

Fortnightly News Summary

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

Property Market Activities

Prices of completed condos dip 0.6% in April: NUS index (BT, 29 May, 2017)

Prices of completed private apartments and condominiums slipped 0.6 per cent in April after rising 0.8 per cent in March. Performing the worst during the month of April were completed units (excluding small units) in the non-central region, whose prices fell 0.7 per cent. Completed units (excluding small units) in the central region saw prices fall 0.5 per cent. Overall, the NUS Residential Price Index is down 0.3 per cent this year, and down 2.4 per cent compared to a year ago.

Luxe condo deals see higher transactions in 2016 (BT, 20 May, 2017)

The number of private apartments and condo units transacted at S\$10 million and above each rose to 36 units last year - from 21 units in 2015 and 24 units in 2014. And the momentum continued this year, with 16 units sold from January to April. Most market watchers believe that the bulk of buyers are foreigners or Singapore PRs. An expert attributes the pick-up in transaction volumes of condo units in the S\$10 million and above category since last year to more attractive pricing in the sector following price declines, as well as a good selection of large, new apartments in completed projects.

Singapore Q1 GDP likely to be revised higher on manufacturing boost, but outlook more clouded (ST, 19 May, 2017)

Singapore's economy likely performed better than initially expected in the first quarter thanks to a surge in factory output, although the outlook is clouded by slowing exports to China, according to analysts surveyed by Reuters. The median estimate by the 11 economists polled put GDP growth at 2.7 per cent in the January-March quarter from a year earlier. However, they also caution that the better than expected growth of the last two quarters may not be sustainable. Singapore could face headwinds due to its reliance on growth in the electronics sector and by trade with China. Singapore's non-oil domestic exports to China grew much slower in April at 10.9 per cent from a year earlier, compared with 45.5 per cent growth in March.

April new home sales more than double year-ago showing: URA (BT, 16 May, 2017)

The turnaround in the residential market continues in the new home segment, with developers in Singapore selling 1,555 private homes last month, excluding ECs. Although this was 12.6 per cent lower than the four-year high of 1,780 private homes sold in March, it was more than double the 750 units sold in April 2016. In the first four months of the year, developers have sold about 4,700 private homes, more than double the approximately 2,200 units sold in the same period in 2016.

Singapore property comeback fuelled by developers hungry for land (BT, 16 May, 2017)

Developers' hunger for Singapore land is adding to signs that the city's housing market is making a comeback after three years of price declines. As new home sales surge after an easing of property restrictions in mid-March, developers are becoming more aggressive in bidding at land auctions. On average, they've paid a 29 per cent premium, the highest level in at least five years. While the signs are positive, the scale of any comeback may be limited by government efforts to avoid any renewed overheating of a market that peaked in 2013. While the government tweaked its cooling measures in March, boosting buyer sentiment, it left most of the restrictions in place.

Public Housing

HDB launches 8,748 new flats for sale (BT, 19 May, 2017)

Under the HDB's BTO and SBF exercise for May, 4,802 BTO units and 3,946 balance units were released for sale. The 4,802 BTO flats on offer are spread across six projects, with three in the non-mature towns of Woodlands and Yishun and the other three in the mature towns or estates of Bidadari (Toa Payoh) and Geylang. This brings the total number of BTO flats offered this year to 8,858 units, and the total flats launched for sale - including the balance flats - to 12,804 in the first half of 2017. As of 5pm on 18 May, the application rate - based on the number of available units - was the highest for Geylang's four-room flats and Bidadari's five-room/3Gen flats. In August, HDB will offer about 3,850 BTO flats in Bukit Batok and Sengkang.

Government Land Sales

URA launches three residential sites for sale at Woodleigh, Serangoon, Yishun (BT, 30 May, 2017)

The sites at Woodleigh Lane and Serangoon North Avenue 1 are launched for sale under the confirmed list, while the site at Yishun Avenue 9 is available for application under the reserve list. Together, these three sites can potentially yield about 1,955 residential units. The tender for the site at Woodleigh Lane will close at noon on July 11, and the tender for the site at Serangoon North Avenue 1 will close at noon on July 27.

JTC launches Kranji and Tuas sites for sale (BT, 30 May, 2017)

State industrial landlord JTC launched a confirmed list site at Jalan Lam Huat (Plot A) and a reserve list site at Tuas South Link 3 (Plot 25) for sale under the first half 2017 IGLS programme. The 0.80 ha confirmed list site at Jalan Lam Huat (Plot A) is zoned for Business-2 development and has a 20-year tenure with a maximum permissible gross plot ratio of 2.5. The 0.47 ha reserve list site at Tuas South Link 3 (Plot 25) is zoned for Business-2 development and has a 20-year tenure with a maximum permissible gross plot ratio of 1.4.

