Introduction

November 2007 seemed like a quiet month. However, it is not without some noteworthy developments.

The government relaxed the rule on ownership of Executive Condominium (EC) – seen as restoring parity between EC and HDB resale flat ownership regulations.

Towards the end of the month, the market witnessed a gradual warming to the Government Land Sale Programme. By 28 November, more 'quality sites' were upgraded to the confirmed list after developers put in bids to unlock the reserved sites for open tender. Many of them will be released for public tender from December onwards.

Below describes the strong 'flowing undercurrent' beneath a 'quiet market'.

(A) Uncertainties reigns in the US market

- **(A.1.) US mortgage defaults and delinquencies will increase in 2008**

The downturn in the US housing market had yet to run its full course.

About US$900 billion of sub-prime mortgages have been securitised into fixed-income instruments, and the high level of unsold homes is pushing down the price of those instruments further and debasing the value of the securities backed by those mortgages.

Citigroup recently revealed that it had additional US$11 billion write-down tied to sub-prime mortgage and the revelation rekindled fears of the extent of the credit crunch. The equity markets and the dollar crumbled under pressure and the benchmark US Treasury yields is kept at a two-year low.

To survive this financial crisis, the US market needed to get rid of at least 200,000 to 300,000 excess units. It would be a disaster if housing prices continue to fall and the Fed may have to further cut rates to perhaps 3.5%.

(B) New measures concerning properties announced this month

- **(B.1.) Developers must reserve 90% of EC units for First-timer buyers**

The Housing Development Board (HDB) now requires developers of executive condominiums (EC) to reserve at least 90% of units during the first month of the launch for first-time buyers who have not enjoyed any housing subsidy before.

No need to pay Resale Levy
In the meantime, resale levy for those who have enjoyed a housing subsidy before is also waived when they buy a new EC flat.

Two bites of the cherry
EC owners who had received a housing subsidy can also enjoy a second subsidised public housing unit, be it an EC, HDB flat or flat built and sold by private developers under the Design, Build and Sell Scheme (DBSS).

These EC owners can now buy another new EC, or a new flat built by the HDB or private developers, after a 30-month waiting period.

Resale levy for second new flat
However, those who used a housing grant for their first new EC will have to pay a resale levy of $55,000 on their original home if they move into a new HDB flat - to ensure a fair distribution of housing subsidies. (If payable, the amount of resale levy for HDB Executive flats is $50,000)

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But this by itself is a relaxation of policy as before this, those who bought a new EC unit were barred permanently from buying a second new EC unit, HDB flat, or flat built and sold by private developers under the DBSS.

The change is probably prompted by the fact that owners of private properties have been allowed to buy new HDB dwellings after a 30-month wait from the time they dispose of their homes.

- **(B.2.) Annual Values of Properties to be raised in 2008**

The Inland Revenue Authority of Singapore (IRAS) has announced that Annual Values (AVs) for all HDB flats will be increased. However, 90% of HDB flat owners need not pay more property tax in 2008 due to the tax rebates in 2008.

AVs refer to the value of a property in a year if it were rented out as investment. They form the basis of property tax which is 10% of AVs for all properties. But owner-occupied homes are given a concessionary tax rate of 4%.

As of now, all owners of 1-room and 2-room flats do not need to pay any property tax at all. Likewise about 13% of all 3-room flats owners do not need to pay any tax due to offset of GST rebates which have been given since 1994 when GST was introduced.

- **(B.3.) No more cooling off measures – for now**

Minister for National Development, Mah Bow Tan told parliament that further action was not needed to further cool the real estate market. The government will instead closely monitor the property market to ensure that any price rise is supported by economic fundamentals and demands for private housings are met.

Explaining the chopping of the Deferred Payment Scheme, Mr Mah said that it was worrying as close to 90% of buyers of private properties by Singapore property developers opted for the payment scheme. The cancellation of the scheme will encourage greater financial prudence among investors.

According to official data, prices of private houses in Singapore have increased by 21% since the start of the year. But with the latest announcement, it is safe to presume that the government will not introduce the Property Gain Tax anytime soon.

(C) Rents continue to rise at phenomenal rate

- **(C.1.) Orchard Road prime Retail rents 4th highest in Asia**

Singapore's busiest shopping street, Orchard Road, is now world's 14th most expensive area. It is the 4th most expensive shopping location in this region, after those in Hong Kong, Tokyo and Seoul.

