

DELVING DEEP INTO EXECUTIVE CONDOMINIUMS

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Executive Condominiums (ECs), widely considered to be private properties at a discount, are not exactly the same as private properties if construction cost is anything to go by. In this issue, we look at various aspects of the hybrid segment that have never been looked at.



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Not exactly the same

Executive Condominiums (ECs), widely considered to be private properties at a discount, are not exactly the same as private properties if construction cost is anything to go by. The average construction cost for an EC is about 20% lower compared to that of a private property, based on contracts announced by listed construction companies.

Figure 1: Construction cost* for residential projects

GLS site sold	Project name	Construction cost* psf
Executive Condominium		
Mar 2010	Esparina Residences	\$194.6
May 2010	Austville Residences	\$233.9
Jun 2010	Prive	\$195.5
Oct 2010	Belysa	\$216.2
Jul 2011	Twin Waterfalls	\$199.9
Oct 2011	Watercolours	\$212.0
Average		\$208.7
Private Property		
Apr 2010	Hedges Park	\$326.0
May 2010	Terrasse	\$242.8
Oct 2010	Seastrand	\$243.9
Oct 2010	Foresque Residences	\$262.6
Dec 2010	A Treasure Trove	\$250.7
Mar 2011	Archipelago	\$275.6
Mar 2011	The Luxurie	\$264.2
May 2011	Ripple Bay	\$235.0
Sep 2011	Riversails	\$249.0
Average		\$256.2

Source: Companies, squarefoot.com.sg, *Excludes cost of piling

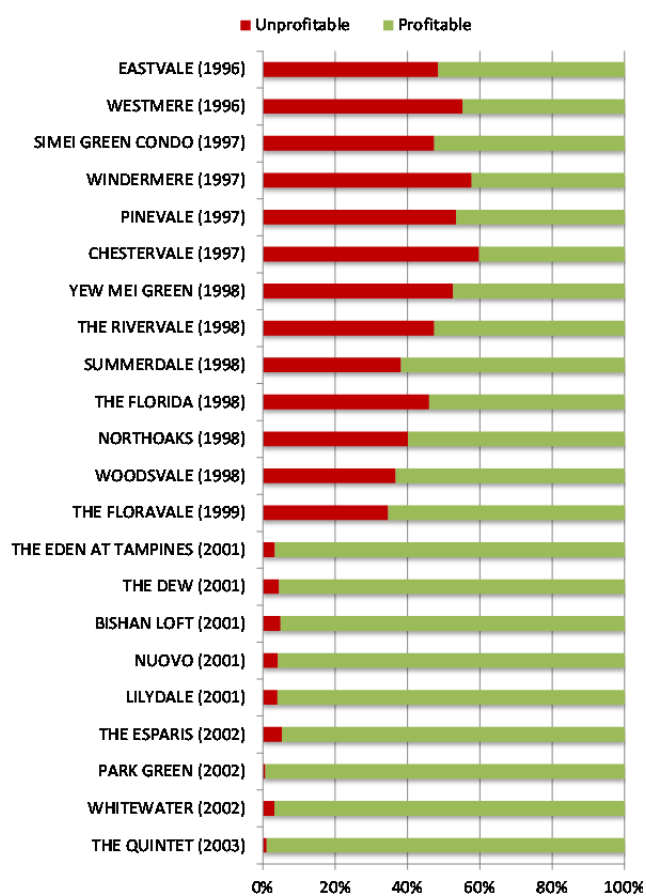
Therefore, a part of the EC discount compensates for the difference in the quality of the product compared to a private property. The remaining part of the discount compensates for the expected holding period and restricted resale market from the fifth to tenth year after completion. The expected holding period is significant and can be as long as 9 years, assuming a 4-year construction period and the imposed 5-year Minimum Occupation Period (MOP). Recent launches suggest that today's EC discount is \$150-\$200psf, or \$100-\$150psf if one takes into account a construction cost difference of about \$50psf.

