

Fortnightly News Summary

Synopsis of News from 1st September - 15th September 201715th September 2017

Property Market Activities

Private home rentals slip 0.4% in Aug: SRX (BT, 14 Sep, 2017)

Private residential rents in Singapore fell 0.4 per cent in August, while rental volume fell 10.4 per cent. The general trend of private home rentals has been a gentle downward slope; year-to-date, the price index is down 0.4 per cent from the start of this year. Year-on-year, the rental volume in August 2017 was also 5.6 per cent lower than the 4,524 units rented in August 2016. An expert said he anticipates overall rents to be quite stable going forward, and in certain pockets of Singapore, to be even growing.

On the public housing front, HDB rents remain unchanged in August, after slipping 0.3 per cent in July. Year-on-year, HDB rents in August 2017 were down by 3.8 per cent from August 2016; year-to-date, the rental price index has declined by 1.3 per cent from January 2017. HDB rental volume fell 6.4 per cent to about 1,658 flats in August, compared to 1,772 units in July. Year-on-year, the rental volume in August 2017 was also 7.5 per cent lower compared to August 2016.

Non-landed resale prices inch up in August (BT, 13 Sep, 2017)

Non-landed private residential resale prices inched up 0.7 per cent in August from July, led by the prime and suburban regions, and accompanied by a monthly increase of 19.2 per cent in transaction volumes. An expert opined that he expects resale transactions to hover around 10,000 units and new sale transactions to cross 10,000 units for the whole of 2017, while the overall price trend for all transactions could stay flat, with prices likely to start pushing up in the third and fourth quarter.

Private home prices to rise 10% by end-2018: Morgan Stanley

(BT, 11 Sep, 2017)

The recovery in private home prices has started in the third quarter, Morgan Stanley believes. An analyst expects Singapore home prices to rise 2 per cent this year, and another 8 per cent in 2018. The analyst cites sharply rising transaction volumes, price increases in the resale segment, record-low unsold inventory, and increase in developer sales volume among other factors for his bullish stance. Two major banks expressed expectations for prices to only bottom out in 2018.

Singapore economy expected to grow by 3.1% in Q3: economists

(BT, 7 Sep, 2017)

Private sector economists expect Singapore's economy to grow by 3.1 per cent in the third quarter of 2017, according to a poll by the MAS. For the full-year of 2017, the analysts maintained their growth forecast of Singapore's GDP at 2.5 per cent. The latest Purchasing Managers' Index for Singapore's manufacturing sector rose for the 12th consecutive month, posting the highest reading since November 2014, as electronics production quickens. For Q3, headline inflation and core inflation are expected to come in at 0.7 per cent and 1.7 per cent, respectively.

Latest bout of en bloc sales could yield over 12,000 new homes

(BT, 4 Sep, 2017)

About 12,000 new private homes could potentially be generated from the 10 residential collective sales that have been transacted since last year as well as another seven launched whose tenders have yet to close or be awarded. Assuming that six or seven out of 10 owners in the 17 residential collective sale sites decide to look for a replacement home in the private residential market, this could boost demand for completed private homes by 1,800 to 2,200 units, with the bulk of purchases taking place in 2018.

Sharp rise in DC charges for non-landed homes amid en bloc fever

(BT, 1 Sep, 2017)

With collective-sale fever heating up in Singapore, the development charge (DC) rates for non-landed residential use has been raised by a sharp 13.8 per cent on average. The biggest increase of 29 per cent applying in Tampines Road, Hougang, Punggol and Sengkang. Developers pay a DC for enhancing the use of some sites or if they want to build bigger projects on them. Analysts say the hike is no surprise, given how bullish land prices paid by developers have been in the last six months.

Public Housing

HDB resale prices dip 0.7% y-o-y in Aug: SRX (BT, 8 Sep, 2017)

Resale prices of HDB flats slipped 0.7 per cent year on year in August while the volume of resale transactions rose 3 per cent over the same period. The price index is 12.1 per cent below the peak in April 2013. In mature estates, prices eased 0.2 per cent year on year from August 2016, a smaller pace of decline compared with a 1.1 per cent price fall in non-mature estates over the same period.

Government Land Sales

JTC launches industrial site at Tuas South Link 3 for sale (BT, 5 Sep, 2017)

The 0.57 hectare site at Tuas South Link 3 (Plot 14) is zoned for Business-2 development and has a 20-year tenure with a maximum permissible gross plot ratio of 1.4. The tender closes on 24 Oct 2017.

Investment Sales

Pine Grove owners expect at least S\$1.65b in 3rd en bloc sale bid

(BT, 15 Sep, 2017)

Pine Grove could well emerge as Singapore's largest en bloc deal, going by its indicative reserve price of S\$1.65 billion. With 66 years left on its lease, Pine Grove is making a third attempt at an en bloc sale, after unsuccessful attempts in 2007 and 2011. Its reserve price in 2011, S\$1.7 billion, did not receive bids from developers. The current minimum reserve price translates to an estimated land rate of S\$1,137 psf ppr. This includes differential premiums for intensifying land use to its designated plot ratio of 2.1 and a lease top-up to a fresh 99-year lease.

