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TITLE: **NEW COOLING MEASURES BUT ...**

They are by no means the last should they fail to curb property market: Analysts

SINGAPORE - More restrictions to curb the sizzling property market were unveiled yesterday by the Government, five months after its last round of measures and its fourth in 16 months.

And these latest cooling measures - described by some industry players as "too punitive" - are by no means the last should they fail to tame the market, analysts said.

Research Consultancy SLP International executive director Nicholas Mak said: "This is going to basically drive another nail into the coffin of anybody who has thoughts of short-term investments."

Ms Tessa Chan, in her 30s, told MediaCorp the latest measures have put the brakes on her plans to own a second property.

She said: "Those who have already benefitted (from the high property prices) ... will have another bite at the cherry because they're already sitting on cash waiting. But, for those are coming into the party late, too bad."

Like the previous Government interventions, the four tools announced yesterday after the stock market closed - and which take effect today - were aimed at discouraging short-term investment and to soak up excessive liquidity sloshing around.

They came only a few hours after buyers snapped up all the units available at the Loft@Holland (picture), Oxley Holdings' latest "shoebox'' residential project.

And such signs of froth in the market could be removed for at least two to three months, property analysts predicted.

The timing of the announcement - days before December home sale figures will be released - suggests that the Government may be concerned about the property prices seen between September and last month, according to Cushman & Wakefield managing director Donald Han.

While prices seem to have stabilised compared to the first half of last year, a rise in sales volumes, as seen in November, would have an upward effect on prices, said Mr Han, who suspects that there was also an aggressive take-up in December.

Mr Mak said that his firm's research showed that subsales, as a percentage of total residential transactions, have been falling since the second quarter of 2009, from 14 per cent then to 9 per cent most recently.

"Since short-term property speculation is not at a problematic level, the latest round of Government intervention could be prompted by other factors, such as strong demand for residential properties due to high level of liquidity," he said.

For those who are looking to flip property for a quick buck, however, Mr Mak said they may be deterred by the move to increase the duration, from the current three years to four years, in which the Seller's Stamp Duty applies.

It could force some buyers of uncompleted homes to hold on to those properties until they are completed and, for completed properties, to lease them until the end of the four-year period.

Mr Mak added: "The duty rate of 16 per cent and 12 per cent for residential properties which are bought and sold in the first and second year respectively would almost cream off the profit made from such short-term investments."

But not everyone could be out to make a fast buck. International Property Advisor director Ku Swee Yong said there may be "hardship cases", where someone sells a condo "to save his business from bankruptcy or for (treating) a brain tumour".

First-time buyers of private residential properties have less to worry as they would not bear the brunt of the latest measures.

For instance, lowering the limit on housing loans, from 70 per cent to 60 per cent of valuation for individuals with one or more outstanding housing loans at the time of the new housing purchase, will not affect new home buyers, said Mr Han.

Instead, it will "take some wind out of the mass market - properties below $2,000 per square foot - and mass market buyers trying to get their second or third property".

The new measures
by Esther Ng
- Holding period for imposition of Seller's Stamp Duty (SSD) increased from three to four years.

- SSD rates raised to 16 per cent, 12 per cent, 8 per cent and 4 per cent for homes bought today and thereafter and which are sold in the first, second, third and fourth year, respectively.

- Loan-To-Value (LTV) limit lowered to 50% on housing loans for property purchasers who are not individuals.

- LTV limit lowered from 70 per cent to 60 per cent for individual property purchasers with one or more outstanding housing loans.

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