

Singapore Property

8th Round of Measures: Reinforcing the Ring Fence

- **Another round, another acronym** — MAS introduced a Total Debt Servicing Ratio (TDSR) framework for all property loans granted by financial institutions (FIs) to individuals. This requires FIs to take into account borrowers' other outstanding debt obligations when granting a property loan (new or refinancing) such that the TDSR does not exceed 60%, based on the higher of the prevailing market interest rate or 3.5% for residential properties (4.5% for non-residential). Rules related to LTV limits were also refined, to ensure that any individual undertaking a financing burden of a property loan is accurately reflected as a borrower and mortgagor of the property.
- **The thinking behind the measures** — In our view, the refinement of the LTV limits serves to close up the loopholes that have become apparent (like placing a spouse or child's name as the borrower). Like the [Mortgage Servicing Ratio \(MSR\) limit that was put in place in Jan](#) for FI loans for HDB flats, we see the TDSR as a means by which a normalized interest rate regime can be introduced into housing loan eligibility calculations, without tweaking actual mortgage rates. In so doing, it weakens the current structures which have hitherto supported continually strong volumes, particularly in the primary market: (i) **low interest rates** (now negated by the higher benchmark in computing loan eligibility); and (ii) **time option in the primary market**, given the progress payment structure (now negated as under the new rules, a credit facility in relation to an uncompleted property has to be assumed to be fully disbursed).
- **Scenario analysis** — Our scenario analysis for 61st-80th percentile households (see page 4) suggests that the maximum value for a second property (assuming an existing S\$600k first mortgage) remains high relative to the product out in the primary market currently. However, we believe that in reality, this would be lower due to the likely use of cash-out refinancing loans secured by the first mortgage (raising the principal of the first mortgage, and thus applying the higher interest rate benchmark for both the new and refinanced mortgage) to finance the equity portion of the second property.
- **Further shrinkage?** — To continue hitting the "sweet spot" (in terms of absolute affordability) of buyers, we believe developers could continue to reduce average unit sizes close to the 70sqm ceiling introduced in Nov 2012. Our analysis (page 5) shows that most projects launched this year have average unit sizes between 80-90 sqm.
- **Medium-term outlook for SG Resi remains challenging** — We believe 3Q sales should weaken, given the usual 2-month slowdown post-measures and Hungry Ghost Festival in Aug/Sep, followed by the [onslaught of completions from 2014 alongside a slowdown in population growth](#). We keep our 2013 primary sales forecast at 13-15k given the strong run-rate YTD. Within the developers, we continue to prefer more diversified (sectorally and geographically) names like CMA, CapitaLand and HK Land.

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Round 8: Reinforcing the Ring Fence

Structural changes for greater financial prudence. In a move that was meant to inculcate a greater sense of financial prudence, the Monetary Authority of Singapore (MAS) introduced on Friday a Total Debt Servicing Ratio (TDSR) framework for all property loans granted by financial institutions (FIs) to individuals. Rules related to loan-to-value (LTV) limits were also refined, to ensure that any individual undertaking a financing burden of a property loan is accurately reflected as a borrower and mortgagor of the property. Both the TDSR framework as well as the refinement of the LTV limits were positioned as structural in nature, and hence, would be in place for the long term.

The TDSR framework. This followed a thematic inspection of banks' residential property loan portfolios in 2012, of which the findings can be found here: <http://www.mas.gov.sg/About-MAS/Monographs-and-information-papers/Monographs/2013/Thematic-Inspection-of-Residential-Property-Loans-Business.aspx> Following the inspection, a TDSR framework was drawn up to provide a more robust basis for the assessment of borrowers in their debt servicing ability when applying for property loans. Henceforth, this requires FIs to take into account borrowers' other outstanding debt obligations when granting a property loan (new or refinancing) such that the TDSR does not exceed 60%, based on the higher of the prevailing market interest rate or 3.5% for residential properties (4.5% for non-residential). A haircut of at least 30% would have to be applied to all variable income (like bonuses) and rental income. Eligible financial assets (like collective investment schemes, structured deposits, foreign currency notes and gold, among others) would have to have their value amortised and have relevant haircuts applied, in order to convert these into 'income streams' for the computation of the TDSR.

