

10 Tips to Buy the Best Singaporean Property

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FOREWORD:

Located on the Malayan peninsula, Singapore represents a promising investment opportunity for individuals who want to gain exposure to a unique emerging market in Southeast Asia. Understanding the upsides and downsides of investing in Singapore can help you decide whether you should go forward or not. We know that Singapore is considered the most critical business hub in this region. It is a maritime centre linking over 600 ports that spread across 120 countries and has one of the world's finest amenities for a living.

Singapore has one of the world's wealthiest populations, favourable demographics, and a growing economy. Still, its focus on trade leads to some degree of economic dependence on global foreign exchange that should be factored in before you make an investment decision. As of 2019, the country is the third-richest in the world based on GDP per capita purchasing power parity. The unemployment rate here is the lowest among the developed countries. Singapore is considered one

of the freest global economies and one of the easiest countries in the world to conduct business as a result of its business-friendly regulations. In addition, its economy boasts diverse verticals, including shipping, finance, tourism, and pharmaceuticals. Despite these business potentials, some risk factors lurk around your investment, as this country relies on foreign trade. Singapore's economy is heavily dependent on foreign exchange. And Singapore's economy is highly interconnected with China's economy, given the nation's significant capital. This connection has proven to be disadvantageous in recent years, as China's economic growth has gradually decreased since 2011.

However, we have some suggestions for you on specific points so that you could lucratively buy your property in Singapore. So before you make your investment, you must check with certain things one by one. Here are our ten tips for buying the best Singaporean property for you:



Affordability Check

Before you start searching for a home, do yourself a favour and start with a financial affordability analysis with an experienced property wealth planning trained agent and in-principle approval for a loan. This helps you prevent time and resource wastage and disappointment when you discover that the home you fell in love with is out of your reach. Also, spend some time researching the areas you are interested in and what type of properties you think you might want. Come up with a shortlist of the things that matter to you in a home; this will help you a great deal when you start viewings. It's essential to come up with a list of features you need in a house. How many bedrooms do you need? How big do you want your kitchen to be? Once you've made a list of the must-have features, think about the kind of neighbourhood you want to live in, the commuting time to and from your work, and the nearby amenities.

Furthermore, a conversation with an experienced and skilled agent will help you obtain greater clarity into how much to budget for your renovations, stamp duties, Adhoc costs and tax optimization methods to structure your purchases. If you're buying a private home, do a TDSR (Total Debt Servicing Ratio) assessment. If you're purchasing an HDB Flat or Executive Condominium, do an MSR (Mortgage Servicing Ratio) assessment.



Choose your property type

THERE ARE DIFFERENT TYPES OF PROPERTY IN SINGAPORE:

(a) The first one is **Public housing or Housing Development Board (HDB)** apartments – which are the government housing in Singapore and are not available for foreigners to purchase. Only natives can buy this type of property.

(b) The second one is **Public-Private Hybrid Executive condominiums** – a public-private hybrid property, which foreigners can only purchase ten years after completion of construction.

(c) The third one is the **Executive condominium** – which shares most of the design and facilities of a private condominium with the edge of being HDB-issued. Executive condominiums come with a 5-year Minimum Occupation Period (MOP), which means that you have to live in them for at least five years before granting the rights to sell them on the open market Singapore Citizens and PRs.

(d) The fourth type of property is **Private Residential Housing** – The different types of private residential property can be subdivided into two central cadres: the landed property and the condominiums/ apartments. Condominiums and apartments are popular with private property enthusiasts. These are the more luxurious version of the HDB flats. If you want to buy a condo in Singapore, these do not have restrictions on foreign ownership and are the standard choice for expats. On the other hand – Landed properties include bungalows, houses, cluster houses, terrace houses and shop-houses. While these require more maintenance, they are also considered unrivalled in size, spacious living and privacy. While Singaporeans can purchase landed properties without restrictions, foreigners must seek approval from the Land Dealings Authority Unit before they can buy, unless the house is part of a larger condominium project or located at Sentosa Cove. For these properties, buyers can obtain fast-track approval from the Singapore Land Dealing Unit.



Note that if you want to rent a house in Singapore, private properties are available to all foreigners and expats, while public housing such as HDBs does have more regulations.

These multiple housing types and usually increase in prices this way –



So, it would help if you made your decision about which one suits you best. A conversation with a skilled agent can save you many hours of research and help you decide.



