

MARINE 'BLUES'

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DEC 2014 / ISSUE 20



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Marine Blue is finally hitting the market after delaying its soft launch for almost a year. Strategically located in the Central Region with convenient access to nearby amenities including Singapore's recreational hotspot, the East Coast Park, and the future Marine Parade MRT Station, is this luxurious development worth the wait?

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Marine Blue

After holding back its soft launch for almost a year, Marine Blue is finally hitting the market. Its showflat was opened for preview from 29 November to 14 December 2014 and is expected to launch in January 2015.

Previously occupied by Marine Point, the land was acquired by CapitaLand in 2011 through an en-bloc sale done at \$112.48m or \$1,056psf ppr, after taking into account a development charge of \$12.8m. The estimated break-even cost of this development is around \$1,550psf.

The delay of the launch was not unexpected due to the poor market sentiment that followed after the implementation of the Total Debt Servicing Ratio (TDSR) in June last year. However, the Housing Developers (Control and Licensing) Act requires developers comprising foreign entities, CapitaLand included, to complete their residential developments within 5 years from the date of Qualifying Certificate or Collective Sale Order, and to dispose all units within 2 years from the issue of TOP. It is for this reason that Marine Blue does not have the

Table 1: Marine Blue Unit Mix

Unit Mix	Units	Area (sqft)	Void Space (sqft)
1+1 Bedroom with Terrace (Loft)	4	1,550 to 1,593	570
1+1 Bedroom with Balcony (Loft)	24	1,270	570
1+1 Bedroom with Terrace	3	969 to 980	-
1+1 Bedroom with Balcony	71	689 to 732	-
2 Bedroom with Terrace	1	1,141	-
2 Bedroom with Balcony	13	1,045	-
Penthouse	4	3,036 to 3,262	-
Strata Terrace	4	3,682 to 4,015	377 to 388

luxury to stall its launch till better times.

Nearby Comparison

The launch price of Marine Blue, a condominium development comprising 2 blocks of apartment units (120 in total) and a block of four 2-storey terraces, is expected to be between \$1,800psf and \$2,200psf, or an average of \$2,000psf. This is 40% higher than the median price of units sold in the past 6 months from projects located within 250m.

Within the immediate vicinity, there was only 1 transaction, a 1,378-sqft apartment unit from Parc Seabreeze sold in August this year, that broke the \$2,000psf mark.

Notably, 85% of the 120 units of Marine Blue are 1 to 2-bedroom suites ranging from 689 sqft to 1,593 sqft (inclusive of void area for loft units)

(Table 1). This is in contrast to Parc Seabreeze, an adjacent development that has only 3 or more bedroom apartment units.

