



# Are you ready to Upgrade your HDB to a Condo?

**The Ultimate Guide**

In collaboration with



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# So you're thinking of Upgrading to Condo? Awesome!



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This handbook will guide you so you can calculate home loan affordability, identify the benefits and prepare for the pitfalls of selling versus keeping your HDB before upgrading to a condo. By the end, you can have a rough idea of when will be your best opportunities.



# Are you Eligible to sell your HDB? 🔍

The eligibility to sell your HDB is to clear the Minimum Occupation Period (MOP). HDB property owners need to physically occupy the property before they can rent or sell the entire flat.

HDB flat type	MOP
New HDB flats (including BTO, EC, DBSS)	5 years
New HDB flats under the HDB Prime Location Housing (PLH) Model	10 years**
Resale HDB flats* (2-room or bigger, applied on or after 30 August 2010)	5 years
SERS flats	5 years after receiving the keys
Flats bought under the Fresh Start Housing Scheme	20 years

MOP is calculated from the date the owners collect the keys to the flat. MOP requires you to physically occupy your flat before you can:

- Sell the HDB in the open market
- Rent out the whole flat
- Invest in private property, both local and overseas



# 3-Steps to getting **Higher Profits** selling your HDB flat

Home staging can provide fresh furnishings and crucial aesthetic components that will bring the unit to life and attract potential buyers.

## Home Staging

# 01

## How to do a Comparative Market Analysis (CMA)

# 02

This pricing strategy involves comparing the subject home against multiple comparable homes, or comps, based on factors such as size, condition, style, and location to determine a ballpark figure for the property value.

You want to put your property on multiple website and platforms to generate high number of interested buyers. The more competition you have for your house, the higher price can negotiated.

## Various Advertising Platform

# 03



# HDB vs Condo Growth

Over the past decade, HDB prices have almost been Stagnant, with a mere growth of 0.98%! Whereas for Private Property, prices have appreciated at an average of 4.63% year-on-year.

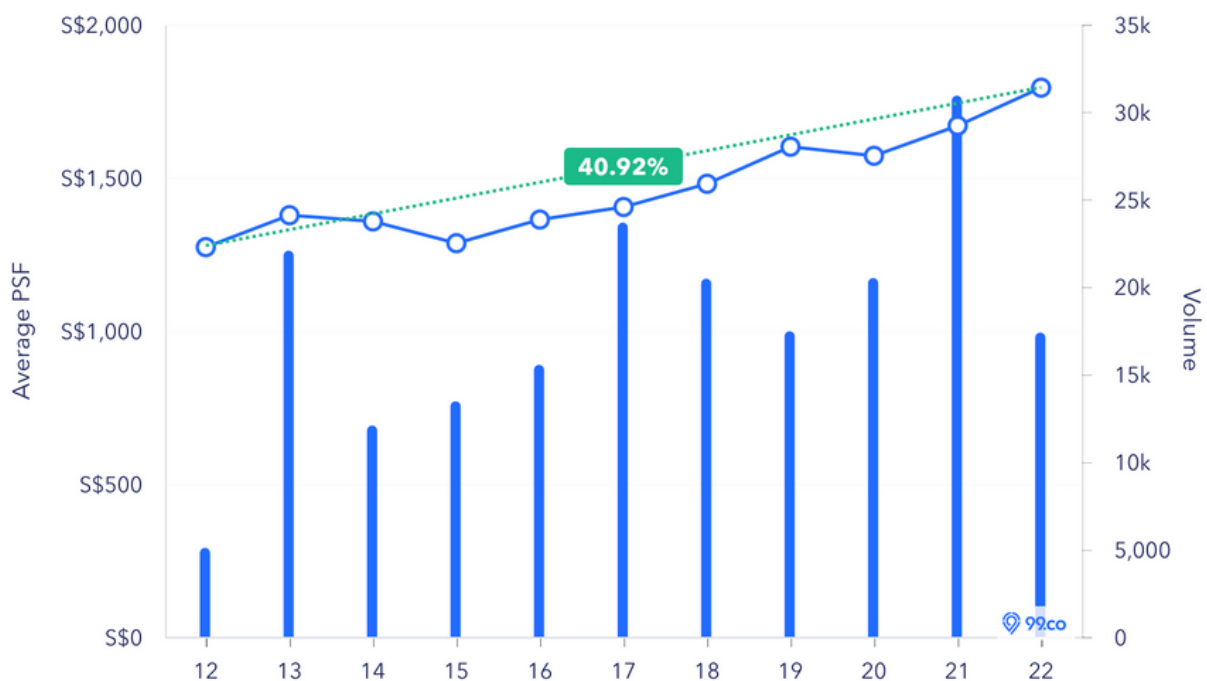
For Every \$1 Million Condo, You Would Have Profited At Least An **AVERAGE** of \$410,000 **TODAY**



