



# Predicting HDB Resale Prices

Getting the most bang for your buck.



# Background

Newly-weds often face difficulty in securing an affordable flat from the Build-To-Order (BTO) sales exercises, with demand far surpassing supply.

“ New BTO units oversubscribed by 6.3 times in February ”

- Singapore Business Review, Jan, 2023

BTO APPLICATION RATES AND NEW FLATS LAUNCHED						
	Mature	Non-Mature	Mature	Non-Mature	Number of flats Launched	Number of Applicants
Year	Average First Timer Application Rate		Average Second Timer Application Rate			
2012	2.4	1.5	29.3	15.1	27084	76321
2013	3.7	1.3	43.2	6.3	26494	79070
2014	3.5	1.1	31.9	3.3	22455	67300
2015	5.2	1.5	46.0	3.2	15100	48557
2016	3.1	1.7	28.2	3.8	17891	56271
2017	1.7	1.3	15.3	3.5	17584	40875
2018	2.6	2.1	18.8	6.8	15811	40763
2019	5.5	2.2	58.9	5.3	14591	53618
2020	4.1	3.2	54.3	9.9	16752	91366
2021 <sup>#</sup>	4.7	4.2	65.4	15.6	15344	102130

“ Bigger BTO flats in Serangoon draw more than 13 first-timer applicants for each unit on offer ”

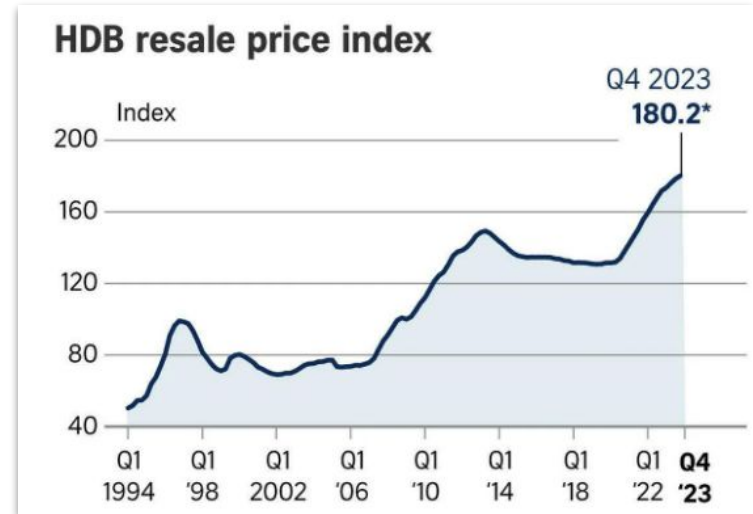
- The Straits Times, June 9, 2023

## Background

As demand for BTOs remain consistently high, newly-weds often turn to the next subsidised alternative; **Resale Flats**. However, in recent years, flat prices have been **volatile**, breaking new ground with **high prices**.

“With that, the year saw 25 per cent more million-dollar flats sold compared to the whole of 2022,” said Hakim of 99.co. ”

- The Business Times Jan 08, 2024





## Problem Statement

“Resale price growths were also generally “more muted or lower” as buyers “remained cautious due to inflationary and affordability concerns”, she added.” - Channel News Asia, 02 Jan 2024

As young couples are eager to move into new homes while often having limited buying power, we aim to offer a second opinion/ advise on the range of flat prices for your next flat and key flat features to look out for; to ensure that newly-weds are not overspending, but snatching a great deal with more confidence.

