

SINGAPORE REAL ESTATE MARKET

TRENDS

AND

PREDICTIONS

2024

FAQ



01

How do we compare between 2 mortgage package?

The optimal strategy is to opt for FIXED packages, considering that the current interest rates are approximately in the range of 3.1-3.2%. This approach is particularly suitable for completed properties. For new launches, the prevailing trend is to offer flexible rates. In my view, the most straightforward approach is to target the lowest interest rates and aim for the shortest possible lock-in period. Additionally, it's advisable to carefully examine the fine print for any hidden costs or additional charges.

02

Property market for 3-bedder \$1.2M, can still find in North-East region?

When it comes to property hunting, it's becoming increasingly challenging to find suitable options. If you come across a property that meets the following criteria, it's advisable to consider it as a priority:

- Minimum size of at least 1,000 square feet.
- Proximity to a nearby MRT station.
- A location with good transaction volume.

In particular, focus on larger projects with a minimum of 300 units.

03

Freehold condo at \$3-4M or landed at \$5-6M? which has a better growth potential? Looking at D9/10/11 or D15.

The most favorable point of entry in the current real estate market is for a semi-detached property priced between 5-6 million, preferably with freehold (FH) or 999-year leasehold status. If available, consider properties in District 15 (D15). In the event that D15 options are limited, look for an intermediate terrace property in the same district. Additionally, in District 10 (D10), properties with three bedrooms priced below 4 million offer a good investment opportunity, if such options are available.

04

Sorry what's the formula for the absorption ratio ?

To determine the sales transaction rate for the period from January to November 2023, we divide the total number of sales transactions during this period by 11 months, and then further divide this result by the number of property listings available in the market.

05

What is the future rental yields consider that JB is much cheaper and people are renting there instead of in Singapore. If the train from singapore reached KL, would singapore rental be low in demand?

From Melvin's perspective:

"I personally don't place excessive reliance on the presence of a train line when evaluating real estate investments. Ten years ago, there was a lot of hype surrounding properties in Iskandar and Medini due to this factor, but many Singaporeans are still dealing with challenges related to those investments. In my view, it's prudent to prioritize the Singapore market before venturing into overseas opportunities. I haven't observed any decrease in rental demand in Singapore, as the country offers unique factors that set it apart. For a deeper understanding, you can check out our latest video on YouTube titled "Singapore's 10 USP MOAT" (Unique Selling Propositions Moat) [here](#)."



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06

The current interest rates are high, but they are expected to decrease in the coming years.

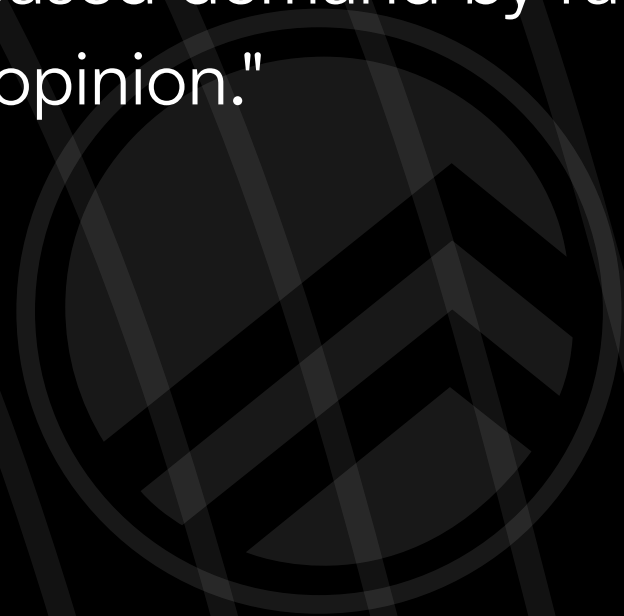
- (1) If I purchase a property now at the high interest rate, will I have the option to refinance at a lower interest rate when it decreases?**
- (2) If so, How does it work? and what are the principal consideration?**
- (3) Do PLB have any interest rate forecast?**

Melvin's perspective on mortgage financing is as follows:

"Yes, adopting this strategy would indeed be advisable. To begin with, securing a fixed-rate mortgage at the current rate of 3.1% with a 2-year lock-in period is a prudent move. After the initial 2-year period, it's a good practice to contact your bank and refinance based on the prevailing interest rates at that time. You have the option to either reprice with the same bank or explore the possibility of changing to a different bank, which is commonly referred to as refinancing.