## 99.co Condo in Singapore

Data source: URA, Realis and 99.co

26 Oct 2012 - 26 Oct 2022



Private Properties Have Seen A

**WHOPPING 41% GROWTH** over the last decade

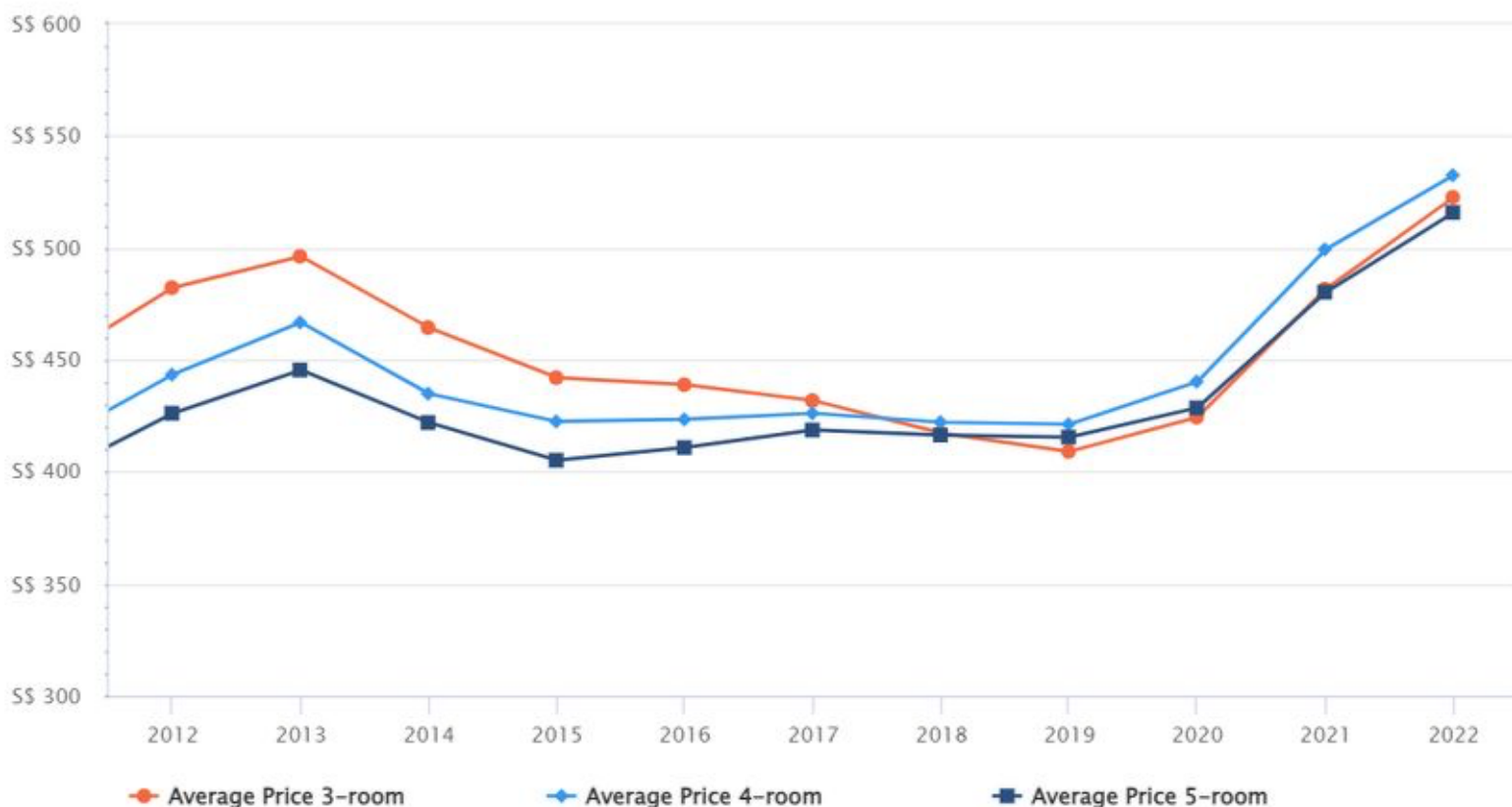
# HDB vs Condo Growth

## Compared to HDB Slow Growth

Currently, three-room flats are averaging \$523 psf, while four and five-room flats are fetching \$533 psf and \$516 psf respectively.

Interestingly, average unit price for three-room flats has dropped from pole position in 2018 to its current position between four and five-room flats.

**Graph 1: Average unit prices for three, four and five-room resale HDB flats**





# Upgrader Framework

If you are an HDB homeowner who has fulfilled your Minimum Occupation Period (MOP) and saved up enough to buy a private property. Congratulations!

What sets us apart from those typical property agents is we choose to walk our clients' financial and property journey with them, putting their needs first.

For first-time upgraders, it is always a big decision to make because if you choose the wrong property, it might be your biggest regret.



## People (Kids/Spouse/Parents)

- Who can benefit from this purchase?
- Consider the different stages of life cycle.



