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HDB UPGRADERS' GAME PLAN:
UPGRADE NOW OR GET PRICED OUT?

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01 Could you share what is the recommended household income when progressing to higher value assets?

When upgrading from an HDB to a higher-value private property, a general rule of thumb we recommend is:

- Monthly household income of at least 2.5% to 3% of the property price you are targeting.

This ensures affordability and financial prudence without over-leveraging.

For instance:

- Target resale condo priced at $1.5M → ideal household income should be around $9,000 to $11,000/month.
- Target new launch priced at $2M → ideal household income should be $12,500 to $15,000/month.

Additionally, key affordability metrics to consider include:

- Mortgage servicing ratio (MSR does not apply to private property, but banks typically allow Total Debt Servicing Ratio (TDSR) up to 55% of your gross monthly income).

Having a healthy debt-to-income ratio (ideally below 40% after factoring in all other loans). Buffer savings of at least 6-12 months of mortgage payments for stability.

In short:
While upgrading is aspirational, it should align with sustainable financial planning, considering not just purchase price, but renovation, stamp duties (including ABSD if applicable for second properties), and ongoing costs like maintenance fees.

02 Thanks for your examples that are in good locations (bida) or good type (DBSS). Can you give examples of how we can upgrade from 4-room HDB in Bukit Panjang to resale condo?

Currently, a typical 4-room HDB flat in Bukit Panjang is valued between $500,000 to $600,000, depending on factors like block age, condition, level, and location relative to MRT and amenities.

Assuming an outstanding loan of about $200,000, the expected net CPF and cash proceeds after selling would be approximately $300,000 to $370,000.

When upgrading, a practical target would be resale condominiums offering 3-bedroom units within Bukit Panjang, Hillview, Upper Bukit Timah, or Choa Chu Kang. Properties priced between $1.1 million to $1.5 million would be ideal to balance affordability, financing eligibility, and space requirements for family living.

Key Considerations for Planning the Upgrade:
Loan Eligibility and Financial Structure:
Buyers upgrading to a $1.2M to $1.5M condo should ensure a household income of approximately $8,500 to $11,000 per month, assuming a 30-year loan tenure and TDSR compliance. A minimum 5% cash downpayment is required, with another 20% from CPF/cash for the balance downpayment.

Sale and Purchase Timeline Management:
It is strongly advised to sell the HDB first (or concurrently with an Option To Purchase) to avoid incurring Additional Buyer's Stamp Duty (ABSD). Utilise bridging loans or contra facilities if needed to ensure smooth financial transition without disrupting housing plans.

Property Selection Strategy:
Focus on projects located within walking distance to MRT stations, close to schools (such as CHIJ Our Lady Queen of Peace and Greenridge Primary), and shopping malls (Hillion Mall, Lot One). Also, target developments that are less than 15 years old for better maintenance and resale value.

Holding Horizon and Capital Growth:
Hold the property for at least 3 years to avoid Seller's Stamp Duty (SSD), but preferably 5 to 8 years to capture meaningful capital appreciation. Areas like Hillview, Upper Bukit Timah, and Bukit Panjang are also seeing upcoming enhancements under the Master Plan 2025, which will boost their growth potential.

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