2022 4th Qtr

SG PROPERTY NEWSLETTER

Photo features:
Cape Royale - Sentosa Cove

KWP
KEN WEE PROPERTY

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Hello!

Hope 2022 has been going great!

Glad we can finally take a slight breather from dealing with
covid the past 2 years or so.

Travels, bigger gatherings, no mask outdoors, etc.
Things are heading back to the new normal.

However there are still many cases, so we should still
take care and continue to stay safe.

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This newsletter contains market updates and other information
which I hope you will find helpful.

Thank you for taking the time to read it :)

~

A special thanks to all my clients, family & friends who have
placed their trust in me & my real estate journey.

I value & appreciate everything. And will continue to do my best.

I dedicate all of my achievements so far
to every single one of you.

- Ken Wee -

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Contents

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Q3 2022 QUARTERLY REPORT

RESIDENTIAL PROPERTY REPORT

Private Residential Property Q3 2022

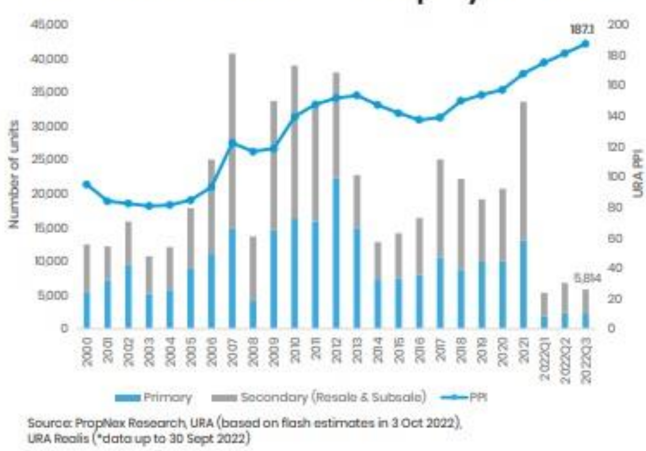
Overview

Private home prices grew unabated in Q3 2022, boosted by healthy housing demand. Fresh mass market condo launches achieved robust sales at new benchmark prices during the quarter, lifting overall prices. The latest cooling measures introduced from 30 September - including the revision of the medium-term interest rate for the total debt servicing ratio (TDSR) framework to 4% is not expected to have a severe impact on the private residential market.

Prices

- URA's flash estimates showed that overall private home prices rose for the tenth straight quarter in Q3 2022, growing at 3.4% QOQ – following a 3.5% growth in Q2. Private home prices have since risen by 7.8% from end-2021.
- The price increase in Q3 2022 was led by the non-landed private home segment, where values rose by 4.1% QOQ in Q3 2022 – continuing the strong growth of 3.6% in Q2 2022.
- Prices of non-landed homes in the Outside Central Region (OCR) surged by 7% QOQ in Q3 2022, up sharply from the 2.1% QOQ growth in Q2. New projects AMO Residence, Sky Eden @ Bedok and Lentor Modern which were launched in July and September 2022 – had helped to prop up prices in the OCR. All three launches achieved an average price of slightly more than $2,100 psf.
- In the Rest of Central Region (RCR), the price growth slowed from 6.4% QOQ in Q2, to 2.5% QOQ in Q3 2022. Following the successful launch of Piccadilly Grand and Liv @ MB in Q2 2022, Q3 saw no new RCR launches, which led to buyers turning to previously-launched projects.

Total Private Home Sales & Property Price Index



Source: PropNex Research, URA (based on flash estimates in 3 Oct 2022), URA Realis (*data up to 30 Sept 2022)

- Prices of non-landed homes in the Core Central Region (CCR) grew by a 2.3% QOQ in Q3 2022. With home prices rising at a faster pace in the other sub-markets, some buyers are finding value in the CCR market, particularly for freehold properties.
- Landed home values rose by 1.2% QOQ in Q3 2022, slowing from the 2.9% increase in the previous quarter. The price increase appears to be broad-based, with median transacted unit prices rising across all landed homes categories (Detached, Semi-detached, and Terrace) from Q2 to Q3, based on URA Realis caveat data.

Transactions

- According to caveats lodged, developers sold 2,258 new private homes (ex. Executive Condos) during the quarter – representing a 5.8% drop from 2,397 units shifted in Q2 2022.
- Projects in the OCR drove new home sales in Q3 2022, making up 55.8% of new homes sold. Of note, the top 3 selling projects during the quarter were from the OCR (see Table 1). Meanwhile, the RCR and CCR accounted for 17.4% and 26.7% of sales, respectively. PropNex expects new home sales activity for the coming quarter to slow with fewer launches lined up.
- There were 3,361 private homes sold on the resale market in Q3 2022 – down by 20.7% QOQ after a rebound in the second quarter, where 4,236 units were resold. Resale activity may pick up as new launch prices continue to rise and as more buyers potentially turn to the resale market, with the new 15-month wait-out period for private property owners (ex- and current) who wish to downgrade to HDB resale flats after selling their private homes.
- Sub-sales remained relatively low at 195 units, taking total private home transactions to 5,814 units (including new sale and resale) in Q3 2022.

Top 5 selling projects in Q3 2022*

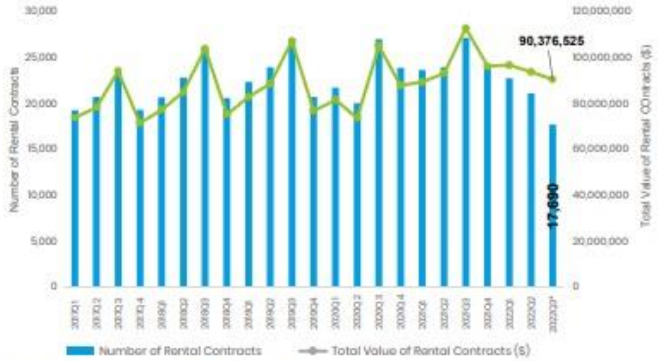
Project Name	Region	Units Sold in Q3 2022	Average Unit Price ($PSF) in Q3 2022
LENTOR MODERN	OCR	512	$2,126
AMO RESIDENCE	OCR	362	$2,114
SKY EDEN@BEDOK	OCR	121	$2,112
HYLL ON HOLLAND	CCR	76	$2,689
RIVIERE	RCR	70	$2,890

Source: PropNex Research, URA Realis (*Data up to 30 Sept 2022)

Private Home Leasing

- In Q3 2022, landlords continued to enjoy a strong negotiation position due to robust demand from tenants, both foreign and local.
- Rental activity remained robust. More than 17,600 rental contracts, amounting to over $90 million were signed in July and August.