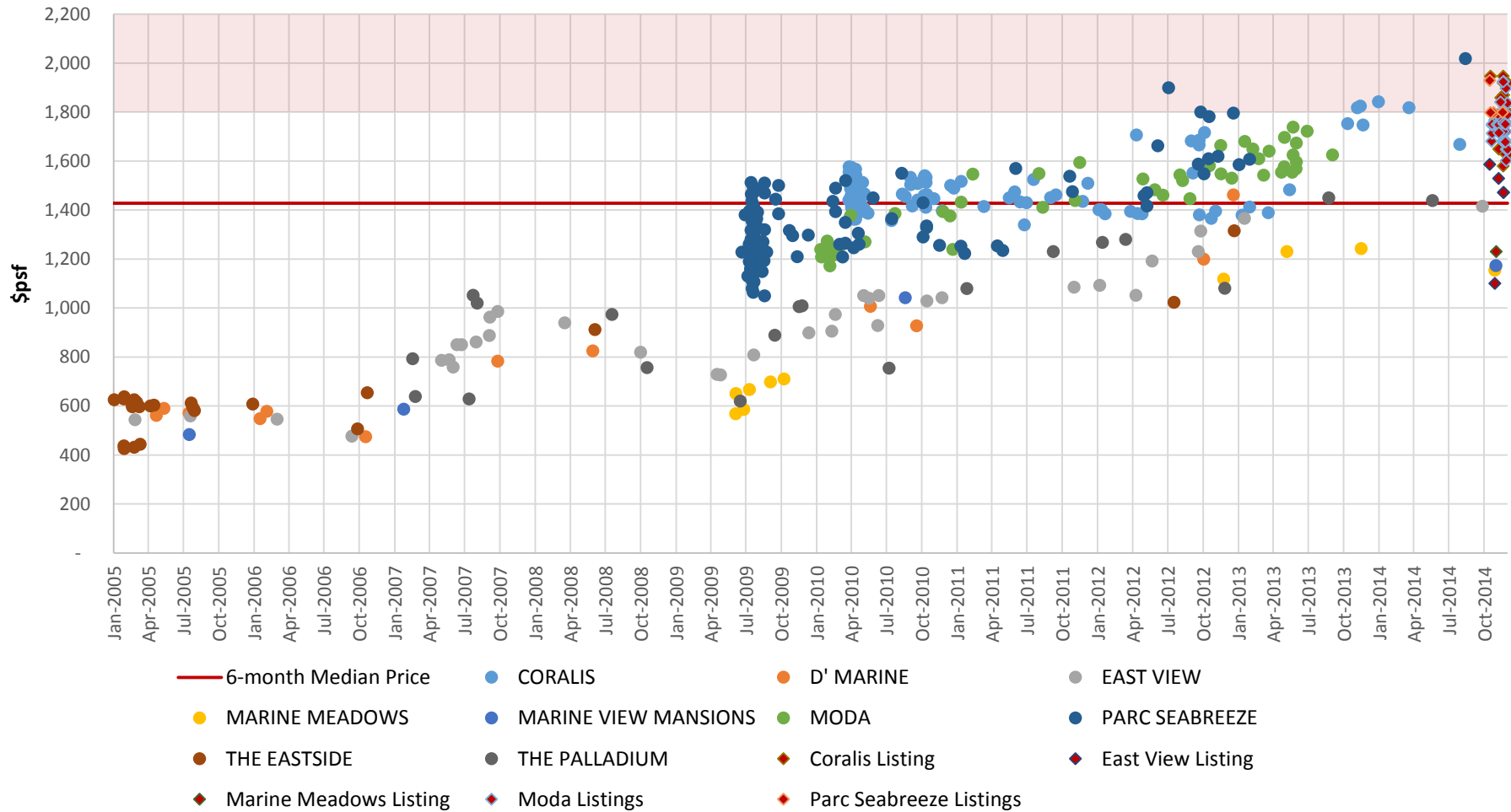
Although there is no lack of high-rise residential developments in the area, only 5 out of 31 projects located within 500m of Marine Blue have 100 or more units, out of which only 2 are freehold projects. The larger of the two, The Sea View has 546 units and is likely to be Marine Blue's biggest competitor in the freehold segment. With a median price of \$1,596psf, The Sea View is priced 20% lower than the expected launch price of Marine Blue.

Non-Singaporeans make up a substantial proportion of buyers for projects in this area (Table 2).

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Figure 1: Historical Price Chart of Projects within 250m of Marine Blue

