

# Investment Returns of Suburban Integrated Developments

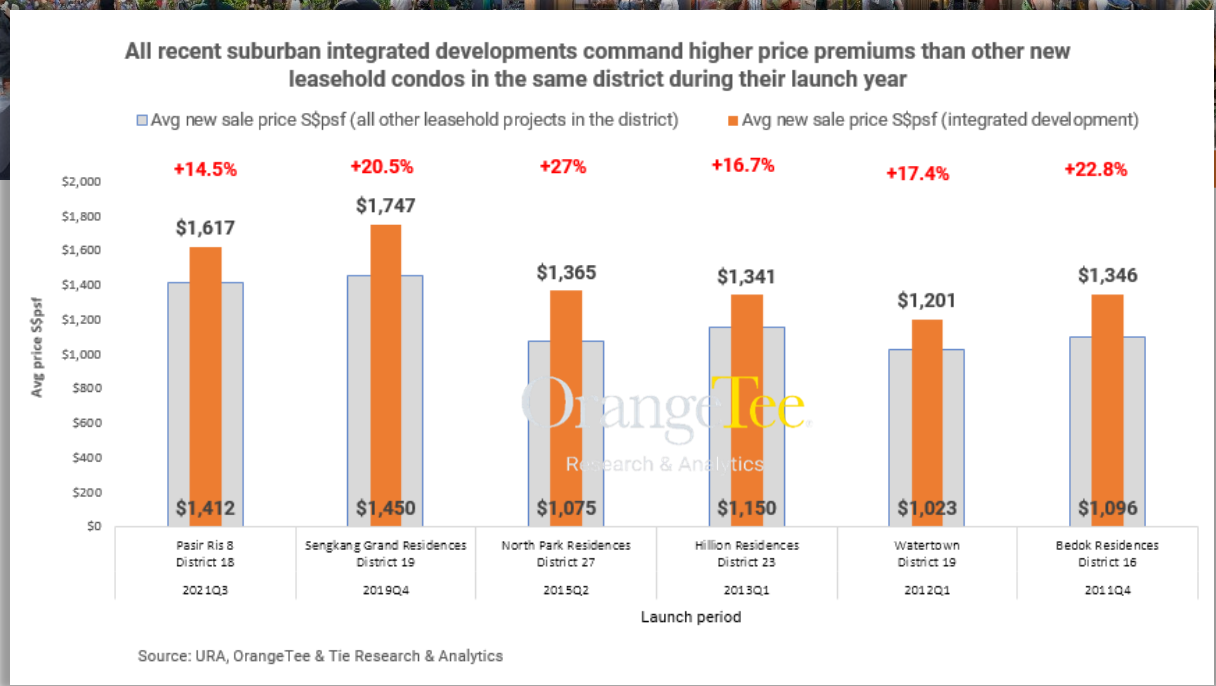


Due to the rarity and exclusivity of integrated developments, some buyers are willing to pay up to 27% more for such properties in the suburbs. Most investors enjoy high rental income and attractive rental yields. With a low supply in the market, future integrated developments will remain popular among investors and owner-occupiers.

