In line with analyst expectations, the government will be raising development charges for residential sites by 12% for landed and 8% for non-landed sites with effect from Monday 1 March 2010.

This change will primarily impact developers looking to make new enbloc sale bids as they seek to increase the plot ratios for their new developments. It should have minimum impact on current property prices.

So what does it mean for the astute investor?

If anything, this increase in development charges will add to the costs of new developments and will contribute to raising property prices in the long run. The astute investor can expect property prices around older estates (potential enbloc targets) to hold their prices better during the expected slow down later this year, especially when developers start shopping for enbloc opportunities to stock up their land banks.