

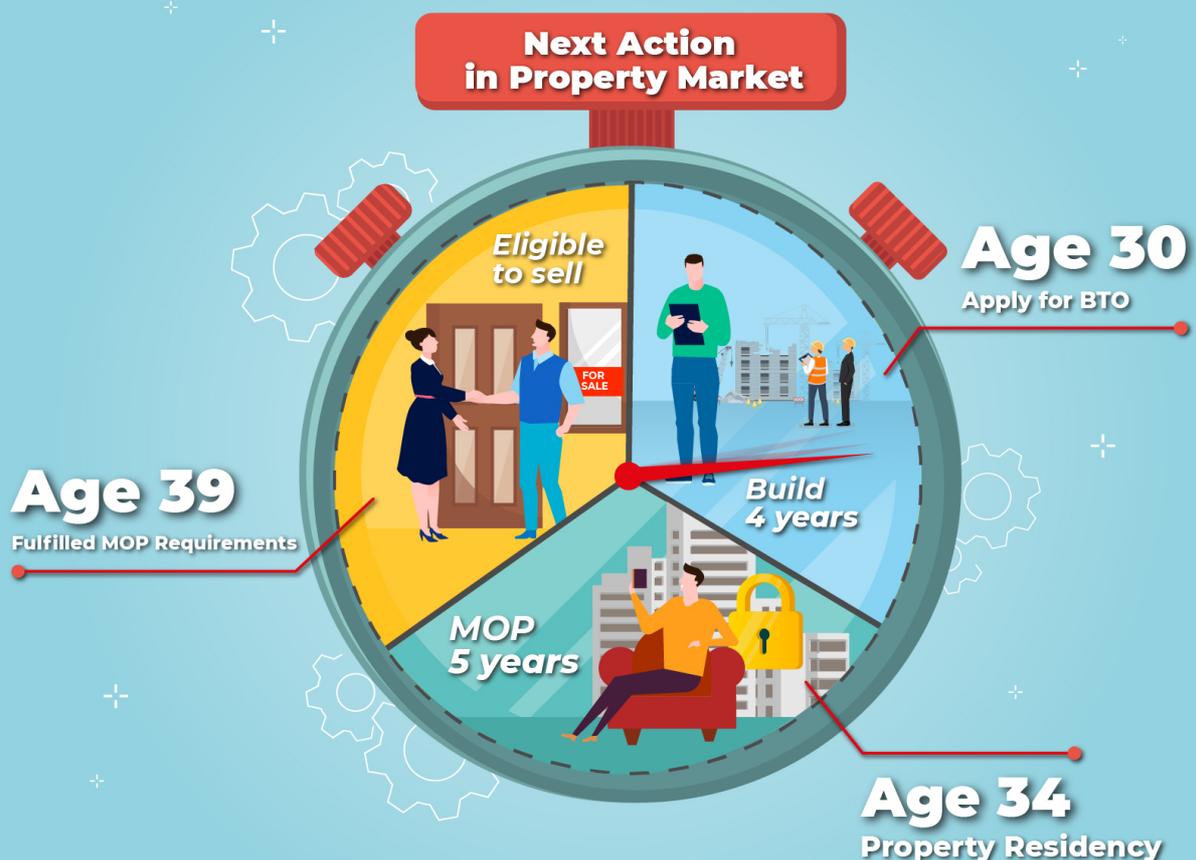
CRUCIAL FACTS

All First - Time Buyers Need to Know



As first-time property buyers, there are many things we may fear. Most people **lack the necessary experience** in buying & selling properties so it may be daunting to choose the ideal property that could possibly enjoy **growth yet well within affordability**. The **number 1 property choice** of most first timers is either the next BTO or a resale flat close by their families as most of them are being prudent considering the affordability of public housing. So is this a good idea?

If all you want is a humble and mundane life, it could be the right move. But if what you yearn for is the **betterment of your future and lifestyle**, you may want to reconsider other options. Why? Let's take a look.



What most young property buyers do not consider is the **lengthy timeline** for one to realise their **first pot of gold** - The long 4 years waiting for construction to complete coupled with the Minimum Occupation Period of 5 long years easily lock a young 30 years old couple for a **dreadful 9-10 years** and means the young couple would have reached almost 40.

