



REDAS Comments - New Cooling Measures

30 September 2022

Dear Members,

Joint MAS-MND-HDB Press release: New Cooling Measures to promote sustainable conditions in the property market by ensuring prudent

<https://www.mnd.gov.sg/newsroom/press-releases/view/joint-mas-mnd-hdb-press-release-measures-to-promote-sustainable-conditions-in-the-property-market-by-ensuring-prudent-borrowing-and-moderating-demand>

<https://www.mas.gov.sg/news/media-releases/2022/measures-to-promote-sustainable-conditions-in-the-property-market-by-ensuring-prudent-borrowing-and-moderating-demand>

- 1) **MAS will raise by 0.5%-point the medium-term interest rate floor** used by private financial institutions to compute a borrower's TDSR and MSR. The new limit will apply to loans for the purchase of properties where OTP is granted on or after September 30, 2022, or where there is no OTP, the date of the S&P Agreement is on or after Sept 30, 2022. The higher rate floor will apply across all property loans, not just home loans.
- 2) For housing loans granted by HDB, **HDB will introduce an interest rate floor of 3% for computing the eligible loan amount.** The actual HDB concessionary interest rate will remain unchanged at 2.6% per annum.
- 3) **The Loan-to-Value (LTV) limit for HDB housing loans will be lowered from 85% to 80%.** The lower LTV limit will apply to new flat applications for sales exercises launched and complete resale applications which are received by HDB on or after 30 September 2022.
- 4) With effect from 30 September 2022, **there will be a wait-out period of 15 months (instead of 6 months)** for private residential property owners and ex-property owners to buy a non-subsidised HDB resale flat. on the open market (except for seniors aged 55 and above)..

Media coverage

- * *Singapore introduces new property cooling measures: Maximum loan quantum limits tightened, loan-to-value limit lowered*
<https://www.channelnewsasia.com/singapore/singapore-introduces-new-property-cooling-measures-maximum-loan-quantum-limits-tightened-loan-value-limit-lowered-2974776>

- * *Housing loan limits – including for HDB loans – tightened in fresh measures to cool property market*

<https://www.businesstimes.com.sg/real-estate/housing-loan-limits-including-for-hdb-loans-tightened-in-fresh-measures-to-cool-property>

REDAS comments

- **“The Government’s move to tighten borrowing frameworks is not unexpected given the rising interest rate environment and global inflationary concerns. The Total Debt Servicing Ratio (TDSR) and Mortgage Servicing Ratio (MSR) calibrations are measured.**

Real estate is a key pillar of Singapore’s economy, and the defensive move will reinforce prudence amongst home buyers REDAS shares the Government’s stance on ensuring prudent borrowing, which supports a sustainable property market that grows in tandem with economic fundamentals.”

Thank you

With best regards

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