

Quarterly Report on the Singapore
Private and HDB Residential Property Markets



The **Bulletin**

2Q 2022

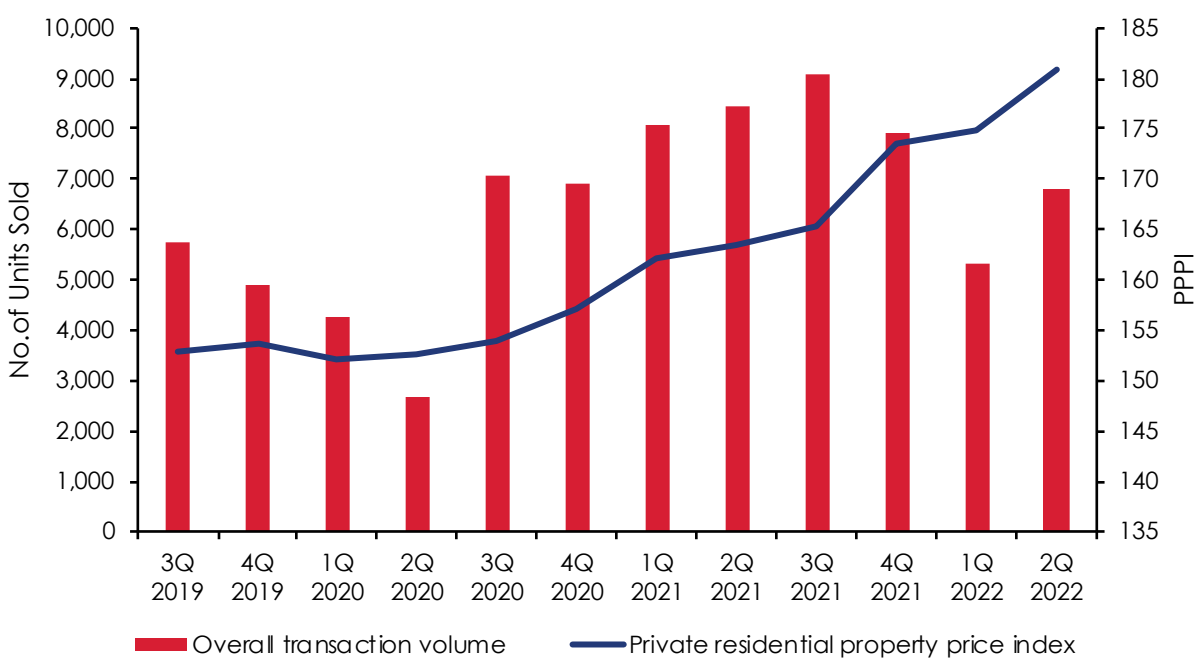


Private Residential Property Market

Private residential property market

- The private property price index (PPPI) rose for nine consecutive quarters despite new cooling measures introduced in Dec 2021. This marks the longest rate of growth since 2009.
- Private home prices expanded 3.5% qoq and 10.6% yoy in 2Q 2022, an indication that the punitive effects of cooling measures introduced in December 2021 have subsided.
- The property price increase in 2Q 2022 was largely driven by the non-landed housing segment, such as the benchmark prices of the launch of two notable non-landed projects, Liv@MB and Piccadilly Grand.
- Landed housing price index increased 2.9% qoq in 2Q 2022, which is a more sustainable pace than the 4.2% qoq appreciation in 1Q 2022.

