

# The impact of coronavirus (COVID-19) on property law in Singapore

**Property analysis: Dorothy Marie Ng, head of the Corporate Real Estate Practice and Samuel Tan, associate at Wong Partnership LLP discuss the impact of the coronavirus (COVID-19) pandemic on the Singapore property market.**

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## **What is the current state of the property market in Singapore and how has this changed since the start of the pandemic?**

The coronavirus pandemic has brought about mixed sentiments across the various sectors of Singapore's property market.

Sales and prices of private residential property, which had picked up at the beginning of 2020, took a dive during the height of the pandemic in the second quarter, when Singapore initiated a 'circuit breaker' period, which lasted just about half of that quarter. However, since the 'circuit breaker' was lifted in June 2020, home sales have rebounded and reports that have just come in indicate that sales hit a two-year high in August 2020. Yet, at the same time, rents have come down.

The apparent resilience in the private residential sale market may be attributed to the combined effects of the prevailing low interest rate environment, the progressive implementation of policies to encourage prudence in the residential property sector (such as the 'Total Debt Servicing Ratio', which prevents borrowers from using more than 60% of their gross monthly income to repay monthly debt obligations, including property), and the slew of property market 'cooling measures' (such as 'Additional Buyer's Stamp Duties' levied on the purchase of residential properties by foreigners and Singaporeans who already own another residential property, as well as 'Seller's Stamp Duty' imposed on the sale price of residential properties that are sold within three years), the latter two having been introduced over several years, after the previous financial crisis.

Reductions in rent have largely been attributed to decreased hiring requirements. Many expatriates have decided to return home, while others find that their companies have been hit hard by the pandemic and are unable to sustain their employment.

Prior to the coronavirus pandemic, the commercial property sector had already been grappling with the increased popularity of co-working spaces and their variations over traditional office spaces and the growth of e-commerce challenging the need for retail spaces. The telecommuting and work-from-home arrangements that have arisen as a result of the pandemic (even companies' Annual General Meetings can now be held virtually) and the closure of numerous small and medium businesses looks set to continue to dampen demand in this sector.

While prices and rents for industrial properties have been falling (and this is likely to be exacerbated by the pandemic), demand for particular types of industrial properties, especially data-centres and freight and logistics-related properties, can be expected to perform better in tandem with increasing demand for cloud, e-commerce and delivery services amid the pandemic, and beyond.

**Could you provide us with a brief overview of the rules regarding electronic documents and their execution in Singapore and detail whether there are any recent or forthcoming market or legal changes due to the impact of the coronavirus pandemic?**

In Singapore, the [Electronic Transactions Act \(Chapter 88\)](#) (ETA) enacted over two decades ago provides, inter alia, legal recognition for electronic records and signatures. Along with the growing acceptance of electronic signatures and the common practice of 'social-distancing' in today's new-normal, we have seen an increase in electronically-signed contracts.

A few years after the ETA was enacted, in 2003, the [Land Titles Act \(Chapter 157\)](#) and the [Land Titles Rules](#) were amended and the [Land Titles \(Electronic Lodgment\) Rules](#) were passed to provide the legal framework for the electronic lodgment of instruments at the Land Registry. Today, all caveats, transfers, conveyances and other instruments in respect of property are lodged electronically with the Land Registry.

However, the ETA cannot be relied upon to satisfy the requirements for signatures or writing for certain documents, including contracts for the sale or other disposition of immovable property and conveyances/ transfers of interests in immovable property.

In the light of the coronavirus pandemic, it was perhaps prescient that just a year ago, the Infocomm Media Development Authority of Singapore commenced a review of the ETA and proposed, inter alia, that the scope of the ETA be broadened to include the electronic conveyancing of immovable property.

**How has the land registry coped with the coronavirus pandemic and does it plan to implement any changes in the long term?**

It is often said that the pandemic has been the biggest driver of digital or technological transformation yet. Thankfully the transformation of Singapore's Land Registry has already been decades in the making. Just under half a century ago, the common law deed registration system was the main method of registration of property transactions in Singapore. By the early 2000s, nearly all land in Singapore had been brought under the Torrens system of land registration. From 1998, searches in the Land Register have been conducted electronically.

As mentioned above, the Land Registry has since 2003 provided for the electronic lodgment of Transfers and all other instruments. Further, the Land Registry has also in 2014 piloted the 'Paperless Titles Scheme' for all properties mortgaged/charged to participating financial institutions/ statutory boards. Under this scheme, the Land Registry stopped printing title documents upon the registration of such mortgages/charges. In 2017, this scheme was extended to all financial institutions in Singapore. Lodgment of subsequent discharges against these titles is by way of an electronic form executed digitally by officers of these financial institutions.

In the light of the above technological advancements at Singapore's Land Registry, the coronavirus pandemic caused little disruption to the Land Registry's essential work, and property searches and lodgment of documents for registration continued to be carried out electronically, even though the Land Registry also implemented work-from-home and staggered work arrangements to keep its officers safe during this difficult period.

Looking toward the future, the Land Registry has plans for the execution of a greater variety of instruments by digital means, thereby reducing the number of hardcopy documents that need to be presented to the Land Registry for registration. In addition, as transacting a property involves many stakeholders (such as the purchaser, vendor, and their financiers), the Land Registry is also looking into the implementation of a unified conveyancing process that digitally streamlines the transaction for all stakeholders.

*Interviewed by Gloria Palazzi.*



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