In the year to date, seven collective sales with a residential component worth more than S\$3 billion have been sealed. Another seven sites have been launched for tender with an aggregate asking price of S\$2.61 billion; another 50 to 60 sites are said to be in various stages of the en bloc process.

EL Devt's Lim family buys 2 GCBs for S\$46.6m (BT, 15 Sep, 2017)

Some members of the Lim family that controls construction group Evan Lim & Co and property developer EL Development have bought two Good Class Bungalows, one in Chancery Lane and the other in Ewart Park. Options to buy the freehold bungalows, at S\$26.06 million and S\$20.5 million respectively, are understood to have been exercised. The Chancery Lane bungalow is more than 30 years old and ripe for redevelopment. The price works out to S\$1,202 per square foot on the land area of 21,684 square feet. The Ewart Park bungalow was completed in 2006, and the price translates to nearly S\$1,350 psf on the land area of around 15,200 sq ft.

Nanak Mansions in Meyer Road on the market with S\$200m tag

(BT, 14 Sep, 2017)

The fourth freehold residential site in the Meyer-Amber roads vicinity has come on the market this year. The owners are seeking around S\$200 million. The 109,629 square foot plot on Meyer Road was once part of a small golf course. Assuming the site fetches S\$200 million, this works out to about S\$1,420 psf ppr, inclusive of an estimated development charge of S\$18 million for intensification of the site. The tender will close on 26 Sep.

Two other tenders for freehold residential sites along Meyer and the nearby Amber Road are also closing in the next few weeks. They are the 213,670 sq ft Amber Park collective sale site, which has a reserve price of S\$768 million or S\$1,284 psf ppr; and 12 Amber Road, an estate sale of a 22,800 sq ft plot with an asking price of S\$56.6 million to S\$61 million (S\$1,199-1,268 psf ppr). Both sites have 2.8 plot ratios.

Alpha sells 22 units at Draycott Eight (BT, 13 Sep, 2017)

American alternative investment manager Angelo Gordon has bought a stack of 22 units in the Draycott Eight condo for over S\$100 million. The 22 units have a total strata area of 65,401 sq ft; the 136-unit Draycott Eight is on a site with about 79 years left on its lease. The sale was transacted through a sale of shares in the company owning the 22 units, and is believed to be the first bulk transaction of residential units in a development following a tightening of stamp duty rules in March.

Kong Hee's Sentosa penthouse back on the market at \$11.5m

(ST, 11 Sep, 2017)

If sold at the asking price, the value of the unit works out to \$2,194 psf. This is higher than that fetched by another unit in the same The Oceanfront condominium last month which, at \$2,022 psf, is already above this year's median psf for Sentosa Cove properties - \$1,579 psf. For Sentosa Cove penthouses, the median psf in 2016 and 2017 was \$1,628 and \$1,802 respectively.

'Hungry ghosts' not dampening GCB interest (BT, 9 Sep, 2017)

A bungalow along Maryland Drive in District 10 that sits on a 999-year leasehold site was sold at S\$20.98 million, which works out to S\$1,832 per square foot, based on the 11,450 sq ft land area. A freehold property at Andrew Road in the Caldecott Hill Estate GCB Area went for S\$25.6 million or S\$1,152 psf on a land area of about 22,220 sq ft. Along Ewart Park, a bungalow designed by Guz Architects has been sold for S\$20.5 million or almost S\$1,350 psf on the freehold site of around 15,200 sq ft.

Changi Garden latest to hop on en bloc train (BT, 8 Sep, 2017)

The residents of Changi Garden have agreed to put up their nearly 40-year-old property for collective sale by public tender. Their asking price is S\$196 million, which translates to about S\$700 per square foot per plot ratio. Located at the junction of Upper Changi Road North and Jalan Mariam, the freehold property sits on 200,093 sq ft of elevated ground and is surrounded by houses. This is the 15th residential en bloc attempt this year; 50 to 60 deals are said to be under way at various stages.

Church buys Elite Building in collective sale (BT, 7 Sep, 2017)

Elite Building, a freehold six-storey property near Aljunied MRT Station, has been sold through a collective sale for S\$52 million to The Tabernacle Church and Missions Limited. The price works out to S\$1,242 per square foot based on the existing gross floor area of 41,866 sq ft. Elite Building is on a 14,274 sq ft site zoned for "residential/institution" use with a 2.8 plot ratio under the URA's Master Plan 2014.

Micron selling Ang Mo Kio facility for US\$30m (BT, 6 Sep, 2017)

US-based global semiconductor company Micron Technology is selling its wafer fabrication facility along Ang Mo Kio Avenue 12 to STMicroelectronics for US\$30 million or S\$40.9 million. The facility comprises two buildings - one is three storeys high and the other, six storeys with a basement - sitting on a total land area of 385,778 sq ft and with a gross floor area of 703,313 sq ft. The bulk of the site has a balance lease tenure of 10 years with the rest of it, 27 years.