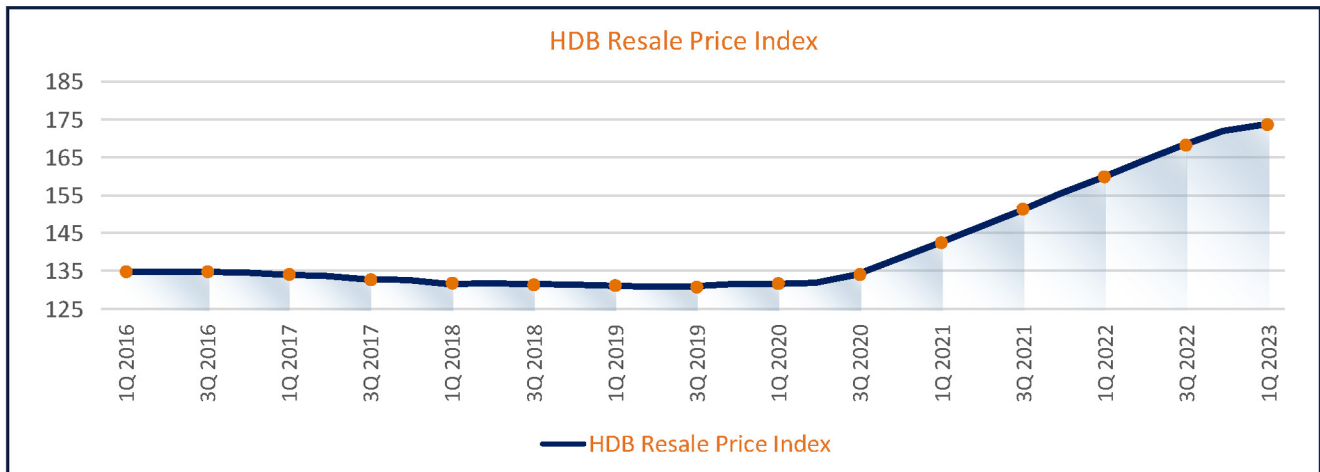


HDB resale prices continued to moderate in 1Q 2023 to 1.0% as price resistance sets in. This is the slowest quarterly price growth in 10 quarters.

Figure 1: HDB Resale Price Index



Source: HDB, Huttons Research

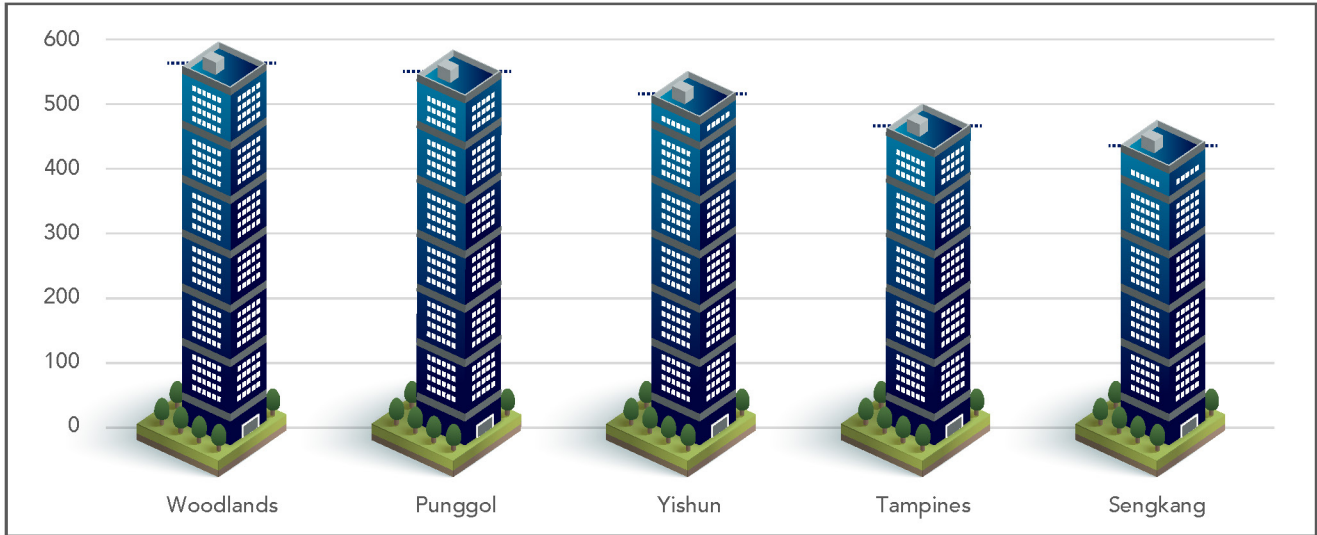
Based on data downloaded on 28 April 2023, the number of HDB towns which has quarterly price declines has increased. There were 3 HDB towns which saw a decline in quarterly prices in 2Q 2022. This increased to 7 HDB towns in 3Q 2022, 10 in 4Q 2022 and 14 in 1Q 2023. The HDB towns which had seen two quarters of price declines were Bukit Panjang, Kallang/Whampoa and Tampines.

