MARKET INSIGHTS

15 AUG 2023

CLEMENTI AVENUE 1 GLS

Site Tender Open

CLEMENTI AVENUE 1

Government Land Sales (GLS) Site Tender Open

URA has launched the tender for one Government Land Sale (GLS) land parcel at Clementi Ave 1 on 15 August 2023.

The land parcel is located in the Outside of Central Region (OCR) and is zoned for non-landed residential use. Located beside the Ayer Rajah Expressway in District 5, the site is expected to yield an estimated 500 housing units.

Map: Location of Clementi Ave 1 GLS site

Clementi Avenue 1	
Location	Clementi Avenue 1
Planning Area	CLEMENTI
Land Use	Residential (Non-Landed)
Estimated Site Area (ha)	1.34
Gross Plot Ratio	3.5
Estimated Housing Units	500
Sales Agent	URA
Lease Period	99 years
Status	Open for Tender

Source: URA

Characteristics of the Site

The Clementi Avenue 1 site is located in close proximity to a wide range of top local and international educational institutions spanning from primary schools to universities, all within a 1.5km radius from the site.

These local schools include Nan Hua Primary School, Nan Hua High School, Anglo-Chinese School (Independent), Singapore Polytechnic, National University of Singapore (NUS) and Singapore Institute of Technology (SIT). International educational institutions include Japanese Primary School and United World College.

According to our research, the median unit price of non-landed private properties in the Clementi Planning Area is $1,627 psf in 1H 2023, which is 11.7% higher than the median unit price of $1,457 psf for non-landed private properties in the OCR during the same period last year. A major reason for this premium can be attributed to the agglomeration of educational institutions in the Clementi Planning Area.

The site is also positioned within a major employment hub in the form of the thriving Singapore Science and Technology Corridor which houses numerous Biomedical Research and Development (R&D) and innovation-based companies located in One-North.

For individuals who cherish nature and enjoy outdoor activities, the site boasts proximity to an expansive greenspace in West Coast Park. Encompassing an impressive area of 50 hectares, this park not only offers a tranquil natural setting but also affords awe-inspiring vistas of the West Coast shoreline. Situated a mere 1.5km away, its adjacency presents an enticing opportunity for residents to immerse themselves in the splendour of nature.

The 2 most recent projects launched in the area are Blossoms by the Park and Terra Hill which are fetching a median unit price of $2,445 from April to August 2023.

Table: Comparable projects to Clementi Ave 1

Project Name	Location (Road Name)	No. of Units in the development	Year of TOP	Median New Sale Price ($psf), Apr to Aug 23	% sold
Blossoms by The Park	9 Slim Barracks Rise	640	2025	$2,433	77.6%
Terra Hill	18 Yew Siang Road	270	2027	$2,701	38.9%

Source: URA, ERA Research & Market Intelligence

Demand from Parents and Investors

With this plethora of schools in its vicinity, the Clementi Avenue 1 site could prove to be a major hit amongst parents of existing students or parents who are seeking to enrol their children into these schools.

Apart from owner-occupiers, upcoming developments in the nearby Jurong Lake District (JLD) including the construction of offices and an integrated transport hub by 2028, could also make this site appealing to property investors.

