

## **REDAS Daily News (6 January 2010)**

### **Global Economy**

#### **China banks told to pace lending**

Chinese banks must carefully pace their lending this year because heavy issuance of loans amid industrial overcapacity has created growing credit risks, China's central bank governor Zhou Xiaochuan said in comments seen yesterday. Mr Zhou also said that the experience of the international financial crisis showed that it was not enough to simply focus on inflation and that the People's Bank of China considered a wider range of issues in determining its monetary policy, including international balance of payments. To that end, he highlighted reserve requirement ratios as an important tool in the central bank's arsenal. Forcing banks to put aside more of their deposits on reserve is a way for China to mop up cash flowing into the economy from its bulging current and capital account surpluses. (BT, 6 Jan 10)

#### **India rate hike not needed now**

An adjustment in Indian policy interest rates is not warranted for now but liquidity tightening may be needed, the prime minister's economic adviser said ahead of a central bank policy meeting later this month. The adviser, C Rangarajan, does not have a direct role in setting monetary policy, but he was the second government official in as many days to play down the need for an increase in policy rates as inflation rises. The Reserve Bank of India (RBI) is scheduled to hold its quarterly monetary policy review on Jan 29 and is widely expected to tighten the cash reserve ratio (CRR) requirements for banks, but economists are divided on when it will raise interest rates. 'I do not think any change in policy rates is required at the moment but some reduction in liquidity may bring about some moderation in price expectations,' Mr Rangarajan told news channel CNBC-TV18 yesterday. 'We should watch how 2010 proceeds, but if there is a moderation in the inflation rate, there would be no need to raise the policy rates,' said Mr Rangarajan. (BT, 6 Jan 10)

#### **Japanese executives see slow economic recovery**

Japan's business leaders warned Tuesday the economy was unlikely to recover until the second half of this year as the nation faces being overtaken by China as the world's second largest economy. "Unfortunately, the Japanese economy has yet to be on course to sustainable recovery," Fujio Mitarai, chairman of Japan Business Federation, told a joint news conference after a New Year party with the nation's top executives. "The first half will remain severe as deflation is likely to continue for now," said Mitarai, who is also chairman of Canon. "But we are going to see signs of recovery globally in the second half," he said. "I hope the economy will recover slowly in the second half." Tadashi Okamura, chairman of the Japan Chamber of Commerce and Industry, also predicted the economy "will slowly recover in the second half." But Masamutsu Sakurai, chairman of Japan Association of Corporate Executives, warned that it will take "a considerable time to get rid of deflation as it is a structural problem." Okamura said Japan should focus on building a technology-oriented economy, rather than aiming for all-round economic might. (CNA, 6 Jan 10)

## **Singapore Economy**

### **Becoming a precision engineering centre**

The region will soon be a hub for complex manufacturing activity, and Singapore aims to be its apex by becoming a centre for precision engineering. And to that end, the local precision engineering community has to differentiate itself from other regional players by aggressively acquiring diverse and cross-disciplinary capabilities. That was the crux of Economic Development Board (EDB) chairman Leo Yip's speech yesterday during the official opening of the S\$21 million Centre for Digital and Precision Engineering (CDPE) at Nanyang Polytechnic (NYP), even as he continued to highlight the continued importance of the industry. 'Precision engineering forms the backbone of manufacturing. It is a key enabler for manufacturing industries such as electronics, medical technology, aerospace, oil and gas equipment, and clean technologies,' said Mr Yip. According to the EDB, the precision engineering industry contributed about S\$22.3 billion in manufacturing output and S\$6.7 billion in value add in 2008. (BT, 6 Jan 10)

### **IRs in S'pore set to spur the gaming machines industry**

The opening of the two integrated resorts (IRs) in Singapore is likely to be a windfall for makers of casino-related products, including gaming machines, tables and surveillance systems. Industry players estimated that annual sales could hit US\$400 million across Asia. They said that operating out of Singapore may be a smart bet for slot machines suppliers. Singapore company Weike Gaming Technology appears to have hit the jackpot. The 12-year-old firm is one of many manufacturers that supplies slot machines to the two IRs in Singapore. This year, Weike is targeting a 10 to 20% growth in business. Currently, Weike exports about 90% of its products. Going forward, it will be betting on the two new IRs and 71 clubs around Singapore that operate gaming machines to boost its domestic business. Weike is aiming to get about a third of its sales from Singapore by end-2011. Although it is also venturing into Europe, Africa and Australia, Weike said Asia will still be its key market. (CNA, 6 Jan 10)

### **Don't put all your bets on IRs for a rebound**

Anyone reading about the outlook for Singapore's economy this year would be forgiven for thinking that growth hinges on the integrated resorts. The buzz surrounding Marina Bay Sands and Resorts World Sentosa has intensified recently, as the resorts gear up for their big openings while Singapore readies itself for a robust 2010 recovery. Some analysts say the timing couldn't be better. Economists predict the resorts will help power growth to up to 6.5% this year, after a contraction of 2.1% last year. One of the immediate economic perks of the resort openings is that visitor arrivals could increase by a strong 20% this year, according to estimates by DMG & Partners analyst Leng Seng Choon. The resorts are also expected to spur domestic spending and further hiring. But the real story of the economic recovery this year goes beyond the opening of the IRs. After all, tourism makes up only 3% to 4% of Singapore's economy. And like almost every other major industry in Singapore, the tourist-dependent resorts are still gambling on a turnaround in the global economy. (ST, 6 Jan 10)

