

The Big Read: More people buying cars amid pandemic, even as those who own them are driving less



Car dealers said that except for the period when Singapore was in partial lockdown last year, the demand for cars has remained strong amid the pandemic. (Image: TODAY/Anam Musta'ain)

- Car owners here have generally been clocking lower mileage since COVID-19 made remote working the norm.
- But demand for cars — long seen as status symbols — remains robust, as evidenced by high COE premiums and growing private car ownership.
- One car broker describes it as a “strange” phenomenon, with car sales and prices continuing to head north.
- Experts say COVID-19 has caused much disruption to travel patterns and forced a relook of tested transport strategies.
- The demand for cars may not bode well for Singapore’s car-lite ambition, though improving public transport and exploring alternative mobility devices are just as key, they say.

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PANDEMIC'S IMPACT ON PUBLIC TRANSPORT, CAR USAGE

The tightened movement restrictions last year saw bus and train ridership falling to their lowest levels in more than a decade.

In September, Transport Minister S Iswaran told reporters that public transport ridership was at about 60 per cent of pre-pandemic levels.

Rides on taxi and private-hire cars had also fallen from 772,000 daily trips in 2019 on average to 516,000 in 2020, LTA data showed.

Architect Jin Sung, 52, said that because of the lack of safe distancing on public transport, he had considered buying a second car for his wife, who is self-employed in the culinary business, so that she does not have to be in close contact with other commuters as often. He decided against getting another car after reassessing the family's needs.

Barring periods of tightened restrictions, such as during last year's circuit breaker, Mr Jin generally uses his car as often as he used to before the pandemic for meetings and to commute to his office.

For others who have been mostly working from home over the past two years, some have found themselves using their car more frequently despite not needing to travel for work.

One car owner, 38-year-old IT professional Mark, who wanted to be identified only by his first name, said while he has been spending less time on the road now, he takes more frequent drives to buy food or fetch his children from school.

Associate Professor Walter Theseira from the Singapore University of Social Sciences said that although there is little data on individual travel patterns, the low ERP prices indicate that the overall car usage has been down significantly during peak periods.

"However, the data also suggest that as COVID-19 restrictions are lifted, people have been quite eager to return to the road."

Excise tax for petrol revenue collected for the last two months of 2020 was at comparable levels with that of 2019, reflecting similar consumption levels, he said.

While people are driving less for work, they may be using the car more often for personal reasons during the work week outside of peak periods, Assoc Prof Theseira suggested.



While people are driving less for work, they may be using the car more often for personal reasons during the work week outside of peak periods, Associate Professor Walter Theseira from the Singapore University of Social Sciences suggested. (Photo: TODAY/Raj Nadarajan).

In many cities around the world, including London and New York City, public transport ridership has similarly plummeted during the pandemic. At the same time, people are also relying on their cars more than before, some international reports have suggested.

An annual study by automotive-services company RAC in November last year found that out of 3,000 drivers surveyed in the United Kingdom, 57 per cent said that having access to a car was more important than it was before the pandemic.

“The pandemic risks putting efforts to encourage drivers out of their cars for some trips back by years,” said RAC’s data insight spokesperson Rod Dennis. “Now, for the first time since 2002, we have fewer drivers than ever saying they’re prepared to use public transport even if services improved — underlining just what a huge role the car continues to play in 2020.”

A survey of 26,000 people from 25 countries by the YouGov-Cambridge Globalism Project and designed with the Guardian newspaper last year found that the majority of people said that they would use their car more than before the pandemic. This trend was apparent in all the countries in the survey and most pronounced in Brazil and South Africa.

CONTINUED ROBUST DEMAND FOR PRIVATE CAR OWNERSHIP

A similar situation playing out in Singapore may not bode well for the country’s ambition to reduce its reliance on cars.

For years, the Government has been pushing for a “car-lite” island, with Prime Minister Lee Hsien Loong unveiling the Sustainable Singapore Blueprint in 2014 — a S\$1.5 billion, 15-year plan for the nation to move towards more sustainable modes of transport.

A landmark policy was also introduced in 2018 to freeze the growth rate for cars and motorcycles under the COE system, which was meant to last until January this year but was extended until 2025.

The only exception is for vehicles under Category C — which comprises goods vehicles and buses — which is allowed to maintain a 0.25 per cent population growth.

