



Sling hot property

Singapore's luxury real estate market ranks one of the world's strongest after making a storming comeback in a mixed economy, writes global property expert Ruth Sullivan

Many of the world's property markets slumped during the pandemic and are still recovering, but Singapore's real estate is among those leading the return.

This is partly due to the Asian city-state and financial hub, known for its skyscrapers, super-luxury penthouses, high prices and low corporate taxes, holding on to its safe-haven

reputation throughout the crisis. While the outlook for many prime residential markets is set to slow this year, Savills Prime Residential Index of World Cities forecasts Singapore's prime capital value growth at between 6% and 7.9% for 2023, ranking it as one of the strongest.

The start of the year is showing green shoots. "There was a slight pick-up in the luxury residential market in the first

seven weeks of 2023 compared to the same period last year," says Lewis Cha, executive director of List Sotheby's International Singapore.

According to the Urban Redevelopment Authority 68 luxury homes were sold in this period compared to 54 in the first seven weeks in 2022. Savills Singapore notes that just 296 non-landed homes were sold in 2022.

The upturn in the luxury home segment is largely driven by wealthy foreigners in search of a safe haven starting to buy again now that Covid restrictions have lifted and Asia Pacific borders re-opened. The top five foreign nationalities currently buying are from mainland China, followed by North Americans, Indonesians, Malaysians and Australians.

Some of Singapore's coveted hotspots such as leafy enclaves in the central areas of Ardmore Park and Nassim Road, command prices of S\$4,000 per square foot, while Orchard Boulevard/Tomlinson Road properties fetch S\$3,800-S\$5,000 psf.

Luxury apartments near the Orchard Road shopping area such as the elegant low-scale development of Les Maisons ▶



Nassim, Klimt Cairnhill, a super tall skyscraper, and Park Nova, a smaller tower with vertical gardens, made up the bulk of sales in the early weeks of the year. Condo sales in the desirable Midtown Modern are also part of the trend.

Prices have been nudging up too. A year-on-year comparison of luxury apartments in the weeks to February 17 this year, shows an average rise of 12% to S\$3,286 per square ft from S\$2,939 psf. This could be attributed to the higher number of newbuilds sold, 33 compared to just 15 in 2022, according to List Sotheby's International.

During the global pandemic building development stopped because of labour shortages, a significant rise in construction costs and developers unable to replenish their land banks on an island where land is a very scarce resource.

Since borders have reopened international demand for homes in Sentosa Cove, the only part of Singapore where foreigners can buy a home with land, has also risen. The

relaxed waterfront lifestyle, golf course, marina and proximity to the financial district particularly appeal to those with families and businesses.

Given the changing trends, is it the right time to buy? Nicholas Keong, head of Private Office at Knight Frank Singapore looks at the investment time frame. There are opportunities available for "private wealth looking to invest for the purposes of capital

Above: High-rise views over Marina Bay Sands rooftop infinity pool Below: Keppel Bay where upmarket condo The Carribbean is located in the south of Singapore, with a view of boat marina and the tourist attraction of Sentosa



preservation and appreciation over the mid to long term, he says."

He believes that "Singapore continues to be an oasis for investments appealing to global capital, due its political stability, best-in-class infrastructure, many business-friendly incentives and the lifestyle it offers with world class education."

Keong estimates about 7,000 to 8,000 new sales in the entire private home market in 2023, with overall prices expected to rise by 5% to 7%. Alan Cheong, head of research at Savills Singapore also forecasts a 7% year-on-year rise this year if mortgage rates tend towards 5% but if interest rates fall by mid-2023, "this would boost

buyers' confidence and we may have prices rise by up to 10%," he says.

Buyers' confidence may be tested by the government's recent increase in stamp duty for buyers of high-value residential properties. From 15 February, properties valued between S\$1.5m and S\$3m are taxed at 5% and those above S\$3m at 6%, up from the current 4% rate. Stamp duty for foreign buyers was increased to 30% from mid-December 2021.

The new rise might result in a temporary pause on sales activity says Cha but along with other experts he does not believe the measure will dampen Singapore's appeal for wealthy buyers in the long term. He rates it as the most liveable city in Asia for expatriates with "many competitive advantages over other economies." Prices in the core central region are "still affordable compared to other financial cities, he points out."

He recommends international buyers take a long-term investment approach and expects pricing to be clearer in the second half of 2023. ■