

City & Country

Return to prime

Transactions seen in completed luxury condos, Hillcrest Villa

2013: Beginning of the 'day of reckoning'?

Nomura Research report points to looming supply, and possible impact on rents

Representatives of the consortium behind the upcoming executive condo, CityLife@Tampines (from left): Moe Chan of SingXpress, Albert Teo of Amara Holdings, and Tng Kay Lim of Kay Lim Holdings

Catering to the sandwiched class

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COVER STORY

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Artist's impression of the 514-unit CityLife@Tampines



Teo (centre): Tampines is the largest regional centre, and the second-largest commercial hub outside the CBD after Jurong

BY CECILIA CHOW |

Four years ago, J Wong and his fiancée balloted four times for a new HDB (BTO) under the built-to-order (BTO) scheme and nine times for the sale of balance flats in mature estates. They were unsuccessful all 13 times. Frustrated by the whole process, they bought an 850 sq ft three-room HDB resale flat in Marine Drive in the Marine Parade neighbourhood for \$287,000.

Now 32, the technology, media and telecommunications (TMT) manager and his wife have a two-year-old daughter, and are planning to have a second child next year. The Wongs feel they need to upsize from a two-bedroom apartment to a three-bedroom one. They considered buying a five-room (with three bedrooms and a living and dining room) HDB resale flat in the Marine Parade area, as it is where Wong's in-laws also live. They are the primary caregivers of his daughter when he and his wife are at work.

However, prices of low-floor five-room resale flats in Marine Crescent, for example, are already trading at \$810,000 (\$627 psf), and a high-floor unit at Marine Drive has hit \$838,000 (\$649 psf), according to resale flat prices in November on the HDB website. These 99-year leasehold public flats are already 35 to 37 years old.

"I wouldn't pay \$800,000 for a flat in a 40-year-old estate where I've to pay a fortune on cash-over-valuation and renovation," grumbles Wong in

a phone interview. "If you include renovation costs, since the flats are old, we're talking about \$1 million for an HDB flat."

The next best option was to try for an executive condominium (EC), which is a hybrid product, with all the amenities of a private condo, but where buyers are given the CPF housing grant and subject to HDB rules, that is, they have to occupy their EC HDB resale for at least five years after completion, before they are allowed to sell to permanent residents and Singaporeans. It is only after 10 years that the EC units can be traded like any other 99-year leasehold private condo. The monthly household income cap for ECs was raised to \$12,000, from \$10,000, in August last year.

Here again, Wong and his wife hit an obstacle, as their combined incomes were between \$12,000 and \$13,000. Like all Singaporeans facing such a predicament, Wong sought the help of his Member of Parliament (MP) at the Meet-the-People's Session. He was told that given their income levels, they should consider upgrading to a private condo.

Affordability factor

"We're really the sandwiched class," laments Wong. "I thought ECs were supposed to cater to people like us, but just because our household income exceeds the limit of \$12,000 by a few hundred dollars, we're not eligible to buy."

Recognising the growing number in the "sandwiched class", the government has not only raised the cap on household incomes from \$10,000,

to \$12,000, for ECs, but has also released more sites for the development of ECs in the last two years. According to CBRE data released on Nov 15, as at end-October, there were 3,722 new ECs launched this year, of which 2,942, or 79%, have been sold. This compares with 2,535 units launched and 2,883 units sold in 2011. However, ECs still account for only 15% of total new homes sold so far this year and 15.3% last year. So far this year, there have been seven new EC launches (see table), with two more in the pipeline before year-end: CityLife@Tampines, in Tampines Central; and The Topiary, located in the Sengkang and Yio Chu Kang area.

Seeing demand in this segment of the market, developers have jumped in. "We feel that it's a niche that's unfulfilled," says Albert Teo, CEO of Amara Holdings. "If you look at private-condo prices in [locations similar to those of ECs] today, they are around \$1,000 psf. It's way beyond the reach of people in the \$12,000 monthly income bracket. EC fills the gap in catering to this group, comes with a housing grant and is affordable to this segment of homebuyers."

Amara Holdings ventured into its maiden EC project jointly with local-listed property group SingXpress Land and privately held construction company Kay Lim Holdings. The consortium won the EC site at Tampines Central 7 in May with a bid of \$233.5 million, or \$373.4 psf per plot ratio. Amara holds a 40% stake in the joint venture, with the other two partners holding a 30% stake each.

The consortium is developing



CityLife@Tampines includes sky suites with a wraparound terrace offering 270-degree views



Heron Bay at Upper Serangoon View saw 90% of its units sold in the opening weekend late last month

a 514-unit EC on the 233,358 sq ft 99-year leasehold site with a gross floor area of more than 625,000 sq ft. Called CityLife@Tampines, the EC will be open for e-application on Nov 29.

