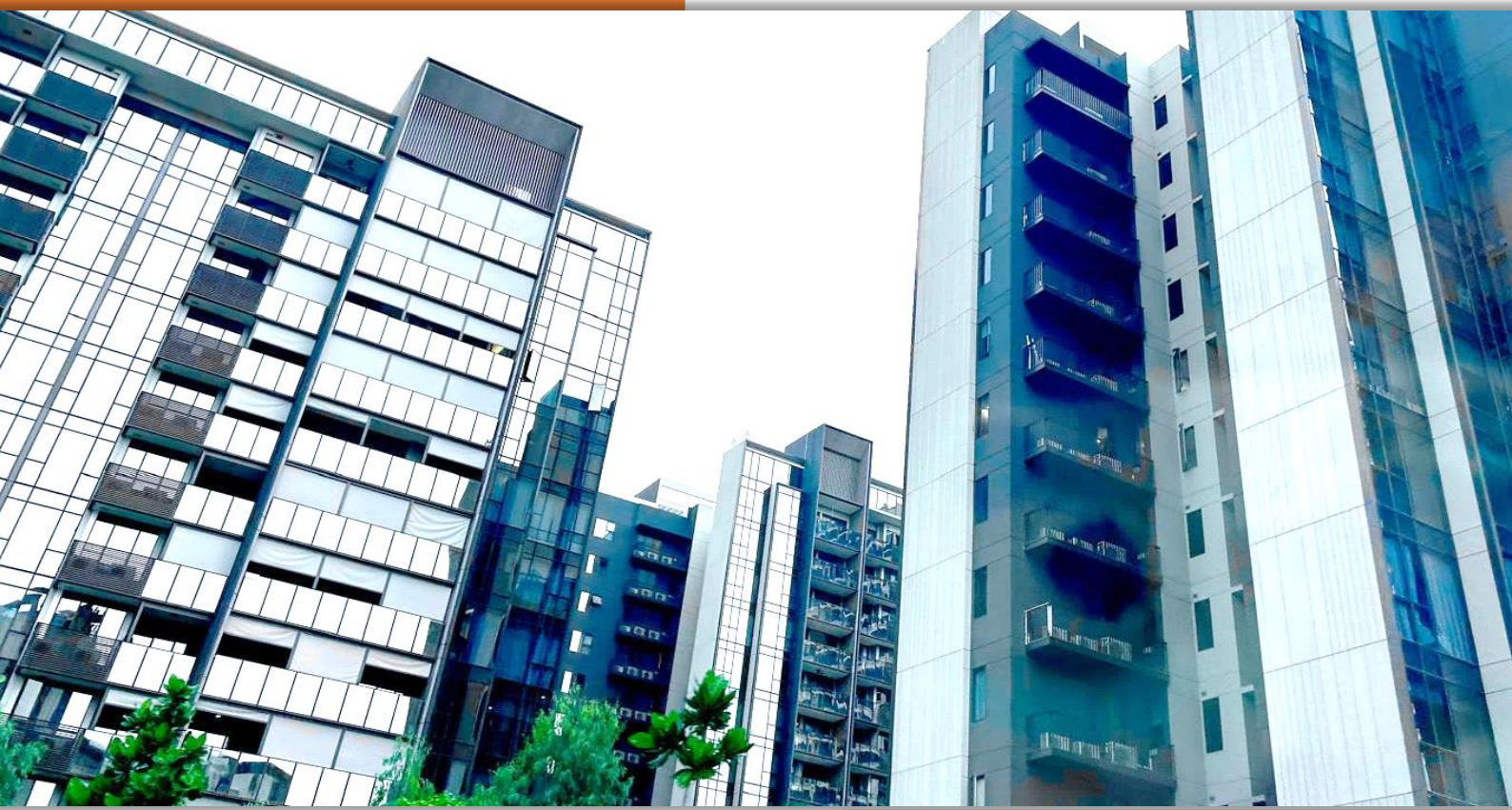


Private Rents Rebound; HDB Rental Volume Dips

Private and HDB Rental Trends Q3 2024



OrangeTee Photo by student Intern Clara Grace Lim ZY

The private rental market improved as rents rebounded in the third quarter of 2024. In contrast, the HDB rental market experienced a drop in demand during the same quarter.



