District 7 private residential, the new prime in Singapore

Quietly but confidently, a new district is emerging to join the ranks of the established prime areas in Singapore. This nascent development may have been overlooked by many a seasoned property observer. The district in question is District 7 or, specifically, the area spanned by Beach Road where gentrification has gained momentum. Please see Figure 1 for the location of Beach Road.

The first sign of change in the Beach Road area came when what is now known as South Beach Office Tower and the JW Marriott Singapore South Beach began operations in 2015 and 2016, respectively. The subsequent move by Facebook from Cecil Street to South Beach Office Tower could actually have been the defining signal that the Beach Road district was being seen through the eyes of tech companies as a chic and swanky location. After that, Duo Towers opened later in 2016, with Andaz Hotel following suit in 2017, and these two-in-one developments further reinvigorated the area.

The story of District 7’s rebirth continued in October 2017 when a Government Land Sales site for a mixed office, retail and residential development was sold at a record price of S$1,706 per sq ft per plot ratio. The new development will be named Guoco Midtown (offices) and Midtown Residences with an expected completion date in 2022. This site is located a stone’s throw from South Beach Residences, further reinforcing the narrative that a real estate value uplift is in the works for District 7. But wait—it gets better. Between South Beach Residences and the Midtown development stands Shaw Towers, an office/retail complex that was completed around the mid-1970s. Plans are currently underway to redevelop this site soon.

Ultimately, when the Midtown and redeveloped Shaw Towers are completed, Beach Road will look quite similar to the Marina Bay area. However, there is a difference. Whilst the latter lacks character and charm, Beach Road is laced with the colors of Singapore’s history in the form of the Raffles Hotel and the area’s conservation shophouses. Many of the conserved shophouses along Beach Road are now F&B outlets, offering an eclectic mix ranging from authentic Chinese food to fusion cuisine to hip outlets. The hip part of the conservation area can be found around Arab Street, home to an incredible array of bars, bistros and Middle Eastern establishments. (See Map 2.)

For quite a few years, prices for District 7 hovered in the S$2,000 to S$2,500 per sq ft range, and were established by projects like Dou Residences and City Gate. (Please see Graph 1.)

The view of Beach Road residential as a new kid on the prime block is reinforced by transactions over the period from September 2018 to March 2019 in which South Beach Residences averaged S$3,372 per sq ft. This shows that the development measures up well against sites in the traditional prime districts of 9, 10 and 11 and has helped to redefine District 7’s reputation. In fact, that one transaction hit an astounding S$3,950 per sq ft.

MAP 1: Location Of Beach Road

MAP 2: New Developments Juxtaposed With Conservation Areas

BEACH ROAD DISTRICT 7 - THE RISE OF A NEW PRIME RESIDENTIAL DISTRICT

Source Savills Research
puts South Beach Residences well within the price range for super luxury (those priced above S$3,000 per sq ft) apartments in the Orchard Road area. (See Graph 2.)

Furthermore, something interesting crops up when we measure new sale transactions in terms of price per unit. The average price paid by buyers at South Beach Residences is actually much higher compared to recent sales of super luxury condominiums in the traditional prime districts. This revelation is not trivial because it shows that on average buyers of this development have deeper pockets than those in Districts 9, 10, and 11. The higher sales price is a strong testament to how buyers feel about the district and its future development. (See Graph 3.)

There are quite a few unique selling points for the private residential developments along Beach Road. As many of these developments are brand new, the experiential factor is higher than for sites in the traditional prime districts. For example, some offer concierge services of a standard that is par excellence while the interior fittings and accoutrements that go in to each unit have been well thought through. In terms of view, many units feature unobstructed 360-degree vistas that span Orchard Road, the front of Marina Bay and the Kallang Riverside, and, for some units, the grand-prized view of the Singapore Formula 1 night circuit and Fireworks at the Bay.

To encapsulate what Beach Road will be in the not-too-distant future, it is a place primed to shine due to many plus factors: thoughtful gentrification, living history, and a modern vibrancy, each reinforcing the other to lift real estate values. This value upsurge is only just beginning, and therefore timing-wise, could District 7 present investors with an opportunity not to be missed.

“Residential prices in new developments have been as high or even higher than those near Orchard Road.”

Graph 1: New Sale Transactions Prior To South Beach Residences Launch, Q4/2013 to Q1/2019

Graph 2: South Beach Residences vs District 9, 10 & 11 Super Luxury Prices, Q3/2018 to Q1/2019

Graph 3: Price Quantum of South Beach Residences vs Districts 9, 10 & 11 Super Luxury, Q3/2018 to Q1/2019