



HOW TO AVOID THE  
**3 MISTAKES**  
OF PROPERTY OWNERS



# CONTENTS

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Own a HDB Flat and Do Nothing

2

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

3

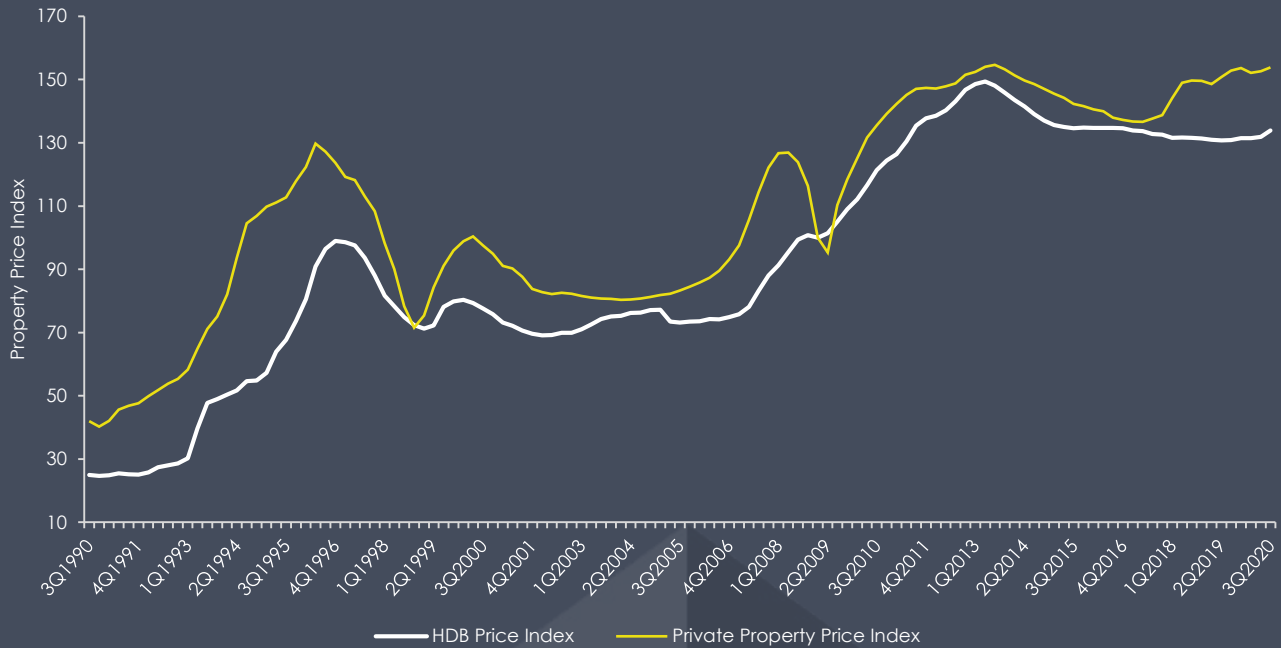
Sell Existing HDB Flat and  
Overcommit to Another Property

