

## ■ GO ASIA SINGAPORE ■

## PROPERTY

## INVESTORS FLOCK TO PRIME DISTRICTS

Robust residential sector attracts wealthy buyers to the city's best addresses, but analysts warn fresh cooling measures could dampen their demand, writes **Peta Tomlinson**

Investor appetite for prime Singapore property is robust across all sectors. After cooling measures subdued the market for the past few years, house prices are rising again, and foreign investment is flowing in.

According to CBRE, property investment sales soared by 11.4 per cent in the second quarter, taking the investment tally to S\$20.318 billion (HK\$116.7 billion) for the first six months. The 32 collective deals signed during the period already exceed the 26 collective sales registered for the whole of 2017, and include 15 residential sites.

Desmond Sim, CBRE's head of research, Singapore & Southeast Asia, credits a vibrant residential sector with driving the investment climate over the past six months. Notable, he says, "have been some positive stories behind the prime districts 9, 10 and 11".

However, Colliers says the "euphoria" surrounding the residential rebound may be tempered by fresh property cooling measures – the higher additional buyer's stamp duty and lower loan-to-value limit – announced by the Singapore government on July 5.

"The introduction of these measures a year into market recovery, after four years of decline, was aimed at calming the euphoria in the private residential sector," says Tricia Song, head of research for Singapore at Colliers International.

Home prices had risen "by 3.9 per cent in Q1 2018, and another 3.4 per cent in Q2", she adds. "The price growth – which is expected to taper in the quarters ahead – was largely driven by the brighter economic outlook, pent-up housing demand and more positive market sentiment."

These measures "might stymie demand", but Colliers expects home prices to hold steady in the near-term.

Even though CBRE agrees the new measures might slow down some new development projects, Sim does not believe confidence in prime districts – where buyers are typically high-net-worth individuals – will be adversely impacted. Throughout market cycles, prime property traditionally holds its value, he explains.

These prime areas, near Orchard Road, are the traditional luxury areas of Singapore, favoured for their lower density, privacy and exclusivity, as well as their proximity to the central business district, Orchard Road shopping and international schools.



**TwentyOne Angullia Park (above) embodies the luxury of Singapore's prime District 9.**

"Location, location, location remains the biggest decision determinant in real estate," Sim says. "People would still like to have a property in one of these prime districts."

Leong Boon Hoe, chief operating officer of List Sotheby's International Realty, Singapore, agrees that luxury is a big attraction.

"The prestige and exclusivity of the prime districts largely came about due to [their] association as homes of the local affluent families and wealthy expatriates," he says. "As a large proportion of the properties are privately owned and have freehold tenures, prices are higher than other parts of the island."

Orchard Road, Singapore's premier shopping belt which offers a plethora of entertainment and retail options, is a core component in District 9's appeal, Leong adds. "Designer goods and luxurious lifestyle options which are abundant here are often prerogatives for the well-heeled community [who] live within the area," he explains.

As an example of the premium that desirable luxury properties in District 9 can command, TwentyOne Angullia Park recently sold a unit at close to S\$3,900 per sq ft, he adds.

Meanwhile, 8 St Thomas, an upcoming landmark development by Bukit Sembawang Estates, should attract keen interest as well.

Located at 8 St Thomas Walk, the 250-unit development comprises a mix of one to four-bedroom flats, plus two lavish penthouses. Commanding views of Orchard, Marina Bay Sands and the city skyline, 8 St Thomas offers full condo facilities including a pool. The District 9 property is within walking distance of two MRT stations, Somerset and Orchard, as well as the expanding rail network and transport interchanges, with island-wide connectivity to the central business district, Marina Bay Financial Centre, Clarke Quay, Fort Canning Park, The American Club and The Tanglin Club.

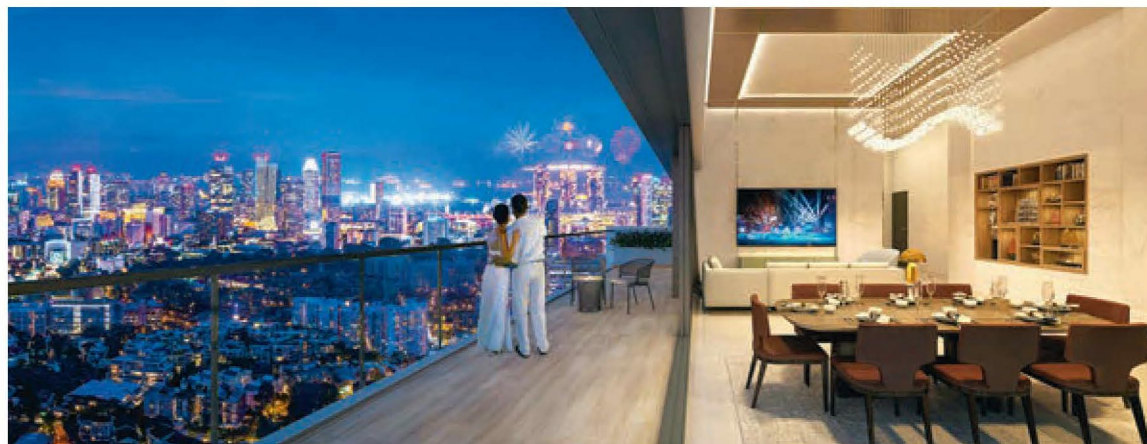
From a global perspective, Leong says luxury homes in Singapore are more affordable than those in cities such as Hong Kong, where two Mount Nicholson flats on The Peak were sold together for US\$148.5 million; or in New York, where a 7,929-square-foot Park Avenue penthouse sold for US\$60 million (or US\$7,577 per sq ft).

In contrast, the US\$45.75 million Sculptura Ardmore 10,300 sq ft super penthouse's rate of US\$4,573 per sq ft is probably the highest in Singapore in the past five years, while the median price for luxury properties in Singapore has ranged between US\$2,400 and US\$2,650 per sq ft.

"The increasing demand for luxury homes from foreigners, especially from China, Malaysia and Indonesia, signal their confidence in the Singapore market," he says.

Leong does expect some "knee jerk reaction" to the latest cooling measures, but while this may put a dampener on the sharp V-shaped recovery seen in the previous four quarters, he says "it could result in a gentler U-shaped upturn that would last longer amid the improving local and global economic performance".

In making a comparison with other overseas markets, foreign investors will consider such factors as geopolitical stability, foreign exchange, taxation laws and growth prospects of the local property market, Leong adds. "They will have confidence in the market that will give good wealth preservation shelter and growth potential over the long term," he says.



**Bukit Sembawang Estates' plush 8 St Thomas, promises excellent views of Singapore.**