

# Singapore Flash Note

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DBS Group Research . Equity

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## Singapore Property

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### Sticky land prices imply new launch prices remaining on firm uptrend

- **Modest turnout at 3 state tenders from developers; 1,800+ units to be added to supply pipeline**
- **Most suburban site bids at land prices of S\$1,250-1,350 psf; launch prices to stay above the S\$2,200 psf range**
- **Frasers Property bagged first win in a while, partnering with CDL and Sekisui House to stake close to S\$1 billion for a plum Toa Payoh site**
- **Overall, property prices remain firm despite a moderating economic outlook**

### What's New

The close of three sites in the latest government land sales ("GLS") tenders at Clementi Avenue 1, Toa Payoh, and Pine Grove (Parcel B) saw modest turnouts of developers. While a cloudy economic outlook could still affect buyer sentiment, we saw developers taking more interest at the Clementi Avenue 1 site (six bidders) compared to the three developers each at the other two sites.

Pricing for the top bidders have stayed relatively firm at close to c.S\$1,300 psf ppr, implying that developers still expect to be able to clear units at the S\$2,200-2,300 psf range, and that average quantum for private property homes of at least 85sqm (c.915sqft) will be priced close to S\$2.0m. In total, these sites will add close to 1,840 units to the supply when launched sometime late 2024/early 2025.

More on the sites as follows:

#### Clementi Avenue 1: A safe bet in a mature estate

The tender for this site drew six bids, with a consortium comprising of MCL Land and CSC Land coming in 4% higher than the next top bidder (consortium of CDL, FPL, and Sekisui) at S\$633.5m, implying S\$1,250 psf ppr.

The smallest of the three sites, with total yielding a potential 500 units, its popularity could be attributed to its location within a mature Clementi Avenue 1 town and strong track record of condominium launches in the vicinity recently. The site is located next to latest condominium launches – The Clement Canopy (505 units, c.80% sold of released units on launch weekend back in 2017) and The Clavon (640 units, c.70% sold in launch weekend back in 2020).

While these projects over the years have sold between S\$1,350-1,700 psf during launches, the upcoming site – based on our estimates – should see breakeven close to S\$1,950-2,050 psf, implying that launch prices could hit S\$2,300-2,400 psf. According to media reports, potential upgraders who could be interested may come from close to 1,500 HDB units that could hit their minimum occupation period ("MOP") within the next two years.

## Flash Note

### Pine Grove (Parcel B): Outbidding UOL-SPLG defensive bid

A consortium between MCL Land and Sinarmas Land came in top for the Pine Grove (Parcel B site) with a bid of S\$692.3m, 24% higher than the next bidder, a consortium between UOL and Singapore Land Group (“SPLG”). The highest bid translates to a land rate of S\$1,223 psf ppr – while appearing high, is notably c.7% lower than the S\$1,318psf ppr paid by UOL-SPLG for a neighbouring site wherein the current Pinetree Hill condominium is being constructed.

As of latest caveats lodged, Pinetree hill has sold c.15% (or 152 units) of the total 520-units at an average price of c.S\$2,400psf. Outbidding UOL-SPLG’s defensive bid meant that the developer (MCL-Sinarmas Land) will bring some competitive tension to the Pine Grove vicinity with a neighbouring Pine Grove HUDC development currently undergoing a collective sale (or enbloc) exercise, and owners asking for close to c.S\$1.9bn (or c.S\$1,450 psf with land betterment charge).

Based on our estimates, the breakeven for MCL Land and Sinarmas Land is estimated to be close to S\$1,950-2,050 psf. We assume that the launch price of c.S\$2,400 psf (similar to Pinetree Hill) could mean gross margins of c.20% for the developer.

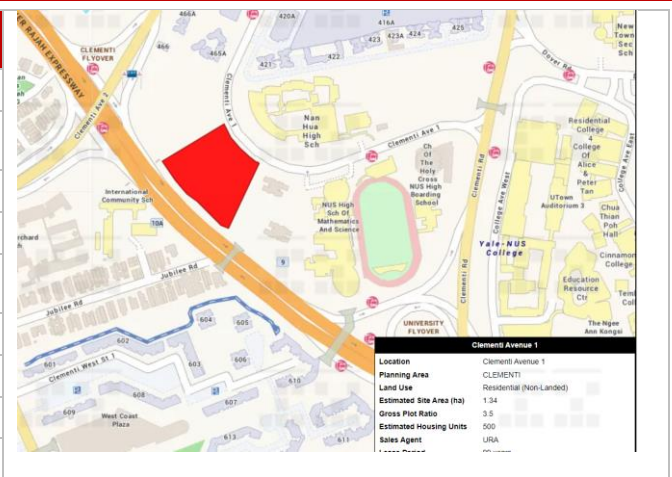
### Toa Payoh Lorong 1: A calculated stake in a mature township

