

A vibrant cityscape of Singapore with modern skyscrapers and the iconic Merlion statue in the foreground. The Merlion is a white lion-headed fish sculpture spouting water. The background shows a clear blue sky and various high-rise buildings, including one with an HSBC logo.

SINGAPORE PROPERTY WEEKLY

Issue 19

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FROM THE EDITOR

Welcome to the 19th edition of the *Singapore Property Weekly*.

We've revamped the look of our magazine. Hope you like it!

Mr. Propwise



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Singapore Property This Week

Residential News

More Singapore houses are opening up to short-term rentals

A growing number of Singaporeans are catching up with the short-term home rental trend and opening up and renting their houses to strangers. The rent for a shared room in a HDB flat starts from US\$15 per night and the sole use of a 2,250 sq ft penthouse condo in Newton can start from US\$800 per night. Although home owners are free to decide the rent for their houses, short-term home rental website Roomorama advises owners to set a price that is about 30% to 40% lower than the prices that hotels in the vicinity of their homes charge.

Singapore Property unit Allgreen Properties will preview 102-unit Riviera 38 next Thursday

Located at Mar Thoma Road, units at 999-year leasehold 102-unit Riviera 38 will start previewing next Thursday. The unit sizes range from 452 sq ft for a one-bedroom apartment to 1,980 sq ft for a penthouse with three bedrooms and a personal swimming pool. Allgreen Properties announced that prices for a 452 sq ft one-bedder will begin at \$530,000. Although not all pricings have been confirmed, market speculated that average price will be around \$1,200 psf. Apart from 20 one-bedder and 21 one-bedder-plus-study-units, Riviera 38 will also consist of two-bedders, two-bedders-plus-study-units, three-bedders, and penthouses.



SRPI index showed rise in price for small units and units in Non-Central region: NUS

NUS' data showed that SRPI in the Central region (exclusive of small units) decreased 0.7% from July to August; the SRPI in August was also 2.08% lower than the peak seen in May 2011. However, prices for units in Non-Central district and small units islandwide were experiencing rapid increase in August. The SRPI for units in Non-Central district increased 0.5% from July to August, while small units islandwide experienced a 3.1% hike. To date, the SRPI for 2011 in the Central region has increased by merely 3.2%, the SRPI in Non-Central region has increased by 10.5%, and the price index for small units has increased by 12.3%.

Mass-market continues to be the main focus in Q3 amid economic uncertainties

Amid the economic uncertainties, mass-market properties achieved an average transacted price of \$941 psf in Q3 2011, and the 2.5% hike for suburban houses (non-landed private residential properties which excludes ECs) was higher than the 1.7% hike in the OCR property price in Q2 2011. Knight Frank noticed that prices of mass-market houses were reaching \$1,000 psf and an average price of \$1 million. Rents in the high-end and mass-market segments increased by 1.9% and 0.4% q-o-q respectively, while rent in the mid-market segment increased by 2.3%. For Q4, Knight Frank expects sales volume (excluding ECs) to reach at least 16,000 units.



Commercial

Sources said that the minimum industrial unit size that URA is likely to approve is 90 sq m

The minimum industrial unit size that is likely to be approved by URA is about 90 sq m (approximately 969 sq ft). However, URA mentioned that a minimum size is not imposed on industrial units. Instead, URA will look at the development proposals and discuss with developers and architects on how to improve on the development, making it suitable for industrial purposes. Some developers have been developing units that are below 800 sq ft and thus posed a fear that developers might use these sites as office space rather than as industrial unit. Several developers have voluntarily added a new clause in the S&P contract of their industrial projects, stating that their properties are solely for industrial use.

Rental for Grade A office increased by 4.3% in Q3

CBRE figures showed that the average gross monthly rental value for Grade A office in Q3 was \$11.10 psf, a 4.3% hike from Q2. However, the vacancy rate for Grade A office increased from 9.48% in Q2 to 10.96% in Q3; it is also the highest seen in the last seven years. CBRE mentioned that the vacancy rate is due to the completion of new offices this year, and is positive that the new offices will be occupied within the next six months.

Four-storey freehold Henderson Industrial Building up for sale

Located at the junction of Henderson Road and Jalan Bukit Merah, four-storey freehold Henderson Industrial Building has been put up for sale; the owners expect a price that falls in the range of \$120 million (\$575 psf of potential GFA).



