

Repeated delays to the Build-to-Order launch and news on potential changes to housing policies created uncertainties for sellers and buyers of HDB resale flats in 3Q 2023.

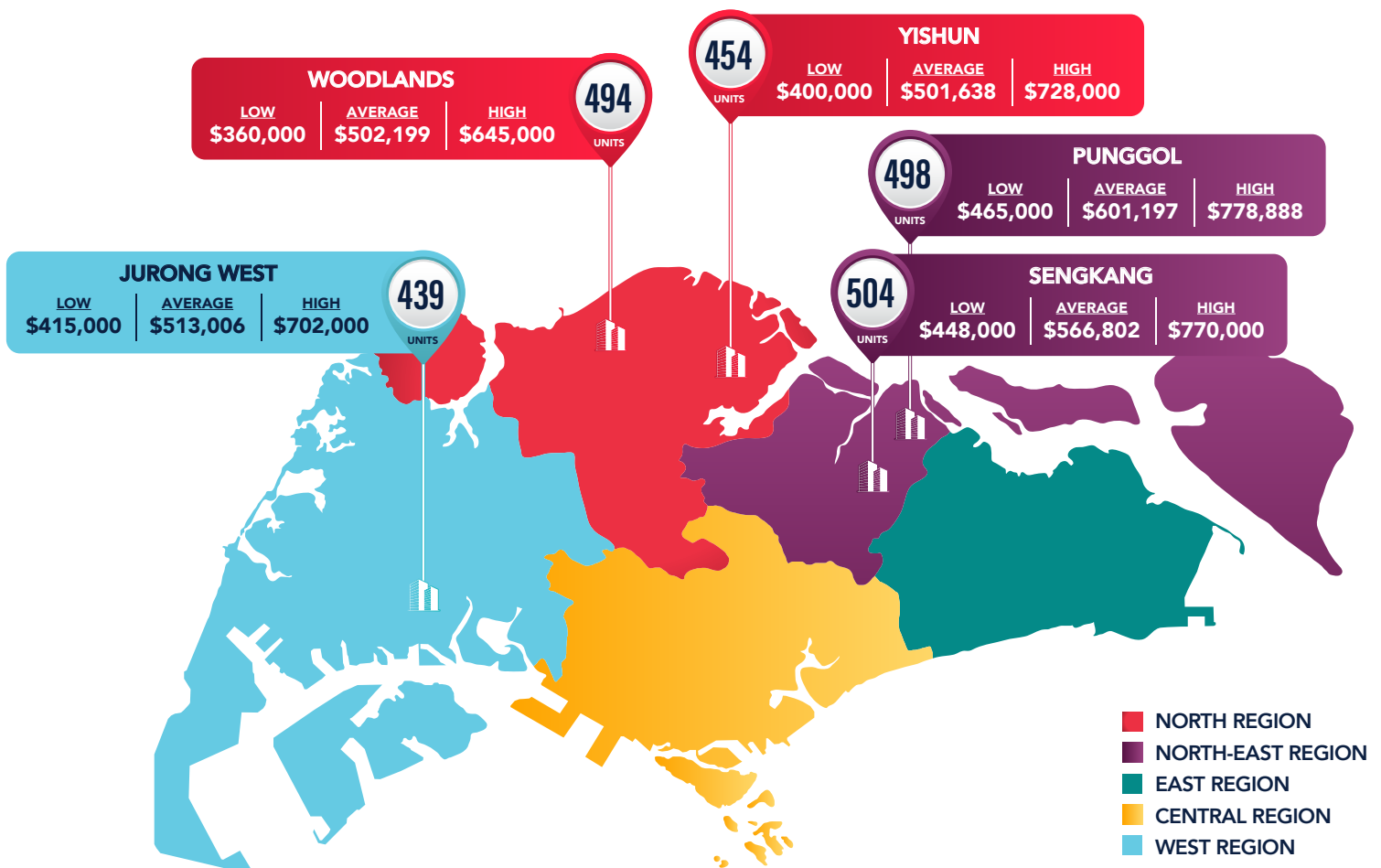
Some buyers decided to sit on the fence awaiting more clarity in the market before committing. There were some buyers who erred on the side of caution in view of the economic uncertainties and higher for longer interest rates.

