

How a **Private Home**
can actually be
Affordable



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Cooling Measures Benefit
Singaporean First Timers

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Monthly Repayments Are
Affordable To Most Singaporeans
Co-Borrowing

3

With The Same Income, You
Can Purchase A Higher Valued
Private Property Compared
To An HDB Flat

REALITY 1

COOLING MEASURES BENEFIT

*Singaporean
First
Timers*



COOLING MEASURES PRIMARILY TARGET

Multiple 
Home-Buyers

AND

Foreigners 

SINGAPORE CITIZENS

Do Not

NEED TO PAY ABSD ON THEIR FIRST HOME

Note: ABSD - Additional Buyer's Stamp Duty. When upgrading, ABSD is payable upfront but is remissible as long as you sell your current home within six months of buying your new home.

Source: [iras.gov.sg](https://www.iras.gov.sg)

ABSD PAYABLE

Singapore Citizens



1st Home

0%



2nd Home

17%



3rd Home onwards

25%

Singapore Permanent Residents



1st Home

5%



2nd Home

25%



3rd Home onwards

30%

Foreigners



1st Home onwards

30%

Source: [iras.gov.sg](https://www.iras.gov.sg)

SINGAPOREAN

First Timers

CAN ENJOY

MAXIMUM LTV

LIMITS AT

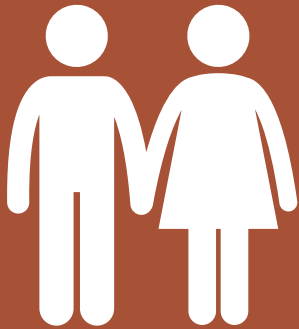
75%

Source: [iras.gov.sg](https://www.iras.gov.sg)

DUE TO
High Leveraging
AND USE OF
CPF, 
THE MINIMUM CASH
DOWNPAYMENT
IS *Low*

HOW *Low* IS
THE MINIMUM CASH
DOWNPAYMENT
FOR A
\$1,000,000 
PROPERTY?

CASE STUDY



COUPLE A



Bought condominium

\$1,000,000

Both Husband and Wife	30 years old
Individual Income (monthly)	\$6,000
75% Loan	\$750,000
25% Downpayment	\$250,000
Mortgage Interest	2% p.a.
Loan Tenure	30 years

Note: All numbers in the table are assumptions.

ONLY FIRST 5% IN CASH!
(\$50,000)

Couple A Only Needs To Save An Extra

\$695

Each / Month For 3 Years

TO ACCUMULATE \$50,000



ALRIGHT!

