

Property Investment in Singapore



PROPERTY INVESTMENT

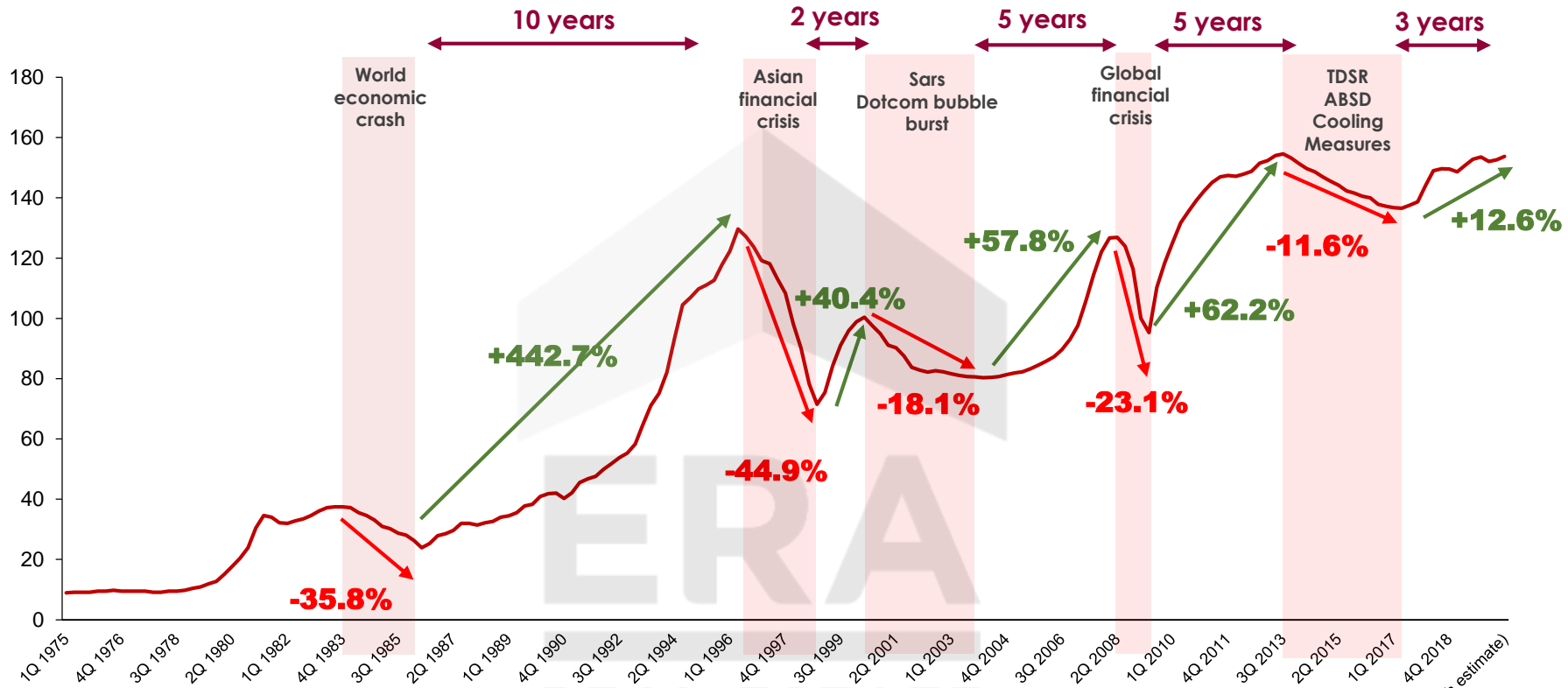
As people seek to improve their living environment, there will be continuous demand for residential property. Investment in real estate market should have reasonable prospects in the long run.

~ Li Ka-shing

Strong faith in property investment as shown from historical property uptrend in Singapore



**Property
uptrend had
prices
increased by
16 times
since 1975**



Private Residential Property Price Index

Source: URA, ERA Research and Consultancy



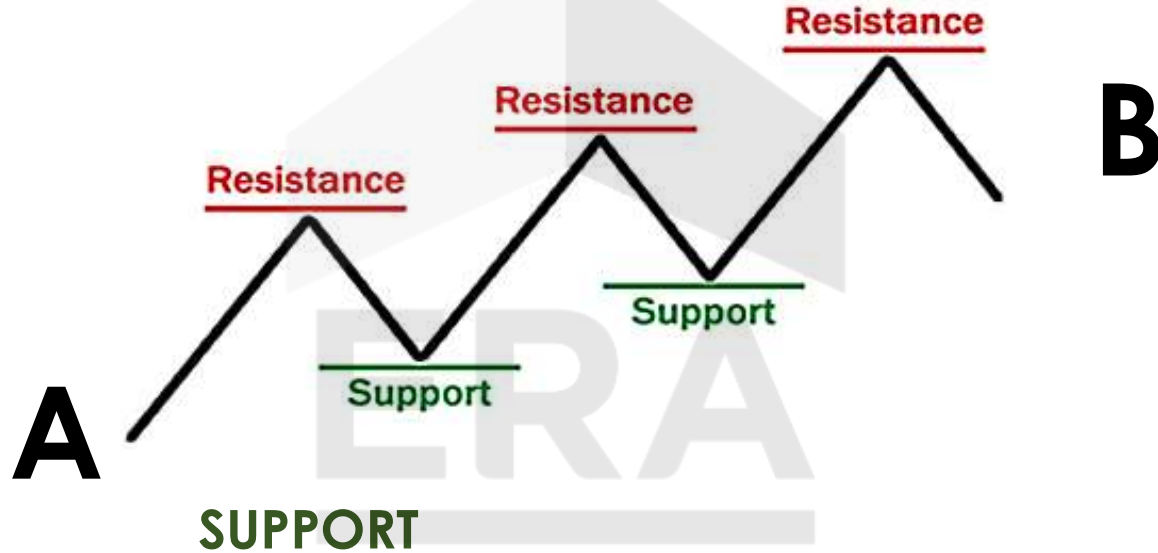
Singapore Property Trend

% Gain > % Loss

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REAL ESTATE

RESISTANCE

Cooling Measures, Recession, Employment & Income



SUPPORT

Government Stimulus, Low Interest Rate, Liquidity

Is Singapore still a safe haven for property investment amidst Covid-19 outbreak

Covid-19 may amplify attractiveness of Singapore's real estate market

By Cecilia Chew | EdgeProp Singapore | March 20, 2020 9:05 AM SGT



SINGAPORE (EDGEPROP) – The world is in turmoil with lockdowns and heightened travel restrictions. Things are likely to worsen in the short term, but Singapore's handling of the outbreak makes it look like a 'safe haven'



The rich are on the lookout to pick up some real estate gems (Photo: Samuel Isaac Chua/EdgeProp Singapore)

As more cities and countries get locked down to stem the spread of Covid-19, anecdotal evidence is that some wealthy individuals see Singapore as a safe haven – certainly one that is worth flying into Seletar Airport on a private jet, even if it means a 14-day self-quarantine upon arrival.

