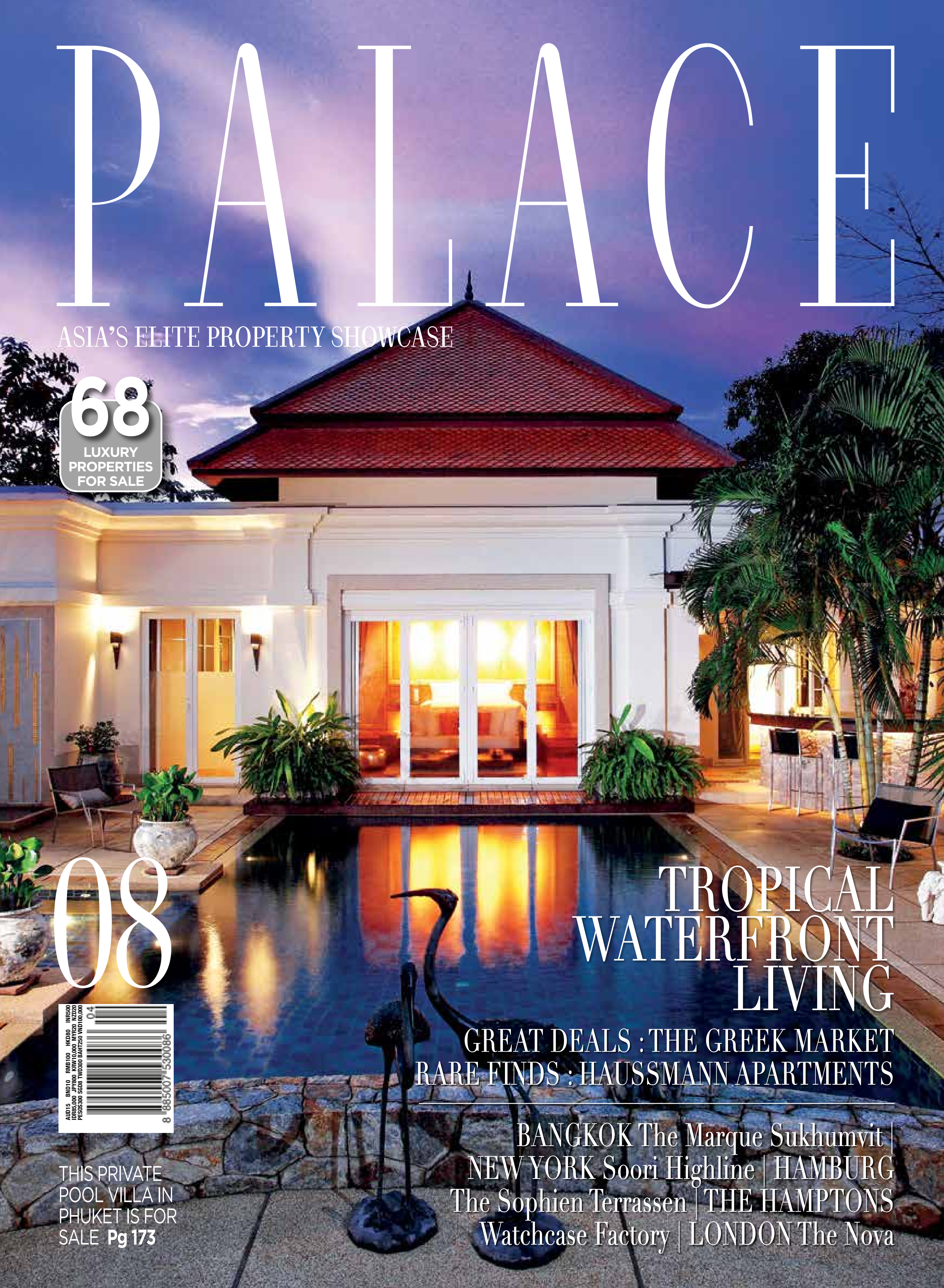

PALACE

ASIA'S ELITE PROPERTY SHOWCASE

68 LUXURY PROPERTIES FOR SALE

08

AUD15 BND10 RMB100 HKD80 INR500
IDR85,000 JPY800 KRW10,000 MYR20 NZD20
PESOS300 SGD8 TWD300 BAHT250 VND100,000

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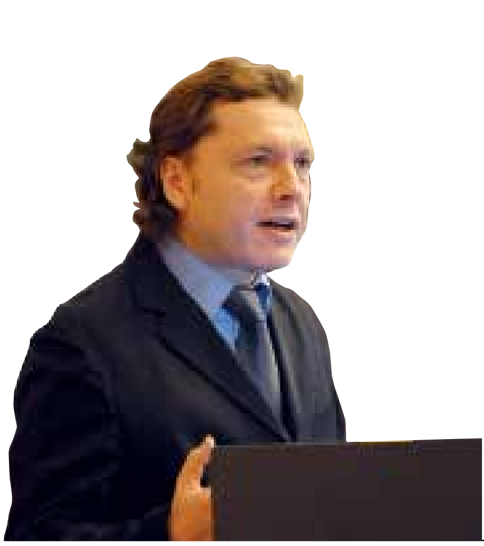
TROPICAL WATERFRONT LIVING

GREAT DEALS : THE GREEK MARKET
RARE FINDS : HAUSSMANN APARTMENTS

BANGKOK The Marque Sukhumvit | NEW YORK Soori Highline | HAMBURG The Sophien Terrassen | THE HAMPTONS Watchcase Factory | LONDON The Nova

THIS PRIVATE POOL VILLA IN PHUKET IS FOR SALE **Pg 173**



BIG MONEY, INVESTMENT TARGETS

by Alexander Karolik-Shlaen


View from The Peak

In Hong Kong, local authorities have imposed extra taxes on property transactions and tightened mortgage lending to curb home prices – currently the highest in the world