The recent survey studied the retail rents in the world's top 231 shopping locations across 44 countries. It showed that annual prime rates increased by 11.3% for Orchard Road. Although rents in Singapore will continue to rise, it will be slower than the rent rises in other cities, notably in India.

The trend will help Singapore remain competitive and maintain its attractiveness as a retail destination in the region. Rental growth across Asia as a whole has increased by 23.8%.

- **(C.2.) Raffles Place Retail rents are higher**

In tandem with a soaring demand for office space in Raffles Place business district, rents for shop space there have also risen 24% in the past two years.

  - Average gross rent for Raffles Place ground floor space is between $18 and $35 per sq ft a month, up from $13 to $25 psf a month two years ago.

  - Space in the basement levels are priced at between $12 to $25 psf a month, compared with $9 to $18 psf a month two years back.

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- In the upper floors, rents now hover between $8 to $14 psf a month, up from $6 to $9 psf a month two years ago.

With no new supply in sight, the upward trend is expected to continue as the economy charges ahead and tenants are expected to pay 10% to 15% more in the coming years.

Most retail centres in Raffles Place such as OUB Centre, Raffles Xchange, One Fullerton and Republic Plaza are enjoying full occupancy.

Comparatively in Orchard Road, retail rents have been registering single-digit increases in the past few years as rents there are already very high.

- **(C.3.) Singapore prime Office rents rose the fastest in the world**

Singapore also has the fastest growing prime office rent in the world, outpacing Mumbai.

Average prime office rents have risen 82.6% to $12.60 psf a month by end of September 2007. However, London's West End is the most expensive place to rent an office if you have US$328.91 to spend for every square foot a year, followed by Bumbai.

At US$102.37 psf a year, Singapore is ranked 11th on the list of worldwide office rentals. Hong Kong is still more expensive than Singapore at 10th position with costs at US$106.31 psf a year.

- **(C.4.) Rising rents hit the poor hard**

Rising rents in the open market are forcing more low-income Singaporeans to queue for subsidised HDB rental flats, but the waiting period is now twice as long. They now must wait five to 11 months instead of two to six months to move into a rental HDB flat.

Applications for such flats went up 11%. Most of the 3,000 or so applicants in the queue now are unlikely to get a home until the first quarter of next year.

The Housing Board is converting three blocks in Boon Lay and Woodlands into 938 rental units expected to be ready early next year. It will also convert two blocks in Redhill to about 290 rental homes and build 976 units in Choa Chu Kang, Sembawang and Yishun, all by next year.

Rents for HDB flats have shot up by more than 30%. Only families earning no more than $1,500 a month are allocated subsidised rental flats.

- **(C.5.) Desperate measure - Old flats vacated under SERS to be rented out**

To increase the supply of rental flats, HDB will release a batch of old flats left vacant under the Selective En bloc Redevelopment Scheme (Sers) to the public on a short term basis.

The first batch of 120 units - 60 three-room flats and 60 4-room flats - in five blocks in Tiong Bahru Road will be leased out to a master tenant on a three year tenancy, with option to renew for another three years.

HDB will continue to increase the supply of about 4,000 to 5,000 units if the need arises.

(D) En bloc sale news

In the third quarter of this year, only 13 *en bloc* deals worth about $1.1 billion were done, down from $6.4 billion for 45 sites in the previous quarter. The *en bloc* sale market took the full brunt of the sudden 40% increase of Development Charge percentage to market value (i.e. from 50% to 70% of market value) and a hefty half-year rate review (over 58% increase).

In October 2007, only one project Toho Garden was sold collectively. However, in November the *en bloc* sale market was more active. Here are the details:

- **(D.1.) 15 houses in Balestier sold en bloc**

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In the first landed property *en bloc* sale, a total of 15 houses were sold for $61 million to a joint venture company set up by a Chinese property developer and his Singaporean partner.

Owners of each of the 15 District 12 landed properties received about $4 million or $739 psf of potential gross area. The sale price represents an *en bloc* premium of close to 3 times the current market value of the houses.

