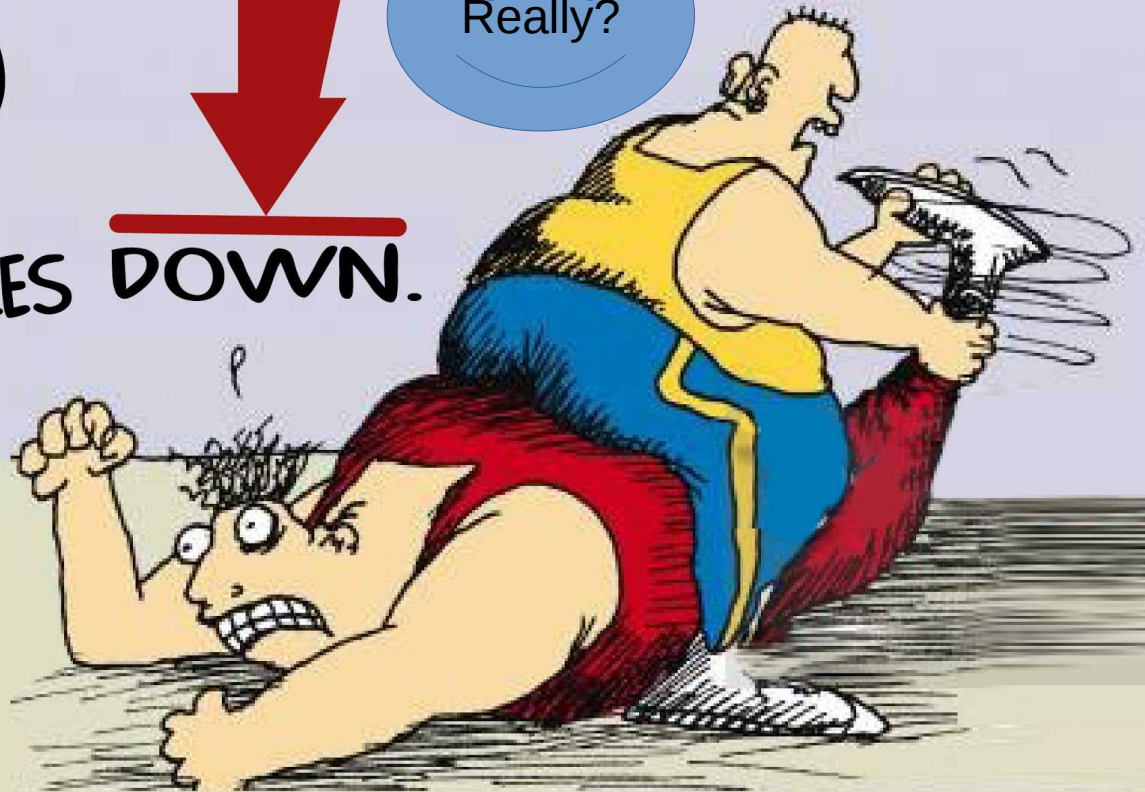


# Resale HDB prices

**BTO**  
KEEPS **HDB** PRICES DOWN.



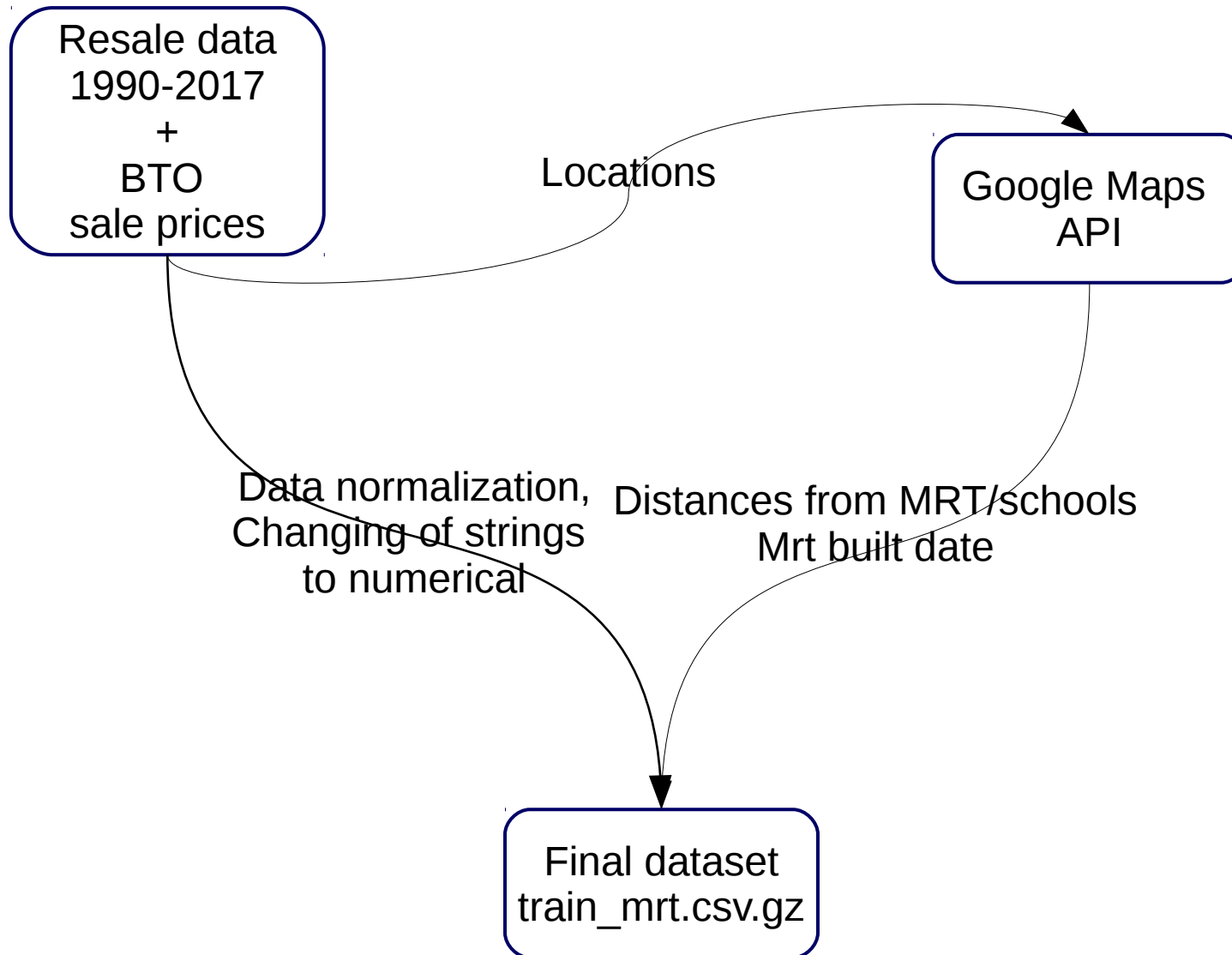
SRX Property



# Data sources

- <https://data.gov.sg/dataset/resale-flat-prices>  
from year 1990-2017
- Google maps API data for geospatial coordinates
- Wikipedia for MRT and primary school data

