

Beach Road commercial site nets top bid of \$1.62b

GuocoLand units' offer was one of five above trigger price, a sign of developers' confidence

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Developers were ready to pay big bucks for a prime Beach Road commercial site, with the top offer coming in at a bumper \$1.622 billion, it was announced yesterday.

All five offers were well above the initial trigger price for the 99-year leasehold site. The top \$1.622 billion bid was lodged by GuocoLand units GLL Prosper and GLL Thrive, the Urban Redevelopment Authority said yesterday.

It works out to around \$1,706 per sq ft (psf) per plot ratio (ppr) for the 2ha site, which has a maximum permissible gross floor area of 950,593 sq ft, of which 70 per cent or more must go to office use.

The plot was on the reserve list of

the Government Land Sales programme but was triggered for tender on July 6 after a developer committed to bid at least \$1.138 billion, or \$1,197 psf ppr.

All five bids lodged in the tender exercise came in ahead of this, with the lowest – from three units linked to developer Far East Organization – at \$1.295 billion.

ZACD Group executive director Nicholas Mak noted that four of the bids were at least 20 per cent higher than the trigger price, a sign of “revived confidence among developers and property players”.

Industry watchers also said the bullish offers were due to the site's plum location – it is on the outskirts of the Central Business District and near Bugis, City Hall and Esplanade MRT stations – as well as expecta-

tions of a rental recovery in the office market.

The winning developer will be required to build an underground walkway between the plot and Bugis MRT station and conserve and restore the former Beach Road Police Station, which is on the site.

Analysts said that rents at South Beach Tower, which is fully occupied, and the upcoming Duo development also auger well for the area's leasing prospects.

Calling the site “the final piece of the jigsaw to establish Beach Road as a commercial node”, Mr Desmond Sim, CBRE's head of research for Singapore and South-east Asia, said: “The bid is a clear reflection of the bidders' confidence in the office market, which is in its initial phase of recovery.”

Mr Mak added: “The developer may be of the opinion that when the new commercial building on this site is completed in about 2022, the office leasing market could be in the

middle of the recovery phase.”

The bid is validated by the rents of premium offices in Beach Road, said Dr Lee Nai Jia, head of research at Edmund Tie & Company.

“Over time, we anticipate the Central Business District will extend to the Kallang River areas and the Beach Road area will be a prime office site for information technology, business and the financial services sector,” he said.

Dr Lee added that the sale of the Beach Road site “may also encourage some of the older buildings to do addition and alteration works to retain their tenants and remain competitive”.

On a per unit basis, GuocoLand's Beach Road offer tops the \$1.69 billion, or \$1,069 psf ppr, paid in 2007 for the plot that became nearby South Beach Tower, as well as last year's record \$2.57 billion, or \$1,689 psf ppr, for a Central Boulevard site.

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Beach Road bidders

Tenderer	Tendered sale price (\$b)	Price psf (\$)
GuocoLand units	1.622	1,706.30
Private company linked to Kingsford Development owner Cui Zhengfeng	1.572	1,653.59
OUE units	1.451	1,526.42
Private company linked to CK Hutchison Holdings	1.404	1,476.86
Far East Organization units	1.295	1,362.07



Source: URBAN REDEVELOPMENT AUTHORITY STRAITS TIMES GRAPHICS