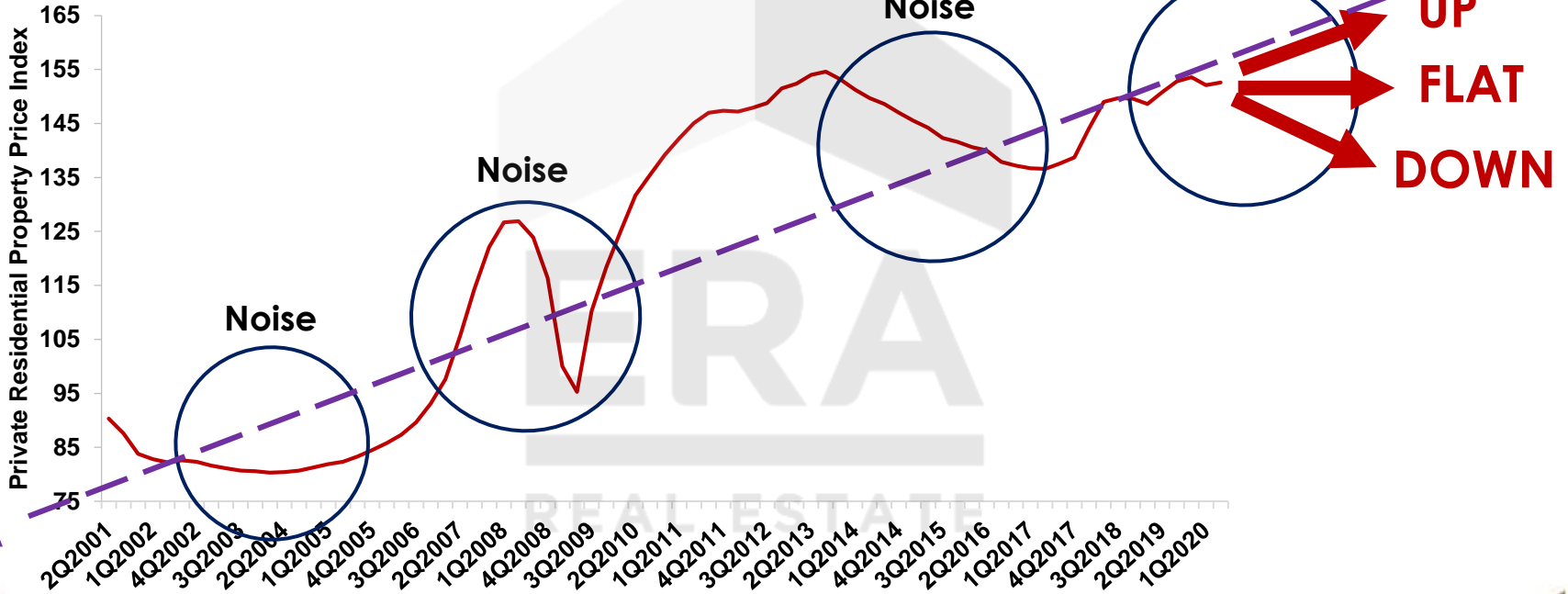
Many of these high-net-worth individuals are from Indonesia, although there are others from neighbouring Asean countries such as Cambodia and Vietnam, says Bruce Lye, managing partner of real estate broker, SR. "They like the way the Singapore government is handling the Covid-19 outbreak," he adds. "They feel safer in Singapore than in their own country, in the event of infection."

Source: *The Edge Singapore* 20 Mar 2020

Singapore Property Uptrend

All residential properties price index (exclude EC)

Noise



A



Source: URA, ERA Research and Consultancy



Asset of the masses in Singapore is in Residential Properties



**HOME
OWNERSHIP
RATE**



REAL ESTATE

Highest home ownership in the world

Selected Socio-Demographic Indicators, 2016

	Singapore	Australia	Canada	Mainland China	Hong Kong	Japan	Republic of Korea	Malaysia	New Zealand	United Kingdom	United States
Population (million)	5.6	24.2	36.1	1,382.7	7.3	127.0	51.3	31.6	4.7	65.6	323.1
Life Expectancy at Birth (years)											
Males	80.7	80.4	79.9	73.6 ¹	81.3	81.0	79.3	72.1	80.0	79.2	76.1
Females	85.1	84.6	84.0	79.4 ¹	87.3	87.1	85.4	77.0	83.4	82.9	81.1
Infant Mortality Rate (per 1,000 live-births)	2.4	3.1	4.5	7.5	1.8	2.0	2.8	6.7	3.6	3.9	5.9
Total Fertility Rate (per female)	1.20	1.79	1.54	1.70	1.21	1.44	1.17	1.92	1.87	1.79	1.82
Doctors Per 10,000 Population	23	35 ¹	25 ¹	18 ¹	19	24 ²	23	15 ¹	31 ¹	28	26
Home Ownership (%)	90.9	67.5	67.8	85.4 ⁴	50.4	61.5 ³	56.8	55.8 ⁴	63.4	62.9	63.4

Source: Official statistical publications and websites
WHO Global Health Observatory Data Repository

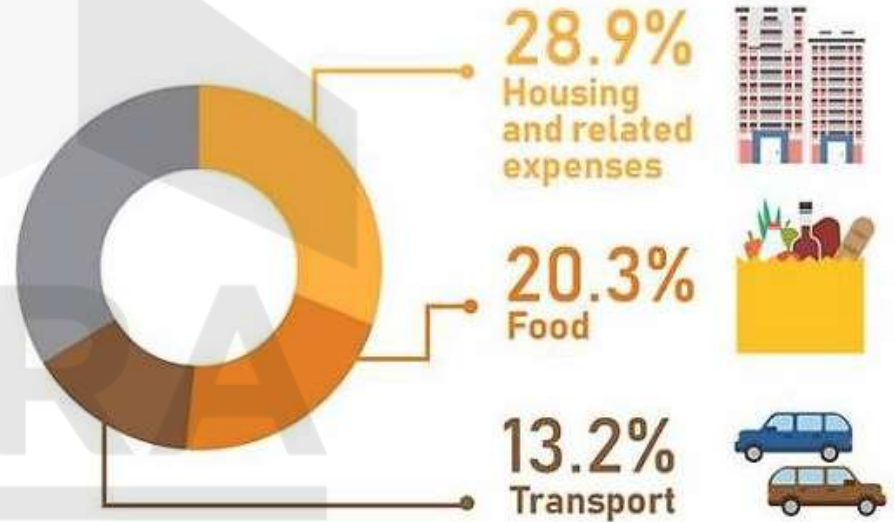
Note: There may be differences in the data definitions or data collection methods among different countries/regions. Users should refer to official data sources for more information, where necessary.

¹ Refers to 2015 ² Refers to 2014 ³ Refers to 2013 ⁴ Refers to 2010

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REAL ESTATE

Housing and related expenses (28.9%), food (20.3%) and transport (13.2%) continued to account for the largest shares of household expenditure.

Singapore households invest the most money in housing



Source: DOS, CNA 31 Jun 2019, ERA Research & Consultancy

Will a sound government allow the wealth of its people to be eroded and end up feeling poorer from mass asset depreciation?

