



Dear readers,

A very prevalent question among many property buyers in today's market is whether it is better to purchase a **freehold** (FH) or a **leasehold** (LH) property. Hence, I will be addressing this burning question and also provide my thoughts on the matter so that it can empower you to become a discerning buyer.

There is a common misconception surrounding the debate over FH & LH homes. Many believe that FH properties tend to be more valuable, thus reaping a profit is almost guaranteed. Therefore, people prefer owning FH properties as they believe such properties will bring them higher financial gains. This is absolutely **NOT TRUE** in most cases. There have been many LH projects that actually generated good or even much better profit margins than the FH ones.

FH or LH may have some effects but not largely on whether a piece of property is going to generate profit, it should be determined based on **factual basis** as opposed to making an emotional purchase. Getting your research and facts in place goes a long way in making the right judgement.

At the end of the day, deciding between FH or LH all boils down to the entry price and this is almost an investment mantra for all my property investment for the past 18 years.

### **3 Important Factors**

when choosing a FH property:

- a. Legacy**
- b. Location**
- c. School**

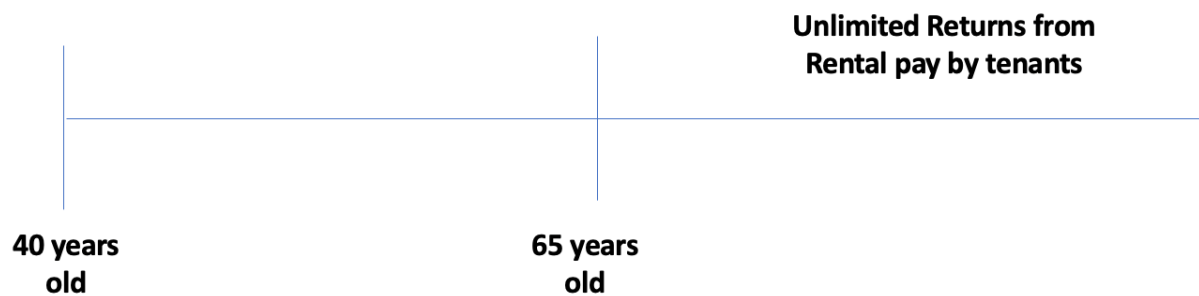
#### **a. Why Legacy?**



Diving into an example - a buyer takes out a 20-year loan, putting a down payment of 25%, eventually renting the property out. The rent collected from tenant goes towards paying off the mortgage, with the buyer topping up any shortfall.

The aforementioned approach is seen as a form of **forced saving** into the property. As you can see from the table below, any rental proceeds collected after the 20th year will be yours to **keep for generations**. That is why the affluent tend to choose to purchase FH properties, in aims of leaving it as a **legacy for their descendants**.

# Why Legacy?



## b. Location, Location, Location

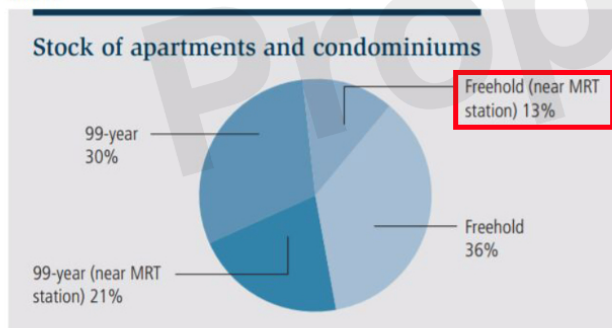
The next point is about location. If you can find a FH property that is **near to an MRT station**, that is a huge huge advantage – as FH properties near MRT stations only make up **13%** of properties in Singapore. That is why FH properties near an MRT station always hold its value and may even appreciate over time – demand versus supply.



# FH Near MRT

With an appropriate entry price, freehold properties offer several key advantages. For one, the government has ceased to offer freehold land parcels for sale. The scarcity factor will make freehold properties an attractive asset class for homebuyers. Currently, freehold properties account for about 49% of total apartment and condominium stock in Singapore, while leasehold properties make up the remainder. The proportion of freehold properties is set to decline as future launches will comprise mainly leasehold projects. Freehold apartments and condos located within walking distance of an MRT station are even more limited, accounting for just 13% of total stock island-wide (see Chart 3).

