



EP holders to face more difficulties getting approvals

Rents to fall as expats exit

One big unknown for 2014 and beyond is just how much new employment laws will hit the rental market. The pinch will be particularly acute in the mid range apartment levels where many Singaporeans are investors as new laws will make it harder for companies to employ expats on Employment passes if the salary is under \$12,000 per month.

Typically these low to mid level expats have a rental allowance of between \$2,000 to \$4,000 a month, so a reduction in their numbers will make it more difficult for property owners to find tenants at this level.

As tenant pool drops, so does rent

Even before the new rules are introduced in 2014, there has been a reduction in the total number of Employment passes, down by 3,000 since 2011 to 172,100 by June 2013. This is not much of a fall compared to the rise from just 99,000 in 2007, but what needs to be considered is that each year more properties are developed and bought by investors looking for tenants. If the tenant pool drops, so will the rents. Just how much Employment pass numbers will be curbed by the new rules is unknown, but set against tens of thousands of new apartments coming on to the market and the outlook for rents could be grim. Savills Head of Research Alan Cheong reckons that

the number of overseas nationals in Singapore will decline further, as EP holders will soon face more difficulties in getting approvals on both fresh and renewed applications.

Singapore loses popularity

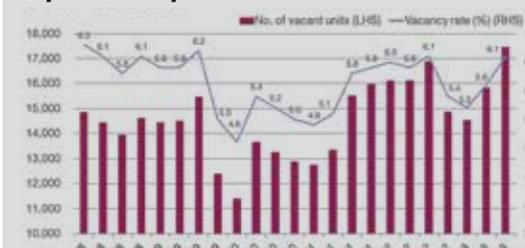
Higher living costs and lower perceived job security due to the tightening employment laws are also affecting Singapore's popularity, with the Expat Explorer Survey 2013 by HSBC showing that Singapore lost its top spot to China and Germany.

The private housing market is already showing signs of stress with the vacancy rate of private residential units climbing to 6.1% from 5.6% over the third quarter of 2013. "This reflected a total of 17,459 vacant private homes island-wide, a significant jump of 10.3% QoQ from 15,833 units in Q2/2013," added Cheong.



The pinch will be particularly acute in the mid range apartment levels where many Singaporeans are investors.

Vacant units and vacancy rates of private homes, Q1/2010 - Q3/2013



Source: URA, Savills Research & Consultancy

DEAL WATCH

AsiaPhos mines gold in SGX



October was a milestone for Rajah & Tann partner Cheng Yoke Ping when AsiaPhos group became the first mineral resources group listed on the SGX-ST. Along with partner Teo Yi Jing, Ping led the team in acting for UOB as sponsor and underwriter and Asiasons WFG Capital as placement agent in this deal. AsiaPhos launched its IPO of 122m invitation shares priced at S\$0.25 each. Post-invitation, AsiaPhos has a market capitalisation of approximately S\$200m. Ping's expertise in mergers and acquisitions with focus on cross-border transactions and corporate finance also boosted the firm's capability in sealing AsiaPhos deal.

"My experience from Singapore legal practice and having lived and worked abroad gives me the edge to better advise clients in the global legal environment in which we operate," she says.

ICE takes home Singapore bourse



An expert in financial services regulation, David Yeow and partners led Rajah & Tann in advising Financial Technologies (India) Limited and Financial Technologies Singapore Pte. Ltd. on the sale of Singapore Mercantile Exchange to Intercontinental Exchange Group (ICE). The US\$150m deal marks a milestone in Asia's commodity futures trading.

In the financial services field, Yeow was also amongst others counsel to the then Singapore International Monetary Exchange in dealing with the fall outs both from the aberrant Nikkei Index Crash on the exchange in the late 1980s and the Baring's debacle in the mid 1990s.