

PRIVATE RENTAL MARKET STABILIZING, WHILE HDB RENTAL MARKET FACING CHALLENGES

Private and HDB Rental Trends Q4 2024



OrangeTee photo by student intern Clara Grace Lim

Private rents remained stable in the last quarter of 2024, following a slight increase in the previous quarter. In contrast, the HDB rental market experienced a drop in demand due to rising prices and competition from the private market.





OrangeTee photo by student intern Colin Chang

PRIVATE RENTAL MARKET

In the last quarter of 2024, private rents remained stable, with a slight increase in rents for non-landed properties. According to the quarterly data released by the Urban Redevelopment Authority (URA), private rents remained unchanged in Q4 2024, after increasing by 0.8 per cent in the previous quarter (Chart 1). For the whole of 2024, rental prices dipped 1.9 per cent, a reversal from the 8.7 per cent increase in 2023. This marks the first annual rent decline since 2020.

Condo rents in the prime areas or Core Central Region (CCR) and the city fringe or Rest of Central Region saw marginal quarter-on-quarter (q-o-q) gains of 0.9 per cent and 0.3 per cent respectively in Q4 2024, while condo rents in the suburban area or Outside of Central Region (OCR) decreased by 0.8 per cent q-o-q (Chart 2).

In 2025, positive rental growth is expected across all market segments. This could be driven by demand outstripping supply as there will be a substantial reduction in projected completions compared to previous years.

In particular, the suburban and city fringe areas are expected to witness more accelerated rent increases, as the decline in supply within these regions will be more significant.

