



WHY SINGAPORE'S HOME OWNERSHIP SCHEME SEEMS MORE APPEALING TO HONG KONG CITIZENS?



The Chinese University of Hong Kong
Department of Economics

He, Chi Cheung, Hui, Wing Cheung, Lee, Ka Fai, Tang, Chak Lam



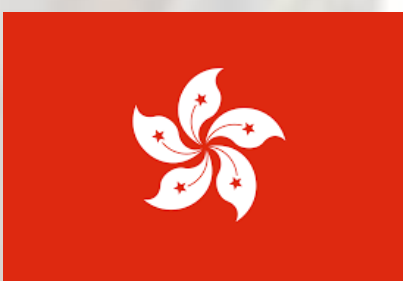
Methodology

- Investigation:** Home ownership scheme (HOS) of Hong Kong and Singapore, and the factors affecting the scheme e.g.
- Comparison:** Singapore's CPF vs Hong Kong's MPF, Land supply and Subsidized flat supply
- Data source:** Census and Statistics department of Hong Kong and Singapore, Housing & Development Board of Singapore, Centaline Property Agency Limited, Manyw.com and the World Bank

Background

- In recent years, the property prices in Hong Kong has risen significantly and becomes unaffordable to normal citizens, becoming Hong Kong's youngsters' concerns.
- Housing price:** Hong Kong's apartments **cost 20.9 times** gross annual median income while Singapore median multiple is **4.5**
- Living area:** Hong Kong's average living area per person is **161** square foot while Singapore is **323** square foot

Comparison between HOS in Hong Kong and Singapore



Market share

- Market share : **14.6%** in 2018
- The supply increases by only 2% in year 2008-2018
- Market share: **80.4%** in 2014
- Homeownership rate exceed **90%** in 2014



Ways/Criteria to buy HOS flats

- Green form (Only for who are eligible to selected requirements)
- White form
- Every citizens/ at least two permanent residents can buy **HDB flats**
- No income limitation is required



Sale restriction/ Allowance for HOS flats

- Can only be sold after 5 Years in the first purchase
- Required to pay a **fee** to Housing Authority if the owner want to sell the flat in free market
- Less restrictions on the HDB flats resale
- Provide several allowances for **low-income** or **first-time** buyers