## Plan

- Compound Annual Growth Rate
- Assessment of Risk
- Rental Yield
- Exit Strategies



## Place

- Budget Range
- Tenure
- Location?
- Size of the house

# RTD UPGRADER FRAMEWORK

PEOPLE (KIDS/ PARENTS/ SPOUSE)	PLACE (CHOOSE 3 UNLESS UNLIMITED BUDGET)	PLAN (C.A.R.E)
Who benefit from this purchase Different stages of life cycle	Budget Tenure Location Size	Compound Annual Growth Rate Assessment of Risk Rental Yield Exit Strategy

**Step 1:** Identify the people and strategise your plans around both yours and their needs.

► Family / Kids / Work / Plans



► Space / Easy Commute / Distance



► Lifestyle



Advisable to let your lifestyle and needs dictate where you stay, not the other way round.

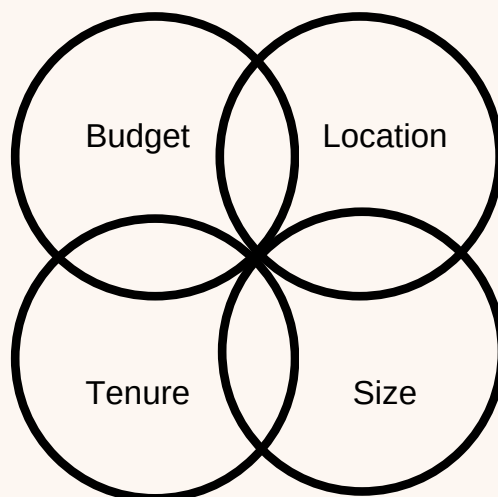
# Upgrader Framework

## Step 2: Use The 4-Circle Model

This 4-Circle Model will help streamline your property choices. Out of the 4 circles, you can only choose up to 3. Unless you have an unlimited budget.

How comfortable is the price range with your financial capability?

Is the property near to Public Transports?

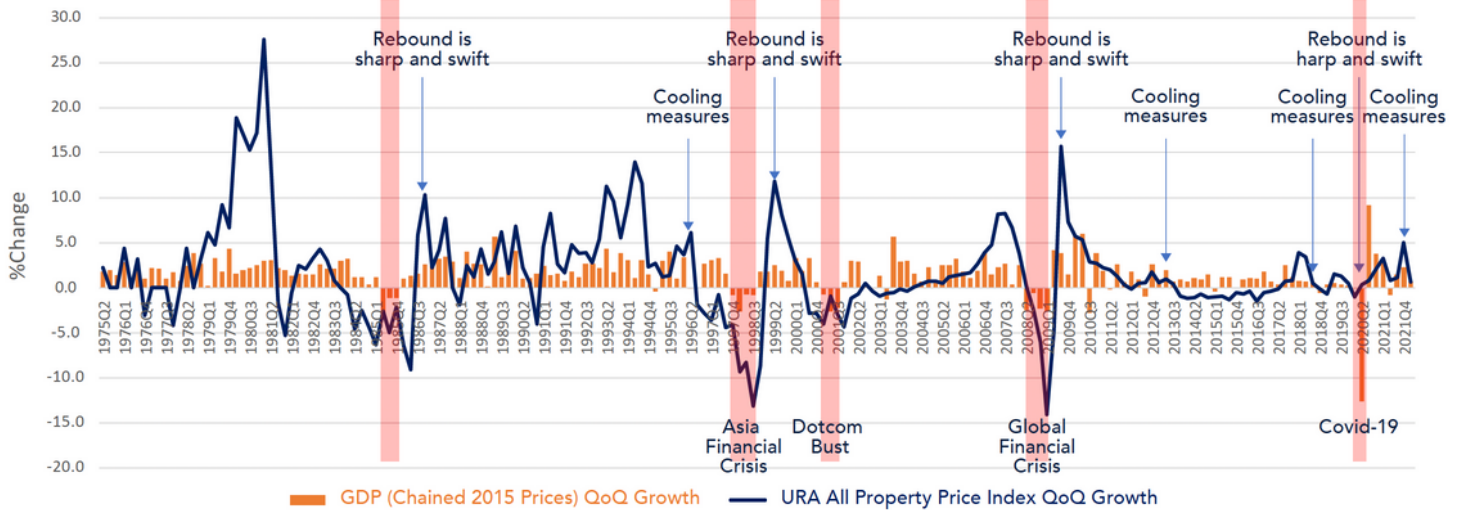


99 Years or Freehold.

Do not solely look at the size. Look at floor plans and layout to determine how usable those spaces are.

