

Fortnightly News Summary

Synopsis of News from 16th June - 30th June 201730th June 2017

Property Market Activities

Property cooling measures to stay: MAS (BT, 29 Jun, 2017)

Property cooling measures remain "necessary" as the Singapore residential property market continues to moderate and recent project launches have seen relatively good take-up, the MAS said in its annual report released on 27 Jun. This also comes as the regional property markets have been buoyant and their respective authorities have, in the past six months, introduced further cooling measures. There is risk that tightening property regulations elsewhere could cause property demand from yield-hungry investors to spill over into Singapore if cooling measures here are eased. Private residential property prices in Singapore have declined by nearly 12% over the last 14 quarters.

Completed condo, apartment prices up 0.4% in May: NUS index (ST, 28 Jun, 2017)

Prices of completed private apartments and condominiums swung to a 0.4 per cent rise in May from the previous month, after falling a revised 0.8 per cent in April. After seeing sawing from month to month, prices are flat to date this year, down 1.2 per cent over the last 12 months, according to flash estimates from the NUS SRPI released on 28 Jun. Prices are down 13.6 per cent from their post-Global Financial Crisis peak in July 2013.

Singapore economy 'to stay sluggish in months ahead' (ST, 27 Jun, 2017)

Despite renewed momentum in the property sector and signs that the earnings downgrade cycle has bottomed out, Singapore's economy is likely to be sluggish in the coming months in line with prospects for the world as a whole, said banking group Credit Suisse. This comes amid weak oil prices and a competitive telecommunications sector, which are holding back earnings recovery.

Q2 rents up for CBD Grade A and Marina Bay offices (BT, 23 Jun, 2017)

Based on preliminary 2Q estimates from a real estate company, the average rental values for its overall CBD Grade A and Marina Bay baskets have posted their first quarter-on-quarter increases after having declined for two years. However, analysts warn that the overall office market is still not out of the woods, as secondary supply is poised to grow in older buildings as tenants relocate to newer projects. For the whole of last year, net demand was about 291,000 sq ft, down from 667,000 sq ft in 2015. The figure has been declining steadily from 2.3 million sq ft in 2011.

SPH, Kajima to build over 600 homes in Bidadari Estate (BT, 22 Jun, 2017)

SPH and Kajima Development plan to develop more than 600 residential units and a retail/commercial component with a gross floor area of about 310,000 square feet on a 99-year leasehold site in the new Bidadari Estate that they were awarded on 21 Jun. The SPH-Kajima consortium's winning bid of S\$1.132 billion translates to S\$1,181 per square foot per plot ratio based on the maximum gross floor area of 958,450 sq ft.

State to take back Geylang plot for redevelopment (BT, 21 Jun, 2017)

The SLA on Tuesday said that the land occupied by 191 private terrace houses at Lorong 3 Geylang will return to the state when the current leases expire on Dec 31, 2020. The government has slated the land for future public housing. The government on 20 Jun said it plans to rejuvenate the two-hectare site with new public housing options. Under the Master Plan 2014, Kallang will offer housing, green spaces, water bodies, more leisure options and new transport facilities to residents.

Upbeat mood holds sway despite drop in developer sales in May

(BT, 16 Jun, 2017)

Singapore developers' private home sales fell by about a third (34.3 per cent) between April and May 2017. Amid the absence of major launches last month, 1,024 units were sold, down from 1,558 in April. But property consultants are upbeat, noting that sales of more than 1,000 units last month, coming overwhelmingly from previously launched projects, is a reflection of strong home buying sentiment. Moreover, the 5,544 private homes that developers sold in the first five months of this year is 71.8 per cent higher than the 3,227 units transacted in the same period last year.

Government Land Sales

Uptick in land supply may be insufficient to meet developers' demand

for sites: Analysts (ST, 29 Jun, 2017)

The Government has ramped up supply of development sites in the wake of bullish bids for plots and a declining stock of unsold private homes, but analysts say the slight increase is possibly insufficient to satisfy developer demand. There are 16 sites on the GLS programme for the second half of the year. They can accommodate up to 8,125 private homes, up from the 7,465 units offered in the first half, the MND said on 29 Jun. One analyst opined that developers could be steered towards triggering sites on the reserve list as well as sourcing from the collective sales market, given the demand crunch for residential sites.

Commercial site at Beach Road triggered for public tender

(BT, 22 Jun, 2017)

A commercial site at Beach Road with at least a 70 per cent office component has been triggered for sale under the Reserve List of the GLS programme, reinforcing analysts' perception that a recovery in sentiment for the office market is underway. The unidentified developer has committed to bid at a price of no less than S\$1.138 billion. The 99-year leasehold, two-hectare land parcel, will have a maximum permissible GFA of 88,313 sq metres. Most consultants expect at least 10 bids from a mix of local and foreign developers, with the winning bid in the range of S\$1,400-1,700 psf ppr.

