



# Loan-to-Value (LTV) Cooling Measure

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PROPERTY UPDATES



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# What's Changed?

W.E.F 20 Aug 2024, the LTV limit for HDB loans  
will be lowered

**80%**



**75%**

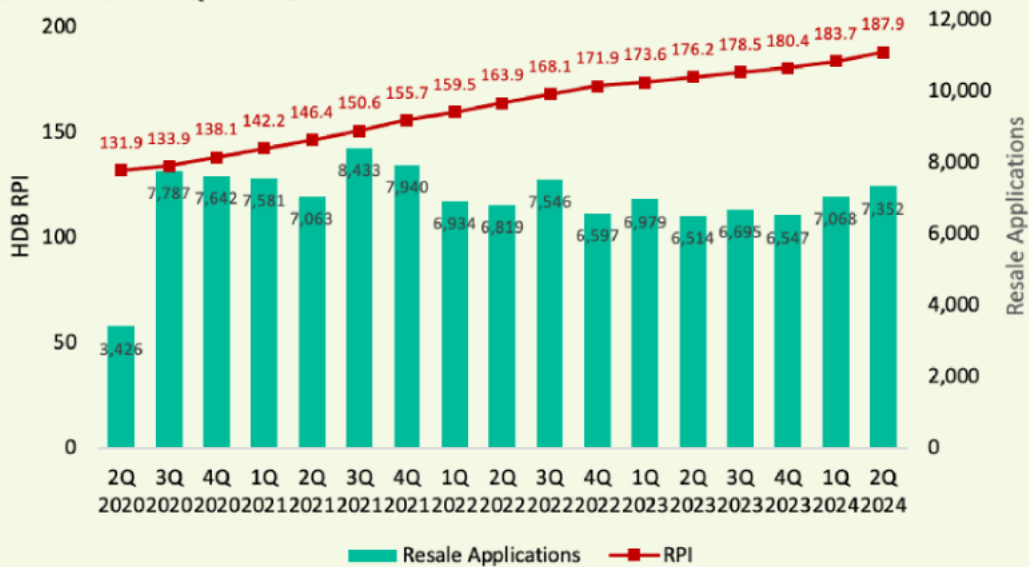
So, what prompted the introduction of this  
cooling measure?



# Reason #1

## Prices for resale HDB flats have risen significantly

The cost of resale HDB flats has risen by 42.5% over the past four years from 2Q 2020.



Source: HDB, ERA Research and Market Intelligence

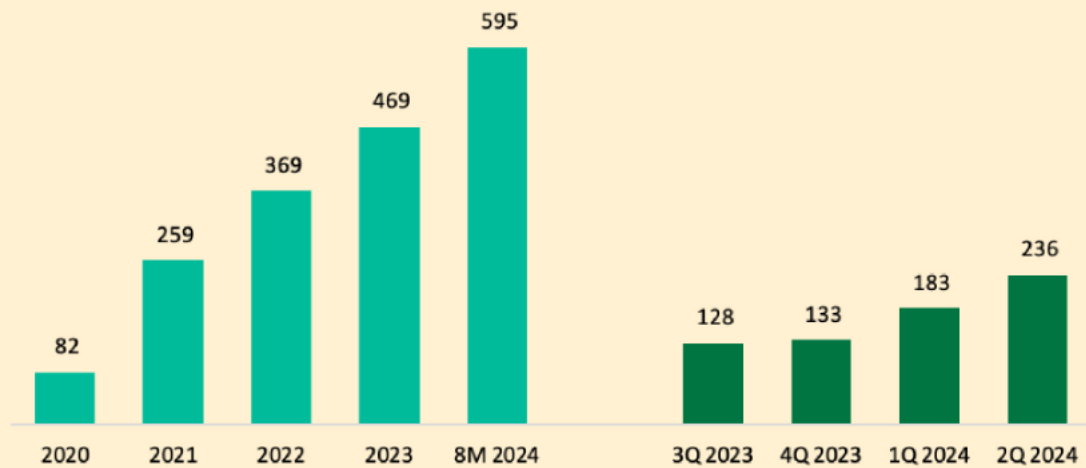
This price uptick is also accompanied by an increasing no. of resale flat applications, which has climbed 12.9% year-on-year.



## Reason #2

# More resale HDB flats are transacted at the million-dollar mark

Million-dollar flat sales have skyrocketed, with 595 units sold in the first eight months of 2024 alone, compared to 82 in 2020.



Source: data.gov.sg as at 20 Aug 2024, ERA Research and Market Intelligence

## How are homebuyers affected?

In a nutshell, a lower LTV means that today's buyers may have to fork out more cash for their flat deposits.

This can occur when a buyer doesn't have sufficient CPF funds to cover the initial downpayment.



## How are homebuyers affected?

Example:

With the LTV cap lowered from **80%** to **75%**, a buyer of a \$680K property will require an additional \$20,000 cash down payment on top of their \$150,000 CPF funds.

	80% LTV (Before 20 Aug)	75% LTV (20 Aug onwards)
Median Price of 5-room flats in 2024	\$680,000	\$680,000
Valuation	\$680,000	\$680,000
LTV	\$544,000	\$510,000
Cash-over-Valuation	-	-
Deposit payable by CPF / Cash	\$136,000	\$170,000
Available CPF	\$150,000	\$150,000
Cash required	-	\$20,000

Source: ERA Research and Market Intelligence

In short, there are two types of HDB flat buyers affected by the latest LTV change:

- Buyers with low balances in their CPF account
- Buyers with little cash and CPF funds, who are relying on the valuation to reduce their cash outlay