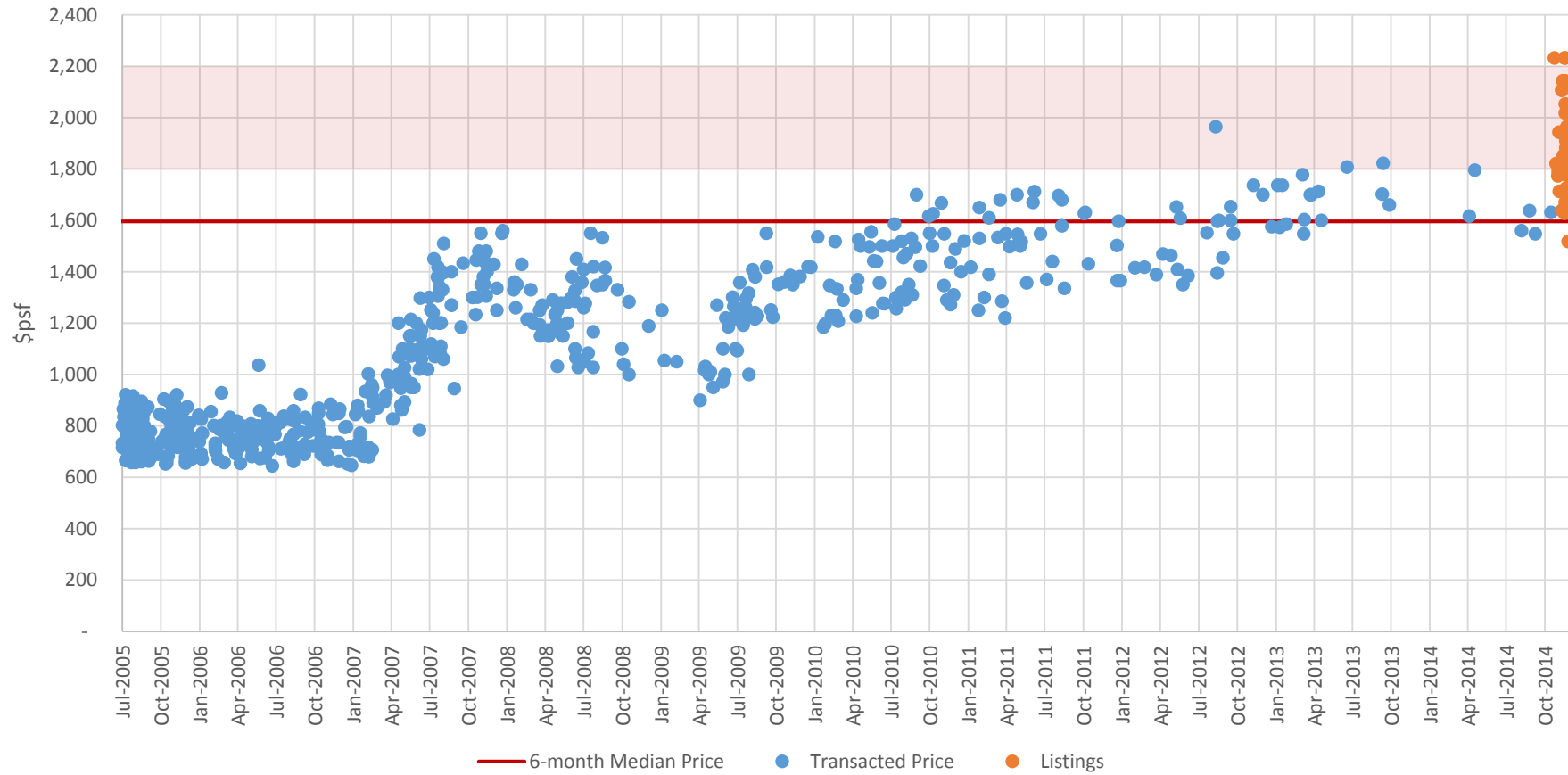


Source: URA, Square Foot Research

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Figure 2: Historical Price Chart of The Sea View



Source: URA, Square Foot Research

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In the case of Silversea, Singaporeans only account for 26.5% of total purchases. Demand for Marine Blue may be further dampened due to the declining interest from non-Singaporeans who will have to pay Additional Buyer's Stamp Duty (ABSD) of up to 15% for purchases of residential properties.

Rental Performance

Investors hoping for good rental yield may be disappointed as developments in this area are yielding on average less than 3% (Table 3).