In 1Q 2023, resale volume stands at 6,979 flats, 5.8% and 0.6% higher than 4Q 2022 and 1Q 2022, respectively. The Chinese New Year period resulted in lesser viewings and lower transactions. Quite a number of sellers especially those newly MOP flats and flats in mature estates have increased their asking prices after the Government announced an increase in housing grants on February 14. While there were more viewings after the announcement, most buyers however are not willing to pay COV as they find HDB resale prices to be high.

The top 5 most popular HDB towns among buyers in 1Q 2023 are Woodlands, Punggol, Yishun, Tampines and Sengkang. They accounted for around 38.0% of total transactions in 1Q 2023. The average prices of a 4-room flat in the top 5 most popular towns are shown in Table 3.

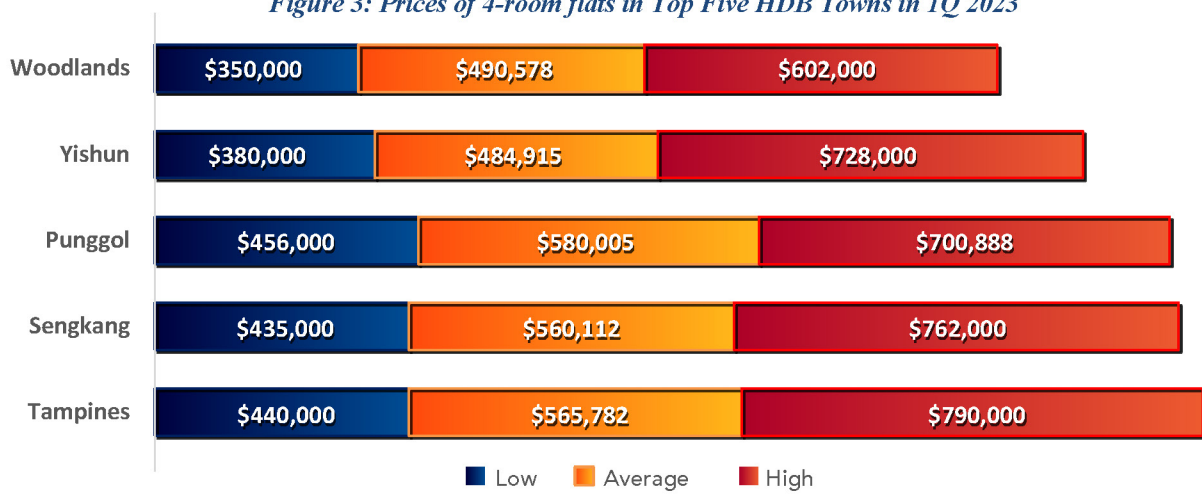


Figure 2: Top Five most popular HDB Towns among buyers in 1Q 2023



Source: HDB, Huttons Research

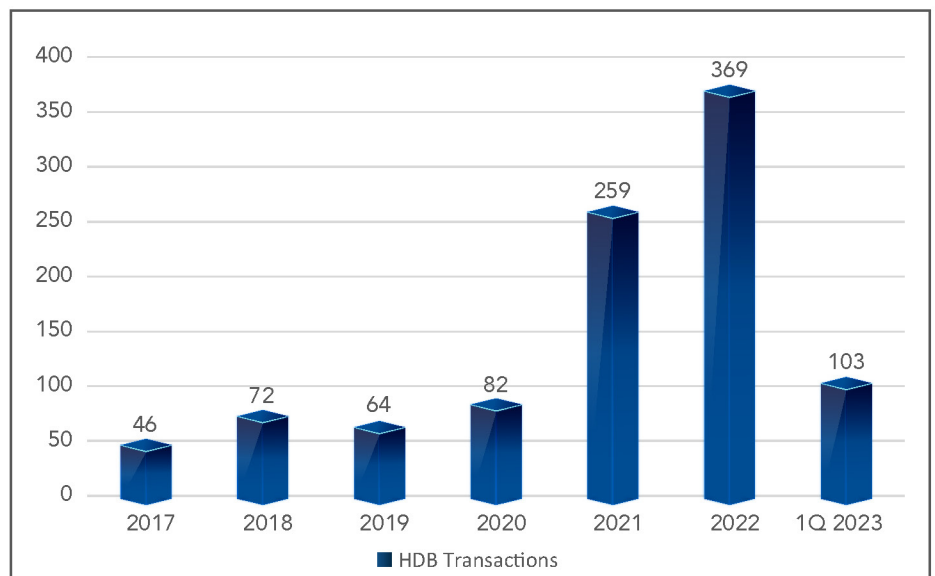
Figure 3: Prices of 4-room flats in Top Five HDB Towns in 1Q 2023



Source: HDB, Huttons Research

However, the cooling measures on private property owners did not appear to have reduced the number of million-dollar flat transactions. Based on caveats downloaded on 28 April, there were 103 such transactions which make up an estimated 1.5% of total transaction volume in 1Q 2023. The number of million-dollar flat transactions is 12% higher than 4Q 2022 and 24.1% higher than a year ago. However, the 15-month time bar may have resulted in a shift in buying demand to smaller flats. In 3Q 2022, 5.4% of million-dollar flat transactions were 4-room and smaller flats. After the cooling measure, this increased to 14.3% in 4Q 2022 and further went up to 21.4% in 1Q 2023. Other possible reasons for the shift in demand could be buyers adjusting their budget in view of economic uncertainties and higher interest rates.