Property prices in Hong Kong and Singapore have reached eye-popping stratospheric values, with the first being the most expensive in the world and the second just a few steps behind. These markets attract billions of dollars in local and international investments that both local governments went on a massive market-cooling spree that in turn will trigger a change in the regional and world markets.

Firstly, a lot of investment money from Hong Kong, Singapore and other parts of the world will spill over to other regional and world targets. Secondly, investors will look more closely into these two uber-markets to find special deals or hidden opportunities, as despite of myriad of cooling measures. Investors are not ready to give up on these lucrative locations just as many analysts claim and government officials hope.

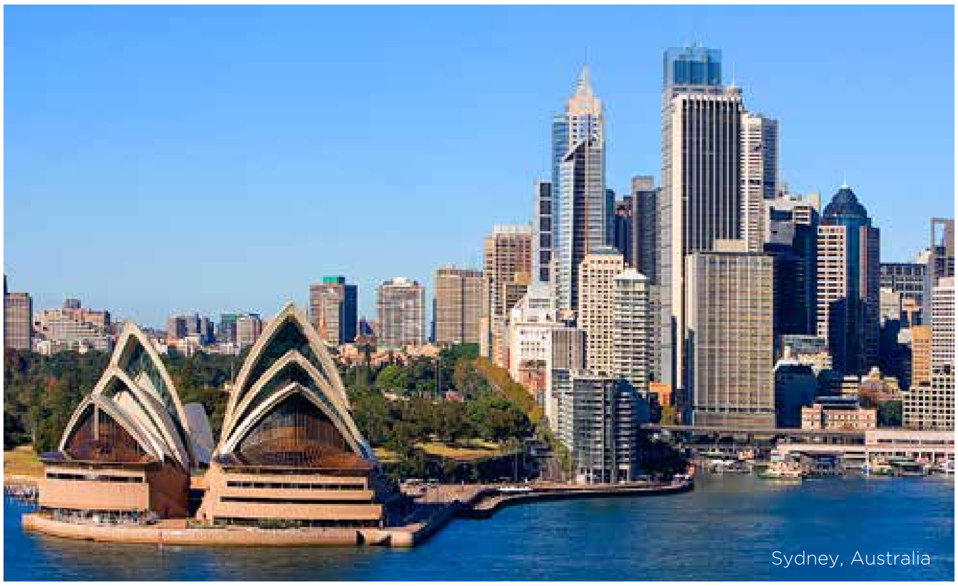
In Hong Kong, local authorities have imposed extra taxes on property transactions and tightened mortgage lending to curb home prices – currently the highest in the world. Last year, authorities doubled the stamp duty on all property deals above HK$2 million to as high as 8.5 per cent.

