

About the author

Desmond Quek, a popular name in the real estate industry has gained substantial experience for 8 years as a dynamic realtor.

Through constant interaction between his team and clients over the years, Desmond discovered that due to the changing aspects of the real estate market day by day, most of the clients have not been able to keep track of it. As per the current situation, the real estate market is more dynamic than it has ever been, he strongly believes that it is essential for the clients to understand the rapidly changing landscape of the market.

During his regular consumer seminars for clients, Desmond shares the real estate market trends, news, updates and most importantly its effect on the consumer. Many clients also requested for the reading materials which they can easily refer to and share with their friends and family.

This request from the clients led Desmond to create e-books with a 100% original content based on his knowledge, experience and vision comprising actual facts and illustrations. The e-books focus on all the important topics necessary to the consumers. These e-books were also convenient to share between family and friends.

This changed a client focused and a dedicated realtor to be a strong advocate for the need to keep his team and clients updated and provide the best advice. Desmond Quek has a capacity to lead the crowd to a right direction with his quality of leadership. He was also featured in the Straits Times on 30 September, 2018.

How can this e-book be helpful?

Most of the consumers or property buyers are not aware of the pitfalls which can have a deleterious impact on the value of your property. This e-book series- Fatal Mistakes that property buyers must avoid is especially designed to share with such consumers so that they can avoid the pitfalls, in relation to the real estate market in Singapore. This e-book consists of 5 parts- each part covering one fatal mistake. These 5 parts contain the following 5 mistakes:

- Yield vs gains
- FOMO mentality
- Freehold vs 99 years
- Timing the market
- Location, location, location

The content of this e-book is structured to enable you to gain the essential insights and extract the optimal value. We strongly believe that you will acquire an instrumental knowledge and insight from this e-book. It is essential for the home buyers and investors while making a final decision on purchasing a property in future.

Whether we are buying an industrial, commercial or Residential property, we should avoid making an unfavorable decision which can impact us negatively. Desmond has an unbeatable experience to advise you in brief on the various risks, countermeasures and mistakes. Additionally, you will be able to tap into his knowledge, experience and extensive network to make the best decision for the portfolio of your property.

As a treat in the first part, apart from the Fatal mistake, we have also included a section covering **How to determine a good Buy**. This section will specifically guide you towards the parameters on searching for an attractive potential property and valuation.

A good buy- How to determine it?

When we start looking for purchasing a property, we will find ourselves surrounded by infinite questions like is it a conducive environment for my kids? Will there be food potential for per capital gains? Is this property worth the money? Is it at a good location? After consulting thrice with family and friends, a long list of doubts and questions will appear in front of you. All these above questions will be solved by the principles that we abide by, in deciding whether a property is a good buy or not.

For the first step, you must have a clear and focused mindset when approaching the question of a property purchase which is worth your money.

Questions you need to ask yourself before buying a property:

- Is the price growth sustainable?
- What is the risk level?
- How to decide the right price for entry?
- What exit plan should I follow?

Now, Get an answer of these questions from your Desmond to understand it better. Every individual has different views and opinions to these questions. There is a great possibility that some of our views could be inaccurate as we do not have much experience in the market of real estate or access to the relevant facts and statistics.

Additionally, Desmond provides you the opportunity to get a personalized and non obligatory consultation on these questions and he also gives you a brief idea about the Singapore real estate market. Knowledge about the real estate market of Singapore will guide you to take smart decisions in making investment for any type of property in Singapore. You will enhance your real estate knowledge in this way with a crystal clear understanding. Desmond will also guide you about how to maximize the real estate opportunities.

#1st Fatal Mistake- Freehold vs 99 years

Due to traditional assumptions, many of us think that a freehold property is a better purchase than a 99 year leasehold property. This pre- set mindset is clearly visible when you have a conversation with your colleagues and friends.

So before arriving to a final decision, it is extremely essential to analyze the properties and it's leases. A number of case studies are shown below that illustrate that greater returns are derived by some 99 year leasehold properties as compared to the freehold properties.