The ample supply of rental units from nearby developments including Cote D'Azur and Silversea, both offer unobstructed sea view and may be more appealing to prospective tenants, is likely to keep rental market there very competitive.

Priced on the higher end, the expected rental yield of Marine Blue is likely to be capped at 3%.

Nonetheless, the new Thomson-East Coast Line Marine Parade MRT station, due for completion in 2020, might strengthen rental demand in this area in the longer term.

Table 2: Buyer Profile by Nationality

PROJECT NAME	Singaporean (%)	Foreigner (%)	PR (%)	Companies (%)
PARC SEABREEZE	69.9	17.9	7.5	4.7
CORALIS	80.4	9.8	9.8	0
SYCAMORE TREE	88.9	2.2	8.9	0
THE SEA VIEW	65.4	15.8	16.4	2.4
SILVERSEA	26.5	50	21.7	1.9
COTE D'AZUR	73.9	12.1	12.9	1.1
THE SHORE RESIDENCES	56.5	29.5	13.3	0.7

Source: URA, Square Foot Research

Note: (1) Table comprises projects located within 500m from Marine Blue and with at least 90 units. (2) May not add up to 100% due to rounding error.

Highly Competitive

With the secondary market offering a wider variety of units that are priced much lower, combined with the unfavourable market conditions suppressing demand, Marine Blue needs to position itself more attractively in order to draw buyers. Stiff competition awaits Marine Blue in the primary market as buyers are spoilt for choice.

We highlight a few nearby developments within 500m of Marine Blue and with at least 90 or more units.

Coralis

The most comparable project to Marine Blue, Coralis is located just 83m away and was completed in 2013. Comprising 127 units, this freehold condominium development has a good distribution of 1 to

4 bedroom units ranging from 495 sqft to 3,089 sqft. Only 1 transaction was done in the past 6 months at \$1,668psf, for a 904-sqft unit. Asking prices in the secondary market are between \$1,600psf and \$1,950psf.

Parc Seabreeze

Completed in 2012, Parc Seabreeze comprises 94 units of 3 or more bedrooms. The most expensive unit was sold at a price of \$2,018psf in August this year. The unit has an area of 1,378 sqft. A 1,292-sqft unit from this development is currently available in the secondary market at \$1,799 psf.

The Sea View

The largest freehold condominium development within 500m of Marine Blue, The Sea View contains 546

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units and was completed in 2008. 4 units were sold from this development between May and October at a median price of \$1,595psf.

Cote D’Azur

The largest and oldest leasehold development in the vicinity, Cote D’Azur has 612 units and was completed in 2004. At a more affordable price range, 3 units were sold from this development in the past 6 months at a median price of \$1,207psf, 30% lower than its adjacent development, Silversea, which was completed a decade later. At a median rental yield of 4.0%, this development offers one of the best rental yields in the area.

Silversea

Developed by Far East Organization, Silversea contains 383 units and is currently the most expensive development in the area priced for its rare unobstructed sea view. This development is built on a site previously occupied by Amberville, the first HUDC to be sold in an en-bloc sale.

The most expensive unit was sold at a price of \$2,766psf in April this year, for a 4,338-sqft unit. 7 units were sold from this project from May to

October at a median price of \$1,734psf. At 2.9%, Silversea has one of the lowest rental yields compared to its adjacent leasehold counterparts. There are still 2 more penthouse units available for sale in the primary market at \$2,540 to \$2,882psf before discount.

