

Fortnightly News Summary

Synopsis of News from 1st December - 15th December 201615th December 2016

Property Market Activities

Rental prices, volume stay soft in Nov: SRX (BT, 15 Dec, 2016)

Private and HDB rents slipped 0.8 per cent and 0.9 per cent respectively in November from a month ago, according to flash estimates by SRX Property. Rents in the CCR were down 0.7 per cent; RCR and OCR rates both fell 0.9 per cent. HDB three-room, four-room and five-room flats saw rental declines of 1.6 per cent, 0.5 per cent and 1.1 per cent respectively, while rents for HDB executive flats inched up 0.8 per cent during the month. But the decline in rents did not spur more rental transactions, with private and HDB month-on-month transaction volumes slipping 0.5 per cent and 1.3 per cent respectively.

Singapore condo resale prices up 0.3% in Nov: SRX (BT, 13 Dec, 2016)

Resale prices of non-landed private homes in Singapore rose 0.3 per cent in November 2016 over the previous month, in contrast to a 0.7 per cent month-on-month decline in the index for October 2016. Last month's increase in the index came on the back of price gains of 0.5 per cent in the CCR and 0.4 per cent in the OCR. However, prices were unchanged in the RCR. The overall price index for November 2016 was down 8.3 per cent from the recent peak in January 2014, and resale volume was 71.7 per cent below the peak of 2,050 units in April 2010.

Sales of upmarket condo units perk up (BT, 12 Dec, 2016)

Singapore-listed property developer GuocoLand has sold its last three penthouses in the 210-unit Bukit Timah condominium project Goodwood Residence for between 3,900 and 9,600 sq ft, to both Singaporeans and foreigners, at prices between \$6.5 million and \$14.23 million. No deferred payment system or sweeteners were given for the last few units. Analysts were cautiously optimistic about the high-end property market, opining that sales volumes are due mainly to value for money opportunities rather than improved sentiments.

Good Class Bungalow prices set to soften further (BT, 10 Dec, 2016)

The volume and value of transactions in Good Class Bungalow (GCB) Areas have risen so far this year, though prices continued to soften. Market views are mixed on whether transaction volumes will rise again or fall next year although there is a consensus that prices will keep on dipping at least in the first half. Agents cited a weakening economy and the rising interest rate scenario among other factors.

The latest caveated transaction is Frasers Centrepoint's sale of a freehold bungalow it developed along Holland Park at S\$25.5 million or S\$1,691 per square foot on land area of 15,080 sq ft. The psf price is 15 per cent lower than the S\$1,991 psf at which the property group sold the next-door bungalow two years ago.

Local developers still keen to replenish land bank (BT, 9 Dec, 2016)

Developers are seeing a challenging outlook ahead for the private residential market but many are still keen to replenish their land bank, albeit in a selective fashion. An industry expert points out that even though the outlook remains challenging, there is still demand for quality projects which offer a strong value proposition in location, quality and price. A market observer opined that given the appetite of developers to replenish their land banks, there may be more enbloc sales, although this may be restricted to smaller sites in established estates.

Recovery in private home sales seen spilling over to new year

(BT, 9 Dec, 2016)

A mild recovery in private residential transactions could spill over into 2017 although this comes against a backdrop of falling rents and rising vacancies. This is due to pent-up demand from buyers who have delayed their purchasing decision since the cooling measures of 2013, property consultants said. But the uncertainty of the state of the economy and its impact on the labour market has clouded the reading on price directions for next year; analysts expect private home prices to slip further by as much as 3 per cent or to rise by as much as 2 per cent through 2017.

Public Housing

Build-to-order flat supply to taper in 2017: Minister Wong (BT, 14 Dec, 2016)

Singapore's HDB will launch about 17,000 new flats for sale to Singaporeans in 2017, about 5.6 per cent fewer than the 18,000 BTO flats launched in 2016. National Development Minister Lawrence Wong said: "We are gradually tapering supply but still ensuring a healthy pipeline to meet demand. Once again, we will offer a good spread across the mature and non-mature estates." He added the government will continue to monitor the market and make adjustments to the building programme.

HDB resale prices up 0.2% in November from October: SRX

(BT, 8 Dec, 2016)

According to the SRX Property Price Index released 8 Dec, resale prices of HDB flats rose 0.2 per cent in November 2016 compared to a month ago. From a year ago, prices have fallen 0.7 per cent. Prices are also down 11.3 per cent since the peak in April 2013. Resale volume fell 5.3 per cent in November 2016 from a month ago to 1,585 units. On a year-on-year basis, resale volume increased by 7.1 per cent.