# Upgrader Framework

Figure 1: Comparing GDP and Property Prices (1975 to 2022Q1)



Source: Singstat, URA, Huttons Research

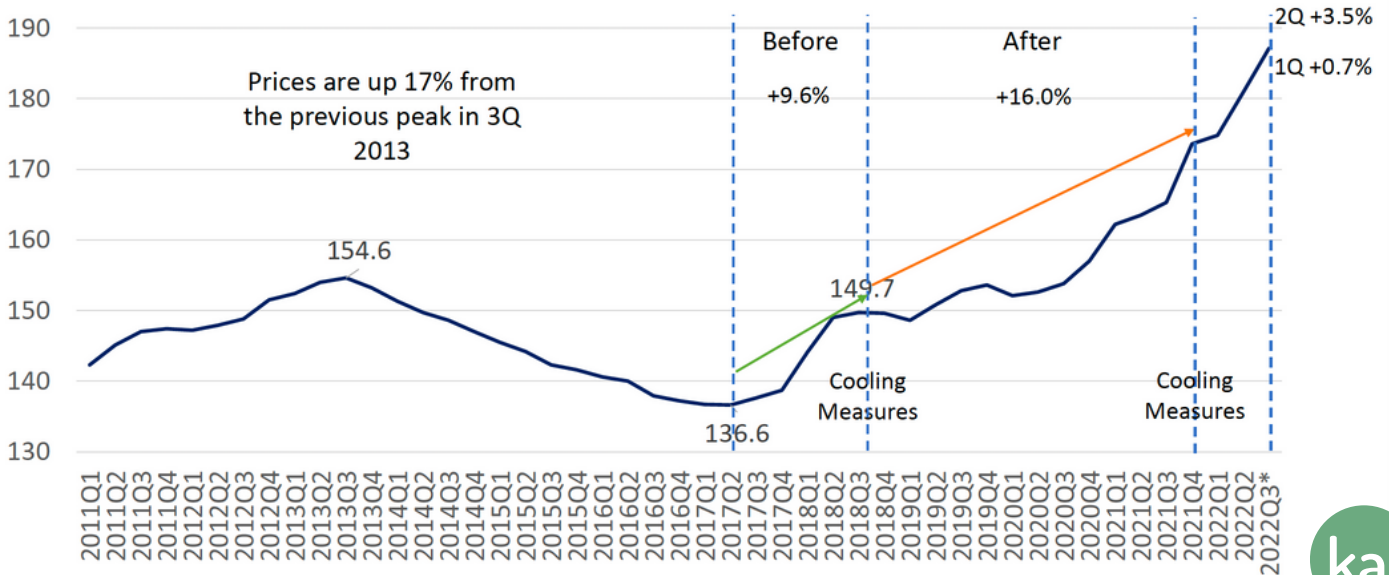
## Step 3: Use the C.A.R.E Plan

### Compound Annual Growth Rate

The Compound Annual Growth Rate – CAGR for short – is a performance metric that provides investors with information about how much a property's value grows from one year to the next.

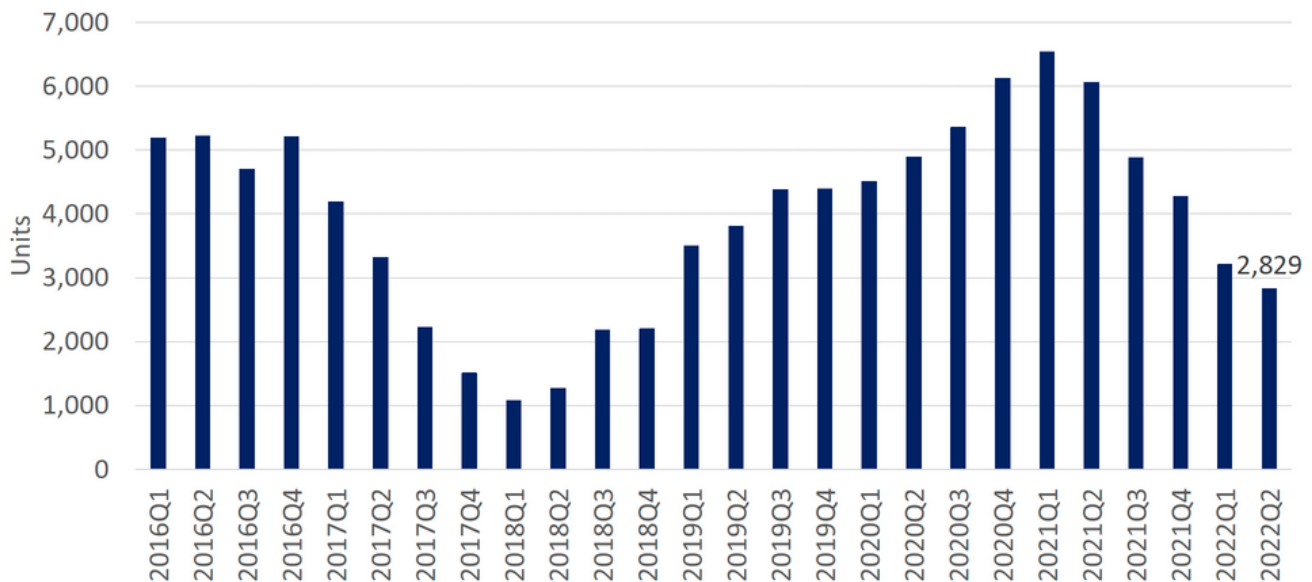
### 7.8% price gains in 9M 2022

Source: Huttons



# Upgrader Framework

## Only 2,829 launched and unsold units in market



Source: Huttons

Given that the supply of Government Land Sales sites takes into consideration economic and demographic fundamentals, price increases should continue.

