

LATEST SINGAPORE GOVERNMENT COOLING MEASURES

Friday, 6 July 2018

The Singapore government announced several adjustments to the current cooling measures, such as the Additional Buyer's Stamp Duty (ABSD) rates and Loan-to-Value (LTV) limits. The revisions take effect from **6 July 2018**. The adjustments to the ABSD and LTV rates are part of the government's intent to ensure property price increases are aligned with economic fundamentals.

1) Raising ABSD Rates

The current ABSD rates for Singapore Citizens (SC) and Singapore Permanent Residents (SPR) purchasing their first residential property will be retained at 0% and 5% respectively. The Government will make the following changes to ABSD rates:

- Raise ABSD by 5 percentage-points for all other individuals and
- Raise ABSD by 10 percentage-points for entities including business; and
- Introduce an additional ABSD of 5% that is non-remittable under the Remission Rules (payable on the purchase price) for Developers purchasing residential properties for housing development.

Developers may still apply for remission of the 25% ABSD, subject to conditions (including completing and selling all units within the prescribed periods of 3 years or 5 years for non-licensed and licensed developers respectively).

This new 5% ABSD for developers is in addition to the 25% ABSD for all entities. This 5% ABSD will not be remitted and is to be paid upfront upon purchase of a residential property.

2) Tightening Loan-To-Value (LTV) limits

The LTV limits will be tightened by percentage-points for all housing loans granted by financial institutions. These revised LTV limits do not apply to loans granted by HDB.

Table 1: Adjustments to ABSD Rates for Residential Property

	Rates on or before 5 July 2018	Rates on or after 6 July 2018
SCs buying first residential property	0%	0% (No change)
SCs buying second residential property	7%	12% (Revised)
SCs buying third and subsequent residential property	10%	15% (Revised)
SPRs buying first residential property	5%	5% (No change)
SPRs buying second and subsequent residential property	10%	15% (Revised)
Foreigners buying any residential property	15%	20% (Revised)
Entities buying any residential property	15%	25% (Revised) [#] Plus additional 5% for developers [^] (New, non-remittable)*

Source: MOP Singapore

[#] As entities, developers will also be subject to the ABSD rate of 25% for entities. Developers may apply for remission of this 25% ABSD, subject to conditions (including completing and selling all units within the prescribed periods of 3 years or 5 years for non-licensed and licensed developers respectively). Details are provided under the Stamp Duties (Non-licensed Housing Developers) (Remission of ABSD) Rules and the Stamp Duties (Housing Developers) (Remission of ABSD) Rules.

[^] Developers refer to entities which engage in the business of construction and sale of housing units.

* This new 5% ABSD for developers is in addition to the 25% ABSD for all entities.

Table 2: Revised LTV Limits on Housing Loans Granted by Financial Institutions

	1 st Housing Loan	2 nd Housing Loan	From 3 rd Housing Loan
Individual Borrowers			
LTV Limit	Existing Rules 80%; or 60% if the loan tenure is more than 30 years* or extends past age 65 Revised Rules 75%; or 55% if the loan tenure is more than 30 years* or extends past age 65	Existing Rules 50%; or 30% if the loan tenure is more than 30 years* or extends past age 65 Revised Rules 45%; or 25% if the loan tenure is more than 30 years* or extends past age 65	Existing Rules 40%; or 20% if the loan tenure is more than 30 years* or extends past age 65 Revised Rules 35%; or 15% if the loan tenure is more than 30 years* or extends past age 65
Minimum Cash Down Payment	No change to existing rules		25%
Non-Individual Borrowers			
LTV Limit	Existing Rule 20% Revised Rule 15%		

Source: MOP Singapore

* 25 years, where the property purchased is a HDB flat.

MARKET OUTLOOK

Shortly after the latest cooling measures on residential properties were announced by the Singapore government on 5 July, more than 1,000 units were snapped by keen buyers at showrooms of *Park Colonial*, *Riverfront Residences* and *Stirling Residences* on the same day. We will continue to monitor the market in the next few months.



Photos: Unidentified sources from various social media channels.

FAQ

Q: Does ZACD have to pay for the new additional ABSD for Landmark Tower?

A: No. We have already exercised the sales and paid the stamp duties on 11 June 2018.

Q: How does the new cooling measures affect Landmark Tower and other residential asset funds?

A: The curbs on buyers in terms of ABSD and LTV will affect buying sentiments in the near future. This will affect the whole market in general. We are confident that our projects are well positioned against the competition, despite uncertainties in the market.

Q: How does this affect ZACD's business?

A: Our business is diversified across various real estate sectors and countries. This latest set of cooling measures only affects residential market in Singapore. ZACD will continue to explore all business opportunities to give investors the best fund products.



FOR ENQUIRIES,

PLEASE CONTACT YOUR PERSONAL ZACD RMs.

Alternatively, you may like to email us at enquiries@zacdgroup.com.