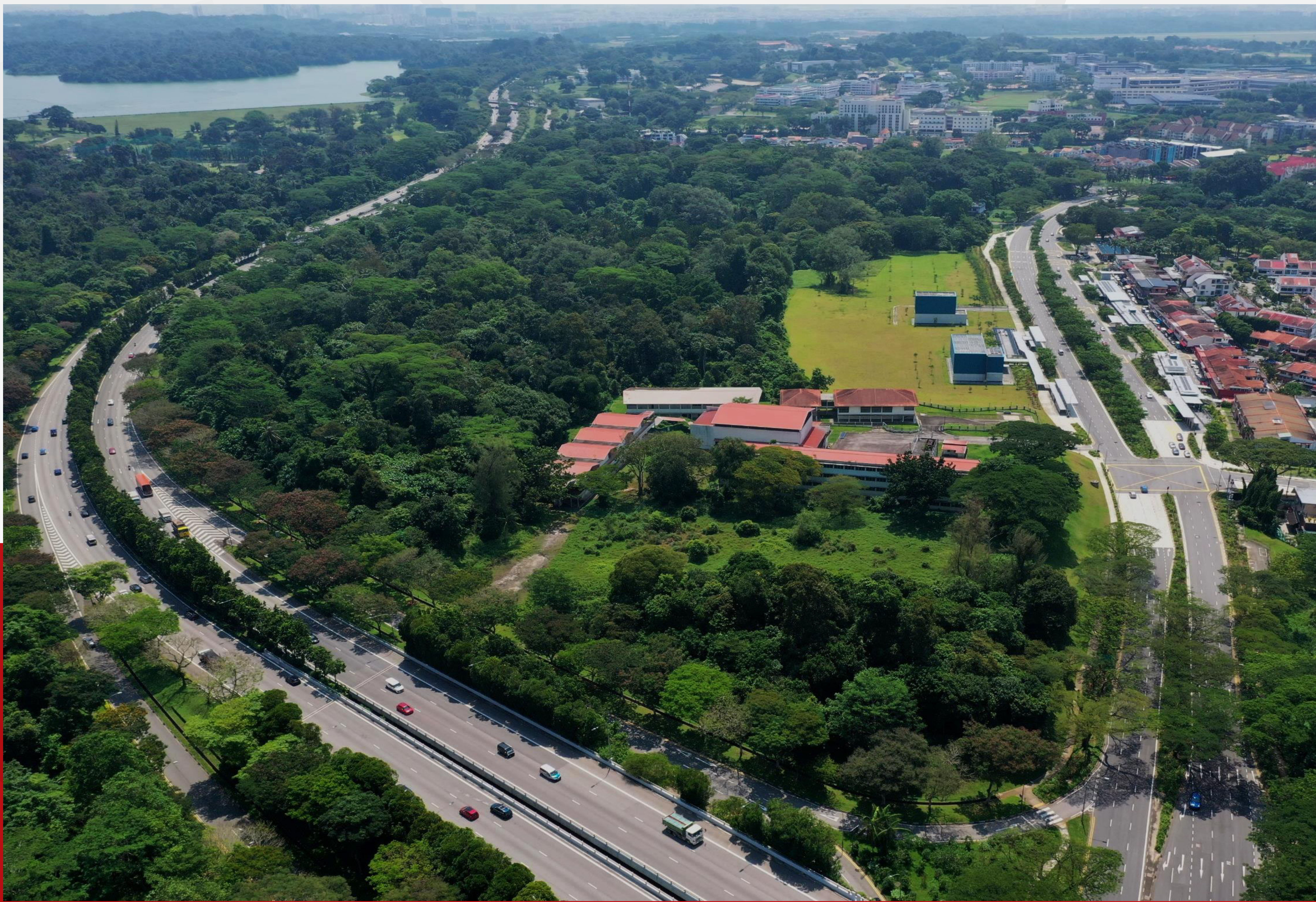
MARKET INSIGHTS | 04/12/23



UPPER THOMSON ROAD

(Parcel A) & (Parcel B) GLS Site Tender Launched

Launch of Upper Thomson Road (Parcel A) and (Parcel B) GLS

URA has launched the sales tender for two residential Government Land Sale (GLS) sites at Upper Thomson Road (Parcel A) and (Parcel B) on 4 December 2023.

