



A SINGAPORE  
**HOUSING**  
— JOURNEY —

*Andy & Mandy's Story*



## Disclaimers

This paper is subject to the following limiting conditions:

- a) This paper proposes just one possible opinion in a wide range of possible housing scenarios and disclaims all responsibility and will accept no liability from any other party.
- b) Reproduction of this paper in any manner whatsoever in whole or in part or any reference to it in any published document, circular or statement without Knight Frank's prior written approval of the form and context in which it may appear is prohibited.
- c) References to any authority requirements and incentive schemes are made according to publicly available sources as at the date of writing of this paper. Technical and legal advice ought to be sought to obtain a fuller understanding of the requirements involved.
- d) Projections or forecasts in the course of the paper are based on past quantitative trends and made to the best of the Knight Frank's judgment at the time of report submission. However, Knight Frank disclaims any liability for these projections or forecasts as they pertain to future market conditions, which change due to unforeseen circumstances.
- e) Knight Frank is not obliged to give testimony or to appear in Court with regard to this paper.
- f) The statements, information and opinions expressed or provided are intended only as a possible guide to some of the important considerations that relate to the property market. Neither Knight Frank nor any person involved in the preparation of this report give any warranties as to the contents nor accept any contractual, tortious or other form of liability for any consequences, loss or damage which may arise as a result of any person acting upon or using the statements, information or opinions in the paper.

## CONTENT

---

<b>Introduction</b>	04
a Our Cashflow's Premise	06
b Assumptions	07
<b>Build-To-Order flat</b>	08
<i>Stage 1</i>	
<b>Condominium</b>	11
<i>Stage 2</i>	
<b>Landed home</b>	14
<i>Stage 3</i>	
<b>Resale HDB flat</b>	18
<i>Stage 4</i>	
<b>Outlook</b>	21

---

Authors	<b>Leonard Tay</b> <i>Head, Research</i>
	<b>Nor Adila Rahim</b> <i>Senior Analyst, Research</i>
	<b>Khoo Zi Ting</b> <i>Analyst, Research</i>
Other Contributor	<b>Evan Chung</b> <i>Head, KF Property Network &amp; Project Marketing</i>
Editorial & Design	<b>Hector Tan</b> <i>Head, Marketing &amp; Communications</i>
	<b>Selvi Widjaja</b> <i>Multimedia Producer, Marketing &amp; Communications</i>
	<b>Michelle Bong Lejtenyi</b> <i>Content Marketing Manager, Marketing &amp; Communications</i>
	<b>Jane Sng</b> <i>Assistant Manager, Marketing &amp; Communications</i>

*This report is issued in November 2021.*

Photo Credit **Shutterstock**  
**Unsplash**



Snapshot of  
*Andy & Mandy's*

Housing Journey

Stage 1



Stage 2



Stage 3



Stage 4



Getting a BTO

Upgrading to a Condominium

Upgrading to a Landed Home

Downgrading to a resale HDB

Started Work

25 Age Andy  
23 Age Mandy

30 Age Andy  
28 Age Mandy

35 Age Andy  
33 Age Mandy

50 Age Andy  
48 Age Mandy

63 Age Andy  
61 Age Mandy

Number of years since Andy and Mandy started working

Year 6

Year 11

Year 26

Year 39

Combined Monthly Gross Salary

S\$9,000 - S\$12,000

S\$12,000 - S\$14,000

S\$20,000 - S\$25,000

S\$26,000 - S\$28,000\*

Purchase Price

S\$315,000

S\$1.6 million

S\$3.5 million

S\$1.1 million

Selling Price

S\$504,000

S\$2.4 million

S\$3.9 million

N.A.

\*Amount just before Andy retires at age 63.



## INTRODUCTION

*a. Our Cashflow's Premise*

*b. Assumptions*

## Introduction

The housing market in Singapore can sometimes be a scary place for homebuyers. With headlines of million-dollar Housing Development Board (HDB) homes, escalating prices of suburban condominiums, and the ultra-rich buying up penthouses and good class bungalows (GCBs) hitting the press, there can be an undercurrent of anxiety among homebuyers, fearing that their housing aspirations might vanish in the dust of runaway home prices.

And more often than not, when prices start to run upwards driven by brisk sales volumes, there is a tendency of herd mentality where homebuyers join in the urgency of frenzied home purchases fuelled by the fear of missing out, or by peer or societal pressure. However, any household's housing journey is not a sprint. It is more akin to a marathon.