Accuracy of advised price:  $\sim \pm S\$40,000$



## HDB Features at a Glance (Influencing Price)\*

Characteristics	Definition
Age of flat	Number of years since lease start date at point of sale
Flat area	Floor area of the resale flat unit in square feet
Flat model	HDB model of the resale flat e.g. Terrace, maisonette, DBSS
Flat type	Type of the resale flat unit, e.g. 1 - 5 room flats, executive
Location	Planning area that the flat is located
Amenities	Number of hawker centre stalls, markets within 5km

\*Pricing considerations: advised resale flat prices are based on analysis of resale flat transactions from 2012 to 2019, measured in SGD



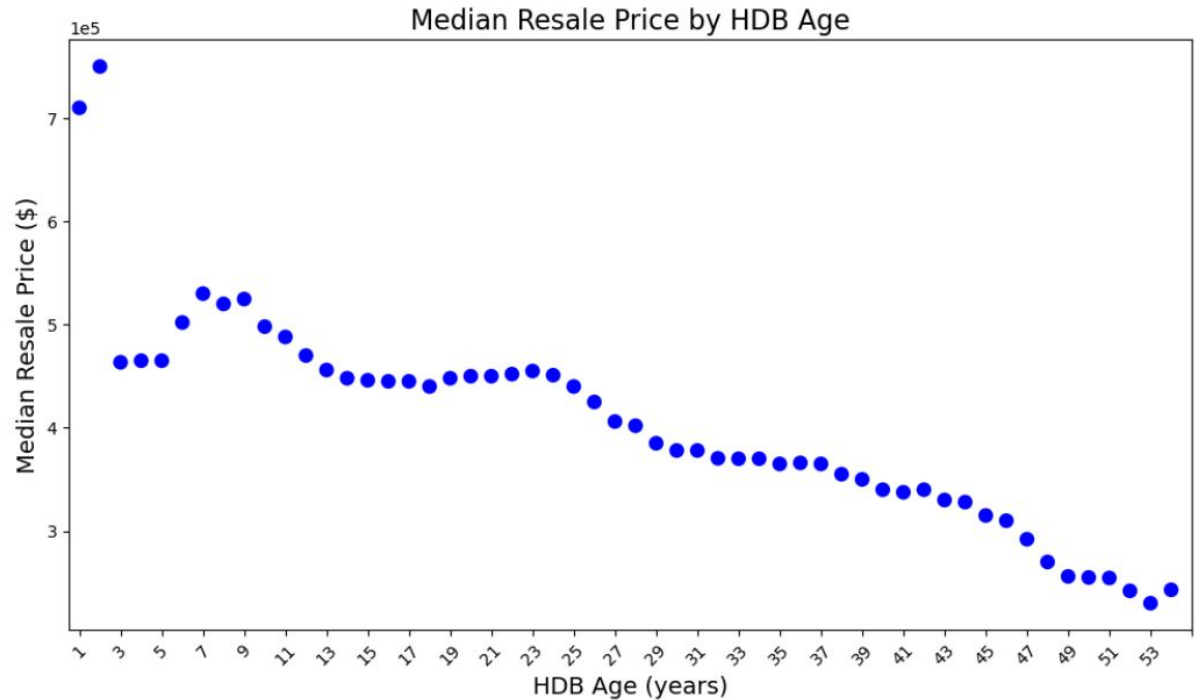
# Dominant Features

Notable key drivers that influence house prices across the board

1. Flat Age (Years Left on Lease)
2. Flat Features
3. Amenities
4. Locations (Planning Areas)