## **Singapore Real Estate**

### **Ten Mile Junction site up for sale**

The government has kick-started land sales for the year by putting up a residential site at the junction of Choa Chu Kang Road and Woodlands Road for tender - the first on the H1 2010 confirmed list to be launched for sale. The 99-year-leasehold plot comes with the existing Ten Mile Junction development. Some market watchers are expecting higher bids ranging from S\$135-S\$150 million for the site this time, well above those received in 2008 when the government tried to sell it. According to the Urban Redevelopment Authority yesterday, the site spans 1.56 ha and the three-storey Ten Mile Junction sits on it. Commercial space with a gross floor area (GFA) of around 121,191 sq ft takes up the first two levels, while an LRT station occupies the third level. The winning developer would be able to build a residential development with a maximum permissible GFA of 254,394 sq ft on top of Ten Mile Junction. The latter already has loading provision for the residential project, which could have around 200 apartments. (BT, 6 Jan 10)

### **Genting Singapore rides novelty wave**

Genting Singapore appears to be on a roll with its share price increasing from about S\$1.17 per share just before Christmas to hit almost S\$1.30 per share yesterday. This despite news that its junket business may be affected by strict regulations in the future. The increase of around 10% over a two-week period can largely be attributed to the revelation that its Resorts World at Sentosa (RWS) will very likely open before Las Vegas Sands' (LVS) Marina Bay Sands, confirmed, more or less, by LVS chairman Sheldon Adelson who said its resort will open in the second quarter of 2010. The perceived advantage is that RWS's casino could have a headstart in developing a base of Singaporean regulars who will likely choose to pay a S\$2,000 annual entrance fee over the S\$100 daily entrance fee, thus locking in their choice destination. The release of Casino Regulatory Authority's (CRA) junket licensing regime also failed to dampen investor sentiments. (BT, 6 Jan 10)

### **No dice, RWS may open on Jan 20**

Technically, Resorts World at Sentosa (RWS) can now open for business as it has received TOP (temporary occupation permit) from the authorities. It also has more than 6,000 staff on board and over 1,000 more on their way soon. However, the operator's casino licence is still being processed. Nevertheless, it has committed to opening some parts of the resort this month anyway. In a statement released yesterday, RWS, which is owned by Genting Singapore, said that it would begin its 'phased opening' from Jan 20 beginning with four hotels. Reservations for rooms and restaurants begin on Jan 10. A check with RWS revealed that the Universal Studios Singapore buildings have also received TOP but will open later. Festive Hotel, Hard Rock Hotel Singapore, Crockfords Tower and Hotel Michael will provide a total of 1,350 rooms and 10 restaurants. As the casino is located in the basement of Crockfords Tower, it too has received TOP. However, RWS said that the opening date for the casino will be announced when it gets the casino licence. Earlier reports noted that RWS's submission for the casino licence had been delayed because its submission was incomplete. (BT, 6 Jan 10)

### **HDB launches another 1,291 build-to-order flats**

The Housing and Development Board yesterday launched two build-to-order (BTO) projects at Choa Chu Kang and Hougang, offering 1,291 flats. The agency plans to release another 1,500 units at Punggol and Woodlands next month. And if demand stays strong, it could make about 12,000 new BTO flats available this year. Buangkok Vale at Hougang will offer 699 standard flats, comprising 128 two-room units, 113 three-roomers and 458 four-roomers. The estate is bounded by Buangkok Green and Yio Chu Kang Road and is close to Hougang and Buangkok MRT stations. Other nearby amenities include Hougang Mall, Hougang Plaza and Hougang Sports Hall. Selling prices range from S\$88,000 to S\$111,000 for a two-roomer, S\$142,000 to S\$182,000 for a three-roomer and S\$231,000 to S\$288,000 for a four-roomer. According to HDB, a comparable four-room resale flat near Buangkok Vale costs S\$310,000 to S\$356,500. Limbang Green at Choa Chu Kang will offer fewer flats, and a larger proportion of them will be three-room or smaller. There will be 592 units, comprising 276 studio apartments, 128 three-room flats and 188 four-roomers. The estate is at Choa Chu Kang Drive, near Yew Tee MRT station and other amenities such as Yew Tee Square and Choa Chu Kang Sports Hall. Buyers can expect to pay S\$64,000 to S\$89,000 for a studio apartment, S\$140,000 to S\$169,000 for a three-room flat and S\$226,000 to S\$278,000 for a four-roomer. A comparable four-room resale flat near Limbang Green costs S\$325,000 to S\$365,000. (BT, 6 Jan 10)

### **Preview of Urban Suites draws interest**

Preview are open for only multiple unit purchases, yet this project is already drawing interest - pointing towards better days for the high-end residential market. Urban Suites, located at the former Char Yong Gardens site at Hullet Road, is attracting serious buyers from overseas, according to sources. BT understands that the asking price for these freehold units starts from around S\$2,500 psf. It is currently available to those who will buy at least two units and there is no news as to when it will be open to those who wish to purchase only a single unit. Urban Suites, designed by Kerry Hill Architects, comprises 165 units spread across three towers. There are 26 two-bedders, 94 three-bedders, 40 four-bedders and five duplex and triplex penthouses. The development is expected to receive temporary occupation permit in 2013. Joint developers CapitaLand and Wachovia Development Corporation had bought Char Yong Gardens en bloc for S\$1,788 psf of potential gross floor area, including development charges, when the property market was booming in 2007. (BT, 6 Jan 10)

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