Private Home Leasing Volume & Total Value (by quarter)



Source: PropNex Research, URA Realis (Q3 2022 data up to Aug 2022)

- Rental demand could grow further beyond 2022, supported by the limited rental stock, and ex-private property owners looking for interim housing before they can buy a resale flat due to to the newly-imposed 15-month wait-out period.

Private Residential Market Outlook

Latest cooling measures will act as speed bumps to put the brakes on price growth, ensuring that private home prices remain stable. That being said, PropNex does not expect prices to correct significantly as developers have little room to cut prices due to high development costs and limited unsold stock.

With interest rates set to rise further and slower economic growth looming, the latest cooling measures will help to instil more caution and prudence into the property market. Buyers may opt for less central locations or smaller units to keep price quantum low.

Looking ahead, the factors that will support housing demand include the recovery in foreign employment levels as more expatriates return to Singapore after the easing of travel restrictions, the welcoming of new citizens and permanent residents, as well as family formation.

For 2022, PropNex projects that overall private home prices could rise by 8% to 9%, as the tight inventory of unsold new private homes, fewer launches, and limited resale stock may help to support prices. Meanwhile, new private home sales (ex. ECs) could come in at 8,000 to 8,500 units and resale volume may cross 14,000 units for the full year.

HDB Resale Q3 2022

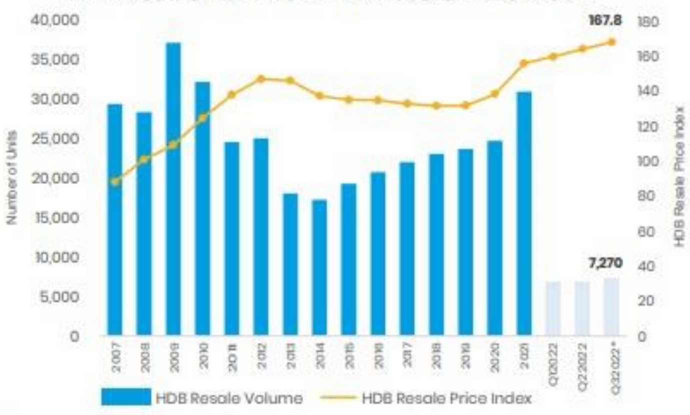
Overview

HDB resale price growth eased slightly in Q3 2022 amidst a rebound in sales. Despite the uncertain market outlook as rate hikes raise the spectre of potential recession in global economies, sentiment in the HDB resale market remained lively in Q3.

Transactions and Prices

- The flash estimates released by the HDB showed that resale prices rose by 2.4% QOQ in Q3 2022, with an index reading of 167.8. HDB resale prices have grown by 27.6% since the start of the pandemic in 2020 Q1.
- Based on transaction data, 7,270 HDB flats were resold in Q3 2022 – up by about 6.6% from 6,819 units sold in Q2 2022.
- Of note, 111 HDB resale flats were transacted for at least $1 million in Q3 2022 – a record for such sales in a quarter.

HDB Resale Volume & HDB Resale Price Index



Source: PropNex Research, HDB, data.gov.sg (based on flash estimates in 3 Oct 2022)

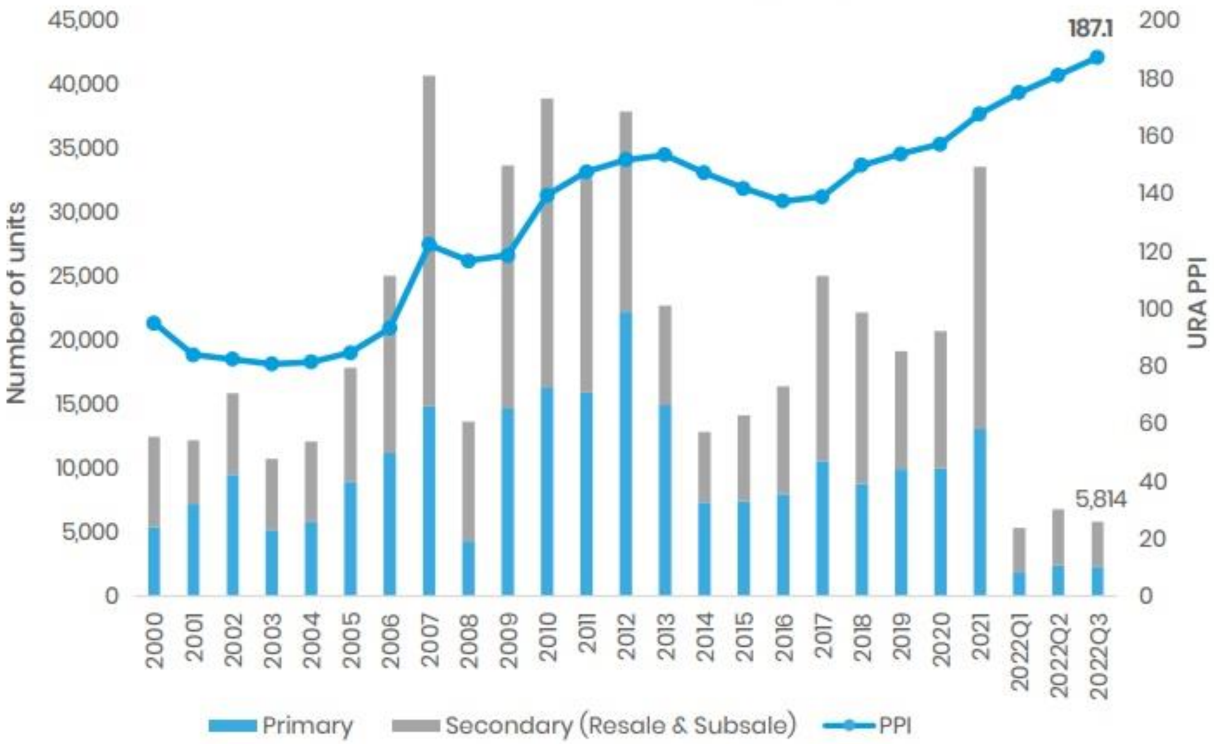
HDB Resale Market Outlook

The new 15-month wait-out period introduced as part of the latest cooling measures will moderate demand for larger flats, especially flats in prime locations. There may be a period of impasse where would-be buyers are waiting for prices to fall while sellers look to hold on to their asking price. This may play out and cause resale volume to ease slightly perhaps in the next 2 to 3 months, before the market adjusts and finds an equilibrium.

