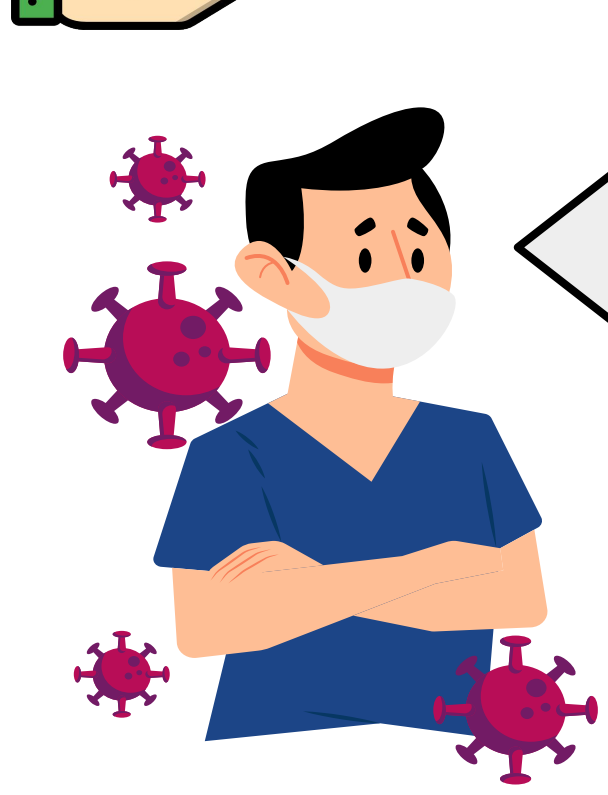


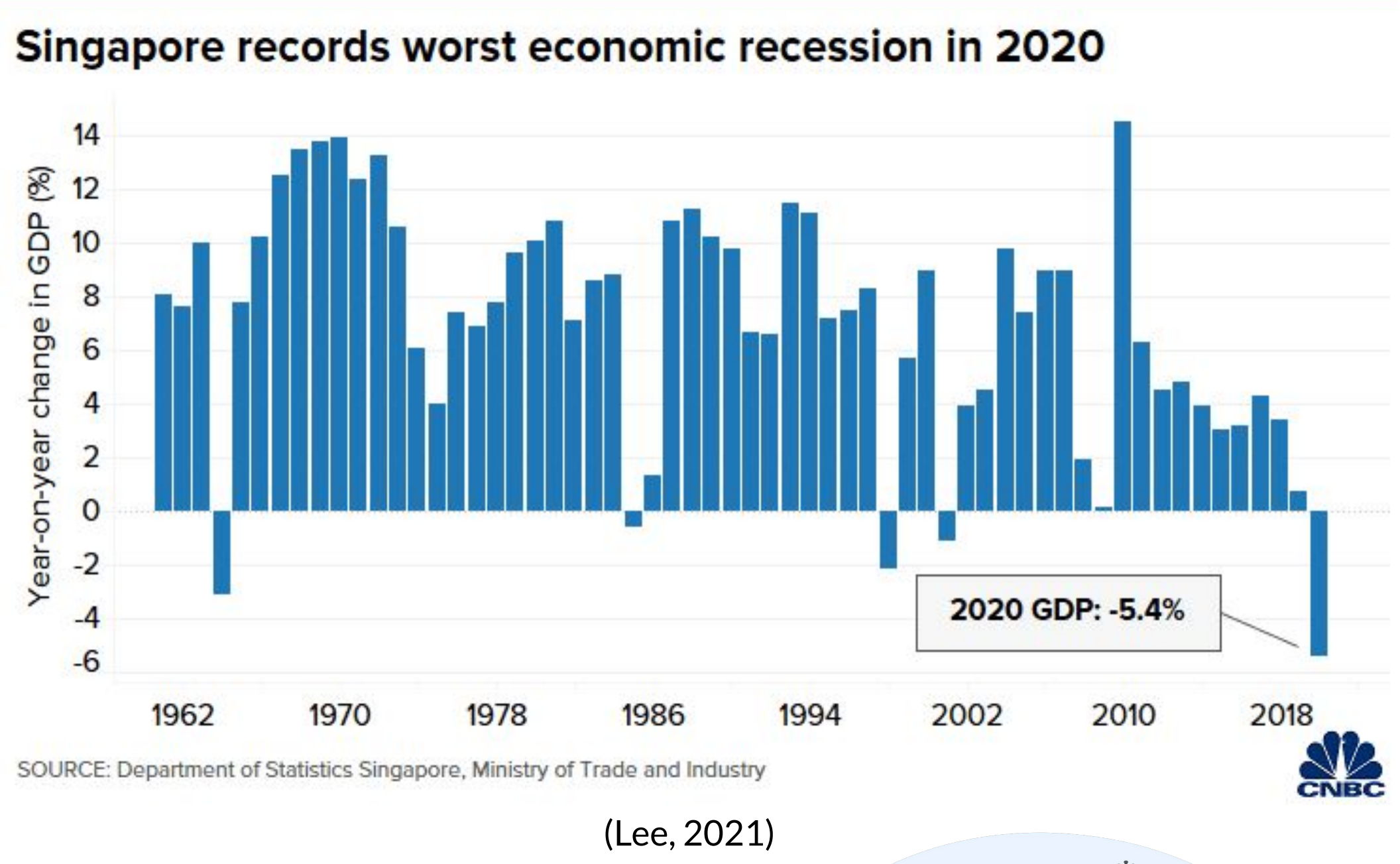
