

Monthly Property Market Update for November 2008

Introduction

The October stock market turmoil continued right into November 2008, crushing whatever that was left of the consumers' confidence about their own financial future.

Here in Singapore, exactly how the recent global stock market meltdown will affect the real estate market remains debatable. But one thing for sure, Singaporeans at large have started to adjust their spending behaviours in anticipation of more financial turbulences to hit town.

Here are the summaries of the important events affecting the property market in November 2008.

(A) The big picture of the larger economy

(A.1) US housing crisis deepens

Miseries continue to pile on homeowners in the United States. Higher unemployment rate of 6.3%, 10 straight months of falling payrolls, and more stringent mortgage standards are throwing more US homeowners onto the streets, sinking home prices further into the abyss.

Home values in the United States fell 9.7% in the third quarter (Q3) of 2008, extending its seventh consecutive decline to a median US\$202,966. In the meantime, one in seven homeowners had negative equity, or owed more on their mortgages than their houses were worth.

30.2% of US homeowners who sold their property in the last 12 months through to September 2008 ended up taking huge losses; and 20% of all housing transactions were foreclosures.

(A.2) US Jobless rate hits 14-year high

The US unemployment rate bolted to a 14-year high of 6.5% in October, after hitting 6.1% a month ago and continuing a 10th straight month of payroll reductions. Another 533,000 jobs were cut in November and more layoffs are expected as more corporations are unable to find fresh capital to continue to operate – the three major car manufacturers, i.e. Ford, GM and Chrysler, are just some high-profile examples.

Altogether, around 2 million jobs have been lost so far this year. Out of which, 651,000 of them were lost in the third quarter alone. The unemployment rate looks certain to surpass the peak of 6.3% in the last recession in 2001. Many expect the jobless rate to climb to 8% or higher next year.

(A.3) The rich gets poorer

The world's richest people have become a little poorer, at least on paper. American Bill Gates lost US\$3.2 billion in the value of his Microsoft shares. He is now worth a total of US\$55.5 billion from US\$57 billion, according to Forbes' calculations.

Warren Buffett lost US\$5.29 billion based on his 350,000 Berkshire shares; but managed to be slightly richer by US\$8 billion, bringing his personal wealth to US\$58 billion. Buffett's new found wealth makes him the richest man in the US, unseating Bill Gates who had been the wealthiest for the past 15 years.

Hong Kong tycoon Li Ka Shing lost about US\$12 billion, bringing his total wealth from about US\$26 billion at end-September to US\$14 billion now. In Singapore, wealthy property developer, Kwek Leng Beng of City Developments (CDL) may be poorer by S\$780 million from his earlier estimated wealth of S\$2.7 billion in early October 2008.

Veteran banker Wee Cho Yaw lost almost S\$1 billion in October and may be worth about S\$3.2 billion, down from more than S\$4 billion.

(A.4) Multiple years of slow growth for Singapore

According to Prime Minister Lee Hsien Loong, Singapore is likely to face several years of slow growth after the current recession; and any hope of a speedy recovery will not depend on Singapore's own measures but the health of the US economy.

Mr Lee explained that the current crisis differed from the 1985 recession and 1997 Asian financial crisis, as this time around, the crisis has brought the entire global financial system to its knees and bankrupted many iconic financial institutions across the US and EU.

However, the Singapore government would maintain the current 7% rate of the Goods and Services Tax and use the revenue in a targeted way, such as by helping businesses affected by the crisis. Any cuts to the CPF scheme 'in the immediate term' were also ruled out by Mr Lee.

(A.4) Property News Update

- (4.1) Master Plan 2008 becomes law

The Chief Planner has gazetted the Master Plan 2008 (MP 2008) on 5 December 2008. It means the latest MP 2008 has become law. Master Plan is a detailed statutory land use plan that guides the physical development of Singapore for the next 10 to 15 years.

As part of the public consultation process, the draft MP 2008 was put on public exhibition in May. More than 200,000 visitors visited the exhibition over the past six months; and about 300 feedback inputs were received from the exhibition and incorporated into the final MP 2008.

The four key thrusts of the MP 2008 are:

- to enhance Singapore as a home of choice,
- a magnet for business,
- an exciting playground and
- a home to cherish.

Three new commercial and mixed-use sub-regional hubs have been introduced at Jurong Lake District, Kallang Riverside and Paya Lebar Central. Marina Bay is the centrepiece of Singapore's urban transformation into global distinctive city, with many exciting developments shaping up.

- (4.2) URA re-introduces plot size control for Cluster Houses

The URA will re-introduce a cap to limit the number of allowable units in strata landed housing developments from 3 February 2009.

The total number of units allowed in a new cluster home project will be less than or equal the quotient obtained by dividing the total site area by the minimum plot size control for the relevant landed housing form.

The minimum plot size control for the relevant landed housing form includes 400sq m for Bungalows; 200 sq m for semi-detached houses; and 150sq m for terrace houses.