The *en bloc* deal took 18 months to complete as 100% consent must be obtained before the sale is sealed due to their land title status. (For strata-titled apartments, the consent is 80% or 90% of the majority by share value and floor area)

- **(D.2.) 5 old apartment projects in Kent Road area sold en bloc together**

A stretch of five old apartment projects behind Blk 51 Kent Road was sold *en bloc* to KSH Holdings for $120 million. The combined site area is 74,355 sq ft with a plot ratio of 2.8 and the unit price works out to be $580 psf ppr.

The five District 8 developments, looking from the Central Expressway (CTE) include Norfolk Court, Mergui Lodge, Northern Mansion, Mergui Court and The Mergui which is opposite Norkfolk Court and off Rangoon Road. This leaves Mergui Mansions standing alone

- **(D.3.) Makeway View sold for $162.8m**

District 11 Makeway View in the Newton area has been sold collectively for $162.8 million or $1,583 psf per plot ratio including an estimated $21.5 million development charge (DC).

Each of the 32 owners will receive gross sale proceeds of about $3.7 million to $10.4 million per unit.

The freehold site has a land area of 41,582 sq ft and is zoned for residential use. It has a plot ratio of 2.8 which gives a maximum height of 36 storeys. The breakeven cost for a new project on the site is about $2,100 psf.

The *en bloc* sale was sealed in a private treaty arrangement following a tender that closed last month. Under the new en bloc sale rules (effective 4 Oct 07), a private treaty sale is allowed after the public tender but the sale must be concluded within 10 weeks after the close of the tender.

- **(D.4.) District 9 Grange Heights on the collective sale market**

District 9 Grange Heights condo at No 15, 19 and 23 of Grange Road at the Leoniehill Road vicinity has been put up for collective sale for $845 million or $2,200 psf per plot ratio (ppr). The sale is by tender.

The freehold site has a land area of 136,678 sq ft and a plot ratio of 2.8 which gives a maximum height of 36 storeys. No development charge is payable for the site.

According to the marketing agent, an exclusive 36-storey condominium development may be erected on the site with a gross floor area of about 35,554 sq m (382,695 sq ft), subject to approval and payment of development charge. This could yield some 80-90 apartments units with an average size of 3,800 sq ft based on ultra-luxurious apartment concept.

(E) Foreign interest in top-tier properties in Singapore still strong

- **(E.1.) Hilltops sold for $3,900 psf**

The District 9 Cairnhill Circle estate is now one of the most expensive prime estates in Singapore, with prices of the posh Hilltops condo by SC Global going between $7million and $12 million.

In all, the freehold 20-storey condo has 240 apartments. So far, 30 units have been launched since October. Of the 30 units, 28 were sold for around $3,900 psf.

Three-bedroom units command nearly $7 million, while four-bedroom and larger units could sell for up to $12 million.

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Consistent with the trend in Orchard area, buyers of Hilltops units are primarily foreigners.

- **(E.2.) Helios sold for $3,900 psf**

Nearby, the 140-unit Helios Residences sold 69 units at an average of over $3,000 psf each.

Though the market has quietened down a little, interest for luxurious properties is still strong as more funds are being channelled into Singapore to take advantage of a stronger Sing dollar against the US dollar.

- **(E.3.) 90% buyers of Sui Generis at Balmoral foreigners**

In District 9 Balmoral area, 16 of 23 units released at the 40-unit Sui Generis were sold through road shows in Indonesia and Hong Kong in the past two months.

Prices fetched ranged from $2,300 psf to $2,580 psf. About 90% of the buyers were foreigners.

- **(E.4.) CDL-Wachovia buy two blocks at District 9 Cliveden**

Grange 100 Pte Ltd, a joint venture between City Developments Ltd (CDL) and US-based Wachovia Development Corporation is buying two blocks, or a total of 44 units, at CDL's freehold Cliveden at Grange condo for $432.4 million or $3,750 per sq ft (psf).

CDL's move has been widely seen as a precursor to its plan of a residential real estate investment trust (Reit) to which it could spin off apartments held for investment.

Many analysts reckon that the CDL-Wachovia joint venture would divest the two blocks to a residential Reit.

In this joint venture, Wachovia holds the majority share of 60% while CDL takes the rest. The

- **(E.5.) 60% of Amber Residences condo sold**

More than 70 of the 114 units at Amber Residences in Amber Road were sold during a private preview on 18 November 07 at an average price of $1,650 per square foot (psf) with some high floor unit being sold for more than $1,800 psf.

The Amber residence has a single tower block of 21 storeys. It is made up of mainly two; three and four-bedroom apartments, there are also six penthouses.