Supported by strong underlying demand, HDB resale prices are not expected to decline significantly; the cooling measures will ensure a more sustainable pace of price growth. For the full-year 2022, overall HDB resale prices could rise by 9% to 10% - slowing from the 12.7% growth in 2021.

In terms of resale volume, PropNex projects that 27,000 to 28,000 flats may be resold this year.

Total Private Home Sales & Property Price Index



Source: PropNex Research, URA (based on flash estimates in 3 Oct 2022), URA Realis (*data up to 30 Sept 2022)

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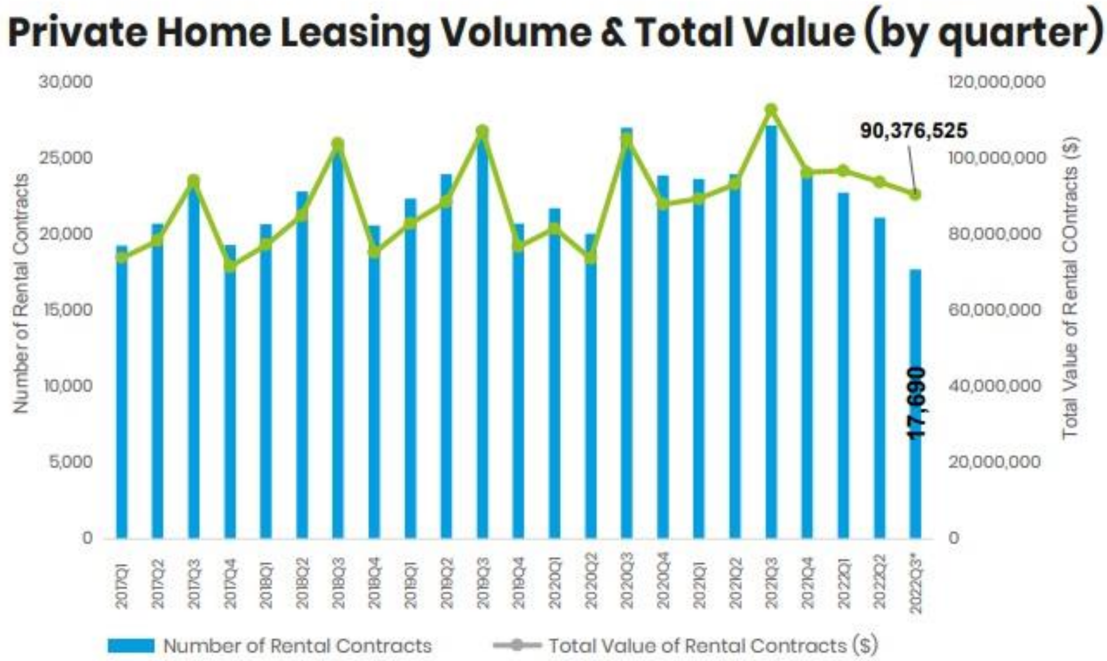
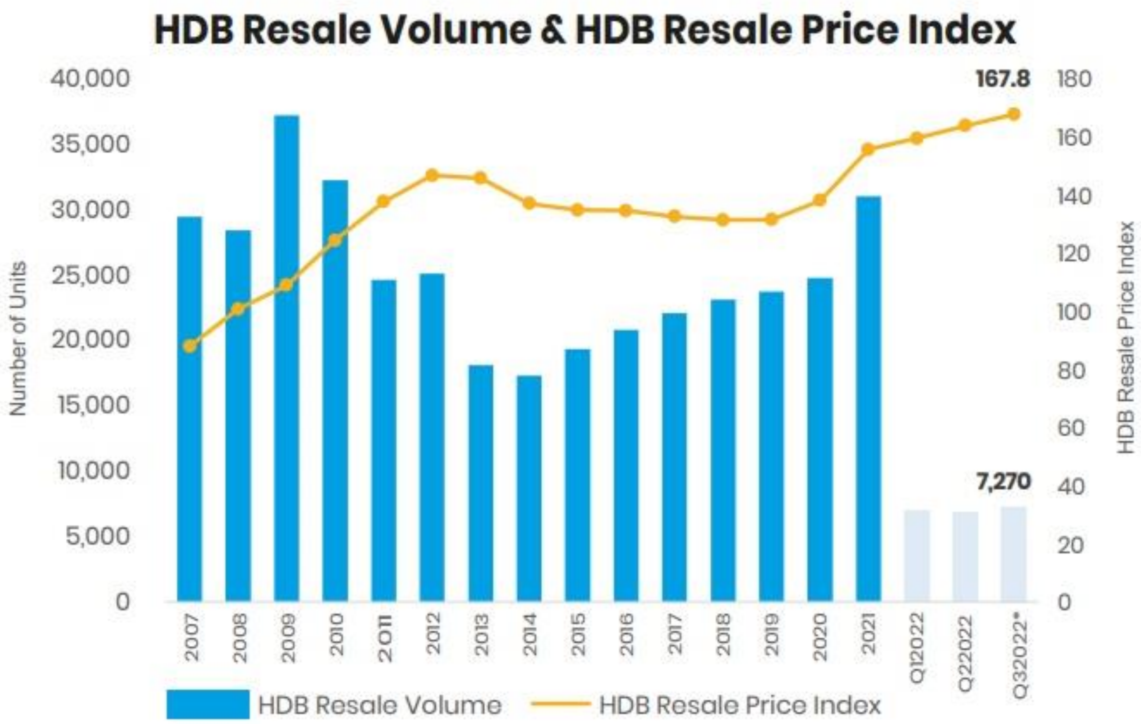


Source: PropNex Research, URA Realis (Q3 2022 data up to Aug 2022)



Source: PropNex Research, HDB, data.gov.sg (based on flash estimates in 3 Oct 2022)

