HDB Resale Growth Slows while Private Home Prices Rise Amidst Low Volume| Prolonged Slow En-Bloc Market But Govt Increases GLS Sites | Increase in the Ultra Rich and Foreign Buying All-Time High Triggering ABSD Cooling Measures | ABSD Measures May Choke Supply of Prime Freehold Collective Sites | No Alarming Rise in Foreclosures Amidst Higher Household Net Worth and Prolonged Interest Rate Hikes

Introduction

It has been a very eventful first half of the year for 2023. With much happening this year, STL Properties attempts to summarise the big picture for you with our take on the market.

HDB Resale Growth Slows while Private Home Prices Rise Amidst Low Volume

THE BUSINESS TIMES

BT businesstimes.com.sg

Saturday, April 29, 2023

HDB resale flat prices grow slower in Q1 on higher inventory, price resistance

Analysts say aside from seasonal trends, there are more units completed, launches of BTO projects and new flat releases

Source: The Business Times

Let's start off with the HDB Resale Market. As we predicted with many of our clients, the ramp up of BTO supply by 35% over 2022 and 2023 extracted demand from the HDB resale market, dampening growth in the sector this year.

In Q1 2023, prices of resale flats inched up 1% from Q4 2022, the smallest quarterly increase compared with the previous ten quarters. A widening disparity between price expectations of buyers and sellers has also been observed. Transaction volume showed slightly stronger recovery, rising 5.8% from Q4 2022.

THE BUSINESS TIMES

BT

Tuesday, April 04, 2023

Private home prices accelerate in Q1, rising 3.2% on low volume

Increase comes after several major launches and surge in sales for new homes at fresh benchmark prices, analysts say

PRICES of private homes in Singapore accelerated in the first quarter of 2023, growing 3.2 per cent over the previous three months on lower sales volume, according to the Urban Redevelopment Authority's (URA) flash estimates on Monday (Apr 3).

This follows a marginal 0.4 per cent increase in Q4 of last year. It also comes after several major launches in the past quarter and a subsequent surge in sales for new private homes at fresh benchmark prices, despite mounting economic headwinds, analysts said.

URA data showed that prices climbed 11.3 per cent year on year, as sale transaction volume dropped by around 8 per cent quarter on quarter, and by about 38 per cent year on year in Q1, said Christine Sun, OrangeTee & Tie senior vice-president of research and analytics.

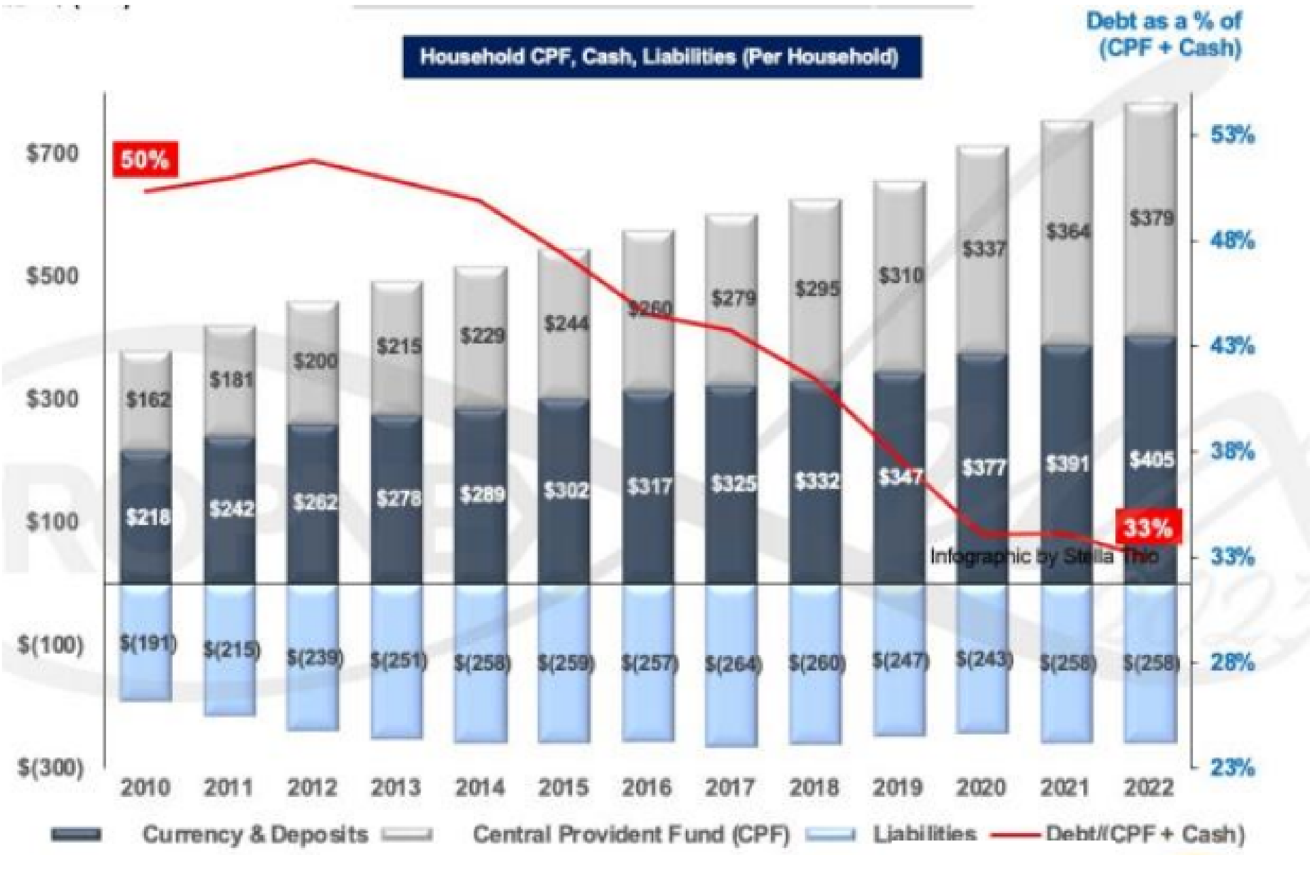
Overall, prices of non-landed private residential properties grew 2.5 per cent quarter on quarter, after edging up 0.3 per cent in the pri-

Conversely in the same quarter, private home prices accelerated, rising 3.2% in Q1, on the back of low volume.

Source: The Business Times

With interest rates soaring, the stress-test used to compute Total Debt Servicing Ratio (TDSR) increases accordingly, curbing borrowing capabilities. Coupled with an uncertain economy, we did expect some to put their property sale or purchase on hold.

From the buyer's perspective, especially if they wanted to purchase a resale property, they would be unwilling to overpay since bulk of the loan goes to pay interest in the current environment. From the seller's perspective, they may be unwilling to budge on the price because replacement costs are high and household balance sheets are strong (Debt 33% of Cash + CPF as at 2022), so they have no reason to fire sale their unit at a loss either.



Source: Department of Statistics Singapore

A large part driving private home price increases are also due to several major new launches released this year. As new launches follow the progressive payments scheme, buyers would be significantly less affected by the high interest rate environment.

At the same time, increasing property prices urges them to act now rather than later. Ultimately, the price increase is fundamentally driven by the current low supply and strong demand environment we are in.

THE BUSINESS TIMES

BT businesstimes.com.sg

Tuesday, July 04, 2023

HDB resale volumes fall to three-year low in Q2, prices rise 1.4%

By Vivienne Tay
vtay@sph.com.sg

HOUSING and Development Board (HDB) resale flat volumes declined 4.6 per cent year on year to 6,409 flats in the second quarter of 2023.

This was the lowest in the last three years since Q3 2020, according to flash estimates released on

boost in their housing budget, there is still a price mismatch between sellers and buyers, leading to lower transaction volume," said Huttons senior director of research Lee Sze Teck. He noted that some buyers were lured to the Build-To-Order (BTO) market, as the HDB increased the supply of flats with shorter waiting time.

following two years of strong price growth, observed Wong Siew Ying, PropNex Realty's head of research and content. Wong noted that this is the second consecutive quarter where the HDB resale price index grew below the 2 per cent mark. In the nine previous quarters, prices climbed by more than 2 per cent to 3 per cent per quarter.

Bukit Merah, Bukit Panjang, Jurong West, Queenstown and Woodlands.

This brings the total number of flats to be launched in the second half of 2023 to 13,000 units, which is 31 per cent higher than the 9,923 units launched in the first half.

Analysts believe some housing demand could be diverted to the BTO market, as HDB ramps up the supply of new homes. Some of these new homes may also have shorter waiting times, noted OrangeTee and Huttons.

"This increase in both BTO and resale flat supply may moderate prices in HDB resale flats to not more than 5 per cent in 2023," Huttons' Lee said.

Buyers are also now less pressured to offer high bids due to increased flat supply, said PropertyGuru Singapore country manager Tan Tee Khoon. Dr Tan expects around 16,000 flats to reach their minimum occupation period this year. With more executive condominiums and private homes being completed, more HDB upgraders may also put their homes on the resale market, he added.

THE BUSINESS TIMES

BT businesstimes.com.sg

Tuesday, July 04, 2023

SINGAPORE PROPERTY

Singapore private home prices see first slide in 3 years with 0.4% dip in Q2

First drop since Q1 2020 contrasts with 3.3 per cent rise in previous quarter and signals moderation in market

By Kalpana Rashiwala
kalpana@sph.com.sg

FOR the first time in three years, the Urban Redevelopment Authority's (URA) widely watched overall private-home price index has eased.

