

High Profitability of Executive Condominiums

More than 400 Resale ECs Yielded Profits Of
At Least Half A Million-Dollars Each

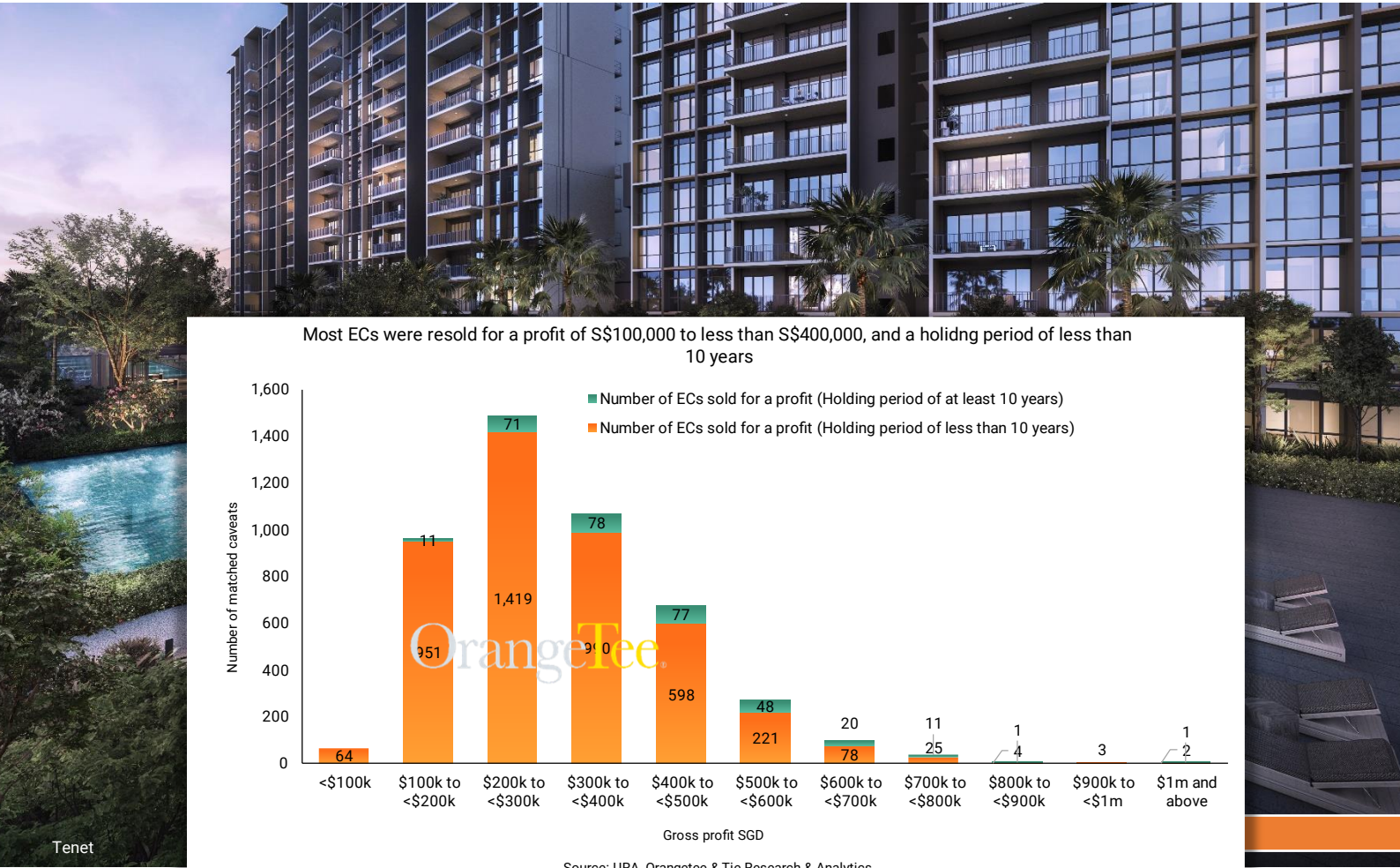
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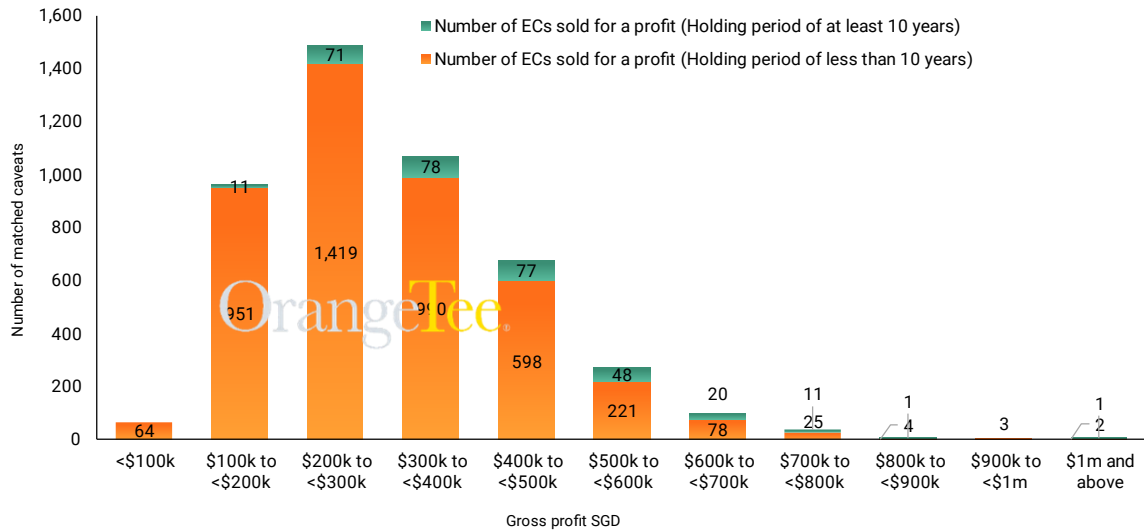
Artist Impression of Tenet

