

A low-angle photograph of a modern, multi-story apartment building with glass balconies and dark window frames, set against a blue sky with light clouds. The building is the central focus of the upper half of the page.

COMMENTARY

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First GLS tender closed in 2021 attracted strong interest

Introduction

The Government Land Sales (GLS) tender for the residential site at Northumberland Road closed on 27 April with ten bids. The site was launched on 27 October 2020 under the Confirmed List of the GLS programme for the second half of 2020. Measuring 94,000 sq ft, the 99-year leasehold site could yield about 405 private housing units and 16,145 sq ft of commercial space on the ground floor.

The details for this site are included in the table below.

Table 1: Details of GLS land parcel at Lentor Central

Location	Northumberland Road
Site Area	94,000 sq ft
Maximum Permissible Gross Floor Area	394,800 sq ft
Estimated Commercial Space	16,145 sq ft
Estimated number of dwelling units	405
Lease Period	99 years

Source: URA

The land parcel is conveniently located next to the Farrer Park MRT station, which is only two stops from the Dhoby Ghaut MRT interchange along the Orchard Road shopping belt. The subject site is also within close vicinity to medical institutions like Farrer Park Hospital, KK Women's and Children Hospital and shopping malls such as City Square Mall and Mustafa Shopping Centre.

The commercial space on the first storey of the development is likely to be used for shops and food & beverage (F&B) outlets which would attract certain young and mobile residents and tenants.

Moreover, the estimated size of 405 dwelling units is rather manageable for most developers to build and sell all the units within five year, thus minimizing the risks of exceeding the ABSD (Additional Buyer's Stamp Duty) deadline.

Figure 1: Location map of Northumberland Road GLS site



Source: URA

Comparable residential development

The last residential GLS site that was sold around this location was the site for Uptown @ Farrer on Perumal Road. This land plot was sold on January 2017 at a land rate of \$1,001 psf per plot ratio (ppr).

Uptown @ Farrer is also the only new residential project with units available for sale in the Farrer Park area. As at the end of March 2021, about 70% of the total number of units in the development were sold. By the time the new development at Northumberland Road is launched for sale, probably in 2022 or 2023, all the units in Uptown @ Farrer would be sold and there would be no competing new projects in the vicinity.

The median transacted prices for the comparable condominiums in that location are shown below.

Table 2: Comparable residential projects to Northumberland Road GLS

Project Name	Road name	Tenure	Year of completion	Total no. of units	Median price \$psf*
Uptown @ Farrer	Perumal Road	99 years	Uncompleted	116	\$1,929
Eight Riversuites	Whampoa East	99 years	2016	843	\$1,445
City Square Residences	Kitchener Link	Freehold	2009	910	\$1,614
Citylights	Jellicoe Road	99 years	2007	600	\$1,514
Kerrisdale	Sturdee Road	99 years	2005	481	\$1,183

**Note: Median price is based on reported transactions from January to March 2021
Source: URA, ERA Research & Consultancy*

Tender results

The strong sales in the recent launches, from Midtown Modern to one-north Eden, had increased the confidence of real estate developers to acquire development land, especially GLS sites. GLS sites are preferred by some developers as the acquisition process are more straight-forward compared to collective sales. Furthermore, the acquisition of GLS sites would not be delayed by legal actions initiated by objecting owners.

Table 3: Participants in Northumberland Road GLS tender

S/No.	Name of Tenderer	Bid amount	Bid amount in \$psf ppr
1	City Developments and MCL Land	\$445,888,000	\$1,129
2	Wing Tai	\$421,888,999	\$1,069
3	Far East Organisation and Sino Group	\$418,777,000	\$1,061
4	China Construction South Pacific Development Co.	\$388,890,565	\$985
5	EL Development	\$383,800,000	\$972
6	Sim Lian Land	\$368,800,000	\$934
7	Hong Leong Holdings, Hong Realty and TID Residential	\$351,000,000	\$889
8	Kheng Leong Company	\$333,800,000	\$845
9	Guocoland	\$315,847,000	\$800
10	Japura Development	\$256,000,000	\$648

Source: URA, ERA Research & Consultancy

The tender for this site attracted 10 bids. The highest bid of \$445,888,000 was submitted by a joint-venture between City Developments Ltd and MCL Land, which translate to the land rate of \$1,129.38 psf ppr. Based on the land rate, the new residential units in the project on the subject site would likely be launched at above \$2,000 psf.

The robust tender participation rate for the Northumberland Road GLS tender could be due to the diminishing private housing supply, especially in the city-fringe area. The only new project that is not yet launched in the Rest of Central Region (RCR) is the 388-unit Liv @ MB, which is located in District 15. Thus, property developers are eager to replenish their land bank.

This is the first residential GLS tender to close this year and it would set the tone for the other two GLS tenders that will close on 25 May 2021.

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