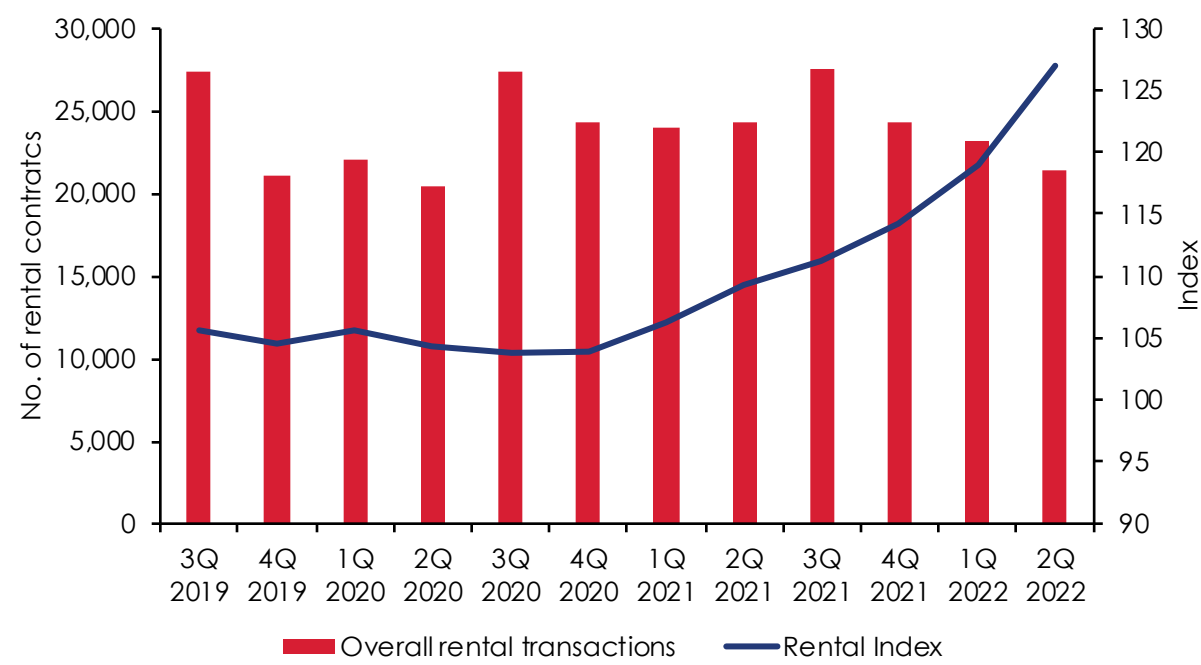
Graph 1: Overall private housing price index and sales



Private residential Rental market

- The robust residential rental demand from both locals and expatriate tenants has collided with pandemic-induced delays in housing supply, leading to skyrocketing rental rates islandwide.
- In 2Q 2022, private residential rental index jumped 6.7% qoq at the fastest rate since 4Q 2007.
- The red-hot rental market was brought on by several reasons. One, a shift in preference for renting larger units among the locals who remote work. Second, a surge in demand from foreign expatriates and students upon the full re-opening of borders. Third, the construction of private and public housing projects were delayed by supply-chain disruption due to the pandemic, leading to delays in the completion of the projects. The results is a shortage of available units for lease.

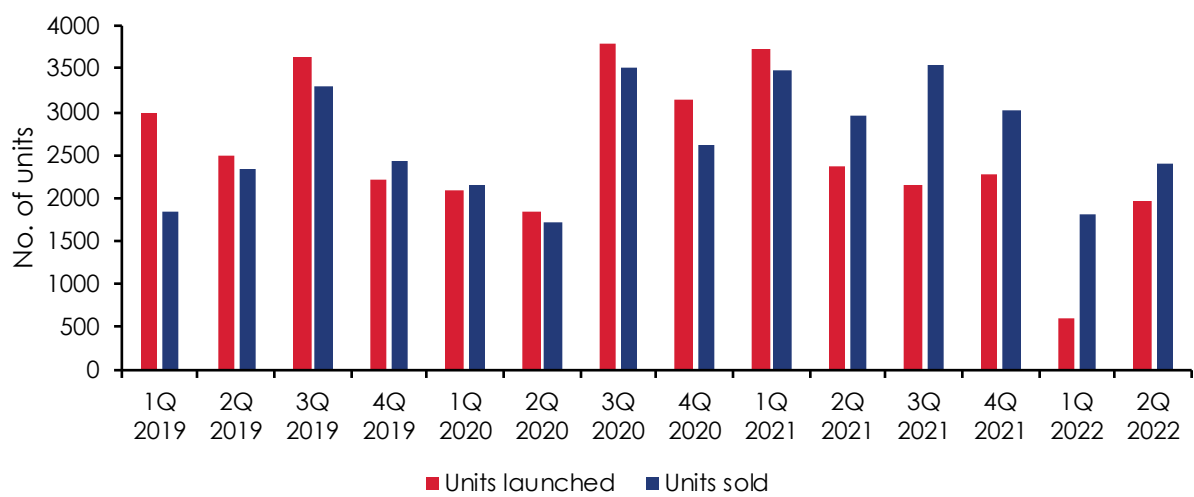
Graph 2: Private rental index and transactions



Primary market sales continue to surpass total number of units launched

- In 2Q 2022, real estate developers launched 1,956 units, 3.2 times more than the launch volume in the previous quarter.
- For five quarters, the total number of units sold quarterly has continuously surpassed the total number of units launched by developers.
- A key contributor may be the diminishing supply of new launches since 2Q 2021. The number of new units launched hit a new low of 613 units in 1Q 2022.
- On top of the limited supply, demand from homebuyers started to pick up in 2021. The roll-out of vaccination programme and the economic recovery led to the improvement of market confidence.
- The rising HDB resale prices allow some HDB homeowners to profit from the sales of their flats and upgrade to a private property, contributing to the rise in buying demand.

