September 2026 Land Betterment Charge Rates: Read the Sector Before the Percentage

Description

The September 2026 Land Betterment Charge revision cannot be applied as one percentage to every Singapore site. The headline averages hide both unchanged sectors and sector increases far above the average. A feasibility model must first identify the correct geographical sector, the proposed use group and the planning-permission date.

The Singapore Land Authorityâ??s rate announcement reports average increases across several use groups, but also publishes the number of sectors affected and the range of sector movements. Those ranges are the warning label: the average is a summary of the table, not a substitute for the table.

Start with the use-group range, not the headline

Use group	Average change	Sector detail reported by SLA
A	+1.7%	46 sectors increased by 3% to 19%
B1	+3.5%	108 sectors increased by 2% to 8%
B2	+3.4%	70 sectors increased by 1% to 29%
C	No change	Rates remained unchanged
D	+3.9%	All sectors increased by 2% to 10%
E	+2.9%	All sectors increased

A project in a B2 sector at the top of the reported 29 per cent range has a very different exposure from one represented by the 3.4 per cent average. Similarly, a Use Group C proposal should not inherit an increase merely because an islandwide property headline says charges rose.

The sector-before-percentage worksheet

1. **Pin the site.** Record the lot and the geographical sector shown in the operative LBC table.

2. **Classify the proposed use.** Mixed developments may need more than one use-group calculation.
3. **Confirm the chargeable uplift.** Do not apply the rate to gross development value or land price by habit.
4. **Fix the relevant permission event.** The effective table depends on when the qualifying permission or extension is granted.
5. **Run a range, not one case.** Keep a base case and sensitivities for planning outcome, floor area and rate movement.

The SLAâ??s Land Betterment Charge overview explains the regime and links the operative rates. Use the source table saved with the model. A spreadsheet that records only a manually typed rate becomes difficult to audit when a later table replaces it online.

Which date makes the September table relevant?

The announcement states that the revised rates apply when provisional permission is granted on or after 1 September 2026. It also captures a second or subsequent extension of provisional permission granted on or after that date. The permission date can therefore matter more than the date a purchase option was signed, the date a planning submission was lodged, or the date the finance team first modelled the deal.

Use this decision sequence:

- If provisional permission was granted before 1 September, identify whether a later qualifying extension changes the applicable table.
- If provisional permission is granted on or after 1 September, start from the September table.
- If the planning route or extension history is unclear, treat the LBC outcome as unresolved and seek project-specific professional advice.

A worked sensitivity, without pretending to calculate the charge

Assume a model previously carried a hypothetical S$2 million LBC input. A 3.4 per cent adjustment to that input would add S$68,000, while a 29 per cent adjustment would add S$580,000. This is only a sensitivity illustration. The actual charge is not obtained by multiplying an old estimate by the published sector-rate percentage, because the proper calculation depends on the siteâ??s value uplift, use, floor area and applicable rates.

The comparison shows why an average can be dangerous in an acquisition model. It is useful for describing a market-wide direction; it is weak evidence for pricing a named site.

What belongs in the investment paper

Include the lot, sector, use group, permission assumption, source-table date and the person who checked each item. Show the calculation separately from acquisition price, construction cost and financing. If the site is being sold, the planning evidence belongs beside the rest of the pre-contract record; our pre-OTP document-room checklist illustrates the discipline, although development sites need specialist additions. Teams also tracking regulation-driven project costs can compare BCAâ??s built-environment productivity measures.

The useful conclusion

The September revision is a trigger to reopen the site model, not a number to paste into it. Sector first, use second, permission date third, then calculation. Until all four are documented, the LBC line should remain a range with a clearly stated limitation.

Model mixed-use changes separately

A site with residential, commercial and hotel components may expose more than one use group. Build a line for each chargeable component and show the area, rate and assumption behind it. A blended percentage calculated outside the statutory method may be useful as an internal sensitivity, but it should never be labelled the official rate.

Likewise, an extension of provisional permission needs its history. Record the first grant, first extension and any second or subsequent extension with exact dates. The September announcement specifically identifies the later extension trigger, so a file that shows only the current expiry date is incomplete.

Three scenario controls

Scenario	Change	Decision supported
Planning base	Expected use and floor area	Whether the acquisition meets the hurdle rate
Lower-intensity	Reduced chargeable uplift and revenue	Whether downside is driven by value or charge
Later permission	Current applicable table and delayed finance cost	Whether timing risk consumes contingency

Keep the revenue, construction and financing effects beside the LBC change. This prevents the charge from becoming a convenient explanation for a feasibility shift actually caused by several variables.

When to escalate

Seek project-specific advice when the use classification, baseline value, permission history or apportionment is uncertain. The public table is authoritative source material, but it cannot decide a disputed site fact on its own. Record the question and written answer in the investment file.

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