

# November 2021



## HIGHLIGHTS

Canninghill Piers sold 528 out of a total of 696 units (**77%**) on launch day with a total sales valued at over \$1.18 million and an average psf of \$3,000.

Demand for four-room flats in the first BTO project under a new PLH model have been strong, with an overall **application rate of 10.3 per unit** in the first week of the launch, mainly driven by second timers.

Stamp Duty collected rose sharply from \$1.2 billion in 2020 to \$3.22 billion in 2021 over the same period due to strong demand in the Private Property Market.

As supply of land continues to shrink, developers have been aggressively purchasing land via collective sale. This month alone, 2 transactions have been concluded with prices crossing the \$1 billion mark. More collective sale efforts are underway, with Elizabeth Towers and High Point making their 2nd and 3rd attempt respectively.

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# Record Prices

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**LES MANSIONS** penthouse was sold for **\$75 million** in late October. Spanning around 12,077 sqft, this transaction translates to **\$6,210 psf**. Based on known transactions over the past two decades, this purchase may have set the new record for being the most expensive penthouse ever sold in Singapore. At the quantum price of S\$75 million, this shatters the previous record price of S\$73.8 million, reportedly paid by James Dyson for the super penthouse at Wallich Residence in 2019.

## NATURA LOFT (DBSS)

A **5-room** Housing and Development Board (HDB) flat in Bishan was sold for **\$1.36 million** in November, just **three days** after it was listed for sale.

This record breaking deal also comes after the government's announcement of the new Prime Location Public Housing ( PLH) Model.

With only 13 DBSS projects in Singapore, units at these projects are highly sought after due to their rarity.

The sale smashed the previous record of \$1.295 million registered by a 5-room unit within the same project in July. Spanning at 120sqm, this transaction translates to S\$1053 psf.



## ARDMORE PARK CONDOMINIUM

In end October, the highest-price transaction recorded on a psf basis was for a 2,885 sqft, four-bedroom unit in District 10. The unit on the 21st floor changed hands for \$11.3 million, or **\$3,917 psf**.

This is the first time a transaction has crossed \$3,900 psf, nudging it closer to the \$4,000 psf mark. Ardmore Park is known as the bellwether for luxury condos in the orchard planning area.

# New Developments

## CANNINGHILL PIERS

538 out of a total of 696 units in the project were sold by the close of 6pm on launch day. This brings the **sales rate to 77%**, with total sales valued at over \$1.18 billion. Average selling prices achieved was around \$3,000 psf, setting a new benchmark for integrated urban living at the heart of Singapore's premier entertainment and lifestyle district.

The rarity of having an integrated project with dual river and hill frontage has attracted robust interest from prospective homebuyers. Singaporeans made up 81% of the buyers, with the remaining 19% comprising Permanent Residents and foreigners from China, Malaysia, Indonesia, Australia, South Korea, USA and UK.



Project	Flat Type	No of Units	Number of Applicants	Application Rate^		
				Non-Elderly		
				First Timers	Second Timers	Overall
Central (River Peaks I / River Peaks II)	3-room	280	867	1.1	40.4	3.1
	4-room	680	6976	5.3	104.7	10.3

## NOVEMBER BTO LAUNCH

Demand for four-room flats in the first Build-To-Order (BTO) projects under a new prime location public housing (PLH) model have been strong. As of 23 November, there were 6,976 applicants competing for the 680 four-room flats at the Rochor BTO projects – River Peaks I and II – with an application rate of **5.3 for first-timers and 104.7 for second-timers, and 10.3 for the overall rate**. However, demand for the three-room flats remains muted, 1.1 for first-timers, 40.4 for second-timers, and 3.1 for the overall rate.

The robust demand for four-room flats was driven by second-time applicants. Again, with the three-room flats, second-time applicants accounted for most of the interest.