5. Business Cycles

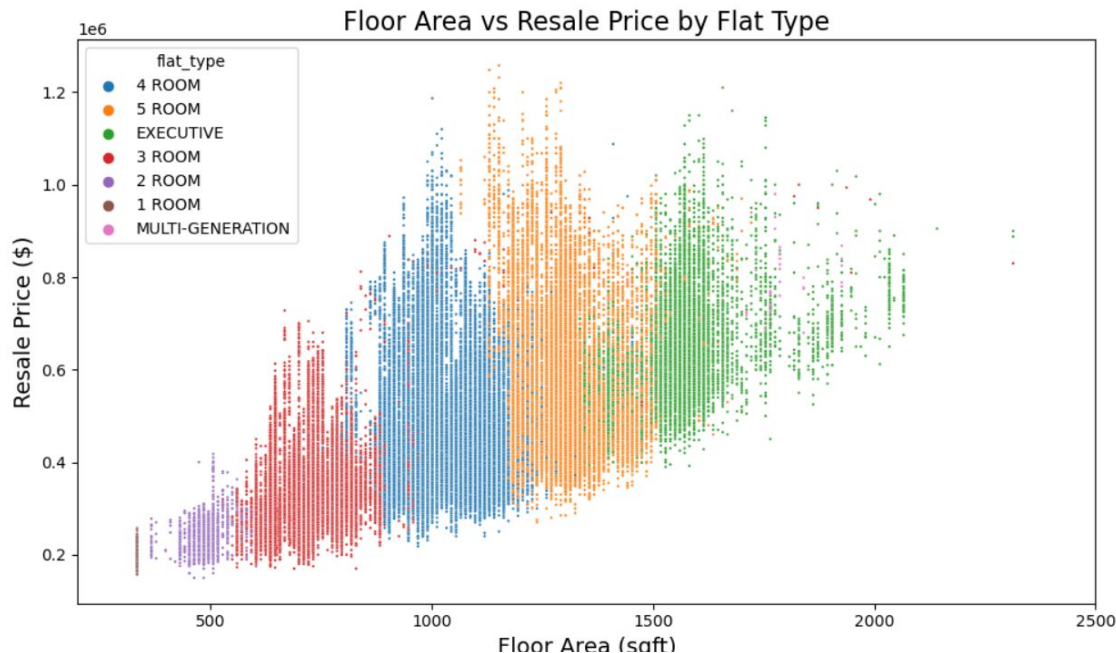
# Flat Age

- Price decreases as flat age increases
- **Years left on lease** decreases as flat age increases
- **Property depreciation** increases as flat age increases



# Flat Features - Floor Area (sqft) / Type

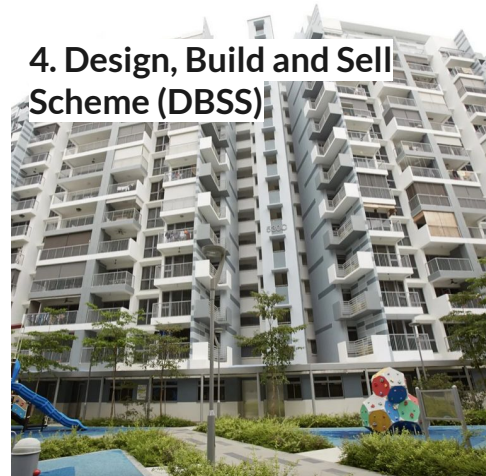
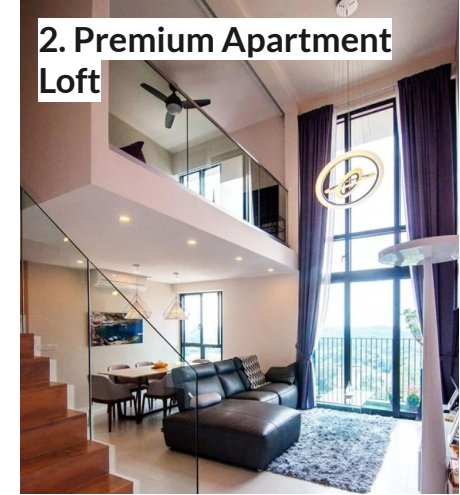
- Price increases as flat floor area increases
- Flat types are associated with distinct ranges of floor area





## Flat Features - Model

- Further differentiation for flat types that enhance (increase) price
- Distinct models for each flat type that have a **different impact on price**
- Different flat types have **different model variations**



## Amenities - Number of Hawker Food Stalls

- Price increases as the **variety (number) of food stalls** in the nearest hawker centre increases