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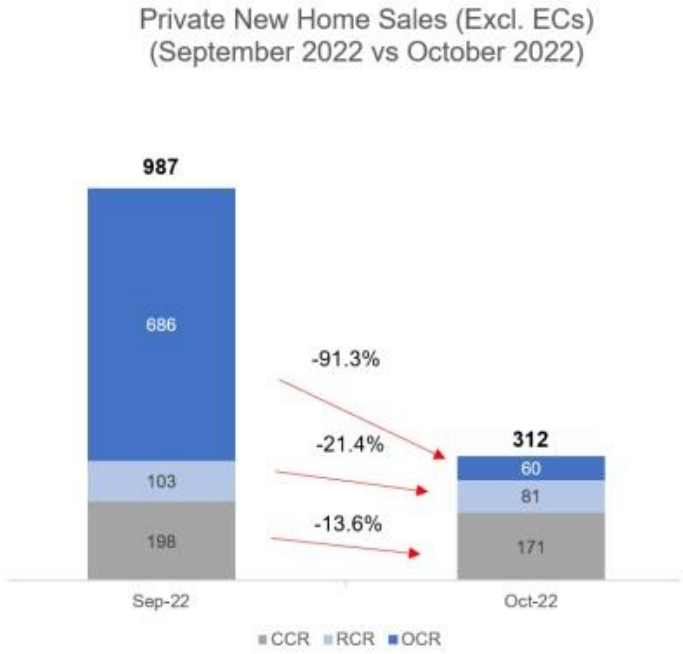
PRIVATE NEW HOME SALES

PROPNEX RESEARCH
MONTHLY REPORT - OCTOBER 2022

New private home sales sank by 68% in October in the absence of major launches

- Overall new home sales in October fell by 68% to 312 units from the previous month where 987 new homes were sold – this was the lowest monthly figure since April 2020 where 277 new homes were sold.
- Private new home sales were led by the Core Central Region (CCR) where 171 units were sold, accounting for nearly 55% of total developers' sales in the month.
- Developers sold 498 new EC units in October on the back of the successful launch of Copen Grand EC in Tengah

MONTHLY PRIVATE NEW HOME SALES OCTOBER 2022



Source: PropNex Research, URA

New private home sales sank to the lowest level in more than two years in October 2022, with developers transacting 312 new homes (ex. Executive condos) – it is the lowest monthly figure since April 2020 where 277 units were sold. October's sales were down by 68.4% from 987 new homes sold in the previous month, and marked a decline of 65.8% on a year-on-year basis.

Fresh cooling measures, a dearth of major project launches, and limited unsold stock in the market have weighed on developers' sales during the month. Two new projects were launched in October: the 25-unit Enchante in Evelyn Road and landed homes at Pollen Collection in Nim Road – each selling two units.

Meanwhile, the launch of Copen Grand **executive condo (EC)** project – a type of public-private housing hybrid - in Tengah propelled the EC segment to post one of its highest monthly sales in recent years. Developers sold 498 new EC units in October, with Copen Grand making up 96% of the sales, transacting 480 units at a median price of $1,345 psf. North Gaia EC moved 18 new units in October at a median price of $1,307 psf. Overall EC sales in October were up sharply from the 5 units transacted in September.

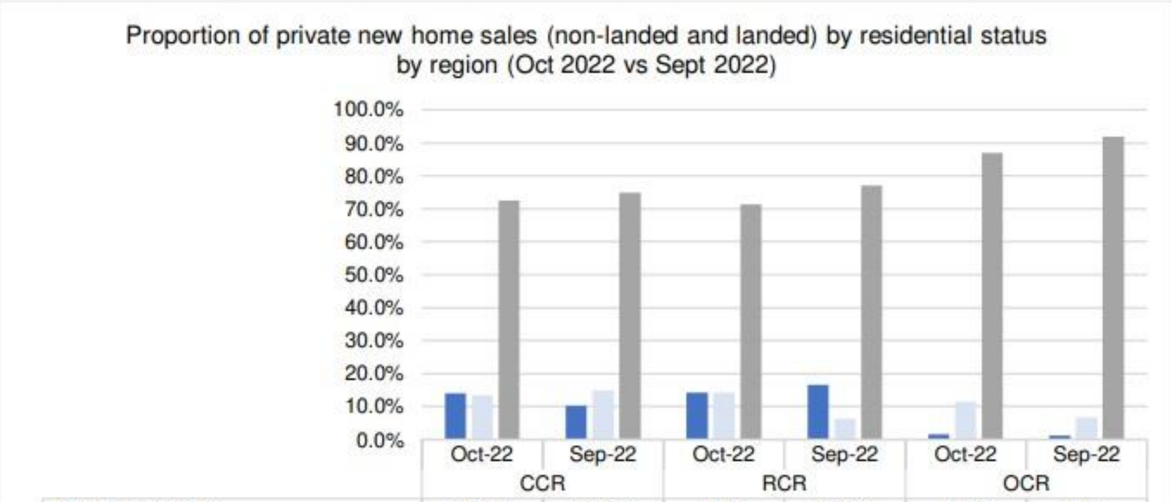
The **Core Central Region (CCR)** led sales in October, with 171 units changing hands – accounting for about 55% of the monthly sales. The top-selling CCR projects in October included Perfect Ten which shifted 37 units at a median price of $2,955 psf, Pullman Residences Newton which sold 13 units at a median price of $3,039 psf, and Hyll on Holland which transacted 12 units at a median price of $2,794 psf.

Meanwhile, developers sold 81 new units in the **Rest of Central Region (RCR)** in October, representing a 21.4% decline from 103 units shifted in the previous month. Riviere is the most popular RCR project in October, transacting 16 units at a median price of $2,949 psf. It is followed by One Pearl Bank and The Landmark which moved 15 and 12 units each at a median price $2,497 psf and median price $2,349 psf respectively. The absence of new launches and the paring down of unsold stock have largely affected sales momentum in the RCR.

In the **Outside Central Region (OCR)**, new home sales too, were constrained by the limited stock of unsold units. New sales volume fell sharply by about 91% MOM to 60 units in October – coming off a high base in September where the launch of Lentor Modern had boosted sales. Few OCR projects made it to the top-10 list (see Table 1); Lentor Modern and The Watergardens at Canberra were the best-selling OCR developments, each posting 9 transactions at a median price of $1,976 psf and $$1,488 psf respectively.

Developers placed 102 new units (ex. ECs) for sale in October – down by 89% from 913 units that hit the market in the previous month. The new units were mostly from previously launched projects, apart from 25 units from Enchante and 22 units from Pollen Collection which were new to the market. Meanwhile, 639 new ECs were launched in October at Copen Grand - the largest EC launch since the 616-unit North Gaia EC project was launched in April this year.