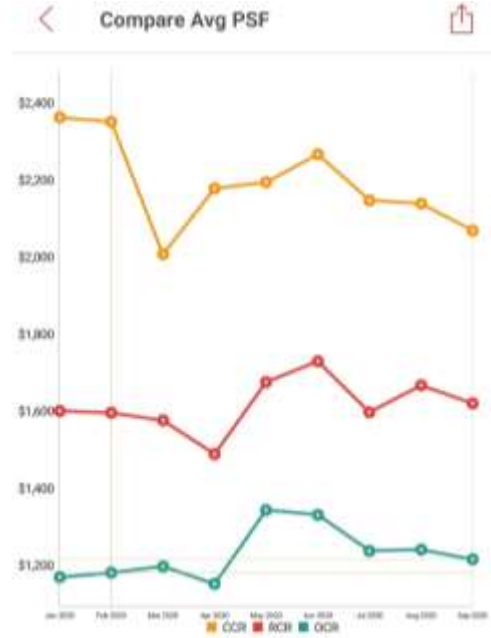
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During Covid-19 outbreak from Feb to Sep 2020, property prices remained resilient



(Sep 2020)
2,466.62



Straits Times Index : -24%

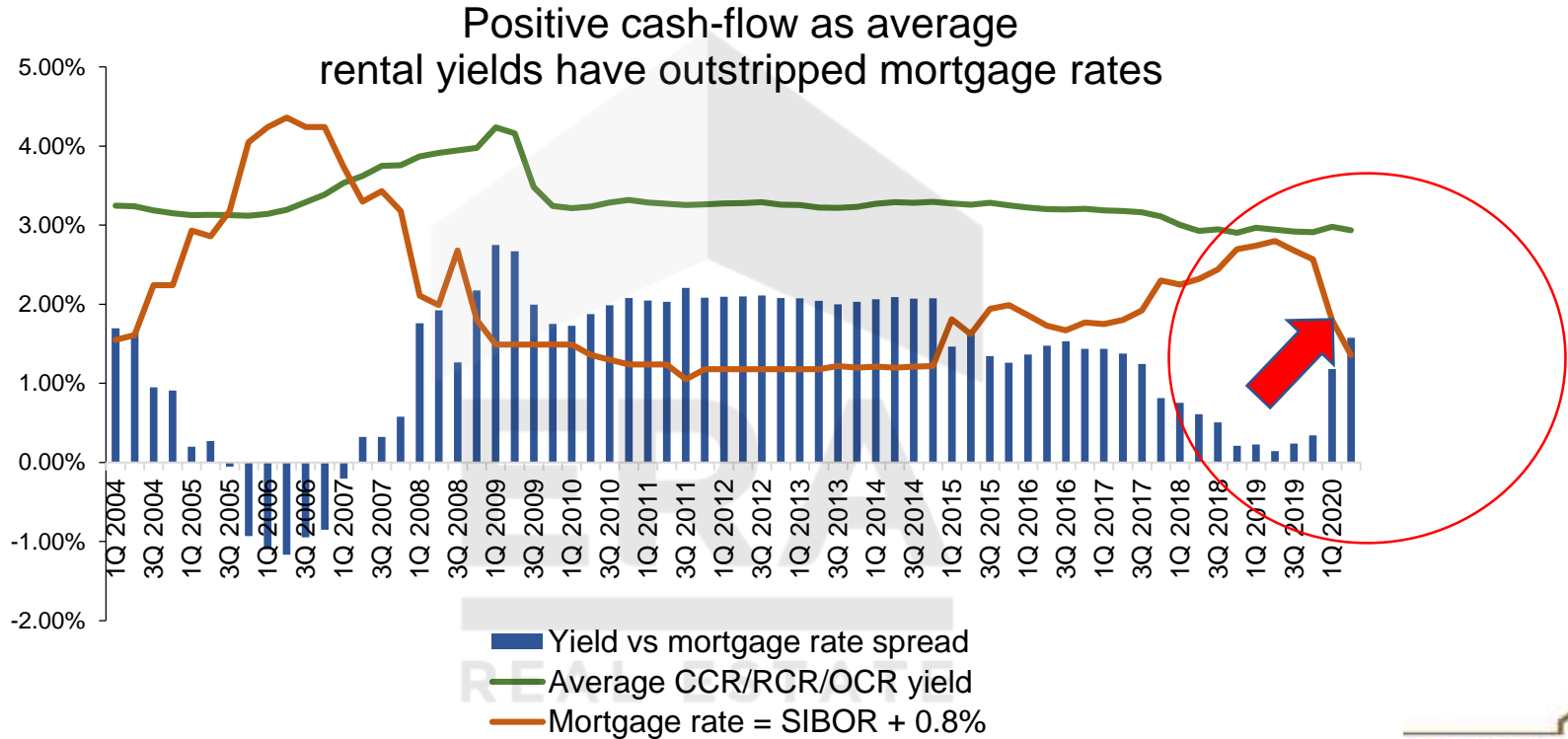
CCR: -11.98%
RCR: 1.5%
OCR: 2.87%



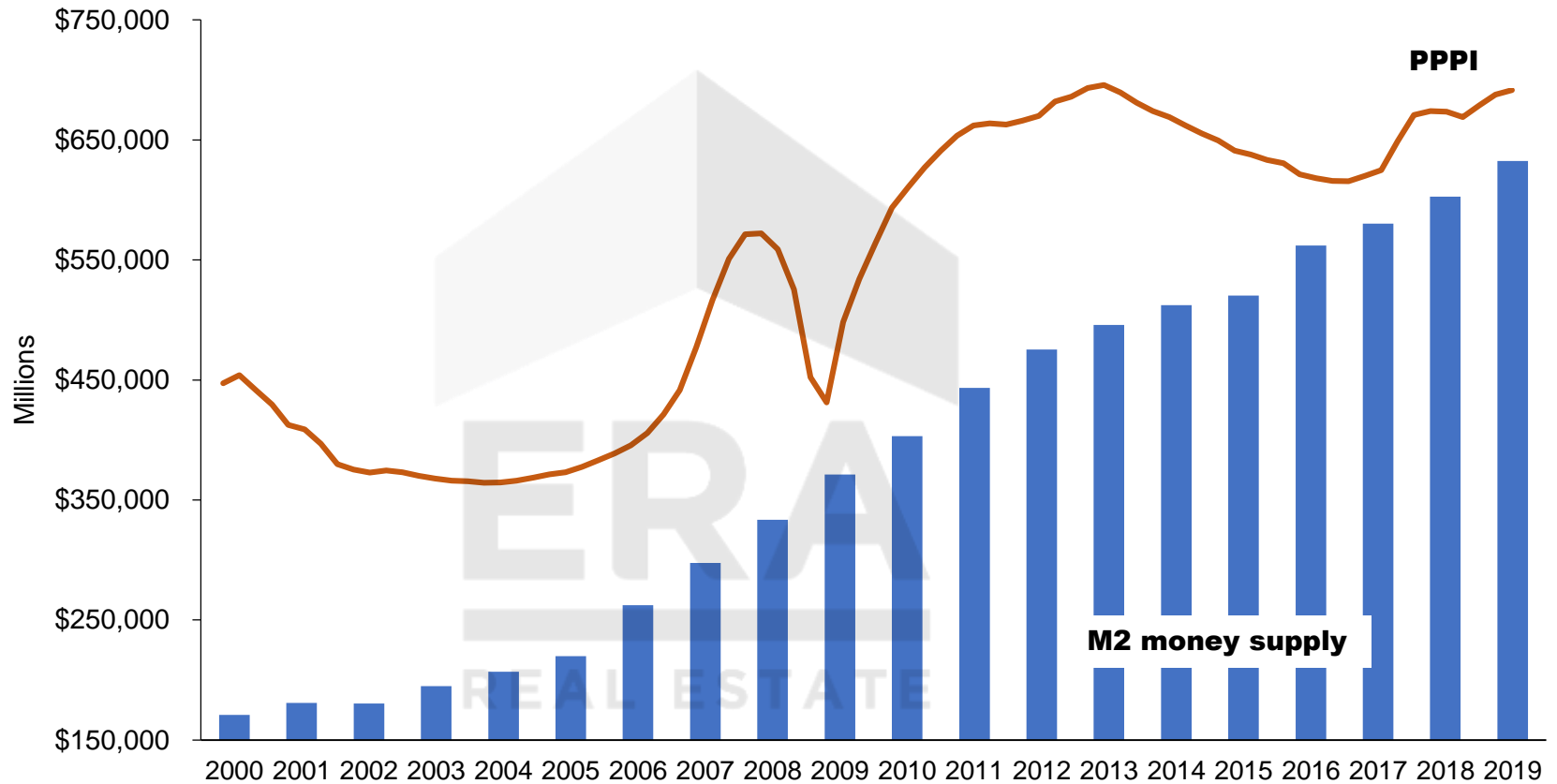
Source: iERA, Yahoo Finance

	Feb 2020	Sep 2020
CCR	\$2,353	\$2,071 -11.98%
RCR	\$1,598	\$1,622 +1.5%
OCR	\$1,183	\$1,217 +2.87%

Prices Supported by Low Interest Rate



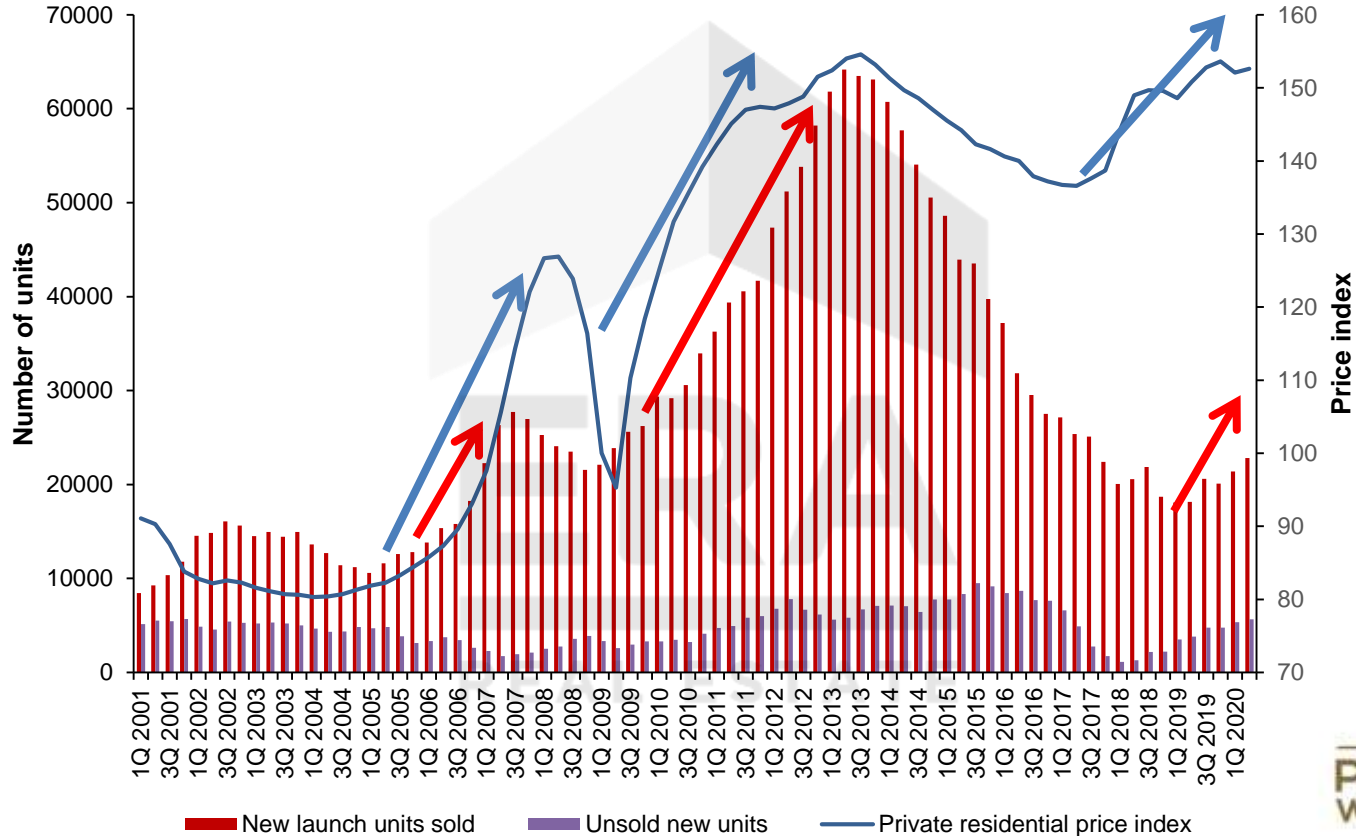
Prices Supported by High Liquidity



Source: MAS, URA, ERA Research & Consultancy

WEEKEND2020 | I
10 & 11 OCTOBER

Prices Supported by Rising New Launch Units Sold



Source: URA, ERA Research & Consultancy



VIRUS OUTBREAK

June new condo sales more than double on pent-up demand, foreigner buying

Affordability also major driver behind 998 transactions in June, no consensus on final tally of prices and volume for 2020

By Iwan Li Sen

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SINGAPORE DEVELOPERS in Singapore sold 998 new private homes in June, 103 per cent more than May's 486, on pent-up demand and an increase in foreign buying as show galleries reopened.

Despite the surge, buyers are hesitating to remain prudent, with at least half the buyers making up over 90 per cent of units sold.

The transactions in June were the highest sales for the month in seven years, while the number of foreign buyers rose to the highest in 10 months, according to Charisma Lim, OrangeTie & Tay's head of research and consultancy.

The previous June high was in 2013 with 1,000 units. The 105 per cent jump in June from May was also higher than the 75.3 per cent month-on-month on-site increase seen in May, data from the Urban Redevelopment Authority (URA) showed on Wednesday.

June's 998 sales were also 22 per cent higher than the 814 units projected a year ago.

Including positive condominium (CC) sales jumped 102.2 per cent from 110 units to 1,031 units over the same period, surpassing the 78.4 per cent in 0-6 increase in May.