# Data processing



# File list

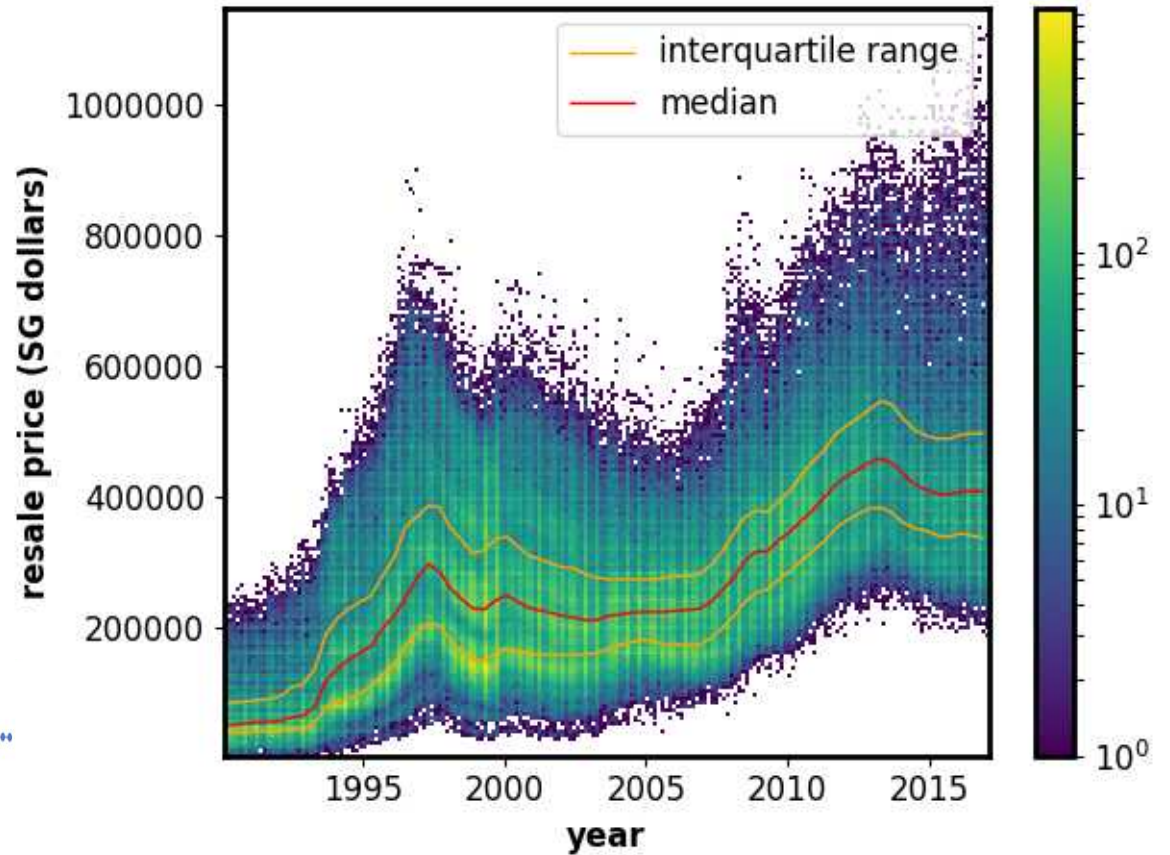
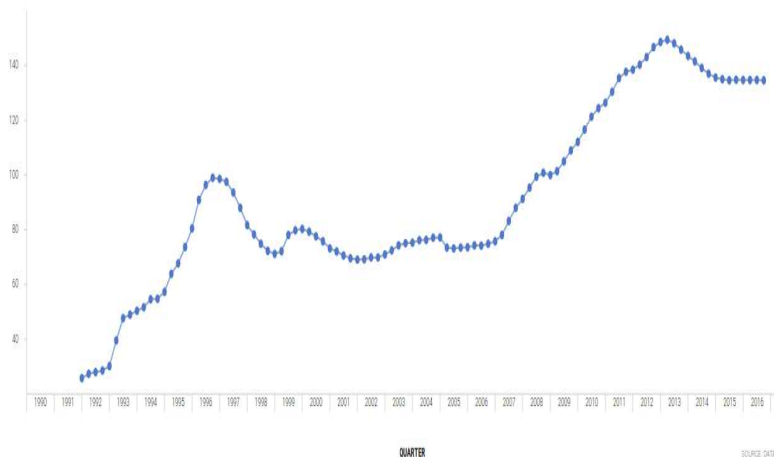
- Initial data file  
resale-flat-prices-based-on-approval-date\*.csv
- MRT/Primary school location files  
Primary\_school, mrt\_date.csv, where.data\_mrt
- Preprocessed files  
train\_mrt.csv.gz
- Scripts  
notebook\_preprocess.ipynb  
notebook\_analysis.ipynb

# Why study HDB prices

- HDB is the largest expense in many people's life
- Study how prices of HDB changes over time
- Learn about the overall trend of HDB prices over the past 40 years

# General Prices of HDB

- General trend similar to one reported by gov.data.sg (below)



