

PERFECT  
SOLUTIONS

TO ENTER  
NEW LAUNCH  
OR  
RESALE PROPERTY  
AT THE RIGHT PRICE!

BUYERS GUIDE 2019  
1st Edition



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# NEW LAUNCH & RESALE MARKET

## SUPPLY & DEMAND



To analyse any property market, the first thing to do is to study & comprehend the **SUPPLY & DEMAND** of property units in that market. This is the core fundamental which tells us to buy or to wait in a particular property market. As we all know, when the supply meets the demand, the buying price is generally reasonable from the angle of the buyers. And if there is an oversupply of property units, the purchase price drops. The opposite occurs when there is an under supply and over demand, the buying price increases. With this fundamental clearly stated, we therefore begin our study by looking at the **SUPPLY & DEMAND** of property units in Singapore in the next 10 – 20 years.

**NEW LAUNCH & RESALE MARKET  
SUPPLY & DEMAND**

**MAKING ROOM FOR MILLIONS**

**2020**

INFRASTRUCTURE FOR PROJECTED POPULATION:

**5.8M - 6M**

RAIL NETWORK EXTENDED BY **100KM** BY 2021

**7 IN 10** HOMES WITHIN  
10 MIN WALK FROM RAIL STATION

**110,000** MORE PUBLIC HOUSING UNITS,  
**90,000** MORE PRIVATE FROM NOW TILL 2016

**800** NEW BUSES OVER NEXT 5 YEARS

**4,100** NEW HOSPITAL BEDS BY 2020

**2030**

INFRASTRUCTURE FOR PROJECTED POPULATION:

**6.5M - 6.9M**

DOUBLING RAIL NETWORK TO **360KM**

**8 IN 10** HOMES WITHIN  
10 MIN WALK FROM RAIL STATION

LAND SET ASIDE FOR **700,000**  
MORE HOMES BY 2030 AND MORE  
IN LONGER TERM IF NEEDED

**PRIME MINISTER'S OFFICE:**

**Huttons**<sup>®</sup>  
The Agency of Choice

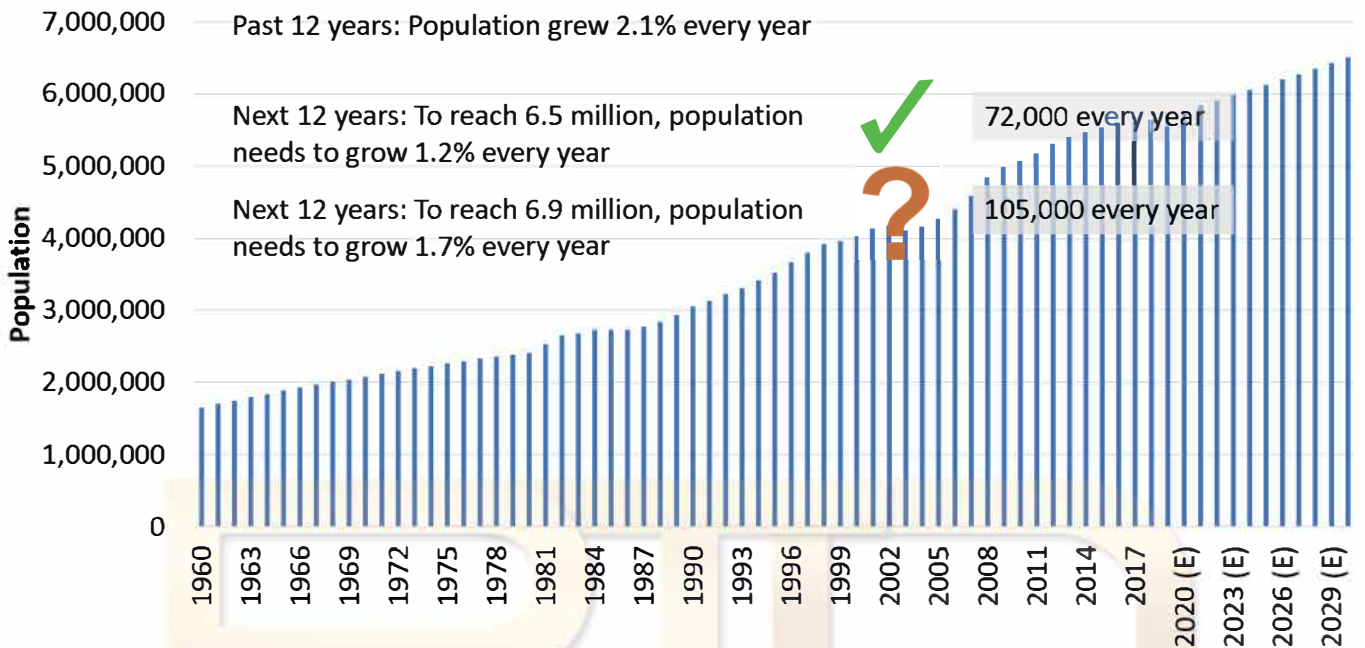
Government to maintain strong  
Singaporean core, create new jobs  
& opportunities for Singaporeans