Profitability after MOP

As soon as the EC was introduced into the market in 1996, a total of 13 sites were sold to developers in 2 years, leading to a slew of completions over 1999-2000, much like what the market is experiencing today, except that it stopped at 13 in 1997 at the onset of the Asian Financial Crisis. Today, we have 13 ECs selling in the primary market, 5 more to launch soon from sites already sold, and 6 more new sites expected to be sold in the second half of the year.

The very first batch of ECs got off a rough start. They were launched at the peak of the property market in 1996-1997. Nearly half of the units were eventually disposed in the secondary market at a loss.

Figure 2: Profitability of first owners



Source: URA, squarefoot.com.sg

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Figure 3: Change in average price, 5 years after completion

Project (Year of completion)	Launch Price \$psf	5 years after completion Price \$psf	%
Eastvale ('99)	405.9	402.7	-1
Westmere ('99)	401.1	323.3	-19
Chestervale ('99)	433.2	355.0	-18
Simei Green ('99)	413.8	366.3	-11
Pinevale ('99)	456.5	376.0	-18
Windermere ('99)	449.2	331.7	-26
The Florida ('00)	433.3	336.8	-22
The Rivervale ('00)	456.8	349.0	-24
Woodsvale ('00)	375.7	326.7	-13
Yew Mei Green ('00)	426.8	342.9	-20
Summerdale ('00)	431.8	316.8	-27
The Floravale ('00)	369.8	331.1	-10
Northoaks ('00)	374.5	333.1	-11
Lilydale ('03)	353.5	476.0	+35
The Eden ('03)	408.7	540.0	+32
The Dew ('03)	385.7	539.3	+40
Bishan Loft ('03)	421.6	658.2	+56
Nuovo ('04)	399.4	588.4	+47
Park Green ('04)	369.1	525.2	+42
Whitewater ('05)	364.0	599.8	+65
The Esparis ('05)	385.4	638.3	+66
The Quintet ('06)	366.7	683.9	+87

Source: URA, squarefoot.com.sg

Figure 4: Change in average price, 10 years after completion

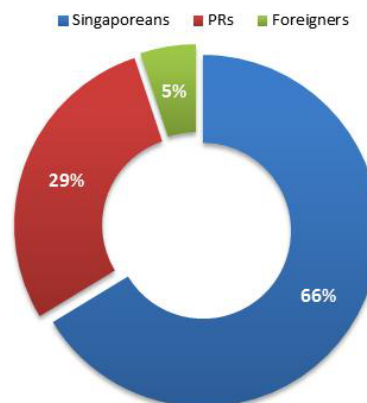
Project (Year of completion)	Launch Price \$psf	10 years after completion Price \$psf	%
Eastvale ('99)	405.9	494.0	+22
Westmere ('99)	401.1	521.6	+30
Chestervale ('99)	433.2	417.0	-4
Simei Green ('99)	413.8	505.3	+22
Pinevale ('99)	456.5	528.0	+16
Windermere ('99)	449.2	480.9	+7
The Florida ('00)	433.3	548.5	+27
The Rivervale ('00)	456.8	602.9	+32
Woodsvale ('00)	375.7	548.1	+46
Yew Mei Green ('00)	426.8	594.0	+39
Summerdale ('00)	431.8	587.4	+36
The Floravale ('00)	369.8	583.0	+58
Northoaks ('00)	374.5	579.9	+55

Source: URA, squarefoot.com.sg

Buyers in the resale market

The resale market, beyond the 5-year MOP, consists of 66% Singaporeans, 29% Permanent Residences (PRs) and 5% foreigners. More than half of the current owners bought their units in the resale market. The number of PRs is almost three times as many as one would expect for a suburban private property. This is in part due to the resale restriction from the fifth to tenth year after completion, where only Singaporeans and Singapore PRs are eligible to purchase.

