

Fortnightly News Summary

Synopsis of News from 16th December - 29th December 2017

29th December 2017

Property Market Activities

Brighter economic outlook for 2018, but concerns remain (BT, 29 Dec, 2017)

Singapore's economy has staged a dramatic turnaround over the past year, going from the cusp of recession to its fastest pace of growth in almost a half-decade. This strong showing is fuelling optimism among economists, corporates and market watchers about growth prospects for 2018. However, there is still a risk that the economy could take a turn for the worse. The ongoing manufacturing boom could turn out to be temporary and short-lived, some segments of the economy remain soft, and the job market has not quite turned the corner, despite showing signs of recovery. An economist opined that being ahead of the curve in this era of disruptive change will be what guarantees medium-term growth for Singapore and will underpin her next leg of growth.

Office market starts shifting in landlords' favour again (BT, 28 Dec, 2017)

The high end of Singapore's office rentals finally hit the bottom this year - earlier than expected. This was because the take-up rate for Grade A office space in new developments in the CBD was more robust than anticipated. Another reason was the rosier economic outlook. Most property consultants expect the upward rental momentum to continue next year, citing expectations of continued healthy demand for office space. An expert predicts a further hike of more than 10 per cent in 2018, citing expected steady economic growth and sharply tapering pipeline supply over the next two years.

Singapore govt's housing market warning may fall on deaf ears

(BT, 23 Dec, 2017)

Singapore's authorities are concerned the island-state's property market could be setting itself up for a fall. A series of aggressive land deals by developers, against the backdrop of rising apartment sales and the first quarterly rise in private home prices for four years, was enough to prompt a recent warning from the nation's central bank to lenders, homebuyers and real estate firms. For now it is all jawboning, but analysts say the government and the central bank could intervene if the warnings go unheeded and if they see market instability.

Worries about private homes oversupply unfounded for now: Report

(TODAY, 18 Dec, 2017)

It is "far too early" to worry about a potential oversupply of private homes due to a surge in en bloc deals, a research house said in a report. While this could be a valid concern if the trend continues, the report pointed out that the redeveloped properties from the collective sales would not come onstream until 2020 to 2021. Even after accounting for the completion of these projects in three to four years, the average net supply is "still not excessive", at slightly above 11,000 units per year. This figure is below the five-year average absorption rate of 13,200 units.

Sales of new homes moderate as yr-end holidays begin (BT, 16 Dec, 2017)

An expert pointed out that with the onset of the year-end holiday period and the market moving in favour of sellers, there is no hurry for developers to continue launching more units from their projects. This has reduced buying options, contributing to moderate sales figures. Another expert noted that in the 12-month period from December 2016 to November 2017, with the exception of April, real estate developers have been selling more units than the number of units they released for sale each month. This again illustrates not just robust home-buying demand, but also a hold-back among developers who appear to be waiting for a further price recovery next year.

Government Land Sales

Hillview, Sengkang private housing sites up for tender (BT, 29 Dec, 2017)

Launched under the confirmed list of the second-half 2017 Government Land Sales programme, the two sites can potentially yield about 1,235 residential units altogether. The 37,300 square metre Sengkang land parcel is zoned for commercial and residential purposes, and is near the Buangkok MRT station. The 14,300 square metre Hillview Rise site is only for residential use. The tender for Hillview Rise will close at noon on May 3, 2018, while the tender for Sengkang Central closes on June 21.

Govt trims industrial land supply after market responds to previous spike (BT, 28 Dec, 2017)

The government is trimming its industrial land supply for the first half of 2018, after industrial prices and rents showed themselves to be responding as hoped to the government's supply spike in recent years. The MTI said that it is launching six sites in the Confirmed List and seven sites in the Reserve List, with a total site area of 12.56 hectares. The latest figures are a slight dip from the total site area of 13.9 ha that was launched in the second half of 2017.

JTC puts Tuas and Braddell Rd sites up for bidding (BT, 27 Dec, 2017)

The 0.63 hectare site at Tuas South Link 3 (Plot 23) is zoned for Business-2 development and has a 20-year tenure with a maximum permissible gross plot ratio of 1.4. The 0.97 hectare site at Braddell Road is zoned for Business-1 development with a 30-year tenure and a maximum gross plot ratio of 2.5. This is the last of eight confirmed list sites and the last of six reserve list sites for the second half of 2017.

Investment Sales

The Wilshire launches en bloc sale; guide price at S\$1,525 psf ppr

(BT, 29 Dec, 2017)

The indicative guide price for the freehold property in District 10 is S\$98.07 million, which works out to S\$1,525 psf ppr based on the existing GFA of 64,310 sq ft. The existing GFA reflects an equivalent plot ratio of 1.643, which exceeds the 1.6 plot ratio for the site in the URA's Master Plan 2014. The site is zoned for residential use.

Oxley unit in S\$38m property buy from 'interested parties' (BT, 26 Dec, 2017)

Oxley Amethyst Pte Ltd, a wholly owned subsidiary of Oxley Holdings has exercised the option to purchase a freehold property along Balestier Road for S\$38 million. The company said that the purchase will allow it to undertake a larger development of greater value by amalgamating this new property with No 3 Tessensohn Road and an adjoining strip of state land.

Kovan Lodge, Ampas Apartments up for en bloc sales (BT, 22 Dec, 2017)

Two freehold properties, Kovan Lodge and Ampas Apartments, have been launched for collective sale. Kovan Lodge has a site area of 27,091 sq ft zoned for residential use with 1.4 plot ratio. The owners' asking price of S\$43 million works out to S\$1,134 psf ppr. The asking price for Ampas Apartments, which is near Shaw Plaza and Balestier Plaza, works out to about S\$1,246 psf ppr inclusive of an estimated S\$523,092 DC payable to the state. The site is zoned for residential use with 2.8 plot ratio.

Logistics firm Logos buys Tuas property for S\$79m (BT, 21 Dec, 2017)

Logistics real estate company Logos announced that it has acquired an industrial property in Tuas, which it intends to redevelop into a modern food processing and logistics facility for an estimated development cost of S\$79 million. Construction will begin immediately following acquisition, with completion scheduled for early 2019.