SOURCE: NATIONAL POPULATION AND TALENT DIVISION WHITE PAPER

Here is a summary of the projected numbers in the population, rail network, & homes needed in Singapore from 2020 - 2030, a total of 10 years. From the chart you can see the population in Singapore is projected to increase by 12% - 18% which is 6.5 – 6.9 million by 2030. The MRT network will increase by 260% from 100km to 360 km. The number of homes within 10 min walk from MRT station will increase from 7 to 8 in 10 homes. The land set aside for residential properties will be 700,000 more homes by 2030. From these projected numbers we can see the Singapore government is determined to increase Singapore's population, rail network, home ownership, and job opportunities.

**NEW LAUNCH & RESALE MARKET**  
SUPPLY & DEMAND

**5.64 million in 2018**



**5.64 MILLION POPULATION IN 2018**

This chart shows the annual population size in Singapore from 1960 to 2029, which consists of the past 58 years (1960 - 2018) and the forthcoming 10 years (2019 – 2029). It includes the Singapore’s annual projection of population growth % by the Singapore government. **For the past 12 years, the annual population size grew by 2.1%. And, if Singapore wants to reach the population size of 6.5 million in 2029, its annual population growth has to be 1.2%.** And to reach the population size of 6.9 million, the annual population increment has to be 1.7%. With this projection, therefore, it is a known fact that the overall population in Singapore will increase; and the question is simply by how much, 1.2% or 1.7% annually? This is an important factor to consider in analyzing the property market demand & supply. As you can see, it is a no brainer that the demand for property housing will continue to increase, so will be the housing prices.

## NEW LAUNCH & RESALE MARKET SUPPLY & DEMAND

The image shows two overlapping news snippets. On the left is a snippet from 'Today' newspaper, dated Tuesday 09 April 2019, with the headline 'New private homes to cost up to S\$2,900 psf on average by 2030: DBS report' by Angela Teng. On the right is a snippet from 'The Business Times' Real Estate section, dated Fri, Apr 14, 2017, with the headline 'Singapore property prices to double by 2030: Morgan Stanley' by Lynette Khoo. The Business Times snippet also includes social media sharing icons and a 'Sign up for BT Newsletters' button.