The housing market is by nature characterised by periods of volatility, triggered by bull runs and bear markets. In similar fashion, during a bull run, a perfect combination of heightened demand, diminishing saleable stock, low interest rates, and steadily growing household savings and incomes create a homebuying herd. The converse is also true in a bear market: economic recession and uncertainty punctures demand, causing falling sales and prices.

Over the long term, such as the time-horizon of a typical couple from graduation to retirement, the volatility of bull and bear periods is often also accompanied by extended periods of stability. The volatility can even itself out over the course of decades that typify the housing journey of ordinary households. Especially so in Singapore, where almost ten years (from 2010 to 2018) of government measures have effectively removed speculation from the market. From 2013 onwards, after the implementation of the Total Debt Servicing Ratio (TDSR), the price movement of private and public housing generally moved in tandem with demand and supply, as well as growth in per capita Gross Domestic Product (GDP), household incomes and affluence.

Andy and Mandy's housing journey by Knight Frank Singapore is meant to present the various stages of housing transition of a couple in Singapore – a limited sampling of the housing market in one sitting. They are a married couple who met in university. They purchased their first home through the Build-To-Order (BTO) programme by the HDB before slowly moving up the housing ladder in Singapore. They are both professionals whose salaries have benefited from the growth in household incomes in the past decade, as reflected in the Singapore Census of Population 2020, and might even be considered fortunate to have done fairly well in their careers.

Andy and Mandy's housing journey is not meant to exhaustively represent the housing choices and decisions of all Singaporean families, but perhaps at one time or other, Singaporean homebuyers would be able to relate to certain parts of our protagonists' real estate adventure insofar as it might be relevant to the multitude of the many diverse households living in Singapore. Andy and Mandy's housing journey is just one possible route that Singaporean homebuyers could take from graduation to retirement.



## a *Our Cashflow's Premise*

The housing journey of Andy and Mandy takes place under the assumption that Singapore's economy, political and social structure, as well as public infrastructure, remain relatively stable and intact, barring any catastrophic events such as war or natural disaster of the sort that could damage Singapore's built environment unalterably.

**Even when Singapore was steeped in the COVID-19 pandemic, the housing market bolstered by healthy demand from homebuyers did not crash.** While the URA private residential property price index (PPI) dipped by 1.0% quarter-on-quarter (q-o-q) in the first quarter of 2020 when the first cases of COVID-19 were reported, prices have been on an uptrend ever since. More recently, the private residential PPI recorded a 5.3% jump in the first nine months of 2021.

**The private residential market was largely spared and even thrived amid the pandemic, proving that the build-up of long-term fundamental growth undergirds resilience.** But this has given rise to another set of worries on housing affordability in Singapore. Is the "Singapore Dream" of scaling the property ladder still accessible to those who aspire and have the wherewithal to achieve it? As we step through the housing journey of Andy and Mandy, a prudent, generally conservative couple can navigate the housing market with a steady build-up of financial resources to suit their different stages in life.

**Knight Frank Singapore ran a simple cashflow model in nominal dollars using assumptions that are possible for a young graduate professional couple to realise their housing aspirations slowly and steadily.** This cashflow model charts each stage of Andy and Mandy's housing journey through a selection of housing options given their affordability and savings under projected market conditions based on the growth of the URA private residential PPI together with household income norms over the last 10 years. While their journey cannot represent all Singaporean households, perhaps along the way there might be certain scenarios that Singaporean homebuyers could find applicable to themselves, and the attendant references and information useful. For example, upgrading from a HDB flat to a private condominium.

**Despite being relatively successful in their careers, having steady income growth and being fortunate enough not to be affected by job disruptions, Andy and Mandy have kept to one property at a time throughout their housing journey.** The homes that they have upgraded to are always for their own use and enjoyment, and within reach of their financial resources through cash, Central Provident Fund (CPF) savings and housing loans. In addition, they have shied away from additional investment property beyond the home in which they reside, and so are not liable for extra tax from the Additional Buyer's Stamp Duty (ABSD).



## b *Assumptions*

Andy and Mandy started working at the ages of 25 and 23 respectively. Their starting salaries fresh from university were adapted from the Ministry of Manpower (MOM) statistics, released on 24 December 2020. Across the different courses in the respective local universities, the median monthly gross starting salary stood at S\$3,600. By adopting an adjusted gender pay gap of 6%, as published by MOM in a report in January 2020, **Andy's starting monthly salary is assumed at S\$3,800 and Mandy's at S\$3,600.**

A range of varying annual salary growth rates from 0% to 6% is apportioned to them throughout the different stages of their lifetime to take into account their career progression. This is of course in consideration that during their early to peak earning years, there would be a higher chance of getting promoted and having their salaries increase at a faster rate compared to the later years of their careers where salary growth starts to slow down.