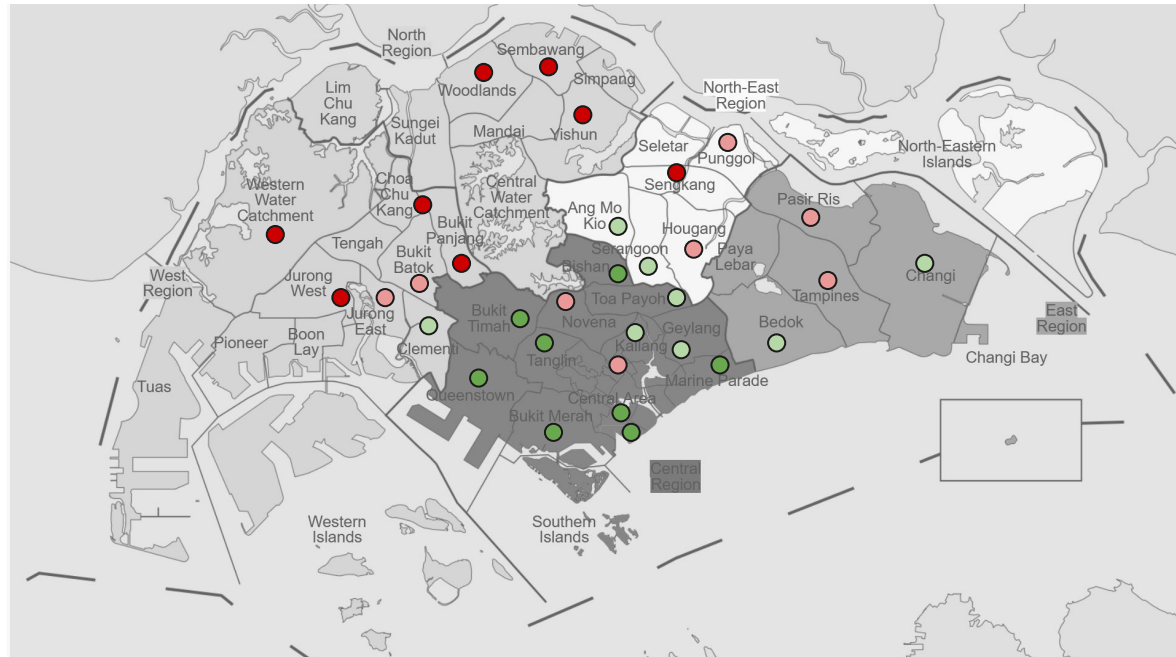


Nobody in Singapore drinks Singapore Slings. It's one of the first things you find out there. What you do in Singapore is eat. It's a really food-crazy culture, where all of this great food is available in a kind of hawker-stand environment.