Typically, June is slow because it's the month long mid-year school break when families vacation overseas but this year was the first time that people could not travel due to Covid-19 restrictions.

The usual mid-year holiday period was moved to May because of the "circuit breaker", with schools reopening in June.

Last month saw 189 (post-check) by foreigners, made up of 120 permanent residents (PRs) and 69 non-PRs, said Ms Lim, who compiled the data. The previous high was in August 2019 with 188 foreign buyers.

Buyers remained largely prudent though, with 913 suburban homes sold out of the total 998 transactions — comprising 599 in outside central region (OCR), and 410 in rest of central region (RCR).

In May, sales for OCR, RCR and CC were 256, 189, and 41 respectively.

In Q2 2020, OCR posted a 4.2 per cent increase over Q1 2020 while RCR and CC suffered declines of 10.7 per cent and 61.6 per cent respectively, said Ong Teck Sui, JLL senior director, research and consultancy.

"The OCR submarket has proved to be more resilient due to more affordable pricing of OCR projects and demand from HDB upgraders," said Mr Ong.

The three top-selling projects last month were the mass market developer projects located in the OCR — Treasures At Tampines, Parc Camellia and The Florence Residences.

On the increase in foreign buyers, Ms Lim said that the growing overseas economic uncertainties have driven these investors to safe haven assets here.

"Currently, many foreigners snap up homes in Singapore based on their trust in our legal system, quality of finishes, and investment potential of properties," she added.

June also saw some of the priciest homes sold.

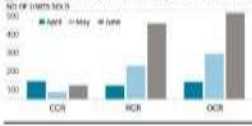
There were seven new non-linked houses sold above \$5 million in June 2020, of which two were above \$30 million, said Mr Ong.

The number of private homes transacting at \$52 million and above rose from 23 units in May to 129 units in June, in terms of proportion to total sales (including CCs), it made up 13 per cent in June, up from 8.5 per cent.

"You were sold above \$3.0 million a 237 sqm 5th floor unit at Boulevard 86 for \$31.2 million or \$53,660 per

PROJECT NAME	ADDRESS	AREA (sqm)	UNITS SOLD	PRICE (\$)	TYPE
13 Holland Hill	13 Holland Hill #12-0K	904	15,000,000	2,745	Freehold
Boulevard 86	65 Orchard Boulevard 405-0K	257	10,180,800	3,660	Freehold
The Avenir	10 River Valley Court 426-0K	204	8,100,000	3,939	Freehold
13 Holland Hill	13 Holland Hill #11-0K	202	7,600,000	3,063	Freehold
Boulevard 86	65 Orchard Boulevard 410-0K	165	6,306,100	3,542	Freehold
Parklands	28 Holland Grove Road 403-0K	285	6,315,421	2,058	110 yrs from 01/11/2017
Meyer Mammoth	79 Meyer Road 425-0K	199	5,262,444	2,675	Freehold

The sales increase (excluding CCs) was broad-based across all market segments last month



Steep rise in new non-linked private homes (excluding CCs) bought by foreign buyers



and a 504 sqm 12th floor unit at 13 Holland Hill for \$515 million or \$22,765 per sqm.

The previous high was a 562 sqm 28th floor unit at Boulevard 86 that was sold for \$53 million or \$55,121 per sqm in June 2019.

Despite the steep recession, some consultants are hopeful that the residential market is maintaining as recovery gathers pace, though prices continue to weaken.

Based on the monthly average of around 809 new sales throughout

2019 and about 752 new sales in Q1 2020, the growing activity has more than normalized to pre-Covid-19 levels by June 2020, demonstrating the resilience of the market, said Farouk Tay, Knight Frank Singapore head of research.

Overall private residential prices have decreased by a rather mild 2.1 per cent based on flash estimates in Q2 2020, in the first six months of 2020, he noted.

In the second half of 2020, with the phased relaxation of restrictions, transaction volumes should stabilise around pre-Covid-19 levels, though the spectre of the virus still looms, he said Mr Tay.

"We anticipate there could be up to

270 new houses (around 6,000 units) in H2 2020 with Carnival 18 due to hit the road on July 17," said Lee See Teck, Hattisons Asia, director, research.

While the economy contracted by 12 per cent in Q2 2020, economists have agreed that the sector is over and recovery is on the cards, he said.

"The resilience in the market and property as an enduring asset class among investors will drive sales in the market," added Mr Lee.

Schedule Mak, ERA heady head, research and consultancy, thinks sales this year could range between 8,000 and 9,000 units.

But Thirika Seng, Colliers International head of research for Singapore, worried that after the initial post-up demand, sales could start to slow as job losses and economic realities sink in.

"We expect 2020 developer sales to fall 20 per cent to 7,000 units from the 9,112 units in 2019," she said.

"With home prices highly correlated to household income and job security, we expect private residential prices could decline 5 per cent in 2020, in line with the economic contraction," Mr Seng added.

Desmond Sim, CBRE head of research, Singapore and South-east Asia, believes that sales momentum may be impacted by the recession. His forecast is for 2020 sales to fall between 5,000 and 6,000 units (excluding CCs).

■ **Condo, HDB units slide further in June: ERA, Page 11**

New job scopes for remaining DWG

PROPERTY WEEKEND2020
10 & 11 OCTOBER

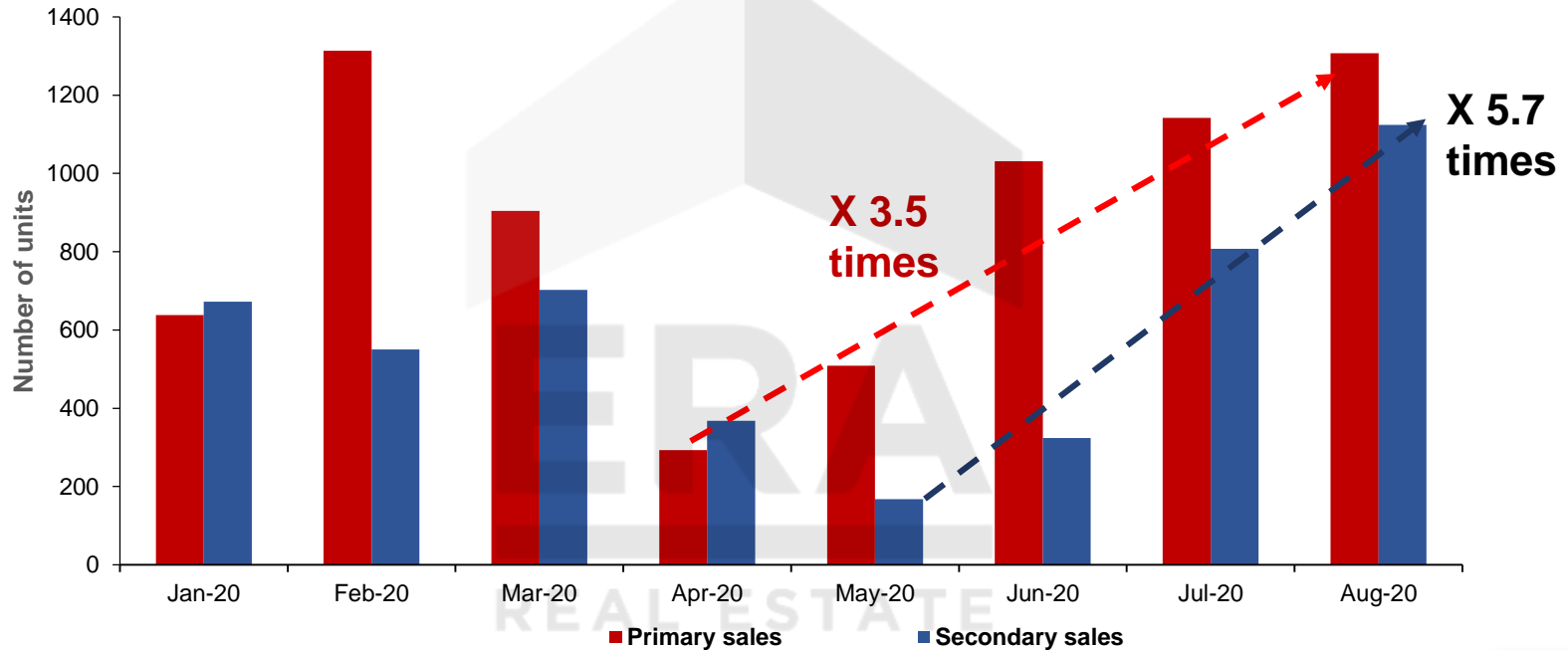
Underlying demand for New Condo is still VERY STRONG

