

# No. 1 Rule Correct Entry Price Property

Dear readers,

Kudos to you for the taking action by requesting for this follow-up article from my earlier piece - 'Freehold or Leasehold?'. Today, I will be sharing on identifying the right properties at the right price tag. I will also offer some investment tips that you should definitely take note of when buying a property. As an example, I will let you in on a freehold (FH) property that makes a really good investment and some crucial factors I deployed in determining it. Finally, I will touch on an **exit strategy** for investment properties as it is important to know when's the best time exit to **maximise your investment!**

My golden rule when it comes to selecting a property is the **ability to determine the actualisation** of my investment. Allow me to share with you in details using a FH property with an exceptional location which is near to the MRT station & Orchard Road as my case study to illustrate my points – Jervois Mansion

## Jervois Mansion



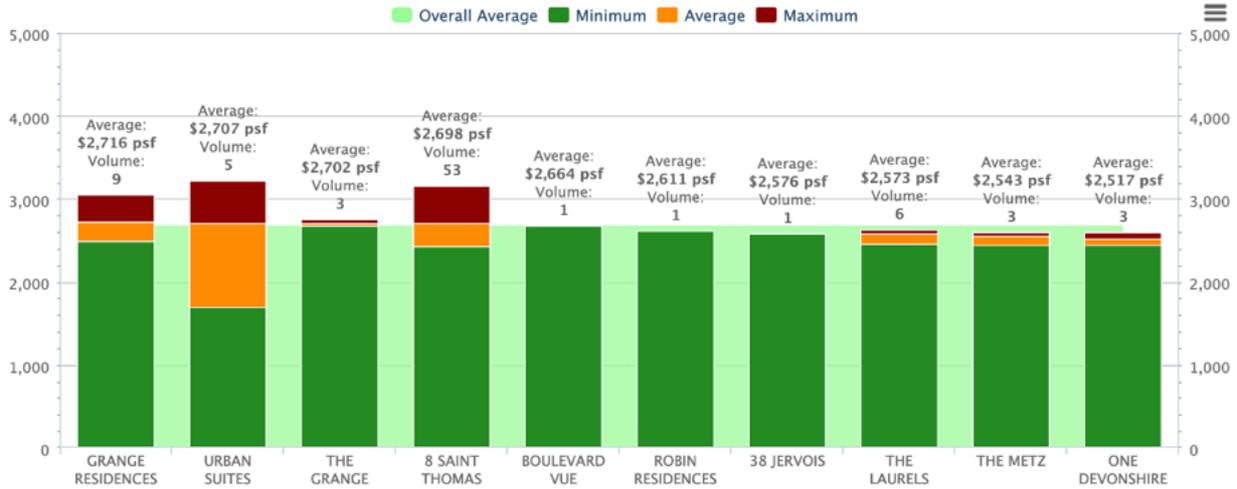
What are the potential upsides and risk of buying this property? Let me show you what I have found out with the research below.

# FH Resale D9/ D10 & D11

**Jervois Mansion**  
Price from \$22xxpsf

## PRICE COMPARISON

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



With reference to the chart above, we can see that the resale properties near to Jervois Mansion are being transacted between \$2,5XXpsf to \$2,7XXpsf on an average. Therefore, Jervois Mansion being a brand-new development with a starting price of \$2,2XXpsf, do you think there would be any **potential for growth**? Would this be considered a **risky** purchase? Would you consider to buy just based on this?

**Important point to note:** If you want to buy a property, **buy something that others are already willing to pay in the existing market!** That would provide you with a very **secured safety net**. Taking the example from above, if you are looking to purchase something in the same area that cost more than \$3,XXX psf, perhaps you would like to consider doing more research.

# 99 Years New Launch D9/10/11

## OVERALL COMPARISON

Note: \*Capital gain is calculated on an annualised basis and is only available for projects with at least 3 years of transaction data. Not applicable to HDB flats.  
Source: URA, <https://www.squarefoot.com.sg>

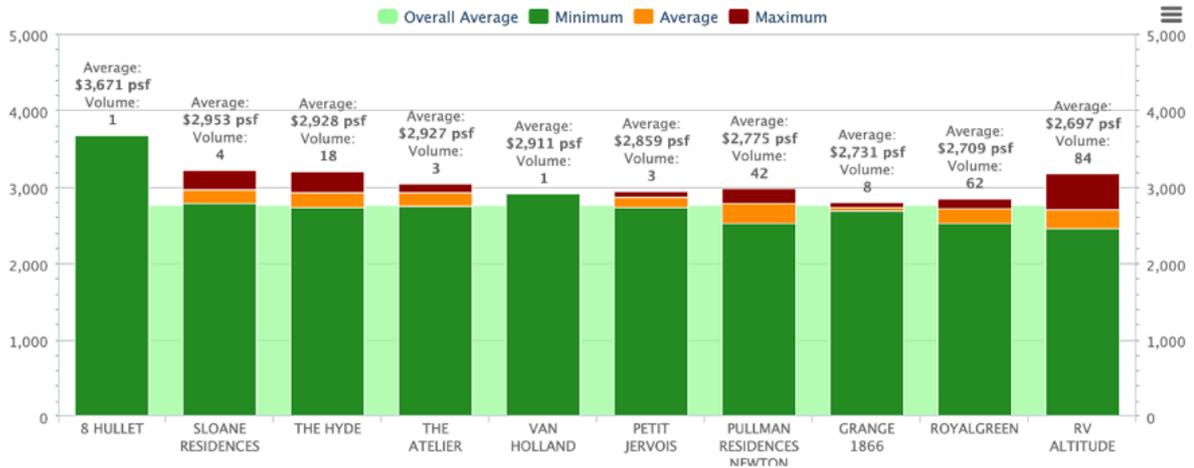
PROJECT NAME	TENURE	TOP	MIN PRICE (\$PSF)	AVG PRICE (\$PSF)	MAX PRICE (\$PSF)	SALES VOLUME	MIN RENT (\$PSF PM)	AVG RENT (\$PSF PM)	MAX RENT (\$PSF PM)	RENTAL VOLUME	RENTAL YIELD (%)	*CAPITAL GAIN (%)
MARTIN MODERN	99 YRS FROM 2016	2021	2,307	<b>2,746</b>	3,335	52	-	-	-	-	-	5.3
ONE HOLLAND VILLAGE RESIDENCES	99 YRS FROM 2018	U/C	2,366	<b>2,697</b>	3,137	14	-	-	-	-	-	-
IRWELL HILL RESIDENCES	99 YEARS LEASEHOLD	U/C	2,460	<b>2,651</b>	4,123	371	-	-	-	-	-	-
HAUS ON HANDY	99 YRS FROM 2018	U/C	2,610	<b>2,641</b>	2,677	8	-	-	-	-	-	-
FOURTH AVENUE RESIDENCES	99 YRS FROM 2018	U/C	2,103	<b>2,378</b>	2,630	129	-	-	-	-	-	-
KOPAR AT NEWTON	99 YRS FROM 2019	U/C	2,118	<b>2,372</b>	2,605	50	-	-	-	-	-	-

