



WHO HAS BEEN SHOPPING FOR GOVERNMENT LAND SALES SITES?

In 1H2011, the Ministry of National Development (MND) has announced a strong supply of private housing for sale to meet demand. 17 sites were placed on the confirmed list which can yield about some 8,100 residential units. The reserved list had 13 sites which can yield some 6,200 residential units. The supply of land includes private properties, executive condominiums and DBSS properties.

Moving forward, MND is slated to announce the 2H2011 Government Land Sales (GLS) programme. We expect a significant supply of private housing (including sites for Executive Condominiums & DBSS) to address the strong demand.

In addition, a review of the HDB income ceiling is expected to be completed within six months which may impact the demand for private homes, especially in the mass-market segment.

This paper examines the profile of buyers of GLS sites (by tender) since 2010 to 1H2011 in terms of the amount of housing stock that each is holding and the amount of exposure to each housing type.

Amount of GLS housing stock under each developer

To ascertain the housing stock under each developer, a review of all the winning tenderers for GLS sites launched from 2010 to 1H2011 was made. Notably, some of these GLS sites had been launched by the developers for sale.

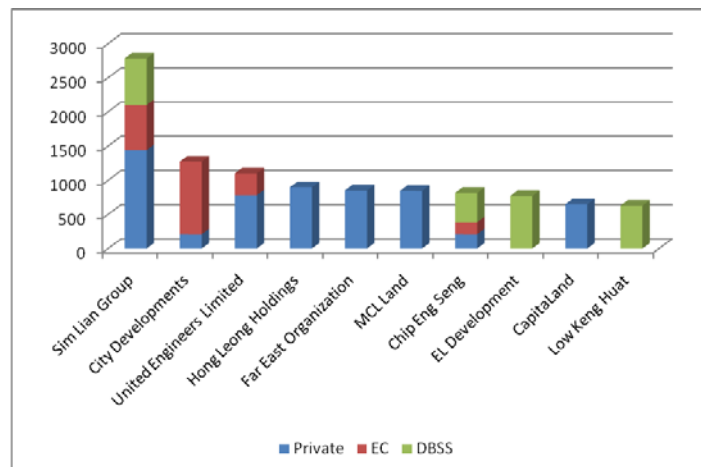
Henceforth, three factors were considered to arrive at the numbers. Firstly, the number of units in each project as announced by the developer. Secondly, the number of units unsold by the developers based on URA data release¹. Thirdly, for sites where project details are not announced or finalised, the estimated number of units by the authorities in the land sales package are used.

For sites where joint ventures are undertaken, an even apportionment method is used. For example, if there are 2 parties in a winning tender, it is assumed that the available unsold supply in that project will be evenly split between the two.

The same applies for three to four parties in a joint tender. Whilst the apportionment may be different in the actual situation, it is difficult to ascertain the actual interest in the project due to confidentiality issues in some instances.

Chart 1 depicts the top 10 developers based on the estimated housing stock from the GLS sites acquired². Sim Lian Group Limited tops the chart with the highest available housing supply. The Group also has the highest exposure to mass market private homes. City Development is second in term of overall residential supply where the bulk of its stock are ECs (situated at Segar Road (estimated 570 units) and Choa Chu Kang Drive (estimated 490 units)).

Chart 1: Top 10 Developers' GLS Housing Stock by Property Type



Source: Knight Frank Research

¹ Table 1 in appendix 1 depicts the list of GLS sites sold to developers, its subsequent project name, the number of units sold and the remaining stock.



Amount of GLS Land Capital Exposure under each developer

In addition to the estimated housing stock, a rudimentary review is also undertaken for developers based on the potential capital exposure for the land. In this instance, the capital exposure is based on the quantum of the awarded land tender price³.

A simplistic approach is adopted for this analysis where the land capital exposure is proportionately reduced when the project is launched and sold progressively. The study had not taken into consideration the circumstance where developers break even after achieving a certain sales target which effectively reduces or remove their risk exposure from the capital expended.

The level of debt taken is not considered as the internal leverage policies differ from developers to developers. Henceforth, the total capital exposure is based on the total tender price from the land awarded.