Annual Vehicle Statistics 2020

MOTOR VEHICLE POPULATION BY VEHICLE TYPE

End of Period (Year)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1 Cars & Station-wagons	595,185	603,723	617,570	621,345	616,609	602,311	601,257	612,256	615,452	630,596	634,042
i) Private cars	611,125	620,614	635,233	640,063	636,882	619,645	604,160	602,187	609,302	615,036	619,132
ii) Company cars	19,733	20,372	21,403	21,756	21,860	21,987	22,382	24,196	24,817	24,610	30,966
iii) Tuition cars	940	919	899	897	874	841	817	843	825	832	769
iv) Private Hire (Self-Drive) cars	13,347	13,919	14,862	15,782	17,238	18,884	19,374	21,180	21,138	21,566	21,351
v) Private Hire (Chauffeur) cars				614	1,609	10,485	31,962	46,903	45,342	55,575	49,796
vi) Off peak cars ¹	50,040	47,899	45,173	42,233	38,146	30,469	22,562	16,947	14,028	12,977	12,028
2 TAXIS	26,073	27,051	28,210	27,695	28,736	28,259	27,534	23,140	20,581	18,542	15,678
3 MOTORCYCLES & SCOOTERS	147,282	145,680	143,286	144,307	144,404	143,279	142,439	141,304	136,842	140,398	140,782
4 GOODS AND OTHER VEHICLES ²	143,613	145,158	145,046	144,202	144,507	143,972	143,966	142,857	141,408	140,964	140,783
i) Goods-cum-passenger vehicles (GPVs)	4,570	4,402	4,144	3,166	2,868	2,997	2,992	2,972	2,951	2,900	2,798
ii) Light Goods Vehicles (LGVs)	93,999	94,710	93,914	92,317	92,731	94,016	95,750	94,724	94,017	93,858	94,211
iii) Heavy Goods Vehicles (HGVs)	31,869	32,297	32,313	32,549	32,196	30,155	28,817	28,641	28,063	27,716	27,307
iv) Very Heavy Goods Vehicles (VHGVs)	13,175	13,749	14,675	16,170	16,712	16,804	16,407	16,520	16,377	16,490	16,467
5 BUSES	15,936	16,652	16,768	17,065	17,109	17,740	18,338	18,814	18,947	19,326	18,912
i) Omnibuses	3,981	4,112	4,212	4,552	4,756	5,120	5,470	5,665	5,776	5,863	5,906
ii) School buses (CB)	1,845	1,844	1,839	1,847	1,845	1,847	1,840	1,844	1,847	1,841	1,834
iii) Private buses	2,842	3,076	2,968	2,871	2,802	2,717	2,659	2,533	2,463	2,529	2,567
iv) Private hire buses	3,507	3,332	3,063	2,654	2,152	1,909	1,598	1,255	1,084	958	826
v) Excursion buses	3,761	4,288	4,686	5,141	5,554	6,147	6,771	7,517	7,777	8,135	7,779
6 TAX EXEMPTED VEHICLES ³	17,740	18,440	19,030	19,556	20,672	21,685	22,896	23,471	23,776	23,275	23,783
i) Cars & Station-wagons	2,561	2,557	2,441	2,343	2,414	2,411	2,506	2,533	2,603	2,085	2,138
ii) Motorcycles and scooters	878	879	824	627	622	621	613	612	638	493	621
iii) Buses	373	394	394	444	445	443	466	471	432	335	339
iv) Goods & Other Vehicles	13,928	14,610	15,371	16,142	17,191	18,210	19,311	19,855	20,103	20,362	20,695
7 TOTAL MOTOR VEHICLES											
Cars & Station-wagons	584,399	592,361	605,149	607,292	600,176	575,353	552,427	546,706	551,575	555,540	565,033
Private Hire Cars	13,347	13,919	14,862	16,396	18,847	29,369	51,336	68,083	66,480	77,141	71,147
Taxis	26,073	27,051	28,210	27,695	28,736	28,259	27,534	23,140	20,581	18,542	15,678
Buses	16,309	17,046	17,162	17,509	17,554	18,183	18,804	19,285	19,379	19,661	19,251
Goods & Other Vehicles	157,541	159,768	160,417	160,344	161,698	162,182	163,277	162,712	161,511	161,326	161,478
Motorcycles & Scooters	148,160	146,559	144,110	144,934	145,026	143,900	143,052	141,916	137,480	140,891	141,403
ALL MOTOR VEHICLES (TOTAL)	945,829	956,704	969,910	974,170	972,037	957,246	956,430	961,842	957,006	973,101	973,990

Note : ¹ Off peak cars include revised off peak cars which was implemented on 25 Jan 2010.

