

Moderate Price Growth Expected As Supply Falls To Decade Low

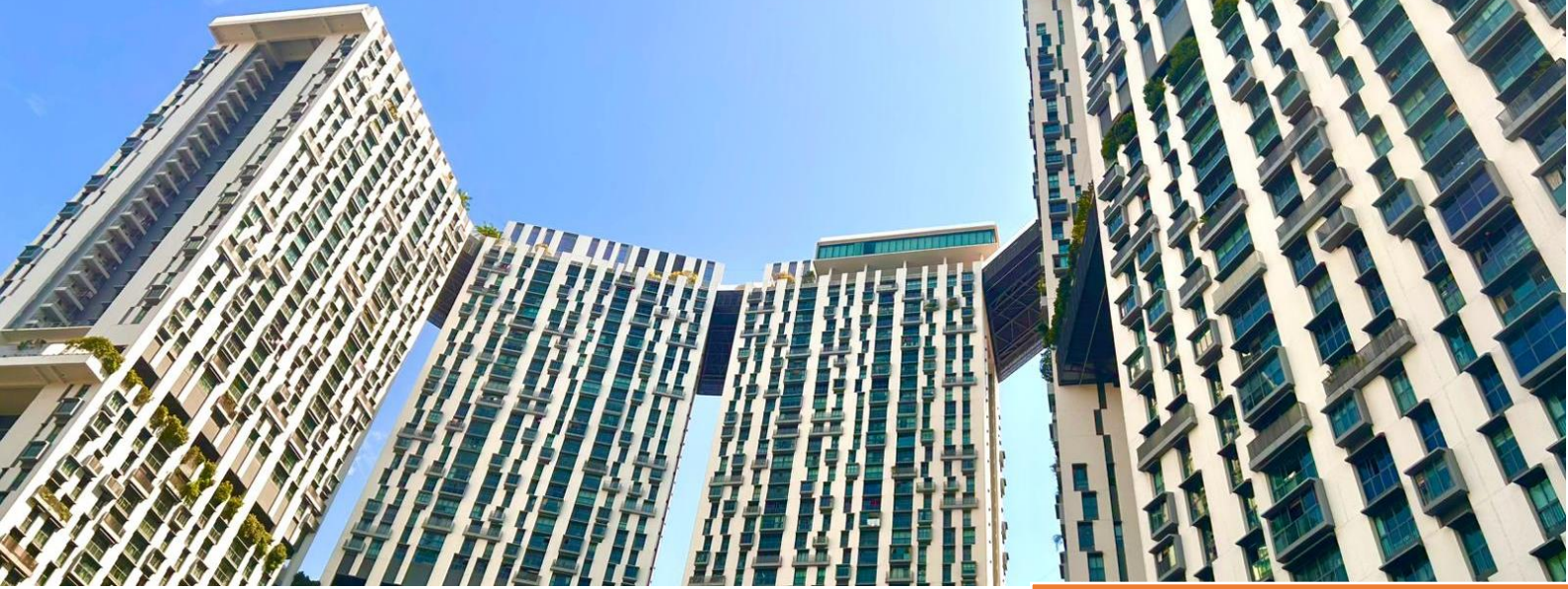
HDB Resale Market Outlook 2025



OrangeTee photo taken by student intern Nicholas Khoo

Resale flat prices are expected to be bolstered by a constrained supply of MOP flats, which are anticipated to reach an 11-year low in 2025. Moreover, interest rates are expected to decline further, which will stimulate more purchases.





OrangeTee photo taken by student intern Clara Grace Lim ZY

HDB resale prices to rise at a more moderate pace in 2025

The housing supply is poised to be the most significant factor shaping the HDB resale market in 2025. As we look back at 2024, HDB resale flat prices soared to unprecedented heights, with a considerable number of transactions surpassing the million-dollar mark. The price surge can primarily be attributed to the decline in resale flats reaching their five-year Minimum Occupation Period (MOP), which has resulted in fewer units being offered for resale.

