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ABSTRACT

To purchase a home is one of the most important and costly financial decisions a household has to make. While the Singapore Government has been providing subsidised public housing for majority of the population, it is nevertheless the ultimate dream of many households to own a private property. However, as prices of private residential property appreciated rapidly in the early 1990s, public concern on housing affordability heightened in recent years.

This study examines the affordability of private housing for first time homebuyers in Singapore from 1991 to 1999. The findings revealed that private properties were unaffordable to the general households. For the managers and professionals, while leasehold properties were very attractive, freehold properties were affordable at various periods but are getting out of reach. Based on a forecast for 2000, housing affordability for first half of 2000 is expected to improve. This is however just a transition as debt service ratio for second half of 2000 is forecast to increase again.

KEYWORDS
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