Executive condominiums (EC) are highly attractive to HDB upgraders for their affordability and investment value. Our profit analysis shows that 99.9 per cent of a sampled 4,676 ECs were resold for a gross profit averaging around S\$310,000 each. Of this number, 414 units yielded a gross profit of at least S\$500,000 each. In 2021, the gross profit of a Tampines resale EC hit a record S\$1.38 million while another unit in Tampines was resold in 2022 for a gross profit of S\$1.1 million.

OrangeTee.



Most ECs were resold for a profit of S\$100,000 to less than S\$400,000, and a holding period of less than 10 years

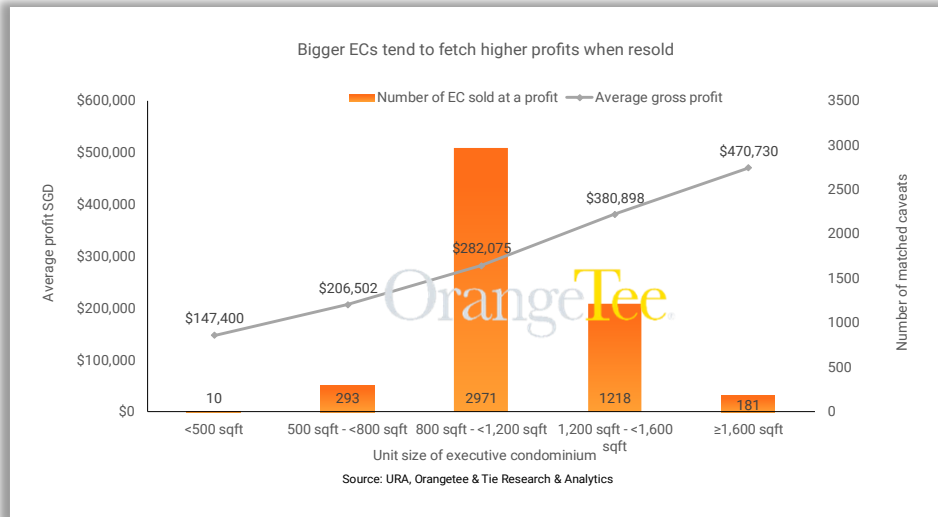


Source: URA, Orangetee & Tie Research & Analytics

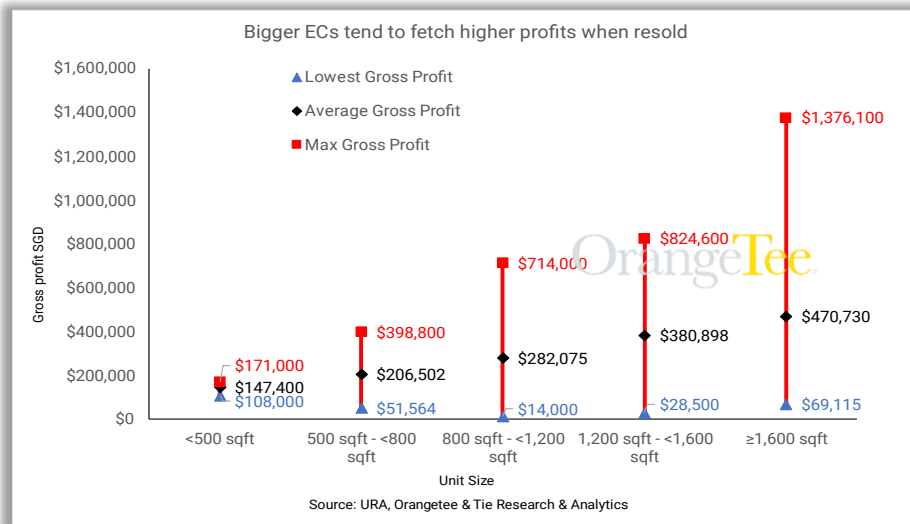
99.9 per cent of ECs made a gross profit averaging around S\$310,000 each. ECs are a hybrid of public and private housing sold at lower prices than private condos, despite being built by private developers. An EC project is privatised 10 years after its completion; thereafter, units can be sold to foreigners. For the profitability analyses, the gains and losses of individual EC