² LGV (max laden weight <= 3.5mt), HGV (max laden weight > 16mt), VHGV (max laden weight > 16mt).

³ Tax exempted vehicles include vehicles registered with exemption of road tax payment, vehicles for off-the-road use and engineering plants, etc.,.

MVP 01-1 (Veh by type)

Customer Services Division
Land Transport Authority

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Data from LTA showed that the car population had fallen from about 607,000 in 2013 to a low of 547,000 in 2017. Since then, that figure has been consistently on the rise every year.

Even as the pandemic raged, the car population — which excludes taxis and private-hire cars — grew from about 556,000 in January last year to 577,000 as of September this year.

Correspondingly, the number of private-hire cars and taxis had gone down, with private-hire cars falling from about 77,700 to 68,400 over the same period, and taxis falling from about 18,500 to 15,400. The figures partly reflect the immense strain that the transport sector is facing after more than a year of closed borders and community restrictions, which have meant fewer customers and earnings.

Despite the cap on vehicle population growth, Assoc Prof Theseira said that there may be year-to-year fluctuations in the total vehicle population because of the way the COE system works.

Since buyers can hold on to an issued COE for six months before registering for a vehicle, there is some lag between COE issuance and actual motor vehicle registrations. There is also some lag between vehicle deregistrations and the COE being recycled back into the system, which takes place over three months.

In response to queries, an LTA spokesperson said that between 2013 and 2016, there was an overall fall in total vehicle population as there was a rising trend of deregistration for Categories A and B, which comprise cars up to and above 1600cc or 97kW respectively.

After 2016, however, the deregistration trend reversed and began falling each quarter, leading to a rise in total vehicle population even though the total vehicle growth rate for cars was frozen.

“It is expected that the lag effect will even out over time,” the spokesperson said. “This can be seen from the fact that although the 2020 vehicle population is higher than 2018, it is still less than the population in 2013.”

The spokesperson added that another contributing factor to the rise in the private car population is that COEs for Category E (Open category) are often used to register cars in Categories A and B.

Instead of focusing on car numbers, Assoc Prof Theseira said that a better indication of demand would be to look at people’s willingness to pay for COEs and recent prices indicate that there is “robust demand for private car ownership”.

Since February last year, COE prices for Categories A and B have trended upwards and in recent months, surged.

The COE price for Category A cars rose from S\$30,010 in early February last year to S\$53,709 in the latest bidding exercise on Wednesday (Nov 3). Meanwhile, the COE price for the larger Category B cars more than doubled from S\$30,890 to S\$82,801 over the same period — the highest since 2014.

Transport engineering consultant Gopinath Menon pointed out that there will always be a segment of the population who want to own cars and are prepared to pay high prices for them.

“They have a variety of reasons such as greater comfort, greater convenience especially for social trips and when they have a young family, public health in times of pandemic and prestige,” he said.



Transport engineering consultant Gopinath Menon pointed out that there will always be a segment of the population who want to own cars and are prepared to pay high prices for them. (Photo: TODAY/Raj Nadarajan)

Car dealers said that except for the period when Singapore was in partial lockdown last year, the demand for cars has remained strong amid the pandemic.

Car broker Steven Lim, 54, said that his car sales are still very much the same as before the pandemic.

“The world economy was slowing down even before the pandemic, but strangely in Singapore, car prices and COE are going up,” he said.

In 2019, a three-year-old Honda Vezel used to depreciate in value by about S\$8,000 per year, he said. That same car now has a depreciation of about S\$10,000 a year.

Mr Adrian Ang, director of Star Deals Gallery, said the number of enquiries he had been getting had fallen by about half in the last two to three months — but mainly due to the surge in COE prices. Before that, he had been getting the same number of enquiries as before the pandemic.

While the pandemic may have forced a change in commuting patterns, people seem to be buying cars for the same old reasons. Three car dealers said their buyers over the past two years were usually young families or existing car owners wanting an upgrade.

Only Mr Lim said he had a client who was considering buying a car to avoid the crowds on public transport, but the latter eventually backed out.

Mr Abel Eng, general manager of CarBiz, said that during the pandemic, his car sales have shifted towards luxury brands such as Mercedes Benz, Audi and BMW, as customers who buy these cars are the ones who can afford the high COE prices.