Furthermore, the high replacement costs and property cooling measures have made it more expensive for flat owners to upgrade to private properties, especially since taxes are imposed on homeowners who purchase private homes while still occupying their current units. Consequently, many potential HDB upgraders opt to stay put instead of selling their flats, further shrinking the pool of available resale units.

The appetite for resale flats remains robust, even as the government is on track to launch 100,000 new flats into the Build-To-Order (BTO) market from 2021 to 2025 to ease housing demand. The resale market shows remarkable strength, with approximately 28,500 to 30,000 units possibly changing hands in 2024 (Chart 4). This represents a significant increase from the 26,735 units sold in 2023 and eclipses the 10-year average of 24,866 units from 2015 to 2024.

A crucial factor driving this trend is that not all buyers meet the qualifications to purchase a new flat. Moreover, a limited supply of new flats is available for eligible second-time buyers looking to upgrade, as priority is given to first-timers. Other buyers may be deterred by the longer 10-year MOP and stringent resale criteria of the new Prime or Plus BTO flats, preferring to purchase a unit in the secondary market, which entails a five-year MOP and fewer resale restrictions.

Further, demand for housing is projected to rise further, driven by the continuous growth of our population. According to the Department of Statistics Singapore, the citizen population rose by 3.9 per cent or 137,746 individuals from 3.498 million in 2021 to 3.636 million in 2024, while the permanent resident (PR) population increased by 11.5 per cent or 56,280 individuals from 488,651 in 2021 to 544,931 in 2024.

The growing housing demand, coupled with the persistent shortage of supply and challenging upgrading conditions, will continue to foster a competitive environment for potential buyers in the HDB resale market. Home financing is anticipated to show significant improvement in 2025 as mortgage rates are likely to decline further, which could provide a much-needed boost in consumer confidence and encourage more buyers to enter the housing market.

As we look ahead to 2025, resale prices are expected to continue climbing slower than in previous years. Prices have already reached new highs in many locations, raising affordability concerns for numerous buyers. Moreover, the continuous supply of BTO flats will help ease price growth in the secondary market, although the extent of price stabilization will depend on the number of BTO flats the government plans to release over the next few years. For 2025, overall HDB resale prices are projected to rise moderately by 4 to 6 per cent, down from the projected 7.5 to 8.5 per cent increase in 2024 (Chart 4).



OrangeTee photo taken by student intern Colin Chang

Chart 1 Number of flats reaching MOP as at Q3 2024



Supply will drop to an 11-year low in 2025

Resale prices are expected to be bolstered by a constrained supply of MOP flats. The number of flats obtaining their five-year MOP is projected to fall for a third consecutive year from 30,920 units in 2022 to 6,974 units in 2025 (Chart 1). This represents the lowest number of MOP flats registered in 11 years, with the previous low occurring in 2014 with 5,301 units. However, the supply shortage is anticipated to improve in 2026, when the number of available units is expected to almost double to 13,480.

In 2025, a significant ramp-up in the proportion of MOP flats in mature estates may uplift the overall price index since these properties typically command higher prices compared to those in non-mature estates. The percentage of flats reaching MOP in mature estates will escalate from 39.3 per cent in 2024 to 54.3 per cent in 2025. Conversely, the percentage of flats in non-mature estates obtaining MOP is anticipated to decline from 60.7 per cent in 2024 to 45.7 per cent in 2025.

