



NEW LAUNCHES

IS THERE STILL AN
OPPORTUNITY IN 2023?

FAQ



01

Doesn't the WFH concept cause a shift to 3 & 4 bedders?

Yes, the work-from-home (WFH) phenomenon in the pandemic and post-pandemic era has saw an increase in demand for larger units, such as 3 & 4 bedders. In the webinar, we covered how the developers have moved towards supplying more smaller sized units for 2 & 3 bedders in newer condo launches. This supply-side shift from the developers was mostly motivated by the cooling measures and reduced quantum which homebuyers could afford post 2014. We notice the WFH's effect more on the demand-side rather than the supply-side. In other words, developers are not supplying more larger units than usual because of this WFH shift as of yet. However, the price of larger units have seen greater appreciation due to the increase in demand. Time will tell if we will see more larger units in new developments.

02

Will Singaporeans be able to afford beyond \$2M projects?

For a couple to afford a \$2M project, they would need to have a \$500k downpayment and another estimated \$80k for stamp duties, legal fees, and any additional costs. Assuming a loan amount of \$1.5M, loan tenure of 30 years, and annual interest rate of 4%, the monthly loan payment comes to approximately \$7,162. After utilising the more prudent 30% MSR over the 55% TDSR, the couple would need to make around \$24k combine income to comfortably afford a home of \$2M quantum.

03

Given that most new launches are above 2k psf, will there be a risk that any legislation or economy factors down the road will affect selling plans aka exit strategy, the risk seems high comparing to those bought in 2000 where psf was mostly under 1k psf?

There is a chance for more cooling measures to be introduced in the future. The key thing to remember is that these cooling measures are centred around keeping homeownership affordable, and keeping price growth sustainable. It is unlikely that a strict price ceiling will be introduced particularly for these new launches as cost-push inflation is pushing development costs up. Thus, we do not expect current homeowners of new launches consistently making losses nor realising potential losses at all. We also do not expect wild profits to be made of these new launches in the current market situation.

04

Does PLB have examples where the properties are good based on PLB HAPC assessment but prices ended stagnant?

Properties with High Appreciation Potential Characteristics (HAPC) have a better chance of appreciating in price but it takes time for these qualities to reflect in the price of the property. This also do not mean that all HAPC properties will definitely make money, it simply reflects a better chance of doing well. Examples we have given include Parc Esta, Stirling Residences, Panorama, these properties took 3 years or more to experience healthy price appreciation.

05

Is there any 2023 new launches worth investing?

New launches in general are priced at higher psfs with each passing year due to inflation, and are typically priced at a higher psf than resale equivalents in the same area. From an investment perspective, you might have to consider your investment priorities (rental income or capital appreciation) and financial commitment level (cashflow and lumpsum payments). Generally, the new launches tend to be easier on the cashflow aspect due to the Progressive Payment Scheme. However, the higher relative price of new launches might take a longer time to appreciate as compared to other investment alternatives on the market. The HAPC of the property is also an important consideration.

06

Won't Lentor Hills parcel A be hard to sell in future since there will be many condos in that area? Thanks 😊

There are many new developments in the Lentor area. This locale will probably have a much denser population, with more retail and commercial activity to accompany it. The new condos in this area will stand out due to the long time gap between the new launches and the other resale projects in the same area. While it is true that the supply of condos in this area has increased, the TOP period might see more competition between sellers to get buyers for their units. This alone might not negatively affect price, rather it might take slightly longer to sell the home. However, if the estate matures into a popular residential area, the demand for the new condos located near Lentor MRT will be even higher. Whether or not it is easy to exit also depends on the size and rarity of the unit. Larger units are rarer but face a challenge of selling a higher quantum home, with a smaller target audience. Conversely, there might be more small to medium units but the lower quantum allow sellers to target a wider audience. The number of condos in this area do not yet point to an oversupply, and it might not be as difficult to exit as some might think.

07

PROPERTY
LIMBROTHERS
Real Estate With Integrity

I observed Parc Sophia from PropertyGuru - Why is it way below CCR price?

Parc Sophia is not a unique case when it comes to CCR properties selling below the CCR average price. There are many surrounding condos near Parc Sophia that experience the same phenomenon. Firstly, prices around the CBD are not distributed equally. For instance, Orchard would have a higher psf than the Dhoby Ghaut area. Secondly, the prices of resale properties can be deeply affected by their launch price, which is a reflection of the development costs. As properties get more expensive over time due to rising development costs, it does not mean that older developments automatically catch up in price. In Parc Sophia's case, it is probably below the CCR price for these reasons and more.

Thank you for taking part in our PLB Webinar and we hope you had an insightful time.

If you would like to have more of your personal questions answered, you can read more of our articles [here](#). If you are more of a visual person, you can follow our [Nuggets On The Go \(NOTG\)](#) series on YouTube in the link [here](#). Alternatively, you can have a more personalised experience by speaking to our consultants. You can reach out to us directly [here](#).