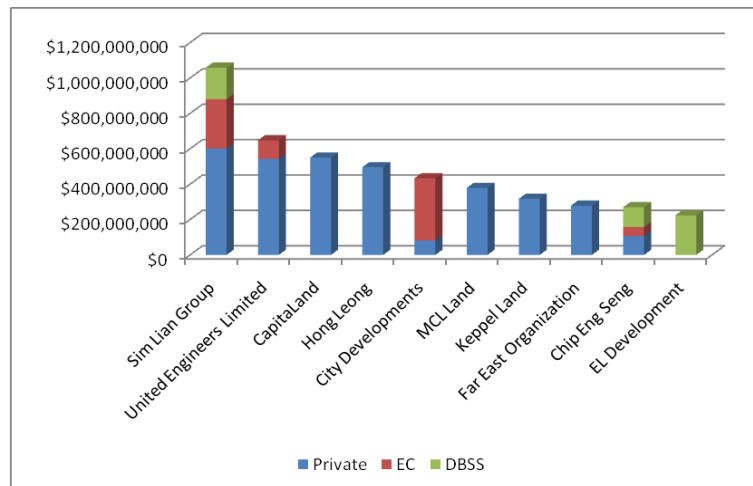
Similar to the earlier section, sites where joint ventures are undertaken, an even apportionment method is used. The amount of capital exposure will be shared among partners where joint ventures are concerned. The amount may differ from actual situation depending on the terms of agreement.

Chart 2 exhibits the top 10 developers with the greatest GLS residential exposure. Not surprising, Sim Lian Group tops the ranking attributed by the high capital exposure from the recent purchase of three condominium sites which collectively accounted for \$825 million in land value. City Development fell to the fifth position as their EC sites had a smaller quantum as compared to some other condominium sites. CapitaLand leapfrogged from the ninth position to the third arising from the purchase of the GLS site at Bishan St 14 at \$550.1 million.

Outlook for mass market residential homes

Regulatory risks to tame the mass market residential market have increased following the post election government statements. If more cooling measures are implemented coupled with any changes to the current HDB income ceiling, demand for private homes, in particular the mass-market segment will be affected.

Chart 2: Top 10 Developers' GLS Housing Capital Exposure by Property Type



Source: Knight Frank Research

² Actual Numbers and Further details in Appendix 2

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We expect a significant new supply of private housing for the 2H2011 GLS programme to meet demand. We may expect more new ECs sites to be released arising from the strong take-up for recent EC projects such as Esparina Residences, Prive and The Canopy.

Developers with sizeable mass market homes in their land bank are likely to be more selective. Some may choose to off load their existing land bank before acquiring new sites creating a window of opportunity for others.

In the absence of any new cooling measures, residential sales are expected to remain strong as developers are expected to launch new projects in the coming few months. In April, developers sold 1,788 residential units, the highest monthly volume since November 2010.

Notes

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³ Actual Numbers and Further details in Appendix 3



Appendix 1:

Table 1: GLS sites launched as residential projects

GLS Site location	Project Name (Developer)	Property Type	No. of units	No. of units sold	No. of units remaining
Sengkang S7 at Sengkang West Avenue / Fernvale Link	H20 Residences (CDL)	Private	521	310	211
Punggol E4 at Punggol Field / Punggol Road	Prive (NTUC Choicehomes & Chip Eng Seng)	EC	680	649	31
Pasir Ris E3 at Pasir Ris Drive 1/Elias Road	Belysa (NTUC Choicehomes & Chip Eng Seng)	EC	315	N.A.	315
Simei Street 3	My Manhattan (Chip Eng Seng)	Private	301	90	211
Choa Chu Kang Road / Woodlands Road	The Tannery (Far East Organisation)	Private	338	324	14
Yishun S4C at of Yishun Ave 2 / Ave 7 / Canberra Drive	Eight Courtyard (Fraser Centrepoint & Nam Hee Contractor)	Private	654	340	314
Sengkang E6 at Compassvale Bow	Esparina Residences (Fraser Centrepoint & Lum Chang Building Contractors Pte Ltd)	EC	573	554	19
Hougang S13 at Tampines Road	Kovan Grandeur (Fragrance Properties Pte Ltd)	Private	74	70	4
Yishun PH1 Yishun Avenue 11 / Yishun Central	Adora Green (Guthrie (DBP) Pte Ltd & SK Land Pte Ltd)	DBSS	806	N.A.	806
Upper Changi Road North/Flora Drive	Hedges Park Condominium (Hong Leong)	Private	501	224	277
Boon Lay Way / Lakeside Drive	The Lakefront Residences (Keppel Land)	Private	629	565	64
Yishun E3 at Yishun Avenue 11	The Canopy (MCC Land)	EC	406	313	93
Sembawang S1a Sembawang Road / Canberra Drive	Canberra Residences (MCC Land)	Private	320	261	59
Hougang Avenue 2 (corner of Yio Chu Kang Road)	The Terasse (MCL Land)	Private	414	150	264
Upper Serangoon Road / Pheng Geck Avenue	Nin Residence (Qingdao Construction)	Private	219	117	102
Tampines Avenue 1 / Avenue 10	Waterview (Sim Lian)	Private	696	515	181