Figure 5: Breakdown of secondary market buyers



Source: URA, squarefoot.com.sg

Figure 6: Breakdown of secondary market buyers

Project (Year of completion)	Singaporeans (%)	PRs (%)	Foreigners (%)
Eastvale ('99)	63.1	28.1	8.8
Westmere ('99)	67.0	27.8	5.2
Chestervale ('99)	79.9	14.0	6.1
Simei Green ('99)	65.1	29.5	5.4
Pinevale ('99)	68.5	24.6	6.9
Windermere ('99)	67.6	24.1	8.2
The Florida ('00)	71.5	21.4	7.1
The Rivervale ('00)	67.6	26.1	6.3
Woodsvale ('00)	59.9	36.0	4.2
Yew Mei Green ('00)	66.6	29.6	3.8
Summerdale ('00)	58.6	36.7	4.6
The Floravale ('00)	71.2	25.9	2.9
Northoaks ('00)	64.3	31.4	4.3

Source: URA, squarefoot.com.sg

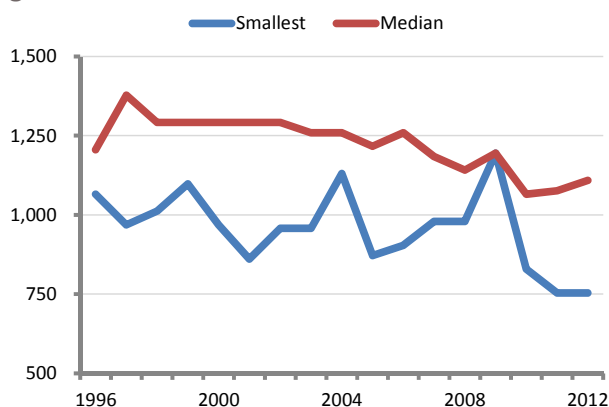
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Size matters

The median size of an EC unit has been declining. At its peak, the median size of an EC unit sold in 1997 was 1,378 sq ft. Today, the median size of an EC unit is 1,109 sq ft. The largest EC units in the market, based on caveats, are the penthouses at The Quintet (3,200-3,500 sq ft) and Chestervale (3,050 sq ft). On the flipside, the smallest units may be the 743-sq-ft 2-bedroom units at Watercolours. Units below 800 sq ft started emerging only as recently as 2011.

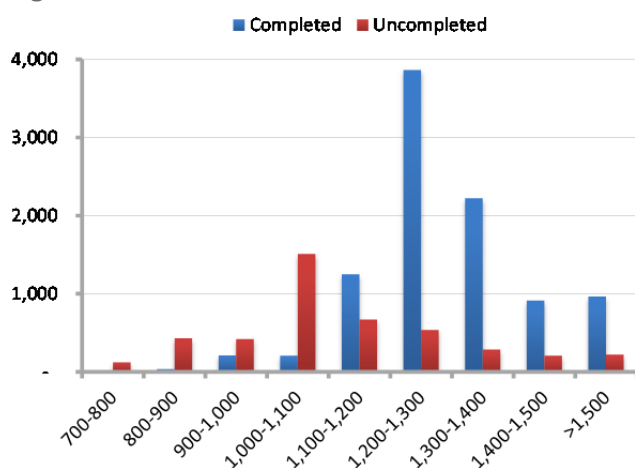
Figure 7: Median and smallest unit sizes



Source: URA, squarefoot.com.sg

The unit size distribution paints a similar picture. The majority (40%) of the completed supply is sized within the range of 1,200-1,300 sq ft whereas the majority (34%) of the uncompleted supply is sized within the range of 1,000-1,100 sq ft.