Tampines — a buzzing hub

"Why Tampines? We think it's a choice location," says Amara's Teo. "It's the largest regional centre, and the second-largest commercial hub outside the CBD after Jurong. The east is always favoured by the locals." It will not be the first EC to be launched in Tampines this year. In January, The Tampines Trilliant, located next door, was launched by Sim Lian Group. As at mid-October, 578 units, or 86.3% of the 670 units, have been sold at a median price of \$804 psf.

Prior to that, The Arc@Tampines was launched in September last year. The 574-unit EC, located on Tampines Avenue 8, is developed jointly by Hoi Hup Realty, Sunway Developments and SC Wong Holdings. As at end-October, 537 units (93.6% at The Arc were sold at a median price of \$811 psf.

The first EC to be launched in Tampines was probably the 430-unit The Eden at Tampines, which was launched in 2001, and completed in 2003. Five years after its completion, some units have been bought in the secondary market by Singaporeans and PRs. The most recent transaction was in October, when a 1,238 sq ft three-bedroom unit was sold for \$1.02 million (\$824 psf), almost double its purchase price of \$529,000 (\$427 psf) in July 2001. Next year, when units can be sold to foreigners like any other private condo, prices are projected to edge up further.

These days, there is very little difference between private condos and ECs in terms of construction cost, finishing and fittings provided, as well as facilities, says Tng Kay Lim, managing director of Tng Kay Holdings. As such, most prospective homebuyers are unable to tell them apart except for the pricing. For instance, the latest median price of Arc at Tampines is \$811 psf, whereas the latest new launch of a private condo is Sim Lian Group's Waterview at Tampines Avenue 10, where the latest median price achieved was \$905 psf last month. Thus, Waterview's pricing is about 10% higher than that of The Arc.

"[CityLife@Tampines] is also at least 10% to 15% cheaper than other private condos in the area," adds

New executive condominiums launched in 2012

PROJECT NAME	STREET NAME	DEVELOPER	LAUNCH DATE	MEDIAN PRICE** (\$ PSF)	TOTAL NO OF UNITS	TOTAL NO OF UNITS SOLD (AS AT OCT 12)	PERCENTAGE SOLD
The Tampines Trilliant	Tampines Central 7	Sim Lian Group	January 2012	800	670	578	86.3
The Rainforest	Choa Chu Kang Avenue 3	Camborne Developments*	January 2012	750	466	466	100.0
Twin Waterfalls	Punggol Walk	Punggol Residences**	February 2012	725	728	726	99.7
Watercolours	Pasir Ris Link	HUGE Development^	April 2012	735	416	270	64.9
1 Canberra	Canberra Drive	MCC Land	April 2012	715	665	327	49.2
Heron Bay	Upper Serangoon View	Serangoon EC*	September 2012	735	394	354	89.8
Waterbay	Edgefield Plains	Qingjian Realty	October 2012	750	383	221	57.7

^Median price achieved year-to-date
 *Camborne Developments — joint venture between City Developments and IIO Pte Ltd
 **Punggol Residences — joint venture between Frasers Centrepoint and Keong Hong Construction
 ^HUGE Development — joint venture between Ho Lee Group, Masdin, GPS and EVA
 *Serangoon EC — joint venture between Ho Lee Group, Esia Real Estate Management, See Hup Seng & CHN Investment

Tng. "Tampines is also a sought-after location, as it's a mature estate, and it has all the amenities — schools, MRT station, shopping malls and parks." According to sources, the indicative price range for CityLife@Tampines is \$780 to \$850 psf.

Kay Lim's sole property development was Rangoon 88, and CityLife@Tampines will also be its first EC development, in which it not only has a stake but will also be undertaking the construction of the project.

Developers have also started to differentiate themselves because of increased competition in the EC segment. In 2010, when Frasers Centrepoint launched Esparina Residences, one of the first ECs to be launched that year after a five-year hiatus, it boasted seven spas, dual-key units and being located across the road from the Buangkok MRT station. When it was launched two years ago, prices averaged \$750 psf.

Two months ago, Heron Bay positioned itself as "the first deluxe EC", where ground-floor units have living rooms with en-suite private pool-cum-Jacuzzi. It is the first ever EC with five-bedroom apartments offering a dual-key option and complimentary M1 fibre broadband service. E-applications commenced on Sept 16, and bookings started on Oct 26. The 394-unit EC is almost 90% sold, at a median price of \$738 psf, according to URA data.