- (4.3) IRAS ordered by the High Court to relook Property Tax rules

The Court of Appeal has ruled that monies in the sinking fund need not be included in the property tax calculation, if they were not used for capital improvements in the year of assessment. However, if they were utilized for maintenance and repairs which would add to capital enhancement on the property's value, then they should be included in the calculation.

The Court of Appeal also held that the onus on showing that the sinking funds were used for maintenance and repair should lie with the taxman; and it also ordered the IRAS to come up with clear guidelines on the exclusions.

Currently, contributions to the management fund are exempted from property tax calculation, as the fund is meant for general purposes not necessarily related to improvements.

(B) The overall performance of Private Residential Property segment

(B.1) Primary home sales heavily sedated in October

- (1.1) Total primary sales figures

Official data from the URA showed that only 112 new home units were sold in October 2008, down from 376 units a month ago. In all, 159 new home units were launched in October 2008, much fewer than the 767 units launched in the previous month. Table (1) below shows the breakdown of the primary sales figures by geographic regions.

Table (1) – New homes sold in October 2008

Locality	No. of Projects with Transactions / Total no. of Projects	No. of units Sold
Core Central Region	9 / 184	14
Rest of Central Region	12 / 123	27
Outside Central Region	24 / 141	71
<i>Source of data – SISVRealink</i>		Total 112

- (1.2) Monthly tally of primary sales

Table (2) below shows the detailed breakdown of primary sales figures by months with comparison between the number of new home units launched and the total number of such units sold. The unsold inventory is piling up.

Table (2) - Monthly sale figures of new home units launched in the respective months

Month	Total New Home Units Launched but unsold	New units launched in the month	Total New Home Units Sold
Jan 08	2,539	410	320
Feb 08	2,831	343	174
Mar 08	3,186	642	301
Apr 08	3,187	271	274
May 08	3,218	474	441
Jun 08	3,379	1,069	801
Jul 08	3,841	1,322	897
Aug 08	3,754	194	320
Sept 08	4,154	767	376
Oct 08	4,266	159	112
Total		5,651	4,016

Source of data – URA

- (1.3) Performance of primary sales in Core Central Region (CCR)

Out of the 183 brand new condo projects on sale in the Core Central Region, only 9 projects had some sales. In all, the total new units sold in CCR in October 2008 were 14. See table below for details.

Table (3) – Performance of private new home sales in CCR in October 2008

	Project Name	Units Launched so far	Units launched so far but UNSOLD	Units Sold in the Month	Lowest Price (\$psf)	Highest Price (\$psf)	Median Price (\$psf)
1	Lucida	62	44	1	1,349	1,349	1,349
2	Miro	18	16	1	1,616	1,616	1,616
3	Mulberry Tree	32	19	1	1,161	1,161	1,161
4	Orchard Scotts	180	137	1	2,407	2,407	2,407
5	Parc Sophia	152	43	4	1,439	1,638	1,519
6	Sandy Island	11	8	2	2,033	2,169	2,101
7	VIVA	20	5	1	1,561	1,561	1,561
8	Park Infinia at Wee Nam	486	28	1	1,640	1,640	1,640
9	The Greenwood (Phase 5)	3	0	2	928	928	928

Source of data – URA

- (1.4) Performance of primary sales in Rest of Central Region (RCR)

Out of the 123 brand new condo projects on sale in the Rest of Central Region, only 12 projects had some sales. In all, the total new units sold in RCR in Oct 2008 were 27. See table below for details.

Table (4) – Performance of private new home sales in RCR in October 2008

	Project Name	Units Launched so far	Units launched so far but UNSOLD	Units Sold in the Month	Lowest Price (\$psf)	Highest Price (\$psf)	Median Price (\$psf)
1	The Peak @ Balmege	90	46	8	836	1,109	988
2	Beacon Heights	150	44	3	874	944	927
3	Silversea	70	61	3	1,221	1,353	1242
4	City Regency	56	0	2	948	1,012	980
5	Concourse Skyline	100	44	2	1,307	1,398	1353
6	The Rochester	366	9	2	1,020	1,080	1050
7	Tresalveo	60	22	2	947	949	948
8	D'Fresco	30	25	1	830	830	830
9	Floridian	75	61	1	1,388	1,388	1,388
10	Jubilee Residence	19	1	1	849	849	849
11	Reflections at Keppel Bay	650	13	1	2,306	2,306	2,306
12	The Adara	16	5	1	757	757	757

Source of data – URA

- (1.5) Performance of primary sales in Outside Central Region (OCR)

Out of the 141 brand new condo projects on sale in the Outside Central Region, only 24 projects had some sales. In all, the total new units sold in OCR in October 2008 were 71. See table below for details.

