

## Singapore Property

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### New policies dampen GLS tenders

- Subdued interests seen in 2 GLS tenders, although EC site was well received. All 3 tenders closed yesterday.
- New land owners – UE nabs first GLS landbank in a long time; CSC obtained site with fewest bidders; Hoi Hup and Sunway continue to acquire EC land sites.
- Mixed indicators from land prices submitted but Dairy Farm site price 22% lower than Hillview Rise GLS site in May18.
- Estimated breakeven prices close to average price of recent transactions in respective vicinities.

### What's New

Tenders of 3 government land sales (GLS), all of which from confirmed lists, closed yesterday. These were Dairy Farm (Hillview), Jalan Jurong Kechil (Beauty World) and Canberra Link EC (Sembawang). These are the first batch of GLS tenders to close after the government announced its cooling measures. Biddings were noticeably subdued, except for the Executive Condo (EC) site. All three sites will add some 1.2k units to the upcoming supply by end 2019.

### Key observations:

- Biddings were noticeably subdued, except for the Executive Condo land site. There were only 3 and 5 bidders for Dairy Farm Road and Jalan Jurong Kechil land site respectively while Canberra Link EC saw 9 bidders.
- Large Singapore developers did not participate in the tenders except City Developments (CDL) consortium that bid for the EC site.
- Foreign developers (largely from China and Malaysia) continue to participate in land tenders, while we saw less interest from Singapore developers

- Tighter winning margins were seen at Dairy Farm and Canberra Link (EC) sites (1% and 5% respectively) while Jalan Jurong Kechil (site with the least interests) saw winning margins of 31%.
- Land prices submitted showed mixed signs. The Dairy Farm land price was 22% lower than the last GLS in the area (Hillview Rise bought by SP Setia) while we saw higher prices at the other two sites. More details below.
- There are 2 more upcoming GLS sites at Canberra Drive and Dairy Farm Walk. Both sites are under the reserve list.

### Dairy Farm – first time winner United Engineers bags the site.

First time winner, United Engineers won the Dairy Farm site for S\$369m (S\$830 psf ppr) with a tight 1% winning margin over MCC Land / Haojing Investment's bid. This is United Engineers' first GLS landbank in a long while. The bid spread among 5 bidders was 61% with the lowest bid from Wee Hur at S\$229m (S\$515 psf ppr). The winning land price was 22% lower than the Hillview Rise GLS site in May18 (won by Hong Leong Group), implying that developers are now more cautious about land prices at selective land parcels. This bid meant that the aspirations of The Dairy Farm Estate to sell en-bloc at S\$1,100 psf are unlikely to happen.

The estimated breakeven price is S\$1,300 psf vs the average price of S\$1,270 psf from YTD transactions in the area. The site comes with commercial units on the first floor, with gross floor area (GFA) of 43k sqft. This site is more than 10 minutes' walk to the Hillview MRT station.

### Jalan Jurong Kechil – CSC won the site with fewest bidders.

CSC Land Group continues to landbank in Singapore in spite of the property cooling measures, winning the Jalan Jurong Kechil land site with a S\$215m bid (S\$1k psf ppr). The winning margin was 31% above the second highest bidder Hao Yuan and 7% higher than the

price SP Setia paid for the Toh Tuck Road land site in 2017. There were only 3 bidders for this land site, the lowest among the 3 land tenders.

The estimated breakeven price is S\$1,500psf vs SP Setia's Daintree Residence that was sold at an average selling price (ASP) of S\$1,700psf in July18 (13% above the estimated breakeven price). Daintree Residences sold 42 units since launch, a 13% sales take-up.

Qingjian / Perennial JV which reported the en bloc sale of Goodluck Garden at an implied land price of S\$1,100 psf in Mar18 could be at high risk to complete the en bloc sale. Apart from the lower land price recorded for Jalan Jurong Kechil, Goodluck Garden en bloc has gone to the court with objections from 7 minority owners. Given the recent property cooling measures, we are not confident that this en bloc sale could go through – good luck to the developers but not so lucky for the owners?