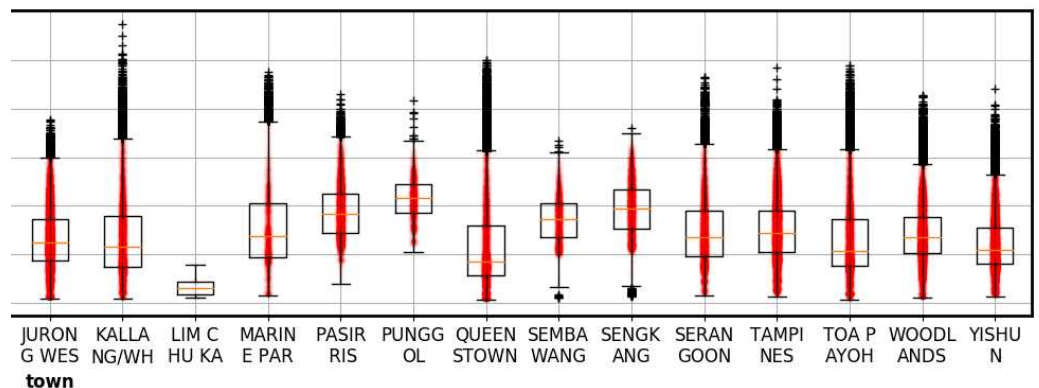
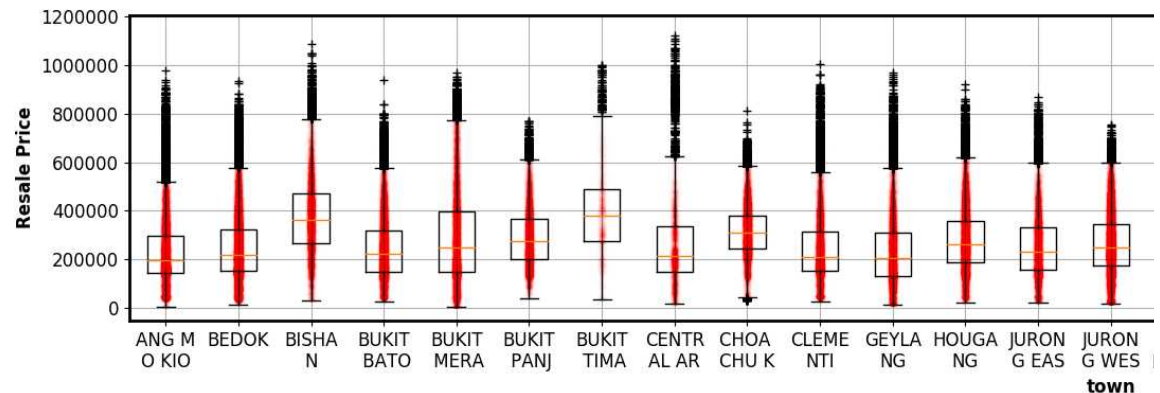
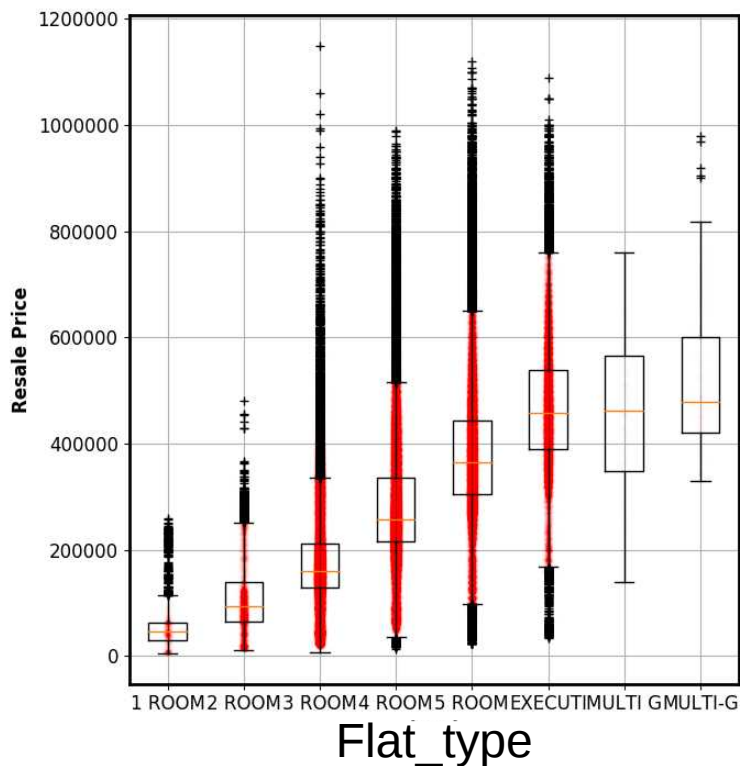
# Main predictors of HDB flats