— Anthony Bourdain —

AZ QUOTES

# Location - Overview



## Price Range

High End



High Middle



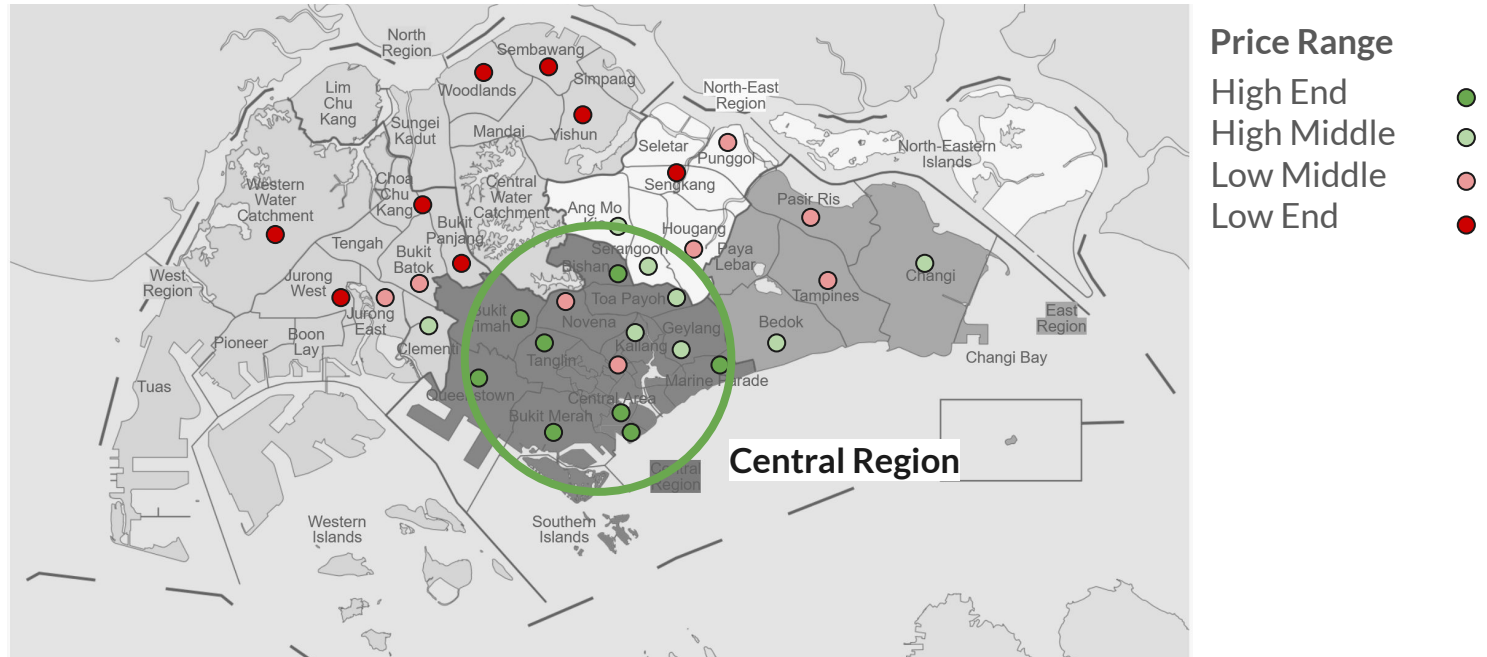
Low Middle



Low End



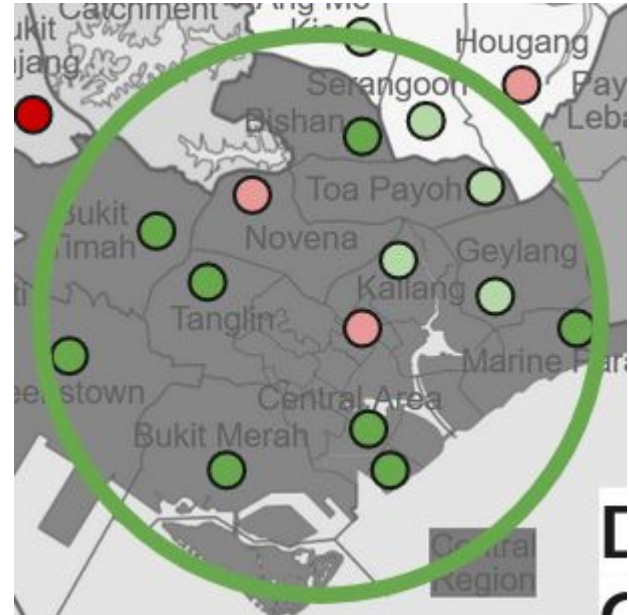
## Location - Central Region



# Location - Central Region

## Why Central?

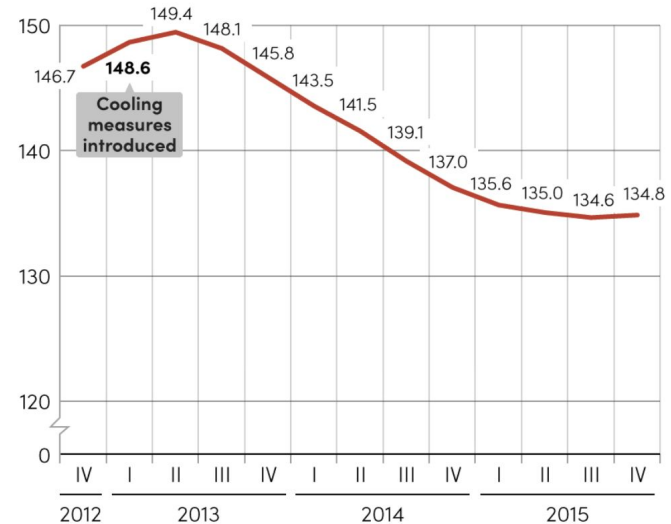
- Offices (White Collar)
- Upscale Malls
  - e.g. The Shoppes (Marina Bay Sands)
  - e.g. Ngee Ann City
  - e.g. Ion Orchard
- Attractions
  - e.g. Gardens by the Bay
  - e.g. Universal Studios Singapore
  - e.g. Botanic Gardens
- Seat of Government?



