

Singapore

Flash Note

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DBS Group Research . Equity

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Singapore Property

Analyst

Derek TAN +65 6682 3716; derektan@dbs.com
Rachel TAN +65 6682 3713; racheltanlr@dbs.com

“Living it up” in Mountbatten

- Liv@MB, the latest residential project launch in District 15, sold 79% of a total of 298 units at launch at an average price of S\$2,400psf
- The strong response was not unexpected given the project's strong attributes with upcoming Katong Park MRT (Thomson East Coast Line) within 200m walking distance
- We estimate that developer Bukit Sembawang will achieve margins of 25%-28% for the project with NAV accretion of c.7%
- Property sales momentum to see an uptick with upcoming launches by UOL (AMO Residences) and Lentor Modern by Guocoland in 2Q-3Q22

What's New

What has happened?

- Liv@MB (former Katong Towers) along Arthur Road (D15) sold 236 units / 298 units over the launch weekend, recording a 79% sell-through rate.
- Average pricing for the project is c.S\$2,400 psf (ranging S\$2,350 psf for bigger units to S\$2,600 psf for smaller units)
- Prices averaged S\$1.3m (1-bedroom) to S\$1.8m (2-bedroom) with the larger 4-bedroom units going for S\$3.7m.
- We estimate that the actual launch prices were c.5% higher ahead of media-reported preview prices.

Our thoughts

Developer Bukit Sembawang timed the launch well, while project's strong attributes attracted buyers.

We believe that the lure of staying in the East and improved connectivity of Liv@MB to the Central Business District (“CBD”) and Orchard are key attributes that

attracted buyers to this project. Liv@MB is located 200 metres or a 10-minute walk to the upcoming Katong Park MRT (a station along the upcoming Thomson East Coast Line) which is expected to open in 2H22 or early 2023. The timing of the launch probably captured buyers' attention as Liv@MB was the only major project that was launched over the weekend.

Attractive returns for developer. Bukit Sembawang (BUY, TP S\$5.92), snagged the site (via enbloc of former Katong Towers) for S\$345m back in 2018 at an estimated all-in land price of S\$1,280 psf and an estimated breakeven of S\$1,850 – S\$1,900 psf for the project. We estimated net margin of 25%-28% and a S\$0.40 accretion to NAV (+7% of latest reported NAV of S\$5.61) upon completion of this project.

Where are the next launches to watch out?

Despite macro uncertainties and the risk of rising interest rates, property buyers are back for projects with attractive attributes as seen in the recent take-up at Piccadilly Grand (77% sell-through rate at launch) and Liv@MB (79% sell-through rate at launch). While the split between foreigners and locals was not revealed for Liv@MB, we believe that majority of sales was from pent-up demand from Singaporeans, especially upgraders or singles looking for their own abode. The 2 robust sell-through rates of projects in May'22 and overall transaction velocity is expected to show a pick-up after the “lull” during Jan'22-April'22. Next to watch will be the upcoming project launches of AMO Residences at Ang Mo Kio Avenue 1 by UOL (372 units) in late June 2022 and Guocoland's Lentor Modern (605 units) in 3Q22, which may set the tone for the property market's direction for the rest of 2022.



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DBS Regional Research Offices**HONG KONG****DBS (Hong Kong) Ltd**

Contact: Dennis Lam
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

SINGAPORE**DBS Bank Ltd**

Contact: Janice Chua
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA**PT DBS Vickers Sekuritas (Indonesia)**

Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

THAILAND**DBS Vickers Securities (Thailand) Co Ltd**

Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
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