- Variables are month of sale, HDB town, flat type, block, street name, level of flat, floor area, lease commence date, nearest MRT, consumed lease length, distance to MRT
- Correlation of numerical variables show that floor area and month of sale are most important numerical factors with pearson coefficient of 0.65 and 0.58 respectively.

```
>>> train[['month', 'storey_range', 'floor_area_sqm', 'dist_nearestMRT', 'Time_sinceMRTbuilt', 'lease_length', 'resale_price']].corr()['resale_price']
month                0.579766
storey_range         0.174023
floor_area_sqm       0.650346
dist_nearestMRT      0.021082
Time_sinceMRTbuilt   0.295540
lease_length         -0.033021
resale_price         1.000000
Name: resale_price, dtype: float64
```

# Most important categorical variables

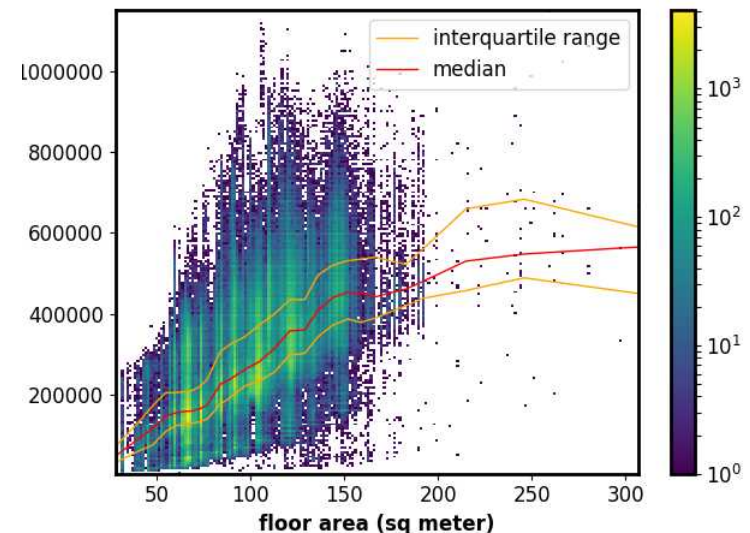
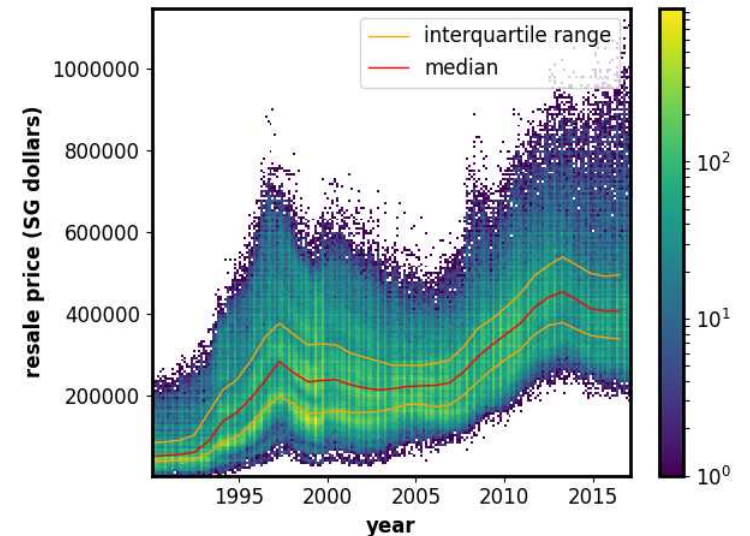
- Flat type and town were import variables
- I will ignore flat type for this study and focus on town





# Normalizing the price across years and floor area

- Prices are dependent on inflation and economic climates, we need to normalize across different years.
- Normalized price by area and median resale price per month to get relative price across years

