CUSTOMISATION OF RESIDENTIAL APARTMENTS: A Project Manager’s Perspective

SUMMARY

The residential market in Singapore is badly affected by the recent regional and world economy crisis. In particular, the residential market sector saw an oversupply in excess of 2000 units in 2000 and the situation is worsening in 2001.

Developments are financed by loans from banks or financing houses. Developers are typically highly geared. Holding on to unsold units would mean increase in financing costs to the developer. Also, the longer the apartments remain unsold, the more difficult it becomes for the developer to sell the units. This is because the market matures and taste and requirements of the Purchasers change over time. In addition, new projects are developed and these add to the oversupply situation.

Developers have thus devised various schemes to help to market their properties. Some of these include absorption of stamp duties and legal fees, lower financing costs, discounts, guaranteed rental returns, early bird gifts, free home furnishing packages, and customization of apartments.

This thesis focuses on customization of residential apartments in Singapore. The problems and difficulties faced by the project manager, project consultants and contractors in implementing and administering such a project. Legal aspects such as how sales and purchase agreement and Housing Developer’s Rules are affected are also discussed. Additional costs in constructing such a project are also highlighted. It was found that very little has been written or researched into this topic.
A survey was carried out to collate potential purchaser’s response to the various customized options and their understanding of what customization is about. The results of the survey have been included for discussion and observation purpose.

The author was a project manager to a customized project. The project was cited as a case study in the thesis. Two real life examples of how purchasers respond to the scheme are also discussed.

It was found that customization pose a host of problems to the construction activities. It is welcomed by the Purchasers, but it is not a strong pulling factor by itself. Other factors such as location of the development, tenure of the land (freehold or leasehold), design of the development, proximity to facilities such as schools or Mass Rapid Transit Stations or amenities, pricing still play a big part in influencing Purchaser’s decision to purchase.