For completed properties, it's worth noting that interest rates are currently determined by SORA rates. However, for new property launches, interest rates typically remain at floating rates, which are currently around 4%. It's important to acknowledge that making precise interest rate forecasts is challenging, as they are influenced by movements in the US Federal Reserve rates.

Based on our projections, the Federal Reserve is expected to taper its policies in the next 12-24 months. During this period, we anticipate a surge in demand in the Singapore market, as buyers tend to take quick action when interest rates are low, driven by the Fear of Missing Out (FOMO). Consequently, sellers may capitalize on this increased demand by raising prices. Please note that this forecast is based on my own opinion."



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07

What do you guys think about 19 Nassim? It has a seemingly desirable address, but take up rate is low (maybe due to high PSF)?

Melvin's insight is as follows:

"Nassim is widely recognized as the pinnacle of luxury in Singapore, particularly when it comes to condominium addresses. Here, the price per square foot (PSF) often takes center stage as the key metric, given the premium associated with its prestigious location and address. The comparatively lower rate of property acquisition may be attributed to the fact that the property has a 99-year leasehold status. Historically, this area has been synonymous with freehold properties, aligning with the preferences of buyers. Consequently, it may require some time for buyers to become accustomed to the concept of a leasehold property in this highly sought-after location."

08

How do condos located in condo enclaves compare to condos nestled within HDB estates? What would be a good basis to compare them?

Melvin's perspective on real estate investment is as follows:

"My primary criterion for evaluating real estate investments is the volume of transactions. I closely analyze the volume effect and density levels in various projects, making comparisons between them. When the goal is to achieve appreciation, the annual volume of transactions emerges as a critical factor. If a property experiences too few transactions, it can be challenging for its valuation to witness substantial growth.

In my view, it's prudent to target projects with more than 300 units that consistently maintain robust transaction activity throughout the year. A shortage of transactions in a specific area may signal a lack of demand or a situation where existing property sellers have limited motivation to sell. Such circumstances can lead to stagnation in price growth.

Join our consult session for more in-depth insights and comprehensive information on Singapore's real estate market trends and predictions for 2024, click [here](#) to join.

09

Where can we find absorption rate for a particular estates?

Our PLB consultants possess a comprehensive research deck containing all the absorption rates data for properties in Singapore. You can schedule a free appointment exclusively for webinar participants by visiting the following link **here**.

10

Which would have better resale value - Hillview new launch (D23) or fairly new resale near Beauty World (D21)?

Melvin's response: "Definitely Beauty World :)"

11

Is Singapore housing prices already too high given our prices are now at par or even higher than HK? Any comparison of how much higher it can go?

It's anticipated that Singapore's real estate market will continue to experience single-digit growth. This outlook is based on the unique selling proposition (USP) factors that distinguish Singapore from other markets. For a more in-depth understanding of these factors, you can watch our latest NOTG video on YouTube titled "Singapore's 10 USP MOAT" **here**.

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For potential buyer for resale units, can we enter the market in 2024?

Certainly, it's advisable to consider using the PLB Moat analysis framework, especially since the market is expected to undergo a shift in the near future. You can refer to the framework and gain insights from the following video link [here](#).

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Is there a correlation between Singapore and US interest rate? How does Singapore interest rate behave when compared to other nation? Can we use US interest rate as a leading indicator for Singapore interest rate?

Thank you for sharing the resource, it's a great question asked. For a detailed explanation of the question, you can watch the video provided at the following link [here](#).

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Would you advise to buy new launch condo or resales condo?

To gain a deeper understanding of the key factors to consider when hunting for the right resale and new launch properties, I encourage viewers to watch the provided videos at the following links:

1. Why does a condo's transaction volume matter?

2. Cracking the Condo Code 2: Why some 99-year Condos Out-Perform Freehold Condos in the same Enclave

These videos are likely to provide valuable insights for individuals seeking to make informed real estate investment decisions.

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Scenario: Mid-late 20s young couple with a few years of working, both median income, ready to settle down.

Options:

(A) Save up 4-5 more years to buy condo or buy HDB as owner-occupier

(B) Buy HDB next year (co-own) and qualify for grants, but must pay ABSD if get 2nd property next time.