units were calculated by matching URA Realis new sale caveats between 2007 and 20 November 2022 to the resale caveat (if any) of the same unit over the same time frame. The calculation does not consider costs such as legal fees and interest.

As of 20 November 2022, there were 4,676 matched caveats mined from a database of 27,403 new EC transactions (the balance units were either not put up for resale or did not lodge a caveat). Out of this number, 99.9 per cent or 4,673 units made an average gross profit of S\$310,114 each, of which 4,355 units were sold less than 10 years from the date of purchase. 1,490 units made a gross profit of between S\$200,000 and less than S\$300,000 each.

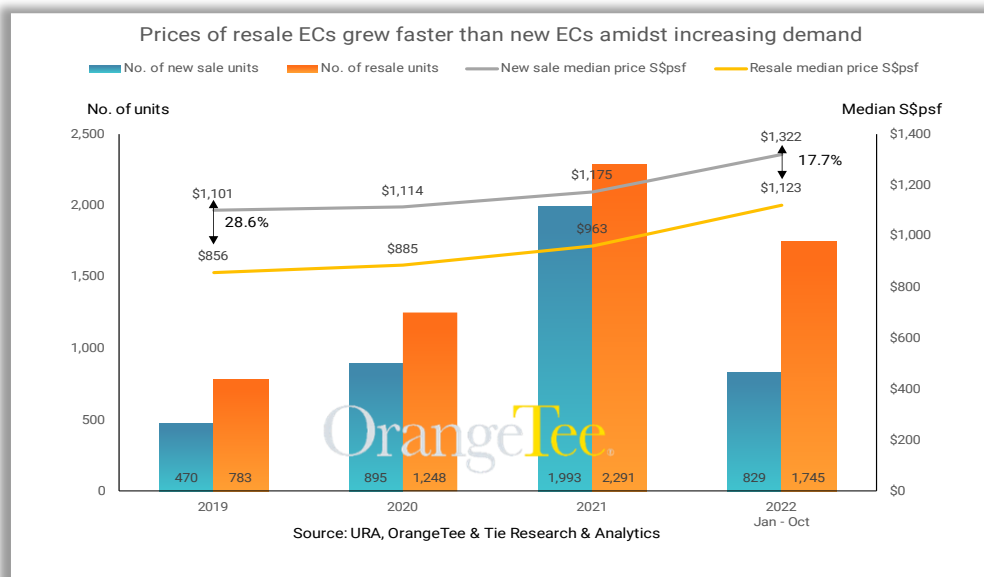
Bigger ECs tend to fetch higher profits. 2,971 units between 800 sqft and less than 1,200 sqft yielded an average gross profit of S\$282,075 each, while 1,218 bigger units of between 1,200 sqft and less than 1,600 sqft yielded an average gross profit of S\$380,898 each. The largest ECs yielded the highest profits with 181 ECs of at least 1,600 sqft yielding an average gross profit of S\$470,730 each.



