

Corner shophouse block opposite The Central sold for S\$18.5m

Located at New Bridge Road/Hongkong Street, it is on two land lots with balance leases of 25 and 34 years

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A CORNER shophouse block at the junction of New Bridge Road and Hongkong Street has been sold for S\$18.5 million, based on the caveated price.

Located opposite The Central and Clarke Quay MRT Station, the property comprises three shophouses on two land lots with separate lease expiries. One lot has a balance lease

term of 25 years and the other, 34 years.

The seller is a Chinese investor who is also a Singapore permanent resident. The buyer is believed to be a company controlled by a property investor of Indonesian origin who is a US citizen.

The property is five storeys high; the fifth storey is part offices and part roof terrace. The ground floor is leased to traditional Chinese medicine chain Ma Kuang. Expedia used to occupy levels two to five; the space is now available for lease.

The building is on 4,317 sq ft of land and is said to have a gross floor area of around 13,500 sq ft, shy of the maximum 18,131 sq ft allowed based on the 4.2 plot ratio for the site, which

is zoned for commercial use under Master Plan 2014. There is potential to build a five-storey extension in a void area at the rear. The building is in a secondary conservation area.

By some industry players' estimates, it could cost around S\$8 million to top up the site's lease to 99 years, and S\$2.8 million in exchange for rights to tap the unutilised gross floor area (GFA). Both sums are payable to the state.

On top of that, construction cost to build the additional GFA of around 4,600 sq ft as well as to enhance the existing building could amount to some S\$7 million.

Adding all the above costs to the S\$18.5 million purchase price, the total outlay works out to S\$2,000 psf of potential GFA. Assuming the ratio of

net lettable area (NLA) to GFA is 90 per cent, the breakeven cost would be around S\$2,224 psf on NLA. "For a location with prominent frontage and on the basis of a freshly topped up 99-year lease, that sounds like reasonable pricing," said a seasoned agent.

A stone's throw away, a shophouse along Hongkong Street changed hands in March for nearly S\$17.21 million – which works out to about S\$1,900 psf based on the property's GFA of around 9,060 sq ft. The seller had maximised the plot ratio and had the site's lease topped up to 99 years in 2013.

Nearby at North Canal Road, a pair of adjacent shophouses on a site with balance lease term of about 32 years changed hands at S\$15 million last month.



The ground floor of the three shophouses is leased to TCM chain Ma Kuang; the upper floors are vacant after Expedia moved out