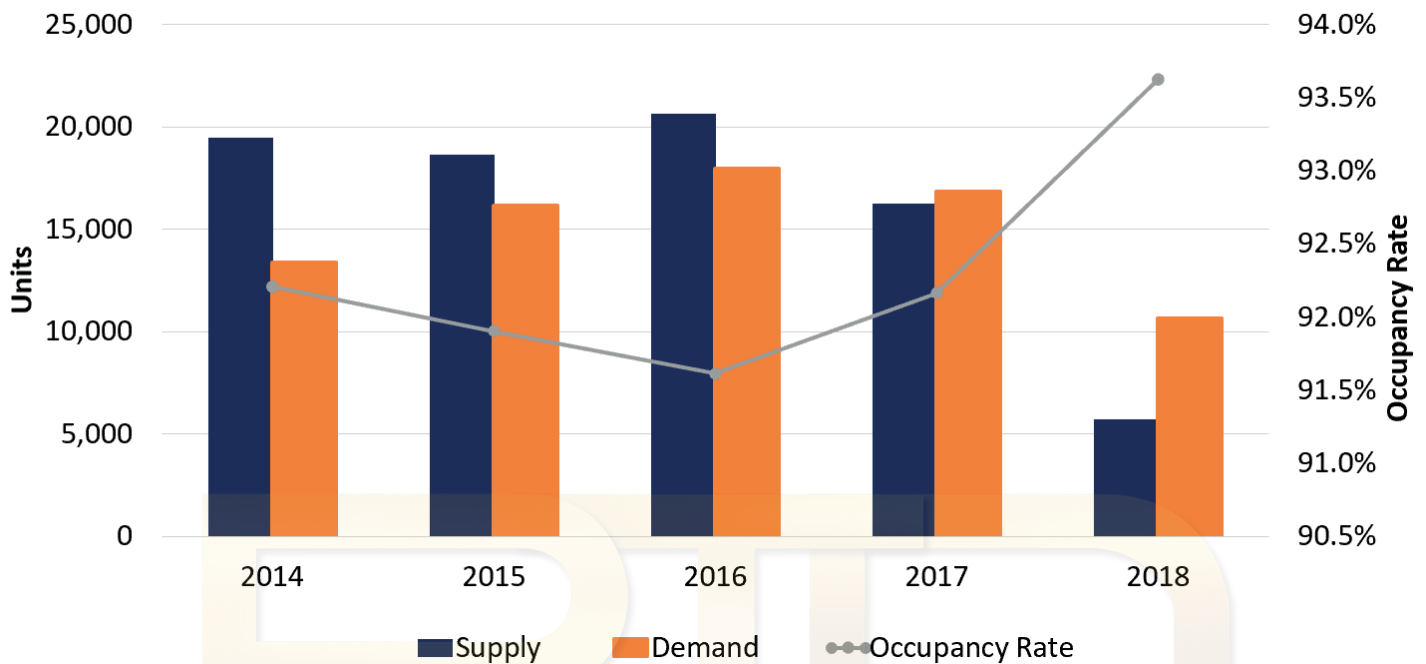
SINGAPORE — Projecting the population here to hit 6.3 million to 6.5 million by 2030, a research report released by DBS on Wednesday Apr 16) forecasts new private homes to cost between S\$2,300 and S\$2,900 per square foot (psf) on average by then – sharply higher than the current price.

Published on 9 Apr 2019 in Today titled “New private homes to cost up to S \$2,900 psf on average by 2030: DBSreport”. The five projections made by two DBS property analysts on Singapore’s property projections in 2030.

- **Singapore’s population to hit 6.3 million to 6.5 million**
- **Homeowners’ incomes and property prices to grow at compound growth rate of 1.5 percent to 3.2 percent**
- **New private homes to cost between S\$2,300 and S\$2,900 psf by 2030**
- **Demand for private property to be between 12,000 and 16,000 units per year**
- **Average size of private units to shrink to 840 sq ft**

