ABSTRACT

Landed properties are at the top end of the housing pyramid in Singapore which starts from public HDB housing, moving up to executive condominiums, private apartments and condominiums before reaching the landed property stratum.

Cluster housing is a hybrid housing form that combines the physical characteristics of landed property with condominium-style communal facilities under strata-title arrangement. The cluster housing concept, first introduced to Singapore in 1993 through URA’s planning guidelines, received a lukewarm response from housebuyers for the first few developments completed in 1996. Since then, a total of 13 new cluster housing developments have been launched.

The 5 year time-frame of this study only serves as a medium term evaluation of the market performance of cluster housing vis-à-vis the landed housing market in Singapore. However, based on findings of the 5 sample developments, there is initial evidence to suggest that although cluster housing prices on per-square-foot basis still lags landed housing prices by 6.5 % due to its strata-title status, its rental values are 32 % higher than landed housing rents due to its communal facilities. Correspondingly, cluster housing offers yields of up to 3.46 %, which are close to levels normally achieved only by condominium housing. The availability of leasehold cluster housing is redefining the affordability and rental potential of landed properties.

With rising aspirations and affluence, the dream home of many Singaporean households continues to be a landed property which offers prestige and exclusive title to land. However the new market niche established by cluster housing developments and recent evidences from the sell-out launches in 2Q 2000 to 1Q 2001 point to new paradigms in home ownership which may challenge this long-cherished notion.

Keywords: cluster housing, capital appreciation, rental appreciation, investment yield