

# Developer sales hold, secondary market hit

By **KALPANA RASHIWALA**

[SINGAPORE] While private home sales by developers have held up despite global economic gloom, the secondary market has turned noticeably sluggish.

This could point to investment demand slowing down and January's cooling measures hitting speculative activity.

Credo Real Estate's analysis of URA Realis caveats shows that 9,194 caveats were lodged for resales of private homes (excluding executive condos) in January-July 2011, down 21.1 per cent from the same period a year ago.

Subsale caveats declined 24.2 per cent to 1,601 over the same period.

The drop was much smaller in the primary market, with the number of caveats lodged for units sold by developers down 9.5 per cent to 7,324.

Primary sales have been helped by competitive pricing of late, while subsales have been hit by January's cooling measures.

Market watchers expect Urban Redevelopment Authority numbers today to show that developers sold in August close to the 1,386 private homes (excluding executive condos) transacted in July. This is on the back of strong sales from new projects released last month such as eHabit in Jalan Eunus (426 units sold in August), Boathouse Residences in Upper Serangoon (202 units sold last month), and The Luxurie in Sengkang.

Developer sales for September may pip the August figures – with sales at Sim Lian's A Treasure Trove, released last week, already said to have surpassed the 500-unit mark.

It's been a different story in the resale market. One agency said that the volume in the first 14 days of September is up about 5 per cent from the same period last month but 60 per cent lower than the same year-ago period.

ERA Realty's key executive officer Eugene Lim said the volume of resale private residential deals brokered by ERA in August was 20 per cent lower than in July, due partly to the slowdown during the Hungry Ghosts Month and the stockmarket slide. "In past years, we have seen a strong recovery after Ghosts Month, but so far in September, there's been only a slight pick-up from August."

PropNex CEO Mohamed Ismail said his firm achieved a marginal month-on-month increase in resale volume of private homes in August, supported by sales of completed mass-market condos. "However, sales of high-end homes costing above \$5 mil-

## Softer

Number of caveats lodged for private homes\*

	PRIMARY MARKET		SECONDARY MARKET
	NEW SALE	RESALE	SUBSALE
<b>January-July 2010</b>	<b>8,091</b>	<b>11,652</b>	<b>2,111</b>
<b>January-July 2011</b>	<b>7,324</b>	<b>9,194</b>	<b>1,601</b>
<b>% change</b>	<b>-9.5%</b>	<b>-21.1%</b>	<b>-24.2%</b>
January 2010	630	1,519	304
February	1,080	1,704	328
March	1,369	1,745	358
April	1,583	2,268	374
May	1,696	1,695	296
June	939	1,305	202
July	794	1,416	249
August	1,458	1,966	350
September	820	1,297	216
October	916	1,181	207
November	904	1,417	239
December	1,871	1,604	283
January 2011	1,004	1,399	284
February	753	673	95
March	1,104	1,484	242
April	1,046	1,634	267
May	1,388	1,544	315
June	1,158	1,374	221
July	871	1,086	177
August to date	380	791	131

\*excluding exec condos

Source: URA Realis (as at Sept 13, 2011), Credo Real Estate

lion have not been as brisk as before," he added.

Resales are secondary-market transactions involving projects with a Certificate of Statutory Completion (CSC), while subsales refer to secondary-market deals in projects that have yet to receive CSC.

Explaining the relatively more robust performance in the primary market, Credo executive director Ong Teck Hui said: "The new sales market has been dominated by projects in Outside Central Region, where buying is supported by HDB upgraders purchasing their first private home, typically for their own occupation."

"On the other hand, there is a greater element of investment demand in the resale market, and this may have been affected by the seller's stamp duty as well as a lower loan-to-value limit for investors who could be making their second or third property purchase."

January's measures could also have hit subsales.

Those buying a private home on or after Jan 14, 2011, will have to pay a seller's stamp duty of 16, 12, 8 and 4 per cent respectively if they sell their property in the first, second, third and fourth year of purchase respectively.

Knight Frank chairman Tan Tiong Cheng says most buyers who don't need to move into a new home straightaway, prefer new launches. This lets them take a mortgage slightly lat-

er, given the progressive payment schedule. "Most people are drawn by show-flats. "This is the lifestyle I want, therefore I buy."

Also, developers are pricing projects more attractively. Sim Lian released its Treasure Trove (about 220 metres from Punggol MRT Station) at an average price of \$866 per square foot – compared with H.O Residences (next to Layar LRT Station but about 1.6 km from Sengkang MRT Station), released at an average of \$910-920 psf in March.