But The Peak, among the city's most expensive residential areas where global companies house their top executives, seems to be holding well. The demand is not weakening despite of a slight slowdown in the general luxury market. Hutchison Whampoa, controlled by Asia's richest man, Li Ka-shing, has sold a second house in one week at the end of 2013 in Hong Kong's Victoria Peak for more than HK$500 million (US$64.5 million). Initially. a 5,706sqft house in the seven-home 28 Barker Road project was sold for US$69.4 million. Hutchison Whampoa sold a house in the same project in November last year for US$95.5 million – the highest paid in the city after a house on Pollock's Path, also in The Peak area, was sold for over US$103 million in 2011.

In Singapore, according to the Urban Redevelopment Authority (URA), developers sold 1,228 private homes in November, 15 per cent higher than 1,070 units in October.

The Inflora in Pasir Ris, Alex Residences in Redhill and Duo Residences in Bugis did exceptionally well, with more cheques handed-in than units available. One of the reasons is that developers, certain the demand is softening, priced the units below top band pricing.


Duo Residences



Sydney, Australia

The Inflora sold at least 250 units, or nearly two-thirds of total 396 available units, on launch day. At the preview of Alex Residences, buyers snapped up about 150 units in an afternoon, and the developer had to release 50 units more than originally intended to meet demand. At Duo Residences, around 468 units had been sold in no time, out of 540 units released.

Many have been surprised by the success of the demand for residential launches in Singapore and are now predicting a strong rebound in sales numbers at the end of the year and into 2014.

The attraction of Singapore property is still strong also in commercial and hotel segments. China's offshore commercial property investment has hit a record high in 2013, after the largest commercial real estate transaction in Singapore's history was completed.

In the third quarter of 2013, Grand Park Orchard Hotel and its retail segment was sold to a Chinese-controlled company for US$1 billion in the largest single commercial property deal in Singapore. Chinese investors have already spent over US$5 billion in offshore commercial real estate so far this year, up from the previous record of US$4 billion in 2012.

Chinese real estate investors have been most active in Europe, the United States, Australia and Singapore. Interest in Europe, particularly, has increased since last year, with transaction volumes up some 25 per cent to around US$2 billion in 2013.

Still many investors will be looking to other markets to diversify.

More Singaporean investors may be looking to buy property in Australia to get more bang for their money as a weakening Australian dollar makes the popular investment destination for Singaporeans and other Asian investors even more attractive.

Australia has always been an attractive market, so any reduction in exchange rate would be an added lure. The weakening of currencies has always been one of the attractions," said Donald Han, Managing Director of property firm Chesterton Singapore.

More Singaporean investors may be looking to buy property in Australia to get more bang for their money as a weakening Australian dollar makes the popular investment destination for Singaporeans and other Asian investors even more attractive

But the currency's weakening has to last a longer period to make a big impact on the decisions of investors; the appreciation of property and rental returns will be checked out.