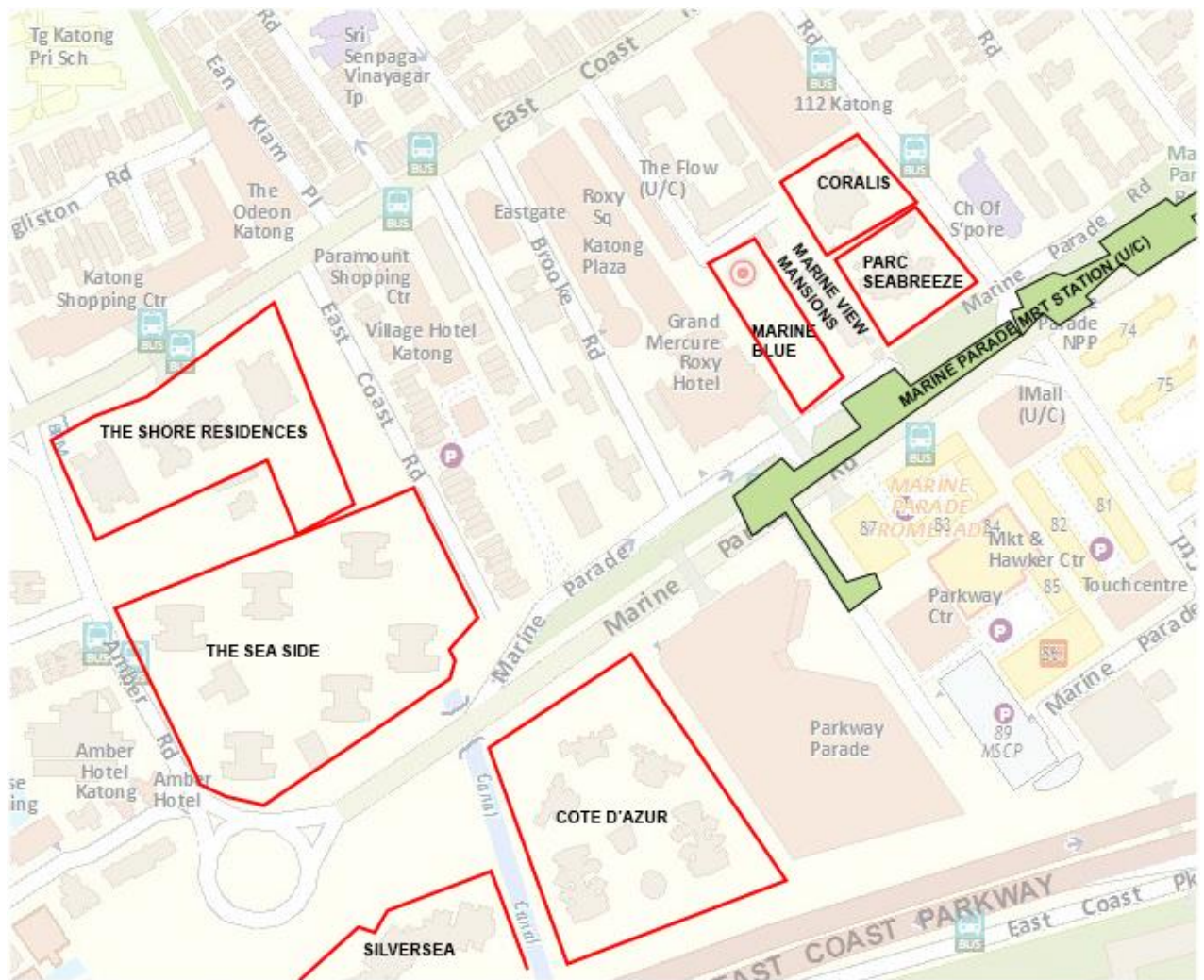
Many units are up for sale from this development in the secondary market with a price range of \$1,460psf to \$3,134psf.

The Shore Residences

Another development by Far East Organization, The Shore Residences is a 103-year leasehold development sitting on a freehold land owned by the developer. Completed this year, 9 units have been sold in the secondary market between May and October this year at a median price of \$1,567 psf. Units available in the resale market are below \$2,000psf starting from \$1,463psf.