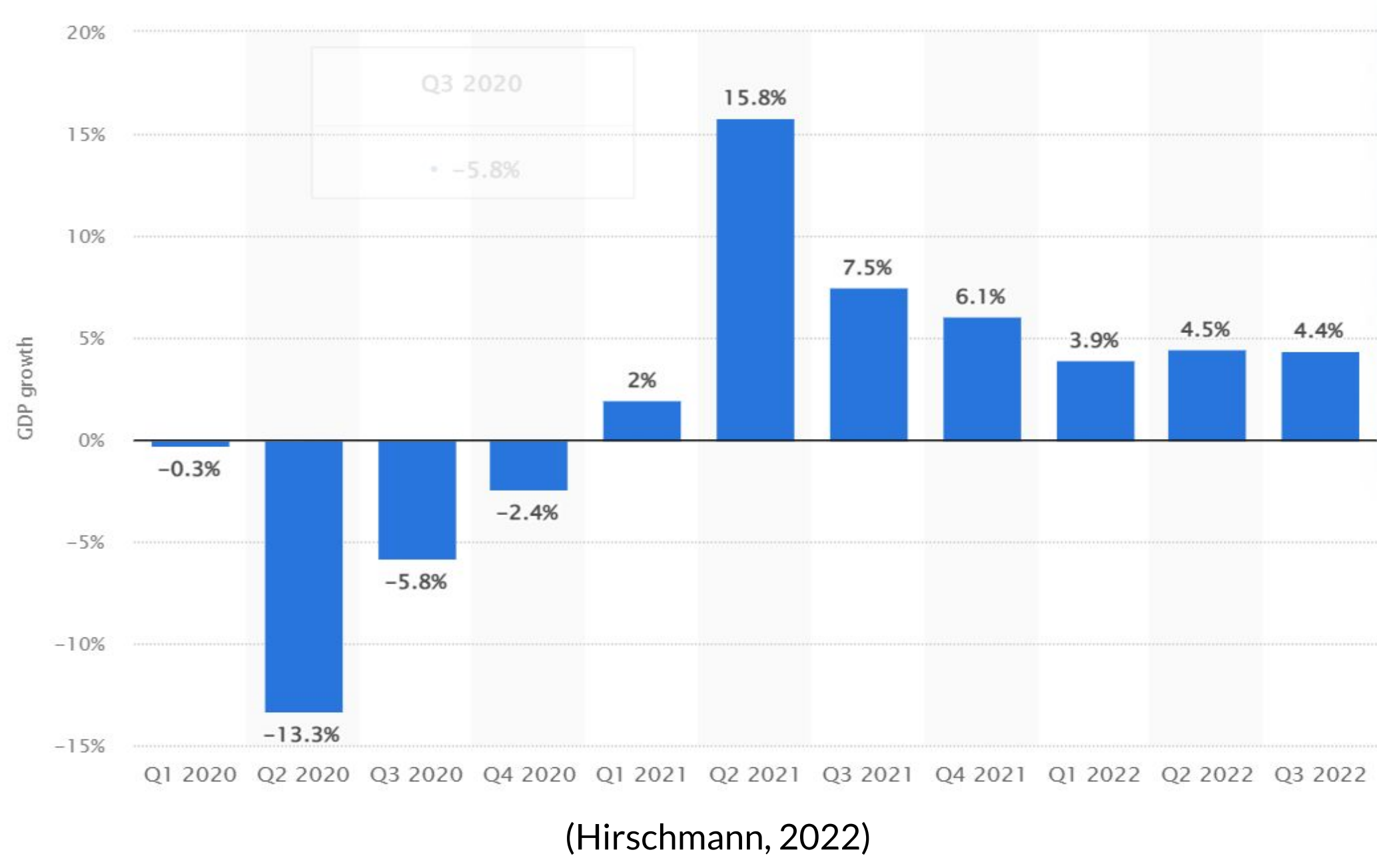
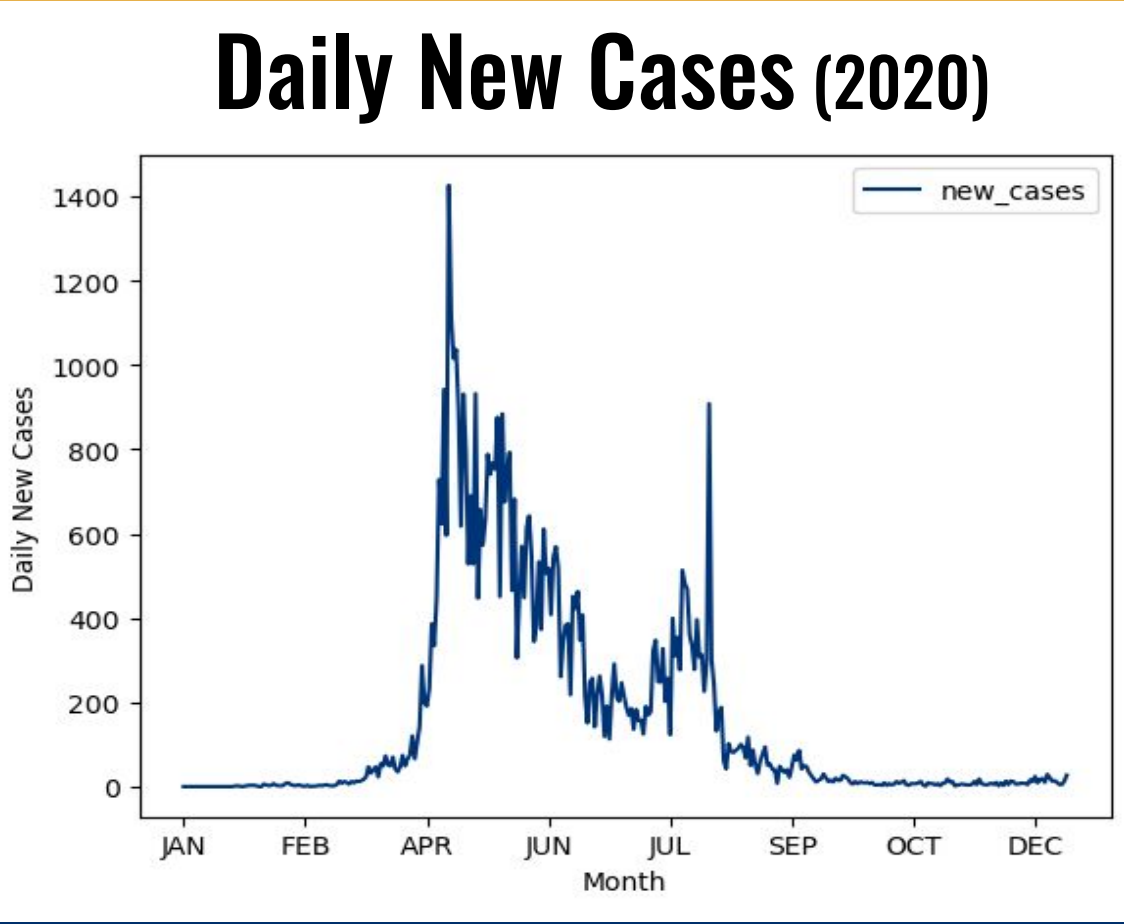
## Background Information