Location

No one can tell you which location suits you best but you. What is the lifestyle that you want, with the amenities or loved ones that you must be near to and on a budget that you can afford? Finding the right location to live and to build or buy your dream home is very challenging. This holds if you're planning to live and buy a [Singapore property](#). This can be a daunting task, particularly if you don't know about the [real estate market](#) in Singapore. It only makes sense if you have some ideas that can guide you in avoiding problems and getting them right.

The majority often prefers locations within walking distance to train stations and malls compared to quiet but secluded areas. Most people generally prefer sites approximately a 10 minutes' walk from their work or education destinations. But it would help if you always chose to purchase a close enough property to any public transportation hubs and amenities so that it would be an easy task to find a suitable buyer when you are exiting.

Brand New or Resale

Brand new properties come with certain perks such as warranty for parts, no history of past owners, new fittings, design and facilities, similar entry prices for all owners (Meaning price pressures upwards as human nature tends to lose aversion) and a longer tenure for leasehold properties. Of course, the downsides of going with brand new properties are that room sizes have shrunk compared to older properties, having to wait a few years for it to be completed, unknowns about brightness, ventilation, actual noise level, water pressure etc. On the other hand, pre-owned or old properties usually require you to fork out a significant amount for renovation, and there may be blind spot costs that only materialize over time. This is quite like buying a reconditioned or pre-owned motor car. The interiors, cabinetry and bathrooms may not be contemporary or may not be according to the running trend.

Moreover, Resale homes also do not come with warranties and as such, what you see is what you get. Wear and tear issues like wiring, aircon, fibre connections, piping, waterproofing, popping floor files could start surfacing the moment you take over. So be mentally prepared for additional expenses or hefty renovation costs. Now the decision is yours.

Property valuation

Check the indicative valuation for the property you intend to buy. Valuation directly affects the amount of loan you can get for the property. Take into account the number of years that you can loan, the monthly instalment, etc. For individual borrowers who have no outstanding housing loans, the Loan-to-Value limit is 80% or 60% if the loan tenure exceeds 30 years or the loan period extends beyond the borrower's retirement age of 65.

(a) For Resale property – If you're putting up an offer for a resale property, make sure your agent has done a couple of indicative valuations, so you will know upfront whether you're paying a fair price. Valuation also affects the amount of cash, CPF and loan you can use and, as such, is a critical factor to check before you make any purchase. It should be mentioned that paying the above valuation does not automatically make it a bad deal if the unit comes up with extensive suitable renovations that could save your time, money and hassle.

Checking at least three valuation sources would also be prudent to sense the fair market price as some banks, such as DBS, tend to provide more conservative valuations. At the same time, some like UOB tend to deliver more aggressive valuations. You can perform a free online valuation through this link: www.srx.com.sg/xvalue-pricing.

It is possible to request that the valuer match the selling price to obtain higher loans and lower your cash/CPF requirements for it.



(b) Buying a New Launch Project – Banks usually support the selling prices of brand new projects, and matching valuations are seldom an issue. You would want to ensure that the project sells at fair market prices to its neighbourhood after factoring in age and quantum prices (Overall cost, e.g. \$1.2m). Also, it would help if you remembered, new properties always come with a premium, and PSF prices alone do not paint a complete picture of whether a property is expensive or cheap. Changes in government regulations such as Total Debt Servicing Ratio (TDSR) and the removal of bonus GFA (Gross floor area) incentives for building bay windows & planter boxes have since resulted in smaller unit sizes across the island, a lower quantum and higher per square foot.

Vacant Possession or Tenanted?

Ensure you get the details in writing whether you are buying a unit that would hand you vacant possession at completion or comes with a tenancy for a stipulated period. If you're purchasing a tenanted unit, always make sure you sight and look through all terms and conditions of the tenancy agreement. If you need to break the lease and move in right away, there should be a clause that allows you to do that. Please make sure you go down to the site to meet and greet the tenant, too, so that you are assured that it is not a phantom tenant. If you do not understand the contract terms, you must consult with an agent/ lawyer to explain it to you and point out the blind spots, if any. So, ensure that your agent watches your back when representing you in such cases. This is also one of the reasons why having an agent isn't just about having a middleman.

