

DBS keeps 'buy' call and \$2 target price on GuocoLand following strong sales of Springleaf Residence

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DBS Group Research has kept its "buy" call and \$2 target price on GuocoLand after the developer's joint venture with Hong Leong Springleaf Residence achieved a better-than-expected 92% sales at launch at an average of \$2,175 psf.

The 941 unit project, developed together with Hong Leong, moved well thanks to "competitive pricing", says DBS on Aug 18, noting that it is one of the most affordable launches this year (on psf basis) alongside its strategic location near Springleaf MRT station on the Thomson East Coast Line.

In contrast, Canberra Crescent Residences, despite a lower average price of \$1,974 psf, lacks MRT connectivity and saw a weaker take-up rate of just around 40%, observes DBS.

"Springleaf Residence enjoys a first-mover advantage in the area, where current residential supply is limited, with only a few small-scale developments of fewer than 150 units each," says DBS.

In addition, DBS points out that there is another Government Land Sales (GLS) site next to Springleaf Residence that could yield 595 units and is now open for tender.

GuocoLand could potentially double down on Springleaf, adopting a similar strategy to what it has implemented in Lentor, suggests DBS.

"GuocoLand continues to deliver strong results across its residential projects, with successful launches at Lentor and now Springleaf.

"Backed by a sizable landbank that could yield around 2,200 units, such as sites at Margaret Drive, Faber Walk, Tengah Garden, which offers a similar first-mover dynamic, and River Valley Green, the group remains well-positioned for sustained sales momentum in the quarters ahead," says DBS.

GuocoLand shares closed at \$1.76 on Aug 18, unchanged for the day but up 22.22% year to date.