Source: URA, Orangetee & Tie Research & Analytics



Price gap narrowing between new and resale ECs. Due to the high profitability of ECs, demand for resale ECs has been rising. As a result, the median price of resale ECs are climbing at a faster pace than new ECs, growing by 31.2 per cent from S\$856 psf in 2019 to S\$1,123 psf in the first 10 months of 2022 when compared to new ECs which grew by 20.1 per cent from S\$1,101 psf to S\$1,322 psf over the same period. Consequently, the price gap between new and resale ECs dipped from 28.6 per cent in 2019 to 17.7 per cent in Jan-Aug 2022.



ECs with the highest profits resold within 10 years from purchase date (holding period)

Project Name	Address	Bought Date (QQ-YYYY)	Sold Date (QQ-YYYY)	Holding Period (Years)	Bought Price	Bought Price (\$psf)	Sold Price	Sold Price (\$psf)	Gross Profit	Unit Size (sqft)
CITYLIFE@TAMPINES	67 Tampines Central 7 #15-XX	Q1-2013	Q4-2021	8.6	\$1,911,900	\$495	\$3,288,000	\$851	\$1,376,100	3,864
THE QUINTET	44 Choa Chu Kang Street 64 #21-XX	Q2-2007	Q2-2013	5.9	\$962,100	\$344	\$1,980,000	\$707	\$1,017,900	2,799
THE TAMPINES TRILLIANT	13 Tampines Central 7 #14-XX	Q3-2012	Q1-2022	9.6	\$1,378,000	\$559	\$2,350,000	\$953	\$972,000	2,465
CITYLIFE@TAMPINES	59 Tampines Central 7 #12-XX	Q1-2013	Q4-2021	8.6	\$1,545,000	\$574	\$2,500,000	\$929	\$955,000	2,691
THE QUINTET	46 Choa Chu Kang Street 64 #18-XX	Q3-2007	Q4-2015	8.4	\$869,000	\$346	\$1,788,000	\$713	\$919,000	2,508
CITYLIFE@TAMPINES	57 Tampines Central 7 #14-XX	Q2-2013	Q3-2021	8.2	\$1,421,200	\$510	\$2,300,000	\$825	\$878,800	2,788
CITYLIFE@TAMPINES	61 Tampines Central 7 #13-XX	Q3-2013	Q4-2021	8.2	\$1,428,000	\$512	\$2,285,000	\$820	\$857,000	2,788
CITYLIFE@TAMPINES	59 Tampines Central 7 #13-XX	Q1-2013	Q4-2021	8.7	\$1,470,900	\$528	\$2,300,000	\$825	\$829,100	2,788
THE TERRACE	86 Edgedale Plains #16-XX	Q3-2015	Q3-2022	7.1	\$1,418,900	\$829	\$2,225,000	\$1,300	\$806,100	1,711
THE TERRACE	84 Edgedale Plains #01-XX	Q1-2016	Q3-2022	6.4	\$1,111,200	\$770	\$1,900,000	\$1,317	\$788,800	1,442
THE VALES	75 Anchorvale Crescent #10-XX	Q4-2015	Q2-2022	6.5	\$1,058,310	\$751	\$1,840,000	\$1,305	\$781,690	1,410
THE VALES	75 Anchorvale Crescent #05-XX	Q1-2016	Q3-2022	6.5	\$1,030,310	\$731	\$1,810,000	\$1,284	\$779,690	1,410
THE VALES	73 Anchorvale Crescent #07-XX	Q4-2016	Q3-2022	5.8	\$1,044,450	\$741	\$1,820,000	\$1,291	\$775,550	1,410
THE TERRACE	84 Edgedale Plains #17-XX	Q1-2015	Q2-2022	6.2	\$1,426,900	\$828	\$2,200,000	\$1,285	\$773,100	1,711
THE TOPIARY	15 Fernvale Lane #20-XX	Q1-2013	Q2-2021	8.3	\$1,428,576	\$641	\$2,188,888	\$982	\$760,312	2,228
THE TERRACE	84 Edgedale Plains #16-XX	Q2-2016	Q3-2022	6.3	\$1,081,600	\$816	\$1,840,000	\$1,401	\$758,400	1,313
THE VALES	73 Anchorvale Crescent #06-XX	Q2-2016	Q3-2022	6.4	\$1,034,250	\$733	\$1,788,888	\$1,269	\$754,638	1,410
LAKE LIFE	2 Tao Ching Road #16-XX	Q4-2014	Q3-2022	7.7	\$1,412,000	\$880	\$2,166,000	\$1,351	\$754,000	1,604

