

Fortnightly News Summary

Synopsis of News from 30th December 2017 - 15th January 201815th January 2018

Property Market Activities

Home loans get pricier as banks hike interest rates again (BT, 15 Jan, 2018)

Home loans are getting more expensive as banks jack up mortgage rates again to as high as 2.05 per cent, the second increase in as many months, in line with sharply higher interest rates. This could dent some of the enthusiasm in the buoyant property market. One banker also warned that rising interest rates, coupled with declining rents and increasing vacancies raises the risk of defaults in investment properties as borrowers may not be able to cover the higher servicing costs.

French energy giant Total leases over 100,000 sq ft at Frasers Tower

(BT, 12 Jan, 2018)

Riding the current uptick in the office market, Frasers Centrepoint has received pre-commitments for more than 70 per cent of Frasers Tower in Cecil Street. Tenants that have signed up recently include French energy giant Total. Total will be leasing six floors - adding up to around 125,000 sq ft - mostly in the mid-zone of the 38-storey development. An expert opined that the impressive pre-commitment performance is another clear sign that the office market is fast recovering.

Sluggish housing rentals may find footing in second half of 2018

(BT, 11 Jan, 2018)

Singapore's housing rental market remained sluggish last month, but full-year rental declines in 2017 were more moderate than the year before. This confirmed the view of most analysts that notwithstanding the rental market's continued languor, rents will gradually find their footing in the second half of this year.

Singapore property prices seen to rebound in 2018 (BT, 11 Jan, 2018)

Credit Suisse Group and Morgan Stanley are calling the end of Singapore's property downturn, after a second consecutive quarterly increase in private residential prices. Home prices may rise as much as 10 per cent this year, according to analysts at Credit Suisse, while Morgan Stanley and OCBC Investment Research expect as much as an 8 per cent increase, according to reports from the brokerage firms. The surge in home completions from 2021 could begin to dampen sentiment but prices could double by 2030, Morgan Stanley added.

SRX resale condo price index up for 5th consecutive month

(BT, 10 Jan, 2018)

Resale prices for condominium units and private apartments posted their fifth consecutive month-on-month gain in December. The overall resale price index for non-landed private homes went up 0.4 per cent in December over November, the same pace as November's revised rate. December's price gain was led by a 0.6 per cent month-on-month appreciation in the price index for the city-fringe or RCR.

Singapore tops Asean for 2018 property market growth forecasts

(BT, 10 Jan, 2018)

Singapore's property market came in as the most promising one among Morgan Stanley Research's rankings of Asean markets which include the Philippines, Thailand and Indonesia. So bullish is the research house on the Singapore market that it actually expects home prices to rise 8 per cent this year and again in 2019, as rising buyer demand outweighs a tight supply of unsold inventory. It also expects new home sales growth to accelerate from 40 per cent in 2017 to nearly 50 per cent in 2018, as a buoyant collective sale market drives up home buyer demand while reducing the supply of available units to purchase.

More property agents in 2017 due to positive market outlook

(BT, 5 Jan, 2018)

With the Singapore real estate market on the mend, more individuals have signed up as registered property agents. According to The CEA, it issued 66 new property agency licences and 1,344 new property agent registrations in 2017. While there were more agents in the last year, the number of licenced property agencies in Singapore fell due in part to industry consolidation. The 10 biggest property agencies in Singapore now employ close to 80 per cent of agents.

Property market finally on the upturn (ST, 4 Jan, 2018)

After three years of falling prices, 2018 is looking like the year that the Singapore property market's long-awaited turnaround finally gains traction. Analysts reckon that a trough has been reached though they are careful to tamp down excessive optimism. While market watchers generally agree that prices will move up, their forecasts for the increases vary from as low as 3 per cent to a giddy 15 per cent. Most also agree that resales will drive transaction numbers higher this year than last year.

CCR leads charge in condo price surge in Q4 (BT, 3 Jan, 2018)

Condo and private apartment prices in the prime areas outperformed their peers in the rest of the island in terms of prices in the fourth quarter of 2017. The 1.6 per cent rise in non-landed private home prices in the CCR in Q4 2017 was the strongest quarterly increase for the segment in 6-1/2 years since Q2 2011. Last year's gains in private home prices were supported by higher sales volumes of private homes in both the primary and secondary markets. This was sparked by an improvement in sentiment after the government tweaked the SSD in March last year and further fuelled by strong land bids by land-starved developers following the strong home sales.

Big property deals surge to 10-year high in 2017 (BT, 2 Jan, 2018)

Sales of big-ticket property transactions of S\$10 million and above in 2017 surged to their highest level in a decade. According to a research house, Singapore's preliminary tally as at Dec 27, investment sales of property reached S\$35.64 billion, up 57.3 per cent from the S\$22.66 billion in 2016. This was the best since the record S\$41.1 billion during the 2007 property boom. The surge in 2017 was supported by a strong revival in collective sales to S\$8.6 billion from just over S\$1 billion in 2016.