REAL

Source: BT 16 July 2020



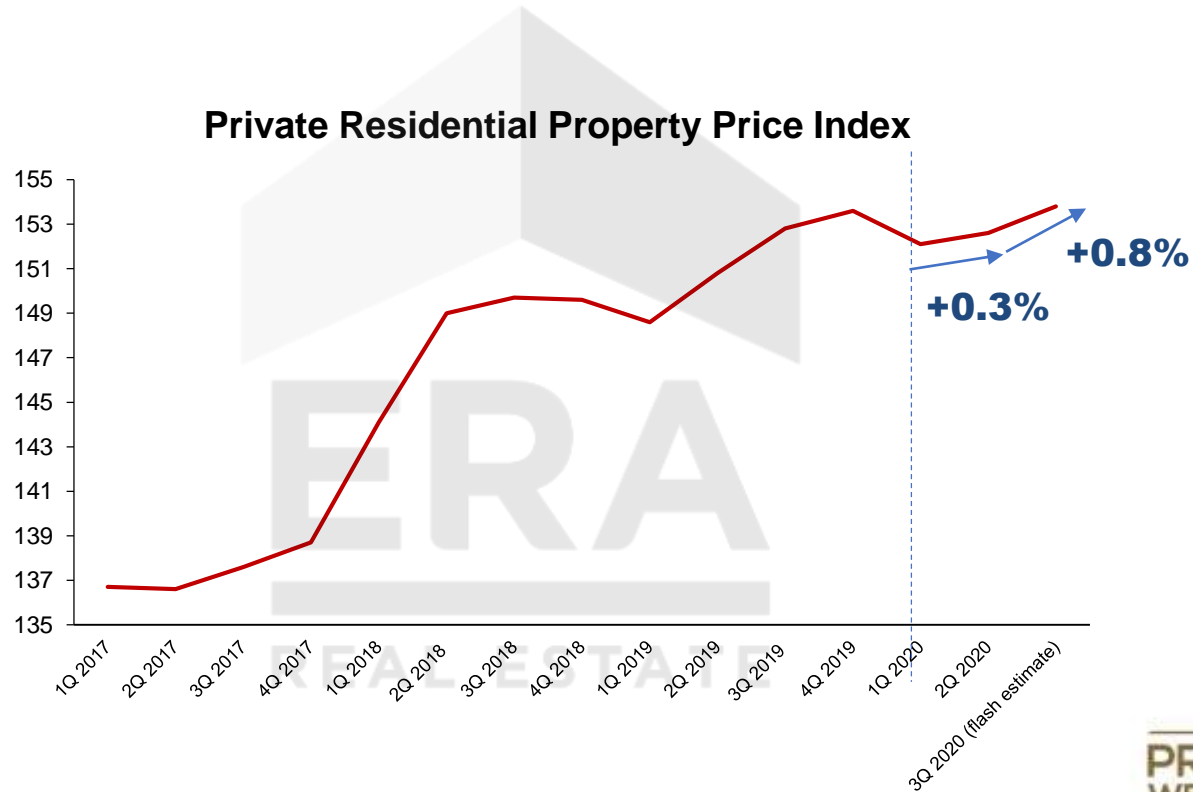
Demand for both New and Resale Condo has been VERY STRONG



Source: URA, ERA Research & Consultancy



Residential price index resumed its uptrend & continue growing despite the lockdown and recession fear

