

How to avoid the **3 Mistakes** of property owners



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Own a HDB Flat and Do Nothing

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Sell Existing HDB Flat and Buy an
Old HDB Flat at High Price

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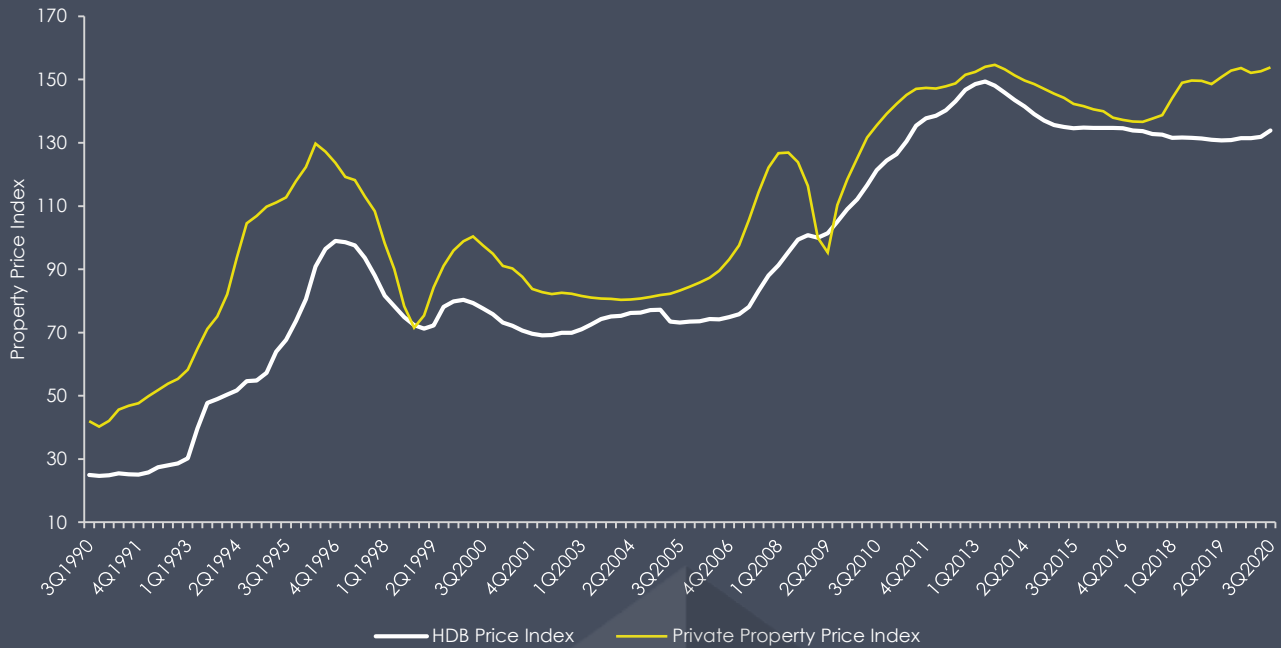
Sell Existing HDB Flat and
Overcommit to Another Property

SCENARIO 1

OWN
A HDB FLAT
AND
DO
NOTHING



Private Property Price Index vs HDB Resale Price Index



Source: Urban Redevelopment Authority (URA), Housing Development Board (HDB)

HOME OWNERSHIP IN SINGAPORE

A SHELTER FOR THE FAMILY



LONG TERM INVESTMENT



CASE STUDY



4RM HDB
2020: \$400,000

30 YEARS

COUPLE A
(BUY AND HOLD)



4RM HDB
1990: \$110,000



Bungalow
2020: \$10,000,000

5 YEARS



Semi-Detached
2015: \$6,500,000

5 YEARS



Terrace
2010: \$3,000,000



Condominium
2005: \$1,200,000



5 YEARS



Executive
Condominium
2000: \$700,000



5 YEARS



5RM HDB
1995: \$500,000



5 YEARS



4RM HDB
1990: \$110,000



5 YEARS

WHAT IF?!