Which would you choose?

Melvin's suggestion for a real estate investment strategy is as follows:

"I believe that timing is crucial. I recommend considering the following approach: Start by investing in a resale HDB unit near an MRT station. Keep renovation expenses minimal and aim to find a unit in reasonable condition. Opt for a single owner and occupier's name to qualify for the housing grant. Own this HDB property for a period of 5 years.

After 5 years, you can consider renting out the HDB unit and simultaneously purchase one condominium. If your income level increases during this time, you might even contemplate selling the HDB property and acquiring two condominiums. I've discussed all the advantages and disadvantages of this strategy in detail in the video.

Please note that the method I suggest carries policy risks and may not work if there are policy changes. Be sure to read the disclaimers and, if you have any uncertainties, consult with our consultants for guidance. Cheers!

For a comprehensive understanding of the pros and cons of this strategy, I recommend watching the following video [here](#).

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So now is buyer or seller's market ?

Melvin's perspective on the real estate market is as follows:

"In 2023, the real estate market is favorable for buyers, characterized as a Buyer's market. However, in 2024, there's potential for a shift as interest rates in the US pivot and possibly return to Quantitative Easing (QE) measures. If this occurs, we may transition back to a Seller's market. During this shift, the Fear of Missing Out (FOMO) could become a driving force in the market."

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Is JB property a good buy? Better to buy condo or landed in JB?

Melvin's perspective on investing in Johor Bahru (JB) and Malaysia is as follows:

"In my opinion, JB offers an almost unlimited supply of properties. It can be an attractive option as a retirement destination or as a second residence for a lower cost of living. However, it's important to be aware that selling a property in JB's resale market can be challenging. Once you make a purchase, understand that it may be difficult to find buyers in the future.

If you're considering JB, my suggestion is to explore landed properties within gated communities. In my view, this can be a more secure choice. For condominiums, I recommend considering properties priced above 1 million Malaysian Ringgit (MYR). This is because many Malaysians can purchase condos below 500,000 MYR, which is the true value of many condos in the market.

However, before venturing into the Malaysian market, I recommend exhausting all your options for Singapore properties first."

M1 Money Supply

This category represents the most liquid form of money, consisting of assets that are readily available for spending. M1 typically includes:

1. Physical currency (notes and coins) in circulation outside banks.
2. Demand deposits, which are bank account balances that can be withdrawn at any time without notice (e.g., checking accounts).
3. Other liquid deposits, which can include certain types of savings accounts that do not have withdrawal restrictions or penalties.

M2 Money Supply

M2 encompasses all the elements within M1 and incorporates additional forms of money that are less liquid:

1. Savings accounts and time deposits, including certificates of deposit (CDs), that are below a certain size.
2. Money market accounts, which offer higher interest rates compared to regular savings accounts but may require higher minimum balances and could have transaction restrictions.
3. Other near money, which refers to assets that can be quickly converted into cash or checking deposits.

M3 Money Supply

M3 represents the broadest category of money supply and encompasses everything in M2 while also including less liquid forms of money:

1. Large time deposits in banks, typically certificates of deposit above a certain size.
2. Money market funds that are not covered by M2.
3. Certain types of institutional money market funds.
4. Other larger liquid assets that are not as readily accessible as those in M1 or M2.

These distinctions within the money supply categories help economists and policymakers analyze and understand the different levels of liquidity and financial assets in an economy.



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With the MOAT 10th point, grant from government for HDB. The "fund injection" will only be released after MOP and owner sell their flat. With Prime and Plus, how it will affects the private property market. Although I understand it will only impact it some where 14-15 years, it will current private property decision. Thanks for your insight in advance.

Over the years, the injection of funds through HDB grants and BTO subsidies has provided substantial and ongoing support to the Singapore residential market. This support becomes particularly evident when HDB homeowners decide to exit their HDB properties and utilize their CPF funds to purchase condominiums or other residential properties. This dynamic highlights the significant role these financial incentives play in shaping the real estate landscape in Singapore.



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Which type of property is the most suitable for first-time home buyers in 2024? Our budget is \$900K.

We are conflicted amongst these options:

- 1) Resale HDB (however \$\$\$, not sure whether price will depreciate)**
- 2) BTO + rent (however renting for 4-5 years is \$\$\$ and not preferred)**
- 3) Condo (most \$\$\$, small, but price might appreciate).**

Would appreciate some advice. Thanks!