Refinement of rules to application of LTV limits. This was carried out, essentially to ensure that any individual who is undertaking part of the debt servicing burden of a property loan is accurately reflected as a borrower, and also that all borrowers of a property loan are the mortgagors of the residential property for which the loan is taken. The impacted groups of buyers from these changes, based on our view, are captured in Fig. 1 below.

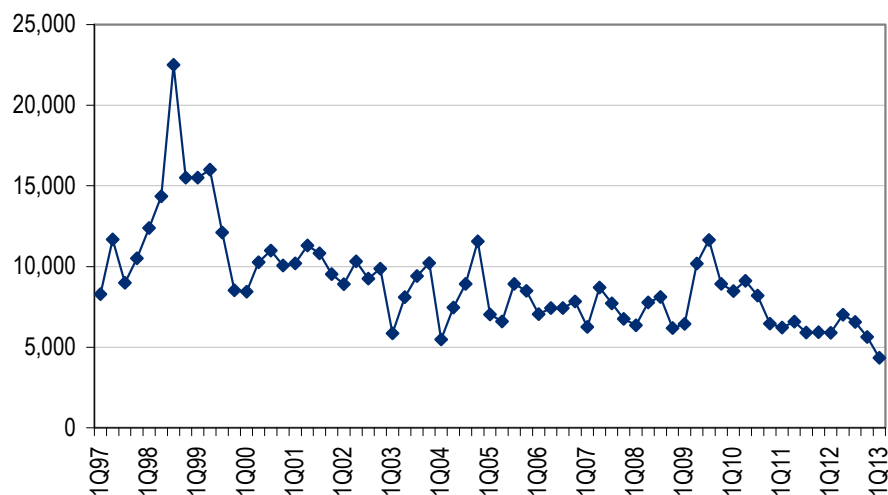
Figure 1. Changes in policy and expected impact on buyers

Policy Measure	Impacted Groups of Buyers
A) Introduction of TDSR framework	
- Any property loan that causes an individual's TDSR (inclusive of all outstanding debt obligations, property and non-property) to exceed 60% is considered imprudent	Heavily leveraged individuals
- Apply the higher of a specified medium-term interest rate (3.5% for residential loans, 4.5% for non-residential loans) or prevailing market interest rate, to the property loan that borrower is applying for in computing the TDSR	Individuals at the margin of eligibility (leveraging on cheap debt environment and more favourable debt drawdown structures in the primary market)
- Apply a haircut of at least 30% to all variable income (eg bonuses) and rental income	Individuals with high percentage of variable income
- Apply haircuts to and amortise value of eligible financial assets taken into consideration in determining TDSR	Asset-rich individuals with weak cashflow
B) Refinement of rules to application of LTV limits	
- Borrowers named on a property loan have to be the mortgagors of the residential property for which loan is taken	Individuals using proxy arrangements to circumvent stricter LTV limits for multiple mortgages
- Guarantors, for borrowers who do not meet the TDSR threshold, are to be brought in as a joint borrower	Individuals acting as guarantors (and effectively servicing the loan) for their children or relatives who do not meet the TDSR threshold
- For joint borrowers, the income-weighted average age of borrowers are applied when applying rules on loan tenure	Individuals circumventing the loan tenure rules by borrowing jointly with their children or relatives

Source: MAS, Citi Research

The thinking behind the new measures. In our view, the refinement of the LTV limits serves to close up the loopholes that have become apparent (like placing a spouse or child's name as the borrower). Like the [Mortgage Servicing Ratio \(MSR\) limit that was put in place in Jan](#) for FI loans for HDB flats, which led to a decline in 1Q13 HDB resale volumes to all-time lows (see Fig. 2), we see the use of a medium-term interest rate assumption in the TDSR framework (the higher of the prevailing market interest rate or 3.5% for residential properties, 4.5% for non-residential properties) as a means by which a normalized interest rate regime can be introduced into housing loan eligibility calculations, even in an extended period of low mortgage rates. In so doing, it weakens the current structures which have hitherto supported continually strong volumes, particularly in the primary market: **(i) low interest rates** (now negated by the higher benchmark in computing loan eligibility); and **(ii) time option in the primary market**, given the progress payment structure, whereby debt is gradually drawn down in line with the percentage of completion, hence giving a 3-4 year period for the monthly mortgage payment to reflect the full disbursement of the loan (now negated as under the new rules, a credit facility in relation to an uncompleted property has to be assumed to be fully disbursed).

