



COMMENTARY

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Limited land supply: Two GLS sites launched for sale

Introduction

The Singapore government launched two residential land parcels for sale by tender on 26 November 2020, comprising the private housing site at Ang Mo Kio Avenue 1 and the executive condominium (EC) site at Tengah Garden Walk. Both tenders will close on 25 May 2021. These two sites are the last sites under the Government Land Sale (GLS) Programme for the second half of 2020.

Condominium site at Ang Mo Kio Avenue 1

The Government Land Sale (GLS) site at Ang Mo Kio Avenue 1 is designated for condominium development. With a land area of 136,480 sq ft and a plot ratio of 2.5, it could yield about 370 housing units.

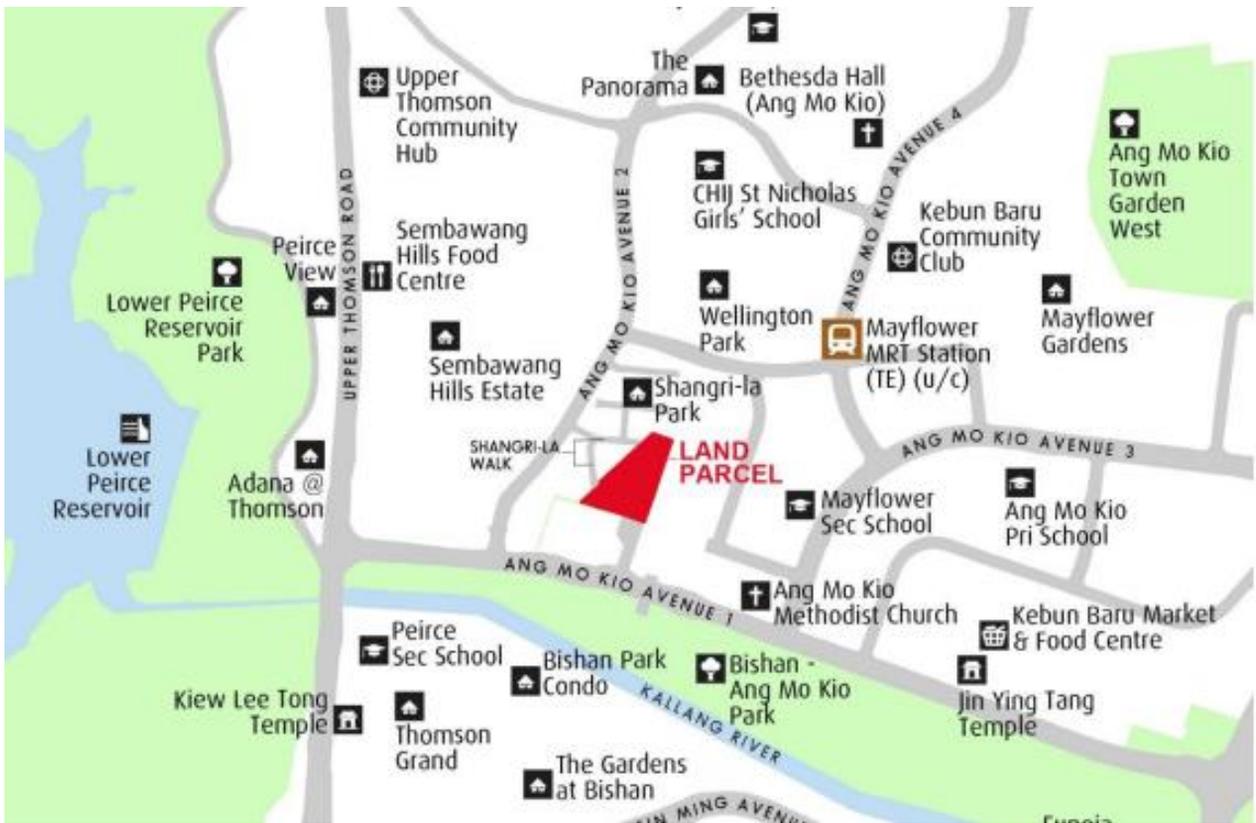
Table 1 | Details of the Ang Mo Kio Avenue 1 GLS site

Location	Ang Mo Kio Avenue 1
Site Area	12,679 sqm
Maximum Permissible Gross Floor Area	31,699 sqm
Estimated No. of housing units	370
Lease Period	99 years

Source: URA & HDB

The site at Ang Mo Kio Avenue 1 is located near the landed enclave at the Shangri-La Walk and is approximately 600 metre away from the upcoming Mayflower MRT station along the new Thomson-East Coast Line. The Mayflower MRT station is slated to open in 2021, bringing greater connectivity to the area. The future development on this plot of land would also be attractive to buyers as it is within close proximity to the popular CHIJ St Nicholas Girls' School.

Figure 1 | Location map of Ang Mo Kio Avenue 1 GLS



Source: URA & HDB

The tender for this site could draw 8 to 12 bids from developers.