Singapore faced a major Coronavirus outbreak in **2020**, resulting in a surge in COVID-19 cases.

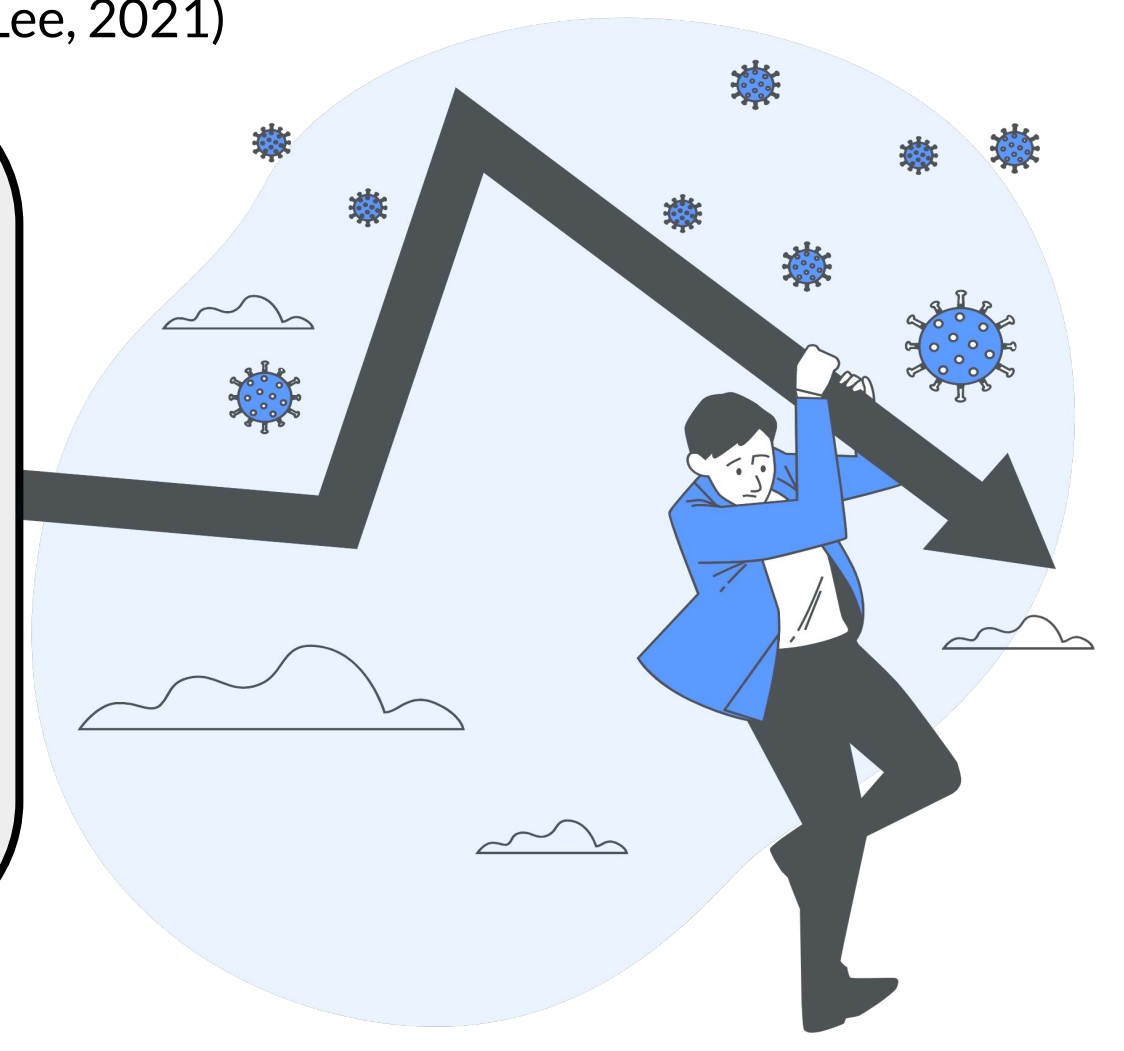
The first confirmed COVID-19 case was recorded on January 23, 2020 (Goh & Toh, 2020), and the number of cases gradually increased in the following months. The daily number of confirmed cases peaked on April 21, 2020, with **1,426 new cases**.

Moreover, with safety measures (i.e. travel bans) in place, **global economic activities have been severely disrupted**.