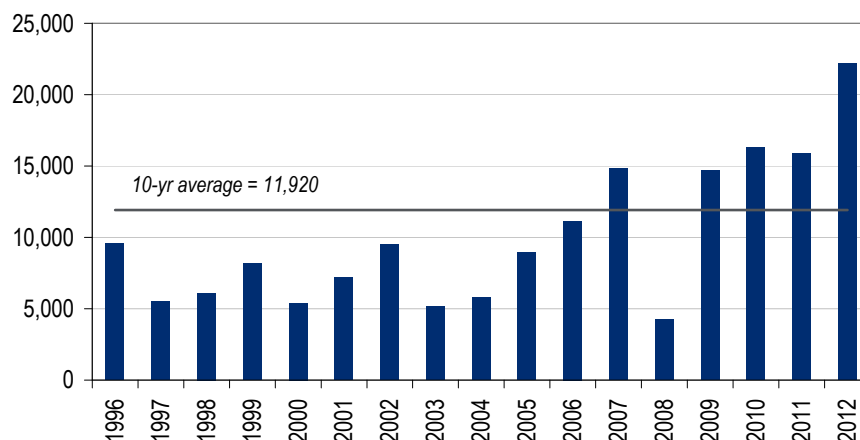
Figure 2. HDB - Number of Resale Applications Registered



Source: HDB, Citi Research

Physical market impact. While data is not available on the percentage of borrowers with a TDSR of above 60%, or the prevalence of the circumvention of previous LTV loopholes (though anecdotally, we believe this is relatively common), we expect this further tightening to continue moderating volumes on the physical market. As is the case with previous policy measures, the physical market would undergo a quieter 'wait-and-see' period of around 2 months whereby prospective buyers and developers alike would take the time to assess the situation. This would take us to Hungry Ghost Festival in Aug/Sep, a traditional lull period. We maintain our 2013 primary sales volumes forecast of 13-15k, given the strong run-rate YTD (5M13 sales amounted to around 8,300 units).

Figure 3. Singapore Private Residential Primary Sales Volume



Source: URA, Citi Research

Scenario analysis. Our scenario analysis of 61st-80th percentile households (Fig. 4) suggest that the maximum price of a second property (assuming an existing S\$600k mortgage) that this income group can buy remains high (S\$1.4m to S\$2.0m) relative to the product out in the primary market now. However, we believe that in reality, this would be lower due to the likely use of cash-out refinancing loans secured by the first mortgage (raising the principal of the first mortgage, and thus applying the higher interest rate benchmark for both the new and refinanced mortgage) to finance the equity portion of the second property. Should the first mortgage be “refinanced” (with cash-out) up to S\$900k, the maximum property price falls to S\$450k and S\$1m for the 61-70th and 71-80th percentile households respectively.

Figure 4. Assessing impact on maximum loan quantum allowable under the new TDSR framework

	61st-70th percentile			71st-80th percentile			
	Before	After	%chg	Before	After	%chg	Remarks
Household Income (S\$)	9,806	9,218	-6%	11,973	11,255	-6%	Based on average monthly household income from work, excluding employer CPF contribution. Assume 20% of total income is variable (bonus), which is subject to a 30% haircut under the new TDSR framework
TDSR Cap	60%	60%		60%	60%		
Max. monthly repayment (S\$)	5,884	5,531		7,184	6,753		
Existing 1st Mortgage							
Quantum (S\$)	600,000	600,000		600,000	600,000		Assumed
Actual Interest rate	1.30%	1.30%		1.30%	1.30%		Based on 3-mth S\$ SIBOR + 90 bps
Tenure (years)	25	25		25	25		Assumed
Monthly repayment (S\$)	2,344	2,344		2,344	2,344		
Debt servicing ratio	24%	25%		20%	21%		
When applying for 2nd mortgage							
Interest rate	1.30%	3.50%	220bps	1.30%	3.50%	220bps	Used in determining DSR. Minimum of 3.5%
Tenure (years)	30	30		30	30		
Max monthly repayment (S\$)	3,540	3,187		4,840	4,409		
Max loan (S\$)	1,054,798	709,715	-33%	1,442,218	981,890	-32%	Maximum LTV of 50% applicable for individuals obtaining a second housing loan (third or more: 40%). This is lowered to 30% if loan tenure exceeds 30 years, or if the loan period exceeds the borrower's retirement age of 65 years (third or more: 20%)
Maximum LTV	50%	50%		50%	50%		
Max property value (S\$)	2,109,595	1,419,430	-33%	2,884,435	1,963,780	-32%	