Investment Sales

En-bloc market stirs, but frenzy unlikely to ensue

(TODAY, 29 Jun, 2017)

The residential en-bloc market is seeing some interest, with four collective transactions conducted so far this year generating a total value of S\$1.5 billion – exceeding the combined value of en-bloc deals done last year. However, property experts say conditions are unlikely to return to the peak of 2007, when global economic growth and immigration fuelled a spike in real estate prices. The past three to four years were “relatively quiet” on the property front, and are a low base of comparison, they said. From 2012 to last year, only 1,402 en-bloc units were sold, with a total value of S\$3.479 billion – with zero transactions in 2014. This compares to the “boom” period of 2005-2007, which saw 12,710 en-bloc units sold, with a total value of S\$22.3 billion.

Heavyweight deals anchor preliminary Q2 investment property sales

(BT, 29 Jun, 2017)

Singapore's investment property market put in a robust showing in the second quarter of 2017. Preliminary investment property sales volume increased by 76.2 per cent quarter on quarter to S\$9.019 billion, outperforming the previous high of S\$8.014 billion in Q4 2016. The total investment volume of collective sales amounts to S\$1.507 billion, the highest amassed since Q2 2011. This also exceeds the total of three collective sales that were concluded last year. Singapore investment sales make up S\$14.139 billion at present. Investment sales are expected to remain healthy for the remaining year.

Futuristic Store Fixtures boss buys Gallop Park bungalow (BT, 29 Jun, 2017)

An old corner bungalow in Gallop Park is being sold for S\$22.888 million. The price works out to S\$1,343 per square foot on the land area of 17,042 sq ft. The property is within the Cluny Hill GCB Area. According to caveats data, there have been 20 transactions in GCB Areas so far this year totalling S\$432.2 million; last year there were a total of 37 deals amounting to S\$788.5 million.

Luxury property sales pick up at Sentosa Cove (ST, 26 Jun, 2017)

Despite reports of properties racking up million-dollar losses and plentiful vacant units, sales at exclusive Sentosa Cove are picking up. So far this year, caveats have been lodged for seven bungalows at the prestigious address, totalling \$102.7 million. This marks a significant increase from last year, when only four caveats worth \$64.5 million were lodged for the whole 12 months.

Astrid Park bungalow sold for S\$46 million to Hin Leong family

(BT, 24 Jun, 2017)

The price reflects S\$1,548 per square foot based on the land area of 29,709 sq ft, and is the biggest purchase in a GCB Area to be caveated so far this year. Based on caveats lodged by buyers of properties in GCB Areas, the value of deals so far this year has crossed S\$400 million. For the whole of last year, the tally was S\$788.5 million. One property that may whet the appetite of potential buyers is on sale at Ewart Park, with an asking price of S\$23 million, or around S\$1,515 psf on land area of 15,190 sq ft.

Serangoon Ville put up for collective sale (BT, 22 Jun, 2017)

Serangoon Ville, a former HUDC estate at Serangoon Avenue North, has been launched for collective sale, with the owners expecting offers in the range of S\$400 million to S\$430 million. The 244-unit Serangoon Ville sits on a land area of 296,913 sq ft with a plot ratio of 2.8 and has 69 years left on its lease. The incoming developer is expected to cough out S\$200 million to S\$220 million for intensification of the site and a top-up to a fresh 99-year leasehold. This translates to a total land cost of S\$720-S\$750 per square foot per plot ratio and an estimated breakeven pricing of S\$1,100 per sq ft.

112 Katong owners evaluating offers; mall expected to fetch S\$500m

(BT, 22 Jun, 2017)

Keppel Group has put 112 Katong, a mall at the junction of East Coast Road and Joo Chiat Road, on the market. The property is expected to fetch around S\$500 million. The mall, which is on a site with a balance lease term of about 61 years, has close to 207,160 sq ft NLA of retail space across six levels, with 308 car park spaces. Observers expect the sale could take place in the range of S\$2,400 psf to S\$2,500 psf - or S\$497.2 million to S\$517.9 million.

Separately, on 20 Jun, CapitaLand Commercial Trust announced the completion of its sale of a half-stake in One George Street to insurer FWD Group, based on an agreed value of S\$1.1832 billion, or S\$2,650 psf on NLA, for the 23-storey office building. Data shows that the tally for investment sales of properties in Singapore of S\$10 million and above this quarter (up to June 20) stands at S\$8.8 billion - higher than the S\$5.3 billion in Q1 this year as well as the S\$7.3 billion in Q2 2016.

Singapore housing market buzzes with return of en bloc sales

(BT, 17 Jun, 2017)

After slowing to a trickle the past three years as housing prices fell, four en bloc sales have already been struck this year, with a combined value of S\$1.5 billion. The renewed hunger for land comes as home sales climb after some property restrictions were eased in March. En bloc sales could reach about S\$3 billion this year, with about 40 deals in the pipeline, according to an industry expert. The last boom for redevelopment deals was in 2007 when 126 sales were struck, with a total value of S\$12.3 billion.