2017 growth hits 3.5%; PM looks to new year with confidence

(BT, 1 Jan, 2018)

Singapore's economy expanded 3.5 per cent in 2017 - more than double initial forecasts - thanks to an upswing in global growth, Prime Minister Lee Hsien Loong said. The Singapore economy, which grew 2 per cent in 2016, picked up pace in 2017 on the back of surging global demand for electronic gadgets. Economists expect this trade-driven lift to continue in the new year.

Public Housing

HDB resale prices up 0.1% in Dec: SRX (BT, 5 Jan, 2018)

Resale prices of HDB flats edged up 0.1 per cent last month, reversing the 0.1 per cent dip recorded in November. There was also a near 20 per cent drop in flats changing hands: 1,585 resale units were sold in December, 19.9 per cent fewer than in November. The number of transactions, while in line with the property market's quieter year-end, was still 14 per cent higher compared to the 1,391 units resold in December 2016. With its latest monthly figures, SRX's full-year HDB resale price index is down 1.8 per cent from December 2016.

HDB sees resale prices slipping 1.5% for 2017 (BT, 3 Jan, 2018)

HDB resale prices edged down 0.2 per cent in the final quarter of last year, making for a full-year price drop of 1.5 per cent, according to flash estimates from the HDB. This means the decline in HDB resale prices last year was steeper than the 0.2 per cent dip in 2016. As announced last month, HDB said the total BTO flat supply for 2018 will be about 17,000 units, keeping the supply of flats on a par with last year's.

Smother transactions with HDB resale portal (ST, 1 Jan, 2018)

The HDB resale portal - a site that streamlines the buying and selling of resale flats - is being launched. The portal integrates all the eligibility checks on a single platform. This means buyers and sellers need to attend only one appointment with HDB, instead of two previously. The first appointment is no longer required as financial statements will be uploaded to the portal and verified. This shortens the transaction time from 16 weeks to eight. It comes at a time of rising numbers of DIY resale transactions; nearly 30 per cent of transactions in the first half of last year were completed without an agent.

Government Land Sales

Reserve list industrial site at Tuas Bay Close put up for sale

(BT, 4 Jan, 2018)

JTC said on Thursday that it had received an application with a committed bid price of not less than S\$17.5 million, triggering the release of the site for sale. The 2.72 hectare land parcel has a 30-year tenure and a maximum permissible gross plot ratio of 1.7.

Investment Sales

SingHaiyi wins S\$841m en bloc tender for Park West near Clementi

MRT (BT, 12 Jan, 2018)

Property firm SingHaiyi Group has snagged a S\$841 million en bloc tender for Park West, which is located at 2-20 Jalan Lempeng, near Clementi MRT station. The property comprises a leasehold estate of 99 years commencing on March 8, 1982, with a land area of about 58,867 square metres with a plot ratio of 2.1.

Nordic Group to buy Tuas property (BT, 6 Jan, 2018)

Precision engineering and systems integration solutions provider Nordic Group has signed an option to purchase an industrial property in Tuas for S\$6.2 million from Microdyn-Nadir Singapore Pte Ltd. The property occupies an area of 5,677.90 sq m, with a lease period of 30 years from Dec 16, 1989, plus an option for another 30 years.

Value of deals in GCB areas rises to five-year high (BT, 6 Jan, 2018)

The number and value of transactions in GCB areas in 2017 rose to their highest levels in five years, based on a preliminary analysis of caveats data as of Jan 5. There were 40 transactions last year, up from 37 in 2016, with the total value of deals up 8.4 per cent to S\$855.14 million from S\$788.53 million in 2016. Last year saw a record price being set in terms of psf on GCBA land, when a bungalow in Cluny Hill changed hands for S\$2,350 psf. The 2017 uptick came amid overall improvement in sentiment in the Singapore residential property market as well as a more upbeat mood about Singapore's economic performance.

City Towers, Sixth Avenue Centre and Kovan Apts join en bloc wagon

(BT, 4 Jan, 2018)

City Towers at 317-325Q Bukit Timah Road will be launched for collective sale for S\$355 million. The owners' reserve price of S\$355 million, which includes a development charge of about S\$3.5 million to intensify land use, works out to a land rate of S\$1,633 psf ppr. Sixth Avenue Centre occupies a land area of 1,394.4 sq m, and is zoned for commercial and residential use with a gross plot ratio of 3.0. Sixth Avenue Centre has an indicative guide price of S\$90.5 million, or a land rate of S\$2,022 psf ppr after factoring in a DC of about S\$526,000. Kovan Apartments has a site area of 21,193 sq ft and plot ratio of 1.4. The asking price is S\$33 million, excluding an estimated DC of S\$2.57 million.