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Jewel in the crown SG's prime properties shine



**Bali's
Integrated
Resorts**



**Jewel
in the
crown**



**Interview:
Raymond
Chia**



**Middle
East's Island
Homes**

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JEWEL IN THE CROWN

Singapore is in recession. So what? Experts say this is the best time to snap up prime properties as Singapore's future still looks promising with the upcoming Integrated Resorts and F1 events.

BY KHALIL ADIS



First, it was the Hungry Ghost in August that spooked buying sentiments. Next, came the Lehman Brothers' spectacular collapse in September that rocked the financial market. The Domino Effect soon reached Singapore with the AIG crisis causing panic-stricken Singaporeans to liquidate their insurance policy with AIA. By October, the writing was clearly on the wall - Singapore's trade dependent economy had declined for the second quarter in a row, causing the Ministry of Trade and Industry to revise Singapore's full-year growth forecast downwards to around 3 percent. With that, Singapore's economy officially slipped into recession in the third quarter of this year - for the first time since 2002.

The recession has already affected Singapore's key domestic sector with signs of slowing down seen in activities across the manufacturing, services and construction sectors. According to the latest flash estimates released by the Urban Redevelopment Authority (URA) in October, Singapore's private property market price index has fallen by 1.8 percent - the first time it has done so in four years.

"The drop in prices came not as a surprise as US financial problems and global economic slowdown had already weighed down investment sentiments and caused local transaction volume of private homes to diminish since the second half of 2007. As the US financial and economic problems persisted, it was only a matter of time before overall private home prices started to fall as well," Nicholas Mak, Knight Frank director of consultancy

and research department, says. Prime area non-landed private residential properties took the lead in price plunge in the third quarter of 2008. According to DTZ's latest figure, prices of prime freehold non-landed resale residential units fell for the second consecutive quarter by 4.2 percent quarter-on-quarter. Meanwhile, rents in the prime districts fell 0.7 percent quarter-on-quarter, averaging S\$4.90 per sq ft. With panic on the streets, most Singaporeans are taking the cautious approach and holding back on buying properties.

"Generally sentiment driven, buyers are likely to remain bearish on the new projects pricing while developers are likely to give more incentives in the form of discounts for their buyers. Buyers with the intention for owner occupancy will wait for prices to fall further before they make such a big commitment. Investors are also likely to hold back their investment as the residential market is on a declining price trend," notes Dr Chua Yang Liang, Jones Lang LaSalle's head of research in Southeast Asia.

While most developers don't usually comment on the state of the property market, big time developers like Far East Organization admits to feeling the pinch.

"The market movements, especially in the last two weeks, have undeniably increased caution. And it would be fair to say that since the peak last year, things have slowed down for all players," Chia Boon Kuah, COO, property sales and executive director at Far East Organization, says.

The slowing down in the market has caused some developers to hold back on their launches. According to



View from the Trilight

THE RECESSION HAS ALREADY AFFECTED SINGAPORE'S KEY DOMESTIC SECTOR.

figures derived from DTZ, a total of 347 condominiums were launched in the third quarter of this year.

"In lieu of lower selling prices in a bearish market, there has already been postponement of launches by developers. Coupled with the rising construction costs, which may affect their profit margin, some developers have put the proposed projects acquired via means of a collective sale on hold. At the same time some of these acquired buildings have been made good to be able to lease out on short term basis," Dr Chua says.

Meanwhile, others are slashing prices and throwing in various incentives to draw buyers.

"Bearish sentiments on the private residential market have negatively pressured the launch prices southwards. More developers, especially the ones with financially stronger balance sheets, are able to hold back launches. Some of the developers have chosen to proceed to launch their developments, often at a discount or with other purchase kickbacks (for example, stamp duty waiver) to entice buyers," Dr Chua adds.

With private property prices in prime areas going down and developers slashing their prices, experts say this is the best time to invest, citing the "buy at a low, sell at a high" investment philosophy. Hence, they advise buyers to be clear headed and think long-term, just like an astute investor.

