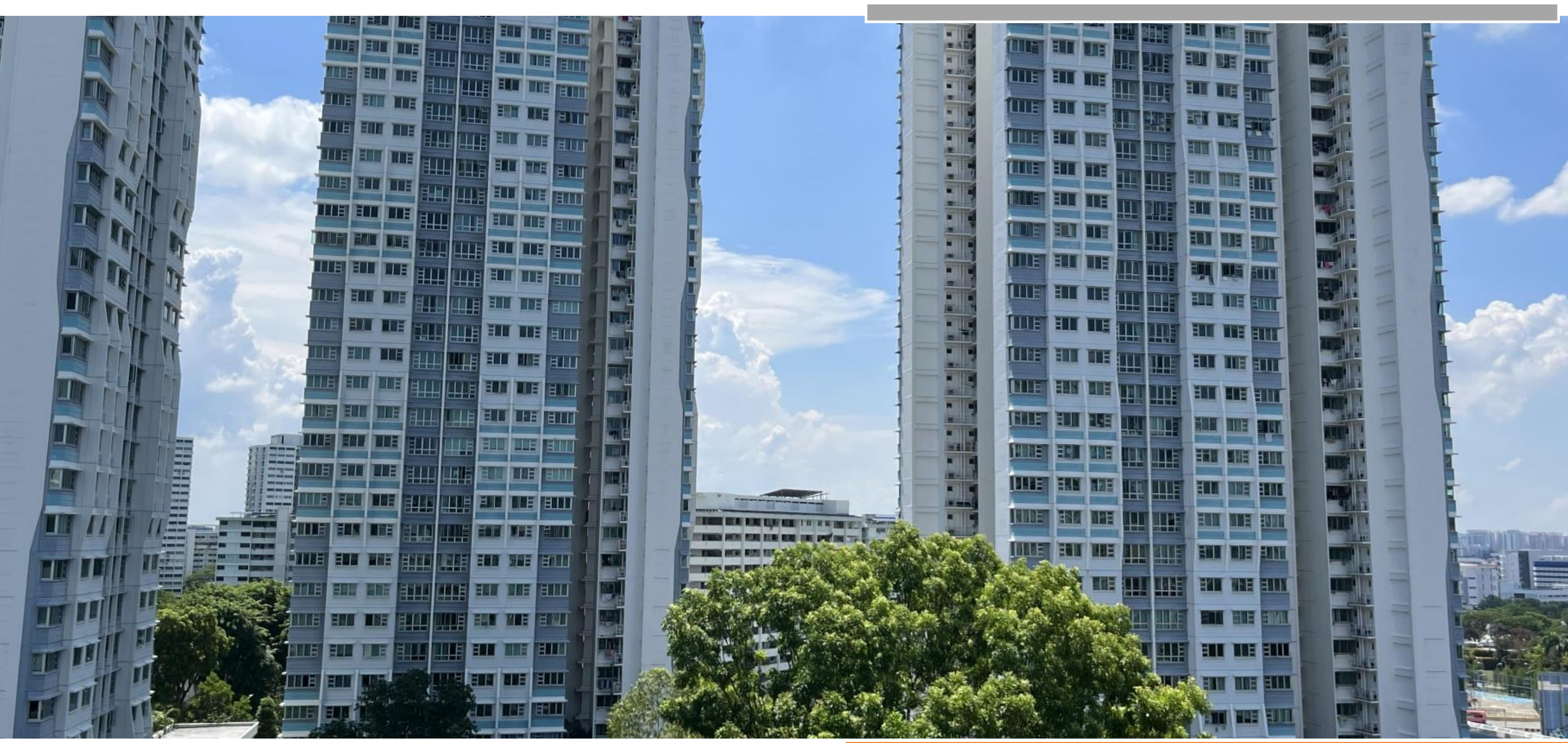
ISSUE 082 | HDB RESALE

August 2024

Older Flats Achieve Record Sales; Price Growth Outpaces Younger Flats

HDB Resale Market

Mid-Year Review & Outlook



The public housing market demonstrated significant momentum in the first half of 2024, marked by robust sales and substantial price growth. Notably, older resale flats experienced a surge in demand, achieving record sales and outpacing the price growth of younger flats in Q2 2024.