Government Land Sales

Mixed views over West Coast Vale residential site (BT, 8 Dec, 2016)

The newly released residential site at West Coast Vale may see warm interest from developers on the back of improved sentiment and a lack of available development sites, some property consultants say. Others believe that the slow take-up at nearby Parc Riviera condominium project by EL Development, which was launched last month, may serve as a dampener. Most consultants are expecting five to 10 bids with the top bid being in the region of S\$529 to S\$600 psf ppr.

MCL Land tops bids for Margaret Drive residential site with S\$238.4m

(BT, 7 Dec, 2016)

MCL Land has emerged top in a fierce contest among 14 bidders for a residential land parcel at Margaret Drive. The top bid of S\$238.39 million translates to S\$997.85 per square foot per plot ratio (psf ppr) based on the maximum gross floor area of the site near Commonwealth MRT station, which is big enough for 275 homes. It is also 7.9 per cent higher than the next highest bid, from Allgreen Properties, at S\$220.9 million. The breakeven level for the future project to be built on the site, based on MCL Land's top bid, is expected to be about S\$1,500 psf, according to sources.

Investment Sales

Sabana Reit to buy Paya Lebar Central property for S\$34.5m

(BT, 14 Dec, 2016)

The managers of Sabana Shari'ah Compliant Industrial Reit are proposing to acquire a newly completed light industrial building between Paya Lebar and Eunos MRT stations on 107 Eunos Avenue 3, with balance of 24 years lease. The vendor, General Cars Fleet Management, will also provide income support for five years if the net property income is less than the guaranteed net property income of about S\$3.1 million a year. The vendor will also lease back about a third of the total gross floor area of the premises for five years, with an option to renew for three more years.

BASF selling five office floors at Suntec Tower One for S\$129.3m

(BT, 14 Dec, 2016)

Levels 24, 25, 34, 35 and 36 in Suntec Tower One, which is on a site with a balance lease term of around 71 years, are being sold by BASF South East Asia for a total sum of S\$129.3 million, which works out to S\$2,400 per square foot on strata area of 53,863 sq ft. The floors are being bought by companies which are believed to be linked to the ARA group.

ARA Asset Management recently completed the purchase of a 50 per cent stake in Capital Square, which is on a site with about 78 years balance lease term, from Alpha Investment Partners for S\$475.5 million; the deal valued the entire building at S\$951 million or S\$2,450 psf.

Bankrupt trader's bungalow finds buyer (BT, 10 Dec, 2016)

According to caveats, the freehold bungalow at 85 Branksome Road was sold to a special purpose vehicle called Branksome Realty 1 Pte Ltd, which construction and property group Chiu Teng Enterprises is a shareholder of, for S\$15.08 million. This translates to about S\$1,143 psf on the land area of 13,189 sq ft. Under the URA Master Plan 2014, the property has potential for redevelopment into a two-storey bungalow or it can be subdivided for redevelopment into a pair of bungalows or semi-detached houses, subject to the authorities' approval.

Meanwhile, along the same street, another freehold bungalow was also sold for S\$16.88 million to a next-door neighbour last month, according to caveats lodged. This translates to about S\$1,170 on a land area of 14,429 sq ft.

Manulife said to be doing due diligence on PWC Building (BT, 9 Dec, 2016)

PWC Building at 8 Cross Street could be in the early stages of a potential sale. The building, which is owned by DBS, is on a site with a balance lease term of 78.5 years. According to information in DBS's 2015 annual report, PWC Building was independently valued at S\$711 million at the end of last year; this works out to S\$1,999 psf on NLA.

Meanwhile, interest could have fizzled out at One George Street, where China Life Insurance and Haitong Securities were earlier carrying out due diligence.

National Aerated Water sells Serangoon Road site to Malaysia developer (ST, 9 Dec, 2016)

Malaysia-listed developer Selangor Dredging is buying a freehold site in Serangoon Road from National Aerated Water Company for \$47 million, with an additional \$22.66 million payable in estimated development charges to intensify land use from an industrial to residential purpose. The total outlay translates to \$785 psf per plot ratio. The site, which is along the Kallang River, has a land area of 31,705 sq ft and an allowable gross floor area of 88,775 sq ft based on a plot ratio of 2.8 and could potentially yield 117 apartments averaging 70 sq m (about 754 sq ft) each.

White House Park GCB sells for S\$25.5m or S\$1,686 psf based on 15,125 sq ft land area (BT, 3 Dec, 2016)

A bungalow on White House Park is being sold at S\$25.5 million, which translates to S\$1,686 per square foot based on the land area of 15,125 square feet. The selling price is 2.2 per cent lower than the last caveated transaction a year ago, for another GCB that was also part of The Glencaird Residences collection.

Separately, an option has been granted for the purchase of a GCB at S\$19.35 million or S\$1,284 psf based on the land area of 15,069 sq ft at Ewart Park.