

Property Sector

Neutral

Best month of sales since August 07

Strong recovery in February property sales. February sales of non-landed property (NLP) reached its highest level since August 2007, with a total of 1,059 NLP units launched and 1,305 NLP units sold in the month. Sales were largely from mass market projects and bulk of the sales came from just three projects - Caspian, Alexis and The Quartz, which sold a total of 978 units (74.9% of the total units sold) in February. Leveraging on the recent improvement in property buying sentiments that was contributed by the frenzy buying at Caspian and Alexis, developers took the opportunity to cut prices of some older projects to clear inventories and this had yielded encouraging results. The Quartz, which was still selling at median price of S\$795 psf in December, saw its median price cut to S\$591 psf in February and 168 units were sold, pushing the project take-up rate to 97.8%.

Signs of life in the mid-market segment. Demand for mid-market properties (S\$1,000-1,500 psf) had also improved in February. Mid-market projects in the Core Central Region (CCR), such as Newton Edge, Parc Sophia, RV Suites and D'Chateau turned in healthy sales of 17-21 units in February, at median prices of between S\$1,000 psf and S\$1,200 psf and this seems to be the price range that is attracting buyers to mid-market properties.

What could be driving this mass market frenzy? We observe that the recent strong take-up in some of the mass market projects had been driven by two factors - 1) Low psf pricing and 2) Low absolute pricing. So far, HDB prices have stayed resilient and with private property prices trending downwards over the past year, price gap between private properties and HDB flats has narrowed and we believe that this is the key reason that is driving HDB owners, especially those who had fully paid up their flats, to upgrade to private properties.

Short term opportunity for developers. Pent-up demand from HDB upgraders has provided developers with opportunities in the mass market segment which can potentially extend their earnings visibility. However, current economic outlook remains uncertain and we believe that frenzy buying of mass market properties is unlikely to sustain, especially with overhanging concerns over wages and job security. As developers are now rushing in to capture the market of HDB upgraders, we are also concerned that this limited demand pool could dry up rapidly. Despite the strong data, we expect sentiments on property developers to remain fragile until sustainable demand returns. We remain **NEUTRAL** on the property sector.

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	Price	Rating	Fair	Price/	RNAV	Premium/ (Discount)	FY08 Div
	(S\$)		Value	NAV		to RNAV	Yield
			(S\$)	(x)	(S\$)	(%)	(%)
CapitaLand Ltd	2.16	BUY	2.42	0.73	3.00	-28.0	3.2%
Keppel Land	1.24	BUY	1.77	0.37	3.68	-66.3	6.5%
UOL Group	1.75	BUY	2.59	0.41	3.40	-48.5	4.3%
Soilbuild Group	0.535	BUY	0.79	0.59	1.58	-66.1	7.5%

Exhibit 1: Launches in February 2009

Project	Developer	Region	No. of units launched	No of units sold	Median transacted price (\$ psf)	Monthly Take-up rate (%)
Caspian*	Yishun Land Pte Ltd (Frasers Centrepoint)	OCR	600	517	603	86.2%
Alexis*	EC Prime Pte Ltd	RCR	293	293	1,083	100.0%
Livia	Hong Realty Pte Ltd	OCR	80	16	620	20.0%
The Beverly*	Wah Hoe Development (Hiap Hoe)	RCR	31	0	-	0.0%
City Studios*	Success Century Investment	RCR	25	13	879	52.0%
Wilkie Studio	City Developments	CCR	15	0	-	0.0%
The Aristo@Amber	AG Capital	RCR	10	9	1,034	90.0%
Shelford Suites	City Developments	CCR	5	0	-	0.0%
			<u>1059</u>	<u>848</u>		

