



PERFECT SOLUTIONS

URA REVISED GUIDELINES

BUYERS GUIDE 2019 Ist Edition





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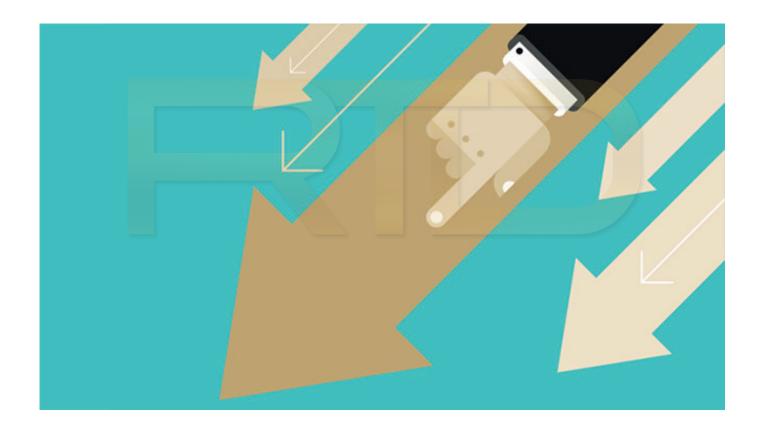
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NEW LAUNCH & RESALE MARKET

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 maxi-mum 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 shoehow units

proliferation of shoebox units. They will apply to new develop-

ment applications for projects sub-mitted 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 devel-opers maximise their quota. Meanwhile, nine arcas will face even more stringent require-ments, where the GFA will be di-vided by 100 sq m to work out the

mber of units that can be built. This is to avert a se-

These areas are Marine Parade, can be built. This is to avert a se-vere strain on infrastructure. These areas are Marine Parade, Joo Chiat-Mountbatten, Telok Ku-rau-Jalan Eunos, Balestier, Stevens-Chancery, Pasir Panjang, Kovan-How Sun, Shelford and Loyang, Now, only four areas – Telok Ku-rau, Kovan, Joo Chiat and Jalan Eu-nos – face the tougher guidelines in 2012 to rein in tiny units. Then Na-tional Development Minister Khaw Boon Wan had pointed out in a blog that the Telok Kurau area had exper-rienced "ar ampant development of iny shoebox units" resulting in se-vere traffic congestion, shortage of carpark spaces and double-parking. 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 re-developments in certain locations may strain infrastructure". Ms Goh Chin Chin, URA's group director for development control, noted: "This will also encourage de-velopers to provide a more bal-anced mix of unit sizes to cater to the diverse needs of home buyers, including large families." Meanwhile, after noce encourage ing developers to provide balconies to residents, URA has addressed feedback that some home home buyers find it challenging to find units without balconies. From Jan 7 next year, the bonus

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 schemeto encourage de-velopers to provide more indoor recreation spaces such as gyms, li-braries, function rooms and read-ing rooms to residents. The new scheme provides bonus GFA capped at 1 per cent of total area (or the GFA of the residential compo-nent 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 col-lective-sale sites. This segocially as lective-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 sell-ingprice (in per square foot terms). "Developers have kept unit sizes small in order to keep price quan-tums palatable. However, some buy-ers have found that these smaller units are not comfortable to live in," said MF Eugene Lim, key executive officer of ERA Realty Network. "Given the new guidelines, develop-ers will have to build bigger units inor-der to maximise the GFA of the land. Where possible, and in order to keep he 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 AG

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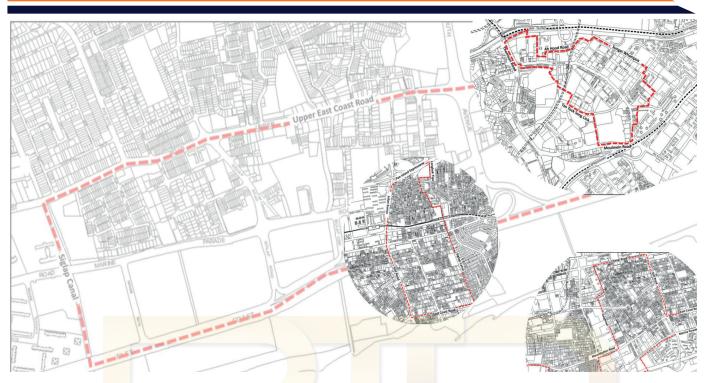


Four areas, namely Telok Kurau, Kovan, Joo Chiat and Jalan Eunos. The maximum number of DUs was derived by dividing the proposed GFA by 100 sqm.





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 X 389,237sqft = 1,089,863sqft

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 1,0899,863 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
1 st Property Down Payment (25%)	\$263,900	\$\$320,250
SC 1 st Pro <mark>perty</mark> Stamp Duty	\$26,824	\$35,840

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

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