Table (5) – Performance of private new home sales in OCR in October 2008

	Project Name	Units Launched so far	Units launched so far but UNSOLD	Units Sold in the Month	Lowest Price (\$psf)	Highest Price (\$psf)	Median Price (\$psf)
1	Jewel	12	0	12	286	342	317
2	Riz Haven	33	24	7	628	894	772
3	Eastbay	40	15	6	900	1,096	941
4	The Lakeshore	848	133	6	743	1,038	865
5	Coastal Breeze Residences	63	57	5	658	693	689
6	Livia	360	25	5	638	668	648
7	The Lucent	21	17	4	940	971	958
8	Palm Galleria	40	5	3	699	738	737
9	Charlton Villas	43	0	2	424	489	457
10	Hillvista	49	8	2	1,043	1,050	1,047
11	Kovan Residences	220	95	2	849	902	876
12	Landed housing development	14	12	2	675	686	681
13	The Linear	221	71	2	554	571	563
14	The Quartz	625	193	2	718	780	749
15	The Top Residence	13	6	2	479	499	489
16	3@Sandlands	20	9	1	858	858	858
17	D'Pavilion	50	36	1	826	826	826
18	East Coast Residences	34	24	1	895	895	895
19	Lange 28	5	1	1	647	647	647
20	Mill Creek	18	17	1	819	819	819
21	Naturalis	43	23	1	852	852	852
22	Sovereign @ Simon	23	19	1	583	583	583

23	The Lattiz	15	12	1	801	801	801
24	Waterfront Waves	222	77	1	752	752	752

Source of data – URA

(B.2) Secondary home market hit the slippery path in Q3

Likewise, secondary sale of private properties has hit a slippery path, with sales volume going down from the height of 1,728 deals in July 2008 to the sub-1,000-deal level recently. There were only **242** deals in the secondary sales market in November 2008, with no reprieve in sight.

The figures below show the lacklustre performance of the private secondary sale market similar to its primary market counterpart.

Table (6) – Total Secondary Private Sales of condo/apartments so far in 2008

Months	Sales volume		
	Primary sales	Secondary Sales	Total
Jan	320	949	1,269
Feb	174	807	981
Mar	301	704	1,005
Apr	274	927	1,201
May	441	811	1,252
Jun	801	370	1,171
Jul	897	831	1,728
Aug	320	1,007	1,327
Sept	376	643	1,019
Oct	112	680	792
Nov	35	242	277

Source of data – SISVRealink

- (2.1) More are letting their Option lapse

More purchasers of new home units have been elbowed out of their property deals in October 2008, probably due to the sudden stock market crashes worldwide. Buyer's confidence is now trapped at the basement level of a skyscraper.

In October alone, about 50-odd new home buyers let their Option to Purchase (OTP) lapse by the expiry dates. This number is five times higher than the norm.

Table (7) – Total no. of TOP lapsed in October 2008

Units returned in Oct 2008	
Project name	No. of units returned
Beacon Heights	1
Clover By The Park	1
Concourse Skyline	14
Kovan Residences	1
Madison Residences	2
Parc Sophia	2
Silversea	5
Soleil @ Sinaran	2
The Peak @ Balmeg	11
Trasalveo	5
Viva	5
Waterfront Waves	2

Source of information: Business Times

(B.3) Transaction volume in Q3 rose 9% but value crawled – indicating price dip

In Q3, a total of 4,287 caveats were lodged for private homes (including ECs), covering both primary and secondary markets. It was 9% higher than the 3,934 caveats lodged in Q2.

However, the total value of private homes transacted edged up only slightly to \$5.68 billion in Q3 from \$5.62 billion in Q2, indicating a price dip. Compared with the previous quarter, island-wide landed home private prices slipped 1.9% quarter-on-quarter.

Prices of apartments/condos in all geographic regions also declined. Below shows the details of price dip across the different segments:

- Core Central Region – home prices declined by 2.7%
- Rest of Central Region– home prices declined by 2.4%
- Outside Central Region – home prices declined by 1.5%

The average price for high-end and super luxury residential homes stood at \$2,065 psf and \$3,240 psf respectively in Q3 2008. This was a decline of 14.3% and 12.0% respectively since the beginning of this year.

(B.5) Landed property segment – Sales volume by House Types

- (5.1) Sale volume of Detached houses

Sales of detached houses in all districts continue their downward trend in Q3, falling from a total of 69 transactions (including new and resale units) in the previous quarter to 47 deals in Q3. (See table 8 below for details).

Apparently, the detached house market has reacted cautiously to the slew of bad news streaming in from the rich nations. Coupled with the worst performances ever from Singapore’s main economic engine – the manufacturing sector*, more prospective bungalows buyers will do their maths carefully before committing to any purchase.

* Note – the electronic shipments from Singapore, which has already fallen for seven consecutive quarters before October 2008, had plunged by 15% in the previous month. Singapore’s Non-Oil Domestic exports, which have fallen for six straight months before October, likewise fell 15.3% in October 2008.

