



Jack Sheo

PRICES OF HOMES AND RENTALS EASING

In times like these, real estate agent Jack Sheo is optimistic that good buys will surface and some developers would resort to bigger discounts

Prices of private residential properties went down by one per cent in the second quarter of 2014, following the 1.3 per cent decline in the first quarter. This was the third straight quarter prices fell. The price decline was observed across all segments of the private residential market with prices of landed properties declining by 1.7 per cent -- significantly more than the decrease of 0.7 per cent in the previous quarter.

Rents also edge downwards

Overall rents continued to fall, though at a slower pace, moving down 0.2 per cent quarter-on-quarter (q-o-q) in the second quarter of 2014. This is the third consecutive fall in a row. Rents in the Core Central Region (CCR) -- comprising districts 9, 10 and 11, the Downtown Core Planning Area covering parts of Chinatown

and Sentosa -- and Rest of Central Region (RCR), both dropped to 0.1 per cent q-o-q. Rents for properties in the Outside Central Region (OCR) recorded the largest decline, falling 0.9 per cent q-o-q. OCR rents have been falling at an average rate of 0.8 per cent to 0.9 per cent for four straight quarters. Its pace of decline could be worrisome because the bulk of the developments to be completed in the next few years are in OCR. If rental continues to fall at such a rate amid rising vacancy rates, prices of houses in that region could be adversely impacted.

Stock and vacancy

The stock of completed private residential units (excluding Executive Condominiums) increased by 4,715 units in the second quarter of 2014 to 297,998. Their vacancy rate increased from 6.6 per cent at the end of first quarter to 7.1 per cent (21,268 units) at the end of the second quarter.

Sales and Rental Outlook

The current residential property market is heavily affected by government measures, namely the TDSR (total debt servicing ratio) framework and ABSD (additional buyer stamp duty). Deputy Prime Minister and Minister for Finance Tharman Shanmugaratnam speaking at the annual DBS Asian Insights conference in July 2014, said, "Market players will determine where the cycle goes. I don't think the industry will crash, because we moved early enough, and we moved each step of the game, knowing full well that what we do may not be enough, but knowing too well that if we did too much, it may engineer a crash. So we moved step by step, but we started early, so we avoided a huge bubble. That's why we won't see a crash. But I think further correction would not be unexpected."

Mr Ravi Menon (Managing Director at Monetary Authority of Singapore),



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1) Holland Road 2) Siglap Terrace 3) Scotts Square 4) Jardin 5) Vision Exchange (Photos: Jack Sheo)

speaking at the release of the MAS annual report in July 2014, said, "Property prices remain at elevated levels. Prices have gone up 60 per cent in the past four years, and they've declined just 3.3 per cent in the past three quarters. Global interest rates are still extremely low, and if you relax property measures in the current, very easy liquidity environment, it might set off another spiral of price increases. As I stated, the objective is not to see a collapse in prices but at the same time to have an orderly correction and stabilisation of the market which is now beginning to take place."

In August 2014, Minister for National Development Khaw Boon Wan told Parliament, "Any move to relax the cooling measures, including by broadening these concessions, is premature under current market conditions."

Looking at these comments, the government cooling measures are unlikely

to be removed anytime soon and will continue to curtail the purchasing abilities of most buyers. However, there are still many buyers who are prepared to take a lesser loan amount or pay the additional buying stamp duty if they sense a good resale deal or if the new development has unique attributes.

The expected surge in completion of projects that are currently under construction coupled with the tightening of the immigration policy will result in an increasing supply of rental units but not enough tenants. This would have a negative impact and the prices of private residential properties are expected to continue to weaken for the rest of 2014. Rental units (especially in less ideal locations) are expected to take longer to find takers and command lower rent.

In times like these, good buys will start surfacing usually because of urgent need by the owner (or landlord) to sell. Some

developers have also started giving deeper discounts in order to attract buyers to commit. One such project is The Vermont on Cairnhill by Bukit Sembawang. It announced a special 12 per cent discount for the balance of units which effectively lowered the price point to the \$2,050 to \$2,100 psf range. Many units were sold as a result of the discount. If you are on the lookout to buy or invest, it is worthwhile keeping yourself informed so that decisive actions can be taken when good deals become available. Tenants whose leases are expiring now also have more options and greater bargaining power when negotiating rental rates.

By Jack Sheo: Frequently described as professional, knowledgeable and approachable, Jack has been active in Singapore's real estate market since 2010. Email jack.sheo@gmail.com or call him on 9337-8483.



SCOTTS SQUARE for sale (district 9)

Address: 6 Scotts Road Road
 TOP: 2010
 Tenure: freehold
 Size: 624sqft
 Bedroom: 1
 Price: \$2.25m (valuation \$2.3m)

Rising 43 storeys high, this freehold asset boasts of an infinity pool, a gym, swimming pool, reading room, lounge and banquet room. A butler welcomes you at the main entrance and concierge service is available anytime. Located at the crossroads of the Orchard and Scotts premier shopping and entertainment belt and with the Orchard MRT station nearly at its doorstep, you enjoy accessibility to anywhere in the island within minutes.



The Vermont on Cairnhill (district 9)

Address: 12 / 12A / 12B Cairnhill Rise
 Tenure: freehold
 Size: 1,335sqft or 1,442sqft
 Bedrooms: 3
 Price: \$2.77m to \$3.395m

The Vermont is a newly completed condominium project situated at Cairnhill Rise. It consists of 158 units made up of 1/2/3/4 bedroom units and is a short walk away from Newton MRT station and Paragon shopping centre. With the generous discounts given by developer Bukit Sembawang Estates Limited, buyers could purchase a residence in The Vermont at prices lower than those of other condominium developments in the Cairnhill area.



Corner Terrace in Siglap for sale (district 15)

Address: East Moon Park
 Tenure: freehold
 Land: 3,100sqft
 Built-up: 5,000sqft
 Bedrooms: 6
 Price: view to offer

With its three levels, the total living area is 5,000sf on a 3,100sf plot in the heart of Siglap -- the prime residential address in the eastern part of Singapore. This modern corner home is totally automated with iPhones and iPads to control lighting, curtains, alarm system and the music system inside and outside in the garden. Equipped with quality fittings and furnishings, the huge tall windows offer views of lush greenery.



Vision Exchange

Address: 2 Venture Drive
 Tenure: 99 years leasehold from 2013
 Proposed 25-storey Office Tower with Retail Podium
 Sale for Phase 2 started

Spanning 70 hectares, Jurong Gateway will be the biggest commercial hub outside the city centre. Close to Jurong East MRT Exchange, it will be a mix development with offices, retail and food and beverage spaces, residences, a hotel, entertainment outlets, and more. It is specially designed to be an appealing environment for company headquarters, business services and firms specializing in science and technology services.