

HOME LOANS

Mortgage melee

More banks here offering new competitive rates

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A HOME loan war is hotting up among banks in Singapore, with new player the State Bank of India (SBI) and Standard Chartered Bank launching attractive home loan packages this week that could potentially stir other banks to respond with even more competitive packages.

SBI – India's largest bank that only started operations here last year – has offered a two-year fixed rate package for homeowners at 1.6 per cent in the first year and 2.4 per cent in the second. For subsequent years, the rates will be pegged to the bank's board rate, which is currently at 6 per cent, less 2.25 per cent.

The catch: This offer is valid only for a month and to loans that are not more than 80 per cent of their property valuations.

Alternatively, homeowners may opt for SBI's mortgage that is linked to the three-month Singapore Interbank Offered Rate (Sibor), a benchmark interest rate that is currently at 0.687 per cent.

In this case, homeowners may enjoy rates that are as low as 1.487 per cent, calculated at Sibor plus 0.8 per cent, for the first year. However, the lending rate will be raised to Sibor plus 1.3 per cent in the second year.

SBI's head of distribution and sales in Singapore, Ms Shirley Thomas, said a key aim of this promotion is to gain market share in the home loan segment.

"It's too early to talk of market share here, but, of course, that's what we are here for. We feel there's a market here for everybody," she told TODAY. SBI finances more than 120,000 homes in India each year and enjoys a market share of more than 22 per cent there.

Its promotion comes hot on the heels of latest packages launched by rivals Standard Chartered and DBS. Stanchart's package offers homeowners 1.5 per cent and 2.5 per cent for the first and second year, respectively. Subsequent rates are pegged at Sibor plus 1.25 per cent.

Two weeks earlier, local bank DBS launched a three-year fixed rate loan at 1.99 per cent and a five-year fixed rate of 2.5 per cent for completed private properties with loan amounts not more than 80 per cent.

While Stanchart and SBI have similar rates for the first two years, the founder of mortgage consultancy portal www.housingloansg.com, Mr Dennis Ng, said Stanchart's offer might work out to be a better deal for homebuyers.

"I would rather choose 1.5 per cent than 1.6 per cent in the first year, when the loan principle is higher. You'll actually save more if you pay less interest in the first year compared to the second year."

Despite the new offers, managing director of Global Creatif Financial, Ms Annie Lim, noted that banks are not easing up on their risk assessments.

Still, business at her mortgage consultancy firm have increased 30 per cent in the second quarter compared to the previous quarter.



FAIZAL

LATEST RATES AT A GLANCE

Bank	Fixed rate package	Linked to 3-month Sibor	Validity
State Bank of India (SBI)	Year 1: 1.6% Year 2: 2.4% Thereafter: Board rate – 2.25%	Year 1: Sibor + 0.8 % Year 2: Sibor + 1.3 % Thereafter: Sibor + 1.4 %	Until end-July
Standard Chartered Bank	Year 1: 1.5 % Year 2: 2.5% Thereafter: Sibor + 1.25%	Year 1: Sibor + 1.25% Year 2: Sibor + 1.25% Thereafter: Sibor + 1.25%	Until end-July
DBS	1.99% for 3 years Thereafter: Sibor + 1.75% OR 2.5 % for 5 years Thereafter: Sibor + 1.75%	–	Loan to be accepted by end-July

SOURCE: SBI & GLOBAL CREATIF FINANCIAL

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Kaki Bukit industrial site up for tender

The Urban Redevelopment Authority (URA) will put an industrial site at Kaki Bukit up for sale through a public tender.

It says it has accepted an application from a developer who has agreed to bid for the land parcel at or above the minimum acceptable

price of \$5 million. The identity of the developer was not revealed.

The 1.07-hectare site, located at Kaki Bukit Road 2, has a 30-year lease. It can be developed for clean, light and general industrial purposes and was made available for sale through the reserve list of the

government land sales programme in May this year.

Under this system, a site would be released for sale only if a bid with an acceptable minimum price is received. The URA will launch the public tender in about two weeks' time. 938LIVE



A file photo showing the sale site at Kaki Bukit Road 2. The structures and fencing on the site were demolished in May. PHOTO COURTESY URA