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PRIVATE RENTAL MARKET

The private rental market turned a corner as rents increased for the first time in over six months. According to the Urban Redevelopment Authority (URA) rental index, overall rents rebounded by 0.8 per cent, following declines of 0.8 per cent in Q2 2024 and 1.9 per cent in Q1 2024. This marks the first increase since rents rose by 0.8 per cent in Q3 2023 (Chart 1).

During the first three quarters of 2024, there was a 1.9 per cent decline in overall rents, marking a stark contrast to the robust 11.1 per cent growth observed during the same period in 2023.

By market segment, condo rents in the prime Core Central Region (CCR) dipped by 1.6 per cent quarter-on-quarter (q-o-q) in Q3 2024. Conversely, condo rents in the city fringe Rest of Central Region (RCR) rose by 1.7 per cent q-o-q, while condo rents in the suburban Outside of Central Region (OCR) increased by 2.2 per cent q-o-q (Chart 2).

The rental landscape in the latter half of this year significantly differed from the preceding quarters. Previously, the private rental market was adversely affected by an abundant supply of completed private homes in 2022 and 2023.

Chart 1 Overall private rents rose by 0.8% q-o-q

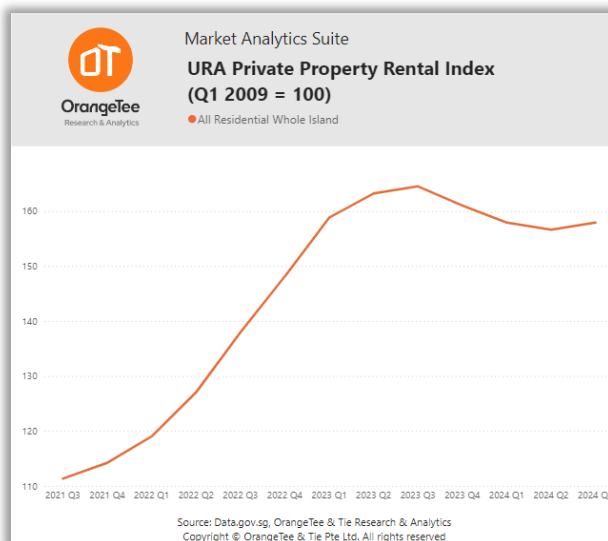


Chart 2 Condo rents rose in RCR and OCR

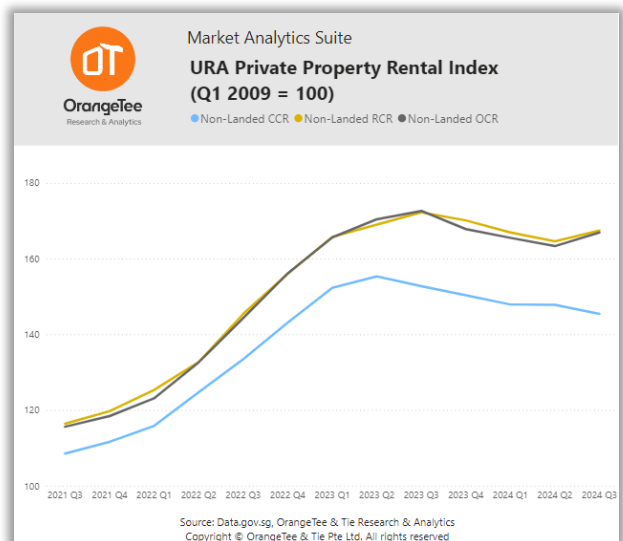


Chart 3 Rental transactions rose substantially

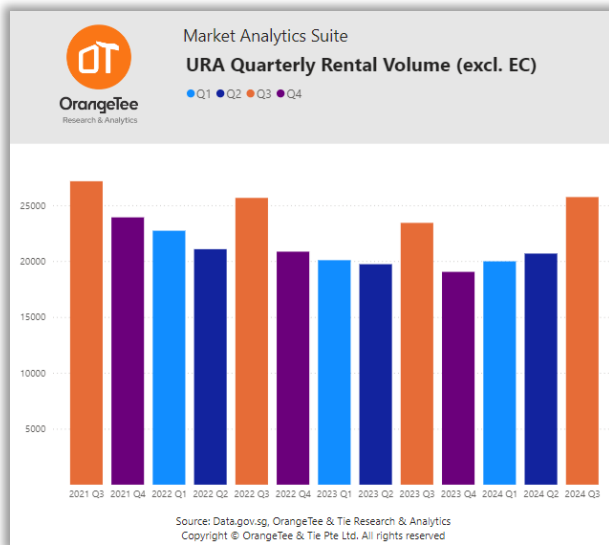
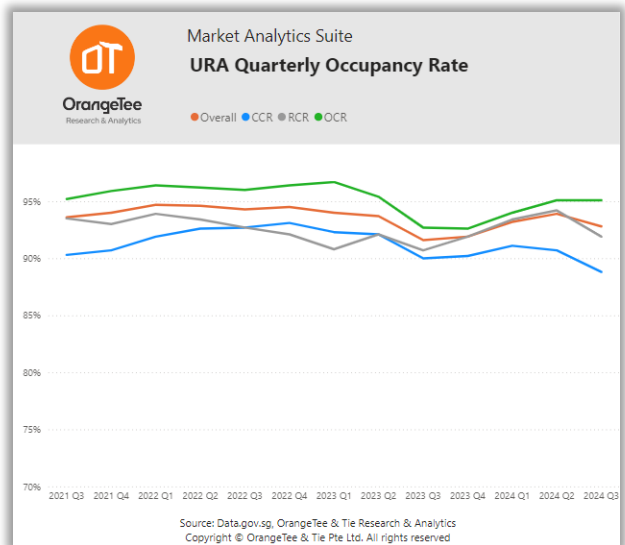


