

High Profitability of Executive Condominiums

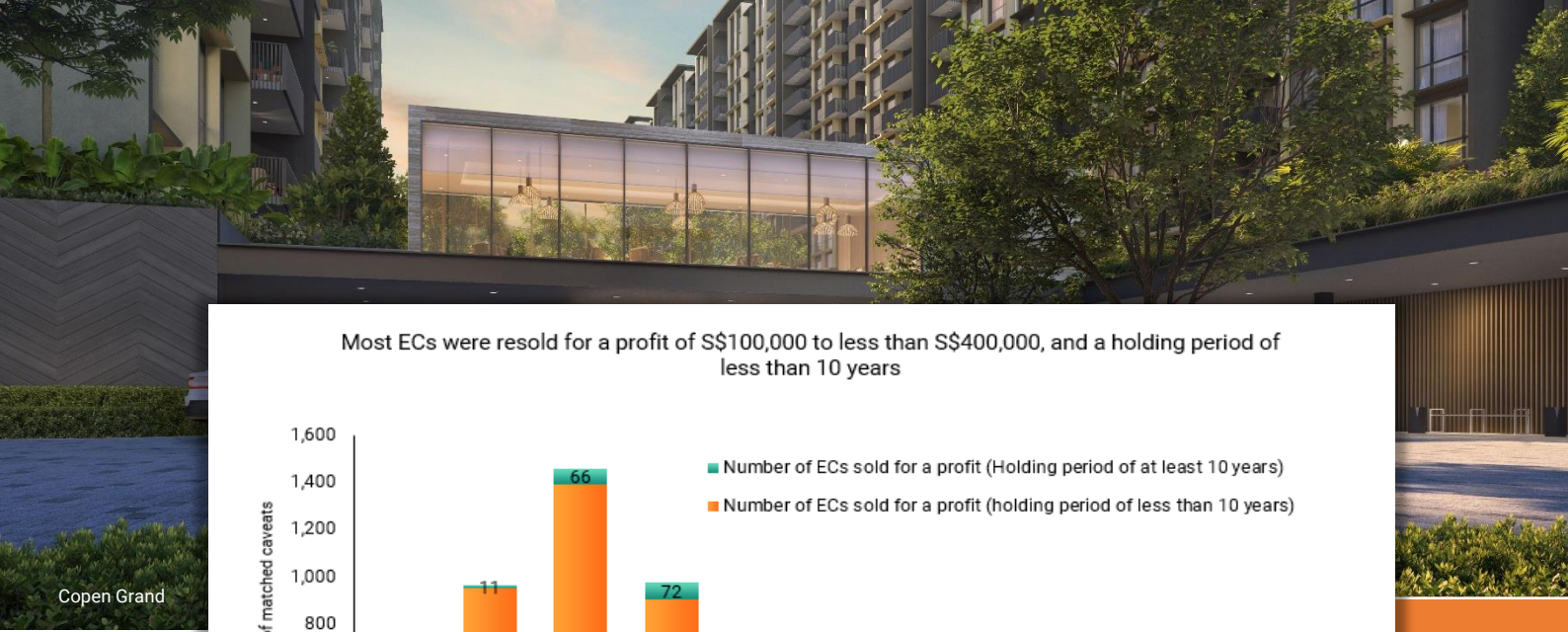
Almost 300 Resale ECs Yielded Profits Of
At Least Half A Million-Dollars Each



Copen Grand

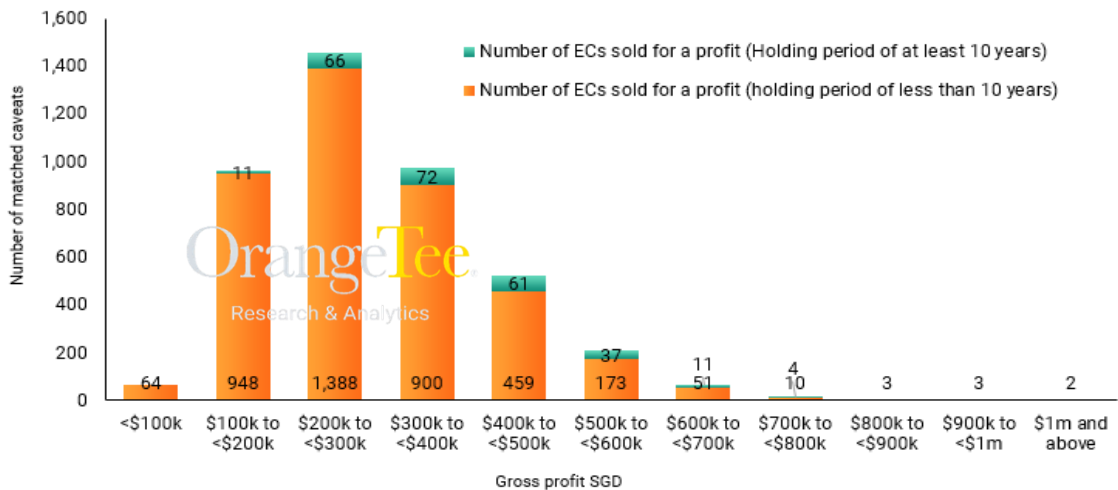
Executive condominiums (EC) are highly attractive to HDB upgraders for their affordability and investment value. Our profit analysis shows that 99.9 per cent of a sampled 4,266 ECs were resold for a gross profit averaging around S\$300,000 each. Of this number, 294 units yielded a gross profit of at 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 at Choa Chu Kang was resold for a gross profit of S\$1.02 million.