## OrangeTee®

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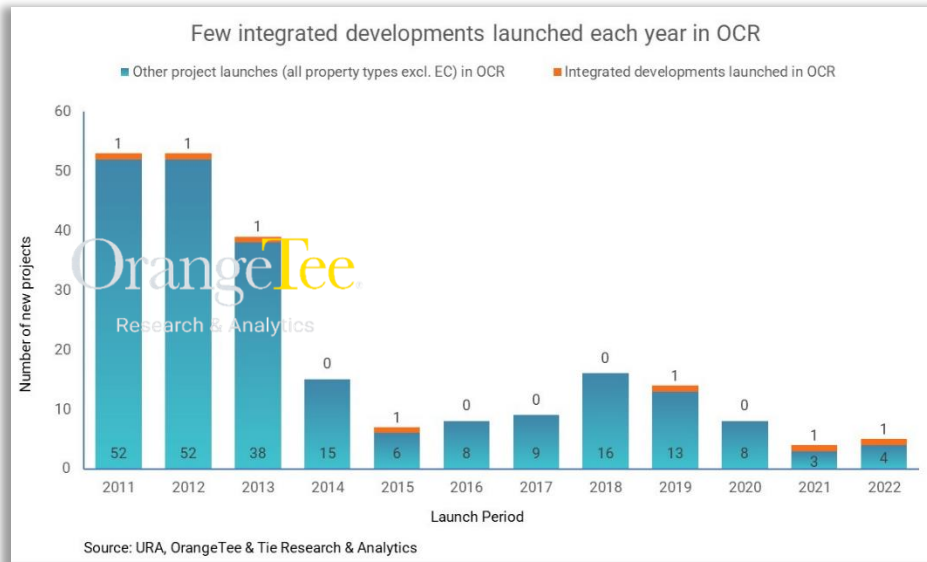
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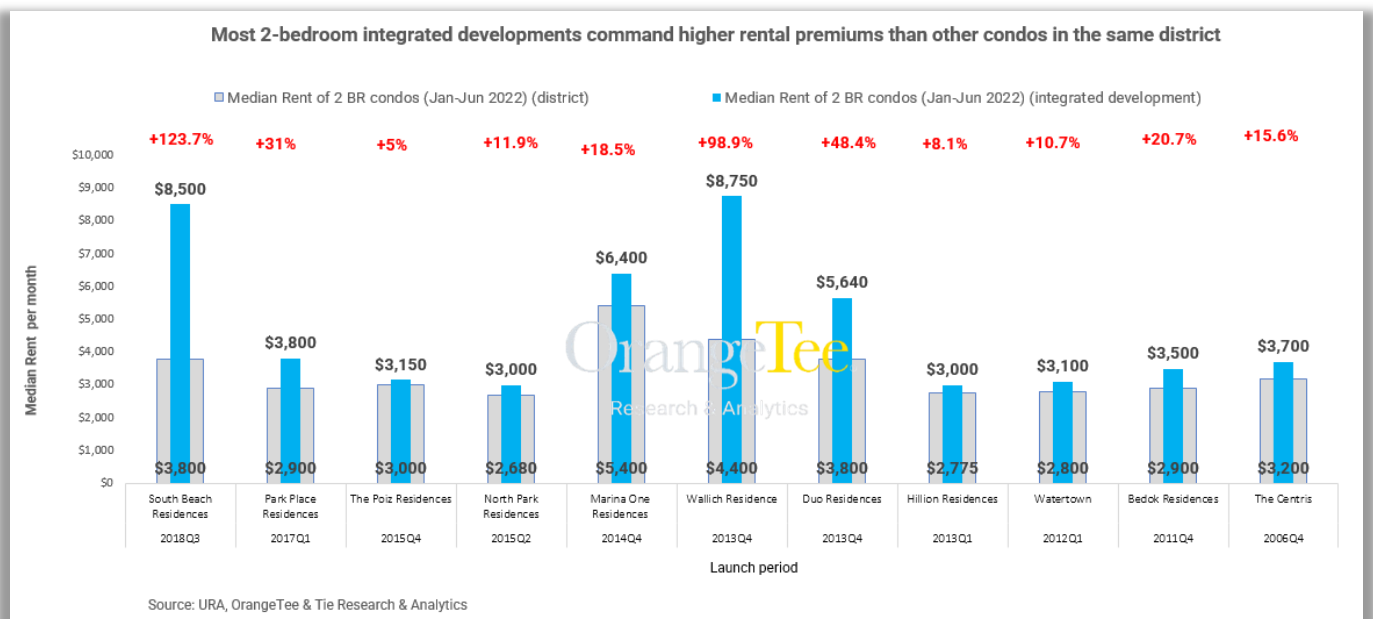
**Integrated developments are popular as buyers desire properties that offer more than one value proposition.** Integrated developments usually encompass a retail mall, office tower and/or hotel component. These properties are also linked directly to an MRT station or bus interchange, providing seamless connectivity to the rest of the island. Homeowners enjoy an all-encompassing live, work and play lifestyle, while investors reap a steady stream of rental income.