Chart 4 Overall occupancy decreased slightly to 92.8%



Furthermore, there was a sharp contraction in domestic demand and the restructuring or reorganization across MNCs in the higher rate environment due to elevated business costs, which contributed to a decline in rental demand and downward pressure on rents.

With more attractive rental rates, some tenants were drawn back to the private market from public housing. Moreover, many companies began to increase their staff numbers and expand their operations to capitalise on the improving economy, which experienced a more favourable employment outlook and lower interest rates.

The employment expansion is substantiated by data from the Department of Statistics, which indicates a 5 per cent increase in the non-resident population from 1.77 million in June 2023 to 1.86 million in June 2024. Permanent resident (PR) population similarly experienced a 1.2 per cent increase, reaching 544,900 in June 2024.

As a result, there was a jump in rental volume by 24.4 per cent from 20,676 units in Q2 2024 to 25,731 units in Q3 2024, based on URA Realis data (Chart 3). However, the occupancy rate dipped to 92.8 per cent in Q3 2024 (Chart 4).

For the whole of 2024, we anticipate rents may decline by up to 3 per cent for the whole of 2024, which is in contrast to the 8.7 per cent increase in 2023 and the 29.7 per cent rise in 2022 (Table 1).

Around 85,000 to 88,000 private homes may be leased this year, higher than the 82,268 units in 2023 but lower than the 90,291 units in 2022.

