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# EC to see the returns

Executive condominiums outstrip private developments when it comes to price appreciation

ALTHOUGH a small country, Singapore has a housing market that may seem somewhat complicated to newcomers. Newly-arrived expatriates often wonder and enquire about the differences between new HDB flats, HDB resale flats, private residential properties (which include landed and non-landed varieties) and executive condominiums or ECs as they are commonly referred to.

Put simply, the different housing types are the outcome of housing policies to cater to different levels of affordability. ECs were introduced to the housing market in 1996 to cater to the "sandwich class" – those who could not qualify for public housing (HDB flats) nor afford private housing which is more expensive.

However there are eligibility requirements for new EC buyers. For example, only citizens can purchase a new EC; then too, provided their monthly household income is within the ceiling of \$10,000. Buyers of new ECs are subject to a minimum occupation period (MOP) of five years after which they are able to sell on the open market to citizens or permanent residents. If they want to sell to any buyer (including foreigners and companies), they have to complete MOP of 10 years.

## Growth of the EC resale market

Today, there are 23 EC developments with 10,430 completed units ranging in age from three to 12 years. Therefore many of the original owners who have fulfilled at least the five-year MOP are selling their ECs on the open market.

In 2010, there were 989 EC resale transactions (based on caveats lodged) or 9.5 per cent of the total existing EC stock. By comparison, resale transactions in the private residential market were 7.4 per cent of total private residential stock in 2010.

The graph (right) illustrates the volume of new sale and resale transactions of ECs from 1996 to 2010. The strong new sale transaction numbers from 1996 to 2003 were due to the launch of numerous EC projects following the implementation of the EC scheme. New projects moderated after 2003 as the residential property market went through a sluggish period but it picked up last year thanks to the buoyant market.

The EC resale market started to pick up perceptibly in 2005 with 209 transactions and gained momentum (except in 2008 due to the downturn) till 2010 when 989 resales were recorded.

The table on the facing page lists the 23 existing EC developments here and provides an estimate of their capital appreciation from the year of launch to 2011. An analysis comparing ECs with similar private condominium projects in different locations



SOURCE: URA REALIS/CREDO REAL ESTATE

and over different time frames throws up interesting findings.

Westmere, an EC in Jurong, was launched in 1996 at \$400 psf. By 2011, its resale transactions averaged \$707 psf – a price appreciation of 77 per cent. In its vicinity, private condominium Parc Oasis saw its average price of \$666 psf in 1996 rise to \$760 psf in 2011 – a 14 per cent increase, but well



Good investment... Eastvale in Pasir Ris is a good example of executive condominiums that have grown in value. FILE PHOTO

below what Westmere has achieved.

In Woodlands, Northoaks may be compared to Woodgrove Condominium, a private development. The former had an average price of \$385 psf in 1998 which rose to \$593 psf in 2011, an appreciation of 53 per cent. Over the same period, the latter's average price rose 27 per cent, from \$464 psf in 1998 to \$590 psf in 2011, less than that of Northoaks.

Bishan Loft was launched in 2001 at an average price of \$421 psf. Its average resale price in 2011 was \$918 psf, a 118 per cent increase. Bishan 8, a nearby private condominium, saw only a 65 per cent increase in average resale prices from \$643 psf in 2001 to \$1,064 psf in 2011, well below Bishan Loft's appreciation.

Over at Ang Mo Kio, Nuovo was launched in 2001 at an average price of \$395 psf which rose to \$746 psf in 2011, an 89 per cent increase. Castle Green, a private condominium next door, saw its average resale prices increase from \$534 psf in 2001 to \$729 psf in 2011, a 37 per cent increase but much