Aside from the Rochor projects, there were also seven BTO projects launched within non-mature estates Hougang, Chua Chu Kang, Tengah and Jurong West as well as in mature estate Kallang Whampoa.

# Sustainability

	YEAR TO DATE (S\$M)		
	2021	2020	2019
<b>Tax Revenue</b>	<b>39,436.30</b>	<b>23,738.30</b>	<b>37,199.20</b>
Corporate Income Tax	12,764.80	5,685.80	12,506.10
Personal Income Tax	8,030.50	6,934.00	7,029.10
Property Tax	1,983.80	508.10	1,953.50
Customs, Excise And Carbon Taxes	1,795.30	1,645.40	1,531.60
Goods And Services Tax	6,039.60	4,664.80	5,557.90
Stamp Duty	3,218.80	1,201.80	2,082.90

*Note: The table does not display all tax categories*

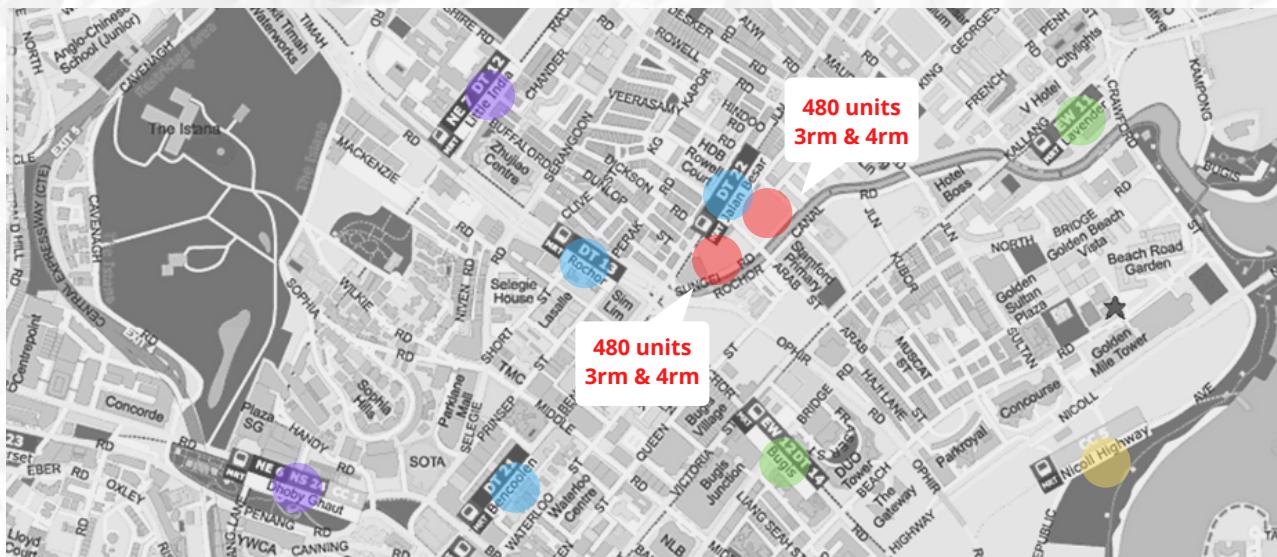
Source: Accountant-General's department

On contrary to the general sentiments of recession and gloomy economy, we have registered a collection of \$39.43 billion in tax revenue for April to September 2021, up from the \$23.74 billion collected in the same period last year. **Stamp duty collections** rose accordingly with the increase in sales of the private property sector, hitting **\$3.22 billion** so far for FY21, up sharply from **\$1.2 billion in 2020 and \$2.08 billion in 2019**.

Private property market saw an increase of 22.6% in transactions in the first nine months of 2021 as compared to the whole of 2020. HDB resale market alike, transactions were on the rise as many were affected by the delays in the completion of Build-to-Order (BTO) projects. HDB registered over 29,000 transactions with prices increasing by over 11% as compared to this time last year.

