and tighter lending rules.

- *Christine Sun*



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Chart 13 Rental applications grew last quarter

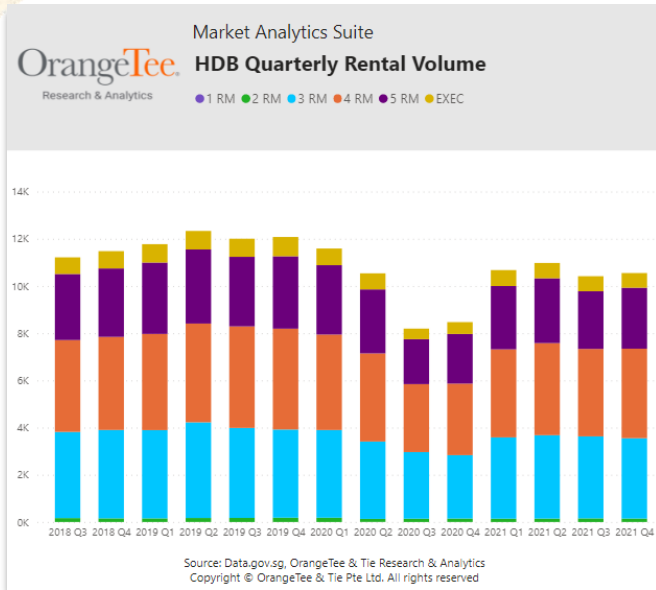
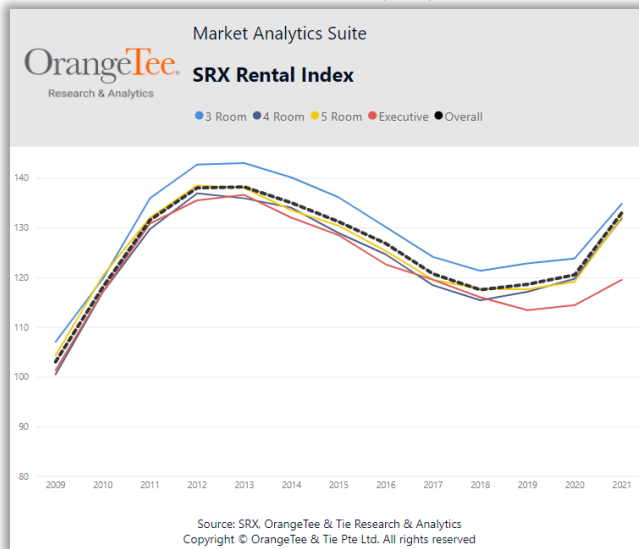


Chart 14 Rents rose 10.4 per cent y-o-y



RENTAL

According to the HDB public housing data for the third quarter of 2021, the approved applications to rent out HDB flats rose by 1.3 per cent from 10,417 units in Q3 2021 to 10,551 units in Q4 2021 (Chart 13). For the whole of 2021, 42,623 units were recorded, which is 9.9 per cent more than the 38,798 units in 2020.

Rents rose further last year. According to the SRX Rental Index, rents of HDB resale flats climbed 2.9 per cent from Q3 2021 to Q4 2021. Rents increased by 10.4 per cent for the whole of 2021 (Chart 14).

Rental demand is poised to pick up further this year. Some families who sold their flats in recent months or were waiting for the completion of their new private homes rented flats in the interim.

Others could have sold their flats before buying a new condominium to avoid the Additional Buyers' Stamp Duty, which is a tax imposed on buyers holding multiple properties. Some young couples who were waiting for the completion of their new BTO flats due to construction delays could be renting as well.

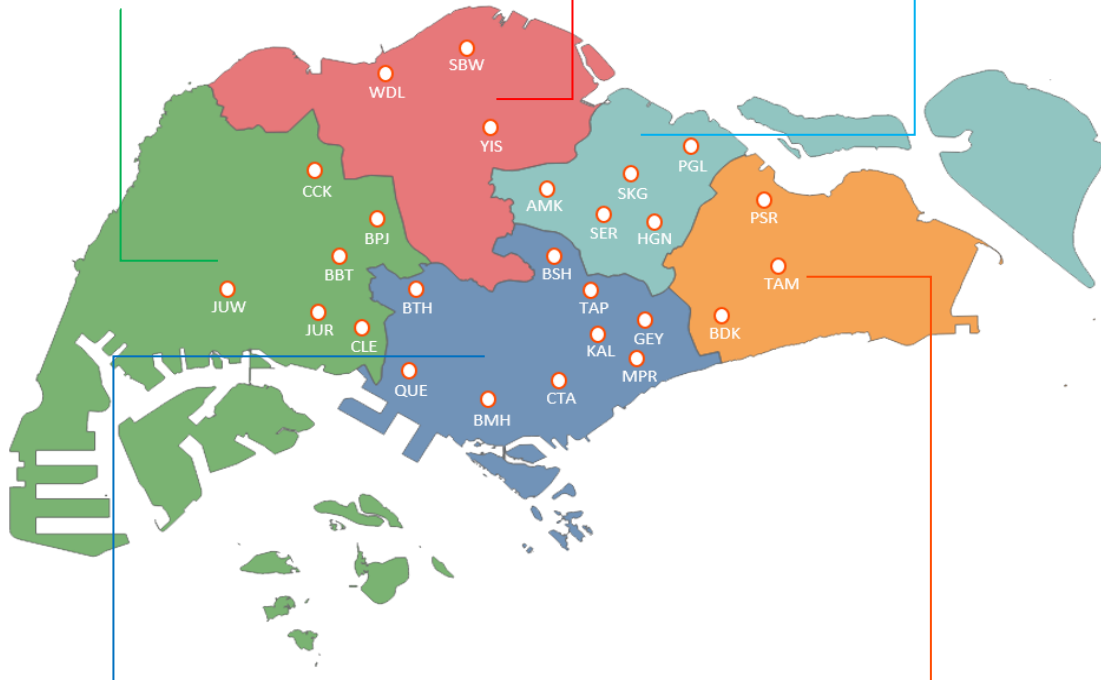
We estimate that overall rents may rise by 7 to 10 per cent in 2022, while volumes may increase to between 46,000- and 48,000- units.