The tender for the Upper Thomson Road (Parcel A) site will close on 19 June 2024, while the tender for the Upper Thomson Road (Parcel B) site will close on 4 April 2024 alongside with the Zion Road (Parcel A) site as part of a batch tender close. The other two sites released for launch is at Zion Road (Parcel A) on the Confirmed list and Zion Road (Parcel B) on the Reserve list.

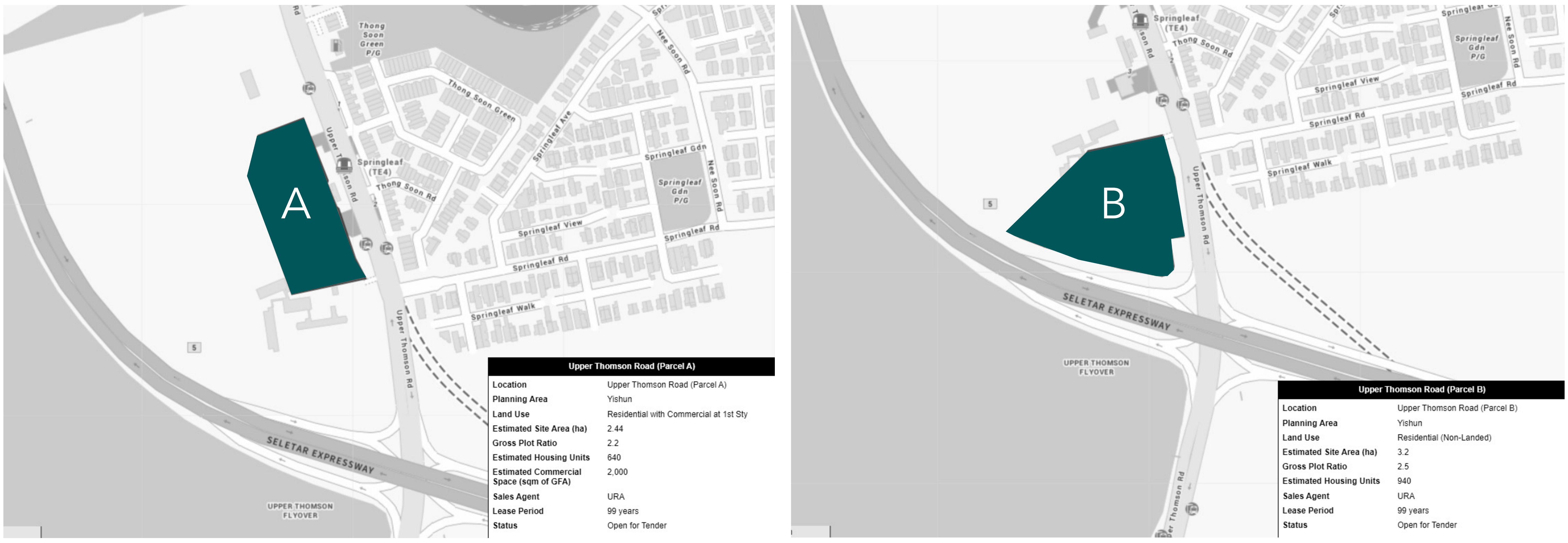
The sites are located in between the Central Catchment Nature Reserve (CCNR) and Upper Seletar Reservoir to the west, and Springleaf Nature Park and Lower Seletar Reservoir to the east. The development of the Land Parcel will need to incorporate Biodiversity-Sensitive Urban Design (BSUD) strategies. The proposed development will be reviewed by a Design Advisory (DAP), which is chaired by URA, as part of the formal development control submission process for the grant of Planning Permission.

