

Fortnightly News Summary

Synopsis of News from 16th September - 29th September 201729th September 2017

Property Market Activities

Singapore home prices seen reversing after a long downward trend

(BT, 29 Sep, 2017)

For the first time in four years, more analysts seem to be agreeing that the Singapore property market is at an inflection point, and on the cusp of recovery. Analysts point to the smallest decline in URA figures in 15 consecutive quarters of falls, strengthening sales volumes and take-up rates in the primary housing market and increasing price expectations of developers and home sellers in the secondary market. Taken together, a bank's analysts are forecasting Singapore home prices to be overall flat in 2017, and to appreciate by 3 to 8 per cent in 2018, as the rental market picks up and macroeconomic conditions remain robust.

Property market on verge of turning (BT, 28 Sep, 2017)

There are increasing signs that a turning point is on the horizon. New residential launches this year are seen testing the affordability limits of buyers given their higher prices; yet, each project launch has enjoyed a strong take-up. Sales of new private homes by developers in the first eight months this year have already surpassed 2016's full-year level. Unsold units - now at a historical low - are estimated to take developers only one-and-a-half years to clear. Singapore's residential market has also turned more attractive to foreigners after other countries imposed more punitive taxes on purchases by foreigners.

Completed condo prices in August see first year-on-year rise since

October 2013 (ST, 28 Sep, 2017)

Prices of completed non-landed private homes in August rose for the first time in nearly four years on a year-on-year basis, according to flash estimates released by the National University of Singapore's Institute of Real Estate Studies. Its Singapore Residential Price Index showed prices of these completed properties, which are mostly resale condominiums, increased 0.8 per cent in August from a year ago - the first time they have done so since October 2013. For the year to date, prices have risen 2.3 per cent, the index showed.

Singapore property analysts turn bullish, predict 5-10% price gain by end-2018

(ST, 18 Sep, 2017)

After years of declining home prices in Singapore, analysts are expecting a turnaround as early as this year even as most of the government's property cooling measures remain in place. An analyst foresees the nascent recovery spreading to the mid-range and high-end segments in the next wave, driven by replacement demand from redevelopment of old housing projects and a pick-up in homebuying interest from foreigners.

Developers' private-home sales so far this year shoot past 2016's full-year figure

(BT, 16 Sep, 2017)

Developers' private home sales in the first eight months of this year have already surpassed that made in the whole of last year. An estimated 8,391 private residential units were sold between January and August, 60.3 per cent more than the corresponding period last year, and also higher than 2016's full-year sales of 7,972 units. An expert opined that overriding demand by buyers who are trying to purchase at close to the market trough will continue to keep transactions buoyant, and at the current pace, there may be sales of 12,000 to 13,000 private residential units by developers in 2017.

Government Land Sales

\$689m bid triggers sale of prime former Zouk site on URA's reserve list (ST, 29 Sep, 2017)

The prime private housing land parcel was triggered after a developer committed to bid not less than S\$689.4 million for the 13,482 sq m site. It can accommodate 525 apartments in a development up to 36 storeys, with ground floor commercial use.

Beach Road commercial site nets five bids, including \$1.622b offer, as tender closes (ST, 28 Sep, 2017)

The commercial site netted five offers, with the top bid at \$1.622 billion. The heftiest offer, which works out to \$1,706 psf ppr, came from two GuocoLand units. The 99-year leasehold, two-hectare parcel can be developed for office and retail use. It has a maximum permissible gross floor area of 88,313 sq m and includes the former Beach Road Police Station, which must be conserved and restored by the winning bidder.

JTC offers 2 industrial sites from confirmed list for sale (BT, 26 Sep, 2017)

JTC has launched the tender to sell two sites at Woodlands Industrial Park E2/E5 and Tuas South Link 3 (Plot 16). They are the third and fourth out of eight confirmed list sites for the second half of 2017, respectively. The 0.5 hectare (ha) site at Woodlands Industrial Park E2/E5 is zoned for Business-2 development and has a 20-year tenure with a maximum permissible gross plot ratio of 2.5. The 0.5 ha site at Tuas South Link 3 (Plot 16) is zoned for Business-2 development and has a 20-year tenure with a maximum permissible gross plot ratio of 1.4.

Investment Sales

Bids for Florence Regency come in below independent valuation

(BT, 29 Sep, 2017)

Florence Regency, a privatised HUDC estate in Hougang, received three bids at the close of its public tender but the collective sales committee was not able to award the tender to the top bidder as the bid price, while above the reserve price of S\$600 million, fell below an independent valuation of S\$629 million. The marketing agent is going back to all interested parties to consider an offer at or above the new minimum price.

UOL associate to buy Nanak Mansions for S\$201m (BT, 29 Sep, 2017)

An associated company of UOL Group is set to purchase en bloc the freehold property of Nanak Mansions at S\$201.08 million. The price works out to S\$1,429 psf ppr, inclusive of development charge. The freehold residential site occupies about 18,185 square metres with a gross plot ratio of 1.4.