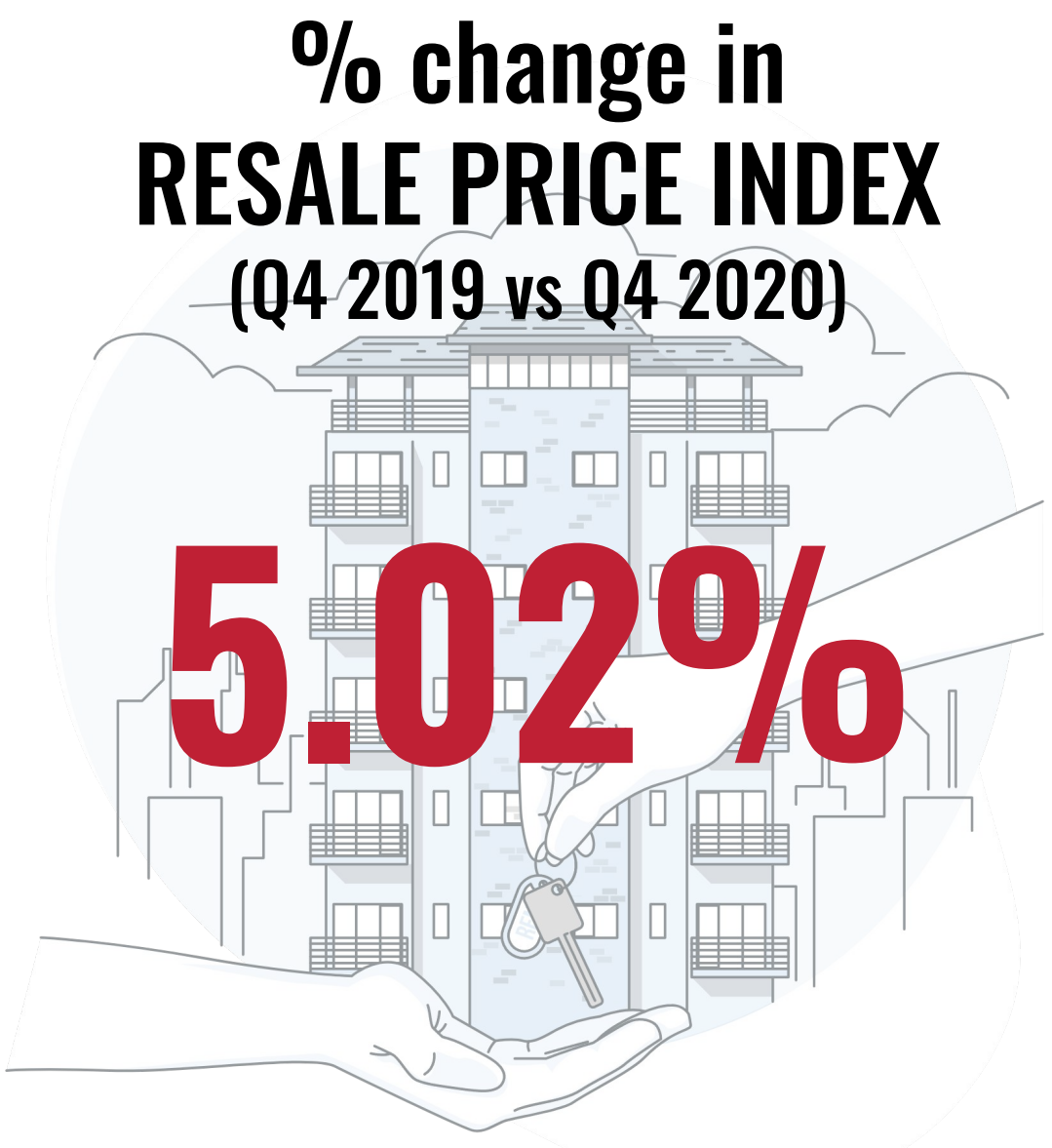


The COVID-19 pandemic had a significant impact on Singapore's Gross Domestic Product (GDP) in 2020. In **Q1 2020**, Singapore's economy experienced a **0.3% contraction**, followed by a **sharp decline of 13.3% in Q2**. This was the worst quarterly contraction on record due to the Circuit Breaker measures implemented in April to contain the virus (Leow, 2022).