Given the recovering economy and the opening up of our borders, we are expecting an increase in demand for residential properties from foreign buyers. In order to ensure sustainability in Singapore's housing prices, HDB's latest introduction of prime location public housing (PLH) model is put to test in the upcoming launch.

# Prime Location Public Housing (PLH)



The First PLH project to be launched will be at **Rochor**, in the Central Area. Starting from the **November 2021 BTO launch**, these new regulations will apply to new HDB BTO flats to be built in prime locations, ie. near the City Centre and Greater Southern Waterfront.

While demand for Central-location flats will remain strong, Buyers considering PLH projects should note that the **Potential Upside may be curbed**: Subsidy recovery paid by initial buyer, whole flat cannot be rented out even after 10-year MOP, and pool of potential buyers will be reduced due to buying restrictions.

## 1. Subsidy Recovery to be applied for PLH Flats

Upon first sale of the flat, there will be a subsidy recovery applied to PLH flat. Buyer who bought directly from HDB will pay a percentage of the Sale Price to HDB. This is not applicable on subsequent sales of the flat.

## 2. Subsidy Recovery will differ For different PLH Projects

Subsidy Recovery will not be a fixed percentage and will differ for each PLH project. It will be made known prior to the launch of these projects and remain fixed.

## 3. Minimum Occupation Period (MOP) for PLH Flats Will Be 10 Years

Regular HDB flats have a 5-year MOP period. PLH flats will have a 10-year MOP. All future owners have to fulfil the 10-year MOP before selling it on the resale market.

## 4. Renting Out Of The Whole Flat Even After MOP Is Disallowed

Owners of regular HDB flats are able to rent out entire HDB flat after the 5-year MOP. For PLH Projects, renting out of whole flat will be disallowed

# Prime Location Public Housing (PLH)

## 5. Stricter eligibility conditions will apply even for future resale buyers

Similar to the prevailing eligibility criteria for BTO flats;

- (a) Permanent Residents (**PR**) and Singles will not be able to purchase these flats even after entering the Resale Market
- (b) An **income ceiling of \$14,000** (subject to prevailing HDB regulations)
- (c) Potential buyers would therefore also qualify to buy a BTO flat directly from HDB sans PLH regulations

Table 1: Key Eligibility Conditions for Purchase (Three-room and Larger Flats)

S/N	Conditions	Flats bought from HDB and PLH resale flats *	Typical Resale Flats
1	Citizenship	<ul style="list-style-type: none"><li>◦ At least one applicant is a Singapore citizen (SC).</li><li>◦ Household must comprise at least one SC and one Singapore permanent resident (SPR).</li></ul>	<ul style="list-style-type: none"><li>◦ At least one applicant is a SC or SPR.</li><li>◦ Household can comprise only SPRs.</li></ul>
2	Family nucleus	Must have an eligible family nucleus, e.g. married couple.	Must have an eligible family nucleus; or if single, must be aged 35 and above.
3	Income ceiling	Prevailing (currently \$14,000 <sup>^</sup> )	Not applicable.
4	Private property ownership	Must not own or have an interest in a private property and have not disposed of any in the last 30 months.	Allowed, but must dispose of private property within six months of buying the resale flat.

Note: \* With or without CPF housing grants.

<sup>^</sup> Or \$21,000 if purchasing with extended/multi-generation family.

## 6. Rental Flats will be included in these PLH Flats where feasible

The pilot project will include 40 units of 2-room rental flats.

## 7. The PLH Model will only apply for new HDB Flats in prime locations

For existing owners of HDB flats in prime locations (e.g. Pinnacle@Duxton), the new PLH model will not be retroactively applied to existing flats and owners. Past BTO launches in prime locations that have yet to be completed will not be affected as well.