Figure 4: Number of million-dollar flats over past five years



Source: HDB, Huttons Research

MARKET OUTLOOK

The cooling measures announced on 26 April 2023 may result in HDB upgraders holding back their purchase of a private residential property temporarily. They will take some time to reassess their finances and observe the market. This may reduce the supply of resale flats for sale for a short time.

When the upgrading demand resumes, the HDB market may see an increase in supply of flats for sale. The increase in ABSD to 20% for a purchase of a second residential property is too much for many HDB upgraders to stomach. More of them will choose to sell and rent while waiting for their new home to be completed. This increase in flat supply may moderate prices in HDB resale flats. However, the increase in rental demand may support rent increases in the months ahead. HDB rents are estimated to increase around 10% in 2023.

HDB will launch up to 11,600 BTO flats for sale in the next two BTO launches in May and Aug 2023. The May BTO launch will include Bedok and Serangoon which had not had new flats for about seven and nine years, respectively. Some of these flats in Tengah may have shorter waiting time and may attract some buyers away from the resale market. Demand may flow to the BTO market.

Nevertheless, the HDB resale market is likely to trend towards stabilisation and see not more than 5% increase in 2023. HDB resale flat transactions are estimated to be in the range of 24,000 to 26,000 in 2023.



CONTACT ME FOR A DETAILED DISCUSSION OF THE LATEST TRENDS



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