# Business Cycle - Q4, 2012 - 2015

## Property Market

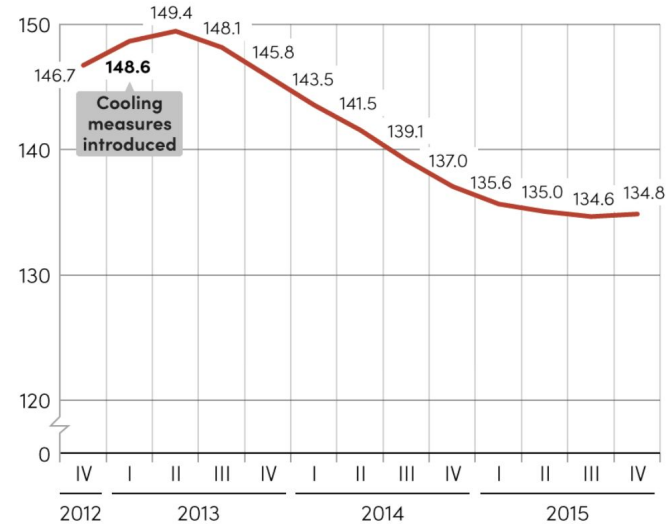
- Market **Overheating**
  - Aug 2012 - Feb 2014
- **Cooling** Measures Introduced
  - Q1, 2013
- Market **Cooling**
  - Q2, 2013 onwards
- **Resale HDB Market Cooling**
  - Oct 2014 - 2015 (1.5 years lag)



# Business Cycle - Q4, 2012 - 2015

## Property Market

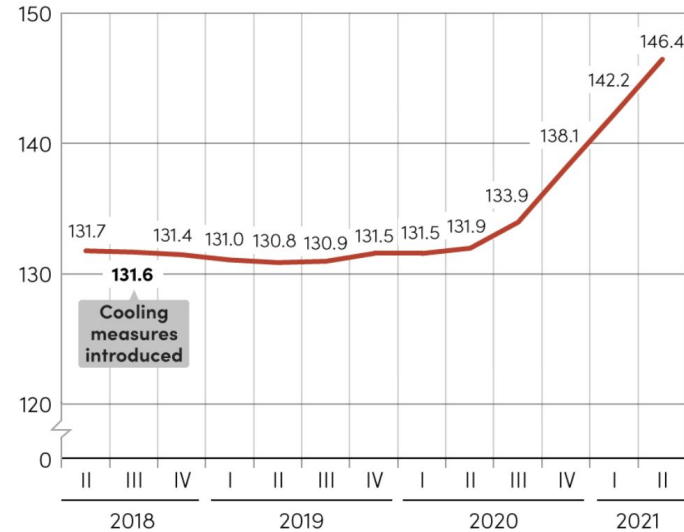
- **Cooling Measures**
  - Raising Additional Buyer's Stamp Duty (ABSD) rates
  - Tightening the Total Debt Servicing Ratio (TDSR)
  - Lowering the Loan-to-Value (LTV) limit



# Business Cycle - 2018 - 2021

## Property Market

- Market **Overheating**
  - Q2, 2020 onwards
- Resale HDB Market **Overheating**
  - Nov, 2020 - 2021 (0.5 year lag)





# Business Cycle

Is there predictive power?