Table (8) – Transaction figures of Detached houses in the first 3 quarters of 2008

Sales of Detached houses	New home	Secondary sale	Total
Q1 2008	16	57	73
Q2 2008	17	52	69
Q3 2008	11	36	47

Source of data – SISVRealink

- (5.2) Sale volume of Semi-detached houses

Sales of semi-detached houses were likewise reduced in Q3, after rising marginally in the previous quarter. The factors affecting the semi-D segment are similar to the detached house segment as the prospective buyers are also from the high income groups that are more vulnerable than average wage earners to external economic shocks.

Table (9) – Transaction figures of semi-detached houses in the first 3 quarters of 2008

Sales of Semi-detached houses	New home	Secondary sale	Total
Q1 2008	27	98	125
Q2 2008	31	105	136
Q3 2008	26	91	117

Source of data – SISVRealink

- (5.2) Sale volume of Terrace houses

Sales of terrace houses were down in Q3 after the spectacular rise in Q2 2008. However, when compared with Q1 2008, the performance in Q3 was only slightly subdued.

This shows that the underlying demand for landed homes, especially at the price range of sub-one-million dollar and slightly over a million dollar, is still very strong. The cheaper terrace houses also attract many upgraders from nearby HDB heartland estates and the mid- to high-income groups in general.

Table (10) – Transaction figures of Terrace houses in the first 3 quarters of 2008

Sales of Terrace houses	New home	Secondary sale	Total
Q1 2008	84	263	347
Q2 2008	137	316	453
Q3 2008	65	233	298

Source of data – SISVRealink

(B.6) Price Trend of landed property segment – by House Types

Prices of landed homes held steady throughout the year and across all house types – probably due to limited supply of quality homes. Many landed home owners are still able to hold on to the mortgages at these early stages of the economic slowdown. However, with the 'domino effects' coming from the on-going layoffs and cost-cutting measures across the various industries, prices of landed homes might be affected in six to nine months' time, if things do not look up sooner.

- (6.1) Price trend of Detached houses

As of now, 2-storey bungalows in popular areas such as District 10, 15 and 19 held firmly, though they are expected to come down a shade lower in 2009, due to widespread layoffs in the wake of the worsening economy in Singapore.

Table (11) – Price trend of bungalows in popular districts

	District 10		District 15		District 19	
	psf	Prices (\$mil)	psf	Prices (\$mil)	psf	Prices (\$mil)
January 2008	\$802 – \$1,011	\$6.7m – \$12.68m	\$974 – \$1,007	\$2.08m – \$6.2m	\$478 – \$601	\$3.0m – \$4.1m
Oct-Nov 2008	\$829 – \$972	\$6.8m – \$7.2m	\$105 – \$494	\$500k – \$2.4m	\$396 – \$653 (*Jul – Aug)	\$1.9m – \$3.2m

Source of data – SISVRealink

*No detached houses in D19 were transacted in the October-November period.

- (6.2) Price trend of Semi-detached houses

So far, despite the fewer transactions, prices of semi-detached houses have managed to stay firm, probably due to the limited supply of quality houses in the recent months.

However, the situation may be altered in the next few months when more layoffs occur in tandem with the worsening economy.

Table (12) – Price trend of semi-detached houses in popular districts

	District 10		District 15		District 19	
	psf	Prices (\$mil)	psf	Prices (\$mil)	psf	Prices (\$mil)
January 2008	\$993 – \$1,360	\$2.45m – \$4.28m	\$682 – \$852	\$2.15m – \$3m	\$482 – \$596	\$1.35m – \$1.9m
Oct-Nov 2008	\$923 – \$1,180	\$2.0m – \$4.5m	\$562 – \$812 (*Jul – Oct)	\$1.6m – \$4.1m	\$482 – \$650	\$1.06m – \$2.7m

Source of data – SISVRealink

*No semi-detached houses in D15 were transacted in the October-November period.

- (6.3) Price trend of Terrace houses

Table (13) – Price trend of terrace houses in popular districts

	District 10		District 15		District 19	
	psf	Prices (\$mil)	psf	Prices (\$mil)	psf	Prices (\$mil)
January 2008	\$748 – \$1993	\$2.55m – \$3.98m	\$397 – \$919	\$730k – \$2.5m	\$423 – \$980 (Jan – Feb)	\$950 – \$1.98m
Oct-Nov 2008	None		\$513 –	\$1.28m – \$2.7m	\$620 –	\$885 – \$1.95m

			\$1,810		\$740	
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Source of data – SISVRealink

(B.6) Private home rents set to slide

Some experts are predicting that the rent drop could be as severe as over-20% in the next few months, as more corporate layoffs, cost-cutting and capital flights materialise.

Making matters worse is the impending completion of more condominiums in the prime districts. For example, another 681 units at the Sail @ Marina Bay, 172 units at St Regis Residences, and 110 units at Paterson Residence will be available for immediate occupancy from early next year onwards.