As mentioned above, if 2 properties share similar aspects, features and pricing where the first one is a freehold and the other is 99 year lease, the freehold will Always be the first choice.

We should have an open mindset towards the lease period of the property as the maximum number of properties like the private condominiums have a varying degrees of difference. We need to analyze all the details before arriving at an informed decision.

Taking the above image as a reference of the transactions at Gardenvista which is a 99 year lease hold private condominium located at Dunearn road, we can clearly see that there are 10 unprofitable transactions and 248 profitable transactions. Now we will refer the image of the transactions taking place at Jardin which is a freehold condominium. It is also located in Dunearn road, District 21 and a stone's throw from Gardenvista. We will observe that there are 5 profitable transactions in comparison with 19 unprofitable transactions during a similar period as Gardenvista.

It is clear that the units at the freehold Jardin have received too less profitable transactions than the units at 99- year leasehold. The difference is vast between the 2 private condominiums in terms of number of transactions and profitability that are in close proximity. Ask yourself that " Is freehold always a better option than 99 year leasehold? Is this statement true?

The final and the most important step is to analyze. Let's analyze the change over the period of 10 years in average per square foot price for Gardenvista and Jardin. As per the reports the 99 year leasehold Gardenvista plots a steeper inclining prices over 10 years the freehold Jardin development plots a consistently declining average per square foot prices.

Now, we can come to a conclusion that the price volatility at Jardin is greater than that of Gardenvista as there are major price swings over the period of 10 years. There is substantially Lower amount of vitality seen in the prices of Gardenvista which will provide more stability in price changes to the owners over the period of 10 years.

Let's have a look at the 2 condominiums we covered at District 21. Let's see the comparison between a 99-year leasehold condominium and 2 freehold private condominiums at District 9. Before we start with the analysis of the all the three condominiums, let's have a look at the 2 transactions happened at a 99-year leasehold condominium in District 9.

Transaction 1. Transaction 2

As we can see that a unit on the 29th floor of stack 15 transacted at \$3,049,000 in September 2018. A similar sized unit of 1012 square foot on 30th floor of Stack 15 transacted at \$2,326,0000 in July 2017. This shows a price increase of \$700,000 in 14 months of lower floor unit. This is an amazing increase by any measure.

By referring to the resale transactions list the Martin Place Residences shown above, a freehold condominium which was is also located on Martin place , we are able to determine that the per square foot price range is from about \$2100 to \$2400.

When we refer to the transactions list of a 99-year leasehold condominium which is located on Martin place as shown above. By seeing the above transactions we determine that the per square foot price range is between \$2500 to \$3100.

Transaction list of Rivergate

Shown above is the resale transactions list of Rivergate. It is a freehold condominium located on Robertson Quay and in District 9. The price range is similar to that of Martin Place Residences which is from about \$1900 to \$2400 per square foot.

2 valuable facts are extracted in this comparison. First and foremost is the substantial difference in the per square foot pricing with the minimum 99-year leasehold price at \$2500. In comparison with the leasehold pricing, the higher price end of Rivergate and Martin Place Residences is at \$2400.

Secondly, there is a minor price changebetween the transactions of the 2 freehold private condominiums. On the other hand, there was a \$700,0000 price change shown by the 99-year leasehold condominium transaction for a lower floor unit in the same stock.

This comparison is another evidence that freehold unit prices should not necessarily be more than 99 year leasehold units. There can also be possibilities of less capital gains from the freehold units and a higher capital can be gained from the 99-year leasehold units.

As seen above, we have so far seen the comparisons amongst 2 districts- District 9 and 21. Let's take it to 1 step ahead and extend it to another district. This time let's explore a 99 year leasehold condominium and 2 freehold private condominiums in District 5.

As we have analysed these 3 condominiums before, let's have a look over the 2 transactions as well at a 99 year lease hold condominium in District 5. The right image shows that a unit of 904 square foot at 13th floor of stack 5 transacted at 1,064,000 in December 2017. However, the left side image shows that a unit of similar size on 12th floor of the same stack transacted at \$1,265,000 in May 2018.

