

PERFECT
SOLUTIONS

URA
REVISED
GUIDELINES

BUYERS GUIDE 2019
1st Edition

CONTENTS

- 1. SUPPLY AND DEMAND**
- 2. URA REVISED GUIDELINES**
- 3. ANALYSING POTENTIAL UPSIDE OF FUTURE DEVELOPMENT**
- 4. EFFECTIVE USAGE OF LAND BIDDING PRICE TABLE**
- 5. DON'T BUY INTO THE RESALE CURSE!**
- 6. FREEHOLD VS 99 YEARS**
- 7. EN BLOC POTENTIAL**
- 8. ASSET WEALTH MANAGEMENT**

NEW LAUNCH & RESALE MARKET

URA REVISED GUIDELINE



**NEW LAUNCH & RESALE MARKET
URA REVISED GUIDELINE**

THE STRAITS TIMES 18 October 2018

URA cuts number of units allowed to be built in condos, private flats

Move to rein in proliferation of shoebox units outside central area, ease infrastructure strain

Grace Leong

From early next year, the maximum number of units allowed in new private flat and condominium developments outside the central area will be reduced, as the Urban Redevelopment Authority (URA) has revised its guidelines in a bid to manage potential strains and stresses on infrastructure.

The new guidelines, announced yesterday, will further curb the proliferation of shoebox units. They will apply to new develop-

ment applications for projects submitted on or after Jan 17 next year.

Under new rules, the maximum number of housing units allowed in a development outside the central area will be arrived at by dividing the proposed building gross floor area (GFA) by 85 sq m. The current formula divides GFA by 70 sq m.

This means around 18 per cent fewer units will be allowed if developers maximise their quota.

Meanwhile, nine areas will face even more stringent requirements, where the GFA will be divided by 100 sq m to work out the

maximum number of units that can be built. This is to avert a severe strain on infrastructure.

These areas are Marine Parade, Joo Chiat-Mountbatten, Telok Kurau-Jalan Eunos, Balestier, Stevens-Chancery, Pasir Panjang, Kovan-How Sun, Shelford and Loyang.

Now, only four areas - Telok Kurau, Kovan, Joo Chiat and Jalan Eunos - face the tougher guidelines.

URA first introduced guidelines in 2012 to rein in tiny units. Then National Development Minister Khaw Boon Wan had pointed out in a blog that the Telok Kurau area had experienced "a rampant development of tiny shoebox units" resulting in severe traffic congestion, shortage of carpark spaces and double-parking.

Yesterday's tightening came

amid concerns over smaller unit sizes in new private housing projects, and that "the number of redevelopments in certain locations may strain infrastructure".

Ms Goh Chin Chin, URA's group director for development control, noted: "This will also encourage developers to provide balconies to residents, URA has addressed feedback that some balconies are "oversized" and that some home buyers find it challenging to find units without balconies.

From Jan 17 next year, the bonus GFA cap for private outdoor spaces

will be reduced from 10 per cent to 7 per cent, while the total balcony area for each unit will be capped at 15 per cent of the net internal area.

The URA also introduced a new bonus GFA scheme to encourage developers to provide more indoor recreation spaces such as gyms, libraries, function rooms and reading rooms to residents. The new scheme provides bonus GFA capped at 1 per cent of total area (or the GFA of the residential component for mixed-use developments).

Savills Singapore senior director of research and consultancy Alan Cheong believes the new rules aim to address a potential oversupply of units that could have come on collective-sale sites. "This especially as the population isn't growing as fast

as supply," he added.

Taken collectively, analysts say the guidelines favour home buyers as they are likely to result in larger unit sizes and possibly lower average selling price (in per square foot terms).

"Developers have kept unit sizes small in order to keep price quantum palatable. However, some buyers have found that these smaller units are not comfortable to live in," said Mr Eugene Lim, key executive officer of ERA Realty Network.

"Given the new guidelines, developers will have to build bigger units in order to maximise the GFA of the land. Where possible, and in order to keep the absolute price of units affordable, developers may have to sell at a lower per square foot price," he added.

gleong@sph.com.sg

SEE TOP OF THE NEWS A6

78 PAGES IN FIVE PARTS
\$110
To subscribe: 6388-3838
sphsubscription.com.sg
A Singapore Press Holdings publication
MCI (P) 113/01/2018 **

<https://www.ura.gov.sg/Corporate/Guidelines/Circulars/dc18-0>



Four areas, namely Telok Kurau, Kovan, Joo Chiat and Jalan Eunos.

The maximum number of DUs was derived by dividing the proposed GFA by 100 sqm.

NEW LAUNCH & RESALE MARKET URA REVISED GUIDELINE



Often when we read about the revision of building guideline from URA (a government agency), we do not fully understand the impact of these revisions on us, the buyers. In October 2018, URA cut the number of units allowed to be built in condos and also private flats. “What & how” will these revised guideline affect us, the buyers?

Well, we all need to know the effects. First, the developers can build fewer total number of units for both private & public housing. Take for example, on a plot of land where a developer can previously build 1000 units of homes; today he can only build 900+ units or less.

This means the developers have bigger but lesser home units to sell. This revised URA guideline affects different areas in Singapore differently; some more and some less. The areas which are affected more by the guideline are Telok Kurau, Kovan, Joo Chiat, and Jalan Eunos. In the next page we will analyse how this new guideline affects different areas in Singapore.