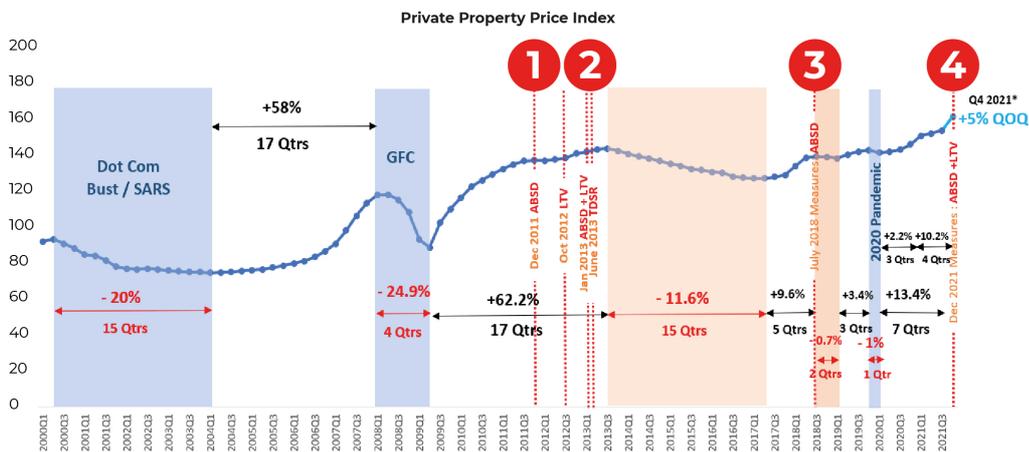
We all learnt that **time is money** and this is an irrefutable fact of life! Many people have the **misconception** that investment should only start at the later stage in life but due to the mortgage limitations in Singapore, the older one gets, the shorter the loan tenure will be and that sadly means that the monthly loan repayment will be heftier while other family expenses such as child care and education commitments are increasing. Many people have already missed this high-speed train of investment and while you still have this **advantage**, wouldn't you do something about it?

So let say if you are able to get a nice home for your own-stay while this **very first investment** still has a **high potential of making decent profit** in 5 years (half the time of the public housing route), wouldn't that be great help to jumpstart your real estate investment journey? It is important to know that you have to start this journey as early as possible so long as your finances are sound.

Remember I mentioned that being prudent is important. I cannot stress enough that **careful planning is highly critical** to the **success of your first investment**. Now we can see prices of private homes hitting **new highs** in 2021 in Figure 1. Every time the **market dips**, it **rebounds even higher**, and those who are apprehensive and choose to wait end up paying even more than they have to. These are **fundamental mistakes that you can avoid easily**.

Even though the overall chart shows that **home prices continue to climb** but truth be told, there are some inexperienced "investors" who made **losses** too. This could be due to various factors and some of the most common ones are not setting aside reserve funds, having slow hands or simply not understanding the property market well enough. Sounds daunting, right? It can be **easy and much safer** so long as you follow our **proven strategy** closely.

PPI has hit a new peak in Q4 2021; Home Prices Up by 10.6% in 2021



- 1 2011**

After the first ABSD cooling measure in Dec 2011, impact was not significant, PPI continued to grow gradually (+3.4%) till Jan 2013
- 2 2013**

In 2013, When ABSD + LTV was revised in Jan and TDSR introduced in June, subsequently PPI dropped for 15 consecutive Qtrs (3.75 years) by 11.6% (-3.7% per year)
- 3 2018**

After the Cooling Measures (ABSD) was announced in July 2018, PPI dropped for 2 Qtrs by -0.7 before recovering again in 2019
- 4 2021**

After declining briefly in Q1 2020 due to the pandemic, PPI rose for 7 consecutive Qtrs by 13.4% before the Dec 2021 cooling measures kicked in

Figure 1: Private property price index (%) from 2000Q1 to 2021Q3

In Figure 2 below on the historical price chart of a private property Changi Green, as a first-timer, **should you buy** into the property since prices now are at its previous high in 2014? Do you believe that the price will continue to escalate in the next three years?

Historical Monthly Price Range

Source: URA, <https://www.squarefoot.com.sg>



Figure 2: Changi Green historical monthly price (psf) range.

Now, let me draw your attention to Figure 3 below to look at some of the transactions that happened in these recent years at Changi Green. You might have noticed that some buyers brought into a resale property and ended up not **making profits** like they would like to, on the contrary, some of them even **incurred losses**. **Do not repeat these costly mistakes made by others!**

PROFITABLE TRANSACTIONS - Total of 74 Transactions

Note: Transactions with the same address are matched. Profitability of each round-trip transaction is based only on the change in asset price and does not take into account transaction costs and the effect of financing.
Source: URA, <https://www.squarefoot.com.sg>

SOLD ON	ADDRESS	UNIT AREA SQFT	SALE PRICE \$/PSF	BOUGHT NO	SALE PRICE \$/PSF	PROFIT \$	HOLDING PERIOD DAYS	ANNUALISED %
2 MAY 2017	718 UPPER CHANGI ROAD EAST #XX-11	1,001	849	31 AUG 2012	959	-110,000	1,705	-2.6
15 NOV 2016	718A UPPER CHANGI ROAD EAST #XX-01	872	968	26 SEP 2011	1,004	-31,000	1,877	-0.7
1 APR 2016	718 UPPER CHANGI ROAD EAST #XX-10	872	940	9 NOV 2011	975	-30,000	1,605	-0.8
2 NOV 2010	712 UPPER CHANGI ROAD EAST #XX-05	1,432	733	22 NOV 1996	776	-61,000	5,093	-0.4
5 JUL 2010	712A UPPER CHANGI ROAD EAST #XX-03	1,216	723	1 APR 1997	761	-46,000	4,843	-0.4
11 JUN 2010	712A UPPER CHANGI ROAD EAST #XX-02	1,432	699	2 DEC 1996	736	-53,000	4,939	-0.4
24 MAY 2010	712 UPPER CHANGI ROAD EAST #XX-11	1,001	731	22 NOV 1996	764	-33,000	4,931	-0.3
24 FEB 2010	712A UPPER CHANGI ROAD EAST #XX-06	1,432	641	20 NOV 1996	756	-165,000	4,844	-1.2
22 FEB 2010	716 UPPER CHANGI ROAD EAST #XX-02	1,130	695	19 NOV 1996	762	-76,000	4,843	-0.7
28 JAN 2010	718 UPPER CHANGI ROAD EAST #XX-07	1,001	684	1 JUL 2000	729	-45,000	3,498	-0.7
20 JAN 2010	718 UPPER CHANGI ROAD EAST #XX-11	1,001	669	28 NOV 1996	712	-43,000	4,801	-0.5

