

Fortnightly News Summary

Synopsis of News from 28th January - 15th February 201715th February 2017

Property Market Activities

Rents for private homes break 6-month slide, rising 1.3% in January:

SRX Property (ST, 15 Feb, 2017)

According to flash estimates released by SRX Property on Feb 15, the rebound was across all locations with rents going up by 0.9 per cent in the prime areas, 1.6 per cent in the city fringes and 1.3 per cent in outlying areas. Year on year, private home rents in January are still down 5 per cent from January 2016, and 18.9 per cent off their peak in January 2013. Rents fell 6.3 per cent last year, with December's decline revised by SRX to 1.4 per cent from an earlier estimate of 1.3 per cent. More private leaseings were also achieved last month, with the number of units rented out up 5.8 per cent to 3,813. Year on year, rental volume in January was 0.7 per cent higher than 3,785 units rented in January 2016.

Prime region leads private-home resale price rise

 (BT, 14 Feb, 2017)

The first month of 2017 saw a continued momentum in the high-end residential property segment, with resale prices in the Core Central Region (CCR) making a 1.9 per cent rise from a month ago and a 2.7 per cent increase from a year ago, based on SRX Property estimates. This helped to lift SRX Property's overall resale index for the private residential market by 1.1 per cent month on month in January and 0.3 per cent from a year ago. A market expert opined that with prices largely stabilising and sales improving, the likelihood of fine-tuning of property cooling measures seems unlikely.

New condo in Tanah Merah inspired by luxury wellness

 (BT, 10 Feb, 2017)

CEL Development on 9 Feb announced that it will be launching a 720-unit residential condominium that's just a minute's walk from Tanah Merah MRT station via a linkway, hoping to draw buyers at an average pricing of S\$1,350 per square foot (psf). Grandeur Park Residences will sit on 24,394 sq m of land, and comprise 96 one-bedroom units, 326 two-bedroom units, 184 three-bedroom units, 67 four-bedroom units and 47 five-bedroom units, spread across six blocks of up to 15 storeys. The last project launch in the area was condominium project The Glades in September 2013.

Annual job creation over next 3-5 years to be 25,000-40,000: Swee

Say (BT, 9 Feb, 2017)

Singapore aims to create about 25,000 to 40,000 jobs annually over the next three to five years, said Minister for Manpower Lim Swee Say on 8 Feb. Due to economic restructuring and an ageing workforce, the number of jobs created in the last two years had gone down significantly, he noted. While more jobs in the coming years will be aimed at professionals, managers, executives and technicians (PMETs), he said, there is a higher risk of mismatches between jobseekers and job openings.

Private home rentals: Govt looking at shortening minimum stay

(BT, 7 Feb, 2017)

Amendments to the Planning Act will make two practices illegal - that of using private residential properties for rentals of under six months, and housing more than six tenants in each unit. However, the government is looking into shortening the minimum six-month requirement for private housing rentals, and creating a new class of use for private homes so that they can be rented out short-term. New residential sites can also be sold with such an approved use, to open the way for flexibility for short-term rentals. These proposed measures are all separate from the amendments tabled on 6 Feb. URA is studying them, before providing more details.

Marina One office space 60% pre-leased (ST, 7 Feb, 2017)

The development's prime Marina Bay location and larger floor plates have played a part in getting many companies to relocate from older commercial buildings amid a weak office property market deluged by new supply in the past year. Leases have been signed by Swiss private bank Julius Baer, consultancy PwC Singapore, co-working space provider JustCo, agri-business Olam International, social media giant Facebook and Mitsubishi UFJ Financial Group. A consultancy firm indicated that "prospects for rents to turn upwards" by the end of this year are "increasingly possible" given the strength of the office leasing activity in the past six months.

Condo launches to drive new home sales up (ST, 31 Jan, 2017)

The new private home market is expected to welcome as many as four project launches by April. They are Park Place Residences at Paya Lebar Quarter, Grandeur Park Residences in Tanah Merah, Clement Canopy in Clementi and Seaside Residences in Siglap. New home sales typically get a lift when a major project debuts on the market, particularly with brisk demand for smaller and more affordable units. Last month, developers sold just 367 new units - the lowest level in 10 months - on the back of a paltry 90 new units launched. Despite the subdued monthly sales, the number of new private homes sold last year still hit 7,972 units, up by about 7 per cent from the 7,440 shifted in 2015.

High-end property prices drop in 2016 (ST, 28 Jan, 2017)

Values in prime districts - from the Central Business District to Orchard Road and Tanglin - declined 1.2 per cent over 2016, but that was a better performance than in other parts of the island, according to Urban Redevelopment Authority (URA) figures. URA noted in data out on Thursday that prices fell 2.8 per cent in the city fringe and 3.4 per cent in the suburbs. The high-end market also recorded the biggest increase in the number of transactions last year, up 48.7 per cent over 2015, easily beating the 27.2 per cent rise in the city fringe and the 3.7 per cent rise in the suburbs. Experts expect that prices will fall further, albeit at a gentle pace.