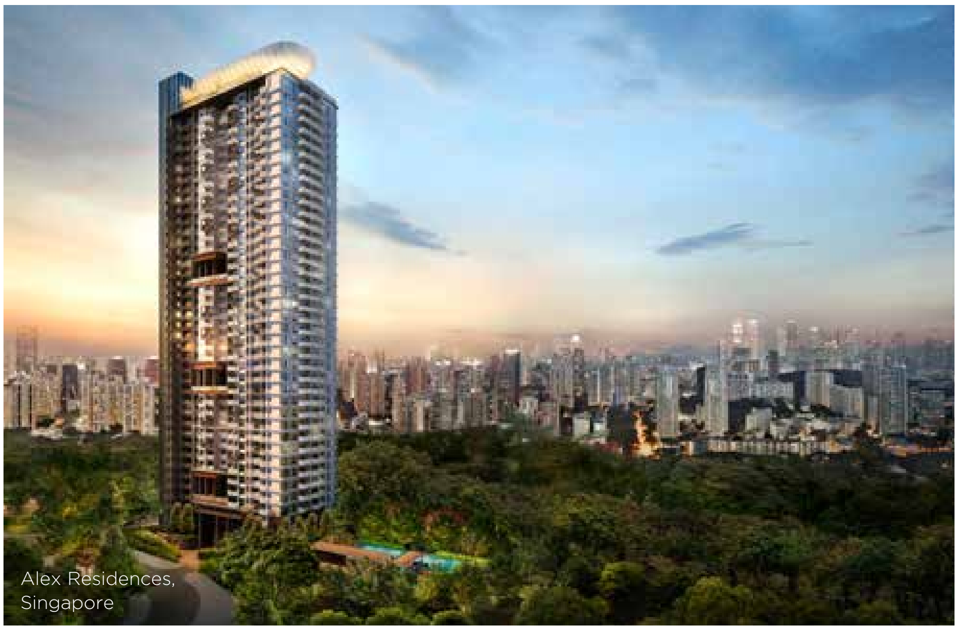
If the drop in currency is substantial, we will likely see a big movement of capital going down under.

The Australian dollar has weakened around 15 per cent against the Singapore dollar since its peak in April to end of 2013.

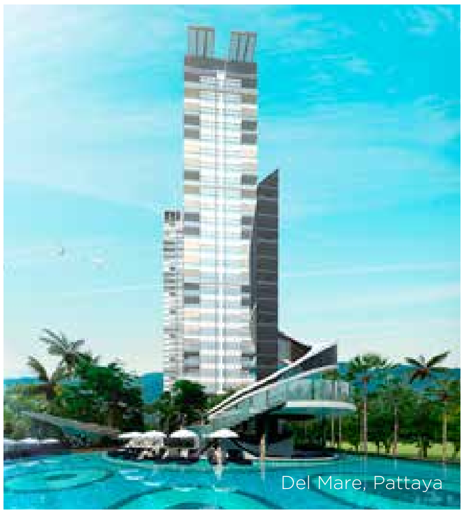
It is set for further decline after Reserve Bank of Australia (RBA) Governor Glenn Stevens signaled late December 2013 that the central bank would prefer a weaker currency to lower interest rates and help spur the country's slowing economy.

The RBA has cut its benchmark interest rate by 2.25 percentage points since late 2011 to a record low 2.5 per cent.

Australia is quite open to immigration, hence investors believe they will have a bigger pool of people to sell to as foreign buyers are required to sell their properties to Australians. >>



Alex Residences, Singapore


Del Mare, Pattaya

>> The other market in the region to watch is Thailand that quietly and surprisingly gets more business-friendly.

Thailand has lowered corporate tax to 20 per cent from 30 per cent while lowering the ceiling of personal income tax to 35 per cent from 37 per cent.

Singapore ranks highest for ease of doing business, followed by Hong Kong, New Zealand, the US, Denmark, Malaysia and South Korea in 2013. Thailand, ranked 18th among 189 countries, is expected to jump up to top 10. If the ongoing political challenge sees resolution soon, we might see the demand for middle- and high-end property to grow in major urban locations such as Bangkok and Pattaya, where more wealthy foreigners will be buying or renting, and naturally that demand will spill over to the major resort property markets of Phuket and Samui.

Meanwhile, the US market is fast recovering its place as the major attraction for very wealthy investors, with Chinese leading the pack in buying iconic properties.