SC Global unit buys Jervois Gardens for S\$72m (BT, 27 Sep, 2017)

A subsidiary of luxury residential developer SC Global has picked up Jervois Gardens through a collective sale at S\$72 million. The price works out to nearly S\$1,511 psf ppr for the 34,038-sq-ft freehold site. No development charge is payable. Under the Urban Redevelopment Authority's Master Plan 2014, the site is zoned for residential use with 1.4 plot ratio. Inclusive of an additional 10 per cent GFA for balconies, the unit land price works out to a lower S\$1,373 psf ppr.

ICB Shopping Centre headed for en bloc launch at S\$65-70m

(BT, 26 Sep, 2017)

The owners of ICB Shopping Centre, a mixed-use development in Yio Chu Kang Road, last Friday gave their consent for a collective sale. This is the first en bloc attempt by the development, which is more than 30 years old. The development's owners are aiming for a price of S\$65 million to S\$70 million. Based on its maximum potential GFA, the asking price range translates to a unit price of about S\$1,390 to S\$1,500 psf. If this collective sale goes through, it will follow three other sales of mixed-use or commercial properties to go through this year.

SingHaiyi-led group bags tender for Sun Rosier for S\$271m (BT, 23 Sep, 2017)

The winning bid was one of four and translates to S\$1,325 psf ppr and is 15.3 per cent higher than the S\$235 million asking price. The 146,045.67-sq-ft residential site has a plot ratio of 1.4 and a height limit of up to five storeys.

Spring Grove eyes billion-dollar en bloc deal (BT, 22 Sep, 2017)

Spring Grove condominium along Grange Road is going back on the market, three years after its first collective-sale bid failed. Its owners are hopeful for a bid of at least S\$1 billion, after having asked for S\$1.39 billion in 2014. It was not clarified whether the S\$1-billion consideration includes a lease top-up premium. The price tag works out to about S\$1,807 psf, based on a maximum GFA of 553,377 sq ft. The tricky nature of the project is such that it is built on the estate of a former United States diplomatic residence, with a 99-year lease which started in 1991 that reverts back to the US government at the end of the tenure as freehold land.

CCT climbs CBD ladder with S\$2.1b purchase of Asia Square Tower 2 (BT, 22 Sep, 2017)

CapitaLand Commercial Trust is making its debut in Singapore's premium Marina Bay office market with its acquisition of the office and retail space at Asia Square Tower 2 for S\$2.094 billion or S\$2,689 psf on net NLA. The seller is BlackRock Asia Property Fund III. This is the biggest office investment sales deal in Singapore so far this year, taking the year-to-date tally to S\$6.38 billion. The figure for the whole of last year was S\$10.08 billion, buoyed by the sale of Asia Square Tower 1 at S\$3.38 billion or about S\$2,700 psf on NLA to Qatar Investment Authority.

Eu Realty puts up 2 South Bridge Rd shophouses for sale (BT, 21 Sep, 2017)

Eu Realty (Singapore), a fully-owned subsidiary of Eu Yan Sang International, has put up a pair of adjoining shophouses along South Bridge Road for sale. The asking price of S\$28.5 million works out to S\$2,842 per square foot based on the gross floor area of 10,027 sq ft. Spanning three levels and an attic, the two shophouses, at Nos 273 and 275 South Bridge Road, sit on a single land lot of 3,089 sq ft. The shophouses have 999-year leasehold tenure.

TEE Land buying Upper Thomson residential site for S\$25.74m (BT, 19 Sep, 2017)

TEE Land is buying a small strata development comprising six townhouses along Seraya Crescent off Upper Thomson Road through a collective sale at S\$25.74 million. The price for the 24,069.16 sq ft freehold site works out to about S\$931 per square foot per plot ratio, inclusive of an estimated S\$5.65 million development charge. Under the URA's Master Plan 2014, the site is zoned for residential use with 1.4 plot ratio.

Braddell View hops onto en bloc bandwagon (BT, 19 Sep, 2017)

The 918-unit estate is holding an extraordinary general meeting on Oct 10 to form the collective sales committee. The 99-year-lease Braddell View development has 63 years left on its lease. Owners hope to sell the sprawling 1.124 million sq ft development for at least S\$2 billion - a price tag that will eclipse Pine Grove's S\$1.65 billion en bloc attempt.

Gaw Capital poised to buy PoMo in Selegie (BT, 19 Sep, 2017)

PoMo, a nine-storey office and retail development in Selegie Road, is under exclusive due diligence for a transaction at around S\$350 million. The potential buyer that is doing the due diligence is Hong Kong-based private equity real estate group Gaw Capital Partners. PoMo is on a site with a land area of 43,027 sq ft with a balance lease term of 64.5 years. Under the URA's Master Plan 2014, the site is zoned for commercial use. PoMo has a net lettable area of about 180,000 sq ft and the price reflects sub-4 per cent net yield based on the building's existing leases and occupancy rate.