It contracted 0.4 per cent quarter on quarter (qoq) in the second quarter of this year, based on the latest flash estimate data released by URA on Monday (Jul 3), in sharp contrast with the 3.3 per cent qoq rise in the first quarter of 2023. URA said the private housing mar-

Foreign buying share down

Buyer profile for non-landed private housing transactions for all sale types*

Breakdown by volume	JAN '23	FEB '23	MAR '23	APR '23	MAY '23	JUN '23	TOTAL
Singaporeans	672	864	1,235	1,437	1,634	574	6,416
PRs**	169	258	341	259	315	123	1,465
Foreigners (Non-PRs)	80	84	99	112	69	21	465
Companies	4	4	17	3	2	-	30
Total	925	1,210	1,692	1,811	2,020	718	8,376
Breakdown by percentage share							
Singaporeans	72.60%	71.40%	73.00%	79.30%	80.90%	79.90%	76.60%
PRs**	18.30%	21.30%	20.20%	14.30%	15.60%	17.10%	17.50%
Foreigners (Non-PRs)	8.60%	6.90%	5.90%	6.20%	3.40%	2.90%	5.60%

PropNex Realty chief executive officer Ismail Gafoor forecasts that the resale volume of private homes this year could be 12,000 to 13,000 units – down from the 14,026 units in 2022 – "as the high interest rates and tight resale stock continue to weigh on sales".

On the flash estimate drop in URA's Q2 price index, Knight Frank Singapore's head of research Leonard Tay said: "It appears that the latest round of cooling measures in late April, combined with rising interest rates limiting affordability, may have reined in price growth as

Source: The Business Times

In Q2 2023, we see the reverse happening -- HDB resale flat prices rose by 1.4% based on flash estimates while private home prices dropped 0.4%. This drop was driven largely by a 2.6% qoq slide in prices of non-landed private homes in the Rest of Central Region (RCR).

When we translate the data onto the new launch market, we notice Q1 launches in the RCR were of a higher value with smaller volumes such as the Freehold Terra Hill, compared to Q2 launches such as the leasehold Tembusu Grand, Blossoms by the Park and Reserve Residences. However, the index drop was made less significant with the launch of freehold The Continuum in May.

[UPDATE] Blossoms By The Park achieves 73% sales despite government cooling measures

By Cecilia Chow / EdgeProp Singapore | April 29, 2023 6:50 PM SGT

Crowd at the sales gallery of Blossoms By The Park (Photo: EL Development)

Source: Edgeprop

More than 70% of units at The Reserve Residences in Bukit Timah sold at launch weekend

An artist's impression of The Reserve Residences, which is expected to be ready in 2028.

Source: The Straits Times

Overall, a significant drop in the number of homes bought by foreigners from 112 in April to 69 in May and 21 in June, also contributed to the fall in index. Nevertheless, most property consultants are still estimating an increase in the index by 3% to 5% this year.

Prolonged Slow En-Bloc Market But Govt. Increases GLS Sites

THE BUSINESS TIMES

BT businesstimes.com.sg

Thursday, April 06, 2023

All quiet on the collective sale front as deals stall over price gap

En bloc sale environment remains challenging over mismatch in expectations

Source: The Business Times

We entered the year on the back of low supply with the absence of an en-bloc fever the likes of 2017 – 2018. Many deals stalled on the en-bloc front and only a third of collective sales succeeded in the current sales cycle, down 63% from the 2017/2018 boom cycle due to a price gap of up to 15% between what developers will pay and what owners are asking.

Developers are becoming more selective due to 1. Higher developer ABSD, 2. Rising macro uncertainties, 3. Higher interest rates, 4. Higher construction costs, while residents expect higher reserve prices these days due to higher replacement and ABSD costs.

Knowing that the collective sales market is likely to stall for some time, and that the historical undersupply poses risk to sustainable price trends, the Government has taken decisive steps to increase the supply by releasing Land under the Government Land Sales (GLS) accounting to 9,250 units -- highest in the decade. This supply will likely hit the market in late 2024 to 2025 (launched for sale) and TOP around 2028 or later, which means it will have a lagged impact to the market.

Increase In Ultra Rich And Foreign Purchases at All-Time High Triggering ABSD Cooling Measures

THE BUSINESS TIMES

BT businesstimes.com.sg

Tuesday, May 23, 2023

Number of ultra-rich in Singapore expected to reach 5,300 in 2027: report

Source: The Business Times

On the demand side, we're seeing that the number of ultra-rich (those of net worth at least US$30mil) in Singapore is expected to grow 17.7% to around 5,300 by 2027. Foreign buying of private homes has also reached a 5 - year high in Q1 2023, just before the rollout of cooling measures.

In Q1, foreigner purchases accounted for 6.9% of private home transactions, up from 3.1% a year ago. Foreign buying of luxury condos also rose to almost a decade high, despite ABSD being raised to 30% for foreigner in Dec 2021. As a result of this concerning trend, on Apr 27, the government decided to take a pre-emptive measure to dampen investment demand, drastically increasing foreigner ABSD from 30% to 60%. While we still do see some foreign purchases after the implementation of these new rulings, we feel this has been effective especially for foreigners with budgets within the $5-10mil range.

ABSD Measures May Choke Supply Of Prime Freehold Collective Sites


THE STRAITS TIMES
Thursday, May 25, 2023

Latest measures could choke supply of prime freehold collective sites: JLL

Such sale projects in suburbs, city fringe may not be as badly hit, say analysts

Grace Leong
Senior Correspondent

Source: The Straits Times

However, cooling measures can sometimes be a double-edged sword, with latest measures potentially choking the supply of prime freehold collective sites, especially those with a very high proportion of foreign owner-occupiers. Typically, prime district developments have a higher proportion of foreign owner-occupiers who may be less incentivized to join a collective sale.

This could strangle the supply of prime collective sale sites near the city centre, especially freehold ones, making existing freehold properties even more valuable.

No Alarming Rise In Foreclosures Amidst Higher Household Net Worth And Prolonged Interest Rate Hikes


THE STRAITS TIMES
Wednesday, May 10, 2023

No alarming rise in property-related foreclosures here, says Alvin Tan

Source: The Straits Times

From a borrowing perspective, there has not been a pickup in property related foreclosures thus far. Just five commercial and five residential loans led to foreclosures by financial institutions in the first quarter of 2023.

MAS also estimates that about 27,000 homeowners with a mortgage from financial institutions refinanced their mortgages in the 12 months from Mar 2022 to Feb 2023. The increase in payments for borrowers was approximately at a manageable 2% of their monthly income.

Meanwhile, the average monthly income of the 27,000 homeowners increased by about 10% over the last 3 years. This rise in income would have helped cushion the increase in mortgage payments. Moreover, government data showed amidst the higher interest rate environment, household liabilities fell in Q1 indicating households repaid their home loans to avoid paying too much interest.

Conclusion

In the long run, we feel the added cooling measures do indeed help stabilize the market, allowing new entrants -- younger Singaporeans and PRs to own their first property. We do note that potentially more foreigners may convert to PRs to avoid paying hefty ABSD costs.

In the short run, owners may hold onto their existing property portfolio, especially if they are freehold in nature, if the switch up to a new or different property incurs too high of a transaction cost for them. Hence we notice sellers in the freehold resale market, especially in the Core Central region, being sticky about their prices, asking for prices above valuation, or deciding to withdraw their sale, especially if the ownership is PR or foreign based.

If you are looking to make sense of how all these affects your property journey, speak with us today. After understanding your needs and goals, we can help you assess whether this move is manageable after proper financial assessment, risk mitigation and downside protection.

Kindest regards,
STL Properties

THE BUSINESS TIMES

BT businesstimes.com.sg

Saturday, April 29, 2023

HDB resale flat prices grow slower in Q1 on higher inventory, price resistance

Analysts say aside from seasonal trends, there are more units completed, launches of BTO projects and new flat releases

By Vivienne Tay
vtay@sph.com.sg

PRICES of resale flats in the first quarter of 2023 inched up 1 per cent from Q4 2022 – the smallest quarterly increase compared with the previous 10 quarters.

Transaction volume showed slightly stronger recovery, rising 5.8 per cent to 6,979 units, from 6,597 units in Q4 2022, going by data from the Housing and Development Board (HDB) on Friday (Apr 28).

Christine Sun, OrangeTee & Tie's senior vice-president of research and analytics, pointed to higher housing inventory as more flats were completed in recent months.

The Singapore government also continued to launch Build-To-Order (BTO) projects and release new flats for sale.

The slow price growth could also be due to seasonal factors, said Mogul.sg chief research officer Nicholas Mak, adding that this is a trend that has been observed since 2007.

Price resistance could also be setting in, said Eugene Lim, ERA's key executive officer.

"We see a widening disparity between the expectations of sellers and buyers. Homebuyers are reluctant to match the high asking prices of sellers because this could well mean paying higher cash-over-valuation," he said.

He noted that first-time buyers tend to be more price sensitive with smaller budgets.

On the other hand, sellers are holding their prices as replacement property prices also remain high.

Notably, the number of resale flat transactions for four-room flats and smaller rose 8.2 per cent to 5,000 units in Q1 2023, from 4,622 units in Q4 2022. This comes as cooling measures and rising interest rates dent buyers' housing affordability, noted Sun.