- Anticipating **Cooling**
  - Relative historical real price movements
  - Cooling announcement
  - Macroeconomic factors (external)
- Market Response
  - Overall Market (1Q)
  - **Resale HDB** Market (1 year)
  - Longer response time for “artificial adjustment”
- Market Driven by **Private Housing**



# Business Cycle

Is there predictive power?

- Anticipating **Overheating**
  - Relative historical real price movements
  - Macroeconomic factors (external)
- Market Response
  - **Resale HDB** Market (0.5 year)
  - Shorter response time for organic market forces
- Market Driven by **Private Housing**





# Recommendations

## Identify your priorities

- Consider trade-offs
- If you want to stay in central areas, you may need to prioritise smaller flat models
- Think about your family priorities
  - Larger flat models at less expensive regions
  - Availability of hawker food is critical

# Recommendations - Looking Ahead

1. Keep a lookout for long term developments/ policies announced
2. Actual prices may differ significantly from our advised resale prices

THE STRAITS TIMES

SINGAPORE

Government has 'high ambitions' for Jurong Lake District to be a site for sustainable living



A 6.5ha white site in Jurong Lake District was put up for sale on June 22 by the Urban Redevelopment Authority. PHOTO: URA

## Plans for Singapore's Second CBD Unveiled: Jurong Lake District

The Urban Redevelopment Authority (URA) is calling for public feedback on master plan proposals to transform the Jurong Lake District (JLD) into Singapore's second Central Business District (CBD).

Mr Lawrence Wong, Minister for National Development and Second Minister for Finance, launched the exhibition showcasing the master plan proposals for JLD at the URA Centre on 25 August this year.



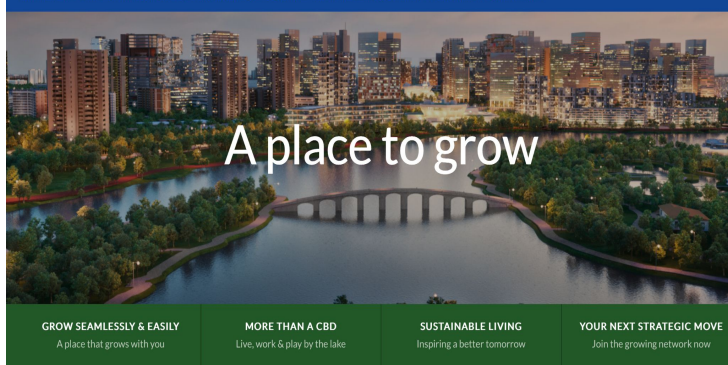
Minister Lawrence Wong speaking at the exhibition launch showcasing the masterplan proposals for JLD.

