

Neutral

Property Sector

Buying momentum continued in March

Buying momentum continued in March. After a month of strong property sales in February, developers' sales remained firm in March. According to URA data, a total of 1,162 non-landed property (NLP) units were sold in March. Breaking down by per square foot pricing of these projects, 1,017 NLP sold units (~87.5% of total units sold) were priced at S\$1,000 psf and below, implying that mass market properties continue to dominate sales. 136 NLP sold units were priced between S\$1,001 psf and S\$1,500 psf and only 9 NLP sold units were priced above S\$1,500 psf. Although the number of NLP units launched declined MoM to 823 in March (1,059 units in Feb), more new projects were launched in March (8 projects in March vs. 4 projects in Feb). The decline in the number of NLP units launched could be due to developers holding back units in their new launches and this is a positive move to control the supply of new units in the market. Some of the major launches in March included Double Bay Residences (320 units launched), Mi Casa (123 units) and The Arte (120 units).

Weak macro newsflow continues. The recent rally in the stock market could have provided an additional boost to buying sentiment in the property market. However, economic data remains weak as Singapore had just reported a record GDP contraction of 19.7% QoQ in 1Q09. On the jobs front, we continue to see negative newsflow on retrenchments coming from the finance and manufacturing sectors. While we doubt the sustainability of the current demand for properties, we reckon that the current situation provides a good opportunity for developers to lighten up their landbank and capture new sales to extend their earnings visibility, after enduring months of slow sales earlier.

New sales for UOL and CDL in March. Among the developers under our coverage, UOL Group and City Developments (CDL) have benefited the most from the improvement in buying sentiments. UOL Group's Double Bay Residences sold 264 units out of the total 646 units (41% sold) and CDL's The Arte sold 90 units out of the total 336 units (26.8% sold). As the construction for The Arte had already started last year, CDL will recognize a higher percentage of revenue upon sales, based on the % of completion of the project. We have **BUY** rating for **UOL Group** (FV: S\$2.58) and **HOLD** for **CDL** (FV: S\$5.53).

Foo Sze Ming
(65) 6531 9810
e-mail: FooSzeMing@ocbc-research.com

	Price (S\$)	Rating	Fair Value (S\$)	Price/ NAV (x)	RNAV (S\$)	Premium/ (Discount) to RNAV (%)	FY08 Div Yield (%)
CapitaLand Ltd	3.00	HOLD	2.51	1.02	3.06	-2.0	2.3%
City Developments	6.27	HOLD	5.53	1.05	7.56	-17.1	1.2%
Keppel Land	1.75	HOLD	1.79	0.52	3.70	-52.7	4.6%
UOL Group	2.22	BUY	2.58	0.52	3.25	-31.7	3.4%
Soilbuild Group	0.515	BUY	0.79	0.57	1.58	-67.4	7.8%

Exhibit 1: Launches in March 2009

Project	Developer	Region	Total units in the project	No. of units launched in March	No of units sold in March	Median transacted price (\$ psf)	Monthly Take-up rate (%)
Double Bay Residences*	UOL Group	OCR	646	320	264	659	82.5%
Mi Casa*	Far East Organisation	OCR	457	123	101	617	82.1%
The Arte*	City Developments	RCR	336	120	90	874	75.0%
The Mercury*	Fortune Shanghai Road	CCR	67	67	62	1,148	92.5%
Kembangan Suites*	Asimont Properties	OCR	60	60	60	897	100.0%
Domus*	Lakeview Developments	RCR	104	52	31	1,000	59.6%
The Silver Fir*	Evansville Pte Ltd	RCR	33	33	6	880	18.2%
D'Almira	HLH Group	OCR	25	22	5	806	22.7%
The Mezzo*	Soilbuild Group	RCR	127	20	17	929	85.0%
One Rosyth	Mushrooms Realty	OCR	17	3	1	799	33.3%
Belle Vue Residences	Wing Tai	CCR	176	2	2	1,524	100.0%
Parc Centennial	EL Development	CCR	51	1	1	1,005	100.0%
				775	614		