The biggest increase came from two-room flats, which climbed 39 per cent on the quarter. In contrast, executive flats' volumes fell 3.7 per cent.

PropertyGuru Singapore country manager Tan Tee Khoon said Woodlands, Punggol and Yishun were the top-performing estates for HDB resale deals, going by HDB transaction data as at Apr 27.

He noted that most BTO flats in these areas fulfilled their minimum occupation periods this year.

On the rentals front, the number of approved applications for HDB rentals rose 13.9 per cent to 9,657 cases, from 8,476 cases in the previous quarter, HDB said. Year on year, the number of approved applications was 5.2 per cent lower.

This brings the total number of HDB flats rented out in the first quarter to 56,652 units, up marginally from the 56,647 units in the previous quarter.

The HDB town with the highest median rent for three-room flats was Central at S$2,980 per month. Queenstown saw the highest median rents for four-room and five-room flats at S$3,800 and S$4,300 per month, respectively.

In May 2023, HDB will offer about 5,400 BTO flats in Bedok, Kallang Whampoa, Serangoon and Tengah. It will offer 5,200 to 6,200 flats in August, subject to review. This will be in towns or estates such as Bukit Merah, Choa Chu Kang, Kallang Whampoa, Queenstown and Tengah.

The HDB towns with the highest median resale price for three-room flats were Punggol and Central at S$450,000. For four-room flats, the highest median resale price came from Queenstown at S$864,000.

The highest median resale price for five-room flats was recorded in Bishan at S$900,000, while the highest posted for executive flats was in Bedok at $865,000.

In May 2023, HDB will offer about 5,400 BTO flats in Bedok, Kallang Whampoa, Serangoon and Tengah. It will offer 5,200 to 6,200 flats in August, subject to review. This will be in towns or estates such as Bukit Merah, Choa Chu Kang, Kallang Whampoa, Queenstown and Tengah.

THE BUSINESS TIMES

BT
businesstimes.com.sg

Tuesday, April 04, 2023

Private home prices accelerate in Q1, rising 3.2% on low volume

Increase comes after several major launches and surge in sales for new homes at fresh benchmark prices, analysts say

By Ry-Anne Lim
limmin@sph.com.sg

PRICES of private homes in Singapore accelerated in the first quarter of 2023, growing 3.2 per cent over the previous three months on lower sales volume, according to the Urban Redevelopment Authority's (URA) flash estimates on Monday (Apr 3).

This follows a marginal 0.4 per cent increase in Q4 of last year. It also comes after several major launches in the past quarter and a subsequent surge in sales for new private homes at fresh benchmark prices, despite mounting economic headwinds, analysts said.

URA data showed that prices climbed 11.3 per cent year on year, as sale transaction volume dropped by around 8 per cent quarter on quarter, and by about 38 per cent year on year in Q1, said Christine Sun, OrangeTee & Tie senior vice-president of research and analytics.

Overall, prices of non-landed private residential properties grew 2.5 per cent quarter on quarter, after edging up 0.3 per cent in the prior quarter.

Overall sale transaction volume has fallen by around 8 per cent quarter on quarter and by about 38 per cent year on year in Q1 2023. PHOTO: BT FILE

Prices of non-landed homes in the city-fringe or Rest of Central Region (RCR) spiked by 4 per cent, after rising 3.1 per cent in Q4. Those in the suburbs or Outside Central Region (OCR) rose 1.9 per cent, swinging from a 2.6 per cent decline in the preceding three months.

In the prime Core Central Region (CCR), prices went up 1 per cent, compared with the 0.7 per cent increase previously.

Data from URA Realis showed that new homes, excluding executive condominiums (ECs), accounted for 33.4 per cent of total sales in Q1, up from 18.9 per cent in Q4 last year. Resales made for 62.4 per cent of all transactions this quarter, down from 76.1 per cent previously.

The launch of Terra Hill in February set a new benchmark price of S$2,650 per square feet (psf) in the Pasir Panjang neighbourhood and drove price movements in the RCR, said Knight Frank head of research Leonard Tay.

The project sold more than a third of its 102 units at its launch.

Similarly, the launches of Sceneca Residence in Tanah Merah and The Botany at Dairy Farm recorded new benchmark prices of S$2,072 psf and S$2,070 psf in their respective locations in the OCR, said Tay.

Tay observed that the land prices paid for acquiring development parcels over the past 12 to 18 months made it "inevitable" that the resulting new project pricing would reach new levels.

Prices of landed private homes rose by a marked 5.7 per cent quarter on quarter in Q1, compared with an increase of 0.6 per cent previously. Catherine He, head of research for Colliers in Singapore put that down to sales at the Pollen Collection, where pricing went up 18 per cent to S$2,196 psf from Q4 2022, when the 99-year landed project was launched.

OrangeTee & Tie's Sun highlighted that there was also a higher proportion of pricier homes sold in Q1.

Around 40 per cent of all transactions, excluding ECs, were for private homes costing at least S$2 million, from 37.9 per cent in the previous quarter. And 282 properties were sold for at least S$5 million, up 19.5 per cent from 236 transactions in Q4.

Of this, 26 private homes were sold for at least S$15 million last quarter. These include a 6,286 sq ft unit at the ultra-luxury freehold condominium Les Maisons Nassim for S$36 million or S$5,727 psf in February, as well as a 25,683 sq ft bungalow at 61 Wilkinson Road for S$55.5 million or S$2,161 psf in January.

Huttons senior research director Lee Sze Teck pointed out that home prices were also likely boosted by a return of foreign buyers, with many luxury units in the CCR picked up by mainland Chinese buyers in January and February as border restrictions eased.

Based on caveats lodged as at Mar 31, around 127 new homes were purchased by foreign buyers – 16.5 per cent more than the previous quarter's 109 units.

Projects favoured by these buyers were high-end condos in prime districts – Riviere at Jiak Kim Street, with 21 units sold; Klimt Cairnhill in the Orchard vicinity, with 20 units sold; and Perfect Ten along Bukit Timah Road, with 10 units sold.

Analysts expect prices to continue rising, albeit at a slower pace, especially with more launches on the horizon.

These include the 638-unit Tembusu Grand in Marine Parade, the 807-unit The Continuum at Thiam Siew Avenue, the 598-unit Lentor Hill Residences, and the 740-unit The Reserve Residences at Jalan Anak Bukit.

"The performance of these projects would provide a clearer indication of underlying homebuyer appetite," said Tricia Song, CBRE head of research at South-east Asia.

Still, prices are unlikely to correct since developers continue to face higher land, construction, financing and labour costs, said ERA Realty key executive officer Eugene Lim.

A stable job market, rising rents and sustained demand from HDB upgraders will also support underlying demand, said Wong Xian Yang, Cushman & Wakefield head of research in Singapore and South-east Asia.

He predicts a 3 to 5 per cent increase in prices for the whole of 2023, compared to 2022's 8.6 per cent growth.

The Q1 2023 price growth "surprised on the upside", said PropNex Realty chief executive officer Ismail Gafoor, "and we anticipate prices could see a more measured increase in the next few quarters as uncertainties still abound in the market".

Longtime industry observer Nicholas Mak pointed out that private residential demand may be dampened this year by still-high interest rates, a slowing HDB resale market, and a flood of completions in built-to-order public homes in 2023.

Lam Chern Woon, Edmund Tie head of research and consulting, cautioned that buyers should continue exercising prudence and can afford to wait, given the numerous projects to be launched this year.

Owners are currently not under pressure to sell as high rental yields can compensate for higher mortgage payments, noted Professor Cristian Badarinza, associate professor, Department of Real Estate, NUS Business School.

"All eyes are therefore on the dynamics of rental prices. If they remain elevated, the current equilibrium can hold steady. If they decrease, selling pressure may start to emerge," said Prof Badarinza.

The flash estimates will be updated on Apr 28, when URA releases its full set of property market data for Q1.

NOTICES

Tel 6289-8822 | Email notices@sph.com.sg | www.sphclass.com.sg

IN THE MATTER OF INSOLVENCY, RESTRUCTURING AND DISSOLUTION ACT 2018 (ACT 40 OF 2018) AND THE MATTER OF MA2 SHOP PTE. LTD. (Company Registration No.: 200912169K) STATUTORY DECLARATION BY DIRECTORS OF COMPANY'S INABILITY TO CONTINUE BUSINESS BY REASON OF ITS LIABILITIES

I, Lim Yong Sim, NRIC No. S7717244J, of 8 Scotts Road #36-07 Scotts Square Singapore 228238, affirm and say as follows:

(1) I am a director of the abovenamed Company;
(2) The abovenamed Company cannot by reason of its liabilities continue its business; and
(3) The meetings of the abovenamed Company and of its creditors have been summoned for the 11th day of April 2023, being a date within one month of the date of this Statutory Declaration.

And I make this solemn declaration by virtue of the provisions of the Oaths and Declarations Act 2000, and subject to the penalties provided by that Act for the making of false statements in statutory declarations, conscientiously believing the statements contained in this declaration to be true in every particular.