**Buyers are willing to pay a premium for suburban integrated developments due to their rarity and exclusivity.** According to data from the Urban Redevelopment Authority (URA), six suburban integrated developments were launched at higher prices than other new leasehold condos within the same district. For instance, the launch price of Pasir Ris 8 (S\$1,617 psf) was 14.5 per cent higher than the average price of new leasehold condos (S\$1,412 psf) in District 18 in 2021. Similarly, the launch price of North Park Residences (S\$1,365 psf) was 27 per cent higher than the average price of other new leasehold condos in District 27 (S\$1,075 psf) in 2015.

**A limited supply of suburban integrated developments has helped prop up the prices and rents of these properties.** There are only 19 integrated developments launched in Singapore, eight of which are located in the suburbs or the Outside of Central Region (OCR). In the OCR, six integrated developments were launched from 2011 to 2021 and constitute just 2.7 per cent of the total 226 private home launches (excluding ECs) during that period.



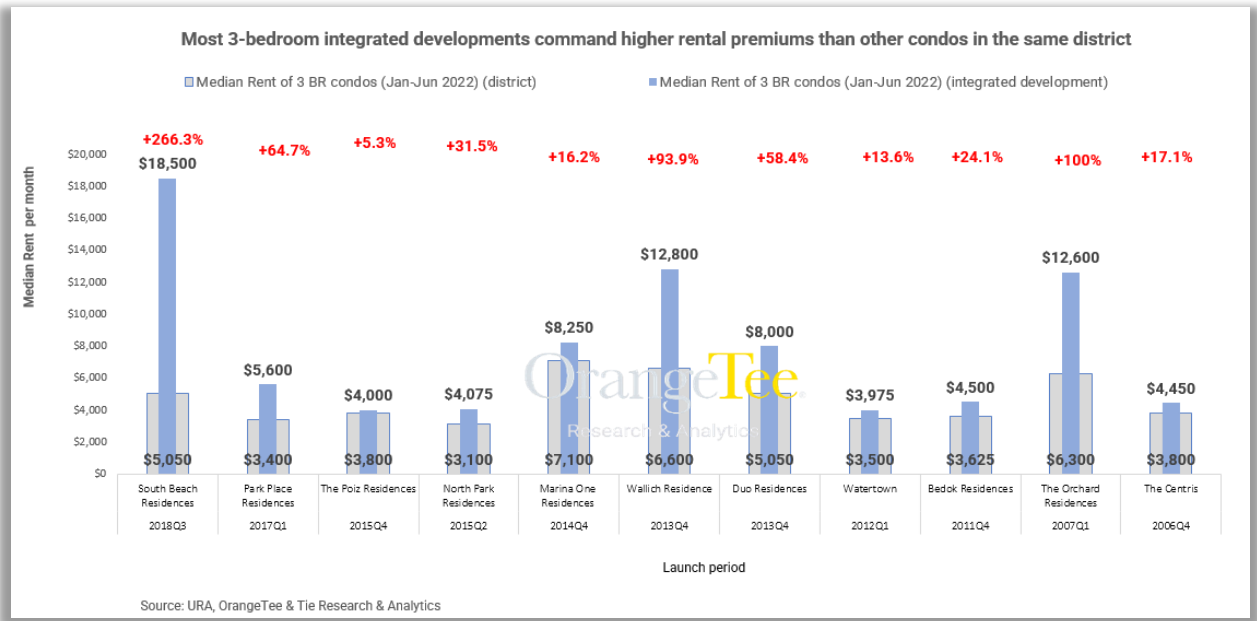
**11 out of 13 completed integrated developments commanded higher rents than other resale condos in the vicinity.** For instance, the median rent of 2-bedroom units at South Beach Residences (S\$8,500 per month) was 123.7 per cent higher than the median rents of other condos in district 7 (S\$3,800 per month) during the first six months of this year. Similarly, the median rent of 3-bedroom units at the same project (S\$18,500 per month) was 266.3 per cent higher the median rents of other condos in district 7 (S\$5,050 per month). For Watertown in the suburbs, the median rent of 2-bedroom units was 10.7 per cent higher over the same period. Due to the high rents of integrated developments, the average rental yield of completed integrated developments is around 3.8 per cent; with the highest yield hitting 7.9 per cent.