China group beats forecasts with record S\$1b bid for GLS site

(BT, 19 May, 2017)

A 227,000 sq ft residential plot at Stirling Road expected to yield 1,110 units drew a record price of over S\$1 billion in a joint bid from Logan Property Holdings and Chinese conglomerate Nanshan Group. The bullish bid of S\$1,050.7 psf ppr on gross floor area for the 99-year-leasehold site sets a new record in the Queenstown area, analysts point out. A market expert noted that the top bid "signals the developers' strong confidence in the Singapore residential market, their belief that prices could return to growth soon and the ability to price higher than the existing launches in the vicinity". An expert believes that the developers for this project will launch the residential units at above S\$1,780 psf from mid-2018 onwards.

Intense bidding for GLS sites to continue, analysts expect bigger supply in H2 (BT, 17 May, 2017)

Developers' hunger for land has clearly translated into more intense bidding for sites sold under the GLS programme, with more bidders participating and the winning bidders footing price premiums that are higher than those for comparable sites sold earlier. The average price premium of sites sold in H1 2017 over the latest comparable sites sold in the preceding five years was 29 per cent, compared to negative 3 per cent in H2 2015. Most market watchers agree that aggressive land bidding by developers will persist. An expert says he expects the GLS programme to increase land supply more decisively for the second half of 2017 as the unsold inventory in the market has fallen to more manageable levels and the market is showing signs of turning around.

Investment Sales

Oxley-led consortium secures Rio Casa for S\$575m in en bloc deal

(BT, 25 May, 2017)

The property known as Rio Casa is a former HUDC estate that has been privatised and sits on a land area of about 36,811.1 square metres. The buyers plan to apply for the grant of a fresh 99-year lease for the property and to redevelop it, subject to obtaining all the necessary approvals from the relevant authorities. An estimated differential premium of S\$208 million is payable to the state for the top-up of the lease and for the development of the site to a gross plot ratio of 2.8. This deal came on the heels of the first residential collective sale this month of One Tree Hill Gardens near Orchard Road to Lum Chang Holdings for S\$65 million. Separately, a unit of BBR Holdings also exercised a call option on Thursday for a mixed-use property Goh & Goh Building at S\$101.5 million.

BBR unit snags Goh & Goh Building for S\$101.5m in collective sale

(BT, 25 May, 2017)

The four-storey mixed-use freehold property, which sits on 2,868.3 square metres of land area at Upper Bukit Timah Road, is zoned residential with commercial on the first storey. It has a plot ratio of 3.0. Subject to Alik's payment of a development charge, the site can potentially yield about 100 residential units and a level of retail shops on the ground floor, taking into account the permissible gross floor area of 8,604.9 square metres.

Oxley Holdings buys freehold property at East Coast for S\$10.5m

(BT, 24 May, 2017)

Oxley Holdings Limited said it has exercised an option to purchase the property at 494 Upper East Coast Road from its owner for S\$10.5 million. The freehold property sits on a land area of 1,292.1 square metres that is zoned "part residential/part road". The group intends to redevelop the property, subject to obtaining all the necessary approvals from the relevant authorities.

2/3 of 17 Leedon Park being sold for about S\$43m

(BT, 18 May, 2017)

Two-third of a sprawling 46,879 sq ft freehold site in the Leedon Park GCB Area which was put on the market last September, is being sold. The site is subdivided into two plots - the larger of which will be 31,211 sq ft and for which an option to purchase was granted earlier this year. The price is around S\$43 million, which works out to S\$1,380 per square foot on land area. The balance land of 15,668 sq ft has an asking price of S\$25 million or S\$1,596 psf.

In the Ewart Park GCB Area, a property has been sold for nearly S\$15.93 million or S\$1,030 psf on the freehold land area of 15,464.50 sq ft. The house has about 9,300 sq ft built-up area. So far this year there have been at least 12 transactions in GCB Areas totalling about S\$287 million. For the whole of last year, the tally was 37 deals amounting to S\$788.5 million.

UOL Group and its associate complete acquisition of Raintree Gardens

(BT, 16 May, 2017)

UOL Group, with its listed associate United Industrial Corporation, has completed the en bloc purchase of Raintree Gardens in Potong Pasir. The leasehold property at 110-112 Potong Pasir Avenue 1 will be redeveloped into a project with about 750 units, UOL said in its results released on 12 May. It is looking to begin sales in 2018 for the project.