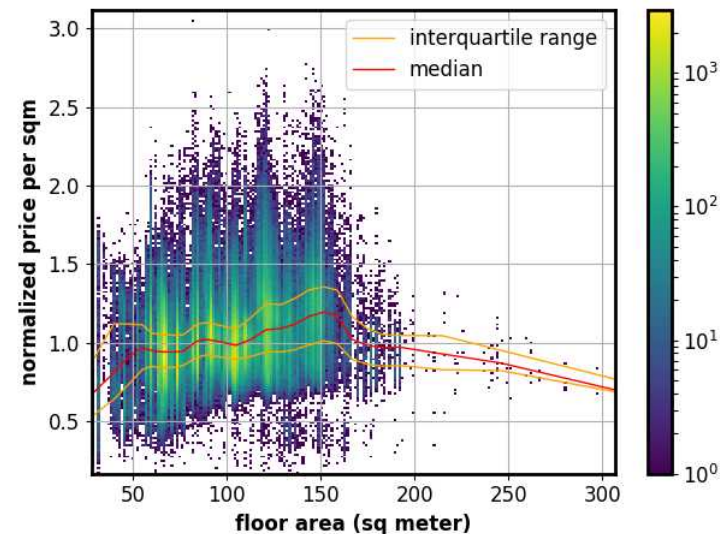
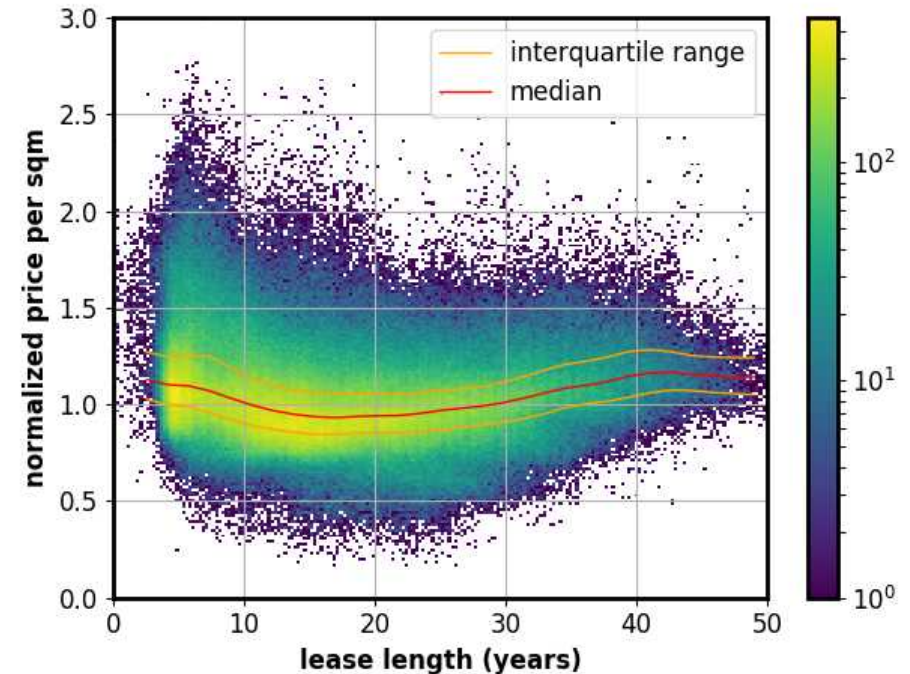


$$\text{Normalized Price}_{\text{month}} / \text{sqm} = \frac{\text{resale value}}{\text{floor area} * \sum_{\text{month}} \text{resale value} / n}$$