Median rents and leasing volume of integrated development compared to 2-bedroom condos in the same district

S/N	Integrated Development	Launch Period	District	Location	Median Rent of 2 BR condos (Jan-Jun 2022)			Number of rental transactions of 2 BR condos (Jan-Jun 2022)		
					Integrated Development (A)	District (B)	Rental difference (A-B)/B	Integrated Development (A)	District (B)	Market Share (A/B)
1	Lentor Modern	2022Q3	26	2 Lentor Central	NA	\$2,700	NA	NA	70	NA
2	Picadilly Grand	2022Q2	8	1 Northumberland Rd	NA	\$3,350	NA	NA	312	NA
3	Canninghill Piers	2021Q4	6	5 Clarke Quay	NA	\$5,212	NA	NA	18	NA
4	Pasir Ris 8	2021Q3	18	Pasir Ris Central	NA	\$1,700	NA	NA	653	NA
5	Midtown Modern	2021Q1	7	Tan Quee Lan, Bugis	NA	\$5,800	NA	NA	272	NA
6	Sengkang Grand Residences	2019Q4	19	Compassvale Bow	NA	\$2,800	NA	NA	1051	NA
7	The Woodleigh Residences	2018Q4	13	Bidadari Park Dr	NA	\$3,000	NA	NA	227	NA
8	South Beach Residences	2018Q3	7	Beach Rd	\$8,500	\$3,800	123.7%	19	272	7.0%
9	Park Place Residences	2017Q1	14	Paya Lebar Rd	\$3,800	\$2,900	31.0%	38	703	5.4%
10	The Poiz Residences	2015Q4	13	12 Meyappa Chettiar Rd	\$3,150	\$3,000	5.0%	28	227	12.3%
11	North Park Residences	2015Q2	27	Yishun Central 1	\$3,000	\$2,680	11.9%	57	241	23.7%
12	Marina One Residences	2014Q4	1	Marina Way	\$6,400	\$5,400	18.5%	74	404	18.3%
13	Wallich Residence	2013Q4	2	Wallich St	\$8,750	\$4,400	98.9%	8	334	2.4%
14	Duo Residences	2013Q4	7	Fraser St	\$5,640	\$3,800	48.4%	70	272	25.7%
15	Hillion Residences	2013Q1	23	Jelebu Rd	\$3,000	\$2,775	8.1%	31	512	6.1%
16	Watertown	2012Q1	19	Punggol Central	\$3,100	\$2,800	10.7%	40	1051	3.8%
17	Bedok Residences	2011Q4	16	Bedok North Dr	\$3,500	\$2,900	20.7%	59	841	4.8%
18	The Orchard Residences	2007Q1	9	Orchard Boulevard	NA	\$4,700	NA	NA	1338	NA
19	The Centris	2006Q4	22	Jurong West Central 3	\$3,700	\$3,200	15.6%	33	399	8.3%
20	Compass Heights	2001Q1	19	11 Sengkang Square	\$2,750	\$2,800	-1.8%	21	1051	2.0%

Source: URA, OrangeTee & Tie Research & Analytics



Source: URA, OrangeTee & Tie Research & Analytics

Median rents and leasing volume of integrated development compared to 3-bedroom condos in the same district

