



THE ULTIMATE SHOWDOWN

CLUSTER HOUSES VS. CONDOS VS. LANDED PROPERTIES

FAQ



01

1. Should I sell 99 years leasehold landed property (increased \$1M + over 2 years period) and buy another freehold?

2. Owning a 2 small landed houses (\$4M each) is better than owning a \$8M detached? 1 is rented out.

Congratulations \$1m+ is a very healthy appreciation. Base on our research Freehold Landed in the OCR & RCR region offers more stable growth between 2017 to 2022 irregardless of market situtation and 99years Landed in the OCR & RCR region's appreciation are mainly seen in 2021-2022. The case to switch to a freehold landed will depend a. if you prefer owning a stable growth asset class irregardless of market condition; b. not having to worry when the lease decay may start impact your property price; c. if you are at the consolidation phase of your portfolio where you will prioritse wealth preservation and legacy planning

Assuming that you do not need the space and are comparing terraces (minimum 1400sf land size) and detaches with similar attributes - same tenure (FH/999 or 99), similar location, similar category (cat 1 to cat 4 base on the condition of the property) and in similar zoning (either both landed or non landed zoning). From a ROI perspetive, 2 terraces (\$4m each) with 1 being rented out will likely outpace the appreciation of a detach (\$8m) in the next 3 years. For the last 10 years, overall PSF increases of terraces is 48.5% vs Detaches of 35%. With continue widening price gap between condos and landed properties, terraces demand and price growth will continue to remain strong. With yearly volume of transaction of terraces consistently 4 to 5 times the yearly volume of transaction of detached homes, terraces also present an easier exit due to wider demand. Not to forget, because one terrace is rented out, you have the effect of other people's money to offset holding costs like interest and definitely helps in terms of cashflow.

02

For a freehold landed terrace, what is the current average PSF difference between an original single storey terrace house and a newly built 3-storey terrace house, example in District 14. I am curious whether it makes financial sense to buy an original terrace house and rebuild it to a design that suits my needs.

It will be important to focus on the overall price quantum and not just the land psf. By looking at existing deals in the market, look at the price difference of a newly rebuilt vs an original house. If the price difference of brand new vs original house far exceeds \$400psf for build up, it may present the case for getting something original to rebuild. Cost of rebuilt also depends on the materials used and you have to factor in construction time as opportunity cost as well. Other more important factors to consider will be the layout, number of bedrooms and with the price disparity, can I go into another property type.

03

May we know which town or estate has the most foreign buyers?

Base on May 2022 to May 2023, top 3 districts with most number of foreigner purchases.

D10 - 254

D9 - 188

D3 - 106 units

04

Will landed prices in macpherson & upper thomsom increased? Even if the land size is small (800+ - 1400+sqft)?

Between 2017 to 2022, for FH/999 Terraces with land size below 1400sf in OCR & RCR, we have seen an average price psf increase of 89.2% vs 64.9% for FH/999 landed (with land size > 1400sf) in OCR & RCR. Yes, smaller land plots will still increase in pricing over the long term due to plateauing of landed supply at 73K units and increasing land cost.

05

Will landed prices correct slightly in second half of 2023?

Even with US Bank Failures, Rising Interest Rates (we should be near the peak of interest rates for this cycle), Additional Buyer Stamp Duties increased, we are not expecting prices to crash due to the overall strong holding power of owners in the residential market created by 15 rounds of cooling measures that kept speculators at bay; slow down influx of hot money; prudence lending and high equities in properties. We are unable to predict if overall prices may correct slightly (less than 5%) in 2023, hence we do not advocate timing the market, but focusing on buying the right property at the right entry price. Base on current factors, we still see the market inching up overall in 2023.

06

Where is a good project for strata landed?

In PLB, we use our Landed Moat Analysis to determine if a strata landed or landed is a good buy. The Moat Analysis help us to spot properties that will be in demand when we want to exit; to enter at the correct entry price and to avoid properties with attributes that make it hard to exit. Our consult team will be happy to assist you to identify for a good strata landed project.

07

For strata landed should we be looking into FH or LH? Particular for investor.

What property type to go into will largely depend on the price range. As a general guide in Q2 2023, \$3.8m - \$4m go for Freehold Landed, \$3-3.5m go for Freehold Strata, \$2.5-\$2.8m go for Leasehold landed or leasehold strata. There are other factors we used in our PLB Landed Moat Analysis to determine which is the correct buy.