Declared at Singapore this 28th day of March 2023

Lim Yong Sim
Director
Before me –
Chew Kiat Jinn

VOODOO GAMES PTE. LTD. COMPANY REGISTRATION NO. 202013080W (THE "COMPANY") (INCORPORATED IN THE REPUBLIC OF SINGAPORE) NOTICE OF RESOLUTIONS

NOTICE IS HEREBY GIVEN THAT AN EXTRAORDINARY GENERAL MEETING OF THE COMPANY WAS DEEMED TO BE HELD ON THE 28TH DAY OF MARCH 2023 AND THE FOLLOWING RESOLUTIONS WERE PASSED:

1. SPECIAL RESOLUTION – WINDING-UP
   That the Company be wound up voluntarily pursuant to Section 160(1)(b) of the Insolvency, Restructuring and Dissolution Act 2018.
2. SPECIAL RESOLUTION – APPOINTMENT OF LIQUIDATORS
   That Ms. Ho May Kee and Mr. Paresh Tribhovan Jotangia of Grant Thornton Singapore Private Limited, 8 Marina View, #40-04/05 Asia Square Tower 1, Singapore 018960 be and are hereby appointed as joint and several liquidators to conduct the said winding-up and that their remuneration be fixed on the usual scale of their professional charges for the work involved.
3. SPECIAL RESOLUTION – DISTRIBUTION OF ASSETS IN SPECIE
   That the liquidators of the Company be authorised to exercise any of their powers given by Section 177, 144 (1) and 144 (2) of the Insolvency, Restructuring and Dissolution Act 2018 and to distribute to the member, in specie, any part of the assets of the Company.
4. SPECIAL RESOLUTION – CHANGE OF REGISTERED OFFICE

THE BUSINESS TIMES

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businesstimes.com.sg

Tuesday, July 04, 2023

HDB resale volumes fall to three-year low in Q2, prices rise 1.4%

By Vivienne Tay
vtay@sph.com.sg

HOUSING and Development Board (HDB) resale flat volumes declined 4.6 per cent year on year to 6,409 flats in the second quarter of 2023.

This was the lowest in the last three years since Q3 2020, according to flash estimates released on Monday (Jul 3).

Resale prices rose 1.4 per cent from the previous quarter. Although this was higher than the 1 per cent growth recorded in Q1, the Q2 price increase was still lower than the 2022 average quarterly growth of 2.5 per cent.

Property analysts observed that gains in resale prices were partly fuelled by buyers seeking larger homes, with four-room and five-room flats being the most popular.

Median prices of five-room and four-room flats rose by 1.9 per cent and 1.5 per cent, respectively, while prices of three-room flats dipped 0.5 per cent, noted Christine Sun, senior vice-president of research and analytics at OrangeTee & Tie.

HDB upgraders priced out of the private market may have also bought bigger resale flats, she added.

Echoing the sentiment, ERA Realty key executive officer Eugene Lim noted that higher borrowing costs and the latest round of cooling measures – including the payment of higher upfront Additional Buyer's Stamp Duty – may have made some HDB homeowners reconsider their plans to upgrade to a private home.

Demand for HDB resale homes may have also risen after grants for first-timers were raised, noted analysts from OrangeTee and Huttons.

"While the grants gave buyers a boost in their housing budget, there is still a price mismatch between sellers and buyers, leading to lower transaction volume," said Huttons senior director of research Lee Sze Teck. He noted that some buyers were lured to the Build-To-Order (BTO) market, as the HDB increased the supply of flats with shorter waiting time.

Noting the multiple rounds of cooling measures implemented since December 2021, HDB said it is "seeing some moderation" in the rate of increase in resale HDB prices.

The latest flash estimates could also indicate that the slower price increase in Q1 2023 was "not a blip", and resale prices are reaching more sustainable growth path following two years of strong price growth, observed Wong Siew Ying, PropNex Realty's head of research and content. Wong noted that this is the second consecutive quarter where the HDB resale price index grew below the 2 per cent mark. In the nine previous quarters, prices climbed by more than 2 per cent to 3 per cent per quarter.

In the same report, HDB said that it would offer, in August, around 6,700 BTO flats in Choa Chu Kang, Kallang Whampoa, Queenstown and Tengah. This is higher than the previously announced range of between 5,200 and 6,200 units.

HDB will offer around 6,300 flats in the November BTO launch for flats located in Bedok, Bishan, Bukit Merah, Bukit Panjang, Jurong West, Queenstown and Woodlands.

This brings the total number of flats to be launched in the second half of 2023 to 13,000 units, which is 31 per cent higher than the 9,923 units launched in the first half.

Analysts believe some housing demand could be diverted to the BTO market, as HDB ramps up the supply of new homes. Some of these new homes may also have shorter waiting times, noted OrangeTee and Huttons.

"This increase in both BTO and resale flat supply may moderate prices in HDB resale flats to not more than 5 per cent in 2023," Huttons' Lee said.

Buyers are also now less pressured to offer high bids due to increased flat supply, said PropertyGuru Singapore country manager Tan Tee Khoon. Dr Tan expects around 16,000 flats to reach their minimum occupation period this year. With more executive condominiums and private homes being completed, more HDB upgraders may also put their homes on the resale market, he added.

THE BUSINESS TIMES

BT
businesstimes.com.sg

Tuesday, July 04, 2023

SINGAPORE PROPERTY

Singapore private home prices see first slide in 3 years with 0.4% dip in Q2

First drop since Q1 2020 contrasts with 3.3 per cent rise in previous quarter and signals moderation in market

By Kalpana Rashiwala
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FOR the first time in three years, the Urban Redevelopment Authority's (URA) widely watched overall private-home price index has eased.

It contracted 0.4 per cent quarter on quarter (qoq) in the second quarter of this year, based on the latest flash estimate data released by URA on Monday (Jul 3), in sharp contrast with the 3.3 per cent qoq rise in the first quarter of 2023. URA said the private housing market is showing signs of moderation.

The price fall in Q2 was driven largely by a 2.6 per cent qoq slide in prices of non-landed private homes in the city fringe or Rest of Central Region (RCR).

Based on the flash estimate, overall private-home prices have risen 2.9 per cent between Q4 2022 and Q2 2023. Most property consultants, however, are not expecting a sharp price correction in the second half.

Edmund Tie's head of research and consulting Lam Chern Woon said: "While price growth momentum softened across the board, non-landed home prices in the Core Central Region (CCR) and Outside Central Region (OCR) continued to eke out increases.

"It is too early to call the peak of the market cycle, and we expect property prices to trade sideways for the next one to two quarters."

Observers acknowledged the negative factors that could precipitate a correction in prices. These include deterioration in the economy and jobs market, along with a dampening in private-home buying demand from foreigners, as well as some local investors being impacted by the hike in the Additional Buyer's Stamp Duty (ABSD) rates under the Apr 27 cooling measures.

However, a sharp price correction is unlikely.

Tricia Song, head of research for South-east Asia at CBRE, said: "Barring widespread retrenchments and a sustained recession, a significant price correction is not expected given low unsold inventory and generally healthy household balance sheets."

CBRE is still forecasting price growth of 3 per cent for private homes for full year 2023, slower than the 8.6 per cent increase last year in URA's benchmark index, due mainly to a weaker economic outlook.

Nicholas Mak, chief research officer of Mogul.sg, said that with the URA's overall private-home price index already having expanded by 3.3 per cent in Q1 2023, this will save it from ending the year in the red.

"Even in a pessimistic scenario, the index would still increase by 1 per cent to 3 per cent year on year. In an optimistic scenario, the index could grow by 4 per cent to 7 per cent in 2023."

Most property consultants' forecasts for the full-year 2023 increase are in the range of 3 per cent to 5 per cent.

They are also expecting developers to sell 6,500 to 8,000 private housing units (excluding executive condominium units) this year. The figure for last year was 7,099 units.

PropNex Realty chief executive officer Ismail Gafoor forecasts that the resale volume of private homes this year could be 12,000 to 13,000 units – down from the 14,026 units in 2022 – "as the high interest rates and tight resale stock continue to weigh on sales".

On the flash estimate drop in URA's Q2 price index, Knight Frank Singapore's head of research Leonard Tay said: "It appears that the latest round of cooling measures in late April, combined with rising interest rates limiting affordability, may have reined in price growth as homebuyers purchasing for investment become price resistant and adopt a wait-and-see attitude from the sidelines before deciding on their next move."

Foreign buying affected

"The measures also acutely affected foreign homebuyers with the doubling of the ABSD rate applicable to them, to 60 per cent," Tay added.

Huttons Asia's analysis of URA Realis data showed that following the cooling measures, the number of non-landed private homes bought by foreigners (excluding Singapore permanent residents or PRs) has fallen significantly, from 112 in April to 69 in May and 21 in June. Observers suggest that the final June figure may be higher, given that the Realis data was downloaded on Jul 3 with the latest transaction dated Jun 25.