What is your dream house

'Dream House' actually is a notion and everyone's utmost desire. Most Dream House features are intangible and will differ from house-hunter to house-hunter. But this list of 'intangibles' is a valuable set of guidelines to think through as you peruse listings online and visit them in real life. You are the principal architect of your 'Dream House', so you are the one to restructure it according to your desire. You have to choose your neighbourhood pattern, whether it be a significant development or a smaller one, a condo or a single unit apartment. Generally, more oversized products are preferred – as there are more facilities, security, more residents to share the burden of maintenance fees and higher awareness that this property exists. The downside, of course, is that you will have many neighbours and chances of crowding and overbooking of facilities. This isn't a huge concern, though, as larger condos usually have much more space for everyone.

On the contrary, smaller projects or single unit medium-sized apartments typically cost less per square foot than larger ones, so price and lower density are the common reasons people prefer them. It is not true that maintenance fees are always cheaper at more minor projects, though.

Things to look out for

There are certain things you must pay attention to before you make your move. Otherwise, your investment could be pointless. You must choose your property with some basic amenities that could add more value. So, you must choose your location wisely. Your property should be near a Public bus stop or MRT station, malls, schools, gym, parking space as these places are important to you and every one of your family. By minimizing the time spent on transport can improve your quality of living.

Frequently Asked Questions

For your convenience, the most popular FAQs (Frequently Asked Questions) in this regard are being furnished below –

1) HOW TO ENGAGE PROPERTY AGENTS IN SINGAPORE?

This is pretty straightforward. Firstly, check the CEA's (Council for Estate Agencies) [salesperson](#) registry to ensure the property agent you are thinking of engaging is licensed and registered. It is best to check for the property agent's CEA registration number in the registry.

Once you have done that, get in touch with the property agent you would like to engage to help you. Discuss the scope and terms of work and sign the agreement, a standard government document commonly referred to as the CEA forms within the real estate industry.

There are other agreements available depending on whether you are a buyer, seller, landlord or tenant.

2) WHO CAN A SINGAPORE PROPERTY AGENT REPRESENT?

Typically, a Singapore property agent can represent the buyer or the seller in a sale transaction. In a [rental transaction](#), this property agent can represent the landlord or the tenant. Please take note that dual representation is strictly not allowed and is against the law. The second term means representing both [differing parties in the transaction or collecting a commission fee from both parties](#). The Singapore property agent can also define and act for both Singapore citizens and foreigners.

3) WHY IS A RESIDENTIAL PROPERTY AGENT REQUIRED?

First, I would like to state that it is perfectly legal and acceptable if a person decides to DIY and not engage a residential property agent to assist or represent him in the transaction of Singapore residential properties. It is certainly not compulsory.

However, there are associated benefits and advantages when you engage a residential property agent to help you transact a Singapore residential property. Be it a rental transaction or a sales and purchase transaction.

An active property agent who is licensed with the CEA - is always on the ground talking to fellow property agents, developers, bankers, lawyers, renovation contractors, interior designers, architects, property valuers and both local and international customers (landlords, tenants, buyers, sellers) of varied demographic profiles. Their work also involves visiting countless properties and assessing the value of these properties from either a sale or rental angle. They are also required to understand government regulations and policies and how they affect the property market in Singapore. A qualified and experienced property agent also has the technical know-how to plan and execute a real estate transaction from start to end.

4) WHY IS IT SO DIFFICULT TO GET A PLACE TO RENT WITHOUT GETTING AN AGENT INVOLVED IN SINGAPORE?

More than 90% of the rental properties out there are [probably marketed](#) by a property agent who represents the landlord. The landlord's property agent assists with the marketing of these rental properties, the negotiation and the necessary contractual paperwork. Many landlords are busy people who run their own [business](#) or are holding on to a day job. It makes perfect economic sense and productive use of the landlords' time to entrust their rental properties to an experienced and competent property agent. And in many cases, most landlords in Singapore will not show up at all during the lease period because they prefer to be anonymous and let their property agent handle matters related to the tenancy. Renting out their property is effectively a business to them, and they do things that make business sense. A tenant who only wants to deal directly with a landlord is just limiting his/her options.

5) IS ENGAGING A PROPERTY AGENT FOR HOME SEARCH USEFUL?

For sure. That is if you engage an experienced and competent property agent to help you in the home search process. Once the property agent understands your needs and requirements, he can cut short your searching time and make sure your time is used productively by narrowing it down to those properties that will likely best meet the criteria. This makes sure that you do not waste time looking at properties that do not meet your needs.

