

Top News for the Week

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Residential

China buyer picks up duplex penthouse at Klimt Cairnhill for nearly S\$30 million

The duplex penthouse unit occupying the top two floors of the 36-storey Klimt Cairnhill luxury condominium is being sold for close to S\$30 million, The Business Times understands.

The price works out to nearly S\$5,000 per square foot (psf) for the 5,920 square foot freehold unit; the strata area includes about 800 sq ft of void that creates a double-volume space in the living area.

Word on the street is that the buyer is from China. The option to purchase is understood to have been granted last week; the buyer beat the increase in the buyer's stamp duty rate for residential properties announced in the Budget on Feb 14. The new rates kicked in the following day.

Link to the story:

<https://www.businesstimes.com.sg/property/china-buyer-picks-duplex-penthouse-klimt-cairnhill-nearly-s30-million>

Another year of pain for tenants

Rents of non-landed private residential properties are expected to increase by another 10-15 per cent in 2023 on the back of more new completions.

In 2023, some changes are afoot in the rental market which landlords and tenants need to be aware of. The key trends to watch are the upcoming private residential homes being completed in 2023, interest rate movements, increase in property tax, influx of businesses from China and slower economic conditions.

According to the Urban Redevelopment Authority (URA), there are an estimated 17,427 private residential homes scheduled for completion in 2023, of which 75 per cent are estimated to be in the RCR and OCR. Homes in the RCR and OCR are usually owner-occupied and not for rent. Hence, there may not be a sharp jump in the supply of homes for rent. Furthermore, new homes usually achieve a higher rent compared to older homes.

The US Federal Reserve increased its benchmark interest rate by 25 basis points on Feb 1 and indicated that there may be more rate increases in 2023 to bring inflation down. Landlords are likely to face higher borrowing costs in 2023 and may factor them in for the next contract renewal. Property tax on non-owner occupied residential properties will be adjusted upwards in 2023 and 2024. Based on the Inland Revenue Authority's calculations, a non-owner occupied residential home with an annual value of S\$45,000 will attract a property tax of S\$4,800 in 2022. This will

increase to S\$5,700 in 2023 and further go up to S\$6,600 in 2024. This means that landlords will have to fork out an additional S\$1,800 in property tax or S\$150 per month by 2024. This extra S\$150 may be factored into the next lease renewal.

The slower economic conditions in 2023 are likely to slow down hiring in some sectors of the economy and that may reduce rental demand. However, with the opening up of China, there may be an influx of businesses from there looking to set up operations in Singapore to expand in the region, and that may push up rental demand.

On balance, rental demand in 2023 is estimated to be positive. While there may be a large number of completed homes in 2023, this may only moderate the amount of rent increases as new homes usually achieve a higher rent compared to older homes. Property taxes and interest rates are likely to contribute to more increases in rents in 2023.

Link to the story:

<https://www.businesstimes.com.sg/property/property-2023-feb-issue/another-year-pain-tenants>

Hong Heng Mansions up for collective sale with S\$133 million reserve price

Hong Heng Mansions was launched for collective sale by tender with a S\$133 million reserve price on Feb 22.

This implies a land rate of about S\$1,208 per sq ft per plot ratio, excluding the land betterment charge.

The Urban Redevelopment Authority's 2019 Master Plan lists it as sitting on land area spanning 78,644 sq ft. It is zoned for mixed use, and the gross plot ratio is 1.4.

The tender closes at 2 pm on Apr 18.

Link to the story:

<https://www.businesstimes.com.sg/property/hong-heng-mansions-collective-sale-s133-million-reserve-price>

Commercial

Orchard Towers collective sale falls through

An attempt for the collective sale of Orchard Towers has failed to obtain the requisite 80 per cent consent from unit owners, according to mainboard-listed property developer Hiap Hoe.

Hiap Hoe, whose subsidiary Golden Bay Realty owns 59 strata lots – comprising 21 shops and 38 offices – at Orchard Towers, said in a bourse filing on Feb 20 it had been informed that the proposed deal had fallen through.