Chart 1: Proportion of new homes (ex. EC) purchased by foreigners climbed in October



	CCR		RCR		OCR	
	Oct-22	Sep-22	Oct-22	Sep-22	Oct-22	Sep-22
Foreigner (NPR)	14.0%	10.4%	14.3%	16.7%	1.6%	1.2%
Singapore Permanent Residents (PR)	13.5%	14.8%	14.3%	6.3%	11.5%	6.7%
Singaporean	72.5%	74.9%	71.4%	77.1%	86.9%	92.0%

Source: PropNex Research, URA Realis (data retrieved on 15 November 2022)

According to URA Realis caveat data, the overall proportion of foreign buyers for private new home sales surged to 11.7% in October from 4.5% in September, largely driven by the CCR. In particular, foreign buyers accounted for 14% of new home sales in the CCR, rising from 10.4% in September (See Chart 1). The proportion of Singaporean buyers across all market segments fell from September to October – accounting for 72.5% of the transactions in the CCR, 71.4% in the RCR and 86.9% in the OCR. The decline could be due to the limited inventory of new homes in the city fringe and suburbs, which tend to appeal to local owner occupiers.

In October, the overall median transacted price of non-landed new private homes (ex. EC) was about \$2.26 million – up by about 19% from about \$1.89 million in January this year. The fact that the CCR accounted for more than half of the month's sales likely contributed to the higher median price in October.

Meanwhile, the median unit price of new private homes (non-landed and landed, excl. EC) fell across market segments amidst the muted sales (See Table 1) during the month. The median transacted unit prices in the OCR fell the sharpest by 8.4% MOM to \$1,931 psf – without the catalyst from any fresh private condo launches. Median unit prices in the CCR and RCR slipped by 0.2% and 3.6% to \$2,867 psf and \$2,452 psf, respectively

Table 1: Median Transacted Unit Price (\$PSF) of New Private Homes (Ex. ECs)

Market Segment	Sept-22	Oct-22	MOM % Change
Core Central Region	2,873	2,867	-0.2%
Rest of Central Region	2,543	2,452	-3.6%
Outside Central Region	2,107	1,931	-8.4%

Source: PropNex Research, URA Realis (data retrieved 15 November 2022)

Outlook

The September cooling measures and low unsold inventory in the market delivered a one-two punch to new home sales in October, as the monthly transaction volume retreated to its lowest since April 2020, when the circuit breaker was first imposed to curb the spread of Covid-19. As with previous rounds of cooling measures, we witnessed a fall in sales in the following month (after the introduction of fresh curbs) as many buyers likely deferred their property purchase, preferring to monitor the measures' impact on the market and waiting for the dust to settle before buying.

In addition, the limited stock of unsold private new homes did not help. So far, most of the new launches this year have enjoyed healthy sales, while previously launched projects have sold a substantial portion of their units. The balance stock in the market are also likely to comprise more larger units with a higher price quantum, which may not fit the budget of many buyers. This mismatch will encourage some buyers to look for options in the resale market or wait for new launches to come on, which would offer a fresh selection of new 2- and 3-bedroom units.

To this end, PropNex expect upcoming projects, such as the 618-unit Tenet EC in Tampines in December and the 268-unit Sceneca Residence in Tanah Merah – potentially launching in January - should be well-received by the market. Copen Grand EC's strong sales could also boost interest in existing EC launch North Gaia and the upcoming Tenet EC in Tampines, a mature housing estate where demand from HDB upgraders may be keen.

For November, new private home sales are likely to stay lukewarm in the absence of any major launches. One project was launched over the 12th November weekend - the 72-unit Hill House in River Valley in the CCR which sold 12 units at an average price of close to \$3,000 psf – roughly within expectations given the year-end holiday period.

Excluding ECs, developers have sold 6,721 new private homes in the first 10 months of 2022, representing a 38% decline from the same period in 2021. The limited number of new launches for the rest of the year will likely stymie developers' sales, resulting in the new homes sales tally to fall below PropNex's forecast of 8,000 units (ex. ECs) for the full-year 2022.

PropNex expects overall home prices to climb by 9% to 10% in 2022, and rise by 5% to 6% in 2023 – as new cooling measures and macroeconomic uncertainties slow the pace of price increase

Table 2: Top 10 Best-Selling Private Residential Projects (Ex. ECs) in October 2022

S/N	Project	Region	Units Sold in Oct 2022	Median Price in Oct ($PSF)
1	PERFECT TEN	CCR	37	2,955
2	RIVIERE	RCR	16	2,949
3	ONE PEARL BANK	RCR	15	2,497
4	PULLMAN RESIDENCES NEWTON	CCR	13	3,039
5	HYLL ON HOLLAND	CCR	12	2,794
	THE LANDMARK	RCR	12	2,349
6	HAUS ON HANDY	CCR	11	2,767
	LEEDON GREEN	CCR	11	2,897
7	FYVE DERBYSHIRE	CCR	10	2,485
	THE AVENIR	CCR	10	3,385
8	LENTOR MODERN	OCR	9	1,976
	MIDTOWN MODERN	CCR	9	2,681
	THE WATERGARDENS AT CANBERRA	OCR	9	1,488
9	THE HYDE	CCR	8	2,977
10	KOPAR AT NEWTON	CCR	7	2,665
	PASIR RIS 8	OCR	7	1,853
	WILSHIRE RESIDENCES	CCR	7	2,680

Source: PropNex Research, URA

Compiled on 15 November 2022

THE BUSINESS TIMES

Saturday Nov 19, 2022

BT

businesstimes.com.sg

Q3 demand for resale private homes slips as prices continue to rise: Savills

Decrease due to economic uncertainties, recalibrated cooling measures, rising inflation, attendant increase in interest rates

By Yong Hui Ting
yhuiting@sph.com.sg

SECONDARY sales for Singapore private residential homes fell 10.5 per cent in the third quarter from the previous three months, after a rebound in sales in the second quarter, Savills' research showed.

The July to September period saw only 3,961 units transacted on the resale market due to economic uncertainties, a recalibration of cooling measures in December 2021, rising inflation and the attendant increase in interest rates, said Savills analysts on Friday (Nov 18).

While secondary sales islandwide saw a fall in volume in Q3, the largest decline came from the city fringe area, or the Rest of Central Region (RCR), where transaction volumes fell 14.3 per cent from Q2 to 1,135 units. Secondary sales in the suburban areas – the Outside Central Region (OCR) – shrank 10.1 per cent to 2,108 units, while volume in the prime Core Central Region (CCR) slipped 3.5 per cent to 718 units.