(B.7) More developers feeling the heat

Other worrying signs pointing to a slowing property market include news on delays or cancellations of high-profile building projects, and price reduction by developers etc. Here are some examples.

- (7.1) Marina Bay IR may open in phases

Due to the trying times ahead, Las Vegas Sands has applied to the Singapore authority to open its casino in Marina Bay in phases from the end of 2009 instead of all at once. This is definitely a bad news for the ailing domestic economy where the unemployment rate is climbing; and thousands of people have been re-trained to take up the various positions promised at the casino.

Itself in serious financial peril, Las Vegas Sands had decided to halt projects in Macau and the United States to conserve cash. However, the gaming giant has vowed to go ahead with the planned Marina Bay Sands casino resort in Singapore, which is expected to cost nearly US\$5 billion.

- (7.2) CDL shelved South Beach project

City Developments (CDL) and its two joint-venture partners, Istithmar of the Dubai World Group, and El-Ad Group, have shelved the \$2.5 billion high-profile South Beach project. The 3.5-ha site at the former Beach Road Camp was won by the CDL-led consortium for \$1.69 billion.

The economic turmoil and the high construction cost were cited as reasons for the stoppage. CDL will delay the project until building costs fall to 'reasonable levels'.

- (7.3) District 9 project re-launched at half price

A 75-unit freehold luxury condominium at River Valley Grove, Luma, has been re-launched at half its last year's original launched price of \$2,800 psf.

The transacted prices of Luma units were between \$3,349 psf and \$3,291 psf in August 2007; and between \$2,837 psf and \$2,586 psf in April 2008.

Luma sits an en-bloc site at St Thomas Walk which the Novelty Group bought in 2006 for \$76.5 million, or about \$810 psf of potential gross floor area.

(C) The performance of Non-Residential Property segment

(C.1) Prime office rents lower and trend to continue

The latest data released by the URA showed office rents lower by 0.8% in Q3 2008.

In October 2008, prime office rents slide by 5% from the previous month to reach \$14.05 psf per month, as more corporations are down-sizing their operations here. But the fall in net effective prime office rents was even more pronounced, with landlords giving rent-free periods before the actual commencement of the leases.

Average office rents are now back to the 2007 level and may go down another 10% to 20% if the economic situation does not improve quickly.

(C.2) More office tenants expected to 'break lease'

More tenants will 'break lease' in the next year as the full impact of the global financial tsunami hits the Singapore shore. It is estimated that about 3.5% of existing Grade A office space, amounting to about 450,000 sq ft, could be returned by tenants in the next 12 months as corporations in general consolidate their operations here.

As the way things go, the downward pressure has already sliced 1.2% off the average Grade A asking monthly rent in Singapore in Q3 2008, when compared with the previous quarter. The average rents fell to \$14.92 psf in Q3, from the height of \$15.10 psf in Q2 2008.

Bucking the downtrend, office space at Raffles Place, City Hall/Marina Bay, Beach Road/Middle Road, and Shenton Way actually became dearer by 2.2%. However, outside the prime Golden Shoe areas, average asking rents for offices fell by 3.3% in Tanjong Pagar; and by 0.91% in the Orchard area.

In the pipeline, there will be almost nine million sq ft of new office space supply in and around the Central Business District over the next four years; and at least 80% of them will be of Grade A standard.

(C.3) Fear for recession leads to more leases surrendering

Another telling sign of a weakening economy is showing up in the industrial sector. In Q3 2008, more Ready-built facilities (RBF) leased by JTC Corporation were returned. The rate of surrendering of JTC leases jumped 25.7% quarter-on-quarter and 45% year-on-year.

More leases surrendering occurred in manufacturing and related businesses as many tenants have started to consolidate their operations, following the drastic fall in demand from abroad.

In total, termination of leases of flatted factories, standard factories and business parks amounted to 30,300 sq m from lessees who were from the services and precision engineering sectors. They each accounted for 30% of the termination.

Another 18% of the terminations were from the electronic sector. And around 67% of termination in Q3 was the result of consolidation of operations, and about 12% was due to poor business.

(D) The performance of Collective Sales

There was no news in the collective sales segment in November 2008.

(E) Foreign Interest in Singapore Real Estate

(E.1) Australian fund pulled out from Singapore property deals

An Australian private property fund manager, Blaxland, has pulled out from industrial property deals worth some \$200 million in Singapore.

Blaxland Funds Group is a joint venture between its executive staff and The Myer Family Company. It set up a representative office in Singapore earlier this year and had planned to build up an industrial property portfolio worth over \$300 million, including eSys Technologies' building in Changi North and SH Cogent Logistics' warehouse building at Penjuru Close in Jurong.

(E.2) US buyer backed out of Ho Bee deal

American buyer of Ho Bee Group's Frontech Centre backed out of the deal in November 2008. The agreed sale price of the eight-storey high-tech industrial building was \$30 million. Ho Bee had earlier planned to use the sale proceeds to pare down borrowing and increase working capital. The purchaser is understood to be a US-based property fund.