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PRICE TREND

The thriving public housing market continued to gain momentum, with a notable increase in resale transactions and price appreciation during the second quarter. According to the Housing & Development Board (HDB) data, resale prices increased by 2.3 per cent in Q2 2024, marking the 17th consecutive quarter of price growth. This growth rate was higher than the 1.8 per cent increase seen in Q1 2024 and the fastest since Q4 2022, at 2.3 per cent. In the first half of this year, prices grew by 4.2 per cent, surpassing the 2.5 per cent growth seen in the first half of 2023 but slower than the 5.3 per cent growth in the first half of 2022 (Chart 1).

Prices grew faster in Q2 for most flat types when compared to the preceding quarter, based on HDB data from data.gov.sg. The average resale price of 5-room flats increased by 2.8 per cent in Q2 2024, faster than the 1.5 per cent growth in Q1 2024, while resale prices of 4-room flats went up by 2.5 per cent in Q2, compared to 1.3 per cent in Q1. Likewise, resale prices for 3-room and 2-room flats rose by 2.8 per cent and 1.8 per cent, respectively, up from 1.7 per cent and 1.6 per cent in the preceding quarter. Resale prices rose in 21 out of 26 towns in Q2 2024, compared to 20 in the preceding quarter (Table 1). The biggest gains were in Geylang (13.1 per cent), Marine Parade (11.5 per cent), Central Area (9.3 per cent), Toa Payoh (7.1 per cent) and Pasir Ris (5.5 per cent).

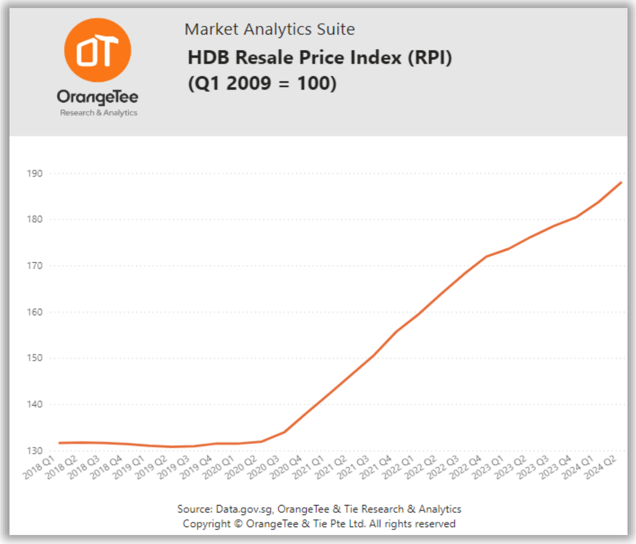
The price growth can be attributed to the stronger demand for resale flats, driven by the increased housing grants for eligible homebuyers, which rendered resale flats more accessible and affordable for many homebuyers. Furthermore, the new HDB resale portal helps streamline and expedite the home selection process for prospective buyers of resale flats. The faster and more efficient home purchasing process may have attracted more buyers to the secondary market, as they can make listing comparisons more easily and purchase a home more quickly.

Table 1 Avg prices rose in 21 towns in Q2 2024

Towns	Q1 2024	Q2 2024	q-o-q % price change
GEYLANG	$531,062	$600,565	13.1%
MARINE PARADE	$541,942	$604,049	11.5%
CENTRAL AREA	$643,928	$703,729	9.3%
TOA PAYOH	$614,631	$658,545	7.1%
PASIR RIS	$677,002	$714,038	5.5%
HOUGANG	$578,043	$605,815	4.8%
KALLANG/WHAMPOA	$668,275	$696,021	4.2%
WOODLANDS	$559,784	$578,890	3.4%
ANG MO KIO	$540,341	$557,917	3.3%
SEMBAWANG	$553,159	$569,785	3.0%
SENGKANG	$606,131	$623,333	2.8%
BUKIT PANJANG	$582,147	$595,173	2.2%
TAMPINES	$633,568	$646,634	2.1%
CHOA CHU KANG	$557,452	$567,190	1.7%
BEDOK	$546,241	$550,317	0.7%
PUNGGOL	$627,818	$632,476	0.7%
BUKIT BATOK	$562,332	$565,697	0.6%
BUKIT TIMAH	$887,889	$891,985	0.5%
SERANGOON	$666,240	$668,777	0.4%
JURONG WEST	$519,722	$520,231	0.1%
JURONG EAST	$506,161	$506,521	0.1%
BUKIT MERAH	$722,681	$718,832	-0.5%
YISHUN	$530,249	$525,785	-0.8%
BISHAN	$839,558	$818,182	-2.5%
QUEENSTOWN	$679,277	$651,578	-4.1%
CLEMENTI	$621,498	$594,633	-4.3%
Grand Total	$591,224	$603,284	2.0%