The dampening effect of cooling measures and higher interest rates were also observed to affect buying from permanent residents (PRs) and foreigners more than Singaporeans. On a quarterly basis, purchases by PRs and foreigners both showed double-digit percentage declines in volume by 17.1 per cent and 11.3 per cent, respectively, while Singaporeans' purchases fell comparatively less and were down 8.4 per cent.

As a result, the proportion of total purchases by PRs fell 1.3 percentage points to 15.9 per cent, while the share of sales from foreigners slipped 0.1 of a percentage point to 4.7 per cent, according to Savills' research. This put the segment of Singaporean purchases at 79.3 per cent in Q3. Compared with the pre-Covid period, the proportion of foreign purchases continues to remain low, the firm noted.

Still, prices of Savills' basket of high-end non-landed private residential projects rose for the eighth consecutive quarter to an average of S$2,544 per square foot in Q3, although more slowly at 0.6 per cent compared with the 1 per cent rise in Q2. Year on year, luxury non-landed prices were up 3.5 per cent in Q3.

"Nevertheless, prices of high-end properties are remaining resilient despite global economic uncertainties," Savills said. "The strong Singapore dollar and inflow of the ultra-rich setting up companies and family offices here have supported this segment of the market."

Prices rose across the board in Q3 – the Urban Redevelopment Authority's private property index rose for a 10th consecutive quarter by 3.8 per cent, more than Q2's 3.5 per cent quarterly increase. This was largely due to a record 7.5 per cent growth in non-landed OCR home prices, the highest since Q3 in 2009. The overall price index showed a muted 0.4 per cent increment in Q1, slowing significantly after December's cooling measures put the brakes on a 5 per cent surge in Q4 of 2021.

Savills has revised its price forecasts upwards by three basis points, as it estimates a 10 per cent gain in private property prices this year.

Noting that home prices in Singapore have continued "powering on" in the face of economic weakness and rising interest rates, this was not to say that the domestic market does not respond to such negative factors, Savills said. And while government interventions have been introduced, "they have not been overly restrictive". Meanwhile, household liquidity has been on the rise.

"Thus far, the slate of cooling measures and their subsequent recalibrations have been behind the potential demand curve," said Alan Cheong, executive director for research and consultancy at Savills. "With the benefit of hindsight, what the measures did was disorientate the potential market participants into deferring their purchases. This has the effect of creating pent-up demand that would in due course discharge."

For 2023, the firm said prices may still grow by 7 per cent, if they remain sticky and floating mortgage rates rise to 5 per cent.

"This baseline increase is driven mainly by high cost of production (land and construction). However, if borrowing costs rise further from today but are expected to fall, prices could rise 10 per cent year on year," added Savills.

The largest decline came from the Rest of Central Region, where the transaction volume fell 14.3 per cent quarter on quarter to 1,135 units. PHOTO: YEN MENG JIIN, BT

Tuesday Nov 29, 2022

THE STRAITS TIMES

Punggol to get new retail and office development

Ng Keng Gene

Punggol is set to get a new office and retail development at a field next to Punggol MRT station in future.

According to a proposed masterplan amendment published by the Urban Redevelopment Authority (URA) on Oct 21, about half the field, which is a reserve site, will be rezoned for commercial use.

Reserve sites are areas whose specific use has yet to be determined.

A URA spokesman said the rezoned parcel will be developed to provide more office spaces and retail options for residents. More details will be shared when ready, he added.

The entire field is about 2.3ha – equivalent in size to just over three football fields – while the rezoned area is about 1ha. The field is bounded by Punggol Walk, Punggol Central, the MRT station as well as the Punggol Residences Housing Board development.

When The Straits Times visited the site, construction works for the upcoming Cross Island Line Punggol extension were being carried out within the half of the field that had been rezoned. An improvised football pitch had also been set up on the field using cones and pipes.

Punggol residents had mixed reactions towards the forthcoming development, with some telling ST that they are in favour of more retail options and others giving the thumbs down.

The planned commercial project will add office spaces in Punggol on top of those planned for the upcoming Punggol Digital District, which will house the Singapore Institute of Technology and a business park by JTC Corporation.

The district, which will open progressively from 2024, was identified in URA's long-term plan in June as one of several job nodes across the island that will bring workplaces closer to homes.

Mr Alan Cheong, executive director of research and consultancy at Savills Singapore, said given the plot's rough size and plot ratio of 1.4, the commercial development will be relatively small compared with others in Singapore.

The retail component will have an uphill task attracting customers from Waterway Point, he noted, given the site's proximity to the mall, which has a significantly larger retail space.

"Nevertheless, because the site is located adjacent to the Punggol LRT station, we can expect foot traffic to swing its way and some retail can still be considered," he said.

Mr Cheong added that office space in Punggol will appeal to tenants that have operations nearby, and co-working operators which cater to companies with a small presence in Singapore. Companies located elsewhere that allow employees to work closer to home will also benefit if the development has co-working options, he said.

Punggol resident Aishah Saed, 39, hopes the upcoming development will help ease crowds at Waterway Point, which she said can get very crowded during peak hours and on weekends. The healthcare worker is looking forward to having more food and beverage options in the development.

Industrial designer Khim Tan, 45, who has lived in Punggol since 2005, said new retail outlets will benefit residents. He recounted how he had to travel far from home just to purchase essentials in the town's early years.

But other residents like Mr Jafar Sadiq, an administrative manager, are not in favour.

"The area is already very built-up with a lot of tall, concrete buildings, and residents appreciate having this open field where kids can run around and make memories," said the 59-year-old, who plays football there with his grandchildren, aged four and seven.

If the field were to be developed, Mr Jafar, a Punggol resident since 2014, said he would consider moving elsewhere.

Ms Wen Lim, 30, an executive in the tech industry and a Punggol resident of eight years, said further development would draw even more people to the area. It gets very crowded in the central area of Punggol during peak periods as the area has an MRT station, an LRT station and a bus interchange, she added.

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More office space, retail options

About half of the field next to Punggol MRT station will be rezoned for commercial use. The entire field is about 2.3ha, or the size of just over three football fields, while the rezoned area is about 1ha.

NOTE: For illustration only. Source: URA STRAITS TIMES GRAPHICS

THE BUSINESS TIMES

Saturday Dec 03, 2022

BT

businesstimes.com.sg

Double whammy of higher tax rates, higher annual values could hit rental property owners

Analysts believe investors, particularly those with properties in the OCR and RCR, will soon feel the pinch from the increase

By Ry-Anne Lim
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RESIDENTIAL property investors in Singapore could soon face a double whammy from higher property tax rates and an increase in annual values of both private and public housing, said analysts.

