

GuocoLand is emerging as the 'King of Lentor', say DBS analysts

By Bryan Kow

bryankow@sph.com.sg

FOLLOWING the joint bid by GuocoLand and Hong Leong Holdings' Intrepid Investments for a residential site at Lentor Gardens, DBS Group Research believes GuocoLand is emerging as the "King of Lentor".

Lentor Gardens sits on a 99-year leasehold 235,370 square foot (sq ft) site with a total built-up gross floor area of 494,290 sq ft.

The tender for the plot of land

closed on Tuesday (Apr 4) with the GuocoLand-Hong Leong tie-up as the sole bidder at S\$486.8 million, which translates to nearly S\$985 per square foot (psf) per plot ratio.

Analysts from DBS noted in a report on Wednesday that the tender price puts it at the lower end of bids received, "accounting for the latest rules on the sellable area for the site".

According to data from the Urban Redevelopment Authority and DBS, the psf land price for the Lentor Gardens tender is the lowest fetched among the five sites under the government land sales programme in the Lentor area.

GuocoLand said it intends to build 533 units with childcare facilities on the site. This marks the group's third Lentor site tender, after Lentor Modern and Lentor Hills Residences.



DBS is optimistic about GuocoLand's strategy and its appeal to buyers, citing the example of Lentor Modern (left). PHOTO: GUOCOLAND

DBS was optimistic about GuocoLand's strategy and its appeal to buyers, citing the example of Lentor Modern.

The research team noted that Lentor Modern was 84 per cent sold on its opening weekend, which exceeded expectations. This came despite a general softening of demand for new launches amid a higher interest rate environment.

The analysts estimate that breakeven for Lentor Gardens will be

about S\$1,750 psf to S\$1,850 psf, given less efficiency in the sellable area, and project launch prices will be close to S\$2,050 psf to S\$2,150 psf.

They also believe this project will add up to 4 per cent to GuocoLand's revalued net asset value per share of S\$5.70, which translates to an increase of S\$0.16 to S\$0.22.

Shares of GuocoLand closed at S\$1.62 on Wednesday, down S\$0.01 or 0.61 per cent.