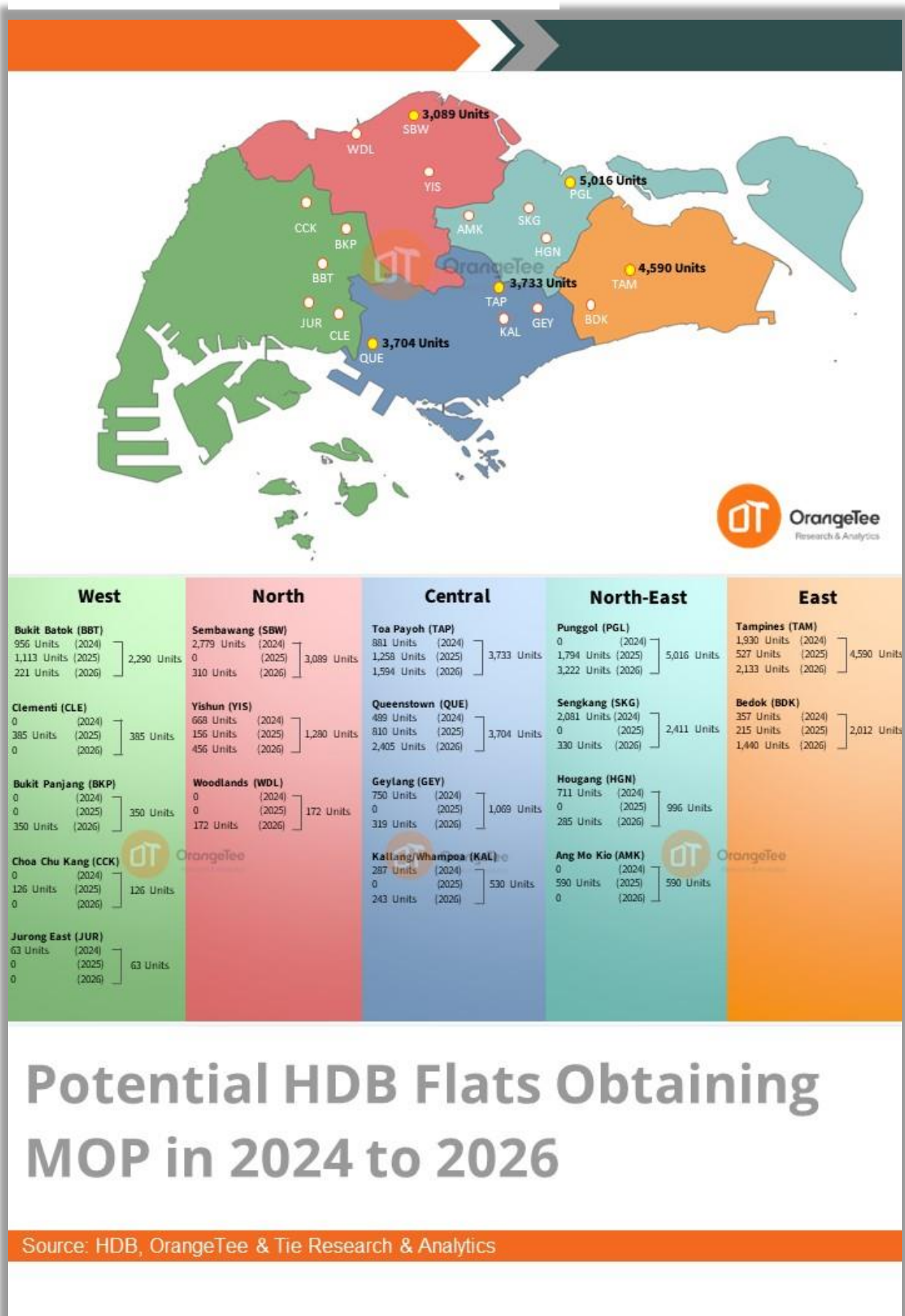
Between 2024 and 2026, estates projected to have the highest number of MOP flats are Punggol (5,016 units), Tampines (4,590 units), Toa Payoh (3,733 units), Queenstown (3,704 units) and Sembawang (3,089 units) (Chart 3). We expect more resale flats to achieve prices exceeding one million dollars, as more flats in sought-after locations such as Toa Payoh and Queenstown will obtain MOP.