The 83,454 sq ft site has a strata area of 120,287 sq ft and can potentially be redeveloped into a site with a GFA of 208,635 sq ft based on the 2.5 plot ratio. No DC is payable and the breakeven cost for the site might fall between \$800 psf and \$900 psf. Zoned for Business 1 use, the tender for the building ends on 25th October.

Prime retail rents in Orchard/Scott Road area increased by a mere 0.5% to \$40.20 psf pm in Q3: DTZ Research

DTZ Research showed that the average gross fixed rent of prime first-storey space in Orchard/Scott Road area increased to \$40.20 psf pm in Q3, a mere 0.5% q-o-q hike. The average gross fixed rent of prime first-storey space in city areas outside of Orchard/Scott Road area remained at \$24.05 psf pm, while

rent in suburbs remained at \$33.70 psf pm; the stability is due to new supply of retail space brought about by the completion of malls such as Rochester Mall, Scotts Square, Changi City Point, and 112 Katong in Q3. Despite the upcoming new supply in suburban areas such as Jurong, DTZ assured that prime first-storey space in Orchard/Scott Road area will continue to remain strong due to limited supply.

Office rents continue to cool: CBD Grade A office increased by only 2% q-o-q in Q3 2011: Colliers International

Colliers International showed that Singapore's office property market continued to cool in Q3 amid the economic uncertainties. According to Stanchart's property, prime and Grade A office rents are expected to remain unchanged at \$9 psf pm and \$11 psf pm till 2014 respectively.

Colliers also showed that the overall CBD Grade A office rent in Q3 increased by only 2% q-o-q to \$9.08 psf pm, the lowest q-o-q growth since Q2 2010. Furthermore, the average occupancy rate for CBD Grade A office continues to fall, from 93.5% in Q2 to 92.6% in Q3, the lowest occupancy rate in six quarters.

Rio Tinto will be occupying 70,000 sq ft at MBFC's Tower 3 sometime in Q2 2012

Rio Tinto will stop occupying its current premise at Centennial Tower and will be occupying 70,000 sq ft at MBFC's Tower 3, which is expected to be completed in Q2 2012. Rio Tinto will be occupying at least 3 storeys in the mid-rise levels of the 46-storey MBFC's Tower 3. Apart from Rio Tinto, other

tenants in MBFC's Tower 3 include DBS (which will occupy over 600,000 sq ft), Clifford Chance, Ashurst LLP, McGraw-Hill, and WongPartnership. The MBFC's Tower 3 is currently 60% leased.

Collective sale for Tanglin Shopping Center called off for the second time

The collective sale for the freehold 68,512 sq ft Tanglin Shopping Center has been called off because a buyer was not secured. The indicated price for the collective sale was \$1.25 billion (approximately \$4,000 psf of potential GFA). The site, which contains a retail podium, a 12-storey office tower, and carpark facilities, has a strata area of approximately 380,000 sq ft and can build up to 20 storeys.



Will the government introduce more cooling measures?

By Getty Goh

On 10 Sep 11, the local newspaper reported that the President of REDAS had urged the Singapore government to review the property cooling measures in anticipation of lower housing demand due to the negative global economic sentiments.

The news of REDAS's request was received with mixed reactions. From forum letters to one of Singapore's local newspapers, some contributors felt that the property cooling measures should remain. Others even asked for the introduction of more policies to further arrest the price escalation of properties.

With property prices at an all time high, one question on everyone's mind right now is what will the government do next? Will the government accede to populous demands and introduce more measures so that property prices will become more affordable or will the government heed the request of REDAS and lift some of the measures presently in place.

In my view, I believe the government will likely adopt a wait-and-see approach for the next few months. While it is still too early to say whether the government will remove some of the anti-speculation measures soon, I do not think that the authorities will introduce more measures to cool the market further.