(E.3) Foreign Funds eying cheaper Asian properties

In November 2008, Merrill Lynch reportedly raised some US\$2.65 billion for its Asian Real Estate Opportunity Fund, which is intended for direct acquisition of real estate assets and companies in Asia.

Likewise, it was also reported that an Australian fund, AMP Capital Investors, was in the process of raising up to S\$2.9 billion for direct property investments in Asia, including malls in Japan, and offices in Singapore.

According to KPMG, pension funds, hedge funds and private equity funds are showing keenness in Asian real estate due to the structural shortage of commercial properties in the growing economies, including Australia, Singapore and China.

(E.4) Foreign home buyers made up 22% of home purchases in Q3

In Q3, a total of 903 private homes were sold to foreign buyers, based on the caveats lodged with the Singapore Land Authority (SLA).

Malaysians accounted for 22% of the total transactions by foreigners. Among the other nationals, Indonesians accounted for 19% of the total caveats lodged, while PRC Chinese took up 13%, Indian 12%, and UK citizens 6%.

Among the most popular projects that attracted the highest numbers of foreign buyers in Q3 2008 were Clover by the Park (40 units), Livia (30 units) and Kovan Residences (20).

In terms of the total private home transactions, foreign buyers (including PRs) made up 22% of total private home transactions in Q3 – down 3% from the previous quarter of 25% of total sales.

Among the foreigner buyers, PRs contributed the lion shares of 53% or 476 of the total 903 private homes bought by foreigners in Q3. Non-PR foreigners accounted for the remaining 47%.

(F) News on Government Land Sale (GLS) Programme

(F.1) Government Land Sale (GLS) programme suspended

The Singapore government has suspended sale of state sites from the Confirmed List for the first half of next year. The remaining sites on the Confirmed List will be transferred to the Reserve List.

In good measures, the government has also lifted an earlier ban on converting office space in the central area to other uses, such as serviced apartments.

Any developers that need land will still be able to acquire it through the Reserve List where the government will release a site for sale if an interested party submits an application and guarantees to pay a minimum price acceptable to the state.

(F.2) No show at tender of Punggol EC site

The fourth executive condominium (EC) site launched for sale by the Housing & Development Board (HDB) received no bid at the close of the tender in November. The 242,159 sq ft and 99-year leasehold site is near Punggol MRT Station and the future Punggol Town Centre.

The no-show by developers may be due to the uncertain prospect of the property market amidst one of the worst economic crises the world has witnessed for decades.

There might be a valid concern among buyers that some resale 99-year leasehold condo units might cost the same or less than EC units as the current economic crisis takes fuller shape later.

(F.3) URA tries its luck with Dakota and Seletar sites

Despite the no-show at the last tender of an executive condo site in Punggol, the URA has released sales details for two Reserve List sites - at Dakota Crescent and Seletar Road.

The 1.7 ha site at Dakota Crescent is for a residential project with a gross floor area of 647,599 sq ft. It is near the future Singapore Sports Hub and upcoming Dakota MRT station.

The 2.1 ha site at Seletar Road is meant for a mixed commercial and residential development with a gross floor area of 226,042 sq ft. It is in a residential area at Seletar Hills near the future Seletar Aerospace Park.

(G) Overall performance of the HDB resale market

(G.1) Punggol BTO flats more than three times subscribed

2,344 Singaporeans are vying for 750 new flats at Punggol Arcadia, the latest Build-To-Order (BTO) HDB flats in Punggol. The BTO project is located at the junction of Punggol Place and Punggol Field and was launched in mid-November 2008.

Buyers could choose from 120 three-room, 465 four-room, and 165 five-room flats. The flats cost between \$181,000 and \$211,000 for a three-room unit, between \$268,000 and \$327,000 for a four-room unit, and between \$356,000 and \$416,000 for a five-room unit.

The overwhelming response to the BTO project means that the underlying demand for new flats is still strong, amidst the general cautiousness. The current economic worries may have prompted more home buyers to go for the safer option of public flats.

(G.2) Pricey condo-like HDB flats drew few buyers

Natura Loft at Bishan, the latest HDB's Design, Build and Sell Scheme (DBSS) flats, has drawn about 600 applications for its 480 units, a far cry from the previous overwhelming responses seen at Premiere @ Tampines, City View @ Boon Keng, and Park Central at Ang Mo Kio.

Besides the apparent economic woes, another reason for the lukewarm response might be the high asking price. For example, typical four-room 95-sq m units are asking from \$465,000 to \$586,000; while the five-room 120-sq m flats cost \$600,000 to \$739,000. On the average, the unit price works out to about \$450 to \$570 per sq ft (psf).

Comparatively, a new 99-year leasehold condo, Rosewood Suites in Woodlands, is being attractively priced at between \$590 to \$600 psf.

