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POTENTIAL

BUYERS GUIDE 2019  
1st Edition

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# RESALE MARKET

EN BLOC POTENTIAL



# RESALE MARKET

## FREEHOLD VS 99 YEARS

### What causes en bloc market to slow down in 2019



International Edition

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By Wendy Wong  
@WendyWongCNA

Business

## More than 30 en bloc bids fail to find buyers since cooling measures

15 Dec 2018 07:18PM  
(Updated: 16 Dec 2018 09:16PM)

13,015 shares



Bookmark



SINGAPORE: More than 30 collective sales sites have failed to find successful bidders at the close of tender, following the latest round of cooling measures introduced in July 2018. After the cooling measures, developers turned very cautious and are very selective in acquiring new en bloc sites.

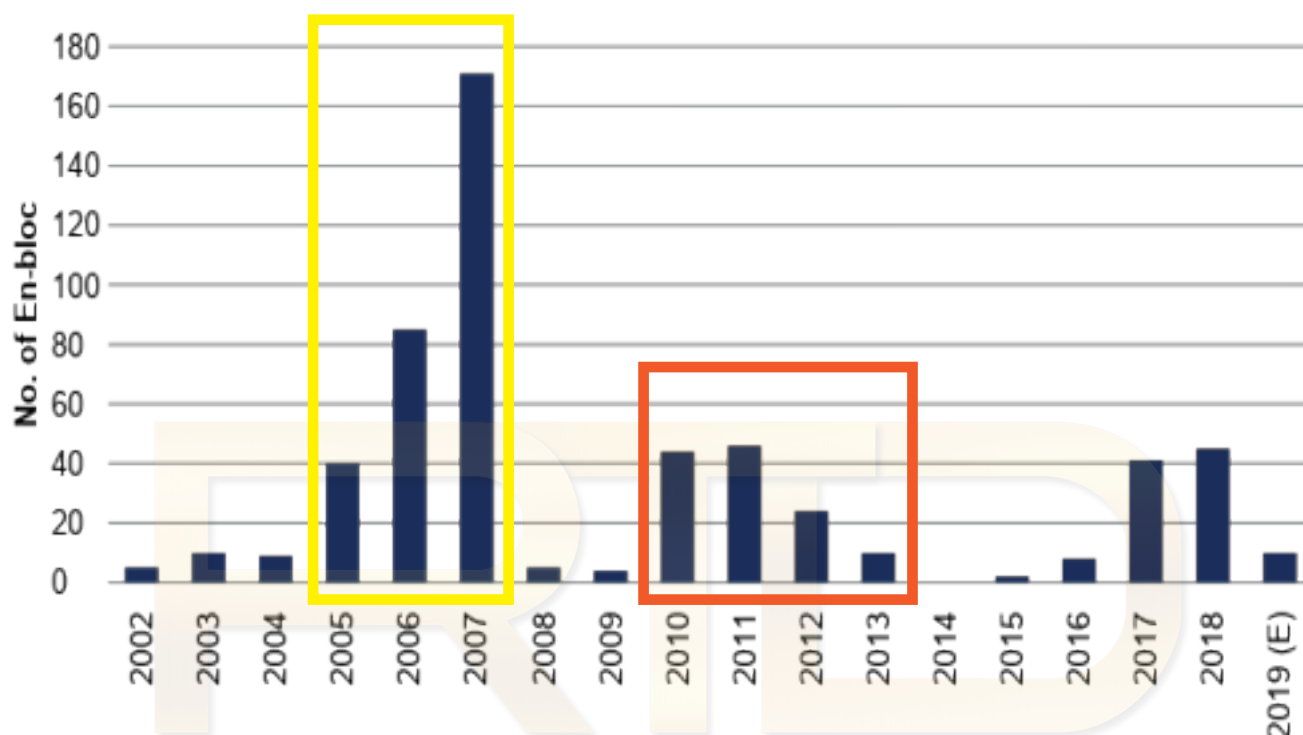
**Many buyers have the myth that en bloc properties should allow them to make a lump sum gain when they go en bloc. Again that is not necessary true. Singapore government is putting up many measures to discourage the en bloc fever.**

<https://www.channelnewsasia.com/news/business/more-than-30-en-bloc-bids-fail-to-find-buyers-cooling-measures-11035028>