The third quarter of the year is usually one of the busiest periods for the HDB resale market. The pullback from both sellers and buyers led to a smaller than expected transaction volume in 3Q 2023. There were 6,695 HDB resale transactions in 3Q 2023, 2.8% higher than the previous quarter.

There was lesser HDB towns which had price gains in 3Q 2023 compared to the previous quarter. 17 out of 26 HDB towns saw price gains between 0% and 38.1% in 3Q 2023. Resale flats in Bukit Timah had the biggest increase of 38.1%, followed by Serangoon 10.8% and Bishan 7.2%.

The top 5 most popular HDB towns among buyers in 3Q 2023 are Sengkang, Punggol, Woodlands, Yishun and Jurong West. They accounted for around 35.7% of total transactions in 3Q 2023. The average prices of a 4-room flat in the top 5 most popular towns are shown below.

Map 1: Top Five Most Popular HDB Towns Among Buyers and Price Range of 4-room Flats in 3Q 2023

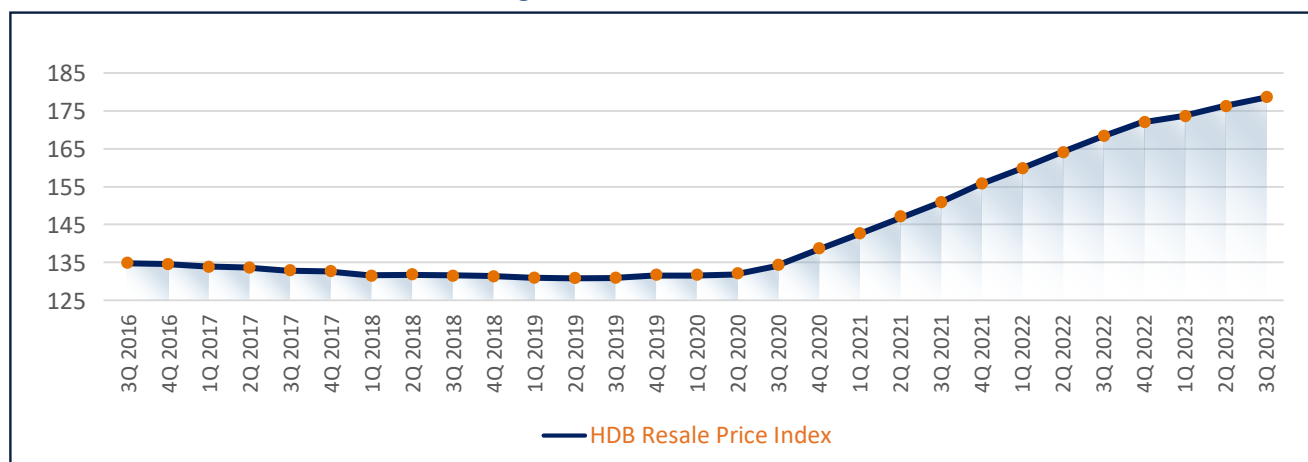


Source: HDB, Huttons Data Analytics as of 27 Oct 2023

There was more interest from buyers in resale flats in mature estates where there are no restrictions on resale. Buyers are willing to pay more to buy a flat in the mature estates with no restrictions.

The willingness to pay more for existing resale flats with no restrictions may have contributed to the increase in HDB resale prices by 1.3% in 3Q 2023. HDB resale prices are up 3.8% in the first nine months of 2023 and 19.5% above the last peak in 2Q 2013.

Figure 1: HDB Resale Price Index



Source: HDB, Huttons Data Analytics as of 27 Oct 2023

Based on data.gov.sg, the number of million-dollar flats in 3Q 2023 is estimated to be 128, 21.9% more than 2Q 2023. It is highly likely that the number of million-dollar flats will exceed 400 and account for around 1.6% of total transactions in 2023.