## 8. All other HDB Regulation and grants also apply to PLH Flats

All other HDB policies also remain in place for these PLH flats. For example, the HDB Resale Levy is applicable for these flats. This means if first-time owners of a PLH flat were to sell their flat in the open market after the 10-year MOP, and buy another BTO flat from HDB as a second-timer, they will need to pay the Subsidy Recovery and the HDB Resale Levy. Likewise, grants such as the Enhanced Housing Grant will also be applied to these flats should buyers qualify for them.

# Are PLH Flats worth buying?

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## The requirements for a PLH Model Flat are as summarised:

- 10-year Minimum Occupation Period (MOP)
- S\$14,000 income ceiling (or S\$21,000 for extended or multi-generational family)
- At least one applicant is a Singaporean
- Eligible family nucleus eg. married couples, engaged couples, etc.
- Must not own or have an interest in private property and have not disposed of any in the last 30 months
- No renting out of the whole unit

## Higher risk for first batch of buyers

- Unknowns about PLH homes are almost a whole new property segment. Given the tight restrictions, there's no gauging future buyers' demand for PLH other than location. Only time will tell if PLH flats would appreciate like other high-demand flats in neighbourhoods like Queenstown or Bishan.

## Longer MOP could leave you priced out of the market

- PLH model owners face a 10-year MOP period - that would be about 15 years before you can cash out of your flat to upgrade. PLH flats are planned for long-term stay.
- For both investors and upgraders, a lot can happen in 10 years. Perhaps young parents' needs change when their children enter primary school, or upgraders' goals to upgrade within a shorter timeframe of 5 years. Lifestyle or career changes might also prevent you from rightsizing to fit your needs better. Do note that the Central Area generally has less primary schools in the vicinity compared to most other estates.

## Fewer options with lack of rental

- Unlike regular flat owners who can rent out their entire HDB flat after MOP, PLH home owners can only rent out rooms even after the 10-year MOP.

## Subsidy Recovery increases risk of negative cash sale

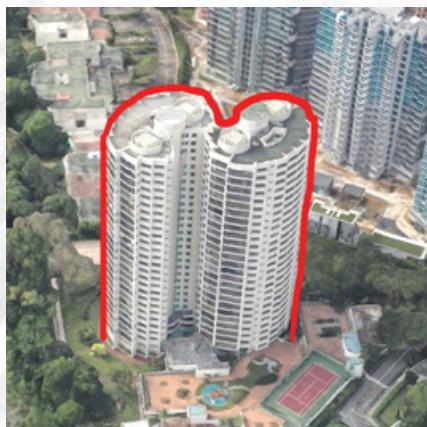
- With higher subsidies given out for PLH model flats, the first batch of buyers who bought directly from HDB have to pay back in terms of a percentage of sale proceeds, NOT a percentage of the original price - regardless if you make a profit or sell at a loss.
- Considering that SR is in addition to discharging the existing flat loan and refunding CPF monies used, sellers might find that the balance ends up being refunded directly to CPF.



## [SOLD] Thiam Siew Avenue (District 15)

Thiam Siew Avenue Investments and Wee Thiam Siew & Co (owned by late property magnate and hotelier Wee Thiam Siew) has concluded the sale of 22 freehold land plots at Thiam Siew Avenue via public tender. Situated between Tanjong Katong Road and Haig Road, Thiam Siew Avenue is flanked with pre-war semi-detached houses and bungalows. Within walking distance to 2 MRT stations and within 1km of Tanjong Katong, Haig Girls' and Kong Hwa Primary, the re-developed sites are expected to command a high premium.

Based on the URA Masterplan 2019, the 263,794 sqft residential land plot comes with a plot ratio of 2.8. A Joint Venture between Hoi Hup Realty and Sunway Developments secured the deal at \$815 million, making it the largest land sale recorded in 2021 so far. After adding development charge, the land rate is estimated between \$1,450 to \$1,500 psf ppr.