Source: MAS, URA, Citi Research

More shrinkage in unit sizes? As such, to continue hitting the “sweet spot” (in terms of absolute affordability) of buyers, we believe developers could continue to reduce average unit sizes close to the 70sqm ceiling introduced in Nov 2012. Our analysis below shows that most projects launched this year have average unit sizes between 80-90 sqm, with projects like J Gateway (which sold out the day that this set of measures was announced) and Urban Vista averaging below 70sqm, as these projects obtained planning approval before the average unit size ceiling of 70sqm was enforced.

Figure 5. Average unit size and % of small-format units for recent launches

Project	Launched	Total Units	Est. average unit size (sqm)	Number of small-format (<=70sqm) units as % of total
J Gateway	Jun-13	738	66	57%
Stratum	May-13	380	86	27%
Corals At Keppel Bay	May-13	366	129	13%
Kap Residences	May-13	142	79	31%
Jewel @ Buangkok	May-13	616	89	39%
Bartley Ridge	Mar-13	868	84	30%
Urban Vista	Mar-13	582	67	66%
D'Nest	Mar-13	912	103	17%
Hillview Peak	Mar-13	512	69	49%
Sennett Residence	Mar-13	332	91	30%
La Fiesta	Jan-13	810	83	18%
Q Bay Residences	Jan-13	630	89	20%
Average			86	33%

Source: Companies, URA, Citi Research

What else on the policy front? Should the cumulative series of measures that have been introduced to date continue to leave buying volumes unabated, we believe that the authorities could look to reduce the TDSR threshold or even start introducing mortgage risk-weight floors (which would have the impact of actually increasing mortgage rates). This view is based on the fact that it is in these areas that Singapore lags behind Hong Kong in terms of policy toughness (see Fig. 6 below). See Fig. 12 on page 9 for a recap of Singapore's policy measures to-date.

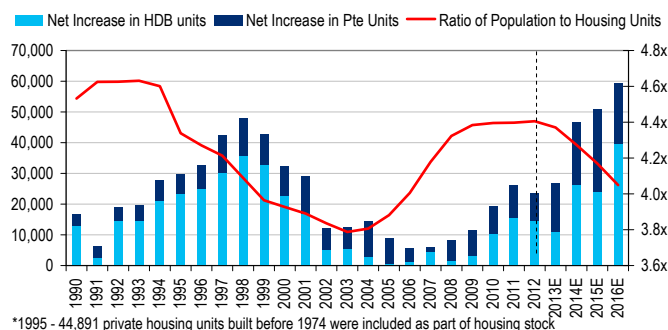
Figure 6. Singapore and Hong Kong – Comparison of Selected Policy Measures

Policy	Singapore	Hong Kong
Debt servicing ratio (DSR)	<p>New! Total DSR threshold of 60% to be applied when a financial institution extends or refinances a property loan</p> <p>New! Applying medium-term interest rate of 3.5% for residential properties (4.5% for non-residential) for the property loan applied for in determining total DSR</p>	<p>- Maximum DSR cap of 40% based on in-place interest rates</p> <p>- Maximum stressed DSR cap of 50% based on at least 300bps increase in interest rates</p>
Loan-to-Value (LTV) Limits	<p>- 80% for first mortgage, 50% for second mortgage, 40% for third mortgage (all to individuals, for residential mortgages)</p> <p>- Up to 80% for all commercial/industrial mortgages</p> <p>- No differentiation between source of income</p>	<p>- 50-70% (depending on price of property/type of use) for all residential mortgages by individuals whose income is mainly derived in HK</p> <p>- 40% for all commercial/industrial mortgages by individuals whose income is mainly derived in HK</p> <p>- For individuals whose income is mainly derived outside HK, 10ppt lower for first mortgage, 20ppt lower for second and subsequent mortgages</p>
Maximum Loan Tenure	<p>- Maximum loan tenure of 35 years for residential mortgages</p> <p>- Lower LTV limits for loans exceeding 30 years or beyond retirement age</p>	<p>- Maximum loan tenure of 30 years for <u>all</u> mortgages (residential and non-residential)</p> <p>- No differentiation in LTV limits based on loan tenure differentials</p>
Additional Buyer's Stamp Duty	<p>- None for local first-time buyers, between 3% to 15% of total purchase price depending on citizenship status (local/PR/foreigner) and number of properties</p>	<p>- None for first-time buyers, between 1.5% to 8.5% depending on the sale value of the property</p>
Mortgage Risk Weights	<p>- No minimum requirement</p>	<p>- 15% risk-weight floor for all new residential mortgage loans</p>

