

Fortnightly News Summary

Synopsis of News from 16th March - 31st March 201731st March 2017

Property Market Activities

URA to revitalise Kallang River precinct (BT, 30 Mar, 2017)

The URA is looking to revitalise areas along Kallang River, focusing on adding new waterfront housing, renewing old industrial estates, providing seamless connectivity from Bishan to the city centre along the river, and developing the Kallang Basin as a sports and recreational venue. There is potential to inject another 100,000 dwelling units in the area in the next two decades.

Private home resale prices dip 0.3% in February: NUS index

(ST, 29 Mar, 2017)

Condo resale prices continued to dip last month in a sign that this market segment has yet to bottom out. Values declined by 0.3 per cent from January to February, according to flash estimates of the NUS SRPI out 28 Mar. The fall followed the 0.1 per cent dip in values from December to January. Market watchers do not expect the recent easing of some cooling measures will push up private home resale prices given factors such as a weak rental market, the spectre of rising interest rates and a poor economic outlook.

Phase 1 of Park Place Residences snapped up (BT, 27 Mar, 2017)

Park Place Residences at PLQ, a Lendlease high-rise condominium project, took off with brisk deals on its first day of sales on 25 Mar. By the end of the day, 215 units of the 429-unit development were snapped up. This made the condominium one of the most successful private condominium launches in recent years. Prices of transactions for Park Place Residences ranged from about S\$800,000 for a one-bedroom unit to S\$2.1 million for a three-bedroom premium unit.

February factory output growth beats 10% analyst forecast (BT, 25 Mar, 2017)

Economists in Singapore are keeping a close watch on a scheduled monetary policy statement due early April, following the release of factory output data that showed a broader uplift for the manufacturing sector on 24 Mar. The data showed that factory output in February grew by 12.6 per cent from a year ago, beating economists' expectations of a 10 per cent increase. Excluding biomedical manufacturing, output grew a stronger 17.1 per cent from February 2016. The volatile biomedical cluster had fallen by 2.6 per cent.

HUDC era ends with privatisation of Braddell View (BT, 18 Mar, 2017)

Braddell View, comprising 918 flats and two shops, is the largest of the 18 HUDC estates and the last to be privatised. HDB said that the common property of Braddell View was, from March 17, to be managed and maintained by its Management Corporation Strata Title Plan No. 4340, which was constituted on the same day. With the privatisation of Braddell View, a total of 7,731 dwelling units have since been privatised.

Fed rate hike: Expect to pay more monthly on home loans (ST, 17 Mar, 2017)

Home owners in Singapore can expect to pay a higher monthly instalment on their housing loans, on the back of a rate hike by the United States Federal Reserve. Sibor, the benchmark for many home loans here, follows US rates closely. As such, a rise is expected. The three-month Sibor base rate has spiked by about 50 basis points to about 0.94 per cent since last November, and the six-month Sibor moved similarly to 1.25 per cent. However, lenders here were tight-lipped when asked if the Fed rate hike would translate into higher interest payment on loans for consumers.

Firms welcome easing of land-use rules (ST, 17 Mar, 2017)

Analysts and local industrial firms have welcomed a move by the Government to pilot a more flexible approach to industrial land zoning. More relaxed industrial land zoning will help firms cope with changing business needs as they dial back manufacturing operations here, in favour of more research and development. The Government earlier this month said that it will pilot the more flexible approach in a new JTC Corporation multi-tenanted building in Woodlands North Coast that is due to be completed at the end of 2019.

Condo rents continue to rise - up 1.1% in February (BT, 16 Mar, 2017)

Rents for non-landed private homes ticked up 1.1 per cent in February from January, the second month-on-month increase after a downtrend. The rent uptick for condominiums and private apartments was seen across all three regional classifications, according to flash estimates released by SRX Property on 15 Mar. Higher condo rents came even as leasing volumes were relatively flat in recent months. Rents have been under pressure from oversupply, rising vacancy rates and weak demand. SRX said non-landed private home rents are down 3.8 per cent compared to a year ago.

Developers' sales in Feb signal pick-up in momentum, say analysts

(BT, 16 Mar, 2017)

Developers' sales momentum had picked up this year, even before the recent easing of the property cooling measures; sales figures for February bear this out and March figures are projected to be even more sterling. A total 977 new private homes and 329 ECs were sold by developers last month - respectively 2.6 times and 1.8 times more than the numbers sold in January. Many property observers said that the fact that some 79 per cent of the new private homes sold in February came from previously launched projects reflects a broad-based recovery in demand.

Public Housing

Not all old HDB flats qualify for Sers: Wong (BT, 25 Mar, 2017)

Don't bet your money on buying an old HDB flat in the hope that the government will buy it back for redevelopment. National Development Minister Lawrence Wong had this warning for homebuyers, especially young couples, which he expounded on in a blog post on 24 Mar. He emphasised that the Selective En bloc Redevelopment Scheme is only offered to HDB blocks located in sites with high redevelopment potential, and that only 4 per cent of HDB flats have been identified for Sers since it was launched in 1995.