COUPLE B

(BUY AND
UPGRADE)



ERA
REAL ESTATE

\$400,000

VS

\$10,000,000

WHY NOT **UPGRADE** YOUR HOME
WHEN YOU HAVE **CAREER**
PROGRESSION

YOU DECIDE



SCENARIO 2

**SELL EXISTING
HDB FLAT
AND BUY AN
*OLD HDB
FLAT AT
HIGH PRICE***

WHY PEOPLE DO THAT



SERS OPPORTUNITY



STAY NEAR PARENTS



HDB GRANTS



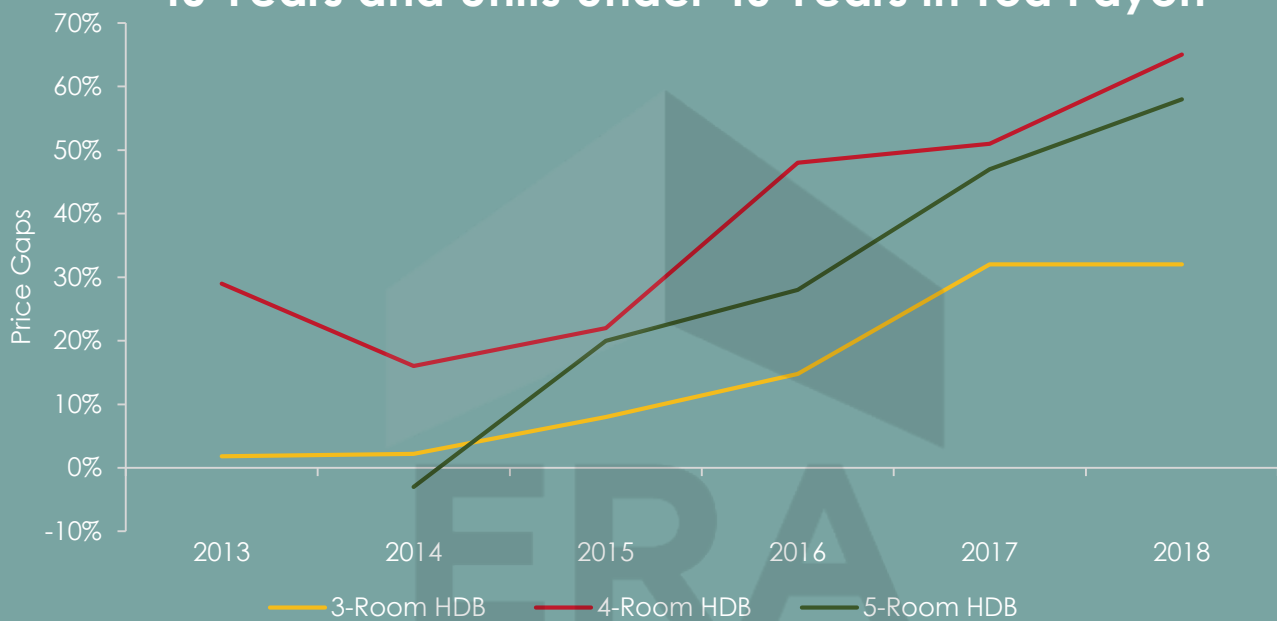


**VALUE IS
POTENTIALLY LOWER
AND
DIMINISHING
GIVEN THE SHORTER
REMAINING LEASE**

Source: The Straits Times, April 2017



Price Gap Widening Between HDB Flats Older Than 40 Years and Units Under 40 Years in Toa Payoh



**A WIDENING PRICE GAP OF
AS HIGH AS 65% BETWEEN
FLATS OLDER THAN 40 YEARS
COMPARED TO THOSE
UNDER 40 YEARS**

Source: The Sunday Times, April 2018



**“SERS
IS NOT A CERTAINTY.
ONLY 4% OF HDB FLATS
HAVE BEEN
IDENTIFIED FOR SERS
SINCE 1995”**

Quoted by Minister Lawrence Wong

Source: The Straits Times, March 2017

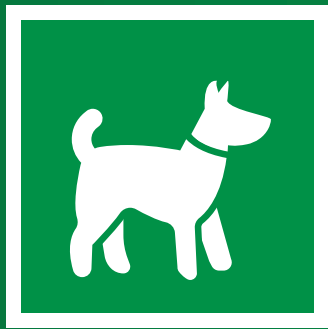
SERS - Selective En bloc Redevelopment Scheme



**VERS IS NOT A
CERTAINTY.
THE GOVERNMENT SAID
COMPENSATION FOR
TAKING BACK
THE FLATS EARLY
WILL BE LESS GENEROUS**

Source: gov.sg

VERS - Voluntary Early Redevelopment Scheme



**BUYER
BEWARE #5**

**MORE CASH
MAY BE REQUIRED
AND
MAY NOT ENJOY
FULL HOUSING LOAN**

Source: hdb.gov.sg



**BUYER
BEWARE #6**

**CANNOT USE 100%
OF YOUR CPF
IF YOUNGEST BUYER
+ REMAINING LEASE
IS LESS THAN 95 YEARS**

Source: cpf.gov.sg

SCENARIO 3

**SELL EXISTING
HDB FLAT AND
OVERCOMMIT
TO
ANOTHER
PROPERTY**

CASE STUDY

COUPLE A



SOLD 5RM HDB
\$560,000



Bought Condominium

\$1,000,000

COUPLE B



SOLD 5RM HDB
\$560,000



Bought Condominium

\$2,000,000

Both Husband and Wife

35 years old

Monthly Income (Combined)

\$14,000

Cash proceeds from sale of HDB flat

\$221,000

CPF OA account balance (Combined)

\$520,000

Note: All numbers in the table are assumptions.