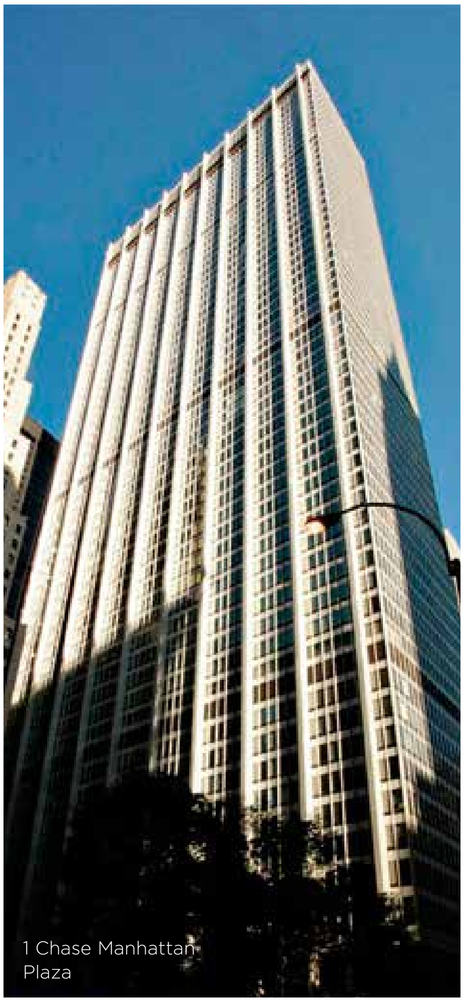
Billionaire Guo Guangchang, chairman of Shanghai's Fosun International, is seeking to expand his US commercial real estate investments after the acquisition of New York's 1 Chase Manhattan Plaza. Guo said that Fosun International, the investment arm of China's biggest industrial group, is interested in buying more apartments, hotels and offices in New York and other major cities such as San Francisco.

Guo's Fosun International bought the 2.2 million square foot Chase Manhattan tower for US$725 million. It is the biggest purchase of a New York building by a mainland firm. Fosun International, which co-owns a Greek duty-free store operator and jewellery-maker Folli Follie, took over French resort operator Club Mediterranee with AXA Private Equity last year.

The family of Zhang Xin, the billionaire co-founder of Soho China, bought into another Manhattan's landmark, The General Motors Building.

A very interesting trend is happening in the officially bankrupt Detroit. Dan Gilbert, billionaire founder of Quicken Loans, went on a buying spree of commercial buildings in downtown Detroit.

Other investors, who follow the billionaire's strategy have begun buying trophy buildings and starting to develop apartments to meet the rising demand from workers who prefer downtown living and are moving out of suburbs.


1 Chase Manhattan Plaza

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Investors are hoping that property values and rents will rise due to the region's resurgent automotive industry and the expansion of its medical and technology sectors.

Chinese buyers' interests are not limited to the US, they are also buying into European properties. The Chinese have developed a taste for fine French wines and the ultra-rich among them have increasingly taken to buying vineyards and chateaux as well.

One such buyer came into the limelight in rather sad circumstances recently. Lam Kok, the 46-year-old billionaire head of the Hong Kong-based Brilliant group, died in a helicopter crash while surveying his new property. He bought the Bordeaux wine region chateau and vineyard Château de la Rivière for US$41 million.

But this accident will not deter the ever-growing demand for European wine and wineries from Chinese buyers, and we will be seeing more UHNWI (Ultra High Net Worth Individuals) and their companies from China, rest of Asia and Russia chasing after the prized properties in France, the iconic priceless residential and commercial properties in Manhattan, Singapore and Hong Kong because the newly created money seems to prefer the more secure, well tested locations to park their wealth.

Economist Alexander Karolik-Shlaen holds an Executive MBA from Kellogg School of Management and HKUST. He is the founder of Panache Management Pte Ltd which represents Aston Martin Interiors, Tonino Lamborghini Casa, Mercedes Benz Style and Formitalia design lines in Asia. He is also a serial real estate investor. He chairs the panel of judges of Southeast Asia Property Awards. www.PanacheManage.com