(G.3) HDB sub-letting rents to fall in tandem with private rents

As rents for private condos and apartments are softening and expected to continue sliding due to the deteriorating economy and increasing supply of new condos next year, HDB sub-letting rents are expected to follow suit.

In fact, the downward pressure is already being felt. First of all, the sub-letting rents for HDB flats have shown smaller increases in the third quarter (Q3) of 2008.

For example, HDB sub-letting rents for 4-room and 5-room flats in popular areas such as the Central areas, Bukit Merah, Queenstown, and Marine Parade are facing downward pressure. (See tables (14) – (17) below).

Table (14) – Median sub-letting rents for central areas in the first 9 months

Period	Town	3-Room	4-Room	5-Room
Q3 08	Central	\$1,800	\$1,800*	\$2,300*
Q2 08	Central	\$1,800	\$2,200	\$2,550
Q1 08	Central	\$1,600	\$2,000	\$2,300

Table (15) – Median sub-letting rents for Bt Merah in the first 9 months

Period	Town	3-Room	4-Room	5-Room
Q3 08	Bt Merah	\$1,700	\$2,200*	\$2,600
Q2 08	Bt Merah	\$1,600	\$2,300	\$2,370
Q1 08	Bt Merah	\$1,500	\$2,000	\$2,500

Table (16) – Median sub-letting rents for Queenstown in the first 9 months

Period	Town	3-Room	4-Room	5-Room
Q3 08	Queenstown	\$1,730	\$2,000	\$2,350*
Q2 08	Queenstown	\$1,530	\$1,950	\$2,600
Q1 08	Queenstown	\$1,500	\$1,800	\$2,320

Table (17) – Median sub-letting rents for Marine Parade in the first 9 months

Period	Town	3-Room	4-Room	5-Room
Q3 08	Marine Parade	\$1,700	\$2,200	\$2,400*
Q2 08	Marine Parade	\$1,750	\$1,800	\$2,400*
Q1 08	Marine Parade	\$1,600	\$1,570*	\$2,500

*denotes decrease in rents.

Secondly, the number of HDB flats which received the green lights from HDB for 'whole flat sub-letting' increased in Q3 to 21,400 units from the 20,200 approved units in Q2 2008. However, 'whole flat sub-letting' deals fell 4% to 3,960 cases in Q3. If the trend continues, the sub-letting rents will fall further.

Note: HDB flat owners are allowed to rent out their whole flat after having fulfilled the minimum occupation period (MOP) of three years, if the flats have been purchased from the open market without any housing subsidies from the government. The MOP is five years if the flat owners have taken the government subsidy, such as the CPF Housing Grant.

(G.4) Resale transaction in November 2008 increased by 43 cases

The total HDB resale volume in November 2008 was the third highest this year. After hitting the highest volume in September 2008, the resale activities dipped slightly in October with 2,389 resale transactions. However, with more bad news of corporate layoffs and the heightened fears for the economic uncertainties, more home buyers opted for the safety of subsidised flats; and the buying trend is likely to continue into 2009.

Table (18) – Resale HDB flat Transactions in November 2008

	3-Room	4-Room	5-Room	E-Flats	Total
Ang Mo Kio	71	21	16	2	110
Bedok	63	46	27	3	139
Bishan	6	25	19	5	55
Bt Batok	56	48	15	12	131
Bt Merah	41	16	29	0	86
Bt Panjang	9	54	37	7	107
Bt Timah	3	2	3	2	10
Central Area	10	4	1	0	15
Choa Chu Kang	7	60	41	15	123
Clementi	31	15	4	1	51
Geylang/Aljunied	28	11	7	3	49
Hougang	29	62	35	11	137
Jurong East	26	18	17	6	67
Jurong West	42	75	59	15	191
Kallang Whampoa	24	12	13	1	50
Marine Parade	14	3	6	0	23
Pasir Ris	1	21	26	23	71
Punggol	0	16	56	5	77
Queenstown	41	8	8	1	58
Sembawang	0	38	41	9	88
Sengkang	0	46	85	14	145
Serangoon	11	22	7	7	47
Tampines	38	75	53	15	181
Toa Payoh	41	17	18	4	80
Woodlands	24	86	61	28	199
Yishun	55	57	15	15	142
Total	671	858	699	204	2,432

(G.5) Larger flats in demand – with volume of 5-room flats hitting year's highest

The deteriorating economy may have compelled many aspiring private home buyers to switch to larger public flats (and probably also to take advantage of the subsidised home financing).

The demand for bigger flats, such as 5-room and executive flats, has increased steadily since January 2008, as the global financial crisis deepened. The resale volume of 5-room flats reached its highest level this year, hitting 699 deals in November – 64 deals more than in October 2008 and 102 deals more than in January 2008.

The resale volume for executive flats crossed the 200-deal threshold for the second time in the year, reaching 204 deals in November – 22 deals more than the previous months.