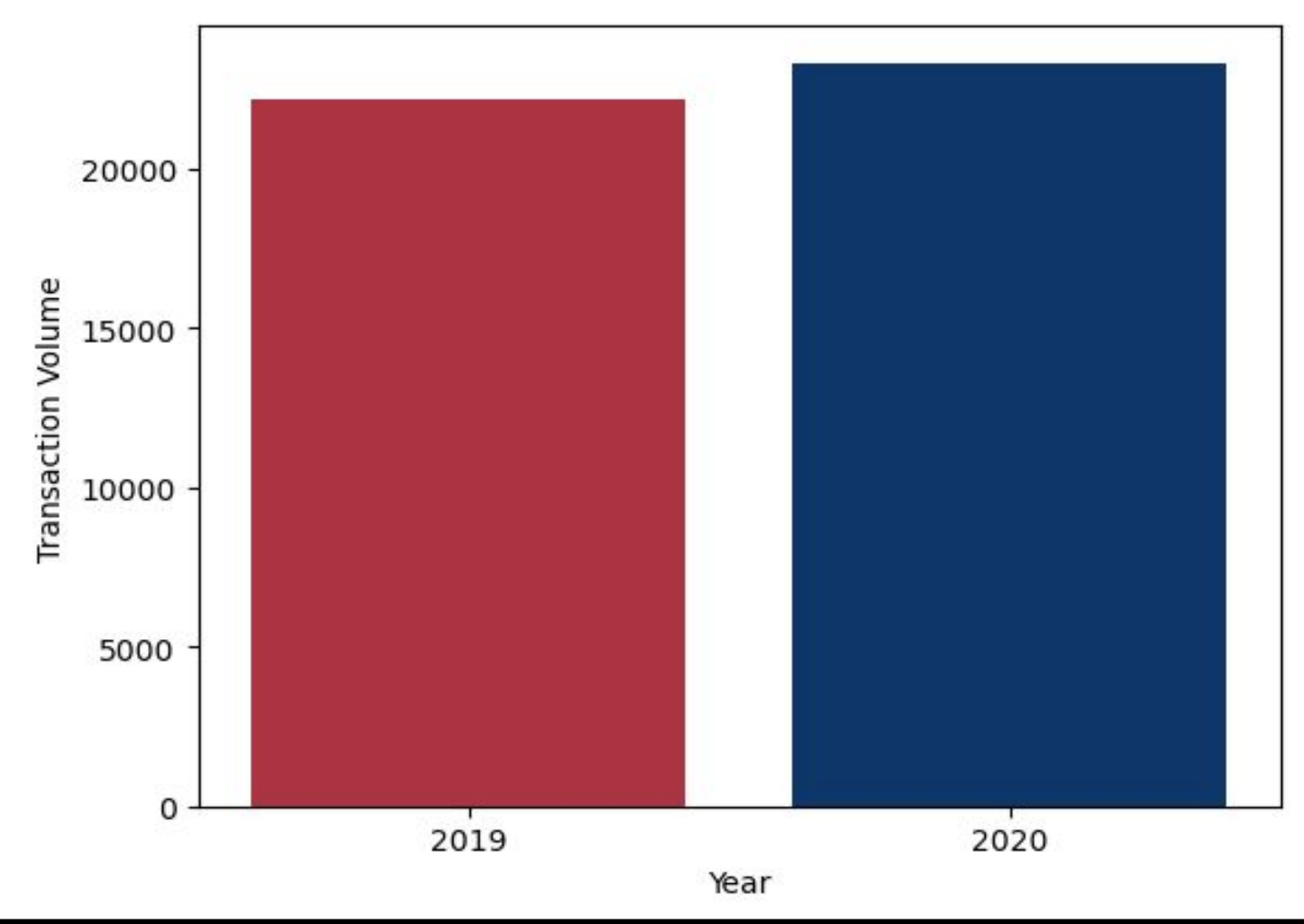
In **Q3**, Singapore's economy gradually recovered with a **gentler 5.8% decline**, following the lifting of restrictions and reopening of the economy. This was largely due to improved performance of the manufacturing, construction, and services sectors (Stephen, 2020). The recovery continued in **Q4 with a 2.4% decline**. Despite the rebound, the economy remained in negative territory, with an **overall contraction of 5.4%** year-on-year for the full year of 2020.



## Let's take a look at the initial impact of COVID-19 on the HDB Resale Market



### Transaction Volume of HDB Resale Flats (2019 vs 2020)



The resale price index showed an **upward trend in resale flat prices** in 2020, with an **increase of 5.02%** observed from Q4 2019 to Q4 2020. This can be attributed to the delay in completion of BTO flats due to the safety measures implemented. During the pandemic, approximately 85% of new projects have been postponed by 6-9 months. As such, around 43,000 households will receive their BTO flats late (Tan, 2021), leading to an increase in demand for resale flats instead.

The increase in transaction volume can be partially attributed to **government measures**. An example would be the **Job Support Scheme (JSS)** which was introduced in February 2020, providing wage support for employers to retain their local employees (IRAS, n.d.). As a result, some buyers **gained confidence** that they have the **ability to service their housing loans**, thus resulting in an **increase in transaction volume** despite the increase in resale flat prices (Ng, 2021).