Source: URA, OrangeTee & Tie Research & Analytics

The highest gross profit hit S\$1.38 million while the next highest profit was slightly above S\$1 million. 4,358 out of 4,676 or 93.2 per cent of the matched caveats were resold within 10 years from the purchase date. 76.6 per cent (3,340 of the 4,358 resold units) made a gross profit of at least S\$200,000 each before the Sellers' Stamp Duty. Of this number, 333 units reaped a profit of at least S\$500,000 each and 34 units made at least S\$700,000 each. A unit at CityLife@Tampines bought in 2013 for S\$1.91 million and resold for S\$3.29 million in 2021 yielded a record profit of S\$1,376,100. Another EC at The Quintet was resold in 2013 for a gross profit of S\$1,017,900. While the profits of large units are high, new ECs exceeding 1,600 sqft will no longer be built under current government guidelines.

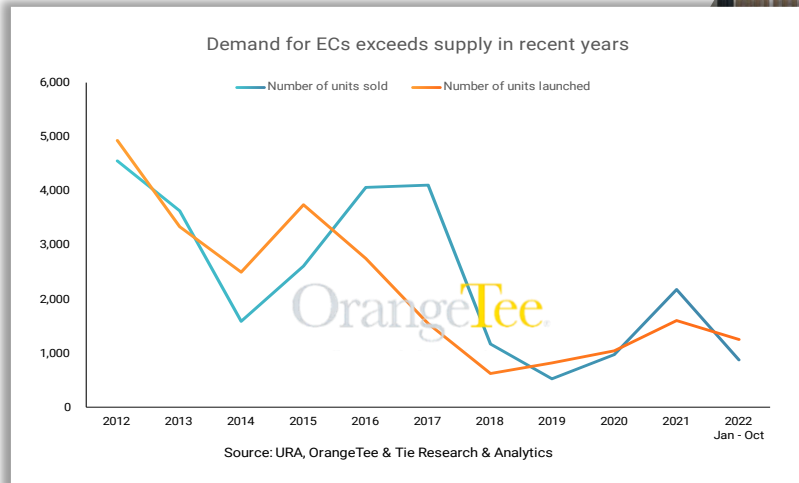
ECs with the highest profits resold after 10 years from purchase date (holding period)

