

Fortnightly News Summary

Synopsis of News from 18th April - 28th April 201728th April 2017

Property Market Activities

Singapore private home prices continue to slide; non-landed prices stay flat in Q1 (BT, 28 Apr, 2017)

Prices of Singapore's private residential properties slipped for the 14th straight quarter in the first quarter of this year with a 0.4 per cent dip, compared to a 0.5 per cent fall in the preceding quarter, according to data from the URA. But non-landed home prices stayed flat in the first quarter, unchanged from the fourth quarter of last year, following a 0.8 per cent drop in the previous quarter. The key drag on private residential prices came from the landed segment, where properties marked a steeper 1.8 per cent drop in prices compared to a 0.8 per cent decline in the previous quarter.

Explosive electronics demand expected to propel Q1 GDP growth (BT, 27 Apr, 2017)

Sustained strong demand for electronics in the region has propelled a faster-than-expected expansion in Singapore's manufacturing output - and potentially its economy. The earlier official estimate of Q1 GDP growth stands at 2.5 per cent; economists' revised forecasts are now between 2.7 per cent to 3 per cent. The electronics cluster, the largest cluster in manufacturing, saw a 37.7 per cent year-on-year jump, as semiconductors reported a 54.6 per cent increase. March's stronger-than-expected industrial production data continued to give credence to a resurgent trend for Singapore's manufacturing, or even its whole economy.

Upcoming District 9 condos to stir buying interest (ST, 25 Apr, 2017)

Two prime condominium projects are slated to hit the market in the second half of the year amid a significant pick-up in new private homes sales recently. Analysts say the District 9 projects - GuocoLand Group's Martin Modern and New Futura by CDL - are likely to interest local and foreign buyers if developers can price the units "correctly". Non-landed private home prices in the core central region were down 10.3 per cent as at March 31 from a peak in the first quarter of 2013.

Fraser's sells almost 400 units of Seaside Residences (BT, 24 Apr, 2017)

Keen buying demand was seen in the latest condominium launch, with the developer moving close to 400 units at the 843-unit Seaside Residences' weekend launch, at an average price of S\$1,700 psf. The strong showing at Seaside Residences came on the back of an expected pent-up demand given the site's location and palatable price quantum for the smaller units, and came on the heels of similarly warm reception in earlier launches this year.

Developers' private home sales soar (BT, 18 Apr, 2017)

The government figures on private home sales released on 17 Apr point to a turnaround in the market. Developers sold 1,780 new private homes in Mar, the strongest showing since June 2013, when sales were still buoyant just before the rollout of the TDSR framework. The March 2017 sales volume is up nearly 82 per cent from February's 979 units, and a 111 per cent jump from the 843 units sold in March 2016. This month, developers' new private home sales are expected to be supported by at least two major new launches - Seaside Residences in Siglap Road and Artra next to Redhill MRT Station.

Public Housing

HDB resale prices see steeper fall in Q1 (BT, 28 Apr, 2017)

HDB resale prices slipped 0.5 per cent in the first quarter, steeper than the 0.1 per cent dip in Q4 2016, data from the Housing & Development Board showed on 28 Apr. Resale transactions also fell 9.6 per cent to 4,530 cases from 5,012 cases. The number of applications approved for subletting of HDB flats fell by 6.5 per cent to 9,981 cases in the first quarter from 10,678 cases in the fourth quarter.

Toa Payoh to get new flats, new parks in makeover (ST, 23 Apr, 2017)

Singapore's oldest HDB town, Toa Payoh, will undergo a facelift which will see the building of a few thousand new flats. There will be two new public housing areas: a 10ha site next to the Caldecott MRT station on the Circle Line and the upcoming Thomson-East Coast Line in Toa Payoh Rise, and a 4ha site in Toa Payoh East, next to the Lian Shan Shuang Lin Monastery. Analysts say that the two plots could fit roughly 5,000 units, depending on the flat sizes. There are currently about 37,000 flats in Toa Payoh.

Government Land Sales

CDL trumps eight other bidders for Tampines residential site with S\$370m bid (BT, 26 Apr, 2017)

CDL has emerged the top bidder with a bid of S\$370.1 million for the residential site at Tampines Avenue 10, where it plans to build about 800 condominium units. This translates to S\$565.4 psf ppr based on the maximum gross floor area, a 17 per cent increase over the psf ppr price of an adjacent plot (where The Alps Residences are) sold in 2015. Market analysts noted that CDL's bid is similar to 2013 levels, before the effects of the total debt servicing ratio kicked in. This suggests that CDL is expecting prices to at least remain stable or turn upwards when the project is launched.