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Table 1: GLS sites launched as residential projects (Cont'd)

GLS Site location	Project Name (Developer)	Property Type	No. of units	No. of units sold	No. of units remaining
Sengkang E3 at Sengkang East Avenue / Buangkok Drive	Austville Residences (United Engineers)	EC	540	219	321
Petir Road	Foresque Residences (Wing Tai)	Private	496	100	396

Source: URA, Knight Frank Research



Appendix 2:

Table 2: Estimated available developers residential stock* from GLS sites (2010 to 1H2011)

Developer	Private	EC	DBSS	Total
Sim Lian Group	1441	660	680	2781
City Developments	211	1060		1271
United Engineers Limited	780	321		1101
Hong Leong Holdings	897			897
Far East Organization	850			850
MCL Land	844			844
Chip Eng Seng	211	173	430	814
EL Development			770	770
CapitaLand	650			650
Low Keng Huat			630	630
Keppel Land	594			594
Qingdao Construction (Singapore) Pte Ltd	102	485		587
Frasers Centrepoint	574	9		583
Hoi Hup Realty	205	175	193	573
Sunway Development	205	175	193	573
Guthrie			403	403
SK Land Pte Ltd			403	403
Wing Tai	396			396
SC Wong Holdings Pte Ltd		175	193	368
United Overseas Land	320			320
Singland	320			320
Nam Hee Contractor	314			314
Tuan Sing Holdings Limited	270			270
Orchard Parade Holdings	262			262
Far East Civil Engineering Pte Ltd	180			180
Sekisui House Ltd	180			180
NTUC Choice Homes		173		173
MCC Land	59	93		152
Lum Chang Building Contractors Pte Ltd (FCL)		9		9
Fragrance Properties Pte Ltd	4			4

* estimated

Source: URA, Knight Frank Research



Appendix 3:

Table 3: Estimated developers' capital exposure* attributed to GLS sites (2010 to 1H2011)

Developer	Private	EC	DBSS	Total
Sim Lian Group	\$601,537,356	\$278,800,000	\$178,128,000	\$1,058,465,356
United Engineers Limited	\$543,000,888	\$104,622,222		\$647,623,110
CapitaLand	\$550,100,000			\$550,100,000
Hong Leong	\$495,264,482			\$495,264,482
City Developments	\$81,200,576	\$352,090,000		\$433,290,576
MCL Land	\$378,418,841			\$378,418,841
Keppel Land	\$317,617,854			\$317,617,854
Far East Organization	\$278,646,399			\$278,646,399
Chip Eng Seng	\$107,033,781	\$50,043,956	\$112,688,000	\$269,765,737
EL Development			\$224,000,000	\$224,000,000
Qingdao Construction (Singapore) Pte Ltd	\$52,973,397	\$136,170,000		\$189,143,397
Hoi Hup Realty	\$82,500,000	\$62,530,000	\$43,866,667	\$188,896,667
Sunway Development	\$82,500,000	\$62,530,000	\$43,866,667	\$188,896,667
Frasers Centrepoint	\$183,026,697	\$3,204,468		\$186,231,165
United Overseas Land	\$160,000,000			\$160,000,000
Singland	\$160,000,000			\$160,000,000
Low Keng Huat			\$155,228,998	\$155,228,998
Wing Tai	\$141,630,677			\$141,630,677
Orchard Parade Holdings	\$128,888,500			\$128,888,500
Tuan Sing Holdings Limited	\$123,000,000			\$123,000,000
SC Wong Holdings Pte Ltd		\$62,530,000	\$43,866,667	\$106,396,666
Guthrie			\$74,444,444	\$74,444,444
SK Land Pte Ltd			\$74,444,444	\$74,444,444
Nam Hee Contractor	\$55,070,031			\$55,070,031
MCC Land	\$24,282,188	\$29,274,384		\$53,556,572
Far East Civil Engineering Pte Ltd	\$52,266,667			\$52,266,667
Sekisui House Ltd	\$52,266,667			\$52,266,667
NTUC Choice Homes		\$25,021,978		\$25,021,978
Lum Chang Building Contractors Pte Ltd (FCL)		\$3,204,468		\$3,204,468
Fragrance Properties Pte Ltd		\$878,378		\$878,378

* estimated

Source: URA, Knight Frank Research