

**RISING STARS OR HIDDEN GEMS?
THE ULTIMATE FACE-OFF BETWEEN
99 YEAR RCR & FREEHOLD
CCR NEW LAUNCHES
IN 2023**

FAQ



01

How much is the average PSF gap between overall OCR and RCR? Seems like the latest ABSD is affecting CCR properties. Will this affect RCR growth in the coming years?

For resale condos, the average psf gap (2023Q2) between RCR and OCR is approximately 23%. When we consider only new launches, this number is around 22%. The price gap between the two regions seems to be rather consistent regardless of its new launch status. While it might be true that ABSD is affecting CCR properties on the premise that foreigners would have to pay a much heftier amount in total, this also applies to RCR properties. While this may have some disparity gap demand spillover to RCR properties in some cases, the main reason why RCR growth has been so strong in the previous few years is due to a larger scale disparity effect occurring across all regions. The ABSD might not have a strong first order effect when it comes to affecting the growth of RCR growth as Singapore's property market is still predominantly driven by mass market local demand.

02

Does profits take into account for inflation?

Inflation is not typically involved in profit calculations. Most of the time, the commissions from sale and other loan and legal expenses are considered. However, inflation-adjusted returns is not a metric that is often used in the industry. Do consider that when using inflation-adjusted returns, the percentage returns will be much lower across all asset classes. And there is a possibility that not all assets might beat inflation in recent years, Singaporean real estate may be one of the exceptions if the property was chosen well.

||| 03

Slow down CCR price growth? So that RCR and OCR will be slowing down too?

The slower price growth in the CCR may be due to its higher denominator or starting average psf for the year. Even if the absolute increase in psf is the same for CCR, RCR, and OCR, the growth rate will be lower if the base psf is higher (which is the case for CCR). In addition to this, rising prices would mean that more and more people would be priced out of CCR and RCR properties, as a result, the demand would shift towards properties which are priced relatively lower, creating a sort of spillover demand. We call this the disparity effect. Due to the price disparity and rising prices, demand will shift to the RCR and OCR. Thus, the RCR and OCR growth rates might not be slowing down like some people think.

||| 04

If my investment goal is rental yield, would I be better off purchasing a 2-room unit or 3-room unit in RCR?

The general rule of thumb is that rental yield increases as the size of the unit is smaller. In other words, studio or 1 bedroom units tend to have a better rental yield. However, rental yield also varies based on the location and the quality of the property and its facilities. Depending on the project, the rental yield may taper off at some point.

||| 05

Why is OCR new launch price same as CCR UC/recently completed properties now?

The rising new launch prices is largely due to cost push inflation. This is heavily influenced by whether the property was launched before or after the pandemic. The world has seen steep increases in material and labour costs. This has affected the property development industry and result in the higher launch prices we see today despite being in less central locations. Another factor is the higher land bids from developers. Due to the expected demand for housing, developers might be willing to bid higher in GLS exercises. As a result, this might push up the overall price of new launches in some situations.

||| 06

- 1. What do you think about Marina One Residences? Is this a good buy?**
- 2. Is it advisable to buy CCR remaining new launch units back in 2020 - 21 that is still sold at 2.3 - 2.5K PSF? Similar to current RCR new launch no.**
- 3. Pinetree or D15 new launches like Grand Dunman if same psf.**

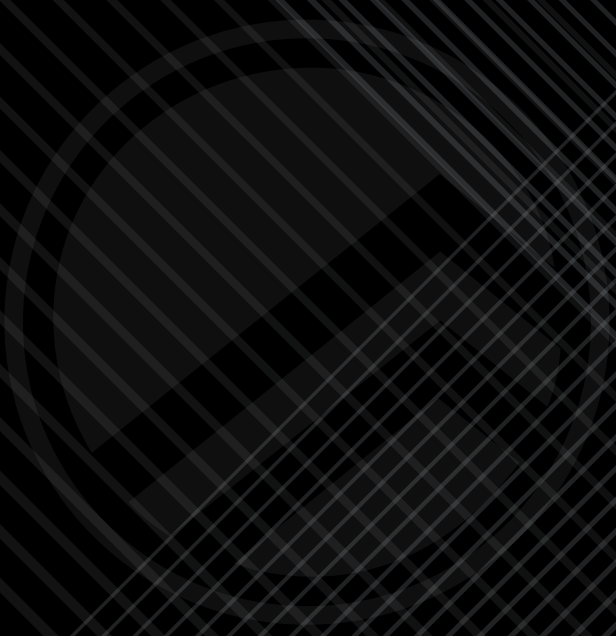
There are many in-demand new launches as well as good opportunities in the resale market at the moment. While there may be some specific projects that catch the public's attention, it is important to take a step back and consider the specific stage of the real estate journey you are in and to find the right property that will meet you and your family's lifestyle and investment needs. It would be difficult to give a recommendation or comparison without the sufficient information to give an appropriate answer. You may sign up for our personal consultations to give you an in-depth answer to your questions that will address your concerns. Click **here** for booking personal consultation.



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

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