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Table 3: Projects within 500m of Marine Blue

Project Name	Distance (m)	Type	Tenure	TOP	Total Units	# Sales	# Rental	Median Price (\$psf)	Median Rent (\$psf pm)	Rental Yield
MARINE VIEW MANSIONS	43	Condo	FH	1988	28	1	5	1,173	2.21	2.3%
PARC SEABREEZE	85	Apt	FH	2012	94	1	8	2,018	3.81	2.3%
CORALIS	94	Condo	FH	2013	127	1	16	1,668	4.00	2.9%
THE PALLADIUM	140	Apt	FH	2002	43	1	7	1,439	3.53	2.9%
EAST VIEW	164	Apt	FH	1998	60	1	7	1,416	3.29	2.8%
D' MARINE	181	Apt	FH	2005	16	0	1	-	3.68	-
THE EASTSIDE	209	Apt	FH	2006	32	0	4	-	3.57	-
MARINE MEADOWS	213	Apt	FH	1989	25	1	0	1,154	-	-
MODA	231	Apt	FH	2014	56	0	16	-	4.00	-
MALVERN SPRINGS	269	Condo	FH	2004	75	0	8	-	4.41	-
TEMBELING CENTRE	301	Apt	FH	1985	17	1	2	817	2.32	3.4%
SPRING @ KATONG	320	Apt	FH	2006	52	0	4	-	3.53	-
EAST GALLERIA	333	Apt	FH	2007	29	1	2	1,209	3.96	3.9%
LEVILLE ISUITES	339	Apt	FH	U/C	42	1	0	1,340	-	-
CHAPEL COURT	343	Apt	FH	1997	35	1	0	954	-	-
THE BEACON EDGE	373	Apt	FH	2009	32	1	6	1,137	4.15	4.4%
TEMBELING RESIDENCE	398	Apt	FH	2011	19	0	4	-	4.75	-
TEMBELING GROVE	420	Apt	FH	1993	24	0	2	-	2.97	-
THE ADARA	425	Apt	FH	2010	16	0	3	-	3.37	-
KATONG GARDENS	475	Condo	FH	1984	80	1	7	1,196	2.63	2.6%
BELLEZZA @ KATONG	483	Apt	FH	2008	24	0	2	-	5.09	-
PENG'S COURT	486	Apt	FH	1985	8	1	1	878	2.42	3.3%
STUDIOS@TEMBELING	488	Apt	FH	2012	25	0	9	-	5.78	-
THE SEA VIEW	493	Condo	FH	2008	546	4	57	1,595.5	3.79	2.9%
THE RED HOUSE	254	Apt	99 YRS FROM 2012	U/C	42	3	0	1433	-	-
SILVERSEA	490	Condo	99 YRS FROM 2007	2014	383	7	125	1,734	4.21	2.9%
COTE D'AZUR	354	Condo	99 YRS FROM 2001	2004	612	3	72	1,207	4.05	4.0%
THE SHORE RESIDENCES	348	Condo	103 YRS FROM 2009	2014	408	9	82	1,567	4.62	3.5%