Looking at the research above, even 99-year leasehold developments in this vicinity are already transacted in the range of \$2,3XXpsf to \$2,7XXpsf. This provides you with another **assurance** on making the purchase.

Based on the bar chart below, the existing FH new launches have already transacted between \$2,6XXpsf to \$3,6XXpsf. This further provides you with **greater assurance!**

# New Launch FH D9/10/11 Transactions

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



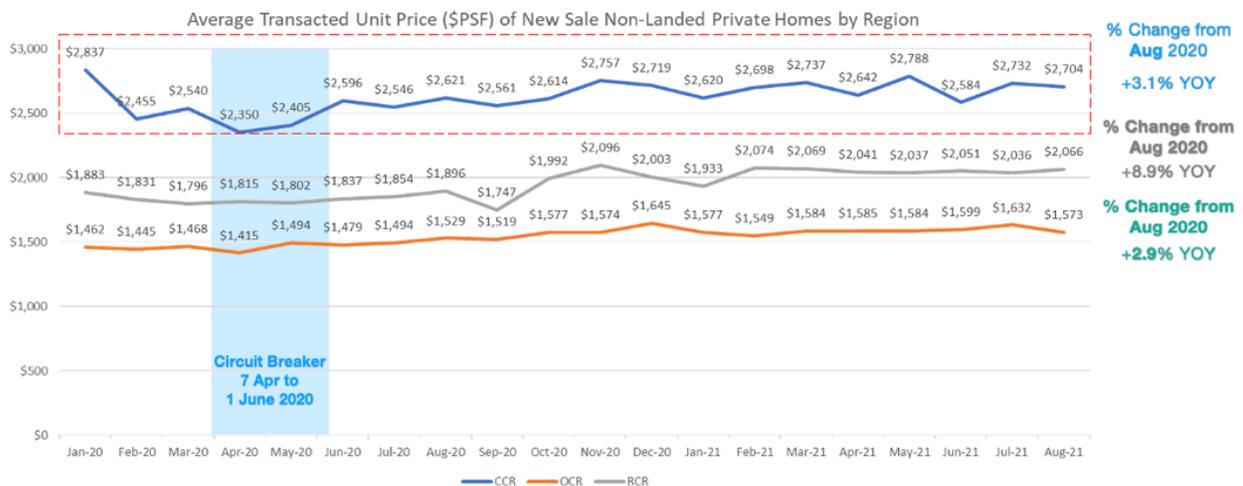
How do I determine my exit? Just based on the entry price with an additional **profit of \$300,000**, what will my **exit** dollar/psf be?

Judging based on the **profit + purchase price**, is the dollar/psf acceptable? The table below illustrates that the aforementioned scenario of having a \$300,000 profit so it **brings the price up to \$2,507psf**. The key question here is if you think that a future buyer would be willing to pay for this amount in 3 years' time when you're eligible and ready to sell.

## Exit Strategy after 3 years



If you'd take a closer look at the chart below, you'll notice that the average transacted price for all new launches in the Core Central Region (CCR) is \$2,704psf. This indication **further enhances our confidence** on the development being **rightly priced with good potential**, and most importantly, the **risk is relatively low**. At the end of the day, we want to purchase something that is not only safe but have higher probability of future upsides – that would be having the best of both worlds.



Source: PropNex Research, URA Realis (Updated as of 31 Aug 2021)

After going through the entire article, wouldn't you agree that this is a sound purchase with a very **safe entry price**? In addition, it is a **FH property** at a **fantastic locale** - fringe of Orchard. Thus, I always believe that with enough research and substantial data, we can almost always buy into a property that has the **Right Entry Price**.

Hope this article has been helpful for you, to understand better how I determine the **right entry price** for **any property**. I wish I could deliver more of the comprehensive strategies I have developed through this article but it is not going to be easy. Therefore, if you are keen on spotting or analysing properties like the one mentioned above, do reach out to me on **WhatsApp** so that we can schedule some time for an in-depth discussion since what we are dealing here are big ticket investments that easily cost more than a million of your hard-earned dollars.

Nevertheless, there's no obligations, just a pleasure to share property knowledge with you and to add another friend to my network.

Once again, thank you and hope to hear from you soon.



**Marcus Chua**

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