So far, the sales were done by private invitation only and most of the buyers were locals.

Given the lull season of the year, the 60% sold performance is considered impressive.

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

The market mood took a sudden change after the Deferred Payment Scheme was scrapped. Developers were more cautious and there was no jostling, though buying activities still continued tentatively.

However, by late November, bidding activities seemed to pick up a bit of momentum. By then, more quality land parcels under the reserved list were upgraded to the confirmed list after some small-timer developers put in bid at slightly higher than government's reserved price to trigger a public tender exercise to be called.

By 28 November, property analysts were quoted as 'being surprised' by the winning bid of $134 million for an Ang Mo Kio residential site. Here are the roll-down.

- **(F.1.) First land tender after the withdrawal of DPS drew only 2 bids**

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The first land sale tender exercise after the withdrawal of the deferred payment scheme told much about how local developers felt about the government's move.

The tender for a 99-year leasehold residential site at Enggor Street behind the Icon development drew just two bids on 1 November 2007. Far East Organisation offered to pay $233.8 million or $852 psf per plot ratio while GuocoLand offered $150.98 million or $550 psf ppr for the land.

- **(F.2.) Developers are buying mass market lands quietly - taking advantage of the lull**

First an unnamed developer put in a bid of $220,700,000 for the reserved site opposite Tanglin Regency to trigger the public tender for the site in late November.

Then within a week, a Woodlands Ave 2 condo site attracted 8 bids and was eventually awarded to a new-comer developer.

Around the same time, an unknown developer entered a bid of $187 million for a 3.2ha, 99-year leasehold residential site at Simei Street 4, triggering a public tender which will be launched in early December.

The price offered by the developer works out to $235 psf ppr. The site has a 2.3 plot ratio - giving it a maximum gross floor area of 797,400 sq ft. However, the good location of the plot would definitely attract much higher tender prices later.

The difference between confirmed sites and reserved sites is this: the Government will only release a site for sale if an interested party submits an application for the site to be put up for tender with an offer that is higher than the Government's reserved price. But, confirmed sites are released for tender at a pre-determined date, without the need for the sale to be triggered by an application.

- **(F.3.) Condo site near Braddell MRT station available**

A 150,211 sq ft 99-year leasehold site at the corner of Toa Payoh Lorong 2/3 has been made available under the reserve list.

The suburban site has a plot ratio of 4.2 and can be developed into a 530-unit condominium project. The site is within walking distance from Braddell MRT Station.

Analysts are divided on how much a brand new condo project in Toa Payoh would fetch in terms of psf price given the current tentative market mood and the site's mass market tag.

Given the historic record bid by Far East Organisation in September 2007 for a similar site near Ang Mo Kio MRT station, some analysts reckoned that Far East might submit a similar bid of around $601 psf per plot ratio.

- **(F.4.) Ang Mo Kio site nets $134m bid**

The public tender for the third public housing site slated for Design Build and Sell Scheme (DBSS) has been won by Greatearth Development who put in the top bid of $134.2 million. The second DBSS site at Boon Keng Road was successfully awarded in June 2007.

The site has a site area of 16,789.1 sq m and an allowable storey height of 36. The new blocks can accommodate 550 flats.

The winning bid works out to be $212.4 per sq ft (psf) per plot ratio. The break-even price should be about $500 psf and the developer may launch the flats from $580 psf or at starting price of $560,000.

The high bid price caught some property analysts by surprise but reflects developers' confidence in the demand for public housing and suburban condominiums.

- **(F.5.) Bishan residential site up for sale**

The Housing Development Board will release a residential site at Bishan Street 14 for sale by tender. The 99-year leasehold site has a land area of 129,200 sq ft and a plot ratio of 4.9.

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The site is considered 'good' as it is very near to Junction 8. It is facing the Bishan ITE college and Bishan Stadium.

Private apartments in the Bishan area are now selling for about $800 psf in the resale market. Construction costs for mass market condos now stand at about $300 psf.

- **(F.6.) More than 7,000 new flats expected over next 7 months**

In the wake of exorbitant asking prices of resale HDB flats across the island, the Housing Development Board (HDB) has taken a decisive move to signal to Singaporeans in general that there is no need for panic as there will be sufficient supply of new flats.