Figure 8: Unit size distribution

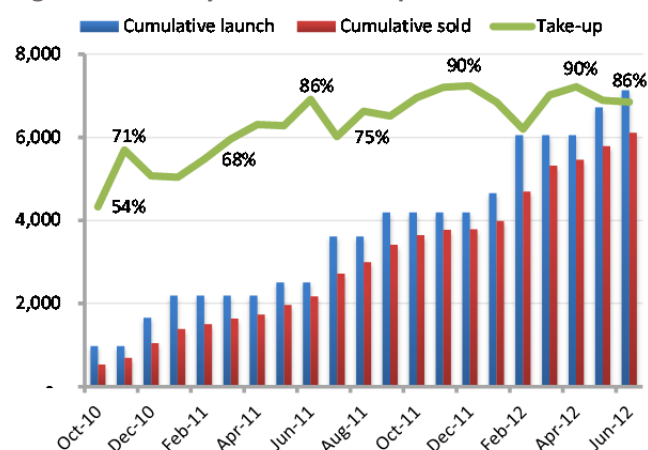


Source: URA, squarefoot.com.sg

Take-up in the primary market

The EC market is not short of buyers. The upward revision of the household income ceiling in 2011 and the availability of housing grants make ECs more affordable than they already are. At the end of June 2012, 7,139 units have been launched since October 2010 and 86% have found buyers. The average take-up for a new EC project is 65% within the first 2 months of launch.

Figure 9: Primary market take-up



Source: URA, squarefoot.com.sg

Figure 10: Take-up in the first 2 months

Project name	Total units	Units sold in the first 2 months	Take-up in the first 2 months (%)
The Canopy	406	188	46
Esparina Residences	573	509	89
Prive	680	534	79
Austville Residences	540	157	29
Belysa	315	315	100
Riverparc Residence	504	394	78
Blossom Residences	602	365	61
Arc at Tampines	574	378	66
The Rainforest	466	355	76
Twin Waterfalls	728	625	86
The Tampines Trilliant	670	338	50
1 Canberra	665	235	35

Source: URA, squarefoot.com.sg

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Pricing

New units are priced at an average of \$730psf. The priciest units were sold at Tampines. The two projects there, Arc at Tampines and The Tampines Trilliant, are the only two projects selling above \$850psf. A new record in the primary market was set recently, when a high-floor unit at Arc at Tampines was sold for \$941psf.

Resale units are priced at an average of \$710psf. Bishan Loft remains the only EC that has ever broken the \$1,000psf mark. Units there achieved an average price of \$1,005psf, based on caveats lodged in the past 6 months. The record is \$1,129psf for a 1,173-sq-ft unit.

Figure 11: Top 5 EC transactions by \$psf in 2012*

Project name	Area (sq ft)	Price (\$)	Price (\$psf)
Bishan Loft	1,173	1,325,000	1,129
Bishan Loft	1,378	1,540,000	1,118
Bishan Loft	1,173	1,168,000	996
Bishan Loft	1,399	1,390,000	993
Bishan Loft	1,378	1,350,000	980

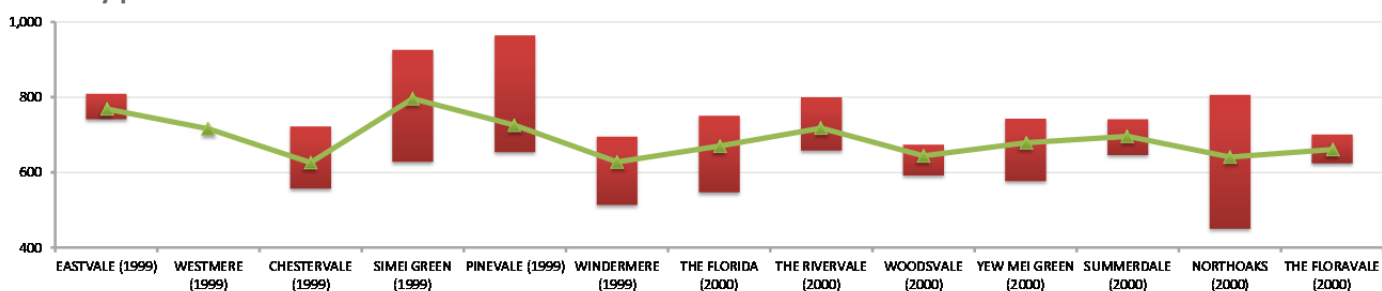
Source: URA, squarefoot.com.sg, *for units <1,500 sq ft

