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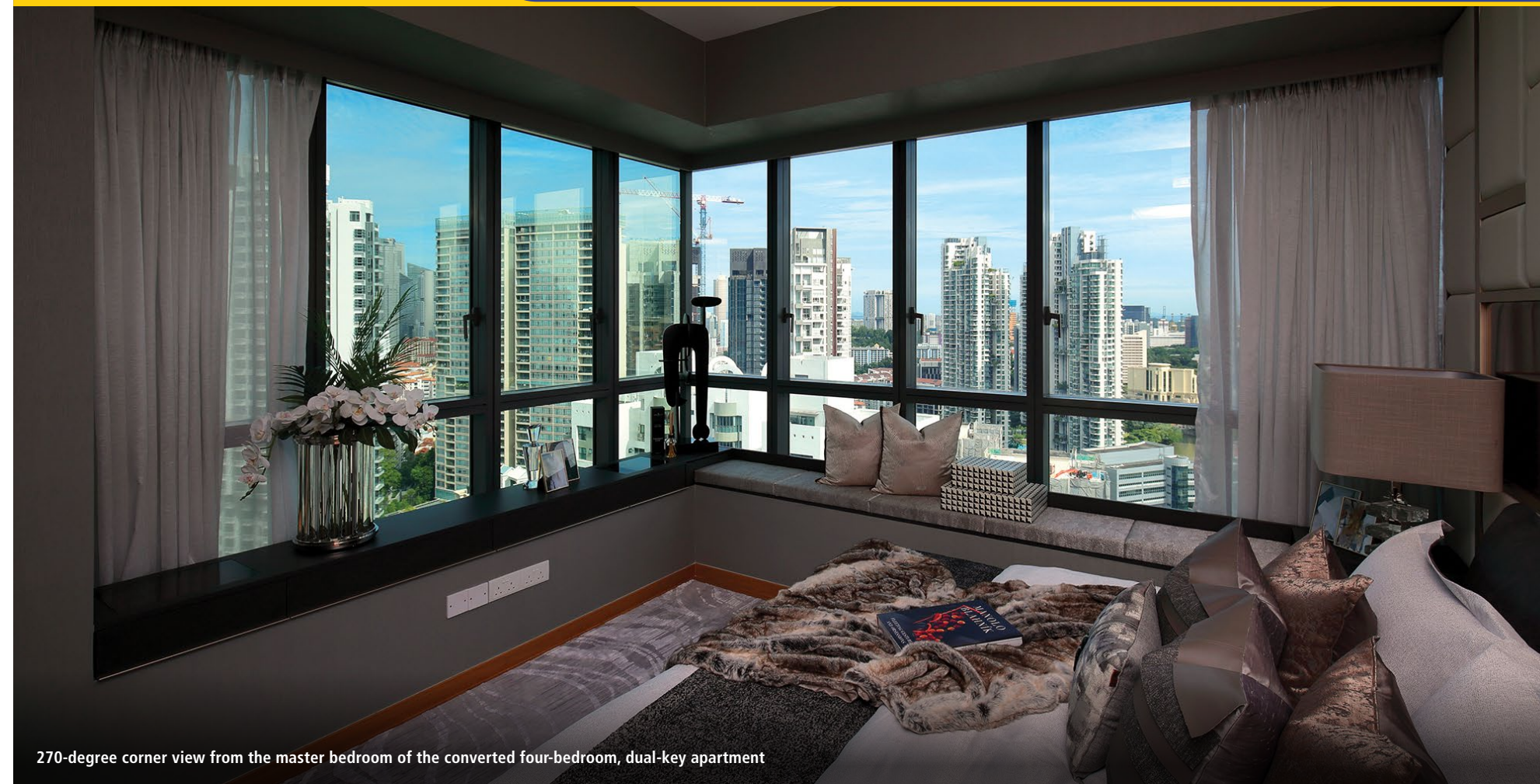
Bukit Sembawang capitalises on return of buying interest to prime districts

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View towards Marina Bay from the 23rd floor of one of the towers at 8 St Thomas

