

COLLECTIVE SALES ROUND-UP 2011

Sale of larger enbloc sites lifts total value for 2011

2011 ends with total collective sales value hitting \$3.08 billion with 49 sites sold, surpassing 2010's value of \$1.77 billion from 36 transacted parcels.

The bulk of collective sales in 2011 is characterized by mainly smaller sites with values of below \$100 million each. 37 of such sites were sold fetching a combined value of \$1.37 billion. What lifted the collective sales performance in 2011 is the sale of 12 sites with values above \$100 million each. These deals fetched a combined value of \$1.71 billion accounting for 55% of total sales value. By contrast, 2010 only saw 3 collective sale sites of above \$100 million each being concluded.

Various factors contributed to the successful sale of the abovementioned 12 sites in 2011. Most of these sites are in attractive locations in prime and mid-prime districts and drew keen interest from the market.

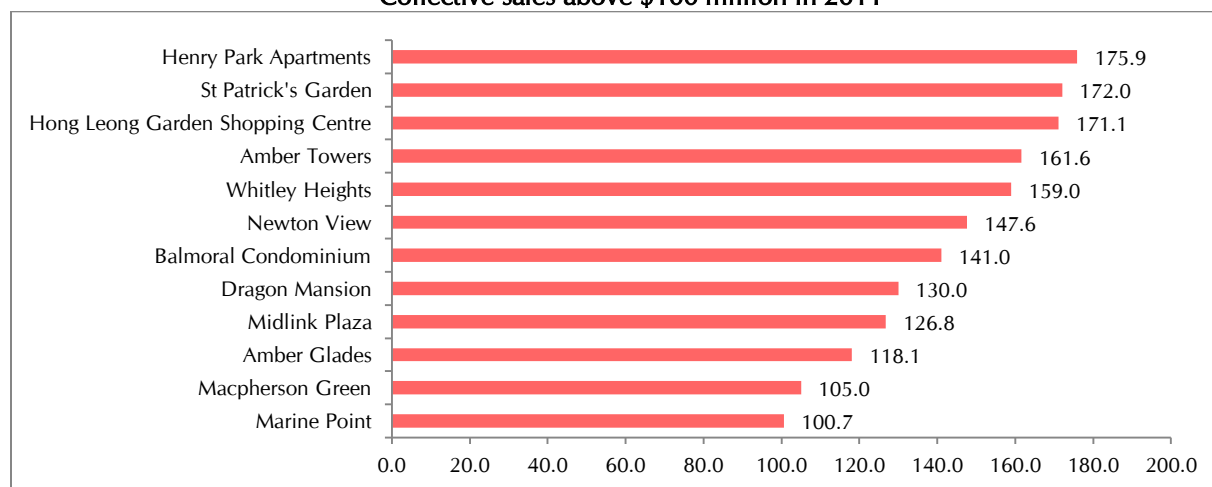
Summary of Collective Sales Values in 2010 and 2011

Price range of sites	2010		2011 (to date)	
	Value (\$ Bil)	No of sites	Value (\$ Bil)	No of sites
Up to \$100 m	1.294	33	1.373	37
Above \$100 m	0.473	3	1.709	12
Total	1.767	36	3.082	49

Source: Credo Real Estate

Some of the bigger developers have begun to look at such sites in order to avoid putting all their eggs in mass market sites under the Government Land Sales (GLS) programme. There are other developers who are frustrated with the often intense competition over GLS sites and decided to secure enbloc sites instead. While GLS sites are of 99 year leasehold tenure, enbloc sites are typically freehold or 999 year leasehold. Some developers prefer the latter as there is so much supply of 99 year homes entering the market.

Collective sales above \$100 million in 2011



Source: Credo Real Estate



*Highest value collective sale in 2011
-Henry Park Apartments at \$175.9million*

Going forward, the sale of large enbloc sites will become more challenging due to the Additional Buyer's Stamp Duty (ABSD) requirements. For development sites, a major requirement for the remission of ABSD is the completion of the development and sale of all the units within 5 years. This is a one size fits all requirement which discriminates against big sites. As the 5 year time frame will be rather onerous for large sites, developers will be wary of purchasing them. Hence this rule requires a review by the Government.

Although collective sales in 2011 has been creditable with \$3.08 billion worth of deals done, market conditions in 2012 are expected to be more challenging due to the expected economic slowdown and the cumulative effects of the cooling measures including those imposed recently in December 2011. While developers are likely to be cautious they will be looking for opportunities to replenish their land banks at lower land prices, possibly with less competition. We foresee that enbloc sites will continue to interest developers in 2012 but total sales will likely be lower at an estimated \$2 billion.

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