Chart 3



Source: Edgeprop

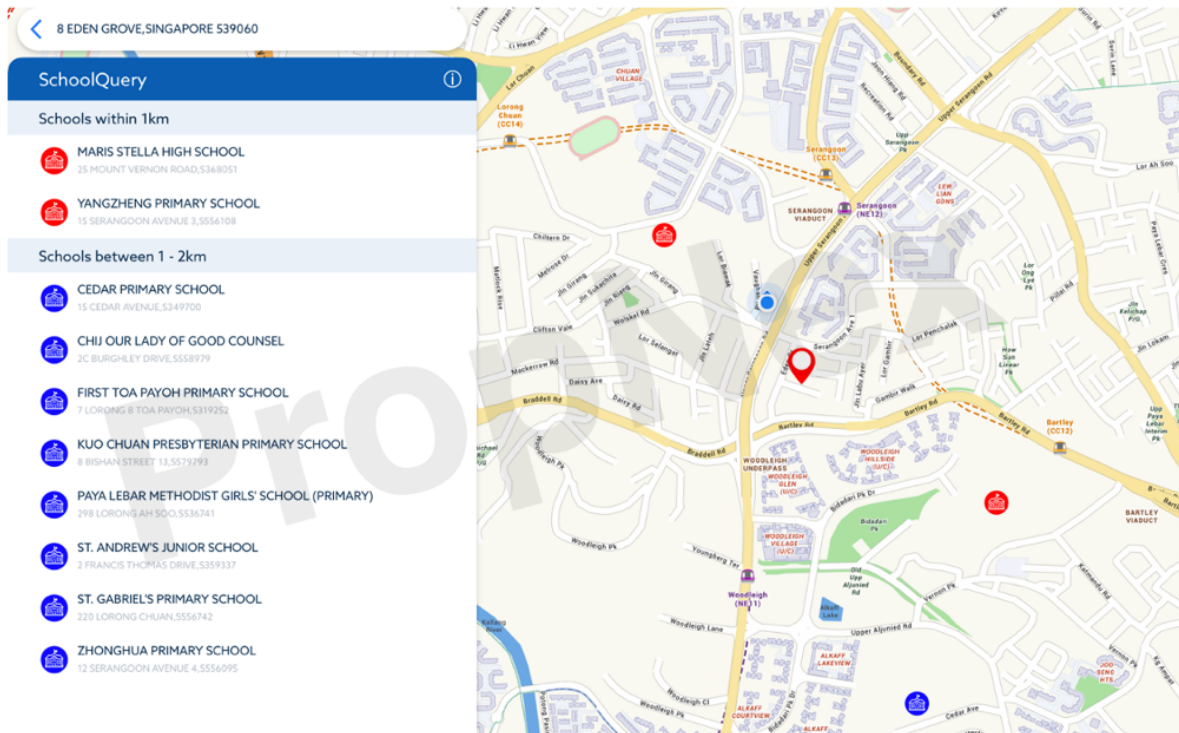
**ONLY 13% FH  
Near MRT**

## c. Near to Reputable/ Renowned Schools

If you are a parent or parent-to-be and reading this, imagine you could buy a property that is near to a reputable school that your children could get into easily. I am sure you would say "YES" because we all want the best for our children! What happens if this property that is near a reputable school happens to be FH as well, wouldn't it be an additional plus point?

I have seen FH properties near reputable schools having very high profit margins. Just take a look at the table below, one owner made a whopping **\$800,000 in profit!!** It makes everyone wish that they own such properties. And we think to ourselves if working hard and saving up, will we ever be able to see such amount of cash in our bank accounts. Don't just work hard, work smart too.

# FH Near Good Schools



## FH Near Good Schools

### PROFITABLE TRANSACTIONS (TOTAL OF 28 TRANSACTIONS)

Note: Transactions with the same address are matched. Profitability of each round-trip transaction is based only on the change in asset price and does not take into account transaction costs and the effect of financing.  
Source: URA, <https://www.squarefoot.com.sg>