Source: URA, MAS, HKMA, Citi Research

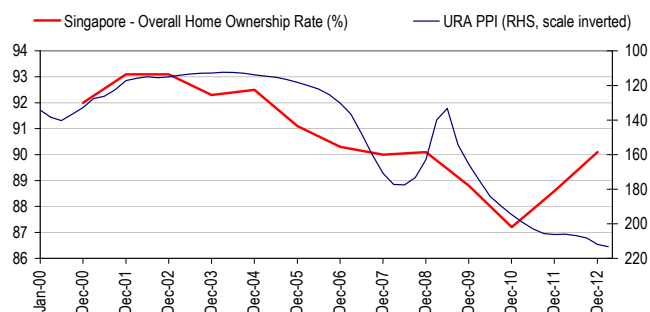
Medium-term outlook looks challenging, given supply kicker. That said, we have articulated previously that the medium-term outlook for Singapore Residential looks challenging, premised largely on the upcoming completions, which would start to gain additional momentum by 2014. Coupled with the slowdown in population growth as detailed in the Population White Paper, the supply-demand dynamics that have underpinned a resilient occupancy rate in the past few years are expected to reverse, thereby increasing the risk of a supply glut. This is especially so, given that overall home ownership has now recovered to 90% (from a decade-long low of 87% in end-2010), suggesting that the pent-up core occupation demand that we have seen in the past few years is gradually being met as the pipeline supply completes.

Figure 7. Singapore – Upcoming Completions and Ratio of Housing Supply to Population



Source: Singstat, URA, Citi Research

Figure 8. Singapore – Overall home ownership rate vs. URA Pte Property Price Index



Developers have underperformed the week after each policy tightening. In each of the seven rounds of policy tightening to-date, developers have underperformed the broader market and the S-REITs a week post-tightening (see Fig. 9 on the next page). Within the developers, we continue to prefer more diversified (sectorally and geographically) names like CMA, CapitalLand and HK Land.

Figure 9. STI, Developers and REITs - % Price Change Post Measures

% Price Change	+ 1 Day	+ 1 Week	+ 1 Month	+ 3 Months
Round 7 (Jan 2013) - ABSD rates raised and extended to citizens. Further reduction in LTV limits				
STI	-0.3%	-0.2%	1.7%	2.9%
Developers	-2.6%	-1.6%	-0.6%	-3.6%
REITs	-0.1%	1.2%	2.2%	7.6%
Round 6 (Oct 2012) - Loan tenure capped at 35 years and other loan-related restrictions				
STI	-1.0%	-2.1%	-2.5%	3.8%
Developers	-1.4%	-2.7%	2.7%	14.2%
REITs	-0.2%	0.3%	0.0%	4.1%
Round 5 (Dec 2011) - Introduced Additional Buyer's Stamp Duty				
STI	-1.9%	-4.0%	-2.4%	4.7%
Developers	-4.6%	-7.3%	-5.8%	11.9%
REITs	-1.0%	-3.2%	-0.7%	4.6%
Round 4 (Jan 2011) - SSD Raised, LTV lowered to 60% for 2nd or more mortgage				
STI	-0.3%	-1.5%	-5.5%	-2.6%
Developers	-1.4%	-3.6%	-10.9%	-6.6%
REITs	-0.4%	-0.7%	-3.4%	-4.7%
Round 3 (Aug 2010) - LTV lowered to 70%, increased holding period for SSD				
STI	-0.2%	2.6%	4.7%	6.3%
Developers	0.0%	2.4%	7.3%	7.4%
REITs	1.1%	3.8%	5.7%	3.7%
Round 2 (Feb 2010) - Introduce Sellers' Stamp Duty. LTV lowered to 80%				
STI	0.0%	-0.2%	5.8%	0.6%
Developers	-1.8%	-1.7%	4.6%	-4.0%
REITs	0.0%	0.8%	4.0%	4.5%
Round 1 (Sep 2009) - Abolished IAS. Restored Confirmed List				
STI	-0.1%	0.3%	2.6%	6.1%
Developers	0.2%	-0.7%	8.4%	13.8%
REITs	3.3%	5.9%	4.7%	8.7%