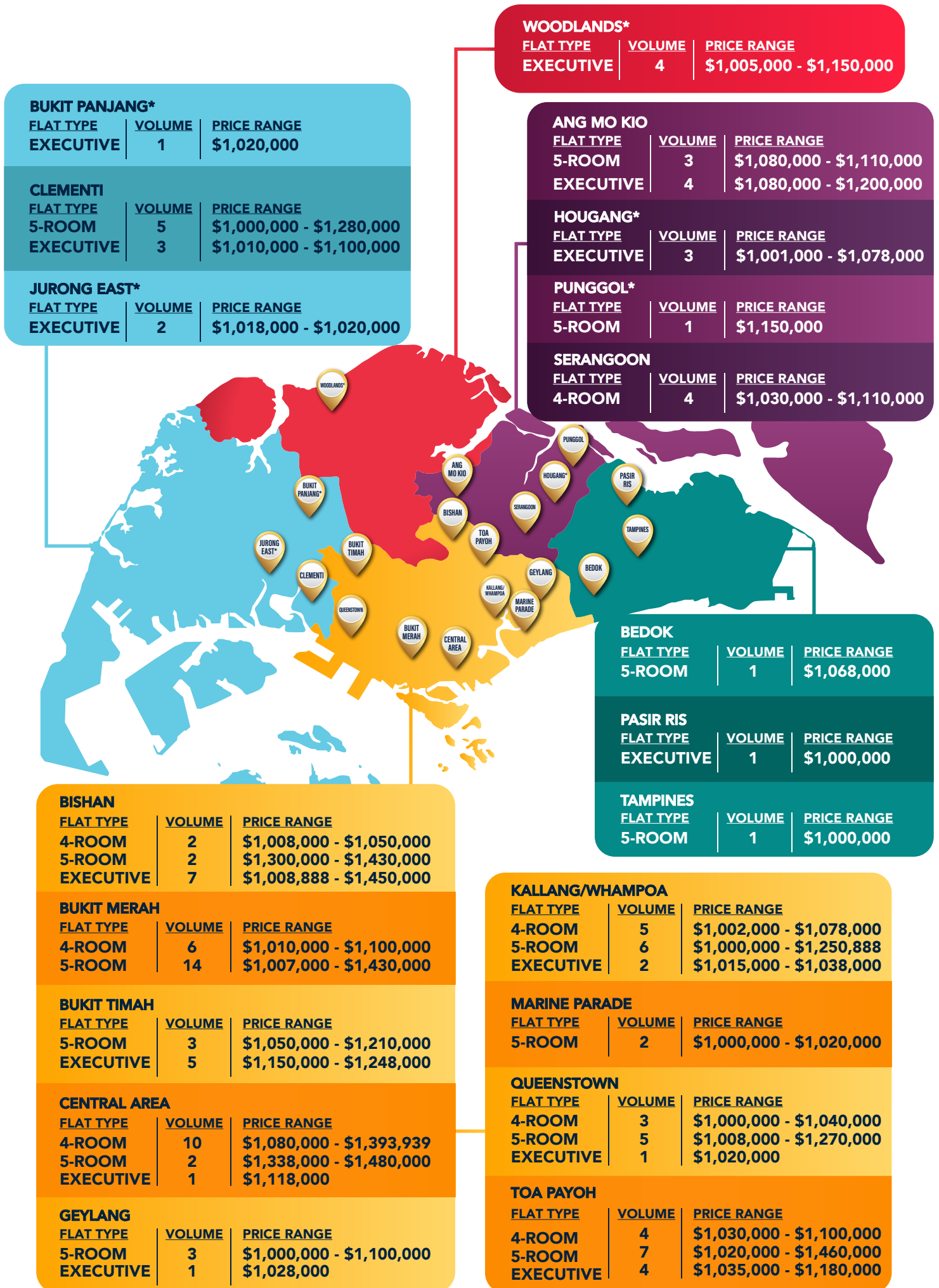
A 94 sq m 4-room flat on level 49 to 51 at Pinnacles@Duxton was sold for a record \$1,394 psf in August 2023.

Bukit Panjang recorded its first million dollar flat in September 2023. The 127 sq m executive apartment on level 28 to 30 at Blk 181 Jelebu Road has 78 years remaining on its lease. It is right across Bukit Panjang integrated transport hub, Bukit Panjang Plaza and Hillion Mall which may explain the high price paid for the flat.

A 172 sq m executive maisonette (EM) at Blk 278 Bishan St 24 was sold for a record \$1.45 million in September 2023. This is the most expensive EM sold to date. There are only 8 EM in Blk 278 and the rarity is one reason for the record-breaking price.