“People are buying, sales are moving,” he said. “The fact that people can’t spend money travelling overseas plays a part in them buying their next toy locally.”

EV FAD PARTLY FUELING DEMAND FOR CARS?

Over the past year, the car market has seen a shake-up following the entrance of electric carmaker Tesla into Singapore.

The number of new Teslas registered here surged in a matter of months — from 30 in the first half of the year to 487 in the third quarter. It became the sixth-most popular car brand in September, outselling Nissan, Audi and Kia.

Mr George Foo, an executive at a digital marketing agency, was among the many Tesla fans who ordered their Model 3s on the same day Tesla launched its sales portal here in February.

His car arrived in September, and he got it after trading in his Lexus GS Turbo 200.

“With the Government pushing for electric vehicles, I want to be an early adopter,” he said.

How do electric vehicles fit with a car-lite future in Singapore? What role then for hybrid vehicles? CNA's Heart of the Matter drills into these questions:

After about a decade of the Government adopting a start-stop approach to the mass adoption of electromobility here, Deputy Prime Minister Heng Swee Keat, who was then Finance Minister, announced last year that the Government is placing a significant bet on electric vehicles (EVs) and aims to phase out all internal combustion engine vehicles by 2040.

Earlier this year, the Government launched an ambitious goal to build 60,000 EV charging points and announced a requirement for all newly registered cars to be of cleaner energy models by 2030.

Mr Heng also announced in his Budget speech this year that Singapore will set aside S\$30 million over the next five years for EV-related initiatives, including measures to improve charging provision at private premises.



Earlier this year, the Government launched an ambitious goal to build 60,000 EV charging points and announced a requirement for all newly registered cars to be of cleaner energy models by 2030. (Photo: TODAY/Ooi Boon Keong)

Under the vehicle emissions scheme and the EV early adoption incentive, an electric car buyer may receive as much as S\$45,000 in tax breaks.

Since switching to an electric car, Mr Foo has also been saving on petrol costs. A full charge at a public charging point beside his office costs about S\$20, he said. He intends to install a charger at his home soon, which would bring the cost down to about S\$6.

Assoc Prof Theseira said that he does not think that the EV incentives are the best way to go for most governments because such grants have invariably benefited higher-income consumers who can afford new, higher-end vehicles which make up the bulk of the EV market at present.

“Nonetheless, the EV grants do serve one useful purpose — they help to deliver price parity between EVs and comparable internal combustion engine vehicles, without which the market can't shift over to EVs,” he said.

He believes that policymakers should continue to “ensure that transport is taxed or priced according to the environmental and external harms it causes”.

He said: “Thus, EVs should continue to be taxed and charged for driving and congestion, since they still cause more environmental harm than public transport.”

THOSE WHO BOUGHT THEIR FIRST CARS AMID THE PANDEMIC

While the pandemic, which has resulted in job losses or reduced incomes, has led many to rethink their finances, it has not dissuaded some from getting their first car.

Mr Nicolas Mok, 25, became a car owner in June, not long after he graduated from university.

As the co-founder of Belly Empire, a business that funds and helps food establishments in their expansion, he used to take an average of six private-hire rides a day which cost him about S\$90. In a day, he would often need to travel to the office, then to the food outlet and to meeting with clients.

Sometimes, he would also have to make a trip to a shop to get equipment or supplies for the outlet.

So, he found that the S\$26,000 he paid for an eight-year-old Hyundai Elantra was reasonable.

“It's definitely still a bit more expensive when you have a car after you add the road tax and petrol, and other costs. But overall, I think it's quite affordable for the added convenience,” Mr Mok said.



Mr Nicolas Mok, 25, became a car owner in June, not long after he graduated from university. (Photo: TODAY/Nuria Ling)

Property agent Lim Ngee Siong, 26, bought his first car after saving up for a year. In March last year, he bought a 14-year-old Porsche Boxster which cost him S\$73,000, when prices of the cars which he was eyeing dropped briefly by about S\$10,000 at the start of the COVID-19 outbreak.

At the time, he had to hit 10 different locations in a day for property viewings and travelled mostly by bus or train.

As his appointments became more packed, he started taking more private-hire car rides. But he still encountered occasions where his driver could not find the pick-up point and cancelled his ride order.

With a car, he can get to different locations faster and also uses it often as a comfortable place to have video-conferences in between viewings.

“I can now schedule more viewings in a day and have more time to spend with my family,” said Mr Lim.



