



Yellow brick road

When it comes to investment property, playing hot cards with a cool head is key. Property specialist **Ruth Sullivan** negotiates the winding route to uncovering a smart investment

A minefield of factors trigger property price fluctuations around the world, from political change to economic health, regulation, taxes and lifestyle trends.

So the smart property investor needs to be equipped with good market intelligence and a cool head to identify the real opportunities and gems that hide out all over the world.

Savvy investors are increasingly spotting good value in attractive, second tier cities instead of prime markets such

as Hong Kong, London, Miami or New York.

Buyers eyeing the US east coast are better off putting money into cities such as Boston rather than Manhattan. The Price Waterhouse Cooper (PwC) report *Emerging Trends in Real Estate 2017* named Boston the hottest property market in north east America, based on local outlook, placing it above Manhattan and Brooklyn, as well as Philadelphia, among other cities and boroughs.

According to the PwC report, Boston also ranked fourth for

investor demand, from a local market perspective, and topped national markets for homebuilding prospects and overall real estate prospects.

Another market tipped to heat up is Dubai, with estate agents predicting that the Emirate is set to turn a corner. Investing in prime

Above V on Shenton is close to Singapore's Marina Bay Financial District, comprising of 510 units that range from studio to one-to-three bedroom apartments and penthouses

property, such as the Palm man-made island, is also starting to tempt some investors as oil prices bounce back after their heavy 2014 fall and the economy picks up. This comes at a time when visa reform and plans to open up some business sectors to foreign ownership is underway in the United Arab Emirates. At the Royal Atlantis Residences in Dubai, a high-rise, two-bedroom beach apartment with a balcony starts from \$US1.88m.

Chinese investment in Australia is cooling off due to strained relations, but a Goldman Sachs report suggests the "pullback in foreign demand" should not be viewed as a risk to the supply-demand balance.

Chief financial analyst for Australia and New Zealand, Andrew Boak, said the market was now closer to "balanced", which would have very ►



Above: Jorge Juan Home Garden Residences in Spain's capital Madrid Above right: Warrington Crescent in London Right: Each floor is one flat at The Grosvenor's high end residences in Madrid

important implications for house price growth.

"In an absolute sense, once interest rates are also factored in, our analysis is consistent with prices grinding lower in Melbourne and Sydney but potentially rising elsewhere," Mr Boak said.

Meanwhile, the Asia residential property market is poised to continue its hot streak with recent UBS and PwC studies suggesting Singapore, Hong Kong and



Tokyo all offer opportunities at the right price.

In Singapore, a slight easing of government measures curbing foreign real estate investment over the past few years, and an upturn in the economy are catching investor interest. UIC Investments have recently listed 510 units in the new condominium V on Shenton, with a 99-year leasehold in District 1.

European cities such as Madrid, Paris and Barcelona are finally enjoying a resurgence. "In the past 12 months, these economies have been picking up," says Liam Bailey, Global Head of Property Research at Knight Frank. Bailey predicts the trend will continue in 2019, creating a good investment opportunity.

In Germany, Munich, the charming Bavarian capital

with easy access to mountains and lakes is just coming on to investors' radar, says Bailey. Investors are also beginning to tap into secondary cities in the UK, such as Manchester, where a one-bed flat, depending on location, provides 3-4% returns.

The types of property that tend to offer the best returns, in many parts of the world, are one and two-bed apartments. "In markets like London, New York and Dubai, one-bed flats let very well, while two-beds are not quite as easy to let," says Bailey. Buying into a well-managed apartment block with a good reputation for quality is another vital factor for a healthy investment. Apartments in Hong Kong are also a good play in a mature market, with the attraction of easy access to mainland China for non-residents.

Much depends on whether an investor's priority is yield, wealth preservation or capital growth, says Hugo Thistlethwayte, Head of Residential International at Savills.

If capital preservation is the main focus then countries such as Austria and Switzerland with stable economies and markets are "nice and safe", but with low returns he says. In prime property cities such as Salzburg, returns can be negligible, at 1-2%, after costs.

In Germany, in the past, strict rent controls have deterred investors from buying but the legislation does not apply to new-build, furnished units in major cities such as Berlin, which are attracting strong international investment, points out Thistlethwayte. ■