The authorities continually calibrate land sales so that the completed units will end up within occupancy levels that are range bound for an orderly functioning market. As the income of both locals and Singapore PRs increase, prices would follow suit.

# Upgrader Framework

## Step 3: Use the C.A.R.E Plan

### Assessment of risk

Property risk assessment help measure the potential impact of uncertain market conditions on all types of commercial real estate. Finding insight into baseline aspects concerning current market conditions, occupancy, and market factors impacting commercial real estate, taking the inherent qualities of subject properties into consideration.

### Assessing 3 Types Of Risk In Real Estate



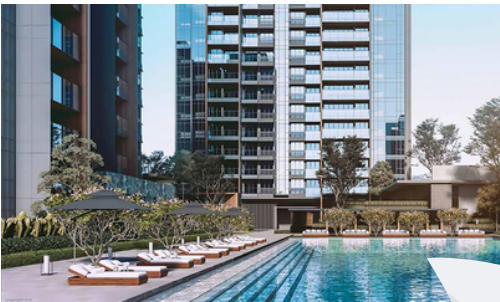
We proceed to ascertain the returns versus the risks involved. It is crucial to understand how they impact property investment returns and identify how best to mitigate them.

# 3 Types Of Risk In Real Estate

## 1. Property Type Risk

Does 4-Bedder Condo in sizeable development (905 Units) beat a 4-bedder condo with a small landscape (52 Units)?

### Leedon Green



297,532 sqft

638 Residential  
Units

### Sloane Residences



38,943 sqft

52 Residential  
Units



How would the property price appreciate differently base on the above question, considering the development land size, exclusivity, and branding of the developer/contractor?

Would you be able to weigh the Pros and Cons depending on your unique situation?

# NEWS UPDATE

## 2. Market Risk

The market had been quite uncertain when the private residential market was surpassingly recovering after the covid-19 setback and then got hit by the recent Sep 2022 Cooling measures.

### THE STRAITS TIMES

## HDB resale prices up 2.4% in Q3; may dip in coming months after cooling measures



HDB resale prices rose at a slower pace of 2.4 per cent in the July to September quarter, compared with 2.8 per cent in the second quarter, flash estimates from HDB on Monday showed. However, analysts said prices are expected to dip in the coming months after the late-night announcement of another round of cooling measures that kicked in on Sept 30.





## Explosive Demand in the Rental Market

It can be seen that the impact of the cooling measure has not reached its peak, and we will continue to see more market reactions.

THE BUSINESS TIMES

REAL ESTATE

ALL NEWS BREAKING LIFESTYLE OPINION PODCASTS E-PAPER BRANDED

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HOME

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PROPERTY 2022 (OCT ISSUE)

PROPERTY 2022

# No signs of cooling for the rental market in 2022

THU, OCT 06, 2022 - 5:50 AM | **UPDATED WED, OCT 19, 2022 - 10:05 AM**

LEE SZE TECK  
MARK YIP

IF THERE is one word to describe the 2022 rental market in Singapore, it is hot.

The Urban Redevelopment Authority (URA) Rental Index of Private Residential Properties jumped by 9.9 per cent in 2021. Six months into 2022, the rental index spiked by another 11.2 per cent to reach an all-time high of 127. Such double-digit increases in the rental index were last seen in 2010, more than 10 years ago.



According to Huttons, rents of private homes are estimated to increase up to 10 per cent in H2 2022. PHOTO: BLOOMBERG

## Overall Market Impact

There is now a group of stuck home buyers who sold their private property just before the new cooling measure was announced, and they are now stuck as they cannot find a replacement resale flat.

Their only option is to rent or to right-size into a smaller condo unit instead now. This may be attractive for couples whose children have just moved out and those who cannot foresee themselves needing as much space in the future.

With this new influx of buyers, will there be a surging demand for 700-800+ square feet, smaller condo units (1-3 Bedder)?

Would you experience higher competition as a new HDB upgrader now?