OrangeTee
Research & Analytics



Copen Grand

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

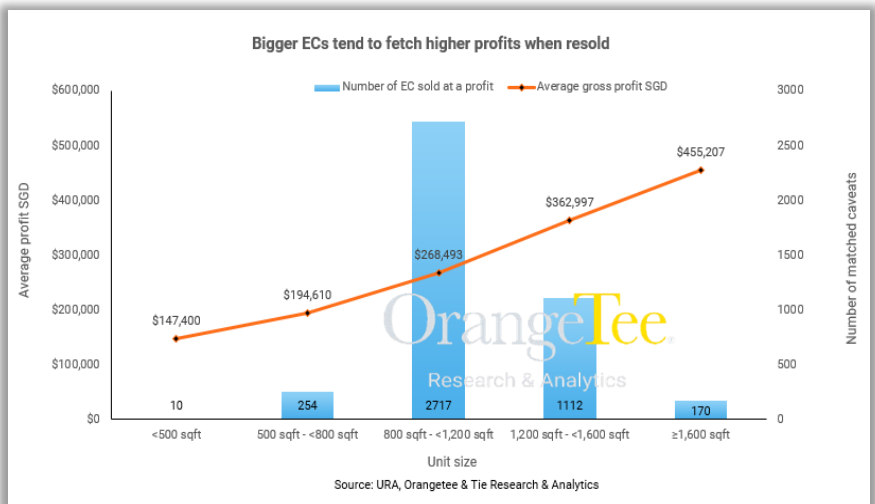


Source: URA, Orangetee & Tie Research & Analytics

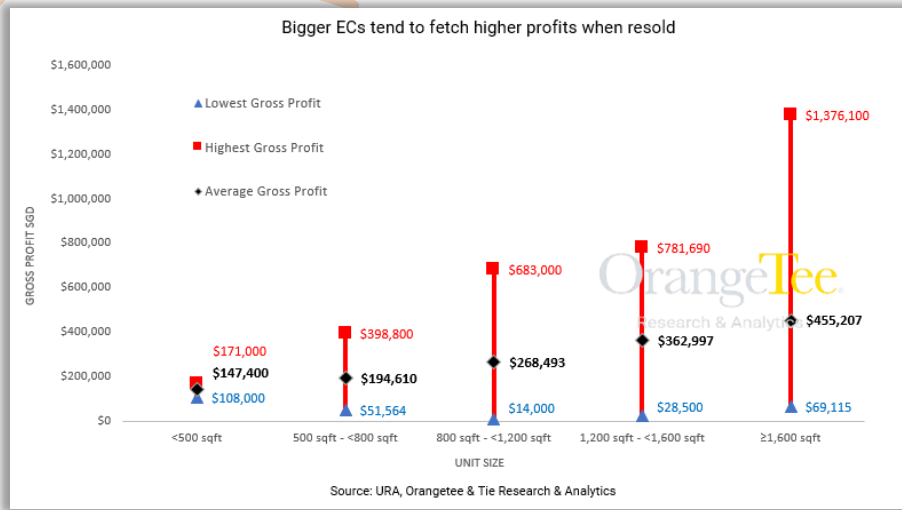
99.9 per cent of ECs made a gross profit averaging around S\$300,000 each. ECs are a hybrid of public and private housing sold at lower prices than private condos, despite being built by private developers. An EC project is privatised 10 years after its completion; thereafter, units can be sold to foreigners. For the profitability analyses, the gains and losses of individual EC units were calculated by matching URA Realis new sale caveats between 2007 and 21 August 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 29 August 2022, there were 4,266 matched caveats mined from a database of 26,882 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 4,263 units made an average gross profit of S\$295,904 each, of which 4,001 units were sold less than 10 years from the date of purchase. 1,454 units made a gross profit of between S\$200,000 and less than S\$300,000 each.

