



COMMENTARY

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Marginal increase in GLS supply in 1H 2021

Introduction

The government announced the Government Land Sales (GLS) Programme for the first half of 2021 (1H 2021) today. There are four residential sites in the Confirmed List which can yield about 1,605 private residential units and 90,000 sq ft of commercial space in total.

The Confirmed List sites include the EC site at Tampines Street 62 (Parcel A), the private residential sites at Lentor Central and two land parcels at Slim Barracks Rise (Parcel A & B). Both the Tampines Street 62 EC site and the Lentor Central site were previously under the 2H 2020 GLS Reserved List.

Slight increase in land supply

Compared to the 2H 2020 GLS programme, the government increased the number of Confirmed List sites from three to four. As a result, the potential supply of residential units that can be developed on the GLS site is increased by 235 units. This moderate increase in housing supply is in response to the improving Covid-19 situation. With a few potential vaccines for Covid-19 that could be widely available in the coming months, many economies around the world, including Singapore, are expected to recover next year.

In addition, the number of unsold residential units under development started to decline in 3Q 2020, signalling that there could be a potential undersupply in the residential primary market, especially if demand were to increase significantly next year.

Table 1 | GLS Programme 1H 2021 Confirmed List

Location	Site Area (ha)	Estimated no. of residential units	Estimated commercial space (sqm)	Estimated launch date
Tampines Street 62 (Parcel A) (EC)	2.37	590	0	Apr 2021
Lentor Central	1.72	610	8,000	Apr 2021
Slim Barracks Rise (Parcel A)	0.79	265	800	Jun 2021
Slim Barracks Rise (Parcel B)	0.59	140	400	Jun 2021

Source: Urban Redevelopment Authority

Attractive locations

All the four sites on the Confirmed List are expected to attract healthy demand from developers. Except for the EC site at Tampines, the developments on the other three private housing sites under the Confirmed List will include space for commercial uses. This could signal the government’s plan to bring more retail and commercial amenities to these residential areas. The commercial space will also increase the land value of those sites.

All the four sites under the Confirmed List are located near MRT stations. The site at Lentor Central is connected to the upcoming Lentor MRT station which will be operational in early 2021 as part of the Thomson East Coast MRT Line.

Both land parcels at Slim Barracks Rise are located within walking distance to the Buona Vista MRT station. The only EC site under the Confirmed List is near the upcoming Tampines North MRT station, which is part of the Cross-Island Line. The Tampines North MRT station, however, will only be operational by 2029.

Most popular site

The GLS site known as Parcel B at Slim Barracks Rise is expected to be the most popular among the four residential sites as it is the smallest land parcel and will require the least capital investment from the developer. Moreover, the site is located in the one-north area, within close proximity to many educational clusters and business parks. The future development on this site will be attractive to both owner-occupiers and tenants. Compared to Slim Barracks Rise Parcel A, it is also easier and cheaper to develop as it is not located on top of a MRT line. The tender for this site will attract both major developers as well as smaller ones. Some developers will also bid for both sites at the same time.

Furthermore, by releasing the most attractive site later than the other sites in the Confirmed List, there would be a gradual build-up in bullish bidding in the GLS tenders. This could result in the impression of rising land prices as the top tender bids could increase with each subsequent GLS tenders.

This could be attributed by the rising demand from developers for residential land. The recent GLS tender for the residential site at Tanah Merah Kechil Link drew 15 bids when the tender closed on 29 October. Developers are also starting to buy land from the private land market. For example, two residential investment sales were reportedly concluded last month. One of the sites at Guillemard Road was sold for \$93 million. The other site at Haig Road was sold for \$32.8 million.

Table 2 | GLS Programme 1H 2021 Reserved List

	Location	Site Area (ha)	Estimated no. of residential units	Estimated no. of hotel rooms	Estimated commercial space (sqm)
Residential sites	Dairy Farm Walk	1.56	385	0	0
	Dunman Road	2.52	1,035	0	0
	Hillview Rise	1.03	335	0	0
	Jalan Tembusu	1.95	640	0	0
	Tampines Street 62 (Parcel B) (EC)	2.8	700	0	0
White sites	Kampong Bugis	8.29	1,000	0	10,000
	Marina View	0.78	905	540	2,000
	Woodlands Avenue 2	2.75	440	0	78,000
Hotel site	River Valley Road	1.02	0	530	2,000

Source: Urban Redevelopment Authority

Commercial and hotel land

There is no commercial and hotel development site under the 1H 2021 Confirmed List due to the ongoing effect of the Covid-19 pandemic, which had affected the hospitality industry adversely. Moreover, an estimated 4.7 million sq ft of office space is expected to be completed in the next two years, which would be enough to meet the expected demand. Hence, the government may deem it unnecessary to release commercial and hotel development land in the upcoming Confirmed List. However, if there is any developer who is interested to acquire such land, there are four land parcels in the Reserve List slated for commercial and hotel development.

Source: URA, ERA Research & Consultancy

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