

Fortnightly News Summary

Synopsis of News from 1st February - 21st February 201821st February 2018

Property Market Activities

Singapore Budget 2018: Impact of buyer's stamp duty hike to be felt most for big-ticket purchases (BT, 20 Feb, 2018)

Property consultants generally said that as the bulk of residential property deals are below S\$1.5 million, the change to the BSD is expected to have only a mild impact on property demand. For a S\$1.5 million property, the BSD goes up from S\$39,600 to S\$44,600 - reflecting an increase of just S\$5,000 or 0.33 per cent of the property price.

Developers post best January private home sales in four years

(BT, 15 Feb, 2018)

Developers have posted their best January private home sales figures in four years but how sales pan out for the full year will have a lot to do with developers' launch and pricing strategies, say industry players. Generally, the view is that 11,000 to 14,000 private homes are likely to be transacted in the primary market this year - up from last year's 10,566 units.

Condo resale prices up 1% in Jan: SRX (BT, 14 Feb, 2018)

Resale prices of condominiums and private apartments continued to appreciate month-on-month and at a faster pace, according to the latest flash estimates from SRX. Year-on-year, resale prices of condos and private apartments climbed 6.3 per cent in January from the year-ago period. Analysts have said the en bloc sale fever has likely pushed up resale private residential prices and transactions, as cashed-out owners look for replacement homes.

Singapore economy expanded 3.6% in 2017; slower growth expected this year (BT, 14 Feb, 2018)

Singapore's economy expanded 3.6 per cent last year - faster than initial estimates - thanks largely to strong growth in the manufacturing sector. Growth this year is expected to moderate but remain firm, the MTI said. Government forecasters are tipping growth of 1.5 to 3.5 per cent this year.

Singapore office, retail rents to see strong growth over next few years: report (BT, 7 Feb, 2018)

Singapore's office rental growth is likely to see the strongest overall growth over the next three years according to a real estate firm's report. The firm expects rental growth in Singapore offices to rise at 6 per cent per annum over the next three years, driven by a medium-term grade A supply drought. Similarly on the retail front, retail rents in Singapore should start to rise by around 1.5 per cent per annum, as both tourism spending and domestic consumer sentiment improve in 2018.

Scope for short-term private home rentals in Singapore: Lawrence Wong (BT, 7 Feb, 2018)

There is some scope to allow short-term accommodations in Singapore that are subject to the proper safeguards and controls, said National Development Minister Lawrence Wong in parliament. Mr Wong said his ministry is working out the regulatory parameters and intends to consult the public on the proposed measures before finalising them.

Developers paid S\$380m in ABSD, QC extension charges (BT, 6 Feb, 2018)

Developers have paid a total of S\$380 million in fees and charges to the government for not being able to sell all residential units in their projects within stipulated deadlines. As at end-2017, they have coughed up S\$200 million in ABSD fees and S\$180 million in QC extension charges since the regimes were introduced. Consultants noted that ABSD and QCs are of lesser concern to developers now, thanks to the recovery in residential transactions.

Public Housing

Singapore Budget 2018: Bigger handouts under enhanced Proximity

Housing Grant (BT, 20 Feb, 2018)

Singles who buy a resale public housing flat to live near their parents will now receive S\$10,000 under the enhanced Proximity Housing Grant scheme. The one-time grant is currently given only to singles who buy a resale flat to live with their parents. Under the enhanced PHG, the grant for this category of singles is now increased to S\$15,000. For families buying a resale flat to live with parents or children, the PHG grant is also raised from S\$20,000 to S\$30,000. Under the enhanced PHG, the definition of "near" is revised to simply "within 4km".

HDB resale prices dip 0.5% in Jan, volume slumps by 31.4%: SRX

(BT, 9 Feb, 2018)

HDB resale prices dipped 0.5 per cent in January compared with December last year, coupled with a 31.4 per cent drop in sales volume, according to SRX Property flash estimates. Year on year, prices have slipped by 2 per cent compared with January 2017. Resale volume has seen an 8.7 per cent drop year-on-year from the 1,193 units resold in January 2017.

3,664 flats for sale in 2018's first BTO exercise (BT, 7 Feb, 2018)

The HDB launched 3,664 BTO flats for sale in four estates, in its first exercise of the year. This is the first tranche of some 17,000 BTO flats expected in 2018 and also the inaugural batch of units to be built with an open kitchen concept whenever possible. Two of the projects are in the non-mature towns of Choa Chu Kang and Woodlands, while the other three are in the mature towns of Geylang and Tampines.