The housing journey of one homebuyer will not likely not be the same as another as individuals and families have their own unique set of needs, preferences and ambitions. Other indicators such as lifestyle, type of job, age, saving habits and the amount of disposable income spent on living expenses, play a part in their decision when making a financial commitment with regards to purchasing a property. Furthermore, the household structure (i.e. whether it is a single home occupier or an individual purchasing a home with their spouse) would definitely influence housing requirements, especially so if couples decide to have children. The size of a home, proximity to facilities and amenities such as shopping malls, schools, and parks, as well as accessibility to transportation networks are some of the important features that homebuyers look out for.

In the case of Andy and Mandy, it is assumed that they have two children, and this will act as one of the determining factors in their homebuying decisions, compelling them to upgrade to larger homes to accommodate for the expansion in household size. However, as Andy and Mandy reach retirement age, the high likelihood that their children have moved out of their home is factored into the model. Faced by empty nest syndrome and the hassle of maintaining a large home, Andy and Mandy decide to downgrade back to a HDB flat to spend their retirement years.



STAGE 1

## BUILD-TO-ORDER FLAT

## BALLOTING FOR A STARTER HOME

Since April 2001, the BTO system by HDB has been the mode of sale for new public housing. The system provides prospective buyers with the flexibility of choosing the locations of their potential housing units as well as information on the expected date of completion of the upcoming flats.

Given that Andy and Mandy are new to the property market, and that BTO flats are generally more affordable when compared to resale flats or private residential homes, they decide to book a 4-room unit of a newly launched BTO development at Sengkang.

As of March 2020, there were 69,169 HDB dwelling units in Sengkang. Even though Sengkang has undergone rapid development in the past decade, there are possibilities to increase the existing HDB stock by another 26,804 units to a projected ultimate total of 96,000 units according to the HDB Annual Report 2019/2020. It would not be inconceivable that a few more BTO projects could be launched in the medium-term.

This would fit their budget at the start of their housing journey at a purchase price of S\$315,000.

Andy and Mandy are fairly conservative and opt for a loan provided by HDB, thinking that this would be more predictable with less chances of fluctuating interest rates disrupting the repayment. Moreover, they like that they can make prepayments without penalty. This HDB housing loan would finance the remaining purchased amount after deducting monies from their CPF Ordinary Account (OA) – having already worked for about five years – as well as the amount that they are eligible to receive from the Enhanced Housing Grant (EHG) of S\$10,000.

The HDB housing loan serves as an alternative to private bank housing loans, providing Singaporean public housing homebuyers **a concessionary interest rate pegged at 0.1% above the current CPF OA interest rate.** The couple is eligible for the HDB housing loan and they can take a mortgage that ranges from S\$180,000 to S\$210,000 given the prevailing interest rate of 2.6% per annum (p.a.). They elected to loan 62% of the total cost price.

Additionally, given the couple's frugal nature and how they have no commitments prior to the purchase of their BTO flat, **Andy and Mandy potentially saved up to about 40% of their net income.** As a result, by Year 6, before they received the keys to their BTO flat, they were able to furnish some S\$188,000 of cash savings





### Exhibit 1

Andy and Mandy have sufficient cash and CPF savings to pay the downpayment of up to 38% of the HDB BTO flat's purchase price

#### PROPERTY DETAILS (NEW BTO FLAT)

LOCATION	<b>SENGKANG</b>
TYPE	<b>4-ROOM</b>
TENURE	<b>LEASEHOLD</b>
PROPERTY PRICE	<b>S\$315,000</b>

#### AFFORDABILITY

TOTAL COMBINED MONTHLY GROSS SALARY	<b>S\$9,000 - S\$12,000*</b>
TOTAL CASH SAVINGS**	<b>ABOUT S\$188,000++</b>
TOTAL CPF OA BALANCE**	<b>ABOUT S\$140,000++</b>

*\*At the point of key collection. Their combined income at the point of application was between \$8,001 and \$8,500 to qualify for the EHG.  
\*\*Before property purchase.*