Chart 15 Summary of HDB resale transactions and average resale prices for Q4 2021

North Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Sembawang (SBW)	133	\$368,500	\$441,497	\$502,409
Woodlands (WDL)	421	\$335,523	\$431,525	\$513,024
Yishun (YIS)	546	\$347,809	\$452,107	\$577,387

West Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Bukit Batok (BBT)	207	\$334,695	\$467,056	\$655,766
Bukit Panjang (BPJ)	277	\$350,957	\$469,982	\$564,710
Choa Chu Kang (CCK)	416	\$372,143	\$468,962	\$557,608
Clementi (CLE)	175	\$412,456	\$683,531	\$742,831
Jurong East (JUR)	151	\$351,279	\$451,884	\$607,123
Jurong West (JUW)	354	\$333,782	\$463,894	\$527,283

North-East Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Ang Mo Kio (AMK)	260	\$346,061	\$517,637	\$697,721
Hougang (HGN)	381	\$353,346	\$497,634	\$614,335
Punggol (PGL)	658	\$405,980	\$516,216	\$599,256
Sengkang (SKG)	719	\$399,515	\$496,546	\$566,178
Serangoon (SER)	129	\$358,269	\$510,004	\$647,644



Central Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Bishan (BSH)	126	\$401,214	\$603,544	\$850,688
Bukit Merah (BMH)	308	\$421,534	\$720,657	\$827,057
Bukit Timah (BTH)	15	\$418,333	\$607,700	\$900,000
Central Area (CTA)	74	\$465,729	\$893,584	\$1,045,528
Geylang (GEY)	190	\$321,011	\$612,607	\$730,533
Kallang / Whampoa (KAL)	238	\$429,259	\$677,359	\$843,699
Marine Parade (MPR)	49	\$388,945	\$515,625	\$846,923
Queenstown (QUE)	228	\$400,409	\$750,945	\$951,028
Toa Payoh (TAP)	241	\$326,395	\$603,884	\$863,057

East Region				
Planning Area	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Bedok (BDK)	396	\$342,737	\$490,668	\$646,776
Pasir Ris (PSR)	247	\$496,600	\$498,788	\$591,742
Tampines (TAM)	562	\$380,614	\$504,538	\$614,492

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

OUTLOOK

HDB Market Projection

Indicators	2018	2019	2020	2021	Projection for 2022
Resale					
Price Change	-0.9%	0.1%	5.0%	12.7%	5% to 8%
Sales Volume (units)	23,099	23,714	24,748	31,017	25,000 to 28,000
Rental					
Rental Price Change (SRX)	-0.4%	1.5%	1.6%	10.4%	7% to 10%
HDB Rental Applications (units)	46,440	48,195	38,798	42,623	46,000 to 48,000

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

The resale market may face a slight slowdown this year. After soaring to new heights in 2021, prices are tipped to climb further this year, but at a slower rate, owing to rising mortgage rates, inflation and tighter lending rules.

Slower price growth is on the horizon as the recent run-up in prices is not sustainable. An impending rise in bank mortgage rates and inflation may limit buyers' affordability. Moreover, buyers taking HDB loans will face tighter restrictions as their LTV has been lowered from 90 per cent to 85 per cent after the implementation of new cooling measures.

Buyers, in general, may exercise more prudence in their home purchases. Although not all buyers are affected by the new cooling measures, buyers may think twice before paying record prices for certain flats. Potential buyers may also seize the opportunity to negotiate prices.

Young couples and expanding families may still buy resale homes to meet their immediate housing needs. Even as the authorities push out more BTO flats to meet the increasing housing needs, the construction sector may continue to struggle to clear the backlog of flat completions. The sector has been grappling with continual global supply chain disruptions and manpower shortages.

We estimate that around 25,000 to 28,000 resale flats could be transacted this year. HDB resale prices may increase by 5 to 8 per cent. The slower price growth may bring reprieve to some buyers as last year's rapidly rising home values have priced out families with little cash savings.

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