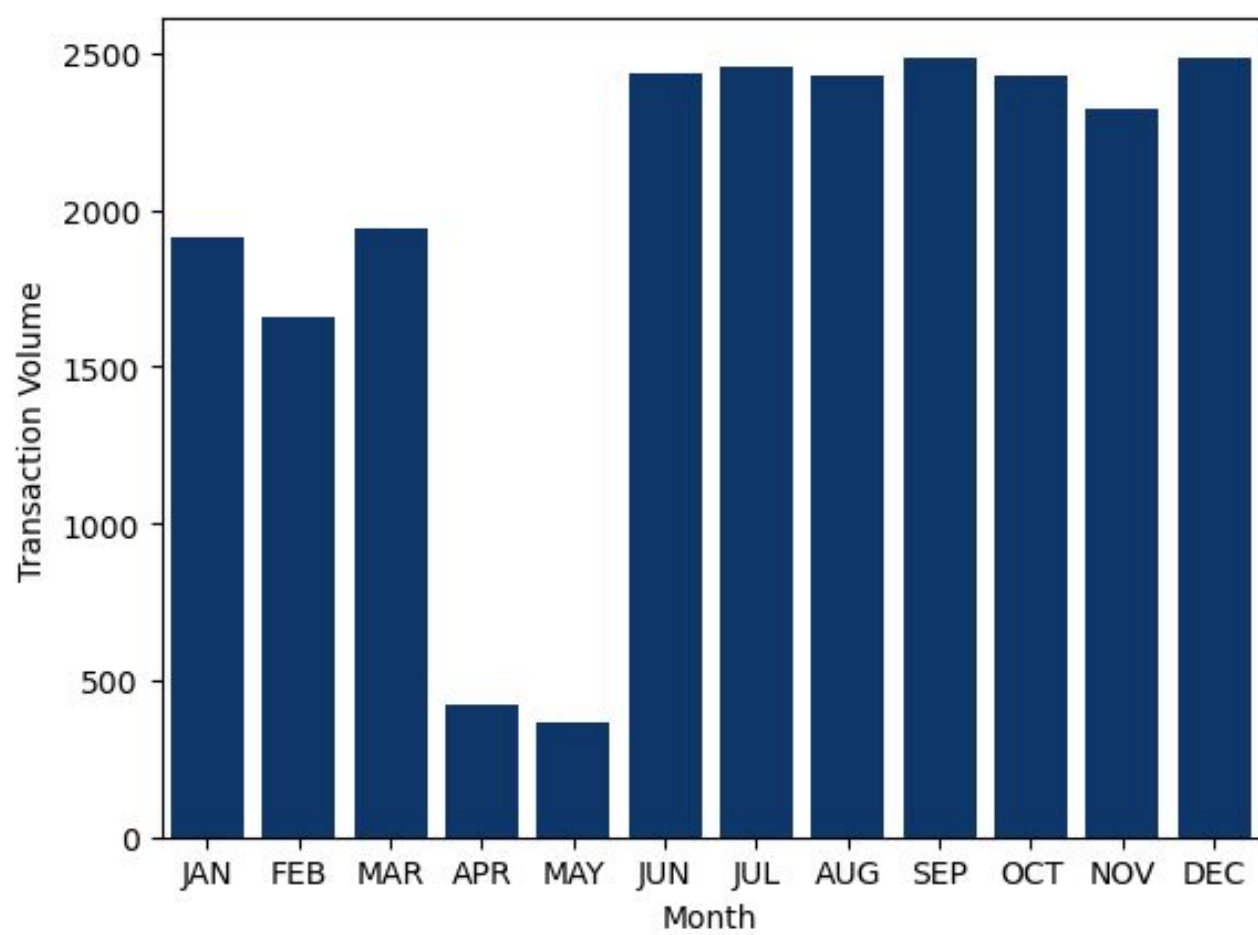


# IMPACT OF COVID-19 ON HDB RESALE MARKET



## Let's dive deeper into the HDB Resale Market in 2020

### Transaction Volume of HDB Resale Flats



A **significant decline** in transaction volume was observed in **April and May 2020**. This was mainly due to the tighter safe distancing measures that were enforced during the **Circuit Breaker** which started on 7 April 2020.

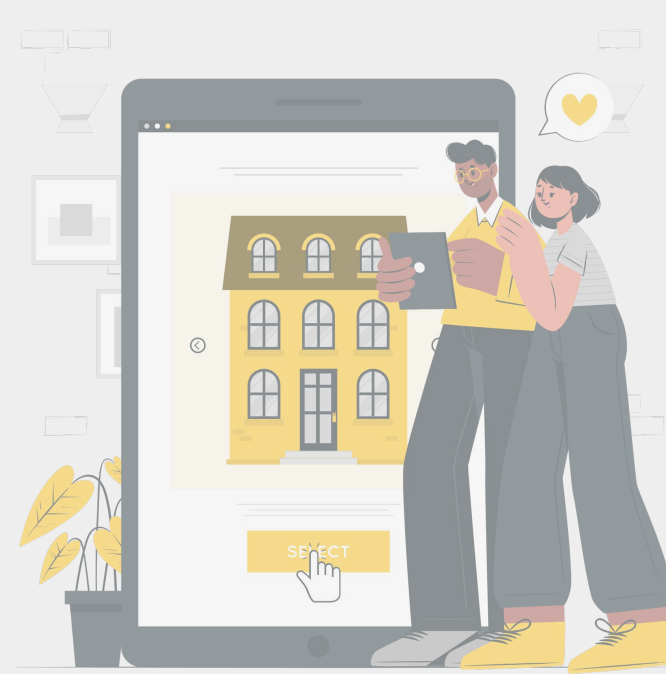
Such measures have **complicated the home-buying process** as physical house viewings were not allowed and had to be conducted through virtual platforms to assess the resale home's condition (Yong, 2020).

As people were **unfamiliar** with virtual house viewings and preferred physical house viewings, it resulted in the **drop in transaction volumes during Q2 of 2020** (PropertyGuru, 2020).