Table 2 | Comparable residential projects to Ang Mo Kio Avenue 1 GLS project

Name of projects	Location	Tenure	Year of completion	Median transacted price \$psf (Jan – Nov 2020)
Thomson Grand	Sin Ming Walk	99-Year Leasehold	2015	\$1,300
The Panorama	Ang Mo Kio Avenue 2	99-Year Leasehold	2017	\$1,459
Thomson Impressions	3 Lorong Puntong	99-Year Leasehold	2018	\$1,580
Thomson Three	45 Bright Hill Drive	99-Year Leasehold	2016	\$1,534

Source: URA, ERA Research & Consultancy

Tengah Garden Walk EC site

The EC site at Tengah Garden Walk is located next to the upcoming Garden Vines @ Tengah HDB BTO project. With a site area of 22,021 sqm, this site can yield a maximum GFA of 61,659 sqm and an estimated 615 dwelling units

Table 3 | Details of the Tengah Garden Walk GLS EC site

Location	Tengah Garden Walk
Site Area	22,021 sqm
Maximum Permissible Gross Floor Area	61,659 sqm
Estimated No. of housing units	615
Lease Period	99 years

Source: URA & HDB

The EC that will be built on this site will be the first EC housing project in Tengah town. While most part of the town is still under development, future plans show that this site will be located near amenities such as schools and healthcare centre. It is near to two future MRT stations, Hong Kah and Tengah Plantation MRT station, which will be around 600 m from this site. The two upcoming MRT stations are part of the new Jurong Regional Line and will be operational in 2026 to 2027.

Table 4 | Comparable residential projects to Tengah Garden Walk EC project

Name of projects	Location	Tenure	Year of completion	Median transacted price \$psf (Jan – Nov 2020)
Le Quest	Bukit Batok Street 41	99-Year Leasehold	2020	\$1,403
The Jade	Bukit Batok Central Link	99-Year Leasehold	2004	\$1,048
The Madeira	Bukit Batok Street 31	99-Year Leasehold	2003	\$801
Guilin View	Bukit Batok Street 52	99-Year Leasehold	2000	\$802
Hillview Regency	Bukit Batok East Avenue 2	99-Year Leasehold	2006	\$885
The Dew (EC)	Bukit Batok Street 21	99-Year Leasehold	2003	\$853
Park Natura	Bukit Batok East Avenue 6	Freehold	2011	\$1,037

Source: URA, ERA Research & Consultancy

In the latest HDB BTO exercise in November 2020, the two projects Garden Court @ Tengah and Garden Terrace @ Tengah garnered application rates ranging from 1.4 to 4.1 times. This indicated moderate buyer's interest in Tengah when compared to other matured HDB towns.

On 20 November 2020, the tender for Yishun Avenue 9 EC site was awarded to Sing Holdings Limited at the land rate of \$576 per square foot per plot ratio (psf ppr). Experienced developers who contested in the previous EC land tender such as City Developments Limited, CSC Land Group or CEL Development may participate in the tender for the Tengah site. The tender for this EC site could attract 6 to 9 bids.

Figure 2 | Location map of Tengah Garden Walk GLS



Source: URA & HDB

Longer tender period

With the current rapid development of Covid-19 vaccines, the mass-vaccination in Singapore could begin sometime next year, possibly when the tender for these two GLS sites closes in May 2021. Effective mass-vaccination would improve investment confidence. In addition, the limited number of GLS sites offered for sale this year could also contribute to higher participation among developers and more bullish bids in the GLS tenders that would close in 2021.

Ingredients for a potent cocktail

So far this year, the government launched the tender for six residential and residential-cum-commercial sites for sale. In total, these six sites could yield about 3,150 housing units, including EC units.

The private land sale market has been rather quiet this year, mainly due to the market uncertainties brought about by the pandemic. Most of the reported residential collective sales were small developments that could yield fewer than 50 new housing units each. The total number of new housing units that could be developed on the private land parcels sold this year through enbloc sales would be fewer than 400 units.

By comparison, real estate developers had already sold 8,021 private housing units (excluding EC) in the first ten months of this year. If the government does not increase the GLS land supply for next year, developers who are short of development projects would turn to the private land sale market.

An enbloc sale market boom would stimulate the housing market in more ways than one. Firstly, developers would inject more liquidity into the market as they acquire land from private property owners. These owners who sold their properties to the developers would acquire replacement homes, leading to higher housing demand. Secondly, the media coverage of such enbloc sales would also encourage buying demand from house hunters as market confidence improves.

Furthermore, the budgetary stimulus introduced by the government to counter the economic effects of the pandemic had injected liquidity into the broader market. In addition, the expected mass-vaccination of the local population could also start next year, which would lead to further opening of the local economy. This would further contribute to stronger market confidence and economic growth.

Taken altogether, this could lead to a potent cocktail of lower housing supply and strengthening housing demand, which could result in the return of exuberance in the Singapore housing market. Therefore, the government would need to increase the land supply in the GLS programme for 2021.

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