"We do continue to see buyer interest in developments in the prime areas. For investors in such uncertain times, opportunities are ripe to expand their portfolios with secure investments. A unique unit in a desirable location remains a considerable draw," says Chia.

Another expert is Alex Shlaen, founder of Panache Management. Shlaen represents some of the most luxurious brands like Formitalia, Tonino Lamborghini designs and other high-end uber-luxury brands, furnishings and interior. In Singapore, Shlaen works closely with the various developers and high net worth individuals to customise their prime property to make it more investor attractive and advises prospective buyers on where to invest. With his inner working knowledge and connection to the high-end buyers, Shlaen has his finger in every pie of the prime property market and sees potential in Singapore's growth.

"Singapore is a different place from what it was five years ago. The city has now a world class banking centre. The more cracks that appear in the US and European banking centers, the more Singapore will benefit, especially in the private banking sector. The shopping scene is extensively upgraded. Singapore is becoming more luxury and high-end centric and we will see this more evidently by the time the Integrated Resorts (IR) open and with Singapore hosting the Formula 1 and similar world-class events. Singapore is going to be a mix of Monaco meets Switzerland meets Las Vegas in Southeast Asia, making it the jewel of the crown in the whole of Asia," Shlaen says.

Indeed, with Singapore's two Integrated Resorts coming up in 2009 and 2010 and Singapore hosting the Formula 1 event over the next few years, prices of prime area properties like those in districts nine, ten, 11, Marina Bay and Sentosa Cove, are expected to go up, providing investors with good capital gains or rental returns. This is something that develop-



Far East Organization's Orchard Scotts



The Ritz Carlton located in Cairnhill

FOR INVESTORS IN SUCH UNCERTAIN TIMES, OPPORTUNITIES ARE RIPE TO EXPAND THEIR PORTFOLIOS WITH SECURE INVESTMENTS.

ers like Far East Organization, Ho Bee, Hong Fok Land and CapitaLand have foreseen despite the gloom and doom.

"We are heartened that there are quite a number of projects in place to grow the economy. Among others this would include the spend in the tourism industry with the building of the two IRs, the cruise terminal, MICE facilities and of course the continued staging of the Singapore F1 Grand Prix. There is also considerable effort and public or private projects underway to transform Marina Bay, the Bugis area, Orchard Road, the Singapore River – again, just to name a few," says Chia.

So, despite the dampening sentiment, Far East Organization has remained optimistic as it sees potential in the luxury market. In October 2008 alone, it splurged on its advertisement budgets for Boulevard Vue and Orchard Scotts during the F1 weekend.

Boulevard Vue, situated on Orchard Road, is a limited-edition collection of 26 apartments, which start at a generous 4,500 sq ft, with one mansion per floor. Each unit comes with three garage lots, enough to comfortably fit a Bentley, or a Lamborghini. Buyers can customise their apartment's layout with Far East Organization providing the expertise and even flying in designers to ensure that each dream mansion becomes a reality.

Orchard Scotts is a dramatic urban artform with three gleaming towers set to soar in the heart of Orchard Road. Designed by award-winning architectural firm Arquitectonica of Miami, USA, the development will boast 2.5 ha of grounds – three quarters of which have been dedicated to superbly lush and landscaped gardens and large clubhouses. This