'EC with luxury hotel touches'

Not to be outdone, CityLife@Tampines is positioning itself as "the first luxury hotel-inspired EC" with a home concierge service, a 100m infinity pool, fully-equipped function room for private parties, free broadband service for all common areas and free WiFi where residents can access the concierge via their smartphone. This will also be penthouse,

the largest of which is a 4,370 sq ft, five-bedroom penthouse. It is probably one of the largest and most luxurious penthouses for an EC project offered so far, according to property agents. The indicative price for this super penthouse is said to be above \$2 million.

There are also four- and five-bedroom skysuites measuring 2,228 to 2,949 sq ft. They are located on high floors and come with a wraparound terrace and 270-degree view.

The EC will also offer five-bedroom units, the first in the Tampines area, as well as three- and four-bedroom units with dual-key options. The property is within walking distance to the Tampines MRT station and the upcoming Interchange station for the new Downtown Line. All the units are also north-south facing, with views of the Tampines Bike Park or Sunplaza Park.

"We have gone beyond the normal EC, and providing even more amenities than a traditional private condo," says Moe Chan, chief investment officer of SingXpress Land.

Another EC scheduled for launch in the first week of December is The Topiary in the Yio Chu Kang-Fernvale Lane neighbourhood. The project is by a joint venture between Kheng Leong Co, the property development arm of Wee Cho Yaw's family and Qingjian Realty. The development has about 700 units, with a mix of two- to four-bedroom apartments and penthouses. There are also dual-key options and 38 four-bedroom apartments.

"There has been no EC project launched in the Yio Chu Kang area," notes Joseph Tan, CBRE's executive director of residential services. CBRE is the marketing agent for The Topiary.

The nearest comparable private condo in Sengkang is H2O Residences,

located at the corner of Fernvale Link and Sengkang West and launched early last year. Of the 450 units released at the 521-unit private condo, 391 had been sold as at end-October, with the latest median price achieved of \$927 psf. Assuming EC prices are generally 15% to 20% below those of 99-year leasehold condos in the same area, market speculation is that the indicative price of The Topiary would be \$740 to \$780 psf.

"Generally, the take-up rates for ECs this year have averaged 300 to 400 units," estimates Tan. "With private housing prices in Singapore having appreciated in the last few years, those who bought ECs at least five years ago would also have recognised some gains." He adds that the prices of these three-bedroom apartments in ECs range from about \$900,000 to \$1 million. "Still, more is being done to make the absolute sum more affordable."

Managing expectations

It looks like \$1 million for a private condo and even ECs are the norm these days. For those who want to buy an EC, but whose household incomes have exceeded the cap by just a little and find it a stretch to make that leap to private housing, a property agent recommends that they "appeal to their MP". Based on Wong's experience, that does not necessarily yield the desired results.

While searching for a private condo in the Marine Parade-Amber Gardens neighbourhood, Wong has found that three-bedroom apartments in freehold condos such as The Esta, One Amber and The Sea View are priced from \$1.8 million to more than \$2 million. Even in the Telok Kurau area nearby, at the 19-unit Meridian 38 at Lorong M, where previews have just started, he found that a 1,076 sq ft three-bedroom

unit is tagged at \$1.6 million. In the Siglap area, three-bedroom units at freehold condo Flamingo Valley are priced at \$1.7 million; and, at the 26-year-old, 99-year leasehold Mandarin Garden, a 1,572 sq ft three-bedroom unit was sold for close to \$1.6 million last month.

Wong has concluded that he needs to widen his search beyond the East Coast neighbourhood of District 15 and District 16 if he wants a private condo with decent-sized three-bedroom units that fits his budget of \$1 million to \$1.2 million. He intends to sell his three-room HDB flat when he upgrades to a bigger apartment. As his flat is a high-floor unit and is located in a block just across the road from the sought-after Tao Nan Primary School, it was recently valued at \$440,000.

If he buys a \$1.2 million property, he will still need to take a loan of around \$800,000. Assuming he takes a 30-year loan, he would need to fork out monthly cash repayments of around \$600 for his mortgage, after deductions from his and his wife's combined Central Provident Fund Ordinary Account contributions are taken into consideration. "I don't want to overstretch myself financially in the event my wife stops work after the second baby arrives," says Wong.

"I'll either have to consider compact three-bedroom apartments in the Telok Kurau area if I want a freehold private condo or, if I want something that meets my budget, it will have to be a 99-year leasehold condo in areas a lot further away, like Simei, Tampines, Upper Serangoon or Punggol, if I want something brand-new."

Alternatively, when the second child is born and his wife decides to stop working, their household income will fall below the \$12,000 threshold, thus making them eligible to buy a new EC.