The first new GLS site in eight years, Lorong 1 Toa Payoh is seen by many to be the primest site in the state tenders which saw a consortium involving City Developments (“CDL”), Frasers Property Limited (“FPL”) and Sekisui House jointly bidding S\$968m, coming out top among two other bids received for the site. The consortium’s bid is c.18% higher than CapitalLand’s second-highest bid of c.S\$820m (c.S\$1,153 psf ppr).

The site is located within the mature Toa Payoh Estate and is within walking distance to Braddel MRT station (0.5km) and within 1 km of popular primary schools (i.e Pei Chun Public School, First Toa Payoh Primary School). The top bidder of the site could leverage of Toa Payoh town’s rising number of S\$1-million-dollar resale HDB homes sold and a source of upgrader demand when launched. Based on our estimate, CDL-FPL-Sekisui’s breakeven could reach a c.S\$2,100 psf, implying that the launch price could start from S\$2,500 psf.

## Clementi Avenue 1

No.	Bidder	Quantum (S\$m)	S\$psf ppr
1	CSC Land and MCL Land	633.4	1,250
2	CDL, FPL and Sekisui House	608.9	1,202
3	Qingjian	570.7	1,126
4	Allgreen	502.9	992
5	Guocoland , TID residential	451.0	890
6	Hoi Hup Sunway	448.7	885

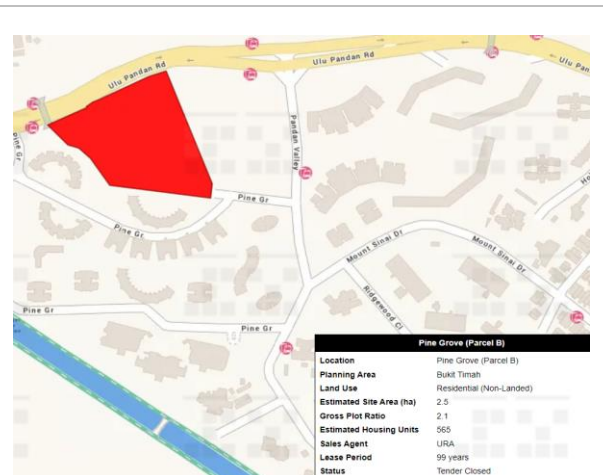


Source: URA, DBS Bank

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### Pine Grove (Parcel B)

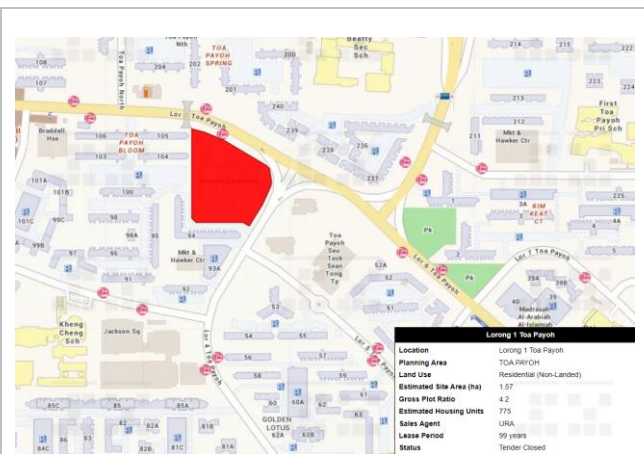
No:	Bidder	Quantum (\$'m)	S\$psf ppr
1	MCL and Sinamas Land	692.4	1,223
2	UOL	559.5	988
3	Wingtai	472.0	834



Source: URA, DBS Bank

### Clementi Avenue 1

No:	Bidder	Quantum (\$'m)	S\$psf ppr
1	CDL, FPL and Sekisui House	968.0	1,360
2	Capitaland	820.0	1,152
3	Guocoland	775.8	1,090



Source: URA, DBS Bank

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