The Beginning of Suburbia

This year marks the 70th anniversary of the Long Island, NY planned community named Levittown. Built by the pioneering Levitt family, 7 square miles (4,200 acres or 1,700 hectares) of potato and onion fields would eventually contain over 17,000 homes. Returning veterans and their families were Levittown's target demographic, offering 800 square foot homes selling for $7,990. The veterans could purchase a house with no down payment, while other buyers needed 5% down. Most of the men worked in Manhattan to the west, an hour's commute by train. In 1947, most moms were full time homemakers. A number of entertainers, including Billy Joel, have memorialized Levittown in popular culture.

Today, hardly any of the original homes remain. They have been expanded and remodeled, with an average list price of $455,000, according to the Wall Street Journal. That outpaced inflation by a factor of five. But wait till you see how much housing prices have outpaced inflation halfway across the globe.

Levittown brings to mind Metro Manila's first planned community, called Phil-Am Life Homes, started in 1955, in Quezon City. It was built by the Philippine American Life Insurance Co., then a unit of AIG or American International Group. Philippine American Life was founded in postwar Manila by the same person who founded AIG's forerunner a decade before. PhilAm Insurance was considered a crown jewel of AIG. Yes, that's the same AIG that was bailed out by the U.S. Federal government to the tune of $182 Billion during the housing and financial bubble ten years ago. As a result of the bailout, Phil-Am Life was divested from AIG. (Incidentally the Federal government made a profit of over $20 billion when AIG paid back the debt.)

Although a pioneer in Manila housing, Phil-Am was far more modest than Levittown. Except for the Philippine national government, no one owns the kind of acreage Levittown had. Philam lots ranged from 400 to 500 square meters (5,000 square feet) for corner lots. The selling price for a house and lot was 25,000 pesos, or $12,500 at the prevailing exchange rate. When completed, there were 600 homes.

Concurrently, the Philippine government was into a housing and land program, under the aegis of the PHHC or People's Homesite and Housing Corporation. During the term of President Ramon Magsaysay, my father Vicente Y. Orosa was the General Manager of the PHHC. He was the Secretary of Public Works and Communications early in Magsaysay's administration, but transferred over to PHHC midterm. PHHC also had vast undeveloped land scattered throughout Quezon City, which was subdivided and sold. The Philippine government was probably the largest real estate company at the time. Being a government agency, the managers at PHHC didn't use much imagination in naming the new housing communities, sticking with Project 1, 2, etc. with the last one being Project 8. PHHC's housing was a cut below Phil-Am's, consisting mostly of duplexes.

But far from being a boon for low income families, Phil-Am, and to an extent, PHHC, became a haven for professional Filipinos. $12,500 may not sound like much, but in 1961, with an engineering degree and working for Procter & Gamble, my salary was barely $1,000 annually.

Thus neither Philam nor PHHC's properties benefited the working class, whose wages were one third of mine.

Like Levittown before it, Philam and the PHHC properties have exploded in value. EDSA, Metro Manila's main artery, forms the northern boundary of Phil-Am. Two large competing malls, SM North and Trinoma, built by two of the Philippines' billionaire families, are within walking distance. There is a mass transit rail station in the vicinity. The price escalation puts Levittown to shame. Part of it can be explained by the higher inflation rate and devaluation of the Philippine peso (2 to $1 then vs. 50 today). But with Manila having the dubious distinction of the most densely populated city in the universe, demand is unquenchable. Upgraded properties are now going for 30,000,000 pesos ($600,000 at today's rate). Some property owners are rumored to be holding out for 40 million. Even at the former price, that is an escalation factor of more than 1,000. Take that, Levittown! My sister and brother in law bought their Phil-Am property for less than $5,000 forty years ago.

Phil-Am is now an enclave of professionals and successful entrepreneurs, with high walls, some of them electrified, 24 hour armed security (not unusual in metro Manila), its own Catholic parish of Sta. Rita, a small shopping area and a bank. I use their ATM when I visit my sister and brother-in-law. There is a bust of Earl Carroll, the man behind the vision to develop Phil-Am, in the green area at the center of the neighborhood. I wonder what he would think of the way Phil-Am has morphed into.

Whether she was aware of it or not, my mother was prescient about Metro Manila property. Under her prodding, she and my dad bought properties all over Quezon City, one for each of their five children. Instead of investing in stocks for my retirement, I (and my siblings) should have gone into partnership with our mother and bought more Quezon City property. Hindsight is 20-20. Nevertheless, we thank you mom and dad, especially mom.

Mario E. Orosa
October 22, 2017

This home, which looks like one of the few original PhilAm models, lists for 20 million pesos or \$400,000. Remodeled homes costs upwards of 50% more.