Why the government is likely to adopt a wait-and-see approach

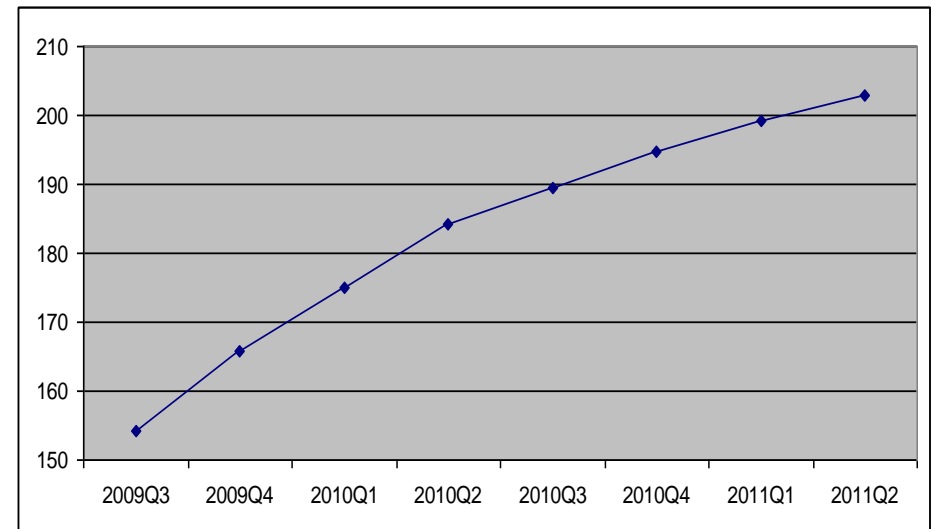
Here are some reasons why:

1. The cooling measures are taking effect

Although the PPPI is presently at peak levels (as at 2011Q2 the PPPI was 203, which is higher than the previous peak of 181.4 in 1996Q2), indications that cooling measures are taking effect can be seen from the decelerating price increase.

This is graphically shown in the levelling of the trend line in Figure 1. Based on this information, it can be inferred that the cooling measures are working and there is little impetus for the government to take further action.

Figure 1: URA Private Property Price Index (PPPI) from 2009Q3 to 2011Q2



Source: URA

2. A healthy real estate sector translates to increased revenue for the government

If you have taken a look at Singapore's operating budget, you will notice that the government derives a sizable portion of its operating revenue from property and property related taxes via stamp duties, development charges, etc. Based on an extract from Singapore's FY2010 budget (see Figure 2), stamp duty collected by the government amounts to more than S\$2 billion annually, which contributes between 5% and 6% of the total operating revenue.

Historically, property transactions are higher when prices are on the rise and lower when prices are falling. Hence, falling prices will have a direct impact on the amount of stamp duties collected due to the lower number of properties crossing hands.

Figure 2: Budget for FY2010 (extracted from MOF website)

	Revised FY2009	Estimated FY2010 [@]	Change over Revised FY2009	
	\$ billion	\$ billion	\$ billion	%
OPERATING REVENUE	38.57	40.73	2.16	5.6
Corporate Income Tax	9.26	7.61	(1.65)	(17.8)
Personal Income Tax	6.20	6.96	0.76	12.3
Withholding Tax	1.16	1.25	0.09	7.5
Statutory Boards' Contributions	0.41	1.19	0.78	191.0
Assets Taxes	1.98	2.72	0.74	37.4
Customs and Excise Tax	2.10	2.24	0.15	6.9
Goods and Services Tax	6.66	6.98	0.32	4.7
Motor Vehicle Related Taxes	1.80	1.50	(0.30)	(16.5)
Vehicle Quota Premiums	0.61	0.90	0.29	47.2
Betting Taxes	1.74	2.08	0.34	19.4
Stamp Duty	2.29	2.68	0.38	16.7
Other Taxes	2.12	2.37	0.25	11.8
Other Fees and Charges	2.09	2.15	0.05	2.6
Others	0.15	0.11	(0.04)	(25.7)

Source: http://www.mof.gov.sg/budget_2010/revenue_expenditure/attachment/2%20Fiscal%200Outlook%20For%20Financial%20Year%202010.pdf

Apart from taxes, another way that the government profits from a healthy real estate sector is via the government land sales (GLS) program. The following will give you a sense of the revenue that the GLS program generates: based on land tender results from URA's website, the total value of land sold by URA from the start of 2011 till now is in excess of S\$4 billion. The total revenue from GLS is likely to be significantly more than S\$4 billion as GLS for SLA, HDB and JTC have not been considered.

So how do increasing property prices affect GLS revenue? In a market where property prices are escalating, the strong demand for properties will potentially prompt developers to offer higher bid prices for land. In contrast, when property prices are decreasing, developers will likely be less prepared to pay a premium for land as they are concerned that they will not be able to sell their units as

quickly and break even. As a result, it is reasonable to expect that the government will achieve higher land sales revenue during a strong property market as compared to a weak one.