## NEW LAUNCH & RESALE MARKET SUPPLY & DEMAND

### Occupancy rate firming



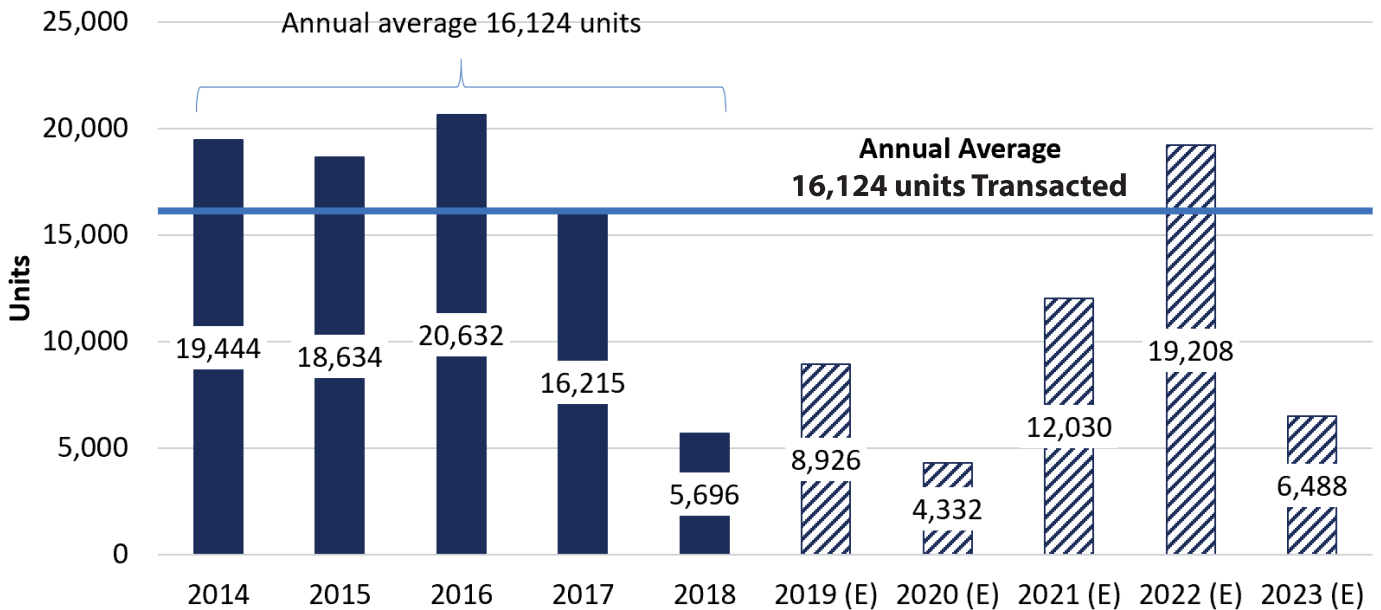
Here is the SUPPLY & DEMAND – OCCUPANCY RATE FIRMING. It shows the total number of property units supplied into the market annually, and also its occupancy rate. The supply here is referred to the number of TOP (Temporary Occupation Permit) units in each year. As you can see, from 2014 to 2016 the demand is lower than supply. But from 2017 onward the demand is higher than the supply.

This is even more evident in 2018 where the demand is about two times higher than the supply. What we see in 2018 is the total number of units supplied into the market has dropped drastically, even though the demand has also dropped, but it is still far above the supply. **This phenomenon has evidently shot up the price of properties in 2018. Consequently we foresee this upward trend to continue in 2019.**

Source: Huttons Research

**NEW LAUNCH & RESALE MARKET**  
SUPPLY & DEMAND

**Market is undersupplied by ~30,000 units**



From the data assembled & analyzed here, it is evident that the Singapore property market will be undersupplied by 30,000 units in the next 5 years. The chart above shows the annual property demand of the **last 5 years from 2014 - 2018, which averaged out to be 16,000 units annually.**

