DBS bullish on developers, hikes up target prices for CDL, UOL, GuocoLand

The increase comes on lower interest rates and plans by these firms to recycle capital and rejuvenate assets

By Jessie Lim
ljessie@sph.com.sg

DBS Research has taken a bullish stance on Singapore property counters, initiating a sector-wide lift in its target prices for developers including CDL, UOL and GuocoLand.

Based on the bank's revised target prices for these companies, these stocks may see an upside of between 28 and 64 per cent from last traded prices on Wednesday (Dec 10).

On Thursday, a report on the Singapore property market noted how developers have announced plans to accelerate capital recycling, rejuvenate existing assets and increase dividends, and how a lower interest rate environment may drive restructuring.

UOL, which closed on Thursday at S$8.40, had its target price raised to S$11. The new target price is a 25 per cent increase from its previous target price of S$8.80.

CDL's target price was hiked to S$11.80 from S$9 previously. The counter ended Thursday at S$7.21. DBS Research set a target price of S$3 for GuocoLand, up from S$2.50, while it raised Frasers Property's target price to S$1.50, from S$1.26 before. The bank maintained a "buy" call for all four of these developers.

DBS Research also raised targets for Bukit Sembawang Estates to S$6.94 from S$5.88, Ho Bee Land to S$3.38 from S$2.82, Hotel Properties Ltd (HPL) to S$6 from S$5 and Singapore Land Group (SingLand) to S$4.55 from S$2.60.

"We believe that the lower interest rate environment and buoyant capital market conditions set the stage for developers to reconsider structurally boosting returns and capital efficiency," said DBS analysts Derek Tan and Tabitha Foo.

"Some developers, especially those with mature assets on their balance sheets, could consider unlocking value either by spinning off their stabilised assets into a real estate investment trust (Reit) or restructuring into a stapled security, driving higher valuations."

The analysts noted how Centurion's share price rose more than 80 per cent from the time it announced plans for a potential Reit listing to the actual listing, demonstrating the potential upside such initiatives can deliver.

Developers are increasingly signalling that they are ready to enter a new growth phase, the analysts said.

The planned redevelopment of Marina Square stands out as a major value-creation initiative for UOL and SingLand, with potential value uplift of up to 3.5 to 4.5 times, they added.

"For HPL, the possibility of a stake sale in voco Orchard, Forum mall, and HPL House, valued at up to S$2 billion, could also present a significant value-unlocking opportunity."

Developers have also accelerated their capital-recycling initiatives and more divestments may be seen in 2026, the analysts noted.

"CDL fell short of its S$1 billion divestment target for 2024 and delivered around S$600 million instead. It has since picked up pace with over S$1.5 billion in contracted divestments in 2025, including South Beach, City Industrial Building, and Piccadilly Galleria retail podium in Singapore, two hotels and a multifamily residential asset in the US and Bespoke Hotel Shinsaibashi in Japan," they added.

In 2025, UOL divested Parkroyal Yangon in Myanmar and Kinex shopping mall in Singapore.

The analysts said that some developers have also raised dividends, amid an ongoing push to deliver shareholder value.

UOL recently raised its dividend from S$0.15 per share to S$0.18 per share, and GuocoLand from S$0.06 to S$0.07, they noted.

"Meanwhile, a special dividend could be on the cards for CDL with its huge gain from the South Beach divestment, HPL given the possibility of a stake sale in voco Orchard, Forum mall and HPL House that are valued at up to S$2 billion, as well as Bukit Sembawang with its large cash reserves."

Developers are increasingly signalling that they are ready to enter a new growth phase, DBS Research says. PHOTO: BT FILE

DBS Research maintained its target prices and "buy" calls for PropNex and Apac Realty, noting how property agencies are likely to see "a gradual moderation in earnings growth momentum" in 2026.

A sharp decline in the Singapore Overnight Rate Average has bolstered purchasing power and sentiment and there were many projects with compelling attributes in 2025, the analysts said.

Close to half of the new major launches achieved sell-through rates above 80 per cent, with nearly a quarter surpassing 90 per cent.

"After a robust year for primary sales in 2025, transaction volumes will likely be lower in 2026, given a less-robust launch pipeline anchored around suburban homes," the analysts added.

However, they expect certain projects, such as the Bayshore Road government land sales site purchased by a SingHaiyi joint venture and the Thomson View redevelopment to see strong demand.

"We believe that overall price quantum should generally remain broadly stable or inch higher, though growth will increasingly be constrained by real income trends given the strong price appreciation over the past few years."

Upside for developers

DEVELOPER	REVALUED NET ASSET VALUE (RNAV) (S$)	DISCOUNT TO RNAV	PREVIOUS TARGET PRICE (S$)	DISCOUNT TO RNAV	NEW TARGET PRICE (S$)	CLOSING PRICE ON DEC 10 (S$)	UPSIDE
UOL	14.54	40%	8.80	25%	11.00	8.34	31.9%
CDL	18.20	50%	9.00	35%	11.80	7.18	64.3%
GuocoLand	4.50	45%	2.50	35%	3.00	2.02	48.5%
Frasers Property	2.80	55%	1.26	45%	1.50	1.12	33.9%
Bukit Sembawang Estates	10.68	45%	5.88	35%	6.94	4.76	45.8%
Ho Bee Land	5.64	50%	2.82	40%	3.38	2.16	56.5%
Hotel Properties Ltd	10.00	50%	5.00	40%	6.00	4.70	27.7%
Singapore Land Group	6.50	60%	2.60	30%	4.55	3.08	47.7%

SOURCE: DBS RESEARCH GRAPHIC: TEOH YI CHIE, BT