Details of the GLS sites

	Upper Thomson Road (Parcel A)	Upper Thomson Road (Parcel B)
Land Use Zoning	Residential with Commercial at 1st Storey (Serviced Apartments required)	Residential (Serviced Apartments not allowed)
Gross Plot Ratio	2.2	2.5
Site Area	24,422 sqm	32,037 sqm
Maximum Gross Floor Area	53,680 sqm	80,000 sqm
Estimated number of units	640 (Including 100 SA* Units)	940
Tender Close Date	19-Jun-24	4-Apr-24

Source: URA, ERA Research and Market Intelligence
*SA stands for Serviced Apartments

Map of GLS Sites at Upper Thomson Road (Parcel A) and (Parcel B)



Source: URA

Locational attributes of the sites

While both parcels are adjacent to one another, Parcel A holds a geographical advantage over Parcel B as it is located at the entrance of the Springleaf MRT. Moreover, Parcel B is located alongside the Seletar Expressway (SLE), making it less attractive to home buyers. Its irregular shaped land may also present efficiency considerations to developers.

Being the first two GLS sites in the Upper Thomson area, the future developments will be the first high rise condominium projects there. Both developments could see blocks of around 30 storeys, providing unblocked views of the surrounding landed property enclave and green spaces.

The Springleaf enclave is popular for its eateries and is well supported by amenities across the road from these sites.

The proximity to the Springleaf MRT station makes it convenient for residents to travel around Singapore. On average, it will take about 15 mins to commute up north to the Woodlands Regional Centre from the Springleaf MRT Station. Orchard and Outram Park stations are about a half hour train ride away.

For drivers, the sites are located near the Seletar Expressway (SLE) and Upper Thomson Road. Marina Bay and Changi Airport are less than 30 minutes drive away.

The future developments will appeal to nature lovers, being nestled between Upper and Lower Seletar Reservoir Park and Thomson Nature Park.

Pilot of service apartments as part of the offering of new rental housing typology to cater to diverse housing needs

URA is piloting a new long-stay Serviced Apartments with a 3-month minimum stay requirement. This caters to a segment of the population that opts to rent, such as younger Singaporeans.

Presently, aside from serviced apartments which mandates a minimum 7-day stay, the other options will be private landlords. However, these landlords typically prefer longer leases. These longer-term stay serviced apartments will plug the gaps in the market for those who have short-term housing needs such as exchange students, those on short-term work assignments or those waiting for their renovations to be completed after collecting the keys to their new home.

No immediate competitor, but buyer demand could be stifled by the new home launches at Lentor

Currently, the area lacks high-rise condominium units, and there were no transactions for non-landed residential units within 2km of Springleaf MRT Station, and only 24 transactions along Upper Thomson Road. Having two new projects in the area that is next to an MRT Station will provide new housing options.

The nearest comparable new launches are Lentor Modern (97% sold), Lentor Hills Residences, and Hillock Green, which are all located around Lentor MRT Station (one stop away). Lentoria is scheduled to launch in 1Q 2024. Our analysis shows that the demand for new homes in this vicinity primarily comes from genuine homebuyers who either live in the vicinity or further up the north region.

Comparable new private residential properties at Lentor

Project Name	No. of units	Land Rate psf ppr ($)	Average Price psf ($) till date	% sold	Estimated TOP
Lentor Modern	605	$1,204	$2,101	97%	Mid-2026
Lentor Hills Residences	598	$1,060	$2,085	73%	End-2028
Hillock Green	474	$1,108	$2,111	30%	Early-2028
Lentoria	267	$1,130	-	-	2028
TBC (Lentor Gardens)	533	$985	-	-	-
TBC (Lentor Central)	475	$982	-	-	-

Source: URA, ERApro, ERA Research and Market Intelligence
Note: Data as of 13 Dec 2023

Muted demand expected

Developers could have lower appetite for land as some of them have already replenished their land bank. Excluding EC, non-landed residential sites received an average of 5.2 bids per site in 1H 2022, and this has moderated to 3.7 bids per site in 2H 2023.

Secondly, Parcel A comes with the service apartment component, which will require a different operating skillset. Since these serviced apartment units are not strata-titled and cannot be sold individually, developers can either retain ownership for rental revenue or sell these units collectively to a service apartment operator. The two sites will likely draw bids from developers with the relevant expertise or have subsidiaries that are in the business of managing such properties. Others may choose to form partnership with operators that possess the relevant operating capabilities.

Some developers may choose to stay away from the Upper Thomson site as they perceive the existing home launches at Lentor to have already captured a much of the buyers' market.

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