GROWING VALUE OF COMPLETED EXECUTIVE CONDOMINIUMS						
Project	Location	Year of launch	Average launch nett price (\$psf)	Year of completion	2011 average resale price (\$psf)	% capital appreciation
EASTVALE	Pasir Ris Drive 3	1996	405	1999	671	65.7%
WESTMERE	Jurong East Street 13	1996	400	1999	707	76.8%
CHESTERVALE	Bangkit Road	1997	433	1999	603	39.3%
PINEVALE	Tampines Street 73	1997	456	1999	622	36.4%
SIMEI GREEN CONDOMINIUM	Simei Street 4	1997	414	1999	686	65.7%
WINDERMERE	Choa Chu Kang St 64	1997	449	1999	686	38.3%
NORTHOAKS	Woodlands Crescent	1998	387	2000	593	53.2%
SUMMERDALE	Boon Lay Drive	1998	373	2000	589	57.9%
THE FLORIDA	Hougang Avenue 7	1998	433	2000	662	52.9%
THE RIVERVALE	Rivervale Link	1998	459	2000	653	42.3%
WOODSVALE	Woodlands Drive 72	1998	380	2000	600	57.9%
YEW MEI GREEN	Choa Chu Kang North 6	1998	432	2000	589	36.3%
THE FLORAVALE	Westwood Avenue	1999	375	2000	594	58.4%
BISHAN LOFT	Bishan Street 11	2001	421	2003	918	118.1%
LILYDALE	Yishun Avenue 6	2001	363	2003	595	63.9%
THE DEW	Bukit Batok Street 21	2001	385	2003	728	89.1%
THE EDEN AT TAMPINES	Tampines Street 34	2001	401	2003	701	74.8%
NUOVO	Ang Mo Kio Avenue 9	2001	395	2004	746	88.9%
PARK GREEN	Rivervale Link	2002	365	2004	697	91.0%
THE ESPARIS	Pasir Ris Drive 4	2002	380	2005	665	75.0%
WHITEWATER	Pasir Ris Street 72	2002	370	2005	700	89.2%
THE QUINTET	Choa Chu Kang St 64	2003	371	2006	580*	56.3%
LA CASA	Woodlands Drive 16	2005	399	2008	Nil	

SOURCE: URA REALIS/CREDO REAL ESTATE

\*One transaction recorded

below Nuovo's upside.

In Bukit Batok, The Dew came on the market in 2001 averaging \$385 psf. In 2011, the average resale price was \$728 psf or 89 per cent higher. Guilin View, a nearby private condominium, fetched an average of \$529 psf in 2001 and \$719 psf in 2011, a 36 per cent increase but underperforming The Dew.

By 2005 many of the earlier EC projects had fulfilled the five-year MOP, resulting in numerous units entering the resale market. In 2005, resale units in The Florida in Hougang averaged \$338 psf, rising 96 per cent to \$662 psf in 2011. Rio Vista, a private condominium next door, registered \$433 psf as average resale price in 2005 and \$719 psf in 2011, a 66 per cent increase but short of The Florida's gains.

In 2006, resale units in the Summerdale EC in Boon Lay averaged \$305 psf, but climbed 93 per

cent to \$589 psf in 2011. Lakeholm, a private condominium in the vicinity, saw its resale prices averaging \$456 psf in 2006 and \$722 psf in 2011, an appreciation of 58 per cent but below Summerdale's increase.

## More EC opportunities for buyers

The foregoing analysis has examined situations when ECs achieved attractive capital appreciation. This is mainly due to their significantly lower initial purchase price (typically around 20 per cent cheaper than private condominiums) and the increase in value when they can be sold on the open market after fulfilling the MOP.

The buoyant property market has prompted the Government to step up the supply of EC sites. Since 2010 to date, 10 EC sites have been sold by the Government, of which five have been launched for sale

by their developers. These are Esparina Residences, The Canopy, Prive, Austville Residences and Belysa. The 10 sites can yield an estimated 5,035 EC units or 48 per cent of the total existing EC stock of 10,430 units.

The HDB income ceiling is currently under review and is expected to be revised upwards so that more first-timers can qualify for new HDB built-to-order (BTO) flats. As the policy of catering to the "sandwich class" is likely to continue, the income ceiling for EC flats is expected to be raised in tandem with that for BTO flats. This should bode well for the EC market, leading to sustained demand and growth of this particular housing segment.

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