The above data represents that in just Over a period of 6 months, there was a price increase by \$201,000 of a lower unit. Approximately 19% increase is seen in over a half year for a 99year leasehold condominium.

Let's go through the calculation in terms of return on equity:

For the perspective of an investment, if the return on equity is 68% in 6 months on real estate, it is considered substantial and an amazing investment. Moreover, this investment on real estate is on a 99 year lease hold private condominium located in District 5.

Transaction list of Twin View

Given above is the latest transaction list of a 99 year leasehold private condominium- Twin View which is located on West Coast Vale. This private condominium was 85% sold during it's opening weekend. It was sold at an average price of \$1399 per square foot. This launch gained ample media coverage because of it's starry performance in the market of real estate.

Resale transactions list of Botannia

The transactions list given above is the resale transactions list of a freehold condominium in Botannia located nearby Twin View at West coast park. The per square foot price range is from about \$1100 to \$1300.

Taking the reference of transactions list of Carabelle which is also a freehold condominium in West Coast Way, here the price range is between \$1200 to \$1300.

Just as the comparison in District 9, it concludes that the Twin View, a new 99 year leasehold launch has higher transacted prices based on the per square foot pricing. There are only minor changes in the pricing of the resale Carabelle condominiums and the freehold Botannia.

Let's move further with the analysis, look at the above chart. The data given in the chart depicts the change in the average per square foot pricing over a period of 10 years. This change is just given for the private non landed properties excluding the Executive Condominiums.

We can determine from the data in the given chart that both the units- 99 year lease hold unit and the freehold unit, have seen a price increase over the last 10 years which was gradual in nature all along these years. The average per square foot price is clearly depicted with it's range value in the chart. Comparing the average per square foot price of both the units, the average price for the freehold unit was at \$1578 per square foot, however, the average price for the 99 year leasehold unit was at \$1387 which determines that the 99 year leasehold were in the profit.

When we will calculate the increase of freehold units over the 10 years, the percentage increment comes at 53%. However, for the 99 year leasehold units, the percentages was considerably higher, it was 75% for the leasehold units. There was a big difference of 22% between the freehold units and the 99 year leasehold units. Concluding from the above data, we came to know and it is clearly visible that the 99 year lease hold properties have enjoyed much in terms of greater capital gains to owners than the freehold properties over this period of 10 years.

We went through various scenarios above and saw a varying data in different situations. After going through all the above scenarios, we can come towards a final conclusion that the long going traditional assumption- *freehold units are preferred over 99 year lease hold units* is not always true. There are a number of other applicable factors which we must consider in determining the value of a property. It's not just the lease type which plays an important role in determining the value of any property. These factors help you and guide you in selecting the perfect property which is worth your hard earned money and is valuable in terms of pricing. So, this fatal mistake must be avoided by all the property buyers and investors to make a smart investment.

After going through this e-book thoroughly, you will be enlightened with the critical information regarding the fatal mistakes made by home buyers and investors and how you can avoid them. If these fatal Mistakes are not avoided the investor can be a part of the potential loss or he may not gain as much profit as expected. This e-book also imparts an additional knowledge which will give you a much clear understanding of the future decisions. It will give you a deep understanding by updating you with the current state of the real estate market of Singapore. If you want all your questions answered regarding the investment in properties, then this e-book is the best choice as it will act as your buyer agent preventing you to avoid the fatal mistakes in Investment.

In order to expandor maximize on your opportunities for real estate investment, contact our team for a brief discussion on an analysis which is truly personalized and non obligatory.

My free 45 minutes consultation will provide you with:

- How can you retire earlier by achieving a huge potential upside from your properties.
- A roadmap for property investment in well planned phrases.
- An asset progression plan which is both conservable and achievable allowing you to accumulate the wealth earlier.
- Much clear insights and results from the real life cases.

Investing in a property with the guidance of Desmond Quek Associate Group director will be beneficial and easier than ever. We welcome all calls, messages, whatsapps and emails, feel free to contact me anytime.