### Exhibit 2

#### HDB Loan Details

LOAN AMOUNT	<b>S\$195,000</b>
LOAN TENURE	<b>15 YEARS</b>
INTEREST RATE (P.A.)	<b>~2.6%</b>
ANNUAL LOAN REPAYMENT	<b>ABOUT S\$16,000++</b>

### Exhibit 3

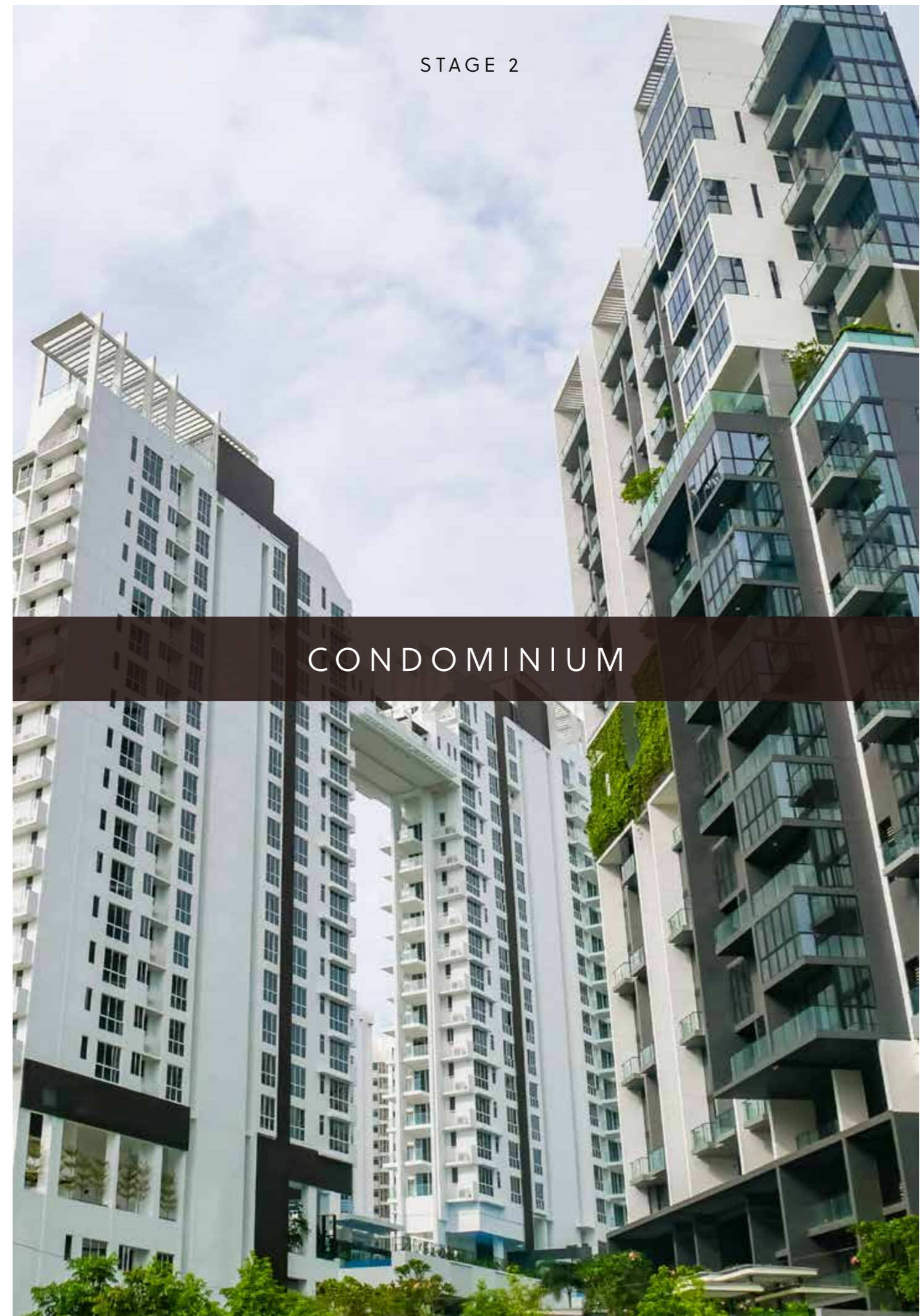
#### Allocation of Cash and CPF for Downpayment and Property Loan

DOWNPAYMENT (38%)		LOAN (62%)	
CASH (5%)*	CPF (95%)	CASH (0%)	CPF (100%)

*\*The couple chose to top up cash beyond the minimum S\$2,000 option fee.*

As the couple approaches the five-year Minimum Occupation Period (MOP) on their HDB BTO flat, the family size expands with the addition of two children. Andy and Mandy now look towards upgrading to a new home that can accommodate a larger household and is situated within the vicinity to schools, shopping malls, and transport nodes – among other deciding factors.