Table (18) – Comparison of monthly total HDB resale transactions from January to November 2008

2008	3-room	4-room	5-room	E-Flats	Total
January	680	837	597	192	2,306
February	635	768	495	146	2,044
March	613	806	569	162	2,150
April	664	909	602	164	2,339
May	638	816	544	181	2,179
June	628	854	584	192	2,258
July	652	910	680	214	2,456
August	653	769	577	187	2,186
September	692	922	689	191	2,494
October	675	897	635	182	2,389
November	671	858	699	204	2,432

Source of info – HDB inforweb

(G.6) Case Study – 5-room resale flats more expensive in November 2008

The highest resale volume of 5-room resale flats was accomplished with generally higher resale prices. Samples of resale prices of 5-room flats in the 10 largest HDB heartland estates were used in the latest case study to ascertain the price trend of 5-room resale flat across the island.

It was discovered that the 5-Room resale flats in **seven** out of the 10 largest HDB heartland estates experienced higher median resale prices. (See shaded areas in Table 20 below)

Table (20) compare resale prices among the most populous heartland estates

5-Room flats (Total Transactions)	October 2008 (\$,000)			November 2008		
	Lowest	Highest	Median	Lowest	Highest	Median
Woodlands (Total Transactions – 199)	278	378	338	253	382.5	327
Jurong West (Total Transactions – 191)	255	418	370	250	435	358
Tampines (Total Transactions – 181)	335	520	388	335	480	405
Sengkang (Total Transactions – 145)	335	512	396	380	522	441
Yishun (Total Transactions – 142)	278	396	331	286	406	340
Bedok (Total Transactions – 139)	317	540	428	325.88	580	448
Hougang (Total Transactions – 137)	333	450	380	310	515	376
Bt Batok (Total Transactions – 131)	345	580	454	310	560	475
Choa Chu Kang (Total Transactions – 123)	280	470	363	291	450	368
Ang Mo Kio (Total Transactions – 110)	400	635	470	410	608	485

Likewise, a similar study was done on the smallest heartland estates. It was ascertained that, as the resale prices in the smallest estates are already very high, the general upswing in resale prices for larger flats elsewhere did not occur to the larger units in the smaller estates, except for Marine Parade which is still the choicest location.

Table (21) compare resale prices among the Smallest heartland estates

5-Room flats (Total Transactions)	October 2008 (\$,000)			November 2008		
	Lowest	Highest	Median	Lowest	Highest	Median
Bt Merah (Total Transactions – 86)	480	682	605	445	686	539
Marine Parade (Total Transactions – 23)	550	652	607	560	690	650
Queenstown	555	765	635	520	690	630

(Total Transactions – 58)						
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Findings: Only **one** (01) out of the three (03) smallest HDB heartland estates experienced higher median resale prices for the 5-Room resale flats.

(G.7) Higher resale prices supported by high demand for resale flats

Checks on the 5-Room flat resale volume in the 10 largest heartland estates revealed that there were 21 more resale 5-room flat transactions in November 2008. Likewise, at the smallest HDB estates, where resale prices tend to be much higher than elsewhere due to limited supplies, there were 12 more resale 5-room flat transactions.

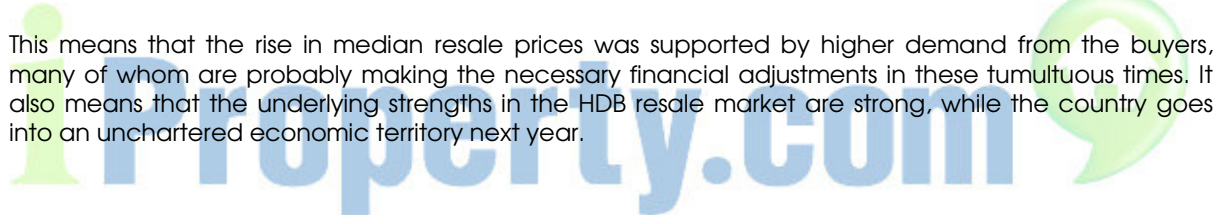
Top 10 Largest HDB estates

5-room	Resale Volume	
	October	November
Woodlands	70	61
Jurong West	58	59
Tampines	40	53
Sengkang	76	85
Yishun	19	15
Bedok	33	27
Hougang	21	35
Bt Batok	14	15
Choa Chu Kang	45	41
Ang Mo Kio	10	16
Total	386	407

Smallest HDB estates in Singapore

5-room	Resale Volume	
	October	November
Bt Merah	18	29
Marine Parade	7	6
Queenstown	6	8
Total	31	43

This means that the rise in median resale prices was supported by higher demand from the buyers, many of whom are probably making the necessary financial adjustments in these tumultuous times. It also means that the underlying strengths in the HDB resale market are strong, while the country goes into an uncharted economic territory next year.



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