

Singapore Property

Analyst

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Jadescape hits the market in two weeks, will buyers bite?

- Jadescape preview launch lures a strong crowd
- A variety of home types to attract a wider addressable buyer pool
- Location near good schools and MRT station a key attribute
- Potential margins of 20% if assumed price of S\$1,500-1,600 psf is achieved

What's New

Hitting the market at last.

Despite being the first en bloc to have happened this cycle (site was awarded back in May 2016), Jadescape (formerly Shunfu Ville) was opened for viewing to prospective home buyers over the weekend, which reportedly drew 9,000 viewers. There was apparent strong interest during our two visits there and we saw a strong turnout at the showflat and long queues formed to enter the mock-up units and there was limited parking available for all.

A unique selling point for the project is its "smart living" which through the "Hi-Life" app, a collaboration between Qingjian with Singtel and HiLife Interactive Pte Ltd, enables homeowners to configure their homes for "smart living in a smart nation". Thanks to Google Home for that and Qingjian is throwing in one free for each home purchased.

Project overview.

Jadescape sits on over 400,000 sqft of land and a built-up of close to 1.1m sqft. Given the size, the developer (Qingjian) is able to offer prospective home buyers a full range of facilities including two tennis courts and two pools. The showflat was built over two storeys, showcasing most of the available home types.

The home types are quite varied, with 1-bedroom to 5-bedroom units which in our view are well sized and larger than the typical units that are currently on offer. This allows the project to target a wider pool of potential investors (likely restricted with revised ABSD rules) and homebuyers.

Unit type	Size (sqft)	No of units
1-bedroom	527	236
2-bedroom	646-775	403
3-bedroom	904-1,152	265
4-bedroom	1,249 - 1,647	261
5-bedroom	2,088	39
Penthouse	4,198	2
Total		1,206

Source: DBS Bank, various websites

No pictures of shoes this time as we were allowed to walk in freely.

Pricing – Qingjian could achieve close to 20% margin.

With close to 1,206 units on offer, we believe that the strategy is to price to sell and achieve good momentum. Despite recent media reports that launch selling prices will average close to S\$1,700 psf, agents present told us that the actual launch price could be at a "discounted" S\$1,500-1,600 psf, depending on unit sizes. This price will put it back close to Sky Habitat (initially launched at S\$1,600 psf in 2012 but was subsequently brought down to c.S\$1,400psf after the cooling measures).

The site was awarded to Qingjian back in May 2016 at S\$638m but the sale was only recently completed. Assuming that Qingjian will have to incur higher development charges (DC), we estimate that the breakeven for the project will be close to S\$1,300 psf (after accounting

for 10% balcony bonus). If this is achieved, it could imply pre-tax margins of close to 20%.

In our view, location is a key attribute that will attract homebuyers, given the project is fairly close to the Central Business District (CBD) and most importantly, near good

schools (Raffles Institution, Raffles Girls School, Catholic High, CHIJ Primary, etc) and well connected through MRT (Marymount Station is just three minutes' walk away), we believe that these attributes will appeal to homebuyers.

Jadescape



Source: *businesstimes*, DBS Bank

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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return i.e. > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

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