In order to upgrade, Andy and Mandy **sell their HDB BTO flat for S\$504,000 to finance their next property purchase.** This represents a 60% appreciation. In the current market 4-room HDB units in Sengkang are already achieving prices beyond S\$500,000 with top line transactions of certain units breaching the S\$600,000 mark.





## MOVING TO A PRIVATE APARTMENT

As their BTO flat passes the MOP of five years, Andy and Mandy have both progressed well in their careers and are promoted to managerial positions within their respective companies. The couple contemplates upgrading to a resale condominium, so they can enjoy the convenience of having facilities at their doorstep while raising their two children.

The couple settles on a resale 3-bedroom condominium in the Outside Central Region (OCR) that sufficiently accommodates their growing family without overstressing their finances. This will also allow the couple to avoid the waiting time needed for a new launch condominium or executive condominium to finish construction and to be in control of their moving timeline.

With their existing cash and CPF OA savings, the couple considers areas such as Hougang, Yishun, Pasir Ris, Bukit Batok and even Sengkang which they are familiar with. The couple is **also careful to pick a project with sufficient remaining tenure** to ensure the value of their property does not run down when they decide to sell, providing them the flexibility to settle down in the condominium for the longterm if they choose to.



### Exhibit 4

**Andy and Mandy have sufficient CPF and Cash savings to pay off their existing liabilities and upgrade to a suburban resale condominium after residing five years in their HDB BTO flat**

#### AFFORDABILITY (ANDY AND MANDY)

TOTAL COMBINED MONTHLY GROSS SALARY	<b>S\$12,000 – S\$14,000</b>
TOTAL CASH SAVINGS*	<b>ABOUT S\$350,000</b>
SALE PRICE OF THE HDB BTO FLAT	<b>S\$504,000</b>
OUTSTANDING HDB LOAN BALANCE**	<b>ABOUT S\$140,000++</b>
CASH PROCEEDS FROM SALE OF THE HDB BTO FLAT**	<b>S\$175,000 – S\$185,000</b>
TOTAL COMBINED OA CPF BALANCE** <i>(after CPF utilised plus accrued interest from sale of the HDB BTO flat have been refunded and before the purchase of the condominium)</i>	<b>ABOUT S\$320,000</b>

\*Amount is before the purchase of resale condominium and does not include the proceeds from the sale of their HDB BTO flat.

\*\*The outstanding HDB Loan will be paid off with proceeds from the HDB BTO sale after refunding the CPF utilised plus accrued interest and cash proceeds into the respective accounts.

\*\*All property expenses such as Buyer's Stamp Duty, miscellaneous fees such as legal fee and valuation fee are paid by cash.

Given that they purchased the condominium 10 years from when they first entered the workforce, the value of the property would have changed from today's prices. To adjust for this, the **compounded annual growth rate (CAGR) of the URA non-landed private residential PPI in the OCR over the past 10 years was calculated**. The CAGR was then applied to current prices to arrive at the possible future value of their resale condominium purchase ten years thereafter (Exhibit 5).

### Exhibit 5

**The OCR resale condominium that Andy and Mandy selects is within their budget and means**

#### PROPERTY DETAILS (RESALE CONDOMINIUM)

LOCATION	<b>OCR</b>
TYPE	<b>3-BEDROOM</b>
TENURE	<b>LEASEHOLD</b>
PROPERTY PRICE	<b>S\$1.6 MILLION</b>

*The application of a historical CAGR to estimate the future purchase price of Andy and Mandy's private condominium is not intended as an investment projection.*

### Exhibit 6

**Mortgage Loan Details**

LOAN AMOUNT	<b>ABOUT S\$1,200,000 ++</b>
LOAN TENURE	<b>20 YEARS</b>
INTEREST RATE (P.A.)	<b>~1.3%</b>
ANNUAL LOAN REPAYMENT	<b>S\$70,000 ++</b>

### Exhibit 7

**Allocation of Cash and CPF for downpayment and property loan**

DOWNPAYMENT (25%)		LOAN (75%)	
CASH (40%)	CPF (60%)	CASH (55%)	CPF (45%)

Andy and Mandy **opt to pay about 25% of the cost upfront** with their accumulated savings and proceeds from the BTO sale, while **financing the other 75% with a private bank loan** after paying off their outstanding HDB loan (Exhibit 6 and 7). The couple applies for a bank loan at an assumed interest rate of 1.3% p.a., which considers the potential refinancing of the existing loan. In the following years, their yearly mortgage repayment follows the allocation of 45% CPF and 55% cash savings.