Chart 1 Overall private rents held steady

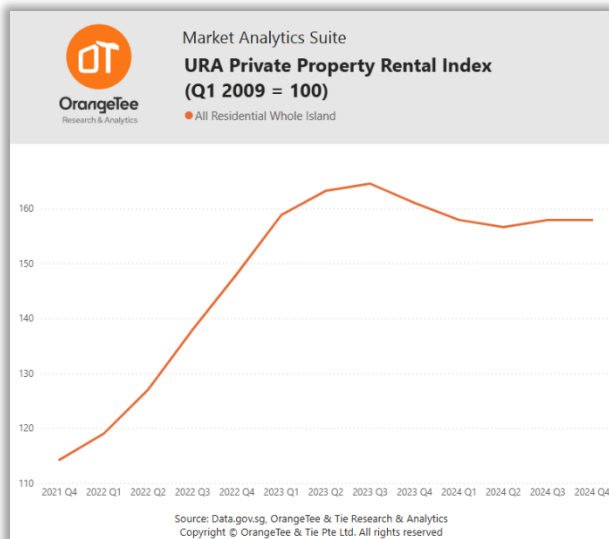


Chart 2 Condo rents rose in CCR and RCR

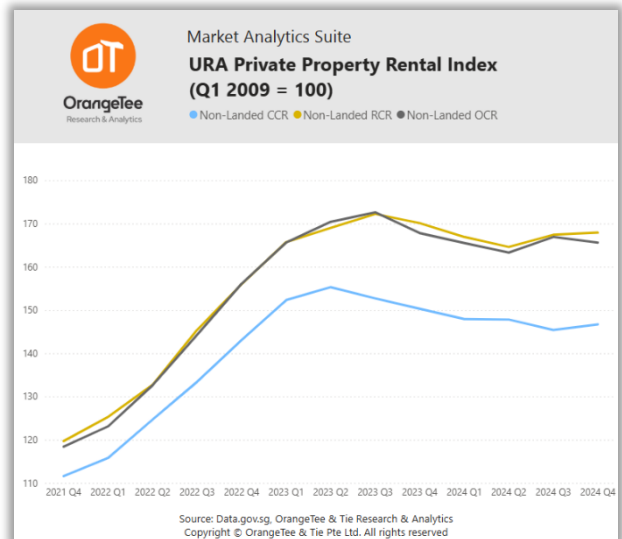


Chart 3 Rental transactions dropped substantially in Q4

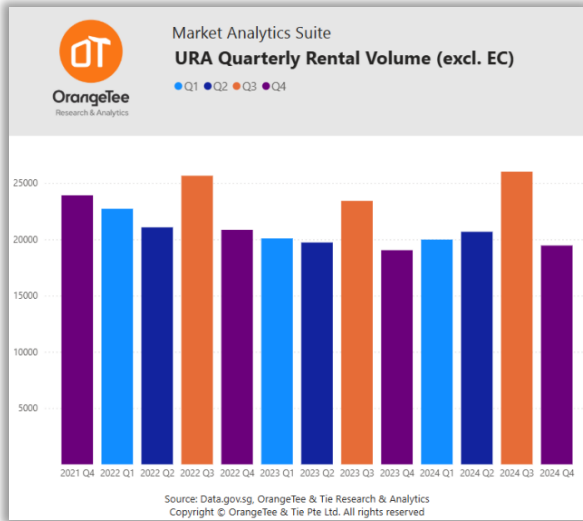
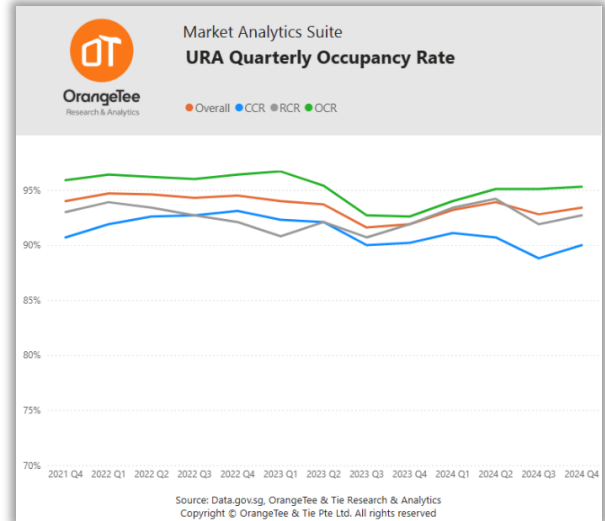


Chart 4 Overall occupancy increased slightly to 93.4%



The overall rental volume decreased from 26,019 units in Q3 2024 to 19,451 units in Q4 2024. This could be due to lower demand, as many potential tenants may have been travelling during the year-end period. In contrast, the overall occupancy rate increased to 93.4 per cent in Q4 2024 (Chart 4).

Nonetheless, rental volumes for the entire year of 2024 were higher than those in 2023. Based on URA Realis data, rental volume rose 4.7 per cent from 82,268 units in 2023 to 86,127 units in 2024 (Chart 3). The increase in annual leases can be attributed to more tenants returning to the private rental market last year, as prices appeared to have stabilized at slightly lower levels compared to 2023.

This year, there will be fewer private residential units completed, which may lead to a decrease in the number of new rental units entering the market. In 2024, a total of 8,460 private homes (excluding executive condominiums) were completed. However, in 2025, there will be a 30.9 per cent decrease, with only 5,846 units expected to be completed. As a result, the total rental volume may drop to between 78,000 and 82,000 units for the entire year of 2025.

Private rents may continue to recover in 2025, with a projected increase of 2 to 4 per cent (Table 1). The rent recovery will be driven by improving macroeconomic conditions and employment growth, and less supply of completed private homes. Based on the latest World Economic Outlook report by the International Monetary Fund (IMF), global growth is expected to remain stable in 2025, and business sentiment will likely experience an upturn as business costs are projected to decrease due to the prevailing lower interest rates and brightening economy. These factors will boost expat hiring, which will, in turn, benefit the private rental market.

Table 1 Projection for Private Rental Market

| Indicators | 2022 | 2023 | Q4 2024 | 2024 | Projection for 2025 |
|------------------------|--------|--------|---------|--------|---------------------|
| Rental | | | | | |
| URA Rental Index | 29.7% | 8.7% | 0.0% | -1.9% | 2% to 4% |
| Leasing volume (units) | 90,291 | 82,268 | 19,451 | 86,127 | 78,000 to 82,000 |

