UNDERSTANDING SINGAPORE REAL ESTATE

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ACKNOWLEDGEMENT

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REAL ESTATE

ERA REAL ESTATE NexUS Global Realty

ABOUT THE SPEAKER

PROFESSIONAL ROLES & COMPANIES

Founder & CEO of 8 Street Group, parent company of :

- **GreatEarth® Realty –** Boutique brokerage for restaurant/retail site selection & leasing
- **Easerich® Commercial Real Estate Advisors –** commercial acquisitions & dispositions (Sperry Commercial network, team of CCIMs)
- **NexUS Global Realty –** ERA Real Estate Brand, cross-border transactions between 14 Asia Pacific countries & North America

Active Industry Leader :

- **Board of Directors,** CCIM Institute (2024–2026)
- **Board of Directors,** CCIM Foundation (2023–2027)
- **Board Member,** CCIM Institute Washington State Chapter (2018–ongoing)
- **CCIM Washington** State Chapter President (2022)
- **CCIM International Committee Chair (2022)**
- **CCIM Region 1** RVP (2024)
- Appointed **CCIM Presidential Liaison** for International, Foundation & Technology (2027)

Larry Eu CCIM, CRRP, CIPS, CDCDP

CEO of ERA NexUS Global Realty

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ABOUT THE SPEAKER

INDUSTRY INVOLVEMENT & BACKGROUND

Past Roles :

- **Board of Directors,** National Association of Realtors (2020–2022)
- **Board Member,** Washington Realtors (2020–2022)
- **President,** FIABCI Seattle Council (2022)

Associations & Memberships :

- FIABCI Singapore
- Washington State–China Relations Council
- Washington State Chinese Chamber of Commerce

Education:

- Master of Science in Aerospace Engineering, University of Arizona (1997)

Personal:

- Born & raised in Singapore
- Married and have 3 children
- Travels extensively worldwide

Larry Eu CCIM, CRRP, CIPS, CDCDP

CEO of ERA NexUS Global Realty

AGENDA

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CONTENT

WHY SINGAPORE FOR AMERICANS?

In 2024Q2, Americans have become the largest group of foreign buyers in Singapore's Core District - **Over 50% of foreign purchases in 2024Q2** in core district **came from U.S. citizens.**

This trend highlights how Singapore has emerged as a preferred destination for global investors.

The reasons are tied to a combination of favorable regulations, a resilient economy, and Singapore's reputation as a safe and transparent market.

TAX FRAMEWORK FOR PROPERTY TRANSACTIONS

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Property transactions in Singapore are governed by structured taxation rules that aim to maintain a stable market.

- Buyer's Stamp Duty (BSD): A progressive tax ranging from 1% to 6%, depending on the purchase price. On average, this amounts to 3–6% of the property value.
- Seller's Stamp Duty (SSD): Applicable if a property is sold within three years of purchase. The rate is 12% if sold within the first year, 8% in the second year, 4% in the third year, and zero thereafter.

These measures are designed to encourage long-term investment and discourage short-term speculation.

FINANCING & MORTGAGE LANDSCAPE

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Singapore regulates financing to maintain a healthy and stable property market.

- **LTV:** up to 75% for first loan, lower for subsequent ones
  → encourages prudent borrowing.
- **MSR:** max 30% of monthly gross income (HDB)
  → keeps housing affordable for locals.
- **TDSR:** total debt capped at 55% of monthly gross income
  → ensures buyers remain financially resilient.
- Mortgage rates tied to **SORA** (banks benchmark for float rate loans)
  → reflects global trends while maintaining transparency.

ADDITIONAL BUYER'S STAMP DUTY (ABSD) AND U.S. ADVANTAGE

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An additional tax, known as ABSD, is imposed on property buyers to manage demand:

- ***Citizens:*** No ABSD on the first home, 20% on the second, 30% on the third and beyond.
- ***Permanent Residents:*** 5% on the first property, 30% on the second, and 35% on the third.
- ***Foreigners:*** A flat 60% on any purchase.

However, due to the U.S.–Singapore Free Trade Agreement, American citizens enjoy the same treatment as Singapore citizens. This means no ABSD is applied on their first property purchase, providing a significant advantage over other foreign investors.

FOREIGN INVESTOR RESTRICTIONS (NON-U.S. BUYERS)

Non-U.S. buyers face high ABSD, giving Americans a unique cost advantage under the FTA.

- ***Foreigners:*** 60% ABSD on all purchases → significantly raises entry costs.
- ***PRs:*** 5% (1st), 30% (2nd), 35% (3rd) → creates clear barriers for multiple ownership.
- ***U.S. citizens exempted on 1st property:*** → aligns them with local buyers' privileges.
- ***Creates clear competitive edge*** → positions Americans as the top foreign investors.

