NUS National University of Singapore

Source: *The Business Times,* p26
Date: 6 July 2024

Singapore couples are marrying earlier to buy homes, leading some to regret

Recent research indicates marriage rates have risen among the country's younger people, and so have rates of divorce

Singapore citizens can buy less costly new flats and receive generous housing grants from the government. PHOTO: BT FILE

ON THEIR second date, Serena Wong and her boyfriend discussed an all-important question for young Singaporean couples: when to buy an apartment together.

Six months later, they applied for a public housing flat in the city-state. After taking part in several ballots over 10 months, they were allocated a unit and agreed to put down a S$40,000 deposit. That kicked off a five-year wait to purchase a S$620,000 three-bedroom apartment in Queenstown, a centrally located neighbourhood where similar homes cost as much as 50 per cent more in the resale market.

"We already knew what we wanted in the relationship and had marriage in mind. But housing prices pushed things forward much faster," said Wong, a 28-year-old business development manager at a tech company. The couple will have to submit a copy of their marriage certificate to Singapore's housing board within three months of getting the keys to their flat.

Long waits for new apartments to be built and rising costs of living are causing Singapore citizens to make long-term decisions about life and money early in their relationships. The government's pro-family policies, designed to encourage couples to get married and have babies, are combining with economic factors to create unintended consequences. Recent research indicates marriage rates have risen among younger Singaporeans, and so have rates of divorce.

Singapore's ruling political party has long staked its success on delivering a public housing system that has become the envy of the world. The island nation's home ownership rate is close to 90 per cent, and more than three quarters of its 4.1 million citizens and permanent residents live in Housing & Development Board (HDB) flats that are subsidised by the government. Most units are spacious, well-maintained, and in convenient locations close to public transportation, eateries and shopping malls.

Their resale values have surged more than 80 per cent since 2009, creating wealth for many Singaporeans. That has also sparked a national debate about housing affordability for first-time home buyers and lower wage earners.

Early proposals

Singapore citizens can buy less costly new flats and receive generous housing grants from the government. Those below the age of 35 must be engaged, married, have children or apply with other family members to qualify.

Young people are informally proposing to their partners and forking out as much as 20 per cent down payments to reserve flats years before they are built. It's money they'd have to forfeit if they change their minds or break up. There is also a S$14,000 combined monthly income ceiling for couples buying new flats.

"If our income increases, we might not be able to apply," said Phyllis Kum, a 25-year-old accountant who secured a flat costing S$550,000 in December 2023 that will be ready in 2027.

Kum said she met her boyfriend in June 2022, and the combined salary cap and long waiting time for new flats led her to bring up the housing discussion early on. "I popped the question," Kum said. She added: "It was a shock for him." They will have to put down a 5 per cent deposit on the flat and are intending to get married in 2026.

Emerging cracks

The social contract has started to fray. A recently released study by four academics from the National University of Singapore (NUS) found an increase in marriage and divorce rates that coincided with the launch of Singapore's "Build-To-Order" (BTO) housing programme in 2001 and its expansion from 2011.

Over the period they analysed, which included the years leading up to 2000 to 2014, the marriage rate for women aged 25 to 29 rose from 45 per cent to almost 60 per cent. The marriage rate for men aged 30 to 34 rose from 22 per cent to 37 per cent, according to the study.

The researchers found "a corresponding increase in divorce rates" in the next five-year age brackets, from 4 to 7.2 per cent among women aged 30 to 34, and from 3.5 to 6.3 per cent among men aged 35 to 39. The study said a possible explanation is that the BTO scheme might have rushed marriage decisions.

"Marriage shouldn't be just for housing, but for love," Sing Tien Foo, an NUS professor and co-author of the study, said. The researchers reviewed data for about two million individuals, he noted. The study concluded that couples living in BTO flats were "significantly younger and more likely to have short marriages" as compared to Singaporean couples living in other property types.

The HDB declined to comment. The authority earlier said it would launch a total of 19,600 BTO flats for sale in 2024, and it is trying to shorten the waiting time for homes to be completed.

To be sure, while some are wedding earlier to get on the property ladder, the longer-term trend has been to marry later. Figures from Singapore's Department of Statistics show that the median age for brides and grooms getting married for the first time was 29.3 and 30.7 respectively in 2022, versus 26.2 and 28.8 in 2001.

Meanwhile, the country's official general divorce rate, which averaged seven per 1,000 married individual over the past two decades, was 6.1 in 2022. That is much lower than the US divorce rate, which has been on a declining trend and was at 13.6 per 1,000 married people in 2022.

Separation matters

Divorce lawyer Mohamed Baiross said he receives at least 50 inquiries every month from couples wanting to split up who have housing tied to their marital status.

Buyers of most new public housing flats are not allowed to sell them for five years. Divorcing before that so-called minimum occupancy period is up would mean having to sell the flat back to the government at a loss – while holding out would almost guarantee a profit. As a result, some couples agree to share a roof until they can sell the home.

Continued on next page

NUS National University of Singapore

Source: *The Business Times,* pA17
Date: 6 July 2024

The high cost of housing and renovation works has put a financial strain on some couples. PHOTO: BT FILE

Singapore couples are marrying earlier to buy homes, leading some to regret

Continued from previous page

"That really drives them, even though they hate each other, to stay in the same household," said Mohamed, managing partner of IRB Law.

Dorothy Tan, deputy head of the Family & Divorce Practice Group at PKWA Law Practice, said the average age of her clients is getting younger, with some in their early 20s.

She said the high cost of housing and renovation works has put a financial strain on some couples. "We have seen that being listed as a reason for the breakdown of the marriage," Tan added. Some couples that are separating also cannot agree on who should profit from being able to keep the home, she said.

Nikolette Biggerstaff, a 29-year-old veterinary nurse, got divorced in 2019 before she and her former partner collected the keys to their flat. The relationship was not working out, and the decision to split up was mutual, she said.

Biggerstaff said her ex-husband, who has custody of their six-year-old daughter, bought out her share of the apartment after the couple wrote to the housing board to explain the situation. She added that she wouldn't have been able to afford the home and mortgage payments on her own, and the decision was the best outcome for their child.

Generous grants

Singapore's government has introduced measures to help young couples receive housing grants of up to S$80,000. Full-time students, national servicemen or individuals who recently completed their studies can qualify for reduced down payments of as little as 2.5 per cent. They also can defer their income assessments until the flats are close to being ready. The minimum age to buy a home is 21.

The country's total fertility rate has been declining for years and hit a historic low of 0.97 in 2023. The government has long urged citizens to have more babies by paying cash to new parents, subsidising childcare costs, and providing generous tax and leave benefits to working parents of young children.

First-time home buyers that are young married couples or families with children are given priority when new flats are offered.

"Public housing encourages family formation, and with family formation you have children," said Alwyn Lim, an associate professor of Sociology at Singapore Management University.

Caleb Ng, a 23-year-old undergraduate, said he started attending information sessions about the government's housing programme soon after getting together with his girlfriend. Concerned that their future careers may not pay well, they are planning to apply for a new flat as it seems to be the only affordable option.

Earlier this year, they saw a BTO project in Bayshore, a neighbourhood in the island's east, and "fell in love with it", said Ng. "There's some form of peer pressure because a lot of couples say it's been hard to get a unit and that it took them many, many tries," he said, adding that many of his friends have already secured flats or applied for them.

Ng said the high housing costs, financial planning and long timeline to buy a home have made him consider his relationship in a more mature way. "Even though we have to start thinking about it very young, at least it's a guarantee that we have housing," he said. BLOOMBERG