More than 7,000 new HDB flats will be released for sale over the next half-a-year. It will launch seven residential land plots that could yield another 3,200 flats, ranging from two-room flats for the low-income group and privately-designed flats (DBSS) and executive condominiums (EC).

The land slated for DBSS projects will be in choice locations such as Bishan, Simei, Toa Payoh and Bedok. The EC sites to be made available next year will be in Yishun, Jurong, and Sengkang.

Two build-to-order projects were launched yesterday:

- Segar Meadows in Bukit Panjang Ring Road, comprising 412 three- and four-room flats.
- Compassvale Beacon in Punggol Road, comprising 750 two-, three-, and four-room flats.

Recent response to HDB's flat-selection exercises has been overwhelming, primarily from newly-weds. HDB received almost 8,000 applications for 400 flats in Telok Blangah and more than 1,600 applications for 516 homes in Punggol.

The 4,800 applications to buy HDB's build-to-order flats have more than doubled the number launched last year.

Prices of resale HDB flats grew by 11% in the first nine months of this year, while prices of private homes shot up 22.9%.

(G) News on HDB Resale Market

- **(G.1.) HDB resale flat prices surge 6.6%**

HDB resale prices went up 6.6% in the third quarter. In the second quarter, the prices increased 3% and the two quarters' aggregate brought this year's total price increase to a double digit growth of 11%.

However, in terms of volume, HDB re-sale transactions fell 11% to 7,700 in the third quarter, after a 38% rise in the previous quarter.

Third-quarter HDB data showed the amount of cash-over-valuation that buyers are paying has increased substantially across the board, though the movement is more pronounced in popular neighbourhoods.

Increases in the median prices of three-room flats in Ang Mo Kio (central) were 11.8%, in Bedok (east) 6.4% and Queenstown (central) 5.6% respectively. And for five-room flats, they grew at 13.1%, 16% and 20.6% respectively.

In Clementi, Bukit Timah and Toa Payoh, the median COV for executive flats hit $155,000, $137,500 and $127,000. However, the figures might not be representative of the overall market situation as the transactions were fewer than 20 flats in these areas.

In general, the areas requiring the least cash-over-valuation were Woodlands, Yishun and Bukit Panjang. **(See Annex B for details)**

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The Central area, Queenstown and Marine Parade were the locations where buyers have to fork out more cash in order to stand a chance to own a flat there.

- **(G.2.) Median Cash-Over-Valuation (COV) for HDB resale flats up 140%**

About 80% of resale flats in the third quarter attracted cash over valuation (COV). The median price is now $17,000 above valuation. It was $7,000 in previous quarter. As such, the increase in median COV is 140%.

However, the number of resale transactions fell 11% in the third quarter from 8,700 to 7,700.

The price increases were more pronounced in popular neighbourhoods such as Ang Mo Kio, Bedok, Queenstown, Clementi, Bt Timah and Toa Payoh.

The quantum of the price increase clearly shows the strength of the demand due to a robust economy. In response, HDB has expedited its building programme. More than 26,700 flats are expected to be completed between 2007 and 2011.

A market survey indicates that asking prices for larger flat types may vary some $50,000 to $200,000 above valuation. Traditionally, when there is a bull-run, larger flats such as Executive Maisonettes (EM) and Executive Apartments (EA) in choice locations would achieve a larger quantum in capital appreciation – sometimes as high as more than $100,000 a year. **(See Annex A for a case study on Tampinese E flats)**

- **(G.3.) Marine Parade 5-room flat sold for $750,888**

A retired couple paid a record $750,888 for a 32-year-old 5-room Marine Parade flat on 27 November. The 23rd storey flat was recently renovated and it offers full sea views.

Another push factor for the record price is the block's proximity to the underpass that leads to East Coast Park. The old couple has previously lived abroad in Germany and Australia and their previous homes also offered sea views.

The last HDB record price of $730,000 was also set by a 5-room flat in Marine Parade in early November. It is also situated on a high floor and near East Coast Park.

But analysts say the highest record price is not typical of HDB market. This is because the old couple bought it as their retirement home and has paid cash for it. Had they been an ordinary couple, they might not have been able to take a bank loan for it.

(H) Where is the market heading?

The Singapore Dream is far from over. In fact, it is just the beginning.

While there will be more new houses available for sale in 2008, demands will also be higher as more foreigners and local upgraders from the heartlands are coming out in force to meet the supply.