SAMUEL ISAAC CHUA/THE EDGE SINGAPORE



270-degree corner view from the master bedroom of the converted four-bedroom, dual-key apartment

PICTURES: SAMUEL ISAAC CHUA/THE EDGE SINGAPORE

Bukit Sembawang capitalises on return of buying interest to prime districts

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Listed property group Bukit Sembawang Estates has launched a new deferred payment scheme called “Reserve-and-Stay” for its completed high-end condominium, 8 St Thomas. Under this scheme, a buyer can move in with just a 30% down payment. The balance payment will be deferred to October 2021. This new scheme is the latest, following two other deferred payment schemes launched last year: the Reservation Scheme where a buyer can reserve a unit with just a 10% down payment; and “Stay-and-Pay” scheme, where buyers can move in with just a 20% down payment.

“We wanted to give buyers flexibility, so we gave them a full suite of options,” says Jenny Ho, Bukit Sembawang general manager (marketing).

However, units purchased under the Reservation Scheme are about 3% to 5% higher than those under the Normal Payment Scheme. Hence,

90% of the buyers opted for the normal payment scheme where they could purchase units offered as “star buys” or bundled with interior design packages, says Ho.

Still, as at Aug 25, Bukit Sembawang has moved 178 units out of a total of 250 in the high-end project at St Thomas Walk, off River Valley Road in prime District 9. This works out to 71% of the project sold. Of the units sold, 120 were locked in between August 2018 and March this year before Singapore’s Covid-19 “circuit breaker” came into effect on April 7. The average price achieved was \$3,165 psf.

Since Phase Two reopening after the circuit breaker, 58 units have been sold between June and August. Based on caveats lodged, units sold have fetched an average price of \$2,749 psf, reflecting a price dip. Due to the Covid-19 pandemic, “the market has softened a little,” concedes Ho. The lower psf prices also reflect the bigger units sold recently, as well as some of the units sold as “star buys”.

Return of Chinese buyers

Foreign buyers account for 60% of the purchases at 8 St Thomas, primarily from China, Hong Kong and Indonesia. In fact, there was a bulk purchase of eight units by a group of Chinese buyers during the circuit breaker in June.

Locals make up the remaining 40% of the buyers at 8 St Thomas, with many buying for investment, on behalf of their children or under a trust. Hence, they prefer the two- and three-bedroom units, says Ho.

On the other hand, Chinese buyers prefer the bigger three- and four-bedroom units. “Interestingly, many Chinese buyers today ask if there’s a bathtub in the master bathroom,” she adds. “It wasn’t something commonly asked for in the past.”

Typical units in the development range from one-bedroom units of 441 sq ft to four-bedroom units of 1,755 sq ft. The majority (70%) of the units are two- and three-bedroom units with sizes ranging from 549 sq ft to 1,302 sq ft.

There are just two duplex penthouses crowning the top of the 35- and 36-storey towers. The bigger of the two penthouses of 2,659 sq ft, was sold in April last year for \$9.65 million (\$3,630 psf); while the other, sized at 2,422 sq ft, fetched \$9 million (\$3,716 psf) in January this year, which is also a record psf price for the development to date.

In addition, there are 14 four-bedroom units and 20 four-bedroom dual-key units sized at 1,690 sq ft. Majority of the available units are of these two types. Bukit Sembawang recently reconfigured a four-bedroom dual-key unit into a regular four-bedroom apartment. “This allows buyers to visualise the space, especially those who are intending to move into the units themselves,” says Ho. Since the start of August, sales of four-bedroom and dual-key units have started to pick up, she adds.

For sure, buyers are taking their time to look around, to check out other projects launched in the prime districts to compare product offering



Part of the expanded living and dining area of a 1,690 sq ft, four-bedroom unit that was converted from a dual-key unit



The enclosed kitchen of the renovated four-bedroom unit

PICTURES: SAMUEL ISAAC CHUA/THE EDGE SINGAPORE



The living and dining area of the one-bedroom apartment of the four-bedroom, dual-key unit



The living room of a three-bedroom apartment of an original four-bedroom, dual-key unit

and price points. However, Bukit Sembawang’s Ho believes 8 St Thomas has an edge over other new launches in the prime districts as it is a completed freehold development, and buyers can move in or rent out the units immediately. Asking rental rates for units 8 St Thomas range from \$3,200 to \$3,800 per month for the one-bedder; \$4,200 to \$6,500 for the two-bedders; and from \$8,000 for the three-bedders, according to listings on *EdgeProp Singapore*.