Table 1 Projection for Private Rental Market

Indicators	2021	2022	2023	Q2 2024	Q3 2024	Q1-Q3 2024	Projection for 2024
Rental							
URA Rental Index	9.9%	29.7%	8.7%	-0.8%	0.8%	-1.9%	-3% to 1%
Leasing volume (units)	98,604	90,291	82,268	20,676	25,731	66,388	85,000 to 88,000

Source: URA, OrangeTee & Tie Research & Analytics

MOST POPULAR CONDOS IN Q1-Q3 2024 (HIGHEST RENTAL TRANSACTIONS)

Project Name	Address	Total Transactions	Median Rents SGD Per month (1 Bedroom)	Median Rents SGD Per month (2 Bedroom)	Median Rents SGD Per month (3 Bedroom)
Core Central Region (CCR)					
THE SAIL @ MARINA BAY	MARINA BOULEVARD	403	\$4,350	\$6,300	\$8,200
MARINA ONE RESIDENCES	MARINA WAY	377	\$4,700	\$7,300	\$10,525
THE M	MIDDLE ROAD	344	\$4,000	\$5,000	\$4,300
D'LEEDON	LEEDON HEIGHTS	330	\$3,800	\$5,200	\$7,200
LEEDON GREEN	LEEDON HEIGHTS	305	\$3,650	\$4,200	\$6,500
DUO RESIDENCES	FRASER STREET	261	\$4,600	\$6,800	\$9,550
ICON	GOPENG STREET	254	\$4,100	\$6,000	NA
V ON SHENTON	SHENTON WAY	196	\$4,450	\$6,200	\$8,200
Rest of Central Region (RCR)					
NORMANTON PARK	NORMANTON PARK	730	\$3,250	\$4,000	\$5,200
STIRLING RESIDENCES	STIRLING ROAD	368	\$3,800	\$4,500	\$6,800
CITY SQUARE RESIDENCES	KITCHENER LINK	282	\$3,500	\$4,400	\$5,750
AVENUE SOUTH RESIDENCE	SILAT AVENUE	251	\$3,600	\$4,300	\$5,950
COMMONWEALTH TOWERS	COMMONWEALTH AVENUE	250	\$3,400	\$4,700	\$6,300
REFLECTIONS AT KEPPEL BAY	KEPPEL BAY VIEW	249	\$4,700	\$5,675	\$8,200
PARK COLONIAL	WOODLEIGH LANE	248	\$3,300	\$4,300	\$6,500
AMBER PARK	AMBER GARDENS	233	\$3,500	\$4,750	\$7,000
Outside of Central Region (OCR)					
TREASURE AT TAMPINES	TAMPINES LANE	491	\$2,650	\$3,200	\$4,300
PARC CLEMATIS	JALAN LEMPENG	377	\$3,175	\$4,000	\$5,300
J GATEWAY	GATEWAY DRIVE	278	\$3,500	\$4,500	\$5,700
WATERTOWN	PUNGGOL CENTRAL	265	\$3,000	\$4,000	\$5,250
PARC RIVIERA	WEST COAST VALE	255	\$3,000	\$3,700	\$5,100
THE FLORENCE RESIDENCES	HOUGANG AVENUE	249	\$2,800	\$3,400	\$4,325
BAYSHORE PARK	BAYSHORE ROAD	223	\$3,000	\$3,600	\$4,400
SENGKANG GRAND RESIDENCES	COMPASSVALE BOW	212	\$3,000	\$3,650	\$4,500

Source: URA, OrangeTee & Tie Research & Analytics

HDB RENTAL MARKET

The HDB rental market exhibited a contrasting trend to the private market, showing some signs of weakness in demand.

The HDB public housing data for Q3 2024 showed a decrease of 4.6 per cent in approved applications to rent out HDB flats, from 9,554 units in Q2 2024 to 9,118 units in Q3 2024 (Chart 5).

The Q3 drop in rental volume is within expectation, similar to the downtrend observed in previous years. Rental activities usually taper off in the second half of the year, especially during the year-end holidays.

Moreover, some tenants may have shifted to the private rental market as private rents are now more competitive.

Based on the SRX-99.co HDB rental price index, HDB rents grew by 1 per cent in Q3 2024, faster than the 0.5 per cent in Q2 2024 (Chart 6).