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

Chart 1 Resale prices grew faster in Q2

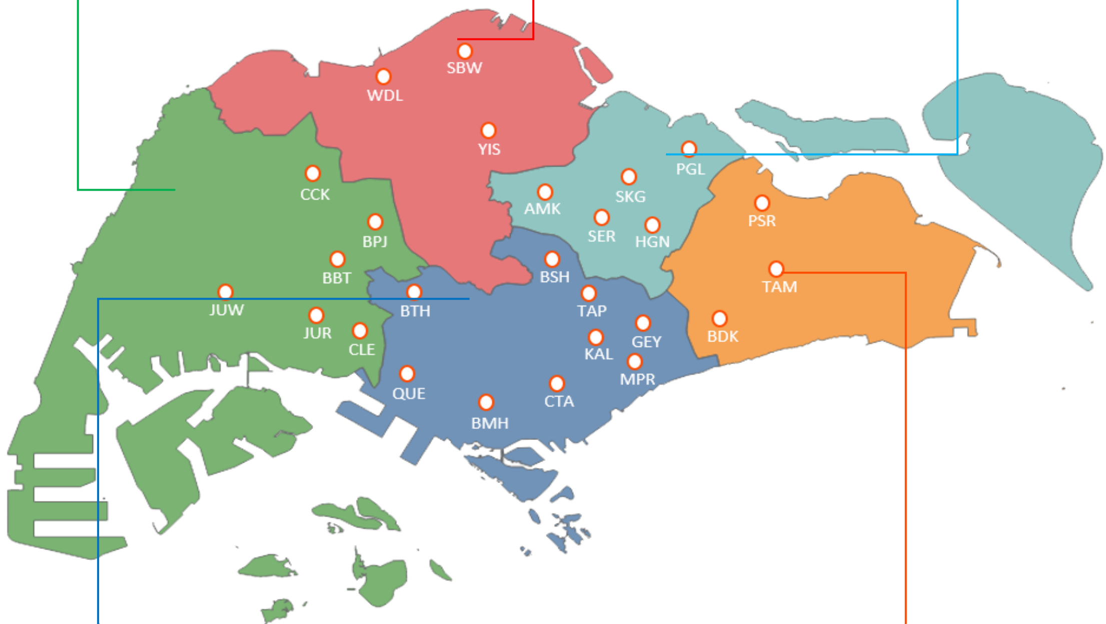


HDB RESALE TRANSACTIONS IN Q2 2024

North Region				
Towns	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Sembawang (SBW)	225	$465,079	$574,479	$626,376
Woodlands (WDL)	505	$415,975	$533,060	$638,447
Yishun (YIS)	467	$416,185	$534,477	$670,170

West Region				
Towns	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Bukit Batok (BBT)	452	$409,533	$583,874	$746,872
Bukit Panjang (BPJ)	205	$415,251	$554,911	$683,603
Choa Chu Kang (CCK)	360	$406,952	$518,983	$614,397
Clementi (CLE)	140	$422,818	$708,626	$916,556
Jurong East (JUR)	154	$389,125	$511,421	$623,195
Jurong West (JUW)	477	$367,747	$504,911	$606,254

North-East Region				
Towns	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Ang Mo Kio (AMK)	275	$421,739	$678,388	$847,574
Hougang (HGN)	401	$428,996	$585,791	$724,598
Punggol (PGL)	475	$495,951	$625,399	$723,416
Sengkang (SKG)	493	$488,143	$609,454	$673,331
Serangoon (SER)	120	$425,591	$636,558	$764,903