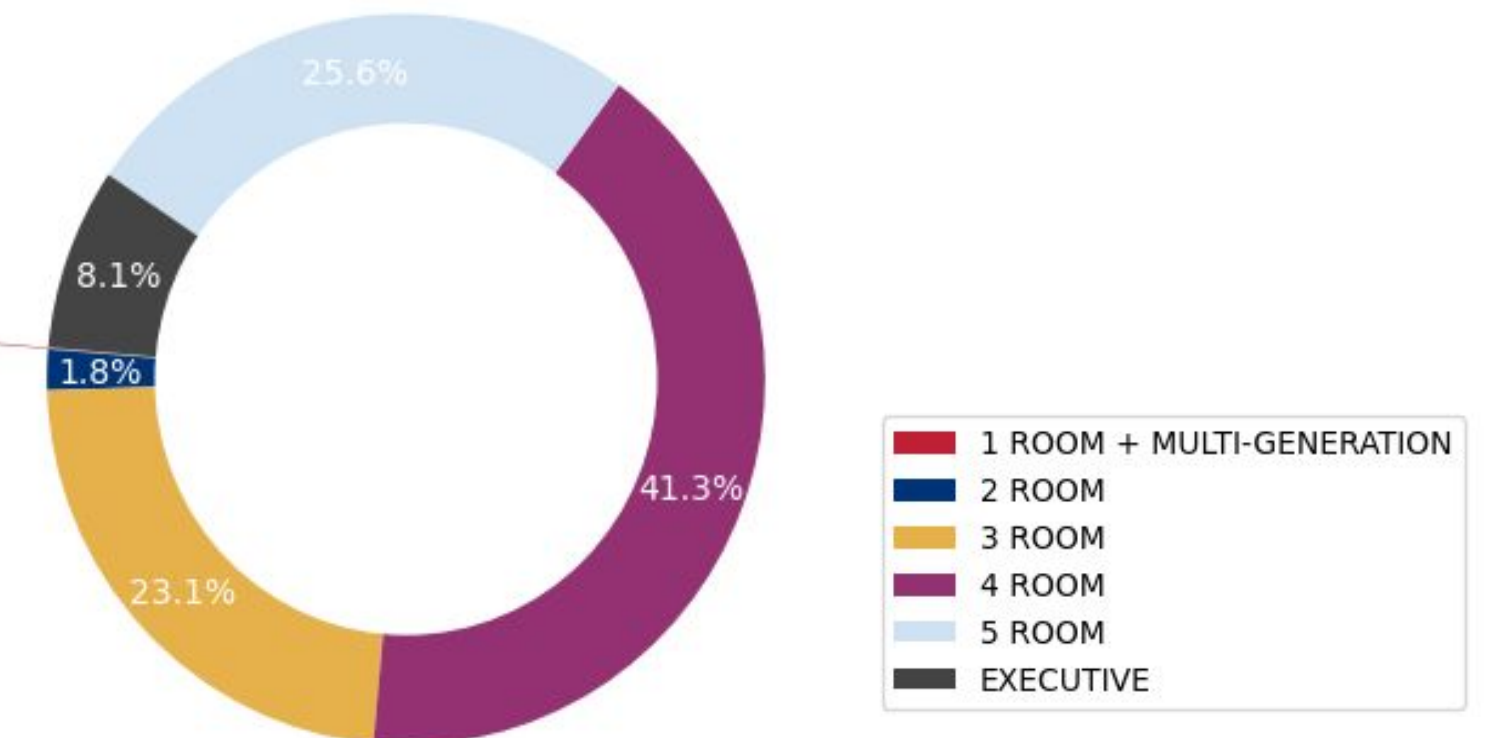


Transaction volumes of **4-room flats** were the highest (**41.3%**) among all flat types, with **9,647 flats sold**.

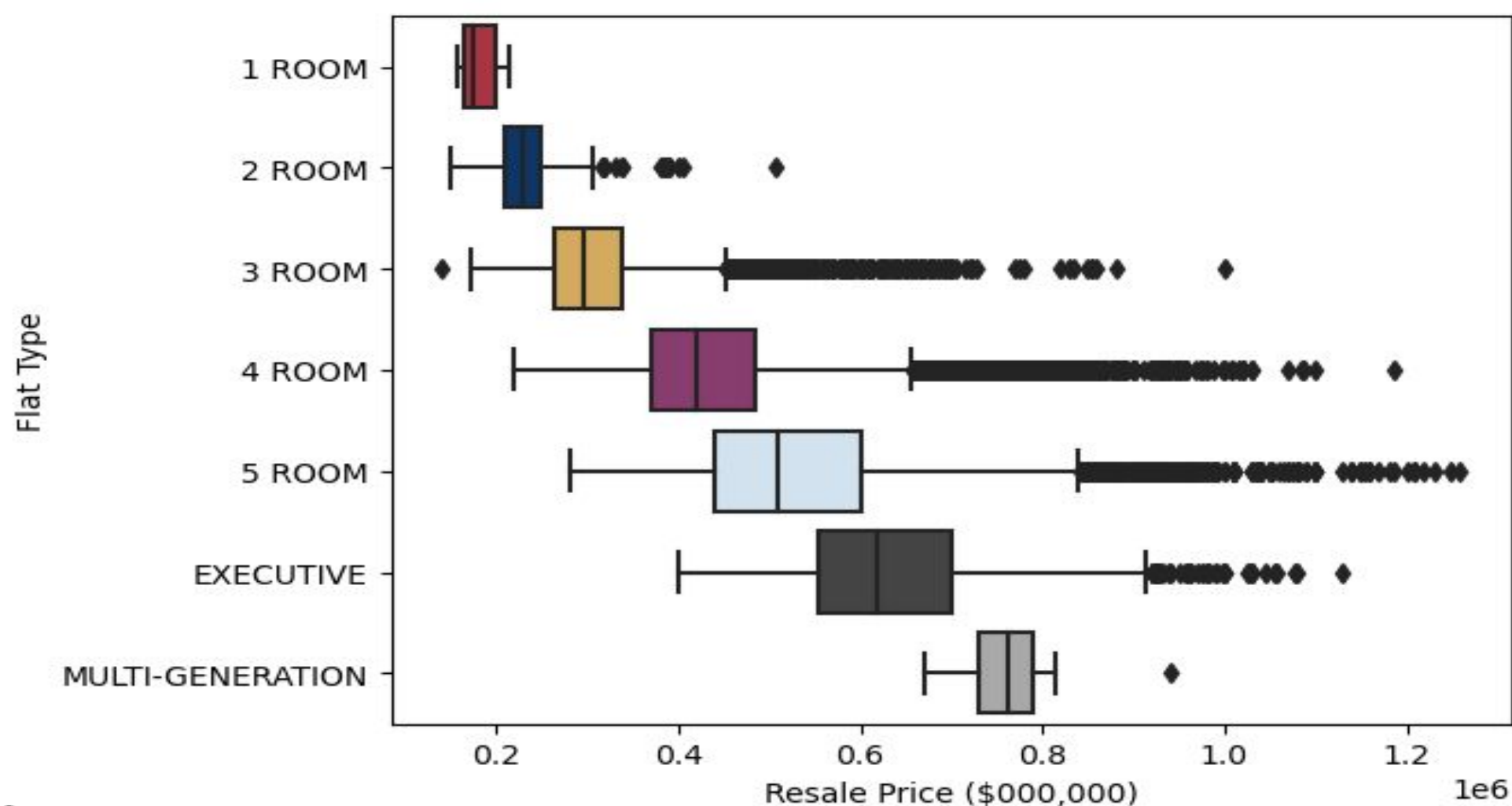
This might come as no surprise since many families were **confined to limited spaces** during the pandemic, with multiple family members working or studying from home. As the pandemic has changed the way we live and work, many have begun to reassess their spatial requirements and **the growing role that home plays in their lives** (Gafoor, 2021).