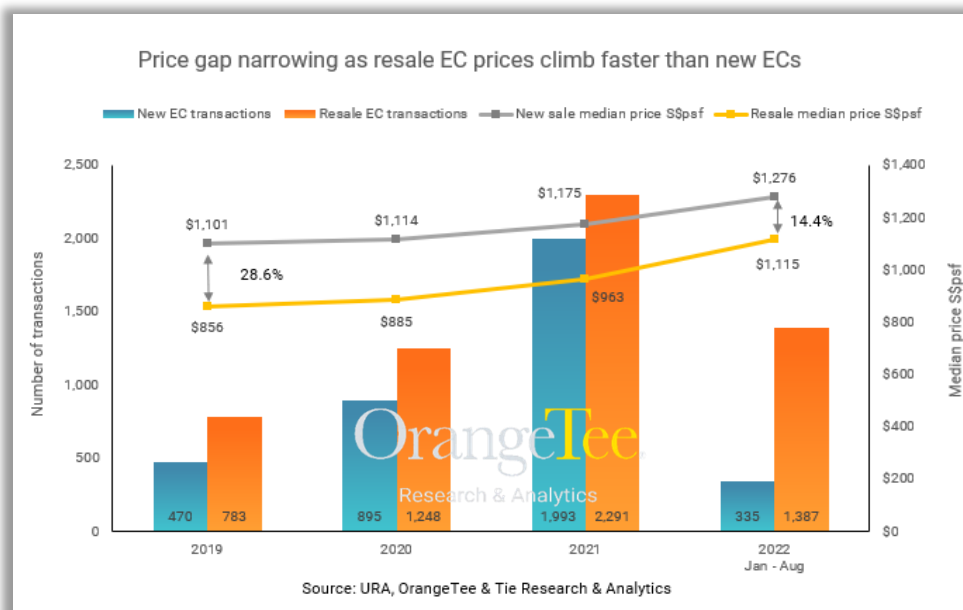
Bigger ECs tend to fetch higher profits. 2,717 units between 800 sqft and less than 1,200 sqft yielded an average gross profit of S\$268,493 each, while 1,112 bigger units of between 1,200 sqft and less than 1,600 sqft yielded an average gross profit of S\$362,997 each. The largest ECs yielded the highest profits with 170 ECs of at least 1,600 sqft yielding an average gross profit of S\$455,207 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 30.3 per cent from S\$856 psf in 2019 to S\$1,115 psf in the first 8 months of 2022 when compared to new ECs which grew by 15.9 per cent from S\$1,101 psf to S\$1,276 psf over the same period. Consequently, the price gap between new and resale ECs dipped from 28.6 per cent in 2019 to 14.4 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 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 TERRACE	84 Edgedale Plains #17-XX	Q1-2016	Q2-2022	6.2	\$1,426,900	\$834	\$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 VALES	83 Anchorvale Crescent #11-XX	Q4-2015	Q3-2022	6.8	\$1,191,960	\$748	\$1,930,000	\$1,211	\$738,040	1,593
BELLEWATERS	25 Anchorvale Crescent #10-XX	Q2-2015	Q3-2022	7.2	\$1,096,100	\$733	\$1,825,000	\$1,220	\$728,900	1,496
1 CANBERRA	15 Canberra Drive #13-XX	Q3-2012	Q4-2021	9.3	\$1,614,750	\$595	\$2,340,000	\$863	\$725,250	2,713
THE TAMPINES TRILLIANT	27 Tampines Central 7 #15-XX	Q2-2012	Q3-2021	9.2	\$1,194,000	\$563	\$1,900,000	\$896	\$706,000	2,120
BELLEWATERS	29 Anchorvale Crescent #06-XX	Q3-2015	Q2-2022	6.8	\$1,075,600	\$719	\$1,780,000	\$1,190	\$704,400	1,496
THE TOPIARY	19 Fernvale Lane #21-XX	Q1-2013	Q3-2021	8.6	\$1,446,240	\$665	\$2,150,000	\$989	\$703,760	2,174

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. 4,004 out of 4,266 or 93.9 per cent of the matched caveats were resold within 10 years from the purchase date. 74.7 per cent (2,989 of the 4,004 resold units) made a gross profit of at least S\$200,000 each before the Sellers' Stamp Duty. Of this number, 242 units reaped a profit of at least S\$500,000 each and 18 units made more than 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.