S/N	Integrated Development	Launch Period	District	Location	Median Rent of 3 BR condos (Jan-Jun 2022)			Number of rental transactions of 3 BR condos (Jan-Jun 2022)		
					Integrated Development (A)	District (B)	Rental difference (A-B)/B	Integrated Development (A)	District (B)	Market Share (A/B)
1	Lentor Modern	2022Q3	26	2 Lentor Central	NA	\$3,175	NA	NA	74	NA
2	Picadilly Grand	2022Q2	8	1 Northumberland Rd	NA	\$4,100	NA	NA	211	NA
3	Canninghill Piers	2021Q4	6	5 Clarke Quay	NA	\$13,000	NA	NA	3	NA
4	Pasir Ris 8	2021Q3	18	Pasir Ris Central	NA	\$3,300	NA	NA	480	NA
5	Midtown Modern	2021Q1	7	Tan Quee Lan, Bugis	NA	\$5,150	NA	NA	82	NA
6	Sengkang Grand Residences	2019Q4	19	Compassvale Bow	NA	\$3,500	NA	NA	838	NA
7	The Woodleigh Residences	2018Q4	13	Bidadari Park Dr	NA	\$3,800	NA	NA	154	NA
8	South Beach Residences	2018Q3	7	Beach Rd	\$18,500	\$5,050	266.3%	4	82	4.9%
9	Park Place Residences	2017Q1	14	Paya Lebar Rd	\$5,600	\$3,400	64.7%	6	560	1.1%
10	The Poiz Residences	2015Q4	13	12 Meyappa Chettiar Rd	\$4,000	\$3,800	5.3%	19	154	12.3%
11	North Park Residences	2015Q2	27	Yishun Central 1	\$4,075	\$3,100	31.5%	16	247	6.5%
12	Marina One Residences	2014Q4	1	Marina Way	\$8,250	\$7,100	16.2%	28	193	14.5%
13	Wallich Residence	2013Q4	2	Wallich St	\$12,800	\$6,600	93.9%	15	57	26.3%
14	Duo Residences	2013Q4	7	Fraser St	\$8,000	\$5,050	58.4%	19	82	23.2%
15	Hillion Residences	2013Q1	23	Jelebu Rd	NA	\$3,200	NA	NA	614	NA
16	Watertown	2012Q1	19	Punggol Central	\$3,975	\$3,500	13.6%	22	838	2.6%
17	Bedok Residences	2011Q4	16	Bedok North Dr	\$4,500	\$3,625	24.1%	21	626	3.4%
18	The Orchard Residences	2007Q1	9	Orchard Boulevard	\$12,600	\$6,300	100.0%	17	1278	1.3%
19	The Centris	2006Q4	22	Jurong West Central 3	\$4,450	\$3,800	17.1%	38	359	10.6%
20	Compass Heights	2001Q1	19	11 Sengkang Square	\$3,000	\$3,500	-14.3%	15	838	1.8%

Source: URA, OrangeTee & Tie Research & Analytics



## Outlook

An upcoming integrated development to watch is Lentor Modern. The project is expected to see healthy demand as this is the first integrated development in Lentor and a major condo launch in the area after many years. There is pent-up demand as many HDB upgraders living in the vicinity may be keen to upgrade to a private condominium.

Moving forward, the supply of integrated developments is expected to remain low. Jalan Anak Bukit, which comprises 700 residential units, 150 serviced apartments and 2,000 sqm of community space on a 32,185 sqm site may be launched for sale next year. The land tender was awarded on 30 August 2021 to Far East Organization and Sino Group at a bid price of S\$1.03 billion or S\$989 psf ppr.

Another land parcel at Woodlands Avenue 2 has yet to be sold to developers and is currently placed on the reserve list under the Government Land Sales Programme. This integrated development may have 440 residential units and 78,000 sqm of commercial space.

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