**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)  
ERA Research and Consultancy

# HOME OWNERSHIP IN SINGAPORE

REAL ESTATE

*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

# WHAT IF?!



Bungalow  
2020: \$10,000,000

5 YEARS 



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

5 YEARS 



Terrace  
2010: \$3,000,000

 5 YEARS



Condominium  
2005: \$1,200,000



Executive  
Condominium  
2000: \$700,000

 5 YEARS



5RM HDB  
1995: \$500,000

 5 YEARS



4RM HDB  
1990: \$110,000

 5 YEARS

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**

**\$ELL EXISTING  
HDB FLAT  
AND BUY AN  
*OLD HDB  
FLAT AT  
HIGH PRICE***



# WHY PEOPLE DO THAT



***SERS OPPORTUNITY***



***STAY NEAR PARENTS***



***HDB GRANTS***





**BUYER  
BEWARE # 1**

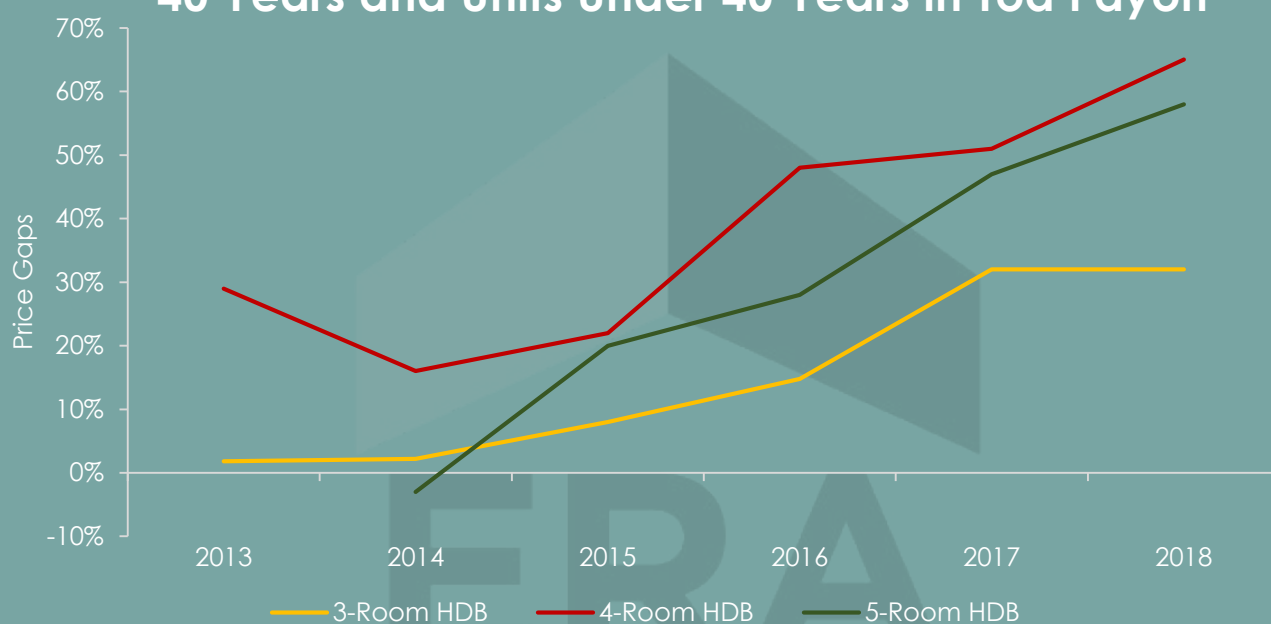
**VALUE IS  
POTENTIALLY LOWER  
AND  
DIMINISHING  
GIVEN THE SHORTER  
REMAINING LEASE**

*Source: The Straits Times, April 2017*



# BUYER BEWARE #2

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](http://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](http://cpf.gov.sg)*

**SCENARIO 3**

**\$ELL 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

**\$2,500,000**

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.  
Source: ERA Research and Consultancy*



# 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 \$2.5 mil
Property Value	\$1,000,000	\$2,500,000
Loan (75%)	\$750,000	\$1,875,000
CPF OA Left (combined)	\$320,000	\$20,000
Cash Left From HDB Proceeds	\$146,400	\$11,400
Monthly Mortgage Payments (2% p.a., 30 years)	\$2,772	\$6,930
<b>Months Left to Sustain Mortgage Payments Using All Available Funds</b>	<b>168 Mths</b>	<b>4 Mths!</b>

Note: All numbers in the table are assumptions.  
Source: ERA Research and Consultancy

**168 MONTHS**

**VS**

**4 MONTHS**

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

**YOU DECIDE**



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# CONCLUSION

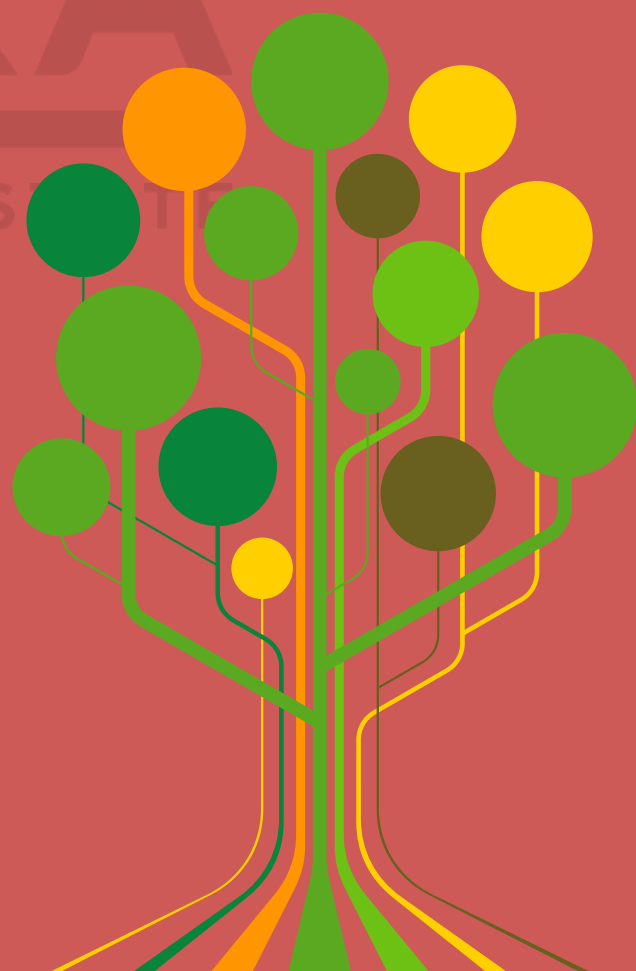


# HOME OWNERSHIP IS A **LONG TERM** COMMITMENT

**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**

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**WILL HELP YOU  
PLAN AND FIND  
A PROPERTY WITH  
FINANCIAL  
PRUDENCY**