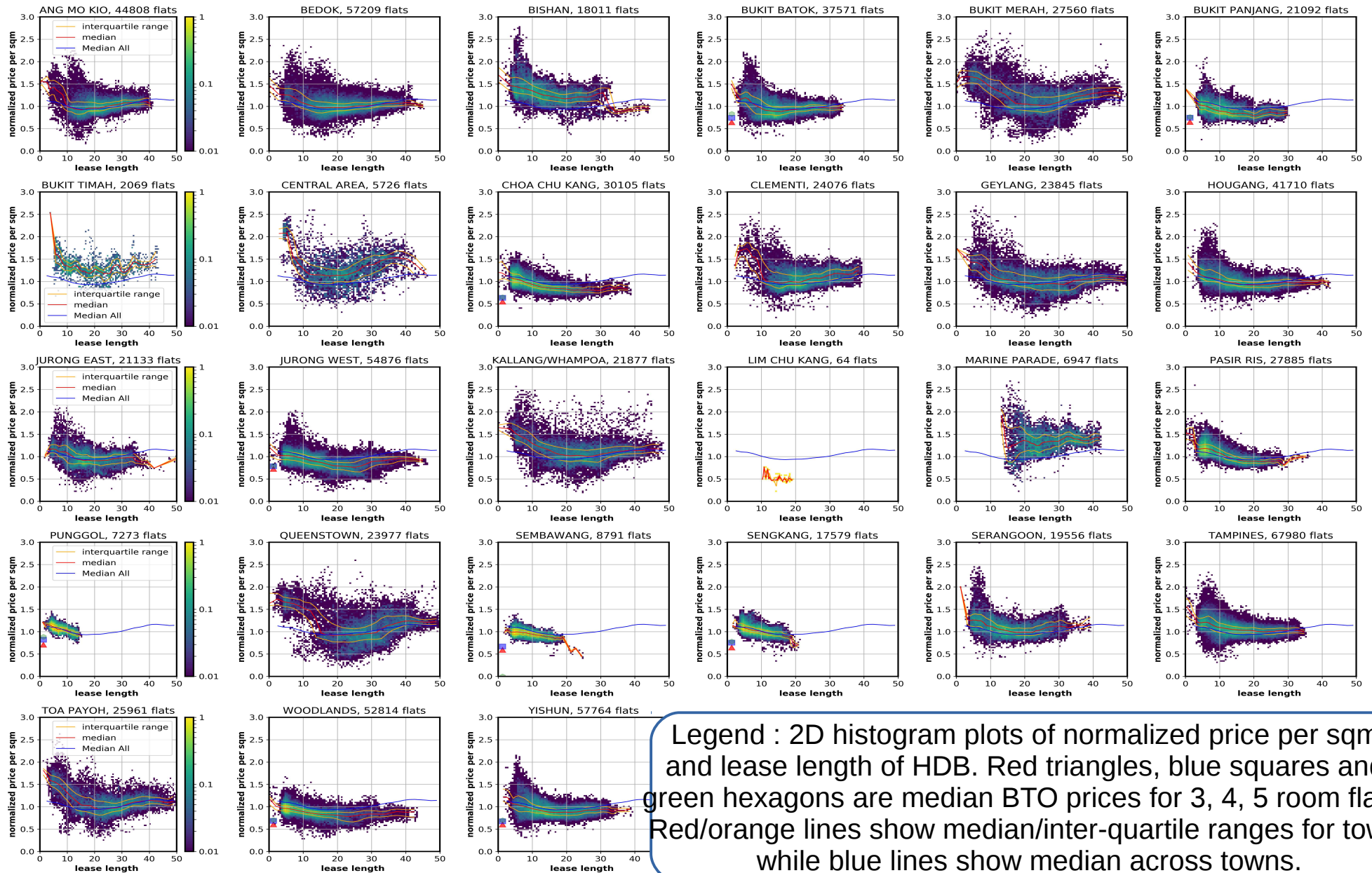
Average resale price for Month

# Normalized price per sqm over time

- Peak Prices at 5 year mark and lowest at 20 year mark accounting for inflation and floor area.
- Older flats above 40 years are sold for higher prices than new flats
- Larger flats are more expensive per sqm, but I have decided to concentrate on other factors instead.