Central Region				
Towns	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Bishan (BSH)	97	$478,063	$725,918	$1,016,791
Bukit Merah (BMH)	272	$509,363	$833,070	$1,029,289
Bukit Timah (BTH)	13	$476,667	$662,500	$1,162,600
Central Area (CTA)	46	$517,894	$857,633	$1,040,000
Geylang (GEY)	159	$395,143	$782,948	$905,619
Kallang / Whampoa (KAL)	246	$478,959	$840,696	$905,417
Marine Parade (MPR)	36	$445,563	$548,889	$984,210
Queenstown (QUE)	164	$446,286	$869,110	$1,044,851
Toa Payoh (TAP)	203	$447,973	$789,609	$1,035,305

East Region				
Towns	Total no. of units sold	Average Resale Price		
		3-Room	4-Room	5-Room
Bedok (BDK)	376	$403,221	$595,729	$754,778
Pasir Ris (PSR)	167	$568,296	$612,636	$706,918
Tampines (TAM)	519	$475,610	$633,517	$754,520

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

SALES VOLUME

The number of resale flats rose by 4 per cent from 7,068 units in the first quarter of 2024 to 7,352 units in the second quarter. In the first half of this year, 14,420 resale flats were transacted, surpassing the 13,493 units in 1H 2023 and marking the highest half-year sales since 1H 2021, when 14,644 resale flats were transacted.

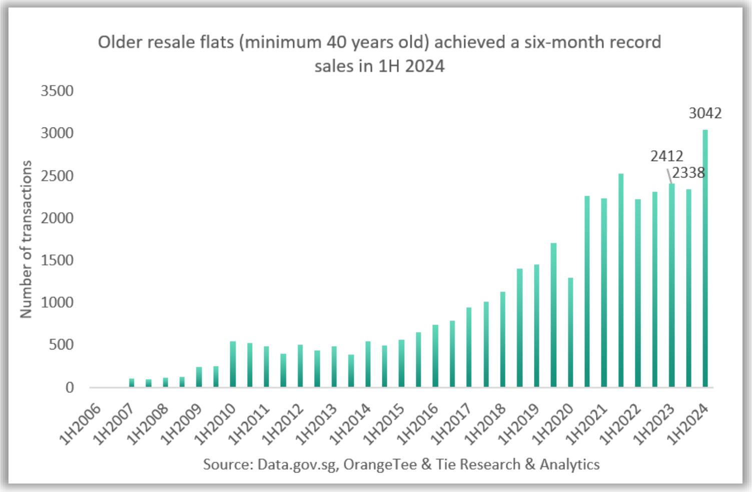
Demand for larger resale flats has remained strong despite the general uptrend in resale prices. In the first half of 2024, there were 4,214 transactions for 5-room and executive flats, representing a significant 9.3 per cent increase from the 3,854 units sold in 1H 2023. These larger flat transactions also accounted for a higher proportion of total sales, climbing from 28.6 per cent in 1H 2023 to 29.2 per cent in 1H 2024. The strong demand for larger flats could be attributed to more private homeowners having fulfilled the 15-month wait-out period when they purchase a resale flat.

The number of million-dollar transactions has set a new record, with 236 units inked in Q2 2024, surpassing the previous quarterly high of 183 units in Q1 2024. A total of 419 million-dollar transactions were recorded in the first half of this year, which is on track to double the total number of 469 million-dollar flats transacted in the entire year of 2023.

In the top price bracket, resale flats sold for at least S$1.5 million jumped from one unit in Q2 2023 and two units in Q1 2024 to nine units in Q2 2024, indicating a noticeable uptick in sales at the highest price point. The number of resale flats transacted for at least S$1.3 million reached a record-breaking 28 transactions in Q2 2024, bringing the total number of such transactions to 112 units from Q4 2021 to Q2 2024. No flats were sold at this price range prior to Q4 2021.