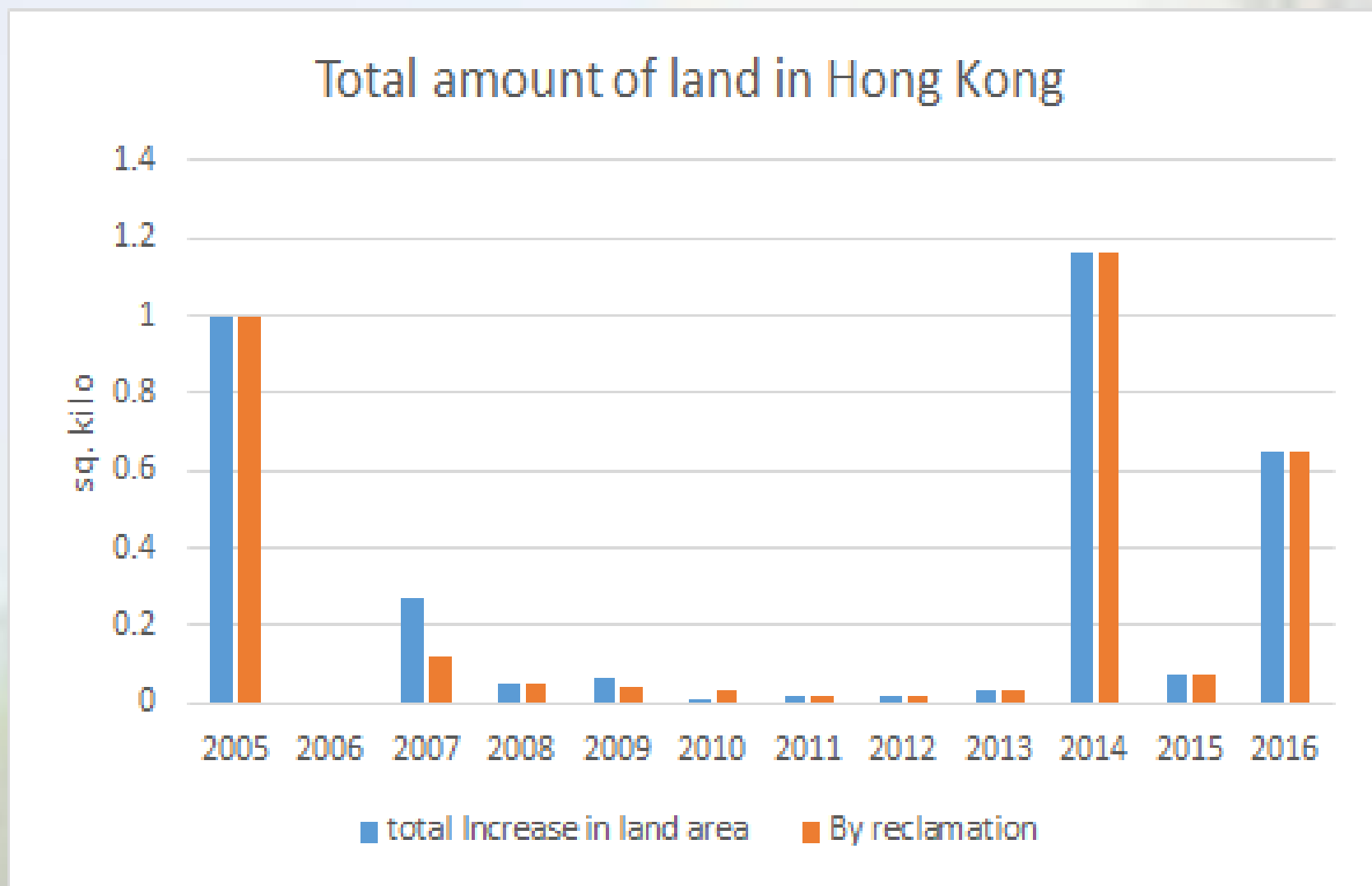
Uses of CPF Savings in Singapore

| | |
|-------------------------|--|
| Ordinary Account (OA) | For housing , insurance, investment and education |
| Special Account (SA) | For old age and investment in retirement-related financial products |
| MediSave Account (MA) | For hospitalization expenses and approved medical insurance |
| Retirement Account (RA) | On your 55th birthday, the Retirement Account (RA), is automatically created |