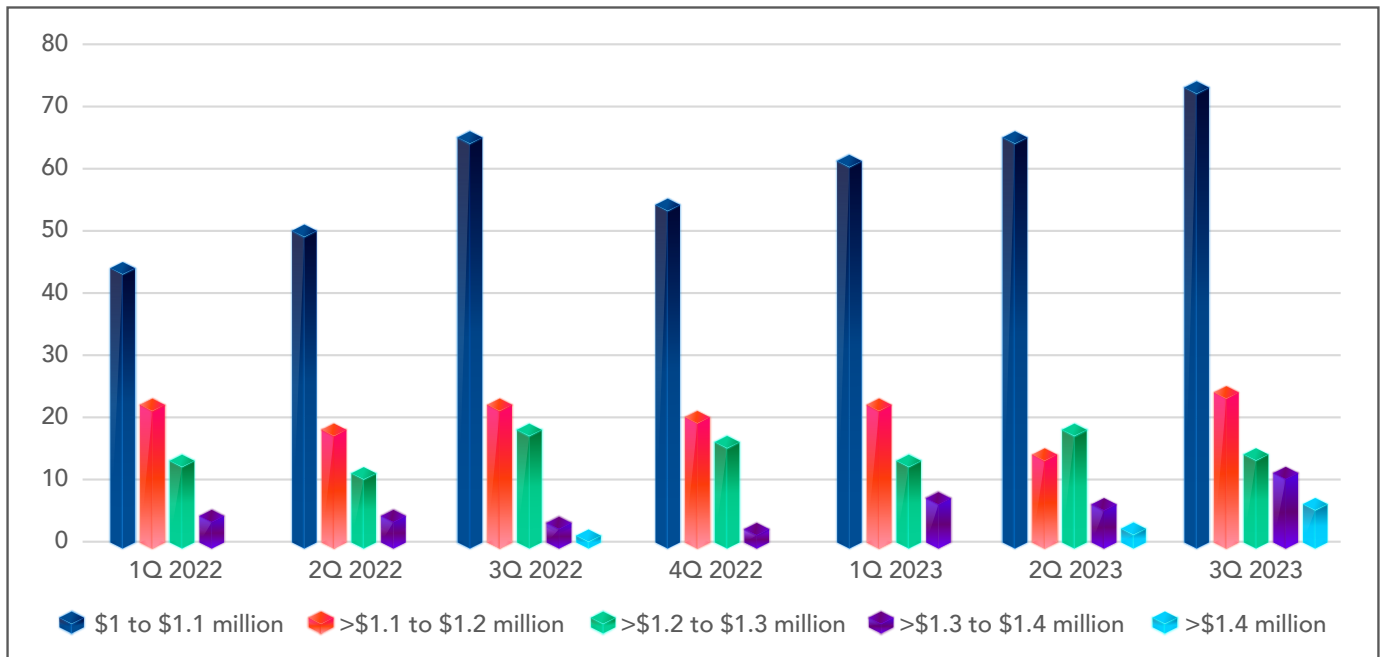
Map 2: Location of Million-Dollar Flats in 3Q 2023



* non-mature estates

More than half of the million-dollar flats transactions were in the price range of \$1 to \$1.1 million in 3Q 2023. However, with more demand for resale flats in mature estates without the PLH restrictions, the number of transactions above \$1.1 million appears to be trending up.

Figure 2: Breakdown of Million-Dollar Flats by Price Range



Source: HDB, Huttons Data Analytics as of 27 Oct 2023

MARKET OUTLOOK

From 2H 2024, HDB estates will be changed to Central, North, Northeast, West and East regions instead of mature and non-mature estates. New BTO flats will be reclassified to Standard, Plus and Prime flats from 2H 2024. In the Central Region where most of the current mature estates are located, new BTO flats will be Plus and Prime and come with restrictions on resale.