Foreigners' share of non-landed

Continued on Page 4

HDB resale volumes fall to three-year low in Q2, prices rise 1.4%, Page 13

Foreign buying share down

Buyer profile for non-landed private housing transactions for all sale types*

Breakdown by volume	JAN '23	FEB '23	MAR '23	APR '23	MAY '23	JUN '23	TOTAL
Singaporeans	672	864	1,235	1,437	1,634	574	6,416
PRs**	169	258	341	259	315	123	1,465
Foreigners (Non-PRs)	80	84	99	112	69	21	465
Companies	4	4	17	3	2	-	30
Total	925	1,210	1,692	1,811	2,020	718	8,376

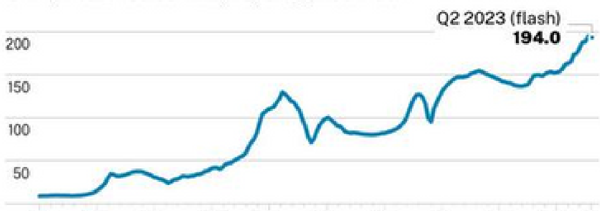
Breakdown by percentage share	JAN '23	FEB '23	MAR '23	APR '23	MAY '23	JUN '23	TOTAL
Singaporeans	72.60%	71.40%	73.00%	79.30%	80.90%	79.90%	76.60%
PRs**	18.30%	21.30%	20.20%	14.30%	15.60%	17.10%	17.50%
Foreigners (Non-PRs)	8.60%	6.90%	5.90%	6.20%	3.40%	2.90%	5.60%
Companies	0.40%	0.30%	1.00%	0.20%	0.10%	-	0.40%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Comprising new sale, resale and subsale deals ** Singapore permanent residents
Note: Data exclude executive condominium units

SOURCE: URA, HUTTONS RESEARCH (DATA DOWNLOADED ON JUL 3, 2023 WITH LATEST TRANSACTION DATED JUN 25, 2023) GRAPHIC: BTVISUAL

First drop in about three years

URA private residential property price index



SOURCE: URA GRAPHIC: BTVISUAL

THE BUSINESS TIMES

BT businesstimes.com.sg

Thursday, June 22, 2023

SINGAPORE PROPERTY

Government ramps up supply of private homes for 2023 to highest in a decade

Supply of private homes, including ECs, on confirmed list to rise by 26.2 per cent to 5,160 units in the second half of the year

By Kalpana Rashiwala
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"The government will continue to monitor economic and property market conditions, and calibrate the supply of future GLS programmes, as necessary, to help meet demand and promote market stability," says MND. PHOTO: YEN MENG JIIN, BT

THE government has pulled its second lever in as many months to aid in its quest for a sustainable property market.

It announced on Wednesday (Jun 21) a sixth consecutive increase in the supply of private homes on the confirmed list of the half-yearly Government Land Sales (GLS) programme. This brings the total confirmed-list supply of private housing units – including executive condo (EC) units – for 2023 to its highest in a decade, at 9,250.

The most recent cooling measures took effect on Apr 27.

The Ministry of National Development (MND) is raising the supply of private homes on the confirmed list to about 5,160 units – including 560 executive condominium (EC) units – in the second half of this year. This is 26.2 per cent higher than the supply of 4,090 private homes, including 700 EC units, in the current, first-half 2023 GLS programme.

MND also noted that the full-year supply for 2023 is nearly 50 per cent higher than the supply in 2022, and around 2.5 times the supply in 2021.

Wong Xian Yang, head of research for Singapore and South-east Asia at Cushman & Wakefield, said: "The ramp-up in housing supply is in response to resilient market demand and private residential prices, despite a weaker economic outlook and consecutive waves of cooling measures."

Alan Cheong, Savills Singapore's executive director of research and consultancy, said: "The 5,160-unit private housing supply from the H2 confirmed list is substantial. It would probably induce developers to be more cautious when bidding for land. This should help to manage land costs.

"On top of that, the slate of cooling measures and their regular recalibration are likely to reduce exuberant demand for private homes. Together, we may see a moderation in price and rental increases."

Sites on the confirmed list are launched for sale according to schedule, regardless of demand.

MND is also supplying 4,900 square metres (sq m) gross floor area of commercial space through the confirmed list of the H2 2023 GLS programme. This is down from the 106,400 sq m for H1 2023, which was boosted by the Jurong Lake District site.

Meanwhile, on the reserve list, MND will release land for 3,430 private homes, including 855 EC units, in H2 2023. This is 5.4 per cent lower than the supply of 3,625 private housing units, including 855 EC units, in H1 2023. ECs are a public-private housing hybrid.

Sites on the reserve list are launched only upon successful application by a developer, or when there is sufficient market interest.

The commercial space supply on the reserve list for H2 2023 is 93,350 sq m – unchanged from H1 2023. Also unchanged is the supply of 530 hotel rooms on the reserve list. There is no hotel room supply on the confirmed lists of H1 and H2 2023.

"The government will continue to monitor economic and property market conditions and calibrate the supply of future GLS programmes, as necessary, to help meet demand and promote market stability," MND said.

In all, the H2 2023 GLS programme has eight sites on the confirmed list and nine sites on the reserve list. Four sites in each list are new.

Among the four new sites on the confirmed list is a plot next to Orchard Boulevard MRT station, that can yield about 270 private homes. Also on the list are two sites along Upper Thomson Road near Springleaf MRT station, that can yield a total of 1,535 private housing units. The fourth new plot, along Zion Road near Great World City, can generate about 955 homes.

An adjacent plot on Zion Road, which can generate 605 private homes, is among four new sites on the latest reserve list. Another fresh prime site on the reserve list is a plot in Holland Drive that can generate some 680 homes; it is near the One Holland Village project and Jalan Mambong.

MND has also injected into the reserve list a private housing site in

Continued on Page 2

"The ramp-up in housing supply is in response to resilient market demand and private residential prices, despite a weaker economic outlook and consecutive waves of cooling measures."

Wong Xian Yang, head of research for Singapore and South-east Asia at Cushman & Wakefield

Orchard Road, Zion Road sites among 8 state land plots to be offered in H2 for private housing, Page 11

THE BUSINESS TIMES

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Thursday, June 22, 2023

Government ramps up supply of private homes for 2023 to highest in a decade

Continued from Page 1

De Souza Avenue in the Old Jurong Road/Jalan Jurong Kechil locale, that can generate 350 units; as well as an EC plot in Tampines Street 95 that can yield 560 units.

Desmond Sim, chief executive officer of Edmund Tie, said: "The latest GLS programme provides opportunities for developers to buy residential development land in all segments. The Orchard Boulevard site will provide another litmus test on the impact of the doubling of the Additional Buyer's Stamp Duty (ABSD) rate on foreign buyers to 60 per cent.

"Traditionally, projects in the Core Central Region (CCR) – and even some in the Rest of Central Region (RCR) – tend to have a higher proportion of foreign buyers than in other regions."

Tricia Song, head of research for South-east Asia at CBRE, noted that prime sites make up half of the eight new land parcels across the confirmed and reserve lists in the H2 2023 slate. These are the plots at Orchard Boulevard, Holland Drive, and the two in Zion Road. "We have not seen such prime sites since (the H2 2019 GLS programme's) Irwell Bank Road site, and definitely not as many prime choices in a single GLS programme in a decade or more," she said.

"The proportion of supply devoted to prime sites is surprising, given the recent cooling measures which included the 60 per cent ABSD on foreigners; this should affect the prime housing market the most. The resilient demand at launches so far has been demonstrated in the suburban and city-fringe projects," Song added.

"We believe offering prime sites could be aimed at providing a balanced array of medium-term 99-year leasehold choices, as prime launches have also been selling down and private collective sales have dried up."

Chia Siew Chuin, head of residential research at JLL Singapore, said: "MND has taken a targeted approach to address the supply and demand imbalance with more certainty, as local demand for private housing in the Outside Central Region (OCR) and RCR remains buoyant despite the latest cooling measures.

Knight Frank Singapore's research head, Leonard Tay, observed that with the start of operations of new MRT lines in recent years, the government is also starting to populate residential catchments near some of the MRT stations on those lines. These include the Orchard Boulevard, Zion Road and Upper Thomson Road plots, which are close to stations on the Thomson-East Coast Line.

Tay also noted that the risks of private residential development have increased substantially. This comes on the back of the latest cooling measures, in addition to the clouded business sentiment and prevailing economic uncertainty.

"It remains to be seen whether developers will have the same appetite for the newly introduced GLS sites, even though demand for new private homes in the mass market and city fringe remains intact," he added.

Wong of Cushman & Wakefield said the ramp-up in supply from the GLS confirmed list would compete with the private-sector en bloc sale market.

"Assuming sites with similar attributes, developers prefer to acquire from the GLS programme as it is more straightforward. However, seven out of eight sites in the H2 2023 confirmed list are mid- to large-sized sites generating over 500 units each; these may be out of reach for smaller developers. As a result, developers looking for smaller projects would still look towards the en bloc market to buy land," he said.

> **"The latest GLS programme provides opportunities for developers to buy residential development land in all segments."**
>
> Desmond Sim, CEO of Edmund Tie

Elaborating on the H2 2023 GLS programme, MND said: "Complementing the property market cooling measures, this supply injection will bring the total pipeline supply of private housing (including ECs) to about 63,500 units, and cater to resilient demand."

That figure comprises 50,200 units that have received planning approval, and 13,300 units from GLS sites and awarded private-sector en bloc sale sites that have yet to be granted planning approval.

Out of the total pipeline supply, about 40,400 units will be completed between 2023 and 2025, which is more than double the 20,000 units that were completed from 2020 to 2022.

"This forms part of the total supply of about 100,000 public and private housing units to be completed between 2023 and 2025, which will help to cater to housing needs in the immediate few years ahead," MND said.

