

Fortnightly News Summary

Synopsis of News from 30th September - 13th October 201713th October 2017

Property Market Activities

Singapore economy grows 4.6% in Q3; beats expectations

(BT, 13 Oct, 2017)

Singapore's economy grew by 4.6 per cent compared to a year ago for the third quarter of 2017, based on advance estimates of GDP growth by the MTI on 13 Oct. This comes in higher than the 2.9 per cent growth seen in the preceding quarter, and higher than market consensus. An earlier poll of economists by Bloomberg forecast a median growth of 3.8 per cent. The manufacturing sector expanded by 15.5 per cent y-o-y, services grew by 2.6 per cent y-o-y, and construction contracted by 6.3 per cent y-o-y.

Redas president sounds cautionary note despite upturn in URA's Q3 private home price index

(BT, 4 Oct, 2017)

Despite the recent upturn in the URA private home price index, the developers' body is sounding a cautionary note. The president of Redas pointed out that private housing rents are still falling and vacancies remain high, even as new completions are adding to current inventory at a time when multinational companies are either downsizing or recruiting headcount at a cautionary pace. He warned that buying land at higher prices is not sustainable as property measures remain in place, and there is slow growth in Singapore's population, as well as manpower curbs.

First price rise in four years backs talk of property rebound

(BT, 3 Oct, 2017)

Third-quarter flash estimates for private home prices have showed the first uptick after four years - 15 straight quarters - of decline. The URA private residential property index rose 0.5 per cent in Q3, compared to a 0.1 per cent dip in Q2. The index had fallen more than 11 per cent since Q3 2013. Analysts had already anticipated the change in direction from tracking the higher sales volumes and transaction prices this year. The moderating decline in private home prices over the past quarters had also hinted at an imminent turnaround.

Public Housing

0.6% drop in Q3 HDB resale price index surprises analysts

(BT, 3 Oct, 2017)

The HDB flash estimates for the third quarter surprised some consultants with a resale price dip of 0.6 per cent over the second quarter. This follows quarter-on-quarter declines of 0.1 per cent in Q2 this year and 0.5 per cent in Q1. Pointing out the high positive historical correlation between the private residential and HDB resale markets and a likely recovery in the private market, an expert believes the continued decline in HDB resale prices will be mild and shortlived.

Government Land Sales

GuocoLand-Guoco Grp set to invest S\$2.1b in Beach Road project

(BT, 4 Oct, 2017)

GuocoLand did not give away any concrete plans for its future project on the Beach Road site which it was jointly awarded on 3 Oct for S\$1.622 billion, which works out to S\$1,706.30 psf ppr. However, industry observers expect it to develop an office, residential and retail project at a total cost of about S\$2.1 billion to S\$2.2 billion (including land price) on the site, which has a maximum GFA of 950,592 sq ft. The project is likely to be ready around 2022.

Investment Sales

Royalville in Bukit Timah priced at S\$368m in collective sale

(BT, 13 Oct, 2017)

Royalville, a prime freehold residential site in Bukit Timah Road, has been launched for a collective sale by owners asking for S\$368 million. This reflects a land rate of S\$1,509 psf ppr, with no development charge payable. Another project that will be launched in about two weeks' time in the Bukit Timah area is Mayfair Gardens, which has crossed the 80 per cent backing from owners for a collective sale.

Owners controlling 62.25 per cent of share values and strata area in Cashew Heights voted in favour of starting the en bloc sale process by electing the collective sale committee during an EGM on 7 Oct. The 999-year leasehold estate has a land area of about 953,000 sq ft and is zoned for residential use with 2.1 plot ratio under Master Plan 2014.

Sim Lim Square forms committee in first attempt

(ST, 12 Oct, 2017)

The six-storey mall in Rochor Canal Road is trying for a collective sale amid declining footfall in recent years, industry observers say. The 99-year leasehold building with around 500 units was completed in 1983 and has a land area of 7,260 sq m.

German shipping group picks up Middle Rd building for S\$60m

(BT, 12 Oct, 2017)

The Prospex, a nine-storey retail and office building next to Bugis+, is being sold for S\$60 million to a German shipping group. The S\$60 million price tag works out to around S\$1,950 per square foot based on the existing net lettable area (NLA) of about 30,800 square feet. The Prospex is on a site with a 99-year leasehold tenure starting from Dec 1, 1974; this translates to a balance term of about 56 years.

Two mixed-use developments up for en bloc sale

(BT, 10 Oct, 2017)

Mixed-use developments Jalan Besar Plaza and Tai Wah Building off Orchard Road - both sitting on freehold land, are asking for S\$390 million and S\$81 million respectively. Jalan Besar Plaza's price works out to S\$2,170 psf ppr, and Tai Wah Building's asking price translates to S\$2,035 psf ppr. No development charge is payable for both developments.