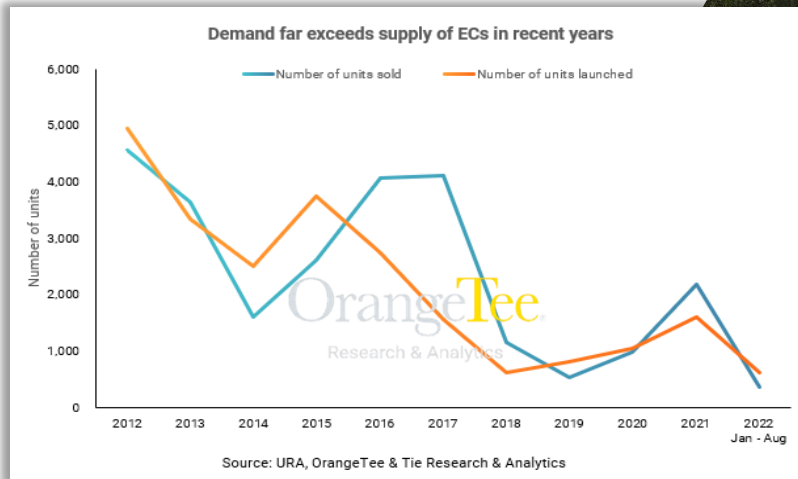
ECs with the highest profits resold after 10 years from purchase date (holding period)

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 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
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
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
ESPARINA RESIDENCES	123 Compassvale Bow #18-XX	Q4-2010	Q3-2021	10.7	\$998,000	\$562	\$1,668,888	\$940	\$670,888	1,776
TWIN WATERFALLS	108 Punggol Walk #08-XX	Q2-2012	Q3-2022	10.4	\$1,030,080	\$748	\$1,700,000	\$1,234	\$669,920	1,378
THE RAINFOREST	343 Choa Chu Kang Avenue 3 #01-XX	Q2-2012	Q2-2022	10.1	\$1,135,000	\$659	\$1,800,000	\$1,045	\$665,000	1,722
ESPARINA RESIDENCES	117 Compassvale Bow #18-XX	Q4-2010	Q2-2021	10.3	\$961,000	\$687	\$1,600,000	\$1,143	\$639,000	1,399
ESPARINA RESIDENCES	123 Compassvale Bow #18-XX	Q4-2010	Q3-2021	10.6	\$966,000	\$544	\$1,600,000	\$901	\$634,000	1,776
RIVERPARC RESIDENCE	100 Punggol Drive #04-XX	Q1-2012	Q2-2022	10.2	\$913,000	\$679	\$1,520,000	\$1,130	\$607,000	1,345
PRIVE	37 Punggol Field #07-XX	Q2-2011	Q1-2022	10.8	\$903,600	\$646	\$1,508,888	\$1,078	\$605,288	1,399
RIVERPARC RESIDENCE	102 Punggol Drive #18-XX	Q4-2011	Q2-2022	10.4	\$1,045,000	\$506	\$1,650,000	\$798	\$605,000	2,067
ESPARINA RESIDENCES	117 Compassvale Bow #15-XX	Q4-2010	Q2-2021	10.4	\$1,126,000	\$769	\$1,730,888	\$1,182	\$604,888	1,464
PRIVE	35 Punggol Field #17-XX	Q1-2011	Q2-2022	11.4	\$728,100	\$690	\$1,330,000	\$1,261	\$601,900	1,055

Source: URA, OrangeTee & Tie Research & Analytics

All 262 ECs resold after 10 years made a profit. 251 of these units made profits of at least S\$200,000 each, with 52 units making at least S\$500,000 profits each. The average gross profit for these units was S\$383,680, with the highest profit of S\$785,002 recorded for a unit at The Quintet in 2018. The next highest profit was for an EC unit at Esparina Residences which made S\$784,000 this year.

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

Two new EC projects will be launched by the end of the year - Copen Grand at Tengah Garden Walk, and Tenet at Tampines St 62. Copen Grand is the first EC to be launched in the new precinct of Tengah and buyers will have the first-mover advantage of owning their first private homes in Tengah. Tenet at Tampines St 62 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.

For research enquiries, please contact:

Christine Sun, Senior Vice President, Research & Analytics christine.sun@orangetee.com

Timothy Eng, Assistant Manager, Research & Analytics timothy.eng@orangetee.com

For other enquiries, please send to research@orangetee.com. Visit <https://www.orangetee.com/Home/Researchv2> to view our research reports.

For sales enquiries, please contact your preferred OrangeTee agents or visit <https://www.propertyagentsreview.com/>