Project Name	Address	Bought Date (QQ-YYYY)	Sold Date (QQ-YYYY)	Holding Period (Years)	Bought Price	Bought Price (\$psf)	Sold Price	Sold Price (\$psf)	Gross Profit	Unit Size (sqft)
THE TAMPINES TRILLIANT	11 Tampines Central 7 #14-XX	Q2-2012	Q4-2022	10.4	\$1,201,000	\$569	\$2,300,000	\$1,090	\$1,099,000	2,110
PRIVE	31 Punggol Field #10-XX	Q1-2011	Q4-2022	11.8	\$905,400	\$647	\$1,730,000	\$1,236	\$824,600	1,399
THE QUINTET	40 Choa Chu Kang Street 64 #04-XX	Q2-2007	Q3-2022	15.4	\$604,800	\$385	\$1,400,000	\$891	\$795,200	1,572
THE QUINTET	46 Choa Chu Kang Street 64 #18-XX	Q1-2007	Q2-2018	11.4	\$739,998	\$308	\$1,525,000	\$635	\$785,002	2,400
ESPARINA RESIDENCES	113 Compassvale Bow #18-XX	Q4-2010	Q2-2022	11.5	\$1,016,000	\$572	\$1,800,000	\$1,013	\$784,000	1,776
AUSTVILLE RESIDENCES	23 Sengkang East Avenue #18-XX	Q3-2011	Q4-2022	11.3	\$1,013,000	\$658	\$1,780,000	\$1,156	\$767,000	1,539
THE QUINTET	38 Choa Chu Kang Street 64 #21-XX	Q3-2007	Q3-2018	11.1	\$958,980	\$343	\$1,720,000	\$615	\$761,020	2,799
THE QUINTET	36 Choa Chu Kang Street 64 #18-XX	Q3-2007	Q4-2019	12.3	\$958,100	\$382	\$1,700,000	\$678	\$741,900	2,508
RIVERPARC RESIDENCE	92 Punggol Drive #09-XX	Q4-2011	Q4-2022	11.0	\$928,000	\$690	\$1,650,000	\$1,226	\$722,000	1,345
ARC AT TAMPINES	7 Tampines Avenue 8 #15-XX	Q4-2011	Q4-2022	11.0	\$1,014,600	\$714	\$1,730,000	\$1,218	\$715,400	1,421
ESPARINA RESIDENCES	119 Compassvale Bow #12-XX	Q4-2011	Q4-2022	12.0	\$784,000	\$736	\$1,498,000	\$1,406	\$714,000	1,066
THE RAINFOREST	335 Choa Chu Kang Avenue #16-XX	Q1-2011	Q1-2022	10.4	\$1,040,300	\$572	\$1,750,000	\$962	\$709,700	1,819
BLOSSOM RESIDENCES	30 Segar Road #17-XX	Q3-2011	Q4-2022	11.1	\$975,000	\$652	\$1,680,000	\$1,123	\$705,000	1,496
BELYSA	57 Pasir Ris Drive 1 #16-XX	Q2-2011	Q4-2022	11.3	\$909,900	\$682	\$1,600,000	\$1,199	\$690,100	1,335
ESPARINA RESIDENCES	123 Compassvale Bow #03-XX	Q4-2010	Q2-2022	11.5	\$777,000	\$729	\$1,460,000	\$1,370	\$683,000	1,066

Source: URA, OrangeTee & Tie Research & Analytics

All 318 ECs resold after 10 years made a profit. 307 of these units made profits of at least S\$200,000 each, with 81 units making at least S\$500,000 profits each. The average gross profit for these units was S\$409,678, with the highest profit of S\$1.099 million recorded for a unit at The Tampines Trilliant in November 2022. The next highest profit was for an EC unit at Prive which made S\$824,600 in November 2022 as well.

Demand far exceeds the supply of ECs in recent years. Prices are holding steady possibly because of a lack of EC supply. Based on URA monthly developer sales data, 2,179 new ECs were sold in 2021 which is more than the 1,609 units launched that year. Before the pandemic from 2016 to 2018, sales of new EC units similarly exceeded launched units.



Outlook

Tenet at Tampines St 62 is launched for sale in December. Tenet is located near the upcoming Tampines North MRT. There have been no new EC launches in Tampines since the launch of Parc Central Residences in 2021. With around 6,000 flats having reached their five-year minimum occupation in Tampines and Pasir Ris from 2019 to 2022, we expect keen upgrader interest for Tenet. Moving forward, there will only be three more EC sites - Bukit Batok West Avenue 8 and Bukit Batok West Avenue 5 that have been sold and are slated for launch in 2023 / 2024, and Tengah Plantation Loop which will be launched for tender in December this year.

'Many buyers find ECs affordable, especially since prices of new condos in the suburbs have risen substantially over the past year. Given their low entry prices, many ECs have yielded hefty profits in recent years. Moreover, the supply of new ECs is projected to be low over the next two years. Considering the limited supply and high profitability of ECs, demand may remain firm despite the new cooling measures.'- Christine Sun, Senior Vice President of OrangeTee & Tie Research & Analytics.

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