Here's a summarized version of Melvin's advice for various housing options in Singapore:

1. Resale HDB: Don't rely on them for appreciation. Consider purchasing one with the idea of using it as a rental property in the future, especially if you follow the 1 owner + 1 occupier method. You can watch a video for more details [insert link].

2. BTO (Built-to-Order): Opt for standard types with a 5-year Minimum Occupation Period (MOP). If this isn't feasible, consider resale HDB units near MRT stations. If possible, try to live with your parents instead of renting, as rental expenses can significantly impact your finances.

3. Condos at \$900K: Be cautious, as you might mostly find 1-bedder units at this price point. These units tend to have oversupply issues and may not perform well in terms of capital appreciation over the medium term.

Based on your situation, Melvin suggests considering Option 1 with a grant, where one person owns the property and another occupies it. After 5 years, you can either sell the HDB and buy a condo or keep the HDB and rent it out while purchasing a condo. However, please be aware that this strategy carries policy risks and may not work if there are policy changes. Be sure to read the disclaimers and consult with their consultants for further guidance.

For a more detailed explanation of the pros and cons, you can watch the video [**here.**](#)



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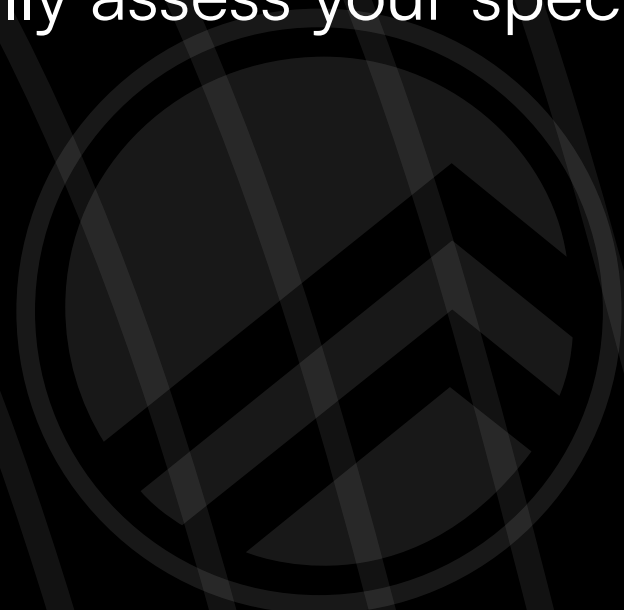
Should I sell my condo after 10 years or hold it for rental?

Exploring the option of switching to a better-performing property is a strategic approach when your current condo fails to appreciate in terms of capital gain. This decision is influenced by several factors, including changes in the rental yield landscape in Singapore.

The rationale behind considering a switch is that with the current low rental yields, the opportunity cost of holding a property that doesn't appreciate significantly becomes increasingly high. However, the feasibility of making this switch also depends on various personal factors, such as your life stage, age, and income as it relates to the Total Debt Servicing Ratio (TDSR) for a replacement home.

For some property owners, paying off their property and generating rental income through yields makes sense. On the other hand, if a property hasn't appreciated over an extended period, the capital tied up in that property may be better utilized through equity term arrangements or by selling it and reinvesting in a more promising property.

It's important to note that every scenario is unique, and there isn't a one-size-fits-all solution. Whether to sell or not depends on various individual circumstances and objectives. Sometimes, not selling might be the more advantageous option, while in other cases, selling and reinvesting could lead to better opportunities. It's crucial to carefully assess your specific situation and goals before making a decision.