Market watchers say the failure of the collective sale of Orchard Towers shows the challenges of putting together a deal in a big mixed development, where it is difficult to get a valuation and pricing acceptable to the different types of strata title owners.

Links to the story:

<https://www.businesstimes.com.sg/property/orchard-towers-collective-sale-falls-through>

<https://www.straitstimes.com/business/property/orchard-towers-collective-sale-falls-through>

Retail

The Cathay mall to close for revamp from August 2023

Come August, The Cathay mall will no longer be open to the public as it closes for a revamp, said its spokesperson on Feb 17.

Works are set to begin in August and are expected to span about one and a half years. The mall targets to reopen in late 2024, ahead of Christmas, said the spokesperson, adding that all tenants of the mall have been informed and will move out by Aug 18.

Links to the story:

<https://www.businesstimes.com.sg/property/cathay-mall-close-revamp-august-2023>

<https://www.straitstimes.com/singapore/the-cathay-to-close-in-august-for-revamp-works-lasting-a-year-and-a-half>

Government

MCI planning to construct new building in Civic District to house govt agencies

A new building that will be located in the Civic District and house multiple government agencies is in the works.

The Ministry of Communications and Information (MCI) is seeking consultants for the project, which is estimated to cost \$214 million.

In tender documents published on Jan 31, MCI said the development will involve the “co-location and integration of multiple agencies’ spaces” and comprise office space, galleries, vehicular parking and basement facilities.

While it did not state the proposed building’s location, MCI said the site area will be about 3,728 sq m, and that it is zoned for civic and community institution use in the URA master plan.

The building’s design, approvals and construction tender award are expected to take about 3½ years, with construction estimated to take more than three years.

Link to the story:

<https://www.straitstimes.com/singapore/mci-planning-to-construct-new-building-in-civic-district-to-house-govt-agencies>

Upcoming Bayshore precinct to have a central park, green network linking its housing projects

The upcoming 60ha Bayshore housing precinct in Upper East Coast Road will have a new central park, which will be part of a network of green spaces throughout the estate.

These green spaces will serve as recreational areas for residents and provide “conducive habitats for flora and fauna to thrive”, said the Housing Board on Feb 17 in a report responding to public feedback on an environmental study for the area published in November 2022.

That environmental study revealed that 31ha of forested areas is slated for clearance by 2029 to make way for the new housing precinct, which will have a mix of public and private housing among its 10,000 homes.

It also stated that land parcels would take four to six years to be developed thereafter – subject to review – indicating that homes in Bayshore are likely to be ready from the mid-2030s.

Link to the story:

<https://www.straitstimes.com/singapore/housing/upcoming-bayshore-precinct-to-have-a-central-park-green-network-linking-its-housing-projects>

Economy

Singapore exports slide deepens in January; economists mixed on recovery

As Singapore's non-oil domestic exports (NODX) dropped 25 per cent in January, declining for the fourth consecutive month amid weak global demand, some economists say that the worst is over, while others believe the trade situation could deteriorate.

January's fall, deepening from December 2022's 20.6 per cent decline on the year, marked the worst start to the year since January 2009 during the Global Financial Crisis period.

Economists agreed that the trade outlook remains cloudy for at least the first quarter of the year, weighed down by economic uncertainties and geopolitical tensions.

Links to the story:

<https://www.businesstimes.com.sg/singapore/singapore-exports-slide-deepens-january-economists-mixed-recovery>
<https://www.straitstimes.com/business/singapore-non-oil-exports-missed-forecasts-slipping-25-in-january>

Singapore firms gloomier about H1 after poorer Q4 performance

Business sentiment for the next six months has become gloomier as firms' performance worsened further from a quarter ago, the latest Business Times-Singapore University of Social Sciences (BT-SUSS) Business Climate Survey has found.

Business performance dimmed in the fourth quarter. All three of the performance indicators monitored deteriorated from a quarter ago, with the net balance for profits taking the biggest hit, falling 11 percentage points to -18 per cent.