Chart 2 Number of flats reaching MOP for mature and non-mature estates

Year	Mature flats	No. of mature flats as proportion of total	Non-mature flats	No. of non-mature flats as proportion of total	Total
2015	4,297	50.9%	4,146	49.1%	8,443
2016	7,848	46.8%	8,927	53.2%	16,775
2017	2,474	23.5%	8,044	76.5%	10,518
2018	959	6.7%	13,432	93.3%	14,391
2019	5,882	20.3%	23,031	79.7%	28,913
2020	5,827	25.8%	16,761	74.2%	22,588
2021	5,687	24.7%	17,295	75.3%	22,982
2022	7,189	23.3%	23,731	76.7%	30,920
2023	4,064	26.1%	11,485	73.9%	15,549
2024	4,694	39.3%	7,258	60.7%	11,952
2025	3,785	54.3%	3,189	45.7%	6,974

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

Chart 3 Number of flats reaching MOP by estates (2024 to 2026)



Potential HDB Flats Obtaining MOP in 2024 to 2026

Source: HDB, OrangeTee & Tie Research & Analytics

Chart 4 Market Projection (HDB Resale Market)

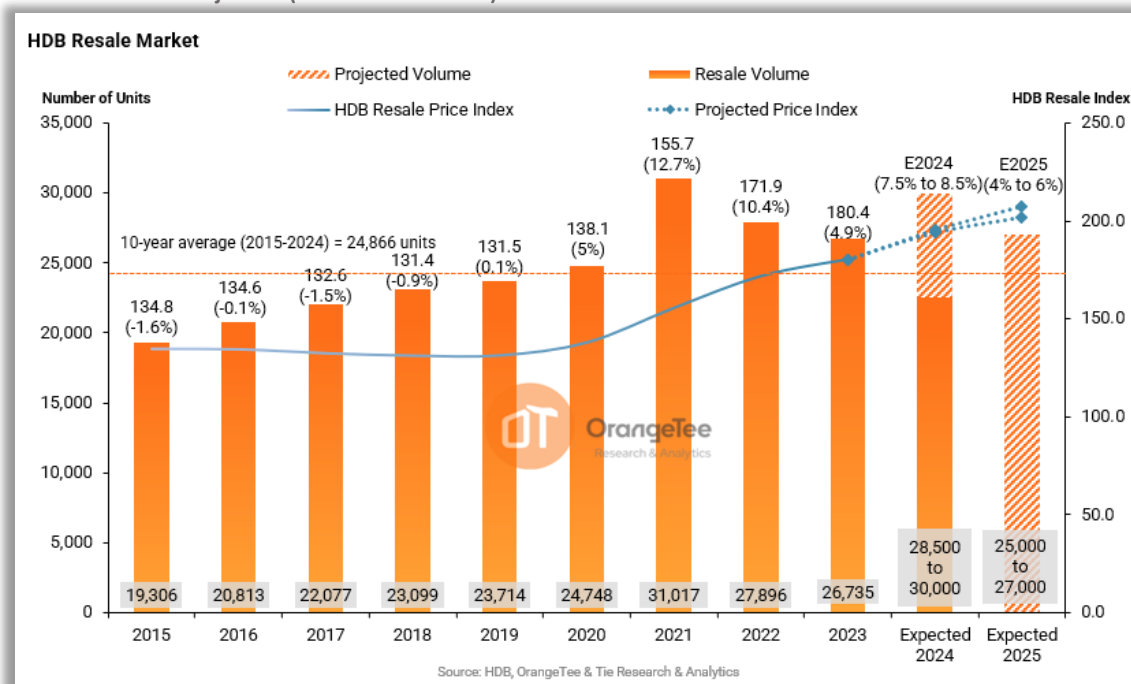


Table 1 Market Projection (HDB Resale Market)

Indicators	2021	2022	2023	Projection for 2024	Projection for 2025
Resale					
Price Change	12.7%	10.4%	4.9%	7.5% to 8.5%	4% to 6%
Sales Volume (units)	31,017	27,896	26,735	28,500 to 30,000	25,000 to 27,000
Rental					
Rental Price Change (SRX-99.co)	7.0%	28.5%	10.1%	2% to 3%	2% to 4%
HDB Rental Applications	42,623	36,166	39,138	36,500 to 38,000	36,500 to 38,000

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

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