

# Fortnightly News Summary

Synopsis of News from 1<sup>st</sup> April - 17<sup>th</sup> April 201717<sup>th</sup> April 2017

## Property Market Activities

### Woodlands set to become 'star destination' (BT, 17 Apr, 2017)

Woodlands will offer close to 10,000 new housing units in addition to a new business hub as part of a revamp to transform the area into the "star destination of the north". The makeover for Woodlands will be implemented within the next five to 10 years. The new residential developments will be located at Woodlands Central and Woodlands North Coast.

### Singapore property prices to double by 2030: Morgan Stanley

(BT, 14 Apr, 2017)

Singapore's property prices are expected to turn the corner next year, ending a protracted downtrend since late 2013, and to double by 2030, Morgan Stanley says in a note. This is based on its forecast that home prices will rise by 5 per cent each year on a per square foot (psf) basis from 2018 to 2030. The bullish report noted that indicators of supply-demand dynamics have already improved significantly - residential supply has peaked, demand is now surprising on the upside, and developers' unsold inventory is at an all-time low. In the near term, Singapore's improving macroeconomic outlook and an expected surge in sales volume this year will set the stage for a price recovery next year and developer stocks to re-rate over the next 12 months, the report posits.

### Real estate sentiment improves in Q1 2017 (BT, 13 Apr, 2017)

Developers' sentiment for the overall real estate market appears to have improved since the last quarter of 2016, although rising inflation and interest rates were flagged as risks. They also regard the introduction of the Additional Conveyance Duties to have more negative impact for the industry, especially for developers. This is according to the latest quarterly survey by Redas and the Department of Real Estate at NUS.

### Resale prices at 2 1/2-year high after rising 0.5% in March: SRX

(BT, 12 Apr, 2017)

Resale prices of private non-landed homes last month rose 0.5 per cent in the fifth straight month of increase on broad-based recovery across regions, reaching a 2 1/2-year high since September 2014, says SRX Property. But some analysts note that the smaller price gain in March following a one per cent rise in January and 1.1 per cent increase in February should not be read as a sign of market exuberance, especially in view of the sterling jump in volumes.

### Pent-up demand expected for Seaside Residences in Siglap (BT, 8 Apr, 2017)

Market watchers are anticipating strong pent-up demand for the upcoming condominium project at Siglap Link by virtue of its location and palatable price quantum for the smaller units. The 843-unit Seaside Residences will be the first new project built along the ECP in 15 years, with unblocked sea views when ready in 2021. The launch is scheduled on 22 Apr, with some sources estimating the average pricing for the residential units in the 99-year leasehold project to be S\$1,600-1,650 psf.

### BlackRock sees Singapore office market improving as supply tapers

(BT, 6 Apr, 2017)

BlackRock said the worst was over for Singapore's office property market with supply tapering off. Prime office rents in Singapore's financial district dropped by more than 10 per cent in the past two years due to oversupply, making it one of the worst performing major Asian markets. But the outlook is improving with analysts expecting limited new developments until 2021 after some constructions this year.

## Public Housing

**HDB rental slide in March outpaces that for private condos** (BT, 13 Apr, 2017)  
SRX's flash estimates show a 4.7% y-o-y decline compared with March 2016 for the HDB segment, against a 3.9% drop across the same period for private apartments and condos. The HDB rental index eased 0.5 per cent m-o-m in March 2017 whilst the rental index for private apartments and condos fell one per cent m-o-m. An expert opined that the rental market for HDB flats may take a longer time to recover fully compared with private apartment and condo rents.

### **HDB resale volume surges 75%, prices rise 0.3% in March: SRX data**

(BT, 7 Apr, 2017)

Resale prices of HDB flats rose 0.3 per cent in March compared to February 2017, while resale volume surged by 75.4 per cent. A possible driver of transaction volume in March was the additional CPF housing grants for first-time buyers of resale flats announced by the government in its February Budget, which helped to improve buying sentiment. The price increase in March was driven by higher resale prices in both mature and non-mature estates, which rose 0.3 per cent and 0.2 per cent respectively.

## Government Land Sales

### **Bullish bidding for Toh Tuck site** (BT, 12 Apr, 2017)

An overwhelming 24 bids were submitted for the tender of a residential plot in Toh Tuck Road, with Malaysian property developer SP Setia International putting in the highest bid at S\$265 million, which translates to about S\$939 psf ppr. The results completely exceeded property consultants' earlier expectations of up to 16 bidders, with the highest bid at no more than S\$750 psf ppr. An executive of SP Setia said the group plans to build a five-storey 320-unit development on the plot.