Overall, firms have become pessimistic about the next six months, with prospects for their overseas business dimmer than for their Singapore activities. The business prospects net balance tumbled 16 points to -11 per cent, from 5 per cent in the previous survey. Firms across the board were glum about business prospects, with small firms the only group which remained in positive territory.

The net balance is the difference between the share of firms with an increase and those with a decrease in an indicator, compared to the year-ago period. A positive net balance suggests expansion, and a negative one, contraction.

Link to the story:

<https://www.businesstimes.com.sg/singapore/singapore-firms-gloomier-about-h1-after-poorer-q4-performance-bt-suss-poll>

Singapore's fresh grads see higher salaries, full-time employment rate in 2022

Fresh graduates from Singapore's four autonomous universities had higher full-time employment rates and salaries in 2022, compared to earlier and pre-pandemic cohorts, according to an annual survey released on Jan 20.

The median monthly gross salary for fresh graduates in full-time jobs was S\$4,200, up from S\$3,800 in 2021, S\$3,700 in 2020, and S\$3,600 in pre-pandemic 2019.

The full-time employment rate was 87.5 per cent, up from 84 per cent in 2021, 69.8 per cent in 2020, and 81.7 per cent in 2019.

Links to the story:

<https://www.businesstimes.com.sg/singapore/singapore-fresh-grads-see-higher-salaries-full-time-employment-rate-2022>

<https://www.straitstimes.com/singapore/fresh-tech-graduates-from-s-pore-unis-bag-highest-starting-salaries-of-over-5600-survey>

Singapore core inflation rises to 5.5% in January, highest since November 2008

Consumer prices in Singapore rose at a faster pace in the first month of 2023, pushed up by Chinese New Year spending and the higher goods and services tax (GST) that had just kicked in.

Core inflation, which excludes private transport and accommodation costs and reflects the expenses of Singapore households more accurately, rose to 5.5 per cent year on year in January, the highest since November 2008.

The January figure is up from 5.1 per cent in December, but a tad lower than the 5.6 per cent expected by analysts in a Bloomberg poll.

The official projections for the year remain unchanged at between 5.5 per cent and 6.5 per cent for headline inflation, with core inflation forecast at between 3.5 per cent and 4.5 per cent. These estimates take into account the increase in GST from 7 per cent to 8 per cent from Jan 1.

Links to the story:

<https://www.straitstimes.com/business/singapore-core-inflation-rises-to-55-in-january-on-cny-buying-gst-hike>

<https://www.businesstimes.com.sg/singapore/economists-still-expect-monetary-policy-tightening-april>

Hospitality

Singapore tourist arrivals grow to 931,530 in January; pace of recovery to slow

Singapore's international visitor arrivals rose to 931,530 in January, setting a new record since the onset of the pandemic, according to the latest figures from the Singapore Tourism Board (STB) on Feb 17.

January's arrival numbers nudged up slightly from the 931,337 visitors recorded in the previous month, but were still below the 1.5 million visitors recorded in November 2019, before the Covid-19 pandemic.

Additionally, while China may have relaxed its borders on Jan 8, it will still take some time before Singapore sees Chinese tourist arrivals return to pre-pandemic levels, observers told The Business Times.

Link to the story:

<https://www.businesstimes.com.sg/singapore/singapore-tourist-arrivals-grow-931530-january-pace-recovery-slow>

Changi Airport shops busier as travellers return; retail sales hit \$1.1b in 2022

More than nine in 10 stores at Changi Airport's four terminals are now open for business as the airport gears up for more passengers to pass through and shop at its premises.

According to figures released by Changi Airport Group (CAG) on Feb 19, the airport recorded a total of \$1.1 billion in concession sales in 2022, which is about 37 per cent of the total recorded in 2019.

In December 2022 – Changi Airport's busiest month since the Covid-19 pandemic struck in 2020 – retail sales at the four terminals hit about 58 per cent of 2019 levels.

This was on the back of passenger traffic at the airport recovering to about 72 per cent of 2019 levels that month, CAG said.

Link to the story:

<https://www.straitstimes.com/singapore/changi-airport-shops-busier-as-travellers-return-retail-sales-hit-11b-in-2022>

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