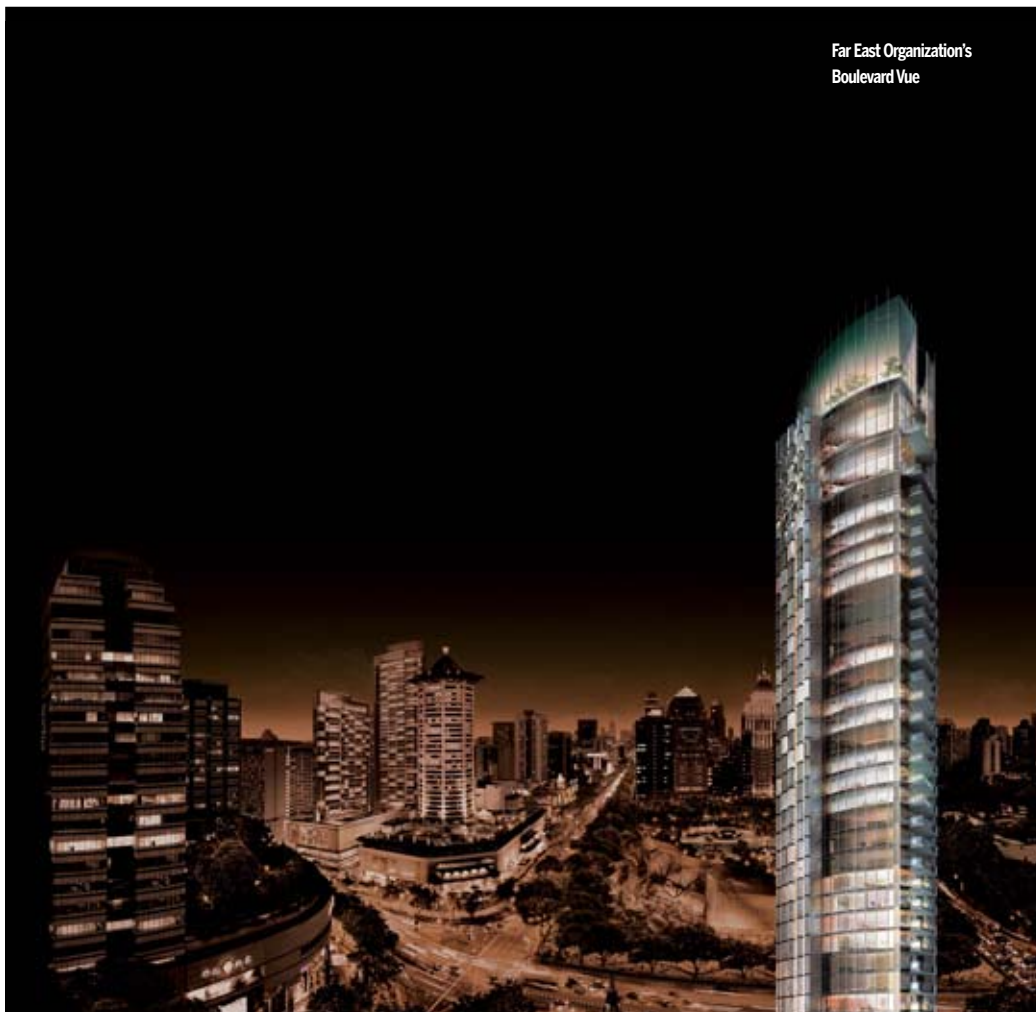
makes Orchard Scotts one of the largest residential developments in the city.

Similarly, Ho Bee is looking ahead by launching two new luxury developments, The Orange Grove and Trilight. The Orange Grove, located within the prestigious enclave of Orange Grove Road, comprises of 72 three and four bedroom apartments, as well as uber-luxurious penthouses. Its close proximity to prestigious schools like Anglo Chinese Primary School, Singapore Chinese Girls' School, Raffles Girls' Secondary School and St Joseph's Institution, makes it a particularly attractive investment.

The Trilight, on the other hand, is quietly sited at the highest point in Newton, with its unique three pointed star design. Comprising two 30-storey towers, each of the 152 units has its very own slice of a 270-degree stunning panoramic view of the city and the lush environment surrounding it. The development's pristine location is only a 5 minutes walk from Newton MRT Station and within minutes from prestigious schools such as Anglo Chinese Junior School and Anglo-Chinese Primary school.

While most developers have refused to comment on some of their incentives thrown in, some like Hong Fok Land and CapitaLand have gone on to launch niche boutique developments, The Concourse Skyline and The Wharf Residences respectively, in the third quarter, despite the softening property market.