Lure of big units

In the past two months since project sales galleries reopened on June 19, there has been a surge in transactions at some of the luxury condos in the prime districts. “I think it’s fairly consistent across projects in prime Districts 9, 10 and 11, that the permanent residents and foreign buyers are predominantly Chinese nationals,” says Dominic Lee, head of luxury team at PropNex.

On River Valley Close is The Avenir, where 21 units were snapped up between June and August to date, at an average price of \$3,121 psf. This compares to 18 units sold from January to March this year prior to the circuit breaker, with units achieving an average of \$3,310 psf, according to caveats lodged.

“Most of the recent purchases of big, four-bedroom units at The Avenir were by Chinese buyers, while the majority of the one- to three-bedroom units were purchased by locals,” says PropNex’s Lee.

Four-bedroom units sold at The Avenir ranged from \$5.94 million (\$2,891 psf) for a fifth-floor unit to \$8 million (\$3,318 psf) for a unit on the 32nd level, according to caveats lodged. Meanwhile, one-bedders start from \$27 sq ft with prices from \$1.47 million (\$2,972 sq ft) for a low-floor unit.

The Avenir has twin 36-storey towers with a total of 376 units and was launched on January 11. The freehold, luxury project is a redevelopment of the former Pacific Mansion by Hong Leong Holdings and GuocoLand Singapore and is also located in prime District 9.

In the Holland-Leedon Road area in prime District 10, Leedon Green has also seen a spurt in buying activity, with about 20 units sold since June. These ranged from one- to four-bedroom units. The 638-unit, freehold condo located at Leedon Heights is a redevelopment of the former Tulip Garden by joint developers, MCL Land and Yanlord Land.

Once again, the purchases of three- and four-bedroom units with prices ranging from \$2.76 million to \$3.988 million were dominated by the Chinese buyers, while the one- and two-bedrooms with prices from \$1.208 million were snapped up by local investors. Based on caveats lodged for units sold since June, average price was \$2,576 psf, compared to \$2,678 psf when the project was first launched. “Buyers at Leedon Green are a good mix of locals and Chinese who are already permanent residents here,” says PropNex’s Lee. “Most of these buyers are drawn to the project as the selling prices are compelling relative to new launches in the area.”

At Skyline@Orchard Boulevard, a 33-storey luxury condominium tower with just 40 units, a four-bedroom, 3,768 sq ft unit was sold recently for \$14.99 million (\$3,978 psf). The buyers are Chinese nationals, based on an Inlis check.

Right time to enter?

PropNex’s Lee reckons buyers feel this is the right time to enter the high-end segment as “developers have been more forthcoming with discounts in the form of star buys for selected units because of the impact of Covid-19 on market sentiment”.

At 8 St Thomas, Bukit Sembawang is also motivated to sell as it will be hit by the first extension charge under the Qualifying Certificate (QC) regime. This is because the project is a redevelopment of the former Airview Towers and adjacent Chez Bright Apartments purchased en bloc in 2006 and 2007 respectively. As 8 St Thomas was completed in 2018, this year it will be subjected to QC charges of 8% on the acquisition cost of the land. The charges will be pro-rated based on the unsold units. Next year, the extension charge will be 16%, and 24% in the third and subsequent years.

Even though the government said that Singapore-listed developers with a substantial connection to the country could apply for exemption from the QC regime, there were conditions that had to be met. For instance, the company has to have a significantly substantial Singaporean shareholding interest; a primary listing on the Singapore Exchange and a place of business in Singapore. The chairman as well as majority

of the company’s board also have to be Singapore citizens. Hence, Bukit Sembawang will not be exempted from QC charges.