## RESALE MARKET FREEHOLD VS 99 YEARS

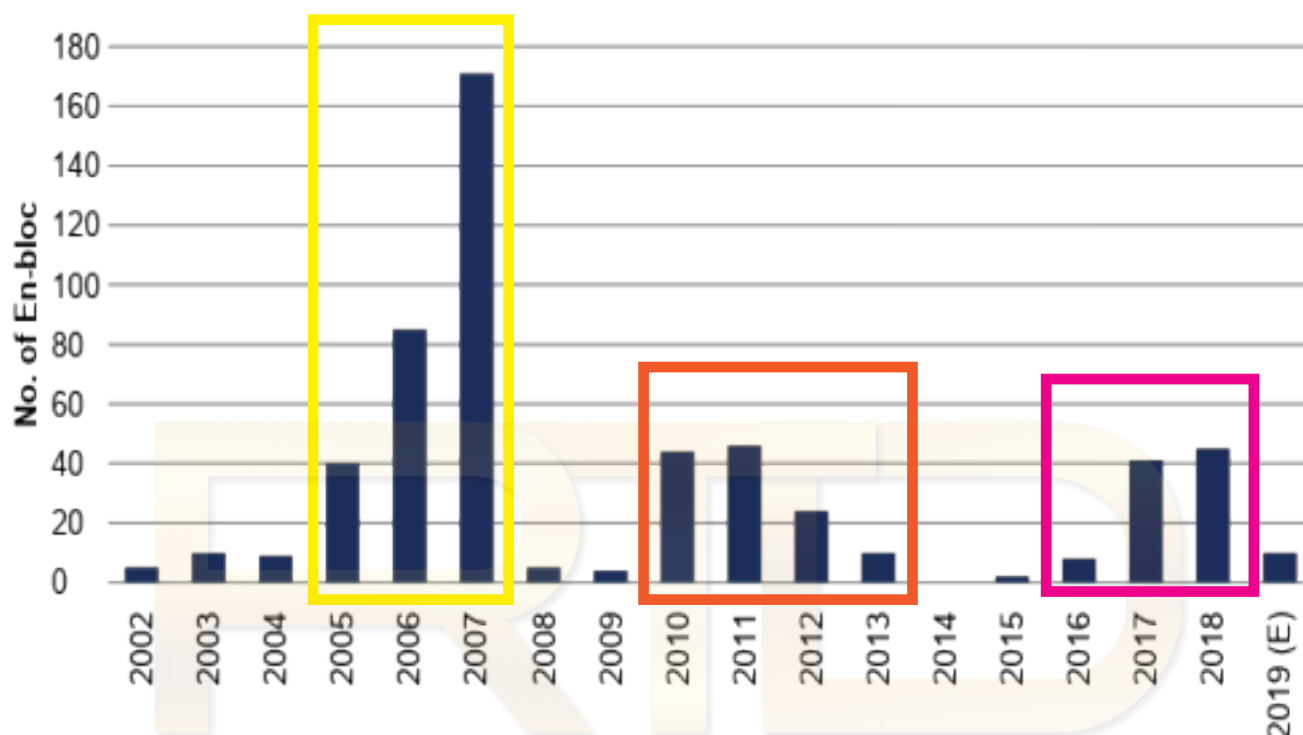
### What causes en bloc market to slow down in 2019



The charts show the en bloc market transaction from 2002 to 2018. There is an en bloc fever from 2005 to 2007, which saw an estimation of 300 en bloc projects successfully concluded in this period. This is definitely a crazy period of en bloc fever. After that, there is a 2-year quiet time, 2008-2009. And then, another en bloc fever kicked up again from 2010 to 2013, which saw an estimation of 120 en bloc projects successfully concluded.

## RESALE MARKET FREEHOLD VS 99 YEARS

### What causes en bloc market to slow down in 2019



However, if we compare the most recent en bloc transaction in year 2016-2018, Singapore has an estimation of 100 plus en bloc projects concluded. **So, what is the cause of this slow down in en bloc? Some claimed that it is because of the 10-year cycle.** I do not think this is true. In fact, every 2-3 years see the en bloc cycle. In this year, 2019, we will definitely see a major drop of en bloc activities in Singapore. I will explain in the next few pages and substantiate my view with facts from the government, developers, and also the market in picture and diagram.

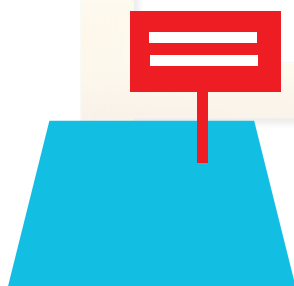
**RESALE MARKET**  
FREEHOLD VS 99 YEARS

**How does QC and ABSD  
slow down the en bloc market?**



**Qualifying Certificates (QC)**

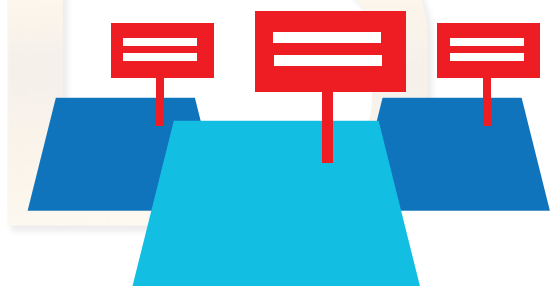
**Additional Buyers' Stamp Duty (ABSD)**



**Non-Government Land  
Sales (GLS) Residential Site**

**1**

**Types of  
Sites**



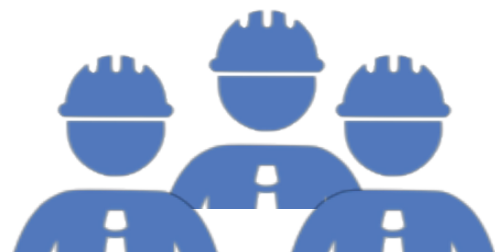
**All Residential Site  
Bought after and on 8 Dec 2011**



**Foreign and/or listed  
Developers**

**2**

**Who**



**All Developers**

## RESALE MARKET

### FREEHOLD VS 99 YEARS

## How does QC and ABSD slow down the en bloc market?

### Qualifying Certificates (QC)



- TOP in 5 years.
- 2 more years to sell all the units - or a total of seven years from the date it bought the land.
- It is not allowed to rent out unsold units.