JTC puts up Tuas South Link 3 site for sale (BT, 25 Apr, 2017)

The 0.43ha plot is zoned for Business-2 development, which is typically for heavy industrial use. It has a 20-year tenure with a maximum permissible gross plot ratio of 1.4. Tender closes at 11am on June 20, 2017.

Two sites up for tender to yield 1,160 homes (BT, 21 Apr, 2017)

The plum 1.34 ha plot at Lorong 1 Realty Park in Hougang is the first landed site to be sold under the GLS programme since June 2013. The large Stirling Road land parcel where 1,110 units may be built is a Reserve List site that was triggered for sale last week after a developer committed to bid at no less than S\$685.25 million or S\$718 psf ppr. Based on projections by property consultants, the Lorong 1 Realty Park site may draw 25 to 32 bids, with the top bid in the region S\$420-580 psf, whilst the site at Stirling Road is expected to draw six to 14 bids with the top bid coming in at S\$780-1,000 psf.

Investment Sales

Victoria Park Close bungalow being sold for S\$40m (BT, 28 Apr, 2017)

Big residential property deals continue to be sealed. The latest deals include a bungalow on a 999-year leasehold tenure site measuring 29,955 sq ft in the Victoria Park Good Class Bungalow Area that is transacting at S\$40 million, or S\$1,335 per square foot based on the land area. Including this transaction, caveats have been lodged for seven deals in GCB Areas totalling S\$168.25 million so far this year, according to a market analyst.

Other transactions include an apartment at The Marq on Paterson Hill that fetched S\$21.8 million or S\$3,498 psf on a strata area of 6,232 sq ft, villa on Coral Island on Sentosa Cove, which sold for S\$11 million or S\$1,180 psf on land area of 9,322 sq ft, and a waterway-facing bungalow along Cove Grove which sold for S\$16.8 million or S\$1,797 psf on its land area of 9,348 sq ft.

PGIM unit buys Jurong building for S\$194m (BT, 27 Apr, 2017)

US-based PGIM Real Estate is acquiring a cold store logistics facility in Jurong for S\$193.8 million. The facility is located at 1 Buroh Lane, within a government-approved food zone. 1 Buroh Lane has GFA of 645,538 square feet, the maximum allowed for the 258,215 sq ft site. The site's 30-year leasehold tenure started on Feb 21, 2013. The seller, Warehouse Logistics Net Asia (WLNA) will lease back the property for 10 years at a rental rate that translates to slightly above 7 per cent net yield. It will pay the maintenance charges and property tax.

139 Cecil Street put up for sale with S\$210m price tag (BT, 25 Apr, 2017)

139 Cecil Street, which is undergoing a major refurbishment, has been put up for sale with an indicative price of S\$210 million on a completed basis. This works out to around S\$2,470 psf based on the NLA of about 85,000 sq ft post refurbishment. The property is on a site with a balance leasehold tenure of about 62 years when the refurbishment works are completed next year. The property is being offered for sale through an expression of interest exercise which will close on May 25.

Industry observers are paying close attention to another potential major transaction, with CapitaLand and CapitaLand Commercial Trust carrying out exclusive due diligence for the purchase of Asia Square Tower 2 along Marina View. The pricing is expected to be close to S\$2,800 psf on NLA.

Phoenix Property Investors puts Peck Seah shophouses on the market for \$57.8m (BT, 19 Apr, 2017)

The indicative price for the three pairs of shophouses with balance tenure of 76 years, located on 48 to 56 Peck Seah Street (even numbers only) is S\$57.8 million, which works out to about S\$2,900 psf on the total GFA of some 19,938 sq ft. On a fully let basis, the asking price would reflect a gross yield of close to 3 per cent. The three plots have a combined land area of about 8,213 sq ft. The property is being offered for sale with existing tenancies and the expressions of interest exercise will close on May 23.

Other recent transactions include the sale of two adjoining shophouses with balance tenure of 76.5 years, located on 29 & 31 Tanjong Pagar Road for S\$21.8 million. This works out to S\$2,400 psf on the GFA of 9,081 sq ft. The gross yield on this fully-let property is close to 3 per cent. The shophouses are on a single plot of land with a land area of 2,970 sq ft. SilkRoad Property Partners bought 50 and 74 Tras Street at S\$9.2 million and S\$11.3 million respectively. Fragrance Group boss James Koh Wee Meng in his private capacity is buying five joining freehold shophouses at 17, 19, 21, 23 and 25 Baghdad Street at nearly S\$19 million or about S\$2,660 psf on GFA. This translates to a gross yield in the region of 2.5 per cent. The five shophouses sit on separate adjoining plots totalling 4,892 sq ft and have a total GFA of 7,137 sq ft.

Separately, a portfolio of 22 shophouses in Joo Chiat Place, Tembeling Road and Killiney Road estimated to be worth about S\$80 million is coming to the market soon.