Source: URA, OrangeTee & Tie Research & Analytics

MOST POPULAR CONDOS IN 2024

(BASED ON MOST NUMBER OF 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 | 532 | \$4,400 | \$6,300 | \$8,200 |
| MARINA ONE RESIDENCES | MARINA WAY | 507 | \$4,700 | \$7,300 | \$10,550 |
| D'LEEDON | LEEDON HEIGHTS | 438 | \$3,825 | \$5,200 | \$7,100 |
| THE M | MIDDLE ROAD | 380 | \$4,000 | \$5,000 | \$4,300 |
| DUO RESIDENCES | FRASER STREET | 326 | \$4,650 | \$6,700 | \$9,475 |
| LEEDON GREEN | LEEDON HEIGHTS | 319 | \$3,600 | \$4,250 | \$6,600 |
| ICON | GOPENG STREET | 316 | \$4,100 | \$6,000 | NA |
| V ON SHENTON | SHENTON WAY | 254 | \$4,300 | \$6,200 | \$8,100 |
| Rest of Central Region (RCR) | | | | | |
| NORMANTON PARK | NORMANTON PARK | 852 | \$3,300 | \$4,000 | \$5,250 |
| STIRLING RESIDENCES | STIRLING ROAD | 436 | \$3,800 | \$4,500 | \$6,800 |
| PARC ESTA | SIMS AVENUE | 369 | \$3,600 | \$4,700 | \$6,100 |
| CITY SQUARE RESIDENCES | KITCHENER LINK | 355 | \$3,500 | \$4,425 | \$5,750 |
| REFLECTIONS AT KEPPEL BAY | KEPPEL BAY VIEW | 321 | \$4,700 | \$5,650 | \$8,250 |
| AVENUE SOUTH RESIDENCE | SILAT AVENUE | 316 | \$3,600 | \$4,300 | \$5,950 |
| COMMONWEALTH TOWERS | COMMONWEALTH AVENUE | 306 | \$3,450 | \$4,700 | \$6,300 |
| PARK COLONIAL | WOODLEIGH LANE | 297 | \$3,300 | \$4,300 | \$6,500 |
| Outside of Central Region (OCR) | | | | | |
| TREASURE AT TAMPINES | TAMPINES LANE | 573 | \$2,700 | \$3,225 | \$4,200 |
| PARC CLEMATIS | JALAN LEMPENG | 407 | \$3,200 | \$4,000 | \$5,300 |
| J GATEWAY | GATEWAY DRIVE | 347 | \$3,600 | \$4,500 | \$5,700 |
| WATERTOWN | PUNGGOL CENTRAL | 344 | \$3,000 | \$4,000 | \$5,200 |
| THE FLORENCE RESIDENCES | HOUGANG AVENUE 2 | 314 | \$2,800 | \$3,400 | \$4,350 |
| BAYSHORE PARK | BAYSHORE ROAD | 305 | \$2,900 | \$3,600 | \$4,400 |
| PARC RIVIERA | WEST COAST VALE | 289 | \$3,000 | \$3,700 | \$5,100 |
| MELVILLE PARK | SIMEI STREET 1 | 274 | NA | \$3,400 | \$4,100 |

Source: URA, OrangeTee & Tie Research & Analytics

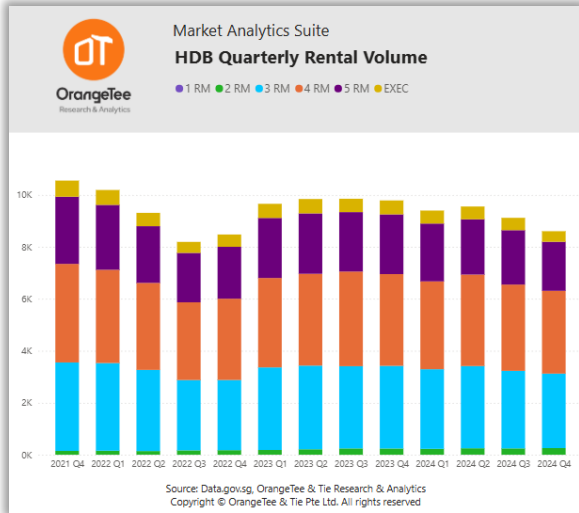
OrangeTee photo by student intern Nicholas Khoo



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HDB RENTAL MARKET

Chart 5 Approved applications for HDB rental fell in Q4



Demand for HDB rentals continued to weaken in Q4 2024, with a second consecutive decline in rental volume. Data for Q4 2024 indicated a 5.6 per cent drop in approved applications to rent out HDB flats, decreasing from 9,118 units in Q3 2024 to 8,603 units in Q4 2024.

For the entire year of 2024, the total number of approved applications to rent HDB flats fell by 6.3 per cent, from 39,138 units in 2023 to 36,673 units in 2024. This may be due to more tenants shifting to the private rental market, where rents have become more competitive and attractive. In contrast, HDB rents have continued to rise. According to the SRX-99.co HDB rental price index, HDB rents increased by 1.3 per cent in Q4 2024, leading to an overall rental price growth of 3.6 per cent for HDB flats in 2024.

Table 2 Projection for HDB Rental Market

| Indicators | 2022 | 2023 | Q4 2024 | 2024 | Projection for 2025 |
|---------------------------------|--------|--------|---------|--------|---------------------|
| Rental | | | | | |
| Rental Price Change (SRX-99.co) | 28.5% | 10.1% | 1.3% | 3.6% | 2% to 4% |
| HDB Rental Applications | 36,166 | 39,138 | 8,603 | 36,673 | 36,500 to 38,000 |

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

Nevertheless, we may continue to see slight upward pressure on HDB rents next year due to the limited supply of MOP flats entering the market. In 2025, an estimated 6,973 flats will reach their Minimum Occupation Period (MOP), 41.7 per cent lower than the 11,952 units that achieved MOP in 2024. For 2025, HDB rents are projected to grow at a similar pace as last year, at around 2 to 4 per cent (Table 2). Leasing volumes may remain stable at 36,500 to 38,000 units.

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