* New launches

Source: URA, OIR

Exhibit 2A: Sold projects in March 2009

Project	Developer	Region	No of units sold	Median price (\$\$ psf)
Double Bay Residences*	UOL Group	OCR	264	659
Mi Casa*	Far East Organisation	OCR	101	617
The Arte*	City Developments	RCR	90	874
The Mercury*	Fortune Shanghai Road	CCR	62	1,148
Kembangan Suites*	Asimont Properties	OCR	60	897
Kovan Residences	Centurion Kovan	OCR	56	705
Caspian	Frasers Centrepoint	OCR	56	614
Waterfront Waves	FEO/Frasers	OCR	38	621
Domus*	Lakeview Developments	RCR	31	1,000
iResidences	Novelty Asia Pacific	RCR	30	874
Parc Sophia	Oxley Ventures	CCR	26	1,151
Woodsville 28	Frasers Centrepoint	RCR	21	740
The Quartz	GuocoLand	OCR	18	641
St Patricks' Residences	TG (St. Patrick)	OCR	18	780
RV Suites	Fortune Royal Pte Ltd	CCR	18	1,200
The Mezzo*	Soilbuild Group	RCR	17	929
Livia	Hong Realty Pte Ltd (CDL)	OCR	17	620
Ferraria Park Condominium	Tripartite Developers	OCR	17	605
Botannia	CDL/Leonie Court	OCR	11	677
Alexis	EC Prime Pte Ltd	RCR	10	991
MB Residences	Sustained Land	RCR	10	875
East Coast Residences	Crescendas Group	OCR	10	741
Versilia on Haig	Hoi Hup Realty	RCR	9	833
Palmera Residence	World Class Capital (Aspial)	OCR	9	645
Lucida	Novelty Organisation	CCR	9	1,100
Concourse Skyline	Hong Fok Land	RCR	8	1,072
Rosewood Suites	EL Development	OCR	8	571
Celestia	Ecco Realty	RCR	7	747
The Silver Fir*	Evansville Pte Ltd	RCR	6	880
The Aristo@Amber	AG Capital	RCR	6	971
Oasis Garden	Peak Homes Development	RCR	6	701
Ivory	Hume Development	RCR	6	652
De Centurion	Target Home	RCR	6	950
The Lucent	Roxy Land	OCR	6	622
Espira Residence	World Class Capital (Aspial)	OCR	5	661
D'Almira	HLH Group	OCR	5	806
Vida	Far East Organisation	CCR	5	1,850
The Beverly	Hiap Hoe	RCR	4	755
Floridian	Far East Organisation	RCR	4	1,184
Clover by the Park	Sim Lian	RCR	4	675
Poshgrove East	Poshgrove Pte Ltd	OCR	4	826