After 15 years of living in a private condominium, the couple has amassed enough to upgrade again – this time to a landed home. Again, they sell their current home to make the transition, at just under S\$2.4 million (estimated by applying the CAGR to the year of sale).



STAGE 3

LANDED HOME

## UPGRADING TO A LANDED HOME

Andy and Mandy start to consider moving towards their third leg of asset progression – upgrading to a landed home. By this stage in their lives, the couple are in their late 40s and early 50s and are at the peak of their professions.

According to the Singapore Census of Population 2020, over the past decade, the average total household income from work increased 35.8% from S\$7,812 in 2010 to S\$10,608 in 2020. Of these, the percentage of resident households earning S\$20,000 and over more than doubled from 6.6% in 2010 to 13.9% in 2020. This growth was in tandem with the progression of the Singapore's economy, as the population became more educated and skilled over the years. Andy and Mandy's incomes have grown, and the prospect of a landed property has become financially possible.

Landed houses comprise about 5% of all housing in Singapore and can be considered to be the top of the residential pyramid in terms of property types. While generally providing home occupiers with a greater sense of privacy and freedom of space, these homes are not typically within the financial reach of most except for the top income-earning brackets in Singapore.

At this juncture, Andy and Mandy's combined monthly income total above S\$20,000, with their career fortunes remaining intact with Singapore's assumed continued growth and stability. The duo considers a freehold terrace house in District 19, taking into account transportation networks such as the expressways as well as the myriad of amenities within the region. Their budget for this new home ranges between S\$3.4 million and S\$3.5 million.

**Being financially-disciplined all their lives, the couple finance at least 35% of the purchase price through their savings accumulated over the years in their CPF OA as well as cash,** including the proceeds from the sale of their previous condominium unit. Hence, assuming an interest rate of about 1.4% p.a., the loan amount could be well around the range of S\$2.2 million to S\$2.3 million.





## Exhibit 8

**Andy and Mandy use a mix of CPF and cash savings to pay off their existing liabilities and upgrade to a landed home after residing in their private condominium for 15 years**

### PROPERTY DETAILS (LANDED RESIDENTIAL)

LOCATION	<b>DISTRICT 19</b>
TYPE	<b>TERRACE</b>
TENURE	<b>FREEHOLD</b>
PROPERTY PRICE	<b>S\$3,463,000</b>

### AFFORDABILITY

TOTAL COMBINED MONTHLY GROSS SALARY	<b>S\$20,000 – S\$25,000</b>
TOTAL CASH SAVINGS	<b>ABOUT S\$560,000++</b>
SALE PRICE OF THE PRIVATE CONDOMINIUM*	<b>S\$2,391,000</b>
OUTSTANDING PRIVATE CONDOMINIUM LOAN BALANCE	<b>ABOUT S\$330,000++</b>
CASH PROCEEDS FROM THE SALE OF THE PRIVATE CONDOMINIUM	<b>S\$1.1 MILLION – S\$1.2 MILLION</b>
TOTAL COMBINED OA CPF BALANCE <i>(after the CPF utilised plus accrued interest from the sale of the private condominium have been returned to CPF before purchase of the landed house)</i>	<b>ABOUT S\$988,000++</b>

\*The application of a historical CAGR to estimate the future selling price of Andy and Mandy's private condominium is not intended as an investment projection.  
\*Amount is before the purchase of the landed home and does not include the proceeds from the sale of their previous property.  
\*The outstanding loan will be paid off with proceeds from the private condominium sale after refunding the CPF utilised plus accrued interest and cash proceeds into the respective accounts.  
\*All property expenses such as Buyer's Stamp Duty, miscellaneous fees such as legal fee and valuation fee are paid by cash.