Figure 12: Bottom 5 EC transactions by \$psf in 2012*

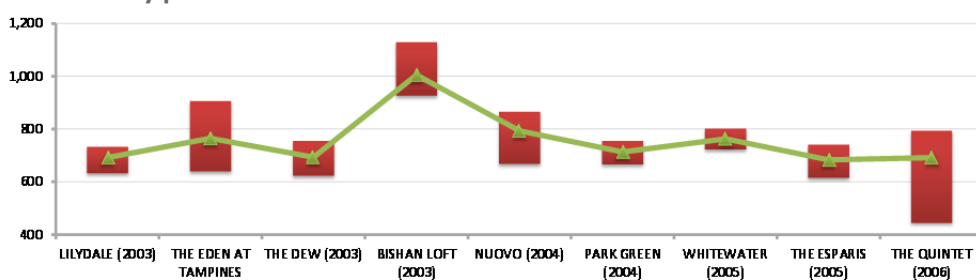
Project name	Area (sq ft)	Price (\$)	Price (\$psf)
Watercolours	1,302	758,200	582
Arc at Tampines	1,410	819,800	581
Belysa	1,475	845,480	573
Chestervale	1,432	798,000	557
The Florida	1,389	760,000	547

Source: URA, squarefoot.com.sg, *for units <1,500 sq ft

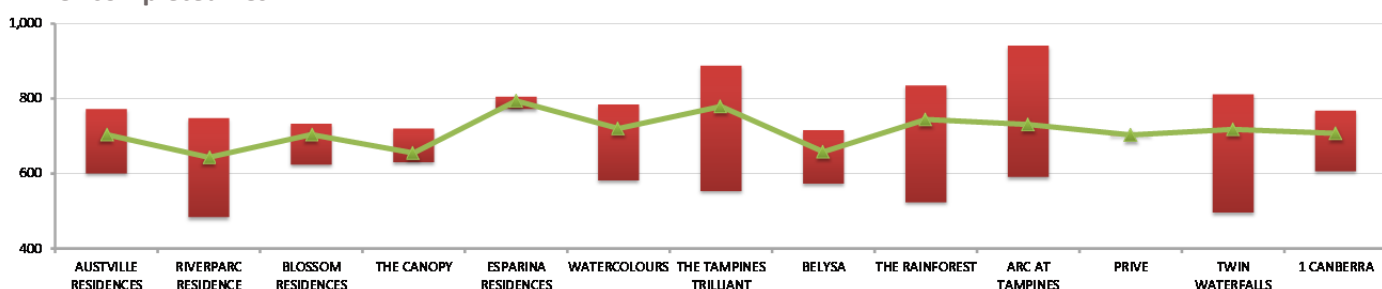
Figure 13: Price range and average price of ECs
Fully privatized ECs