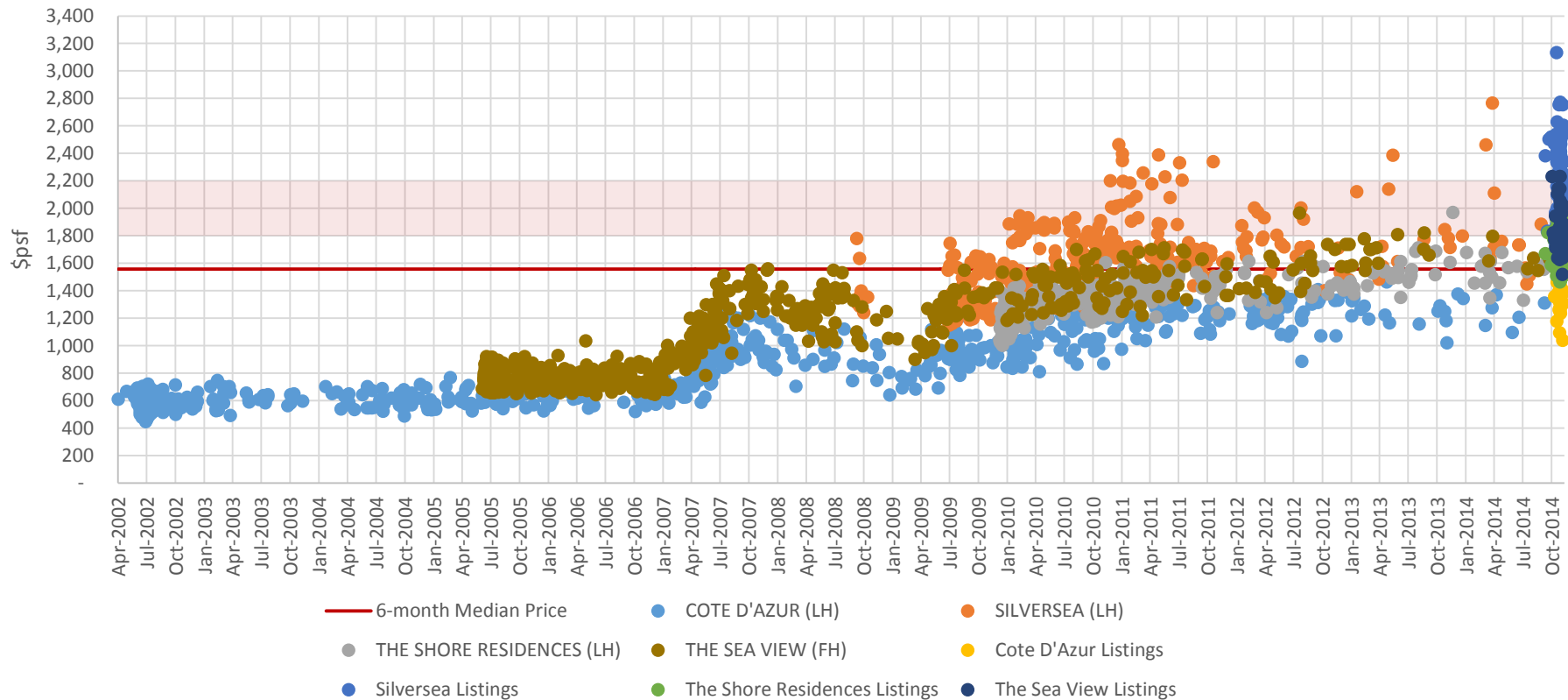
Source: URA, Square Foot Research

*Excluding projects with no sales or rental transactions in the past 6 months.

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Figure 3: Historical Price Chart of Projects within 500m of Marine Blue and with more than 300 units