Property buyers entering the market today have been waiting on the sidelines for some time. “When they see an interesting price point, they will commit to a purchase,” says Ooi Chee Eng, Bukit Sembawang’s acting CEO and CFO. “This is because over the long-term, Singapore property has proven to be a good buy, especially freehold property.”

A case in point was the latest phase of Bukit Sembawang’s housing development, Luxus Hills which previewed on Feb 14. Called the Contemporary Collection, all 39 houses were snapped up within a fortnight. Of these, 30 were intermediate terraces that fetched prices ranging from \$3.35 million to \$3.4 million or \$2,070 to \$2,100 psf. These prices set a new benchmark for intermediate terraced houses, according to Ho. Located off Ang Mo Kio Avenue 5, the houses at Luxus Hills are sold with a 999-year lease.

Slated for launch in 2021

Bukit Sembawang also has another housing development off Ang Mo Kio Avenue 5, located on Nim Road, which is also near Luxus Hills. Phase 1 of Nim Collection with 47 houses, is fully sold and completed as at 2Q2020, while Phase 2, with

51 houses was completed in 3Q2019. To date, 48 houses at Phase 2 have been sold. A third phase of 132 houses is in the pipeline for launch next year.

The houses in the Nim area are 99-year leasehold. There is an additional landbank of 48,857 sq m (525,911 sq ft) and 19,094 sq m (205,534 sq ft) earmarked for future development in subsequent phases. They are currently 999-year leasehold, rural non-residential land. Upon redevelopment, they will be rezoned as 99-year leasehold residential land, says Bukit Sembawang in the minutes of its annual general meeting on July 24.

Besides its existing landbank, Bukit Sembawang bought two sites en bloc in March 2018. One was the former Katong Park Towers located on Arthur Road, off Mountbatten Road in prime District 15 in the east. The 99-year leasehold Katong Park Towers was purchased for \$345 million. The other was Makeway View on Makeway Avenue, off Kampong Java Road in prime District 9. Bukit Sembawang paid \$168 million for the 41,582 sq ft, freehold site, which will be redeveloped into the upcoming 120-unit The Atelier.

The new 99-year leasehold project on the site of the former Katong Park Towers will be called Liv @ MB. It will have 298 units sitting on 140,758 sq ft site and is located just 200m from the future Katong Park MRT station. “This is one of the largest land parcels in the Meyer Road-Mountbatten area,” says Ho. “The development will have 70% dedicated to open spaces, communal facilities and landscaping.” The development will also have sky terraces offering unobstructed views, she adds.

Bukit Sembawang is planning to launch Liv @ MB ahead of The Atelier. However, both projects are likely to come onstream only next year. “We are not in a hurry to launch them because apart from 8 St Thomas, we only have these two condominium developments in the pipeline,” says Ho. “Covid-19 has also given us the opportunity to take a step back to review our projects, to see what enhancements we can make.”

‘Being cautious has paid off’

Ooi reckons the two condominium developments and new phases of houses at Nim Road will appeal to the younger generation of homebuyers.

The developer wants to diversify beyond residential development too. In April last year, it opened the 115-room serviced apartment, Fraser Residence Orchard on Paterson Road, off Grange Road. The serviced residences is a conversion from Bukit Sembawang’s former Paterson Collection residential project. The serviced residences are a mix of studios, one- and two-bedders as well as a four-bedroom penthouse of 3,660 sq ft. The serviced residences are managed by Frasers Hospitality.

To date, Fraser Residence Orchard has an occupancy rate of about 50%, with most of residents on long leases, according to Ooi. “It’s holding up well in terms of occupancy and room rates,” he says. “It’s in line with our strategy to look for other assets to acquire for investment income over the long-term.”

In hindsight, having stayed almost exclusively in the residential space has served Bukit Sembawang well. “The commercial sector — retail, office and hotels — has been quite badly hit by Covid-19,” says Ooi. “Perhaps being cautious has paid off and we are coming from a position of good financial strength.” ■



View towards Marina Bay from a reconfigured four-bedroom, dual-key unit on the 23rd level of one of the two towers at 8 St Thomas