Partially privatized ECs



Uncompleted ECs

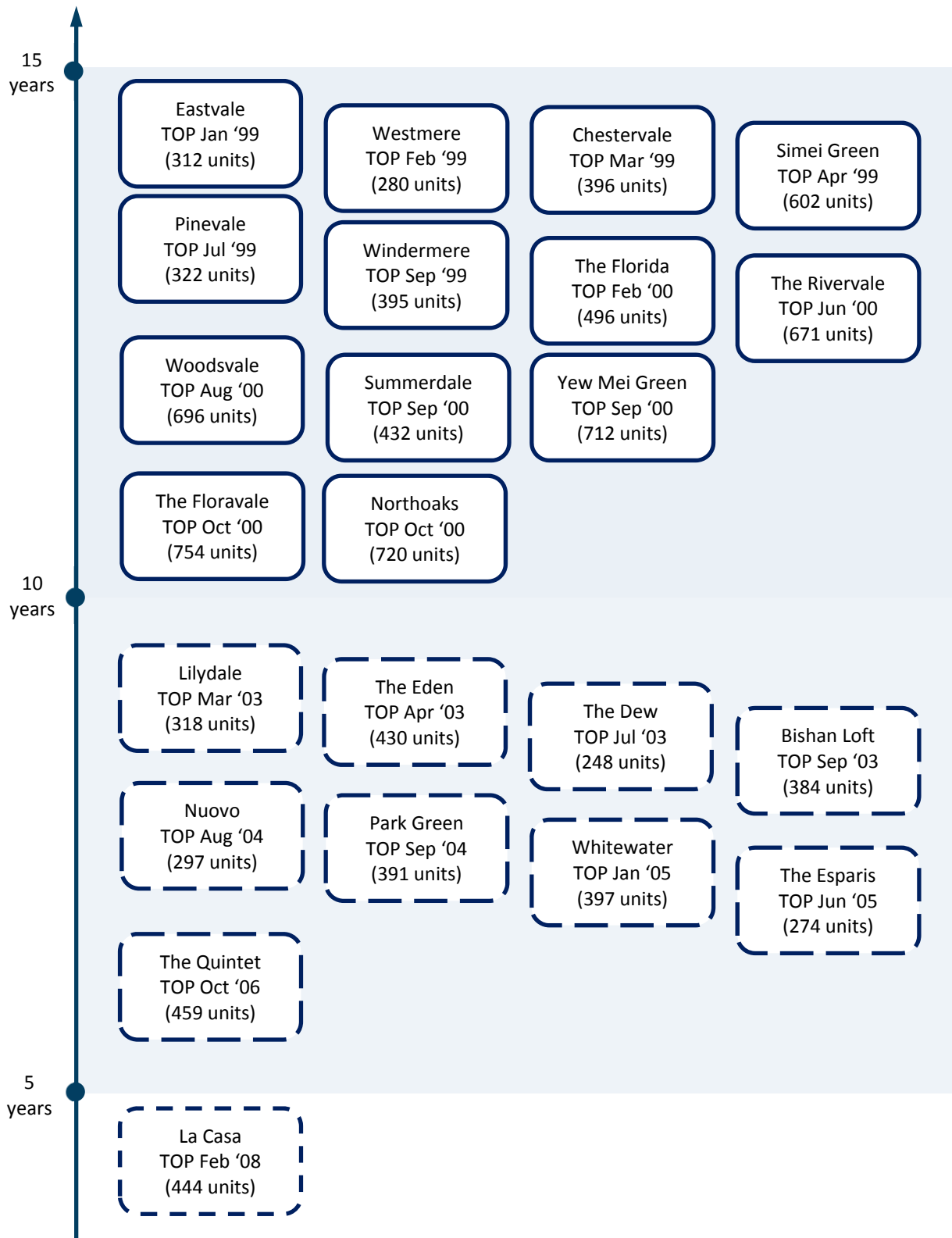


Source: URA, squarefoot.com.sg

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Privatisation timeline



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Distribution of Executive Condominiums



- UNCOMPLETED
- FIRST 5 YEARS
- PARTIALLY PRIVATISED
- PRIVATISED

*Note: *Prices are based on data in the past 6 months.
Source: URA, squarefoot.com.sg*

