PRESS RELEASE

Report on the Household Expenditure Survey 2017/18

Average Monthly Household Incomes Increased Faster than Average Monthly Household Expenditure

1 In 2017/18, Singapore resident households' average monthly household income **from all sources**[1] rose 2.4 per cent per annum in nominal terms (or 2.2 per cent per annum in real terms) to $11,780 from $10,470 in 2012/13. Households spent an average of $4,910 a month on goods and services, an increase of 0.8 per cent per annum from the $4,720 in 2012/13. Household income rose faster than household expenditure on an overall and per household member basis over the five-year period.

2 By income groups, the average nominal and real monthly household income increased for all groups between 2012/13 and 2017/18. Specifically, the average monthly income of households increased by 1.6 per cent per annum in nominal terms (or 1.5 per cent in real terms) for the top 20% income group, and by 2.7 to 3.3 per cent per annum in nominal terms (or 2.4 to 3.0 per cent in real terms) for the other income groups. By housing types, households living in HDB 1- and 2-room flats experienced the highest income growth, at 6.3 per cent per annum in nominal terms, or 6.1 per cent in real terms.

3 In terms of expenditure, the average monthly expenditure of households in the top 20% income group remained relatively stable between 2012/13 and 2017/18. On the other hand, the average monthly expenditure rose by 0.4 to 3.0 per cent per annum for households in the other income groups. By housing types, average monthly expenditure remained generally stable for households staying in HDB 4-room flats, condominiums and other apartments, and landed properties. By comparison, the monthly expenditure of households staying in HDB 1- and 2-room, 3-room, and 5-room and executive flats increased by 0.8 to 3.7 per cent per annum. Across income groups and housing types, income growth generally outpaced expenditure growth.[2]

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[1]Household income from all sources refers to regular income from employment and business, as well as income from investment (e.g. interest and dividends), rental and other sources such as pension and cash contributions from relatives who are not staying in the same household. It also **includes regular government transfers** such as the Workfare Income Supplement. Irregular receipts such as gambling windfalls, one-off payments such as insurance claims or ad-hoc government transfers are not included.

Changes in Household Expenditure Patterns Reflect Shifts in Households' Lifestyle Preferences

4 In 2017/18, housing[3], food and transport accounted for the largest shares of monthly household expenditure. Collectively, they contributed to 62 per cent of monthly household expenditure, slightly lower than the 65 per cent recorded in 2012/13.

5 Some key observations by expenditure categories are as follows:

a. Food serving services accounted for 68 per cent of their expenditure on food in 2017/18, higher than the 64 per cent in 2012/13. On average, households spent $810 a month on food serving services in 2017/18, up from $760 per month in 2012/13, mainly due to increased spending in restaurants, cafes and pubs. Nevertheless, meals at hawker centres and food courts continued to constitute the largest share of expenses on food serving services.

b. Average monthly expenditure on transport declined from $810 to $780 between 2012/13 and 2017/18, mainly due to a fall in spending on private road transport from $580 in 2012/13 to $510 in 2017/18. Average expenditure on bus and MRT/LRT fares also decreased by an average of $6 between 2012/13 and 2017/18, while average expenditure on taxi and private hire car services rose by $10.

c. Online expenditure increased with the growth of e-commerce. In 2017/18, about 60 per cent of households reported online purchases, up from 31 per cent in 2012/13. The share of online expenditure also rose from 1.7 per cent in 2012/13 to 5.0 per cent in 2017/18.

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[2]Households in the lowest 20% income group were the only group whose expenditure growth (3.0 per cent per annum) outpaced income growth in nominal terms (2.8 per cent per annum). It is noteworthy that over a third (36.7 per cent) of these households were headed by persons aged 65 years and over in 2017/18. In addition, when comparing the performance of any particular income group over time, it is relevant to note that the comparison may not pertain to the same group of households, as not all households are consistently in the same income group over time. Finally, it should be noted that differences between the growth in monthly household income and expenditure in the HES do not necessarily equate to changes in savings/dis-saving rates. Households may finance their expenditure through irregular receipts such as proceeds from the sale of properties, lump-sum CPF withdrawals, insurance claims or ad-hoc transfers that are not part of their regular income.

[3]For estimation of expenditure shares, imputed rental is included. Excluding imputed rental, other housing expenses (e.g. utilities, actual rents paid by tenants, furnishings and household maintenance) represented a 14 per cent share of households' expenditure in 2017/18, much lower than the 29 per cent share when imputed rental was added. It was the third highest share after the food and transport categories.

Home Ownership Rates Remained High, while Changes in the Ownership of Consumer Durables Reflect Technological and Lifestyle Changes as well as Improvements in Standards of Living Among Households

6 The home ownership rate among resident households remained high, at 89 per cent in 2017/18. Among the lowest 20% households by income, 85 per cent were home owners in 2017/18, up from 82 per cent in 2012/13.

7 Changes in the ownership of consumer durables reflect improvements in households' standard of living, as well as technological and lifestyle changes. The ownership of consumer durables such as television sets, washing machines and mobile phones was near universal at between 96 and 98 per cent in 2017/18 among all households, including those in the lower income groups and smaller HDB flat types. At the same time, households in the lowest 20% income group and HDB 1- and 2-room flats saw significant increases in their ownership of air-conditioners, as well as their access to Internet. For example, for households living in HDB 1- and 2-room flats, 25 per cent owned an air-conditioner in 2017/18, up from the 14 per cent in 2012/13, while 45 per cent had an Internet subscription in 2017/18, doubling from the 22 per cent in 2012/13.

8 On the other hand, the ownership of items such as residential telephone lines, digital cameras and Pay TV generally fell for households in most income groups and housing types, possibly due to the availability of substitutes such as mobile/smart phones and online video streaming platforms. Car ownership also declined, likely because of the increased availability of transportation alternatives.

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