* New launches

Source: URA, OIR

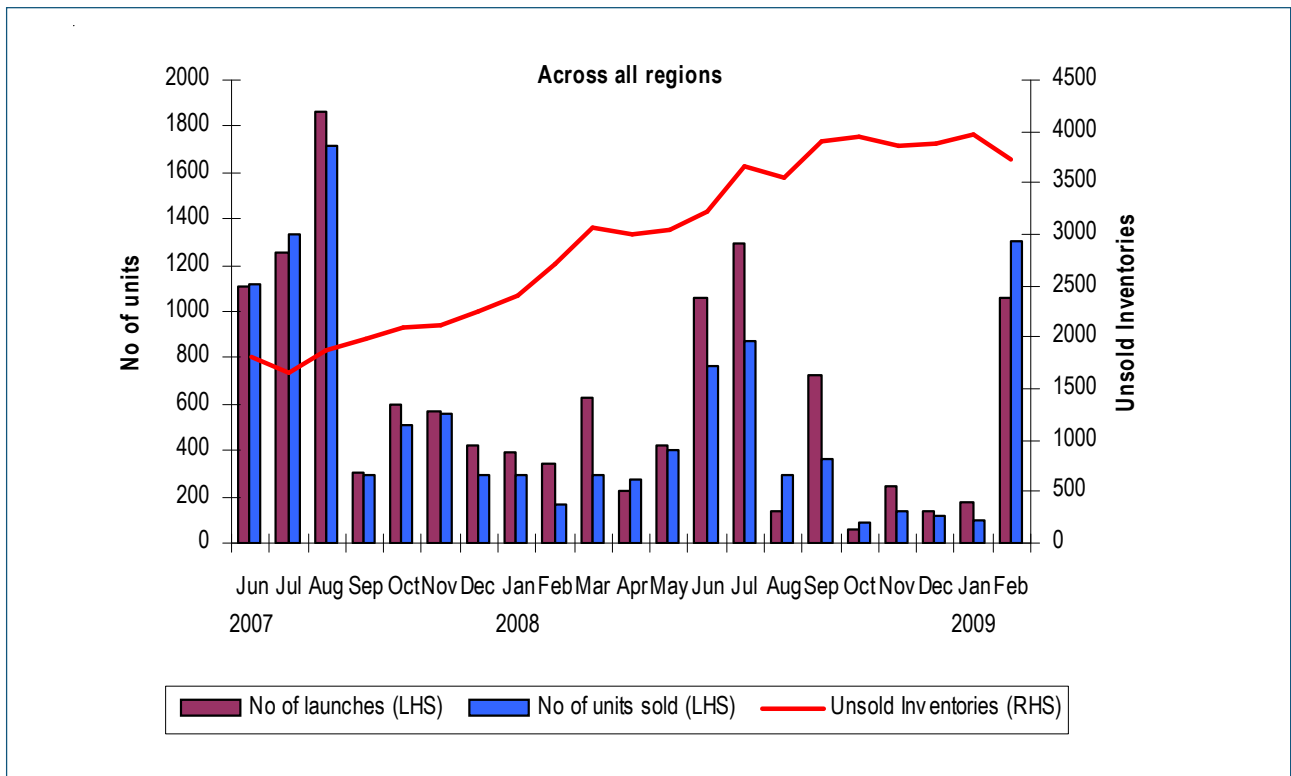
Exhibit 2: Most sold projects in February 2009

Project	Developer	Region	No of units sold	Median price (\$\$ psf)
Caspian*	Yishun Land Pte Ltd (Frasers Centrepoint)	OCR	517	603
Alexis*	EC Prime Pte Ltd	RCR	293	1,083
The Quartz	Winterhall Pte Ltd (GuocoLand)	OCR	168	591
Palmera Residence	World Class Capital	OCR	22	775
D'Chateau @ Shelford	East Coast Properties	CCR	21	1,000
RV Suites	Fortune Royal Pte Ltd	CCR	20	1,200
Parc Sophia	Oxley Ventures	CCR	17	1,200
Newton Edge	Macly Capital	CCR	17	1,175
Livia	Hong Realty Pte Ltd (CDL)	OCR	16	620
The Ambra	Roxy Homes	OCR	15	630
City Studios*	Success Century Investment	RCR	13	879
The Lucent	Roxy Land	OCR	12	733
Waterfront Waves	FCL Peak Pte Ltd (FEO/Frasers)	OCR	11	616
Rosewood Suites	EL Development	OCR	10	551
The Aristo@Amber	AG Capital	RCR	9	1,034
Nova 48	Roxy Homes	RCR	9	877
Poshgrove East	Poshgrove Pte Ltd	OCR	9	850
Eastbay	Guok Developments	OCR	9	749
Lucida	Novelty Organisation	CCR	9	1,100
De Centurion	Target Home	RCR	8	999
Botannia	CDL/Leonie Court	OCR	8	680
Park Infinia at Wee Nam	Keppel Land	CCR	8	1,178
Rivage	Aurum Land	RCR	7	901
Nova 88	Roxy Homes	RCR	7	896
Oasis Garden	Peak Homes Development	RCR	6	693
Kovan Residences	Centurion Kovan	OCR	6	809
iResidences	Novelty Asia Pacific	RCR	5	900
The Florentine	Roxy Homes	OCR	5	635
Evania	Novelty Amber	OCR	5	631
Coastal Breeze	Sustained Land	OCR	5	681
Floridian	Orwin Development (FEO)	RCR	4	1,220
Palm Galleria	World Class Land	OCR	4	670
Vida	Wan-Li Development (FEO)	CCR	4	1,949
Ivory	Hume Development	RCR	3	670
Celestia	Ecco Realty	RCR	3	720
Ricchezza	Bravo Building	OCR	3	721
The Beacon Edge	Heritage Realty	RCR	2	790
The Adara	Roxy Homes	RCR	2	760
Naturalis	Abacus Development	OCR	2	844
Skypark	TG (2003)	CCR	2	1,852
Woodsville 28	Yishun Property (Frasers)	RCR	1	760
One @ Pulasan	Endo Realty	RCR	1	809
Clover by the Park	Sim Lian	RCR	1	764
MB Residences	Sustained Land	RCR	1	901
The Verte	Roxy Homes	OCR	1	732
The Scenic @ Braddell	MT. Batten Pte Ltd	OCR	1	755
Callidora Ville	Primelot Properties	OCR	1	797
Zenith	Galaxy Capital	CCR	1	1,161
Icon	Lucky Pinnacle (FEO)	CCR	1	1,488

* New launches

Source: URA

Exhibit 3: Launches, transaction volumes and take-up rates



Source: URA, OIR

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