Older Flats Achieved Record Sales

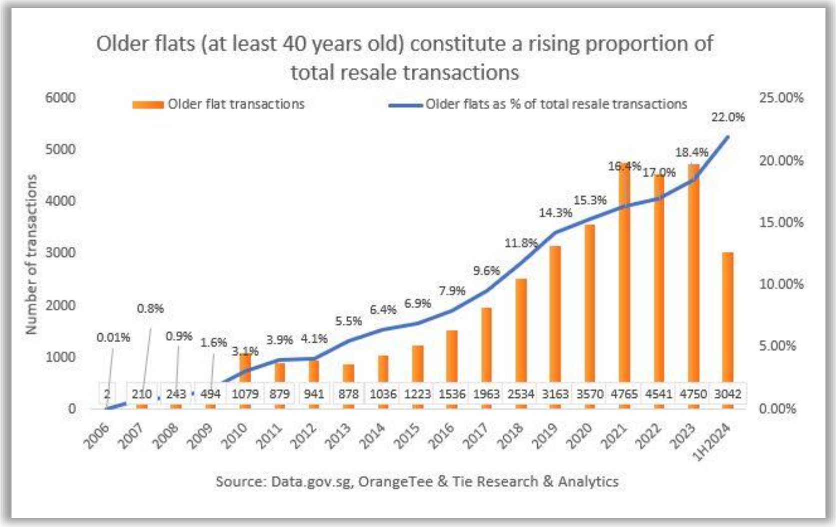
Chart 2 Record number of older resale flat transactions



More homeowners are buying older flats despite their declining leases. Demand for older resale flats, particularly those at least 40 years old has been picking up over the years, and the trend has culminated in a record six-month sale, with 3,042 transactions in 1H 2024 (Chart 2), surpassing the previous first-half record of 2,412 units in 1H 2023, according to HDB data from data.gov.sg.

The total number of transactions for older flats is expected to reach a new high this year, as the first half of 2024 already accounts for 64 per cent of the total 4,750 units sold in 2023.

Chart 3 Older flats represent a high proportion of total resale transactions

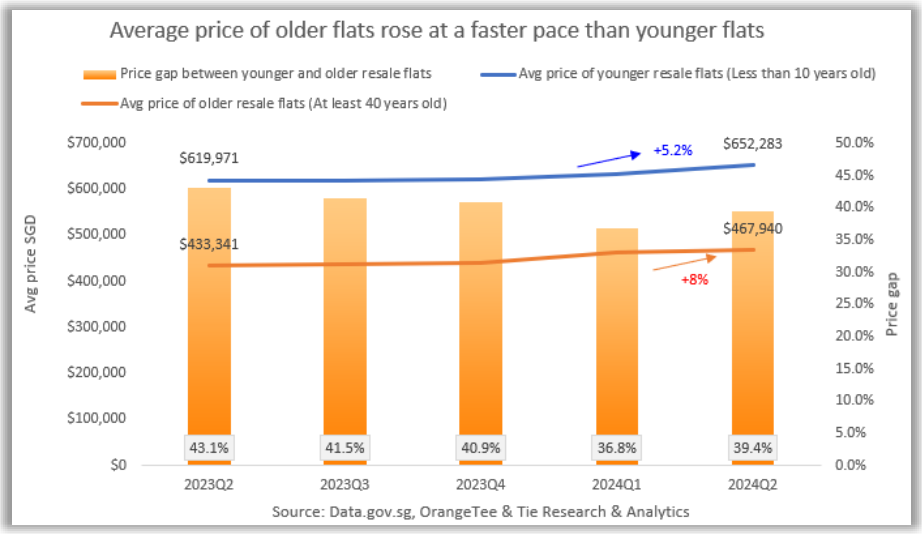


Furthermore, older flats represented a growing proportion of total resale transactions, reaching a new high of 22 per cent of 13,838 transactions in 1H 2024 (Chart 3). The rising demand could be attributed to policies which have made older flats more favourable. For instance, buyers can now take an HDB housing loan of up to 80 per cent Loan-to-Value (LTV) limit if the remaining lease of the flat can cover the youngest buyer to the age of 95. This is even if the flat has less than 60 years left on its lease*. (* https://www.mom.gov.sg/newsroom/press-releases/2019/0509-more-flexibility-to-buy-a-home-for-life)

Moreover, the government has implemented the Home Improvement Programme (HIP) to revitalize many older flats, resulting in a significant improvement to the living environment and the quality of life for numerous residents. This initiative has made these older flats more appealing.