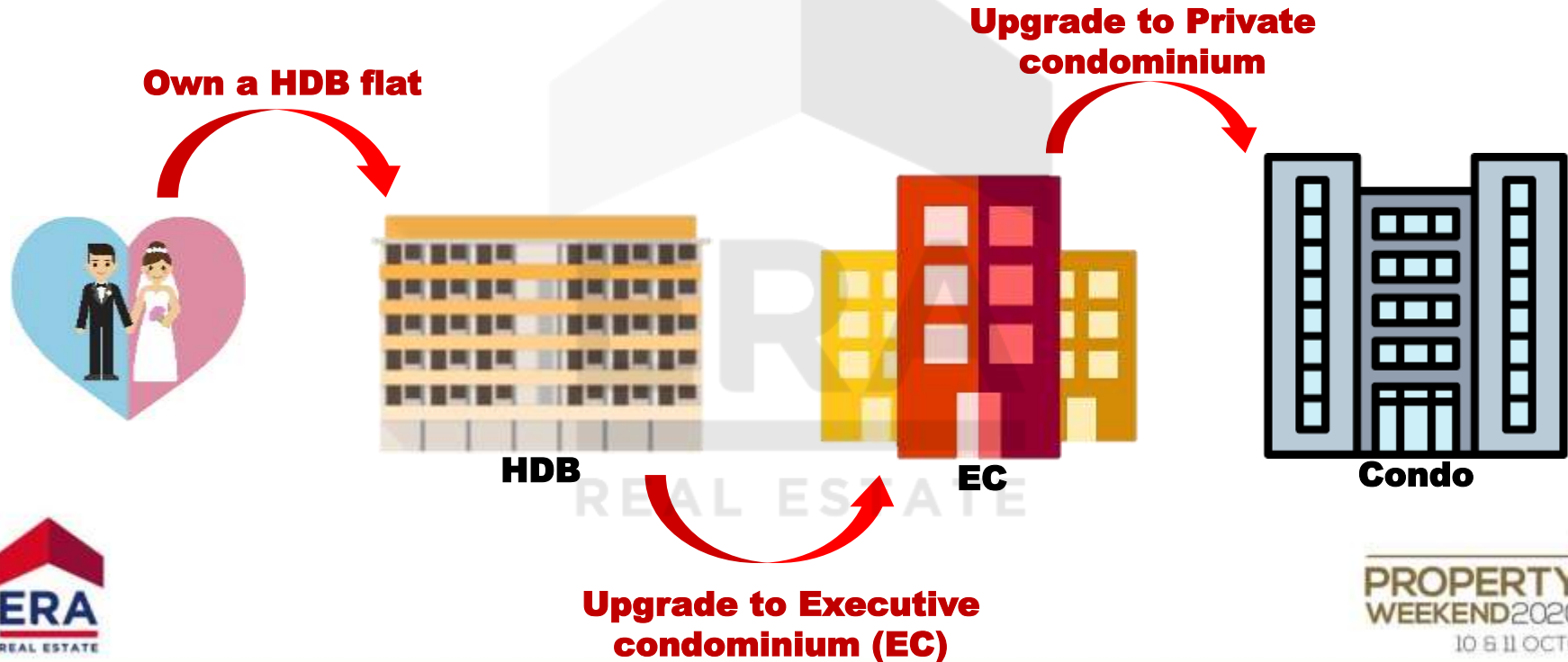


Property Investment
is a time-proven predictable
investment to constantly grow
one's wealth steadily and
provide cash flow in long term.

REAL ESTATE

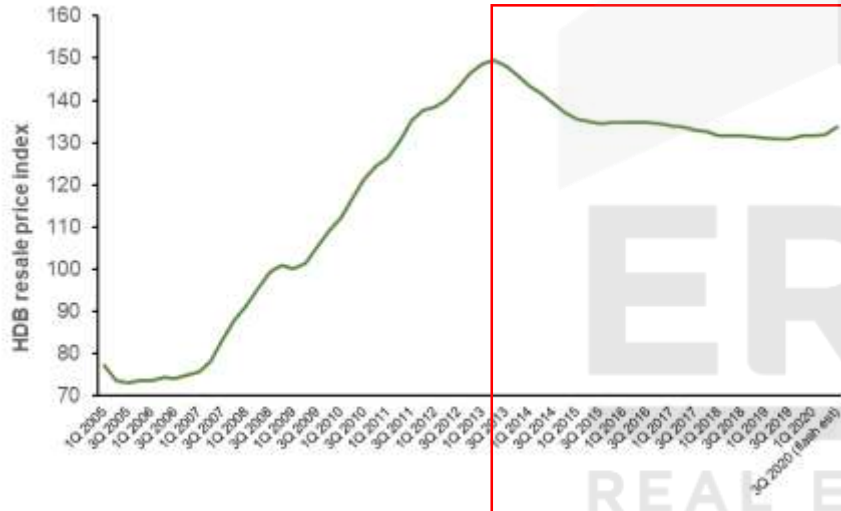


Typical Property Investment in Singapore

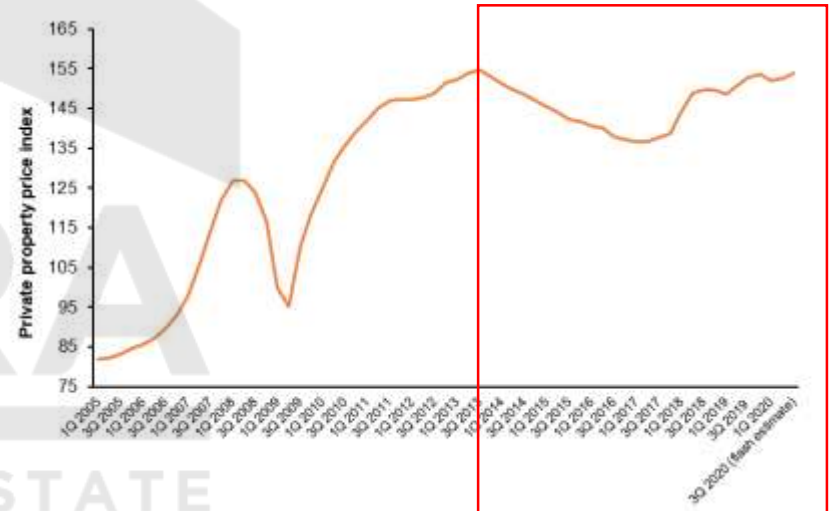


Proper Property Investment Plan (PIP) Helps You make a Better Investment Returns

HDB Resale price has been stagnant since 2013



Private property price rebounded from 2017 and resume uptrend

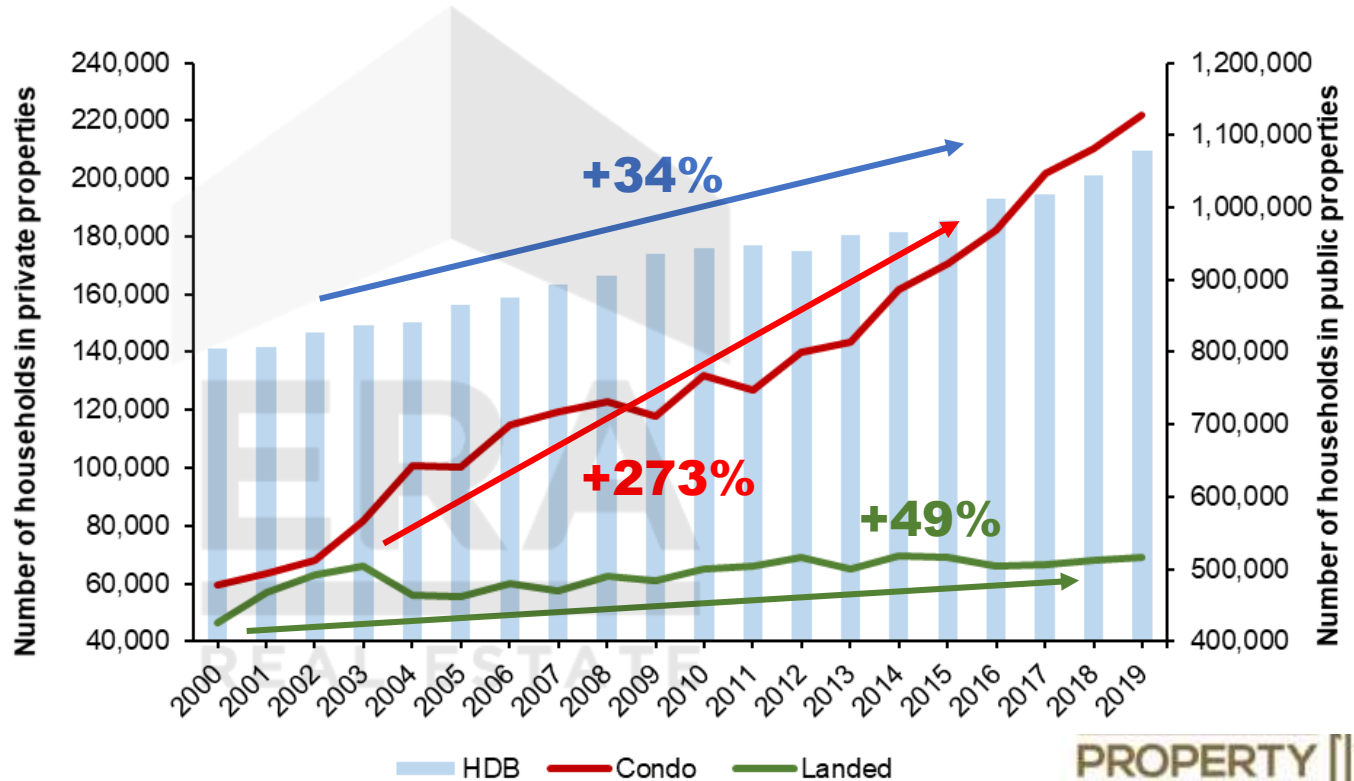


Condominium Ownership Trend

In the past 19 years, while the number of HDB households increased by 34%

the number of condo households increased by 273%

the number of landed households increased by 49%



One method for long term financial planning is by **Property Investment Plan (PIP)?**