3. High homeownership rate

Ultimately, one of the key reasons why I believe that the government will not allow the Singapore property market to cool significantly is because the majority of Singaporeans and Singapore Permanent Residents (PRs) are homeowners. According to the Singapore Department of Statistics, homeownership rate in 2010 was as high as 87.2%. Hence it is very unlikely that the government will implement measures that would cause a drastic drop in property prices as such actions would have an impact on a wide spectrum of people.

In an ideal world, property prices will appreciate at a steady and sustainable rate, on par with the country's economic growth. In reality, economic, social and political forces add volatility to a country's property market.

The Singapore government has an unenviable task of balancing the need of keeping properties affordable while preventing property prices from stagnating or dropping. It is not easy to meet the aspirations of first time home buyers and upgraders, without bringing prices down from its current peak.

However, based on the points raised above, I guess that if the government has to err on the side of caution in dealing with the property market situation in the coming months, meeting the aspirations of first time home buyers and upgraders would unlikely be the focus.

By Getty Goh, Director of [Ascendant Assets](#), a real estate research and investment consultancy firm.



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Non-Landed Residential Resale Property Transactions for the Week of Sept 10 - 16

Postal District	Project Name	Area (sqft)	Transacted Price (\$)	Price (\$ psf)	Tenure
4	THE AZURE	1,927	3,800,000	1,972	99
4	CARIBBEAN AT KEPPEL BAY	1,249	1,880,000	1,506	99
4	CARIBBEAN AT KEPPEL BAY	1,227	1,825,000	1,487	99
4	CARIBBEAN AT KEPPEL BAY	1,270	1,695,000	1,334	99
5	ONE-NORTH RESIDENCES	1,367	1,760,000	1,287	99
5	THE PARC CONDOMINIUM	980	1,127,000	1,151	FH
7	SOUTHBANK	614	1,020,000	1,662	99
8	CITYLIGHTS	893	1,446,660	1,619	99
8	KERRISDALE	1,270	1,380,000	1,086	99
8	KERRISDALE	1,485	1,575,000	1,060	99
8	KERRISDALE	1,485	1,530,000	1,030	99
9	TRIBECA	517	1,165,000	2,255	FH
9	SCOTTS HIGH PARK	4,209	9,000,000	2,138	FH
9	RIVERGATE	1,539	3,150,000	2,046	FH
9	YONG AN PARK	3,111	5,580,000	1,794	FH
9	ROBERTSON 100	872	1,460,000	1,675	FH
9	WATERMARK ROBERTSON QUAY	1,324	2,100,000	1,586	FH
9	CLAREMONT	1,163	1,738,000	1,495	FH
10	THE SOLITAIRE	2,250	4,500,000	2,000	FH
10	JERVOIS LODGE	1,238	1,800,000	1,454	FH
10	VIZ AT HOLLAND	861	1,250,000	1,452	FH
10	CASA JERVOIS	1,227	1,730,000	1,410	FH
10	THE TESSARINA	1,367	1,898,000	1,388	FH
10	GLENTREES	1,991	2,378,000	1,194	999
11	PARK INFINIA AT WEE NAM	1,130	1,980,000	1,752	FH

Postal District	Project Name	Area (sqft)	Transacted Price (\$)	Price (\$ psf)	Tenure
11	STRATA	1,292	1,900,000	1,471	FH
11	NOVENA COURT	861	1,018,000	1,182	FH
11	ADAM PARK CONDOMINIUM	2,799	2,480,000	886	FH
12	BALESTIER POINT	1,130	1,000,000	885	FH
12	SUNVILLE	1,701	1,250,000	735	FH
14	THE TRUMPS	700	894,000	1,278	99
14	PERPETUAL APARTMENTS	1,173	1,349,200	1,150	9999
14	PERPETUAL APARTMENTS	1,173	1,320,800	1,126	999
14	PERPETUAL APARTMENTS	1,173	1,302,200	1,110	999
14	PERPETUAL APARTMENTS	1,432	1,495,800	1,048	9999
14	VISTAYA VIEW	1,270	1,272,150	1,002	FH
14	PERPETUAL APARTMENTS	1,184	1,080,600	913	999
14	PERPETUAL APARTMENTS	1,184	1,065,400	900	999
14	ESCADA VIEW	840	700,000	834	FH
14	MORO MANSIONS	936	765,000	817	FH
14	CHEN FANG MANSIONS	936	720,888	770	FH
14	TORIEVILLE	958	640,000	668	FH
14	SUNFLOWER REGENCY	1,152	750,000	651	FH
14	PERPETUAL APARTMENTS	2,131	1,311,500	616	9999
14	PERPETUAL APARTMENTS	2,131	1,073,000	504	9999
14	PERPETUAL APARTMENTS	2,433	1,223,800	504	9999
15	THE SEAFRONT ON MEYER	2,110	3,333,800	1,580	FH
15	CAMELOT BY-THE-WATER	2,842	4,300,000	1,513	99
15	THE BELVEDERE	1,378	2,025,660	1,470	FH
15	RIVEREDGE	980	1,340,000	1,368	99