Graph 3: No. of private residential units launched and sold excluding EC



Source: URA

New launches in 2Q 2022

- Homebuyers were attracted to new residential projects located near MRT stations, probably due to the investment potential of these projects, even when the projects were launched at new high benchmark prices.
- Based on official data, 79% and 78% of the total number of units at Liv@MB and Piccadilly Grand were sold at the median price of \$2,405 psf and \$2,175 psf respectively in May 2022.
- A new 616-unit Executive Condominium project, North Gaia was launched in April at the median transacted price of \$1,301 psf.

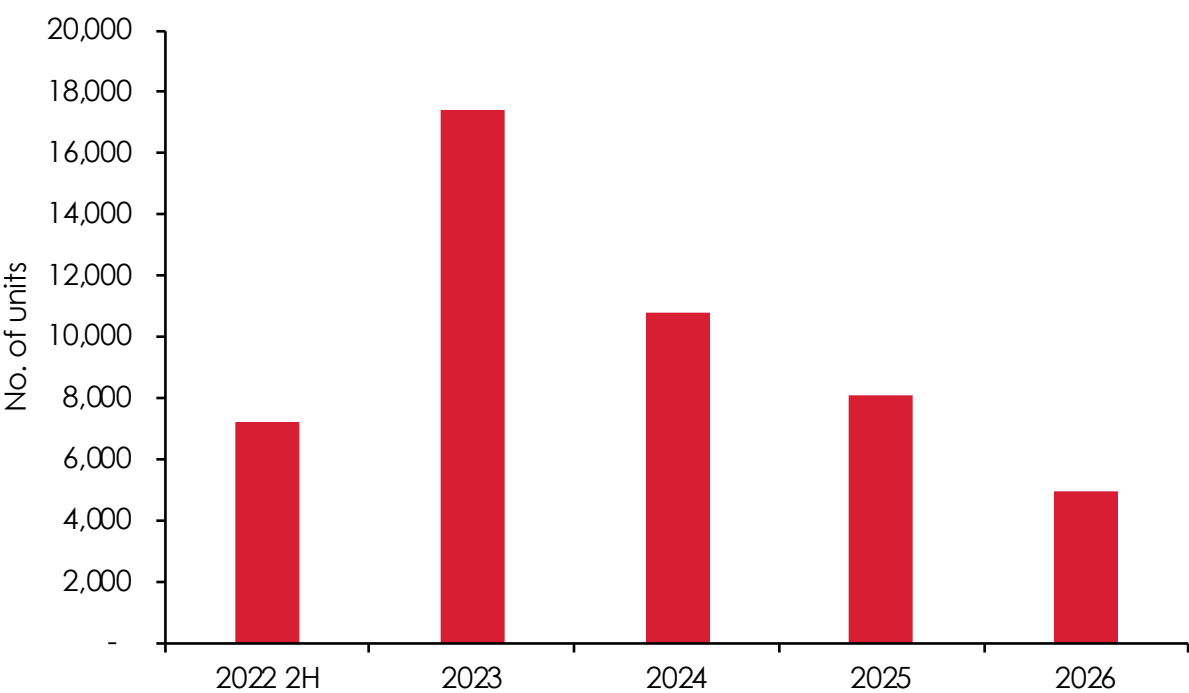
Table A: Private residential projects launched in 2Q 2022

Project Name	Road Name	Planning Area	Tenure	No.of units in development	Median Price (\$psf)
Atlassia	Joo Chiat Place	Geylang	Freehold	31	\$2,072
Baywind Residences	Lorong N Telok Kurau	Bedok	Freehold	24	\$2,024
Liv @ MB	Arthur Road	Marine Parade	99 Years	298	\$2,406
Piccadilly Grand	Northumberland Road	Kallang	99 Years	407	\$2,176
North Gaia (Exec Condo)	Yishun Close	Yishun	99 Years	616	\$1,301
Spring Water Villas (Landed Houses)	Jalan Mater Ayer	Mandai	999 Years	6	\$1,710

Outlook

- Looking ahead, primary market sales volume may grow at a slower pace due to limited supply of new launches and the tightening of monetary policies.
- Despite that, private residential property prices would continue to grow, backed by several factors.
- First, developers will pass on the higher land costs and development expenses to buyers in the form of higher launch prices.
- Second, the robust HDB resale price growth will fuel buying demand from upgraders.
- There could be some relief for tenants as a large supply of private housing is expected to be completed in the next several months. An estimated 7,000 housing units is expected to be completed in 2H 2022, followed by another 17,400 units to be completed next year.

