

Record bid for Bishan site polarises views

CapitaLand's \$869 psf ppr bid is 27% above KepLand's

By **KALPANA RASHIWALA**

[SINGAPORE] CapitaLand yesterday set a new record for 99-year-leasehold suburban condominium land, bidding \$869.36 per square foot of potential gross floor area for a plum condo site near Bishan MRT Station and the group's Junction 8 mall.

The property giant's bid was a whopping 27 per cent or about \$118 million above the next highest offer, from fellow Temasek stablemate Keppel Land, which bid \$683 per square foot per plot ratio (psf ppr).

The site - one of the most attractive on the Government Land Sales (GLS) Programme - drew 19 bids in one of the best showings for a state tender for private housing land.

However, a wide spread in the bids also reflects a divergence of views on the market outlook. CapitaLand's top bid was about 2.6 times the lowest offer of about \$337 psf ppr from a unit of Hiap Hoe group.

"The two Temasek-linked companies seem to be more optimistic than other key developers, who are familiar with this market segment," said Knight Frank chairman Tan Tiong Cheng.

A developer lamented: "On the one hand, government is trying to tame the property market and here we have two TLCs putting in the most aggressive bids at a state tender. So it leaves us wondering where property prices will go next."

Most analysts estimate CapitaLand's breakeven cost at about \$1,300 psf.

19 bids

Provisional tender results for 99-year Bishan condo plot

BIDDERS	TENDER PRICE (\$)	\$ psf ppr
Bishan Residential Development (CapitaLand)	550,100,000	869.36
Keppel Land Realty	432,330,000	683.24
MCC Land (Singapore)	427,800,000	676.08
Sunmaster Holdings (City Developments)	418,000,000	660.59
Qingdao Construction	400,670,000	633.21
Siong Feng Development (Low Keng Huat)	399,288,888	631.02
BRDB (S) Pte Ltd (Bandar Raya Developments Bhd) and Novelty Corp (Novelty Group)	380,000,000	600.54
Intrepid Investments (Hong Leong Hldgs) and TID Residential	367,003,000	580.00
MCL Land and City Top Investments Ltd (Shun Tak Hldgs)	363,840,000	575.00
Allgreen Properties Ltd	333,890,000	527.67
FCL Topaz (Fraser's Centrepoint), Far East Civil Engg (Far East Organization) and Sekisui House	321,777,000	508.53
Tong Eng Brothers, Clarus Corp and Lum Chang Building Contractors	320,000,000	505.72
Winbelle Investment (Wing Tai) and Maxdin (United Engineers)	303,729,600	480.00
Evia Real Estate (I) Pte Ltd	284,746,608	450.00
Sim Lian Land	268,000,000	423.54
First Changi Development (GuocoLand)	260,800,000	412.16
Plan Achieve Ltd	256,478,888	405.33
Teneriffe Development (Jack Investment/Han Chee Juan)	240,452,600	380.00
Leng Hoe Development (Hiap Hoe)	213,000,000	336.62

"The top bid for the Bishan site suggests that the developer is looking to sell the units at around \$1,400 psf," said CBRE Research executive director Li Hiaw Ho.

Units in Centro Residences at Ang Mo Kio Central have sold at \$1,200-1,400 psf, according to caveats lodged between October last year and January this year. "We expect the new project to be able to attract upgraders in Bishan, Toa Payoh and the nearby landed estates as well as farther afield when it is launched."

Due to the site's high 4.9 plot ratio (ratio of maximum gross floor area to land area), the future development can likely reach 40

storeys and residents on the upper floors can enjoy a good view as far as MacRitchie and Lower Peirce reservoirs, Mr Ho added.

Knight Frank's Mr Tan said the 27 per cent spread between the top two bids at yesterday's tender was the highest for a 99-year high-rise condo plot since property cooling measures were introduced by the government over the past year. "But this is also one of the best sites on the GLS Programme."

Analysts said CapitaLand's bid amount also reflects the property giant's hunger for investments. The group's president and CEO Liew Mun Leong said

earlier this week it is looking at \$5-6 billion new investments in 2011. Ironically, Mr Liew then also pointed to the risk of overpaying for sites through "blind tenders" for state land sales unlike private treaty negotiations for collective sales.

Yesterday, a CapitaLand spokesman said: "We are confident that the project will be well-received by homebuyers. The site is in one of the most desired residential estates in the central region of Singapore, in the heart of the popular Bishan residential area."

The proposed development will have about 600 units and be at least 36 storeys high, she added.

Most property consult-

ants had expected top bids to come in at around \$600 psf ppr. City Developments yesterday bid at about \$661 psf ppr. A consortium that includes Far East Organization, which has developed condo projects in Bishan, bid about \$508 psf ppr. Sim Lian, which also has experience in the location, offered around \$423 psf ppr.

Yesterday's tender also saw new participants from overseas - Hong Kong's Shun Tak Holdings teamed up with MCL Land to bid \$575 psf ppr. Bandar Raya Developments from Malaysia partnered local developer Novelty group for a \$600.54 psf ppr bid. China developers MCC Land and Qingdao Construction placed separate bids of \$676 psf ppr and \$633 psf ppr respectively.

The bullish top bids yesterday led SLP International executive director Nicholas Mak to suggest: "This may push the authorities closer to formulating more cooling measures. But they'll probably look at the next few land tenders first."

An analyst said: "These are the signs that will draw potential buyers who have been waiting on the sidelines back to the market when they see launches doing reasonably well and bullish land bids which means prices are likely to go even higher."

Said Urban Redevelopment Authority's group director (land sales and administration) Marc Boey: "The wide spread of bids at the tender reflects the divergence of views among developers on the impact of the latest round of cooling measures on the property market going forward."

"Bids which are towards the lower end of the range may reflect the dampening effect of the measures and greater caution."