### Canberra Link (EC) – EC continues to be well received; Hoi Hup and Sunway top 9 bidders.

Hoi Hup and Sunway again bag another EC site with S\$271m (S\$610psf ppr) with a 5% winning margin over MCC Land / Haojing Investments' bid. EC sites continue to attract strong interest with a total of 9 bidders this time, as new supply of ECs remains scarce. The land price is 17% to 51% cheaper compared to the en bloc land prices of sites within the vicinity recently (Lorong Kismis, Kismis View by Roxy and Mayfair Gardens by Oxley).

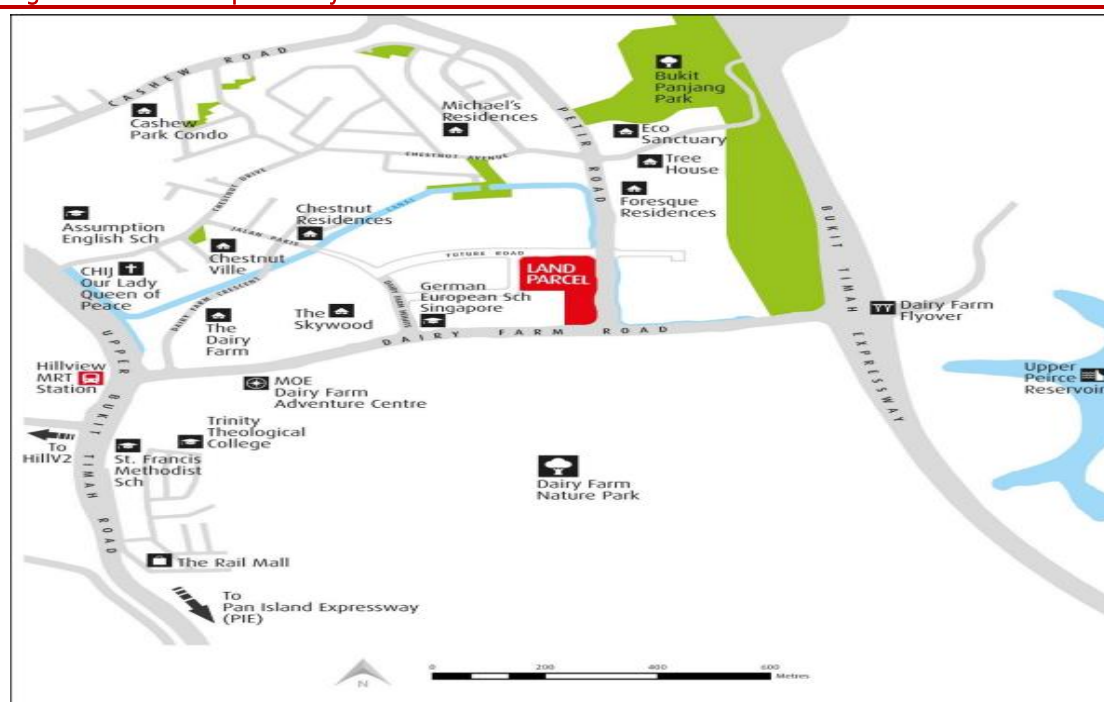
The estimated breakeven price is close to S\$1k psf vs the average price of S\$900psf of private condo nearby transacted YTD and average price of S\$800psf of latest ECs (The Brownstone and The Visionaire) which was launched in 2015 / 2016.

Figure 1: List of tenders for Dairy Farm site

Developer	Tender bid (S\$'mn)	Price psf (S\$psf)
United Engineers	368.8	830
MCC Land / Haojing Investment	364.9	822
China State Construction	357.0	804
Chip Eng Seng	333.3	751
Wee Hur	228.8	515