MARKER	PROJECT	TENURE	COMPLETION	LOWEST PRICE* (\$PSF)	AVERAGE PRICE* (\$PSF)	HIGHEST PRICE* (\$PSF)
● A	EASTVALE	99 YRS FROM 1996	JAN 1999	741	769	809
● B	WESTMERE	99 YRS FROM 1996	FEB 1999	716	716	716
● C	CHESTERVALE	99 YRS FROM 1997	MAR 1999	557	626	722
● D	SIMEI GREEN CONDOMINIUM	99 YRS FROM 1996	APR 1999	628	796	926
● E	PINEVALE	99 YRS FROM 1997	JUL 1999	654	725	964
● F	WINDERMERE	99 YRS FROM 1997	SEP 1999	513	628	695
● G	THE FLORIDA	99 YRS FROM 1997	FEB 2000	547	670	751
● H	THE RIVERVALE	99 YRS FROM 1997	JUN 2000	658	718	800
● I	WOODSVALE	99 YRS FROM 1997	AUG 2000	592	644	674
● J	YEW MEI GREEN	99 YRS FROM 1997	SEP 2000	577	679	743
● K	SUMMERDALE	99 YRS FROM 1997	SEP 2000	646	696	741
● L	NORTHOAKS	99 YRS FROM 1997	OCT 2000	450	641	806
● M	THE FLORAVALE	99 YRS FROM 1997	OCT 2000	624	661	701

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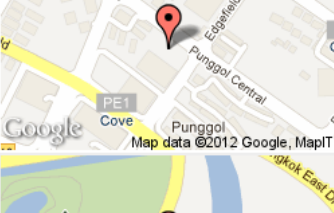
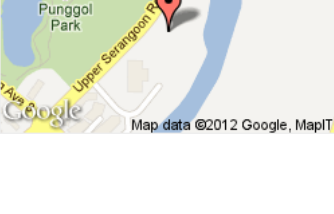
Distribution of Executive Condominiums (Cont'd)

MARKER	PROJECT	TENURE	COMPLETION	LOWEST PRICE* (\$PSF)	AVERAGE PRICE* (\$PSF)	HIGHEST PRICE* (\$PSF)
(A)	LILYDALE	99 YRS FROM 2000	MAR 2003	632	692	732
(B)	THE EDEN AT TAMPINES	99 YRS FROM 2000	APR 2003	639	765	906
(C)	THE DEW	99 YRS FROM 2000	JUL 2003	623	693	754
(D)	BISHAN LOFT	99 YRS FROM 2000	SEP 2003	926	1,005	1,129
(E)	NUOVO	99 YRS FROM 2001	AUG 2004	667	793	865
(F)	PARK GREEN	99 YRS FROM 2001	SEP 2004	666	713	755
(G)	WHITewater	99 YRS FROM 2002	JAN 2005	723	763	801
(H)	THE ESPARIS	99 YRS FROM 2002	JUN 2005	615	683	740
(I)	THE QUINTET	99 YRS FROM 2003	OCT 2006	444	692	793
(A)	LA CASA	99 YRS FROM 2004	FEB 2008	-	-	-
(A)	AUSTVILLE RESIDENCES	99 YRS FROM 2010	UNCOMPLETED	600	704	772
(B)	RIVERPARC RESIDENCE	99 YRS FROM 2010	UNCOMPLETED	484	643	748
(C)	BLOSSOM RESIDENCES	99 YRS FROM 2011	UNCOMPLETED	624	704	733
(D)	THE CANOPY	99 YRS FROM 2010	UNCOMPLETED	630	655	720
(E)	ESPARINA RESIDENCES	99 YRS FROM 2010	UNCOMPLETED	772	794	805
(F)	WATERCOLOURS	99 YRS FROM 2012	UNCOMPLETED	582	720	784
(G)	THE TAMPINES TRILLIANT	99 YRS FROM 2011	UNCOMPLETED	553	779	888
(H)	BELYSA	99 YRS FROM 2011	UNCOMPLETED	573	658	716
(I)	THE RAINFOREST	99 YRS FROM 2011	UNCOMPLETED	523	744	835
(J)	ARC AT TAMPINES	99 YRS FROM 2011	UNCOMPLETED	591	731	941
(K)	PRIVE	99 YRS FROM 2010	UNCOMPLETED	701	703	705
(L)	TWIN WATERFALLS	99 YRS FROM 2011	UNCOMPLETED	496	718	812
(M)	1 CANBERRA	99 YRS FROM 2012	UNCOMPLETED	606	707	768