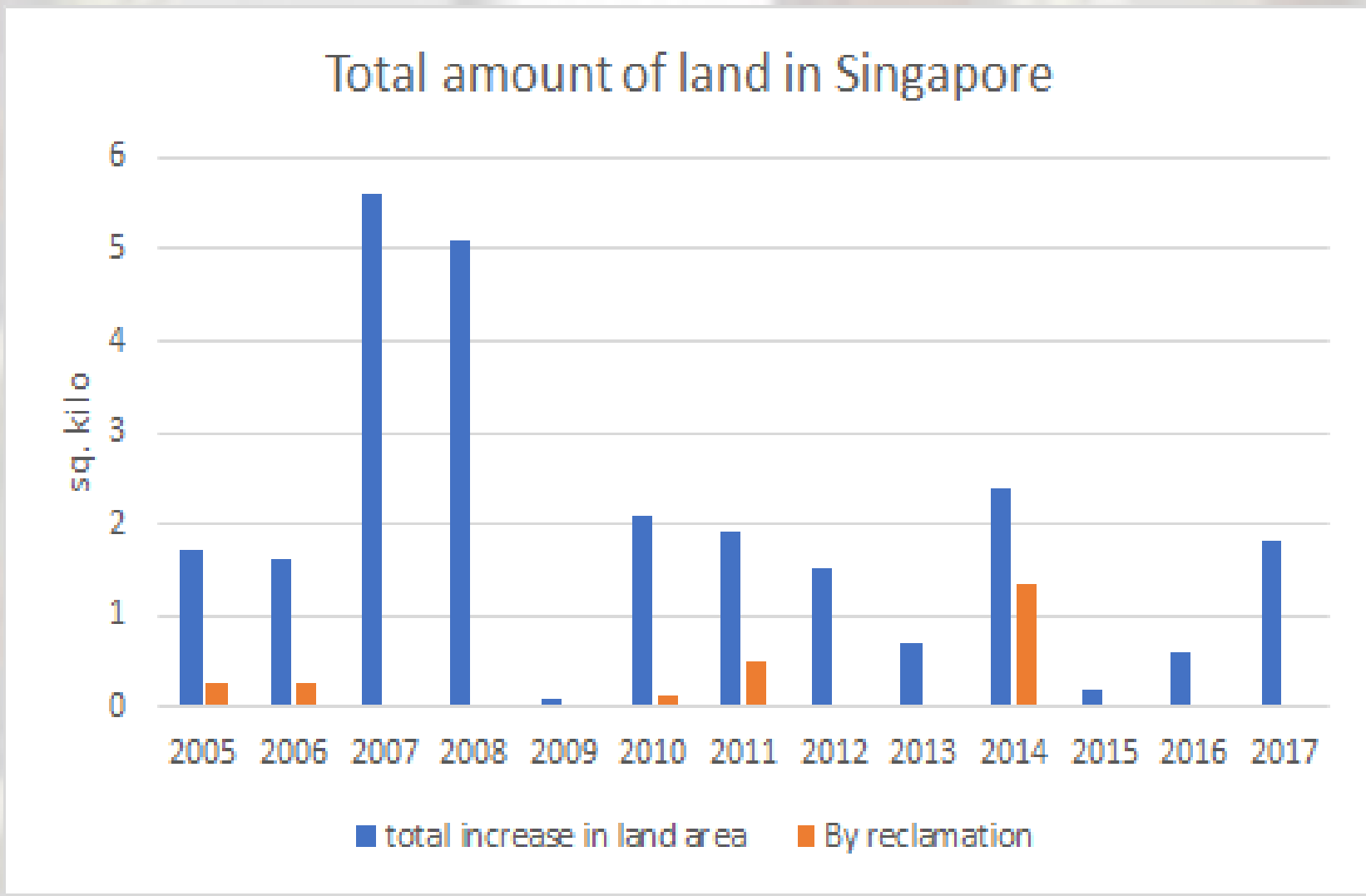


Land supply in Hong Kong and Singapore...