**How would you be affected?  
Is there any risk to upgrade now?**

**Talk to us to find out more.**

**kaihub.com**



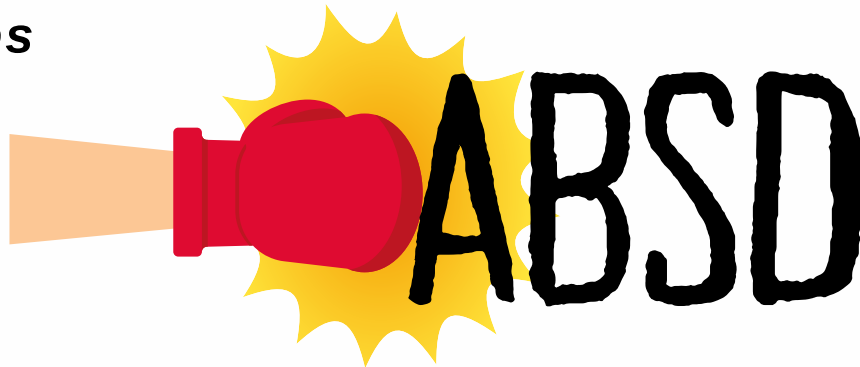


### 3. Tax Planning Risk

After the Transfer of Property you will get a notice processed by IRAS, the record of ownership will be updated for property tax purposes.

As a property owner, developer or investor it's crucial you have the right advice on the tax implications of buying and selling property as well as on ever-changing tax legislation.

#### *Methods to Beat ABSD and Own Multiple Properties*



1. Buying under only 1 owner for a property so that the spouse can buy another under their own name.
2. Decoupling an owner from a current property to free up one name.
3. Buying under a parent/child (above 21 years old) [Ownership: 99-1].
4. Buy a property for the child and hold it in trust for the child's benefit, which allows the child to beneficially own the property.

*Find out more by engaging our experienced agents.*

# Upgrader Framework

## Step 3: Use the C.A.R.E Plan

### Rental Yield

One of the short- and medium-term aspects of any buy-to-let opportunity is the rental yield that you can expect. Rental yield is the annual sum you can reasonably expect to receive in rent expressed as a proportion of the property market value.



D'leedon



Juniper Hill



Royalgreen

Project	D'leedon	Juniper Hill	Royalgreen
Location	Leedon Heights	Ewe Boon Road	Anamalai Avenue
District	D10	D10	D10
Project	D'leedon	Juniper Hill	Royalgreen
Avg. Rent (S\$psf)	4.98	7.92	6.95
Highest Rent (S\$psf)	7.47	9.73	8.15
Lowest Rent (S\$psf)	3.33	5.68	5.6
Rental Yield ⓘ	3.35%	2.81%	2.98%
Rental Yield (1 BR)	3.47%	-	-
Rental Yield (2 BR)	3.24%	3.21%	2.91%
Rental Yield (3 BR)	3.22%	3.18%	2.84%
Rental Yield (4+ BR)	3.07%	-	-

# Upgrader Framework



BUDGET  
2022

## CHANGES TO TAX SYSTEM

### Personal Income Tax (PIT)

- Revise marginal PIT rates from Year of Assessment 2024:



Portion of chargeable income	Tax rate
In excess of S\$320k up to S\$500k	22% (no change)
In excess of S\$500k up to S\$1 million	23% (from 22%)
In excess of S\$1 million	24% (from 22%)

### Property Tax (PT)

- Revise marginal PT rates from 2023 in 2 steps for residential properties



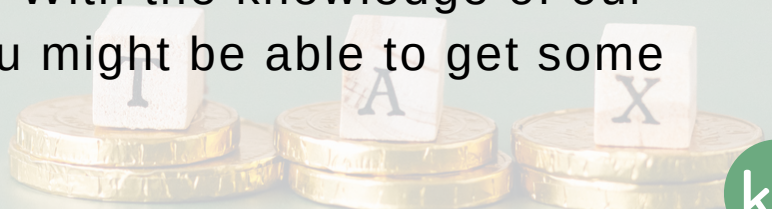
Portion of chargeable income	Tax rate
<b>Non-Owner-Occupied</b> (All Annual Value tiers)	12% - 36% (from 10% - 20%)
<b>Owner-Occupied</b> (For portion of Annual Value > S\$30k)	6% - 32% (from 4% - 16%)

Source: Ministry of Finance

## Rental Income Tax

Your Rental Yield will be taxed too! IRAS taxes you on the net rental income by calculating gross rent minus any allowable expenses.

Before choosing your property, it's good to calculate how the rental yield differs between properties and districts. With the knowledge of our experienced agents, you might be able to get some rental tax reductions.



# Upgrader Framework

## Step 3: Use the C.A.R.E Plan

### Exit Strategy

Having an exit strategy before you put in any money will help you determine how best to proceed with your investment. Make a much better decision because you are not emotionally invested in the property.



### Short Term Plan (3-5 years)

Many people like short-term investments which give profits! And it is not all impossible! This short-term exit strategy works if you are looking at profiting in 3-5 years when the Seller Stamp Duty (SSD) lapses. Yes. I'm sure you know what I am referring to now.