Investment Sales

Offer to delist Top Global as QC penalties loom (BT, 29 Mar, 2017)

Top Global's difficulty in selling Singapore residential units within a regulatory timeframe has led its executive chairwoman to launch a privatisation offer to avoid paying penalties. She intends to delist Top Global if she is able to secure a stake of at least 90 per cent. Top Global's difficulty in selling units at its E Maison, R Maison and The Quinn residential projects was cited among the reasons for wanting to take the company private. The QC deadline for the Maison projects, which sits in the Braddell neighbourhood, is March 2018, with 40 per cent of E Maison and 20 per cent of R Maison still unsold.

Former HUDC estate Rio Casa to be up for en bloc sale (BT, 25 Mar, 2017)

Rio Casa, a privatised HUDC estate at Hougang Avenue 7 has reached the requisite 80 per cent consent needed for a collective sale. The sales committee is targeting to launch the estate for sale by tender in April. The tender will likely be open for a month. Although the marketing agent declined to disclose the reserve price, The Business Times understands from a source that it is about S\$450 million. It would cost the incoming developer about S\$61 million to top up the lease from the remaining 73 years to 99 years, and another S\$141 million to intensify the plot ratio to 2.8. This ultimately translates to a land price of about S\$590 per square foot per plot ratio.

Founder of Japan's Quijote empire buys villa on Sentosa Cove

(BT, 25 Mar, 2017)

The founder of Japanese discount retail group Don Quijote has bought a villa in Sentosa Cove for S\$21.25 million or S\$1,886 per square foot based on the land area of 11,268 sq ft. The house is located along Lakeshore View and fronts the Serapong Golf Course, with views of the lake and overlooking the sea. Its built-up area is around 8,500 sq ft - spanning two storeys, an attic and a basement. The villa is on a site with a balance lease term of 87 years.

Sentosa Cove villa designed by celebrities' architect up for sale

(BT, 22 Mar, 2017)

A villa on Sentosa Cove designed by Los Angeles-based architect Richard Landry is on the market. Its owner is understood to be expecting a price of S\$24 million, or S\$2,014 per square foot on a land area of 11,913.50 sq ft. The property is on a site with a 99-year leasehold tenure that began in August 2007. Located along Cove Drive, the waterway-facing property has a built-up area of about 11,800 sq ft and spans two levels; it also has a basement and an attic.

Two freehold residential plots up for sale in District 10

(ST, 21 Mar, 2017)

Two adjoining freehold residential redevelopment sites in the Balmoral Road area, in the prime District 10, have been put on the market. The marketing agent said that the guide price for the plot in Balmoral Road is \$88 million whilst the other, in Ewe Boon Road, is about \$41 million. Both sites have an indicative land price of about \$1,750 psf per plot ratio. The successful bidder will have to pay an estimated total development charge of about \$31.5 million to redevelop the combined site up to a plot ratio of 1.6. The tender exercise for both sites will close on April 20.

Sim Lim Tower shop unit put up for sale

(ST, 21 Mar, 2017)

A freehold ground-floor shop unit at Sim Lim Tower in Jalan Besar owned by OCBC Bank has been put up for sale via public tender, with an indicative price of \$16.19 million. According to its marketing agent, the guide price works out to about \$3,300 psf based on a strata area of 4,908 sq ft. The unit, which has approval for food and beverage use, enjoys main road shop frontage and is occupied by two tenants. The tender exercise closes April 18.

CapitaLand said to be eyeing Asia Sq Tower 2

(BT, 17 Mar, 2017)

Real estate developer and fund manager CapitaLand is said to be in exclusive negotiations to acquire Asia Square Tower 2 from BlackRock. Sources familiar with the transaction say that the price that CapitaLand has agreed to pay for the 46-storey prime commercial building in Singapore's Marina Bay district is more than S\$2,700 psf.

Separately on 16 Mar, Bloomberg reported that Blackstone plans to sell one of the office and retail assets it bought last year from Malaysian palm-oil producer Sime Darby. Citing people familiar with the matter, Bloomberg said Blackstone expects to get about S\$300 million for the Sime Darby Centre in the Bukit Timah area, which it bought for just under S\$200 million. The Sime Darby Centre is spread across 250,000 square feet, of which about 80 per cent is office space and the rest is retail.

Shophouses in demand among investors again

(ST, 16 Mar, 2017)

Investment in Singapore shophouses has stabilised and shows signs of picking up after taking a hit following the introduction of the TDSR framework at the end of June 2013. Transaction value rose by about 7.6 per cent to \$707.07 million last year, from \$657.3 million in 2015 even though the number of caveats lodged in the past two years remained fairly steady at just over 100 a year. An investment properties professional opined that demand for shophouses is driven by investors' belief that there is growth potential in such assets as they have historical value and supply is limited.