



# ***COMMENTARY***

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# Developers preparing for rising condo prices

## Government Land Sales at Yishun Avenue 9 and Tanah Merah Kechil Link

### Introduction

The Singapore government launched two residential development sites for sale during the Covid-19 circuit breaker earlier this year. The Government Land Sale (GLS) tender for the Executive Condominium (EC) site at Yishun Avenue 9 was launched on 30 April, while the tender for the residential and commercial site at Tanah Merah Kechil Link was launched on 28 May 2020.

Both GLS tenders closed on 29 October 2020.

### Executive Condominium site at Yishun Avenue 9

The land tender for the EC site at Yishun Avenue 9 was the first GLS tender to be launched this year. This site is about 500 m away from the Junction Nine shopping mall and 1.3 km away from Yishun MRT station. With a land area of 231,575 square feet (sqft), the site has a gross plot ratio of 2.8 and can yield around 600 homes.

Table 1 | Location details of Yishun Avenue 9 GLS site

Location	Yishun Avenue 9
Allowable development	Executive Condominium
Site Area	231,575 sqm
Maximum Permissible Gross Floor Area	648,417 sqm
Maximum Building Height	56 m AMSL(1)
Lease Period	99 years

Source: HDB

Note (1) AMSL: Above Mean Sea Level

Figure 1 | Location map of Yishun Avenue 9 GLS EC site



Source: HDB

When the tender closed on 29 October, it attracted 7 bids, which was within expectation. The bidders are experienced EC developers. Since 2018, the GLS tenders for EC land had drawn 7 to 9 bids each.

Sing Holdings Limited submitted the top bid of \$373.5 million, which translated to a land rate of \$576 psf ppr (per square foot per plot ratio). The top bid is 8.9% higher than the second highest bid submitted by a partnership between MCL Land and City Developments Ltd. The top bid is near to the land rate paid for the site at Sengkang that is currently being developed into the EC called “Ola”.

Table 2 | Executive Condominiums currently available in primary market

Name	Street name	Total No. of units	Median transacted price (Jul-Oct 2020) (\$psf)
Parc Canberra (EC)	Canberra Walk	496	\$1,104
Ola (EC)	Anchorvale Crescent	548	\$1,127
Piermont Grand (EC)	Sumang Walk	820	\$1,129

Source: URA, ERA Research & Consultancy

This top bid also shows that the developer is quite confident of the EC market as the land rate is higher than two other EC sites launched for sale in 2019. At the land rate of \$576 psf ppr, the developer probably plan to launch the new EC at prices similar or even higher than that of the EC projects that are being marketed today.

**Table 3 | Tender results for Yishun Avenue 9 GLS site**

S/N	Name of Tenderer	Tender Price (\$)	Tendered Price in \$psf of GFA
1	Sing Holdings Limited	\$373,500,000	\$576.02
2	Maximus Residential SG Pte. Ltd.	\$342,888,000	\$528.81
3	Intrepid Investments Pte. Ltd. & TID Residential Pte. Ltd.	\$333,838,838	\$514.85
4	EL Development Pte Ltd	\$328,100,000	\$506.00
5	CSC Land Group (Singapore) Pte. Ltd.	\$298,270,000	\$460.00
6	Creative Investments Pte Ltd, Santarli Capital Venture Pte. Ltd. & Kay Lim Realty Pte Ltd	\$290,888,989	\$448.61
7	CEL Development Pte. Ltd., Singhaiyi Investments Pte. Ltd. & Ultra Infinity Pte. Ltd.	\$268,000,000	\$413.31

*Source: HDB*

## Residential & commercial site at Tanah Merah Kechil Link

This GLS site at Tanah Merah Kechil Link is arguably the most attractive site on the Confirmed List of the GLS Programme for 1H 2020. It is located in the established residential area of Tanah Merah and next to the Tanah Merah MRT Station. Furthermore, there is a very limited supply of vacant development land near the Tanah Merah MRT Station.

With a land area of 95,583 sqft, the Tanah Merah site can yield approximately 265 dwelling units and 21,527 sqft of commercial space on the first storey. At least half of the commercial space must be used as a supermarket. The remaining commercial space can be used for shops, restaurants, commercial school, fitness centre, gym and medical clinic. The commercial space, if properly managed, would provide essential goods and services that 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.

Table 4 | Details of the Tanah Merah Kechil Link GLS site

Location	Tanah Merah Kechil Link
Allowable development	Residential with commercial on first storey
Site Area	95,583 sqft
Maximum Permissible Gross Floor Area	267,633 sqft
Estimated Commercial Space	21,527 sqft
Lease Period	99 years

Source: URA

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 has the potential to command attractive prices.

Figure 2 | Location map of Tanah Merah Kechil Link GLS site



Source: URA

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 potential GFA, which would likely require less capital outlay and hence, lower financial risk to develop. The relatively small size of this project also makes it more palatable to medium-size and smaller developers.

MCC Land submitted the top bid of \$248.99 million, which translates to a land rate of \$930.34 psf ppr. The previous residential land parcel sold in this location was in February 2016 and it is currently being developed into the condominium, Grandeur Park Residences by Chip Eng Seng. The site is only about 100 metre from the subject site at Tanah Merah Kechil Link.

The land price of paid for the Grandeur Park Residences site was \$761 psf ppr. Therefore, MCC Land would likely launch the new development on the subject site at prices higher than Grandeur Park Residences. The recent median transacted price of units in Grandeur Park Residences, which is also near the Tanah Merah MRT Station, is \$1,534 psf.

The tender for the subject site attracted 15 bids, which was a relatively high number of bids, indicating that the property developers were hungry for attractive development land. The majority of the bids were also quite bullish. The land rates of thirteen of the fifteen bids are above the \$761 psf ppr paid for the Grandeur Park Residences site, which shows that a large majority of the bidders condominium prices in the Tanah Merah area will exceed the current transacted prices in 2022, when the new development on the subject site would be launched for sale.

Table 5 | Tender results for Tanah Merah Kechil Link GLS site

S/N	Name of Tenderer	Tendered Price (\$)	Tendered Price in \$psf of GFA
1	MCC Land (Singapore) Pte Ltd	\$248,990,000	\$930.34
2	City Developments Ltd and TID	\$238,000,000	\$889.28
3	Logan Property	\$232,300,388	\$867.98
4	Wing Tai Holdings Ltd	\$228,000,228	\$851.91
5	Evia Real Estate (9) Pte. Ltd. and Master Contract Services	\$225,000,888	\$840.70
6	OUE Ltd	\$221,813,333	\$828.79
7	MCL Land	\$221,498,000	\$827.62
8	Far East Organization & Sekisui House	\$220,800,000	\$825.01
9	Sustained Land	\$219,999,900	\$822.02
10	HH Investment Pte Ltd	\$219,461,585	\$820.01
11	Ho Bee Land	\$216,900,000	\$810.44
12	United Engineers and Soilbuild Group	\$212,000,000	\$792.13
13	JBE (S) Pte. Ltd. and Keong Hong Holdings	\$208,600,000	\$779.42
14	Sim Lian Land Pte Ltd	\$190,300,000	\$711.05
15	Capital Development Pte Ltd	\$161,000,000	\$601.57

Source: URA, ACRA, Business Times

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