### Transaction Volume of Each Flat Type



### Prices of Each Flat Type



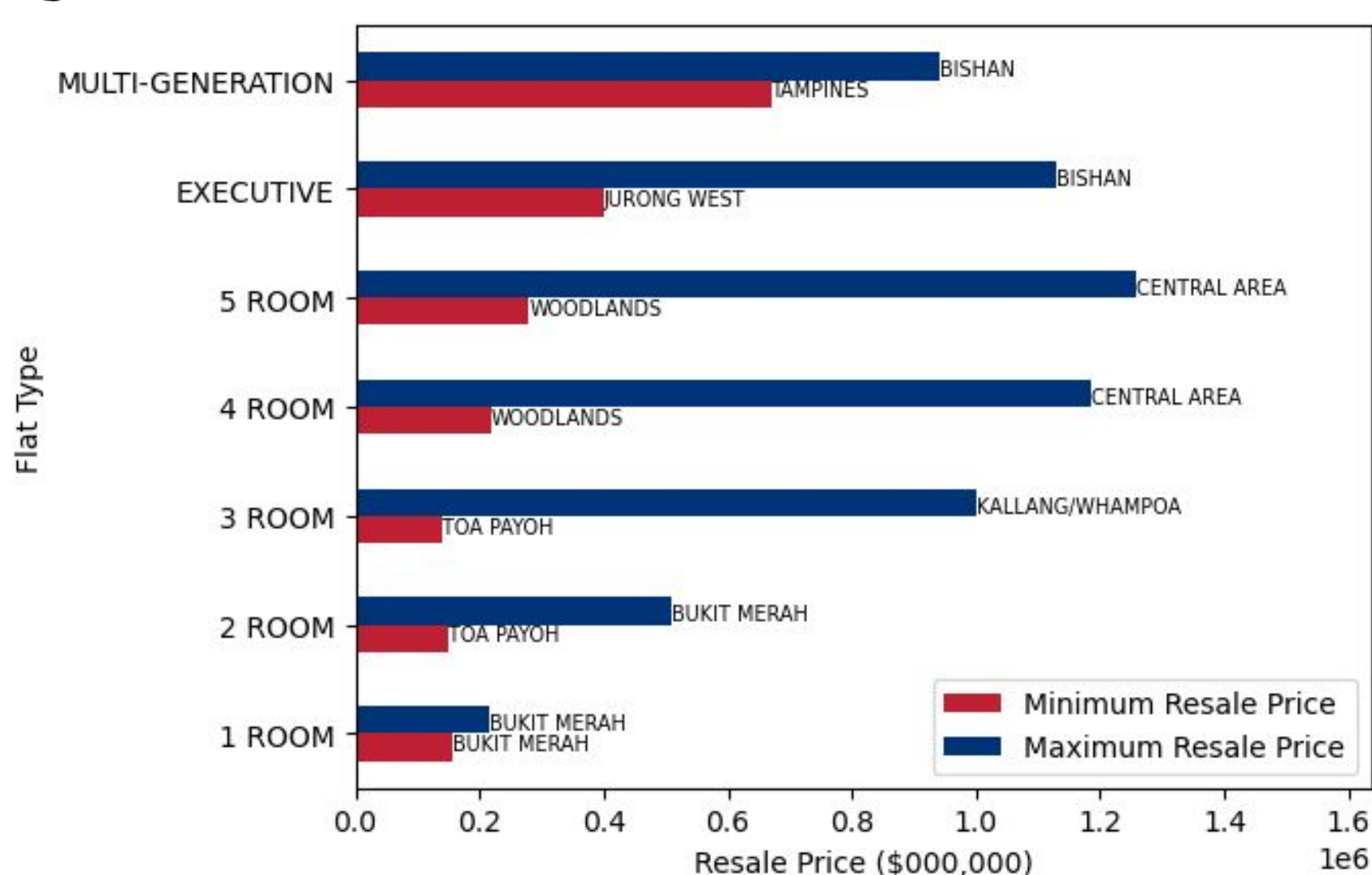
The coloured boxes of the boxplots represent the **spread of prices of each flat type**.

We can see that the prices of most flat types have the tendency to **vary** from the distribution pattern, thus causing the **outliers** observed.

This shows that apart from the pandemic, the prices of the flats are also **dependent on many other factors**, such as location and remaining lease. Hence, it is important to take those factors into consideration when making decisions relating to the purchase of resale flats.



## Did you know?



### Highest and Lowest Resale Prices based on Flat Types and Towns

As seen on the left, **Toa Payoh** has the cheapest 2 and 3-room resale flats in 2020. However, you may be wondering how it is possible that **2-room resale flats cost more than 3-room flats** in Toa Payoh.

Though such situations may be rare, it is possible and could be due to the **remaining lease of the flat**, where newer flats are typically priced higher (PropertyGuru, 2022).



- Despite the **complicated home-buying process**, the overall demand for resale flats continued to **increase** during the COVID-19 pandemic due to **government measures** such as the Job Support Scheme (JSS).
- The COVID-19 pandemic prompted Singaporeans to seek **larger resale flats** to accommodate for both **home-based learning** and **work-from-home** arrangements.

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