On Friday (Dec 2), the Ministry of Finance and Inland Revenue Authority of Singapore (Iras) announced that the annual values (AV) of most residential properties will be revised upwards from Jan 1, 2023, as part of their annual review of properties to calculate property tax payable. The AV assessment is based on estimated annual rent if the property was rented out.

Since AVs were last revised on Jan 1, 2022, Iras said market rentals of Housing and Development Board (HDB) flats and private residential properties had risen by more than 20 per cent. The AVs of residential property will therefore be revised from Jan 1, 2023, to reflect this, it said.

Owners of higher-value properties and those holding properties for rent will see a larger tax bill, in line with revised rates announced in Budget 2022. Changes were made to put in place a more progressive structure, with higher value and non-owner-occupied residential properties being taxed at higher rates. Owner-occupiers of one- and two-room HDB flats continue to be exempted from paying property tax.

Owner-occupiers of one- and two-room HDB flats continue to be exempted from paying property tax.

Analysts believe that investors, particularly those with properties in the Outside Central Region (OCR) and Rest of Central Region (RCR), will soon start feeling the pinch from this increase.

Based on CBRE's calculations and assuming AVs increase by 20 per cent in tandem with residential rentals, non-owner occupiers holding properties with a current AV of S$30,000 would have an AV of S$36,000 in 2023. Their property taxes will climb by S$1,260 or 42 per cent next year.

Properties with a current AV of S$60,000 would have an AV of S$72,000 next year, with property taxes rising by S$5,190 or 75.2 per cent.

Properties with current AVs of S$90,000 would have an AV of S$108,000 next year, with a hike in property taxes of S$9,810 or 81.8 per cent.

"(This) will further cream off the rental gains so far for investors or non-occupier homeowners," said Tricia Song, head of research at CBRE South-east Asia.

Executive director of research and consultancy at Savills Singapore Alan Cheong added that the property taxes payable have already risen sharply as rentals in both the OCR and RCR soared by 25 to 50 per cent – or even more in certain instances – in 2022.

"Therefore, the amount of property taxes payable under the existing rates will still be very much higher even without the need to raise them," he said.

Cheong added that the rise in property taxes is unlikely to curb property investment appetite. This is because some homeowners may "feel the need to lease out their properties to cover their monthly overheads, such as personal expenses or mortgage payments", he said, and more so with rising interest rates and a slowing economy amid a strong rental market.

ERA Realty head of research and consultancy Nicholas Mak highlighted that landlords might use this as an opportunity to raise their rent, especially for those looking to renew rental leases.

"However, based on our calculations, the actual increase in rental on a monthly basis for a typical three-bedroom condo unit in the OCR and RCR is about S$100 per month," he said.

"Many tenants are already feeling the pain from rising rentals over the past one and a half years. Landlords should be mindful not to be too greedy and kill the goose that lays the golden eggs."

To mitigate the effect of higher AVs, all owner-occupied properties will receive a one-off property tax rebate capped at S$60, equivalent to 60 per cent of the 2023 property tax bill, said the Ministry of Finance and Iras in a press statement on Friday.

This means that the majority of HDB residents will pay between S$30 and S$70 more in property tax after rebate next year, compared with the property tax this year, they said.

Government revenue from property taxes rose 49.3 per cent to S$4.67 billion in FY21, from a lower base of S$3.13 billion in FY20 when the government granted qualifying non-residential properties property tax rebate for the period of Jan 1, 2020 to Dec 31, 2020.

Compared to the S$4.76 billion collected in FY19, it dipped 1.9 per cent in FY21.

With both property tax rates and annual values being revised upwards, revenue from property tax looks set to grow further. Despite the hike in property taxes, PropertyGuru country manager of Singapore Tan Tee Khoon expects homeowners to be more concerned about economic uncertainties and rising interest rates. "Separately, we expect AVs to stabilise in 2023 since the rent increase is likely to slow as the supply crunch starts to ease," he said.

For next year, the owner of a five-room HDB flat would see their 2023 property tax payable increase by S$40.80 to S$52.80, to S$148 to S$196 after rebate – an almost 40 per cent increase at least.

For three-room HDB flat owners, property tax payable in 2023 will go up by S$7.20 to S$30.40 in 2023, to S$20.80 to S$40 after rebate. Owners of four-room HDB flats would pay an additional S$33.60 to S$45.60 in property tax next year, at S$107.20 to S$155.20.

For executive flats, property tax payable ranges from S$176.80 to S$224.80 after rebate next year, an increase of S$55.20 to S$67.20 from this year.

Iras added that property owners who face financial difficulties may approach them for assistance to discuss a suitable payment plan before the end of next January, including appealing for a longer payment plan.

Non-owner occupier tax rates

ANNUAL VALUE (S$)	EFFECTIVE JAN 1, 2023	PROPERTY TAX PAYABLE (S$)
First 30,000	**11%**	**3,300**
Next 15,000	16%	2,400
First 45,000		**5,700**
Next 15,000	21%	3,150
First 60,000		**8,850**
Above 60,000	**27%**	

ANNUAL VALUE (S$)	EFFECTIVE JAN 1, 2015	PROPERTY TAX PAYABLE (S$)
First 30,000	**10%**	**3,000**
Next 15,000	12%	1,800
First 45,000		**4,800**
Next 15,000	14%	2,100
First 60,000		**6,900**
Next 15,000	16%	2,400
First 75,000		**9,300**
Next 15,000	18%	2,700
First 90,000		**12,000**
Above 90,000	**20%**	

At current AVs and revised tax rates:

- For properties with AV of S$30,000, property tax will increase by S$300 or 10% in 2023.
- For properties with AV of S$60,000, property tax will increase by S$1,950 or 28.3% in 2023.
- For properties with AV of S$90,000, property tax will increase by S$4,950 to S$16,950 or 41.3% in 2023.

Assuming AVs are revised upwards by 20% on average:

- Properties with current AV of S$30,000 would have AV of S$36,000 in 2023, and 42% higher or S$1,260 more property tax payable.
- Properties with current AV of S$60,000 would have AV of S$72,000 in 2023, and 75% higher or S$5,190 more property tax payable.
- Properties with current AV of S$90,000 would have AV of S$108,000 in 2023, and 81.8% higher or S$9,810 more property tax payable.