NEW LAUNCH & RESALE MARKET ADVANTAGE OF LATEST GOV REVISED GUIDELINE

CASE STUDY: THE FLORENCE RESIDENCES

Gross Floor Area = Plot Ratio x Land Size

$$2.8 \times 389,237\text{sqft} = 1,089,863\text{sqft}$$

PREVIOUS GUIDELINE OF 70 sqm:

Total Units
= 1,089,863sqft / **70**
= 1,446 Units

NEW GUIDELINE OF 85 sqm

Total Units = 1,089,863sqft / **85**
= 1,191 Units
(Est: 18% Lesser units)
Average Size: 915sqft

Take “The Florence Residences” as our case study of the impact of revised URA guidelines. The gross floor area of this development is 1,089,863 sqft.





Before the revised guideline, the developer can build 1,446 units of apartments at an average unit size of 753 sqft. But today, after the revised guideline, the developer can only build 1,191 units with average unit size of 915 sqft, in which the floor area is bigger, but the number of unit apartments is less. The numbers “70” and “85” are determined and given by the URA in the calculation of units to be developed. With the same plot of land, a developer can build lesser number of units compared to the number he could build previously.

And, how does this impact you, the buyers? Yes, the average new unit size is 915 sqft, which is bigger. However you, the buyers, need to pay a higher average unit price at all new project launches. Your new unit apartment will no doubt be bigger, but the initial average unit price you are going to pay will definitely be higher. **This will definitely affect the average buying price of all new launches.** Can you afford to pay a higher initial costs of new property units? Do you want to pay less at the launches. We, at RTD, have the answers for you. Come & speak to us.

NEW LAUNCH & RESALE MARKET

ADVANTAGE OF LATEST GOV REVISED GUIDELINE

CASE STUDY: THE FLORENCE RESIDENCES

	BEFORE GUIDELINE REVISION Average 70sqm (Est. 753sqft)	AFTER GUIDELINE REVISION  18% Average 85sqm (Est. 915sqft)
MAXIMUM UNITS	1,446 UNITS	1,191 UNITS
LAND PRICE	\$842 PSF PPR	\$842 PSF PPR
SELLING PRICE	\$14XX PSF	\$14XX PSF
AVERAGE PRICE OF ONE UNIT	754sqft x \$14XXPSF = \$1,055,600	915sqft x \$14XXpsf = \$1,281,000  \$225,400
1 st Property Down Payment (25%)	\$263,900	\$320,250  \$56,350
SC 1 st Property Stamp Duty	\$26,824	\$35,840  \$9,016

URA has stipulated the average unit size built after 17th January 2019 to be bigger, making it to increase from 753 sqft to 915 sqft. **It is estimated 18% less units to be built on the same gross floor area.** With this decreased number of units to be built, the same land price and the selling price, hence the average price increase of one unit is \$225,400 (\$1,281,00 vs \$1,055,600). You also need to pay the 1st Property Down Payment, which is 25%, which means you, the buyer, need to fork out \$56,350 more cash (\$320,250 vs \$263,900), and the SC 1st Property Stamp Duty is also \$9,016 more (\$35,840 vs \$26.824).

All property prices will likely go up with URA revised guideline; hence the buyers with limited budget will have more difficulty in buying new development units. The same applies to the developers who will find it harder to sell their property units. **However, the savvy buyers know where to scout for property developments not affected by this new guideline, those built before 17th January 2019, so as to avoid paying the price hike.** If you are one of these savvy buyers and want to know which developments are not affected by URA Revised Guideline, come and speak to us.

NEW LAUNCH & RESALE MARKET URA REVISED GUIDELINE

Summary: URA Revised Guideline

Average unit sizes will increase after 17TH January 2019

Lesser Compact Units

Buyers with limited budget will face difficulty

WHAT SHOULD BUYERS DO NOW?

We saw the revised URA guideline being implemented on 17th January 2019, and the average unit size of apartments has since then increased. The developers are building bigger residential units, which will subsequently drive up the selling prices of each new property unit. The domino effect is the buyers, with less & tighter budget, will eventually be squeezed out of the new property development market, and have to settle for older & resales residential properties. The games of property purchase & investment have been changed.

Are you one of this affected group of buyers? If you think you are, come & talk to us as we can help you strategize & stretch your buying power.



Thank You!

PHONE: 98357066

VSOH.SGI@Gmail.com

DISCLAIMER

Huttons Asia Pte Ltd collects and collates public information from sources that include user input, real estate professionals, retail business, and government agencies that include URA, SLA, Singapore Statistics, etc. We do not alter or manipulate the accuracy of that data when it conducts analysis or presents information in its Services. To the best of our knowledge, the raw data and analytical output are accurate, but no decision should be made solely on these numbers. Property investments are subject to risks, including possible loss of principal amount invested. The value of properties may fall or rise. Past performance or any prediction or forecast is not necessarily indicative of future performance. Services rendered by Huttons Asia Pte Ltd. do not constitute and shall not be construed as constituting investment advice or recommendations and are prepared without regard to the specific objectives, financial situations or needs of any particular person who may receive or use the Services or Site. Investors should study all relevant information and consider whether the investment is appropriate for them. You should seek the advice of your financial, property, and legal advisors before purchasing, renting, or selling property. If you are using information from Huttons Asia Pte Ltd to make decisions regarding the purchase of goods or services from a retail business marketing on www.huttonsasia.com, you should thoroughly consider all your options or alternatives. Your purchase and investment decisions are solely your responsibility.