SUMMARY

Real estate developers of "white" site are allowed to develop either commercial, residential, hotels or any combinations of the three uses. It is a strategy of the state land sales programme to give developers more choice and flexibility when buying state land. Another key feature is that differential premium need not be paid when the initial use is changed to another during its 99-year leasehold tenure.

This dissertation sets out to ascertain issues affecting the valuation of "white" sites by using the Marina site as a case study. Identification of these issues can assist developers to formulate strategies and solutions to increase returns, given a set of variables. The understanding of these issues can increase analysts' and valuers' contributions to the strategic needs of real estate developers.

The study concluded that the valuation for "white" site should be based on its Most Probable Use rather than its Highest and Best Use.

After reviewing the planning concept for "white" sites, URA's rationale for its introduction and a property analysis of Marina site, the most probable use for it will be a development comprising of 112,995 m² (1,216,316 sq ft) of gross office space, 34,090 m² (366,945 sq ft) of gross residential space, and 1,080 m² (11,625 sq ft) of gross retail space in an approximately 110 metres long underground mall linking the proposed development to the Raffles Place MRT station.

The most probable buyers, can be grouped into three general categories, are
i) owner-occupiers,
ii) institutional purchasers, and
iii) individuals or group investors.

(ii)
Barring any external shocks and given a reasonable marketing period, the Marina site will sell in the range of $458.7 million to $486.1 million, with the most probable selling price at $472.1 million as of 30th September 1999. The unit land value works out to be $3,186.26 per m² per plot ratio ($296.01 psf per plot ratio).

With respect to the current provisions of the Act and its amendment, it appears that there is insignificant long-term benefit that can be derived from a large strata-subdivided "white" site development.