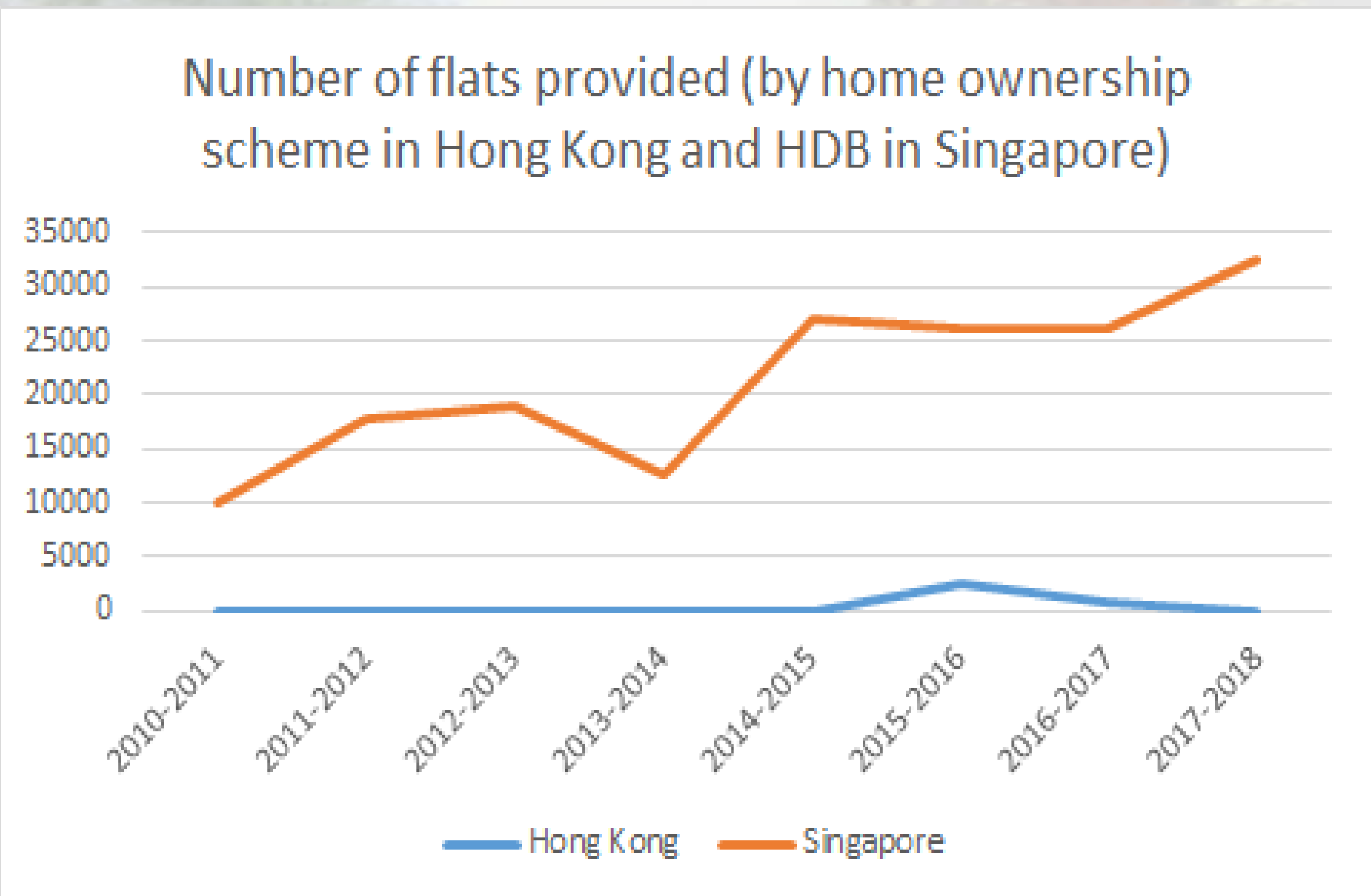
- The Land and housing supply in Hong Kong is much less than that of Singapore, Hong Kong can only provide on average 40 ha of land between 2005-2015



VS



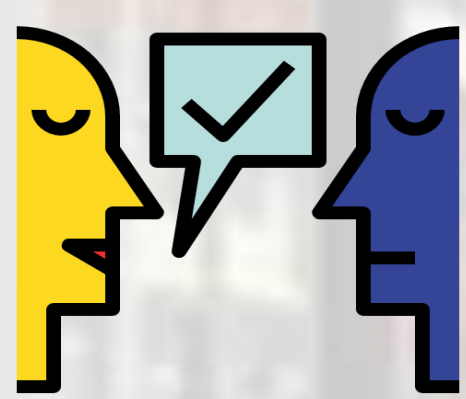
The subsidized flat supply in Hong Kong and Singapore



Serious inflation in resale market ! (in terms of price index)

Hong Kong: from **100** in 2008 to **381.96** in 2018
Correlation: 0.791405

Singapore: from **91.3** in 2008 to **131.4** in 2018
Correlation:0.732302



What can Hong Kong government do?

In Short Run

- Provide housing allowance and subsidy for **First-time Buyer**

In Long Run

- Increase land supply through **Land reclamation and reconstruction**
- Raise the **ratio** of HOS flat to all flats