Forget about 'buyer's market' or 'seller's market. Get ready for *'Agent's Market'*.

- **(H.1.) En bloc sellers will support home prices**

About 5,700 residential units from the 39 private apartment projects were sold collectively in the first half of 2007. Owners of these units will have to look for replacement homes sooner or later.

Assuming two-thirds of them do come out and buy a property, it would be about 3,900 homes to be transacted. As the total payout to en bloc sales during the period was $6.381 billion, the expected transactions later on when the en bloc sellers start to make their replacement purchases, could be worth $4 billion, plus minus a few ten millions.

As prices in the prime area are already near historic peak, developments in the fringe and suburban areas such as Bukit Timah, Upper Bukit Timah, Clementi, Novena/Thomson, and Upper East Coast will be the most likely targets.

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Out of the 5,700 owners affected by collective sales in the second quarter of 2007, about 2,795 of them owned homes in the prime districts of District 9, 10 and 11. And 50% of such owners already have at least two properties.

Likewise, rents will also increase due to the same reason as 'displaced tenants' would also need alternative accommodation.

- **(H.2.) Continual arrival of expatriates to drive rents**

The number of expatriates working in Singapore has grown by an impressive 14.9% from 875,500 in 2006 to over one million so far in 2007. This is the highest annual growth in the arrival figures in a decade.

With the familiar full employment rate returning to Singapore and the buoyant economy generating a phenomenal rate of high-end jobs, the number of expatriates in Singapore is expected to explode.

As it is, average apartment rents in the prime districts rose by 13% to $3.70 per square foot (psf) a month between the second quarter and third quarter of 2007. The high-end residential rents continue to rise to $6 psf a month.

Average rents shot up even higher in the other non-prime areas. For example, average rents in Districts 8 and 12, on the fringe of the city, have risen by 35% and 23% respectively to about $1.90 psf a month.

- **(H.3.) The ten largest HDB heartlands sell more flats - the smallest estates command the highest price**

This trend will continue for some years. In fact, the entire HDB resale market is getting warmed up and will be more exciting by the days.

Despite the perceived 'quietness' in the market, the HDB resale market clocked in 2,340 (advanced estimate) resale transactions compared with the previous month's 2,463 deals.

With the complete input of sales figure to be updated by the end of the first week of December, the November resale figures should be higher than October.

The volume of HDB resale transactions has been gradually rising, reflecting an economy in expansion. Below shows a breakdown of increases in transaction volume over the previous months.

Months	Transaction
January 07	2,313
February 07	1,958
March 07	1,217
April 07	2,089
May 07	2,184
June 07	2,250
July 07	**2,385**
August 07	**2,553**
September 07	**2,385**
October 07	**2,463**
November 07	**2,340** (so far)

With a very promising economic prospect, two categories of resale flats will take the lead to climb the price ladder – one is flats in choice location and the other, the larger Executive flats.

For example, 5-room flats in Marine Parade have been dominating the headlines. However, the total resale transactions in Marine Parade in November were only 17 flats. The breakdown is as follows: 3-Room flats sold: 8; 4-Room flats sold: 6; 5-Room flats sold: 3.

Out of the three sold, two made it into the headlines of national newspaper in the month of November.

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Another example is Executive flats in Tampines. The capital value of Executive flats in Tampines has risen by 30% year-on-year and the quantum of increase is $129,000 for the best unit there. **(See Annex A & Annex B for details)**

- **(H.4.) Private home market isn't fairing badly either**

The private property market is on a path of modest and steady growth on the back of a strong and sustainable economy.

In fact, the median transacted price for private apartments across the island rose 3.3% from $960 psf in September to $992 psf in October.

While buyers may become more cautious in the wake of the scrapping of the deferred payment scheme, the private home market is not expected to collapse. The number of new private home units launched and sold will likely to remain close to current levels.

In the Central Core area
Hilltops in the Cairnhill area, and Scotts Square, sold quite well with 24 units and 33 units sold respectively.

The first unit at Boulevard Vue at Angullia Park was sold in October for $3,900 psf. The first 20 units in the 28-unit Suites @ Amber were sold at between $1,224 psf and $1,440 psf.

In the East coast area
In the mid-range, new projects in the east such as Aalto, De Centurion, Suites @ Amber and The Seafront On Meyer achieved median prices ranging from about $1,300 to $1,600 psf.