Source: Citi Research

Figure 10. Singapore Developers – Valuations Table as of 28-Jun-13

RIC	Name	CCY	Last	Mkt Cap	Citi	TP	ETR	RNAV		P/E (x)		P/B (x)		ROE (%)		Yield (%)	
			Price	(\$M)	Rating	\$	(%)	Per Shr	P / RNAV	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E
RATED																	
CATL.SI	CapitaLand	SGD	3.08	13,156	1	4.50	48.7	4.73	0.65	17.9	16.3	0.85	0.82	4.7	5.1	2.6	2.6
CMAL.SI	CMA	SGD	1.83	7,104	1	2.58	42.7	2.87	0.64	26.8	24.5	1.07	1.04	4.0	4.3	1.3	1.4
CTDM.S	City Dev	SGD	10.70	9,730	3	11.33	6.8	13.6	0.79	11.7	9.9	1.20	1.07	11.3	12.0	0.9	0.9
KLAN.SI	Keppel	SGD	3.35	5,180	1	4.70	43.9	5.73	0.58	14.3	9.2	0.82	0.77	5.8	8.7	3.6	3.6
YNLG.SI	Yanlord	SGD	1.23	2,397	1	2.08	69.9	2.97	0.41	8.8	8.2	0.66	0.62	7.8	7.8	5.5	5.9
HKLD.SI	HK Land	USD	6.87	20,473	1	8.28	23.3	10.35	0.66	17.9	16.8	0.61	0.60	3.4	3.6	2.8	2.9
GLPL.SI	GLP*	SGD	2.75	13,088	1	3.29	20.9	3.29	0.84	26.9	23.8	1.19	1.16	4.5	4.9	1.0	1.2
NON-RATED																	
HBEE.SI	Ho Bee	SGD	1.97	1,386	-	-	-	-	-	14.7	11.4	0.66	0.68	5.2	5.9	2.0	2.0
OVES.S	OUE	SGD	2.84	2,788	-	-	-	-	-	27.6	21.5	0.81	0.80	2.9	3.6	2.4	2.9
SLND.SI	Singland	SGD	8.97	3,700	-	-	-	-	-	16.3	14.9	0.70	0.68	4.4	4.7	2.2	2.2
UTOS.S	UOL	SGD	6.72	5,177	-	-	-	-	-	13.1	13.4	0.79	0.75	6.1	5.7	2.1	2.1
WPSL.S	Wheelock	SGD	1.84	2,202	-	-	-	-	-	19.8	14.5	0.73	0.71	4.2	4.6	3.3	3.3
WTHS.S	Wing Tai	SGD	2.05	1,628	-	-	-	-	-	7.5	9.1	0.71	0.67	9.7	7.5	3.2	3.2

* FY14/15E for companies with March year-end

Source: Company Reports, Citi Research Estimates, IBES for non-rated stocks.

