

Slow going for en bloc sales, especially those above \$100m

Data shows Jan-June successful selling rate at just 51%, versus 65% in Jan-Dec 2010

By **FELDA CHAY**

[SINGAPORE] Home owners keen to sell their property through an en bloc sale were less likely to be successful in the first half of this year as compared with the whole of 2010, with estates going for \$100 million and above the most difficult to sell.

Data published by property consultancy firm Credo Real Estate showed that plots put up for sale enjoyed a 51 per cent successful selling rate from January to June this year, as

compared with 65 per cent for the whole of 2010.

Dragging down the overall selling rate were bigger sites, with more put up for sale this year to tepid interest.

According to Credo, 26 sites valued at \$100 million and above were available for sale in the first half of this year, compared with 11 for the whole of last year.

Of the 26 sites, just six – valued from \$100 million to less than \$300 million – were sold, while none of those priced above \$300 million were picked up. This translates to a success rate of 23.1 per cent.

Last year, three of the 11 sites valued at \$100 million and above were sold,

putting the success rate at 27.3 per cent.

In contrast, plots valued at below \$50 million enjoyed an 87 per cent success rate for the first half this year, higher than the 76 per cent garnered by sites put up for sale from January to December last year.

The different reception that big and small collective sale sites saw stem from the uncertain property market environment, and the higher supply of land available under the Government Land Sales (GLS) programme, said Credo's deputy managing director Tan Hong Boon.

With the Singapore government intent on keeping property prices in check, de-

velopers are keen to see quicker turnaround times, especially for mega sites, he said. And collective sales – unlike plots sold under the GLS programme which are also large in size – generally take a longer time to change hands.

“For collective sales, you need to factor in the 3-4 months that it takes for the strata title board to give the sale order”, for instance, said Mr Tan. Then there is the six-month period where the developer has to allow residents to stay rent-free before it can begin to redevelop the land.

In contrast, land available under the GLS programme has a more straightforward process, said Cushman & Wakefield

Singapore vice-chairman Donald Han. “The land sale can be completed within three months, while collective sales may take a while. And there is the unknown factor: developers cannot be sure that there won't be dissidents and appeals against the sale.”

What has added to the lack of interest in large en bloc sites is the huge land supply coming into the market under the GLS scheme, added Mr Han. In June, the Ministry of National Development (MND) released 17 residential sites on the confirmed list of the GLS programme for the second half of the year. Analysts have said that this is a bumper supply of land.

“The smaller collective

sale sites are usually bought by boutique or mid-sized developers, who are not big enough to purchase land under the GLS,” said Mr Han. This explains why they are seeing a higher take-up rate.

Large sites that have been launched for collective sale this year include Pearlbank Apartments in Outram, which carried a \$750 million price tag; Pine Grove condominium in Ulu Pandan, which asked for \$1.7 billion; and Tulip Garden in Farrer Road, going for \$600 million.

None of the eight estates priced above \$500 million that were put on the market up till June have been sold. Last year, four such plots were up for sale, and none were snapped up.