According to DTZ, The Concourse Skyline in particular, did very well "with 60 out of 90 units released sold over a preview" or 70 percent sold in such a challenging market. The Concourse Skyline's sales figure speaks for themselves as

Far East Organization's
Boulevard Vue

TOP 10 PRIME PROPERTIES

1. Ritz Carlton
2. The Sail
3. Orchard Residences
4. Hamilton Scotts
5. Nassim Park Residences
6. The Edge on Cairnhill
7. St Regis Residences
8. Boulevard Vue
9. Turquoise
10. Paradise Island

The Hamilton Scotts



those who snapped up the units saw potential in its rent and capital appreciation.

"Concourse Skyline represents a strong investment opportunity in terms of likely capital appreciation, and we anticipate will also generate above average rental returns to the owner," S.E. Cheong, Hong Fok Corporation's director, says.

Although Beach Road is not considered a prime area, it may soon join the league as The Concourse Skyline offers a "new bohemian" vibe as described by Shlaen due to its proximity to 'cool' sites like the eastern part of Victoria Road, Haji Lane and the trendy Kampung Glam enclave. It also offers stunning views of the newly developed pit lane of the Singapore Grand Prix, the waterway, Gardens by the Bay, the Singapore Flyer, Marina Bay Integrated Resort and the Singapore Sports Hub when completed in 2013.

Meanwhile, The Wharf Residences, located in district nine's Tong Watt Road, saw 80 out of 186 units sold or a take-up rate of 43 percent. CapitaLand could not be reached when asked for more comments on the development.

While Shlaen has recommended branded properties in traditional prime areas of districts nine and ten, like The Orchard Residences on top of ION, St Regis, The Ritz Carlton, Hamilton Scotts, Nassim Park Residences and The Edge on Cairnhill by Moshe Safdie (the architect behind the Marina IR) to prospective local and foreign buyers, he foresees developments in Marina Bay and Sentosa Cove, to enter the top end league. They include The Sail @ Marina Bay.

"In Singapore top priced luxury properties are still some 60 percent per square foot cheaper than the prime properties on Hong Kong's Victoria Peak. Therefore, Singapore luxury

property still has plenty of room to grow. Our 'Victoria Peak' is going to be around Orchard, Cairnhill and at Marina Bay. It's going to be The Sail, but Tower One specifically as it has the best, unobstructed views, and other Marina Bay facing properties. This is the definition of The Peak," he says.

Other properties that have made the cut on his extremely tough list is Ho Bee's The Turquoise and Paradise Island, both located in Sentosa Cove.

In the meantime, experts do not expect prices to go up soon. However, they remain optimistic about Singapore's future.

"With current recessionary sentiments, a price recovery is not in the immediate future. While economic fundamentals in Singapore remain stable and strong, global economic recession will nevertheless impact our local economy and subsequently real activities in the medium term. Long term outlook remains optimistic, with Singapore well into its remaking story, foreign investments in Singapore will continue once the global credit crunch and recessionary cloud blows over. Prices are expected to pick up when sentiments improve alongside the US and global economic recovery," Dr Chua says.

"I believe that in the mid-term Singapore will emerge from this global crisis stronger than ever before, perhaps even leapfrogging cities and nations because we have the strong fundamentals and the continuing projects that will transform our island nation," Chia says.

So, while uninformed Singaporeans continue to join the herd mentality by holding back on investments, Shlaen continues to be inundated with calls from his more savvy clients. And why not? It is a buyers market at the moment.

SINGAPORE IS BECOMING MORE LUXURY AND HIGH-END CENTRIC AND WE WILL SEE THIS MORE EVIDENTLY BY THE TIME THE INTEGRATED RESORTS (IR) OPEN AND WITH SINGAPORE HOSTING THE FORMULA 1 AND SIMILAR WORLD-CLASS EVENTS.