Figure 11. Singapore REITs – Valuations Table as 28-Jun-13

RATED																	
CMLT.SI	CMT	SGD	2.00	6,898	1	2.42	26.4	1.64	21.6	0.10	0.10	5.1	5.2	4.2	4.3	Dec	Retail
FCRT.SI	FCT	SGD	1.87	1,542	2	2.25	26.1	1.51	23.6	0.11	0.11	5.9	6.0	4.9	5.0	Sep	Retail
CACT.SI	CCT	SGD	1.47	4,211	2	1.72	22.9	1.62	-9.6	0.08	0.08	5.5	5.3	4.7	4.5	Dec	Office
KASA.SI	K-REIT	SGD	1.30	3,473	2	1.33	8.6	1.29	0.4	0.08	0.08	5.9	6.0	5.8	5.8	Dec	Office
SUNT.SI	Suntec	SGD	1.58	3,561	2	1.93	28.2	2.04	-22.6	0.09	0.10	5.8	6.1	4.7	5.0	Dec	Retail/Office
MACT.SI	MCT*	SGD	1.19	2,457	1	1.49	31.2	1.05	13.0	0.07	0.07	5.6	5.6	4.4	4.5	Mar	Retail/Office
AEMN.SI	A-REIT*	SGD	2.23	5,354	2	2.85	34.0	1.91	16.6	0.14	0.14	6.2	6.3	4.9	5.0	Mar	Industrial
MAPL.SI	MLT*	SGD	1.10	2,675	2	1.30	24.4	0.90	22.2	0.07	0.07	6.5	6.6	5.5	5.6	Mar	Industrial
MAPI.SI	MIT*	SGD	1.32	2,182	1	1.71	36.4	1.07	23.8	0.09	0.10	7.0	7.3	5.4	5.6	Mar	Industrial
PWLR.SI	Plife	SGD	2.36	1,428	2	2.50	10.4	1.55	52.3	0.11	0.11	4.6	4.7	4.3	4.5	Dec	Healthcare
AIN.T.SI	aiTrust*	SGD	0.72	654	1	0.88	29.8	0.65	10.3	0.05	0.06	7.5	8.3	6.1	6.8	Mar	IT Parks (India)
MAPE.SI	MGCCT*	SGD	0.95	2,515	1	1.17	29.6	0.91	3.8	0.05	0.06	5.8	6.4	4.7	5.2	Mar	Retail/Office (HK/China)
PCRT.SI	PCRT	SGD	0.55	623	1	0.70	33.9	0.70	-22.2	0.02	-	2.8	-	2.2	-	Dec	Retail (China)
NON-RATED																	
ASHP.SI	ahTrust*	SGD	0.84	726	-	-	-	0.80	4.2	0.07	0.07	8.1	8.4	-	-	Mar	Hotel
AART.SI	Aims AMP*	SGD	1.64	856	-	-	-	1.44	13.6	0.11	0.11	6.6	6.9	-	-	Mar	Industrial
ASRT.SI	ART	SGD	1.29	1,627	-	-	-	1.30	-1.0	0.09	0.09	6.8	7.1	-	-	Dec	Serviced Apts
CALT.SI	Cache	SGD	1.25	968	-	-	-	0.96	30.4	0.09	0.09	6.9	7.2	-	-	Dec	Industrial
CMIT.SI	Cambridge	SGD	0.73	892	-	-	-	0.64	12.8	0.05	0.06	7.2	7.7	-	-	Dec	Industrial
CDLT.SI	CDL HREIT	SGD	1.70	1,651	-	-	-	1.56	8.8	0.12	0.12	6.8	6.9	-	-	Dec	Hotel
CRCT.SI	CRCT	SGD	1.41	1,058	-	-	-	1.31	7.6	0.10	0.10	6.7	7.1	-	-	Dec	Retail (China)
FAEH.SI	FEHT	SGD	0.97	1,552	-	-	-	0.94	2.2	0.06	0.06	6.3	6.4	-	-	Dec	Hotel
FRCR.SI	FCOT	SGD	1.38	906	-	-	-	1.50	-8.0	0.08	0.09	5.7	6.7	-	-	Sep	Office
FRET.SI	First	SGD	1.22	812	-	-	-	0.82	48.4	0.08	0.09	6.5	7.0	-	-	Dec	Healthcare
FORT.SI	Fortune	HKD	7.11	1,976	-	-	-	8.64	-17.8	0.36	0.39	5.1	5.4	-	-	Dec	Retail (HK)
LMRT.SI	LMIR Trust	SGD	0.49	1,077	-	-	-	0.56	-11.9	0.04	0.04	7.3	7.8	-	-	Dec	Retail (Indonesia)
SABA.SI	Sabana	SGD	1.16	749	-	-	-	1.07	8.4	0.10	0.10	8.3	8.2	-	-	Dec	Industrial
STHL.SI	Starhill	SGD	0.85	1,642	-	-	-	0.97	-12.6	0.05	0.05	5.9	6.0	-	-	Dec	Retail

* FY14/15E for companies with March year-end

**NAV adjusted for distributable income payable

Source: Company Reports, Citi Research Estimates, IBES for non-rated stocks.