Maximum of 6 unrelated tenants in a flat: HDB (BT, 2 Feb, 2018)

From 1 May, owners of four-room or larger HDB flats will be allowed to rent their property out to a maximum of six unrelated persons, down from the current cap of nine. The agency also reduced the number of occupants allowed in three-room living quarters of commercial properties from eight to six.

Investment Sales

Hoi Hup Sunway snaps up Brookvale Park for S\$530m (BT, 16 Feb, 2018)

Brookvale Park, a 160-unit development at Sunset Way, has been sold for S\$530 million. This marks the fourth collective sale in a row this week sealed under private treaty after their public tenders closed without a sale. The sale of Brookvale Park brings the tally of such collective sales year-to-date to S\$3.14 billion, arising from eight deals. Last year, 30 such collective sales worth S\$8.7 billion were concluded.

Cairnhill Mansions, Riviera Point finally sold in en bloc deals

(BT, 15 Feb, 2018)

Riviera Point was sold for S\$72 million to the Macly Group, whilst Cairnhill Mansions was sold to Singapore-listed property developer Low Keng Huat for S\$362 million. Low Keng Huat said that it intends to redevelop Cairnhill into a high-rise residential condominium with approximately 200 residential units.

CapitaLand acquires historic Pearl Bank in S\$728m collective sale

(BT, 14 Feb, 2018)

This translates to a land price of about S\$1,515 psf ppr, after factoring in a S\$201.4 million premium for a lease top-up to a fresh 99-year lease. The project is targeted to be completed by early 2023, right after the opening of the Thomson-East Coast Line in Outram. Owners of the 288 apartments (1,323 sq ft to 3,993 sq ft) stand to receive between S\$1.8 million and S\$4.9 million from the sale of the property.

Good Class Bungalows to remain sought-after this year (BT, 10 Feb, 2018)

Sales of Good Class Bungalows - the pinnacle of Singapore's landed housing segment - rose to a five-year high last year. Based on caveat records from URA REALIS, 41 GCBs with a cumulative worth of S\$867 million changed hands in 2017, up from 37 GCB transactions worth S\$789 million the year before. Demand was also underpinned by the fall in GCB prices, which corrected by around 13 per cent in 2016, from its recent 2014 peak, going by caveat records.

Roxy-Pacific to buy adjoining property on Lorong Kismis (BT, 8 Feb, 2018)

A subsidiary of Roxy-Pacific Holdings has entered into a put and call agreement to acquire a property, 19 Lorong Kismis, for S\$5.7 million. Roxy-Pacific said that it intends to amalgamate the property with the other development it has agreed to buy, Kismis View, for residential development. The combined site has a total estimated land area of 100,336 sq ft.

Freehold development City Towers sold for S\$401.9m (BT, 7 Feb, 2018)

City Towers, a freehold development in prime District 10, has been sold for S\$401.9 million to an undisclosed buyer. The sale price - which is more than 13 per cent above the owners' reserve price - works out to a land rate of approximately S\$1,847 psf ppr, after factoring in a development charge of S\$3.5 million. Depending on the size of their property, each residential owner stands to receive between S\$2.78 million and S\$11.5 million from the successful sale of the development.

13 of 40 properties sold en bloc in last three years were less than 30 years old (TODAY, 6 Feb, 2018)

Nearly one in three developments that went en bloc in the last three years - or 13 out of 40 - were less than 30 years at the point of sale, said Minister for National Development Lawrence Wong in Parliament on 6 Feb. Most of the developments were, however, more than 20 years old at the point of sale and were small developments with fewer than 20 units each.

Oxley unit buys Geylang site for S\$13m (BT, 6 Feb, 2018)

Oxley Holdings revealed that its wholly-owned subsidiary has purchased a plot in Geylang for S\$13 million, with the intention of turning it into an eight-storey mixed-use development to be named Sixteen35 Residences.

Some en bloc projects running into technical road blocks (BT, 5 Feb, 2018)

The long-drawn collective sale process at Tampines Court shows that even after a buyer is found, the transaction can still be plagued with technical issues. The sale process has been delayed as Sim Lian Group, the developer awarded the plot of land, awaits its Planning Permission approval from the URA.

The government mandated that potential buyers, developers and real estate agencies have to submit a Pre-Application Feasibility Study (PAFS) to LTA last November. As the announcement of the PAFS was made just weeks before the closing date for the Pearlbank Apartments tender, developers who were keen on the site needed more time to understand the PAFS' new requirements. Occasionally, there are also one-off, site-specific hurdles that developers encounter in the sites they acquire.