# Normalized price per sqm over time (by town)

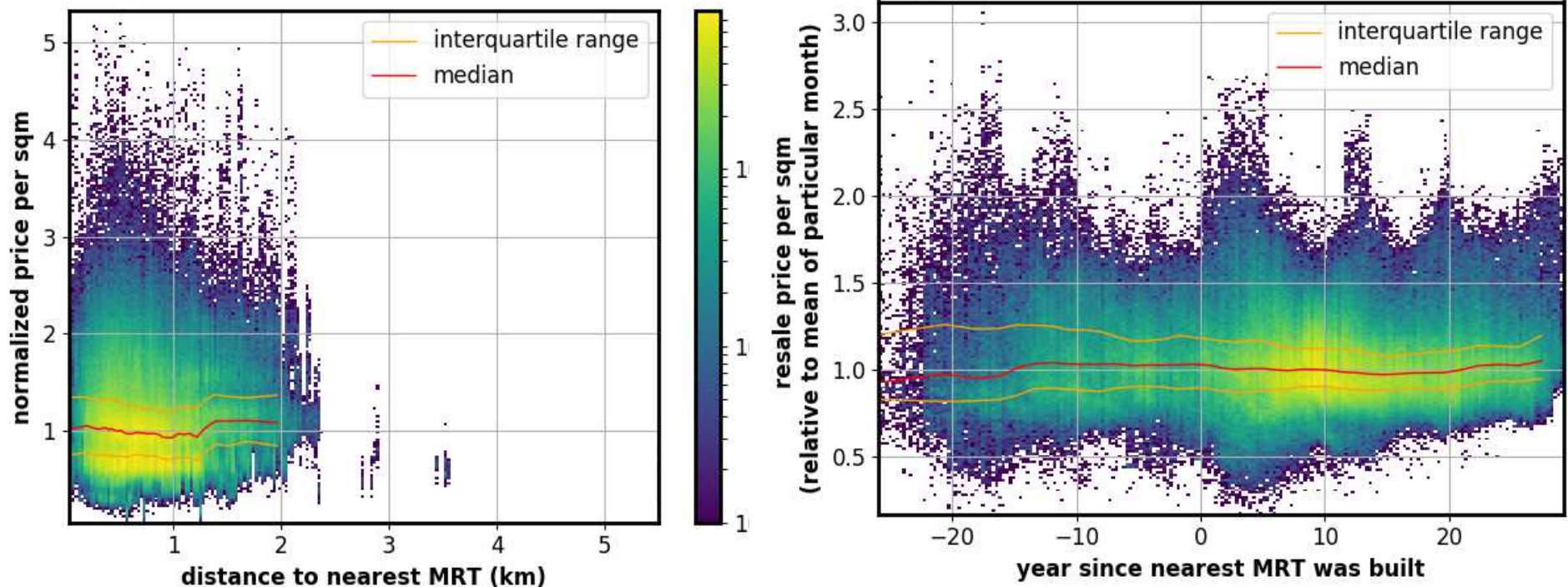


# How do flats fare in pricing

- BTOs are lower than most resale flats even comparing with rock bottom prices at 20 year lease.
- Newer estates like Punggol and Sembawang Sengkang show much less variability compared to most mature estates like Ang Mo Kio, Toa Payoh and Queenstown.



# MRT effect on HDB prices



- Building of MRT and distance to MRT does not impact prices per sqm.
- Houses further from MRT are generally more expensive

# Applications of Study

- Investigate trends of data using a normalized measure taking into account inflation and HDB sizes.
- This metric found that relative HDB prices are lowest at twenty years and increases henceforth.
- Future resale prices can be forecasted by obtaining the unnormalized (formula below) price after getting an expert estimate of the mean resale price.

$$\text{Normalized Price}_{\text{month}} / \text{sqm} = \frac{\text{resale value}}{\text{floor area} * \sum_{\text{month}} \text{resale value} / n}$$

Average resale price of Month can be estimated by experts  
This is affected by economic factors and gov policies

# Limitations of data

- Current data is based on resale data, which is not truly representation of entire HDB data.
- Size of BTO flat was estimated using medians since it was not given. The prices per sqm meter are thus also estimates.
- It is known that larger HDB flats cost more per sqm meter, this was not taken into account when plotting the prices per sqm per town.

# Appendix: Have HDB sizes shrank ?

- HDB flat sizes not shrinking: Khaw Boon Wan

*“My comment at that dialogue was in response to a question. I was purely stating that HDB plans (flat sizes) based on certain design norms, and as far as I know, it has not changed for the past 15 years,”*

*Posted by temasektimes on June 13, 2012*



# Appendix: HDB resale data

- Taking 15 years back, to 1998 (purple line)
- Flat sizes have been decreasing since 1998, with the decrease mainly from 1998 to 2001
- Flat sizes have not decreased for 10 years since 2001-2012