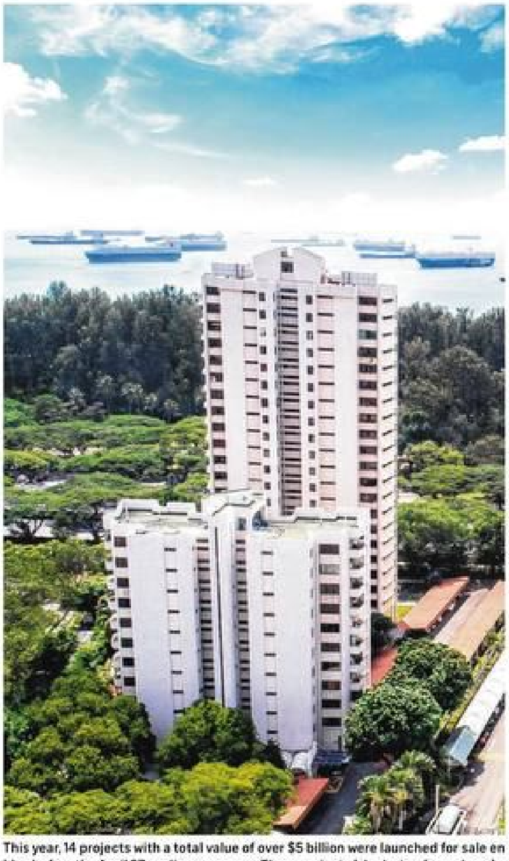
THE STRAITS TIMES

Thursday, May 25, 2023

Latest measures could choke supply of prime freehold collective sites: JLL

Such sale projects in suburbs, city fringe may not be as badly hit, say analysts

Grace Leong
Senior Correspondent



This year, 14 projects with a total value of over $5 billion were launched for sale en bloc before the April 27 cooling measures. Three projects (clockwise, from above) – Meyer Park, Bagnall Court and Holland Tower – totalling $583.76 million have been sold, JLL said. PHOTOS: EDMUND TIE & COMPANY, JLL, SRI

That prized pot of collective sale riches may get more elusive for private home owners, as analysts say the latest round of property curbs could further dampen the current collective sale cycle, which is already seeing a slower success rate compared with the boom cycle from 2017 to 2018.

About a third of collective sales have succeeded in the current cycle, down from 60 per cent in the 2017-2018 cycle, as developers turn cautious in the face of heightened risks, economic uncertainty and compressed profit margins, said Knight Frank's head of capital markets (land and collective sale) Chia Mein Mein.

According to JLL, about 70 residential collective sale projects with a total value of $24.66 billion have been launched in the current cycle from 2021 to May 2023. Of these, only 20 totalling $3.57 billion were sold – a far cry from the more than $10 billion in deals done from 2017 to 2018.

This year, 14 projects with a total value of over $5 billion were launched for sale en bloc before the April 27 cooling measures. Three projects – Meyer Park, Bagnall Court and Holland Tower – totalling $583.76 million have been sold, JLL said.

JLL said getting the mandatory 80 per cent consensus for prime freehold residential projects will be even more of "an uphill task and probably impossible to achieve for those that have a very high proportion of foreign owner-occupiers".

Typically, prime-district developments have a higher proportion of foreign owner-occupiers, who may now be less incentivised to join a collective sale because the cost of a replacement property is now very much higher for this group, said Mr Tan Hong Boon, executive director of capital markets at JLL.

The new curbs include 3 to 30 percentage point hikes in additional buyer's stamp duty (ABSD) rates. The steepest increase was targeted at foreigners, with ABSD rates doubling to 60 per cent from 30 per cent.

This could "strangle the supply of prime collective sale sites near the city centre, especially freehold sites", Mr Tan said.

But collective sale projects in the suburbs and city fringe may not be as badly affected, as these cater more to the owner-occupier market, analysts said. Collective sale sites in areas where new residential launches are doing well may continue to attract developers' interest if priced realistically, Ms Chia said.

WHY THE COLLECTIVE SALE MARKET IS IN A FUNK

For developers, three rounds of cooling measures since December 2021, a weaker macroeconomic outlook and record high interest rates pose major challenges for land banking.

Back in 2018, the July 6 round of cooling measures doused the then booming collective sale cycle. Those curbs included a 5 to 10 percentage point increase in ABSD rates for all buyers and developers, as well as an additional 5 per cent non-remittable ABSD on developers.

For the current cycle, developers were still grappling with the Dec 15, 2021, round of curbs, which saw ABSD raised to up to 40 per cent for developers that fail to sell all their units within five years, CBRE's head of research for South-east Asia Tricia Song said.

They became even more cautious in land banking after another round of curbs in September 2022, coupled with higher interest rates and fears of an economic slowdown, she noted.

Heightened development risks, higher construction costs and recent revisions in the definitions of gross floor area, which affect a project's saleable area, will also lower the prices developers are prepared to pay for collective sale sites, analysts said.

At the same time, many collective sale sellers are less motivated as new and resale private home prices have jumped, resulting in higher replacement costs. Those who own more than one residential property also have to pay higher ABSD, said Mr Michael Tay, CBRE's head of capital markets in Singapore.

"Many residential and non-residential collective sales will remain unsuccessful," JLL's Mr Tan said, noting that many have not managed to get the 80 per cent mandate.

"For those that got the mandate and launched, some will likely fail due to over-pricing."

Analysts said residential collective sale sites priced below $500 million are generally more palatable.

Ms Chia noted that the successful residential collective sales since 2022 were generally priced at not more than $260 million, except for the sale of Meyer Park at $392.18 million and Chuan Park's $890 million sale to Kingsford Development and MCC Land. But the Chuan Park sale is in limbo, pending the High Court's decision following objections from some owners. Most of the residential sites sold in this cycle were in the suburban areas, she added.

Slowing collective sales

Number of sites launched and sold in the 2021 to May 2023 collective sale cycle.

RESIDENTIAL	2023 (year to date*)	2022	2021
• Sites launched			
Total number	14	30	26
Total value ($ billion)	5.078	13.73	5.852
• Sites sold			
Total number	3	9	8
Total value ($ billion)	0.584	1.814	1.173
NON-RESIDENTIAL (COMMERCIAL, MIXED-USE, INDUSTRIAL AND OTHERS)			
• Sites launched			
Total number	7	14	13
Total value ($ billion)	2.374	7.082	5.402
• Sites sold			
Total number	3	7	4
Total value ($ billion)	0.195	1.976	1.021

NOTE: *Data as at May 17, 2023

Source: JLL STRAITS TIMES GRAPHICS

Cushman & Wakefield's head of research Wong Xian Yang said smaller projects with a reserve price of less than $100 million have been more successful. From 2021 till now, 18 of 29 commercial and residential collective sales (62 per cent) were below $200 million, he noted.

Mr Tay said developers are wary of committing to larger land sites priced at $500 million and above, owing to greater development risks. "Prime district collective sale sites are also seeing a lower success rate due to higher unsold new home supply, compared with other sub-markets."

Ultimately, for a collective sale to succeed, Ms Chia said sellers "must have reasonable price expectations, and developers must appreciate that replacement costs for sellers have increased substantially".

DEVELOPERS MAY SHIFT EVEN MORE TO GLS

With unsold new home supply at a five-year low, many developers may continue to favour Government Land Sales (GLS) for land banking, given the challenges in the collective sale market.

Some analysts foresee developers triggering more sites on the GLS reserve list, if there is demand that the collective sale market cannot satisfy.

"In the medium term, developers may favour sites located in the suburbs and city fringe, and even leasehold sites, over prime and freehold locations, as these are generally more affordable and cater more to the owner-occupier market," Mr Tay said.

Of the seven sites on the GLS confirmed list, four are in the city fringe and the rest in the suburbs.

Mr Wong also sees developers favouring more suburban and city fringe sites, although he believes they may continue to bid for sites with higher foreign investor exposure.

"But their site selection criteria in terms of pricing, location and site attributes are expected to tighten further," he said.

Ms Tracy Goh, head of investment and collective sales at PropNex, said the strong take-up at new 99-year leasehold launches Tembusu Grand and Blossoms by the Park shows that developers can get good sites from the GLS programme.

Developers are very much in control of the timeline when they buy a GLS site, which may be more affordable than collective sale sites, she noted.

"The reserve price for a state land parcel is at 85 per cent of the Chief Valuer's estimated market value for the site, while the reserve price for a collective sale site is typically at a premium over recent transacted prices," Ms Goh said.

But Ms Chia warned that developers were already showing signs of defensiveness, even before the latest cooling measures.

Only one bid was submitted for the Lentor Gardens GLS tender in early April at a land rate of $985 per sq ft per plot ratio (ppr) – the lowest land rate for such tenders in the area and the first time the awarded price was below $1,000 psf ppr, she said.

She expects bidding to be more subdued, with "more developers adopting a wait-and-see approach, unless the site is in a popular growth location".

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THE BUSINESS TIMES

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All quiet on the collective sale front as deals stall over price gap

En bloc sale environment remains challenging over mismatch in expectations

By Chelsea Ong
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Horizon Towers, which was relaunched for collective sale for the second time in February at an unchanged reserve price of S$1.1 billion, closed its tender on Mar 30 with no bids. PHOTO: JLL SINGAPORE

A "GULF" in expectations has opened up in the en bloc sale market, with a price gap of up to 15 per cent showing between what developers will pay and what owners are asking.

Only a third of collective sales have succeeded in the current 2021/2023 sales cycle, down from the 63 per cent success rate in the 2017/2018 boom cycle, noted a Knight Frank report on investment sales in the first quarter, which was released on Wednesday (Apr 5).

There is now a price gap of up to 15 per cent from what developers are prepared to pay, because current en bloc prices were probably valued last year before interest rates and construction-related costs continued to rise, said Tan Hong Boon, JLL's executive director of capital markets in Singapore.