Ivory Heights preparing for collective sale for S\$1.34 billion

(BT, 9 Oct, 2017)

The reserve price of Ivory Heights is about S\$1.34 billion, or S\$979 per square foot per plot ratio based on the existing built-up area and plot ratio of 1.86. This includes an estimated differential premium of S\$160 million to top up the lease of the 825,502 sq ft site to 99 years.

LMG Realty buys Nassim Road bungalow for S\$23.7m

(BT, 7 Oct, 2017)

The price works out to S\$1,782 per square foot on this plot of freehold land measuring 13,292 sq ft. A bungalow more than 30 years old sits on the site, but it is expected to be redeveloped by the buyer. A market player says that the level of viewings has picked up significantly since June, on the back of an overall improvement in sentiment in the Singapore residential sector, and bungalow prices are starting to firm.

Standoff in Florence Regency en bloc sale amid risk of oversupply in area

(BT, 7 Oct, 2017)

Three bidders for Florence Regency are refusing to raise their bid prices to match the S\$629 million valuation for the development, signalling that developers are still keeping in view the risk of oversupply in the area. With the new minimum price, the total land cost works out to S\$842 psf ppr, and could cross S\$900 psf ppr if the government raises development charges further. In comparison, an Oxley Holdings-led consortium is estimated to be paying S\$860 psf ppr for Serangoon Ville, and S\$706 psf ppr for Rio Casa.

Owners moving fast to catch collective sales wave (BT, 7 Oct, 2017)

The CSC for the 209-unit Vista Park is expecting the requisite 80 per cent approval from owners within three weeks its first EGM, held on Sept 28. The owners are asking for around S\$345 million, with an estimated development premium of S\$62 million. How Sun Park, which consists of 20 townhouses, is expected to cross the 80 per cent mark within seven days of its first EGM on 1 Oct. Its owners are asking for around S\$72 million, and the site may be subject to a S\$12.7 million development charge.

Far East inks deal to buy S\$22.5m property at Ubi Avenue 3

(BT, 5 Oct, 2017)

Far East Group will purchase 51 Ubi Avenue 3 from an independent third party, Moduslink, which is a subsidiary of supply chain and logistics services company, Moduslink Corporation. The property has a gross floor area of 167,692 square feet and a leasehold tenure of 60 years beginning Jan 1, 1990.

Kingsford Huray bags Normanton Park for S\$830.1m (BT, 6 Oct, 2017)

This works out to S\$969 psf ppr inclusive of two payments that Kingsford will have to make to the state. Kingsford's breakeven cost is estimated at around S\$1,600 psf and assuming a profit margin of 10 per cent, the average selling price of units in the new development on the site would be around S\$1,785 psf. inclusive of Normanton Park, a total of 16 collective sale transactions have been inked so far this year totalling S\$5.843 billion across all property segments.

Cairnhill Mansions to be launched for en bloc sale for S\$362m

(BT, 5 Oct, 2017)

Cairnhill Mansions, a freehold development in prime district 9, will be launched for collective sale in the next few weeks with an asking price of S\$362 million. Their asking price works out to S\$2,101 psf ppr. Subject to URA confirmation, there is no development charge payable.

CDL, Hong Leong unit bag Amber Park with 'aggressive' S\$906m bid

(BT, 5 Oct, 2017)

The S\$906.7 million price tag makes it Singapore's largest freehold collective sale by dollar value to-date. Analysts found CDL's offer price to be bullish, at an 18 per cent premium over its reserve price of S\$768 million. The sale price of S\$906.7 million reflects a land rate of about S\$1,515 psf ppr, based on the allowable gross plot ratio of 2.8. An analyst noted that CDL's purchase price would translate to a breakeven price of about S\$2,200 psf and selling prices of S\$2,600 to S\$2,700 psf. This is above transaction prices of around S\$1,900 to S\$2,000 psf at the nearby Amber Skye and Marine Blue.

All remaining 7 ex-HUDCs have started en bloc process (CNA, 5 Oct, 2017)

A check conducted on 3 Oct showed that all remaining ex-HUDC flats are already at some point of the en bloc process. Out of the 18 former HUDCs, 11 have been sold, with four of these deals - Rio Casa, Serangoon Ville, Eunoville, and Tampines Court - done this year alone, the most in any year. Among the other seven, Florence Regency is re-looking its bids, while Ivory Heights, Pine Grove and Laguna Park have appointed marketing agents. Chancery Court is looking for a marketing agent while Braddell View and Lakeview are looking to form a collective sales committee this month.

Roxy-Pacific to scoop up more residential sites in Guillemard Lane for S\$33.5m (BT, 3 Oct, 2017)

The company's associate RH Guillemard has entered into agreements to acquire the plots situated at 2 and 6 Guillemard Lane, which span a total land area of 14,030 sq ft. The developer said it plans to combine these sites with those at 12 and 14 Guillemard Lane for residential development, which come up to a total estimated land area of 25,601 sq ft. Roxy-Pacific had announced the acquisition of 12 and 14 Guillemard Lane, also freehold residential sites, in mid-September for S\$22.5 million.