SOLD ON	ADDRESS	UNIT AREA (SQFT)	SALE PRICE (\$ PSF)	BOUGHT ON	PURCHASE PRICE (\$ PSF)	PROFIT (\$)	HOLDING PERIOD (DAYS)	ANNUALISED (%)
5 FEB 2021	8 EDEN GROVE #XX-08	969	1,166	30 APR 1998	588	560,000	8,317	3.0
5 SEP 2017	8 EDEN GROVE #XX-09	1,119	1,054	29 MAR 2010	738	354,000	2,717	4.9
8 NOV 2016	8 EDEN GROVE #XX-02	1,044	986	23 JUN 1998	594	410,000	6,713	2.8
21 OCT 2014	8 EDEN GROVE #XX-05	969	1,175	16 NOV 2007	681	478,000	2,531	8.2
26 APR 2013	8 EDEN GROVE #XX-01	990	1,181	6 JAN 2011	836	342,000	841	16.2
11 JUL 2012	8 EDEN GROVE #XX-10	1,119	1,143	1 JUN 1999	611	590,000	4,789	4.8
30 APR 2012	8 EDEN GROVE #XX-01	2,217	767	6 FEB 1999	368	880,000	4,832	5.7
16 APR 2012	8 EDEN GROVE #XX-02	1,389	820	26 FEB 2010	604	300,500	780	15.4
29 NOV 2011	8 EDEN GROVE #XX-02	1,066	927	7 MAY 1998	563	388,000	4,954	3.7
5 SEP 2011	8 EDEN GROVE #XX-05	947	969	1 JUN 1998	580	368,740	4,844	3.9
6 JAN 2011	8 EDEN GROVE #XX-01	990	836	6 JUN 2008	656	178,000	944	9.8
10 DEC 2010	8 EDEN GROVE #XX-09	1,346	780	14 JUL 1998	599	250,000	4,532	2.2
23 JUL 2010	8 EDEN GROVE #XX-01	1,055	744	12 JAN 1999	495	262,775	4,210	3.6
30 MAR 2010	8 EDEN GROVE #XX-09	1,152	728	1 APR 1998	580	169,840	4,381	1.9
29 MAR 2010	8 EDEN GROVE #XX-09	1,119	738	7 MAY 1998	559	200,000	4,344	2.4
26 FEB 2010	8 EDEN GROVE #XX-02	1,389	604	8 FEB 2002	454	208,000	2,940	3.6
19 JUN 2009	8 EDEN GROVE #XX-09	1,184	591	12 NOV 1998	524	80,000	3,872	1.2
16 JUN 2009	8 EDEN GROVE #XX-08	990	609	22 DEC 1998	490	117,900	3,829	2.1
22 AUG 2008	8 EDEN GROVE #XX-06	1,195	590	5 DEC 2003	479	127,000	1,722	4.3
6 JUN 2008	8 EDEN GROVE #XX-01	990	656	6 FEB 1999	495	159,950	3,408	3.1

**More than  
\$800,000  
PROFIT  
in 13 years!!!**

I hope this article has been informative and have helped you better understand the longstanding debate between FH & LH. I have concised this article to a shorter form to provide with you an overview on some important points when making your next property investment move.

If you are interested, I have another article that is on an **EXTREMELY IMPORTANT** topic – how to identify a property that is priced **right**. I will be analysing & breaking down a case study and teaching you how to use an important fundamental principle to determine the potential upside of the asset.

Just as some who are successful, like the example above, who has made an \$800,000 profit, are also others who have chosen the wrong assets and ended up making little to no profit. Hence, having knowledge coupled with research would make your purchase a safer one (as can be seen from the table below).

As with every type of investment, we cannot guarantee a fixed amount of profit you will reap. But what I can guarantee you is that we can minimise your risk for your next property purchase.

SOLD ON	ADDRESS	UNIT AREA (SQFT)	SALE PRICE (\$\$ PSF)	BOUGHT ON	PURCHASE PRICE (\$\$ PSF)	PROFIT (\$\$)	HOLDING PERIOD (DAYS)	ANNUALISED (%)
25 OCT 2017	87 YISHUN AVENUE 1 #XX-04	592	1,052	16 APR 2012	1,047	3,000	2,018	0.1
9 APR 2019	91 YISHUN AVENUE 1 #XX-13	926	929	22 AUG 2012	924	5,000	2,421	0.1
8 APR 2019	91 YISHUN AVENUE 1 #XX-18	1,119	945	11 DEC 2014	938	8,000	1,579	0.2
21 MAY 2021	87 YISHUN AVENUE 1 #XX-06	603	1,128	2 AUG 2016	1,113	9,000	1,753	0.3
12 AUG 2016	97 YISHUN AVENUE 1 #XX-35	926	970	12 JUL 2012	960	9,040	1,492	0.2
16 FEB 2016	93 YISHUN AVENUE 1 #XX-24	926	940	15 SEP 2011	929	10,000	1,615	0.3
15 APR 2021	87 YISHUN AVENUE 1 #XX-04	592	1,115	1 MAR 2017	1,081	20,000	1,506	0.7
30 JUL 2018	87 YISHUN AVENUE 1 #XX-03	603	1,128	30 MAR 2012	1,095	20,000	2,313	0.5
16 JUN 2020	91 YISHUN AVENUE 1 #XX-14	926	867	12 DEC 2011	843	22,888	3,109	0.3
21 SEP 2020	87 YISHUN AVENUE 1 #XX-04	592	1,005	7 MAR 2012	966	23,000	3,120	0.5
20 SEP 2018	95 YISHUN AVENUE 1 #XX-25	1,528	955	17 AUG 2012	936	30,000	2,225	0.3
25 JUL 2018	87 YISHUN AVENUE 1 #XX-04	592	1,046	26 MAR 2012	980	39,000	2,312	1.0

Thanks for reading this article and if you are keen to have the next article, please [WhatsApp](#) me so that I can share with you my research and analysis to better help you in building your investment portfolio.

Meanwhile, stay safe and take care.



**Marcus Chua**  
CEA NO. : R061208E



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