JURONG  
LAKE DISTRICT

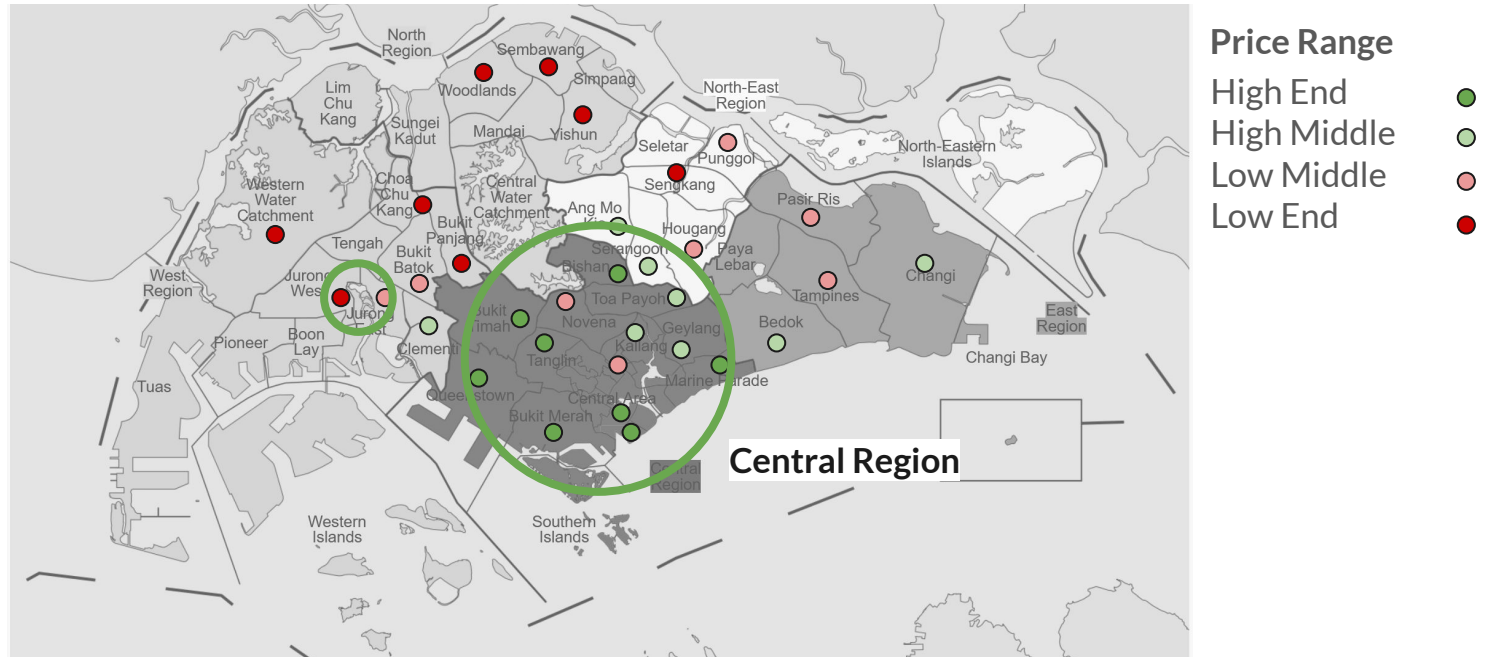
POTENTIAL EXPERIENCE SUSTAINABILITY OPPORTUNITY ▾ EVENTS & RESOURCES ▾ CONTACT US ▾

Q

URA launches tender for a Master Developer site at Jurong Lake District. Find out more in Opportunity > Development Opportunities



## Location - Central Region



# Recommendations - Looking Ahead

## New Tourism Development in Jurong Lake District

### NEW TOURISM DEVELOPMENT IN JURONG LAKE DISTRICT

New Tourism Development

Why Singapore

Vibrant Tourism Industry

Jurong Lake District

[Apply Now](#)



A new integrated Tourism Development will be developed in Jurong Lake District, Singapore's largest business district outside of the central area. Jurong Lake District will be a place to grow and create new business, living and leisure environments within a unique lake setting where the vibrancy and attractions of the Central Business District are intertwined with greenery and water. It is also envisioned as a new tourism precinct for Singapore.

Located adjacent to the new Science Centre and Singapore's latest national garden, Jurong Lake Gardens, this iconic development will strengthen Singapore's tourism experiences and offerings to enhance the destination attractiveness for the post-pandemic world.

Make your next strategic investment and shape Singapore's tourism landscape.



## Future Work

Ensuring benchmark resale prices are relevant while consistently improving our accuracy.

- Current model does not aggressively account for implementation of government policies, or long-term future developments.
  - Future Jurong Business District could increase prices in that sector
- Ensuring that these benchmark prices stay relevant, considerations of these policies.
  - Introduction of Plus housing model announced in Aug 2023
  - Buyers of HDB Plus/Prime flats will be limited to Singaporeans - Household income ceiling of \$14,000
- BTO supply should also be accounted for
  - i.e. BTO projects delayed due to Covid-19 - cascading effect
  - Overall lower supply of HDB in the market - potential increase in future prices across the board
  - Over subscription of BTOs - increase in demand for resale market



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