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Upcoming Launches

STATUS		LOCATION	LAND ATTRIBUTES		DEVELOPER'S BREAKEVEN	
SOLD ON 14 MAY 2012	TAMPINES CENTRAL 7/ TAMPINES AVENUE 7/ TAMPINES AVENUE 9		SITE USE	EXECUTIVE CONDOMINIUM	LAND (\$M)	233.5
			SITE AREA (SQM)	20,750.5	CONSTRUCTION (\$M)	125.1
			SITE GFA (SQM)	58,101.4	LAND FINANCING (\$M)	16.3
			HIGHEST BID (\$M)	233.5	PROFESSIONAL / LEGAL / TAXES (\$M)	29.0
			HIGHEST BID (\$PSF)	373.4	MARKETING / OTHERS (\$M)	4.8
			NUMBER OF BIDS	3	EST. TOTAL COST (\$M)	408.7
					EST. BREAKEVEN (\$PSF)	653.5
SOLD ON 7 MAY 2012	WOODLANDS AVE 5 / WOODLANDS DRIVE 16		SITE USE	EXECUTIVE CONDOMINIUM	LAND (\$M)	247.0
			SITE AREA (SQM)	25,800.0	CONSTRUCTION (\$M)	155.5
			SITE GFA (SQM)	72,240.0	LAND FINANCING (\$M)	17.3
			HIGHEST BID (\$M)	247.0	PROFESSIONAL / LEGAL / TAXES (\$M)	33.5
			HIGHEST BID (\$PSF)	317.6	MARKETING / OTHERS (\$M)	5.4
			NUMBER OF BIDS	5	EST. TOTAL COST (\$M)	458.7
					EST. BREAKEVEN (\$PSF)	589.9
SOLD ON 5 APR 2012	FERNVALE LANE		SITE USE	EXECUTIVE CONDOMINIUM	LAND (\$M)	245.0
			SITE AREA (SQM)	21,999.9	CONSTRUCTION (\$M)	165.8
			SITE GFA (SQM)	76,999.7	LAND FINANCING (\$M)	17.2
			HIGHEST BID (\$M)	245.0	PROFESSIONAL / LEGAL / TAXES (\$M)	34.6
			HIGHEST BID (\$PSF)	295.6	MARKETING / OTHERS (\$M)	5.6
			NUMBER OF BIDS	4	EST. TOTAL COST (\$M)	468.2
					EST. BREAKEVEN (\$PSF)	564.9
SOLD ON 2 APR 2012	PUNGGOL CENTRAL/ EDGEFIELD PLAINS		SITE USE	EXECUTIVE CONDOMINIUM	LAND (\$M)	136.7
			SITE AREA (SQM)	13,241.8	CONSTRUCTION (\$M)	85.5
			SITE GFA (SQM)	39,725.4	LAND FINANCING (\$M)	9.6
			HIGHEST BID (\$M)	136.7	PROFESSIONAL / LEGAL / TAXES (\$M)	18.5
			HIGHEST BID (\$PSF)	319.7	MARKETING / OTHERS (\$M)	3.0
			NUMBER OF BIDS	10	EST. TOTAL COST (\$M)	253.3
					EST. BREAKEVEN (\$PSF)	592.4
SOLD ON 6 MAR 2012	UPPER SERANGOON VIEW / UPPER SERANGOON ROAD		SITE USE	EXECUTIVE CONDOMINIUM	LAND (\$M)	141.5
			SITE AREA (SQM)	12,392.2	CONSTRUCTION (\$M)	93.4
			SITE GFA (SQM)	43,372.7	LAND FINANCING (\$M)	9.9
			HIGHEST BID (\$M)	141.5	PROFESSIONAL / LEGAL / TAXES (\$M)	19.7
			HIGHEST BID (\$PSF)	303.0	MARKETING / OTHERS (\$M)	3.2
			NUMBER OF BIDS	7	EST. TOTAL COST (\$M)	267.7
					EST. BREAKEVEN (\$PSF)	573.4

Appendix

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