For basic needs,
\$800,000



**Studio Apartment
in OCR**



With savings for medical emergency + one
overseas vacation yearly
\$1,600,000



**4BR in OCR
3BR in RCR
1/2BR in CCR**



With savings for medical emergency + two
overseas vacation yearly + golf trips
\$2,400,000



**4BR/PH in OCR
3/4BR in RCR
2/3BR in CCR**

Services by ERA trusted advisor

- ❑ Analyze clients property investment options based on their unique financial positions?
- ❑ Promote financial literacy with investment analysis of optimal holding period?
- ❑ Provide financial prudence with risk assessment analysis especially for investment during crisis time?

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PLAN



EVALUATE



DECIDE



Source: ERA Research & Consultancy





iERA Robo Advisor

Creating values for ERA customers

ERA
REAL ESTATE



PROPERTY
WEEKEND 2020
10 & 11 OCTOBER

#1 Value To YOU

**PLAN: Help provide you with
Property Investment Plans
(PIP) based on your unique
financial position.**

Property ROBO Advisor

I/We do not own any property »

We jointly own a HDB flat »

I/We (jointly) own a private property »

« Back

Asset Progression Plans

I/We do not own any property

Buyers Info

Plans for Both

Plans for Mr Lee

Plans for Mrs Lee

If a couple buys one property together

If a couple buys two properties separately

Mr Lee

30 years old Singaporean with total monthly income of \$7,000, total monthly debt of \$0.

[Edit buyer »](#)

Mrs Lee

30 years old Singaporean with total monthly income of \$7,000, total monthly debt of \$0.

[Edit buyer »](#)

[« Back](#)

This is the private beta version of the property buying advisor, strictly for ERA internal use.

#2 Value To YOU

EVALUATE : Help you evaluate
the best Property Investment
Plan (PIP)
with detailed analysis

Investment analysis

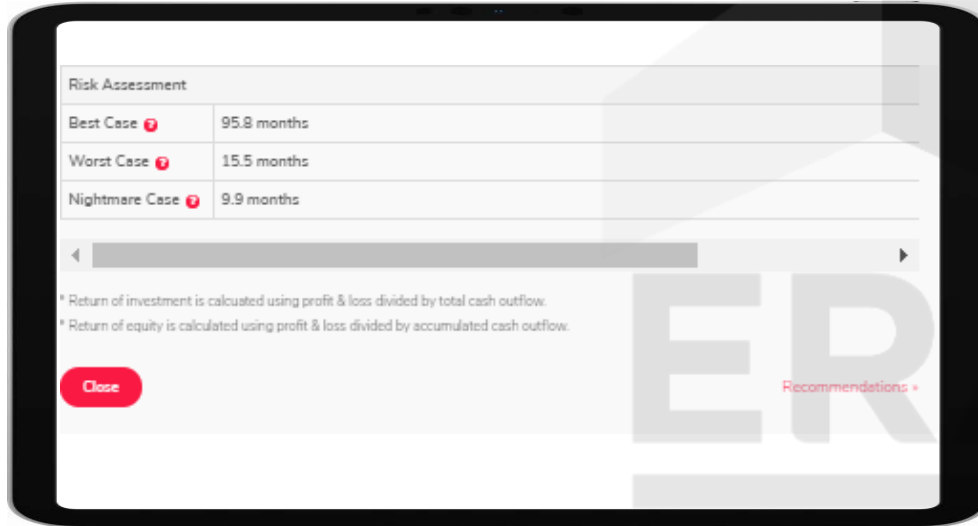
- Display of cash inflows and outflows over holding years
- Profits/Loss, ROI, ROE

Completion of Works			24 year								
Completion of Ceiling			24 year								
Completion of Windows			24 year								
Completion of Car Park			24 year								
CPA			229 year								
ESC											225 year
Horizon Investment	111,014	115,108	148,980	161,870	177,108	177,108	177,108	177,108	177,108	177,108	177,108
Maintenance & Selling Fund to NCT				11,840	11,840	11,840	11,840	11,840	11,840	11,840	11,840
Property Tax			14,300	14,300	14,300	14,300	14,300	14,300	14,300	14,300	14,300
Mortgage											
Net Cash Inflow											
Annual Cash Inflow	1611,489	1,715,188	1,488,680	1,468,810	1,415,368	1,361,368	1,307,368	1,253,368	1,199,368	1,145,368	1,091,368
Annual Accumulated Cash Inflow	1611,489	3,326,277	4,814,957	6,283,767	7,699,135	9,060,503	10,367,871	11,621,509	12,820,847	13,976,215	15,087,583
Agent Commission	140,700	141,034	141,740	142,450	143,170	143,900	144,640	145,390	146,150	146,920	147,700
Legal Fees	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Repayment of Outstanding Loan at Age of 65	11,711,888	11,170,288	10,628,688	10,087,088	9,545,488	9,003,888	8,462,288	7,920,688	7,379,088	6,837,488	6,295,888
Salary & Social Club	176	180	184	188	192	196	200	204	208	212	216
Net Cash Inflow	1459,689	1573,874	1326,952	1316,238	1262,298	1208,358	1154,418	1100,478	1046,538	992,598	938,658
Profit & Loss	0-572,051	0-214,708	0-42,888	386,110	1,171,276	2,054,428	2,940,580	3,826,732	4,712,884	5,600,036	6,488,188
Return on Investment (ROI)	-13.8%	-8.9%	-8.9%	3.9%	8.9%	10.3%	13.6%	17.0%	20.4%	23.8%	27.2%
Return on Equity (ROE)	-15.4%	-11.7%	-12.4%	12.8%	18.0%	22.9%	28.8%	34.7%	40.6%	46.5%	52.4%




#3. Value To YOU

DECIDE: Help provide financial prudence by assessing your risk tolerance to unforeseen financial setback.

Risk assessment



Risk Assessment

Best Case 	95.8 months
Worst Case 	15.5 months
Nightmare Case 	9.9 months

* Return of investment is calculated using profit & loss divided by total cash outflow.
* Return of equity is calculated using profit & loss divided by accumulated cash outflow.

Close Recommendations >

Best Case:

Ability to finance monthly instalment while holding a job with CPF contribution

Worst Case:

Ability to finance monthly instalment without CPF contribution (example: self employ, lost of job)

Nightmare Case:

Ability to finance monthly instalment and other debts within TDSR framework, without CPF contribution (example: self employ, lost of job)