By seeing these suitable properties first, you will also decide earlier if you want to purchase before another buyer does. Imagine you wasting your time looking at unsuitable properties while the right ones get sold. By working with an experienced property

agent, you will also gain invaluable insights that you otherwise may not be able to glean from the listing agent (the property agent who represents the seller). So yeah. It is instrumental, especially for first-time property buyers in Singapore.

6) HOW CAN I BE A PROPERTY AGENT?

Only Singaporeans or permanent residents can become property agents. Anyone interested to become a property agent will have to take the RES (Real Estate Salesperson) course and pass the RES exam administered by CEA first. After passing the RES exam, the aspiring property agent can register with a property agency in Singapore and begin practising. There are several RES course providers out there.

7) CAN A MALAYSIAN BUY A PROPERTY IN SINGAPORE?

Any foreign national, including Malaysians, are allowed to buy PRIVATE PROPERTY in Singapore. Specifically private condominiums only. Foreigners are not allowed to buy public housing (HDBs) or landed properties. However, there are two scenarios to be aware of:

In the case of landed properties, Singapore permanent residents who have made significant contributions to the Singapore economy may apply to the Land Dealings Unit for special approval to buy a landed property.

Married couples who are both Singapore, permanent residents may apply to buy a resale HDB flat after a certain number of years.

And as a foreigner, do be clear about the amount of additional buyer stamp duty you need to pay when buying residential properties in Singapore.

Do note that government policies governing the above may change at any time, and then the answer above may not always reflect the latest situation. Please take steps to verify with the relevant government bodies.

8) WHAT IS LANDED VS NON-LANDED PROPERTY IN SINGAPORE? WHY IS IT CALLED THIS?

Private condominiums, apartments and HDB flats (public housing) are all considered non-landed property because they are not built in an acceptable landed housing form.

The accepted form of landed property (landed housing) includes,

- inter-terrace houses
- corner-terrace houses
- semi-detached houses
- detached, bungalow or good class bungalow houses

A landed property also grants its owner the right to tear down the existing structure and build a new system to his/her liking, subject to building rules set by the authorities.

9) HOW CAN I BUY A HOUSE IN SINGAPORE IF I'M SINGLE?

Because of Singapore's property laws, a Singapore Citizen who is single has the following options:

1. Apply for a 2-room Flexi flat by HDB's BTO scheme if you are 35 years old and above.
2. Purchase a resale HDB flat from the open market if you are 35 years old and above.
3. Purchase a private property from the open market. You are not restricted by age.

Remember, you can utilize your CPF grants for HDB flat purchases.

10) WHAT ARE THE RULES ON BUYING A SECOND PROPERTY IN SINGAPORE?

Singapore citizens who own an HDB flat, DBSS flat, or Executive Condominium must fulfil the five-year Minimum Occupation Period before they are eligible to buy a private property. Singapore Permanent Residents cannot own both an HDB and personal residential property; they will need to dispose of a unit within six months of making the new purchase. For those eligible, you should be aware of a few things that differ from your first property purchase:

1. Your Loan-to-Value (LTV) will be lower than 80 or 90 percent of your first home. This means you'll need to have sufficient cash on hand to make up the remainder, which can go up to 70 per cent of the purchase price.
2. The downpayment for your second property goes up to a minimum of 25 percent to be made in cash. Compare this to five per cent if you take a bank loan for your first property.
3. The Additional Buyer's Stamp Duty (ABSD), on top of the regular Buyer's Stamp Duty (BSD). A second property incurs seven per cent ABSD for a Singapore Citizen (up from zero per cent in their first purchase) and 10 per cent for a Singapore Permanent Resident (up from five per cent on their first purchase).

In addition, here are three-second property purchase questions you should ask yourself before leaping.



Find a real estate agent

One of the most critical steps in renting a property in Singapore is finding a suitable property agent to represent you. Real estate agents are important partners when you're buying properties as they will work to get you the best deal. When purchasing property in Singapore, agents can provide you with helpful information on 9.19. the Singapore property market and neighbourhoods that aren't easily accessible to ordinary people. Their knowledge of the home buying process, negotiating skills, and familiarity with the area you want to live in can be precious. Moreover, your agent will walk you through the entire process, from helping you shortlist properties to negotiating and post move-in support.

We believe this information here would help you in many ways while buying your desired property in Singapore. Take into account that if you do buy a home, some extra responsibilities and costs go along with being an owner, such as home maintenance, repairs and long-term commitment. However, once you find your ideal home, the rewards will be priceless – that's all we can say.



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