Figure 3: Changi Green profitable transaction history

The question then boils down to, how does one select the RIGHT PROPERTY?

There are **TWO important factors** you should use to determine – **Potential upside & risk involved**. With these two points as my basis coupled with careful analysis of the facts, figures and market insights to determine if the property is safe to enter. And definitely no one can guarantee that you will make money for sure, that is why considering risk is equally important as the potential upside.

One last example to illustrate my points further. Looking at Figure 4 below, between Queens and Commonwealth Tower, you would have been relatively **upset and utterly disappointed** if you chose to purchase the former due to its lower entry price. As you can see, even though Commonwealth Tower has a higher entry price, the **profits amounted to so much more**. Why do you think that is the case?

Queens VS Commonwealth Tower, which is better?

HISTORICAL PRICE TREND

Source: URA, <https://www.squarefoot.com.sg>

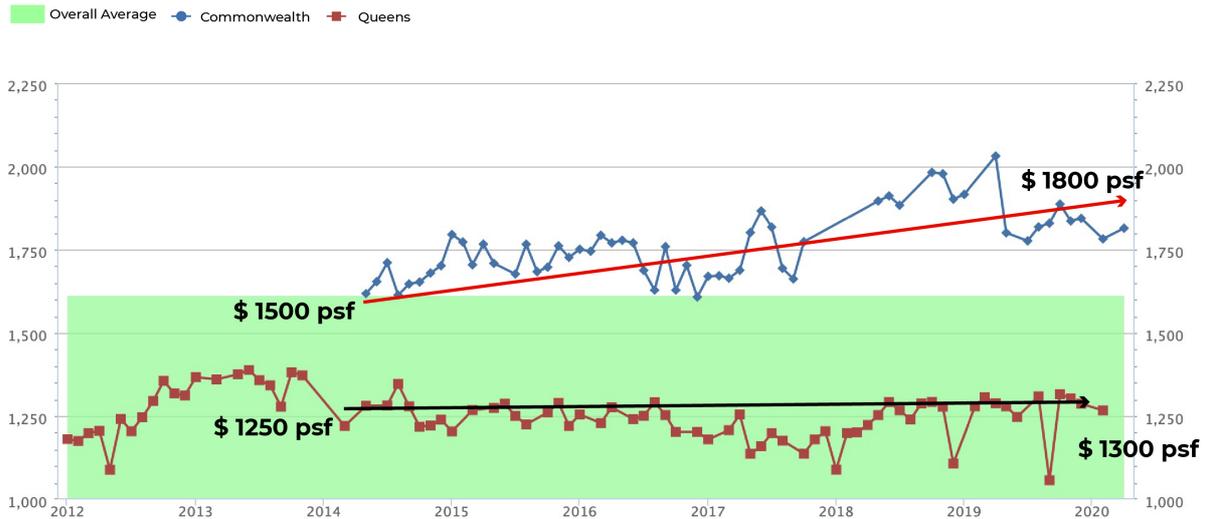


Figure 4: Historical price (psf) trend for Queens & Commonwealth Tower

With all these questions in mind, you know that it is key to **understand how to select the right property**. With factors listed above coupled with criteria that are essential in spotting the right property, you will be able to start your real estate journey **moving towards the right direction**. It can all be a seamless process when you **grasp the fundamentals of choosing properties** as it can be applied to find future properties as and when you upgrade. **Avoid repeating others' mistakes** and come join us at our upcoming **Singapore Property Xpo 2022** where our **Executive Director, Kelvin Fong** will address all these burning questions just for you.

Join us to learn about the [right strategies](#)
as you go about working towards that

FINANCIAL FREEDOM

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Kelvin is a self-made multi-millionaire and a highly sought-after opinion leader in the real estate industry. With a humble beginning, he started his real estate journey as a telemarketer before becoming a real estate salesperson, and now he is the Executive Director of PropNex. A self-taught investment guru with more than 10 properties in Singapore. Some call him the Millionaire-maker as he has helped countless of his clients and agents reach the pinnacle of financial success.

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