ONE DAY, BOTH COUPLES LOSE THEIR JOBS...

HOW LONG
CAN BOTH
COUPLES FUND
THEIR MORTGAGE PAYMENTS
USING ALL AVAILABLE FUNDS?

	Couple A Buys Condo For \$1 mil	Couple B Buys Condo For \$2 mil
Property Value	\$1,000,000	\$2,000,000
Loan (75%)	\$750,000	\$1,500,000
CPF OA Left (combined)	\$320,000	\$20,000
Cash Left From HDB Proceeds	\$146,400	\$56,400
Monthly Mortgage Payments (2% p.a., 30 years)	\$2,772	\$5,544
Months Left to sustain Mortgage Payments Using All Available Funds	168 Mths	13 Mths!

Note: All numbers in the table are assumptions.

168 MONTHS

VS

13 MONTHS

OVERSTRETCHING YOUR FINANCES
RESULTS IN POOR HOLDING POWER
WHEN FACED WITH JOB LOSS

YOU DECIDE



CONCLUSION

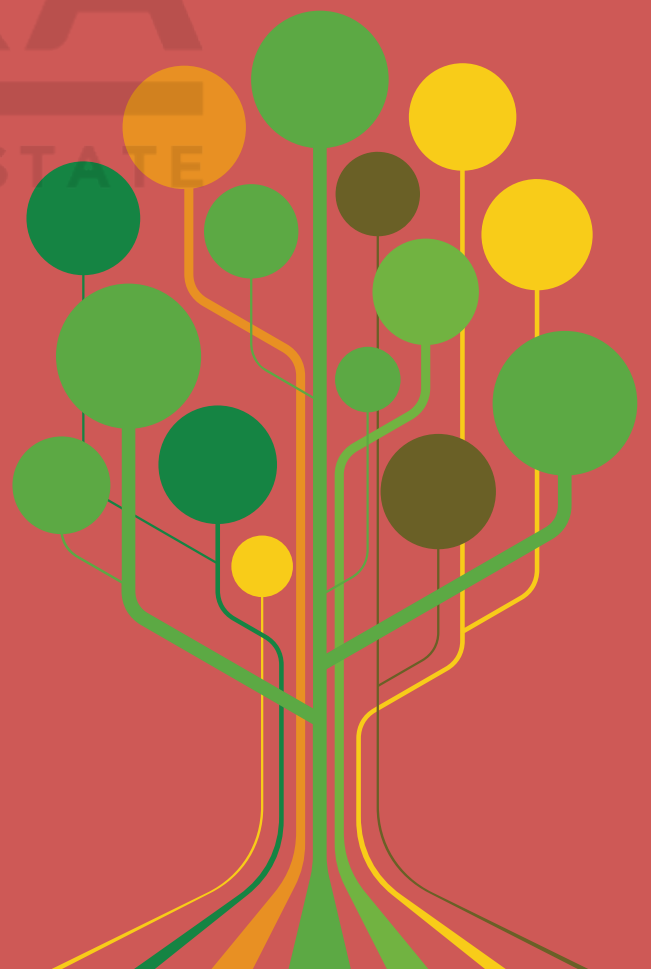


HOME OWNERSHIP IS A **LONG TERM** COMMITMENT

90.4% (2019) OF THE
SINGAPORE RESIDENT
POPULATION
OWN THEIR HOMES

Source: Department of Statistics Singapore

**WOULDN'T IT BE
BETTER TO SIT ON
AN ASSET WITH
HIGHER GROWTH
POTENTIAL?**



**ISN'T IT BETTER
FOR YOUR
ASSET AND CAREER
TO GROW
TOGETHER?**

ERA
REAL ESTATE



**WOULD IT BE BETTER
TO PLAN
BY YOURSELF
OR LEVERAGE ON
ERA'S WEALTH OF
EXPERTISE?**

ERA'S
TRUSTED ADVISORS

WILL HELP YOU
PLAN AND FIND
A PROPERTY WITH
FINANCIAL
PRUDENCY



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