OrangeTee Photo by student Intern Colin Chang

Chart 5 Approved applications for rental dipped in Q3

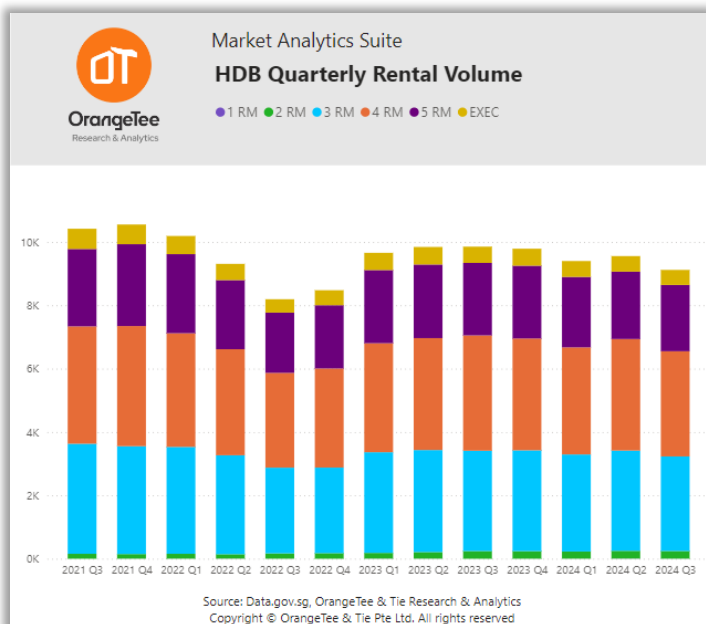


Chart 6 HDB rents grew by 1% in Q3

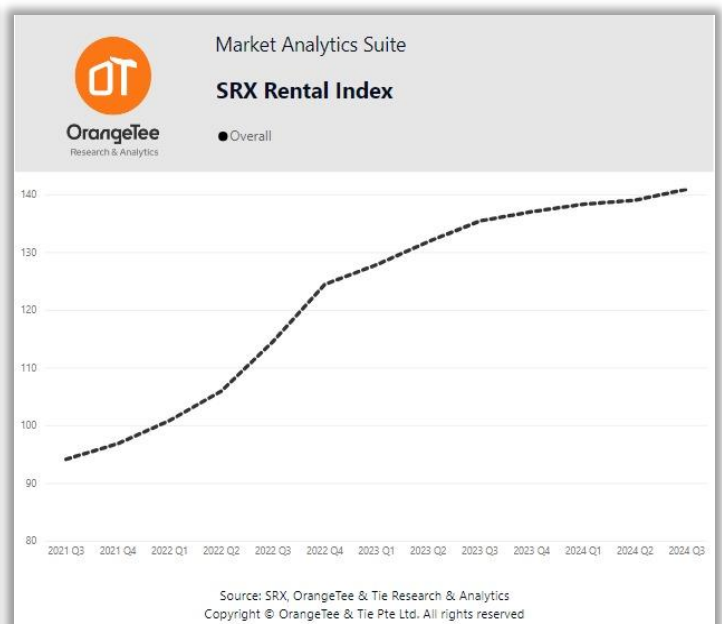


Table 2 Projection for HDB Rental Market

Indicators	2021	2022	2023	Q2 2024	Q3 2024	Q1 to Q3 2024	Projection for 2024
Rental							
Rental Price Change (SRX-99.co)	7.0%	28.5%	10.1%	0.5%	1.0%	2.5%	2% to 3%
HDB Rental Applications	42,623	36,166	39,138	9,554	9,118	28,070	36,500 to 38,000

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

With private rents moderating, we expect some demand to shift from the HDB market to the private market. Moreover, HDB leasing demand will likely be muted during the year-end holiday season. However, the limited inventory will likely mitigate a rental price correction. Therefore, HDB rents are projected to grow modestly by 2 to 3 per cent for the whole of 2024, which is a significant slowdown compared to the 10.1 per cent growth observed in 2023 and 28.5 per cent in 2022 (Table 2). Leasing volumes may decrease to around 36,500-38,000 units from 39,138 units in 2023.



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