## Exhibit 9

### Mortgage Loan Details

#### MORTGAGE LOAN DETAILS

LOAN AMOUNT	<b>S\$2,251,000++</b>
LOAN TENURE	<b>25 YEARS</b>
INTEREST RATE (P.A.)	<b>1.4%</b>
ANNUAL LOAN REPAYMENT	<b>ABOUT S\$110,000</b>



## Exhibit 10

### Allocation of Cash and CPF for downpayment and property loan

DOWNPAYMENT (35%)		LOAN (65%)	
CASH (43%)	CPF (57%)	CASH (65%)	CPF (35%)

After 13 years, the couple reaches retirement age. They have lived their property dream working their way up from their first HDB home to a landed house. In this season of their lives, Andy and Mandy find that maintaining a landed home becomes increasingly inconvenient and costly, bearing in mind that once they stop working their disposable income is substantially reduced. As their children have grown up and moved out, they feel the pull to transition back down the housing hierarchy, considering a smaller HDB resale flat for their retirement living.

The added attraction of cashing out on their landed property investment would also serve to bolster their savings. Andy and Mandy sell their landed home for S\$3.9 million and with the proceeds downgrade to a HDB resale unit, husbanding the rest of the funds to enjoy retirement.





STAGE 4

RESALE HDB FLAT

## Downsizing to a Cosier Space

The children have all flown the nest, traversing up and down stairs becomes a chore for the two who are getting on in years, and the property now feels cumbersome to maintain – a situation faced by many empty nesters, who no longer require such a large living space.

Andy retires at the age of 63, while 61-year-old Mandy plans to retire in two years. They agree to downgrade to a HDB resale flat in the Greater Southern Waterfront, where they can enjoy the waterfront promenade and the recreational offerings in their retirement. They choose a HDB 4-room flat that can comfortably host their children and grandchildren on occasion even after downgrading. Perhaps they might even rent out a room to supplement their retirement nest egg or employ a live-in domestic helper when they eventually face mobility issues.

### Exhibit 11

**Andy and Mandy decide to unlock the asset value of their landed property nearing retirement by downgrading to better suit their lifestyle needs**

#### AFFORDABILITY

TOTAL COMBINED MONTHLY GROSS SALARY	<b>S\$26,000 – S\$28,000</b> <i>(JUST BEFORE ANDY RETIRES)</i>
TOTAL CASH SAVINGS*	<b>ABOUT S\$1,340,000</b>
SALE PRICE OF THE LANDED HOME	<b>S\$3,941,000</b>
OUTSTANDING LANDED HOME LOAN BALANCE**	<b>ABOUT S\$1,180,000 +</b>
CASH PROCEEDS FROM THE SALE OF THE LANDED HOME**	<b>S\$670,000 – S\$690,000</b>
TOTAL COMBINED OA CPF BALANCE** <i>(after CPF utilised plus accrued interest from sale of the landed have been refunded and before the HDB resale purchase)</i>	<b>ABOUT S\$988,000++</b>

\*Amount is before the purchase of resale HDB flat and does not include proceeds from the sale of their landed property.

\*\*The outstanding Landed Home Loan will be paid off with proceeds from the landed property sale after refunding the CPF utilised plus accrued interest and cash proceeds into the respective accounts.

\*\*All property expenses such as Buyer's Stamp Duty, miscellaneous fees such as legal fee and valuation fee are paid by cash.

Disclaimer: Andy and Mandy did not top up their Special Account with their OA balance to have more fluid cashflow – their special account is enough to fund the retirement account at the age of 55 up to the full retirement sum. After their Medisave Account reaches the limit, the excess is transferred to the Special Account.



## Exhibit 12

Attracted by the waterfront and nature offerings in the vicinity, Andy and Mandy relocate to live in the residential precinct of the Greater Southern Waterfront

### PROPERTY DETAILS (HDB RESALE)

LOCATION	GREATER SOUTHERN WATERFRONT
TYPE	4-Room
TENURE	LEASEHOLD
PROPERTY PRICE	S\$1,100,000

## Exhibit 13

Allocation of Cash and CPF for Downpayment and Property Loan

### DOWNPAYMENT (100%)

CASH (100%)

Combined with the proceeds from their landed property, the couple can **pay the full price of the HDB resale flat using their existing CPF OA balance without needing to take a loan.** The remaining balance in their individual retirement accounts at age 65 is also enough to qualify them for the upper tranche of the CPF Life Premium (extrapolated as of 2021) for monthly pay-outs, even in scenarios when the amount of premium is adjusted upwards. Their substantial cash savings from prudent spending and conservative financial decisions made, and the remaining savings in their retirement account can be used to fuel an active retirement lifestyle in their golden years.



