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ASK DR MONEY

New flats vs resale, which is better?

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Q: We intend to purchase a Housing and Development Board (HDB) flat. My wife prefers a resale flat while I like a new one. Which do you think is better?

A: I agree with your wife, as I also prefer resale flats. Here are nine reasons why:

1) First, they allow you to participate in the Government's \$30,000 grant (or \$40,000 if you live within 2km of your parents).

The main restriction is that you cannot later buy a new flat from HDB or an EC (executive condo) or you will have to pay a large levy.

Another restriction is that you must wait five years to sell your resale flat.

2) Resale flats are larger than new flats. On average, resale five-room flats are 100 sq ft larger than new five-room flats.

Old estates are also more spacious, mainly because they don't have multi-storey car parks.

3) With resale flats, you have a wider choice of where to live. You can buy a resale flat anywhere in Singapore.

4) You can negotiate the price with the resale flat's owner - something you can't do with the HDB.

5) There are fewer selling restrictions on a resale flat. If you don't take an HDB grant, you can sell a resale flat in only 2½ years versus five years for a new flat.

6) You can move into your resale flat almost immediately.

This is also true for new flats through the walk-in selection scheme. But build-to-order flats require that you wait about three years.

7) Many people like dumping their rubbish immediately, which you can do in a resale flat.

In new flats, you must store your rubbish in your flat until you are ready to go outside to dump it.

The trash chutes in new estates are located near the lifts on each floor.

8) Resale flats are located in older estates, which have hawker centres and shops ready to serve you.

In the new estates, these may not be up and running.

9) You have a good idea of how much your resale flat is worth because similar flats have been sold recently.

For new flats, it is more difficult to tell if you are over-paying or getting a good deal.

This is because market prices for new flats will not be established until sales are permitted, after five years.