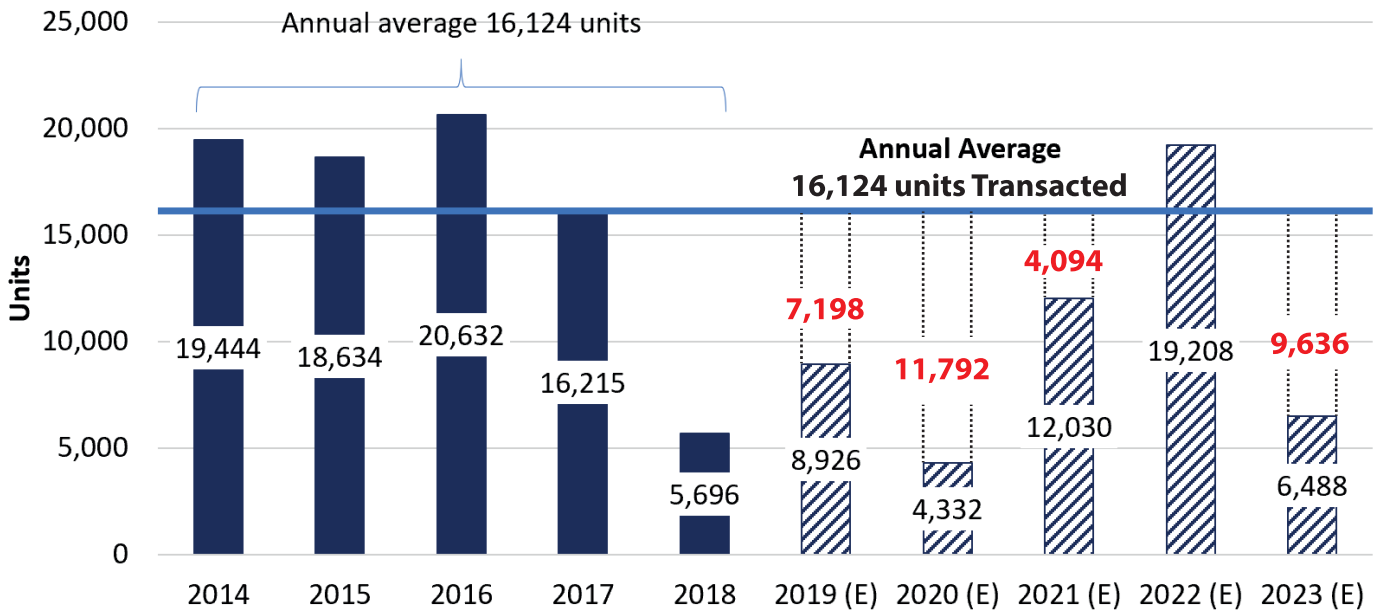
Based on this annual average of 16,000 units which are ready to be stayed (moved in), we tabulated the numbers of units (supply) going to TOP from 2019 to 2023 will have a shortfall of 30,000 units. You can also see, the annual average of TOP units in 2018 dropped tremendously.

Source: Huttons Research



## NEW LAUNCH & RESALE MARKET SUPPLY & DEMAND

### Market is undersupplied by ~30,000 units



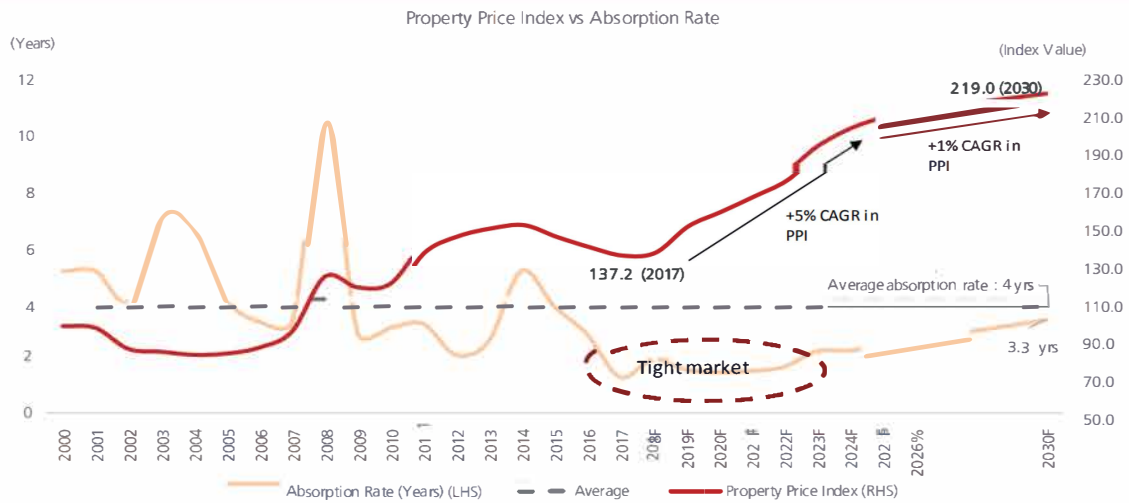
Based on an **annual average 16,000 units demand**, we tabulated the amount of units (supply) going to TOP in **2019, 2020, 2021 and 2023** will have a short off of **30,000 units**.