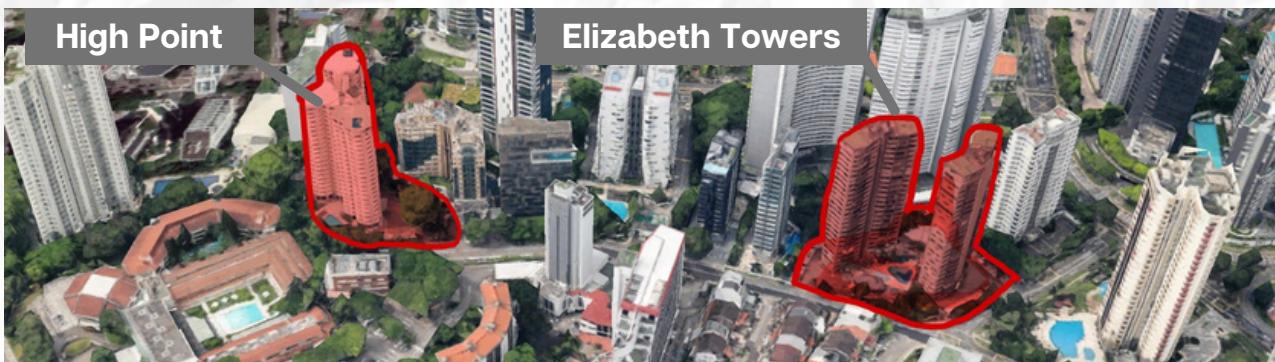
## [SOLD] Thomson View Condominium (District 20)

At a reserve price of \$950 million, Thomson view could be the largest residential site by price quantum to be launched this year. The 34-year old development sits on a land area with 540,314 sqft and a plot ratio of 2.1. Adding 7% bonus GFA for private outdoor spaces, \$300 million in differential premium and \$320 million of upgrading premium, the overall land cost works out to be \$1,293 psf ppr.

## [SOLD] Watten Estate Condominium (District 11)

The tender for the freehold residential plot has been awarded to a Joint Venture between UOL (80%) and Singland (20%). Occupying a land area of 220,241 sqft with a plot ratio of 1.4, the price translates to a land cost of \$1,787 psf ppr.





## [LAUNCHED] High Point (District 9)

A freehold residential development completed in 1973 is making its second attempt at a collective sale with a guide price at \$550 million. High Point sits on a land area of 47,606 sqft with a plot ratio of 2.8. The overall land cost works out to be \$2,508 psf ppr.

## [LAUNCHED] Elizabeth Towers (District 9)

Just 2 minutes walk to Orchard, Elizabeth Towers has been re-launched for a collective sale at a reserve price of \$630 million. Sitting on a site area of 54,318 sqft with a new plot ratio of 4.65, This translates to a land cost of approximately \$2,400 psf ppr. The relaunch of Elizabeth Towers follows strong buying demand in the luxury residential market over the past year.

## [LAUNCHED] Sixth Avenue Centre (District 10)

A 40-year old, freehold mix-residential site located at Bukit Timah Road will be launched for collective sale at a price of \$85 million. SAC sits on a site area of 15,009 sqft with a plot ratio of 3.0. The future developer is required to amalgamate a small portion of remnant land beside it (est. 915sqft), reducing the overall land cost to \$1,780 psf ppr.

## [LAUNCHED] Hillview Terrace (District 23)

11 freehold factory units at Hillview Terrace will jointly put their properties up for sale at an indicative price of \$122 million. With a combined site area of 62,213 sqft, the street comes with an access road which may be amalgamated to form a larger site of 79,790 sqft. With a new plot ratio of 1.62, the price translates to a land cost of \$1,367 psf ppr (including development charge and 7% bonus GFA for private outdoor spaces).

## [LAUNCHED] La Ville (District 15)

A Freehold residential development completed in 1987 is making its second attempt at a collective sale with a lowered reserve price of \$148 million. Occupying a land area of 47,012 sqft with a plot ratio of 2.1, the overall land cost works out to be \$1,499 psf ppr.