08

If strata landed is gaining popularity. What about LH landed? Would it be moving or had moved?

Between 2017 to 2022, we have seen an average psf price change of 64.9% for FH/999 landed (with land size > 1400sf) in OCR & RCR. In the same time period, 99 year leasehold landed has an average psf price change of 60% in OCR & RCR. Leasehold landed prices (that are not too old) will move in tandem with FH/999 years during an up market.

09

Is there a way to obtain the exact land size for landed properties? Listings typically have disclaimers to say that land and built up sizes are only estimates. How can buyers protect themselves and find out the exact sizes?

You can get the land size by purchasing property information from INLIS. Build up sizes are usually approximate unless the sellers have the architecture drawing/BCA plans that shows the dimensions.

10

The landed segment at 50 years o age pricing is lower. For buyers, aged 50, how do plan a move from an EC to landed within our budget? Only the landed with 50 years and decreasing value seems to fit the budget.

You will need a thorough financial assessment to determine your budget. Your options will be clearer once you know your affordability. If affordability can only allow you to buy into an older leasehold landed property; you will then have to determine where this old landed leasehold property price will be when you want to exit. Taking into account your goals/objectives of why you want to move to a landed, your retirement plans, your CPF retiremum sum, we are then able to conclude if it is a wise move to move to the landed segment. You can speak with our consult team.



11

What are your views on the property market in the next 5 years in a high interest, high inflation environment?

Inflation rates should taper off to an acceptable level in the next 1.5 years. Interest rates are likely to come down to around 2.5% by end 2025 which will be positive for the property market. Overall, the property prices will reach a new benchmark in 2028, however only the right properties bought at the right entry price today will give you the returns you are looking for in 5 years.

12

The landed houses in district 14 are subject to height constraints. With the impending relocation of the Paya Lebar airbase in 2030, do you envisage a height limit removal by URA? Or do you envisage that the Govt prefers to retain the heritage flavour and retain the height constraints?

Under the envelop controls guideline for landed properties, the overall building height is based on the allowable number of storeys and the floor-to-floor height in metres. In a 2-storey landed zoning, maximum height (including attic) is 12m. In a 3-storey landed zoning, maximum height (including attic) is 15.5m. As for landed properties in Geylang which does not reside in a landed zoning, the maximum building height for the landed property will be 15.5m.

Of course, if a few landed homes side by side are bought over by a developer today, the developer can redevelop into a 8 storeys high apartment as of now (due to height control of Paya Lebar Airbase). After Paya Lebar Airbase is relocated in 2030, the height restriction is Geylang will be lifted and developers can redevelop beyond 8 storeys and maximise 2.8 plot ratio. However, the 15.5m maximum height will still apply for landed properties that are not redeveloped even after relocation of Paya Lebar Airbase .

13

For \$2.5M is it better to buy a condo as easier to sell?

At \$2.5m, there are only 99year leasehold landed options. Whether condo or leasehold landed is a better option will depend largely on your personal goals and needs. The ease of sale is not dependent as much on the property type but more dependent if the property is bought at the correct entry price; if there is a big exit pool of buyers when you want to sell; and if you have avoided properties with undesirable factors that will deter your future buyers.

14

For corner terrace about 2100 sqft of land size, original condition, about 3 storey 3400 built up. Asking \$4.2M. Estimated full renovation and some A&A about \$500k, is this still a safe entry point? Total cost will be around \$4.7M.

If this property is located in rest of central region then the land psf will seem fair. I will compare with asking prices of in terraces and semi-d in the same area to see which offers a better disparity effect. However more information will be required to arrive at a final conclusion to determine if its a safe entry price.

15

Hillview terrace having land area of >2,000 sf selling at \$3.5M but at Cat 1 condition, is it a good buy? Or between Cat 2 & Cat 3, selling at \$4M? Which will be a better choice?

Category 1 homes are meant for rebuilding. Category 2 homes require major renovaton or A&A. Category 3 homes are move in ready or require minor renovation. Purely from a condition perspective, if the land area is similar, with same tenure status, similar height restriction (2 or 3 storey) and in similar condition; the general guideline will be Category 3 homes are more worth it for a \$500K difference to a Category 1 home. As rebuilding cost will be \$400psf, assuming a build up of around 3000sf then it will cost \$1.2m in rebuilding cost. Deeper analysis and information such as zoning, height restriction, facing, layout etc will be required to arrive at the final verdict if a landed property is a good buy.



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**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**.



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