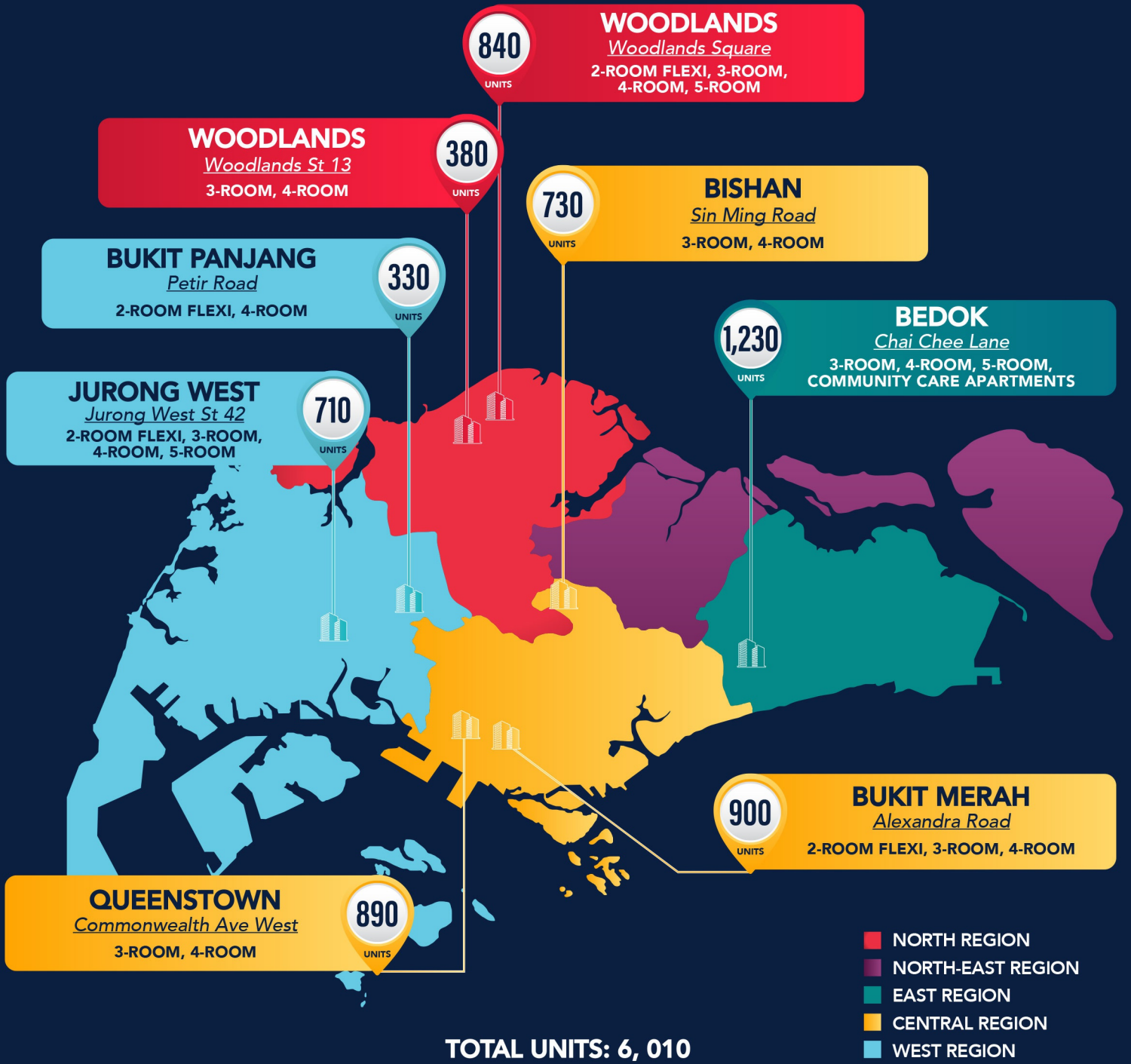
HDB will launch around 6,000 BTO flats in Dec 2023. This will bring BTO supply to around 23,000 in 2023 which is similar to 2022. While there may be applicants who are put off by the penalties for non-selection of flats, there may be applicants who want to secure a BTO flat in mature estates before the new classification kicks in from 2H 2024. The interplay of these factors may not see a significant impact on the resale market.

According to HDB, almost 18,000 flats have been completed in the first nine months of 2023. There will be more completion of BTO flats and private homes in the coming months. HDB owners who are moving to their new homes will need to sell their existing flats thus increasing the supply of resale flats.

The increase in both BTO and resale flat supply may moderate prices in HDB resale flats to around 5% in 2023. HDB resale flat transactions are estimated to be around 27,000 in 2023.



Map 3: BTO Launches in Dec 2023



Source: HDB, Huttons Data Analytics as of 27 Oct 2023

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VINCENT SOH

R061088J

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