Postal District	Project Name	Area (sqft)	Transacted Price (\$)	Price (\$ psf)	Tenure
15	RIVEREDGE	1,453	1,800,000	1,239	99
15	COSTA RHU	1,345	1,475,000	1,096	99
15	TANJONG RIA CONDOMINIUM	818	850,000	1,039	99
15	NEPTUNE COURT	1,270	1,120,000	882	99
15	VILLA MARINA	1,281	1,100,000	859	99
15	GOODWILL COURT	2,820	1,280,000	454	FH
16	COSTA DEL SOL	1,238	1,368,800	1,106	99
16	LANDBAY CONDOMINIUM	1,184	1,288,888	1,089	FH
16	THE BAYSHORE	926	880,000	951	99
16	EAST MEADOWS	1,195	1,100,000	921	99
16	TANAMERA CREST	1,195	930,000	778	99
16	TANAMERA CREST	1,206	875,000	726	99
17	FERRARIA PARK CONDOMINIUM	646	720,000	1,115	FH
17	JLB RESIDENCES	990	860,000	868	946
17	WATERCREST	1,302	980,000	752	999
17	LOYANG TOWNHOUSES	1,938	1,410,000	728	946
17	LOYANG VALLEY	1,873	1,240,000	662	99
18	SAVANNAH CONDOPARK	1,453	1,260,000	867	99
18	SAVANNAH CONDOPARK	1,453	1,260,000	867	99
18	THE TROPICA	1,238	1,065,000	860	99
18	TROPICAL SPRING	1,776	1,515,000	853	99
18	EASTPOINT GREEN	1,302	900,000	691	99
18	MELVILLE PARK	1,475	950,000	644	99
18	ELIAS GREEN	1,518	910,000	600	99
19	3@SANDILANDS	958	1,028,000	1,073	999
19	SUNGLADE	1,023	1,045,000	1,022	99
19	THE QUARTZ	1,163	1,122,000	965	99

Postal District	Project Name	Area (sqft)	Transacted Price (\$)	Price (\$ psf)	Tenure
19	SUNGLADE	1,023	1,045,000	1,022	99
19	THE QUARTZ	1,163	1,122,000	965	99
19	FONTAINE PARRY	1,496	1,425,000	952	999
19	HARMONY @ 1A	947	800,000	845	FH
19	THE SUNNYDALE	1,324	1,088,000	822	99
19	HILLSIDE MANSIONS	1,141	930,000	815	FH
20	CLOVER BY THE PARK	1,733	1,800,000	1,039	99
20	BISHAN PARK CONDOMINIUM	1,324	1,030,000	778	99
21	CLEMENTI PARK	1,658	1,625,000	980	FH
22	THE LAKESHORE	1,152	1,160,000	1,007	99
22	IVORY HEIGHTS	1,701	1,200,000	706	100
22	LAKESIDE TOWER	1,981	900,000	454	99
23	GLENDALE PARK	1,313	1,350,000	1,028	FH
23	HILLVIEW REGENCY	904	848,000	938	99
23	REGENT HEIGHTS	1,023	778,888	762	99
23	REGENT HEIGHTS	1,173	850,000	724	99
23	NORTHVALE	1,270	850,900	670	99
26	CASTLE GREEN	947	780,000	823	99
26	SEASONS PARK	1,066	822,000	771	99
27	YISHUN EMERALD	958	800,000	835	99
27	YISHUN SAPPHIRE	1,033	680,000	658	99
28	SERENITY PARK	1,593	1,350,000	847	FH
28	SELETAR SPRINGS CONDOMINIUM	958	670,000	699	99

NOTE: This data only covers non-landed residential resale property transactions with caveats lodged with the Singapore Land Authority. Typically, caveats are lodged at least 2-3 weeks after a purchaser signs an OTP, hence the lagged nature of the data.

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