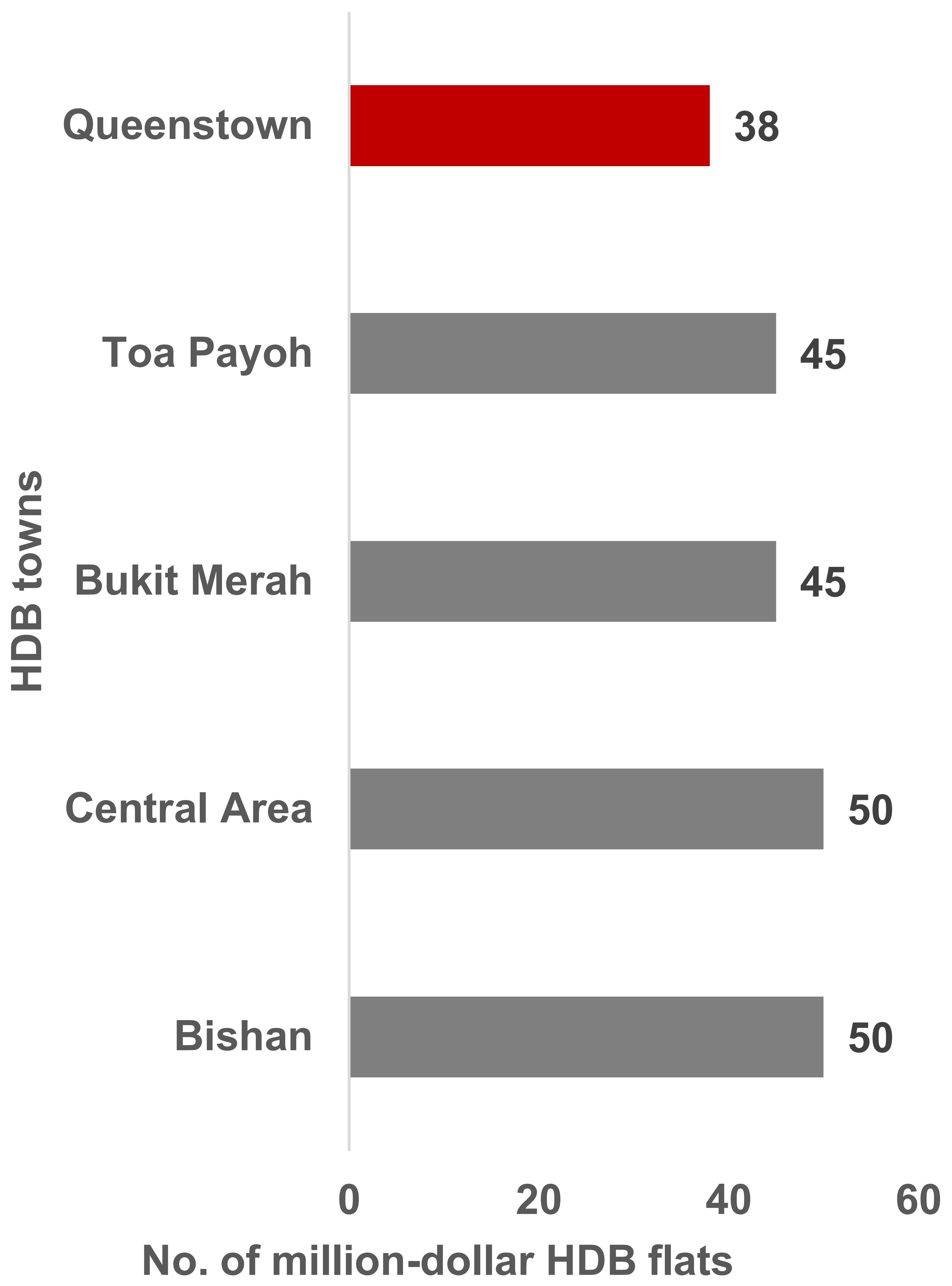
Forecasts indicate that JLD will generate 100,000 new jobs between 2040 and 2050, and this is likely to increase demand for homes in Clementi due to its proximity to the district, further attracting investors to seize the potential for significant returns.

Potential HDB Upgraders

In 2022, Queenstown stood out as one of the top five HDB towns in terms of the highest number of HDB flats transacted for at least a million dollars. With substantial proceeds from selling these HDB flats, we expect good demand from HDB upgraders for the launch of this site. For example, 29% of Blossoms by The Park's and Terra Hill's purchases come from buyers with HDB address (excluding N.A addresses).

Clementi is a HDB town nearest to the subject GLS site and over the years, there has been a growing number of million-dollar HDB flats. The new development in Clementi Ave 1 has the potential to experience spill-over effects from HDB upgraders from Clementi Town, along with attracting first-time buyers.

Chart: Top 5 HDB towns with million-dollar flats



Source: HDB, ERA Research & Market Intelligence

Rental Demand

Anticipate favourable rental yields from technology and research professionals employed in the one-north area, as well as investors who hold an optimistic outlook on the prospects of the Jurong Lake District (JLD). As the one-north district continues to mature, marked by the addition of more commercial developments, the demand for rental properties in its immediate vicinity is poised to rise. This surge in demand is expected to radiate from the one-north locale to the adjacent Clementi area.

Drawing a parallel with the neighbouring Clement Canopy, we observe a consistent trend where it has consistently maintained a higher median rental rate in comparison to the wider District 5. This pattern has been consistently observed over multiple quarters, spanning from Q2 2019 to Q3 2023. Over this duration, Clement Canopy has consistently commanded higher median rents than the broader District 5 as seen from the graph below. Over the same period, Clement Canopy has a higher average median rent of $4.68psf pm compared to $3.77psf pm of District 5. The underlying factors contributing to this rental premium include the optimistic sentiments surrounding the Jurong Lake District's development, its advantageous proximity to the Ayer Rajah Expressway (AYE), and its strategic positioning within Singapore's prestigious educational enclave. We expect these benefits to be conferred to the Clementi Avenue 1 site as well.

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