Graph 4: Supply in the pipeline as of 2Q 2022





HDB Resale Market

HDB resale market

- The prices of HDB resale flats had increased in the past three years. In 2Q 2022, HDB resale prices rose 2.8% qoq and 12% yoy. In the past year alone, the quarterly rate of price growth varied between 2.4% and 3.4% qoq.
- The steady price growth is partly caused by the longer than normal wait for BTO flats due to the pandemic-induced construction delays. As a result, public housing demand from homebuyers is funneled to the resale market.
- However, transaction volumes contracted by a marginal 1.7% qoq in 2Q 2022. The contraction is largely attributed to the sustainable supply of BTO projects in 2H 2022.

Graph 1: HDB Resale price index and sales

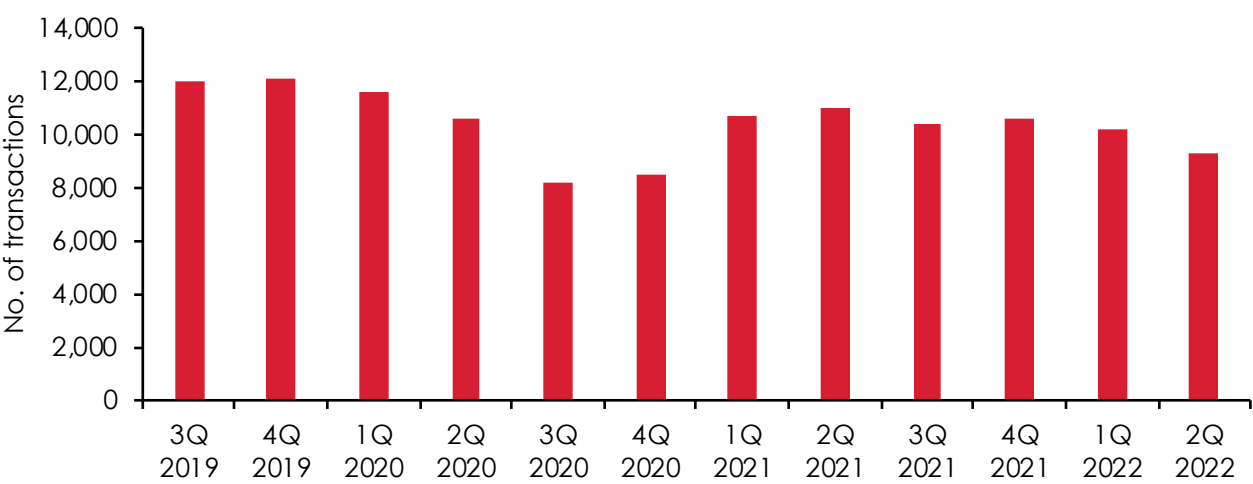


HDB rental volume

- Despite the strong leasing demand, the HDB rental transactions dipped 8.6% to 9,309 flats rented out in 2Q 2022.
- In the last 12 months, about 30,100 HDB resale flats were sold. As more flats are bought for owner-occupation, fewer flats are available for lease.
- As a result, rental volume of HDB flats declined in the first half of 2022.



Graph 2: HDB rental transactions islandwide



Source: HDB

Outlook

- In the second half of 2022, a cocktail of factors such as rising interest rates and the robust supply of BTO projects will influence the demand and subsequently, prices in the HDB resale market.
- As interest rates rise, the cost of borrowing for homebuyers increases. In addition, some of the new BTO projects are locations that would attract many homebuyers. As a result, more eligible homebuyers may steer towards the more affordable BTO flats instead of the pricey alternatives in the resale market.
- Nevertheless, the HDB resale market will still attract buyers with urgent housing needs, including newlyweds, upgraders and those who are ineligible for BTO flats.
- Moving forward, as property prices in the private housing market continue to expand, HDB resale prices are likely to move in a similar direction. This could result in a 8% to 12% expansion of HDB resale prices for the whole of 2022.



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