Public Housing

4,056 HDB flats up for sale in February BTO exercise (BT, 15 Feb, 2017)

In this first tranche for 2017, flats being offered span across six projects in the non-mature town of Punggol, and the mature towns of Clementi and Tampines. They range from two-room Flexi to three-generation (3Gen) flats. A project in Woodlands, originally planned for launch this month, has been deferred. HDB plans to launch a total of 17,000 flats this year. In May, HDB will offer another 4,600 flats in Bidadari, Geylang, Woodlands and Yishun, when it will also release 3,000 sale-of-balance flats.

HDB resale volume, prices down in January: SRX (BT, 10 Feb, 2017)

HDB resale prices fell 0.3 per cent in January compared to December, while transactions fell 13.9 per cent to about 1,174 flats resold, according to data from SRX Property released on 9 Feb. Consultants called the drop a blip and believe that prices of HDB resale flats are still continuing to stabilise. As for the double-digit drop in transaction volume, it could be due to the large supply of build-to-order (BTO) flats released for application in the new-sale market in November, they said.

Bishan DBSS flat sold for record S\$1.18m (BT, 1 Feb, 2017)

The new record high in HDB resale prices was achieved last month by a five-room flat at Natura Loft in Bishan. The price translates to S\$914 per square foot for the 120 sqm penthouse on a high floor above 35 stories. This marks the third HDB resale transaction besides those at Pinnacle@Duxton and DBSS project City View @ Boon Keng that crossed a million dollars in the first month of 2017, according to a property agency. According to official data, resale volume for HDB flats rose for the second year in a row - by 7.8 per cent in 2016 to 20,813 transactions - the highest in four years. This pick-up in volumes could be attributed to the gradually stabilising prices.

Government Land Sales

China Construction tops bids for West Coast Vale site (BT, 10 Feb, 2017)

China Construction (South Pacific) Development Co has pipped compatriot MCC Land to place the top bid for a 1.64-hectare private housing site along West Coast Vale. China Construction's bid of S\$291.99 million, or S\$591.51 psf ppr, was just 0.7 per cent more than the S\$289.9 million or S\$587.28 psf ppr from MCC Land (Singapore). The top bid was not only at the upper end of market expectations, but 7.3 per cent more than the S\$551.15 psf ppr that EL Development paid for the next-door site in August 2015 and which it is now developing into the Parc Riviera condo.

JTC launches sale of first industrial site this year (ST, 1 Feb, 2017)

The first of six sites in the Industrial Government Land Sales programme for the year was launched by JTC on 31Jan. There are 11 sites in the Industrial Government Land Sales programme for the first half of this year - six confirmed plots and five on the reserve list. The 0.5ha plot in Tuas South Link 3 is zoned for Business 2 development, which is typically for heavy industrial use. The site has a 20-year tenure with a maximum permissible gross plot ratio of 1.4. An expert estimated that there will be one to three bidders for the site, with offers coming in at \$30 to \$35 per sq ft per plot ratio.

Investment Sales

The Prospex back on the market, with lower price tag (BT, 14 Feb, 2017)

THE Prospex, a nine-storey retail and office building next to Bugis+, is back on the market, this time with an indicative guide price "in excess of S\$70 million". This translates to S\$2,081 per square foot based on the total NLA of 33,631 square feet, comprised of a 4,040 sq ft two-level retail podium and 29,591 sq ft of office space. The Prospex is on a site with a 99-year leasehold tenure starting Dec 1, 1974; this translates to a balance term of about 57 years.

Manulife to buy PwC building from DBS (ST, 11 Feb, 2017)

A Manulife unit is buying a central business district (CBD) building as the Canadian insurer lifts its profile in Singapore. DBS Group Holdings has agreed to sell the 28-storey PwC building at 8 Cross Street for \$747 million to Manulife. The deal, to be completed next month, is based on an agreed property value of \$747 million for the building and the repayment by Manulife of a \$402.6 million loan. The building constructed by DBS China Square in 1999 is said to have a net lettable area of 355,704 sq ft.

GSH, Vibrant stand to book nice gains from GSH Plaza sale (BT, 7 Feb, 2017)

GSH Corporation stands to make a net profit of nearly S\$80 million from disposing of its 51 per cent stake in the consortium that holds GSH Plaza. This figure is based on information released in the regulatory filing by GSH Corporation to the Singapore Exchange on 6 Feb. The GSH-led consortium has entered into a binding term sheet with Hong Kong-listed Fullshare Holdings for the proposed sale of the consortium's investment vehicle Plaza Ventures at S\$725.2 million.

MBS parent firm eyeing \$5b sale of 49% stake in its Shoppes mall

(ST, 28 Jan, 2017)

Las Vegas Sands, the parent company of MBS, wants US\$3 billion to US\$3.5 billion (S\$4.3 billion to S\$5 billion) for the stake, but it needs the green light from the Singapore Government before a sale can take place. The agreement that allowed Las Vegas Sands to build the resort and casino stated that the company cannot sell any part of the 800,000 sq ft mall for at least 10 years, and only then after official approval. The 10-year period expires in March.