Demand for older flats may continue to rise as prices of newer flats are substantially higher, although the price gap between newer and older flats has closed over the past year. For instance, the average price of younger resale flats (less than 10 years) is 39.4 per cent higher than older ones in Q2 2024. However, this price gap is narrower than last year at 43.1 per cent in Q2 2023 (Chart 4). This could be due to the average price of older resale flats growing at a faster pace of 8 per cent, from S$433,341 in Q2 2023 to S$467,940 in Q2 2024, compared to the 5.2 per cent increase for younger resale flats from S$619,971 to S$652,283 over the same period.

Chart 4 Older flat prices rose faster by 8% from Q2 2023 to Q2 2024



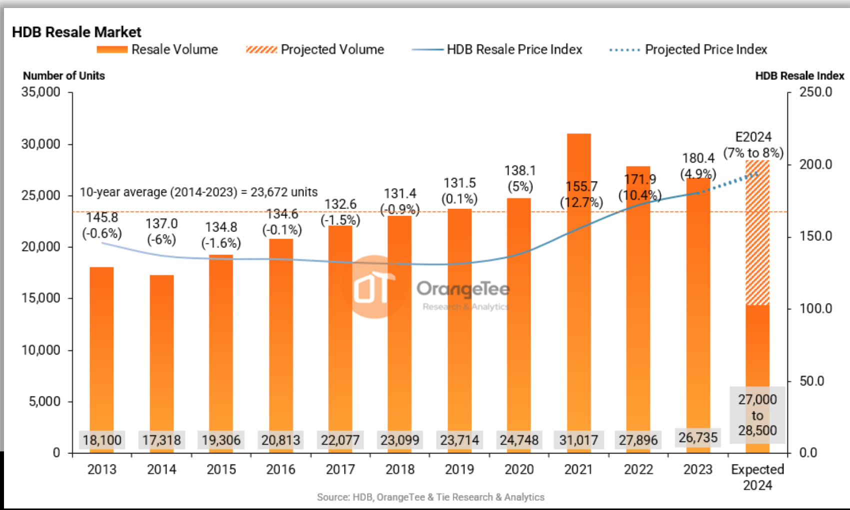
Older flats in Bedok (232 units), Ang Mo Kio (200 units), Kallang/Whampoa (111 units), Bukit Merah (110 units) and Toa Payoh (109 units) were the most sought-after, as they recorded the highest number of transactions in Q2 2024. By flat type, older 3-room flats were most popular (977 units), followed by 4-room flats (378 units), and 5-room flats (174 units) last quarter.

2H2024 Market Outlook

HDB Market Projections

Indicators	2021	2022	2023	Q1 2024	Q2 2024	H1 2024	Projection for 2024
Resale							
Price Change	12.7%	10.4%	4.9%	1.8%	2.3%	4.2%	7% to 8%
Sales Volume (units)	31,017	27,896	26,735	7,068	7,352	14,420	27,000 to 28,500
Rental							
Rental Price Change (SRX-99.co)	7.0%	28.5%	10.2%	0.9%	0.5%	1.4%	2% to 3%
HDB Rental Applications	42,623	36,166	39,138	9,398	9,554	18,952	36,500 to 38,000

Source: HDB, data.gov.sg, SRX-99.co, OrangeTee & Tie Research & Analytics



The current market outlook for the public housing sector is undeniably positive, underpinned by Singapore's positive economic growth and improved hiring landscape, which have bolstered consumer confidence. While competition for buyers may stiffen as the government plans to release more flats in good locations in October, some may be classified as Plus flats, and are subjected to a 10-year Minimum Occupation Period (MOP) and stricter resale conditions. Therefore, certain resale flats in the vicinity may still benefit from the Build-To-Order (BTO) sales launch due to the heightened awareness of the area and shorter 5-year MOP. Given the robust demand for resale flats and that price growth is on target, we revised our price projections higher, with an expected increase of up to 8 per cent this year.

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