Singapore Property - Summary of Key Measures Introduced Since Sept 2009

Figure 12. Key Measures Introduced Since Sept 2009

Round	Date	Loan-to-Value (LTV) Limits	Additional Buyer's Stamp Duty (ABSD)	Seller's Stamp Duty	Pte Property / HDB ownership	Executive Condominiums	Loan Tenure and Loan-Related Policies	Others
1	Sep-09	-	-	-	-	-	- Removal of Interest Absorption Scheme (IAS) and Interest-Only Housing Loans (IOL)	- Reinstatement of the Confirmed List for the 1H10 GLS program (supply side measures which have continued since)
2	Feb-10	- Lowered to 80% (from 90%) for all borrowers (except for loans granted by HDB for HDB flats)		- First introduced for properties sold within 1 year of purchase at the standard ad valorem stamp duty rates	-	-	-	-
-	Mar-10	-	-	-	- Minimum Occupation Period (MOP) increased to 3 years (from 1 - 2.5 years) - Lower subsidies for SC/SPR households - SPR quota introduced for HDB	-	-	-
3	Aug-10	- Lowered to 70% for 2nd or more mortgage - Minimum cash balance increased to 10% (from 5%) for 2nd or more mortgage	-	- Holding period increased to 3 years	- MOP increased to 5 years - Buyers of non-subsidised HDB flats disallowed from concurrently owning both HDB and pte property	-	-	-
4	Jan-11	Lowered to 60% for 2nd or more mortgage and 50% for non-individuals	-	Holding period increased to 4 years, SSD rates increased to 16%, 12%, 8% and 4% for properties sold in the 1st, 2nd, 3rd and 4th yr of purchase	-	-	-	-
-	Aug-11	-	-	-	- Monthly income ceiling for new HDB flats raised to S\$10k (from S\$8k)	- Monthly income ceiling for new ECs raised to S\$12k (from S\$10k)	-	-
5	Dec-11	-	- ABSD first introduced at 10% for foreigners, 3% for PRs buying 2nd or more property and citizens buying 3rd or more property	-	-	-	-	-
6	Oct-12	LTV for non-individuals lowered to 40%	-	-	-	-	- Maximum loan tenure capped at 35 years and lower LTV limits for loans exceeding 30 years or beyond retirement age	-
7	Jan-13	- Lowered to 50% for 2nd mortgage, and 40% for 3rd or more mortgage - LTV for non-individuals lowered to 20%	- ABSD rates raised by 5-7ppt, and also introduced for PRs (1st property) and citizens (2nd property)	- Introduced for industrial properties (15%, 10% and 5% for properties sold in the 1st, 2nd and 3rd yr of purchase respectively)	- PRs not allowed to sublet whole flats - PRs required to sell their HDB flats after purchasing of private residential property in Singapore - Lowered mortgage servicing ratios for HDB flats	- Maximum strata area capped at 160 sqm/unit - Dual-key EC units restricted to multi-generational families - Developers can only launch 15 months after award of tender or completion of foundation works, whichever earlier	- Lower LTV limits for loans >30 yrs or beyond retirement (30% for 2nd mortgage, 20% for 3rd mortgage) - Minimum cash downpayment for second and subsequent mortgage raised from 10% to 25% - Mortgage Servicing Ratio of 30% for FI loans for HDB flats	- Private enclosed spaces and private roof terraces will be treated as gross floor area (GFA) for private residential and EC developments
8	Jun-13	- Rules refined to prevent circumvention of LTV limits, including requiring all borrowers to be the mortgagors and use of income-weighted average age for joint borrowers	-	-	-	-	- 60% cap for total debt servicing ratio (TDSR) which will be computed using a medium-term interest rate (min. of 3.5%)	

Source: MND, URA, MAS, HDB, Citi Research (SC – Singapore Citizens; SPR – Singapore Permanent Residents)

Appendix A-1

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