Source: Iras and CBRE

The majority of HDB residents will pay between S$30 and $70 more in property tax after rebate in 2023, said the Inland Revenue Authority of Singapore on Friday (Dec 2).
PHOTO: BT FILE

THE STRAITS TIMES

Monday Dec 05, 2022

Tenet in Tampines Street 62 sold 72 per cent of its units on Saturday at an average price of about $1,360 per sq ft. PHOTO: TENETEC.SG

Tenet EC project sells 72% of its 618 units at launch

447 units sold despite rising mortgage rates, cooling measures, economic slowdown

Ann Williams
Assistant Business Editor

The third and likely last executive condo (EC) project to hit the market this year saw robust sales at its launch – a sign of the strength of this property segment amid the latest cooling measures, higher mortgage rates and an economic slowdown.

Tenet in Tampines Street 62 sold 447 units, or 72 per cent, of its 618 units on Saturday at an average price of about $1,360 per sq ft (psf).

It is jointly developed by Qingjian Realty, Santarli Realty and Heeton Holdings.

The strong take-up rate was achieved despite the launch being held in December, when many people are travelling overseas after Covid-19 pandemic measures were relaxed, said Ms Yen Chong, deputy general manager of Qingjian Realty.

The strong sales mirrored those of Copen Grand EC in Tengah Town, which sold 465 units, or 73 per cent, of its 639 units at prices averaging $1,300 psf on its launch day in October.

Copen Grand became fully sold just a month after that.

Ms Wong Siew Ying, head of research and content at PropNex Realty, expects Tenet could also become fully taken up when sales are opened to more second-time buyers in a month's time.

Under EC rules, only 30 per cent of a project's units can be allocated to second-timers at launch.

"We understand that the second-timer buyer quota was maxed out during the project's launch," she said.

Mr Lee Sze Teck, Huttons Asia senior director of research, said Tenet is bound to attract plenty of interest from Housing Board upgraders, given its location. It is in a mature estate and a five-minute walk from an upcoming Government Land Sales site zoned for a mixed-use development, including a future mall.

The EC will be integrated with the future Tampines North MRT station on the Cross Island Line and Tampines North Bus Interchange.

Mr Lee noted that buyers of EC projects have two distinct advantages. Those who are upgrading from HDB flats need not pay the additional buyer's stamp duty upfront and thus do not need to sell their flat and look for another place to stay.

They can also opt for a deferred payment scheme and thus avoid the current high interest rate environment.

Ms Wong said ECs like Tenet are still benefiting from the large price gap with the private housing market. Tenet's pricing, for example, makes it more than $700 psf cheaper than some suburban private condominiums launched this year which went for more than $2,100 psf.

She added that the "likelihood of the US Federal Reserve taking its foot off the pedal on rate hikes could also have given more assurance to buyers to commit to the property purchase".

The next EC project to launch is in Bukit Batok West Avenue 8 and is another joint venture, between Qingjian Realty and Santarli Realty. It could hit the market in mid-2023, offering an estimated 375 units.

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THE STRAITS TIMES

Tuesday Dec 06, 2022

First Marina South site launched under govt land sales programme

Tender is first step to kick-start development of new neighbourhood

Isabelle Liew

The first Government Land Sales (GLS) site in Marina South was launched for tender on Monday, in a first step to kick-start development in the new neighbourhood.

The roughly 12,000 sq m site in Marina Gardens Lane situated next to Gardens by the Bay can yield about 790 residential units, the Urban Redevelopment Authority (URA) said. The plot is about the size of two football fields.

The 99-year leasehold residential development, which has a maximum gross floor area of 68,573 sq m, will have commercial spaces on the first storey. The building's height could reach 163m.

Analysts expect keen interest from developers given the attractive location, but noted that some may be deterred by the size of the site and adopt a wait-and-see approach.

The Marina South site was announced in June as part of six confirmed sites under the GLS programme for the second half of 2022. It is part of a 45ha precinct which overlooks Marina Reservoir and the Singapore Strait, and will comprise a mix of retail, office, hotel and residential uses.

ATTRACTIVE LOCATION

Owner-occupiers will benefit from the proximity to the Central Business District and enjoy vast greenery at Gardens by the Bay while investors can tap the big pool of tenants in the CBD.

MR LEE SZE TECK, Huttons Asia's senior director of research.

It can yield more than 10,000 homes, which will be served by an underground network connecting Gardens by the Bay and Marina South MRT stations on the Thomson-East Coast Line.

The precinct is envisioned as sustainable and car-lite, with pedestrian-friendly streets and a cycling network, URA said. Elevated routes will also connect Marina South to Gardens by the Bay and to the coast.

Developments in the area are required to attain the Building and Construction Authority's Green Mark Platinum Super Low Energy certification.

"To build a vibrant residential neighbourhood, the Government is studying various possible housing options to be introduced to realise the long-term planning vision for the precinct," the authority added.

Huttons Asia's senior director of research Lee Sze Teck said the Marina Gardens Lane site is the most attractive one under the GLS programme for the second half of 2022.

As it is the first site in the Marina South precinct to be offered for sale, both developers and buyers will have first-mover advantage, he said.

"Owner-occupiers will benefit from the proximity to the Central Business District and enjoy vast greenery at Gardens by the Bay, while investors can tap the big pool of tenants in the CBD," he added.

But a nearby development at Marina View, which was sold under the GLS programme in September 2021, could be a competitor for the Marina Gardens Lane site, said ERA Realty head of research and consultancy Nicholas Mak.

"The large number of units to be developed and sold within five years from the date of land acquisition also increases the development risk of this project," he said.

Major developers, consortiums of developers and real estate funds could be attracted by the project.

As four similar sites in the Marina South area will be launched for sale at a later date, some developers may wait to see the outcome of this tender before they make a move, Mr Mak added.

He expects two to five bidders, with the top bid between $1,360 and $1,490 per sq ft per plot ratio (psf ppr).

Mr Lee said the site may see up to five bidders, with the top bid between $1,250 and $1,350 psf ppr, in line with recent bids for land in the city fringe.

The tender will close on June 27, 2023.

URA said sites for an executive condominium in Tengah Plantation Loop and a commercial and residential development in Tampines Avenue 11 will also be launched in December.

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Marina Gardens Lane site

Source: URA STRAITS TIMES GRAPHICS

The 12,000 sq m site at Marina Gardens Lane, which is situated next to Gardens by the Bay, can potentially yield about 790 residential units. It is part of a 45ha precinct, which overlooks Marina Reservoir and the Singapore Strait, and will comprise a mix of retail, office, hotel and residential uses. PHOTO: URA

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