Horizon Towers, relaunched for collective sale for the second time in February at an unchanged reserve price of S$1.1 billion, closed its tender on Mar 30 with no bids, he told *The Business Times* on Wednesday. The price for the prime District 9 site included an estimated lease top-up premium of S$277 million, and worked out to S$2,049 per square foot per plot ratio (psf ppr) for the 204,742 sq ft plot.

Freehold site Trendale Towers, which was put back on the market for the third time last December at a reserve price of S$168 million, also closed its tender on Jan 12 with no bids, said Savills Singapore's deputy managing director Galven Tan. The price tag for Trendale Tower, also in District 9, worked out to S$2,257 psf ppr, after factoring in a 7 per cent bonus gross floor area (GFA) for balconies.

A third prime plot, Orchard Bel Air, reopened its tender in January at S$587.5 million; it is still in private treaty talks following the close of the tender on Mar 1, said Knight Frank's head of capital markets (land and collective sale) Chia Mein Mein.

The guide price for the District 10 parcel translates to a land rate of approximately S$2,620 psf ppr, after factoring in a lease top-up premium of about S$136 million. Including the 7 per cent bonus GFA allowed for balconies, this translates to approximately S$2,551 psf ppr.

Current prices for prime District 9 and 10 condos go up to about S$4,500 psf for a Nassim Park Residences unit sold last week, with the bulk of transactions in March 2023 coming in the S$2,200-S$3,300 psf range.

Homeowners' price expectations have gone up as prices of private residential homes shot up by 20 per cent to 30 per cent over the year. Those who let go of their property in an en bloc sale are finding that their cost of replacement has inflated a fair bit – and is likely to continue increasing, said Chia. The Urban Redevelopment Authority price index has risen a cumulative total of 24 per cent from the most recent trough in the first quarter of 2020 to the fourth quarter of 2022.

Developers, on their part, will continue to be "very, very cautious" for this quarter and the next, said JLL's Tan, even though their inventories may be low and they remain on the lookout for land to bank. High interest rates and rising construction costs are holding them back.

Several sites are on the table in both the residential and commercial segments. In February, 99-year leasehold commercial building Shenton House was put up for sale at a reserve price of S$590 million; Excelsior Hotel and Shopping Complex also launched a sale bid at a reserve price of S$458 million.

In the residential sector, freehold Hong Heng Mansions went on the market for a S$133 million reserve price in February, and 99-year leasehold Charming Garden made a second attempt last month, but kept its guide price unchanged at S$175 million.

On Wednesday, a freehold residential site at 64 Wilkie Road was relaunched for sale at a reduced guide price of S$10 million. The earlier tender, which marketed the five-unit block with the neighbouring 62 Wilkie Road at S$19.5 million, had closed with no bids.

Savills' Tan noted that the new harmonisation of floor-area definitions by the Urban Redevelopment Authority, the Singapore Land Authority, the Building and Construction Authority and the Singapore Civil Defence Force is likely to have the biggest impact on pricing, compared to other factors such as rising construction and labour-related costs. This is because developers' saleable area will be reduced.

PropNex's head of investment and collective sales Tracy Goh pointed out that the resale market for owners is still "very strong and optimistic", compared to the lowered bids from developers.

"Sellers are generally not eager to sell, because if they sell at a lower price, they have to buy a replacement at a higher price anyway, so they are not that keen," she added. "If there is no buyer for their en bloc sale, sellers just wait for a better time to launch a collective sale again. They are not likely to reduce the price."

Savills' Tan said sellers with a higher en bloc premium of about 50 per cent to 60 per cent may consider a lower price if they can still achieve about 40 per cent to 50 per cent of the premium – even with a lowered price. The en bloc premium refers to the difference between the en bloc offer price and the resale market price of units.

But for projects with a very lean collective sale margin – say, between 30 per cent and 40 per cent – it might be difficult for sellers to accept a lower price in light of the high replacement costs, he added.

JLL's Tan said motivated owners and smaller projects with fewer owners may be able to accept a lower price, although those looking to require a replacement property may still not budge.

But eventually, when the market and interest rates stabilise, and new sale prices continue to rise, developers may have to raise their bids accordingly, he said.

THE STRAITS TIMES

Wednesday, May 10, 2023

Just five commercial and five residential loans led to foreclosures by financial institutions in the first quarter of 2023, compared with an average of four commercial and 12 residential foreclosures per quarter in 2022, said Minister of State for Trade and Industry Alvin Tan. ST PHOTO: LIM YAOHUI

No alarming rise in property-related foreclosures here, says Alvin Tan

Ovais Subhani
Senior Business Correspondent

The number of distressed property sales has not hit an alarming rate, but borrowers – both individuals and businesses – should weigh the impact of rising interest rates and slowing economic growth when taking loans, Minister of State for Trade and Industry Alvin Tan told Parliament on Tuesday.

"There has not been a pickup in property-related foreclosures thus far," Mr Tan, who is also a board member of the Monetary Authority of Singapore (MAS), said in reply to a two-part parliamentary question on whether mortgagee listings as well as bankruptcy applications would rise in view of higher interest rates and a tougher business climate.

Just five commercial and five residential loans led to foreclosures by financial institutions in the first quarter of 2023, compared with an average of four commercial and 12 residential foreclosures per quarter in 2022, Mr Tan revealed.

Still, households with outstanding mortgages will see higher borrowing costs as interest rates rise from "exceptionally low levels" in the past decade, he said.

"With higher rates and increased uncertainty over global growth prospects, MAS continues to urge all borrowers to exercise caution and to ensure that you are able to service your debts when taking on long-term financial commitments, including big-ticket items such as property purchases."

MAS estimates that about 27,000 home owners with a mortgage from financial institutions refinanced their mortgages in the 12 months from March 2022 to February 2023.

The increase in payments for the borrowers was approximately $240 on average, or about 2 per cent of their monthly income, Mr Tan said.

Meanwhile, the average monthly income of the 27,000 home owners who refinanced their loans had increased by about 10 per cent over the last three years.

This rise in income would have helped cushion the increase in mortgage payments, Mr Tan said.

The Minister of State noted that the use of mortgagee listings as an indicator of households and businesses in distress may be limited.

Mortgagee listings refer to properties that are up for sale after being repossessed by banks or financial institutions due to a loan default.

Mr Tan said the extent of the distressed sales registered could be overstated, in part due to double counting.

"We are not privy to the auction houses' methodologies, but there are challenges in tracking such listings as there is no central database. For example, a property that is put up for sale may count as several listings as the bank or owner listed with multiple agencies," he said.

Higher interest rates and a slowing economy can push more businesses in Singapore into insolvency, Mr Tan said.

"Bankruptcy applications could pick up further as a small segment of more vulnerable borrowers face higher risks of financial distress amid higher interest rates and slower economic growth," he told Parliament.

Bankruptcy applications rose to 959 in the first quarter of this year, higher than the 912 claims made on average in each quarter of 2022, he said, referring to Ministry of Law data released earlier this year.

The ministry's data also showed that insolvency applications in the first quarter of 2023 were 22 per cent higher compared with the first quarter of 2022.

Experts believe a high majority of the companies going under are small and medium-sized enterprises that came under increasing pressure from rising borrowing costs as central banks pursue tighter monetary policies to fight inflation.

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Number of ultra-rich in Singapore expected to reach 5,300 in 2027: report

By Tessa Oh
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THE number of ultra-wealthy people in Singapore is expected to grow 17.7 per cent to around 5,300 between 2022 and 2027, according to a report put out by real estate consultancy Knight Frank.

According to the consultancy's latest edition of *The Wealth Report*, the number of ultra-high-net-worth individuals (UHNWI) in Singapore rose 6.9 per cent to 4,498 in 2022, up from 4,206 the previous year.

This is even as the number of ultra-wealthy individuals fell by 3.8 per cent globally in 2022, following a record climb of 9.3 per cent in 2021. The report defines UHNWIs as those with a net worth of at least US$30 million, including their primary residence.

Leonard Tay, Knight Frank Singapore's head of research, attributed the drop in the global number of ultra-wealthy individuals to the weak performing equities and bond markets.

"On the other hand, 100 prime residential markets globally saw an average price growth of 5.2 per cent and luxury investment assets grew 16 per cent which helped steady the decline," he added.

Globally, among the top 10 countries with the fastest-growing UHNWI populations in 2022, Singapore is ranked eighth. The UAE was first with an 18.1 per cent growth rate, followed by Tanzania, with 13.9 per cent. Coming in third place was Brazil, with an 11.2 per cent growth rate.

Other Asian countries that ranked among the top 10 were Malaysia, which came in sixth place with a 9.4 per cent growth rate, and Indonesia, in seventh place with a 9 per cent growth rate.

While the number of ultra-wealthy declined in 2022, the report found that the number of high net worth individuals – defined as those with a net worth of US$1 million or more, including their primary residence – expanded by 2.9 per cent to almost 70 million worldwide in 2022.

The top three countries with the highest high net worth population growth were Malaysia, Brazil and Indonesia.

Looking ahead, Knight Frank expects the global UHNW population to grow by 28.5 per cent to almost 744,000 over the next five years, from 579,625 in 2022.

But "this expansion marks a slowdown from the 44 per cent growth seen between 2017 and 2022," said the consultancy in a press release.

Of the top 10 countries which are forecast for growth, Hungary is expected to come in first place with a projected growth rate of 74.4 per cent, followed by Turkey and Poland.