### **Keen bidding expected for Stirling Road residential site** (BT, 11 Apr, 2017)

A residential site at Stirling Road which has been on the Reserve List for the past seven years has been triggered for sale after a developer committed to bid no less than S\$685.25 million. This minimum price translates to S\$718 psf ppr, based on the site's maximum gross floor area of 88,660 square metres. The 99-year leasehold site, near Queenstown MRT station, is expected to yield 1,110 units, said the URA. Property consultants estimate that there will be six to 14 bids for the site, with the top bid likely to come in at S\$830-954 psf ppr.

## Investment Sales

### **Eunosville latest ex-HUDC estate to be put up for collective sale**

(BT, 13 Apr, 2017)

Owners of 330-unit Eunosville have put up their former HUDC estate for sale, with an asking price of S\$643 million-S\$653 million. The site is almost rectangular in shape with wide frontage onto Changi Road and Sims Avenue. It has a land area of about 34,997.8 sq m and a redevelopment could potentially yield about 1,035 units with an average size of 90 sq m. Including the differential premium of about S\$181 million is expected to be paid for topping up the lease and the intensification of the site to a gross plot ratio of 2.8., the cost works out to be S\$780 to S\$790 psf ppr.

### **Tuan Sing buys land for S\$47.8m at Jalan Remaja** (BT, 12 Apr, 2017)

Tuan Sing Holdings' wholly-owned Episcia Land exercised an option to purchase a piece of vacant land at 1 Jalan Remaja for S\$47.8 million. The residential-zoned freehold site is nestled within a tranquil private residential enclave of Hillview area and has a land area of about 4,046.6 sq m. At a plot ratio of 1.92, subject to Episcia's payment of development charge, the site can potentially yield about 100 residential units.

## Manulife Real Estate buys S'pore office building for US\$526m

(BT, 12 Apr, 2017)

Manulife Real Estate, the global real estate arm of Manulife Financial Corp, said on 11 Apr it acquired 8 Cross Street, a 28-storey office tower in Singapore, for US\$526 million. The 355,000-square foot property, located in the Central Business District, will house Manulife Singapore's operations. The deal is Manulife Real Estate's first property acquisition in the Republic and the second largest in its global portfolio to date.

## Rio Casa up for en bloc sale (BT, 11 Apr, 2017)

Rio Casa was put up for collective sale on 10 Apr, with the owners of the river-fronting estate along Hougang Avenue 7 expecting offers of more than S\$450.8 million for the property. This translates to a land rate of about S\$586 per square foot per plot ratio, inclusive of a differential premium of about S\$141.5 million for intensification of the site, as well as a lease top-up premium of about S\$57.5 million for a fresh 99-year lease. Property consultants thought the reserve price was slightly too bullish as the site can potentially yield more than 1,000 homes - quite intimidating for any developer to sell. This would likely temper their bids, they say.

## Tuan Sing buys Sime Darby Centre for S\$365m (BT, 10 Apr, 2017)

Property developer Tuan Sing Holdings has signed an agreement to buy Sime Darby Centre in Bukit Timah for S\$365 million. The property is located at 896 Dunearn Road and sits on commercial land of 13,088.8 square metres that is part-freehold and part-999 years leasehold. With an allowable gross plot ratio of 1.8 and a maximum permissible gross floor area of 23,559.8 sq m, it is currently about 96 per cent occupied over a net lettable area of about 18,832 sq m.

## Mercatus buys Guthrie-Lee Kim Tah stake in Jurong Point (BT, 7 Apr, 2017)

Jurong Point has been transacted at S\$2.2 billion, with a sale and purchase agreement signed on 6 Apr. Buyer Mercatus Co-operative, an NTUC social enterprise, is paying S\$3,343 per square foot based on the 658,000 square feet of commercial NLA in the mall. The estimated net yield based on the transacted price is 4.2 per cent.

## Lian Beng-led consortium to sell another 8 office units at Prudential Tower (BT, 6 Apr, 2017)

A Consortium led by Lian Beng Group Ltd has executed a non-binding letter of intent to dispose eight strata office units spanning 55,711 sq ft in Prudential Tower to an unrelated third party. Including these units, the consortium, Epic Land Pte Ltd, would have sold almost all available office units in the building. Epic Land completed a S\$512 million acquisition of a 92.8 per cent stake in Prudential Tower from real estate investment trust Keppel Reit in Sept 2014. It has been selling strata units at Prudential Tower in the past few years.

## Investment property sales drop in Q1 (BT, 6 Apr, 2017)

From a high base in the fourth quarter of last year, big-ticket property transactions of at least S\$10 million declined substantially in the first quarter. According to a property expert, since the new Additional Conveyance Duty was introduced, it is unlikely that institutions will return to the bulk residential sales market as the hefty 18 per cent stamp duty cuts deep into their required rates of return. Thus, institutional investor interest will shift to other sectors of the real estate market here. A property consultant noted office asset prices are already starting to trend upwards, with rents expected to bottom this year.