

Government puts up choice site near MRT station for sale

Government launches residential GLS site with commercial space at Tanah Merah MRT Station for sale by tender

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Introduction

The Singapore government launched a private residential site at Tanah Merah Kechil Link for sale by tender yesterday. This is the second residential site in the first half of 2020 (1H 2020) GLS Programme Confirmed List.

The site can be developed into an estimated 265 dwelling units, fewer than the 310 units which was the initial estimate when the site was first announced in December 2019. The site at Tanah Merah Kechil Link could also yield 2,000 sqm of commercial space that could be developed into strata-titled retail units or offices. Due to its proximity to the MRT station that is surrounded by condominium developments, it is very likely that the commercial space will be used as shops and F&B outlets.

The maximum height of the development on this site is 49m to 55m based on Singapore Height Datum, which translates to about 13 to 16 floors, depending on the design of the building.

At least 1,000 sqm of the commercial space in the new development on this site must be used as a supermarket. This would be welcomed by the residents in the Tanah Merah neighbourhood, especially in the COVID-19 “new normal” when more people could be working from home and would not wish to travel too far to buy their daily necessities.

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

Table 1: Location details of the Tanah Merah Kechil Link GLS site

| Location | Tanah Merah Kechil Link |
|--------------------------------------|-------------------------|
| Site Area | 8,880 sqm |
| Maximum Permissible Gross Floor Area | 24,864 sqm |
| Estimated Commercial Space | 2,000 sqm |
| Lease period | 99 years |

Source: URA

Figure 1: Map of the land parcel at Tanah Merah Kechil Link



Source: URA

Palatable site at favourable location

Located conveniently next to the Tanah Merah MRT Station and within close proximity to Changi Business Park, the residential development at this location would attract buyers' attention and have the potential to command attractive prices. Compared to all the residential sites in both the 1H 2020 GLS Programme Confirmed List and Reserve List, the land parcel at Tanah Merah Kechil has the smallest GFA, which would require less capital commitment and hence, less financial risk to develop.

The median transacted prices from January to April 2020 for comparable condominiums are as followed.

Table 2: Comparable residential projects to Tanah Merah Kechil Link GLS

| Name | Street name | Tenure | TOP | Number of units | 2020 median price (\$psf) |
|---------------------------------|-------------------------|------------|-------------|-----------------|---------------------------|
| Grandeur Park Residences | Bedok South Avenue 3 | 99-year LH | Uncompleted | 720 | \$1,529 |
| Urban Vista | Tanah Merah Kechil Link | 99-year LH | 2016 | 582 | \$1,245 |
| Eco | Bedok South Avenue 3 | 99-year LH | 2017 | 748 | \$1,357 |
| The Glades | Bedok Rise | 99-year LH | 2016 | 726 | \$1,500 |

Source: URA, ERA Research & Consultancy

Currently, there is no shopping mall around the Tanah Merah MRT station. Hence, there would be strong demand for shops and food and beverages stores. The nearest project in the area with commercial units at the first storey is East Village Condominium, located along Upper Changi Road and 500m away from the subject site. A retail unit at this development was transacted at \$2,973 psf in April 2019.

The median transacted prices in 2019 for comparable commercial strata units in residential condominiums are as followed.

Table 3: Comparable commercial strata units to Tanah Merah Kechil Link GLS

| Condominium with commercial units at 1 st storey | Address | Tenure | TOP | 2019 Median price of commercial units (\$psf) | Nearest MRT station | Distance to nearest MRT station |
|---|----------------------|------------|------|---|---------------------|---------------------------------|
| Suites At Bukit Timah | Jalan Jurong Kechil | Freehold | 2014 | \$7,943 | Beauty World | 230 m |
| East Village | Upper Changi Road | Freehold | 2014 | \$2,973 | Tanah Merah | 500 m |
| Stars Of Kovan | Upper Serangoon Road | 99-Year LH | 2019 | \$5,670 | Kovan | 220m |

Source: URA, ERA Research & Consultancy

The most recent GLS residential site awarded in the area was the site for Grandeur Park Residences condominium. This site was awarded to CEL Development in February 2016 at the land rate of \$761 per square foot per plot ratio (psf ppr).

The development at Tanah Merah Kechil Link is likely to be launched in late-2021 to 1H 2022. By then, the negative impact of the Covid-19 outbreak would have weakened and the Singapore economic recovery should be underway. Hence, this project will be one of the more popular developments among new launch projects in that year.

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