Source: URA, Square Foot Research

NEARBY PROJECTS

SALES FROM MAY TO OCTOBER 2014

Project Name	Property Type	Tenure	Type of Sale	Contract Date	Area (sqft)	Price (\$m)	Unit Price (\$psf)
CHAPEL COURT	Apt	FH	Resale	23-Sep-14	807	0.77	954
CORALIS	Condo	FH	Sub Sale	29-Jul-14	904	1.51	1,668
COTE D'AZUR	Condo	99 Yrs From 2001	Resale	29-Sep-14	840	1.10	1,310
COTE D'AZUR	Condo	99 Yrs From 2001	Resale	10-Jul-14	1,152	1.39	1,207
COTE D'AZUR	Condo	99 Yrs From 2001	Resale	18-Jun-14	1,550	1.70	1,097
EAST GALLERIA	Apt	FH	Resale	29-Sep-14	893	1.08	1,209
EAST VIEW	Apt	FH	Resale	26-Sep-14	883	1.25	1,416
KATONG GARDENS	Condo	FH	Resale	09-May-14	1,948	2.33	1,196
LEVILLE ISUITES	Apt	FH	New Sale	01-Oct-14	1,216	1.63	1,340
MARINE MEADOWS	Apt	FH	Resale	28-Oct-14	1,690	1.95	1,154
MARINE VIEW MANSIONS	Condo	FH	Resale	31-Oct-14	2,088	2.45	1,173
PARC SEABREEZE	Apt	FH	Resale	13-Aug-14	1,378	2.78	2,018
PENG'S COURT	Apt	FH	Resale	31-Oct-14	980	0.86	878
SILVERSEA	Condo	99 Yrs From 2007	Sub Sale	18-Sep-14	1,496	2.82	1,885
SILVERSEA	Condo	99 Yrs From 2007	Sub Sale	12-Aug-14	980	1.48	1,511
SILVERSEA	Condo	99 Yrs From 2007	Sub Sale	04-Aug-14	980	1.42	1,450
SILVERSEA	Condo	99 Yrs From 2007	Sub Sale	30-Jul-14	1,572	2.46	1,565
SILVERSEA	Condo	99 Yrs From 2007	Sub Sale	11-Jul-14	969	1.68	1,734
SILVERSEA	Condo	99 Yrs From 2007	Sub Sale	09-Jul-14	1,485	2.58	1,734
SILVERSEA	Condo	99 Yrs From 2007	Sub Sale	15-May-14	2,530	4.45	1,759
TEMBELING CENTRE	Apt	FH	Resale	26-Sep-14	1,959	1.60	817
THE BEACON EDGE	Apt	FH	Resale	01-Oct-14	1,539	1.75	1,137
THE PALLADIUM	Apt	FH	Resale	19-May-14	883	1.27	1,439
THE RED HOUSE	Apt	99 Yrs From 2012	New Sale	25-Sep-14	753	1.08	1,433
THE RED HOUSE	Apt	99 Yrs From 2012	Sub Sale	25-Aug-14	484	0.70	1,449
THE RED HOUSE	Apt	99 Yrs From 2012	New Sale	07-Aug-14	753	1.06	1,408

NEARBY PROJECTS

SALES FROM MAY TO OCTOBER 2014

Project Name	Property Type	Tenure	Type of Sale	Contract Date	Area (sqft)	Price (\$m)	Unit Price (\$psf)
THE SEA VIEW	Condo	FH	Resale	15-Oct-14	1,410	2.30	1,631
THE SEA VIEW	Condo	FH	Resale	08-Sep-14	1,647	2.55	1,548
THE SEA VIEW	Condo	FH	Resale	25-Aug-14	1,410	2.31	1,638
THE SEA VIEW	Condo	FH	Resale	06-Aug-14	1,410	2.20	1,560
THE SHORE RESIDENCES	Condo	103 Yrs From 2009	Resale	03-Oct-14	872	1.39	1,594
THE SHORE RESIDENCES	Condo	103 Yrs From 2009	Resale	26-Sep-14	893	1.39	1,556
THE SHORE RESIDENCES	Condo	103 Yrs From 2009	Sub Sale	15-Sep-14	893	1.41	1,578
THE SHORE RESIDENCES	Condo	103 Yrs From 2009	Sub Sale	04-Aug-14	883	1.36	1,539
THE SHORE RESIDENCES	Condo	103 Yrs From 2009	Sub Sale	24-Jul-14	1,292	1.72	1,332
THE SHORE RESIDENCES	Condo	103 Yrs From 2009	Sub Sale	03-Jul-14	1,141	1.80	1,578
THE SHORE RESIDENCES	Condo	103 Yrs From 2009	Sub Sale	06-Jun-14	893	1.40	1,567
THE SHORE RESIDENCES	Condo	103 Yrs From 2009	Sub Sale	16-May-14	893	1.50	1,679
THE SHORE RESIDENCES	Condo	103 Yrs From 2009	Sub Sale	09-May-14	926	1.35	1,458

Source: URA, Square Foot Research

APPENDIX

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