Source: URA

Figure 2: Location map for Dairy Farm site



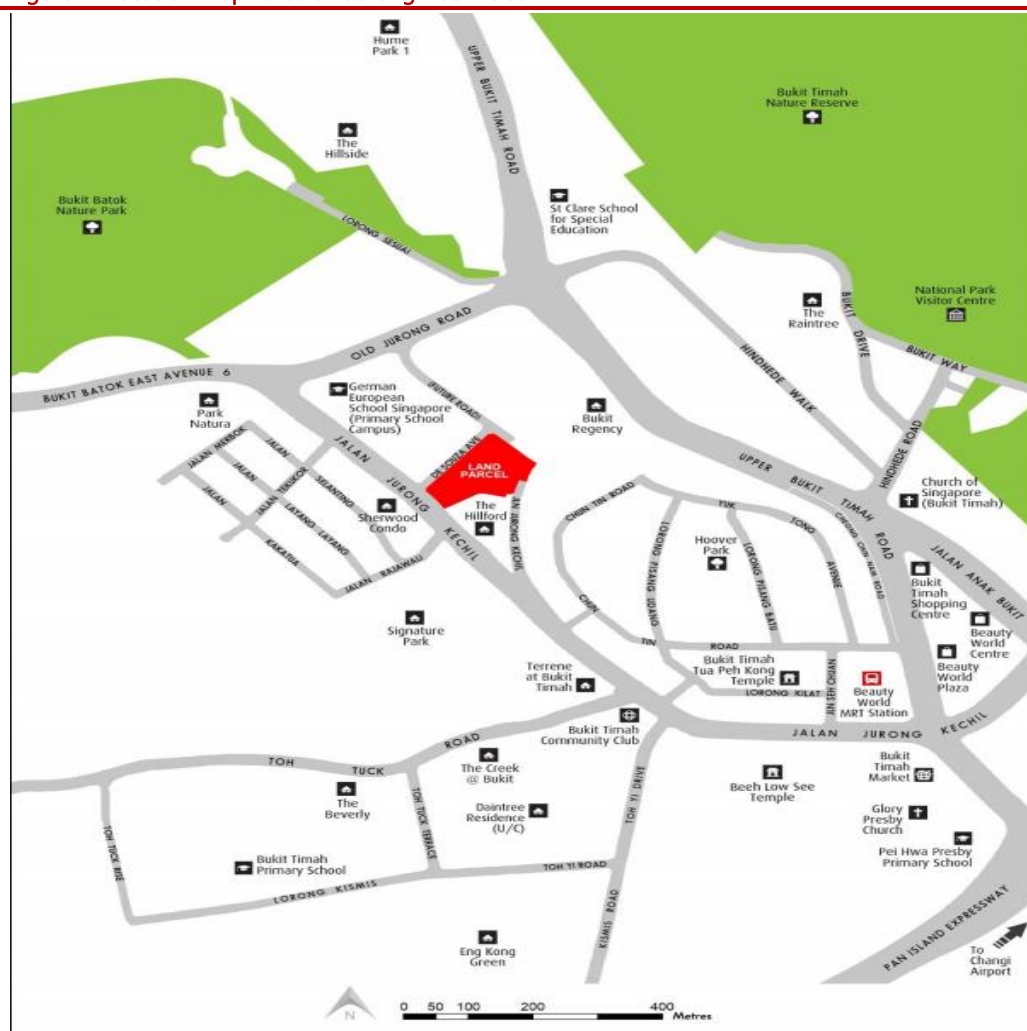
Source: URA

Figure 3: List of tenders for Jalan Jurong Kechil site

Developer	Tender bid (\$'mn)	Price psf (\$'psf)
China State Construction	215.0	1,002
Hao Yuan	163.8	764
Sim Lian	130.0	606

Source: URA

Figure 4: Location map for Jalan Jurong Kechil site



Source: URA

Figure 5: List of tenders for Canberra Link (EC) site

Developer	Tender bid (\$\$'mn)	Price psf (\$\$psf)
Hoi Hup and Sunway	271.0	610
MCC Land / Haojing Investment	258.9	583
Qingjian	252.8	569
Evia Real Estate / Gamuda	250.9	565
CDL / Hong Leng Holdings / Mitsui Fudosan	245.8	553
United Engineers / Tiong Seng / Ocean Sky	239.2	539
Kheng Leong	228.3	514
Sim Lian	205.0	462
JBE Development	201.8	454

Source: URA

Figure 6: Location map for Canberra Link (EC) site



Source: URA

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