**NEXT 20% FROM CPF OA
(\$200,000)**

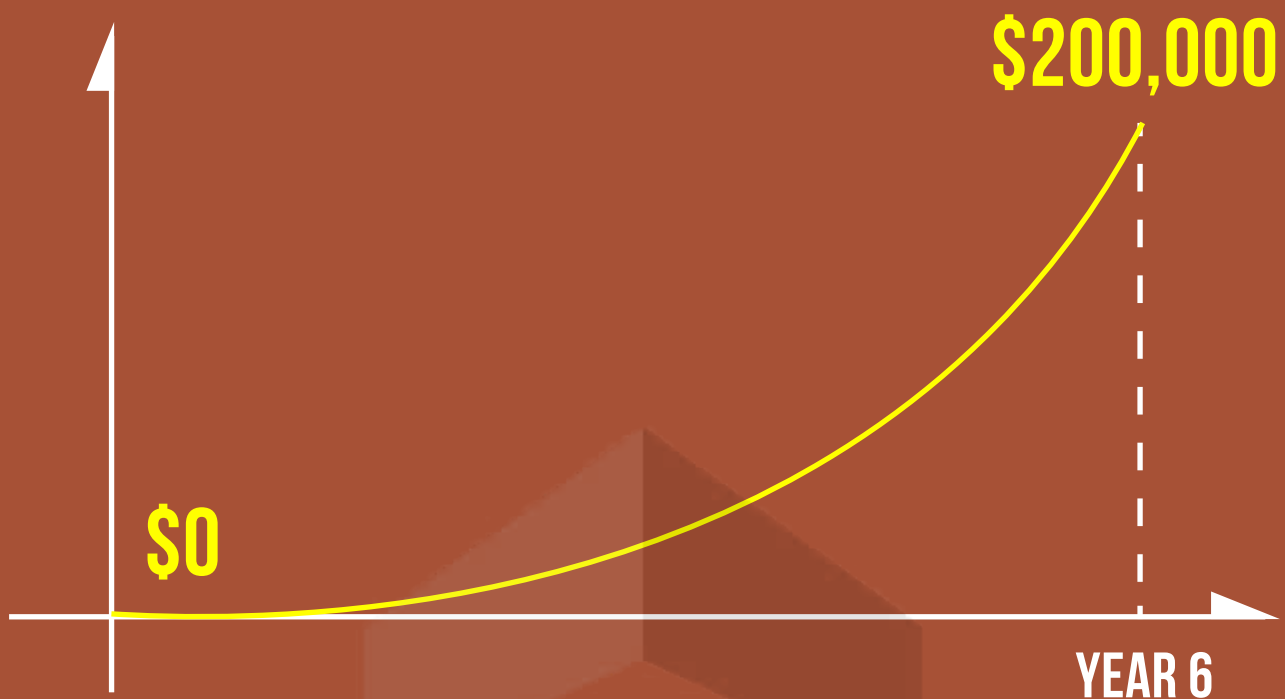
How Long



**WILL IT TAKE FOR
COUPLE A TO ACCUMULATE
\$200,000?**

Note: CPF OA - CPF Ordinary Account

COMBINED CPF OA ACCUMULATED



6 Years Only

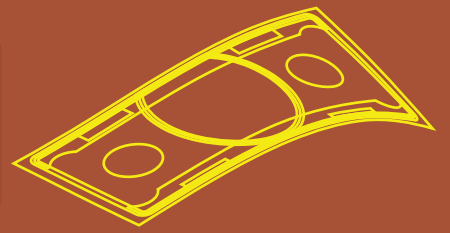
Assuming 2.5% Interest Earned in CPF OA
With a Combined Income of \$12,000/Mth

FAST, RIGHT?

Source: iras.gov.sg



ALL YOU
HAVE TO DO
IS TO PUT
ASIDE SOME
Money
FOR A FEW
YEARS



If You Can Plan

YOUR FINANCES

WELL, BUYING A

\$1,000,000



CONDO IS

ACTUALLY

Manageable!

REALITY 2

**MONTHLY
REPAYMENTS ARE
AFFORDABLE
TO MOST
*SINGAPOREANS
CO-BORROWING***

MONTHLY
REPAYMENTS ARE
NOT A SIGNIFICANT
BURDEN
IF YOU AND YOUR
SPOUSE ARE
CO-BORROWERS

MONTHLY REPAYMENTS

Work Out To Be

\$2,772

*FOR COUPLE A'S
\$1,000,000 HOME*

WOW!



THAT IS ONLY

23.1%

*OF THEIR
COMBINED INCOME...*



REALITY 3

WITH THE
Same Income,
YOU CAN PURCHASE
A Higher Valued
PRIVATE PROPERTY
COMPARED TO
AN HDB FLAT

YOU
May Think
AN HDB LOAN
IS EASIER
TO GET

**DID YOU KNOW
YOU CAN BORROW ALMOST**

**2x
As Much**

**VIA A BANK LOAN TO
PURCHASE PRIVATE PROPERTY
COMPARED TO AN HDB LOAN?**

HDB LOAN



LOAN ISSUED
BY HDB



BUYING HDB

MSR
Restrictions

***FOR HDB LOANS,
YOU ARE BOUNDED BY THE
Mortgage Servicing
Ratio (MSR)***

Source: mas.gov.sg

Mortgage Servicing Ratio (MSR)

**CAPS YOUR PROPERTY LOAN
REPAYMENT TO A MAXIMUM OF**

30%

Of Your Monthly Income

Source: mas.gov.sg

BANK LOAN



LOAN ISSUED
BY BANK



BUYING CONDO

TDSR
Restrictions

***FOR BANK LOANS USED TO
PURCHASE PRIVATE PROPERTY,
YOU ARE BOUNDED BY THE
Total Debt Servicing
Ratio (TDSR)***

Note: Bank loans for the purchase of HDB flats will be bound by MSR instead.

Source: Monetary Authority of Singapore

Total Debt Servicing Ratio (TDSR)

**CAPS YOUR TOTAL LOAN
REPAYMENTS TO A MAXIMUM OF**

55%

Of Your Monthly Income

Source: mas.gov.sg

**THIS MEANS
THAT WITH THE
Same Income,
YOU CAN BUY A
Higher Valued
PRIVATE PROPERTY,
COMPARED TO
AN HDB FLAT**

CASE STUDY



COUPLE B



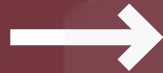
LOAN ISSUED
BY BANK



BUYING CONDO



COUPLE C



LOAN ISSUED
BY HDB



BUYING HDB

Couple B Buying Private Property		Couple C Buying HDB Property	
Combined Income	\$12,000/mth	Combined Income	\$12,000/mth
55% TDSR limit	\$6,600/mth	30% MSR limit	\$3,600/mth
Medium term interest	3.5% p.a	Medium term interest	3.5% p.a
Maximum mortgage tenure	30 years	Maximum mortgage tenure	25 years
75% loan	\$1,469,786	85% loan	\$719,103
Maximum affordability	\$1,959,715	Maximum affordability	\$846,003

Note: The assumptions are based on the maximum allowable tenure and Loan-To-Value ratios, with no outstanding debt.

Source: Monetary Authority of Singapore

\$1,960,000

VS

\$846,000

WHY NOT ENJOY A
Higher Valued PRIVATE
PROPERTY, ESPECIALLY WHEN IT HAS
Better Upside Potential?

YOU DECIDE



CONCLUSION



WITH A BIT OF
PROPER PLANNING,
DON'T YOU THINK
A PRIVATE HOME
CAN ACTUALLY
BE AFFORDABLE?



**DO YOU
BELIEVE THAT
COOLING MEASURES
ACTUALLY BENEFIT
SINGAPOREAN
FIRST TIMERS?**



WHY NOT BUY
AND ENJOY A
HIGHER VALUED
PRIVATE PROPERTY,
ESPECIALLY WHEN
IT HAS **BETTER**
UPSIDE POTENTIAL?

**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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