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SINGAPORE PROPERTY

Singapore households' net worth up in Q1 with rising property prices; liabilities fall

Residential assets rise 11.7% year on year to S$1.3 trillion, financial assets grow 3.8% to S$1.7 trillion

By Jessie Lim
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HOUSEHOLD net worth in Singapore grew at a faster pace in the first quarter of 2023, outpacing growth for most of 2022, as rising residential property prices fed into higher values for residential property assets.

And government data showed that, amid the current higher interest rate environment, household liabilities fell in Q1, pointing to households actually cutting back on debt.

Quarterly data on the household sector balance sheet, released by the Department of Statistics Singapore (Singstat) on May 30, showed that household net worth – that is, assets less liabilities – climbed 8.2 per cent year on year to S$2.6 trillion at the end of Q1 2023.

This was a larger increase than in the previous quarter, when household net worth rose 6.7 per cent year on year to S$2.6 trillion as at end-2022. It also outpaced the 7.6 per cent growth in Q3 of 2022, and 7.5 per cent growth in Q2 that year.

The boost was driven by residential assets, which grew in value faster than financial assets (which include deposits, stocks and life insurance). Residential assets rose 11.7 per cent year on year to S$1.3 trillion in Q1, faster than the 9.7 per cent year-on-year increase in the fourth quarter of 2022. Financial assets rose 3.8 per cent year on year to S$1.7 trillion in Q1, a larger increase than the 3.2 per cent year-on-year increase in Q4 2022.

The year-on-year rise in residential asset value mirrored growth in the private property market, where residential prices were 11.4 per cent higher in Q1, year on year. Public housing prices rose 8.8 per cent year on year, and the rise in households' HDB assets tracked that, rising by 9.7 per cent year on year.

The year-on-year rise in residential asset value mirrors growth in the private property market, where residential prices were 11.4 per cent higher in Q1, year on year. PHOTO: YEN MENG JIIN, BT

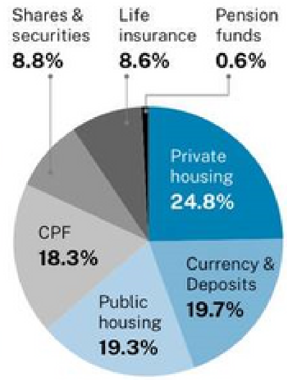
As the Q1 numbers show, residential property asset growth at 11.7 per cent outpaced the 2.5 per cent mortgage growth. This translates into greater wealth for those who already own property assets, and widens the wealth gap between property owners and those who do not own or have not bought homes, said provost's chair professor Sing Tien Foo of the Department of Real Estate at the National University of Singapore.

Singstat figures indicate that residential properties made up 44.1 per cent of household assets as at the end of Q1, a bigger share of the pie than in the previous quarter, when they accounted for 43.7 per cent of household assets.

The other 55.9 per cent of household assets were held in financial assets, which include currency and deposits, shares and securities, life insurance, Central Provident Fund savings and pension funds. Most of the financial assets were up year on year except life insurance, which fell 0.5 per cent in Q1.

Meanwhile, household liabilities, which comprise mortgage loans and personal debt such as car loans and credit cards, fell by 0.02 per cent on a yearly basis to S$359.2 billion in Q1. Quarter on quarter, liabilities fell 0.5 per cent in Q1, at a slower pace than the 0.9 per cent decline in Q4.

Q1 2023 household assets



The figures do not add up to 100 per cent due to rounding

SOURCE: DEPARTMENT OF STATISTICS SINGAPORE (SINGSTAT) GRAPHIC: BTVISUAL

In the first quarter, mortgage loans stood at S$263.5 billion, growing at a slower quarterly rate of 0.2 per cent in the first quarter from 0.7 per cent in the fourth quarter of 2022. However, mortgage loans in Q1 were still up 2.5 per cent year on year.

Personal loans fell by 2.3 per cent quarter on quarter to S$95.7 billion, and were down 6.5 per cent year on year.

Savills Singapore's executive director of research and consultancy Alan Cheong said that the decline in household liabilities was likely due to higher interest rates deterring households from taking on more debt. Many appear to be turning more conservative ahead of

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Foreign buying of private homes at 5-year high in Q1, just before rollout of cooling measures

By Bryan Kow
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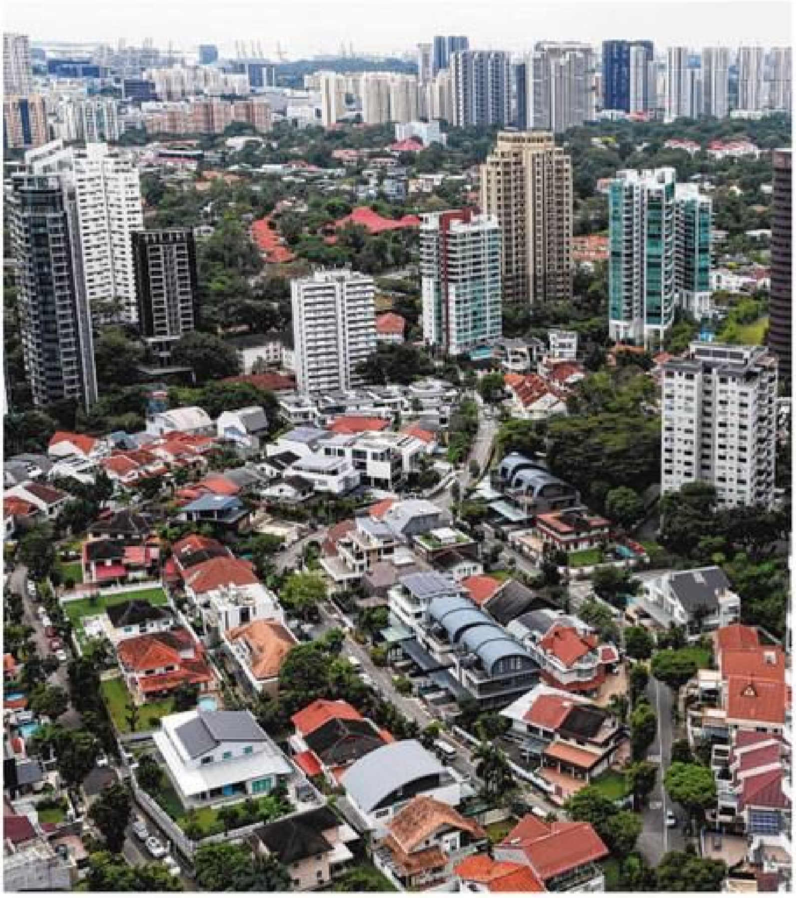
THE number of non-landed private homes – excluding executive condominiums – bought by foreigners or non-permanent residents (NPRs) hit a five-year high in the first quarter of 2023, just before the Additional Buyer's Stamp Duty (ABSD) rates were hiked at the end of April.

Foreigners bought 259 condo units in Q1 2023, up 14.6 per cent from 226 units in Q4 2022. This was also above the five-year quarterly average volume of 249 units between Q1 2018 and Q4 2022, said a report by Orange Tee & Tie's senior vice-president of research and analytics Christine Sun. The report drew on caveats as at May 15 and covered new, resale and subsale transactions.

And foreign buying continued to gain momentum in the month of April before the new ABSD regime was announced.

Latest data showed that in April, the number of new units sold by developers to foreign buyers almost doubled to 70, from the previous month. Huttons senior director of research Lee Sze Teck observed that geopolitical tensions may have led to more foreigners buying properties in safe havens like Singapore.



In Q1, foreigner purchases accounted for 6.9 per cent of private home transactions, up from 3.1 per cent in the year-ago period, OrangeTee & Tie data shows. PHOTO: YEN MENG JIIN, BT

In Q1, foreigner purchases accounted for 6.9 per cent of private home transactions, up from 3.1 per cent in the year-ago period, OrangeTee & Tie data showed.

This is the highest proportion of foreign purchases since Q1 2018, when foreign purchases stood at 7.3 per cent.

Foreign buying of luxury condos also rose to almost a decade high, despite ABSD being raised to 30 per cent for NPRs in December 2021.

The number of non-landed luxury homes in the prime Core Central Region (CCR) bought by foreigners spiked by 123.9 per cent to 159 units in Q1, from 71 units last year.

On Apr 27, the government moved to dampen what it termed as investment demand, doubling ABSD for foreign purchasers to 60 per cent. ABSD was raised from 17 per cent to 20 per cent for Singaporeans buying their second property, and from 25 per cent to 30 per cent for their third and subsequent properties.

ABSD was raised from 25 per cent to 30 per cent for PRs buying their second property, and from 30 per cent to 35 per cent for their third and subsequent residential properties. The rate for first-time homebuyers stayed unchanged.

OrangeTee & Tie noted in its report that mainland Chinese buyers could be most affected by the jump in ABSD, as they constituted the biggest number of foreign and PR buyers of private non-landed homes from 2019 to Q1 2023.

PR and NPR buyers from China purchased 316 non-landed homes in Q1, almost twice the 159 units bought by Malaysians, the second-largest group of foreign buyers.

In the CCR, Chinese buyers bought 111 luxury condos, or 10.8 per cent of total luxury condo sales in the quarter.

While ABSD hikes may knock down the number of Chinese buyers, OrangeTee & Tie's Sun said more buyers from China and Indonesia may purchase condos as PRs or new citizens, given that they will then be liable for less ABSD.

Sun believes the cooling measures are unlikely to affect buyers' perception of Singapore as one of the best places for property investment.