* New launches

Source: URA

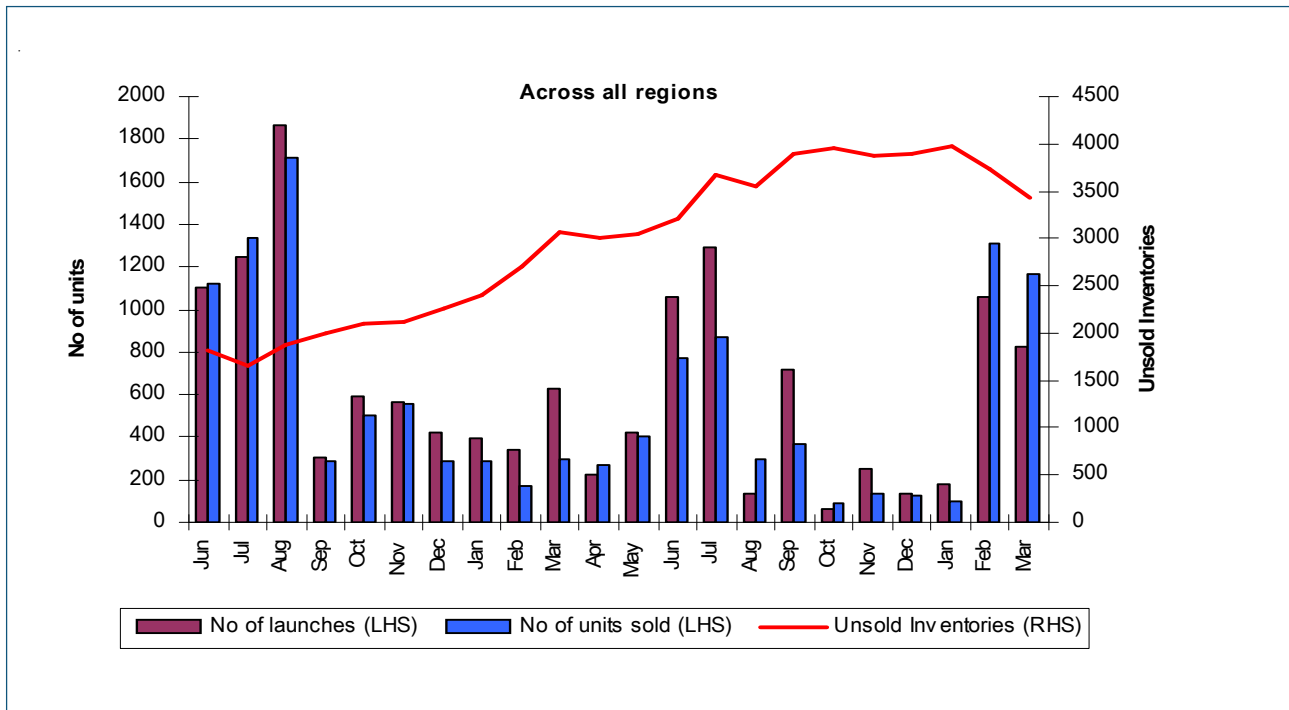
Exhibit 2B: Sold projects in March 2009

Project	Developer	Region	No of units sold	Median price (\$\$ psf)
Coastal Breeze	Sustained Land	OCR	4	661
Parc Infinia at Wee Nam	Keppel Land	CCR	4	1,258
Nova 48	Roxy Homes	RCR	3	881
Ricchezza	Bravo Building	OCR	3	635
Idyllic East	Hillwood Development	OCR	3	586
Fontaine Parry	OUB Centre	OCR	3	776
Callidora Ville	Primelot Properties	OCR	3	774
3@Sandilands	I Development	OCR	3	733
Tresalveo	Soon Lian Realty	RCR	2	973
The Adara	Roxy Homes	RCR	2	638
Nova 88	Roxy Homes	RCR	2	826
City Studios	Success Century Investment	RCR	2	858
Bliss Regalia	One Two Holdings	RCR	2	762
The Scenic @ Braddell	Mt Batten Pte Ltd	OCR	2	717
Park Natura	UIC	OCR	2	922
Mill Creek	DSL Properties	OCR	2	685
Costa Este	Grand City Investment	OCR	2	746
D'Chateau @ Shelford	East Coast Properties	CCR	2	1,075
Belle Vue Residences	Wing Tai	CCR	2	1,524
The Verve	Ascend Land	RCR	1	787
The Seafront on Meyer	CapitaLand	RCR	1	1,377
The Beacon Edge	Heritage Realty	RCR	1	700
The Amarelle	Ecco Properties	RCR	1	880
Rivage	Aurum Land	RCR	1	898
One @ Pulasan	Endo Realty	RCR	1	650
Fruition	Heritage Development	RCR	1	519
The Verte	Roxy Homes	OCR	1	640
The Ambra	Roxy Homes	OCR	1	570
One Rosyth	Mushrooms Realty	OCR	1	799
Eastbay	Guok Developments	OCR	1	736
Bayou Residence	349UP Pte Ltd	OCR	1	774
VisionCrest	Wing Tai/CapLand/KepLand	CCR	1	1,687
Parc Centennial	EL Development	CCR	1	1,005
Orchard Scotts	Far East Organisation	CCR	1	2,220
Newton Edge	Macly Capital	CCR	1	1,129

* New launches

Source: URA

Exhibit 3: Launches, transaction volumes and unsold inventories



Source: URA, OIR

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Carmen Lee
Head of Research

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