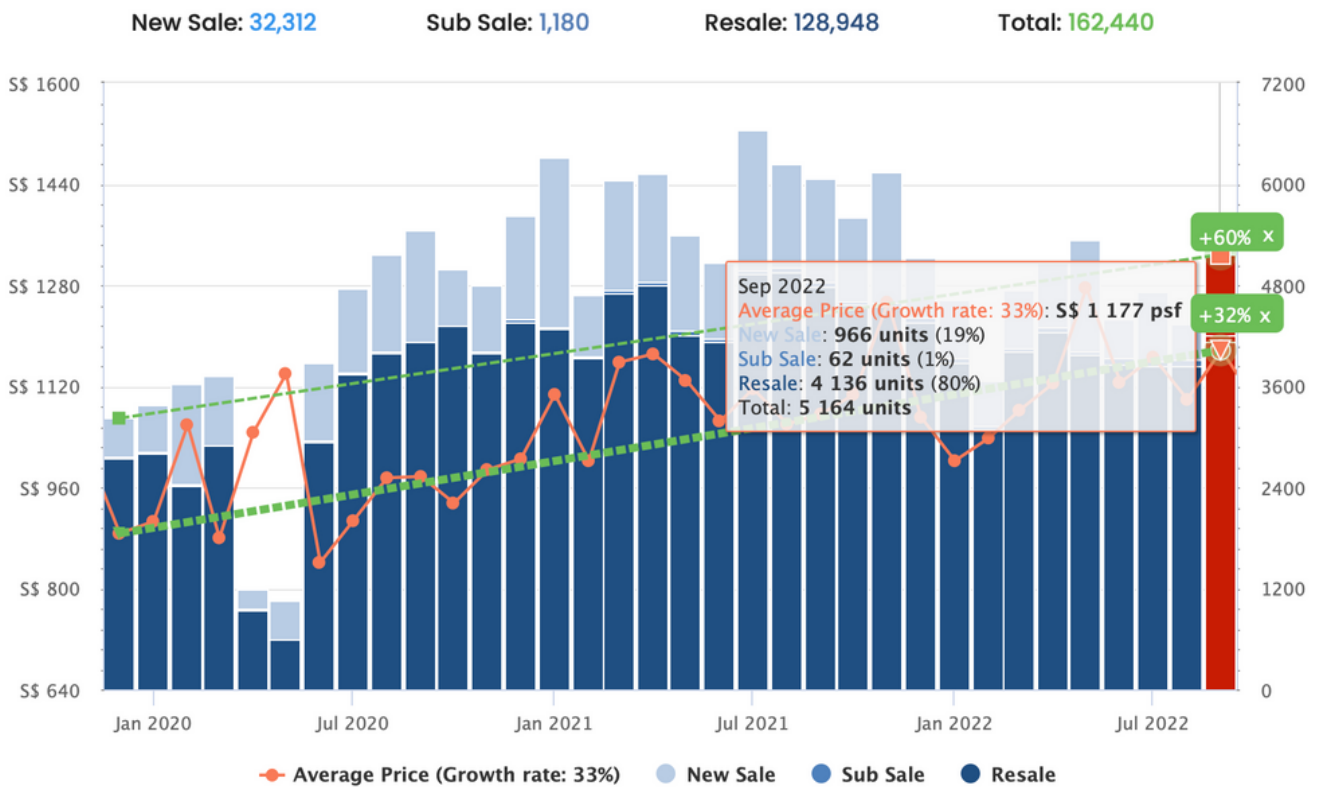
Get a preview sale on a private condominium and sell it after 3-5 years to avoid SSD. Sound easy? Not really.

The key is to be able to look for properties with high potential upside. You must be able to identify and read these 3 basic signs.

- A location with multiple projects launching at the same time
- Huge demand
- High cheque collection

Dec 2019 – Sep 2022

Source: Edgeprop



*To achieve that, you need someone who knows insider information, and the perfect wingman would be your experienced agent! We can tell you which project will bring you a better investment.*