### Additional Buyers' Stamp Duty (ABSD)



- TOP and sell all their units in: 4 years for executive condominiums (ECs) and 5 years for private residential properties.
- There are still other detailed conditions.

3

### Condition to be Fulfilled

4

### Penalty / Stamp Duties

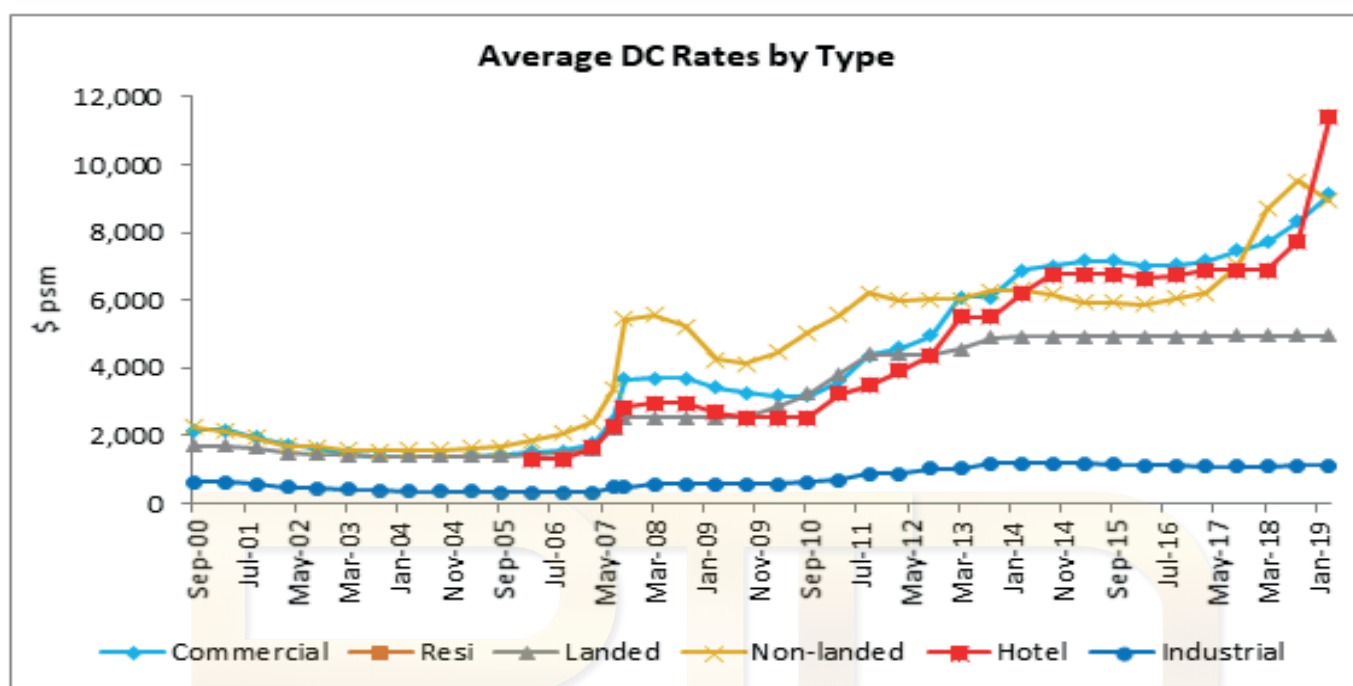
- 
- A banker's guarantee worth 10% of the land purchase price will be forfeited.
  - The banker's guarantee is submitted during the time of purchase.
  - Unsold units risk being force-sold by the Government.

- 
- 25% ABSD for land acquired after July 2018.
  - Additional non-remittable ABSD rate of 5%.
  - The government will waive ABSD if they agree to build, complete and then sell all their units within a stipulated period.
  - If the Housing Developer fails to comply with any of the conditions of the undertaking, then the ABSD amount shall be repaid in full with interest.



## RESALE MARKET FREEHOLD VS 99 YEARS

### Singapore Revamps Development Charge Rates



**Development Charge** is a tax that is levied when planning permission is granted to carry out development projects that increase the value of the land. For instance:

- Rezoning to a higher value use
- Increasing the plot ratio

In the process of re-development, the developers will have more units than in the past to sell. For example, the old estate has 200 units, but the developer can maximize the plot ratio of the estate and build 600 units – this is where estate value is created and increased. The government does not want the private developers take all the benefits and profits, and not have a share itself. Therefore, DC is payable by the developers to the government.

**Looking at these cooling measures, I will advise buyers not to focus on en bloc projects, but rather widen their view & search on new developments which can be a safer bet to invest.**

# ESTATE PLANNING WEALTH PRESERVATION

*A Dedicated Property Report that planned for your whole life*



*Thank You!*

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