HIGH HOME OWNERSHIP RATES

Singapore has one of the highest home ownership rates globally, standing at 90.8%. In comparison, the U.S. home ownership rate is 65.2%, Hong Kong 50.4%, and Australia 67%. (80% of Singaporeans live in HDB homes).

This reflects a strong cultural and financial preference for property ownership rather than renting.

Households in Singapore dedicate nearly 30% of income to housing-related expenses, reinforcing the central role that property plays in wealth accumulation and financial security.

DEMAND DRIVERS BEYOND POLICY

Strong demand is fueled not only by regulations but also by global wealth and migration trends.

- **1,100+ family offices established by 2024** → brings sustained capital inflows.
- **Rising demand from expatriates & professionals** → supports consistent rental demand.
- **Luxury home demand from UHNWIs** → drives growth in high-end segments.
- **Healthy rental market in CBD & CCR** → reinforces Singapore's role as a global hub.

THE ROLE OF PUBLIC HOUSING (HDB)

Public housing, known as Housing Development Board (HDB) flats, forms the backbone of Singapore's property market. These homes are heavily subsidized, affordable, and built to high standards, although they lack facilities like pools or gated security.

HDB ownership often acts as a stepping stone. After five to ten years, owners can sell their flats at a profit and upgrade to private properties such as condominiums or landed homes.

This creates a continuous cycle of upgrading, ensuring steady demand in the private housing sector.

MARKET STABILITY THROUGH GOVERNMENT PLANNING

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The Singapore government actively regulates the property market to ensure long-term stability. Measures include:

- Regular updates to the **URA Master Plan** every five years, introducing infrastructure upgrades, transport links, and urban renewal.
- **A Population White Paper** projecting up to 10 million residents in the future, signaling strong housing demand.

These policies ensure that property values remain resilient and that the market avoids sharp volatility.

COOLING MEASURES & MARKET RESILIENCE

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Government interventions prevent overheating while sustaining long-term growth.

- **ABSD to manage demand** → discourages speculative foreign buying.
- **SSD to discourage speculation** → encourages long-term property holding.
- **LTV limits to control leverage** → reduces risks of financial instability.
- **Market remains resilient and trusted globally** → strengthens investor confidence.

WHY SINGAPORE IS SEEN AS A SAFE HAVEN?

Singapore is Consistently Ranked as a Safe and Attractive Destination for Wealth Preservation due to:

- A resilient and growing economy.
- Low unemployment, typically below 3%.
- High personal savings rates, ensuring liquidity in the market.
- A strong and appreciating Singapore Dollar, which protects investment value.
- Transparency and low corruption, making it one of the most trusted markets in Asia.

STRONG INVESTMENT PERFORMANCE

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Property investment in Singapore has consistently delivered solid returns:

- Average price growth of 5.6% annually over the past five years.
- Rental yields averaging 2.8% per year.
- Combined returns reaching around 8.4% annually.
- Tax-free capital gains on property appreciation.

Over the long term, property prices have grown faster than inflation, proving to be an effective hedge and a reliable store of wealth.

U.S. ELECTION EFFECT

Election Cycles and Market Opportunities.
Post-Election Years Bring Market Booms

Historical data shows that Singapore property transactions slow during U.S. presidential election years. However, the year following an election almost always sees a surge in transaction volumes and prices..

Based on this pattern, 2025 is expected to be a strong recovery year with higher volumes and rising prices, creating timely opportunities for new investors.

REGIONAL OPPORTUNITIES

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Prime Central Locations More Accessible Than Ever, Singapore's Private Housing Market is Divided into 3 Regions:

- ***Core Central Region*** **(CCR):** Prime city locations with luxury homes.
- ***Rest of Central Region*** **(RCR):** City fringe areas with mid- to high-end properties.
- ***Outside Central Region*** **(OCR):** Suburban areas with mass-market housing.

Currently, price gaps between regions are narrowing, making CCR properties more affordable relative to past trends. This presents an unusual opportunity for investors to access prime locations at competitive prices.

GLOBAL MARKET COMPARISON

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Singapore stands out among global property hubs with better value and stability.

- **Lower political risk vs. *Hong Kong*** → provides a safer investment climate.
- **More efficient taxes vs. *London*** → makes transactions more cost-effective.
- **Higher yields vs. *Tokyo* (2.8% vs. 1–2%)** → offers stronger returns for investors.
- **Prime homes cheaper than *Miami/Dubai*** → delivers better value in luxury markets.

SINGAPORE:
STABLE, PROFITABLE, AND TIMELY TO INVEST

Singapore's property market offers stability, consistent growth, and strong long-term fundamentals.

For U.S. investors, the absence of ABSD on the first property adds a unique advantage compared to other foreigners. With upcoming urban transformation projects and strong post-election momentum, 2025 presents an ideal entry point.

Investors are invited to explore opportunities further through dedicated property tours and market engagement sessions in Singapore.

THANK YOU

Q & A

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