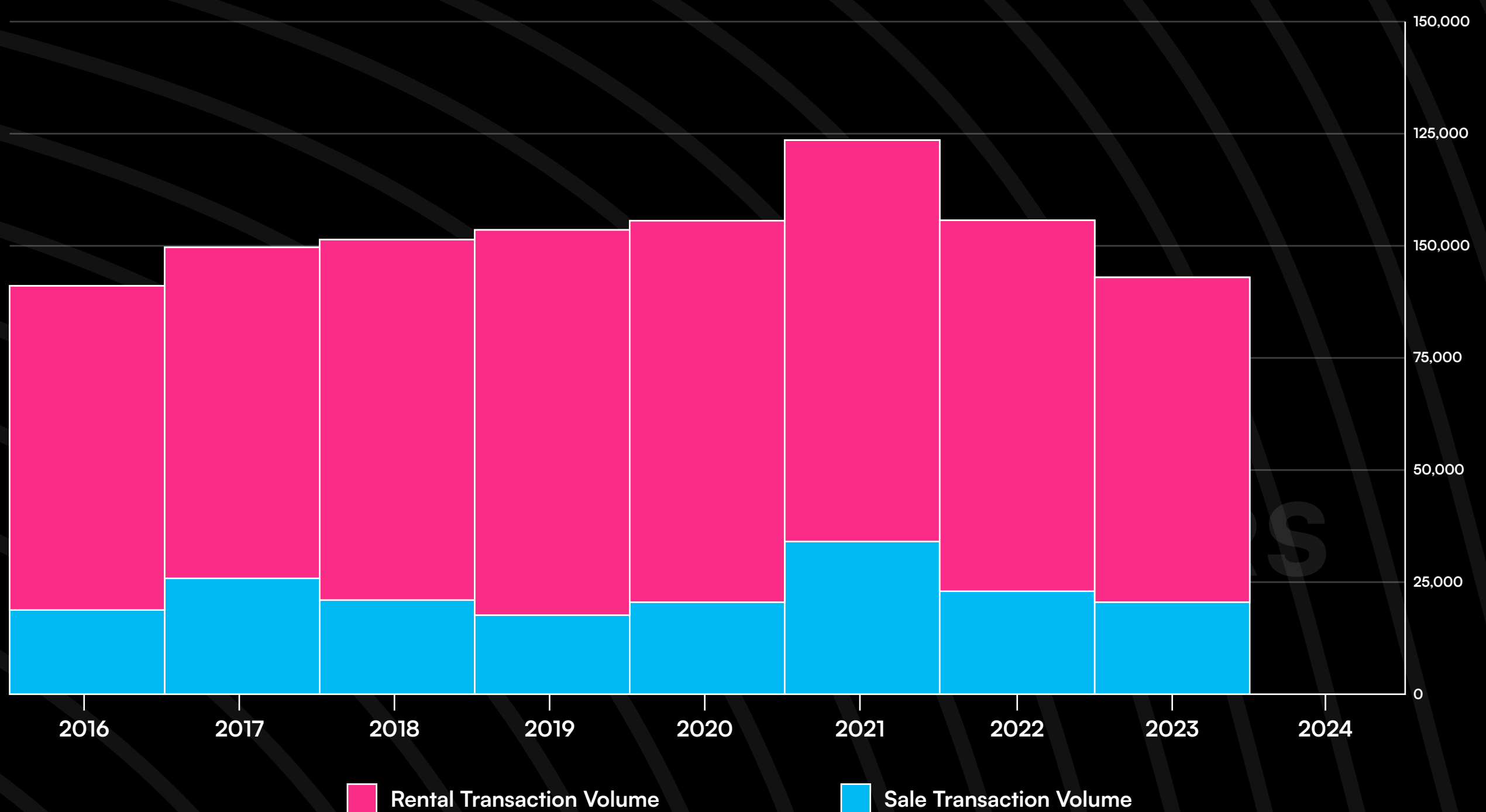


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Were there more rental transactions in 2023 compared to home sales, since you mentioned that the overall transaction is lowest since 2019?



There will always be more rental transactions than home sales, due to the nature of our real estate market. The ratio is typically around 4:1; for 2023, there are 73,398 rental transactions versus 20,152 sale transactions for the condo and apartment segment. If you refer to the chart below, you will see that the sale transaction volume for condos and apartments is the lowest since 2019, and overall rental transaction is the lowest since 2016 — a result of the large supply of TOP condos entering the market.





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Does it mean that condo at CCR has no potential for capital appreciation and should be disposed of?

There's no one-size-fits-all answer to this question, since every property is different. There are properties that have not seen capital appreciation but possess excellent rental demand and yields, which allows investors to continue enjoying passive income or to pay off their existing mortgage. Therefore, we recommend doing thorough research and analysis of specific projects before making a decision for your property portfolio. If you require any guidance, do reach out to us for a tailored consultation!

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

If you 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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