## A SINGAPORE HOUSING JOURNEY

## OUTLOOK





## *A General View*

**Andy and Mandy's housing journey might not represent everyone else's, but there are different parts that would be relevant to various families at one point in time or another.** Admittedly, not everyone can be so fortunate to have their careers progress as successfully as the couple's. However, the opportunities mentioned in their story exist in an environment such as Singapore, and there are possibilities that elements of Andy and Mandy's housing journey can come true for Singaporean households.

After all, household net worth grew by 320% between Q2 1996 and Q2 2021 over 25 years, and more recently increased by 84.6% in the last 10 years from Q2 2011 to Q2 2021 based on data from the Singapore Department of Statistics (Singstat). Household net worth does not include only growth in property assets, but also savings, as the amount in deposits held have doubled in the past ten years. The bottom line is that Singapore's population continues to grow more affluent.

A well-governed political landscape, pro-business economy, increasingly educated workforce, pro-home ownership housing policies and efficient civil service have created a stable nation in the face of a volatile and constantly changing world. Economic recessions, pandemics and other disruptions might have interrupted Singapore's progress at various points in time, but more than 55 years of these traits intentionally applied to nation building have led to steady, incremental headway and also increasing household incomes. According to Singstat, the average monthly household income from work per household member increased by 48.5% between 2010 and 2020 or at a CAGR of 4.0%, with the percentage of wage earners in the "above S\$20,000" bracket more than doubling from 6.6% in 2010 to 13.9% in 2020.

During the same period, the URA private residential PPI grew by 12.8% or at a CAGR of 1.2%. Similarly, the HDB resale index rose 11.0% with a CAGR of 1.1%. Income growth outpacing increases in both public and private residential prices would naturally lead to a real estate upgrading culture along with the aspirations of the affluent. Andy and Mandy's story incorporates quantitative characteristics of these income and housing trends in the past 10 years to transcribe one possible destiny for Singaporean couples.



## *The Singapore Housing Journey*

The first stage of Andy and Mandy's housing journey was a subsidised HDB flat bought direct from the government. For newly-married couples who have worked a few years to accumulate some cash and CPF savings under their belt and are willing to wait until the unit is ready for occupation, such a home would generally be within their financial reach. And even though couples might gripe about the less-than-ideal conditions and circumstances of the HDB BTO market (for e.g. waiting time, high over-subscription rate, few mature locations, etc), this avenue allows almost every family with employed members to own their own homes. The financial outlay for a first home will seem daunting to most first-timers, but after a few years of regular mortgage repayment, income progression and a bit of luck, some households might be primed for an upgrade into the private home market.

Passage from a private condominium to a landed residence is more challenging. Fortunes in career, business and/or investments would have to be relatively benign over a lifetime to create an opportunity where a family such as Andy and Mandy's would have the resources for a terrace house. Such opportunities are not typically available to all, but more so for the lucky and/or the successful.

It is hoped that the story of Andy and Mandy will be helpful to homebuyers as a guide that provides some ballpark estimates to the types of potential real estate options that can be considered, as well as the approximate corresponding amount of savings, cash-on-hand and income levels generally needed to navigate from one property to the next.



## Contact us for market insights, and real estate opportunities.

### RESEARCH

#### **Leonard Tay**

Head, Research

leonard.tay@sg.knightfrank.com

+65 6228 6854

### PROPERTY NETWORK, PROJECT MARKETING

#### **Evan Chung**

Head, KF Property Network

evan.chung@sg.knightfrank.com

+65 6228 6878

### CONTENT & PARTNERSHIPS

#### **Hector Tan**

Head, Marketing & Communications

hector.tan@sg.knightfrank.com

+65 6228 7337

---

**KnightFrank.com.sg**

#### **About Knight Frank Singapore**

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank has more than 16,000 people operating from 384 offices across 51 territories. The Group advises clients ranging from individual owners and buyers to major developers, investors and corporate tenants. Knight Frank has a strong presence in Singapore with a head office and two subsidiaries: Knight Frank Property Asset Management and KF Property Network. For further information about Knight Frank Singapore, please visit [www.knightfrank.com.sg](http://www.knightfrank.com.sg).

#### **© Knight Frank 2021**

This report is published for general information only. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no legal responsibility can be accepted by Knight Frank for any loss or damage resulting from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects. References to survey findings (Knight Frank Retailers' Sentiment Survey 2021) presented in this report are allowed with attribution to Knight Frank Singapore. Any reproduction of the interview profiles, however, will require expressed consent from Knight Frank Singapore and the interviewees.