You can also see the projected numbers of TOP units from 2019 to 2023 are below the annual average, except in 2022 where the supply will be above the annual average. This shows we are & will be far under the supply of properties from this year, 2019, onward. It shows that the annual supply of new homes to be lower than the annual increase of population in Singapore. It is definite there will be a shortage of new homes in the market.

This shortage of home supply is due to the recent increase of en bloc, as well as the government's control on land release for housing. **Therefore, it is important "to buy in" now because this decrease of supply of TOP units will continue in the next 5 years.** And if you decide to buy in later, you might not be able to find a home to buy, let alone staying.

Source: Huttons Research

**Our assumptions on market absorption rates vs property prices**



On the assumption of 16,000 new units added to the market a year, we estimate that absorption rate. **As such, we project that prices will increase by 5% Compound Annual Growth Rate (CAGR) up to 2025 before dipping to 1.0% CAGR over 2025-2030.** This chart below reflects a steadily 5% CAGR on different regions in Singapore.

		Average Price Per Square Feet (\$psf)											
Region	Location	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
OCR I	Pasir Ris, Sembawang	\$1,200	\$1,260	\$1,323	\$1,389	\$1,459	\$1,532	\$1,608	\$1,689	\$1,773	\$1,862	\$1,955	\$2,052
OCR II	Hougang, Jurong	\$1,400	\$1,470	\$1,544	\$1,621	\$1,702	\$1,787	\$1,876	\$1,970	\$2,068	\$2,172	\$2,280	\$2,394
RCR I	Alexandra, Woodleigh	\$1,750	\$1,838	\$1,929	\$2,026	\$2,127	\$2,233	\$2,345	\$2,462	\$2,586	\$2,715	\$2,851	\$2,993
RCR II	Upper Bukit Timah, East Coast	\$2,000	\$2,100	\$2,205	\$2,315	\$2,431	\$2,553	\$2,680	\$2,814	\$2,955	\$3,103	\$3,258	\$3,421
CCR LH I	Bukit Timah, Holland	\$2,400	\$2,520	\$2,646	\$2,778	\$2,917	\$3,063	\$3,216	\$3,377	\$3,546	\$3,723	\$3,909	\$4,105
CCR LH II	Orchard, River Valley	\$2,700	\$2,835	\$2,977	\$3,126	\$3,282	\$3,446	\$3,618	\$3,799	\$3,989	\$4,189	\$4,398	\$4,618
CCR FH I	Novena, Bukit Timah	\$2,600	\$2,730	\$2,867	\$3,010	\$3,160	\$3,318	\$3,484	\$3,658	\$3,841	\$4,033	\$4,235	\$4,447
CCR FH II	Orchard, River Valley	\$3,400	\$3,570	\$3,749	\$3,936	\$4,133	\$4,339	\$4,556	\$4,784	\$5,023	\$5,275	\$5,538	\$5,815

Given different demand and income growth projections, we project property prices to grow 3.2% (at 6.5m population) CAGR. This will translate to an average price of c.S\$2,300 psf to c.S\$2,900psf, from S\$1,446 psf in 2017.

		Period 2018F-2020F	Period 2021F-2025F	Period 2026F-2030F	At 2030
<b>At 6.5m population</b>					
Income Growth	(%)	2.50%	2.50%	2.5%	2.5%
Demand for homes (Primary Market) w/o Foreigners	Number	+13,500/yr	+13,500/yr	+13,500/yr	+13,500/yr
Average projected growth in property price	(%)	7.0%	3.0%	2.0%	2.0%
Price on S\$psf basis	S\$ psf	1,759	2,198	2,727	2,908
Average size of a private property	Sqft	1,030	950	862	840
Average property quantum	S\$m	1.8	2.1	2.4	2.5



*Thank You!*

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**PHONE: 98357066**  
*VSOH.SGI@Gmail.com*

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