In the Western area
Park Natura in Bukit Batok sold 101 units and became the top seller in primary market sales during October, followed by a distanced second of 49 units sold at Aalto in the Amber Road/Peach Garden vicinity.

Park Natura's median transacted price was $1,022 psf; while Aalto about $1,300 psf.

Developers should be able to sell about around 2,000 new homes in the last quarter of this year, bringing their full-year sale tally to around 16,000 units. They sold 11,147 new private homes for the whole of 2006.

The official URA private home price index, which has already risen 22.9% in the first three quarters from end-2006, is likely to go up to 27% for the whole year.

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Annex A

Case Study on Tampines Executive flats

A study was done on the capital appreciation of Executive flats in Tampines during the past 12 months.

The parameter of the study is to compare prices of two categories of E flats – one group with poor attributes (therefore lower sale prices) and the other with good attributes (therefore higher sale prices) - and track the price mobility. *(The reason E flats are chosen is because they best reflect the economic situation)*

The study yielded the following results:

PRICE	October 2006	January 2007	May 2007	Nov 2007
Lowest	$318,000 (Blk 309 - LF) 14 yrs old	$345,000 (Blk 328 / LF)	$315,000 (Blk 430 - MF) 21 yrs old	$365,000 (Blk 427 - LF) 21 yrs old
Highest	$436,000 (Blk 856E - MF) 12 yrs old	$466,000 (Blk 856 / HF)	$448,000 (Blk 865B - LF) 12 yrs old	$565,000 (Blk 856B - MF) 12 yrs old

* LF = Low Floor / MF = Mid-Floor / HF = High Floor

- The price growth year-on-year (October 06 and November 07) between Executive flats with same attributes:

  Price increase of Lowest priced E flat = $47,000 (14.7% increase in price)
  Price increase of Highest priced E flat = **$129,000 (30% increase in price)**

- Compare First half-year growth (Oct 06 and May 07) between Executive flats with same attributes:

  Price increase of Lowest priced E flat = - ($3,000) (price actually dropped)
  Price increase of Highest priced E flat = $12,000 (2.8% increase in price)

- Compare Second half-year growth (May 07 and November 07) between Executive flats with same attributes:

  Price increase of Lowest priced E flat = $50,000 (15.7% increase in price)
  Price increase of Highest priced E flat = **$117,000 (26.8% increase in price)**

Conclusion

The following conclusions were drawn after the study:

(1) The comparative data shows that the price increase occurred only in the second half of 2007 and the forces that drove the second half surge were quick and powerful.

(2) Price surge in E flat occurred after prices for private homes had reached a new historic height. It also showed that many middle-income group purchasers have been squeezed out of the private home market.

(3) Resale flats with good attributes, such as high floor level, younger in age (newer in flat design) and closer to amenities like MRT station and shopping mall, achieve higher and faster appreciation in capital value.

It is a little pre-matured to conclude if speculative activities have been channelled into the HDB resale market.

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Annex B

The tables below show that the 10 largest Housing estates have the highest number of flats sold; while the 3 smallest housing estates enjoy the highest transacted prices, due to rarity and good location.

Estate	Total Number of Flats	Flats Sold
(1) Jurong West	66,133	163 (2nd in volume)
(2) Tampines	61,109	139 (5th in volume)
(3) Woodlands	56,221	224 **(top in volume)**
(4) Bedok	55,293	153 (3rd in volume)
(5) Hougang	47,227	128 (7th in volume)
(6) Yishun	46,205	141 (4th in volume)
(7) Ang Mo Kio	43,768	108 (9th in volume)
(8) Bt Merah	40,054	103 (10th in volume)
(9) SengKang	39,534	131 (6th in volume)
(10) Choa Chu Kang	38,933	114 (8th in volume)

Estate	Total Number of Flats
Bt Batok	31,522
Toa Payoh	30,755
Bt Panjang	29,498
Kallang/ Whampoa	28,203
Pasir Ris	27,504
Geylang	26,560
Queenstown	25,975 (High resale prices)
Clementi	23,460
Jurong East	21,903
Serangoon	21,204
Bishan	18,971 (High resale prices)
Sembawang	17,664
Punggol	15,727
Central	7,651 (Top in resale price)
Marine Parade	6,535 (High resale prices)
Bt Timah	2,423 (High resale prices)

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