Property agent Lim Ngee Siong, 26, bought his first car after saving up for a year. (Photo: TODAY/Nuria Ling)

Insurance agent Natalie, who just turned 30, bought her first car two months ago, a S\$70,000 BMW 116D diesel car with about six years left to its 10-year COE cycle.

Natalie, who wanted to be known only by her first name, said it is now easier for her when travelling to meet her clients, which she does about two to three times a day.

“Running on diesel is not very environmentally friendly, but it’s very cost efficient,” she said.

A full tank costs about S\$90 and lasts for up to 800km.

Another reason she bought the car is that her parents, aged 66 and 67, are getting old and she wants to be able to bring them around for family walks with the dog.

In land-scarce Singapore, where roads take up about 12 per cent of the land, owning a car has long been an expensive affair as the Government seeks to limit the number of vehicles through measures such as the COE quota system.

What would it take for the new car owners to give up their cars?

Natalie said she might reconsider if she has a career switch and has to work in an office in town where season parking fees can cost up to S\$400 a month.

Mr Lim said that he would willingly give up his car if he has a job where he can work from home.

“I will just sell it and take a Grab (private-hire ride) when I need to. It’s possible,” he added.



Insurance agent Natalie, who just turned 30, bought her first car two months ago, a S\$70,000 BMW 116D diesel car with about six years left to its 10-year COE cycle. (Photo: 7clixphotography)

TAKING STOCK OF SINGAPORE’S CAR-LITE AMBITION

While the private car population has indeed risen during the pandemic due to the various factors at play affecting the COE quotas, experts stressed that the zero-growth policy means that the number of private cars will eventually level off.

The number of licences available for cars has already been declining, said transport analyst Terence Fan from the Singapore Management University.

The COE quota for November 2021 to January 2022 has been set at 10,590 — the lowest in more than seven years.

LTA also said last month, when announcing the extension of the vehicle zero-growth rate policy, that the extension is not expected to significantly affect the supply of COEs, since the COE quota is determined largely by the number of vehicle deregistrations.

Beyond managing car ownership, Singapore’s push towards a car-lite society also entails improving and expanding the public transport system as well as providing alternative means of transport, the experts said.

One such transport mode is personal mobility devices (PMDs), such as electric scooters, which were originally envisaged as a means of first-and-last mile travel to and from MRT stations and bus stops.

What policymakers had not expected, however, was the spate of accidents — including three fatal ones — that would occur because of the widespread popularity of the e-scooters. As a result, the authorities banned e-scooters from all footpaths in late 2019, limiting them to cycling paths and park connector networks. The footpath ban was later extended to include other motorised PMDs, such as hoverboards and electric skateboards.

Despite the public's negative perception towards electric PMDs, urban transport expert Tham Chen Munn said that Singapore has the opportunity to accelerate its car-lite vision by embracing these devices. These devices could be in the form of modern electric bicycles, which have shown themselves to be less accident prone than e-scooters in other cities.

“Once you accept electric bicycles into the equation, it's no longer just about first-and-last mile travel. The range is much longer,” Mr Tham said.



PMDs, such as electric scooters, were originally envisaged as a means of first-and-last mile travel to and from MRT stations and bus stops. (File photo: TODAY)

COVID-19 has also forced a relook of tested transport strategies, said Mr Menon, the transport engineering consultant.

Whereas older strategies are aimed at meeting the peak period demand of bringing people to work and home, the pandemic has shown that it is possible to work from anywhere and at flexible hours.

“All these have been talked about in transport circles for many years with calls to conduct trials, but now they have been forced on us and they are working fairly well,” Mr Menon said.

Dr Fan said that the pressing issue now is to observe whether the current travel patterns will stick.

“This is an odd situation where the private car population has increased but the road usage has actually declined. So in terms of actual emissions, I think we are actually doing well,” he said.

He reiterated that the “real question” is how people will behave when life gets back to some semblance of normalcy.

“You can arbitrarily limit the number of cars, but will people step back onto the trains and buses as they used to in the same packed densities as pre-pandemic levels?”

And if not, he questioned: “Then what are the alternatives?”

Source: https://www.channelnewsasia.com/singapore/car-sale-coe-prices-premiums-driving-covid-19-pandemic-2295731?cid=FBcna&fbclid=IwAR2M7Mm05drtcS_ku-P44Fu94rssKou7aRJURTIecawHPuftYaYpjpRLvLI