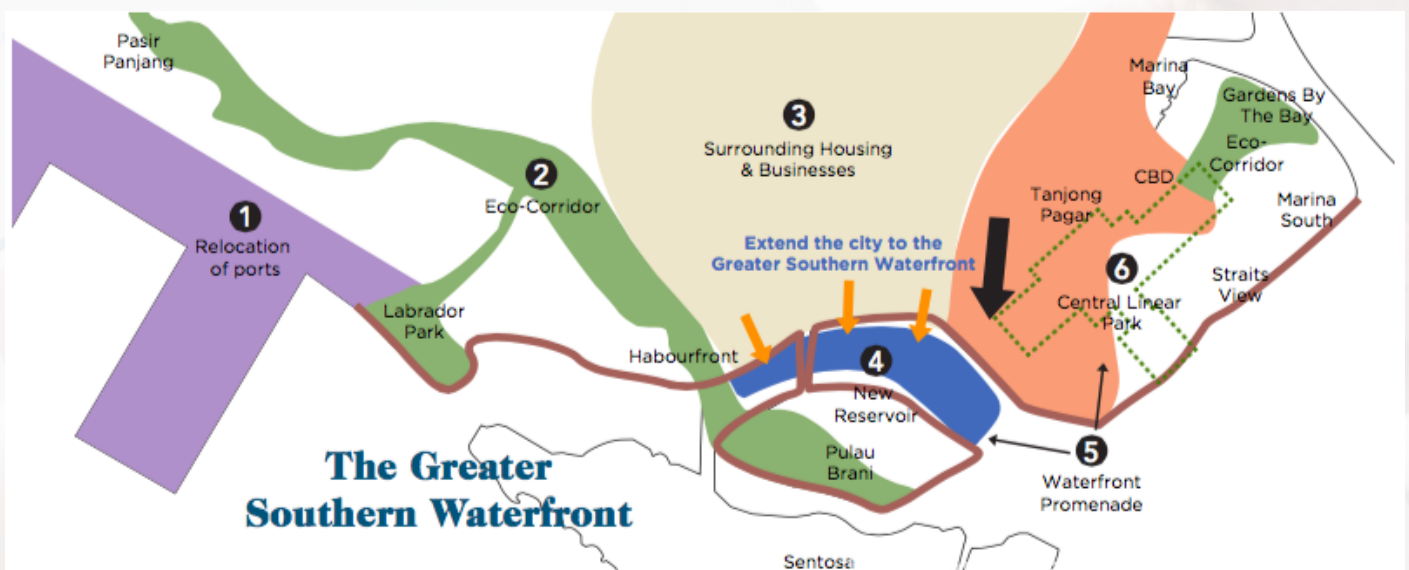


# Long Term Transformation

The longer the liquor aged, the better it is. If you fail to plan, you plan to fail. As corny as it is, this saying does not ring more true than when it comes to investing in property.

So what do you have to consider?

- Property in areas with high growth and development plans. (e.g., The Greater Southern Waterfront City)
- Places with upcoming MRT Stations
- First mover advantages.



That's not all. A Long-Term Plan is technically your end goal. How many properties do you WANT generating passive income? Dream of Moving into landed with your entire family? How do you reach there in 5-10 years?





# Upgrader Framework

## Safety Net Calculation

The meaning behind the safety net calculation is the concept of having a good reserve fund and margin of safety. You will need a buffer to better protect you in an unknowable future.

Investment Plan			
Monthly rental	\$6,000	Yield Rental	4.0%
Monthly principal (amortised)	\$2,125	Monthly interest (amortised)	\$3,938
Monthly installment	\$6,062	Monthly rental profit/ deficit	\$62

Exit Strategy After 10 Years	
Rental income	\$720,000
Total principal paid (A)	\$304,737
Total interest paid	\$422,715
Total passive income (B)	\$7,452
Capital appreciation (C)	\$394,190
Total return from investment (A)+(B)+(C)	\$691,475
Return of equity in 10 years	136%
Total cash on hand after 10 years (Include down payment)	\$1,141,475
Safety Net with rental (months)	3,226
Safety Net without rental (months)	33

Source: RTD Advisor App

If you blindly select a property without in-depth analysis done by an experienced agent. You might be sitting on a loose financial knot that could snap any time.

# Summary

What sets us apart from those typical Property agents is we choose to walk our clients' financial journey with them. We understand that as a upgrader, any decision is not a small one.

So, when it comes to upgrading from HDB to private property, you need to remember these 4 pointers.

■ KNOW WHAT'S YOUR END GOAL

■ USE RTD UPGRADER FRAMEWORK

## RTD UPGRADER FRAMEWORK

PEOPLE (KIDS/ PARENTS/ SPOUSE)	PLACE (CHOOSE 3 UNLESS UNLIMITED BUDGET)	PLAN (C.A.R.E)
Who benefit from this purchase Different stages of life cycle	Budget Tenure Location Size	Compound Annual Growth Rate Assessment of Risk Rental Yield Exit Strategy

■ DO FINANCIAL CALCULATIONS

■ GET A PROFESSIONAL REAL

■ ESTATE AGENT TO REVIEW AND ADVICE

# About Kai Hub

Charlie Giang considers himself an Adventurer first before anything else. Vent on sucking the marrow of this Life, aka Carpe Diem, he's climbed some of the highest mountains in the world and have rappelled off hundreds of remote water falls.

An Entrepreneur at Large for most of the past 20 years, he's had the opportunity to build several companies in Singapore and Silicon Valley and have enjoyed some good exits.

His penchant for grasping trends and working novel investment deals seem like the culmination of his past experiences. Using the latest techniques of data analytics came almost naturally.

These days he uses Kai Hub to disburse and share Real Estate from his many hours of research. He is currently an active Real Estate owner in both Singapore, California and Central America.

He also has the unique distinction of being a Real Estate Agent in both USA and Singapore, and a certified Family Office Advisor, WMI. Making him well-positioned to work with investors on both sides of the Pacific Ocean to make cross border decisions.

Always a Good Chat away for Real Estate ideas or just trading Adventure stories!! Text him!

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