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Property ownership is Singapore's answer to wealth inequality. Some refinements are now needed

Housing must remain a ladder up and a safety net in old age.

Sing Tien Foo

Singapore's social compact rests on an unusual premise: housing is not just shelter, but also a key engine of wealth accumulation and social security.

For more than a decade, economic policy has focused on inclusive growth – raising incomes across the board, with active intervention where necessary.

The Ministry of Finance's February 2026 Occasional Paper reported that the employment income Gini coefficient narrowed to 0.359 in 2025, reflecting progress in reducing income inequality.

But income tells only part of the story. Wealth, not just wages, shapes long-term security and opportunity.

In Singapore, public housing plays a central role in equalising opportunities by enabling broad-based asset ownership. According to the occasional paper, property equity accounts for about half of household wealth, and remains significant even among the bottom 20 per cent.

Singapore's wealth Gini coefficient, at 0.55, is higher than its income Gini, as is typical internationally, but remains below the 0.6 to 0.7 range reported in developed countries such as Japan, Britain and Germany.

While wealth data has measurement limitations, the broad pattern suggests that housing grants, Central Provident Fund policies and a high home ownership rate have enabled lower- and middle-income households to accumulate assets that might otherwise have been out of reach.

Home ownership therefore remains central to Singapore's approach to managing wealth inequality. The question is how to sustain this model as demographics and market conditions evolve.

KEEPING PRIME LOCATIONS WITHIN REACH

For housing to remain an engine of mobility, public flats must continue to be broadly affordable – not just in peripheral estates, but also in well-connected and central locations where long-term value tends to be strongest.

The Prime Location Public Housing (PLH) model, launched in 2021 and later formalised under the Prime-Plus-Standard framework in 2023, seeks to achieve this, with the Plus and Prime categories covering centrally located or highly connected sites that might otherwise have been developed for private housing.

Projects such as Berlayar Residences in the Greater Southern Waterfront, Alexandra Vista along Tanglin Road, and Tanjong Rhu Parc Front illustrate this approach: reserving scarce, high-value land for public housing rather than leaving it entirely to market forces and the private markets.

Prime and Plus flats can support mobility in two ways.

First, they give eligible households access to good locations that are likely to retain value over time. Proximity to MRT stations and mature amenities have historically supported resale prices.

Ensuring that such sites remain within the public housing system allows a broader segment of society to participate in value appreciation linked to urban development.

Second, the longer 10-year minimum occupation period encourages stability and equity-building. Owners benefit from gradual price appreciation. The subsidy recovery mechanism, though sometimes perceived as punitive, helps prevent these flats from becoming short-term speculative assets while preserving fairness across cohorts.

Demand for Prime and Plus projects remains healthy. Application rates in recent Build-To-Order (BTO) exercises indicate sustained interest in centrally located flats, particularly among first-timer families. This suggests that supply levels so far have not exceeded demand – but neither are they so abundant as to make access easy.

If Prime and Plus supply were too limited, households with fewer resources could be crowded out of higher-value locations, potentially reinforcing wealth gaps over time. A calibrated approach – maintaining a meaningful but sustainable share of BTO supply in Prime and Plus categories – would help preserve access to well-connected sites without overcommitting scarce land.

As flats age alongside their owners, housing policy in Singapore must help seniors convert asset wealth into retirement adequacy without imposing new burdens on their children, says the writer.
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Today, Prime and Plus flats account for nearly 35 per cent of the 100,000 BTO flats launched from 2021 to 2025. Over time, as central land parcels are depleted, the proportion may naturally decline.

But in the near term, ensuring that a significant share of new Prime and Plus supply remains in high-connectivity areas supports the original objective: broad-based participation in urban growth.

HOUSING AS A CUSHION IN OLD AGE

If public housing is a ladder for upward mobility, it must also serve as a cushion against downward mobility in old age.

Singapore is already a super-aged society. As flats age alongside their owners, housing policy must help seniors convert asset wealth into retirement adequacy without imposing new burdens on their children.

Existing schemes such as the Lease Buyback Scheme and Silver Housing Bonus enable monetisation through downsizing or partial lease surrender. The proposed Voluntary Early Redevelopment Scheme (VERS) introduces another pathway, allowing owners in ageing precincts to opt for redevelopment before leases run down.

However, VERS raises a practical question: where do elderly residents move after monetising their flats?

A fresh 99-year lease in the same area may be unnecessary and financially out of reach. If adult children must help finance a new flat, especially in lower-income households, this risks reversing the very mobility that public housing helped create.

One possible refinement would be to guarantee seniors access to low-cost two-room flexi flats with shorter leases in or near their existing neighbourhoods as part of the VERS process. This would allow them to unlock accumulated equity for retirement spending, while retaining housing security and community ties.

Such an approach would reduce hesitation surrounding VERS participation, ease the collective action problem inherent in precinct-level redevelopment, and allow land to be recycled more efficiently.

Redeveloped sites could then support higher-density projects – including new Prime and Plus flats – helping to stabilise long-term public housing supply.

REFINING, NOT REPLACING, THE MODEL

Singapore's housing system has achieved something rare: high home ownership alongside relatively moderate wealth inequality.

But sustaining this achievement requires continuous adjustment. Young households must retain access to well-located homes with appreciation potential. Seniors must be able to unlock housing wealth without creating new intergenerational strains.

Housing is not just an asset class. It is also an instrument of social policy. Keeping it effective as both a ladder up and a safety net below will determine whether Singapore's distinctive social compact continues to hold in the decades ahead.

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